Market Focus

Weekly Commentary – September 12, 2016

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This week the Canadian dollar strengthened on the back of the “dovish” monetary policy statement from the Bank of Canada. "Dovish" refers to a monetary policy that is more interest rate accommodative and is the opposite of "hawkish" which means to be tight on interest rates. The central bank did not change its key rates, however, they confirmed that the monthly asset purchases of $3 billion are intended to run until the end of March 2017, or beyond, if warranted. The Bank of Canada also stated that they will continue to use all available policy tools, including, if needed, the Bank’s own balance sheet, to support the economy. They also confirmed that the monthly asset purchases of $3 billion are intended to run until the end of March 2017, or beyond, if warranted.

Longer View

Chinese trade picks up in August

The U.S. Institute for Supply Management announced that its Non-manufacturing Index recorded a 51.4 reading in August. It was down 3.6 points from the 55.0 level registered in July, but remained above the key 50.0 (generally expanding) mark. The lower reading is consistent with weakening demand in the construction sector, but the data also suggests improved demand conditions in the service sector. The index suggests any material capacity constraints and does not represent a material risk to inflation.

Statistics Canada reported that its New Housing Price Index (NHPI) rose 0.4% in July compared with the previous month, down from 0.8% in June. This follows a 0.5% increase in June, down from a 2.0% rise in May. On a year-over-year basis, the index is up 2.8%. These results are stronger than consensus expectations and suggest continued improvements in net worth for homeowners, particularly in select regions.

Market Trends

The longest bull market in history has recently ended and is now in a technical correction. Although the above information has been compiled from sources believed to be reliable, as at the date indicated, we cannot guarantee its accuracy or completeness. Our analysis is based on the knowledge gained recently, but past performance is not necessarily indicative of future results. For the most current information, please consult your financial advisor.

Weekly Summary

Key Earnings:

September 16

September 15: Oracle Corp., Myer Holdings Ltd., Cesca Therapeutics Inc., Pro-Dex Inc.


September 13: Versar Inc., Holton Food Group PLC, Polydex Pharmaceuticals Ltd., GMS Inc.


Market Focus:

The European Central Bank left its benchmark refinancing rate, deposit rate and lending rate unchanged at its latest meeting held on September 8.

Statistics Canada reported that municipalities issued building permits worth $6.5 billion in July, up 0.8% from the previous month. In the year-over-year comparison, permits were up 13.2%.

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