

JULY 31, 2018

Canadian Monthly Highlights

- The Canadian economy is showing signs of rebounding from a soft start to the year, with a strong 0.5% month-over-month gain in output in May building on the more modest gain in April and leaving real GDP growth on pace for a 3% annualized increase for Q2.
- Overall consumer price inflation accelerated more than anticipated in June, picking up to a six-year high of 2.5% year-over-year from 2.3% in the previous month. Measures of core inflation, however, remained anchored around the 2% mid-point of the Bank of Canada's inflation target range.
- Canada saw its first increase in total employment in three months with a better-than-anticipated 31,800 net gain in jobs in June, though this was outpaced by the rise in labour force participation that resulted in an uptick in the unemployment rate.
- The Bank of Canada followed-through with a 25 basis point increase in the overnight rate target to 1.50% in July, but indicated that there was no impetus to move rates too high too quickly against the uncertainties surrounding trade and lingering concerns about housing and household debt.

Index Total Returns (%)

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	1.1	3.1	11.7	8.8
S&P/TSX 60	1.7	3.9	13.3	9.7
S&P/TSX SmallCap	-1.0	-2.7	4.3	5.4
S&P/TSX High Dividend Index	1.6	-0.4	5.6	6.0
BMO Small Cap (Weighted)	-1.0	-3.3	4.5	5.7
Ethical Canadian Index	2.5	6.1	17.0	11.0
FTSE Canada Universe Bond	-0.7	-0.1	2.0	3.3
FTSE Canada 91 Day TBill	0.1	0.7	1.0	0.7
FTSE Canada High Yield Overall Bond	0.3	3.1	7.3	6.1

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

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

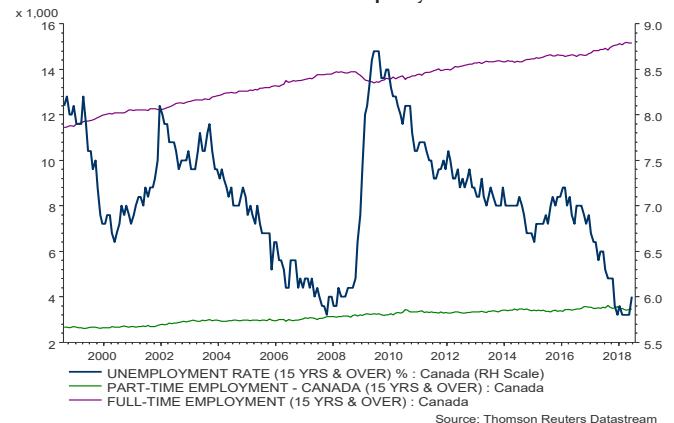
	1 Month	Short Term	Mid Term	Long Term
Federals	-0.18	-0.78	-1.95	
Provincials	-0.12	-0.54	-1.70	
Corporates	-0.07	-0.48	-1.32	

Source: PC Bond * Previously DEX.

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

	1 Mth	YTD	1 Yr.	5 Yrs.
Energy	1.0	5.9	11.3	1.2
Materials	-4.0	-0.9	5.7	3.2
Industrials	4.8	11.7	24.6	16.2
Consumer Discretionary	-0.2	3.3	16.1	15.0
Consumer Staples	0.9	-1.8	4.7	13.9
Health Care	-8.8	-9.9	25.1	-19.2
Financials	2.6	1.1	11.4	12.6
Information Technology	-2.1	19.7	29.3	20.5
Telecommunication Services	3.8	-1.3	3.7	12.1
Utilities	0.8	-5.5	-3.0	6.3
Real Estate	1.9	7.3	14.9	12.8

Sources: TD Securities & Bloomberg

Canadian Employment


Source: Thomson Reuters Datastream

	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	17.1	2.9

Source: CPMS

Stocks of Influence for the Month

Top Performers	Impact*(%)	Return**(%)
Cdn. National Railway Co.	0.28	7.99
Royal Bank of Canada	0.16	2.59
Bank of Nova Scotia	0.14	3.56

Bottom Performers	Impact*(%)	Return**(%)
Barrick Gold Corp.	-0.14	-15.58
Goldcorp Inc.	-0.07	-9.92
Constellation Software Inc.	-0.07	-7.51

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

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