

Monthly Market Snapshot

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- Going into July, investors knew that the second quarter corporate earnings season was going to play a material role in determining whether or not the market rally would be extended for another month. Most of the reported results proved to be better-than-expected and this helped lift equity prices to their highest levels since last fall. While many companies still reported substantial losses they exceeded analyst forecasts, which was an encouraging sign for investors. The S&P/TSX index gained 4.2% (total return) for July, while the S&P 500 advanced 7.6% (total return).
- Surprises in the US economic data readings for the month also helped boost equity prices as leading indicators, new home sales, weekly jobless claims, and industrial production all started to turn for the better. Most importantly, US GDP figures showed that the country's economy contracted less-than-forecast for Q2 2009.
- The improvement to corporate earnings and the upturn in most economic data began to spark rumblings that the recession might be over, and these sentiments were even supported by the most bearish of economists, Nouriel Roubini. The Bank of Canada also claimed that its country's recession had officially come to an end but warned that the road to recovery would be slow at best. Dundee's Chief Economist, Martin Murenbeeld, stated that a lull in consumer spending would be the factor slowing down economic recovery, and the Bank of Canada echoed that view, with Governor Mark Carney claiming that unemployment will need to fall before we can "break out the champagne".
- One major worry for the future of the Canadian economy is the relentless rise of the Canadian dollar, which moved from \$0.86 USD/CAD up to \$0.93 USD/CAD in just a few short weeks. As the capital market environment improves, investors are flooding out of the "safety" of the US dollar and are buying into Canada's resource centric economy. While this might be positive news for Canada's raw materials industry, a strong Canadian dollar is detrimental to the country's exporters, who have already been suffering due to the decline of consumer spending in the US, Canada's largest trading partner.
- A falling US\$ helped push gold to near US\$954/oz. However, the precious metal met resistance at that level after the US Fed stated that it would reduce its monetary base as necessary to deal with inflationary concerns and rumours spread regarding the possibility of substantial IMF gold sales in the near future. The base metals and oil rallied after stalling early in the month (or in June) as the rush of positive news improved the demand outlook for resources. The CRB index added 7.49% for the month, while oil jumped 16.68% to US\$69.45/bbl, rebounding from as low as US\$59.52/bbl.
- The trend of the past few months has been one of mean reversion, with respect to valuation multiples. The question now is how long that trend can be sustained. With the bulk of the second quarter earnings season behind us, investors will now look to economic data for guidance on the pace of economic recovery. As suggested by Dr. Murenbeeld and Governor Carney, consumer spending as well as unemployment data will be the key indicators going forward. The better the prospects for the global economy, the more optimistic we expect investors to be, and that will likely be reflected in equity prices. One thing is expected though; there are still billions of dollars on the sidelines that will eventually find their way into the financial system. We believe it's now only a matter of time until that money begins to flow once again into equities.

Monthly Market Statistics: July 2009

Total Return Index Returns (Annualized After One Year)

	Local							C\$						
	1M	3M	6M	YTD	1YR	3YR	5YR	1M	3M	6M	YTD	1YR	3YR	5YR
TSX Composite	4.2%	16.6%	26.3%	22.5%	-17.7%	-0.2%	7.7%	4.2%	16.6%	26.3%	22.5%	-17.7%	-0.2%	7.7%
S&P 500	7.6%	13.8%	21.2%	11.0%	-20.0%	-6.2%	-0.1%	0.0%	2.7%	6.0%	-1.6%	-15.7%	-7.6%	-4.2%
MSCI EAFE	7.7%	13.2%	21.2%	13.7%	-17.7%	-7.4%	3.1%	1.5%	9.7%	14.7%	5.0%	-18.0%	-6.6%	1.0%
MSCI World	7.4%	13.6%	21.6%	13.0%	-18.8%	-6.4%	1.7%	0.9%	6.4%	11.0%	2.8%	-16.8%	-6.6%	-1.3%
MSCI Pacific	4.9%	15.2%	24.8%	16.8%	-21.2%	-9.5%	1.6%	-0.9%	9.3%	10.6%	3.8%	-11.5%	-6.5%	0.4%
MSCI Emerging	9.9%	22.0%	47.0%	42.7%	-7.1%	7.4%	16.7%	3.5%	16.1%	41.7%	34.5%	-12.1%	4.8%	13.2%
TSX Small Cap	4.0%	15.9%	22.6%	22.7%	-27.1%	-11.5%	-1.6%	4.0%	15.9%	22.6%	22.7%	-27.1%	-11.5%	-1.6%
Global Small Cap	7.8%	15.9%	31.3%	22.8%	-16.9%	-7.4%	2.4%	1.2%	8.0%	18.5%	11.0%	-14.1%	-7.2%	-0.4%
Bonds - CDN	0.7%	1.9%	3.5%	3.5%	6.8%	5.7%	5.9%	0.7%	1.9%	3.5%	3.5%	6.8%	5.7%	5.9%
Bonds - 1- 5 yr	0.5%	0.6%	3.0%	2.9%	7.4%	5.9%	5.0%	0.5%	0.6%	3.0%	2.9%	7.4%	5.9%	5.0%

