

# Week in review



Week ending: January 19, 2018

## MAJOR NEWS:

Global equity markets were mostly positive for the week, supported by strong corporate earnings and positive economic data releases.

Looking ahead: U.K. and U.S. fourth-quarter GDP; Canadian retail sales.

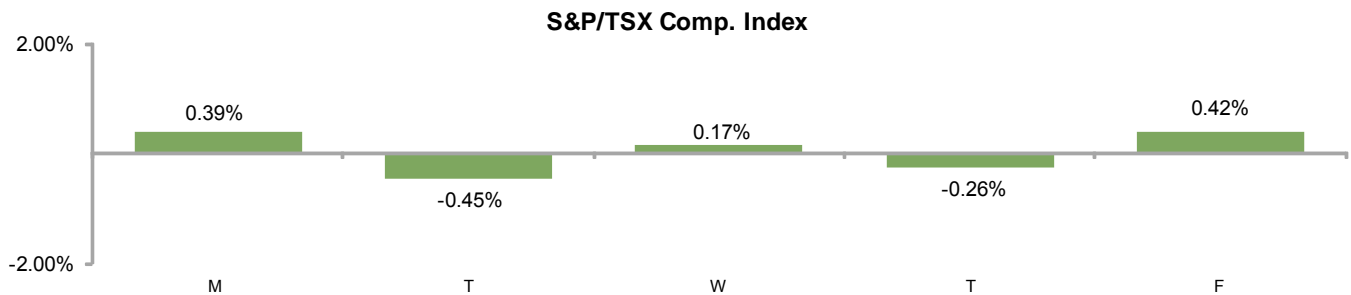
## Global Markets

EQUITY INDICES					REGIONAL INDICES				
	Close	% chg Week	% chg MTD	%chg YTD		Close	% chg Week	% chg MTD	%chg YTD
CAN: S&P/TSX	16353	0.3%	0.9%	0.9%	MSCI All Country World Index	539	1.1%	5.1%	5.1%
US: INDU	26072	1.0%	5.5%	5.5%	MSCI Europe	135	0.6%	3.0%	3.0%
US: SPX	2810	0.9%	5.1%	5.1%	Euro Stoxx 50: SX5E	3649	1.0%	4.1%	4.1%
Nasdaq: CCMP	7336	1.0%	6.3%	6.3%	MSCI Emerging Markets Index	1233	2.0%	6.4%	6.4%
Brazil: IBOV	81220	2.4%	6.3%	6.3%	MSCI Asia-Pac ex Japan	599	1.5%	5.1%	5.1%
Mexico: MEXBOL	49696	1.1%	0.7%	0.7%	MSCI EAFE	2152	1.2%	5.0%	5.0%
UK: FTSE 100	7731	-0.6%	0.6%	0.6%	CURRENCIES				
Germany: DAX	13434	1.4%	4.0%	4.0%	U.S./CAD	0.80	-0.3%	0.7%	0.7%
France: CAC	5527	0.2%	4.0%	4.0%	CAD/Euro	1.52	0.2%	1.2%	1.2%
Netherlands: AEX	846	0.9%	3.8%	3.8%	U.S./BP	1.39	0.9%	2.5%	2.5%
Italy: FTSE MIB	23749	1.4%	8.7%	8.7%	JY/U.S.	110.78	-0.2%	-1.7%	-1.7%
Switzerland: SMI	9510	-0.4%	1.4%	1.4%	Euro/BP	1.13	0.5%	0.5%	0.5%
Japan: NKY	23808	0.7%	4.6%	4.6%	U.S./Euro	1.22	0.6%	1.8%	1.8%
Hong Kong: HSI	32255	2.7%	7.8%	7.8%	JY/BP	153.19	0.5%	0.5%	0.5%
Thailand: SET	1821	0.6%	3.9%	3.9%	BOND YIELDS				
Malaysia: KLCI	1829	0.3%	1.8%	1.8%	10 yr Canada Govt.	2.24%	0.05	0.17	0.17
Singapore: STI	3550	0.8%	4.3%	4.3%	10 yr U.S. Treas	2.64%	0.09	0.23	0.23
Taiwan: TWSE	11151	2.5%	4.8%	4.8%	10 yr Germany Govt.	0.50%	-0.03	0.08	0.08
Korea: KOSPI	2520	1.0%	2.1%	2.1%	10 yr Japan Govt.	0.08%	0.01	0.03	0.03
Manila: PCOMP	8916	1.1%	4.2%	4.2%	30 yr Canada Govt.	2.40%	0.00	0.09	0.09
Australia: AS30	6119	-0.9%	-0.8%	-0.8%	30 yr U.S. Treas	2.91%	0.06	0.17	0.17
China: Shanghai	3488	1.7%	5.5%	5.5%	COMMODITIES				
India: Sensex	35512	2.7%	4.3%	4.3%	Gold US\$/oz.	1331.9	-0.5%	2.2%	2.2%
					Oil US\$/bbl.	63.4	-1.4%	4.9%	4.9%

