October 25, 2018

RBC WEALTH MANAGEMENT

Global Insight Weekly

A closer look

Coping with the mercurial market

Kelly Bogdanova – San Francisco

The market's mood swings have been unsettling, but the underlying conditions that triggered the rout are unlikely to shatter the economic or earnings cycles. We think this will all sort out, but it will take some time.

The U.S. equity market weakened further recently amid heightened volatility, dragging many other markets down with it. The S&P 500 extended its pullback to 7.6% below the all-time high reached just a little more than a month ago. Year-to-date performance has been teetering between negative and positive territory lately.

We think the U.S. market's mercurial behavior is a temporary phenomenon. The immediate risks facing equities have not changed our constructive longer-term view because the two pillars for stocks—economic and earnings growth—are likely to continue to provide a solid foundation. Forward-looking indicators are still signaling the U.S. economic expansion will persist over the next year, at least.

However, the business cycle is likely in its later stages and short-term vulnerabilities have been exposed in recent weeks. Equity markets need more time to recalibrate to factor in these developments, in our view.

Pressure flow

The U.S. selloff began earlier in the month with the spike in Treasury yields. Fingers also pointed to the Federal Reserve as concerns mounted that it could push interest rates up too far, too fast, potentially constricting domestic and global growth. A confluence of other issues circled as well (see exhibit).

Recently, market declines have been triggered mainly by soft corporate earnings reports and cautious management commentary by select high-profile multinationals, and related tariff and China angst.

Multiple concerns pressuring equity markets ...

- U.S. earnings missteps
- Profit margin pressure
- Tariffs, China-U.S. trade dispute
- Global & Chinese growth risks
- Fed policy uncertainty, rates
- Italy/EU budget battle
- Lingering Brexit challenges
- U.S. midterm election angst

Source - RBC Wealth Management

Market pulse

4 U.S. equity fears not seen in fixed income

4 What we find interesting about the BoC's statement

5 Brexit battle signals uncontroversial U.K. budget

6 Some Asian markets near attractive valuation levels; Upgrade Japan to Overweight

Profit pruning

The single biggest factor that has changed in the past couple weeks is that some cracks have been exposed in the corporate earnings outlook. But at this point, we see them as relatively small ones, not gaping holes.

The U.S. and other markets are adjusting to softer margin trends and other missteps in Q3 reports, which are influencing how to perceive earnings for Q4 and, importantly, 2019.

Slower U.S. earnings growth had been expected for 2019 relative to this year even before the soft Q3 reports because the tax cut boost is dropping out of the data and year-over-year comparisons are tough. But with 26% of S&P 500 companies having reported Q3 results so far, we believe the consensus earnings forecast could be somewhat too high and the market action is likely signaling this.

Currently, the S&P 500 consensus estimate stands at $178 per share for 2019, where it has been for a number of months. RBC Capital Markets, LLC's Head of U.S. Equity Strategy Lori Calvasina is at a more conservative $173 per share level. Her forecast now looks more realistic to us. $170 per share is increasingly being discussed among market participants as a possibility. To get the 2019 consensus estimate down to $173 or $170 would require a reduction of roughly 3%–5%.

Normally if estimates are trimmed by this modest magnitude over the course of months and toward the end of the year when estimates typically come down, it could be absorbed by the market within a normal consolidation period and at a reasonable pace. But given the long streak of upward earnings revisions that market participants had become accustomed to, the risk of downward adjustments seems more challenging for the market to handle, especially in a volatile environment when a number of other issues are also playing a role in the selloff. We think this will all sort out, but it could take some time.

