MARKET PERSPECTIVE | *October 2018 (Fall)*

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MARKET SUMMARY— Canadian equities continued to struggle in the third quarter with the S&P/TSX Composite delivering a total return of 1.37%, negatively impacted by losses in Energy (-5.7%), Materials (-12.9%) and Consumer Discretionary stocks (-8.0%). Counteracting the negative; Financials, Health Care and Technology trended upward, keeping the index total returns in positive territory on a year-to-date basis. Canada's junior stock index, the TSX Venture, recorded more significant declines, falling (-2.12%) month over month, and falling (-16.49%) on a year-to-date basis – the greatest pullback since 2016. Leading the junior sell-off was not the already depressed mining, tech and oil and gas sectors, but a new sub sector in the healthcare industry: marijuana. Canadian GDP continues to surprise on the upside and index constituent company earnings have come in above expectations. But to date in 2018, trailing P/Es have contracted more acutely in Canada than in any other developed region of the world. Uncertainty about trade with the U.S. and Mexico was an influencing factor in undermining Canadian P/Es. This uncertainty was removed on September 30th when Canada and its trading partners announced a new trade deal. The "United States-Mexico-Canada Agreement" (USMCA for short) will replace NAFTA. This development, coupled with potential tax relief for corporations in the upcoming federal fiscal update, could support P/Es in key industries that have been trading at a substantial discount to their historical average.

The S&P 500 had its best quarterly gain since 2013 in Q3, rising 7.2%. The advance was driven by Health Care (+14%), Industrials (+9.5%), Technology (+8.5%) and Consumer Discretionary stocks (+7.8%). A strong economy, supported by a tight labour market, tax cuts and record stock buybacks, propelled index earnings to an all-time high. U.S. stocks in terms of market cap have all performed significantly above benchmarks. Large, medium and small cap stocks all had gains exceeding 10% during the third quarter, suggesting the bull run that U.S. stocks enjoyed through 2018 is running on fumes and is expected to slow down going into 2019. A slowdown is further supported by the Fed's expected plan to increase short rates several times over the next year which will make equity markets less attractive when compared to a higher yielding bond market. The U.S. economy hit warp speed in Q2, with real GDP posting the fastest gain since mid-2014. Growth is likely to gear down modestly in the second half of the year as Q2's surge in exports unwinds. Outside of the trade sector, most areas of the US economy are projected to maintain their positive momentum. U.S. consumer spending was volatile in the first half of the year with a weak first quarter followed by a surge in consumption which clocked in at a 3.8% rate in Q2. The combination of a robust labour market, rising asset values and an elevated savings rate should support spending activity through the second half of the year. The economy will likely benefit from healthy consumer spending again in 2019, albeit at a somewhat slower pace as interest rate increases curb activity.

MARKET DIARY -- *MONTH AT A GLANCE*

Equities	Close Sept.28	MoM TotRet	YTD TotRet
S&P/TSX Composite	16,431.23	-0.89%	1.37%
S&P/TSX Venture	710.457	-2.12%	-16.49%
Dow Jones	26,903.12	1.97%	8.83%
S&P 500	2,955.97	0.57%	10.56%
FTSE 100 Index	7,758.64	1.14%	0.92%
EURO STOXX 50	3,503.43	0.31%	-0.02%
Nikkei 225	24,513.27	6.07%	7.68%
NASDAQ Composite Index	8,110.86	-0.70%	17.49%
MSCI EAFE	6,011.30	0.87%	-1.43%
MSCI Emerging Markets	481.42	-0.53%	-7.68%

Fixed Income	Yield	MoM Chg	YTD Chg
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BoC Overnight Rate	1.5	0 bps	50 bps
3mos Canada T-Bill	1.568	3.5 bps	52 bps
2yr Canada	2.2	13.4 bps	50.7 bps
10yr Canada	2.421	19.5 bps	39.3 bps
30yr Canada	2.419	16.8 bps	18.2 bps
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Fed Funds Rate	2.25	25 bps	75 bps
90d U.S. T-Bill	2.1688	5.13 bps	39.54 bps
2yr UST	2.8188	19.19 bps	93.58 bps
10yr UST	3.0612	20.08 bps	65.58 bps
30yr UST	3.2057	18.66 bps	46.58 bps

