

## 2022 Economic Review and 2023 Forecast

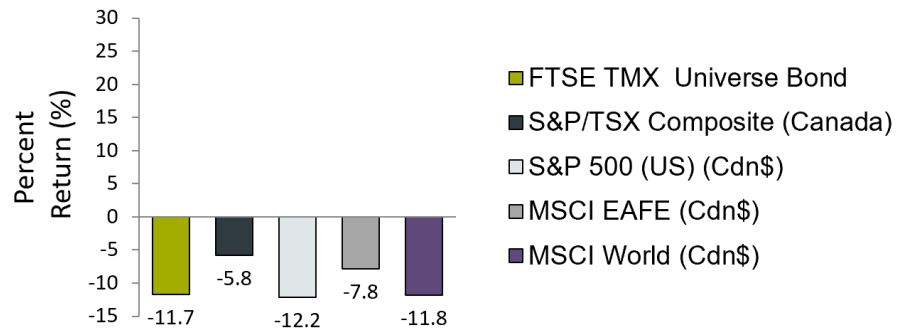
All major Markets around the world had negative returns for the year. The Canadian stock market was the best performer, with the S&P/TSX producing a loss of 5.8%.

The US stock market posted a loss for the first time in several years, with the S&P 500 Composite Index posting a 12.2% loss.

The FTSE TMX Universe Bond Index was negative for a 2<sup>nd</sup> year in a row with a loss of 11.7%.

International markets posted a 7.8% loss for the MSCI EAFE Index, and the global equity benchmark, the MSCI World Index, posted a 11.8% loss.

The graph (right) indicates the one-year returns of these major market indices, as of December 31, 2022.



### Factors affecting 2022 financial markets

- **Global Pandemic:** The pandemic still had an impact, particularly in China.
- **Inflation:** Annual Canadian Inflation peak rate of 8.1%, but more recently has been trending down.
- **Interest Rates:** Central Banks increased rates rapidly throughout the year.
- **Market Drivers:** Energy was the one bright spot in both Canada and the US.
- **Rotation to Value investing:** Although still negative on the year, Value investing outperformed Growth investing this year.

### 2023 forecast

Falling inflation from the peak last year will likely continue.

China has pivoted from “zero Covid” and reopened, and may show growth for the year where other markets may show negative growth with a possibility of a recession.

Interest rate increases should slow in the first half of the year, followed by a pause while Central Banks evaluate their next steps.

Volatility will likely continue for the balance of the year.

### Your portfolio review

With all types of investments showing negative returns in 2022, 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](mailto:retire@reuterbenefits.com).