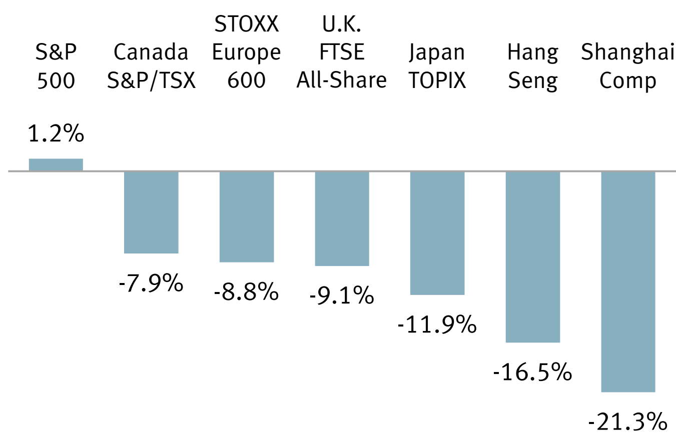
Just because the consensus forecast might be trimmed modestly in coming weeks and months doesn't mean it's on the path toward something worse. The long-term economic indicators that we monitor certainly don't hint of a potential sharp drop-off in earnings estimates because all of them are still flashing green (see table). This is key because recessions normally cause bear markets and the associated collapse in earnings estimates. The modest trimming of estimates is typically standard procedure at this stage of the business cycle and at this time of year.

Trade war tentacles

While concerns about the 2019 earnings outlook are a key cause of the recent downdraft in equities, the specific forces *behind* the soft Q3 reports have been an additional drag on most markets.

The heaviest losses are in Asia

Year-to-date declines of select equity indexes



Source - RBC Wealth Management, Bloomberg; data through 10/25/18; data in local currencies

Major economic indicators still in expansion mode

RBC Wealth Management U.S. economic indicator scorecard

Indicator	Status		
Yield Curve (12-month to 10-year)	✓	–	–
Unemployment Claims	✓	–	–
Unemployment Rate	✓	–	–
Conference Board Leading Index	✓	–	–
ISM New Orders Minus Inventories	✓	–	–
Fed Funds vs. Nominal GDP Growth	✓	–	–

Expansion | Neutral | Recessionary

Source - RBC Wealth Management, Bloomberg, FRED Economic Data St. Louis Fed

The U.S. tariffs on steel and aluminum and the U.S.-China trade dispute are common factors cited by management teams that have stumbled in Q3 or warned about future quarters. Input costs are rising for companies that use steel and aluminum or other goods with tariffs in their manufacturing processes. The tariffs don't discriminate. They are impacting select U.S., Canadian, European, and Asian companies.

All of this raises questions about how long the tariffs will be in place. After all, it's tough to remove them once they gain constituencies and the steel tariffs have definitely gained constituencies—U.S. steel workers are back on the job and wages have risen.

The market is also well aware additional U.S. tariffs could be imposed on China, and China could retaliate by raising non-tariff barriers. The broader, deepening geopolitical rivalry between the two countries is also on our minds.

The reality is that tariffs and trade disputes are uncertainties for the 2019 global economic and earnings outlooks. Sentiment in the U.S. was rather complacent about trade for many months and the market shook off tariff headlines. But now sentiment has shifted, mainly due to management comments and the realization the U.S.-China trade dispute could take time, perhaps quite some time, to sort out.

The valuation silver lining

Even with the existing tariffs and near-term earnings risks, it's important to consider that the vast majority of Q3 earnings reports have been solid. S&P 500 earnings are currently on pace to grow almost 24% y/y (roughly 8 percentage points of that comes from the tax cut boost). Among companies that have reported so far, about 82% have exceeded earnings estimates, well ahead of the strong trends in previous quarters and far above the long-term average. Revenue beat rates have moderated, although they are near the long-term average.

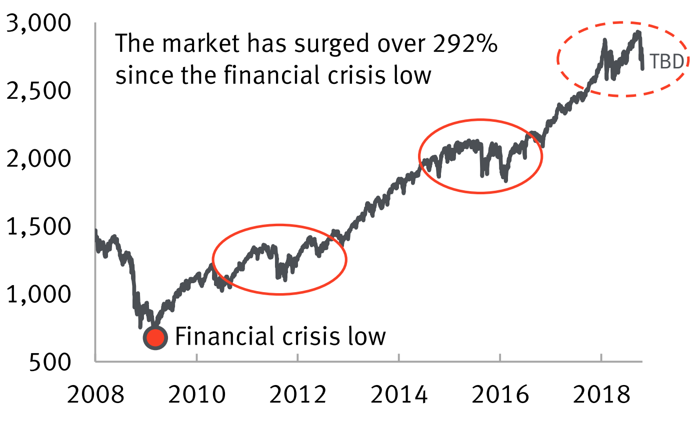
Importantly, investors should not lose sight of valuations. They've only become cheaper during this selloff. For example, the S&P 500 is trading at 15.6x RBC Capital Markets' 2019 estimate of $173 per share. This is below the long-term average of 16.2x since 1990. Other markets outside of the U.S. are even more reasonably valued or cheap.

