

Start 2025 with Confidence: Market Trends and Strategies

Market Insights for the Year Ahead

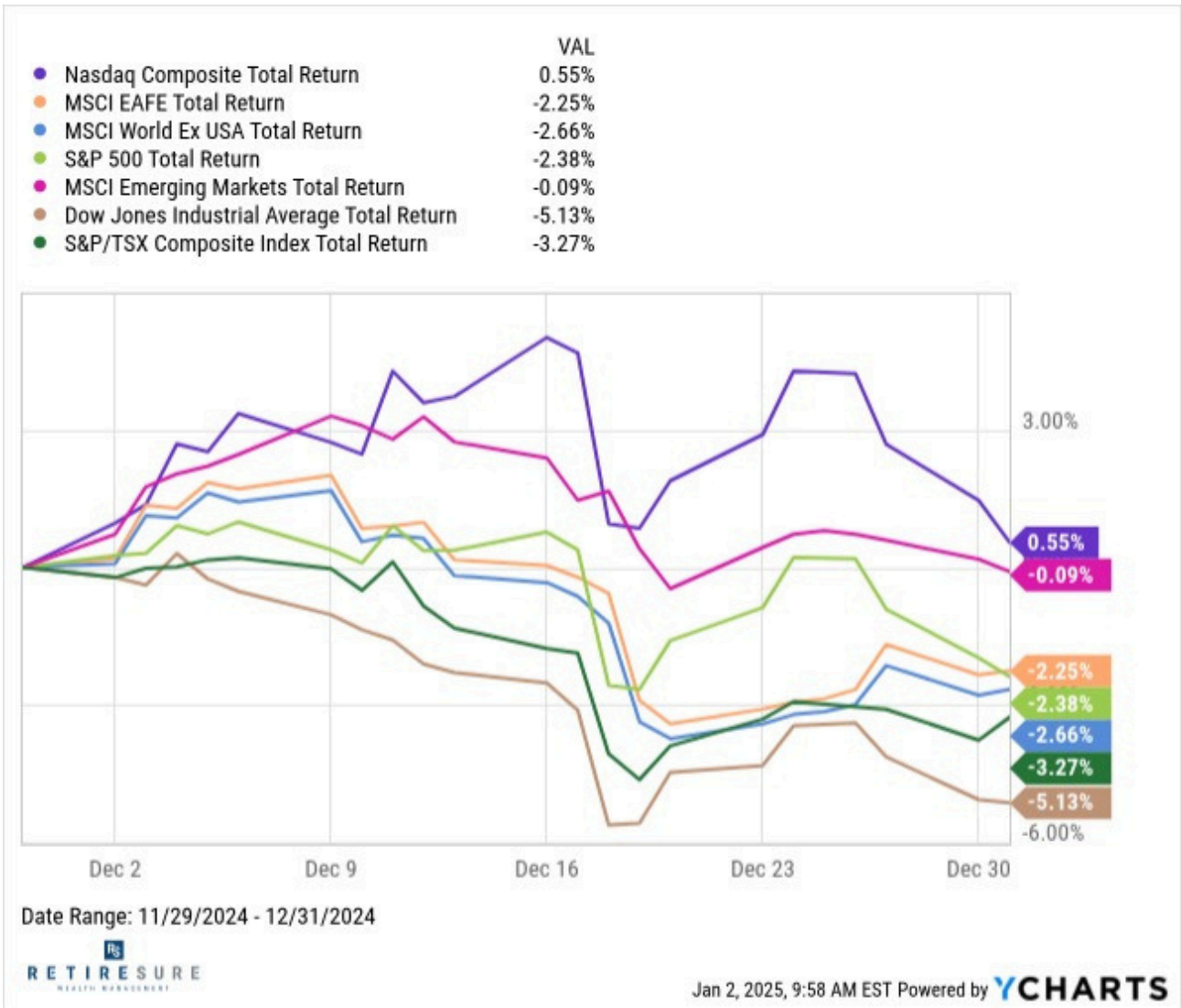
Monthly Market Snapshot - December 2024

Stock prices drifted lower in December, driven in part by the Federal Reserve’s outlook for fewer rate cuts in the year ahead. The S&P 500 fell 2.5% in just its third negative month of the calendar year. The Dow Jones Industrial Average performed even worse, losing 5.3%. The NASDAQ was an exception, gaining 0.5% as technology stocks proved more resilient.

