

Monthly Highlights

• The Bank of Canada maintained the target overnight rate at 0.75%. The Bank's assessment of risks to the inflation profile did not change. The bank rate and deposit rate remained 1.0% and a 0.5% respectively.

• Canada's current account deficit recorded the second-largest shortfall on record in the first quarter of 2015, widening by \$4.4 billion to \$17.5 billion. Employment dropped by 19,900 in April, while the unemployment rate remained fixed at 6.8% as many people chose to exit the workforce. However full-time hiring picked up in April, with 47,000 full-time position gains.

• Inflation is running near the bottom of the BoC's target range of 1% to 3%, largely as a result of "the transitory effects of sharply lower energy prices" according to the BoC. However, core inflation sits over 2%, as a result of more "expensive imports following the depreciation of the Canadian dollar". The Bank estimates that the underlying trend of inflation is 1.6 to 1.8 per cent, consistent with "persistent slack" in the economy.

• Canada's first-quarter 2015 annualized gross domestic product (GDP) growth rate declined by 0.6% following expectations of a 0.3% gain. The decline largely reflected business investment, which sank by a much larger than expected 15.5% in the quarter.

Equity Index Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	-1.2	3.8	5.8	8.1
S&P/TSX 60	-1.2	3.6	7.7	7.9
S&P/TSX SmallCap	0.3	4.8	-7.2	3.4
S&P/TSX High Dividend Index	-4.7	-0.1	-3.3	N/A
BMO NB SmallCap (wtd)	-0.2	4.7	-5.2	5.6
Ethical Canadian Index	-1.5	3.2	6.1	9.0
FTSE/TMX Canada Universe Bond	0.2	2.9	7.1	5.6
FTSE/TMX 91 Day Tbill	0.1	0.3	0.9	0.9
FTSE/TMX High Yield Overall	0.8	3.4	0.3	6.2

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

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

	1 Month	Short Term	Mid Term	Long Term
Federals		0.35	0.23	-0.16
Provincials		0.47	0.31	-0.04
Corporates		0.43	0.31	-0.31

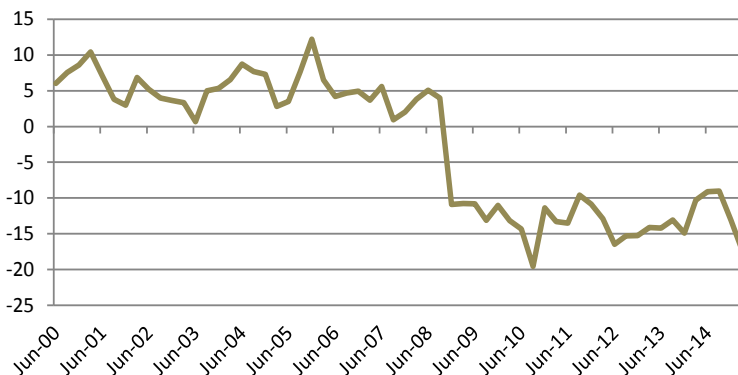
Source: PC Bond * Previously DEX.

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

	1 Mth	YTD	1 Yr.	5Yrs.
Energy	-6.0	-0.5	-17.4	2.5
Materials	-0.7	6.2	-2.1	-6.3
Industrials	-3.5	-5.3	8.1	17.0
Consumer Discretionary	5.2	8.0	29.6	18.5
Consumer Staples	1.6	1.9	41.7	23.4
Health Care	11.4	66.3	96.9	58.8
Financials	-1.6	1.1	8.7	11.8
Information Technology	0.3	8.8	40.3	-2.4
Telecommunication Services	1.7	1.7	10.0	15.8
Utilities	-2.6	1.5	8.5	8.6

Sources: TD Securities & Bloomberg

Canada's Current Account (\$ billion)



Source: Bloomberg

	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	17.6	2.9

Source: CPMS

Stocks of Influence for the Month

Top Performers	Impact*(%)	Return**(%)
Valeant Pharmaceuticals	0.58	13.3
Magna Intl.	0.23	17.5
Manulife Financial Corp.	0.09	4.0

Bottom Performers	Impact*(%)	Return**(%)
Suncor Energy Inc.	-0.22	-7.5
Cdn. Pacific Railway Ltd.	-0.20	-10.9
Cdn. National Railway Co.	-0.17	-5.3

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

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