

Monthly Market Snapshot

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June 2010

- If the volatility in the month of April rattled some investors, the month of May likely had those same investors huddled in the corner crying mercy, as the Dow Jones Industrial Average tumbled to one of its worst intraday drops ever on May 6th. May 2010 proved to be the worst May in the S&P 500 in nearly 50 years, and the 5th worst May since the Great Depression. The VIX volatility index jumped 45% last month, climbing to levels not seen since the depths of the financial crisis in late 2008/early 2009 as concerns over the spread of the European debt crisis came back to the forefront. Fears were exacerbated by uncertainty regarding what measures the Chinese government might take to cool its rapidly growing economy; and how long and how much it will cost to clean up the oil spill wreaking havoc on the shorelines of the Gulf of Mexico.
- No matter how hard equity markets tried to shrug off the global concerns through positive developments in economic data and strong earnings, fear continued to drive down markets. Germany's ban on short selling and the SEC's probe of major US banks overshadowed the European Union's bailout of its most indebted nations. The ever-present worries relating to financial regulation in the US and what that could mean for financial institutions further added to uncertainty.
- The euro fell 7.4% versus the US dollar in May as the US dollar resumed its position as the world's reserve currency. Year-to-date the euro has fallen approximately 14%. As the US dollar rose, the demand for commodities began to wane as prices in other currencies became unfavourable. This lower demand was intensified by uncertainty regarding China's commodity imports and caused further declines in prices, and in stock markets in countries heavily tied to commodities (such as Canada). By the end of the month, the Canadian dollar had fallen 2.56% versus the US dollar, while the TSX composite lost 3.5%.
- The CRB/Reuters Spot Commodity Index ended the month down 4.5%. Copper prices experienced sharp declines (to reach year-to-date lows) on speculation of weak demand from China as government officials continued attempts to cool down its overheating economy. These decreased prices led to a short period of increased demand but this short lived rally was unable to lift copper prices as the commodity declined over 7% for the month of May. Crude oil slipped to below \$70 per barrel but pared losses near the end of the month closing at \$73.97. Not surprisingly, the one commodity that benefited from all the market mayhem was gold. While some investors flocked to gold as a safe haven from turmoil in the equity markets, others were forced to sell the commodity to cover losses in other markets. Gold reached unprecedented highs ending the month 2.4% higher at \$1211.5/oz.
- The Bank of Canada had plenty of data to review before making its decision on whether it would raise interest rates on June 1st. At the beginning of May, a report revealed that Canada's jobless rate for the month of April fell from 8.2% to 8.1% as employment rose by 108,700 beating the 25,000 consensus estimate. Month end numbers showed the May unemployment rate holding steady at 8.1% and job creation rising by 24,700. The consumer price index exceeded economists' expectations rising to 1.8% and the overall inflation rate rose 0.3%; economists had expected an increase of 0.2%. Wage data also showed considerable improvements as it rose by 3.9% (in the latest twelve month period). As a result of this positive news, the Bank of Canada met consensus expectations and increased the overnight discount rate by 25 basis points becoming the first G7 nation to raise rates. Going forward, DundeeWealth's Economists expect the Bank of Canada to raise interest rates 25 basis points every quarter for the next five to six quarters.
- The market remains under pressure as fears over the risk of contagion in Europe have yet to subside and as a cooling Chinese economy threatens the strength of the global recovery. Dundee Securities' Strategist and Quantitative Analyst, Martin Roberge, believes equity markets could re-test May lows, however, he also believes there may be opportunities for investors to buy on market dips.

