

SusTech: Sustainability through technology

Technologies that mitigate sustainability challenges are likely to see long-lasting waves of growth, creating long-term investment opportunities.

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Produced: Apr 5, 2021 6:34 pm ET; Disseminated: Apr 6, 2021 8:30 am ET

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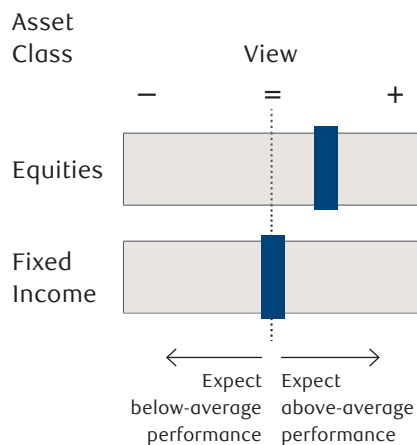
Do rising yields reflect strong economic growth ahead, or a potential threat to it? Not all yields are created equal, and the central bank response across regions has taken varied shapes and forms.

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RBC'S INVESTMENT Stance

Global asset class views



(+/-/-) represents the Global Portfolio Advisory Committee's (GPAC) view over a 12-month investment time horizon.

+ Overweight implies the potential for better-than-average performance for the asset class or for the region relative to other asset classes or regions.

= Market Weight implies the potential for average performance for the asset class or for the region relative to other asset classes or regions.

- Underweight implies the potential for below-average performance for the asset class or for the region relative to other asset classes or regions.

Source - RBC Wealth Management

EQUITIES

- The U.S.'s recent \$1.9 trillion COVID-19 relief bill is just the latest in a long list of massive government fiscal support measures enacted around the world. The accompanying economic recovery looks likely to extend through 2022 and beyond. Corporate earnings expectations are also on the rise, which should permit share prices globally to advance further this year and next. Corrections are regular occurrences in bull markets. But the tight credit conditions necessary to produce the next recession, falling corporate earnings, and equity bear market look to be a long way off.
- We continue to be constructive on equities and would recommend a global investment portfolio be moderately Overweight equities.

FIXED INCOME

- As the global rise in yields gathers steam on an improving economic outlook, we see few things to stand in their way over the near term. Central banks still have the option to expand or extend their asset purchase programs to keep yields in check, but will likely see little reason to do so if yields are rising for the right reasons. For now, we think global yields can move modestly higher—so we favor shorter-term maturities on the yield curve. In credit markets, valuations are historically rich and corporate bond yields remain near record lows, but we still expect credit to outperform government debt in 2021.
- We maintain our Market Weight in global fixed income, but continue to reduce interest rate risk exposure as global yields rise on a continued repricing of a strong economic recovery. We maintain a modest Overweight to corporate credit, primarily via preferred shares.

MONTHLY Focus



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SusTech: Sustainability through technology

Sustainability in business isn't just about "doing good"—it's about good business sense. Technologies that mitigate the challenges of the 21st century are likely to see long-lasting waves of growth, creating long-term opportunities for companies and shareholders alike.

A number of technologies have emerged to help make the world we live in more sustainable. More are on the horizon. Many are the result of innovations and will likely enjoy secular growth, perhaps for decades.

This report looks at the importance of sustainability from an investment perspective. It highlights some of the technologies and innovations that could help curb the greatest threats to the sustainability of the global economy. In our view, companies at the forefront of developing technology solutions to sustainability issues may offer compelling long-term investment opportunities.

Why sustainability as an investment theme?

Sustainability has become a key concern for companies and investors alike in recent years. It is understood that both can benefit if growth and profits are sustainable—not earned at the cost of the depletion of natural resources and the deterioration of human living conditions, nor at the expense of future generations. For companies, sustainability has ramifications beyond their main business activities—it may also encompass the way offices and places of business are located or configured, or the manner in which products are distributed.

A large majority of companies are now using their annual reports to speak to their progress on this front. The KPMG Survey of Sustainability Reporting 2020 found that out of a survey sample of the largest 100 companies by revenues in 52 countries, 80 percent reported on sustainability. Interestingly, the U.S. leads with 98 percent of its 100 largest companies reporting on sustainability, compared to 92 percent in Canada, 85 percent in Western Europe, and 84 percent in Asia-Pacific.

Investors approve. According to Morningstar, assets in sustainable funds hit a record high of \$1.7 trillion at the end of 2020, up from just under \$1 trillion a year earlier. The rapid growth was driven by a combination of record inflows, existing funds repurposed to make sustainability a major decision factor, and rising markets.

Making the world sustainable

In the March edition of Global Insight, we explored how [climate change](#) is one of the biggest threats to the sustainability of the global economy. Several other pressing challenges also need to be addressed to ensure we can continue to enjoy economic growth for decades to come. Among

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Sustainability through technology

the most preoccupying threats to sustainability being discussed at the government and agency level are diminishing access to fresh water, the massive proliferation of waste from human activities, and the lack of social progress.

Access to fresh water has diminished greatly over recent decades. Agriculture consumes more water than any other activity, while inefficient manufacturing processes, storage, and transportation often result in waste. Climate change and industrialisation have also played their part.

According to the World Wildlife Fund, 1.1 billion people globally lack access to fresh water and as many as 2.7 billion experience water scarcity during at least one month of the year. The disastrous UK floods of 2015 and 2019, recent severe flooding in France and Italy, the prolonged disruption to shipping resulting from record-low water levels on Germany's Rhine River in 2018, and the crippling flood in Houston, Texas in 2019 (one in a string of three "once-in-500-year" floods in the same region) all serve to remind us that this is not solely an issue confronting emerging markets.

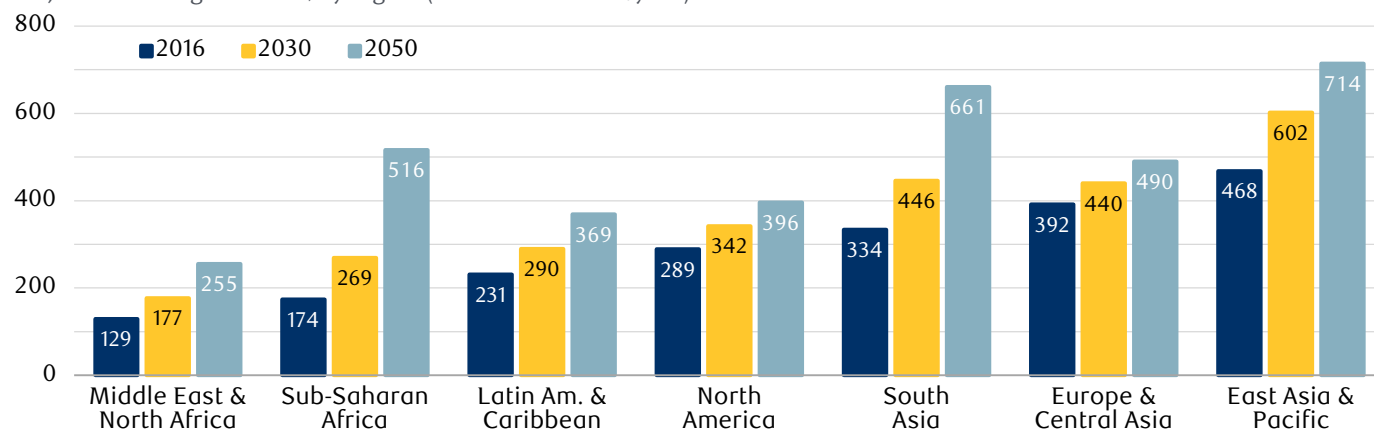
Water scarcity is also an acute problem for China's growth. The country is home to 20 percent of the world's population but contains just seven percent of its fresh water. Moreover, pollution limits the amount of available fresh water as 70 percent of lakes and rivers in China are polluted, according to the World Economic Forum (WEF).

The huge amount of waste the world generates each year is another growing threat to sustainability and global prosperity. According to the World Bank, two billion tonnes of solid waste, enough to fill over 800,000 Olympic-sized pools, was generated in 2016, the last year for which global figures are available. Of this, a mere 16 percent was recycled, with 46 percent disposed of in a manner which threatens the environment. Rich countries burn their waste, releasing greenhouse gases (GHGs), while others dump it in rivers and oceans. At the current rate, the WEF estimates that by 2050 plastics will outweigh fish.

Finally, there is a growing appreciation that a lack of social progress could also inhibit the global economy from realising its growth potential. Annual

Waste generation is set to increase in all regions by 2050, though at an accelerated pace in some

Projected waste generation, by region (millions of tonnes/year)



Source - World Bank

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global GDP growth slowed from an average of 3.8 percent over 1960 to 2000 to just 2.9 percent in the most recent decade. A March 2021 study by Bloomberg economists suggests that global GDP could see a \$20 trillion boost by 2050 if women were to enjoy the same levels of education and employment as men, relative to a baseline scenario of persistent gender inequality. Meanwhile, a Goldman Sachs study indicates that closing the 35 percent pay gap suffered by Black women in the U.S. could add \$300 billion to U.S. GDP per year, or 1.3 percent of the country's \$21.4 trillion economy.

