

# Weekly economic review

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# A look at this week's markets

At the close on Thursday



	<i>Week-to-date</i>		<i>Year-to-date</i>	
	Local currency	<i>In CAD</i>	Local currency	<i>In CAD</i>
<b>Canadian Bonds (total return)</b>				
FTSE TMX Universe	0.33%		6.56%	
FTSE TMX Long Corps	0.75%		11.94%	
	0.25%		6.62%	
<b>Equities (total return)</b>				
S&P/TSX	1.68%		17.37%	
S&P 500	2.34%	0.65%	19.01%	15.13%
MSCI EAFE	1.83%	0.90%	13.93%	10.00%
MSCI Emerging	2.92%	2.16%	10.03%	6.61%
<b>Other</b>	<b>Current price</b>	<b>Return WTD*</b>	<b>Return YTD*</b>	
Oil (WTI)	56.65 \$	7.88%	24.75%	
USD/CAD	0.7580 \$	1.68%	3.37%	
Gold	1 388.44 \$	3.48%	8.26%	

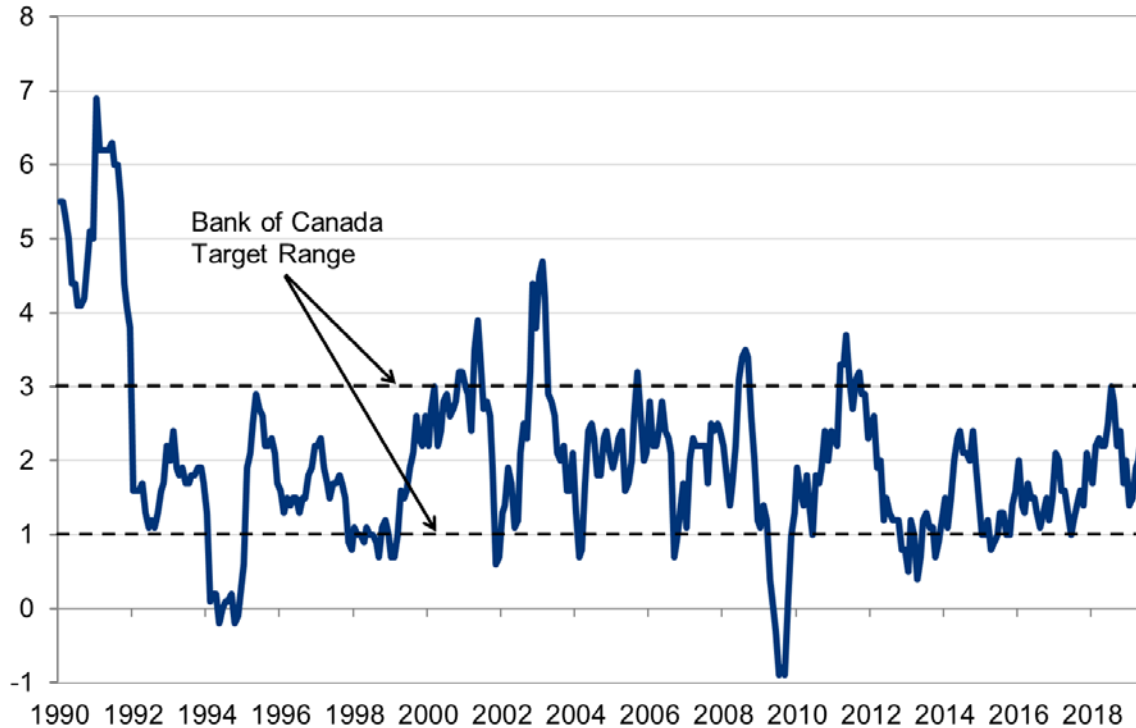
# What caught our eye this week

- **U.S.:**
  - Fed drastically changing its tone, opening the door for a rate cut
- **Canada:**
  - Inflation jumps to 2.4%, bolstering the case for further monetary policy normalization in Canada

# Canada: Inflation jumps to 2.4%

## Canada: Total Inflation

YoY growth of CPI, %



FEDERAL RESERVE

## Fed holds rates steady, but opens the door for a rate cut in the future

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### KEY POINTS

- The Federal Open Market Committee votes 9-1 to keep the benchmark rate in a target range of 2.25% to 2.5%.
- The action sets up a possible confrontation between Fed Chairman Jerome Powell and President Donald Trump, who has been pressuring the Fed to cut rates.
- The Fed drops the word “patient” in describing its approach to policy.
- The central bank also leaves the door open somewhat to future cuts.
- Eight members favor one cut this year, while the same number votes in favor of the status quo and one still wants a rate hike. Powell says in a press conference some officials believe the case for accommodation has “strengthened.”

### Betting on Cuts

The amount of Fed monetary easing priced in by bond traders has increased



# What we'll be watching next week

- **Canada:**

- Wholesale Trade Sales (last month : +1.4% MoM in March)
- GDP Growth in April (last month: +1.4% YoY in March)
- BoC Business Outlook Survey (last quarter: -0.6 in Q1)
- BoC Senior Loan Officer Survey (last month: -2.7 in Q1)

- **U.S.:**

- Conference Board Consumer Confidence Index (consensus: lower at 132.0 in June)
- Durable Goods Orders (consensus: 0.0% MoM in May)
- Core PCE Deflator (consensus: stable at 1.5% YoY in May)

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