Overall in 2024, the financial markets and economy held up remarkably well despite uncertainty around the economy, elevated interest rates and the U.S. presidential election. U.S. economic growth remained consistently above trend, households continued to spend, inflation rates moderated, and the S&P 500 gained more than 20% for the second consecutive year.

Click the link for the full version: [Monthly Market Snapshot](#)

Major Market Returns for December 2024



Market Returns for 2024



Date Range: 12/29/2023 - 12/31/2024



Jan 2, 2025, 10:01 AM EST Powered by YCHARTS

Risk Management and Asset Allocation

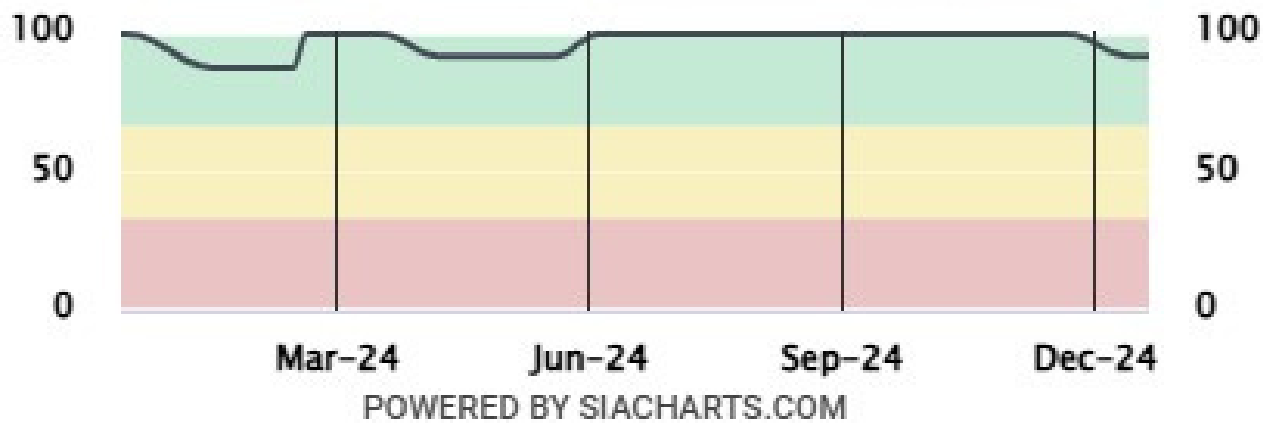
SIA Equity Action Call™

FAVORED



All

2023-12-31 → 2024-12-31



Asset Class Rank



Dec 31, 2024

RANK	ASSET CLASS	CHANGE
1 st	U.S. Equity	
2 nd	CAD Equity	
3 rd	Cash	1 ↑
4 th	Intl Equity	-1 ↓
5 th	Currency	
6 th	Commodities	
7 th	Bond	

December saw a change in the SIA Asset Class Rankings. Cash moved up one position into the 3rd ranking spot, whereas International Equity dropped to one spot into the 4th position.

The drop of international equities is mainly attributed to the uncertainty of the international relations of various governments. In light of recent geopolitical developments, including Trump's threats of tariffs on BRICS nations and South Korea's market instability following the declaration and lifting of martial law, the global investment landscape remains volatile.

As for the Cash asset class, in times of market uncertainty or volatility (perhaps driven by geopolitical events, economic downturns, or other systemic risks), some investors seek safety, moving assets from equities or bonds into cash-like instruments.

