

# CHARTBOOK

## Market Comment

Prepared by Ocean Front Wealth Management

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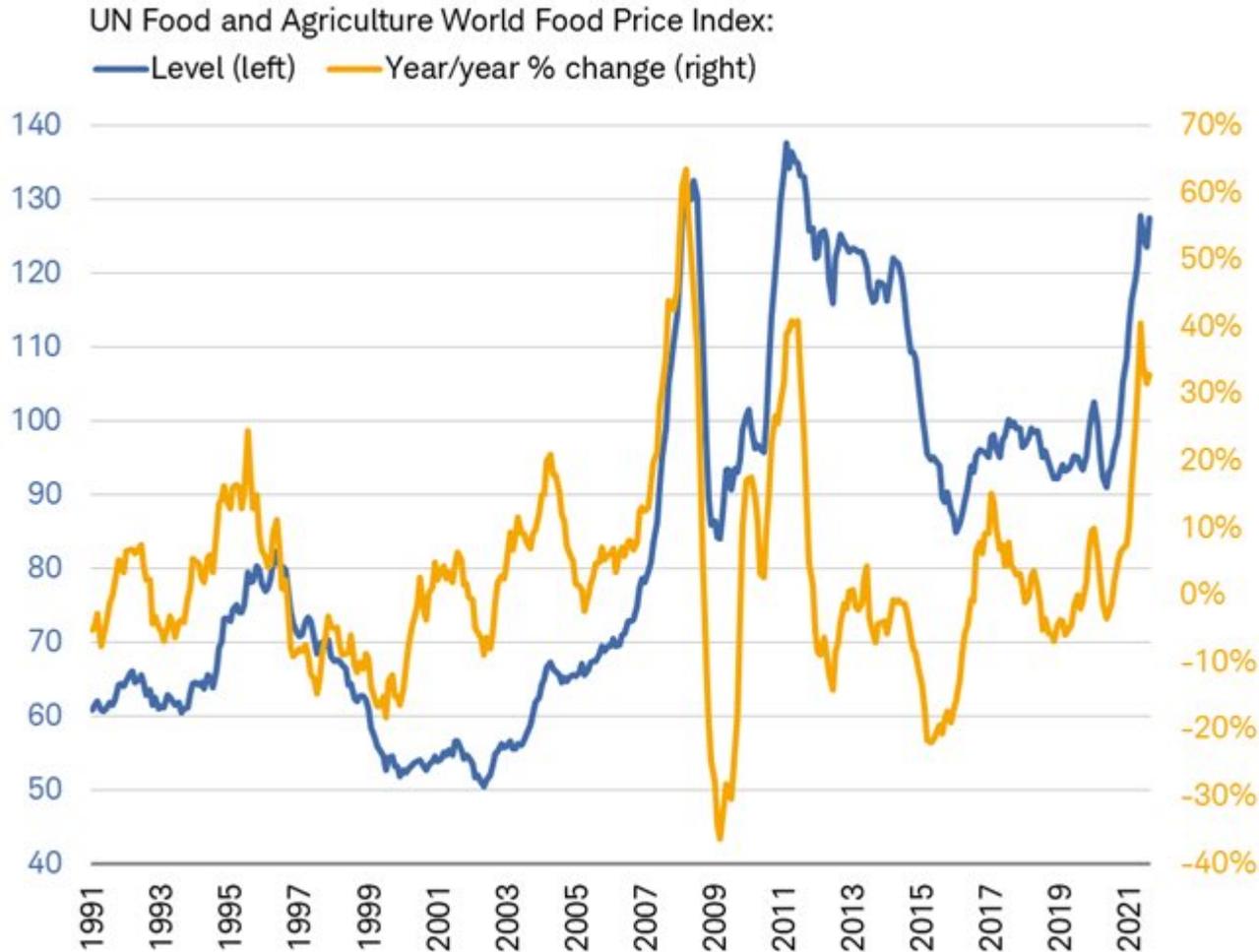
# Market Comment

On Wednesday, Bank of Canada governor Tiff Macklem announced that the bank is leaving its target overnight interest rate at 0.25% and maintaining its quantitative easing program at \$2 billion a week. This was a widely expected announcement after weak GDP data showed that the Canadian economy shrunk in the second quarter. However, the bank expects the remainder of the year to be stronger.

