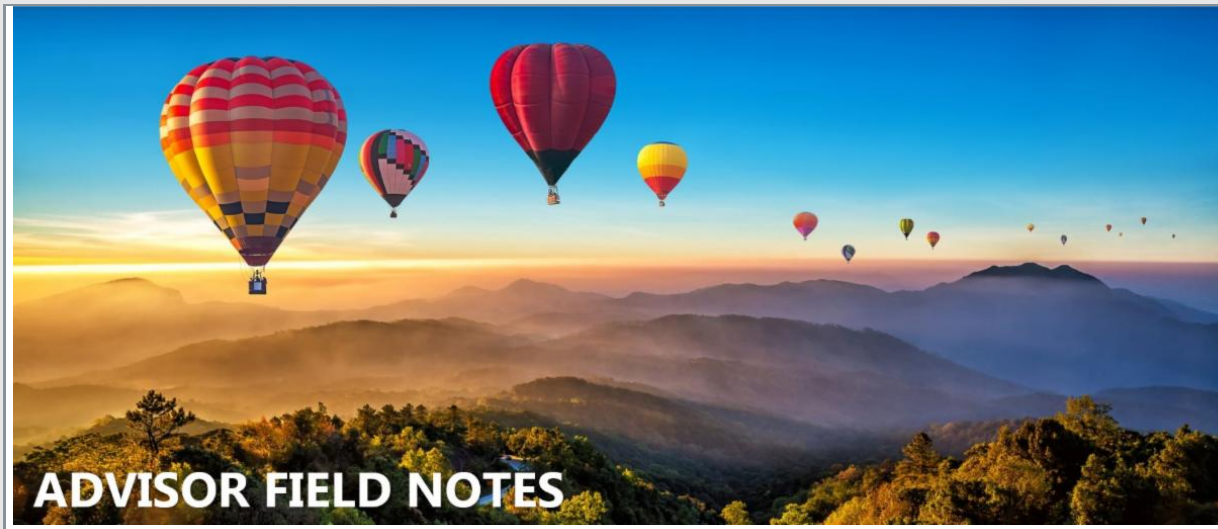

March 2024

“Villages are small and personal, and their inhabitants have names, characters, and personalities. What more appropriate concept on which to base our institutions of the future than the ancient social unit whose flexibility and strength sustained human society through millennia?”

Charles Handy
-Irish Author-

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As spring takes hold and green shoots pop up from the gardens, we see the seasonal battle as winter attempts to fight back, but gradually retreats. Similarly, the market bulls continue to shoulder aside the bears and push the stock indices to brand new highs. Unlike our four seasons, however, the expansion and contraction of economies and asset prices are less interested in sticking to a calendar.

With this in mind, **Russell Investments** provides us with their second quarter global outlook and from the onset, uses the term “pent up exuberance” to define the mood of investors and the economy, especially in the U.S. Ironically, excessive optimism in the markets is generally not considered a positive signal and their report sets a cautionary note. Europe and Japan have also performed better than forecasted, with rapidly ebbing inflation being one of the reasons. Despite this unexpected upside, they warn that, if 2023 was the year of being overly pessimistic, then we need be concerned markets are now leaning too far the other direction. Their research also provides a snapshot on Canada and here, the economic outlook continues to be cloudier than the U.S. With much higher consumer debt and negative per capita growth, they argue that the Bank of Canada may cut interest

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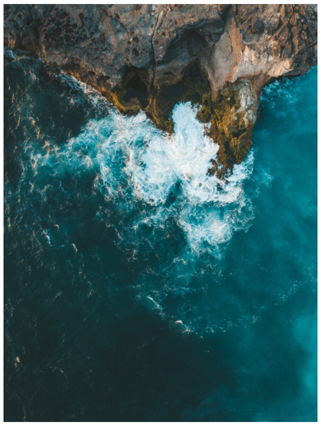
rates sooner and more aggressively than the U.S. Federal Reserve. The following article expands on one potential impact of those differing rate reduction scenarios.

