Daily
Global Insight

Wealth Management

Wednesday, July 20, 2016

Good morning

Global equities are resuming their upward climb as better-than-expected earnings from info tech bellwethers Microsoft and SAP embolden risk appetite with futures on the S&P 500 up six points in the pre-market. Asian bourses traded mixed overnight, while European indices are adding between 0.3% and 1.4% at the mid-point of the session. The U.S. Dollar Index is flattish as the British pound (+0.4%) rallies on the back of a strong jobs report that showed the U.K. unemployment rate declined to 4.9% in May from 5% in April, the lowest since 2005. Price movements in core sovereign bonds markets are subdued with yields on U.S. 10-year Treasuries little changed at 1.57%. Focus of the session will remain on corporate earnings with Halliburton, Abbott Labs, and Morgan Stanley scheduled to release their latest financial results before the open.

Today, we would highlight the following:

IMF trims global economic outlook as Canada is seen as a standout. As expected, the IMF downgraded its global growth forecast to 3.1% (from 3.2%) for 2016 and 3.4% (from 3.5%) for 2017 to reflect potential impacts of the U.K.s decision to exit the EU. The institution believes the elevated uncertainty around negotiations between the U.K. and the EU could lead to tighter financial conditions, as well as dampen business and consumer confidence, which could in turn undermine consumption and investment. Meanwhile, the IMF slashed its 2017 forecast for U.K. growth to 1.3% from 2.2%, the largest downgrade amongst all advanced economies. Geopolitical turbulence, rising protectionism and terrorist attacks were also cited as factors that could dent world growth over the forecast horizon. While the outlook paints a dim picture, the IMF highlighted several bright spots, including financial market resilience and upgraded forecasts for Brazil, Russia and Canada. In particular, the IMF expects Canadian growth to accelerate to 2.1% in 2017 – up from a previous forecast of 1.9% and a downwardly revised 1.4% prediction for 2016 – amid a brightened outlook for the global oil market. That rebound, if it comes to pass, would push Canada to being the second-fastest growing G7 economy in 2017 (behind the U.S.) from the bottom half of the pack.

Fund managers anticipate the rise of "helicopter money" stimulus. The latest Bank of America Merrill Lynch survey of fund managers found that ~40% of investors expect the introduction of so-called helicopter fiscal stimulus, defined as an increase in the government's budget deficit financed by the central bank, by at least one country over the next 12 months, up from ~25% in June. After former Federal Reserve Chair Ben Bernanke's recent meeting with Japanese Prime Minster Shinzo Abe, some pundits speculate that Japan will become the first nation to attempt this radical new chapter in stimulus. However, a Société Générale strategist opined that "no portfolio manager I met on my Asian trip believed Bank of Japan Governor Kuroda would trigger a full-blown 'helicopter money' strategy, although some see scope for a light sprinkling". Expectations remain muted for now: Two-thirds of economists expect the BoJ to ease monetary policy at the end of July, though only 7% expect a shift towards helicopter money.

All values in CAD dollars unless otherwise noted.
Priced as of 6:38 a.m. on July 20, 2016 (unless otherwise stated).

For important disclosures please see page 9..

Markets today

Equities

S&P futures are up 5 points. Today is Asia's turn to take a breather with equity indices in the region mixed overnight while European markets are green across the board. Earnings are dominating the tape and on balance have been better-than-expected.

Fixed income

After reaching all-time lows earlier this month, Government of Canada bond yields have increased modestly over the past week, with both the 5-year and 10-year GoC yields ~9 bps higher. This follows the BoC's decision to hold the overnight rate and a less dovish than expected Monetary Policy Report last Wednesday.

Market Pulse

Updated as of 7/20/16 6:38 AM

Equity Futures	Last	% Chg
Dow	18,418	-0.3%
S&P 500	2,154	-0.2%
Nasdaq	4,589	-0.4%
Overseas	**Last**	**% Chg**
FTSE 100 (UK)	6,635	-0.9%
DAX (Germany)	9,993	0.1%
Euro Stoxx 50	2,940	0.3%
Hang Seng	21,659	-0.1%
Nikkei 225	16,498	-1.3%
Shanghai	3,054	0.6%
Commodities	**Last**	**% Chg**
WTI Crude	$45.47	1.8%
Gold ($/oz)	$1,335	0.2%
Silver ($/oz)	$20	1.4%
Copper ($/ton)	$4,968	0.9%
Natural Gas($/Mmbtu)	$2.71	-0.7%
Currencies	**Last**	**% Chg**
CADUSD	$0.78	1.1%
EURUSD	$1.11	1.0%
USDJPY	¥105.83	-0.3%
Fixed Income	**Yield**	**Chg (bps)**
10-yr Treasury	1.54%	1.7
10-Yr Canadian	1.07%	-2.7
Germany 10 Yr Yield	-0.02%	0.1
Spain 10 Yr Yield	1.19%	-3.7
France 10 Yr Yield	0.21%	0.1

