

2024 Economic Review and 2025 Forecast

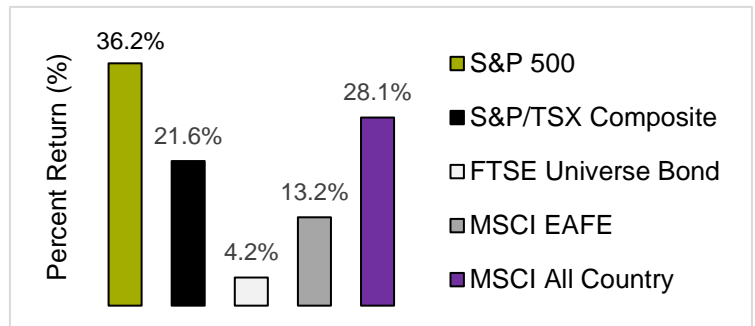
In a continuation of 2023, all major Markets around the world had positive returns for the year. The US stock market was the best performer, with the S&P 500 producing a gain of 36.2%.

The Canadian stock market posted a gain this year, with the S&P/TSX Composite Index posting a 21.6% increase.

The FTSE Universe Bond Index was positive two years in a row, with a gain of 4.2%.

International markets posted a 13.2% gain for the MSCI EAFE Index, and the global equity benchmark, the MSCI All Country Index, posted a 28.1% gain.

The graph (right) indicates the one-year returns (Cdn\$) of these major market indices, as of December 31, 2024.



Factors affecting 2024 financial markets

- **Inflation:** Annual Canadian Inflation trended down throughout the year, starting at 2.9% and ending at 1.8%.
- **Interest Rates:** Bank of Canada began decreasing rates in June, ending the year at 4%.
- **Market Drivers:** Returns were much more diversified in 2024, but were still driven up by technology stocks and in particular the performance of the “Magnificent Seven” (Apple, Alphabet, Amazon, Microsoft, Meta, Tesla and Nvidia).
- **Value vs Growth investing:** In 2024 both performed well, but Growth continued to lead the way.

2025 forecast

- At the time of writing, it is unknown if tariffs will be imposed by the new Trump Administration. Whether tariffs are imposed, and to what level, will have major effects on the North American and World economies.
- Notwithstanding the above comments, interest rates will likely continue to reduce, but at a much slower pace. Inflation is also back to more normal levels.
- Stock markets around the world have outperformed the last two years. Returns are likely to normalize to historical levels.
- If interest rates reduce or hold at current levels, Bond funds should also show positive returns.

Your portfolio review

With all types of investments showing positive returns in 2024, we suggest that you work with your financial advisor or with Reuter Benefits’ team of licensed professionals to periodically review your investment portfolio, to ensure you have the correct level of risk that is well positioned to withstand any market volatility. Reuter Benefits can be reached at 1-800-666-0142 or via email at retire@reuterbenefits.com.