Currencies	Sep. 28	MoM Chg	YTD Chg
CAD/USD	0.7746	1.03%	-2.63%
USD/CAD	1.2908	-1.01%	2.68%
CAD/EUR	0.6676	1.01%	0.74%
CAD/JPY	88.09	3.42%	-1.75%
CAD/GPB	0.5944	0.47%	0.97%

Market Factors	Sep. 28	MoM Chg	YTD Chg
Volatility Meter – VIX	12.12	-0.0575	0.0978
Advance/Decline – TSX	0.72	0.25 bps	-0.59 bps

Source: Bloomberg

Global equities generally performed poorly with the Euro STOXX 50 now having declined 0.01% YTD and the FTSE 100 up only marginally at 0.92% over the same time frame. China is suffering a stock market loss of 26% YTD, conversely Japan's stock market is thriving, with the Nikkei 225 index having returned 7.68% YTD. As a whole, the MSCI EAFE index handed investors a -1.43% total return loss YTD, with the majority of this occurring in the first half of Q3. Overseas equities have faced challenges in 2018 amid stalled economic momentum in Europe, emerging market turbulence, and a rising U.S. dollar. Trade and geopolitical uncertainties pose headwinds, but an extended global expansion, ongoing central bank stimulus and discounted valuations support ongoing portfolio allocations. While global risks remain prevalent, most are already priced into international equity markets. Developed-market stocks are trading at a 22% discount to the U.S., while EM equities are at a 31% discount. Lower valuations, along with fundamental help from still-stimulative global central bank policies and less mature economic/profit cycles make international equities compelling.

CANADA — The Bank of Canada overnight rate sits at 1.5%, however, the central bank is expected to raise the target rate by 25 bps at the October meeting in response to strengthening economic conditions. The current level is the product of four 25bps rate increases since July 2017. In recent remarks, Senior Deputy Governor Carolyn Wilkins said the BoC considered whether the phrase "gradual approach" remains appropriate given that the economy has grown at full potential over the past year. The BoC said trade is a downside risk to real activity, but an upside risk to the inflation outlook. The more hawkish stance could signal that the central bank is set for an additional move in December or January. Wilkins' comments are more hawkish than those made by Governor Stephen Poloz, who recently discussed the role of digital innovation in monetary policy. Poloz said current estimates of potential GDP may be too low, which would explain muted inflationary pressures, suggesting a more gradual monetary policy path. The most recent interest rate hike was primarily a response to solid economic growth, a strong labor market, and inflation firmly within the bank's target range of 1-3 percent. The bank will continue to act with caution in order to minimize the pressure being exerted on household balance sheets as debt service costs rise. Further rate increases in the first half of 2019 are forecasted, elevating the overnight rate to 2.25% by mid-year.

Canada's economy rebounded in Q2, with second quarter GDP growth increasing at the fastest pace of the year. The Canadian economy advanced 0.7% in the second quarter of 2018, following a revised 0.4% GDP rate growth in the previous period. This is the strongest pace of economic expansion seen in over a year amid higher household spending and rising exports of energy, pharmaceutical products and commodities. Expressed as an annualized rate, GDP grew 2.9%, well above 1.4% in the first quarter but slightly below market expectations of 3%. GDP Growth in Canada has averaged 0.79% from 1961 until 2018, reaching an all-time high of 3.10% in the fourth quarter of 1963 and a record low of -2.30% in the first quarter of 2009. Net exports surged on the back of strong energy and pharmaceutical exports, and household spending picked up from 1Q. Business investment is set to improve in response to capacity restraints, and strong global demand for oil should boost exports, sending growth higher through the second half of 2018. With consumer spending comprising approximately 70% of Canadian GDP, a close eye should be kept on elevated consumer debt levels and rising interest rates, as we expect these to dramatically affect consumer spending and hence aggregate growth.

