

Weekly Market Update

November 4, 2019



Last Week in the Markets: October 28th – November 1st, 2019

| | TSX | S&P 500 | DOW | NASDAQ | ACWI | CAD/USD | GOLD (USD) | OIL (USD) |
|--------------|------------------|-----------------|------------------|-----------------|----------------|----------------|-------------------|-----------------|
| Friday Close | 16,594.07 | 3,066.91 | 27,347.36 | 8,386.40 | 538.761 | 75.36 ¢ | \$1,511.40 | \$ 56.20 |
| week +/- | + 189.58 | + 44.36 | + 389.30 | + 143.28 | + 6.994 | - 1.22 ¢ | + \$ 6.10 | - \$ 0.46 |
| week +/- % | + 1.16% | + 1.47% | + 1.44% | + 1.74% | + 1.32% | - 1.59% | + 0.41% | - 0.81% |
| 52 wk HIGH | 16,947 | 3,067 | 27,399 | 8,387 | 539 | 76.83 ¢ | \$1,566 | \$ 65.56 |
| 52 wk LOW | 13,777 | 2,347 | 21,713 | 6,190 | 438 | 73.18 ¢ | \$1,233 | \$ 45.14 |
| YTD +/- % | + 15.78% | + 22.34% | + 17.23% | + 26.39% | + 18.24% | + 2.77% | + 17.96% | + 23.76% |
| 1Yr +/- % | + 9.53% | + 11.92% | + 7.75% | + 12.81% | + 10.07% | - 1.38% | + 22.02% | - 11.76% |

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

What happened?

- On Wednesday the Bank of Canada kept its benchmark interest rate at 1.75%. Although our Gross Domestic Product (GDP) growth is below expectations, it is improving, employment remains positive and inflation is at the target rate of 2%. A one-minute video explaining the central bank's rationale can be found at <https://www.bankofcanada.ca/2019/10/mpr-2019-10-30/>
- In the U.S. on Wednesday the Federal Reserve lowered its Federal Funds rate by ¼ of a percentage point, this is the third rate cut this year. This action was taken to “keep the U.S. economy strong in the face of global developments and provide some insurance from on-going risks” as Chairman Powell outlined in his remarks at the FOMC press conference <https://www.federalreserve.gov/default.htm>
 - The Bank of Canada and the Fed vaguely signaled that new/additional rate cuts could be coming in their announcements (linked above). Global economic growth which prefers free and open trade continues to be threatened by U.S./China trade tensions, an overall economic slowdown and Brexit.
- Brexit becomes Brelection! British Prime Minister Boris Johnson negotiated an extension for a negotiated departure from the European Union (EU), moving the date from October 31st to January 31st. There will also be a general election in the U.K. in mid-December to elect new parliamentarians and Prime Minister. The election will likely be an endorsement for Johnson and the Tories to leave the EU or an invitation for the Labour Party led by Jeremy Corbin to form a new government and conduct another Brexit referendum.

What's ahead for this week?

- In Canada, international trade numbers and building permits for September, along with housing starts and the employment report for October are scheduled for release
- In the U.S., September's durable goods orders, trade balance and wholesale inventories will be



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announced. The Institute for Supply Management (ISM) will release its non-manufacturing index, an important indicator of American services industries.