Technology can help

Our recent climate change article argued that tackling these challenges requires the dual involvement of governments (via regulation, incentives, and funding) and the private sector. Innovation and technology will play critical roles in creating solutions to make a more sustainable global economy. In our view, companies at the forefront of developing such solutions potentially offer compelling long-term investment opportunities.

We group these opportunities in five overarching themes:

- GreenTech (green technologies)
- AgriTech and FoodTech (agricultural technologies and food technologies)
- FinTech (financial technologies)
- HealthTech (health care technologies)
- Smart Cities

The table below shows how each can help tackle the threats outlined above.

SusTech technologies	Threats to sustainability			
	Climate change	Fresh water scarcity	Waste management	Lack of social progress
GreenTech	✓		✓	
AgriTech/FoodTech	✓	✓	✓	✓
FinTech				✓
HealthTech				✓
Smart Cities	✓	✓	✓	✓

Source - RBC Wealth Management

We will delve into each theme in more detail in Global Insight articles in coming months. We kick things off here with profiles of these topics.

GreenTech

Environmentally-friendly technologies which aim to reduce GHG emissions

Our climate change article looked at several emerging technologies used in buildings to dramatically cut fossil fuel consumption. We highlighted geoexchange technology, which takes advantage of constant subterranean temperatures to heat and cool structures.

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GreenTech also encompasses electric vehicles (EVs) and the ecosystem around them, including batteries, parts, and semiconductors. According to a Deloitte Insights report released in 2020, EVs accounted for 2.5 percent of new car sales globally in 2019. It expects EV sales to grow by an average of 29 percent per year over the next decade, with EVs constituting just over 30 percent of new car sales globally by 2030 thanks to a broader model offering, a reduction in battery costs, and greater access to affordable public and home charging infrastructure. Regional differences will emerge depending on governments' commitments to investing in EV infrastructure and offering cash and tax incentives. Deloitte expects EV sales in 2030 to account for 48 percent of domestic new car sales in China, 42 percent in Europe, and a more modest 14 percent in the U.S.

Other GreenTech industries include wind farms and solar power, and the development of batteries to store the power generated by these intermittent sources of energy—*the wind doesn't always blow and the sun doesn't always shine*—while comparatively the demand for electricity is more constant. Wind energy accounted for some 8.8 percent of total electricity generation in the U.S. in 2020, according to the U.S. Energy Information Administration (EIA), while solar energy contributed a lesser 2.3 percent. Together they provided some 10 percent of all electricity generated in the U.S. The EIA predicts the share of all renewables (i.e., including hydro) in the U.S. electricity generation mix will double from the current 21 percent to 42 percent by 2050, with wind and solar driving much of that growth.

Hydrogen, another key aspect of GreenTech, could potentially help meet a non-negligible 14 percent of U.S. energy demand by 2050, according to the Fuel Cell & Hydrogen Energy Association. While much of the attention garnered by hydrogen has focused on transportation applications—cars, heavy trucks, locomotives, ships, even planes—a number of technological hurdles to realise that potential still need to be cleared. However, there are currently feasible applications in oil refining (as a substitute for natural gas) and steelmaking (as a substitute for coking coal) that are already attracting considerable investment by industry majors.

Cement manufacturing and steel production are the two largest industrial sources of GHG emissions. Engineered wood, another GreenTech product, is being used to replace both of these materials in the construction of larger buildings—one built in Norway rises 18 stories.

Some GreenTech solutions, such as recycling robots, also tackle waste management. These have become increasingly popular after China banned the import of plastic waste in 2018 following three decades of importing close to half of the world's recyclable plastic waste. This ban has provided the impetus for innovations elsewhere in the world that can efficiently process this waste in place of China. For example, artificial intelligence robots are able to not only sort rubbish but also extract recyclable components from it, and assess their purity—valuable data to have in order to recycle these materials efficiently.

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AgriTech and FoodTech

Food development and delivery solutions spanning a range of activities from farm to table

Agriculture has already benefitted from the growing adoption of soil-friendly techniques such as no-till farming and cover cropping. GPS technology has enabled more precise land management and reduced input usage (fertilizers, pesticides, and fuel). But the industry remains one of the largest sources of GHG emissions.

Technology solutions in this field can potentially address all four of the threats outlined above while tackling the challenge of feeding a growing world population. Since the 1950s, consumption of protein in China has grown by five times while the country's population has doubled. AgriTech and FoodTech can be leveraged to produce protein foodstuffs in a sustainable manner.

Agricultural innovations, such as the development of vertical farming, a reengineered farming process using stacked production systems, may permit the same or greater production of some foodstuffs on drastically less land. Moreover, this type of farming can be employed in closer proximity to cities, reducing the need for transport. Technologies that enable cultivation with less water can also help to mitigate water scarcity, while hydroponics use little to no soil.

FoodTech has fostered the development of plant-based products, which directly reduce GHGs (cattle produce a significant amount of methane), as well as the creation of protein sources via processes that use much less water. The United States Geological Survey estimates that the production of a hamburger weighing a quarter-pound (113 grams) requires 460 gallons of water (some 1,750 litres). Alternative sources of protein can require only half as much.

Other aspects of FoodTech such as food traceability for just-in-time delivery can lower inventories, thus reducing waste and GHG emissions. The World Wildlife Fund estimates that one-third of food ends up as waste, and as it rots, it produces methane.

AgriTech can also foster social progress to the extent that more efficient farming practices can help raise farmers' standards of living, particularly in developing countries, and in the process enable family planning and reduce the pressure to migrate.

FinTech and HealthTech

Foster social progress, which itself underpins economic growth

FinTech

Development of applications that can empower economically "unbanked" populations

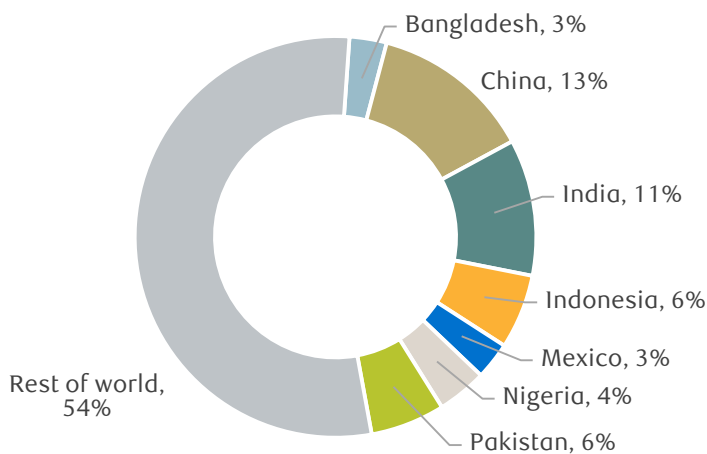
According to the World Bank, in 2017 just over 1.7 billion people in the world were unbanked, i.e., no access to financial services. While that number most likely has come down, the issue is particularly acute in low-income countries. But richer nations are not spared entirely. According to the

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Nearly half of all unbanked adults live in seven countries, though this is not exclusively an emerging market phenomenon

Global distribution of adults without a bank account, 2017



Source - Global Findex database

Federal Deposit Insurance Corporation, as of 2019, 7.1 million households remained unbanked in the U.S., representing a non-negligible 5.4 percent of the country's households.

FinTech solutions, including blockchain and emerging digital payment systems, are among the new technologies that can improve access to banking and credit. One example is the M-Pesa text message-based payment system initially launched in Kenya in 2007. The service allows the user to send and withdraw funds via basic mobile phones. By its 10-year anniversary, the service was used by 30 million customers across 10 countries, with over 95 percent of households in Kenya having at least one M-Pesa account. According to the World Bank, M-Pesa has advanced the financial empowerment of women, helping them gain control over their income, and fostered start-up businesses.

HealthTech

Development of devices, medicines, and systems to improve the quality of life

Ageing societies, rising health care costs, and unequal access to health care are widespread problems. Where access to proper care is inadequate, it is often due to the lack of reliable diagnosis, and substandard equipment, medication, and/or doctors. By reducing costs and improving efficiencies, telemedicine and digital diagnostics can make some of these services more widely available.

The ability to remotely collect, read, and interpret data, and provide an expert diagnosis to a patient in an underserved community or rural area can go a long way to improving the living conditions for many, in both emerging and developed regions. In the latter, telemedicine practitioners are able to not only diagnose but also prescribe medication to patients due to the increased popularity of smartphones and wearables.

