



September 10, 2021

In focus

Global equities retreated over the week as concerns about economic growth and inflation worries continued to weigh on sentiment. The markets continue to grapple with when the Federal Reserve (the Fed) will begin to taper off its monthly asset purchases, because inflation has been running hot and employment data have been mixed.

Nervousness regarding the delta variant and Fed tapering persisted; investors also digested another hotter-than-expected reading on wholesale price inflation, which comes amid supply-chain issues.

The U.S. Labor Department reported that producer prices rose 0.7% in August, a slowdown from July's 1.0% gain, but above consensus expectations for a 0.6% increase. The tight labour market signalled further profit margin challenges for firms.

Europe closed the week mostly lower, while markets in Asia were higher. Treasuries were lower, putting upward pressure on yields, and the U.S. dollar nudged up, while gold lost ground and crude oil prices rose.

| Indexes | Close | Weekly | MTD | YTD |
|-----------------------|-----------|--------|--------|--------|
| S&P/TSX | 20,633.06 | -0.90% | 0.24% | 18.35% |
| S&P500 | 4,458.58 | -1.69% | -1.42% | 18.70% |
| NASDAQ | 15,115.49 | -1.61% | -0.94% | 17.28% |
| DJIA | 34,607.72 | -2.15% | -2.13% | 13.07% |
| Russell 2000 | 2,227.55 | -2.81% | -2.03% | 12.80% |
| FTSE 100 | 7,029.20 | -1.53% | -1.27% | 8.80% |
| Euro Stoxx 50 | 4,170.35 | -0.75% | -0.62% | 17.39% |
| Nikkei 225 | 30,008.19 | 3.02% | 6.83% | 9.34% |
| Hang Seng | 26,205.91 | 1.17% | 1.26% | -3.76% |
| Shanghai Comp. | 3,703.11 | 3.39% | 4.49% | 6.62% |
| MSCI ACWI | 737.28 | -1.23% | -0.54% | 14.08% |
| MSCI EM | 1,308.94 | -0.53% | 0.02% | 1.37% |
| MSCI ACWI ESG Leaders | 2,595.55 | -1.14% | -0.52% | 16.63% |

| Fixed income | Close | Weekly | MTD | YTD |
|------------------|----------|--------|--------|--------|
| FTSE Canada Uni. | 1,189.62 | -0.43% | 0.00% | -2.59% |
| BBG Global Agg. | 545.87 | -0.22% | 0.03% | -2.30% |
| TSX Pref | 1,893.80 | -0.12% | -0.38% | 15.99% |

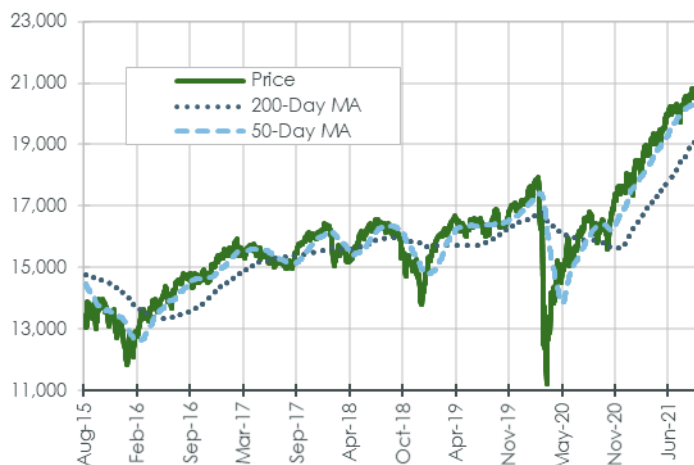
| Bond yields | Close | bps chg Weekly | bps chg MTD | bps chg YTD |
|--------------------|-------|----------------|-------------|-------------|
| 10 yr Canada Govt. | 1.24% | 4.9 | 2.2 | 56.1 |
| 10 yr U.S. Govt. | 1.34% | 1.9 | 3.2 | 42.8 |
| 30 yr Canada Govt. | 1.80% | 5.2 | 2.6 | 59.0 |
| 30 yr U.S. Govt. | 1.93% | -0.8 | 0.1 | 28.9 |

| Commodities | Close | Weekly | MTD | YTD |
|-------------|----------|--------|--------|---------|
| Oil | 69.72 | 0.62% | 1.78% | 45.22% |
| Natural gas | 4.94 | 4.80% | 12.82% | 80.15% |
| Gold | 1,787.58 | -2.20% | -1.44% | -5.84% |
| Silver | 23.74 | -3.93% | -0.63% | -10.07% |
| Copper | 445.20 | 2.72% | 1.76% | 26.33% |

