

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	26,424.99	26,384.63	0.15%	1.91%
S&P 500	2,892.74	2,879.39	0.46%	2.06%
Nasdaq	7,938.69	7,891.78	0.59%	2.71%
S&P/TSX	16,386.18	16,311.61	0.46%	1.76%
FTSE 100	7,446.87	7,401.94	0.61%	2.30%
DAX	12,009.75	11,988.01	0.18%	4.20%
Hang Seng	29,936.32	29,986.39	-0.17%	4.04%
Shanghai Index	3,246.57	3,216.30	0.94%	8.40%
Nikkei 225	21,807.50	21,724.95	0.38%	2.84%

U.S. equities finished higher on Friday on the back of strong job data and progress on the trade front between the U.S and China.

The Dow Jones industrial average rose 40.36 points (0.15%) to close at 26,424.99, lifted by Chevron, Walgreens Boots Alliance, and Home Depot stocks. The S&P 500 advanced 13.35 points (0.46%) to finish at 2,892.74 with the energy and utilities sectors outperforming the rest. The Nasdaq composite climbed 46.91 points (0.59%) to settle at 7,938.69. The major U.S. stock indexes logged their second consecutive weekly gains averaging 2.2%, with the Nasdaq outperforming the others.

On Monday, China Caixin manufacturing PMI surprised to the upside, rising to 50.8 in March (vs. 49.9 in February), pointing to improved manufacturing output and new orders. A reading above/below 50 indicates expansion/contraction. Despite a healthy recovery in the manufacturing data, uncertainty remains surrounding trade tensions and moderating economic growth recently witnessed in China.

In addition, U.S. retail sales declined 0.2% MoM in February (vs. +0.7% in January), below the street consensus of 0.2%, reflecting fading benefits related to tax cut and fiscal stimulus. The result was also impacted by the partial government shutdown in January. Excluding autos, gas, building materials, and food services, retail sales growth came in at -0.2% MoM (vs. +1.7% in January).

Further, U.S. ISM manufacturing PMI shook off its two-year low and climbed to 55.3 in March (vs. 54.2 in February), bolstered by strong activities in new orders, employment, and prices sub-indexes. The reading suggests manufacturing growth remains solid amid trade concerns and global growth worries.

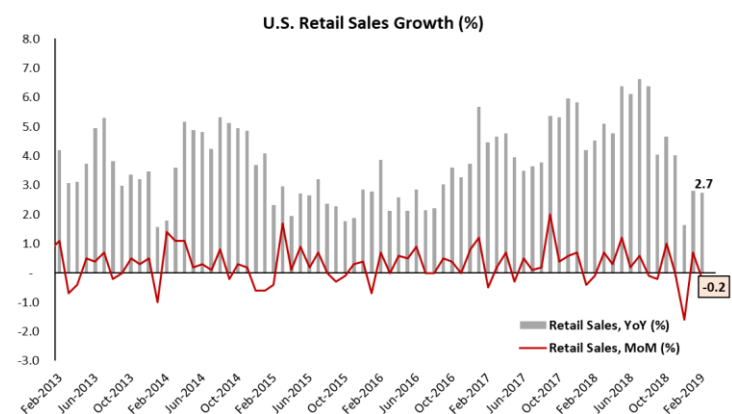
On Wednesday, U.K. services PMI unexpectedly fell to 48.9 in March (vs. 51.3 in February), indicating the expansion in the services sector could have come to a conclusion – the sector accounts for over 75% of the economy. It is likely Q1 GDP growth will stall/contract on the back of Brexit and slowing economic activities.

In addition, U.S. private payrolls added 129k workers in March (vs. 197k in February), coming in below the economists' expectations of 175k. The service-providing sector accounts for 135k job gains whereas the goods-producing sector recorded a 6k decline in positions. The majority of the job increases was derived from the professional & business, education & health, and leisure & hospitality sectors.

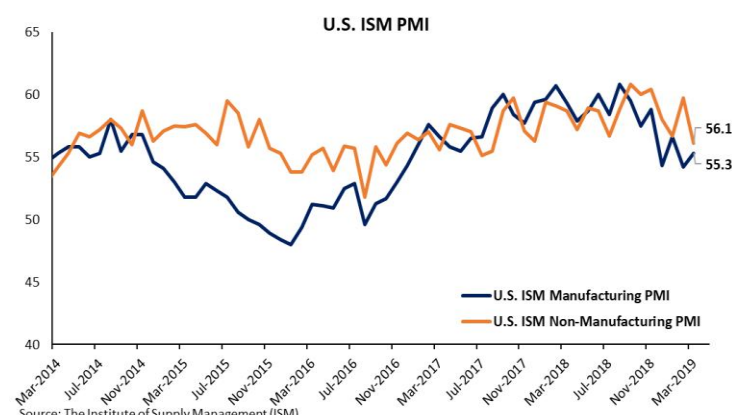
Moreover, U.S. ISM non-manufacturing PMI dropped to 56.1 in March (vs. 59.7 in February), marking the lowest reading since August 2017. The softness was largely attributable to weaker business activity/production, new orders, and new exports sub-indexes. The survey indicated labour shortage remains a key constraint for achieving further growth.



