



Ravinsky Wealth Management Group



Recent Posts



The chip industry's reshoring revolution

National and economic security concerns have countries bringing chipmaking back home. We look at the challenges and opportunities from this strategy.



Big questions about 2024 earnings

As businesses report their latest quarterly results, questions remain about the U.S. economy's future direction.

Market Insights

Global equity markets have started the month of November on a bit of a better note compared to the past few months. The last couple of weeks have been a great example of how quickly the market can turn around, and how easy it is to overreact to short-term market movements. Below, we share some thoughts on the recent developments in the market.

Investors have been increasingly focused on the 10-year US Treasury yield, which rose above 5% for the first time in 16 years, near the end of October. This created a great deal of volatility in the market and pressure on the economy. However, this month, the Federal Reserve kept rates unchanged for a second consecutive time and we saw the 10-year US Treasury yield drop meaningfully. On top of that, the most recent US inflation reading for the month of October suggested the easing in inflationary pressures continues to progress. This was a catalyst for a notable market rally, with interest rate futures markets pricing in roughly 50 basis points of rate cuts by July 2024. Of course, for this to occur, a bigger fall in the pace of inflation or an emergence of broader economic weakness would be required.

On the Canadian front, the inflation data has been telling a similar story. The CPI for October will be released on November 21st. However, the figures for September, released nearly a month ago, showed an easing in inflation trends which provided some relief to investors who grew a bit antsy after a brief reacceleration in inflation during the summer. The Canadian headline and core figures as of September were both under 4.0%, meaningfully lower than the 6.5%-7.0% range witnessed a year ago.

Beneath the surface, there are some pressures that remain rather intense in Canada. For example, housing, which is the largest component of the Canadian CPI at just over a quarter, continues to see notable pricing pressures. That is primarily because mortgage interest costs are up nearly 30% year over year and have been the biggest contributor to Canadian CPI of late. It's hard to imagine that moderating any time soon with the number of households expected to refinance their homes in the months to come.

While rising interest rates remain the primary risk for equity markets, we're seeing concrete evidence that markets are in the process of bottoming as interest rates peak. Our long-term equity market outlook remains unchanged. We expect markets to trend higher moving into the first quarter of 2024. We also continue to view the secular bull market to be intact with potential for equities to move higher beyond the year 2030. For this optimistic view to change, we would need to see evidence of a trend reversal, which would indicate levels falling below the market cycle lows seen in October 2022.



Global Insight Monthly

Perspectives from the
Global Portfolio Advisory
Committee

In times of increased market volatility, it's important to keep in mind that short-term corrections are an inherent part of investing in the equity market. Stepping back for perspective, since 1928, the S&P500 has had, on average, about 3 corrections of at least 5% per year, one of at least 10% per year and every 3 to 4 years a bear market where prices fall more than 20%. Despite this constant market volatility, over the last 95 years, the S&P500 has generated positive annual total returns 75% of the time.

Naturally, the investment time horizon can play a major role in realizing favourable outcomes. In fact, time horizon is one of the most useful tools investors have for handling price swings. As the investment holding period increases, the likelihood of a positive outcome rises substantially, approaching 100% for rolling periods longer than five years. The longer capital is invested, the more time there is for total returns to compound.



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David Ravinsky

Your partners in wealth management

Our portfolio management 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.



Alex Tsapekis

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,



Jo-Anne MacKenzie

The Ravinsky Wealth Management Group

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