

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	24,100.51	24,597.38	-2.02%	-1.18%
S&P 500	2,599.95	2,650.54	-1.91%	-1.26%
Nasdaq	6,910.67	7,070.33	-2.26%	-0.84%
S&P/TSX	14,595.07	14,750.35	-1.05%	-1.35%
FTSE 100	6,845.17	6,877.50	-0.47%	0.99%
DAX	10,865.77	10,924.70	-0.54%	0.72%
Hang Seng	26,094.79	26,524.35	-1.62%	0.12%
Shanghai Index	2,593.74	2,634.05	-1.53%	-0.47%
Nikkei 225	21,374.83	21,816.19	-2.02%	-1.40%

U.S. stock market continued to tumble on Friday as weak economic data from both China and Europe exacerbated worries over a global economic slowdown.

The Dow Jones industrial average slashed 496.87 points (-2.02%) to settle at 24,100.51, lagged by Johnson & Johnson and Apple. The S&P 500 fell 50.59 points (-1.91%) to finish at 2,599.95, dragged down by Energy and Health Care sectors. The Nasdaq composite plummeted 159.67 points (-2.26%) to close at 6,910.67. The Dow joined S&P 500 and Nasdaq to enter the correction territory, down over 10% since early October. For the week as a whole, major U.S. indexes stayed in the red and finished with an average loss of 2.1% with Nasdaq underperforming the rest.

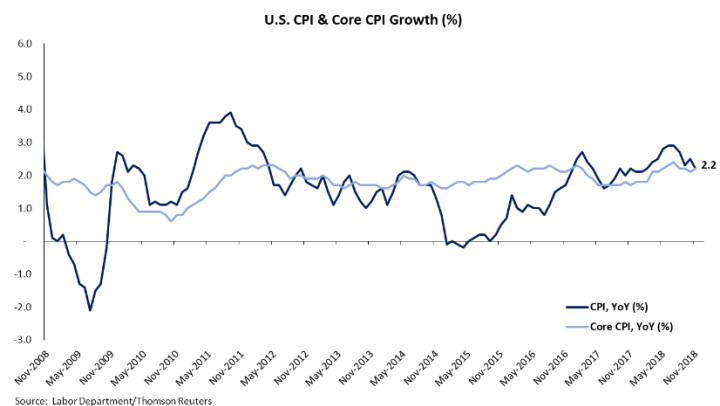
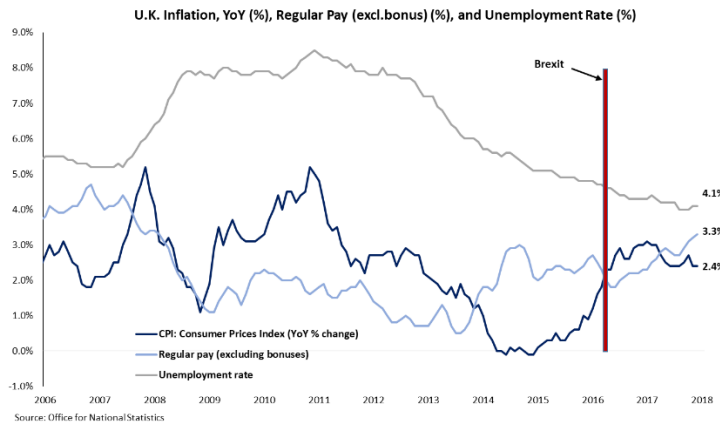
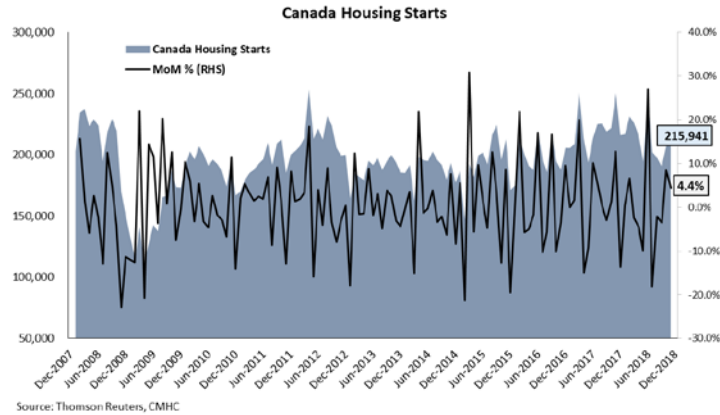
On Monday, Canada housing starts grew 4.4% MoM to a seasonally adjusted annual rate of 215,941 units in November (vs. 206,753 in October), exceeding the street consensus of 198,000 units. The housing market is showing signs of recovery after macro-prudential measures coupled with higher interest rates have weighed on sales activities for most of the 2018.