\* Please refer to Appendix for the above table in Canadian dollar terms.

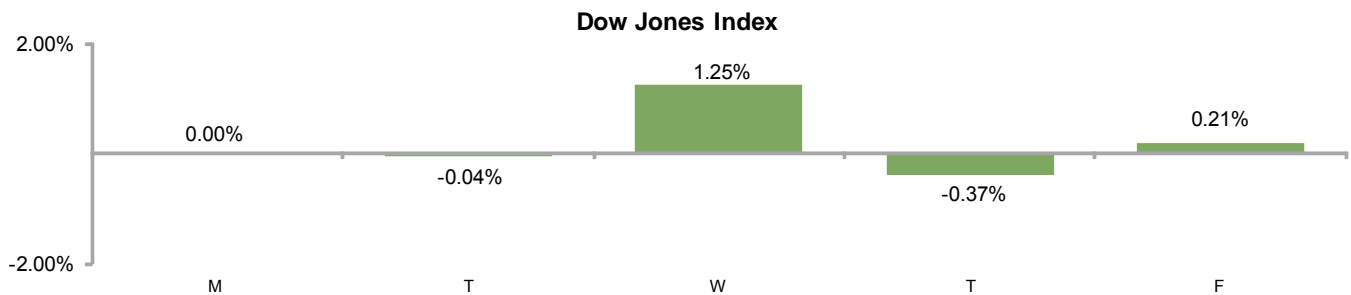
Source: Datastream. Gold and oil closing prices are from Bloomberg.  
Index returns are in local currency. All returns are price returns and do not include dividends.

## CANADA



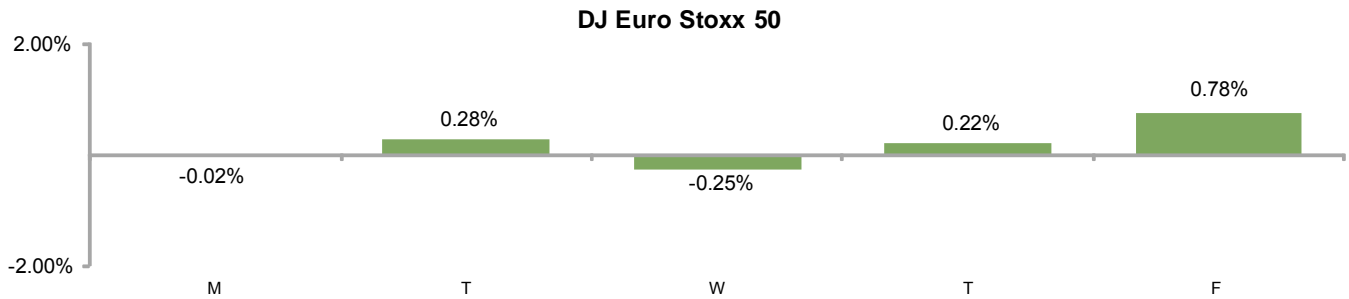
- The S&P/TSX Composite Index rose 0.3% during the week, with positive economic data releases, such as stronger-than-expected domestic jobs data, boosting sentiments.
- Nine of the eleven GICS sectors rose for the week, led by the health care sector, pushed higher by Aphria, a medical marijuana and cannabis oil producer. The company's share price rose as Canada moves towards legalizing the recreational use of cannabis. In contrast, the energy sector fell during the week, led by a decline in Suncor Energy's share price.
- The Bank of Canada raised its key interest rate by 0.25% ,to 1.25%, amid improved economic data releases that included strong jobs reports for November and December.