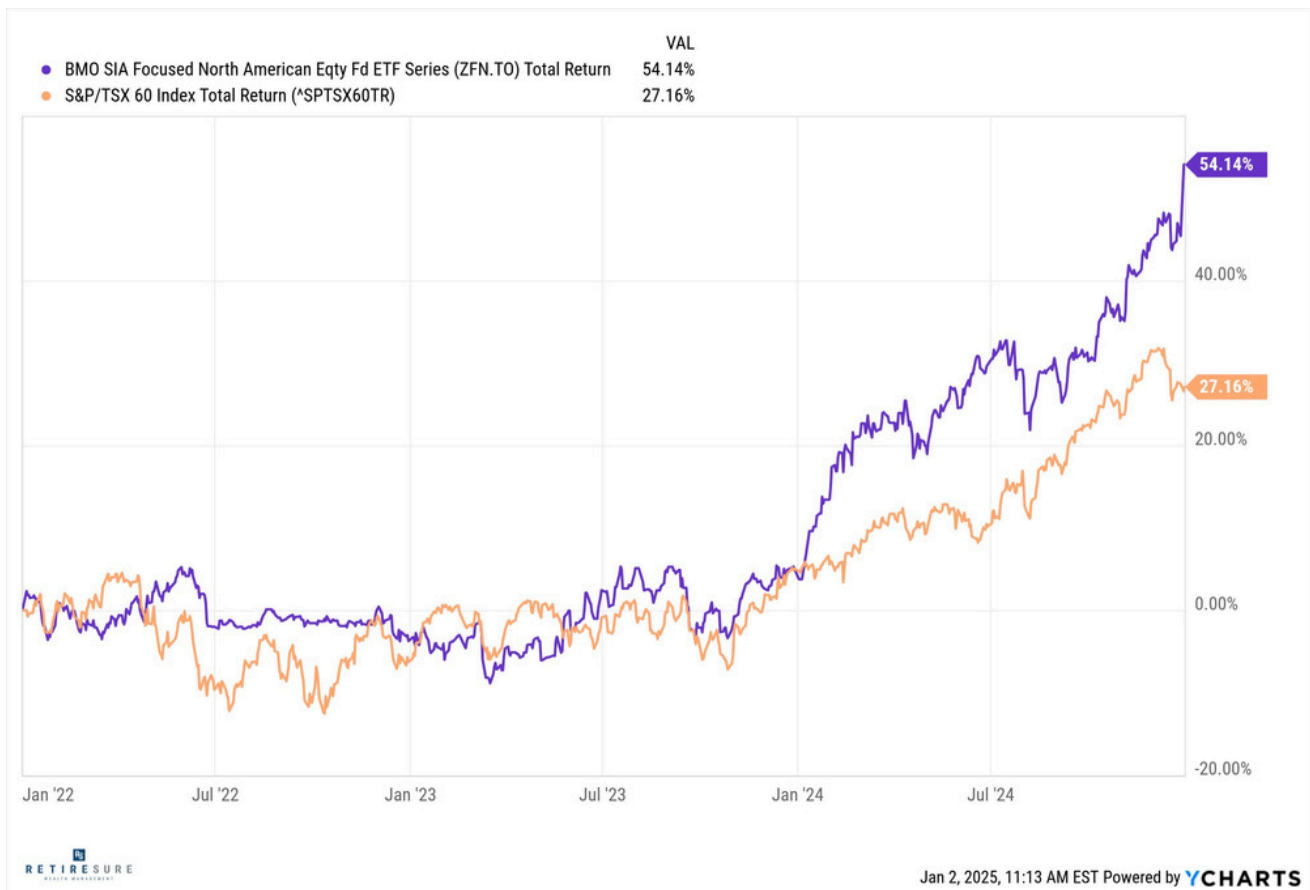
If you have any further questions, please contact me at b.chatterson@iaprivatewealth.ca or (306) 700-5106.

ETF of the Month

ZFN: BMO SIA Focused North American Equity Fund

BMO SIA Focused North American Equity Funds seeks to provide long-term capital growth by investing primarily in a portfolio of North American equities.

The ETF provides exposure to North American equity securities by actively investing using relative strength. The strategy is unconstrained and provides high conviction by investing in a focused portfolio. ZFN is an active stock strategy that is a compliment to existing Tactical Asset Allocation Strategies. The ETF will focus on where the strength is between US and Canadian equities. Tactically shifting between both asset classes



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Term	Institution	This Month	Last Month
1 Year	Innovation Federal Credit Union (5,000 min - 1,000,000)	3.70%	3.99%
2 Year	Coast Capital Savings (5,000 min - 1,000,000 max)	3.55%	3.95%
3 Year	Community Trust (50,000 min - 5,000,000 max)	3.39%	3.91%
4 Year	National Bank of Canada (1,000 min - 5,000,000 max)	3.39%	3.78%
5 Year	Bridgewater Bank (5,000 min - 1,000,000 max)	3.42%	3.94%

Rates as of January 2, 2025. All rates are annualized and subject to change without notice.

Source: NBIN Advisor Site

CRA's 2025 Numbers: tax brackets, CPP, RRSP and TFSA limits, and more

Inflation adjustment factor

The CRA announced that the inflation rate that will be used to index the 2025 tax brackets and amounts will be 2.7 per cent. Increases to the tax bracket thresholds and various amounts relating to non-refundable credits take effect on Jan. 1, 2025, while increases in amounts for certain benefits, such as the GST/HST credit and Canada Child Benefit, only take effect on July 1, 2025, coinciding with the beginning of the program year for these benefit payments.

