



iA Wealth Monthly Market Snapshot

Monthly Overview

June 2020

Equity markets around the globe had a decent showing across the board in May, continuing the rally from the prior month, as economies around the world gradually started to reopen. A slow but steady decline in new COVID-19 cases, along with progress in the development of coronavirus vaccines, boosted investor confidence and provided optimism around the economic outlook.

Canada's benchmark S&P/TSX Composite Index showed a 2.8% improvement in May, with all but one of the benchmark's underlying sectors producing gains during the month. Information technology and consumer discretionary sectors led the way with respective gains of 14.6% and 8.1%. The all-important energy sector continued its recovery, producing a 2.3% return in May. Real estate was the only sector in the red during the month, with a marginal loss of 0.4%. Small cap stocks, as measured by the S&P/TSX Small Cap Index, climbed 4.6% for the period.

Renewed confidence in risk assets and surge in crude oil prices, helped lift the loonie in May. The Canadian dollar was 1.2% higher versus the greenback during the month, which dampened returns in foreign equity markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in Canadian dollar terms. U.S.-based stocks, as measured by the S&P 500 Index, gained 3.6% in May. Leading the way for the U.S. stock market was the information technology and materials, with gains of 5.9% and 5.7%, respectively. International stocks, as measured by the MSCI EAFE index, added 3.2% in May, while emerging markets had a marginal loss of 0.3%.

The investment grade fixed income indices we follow were marginally higher in May. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, sported a 0.3% gain during the month, while the key global investment grade bond benchmark increased by 0.4%. Global high-yield issues advanced 4.6%.

Turning to commodities, the price of oil surged in May, recovering a big chunk of the losses experienced in March and April. WTI oil jumped 88.4% during the month, the largest monthly gain on record. It was still lower by 20.7% for the three months ended May 31. Gold produced a 2.5% gain during the month, while silver jumped 24.2%.

Canada's economy lost two million jobs in April due to shutdowns related to the COVID-19 pandemic, the largest monthly decline on record. The nation's unemployment rate jumped to 13%. Canadian GDP contracted at an annualized rate of 8.2% in the first quarter, the largest drop since the 2008-2009 financial crisis. Canadian inflation fell 0.2% year-over-year in April.

U.S. nonfarm payrolls fell by 20.5 million in April, as the unemployment rate climbed to 14.7%. Since mid-March, over 40 million Americans applied for unemployment benefits. U.S. consumer prices declined in April by the most on record, as the core CPI fell 0.4%. Annual consumer inflation slowed to 0.3% in April.

*Content sourced from Bloomberg.

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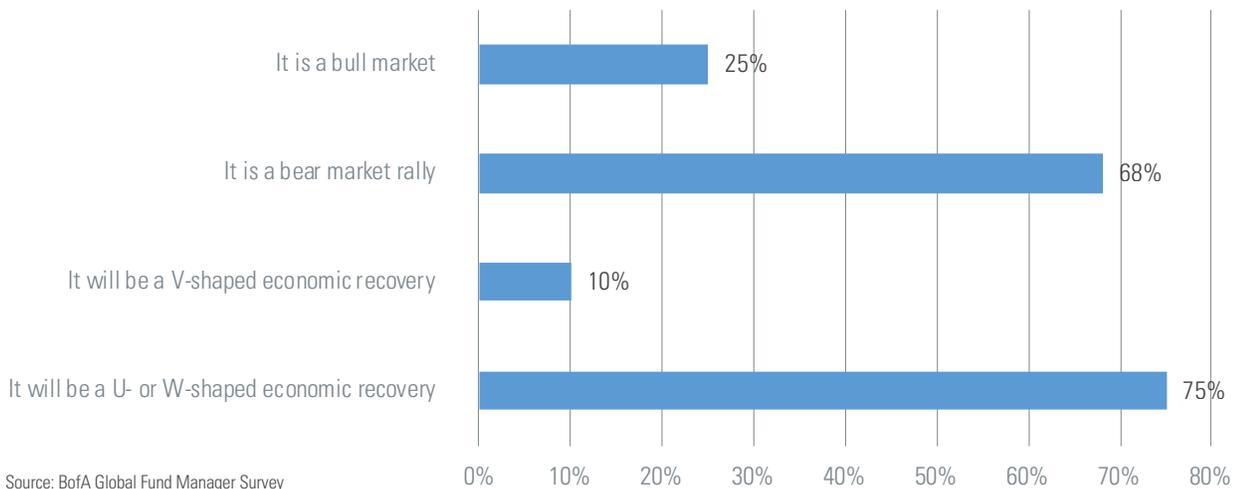