After several months below 2%, inflation pressures have increased and have moved on top of the Bank of Canada's 2% target, consistent with an economy operating near capacity. Unexpected strength in gasoline prices boosted headline CPI to 3.0% in July, the quickest pace in nearly seven years. Measures of core inflation however have been stable at around 2%, but intensifying pressures appear to be on the horizon as economic slack diminishes further through the second half of 2018. The potential for escalating trade tensions to increase cost push inflation remains a risk to the outlook. Inflationary pressures appear to be broad-based, with both goods and service sector price growth picking up in July. Inflation in the service sector has reached its fastest pace of the cycle, while goods inflation remains elevated. The Canadian economy has a number of sources of untapped potential growth which could increase capacity without fueling inflation. These sources include increasing labor force participation by targeted demographics such as youth and women, which aligns with the goals of the 2018 federal budget.

In August, net employment dropped nearly 52k, and the unemployment rate rose to 6%. Yet much of the decline was in part-time employment (full-time employment rose) and the volatile construction sector. Looking to September, labor market conditions have tightened, net employment rose 63.3k, and the unemployment rate dropped to 5.9%. Average employment gains will likely fall from last year's cyclical high but should drive the unemployment rate lower. Similar to other advanced economies, an aging population will drag down labor-force participation in the medium term. While participation among older workers (55+) has been trending up, it will not be enough to counter the declining share of prime age workers (25-54) in the labor force, which will weigh on the overall rate. Wage pressures have retraced somewhat recently after a historic run-up from April 2017 to May of this year. Reported labour shortages have plateaued but remain near an expansion high, indicating that wage pressures should intensify as the economy continues to improve and businesses struggle to find new workers.

The pace of consumer spending is expected to moderate through the second half of this year and will be less supportive to overall growth in 2018. Strong wage and employment growth boosted household consumption in the second quarter, but elevated levels of debt and rising interest rates are expected to slow the pace moving forward. Further complicating matters, the BoC estimates that consumption is more sensitive to rising rates than in previous cycles, suggesting some downside risk to spending forecasts given the high levels of consumer debt. Rising rates will drive a slowdown in consumer spending, due in part to a higher percentage of income going toward mortgage payments. However, only about 25% of Canadian households hold a variable rate mortgage, suggesting that the impact to consumer spending from rising mortgage costs may be smaller than many expect.

After months of negotiations, Canada finally agreed to a revised trade deal with the U.S. and Mexico. The "United States-Mexico-Canada Agreement" (USMCA) will replace NAFTA. The deal is still in its preliminary stages, but it's being reported Canada was able to keep tariff-free market access in the U.S. and the impartial arbitration panel for dispute resolution. In return, Canada gave in on several fronts including agreeing to cap auto exports to the U.S. and accepting a variant of the sunset clause – the trade pact will come up for review every six years. The dairy industry, once a sacred cow, has been turned into a sacrificial lamb as Ottawa agreed to give U.S. farmers more access to the Canadian market. While Canada seems to have gotten the short end of the stick, the outcome should not be surprising. With 75% of Canada's exports going to the U.S. and less than 20% of U.S. exports coming to Canada, it was clear from the outset who stood to lose the most from trade barriers. But a reduced deal is better than no deal, especially if it allows Canadian exporters to ship most of their goods tariff-free to the world's largest market. The fact that the agreement will come up for review every six years is arguably among the worst of the concessions Canada had to make. But it's always possible Canada gets a better deal from a friendlier White House after the 2024 U.S. Presidential elections. Over the near term, however, the recovery of business investment does not appear to be in jeopardy.

Year to date, the Canadian dollar is down 2.63% against the U.S. dollar, however, it is outperforming other major currencies such as the Pound (YTD 0.97%) and Euro (YTD 0.74%). Without a doubt, being part of the group of countries with a rate-raising central bank has helped Canada's currency versus others. Looking ahead with both the Fed and the BOC likely to continue to increase their policy rates at a measured pace, the upside for Canada's currency against USD may be limited.

UNITED STATES— As expected, Fed policymakers increased the Fed Funds Target Rate three times in 2018, raising short rates by 25bps recently and 75bps in total bringing the current level to 2.25%. The recent increase was the third this year and the seventh in the last eight quarters. The hikes were backed by the Fed's sentiments that (i) the economy is growing at a faster than expected rate of 3.1% this year and will continue to expand moderately over the next 3-years, (ii) a sustained low unemployment rate that is estimated to rise in the fourth-quarter of 2018 from 3.6% to 3.7%, and (iii) stable inflation which is expected to remain close to its 2.0% target over the next 3-years. The Fed still anticipates another rate hike in December, followed by three more in 2019, and potentially one further increase in 2020.

