



Global Growth

The economic recovery continues to grind ahead yet hurdles are growing. The launch of a rate hiking cycle has heightened volatility and slowed growth relative to prior quarters. Renewed covid restrictions in China and geopolitics in Europe have added to headwinds.



Policy & Politics

Policy error continues to pose a key risk as central banks attempt to tame inflation without derailing their economies. Geopolitical tensions have increased uncertainty.



Fixed Income

Fixed income will largely be defined by central bank activity. A well-telegraphed path and a reasonable cadence towards interest rate targets could soften further damage in rates markets.



Equities

Input costs from both supply chain issues related to China and Europe as well as wage pressures due to tight labour markets could set back profit growth for companies without secure supplies and pricing power. Margin pressures and demand responses will be in focus. Volatility has increased as markets adjust for restrictive policy measures. Select developed markets are preferred over emerging markets.



Commodities

After a considerable run, further appreciation will partly depend on demand outlook and supply responses. Supply chain constraints and geopolitical developments will continue to influence the direction of prices.



Currency

The U.S. dollar is supported by risk sentiment, relative rates and decelerating growth. Canadian dollar performance may level off if commodity demand subsides.



Canada

Canada's Energy and Materials sectors benefit from higher commodities prices, and the global reopening should be supportive of performance.



U.S.

U.S. equity markets are adjusting to a new set of policy measures. However, positive earnings, company buybacks and a well capitalized consumer support U.S. equities.



Europe

Europe is well positioned with its value-tilted markets and relatively accommodative central banks. However, performance is dependent on the health of the global economy, inflation pressures and the war in Ukraine.



Japan

Japanese equities have excelled during rising rate cycles historically. The state of Japan's government may temper returns, however, as the market evaluates policies.

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