NEWSLETTER

JANUARY 2025 / QUARTER 4

The year 2024 was a remarkable period for equity investors, with exciting technological advancements, welcomed interest rate cuts, and resilient consumer spending. As we look back, several key trends and events stand out that shaped the global investment environment.

In Canada, manufacturing and services remained sluggish, and small business insolvencies jumped 41.7% over the 12 months ending in October.* This signals persistent financial pressures that could further weigh on the economy.

In contrast, the U.S. economy experienced steady growth. Consumer spending and new technologies bolstered productivity and economic activity south of the border.

Global stock markets had another strong year in 2024, building on the recovery and growth seen in 2023. The S&P 500 Index, S&P/TSX Composite Index, and MSCI World Index returned 23.3%, 18.0%, and 17.0%, respectively, supported by resilient corporate earnings and consumer demand.**

Bond markets also gained as interest rates fell and bond prices rose. Canadian and U.S. bonds, as measured by the FTSE Canada Universe Bond Index and Bloomberg US Aggregate Bond Index, returned 4.2% and 1.3%, respectively, in 2024.‡

While the end of the year saw a slight downturn compared to previous months, our balanced portfolios were up between 12 and 14% for 2024.

Looking to 2025, we are anticipating:

• Slower global growth. The global economic slowdown is likely to continue in 2025. The U.S. may be an exception with low unemployment and strong business growth expected under the Trump administration. Canada's rate-sensitive economy remains more vulnerable despite lower borrowing costs.

• More rate cuts. Central banks eased rates in 2024 to stimulate growth and may continue to do so in 2025. Canada, grappling with domestic challenges, could adopt a more aggressive approach than the U.S.

• Trade talks. Expect Canada-U.S. tariff negotiations to grab headlines again and create some noise; however, major changes are unlikely given both economies' reliance on each other.

*https://ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/statistics-and-research/insolvency-statistics-canada-october-2024-highlights.
**Bloomberg. As at December 31, 2024.
‡ Bloomberg. As at December 31, 2024.

Sources: The Globe and Mail, CNBC, BNN Bloomberg, Jan 2/24 and Jan 2/25	**Market**	**Dec 31/23**	**Dec 31/24**	**YTD**
Canada	TSX	19541	24728	26.54%
U.S.	DOW	37690	42582	12.98%
U.S.	S&P 500	4770	5882	23.31%
U.K.	FTSE	7733	8173	5.69%
France	CAC	7543	7381	-2.15%
Germany	DAX	16751	19909	18.85%
Japan	NIKKEI	33464	40281	20.37%
Canadian $		75.51	69.51	-7.95%
Oil (U.S. $)	WTI	71.65	71.72	0.10%
Western Canadian Select	WCS	52.30	57.41	9.77%

*Listed above are the market numbers for end-of-month market close for December 2023 and December 2024. The YTD column shows the % change from the end of December 2023 to the end of December 2024.

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Beyond the Piggy Bank: Financial Reading Resources for Young People

When it comes to managing money, good habits are developed over time, and the earlier started, the better! If the young people in your life received cash for Christmas, are learning how to manage an allowance, or are giddy with the excitement of a first paycheque, you may be wondering how you can help them develop a relationship with money that will serve them as they enter adulthood. Here are three excellent reading resources for youth to help them think more deeply about their piggybanks, pocket money, and financial futures.

Lemonade in Winter: A Book About Two Kids Counting Money **by Emily Jenkins and G. Brian Karas**
Ages: 3-7 years

Little Pauline looks out on a snowy winter's morning and decides it's the perfect time to set up a lemonade stand. She and her brother John-John search the couch cushions for quarters to buy their lemons and limes, tallying their money as they go. But who will buy a cold drink on such a frigid day? Well, like many of our most famous entrepreneurs, Pauline and John-John don't let accusations of irrationality get in their way, and instead of giving up, they employ tried-and-true business practices: advertising, steep discounts, and doing cartwheels on the sidewalk. Featuring beautiful illustrations and well-incorporated principles of basic addition, *Lemonade in Winter* is the perfect way to teach children that sometimes your revenue will be less than your investment, even when your business idea is a surefire hit.

Heads up Money **by DK & Marcus Weeks**
Ages: 10-17 years

For many young people, the word "economy" can conjure an adult world of dry facts, complex math, and day jobs that demand briefcases and uncomfortable shoes. In this challenging world of ours, it's easy to feel like economics is somehow disconnected from our everyday lives, but this book offers a straightforward picture of how markets, currencies, and banks affect how we live, work, and think. Also covered are the processes and pitfalls of the new technologies shaping the future of money for the next generation (including Bitcoin and other decentralized currencies), the ethical questions which arise from consumerism and exploitative business practices, and the interconnectedness of our global economy. If your teenager has a question about money, this book is likely to answer it.

Money and Youth (www.moneyandyouth.com) **by the Canadian Foundation for Economic Education**
Ages: 15 and up

The Canadian Foundation for Economic Education is a non-profit, non-partisan organization working to "improve economic, financial, and enterprising capability." To help achieve this goal, they have developed an online guide to financial literacy, which offers Canadians printable modules offering education and practical advice on topics ranging from deciding what money means to you, managing credit cards and debt, and making healthy career choices. Each module is accompanied by a teacher's guide and parent resources which provide activities and discussion topics for further engagement with the material. No matter your age, taking the time to explore financial topics on a deeper level can help create a healthier relationship with money, and can empower you to make better and more informed choices in a complicated sea of information.

2025 RRSP Deadline and TFSA Contributions

Tax season is fast approaching, and now is the time to ensure that you are aware of what contributions can be made to your RRSP and TFSA accounts. The RRSP contribution deadline for the 2024 tax year is March 3, 2025, and RRSP contributions made on or before this date can be applied to either your 2024 or 2025 income. If you make contributions after this date, you must claim the deductions on your 2025 tax return. Your 2024 RRSP contribution limit can be found on last year's Notice of Assessment.

Please note that Manulife is no longer accepting contributions via personal cheque for Group Retirement products. Our office will be accepting lump sum RRSP contributions (a void cheque or bank deposit form must be provided and Manulife will pull the funds from your bank account directly) until February 28, 2025.

The annual contribution limit for 2025 for Tax Free Savings Accounts is $7,000, and there is no deadline for TFSA contributions. Please contact our office for assistance with making an RRSP or TFSA contribution.

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