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## September 2024 – Market Update

While the temperatures have begun to dip in British Columbia as we transition to fall, stock markets continued to provide investors with some warmth in September. Overall, markets were positive in the past month, with inflation continuing to moderate and monetary policy beginning to ease within North America. The 3rd quarter was another positive one for investors, making it 4 quarters in a row now that we have had gains across broad equity markets.

**US Stocks:** The S&P 500 experienced a modest gain of 2.28% in September, continuing its upward trend. Despite some volatility, US stocks have shown resilience, driven by strong corporate earnings and investor optimism about lower interest rates.

**Canadian Stocks: S&P/TSX Composite Index:** The Canadian market, represented by the S&P/TSX Composite Index notching a monthly gain of 3.42%. The financial and utilities sectors were significant contributors to this growth in September.

**International Stocks:** As measured by the MSCI EAFE Index posted a monthly gain 3.43%. Similar to North American, European and Asian markets have benefited from easing inflation, improving economic data, and less restrictive monetary policy.

### Interest Rates

**Canada:** The Bank of Canada has continued its easing cycle, cutting the benchmark interest rate by 25 basis points to 4.25% in September. This marks the third consecutive rate cut, aimed at supporting economic growth amid slowing inflation.

**United States:** The Federal Reserve started its own rate-cutting cycle, reducing the federal funds rate by 50 basis points to a range of 4.75% to 5.00%. This decision reflects the Fed's confidence in the declining inflation trend and a softening labor market.

### Economic Data

Economic data for North America has been mixed, with unemployment ticking up modestly, but generally positive news on GDP growth and corporate profits.

In the United States, GDP growth for the second quarter was revised up to 3.0%, driven by strong consumer spending and private investment. Inflation continues to decline, with the Personal Consumption Expenditures (PCE) index rising only 0.1% in August, bringing the annualized rate down to 2.2%.

In Canada, inflation has also eased, with the Consumer Price Index (CPI) showing a year-over-year increase of 2.5% in August. This reduction in inflationary pressures has allowed the Bank of Canada to continue its rate cuts, with the market expecting more to come over the next 12 months.

## Looking Ahead

As we move towards the end of the year, we will be keeping an eye on several key factors:

1. Inflation Trends: Continued moderation in inflation will be crucial for maintaining the current trajectory of interest rate cuts.
2. Economic Growth: Sustained economic growth in both Canada and the United States will support market stability and investor confidence.
3. Geopolitical Developments: Ongoing conflict between Israel and its adversaries in the Middle East could impact global markets and economic conditions. This situation is fluid, and unpredictable. Military conflicts and terrorist acts have occurred many times before, and looking back at the highlighted examples below, US stocks have had positive returns 2 years later in all cases. In fact, all had positive returns in as little as 1 year after the conflict, with the only exception being the Sept 11 Terrorist Attacks on NYC.

## Markets eventually recover despite volatility

Staying the course is of the utmost importance during periods of volatility as it has historically enabled investors to fully recover from these periods and achieve their long-term investment goals.

**GROWTH OF A \$10,000 INVESTMENT, 1989-2024**  
S&P 500 Index (USD) – Total Return



Crisis	Market low	1 yr later	2 years later
The Korean War	13-Jul-50	31.70%	49.70%
Cuban Missile Crisis	23-Oct-62	36.50%	59.20%
JFK Assassination	22-Nov-63	23.90%	31.60%
1969 to 70 Market Break	26-May-70	43.70%	59.70%
1973 to 74 Market Break	6-Dec-74	33.50%	59.30%
1979 to 80 Oil Crisis	27-Mar-80	37.10%	14.00%
1987 Stock Market Crash	19-Oct-87	23.20%	54.40%
Desert Storm	11-Oct-90	29.10%	36.30%
Soviet Coup D'état Attempt	19-Aug-91	11.10%	21.20%
Asian Financial Crisis	2-Apr-97	49.30%	72.50%
Sept 11th	21-Sep-01	-12.50%	7.30%
Dot-com Bubble crash	9-Oct-02	33.70%	44.50%
Invasion of Iraq	11-Mar-03	38.20%	49.90%
North Korean Missile Test	17-Jul-06	25.50%	2.10%
Subprime Mortgage Crisis	9-Mar-09	68.60%	95.10%
US Debt Rating Downgrade	3-Oct-11	32.00%	52.20%
Crimea Annexation	3-Feb-14	17.70%	9.80%
China Yuan Devaluation	11-Feb-16	26.60%	43.20%
2018 Global Recession Scare	24-Dec-18	37.10%	57.50%
COVID-19 Pandemic	23-Mar-20	74.80%	99.20%
<b>Average</b>		<b>33.00%</b>	<b>45.90%</b>

Source: Mackenzie Investments

Overall, we feel things are setting up nicely from an economic perspective heading into the 4th quarter. Year-to-date returns have been strong for portfolios, and we are hopeful that we will see some more positive momentum before the year is through based on moderate inflation and central banks easing monetary policy globally. As always, if you have any questions for us, please do not hesitate to reach out.

**Please contact Harry Perler, David Olejnik or Kevin Kinrade for individual financial advice based on your personal circumstances.**

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