



Monthly Market Snapshot

Monthly Overview

December 2024

Equities staged a broad-based post-election rally in November. The S&P/TSX Composite Index closed out the month at an all-time high as it recorded its fifth consecutive monthly gain. The S&P 500 also ended November at an all-time high and posted its best monthly performance of 2024.

Canada's benchmark index was 6.2% higher in November, as eight of its underlying sectors were positive during the month, led by a 28.2% gain for information technology. Telecommunication services was the worst-performing sector, with a 7.1% loss. Small-cap stocks, as measured by the S&P/TSX SmallCap Index, rose 2.5% for the month.

The U.S. dollar appreciated 0.5% versus the loonie in November, increasing returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in CAD terms. U.S.-based stocks, as measured by the S&P 500 Index, rose 6.3% in November. All the benchmark's underlying sectors were in the green during the month with consumer discretionary and financials rising 13.9% and 10.8%, respectively. International stocks, as measured by the FTSE Developed ex-US Index, eked out a gain of 0.4% during the month, while emerging markets stocks shed 2.3%.

Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, rose 1.7% during the month, while the key global investment grade bond benchmark gained 0.3%. Global high-yield issues gained 1.2%.

Turning to commodities, natural gas prices surged 24.2% during the month, while the price of a barrel of crude oil fell 1.8%. Gold, silver and copper had a negative month, falling 3.4%, 6.4% and 6.0%, respectively.

Inflation in Canada increased to 2.0% year-over-year in October. The acceleration was due to base-year effects on gasoline prices. The Canadian economy added 15,000 jobs in October, as the nation's unemployment rate was unchanged at 6.5%. The Canadian economy grew by 1.0% in Q3 2024, below the Bank of Canada's projection of 1.5%. The Bank of Canada is set to make its next rate announcement on December 11.

U.S. nonfarm payrolls grew by 12,000 in October, maintaining the unemployment rate at 4.1%. The consumer price index rose 0.2% for the month, putting the 12-month inflation rate at 2.6%. Shelter and used cars contributed more to the monthly price increase than expected. The Federal Open Market Committee opted for a 25 basis point cut at its November meeting, bringing the federal funds rate down to 4.50–4.75%.

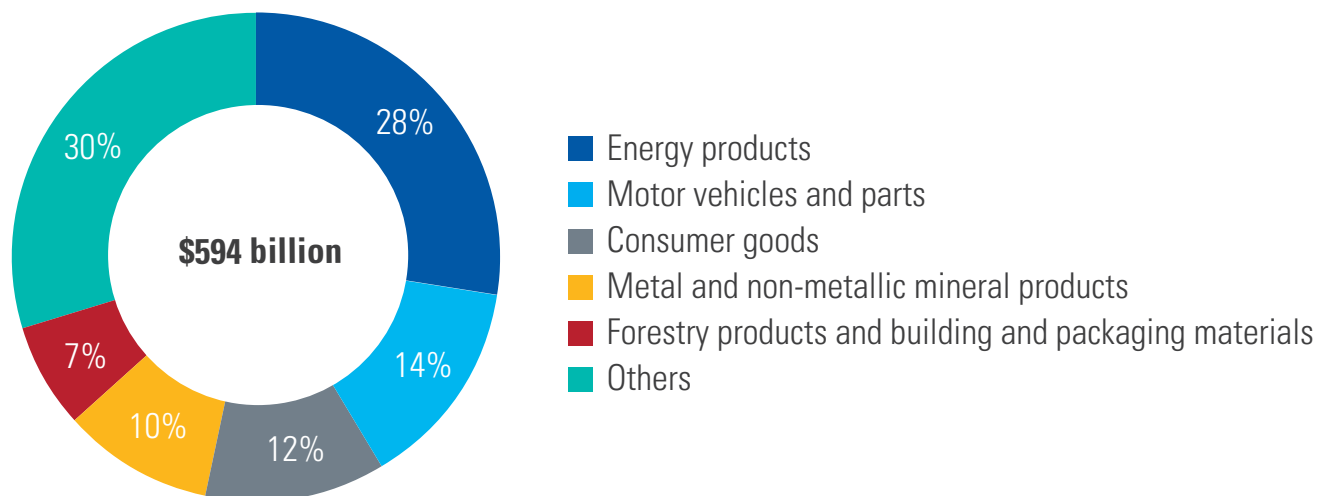
Content sourced from Bloomberg; data as at November 30, 2024.



