

Monthly Highlights

- The Bank of Canada began the New Year by cutting its overnight target rate by 25bps to 0.75%. This unexpected move resulted in strong downward pressure on the Canadian dollar during the month, with the Loonie depreciating relative to the \$USD by 8.8%. The BOC's stated reasoning for the rate cut was: "the oil price shock increases both downside risks to the inflation profile and financial stability risks".
- Gains in part-time work led the unemployment rate lower in January from 6.7% to 6.6%.
- After accumulating billions in losses in the last two years, Target Corp. decides to abandon its Canadian operations, which include 133 stores and 17,600 employees. Although this move is expected to increase future earnings, the company will write down an extraordinary \$5.4 billion loss this quarter.
- Troubles in Bombardier's aerospace division, including the cancellation of the development of its Learjet 85 business jet, forced the company to suspend its dividend and seek to raise a combined ~2 billion \$CAD in new equity and debt financing amid an impending cash crunch.
- The Materials sector was led higher by the Gold sub-industry which gained 28.6% during the month.

Equity Index Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	0.5	0.5	10.3	8.8
S&P/TSX 60	0.6	0.6	12.3	8.8
S&P/TSX SmallCap	0.5	0.5	-3.5	3.7
S&P/TSX High Dividend Index	1.4	1.4	7.8	NA
BMO NB SmallCap (wtd)	0.0	0.0	-2.6	5.8
Ethical Canadian Index	-1.2	-1.2	10.0	9.3
FTSE/TMX Canada Universe Bond	4.6	4.6	10.9	6.0
FTSE/TMX 91 Day Tbill	0.1	0.1	1.0	0.9
FTSE/TMX High Yield Overall	0.1	0.1	1.5	6.3

Sources: TD Securities BMO NB, Bloomberg, and PC Bond

Bond Sector Returns (%) - FTSE/TMX Indices*

	1 Month	Short Term	Mid Term	Long Term
Federals		1.85	4.69	8.46
Provincials		2.28	5.04	8.70
Corporates		1.94	4.15	6.60

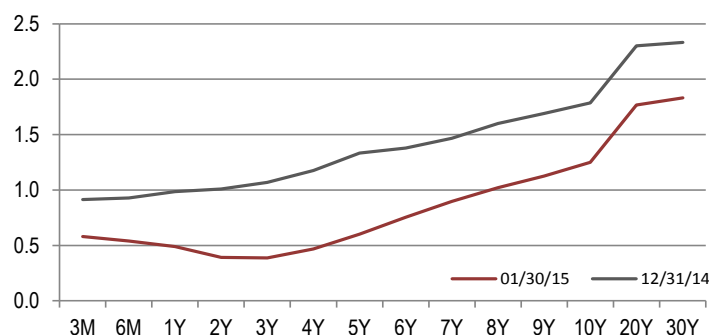
Source: PC Bond * Previously DEX.

S&P / TSX Composite Sector Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
Energy	-2.0	-2.0	-6.8	2.8
Materials	15.7	15.7	3.1	-2.4
Industrials	-0.9	-0.9	21.9	19.7
Consumer Discretionary	0.1	0.1	29.6	19.1
Consumer Staples	3.0	3.0	51.1	23.0
Health Care	18.8	18.8	31.0	51.6
Financials	-5.4	-5.4	11.0	11.9
Information Technology	5.5	5.5	33.7	-3.6
Telecommunication Services	5.8	5.8	20.1	19.3
Utilities	6.5	6.5	19.1	9.9

Sources: TD Securities & Bloomberg

Yield Curve - Canadian Government Bonds



Source: Bloomberg

	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	16.3	2.9

Source: CPMS

Stocks of Influence for the Month

Top Performers	Impact*(%)	Return**(%)
Valeant Pharmaceuticals	0.63	22.1
Goldcorp Inc.	0.41	42.7
Barrick Gold Corp.	0.24	29.8

Bottom Performers	Impact*(%)	Return**(%)
Royal Bank of Canada	-0.67	-10.6
Toronto-Dominion Bank	-0.50	-8.8
Bank of Nova Scotia	-0.35	-7.9

Source: TD Securities *Impact of stock on the S&P / TSX Composite **Price Return

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