GLOBAL
# Insight

RBC Wealth Management

Perspectives from the Global Portfolio Advisory Committee

August 2021

## Green metals

### Industrial commodities in a decarbonising world

As the global economic transition to clean energy accelerates, is the recent price surge in critical metals the start of a long-term uptrend?

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GLOBAL

# Insight

August 2021

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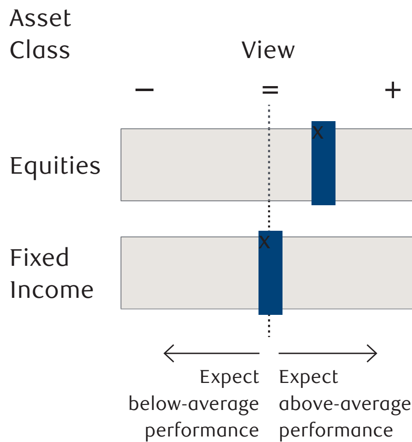
All values in U.S. dollars and priced as of market close, July 31, 2021, unless otherwise stated.

RBC Wealth Management

# RBC'S INVESTMENT Stance

## Global asset class views




(+/=/–) represents the Global Portfolio Advisory Committee's (GPAC) view over a 12-month investment time horizon.

**+ Overweight** implies the potential for better-than-average performance for the asset class or for the region relative to other asset classes or regions.

**= Market Weight** implies the potential for average performance for the asset class or for the region relative to other asset classes or regions.

**– Underweight** implies the potential for below-average performance for the asset class or for the region relative to other asset classes or regions.

Source - RBC Wealth Management

## EQUITIES

- We think the challenges posed by COVID-19 variants can be absorbed without serious economic repercussions, as long as hospitalization rates don't risk crippling health care systems and vaccines protect people from severe consequences of infections. Importantly, the global economic and corporate earnings recoveries seem durable, and monetary policy remains extraordinarily accommodative. U.S. recession risks are nowhere in sight, according to our six leading indicators, and other major economies are in favorable positions as well.
- With COVID-19, inflation, and policy uncertainties lingering, and as growth begins to settle into a more normal pace, the slope of the equity markets' upward trajectory is likely to be much shallower than over the past 16 months and could be accompanied by volatility. We would maintain a moderately Overweight position in equities in global balanced portfolios. However, we have lowered our recommended exposure to Asia ex-Japan to Market Weight largely due to regulatory risks in China.

## FIXED INCOME

- Global yields have trended even lower on lingering concerns over COVID-19 variants and risks to the economic outlook. The Fed likely completed discussions on tapering asset purchases at its July confab, with markets now looking for a formal announcement, or at least some details on plans, later this month at the Jackson Hole Economic Symposium or at the September Fed meeting. We favor shorter maturities in government debt as we continue to position for modestly higher yields in the back half of the year. In credit markets, valuations have pulled back slightly from historically rich levels, but corporate bond yields remain low in sympathy with low government bond yields, though we still expect credit to outperform government debt through the end of the year.
- We maintain our Market Weight in global fixed income, but continue to reduce interest rate risk exposure as the Bloomberg consensus survey for July indicates global yields should be expected to rise modestly on a continued repricing of a strong economic recovery. We maintain a modest Overweight to corporate credit, primarily via preferred shares and leveraged loans.

MONTHLY
# Focus

# Green metals: Industrial commodities in a decarbonising world

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Chris Beer leads RBC Global Asset Management's coverage of the Energy and Materials sectors. He has more than 25 years of experience researching and analyzing natural-resources companies, with a focus on precious metals and base-metal mining companies. His combination of investment-industry experience and four years as a field geologist bring diverse perspectives to his analysis.

With demand recovering from pandemic shutdowns while the transition to a greener global economy accelerates, rising prices for industrial metals have brought new attention to these critical commodities. Are investors seeing the start of a long-term uptrend?

Industrial commodity prices sagged at the onset of the global COVID-19 pandemic, but then reversed course after a couple of months and embarked on a sustained march higher that continued until recently. Copper, a bellwether industrial metal, climbed from $2.08 per pound in March 2020 to a peak of $4.88 in May of this year before settling back by as much as 20 percent in recent weeks.

