

## World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	34,451.23	34,564.59	-0.33%	-0.38%
S&P 500	4,392.59	4,446.59	-1.21%	-2.39%
Nasdaq	13,351.08	13,643.59	-2.14%	-3.93%
S&P/TSX	21,855.70	21,838.02	0.08%	0.10%
FTSE 100	7,616.38	7,580.80	0.47%	0.86%
DAX	14,163.85	14,076.44	0.62%	0.61%
Hang Seng	21,518.08	21,374.37	0.67%	-1.33%
Shanghai Index	3,211.25	3,225.64	-0.45%	-1.25%
Nikkei 225	27,093.19	27,172.00	-0.29%	0.40%

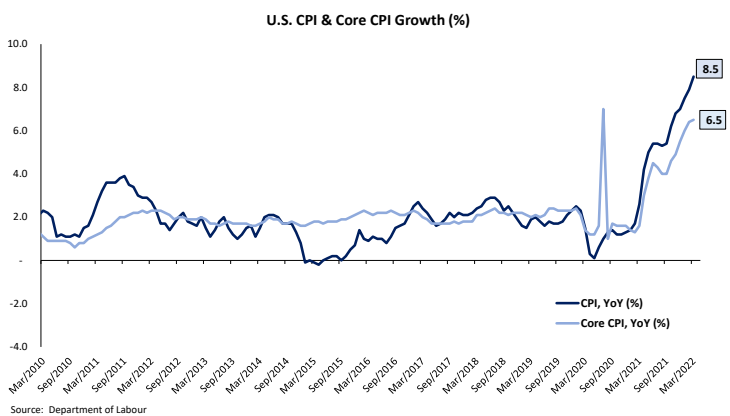
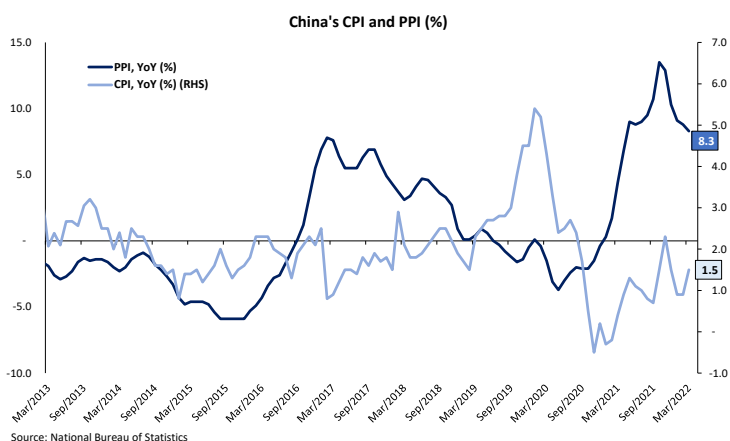
U.S. equities finished lower on Thursday as investors assessed inflation print and earnings results from major U.S. banks.

The Dow Jones Industrial Average lost 113.36 points (-0.33%) to close at 34,451.23, largely lagged by losses at Apple, Salesforce, and Intel. The S&P 500 index fell 54.00 points (-1.21%) to finish at 4,392.59, weighed down by Information Technology and Telecom sectors. The Nasdaq Composite underperformed the pack and dropped 292.51 points (-2.14%) to settle at 13,351.08. For the week, all three major U.S. indexes finished in the red averaging -2.23%, with Nasdaq recording outsized loss of -3.93%. WTI and Brent crude oil prices surged over 11% and remained above \$105/barrel on news that European Union may phase in a ban on Russian oil imports.

On Monday, China inflation rose 1.5% y/y in March (vs. up 0.9% in Feb), ahead of the street consensus of 1.2%, in part due to lockdown-related logistic issues. Food prices declined 1.5% y/y in March while non-food items grew 2.2% y/y. On the producer front, PPI increased 8.3% in March (vs. 8.8% in Feb), ahead of the 8.1% expected by economists, with the price increases largely driven by higher commodity prices. The ongoing geopolitical challenges in Ukraine is expected to sustain elevated commodity prices, but base effects should lead to a moderating y/y increase in PPI for the balance of the year.

