

## World Equities

| Equity Market  | Current   | T-1       | T-1, Δ % | T-5, Δ % |
|----------------|-----------|-----------|----------|----------|
| DOW            | 35,819.56 | 35,730.48 | 0.25%    | 0.40%    |
| S&P 500        | 4,605.38  | 4,596.42  | 0.19%    | 1.33%    |
| Nasdaq         | 15,498.39 | 15,448.12 | 0.33%    | 2.70%    |
| S&P/TSX        | 21,037.07 | 21,197.53 | -0.76%   | -0.84%   |
| FTSE 100       | 7,237.57  | 7,249.47  | -0.16%   | 0.46%    |
| DAX            | 15,688.77 | 15,696.33 | -0.05%   | 0.94%    |
| Hang Seng      | 25,377.24 | 25,555.73 | -0.70%   | -2.87%   |
| Shanghai Index | 3,547.34  | 3,518.42  | 0.82%    | -0.98%   |
| Nikkei 225     | 28,892.69 | 28,820.09 | 0.25%    | 0.30%    |

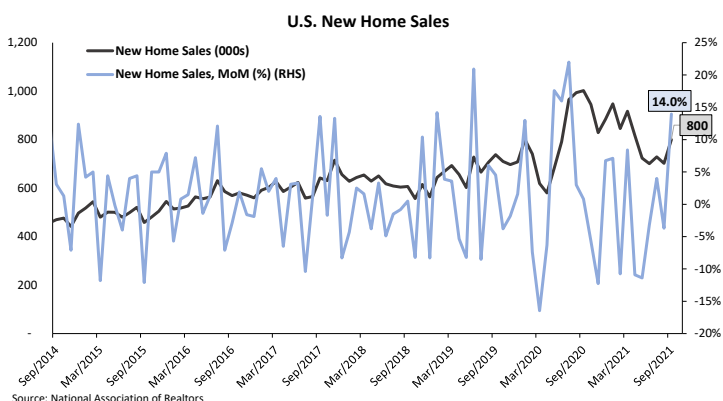
U.S. equities closed at record highs on Friday despite earnings miss from select technology giants (AAPL/AMZN) as investors remained cautiously optimistic with earnings results thus far. Over 55% of S&P 500 companies have reported Q3/21 results with 80% delivering better-than-expected EPS.

The Dow Jones Industrial Average gained 89.08 points (+0.25%) to settle at 35,819.56, lifted by a gain of 2.3% at MSFT and 1.9% at INTC, which more than offset the -1.8% decline at AAPL. The S&P 500 index was up 8.96 points (+0.19%) to close at 4,605.38, led by gains at Health Care and Communication Services sectors. Nasdaq managed to stay in the green and finished up 0.33% despite witnessing decline of share prices in select technology giants. For the week, all three indices recorded solid gains averaging 1.48%, led by Nasdaq (up 2.70%). Overall, S&P 500 and Nasdaq recorded their best monthly performance since November 2020 with gains of 6.9% and 7.3%, respectively.

On Tuesday, U.S. new home sales surprised to the upside in September and increased 14% m/m to a seasonally adjusted annualized rate of 800k units (vs. 702k units in August), ahead of 760k market consensus and marking the highest level in six months. The strong new home sales pointed to home builders continuing to take on orders from buyers who couldn't afford to buy one in the existing home markets.

In addition, U.S. consumer confidence unexpectedly inched higher to 113.8 in October (from 109.8 in September), ending three consecutive months of declines. The uptick in consumer confidence was likely driven by the abating of the COVID-19 situation (think vaccination progress), which may have led to improved sentiment towards outlook of business conditions and the labour market.

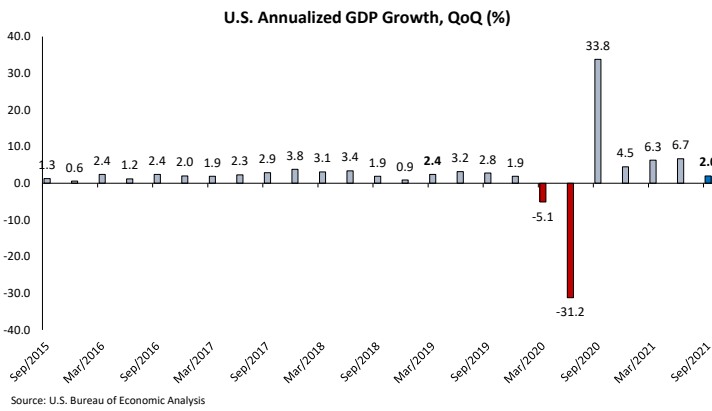
On Wednesday, the highly anticipated Bank of Canada meeting arrived with a hawkish stance (despite no change in overnight rate): 1) The central bank ended its QE program and switched to reinvestment phase, meaning it will keep its holding of government bonds stable by purchasing ~\$4B to \$5B of government bonds per month (versus \$2B weekly purchase previously); 2) BoC pulled forward their guidance and it is now looking to raise interest rates by the middle quarters of 2022 (vs. H2/22 guided previously), suggesting a rate hike could arrive as soon as in April/21; and 3) BoC lifted its forecast on inflation to 3.4% (from 3.0%) in 2021 and to 3.4% (from 2.4%) in 2022; while lowering its GDP growth forecast to 5.1% (from 6.0%) in 2021 and to 4.3% (from 4.6%) in 2022. Overall, very hawkish tone, leaving the BoC with lots of room to adjust its monetary policy if need be, though uncertainty remains as it relates to how quickly BoC could hike interest rates ahead of the Federal Reserve, which does not plan to raise rates until sometime in H2/22 the earliest.



