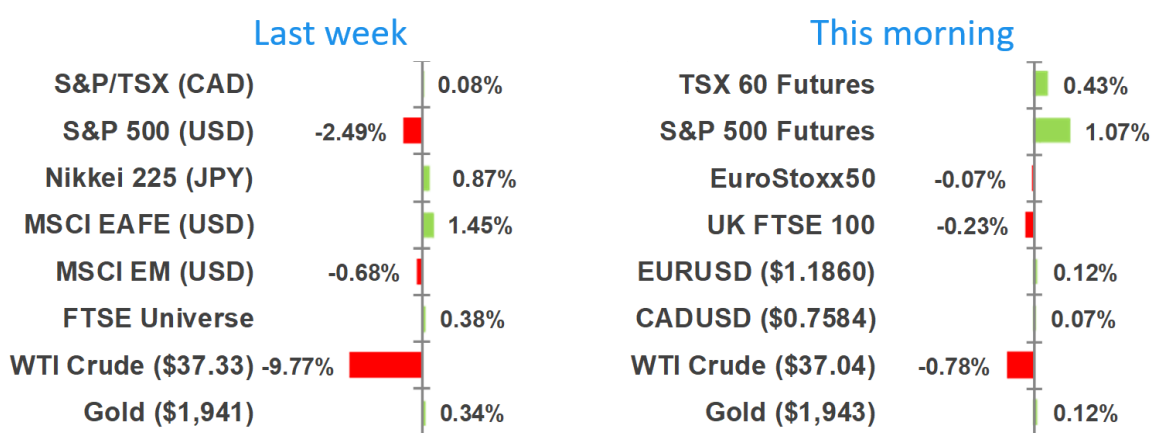


Power Breakfast

September 14, 2020

MARKET MOVEMENTS



BOND MARKETS

(Current Level / YTD Change)

	Canada	United States	Int'l – 10 years
5-Year	0.36% / -133 bps	3-Month	0.10% / -144 bps
10-Year	0.55% / -115 bps	2-Year	0.13% / -144 bps
30-Year	1.06% / -70 bps	10-Year	0.66% / -126 bps
Corp. Spread	1.32% / +32 bps	IG Spread	1.29% / +37 bps
Prov. Spread	0.87% / +34 bps	HY Spread	4.89% / +162 bps
		Germany	-0.50% / -31 bps
		France	-0.21% / -33 bps
		Italy	0.86% / -39 bps
		U.K.	0.17% / -65 bps
		Japan	0.02% / +3 bps

MARKET COMMENTS

- Global stocks rose this morning after a sell-off in tech names led to the market's first back-to-back weekly declines since March. Airline and retail shares advanced, as Pfizer CEO Albert Bourla said it's "likely" the U.S. will deploy a COVID-19 vaccine to the public before year-end.
- Shares of Oracle jumped more than 9% in pre-market trading on reports the company beat Microsoft in negotiations for the U.S. operations of TikTok. The exact nature of the agreement between TikTok and Oracle remains unclear, but it was not described as an outright sale like Microsoft had proposed. Instead, TikTok and Oracle will most likely become business partners in the United States — a deal meant to satisfy the Trump administration's national security concerns about the short-form video app.
- Shares of Nvidia soared about 5% in pre-market trading after the company agreed to buy SoftBank's chip division Arm Holdings for \$40 billion in the semiconductor industry's largest deal ever. Nvidia will pay \$21.5 billion in stock and \$12 billion in cash for the UK-based chip designer. SoftBank may receive \$5 billion in cash or stock if Arm's performance meets certain targets, the company said Sunday in a statement. An additional \$1.5 billion will be paid to Arm's employees in Nvidia stock. SoftBank bought Arm four years ago for \$32 billion.
- Shares of Immunomedics more than doubled in pre-market trading after Gilead Sciences said it will acquire the biotech company for \$21 billion, or \$88 per share — shares of Immunomedics closed at \$42.25 on Friday. The deal will provide Gilead access to the drug Trodelvy, a Food and Drug Administration-approved treatment for metastatic triple-negative breast cancer.

CAPITAL MARKETS UPDATE

FIERA TACTICAL ASSET ALLOCATION TEAM

Volatility returns

In a roller-coaster week, volatility resurfaced and global equity markets were whipsawed as lingering concerns about lofty valuations saw investors take profits from the high-flying technology space. The growth-oriented US benchmarks (S&P 500, Nasdaq) both declined as the unrelenting rally in technology shares took a much-needed breather. In contrast, the S&P/TSX managed to buck the global trend thanks to gains in the gold and industrial sectors.

The bond market is giving the Federal Reserve a nod on its ability to reignite price pressures with its policy tweak unveiled by Chairman Jerome Powell at Jackson Hole in late-August. The Fed measure of investors' long-run inflation expectations, known as the five-year, five-year forward breakeven inflation rate, jumped to the highest since January.

Inflation expectations rise

Chinese exports show strength

In China, export growth remained resilient in August amid continued demand for medical goods (+38.4% y/y), electronics (+11.8% y/y), and as major trading partners gradually resumed business activity – which boosted demand for Chinese goods. Exports rose 9.5% in dollar terms from a year earlier to \$235.3 billion, the third-highest level on record.

The Canadian labour market continued its upward climb and added jobs for a fourth straight month in August. The economy added 246k jobs during the month. Encouragingly, full-time positions accounted for a majority of the gain (+206k), while the services sector drove most of the increase (+218k). The unemployment rate fell from 10.9% to 10.2%. The gain in August means that nearly two-thirds of the job losses in March and April have now been recovered.

Canadian jobs creeping back

The global healing process

The global healing process continued through August as reopening progress, pent-up demand, and the plethora of monetary and fiscal support revitalized economic activity. Developed economies remained in expansion-mode for a second month after emerging from contraction terrain in July. The Markit US factory PMI held in at 53.1, the Canadian factory gauge rose to 55.1 (from 52.9), while the European manufacturing PMI was virtually unchanged at 51.7. The exception was in Japan, where the recovery has been slower to regain traction.



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