

# WEEK IN REVIEW



April 01, 2021

## InFocus

Global equities gained over the holiday-shortened week, with the S&P 500 Index crossing the 4,000-point mark for the first time ever on Thursday. Among the highlights: consumer confidence increased to its highest level since the onset of the pandemic, and manufacturing activity expanded in March at the fastest pace since 1983.

What stole the spotlight was President Joe Biden's infrastructure proposal, which has the potential to shape the fiscal and tax environment for years to come. Biden's American Jobs Plan proposes \$2.25 trillion in new spending over eight years on infrastructure, manufacturing, research and development, and clean energy, among other things. This is likely the first component of a two-part recovery package that could approach \$4 trillion, with the second part focusing on social spending, such as universal pre-kindergarten and national child care.

In fixed income, jobless claims data seemed to drive a decline in the yield on the benchmark ten-year U.S. Treasury note at the end of the trading week.

Indexes	Close	Weekly	MTD	YTD
S&P/TSX	18,990.32	1.27%	1.55%	8.93%
S&P500	4,019.87	1.14%	1.18%	7.02%
NASDAQ	13,480.11	2.60%	1.76%	4.59%
DJIA	33,153.21	0.24%	0.52%	8.32%
Russell 2000	2,253.90	1.46%	1.50%	14.13%
FTSE 100	6,737.30	-0.05%	0.35%	4.28%
Euro Stoxx 50	3,945.96	2.05%	0.68%	11.07%
Nikkei 225	29,854.00	2.32%	2.31%	8.78%
Hang Seng	28,938.74	2.13%	1.97%	6.27%
Shanghai Comp.	3,484.39	1.93%	1.23%	0.33%
MSCI ACWI	681.03	1.14%	1.15%	5.38%
MSCI EM	1,338.23	2.35%	1.66%	3.64%
MSCI ACWI ESG Leaders	2,373.38	1.27%	1.22%	6.64%

Fixed Income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,161.73	0.07%	0.17%	-4.87%
BBG Global Agg.	534.29	-0.35%	0.09%	-4.37%
TSX Pref	1,772.61	-0.17%	-0.25%	8.57%

Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	1.51%	0.9	-4.8	83.3
10 yr U.S. Govt.	1.72%	4.6	-1.9	80.8
30 yr Canada Govt.	1.95%	-0.7	-3.5	73.6
30 yr U.S. Govt.	2.36%	-2.2	-5.4	71.2

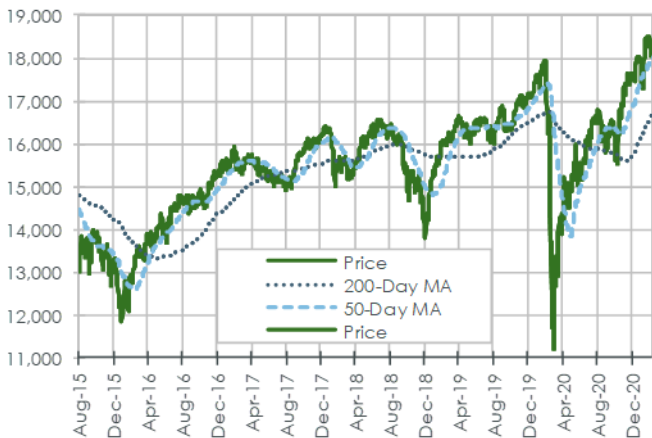
Commodities	Close	Weekly	MTD	YTD
Oil	61.45	0.79%	3.87%	26.21%
Natural gas	2.64	0.76%	1.19%	3.29%
Gold	1,728.87	-0.21%	1.24%	-8.93%
Silver	25.01	-0.20%	2.43%	-5.27%
Copper	399.05	-1.91%	-0.13%	13.24%

Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.7952	0.00%	-0.11%	1.26%
USD/EUR	0.8504	0.29%	-0.25%	3.88%
CAD/EUR	0.6763	0.31%	-0.34%	5.20%
USD/JPY	110.6900	0.96%	-0.03%	7.21%
USD/CNY	6.5670	0.40%	0.22%	0.61%
USD/MXN	20.3109	-1.32%	-0.60%	1.99%
GBP/CAD	1.7406	0.30%	0.53%	-0.09%
GBP/USD	1.3832	0.31%	0.36%	1.19%