As this price surge gained momentum across the spectrum of industrial metals, talk of a commodity supercycle—a multiyear, perhaps even decade-long, advance in prices—grew louder. Recently, however, some bricks in the wall of the supercycle story have become unstuck:

- China's government has been moving to realign the country's economy away from dependence on debt-financed (and commodity-intensive) infrastructure and real estate investment. Chinese officials have also warned businesses against speculative commodity buying.
- Meanwhile, global manufacturing has been disrupted over the past three quarters by supply chain problems, notably shortages of computer chips and shipping containers. The effect of these disruptions has been particularly apparent in automobile manufacturing, a major consumer of metals.
- In the U.S., housing construction has come sharply off the boil, while the Biden administration's proposed $2 trillion or more in new infrastructure spending may turn out to be less than $1 trillion—with no certainty of passage in Congress.

These developments prompt an important question for many investors: is the recent moderation in some industrial commodity prices merely a pause in a sustained uptrend that has much further to run, or are most of the upside fireworks already behind us? We asked Chris Beer, Senior Portfolio Manager, North American & Global Equities at RBC Global Asset Management Inc., to share his perspective.

### Jim Allworth – Chris, what do you think is driving all this theorizing about a commodity supercycle? It has to be more than just commodity prices moving up a lot over the past year.

**Chris Beer** – I think if you could point to one thing, it would be the fact that policymakers around the world appear to have swung decisively behind encouraging—or requiring—the development of decarbonised, sustainable power. Europe and China have become leaders in this regard and are mandating strict policies to meet net-zero targets by 2050, while the U.S. is more focused on allowing the market to incentivize the green economy.

## MONTHLY FOCUS

*Green metals*

Corporate boards, too, have committed to targets that would dramatically reduce their companies' carbon footprints over the next three decades. All this will require the electrification of a much greater proportion of the economy.

Building renewable power generation and storage, using electricity to decarbonise heavy emitters like steelmaking and oil refining as well as shipping and rail transport, replacing internal combustion engine (ICE) automobiles with electric vehicles (EVs), and adopting other emerging technologies to reduce greenhouse gas emissions will require large inputs of metals like copper, steel, nickel, lithium, and cobalt.

We think the supercycle expectations are built in large part on the premise that these new inputs will be over and above the increases in consumption of these metals that come with normal economic growth.

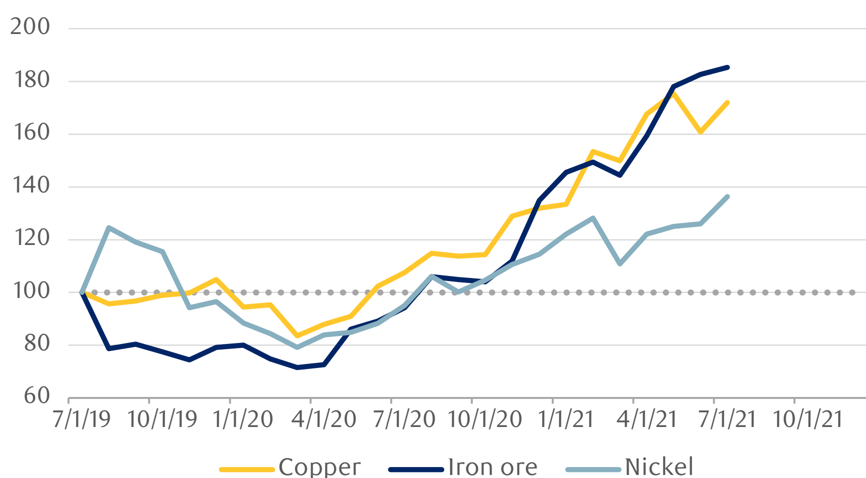
However, we see the possibility of some double counting here. For example, renewable power—solar and wind—already accounts for most of the new generating capacity in the developed world, but this change comes at the expense of conventional power stations not built. Similarly, electric vehicles are replacing gasoline-powered automobiles, but not materially adding to the total number of vehicles sold, and EVs arguably require fewer conventional material inputs while promising to have net negative knock-on effects on parts and service.

So just using more of these inputs doesn't necessarily mean that overall economic growth will be running faster than it otherwise would be. That's the unstated, hoped-for implication, but it's unlikely, in our opinion. That said, we see the greening of the economy as potentially the first strong secular tailwind for the metals that have crucial roles in the clean energy transition, beyond the inevitable cyclical demand for those metals over future business cycles.