Total Return Index Returns by Calendar Year

	Local					C\$					Recent Data			
	YTD	2008	2007	2006	2005	YTD	2008	2007	2006	2005	2004	Current	High*	Low*
TSX Composite	22.5%	-33.0%	9.8%	17.3%	24.1%	22.5%	-33.0%	9.8%	17.3%	24.1%	14.5%	28140.9	34734.7	19470.0
S&P 500	11.0%	-37.0%	5.5%	15.8%	4.9%	-1.6%	-22.6%	-10.3%	16.1%	1.5%	2.8%	1612.3	2076.6	1095.0
MSCI EAFE	13.7%	-39.9%	4.0%	16.9%	29.5%	5.0%	-30.1%	-5.1%	27.2%	10.3%	11.9%	2175.9	2688.6	1535.2
MSCI World	13.0%	-38.3%	5.2%	16.1%	16.3%	2.8%	-26.7%	-6.8%	21.0%	6.4%	6.8%	2431.7	3057.3	1683.1
MSCI Pacific	16.8%	-42.2%	-1.4%	11.6%	38.1%	3.8%	-21.6%	-10.2%	12.8%	19.0%	10.6%	1299.1	1630.7	922.2
MSCI Emerging	42.7%	-45.7%	33.5%	28.9%	35.8%	34.5%	-42.5%	18.9%	32.9%	30.1%	16.7%	66401.8	69766.0	38425.4
TSX Small Cap	22.7%	-45.5%	0.9%	11.6%	10.6%	22.7%	-45.5%	0.9%	11.6%	10.6%	6.5%	546.8	758.2	367.4
Global Small Cap	22.8%	-40.4%	-3.8%	13.6%	23.3%	11.0%	-28.3%	-14.0%	17.9%	12.3%	15.6%	147.0	181.3	93.2
Bonds - CDN	3.5%	3.7%	4.1%	6.5%	7.1%	3.5%	3.7%	4.1%	6.5%	7.1%	6.7%	723.6	723.6	663.5
Bonds - 1- 5 yr	2.9%	4.1%	4.0%	2.4%	5.1%	2.9%	4.1%	4.0%	2.4%	5.1%	5.1%	570.5	570.5	531.1

* High and Low values based on prior 52 weeks of historical data

Canadian Average Cash Yields

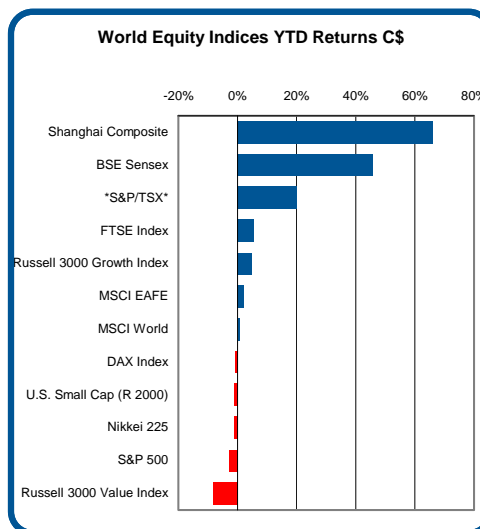
	Actual	1M	3M	6M	1YR	3YR	5YR
1M T-Bill	0.19%	0.19%	0.18%	0.26%	0.85%	2.72%	2.79%
3M T-Bill	0.24%	0.24%	0.23%	0.31%	0.95%	2.78%	2.88%
1YR T-Bill	0.60%	0.56%	0.54%	0.57%	1.17%	2.96%	3.12%

