

## 2023 YEAR END NEWSLETTER

Incroyable! We're almost at the year end, very interesting times we're living in... Given the amount of news and headline changes this year, we thought we'd keep to market news and Season's Greetings.

*Before that, we wanted to wish you and your family a Happy Holiday Season, and **THANK YOU** for your continued support and vote of confidence. We're grateful to have you as our client and we look forward to helping you navigate 2024 and beyond...*

### 2023... Economy and Inflation

We're into a contracting Canadian economy, as the 3<sup>rd</sup> quarter in our economy was negative (declining growth), with expectations that 4<sup>th</sup> Quarter which ends Dec 31 also a declining one. This officially would meet the definition of a recession. Some conflicting data this past month included a decline in unemployment rate back to 3.7% (Nov) in US, from 4% and increase in labor rates after several months of declines. Inflation is here for a while, it's been declining steadily, but still above that 2% target, sitting around 3.1% year over year in November. (CPI)

Given the cooling of the inflationary pressures in many areas, most people are now asking when can we expect rate cuts? As per below, market pricing in 5 cuts by 2024 year end.... Some positive news for mortgage holders...

## Fed: When in 2024 will we see the first cut?

### Federal Reserve: Number of Hikes/Cuts Expected By Meeting Date

Market Implied, OIS Model, as at 12/15/2023



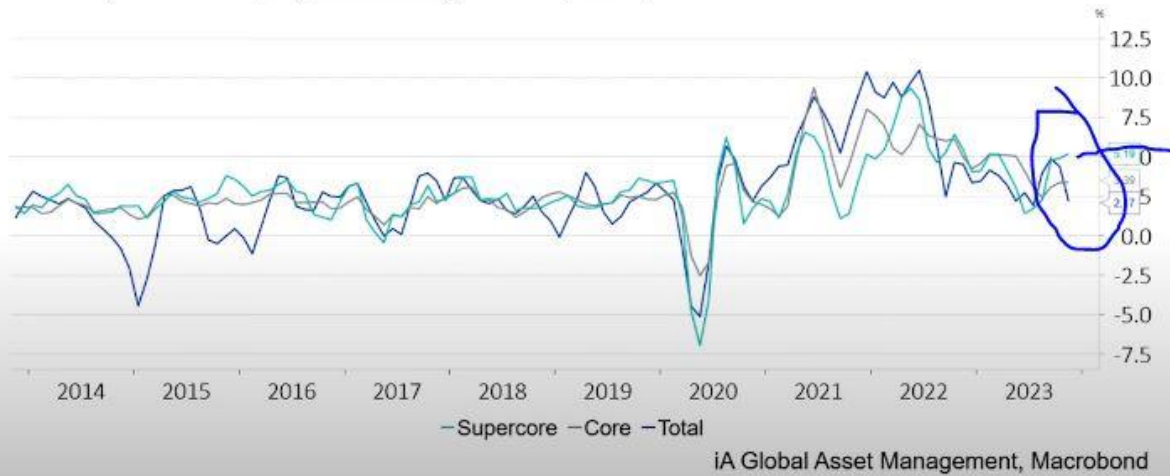
However, we've seen (circled below in blue) reaccelerating inflation in US this past month, causing some uncertainty again, market volatility to continue throughout this cycle.



# Fed: An important shift of tone, despite “supercore” inflation reaccelerating recently

## U.S.: Total, Core & Supercore Inflation

U.S. Bureau of Labor Statistics (BLS), 3-month change, annualized, as at 11/2023



The important take away is we can't control the Fed or Bank of Canada's decisions, only plan for your specifics. I.e: debt management, positioning investments and asset allocation, your succession plans.

For planning in 2024, *we'll continue to focus on your personal goals and planning opportunities and risks as per usual, our transition to our model portfolios is 60% of the way there for all clients*, we're proud to say...

For early 2024, the following would be some items to think about.

1. **First Home Savings account**, setting it up for your children and or grandchildren. **\$8000 2023 limit**, \$40,000 lifetime limit, **account must be opened in calendar year to qualify for the annual limit amount.**
2. **2024 TFSA, \$7000** new 2024 limit announced and took effect few weeks ago.
3. **RIF** minimums for 2024 will be updated in middle of JAN24.
4. Income Planning for all clients in JAN through March
5. **Tax plans** and or legacy Plans throughout March/April and the year.

If you have any comments, questions or feedback for my team and myself, please let us know.

Sincerely,

Louie Lapa and team

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