

### In focus

Global equities started the week on a cautious note as investors waited for U.S. earnings to be announced. There was also some caution resulting from weaker-than-expected economic data from Europe. Economic sentiment in Germany showed signs of weakness, and China continued to experience some turmoil. However, markets rallied on strong earnings, and better-than-expected retail sales and jobless claims data in the U.S. lifted global equities for the week. Later in the week, positive earnings news and better-than-expected trade data from China helped overcome the fallout from power and supply chain problems.

From a sector perspective, higher commodity prices lifted the materials sector. The consumer discretionary and information technology sectors also gained, partly due to healthy earnings reports. Industrials and energy stocks were also higher. Prices of commodities, above all energy, continued to rise at a rapid pace. Supply chain issues are among the key drivers of the rise in prices, while a normalization of economic activity added to pricing pressure.

In fixed income, bond prices rose, and yields declined. Officials from the Federal Reserve (the Fed) repeated that the Fed needs to scale back its asset purchases soon, and this contributed to the strength in bond prices. Fed officials also suggested that the Fed has seen most of the progress it needs on employment to start its tapering.

Indexes	Close	Weekly	MTD	YTD
S&P/TSX	20,928.10	2.51%	4.27%	20.05%
S&P500	4,471.37	1.82%	3.80%	19.04%
NASDAQ	14,897.34	2.18%	3.11%	15.59%
DJIA	35,294.76	1.58%	4.29%	15.32%
Russell 2000	2,265.65	1.46%	2.78%	14.73%
FTSE 100	7,234.03	1.95%	2.08%	11.97%
Euro Stoxx 50	4,182.91	2.69%	3.33%	17.74%
Nikkei 225	28,550.93	1.79%	-3.06%	4.03%
Hang Seng	25,330.96	1.99%	3.07%	-6.98%
Shanghai Comp.	3,572.37	-0.55%	0.12%	2.86%
MSCI ACWI	732.95	2.15%	3.30%	13.41%
MSCI EM	1,283.67	2.12%	2.44%	-0.59%
MSCI ACWI ESG Leaders	2,590.22	2.39%	3.79%	16.39%

Fixed Income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,170.80	0.51%	-0.19%	-4.13%
BBG Global Agg.	535.32	0.23%	-0.13%	-4.19%
TSX Pref	1,932.85	0.27%	0.80%	18.39%

Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	1.59%	-4.0	7.7	90.9
10 yr U.S. Govt.	1.57%	-4.2	8.3	65.7
30 yr Canada Govt.	1.99%	-10.0	-0.7	77.3
30 yr U.S. Govt.	2.04%	-12.3	-0.4	39.7

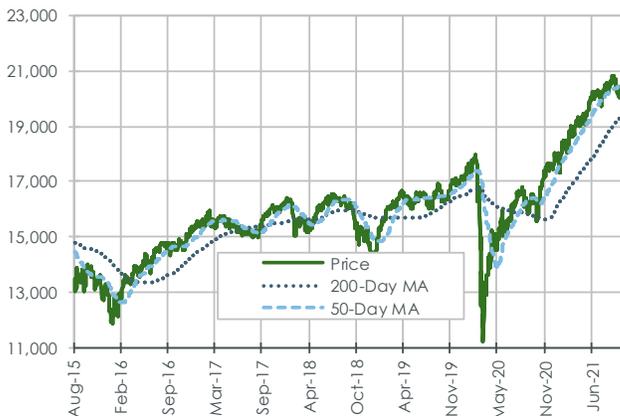
Commodities	Close	Weekly	MTD	YTD
Oil	82.28	3.69%	9.66%	71.95%
Natural gas	5.41	-2.79%	-7.79%	93.49%
Gold	1,767.62	0.60%	0.61%	-6.89%
Silver	23.31	2.79%	5.14%	-11.71%
Copper	472.95	10.62%	15.66%	34.21%

Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.8088	0.87%	2.56%	2.99%
USD/EUR	0.8621	-0.22%	-0.20%	5.31%
CAD/EUR	0.6973	0.65%	2.38%	8.46%
USD/JPY	114.2200	1.76%	2.63%	10.62%
USD/CNY	6.4357	-0.12%	-0.14%	-1.40%
USD/MXN	20.3269	-1.80%	-1.52%	2.07%
GBP/CAD	1.6999	0.11%	-0.53%	-2.32%
GBP/USD	1.3751	1.00%	2.06%	0.59%

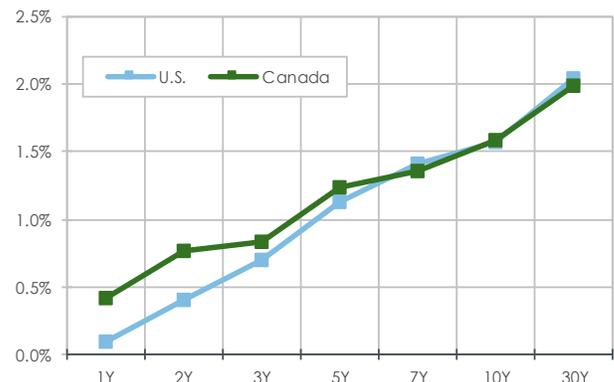
\* Please refer to Appendix for the above table in Canadian dollar terms.

