



# Monthly Market Snapshot

## Monthly Overview

September 2021

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Stocks around the world continued to rally in August, as momentum from the global reopening grew stronger. Despite the delta variant spreading in various regions and daily cases picking up, investor enthusiasm did not waver with major equity indexes continuing to hit new all-time highs during the month. Stocks were given an extra boost in the month's final days as Federal Reserve Chair Jerome Powell made dovish comments at the Jackson Hole symposium, stressing a commitment to support the economy for as long as it is needed.

The S&P/TSX Composite Index was 1.5% higher in August, with eight of the benchmark's 12 underlying sectors producing gains during the month. Information technology, telecom services and industrials led the way with respective gains of 5.8%, 3.8% and 3.7%. The influential financials and energy sectors posted mixed returns for the month, with financials stocks up 1.7%, while energy stocks dipped 0.9%. The materials sector saw the biggest drop for the period, falling 3.0%. Canadian small-cap stocks, as measured by the S&P/TSX Small Cap Index, saw a marginal gain of 0.1% for the month.

The U.S. dollar was 1.1% higher versus the loonie during the month, providing a boost to returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in CAD terms. U.S.-based stocks, as measured by the S&P 500 Index, advanced 4.1% in August and closed at an all-time high on August 30. The tech-heavy NASDAQ also climbed to a record high on August 30. Financials and telecom services companies drove gains in U.S. stocks during the month, as each sector improved by 6.3%. Energy was the only sector in the red during the month, falling 1.7%. International stocks, as measured by the MSCI EAFE Index, gained 2.8% during the month, while emerging markets added 3.7%.

The investment grade fixed income indices we follow were lower in August. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, finished with a marginal loss of 0.1% for the month, while the key global investment grade bond benchmark fell by 0.4%. Global high-yield issues advanced 0.4%.

Turning to commodities, the price of a barrel of crude oil tumbled 7.4% in August, while natural gas climbed 11.8%. The price of gold increased 0.2%, while silver slid 6.2% during the period.

Canada's economy contracted in the second quarter following a series of strict lockdowns earlier in the year, as Canada GDP fell at an annualized rate of 1.1% in Q2. Inflation in Canada accelerated to 3.7% year-over-year in July. Canadian employment increased by 94,000 in July, as the nation's unemployment rate fell to 7.4%.

The U.S. economy grew at a 6.6% annual rate in the second quarter. U.S. nonfarm payrolls increased by 235,000 in August, as the unemployment rate fell to 5.2%. The consumer price index increased 0.5% month-over-month in July, while the annual inflation figure climbed 5.4% from a year earlier.

Content sourced from Bloomberg; data as at August 31, 2021.

