

Weekly economic review

Sébastien Mc Mahon, CFA

06/14/19



INVESTED IN YOU.

A look at this week's markets

At the close on Thursday



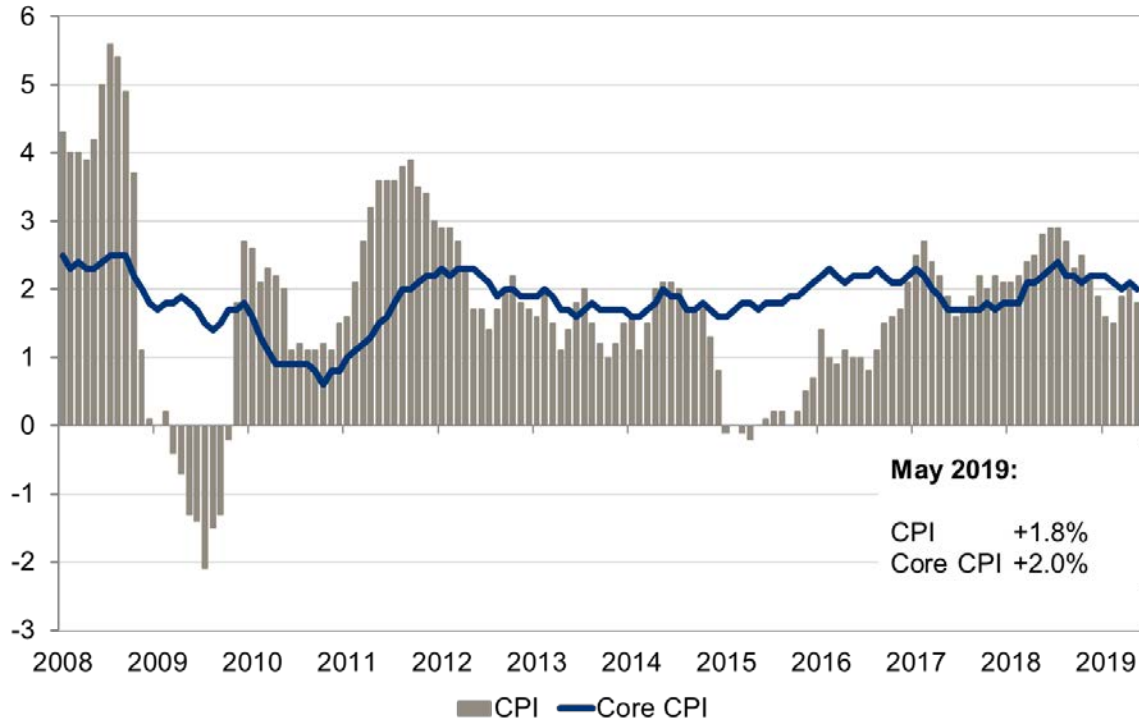
	<i>Week-to-date</i>		<i>Year-to-date</i>	
Canadian Bonds (total return)	<i>Local currency</i>	<i>In CAD</i>	<i>Local currency</i>	<i>In CAD</i>
FTSE TMX Universe	0.10%		6.11%	
FTSE TMX Long Corps	0.16%		10.89%	
	0.19%		6.24%	
Equities (total return)				
S&P/TSX	0.14%		14.98%	
S&P 500	0.67%	1.13%	16.46%	13.81%
MSCI EAFE	0.84%	0.68%	12.10%	8.84%
MSCI Emerging	1.53%	2.03%	7.55%	4.38%
Other	<i>Current price</i>	<i>Return WTD*</i>	<i>Return YTD*</i>	
Oil (WTI)	52.28 \$	-3.17%	15.13%	
USD/CAD	0.7504 \$	-0.45%	2.33%	
Gold	1 342.31 \$	0.11%	4.66%	

What caught our eye this week

- **U.S.:**
 - Inflation slips below target, bolstering the case for a Fed rate cut...
 - ... while retail sales are arguing for no cuts!