Monthly Market Statistics: May 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	-3.5%	1.9%	4.2%	1.2%	16.7%	-2.9%	7.0%	-3.5%	1.9%	4.2%	1.2%	16.7%	-2.9%	7.0%
S&P 500	-8.0%	-0.9%	0.4%	-1.5%	21.0%	-8.7%	0.3%	-4.9%	-1.2%	-0.2%	-1.0%	16.4%	-9.2%	-3.2%
MSCI EAFE	-7.2%	-1.5%	1.0%	-4.3%	13.3%	-12.0%	1.6%	-8.6%	-8.0%	-11.6%	-11.9%	2.5%	-13.2%	-1.7%
MSCI World	-7.2%	0.9%	4.0%	-2.8%	23.6%	-9.0%	1.9%	-6.7%	-4.4%	-5.5%	-6.2%	9.5%	-10.8%	-2.1%
MSCI Pacific	-9.8%	-2.2%	2.0%	-4.6%	5.4%	-15.3%	0.0%	-7.4%	-5.6%	-4.2%	-4.4%	5.9%	-9.8%	-0.7%
MSCI Emerging	-5.2%	0.9%	0.3%	-3.7%	19.1%	1.0%	13.9%	-6.0%	-0.8%	-2.5%	-5.2%	17.7%	-1.2%	10.0%
TSX Small Cap	-5.2%	1.4%	9.4%	2.8%	40.2%	-6.8%	2.6%	-5.2%	1.4%	9.4%	2.8%	40.2%	-6.8%	2.6%
Global Small Cap	-8.0%	3.5%	10.7%	4.1%	30.6%	-8.7%	2.9%	-6.8%	0.6%	4.9%	1.3%	23.5%	-8.8%	0.0%
Bonds - CDN	1.2%	0.8%	2.3%	2.4%	6.4%	6.2%	4.8%	1.2%	0.8%	2.3%	2.4%	6.4%	6.2%	4.8%
Bonds - 1- 5 yr	0.5%	-0.6%	-0.1%	0.7%	3.2%	5.9%	4.4%	0.5%	-0.6%	-0.1%	0.7%	3.2%	5.9%	4.4%

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	1.2%	35.1%	-33.0%	9.8%	17.3%	1.2%	35.1%	-33.0%	9.8%	17.3%	24.1%	31395.8	32690.4	25148.9
S&P 500	-1.5%	26.5%	-37.0%	5.5%	15.8%	-1.0%	8.6%	-22.6%	-10.3%	16.1%	1.5%	1810.0	2017.2	1434.5
MSCI EAFE	-4.3%	25.4%	-39.9%	4.0%	16.9%	-11.9%	13.8%	-30.1%	-5.1%	10.3%	27.2%	2295.8	2569.4	1932.5
MSCI World	-2.8%	26.5%	-38.3%	5.2%	16.1%	-6.2%	12.4%	-26.7%	-6.8%	21.0%	6.4%	2646.6	2939.3	2162.6
MSCI Pacific	-4.6%	19.8%	-42.2%	-1.4%	11.6%	-4.4%	6.8%	-21.6%	-10.2%	12.8%	19.0%	1271.8	1442.8	1147.8
MSCI Emerging	-3.7%	62.8%	-45.7%	33.5%	28.9%	-5.2%	53.8%	-42.5%	18.9%	32.9%	30.1%	72939.7	78844.8	58246.4
TSX Small Cap	2.8%	62.4%	-45.5%	0.9%	11.6%	2.8%	62.4%	-45.5%	0.9%	11.6%	10.6%	743.8	788.9	489.3
Global Small Cap	4.1%	40.8%	-40.4%	-3.8%	13.6%	1.3%	24.4%	-28.3%	-14.0%	17.9%	12.3%	175.4	195.6	129.8
Bonds - CDN	2.4%	3.7%	4.1%	6.5%	7.1%	2.4%	3.7%	4.1%	6.5%	7.1%	6.7%	754.7	758.1	707.2
Bonds - 1- 5 yr	0.7%	4.1%	4.0%	2.4%	5.1%	0.7%	4.1%	4.0%	2.4%	5.1%	5.1%	583.8	587.2	562.7

