

JUNE 30, 2018
Canadian Monthly Highlights

- The Canadian economy stumbled in the first quarter of the year, tripped up by weakness in consumer spending and housing markets, but a solid finish to the second quarter has spurred optimism that the economy is headed into better times
- Wage inflation rate dropped to 3.5% YoY from last month's cycle-high of 3.9%, undershooting market expectations for a smaller moderation to 3.7%
- The narrative that the soft start to the year is giving way to a mid-year economic rebound was given some support with North American job reports showing stronger-than-expected gains in employment, Canada saw it's first increase in total employment in 3 months with a 31,800 rise in June.
- The Bank of Canada is widely expected to follow-through on its hints that it will hike rates at its meeting on July 11, but the combination of a softening in the inflation indicators of late and the increased uncertainty over the direction of trade policy of Canada's top export destination makes the decision less than guaranteed

Equity Index Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	1.7	1.9	10.4	9.2
S&P/TSX 60	1.9	2.1	11.5	10.0
S&P/TSX SmallCap	-0.3	-1.7	5.4	6.5
S&P/TSX High Dividend Index	2.2	-2.0	4.0	6.3
BMO NB SmallCap (wt)	-0.3	-2.3	5.1	6.9
Ethical Canadian Index	1.1	3.5	14.6	10.9
FTSE/TMX Canada Universe Bond	0.6	0.6	0.8	3.5
FTSE/TMX 91 Day Tbill	0.1	0.6	1.0	0.7
FTSE/TMX High Yield Overall	0.2	2.8	7.7	6.2

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

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

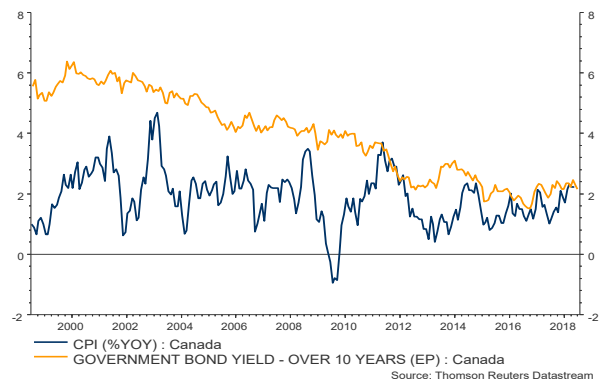
	1 Month	Short Term	Mid Term	Long Term
Federals		0.21	0.65	1.08
Provincials		0.27	0.72	1.12
Corporates		0.24	0.54	0.66

Source: PC Bond * Previously DEX.

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

	1 Mth	YTD	1 Yr.	5 Yrs.
Energy	5.4	4.8	12.5	1.8
Materials	1.8	3.3	12.0	4.4
Industrials	-0.4	6.6	14.2	15.3
Consumer Discretionary	0.7	3.5	13.3	15.9
Consumer Staples	3.2	-2.6	0.6	15.2
Health Care	6.0	-1.1	30.1	-16.9
Financials	0.1	-1.5	8.9	12.9
Information Technology	0.5	22.2	30.5	21.8
Telecommunication Services	1.7	-5.0	1.4	11.1
Utilities	2.5	-6.2	-5.7	6.5
Real Estate	1.7	5.3	10.5	12.1

Sources: TD Securities & Bloomberg

Canadian Interest Rates and Inflation


	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	17.2	2.9

Source: CPMS

Stocks of Influence for the Month

Top Performers	Impact*(%)	Return**(%)
Enbridge Inc.	0.51	16.65
Nutrien Ltd.	0.17	9.01
Suncor Energy Inc.	0.14	3.60

Bottom Performers	Impact*(%)	Return**(%)
Bank of Nova Scotia	-0.20	-4.86
Magna Intl. Inc. A	-0.10	-8.03
Manulife Financial Corp.	-0.07	-3.43

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

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