

Weekly Market Update

September 16, 2019



Last Week in the Markets: September 9th – 13th, 2019

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Friday Close	16,682.42	3,007.39	27,219.52	8,176.71	527.632	75.26 ¢	\$1,499.50	\$ 54.85
week +/-	+ 147.09	+ 28.68	+ 422.06	+ 73.64	+ 6.806	- 0.66 ¢	- \$ 16.00	- \$ 1.67
week +/- %	+ 0.89%	+ 0.96%	+ 1.58%	+ 0.91%	+ 1.31%	- 0.87%	- 1.06%	- 2.95%
52 wk HIGH	16,756	3,028	27,399	8,340	534	78.23 ¢	\$1,566	\$ 74.04
52 wk LOW	13,777	2,347	21,713	6,190	438	73.18 ¢	\$1,221	\$ 44.84
YTD +/- %	+ 16.39%	+ 19.97%	+ 16.68%	+ 23.23%	+ 15.79%	+ 2.62%	+ 17.03%	+ 20.79%
1Yr +/- %	+ 4.25%	+ 3.55%	+ 4.11%	+ 2.03%	+ 1.85%	- 2.18%	+ 24.11%	- 20.03%

(source: Bloomberg <https://www.bloomberg.com/markets> and ARG Inc. analysis)

What happened?

- Late Friday morning, before retreating for the rest of the day, the TSX achieved a new all-time high. As usual and mathematically necessary with its heavy weighting (36% of the index), the Financial sector led the way in Toronto. The new record high occurred despite a drop in the price of oil, even as the Energy sector comprises nearly 17% of the index.
<https://web.tmxmoney.com/indices.php?section=tsx&index=^TSX#indexInfo>
- Most of the “credit” for the increase in Canadian and American equities can be attributed to the warming relationship between the U.S. and China over their seemingly endless trade disputes, tit-for-tat retaliations and public proclamations.
 - It appears that China’s strategy of penalizing agricultural products emanating from Trump strong-hold states has caused the president to become more conciliatory.
 - China and the U.S. have reduced the number of products that are subject to trade restrictions and delayed implementing new tariffs, respectively, as they look to forge a new deal. The U.S. is even contemplating an interim agreement in the short term.
- The easing of trade tensions hurt the price of gold, as it fell by more than 1% last week when the need for safe-haven and politically neutral investments lessened.
- Despite the new high for the TSX the Canadian dollar fell by almost by the same percentage as the TSX gained (-0.87% vs +0.89%). Since most Canadians spend most of their investments and investment gains locally, the impact of the loss in dollar value is muted.

What’s ahead for this week?

- In Canada, it will be a balanced view of our economy with just three major indicators to be released; July’s manufacturing sales and retail sales and August’s Consumer Price Index (CPI).
- In the U.S., the most influential economic development will be the Federal Reserve’s interest rate decision. Almost as important as the decision, the comments released with the decision



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will influence equity and bond markets. Also, August figures for existing home sales, housing starts and building permits, and industrial production and capacity utilization will be released.