The US economy grew by 4.2% YoY in Q2 2018, compared to 2.2% YoY in Q2 2017, making it the fastest growth rate in 4 years, attributable to strong gains in private consumption and capital spending. According to the World Bank, growth in Q3 2018 remains robust despite the trade deficit widening, amid rising fiscal stimulus and a strengthening US Dollar. The economy continued to add about 200,000 jobs per month while nominal wage growth reached 2.9% YoY in August, its highest level since 2009.The annual consensus GDP growth estimate for 2018 rose to 3.1% from 2.8%, according to the US Federal Reserve, with a projection of 2.5% for 2019 The expected slowdown in economic growth will be attributable to the decline in impact of the recent tax cuts, heightened inflation and a rise in interest rates. Additionally, there is rising concern on U.S.'s imposed tariffs on Chinese goods and steel and aluminum imports from several countries. The turn towards protectionist trade policies, aimed at reducing the influence and competitiveness of foreign imports, threatens to slow growth and exert upward pressure on inflation.

Inflation pressures are already showing signs of increasing. Headline CPI rate is near 3% and although a portion of the increase reflects growing energy prices, the core measure which excludes both energy and food prices, has also accelerated to stand at the highest level since the 2007 recession. Government spending is supplementing the positive momentum in consumption and business investment and will likely keep the economy growing at an above potential rate through the second half of this year. The expansion will likely slow mildly in 2019 with real GDP up 2.4% and as the Fed reduces the amount of policy stimulus via interest rate increases. Inflationary pressures have remained weak while consumer spending continues to be strong. Core consumer prices showed no increase following July's 0.2% gain. Core prices have increased 2.0% over the last 12 months.

A strong labour market continues to be a vital part of the U.S. consumer and as a by-product, the U.S. economy. The unemployment rate stands at 3.9%, the lowest since 2006. Demand for workers remains solid and the pool of labour is dwindling, suggesting wages will rise as employers compete among a smaller pool of labour. That said, wage growth to date has been abnormally slow, which makes it evident that structural changes in the economy are at work. The U.S. is creating jobs at the fastest pace since 2015, which is evidenced by non-farm payrolls rising by a stunning 1.4 million in the first nine months of this year. Also reassuring, given their tendency to move in sync with the economic cycle, are further gains in construction and temporary employment which point to sustained expansion.

The corporate tax cut package offered in 2018 by Congress included a "tax holiday" on repatriated profits. Back in 2004, Congress offered a similar enticement to U.S. corporations to repatriate profits, hoping that would spur investment and create jobs. Instead, the repatriated cash was distributed almost entirely to shareholders. Not surprisingly, the 2018 repetition of the tax holiday is having similar results. While a record $313 billion or about 30% of the $1 trillion or so held by American multinational enterprises abroad was repatriated in the first quarter, this coincided with a sharp increase in share buybacks from $23B in Q4 2017 to $55B in Q1 2018. In other words, don't count on a sustainable increase in investment spending just yet.

Trade policy is also poised for disruption and has the Fed, among other policy makers, on their toes. The White House's September decision to ramp up protectionist measures means that roughly half of U.S. imports from China (approximately $250 billion) will be subject to a 25% tariff next year. Inflation impacts are likely to be small given the relatively low content of imports from China in U.S. personal consumption – a 25% tariff on US$250B worth of imports from China would raise annual U.S. inflation by less than 0.3%, with the impact further cushioned if Beijing allows the yuan to depreciate in order to reduce the "effective" tariff rate. But the trade war escalation has potential to worsen an already ambiguous situation in emerging markets and trigger a financial crisis, something that would not leave the U.S. unaffected.

