



Wealth Management



## Ravinsky Wealth Management Group

www.ravinskygroup.com | June 2023 Newsletter

[in](#) [f](#) #ravinskygroup

### Recent Posts

---



#### The Fed shifts into wait-and-see mode

The Fed wants time to assess more data, but what might that look like by the next decision? We unpack the Fed's thinking and what it means for investors.



#### Mission critical: Securing supply of critical minerals

Critical minerals are the building blocks of most modern technologies. We explore the drive for resilient supply chains and weigh the portfolio implications.

---

### Market Insights

Global markets continue to behave reasonably well as measures of equity volatility sit near multi-year lows. This is encouraging given some new uncertainty around interest rates. The U.S. Federal Reserve, Bank of Canada, and European Central Bank all provided policy updates over the past few weeks. While there were some differences as one would expect, there was one consistent message: inflation remains an issue and they aren't quite done with rate hikes.

After ten consecutive hikes, the Federal Reserve opted to keep interest rates on hold for the first time since early 2022, in line with market expectations. This action had been well telegraphed and came as no surprise to the market. Nevertheless, comments and projections made by the committee caused a bit of a stir as investors were left to digest some new information. First, Chairman Jerome Powell tried to indicate the pause was aimed at slowing the speed at which interest rates have been rising over the past year, rather than officially marking an end to their rate tightening campaign. Those comments were supported by the Fed's updated projections which suggest the committee still expects to raise interest rates by as much as half a percent through the rest of the year. Moreover, the Fed raised its estimates for economic growth and inflation and lowered its forecast for unemployment this year as it acknowledged the resilience of the U.S. economy in the face of much tighter financial conditions. They did lower their forecasts for 2024, believing challenges will eventually arise as rate hikes take their toll.

Meanwhile, the Bank of Canada, which was one of the first central banks to begin its rate tightening campaign in 2022, and one of the first to pause earlier in 2023, resumed its rate increases just over a week ago. More interesting were comments made in the official statement which suggested they have concerns inflation could get stuck materially above their target, and that policy may still not be restrictive enough to cool demand. This clearly leaves the door open to more interest rate increases in the months to come.

Most recently, the European Central Bank continued with its rate hiking campaign by increasing rates for the eighth consecutive time. In some ways, the ECB is playing catch up as it was slower to initially raise interest rates last year. The region continues to see various measures of price pressures that are higher than what are being witnessed in North America. As a result, the ECB was clear with its intentions going forward, saying that "we are not thinking about pausing". It remains committed to getting inflation back closer to target but acknowledged it will take time as it doesn't expect that to happen until 2025.



### Global Insight Monthly

Perspectives from the  
Global Portfolio Advisory  
Committee



### First Home Savings Account



### Online Services



David Ravinsky



Alex Tsapekis



Jo-Anne MacKenzie

These recent updates highlight the difficult situation that faces central banks. On the one hand, the resilience of the economies can be construed positively as it suggests consumers and businesses have adapted reasonably well to higher interest rates. But on the other hand, the strength may mean underlying inflationary forces continue to persist. The longer these pressures continue, the greater the risk they become entrenched in longer-term inflation expectations. As a result, we expect central banks to continue to prioritize getting inflation under control. We are hopeful this can happen without too much more intervention in the form of rate hikes but remain mindful that further increases raise the odds of an economic capitulation at some point in the future.

### First Home Savings Account (FHSA)

RBC Dominion Securities will now be offering the Tax-Free First Home Savings Account (FHSA), a registered account intended to help Canadians save for their first home. It combines the benefits of an RRSP and a TFSA into one account. As with an RRSP, contributions are tax-deductible, thereby reducing one's taxable income. Like a TFSA, withdrawals made to purchase a first home (including the investment income earned) will not be taxable. [Click here](#) or contact us to learn more.

### Register to access your account online

Enroll in RBC Wealth Management Online to access your account information, send and receive secure messages from us, and much more. [Click here](#) to enroll for online access.

Once online, you can switch to paperless eDocuments to reduce your paperwork and safely view your account documents online. [Click here](#) to learn how to get started.

### Your partners in wealth management

Our team is committed to keeping you informed about the progress you are making towards your financial goals. We are always available to answer any of your questions, provide advice, or review your investment portfolio.

We appreciate the opportunity to serve you and look forward to continuing to help you accomplish your long-term financial goals.

Should you have any questions, please feel free to reach out.

Sincerely,

The Ravinsky Wealth Management Group

## Disclaimer

This information is not investment advice and should be used only in conjunction with a discussion with your RBC Dominion Securities Inc. Investment Advisor. This will ensure that your own circumstances have been considered properly and that action is taken on the latest available information. The strategies and advice in this report are provided for general guidance. Readers should consult their own Investment Advisor when planning to implement a strategy. Interest rates, market conditions, special offers, tax rulings, and other investment factors are subject to change. The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof. The inventories of RBC Dominion Securities Inc. may from time to time include securities mentioned herein. RBC Dominion Securities Inc.\* and Royal Bank of Canada are separate corporate entities which are affiliated. \*Member-Canadian Investor Protection Fund. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. ® / TM Trademark(s) of Royal Bank of Canada. Used under licence. © 2020 RBC Dominion Securities Inc. All rights reserved.