

## How has inflation impacted fixed income?

On inflation, inflation has impacted all of us personally and it's impacted financial markets.

We've seen inflation move higher in US and Canada primarily related to food and energy prices.

What we see is a shift in inflation regime as we are moving away from a COVID-related inflation regime into a dominantly war-related inflation regime.

So what does the war-related inflation regime entail?

Well, it brings in supply chain disruptions. It's increased the cost of energy. Therefore, headline inflation has moved higher.

Our expectation is inflation to normalize as the year goes by, especially core inflation to normalize as some of the demand destruction from higher food prices and energy prices flow through the economy.

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## Intended for Canadian Advisors and Accredited Investors

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