

Monthly Market Snapshot

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- With the first quarter of 2010 now behind us, investors can look back in wonder as world equity markets have again found a way to grind higher. It was a bit of a bumpy ride, however, as markets continued to climb amid attacks from the US president on Wall Street, the passing of the largest and possibly the most controversial healthcare bill in decades, and a European Union walking on eggshells to avoid a potential meltdown of the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain). In spite of all of this, the MSCI World Stock index ended the quarter up 4.2%, the S&P 500 index was up 4.9%, and the S&P/TSX was up 2.5% over the period.
- US President Obama began the quarter by sending a strong message to Wall Street criticizing banks for big bonuses and also stressing the importance of financial regulatory reform. The end of January marked Ben Bernanke's second appointment as Federal Reserve Chairman in one of the most contentious votes for the position in recent history. Bernanke's task this term will involve the slow removal of stimulus measures that were injected into the US economy during the financial crisis. The first sign of withdrawal occurred in mid-February when Bernanke raised the discount rate by 0.25% to 0.75% to reflect improving market conditions. In March, President Obama's landmark health care bill was passed through the House with an unconvincing 219-to-212 vote approval to legislation, with over thirty Democrats voting against the bill.
- The financial turmoil permeating the European Union over the last several months put tremendous pressure on the Euro. Greece's debt woes caused a rift in the EU as expectations of a bailout from other members of the Union, namely Germany and France, were met with much hesitation. In spite of an agreement with the IMF to take on the role of lender of last resort, the cost of borrowing did not fall for Greece. In addition, the cultural differences between countries in the EU makes the situation difficult to resolve via migration of the workforce. There is much speculation that as goes Greece, so goes Spain, Portugal and Italy. As a result many investors gravitated toward the stability of the US dollar driving the trade weighted US dollar index higher for the quarter by 4.1%.
- Commodity prices were mixed for the quarter. The Reuters-Jefferies CRB index (which represents a broadly diversified investment in commodities) finished the quarter down 3.5% driven by weak grain prices and an over 30% drop in the price of natural gas. Copper and oil on the other hand rose 5.7% and 5.5%, respectively. Gold spent the majority of the quarter fluttering around the \$1100 mark, ultimately closing out the quarter with a gain of approximately 1.5%.
- Earnings data was very strong for the most part this quarter, with over 70% of companies in the S&P 500 reporting higher than expected numbers. Economic data also showed signs of strength near the quarter end. Canada's GDP growth accelerated at its fastest pace in over three years with growth in January climbing 0.6% month over month, beating expectations. The unemployment rate in Canada has improved marginally declining from 8.5% to 8.2% at quarter end. In the US, the unemployment rate held steady at 9.7% for the quarter but the job situation appears to be improving with payroll numbers rising two out of the past three months. Looking forward, it is widely expected that interest rates in Canada and the US will remain unchanged for the second quarter of 2010.
- The Canadian dollar has performed remarkably well in recent months and Canadian exporters are now facing the reality that the loonie may hover near parity (and possibly go beyond on higher commodity prices) for some time. We expect gradual movements in equity markets over the next quarter with financials and commodity stocks leading the way.

Monthly Market Statistics: March 2010

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	3.8%	3.1%	7.1%	3.1%	42.1%	0.0%	7.4%	3.8%	3.1%	7.1%	3.1%	42.1%	0.0%	7.4%
S&P 500	6.0%	5.4%	11.8%	5.4%	49.8%	-4.2%	1.9%	2.1%	2.3%	6.2%	2.3%	20.5%	-8.1%	-1.6%
MSCI EAFE	7.5%	4.4%	7.9%	4.4%	45.4%	-7.5%	3.7%	2.4%	-2.0%	-2.0%	-2.0%	24.9%	-10.4%	0.6%
MSCI World	6.6%	4.8%	9.6%	4.8%	47.1%	-5.6%	2.9%	2.3%	0.4%	2.3%	0.4%	23.3%	-8.8%	-0.1%
MSCI Pacific	8.6%	6.0%	8.2%	6.0%	36.6%	-11.3%	1.8%	1.9%	3.2%	1.1%	3.2%	21.9%	-9.2%	1.0%
MSCI Emerging	6.2%	1.4%	8.7%	1.4%	58.4%	5.3%	15.2%	4.1%	-0.5%	5.7%	-0.5%	46.1%	1.1%	12.0%
TSX Small Cap	3.5%	4.9%	18.5%	4.9%	76.9%	-3.9%	2.5%	3.5%	4.9%	18.5%	4.9%	76.9%	-3.9%	2.5%
Global Small Cap	8.1%	8.8%	12.4%	8.8%	67.3%	-5.7%	3.9%	3.8%	4.5%	5.3%	4.5%	39.9%	-8.3%	1.1%
Bonds - CDN	-0.7%	-0.2%	2.0%	1.3%	5.1%	5.3%	5.2%	-0.7%	-0.2%	2.0%	1.3%	5.1%	5.3%	5.2%
Bonds - 1- 5 yr	-0.8%	0.4%	0.9%	0.4%	3.3%	5.5%	4.7%	-0.8%	0.4%	0.9%	0.4%	3.3%	5.5%	4.7%

