

## Market Update

October 2023

September is historically, the weakest month of the calendar year and this year was no exception.

That said, dividend yield is currently on sale in the Canadian market with the current pullback, especially in interest sensitive groups like telecommunications, utilities, REITS.

That said even the Canadian bank stocks are paying great income.

\*Remember that dividend income from Canadian corporations is subject to a dividend tax credit in taxable accounts. For instance, TD currently paying 4.83%, has a pre-tax interest equivalent yield of approximately 6.76%.

\*\*Dividends are taxed the least where interest bearing securities are taxed the most. The big bonus is exposure to long-term growth in the stock (which I highlighted in my last Market Update).

While short-term pullbacks create opportunity, history suggests that investor do much better as a bank owner versus a depositor.

Here are other examples from other sectors... Enbridge is paying 8.2% and BCE 7.67%

Markets remain volatile in the second half of the year, based on a tug of war between inflation and interest rates. We currently believe that central banks are likely close to, if not finished raising interest rates but also believe it will be longer than previously estimated before we see interest rates start to fall again. You may recall inflation moved up in August in Canada.

**For more information on our economic outlook, be sure to consider our Economic Event October 30<sup>th</sup> in Victoria if you live on the Island. We will be hosting National Bank's Chief Economist, a Q&A followed by a tea. Please call Maureen for details at 250 953 8415.**

Market summary year to date (YTD):

The TSX here in Canada is down <2%> YTD

The SPX (S&P500) in the U.S. is up 10.65% YTD

The Nasdaq (tech index) in the U.S. is up 26% YTD

We are currently considering taxable gains within portfolios. Should we find an opportunity for tax reduction this year, a member of our team will be in touch with you.

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: NBF Economics, Reuters

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