Manage the mood

Our longer-term view remains that investors should give equities the benefit of the doubt as long as the economic, credit, and earnings cycles remain favorable for stocks. Our forward-looking economic indicators remain intact, and we still expect U.S. earnings to grow at an average pace in 2019 alongside an attractive valuation. The U.S. secular bull market should stay intact as this mercurial behavior runs its course.

So far this pullback is similar to previous choppy periods

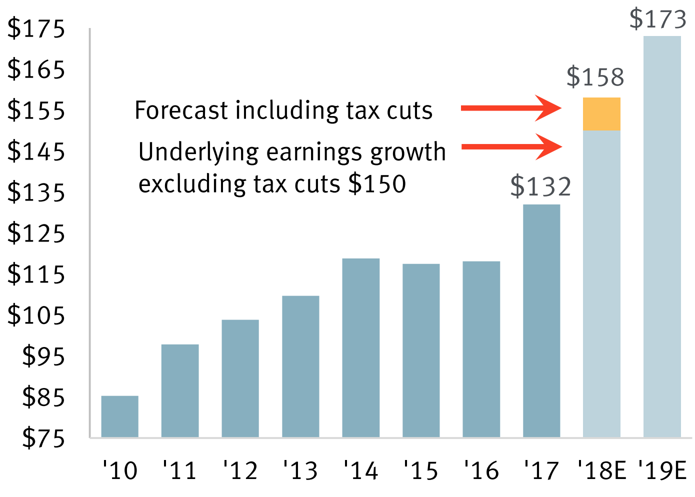
S&P 500 Index since 2008



Source - RBC Wealth Management, Bloomberg; data through 10/24/18

Despite Q3 missteps, we still expect earnings to rise in 2019

S&P 500 annual earnings per share and estimates



Source - RBC Wealth Management, RBC Capital Markets U.S. Equity Strategy, Thomson Reuters I/B/E/S; 2018 and 2019 data are RBC estimates

United States

Ben Graham, CFA – Minneapolis

- Some of the evidence behind the concepts in the preceding commentary further underscores the investor experience in recent trading sessions. The S&P 500 has declined a painful 8.9% so far this month, through Wednesday's close; small caps were down an even sharper 13.4%. **Sector performance was as expected in a fear-filled environment, as bond proxies outperformed and 2018 leaders struggled**. Utilities has been the best-performing sector in October, gaining 4.8% through Wednesday, with Consumer Staples the second-best, appreciating 1.5%; Real Estate is down a relatively small 2.1%. On the other end of the spectrum, economically sensitive and technology-oriented stocks have underwhelmed this month. Through Wednesday, Materials had fallen 13.0%, Industrials 11.6%, and Tech 10.8%. The relative underperformance of these sectors highlights the fact that the stocks most levered to the global and U.S. growth narratives have been the most challenged recently.
- However, it is very important to consider that **not all asset classes are exhibiting the risk aversion present in equity markets**. The high-yield (HY) fixed income market can be used as a rough proxy to measure the level of fear in bond markets, and HY bonds are considered "risky" assets, similar to equities. Typically, when economic and corporate prospects worsen, the interest rates that HY instruments pay must rise in order to properly price the increased risk fixed income investors are taking in light of the dampened prospects. Put differently, HY investors require higher interest rates relative to "risk-free" U.S. Treasury bonds for assuming the corporate default risk when economic and corporate prospects worsen. This is frequently measured by the spread between an aggregate HY interest rate and the U.S. Treasury curve. In today's environment, the HY data demonstrates the lack of contagion from equity markets spreading into fixed income markets, as shown in the chart. **This lack of fear in bond markets supports our view that patience with U.S. equities is the appropriate response to the recent selloff and we would continue to give U.S. and global equities the benefit of the doubt**.