Total Return Index Returns by Calendar Year

	Local					C\$					Recent Data			
	YTD	2009	2008	2007	2006	YTD	2009	2008	2007	2006	2005	Current	High*	Low*
TSX Composite	3.1%	35.1%	-33.0%	9.8%	17.3%	3.1%	35.1%	-33.0%	9.8%	17.3%	24.1%	31994.2	32117.1	22805.5
S&P 500	5.4%	26.5%	-37.0%	5.5%	15.8%	2.3%	8.6%	-22.6%	-10.3%	16.1%	1.5%	1936.5	1943.7	1322.9
MSCI EAFE	4.4%	25.4%	-39.9%	4.0%	16.9%	-2.0%	13.8%	-30.1%	-5.1%	27.2%	10.3%	2504.8	2509.5	1792.9
MSCI World	4.8%	26.5%	-38.3%	5.2%	16.1%	0.4%	12.4%	-26.7%	-6.8%	21.0%	6.4%	2851.8	2858.6	2002.2
MSCI Pacific	6.0%	19.8%	-42.2%	-1.4%	11.6%	3.2%	6.8%	-21.6%	-10.2%	12.8%	19.0%	1412.4	1418.7	1087.1
MSCI Emerging	1.4%	62.8%	-45.7%	33.5%	28.9%	-0.5%	53.8%	-42.5%	18.9%	32.9%	30.1%	76822.4	77441.7	50965.1
TSX Small Cap	4.9%	62.4%	-45.5%	0.9%	11.6%	4.9%	62.4%	-45.5%	0.9%	11.6%	10.6%	759.1	772.8	430.7
Global Small Cap	8.8%	40.8%	-40.4%	-3.8%	13.6%	4.5%	24.4%	-28.3%	-14.0%	17.9%	12.3%	183.3	184.1	113.8
Bonds - CDN	1.3%	3.7%	4.1%	6.5%	7.1%	1.3%	3.7%	4.1%	6.5%	7.1%	6.7%	746.4	751.9	703.3
Bonds - 1- 5 yr	0.4%	4.1%	4.0%	2.4%	5.1%	0.4%	4.1%	4.0%	2.4%	5.1%	5.1%	582.2	587.2	562.7

* "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	0.20%	0.19%	0.17%	0.16%	0.16%	1.84%	2.50%
3M T-Bill	0.28%	0.22%	0.20%	0.20%	0.21%	1.90%	2.58%
1YR T-Bill	0.96%	0.78%	0.70%	0.64%	0.58%	2.18%	2.83%

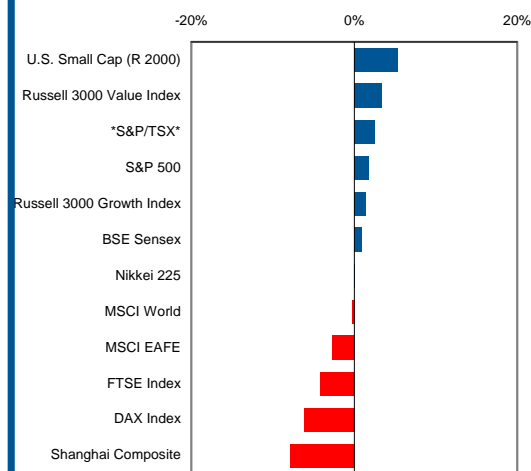
Currencies

	Actual	1M	3M	6M	1YR	3YR	5YR
C\$/US\$	\$0.98	3.53%	3.60%	5.31%	24.11%	13.64%	19.18%
US\$ Trade wt.	\$81.07	0.88%	4.13%	5.77%	-5.10%	-2.24%	-3.55%
Euro/C\$	\$1.37	-4.33%	-9.08%	-12.41%	-17.86%	-11.01%	-12.60%
Yen/C\$	\$1.09	-8.15%	-4.03%	-8.89%	-14.69%	10.91%	-3.83%