“The Bank continues to expect the economy to strengthen in the second half of 2021, although the fourth wave of COVID-19 infections and ongoing supply bottlenecks could weigh on the recovery,” per the bank’s press release. Markets are still expecting the first rate hike from the Bank of Canada to occur in the second half of 2022.

Many of the federal COVID unemployment benefits in the US ended in September. Many businesses in the US, as well as other countries, have struggled to find employees for their job openings. The US unemployment rate is now relatively low, but so is the labour force participation rate, which accounts for people who aren’t looking for work. It will be interesting to see how the labour force is impacted by the end of these benefits, or if businesses are forced to increase wages to lure workers back to the workforce instead.

# Food Inflation



Source: Charles Schwab, Bloomberg, as of 8/31/2021.

5| Source: Charles Schwab, @lizannsonders on Twitter Ocean Front Wealth Management

The UN's Food and Agriculture World Food Price Index recently showed a year over year change of over 40%, a massive inflation rate for the most important of goods. Inflation is usually measured in the aggregate of all goods and services, but it can affect everyone differently.

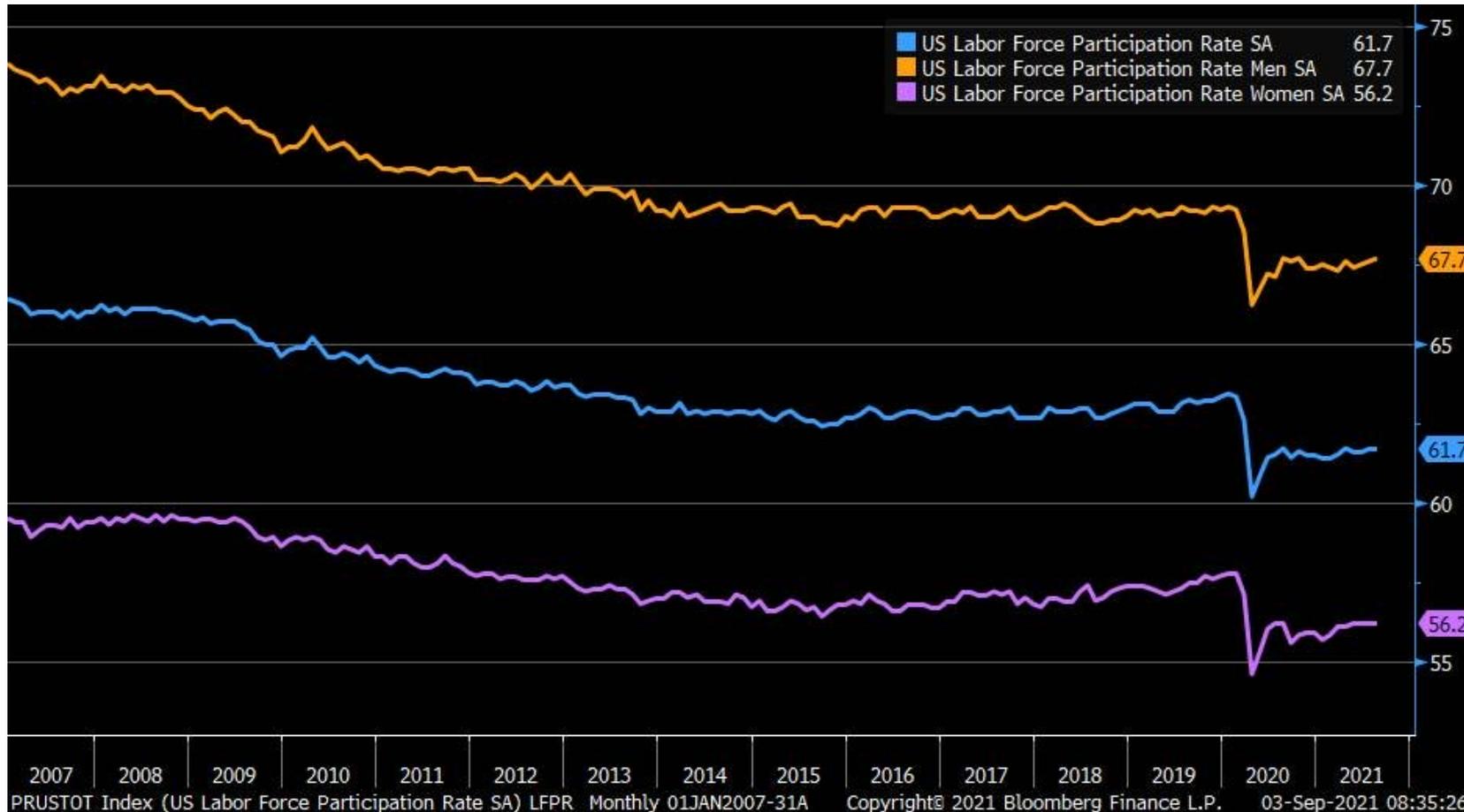
Not everyone will benefit when the price of a new TV falls, but everyone needs to eat. Soaring food prices have the potential to cause social unrest, especially in poor countries.