Keeping with EVs for the moment, another factor to be considered is when these new volumes of, let's say, copper required by increasing electrification will become meaningful to the overall supply/demand equation. Roughly speaking, there are 100 kg of copper in an EV versus about 30 kg in an ICE automobile. In 2019, the year before the onset of the pandemic, approximately 2.1 million electric vehicles were produced; that was about two percent of total car production and added about 150,000 metric tons net to global copper demand, which totaled 23 million metric tons that year. In other words, EVs accounted for less than one percent of copper demand.

### Industrial metals on the rise

Relative change in prices of copper, iron ore, and nickel since July 2019 (7/31/19 = 100)




Source - Thomson Reuters, FactSet; data through 7/27/21

MONTHLY FOCUS

*Green metals*

If the number of EV units produced were to grow by 20 percent per annum from 2019 to 2030—a tall order, but not out of the question—then the extra copper consumed each year would rise to about 1.4 million metric tons, or about four percent of total copper demand. That's enough to be noticed, but not enough to move the needle by itself.

But beyond 2030, even if the growth of EV sales were to slow by half to 10 percent per annum, but with the growth now applied to this much larger base, then the EV segment alone would rapidly become one of the most important drivers of total copper demand growth. So in our view, the eventual replacement of ICE vehicles by electric ones is clearly a net positive for copper consumption, although most of the impact on the copper market should arrive after 2030.

### JA – But as you mentioned, EV production is just one of many factors that are being added to the industrial commodity equation by the greening of the global economy.

**CB** – Yes, there are many factors to consider, but in most cases the projected impact on metals consumption is unlikely to be significant for a decade or more. For example, there are a number of promising new technologies in terms of emissions reduction, such as carbon capture or replacing the use of coking coal in the steelmaking process with hydrogen produced using electricity from renewable sources. There's a lot of enthusiasm around these ideas, but so far they are only being tested on a limited scale.

Or consider offshore wind farms: turbines use a lot of copper and steel. Quite a number of large new wind power projects have been announced over the past year, but history shows that only a fraction of projects that are announced get built, and for those that do, there is often a considerable time interval before construction begins or power is produced. It's not just that the permitting process is usually time-consuming and politically fraught; most projects don't proceed to construction until there is a long-term sales contract in place at a price that makes economic sense, and those are getting harder to come by.

### JA – How does China figure in the outlook for copper and other industrial metals?

**CB** – Well, the short answer is, "a lot." China consumes more than half the annual global output of most metals. For two decades, it has accounted for the greater part of the growth in base metal consumption. But over most of that time span, China's policymakers were focused on modernization and urbanization. More than 60 percent of the population lived in rural, mostly agricultural communities in 1990; today, it's less than 20 percent. During the period of rapid urbanization, the government promoted the building of infrastructure, urban housing, and heavy, capital-intensive industry. More recent policies have sought to realign the economy away from a dependence on debt-financed fixed asset investment and toward the consumer and services sectors.

Most forecasters expect China's economy to slow further over the coming decade, and to become less capital-intensive in the process. That would suggest China's consumption of industrial materials will not grow as fast as it has. So we expect that China will remain hugely important, but not as powerful a source of dynamic growth.

MONTHLY FOCUS

*Green metals*

### JA – With China no longer to be relied upon to stoke demand for industrial commodities to the same degree, and with the greening of the global economy not likely to have a significant impact on commodity consumption until late in this decade, where does that leave the supply/demand balance for copper?

**CB** – Inventories are presently on the low side, which would normally be supportive, but weaker demand from China has taken the steam out of prices for now. Also, over the coming year, three major mining projects are set to ramp up production and bring new supplies to the market, which may have a mildly depressive effect. That said, we believe the U.S. and Europe are no more than midway through the current economic expansion, profit growth is strong, and some sort of infrastructure package will likely be agreed to in the U.S.

That leaves the demand picture mixed, but far from weak. And while there will be new supplies arriving over the coming year, bear in mind that the world needs more refined copper every year to keep up with even moderate demand growth. Historically, it has taken higher prices to stimulate new production; in our view, this argues against any material price weakness from here, and for higher prices down the road as the new demand from the greening of the global economy becomes more important later in the decade and beyond.

### JA – And how do things look for iron ore, the other big base metal market?

**CB** – The global iron ore export market is a very large 600 billion metric tons, and China is the major customer. As we noted earlier, China's economic priorities are being realigned toward services and the consumer, with less emphasis on infrastructure and fixed asset investment. That means China's use of steel may be plateauing. But at the same time, steel demand is likely to rise in India and some other emerging economies. In the near term, we think demand should remain reasonably strong in many developed economies as well, because the global supply chain disruptions of the past couple of years have provoked some precautionary onshoring of manufacturing production facilities.

