

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	26,504.95	26,307.79	0.75%	-0.14%
S&P 500	2,945.64	2,917.52	0.96%	0.20%
Nasdaq	8,164.00	8,036.77	1.58%	0.22%
S&P/TSX	16,494.43	16,410.88	0.51%	-0.72%
FTSE 100	7,380.64	7,351.31	0.40%	-0.64%
DAX	12,412.75	12,345.42	0.55%	1.06%
Hang Seng	30,081.55	29,944.18	0.46%	1.80%
Shanghai Index	3,078.34	3,062.50	0.52%	-3.76%
Nikkei 225	22,258.73	22,307.58	-0.22%	0.26%

U.S. equities rebounded from a two-day loss as stronger-than-expected employment report drove risk-on trading activities.

The Dow Jones industrial average jumped 197.16 points (0.75%) to settle at 26,504.95, with Caterpillar, Intel, and Microsoft shares posting the largest gains. The S&P 500 rose 28.12 points (0.96%) to finish at 2,945.64 as Consumer Discretionary and Industrials stocks outperformed. The Nasdaq composite climbed 127.22 points (1.58%) to close at 8,164.00 as Amazon stock was lifted by investment from Berkshire Hathaway. For the week as a whole, performance was mixed for the major stock indexes as investors remain cautiously optimistic towards the Q1 earnings results while continue to assess what could be the next catalyst to move equities higher from the near-record levels.

On Monday, China Caixin Manufacturing PMI surprised to the downside and eased to 50.2 in April (vs. 50.8 in March), pointing to an improved but moderating operating environment in the manufacturing space. Similarly, the official Manufacturing reading came in at 50.1 (vs. 50.5 in March), below the street expectations of 51.0. Both results came in a touch above the break-even point of 50, but a turnaround in factory activity has yet to take hold. Note that a PMI reading above/below 50 indicates expansion/contraction.

On Tuesday, U.S. consumer confidence continued to grind higher, reaching 129.2 in April (vs. 124.2 in March) as consumer sentiment was revived on the back of a still strong U.S. economic growth (3.2% in Q1/19) and a potential trade resolution between the U.S. and China. A robust reading in confidence should continue to support consumer spending.

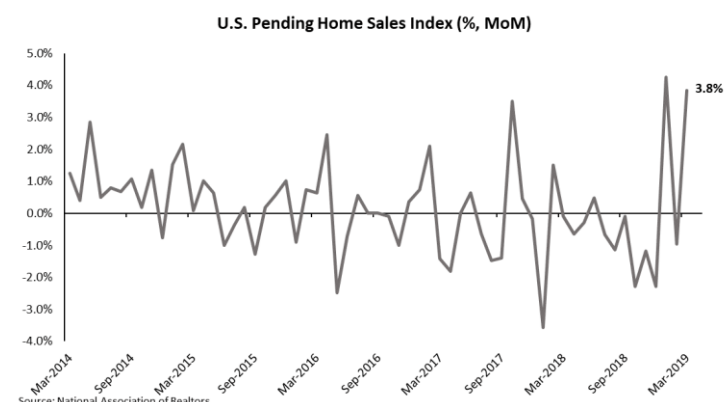
In addition, U.S. pending home sales rose 3.8% MoM in March (vs. -1.0% in February) as select home buyers entered the market, coincided with improved mortgage applications and lower mortgage rates. Nonetheless, sales were down 1.2% YoY, marking the 15 consecutive months of decline.

Further, the Canadian economy contracted 0.1% MoM in February (vs. 0.3% in January) due to winter weather, which adversely impacted manufacturing, mining, and oil & gas sectors. The soft GDP data reinforced market expectation that the Bank of Canada (BoC) will likely keep rates on hold for the balance of the year. Note that BoC revised its 2019 GDP growth downward to 1.2% from 1.7% as part of its monetary policy report released last week.

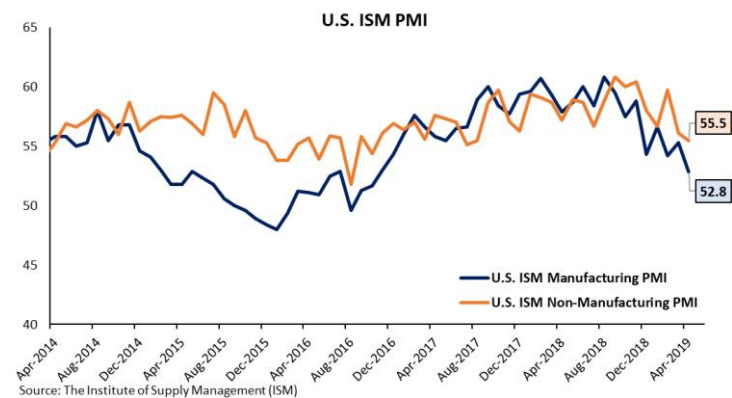
On Wednesday, U.S. ISM Manufacturing PMI fell to 52.8 in April (vs. 55.3 in March), staying in the growth territory. However, the slowdown in growth was largely driven by moderation seen in the new orders (down 5.7% points), production (down 3.5% points), employment (down 5.1% points), and prices (down 4.3% points) sub-sectors.



