VERED WEALTH MANAGEMENT (CANADA) COMPANY LIMITED

March 25th, 2024

Weekly Market Guide

Rate Cuts Still on the Table in 2024 Continues to Support Bullish Narrative for Equities: All eyes were on the FOMC's announcement today. However, as expected, the Fed held rates steady, and **maintained its expectation for 3 rate cuts by year-end**. We believe rate cuts still being on the table continues to support the bullish narrative for equities. Overall, the economy remains resilient, which is consistent with the Fed raising its GDP growth expectation for 2.1% (up from the prior outlook of 1.4%). **While the Fed remains patient for further evidence that inflation is falling, we believe the Fed is likely done with rate hikes and will at some point lower rates, even if it is slightly delayed, which is supportive for equities.**

Bullish Momentum Remains Strong: The market has been on a steady climb higher since October, and it is likely to remain bullish until something changes the narrative. For now, the market is looking through the recent advancement in rates, which had been a major influence for the direction of equities over the prior two years, suggestive that the market may be shifting its focus towards earnings and the economy.

The current foundation for a positive environment for equities:

- Price momentum remains strong.
- Enthusiasm around AI
- Lack of economic collapse despite the potential delayed impact from higher rates
- Market's current belief is that inflation will continue to moderate
- Fed is done with its aggressive rate hike policy and will, at some point, likely lower rates

In the near-term, at some point we believe the market will need to digest some of the recent gains, but bullish momentum remains strong, which could push equities higher. However, economic data (especially on the inflation front) can be volatile and cause short-term periods of potential volatility. Unless the data influences a major shift in the current narrative, we would expect any weakness to be short-lived in the 5-10% range. Thus, for long-term investors we would not be waiting around for major pullbacks as this could result in disappointment if a larger pullback doesn't transpire. It is important to remember, that the current bull market is still in its infancy up just shy of 50% from the October 2022 lows vs. the average bull market that has returned 152% over 4-5 years, which influences our intermediate to long-term upward bias for equities.

Equity Market Indices	Price Return Year to Date	Price Return 12 Months
Dow Jones Industrial Avg	3.8%	22.8%
S&P 500	8.6%	32.2%
S&P 500 (Equal-Weighted)	4.7%	20.0%
NASDAQ Composite	7.7%	39.0%
Russell 2000	0.4%	18.0%
MSCI All-Cap World	6.4%	25.5%
MSCI Developed Markets	4.3%	17.4%
MSCI Emerging Markets	0.4%	8.0%
NYSE Alerian MLP	10.6%	31.6%
MSCI U.S. REIT	-3.3%	8.3%

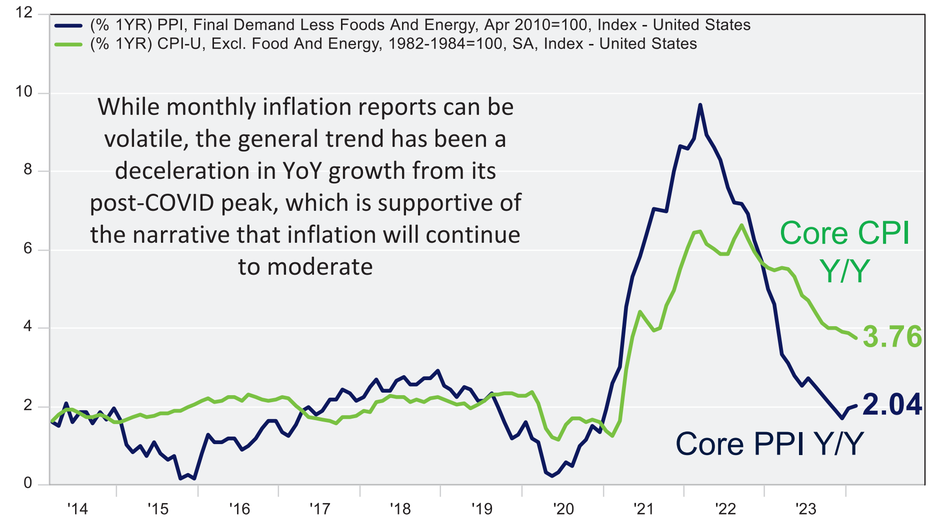
S&P 500 Sectors	Price Return Year to Date	Sector Weighting
Communication Svcs.	14.2%	9.0%
Information Technology	12.0%	29.9%
Energy	10.0%	3.9%
Financials	9.1%	13.0%
S&P 500	***8.6%***	-
Industrials	7.9%	8.7%
Health Care	7.0%	12.4%
Consumer Staples	6.1%	6.0%
Materials	5.9%	2.3%
Consumer Discretionary	2.7%	10.3%
Utilities	0.7%	2.2%
Real Estate	-3.6%	2.1%