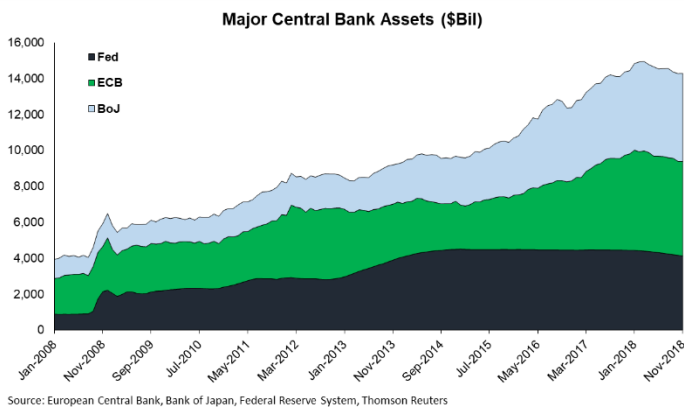
On Tuesday, U.K. unemployment rate was held steady at 4.1% in October amid ongoing Brexit uncertainty. Wage growth rose 3.3% YoY in the three months to October (vs. 3.2% in the prior period), the highest since July 2008.

In addition, the U.S. producer price index (PPI) expanded 2.5% YoY in November (vs. 2.9% in October), matching street expectations. In particular, warehouse and office construction PPI reached the highest level since 2009.

On Wednesday, U.S. inflation grew at its slowest rate since February 2018, up 2.2% YoY in November (vs. 2.5% in October) as downward spiral witnessed in oil prices has mitigated upward price pressures. Core inflation, which excludes volatile food and energy items, has converged to 2.2% (vs. 2.1% in October), consistent with headline inflation. Despite a soft CPI reading, inflation is sufficiently strong for the Federal Reserve to proceed with another rate increase next week, taking the federal funds rate to 2.25% - 2.50%.

On to the U.K., Prime Minister Theresa May survived the confidence vote by 200 to 117, as Conservative MPs remained supportive of her policies. Pound climbed in response; however, Theresa May could pressure for more concessions from the European Union as part of the negotiation process, which could lead to an impasse again for both parties in the near term.



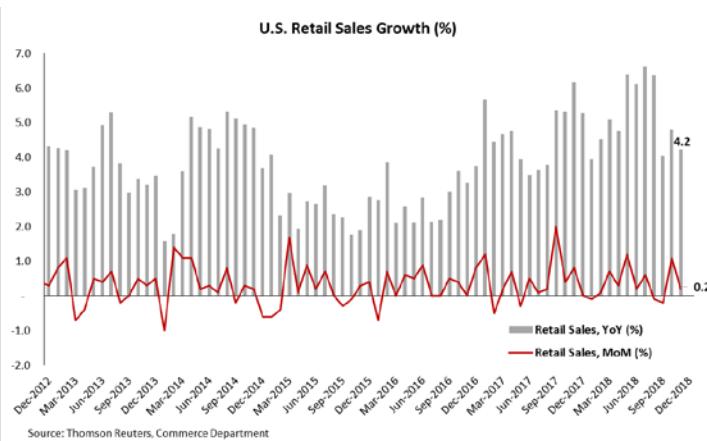


On Thursday, as widely expected by the street, European Central Bank (ECB) President Mario Draghi [announced the official conclusion of its €2.6 trillion asset purchasing programme](#), marking the end of a decade-long monetary experiment in combatting economic crises. However, Draghi warned that rising uncertainty surrounding trade tensions, Brexit, and financial market volatility presents further downside risk. Notwithstanding his cautious tone, Draghi offered that quantitative easing (QE) has become part of the bank's toolkit, hinting that QE will remain one of the key mechanisms for the central bank to stimulate the economy again should the next crisis arrive.

On Friday, two key economic indicators from China deteriorated further, spooking the global financial markets. The nation's retail sales growth slowed to the lowest level in 15 years in November, rising 8.1% YoY (vs. 8.6% in October). The pullback in retail activities is largely attributable to lower spending in automobile sales. In addition, industrial production grew 5.4% YoY (vs. 5.9% in October), largely driven by slower growth witnessed in the mining sector, up 2.3% (vs. 3.8% in October).



On the other side of the trade table, U.S. retail sales edged up by 0.2% MoM, or 4.2% YoY in November (vs. 1.1% MoM or 4.8% YoY in October), pointing to a decent economic growth in Q4. Black Friday spending also helped lift the retail sales activities and upcoming holiday season should continue to support higher consumer spending in December.



In addition, Eurozone flash PMI index dropped to 51.7 in December (vs. 52.7 in November), the lowest level since November 2014, reflecting modest output growth on both the manufacturing and service fronts as growing concerns over global trade and economic growth coupled with political uncertainty remain front and center.