GLOBAL— The European Central Bank (ECB) met in early September 2018 and held the interest rate on the main refinancing operations at 0.00%, and the interest rates on the marginal lending facility and the deposit facility at 0.25% and 0.40%, respectively. The key ECB interest rates are expected to remain at their present levels through mid-2019 and potentially beyond, to ensure the continued convergence of inflation to levels that are below but close to 2.0%

over the medium term. The Eurozone recorded a slow 0.4% growth in Q2 2018, compared to growth of 1.5% in Q2 2017, down from an average of 2.7% in the last two quarters of 2017. According to the September 2018 ECB macroeconomic projections, Eurozone annual real GDP is projected to increase by 2.0% in 2018, 1.8% in 2019 and 1.7% in 2020. This is a slight downward revision from the June 2018 projections (of 2.1% in 2018 and 1.9% in 2019), reflecting the impact of weakening global trade in leading world economies, compounded by the effect of the Euro's past appreciation.

Inflation decreased to 2.0% in August 2018 from 2.1% in July, with the ECB foreseeing a further decrease to 1.7% in the remainder of 2018. Underlying inflation is expected to pick up towards the end of the year and increase gradually over the medium term, supported by the ECB's monetary policy measures, continuing economic expansion, and rising wage growth. The unemployment rate declined to 8.2% in July 2018 from 9.1% in July 2017, which is the lowest level observed since Q4 2008 and is attributable to strong economic growth. Propelling the Eurozone into economic prosperity is grounded on the principals, including; (i) ECB's very accommodative monetary policy stance, (ii) increased growth in lending to the private sector, spurred by low interest rates and favorable bank lending conditions, and (iii) lower deleveraging needs, which will drive private expenditure boosting domestic demand, the economy's main growth driver.

International markets generally have been performing underwhelmingly compared to North American markets. The top performer is Japan, with the 225 Nikkei Index nearly reaching an all-time high and currently posting returns of 7.68% YTD. Germany, France, and the United Kingdom all saw gains in their respective stock benchmarks, however, as a whole global stocks did not fair too well. The FTSE 100 was down 0.92% YTD, EUROSTOXX 50 down 0.01% and the MSCI EAFE index posted returns of -1.43% YTD. Eurozone equities may feel additional impact given tensions have escalated further between the United Kingdom and the European Union as they continue to hash out a Brexit deal.

EMERGING MARKETS — A bear market in emerging market equities laid root in September as stocks dropped 20% from their January peak, due to the impacts of the stronger U.S. dollar, declines in Chinese stocks and concerns about higher tariffs. Emerging markets appear attractively valued, trading at a P/E discount of approximately 30% to their American peers, and the fundamentals appear solid in most of the larger EM countries. Although increased trade tensions, political risk and a stronger U.S. dollar remain concerns, emerging market equity investments may represent an attractive opportunity for long-term investors. China is the largest emerging market economy, with Chinese stocks representing approximately 30% of the MSCI emerging-market equity index. In 2018, as China's economic growth slowed to about 6% and tariff threats escalated, China's stock market dropped 26%, pulling down broad-based emerging market equity investments as well. Concerns over the trade war with US has sparked fear and decreased sentiment amongst domestic investors. If China is able to reach an agreement or negotiate a deal with U.S., it would be beneficial to the EM universe, given China's stature in the global economy, and even more so for emerging markets.

CRUDE OIL — WTI and Brent prices rose approximately 5% in September for a 12-month gain of 45%. Oil's ascent has contrasted sharply with prices for other commodities, as seen from the CRB index, which is down in 2018. An excess demand situation is allowing oil to deviate from other commodity trends. Venezuela's declining oil production – coupled with U.S. sanctions on Iran do nothing to ease the excess demand. Sanctions are scheduled to come into effect only in November but some of Iran's trading partners are not waiting that long, opting instead to immediately reduce oil imports and forcing Iran to cut back production. Iran's oil output is now hovering ~3.5 million barrels/day, down more than 6% from the peak reached last December. In other words, there is upside potential for oil prices more so if global economic growth shows resilience amidst ongoing turbulence in emerging markets. But Canada could have benefited more from the global oil price surge. The lack of pipeline capacity is costing Canada dearly. Shipments of heavy oil (via pipelines and rail) cannot keep up with production, inventories are rising and hence depressing prices of Western Canada Select (WCS) -to the point that the spread between WCS and WTI averaged $30/barrel in September, the highest since 2013. This forced discount offered by Canadian producers (largely to U.S. buyers) has resulted in billions in lost revenues. Had the spread averaged $13/barrel (as was the case last year) instead of this year's massive

spreads, Canadian producers of synthetic crude would have generated an extra $2 billion in the first seven months of 2018 alone.