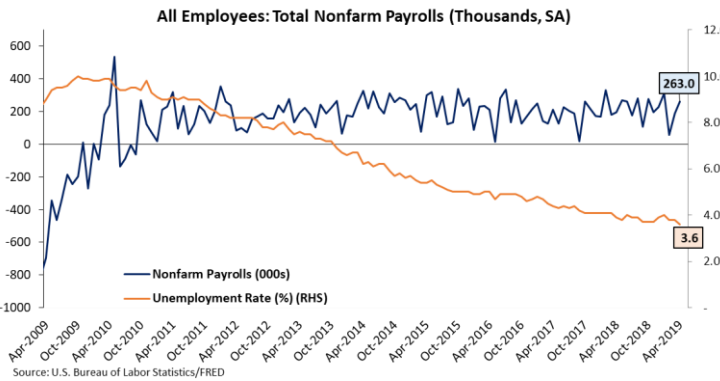
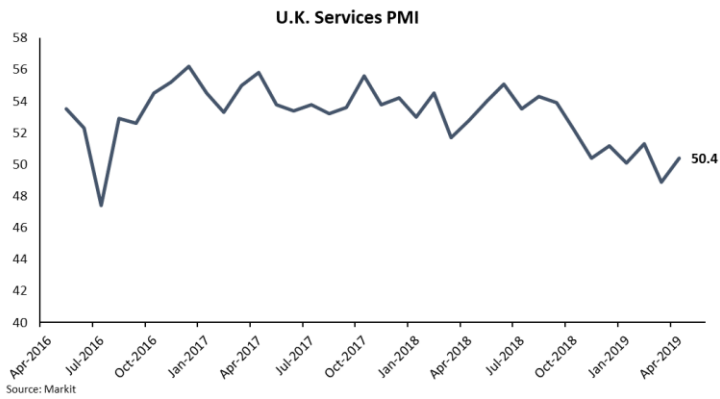
Source: National Bureau of Statistics of China, Caixin, Thomson Reuters



Source: National Association of Realtors



Source: The Institute of Supply Management (ISM)



In addition, U.S. private payrolls added 275k positions to the economy in April, the best reading in nine months, according to ADP. The strong job results were underpinned by the service-providing sector, accounting for ~81% of the hiring. By industry, the professional & business, education & health, and leisure & hospitality continued to dominate the YoY job growth, adding 166k jobs in combined.

Moreover, as widely expected by the street, the Federal Reserve (Fed) concluded its interest rate decision meeting and left its interest rates unchanged. Prior to the meeting, Investors were expecting that the Fed officials might telegraph their concerns over the nation's economic trajectory given the ongoing soft inflation data and thus their consideration of a potential rate cut in the near future. However, hopes for a dovish message did not transpire; instead, the Fed viewed the recent weakness in inflation as transitory and continued to expect it will trend towards its 2% target. As a result, the stock market retreated and finished in the red.

On Thursday, the Bank of England (BoE) concluded its interest rate decision meeting and kept its overnight rate at 0.75%. BoE lifted its 2019 growth forecast to 1.5% from 1.2%, largely driven by better than expected growth in the U.S., China, and the eurozone. The central bank re-iterated its intention to raise interest rates faster than what the market might anticipate. Nonetheless, the pound had not responded accordingly and investors continue to expect BoE would only raise once over the next three years. With the benefit of hindsight, it is reasonable to assume BoE will not be normalizing aggressively as its services PMI remains close to break-even at 50.4 in April (vs. 48.9 in March), signifying stagnant service-related activities. Note that the services sector accounts for over 75% of the U.K. economy.

On Friday, U.S. labour market continued to exhibit resilience, adding 263k jobs in April (vs. 189k in March), logging the 103rd straight month of gains. The unemployment rate thereby fell to 3.6% (vs. 3.8% in March), the lowest level since 1969. Wage growth also came in strong, rising 3.2% YoY (vs. 3.2% in March), staying comfortably above the sub-2% inflation.

