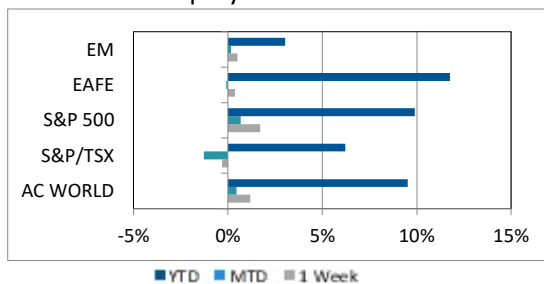


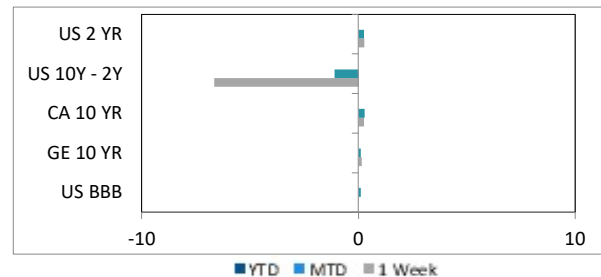
Market Recap

- Risk appetite remained eerily positive across financial markets last week, despite the clock ticking down on the debt ceiling X-date. Global equity markets advanced alongside a rebound in US regional banks and an early-week vote of confidence from President Biden that a deal will get done on the debt ceiling. Notably, President Biden, Speaker McCarthy, and their negotiators met last Tuesday for a closed-door meeting – where there appeared to be some common ground. However, talks hit a roadblock late in the week and an agreement that would avoid US default remains elusive. Meanwhile, sentiment got a boost after Federal Reserve Chair Powell signaled that he’s open to pausing rate hikes next month, while saying tighter credit conditions could mean the peak rate will be lower. For the week, the MSCI All Country World rose 1.1%. The S&P 500 led the global charge and advanced 1.6%, driven by gains in the banks and technology space - while the S&P/TSX dipped 0.3% on the back of negative performance in the heavyweight energy and materials sectors. Elsewhere, the MSCI EAFE edged 0.2% higher, while the MSCI Emerging Markets index gained 0.4%.
- Fixed income markets generated negative results last week. Treasury yields surged higher amid some hawkish rhetoric from Federal Reserve officials and further signs of economic resiliency that has complicated the Fed’s quest to tame inflation. That move was partially reversed late in the week after Chair Powell signaled a potential pause in rate hikes in June. In response, investors pared bets on a rate hike next month to around 17% compared with 33% before he spoke. The two-year treasury yield jumped 28 basis points to 4.27%, a level not seen since SVB collapsed in early March. The ten-year treasury yield rose 21 basis points to 3.67%. Similar moves were seen in Canada after the April inflation data surprised to the upside. After a steady decline in headline results since last summer’s 8.1% peak, inflation defied consensus and ticked up to 4.4% - which saw markets bump up terminal rate pricing, while rate cuts have been wiped off the map for the rest of the year. The two-year GoC bond yield rose by 27 basis points to 4.00%, while the ten-year yield rose by 25 basis points to 3.13%. Both the Barclays US Aggregate Bond Index and the FTSE Canada Bond Universe declined by 1.4%.
- In commodity markets, crude oil posted its first weekly advance in more than a month after tracking broader market optimism that the US will avert a catastrophic debt default. Oil traded at \$71.55 at Friday’s close and was up 2.2% for the week. Meanwhile, gold saw its biggest weekly slump since February as progress towards a resolution of the US debt-ceiling dispute eroded demand for the safe haven metal. At the same time, speculation the Federal Reserve may raise rates again also weighed on gold. Traders upgraded the odds of higher borrowing costs after some officials said conditions don’t support a pause. That lifted the dollar and treasury yields, which reduced the allure of the non-interest-bearing precious metal.
- In currency markets, the US dollar (DXY) strengthened to the highest in almost two months as traders increased bets for a June rate hike and pared wagers for rate cuts later this year after Federal Reserve officials including Dallas Fed Chief Lorie Logan suggested the hiking cycle hasn’t ended. Economic data out of the United States also emboldened the case for further tightening, including stronger than expected retail sales and industrial output. Meanwhile, the Canadian dollar managed to strengthen even against a broadly stronger greenback after Canadian inflation data surprised to the upside. The result vaulted the loonie to the top of the charts versus major crosses to the US dollar.