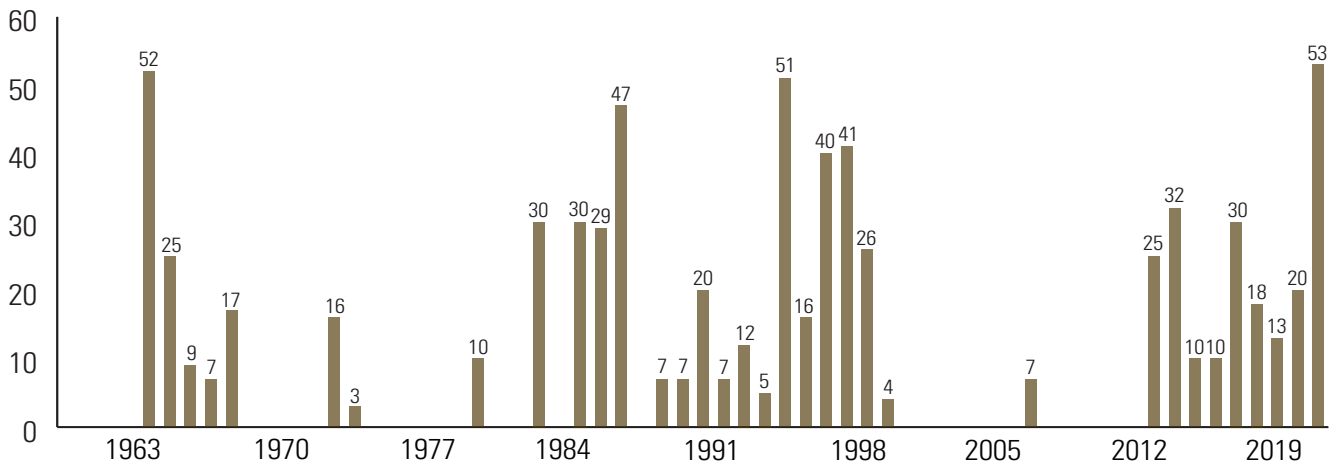


## Monthly Market Statistics

It was another month of gains for stocks with U.S. equity benchmarks once again setting new all-time highs in the final days of August. The rally from last year's pandemic lows has been truly impressive and there has been little to stop the momentum. According to LPL Research, the S&P 500 Index reached an all-time closing high 53 times on a year-to-date basis through the end of August. That represented the most of closing highs for the index through the first eight months of the year going back to at least 1960. It is interesting to note that the stock market continued to create record highs through August in the four years following 1964 and then again in the 90's. Despite high equity valuations and an uncertain COVID-19 environment, it is quite possible this rally could go on for quite some time, if history is any indication.

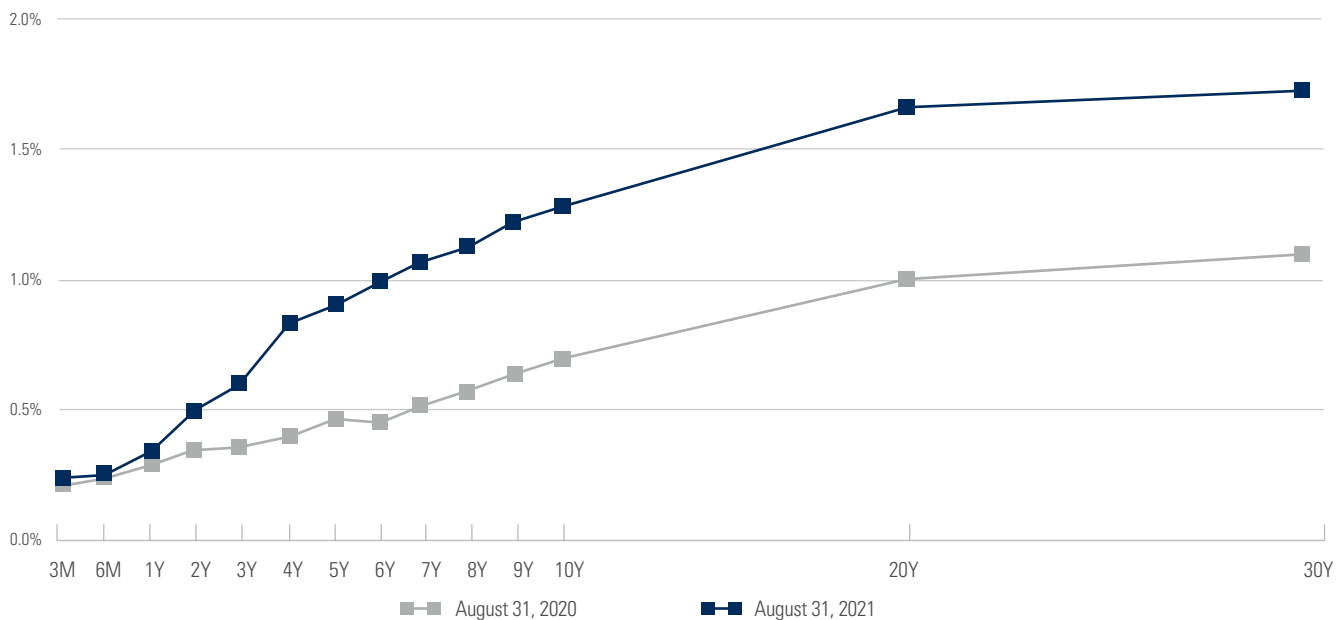
### Chart of the Month: Year of record highs

#### S&P 500 Index New All-Time Highs Through August 53 New Highs In 2021 Is The Most Ever Through August



Source: LPL Research

### Canadian Sovereign Yield Curve



Source: Bloomberg.



