

Black Hole Can't Pull Markets Down

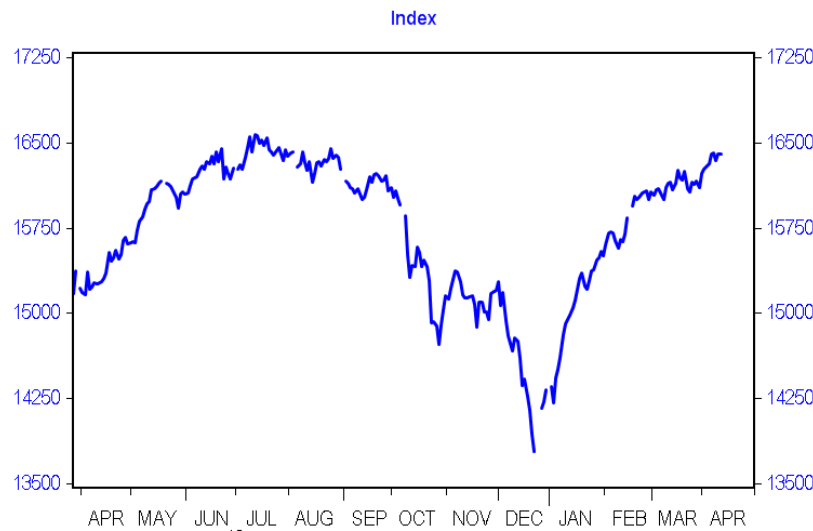
The unrelenting stock market rally took a slight pause at the start of the week amid heightened trade tensions—this time between the U.S. and the EU. But, by the end of the week, most global equity markets were back in positive terrain as the major indices pushed above their March highs. This followed upbeat trade and credit data out of China that suggested the world's second-largest economy might have found a more stable footing.

Market Performance as of April 12, 2019

	Current Price	Performance (percent)					2018
		1 Week	1 Month	3 Months	1 Year	YTD	
NASDAQ	7,954	0.6	5.2	14.5	11.8	20.3	-3.9
S&P/TSX	16,512	0.5	2.1	10.3	7.9	15.1	-11.6
S&P 500	2,900	0.5	4.2	12.0	9.1	16.0	-6.2
CAC 40	5,502	0.5	4.4	15.1	3.6	16.3	-11.0
NIKKEI 225	22,169	0.3	1.7	7.4	1.0	9.3	-12.1
Dow Jones	26,353	0.0	3.4	10.1	7.9	13.2	-5.6
DAX	12,008	-0.1	4.1	10.2	-3.3	13.6	-18.3
FTSE 100	7,431	-0.1	4.0	7.5	2.5	10.5	-12.5
China CSI 300	3,976	-1.8	6.2	28.9	2.3	32.5	-25.3