| Currencies | Close | Weekly | MTD | YTD |
|------------|----------|--------|--------|--------|
| CAD/USD | 0.7880 | -1.30% | -0.59% | 0.34% |
| USD/EUR | 0.8467 | 0.58% | -0.01% | 3.43% |
| CAD/EUR | 0.6672 | -0.74% | -0.60% | 3.78% |
| USD/JPY | 109.9400 | 0.21% | -0.07% | 6.48% |
| USD/CNY | 6.4443 | -0.17% | -0.25% | -1.27% |
| USD/MXN | 19.8919 | -0.18% | -0.90% | -0.11% |
| GBP/CAD | 1.7571 | 1.20% | 1.26% | 0.86% |
| GBP/USD | 1.3839 | -0.23% | 0.61% | 1.24% |

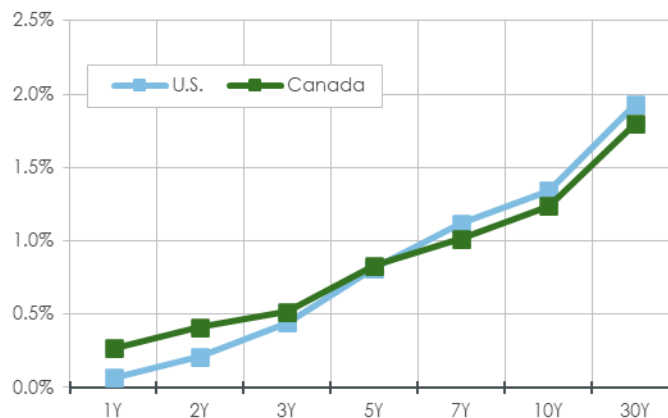
* Please refer to Appendix for the above table in Canadian dollar terms.

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 |
|--------------------------------|--------|--------|--------|--------------|
| Bank of Canada rate decision | 8-Sep | 0.25% | 0.25% | 0.25% |
| Canada unemployment rate | Aug | 7.3% | 7.1% | 7.5% |
| U.S. initial jobless claims | 4-Sep | 335k | 310k | 345k |
| U.S. MBA mortgage applications | 3-Sep | - | -1.9% | -2.4% |
| ECB main refinancing rate | 9-Sep | 0.0% | 0.0% | 0.0% |
| China CPI YoY | Aug | 1.0% | 0.8% | 1.0% |

Canada

Canadian equities declined over the week, in line with global equities. The health care and materials sectors were the main laggards, while the energy sector gained modestly.

Canada's economy added 90,200 jobs in August, a third consecutive monthly increase that brought the country as close as it has been to recouping last year's historic employment losses. The unemployment rate fell to 7.1% for the month, compared with 7.5% in July, bringing the rate to the lowest level since the onset of the pandemic last year.

U.S.

U.S. equities retreated over the shortened trading week. The small real estate sector led the declines in the S&P 500 Index as longer-term interest rates increased, while consumer staples and utilities stocks held up best.

Significantly lower-than-expected August payroll numbers last week seemed to linger in the minds of investors and exacerbate worries that the delta variant of the coronavirus was slowing the economic rebound.

On Thursday afternoon, President Joe Biden announced that all large employers must require workers to either be vaccinated or submit to weekly testing, while vaccination would be mandatory for federal workers and contractors. While evidence continued to emerge that the latest coronavirus wave was peaking, health officials warned that the return to school and Labour Day social gatherings might derail progress.

In economic news, the Labor Department reported that producer prices rose 0.7% in August, a slowdown from July's 1.0% gain, but above consensus expectations for a 0.6% increase. The tight labour market signalled further profit margin challenges for firms. According to the Job Openings and Labor

Turnover Survey (JOLTS) data released Wednesday, a record 10.93 million positions were waiting to be filled in July, almost one million more than consensus estimates. Weekly jobless claims also fell more than forecast to a new pandemic-era low of 310,000.

Rest of the world

Shares in Europe weakened amid uncertainty about the economic outlook, the continuing coronavirus pandemic and central bank policy.

Core eurozone bond yields ended slightly higher, paring earlier gains, after European Central Bank (ECB) President Christine Lagarde said the decision by the central bank to trim its emergency bond purchases was not tapering.