Source: FactSet

Macro: US

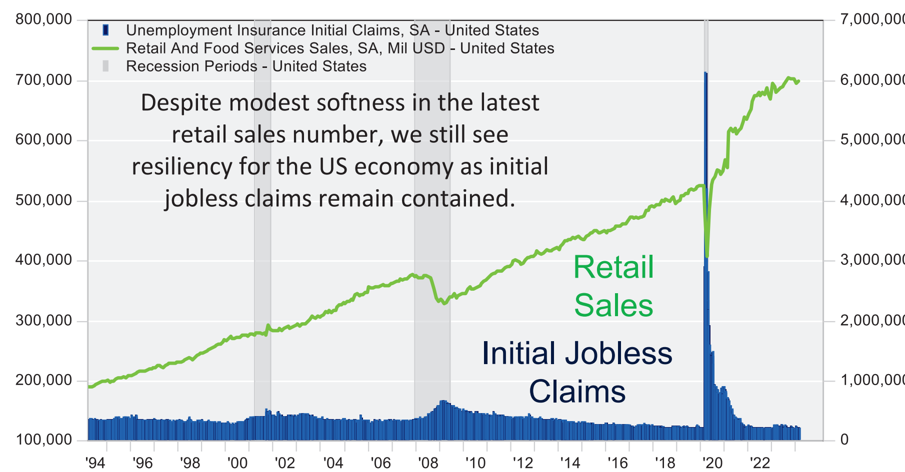
The macro calendar over the last couple weeks has been busy, with the latest week pouring some cold water on the soft-landing narrative. The latest PPI report, which surprised to the upside, followed a warmer-than-expected CPI report. Despite the increase of 0.3% MoM in core PPI, the YoY growth of 2% is well off its highs, which supports our belief that inflation will be less of an influence going forward.

Additionally, February retail sales were slightly weaker than expected coming in at 0.6% MoM vs. consensus expectations of 0.7%. While this may cause some to downshift their expectations for the U.S. consumer, we still believe the economy, even in the face of the potential lagged impact of higher rates, remains relatively resilient. The latest data points are worth watching (with the understanding that monthly can be volatile), but unlikely to shift the narrative, which continues to support a positive bias.



Event	Period	Actual	Consensus	Surprise	Prior
Continuing Jobless Claims SA	03/02	1,811K	1,908K	-96.5K	1,794K
Initial Claims SA	03/09	209.0K	218.5K	-9.5K	210.0K
PPI ex-Food & Energy SA M/M	FEB	0.30%	0.20%	0.10%	0.50%
PPI ex-Food & Energy NSA Y/Y	FEB	2.0%	1.9%	0.19%	2.0%
PPI SA M/M	FEB	0.60%	0.30%	0.30%	0.30%
PPI NSA Y/Y	FEB	1.6%	1.1%	0.48%	1.0%
Retail sales Ex AutoFuel SA M/M	FEB	0.28%	0.20%	0.08%	-0.75%
Retail Sales ex-Auto SA M/M	FEB	0.30%	0.40%	-0.10%	-0.80%
Retail Sales SA M/M	FEB	0.60%	0.70%	-0.10%	-1.1%
Retail Sales SA Y/Y	FEB	1.5%	-	-	0.04%
Business Inventories SA M/M	JAN	0.0%	0.30%	-0.30%	0.30%
Export Price Index NSA M/M	FEB	0.80%	0.10%	0.70%	0.90%
Import Price Index NSA M/M	FEB	0.30%	0.20%	0.10%	0.80%
Empire State Index SA	MAR	-20.9	-7.5	-13.4	-2.4
Capacity Utilization NSA	FEB	78.3%	78.4%	-0.10%	78.3%
Industrial Production SA M/M	FEB	0.10%	0.0%	0.10%	-0.50%
Manufacturing Production M/M	FEB	0.86%	0.30%	0.56%	-1.1%
Michigan Sentiment NSA (Preliminary)	MAR	76.5	77.4	-0.90	76.9
NAHB Housing Market Index SA	MAR	51.0	48.0	3.0	48.0
Building Permits SAAR (Preliminary)	FEB	1,518K	1,490K	28.0K	1,489K
Housing Starts SAAR	FEB	1,521K	1,450K	71.0K	1,374K

