



Monthly Market Snapshot

Monthly Overview

After delivering a modest recovery from the lows of early March, equity markets experienced a resurgence in volatility and most of the major indices we follow saw material losses in April. The minutes from the Federal Reserve's March meeting indicated a more aggressive-than-expected stance towards the approach to monetary tightening and hinted at a 50-basis point hike in May, triggering a risk-off sentiment. Putin's pessimism towards ongoing negotiations with Ukraine and rigid lockdown measures in China exacerbated supply chain issues and only worked to pressure capital markets. For the second half of April, Q1 earnings results were in focus as investors assessed how companies fared against rising inflationary pressures. After mixed earnings results from mega-cap FAANG names, stocks slid to end April, with the Nasdaq sliding 13% to mark its worst month since October 2008.

Canada's benchmark S&P/TSX Composite Index was 5.2% lower in April, as nine of the benchmark's underlying sectors were negative during the month. The decline was led by information technology and health care names, with losses of 19.9% and 17.8%, respectively. Only the energy sector managed to eke out a gain. There, stocks jumped 2.7%. Small cap stocks, as measured by the S&P/TSX Small Cap Index, slid 6.5% in April.

The U.S. dollar depreciated by 2.8% versus the loonie during the month, dampening the 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, declined 6.3% in April. The telecommunication services and consumer discretionary sectors saw the month's steepest declines, falling 13.5% and 10.7%, respectively. The consumer staples and energy sectors were the only areas to manage gains, rising 5.2% and 1.0%, respectively. International stocks, as measured by the MSCI EAFE index, also lost 4.3% during the period, while emerging markets stocks fell 3.2%.

The investment grade fixed income indices we follow continued were in the red again in April. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, lost 2.2% for the month while the key global investment grade bond benchmark fell by 5.5%. Global high-yield issues lost 3.9%.

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Turning to commodities, natural gas rallied 28.4% during the month, while the price of a barrel of crude oil gained 4.4%. On the other hand, copper, silver and gold were in the red, with respective losses of 7.5%, 8.3% and 1.9%.

Inflation in Canada accelerated to 6.7% year-over-year in March, the highest print since 1991. The biggest contributor to the leap in inflation was transportation, largely due to surging prices for gasoline. The Canadian economy added 72,500 jobs in March, as the nation's unemployment rate fell to 5.3% – the first time the rate fell to its pre-pandemic level. The Bank of Canada raised interest rates in April by half a percentage point to 1%, marking the first time for an increase of that magnitude since 2000.

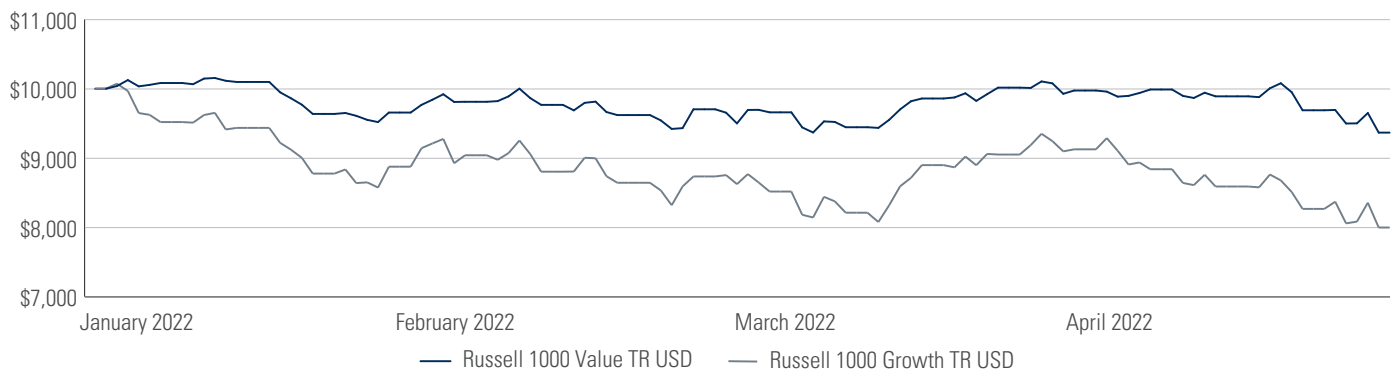
U.S. nonfarm payrolls grew by 431,000 in March, as the unemployment rate declined to 3.6%. The consumer price index stayed elevated, jumping 8.5% year-over-year in March, and marking the highest level since 1981. Gasoline, shelter and groceries were again the major contributors to rising inflation. U.S. retail sales in March rose 0.5%. To combat record-high inflation, the U.S. Federal Reserve is expected to deliver two back-to-back half-point interest rate increases in May and June.