Advancers and Decliners

Updated as of 7/20/16 6:38 AM

S&P/TSX Top Movers

Advancers		Last	% Chg
OPEN TEXT CORP	$	80.19	3.19%
NIKO RESOURCES LTD	$	0.19	2.70%
RUSSEL METALS INC	$	24.22	2.54%
TASEKO MINES LTD	$	0.81	2.53%
DOREL INDUSTRIES-CL B	$	36.65	2.40%
Decliners		**Last**	**% Chg**
LIGHTSTREAM RESOURCES LTD	$	0.16	-8.57%
CALFRAC WELL SERVICES LTD	$	3.36	-6.93%
TECK RESOURCES LTD-CLS B	$	17.47	-6.02%
ALACER GOLD CORP	$	3.20	-5.88%
PENGROWTH ENERGY CORP	$	2.08	-5.02%

S&P 500 Top Movers

Advancers		Last (USD)	% Chg
F5 NETWORKS INC	$	120.60	4.13%
COMERICA INC	$	44.79	2.42%
MCDONALD'S CORP	$	126.50	2.18%
EMC CORP/MA	$	28.11	2.07%
HCP INC	$	38.13	2.03%
Decliners		**Last (USD)**	**% Chg**
NETFLIX INC	$	85.84	-13.13%
NRG ENERGY INC	$	14.64	-5.73%
CLIFFS NATURAL RESOURCES INC	$	7.03	-5.64%
FREEPORT-MCMORAN INC	$	12.45	-5.25%
ENSCO PLC-CL A	$	9.82	-5.03%

Source: Bloomberg

Strategy and economics

Key developments

Key U.S. Economic Data Releases

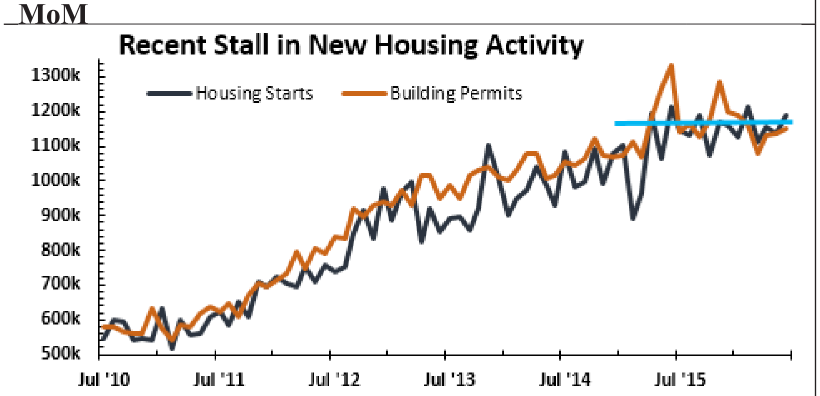
Event	Period	Survey	Actual	Prior	Commentary
MBA Mortgage Applications	July 15	-	**-1.3%**	7.2%	Mortgage applications for the purchases of new homes fell 2.0% last week while refinances, which are 64.2% of all mortgage applications, fell 0.9% after growing by 11.2% the week prior.

Key Canadian Economic Data Releases

Event	Period	Survey	Actual	Prior	Commentary
					No Economic Releases – Wholesale Trade Sales 7/21

Prior Session Highlights & Analysis

Event	Period	Survey	Actual	Prior
Housing Starts MoM	June	0.20%	**4.80%**	-0.30%
Building Permits MoM	June	1.20%	**1.50%**	0.70%



Source: RBC Wealth Management, Bloomberg

Our Thoughts

A Quiet Week for Economic Data

U.S. residential construction ends the second quarter on a high note, as both housing starts and building permits came in stronger than expected. However, new housing activity has stalled the past year, after contributing approximately 31 bps to GDP growth in 2015.

Across the pond, the **U.K. labor market showed strength ahead of the Brexit vote**, as the unemployment rate dropped to 4.9% in May, the lowest level since 2005. While there is no clear outcome to hiring trends post Brexit, a BOE report showed that they do not expect to see an immediate negative impact on hiring or investment plans in the U.K.

RBC Capital Markets – North American Morning Comment

US: Data calendar bare, but earnings supportive

- An article by Fed-watcher Hilsenrath in the WSJ released overnight suggests that **next week's FOMC may prove a "stage-setter"** for a possible move in September if data and financial markets remain supportive, but the **impact proved somewhat limited with odds for a 25bp hike still hovering at just over 20%** and Treasury yields up just 2bp or so across most of the curve.
- **Earnings remain a relatively positive story so far** – our U.S. strategist noting that, with earnings for ~20% of the S&P500 market cap currently released, earnings per share are tracking for a 1.2% gain versus expectations of a 3.3% decline. North American equity futures are up about 1/3%, with the S&P500 closing yesterday some 8.2% above its post-Brexit closing low of 2000 on June 27th.
- **The USD is also now at its strongest level on a trade-weighted**, DXY basis since March 9th @ 97.1. Overnight, the greenback gained against most majors, though the best performer was the U.K. pound, which appreciated some 0.5% on a very strong employment report (see below). The domestic calendar is completely bare, leaving earnings, political developments and events abroad to be drivers for any moves today (Turkey poised to make a "major" announcement today).