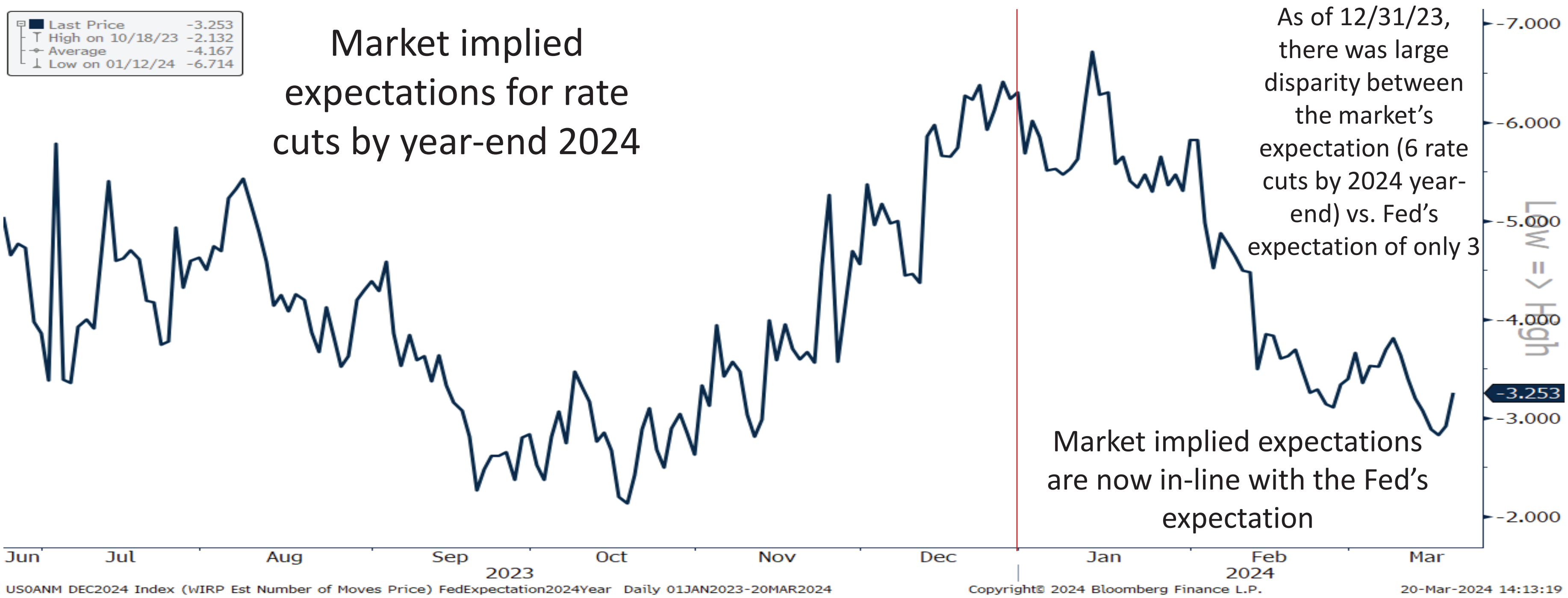
Source: FactSet



FOMC- Rate Cuts Still on the Table for 2024

As expected, the Fed held rates steady with the **median projection for three rate cuts by year end 2024** (unchanged compared to the prior expectation). As seen below, the market implied expectations have shifted drastically (while the Fed rate outlook has remained relatively steady). As of year end, the market was expecting 6 rate cuts by the end of 2024, well above the Fed's estimate of 3 cuts. However, as time has passed and more data received, the market has coalesced much closer to the Fed's expectation of 3 rate cuts by year end. Currently, the market is expecting the first rate cut at the June/July meetings. For 2025, the median expectation from the Fed was lowered to 75 bps of rate cuts vs. the prior expectation of 100 bps.

The Fed also updated its economic projections as it raised GDP growth expectations and core PCE inflation expectations for 2024 to 2.1% (up from 1.4%) and 2.6% (vs. the prior expectation of 2.4%), while lowering unemployment expectations (4.0% vs. prior expectation of 4.1%). **Overall, while the Fed remains patient for further evidence that inflation is falling, we believe the Fed is likely done with rate hikes and will at some point lower rates, even if it is slightly delayed, which is supportive for equities.**



Source: Bloomberg

VÊRED WEALTH MANAGEMENT (CANADA)

Technical: S&P 500

Source: FactSet

Market message: The market has been on a steady climb higher since October, and it is likely to remain bullish until something changes the narrative.

