

Week ending: September 22, 2017

## MAJOR NEWS:

Global equity markets were mostly positive for the week. However, optimism regarding positive economic data was partially offset by rising geopolitical concerns.

Looking ahead: U.K. GDP, Germany's retail sales and China's manufacturing PMI.

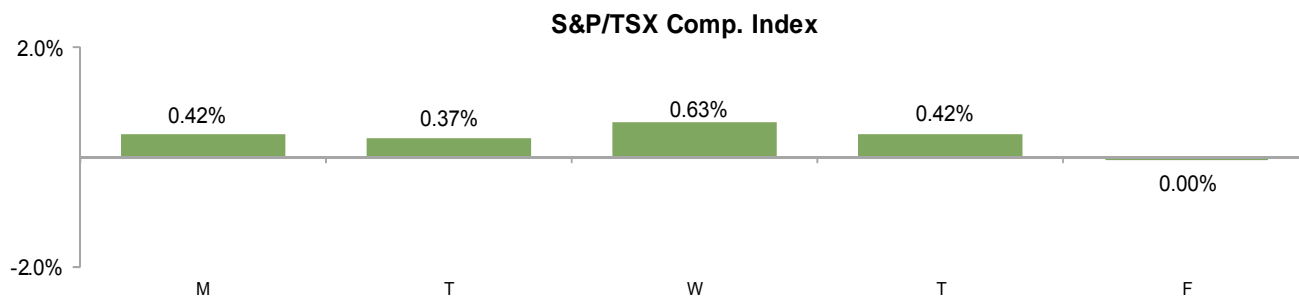
## Global Markets

EQUITY INDICES	Close	% chg Week	% chg YTD	REGIONAL INDICES	Close	% chg Week	% chg YTD
CAN: S&P/TSX	15454	1.9%	1.1%	MSCI All Country World Index	487	0.3%	15.4%
US: INDU	22350	0.4%	13.1%	MSCI Europe	129	0.7%	5.6%
US: SPX	2502	0.1%	11.8%	Euro Stoxx 50: SX5E	3541	0.7%	7.6%
Nasdaq: CCMP	6427	-0.3%	19.4%	MSCI Emerging Markets Index	1102	0.0%	27.8%
Brazil: IBOV	75390	-0.5%	25.2%	MSCI Asia-Pac ex Japan	539	0.0%	26.2%
Mexico: MEXBOL	50314	0.8%	10.2%	MSCI EAFE	1978	0.7%	17.4%
UK: FTSE 100	7311	1.3%	2.3%	CURRENCIES	Close	% chg Week	% chg YTD
Germany: DAX	12592	0.6%	9.7%	U.S./CAD	0.81	-1.2%	8.9%
France: CAC	5281	1.3%	8.6%	CAD/Euro	1.47	1.1%	4.1%
Netherlands: AEX	797	0.0%	9.2%	U.S./BP	1.35	-0.7%	9.4%
Italy: FTSE MIB	22531	1.4%	17.1%	JY/U.S.	111.99	1.0%	-4.2%
Switzerland: SMI	9137	1.2%	11.2%	Euro/BP	1.13	-0.5%	-3.5%
Japan: NKY	20296	1.9%	6.2%	U.S./Euro	1.20	0.0%	13.5%
Hong Kong: HSI	27881	0.3%	26.7%	JY/BP	151.43	0.3%	5.1%
Thailand: SET	1659	-0.1%	7.5%	BOND YIELDS	Close	% chg Week	% chg YTD
Malaysia: KLCI	1771	-0.9%	7.9%	10 yr Canada Govt.	2.11%	0.02	0.40
Singapore: STI	3220	0.3%	11.8%	10 yr U.S. Treas	2.26%	0.06	-0.19
Taiwan: TWSE	10450	-1.2%	12.9%	10 yr Germany Govt.	0.45%	0.01	0.34
Korea: KOSPI	2389	0.1%	17.9%	10 yr Japan Govt.	0.02%	0.01	-0.02
Manila: PCOMP	8281	1.2%	21.1%	30 yr Canada Govt.	2.46%	0.02	0.15
Australia: AS30	5741	-0.3%	0.4%	30 yr U.S. Treas	2.80%	0.02	-0.27
China: Shanghai	3353	0.0%	8.0%	COMMODITIES	Close	% chg Week	% chg YTD
India: Sensex	31922	-1.1%	19.9%	Gold US\$/oz.	1297.4	-1.7%	12.6%
				Oil US\$/bbl.	50.3	0.8%	-6.3%

Source: Datastream.