Source: Bloomberg

S&P/TSX Composite Index, Close Price



Source: Toronto Stock Exchange

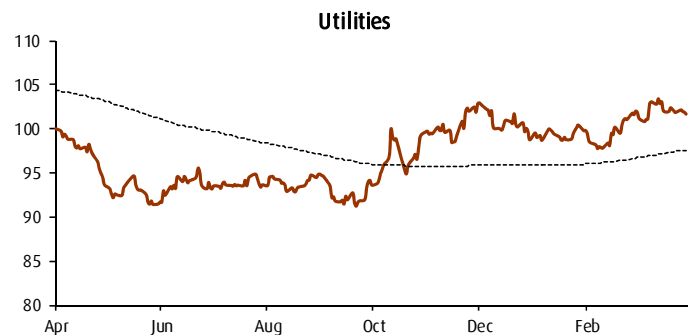
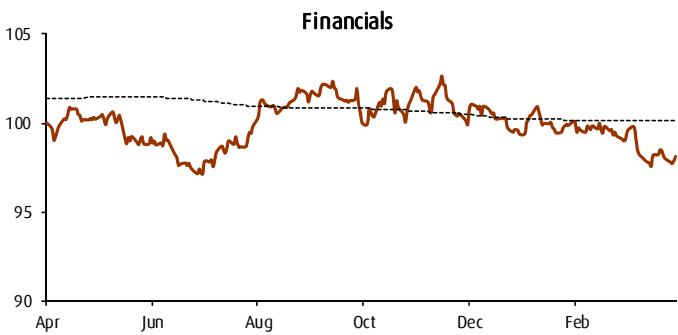
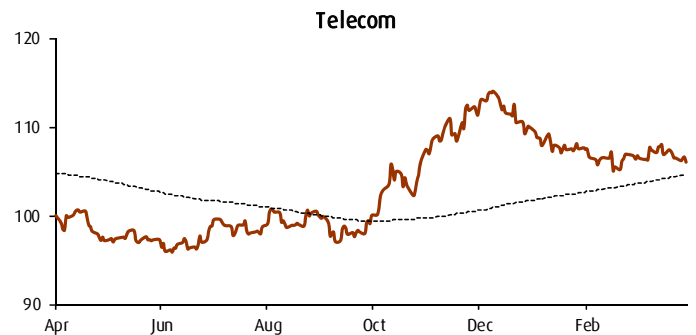
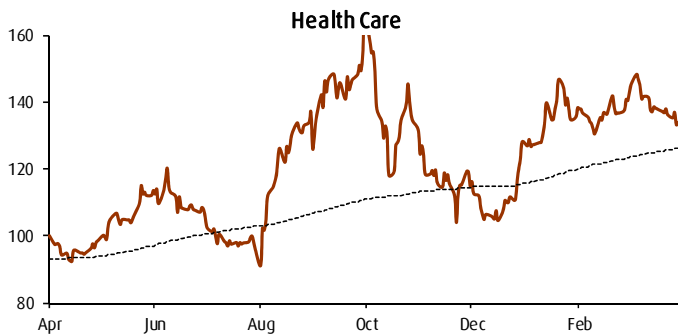
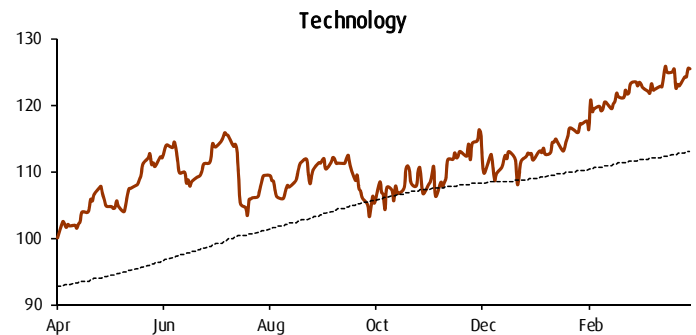
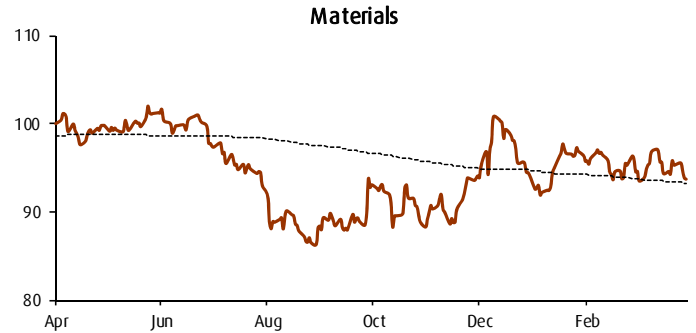
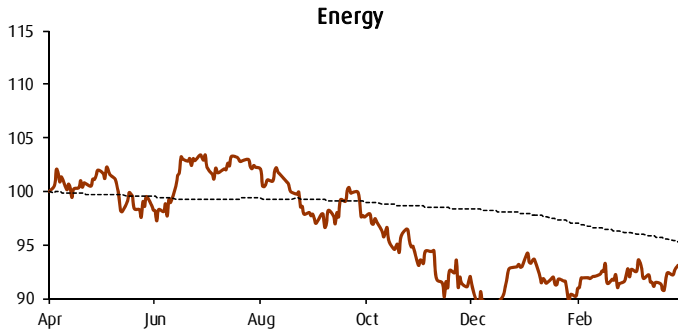
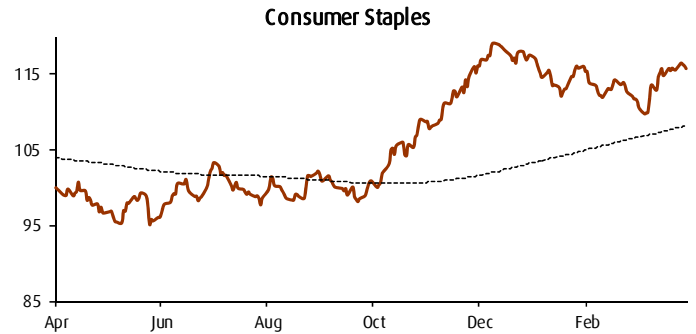
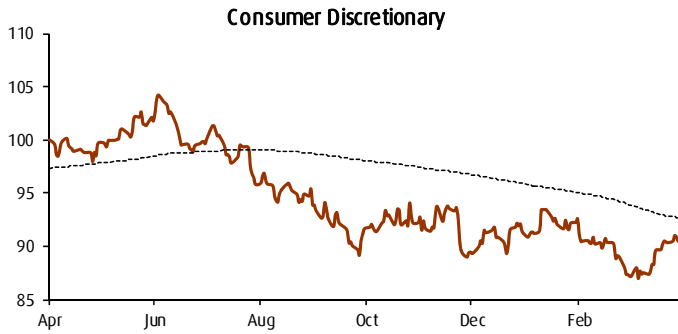
Meantime, U.S. stocks were fueled by strong bank earnings and a major deal in the energy sector. While the Dow stood unchanged, the Nasdaq added 0.6%. And, the S&P 500 moved up 0.5%, breaking past the key 2,900 level for the first time since early October. Fresh record highs are now well within reach for all three benchmarks, with tame inflation providing some reassurance that the Fed will stand by its “patient” policy stance.