Commodities

	Actual	1M	3M	6M	1YR	3YR	5YR
Oil	\$83.76	5.1%	5.5%	18.6%	68.7%	27.2%	51.2%
Nat Gas	\$3.87	-19.6%	-30.6%	-20.1%	2.5%	-49.9%	-49.4%
Gold	\$1,112.8	-0.5%	1.5%	10.4%	21.1%	67.8%	159.6%
Copper	\$354.6	8.5%	6.6%	26.2%	92.8%	12.8%	134.8%

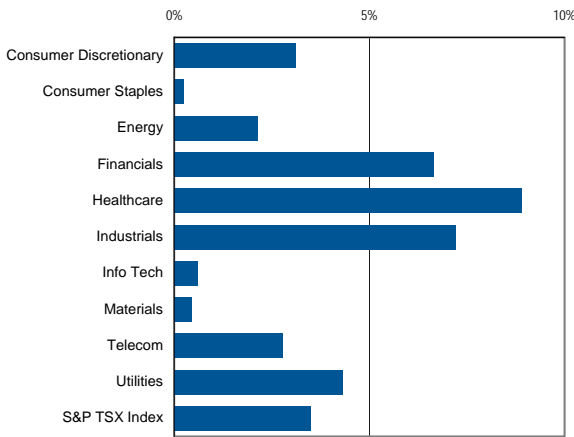
World Equity Indices YTD Returns C\$



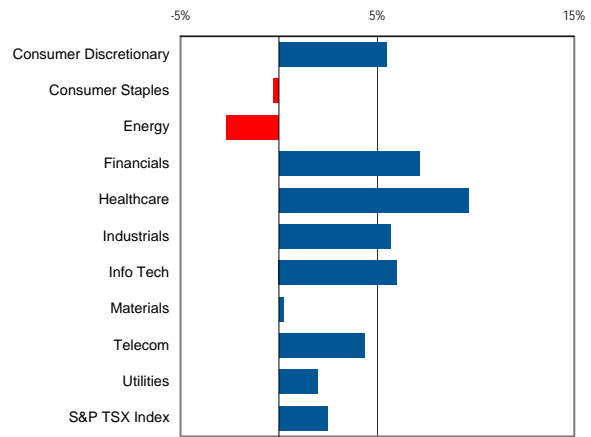
Source: Bloomberg, iShares.ca

Canadian GIC Sector Performance (C\$)