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

Canadian Average Cash Yields

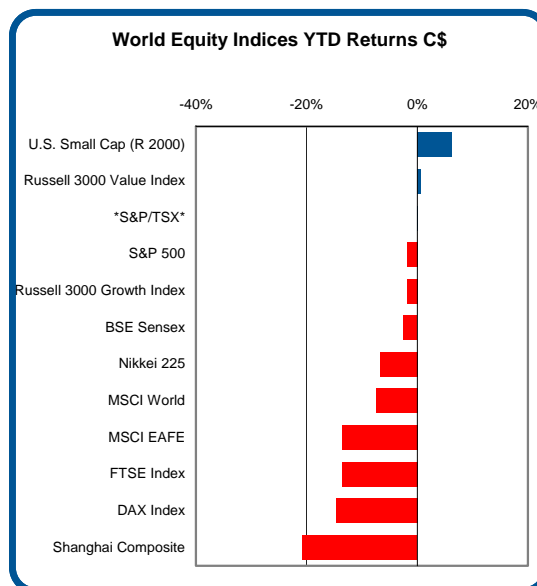
	Actual	1M	3M	6M	1YR	3YR	5YR
1M T-Bill	0.27%	0.23%	0.22%	0.18%	0.18%	1.62%	2.43%
3M T-Bill	0.50%	0.45%	0.39%	0.28%	0.25%	1.69%	2.51%
1YR T-Bill	1.17%	1.22%	1.13%	0.87%	0.70%	2.00%	2.78%

Currencies

	Actual	1M	3M	6M	1YR	3YR	5YR
C\$/US\$	\$0.96	-2.56%	0.65%	1.13%	4.39%	2.34%	20.14%
US\$ Trade wt.	\$86.59	5.77%	7.75%	15.64%	9.12%	5.21%	-1.34%
Euro/C\$	\$1.29	-5.02%	-10.34%	-18.90%	-16.73%	-10.61%	-16.74%
Yen/C\$	\$1.14	5.52%	-3.23%	-6.37%	-0.01%	30.34%	-0.97%

Commodities

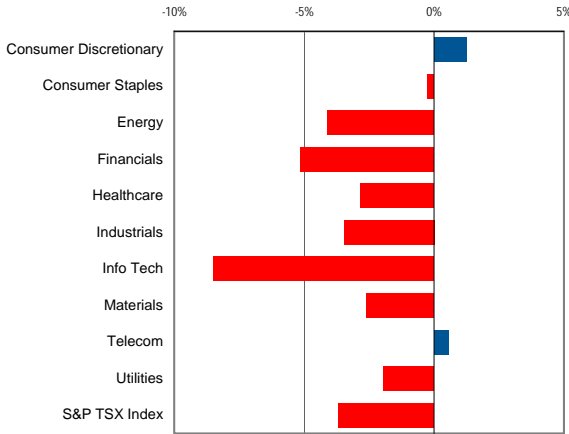
	Actual	1M	3M	6M	1YR	3YR	5YR
Oil	\$73.97	-14.1%	-7.1%	-4.3%	11.6%	15.6%	42.3%
Nat Gas	\$4.34	10.7%	-9.8%	-10.5%	13.2%	-45.3%	-31.9%
Gold	\$1,211.5	2.6%	8.3%	2.8%	23.7%	83.3%	191.0%
Copper	\$309.7	-7.2%	-5.2%	-1.6%	40.9%	-8.7%	105.8%



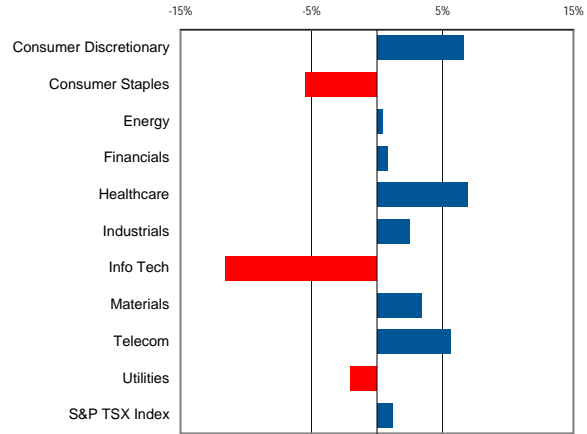
Source: Bloomberg, iShares.ca

Canadian GIC Sector Performance (C\$)

