Optimize Wealth Management

May 8, 2023

Last Week at a Glance

North American Markets	Last	Change	% Change
S&P/TSX Composite	20542.00	-94.50	-0.46%
Dow Jones	33,674.38	-423.78	-1.24%
S&P500	4,136.25	-33.23	-0.80%
NASDAQ	12,235.41	8.83	0.07%
Russell 2000	1,759.88	-9.11	-0.51%

Commodities / FX	Last	% Change
Crude Oil WTI	$71.34	-7.09%
Natural Gas	$2.32	-6.56%
Gold	$2,024.80	2.04%
CAD / USD	$0.7395	0.20%
CAD / EUR	€0.671	0.25%

Overseas Markets	Last	Change	% Change
FTSE 100	7,870.57	0.00	0.00%
DAX GERMANY	15,961.02	38.64	0.24%
NIKKEI 225 INDEX	28,949.88	93.44	0.32%
HANG SENG INDEX	20,049.31	154.74	0.78%

Government Bonds	2YR	10YR
CANADA (YLD%)	3.55%	2.79%
U.S. (YLD%)	3.98%	3.48%

Week in Review:

- The Federal Reserve on Wednesday raised interest rates, bringing the central bank's benchmark interest rate to a level between 5 and 5.25 percent. Tone was more dovish, suggesting the Fed has backed away from previous statements that suggested future increases.
- Market stability last week was spurred by higher-than-expected April payroll growth, strong Apple earnings, and a rebound in bank stocks.

Week Ahead:

- The Consumer Price Index (CPI) report is scheduled to be released on Wednesday and will show whether the recent moderation in inflation extended into April.
- Information on the U.S. Producers Price Index (PPI) will be released on Thursday. This will provide insight into both headline and core inflation in the coming months.

Our Perspective:

1. Healthy gains heading into May have historically been a good signal of a positive year for stocks. We think there is a credible case for equity-market gains in 2023, but we doubt the path will be completely smooth. Recent gains have largely been spurred by emerging expectations for Fed rate cuts later this year, along with consensus expectations for resilient corporate profits in 2023.

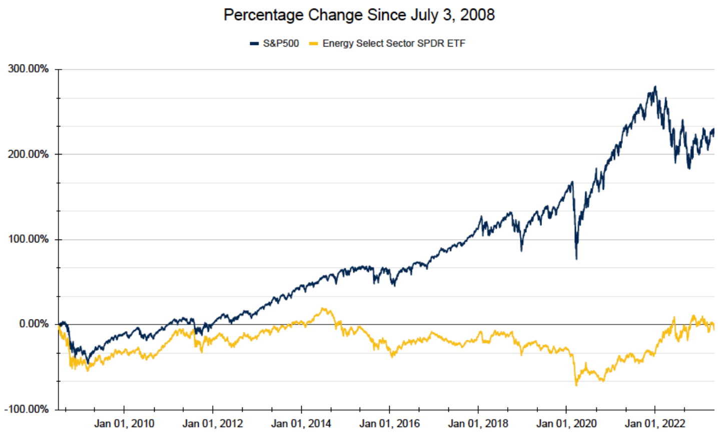
2. With the recent Federal Reserve announcement of a 25 basis point increase, both Fed commentary and market sentiment is supporting a high likelihood of an extended pause in interest rate increases to coincide with an end to the current monetary tightening cycle. Despite sticky core inflation, and still sitting well above the Fed's 2% target, leading indicators are pointing towards moderating inflation over the next few quarters, which will bode well for the broader markets.

3. We are beginning to see lower average levels of volatility than we have been experiencing over the past several quarters. Sector leadership will continue to be dynamic, and active strategies will continue to be important differentiators as monetary tightening policies conclude.

Chart of the Week:

A Focus on Diversification Tends to Benefit Investors in the Long Term

- The above displays the cumulative performance of the S&P500 vs the energy sector over time. Time in the markets, and a well diversified portfolio tends to lead to better long term performance than a concentrated portfolio.



Source: Refinitiv, Optimize.