GLOBAL Insight

Wealth Management

Perspectives from the Global Portfolio Advisory Committee

June 2023

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Risks and opportunities as deglobalization looms

With trade relations more fragmented and the potential for a great power rivalry between the U.S. and China, investors need to be ready for a new paradigm.

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Produced: June 2, 2023 4:52 pm ET; Disseminated: June 5, 2023 1:00 pm ET

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Insight

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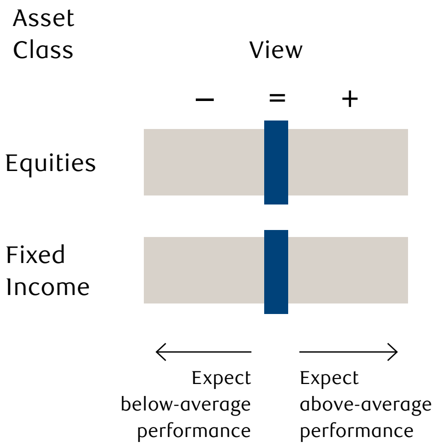

(+/=/–) represents the Global Portfolio Advisory Committee's (GPAC) view over a 12-month investment time horizon.

+ Overweight implies the potential for better-than-average performance for the asset class or for the region relative to other asset classes or regions.

= Market Weight implies the potential for average performance for the asset class or for the region relative to other asset classes or regions.

– Underweight implies the potential for below-average performance for the asset class or for the region relative to other asset classes or regions.

Source - RBC Wealth Management

Equities

- Major equity markets were mostly lower in May, although the torrid rally in U.S. Technology stocks kept the S&P 500 in slightly positive territory for the month. Overall, a number of developed markets retained healthy year-to-date gains.
- Beneath the surface, there have been some less visible divergences bubbling up which, in our view, argue that any appreciable stock market advance from here should be regarded cautiously. Market breadth (the proportion of stocks that have been increasing versus decreasing in value) has been poor. U.S. recession risks linger, giving rise to earnings vulnerabilities over the next six to 12 months. We also can't rule out monetary policy missteps by major central banks.
- With elevated valuations in the U.S., and most stock markets close to or above their all-time highs, we maintain our Market Weight recommendation for a global portfolio but increasingly favor defensive stocks. Asia continues to provide good value, in our view.

Fixed income

- Fixed income market volatility remains elevated as traders weigh the possible next steps from global central banks. The average yield on the Bloomberg Global Aggregate Bond Index currently sits at 3.8% and is approaching the 2022 high of 4.0%, which remains the high-water mark for global bond yields since 2008. Though central banks largely remain hawkish, we continue to believe that many major global central banks are nearing the final stages of their rate hike cycles. As a result, we expect global yields to gradually trend lower; accordingly, we are steadily increasing our exposure to government bonds and moving away from corporate credit while also repositioning into longer-dated securities for downside protection should recession risks materialize over the next six to 12 months.
- We maintain our Market Weight in global and U.S. fixed income, with a Market Weight allocation to credit. For the U.S., we hold a positive view of bank-issued preferred shares following recent selling pressures.

EXECUTIVE
Summary

Worlds apart: Risks and opportunities as deglobalization looms

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The world is at an inflection point. After decades of close trade ties and economic progress, globalization is being unwound. With trade relations becoming more fragmented and the potential for a great power rivalry between the U.S. and China, it's paramount to understand the new paradigm.

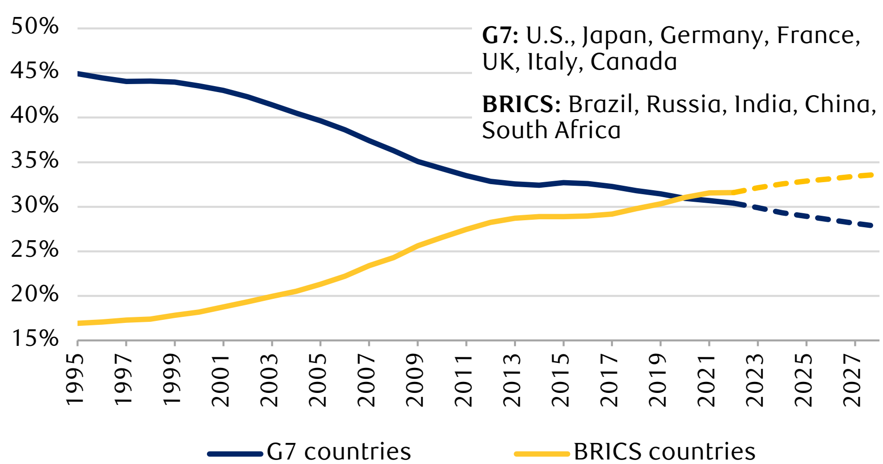
Following is an executive summary of the first article in a series exploring the trend away from globalization and its ramifications for investors, economies, and financial markets.

