WEEK IN REVIEW

March 4, 2022

In focus

Except in Canada, disappointment weighed on global equities, with talks between Russia and Ukraine showing no progress. Investors feared that Russia's reaction to sanctions, and the effect of potential supply chain disruptions on commodity prices, might weigh on global growth and push economies into another recession or stagflation.

Reports of a dovish stance from the U.S. Federal Reserve (the Fed) due to the conflict between Russia and Ukraine provided some support to investor sentiment. The Fed said that it is monitoring the situation closely and would move cautiously after its initial modest rate hike. Investors hope that the Fed and other central banks will be less aggressive in raising interest rates, to tackle any potential weakness in the global economy.

Defence stocks rallied on war-related news, while mega-caps saw bargain hunting, supporting the indexes from a free fall.

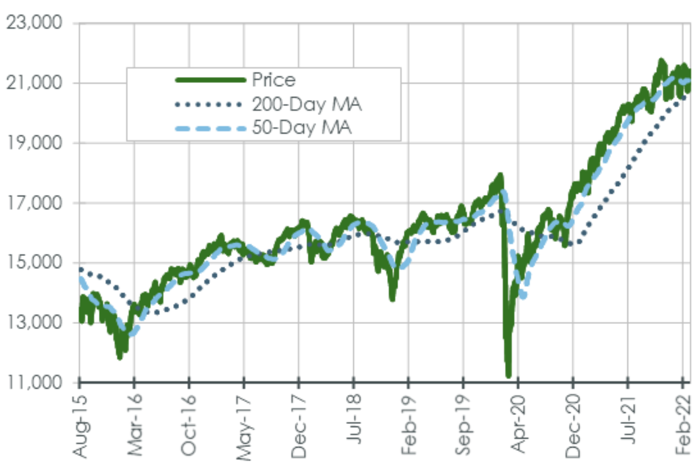
Oil prices increased to an all-time high due to the Russia-Ukraine conflict, pushing inflation even higher and creating a stagflation-like situation. Natural gas prices also rose. Gold and silver prices increased over the week as investors turned away from risky assets.

U.S. and Canadian treasury bond yields fell for the week, after risk aversion pushed investors back to treasuries despite a sustained rise in inflation.

