

Monthly Highlights

- Canada's employment rose by 22,800 in December according to Statistics Canada, which was better than the expected contraction of 10,000 jobs. This increase brought the total number of jobs created in 2015 to 158,000.
- The TSX was led lower by Energy (-5.1%), driven by weak commodity prices, and Financials (-3.2%). Benchmark oil prices, Brent and WTI, fell roughly 16.4% and 11.1% respectively. While, Western Canadian Select fell 14% for the month.
- Canada's manufacturing sector contracted for the fifth consecutive month in December, as Canadian Manufacturing PMI fell to 47.5 in December (a reading below 50 indicates a contraction in manufacturing activity).
- Bank of Canada Governor Stephen Poloz, in a speech to the Empire Club in Toronto, stated that moving its benchmark interest rate below zero was theoretically a possibility. Although, he stressed that his remarks were "in no way to be taken as a sign that we are planning to embark on these policies", the remarks were a departure from 2009 when the Bank indicated negative interest rates would be incompatible with certain financial markets, such as money market funds.
- The Canadian dollar depreciated roughly 3.4% against the US dollar in December, as commodity prices continued to decline throughout the month.

Equity Index Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	-3.1	-8.3	-8.3	2.3
S&P/TSX 60	-3.1	-7.8	-7.8	2.9
S&P/TSX SmallCap	-1.6	-13.3	-13.3	-5.7
S&P/TSX High Dividend Index	-4.7	-14.6	-14.6	3.3
BMO NB SmallCap (wtd)	-2.7	-13.8	-13.8	-4.0
Ethical Canadian Index	-3.1	-7.6	-7.6	4.2
FTSE/TMX Canada Universe Bond	0.1	2.4	2.9	4.6
FTSE/TMX 91 Day Tbill	1.1	3.5	3.5	4.8
FTSE/TMX High Yield Overall	-2.3	-3.8	-3.8	3.1

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

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

	1 Month	Short Term	Mid Term	Long Term
Federals		0.47	1.26	2.28
Provincials		0.53	1.41	2.37
Corporates		0.46	0.72	0.82

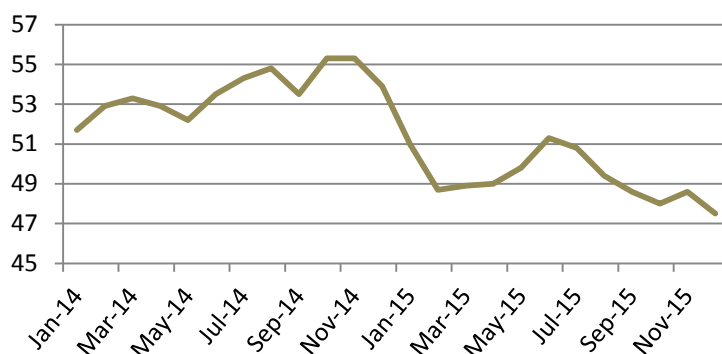
Source: PC Bond * Previously DEX.

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

	1 Mth	YTD	1 Yr.	5Yrs.
Energy	-5.1	-22.9	-22.9	-5.7
Materials	-2.2	-21.0	-21.0	-16.5
Industrials	-4.3	-11.1	-11.1	12.3
Consumer Discretionary	-5.6	-1.5	-1.5	13.4
Consumer Staples	-0.1	12.4	12.4	22.1
Health Care	14.6	-15.6	-15.6	28.8
Financials	-3.2	-1.7	-1.7	9.6
Information Technology	1.2	15.6	15.6	-0.2
Telecommunication Services	-6.6	3.6	3.6	13.5
Utilities	2.1	-3.5	-3.5	3.5

Sources: TD Securities & Bloomberg

Canadian Manufacturing PMI



Source: Bloomberg

	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	16.2	3.3

Source: CPMS

Stocks of Influence for the Month

Top Performers	Impact*(%)	Return**(%)
Valeant Pharmaceuticals	0.38	16.8
Transcanada Corp.	0.13	7.2
Blackberry Ltd.	0.06	20.9

Bottom Performers	Impact*(%)	Return**(%)
Bank of Nova Scotia	-0.35	-8.1
Cdn. Imperial Bank	-0.21	-9.1
Encana Corp.	-0.20	-36.8

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

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