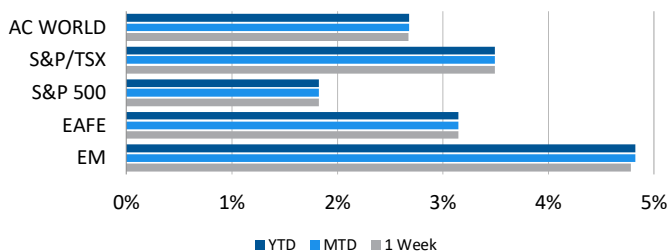


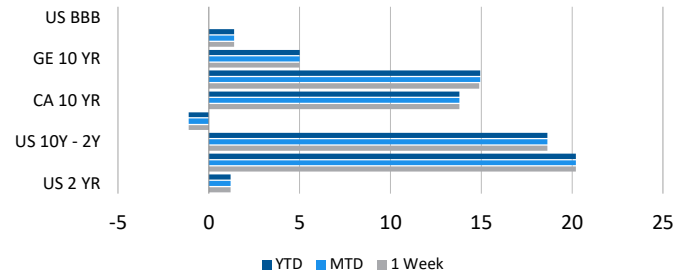
## Market Recap

- The new year kicked-off on a high note and global stock markets extended their gains during the first week of 2021. Financial markets cheered US political developments after the Democrats swept the runoff elections in Georgia, with investors wagering that a Democratic-controlled Congress will pave the way for more fiscal stimulus and thus, a stronger growth trajectory for the world's largest economy. Economists predict additional aid could include support for state and local governments, another extension of enhanced jobless benefits, and more stimulus payments (bumping up the stimulus checks to \$2000 from \$600). Furthermore, political uncertainty in the US subsided after Congress certified the Electoral College vote that named Joe Biden as the next president, while President Trump pledged for a smooth and orderly transition of power in Washington. The increased likelihood for additional fiscal stimulus in 2021 has largely overshadowed the potential for unfriendly business legislation such as higher taxes and tighter regulations under the Democratic sweep scenario. In response, investors have swiftly re-priced the "blue wave" scenario, which has emboldened the reflationary trade and propelled global equity markets higher this week.
- In fixed income markets, long-term treasury yields jumped higher this week after the Democrat victory in the Georgia runoffs spurred reflation bets. The US 10 year treasury yield pierced the 1% threshold for the first time since March and rose 19 basis points to 1.1% this week. Traders are re-pricing the prospect for additional fiscal stimulus, which would inevitably spur more bond issuance and higher yields on longer-maturity treasuries – while inflation expectations also accelerated in response, with the US 10 year breakeven inflation rate edging above the Fed's 2.0% inflation target for the first time since mid-2018. Meanwhile, markets shook-off the larger-than-expected drop in December payrolls, and yields climbed following Friday's release as investors opted to look through the near-term Covid impacts as a transitory hit in favor of longer-term upside potential that's been reinforced by vaccines and "blue wave" fiscal policy considerations.
- In commodity markets, gold edged lower as the sharp back- up in treasury yields weighed on the non-interest bearing metal. Meanwhile, crude oil headed for a strong weekly gain following reports that Saudi Arabia has pledged to unilaterally cut production by 1 million barrels/day in February and March, while the prospect for further fiscal stimulus in the US also bolstered the demand outlook for crude. Indeed, WTI crude broke above \$50/barrel this week. Finally, copper kicked off 2021 with its best weekly gain since last July as optimism built for a stronger and more broad-based global economic revival that will ultimately fuel demand for the industrial metal.
- The US dollar was virtually unchanged this week after a steady and persistent downtrend over the last several months. Performance versus its G-10 peers was mixed. The Canadian dollar strengthened and tested the 79-cent threshold thanks to the weekly rally in oil prices. The yuan rose to its strongest level since mid-2018 as the Chinese economy continued to demonstrate some notable signs of relative strength, while the prospect for more amicable trade relations under a Biden presidency also buoyed the yuan. In contrast, the yen pulled back, while the pound reversed some recent Brexit-related gains after news that the UK entered a third lockdown.

