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Darren's take on things

June 2023

Happy Canada day and welcome summer, finally.

At the half way point of 2023, I'd like to share a couple of headlines:

Bloomberg

"Wall Street Says a Recession Is Coming. Consumers Say it's already here"...Shoppers are getting squeezed and money is disappearing fast.

CNBC

"Bezos urges consumers and business owners to reduce risk in the face of a likely recession"

We better stand up and pay close attention because Bloomberg, CNBC and Jeff Bezos himself are about as credible and knowledgeable as anyone with a pulse on the economy.

One minor detail I left out was the date of both headlines. The Bloomberg headline was from one year ago, July 2022 and the CNBC story was from November 2022. Time will tell but the timing perfectly matched what many observers are now calling the market bottom and the beginning of a new bull market.

Market stats at the halfway point of 2023:

- S&P TSX + 3.4%
- S&P500 +13%
- DOW + 1.1%
- NASDAQ +28.5%

Market returns are even better if we use July and November 2022 when the above headlines appeared when pessimism was at its height and markets at the bottom. From October 2022, the NASDAQ is up over 37% over the past eight months.

And despite this healthy run, we're still below all-time highs. This has been quite a rally in the face of everyone predicting a recession for the past 18-24 months.

So what has changed?

- Inflation has come down every month over the past 15 months
- Higher interest rates are being absorbed better than anyone could have predicted
- Global conflict is becoming old news
- People want to get out, spend money and live their lives

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Oh, one small item also percolated to the top to get the party started. Many people feel the advent of Artificial Intelligence has the potential to be the greatest technical innovation since the Industrial Revolution!

Is the bear market over? Is this a new bull market?

I don't know but it shows how confusing the stock market can be during times like these and why market timing is so difficult if not impossible to do consistently. There is always something to worry about and the media loves to grab out attention with bad news. In my experience, good news comes out of left field and when it does you better be on that train before it leaves the station because the next bull market won't wait for you.

As always we are watching these and other developments closely so you can get outside and enjoy this beautiful weather.

Darren

Darren J Luck, CIM®, Senior Wealth Advisor, Portfolio Manager
The Luck Financial Group | (519) 972-2976 | LuckFinancialGroup@cibc.com

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Sources:
Market Data from ISG Market Beat internal document for June 30, 2023

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Darren Luck is an Investment Advisor with CIBC Wood Gundy in Windsor. The views of Darren Luck do not necessarily reflect those of CIBC World Markets Inc.

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