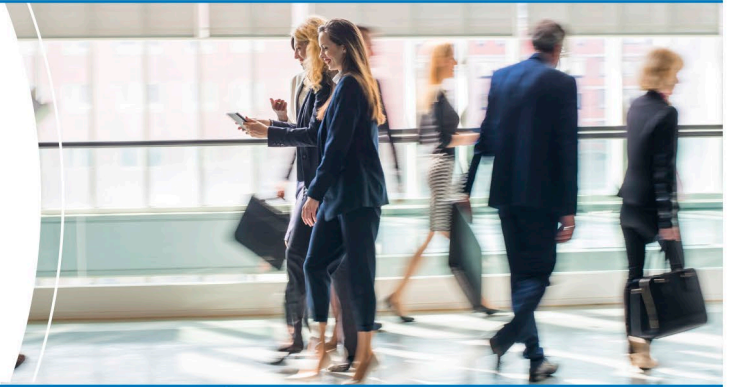


# Monthly Newsletter

BMO Private investment Counsel Inc.



## Monthly Recap, November 2023

By Marc Bellefeuille MBA CFA FRM CFP  
Senior Portfolio Manager and Investment Counsellor

Who said the 60/40 portfolio was dead? Who every it was needs to look again as it has just enjoyed its strongest month since 1991. After Gut wrenching months of September and October, markets roared back in November with their most impressive gains of the year. The gains were across stock and bond markets alike and were a nice reward for patient investors. Here are some highlights from the month of November 2023:

1. Canadian inflation came in far lower than the previous month at 3.1% vs 3.8%. Lower prices for energy were the main driver, however food prices also moderated to an extent. Excluding food and energy core inflation rose slightly while remaining within the consensus estimate. The main culprit was shelter costs which are correlated with the higher interest policy from the BoC. This is an area that the BoC is watching closely.
2. The BoC did not meet in the month of November. Consensus is that the BoC will remain on hold and start looking at cutting rates in Q2 of 2024. This view may be challenged by the recent GDP report which showed that the Canadian economy contracted (-0.3%) in Q3 and consumer spending remained flat for the second quarter in a row. This may indicate that the economy may already be in or is close to being in a recession which may cause the BoC to lower untighten financial conditions sooner.
3. US Inflation fell to 3.2% versus 3.7% in the previous month. Largely due to the decline in gasoline prices. While the economy appears strong on paper in terms of GDP and employment, US consumer spending is cooling, and the labor market is showing signs of gradually slowing.
4. The FOMC did not meet in November however several FMOG governors have spoken out during the month indicating a tone that rates may be high enough. That said Chairman Powell indicated in a speech that its far to early to start discussing cutting rates yet.



**Marc Bellefeuille, MBA, CFA, CFP, FRM**  
Senior Portfolio Manager  
Senior Investment Counsellor  
Tel: 416-359-8327  
marc.bellefeuille@bmo.com

## Monthly recap, November 2023

### Canadian Markets:

The TSX rocketed back in November over 6% on the month and now sits in positive territory by 4.39% YTD. All sectors participated but none more than tech names like Shopify which rose over 65% in November.

### US Markets:

US Markets impressed across the board as well with the DJIA returning to positive territory adding over 8% during the month. The broader S&P 500 was up 9% and not to be outdone the tech heavy NASDAQ rose an eye popping 14% in November. Global Markets:

Global markets were not to be left behind last month as the MSCI EAFE rose 9% while the MSCI Emerging Markets index added 5%. Overseas the big story as the Nikkei 225 in Japan which rose 10% month over month.

### Fixed Income Markets:

Although much less visible to investors, the biggest story in November was in fixed income. Yield reversed back down from the previous month which helped to propel the equity markets.

The big moves occurred in the 2 year and 5-year markets in Canada. With the 2 year yields falling 30 Bps and the 5-year falling 26Bps. Should this trend continue, this could be welcome relief to wary Canadian mortgage holders concerned about their renewals in the upcoming year.

In the US it was a similar story where shorter term rates from the 1 year to the 5 Year backed off as the market is starting to bet that the Fed is done raising rates and that we are trending closer to cuts in US overnight rates.

November was a great reminder for investors to stay invested and to avoid trying to time the market. While short term GIC rates looked tempting at the end of October, having stayed out of the market caused those that did so to miss the best month of the year.

**World Equity Indices November 30th 2023**

Index	Price	YTD	1 Year
<b>North American</b>			
S&P/TSX Composite	20,236	4.39%	-1.06%
S&P 500	35,951	18.97%	11.95%
DJIA	14,226	8.46%	3.94%
NASDAQ	12,851	35.92%	24.05%
<b>Global</b>			
MSCI EAFE	2,123	9.22%	9.22%
MSCI Emerging Markets	983	2.79%	1.11%
FTSE 100	7,454	0.03%	-1.58%
Nikkei 225	33,487	28.33%	19.73%
Hang Seng	17,043	-13.84%	-8.36%

**Fixed Income**

Canada	Yield	MoM
Overnight	5.00%	0.00%
1 Year	4.82%	-0.40%
2 Year	4.35%	-0.30%
5 Year	3.63%	-0.26%
10 Year	3.55%	-0.02%
30 Year	3.36%	-0.02%
<b>US</b>		
Fed Funds Target Rate	5.50%	0.00%
1 Year	5.12%	-0.26%
2 Year	4.71%	-0.15%
5 Year	4.28%	-0.03%
10 Year	4.34%	-0.24%
30 Year	4.50%	-0.29%