

## World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	24,285.95	24,464.69	-0.73%	-3.97%
S&P 500	2,632.56	2,649.93	-0.66%	-3.58%
Nasdaq	6,938.98	6,972.25	-0.48%	-4.41%
S&P/TSX	15,010.73	15,091.58	-0.54%	-0.96%
FTSE 100	6,952.86	6,960.32	-0.11%	-0.87%
DAX	11,192.69	11,138.49	0.49%	-1.31%
Hang Seng	25,927.68	26,019.41	-0.35%	-0.98%
Shanghai Index	2,579.48	2,645.43	-2.49%	-3.72%
Nikkei 225	21,646.55	21,507.54	0.65%	-0.72%

U.S. stock market continued its downward spiral on Friday as underperformance in technology stocks coupled with falling oil prices kept investors away from risk assets.

The Dow Jones industrial average fell 178.74 points (-0.73%) to close at 24,285.95, dragged down by Exxon Mobil, Apple, and Goldman Sachs stocks. The S&P 500 also dropped 17.37 points (-0.66%) to settle at 2,632.56, pulled back by the energy sector. The Nasdaq composite dropped 33.27 points (-0.48%) to finish at 6,938.98, as FAANG stocks continued to head south. For the week as a whole, major U.S. indexes extended their losses from the prior week, averaging -4%, with Nasdaq underperforming the rest.

On Monday, technology stocks witnessed another round of selloff led by Apple, following reports indicating that the company has reduced its production orders of its latest iPhone models. In addition, U.S. home-builder confidence fell steeply with Housing Market Index coming in at 60 in November (vs. 68 in October), primarily driven by ongoing affordability concerns.

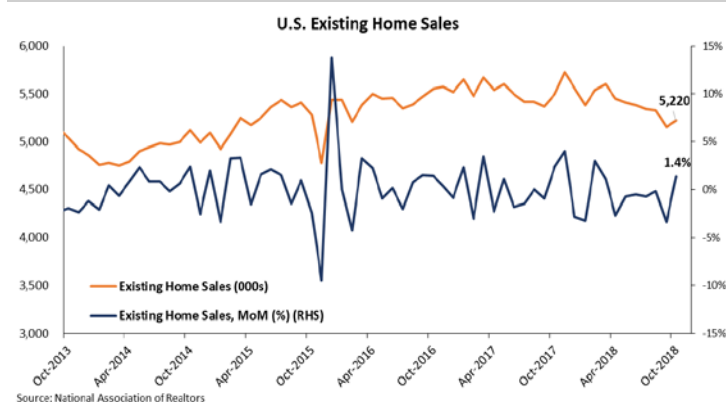
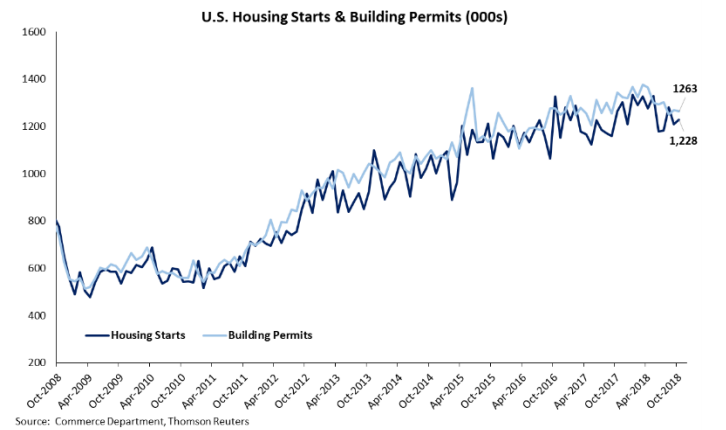
On Tuesday, U.S. housing starts rebounded from the September decline of 5.5%, rising 1.5% MoM in October to a seasonally adjusted annual rate (SAAR) of 1.228 million units as more construction of multiple family units took place during the month. However, housing starts for single-family buildings recorded its second straight month of decline, dropping 1.8% MoM to a SAAR of 865,000 units (vs. 881,000 units in September) as home buyers remained cautious about rising interest rates and home prices.

