



## November 20, 2020

### InFocus

Positive COVID-19 vaccine developments boosted global markets. After Pfizer's announcement last week, Moderna added that its vaccine candidate was 94.5% effective, adding to optimism that the pandemic will soon be over. Encouraging data on the Oxford-AstraZeneca vaccine also supported investor sentiment.

The positive news on the vaccine front boosted investor confidence about a faster return to normal economic activity, sending crude oil prices higher, and safe-haven assets such as gold declined. In the U.S., however, rising COVID-19 cases and tightening restrictions led to declines toward the end of the week.

In fixed income markets, yields on the U.S. ten-year government bond declined, and bond prices rose accordingly.

Indexes	Close	Weekly	MTD	YTD
S&P/TSX	17,019.10	2.06%	9.23%	-0.26%
S&P500	3,557.54	-0.77%	8.79%	10.11%
NASDAQ	11,854.97	0.22%	8.65%	32.12%
DJIA	29,263.48	-0.73%	10.42%	2.54%
Russell 2000	1,785.34	2.37%	16.05%	7.00%
FTSE 100	6,351.45	0.56%	13.88%	-15.79%
Euro Stoxx 50	3,467.60	1.04%	17.22%	-7.41%
Nikkei 225	25,527.37	0.56%	11.10%	7.91%
Hang Seng	26,451.54	1.13%	9.72%	-6.17%
Shanghai Comp.	3,377.73	2.04%	4.75%	10.74%
MSCI ACWI	609.52	0.59%	10.62%	7.83%
MSCI EM	1,209.26	1.76%	9.59%	8.49%
MSCI ACWI ESG Leader	2,110.72	0.45%	10.07%	10.02%

Fixed income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,214.02	0.69%	0.80%	8.04%
BBG Global Agg.	549.80	0.71%	1.54%	7.45%
TSX Pref	1,568.91	0.86%	3.52%	2.02%

Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	0.65%	-7.5	-1.0	-104.9
10 yr U.S. Govt.	0.82%	-7.2	-4.9	-109.3
30 yr Canada Govt.	1.16%	-11.2	-8.8	-59.9
30 yr U.S. Govt.	1.52%	-12.7	-14.0	-87.0

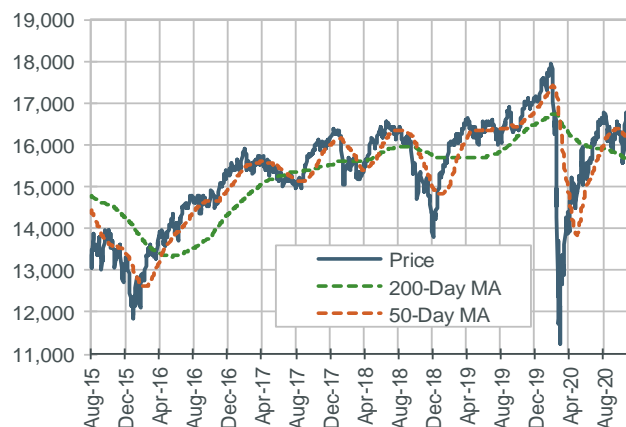
Commodities	Close	Weekly	MTD	YTD
Oil	42.42	5.00%	17.34%	-24.29%
Natural gas	2.65	-11.52%	-20.99%	1.81%
Gold	1,870.99	-0.96%	-0.42%	23.31%
Silver	24.18	-2.00%	2.19%	35.42%
Copper	331.00	3.92%	8.44%	16.94%

Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.7637	0.28%	1.72%	-0.79%
USD/EUR	0.8435	-0.17%	-1.76%	-5.43%
CAD/EUR	0.6440	0.12%	-0.08%	-6.20%
USD/JPY	103.8600	-0.74%	-0.76%	-4.37%
USD/CNY	6.5630	-0.66%	-1.92%	-5.75%
USD/MXN	20.1050	-1.48%	-5.06%	6.23%
GBP/CAD	1.7412	0.40%	0.95%	1.08%
GBP/USD	1.3275	0.65%	2.53%	0.14%

