

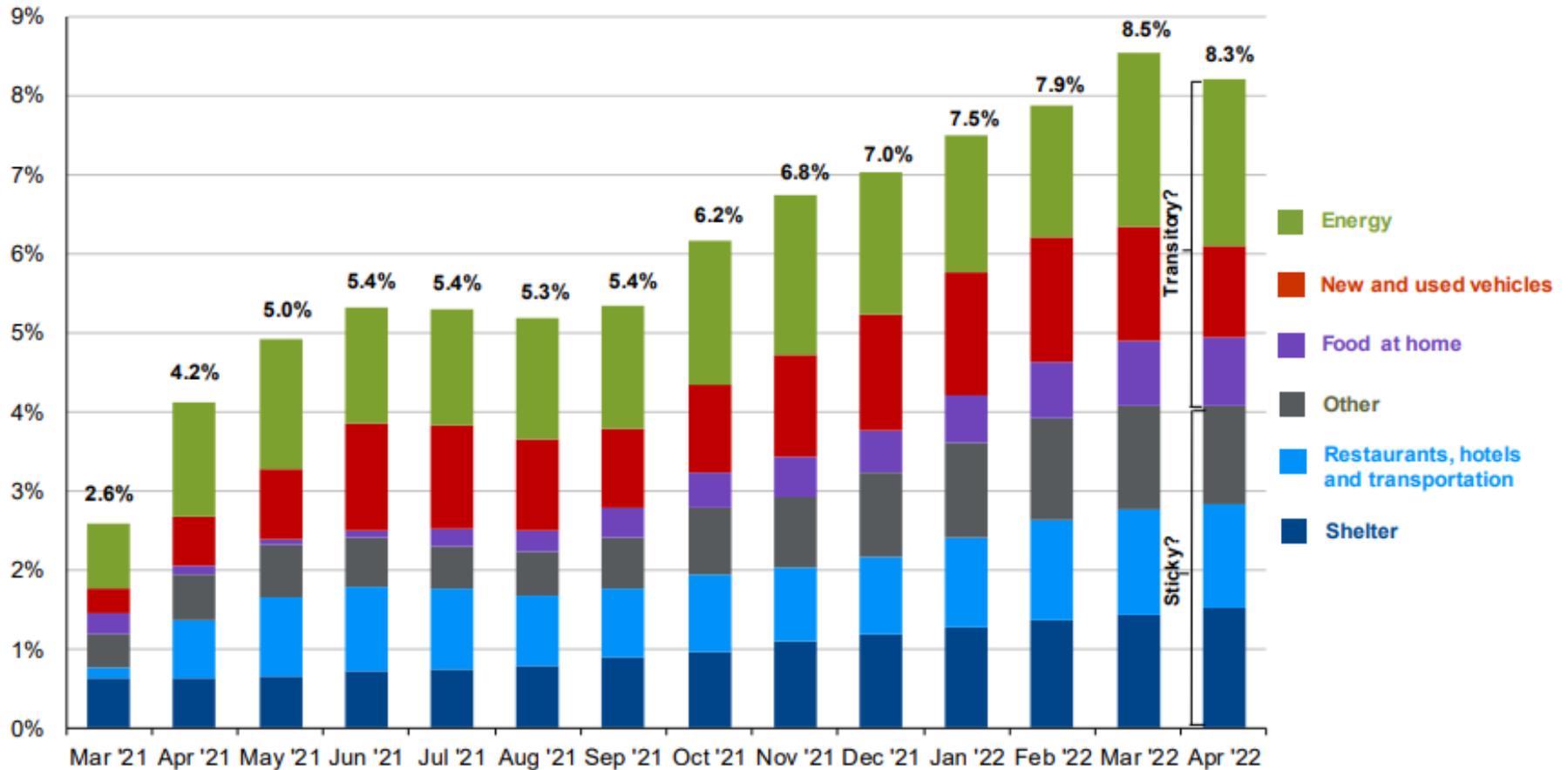
		<u>May 2022</u>	<u>YTD</u>	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
U.S. Large Cap Equities	S&P 500	0.18%	-12.76%	-0.30%	16.44%	13.38%	14.40%
U.S. Small Cap Equities	Russell 2000	0.15%	-16.56%	-16.92%	9.70%	7.72%	10.83%
Energy Infrastructure Equities	Alerian U.S. Midstream Energy	5.57%	29.29%	34.38%	11.88%	7.39%	-
U.S. Real Estate Equities	Dow Jones U.S. Select REIT	-6.89%	-14.51%	3.79%	5.81%	6.49%	8.06%
Global Equities	MSCI All Country World Index	0.12%	-12.83%	-6.78%	11.71%	9.00%	10.25%
International Developed Equities	MSCI EAFE	0.75%	-11.34%	-10.38%	6.43%	4.17%	7.15%
Emerging Market Equities	MSCI Emerging Markets	0.44%	-11.76%	-19.83%	5.00%	3.80%	4.17%
U.S. Taxable Fixed Income	Bloomberg U.S. Aggregate	0.64%	-8.92%	-8.22%	0.00%	1.18%	1.71%
U.S. Tax-Exempt Fixed Income	Bloomberg Municipal Aggregate	1.49%	-7.47%	-6.79%	0.50%	1.78%	2.54%
High Yield Fixed Income	Bloomberg U.S. Corporate High Yield	0.25%	-8.00%	-5.27%	3.34%	3.57%	5.42%
Floating Rate Loans	S&P/LSTA Leveraged Loan	-2.53%	-2.44%	-0.26%	2.92%	3.35%	4.04%
International Fixed Income	Bloomberg Global Aggregate Ex-U.S.	0.00%	-12.55%	-16.68%	-2.65%	-0.86%	-0.53%