## U.S.



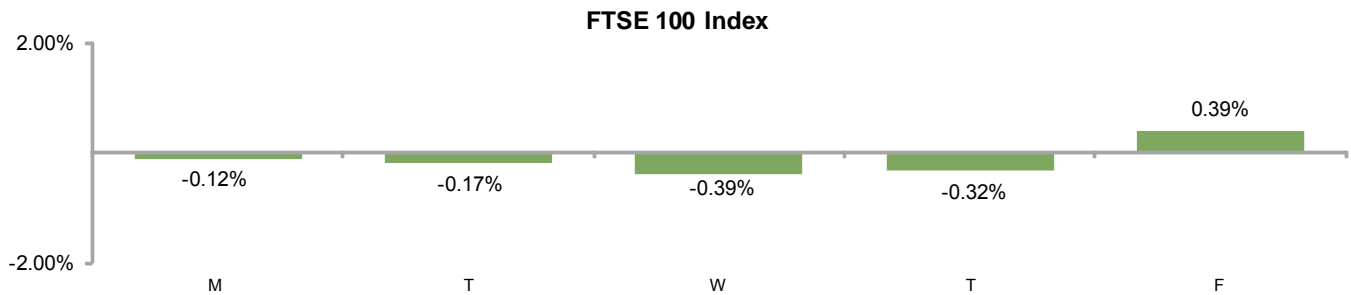
- U.S. equities were positive for the week, supported by strong corporate earnings and positive economic data releases. The Dow Jones Index, S&P 500 Index and Nasdaq gained 1.0%, 0.9% and 1.0%, respectively.
- U.S. initial jobless claims declined in the week ended January 13 to 220,000, from 261,000 in the previous week, as labour market conditions tightened further. This was the lowest level of jobless claims since February 1973.
- Mortgage applications in the U.S., as measured by the Mortgage Bankers Association, increased in the week ended January 12 by 4.1%, following an 8.3% rise in the previous week. Despite a rise in interest rates, mortgage applications increased as borrowers tried to refinance before mortgage rates increased further.

## CONTINENTAL EUROPE



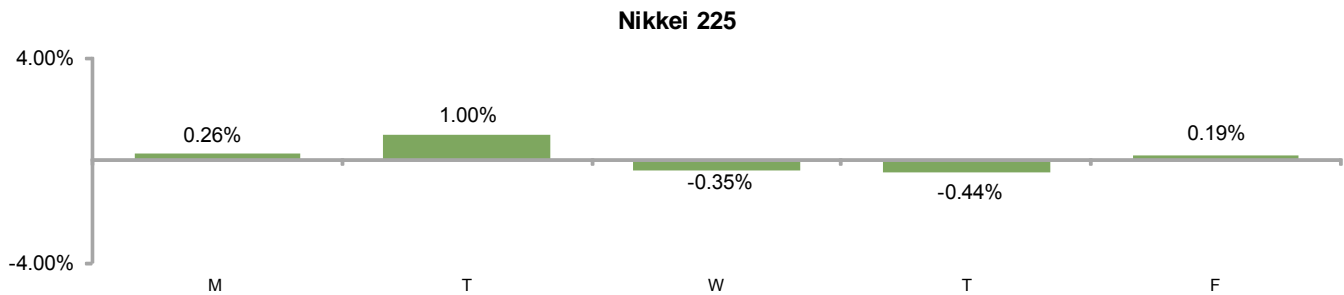
- European markets gained for the week, with confidence in corporate earnings and the strength of the global economy offsetting concerns about a potential U.S. government shutdown. The breakthrough in discussions to form a coalition government in Germany also contributed to investor sentiment. The DJ Euro Stoxx 50 Index rose 1.0%, while Germany's DAX Index grew 1.4% for the week. France's CAC Index rose 0.2% for the week.
- Inflation in the eurozone declined in December 2017 to 1.4% on a year-on-year basis, down from the 1.5% recorded for the previous month, after price increases for energy and unprocessed food eased.
- Inflation in Germany declined in December 2017 to 1.7% on a year-on-year basis, down from a rate of 1.8% recorded for November, mainly due to slower rate of rise in energy prices.

