



Monthly Market Snapshot

Monthly Overview

December 2021

Investment Products & Platforms Team

JAMES GAUTHIER, CFA

EDMUND FERNANDEZ,
CFA, CIM, CAIA

After a solid start to the month, equity markets turned volatile to close out November as the new omicron variant ignited worries over potential renewed lockdown restrictions around the globe. Major equity indices hit record highs in the first half of the month, fueled by corporate earnings that turned out to be much stronger than anticipated. Stocks were given an extra boost after the U.S. Congress approved an infrastructure spending package early in the period. Investor sentiment turned sour after the U.S. Thanksgiving holiday as news of the new COVID-19 strain spread, causing stocks to tumble.

Canada's benchmark S&P/TSX Composite Index finished 1.8% lower in November, with six of the 11 underlying sectors showing losses during the month. The health care, energy and real estate sectors were the main detractors for the period, with respective declines of 7.9%, 5.7% and 3.8%. Information technology and materials were the lone sectors producing gains over 1%. Small-cap stocks, as measured by the S&P/TSX Small Cap Index, retreated 3.7% for the month.

The loonie was 3.1% lower versus the greenback during the month, providing a boost to returns of foreign markets from a Canadian investor's standpoint (note that all returns in this paragraph are in Canadian-dollar terms). U.S.-based stocks, as measured by the S&P 500 Index, climbed 2.5% in November (the benchmark fell 0.8% in U.S.-dollar terms). The top-performing sectors for the period were information technology, consumer discretionary and materials, with respective gains of 7.8%, 5.4% and 2.7%. The financials and energy sectors were the main detractors, each down 2.6% during the month. International stocks, as measured by the MSCI EAFE Index, declined 1.5% in the period, while emerging markets faced losses of 0.9%.

Turning to fixed income, Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, gained 0.9% during the month, while the key global investment grade bond benchmark fell by 0.3%. Global high-yield issues decreased 1.1%.

Crude oil prices took a major dip over concerns that the omicron variant could curtail demand, falling 20.8% for the month. Natural gas prices retreated 15.8%. The price of gold and silver decreased 0.6% and 4.9%, respectively, during the period.

In Canadian economic news, the consumer price index accelerated to 4.7% year-over-year in October, the highest reading since 2003. Canadian GDP rose 5.4% in the third quarter, rebounding from the Q2 contraction. Canadian employment increased by 31,200 in October, as the nation's unemployment rate fell to 6.7%.

U.S. nonfarm payrolls increased by 531,000 in October, as the unemployment rate fell to 4.6%. The consumer price index increased 6.2% year-over-year in October. The Federal Reserve kept benchmark interest rates anchored near zero at its November meeting. Fed Chair Jerome Powell said the U.S. central bank would start to reduce its bond purchases, scaling back by US\$15 billion a month starting in November. Powell stressed that the tapering does not mean policy makers will hike rates any time soon.

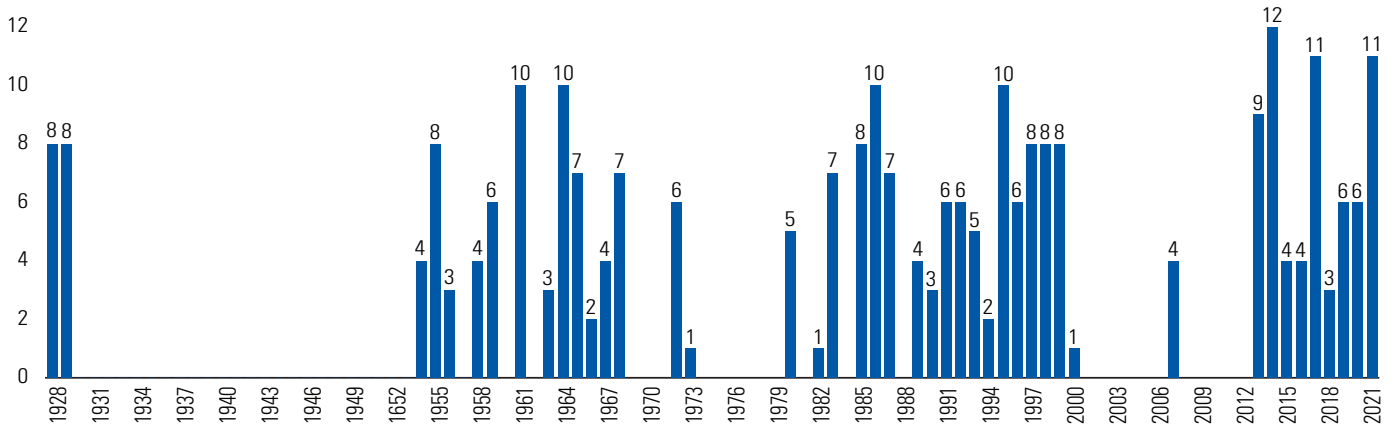
Content sourced from Bloomberg; data as at November 30, 2021.