Remote surgery can improve access further to those living in remote areas. This involves using an internet-connected robotic system to perform increasingly complex surgical procedures. This technology can circumvent

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lengthy and costly transport by ambulance or helicopter, and in doing so may also speed up treatment.

Smart Cities

Tackle climate change, fresh water shortages, waste management, and even foster social progress

Smart Cities can help reduce the detrimental impact of urbanisation on the environment and improve the quality of urban life. These are cities in which infrastructure, utilities, services, homes, and more are connected via the Internet of Things and 5G and use artificial intelligence technologies to optimise the flow of goods and people. This connectivity enables cities to optimise waste management and water consumption. It can also facilitate more efficient traffic flow to enhance public safety.

For example, many cities today already employ sensors on trash receptacles to alert authorities when capacity is reached, allowing the refuse collection fleet to be deployed more efficiently. And while artificial intelligence is already being used to manage traffic, with greater connectivity more progress is possible on this front.

Sensors in sewage systems can monitor water levels and alert managers to a potential leak, enabling them to redirect wastewater if necessary to prevent floods. Such technologies can prevent economic losses and help protect livelihoods.

Parking management solutions is another area that can bring added productivity. Some cities offer the option for people to reserve a parking spot at the same time as when they make an appointment/reservation, so they don't have to waste time—and gas—looking for a parking space. If they see that no spot is available, they can adjust their plans accordingly to make more efficient use of their time.

Asia is leading the global race to create Smart Cities, with a number of high-tech hubs in China including Shenzhen, Shanghai, and Guangzhou, but the technologies are being increasingly adopted in the West. Singapore also ranks very highly on this front, thanks to integrating the Internet of Things into mobility and transport, health care, and public safety, combined with a highly digitised public administration.

Closing words

Over the next several months, we will cover each of these SusTech themes in more detail. As technologies emerge that make the world more sustainable, companies at the forefront of developing technology solutions to sustainability issues may offer compelling long-term investment opportunities, in our opinion.

The companies and industries that revolve around innovations and new technologies can make for volatile investments. Implementing these themes can carry higher-than-average risk and should thus be viewed within the context of a well-diversified portfolio.

We believe that for investors who can withstand such a higher level of risk, the secular opportunities that emerge out of these themes should contribute to portfolio performance in the long term.

MONTHLY Focus



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The steep price of success

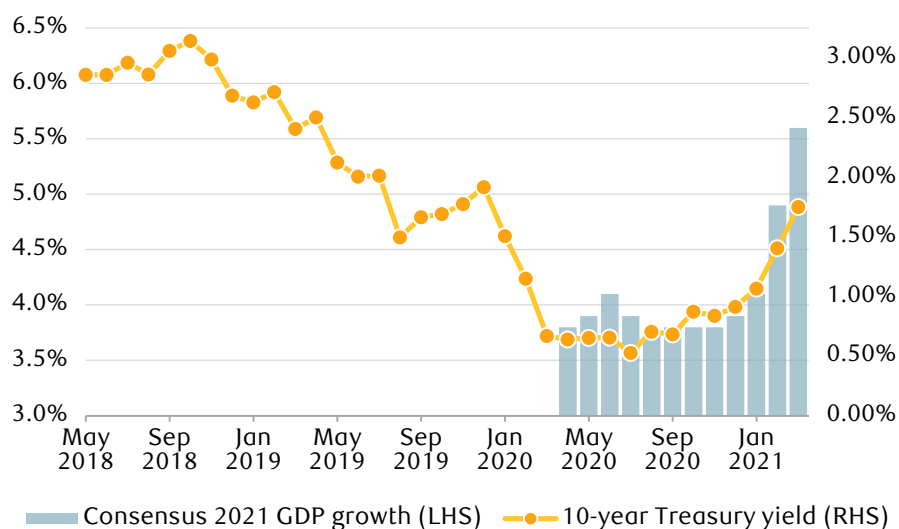
While the rise in Treasury yields mostly reflects economic optimism, it has also been paired with fears that inflation risks could get out of hand. Still, the Fed remains comfortable with rising yields and steeper curves—historically, a market signal that robust growth lies ahead. But how the Fed’s new policy framework plays out alongside significant fiscal support will likely be one fascinating experiment for markets.

The normally sleepy world of fixed income continues to keep investors on their toes through the first quarter of 2021. After opening the year below one percent, the benchmark U.S. 10-year Treasury yield has jumped to 1.75 percent, amongst the biggest three-month moves of the past 20 years. After a decade-long stretch of low inflation, expectations have turned on a dime on the back of historic stimulus with concerns that inflation may run too hot now dominating the narrative.

Not surprisingly, major moves such as these have the tendency to spook markets, but we continue to believe that this move higher in Treasury yields is happening for all of the right reasons and is simply reflective of a robust economic outlook as economists and the Federal Reserve revise growth estimates higher.

And for all of the large numbers associated with this recovery and the unprecedented nature of the global pandemic, the developments in fixed income markets in recent months are largely in line with the normal cadence we have seen in the aftermath of past recessions, suggesting to us that the good times may just be getting started.

Economic optimism returns as the key driver behind “normalizing” Treasury yields



Source - RBC Wealth Management, Bloomberg survey consensus forecast for 2021 GDP year-over-year growth

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The steep price of success

Getting back in shape

Like many of us, the Treasury yield curve is working to get back into shape following the COVID-19 pandemic. But what kind of shape should it be in when it gets back to peak condition? The experience of past recoveries may provide some clues.

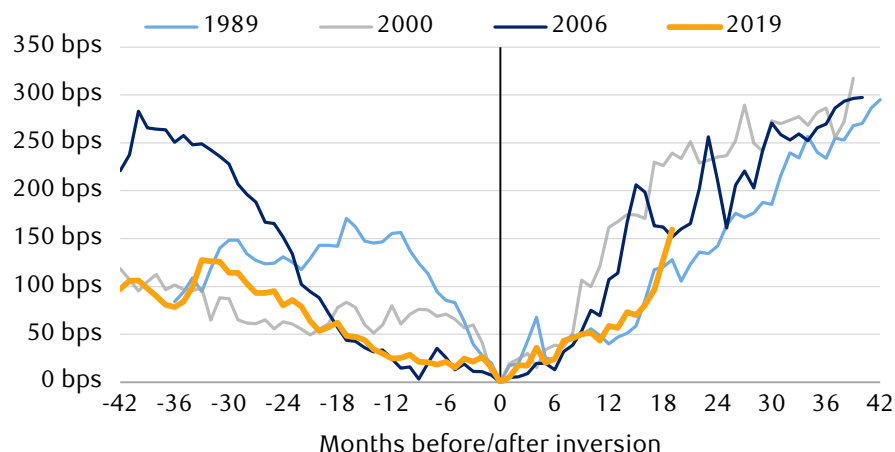
There is a natural rhythm to the economy and business cycles: an expansion that leads to a peak that then turns into a recession followed by a recovery, an expansion, and then another peak. And given that Treasury yields and the shape of the yield curve largely reflect underlying economic fundamentals, they tend to follow a similar cadence.

If we remember back to 2019, the market narrative was dominated by the flattening of yield curves, and then, ultimately, the inversion in July of that year of the 2-year to 10-year Treasury curve. As the next chart shows, it has now been 20 months since the yield curve inverted, with it having subsequently steepened by 158 basis points (bps) over that stretch on a combination of the Fed cutting short-term rates back to zero percent and the recent move higher in Treasury yields at the long end of the curve.

But as the chart also shows, the experience of past recoveries has been notably similar in that it takes about 40 months for the curve to reach its peak level of steepness, which also has been consistently around 250 bps–300 bps.

Past recoveries provide a roadmap for the path of yields

Change in 2Y/10Y Treasury yield curve (basis points) before and after inversions



Source - RBC Wealth Management, Bloomberg; years indicate first curve inversion

If we use this as a roadmap, then this resteeptening is likely only halfway complete. And if we take the Fed at its word that short-term policy rates are on hold for a couple of years, which should anchor the 2-year yield around its current level of 0.15 percent, then the 10-year yield following this path over the next 20 months would suggest it has scope to rise to roughly 2.25 percent by the end of this year, and toward three percent by the end of 2022.

Finally, we think the Fed, as it has indicated, remains comfortable with rising yields and steepening curves, and that it likely won't act to keep a lid on yields via various policy tools that it has at its disposal.

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The steep price of success

How can this not be inflationary?