Geopolitical power struggles shouldn't be underestimated: Globalization boosted economic growth, corporate earnings, and stock prices for decades. But in recent years globalization has stalled out. It seems at risk of breaking down into deglobalization as geopolitical tensions persist.

- The U.S.-China relationship has become mired in mistrust, security concerns, and disputes related to Taiwan.
- Saudi Arabia and other Middle Eastern countries no longer view the U.S. as their principal ally. They have forged close, formal strategic partnerships with China.
- Two entities in which China, Russia, and India play key roles—the BRICS association and the Shanghai Cooperation Organisation (SCO)—are expanding their memberships, and countries within them are deepening their ties. Their economic influence is growing.

BRICS GDP surpassed G7 GDP in 2021, and the trend is expected to continue

Share of global GDP based on purchasing power parity in U.S. dollars*



* Data from 2023 through 2028 are IMF projections.

Source - RBC Wealth Management, IMF database; data as of 5/17/23

WORLDS APART
EXECUTIVE SUMMARY

Risks and opportunities as deglobalization looms

The sticking point for the West: BRICS and the SCO seek to form a "multipolar world" wherein a number of countries would play global leadership roles.

- Many countries within BRICS and the SCO view the U.S.-led Western hegemony as a relic of the past or something that will be soon.
- They have stated the world has moved—or is moving—beyond the post-Cold War era when U.S. leadership reigned supreme, and Washington and its allies set the terms.
- BRICS and SCO countries have a lot of economic, commodity, and rare earth mineral leverage to assert a more collective, multipolar approach.
- But we highly doubt the U.S. and its allies will quietly acquiesce to this framework. No power that has sat in the driver's seat for over 30 years would willingly relinquish its dominant role.
- Therefore, the geopolitical power struggle will likely persist and intensify.

Why it matters: We think major shifts in relations between great powers change the investment environment.

- The geopolitical power struggle creates risks for economic growth, markets, and sectors—and therefore for portfolios.
- But it should also provide investment opportunities.
- Many countries are attempting to develop technological security, energy security, food security, and health security initiatives—all of which dovetail with national security.
- China has been pursuing this sovereign development strategy for many years with economic planning and significant R&D spending.
- The U.S. and its allies have recently begun to encourage and incentivize onshoring of manufacturing and "friend-shoring" (i.e., developing and strengthening supply chains among allied and like-minded countries).
- These initiatives should benefit a number of industries, including advanced semiconductor technologies, artificial intelligence, cybersecurity, critical minerals and rare earths, energy transition technologies, water resource technologies, select industrial and infrastructure technologies, military and space equipment, biotechnology, and life sciences.

Protectionism appears to be back: There are, however, downsides to the drift away from globalization. We view onshoring and friend-shoring as old-fashioned protectionism with new, more palatable names.

- If protectionism persists over the long term—with more trade barriers, tariffs, and sanctions piling up—we believe the economic drawbacks would eventually come home to roost.
- Many companies could be faced with higher expenses, more friction within supply chains, and more difficulty sourcing select commodities.
- The International Monetary Fund's chief wrote, "The longer-term cost of trade fragmentation alone could range from 0.2 percent of global output

in a limited fragmentation scenario to almost seven percent in a severe scenario—roughly equivalent to the combined annual output of Germany and Japan."

- Most sources agree that if technology cooperation between the U.S. and China is cut off to a great extent, there could be more damaging global economic consequences.

The bottom line for investors: We believe these trends argue for rethinking portfolio allocations.

- Sub-asset allocations within equities and fixed income should no longer be viewed through the lens of cooperative globalization.
- Instead, they should be viewed through the lens of trade fragmentation and protectionist risks, and the realignment of relations between nations into formal and informal blocs.
- We think this begs for more active asset management for country, industry, and company investment exposures.
- A number of strategically important industries seem poised to benefit. But if the protectionist trends persist over the long term, global economic growth and equity market gains could be more muted than they were during the globalization heyday.

For in-depth information, please see the full report: *Worlds apart: Risks and opportunities as deglobalization looms*.

GLOBAL

Equity

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What lies beneath

Equity markets have done quite well since an extended nine-month correction ended last October. European, UK, and Japanese markets subsequently went to new cycle highs in March 2023. U.S. and Canadian averages are still well short of that mark, but both have mostly held onto the gains they did make over the past eight months.