When thinking about foreign currency, generally Canadians are most attentive to the loonie's value against the U.S. dollar. Given the amount of trade and tourism between the countries, that exchange ratio is of strong interest. The **Financial Post's** recent piece suggests that our dollar may run into stormy weather of the next year when compared against the U.S. greenback. The exchange ratio has many moving parts but two of the larger ones for Canada are energy prices and interest rates. Quoting from *Capital Economics*, they think that softening oil prices along with a widening approach to interest rates south of the border could pressure the loonie as low as 71 cents U.S. by the end of 2024. The U.S. election results are another wild card depending on the winner, especially if it affects our free trade agreement. In fairness, the archery contest of currency forecasts is littered with arrows that missed the target, but the two countries' interest rate pathways should not be ignored.

Over the years, many publications have ranked retirement destinations and the majority have tended to be oriented to U.S. readers who want to settle in the 52 states or perhaps abroad. For Canadians, a recent **CTV News** story utilizes *Sotheby's* research to identify 10 places in this country to spend one's golden years. Sensibly, they have looked beyond the affordability filter and included things like access to quality health care and natural beauty. Perennial favourite Victoria tops the list but so do larger cities such as Calgary and Ottawa. An interesting short read, the article also quotes from *Deloitte* and others, regarding other factors that may push against relocating. Finances and access to our social network can be powerful elements to ponder before packing up for the B.C. or Nova Scotia coast.

Russell Investments: Q2 Global Market Outlook



From the desk of the CIO

As we step into the second quarter of 2024, I'm excited to share our latest Global Market Outlook.

The evolving landscape continues to present market anomalies that challenge traditional expectations and some long-held investment assumptions.

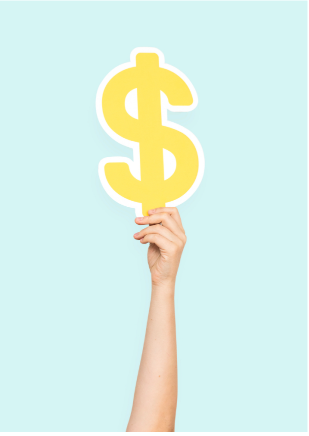
n 2023 we saw inflation fall rapidly—without the global recession that many leading economists said was needed to restore price stability.

In the U.S. specifically, price and wage pressures were reduced even though the economy delivered strong economic growth, which is rare.

Increased workforce participation helped improve the labor supply, reducing inflation without companies resorting to mass layoffs—a phenomenon we have not seen in post-World War history.

Read Full Article

Financial Post: Posthaste: Fasten your seat belts, the Canadian dollar is in for a bumpy ride



As the countdown to central bank rate cuts continues, what's in store for the **Canadian dollar**?

Economists say so far the currency has held up fairly well, as the market pulls back a bit on expectations for a **Bank of Canada move** and oil prices get support from **OPEC+'s decision** to extend production cuts. It was trading at 73.60 US cents this morning.

But that may be about to change.

Capital Economics predict that the loonie is in for a rough year, as the paths of the Bank of Canada and the **Federal Reserve** diverge and other headwinds threaten.

There are a few reasons for this.

Read Full Article

CTV News: These are the 10 places to retire in Canada, according to Sotheby's

For Canadians thinking about retirement, costs aren't the only factors to consider when deciding where they want to spend their golden years.

Compiled by a luxury real estate firm, the report did not get into affordability, but noticeably absent from the list are three of Canada's most populous cities: Toronto, Montreal and Vancouver.

These Canadian cities and regions are the top ones for retiring, because of "breathtaking naturescapes, top health-care facilities, and diverse and welcoming communities," according to Sotheby's International Realty Canada.

A mild climate, beautiful beaches and ocean views are among the reasons Victoria is a popular place to retire in Canada, according to Sotheby's.

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