



September 2022 Market Update

The dog days of summer are upon us. As we prepare for what will hopefully be a pleasant autumn for us with our investments, the weather, and in our daily lives, we already start to look back at what 2022 has so far brought about.

Thinking back to the start of 2022, we were optimistic that the year would be considerably better than the messed-up pandemic-stricken 2020 and 2021. The optimism unfortunately faded with Russia invading Ukraine. China's harsh lockdowns of its citizens made worse the already challenged global economic situation. The world has changed over the past 2 ½ years. Lessons will be learned from the recent past. An improved focus on both personal and community health care is needed. Several European countries are learning that they need to do a better job at selecting reliable economic trading partners. Change is constant, and sometimes very dramatic and traumatic. The world will adapt to these changes and as investors, we must also be prepared to adapt and move with these changes when appropriate and prudent.

When we wrote the July 2022 Market Update, we were coming off of a very sharp market correction (almost 14% on the TSX, and over 20% on the various US markets) over the previous 3 to 4 months. Since early July, we have experienced a solid bounce in the equity markets. There has been some recovery in the fixed income markets, but less than in equities.

All bounces are appreciated and important for both our portfolios and our emotional well-being. The investment markets are generally still below the levels from the start of the year, but improvements have been seen over the past 7+ weeks.

A common question today is whether the worst is over, and whether the bottom in the market in late June remains the bottom. No one has the answer to this. Market bottoms typically occur when investors are scared and fearful. Market bottoms do not occur when investors are bright and cheery. There was fear and concern in late June (current market bottom) regarding inflation, rising interest rates, and global supply chain issues. Have these concerns abated? Well, it would appear that supply chain issues are slowly recovering and it would appear that the worst of sharply rising inflation is at its peak. Interest rates have increased substantially, but there remains more rate increases ahead (though probably not as much of an increase as we have seen in the past months). So, there is some optimism that the worst is behind us, but as we have seen many times before – change happens fast. Uncertainty remains prevalent and caution still warranted. Reading and watching many economists, strategists, and market pundits, we see some who are bullish and believe higher markets are ahead, while others see doom and a weaker economy and lower markets. These individuals make these differing outlook “guesses” after reviewing the exact same economic data. Uncertainty remains.

In BC, we are entering a period of potential public sector labour strife given employee demands for sharply higher pay increases for several years to come. Some concern over this period of potential labour disputes is warranted. In the late 1970s, early 1980s with its spiraling higher inflation and interest rates (anyone remember 19.5% Canada Savings Bonds?), one of the many contributing

factors was around COLA (Cost of Living Allowance) clauses in many labour contracts. When inflation increased, wages automatically rose, which triggered even higher inflation, which triggered even higher wage increases, which triggered... well, I think you get the picture. If governments want to see inflation brought under control, fiscal discipline will be necessary.

Anyways, the recent strength in the investment markets is appreciated by all investors, however, we are not yet out of the woods, but we continue to move closer to more stable investment markets.

On a personal note, I will be away from the office starting Friday, September 9 and am back in the office Wednesday, September 21. It will have been 3 years since I have been able to go on my drive to Southern California.

Valerie and Isabella will be in the office for anything you need, or if you are looking for assistance. Shortly after I return, Valerie will be heading out to Europe for a vacation. We will see what Isabella has planned after that.

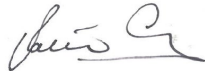
Please reach out to us at any time with questions, concerns, or topics for discussion.

As always, remain optimistic yet cautious.

Best Regards,
CIBC Wood Gundy



Ron A. McQuarrie
Senior Wealth Advisor
250 361-2267
ron.mcquarrie@cibc.ca
linkedin.com/in/ron-mcquarrie



Valerie Charron, FMA
Financial Associate
250 361-2266
valerie.charron@cibc.ca
linkedin.com/in/valeriecharron



Isabella Bottay
Administrative Assistant
250 361-2268
isabella.bottay@cibc.com

If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor. Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

CIBC Private Wealth Management consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc. Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc.

"CIBC Private Wealth Management" is a registered trademark of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc.

CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of CIBC and a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada.

This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same. CIBC World Markets Inc. and its representatives will receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2022 of CIBC.

Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc