

## September in Review

Equities had strong performance in September. International stocks led the market higher, with Europe up 3.77%, and EAFE up 2.89%. U.S. equities were up 1.87%, led higher by Financials, Utilities, and Energy. Canada also performed well, up 1.69% on the month, led higher by the Financials, Energy, and Utilities sectors. Big issues such as the U.S. – China trade conflict and Brexit continue to provide an overhang. However, stocks have followed the ebb and flow of the news cycle, and traded higher in September on some indications of movement towards a positive outcome for both issues. Canadian bonds gave up some of their recent gains in September, down 0.84%. Commodities were mixed, as copper and natural gas advanced by 1.06% and 0.26%, respectively, while WTI crude oil and gold declined by 1.49% and 3.69%.

Here are some of September's most notable headlines:

**More signs of weakness in German economy.** A German economic report showed Q2 quarter-over-quarter GDP growth of -0.1%, which met analyst expectations, but show an economy suffering the effects of global trade tensions. Net exports were down 1.3% from Q1. A separate report showed German business confidence weaker than expected, declining for the fifth straight month, dropping to its lowest level in six years. Germany has an export-led economy and is experiencing the impact of slowing worldwide auto sales and weakening worldwide economic growth.

**European Central Bank stimulus plan announced.** The European Central Bank (ECB) announced a new stimulus package to bolster the fragile Eurozone economy. The ECB will cut its deposit rate by 10 basis points to a new all-time low of -0.5%, meaning banks will incur charges on any balances kept there. It is also revamping its quantitative easing program, and starting in November will buy €20 billion of bonds per month from commercial banks to inject more money into the economy.

**Democrats open initial impeachment inquiry against U.S. President**

**Donald Trump.** Amid allegations that President Trump asked Ukraine's president, Volodymyr Zelenskyy, to investigate a political rival, in return for the release of military aid, Speaker of the House Nancy Pelosi has begun impeachment proceedings. The process has a series of steps, which could drag on for months. These events have complex implications for financial markets, but investors are watching closely.

**Major oil processing plant attacked in Saudi Arabia.** On September 14, a major Saudi oil processing plant was hit by a drone and missile attack, causing significant damage. This damage took 5.7 million barrels of daily oil supply off the market, or approximately 5% of global supply. Oil prices spiked on the news on record trading volumes although they have since settled back. These events significantly raise the risk of escalating conflict in the region.

### Did you know?

In Canada, of those expected by their parents to complete university only 58% have RESP savings, which suggests an opportunity for more parents to start saving in an RESP. Studies show that for youth who live with a family with an RESP, by age 19 they attend a postsecondary institution 75.4% of the time. This compares to 59.7% of youth who live with a family with no RESP savings. Financial means plays a significant role in the attendance of postsecondary school, and establishing an RESP can help significantly to achieve this important goal.

Sources: Statistics Canada: Economic Insights - Investments in Registered Education Savings Plans and Postsecondary Attendance; www.resps.org

INDEX <sup>†</sup>	Change (%)			Index Level
	1 Mth	YTD	1 Yr	
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.13	1.25	1.67	164
Bonds (FTSE Canada Universe Bond)	-0.84	7.79	9.69	1133
Canadian Equities (S&P/TSX Composite)	1.69	19.07	7.03	16,659
U.S. Equities (S&P 500, US\$)	1.87	20.55	4.25	2,977
Global Equities (MSCI World, US\$)	2.17	18.16	2.44	2,180
Emerging Markets (MSCI Emerging Markets, US\$)	1.90	6.14	-1.69	1001

CURRENCIES <sup>†</sup>	Change (%)			Exchange Rate
	1 Mth	YTD	1 Yr	
C\$/US\$	0.53	3.01	-2.49	0.76
C\$/Euro	1.32	8.37	3.80	0.69
C\$/Pound	-0.55	6.93	3.36	0.61
C\$/Yen	2.24	1.52	-7.33	81.63

COMMODITIES (US\$) <sup>†</sup>	Change (%)			Price
	1 Mth	YTD	1 Yr	
Gold Spot (\$/oz)	-3.69	12.22	19.62	1,472.90
Oil WTI (\$/barrel)	-1.49	12.13	-22.86	54.07
Natural Gas (\$/MMBtu)	0.26	-16.76	-14.62	2.33

<sup>†</sup>Total Return, as at September 30, 2019. Indices are quoted in their local currency. Source: Bloomberg

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