



November 6, 2020

## InFocus

Global equities gained on expectations of government stimulus and strong industrial purchasing managers data in the U.S., coupled with an upbeat purchasing managers index in Europe and positive corporate results that bolstered risk appetite.

Closer-than-expected U.S. election results contributed to some uncertainty, driving gains for large-cap, growth and quality companies as investors moderated their expectations of a pickup in growth and a big fiscal stimulus package. For some investors, the prospect of a split government also suggested there will be limited changes to existing tax policy, including the low corporate taxes and low capital gains tax rates.

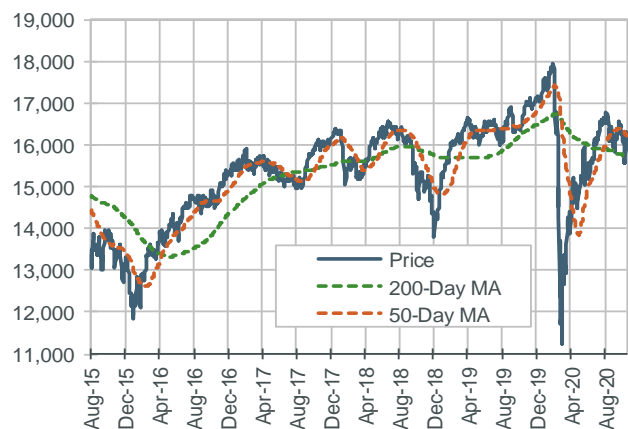
Corporate earnings were mixed, with companies such as Qualcomm, Société Générale, Ferrari and BNP Paribas among prominent companies beating expectations in the U.S. and in Europe.

U.S. Treasury bond yields declined and bond prices increased. Treasury yields declined sharply on Wednesday, when markets discounted expectations of a large fiscal stimulus.

Indexes	Close	Weekly	MTD	YTD
S&P/TSX	16,282.83	4.51%	4.51%	-4.57%
S&P500	3,509.44	7.32%	7.32%	8.63%
NASDAQ	11,895.23	9.01%	9.01%	32.57%
DJIA	28,323.40	6.87%	6.87%	-0.75%
Russell 2000	1,644.16	6.87%	6.87%	-1.46%
FTSE 100	5,910.02	5.97%	5.97%	-21.64%
Euro Stoxx 50	3,204.05	8.31%	8.31%	-14.45%
Nikkei 225	24,325.23	5.87%	5.87%	2.83%
Hang Seng	25,712.97	6.66%	6.66%	-8.79%
Shanghai Comp.	3,312.16	2.72%	2.72%	8.59%
MSCI ACWI	592.76	7.58%	7.58%	4.87%
MSCI EM	1,176.36	6.61%	6.61%	5.54%
MSCI ACWI ESG Leader	2,059.76	7.42%	7.42%	7.36%
Fixed income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,208.69	0.36%	0.36%	7.57%
BBG Global Agg.	548.50	1.30%	1.30%	7.20%
TSX Pref	1,530.08	0.96%	0.96%	-0.51%
Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	0.65%	-1.8	-1.8	-105.7
10 yr U.S. Govt.	0.82%	-5.5	-5.5	-109.9
30 yr Canada Govt.	1.23%	-2.7	-2.7	-53.8
30 yr U.S. Govt.	1.60%	-6.0	-6.0	-79.0
Commodities	Close	Weekly	MTD	YTD
Oil	37.14	3.77%	3.77%	-34.20%
Natural gas	2.89	-13.89%	-13.89%	10.95%
Gold	1,951.35	3.86%	3.86%	28.61%
Silver	25.61	8.27%	8.27%	43.47%
Copper	315.40	3.49%	3.49%	11.63%
Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.7662	2.05%	2.05%	-0.47%
USD/EUR	0.8422	-1.91%	-1.91%	-5.57%
CAD/EUR	0.6453	0.12%	0.12%	-6.02%
USD/JPY	103.3500	-1.25%	-1.25%	-4.84%
USD/CNY	6.6124	-1.18%	-1.18%	-5.04%
USD/MXN	20.6008	-2.72%	-2.72%	8.85%
GBP/CAD	1.7172	-0.44%	-0.44%	-0.31%
GBP/USD	1.3156	1.61%	1.61%	-0.76%