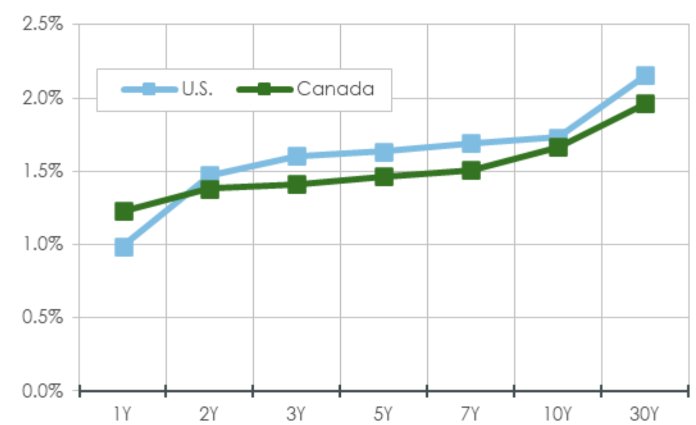
Indexes	Close	Weekly	MTD	YTD
S&P/TSX	21,402.43	1.40%	1.31%	0.85%
S&P500	4,328.87	-1.27%	-1.03%	-9.18%
NASDAQ	13,313.44	-2.78%	-3.18%	-14.90%
DJIA	33,614.80	-1.30%	-0.82%	-7.49%
Russell 2000	2,000.90	-1.96%	-2.30%	-10.89%
FTSE 100	6,987.14	-6.71%	-6.32%	-5.38%
Euro Stoxx 50	3,556.01	-10.44%	-9.38%	-17.27%
Nikkei 225	25,985.47	-1.85%	-2.04%	-9.75%
Hang Seng	21,905.29	-3.79%	-3.56%	-6.38%
Shanghai Comp.	3,447.65	-0.11%	-0.42%	-5.28%
MSCI ACWI	679.32	-2.75%	-2.68%	-10.00%
MSCI EM	1,144.91	-2.31%	-2.25%	-7.07%
MSCI ACWI ESG Leaders	2,397.90	-2.67%	-2.54%	-10.80%
Fixed income	**Close**	**Weekly**	**MTD**	**YTD**
FTSE Canada Uni.	1,153.24	1.56%	1.03%	-3.11%
BBG Global Agg.	514.09	0.21%	-0.24%	-3.44%
TSX Pref	1,895.42	-1.26%	-0.47%	-2.73%
Bond yields	**Close**	**bps chg Weekly**	**bps chg MTD**	**bps chg YTD**
10 yr Canada Govt.	1.67%	-23.2	-14.5	24.2
10 yr U.S. Govt.	1.73%	-23.1	-9.4	22.1
30 yr Canada Govt.	1.96%	-20.9	-12.8	28.6
30 yr U.S. Govt.	2.16%	-11.8	-0.6	25.2
Commodities	**Close**	**Weekly**	**MTD**	**YTD**
Oil	115.68	26.30%	20.85%	55.38%
Natural gas	5.02	12.21%	13.95%	43.03%
Gold	1,970.70	4.31%	3.23%	7.74%
Silver	25.70	5.88%	5.11%	10.26%
Copper	493.75	10.09%	10.84%	10.87%
Currencies	**Close**	**Weekly**	**MTD**	**YTD**
CAD/USD	0.7856	-0.17%	-0.44%	-0.71%
USD/EUR	0.9147	3.11%	2.61%	4.03%
CAD/EUR	0.7187	2.98%	2.19%	3.35%
USD/JPY	114.8200	-0.63%	-0.16%	-0.23%
USD/CNY	6.3196	0.03%	0.16%	-0.57%
USD/MXN	20.9499	2.97%	2.35%	2.05%
GBP/CAD	1.6859	-1.10%	-0.90%	-1.45%
GBP/USD	1.3230	-1.33%	-1.42%	-2.23%

* Please refer to Appendix for the above table in Canadian dollar terms. Natural gas prices subject to change post-settlement.

S&P/TSX Composite Index



Treasury yield curves



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

Economic indicators	Period	Survey	Actual	Prior period
Bank of Canada rate decision	02-Mar	0.50%	0.50%	0.25%
Canada quarterly GDP annualized	4Q	6.50%	6.70%	5.50%
U.S. change in non-farm payrolls	Feb	423k	678k	481k
U.S. initial jobless claims	26-Feb	225k	215k	233k
U.S. ISM manufacturing	Feb	58	58.6	57.6
Markit eurozone manufacturing PMI	Feb	58.4	58.2	58.4

Canada

Canadian equities rose for the week, led by the materials sector as copper and gold prices increased. Energy producers also rose due to the rise in oil prices. In contrast, the health care and consumer discretionary sectors declined.

In economic news, Statistics Canada reported that Canadian GDP grew 4.6% in 2021, in comparison to a decline of 5.2% in 2020. In a bid to tame surging inflation, the Bank of Canada raised its interest rate by 25 basis points, to 0.5%. It was the first hike since October 2018.

U.S.

U.S. equities declined over the week. Growth stocks underperformed value stocks. Investors were concerned about the effect increasing prices for oil and other commodities could have on inflation expectations, consumption and economic growth.

Among sectors, energy and utilities rose. While energy securities appeared to benefit from rising oil and natural gas prices, utilities may also have benefited from risk aversion. Real estate and industrials also gained for the week. Meanwhile, defence stocks were supported by current geopolitical tension. In contrast, financials declined amid uncertainty related to an uncertain geopolitical environment and the banking subsector's links to sanctioned entities. Information technology and consumer discretionary stocks also declined.

In U.S. economic news, the Institute for Supply Management's (ISM) services index missed expectations. The ISM said growth slowed as a result of supply chain and logistical problems, rising prices and staffing shortages. In contrast, the ADP employment report showed private jobs rose 475,000 in February, well above expectations, suggesting that the economy remains robust.