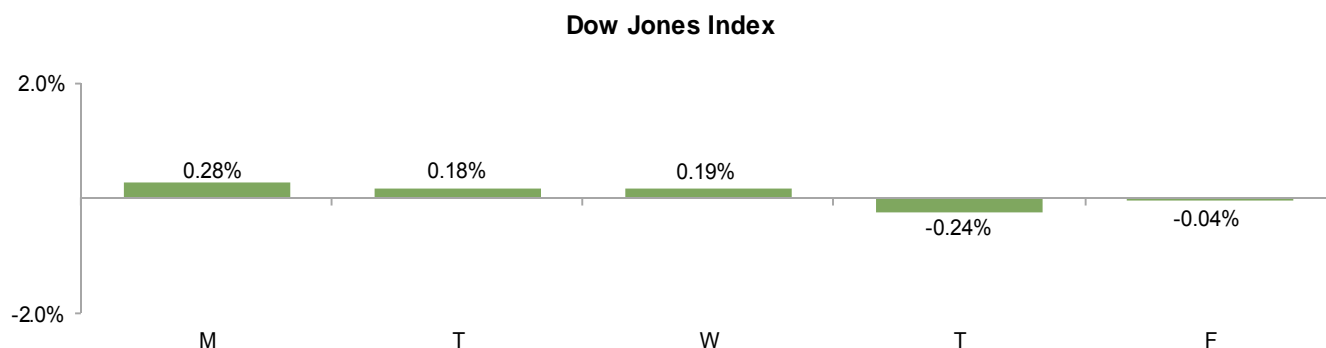
Index returns are in local currency. All returns are price returns and do not include dividends.

## CANADA



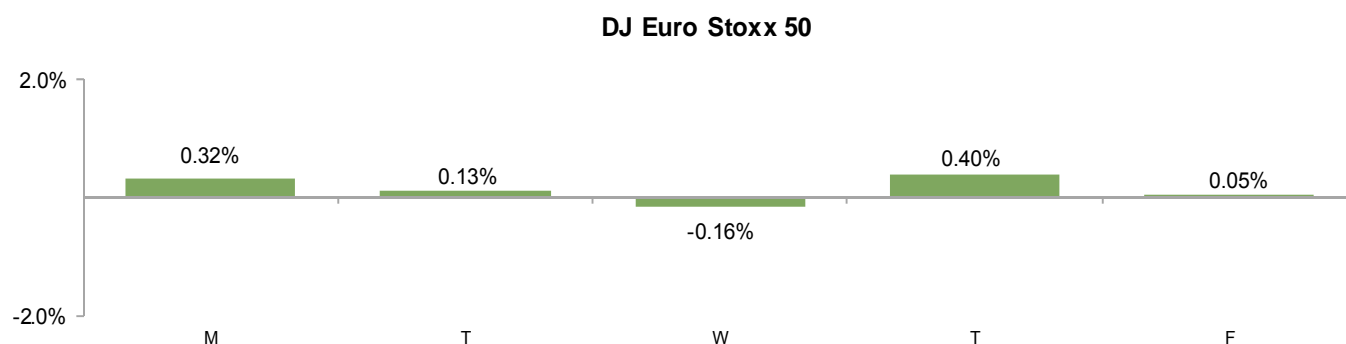
- The S&P/TSX Composite Index rose 1.9% during the week, driven by a rise in industrial stocks, such as Canadian Pacific Railway, after these companies reported positive operational results. Additionally, higher oil prices, which boosted the share prices of energy companies, supported the markets.
- Nine of the eleven GICS sectors rose for the week, led by the industrials and energy sectors. Canadian Pacific Railway pushed the industrials sector higher. The company's share price surged after it posted 7.4% growth in railcar volumes in the week ended September 9, 2017. Share prices of energy companies surged on higher oil prices. In contrast, the real estate sector declined during the week, driven by a fall in the share price of Smart Real Estate Investment Trust.
- Consumer prices in Canada rose in August by 1.4% year-on-year, compared with an increase of 1.2% in the previous month, driven by an increase in gasoline prices.

