

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 November



Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
GDP					
Canada (YoY)	August-2016	1.3%	1.2%	Neutral/Bearish	Details from the report were broadly positive, with 11 of 19 industries reporting higher activity. Growth was led by the utilities and the extraction industries, while finance and retail suffered the largest declines. The Energy sector contributed, due to rising oil prices. However, if OPEC members do not agree to cap production going forward, growth may be impacted.
U.S. actual (YoY)	September-2016	1.5%	1.3%	Neutral/Bullish	
U.S. (QoQ) annualized	September-2016	2.9%	1.4%	Neutral/Bullish	The gain in Q3 GDP was above market expectations of 2.5%, however it was largely driven by inventory growth as well as an increase in net exports. Consumer spending continued to rise at a solid pace, with business investment increasing modestly. The inventory component is volatile and net trade does not appear sustainable, given the U.S. dollar strength.
ISM Manufacturing	October-2016	51.9	51.5	Bullish	The print was slightly above expectations of 51.7. The details of the report were upbeat, with continued growth in new orders, although at a slower pace than in previous months, while production accelerated further to 54.6, a 3 month high. Within the 18 manufacturing industries, 10 reported growth, with largely positive comments from the panel citing "a favorable economy and steady sales."
ISM Non- Manufacturing	October-2016	54.8	57.1	Bullish	A strong print, supporting optimistic forecasts that the economy will continue to grow at a solid pace through year-end. Of the 18 non-manufacturing industries, 13 reported growth.
Durable Goods Orders (YoY)	September-2016	0.8%	2.5%	Bearish	The report was slightly weaker than consensus estimates, mainly due to the defense aircraft and computer/electronic products industries. Core capex orders were mixed, with shipments posting a modest increase. Strength in orders faded considerably in Q3 as a number of unfilled orders and the slowing of new orders suggest factory output is likely to remain muted through year-end.
Capital Goods New Orders Non defense Ex. Aircrafts & Parts (YoY) [Core Orders]	September-2016	-3.8%	-0.7%	Bearish	Core capital goods orders, which are used to gauge future capital spending, fell 1.2% in September. However the August result was revised upwards from 0.9% to 1.2%.
Unemployment					
Canada	October-2016	7.0%	7.0%	Neutral	The unemployment rate has lingered around this level for the majority of the past five years.
U.S.	October-2016	4.9%	5.0%	Bullish	The unemployment rate came in slightly lower than the September result, marking a five month low. Overall, the measures which take into account slack labour market conditions indicate that the labor market moved closer to full employment.
Participation Rate					
Canada	October-2016	65.8%	65.7%	Neutral	
U.S.	October-2016	62.8%	62.9%	Bullish	
U.S. Wage Inflation (Average hourly earnings YoY)					
	October-2016	2.8%	2.7%	Bullish	Annual wage growth is now at a seven-year high, just below the Federal Reserve's desired pace of 3.0%, indicating that labour markets are at or near full employment. Higher wages are encouraging more workers to quit their jobs in order to find higher paying work. These now account for 12.1% of the unemployed.
Non-Farm Payrolls					
Canada	October-2016	43,900	67,200	Neutral/Bullish	The employment report beat expectations, making this the best 3-month span of job gains in more than four years. However, the gain was comprised of a 67k increase in part-time positions, while full-time jobs dropped by 23k. The gains were predominantly in the private sector. In addition, wage growth increased to 1.8% on a year-over-year basis, from 1.4% in September. On a sector basis, construction, retail and wholesale trade, natural resources and education were the largest gainers. Declines were led by business services, food and accommodation. Regionally, Ontario and B.C. had the greatest job creation.
U.S.	October-2016	161,000	191,000	Bullish	Non-farm payrolls came in slightly lower than expectations, but the slowing in job growth appears to have stabilized. The gains were spread across sectors, but did get a boost from the government sector. Additionally, this marked the third straight decline in manufacturing. Declines in mining/oil/gas remained small, as that sector appears to be bottoming out.
Consumer Confidence (Conference Board)	October-2016	98.6	103.5	Neutral/Bearish	The headline came in below expectations, at the lowest level since July. However, the index remains fairly elevated, and these results were likely influenced by the U.S. elections.
Consumer Confidence (University of Michigan)	November-2016	91.6	87.2	Neutral/Bearish	The preliminary November results beat expectations and indicated that consumers anticipate a rebound in longer-term inflation. This survey was collected prior to the U.S. election, which may have impacted expectations.
Existing Home Sales (U.S.) (millions)	September-2016	5.47	5.30	Neutral/Bearish	Although monthly sales came in higher than expected, residential investment detracted from GDP growth in Q3, as overall existing home sales declined for the period. Sales of single family homes increased, while condo/co-ops declined. Regionally, the gains were broad-based. The outlook for home sales is promising as the housing market is facing supply constraints coupled with strong demand.
Case Shiller (20) YOY Price Increase	August-2016	5.13%	4.98%	Neutral/Bullish	Price growth was better than expected. Home prices have been rising by approximately 5.03% for two years, supported by continued hiring, rising wages, low-cost mortgages, amid a limited supply of houses. Cities with the greatest yearly increase were Portland, Seattle and Denver. New York had the smallest increase at 1.7%, while Atlanta, Chicago, Detroit and Las Vegas had declines of 0.1%.
Core CPI					
Canada (YoY)	September-2016	1.80%	1.80%	Neutral	Annualized core CPI remained unchanged and appears to be settling below 2%, after being above 2% for most of the last two years, as the effects of CAD weakness decrease.
U.S. CPI ex Food and Energy (YoY)	September-2016	2.20%	2.30%	Neutral	Core inflation ticked down 0.1%, the smallest increase in seven months, due to declines in clothing, new and used vehicles, recreation and education, and communication prices.
U.S. PCE Core Deflator (YoY)	September-2016	1.70%	1.73%	Neutral	The print was in-line with expectations. The Federal Reserve target of 2% has not been reached since 2012.
BOC Rate Decision	October-2016	0.50%	0.50%	Bearish	The BoC released a revised Monetary Policy Statement and now expects lower growth in Q3, Q4 and 2017, with rates of 1.5%, 2.0% and 2.2% respectively. The downgrades indicate that economic slack will likely persist until the middle of 2018, and will continue to put downward pressure on core prices through 2017. The BoC sees current risks to its forecast as "roughly balanced", within an environment of "heightened uncertainty", especially in regards to the export outlook. With the recent Trump victory in the U.S. elections, the market considers that the chance of a rate cut by the BoC has increased. The market has assigned a 5.5% probability of a cut for December 7th meeting, and a 11% probability of a cut by March 2017.
FOMC Rate Decision	October-2016	0.25%	0.25%	Bullish	The FOMC left rates unchanged at their most recent meeting, as expected, but included changes in the policy statement, including a more constructive economic and inflation outlook, which imply the committee is closer to a rate hike. The market has assigned a 92% chance of a hike in December, up from 80% prior to the election. Policy makers have made it clear that the pace of rate hikes will be gradual and that the endpoint will be lower than historical levels, consistent with the downgrades to the neutral policy rate.
ECB Rate Decision	September-2016	-0.40%	-0.40%	Bearish	The ECB's decision and statement were uneventful. Draghi did state that monetary policy accommodation would not be in place indefinitely. In the meantime, the ECB continues to expect economic expansion to proceed at a moderate but steady pace, due to weak foreign demand and other downside risks.