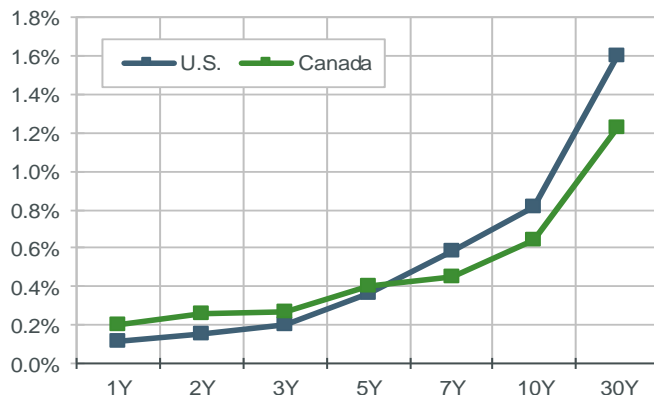
\* Please refer to Appendix for the above table in Canadian dollar terms.

## 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 unemployment rate	Oct	9.0%	8.9%	9.0%
Markit Canada manufacturing PMI	Oct	-	55.5	56.0
U.S. initial jobless claims	Oct 31	735k	751k	758k
U.S. ISM manufacturing	Oct	56.0	59.3	55.4
U.S. durable goods orders	Sep	1.9%	1.9%	1.9%
China Caixin manufacturing PMI	Oct	52.8	53.6	53.0

## Canada

Canadian equities followed global market cues, with information technology and consumer staples rising strongly. The health care sector surged, mainly due to a rise in cannabis-related stocks.

On Friday, fresh data showed Canadian job creation slowed in October to the weakest pace during the economic recovery, but still exhibited resilience outside of industries that had been targeted by new COVID-19 restrictions.

## U.S.

A strong industrial purchasing managers index and hopes that a new government would announce a fiscal stimulus package gave a solid start to U.S. equities for the week. Momentum continued to drive the markets for the rest of the week, bolstered by positive corporate earnings. However, by mid-week, reports of a narrower election results and the probability of divided legislature saw investors preferring large-cap growth companies. Smaller companies lagged on expectations of slower growth. The week ended with some profit taking and disappointing earnings.

Among companies in the news, cleaning products company Clorox beat earnings expectations, as did Camping World, a recreational vehicle maker. Among heavy industrial companies, Ingersoll-Rand, Emerson Electric, and Eaton Corp. beat expectations for earnings and revenues. Biogen rallied after positive FDA action on the biotech's Alzheimer's treatment. Less positively, video game company Electronic Arts missed earnings expectations and outlined weaker guidance.

The week's economic data seemed supportive: the U.S. jobs report was better than expected in

October, led by a 638,000 rise in non-farm payrolls that beat expectations of 575,000. The unemployment rate also did better than expected, falling a full percentage point to 6.9%. The ISM manufacturing index was exceptionally strong in October, at 59.3, well above expectations. New orders led the report, surging nearly eight points, to 67.9, for a fourth straight month above 60.

## Rest of the world

European shares gave back some of the week's gains on Friday, when COVID-19 worries came back into focus. However, the week ended with solid gains, thanks to positive corporate earnings, new U.K. stimulus and U.S. stock gains. A more aggressive-than-expected easing from the Bank of England gave markets a boost, along with an extension in the U.K. worker furlough scheme.

Among companies reporting earnings, Société Générale rose; the large French bank significantly exceeded earnings expectations and reported more normal market conditions. ProSiebenSat, the German media business, advanced on a positive earnings surprise. Siemens Gamesa, the wind power leader, gained after topping earnings expectations.

