Wealth
Management

Ravinsky Wealth Management Group

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Recent Posts

Weaving the threads of US equity outperformance

While the Mag 7 have been visible in their leadership, we spotlight two other trends with a clear impact on portfolio performance and how to approach U.S. equities as the economic environment evolves.

Rental housing construction picks up in Canada, but will it be enough?

There hasn't been this much rental housing under construction in Canada in a generation—which is encouraging news given the acute supply shortages across the country.

Market Insights

The summer has gotten off to a reasonable start with global equities moving higher in recent weeks. The prevailing market narrative – decelerating inflation that is paving the way for central banks to cut interest rates – was reinforced by June's weaker-than-expected U.S. inflation data. Moreover, U.S. Federal Reserve Chairman Jerome Powell's recent commentary suggested the Fed is growing more comfortable with the inflation backdrop and is beginning to pay more attention to slowing employment trends. Below, we take the opportunity to reflect on this year's market developments and share some thoughts on the outlook.

We also want to highlight the Global Insight Mid-Year Outlook, published by some of the thought leaders across our firm. The special report on U.S. debt is particularly thought-provoking, though the whole piece is worth a read.

There has been encouraging progress on inflation this year, albeit with different regions seeing different rates of decline. Yet, services inflation has remained sticky throughout most of the developed world thanks to wage growth, resilient demand, and shelter-related costs. On the growth front, things have been arguably better than anticipated, given many investors were expecting a recession to have already begun in various jurisdictions. The manufacturing sector has been generally weak, offset to a large degree by the services side of the economy. The consensus view is that a soft landing, where the economy slows but avoids a material deterioration in employment, is now more likely for many economies, particularly the U.S.

The backdrop above has driven global equity markets higher this year, with the U.S. leading the way. But, as has been the case for some time, U.S. gains have been heavily influenced by large-cap technology, and more specifically, anything related to artificial intelligence. This momentum may continue for some time, but a few things warrant attention.

The U.S. market has become more expensive over the past year. While valuations are more reasonable if one excludes the large-cap technology stocks that have led markets, they still sit above historical averages. That may have bigger implications over the longer-term than it does for the rest of the year. Meanwhile, our confidence in the sustainability of a bull market is usually highest when gains are driven by a broad range of stocks and sectors. But that hasn't exactly been the case this year, though there is always the possibility that market leadership could broaden, or shift to other sectors, evidence for which has just recently started to take hold. We don't view investor sentiment as overly optimistic yet, which can often be the case near market peaks, but

Global Insight Monthly

Perspectives from the Global Portfolio Advisory Committee

it is more positive than it was a year ago, suggesting there is growing risk of some investor complacency. Most importantly, the risk of recession remains above average based on various factors we monitor. As a result, we believe the range of possibilities for equities is wider than normal despite the market strength to date.

Outside the U.S., and the technology sector in particular, equity markets sit at valuation levels that are more balanced, reflecting some of the economic headwinds that exist in parts of the world. Overall, our approach to managing portfolios remains a bit more cautious at this time given the range of potential outcomes. We remain committed to regular rebalancing to mitigate the risk of overexposure to any one market or sector's idiosyncrasies.

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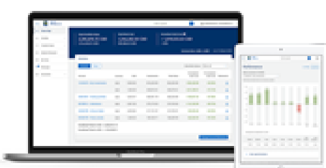

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Your partners in wealth management

David Ravinsky

Alex Tsapekis

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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.

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 to us.

Sincerely,

The Ravinsky Wealth Management Group

Refer your friends & family!

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