

Market Review



INVESTING

August 27, 2020

EQUITY INDICES	LAST	CHANGE	%CHG	52 WK-HIGH	52 WK-LOW	YTD
DOW JONES INDUSTRIAL AVERAGE	28,492.27	160.35	0.57%	29568.57	18213.65	-0.16%
S&P 500	3,484.55	5.82	0.17%	3481.07	2191.86	7.85%
NASDAQ COMPOSITE	11,625.34	-39.72	-0.34%	11672.05	6631.42	29.56%
S&P/TSX COMPOSITE	16,731.49	-58.48	-0.35%	17970.51	11172.73	-1.95%
STOXX EUROPE 50	2,996.57	-20.09	-0.67%	3539.89	2260.11	-11.94%
FTSE 100	5,999.99	-45.61	-0.75%	7689.67	4898.79	-20.45%
DAX PERFORMANCE-INDEX TR	13,096.36	-93.79	-0.71%	13795.24	8255.65	-1.15%
CAC40	5,015.97	-32.46	-0.64%	6111.41	3632.06	-16.09%
Nikkei 225 Index	23,208.86	-82.00	-0.35%	24115.95	16358.19	-1.89%
HANG SENG INDEX	25,281.15	-210.64	-0.83%	29174.92	21139.26	-10.32%
Shanghai SE Composite Index	3,350.11	20.37	0.61%	3458.79	2646.80	9.84%

Market Review

Federal Reserve announces new policy strategy

The market's focus today was squarely on the Federal Reserve Chairman Jerome Powell's statement at the 2020 (virtual) Jackson Hole Symposium. As widely expected, Powell outlined "robust" changes to the central bank's monetary policy framework that explicitly acknowledges the challenges for monetary policy posed by a persistently low interest rate environment. The Fed unanimously elected to adopt a "flexible form of average inflation targeting", seeking to achieve inflation that averages 2% over time, a step that implies allowing for price pressures to overshoot after periods of weakness. Powell also pledged to make sure employment doesn't fall short of a "broad-based and inclusive goal" of maximum employment, a nod to racial equity and its role in promoting economic growth. The markets took Powell's remarks as another indication that the Fed is in no rush to raise interest rates. Global equities rose, U.S. Treasury yields moved to their highest levels in months steepening the yield curve and gold fell.

The S&P500 and the Nasdaq rose to fresh record highs following Powell's statement. However, the indices pared their early gains as the rally in mega cap growth stocks lost steam. All of the FAANG stocks traded firmly in the red, after posting sizeable gains in the prior session. Meanwhile, the Dow Jones Industrial Average outperformed, boosted by sharp gains in Microsoft and Walmart after CNBC reported that the companies are partnering in a bid for TikTok. In other corporate news, Abbott Laboratories surged to a record high after its 15-minute portable COVID-19 antigen test was granted Emergency Use Authorization from the FDA. Economic data was mixed. The number of Americans applying for unemployment benefits decreased by 98,000 last week to 1.01 million, slightly worse than economist expectations of 1 million claims. Continuing claims also dropped last week, but still remain at an extremely elevated level of 14.5 million. Economists said much of the decrease in continuing claims was because of people exhausting eligibility for benefits. The Commerce Department said U.S. GDP plunged 31.7% in the second quarter, the worst contraction in at least 73 years, due to the coronavirus pandemic. This was revised from the -32.9% contraction reported last month. Corporate profits dropped at a rate of 11.7% in the second quarter, following a drop of 13.1% in the first quarter. Finally, U.S. pending home sales rose 5.9% July, well ahead of economist estimates of a 3% print, as the housing sector continues to outperform other areas of the economy. Pending home sales have surged 15.5% from a year ago, boosted by ultra-low interest rates.

Canada's TSX Composite Index fell on Thursday, pressured by losses in precious metals stocks which tracked gold prices lower. Losses were capped by gains in the financials sector, which was boosted by rising bond yields and better than expected third quarter results from Canadian Imperial Bank of Commerce and Toronto-Dominion Bank. Domestic economic data showed Canada's current account deficit narrowed to \$8.63 billion in the second quarter, from a revised \$13.22 billion deficit in the first quarter, on a lower trade deficit on both goods

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Tricon Residential Inc	\$10.90	\$1.00	10.10%
Altus Group Ltd (Ontario)	\$52.65	\$4.51	9.37%
Cineplex Inc	\$9.56	\$0.58	6.46%
Great Canadian Gaming Corp	\$28.39	\$1.70	6.37%
Air Canada	\$17.19	\$0.69	4.18%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Real Matters Inc	\$26.86	-\$1.45	-5.12%
Yamana Gold Inc	\$7.71	-\$0.38	-4.70%
Centerra Gold Inc	\$16.22	-\$0.71	-4.19%
Teranga Gold Corp	\$14.59	-\$0.58	-3.82%
Shopify Inc	\$1,380.20	-\$54.21	-3.78%

S&P/TSX INDUSTRY	LAST	CHANGE	%CHG	YTD
ENERGY	81.57	0.05	0.06%	-44.11%
MATERIALS	336.71	-7.31	-2.12%	25.45%
UTILITIES	293.92	-1.53	-0.52%	1.78%
FINANCIALS	281.91	1.86	0.66%	-10.64%
INDUSTRIALS	301.97	0.22	0.07%	5.59%
HEALTH CARE	50.54	-0.25	-0.49%	-33.87%
CONS. DISCRETIONARY	194.88	-0.49	-0.25%	-3.08%
CONS. STAPLES	650.37	0.22	0.03%	5.04%
INFO TECH.	171.4	-2.05	-1.18%	45.34%
COMMUNICATION SVCS	165.05	0.76	0.46%	-7.90%
REAL ESTATE	279.5	1.19	0.43%	-19.32%

GOVERNMENT BONDS	2YR	5YR	10YR	30YR
CANADA (YLD%)	0.30%	0.44%	0.66%	1.19%
U.S. (YLD%)	0.16%	0.31%	0.74%	1.50%

COMMODITIES/ FX	LAST	CHANGE	%CHG	YTD
CRUDE OIL WTI	\$43.00	-\$0.390	-0.90%	-29.62%
NATURAL GAS	\$2.58	\$0.119	4.84%	17.82%
GOLD	\$1,926.90	-\$14.800	-0.76%	26.81%
COPPER	\$2.96	\$0.000	0.00%	5.92%
CAD / USD	\$0.7618	\$0.0009	0.12%	-1.06%
CAD / EUR	€0.6443	€0.0012	0.19%	-6.16%
USD / EUR	€0.8457	€0.0005	0.06%	-5.16%
USD / JPY	¥106.54	¥0.56	0.53%	-1.91%

Source: Refinitiv



1) National Bank Financial is an indirect wholly owned subsidiary of National Bank of Canada.

2) National Bank of Canada is a public company listed on Canadian stock exchanges.

3) National Bank Financial may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services.

4) National Bank Financial and/or its officers, directors, representatives or associates may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise.

5) The information contained herein was obtained from sources which we believe to be reliable, however we cannot represent that it is accurate or complete.

6) This is not a recommendation for any security or investment sector as it may not be suitable for all types of investors. Please contact your investment advisor before purchase to discuss your investor profile and to further discuss these risk factors.