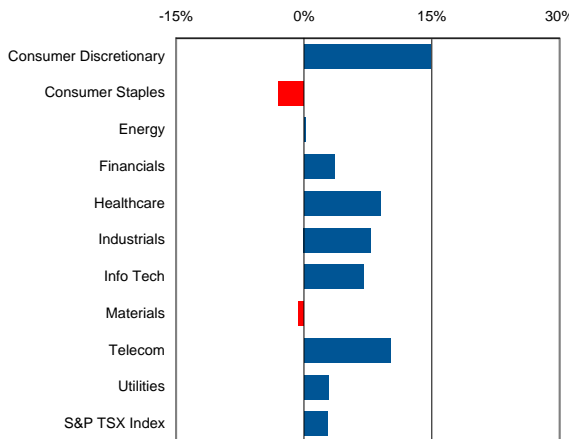
CAN 1-Month



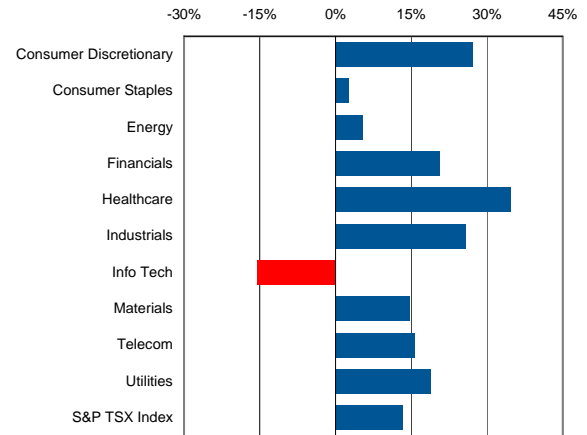
CAN 3-Month



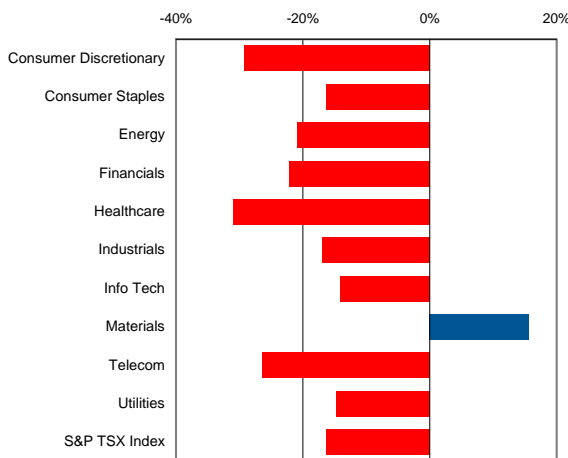
CAN 6-Month



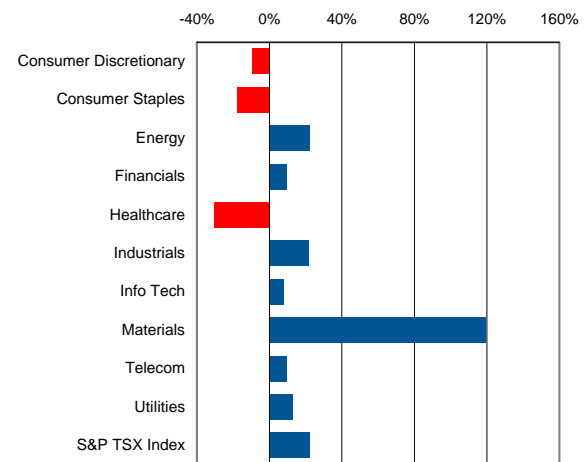
CAN 1-Year



CAN 3-Year



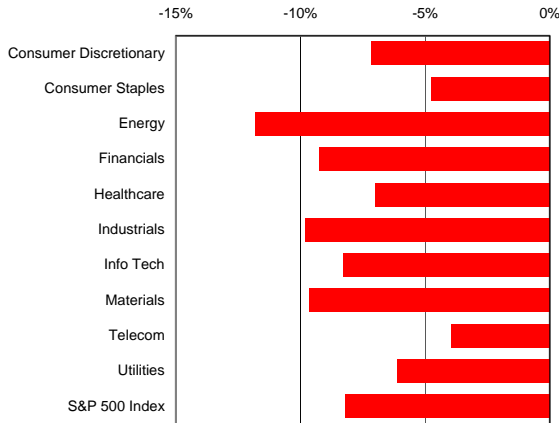
CAN 5-Year



