

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 January



Bulls — 12



Bears

Neutral — 11

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Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
GDP					
Canada (YoY)	October-2016	1.5%	1.9%	Bearish	This release marked a reversal as the robust gains of the prior four months were replaced with a drop of 0.3%. The results reflected broad-based weakness across the goods-producing sector, as well muted results in tourism related sub-sectors and finance. The only positive sectors were retail and wholesale trade.
U.S. actual (YoY)	September-2016	1.7%	1.3%		
U.S. (QoQ) annualized	September-2016	3.5%	1.4%	Bullish	The final estimate of Q3 GDP marked a small improvement from the prior release. Business Investment, consumer spending and government purchases were revised higher.
ISM Manufacturing	December-2016	54.5	53.5	Bullish	
ISM Non- Manufacturing	December-2016	56.6	56.2	Bullish	
Durable Goods Orders (YoY)	November-2016	-0.2%	0.9%	Bearish	
Capital Goods New Orders Non defense Ex. Aircrafts & Parts (YoY) [Core Orders]	November-2016	-1.5%	-4.3%	Bearish	
Unemployment					
Canada	December-2016	6.9%	6.8%	Neutral-Bullish	The increase in the unemployment rate was due to a significant rise in the participation rate. This is a positive sign as discouraged workers are returning to the job search.
U.S.	December-2016	4.7%	4.6%	Bullish	The unemployment rate increased due to an increase in the participation rate, as well as divergence between the household and establishment employment surveys during the month. The household survey reported markedly weaker results. U6 unemployment held around cycle lows and the supply of workers has declined by 800,000 over the last three months.
Participation Rate					
Canada	December-2016	65.8%	65.6%	Neutral	Small improvement over the month as discouraged workers return to job-hunting.
U.S.	December-2016	62.7%	62.6%	Neutral	Continued improvement as the number of discouraged and marginally attached employed declines.
U.S. Wage Inflation (Average hourly earnings YoY)					
	December-2016	2.9%	2.5%	Bullish	Wages rebounded positively in December, following a decline in November. They are now at a seven-year high and appear poised to rise as the supply of available workers continues to decline.
Non-Farm Payrolls					
Canada	December-2016	53,700	10,700	Bullish	Very strong report, led by full-time job gains and gains in the private sector. On an industry basis, services once again produced the best results (professional, scientific and technical services, health care and social services) while the goods sector marked some positive results (manufacturing and construction). The only weakness came out of the agriculture and natural resources sectors. Wages increased slightly, but remain at the low level of 1.6% on a year-over-year basis.
U.S.	December-2016	156,000	204,000	Bullish	The headline number was slightly disappointing, however, there were net upward revisions to the prior two month releases. Most industries experienced positive hiring, with manufacturing advancing for the first time in five months. A slight deceleration in services was noted. Additionally, weekly work hours rose on the month.
Consumer Confidence (Conference Board)	December-2016	113.7	109.4	Bullish	
Consumer Confidence (University of Michigan)	January-2017	98.1	98.2	Bullish	
Existing Home Sales (U.S.) (millions)	December-2016	5.49	5.65	Neutral	
Case Shiller (20) YOY Price Increase	October-2016	5.10%	5.03%	Bullish	
Core CPI					
Canada (YoY)	December-2016	1.60%	1.50%	Neutral-Bullish	This release marks the second month where core CPI has been replaced by three new metrics and this summary captures the average of the three. There was little change in the average measure in December. Clothing and footwear and travel, services did suffer some price declines.
U.S. CPI ex Food and Energy (YoY)	December-2016	2.20%	2.10%	Bullish	There were some small gains during the month as prices in transportation (esp. airfares), medical care and computers increased, while losses were noted in apparel, household furnishings and recreational goods. The appreciation of the USD continues to weigh on domestic prices. The advance in headline inflation was more noteworthy as energy prices contributed significantly.
U.S. PCE Core Deflator (YoY)	November-2016	1.65%	1.77%	Neutral	This release missed expectations. Personal income rose, while durable goods spending declined. Looking forward, the near-term consumer outlook remains strong and labour market fundamentals are healthy. The decline seems to principally reflect the dampening effect of a stronger USD.
BOC Rate Decision	January-2017	0.50%	0.50%	Neutral	As expected there was no change to the overnight interest rate at the January meeting. This meeting was accompanied by a revised MPR which included small revisions from the October 2016 projections. The statement noted the divergence between the U.S. and Canada and specifically, Canada's continued material excess capacity. The BoC continues to monitor possible protectionist measures from the U.S., but has not incorporated them in their forecasts given the uncertainty around them.
FOMC Rate Decision	January-2017	0.50%	0.50%	Bullish	As expected, there was no change in rates at the January meeting. The accompanying minutes emphasized that uncertainties remain around fiscal policy and how it will be implemented. Additionally, the FOMC appears to believe that some of the tightening which will occur, will come in the form of a stronger currency, rather than rate hikes.
ECB Rate Decision	January-2017	-0.40%	-0.40%	Neutral	There were no significant changes at the January meeting. The interest rate remained stable. The amount of quantitative easing asset purchases will decline in April as originally announced.