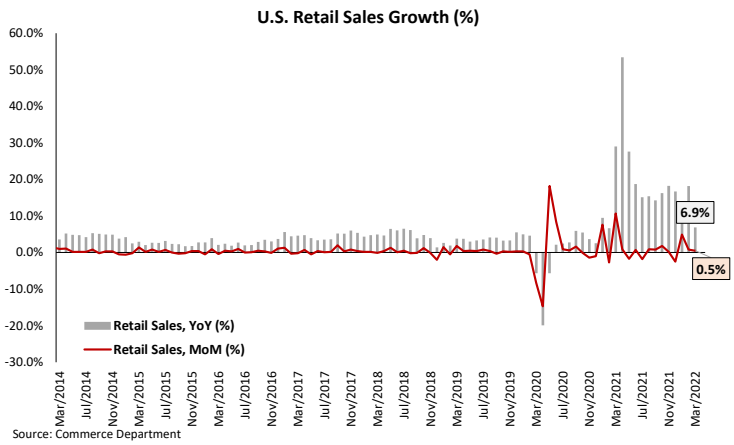
On Tuesday, U.S. inflation rose further with CPI increasing 8.5% y/y in March (vs. 7.9% in Feb), a touch above the 8.4% consensus. The March print marks the highest level since 1981 and it was driven by elevated gasoline prices (up 48% y/y or 18.3% m/m), higher new vehicle prices (up 12.5% y/y), and higher food costs (up 8.8%). Excluding food and energy items, core CPI rose 6.5% y/y in March (vs. 6.4% in Feb). Overall, though appearing to peak, price pressures remain high and the Fed is expected to stay the course for a 50bps rate hike in the upcoming meeting in May (90%+ priced in).

On Wednesday, as widely expected, the Bank of Canada raised overnight rate by 50bps to 1.00% and indicates it will start the quantitative tightening on April 26. The hawkish stance was justified by BoC's view of excess demand in the economy and tight labour markets, and the central bank points out that it's ready to hike rates forcefully if needed to tame inflation. The BoC updated its estimate of neutral interest rates to 2.00-3.00% (from 1.75-2.75%), suggesting there are at least another full 100bps increase to take place in 2022 if not more. The street seems to price in another 75-100bps increase by July (perhaps 50bps in each of the June and July meetings). On QT, BoC indicates it will allow maturing government bonds to run off its balance sheet. BoC's balance sheet currently stands at ~\$500B (vs. ~\$120B pre-pandemic), though no meaningful details were provided, it is conceivable that BoC could right size its balance sheet to ~\$300B in next couple of years.



Inflation	Q4/21A	Q1/22A	Q2/22E	2021A	2022E	2023E
Apr/22 Meeting	4.7%	5.6%	5.8%	3.4%	↑5.3%	↑2.8%
Jan/22 Meeting			na		4.2%	2.3%
GDP Growth	Q4/21A	Q1/22A	Q2/22E	2021A	2022E	2023E
Apr/22 Meeting	6.7%	3.0%	6.0%	4.6%	↑4.2%	↓3.2%
Jan/22 Meeting			na		4.0%	3.5%

Source: Bank of Canada



On Thursday, U.S. retail sales rose 0.5% m/m in March (vs. 0.8% in Feb), a touch below the 0.6% increase expected by economists. The m/m increase reflects solid sales at general merchandise (up 5.4%) higher gasoline sales on higher prices (up 8.9%), and higher apparels sales (up 2.6%), partially offset by lower autos & parts sales (down 1.9%) and lower non-store retailers (down 6.4%). Big picture, the elevated inflation seems to gradually erode consumer purchasing power and spending behaviour, but strong labour markets should help alleviate the increasing price pressures.