This despite some formidable headwinds that might have been expected to produce a retreat in share prices rather than an advance, including:

- 200 basis points of additional Fed tightening since October, together with further rate hikes from the European Central Bank and the Bank of England;
- two more quarters in which a growing majority of U.S. banks raised lending standards, a trend which began in late 2021;
- three high-profile bank failures in the U.S. alongside the spectacle of giant Credit Suisse being forced into a government-directed sale to UBS at a deeply distressed price;
- for the S&P 500, despite being characterised as "better than feared," three consecutive quarterly declines in reported operating earnings per share (EPS); and
- most recently, the partisan slugfest over the debt ceiling.

With this much resistance to overcome, it's noteworthy that markets have done as well as they have. In fact, if some of those headwinds were to weaken—say the Fed confirms a pause in rate hikes or bank deposits stop falling—then we think it would be easy to accept that another equity market upleg might be forthcoming—and indeed it may be. But beneath the surface there have been some less visible divergences bubbling up which, for us, argue that any appreciable stock market advance from here should be regarded cautiously.

Equity views

Region	Current
Global	=
United States	=
Canada	=
Continental Europe	–
United Kingdom	–
Asia (ex Japan)	=
Japan	+

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

Breadth warnings

In both Europe and the UK, small-cap equity averages are down massively from their 2021 high-water marks versus their large-cap brethren, which have risen to beyond their previous peaks. Looking at the large-cap S&P 500 Index, we find it is ahead of its October 2022 low by about 25% while the S&P SmallCap 600 is up by barely 7%. Since early February the latter has been trending sharply lower while the large-cap senior index has moved steadily higher.

Within the S&P 500 itself, a worrying divergence in participation has emerged. Once the market advance began in October, the majority of stocks moved into uptrends, rising higher in sync with the overall index. However, since January of this year that rapidly changed: a growing number of stocks in the S&P 500 began to lag the index, leaving it to an ever-smaller number of mega-cap stocks to push the index higher.

A market where small caps are trending lower and the large-cap index is experiencing deteriorating internal breadth/participation is one that history would suggest is living on borrowed time. It is not characteristic of a stock market in the early stages of a new bull market.

GLOBAL EQUITY

Recessions drive earnings lower

The earnings outlook has cooled over the past 12 months and, in our view, is likely to deteriorate further over the next 12. Back in May of last year, the consensus estimate for 2023 S&P 500 EPS was $251. It has now come down to a much lower but more realistic $219. Quarterly reported earnings have already declined over the past three quarters and are forecast to come in lower again in Q2. But starting in Q3, the consensus forecast has quarterly earnings for the S&P 500 turning higher and rising sequentially through each quarter of 2024.

However, if a recession arrives in the second half of this year, those optimistic expectations for rising earnings are unlikely to be met, in our view. Since the 1960s, the arrival of a recession has typically seen index earnings decline by 20%–25% from peak to trough, on average. S&P 500 12-month earnings peaked in Q3 last year at about $222 per share. That historical experience opens up the possibility that 12-month earnings could fall to something below $200 per share by next spring.

The most reliable long leading indicators of U.S. recession (inversion of the yield curve and the Conference Board's Leading Economic Index) both point to the second half of this year as the likely start time of the next recession (see our U.S. Recession Scorecard). Credit conditions have already worsened to a degree consistent with the arrival of past recessions. Interest rates are now high enough to "break" things. Delinquencies on loans are rising, while banks continue to raise already high lending standards. Bank lending growth has rolled over.

Valuations full

The S&P 500 has been rising against a backdrop of already weakening earnings. It currently trades at 19.3x the consensus earnings estimate of $219 for this year. But if earnings succumb to recession the way they typically have in the past, we think that $219 estimate may prove to be unattainable.

Corporate bond yields have also been rising. Moody's Baa Corporate Bond Yield sits at 5.80% vs. 3.80% prior to the start of the pandemic. Today's yield is more consistent with a sustainable price-to-earnings multiple in the 15x–17x range. Factor a further earnings decline into next year's first half, and we think the downside risk over the next six to 12 months starts to look decidedly more potent than when credit conditions were unequivocally positive and GDP growth unthreatened.

So, while it's not out of the question for major markets to go on posting gains for some months yet, it is, in our view, a race against time before the negative forces of recession and downward earnings revisions take control for a while. For now, our recommended positioning remains unchanged. We recommend a global balanced portfolio be no more than Market Weight equities, with a focus on quality, resilient balance sheets, sustainable dividends, and business models that are not intensely sensitive to the economic cycle.