The ECB also raised its forecast for 2021 economic growth to 5.0%, from 4.6%, and its inflation projection to 2.2%, from 1.9%. The central bank's projections showed inflation peaking at 3.1% in the fourth quarter and then slowing to 1.7% in 2022 and 1.5% in 2023.

Chinese stocks rose for the third straight week. Strong trade data, as well as an unexpected yet reportedly candid phone conversation between the U.S. and Chinese presidents, lifted investor sentiment.

China's merchandise exports in August increased 25.6% over a year earlier, while imports climbed 33.1%, according to the country's statistics office. The trade data beat forecasts, despite renewed lockdowns across the country following a recent outbreak of the delta coronavirus, which led to a two-week closure of a key container port in the southern city of Ningbo in August. China's monthly trade surplus rose to US\$58.34 billion in August, up from July's US\$56.58 billion.

Looking Ahead

| Economic indicators | Period | Survey | Prior period |
|---------------------------------|--------|--------|--------------|
| Canada CPI YoY | Aug | 3.9% | 3.7% |
| Canada manufacturing sales MoM | Jul | -1.0% | 2.1% |
| U.S. initial jobless claims | 11-Sep | 320k | 310k |
| U.S. MBA mortgage applications | 10-Sep | - | -1.9% |
| U.S. CPI YoY | Aug | 5.3% | 5.4% |
| China industrial production YoY | Aug | 5.8% | 6.4% |

Central bank meetings

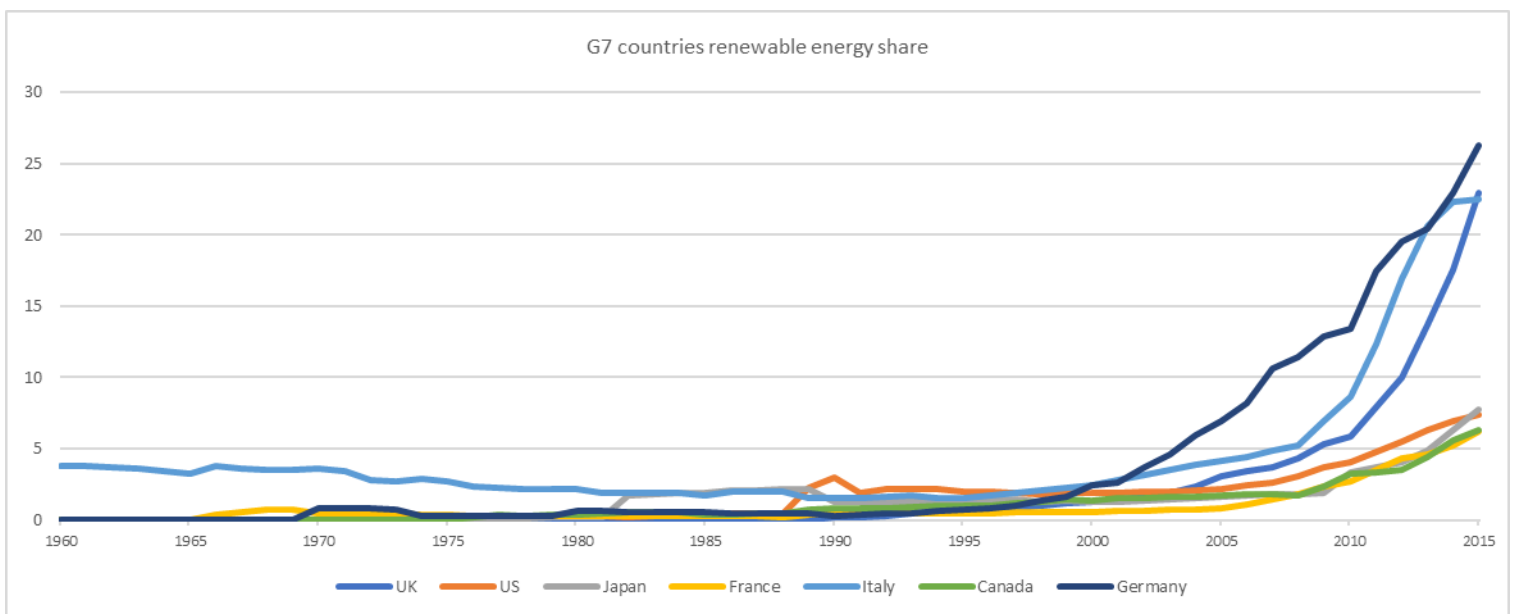
| Central banks | Date | Probability of change | Current rate |
|-------------------------------|-----------|-----------------------|--------------|
| Federal Open Market Committee | 22-Sep-21 | -0.7% | 0.25% |
| Bank of Japan | 22-Sep-21 | -4.5% | -0.10% |
| Bank of England | 23-Sep-21 | 0.0% | 0.10% |
| Bank of Canada | 27-Oct-21 | 4.2% | 0.25% |
| European Central Bank | 28-Oct-21 | -2.0% | 0.00% |