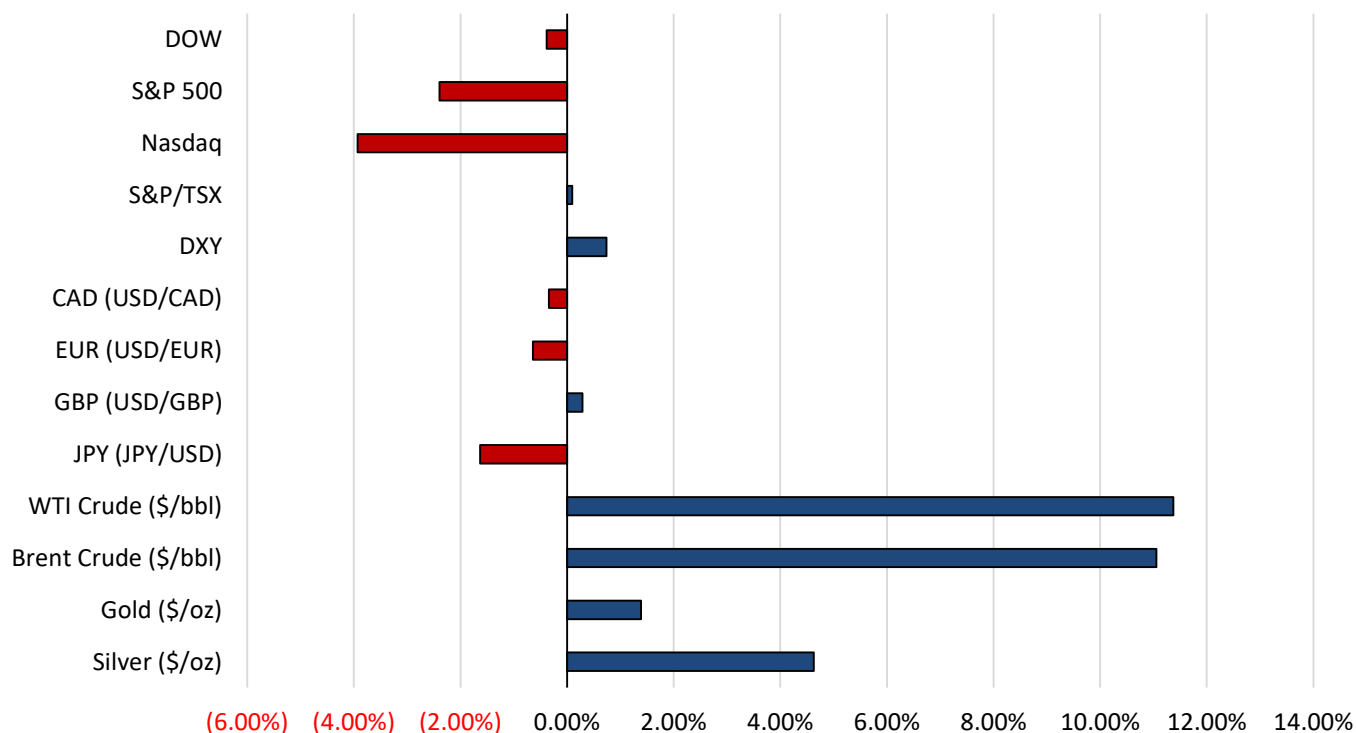
## Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	107.0	96.0	101.2	59.1
Brent Crude (\$/bbl)	111.7	100.6	103.4	62.3
Natural Gas (\$/MMBtu)	7.30	6.36	4.70	2.49
Gold (\$/oz)	1,974.6	1,947.5	1,917.9	1,764.0
Silver (\$/oz)	25.9	24.8	24.9	25.9
Copper (\$/oz)	10,315.0	10,311.5	9,935.0	9,074.5
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.26	1.26	1.28	1.25
EUR (USD/EUR)	1.08	1.09	1.10	1.20
GBP (USD/GBP)	1.31	1.30	1.30	1.38
JPY (JPY/USD)	126.4	124.3	118.3	108.8

## 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.	2.45	2.45	2.51	1.85	2.79	2.79	2.75	2.11	2.83	2.83	2.70	2.14
Canada	2.42	2.33	2.37	1.80	2.63	2.52	2.53	1.97	2.76	2.64	2.58	2.19
Eurozone	0.04	0.07	-0.02	-0.43	0.57	0.55	0.47	0.01	0.84	0.76	0.68	0.33
Japan	-0.06	-0.07	-0.08	-0.03	0.03	0.02	0.01	0.03	0.24	0.23	0.23	0.20
U.K.	1.55	1.48	1.45	1.36	1.62	1.54	1.51	1.35	1.89	1.80	1.73	1.57

## Weekly Performance



## Upcoming Events

Date	Events
Mon, Apr 18, 2022	China Q1/22 GDP
Tue, Apr 19, 2022	U.S. Housing Starts and Building Permits (Mar)
Wed, Apr 20, 2022	Canada CPI (Mar); U.S. Existing Home Sales (Mar)
Thu, Apr 21, 2022	Eurozone CPI (Mar)
Fri, Apr 22, 2022	Canada Retail Sales (Feb)