

Independence Asset Advisors

MONTHLY MARKET REVIEW – June 2023

	June 2023	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	6.61%	16.89%	19.59%	14.60%	12.31%	12.86%
U.S. Small Cap Equities Russell 2000	8.13%	8.09%	12.31%	10.82%	4.21%	8.26%
Energy Infrastructure Equities Alerian U.S. Midstream	7.45%	6.65%	23.41%	31.11%	8.55%	-
U.S. Real Estate Equities Dow Jones U.S. Select REIT	5.11%	5.77%	-0.69%	9.17%	3.28%	5.75%
Global Equities MSCI All Country World Index	5.81%	13.93%	16.53%	10.99%	8.10%	8.75%
International Developed Equities MSCI EAFE	4.55%	11.67%	18.77%	8.93%	4.39%	5.41%
Emerging Market Equities MSCI Emerging Markets	3.80%	4.89%	1.75%	2.32%	0.93%	2.95%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	-0.36%	2.09%	-0.94%	-3.96%	0.77%	1.52%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	1.00%	2.67%	3.19%	-0.58%	1.84%	2.68%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	1.67%	5.38%	9.06%	3.14%	3.36%	4.43%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	2.26%	6.30%	10.70%	6.31%	4.13%	4.07%
International Fixed Income Bloomberg Global Aggregate Ex-U.S.	0.26%	0.83%	-1.83%	-5.87%	-2.65%	-0.90%

MARKET UPDATE

- Global equities rebounded in June, gaining 5.8%, despite generally softer economic activity outside the U.S.
- U.S. housing data remained robust, including better than expected home sales and new building permits.
- Value edged out Growth by 0.5%, while the equal-weighted S&P 500 Index gained 7.7%.
- Energy infrastructure benefitted from a 4.4% rise in WTI Crude Oil prices.
- Outside the U.S., business survey results continued to soften, with downwardly revised GDP figures showing that the Euro area entered a technical recession in the first quarter.
- Ex-U.S. central banks continued to fight sticky inflation with rate increases from the ECB, BoE and SNB.
- Conversely, the Chinese central bank lowered several key lending rates amid a slowing economic rebound.
- Fixed income index returns were moderate, but mostly positive, while yields remained near 10-year highs.
- Default rates for high yield bonds and loans remained below average; spreads remained near average.

Sources: eVestment, Rothschild & Co., JP Morgan, xe.com, Trading Economics, MacroTrends, New York Times, MarketWatch, StatisticsCanada, Bloomberg

IAA's WATCH LIST:

Category	Comments
Growth	<ul style="list-style-type: none">• Preliminary data suggests the U.S. economy grew at a seasonally adjusted annual rate of 2.1% in the second quarter, up from 2.0% in the first quarter, but below the 2.6% growth rate reported in the fourth quarter of 2022.
Jobs	<ul style="list-style-type: none">• Hiring slowed in June, a signal that the Fed's monetary tightening campaign is taking hold.• Wages continued to rise and unemployment remained low, indicating the labor market remains resilient.
Inflation	<ul style="list-style-type: none">• Inflation continued to decelerate in May, with headline PCE (Personal Consumption Expenditures) Index easing to 3.8% year-over-year, but core PCE holding firm at 4.6% year-over-year.• The deceleration was attributable to lower gasoline and electricity prices.
Interest Rates	<ul style="list-style-type: none">• The FOMC voted to leave the Federal Funds Rate unchanged at 5.00%-5.25% when it met in June, marking the first pause since monetary tightening began in the first quarter of 2022.

CANADA:

- The U.S. dollar index (DXY) declined 1.4% in June and 0.6% year-to-date (see chart to the right), while the U.S. dollar weakened 2.6% against the Canadian dollar to end the month with an exchange rate of **1.32368**.
- Canada's labor market bounced back in June with the country adding 60,000 jobs in June. The monthly increase was driven by gains in full-time work.
- The June jobs gain was accompanied by a 0.2% increase in the unemployment rate, which edged higher to 5.4%, while wage gains slowed to 3.9%.
- Stronger-than-expected economic data pressured the Bank of Canada to raise interest rates when it met in June, after pausing in March and May, to a rate of 4.75%.
- The current interest rate remains below the 42-year average of 5.78%.



COMMODITIES:

OIL:

- **The price of crude oil was \$70.64 per barrel (WTI).**
- Oil prices increased \$2.95 per barrel, or 4.4%, in June.
- The monthly gain was attributable to tighter global supplies that outweighed concerns about higher interest rates.
- **Oil is forecasted to trade between \$72 and \$80 per barrel this year amid forecasted production cuts from Saudi Arabia, Russia and OPEC+.**

Year	Ave. Price	High	Low	% Change
2023	\$74.73	\$83.13	\$66.74	-12%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

COPPER:

- **The price of copper was \$3.76 USD per pound.**
- Copper prices increased \$0.08 per pound, or 2.2%, in June.
- The monthly price increase was attributable to weaker Chinese economic data, which heightened expectations for more stimulative measures, combined with declining global inventories.
- **Copper is forecasted to trade at \$3.83 per pound by the end of Q3 and \$4.08 in 12-months.**

Year	Ave. Price	High	Low	% Change
2023	\$3.96	\$4.29	\$3.57	-2%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

ALUMINUM:

- **The price of aluminum was \$2,151 USD per tonne.**
- Aluminum prices decreased \$95 per tonne, or 4.2%, in June.
- Aluminum prices approached their lowest level since September 2022, amid strong supply and concerns of lower global demand. The production increase stemmed from China, which benefitted from the recovery of hydropower.
- **Aluminum is forecasted to trade at \$2,109 USD/tonne by the end of Q3 and at \$1,975 in 12-months.**

Year	Ave. Price	High	Low	% Change
2023	\$2,393	\$2,662	\$2,205	-10%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

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