But importantly, supply growth for iron ore is constrained. One large new project just getting underway in Africa will eventually bring 20 to 50 million metric tons of iron ore to the market annually, but not for several years, and at a cost of at least $20 billion. Here, too, high prices—probably higher than today's—will likely be needed to stimulate the required investment to meet even modest demand growth.

### JA – So, we are left with some uncertainty as China's demand for industrial commodities plateaus, or at least doesn't grow as fast as it has in prior decades. Does that still leave room for a supercycle interpretation?

**CB** – If we are talking about a multiyear period of prices moving higher on a trend basis, we think it does. If we are thinking of an uninterrupted continuation of last year's rocket ride higher, then probably not. The long-term demand picture looks better the further out you get, and the supply picture is tight coming off a lengthy period of underinvestment. Again, our view is that higher prices will be needed if supplies of the major metals are to keep pace with even modest demand growth.

**JA** – Thanks for sharing your thoughts, Chris.

GLOBAL
# Equity

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## Good, but not as good

All major markets and many lesser ones have exceeded their pre-pandemic peaks with the exception of the UK, which is noteworthy given the FTSE All-Share's high exposure to energy and mining—both of which have been strong performers.

The most recent, post-pandemic new high for the Shanghai market (which nonetheless was almost 28% below its 2015 peak) was set in February. Since then, that market has consolidated in a range from which it has recently broken down; a response to successive regulatory interventions in some high-profile businesses and sectors. This has not taken much of a toll on other Asian markets; however, it still may. The very recent bank reserve ratio reduction of 50 basis points is seen as a government response to rekindle growth and soothe markets

Elsewhere, monetary conditions remain extraordinarily accommodative. While some fiscal stimulus measures are set to expire, we think their impact will be present for a more extended period in the form of very large excess savings built up in personal and corporate bank accounts over the past year. Expiry of most income continuation measures should bring a significant number of workers back into the workforce, alleviating the labor shortages in evidence over the past several months, as will a fuller reopening of most economies.

On a year-over-year basis, Q2 2021 will likely have marked the peak GDP growth rate for this cycle, if only because Q2 2020 was so deeply negative. The Q2 2021 quarter-over-quarter growth rate in most of the developed economies will have been strong enough, but encumbered somewhat by renewed shutdowns in some countries and regions and by the drag of inventory declines stemming from the worldwide shortage of shipping containers and computer chips. We expect some of that lost GDP will be regained in the next couple quarters.

Consumers and businesses are both confident that positive economic performance will continue. In the U.S., CEO confidence (as measured in May by the Conference Board) was at an all-time high. Management guidance accompanying Q2 earnings reports has been overwhelmingly upbeat. On balance, analysts continue to raise earnings estimates.

We think economic growth will level off to a more sedate pace, sometime in the next few quarters, and confidence will transform into something less optimistically one-sided.

Meanwhile, investors have no shortage of things to worry about. Inflation has been high on that list, of late, particularly in the U.S. where recent monthly Consumer Price Index readings have been unexpectedly elevated. While many are lined up behind the Fed's "transitory" view, there is another camp that believes higher-than-is-comfortable inflation is here to stay. We think it will take at least a year to determine which side is correct. However, we note that an alternative measure—the so-called "trimmed mean" PCE (personal consumption expenditures) inflation rate—which the Fed says "has been shown to outperform the more conventional 'excluding food and energy' measure as a gauge of core inflation," is still giving a less than 2% year-over-year reading.

In any event, we think Fed policy matters the most to the eventual path of the economy. Tapering of quantitative easing is on the way and will probably start in early 2022 with a first rate hike expected in early 2023. Both could be advanced by a month or two, but neither is likely to hold immediate negative economic implications. In our view,

### Equity views

| Region | Previous | Current |
|---|---|---|
| Global | + | + |
| United States | + | + |
| Canada | = | = |
| Continental Europe | + | + |
| United Kingdom | = | = |
| **Asia (ex Japan)** | **+** | **=** |
| Japan | = | = |

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

## GLOBAL EQUITY

a path remains open for the global economy to keep growing and for stock markets to deliver worthwhile all-in returns over the coming 12 months. However, the slope of the markets' trajectory is likely to be much shallower than over the past 16 months and perhaps occasionally volatile as well.

