



Monthly Market Snapshot

Monthly Overview

October 2024

Stocks rose in September, wrapping up a volatile quarter that featured rate cuts from central banks across the world. Equity markets displayed strong performance despite the fact that September is historically the worst-performing month of the year.

Canada's benchmark S&P/TSX Composite Index was up 2.8% in September and posted a 9.7% gain for Q3. All 11 of the benchmark's underlying sectors were positive during the quarter, led by real estate with a 21.9% return. The energy sector lagged during the quarter, posting a gain of just 0.8%. Small-cap stocks, as measured by the S&P/TSX SmallCap Index, gained 7.8% for the quarter.

The U.S. dollar depreciated by 1.1% versus the loonie in Q3, slightly lowering 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, rose 2.1% in September and finished the quarter higher by 4.2%. Ten of the benchmark's underlying sectors were in the green for this quarter, led by utilities and real estate, with respective returns of 17.0% and 14.9%. International stocks, as measured by the FTSE Developed ex-US Index, rose 5.5% during the quarter, while emerging market stocks added 8.5%.

The investment grade fixed income indices we follow were positive in Q3. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, were up 4.4% during the quarter. The key global investment grade bond benchmark was up 7.0%, while global high-yield issues were up 5.1%.

Turning to commodities, natural gas rose 12.4% for the quarter, while the price of a barrel of crude oil tumbled 16.4% over the same period. Gold, silver and copper all had a positive quarter with respective gains of 12.7%, 7.6% and 3.7%.

In September, the Bank of Canada cut its policy rate by a quarter point to 4.25%, while the U.S. Federal Reserve also lowered its key rate by 0.5%, bringing it to a range of 4.75% to 5.0%. This marked the first time the policy rate south of the border was cut since March 2020.

