

Last Week in the Markets: March 6th – March 10th, 2023

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)	Govt CAN 10Y Yield
Friday Close	19,774.92	3,861.59	31,909.64	11,138.89	616.603	72.30 ¢	\$1,867.20	\$ 76.68	2.999%
week +/-	- 806.66	- 184.05	- 1,481.33	- 550.12	- 23.091	- 1.24 ¢	+ \$ 12.60	- \$ 3.00	- 0.354 pts
week +/- %	- 3.92%	- 4.55%	- 4.44%	- 4.71%	- 3.61%	- 1.69%	+ 0.68%	- 3.77%	n/a
52 wk HIGH	22,213	4,637	35,492	14,647	703	80.63 ¢	\$ 2,039	\$ 102.99	3.764%
52 wk LOW	17,873	3,492	28,661	10,089	592	71.55 ¢	\$ 1,648	\$ 70.86	1.938%
YTD +/-	+ 2.01%	+ 0.58%	- 3.73%	+ 6.42%	+ 1.85%	- 2.01%	+ 2.00%	- 4.70%	- 0.304 pts
1Yr +/-	- 8.37%	- 9.34%	- 3.81%	- 16.16%	- 8.14%	- 7.69%	- 6.66%	- 27.67%	+ 1.061 pts

(source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

What happened last week?

Concern for the continued rise of inflation and additional interest rate increases in the U.S. weighed on markets last week. Domestically, the Bank of Canada held its target for the overnight rate steady at 4½% on Wednesday. This is the first time that interest rates have been held steady since January 2022, following eight consecutive rate increases.

The slowing of the Canadian jobs market, a top indicator of economic growth, enabled the Bank of Canada's position to pause rate increases. The Canadian economy added 22,000 jobs in February, an increase of 0.1% for the month. Total employment has risen to 20,054,000, and the unemployment rate was unchanged at 5.0%. Wages have risen 5.4% on a year-over-year basis in February, which is increase from January's annualized wage gain of 4.5%.

Unfortunately, the impact of the Bank of Canada's decision was overwhelmed by the Federal Reserve. Fed Chair, Jerome Powell, testified to Congress last week, and said, "if the totality of the data were to indicate that faster tightening is warranted, we would be prepared to increase the pace of rate hikes" and "the latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated". A strong or strengthening economy means that previous interest rate increases have not yet caused the desired effect of slowing demand in the economy, which will in-turn, slow inflation. The sentiment that more interest rate increases will cause a deeper recession grew last week.

[StatsCan Feb jobs](#) [BoC interest rate decision](#) [CNBC and Powell Testimony](#) [Powell Opening Statement](#) [Watch Powell Testimony](#)

What's ahead for this week and beyond?

In Canada, January sales data for manufacturing, wholesale, and new vehicles will be reported. Industrial and raw materials price indexes will be released, which will foreshadow future consumer inflation numbers.

In the U.S., the Consumer Price Index (CPI) for February will be released on Tuesday prior to the opening of markets. The next day, the Producer Price Index (PPI) will be announced. Volatility is expected to increase both before and after the release of these two important indicators. Other important releases scheduled include building permits, housing starts, import and export price indexes, industrial production, retail sales, and business inventories.

Globally, the European Central Bank (ECB) will announce an interest rate decision on Thursday and conduct a press conference. On the following day, Friday, consumer inflation for the Eurozone will be released. China, the world's second largest economy, will report its retail sales and industrial production.