Wealth Management

Ravinsky Wealth Management Group

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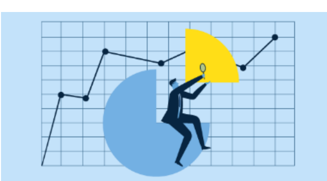
Recent Posts

U.S. presidential election: Back to the future

In a historic political comeback, Donald Trump has again won the presidency. We look at the policies like taxes and tariffs shaping the investment climate.



Immigration cuts will help narrow Canada's housing gap but won't solve crisis

RBC's Assistant Chief Economist, Robert Hogue, looks at how the federal government's policy reversal will affect the housing market.

Market Insights

Investors have been closely focused on the U.S. election in recent weeks, with Donald Trump elected 47th president of the United States. Both U.S. and Canadian equity markets reached new all-time highs after a post-election boost, while markets overseas have trended lower. Amid this election rally, U.S. economic data has largely surprised to the upside. This, in addition to some suggestions that inflation and interest rates may remain higher under a Trump administration, has contributed to rising bond yields, even as the U.S Federal Reserve cut interest rates for a second consecutive time at its latest meeting. Below, we share some thoughts on equity markets in the wake of recent developments.

Equity markets often rally as uncertainty recedes, which likely explains some of the recent market gains. Rather than the close and potentially contested outcome many feared, Donald Trump was decisively announced as president in the early hours following election night. Markets may also be enthused by the potential for deregulation and tax cuts to spur higher growth and offset any potential drags from proposed immigration reforms and tariffs. These sentiments were echoed by companies reporting earnings after the election. Some expressed optimism about regulatory easing and tax reductions, while others suggested they are wary of proposed tariffs.

In addition to winning the White House, the Republican party secured control of both chambers of Congress. With a majority in both the Senate and the House of Representatives, Trump should face less resistance in advancing his agenda. However, that does not necessarily mean he has a blank check. Republicans can still vote to oppose certain policies and push for concessions. The financial markets can also function as an important feedback mechanism, with bond markets having sometimes reacted sharply to major shifts in fiscal policy. While it is important to appreciate the potential impact of a new government, we think central banks, the economic cycle, and corporate earnings growth tend to have more influence on investor returns over time.

The U.S. third-quarter earnings season is nearly complete and has been less remarkable than recent quarters, though markets appear unfazed. Company profits grew around 8%, roughly double expectations. And earnings are forecasted to grow by nearly 13% year-over-year in 2025, the strongest pace since 2021. Encouragingly, more of this growth is expected to come from a wider swath of sectors, suggesting a broadening in the earnings story and less reliance on the large-cap tech sector. Moreover, pro-growth policies from the new administration may further support earnings next year.

Global Insight Monthly

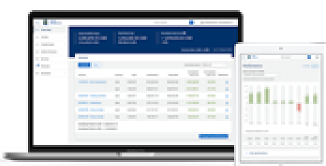
Perspectives from the Global Portfolio Advisory Committee

The strength witnessed by North American equity markets this year have been impressive. Ironically, these gains have exacerbated one of the main concerns we have had around stocks: valuations. From a valuation perspective, the U.S. stock market's price-to-earnings ratio—a key measure reflecting how much investors are willing to pay per dollar of expected earnings—stands just above 22. This is well above its historical average. And while this tells us little about how equities will perform in the months to come, it does suggest that the U.S. stock market is reflecting a lot of positivity, optimism, and lofty expectations for future earnings growth. We have often used periods like this to recalibrate and lower our expectations around longer-term returns from a specific asset class when it has traded at similar premium levels. Fortunately, this dilemma is more tied to U.S. stocks and less so to the Canadian equity market, where valuation levels are less demanding.

The Wealthy Barber: Is your Will's executor ready?

RBC Royal Trust: Estate Settlement Strategies & Solutions

There are many steps involved in settling an estate. Whether you're looking for information to help you appoint the right executor or you yourself have been appointed to this important role, our **resources** can help. Our team of estate specialists are here to provide guidance and help ensure your objectives and the full scope of your situation are considered as part of your estate plans. **Contact us** to learn more.



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Your Partners in Wealth Management

David Ravinsky

Alex Tsapekis

Jo-Anne MacKenzie

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

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