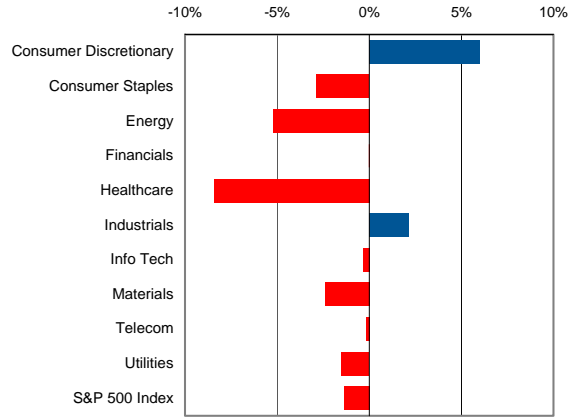
Source: Bloomberg

US GIC Sector Performance (US\$)

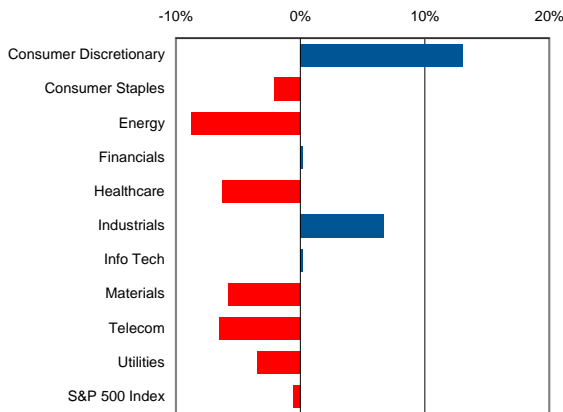
US 1-Month



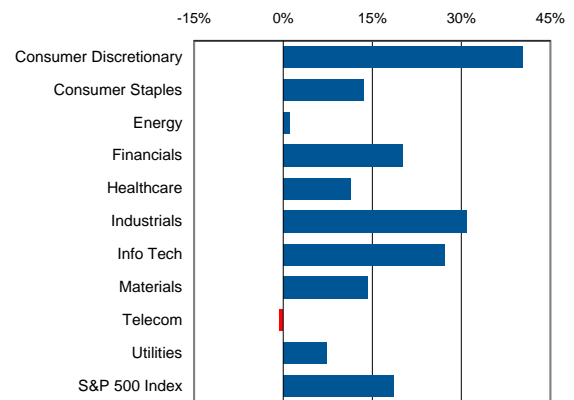
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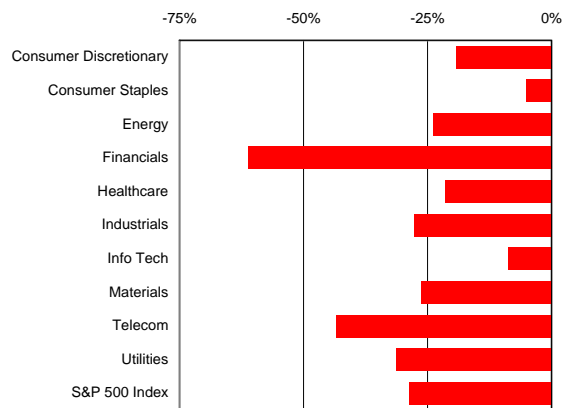
US 6-Month