Japanese equities, as measured by the Nikkei 225 index, reached fresh highs on some positive data and hopes of a recovery in global economic activity. Other Asian markets, including China, gained on positive global cues. In Australia, the central bank reduced interest rates. Officials now expect Australia's economy will contract less in the second half of 2020 than previously forecast, and expand in the first half of 2021 at a slightly faster pace.

## Looking ahead

Economic indicators	Period	Survey	Prior period
Canada manufacturing sales MoM	Sep	-	-2.0%
U.S. initial jobless claims	Nov 7	730k	751k
U.S. Uni of Michigan consumer sentiment	Nov	81.8	81.8
U.S. MBA mortgage applications	Nov 6	-	3.8%
U.S. PPI final demand MoM	Oct	0.2%	0.4%
China industrial production YoY	Oct	6.7%	6.9%

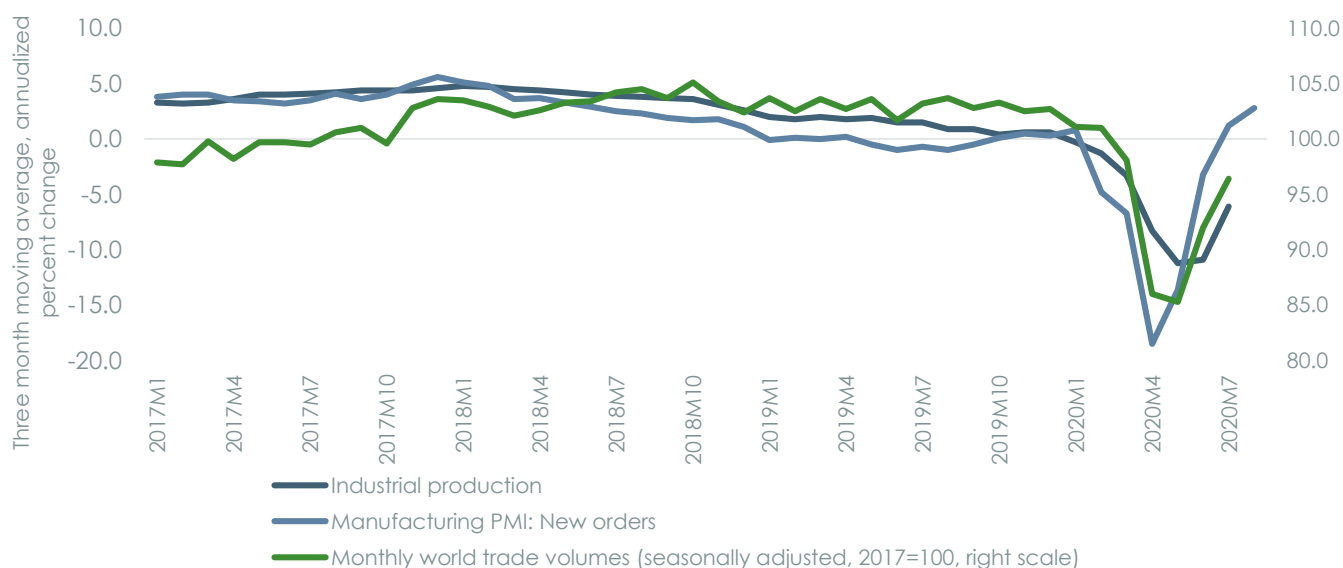
Central bank meetings			
Central banks	Date	Probability of change	Current rate
Bank of Canada	9-Dec-20	0.8%	0.25%
European Central Bank	10-Dec-20	-24.4%	0.00%
Federal Open Market Committee	17-Dec-20	-7.8%	0.25%
Bank of England	17-Dec-20	-3.2%	0.10%
Bank of Japan	18-Dec-20	-11.0%	-0.10%

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

### Global trade and industrial activity recovered

As global economic lockdowns eased in July, global trade and industrial activity staged a quick recovery, helped mainly by an earlier end to the lockdowns in China. In many parts of the global economy, growth appears to be gathering pace; however, a second wave of COVID-19 infections, with Europe and the U.S. reporting higher numbers of cases, appears to threaten this nascent recovery. As a result, with 2020 coming to a close, the outlook for the global economy remains uncertain. Investors may need to remain selective in their investment approach.