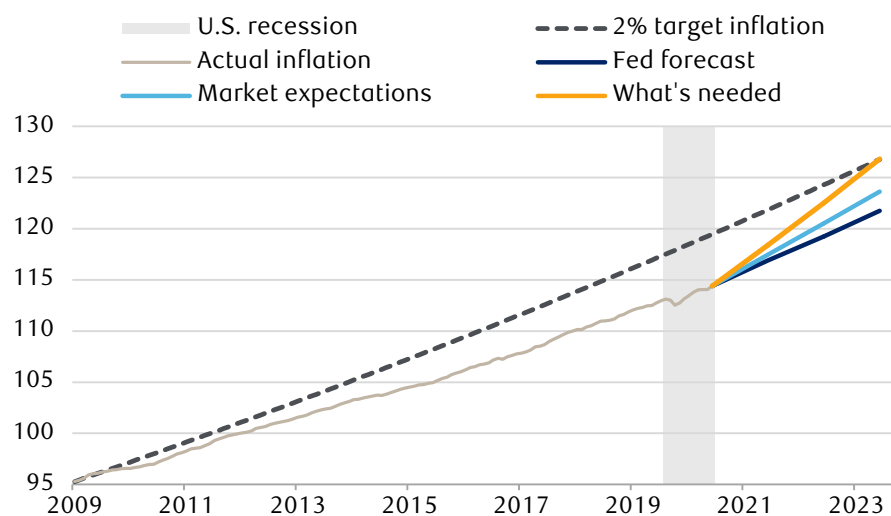
While the rise in Treasury yields mostly reflects economic optimism, some of this rise has also been paired with fears that inflation risks may be headed toward getting out of control as the economy reopens and given the unprecedented fiscal and monetary policy response of the U.S. government and the Fed.

And over the near term, those fears may not be completely unfounded. Consumers have trillions of dollars in excess savings stockpiled, ready to be spent on the first available concert ticket, flight, or hotel. Despite a robust economic outlook, the Fed, on balance, still does not expect to raise rates through 2023. On top of that, the Biden administration appears set to unveil a \$3 trillion economic support package focused on infrastructure.

The idea that there is more near-term inflationary pressure than long-term risks of sustained inflation can be seen across a number of metrics. Consumer expectations for inflation over the next year have jumped to 3.1 percent, the highest since 2014, whereas expected inflation over the next 5–10 years remains relatively subdued at 2.7 percent. The same dynamic can be seen in market-based expectations, 2.7 percent over the next two years, and just 2.3 percent over the next 10. As Richmond Fed President Thomas Barkin put it, “inflation is not a one-year phenomenon, it’s a multi-year phenomenon.” The Fed remains committed to looking through near-term inflation—it wants to see it sustained over a multi-year period this business cycle before tightening policy.

After falling short for years, what would it take to get inflation back on track?

Personal Consumption Expenditures (PCE) Price Index



	2021	2022	2023
Federal Reserve projections	2.2%	2.0%	2.1%
Market-based expectations	2.7%	2.6%	2.6%
Inflation required to return to trend	3.5%	3.5%	3.5%

Source - RBC Wealth Management estimates, Bloomberg, U.S. Federal Reserve; based on PCE data excluding food & energy

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The steep price of success

For all of the fears around inflation, it has been the lack of it over the past decade that has been the bigger problem, as the chart on the previous page shows. Much has been made about the Fed's inability to hit its two percent inflation target in recent years, with that persistent shortfall opening up a sizeable gap between where price levels actually are and where they would have been had the Fed been more successful in achieving its "price stability" target of two percent annual inflation. Of course, this issue was addressed with its new average inflation target of two percent over a full business cycle.

But even with the Fed now forecasting slightly higher inflation, it barely makes a dent in the gap. Current market-based expectations would get prices closer to long-term trends. But it would take a number closer to 3.5 percent each year to get price levels back to the long-term trend.

To be sure, this is just a stylized example. We don't believe the Fed has any desire to make up for all of the shortfall of the past decade. But even to make up for the shortfall over the past five years would still require an annual inflation rate of 2.5 percent over the next three years. All of which is to say that there remains a lot of work to do on the inflation front, and after years of missing targets, the Fed would likely be more than happy to reintroduce some inflation risk to the upside back into markets and the economy in order to restore its credibility on this front.

While there may be some short-term inflationary pressures, the benefit, in our view, is that the massive policy response should stoke a much faster recovery. The Fed now sees the unemployment rate falling to 3.5 percent by the end of 2023 from the February level of 6.2 percent. It took more than five years to achieve that from 2014 to 2019. A welcome tradeoff indeed at the expense of modestly higher inflation, in our view.

Conclusion

In the early stages of an economic recovery, we believe higher Treasury yields don't pose any material threat to risk assets such as stocks, or to the broader economy. If there's a risk to watch it may be that the Fed gets cold feet with respect to truly letting things run hot for a period of time, but all indications are that the Fed remains fully committed to its new policy framework.

For fixed income investors, the repricing of yields from the record lows of last year has undoubtedly impacted bond prices in portfolios. But a return to more "normal" yield levels reflective of a strong economy should also open up opportunities to add income back in.

With respect to the economic backdrop and the impact of an atypically coordinated fiscal and monetary policy response, it will, if nothing else, prove to be one fascinating experiment.

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Fairway of upside

Most developed-country stock markets moved higher through Q1. A notable exception, the Nasdaq stepped away from the party for a while, gaining almost no ground over three months and at one point retreating 12% from its most recent high. That move lower by the tech-heavy index should have dampened the anxiety level of the many commentators who spent much of the last half of 2020 and into 2021 arguing the whole market was threatened by what appeared to be a nonstop advance of a relative handful of large-cap tech or tech-related stocks.

Most of the stocks in question—Amazon, Apple, Microsoft, Facebook, Netflix—gained little to no ground in Q1, consolidating within a range after setting all-time highs back last summer. Comparative newcomers, Tesla and Shopify, corrected mightily (both down about 30% from their peaks) without affecting the rest of the market. Alphabet (Google) was the only one to make an appreciable new high in the quarter.

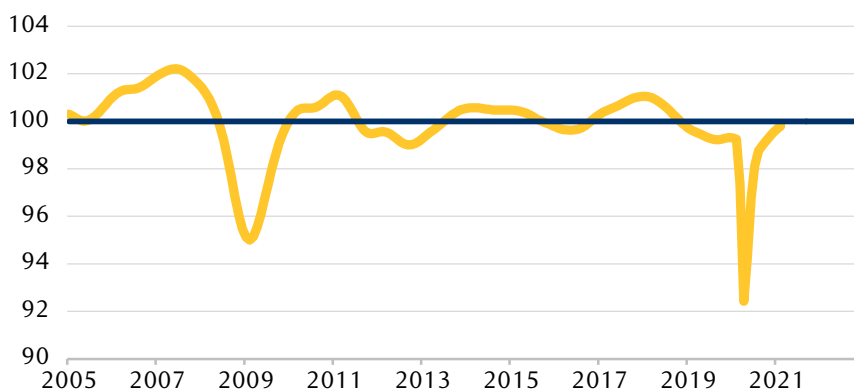
Valuation is not a reliable timing tool—the perceived over- or undervaluation of a particular group or relative handful of stocks even less so. What *can* change the outlook for the direction of the stock market for the worse is a downturn in the

economic cycle: every bear market for equities has been associated with a recession, in particular a U.S. recession.

In our view, no recession is in sight. Recessions have almost always arrived on the heels of a pronounced tightening in credit conditions—i.e., a combination of prohibitively high interest rates and banks becoming unwilling to lend. Such tightening looks to lie a long way down the road, probably years. (See [“The steep price of success”](#) on page 11.) That reality won’t stop intense discussion about when and how the Fed and other central banks will change course. That in turn may produce bouts of market volatility or corrections. Corrections can be bruising while they last, but what triggers them and what ends them, in our view, remains mostly unknowable, despite rearview mirror judgements that “anyone could have seen that coming.” It’s instructive to recall that throughout the entirety of the longest uninterrupted bull market in U.S. history from 2009 to 2019, the stock market was constantly being referred to as “expensive” or “dangerously overvalued.” Whether such characterizations were valid—we did not think they were—at the end of the day it was a collapsing economy which produced last

It’s not just the U.S. global rebound underway

OECD Global Leading Indicator (Jan. 2005 – Feb. 2021)



Source - RBC Wealth Management, Organisation for Economic Co-Operation and Development

GLOBAL EQUITY

Equity views

Region	Current
Global	+
United States	+
Canada	=
Continental Europe	=
United Kingdom	=
Asia (ex Japan)	+
Japan	=

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

year's big retrenchment in share prices, not some intense aversion to "overvaluation."

There are powerful tailwinds moving the economy forward:

- The continuing impact of fiscal stimulus, much of which sits unspent in bank accounts
- The ongoing effort by businesses to replenish severely depleted inventories
- The potential for large infrastructure spending starting in 2022
- The coming reopening of sectors largely shut down by social distancing and travel bans with

positive knock-on effects for other sectors, employment, and confidence

- The very strong growth of corporate earnings, which are already rising faster than expected while also driving a capital spending rebound that is likely to improve productivity and help keep inflation in check

In our view, the equity market has a long fairway of upside ahead, with occasional visits to the rough an unavoidable accompaniment.