Monthly Market Statistics

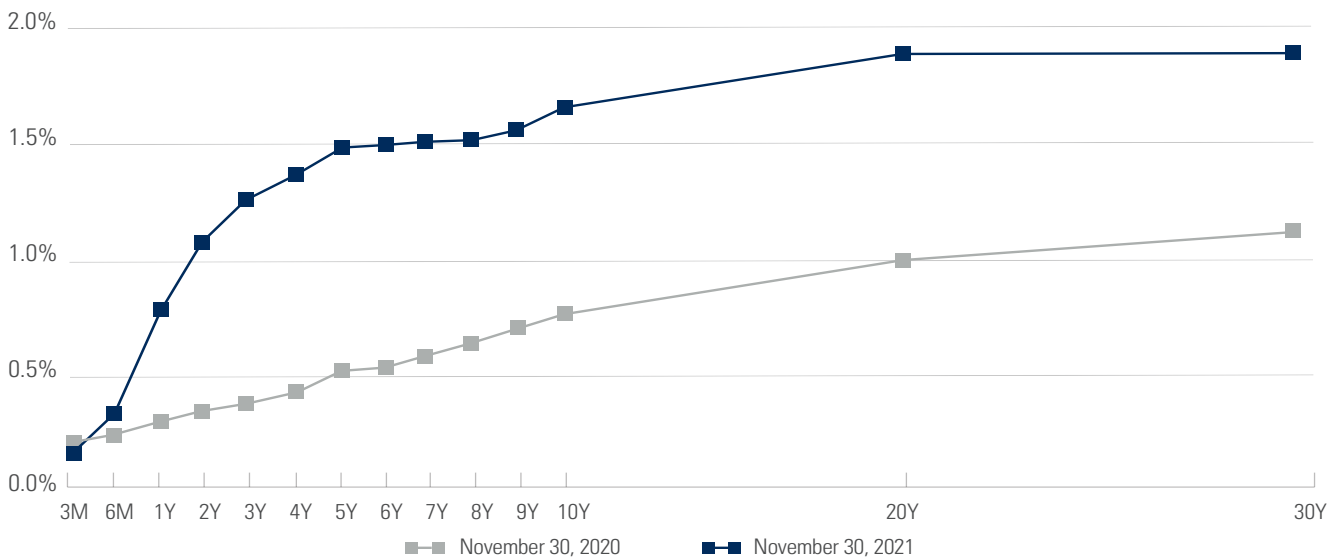
Despite the dip in stock prices towards the end of November, investors shouldn't forget that stocks are up sharply this year as we move into the last month of 2021. In fact, record highs have been reached in each of the first 11 months of the year for the S&P 500. If a new record high is reached at some point in December, 2021 would be only the second year since 1928 where highs were experienced in all 12 months of a calendar year.

Chart of the Month: Every Month in 2021 So Far Has Seen A New High for the S&P 500 Index



Source: LPL Research

Canadian Sovereign Yield Curve



Source: Bloomberg.



Monthly Market Statistics

Data to November 30, 2021, 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	-1.8	0.4	4.7	18.5	20.2	10.8	6.5	16.6
S&P/TSX 60	-1.3	1.4	5.8	20.7	22.0	11.0	7.0	15.5
S&P/TSX Small Cap	-3.7	1.3	-1.2	17.0	23.5	11.8	3.8	28.8
S&P 500	2.5	2.5	15.2	22.1	24.6	16.8	14.7	17.6
MSCI EAFE	-1.5	-4.2	1.2	4.0	6.9	5.8	5.5	17.4
MSCI World	1.0	0.2	10.7	15.8	18.6	13.5	11.6	17.5
MSCI World Small Cap	-1.7	-3.3	2.9	10.8	17.0	11.0	9.5	22.0
MSCI Europe	-1.3	-4.1	1.9	7.8	10.9	6.9	6.2	19.0
MSCI EM	-0.9	-5.9	-6.4	-5.7	-0.6	5.5	6.1	18.8
MSCI AC Asia	-0.5	-4.5	-3.6	-4.7	-0.9	6.0	6.0	15.4

Source: Bloomberg.

Table 2: Fixed-Income Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE Canada Universe Bond	0.9	-1.6	0.3	-4.1	-3.8	4.1	2.9	4.7
Barclays Global Agg	-0.3	-2.3	-2.3	-4.6	-3.3	4.3	3.3	4.5
Barclays High Yield Very Liquid Index	-1.1	-1.5	0.5	2.3	4.1	6.8	5.7	9.1

Source: Bloomberg.

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

Commodity	11/30/2021 Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	66.18	-20.8	46.0	-3.4
Natural Gas/mmBTU	4.57	-15.8	58.5	4.3
Copper/pound	4.28	-2.1	25.1	-1.9
Silver/oz	22.77	-4.9	1.0	-5.0
Gold/oz	1773.60	-0.6	-0.1	-2.3

Source: Bloomberg.

