

## World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	25,886.01	25,579.39	1.20%	-1.53%
S&P 500	2,888.68	2,847.60	1.44%	-1.03%
Nasdaq	7,895.99	7,766.62	1.67%	-0.79%
S&P/TSX	16,149.79	16,012.53	0.86%	-1.17%
FTSE 100	7,117.15	7,067.01	0.71%	-1.88%
DAX	11,562.74	11,412.67	1.31%	-1.12%
Hang Seng	25,734.22	25,495.46	0.94%	-0.79%
Shanghai Index	2,823.82	2,815.80	0.29%	1.77%
Nikkei 225	20,418.81	20,405.65	0.06%	-0.85%

U.S. stock market rallied on Friday as fears over an imminent recession eased with bond yields moving up in response. However, investor sentiment remained sour as yield curve inversion was put in the spotlight.

The Dow Jones Industrial Average jumped 306.62 points (1.20%) to finish at 25,886.01, lifted by Apple, Dow Inc. and 3M Co. shares. The S&P 500 advanced 41.08 points (1.44%) to close at 2,888.68 as Financials, Industrials, and Info. Technology sectors led the pack. The Nasdaq was up 129.38 points (1.67%) to close at 7,895.99. For the week as a whole, however, the major stock indexes stayed in the red and logged an average loss of 1.1% with the Dow underperforming the others.

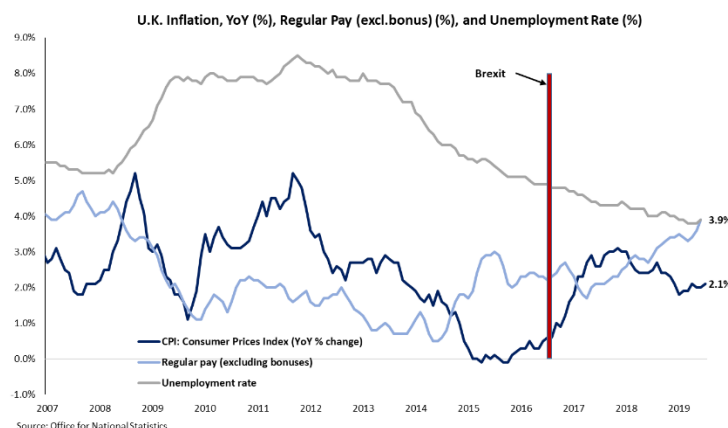
On Tuesday, the U.K. labour market remained robust despite recent signs of economic weakness, with 115k jobs added in the three months to June (+28k jobs in the prior period). Nonetheless, unemployment rate inched up to 3.9% (vs. 3.8% previously) as more people joined the labour force. On the wage front, regular pay (excl. bonuses) grew 3.9% YoY (vs. 3.6% in the prior period), marking the highest level since June 2008.

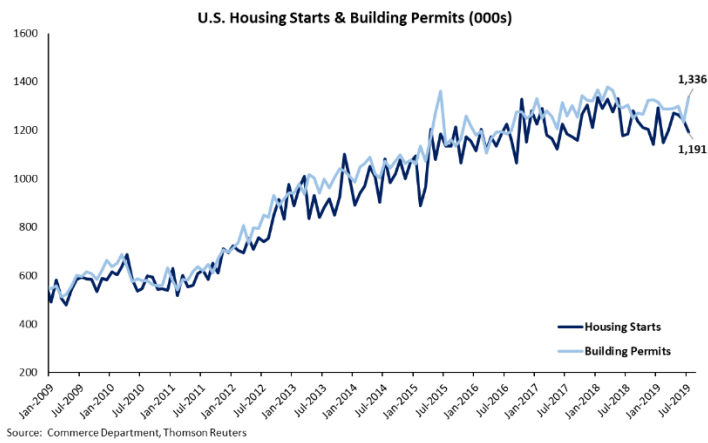
In addition, U.S. inflation increased 1.8% YoY in July (vs. 1.6% in June), ahead of the street consensus of 1.7%. Excluding volatile food and energy items, core inflation came in at 2.2% YoY (vs. 2.1% in June). However, the recent pickup in inflation is unlikely to influence the interest rate trajectory by the Federal Reserve as the market continues to expect there will be at least two rate cuts on the table for the balance of 2019.

On Wednesday, China's retail sales grew 7.6% YoY in July (vs. 9.8% in June), below economists' expectations of 8.6%, as consumers remained cautious and became selective in their consumption decisions. In particular, the slumping auto sales and household appliance spending were indicative of consumer sentiment. In addition, industrial production rose 4.8% YoY (vs. 6.3% in June), logging the weakest pace since February 2002, as economic slowdown and escalating trade disputes continue to drag on manufacturing activities.

U.K. inflation surprised to the upside and expanded 2.1% YoY in July (vs. 2.0% in June), bolstered by prices of computer games and hospitality. Despite a strong inflation reading, the Bank of England is expected to stay on the sidelines before Brexit is resolved.

On Thursday, U.K. retail sales improved and grew 0.2% MoM in July (vs. 0.9% in June), ahead of the street consensus of a 0.2% contraction. The solid performance was underpinned by strong online spending, which rose 6.9% MoM, the fastest pace since May 2016.





Similarly, in the U.S., retail sales climbed 0.7% MoM in July (vs. 0.3% in June), fueled by a ~3% sales increase from online retailers, electronic stores, restaurants, and gas stations. The consumer report offers further evidence that there is a split between consumption strength and weakness in manufacturing-related sectors amid ongoing global growth fears.