### 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 manufacturing sales MoM	Aug	0.30%	0.50%	-1.50%
U.S. initial jobless claims	9-Oct	320K	293k	329k
U.S. CPI YoY	Sep	5.30%	5.40%	5.30%
U.S. retail sales advance MoM	Sep	-0.20%	0.70%	0.90%
China trade balance	Sep	\$45.0bn	\$66.76bn	\$58.33b
China CPI YoY	Sep	0.80%	0.70%	0.80%

## Canada

Canadian equities advanced for the week. Materials stocks surged due to strong gains in prices for commodities, including precious metals. Energy shares also advanced, thanks to rising oil prices. The information technology and utilities sectors were also higher for the week.

In economic news, manufacturing sales came in better than expected, with non-durable goods accounting for most of the gains. Canada's unemployment rate was in line with consensus expectations, at 6.9%. The economy added 157,100 jobs in September, returning the labour market to pre-pandemic levels.

## U.S.

U.S. equities finished strong after a cautious start to the week ahead of the U.S. earnings season. Declining bond yields helped growth stocks advance, while earnings and rising commodity prices lifted cyclicals, along with better economic data.

Materials was the best-performing sector, thanks to a robust outlook for commodity prices, aided by supply chain constraints and low inventory levels. Consumer discretionary stocks were also significantly higher, with retail sales data topping expectations. Heavily weighted technology and internet stocks outperformed as bond yields ticked lower, with help from a U.S. producer prices report suggesting cooler underlying price pressures.

Among companies, better-than-expected quarterly results supported gains in Bank of America, Goldman Sachs and Citigroup. Bauxite, aluminum and alumina mining company Alcoa also surged after beating analyst earnings expectations. Elsewhere in the industrials sector, logistics services provider JB Hunt flagged network congestion issues.

In U.S. economic news, applications for state unemployment benefits fell to the lowest level since March 2020. The U.S. unemployment rate also declined in September, to 4.8%, against expectations of 5.1%. Monthly retail sales growth also beat expectations, pointing to better momentum in the third quarter, despite lingering concerns about high prices and product shortages. These risks were highlighted by the decline in the University of Michigan survey of consumer sentiment.

## Rest of the world

Positive corporate earnings supported European equities, even as market sentiment was hurt by an unexpectedly large decline in the ZEW measure of German economic sentiment, which fell 4.2 points, to 22.3, in October.

Technology performed, with a boost from SAP, the big German software company, which rose after raising its guidance. Luxury goods stocks advanced. LVMH reported strong sales results and a positive outlook for Chinese demand. Volkswagen rose as the market focused on its electric vehicle plans. STMicroelectronics, a key parts supplier for Apple, managed to rise, despite concern about a report that Apple may cut its iPhone production due to parts shortages.

In Asia, Hong Kong and Japanese equities rose, but China's Shanghai composite index declined. In economic data, China's producer price index rose 10.7% on the year in September, up from 9.5% in August. China's headline consumer price index rose 0.7% on the year in September, down from 0.8% in August. China's headline inflation has now fallen for four consecutive months.

## Looking Ahead

Economic indicators	Period	Survey	Prior period
Canada CPI YoY	Sep	4.30%	4.10%
Canada housing starts	Sep	256.5k	260.2k
U.S. initial jobless claims	16-Oct	300k	293k
U.S. industrial production MoM	Sep	0.20%	0.40%
U.S. Markit manufacturing PMI	Oct	60.5	60.7
Eurozone CPI YoY	Sep	3.40%	3.00%

