

## December in Review

Stocks continued to rally in December, with broad gains across major indices. U.S. markets moved higher, with the S&P 500 up 3.8% and the Dow Jones Industrial Average up 3.4%. Internationally, the MSCI Emerging Markets index gained 7.3%, led by strong performance in South Korea and India MSCI. The EAFE index, representing international developed markets, gained 4.7%. In Canada, the S&P/TSX Composite gained 1.7%, led higher by strength in the Consumer Discretionary, Materials, and Information Technology sectors, which were up 5.8%, 3.2%, and 3.1%, respectively. WTI crude oil continued to gain, up 6.6%, while gold moved higher by 6.4%. Bonds move higher, with the FTSE Canadian Universe Bond index up 0.4%.

Here are some of December's most notable headlines:

**The U.S. government signed a stimulus bill, releasing \$900 billion in emergency relief funds.** The plan includes aid to millions of struggling American households. There will be stimulus cheques of \$600 per person, including adults and children, for those up to a certain income threshold, so a family of four could receive \$2,400. The bill extends Pandemic Unemployment Assistance, providing money for part-time and gig workers. There will be more than \$284 billion for forgivable Paycheck Protection Program loans, as well as \$25 billion in emergency assistance to renters. A further \$48 billion will be allocated to virus testing, in addition to vaccine purchase and distribution.

**Canada's Liberal government provided a fiscal update.** Finance Minister Chrystia Freeland released an economic statement, providing the federal government's strategy for dealing with the ongoing COVID-19 pandemic and the recovering economy. The update projects a deficit of \$381.6 billion by the end of March 2021. The Liberal government is prepared to spend between \$70 and \$100 billion to stimulate the post-pandemic economy over the next three years. Plans include a series of new spending measures, along with new taxes that are expected to generate more than \$7 billion over the coming years.

**China's economic recovery accelerated in November.** China released data showing a strengthening economy. Industrial production rose by 7% in November, year-over-year, and retail sales climbed by 5% in the same period. While the early part of China's economic recovery was driven by government spending, more recent growth has more broadly included consumers. Economists expect China's economy to expand by 5.9% in 4Q20, and 2.0% in 2020. Even though the strong recent performance has reduced the likelihood of further interest rate cuts from the People's Bank of China, it is expected to maintain its current supportive conditions.

### Did you know?

Results of the recently released Scotia Global Asset Management Investor Sentiment survey indicate that investors' optimism has increased significantly since early in the pandemic, particularly among Canadians who have met with an advisor.

The Scotia Global Asset Management Investor Sentiment Index, which measures investors' optimism based on the survey, spiked to 117 in November from 100 in May, and is even higher at 130 among those who have met with an advisor during that period relative to the total in May.

"COVID-19 has been challenging for Canadians on so many levels, and it is easy to be swayed by negative news events. These results are testament to the critical role financial advisors play in buoying their clients' confidence – even during a pandemic – and providing the reassurance and peace of mind they need to stay invested to meet their long-term financial goals," says Neal Kerr, Head, Scotia Global Asset Management (Canada).

80% of those surveyed who met with their advisor during that period agreed their advisor keeps them on track to meet their financial goals, regardless of what is going on in the markets.

Source: Scotia Global Asset Management Investor Sentiment Survey, November 10-19, 2020.

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.02	0.74	0.74	166
Bonds (FTSE Canada Universe Bond)	0.37	8.68	8.68	1,221
Canadian Equities (S&P/TSX Composite)	1.72	5.60	5.60	17,433
U.S. Equities (S&P 500, US\$)	3.84	18.39	18.39	3,756
Global Equities (MSCI World, US\$)	4.28	16.53	16.53	2,690
Emerging Markets (MSCI Emerging Markets, US\$)	7.25	18.50	18.50	1,291
CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	2.16	2.01	2.01	0.79
C\$/Euro	-0.26	-6.36	-6.36	0.64
C\$/Pound	-0.40	-1.03	-1.03	0.57
C\$/Yen	1.13	-2.99	-2.99	81.13
COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	6.41	21.86	21.86	1,895.10
Oil WTI (\$/barrel)	6.61	-12.83	-12.83	48.52
Natural Gas (\$/MMBtu)	-11.38	-5.05	-5.05	2.54

† Total Return, as at December 31, 2020. Indices are quoted in their local currency.  
Source: Bloomberg

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