

Hassan Fox Wealth Management

Market Commentary

Portfolio Strategy

After much anticipation and discussion in the financial press, the Bank of Canada cut rates at its June meeting date, signalling a new direction in interest rates. “The first cut may not necessarily be the deepest, but it is the most significant, as it marked the official turning point after more than two years of restrictive policy,” wrote BMO Chief Economist Douglas Porter. The Bank cut its benchmark interest rate by 25 basis points to 4.75%, marking the first cut from a G7 central bank since interest rates were hiked worldwide in 2022 to help curb inflation. Looking ahead, the Bank has also indicated that if inflation continues to move towards its 2% target, it is reasonable to expect further rate cuts this year. For reference, the most recent Canadian CPI rate was 2.9% in May, which was slightly higher than April’s 2.7% reading.

Meanwhile, in the US, the Federal Reserve kept its overnight rate steady at its target range of 5.25%-5.50%. The Fed noted that the economy continues to grow at a solid pace while the employment market has remained strong. While there has been progress toward their 2% inflation target, the central bank feels that further improvement is needed before lowering rates. Expectations have dramatically shifted from earlier considerations for as many as 6 rate cuts in 2024 (we were never in this camp), to now only likely 1 cut before year end.

Despite the lowered expectations of interest rate cuts, the US market continues to show strong performance (largely led by a handful of technology companies). Meanwhile, in Canada, returns have been much more muted, reflecting the sectors that constitute the Canadian stock market.

Our portfolios, which have been underweight fixed income and overweight equity, have benefited from the stronger equity performance in 2024. During the month of June, we made one major transaction, selling our position in TD Bank, as they continue to deal with an ongoing probe into violations of banking regulations. We believe the implications of the recent TD money launder scandal will be long lasting. Drawing parallels to the Well Fargo unauthorized account scandal in 2016, we see the long-term impact on share performance

For WFC has been material. As such, with the proceeds from the TD Bank sale, we purchased National Bank, which recently announced plans for a merger with Canadian Western Bank.

Less Than 2 Years to Retirement

As one approaches retirement – or even if one is thinking about retirement on the horizon – there are a number of financial considerations to be aware of. With income from multiple sources, and at different times of the month, an individual needs to know where it will come from, how much will be received and when it will be received. There can also be a variety of employer and/or government forms to be completed. The attached article can help make the transition easier.

[Access the Less Than 2 Years to Retirement Checklist](#)

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