TACTICAL POSITIONING

Fixed Income	Neutral Weight
Canadian Equities	Over Weight
U.S. Equities	Under Weight
International Equities	Neutral Weight
Emerging Markets	Neutral Weight

Fixed Income
Yields are rising, but from a historically-low base. We suggest reducing the average maturity of bond portfolios as a way to lessen interest rate risk. We recommend a higher weighting with your cash range to position for increased volatility. Our low target allocation for income investments includes our recommendation to reduce exposure to high-yield bonds (aggressive income).

Canadian Equities
Trailing P/Es have contracted more in Canada than in any other region of the world. Uncertainty about trade with the U.S. and Mexico was a determining factor in undermining Canadian P/Es. The uncertainty was lifted September 30 when Canada and its trading partners announced a revamped trade deal. The “United States-Mexico-Canada Agreement” (USMCA for short) will replace NAFTA. This development, coupled with potential tax relief for corporations in the upcoming federal fiscal update, could support P/Es in key industries that have been trading at a substantial discount to their historical average.

U.S. Equities
Reduce allocations to domestic small- and mid-cap stocks. Small- and mid-cap equities appear more attractive in the U.S., as we believe they will be more sensitive to U.S. economic growth, and are less impacted by currency fluctuations and benefit from U.S. tax cuts. Overall, the current bull-run US equities have had are running on fumes and rising interest rates contribute to an environment where capital flows to more “attractive” asset classes (i.e. fixed income)

Global Equities
Overseas equities have faced challenges this year amid stalled economic momentum in Europe, emerging market turbulence and a rising U.S. dollar. Trade and geopolitical uncertainties pose headwinds, but an extended global expansion, ongoing central bank stimulus and discounted valuations support international portfolio allocations.

Emerging Market Equities
A bear market in emerging market stocks started in September when they dropped 20% from their January peak, due to the impacts of the stronger U.S. dollar, declines in Chinese stocks and concerns about higher tariffs. Emerging markets appear attractively valued and the fundamentals look solid in most of the larger countries. Although increased trade tensions and a stronger U.S. Dollar both remain risks, we believe emerging market equity investments represent an opportunity for long-term investors.

KEY ECONOMIC INDICATORS – CANADA

Labour Market Data						
Event	Period	Date	Consensus Est.	Actual	Prior	Revised
Net Change in Employment	July	10-Aug	17.0k	54.1k	31.8k	--
Unemployment Rate	July	10-Aug	5.90%	5.80%	6.00%	--
Full Time Employment Change	July	10-Aug	--	-28k	9k	--
Part Time Employment Change	July	10-Aug	--	82k	22.7k	--
Participation Rate	July	10-Aug	65.4%	65.4%	65.5%	--
Net Change in Employment	Aug	7-Sep	5.0k	-51.6k	54.1k	--
Unemployment Rate	Aug	7-Sep	5.90%	6.00%	5.80%	--
Full Time Employment Change	Aug	7-Sep	35k	40.4k	-28k	--
Part Time Employment Change	Aug	7-Sep	-30k	-92k	82k	--
Participation Rate	Aug	7-Sep	65.5%	65.3%	65.4%	--
Net Change in Employment	Sept	5-Oct	25.0k	63.3k	-51.6k	--
Unemployment Rate	Sept	5-Oct	5.90%	5.90%	6.00%	--
Full Time Employment Change	Sept	5-Oct	15k	-16.9k	40.4k	--
Part Time Employment Change	Sept	5-Oct	20k	80.2k	-92k	--
Participation Rate	Sept	5-Oct	65.4%	65.4%	65.3%	--
Labor Productivity QoQ	Q2	5-Sep	0.50%	0.70%	-0.30%	--