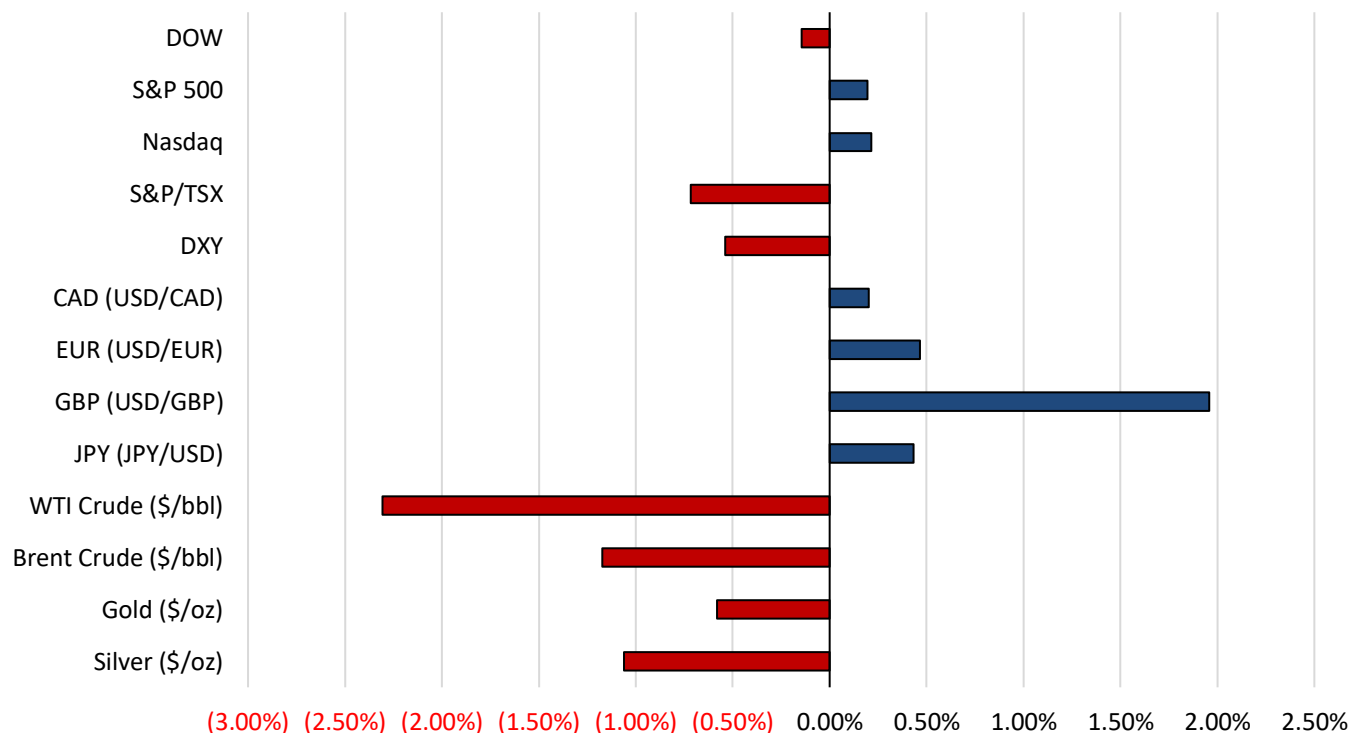
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	61.8	63.3	62.5	62.2
Brent Crude (\$/bbl)	70.8	71.6	68.9	68.0
Natural Gas (\$/MMBtu)	2.56	2.58	2.72	2.58
Gold (\$/oz)	1,278.7	1,286.2	1,289.9	1,312.1
Silver (\$/oz)	14.9	15.1	15.1	16.4
Copper (\$/oz)	6,167.0	6,365.0	6,426.5	6,820.0
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.34	1.35	1.33	1.28
EUR (USD/EUR)	1.12	1.12	1.12	1.20
GBP (USD/GBP)	1.32	1.29	1.32	1.36
JPY (JPY/USD)	111.1	111.6	111.5	109.2

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.	2.33	2.34	2.28	2.33	2.33	2.35	2.29	2.33	2.53	2.54	2.50	2.52
Canada	1.64	1.62	1.55	1.59	1.62	1.61	1.52	1.58	1.77	1.76	1.69	1.71
Eurozone	-0.59	-0.59	-0.60	-0.59	-0.41	-0.41	-0.44	-0.41	0.02	0.03	-0.02	0.01
Japan	-0.15	-0.15	-0.16	-0.16	-0.17	-0.16	-0.16	-0.17	-0.05	-0.04	-0.04	-0.05
U.K.	0.79	0.76	0.72	0.70	0.94	0.91	0.86	0.84	1.22	1.18	1.14	1.10

Weekly Performance



Upcoming Events

Date	Events
Mon, May 06, 2019	Eurozone Retail Sales (Mar)
Wed, May 08, 2019	Japan Services PMI (Apr); China Trade Balance (Apr)
Thu, May 09, 2019	U.S. PPI (Apr)
Fri, May 10, 2019	U.K. Q1 GDP; U.S. CPI (Apr); Canada Employment Report (Apr)