- Global equity markets ended May slightly positive, following a 5.2% mini-rally during the second half of the month (MSCI ACWI).
- Despite the minimal gains, markets remained broadly down for the year, and remained pressured by key macro risks.
- In the U.S., core large cap equities were up 0.2% in May, and the P/E ratio for the S&P 500 Index ended the month just 1.1x above average.
- Comparing growth and value indexes, growth declined 2.3% in May, while value gained 1.9%. On a year-to-date basis, value has outperformed growth by 17.4%, while continuing to trade at a considerable discount (forward P/E), and offering a 1.2% yield advantage.
- Outside of the U.S., international developed and emerging markets equity indexes were up, although most economic data was unfavorable.
- In Europe, the headline in May was the decision to embargo Russian seaborne oil, which raised the risk of retaliation in the form of gas cuts.
- In China, the Omicron variant continued to restrict business activity, but some reopening occurred by month-end; exports rose 3.9% y/y.
- In bond markets, most categories were positive with the exception of leveraged loans, which declined 2.5% in May.
- Despite the pullback, loans have been the best performing debt instrument this year; Barclays raised its 2022 return forecast by 1.5%.
- In terms of compensation for risk, high yield bonds and leveraged loans continued to offer the best combination of discount to par and yield.
- International bonds managed to remain neutral in May, the sector's first non-negative monthly return since July 2021.

- Headline CPI has decreased slightly since March, but remained well above the 50-year average of 4.0%, while Core CPI ended May at 6.1%.
- Food CPI has ticked higher to 9.4%, while Energy CPI showed a slight reduction from the March report, declining ~2% to 30.2%.
- The Fed's tightening cycle will have minimal impact on Food and Energy prices, but should gradually lower "sticky" inflation.