Price Inflation Data						
Event	Period	Date	Consensus Est.	Actual	Prior	Revised
Industrial Product Price MoM	July	31-Aug	-0.40%	-0.20%	0.50%	0.70%
CPI NSA MoM	July	31-Aug	0.10%	0.50%	0.10%	--
CPI YoY	July	31-Aug	2.50%	3.00%	2.50%	--
CPI Core- Common YoY%	July	17-Aug	2.00%	1.90%	1.90%	--
CPI Core- Trim YoY%	July	17-Aug	--	2.00%	2.00%	--
CPI Core- Median YoY%	July	17-Aug	--	2.10%	2.00%	--
Industrial Product Price MoM	Aug	28-Sep	-0.40%	-0.50%	-0.20%	--
CPI NSA MoM	Aug	28-Sep	-0.10%	-0.10%	0.50%	--
CPI YoY	Aug	28-Sep	2.80%	2.80%	3.00%	--
CPI Core- Common YoY%	Aug	21-Sep	1.90%	2.00%	1.90%	--
CPI Core- Trim YoY%	Aug	21-Sep	--	2.10%	2.00%	--
CPI Core- Median YoY%	Aug	21-Sep	--	0.022	0.021	--

A=actual; R=revised

Source: Bloomberg

GDP Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
GDP YoY	June	30-Aug	2.30%	2.40%	2.60%	2.70%
GDP MoM	June	30-Aug	0.10%	0.00%	0.50%	--
GDP YoY	July	28-Sep	2.20%	2.40%	2.40%	--
GDP MoM	July	28-Sep	0.10%	0.20%	0.00%	--
Quarterly GDP Annualized	2Q	30-Aug	3.10%	2.90%	1.30%	1.40%

Manufacturing Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Manufacturing Sales MoM	June	16-Aug	1.00%	1.10%	1.40%	1.50%
Markit Canada Manufacturing PMI	June	3-Jul	--	57.1	56.2	--
Manufacturing Sales MoM	July	18-Sep	0.60%	0.90%	1.10%	1.30%
Markit Canada Manufacturing PMI	July	1-Aug	--	56.9	57.1	--
Capacity Utilization Rate	2Q	12-Sep	86.90%	85.50%	86.10%	83.70%

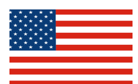
Housing Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Housing Starts	July	9-Aug	219.0k	206.3k	248.1k	247.0k
Building Permits MoM	July	9-Aug	1.00%	-0.10%	-2.30%	-1.30%
New Housing Price Index MoM	July	9-Aug	0.10%	0.10%	0.00%	--
New Housing Price Index YoY	July	9-Aug	0.80%	0.80%	0.90%	--
Housing Starts	Aug	11-Sep	216.3k	201.0k	206.3k	201.8k
Building Permits MoM	Aug	6-Sep	0.50%	--	-0.10%	--
New Housing Price Index MoM	Aug	11-Oct	0.10%	--	0.10%	--
New Housing Price Index YoY	Aug	11-Oct	0.50%	--	0.50%	--
Housing Starts	Sept	9-Oct	210.0k	188.7k	201.0k	198.8k

Trade Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Int'l Merchandise Trade	July	5-Sep	-1.00b	-0.11b	-0.63b	-0.78b
Int'l Securities Transactions	July	17-Sep	--	12.65b	11.55b	10.30b
Int'l Merchandise Trade	Aug	5-Oct	-0.52b	0.53b	-0.11b	-0.19b
Int'l Securities Transactions	Aug	16-Mar	--	--	12.65b	--
Current Account Balance	2Q	29-Aug	-$15.30b	-$15.88b	-$19.50b	-$17.48b

A=actual; R=revised

Source: Bloomberg

KEY ECONOMIC INDICATORS – UNITED STATES



Labor Market Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Average Hourly Earnings YoY	July	3-Aug	2.70%	2.70%	2.70%	2.80%
Unemployment Rate	July	3-Aug	3.90%	3.90%	4.00%	--
Labor Force Participation Rate	July	3-Aug	--	62.90%	62.90%	--
Initial Jobless Claims	July	3-Aug	220k	218k	217k	--
Average Hourly Earnings YoY	Aug	7-Sep	2.70%	2.90%	2.70%	2.80%
Unemployment Rate	Aug	7-Sep	3.80%	3.90%	3.90%	--
Labor Force Participation Rate	Aug	7-Sep	--	62.70%	62.90%	--
Initial Jobless Claims	Aug	6-Sep	213k	203k	213k	--