Currencies

	Actual	1M	3M	6M	1YR	3YR	5YR
C\$/US\$	\$0.93	7.85%	10.64%	13.99%	-4.93%	4.98%	23.52%
US\$ Trade wt.	\$78.35	-2.23%	-7.41%	-8.90%	6.99%	-8.15%	-12.91%
Euro/C\$	\$1.54	-5.81%	-2.63%	-2.48%	-3.91%	6.36%	-3.99%
Yen/C\$	\$1.14	-5.64%	-5.86%	-16.72%	19.87%	15.37%	-4.82%

Commodities

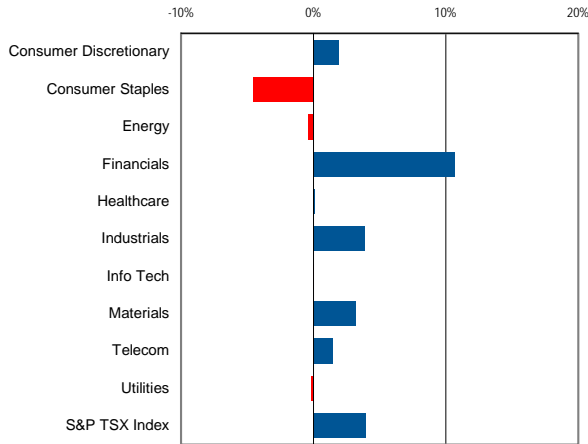
	Actual	1M	3M	6M	1YR	3YR	5YR
Oil	\$69.45	-0.6%	35.9%	66.6%	-44.0%	-6.7%	58.6%
Nat Gas	\$3.65	-4.7%	8.3%	-17.3%	-59.9%	-55.5%	-40.2%
Gold	\$953.6	2.9%	6.9%	2.9%	0.4%	64.0%	123.2%
Copper	\$261.7	15.9%	27.4%	79.0%	-29.6%	-27.5%	100.0%



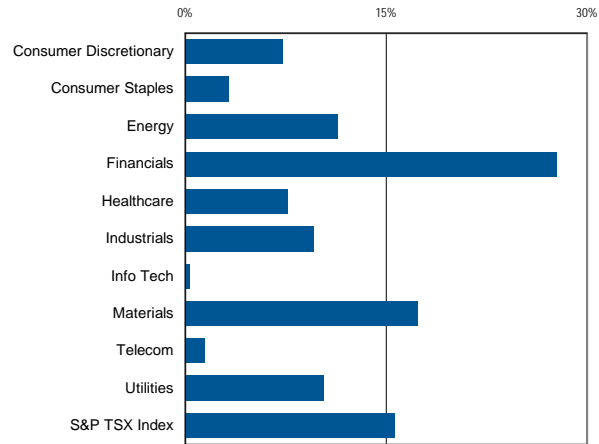
Source: Bloomberg, Ishares.ca

Canadian GIC Sector Performance (C\$)