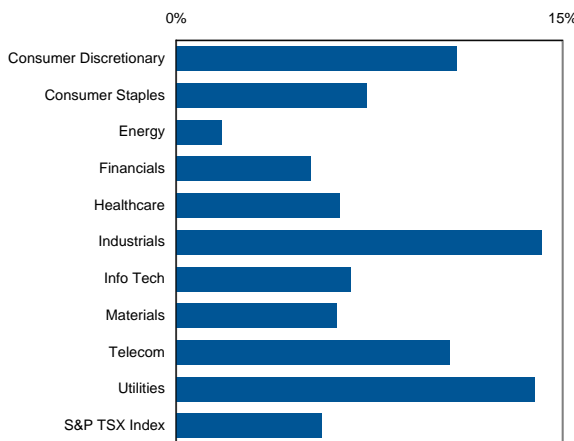
CAN 1-Month



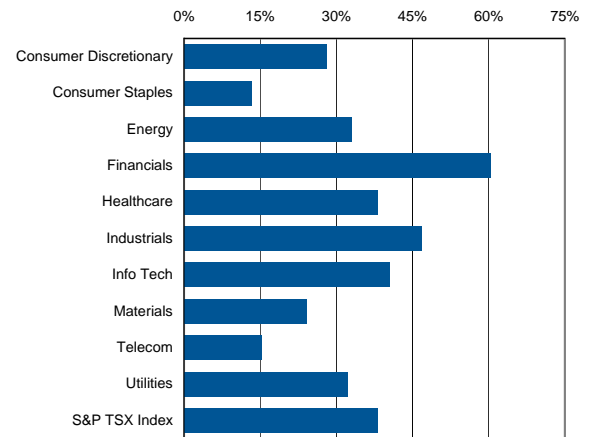
CAN 3-Month



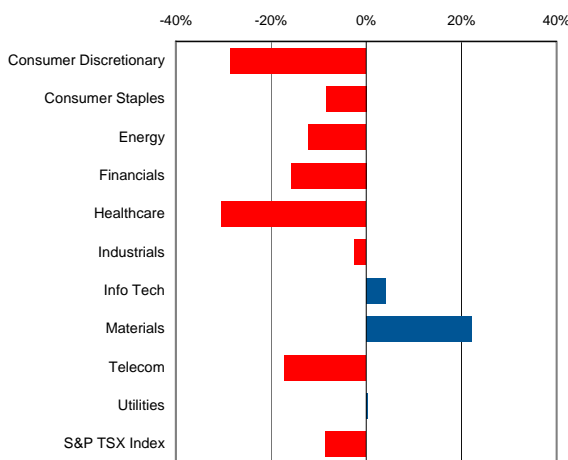
CAN 6-Month



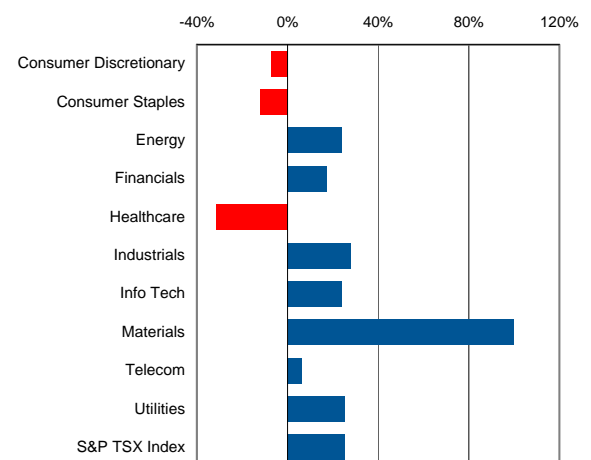
CAN 1-Year



CAN 3-Year



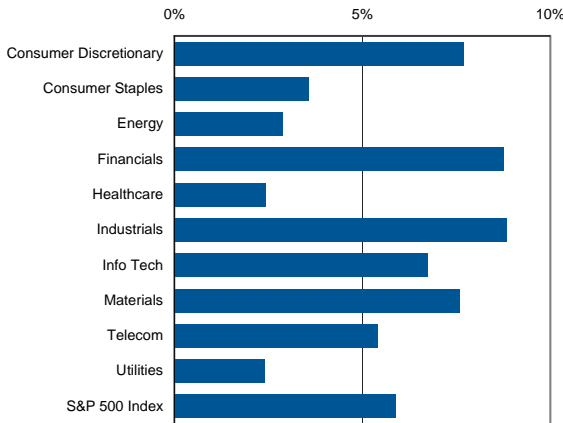
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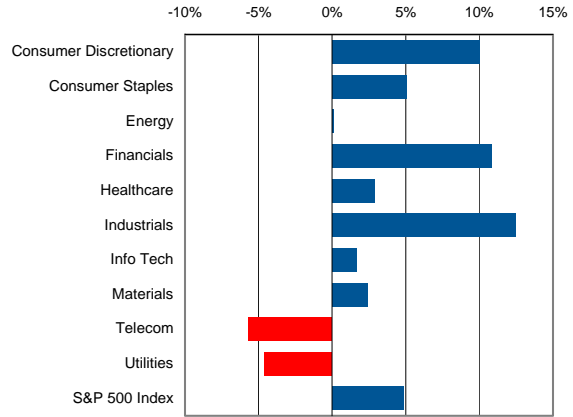
Source: Bloomberg

US GIC Sector Performance (US\$)