Contributors to headline inflation

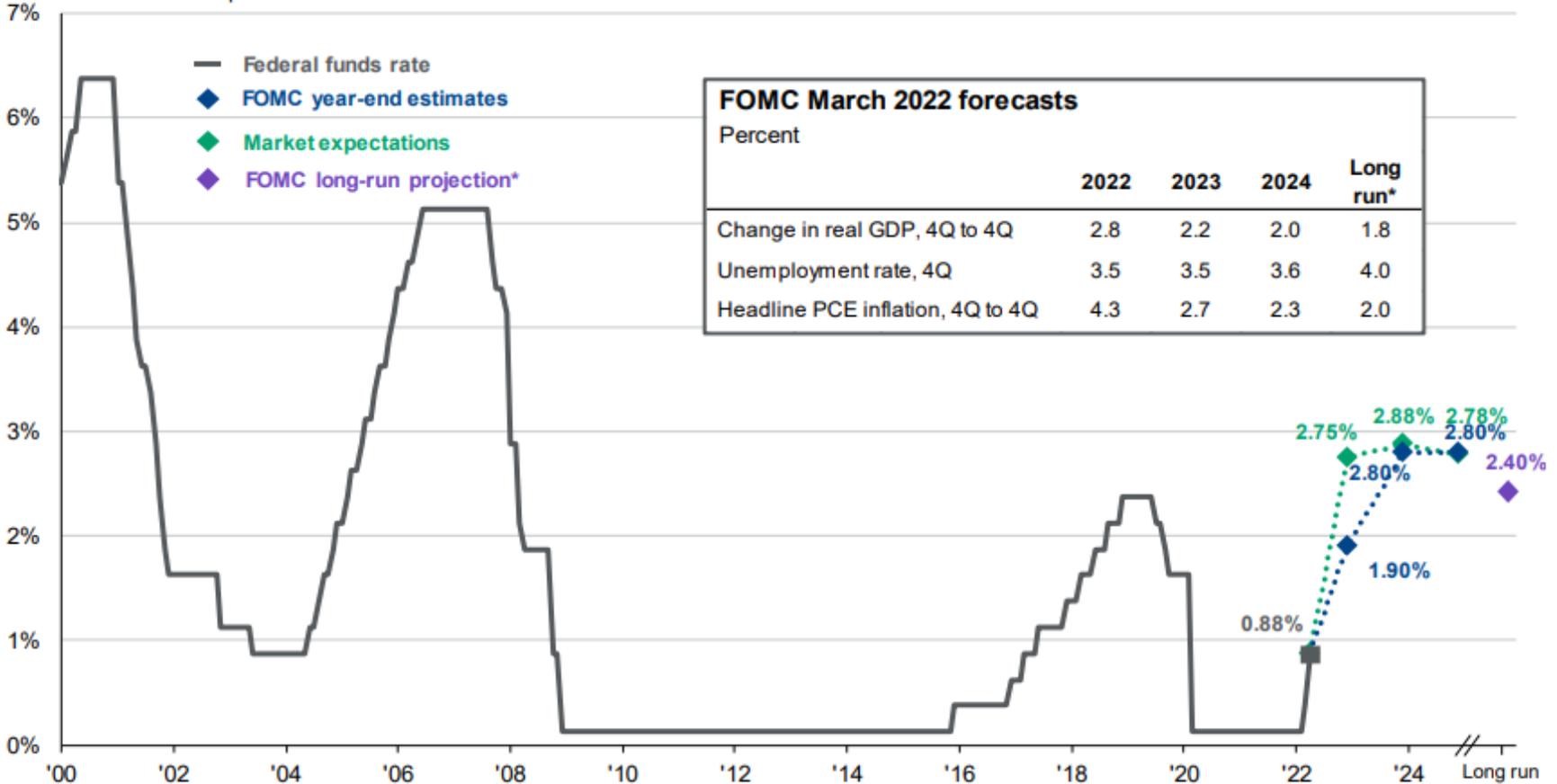
Contribution to y/y % change in CPI, non seasonally adjusted