GLOBAL

Fixed income

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Summer vacation

Despite fast and furious rate hikes over the past year, it seems like central bank plotlines are only plodding toward some kind of conclusion. The near-constant "will they, won't they" of recent months has kept fixed income markets on edge, but ultimately, we think the Federal Reserve will take a break from rate hikes, while other central banks may be destined for summer school.

June will be headlined by a key policy meeting for the Fed, which will feature the first update to its economic and rate projections since the March meeting. At that time, the median 2023 policy rate projection was 5.25%, equal to where it now stands following the May rate hike. But having achieved that level, policymakers in recent public comments have largely been reluctant to confirm that further rate hikes are off the table.

Fed Chair Jerome Powell came the closest during a May 19 panel discussion hosted by the central bank, when he stated that policy rates are now at a level that is restrictive for economic activity, and that aggressive rate hikes to this point now afford policymakers time to be patient and to assess the incoming economic data—a clear sign to us that he may be leaning toward pausing.

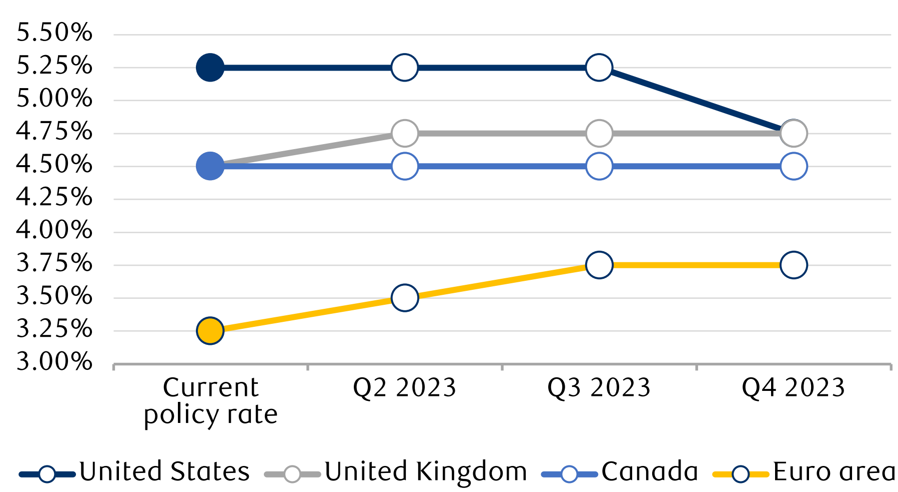
While such a pause has for some time been hoped for by markets, some policymakers have recently floated the idea of presenting it as simply skipping a rate hike, thus leaving the door open for more. We think that should be the base case for investors as policymakers will in no way want to back themselves into a corner at a time when inflation remains elevated, though clearly trending lower. All told, we do expect the Fed to take

Fixed income views

Region	Gov't bonds	Corp. credit	Duration
Global	+	–	5–7 yr
United States	+	=	3–10 yr
Canada	=	+	3–7 yr
Continental Europe	=	–	5–10 yr
United Kingdom	=	–	5–10 yr

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

More central banks seen taking a rate hike vacation this summer



Source - RBC Wealth Management, Bloomberg, RBC Capital Markets

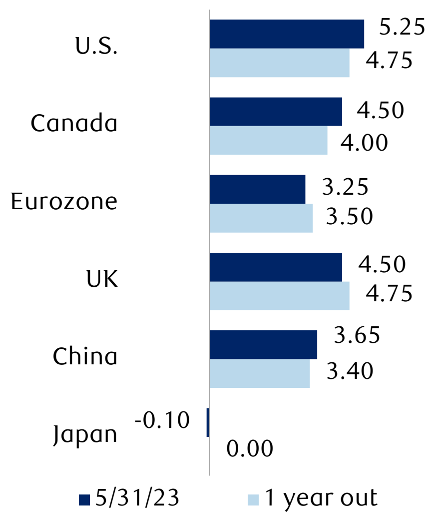
GLOBAL FIXED INCOME

a vacation from rate hikes over the summer, but whether rate hikes are back in session this fall will depend entirely on the data.

Global central banks, however, may have more work to do, as the Bank of England is now seen by RBC Capital Markets as delivering another rate hike this quarter, with the European Central Bank following through with two.