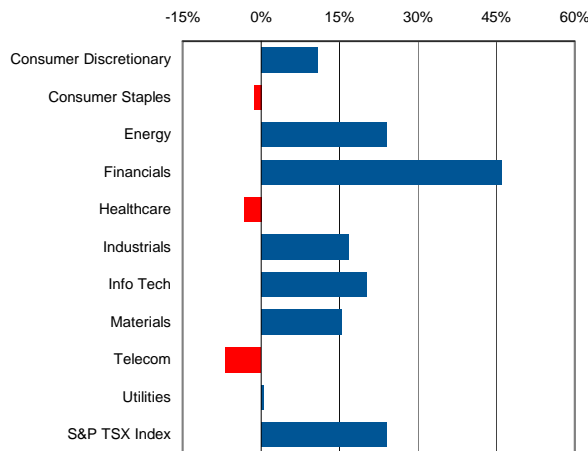
CAN 1-Month



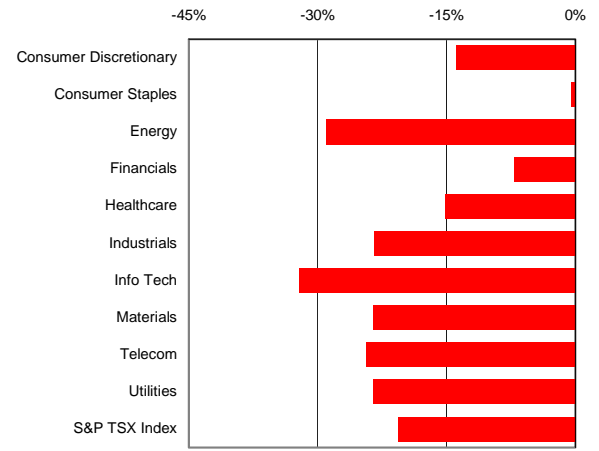
CAN 3-Month



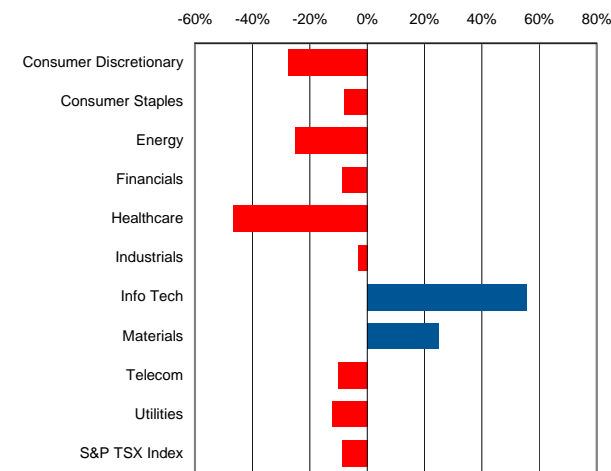
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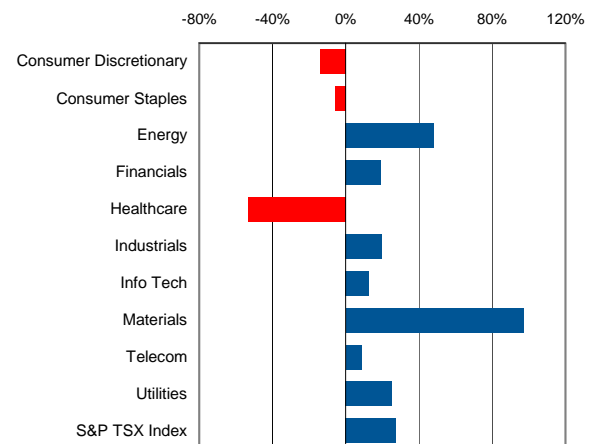
CAN 1-Year



CAN 3-Year



CAN 5-Year

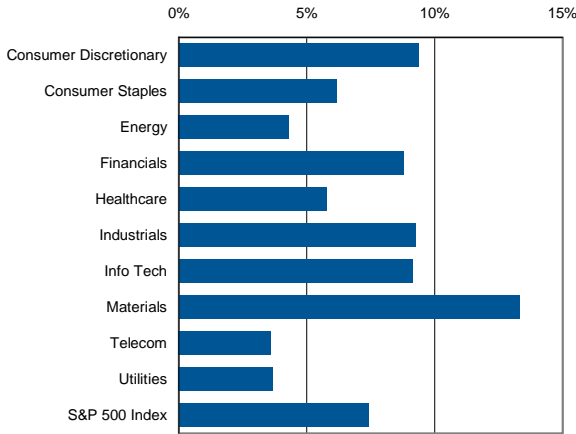


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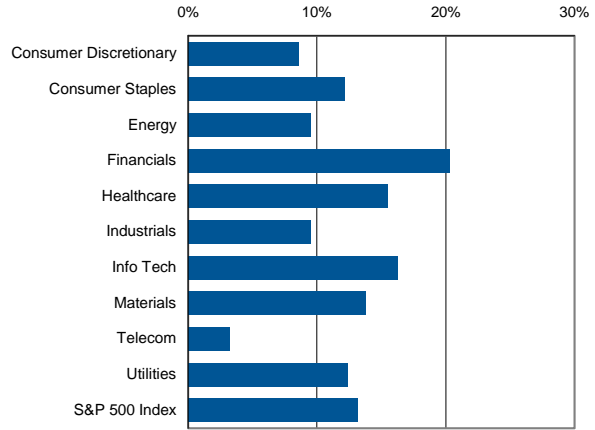


US GIC Sector Performance (US\$)