Bond Market Indicators	Ticker	Yield	Return YTD	Return 1 Year	Comments
FTSE TMX Canada Universe Bond Index	CBALUYL/TR	2.66%	0.24%	3.95%	
FTSE TMX Canada All Corporate Bond Index	CBOBUYL/TR	2.16%	-0.17%	1.30%	
FTSE TMX Canada ST Overall Bond Index	CBOBSYL/TR	1.36%	0.09%	0.93%	
Barclays U.S. Aggregate Investment Grade (USD)	LBUSTRUU	2.63%	0.05%	1.74%	
Barclays U.S. Corporate Investment Grade (USD)	LUACTRGU	3.38%	-1.07%	21.12%	
Barclays U.S. Corporate HY Bond Index (USD)	LF98TRUU	5.87%	1.17%	21.53%	

Stock Market Indicators	Ticker	Level	Return YTD	Return 1 Year	Comments
S&P/TSX Composite Index (CAD)	SPTSX	15,642.26	2.47%	32.66%	
S&P500 Index (USD)	SPX	2,295.96	2.65%	25.01%	
S&P500 Index (CAD)	SPX	2,999.44	0.04%	14.77%	
Eurostoxx Index (EURO)	SX5E	3,326.15	1.17%	15.38%	
Nikkei Index (YEN)	NKY	19,057.50	-0.30%	13.51%	
CSI 300 Index (USD)	SHSZ300	3,375.90	1.99%	10.36%	

Commodities	Ticker	Level	Return YTD	Return 1 Year	Comments
CBOE SPX Volatility Index (USD)	VIX	10.73	-23.58%	-55.57%	
Gold (USD)	XAU	1,198.30	4.43%	8.16%	
CRB (USD)	CRY	194.30	0.93%	21.09%	
Copper (USD)	HG1	270.90	8.12%	35.59%	
Oil - WTI NYMEX (USD)	CL1	53.16	-1.04%	75.21%	

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	1.3064	2.89%	9.39%	USDCNY	USDCNY	6.88	0.89%	-4.42%

Gov't of Canada Yield Rates

90 day	GTCAD3M GOVT	0.454%	0.01%	-0.01%	90 day	USGG3M Index	0.487%	-0.01%	0.20%
2 year	GTCAD2Y Govt	0.817%	0.07%	0.41%	2 year	USGG2YR Index	1.244%	0.06%	0.39%
5 year	GTCAD5Y Govt	1.171%	0.06%	0.48%	5 year	USGG5YR Index	1.982%	0.05%	0.54%
10 year	GTCAD10Y Govt	1.818%	0.10%	0.58%	10 year	USGG10YR Index	2.517%	0.07%	0.52%
30 year	GTCAD30Y Govt	2.446%	0.14%	0.39%	30 year	USGG30YR Index	3.098%	0.03%	0.31%

U.S. Treasury Yield Rates

China Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
CPI YOY	December-2016	2.10	2.30	Bearish	
PPI YOY	December-2016	5.50	3.30	Neutral	
Official Manufacturing PMI	December-2016	51.4	51.7	Neutral/Bullish	
Official Services PMI	December-2016	54.5	54.7	Neutral/Bullish	

Source: Bloomberg. Economic Indicators data as of January 25, 2017. Currency, Market & China Indicators data as of January 24, 2017.

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