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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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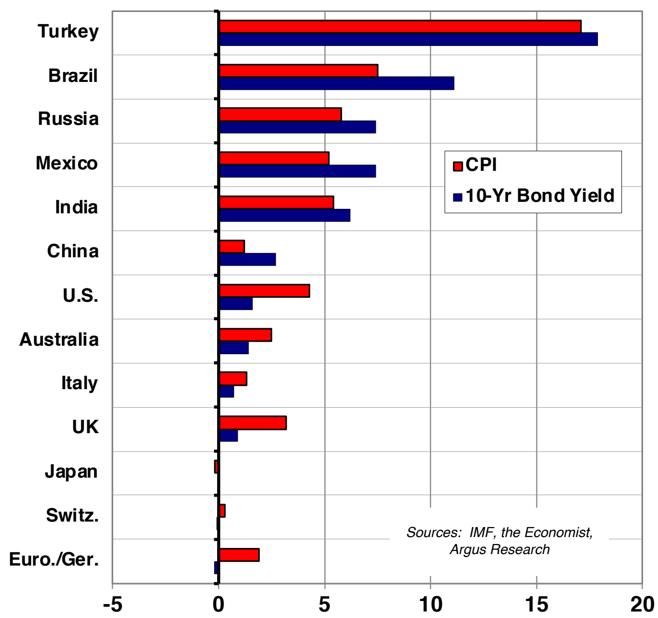
GLOBAL RATE TRENDS MIXED

Runaway inflation (at a 17% rate) has sent Turkish 10-year bond rates soaring toward 18%. A relatively high inflation rate of 5% is also propping up 10-year bond rates in India at 6.2%. But interest rates in much of the world are near all-time lows, as they are in the U.S. and the U.K., or are even outright negative, as in Japan, France, Germany, and Switzerland. In the U.S., we note that the Federal Reserve has taken numerous extraordinary steps to keep financial markets functioning, and we don't look for the Fed to raise short-term rates until later next year. At the same time, and for a couple of reasons, we do not expect the Fed to follow its European peers and establish negative interest rates in the U.S. First, the jury is out as to whether negative rates are actually helping economies recover. Second, money-market funds in the U.S. play an important role in the financial markets, and negative government bond yields would "break the buck." Our advice to fixed-income investors seeking yield is to consider ETFs specializing in inflation-indexed debt, securitized debt, or floating bonds.

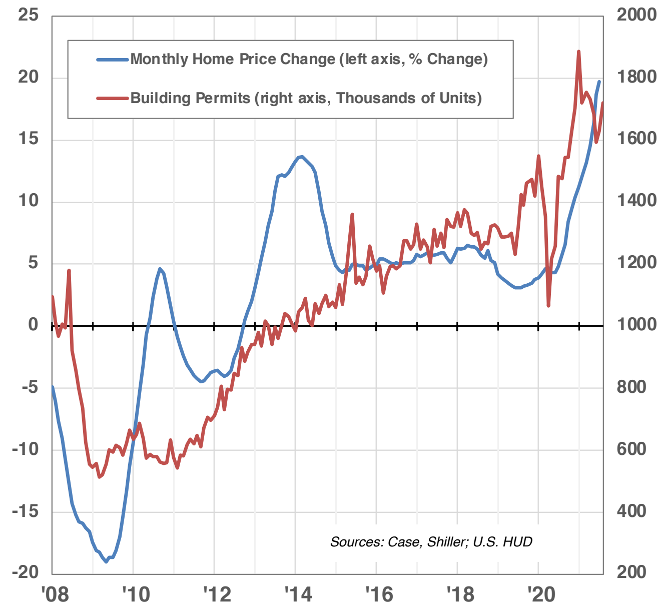
GLOBAL INTEREST RATES & INFLATION (%)



HOME PRICES SOARING

The U.S. housing market has been a positive contributor to the economic recovery from the pandemic, though some metrics have fallen from recent highs and we no longer expect housing to be a strong driver of above-trend GDP growth. The National Association of Realtors reported that existing home sales fell 2% in August from July, to a 5.88 million seasonally adjusted annual rate (still well above the 3.9 million rate in May 2020 but down from 6.7 million in October 2020). The Census Bureau reported that new single-family homes were selling at a 740,000 annualized rate in August — again, up from 582,000 during the depths of the pandemic, but down from 993,000 in January 2021. The story is similar in housing permits, a leading indicator for the industry. While most of these indicators have cooled, housing prices have not. The S&P/Case-Shiller National Home Price Index for July 2021 showed that prices rose 19.7% year-over-year (the strongest gain in 15 years). Inventories have risen along with prices. On the other side of the pandemic, we expect that demand for homes -- with yards between neighbors and plenty of space -- will be solid.