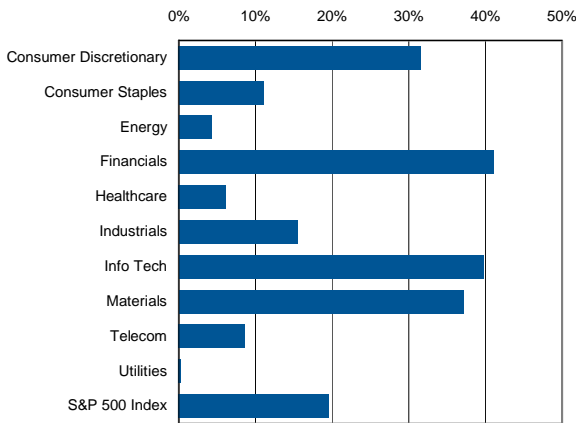
US 1-Month



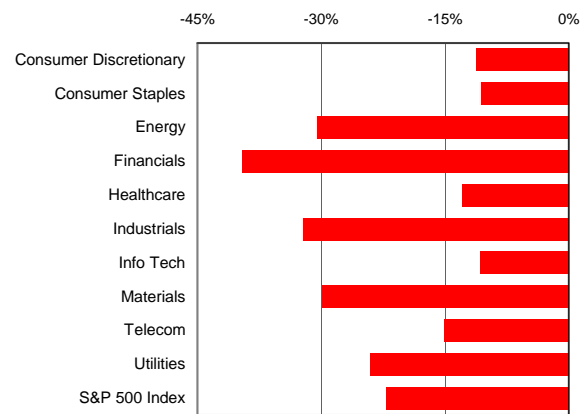
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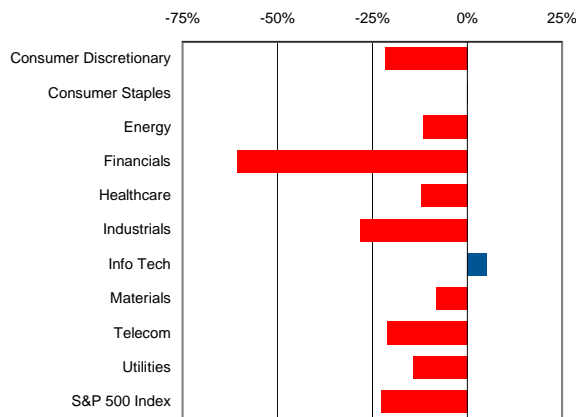
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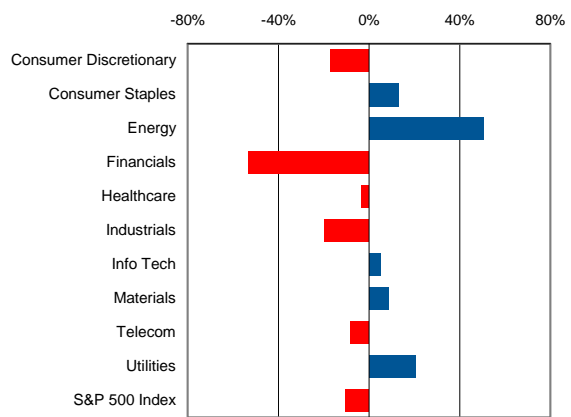
US 1-Year



US 3-Year



US 5-Year



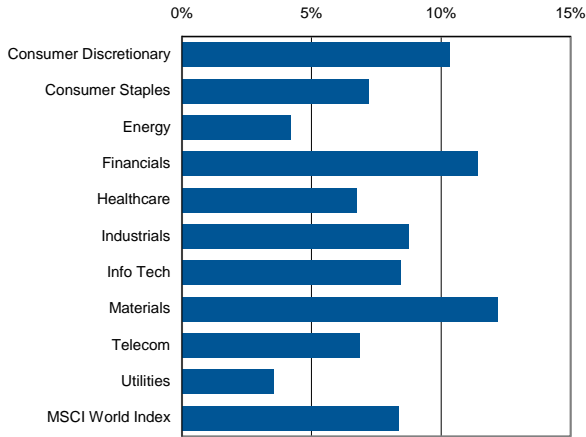
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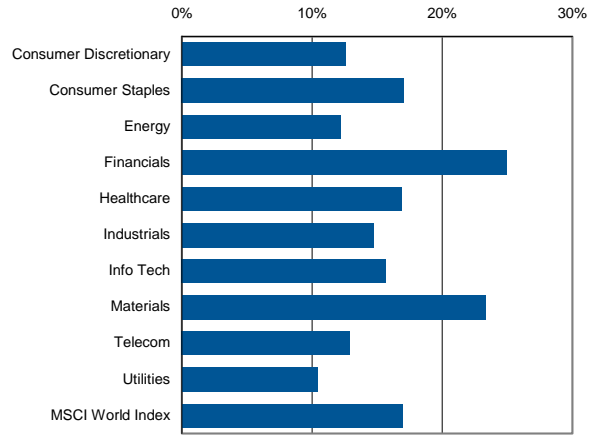
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World GIC Sector Performance (US\$)

