

Monthly Highlights

- Canadian GDP in April unexpectedly declined by 0.1%, which was the fourth consecutive monthly decline after the 0.6% decline in the first quarter of 2015.
- Canada recorded its second largest monthly trade deficit, after recording a \$3.34 billion deficit in May. This is the eighth consecutive month with a trade deficit, while exports have now fallen for 5 months in a row. The trade deficit through the first 5 months is now \$13.6 billion.
- The Bank of Canada announced in its biannual Financial System Review that the overall risk to financial stability in Canada has risen in the face of lower oil prices, but the resilience of the system continues to improve. Elevated household indebtedness remains an important vulnerability while imbalances in the housing market, which are closely related to the state of household finances, are another key concern highlighted in the Financial System Review.
- Relative to the U.S dollar, the Canadian dollar began the month at 1.2401, and depreciated, ending the month at 1.2494. Over the past twelve months, the Canadian dollar has depreciated from 1.0671, approximately 17% over that time span.
- Short-term yields are currently building in the expectation of lower short-term interest rates of 25 basis points over the next one year horizon. The current overnight target rate is set by the Bank of Canada at 0.75%.

Equity Index Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	-2.8	0.9	-1.2	8.3
S&P/TSX 60	-2.8	0.6	0.7	8.2
S&P/TSX SmallCap	-3.5	1.1	-16.4	3.2
S&P/TSX High Dividend Index	-2.6	-2.7	-8.7	N/A
BMO NB SmallCap (wtd)	-3.6	0.9	-14.6	5.5
Ethical Canadian Index	-2.7	0.5	-0.2	9.7
FTSE/TMX Canada Universe Bond	-0.6	2.4	6.3	5.1
FTSE/TMX 91 Day Tbill	0.1	0.4	0.9	0.9
FTSE/TMX High Yield Overall	0.5	4.0	0.1	6.1

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

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

	1 Month	Short Term	Mid Term	Long Term
Federals		0.29	-0.13	-1.34
Provincials		0.21	-0.23	-1.97
Corporates		0.23	-0.37	-2.22

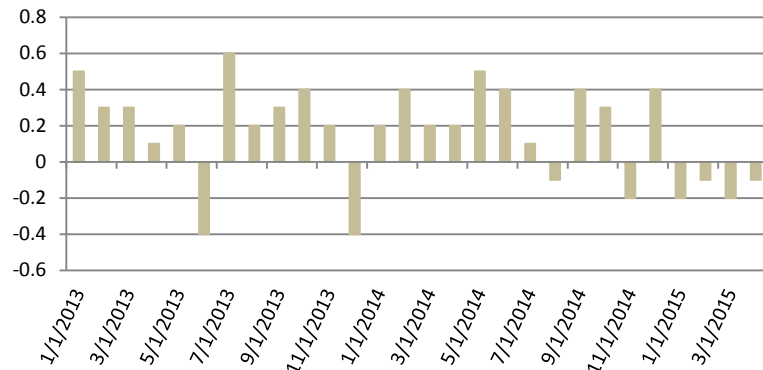
Source: PC Bond * Previously DEX.

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

	1 Mth	YTD	1 Yr.	5Yrs.
Energy	-4.9	-5.4	-25.6	2.2
Materials	-5.1	0.8	-15.8	-6.9
Industrials	-2.9	-8.1	0.1	16.8
Consumer Discretionary	-0.2	7.8	27.6	19.0
Consumer Staples	1.3	3.2	39.5	24.7
Health Care	-4.8	58.3	96.1	53.5
Financials	-1.3	-0.3	4.4	12.7
Information Technology	-6.4	1.8	22.3	-0.6
Telecommunication Services	0.9	2.6	12.8	15.8
Utilities	-5.9	-4.5	0.7	7.3

Sources: TD Securities & Bloomberg

Canada's GDP Growth Rate (% basis)



Source: Bloomberg

	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	17.1	3.0

Source: CPMS

Stocks of Influence for the Month

Top Performers	Impact*(%)	Return**(%)
Alimentation Couche-Tard Inc	0.11	10.3
Sun Life Financial Inc.	0.07	5.0
Dollarama Inc.	0.04	9.9

Bottom Performers	Impact*(%)	Return**(%)
Valeant Pharmaceuticals	-0.33	-6.5
Cdn. Natural Resources Ltd.	-0.26	-11.6
Royal Bank of Canada	-0.21	-3.4

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

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