

Weekly Market Update

August 31, 2020



Last Week in the Markets: August 24th – 28th, 2020

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Friday Close	16,705.79	3,508.01	28,653.87	11,695.63	586.435	76.34 ¢	\$1,974.90	\$ 42.97
week +/-	+ 187.94	+ 110.85	+ 723.54	+ 383.83	+ 15.467	+ 0.45¢	+ \$ 27.90	+ \$ 0.63
week +/- %	+ 1.14%	+ 3.26%	2.59%	+ 3.39%	+ 2.71%	+ 0.60%	+ 1.43%	+ 1.49%
52 wk HIGH	17,971	3,509	29,569	11,730	588	77.21 ¢	\$2,089	\$ 60.75
52 wk LOW	11.173	2.192	18.214	6.631	403	68.18 ¢	\$1.459	\$ 23.26
YTD +/- %	- 2.10%	+ 8.58%	+ 0.40%	+ 30.35%	+ 3.75%	- 0.83%	+ 29.66%	- 29.63%
1Yr +/- %	+ 2.67%	+ 21.47%	+ 10.05%	+ 48.86%	+ 16.33%	+ 1.42%	+ 28.42%	- 22.97%

(source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

What happened last week?

At its annual Jackson Hole Symposium, the U.S. Federal Reserve announced a significant change in its monetary policy guidelines on Thursday. The Fed will now encourage greater levels of employment, which formerly served as a signal that inflation could occur. This threat of inflation based on high employment has caused rate increases in the past. Also, inflation will be a calculated average, that will allow periods of inflation over 2% to be offset by periods below 2%. It will cause interest rates to remain low for longer periods of time as higher levels of employment will be encouraged and target inflation level will be a calculated average. The Fed is emphasizing the need for employment and lessening its concern over high inflation during periods of economic growth. <https://www.nytimes.com/2020/08/27/business/economy/federal-reserve-inflation-jerome-powell.html> <https://www.nytimes.com/reuters/2020/08/27/business/27reuters-usa-fed-jacksonhole-framework-explainer.html>

At the same Federal Reserve conference, Tiff Macklem, Bank of Canada Chair, spoke on the need for central banks to engage directly with citizens, not just to provide transparency to markets. This precedes the scheduled renewal of its 5-year inflation mandate, where it is seeking public input for the first time. Expect independence, but with some influence from the Fed's change. <https://www.theglobeandmail.com/business/economy/article-macklem-urges-central-banks-to-better-engage-with-average-citizens/>

The latest details from the Canadian Federal government on stimulus and economic assistance for individuals, businesses, sectors and organizations helping Canadians are available at: <https://www.canada.ca/en/departement-finance/economic-response-plan.html>

What's ahead for this week?

In Canada and the U.S., over the next few weeks we will see how well these two economies are recovering from the effects of pandemic-induced closures. After seeing each economy shrink by about one-third in the second quarter, (based on annualized rates from Statscan and U.S Federal Reserve estimates) Gross Domestic Product is rising again. Also, employment, inflation and manufacturing will show whether the reopening of economies have been successful.

<https://www.theglobeandmail.com/investing/markets/inside-the-market/article-before-the-bell-what-every-canadian-investor-needs-to-know-today-443/>