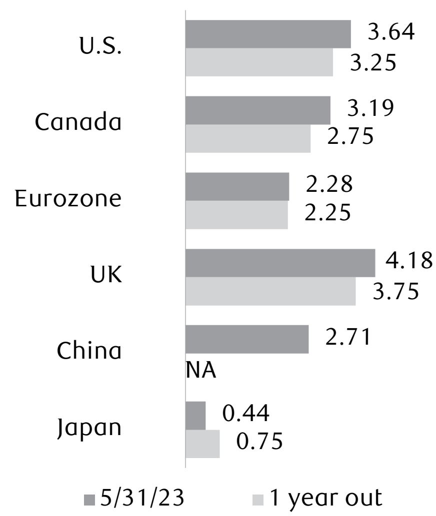
As a result, the average yield on the Bloomberg Global-Aggregate Bond Index has jumped back to 3.7%, the highest level since global bank stress in March, which we believe reopens the window for investors to continue putting money to work at historically elevated yields.

Central bank rates (%)



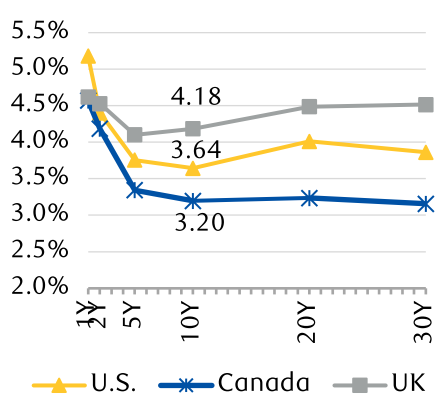
Source - RBC Investment Strategy Committee, RBC Capital Markets forecasts, Global Portfolio Advisory Committee, RBC Global Asset Management

10-year rates (%)



Note: Eurozone utilizes German Bunds.
Source - RBC Investment Strategy Committee, Global Portfolio Advisory Committee, RBC Global Asset Management

Sovereign yield curves



Source - Bloomberg; data through 5/31/23

U.S. RECESSION
Scorecard

Tighter credit conditions add to the probability of recession

All seven factors that make up our Recession Scorecard were giving the U.S. economy a unanimous green light one year ago. However, three of our seven leading indicators of U.S. recession—two of them with perfect forecasting track records—were switched to red some months ago, signaling that an economic downturn was on the way. In April, two further indicators—monthly unemployment claims and the federal funds rate relative to the growth rate of the economy—looked to be headed toward giving negative signals within the next few months, persuading us to shift both into the cautionary yellow column a month ago.

The two remaining indicators—the unemployment rate and the free cash flow generated by non-financial businesses—are still giving expansionary readings.

Those indicators that have flipped to recessionary status so far point toward a recession getting underway by late Q2 or early Q3 2023, in our view. **It is worth remembering that the official start date of any recession may not be announced until many months or quarters after the fact.**

Yield curve (10-year to 1-year Treasuries)

The 1-year Treasury yield rose above the 10-year yield decisively last July, and the negative gap has widened over the past 10 months. **The history of this indicator after crossing into negative territory suggests the U.S. economy will be in recession by summer 2023.**

Adding weight to the "tight money" message coming from the yield curve, the Fed's most recent Senior Loan Officer Survey (released in May) further extended the year-long trend of a majority of U.S. banks raising lending standards on almost every category of business and consumer loan.

The same survey also revealed that a majority of banks are reporting reduced demand for commercial and industrial loans as well as a reduced willingness to make such loans. A growing majority are also requiring higher credit scores for consumer loans and larger down payments for car loans.

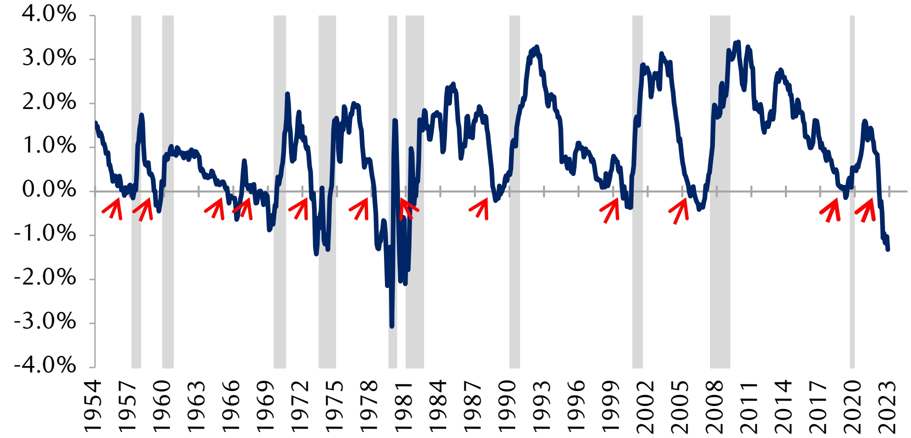
U.S. recession scorecard

	Status		
Indicator	Expansionary	Neutral	Recessionary
Yield curve (10-year to 1-year Treasuries)			✓
Unemployment claims		✓	
Unemployment rate	✓		
Conference Board Leading Economic Index			✓
Free cash flow of non-financial corporate business	✓		
ISM New Orders minus Inventories			✓
Fed funds rate vs. nominal GDP growth		✓	

Source - RBC Wealth Management

U.S. RECESSION SCORECARD

Yield differential between the U.S. 10-year and 1-year Treasury notes



Note: Shaded areas indicate U.S. recessions; arrows indicate where yield curve inverts.