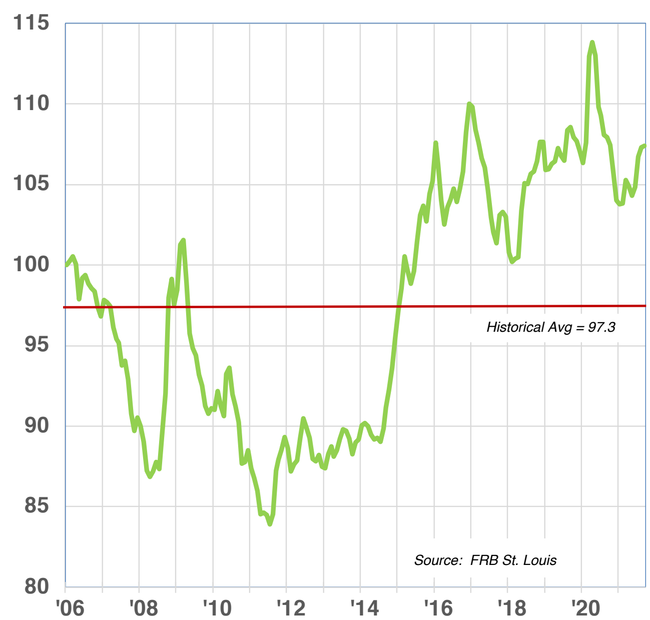
HOUSING MARKET TRENDS



DOLLAR DOWN FROM PEAK

The dollar spiked early in the pandemic, as global investors flocked to the security of assets denominated in greenbacks. After peaking in April 2020, the greenback declined but then ticked higher once again. Yet it remains well below its peak. Currently, on a real trade-weighted basis, the dollar is 10% above its average valuation over the past 20 years, but down from a 17% overvaluation at the April 2020 peak. The full valuation of the dollar reflects several factors, but primarily the relative strength of the U.S. economy and global investor confidence in the U.S. Federal Reserve and Department of Treasury. We anticipate a trading range near current levels for the greenback for the balance of the year and into 1H22. That's because we think U.S. GDP will start to cool from the white-hot rates of 1H21. While Congress has been aggressive with fiscal stimulus, traders may become wary of the high level of U.S. debt relative to GDP. Lastly, the lofty current valuation of the greenback implies that other currencies -- and even gold or other commodities -- are possibly undervalued, and traders can be expected to bid up those values over time.