Among companies in focus, retailing company Target and food products manufacturer Hormel Foods rose to due to upbeat earnings. In contrast, cloud and software firm Snowflake and Veeva Systems fell after poor quarterly results.

Rest of the world

Fallout from Russia's invasion of Ukraine weighed on equities in Europe, with losses across all sectors. Banks were hit by tightening financial sanctions against Russia. Auto and auto parts makers came under pressure due to supply disruptions after suspending operations in Russian plants. Energy giants such as BP and Shell declined after they announced their plans to exit their stakes in Russian state-controlled energy companies. Airline stocks were affected too, due to the closure of airspace to Russian flights and rising fuel prices.

Investors focused on the effects of anti-Russia sanctions, the prospect of Russian retaliation and possible supply chain disruptions. Markets were pricing in heavy demand destruction due to weaker consumer demand amid rising prices for oil and other commodities. European banks are losing the most, because their high exposure to Russia is expected to default in the current scenario.

Asia-Pacific markets dropped for the week in a flight from risk as investors looked to park their money in traditional safe-haven assets such as gold and U.S. Treasuries. Japanese exporters are worried that global demand will suffer from the Ukraine shock. Chinese equities got a boost from an aggressive injection of liquidity from the People's Bank of China, but the rebound was restrained by the geopolitical crisis.

Looking ahead

Economic indicators	Period	Survey	Prior period
Canada unemployment rate	Feb	6.3%	6.5%
Canada net change in employment	Feb	125.0k	-200.1k
U.S. initial jobless claims	05-Mar	220k	215k
U.S. CPI MOM	Feb	0.8%	0.6%
University of Michigan consumer sentiment	04-Mar	61.0	62.8
ECB main refinancing rate	10-Mar	0.0%	0.0%

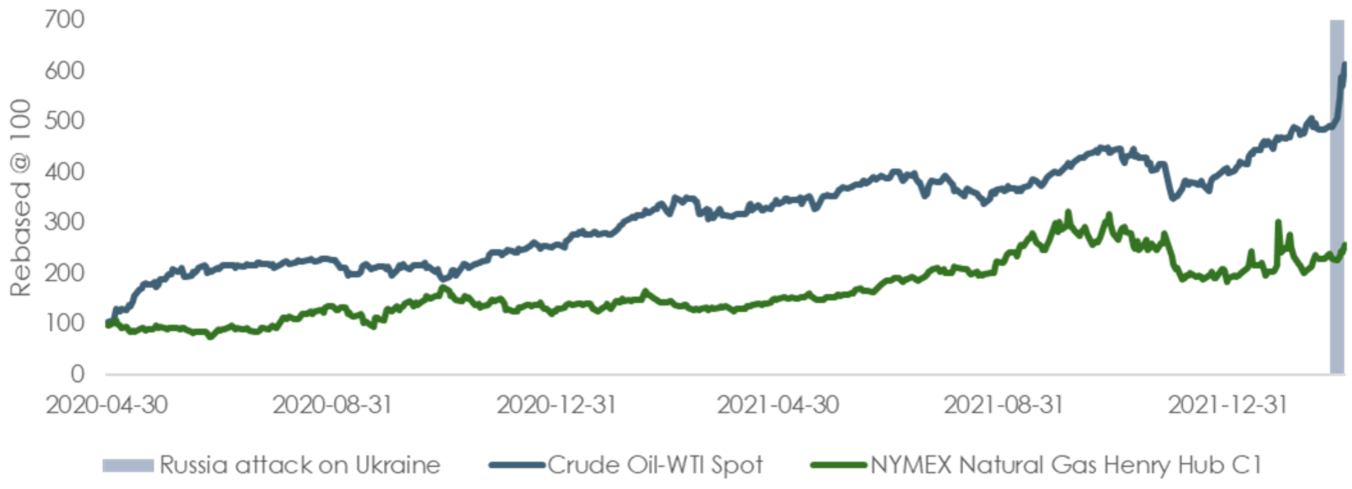
Central bank meetings			
Central banks	**Date**	**Probability of change**	**Current rate**
European Central Bank	10-Mar-22	-1.6%	0.00%
Federal Open Market Committee	16-Mar-22	90.1%	0.25%
Bank of England	17-Mar-22	115.3%	0.50%
Bank of Japan	18-Mar-22	-3.5%	-0.10%
Bank of Canada	13-Apr-22	155.5%	0.50%