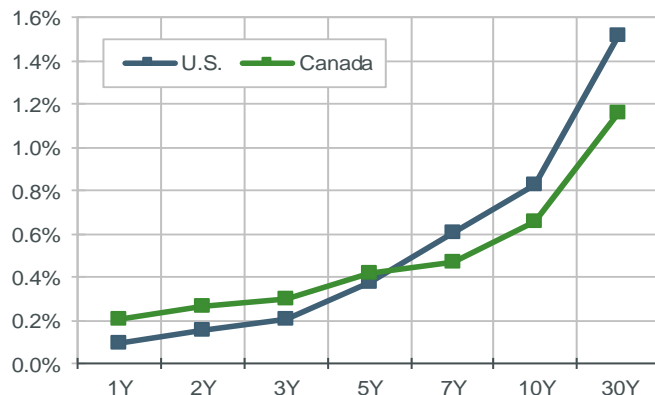
\* Please refer to Appendix for the above table in Canadian dollar terms.

### S&P/TSX Composite Index



Source: Bloomberg, Refinitiv DataStream. Index returns are in local currency. All equity indexes are price returns and do not include dividends.

### Treasury yield curves



Economic indicators	Period	Survey	Actual	Prior period
Canada CPI (YoY)	Oct	0.4%	0.7%	0.5%
Canada housing starts	Oct	221.0k	214.9k	209.0k
U.S. initial jobless claims	Nov 14	700k	742k	709k
U.S. MBA mortgage applications	Nov 13	-	-0.3%	-0.5%
U.S. retail sales advance (MoM)	Oct	0.5%	0.3%	1.6%
China retail sales (YoY)	Oct	5.0%	4.3%	3.3%

## Canada

Gains in the information technology sector lifted Canadian equities during the week. Higher oil prices prompted gains in the energy sector, while lower interest rates benefited stocks in the financials sector.

Among companies in the news, Shopify, the e-commerce company, gained after it announced a partnership with Alipay, the Asian digital payment platform.

In economic news, Canadian retail sales jumped above expectations.

## U.S.

U.S. equities finished lower for the week. U.S. markets started the week on a positive note, but gave back early gains toward the end of the week over concerns about rising COVID-19 infections and ensuing shutdowns.

Pandemic worries hurt risk appetite: investors eyed local shutdowns and the prospect of layoffs as state and local governments confront a budget crunch. The declines came despite more good news from Pfizer and BioNTech on their vaccine clinical trials and word that they would ask the Food and Drug Administration to grant quick use of the vaccine. Moderna also joined Pfizer in reporting encouraging results in its vaccine trials.

Investors also reacted badly to news that New York City public schools would shut on Thursday, and a warning from New York Governor Andrew Cuomo that New York City might resume its lockdown, while cases soared in western New York.

At a sector level, utilities and health care led the declines, while energy stocks gained the most. The technology-heavy NASDAQ Composite Index held up well. Among companies, Tesla advanced on an analyst upgrade after news it would be listed on the S&P 500 Index.

In economic data, U.S. housing starts jumped 4.9% in October to a much higher-than-expected annual rate of 1.530 million. Existing home sales soared 4.3% in October to a 6.850 million annual rate. Meanwhile, initial jobless claims jumped an unexpected 31,000 to 742,000 in the November 14 week; nevertheless, that was the second-lowest level of the pandemic.

## Rest of the world

All major markets in Europe gained during the week on positive vaccine news.

In Asia, regional investor sentiment was supported by the signing over the weekend of the Regional Comprehensive Economic Partnership, a major trade agreement that includes China, Japan, the ASEAN countries, Australia, South Korea and New Zealand.

## Looking ahead

Economic indicators	Period	Survey	Prior period
U.S. initial jobless claims	Nov 21	733k	742k
U.S. MBA mortgage applications	Nov 20	-	-0.3%
U.S. quarterly GDP annualized (QoQ)	Q3	33.1%	33.1%
U.S. durable goods orders	Oct	0.9%	1.9%
Markit US manufacturing PMI	Nov	53.0	53.4
Germany IFO business climate	Nov	90.2	92.7