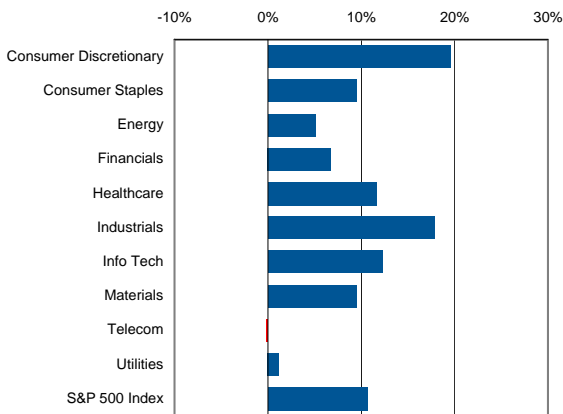
US 1-Month



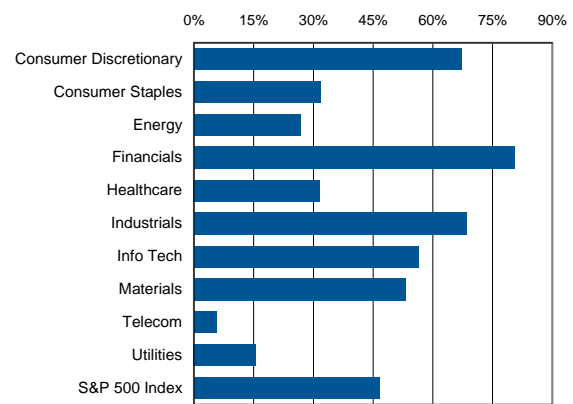
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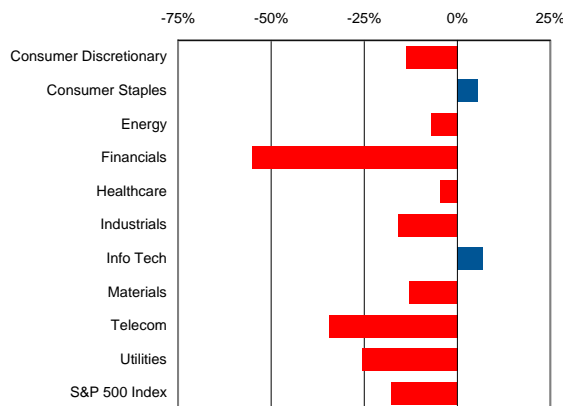
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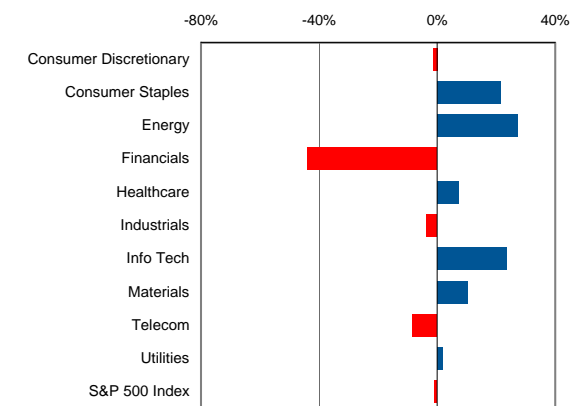
US 1-Year



US 3-Year



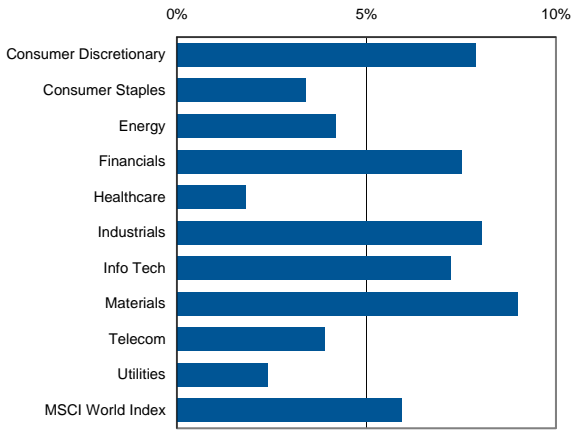
US 5-Year



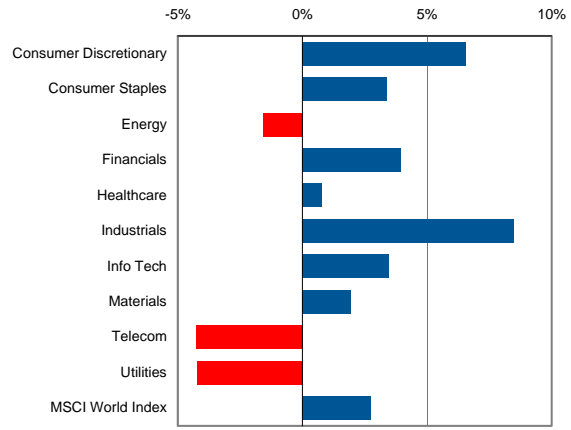
Source: Bloomberg

World GIC Sector Performance (US\$)