## U.S.



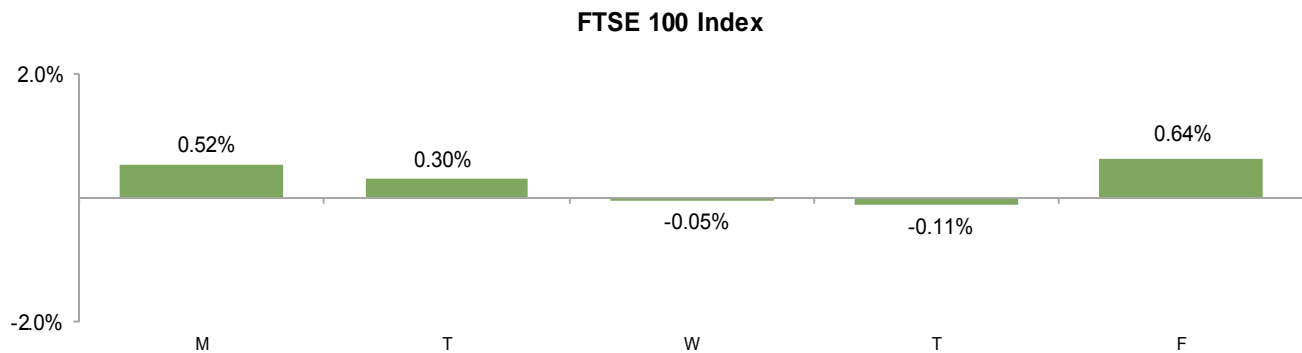
- U.S. equities were mixed for the week: worries about the latest health care legislation proposal eased, while rising geopolitical concerns weighed on investor sentiment. The Dow Jones Index and the S&P 500 Index gained 0.4% and 0.1%, respectively, while the Nasdaq lost 0.3%.
- Mortgage applications in the U.S., as measured by the Mortgage Bankers Association, declined in the week ended September 15 by 9.7%, compared with a 9.9% growth registered in the previous week. The steepest weekly drop since December 2016 is primarily due to a pickup in borrowing costs and Hurricane Irma's impact on Florida.
- The U.S. Federal Reserve (the Fed) left its federal funds rate range unchanged, at 1.00%–1.25%, at its September 2017 meeting. The Fed has also indicated that another rate hike is likely this year, followed by three raises in 2018.
- Initial jobless claims in the U.S., a proxy for layoffs across the U.S., unexpectedly fell in the week ended September 16 to 259,000, from 282,000 in the previous week. The U.S. Labor Department said that the data were impacted by Hurricanes Harvey and Irma.
- The IHS Markit U.S. composite PMI fell in September to 54.6, from 55.3 in August, primarily due to a slowdown in the services sector. The services PMI fell to 55.1, from 56.0 in the previous month, led by a slowdown in input price inflation. Meanwhile, the manufacturing PMI increased marginally to 53.0, from 52.8. (A reading above 50.0 indicates expansion, while a reading below 50.0 indicates contraction.)

