

RBC Canadian Bond Index ETF Fund



Commentary as at June 30, 2024

Canadian bonds posted modest losses in the first half of 2024 as rising fixed-income yields linked to lingering concern about inflation pushed down bond prices. Worries that inflation would persist resulted in the Bank of Canada (the “BOC”) lowering its benchmark interest just once during a period marked by slowing economic growth, in contrast to the five reductions that had been expected at the start of the year. The drop in the BOC’s policy rate in June, to 4.75% from 5.00%, was the first rate cut since the pandemic, and reflected some comfort among policymakers that inflation would come down in the second half of 2024.

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