Source: IMF Global Financial Stability Report, Fidelity Investments Canada ULC, as at October, 2020. PMI = purchasing managers' index.

## Appendix

Global markets (Returns in Canadian dollar terms)

Indexes	Close	Weekly	MTD	YTD
S&P/TSX	16,282.83	4.51%	4.51%	-4.57%
S&P500	3,509.44	4.85%	4.85%	9.08%
NASDAQ	11,895.23	6.51%	6.51%	33.12%
DJIA	28,323.40	4.41%	4.41%	-0.34%
Russell 2000	1,644.16	4.41%	4.41%	-1.05%
FTSE 100	5,910.02	5.22%	5.22%	-21.96%
Euro Stoxx 50	3,204.05	7.95%	7.95%	-9.10%
Nikkei 225	24,325.23	4.80%	4.80%	8.17%
Hang Seng	25,712.97	4.21%	4.21%	-7.99%
Shanghai Comp.	3,312.16	1.58%	1.58%	14.85%
MSCI ACWI	592.76	5.10%	5.10%	5.30%
MSCI EM	1,176.36	4.15%	4.15%	5.97%
MSCI ACWI ESG Leaders	2,059.76	4.95%	4.95%	7.81%
Fixed income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,208.69	0.36%	0.36%	7.57%
BBG Global Agg.	548.50	-0.74%	-0.74%	7.70%
TSX Pref	1,530.08	0.96%	0.96%	-0.51%
Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	0.65%	-1.8	-1.8	-105.7
10 yr U.S. Govt.	0.82%	-5.5	-5.5	-109.9
30 yr Canada Govt.	1.23%	-2.7	-2.7	-53.8
30 yr U.S. Govt.	1.60%	-6.0	-6.0	-79.0
Commodities	Close	Weekly	MTD	YTD
Oil	48.47	1.69%	1.69%	-33.89%
Natural gas	3.77	-15.62%	-15.62%	11.47%
Gold	2,546.16	1.72%	1.72%	29.17%
Silver	33.44	6.12%	6.12%	44.17%
Copper	411.64	1.41%	1.41%	12.15%
Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.7662	2.05%	2.05%	-0.47%
USD/EUR	0.8422	-1.91%	-1.91%	-5.57%
CAD/EUR	0.6453	0.12%	0.12%	-6.02%
USD/JPY	103.3500	-1.25%	-1.25%	-4.84%
USD/CNY	6.6124	-1.18%	-1.18%	-5.04%
USD/MXN	20.6008	-2.72%	-2.72%	8.85%
GBP/CAD	1.7172	-0.44%	-0.44%	-0.31%
GBP/USD	1.3156	1.61%	1.61%	-0.76%

Source : Bloomberg, Refinitiv DataStream.

All equity indexes returns are price returns and do not include dividends.



Views expressed regarding a particular company, security, industry or market sector are the views only of that individual as of the time expressed and do not necessarily represent the views of Fidelity or any other person in the Fidelity organization. Such views are subject to change at any time, based upon markets and other conditions, and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity Fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity Fund.

Certain statements in this commentary may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest, and assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable and, accordingly, may prove to be incorrect at a future date. FLS are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any FLS. A number of important factors can contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition and catastrophic events. You should avoid placing any undue reliance on FLS. Further, there is no specific intention of updating any FLS, whether as a result of new information, future events or otherwise.