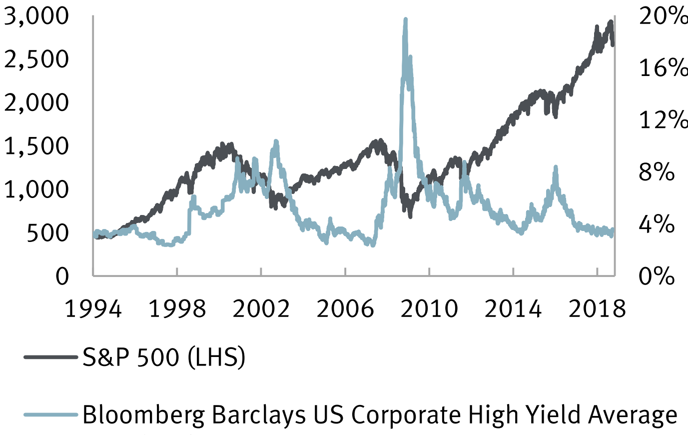
Canada

Diana Di Luca, Richard Tan, CFA, & Arete Zafiriou – Toronto

- **The S&P/TSX Composite is down about 8% year to date** whereas the S&P 500 is up marginally at about 1.2% in 2018. Renewed concerns on a deceleration in global growth rates are keeping investors at bay and amplifying a rotation into traditional defensive sectors such Utilities. Since the start of the selloff (October 4), only **two of the 11 sectors on the S&P/TSX Composite remain in positive territory**—Utilities and Communication Services. We note that the Communication Services sector was introduced in September, driven by the GICS realignment, and telecom incumbents contribute to approximately 84% of the sector segment.

Equity market fears not seen in fixed income markets

S&P 500, Bloomberg Barclays US Corporate High Yield Average OAS



Source - RBC Wealth Management, Bloomberg; data through 10/24/18

- The persistence of the low rate environment in past years has made it **attractive for companies to borrow cheap capital to fuel share buybacks**. Hawkish comments from the Bank of Canada (BoC) have led to the market's interpretation that the central bank may accelerate the pace of its rate hikes going forward. This shows (at least in the bank's view) that the Canadian economy remains healthy. **RBC Economics is forecasting three rate hikes in 2019**. While we believe volatility will persist in the near term, we recommend using this opportunity to **add to high-quality businesses with strong competitive advantages**. The Canadian banks are trading at a forward price-to-earnings (P/E) ratio of 10.7x vs. 12.2x as of October 1. We note that the indebted consumer base in Canada is a headwind and will likely lead to slower loan growth, in our opinion.
- On the flip side, **Energy has been one of the worst relative performers** since the selloff began. Differentials for WTI-WCS breached $50 per barrel due to a combination of tight pipeline capacity, elevated storage levels, and higher transportation costs from the railways. RBC Capital Markets does not expect differentials to improve meaningfully until mid-2019 when volumes for crude-by-rail is anticipated by RBC Capital Markets to double and when additional pipeline comes online, scheduled to occur by the end of 2019. For those looking to buy on the dip,

we would **continue to recommend looking at integrated names and those with stronger balance sheets** that can weather fluctuations in commodity prices. In addition, we caution that tax-loss selling season is approaching and the Energy sector could be a prime candidate with the group down approximately 9.5% YTD.