# Employment - USA



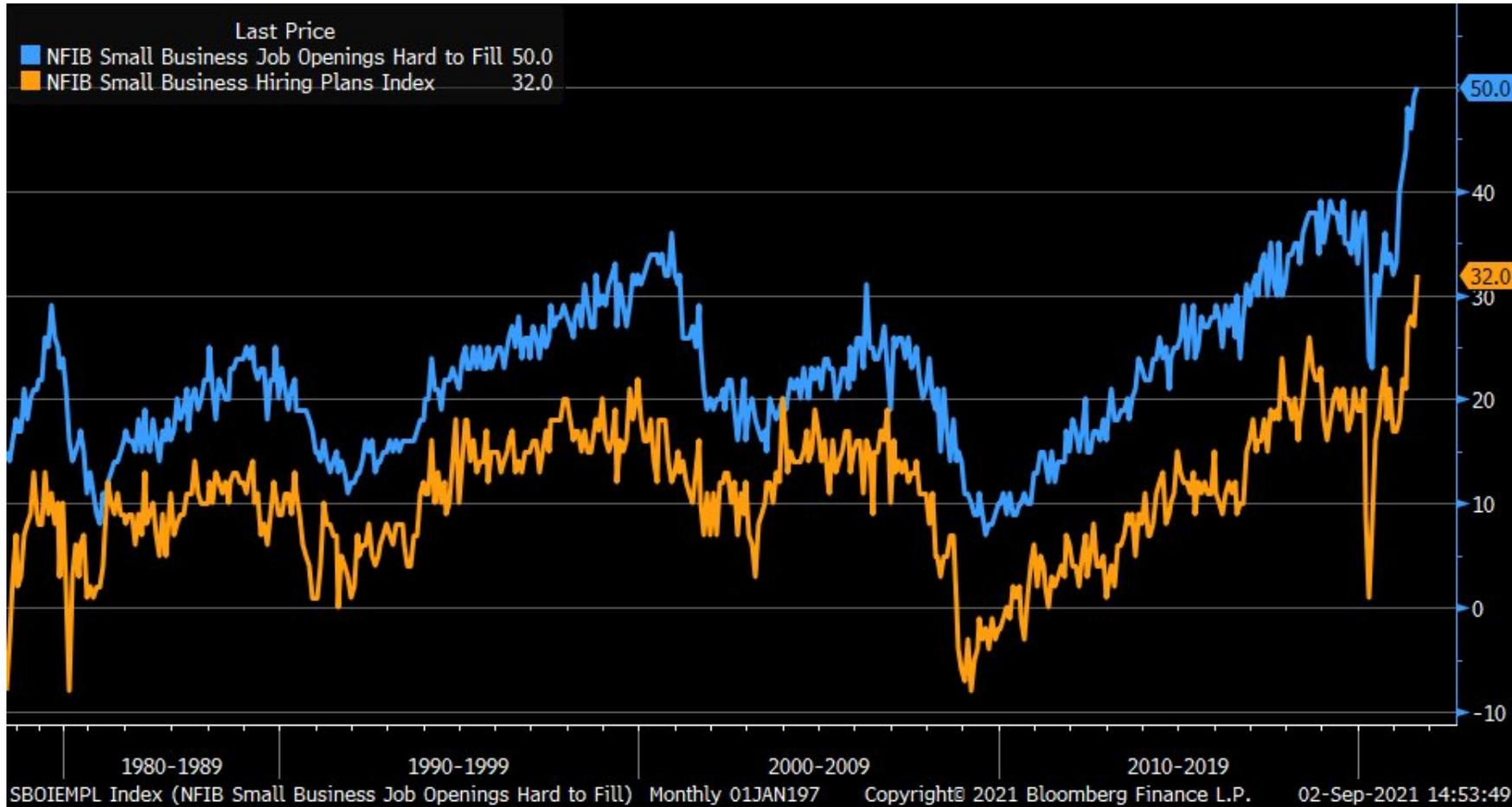
The unemployment rate has been steadily falling and now sits at 5.2%.