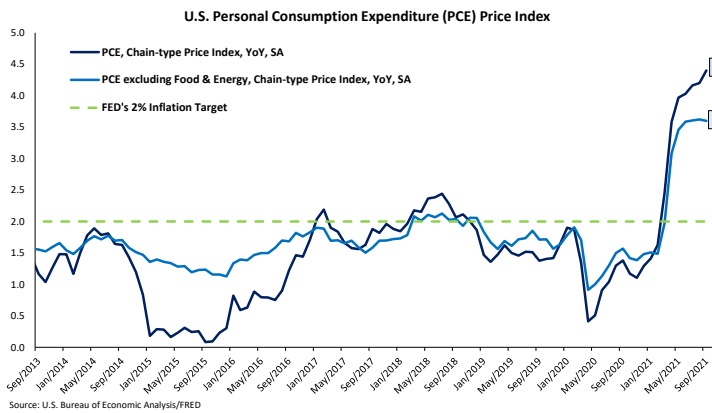
### BoC Projections:

| Inflation      | Q1/21A | Q2/21A | Q3/21E | Q4/21E | 2020A | 2021E | 2022E |
|----------------|--------|--------|--------|--------|-------|-------|-------|
| Oct/21 Meeting |        |        | 4.1%   | 4.8%   |       | ↑3.4% | ↑3.4% |
| Jul/21 Meeting | 1.5%   | 3.4%   | 3.9%   | 3.5%   | 0.7%  | 3.0%  | 2.4%  |
| GDP Growth     | Q1/21A | Q2/21A | Q3/21E | Q4/21E | 2020A | 2021E | 2022E |
| Oct/21 Meeting |        |        | 5.5%   | 4.0%   |       | ↓5.1% | ↓4.3% |
| Jul/21 Meeting | 5.5%   | -1.1%  | 7.3%   |        | -5.3% | 6.0%  | 4.6%  |

Source: Bank of Canada



On Thursday, U.S. economic growth moderated to 2.0% in Q3 (down from 6.7% in Q2) and was below the 2.6% growth expected by economists. The Q3 GDP print marked the weakest quarter since the onset of the pandemic. The weak result was impacted by weak consumer spending (accounting for ~70% of U.S. GDP), which grew 1.6%, substantially below the 12.0% growth witnessed in Q2, reflecting moderation of pent-up demand while supply chain bottlenecks continued to weigh.



On Friday, Canada released its August GDP result which posted a lower-than-expected growth of 0.4% (vs. -0.1% in July), compared with +0.7% street consensus. In addition, StatCan provided an early read on September GDP estimating a flat economic growth, which suggests Q3 GDP growth overall could come in at 2.0% (vs. -1.1% in Q2). With today's reading, it is expected economists will revise downwards its forecast for 2021 GDP growth (which is at roughly 5.0% currently). Once again, should inflation continue to charge higher, the narrative of stagflation risk will re-emerge (most economists/strategists believe this is a non-issue for now).

Lastly, U.S. published its September PCE reading, which increased to a three-decade high of 4.4% y/y (vs. 4.2% in August). Excluding food & energy, core PCE rose 3.6% y/y in September (vs. 3.6% in August). Both inflation gauges remain meaningfully above the Fed's 2% target.