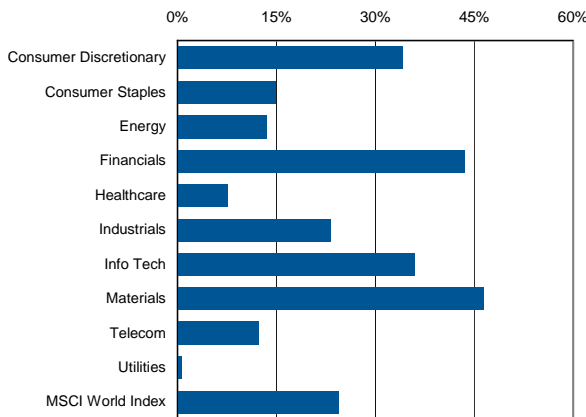
World 1-Month



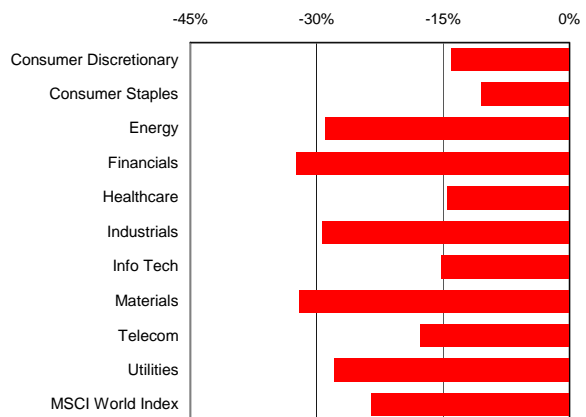
World 3-Month



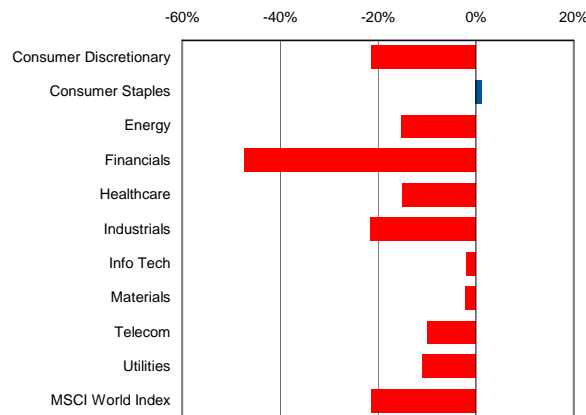
World 6-Month



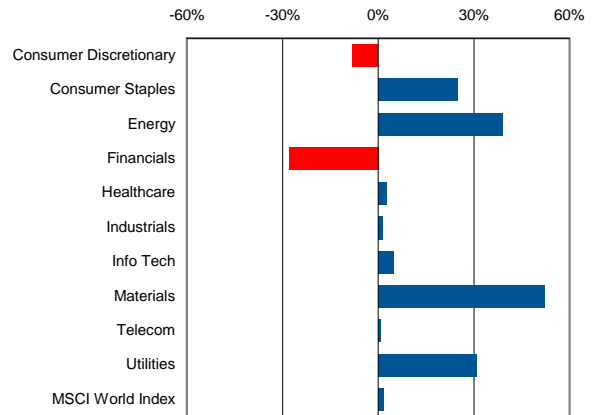
World 1-Year



World 3-Year



World 5-Year



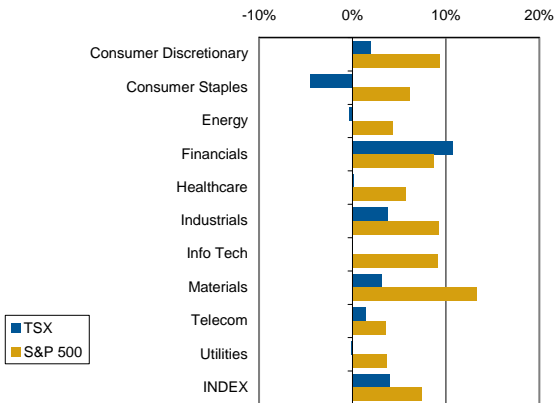
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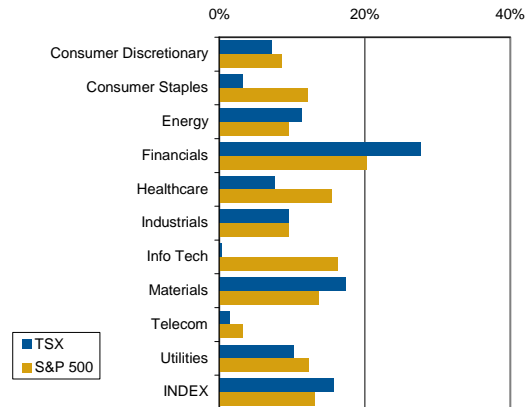