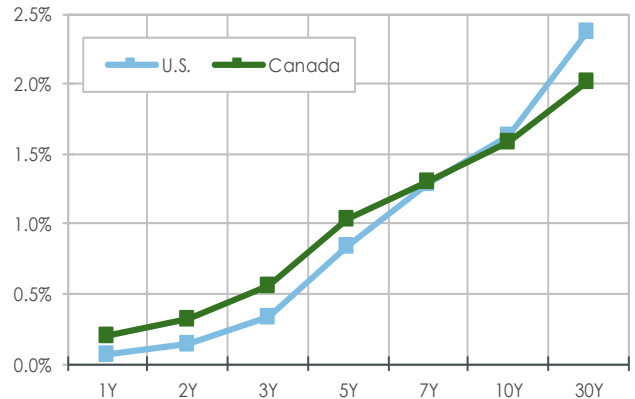
\* Please refer to Appendix for the above table in Canadian dollar terms.

## 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
Markit Canada manufacturing PMI	March	-	58.5	54.8
U.S. ISM manufacturing index	March	61.4	64.7	60.8
U.S. change in non-farm payrolls	March	660k	916k	468k
U.S. initial jobless claims	27-Mar	675k	719k	658k
U.S. unemployment rate	March	6.0%	6.0%	6.2%
Markit U.S. manufacturing PMI	March	59.1	59.1	59.0

## Canada

Canadian equities gained following global market cues, with the information technology sector rising strongly. The sector advanced after shares of commerce giant Shopify Inc. gained. The stock had declined almost 30% from its February peak. In contrast, the communication services and financials sectors declined.

Statistics Canada reported that the Canadian economy grew 0.7% in January, compared with a gain of 0.1% in December. The growth also topped the agency's preliminary estimate of 0.5%. It was the ninth consecutive monthly increase since the plunge in the economy last year at the start of the pandemic in March and April.

## U.S.

U.S. equities gained over the week, largely driven by President Joe Biden's infrastructure plan, which he unveiled on Wednesday. President Biden introduced a US\$2.25 trillion bill that would vastly increase spending on internet and transportation infrastructure, as well as research and development.

The week's economic data also appeared largely supportive of markets. On Tuesday, The Conference Board announced that in March its index of consumer confidence had registered its biggest gain in nearly 18 years, while its gauge of

consumer expectations had reached its best level since the summer of 2019. Regional manufacturing indexes also surprised strongly on the upside, and the Institute for Supply Management's gauge of factory activity hit its highest level since December 1983.

## Rest of the world

European shares rose to near-record highs in a shortened trading week on optimism about a speedy economic recovery. Expectations of U.S. infrastructure spending helped alleviate concerns about a longer-than-anticipated lockdown on the continent.

French President Emmanuel Macron decreed a third nationwide lockdown that will last a month, to curb a jump in coronavirus infections across the country. Inflation in the 19 countries of the eurozone quickened in March to 1.3%, from 0.9% in February, on higher energy and non-processed food prices, according to an official flash estimate.

Chinese equities were strong ahead of a long weekend, with sentiment buoyed by the news of an additional tax reduction of 550 billion renminbi to consolidate the economic recovery, strong purchasing manager's index data for March and the better tone of U.S. and global markets.

## Looking ahead

Economic indicators	Period	Survey	Prior period
Canada unemployment rate	Mar	8.0%	8.2%
Markit Canada manufacturing PMI	Oct	-	56.0
U.S. initial jobless claims	Apr 3	690k	719k
U.S. ISM service	Mar	59.0	55.3
U.S. durable goods orders	Feb	-1.1%	-1.1%
China CPI YoY	Mar	0.3%	-0.2%