We recommend a global investment portfolio be moderately Overweight equities.

REGIONAL HIGHLIGHTS

United States

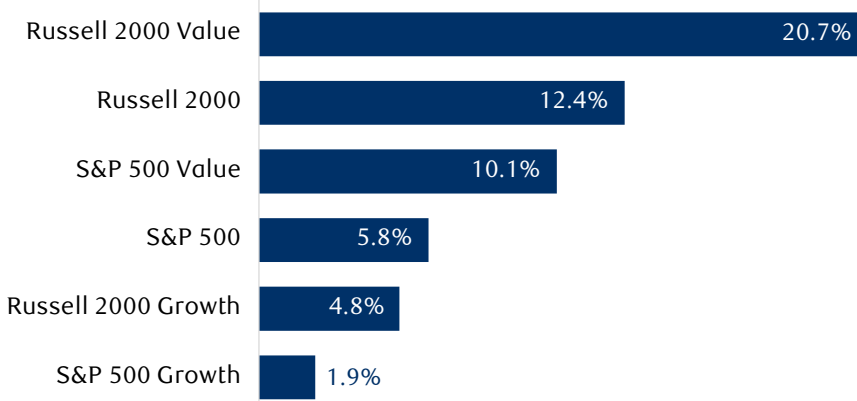
■ The U.S. equity market is interpreting the swift rise in Treasury yields as a positive signal for the domestic economy. The S&P 500 rallied 5.8% during Q1 as the 10-year yield jumped to 1.74% from 0.91%. Among large-cap equities, the value segment outperformed growth. The economically-sensitive small-cap Russell 2000 Index stood out, surging 12.4% during the quarter.

■ Q4 2020 earnings growth significantly exceeded consensus

forecasts. We think there is upside to earnings estimates for this year as well. RBC Capital Markets' chief U.S. economist says it wouldn't take much for 2021 Real GDP growth to eclipse the Federal Reserve's 6.2% estimate and even his much loftier 8.0% forecast due to the combination of pent-up demand caused by the COVID-19 shutdowns, unusually high household savings accumulated during the pandemic, and recent signs of improved spending patterns. If the economic reopening is indeed strong, current earnings and revenue

As the economic backdrop firmed, small caps and value stocks outperformed in Q1 while growth lagged

YTD returns by size and style



Source - RBC Wealth Management, FactSet; data through 3/31/21

GLOBAL EQUITY

estimates could be “far too low,” according to our national research correspondent. The consensus estimates for 2021 S&P 500 earnings and revenue growth stand at 25% and 9.6% y/y, respectively, according to Refinitiv I/B/E/S. We think these estimates will rise in the months ahead.

■ To take advantage of a potentially strong economic and earnings recovery, we would continue to overweight value stocks, particularly in cyclical sectors. This [article](#) discusses five reasons why value could outperform growth stocks in 2021.

Canada

■ Improving vaccine supply has brightened Canada’s immunization outlook, which, all else equal, could prove favourable for the cyclically weighted Canadian equity market. An improvement in the perceived durability of the economic recovery could boost sentiment toward key sectors of the domestic market and help shrink its relative valuation discount to some developed-country peers.

■ The Big Six Canadian banks reported Q1 results that surpassed analysts’ consensus expectations with relative ease as credit loss provisions were lower than expected. The group collectively had amassed

CA\$24 billion in credit loss provisions during fiscal 2020. Given the improving economic outlook, a small portion of these provisions were released back into earnings in fiscal Q1. RBC Capital Markets anticipates this will continue in coming quarters. Looking ahead, we expect lending activity to come into the spotlight as a return to more normal economic conditions should increase demand for both consumer and commercial loans, while a steepening yield curve could lift lending margins.

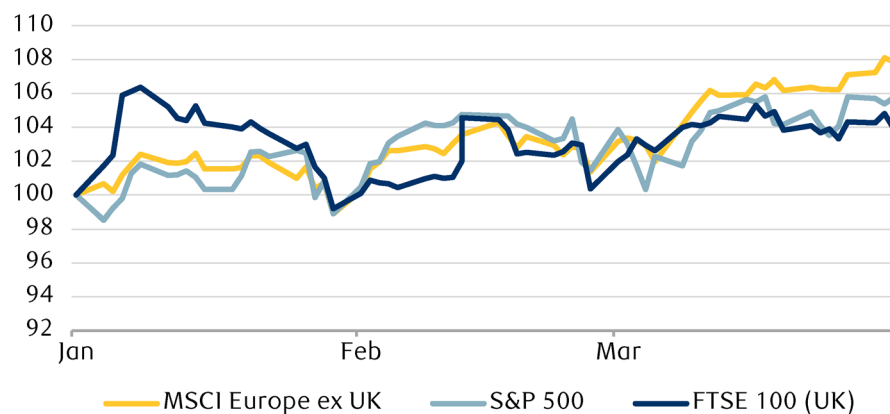
■ The fundamental backdrop for crude oil has vastly improved from a year ago amid an ongoing demand recovery, while capital discipline and balance sheet strength by producers have helped moderate the supply outlook. RBC Capital Markets views the fundamental setup for summer gasoline as the most bullish in nearly a decade; this is expected to benefit the entire oil complex, and could further support Canadian energy equities.

Europe & UK

■ Lockdowns and social distancing measures are being extended in Europe. Although recent economic indicators were gratifyingly firm, further improvement, particularly in services, will be delayed. The EU’s €750 billion rescue package will help underpin growth, but the impact

European stocks hang in with U.S. equities in Q1 despite tighter lockdowns and social distancing measures

Returns YTD, indexed to 100



Source - RBC Wealth Management, FactSet; data through 3/31/21

GLOBAL EQUITY

may be restrained this year given funds will be disbursed to national governments through 2026.

■ Still, despite a more subdued outlook, European equities have kept up with U.S. equities since the November rotation into reflation-driven stocks began. The region is a rich hunting ground for cyclical stocks, in our view. We continue to favour companies in the Industrials and Consumer Discretionary sectors that are positioned to benefit from both an improving economy and long-term secular trends.

■ In the UK, a very successful vaccine rollout should enable the government to follow through on its plan to open the economy fully by the summer. Recently added support measures should underpin growth. The government's intent on starting to balance the books in two years' time by raising corporate taxes will be an additional burden on the corporate sector, though a more lenient approach to regulation and competition could offset this somewhat. In a post-Brexit world, the government's future attitude towards these issues will be a key factor to watch.

■ For now, the UK equity market still trades at attractive valuation levels in both absolute and relative terms. The Materials and Financials sectors should be key beneficiaries of an economic recovery, while consumer-focused domestic stocks should be underpinned by pent-up demand meeting high levels of household savings. We would maintain exposure to quality UK international companies that trade at an unduly large discount to overseas-listed peers.

Asia-Pacific

■ China established its GDP growth target at above 6% for 2021, and this was perceived to be a moderate target by some economists. Historically, the government's growth target has been conservative and consistent. We think the current goal signals the country aims to emphasize high-quality and sustainable growth going forward. As such, we don't view the target as a disappointment.

■ China equities are facing headwinds from rising U.S. Treasury yields, concerns about tighter onshore liquidity, and some demanding valuations. We expect the market will continue to be volatile in the short term due to uncertainties from rising yields and earnings announcements. We would continue to Overweight China equities. We think the country will benefit over the long term as its capital markets open up and foreign funding allocations increase.

■ In Japan, business surveys suggest sentiment among both manufacturers and non-manufacturers is improving. High-frequency data indicate a strong production recovery and resilient goods consumption. Labor market conditions held steady despite the COVID-19 state of emergency, supported by the recovery in domestic demand and government employment subsidies. Bank deposits are posting very fast year-over-year growth, led notably by household deposits. As expected, the Bank of Japan has largely stayed on hold while slightly upgrading its assessment of the economy. While we still anticipate some softening in Japan's real GDP growth in Q1 2021 due to the state of emergency, we expect a strong bounce in Q2 and onwards. We have a positive bias on Japan equities in the short term; however, we would remain Market Weight for the next 3–12 months.

GLOBAL Fixed income

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Rising yields draw diverging responses

Global yields remain on the rise as the first quarter of the year comes to a close, but the debate over whether it's simply reflective of strong economic growth ahead, or a potential threat to it, is only heating up. But not all yields are created equal, and the central bank response across regions has taken varied shapes and forms.

