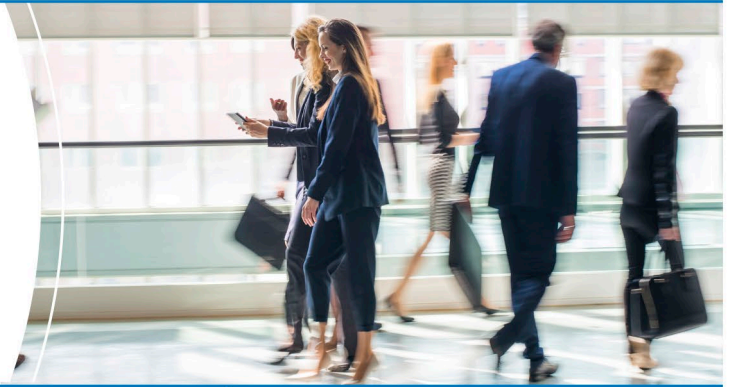


Monthly Newsletter

BMO Private investment Counsel Inc.



Monthly Recap, January 2024

By Marc Bellefeuille MBA CFA FRM CFP
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Happy New Year and welcome to 2024! December was a tough act to follow. Naturally the market started the month slowly but soon accelerated building on the gains from the prior year. Here are some of the highlights:

1. Canadian inflation came in at 3.4%. The figure is higher than the previous month, but it met expectations given the base effects in the calculation. The culprits driving the higher figure were gasoline, airfare, passenger vehicles and rent. Core CPI, which is the measure that the BoC prefers matched November coming in at 3.9%.
2. As expected, the BoC met on January 24th and held rates steady. The governing council noted that they are still concerned about the risk of inflation. That said the overall tone was dovish indicating the BoC may be getting ready to start cutting rates in the coming months.
3. US Inflation rose in December to 3.4% versus 3.1% in the previous month. Volatile gasoline and food costs were the main culprits. Backing them out of the equation, Core CPI eased to 3.9% from 4% the previous month. All things considered; the Fed should be happy with this report.
4. The FOMC met on January 30th and 31st. Rates were held steady as expected.

Canadian Markets:

The large gainers in January continued to be the narrow market of big tech which Canada is not deep in. However, the TSX still rose modestly by over 1% for the month, which is not a bad start to the year.



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Monthly recap, January 2024

US Markets:

US markets fared well, carrying on from the month of December. The mega caps led the way. The S&P 500 rose approximately 2.5% setting new records along the way. The Nasdaq and the Dow both rose just over 2% on the month. Still no sign of the pullback that many market strategists were expecting in Q1. This market seems to want to grind higher and higher.

Global Markets:

Global markets were a bit of a mixed bag but mostly positive. The EURO STOXX 50 rose 2.8% in the month of January, while the Nikkei 225 exploded higher, rising 8.5%! This was not so rosy in the UK as the FTSE 100 dropped -1% in the month, but none fared worse than the Hang Seng on HK, which fell by 9% to start the year.

Fixed Income Markets:

Fixed Income markets were a tad calmer in January as they position themselves for the perceived rate path of the Fed. The 2-10 spread in Canada narrowed to -0.53% versus -0.77% average in 2023. The 2-10 spread in the US also continued to narrow in January as it came in at -0.30 Bps versus an average of -0.70% last year.

Market Snapshot - January 31, 2024

Currency						
	Last Price	52 Week		% Change		
		High	Low	1 Day	YTD	1 Year
USD value per CAD	0.7485	0.7626	0.7203	0.5090	-1.3061	-0.1272
CAD value per USD	1.3361	1.3882	1.3113	-0.5064	1.3234	0.1274

World Equity Indices						
Index	Last Price	52 Week		% Change (Local Currency)		
		High	Low	1 Day	YTD	1 Year
North American						
S&P/TSX Composite	21,021.88	21,250.90	18,692.06	-0.97	0.30	1.23
S&P TSX 60	1,268.16	1,281.99	1,122.19	-0.95	0.26	1.33
S&P/TSX Small Cap	698.50	758.04	638.68	-0.92	-0.50	-6.61
S&P 500	4,845.65	4,931.09	3,808.86	-1.61	1.59	18.86
DJIA	38,150.30	38,588.86	31,429.82	-0.82	1.22	11.92
NASDAQ	15,164.01	15,630.58	10,982.80	-2.23	1.02	30.90
Russell 2000	1,947.34	2,071.78	1,633.67	-2.45	-3.93	0.80
Global						
MSCI EAFE	2,231.88	2,241.21	1,942.89	0.24	-0.19	6.26
MSCI Emerging Markets	980.59	1,046.91	910.91	-0.97	-4.22	-4.94
FTSE 100	7,630.57	8,047.06	7,206.82	-0.47	-1.33	-1.82
Nikkei 225	36,286.71	36,984.51	26,632.92	0.61	8.43	32.79
DAX	16,903.76	17,003.28	14,458.39	-0.40	0.91	11.74
CAC 40	7,656.75	7,702.95	6,773.82	-0.27	1.51	8.11
Hang Seng	15,485.07	22,311.96	14,794.16	-1.39	-9.16	-29.11