

## June 2022 Market Update

The month of May certainly lived up to its reputation of being a volatile month for investments. Despite a bounce in the markets the last week of the month, May was still a down period for equities and fixed income. Year-to-date in 2022, the US S&P500 was down 12.8% through May while the TSX300 is down 2.9%. The better (less bad) performance in Canada comes from the energy, pipelines and commodity sectors.

What a difference six months makes. In late 2021, the outlook from many economists and analysts for the year ahead 2022 was relatively positive and upbeat. It was felt that the global economies would continue to plug along in 2022 with thoughts of inflation well under control, and ideas of interest rate increases were pushed out to 2023. In the past six months, the world has changed dramatically and those year ahead outlooks are completely irrelevant.

Looking back to early 2020, the volatility, nervousness and uncertainties of the investment world are now even greater. These include the global pandemic, weather-related supply chain issues, China-related supply chain issues, Russia's attack on Ukraine, inflation, and interest rates. The past 30 months bring enough uncertainty to cause some to panic and want to hide. Yet, here we are. Our investment portfolios have been weakened a bit recently, but our investment income continues to be paid into our accounts. Fear, and emotional decision making is our enemy. We focus on fundamental and long-term decision making. We will always be rewarded for this focus. During times of market stress, underlying fundamental strengths of good quality businesses and investments may be overshadowed by the fear and emotions, but quality wins out in the longer term.

As we approach the half way point of 2022, we look ahead to 2023. Making predictions, particularly about the future, is rarely accurate or correct. Still, our focus remains on good quality, long-term investing, it is important to continue to re-assess the changes in the world, and how these may impact our investments. Change happens. Preparation and planning for whatever may come our way will better position us, and our portfolios, for meeting our future needs and objectives.

The questions we seek answers to as we look towards 2023 include – how high will interest rates go? When will inflation start to come back down? Is there an economic recession somewhere on the horizon? My quick thought on these questions (subject to change at any time) are (1) Not as high as some are calling for, (2) Sooner than some are calling for and (3) Possibly in 2023. With answers like these, I should consider running for public office.

With these questions, and considerable change in the world, we will be reviewing and discussing your investments with you to ensure that they continue to meet your longer term goals, objectives, needs, and wants.

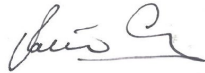
Make sure that you find time to enjoy family, friends and the summer months.

As always, remain optimistic yet cautious.

**Best Regards,**  
CIBC Wood Gundy



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