We recommend a global balanced portfolio be moderately Overweight equities. Recently, we lowered our recommended exposure to Asia ex-Japan to Market Weight or neutral.

GLOBAL

# Fixed income

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## A tightrope walk for central banks

The decline in global bond yields has only gathered steam as Q3 marches on, with no shortage of factors cited as potential explanations. Top of mind for markets, of course, is the path of COVID-19 and the possible risks posed to the economic outlook. While still appearing unlikely to necessitate widespread lockdowns as in past waves of infections, the current wave at the very least has perhaps removed some of the most optimistic reopening scenarios that had led markets to reprice sharply higher yields earlier in the year.

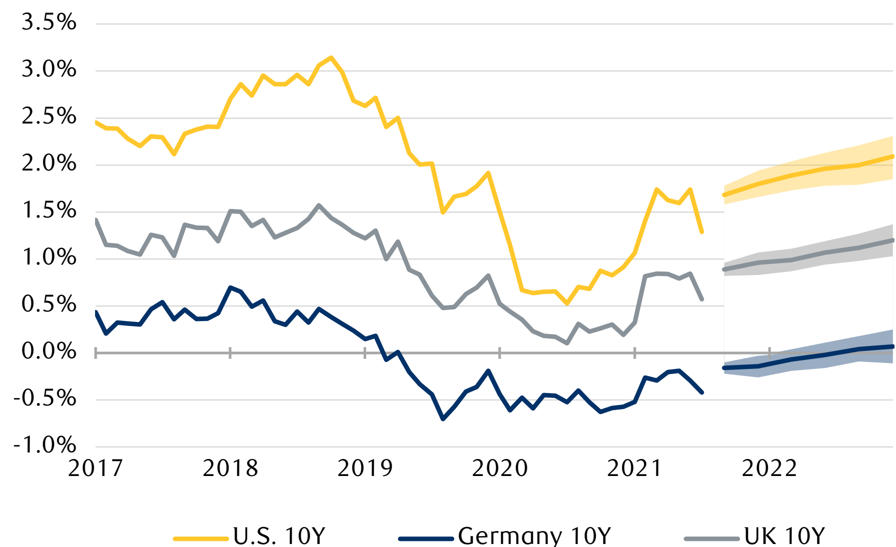
And while that is one factor weighing on Treasury yields, the Fed's surprisingly hawkish June meeting—which included a faster projected rate hike path than markets had anticipated—continues to be another factor dragging U.S. yields lower, and yield curves flatter, on fears that the Fed could be at risk of tightening monetary policy too soon.

Regardless, discussions on dialing back policy support via a reduction in monthly asset purchases have continued, with the August 26–28 Jackson Hole Economic Symposium, a venue that has previously provided the backdrop for significant shifts in monetary policy, the next opportunity for Fed officials to offer markets some concrete details of the next phase of monetary policy. Consensus expectations still point to Q1 2022 as the kickoff date for tapering, but at a time of heightened uncertainty policymakers will have to find a way to balance their message so as not to spook markets, especially as inflationary pressures appear to be not quite as temporary as Fed officials previously thought.

Global central banks will face similar challenges in the months ahead, but many are not as far down the path toward removing accommodation as the Fed is. The European Central Bank (ECB) recently adopted a similar inflation targeting framework to the Fed, which would allow for temporary inflation overshoots, and only means that the ECB will keep monetary policy easy for even longer, in our view.

**After recent drop, yield forecasts remain subdued**

10-year government bond yields




Source - RBC Wealth Management, July Bloomberg Survey, forecast period of Q3 2021 to Q4 2022 shows median estimates; shaded regions represent central range of forecasts

## GLOBAL FIXED INCOME

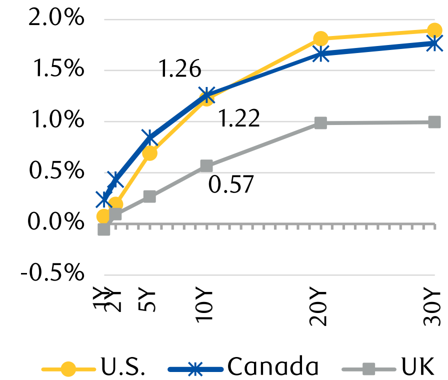
While we would advise investors to not ignore the market signals that lower sovereign yields could be sending about the economic outlook, our base case remains that many of the fundamental and technical factors that have contributed to the decline in the yield backdrop since March will fade, and that yields will claw their way higher into the end of the year, if only modestly so.