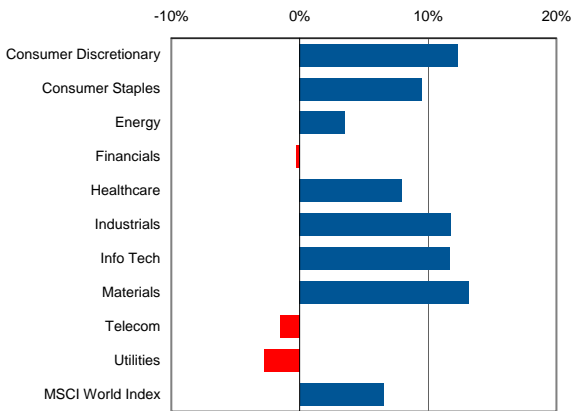
World 1-Month



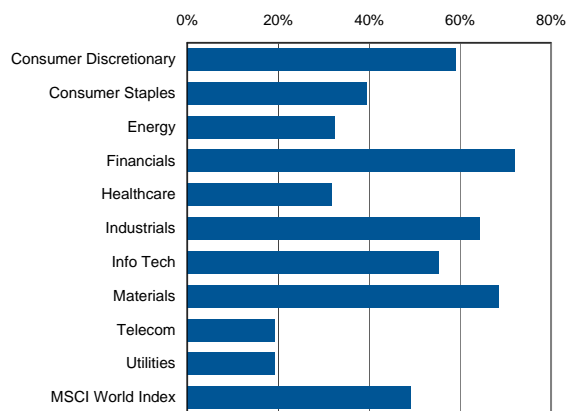
World 3-Month



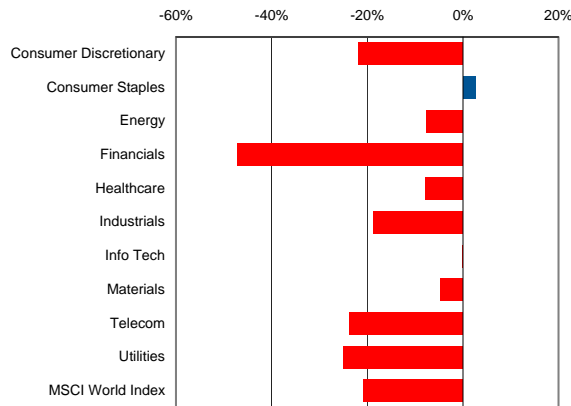
World 6-Month



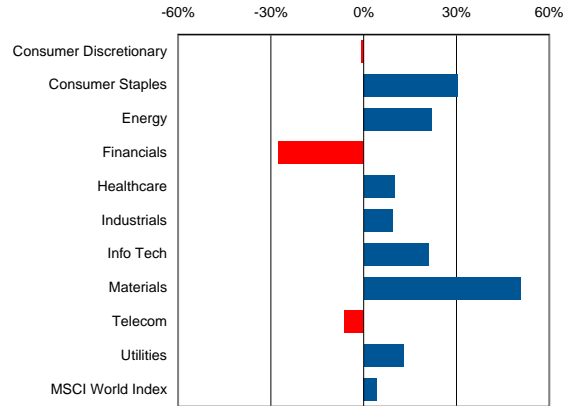
World 1-Year



World 3-Year



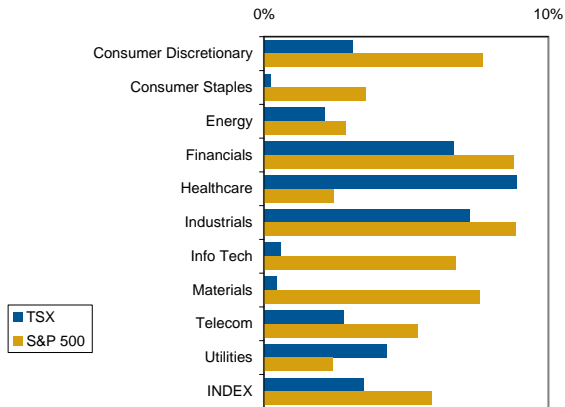
World 5-Year



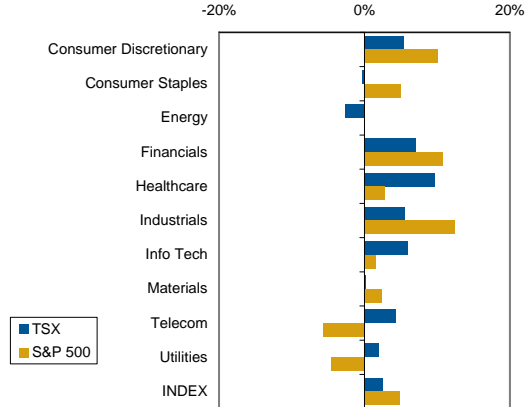
Source: Bloomberg

Sectoral Performance TSX vs S&P 500