Chart of the Month: Trump Tariff Threats Target Almost \$600B in Canadian Exports

Even before taking office, Donald Trump sparked fears of a trade war by announcing plans to impose 25% tariffs on all imports from Canada. This could have significant repercussions, as the U.S. was Canada's largest trading partner in 2023, with over \$594 billion in exports. This accounted for over three-quarters of Canada's total exports. Canada's exports also make up 34% of GDP (26% directly via exports to the U.S.), with energy products and autos being major exports to the U.S. The potential tariffs are not only a concern for Canadian exporters, but also for U.S. manufacturers and consumers, as they could increase costs and disrupt integrated supply chains. Deciphering the Trump administration's intentions behind the tariff threats remains a challenge, but this presents an opportunity for Canadian policymakers to take proactive steps to protect the nation's financial resilience.

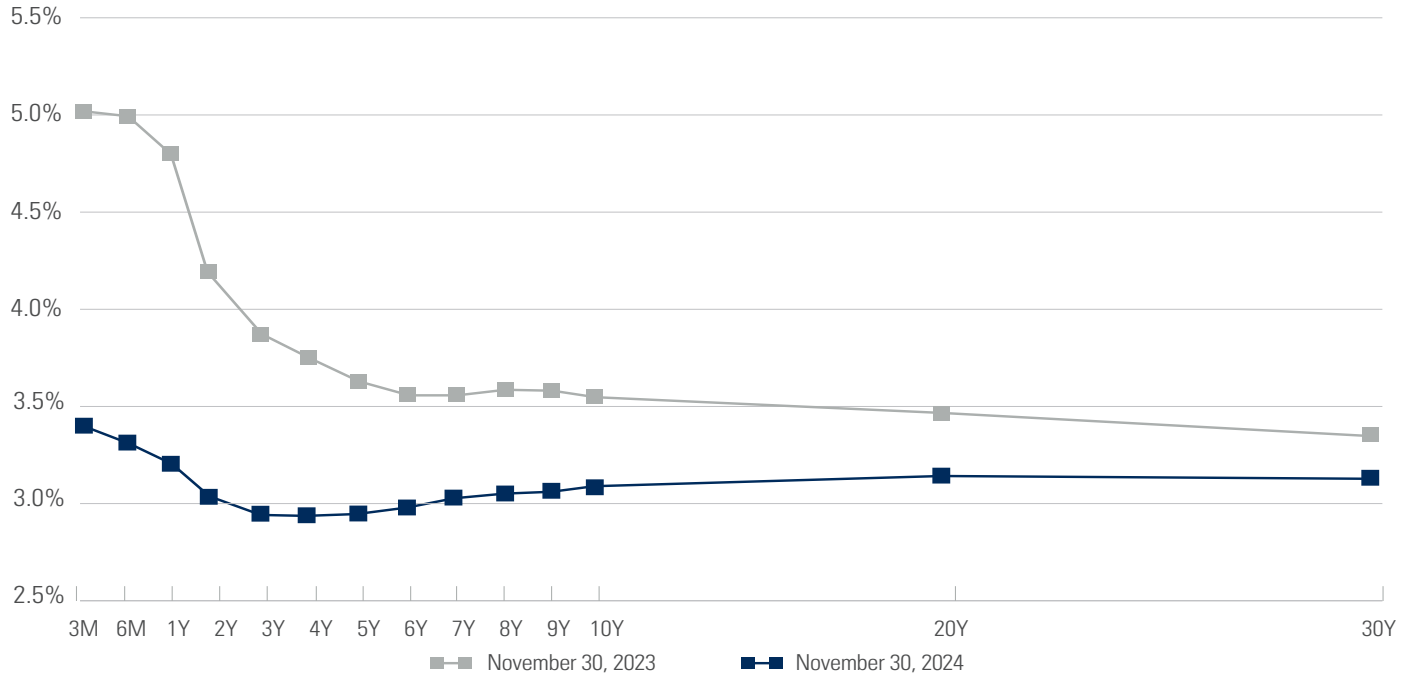
Canada's Total Exports to United States, 2023