On Friday, U.S. housing market weakened further, with housing starts declining 4.0% MoM to a seasonally adjusted annual rate (SAAR) of 1.191 million units in July (vs. -1.8% to 1.241 million units in June), largely driven by a steep contraction of multi-family housing construction. Note that the 30-year fixed mortgage rate has fell to 3.6% from a peak of 4.9% in November 2018, but yet to meaningfully revive home buying sentiment. However, building permits surged 8.4% MoM to a SAAR of 1.336 million units (vs. -5.2% to 1.232 million units in June), the strongest gain since June 2017.

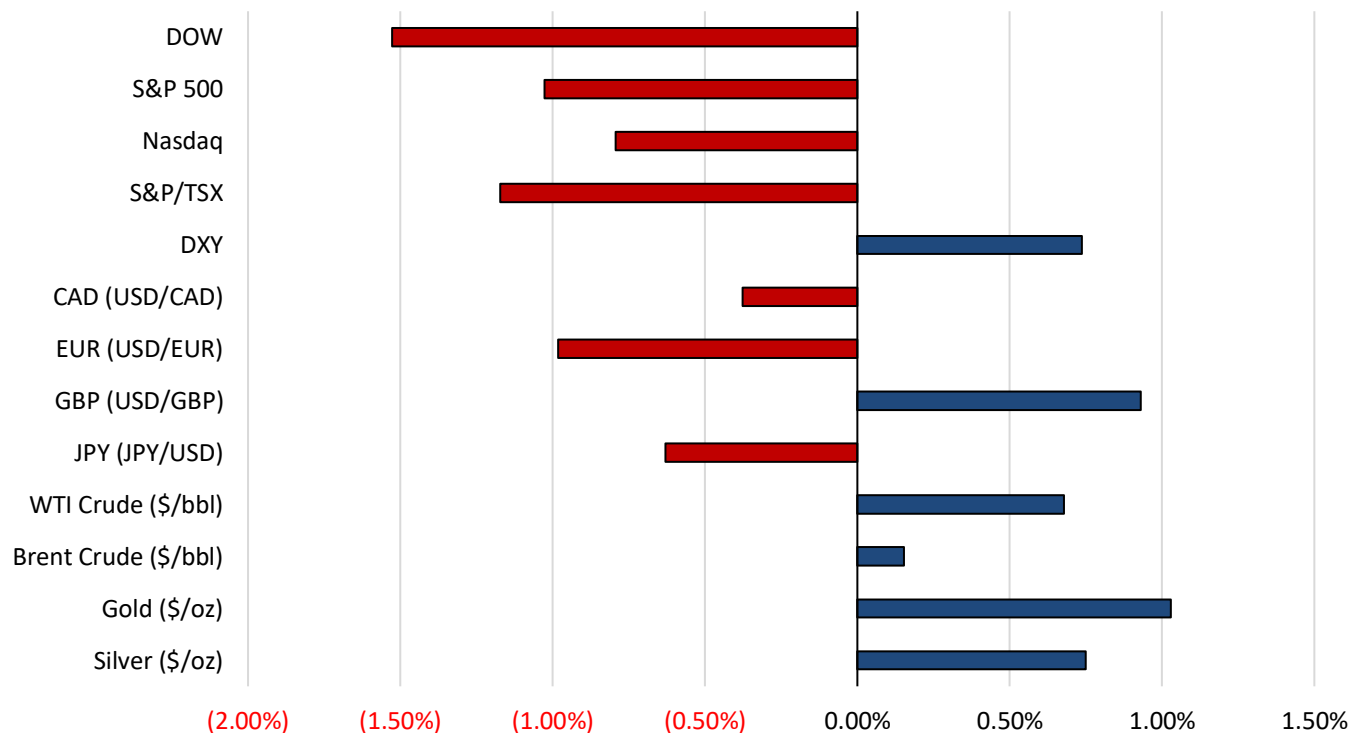
## Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	54.9	54.5	57.7	62.3
Brent Crude (\$/bbl)	58.6	58.5	63.8	70.5
Natural Gas (\$/MMBtu)	2.20	2.12	2.29	2.71
Gold (\$/oz)	1,512.4	1,497.0	1,406.2	1,174.2
Silver (\$/oz)	17.1	17.0	15.6	14.7
Copper (\$/oz)	5,751.0	5,798.0	5,983.0	5,801.0
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.33	1.32	1.31	1.32
EUR (USD/EUR)	1.11	1.12	1.12	1.14
GBP (USD/GBP)	1.21	1.20	1.24	1.27
JPY (JPY/USD)	106.4	105.7	108.2	110.9

## 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.	1.48	1.50	1.65	1.85	1.42	1.42	1.58	1.87	1.56	1.53	1.74	2.10
Canada	1.33	1.30	1.38	1.56	1.20	1.14	1.26	1.51	1.16	1.09	1.27	1.59
Eurozone	-0.92	-0.92	-0.87	-0.74	-0.90	-0.91	-0.83	-0.60	-0.69	-0.72	-0.58	-0.25
Japan	-0.28	-0.28	-0.27	-0.19	-0.32	-0.32	-0.30	-0.22	-0.23	-0.24	-0.22	-0.13
U.K.	0.50	0.44	0.44	0.58	0.39	0.33	0.33	0.59	0.46	0.41	0.48	0.82

## Weekly Performance



## Upcoming Events

Date	Events
Mon, Aug 19, 2019	Eurozone Inflation (Jul)
Wed, Aug 21, 2019	Canada Inflation Rate (Jul); U.S. Existing Home Sales (Jul); FOMC Minutes
Thu, Aug 22, 2019	Federal Reserve Jackson Hole Symposium
Fri, Aug 23, 2019	Canada Retail Sales (Jun); U.S. New Home Sales (Jul)