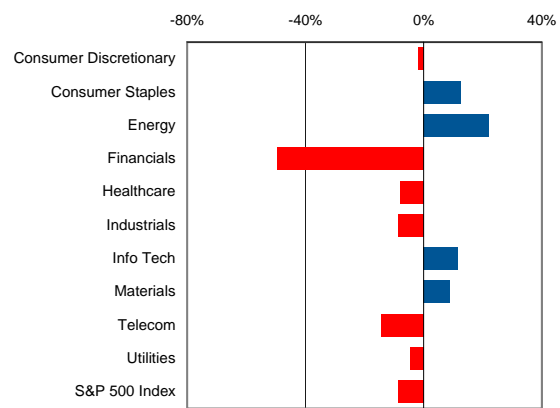
US 1-Year



US 3-Year



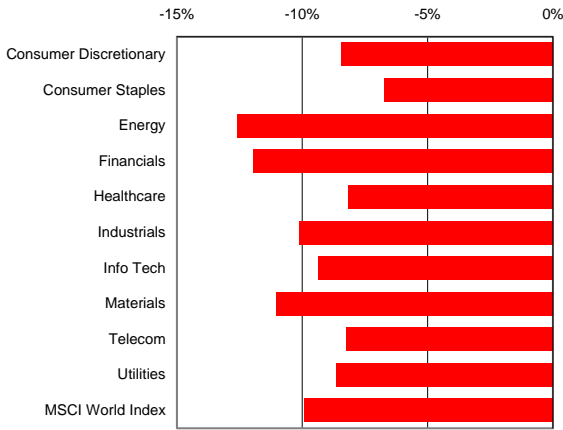
US 5-Year



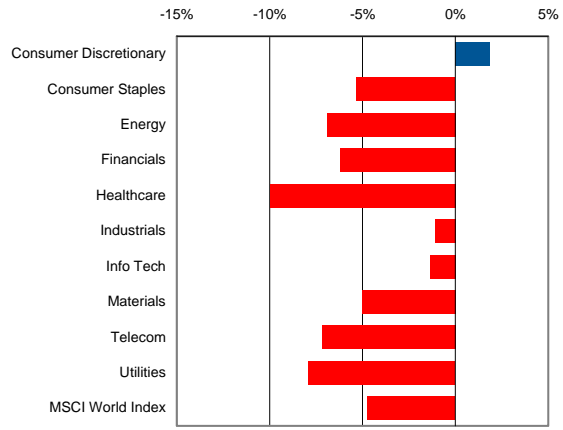
Source: Bloomberg

World GIC Sector Performance (US\$)

