

# Weekly Market Pulse

Week ending March 31, 2023



## Market developments

**Equities:** U.S. equities rallied on Friday and extended the weekly gains to over 3% for both the S&P 500 and Nasdaq as key inflation measures showed signs of cooling, signalling that the Fed may be close to ending its tightening cycle. Ending the month of March in the green for the U.S. is meaningful given the banking crisis we faced only a few weeks ago. The Nasdaq closed out its best quarter since 2020, up over 16%, while the S&P 500 and TSX were up over 7% and 3.5% respectively.

**Fixed income:** Treasury yields in the U.S. fell on Friday, ending a quarter of volatility and erratic swings. Traders are still trying to weigh the impact of the banking collapse and the economic data to determine where the Fed should pause their rate hikes. The U.S 10yr yield bounced off the 3.4% level and closed just below 3.5%, the 2yr yield closed back above 4%, and the Canadian 10yr closed up 16bps to 2.9%.

**Commodities:** Oil settled at its highest level in nearly three weeks as it closed about \$75 and up 9% for the week as concerns over the U.S. and Euro banking crisis eased. However, it finished the month lower for the fifth consecutive time as concerns over a potential recession and a decline in demand pressured the commodity.

## Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
<b>Equities (\$Local)</b>					
S&P/TSX Composite	20,094.71	3.04%	-2.37%	3.66%	3.66%
S&P 500	4,109.31	3.48%	1.57%	7.03%	7.03%
NASDAQ	12,221.91	3.37%	4.56%	16.77%	16.77%
DAX	15,628.84	4.49%	0.32%	12.25%	12.25%
NIKKEI 225	28,041.48	2.40%	0.41%	7.46%	7.46%
Shanghai Composite	3,272.86	0.22%	-1.67%	5.94%	5.94%
<b>Fixed Income (Performance in %)</b>					
Canada 10-Year Yield	2.91	0.16	-0.44	-0.39	-0.39
US 10-Year Yield	3.48	0.10	-0.47	-0.40	-0.40
German 10-Year Yield	2.29	0.16	-0.42	-0.28	-0.28
US High Yield Spread	4.82	-0.61	0.65	0.01	0.01
<b>Commodities (\$USD)</b>					
Oil	75.56	9.10%	-5.17%	-5.86%	-5.86%
Gold	1969.42	-0.44%	6.08%	7.97%	7.97%
Copper	408.25	-0.46%	0.11%	7.14%	7.14%
<b>Currencies (\$USD)</b>					
DX	102.58	-0.52%	-1.86%	-0.91%	-0.91%
Loonie	1.3516	-1.66%	-0.60%	-0.28%	-0.28%
Euro	0.9223	-0.76%	-1.91%	-1.26%	-1.26%
Yen	132.75	1.55%	-2.30%	1.24%	1.24%

As of March 31, 2023

## Macro developments

### Canada – GDP rose 3% YoY in January

Canada's GDP rose in January by 0.5% MoM (3% YoY), above market estimates of 0.4%. The gain was broad based but led by a 1.1% MoM increase in mining and oil as well as a 0.7% MoM increase in manufacturing GDP. Preliminary estimates pointing to a strong 0.3% gain MoM in February was also positive.

### U.S. – PCE Price index decelerates in February

The U.S. PCE Price Index increased by 0.3% MoM in February, decelerating from a 0.6% rise a month earlier and in line with market estimates. Core PCE also came in at 0.3% MoM signalling that inflation may have peaked and that the Fed's tightening cycle may soon be coming to an end.

### International – Eurozone inflation cooled to 6.9% while the unemployment rate held at 6.6%, China's PMI jumped to 57.0

Eurozone core inflation estimates were up 5.7% in March and headline inflation plunged to 6.9% down from 8.5% in February. Underlying inflation remains elevated and ECB officials say interest rate hikes aren't over.

Eurozone unemployment rate stayed at a record low of 6.6% in February, unchanged from January and below estimates of 6.7%. Within the Eurozone economies, the highest jobless rates were seen in Spain, Italy, and France, where the lowest was in Germany.

China's composite PMI went up from 56.4 to 57.0 in March, marking the highest level since 2011 and signalling that the recovery is still going strong. The increase was driven by non-manufacturing PMI, which rose to 58.2 from 56.3 as in-person activity boosted the services index.

## Quick look ahead

Date	Country / Region	Event	Survey	Prior	
02-Apr-23	China	Caixin China PMI Mfg	Mar	51.4	51.6
03-Apr-23	United States	ISM Manufacturing	Mar	47.5	47.7
04-Apr-23	United States	JOLTS Job Openings	Feb	10500k	10824k
05-Apr-23	China	Caixin China PMI Services	Mar	55	55
05-Apr-23	China	Caixin China PMI Composite	Mar	--	54.2
05-Apr-23	United States	ISM Services Index	Mar	54.5	55.1
06-Apr-23	Canada	Unemployment Rate	Mar	5.10%	5.00%
06-Apr-23	Canada	Net Change in Employment	Mar	12.5k	21.8k
07-Apr-23	United States	Change in Nonfarm Payrolls	Mar	240k	311k
07-Apr-23	United States	Unemployment Rate	Mar	3.60%	3.60%
07-Apr-23	United States	Average Hourly Earnings YoY	Mar	4.30%	4.60%
07-Apr-23	United States	Average Hourly Earnings MoM	Mar	0.30%	0.20%

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