### Central bank meetings

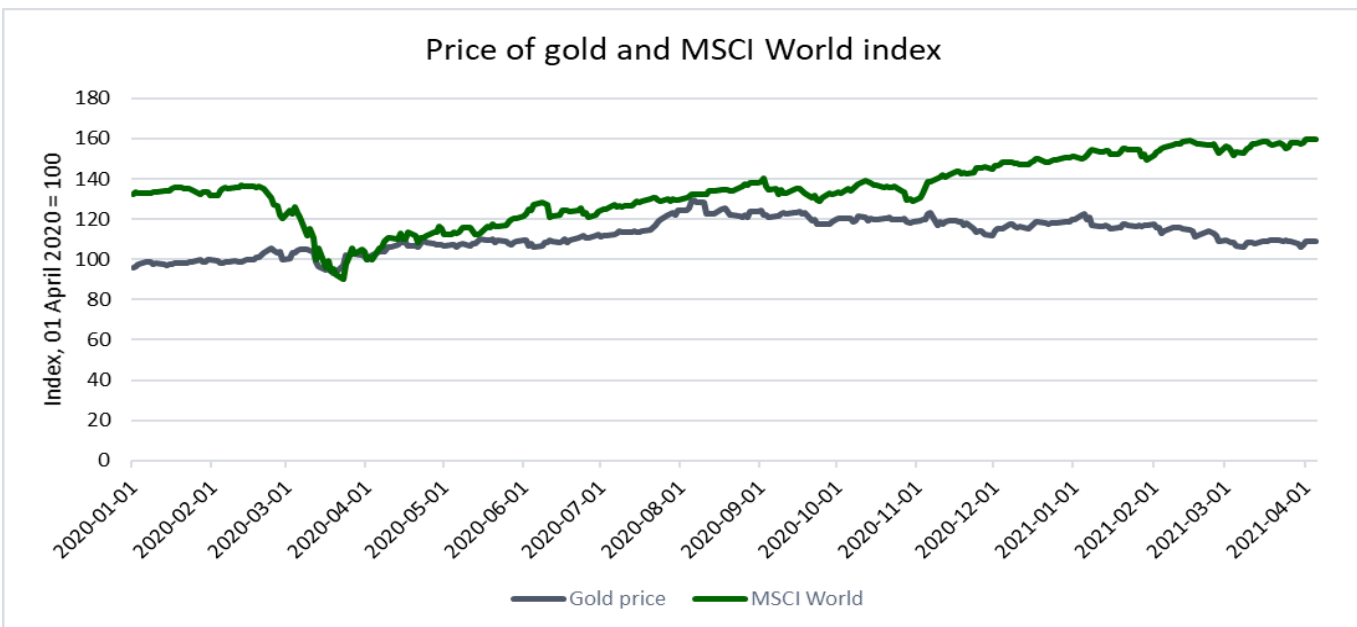
Central banks	Date	Probability of change	Current rate
Bank of Canada	21-Apr-21	14.8%	0.25%
European Central Bank	22-Apr-21	-1.8%	0.00%
Bank of Japan	27-Apr-21	-6.1%	-0.10%
Federal Open Market Committee	28-Apr-21	1.6%	0.25%
Bank of England	6-May-21	0.0%	0.10%

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

### Price of gold

As the global economic outlook improves due to accelerated vaccination rate and economic recoveries, the price of gold has fallen more than 10% since the start of the year. Investors are more bullish, shifting their investment positions from safe havens to more cyclical value stocks, in turn spurring the MSCI World Index to jump 50% year-on-year.



Source: Fidelity International, Refinitiv, 01 April 2021.

## Appendix

### Global markets (Returns in Canadian dollar terms)

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30 yr Canada Govt.	1.95	-0.7	-3.5	73.6
30 yr U.S. Govt.	2.36	-2.2	-5.4	71.2
Commodities	Close	Weekly	MTD	YTD
Oil	77.28	0.79%	3.99%	24.64%
Natural gas	3.32	0.76%	1.30%	2.00%
Gold	2,174.09	-0.23%	1.35%	-10.02%
Silver	31.45	-0.20%	2.55%	-6.46%
Copper	501.82	-1.91%	-0.01%	11.83%
Currencies	Close	Weekly	MTD	YTD
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