Monthly Market Statistics

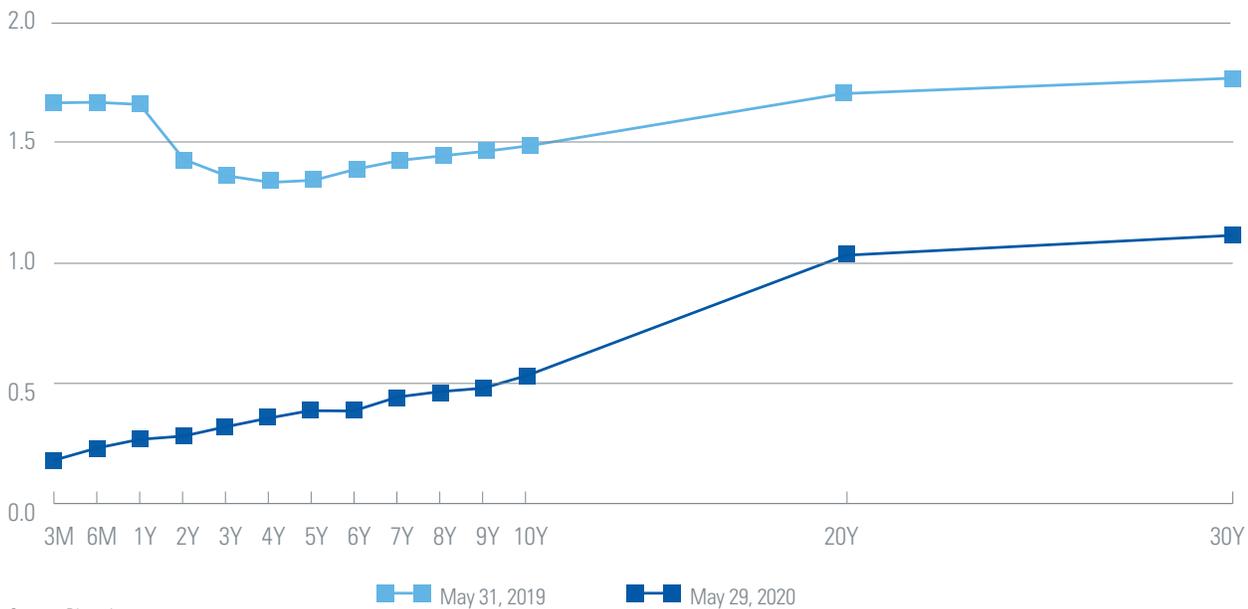
The latest Bank of America Fund Managers' Survey, which polled approximately 200 global institutional mutual and hedge fund managers in mid-May, pointed in a decidedly bearish direction. In terms of the type of market respondents believe we are in, only 25% believed we are in a new bull market, while 68% see this as a bear-market rally, or a short-term

rally before falling to new lows. With respect to what the economic recovery will look like, only 10% expect a V-shaped economic recovery, while three quarters of those surveyed expect a U- or W-shaped recovery. Although risk assets have rallied and economies have started to reopen, it looks like money managers do not think we are in the clear just yet.

Chart of the Month: Fund managers more bearish than bullish



Canadian Sovereign Yield Curve





Monthly Market Statistics

Data to May 29, 2020, 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	2.8	-6.6	-10.8	-11.0	-5.3	-0.3	0.2	15.6
S&P/TSX Small Cap	4.6	-8.0	-15.7	-19.8	-13.6	-8.4	-4.5	25.9
S&P 500	3.6	5.9	0.8	0.2	12.9	8.8	9.9	16.9
MSCI EAFE	3.2	-2.0	-9.2	-9.9	-3.1	-2.3	0.1	15.2
MSCI World	3.7	3.1	-2.6	-3.1	7.2	4.7	6.0	16.3
MSCI World Small Cap	6.0	-1.6	-9.4	-10.2	-1.7	0.7	4.1	20.8
MSCI Europe	3.2	-3.9	-10.8	-12.2	-4.9	-3.7	-0.8	18.2
MSCI EM	-0.3	-4.9	-7.0	-11.2	-4.8	-1.9	0.5	18.0
MSCI AC Asia	0.9	-0.5	-4.4	-6.1	0.9	0.3	2.0	15.0

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	0.3	2.0	4.5	5.7	7.1	4.3	3.7	10.9
Barclays Global Agg	0.4	0.1	2.7	2.1	5.6	3.5	3.3	3.9
Barclays High Yield Very Liquid Index	4.6	-2.5	-2.5	-4.5	1.9	3.0	3.8	8.5

Source: Bloomberg.

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

Commodity	05/29/2020 Price (\$)	MoM Change (%)	YoY Change (%)
WTI Crude Oil/BBL	35.49	88.4	-33.7
Natural Gas/mmBTU	1.85	-5.1	-24.7
Copper/pound	2.43	3.0	-8.1
Silver/oz	18.50	24.2	27.0
Gold/oz	1736.90	2.5	33.0

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP – Q1 (q/q ann. % change)	-8.2
Consumer Prices Apr. (y/y % change)	-0.2
Unemployment Rate, April 2020	13.0
United States	
Real GDP – Q1 (q/q ann. % change)	-5.0
Consumer Price Apr. (y/y % change)	0.3
Unemployment Rate, April 2020	14.7

Source: Bloomberg, Stats Canada.

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

Sector	S&P/TSX Composite returns	S&P 500 returns
Consumer Discretionary	8.1	3.9
Consumer Staples	4.6	0.5
Energy	2.3	-0.2
Financials	0.4	1.5
Health Care	5.5	2.2
Industrials	2.2	4.2
Info Tech	14.6	5.9
Materials	2.0	5.7
Real Estate	-0.4	0.8
Telecom Services	1.8	5.1
Utilities	0.0	3.0

Source: Bloomberg.

Table 6: Exchange Rates

Cross	05/29/2020	6 Mos Ago	1 Yr Ago
USD/CAD	1.38	1.33	1.35
EUR/CAD	1.53	1.46	1.51
GBP/CAD	1.70	1.72	1.71
CAD/JPY	78.21	82.44	80.12

Source: Bloomberg.

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