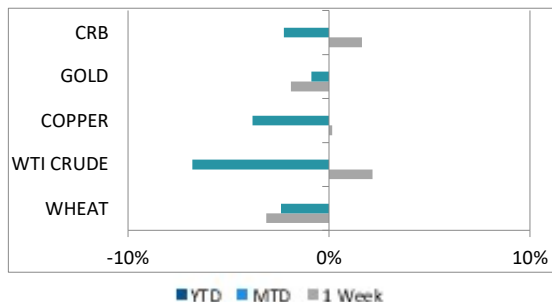
Equity Markets



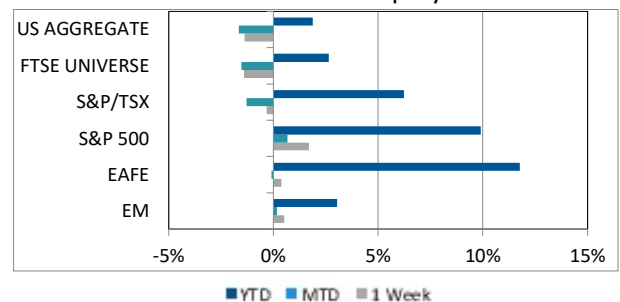
Bond Markets



Commodities



Fixed Income & Equity

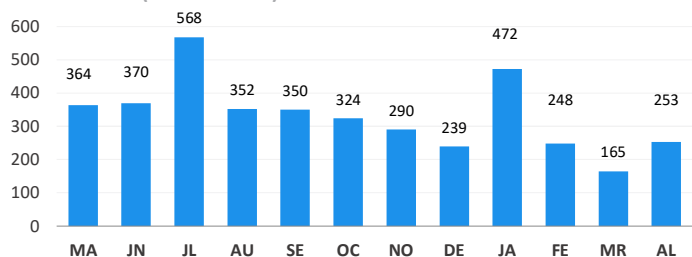


Market Wrap

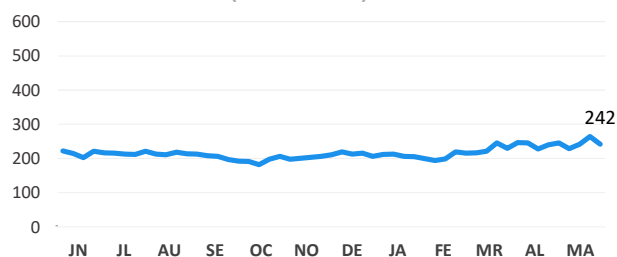
JOBS • HOUSING • PRICES • MARKETS

WEEK ENDING MAY 19, 2023

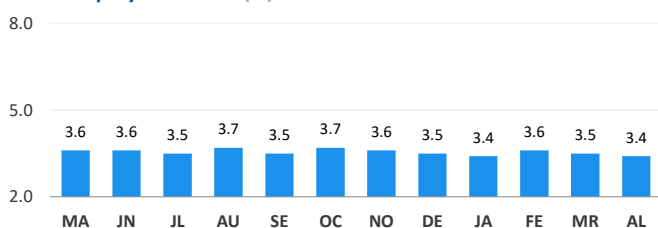
Job Creation (in thousands)*



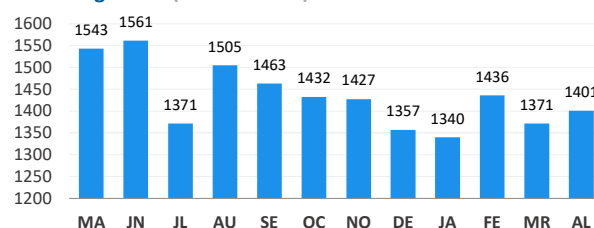
Initial Jobless Claims (in thousands)*



U.S. Unemployment Rate (%)



Housing Starts (in thousands)*



* U.S. Data

10-Year Government Bonds

	January 1, 2023	May 12, 2023	May 19, 2023
Canada	3.30%	2.83%	3.13%
United States	3.87%	3.38%	3.67%
Germany	2.44%	2.23%	2.43%
Japan	0.42%	0.40%	0.40%
United Kingdom	3.67%	3.71%	4.00%
France	2.98%	2.80%	3.00%
Australia	4.05%	3.39%	3.59%
Italy	4.56%	4.12%	4.27%

Commodities, Exchange Rates and Indicators

	January 1, 2023	May 12, 2023	May 19, 2023
Oil	80.26	\$ 70.04	\$ 71.55
Gold	1824.02	\$ 2010.77	\$ 1977.81
CAD	0.7378	\$ 0.7380	\$ 0.7404
EURO	1.0705	\$ 1.0849	\$ 1.0805
		March	April
Inflation* Canada		4.30%	4.10%
Inflation* USA		5.60%	5.50%

* CORE-CPI YOY

Indices as of April 30, 2023

Index (%)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
S&P/TSX Composite	2.90	0.17	8.01	2.75	15.21	9.07	8.41
S&P/TSX Small Cap	(1.16)	(5.16)	7.94	(7.62)	18.15	4.53	5.00
S&P 500 (USD)	1.56	2.71	8.61	2.64	14.50	11.43	12.19
S&P 500 (CAD)	1.78	4.41	8.02	8.95	13.62	12.71	15.61
Stoxx Europe 600 (CAD)	4.33	7.50	27.39	18.11	13.18	5.82	8.71
MSCI EAFE (CAD)	3.05	4.87	23.48	15.06	10.80	4.81	7.94
MSCI Emerging Markets (CAD)	(0.92)	(3.18)	15.70	(0.79)	3.50	0.08	-
MSCI World (CAD)	1.97	4.06	11.62	9.50	12.21	9.36	12.00

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