

Market Update

January 2025

Despite some near-term volatility, markets did very well last year...again.

Canada's TSX +18.5%

U.S. broad market S&P 500 +23.3%

U.S. tech dominated index +29%

The U.S. economy seems quite strong where Canada's economy continues to face challenges with low productivity and GDP growth. Perhaps significant cuts in interest rates caused the TSX to rally in the second half of the year.

Energy was a strong theme last year and I think it will remain so. We can't create electricity fast enough and I am big believer that our abundant supply of natural gas will be the remedy. In 2025, we (Canada) will start selling liquified natural gas from Kitimat at world prices instead of the usual discount to the U.S. This is the first time we have done this in our history and there are plenty of countries wanting to buy Canadian gas.

A disruptor is coming into power in the U.S. in a few weeks. This might bring some benefits in tax cuts and spending. However, it might also mean potential for driving up inflation again. Politicians come and go (and come again) but ultimately the consumer drives the economy and right now the U.S. economy seems quite strong. Of course, let's hope the urge to buy Greenland, takeover the Panama Canal and make Canada the 51st state are passing tweets.

The important thing for the coming year is to discern reality from rhetoric.

Bumps along the way might be a result of uncertainty caused by rhetoric which the market doesn't like, where reality appears to be a strong economic backdrop in the U.S. that has the potential to take this bull market further. Our U.S. affiliate Evercore, is suggesting the potential for 6800-7200 on the S&P this year.

TFSA:

You can put \$7,000 into your TFSA in 2025.

RSP:

You contribute now for 2024 until March 3, 2025.

You can contribute until December 31st if you turn 71 years of age this year.

I will be attending the National Bank Financial Energy Conference early next week with Campbell.

Best wishes for this New Year! Our team will be in touch with many of you about a large maturing call options report for December and again later in January.

Otherwise, we are a phone call away should you need us.

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: Evercore ISI, National Bank Economics

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I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The opinions expressed represent solely my informed opinions and may not reflect the views of NBF.

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Risk/Reward of the strategy = Strike price minus the purchase price of the underlying plus the premium received from the sale of the call. The maximum loss is the same as holding a long position less the premium received.

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