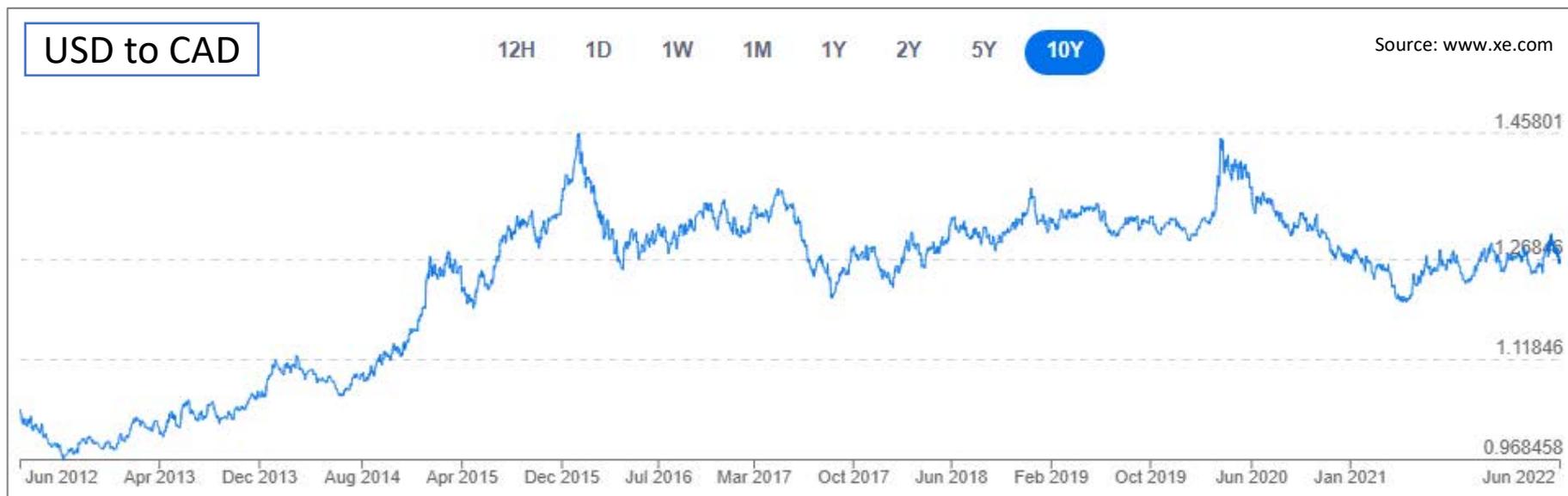
- The U.S. Federal Reserve raised interest rates by 0.25% in March, and 0.50% in May; the next meeting is scheduled for June 14th.
- The market expectation for Fed Funds rates increased 0.42%, MoM, rising to 2.75% by the start of 2023.
- The longer-term market expectation for Fed Funds rates decreased by 0.29%, MoM, falling to 2.88% by the end of 2024.

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



- The U.S. dollar weakened 1.6% against the Canadian dollar in May, ending the month with an exchange rate of 1.2642.
- According to Statistics Canada, the Canadian economy grew at an annualized rate of 3.1% in the first quarter.
- This result was below consensus, and down from an annualized rate of 6.6% in the fourth quarter of 2021.
- The weakness in the first quarter was attributable to a downward revision to the January data, due to Omicron-related restrictions.
- Despite the quarterly GDP result, the Canadian economy remains on a stable footing, and the Bank of Canada is expected to move ahead with another 0.50% interest rate increase when it meets in the beginning of June.



Date Range	USD to CAD	+/-
YTD	1.2655-1.2642	(0.1%)
1-Year	1.2072-1.2642	+4.7%
3-Years	1.3522-1.2642	(6.5%)

\$USD 1,000,000
 =
\$CAD 1,264,242
 @ 1.2642
 (5/31/2022)

CAD Profile	
*Inflation Rate	6.8% (Apr 2022)
Interest Rate	1.50% (Jun 2022)
Information	http://www.bankofcanada.ca

*Total CPI Inflation

Sources: xe.com, Statistics Canada, bankofcanada.com, Bloomberg

The larger chart below shows the historical price of copper, which is displayed in U.S. dollars per pound. The chart provides 20 years of price history. The embedded chart provides a zoomed-in image of daily copper price movement over the past 12 months.

Copper prices were down \$0.16 per pound year-to-date, or 3.6% (5/31/2022). Since the \$2.10 low point on March 23, 2020, prices have risen \$2.20 per pound, or 105%.

The price of copper was \$4.30 per pound as of May 31, 2022.



Copper Price Outlook

Copper prices declined \$0.11 per pound in May, or 2.5%. During the month, the price of copper fell by as much as \$0.31 per pound, or 7.0%, before mounting a strong comeback.

As of June 1st, copper futures had remained at \$4.30 per pound, which marked the highest level in nearly four weeks. This was attributable to a combination of very low inventories and prospects of higher demand following the easing of some Covid-19 lockdowns in China.