In the U.S., the Fed has become a broken record in citing that longer-term yields are on the move higher only because economic growth expectations are as well, while short-term yields remain well-anchored at low levels on expectations that the Fed is nowhere near raising rates. So investors shouldn't expect the Fed to step in with increased quantitative easing measures in order to keep a lid on yields. We think the benchmark 10-year Treasury yield has scope to head toward 2% this year, and potentially slightly beyond.

While the Fed has shown no signs of intent to dial back support, the Bank of Canada (BoC) was the first of the major central banks to do so. The BoC has been buying CA\$4 billion in

government bonds per week, with plans to slow that to CA\$3 billion in April, followed by further cuts later in the year—a gradual process to be sure.

The economic foundation is shakier in Europe as another round of lockdowns risks delaying the economic reopening. At odds with other central banks, the European Central Bank actually increased its weekly bond purchases through March as it viewed the rise in yields as being too far and too quick in the current environment. Officials pledged ongoing flexibility under its Pandemic Emergency Purchase Programme with a focus on ensuring that broad financial conditions don't tighten too much, and too soon.

While central banks will continue to support the ongoing economic recovery, markets may remain on edge as the inevitability that support is winding down approaches. We continue to believe that global yields will trend higher, but likely at a slower pace than we have seen thus far in 2021.

REGIONAL HIGHLIGHTS

United States

■ The rise in longer-term Treasury yields has shown no real signs of slowing through March, with the benchmark 10-year Treasury yield trading as high as 1.75%. Though the move in yields seems sharp, it's in line with trends from past recession recoveries, and if the trend holds, the 10-year yield is likely to keep rising toward a 2%–2.25% range by year end.

■ The Fed, for its part, continues to signal it has no issue with rising yields as long as the increases remain orderly and in line with improved

growth and inflation expectations. Though the Federal Open Market Committee still expects to keep policy rates on hold at zero percent through 2023, we expect that will change this summer as a majority is likely to form, projecting an earlier start to rate hikes by then.

■ Credit markets have fully priced the robust economic outlook as credit spreads—the yield compensation over Treasuries for credit risk—are back below pre-pandemic levels, and near historical lows. Investment-grade corporates remain highly sensitive to Treasury yield movement,

Fixed income views

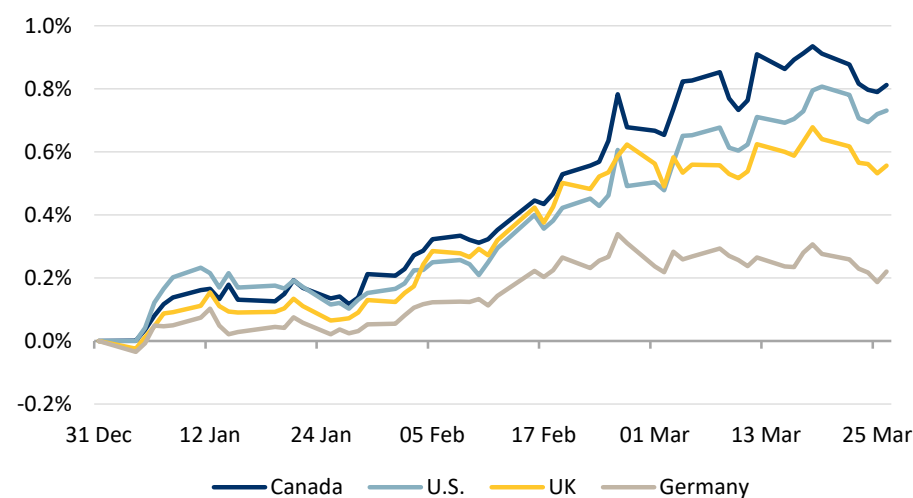
Region	Gov't bonds	Corp. credit	Duration
Global	=	+	5–7 yr
United States	=	+	5–7 yr
Canada	=	=	5–7 yr
Continental Europe	=	=	5–7 yr
United Kingdom	–	=	3–5 yr

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

GLOBAL FIXED INCOME

Economic growth expectations have boosted global 10Y Treasury yields

10Y yield net change as of Dec. 31, 2020



Source - RBC Wealth Management, Bloomberg; data through 3/26/21

with the sector down 4.7% year to date on a price basis, compared to a 3.8% decline for Treasuries.

■ Hybrid preferred shares, which feature fixed-to-float coupons that keep the interest rate sensitivity low, have outperformed this year, up nearly 1%. We expect that sector to continue to perform well in a rising rate environment.

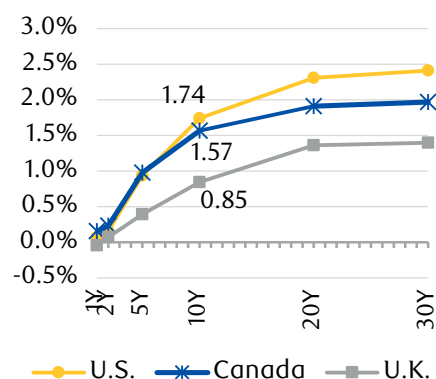
■ After dropping below 1% in February, some yield has returned to the muni market with the yield on the Bloomberg Barclays Municipal Bond Index rising to 1.2%. We expect munis will see strong investor demand ahead of proposed legislation that could see tax rates rise for the highest income brackets.

That makes us more constructive on extending term into higher-yielding longer maturity positions. Investors with a longer investment horizon than the average maturity of their bond holdings are beneficiaries of higher rates and particularly well positioned to take action on this.

■ Corporate bonds resisted the initial increase in government bond yields as credit spreads narrowed, but more recently this trend has broken and corporate and government bond yields have ascended in tandem. We expect the more pronounced linkage between government and corporate bonds to persist as credit spreads are below long-term averages.

■ Preferred shares have been the best-performing credit market category since last spring, but we expect the trajectory of the recovery to flatten out because a number of issues have rallied back to their \$25 call price, and valuations have reverted to long-term averages. Despite our less constructive view of valuation, momentum remains strong because the move to higher interest rates has dramatically improved the “reset” prospects for these issues. Additionally, new issuance will be much reduced and redemption of existing issues much increased because the biggest issuers, banks

Sovereign yield curves



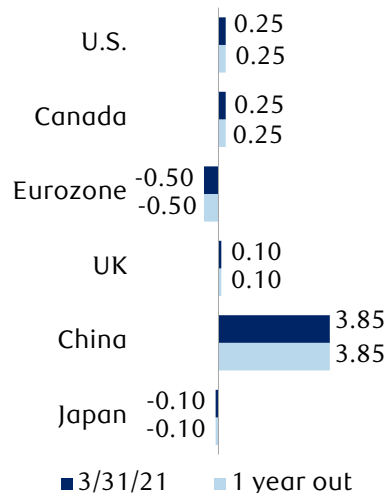
Source - Bloomberg; data through 3/31/21

Canada

■ The gradual increase in government bond yields that began in mid-2020 accelerated in 2021. Short-term bond yields have moved only slightly higher as the Bank of Canada has not signaled a tightening of monetary policy, but longer-term yields have had a sizable upswing and now exceed pre-pandemic levels. This has resulted in a steeper yield curve, meaning longer-term bond yields already reflect expectations of higher short-term rates over time.

GLOBAL FIXED INCOME

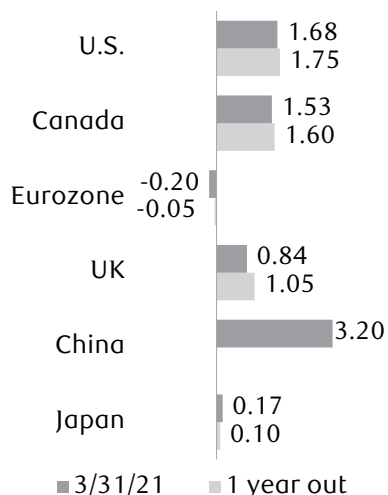
Central bank rate (%)



*1-yr base lending rate for working capital, PBoC

Source - RBC Investment Strategy Committee, RBC Capital Markets forecasts, Global Portfolio Advisory Committee, RBC Global Asset Management

10-year rate (%)



Note: Eurozone utilizes German Bunds.

Source - RBC Investment Strategy Committee, Global Portfolio Advisory Committee, RBC Global Asset Management

and insurance companies, are now permitted to issue a new type of preferred security to institutions that offer a big tax advantage to the issuer. We estimate the traditional preferred share market could shrink by over 15% from September 2020 to March 2022.

Europe & UK

■ Global yields soared in February, and Europe was no exception—the German 30-year Bund yield rose to 0.30%, the highest level in over a year. During the last week of February, the European Central Bank (ECB) responded by accelerating asset purchases to try to curb the rise in yields. At its Mar. 11 meeting, the ECB was more dovish than expected by the market, and stated an intention to “significantly” increase its asset purchases through the Pandemic Emergency Purchase Programme (PEPP) over the next quarter to prevent a tightening of financial conditions. Net asset purchases increased substantially for the week ending Mar. 19 and sufficiently capped rising yields.