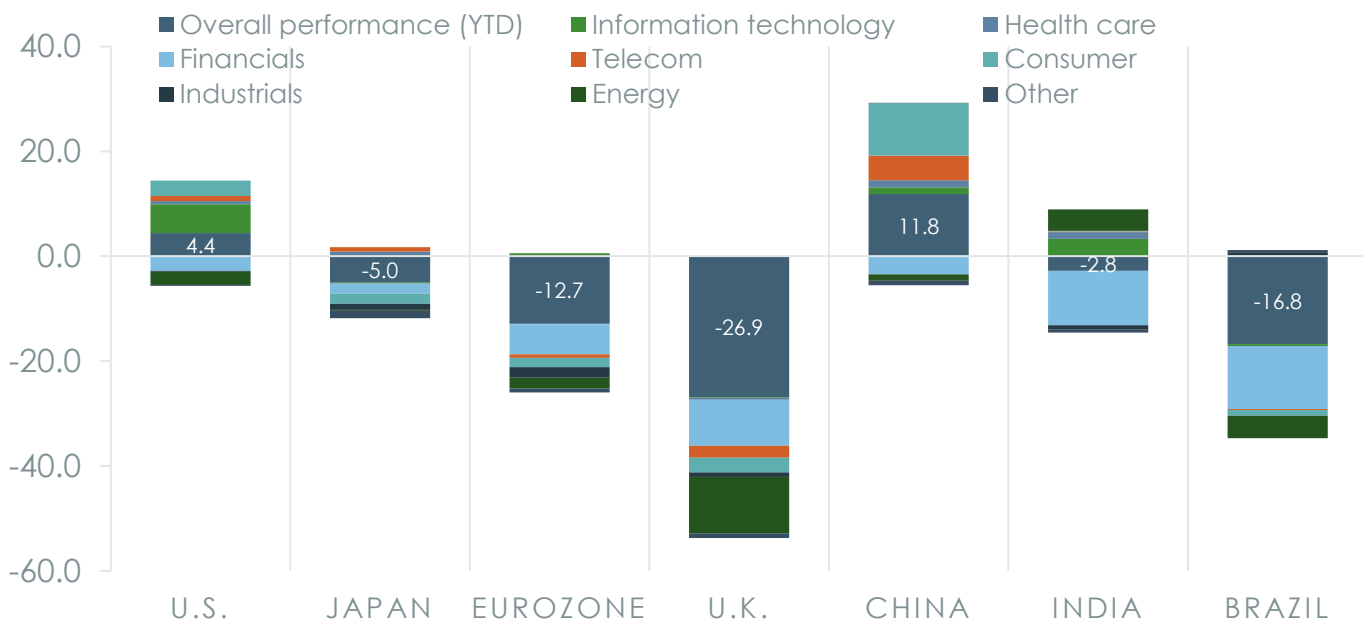
Central bank meetings			
Central banks	Date	Probability of change	Current rate
Bank of Canada	9-Dec-20	0.0%	0.25%
European Central Bank	10-Dec-20	-5.4%	0.00%
Federal Open Market Committee	17-Dec-20	-3.3%	0.25%
Bank of England	17-Dec-20	-2.0%	0.10%
Bank of Japan	18-Dec-20	-10.2%	-0.10%

Source: Bloomberg. Probability of change implies the possibility of a central bank hiking interest rates during their upcoming meeting. A negative number in this case means chances of a rate cut rather than a hike.

## Spotlight

### Stock market performance in 2020: Sectoral contributions

The chart below shows the sector contribution of global markets. Countries and regions with a higher share of less contact-intensive sectors (such as information technology and telecommunication services) have done better, while energy and financials stocks have been a drag on stock market performance. While energy declined due to falling oil prices, financials were hurt by both weakening economic activity and falling interest rates, which reduce profitability.



Source: Bloomberg, DataStream Refinitiv, IMF, All Country indices are the local currency indices

## Appendix

Global markets (Returns in Canadian dollar terms)

Indexes	Close	Weekly	MTD	YTD
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Oil	55.55	4.71%	15.36%	-23.69%
Natural gas	3.47	-11.76%	-22.32%	2.62%
Gold	2,450.18	-1.28%	-2.11%	24.31%
Silver	31.65	-2.31%	0.44%	36.45%
Copper	433.42	3.64%	6.60%	17.87%
Currencies	Close	Weekly	MTD	YTD
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