U.S. DOLLAR TREND
REAL TRADE-WEIGHTED U.S. DOLLAR INDEX

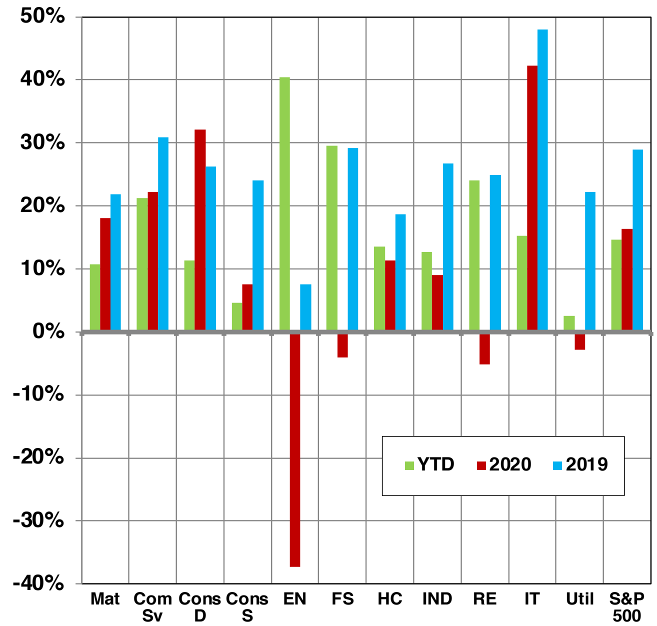


FINANCIAL MARKET HIGHLIGHTS

SECTOR LEADERS & LAGGARDS THROUGH 3Q21

Despite a recent selloff, equity market breadth has been impressive thus far this year. Every sector has turned in a positive performance through 3Q21 (though last year's laggards are generally the leaders). Take Energy, for example. The sector fell 37% in 2020 and lagged the market in 2019. This year? A different story. Energy is the leading sector, with a gain of 40%. The Financial Services sector has also turned things around in 2021, rebounding from a 4% slide in 2020 with a 30% advance so far this year. One more example is Real Estate, which dropped 5% in 2020 but is up 24% in 2021. Other market-beating sectors this year include Communication Services (+21%) and Information Technology (+15%). The turnaround in sector performance hints at a shift in the market toward value investing and away from growth. Our Sector Over-Weights reflect a blend of growth and value, and include Information Technology, Healthcare, Industrials, Financial Services, and Materials. Our Under-Weights include Consumer Discretionary and Consumer Staples.

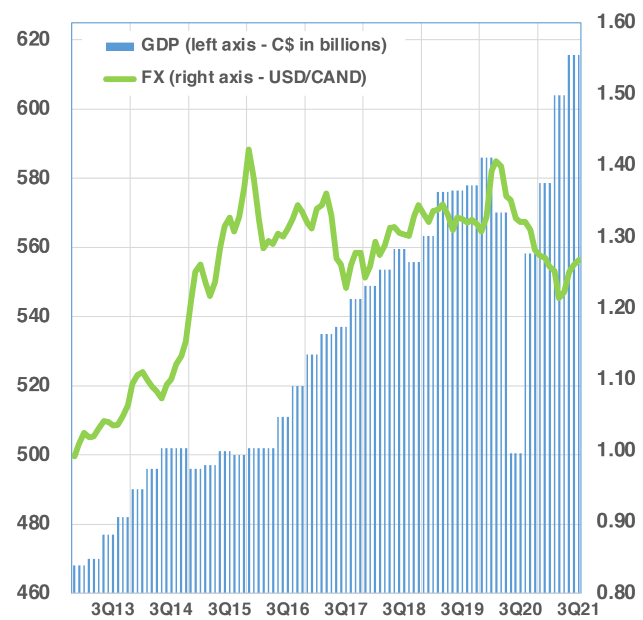
SECTOR PERFORMANCE (CHANGE PER PERIOD)



CANADIAN EMPLOYMENT RECOVERS

Unlike the recent disappointing September employment report in the U.S., Canada scored a substantial win for the month with the addition of 157,100 jobs. That was well above the 65,000 consensus and enough to push overall employment back to pre-pandemic levels, with three million jobs recovered. Meanwhile, Canada's jobless rate hit an 18-month low of 6.9%. One factor boosting employment is that the global economic recovery plays to the strengths of Canada's two largest sectors: Energy and Financials. After plummeting in the early part of the pandemic, oil prices have rebounded 65% this year and fourfold since bottoming in April 2020. Meanwhile, Treasury yields, which dipped to as low as 0.5% in mid-2020, now stand at more than triple that level. The country's economic improvement has not gone unnoticed in the currency markets, where the Canadian dollar recently topped US$0.80, up from US$0.74 at the depth of the pandemic recession. This makes earnings from Canadian companies more valuable when translated into U.S. dollars, helping valuations. We believe that select companies in Canada offer compelling investment opportunities.

CANADA ECONOMIC TRENDS



ECONOMIC CALENDAR

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
26-Oct	New Home Sales	September	740000	745000	758000	NA
	Consumer Confidence	October	109.3	110.0	109.8	NA
27-Oct	Wholesale Inventories	September	1.2%	1.5%	1.0%	NA
	Durable Goods Orders	September	1.8%	0..5%	-0.5%	NA
28-Oct	Real GDP	3Q	6.7%	4.2%	3.0%	NA
	GDP Price Index	3Q	6.1%	4.5%	5.3%	NA
29-Oct	Personal Income	September	0.2%	0.1%	-0.3%	NA
	Personal Spending	September	0.8%	0.6%	0.5%	NA
	U. of Michigan Sentiment	September	72.8	71.5	71.5	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
9-Nov	PPI Final Demand	October	0.5%	NA	NA	NA
	PPI ex-Food & Energy	October	0.2%	NA	NA	NA
10-Nov	Consumer Price Index	October	0.4%	NA	NA	NA
	CPI ex-Food & Energy	October	0.2%	NA	NA	NA