

# Weekly Market Update

May 13, 2019



Last Week in the Markets: May 6<sup>th</sup> – 10<sup>th</sup>, 2019

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Friday Close	<b>16,297.55</b>	<b>2,881.40</b>	<b>25,942.37</b>	<b>7,916.94</b>	<b>511.109</b>	<b>74.53 ¢</b>	<b>\$1,287.40</b>	<b>\$ 61.66</b>
week +/-	- 196.88	- 64.24	- 562.58	- 247.06	- 13.741	+ 0.02 ¢	+ \$ 6.10	- \$ 0.28
week +/- %	- 1.19%	- 2.18%	- 2.12%	- 3.03%	- 2.62%	+ 0.02%	+ 0.48%	- 0.45%
52 wk HIGH	16,672	2,954	26,952	8,176	542	78.47 ¢	\$1,364	\$ 75.65
52 wk LOW	13,777	2,347	21,713	6,190	448	73.18 ¢	\$1,189	\$ 43.80
YTD +/- %	+ 13.71%	+ 14.94%	+ 11.21%	+ 19.32%	+ 12.17%	+ 1.63%	+ 0.48%	+ 35.79%
1Yr +/- %	+ 2.12%	+ 5.81%	+ 4.86%	+ 6.91%	- 1.18%	- 4.84%	- 2.64%	- 13.59%

(source: Bloomberg <https://www.bloomberg.com/markets> and ARG Inc. analysis)

## What happened?

- It is often difficult to attribute the performance of individual stocks or entire equity indices to specific economic influences. Each day and week many leading and lagging indicators represent conflicting and contradictory situations, often leaving investors scratching their heads. Market analysts sift through the array of information and make investment decisions; switching between equities, moving capital in and out of asset classes. Last week there was no question what the news was that drove North American and global equities downward.
  - Trump announced the tariffs on \$200 Billion of Chinese imports would increase from 10% to 25%, and another \$325 Billion of imports would also be subjected to the same 25% tariff. In an expected and natural reaction China promised tit-for-tat trade action by promising their own set of trade restrictions.
  - Restrictive trade measures cause the size of the pie to shrink more than any piece can get bigger.
    - As a result, the equity markets retreated significantly since the opportunity for firms to buy and sell with China became more expensive and would diminish or eliminate profits on that trade.
    - This trade action by Trump will hopefully bring the Chinese back to the table, but there could be more disruption before it gets better.
- Thankfully, the TSX where most Canadians have their retirement savings invested performed better than almost all other regions, and certainly much better than the U.S. major indices.

## What's ahead for this week?

- In Canada, the major news will be inflation with the release of April's Consumer Price Index (CPI) along with existing home sales for the same period and March's manufacturing data.
- In the U.S., a varied set of information will be announced; April's import and export price indices, industrial production and capacity utilization and housing starts and building permits.