

## Quarterly Newsletter April 2024

“The winter that wasn’t” has gone and we are now entering spring with its longer and warmer days. As weather has improved, so too have the stock markets with the Dow Jones and the S&P TSX closing March 28, 2024, at all-time highs.

The recession that was to come in 2023 still has not. The projected date now pushed out to sometime in 2024. With the delay of a recession, there is more talk of a soft landing. We appear to be sitting on the fence as to what direction the global economies will move. As with many economic situations, there appears to be many glass half full and half empty situations.

Inflation was at a high of 8.1% in 2022 but by February 2024, it had declined to 2.8% (good). However, it is staying stubbornly above the 2% target the Bank of Canada is looking for (bad). It is the same situation in the U.S.

\*Trading economics.com

Canadian unemployment rate March 2023 was 5% by March 2024 it had risen to 6.1%. (bad). The increasing unemployment rate was not totally due to layoffs. The main driver is population growth, in Canada, which means that the population growth is more than the job growth. (OK)

Interest rates are neither rising nor declining. April 10, 2024, the Bank of Canada maintained the rate at 5%. Bank commentary stated there has been some improvement in the economy but a sustained decline in inflation is needed before they will consider rate deductions.

### Looking Forward

As per the above, a recession is still possible. Interest rate cuts are possible. For the U.S., there is an election in November. In order to avoid being political with a rate decrease the U.S. Federal Bank would have to do a rate decrease before September.

There are many factors affecting the economy that just cannot be quantified.

- The hangover from the Covid lockdowns, layoffs as material purchasing levels off, balanced against willingness to spend more than ever and live in the moment.
- Increase in transportation issues which are causing delivery delays of food and materials and increasing costs. Which also causes inflation to rise throughout the Globe.
  - The Suez Canal being shut down by the Houthi rebels, causing a 10-day delivery delay.
  - The Panama Canal is experiencing low water levels which restrict the size and number of ships.
  - The Baltimore bridge destruction, which will not have as large an effect as the others but is tremendously disruptive.
- Ukraine war continues and now added to this disaster is the destruction of the Gaza strip.
- Climate change, water levels are low everywhere including Rainforests of South America, Africa, U.S., Canada and Europe. Water is needed to grow food. It is also needed in the production of fossil fuels and minerals. The result is rising costs in food production and famine.



As we have seen over the last many years, predictions/forecasts are only as good as yesterday's news. We live in ever-changing times. News/commentary comes from many sources much of them unreliable. This information can be instantaneous, and it is designed to create reactions rather than being informative. The Dow crashed today it was down over 400 points, at 38,461 that is just 1% (April 10, 2024) hardly a cataclysmic event.

As always, I monitor economic events and consider what effect they might have on our lives and investments. From experience, it is best to remain diversified in the economic sectors: financial, utilities, manufacturing, consumer, and resources. Add some geographic diversification, which can be achieved with Canadian stocks that do businesses in the U.S. or around the globe. If you still have the January letter, look at appendix A, a reminder that every sector at some point during the year was in the top two rows. You can also view it on my website: <https://showson.researchcapital.com/>.

### **Housekeeping**

At this time of year, when you are getting your taxes done, you should make some of this frustrating work benefit you, not just the CRA. When you have all your tax information out or when you get your tax assessment and review your finances, take a moment to send me your income tax return. Often accountants make a two-year comparison that would be perfect for the purpose of your personal review, as would your tax assessment (it has RRSP information on it). You can also ask your accountant to forward the return to me. We can then set up a meeting in person, phone or virtual call to review your situation and consider your future needs and goals. I am always happy to have your accountant join in this discussion.

Spam and Hoaxes – Various forms of fraud are unquestionably on the rise, for corporations, institutions and individuals. It can happen to you, so please be careful about giving out your personal information. Particularly when an action is required immediately, they want to have you panicked.

Phone calls or texts from your bank, (but it is not the bank you deal with) CRA wants to give you a refund, the list goes on – some ploys are crude and obvious; some are slick indeed – they are very sophisticated at times. One group/gang even hacked into an accountant's email and used that email account to approach me. If you are not comfortable with something, contact the person/company directly to determine if the message is from them. Ask yourself, "No one has ever offered me a blender before – why would anyone think I want one now?" and keep your guard up.

I remain focused on your behalf in building your portfolio to achieve what it is you want in the future, whether it be providing a steady income stream, inheritance, or a cushion for later years. If your circumstances have changed in, anyway, contact me and let us have a meeting to review your future needs.

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