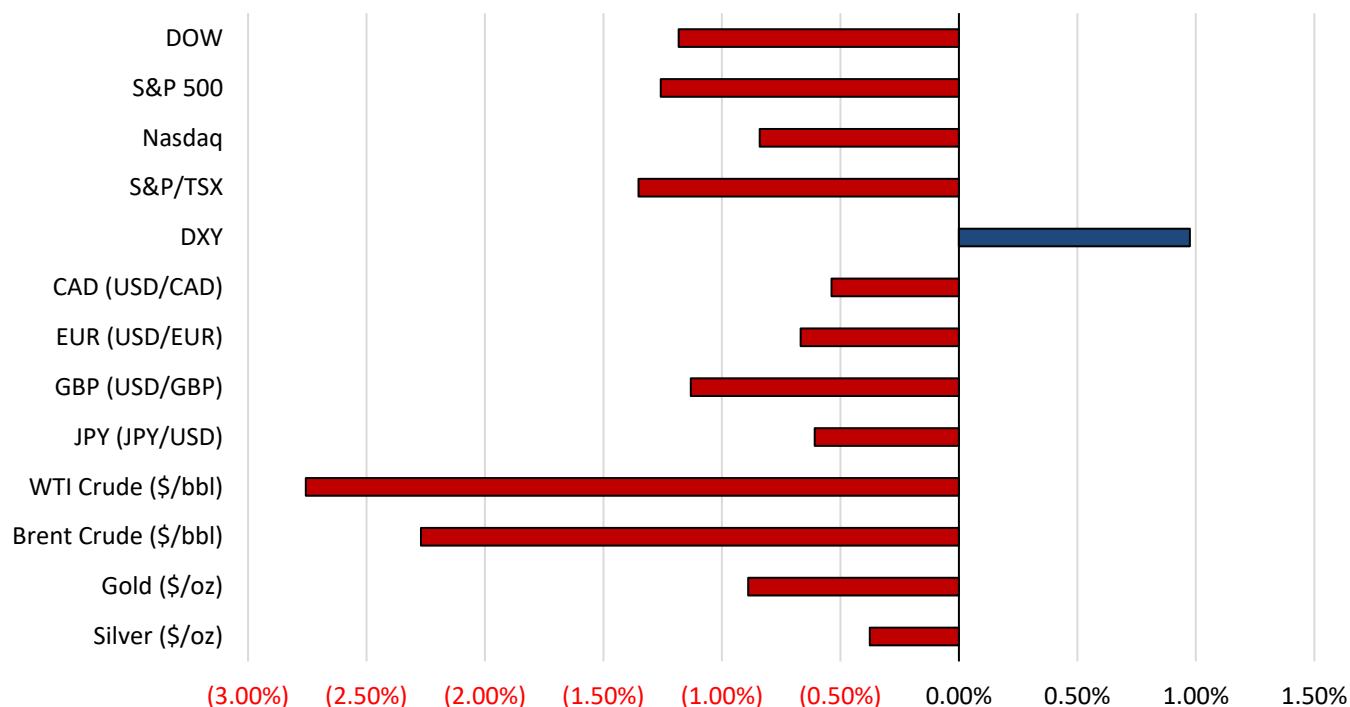
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	51.2	52.6	56.4	54.7
Brent Crude (\$/bbl)	60.3	61.7	66.5	59.7
Natural Gas (\$/MMBtu)	3.80	4.49	4.90	3.02
Gold (\$/oz)	1,238.2	1,249.3	1,210.9	1,253.0
Silver (\$/oz)	14.6	14.6	14.1	15.9
Copper (\$/oz)	6,155.0	6,070.0	6,073.0	6,729.0
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.34	1.33	1.32	1.28
EUR (USD/EUR)	1.13	1.14	1.13	1.18
GBP (USD/GBP)	1.26	1.27	1.30	1.34
JPY (JPY/USD)	113.4	112.7	113.6	112.4

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.	2.74	2.76	2.71	2.87	2.73	2.75	2.69	2.96	2.89	2.91	2.85	3.13
Canada	2.02	2.07	2.00	2.27	2.04	2.09	2.01	2.36	2.10	2.16	2.07	2.43
Eurozone	-0.62	-0.59	-0.60	-0.58	-0.31	-0.27	-0.31	-0.20	0.25	0.28	0.25	0.40
Japan	-0.16	-0.15	-0.15	-0.14	-0.14	-0.12	-0.13	-0.09	0.03	0.05	0.05	0.11
U.K.	0.71	0.76	0.73	0.78	0.86	0.91	0.87	1.06	1.24	1.29	1.26	1.51

Weekly Performance



Upcoming Events

Date	Events
Mon, Dec 17, 2018	Eurozone Inflation (Nov)
Tue, Dec 18, 2018	U.S. Housing Starts and Building Permits (Nov)
Wed, Dec 19, 2018	U.K. & Canada Inflation (Nov); U.S. Existing Home Sales (Nov); FOMC Interest Rate Decision
Thu, Dec 20, 2018	BoJ & BoE Interest Rate Decision; U.K. Retail Sales (Nov)
Fri, Dec 21, 2018	Canada Retail Sales and GDP (Oct)