- **The S&P/TSX Composite has contracted** from a forward P/E ratio of 16.4x since the beginning of the year to 13.0x currently. This compares to the S&P 500 of 18.4x and 15.5x, respectively. Overall, **we remain Market Weight Canadian equities** as we believe the discount to U.S. peers provides adequate compensation for the inherent risks related to the domestic economy.
- As widely expected by the market, the **BoC hiked the overnight rate by 25 basis points** to 1.75% on October 24. The BoC's formal statement notes that the **global economic outlook "remains solid,"** with the U.S. economy being particularly strong. Despite the successful conclusion of NAFTA negotiations, **international protectionism** is still noted as a downside risk to the global economy: the BoC now projects a **0.30% drag on GDP growth**, down from 0.67% in the previous *Monetary Policy Report*.
- The latest *Monetary Policy Report* indicates **the Canadian economy is operating close to potential**, with "solid growth in both foreign and domestic demand." **Growth projections were mostly unchanged**, while the report noted that the composition of GDP growth continues to shift away from consumption and housing toward business investment and exports, driven in part by higher borrowing costs and stricter mortgage requirements. **Elevated household indebtedness** was noted as a risk to inflation, as was the potential spillover from U.S.-China trade tensions.
- What we find most interesting about the BoC's statement is that not only did the BoC remove the word "gradual" in relation to its hiking cycle, which was widely expected, but it actually went one step further to say that "**the policy interest rate will need to rise to a neutral stance to achieve the inflation target**." The neutral rate is estimated by the BoC to be somewhere between 2.5% and 3.5% and the policy rate is now 1.75%, which leaves a decent number of hikes to reach neutral. This is important for bond yields given the average neutral rate of 3% is roughly 50 basis points higher than the market currently has rates reaching this cycle. In essence, there is a clear difference between what the BoC has communicated and what the bond market believes to be reality. This is most prominent for bonds in the longer end (10 years+) of the curve, given the market expects the yield curve to fully flatten at 2.5%. We are currently **most comfortable recommending investors select short-to-intermediate maturities that offer lower expected volatility of returns**, a better source of liquidity within portfolios as we edge closer toward the end of the cycle, and an opportunity to reinvest at more attractive rates if the BoC follows through with its promise (more hikes than currently priced in).

Europe

Frédérique Carrier & Thomas McGarrity, CFA – London

- **Pan-European markets held up relatively well during the week, falling roughly half as much as the S&P 500** in local currency terms. Yet investors have reason to be nervous as the **earnings season which just got underway has unveiled a number of important earnings misses**. The Tech sector is struggling with challenges similar to those faced by U.S. peers, while companies exposed to emerging markets are also challenged (e.g., Anheuser-Busch InBev cut its dividend). It is much too early in the earnings season to reach a conclusion, but the initial trend is disappointing.
- The same can be said of macroeconomic data. The German flash services Purchasing Managers' Index revealed that **the German services sector may be slowing**, falling to a two-year low and below the consensus forecast. The ifo Business Climate Survey, a sentiment indicator for Germany, corroborated this. Manufacturing activity has slowed in the region, but economists had expected that the services sector would prove to be a cushion. **If current trends persist, there may be downside risk to RBC Capital Markets' forecast of 1.8% GDP growth for the eurozone for 2019**.
- **The U.K.'s annual budget** is always a political event, but more so this year as the budget to be unveiled on October 29 is **intimately intertwined with the Brexit negotiations**. The government cannot risk putting forward policies which would be disagreeable to certain Conservative factions or to the Democratic Unionist Party (DUP), the Northern Ireland party which props up the Conservative Party's wafer-thin majority, at such a delicate time in the Brexit negotiations. Hence, **we expect an uncontroversial budget**.
- The chancellor of the exchequer will want to honor Prime Minister Theresa May's "end of austerity" promise. **Some additional National Health Service spending can be financed through the better-than-expected tax receipts** so far this year. But a complete end to austerity would require sizeable tax increases to finance them. Such a move will likely be tackled down the road, though smaller tweaks to taxes are more likely at this point. **In reality, austerity will continue for now, but at a slower pace**.

- **We expect only limited additional Gilt issuance**, but over the total five-year forecast horizon, RBC Capital Markets observes that it is becoming increasingly difficult to reconcile the promised increased spending with the chancellor's borrowing plans from March 2019 and his aim of achieving a balanced budget.