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

G7 renewable energy share

Renewables have become an increasingly important part of the energy mix in advanced economies. A further increase in renewables will be needed to meet the Paris Agreement goals, as will investments in energy storage technologies and grid infrastructure. This transition creates huge investment opportunities, especially in emerging markets.



Source: Fidelity Investments Canada ULC, Refinitiv, as at August 2021.

Appendix

Global markets (Returns in Canadian dollar terms)

| Indexes | Close | Weekly | MTD | YTD |
|-----------------------|-----------|----------------|-------------|-------------|
| S&P/TSX | 20,633.06 | -0.90% | 0.24% | 18.35% |
| S&P 500 | 4,458.58 | -0.72% | -1.32% | 17.50% |
| NASDAQ | 15,115.49 | -0.64% | -0.84% | 16.10% |
| DJIA | 34,607.72 | -1.18% | -2.03% | 11.93% |
| Russell 2000 | 2,227.55 | -1.85% | -1.93% | 11.66% |
| FTSE 100 | 7,029.20 | -0.70% | -0.44% | 9.30% |
| Euro Stoxx 50 | 4,170.35 | -0.37% | -0.42% | 12.34% |
| Nikkei 225 | 30,008.19 | 3.90% | 7.12% | 1.80% |
| Hang Seng | 26,205.91 | 2.09% | 1.35% | -5.04% |
| Shanghai Comp. | 3,703.11 | 4.60% | 4.87% | 6.90% |
| MSCI ACWI | 737.28 | -0.25% | -0.44% | 12.93% |
| MSCI EM | 1,308.94 | 0.46% | 0.12% | 0.34% |
| MSCI ACWI ESG Leaders | 2,595.55 | -0.16% | -0.41% | 15.45% |
| Fixed income | Close | Weekly | MTD | YTD |
| FTSE Canada Uni. | 1,189.62 | -0.43% | 0.00% | -2.59% |
| BBG Global Agg. | 545.87 | 1.10% | 0.62% | -2.64% |
| TSX Pref | 1,893.80 | -0.12% | -0.38% | 15.99% |
| Bond yields | Close | bps chg Weekly | bps chg MTD | bps chg YTD |
| 10 yr Canada Govt. | 1.24% | 4.9 | 2.2 | 56.1 |
| 10 yr U.S. Govt. | 1.34% | 1.9 | 3.2 | 42.8 |
| 30 yr Canada Govt. | 1.80% | 5.2 | 2.6 | 59.0 |
| 30 yr U.S. Govt. | 1.93% | -0.8 | 0.1 | 28.9 |
| Commodities | Close | Weekly | MTD | YTD |
| Oil | 88.48 | 1.95% | 2.39% | 44.72% |
| Natural gas | 6.27 | 6.18% | 13.49% | 79.54% |
| Gold | 2,269.22 | -0.88% | -0.82% | -6.08% |
| Silver | 30.14 | -2.66% | -0.01% | -10.37% |
| Copper | 564.97 | 4.08% | 2.37% | 25.90% |
| Currencies | Close | Weekly | MTD | YTD |
| CAD/USD | 0.7880 | -1.30% | -0.59% | 0.34% |
| USD/EUR | 0.8467 | 0.58% | -0.01% | 3.43% |
| CAD/EUR | 0.6672 | -0.74% | -0.60% | 3.78% |
| USD/JPY | 109.9400 | 0.21% | -0.07% | 6.48% |
| USD/CNY | 6.4443 | -0.17% | -0.25% | -1.27% |
| USD/MXN | 19.8919 | -0.18% | -0.90% | -0.11% |
| GBP/CAD | 1.7571 | 1.20% | 1.26% | 0.86% |
| GBP/USD | 1.3839 | -0.23% | 0.61% | 1.24% |

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.