

Market Review



INVESTING

October 26, 2022

EQUITY INDICES	LAST	CHANGE	%CHG	52 WK-HIGH	52 WK-LOW	YTD
DOW JONES INDUSTRIAL AVERAGE	31,839.11	2.37	0.01%	36952.65	28660.94	-12.38%
S&P 500	3,830.60	-28.51	-0.74%	4818.62	3491.58	-19.63%
NASDAQ COMPOSITE	10,970.99	-228.12	-2.04%	16212.23	10088.83	-29.88%
S&P/TSX COMPOSITE	19,279.76	182.75	0.96%	22213.07	17873.18	-9.16%
STOXX EUROPE 50	3,506.43	17.66	0.51%	3872.11	3279.47	-8.17%
FTSE 100	7,056.07	42.59	0.61%	7687.27	6707.62	-4.45%
DAX PERFORMANCE-INDEX TR	13,195.81	142.85	1.09%	16290.19	11862.84	-16.93%
CAC40	6,276.31	25.76	0.41%	7384.86	5628.42	-12.26%
Nikkei 225 Index	27,431.84	181.56	0.67%	29960.93	24681.74	-4.72%
HANG SENG INDEX	15,317.67	152.08	1.00%	25795.17	14947.39	-34.53%
Shanghai SE Composite Index	2,999.50	23.22	0.78%	3708.94	2863.65	-17.59%

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Bank of Canada surprises with a smaller than expected 50bp rate hike

Canada's TSX Composite Index rose on Wednesday as a smaller-than-expected increase in interest rate by the Bank of Canada raised hopes that the central bank could be approaching the end of its monetary tightening cycle. The energy and materials sector led the gains as a weakening U.S. dollar boosted commodity prices. Crude oil prices were also supported by supply concerns as data showed record U.S. crude oil exports last week and OPEC+ production cuts are set to begin in November. In corporate news, Rogers Communications and Shaw Communications soared after Canada imposed conditions on Rogers' proposed remedy to overcome competition bureau concerns about its C\$20 billion acquisition of Shaw. This was viewed as a sign that Canada was likely to approve the deal. Canadian National Railway jumped after reporting a top and bottom line beat after yesterday's close.

The Bank of Canada surprised the market opting to hike the overnight rate by 50 basis points (the market expected a 75 bp hike) to a 14 year high of 3.75%. This represents the sixth consecutive rate hike in the policy rate since March, for a cumulative tightening of 350 bp. BoC Governor Tiff Macklem said that the central bank is approaching the end of its monetary tightening cycle, but that it wasn't there yet, and that future increases would be influenced by how tighter policy was working so slow demand and ease inflation. The central bank said that "the pace of economic growth in Canada is slowing and is expected to moderate further. The BoC lowered its 2022 growth call to 3.3% from 3.5%, and slashed its 2023 estimate to 0.9% from 1.8% previously. The Bank expects that growth will rebound modestly to 2.0% in 2024. Following the announcement money markets see interest rates peaking between 4.0% and 4.25% in the coming months, down from nearly 4.5% before the announcement.

The Nasdaq and the S&P500 fell in a chopping trading session on Wednesday as disappointing earnings reports from technology giants Alphabet and Microsoft raised fears of an economic recession, weighed on stocks. Alphabet posted weaker than expected ad sales and warned of a slowdown in ad spending. Microsoft reported its lowest sales growth in five years and forecast second-quarter revenue below analyst estimates. Meanwhile weak U.S. economic data reinforced speculation that the Federal Reserve will slow its aggressive pace of policy tightening, which sent the U.S. dollar and U.S. Treasury yields lower. New home sales slid 10.9% last month to 603,000 units, and were down 17.6% on a year-on-year basis, as rising home prices and a spike in mortgage rates has created affordability pressures for some buyers. The median new house price in September was up 13.9% from a year ago to US\$470,000, while mortgage rate climbed to 7.16% last week, the highest level since 2001. Finally, the U.S. trade deficit in goods widened sharply in September, as a strong U.S. dollar and softening global demand weighed on exports. The goods trade deficit increased 5.7% to US\$92.2 billion last month.

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Capstone Copper Corp	\$3.34	\$0.34	11.33%
Canopy Growth Corp	\$4.29	\$0.33	8.33%
Hudbay Minerals Inc	\$5.57	\$0.39	7.53%
Turquoise Hill Resources Ltd	\$39.93	\$2.76	7.43%
Shaw Communications Inc	\$36.52	\$2.46	7.22%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Shopify Inc	\$39.46	-\$1.17	-2.88%
Converge Technology Solutions Corp	\$6.75	-\$0.20	-2.88%
Canada Goose Holdings Inc	\$23.83	-\$0.63	-2.58%
Dye & Durham Ltd	\$15.69	-\$0.40	-2.49%
Canaccord Genuity Group Inc	\$6.97	-\$0.16	-2.24%

S&P/TSX INDUSTRY	LAST	CHANGE	%CHG	YTD
ENERGY	259.02	4.62	1.82%	58.14%
MATERIALS	309.85	5.44	1.79%	-5.62%
UTILITIES	310.35	1.19	0.38%	-9.61%
FINANCIALS	348.87	1.03	0.30%	-13.46%
INDUSTRIALS	377.48	4.79	1.29%	-0.91%
HEALTH CARE	23.02	0.56	2.49%	-49.91%
CONS. DISCRETION.	249.64	1.38	0.56%	-8.80%
CONS. STAPLES	791.49	7.13	0.91%	3.72%
INFO TECH.	127.81	-0.37	-0.29%	-39.78%
COMMUNICATION SVS	180.75	5.52	3.15%	-7.37%
REAL ESTATE	297.75	4.38	1.49%	-25.07%

GOVERNMENT BONDS	2YR	5YR	10YR	30YR
CANADA (YLD%)	3.89%	3.41%	3.28%	3.42%
U.S. (YLD%)	4.42%	4.19%	4.01%	4.15%

COMMODITIES/ FX	LAST	CHANGE	%CHG	YTD
CRUDE OIL WTI	\$88.15	\$2.83	3.32%	17.21%
NATURAL GAS	\$5.67	\$0.06	1.02%	52.01%
GOLD	\$1,664.40	\$11.60	0.70%	-8.93%
COPPER	\$3.56	\$0.11	3.17%	-19.95%
CAD / USD	\$0.7376	\$0.0028	0.38%	-6.79%
CAD / EUR	€0.7316	-€0.0055	-0.75%	5.15%
USD / EUR	€0.9918	-€0.0114	-1.14%	12.78%
USD / JPY	¥146.38	-¥1.53	-1.03%	27.20%

Source: Refinitiv



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