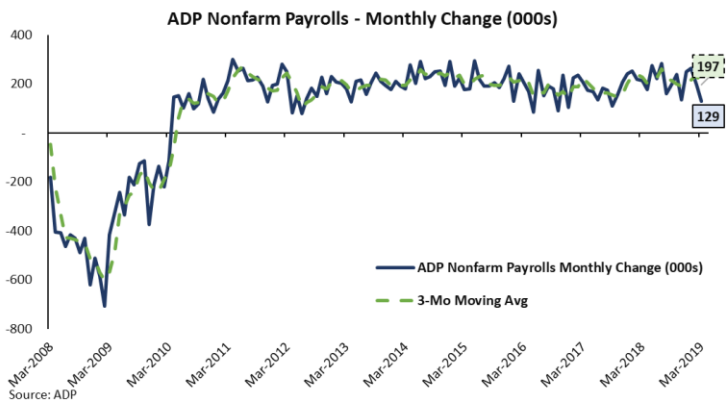
Source: National Bureau of Statistics of China, Caixin, Thomson Reuters



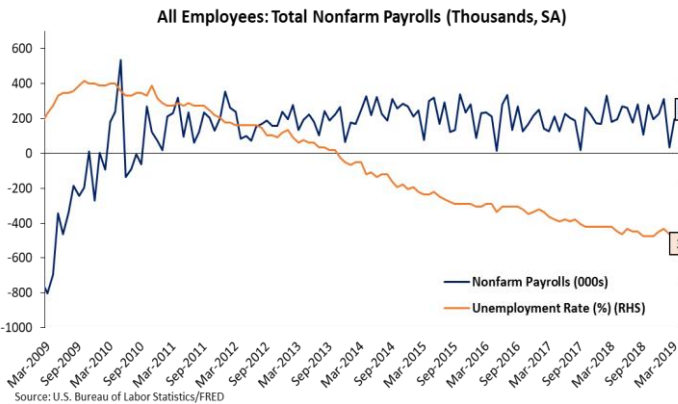
Source: Thomson Reuters, Commerce Department



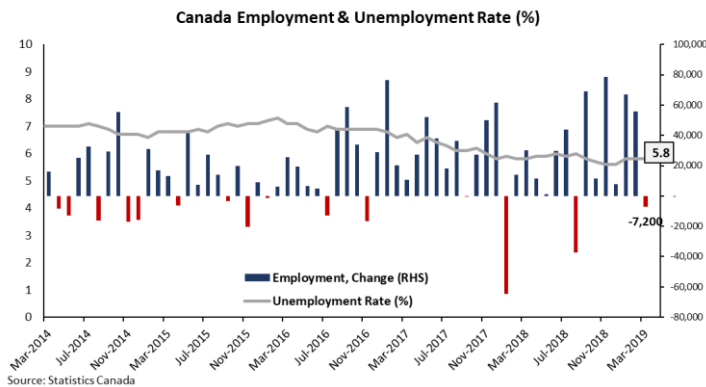
Source: The Institute of Supply Management (ISM)



On Friday, U.S. employment bounced back from its 17-month low, adding 196k jobs to the economy in March (vs. 33k in February). Wage growth remained robust and expanded 3.2% YoY (vs. 3.4% in February). The job gains were fairly broad based and the strong reading provided reassurance to investors that the labour market is still resilient. Overall, the unemployment rate was held steady at 3.8%. Nevertheless, the street continues to anticipate a ~50% chance of a rate cut by end of 2019 in light of the tightening financial conditions.



On the other side of the border, the Canadian labour force lost 7.2k positions in March (vs. +55.9k jobs in February), falling short of the market expectations of an increase of 10k jobs. Positively, wage growth accelerated to 2.4% YoY (vs. 2.3% in February), the fastest pace since September 2018. The unemployment rate was unchanged at 5.8%. Thus far, the strong labour market has been one of the major reasons for the Bank of Canada (BoC) to stay on the sidelines (vs. cutting interest rates) and to believe the economy will rebound for the remainder of the year. Should the employment resilience start to show cracks, it is expected that BoC will pursue accommodative monetary measures.



Lastly, President Donald Trump said the U.S. and China have made meaningful progress and both countries are close to a trade agreement within the next four weeks. A few items investors should watch out for: 1) new terms embedded in the agreement once announced; 2) whether the existing tariffs (\$360 billion combined) from both countries will be (partially) lifted; and 3) does the removal of trade uncertainty automatically translate into better economic prospects? The last item is difficult to pin point and it is almost always fully understood with hindsight – the bottom line is, given the current stage of the cycle, what could be the next catalyst for sustaining the trajectory of both the global economy and the financial markets after the trade dispute is fully resolved?