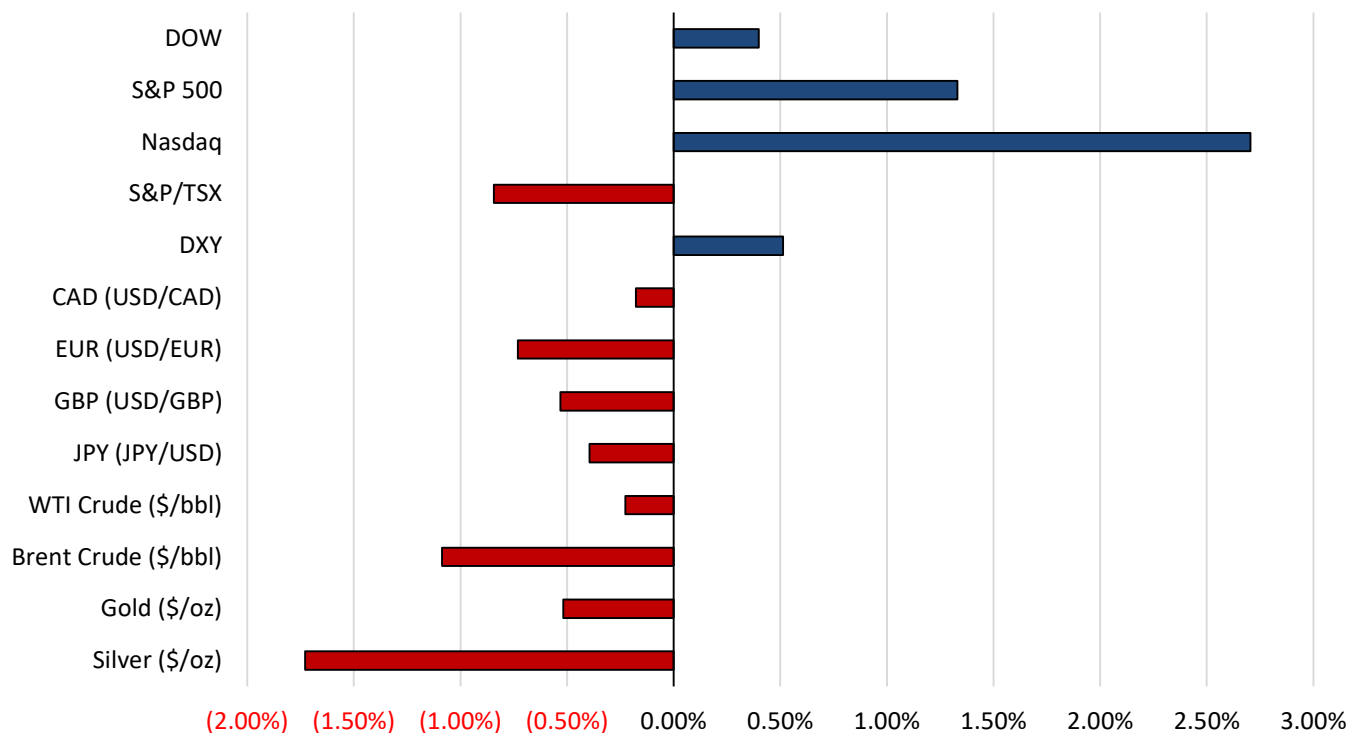
## Commodities & FX

| Commodities            | Current | T-5     | T-30    | T-365   |
|------------------------|---------|---------|---------|---------|
| WTI Crude (\$/bbl)     | 83.6    | 83.8    | 74.5    | 39.2    |
| Brent Crude (\$/bbl)   | 83.7    | 84.6    | 77.3    | 41.6    |
| Natural Gas (\$/MMBtu) | 5.43    | 5.46    | 5.60    | 3.22    |
| Gold (\$/oz)           | 1,783.4 | 1,792.7 | 1,726.4 | 1,867.6 |
| Silver (\$/oz)         | 23.9    | 24.3    | 21.5    | 23.3    |
| Copper (\$/oz)         | 9,666.5 | 9,831.5 | 9,269.0 | 6,748.0 |
| FX                     | Current | T-5     | T-30    | T-365   |
| CAD (USD/CAD)          | 1.24    | 1.24    | 1.28    | 1.33    |
| EUR (USD/EUR)          | 1.16    | 1.16    | 1.16    | 1.17    |
| GBP (USD/GBP)          | 1.37    | 1.38    | 1.34    | 1.29    |
| JPY (JPY/USD)          | 114.0   | 113.5   | 112.0   | 104.6   |

## 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.        | 0.50       | 0.49  | 0.45  | 0.29  | 1.18       | 1.18  | 1.20  | 0.99  | 1.55        | 1.58  | 1.63  | 1.52  |
| Canada      | 1.09       | 1.01  | 0.87  | 0.53  | 1.51       | 1.43  | 1.34  | 1.10  | 1.72        | 1.67  | 1.65  | 1.51  |
| Eurozone    | -0.59      | -0.62 | -0.64 | -0.69 | -0.39      | -0.44 | -0.42 | -0.56 | -0.11       | -0.14 | -0.11 | -0.21 |
| Japan       | -0.10      | -0.10 | -0.11 | -0.13 | -0.07      | -0.08 | -0.07 | -0.08 | 0.09        | 0.09  | 0.09  | 0.07  |
| U.K.        | 0.70       | 0.64  | 0.66  | 0.40  | 0.83       | 0.76  | 0.82  | 0.62  | 1.03        | 1.01  | 1.14  | 0.99  |

## Weekly Performance



## Upcoming Events

| Date              | Events   |
|-------------------|--|
| Mon, Nov 01, 2021 | China Caixin Manu. PMI (Oct); U.S. ISM Manu. PMI (Oct)                       |
| Tue, Nov 02, 2021 | China Caixin Services PMI (Oct)  |
| Wed, Nov 03, 2021 | U.S. ADP Employment Report (Oct); U.S. ISM Non-Manu. PMI (Oct); FOMC Meeting |
| Thu, Nov 04, 2021 | BoE Interest Rate Decision   |
| Fri, Nov 05, 2021 | U.S. Nonfarm Payrolls (Oct); Canada Employment Report (Oct)                  |