

MONTHLY LETTER - NOVEMBER 2023

In recent months, we have faced a number of uncertainties impacting on financial market performance: rising interest rates, the threat of U.S. government paralysis and strikes, to name but a few. However, the three main risk factors eased in November, with positive results for stock and bond markets. To begin, September's surge in interest rates subsided. On October 3, the benchmark rate for a 10-year bond in Canada peaked at 4.2% and had fallen back to 3.5% by the end of November. Second, the U.S. Congress passed a temporary bill deferring funding for federal agencies until 2024. Government paralysis is still a risk for next year, but the two agreements reached this fall indicate that this risk has decreased enough to restore investor confidence that Democrats and Republicans can reach an agreement. Finally, after six long weeks of strikes in the Canadian and U.S. auto industries, settlements were reached with the major auto manufacturers. Union leaders called it one of the best deals since the 1960s.

Stock markets reversed a three-month slump, with the S&P 500 recording a 9.1% performance in local currency and a 6.8% gain in Canadian currency over the month. In Canada, the S&P TSX gained 7.5%. Alongside these two indices, the monthly

performances of the major world stock market indices were equally positive: 1.8% for the FTSE 100 (UK), 6.2% for the CAC 40 (France), 9.5% for the DAX 30 (Germany) and 0.4% for the Chinese stock market.

The bond market recorded a second consecutive month of positive performance following September's surge in interest rates. The FTSE Canada Universe Bond Index returned 4.3%. A weaker-than-expected inflation figure and an increasingly strong consensus in support of a pause in interest rate hikes by central banks all helped interest rates to fall in November. Remember that historically, the bond market has turned in a positive performance when entering a pause cycle.

In economic terms, the U.S. economy is still leading the way, with a surprising 5.2% annualized third-quarter economic growth. In contrast, the majority of other industrialized countries, including Canada and the Eurozone, are experiencing increasingly noticeable difficulties over the past year. Can the American economic growth maintain its pace in 2024? According to the Federal Reserve's latest report, published at the end of November, economic prospects for the next six to twelve months have deteriorated.

In Canada, we were awaiting third-quarter economic growth figures. The Bank of Canada had forecast annualized growth of 0.8%, while the consensus had called for a rise of 0.1%. However, gross domestic product was considerably weaker at -1.1%. Net exports and ongoing depletion of inventories contributed negatively to the fall in GDP. Household consumption continued to suffer from the sharp rise in interest rates, and remained virtually unchanged at +0.1%. Canada's sluggish consumption should come as no surprise, given that, according to a Bank of Canada survey, nearly 60% of those polled said they were reducing their spending.

In short, November's data should encourage central banks to continue their pause in raising key rates.

This is the last monthly publication of 2023, and we will return in January 2024 with quarterly comments from our strategy managers. In the meantime, on behalf of the entire Eterna Financial Group team, we wish you all the best for a happy and prosperous holiday season!

Bobby Bureau, MBA, CIM

Senior Manager, Fixed Income
Portfolio Manager

INDEXATION BY CANADA REVENUE AGENCY

Each year, certain personal tax thresholds are adjusted for inflation. The Canada Revenue Agency has announced an update to the amounts applicable as of January 1, 2024, calculated with an indexation of 4.7%. Briefly, here are the implications:

- The 2024 TFSA limit is \$7,000, compared with \$6,500 for 2023.
 - The maximum tax threshold for 2024 is \$246,752, compared with \$235,675 for 2023.
 - The lifetime capital gains exemption for qualified small business shares for 2024 is \$1,016,836, compared to \$971,190 for 2023.
 - The Old Age Security repayment threshold is \$90,997 for 2024, compared to \$86,912 for 2023.
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STATISTICS ON NOVEMBER 30TH, 2023

CANADA			UNITED STATES			CURRENCIES		
Unemploy. rate (September)	5,7 %	↑	Unemploy. rate (September)	3,9 %	↑	\$ USA / \$ CAN	0,74	↓
C.P.I. (September)	3,1 %	↓	C.P.I. (September)	3,2 %	↓	\$ USA / € Euro	1,09	↓
3 months treasury bills	5,02 %	↓	3 months treasury bills	5,39 %	↓	¥ Yen / \$ USA	148,20	↑
Bonds 5 years	3,63 %	↓	Bonds 5 years	4,27 %	↓			
Bonds 10 years	3,55 %	↓	Bonds 10 years	4,33 %	↓			
S&P/TSX	20 236	↑	Dow Jones - Industrial	35 951	↑			
			S&P 500	4 568	↑			

The arrow indicates the trend since the publication of the last monthly data or end of the month.

MARKET INDICES IN CANADIAN DOLLARS AS OF NOVEMBER 30TH, 2023

	YTD	3 months	6 months	1 year	3 years*	5 years*
FTSE Canada 91 Day TBill Index	4,31 %	1,30 %	2,46 %	4,66 %	2,09 %	1,78 %
BONDS						
FTSE Canada Universe Bond Index	3,15 %	1,94 %	0,67 %	1,45 %	-3,77 %	0,89 %
FTSE Canada Short Term Overall Bond Index	3,46 %	2,15 %	2,09 %	3,30 %	-0,48 %	1,49 %
Indice adapté gestion privée Eterna ¹	3,06 %	2,00 %	1,28 %	2,19 %	-1,66 %	1,36 %
FTSE Canada Mid Term Overall Bond Index	2,38 %	1,74 %	0,04 %	0,46 %	-3,48 %	1,12 %
FTSE Canada Long Term Overall Bond Index	3,22 %	1,69 %	-0,99 %	-0,53 %	-8,18 %	-0,19 %
NORTH AMERICA STOCK MARKETS \$ CAN						
Canada - S&P/TSX	7,54 %	0,56 %	5,16 %	2,28 %	8,82 %	9,23 %
United States - Standard & Poor's 500	21,29 %	2,04 %	10,02 %	14,27 %	11,44 %	12,98 %
United States - Dow Jones	11,17 %	4,40 %	10,30 %	6,59 %	10,53 %	9,87 %
INTERNATIONAL STOCK MARKETS \$ CAN						
United Kingdom - FTSE-100	8,85 %	0,83 %	3,85 %	8,59 %	9,61 %	5,45 %
France - CAC-40	15,28 %	0,68 %	5,28 %	14,97 %	8,11 %	7,50 %
Germany - DAX	18,89 %	2,46 %	5,82 %	19,36 %	5,18 %	7,20 %
Japan - Nikkei-225	13,90 %	1,07 %	2,07 %	13,02 %	-2,28 %	3,24 %
Hong Kong - Hang Seng	-13,59 %	-6,63 %	-6,42 %	-8,05 %	-12,40 %	-8,04 %
Australia - S&P/ASX 200	-2,07 %	-0,67 %	1,97 %	-3,88 %	0,73 %	2,94 %
CURRENCY						
USD versus CAD	0,05 %	0,39 %	-0,10 %	1,11 %	1,42 %	0,40 %

* Annual compounded total return.

¹ The Eterna Adapted Private Wealth Index is made up of 60% of FTSE Canada Short Term Overall Bond Index and of 40% of FTSE Canada Mid Term Overall Bond Index.ada..

Source : Bloomberg



The entire team of



**ETERNA
GROUPE FINANCIER**

warmly thanks you for your trust and
wishes you happiness, health and
prosperity for 2024.

Happy holidays and a happy New Year!

OPENING HOURS DURING THE HOLIDAYS

Our offices will be closed on December 25th and 26th as well as on January 1st and 2nd.