

Monthly Highlights

- Canada's employment declined by 6000 in January, which was worse than consensus expectations for a decline of 5000. The unemployment rate remained unchanged at 7.2%, as the participation rate stayed at 65.9%.
- The S&P/TSX fell -1.2% in January as commodity prices continued to decline and fears of decelerating growth in China expanded. Global markets were volatile to start 2016, as markets declined broadly with the MSCI All Country World Index down -4.4%.
- Benchmark oil prices, Brent and WTI, declined to a low of \$28.62 and \$28.35 respectively, however they recovered slightly, ending the month at \$35.99 and \$33.62 respectively. Western Canadian Select fell -22.8% in January, as the spread between WTI and WCS widened throughout the month.
- During the period, the Bank of Canada held the benchmark interest rate steady at 0.5%, after cutting rates twice last year. Economists' expectations for a rate cut were roughly split before the meeting, therefore the decision led to a jump in the currency which had fallen below 69 cents during the month.
- Suncor Energy raised the stock portion of its takeover offer for Canadian Oil Sands (COS) by 12%, completing a \$6.6 billion friendly takeover of COS. With the acquisition of COS, Suncor would be the largest owner of Syncrude Oil Sands operation, increasing its share of the 350,000 b/d project to 49%.

Equity Index Total Returns (%)

| | 1 Mth | YTD | 1 Yr. | 5Yrs. |
|-------------------------------|-------|------|-------|-------|
| S&P/TSX Capped Composite | -1.2 | -1.2 | -9.9 | 1.9 |
| S&P/TSX 60 | -1.0 | -1.0 | -9.2 | 2.4 |
| S&P/TSX SmallCap | -4.1 | -4.1 | -17.3 | -6.4 |
| S&P/TSX High Dividend Index | 1.4 | 1.4 | -14.5 | 3.1 |
| BMO NB SmallCap (wtd) | -4.0 | -4.0 | -17.2 | -4.7 |
| Ethical Canadian Index | -1.7 | -1.7 | -8.1 | 3.3 |
| FTSE/TMX Canada Universe Bond | 0.4 | 0.4 | -0.7 | 5.0 |
| FTSE/TMX 91 Day Tbill | 0.1 | 0.1 | 0.5 | 0.9 |
| FTSE/TMX High Yield Overall | -2.0 | -2.0 | -5.8 | 2.4 |

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

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

| | 1 Month | Short Term | Mid Term | Long Term |
|-------------|---------|------------|----------|-----------|
| Federals | | 0.34 | 1.19 | 2.08 |
| Provincials | | 0.27 | 0.40 | -0.09 |
| Corporates | | 0.04 | 0.07 | -0.04 |

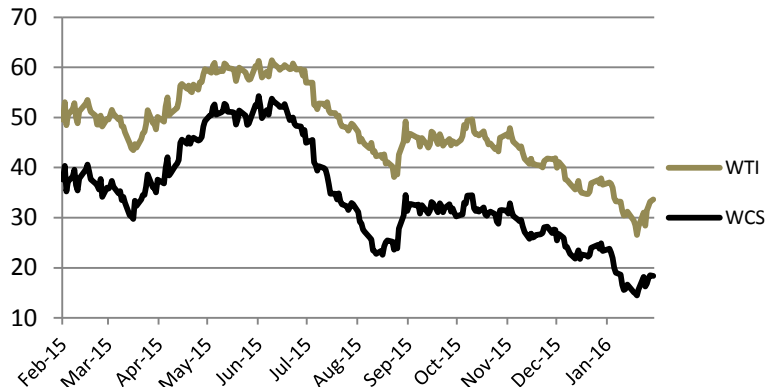
Source: PC Bond * Previously DEX.

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

| | 1 Mth | YTD | 1 Yr. | 5Yrs. |
|----------------------------|-------|------|-------|-------|
| Energy | 0.6 | 0.6 | -20.8 | -6.4 |
| Materials | -1.7 | -1.7 | -32.9 | -15.9 |
| Industrials | -3.1 | -3.1 | -13.0 | 10.9 |
| Consumer Discretionary | -6.4 | -6.4 | -7.9 | 11.4 |
| Consumer Staples | 1.8 | 1.8 | 11.1 | 22.6 |
| Health Care | -9.3 | -9.3 | -35.6 | 21.4 |
| Financials | -1.1 | -1.1 | 2.7 | 9.1 |
| Information Technology | -3.6 | -3.6 | 5.7 | -1.5 |
| Telecommunication Services | 3.5 | 3.5 | 1.3 | 13.4 |
| Utilities | 6.0 | 6.0 | -3.9 | 4.5 |

Sources: TD Securities & Bloomberg

WTI & WCS Spread



Source: Bloomberg

| | P/E Ratio (Trailing 12 mth) | Dividend Yield % |
|---------------------|-----------------------------|------------------|
| S&P / TSX Composite | 15.8 | 3.3 |

Source: CPMS

Stocks of Influence for the Month

| Top Performers | Impact*(%) | Return**(%) |
|--------------------|------------|-------------|
| Barrick Gold Corp. | 0.26 | 36.0 |
| BCE Inc. | 0.16 | 5.6 |
| Transcanada Corp. | 0.15 | 7.7 |

| Bottom Performers | Impact*(%) | Return**(%) |
|-------------------------|------------|-------------|
| Valeant Pharmaceuticals | -0.23 | -8.2 |
| Suncor Energy Inc. | -0.22 | -7.1 |
| Magna International | -0.18 | -13.3 |

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

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