## CONTINENTAL EUROPE



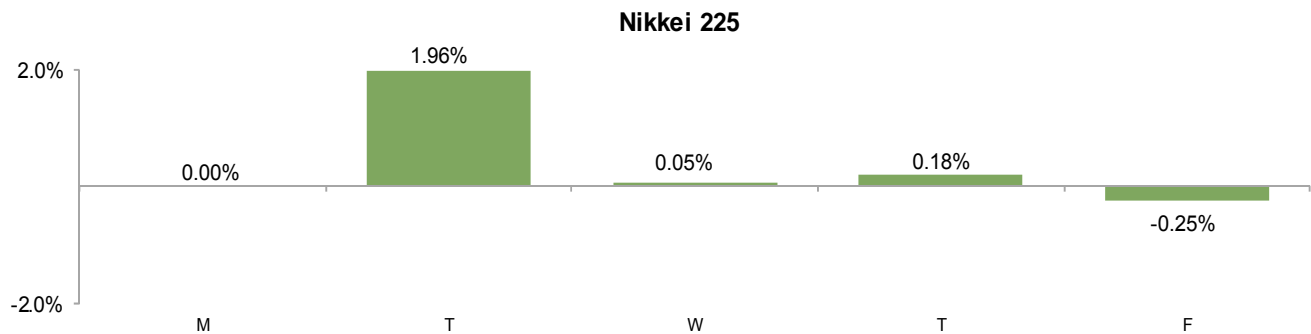
- European markets rose for the week after positive PMI data from the eurozone, although optimism was partially offset by geopolitical concerns regarding North Korea. The DJ Euro Stoxx 50 Index rose by 0.7%, while Germany's DAX Index gained by 0.6%. France's CAC Index gained 1.3% for the week.
- The Markit eurozone composite PMI rose in September to 56.7, compared with 55.7 in the previous month. The increase was driven by contributions from the services and manufacturing sectors, which both benefited from rising inflows of new orders. The services PMI increased to 55.6, from 54.7 in August, while the manufacturing PMI increased to 58.2, from 57.4 in the previous month. Key economies Germany and France also registered rises in composite PMI. Germany's composite PMI increased to 57.8, from 55.8 in the previous month, with the services PMI rising to 55.6, from 53.5, and the manufacturing PMI rising to 60.6, from 59.3. The composite PMI for France rose to 57.2, from 55.2, with the manufacturing PMI rising to 56.0, from 55.8, and the services PMI rising to 57.1, from 54.9.
- Consumer confidence in the eurozone increased in September to -1.2, up from -1.5 in August. This is the highest level since 2001.
- Driven by an increase in energy prices, inflation in the eurozone rose in August to 1.5% on a year-on-year basis, compared with 1.3% recorded in the previous month,.
- France's GDP increased in the second quarter of 2017 by 1.8% on a year-on-year basis, compared with a growth of 1.1% recorded for the first quarter. GDP growth in the second quarter was boosted by increased consumer spending.

## U.K.



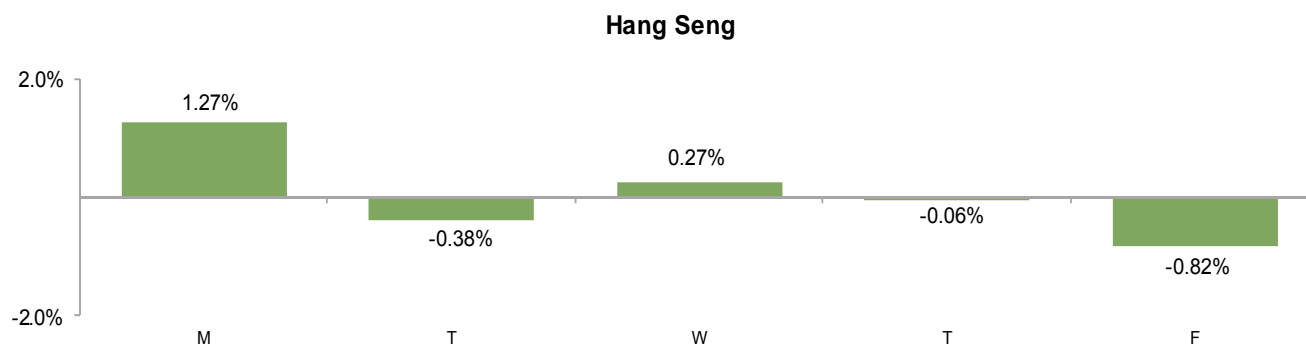
- The U.K.'s stock market, as measured by the FTSE Index, rose by 1.3%, helped by a weakening pound sterling that pushed up the overseas earnings of U.K. companies.
- Retail sales in the U.K. increased in August by 2.4% year-on-year, compared with an increase of 1.4% recorded for the previous month. This strong growth has exceeded economists' forecasts and has been driven by growth in sales of non-essential items.
- House prices in the U.K. fell in September by 1.2%, compared with a decline of 0.9% in August. The decline is mostly on account of falling prices in the more expensive London neighbourhoods.