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Sectoral Performance TSX vs S&P 500

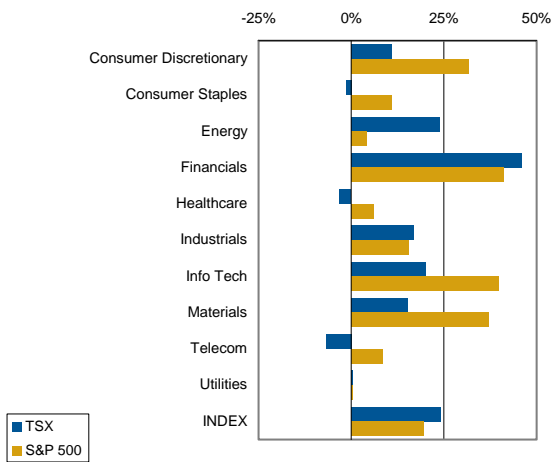
TSX vs S&P 500 1-Month



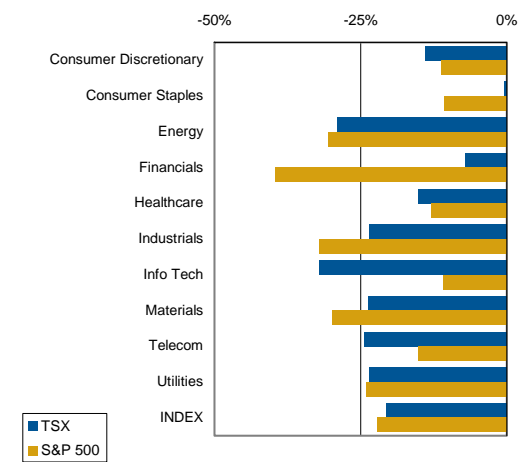
TSX vs S&P 500 3-Month



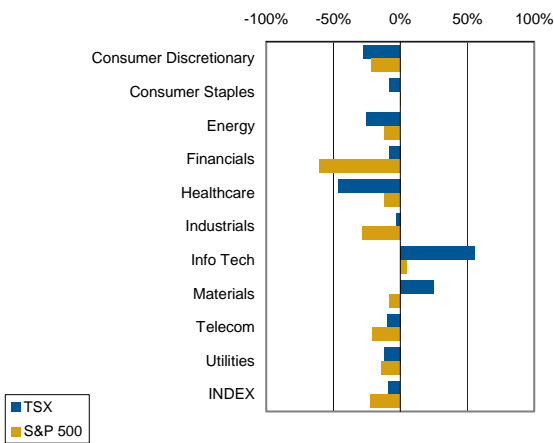
TSX vs S&P 500 6-Month



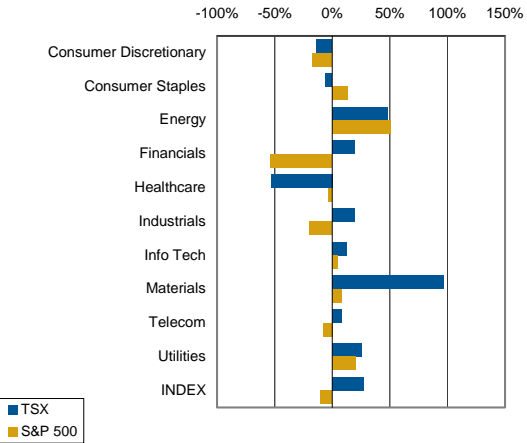
TSX vs S&P 500 1-Year



TSX vs S&P 500 3-Year



TSX vs S&P 500 5-Year



Source: Bloomberg

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