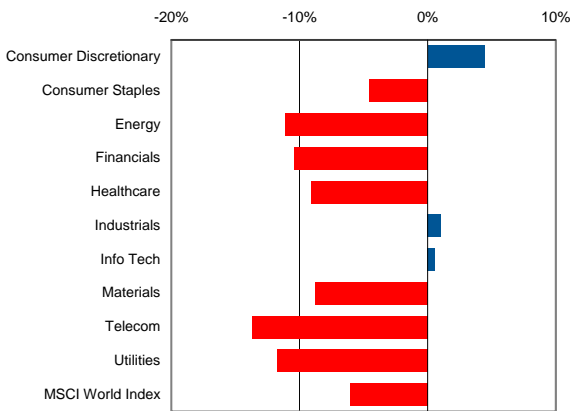
World 1-Month



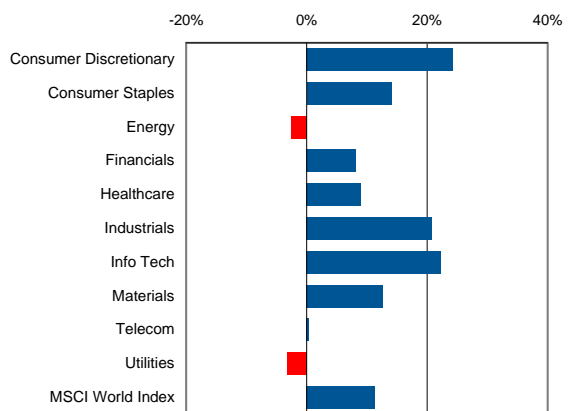
World 3-Month



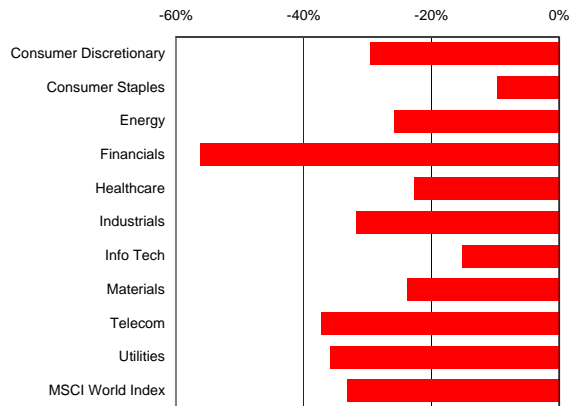
World 6-Month



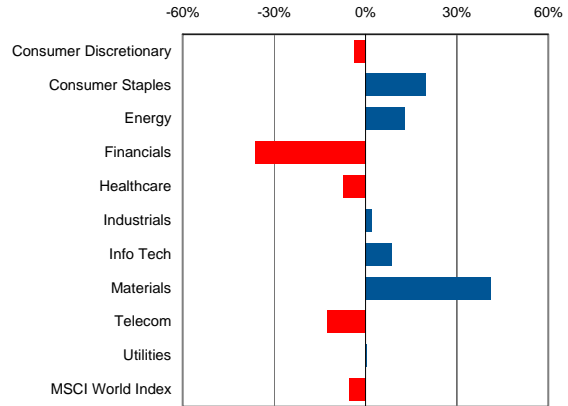
World 1-Year



World 3-Year



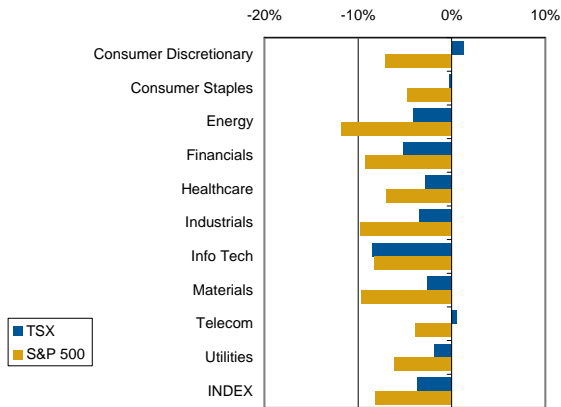
World 5-Year



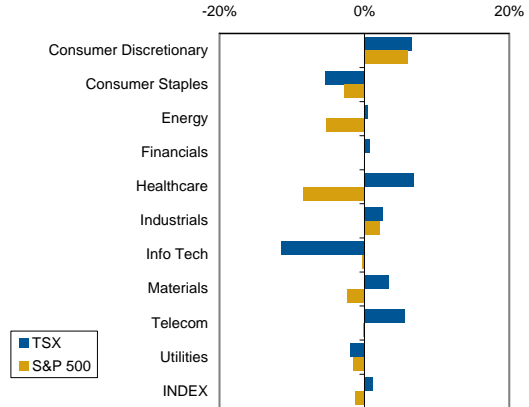
Source: Bloomberg

Sectoral Performance TSX vs S&P 500