### Fixed income views

| Region | Gov't bonds | Corp. credit | Duration |
|---|---|---|---|
| Global | = | = | 5–7 yr |
| United States | = | = | 5–7 yr |
| Canada | = | = | 5–7 yr |
| Continental Europe | = | = | 5–7 yr |
| United Kingdom | – | = | 3–5 yr |

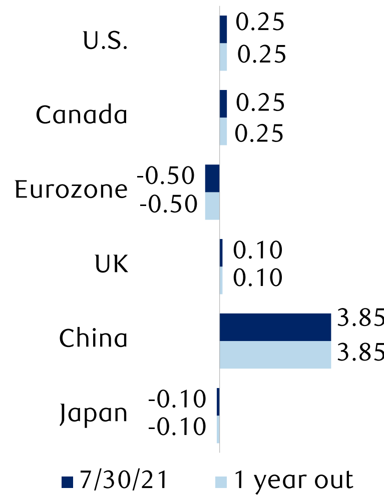
+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

### Sovereign yield curves



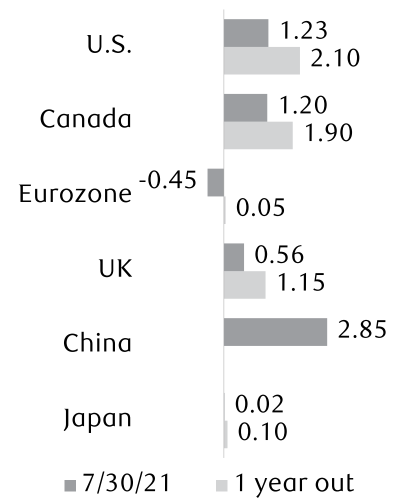

Source - Bloomberg; data through 7/30/21

### Central bank rate (%)



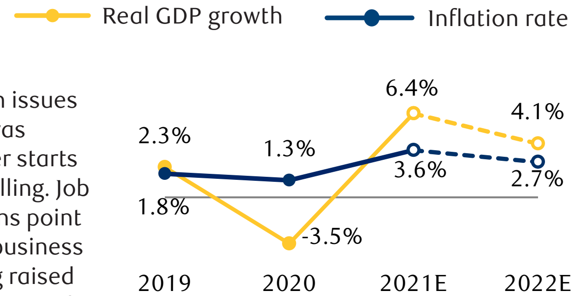

Source - RBC Investment Strategy Committee, RBC Capital Markets forecasts, Global Portfolio Advisory Committee, RBC Global Asset Management

### 10-year rate (%)



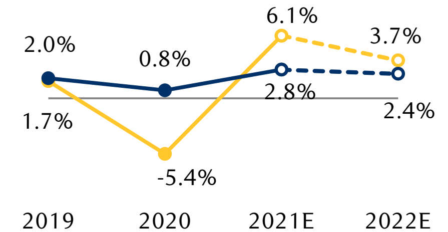

Note: Eurozone utilizes German Bunds.
Source - RBC Investment Strategy Committee, Global Portfolio Advisory Committee, RBC Global Asset Management

KEY
# Forecasts



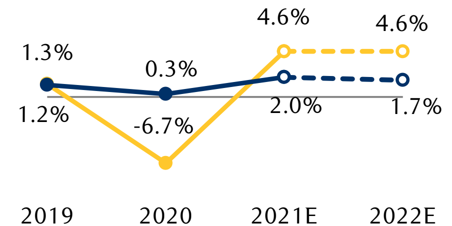

## United States: Mildly disappointing

Q2 GDP disappointed at +6.5%. Supply chain issues subtracted 1.5%. Consumer very strong as was capex. Weak housing permits flagging slower starts ahead. Weekly unemployment claims still falling. Job openings and small business hiring intentions point to more employment gains. Consumer and business confidence very strong. Estimates still being raised after strong Q2 earnings and upbeat guidance. Fed on road to tapering QE late this year/early next.