Bond Market Indicators	Ticker	Yield	Return YTD	Return 1 Year	Comments
FTSE TMX Canada Universe Bond Index	CBALUYL/TR	2.55%	4.11%	5.34%	
FTSE TMX Canada All Corporate Bond Index	CBOBUYL/TR	1.96%	2.81%	4.55%	
FTSE TMX Canada ST Overall Bond Index	CBOBSYL/TR	1.21%	1.22%	1.80%	
Barclays U.S. Aggregate Investment Grade (USD)	LBUSTRUU	2.34%	3.60%	3.62%	
Barclays U.S. Corporate Investment Grade (USD)	LUACTRGU	3.15%	25.87%	29.36%	
Barclays U.S. Corporate HY Bond Index (USD)	LF98TRUU	6.59%	14.48%	11.06%	

Stock Market Indicators	Ticker	Level	Return YTD	Return 1 Year	Comments
S&P/TSX Composite Index (CAD)	SPTSX	14,574.04	14.91%	14.93%	
S&P500 Index (USD)	SPX	2,167.85	8.09%	9.51%	
S&P500 Index (CAD)	SPX	2,941.12	5.06%	10.80%	
Eurostoxx Index (EURO)	SX5E	3,042.63	-3.31%	-5.81%	
Nikkei Index (YEN)	NKY	17,672.62	-5.48%	-8.07%	
CSI 300 Index (USD)	SHSZ300	3,430.25	-5.96%	-6.33%	

Commodities	Ticker	Level	Return YTD	Return 1 Year	Comments
CBOE SPX Volatility Index (USD)	VIX	15.12	-16.97%	-24.70%	
Gold (USD)	XAU	1,213.95	14.40%	12.12%	
CRB (USD)	CRY	179.89	2.13%	-2.64%	
Copper (USD)	HG1	251.40	17.75%	15.96%	
Oil - WTI NYMEX (USD)	CL1	42.83	15.63%	5.13%	

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	1.3567	2.00%	-1.74%	USDCNY	USDCNY	6.86	-5.32%	-7.13%

Gov't of Canada Yield Rates

90 day	GTCAD3M GOVT	0.479%	-0.02%	0.06%	90 day	USGG3M Index	0.487%	0.32%	0.37%
2 year	GTCAD2Y Govt	0.666%	0.19%	0.06%	2 year	USGG2YR Index	0.992%	-0.06%	0.16%
5 year	GTCAD5Y Govt	0.978%	0.25%	0.04%	5 year	USGG5YR Index	1.682%	-0.08%	0.03%
10 year	GTCAD10Y Govt	1.564%	0.17%	-0.09%	10 year	USGG10YR Index	2.265%	-0.01%	0.00%
30 year	GTCAD30Y Govt	2.196%	0.05%	-0.15%	30 year	USGG30YR Index	3.028%	0.01%	-0.03%

U.S. Treasury Yield Rates

China Economic Indicators	Period Reported	Current	Previous	Outlook Bullish / Bearish	Comments
CPI YOY	October-2016	2.1	1.9	Bearish	
PPI YOY	October-2016	1.2	0.1	Neutral	
Official Manufacturing PMI	October-2016	51.2	50.4	Neutral	
Official Services PMI	October-2016	54.0	53.7	Neutral/Bullish	

Source: Bloomberg. Economic Indicators data as of November 14, 2016. Currency, Market & China Indicators data as of November 11, 2016.

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