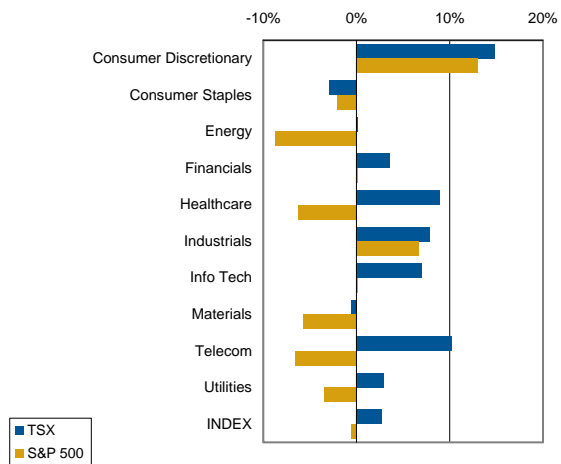
TSX vs S&P 500 1-Month



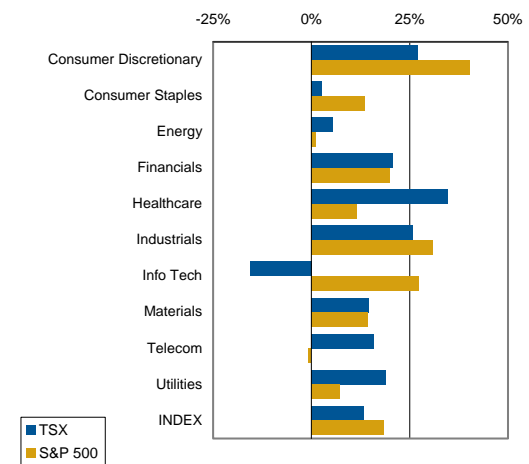
TSX vs S&P 500 3-Month



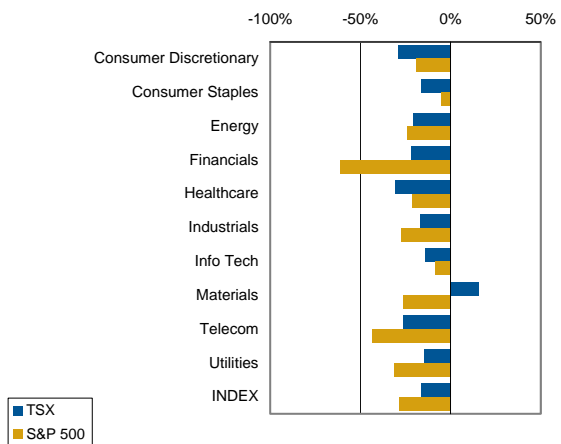
TSX vs S&P 500 6-Month



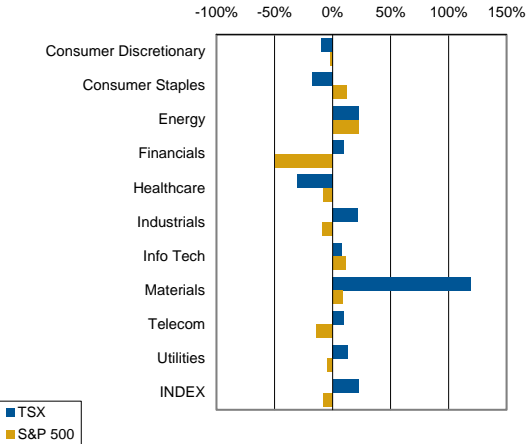
TSX vs S&P 500 1-Year



TSX vs S&P 500 3-Year



TSX vs S&P 500 5-Year



Source: Bloomberg

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