## U.K.



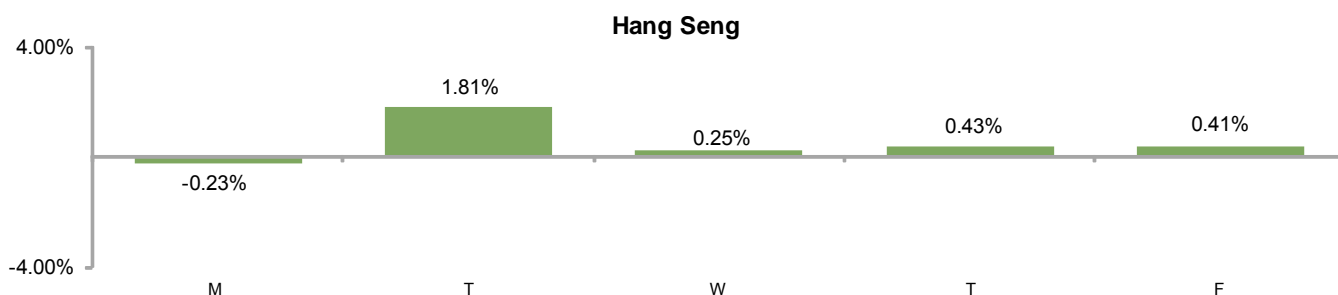
- The U.K.'s stock market, as measured by the FTSE 100 Index, dropped 0.6% for the week; energy and retail shares fell amidst a decline in oil prices.
- Inflation in the U.K. declined in December 2017 to 3.0% on a year-on-year basis, down from the 3.1% recorded for the previous month, after price increases eased for transport, recreation and culture, housing and utilities, and food and non-alcoholic beverages.
- The Producers Price Index rose in December 2017 by 3.3% on a year-on-year basis, up from 3.1% recorded for the previous month, primarily driven by rising costs for food products, chemicals and pharmaceuticals, and petroleum products.

## JAPAN



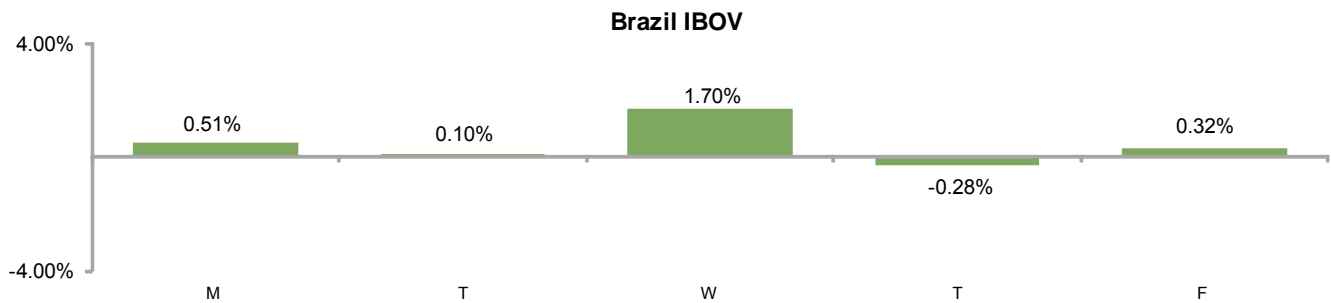
- Japanese equities, as represented by the Nikkei 225 Index, rose 0.7% during the week, backed by brisk corporate earnings reports and hopes for similarly robust earnings reports from Japanese companies next week.
- Japan's core machinery orders, which exclude ships and electrical equipment, increased in November by 5.7% month-on-month, compared with a 5.0% rise in October, primarily due to an increase in non-manufacturing orders.
- Industrial production in Japan rose in November by 0.5% month-on-month, following a similar growth in the previous month. Production increased for non-ferrous metals, fabricated metals and electricity machinery, while production declined for chemicals, plastics and transport equipment.