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

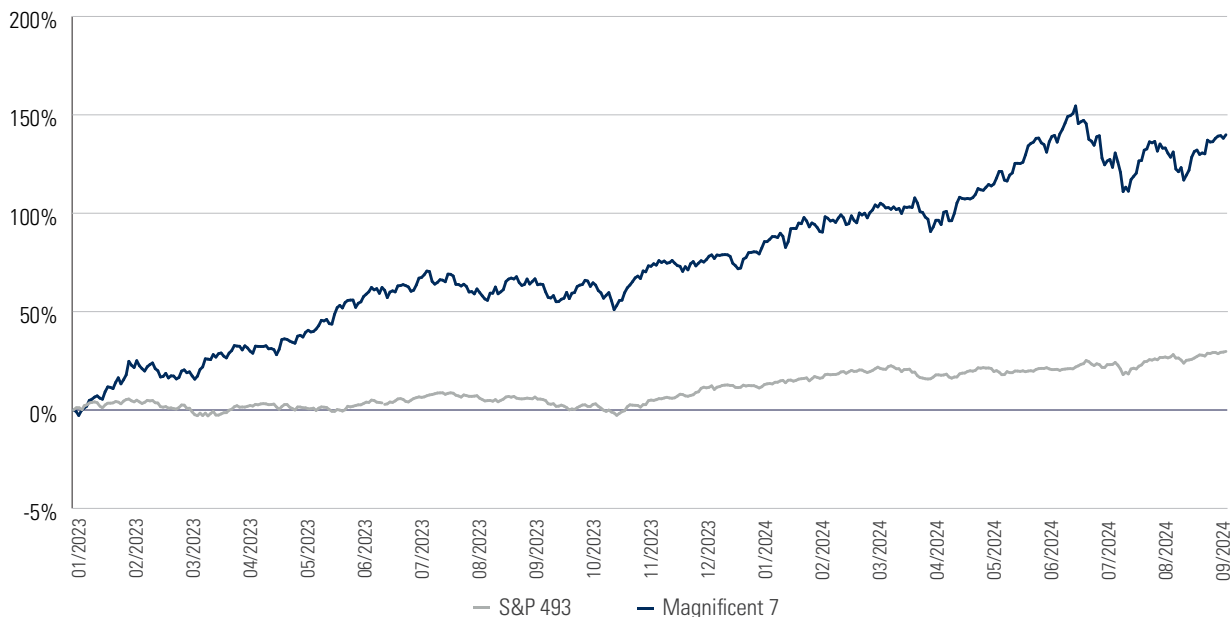


Chart(s) of the Month: Market Breadth Expands Beyond the Magnificent 7

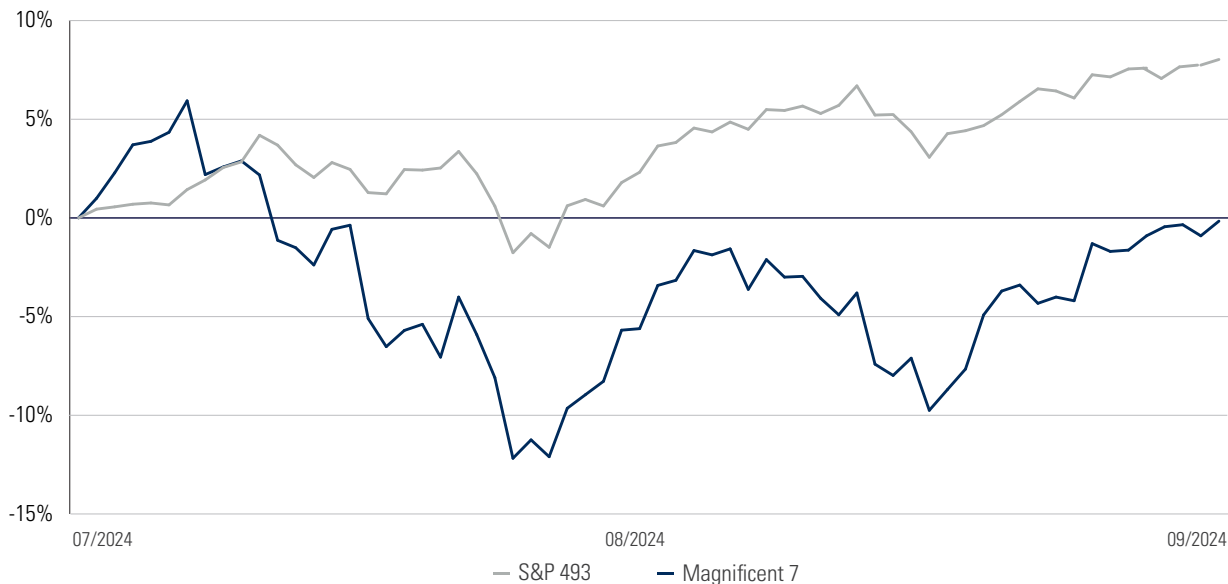
The big story for the U.S. market over the past two years has been the phenomenal run of the Magnificent 7 stocks (Microsoft, Amazon, Meta Platforms, Apple, Alphabet, NVIDIA and Tesla). In 2023, the S&P 500 was up by 24%, and nearly two-thirds of that was driven by the performance of these stocks alone. That is pretty much the definition of narrow market breadth, and the first chart below illustrates just how dramatic the run-up for these stocks has been versus the other 493 stocks in the index.

If we zoom in on the past three months, as shown in the second chart, we can see that the S&P 493 outperformed the Magnificent 7, and this is a sign that market breadth has expanded and more stocks overall are pushing the market higher. The Magnificent 7 account for more than 30% of the value of the index at this point, so their performance will have a major influence over the future direction of the market, but when more stocks are working in the index's favour, it is generally seen as a bullish signal. If this trend continues, even if the Magnificent 7 stocks only sputter along, it should be viewed as a general positive for the health of the markets.

Cumulative Performance of the S&P 493 and Magnificent 7: January 1, 2023 - September 30, 2024