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

Sector	S&P/TSX Composite returns	S&P 500 returns
Consumer Discretionary	0.4	5.4
Consumer Staples	0.1	2.1
Energy	-5.7	-2.6
Financials	-2.2	-2.6
Health Care	-7.9	0.2
Industrials	-3.4	-0.4
Info Tech	1.4	7.8
Materials	1.0	2.7
Real Estate	-3.8	2.4
Telecom Services	0.9	-1.9
Utilites	-1.5	1.2

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP - Q3 (q/q ann. % change)	5.4
Consumer Prices Oct (y/y % change)	4.7
Unemployment Rate, Oct '21	6.7
United States	
Real GDP - Q3 (q/q ann. % change)	2.1
Consumer Prices Oct (y/y % change)	6.2
Unemployment Rate, Oct '21	4.6

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	11/30/2021	6 Mos Ago	1 Yr Ago
USD/CAD	1.28	1.21	1.30
EUR/CAD	1.45	1.48	1.55
GBP/CAD	1.70	1.71	1.73
CAD/JPY	88.55	90.84	80.23

Source: Bloomberg.

Investment Recommendation Rating System

Recommended List: The list presents a selection of funds that we believe are among the best of their peers and offer unique characteristics that can add value when used in a well-diversified investment portfolio tailored to a client's investment objectives.

Hold: The fund remains on the Recommended List, but is not recommended for adding to or selling from client's portfolios.

Sell: The fund is no longer on recommended list.

Under Review: The fund's participation on the Recommended List is under review.

General Disclosures

The information and opinions contained in this report were prepared by iA Private Wealth Inc. ('iA Private Wealth'). iA Private Wealth is owned by Industrial Alliance Insurance & Financial Services Inc. ('iA Financial'). iA Financial is a TSX Exchange listed company and as such, iA Private Wealth is related to iA Financial. The opinions, estimates and projections contained in this report are those of iA Private Wealth as of the date of this report and are subject to change without notice. iA Private Wealth endeavours to ensure that the contents have been compiled or derived from sources that we believe to be reliable and contain information and opinions that are accurate and complete. However, iA Private Wealth makes no representations or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to iA Private Wealth that is not reflected in this report. Nothing contained in this report is or should be relied upon as a promise or representation as to the future. The pro forma and estimated financial information contained in this report, if any, is based on certain assumptions and management's analysis of information available at the time that this information was prepared, which assumptions and analysis may or may not be correct. There is no representation, warranty or other assurance that any projections contained in this report will be realized. Opinions, estimates and projections contained in this report are our own as of the date hereof and are subject to change without notice. This report is not to be construed as an offer or solicitation to buy or sell any security. The reader should not rely solely on this report in evaluating whether or not to buy or sell securities of the subject company. The reader should consider whether it is suitable for your particular circumstances and talk to your investment advisor.

Definitions

"The author" means any partner, director, officer, employee or agent of iA Private Wealth who is held out to the public as a publisher of Investment Fund Research or whose responsibilities to iA Private Wealth include the preparation of any written investment fund research report for distribution to clients or prospective clients of iA Private Wealth. "Investment Fund Research" means any written or electronic communication that iA Private Wealth has distributed or will distribute to its clients or the public, which contain author's comments concerning current Investment Fund indicators.

Conflicts of Interest

The author and or associates who prepared this report are compensated based upon (among other factors) the overall profitability of iA Private Wealth, which may include the profitability of investment banking and related services. In the normal course of its business, iA Private Wealth may provide financial advisory services for issuers. iA Private Wealth will include any further issuer related disclosures as needed. iA Private Wealth permits the authors to own and trade in the securities discussed herein. In that case, specific holdings disclosures will be made.

The Author's Certification

The author whose name appears on the front page of this Investment Fund Research report hereby certifies that (i) the opinions expressed in the investment fund research report accurately reflect the author's personal views about the marketplace and are the subject of this report and all strategies mentioned in this report that are covered by such the author and (ii) no part of the author's compensation was, is, or will be directly or indirectly, related to the specific views expressed by such technical strategies in this report. The author(s) of this report own(s) the following securities of the issuer(s): None.

Dissemination of Reports

iA Private Wealth uses its best efforts to disseminate its investment fund research reports to all clients who are entitled to receive the firm's investment fund research reports, contemporaneously on a timely and effective basis in electronic form, via fax or mail.

For Canadian Residents

This report has been approved by iA Private Wealth, which accepts responsibility for this report and its dissemination in Canada. Canadian clients wishing to effect transactions should do so through a qualified salesperson of iA Private Wealth in their particular jurisdiction where their IA is licensed.

For US Residents

This report is not intended for distribution in the United States.

For EU Residents

This report is not intended for distribution in the European Union.

For UK Residents

This report is not intended for distribution in the United Kingdom.

Intellectual Property Notice

The materials contained herein are protected by copyright, trademark and other forms of proprietary rights and are owned or controlled by iA Private Wealth or the party credited as the provider of the information.

Regulatory

iA Private Wealth Inc. is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. iA Private Wealth is a trademark and business name under which iA Private Wealth Inc. operates.

Copyright

All rights reserved. All material presented in this document may not be reproduced in whole or in part, or further published or distributed or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of iA Private Wealth.