Source - RBC Wealth Management, Bloomberg, Federal Reserve Bank of St. Louis; monthly data through April 2023

ISM New Orders minus Inventories

The difference between the New Orders and Inventories sub-indexes of the ISM Purchasing Managers' Index has turned negative near the start of most U.S. recessions. But it has also registered occasional false positives—signaling a recession was imminent when none subsequently arrived. Moreover, this indicator only relates to activity in the manufacturing sector (some 15% of the U.S. economy) and is derived from a survey rather than hard data. **This measure has never before reached its current depth without a recession eventually following.**

Conference Board Leading Economic Index

Historically, this series has given reliable early warnings of recession. When the index has fallen below where it was a year earlier, a recession has always followed—usually two to three quarters later.

This indicator turned decisively negative in Q3 2022, shifting it to the red column on our Scorecard. The latest reading, for April, indicated a further deepening of its negative message. It strongly suggests a U.S. recession will be underway sometime in Q2 or Q3 2023.

Unemployment claims

The monthly low for this cycle occurred in September. The cycle low for claims has typically been registered about 12 months before the start of the next recession. So, **if no lower reading is posted in the coming months, its history would suggest a recession could get underway this fall.**

Claims have recently bumped up above that September low, suggesting the smoothed trend may indeed be reversing from down to up. The fact that both temporary employment and job openings are falling on a year-over-year basis adds to our conviction that the tide is turning for unemployment claims. While we wait either for that shift to be confirmed or for claims to subside once again, this ambiguity warranted shifting the indicator's status to yellow last month.

Unemployment rate

The unemployment rate revisited a five-decade low of 3.4% in April after hitting the same mark in January. In our view, a move above 4.0% would signal a recession is on the way. Once that signal is given, on average, it has been eight to nine months from the lowest monthly reading until a recession gets underway—although there have been

U.S. RECESSION SCORECARD

several instances when the time gap was only two to three months.

Free cash flow of non-financial businesses

This gives an indication of the ability of such businesses, in aggregate, to internally fund any capital spending they want or need to do. Historically, whenever it has fallen below where it was a year earlier, a decline in corporate capital spending has typically followed, as has a recession. This number dipped slightly in Q4 2022 but remained elevated, and still appears some way from giving a negative signal. The Q1 reading won't be released until early June.

Fed funds rate vs. nominal GDP growth

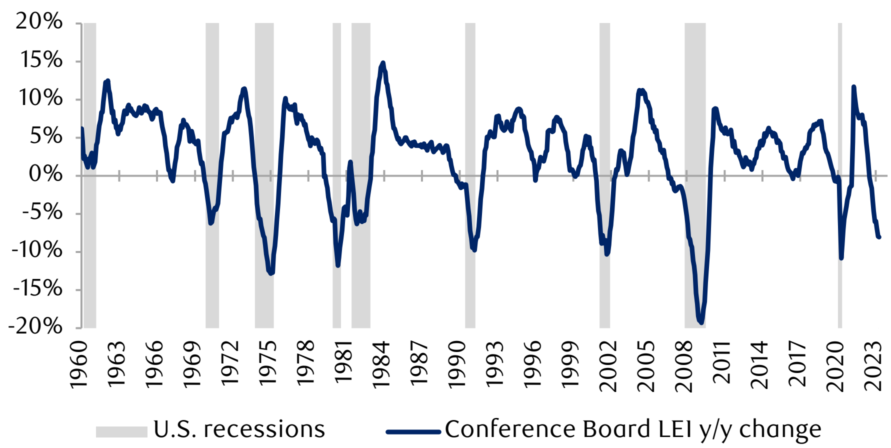
The federal funds rate has risen above the six-month annualized run rate of nominal GDP either before or at the very start of every recession in the last 70 years. (Nominal GDP is GDP not adjusted for inflation.) That run rate has been declining since peaking in Q2 2021. By Q4 2022, it was down to 7.2% but still well above the funds rate, which at the time had risen to 4%. Now the fed funds rate is up to 5.25% and Q1 GDP data shows the six-month run rate of nominal GDP growth slowing to just 6.0%. We expect nominal GDP to slow further, and by Q2 or Q3 of this year will likely fall to or below 5%, meeting that historical precondition of recession.

