

# Market Wrap

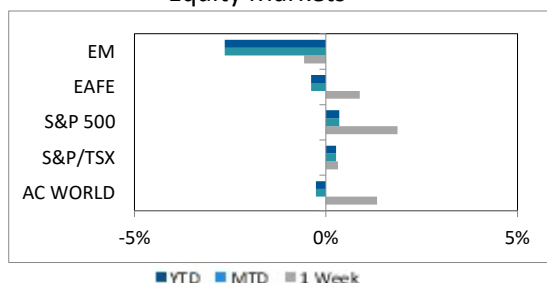
WEEK ENDING JANUARY 12, 2024

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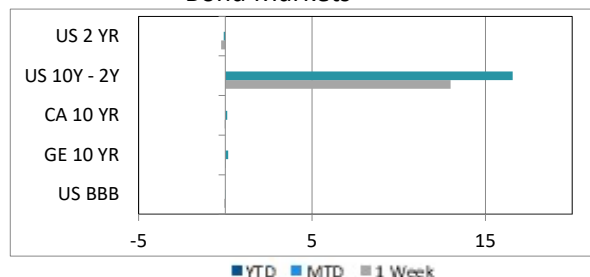
## Market Recap

- Global equity markets pushed higher last week as investors continued to brace for aggressive rate cuts in 2024 – even despite a spate of data showing that the US economy remains hot, with consumer price inflation coming in stronger-than-expected and declining jobless claims signaling that labor market conditions remain tight. Even an escalation in the geopolitical conflict in the Middle East (not to mention its impact on inflation) wasn't enough to steer investors away from equities last week. The MSCI All Country World advanced 1.3% for the week. Regionally speaking, the S&P 500 gained 1.8% in its biggest weekly gain in a month and is within close striking distance of an all-time high, while the S&P/TSX underperformed with a modest 0.3% gain. Elsewhere, the MSCI EAFE jumped 0.9%, while the MSCI gauge of emerging market stocks bucked the global trend at slid by 0.6%.
- Fixed income markets also generated positive results last week. Hotter-than-expected consumer price data in the United States did little to dissuade investors that rate cuts are imminent. Notably, the data showed inflation picking up in the year through December, with a pause in goods price deflation coming alongside persistent strength in services price gains. Adding to the upside risk to goods prices is the recent attacks on ships in the Red Sea, which has led to a jump in both energy and freight costs. Still, bond traders continued to brace for aggressive rate cuts in 2024, with more than an 80% chance of a rate cut by the March FOMC gathering and a total of more than 160 basis points of rate cuts for the entire year. For the week, the Barclays US Aggregate Bond Index rose 0.9%, while the FTSE Canada Bond Universe gained 0.3%.
- In commodity markets, oil posted a weekly decline after an unexpected increase in US stockpiles overshadowed growing geopolitical risks in the Middle East. Late in the week, the US and its allies launched airstrikes against Iranian-backed rebels in Yemen, stepping up retaliation for attacks on ships in the Red Sea that have imperiled flows of fuel and goods through the vital waterway – with traders trying to gauge the chance of the escalation in hostilities sparking a broader conflict in the Middle East. Still, that wasn't enough to erase earlier weekly losses. Gold eked out a small gain after the latest geopolitical escalation stoked demand for the safe haven metal, while the weekly slide in treasury yields also propped up the non-interest-bearing bullion.
- The US dollar (DXY) ended the week virtually unchanged. Initially, the greenback strengthened after data showed that consumer prices remained hot at the end of 2023, while jobless claims data also underscored that the US labor market remains in healthy shape even after over 500 basis points of rate hikes. However, the US dollar reversed those gains towards the end of the week and slid lower alongside the decline in treasury yields as investors upped the ante on Federal Reserve rate cuts with March in play, even despite solid headline employment and consumer prices readings. Investors have shifted their focus to signs that the economy and inflation are slowing at a pace that will soon permit a less restrictive monetary policy stance.