Asia Pacific

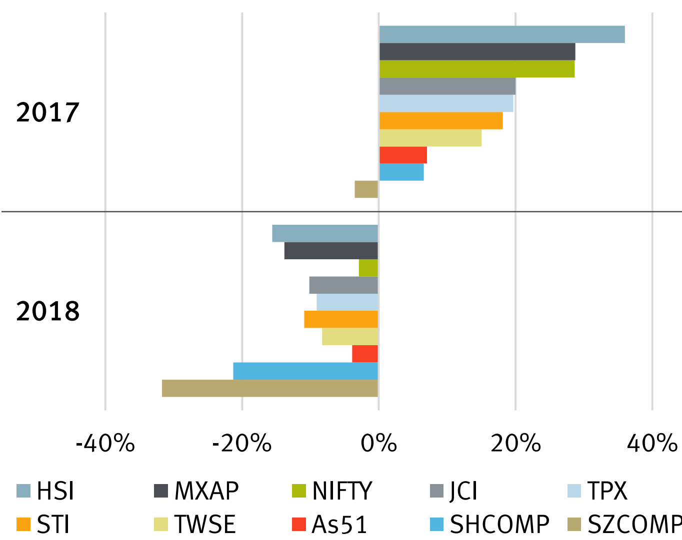
Jay Roberts, CFA – Hong Kong; Nicholas Gwee, CFA – Singapore

- **The MSCI AC Asia Pacific Index entered a bear market.** The index is down 20% from its January peak and 14.5% for the year.
- **The majority of the losses have occurred since May when the first U.S. tariffs were imposed on China**. The current pullback in U.S. equity markets has now accentuated the weakness in Asia. If the U.S. correction continues, **our base case would be for some further weakness** in Asian equities. However, some Asian markets are already moving close to attractive valuation range levels.

Hong Kong

- **The Hang Seng Index closed under 25,000 for the first time this year**. Hong Kong's benchmark, with most of its market capitalization from China-based companies, peaked at 33,154 on January 26 and has declined by 25%, albeit after a very strong run in 2017. Indeed, **a similar pattern has emerged** for many equity indexes in Asia (see chart).

Major equity indexes: 2017 & 2018 YTD returns



Indexes shown: Hong Kong Hang Seng Index (HSI), MSCI AC Asia Pacific Index (MXAP), NSE Nifty 50 Index (NIFTY), Jakarta Stock Exchange Composite Index (JCI), Tokyo Stock Exchange Tokyo Price Index (TPX), Straits Times Index (STI), Taiwan Stock Exchange Weighted Index (TWSE), S&P/ASX 200 (As51), Shanghai Composite Index (SHComp), Shenzhen Composite Index (SZComp). Source - RBC Wealth Management, Bloomberg; data through 10/24/18 and in local currencies

- For the first time in quite a while, **we are beginning to see value in the Hang Seng**. During the decline this year, valuations have been largely irrelevant. As we noted in October 11's *Global Insight Weekly*, book value in particular, as well as 1.1x book value, have historically been strong support levels for the index. These levels are 21,205 and 23,325, respectively.
- While this is not necessarily a timing tool—**valuations may remain depressed** for a while—historically, **investors have been rewarded over time** for allocating capital to Hong Kong-listed equities when valuations are close to book value. To repeat, **we are not quite there yet**—book value is 15% below the current index level and technicals are poor—but also not too far away.

