

Last Week at a Glance

| North American Markets | Last | Change | % Change |
|------------------------|-----------|--------|----------|
| S&P/TSX Composite | 20024.63 | 104.33 | 0.52% |
| Dow Jones | 33,762.76 | 669.42 | 2.02% |
| S&P500 | 4,282.17 | 76.72 | 1.82% |
| NASDAQ | 13,240.77 | 265.08 | 2.04% |
| Russell 2000 | 1,830.91 | 57.89 | 3.27% |

| Overseas Markets | Last | Change | % Change |
|------------------|-----------|--------|----------|
| FTSE 100 | 7,607.28 | -19.92 | -0.26% |
| DAX GERMANY | 16,051.23 | 67.26 | 0.42% |
| NIKKEI 225 INDEX | 31,524.22 | 607.91 | 1.97% |
| HANG SENG INDEX | 18,949.94 | 203.02 | 1.08% |

| Commodities / FX | Last | % Change |
|------------------|------------|----------|
| Crude Oil WTI | \$71.74 | -1.28% |
| Natural Gas | \$2.17 | -10.14% |
| Gold | \$1,969.60 | 1.30% |
| CAD / USD | \$0.744 | 1.56% |
| CAD / EUR | €0.695 | 1.76% |

| Government Bonds | 2YR | 10YR |
|------------------|-------|-------|
| CANADA (YLD%) | 4.31% | 3.23% |
| U.S. (YLD%) | 4.51% | 3.70% |

Week in Review:

- On Wednesday, Stats Canada reported that our economy grew at an annualized rate of 3.1% for the first quarter of 2023, beating the expected 2.5%.
- The U.S. House of Representatives passed debt-limit legislation late on Wednesday, agreeing on cuts to government spending.
- The U.S. added 339,000 new jobs in May, significantly higher than the forecast of 190,000.

Week Ahead:

- On Wednesday, the Bank of Canada will be announcing their interest rate decision. The bank will be assessing recent inflation print, GDP data, and consumer strength to determine if a 25 basis point increase is necessary.
- We will receive updated unemployment figures for the U.S. and Canada on Thursday and Friday respectively. Analysts are expecting a slight uptick in the Canadian unemployment figure to 5.1%, from the current 5%.

Our Perspective:

1. Canada's GDP growth came in above expectations:

Stats Canada reported on Wednesday that our economy grew at an annualized rate of 3.1% for the first quarter 2023, beating the expected 2.5%. Strong export and household spending growth drove the outperformance, showcasing economic resilience. However, this may raise the likelihood of a summer rate hike. Clarity will come with the Bank of Canada's upcoming interest rate announcement.

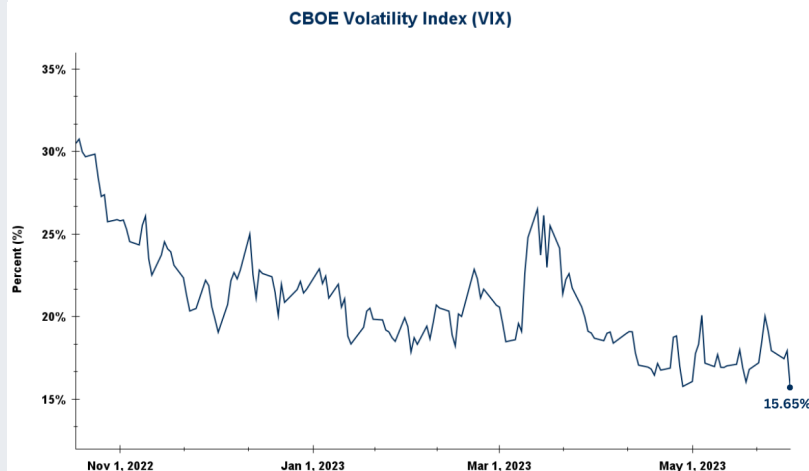
2. The U.S. House passes debt ceiling legislation: The U.S. House of Representatives passed debt-limit legislation late on Wednesday, agreeing on cuts to government spending. Lawmakers approved the bill, suspending the government's borrowing limit until January 2025. Equity markets responded positively to the agreement, focusing on market fundamentals instead of recent political events.

3. Markets rally on strong U.S. Jobs Report: The U.S. added 339,000 new jobs in May, significantly higher than the forecast of 190,000. Employment gains in April and March were also considerably higher than previously reported. These points underscore the resilience of the U.S. economy despite a rise in borrowing costs, and help to alleviate concerns of a near-term recession.

Chart of the Week:

Volatility Continues to Decline as Market Optimism Grows

- Volatility as measured by the CBOE Volatility Index (VIX) hit its lowest level since early 2020. This lower volatility is a result of market optimism rising in the nearterm.



Source: Optimize, Refinitiv.