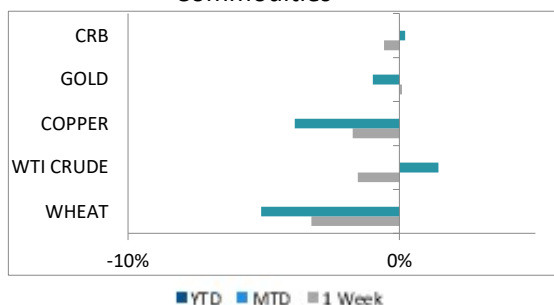
### Equity Markets



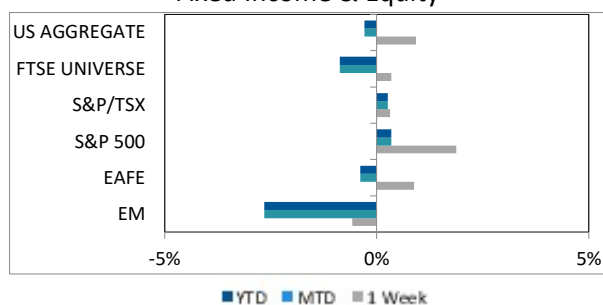
### Bond Markets



### Commodities



### Fixed Income & Equity

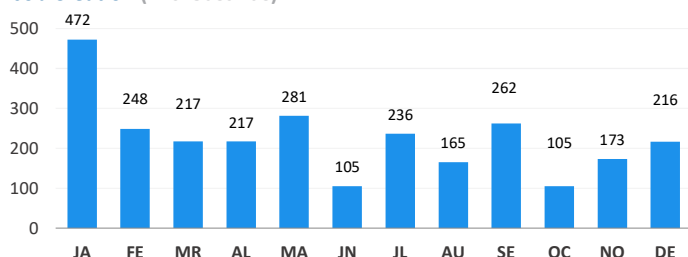


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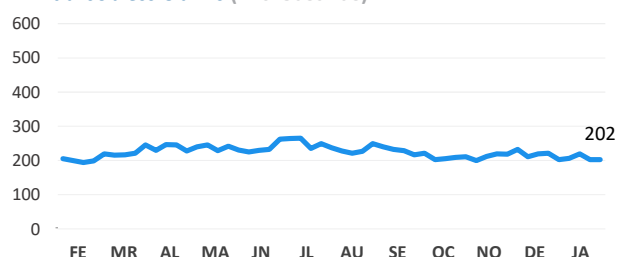
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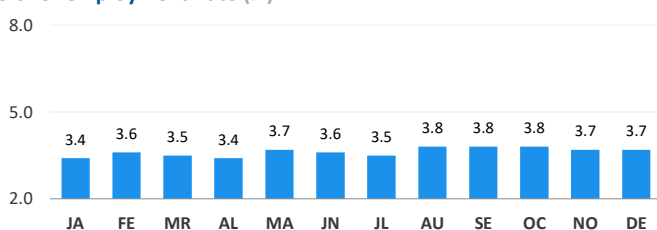
Job Creation (in thousands)\*



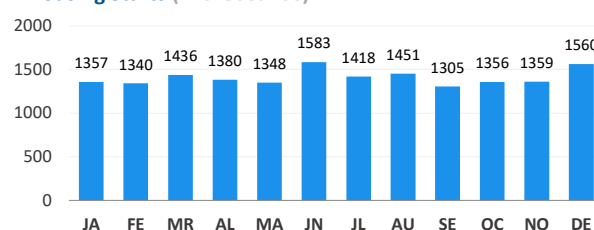
Initial Jobless Claims (in thousands)\*



U.S. Unemployment Rate (%)








Housing Starts (in thousands)\*






\* U.S. Data

## 10-Year Government Bonds

		January 1, 2024	January 5, 2024	January 12, 2024
Canada		3.18%	3.24%	3.22%
United States		3.93%	4.00%	3.94%
Germany		2.07%	2.12%	2.18%
Japan		0.61%	0.62%	0.61%
United Kingdom		3.64%	3.73%	3.79%
France		2.60%	2.66%	2.68%
Australia		4.00%	4.05%	4.07%
Italy		3.71%	3.82%	3.73%

## Commodities, Exchange Rates and Indicators

		January 1, 2024	January 5, 2024	January 12, 2024
Oil		70.38	\$ 73.81	\$ 72.68
Gold		2 058.96	\$ 2 045.45	\$ 2 049.06
CAD		0.7507	\$ 0.7484	\$ 0.7457
EURO		1.0942	\$ 1.0943	\$ 1.0951
		October	November	
Inflation* Canada		2.70%		2.80%
Inflation* USA		4.00%		4.00%

\* CORE-CPI YOY

## Indices as of December 31, 2023

Index (%)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
S&P/TSX Composite	3.92	8.11	5.73	11.83	9.67	11.35	7.64
S&P/TSX Small Cap	3.77	6.06	5.23	5.82	5.05	8.67	4.06
S&P 500 (USD)	4.53	11.68	8.02	26.26	9.98	15.67	12.02
S&P 500 (CAD)	1.67	8.93	7.66	22.90	11.27	14.88	14.48
Stoxx Europe 600 (CAD)	2.23	8.59	5.39	16.64	6.49	8.43	6.54
MSCI EAFE (CAD)	2.42	7.69	5.51	15.07	5.22	7.41	6.55
MSCI Emerging Markets (CAD)	1.05	5.20	4.34	6.88	(3.98)	2.96	-
MSCI World (CAD)	2.03	8.66	7.18	20.47	8.51	12.01	10.97

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