Mainland China

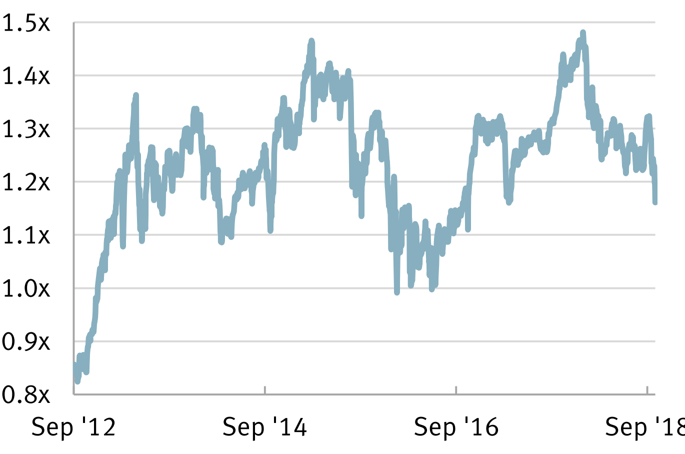
- Mainland China stocks are a **harder market to forecast**. There was some brief optimism regarding policy intervention in the past week. The authorities have supported weak equity markets before by announcing policy initiatives aimed at the economy or the market directly.
- Typically, these announcements have not marked the bottom of the market. But they **have signaled that the bottom is not far off**, generally one to six months away. While each situation has of course been different, we believe there is **not enough material weakness in Chinese economic data** at present to warrant quite the level of bearish investor sentiment that is now prevalent.
- Even so, **we continue to advise a cautious approach to China stocks** and would look for two things to take place. First, there needs to be a period of consolidation in the equity market to show that forced selling due to technical issues, such as margins calls, has abated. Second, MSCI China earnings have been consistently revised down for the past six months; that needs to halt.
- **The renminbi continues to decline against the dollar** and looks set to go above USDCNY7.00. RBC Capital Markets forecasts the pair to go to 7.20 by the middle of 2019.

Japan

- Japan remains our preferred North Asian equity market. **We are moving to Overweight from Market Weight** on Japan equities with a 12-month view. **Employment data is particularly strong**. Inflation is low but positive: a significant achievement for Japan. Earnings growth is decent and equity valuations are attractive. Corporate cash levels continue to rise. Return on equity, a measure of profitability, has reached a cycle high of around 10%. One risk is appreciation of the yen. However, we expect the yen to weaken in 2019.

- Similar to Hong Kong, **Japan's benchmark TOPIX index is also approaching levels of valuation support**. The index has traded above book value for almost the entire period Prime Minister Shinzo Abe has held office (since late 2012). There was a period in Q1 2016, during a global equity market correction, when the index traded between 1.0x and 1.1x book value. For the rest of the time, 1.1x book value has been a strong support line. 1.1x book is 1,470, 8% below the current index level of 1,600.

Price-to-book ratio of TOPIX Index since Abe came into office



Source - RBC Wealth Management, Bloomberg; data through 10/25/18

Singapore

- **The MSCI Singapore Index is down 17%** from its high in May. **More than one-third of index stocks are trading at or near 52-week lows**. Sentiment has weakened despite a fairly healthy macro environment. We believe risks remain skewed to the downside in the short-to-medium term. The U.S.-China trade dispute poses threats and opportunities for Singapore, in our view. Tariffs weigh down on trade flows and business confidence. However, with bilateral trade agreements, **trade diversion to the region may potentially cushion the impact**.
- **Valuation has become very attractive**, in our view. The price-to-book ratio of MSCI Singapore is 1.19x, the long-term average is 1.60x, while the low during the global financial crisis was 1.14x. We think the Singapore equity market will be **better supported relative to regional peers** due to relatively undemanding valuations and reasonable earnings growth.
- In terms of stock selection, we are cognizant of high near-term risks and **have a preference for defensive names and selective cyclical counters**.

