

**OCTOBER 31, 2018**
**Canadian Monthly Highlights**

- The Canadian economy posted 0.1% month-over-month increase in output in August as a rebound in oil & gas more than offset weakness in other resource sectors and manufacturing in the month, leaving the Q3 on pace to meet the Bank of Canada's expectations for the quarter.
- Headline Canadian inflation moderated again in September, with the annual rate of price increases dipping to a four-month low of 2.2%. The Bank of Canada's core measures all inched lower as well, though at 2% the gauges indicate that underlying price pressures are continuing to gradually firm.
- Canada recorded a trend-like 11,000 net job gain in September and the details of the report were decent (employment gains were in full-time and private sector), though the key read on wage growth took a step back in the month with an unexpected moderation to a 14-month low.
- The Bank of Canada followed through with its widely telegraphed rate hike, raising the overnight rate target by 25 basis points to 1.75 in October. The accompanying statement struck an upbeat tone and noted that the current outlook suggest that the "policy interest rate will need to rise to a neutral stance to achieve the inflation target."

**Index Total Returns (%)**

	1 Mth	YTD	1 Yr.	5Yrs.
S&P/TSX Capped Composite	-6.3	-5.0	-3.4	5.4
S&P/TSX 60	-5.7	-4.3	-2.6	6.3
S&P/TSX SmallCap	-7.6	-11.7	-9.1	1.8
S&P/TSX High Dividend Index	-4.9	-6.8	-5.7	3.4
BMO Small Cap (Weighted)	-8.5	-11.7	-8.5	2.6
Jantzi Social Index	-6.2	-2.7	-0.6	6.9
FTSE Canada Universe Bond	-0.6	-1.0	-0.6	2.9
FTSE Canada 91 Day T-Bill	0.1	1.0	1.2	0.8
FTSE Canada High Yield Overall Bond	-0.5	3.3	4.7	5.8

Sources: Bloomberg Finance L.P., BMO Capital Markets, FTSE Bond Analytics, TD Securities

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

	1 Month	Short Term	Mid Term	Long Term
Federals	-0.1	-0.3	-0.3	-1.2
Provincials	-0.1	-0.3	-0.3	-1.6
Corporates	-0.2	-0.6	-0.6	-1.6

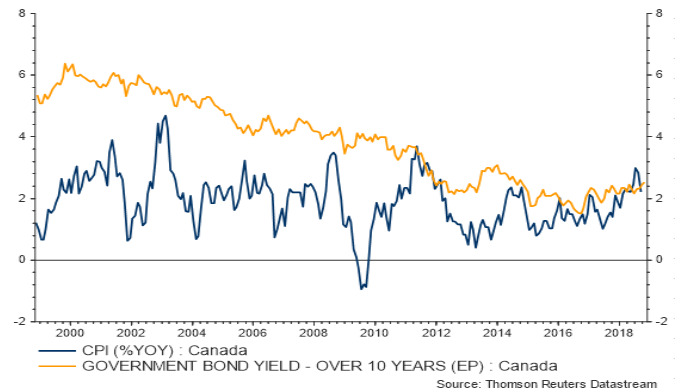
Source: FTSE Bond Analytics

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

	1 Mth	YTD	1 Yr.	5 Yrs.
Energy	-9.1	-10.2	-9.3	-3.2
Materials	-4.6	-14.2	-11.4	-0.7
Industrials	-5.9	6.0	6.9	12.4
Consumer Discretionary	-6.4	-10.8	-9.7	9.6
Consumer Staples	-0.7	-4.2	-0.6	13.0
Health Care	-17.6	7.0	57.2	-17.7
Financials	-6.3	-4.2	-3.2	9.3
Information Technology	-8.1	15.7	16.4	19.2
Communication Services	-2.1	-4.7	-3.5	8.9
Utilities	-2.6	-10.1	-10.7	5.1
Real Estate	-3.0	6.0	8.6	11.2

Sources: Bloomberg Finance L.P., TD Securities.

**Canadian Interest Rates and Inflation**


	P/E Ratio (Trailing 12 mth)	Dividend Yield %
S&P / TSX Composite	15.0	3.2

Source: CPMS

**Stocks of Influence for the Month**

Top Performers	Impact*(%)	Return**(%)
Barrick Gold Corp.	0.11	15.40
Fortis Inc.	0.03	3.87
MEG Energy Corp.	0.03	31.13

Bottom Performers	Impact*(%)	Return**(%)
Royal Bank of Canada	-0.49	-7.36
Toronto-Dominion Bank	-0.44	-6.96
Suncor Energy Inc.	-0.42	-11.64

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