### Central bank meetings

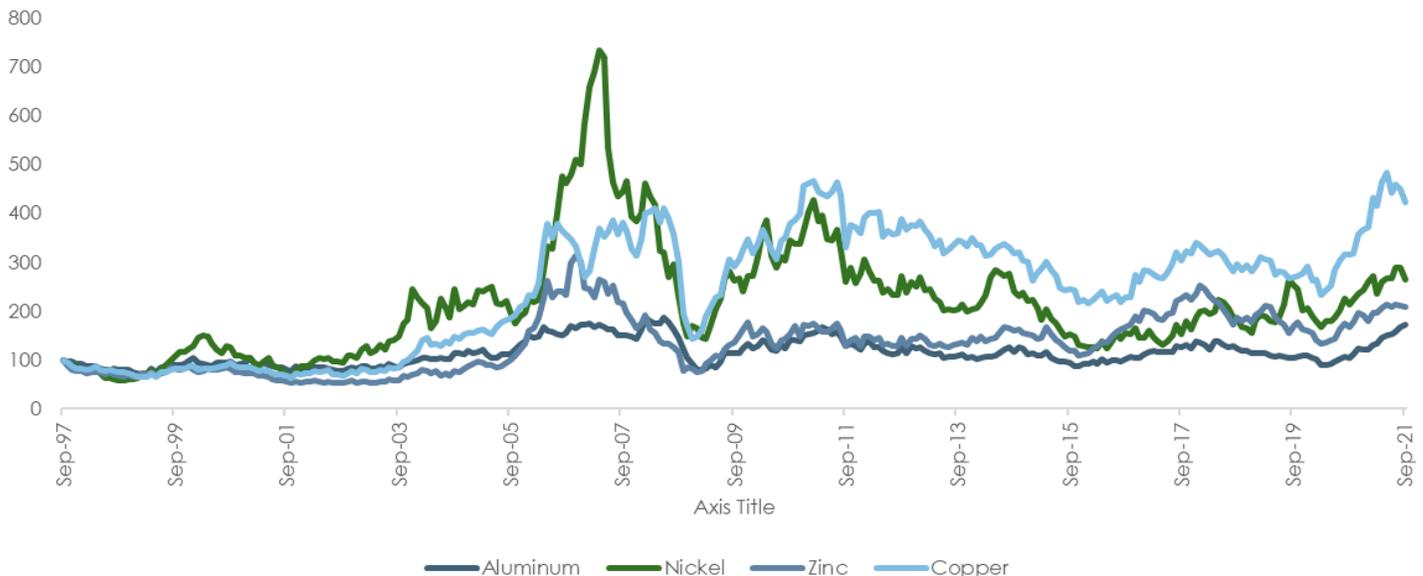
Central banks	Date	Probability of change	Current rate
Bank of Canada	27-Oct	9.1%	0.25%
European Central Bank	28-Oct	-0.1%	0.00%
Bank of Japan	28-Oct	-7.2%	-0.10%
Federal Open Market Committee	3-Nov	0.6%	0.25%
Bank of England	4-Nov	27.9%	0.10%

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

### Commodity prices rising

The chart below shows the recent rise in industrial commodity prices. This is in part a result of the sharp pickup in industrial activity as economies opened after COVID-19-related lockdowns. Additionally, there are pressures from falling inventories, which could continue to strain supplies over the medium term. Further, limited capacity building since the 2008/09 global financial crisis may result in increased pricing pressure as we head into 2022.



Source: Fidelity Investments Canada ULC, Refinitiv, Sep 30, 2021.

## Appendix

Global markets (Returns in Canadian dollar terms)				
Indexes	Close	Weekly	MTD	YTD
S&P/TSX	20,928.10	2.51%	4.27%	20.05%
S&P500	4,471.37	1.15%	1.41%	15.56%
NASDAQ	14,897.34	1.50%	0.72%	12.20%
DJIA	35,294.76	0.90%	1.88%	11.94%
Russell 2000	2,265.65	0.78%	0.41%	11.36%
FTSE 100	7,234.03	2.32%	1.93%	9.54%
Euro Stoxx 50	4,182.91	2.28%	1.15%	8.40%
Nikkei 225	28,550.93	-0.39%	-7.34%	-8.45%
Hang Seng	25,330.96	1.39%	0.79%	-9.98%
Shanghai Comp.	3,572.37	-1.09%	-2.06%	1.27%
MSCI ACWI	732.95	1.47%	0.92%	10.09%
MSCI EM	1,283.67	1.44%	0.07%	-3.50%
MSCI ACWI ESG Leaders	2,590.22	1.71%	1.40%	12.98%
Fixed income	Close	Weekly	MTD	YTD
FTSE Canada Uni.	1,170.80	0.51%	-0.19%	-4.13%
BBG Global Agg.	535.32	-0.64%	-2.63%	-6.97%
TSX Pref	1,932.85	0.27%	0.80%	18.39%
Bond yields	Close	bps chg Weekly	bps chg MTD	bps chg YTD
10 yr Canada Govt.	1.59%	-4.0	7.7	90.9
10 yr U.S. Govt.	1.57%	-4.2	8.3	65.7
30 yr Canada Govt.	1.99%	-10.0	-0.7	77.3
30 yr U.S. Govt.	2.04%	-12.3	-0.4	39.7
Commodities	Close	Weekly	MTD	YTD
Oil	101.73	2.80%	6.92%	66.96%
Natural gas	6.69	-3.63%	-10.09%	87.87%
Gold	2,184.75	-0.31%	-1.95%	-9.57%
Silver	28.82	1.91%	2.49%	-14.28%
Copper	584.76	9.66%	12.78%	30.31%
Currencies	Close	Weekly	MTD	YTD
CAD/USD	0.8088	0.87%	2.56%	2.99%
USD/EUR	0.8621	-0.22%	-0.20%	5.31%
CAD/EUR	0.6973	0.65%	2.38%	8.46%
USD/JPY	114.2200	1.76%	2.63%	10.62%
USD/CNY	6.4357	-0.12%	-0.14%	-1.40%
USD/MXN	20.3269	-1.80%	-1.52%	2.07%
GBP/CAD	1.6999	0.11%	-0.53%	-2.32%
GBP/USD	1.3751	1.00%	2.06%	0.59%

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.