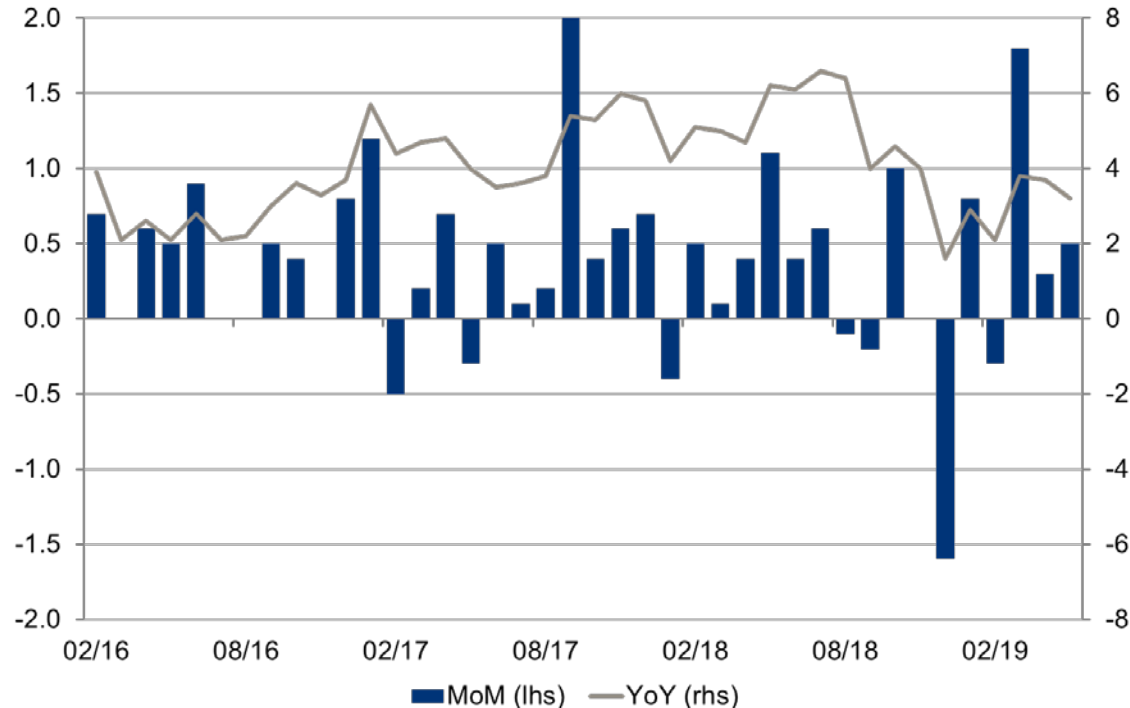
U.S.: CPI inflation slips below target

Annual growth, %



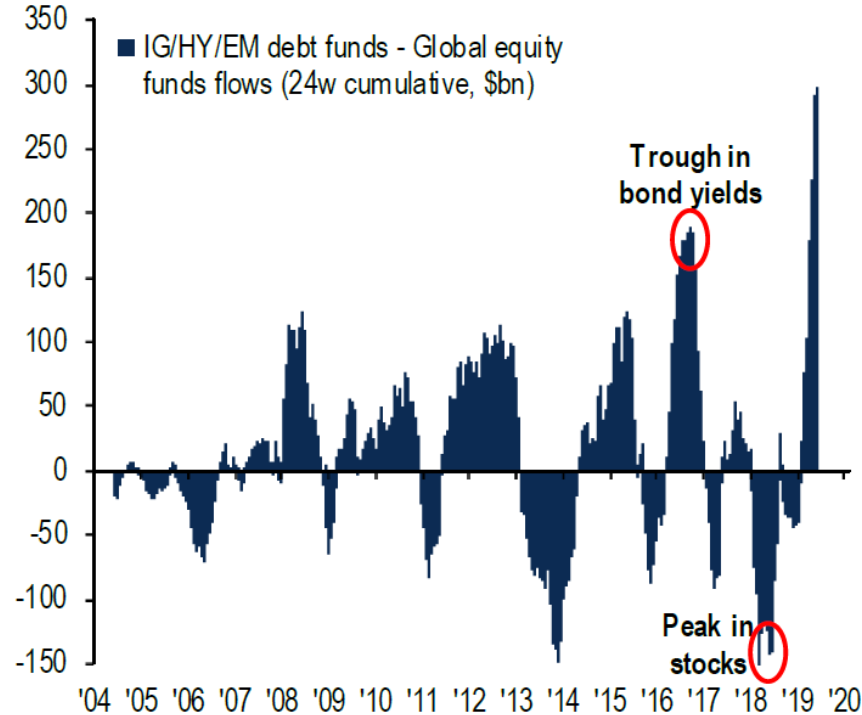
U.S.: Retail sales

Monthly (lhs) and yearly (rhs) growth rates, %



Market positioning: Extreme, in the absence of a recession!

Chart 7: Record disconnect between credit & equity flows



Source: BofA Merrill Lynch Global Investment Strategy, EPFR Global.

What we'll be watching next week

- **Canada:**

- Manufacturing Sales (last month : +2.1% MoM in March)
- Teranet/National Bank HPI (last month: +1.2% YoY in April)
- CPI Inflation (last month: +2.0% YoY in April)
- Retail Sales (last month: +1.1% MoM in March)

- **U.S.:**

- Housing Starts (consensus: stable at 1235K in May)
- Building Permits (consensus: stable at 1300K in May)
- FOMC Rate Decision (consensus: no change)

To contact us

economics@ia.ca

www.ia.ca/economy

Disclaimer



Opinions expressed in this presentation are based on actual market conditions and may change without prior warning. The aim is in no way to make investment recommendations. The forecasts given in this presentation do not guarantee returns and imply risks, uncertainty and assumptions. Although we are comfortable with these assumptions, there is no guarantee that they will be confirmed.

Industrial Alliance Insurance and Financial Services Inc.

INVESTED IN YOU.