Given that the gap between the fed funds rate and the economic growth rate has narrowed to such a degree, and our view that a negative crossing point likely will be reached within the next few months, we shifted this indicator from green to yellow back in April.

Bottom Line

Weighing up the current positioning of all seven indicators, and projecting their likely paths over the next couple of quarters, continues to point to a growing probability the U.S. will enter a recession sometime late in the first half or in Q3 of 2023, in our view. However, absent some notable weakness in the employment data in the coming months, we think the start date could easily move out later into the second half of the year.

Conference Board Leading Economic Index year-over-year change

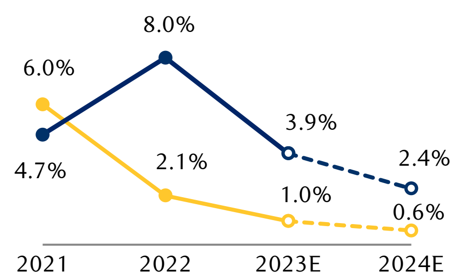


Source - RBC Wealth Management, Conference Board; monthly data through April 2023

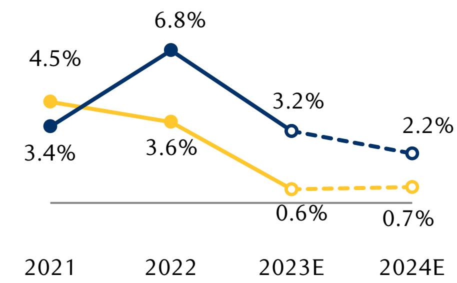
KEY

Forecasts

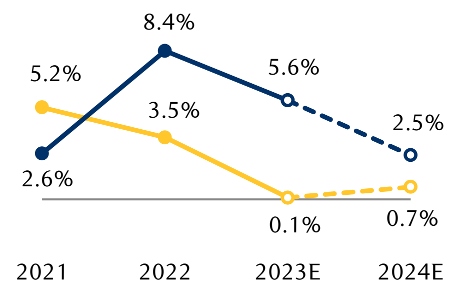
United States



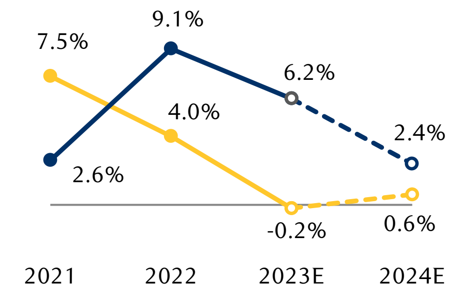
Canada



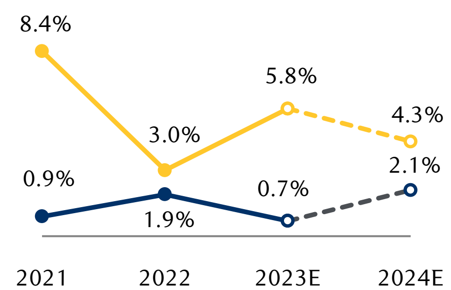
Eurozone



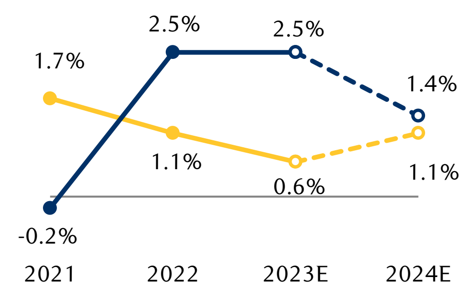
United Kingdom



China



Japan



Real GDP growth

Inflation rate

Source - RBC Investment Strategy Committee, RBC Capital Markets, Global Portfolio Advisory Committee, RBC Global Asset Management, Bloomberg consensus estimates

Market Scorecard

Data as of May 31, 2023

Equities

Global equity markets were mixed in May, but the Nasdaq continues to lead the way for the year after ending the month up 23.6% year to date.

Bond yields

Global bond yields advanced sharply in May except for German Bunds, which stood mostly unchanged.

Commodities

Global commodity prices fell across the board in May, led by a strong decline in oil.

Currencies

The greenback gained ground against most of the world's currencies as the US Dollar Index advanced 2.6% in May.