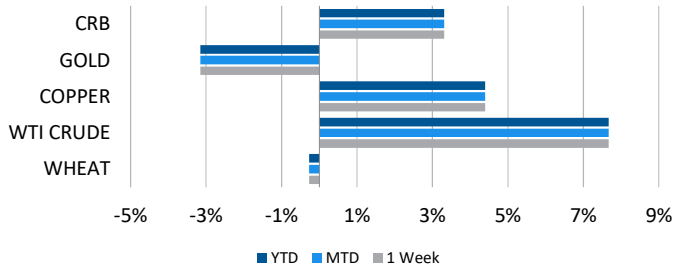
Equity Markets



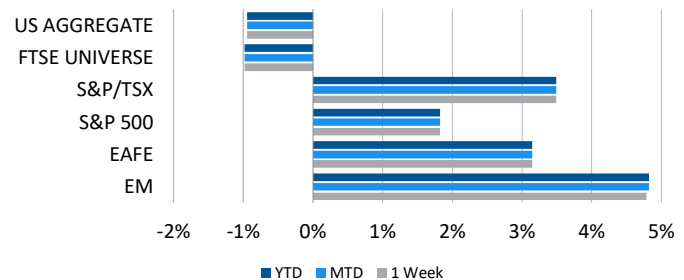
Bond Markets



Commodities



Fixed Income & Equity

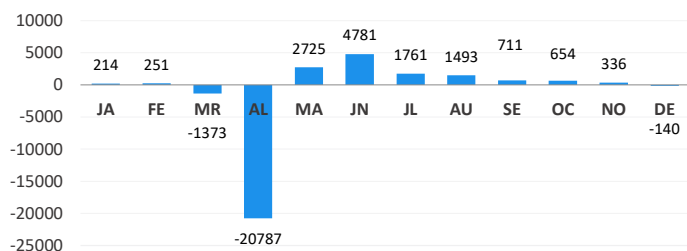


# Market Wrap

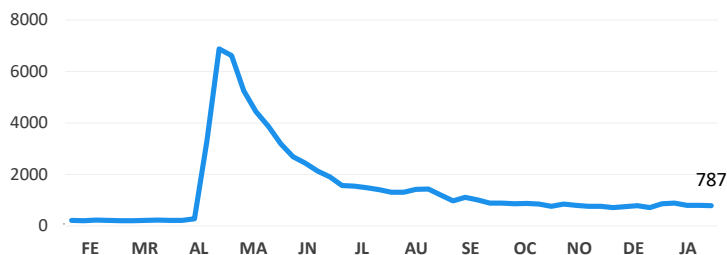
JOBS • HOUSING • PRICES • MARKETS

WEEK ENDING JANUARY 8, 2021

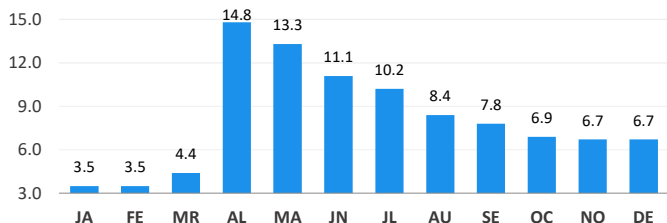
## Job Creation (in thousands)\*



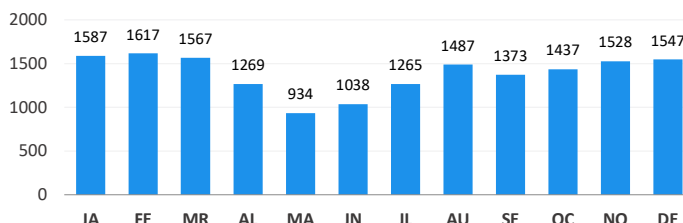
## Initial Jobless Claims (in thousands)\*



## U.S. Unemployment Rate (%)



## Housing Starts (in thousands)\*



\* U.S. Data

## 10-Year Government Bonds

|                | January 1, 2021 | January 8, 2021 |
|----------------|-----------------|-----------------|
| Canada         | 0.68%           | 0.81%           |
| United States  | 0.91%           | 1.12%           |
| Germany        | -0.60%          | -0.52%          |
| Japan          | 0.02%           | 0.04%           |
| United Kingdom | 0.17%           | 0.29%           |
| France         | -0.37%          | -0.32%          |
| Australia      | 1.02%           | 1.13%           |
| Italy          | 0.55%           | 0.53%           |

## Commodities, Exchange Rates and Indicators

|                   | January 1, 2021 | January 8, 2021 |
|-------------------|-----------------|-----------------|
| Oil               | \$ 47.62        | \$ 52.24        |
| Gold              | \$1,942.90      | \$1,849.01      |
| CAD               | \$ 0.7827       | \$ 0.7881       |
| EURO              | \$ 1.2248       | \$ 1.2218       |
|                   | October         | November        |
| Inflation* Canada | 1.00%           | 1.50%           |
| Inflation* USA    | 1.60%           | 1.60%           |

\* CORE-CPI YOY

## Indices as of December 31, 2020

| Index (%)                   | 1 Month | 3 Months | 6 Months | YTD   | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------------|---------|----------|----------|-------|--------|---------|---------|----------|
| S&P/TSX Composite           | 1.72    | 8.97     | 14.13    | 5.60  | 5.60   | 5.73    | 9.32    | 5.75     |
| S&P/TSX Small Cap           | 5.79    | 23.48    | 31.67    | 12.85 | 12.85  | 2.24    | 8.72    | 1.21     |
| FTSE Universe               | 0.37    | 0.63     | 1.07     | 8.68  | 8.68   | 5.61    | 4.19    | 4.49     |
| S&P 500 (USD)               | 3.84    | 12.14    | 22.16    | 18.39 | 18.39  | 14.17   | 15.21   | 13.88    |
| S&P 500 (CAD)               | 2.09    | 6.96     | 14.27    | 16.32 | 16.32  | 14.81   | 13.24   | 16.75    |
| Stoxx Europe 600 (CAD)      | 3.15    | 10.28    | 13.64    | 4.96  | 4.96   | 4.74    | 5.21    | 8.38     |
| MSCI EAFE (CAD)             | 2.88    | 10.68    | 13.75    | 5.92  | 5.92   | 4.86    | 5.61    | 8.16     |
| MSCI Emerging Markets (CAD) | 5.54    | 14.16    | 22.66    | 16.23 | 16.23  | 6.77    | 10.88   | -        |
| MSCI World (CAD)            | 2.48    | 8.69     | 15.05    | 13.87 | 13.87  | 11.16   | 10.27   | 12.63    |

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