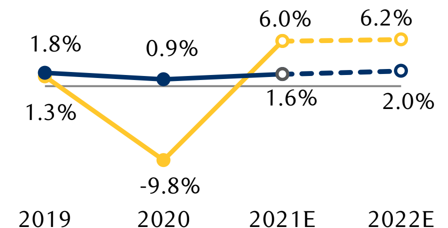

## Canada: Summer rebound

Lockdowns pushed GDP lower in April and May but a strong June should more than make up lost ground. More vigorous H2 forecast. Employment growth rebounding. House prices as well as consumer and business confidence all strong. The BoC left its key interest rate at historic lows but cut the pace of bond purchases to CA$2B per week from CA$3B. The Canadian dollar weakened by as much as 6% from its May peak after climbing 22% in the prior 14 months.



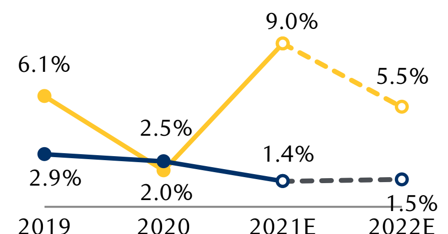

## Eurozone: Very strong services

The eurozone's composite PMI hit its highest level in 21 years, driven by a further acceleration in services activity as lockdown restrictions eased. Diminished travel restrictions saw the largest rise in services exports (i.e., tourism) ever. But German manufacturing output was constrained by supply chain shortages which may drag on Q2 GDP. The ECB stated that the euro area recovery is "on track" and that the rebound in Q3 is on course to be "strong." No ECB policy changes contemplated.



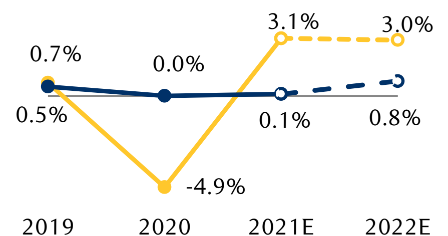

## UK: QE up for discussion

While BoE policy remains on hold, some MPC members have indicated they would prefer an early end to QE. A very strong recovery in the labour market has prompted concern about rising inflation pressures. However, GDP disappointed in May. Manufacturing results were much worse than strong PMIs would have suggested. Six of 13 manufacturing subsectors contracted in the month as did construction. H2 growth expectations likely to shift lower.




## China: Softer activity in Q2

China composite PMI remains above 50 (in expansion territory). Manufacturing stronger than services, which have been weakened by regional lockdowns. PBoC cut bank reserve requirements by 50 bps in response to slowing growth. Exports improving, but supply chain issues may still be felt. Government trying to avoid overstimulating to keep loan growth at a sustainable pace. Consumer spending improving but car registrations slowing.




## Japan: Chip shortage weighs

June industrial output recovered from May slump to best since mid-2020. Employment solid as job openings elevated. Q3 growth likely to be held back by chip shortage and COVID-19-related lockdowns. Slow vaccine rollout a factor. Consumer confidence elevated, but consumer spending muted. Business confidence on the rise.

Chart source - RBC Investment Strategy Committee, RBC Capital Markets, Global Portfolio Advisory Committee, RBC Global Asset Management Bloomberg consensus estimates

# MARKET Scorecard

*Data as of July 31, 2021*

### Equities

The S&P 500 has outperformed the broader market YTD, while several Asian indexes have underperformed.

### Bond yields

A rally in bond purchases pushed yields on the U.S. 2Y and 10Y Treasury lower for the month.

### Commodities

Natural gas prices soared amid sweltering heat and a growing supply-crunch concern.

### Currencies

Following the July meeting, Fed Chair Jerome Powell reassured markets that a rate hike is not in the near-term horizon, sending the U.S. dollar to multi-week lows.