Tax Brackets for 2025

The new 2025 federal brackets are: zero to \$57,375 of income (15 per cent); above \$57,375 to \$114,750 (20.5 per cent); above \$114,750 to \$177,882 (26 per cent); above \$177,882 to \$253,414 (29 per cent), with anything above that taxed at 33 per cent. Each province also has its own set of provincial tax brackets, most of which will also be indexed to inflation, but using their respective provincial indexation factors.

Basic Personal Amount

The basic personal amount (BPA) is the amount of income you can earn without paying any federal tax. For 2025, the increased BPA will be \$16,129 meaning an individual can earn up to this amount in 2025, before paying any federal income tax. For taxpayers earning above this amount, the value of the federal credit is calculated by applying the lowest federal personal income tax rate (15 per cent) to the BPA, making it worth \$2,419.

Canada Pension Plan contributions

For 2025, employee and employer Canada Pension Plan (CPP) contribution rates will remain at 5.95 per cent, but the “year’s maximum pensionable earnings” (YMPE), which is also called the “first earnings ceiling,” will increase to \$71,300, while the basic exemption amount remains at \$3,500. This means the 2025 maximum CPP contribution will be \$4,034.10 for each of the employee and employer portions. The self-employed CPP contribution rate remains at 11.9 per cent, and the maximum contribution will increase to \$8,068.20.

Employment Insurance premiums

Employment insurance (EI) premiums are also rising, with a contribution rate for employees of 1.64 per cent up to a maximum contribution of \$1,077.48 (\$860.67 for Quebec) on 2025 maximum insurable earnings of \$65,700.

Tax-free savings account limit

The tax-free savings account (TFSA) limit will remain at \$7,000 for 2025. This brings the total contribution room to \$102,000 since introduced in 2009.

Registered Retirement Savings Plan limit

The Registered Retirement Savings Plan (RRSP) dollar limit for 2025 is \$32,490, up from \$31,560 in 2024. Of course, the amount you can contribute to your RRSP in 2025 is limited to 18 per cent of your 2024 earned income, which includes (self-)employment and rental income, up to the RRSP dollar limit of \$32,490, plus any unused RRSP contribution room from 2024, subject to any pension adjustments.

Old Age Security (OAS)

If you receive Old Age Security, the OAS repayment threshold is set at \$93,454 for 2025, meaning that your OAS will be reduced in 2025 if your net income is above this amount.

To read the full article published by the Financial Post on the 2025 CRA numbers, the link is below.

[Financial Press 2025 CRA Numbers](#)

What's ahead for 2025?

After a robust 2024 in the market, the S&P 500 gained more than 20% for the second consecutive year. As we look to 2025, we see much of this positive economic momentum continuing, although the pace of economic growth and U.S. stock market gains may cool.

While next year's gains will likely be more muted, many of Wall Street's top strategists are growing more optimistic. Although, the future remains uncertain, the combination of historical performance, recent momentum, and optimism surrounding Trump's economic policies suggests a favorable opportunity for investors to continue buying into the market.

A 2025 Market Outlook provided by Fidelity is linked below:

[Fidelity 2025 Market Outlook](#)

On December 11th, the Bank of Canada lowered its overnight policy rate by 50 basis points (bps) from 3.75% to 3.25%, bringing the total reduction to 1.75% since June. While forecasting across the board says there will be more interest rate cuts in 2025, the Bank of Canada has given a forewarning of a “more gradual approach” to rate cuts. The next scheduled Bank of Canada interest rate announcement is scheduled for January 29th.

On December 18th, The Federal Reserve lowered interest rates by 25 basis points. This lowers the target interest rate range to 4.25% to 4.5%. The Fed’s decision marks a third consecutive rate cut. Expectations for 2025 are to cut its influential federal funds rate at a slower pace than previously anticipated. The Federal Reserve’s next scheduled opportunity to adjust monetary policy, including rates, is January 29th.

STOCK MARKET FUN FACT

ON MARCH 20, 1602, THE DUTCH EAST INDIA COMPANY BECAME THE FIRST COMPANY IN THE WORLD TO ISSUE STOCK. THE COMPANY CONDUCTED THE WORLD’S FIRST INITIAL PUBLIC OFFERING (IPO).

I hope you enjoyed the RetireSURE Monthly Market Update. For more information on any of the above topics, please feel free to reach out.

Bart Chatterson, B.Comm., CIM®
Portfolio Manager
iA Private Wealth

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