MARKET SCORECARD

Data as of October 25, 2018

Equities (local currency)	Level	MTD	YTD	1 yr	2 yr
S&P 500	2,705.57	-7.2%	1.2%	5.8%	26.2%
Dow Industrials (DJIA)	24,984.55	-5.6%	1.1%	7.1%	37.5%
NASDAQ	7,318.34	-9.0%	6.0%	11.5%	38.5%
Russell 2000	1,500.40	-11.6%	-2.3%	0.5%	23.4%
S&P/TSX Comp	14,924.08	-7.1%	-7.9%	-5.9%	0.4%
FTSE All-Share	3,836.72	-7.1%	-9.1%	-6.2%	0.8%
STOXX Europe 600	355.07	-7.3%	-8.8%	-8.3%	3.5%
EURO STOXX 50	3,164.40	-6.9%	-9.7%	-11.9%	2.5%
Hang Seng	24,994.46	-10.1%	-16.5%	-11.7%	6.1%
Shanghai Comp	2,603.80	-7.7%	-21.3%	-23.3%	-16.9%
Nikkei 225	21,268.73	-11.8%	-6.6%	-2.0%	22.5%
India Sensex	33,690.09	-7.0%	-1.1%	2.0%	19.9%
Singapore Straits Times	3,012.84	-7.5%	-11.5%	-9.9%	5.6%
Brazil Ibovespa	84,083.51	6.0%	10.1%	9.7%	31.7%
Mexican Bolsa IPC	46,275.71	-6.5%	-6.2%	-5.3%	-3.8%
Commodities (USD)	**Price**	**MTD**	**YTD**	**1 yr**	**2 yr**
Gold (spot $/oz)	1,232.07	3.3%	-5.4%	-3.5%	-3.3%
Silver (spot $/oz)	14.64	-0.4%	-13.6%	-13.6%	-17.5%
Copper ($/metric ton)	6,188.00	-1.2%	-14.1%	-11.4%	31.0%
Oil (WTI spot/bbl)	67.33	-8.1%	11.4%	29.8%	36.0%
Oil (Brent spot/bbl)	76.63	-7.4%	14.6%	31.1%	50.9%
Natural Gas ($/mmBtu)	3.17	5.4%	7.3%	8.6%	14.2%

Govt bonds (bps chg)	Yield	MTD	YTD	1 yr	2 yr
U.S. 10-Yr Tsy	3.124%	6.3	71.9	69.3	136.8
Canada 10-Yr	2.452%	2.5	40.7	40.7	131.1
U.K. 10-Yr	1.441%	-13.2	25.1	3.7	35.2
Germany 10-Yr	0.398%	-7.2	-2.9	-8.4	36.8
Fixed Income (returns)	**Yield**	**MTD**	**YTD**	**1 yr**	**2 yr**
U.S. Aggregate	3.55%	-0.5%	-2.1%	-1.4%	-1.3%
U.S. Invest Grade Corp	4.21%	-1.0%	-3.3%	-2.1%	0.2%
U.S. High Yield Corp	6.73%	-1.2%	1.3%	1.4%	9.5%
Currencies	**Rate**	**MTD**	**YTD**	**1 yr**	**2 yr**
U.S. Dollar Index	96.6310	1.6%	4.9%	3.1%	-2.1%
CAD/USD	0.7650	-1.2%	-3.8%	-2.1%	2.1%
USD/CAD	1.3072	1.3%	4.0%	2.2%	-2.1%
EUR/USD	1.1372	-2.0%	-5.3%	-3.7%	4.4%
GBP/USD	1.2818	-1.6%	-5.1%	-3.3%	5.2%
AUD/USD	0.7081	-2.0%	-9.3%	-8.1%	-7.4%
USD/JPY	112.4800	-1.1%	-0.2%	-1.1%	7.9%
EUR/JPY	127.9000	-3.1%	-5.5%	-4.8%	12.7%
EUR/GBP	0.8872	-0.4%	-0.1%	-0.4%	-0.7%
EUR/CHF	1.1369	-0.3%	-2.9%	-2.8%	5.0%
USD/SGD	1.3809	1.0%	3.4%	1.5%	-0.6%
USD/CNY	6.9489	1.2%	6.8%	4.7%	2.5%
USD/MXN	19.4730	4.0%	-0.9%	2.3%	5.1%
USD/BRL	3.7074	-8.4%	12.1%	14.6%	19.1%

Source - Bloomberg. Note: Equity returns do not include dividends, except for the Brazilian Ibovespa. Bond yields in local currencies. Copper Index data and U.S. fixed income returns as of Wednesday's close. 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. Data as of 8:35 pm GMT 10/25/18.

Examples of how to interpret currency data: CAD/USD 0.76 means 1 Canadian dollar will buy 0.76 U.S. dollar. CAD/USD -3.8% return means the Canadian dollar fell 3.8% vs. the U.S. dollar year to date. USD/JPY 112.48 means 1 U.S. dollar will buy 112.48 yen. USD/JPY -0.2% return means the U.S. dollar fell 0.2% vs. the yen year to date.

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