Index (local currency)	Level	1 month	YTD	12 month
S&P 500	4,179.83	0.2%	8.9%	1.2%
Dow Industrials (DJIA)	32,908.27	-3.5%	-0.7%	-0.2%
Nasdaq	12,935.29	5.8%	23.6%	7.1%
Russell 2000	1,749.65	-1.1%	-0.7%	-6.1%
S&P/TSX Comp	19,572.24	-5.2%	1.0%	-5.6%
FTSE All-Share	4,066.80	-5.1%	-0.2%	-3.2%
STOXX Europe 600	451.76	-3.2%	6.3%	1.9%
EURO STOXX 50	4,218.04	-3.2%	11.2%	11.3%
Hang Seng	18,234.27	-8.3%	-7.8%	-14.9%
Shanghai Comp	3,204.56	-3.6%	3.7%	0.6%
Nikkei 225	30,887.88	7.0%	18.4%	13.2%
India Sensex	62,622.24	2.5%	2.9%	12.7%
Singapore Straits Times	3,158.80	-3.4%	-2.8%	-2.3%
Brazil Ibovespa	108,335.07	3.7%	-1.3%	-2.7%
Mexican Bolsa IPC	52,736.26	-4.3%	8.8%	1.9%
Bond yields	**5/31/23**	**4/28/23**	**5/31/22**	**12 mo. chg**
U.S. 2-Yr Tsy	4.403%	4.006%	2.557%	1.85%
U.S. 10-Yr Tsy	3.643%	3.422%	2.844%	0.80%
Canada 2-Yr	4.218%	3.656%	2.662%	1.56%
Canada 10-Yr	3.187%	2.841%	2.891%	0.30%
UK 2-Yr	4.335%	3.785%	1.586%	2.75%
UK 10-Yr	4.183%	3.719%	2.101%	2.08%
Germany 2-Yr	2.719%	2.691%	0.503%	2.22%
Germany 10-Yr	2.282%	2.313%	1.122%	1.16%
Commodities (USD)	**Price**	**1 month**	**YTD**	**12 month**
Gold (spot $/oz)	1,962.73	-1.4%	7.6%	6.8%
Silver (spot $/oz)	23.49	-6.3%	-2.0%	9.0%
Copper ($/metric ton)	8,070.00	-5.9%	-3.5%	-14.6%
Oil (WTI spot/bbl)	68.09	-11.3%	-15.2%	-40.6%
Oil (Brent spot/bbl)	72.66	-8.6%	-15.4%	-40.8%
Natural Gas ($/mmBtu)	2.27	-6.0%	-49.4%	-72.2%
Agriculture Index	424.33	-2.7%	-9.8%	-24.0%
Currencies	**Rate**	**1 month**	**YTD**	**12 month**
U.S. Dollar Index	104.3260	2.6%	0.8%	2.5%
CAD/USD	0.7367	-0.2%	-0.1%	-6.8%
USD/CAD	1.3574	0.2%	0.1%	7.3%
EUR/USD	1.0689	-3.0%	-0.1%	-0.4%
GBP/USD	1.2441	-1.0%	3.0%	-1.3%
AUD/USD	0.6503	-1.7%	-4.6%	-9.4%
USD/JPY	139.3400	2.2%	6.3%	8.3%
EUR/JPY	148.9500	-0.7%	6.1%	7.8%
EUR/GBP	0.8592	-2.0%	-3.0%	0.9%
EUR/CHF	0.9734	-1.2%	-1.6%	-5.5%
USD/SGD	1.3516	1.3%	0.9%	-1.3%
USD/CNY	7.1085	2.8%	3.0%	6.5%
USD/MXN	17.6874	-1.7%	-9.3%	-10.0%
USD/BRL	5.0556	1.4%	-4.3%	6.8%

Equity returns do not include dividends, except for the Brazilian Ibovespa. Equity performance and bond yields in local currencies. U.S. Dollar Index measures USD vs. six major currencies. Currency rates reflect market convention (CAD/USD is the exception). Currency returns quoted in terms of the first currency in each pairing.

Examples of how to interpret currency data: CAD/USD 0.73 means 1 Canadian dollar will buy 0.73 U.S. dollar. CAD/USD -6.8% return means the Canadian dollar has fallen 6.8% vs. the U.S. dollar during the past 12 months. USD/JPY 139.34 means 1 U.S. dollar will buy 136.30 yen. USD/JPY 8.3% return means the U.S. dollar has risen 8.3% vs. the yen during the past 12 months.

Source - RBC Wealth Management, RBC Capital Markets, Bloomberg; data through 5/31/23

Research resources

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