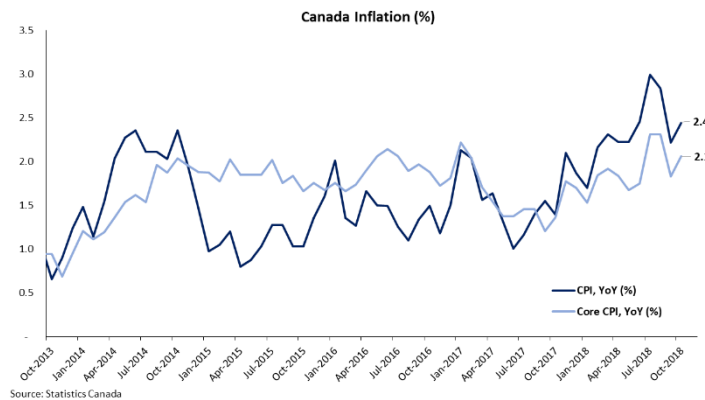
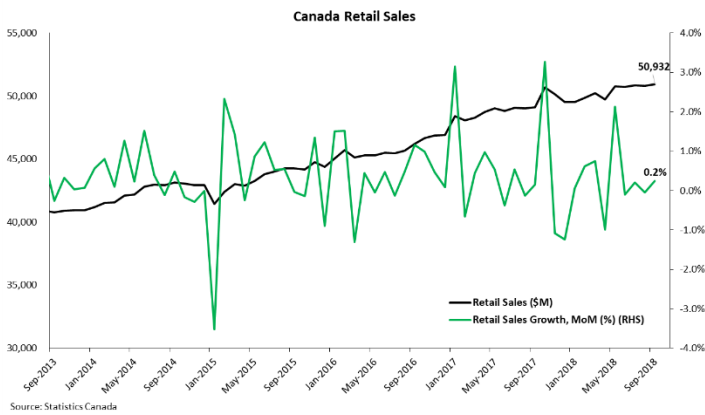
In addition, building permits results weakened and fell 0.6% MoM to a SAAR of 1.263 million units in October (vs. +1.7% to 1.270 million units in September), reflecting the said affordability issue. Note that the 30-year fixed mortgage rate remains at a seven-year high of 4.94%.

On Wednesday, U.S. durable goods orders surprised to the downside and fell 4.4% MoM in October, below the street consensus of 0.2% gain (vs. -0.1% in September), signaling a potential softening in business investment, which could exert a drag on overall Q4 GDP growth.

In addition, U.S. consumer sentiment fell to 97.5 in November (vs. 98.6 in October), according to the University of Michigan. The decline was attributable to a less optimistic view from the higher income earners amid stock market jitters.

Further, U.S. existing home sales reversed its six-month of losing streak and edged higher by 1.4% MoM to a SAAR of 5.22 million units in October (vs. -3.4% to 5.15 million units in September). However, on a YoY basis, existing home sales were down since March, indicating weakness in the housing market could persist in the near term as interest rates continue to rise.





S&P 500 Sector Performance	1 Wk	MTD	3 Mo	YTD
<b>S&amp;P 500 Index</b>	<b>-3.6%</b>	<b>-2.9%</b>	<b>-8.0%</b>	<b>-1.5%</b>
Energy	-4.0%	-5.5%	-14.1%	-11.9%
Materials	-2.6%	1.3%	-9.6%	-12.1%
Financials	-2.9%	-1.2%	-8.2%	-7.2%
Industrials	-3.3%	-0.5%	-9.1%	-8.4%
Consumer Discretionary	-4.8%	-3.6%	-11.8%	2.1%
Consumer Staples	-2.2%	-1.1%	0.8%	-4.6%
Health Care	-1.7%	0.9%	-2.0%	8.3%
Information Technology	-6.2%	-7.8%	-12.7%	1.4%
Telecom	-4.4%	-5.9%	-8.8%	-14.5%
Utilities	-0.1%	0.4%	1.2%	2.2%
Real Estate	-0.1%	2.5%	-1.2%	-0.3%

The Organization for Economic Co-Operation and Development (OECD) lowered its 2019 [global growth forecast](#) to 3.5% (from 3.7%) against the backdrop of heightened trade tensions between the U.S. and China and credit tightening.

On Friday, Canada’s retail sales growth came in ahead of consensus, improving 0.2% MoM in September (vs. flat in August) to \$50.9 billion, in part driven by higher food and auto sales.

In addition, the country’s inflation rose 2.4% YoY in October (vs. 2.2% in September), better than the street expectation of 2.2%. The strong reading was driven by higher gasoline prices. However, considering the weakness we have seen in domestic oil prices (i.e.: WCS’s deep discount to WTI), it is likely inflation could subside in the coming months. Notwithstanding higher inflation, investors expect the Bank of Canada will hold its overnight rate steady at 1.75% in its upcoming interest rate decision meeting on December 5.

Oil prices went through another week of plummet with no end in sight, tumbling over 10% for the week, as escalating concerns over increasing oil supply and a potential slowdown in global economic growth continued to weigh on investor sentiment.

Looking ahead, the European Union (EU) and the U.K. will meet this weekend to discuss the terms surrounding U.K.’s drafted withdrawal agreement. The negotiation towards securing an approval from the parliament will likely remain an uphill battle considering 85 of the Conservative party’s Members of Parliaments (MPs) have publicly criticized the controversial Brexit settlement.

Lastly, with ~96% of the companies in the S&P 500 index having reported earnings, the blended YoY earnings growth rate came in at 25.9% for Q3 2018, slightly exceeding the 25.0% growth achieved in the first half. Solid top-line growth was also recorded, up 9.3% YoY. 78% of the companies reported better-than-expected EPS results, while 61% of the constituents registered stronger-than-expected revenue results. However, S&P 500 index performance has yet to reflect select companies with strong underlying fundamentals.