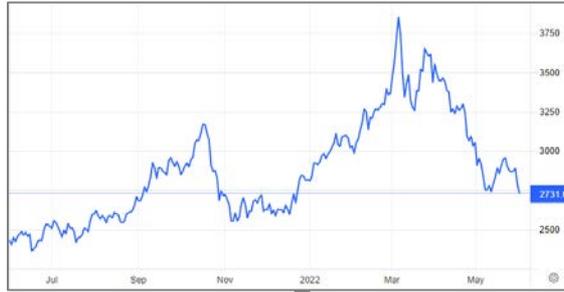
According to recent data published by TradingEconomics, “China’s factory activity fell at a softer pace in May and China’s key commercial hub of Shanghai allowed all manufacturers to resume operations.” Meanwhile, warehouse inventories fell 23.7% to close out May.

Looking ahead, guidance suggests copper will trade at \$4.22 USD per pound by the end of the second quarter, and at \$3.96 in 12 months’ time.

The primary chart below shows the historical monthly price of aluminum for the past 25 years. The secondary chart shows the daily price movement over the past 12 months. Prices are in USD per tonne (London Metal Exchange).

Aluminum prices were down \$20.50 per tonne year-to-date, or 0.7% (5/31/2022). Since the \$1,472 low point on April 6, 2020, prices have risen \$1,315, or 89.3%. The all-time record price of aluminum was \$3,849 per tonne in March of 2022.

The price of aluminum was \$2,787 per tonne as of May 31, 2022.



Aluminum Price Outlook

Aluminum prices declined for the second consecutive month, falling \$265 per tonne in May, or 8.7%. Over the past two months, aluminum prices have declined \$704 per tonne, or 20.2%.

The lower prices, according to SMM News, were primarily attributable to an imbalance between the current domestic upstream smelters and downstream consumption. The smelters have been less affected by the pandemic, and production resumption has been much greater than expected. However, because of the slow recovery of downstream consumption, aluminum prices have come under pressure.

Looking ahead, consensus suggests the aluminum market will experience marginal weakening, but some price recovery is expected. Aluminum is forecast to trade at \$2,940 USD/tonne by the end of the second quarter. The 12-month forecast shows aluminum trading at \$3,159.

Sources: TradingEconomics, Investing.com, SMM News

- The price of a barrel of crude oil increased \$9.98 in May, or 9.5%, to \$114.67 (prices have since risen to \$116.50 per barrel).
- Price remains high due to the Russian invasion of Ukraine, rising world demand, and insufficient capacity to offset lost Russian supply.

Change in production and consumption of liquid fuels

Production, consumption and inventories, millions of barrels per day

Production	2019	2020	2021	2022*	2023*	Growth since '19
U.S.	19.5	18.6	18.9	20.2	21.5	10.3%
OPEC	34.6	30.7	31.7	34.5	35.0	1.3%
Russia	11.5	10.5	10.8	10.0	9.2	-20.2%
Global	100.3	93.8	95.6	99.9	101.6	1.3%
Consumption	2019	2020	2021	2022*	2023*	Growth since '19
U.S.	20.5	18.2	19.8	20.5	20.8	1.2%
China	14.0	14.4	15.3	15.6	16.1	14.6%
Global	100.9	91.9	97.4	99.6	101.6	0.7%
Inventory Change	2019	2020	2021	2022*	2023*	Growth since '19
	-0.6	2.0	-1.8	0.3	0.0	

May marked the sixth consecutive month of crude oil price increases, and there is no relief in sight. U.S. national retail prices for gasoline were up to \$4.67 per gallon of regular at month-end, while premium grade and diesel came in at \$5.33 and \$5.54 per gallon, respectively. Whoa!

Looking ahead, oil and gasoline prices are expected to remain high. This is predominately due to the EU's decision to partially ban Russian oil imports, and the broad reopening in Shanghai, which more than offset the possibility of OPEC excluding Russia from a production deal.

Crude oil is expected to trade at \$119.21 per barrel by the end of June, and \$132.56 in 12 months' time.

Price of oil

WTI crude, nominal prices, USD/barrel