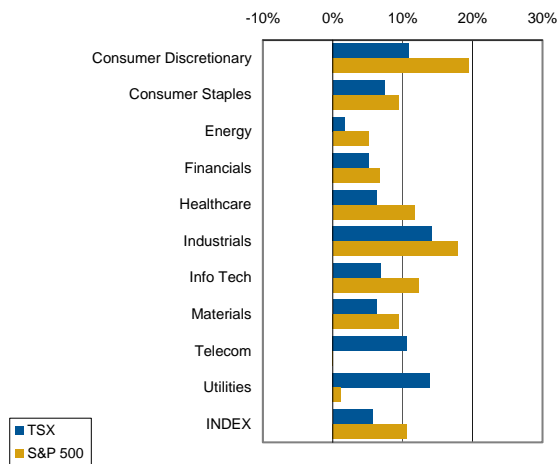
TSX vs S&P 500 1-Month



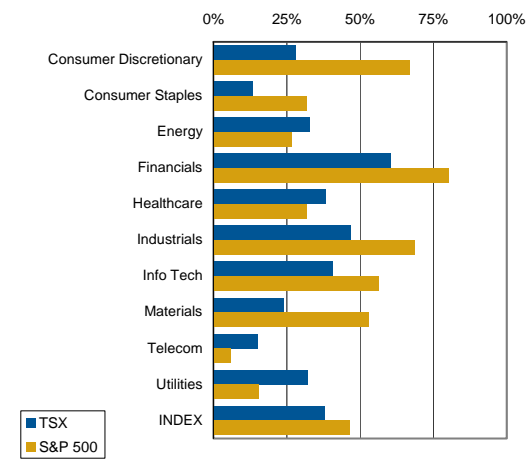
TSX vs S&P 500 3-Month



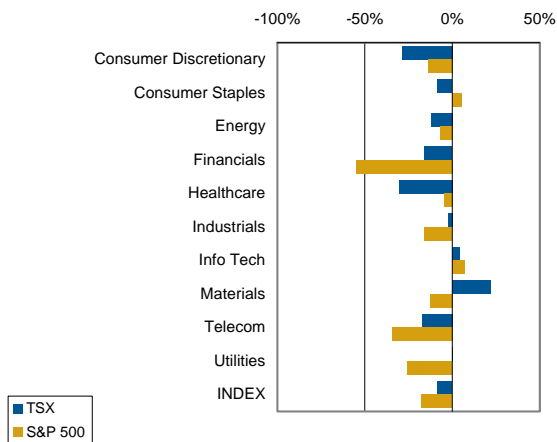
TSX vs S&P 500 6-Month



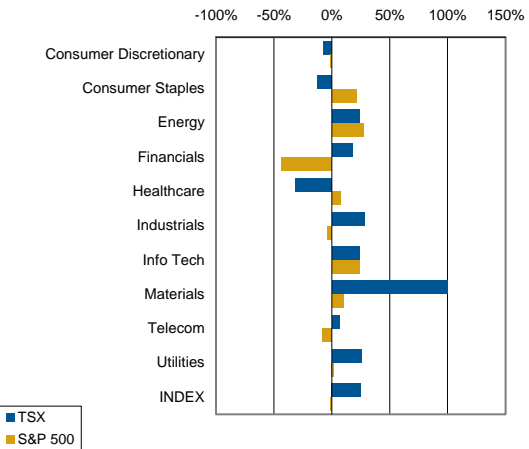
TSX vs S&P 500 1-Year



TSX vs S&P 500 3-Year



TSX vs S&P 500 5-Year



Source: Bloomberg

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