## JAPAN



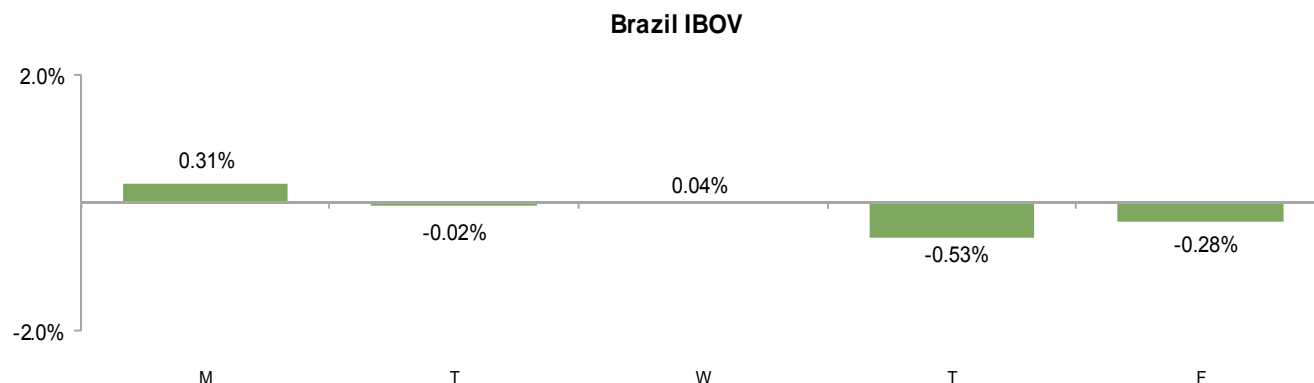
- Japanese equities, as represented by the Nikkei 225 Index, gained 1.9% during the week; a weaker yen lifted exporter shares, while expectations of a snap election in Japan continued to support overall investor sentiment.
- Japan's trade balance returned to a surplus in August of 113.6 billion yen, up from a deficit of 34.6 billion yen in the same month last year. Exports rose 18.0% year-on-year, boosted by brisk shipments of automobiles and electronic parts. Meanwhile, imports grew by 15.2% year-on-year, boosted by higher bills for coal, liquefied natural gas and crude oil.
- The Bank of Japan left its key short-term interest rate unchanged, at -0.1%, at its September 2017 meeting and maintained its upbeat view of the economy. The policymakers also kept the ten-year government bond yield target around 0.0%.

## SOUTHEAST ASIA



- Asian markets were mostly negative for the week; rising geopolitical concerns, as well as China's credit rating downgrade by S&P, weighed on investor sentiments. India's Sensex lost 1.1%, while China's Shanghai composite index remained virtually unchanged, and Hong Kong's Hang Seng Index rose 0.3%.
- Hong Kong's unemployment rate remained unchanged in three months to August, at 3.1%, compared with the previous month, and it remains the lowest unemployment rate since February 2014. The Secretary for Labour and Welfare has indicated that both the labour force and total employment have continued to record strong year-on-year increases.
- Consumer prices in Hong Kong increased at a slower pace of 1.9% year-on-year, compared with a 2.0% growth registered in the previous month, with prices rising at a slower pace for food and transport.
- Producer prices in South Korea rose in August by 3.2% year-on-year, compared with a 3.0% growth recorded for the previous month, with prices rising at a faster pace for manufacturing products.

## LATIN AMERICA



- Latin American stock markets were mixed for the week. Mexico's MEXBOL gained 0.8%, owing to an improving eurozone economic outlook and an increase in oil prices, while Brazil's Ibovespa declined by 0.5%, amid profit-taking by investors after gains earlier this month, and amid concerns surrounding developments in North Korea.
- Brazil's inflation rate declined in September to 2.56%, on a year-on-year basis, compared with the 2.68% recorded for the previous month. The decline was driven by falling food prices.
- Retail sales in Mexico increased in July by 0.4%, on a year-on-year basis, the same as was recorded for June.

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