Content sourced from Bloomberg; data as at April 29, 2022.

Monthly Market Statistics

The Russell 1000 Growth and Value indices measure the aggregate performance of a basket of large-cap, U.S.-listed stocks that are deemed to have “growth” traits or “value” traits. Growth stocks showed massive outperformance vs. value names going back to the end of the financial crisis, but rising interest rates, increasing inflation, and the prospects of even higher rates sparked an aggressive rotation out of growth stocks starting in early 2022. Factoids of this nature are interesting to market observers like us, and it is difficult to say what happens with this trend moving forward, but it is always important for investors to try to see the forest from the trees and focus on the big picture. Market machinations will always garner headlines, but focusing on your longer term investment plan will allow you to keep the events of the day at arm's length.

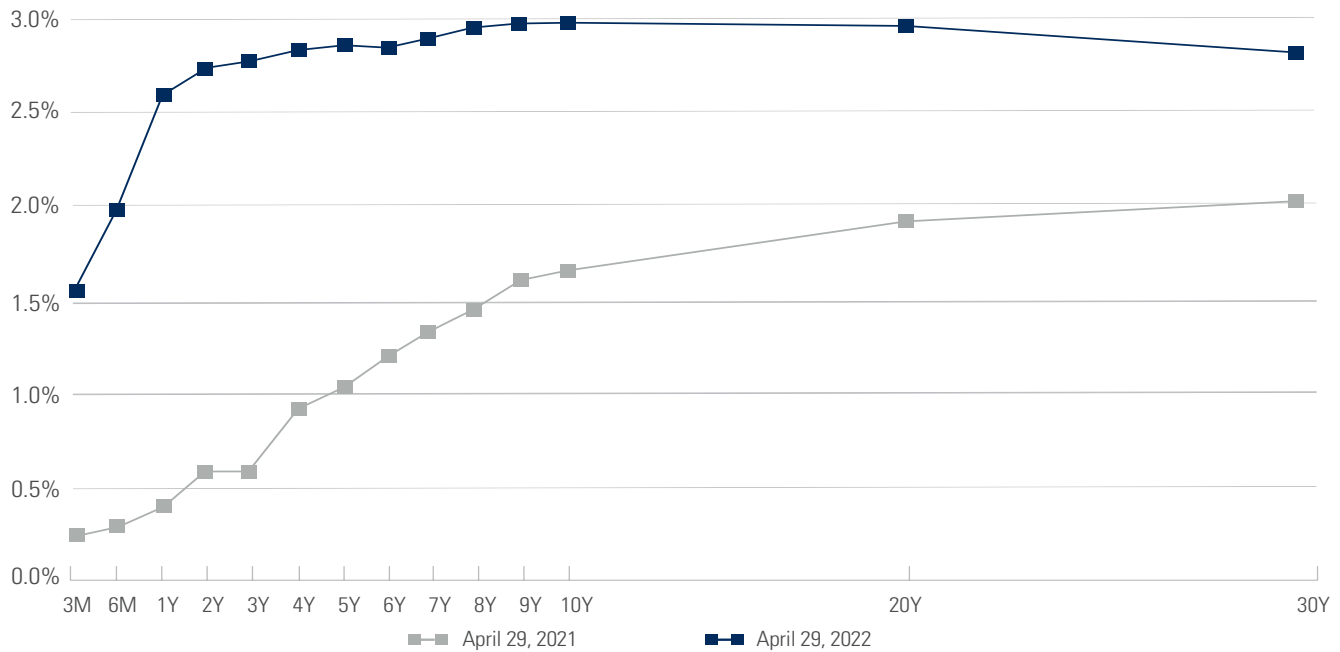
Chart of the Month: Rotation from Growth to Value Stocks