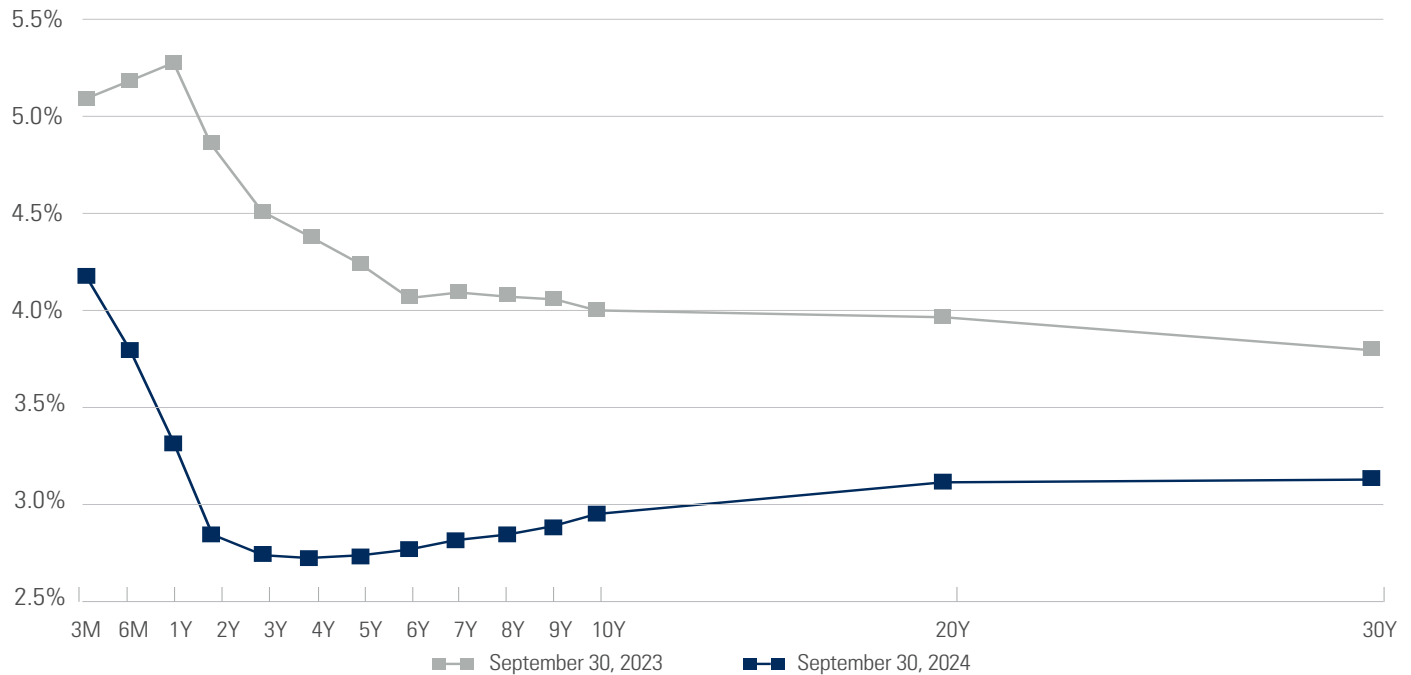


Cumulative Performance of the S&P 493 and Mag 7: Q3 2024





Canadian Sovereign Yield Curve



Source: Bloomberg.

Monthly Market Statistics

Data to September 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	2.8	9.7	8.3	14.5	22.8	6.1	7.6	13.5
S&P/TSX 60	2.7	10.3	7.9	13.8	22.7	6.1	7.6	13.3
S&P/TSX Small Cap	3.5	7.8	8.0	15.8	22.0	2.5	7.6	19.1
S&P 500	2.1	4.2	9.4	23.6	34.0	12.5	14.6	16.9
FTSE Developed ex US	0.8	5.5	4.6	12.2	20.8	4.4	6.1	15.9
FTSE Developed	1.6	4.7	7.8	19.7	29.6	9.3	11.5	15.9
FTSE Developed Small Cap	1.9	6.2	3.8	12.4	23.2	3.2	8.2	19.0
FTSE Developed Europe	0.5	5.2	5.3	12.9	22.1	5.9	6.8	18.1
FTSE Emerging	7.9	8.5	14.8	20.0	24.2	1.5	4.4	15.3
FTSE All World Asia Pacific	4.7	7.1	10.0	17.6	23.4	2.2	5.4	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	0.9	3.6	3.7	2.1	9.0	-9.1	-11.0	7.4
Barclays Global Agg	1.7	7.0	5.8	3.6	12.0	-3.1	-0.8	9.1
Barclays High Yield Very Liquid Index	1.5	5.1	6.3	7.7	15.7	2.8	4.1	9.9

Source: Bloomberg.



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

Commodity	Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	68.17	-7.3	-24.9	-16.4
Natural Gas/mmBTU	2.92	37.4	-0.2	12.4
Copper/pound	4.55	9.8	21.8	3.7
Silver/oz	31.46	9.5	40.1	7.6
Gold/oz	2636.10	5.3	42.6	12.7

Source: Bloomberg.

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

Sector	S&P/TSX returns	S&P 500 returns
Consumer Discretionary	1.8	7.1
Consumer Staples	0.9	0.6
Energy	-2.4	-2.8
Financials	5.7	-0.6
Health Care	14.3	-1.8
Industrials	1.1	3.3
Info Tech	4.8	2.5
Materials	2.9	2.4
Real Estate	5.3	2.8
Telecom Services	1.5	4.6
Utilities	5.8	6.5

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q3 (q/q ann. % change)	2.1
Consumer Prices, 09/2024 (y/y % change)	2.0
Unemployment Rate, 09/2024	6.6
United States	
Real GDP- Q3 (q/q ann. % change)	3.0
Consumer Prices, 09/2024 (y/y % change)	2.5
Unemployment Rate, 09/2024	4.2

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	09/30/2024	6 Mos Ago	1 Yr Ago
USD/CAD	1.35	1.37	1.36
EUR/CAD	1.51	1.46	1.44
GBP/CAD	1.81	1.71	1.66
CAD/JPY	106.20	111.77	110.01

Source: Bloomberg.

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