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

Oil at all-time high

The chart below shows the prices of oil and natural gas rebased to 100 on April 30, 2020, after oil recovered from the COVID-19 shock. The shaded part starts from February 24, 2022, when Russia attacked Ukraine. We can see a sudden rise in oil prices due to the current geopolitical crisis. The current crisis could have significant short- and long-term consequences for inflation and growth, particularly in Europe. While Russia accounts for a relatively small share of global GDP, it remains a significant supplier of oil and natural gas, accounting for nearly 40% of Western Europe's natural gas consumption. In the short term, this would very likely result in higher inflation, but the longer-term implications of this geopolitical crisis remain unclear.



Source: Refinitiv DataStream, as at March 4, 2022. Rebased to 100 on April 30, 2020.

Appendix

Global markets (Returns in Canadian dollar terms)				
Indexes	**Close**	**Weekly**	**MTD**	**YTD**
S&P/TSX	21,402.43	1.40%	1.31%	0.85%
S&P 500	4,328.87	-1.45%	-0.70%	-8.59%
NASDAQ	13,313.44	-2.96%	-2.86%	-14.36%
DJIA	33,614.80	-1.48%	-0.49%	-6.90%
Russell 2000	2,000.90	-2.14%	-1.98%	-10.31%
FTSE 100	6,987.14	-7.96%	-7.15%	-6.94%
Euro Stoxx 50	3,556.01	-13.11%	-11.35%	-20.11%
Nikkei 225	25,985.47	-1.20%	-1.43%	-9.79%
Hang Seng	21,905.29	-4.03%	-3.25%	-5.98%
Shanghai Comp.	3,447.65	-0.32%	-0.26%	-4.12%
MSCI ACWI	679.32	-2.93%	-2.36%	-9.43%
MSCI EM	1,144.91	-2.49%	-1.93%	-6.47%
MSCI ACWI ESG Leaders	2,397.90	-2.84%	-2.21%	-10.23%
Fixed income	**Close**	**Weekly**	**MTD**	**YTD**
FTSE Canada Uni.	1,153.24	1.56%	1.03%	-3.11%
BBG Global Agg.	514.09	0.37%	0.21%	-2.76%
TSX Pref	1,895.42	-1.26%	-0.47%	-2.73%
Bond yields	**Close**	**bps chg Weekly**	**bps chg MTD**	**bps chg YTD**
10 yr Canada Govt.	1.67%	-23.2	-14.5	24.2
10 yr U.S. Govt.	1.73%	-23.1	-9.4	22.1
30 yr Canada Govt.	1.96%	-20.9	-12.8	28.6
30 yr U.S. Govt.	2.16%	-11.8	-0.6	25.2
Commodities	**Close**	**Weekly**	**MTD**	**YTD**
Oil	147.25	26.51%	21.39%	56.49%
Natural gas	6.38	12.40%	14.46%	44.05%
Gold	2,508.81	4.46%	3.69%	8.44%
Silver	32.72	6.14%	5.60%	11.12%
Copper	628.50	10.27%	11.34%	11.66%
Currencies	**Close**	**Weekly**	**MTD**	**YTD**
CAD/USD	0.7856	-0.17%	-0.44%	-0.71%
USD/EUR	0.9147	3.11%	2.61%	4.03%
CAD/EUR	0.7187	2.98%	2.19%	3.35%
USD/JPY	114.8200	-0.63%	-0.16%	-0.23%
USD/CNY	6.3196	0.03%	0.16%	-0.57%
USD/MXN	20.9499	2.97%	2.35%	2.05%
GBP/CAD	1.6859	-1.10%	-0.90%	-1.45%
GBP/USD	1.3230	-1.33%	-1.42%	-2.23%

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.