

Foresters Asset Management Inc. is a team of ten investment professionals covering multiple asset classes and markets. The team meets every month to review economic, political, and market indicators and compare these with their fundamental security analysis. Post these discussions biases to portfolios' asset mix may arise to reflect the prevailing market environment.

Summary of Bull and Bear
Indicators for February



Bulls — 12



Bears

Neutral — 15

1

Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
GDP					
Canada (YoY)	November-2016	1.6%	1.6%	Bullish	Canadian real GDP growth was solid in November and the gains were relatively broad based, with manufacturing, durable and nondurables, retail trade, finance and construction gaining. Only utilities output and wholesale trade fell.
U.S. actual (YoY)	December-2016	1.9%	1.7%	Neutral	
U.S. (QoQ) annualized	December-2016	1.9%	3.5%	Neutral	The first estimate marked a significant deceleration from the pace seen in the third quarter. As expected, household consumption & private investment supported growth, while net exports dragged. Exports fell as the strength of the U.S. dollar continued to weigh on outbound U.S. shipments.
ISM Manufacturing	January-2017	56.0	54.5	Bullish	The survey beat expectations, rising for the 5th straight month, and coming in at its best reading since Nov. 2014. All five components added to the headline gain with the most notable being employment. Activity in most regions picked up solidly, with only Chicago pulling back. Of the 18 industries surveyed, 12 reported growth last month compared to 11 in December.
ISM Non- Manufacturing	January-2017	56.5	56.6	Bullish	The survey remains close to its 16 month high. At the component level, production and new orders declined, while employment and supplier delivery delays grew.
Durable Goods Orders (YoY)	December-2016	-0.7%	-0.1%	Bearish	New orders for durable goods trailed consensus estimates, which projected a 2.5% increase. This dip followed a downwardly revised result in November
Capital Goods New Orders Non defense Ex. Aircrafts & Parts (YoY) [Core Orders]	December-2016	1.4%	-1.0%	Bullish	The pace of new orders of core goods climbed in December following solid gains during Nov. and Oct. respectively. A multiyear high in the pace of new orders suggests that demand will strengthen over the next few months. Businesses appear more optimistic regarding the policies coming from the Trump administration, and are less concerned about the higher interest-rate environment and a stronger U.S. dollar
Unemployment					
Canada	January-2017	6.8%	6.9%	Neutral-Bullish	Canada's jobless rate fell to 6.8% in January. Bloomberg's forecast was for an unchanged reading.
U.S.	January-2017	4.8%	4.7%	Bullish	The unemployment rate rose slightly to 4.8% due to a two-tenths increase in the participation rate.
Participation Rate					
Canada	January-2017	65.9%	65.8%	Bullish	The Canadian participation rate rose slightly over the previous month.
U.S.	January-2017	62.9%	62.7%	Bullish	The U.S. labour force participation rate climbed by two-tenths to 62.9% in January.
U.S. Wage Inflation (Average hourly earnings YoY)					
	January-2017	2.5%	2.8%	Neutral	Despite rising minimum wages in many states, average hourly earnings rose by only 0.1% monthly, bringing the year-over-year rate to 2.5% from 2.8%.
Non-Farm Payrolls					
Canada	January-2017	48,300	46,100	Bullish	Canadian employment rose much higher than the Bloomberg survey for a loss of 10,000 positions. The gain was split between 32,400 part-time positions and 15,800 full-time jobs. Most of the gains came from two categories: finance, insurance, real estate and leasing and business, building and other support services. Ontario and B.C. led regional growth.
U.S.	January-2017	227,000	157,000	Bullish	Non-farm payrolls were well above expectations, however, there were net negative revisions for the prior two months. The only decline was in state and local government positions.
Consumer Confidence (Conference Board)	January-2017	111.8	113.3	Neutral-Bullish	Consumer confidence fell in January, to a two-month low, a larger-than-expected move. Current conditions improved, while expectations slid. The decline in expectations reflects an uncertain outlook, particularly as it applies to incomes.
Consumer Confidence (University of Michigan)	February-2017	95.7	98.5	Neutral-Bullish	The survey dropped to a three-month low in January. While more than half of those surveyed expect better economic conditions in the future, the results reflected stark differences between Republicans & Democrats following the U.S. elections. Republicans registered sentiment about 40 points higher than Democrats, according to the survey.
Existing Home Sales (U.S.) (millions)	December-2016	5.49	5.65	Neutral-Bullish	U.S. existing home sales dropped to a 3-month low. Both components of overall sales were hit, with condos/co-ops suffering the most, and erasing all of the prior month's gain. The increase in mortgage rates, which jumped to 4.5% in Dec. from 3.7% in Sept. contributed to the decline.
Case Shiller (20) YOY Price Increase	November-2016	5.27%	5.09%	Bullish	Home-price gains accelerated for a fourth month. Home prices are steadily increasing on the back of solid hiring, stronger wages & low mortgages rates. A recent increase in borrowing costs threatens to slow down momentum in the housing market in the coming months. However, a scarce supply of homes will continue to support rising values.
Core CPI					
Canada (YoY)	December-2016	1.70%	1.60%	Neutral	The three new core metrics averaged a slightly firmer pace of 1.7% vs 1.6% in November. CPI common, which tracks more closely to the output gap, came in at 1.4% year-over-year.
U.S. CPI ex Food and Energy (YoY)	January-2017	2.30%	2.20%	Bullish	U.S. core CPI rose, driven by a jump in core goods prices (specifically apparel and new vehicles) and higher transportation services (airfares). The increase in core good prices marks the strongest monthly increase since the financial crisis.
U.S. PCE Core Deflator (YoY)	December-2016	1.70%	1.66%	Neutral-Bullish	Personal consumption expenditure prices, excluding food and energy, remain below the Fed's 2% target rate.
BOC Rate Decision	February-2017	0.50%	0.50%	Neutral	On Jan. 18th, the BoC left rates unchanged, as expected. The tone of the statement was neutral overall. Positives from statement were the U.S. outlook and higher commodity prices, while the BoC remains concerned about the stronger CAD, uncertainty relating to the global growth outlook and higher Canadian bond yields following the rise in U.S. yields. During the press conference following the release, Governor Poloz noted that a rate cut remains on the table. The CAD depreciated by nearly a \$0.01 on the news and the 2 year Government of Canada yield fell by just over 0.02%.
FOMC Rate Decision	February-2017	0.50%	0.50%	Bullish	On February 1st, Federal Reserve left the Fed funds target range unchanged at 0.5-0.75%, as expected. The committee noted that activity continues to expand at a moderate pace and that the labour market continued to strengthen. The Fed did upgrade its inflation outlook, noting that inflation will rise to 2% within the forecasting period.
ECB Rate Decision	January-2017	-0.40%	-0.40%	Neutral	On January 19th, the ECB left its policy unchanged. The accompanying statement also retained it's dovish bias. ECB President Draghi noted that inflation had increased "markedly" in December, but again emphasised that underlying inflationary pressures remained subdued.