■ The €1.85 trillion in total available under PEPP, in place until March 2022, is sizeable and, in our view, the ECB has room to step up asset purchases “significantly.” We maintain a Market Weight on eurozone sovereigns and corporate credit. We prefer corporate credit issuers that are eligible for purchase under the Corporate Sector Purchase Programme as we believe corporate spreads will remain supported.

■ The Bank of England delivered a slightly upbeat economic outlook at its March meeting, making it likely the Monetary Policy Committee will upwardly revise its 2021 outlook in May. In our view, there will be no interest rate policy changes at the May meeting given the high bar set for inflation and output. We maintain an Underweight on Gilts as we expect Gilt yields to trend higher from here given the positive economic outlook. We maintain a Market Weight on corporate credit, favouring cyclical and financials.

Asia-Pacific

■ While rising Treasury yields have challenged the Asian bond market alongside other risk assets, the relatively favorable credit spreads helped weather the impact. High-yield bonds have continued to outperform investment-grade issues, owing to their relatively wider credit spreads that provide a cushion to buffer any rate movement. As the Federal Open Market Committee has reiterated its commitment to its new average inflation targeting regime and will let temporary inflation run, we continue to believe that high-yield bonds should be less vulnerable than investment-grade in the rising yield environment.

■ Meanwhile, since we are still in the midst of an extremely low rate environment, investors will likely continue their search for yield, providing support for the credit market. Within the high-yield market, we continue to see a clear variance between higher-rated high-yields (BB) and lower-rated high-yields (B) within the China market, suggesting that managing idiosyncratic risk will continue to be key when investing in the sector.

■ On the macro front, China released the government’s work report during the two-session annual parliamentary gathering. The report reiterated that deleveraging is one of the five major tasks in 2021. The pledge on debt reduction is aimed at cutting excess housing inventory as well as overcapacity in other sectors. We believe this sets the stage for companies to minimize the amount of debt issued, which in turn should improve balance sheet quality overall. It should also provide a more favorable supply and demand dynamic to support the Asian bond market.

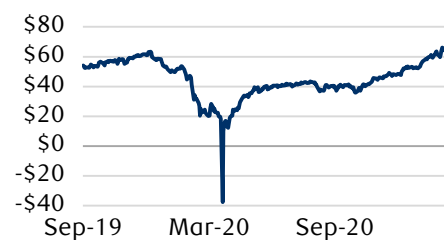
Commodities

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Crude oil: Compelling setup

RBC Capital Markets strategists believe the global market will remain in a supply deficit over the next two years and estimates WTI will average around \$64/bbl in 2021. This optimism stems from expectations for tight inventories, a rebound in consumer demand, a weakened U.S. dollar, and the opportunity for an inflation hedge.



Natural gas: Inventory drawdown

Natural gas prices retraced from the 2021 highs but are still up modestly YTD. According to the EIA, U.S. inventories drew down at the second-fastest rate for any month on record, driven by colder weather, decreased production as a result of the Texas storm, and strong LNG export demand. Higher crude prices may lead to more drilling activity and gas production.



Copper: A double

Copper prices surpassed \$4/lb, effectively doubling off the 18-month lows. The strength has been driven by optimism around vaccine distribution, government stimulus measures, and a reopening of global economies, particularly in China. RBC Capital Markets expects a modest supply deficit in 2021 before returning to surplus through 2024.



Gold: Losing luster?

Gold is approximately 16% off its 2020 highs and is down about 9% YTD driven by greater investor appetite for risk and the rise in real interest rates. A more inflationary environment would be a partial offset but not enough to offset the rise in real rates, in our view. RBC Capital Markets commodity strategists reduced their 2021 and 2022 forecasts to \$1,732 and \$1,696/oz, respectively.



Commodity forecasts

Commodity	2021E	2022E
Oil (WTI \$/bbl)	\$61.53	\$63.38
Natural gas (\$/mmBtu)	\$2.85	\$2.75
Gold (\$/oz)	\$1,732	\$1,696
Copper (\$/lb)	\$4.00	\$3.75
Soybean (\$/bu)	\$13.43	\$11.70
Wheat (\$/bu)	\$6.29	\$6.24

Source - RBC Capital Markets forecasts (oil, natural gas, gold, and copper), Bloomberg consensus forecasts (soybean and wheat); data as of 3/24/21

Soybeans: Protein gains

Soybean prices are trading at the upper end of their 18-month range driven by strong Chinese imports. The USDA sees China's protein meal demand on pace to return to pre-swine fever levels. Meanwhile, the Brazilian harvest is off to its slowest start over the last decade due to poor weather conditions.



Wheat: Down modestly

Wheat prices, down modestly YTD, remain about 24% higher y/y. China now accounts for roughly 19% of global consumption compared to its five-year average of approximately 16.5%, driven by higher feed usage. Global stocks declined despite a larger-than-expected Australian crop.



Chart source - RBC Wealth Management, Bloomberg; date range: 9/30/19–3/12/21

Currencies

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Currency forecasts

Currency pair	Current rate	Forecast Mar 2022	Change
Major currencies			
USD Index	93.23	95.87	3%
CAD/USD	0.79	0.76	-4%
USD/CAD	1.25	1.31	5%
EUR/USD	1.17	1.13	-3%
GBP/USD	1.37	1.19	-13%
USD/CHF	0.94	0.96	2%
USD/JPY	110.72	99.0	-11%
AUD/USD	0.75	0.74	-1%
NZD/USD	0.69	0.68	-1%
EUR/JPY	129.86	112.0	-14%
EUR/GBP	0.85	0.95	12%
EUR/CHF	1.10	1.09	-1%
Emerging currencies			
USD/CNY	6.55	6.40	-2%
USD/INR	73.11	72.00	-2%
USD/SGD	1.34	1.32	-1%

Change is defined as the implied appreciation or depreciation of the first currency in the pair quote. Examples of how to interpret currency data can be found in the Market Scorecard.

Source - RBC Capital Markets forecasts, Bloomberg

U.S. dollar: Beating consensus

The dollar made modest gains through Q1 alongside rising U.S. yields. U.S. growth expectations have risen compared to other advanced economies, which could underpin further dollar gains this year, although RBC Capital Markets expects a more moderate pace than in Q1. The timing and pace of Fed policy normalization relative to other central banks will be critical for the dollar outlook.

Euro: Lagging vaccines

A lagging vaccination rollout and a new rise in COVID-19 cases have dampened hopes of a rapid growth rebound in the region and kept the euro under pressure through Q1. Market expectations that ECB policy normalization will likely lag that of other central banks presents a longer-term challenge for the euro.

Canadian dollar: Crude-fueled rally

Rising crude oil prices and stronger-than-expected economic growth lifted the Canadian dollar to a three-year high in March. Crude prices appear to have re-emerged as an important

driver for the CAD, a trend to watch in coming months. While the growth backdrop is supportive of the currency, a pullback in oil prices or equities remains a risk to the outlook.

British pound: Vaccine boost

The British pound has been a top performer in early 2021, supported by early success in the UK's vaccination program, reduced chances of negative rates from the Bank of England, and sizable fiscal support. With a lot of good news priced in, upside could be limited, in our view. Over the medium term, increasing focus on financial imbalances in the UK could weaken the pound.

Japanese yen: Pressured by yields

The yen traded weaker through Q1, a response to rising U.S. bond yields. However, RBC Capital Markets notes it is U.S. short-term rate expectations that are more important for the yen, and they should remain anchored near zero while Fed policy remains on hold. A more moderate rise in Treasury yields through 2021 should limit further yen weakness.

Success in the UK's vaccine program has helped the British pound outperform in recent months

With a lot of good news priced in, further upside may be limited

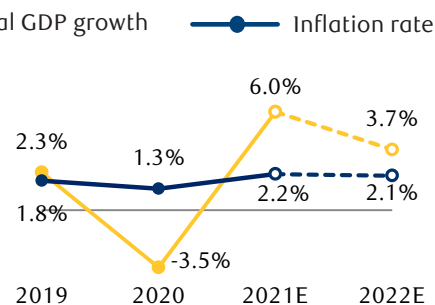


Source - Bloomberg, RBC Wealth Management; data through 3/23/21

KEY Forecasts

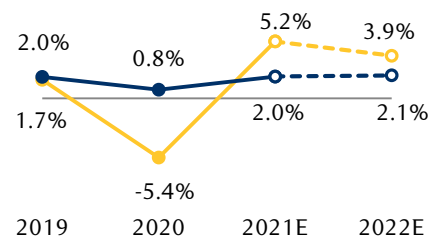
United States: Labor market improvement

Job growth rebounded faster than expected in March. Replacing all jobs lost likely to take all of 2022. Consumers upbeat, PMIs very strong. The Fed upgraded economic and inflation forecasts at March meeting while committing to keep easy-money policies in place. Median forecasts show no rate hikes through at least 2023. The 10Y Treasury yield is trading near 1.70%, with expectations of a 2.0%–2.25% range by year end.



