

Market Update

Feb/March 2023

	<u>2022</u>	YTD 2023 (at Feb 22/23)
Canada's TSX	<8.7%>	+4.2%
U.S. S&P 500	<19.4%>	+4%
U.S. Nasdaq	<33.1%>	+9.9%

Markets have continued a volatile ride upward out of the market low established last October. Market retreats along the way continue to be driven by U.S. central bank rhetoric about maintaining higher rates until inflation subsides. Alternatively, the market is optimistic, rallying higher with every hope that the central bankers might finally be done.

Here in Canada, the central bank has given a pause and our Chief Economist believes that the Bank of Canada is indeed done. He says inflation is declining at a 6% annualized rate.

Meantime, employment is very strong and we are finishing up a reasonable quarter reported earnings.

We have been busy the last month dealing with a lengthy options maturity list. With the pullback last year, most call options expired, and we have been busy rewriting calls to bring in more income.

TFSA/RSP

If you haven't already, think about your TFSA and RSP contributions and remember that you can contribute cash or securities. Think about growth securities that can grow tax-free and keep the dividend payors in your taxable accounts where in Canada, the dividend tax credit will apply.

LIRA

I have included a piece about LIRAs as an attachment to this Market Update. If you have a LIRA, I hope you will find it an informative read.

An important sidenote on provincially registered LIRAs, is that several jurisdictions allow for a one-time, 50% unlocking of a LIRA.

By unlocking, I mean that you might be eligible to move half of your LIRA to an RSP where you would have complete control of the capital. You could invest it how you wish AND access as much of the capital as you wish – when you wish.

If a LIRA is unlocked, half of it can go to an RSP and half would have to go to a LIF and the LIRA would then no longer exist. The LIF would start paying out a minimum or maximum amount as taxable income which is sometimes argued as a negative as it creates more taxable income. However, unlocking part of your LIRA is about control and access to your LIRA capital versus additional taxable income when half of the LIRA goes to a LIF. The payout scale on a LIF is similar in nature to that of your RIF.

Please note that Federally registered locked-in pension plans have similar options for unlocking. Feel free to contact my office with any questions about your LIRA options.

Reviews

My office is often attempting to review your portfolio three ways. This might occur on the phone, by Teams (video) or in person, typically in our offices. We have found some clients like the Teams video offering from the comfort of their homes, while others like to come into our offices. If a member of my team or I contact you to review your portfolio, simply mention your preference and we will gladly accommodate your preference.

Office

Our office is now open for appointments – by appointment. Call us to arrange any visits to our office.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects my opinions alone and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,

National Bank Financial

Rob Hunter
Senior Wealth Advisor

Sources: NA Economics, Reuters

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