The TSX powered up 0.5%, and now sits at the best level since the end of August and is less than one percentage point away from the record high set back in July. The IT sector propelled most of the gains, while the all-important oil sector climbed 1.8%. The bump-up comes as WTI reached its highest level since November on geopolitical unrest in Libya and sanctions in Venezuela and Iran.

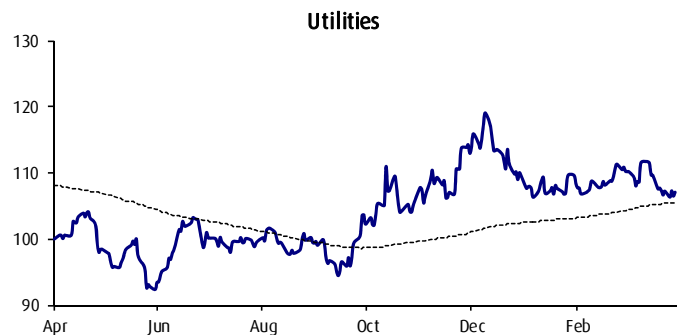
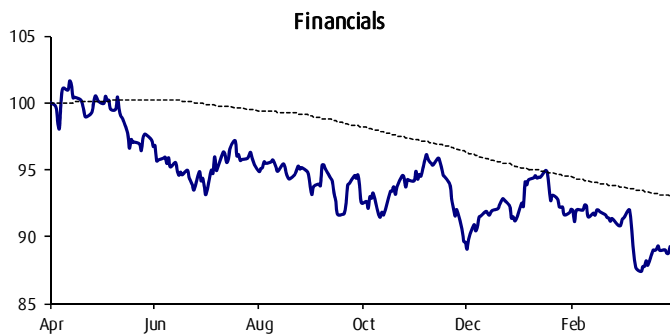
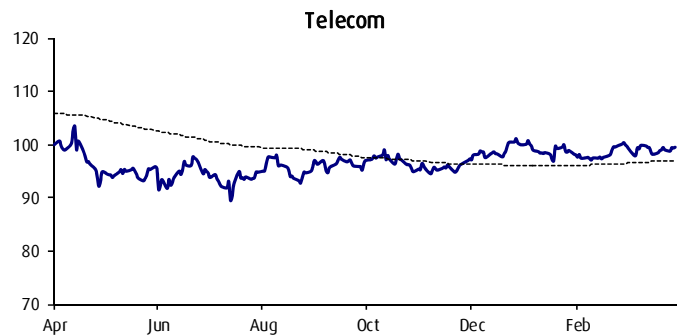