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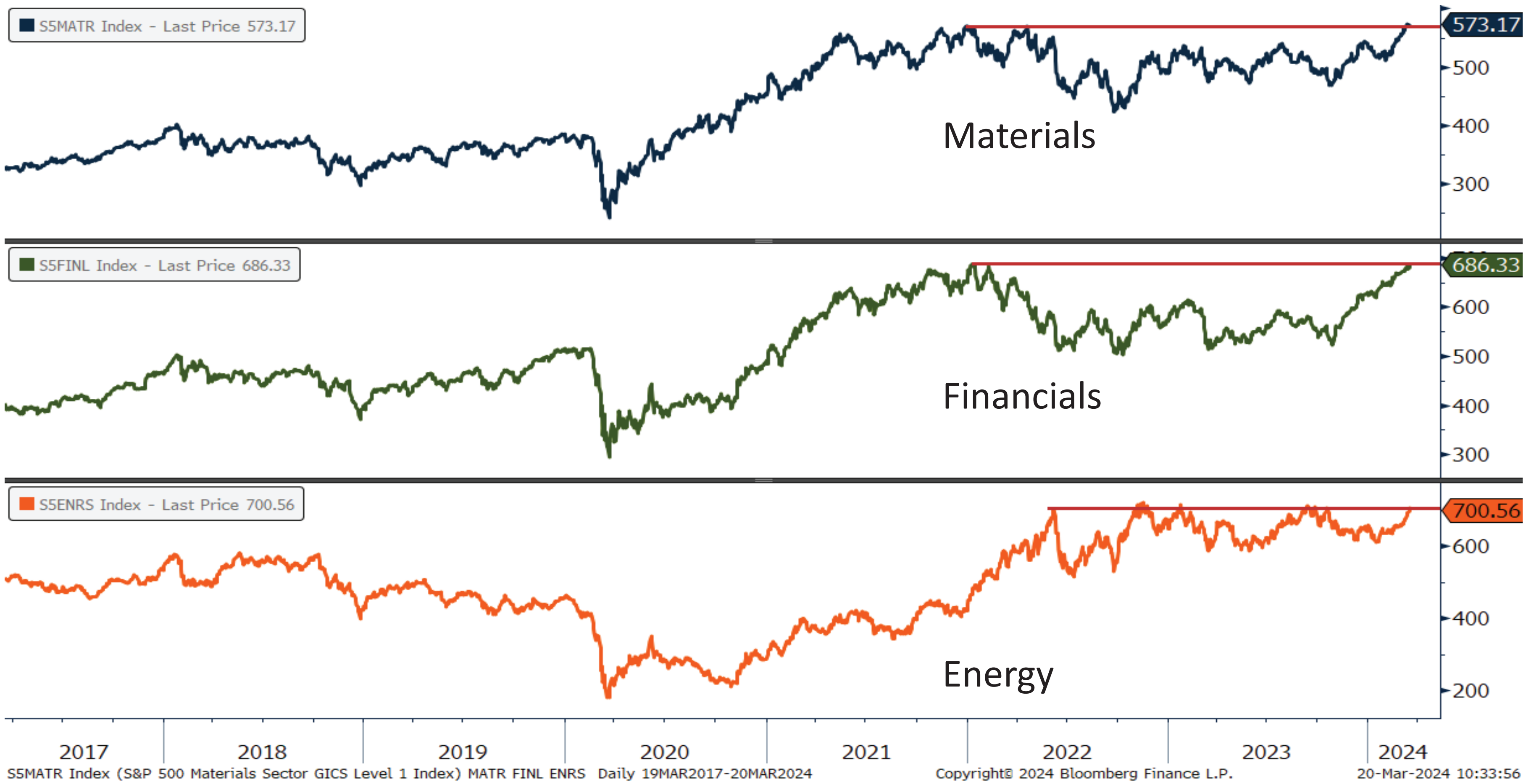
Near-term areas to watch:

- Resistance- 5175 (broke through yesterday, but see if this is able to hold) followed by 5318
- Support: 5014 followed by 4942 and then around 4600-4800

Sectors Near Breakouts

While there is still work to do in order to be leadership, we have seen improving momentum in three sectors that are on the verge of a breakout: Materials, Financials, and Energy. On the next few pages, we highlight areas we will monitor, namely crude oil prices and the U.S. Dollar for further confirmation that the recent strength can be sustained for these sectors.



Source: Bloomberg

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