| Index (local currency) | Level | 1 month | YTD | 12 month |
|---|---|---|---|---|
| S&P 500 | 4,395.26 | 2.3% | 17.0% | 34.4% |
| Dow Industrials (DJIA) | 34,935.47 | 1.3% | 14.1% | 32.2% |
| Nasdaq | 14,672.68 | 1.2% | 13.8% | 36.6% |
| Russell 2000 | 2,226.25 | -3.6% | 12.7% | 50.4% |
| S&P/TSX Comp | 20,287.80 | 0.6% | 16.4% | 25.5% |
| FTSE All-Share | 4,030.24 | 0.4% | 9.7% | 22.8% |
| STOXX Europe 600 | 461.74 | 2.0% | 15.7% | 29.6% |
| EURO STOXX 50 | 4,089.30 | 0.6% | 15.1% | 28.8% |
| Hang Seng | 25,961.03 | -9.9% | -4.7% | 5.6% |
| Shanghai Comp | 3,397.36 | -5.4% | -2.2% | 2.6% |
| Nikkei 225 | 27,283.59 | -5.2% | -0.6% | 25.7% |
| India Sensex | 52,586.84 | 0.2% | 10.1% | 39.8% |
| Singapore Straits Times | 3,166.94 | 1.2% | 11.4% | 25.2% |
| Brazil Ibovespa | 121,800.80 | -3.9% | 2.3% | 18.4% |
| Mexican Bolsa IPC | 50,868.32 | 1.2% | 15.4% | 37.4% |
| **Bond yields** | **7/31/21** | **6/30/21** | **7/31/20** | **12 mo. chg** |
| U.S. 2-Yr Tsy | 0.184% | 0.249% | 0.105% | 0.08% |
| U.S. 10-Yr Tsy | 1.222% | 1.468% | 0.528% | 0.69% |
| Canada 2-Yr | 0.450% | 0.450% | 0.268% | 0.18% |
| Canada 10-Yr | 1.203% | 1.389% | 0.467% | 0.74% |
| UK 2-Yr | 0.060% | 0.063% | -0.067% | 0.13% |
| UK 10-Yr | 0.565% | 0.716% | 0.104% | 0.46% |
| Germany 2-Yr | -0.762% | -0.601% | -0.713% | -0.05% |
| Germany 10-Yr | -0.461% | -0.185% | -0.524% | 0.06% |
| **Commodities (USD)** | **Price** | **1 month** | **YTD** | **12 month** |
| Gold (spot $/oz) | 1,814.19 | 2.5% | -4.4% | -8.2% |
| Silver (spot $/oz) | 25.49 | -2.4% | -3.5% | 4.5% |
| Copper ($/metric ton) | 9,701.00 | 3.7% | 25.2% | 51.1% |
| Oil (WTI spot/bbl) | 73.95 | 0.7% | 52.4% | 83.6% |
| Oil (Brent spot/bbl) | 76.33 | 1.6% | 47.4% | 76.3% |
| Natural Gas ($/mmBtu) | 3.91 | 7.2% | 54.2% | 117.6% |
| Agriculture Index | 407.78 | -2.2% | 10.9% | 50.3% |
| **Currencies** | **Rate** | **1 month** | **YTD** | **12 month** |
| U.S. Dollar Index | 92.1740 | -0.3% | 2.5% | -1.3% |
| CAD/USD | 0.8019 | -0.6% | 2.1% | 7.6% |
| USD/CAD | 1.2475 | 0.6% | -2.0% | -7.0% |
| EUR/USD | 1.1870 | 0.1% | -2.8% | 0.8% |
| GBP/USD | 1.3904 | 0.5% | 1.7% | 6.3% |
| AUD/USD | 0.7344 | -2.1% | -4.5% | 2.8% |
| USD/JPY | 109.7200 | -1.3% | 6.3% | 3.7% |
| EUR/JPY | 130.2300 | -1.2% | 3.2% | 4.4% |
| EUR/GBP | 0.8537 | -0.4% | -4.5% | -5.2% |
| EUR/CHF | 1.0747 | -2.0% | -0.6% | -0.1% |
| USD/SGD | 1.3544 | 0.7% | 2.4% | -1.5% |
| USD/CNY | 6.4614 | 0.1% | -1.0% | -7.4% |
| USD/MXN | 19.8675 | -0.3% | -0.2% | -10.8% |
| USD/BRL | 5.2119 | 4.9% | 0.3% | -0.2% |

Equity returns do not include dividends, except for the Brazilian Ibovespa. Equity performance and bond yields in local currencies. U.S. 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.

Examples of how to interpret currency data: CAD/USD 0.80 means 1 Canadian dollar will buy 0.80 U.S. dollar. CAD/USD 7.6% return means the Canadian dollar has risen 7.6% vs. the U.S. dollar during the past 12 months. USD/JPY 109.72 means 1 U.S. dollar will buy 109.72 yen. USD/JPY 3.7% return means the U.S. dollar has risen 3.7% vs. the yen during the past 12 months.

Source - RBC Wealth Management, RBC Capital Markets, Bloomberg; data through 7/31/21

# Research resources

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As of June 30, 2021

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|---|---|---|---|---|
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| Hold [Sector Perform] | 575 | 40.69 | 173 | 30.09 |
| Sell [Underperform] | 51 | 3.61 | 4 | 7.84 |

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