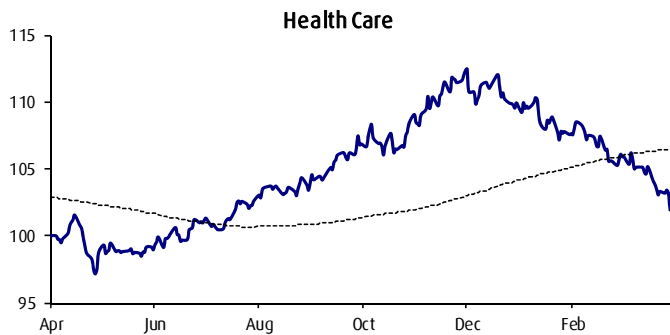
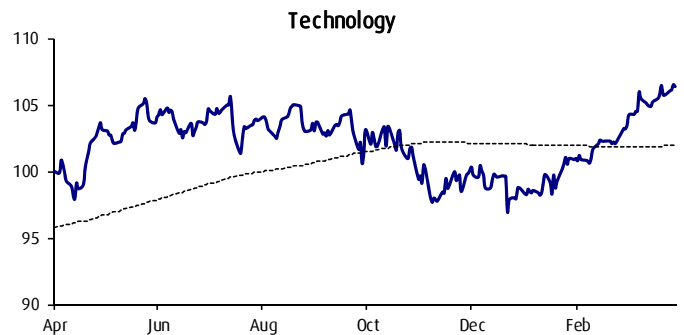
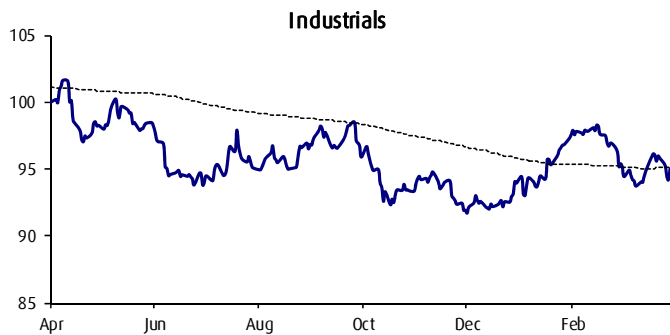
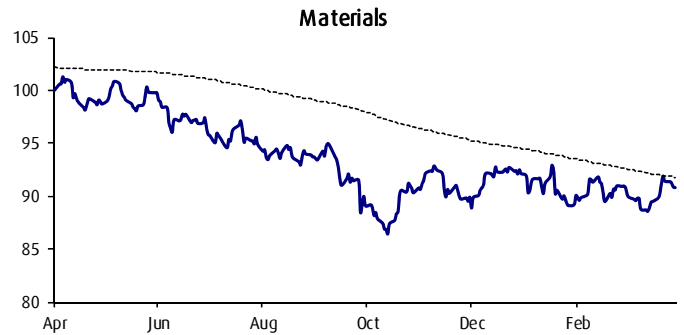
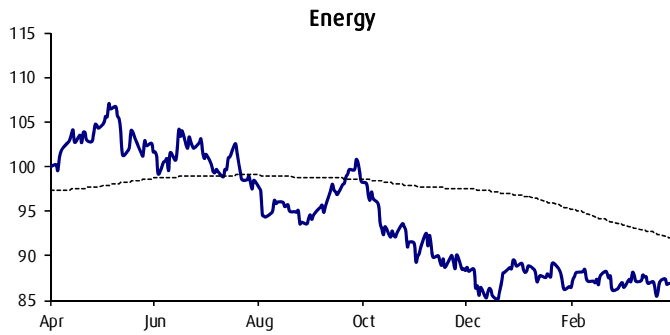
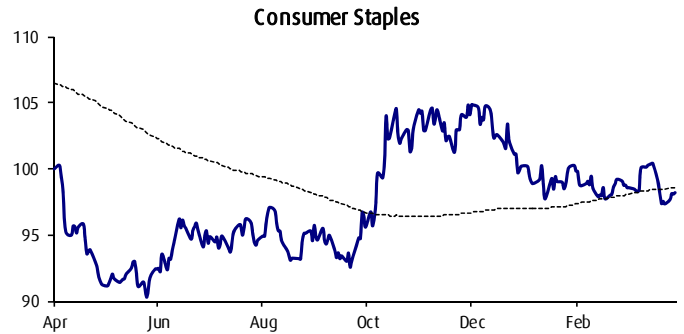
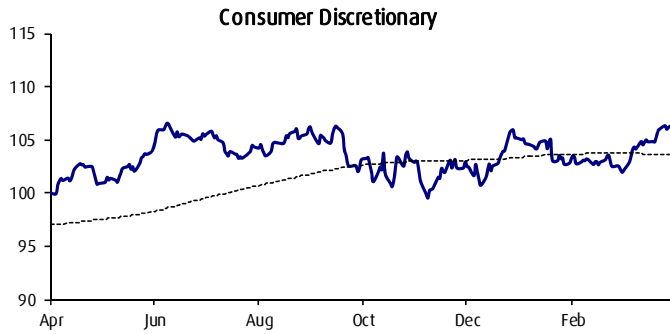
Most European markets also edged up on relief of a Brexit extension and a still-dovish ECB. Threats by President Trump to slap \$11 billion worth of tariffs on EU goods seemingly did little to shake up investor sentiment.