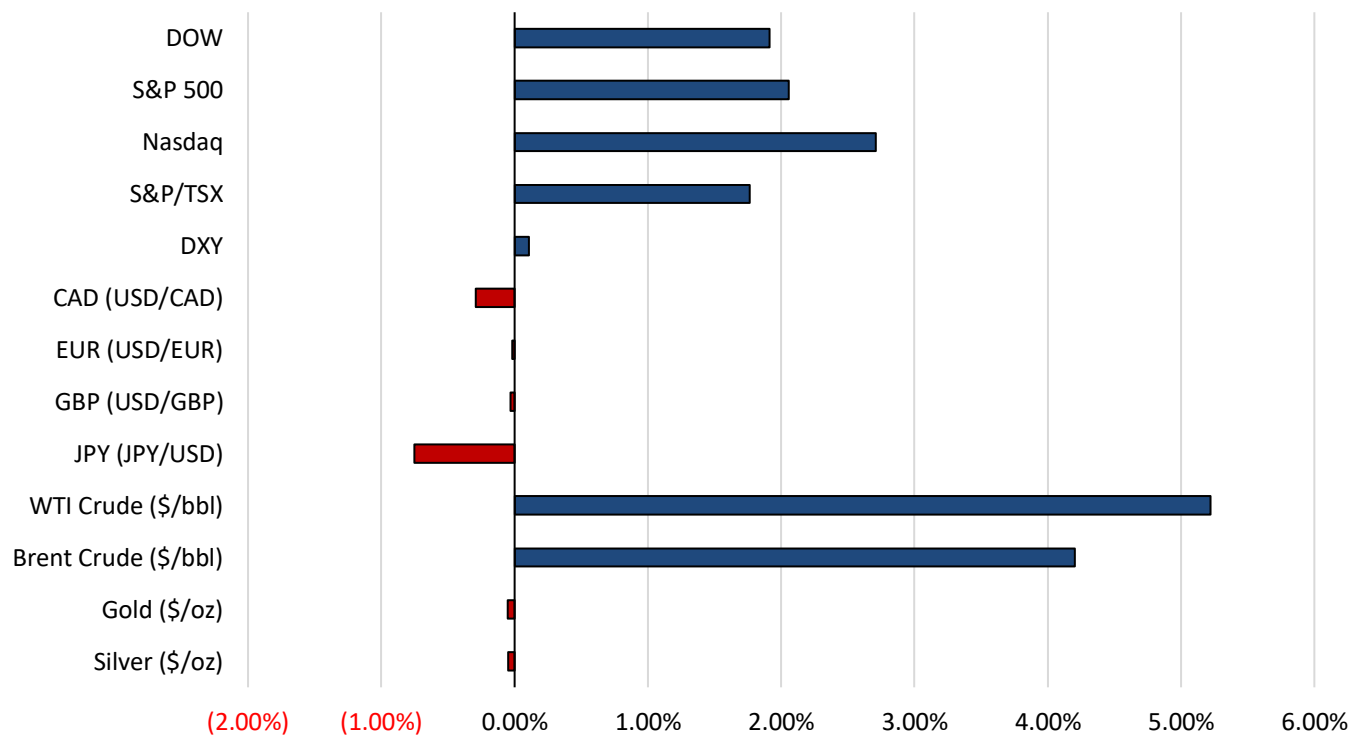
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	63.3	60.1	56.9	59.3
Brent Crude (\$/bbl)	70.4	67.6	65.9	64.1
Natural Gas (\$/MMBtu)	2.67	2.66	2.88	2.64
Gold (\$/oz)	1,291.7	1,292.4	1,288.0	1,326.6
Silver (\$/oz)	15.1	15.1	15.1	16.4
Copper (\$/oz)	6,451.0	6,360.0	6,409.0	6,724.0
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.34	1.33	1.34	1.28
EUR (USD/EUR)	1.12	1.12	1.13	1.22
GBP (USD/GBP)	1.30	1.30	1.32	1.40
JPY (JPY/USD)	111.7	110.9	111.9	107.4

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.	2.34	2.34	2.26	2.54	2.31	2.32	2.23	2.53	2.50	2.52	2.41	2.72
Canada	1.59	1.58	1.55	1.74	1.57	1.57	1.52	1.75	1.70	1.70	1.62	1.88
Eurozone	-0.58	-0.59	-0.61	-0.51	-0.41	-0.41	-0.45	-0.28	0.00	-0.01	-0.07	0.17
Japan	-0.16	-0.16	-0.18	-0.14	-0.16	-0.17	-0.20	-0.14	-0.03	-0.05	-0.09	0.00
U.K.	0.71	0.69	0.63	0.80	0.86	0.83	0.75	1.00	1.11	1.08	1.00	1.29

Weekly Performance



Upcoming Events

Date	Events
Wed, Apr 10, 2019	U.K. Q4 GDP Final Reading; ECB Interest Rate Decision; FOMC Minutes
Thu, Apr 11, 2019	U.S. PPI (Mar); China Trade Balance (Mar)
Fri, Apr 12, 2019	Eurozone Industrial Production (Mar)