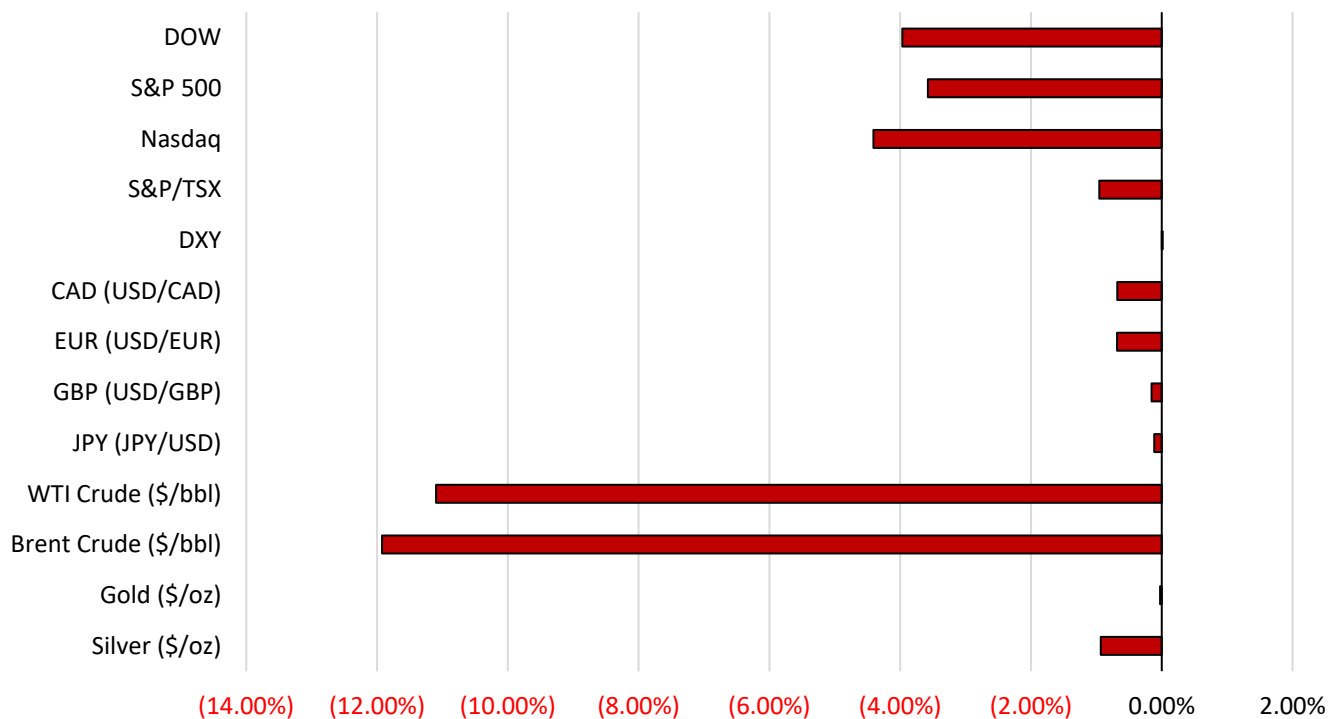
## Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	50.4	56.7	66.6	59.0
Brent Crude (\$/bbl)	58.8	66.8	76.2	60.3
Natural Gas (\$/MMBtu)	4.31	4.04	3.28	2.81
Gold (\$/oz)	1,223.1	1,223.4	1,230.3	1,291.5
Silver (\$/oz)	14.3	14.4	14.7	17.1
Copper (\$/oz)	6,255.0	6,184.0	6,242.0	6,954.0
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.32	1.31	1.31	1.27
EUR (USD/EUR)	1.13	1.14	1.15	1.19
GBP (USD/GBP)	1.28	1.28	1.30	1.33
JPY (JPY/USD)	113.0	112.8	112.4	111.2

## Fixed Income

Gov't Bonds	2-Year (%)				5-Year (%)				10-Year (%)			
	Current	T-1	T-5	T-30	Current	T-1	T-5	T-30	Current	T-1	T-5	T-30
U.S.	2.81	2.81	2.80	2.88	2.87	2.89	2.88	3.01	3.04	3.06	3.06	3.17
Canada	2.23	2.24	2.22	2.27	2.29	2.31	2.29	2.37	2.34	2.37	2.36	2.45
Eurozone	-0.59	-0.58	-0.59	-0.61	-0.24	-0.22	-0.23	-0.17	0.34	0.37	0.37	0.41
Japan	-0.14	-0.15	-0.14	-0.12	-0.10	-0.11	-0.09	-0.06	0.09	0.09	0.10	0.15
U.K.	0.73	0.76	0.72	0.73	0.94	0.98	0.94	1.05	1.38	1.43	1.41	1.47

## Weekly Performance



## Upcoming Events

Date	Events
Mon, Nov 26, 2018	ECB and BoE Governor Speeches
Tue, Nov 27, 2018	U.S. Consumer Confidence (Nov)
Wed, Nov 28, 2018	U.S. New Home Sales (Oct) & Q3 GDP
Thu, Nov 29, 2018	U.S. Pending Home Sales (Oct); FOMC Minutes; China Manu. PMI (Nov)
Fri, Nov 30, 2018	Eurozone Inflation (Nov); Canada Q3 GDP