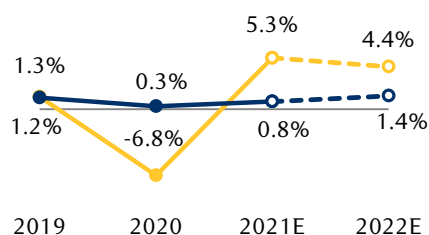
Canada: Record consumer confidence

Consumer confidence rose to a record high. More than 40% expect a stronger economy in the latter half of the year. Home prices are running almost too hot in major centres, leaving policymakers concerned. At 8.2%, unemployment rate at lowest level in 11 months. Data suggests GDP kept growing through the second wave of the pandemic. The BoC reiterated its plan to keep the benchmark rate at 0.25% until sometime in 2023.



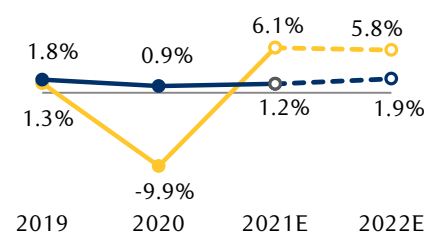
Eurozone: Inflation on an upward trajectory

Rapid spread of COVID-19 variants and slow vaccine rollout have left lockdown restrictions tight, weighing on consumer sentiment. Retail sales fell at the fastest pace in nine months to start off the year, as consumers plumped up their savings accounts. Inflation estimates call for a jump to 1.4% from 0.9%, largely due to rising fuel costs. Composite PMI data has outperformed amid strong demand in the Industrials sector, at home and abroad.



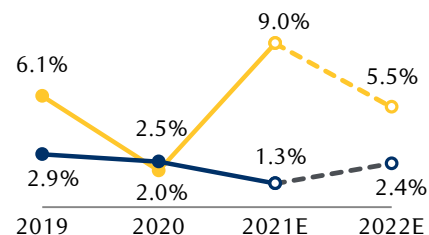
UK: Recovery prospects clouded

Despite a successful rollout of UK's COVID-19 vaccination program and improved consumer confidence, post-Brexit anxiety and increasing pressure on the UK's public finances are weighing on the 2021 outlook. Exports and imports fell sharply in January reflecting post-Brexit distortions. Forecasts the budget deficit will top 15% of GDP this fiscal year raise concerns about the sustainability of the UK recovery.



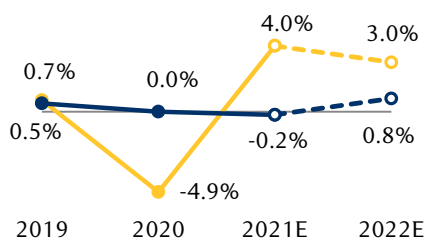
China: An economic rebound in March

March manufacturing PMI and non-manufacturing PMI rose nicely, indicating China's growth trajectory still on track following Lunar New Year. Government indicated it expects GDP growth around 6% for the year. Confidence in that forecast boosted by strong export and production readings for the first two months of 2021. Consumers confident as reflected in housing and auto sales.



Japan: Bank of Japan (BoJ) to remain proactive

After a strong Q4, GDP weakened in January, as exports fell, reflecting China Lunar New Year distortions. BoJ maintained commitment to sizable easing program despite policy tweaks. Governor Haruhiko Kuroda, unlike counterparts at other central banks, remains less concerned with inflation, believing price weakness will keep inflation below BoJ's 2% target until at least 2024.



MARKET Scorecard

Data as of March 31, 2021

Equities

Equity markets were positive in March, with the S&P and Dow Industrials posting impressive gains while the Nasdaq and Russell 2000 saw smaller returns.

Bond yields

The yield on 10-year sovereigns rose in March, with U.S. Treasuries leading the way. The 10-year German Bund yield outperformed, firming by approximately 0.11% for the month.

Commodities

Commodity prices weakened in March, with silver prices down 8.4%, followed by copper down 3.8% and gold down 1.5% m/m.

Currencies

The U.S. dollar strengthened against most global currencies, up 2.6% m/m.

Equity returns do not include dividends, except for the Brazilian Ibovespa. Equity performance and bond yields in local currencies. U.S. Dollar Index measures USD vs. six major currencies. Currency rates reflect market convention (CAD/USD is the exception). Currency returns quoted in terms of the first currency in each pairing.

Examples of how to interpret currency data: CAD/USD 0.79 means 1 Canadian dollar will buy 0.79 U.S. dollar. CAD/USD 12.0% return means the Canadian dollar has risen 12.0% vs. the U.S. dollar during the past 12 months. USD/JPY 110.72 means 1 U.S. dollar will buy 110.72 yen. USD/JPY 3.0% return means the U.S. dollar has risen 3.0% vs. the yen during the past 12 months.

Index (local currency)	Level	1 month	YTD	12 month
S&P 500	3,972.89	4.2%	5.8%	53.7%
Dow Industrials (DJIA)	32,981.55	6.6%	7.8%	50.5%
Nasdaq	13,246.87	0.4%	2.8%	72.0%
Russell 2000	2,220.52	0.9%	12.4%	92.6%
S&P/TSX Comp	18,700.67	3.5%	7.3%	39.8%
FTSE All-Share	3,831.05	3.5%	4.3%	23.3%
STOXX Europe 600	429.60	6.1%	7.7%	34.2%
EURO STOXX 50	3,919.21	7.8%	10.3%	40.6%
Hang Seng	28,378.35	-2.1%	4.2%	20.2%
Shanghai Comp	3,441.91	-1.9%	-0.9%	25.1%
Nikkei 225	29,178.80	0.7%	6.3%	54.2%
India Sensex	49,509.15	0.8%	3.7%	68.0%
Singapore Straits Times	3,165.34	7.3%	11.3%	27.6%
Brazil Ibovespa	116,633.70	6.0%	-2.0%	59.7%
Mexican Bolsa IPC	47,246.26	6.0%	7.2%	36.7%
Bond yields	3/31/21	2/28/21	3/31/20	12 mo. chg
U.S. 2-Yr Tsy	0.160%	0.127%	0.246%	-0.09%
U.S. 10-Yr Tsy	1.740%	1.405%	0.670%	1.07%
Canada 2-Yr	0.226%	0.298%	0.425%	-0.20%
Canada 10-Yr	1.558%	1.355%	0.697%	0.86%
UK 2-Yr	0.104%	0.128%	0.139%	-0.04%
UK 10-Yr	0.845%	0.820%	0.356%	0.49%
Germany 2-Yr	-0.691%	-0.601%	-0.689%	0.00%
Germany 10-Yr	-0.292%	-0.185%	-0.471%	0.18%
Commodities (USD)	Price	1 month	YTD	12 month
Gold (spot \$/oz)	1,707.71	-1.5%	-10.0%	8.3%
Silver (spot \$/oz)	24.42	-8.4%	-7.5%	74.7%
Copper (\$/metric ton)	6,486.50	-3.8%	13.4%	77.9%
Uranium (\$/lb)	20.90	-0.5%	-12.6%	-7.7%
Oil (WTI spot/bbl)	59.16	-3.8%	21.9%	188.9%
Oil (Brent spot/bbl)	63.54	-3.9%	22.7%	179.4%
Natural Gas (\$/mmBtu)	2.61	-5.9%	2.7%	59.0%
Agriculture Index	273.20	-5.5%	2.3%	37.2%
Currencies	Rate	1 month	YTD	12 month
U.S. Dollar Index	93.2320	2.6%	3.7%	-5.9%
CAD/USD	0.7961	1.4%	1.4%	12.0%
USD/CAD	1.2562	-1.4%	-1.3%	-10.7%
EUR/USD	1.1730	-2.9%	-4.0%	6.3%
GBP/USD	1.3783	-1.1%	0.8%	11.0%
AUD/USD	0.7598	-1.4%	-1.2%	23.9%
USD/JPY	110.7200	3.9%	7.2%	3.0%
EUR/JPY	129.8600	0.9%	2.9%	9.5%
EUR/GBP	0.8511	-1.8%	-4.8%	-4.2%
EUR/CHF	1.1070	0.9%	2.4%	4.4%
USD/SGD	1.3448	0.9%	1.7%	-5.4%
USD/CNY	6.5528	1.1%	0.4%	-7.5%
USD/MXN	20.4325	-2.0%	2.6%	-13.7%
USD/BRL	5.6337	0.5%	8.4%	8.2%

Research resources

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