# Labour Force Participation - USA



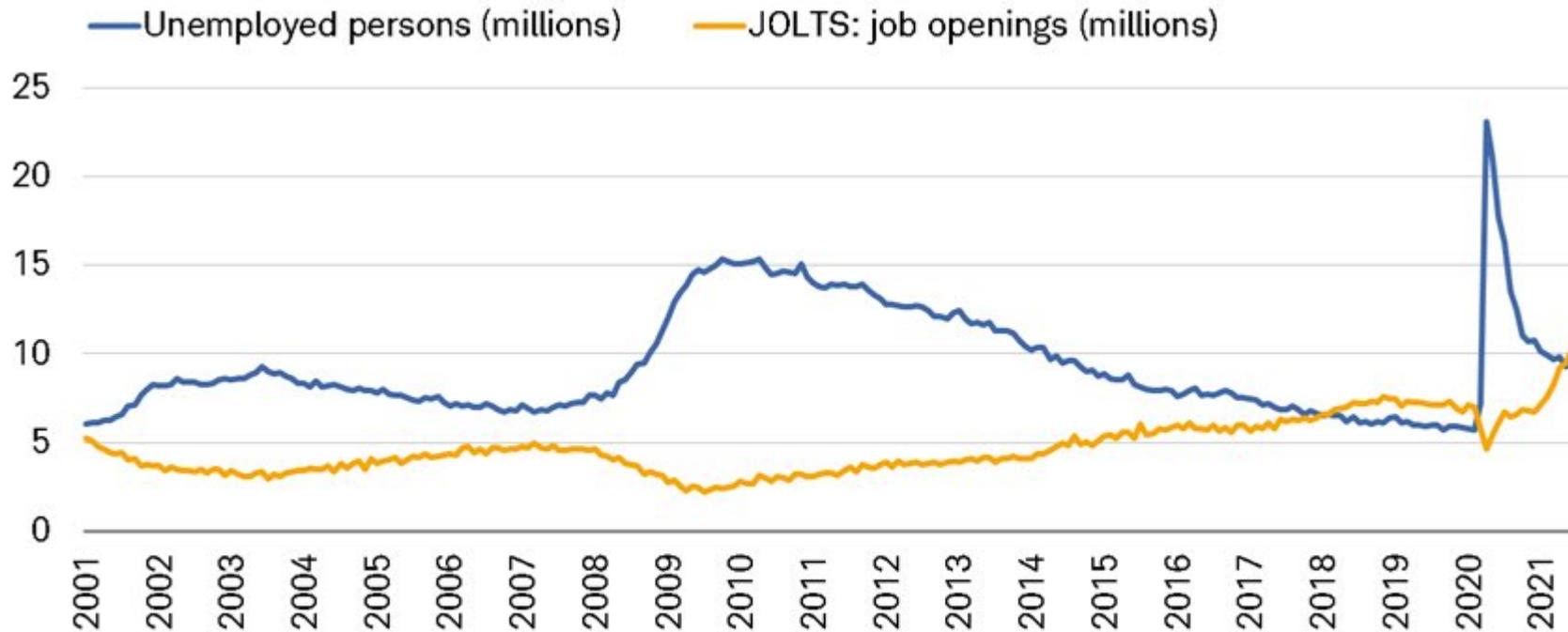
The labour force participation rate is still well below pre-COVID levels, these workers are excluded from the unemployment rate.

# Job Openings - USA



With high employment, businesses are having trouble finding workers. A large percentage of businesses are having difficulty filling positions while still planning to hire more workers. As COVID unemployment benefits end, perhaps these workers will be enticed back into the workforce.

# Job Openings vs. Unemployed Individuals



Source: Charles Schwab, Bloomberg, Bureau of Labor Statistics, as of 7/31/2021. Job Openings and Labor Turnover Survey (JOLTS) is a monthly survey of private nonfarm establishments and local government entities which provides information on total number of job openings, hires, and separations (voluntary quits and layoffs/discharges).

According to this data, current job openings in the US exceed the number of unemployed people in the workforce. This suggests that people currently not participating in the workforce will need to be enticed into the workforce to fill available jobs.



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