Unsurprisingly, it was precisely because of “self-inflicted” wounds caused by global trade tensions that prompted the IMF to downgrade its global growth outlook to 3.3% this year from 3.6% in 2018. A year ago, the IMF was talking up a synchronized global expansion with 75% of the world economy enjoying an economic upswing. Now, 70% of the global economy faces a slowdown amid trade headwinds. And, just as the U.S. and China edge closer to a trade agreement, the risk that the Trump Administration will set their tariff target on the EU has now climbed up a notch.

TSX Sector Performance (Relative to the index, year-ago = 100, dashed line = 200-day m.a.)



S&P 500 Sector Performance (Relative to the index, year-ago = 100, dashed line = 200-day m.a.)



North American Sector Performances as of April 12, 2019

S&P 500 Sectors	1 Week	1 Month	3 Months	1 Year	YTD	2018
Banks	2.4	2.4	10.2	-6.1	15.5	-18.4
Financials	2.1	3.6	10.8	-2.6	13.8	-14.7
Telecom Services	1.6	3.8	12.1	9.4	18.8	-16.4
Information Technology	1.2	7.4	20.8	16.1	23.8	-1.6
Cons Staples	1.0	3.2	9.3	7.6	11.1	-11.2
Cons Discretionary	0.6	7.9	13.0	15.5	19.8	-0.5
Materials	0.5	4.7	11.1	-0.1	14.9	-16.4
Industrials	0.3	4.6	14.0	4.4	20.1	-15.0
Utilities	0.2	0.4	9.3	17.8	9.9	0.5
Energy	-0.2	4.1	9.0	-4.3	17.8	-20.5
Health Care	-2.4	-1.1	2.2	9.7	3.8	4.7
S&P 400 Mid Cap	0.8	4.1	11.4	4.0	18.2	-12.5
S&P 100 Large Cap	0.4	3.9	11.5	9.4	15.0	-5.9
S&P 600 Small Cap	0.4	2.3	7.5	1.4	14.8	-9.8
S&P 500	0.5	4.2	12.0	9.1	16.0	-6.2

TSX Sectors

Information Technology	2.8	4.1	23.2	35.3	28.2	12.5
Energy	1.8	3.7	10.4	0.7	19.4	-21.5
Cons Staples	1.0	5.8	9.3	24.6	13.2	0.6
Cons Discretionary	0.8	5.2	8.6	-2.8	14.9	-17.7
Industrials	0.6	3.8	12.3	16.7	16.8	-3.9
Banks	0.4	0.0	6.4	3.7	10.3	-11.4
Financials	0.4	1.0	8.6	5.2	12.5	-12.6
Telecom Services	0.4	1.7	6.6	14.7	9.7	-5.3
Utilities	0.0	1.9	12.4	9.8	15.7	-13.4
Materials	-1.5	-1.0	9.1	1.2	8.2	-10.6
Gold	-1.7	-3.6	9.0	3.4	4.1	-7.2
Health Care	-3.0	-1.2	19.2	53.4	46.4	-16.6
REITs	0.4	1.8	9.2	15.5	13.6	0.9
Income Trusts	0.1	2.4	10.9	12.3	16.0	-7.0
S&P/TSX 60 Large Cap	0.7	2.3	10.2	9.4	14.6	-10.5
S&P/TSX Small Cap	0.1	0.5	6.3	-5.4	11.8	-20.1
S&P/TSX Mid Cap	0.0	1.4	10.6	3.6	16.6	-15.2
TSX	0.5	2.1	10.3	7.9	15.1	-11.6

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