Source: Statistics Canada, World Bank Group.



Canadian Sovereign Yield Curve



Source: Bloomberg.

Monthly Market Statistics

Data to November 30, 2024, unless otherwise indicated

Table 1: Equity Index Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
S&P/TSX Composite	6.2	9.9	15.2	22.4	26.7	7.5	8.5	13.6
S&P/TSX 60	6.5	9.8	15.4	21.7	26.2	7.2	8.6	13.4
S&P/TSX Small Cap	2.5	7.4	9.4	20.3	24.4	3.3	8.3	19.1
S&P 500	6.3	10.7	17.3	34.1	36.1	13.0	15.1	17.1
FTSE Developed ex US	0.4	-1.2	2.1	10.0	12.7	4.2	4.7	15.9
FTSE Developed	4.8	7.4	13.0	26.4	28.8	10.0	11.6	15.9
FTSE Developed Small Cap	7.5	10.3	13.2	21.6	29.3	6.0	8.6	19.3
FTSE Developed Europe	-1.1	-3.5	-1.3	8.3	10.6	4.6	4.9	18.1
FTSE Emerging	-2.3	4.0	7.6	15.7	16.5	0.8	2.7	15.3
FTSE All World Asia Pacific	-0.8	2.0	6.3	14.5	16.3	2.3	3.8	15.5

Source: Bloomberg.

Table 2: Fixed-Income Returns (%)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE TMX Canada Universe Bond	1.7	2.6	6.5	5.0	8.6	0.2	0.7	7.4
Barclays Global Agg	0.3	-1.4	3.9	0.5	4.6	-3.9	-1.4	7.3
Barclays High Yield Very Liquid Index	1.2	2.0	6.7	8.2	12.4	3.4	4.1	7.6

Source: Bloomberg.



Table 3: Commodity Prices (Prices and Returns in USD)

Commodity	Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	68.00	-1.8	-10.5	-7.5
Natural Gas/mmBTU	3.36	24.2	20.0	58.1
Copper/pound	4.08	-6.0	6.6	-1.6
Silver/oz	30.69	-6.4	21.3	6.8
Gold/oz	2657.00	-3.4	30.4	6.1

Source: Bloomberg.

Table 5: One-Month Sector Returns (% in CAD)

Sector	S&P/TSX returns	S&P 500 returns
Consumer Discretionary	3.4	13.9
Consumer Staples	7.2	5.1
Energy	5.1	6.9
Financials	7.4	10.8
Health Care	-4.1	0.7
Industrials	4.9	7.9
Info Tech	28.2	5.1
Materials	-3.1	2.0
Real Estate	0.7	4.6
Telecom Services	-7.1	3.7
Utilities	2.8	3.7

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q3 (q/q ann. % change)	1.0
Consumer Prices, 10/2024 (y/y % change)	2.0
Unemployment Rate, 10/2024	6.5
United States	
Real GDP- Q3 (q/q ann. % change)	2.8
Consumer Prices, 10/2024 (y/y % change)	2.6
Unemployment Rate, 10/2024	4.1

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	11/30/2024	6 Mos Ago	1 Yr Ago
USD/CAD	1.40	1.35	1.36
EUR/CAD	1.48	1.48	1.48
GBP/CAD	1.78	1.74	1.71
CAD/JPY	106.95	115.44	109.28

Source: Bloomberg.

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