## Monthly Market Statistics

Data to August 31, 2021, unless otherwise indicated

**Table 1: Equity Index Returns (% in CAD)**

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
S&P/TSX Composite	1.5	4.3	14.0	18.1	24.6	8.2	7.1	17.3
S&P/TSX 60	1.2	4.3	14.7	19.0	24.3	8.4	7.7	16.2
S&P/TSX Small Cap	0.1	-2.4	5.3	15.5	35.1	6.2	3.9	29.3
S&P 500	4.1	12.4	17.9	19.1	25.1	14.6	14.9	18.7
MSCI EAFE	2.8	5.6	7.9	8.5	19.4	5.1	6.1	18.0
MSCI World	3.6	10.4	14.4	15.5	23.8	11.8	11.9	18.5
MSCI World Small Cap	3.6	6.4	7.6	14.6	35.5	8.7	11.0	23.4
MSCI Europe	2.5	6.2	12.4	12.3	22.5	5.9	6.4	19.3
MSCI EM	3.7	-0.5	-2.9	0.2	15.0	6.2	7.1	19.4
MSCI AC Asia	3.5	1.0	-3.0	-0.2	13.1	5.6	7.1	16.5

Source: Bloomberg.

**Table 2: Fixed-Income Returns (% in CAD)**

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE Canada Universe Bond	-0.1	1.9	1.1	-2.6	-1.7	4.5	2.6	4.7
Barclays Global Agg	-0.4	0.0	0.3	-2.3	0.5	4.6	2.5	4.5
Barclays High Yield Very Liquid Index	0.5	2.0	3.5	3.9	8.8	6.6	6.0	9.3

Source: Bloomberg.

**Table 3: Commodity Prices (Prices and Returns in USD)**

Commodity	08/31/2021 Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	68.50	-7.4	60.8	3.3
Natural Gas/mmBTU	4.38	11.8	66.4	46.6
Copper/pound	4.36	-2.7	43.4	-6.8
Silver/oz	23.96	-6.2	-15.7	-14.5
Gold/oz	1815.80	0.2	-7.9	-4.6

Source: Bloomberg.

**Table 5: One-Month Sector Returns (% in CAD)**

Sector	S&P/TSX Composite returns	S&P 500 returns
Consumer Discretionary	-1.5	3.3
Consumer Staples	1.9	2.5
Energy	-0.9	-1.7
Financials	1.7	6.3
Health Care	1.0	3.5
Industrials	3.7	2.1
Info Tech	5.8	4.7
Materials	-3.0	3.0
Real Estate	1.8	3.9
Telecom Services	3.8	6.3
Utilities	0.6	4.8

Source: Bloomberg.

**Table 4: Economic Data**

Canada	
Real GDP - Q2 (q/q ann. % change)	-1.1
Consumer Prices July (y/y % change)	3.7
Unemployment Rate, July '21	7.5
United States	
Real GDP - Q2 (q/q ann. % change)	6.6
Consumer Price July (y/y % change)	5.4
Unemployment Rate, Aug '21	5.2

Source: Bloomberg, Stats Canada.

**Table 6: Exchange Rates**

Cross	08/31/2021	6 Mos Ago	1 Yr Ago
USD/CAD	1.26	1.27	1.30
EUR/CAD	1.49	1.54	1.56
GBP/CAD	1.74	1.77	1.74
CAD/JPY	87.20	83.65	81.17

Source: Bloomberg.

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