Source: Morningstar Direct



Canadian Sovereign Yield Curve



Source: Bloomberg.

Monthly Market Statistics

Data to April 29, 2022, 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	-5.2	-1.6	-1.3	-2.2	8.7	7.8	5.9	16.3
S&P/TSX 60	-5.1	-2.1	-0.8	-2.4	10.2	8.1	6.4	15.2
S&P/TSX Small Cap	-6.5	2.1	-1.9	0.9	4.9	10.5	3.7	28.8
S&P 500	-6.3	-7.6	-7.2	-12.2	3.1	10.3	10.2	18.3
MSCI EAFE	-4.3	-7.6	-10.0	-11.8	-6.5	0.4	0.8	17.7
MSCI World	-6.0	-7.8	-9.0	-12.3	-0.8	7.0	6.9	18.1
MSCI World Small Cap	-5.5	-6.3	-12.7	-13.1	-9.6	4.5	4.6	22.1
MSCI Europe	-3.3	-8.7	-9.6	-12.6	-4.8	0.8	0.9	19.0
MSCI EM	-3.2	-10.1	-12.0	-11.5	-16.7	-1.6	0.7	18.2
MSCI AC Asia	-3.9	-7.8	-11.5	-11.4	-14.7	-0.2	1.3	15.3

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	-2.2	-7.8	-10.0	-9.4	-12.1	-1.2	0.1	5.1
Barclays Global Agg	-5.5	-9.4	-11.7	-11.3	-12.6	-1.1	0.3	5.9
Barclays High Yield Very Liquid Index	-3.9	-5.9	-7.6	-8.6	-5.9	2.0	3.1	9.2

Source: Bloomberg.



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

Commodity	04/29/2022 Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	104.69	4.4	64.7	18.8
Natural Gas/mmBTU	7.24	28.4	147.2	48.6
Copper/pound	4.40	-7.5	-1.9	1.6
Silver/oz	23.04	-8.3	-10.9	2.9
Gold/oz	1911.70	-1.9	8.1	6.5

Source: Bloomberg.

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

Sector	S&P/TSX Composite returns	S&P 500 returns
Consumer Discretionary	-2.9	-10.7
Consumer Staples	0.4	5.2
Energy	2.7	1.0
Financials	-6.7	-7.6
Health Care	-17.8	-2.2
Industrials	-8.0	-5.1
Info Tech	-19.9	-8.9
Materials	-4.8	-0.9
Real Estate	-6.3	-1.1
Telecom Services	-1.4	-13.5
Utilities	-1.5	-1.7

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q4 (q/q ann. % change)	6.7
Consumer Prices, 03/2022 (y/y % change)	6.7
Unemployment Rate, 03/2022	5.3
United States	
Real GDP- Q1 (q/q ann. % change)	-1.4
Consumer Prices, 03/2022 (y/y % change)	8.5
Unemployment Rate, 03/2022	3.6

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	04/29/2022	6 Mos Ago	1 Yr Ago
USD/CAD	1.28	1.24	1.23
EUR/CAD	1.35	1.43	1.48
GBP/CAD	1.62	1.70	1.70
CAD/JPY	101.05	91.93	88.93

Source: Bloomberg.

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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.

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