Bond Market Indicators	Ticker	Yield	Return YTD	Return 1 Year	Comments
FTSE TMX Canada Universe Bond Index	CBALUYL/TR	2.63%	0.47%	4.22%	
FTSE TMX Canada All Corporate Bond Index	CBOBUYL/TR	2.18%	-0.18%	0.74%	
FTSE TMX Canada ST Overall Bond Index	CBOBSYL/TR	1.37%	0.19%	1.03%	
Barclays U.S. Aggregate Investment Grade (USD)	LBUSTRUU	2.68%	0.02%	0.93%	
Barclays U.S. Corporate Investment Grade (USD)	LUACTRGU	3.40%	0.26%	6.26%	
Barclays U.S. Corporate HY Bond Index (USD)	LF98TRUU	5.73%	2.21%	24.80%	

Stock Market Indicators	Ticker	Level	Return YTD	Return 1 Year	Comments
S&P/TSX Composite Index (CAD)	SPTSX	15,840.90	3.88%	29.91%	
S&P500 Index (USD)	SPX	2,344.48	5.02%	26.38%	
S&P500 Index (CAD)	SPX	3,060.72	2.68%	19.33%	
Eurostoxx Index (EURO)	SX5E	3,311.04	0.91%	22.14%	
Nikkei Index (YEN)	NKY	19,347.53	1.23%	22.83%	
CSI 300 Index (USD)	SHSZ300	3,440.93	3.95%	15.89%	

Commodities	Ticker	Level	Return YTD	Return 1 Year	Comments
CBOE SPX Volatility Index (USD)	VIX	12.29	-12.46%	-49.03%	
Gold (USD)	XAU	1,240.36	8.09%	3.33%	
CRB (USD)	CRY	192.78	0.16%	21.37%	
Copper (USD)	HG1	271.70	8.44%	32.47%	
Oil - WTI NYMEX (USD)	CL1	52.93	-1.47%	82.27%	

Currency/Rate Indicators	Level (yields)	Level (yields)	Change YTD	Change 1 Year	Currency/Rate Indicators	Level (yields)	Level (yields)	Change YTD	Change 1 Year
USD/CAD	USDCAD	1.3055	2.96%	6.20%	USDCNY	USDCNY	6.85	1.34%	-4.90%

Gov't of Canada Yield Rates

90 day	GTCAD3M GOVT	0.468%	0.02%	0.02%	90 day	USGG3M Index	0.518%	0.02%	0.24%
2 year	GTCAD2Y Govt	0.797%	0.05%	0.34%	2 year	USGG2YR Index	1.210%	0.02%	0.49%
5 year	GTCAD5Y Govt	1.195%	0.08%	0.57%	5 year	USGG5YR Index	1.945%	0.02%	0.73%
10 year	GTCAD10Y Govt	1.755%	0.04%	0.60%	10 year	USGG10YR Index	2.452%	0.01%	0.68%
30 year	GTCAD30Y Govt	2.435%	0.12%	0.48%	30 year	USGG30YR Index	3.043%	-0.02%	0.40%

U.S. Treasury Yield Rates

China Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
CPI YOY	January-2017	2.50	2.10	Neutral/Bearish	
PPI YOY	January-2017	6.90	5.50	Neutral	
Official Manufacturing PMI	January-2017	51.3	51.4	Neutral/Bearish	
Official Services PMI	January-2017	54.6	54.5	Neutral/Bearish	

Source: Bloomberg. Economic Indicators data as of February 16th, 2017. Currency, Market & China Indicators data as of February 15th, 2017.

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