Price Inflation Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
CPI YoY	July	10-Aug	2.90%	2.90%	2.90%	--
CPI Ex Food and Energy YoY	July	10-Aug	2.30%	2.40%	2.30%	--
Real Avg Hourly Earning YoY	July	10-Aug	--	-0.20%	0.00%	--
CPI YoY	Aug	13-Mar	2.80%	2.70%	2.90%	--
CPI Ex Food and Energy YoY	Aug	13-Mar	0.20%	0.10%	0.20%	--
Real Avg Hourly Earning YoY	Aug	14-Feb	--	0.20%	-0.20%	-0.10%

GDP Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
GDP Annualized QoQ	2Q - A	27-Jul	4.20%	4.10%	2.00%	2.20%
GDP Annualized QoQ	2Q -S	29-Aug	4.00%	4.20%	4.10%	--
Personal Consumption	2Q - A	27-Jul	3.00%	4.00%	0.90%	0.50%

Manufacturing Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Capacity Utilization	July	15-Aug	78.20%	78.10%	78.00%	77.80%
Durable Goods Orders	July	24-Aug	-1.00%	-1.70%	0.80%	0.70%
Markit US Manufacturing PMI	July	1-Aug	55.5	55.3	55.4	--
Capacity Utilization	Aug	14-Sep	78.20%	78.10%	78.10%	77.90%
Durable Goods Orders	Aug	27-Sep	2.00%	4.50%	-1.70%	--
Markit US Manufacturing PMI	Aug	4-Sep	54.5	54.7	55.3	--

A=actual; R=revised

Source: Bloomberg

MARKET PERSPECTIVE | *October 2018 (Fall)*

Housing Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Housing Starts MoM	July	16-Aug	7.40%	0.90%	-12.30%	-11.40%
Building Permits MoM	July	16-Aug	1.40%	1.50%	-2.20%	-0.70%
Existing Home Sales MoM	July	16-Aug	0.40%	-0.70%	-0.60%	--
New Home Sales MoM	July	16-Aug	2.20%	-1.70%	-5.30%	-5.40%
Housing Starts MoM	Aug	19-Sep	5.70%	9.20%	0.90%	-0.30%
Building Permits MoM	Aug	19-Sep	0.50%	-5.70%	1.50%	0.90%
Existing Home Sales MoM	Aug	19-Sep	0.50%	0.00%	-0.70%	--
New Home Sales MoM	Aug	26-Sep	0.50%	3.50%	-1.70%	-1.60%

Consumer Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Personal Income	July	30-Aug	0.40%	0.30%	0.40%	--
Personal Spending	July	30-Aug	0.40%	0.40%	0.40%	--
Real Personal Spending	July	30-Aug	0.20%	0.20%	0.30%	--
Consumer Credit	July	5-Sep	$14.000b	$16.640b	$10.211b	$5.474b
Personal Income	Aug	28-Sep	0.40%	0.30%	0.30%	--
Personal Spending	Aug	28-Sep	0.30%	0.30%	0.40%	--
Real Personal Spending	Aug	28-Sep	0.20%	0.20%	0.20%	0.30%
Consumer Credit	Aug	5-Oct	$15.000b	$20.078b	$16.640b	$16.597b

Trade Data						
Event	**Period**	**Date**	**Consensus Est.**	**Actual**	**Prior**	**Revised**
Trade Balance	July	5-Sep	-$50.2b	-$50.1b	-$46.3b	-$45.7b
Import Price Index MoM	July	14-Aug	0.00%	0.00%	-0.40%	0.10%
Import Price Index ex Petroleum MoM	July	14-Aug	0.10%	-0.10%	-0.30%	-0.30%
Export Price Index MoM	July	14-Aug	0.20%	-0.50%	0.30%	0.20%
Trade Balance	Aug	5-Oct	-$53.6b	-$53.2b	-$50.1b	-$50.0b
Import Price Index MoM	Aug	14-Sep	-0.20%	-0.60%	0.00%	-0.10%
Import Price Index ex Petroleum MoM	Aug	14-Sep	-0.20%	-0.20%	-0.10%	-0.20%
Export Price Index MoM	Aug	14-Sep	0.00%	-0.10%	-0.50%	--
Current Account Balance	2Q	19-Sep	-$103.4b	-$101.5b	-$124.1b	-$121.7b

A=actual; R=revised *Source: Bloomberg*

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