## SOUTHEAST ASIA



- Asian markets were positive for the week. Optimism about corporate earnings helped to underpin investor sentiment. China's Shanghai composite index rose 1.7%, while Hong Kong's Hang Seng Index and India's Sensex both gained 2.7%.
- China's GDP grew in the fourth quarter of 2017 by 6.8% year-on-year, the same as the growth recorded in the previous quarter, supported by rising household incomes and improving external demand.
- Industrial production in China rose in December by 6.2% year-on-year, compared with the 6.1% growth recorded in the previous month, primarily due to an increase in output for textiles, chemicals, transport equipment and power equipment.
- Retail sales in China rose in December at a slower pace of 9.4% year-on-year, compared with the 10.2% growth recorded in the previous month, primarily due to a slowdown in sales for automobiles, telecoms, jewelry, cosmetics and personal care products.

## LATIN AMERICA



- Latin American stock markets rose for the week. Mexico's MEXBOL rose 1.1%. Brazil's Ibovespa gained 2.4%, helped by foreign capital inflows and optimism that policy makers would move to plug a budget gap and rein in public debt.
- Brazil's Industrial Entrepreneur Confidence Index rose in January to 59.0, from 58.3 in the previous month, with confidence improving in construction, mining and manufacturing.



## Appendix

### Global Markets (all returns in Canadian dollar terms)

EQUITY INDICES					REGIONAL INDICES				
	Close	% chg Week	% chg MTD	%chg YTD		Close	% chg Week	% chg MTD	%chg YTD
CAN: S&P/TSX	16353	0.3%	0.9%	0.9%	MSCI All Country World Index	672	0.7%	4.5%	4.5%
US: INDU	32466	0.6%	4.8%	4.8%	MSCI Europe	206	0.8%	4.2%	4.2%
US: SPX	3500	0.4%	4.5%	4.5%	Euro Stoxx 50: SX5E	5555	1.2%	5.4%	5.4%
Nasdaq: CCMP	9136	0.6%	5.6%	5.6%	MSCI Emerging Markets Index	1535	1.6%	5.7%	5.7%
Brazil: IBOV	31545	2.1%	9.3%	9.3%	MSCI Asia-Pac ex Japan	746	1.0%	4.5%	4.5%
Mexico: MEXBOL	3330	3.1%	5.4%	5.4%	MSCI EAFE	2680	0.8%	4.3%	4.3%
UK: FTSE 100	13330	0.1%	2.3%	2.3%	CURRENCIES				
Germany: DAX	20451	1.6%	5.2%	5.2%	U.S./CAD	0.80	-0.3%	0.7%	0.7%
France: CAC	8413	0.4%	5.3%	5.3%	CAD/Euro	1.52	0.2%	1.2%	1.2%
Netherlands: AEX	1288	1.1%	5.1%	5.1%	U.S./BP	1.39	0.9%	2.5%	2.5%
Italy: FTSE MIB	36152	1.6%	10.0%	10.0%	JY/U.S.	110.78	-0.2%	-1.7%	-1.7%
Switzerland: SMI	12314	0.2%	2.1%	2.1%	Euro/BP	1.13	0.5%	0.5%	0.5%
Japan: NKY	268	0.8%	5.8%	5.8%	U.S./Euro	1.22	0.6%	1.8%	1.8%
Hong Kong: HSI	5138	2.3%	7.1%	7.1%	JY/BP	153.19	0.5%	0.5%	0.5%
Thailand: SET	71	0.5%	5.6%	5.6%	BOND YIELDS				
Malaysia: KLCI	579	0.8%	4.0%	4.0%	10 yr Canada Govt.	2.24%	0.05	0.17	0.17
Singapore: STI	3347	0.9%	4.9%	4.9%	10 yr U.S. Treas	2.64%	0.09	0.23	0.23
Taiwan: TWSE	472	2.6%	5.4%	5.4%	10 yr Germany Govt.	0.50%	-0.03	0.08	0.08
Korea: KOSPI	3	0.4%	2.0%	2.0%	10 yr Japan Govt.	0.08%	0.01	0.03	0.03
Manila: PCOMP	219	0.0%	1.9%	1.9%	30 yr Canada Govt.	2.40%	0.00	0.09	0.09
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					Oil US\$/bbl.	79.1	-1.2%	4.1%	4.1%

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