Technical corner

Bob Dickey: Headline Risk.

The major market indexes are at new all-time highs, or close, and yet the financial press continues to express caution and fear in the majority of the articles and opinions that are expressed. This sentiment reading has been one of the better indicators for the market direction, and although the opinions do not seem as negative as they were several months ago, they have not yet improved to a level from which we would be worrying about a top. Instead, the current mood suggests to us that there is more upside potential ahead, and that pullbacks will likely be minor over the next few months. Meanwhile, the Dow Industrials have strung together a good series of up days, and we believe what was once resistance around the 18,000 level is now support for any dip. The actual support zone is really 17,800–18,000, in our opinion, as support and resistance levels are not exact levels, but are instead zones of previous activity that tend to cause the market to pause and hold after a move.

Chart courtesy StockCharts.com and RBC Wealth Management

Market snapshot

Calendar of events

Date	Time		Event		Survey	Actual	Prior	Revised
07/18/2016	10:00	US	NAHB Housing Market Index	Jul	60	--	60	--
07/18/2016	16:00	US	Total Net TIC Flows	May	--	--	$80.4b	--
07/18/2016	16:00	US	Net Long-term TIC Flows	May	--	--	-$79.6b	--
07/19/2016	8:30	US	Housing Starts	Jun	1165k	--	1164k	--
07/19/2016	8:30	US	Housing Starts MoM	Jun	0.10%	--	-0.30%	--
07/19/2016	8:30	US	Building Permits	Jun	1150k	--	1138k	1136k
07/19/2016	8:30	US	Building Permits MoM	Jun	1.20%	--	0.70%	0.50%
07/20/2016	7:00	US	MBA Mortgage Applications	15-Jul	--	--	7.20%	--
07/21/2016	8:30	US	Chicago Fed Nat Activity Index	Jun	-0.2	--	-0.51	--
07/21/2016	8:30	US	Initial Jobless Claims	16-Jul	265k	--	254k	--
07/21/2016	8:30	US	Continuing Claims	09-Jul	2140k	--	2149k	--
07/21/2016	8:30	US	Philadelphia Fed Business Outlook	Jul	4.5	--	4.7	--
07/21/2016	9:00	US	FHFA House Price Index MoM	May	0.40%	--	0.20%	--
07/21/2016	9:45	US	Bloomberg Economic Expectations	Jul	--	--	41	--
07/21/2016	9:45	US	Bloomberg Consumer Comfort	17-Jul	--	--	44.7	--
07/21/2016	10:00	US	Existing Home Sales	Jun	5.48m	--	5.53m	--
07/21/2016	10:00	US	Existing Home Sales MoM	Jun	-0.90%	--	1.80%	--
07/21/2016	10:00	US	Leading Index	Jun	0.20%	--	-0.20%	--
07/22/2016	9:45	US	Markit US Manufacturing PMI	Jul P	51.5	--	51.3	--
07/25/2016	10:30	US	Dallas Fed Manf. Activity	Jul	--	--	-18.3	--
07/18/2016	8:30	CA	Int'l Securities Transactions	May	--	--	15.52b	--
07/18/2016	10:00	CA	Bloomberg Nanos Confidence	15-Jul	--	--	56.9	--
07/21/2016	8:30	CA	Wholesale Trade Sales MoM	May	0.30%	--	0.10%	--
07/22/2016	8:30	CA	Retail Sales MoM	May	0.00%	--	0.90%	--
07/22/2016	8:30	CA	Retail Sales Ex Auto MoM	May	0.30%	--	1.30%	--
07/22/2016	8:30	CA	CPI NSA MoM	Jun	0.10%	--	0.40%	--
07/22/2016	8:30	CA	CPI YoY	Jun	1.40%	--	1.50%	--
07/22/2016	8:30	CA	Consumer Price Index	Jun	128.9	--	128.8	--
07/22/2016	8:30	CA	CPI Core MoM	Jun	-0.10%	--	0.30%	--
07/22/2016	8:30	CA	CPI Core YoY	Jun	2.00%	--	2.10%	--
07/22/2016	8:30	CA	CPI SA MoM	Jun	0.40%	--	0.20%	--
07/22/2016	8:30	CA	CPI Core SA MoM	Jun	0.20%	--	0.20%	--
07/25/2016	10:00	CA	Bloomberg Nanos Confidence	22-Jul	--	--	--	--

Source: Bloomberg

Market snapshot

Number crunching

Equity Indices	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
S&P/TSX Composite Index	14,524.61	-7.79	-0.1%	3.3%	11.6%	0.7%	-11.1%	7.4%	9.3%
S&P/TSX Composite Index TR	46,409.81	-23.90	-0.1%	3.4%	13.5%	3.9%	-8.3%	10.6%	13.0%
S&P/TSX 60 Index	846.03	-0.50	-0.1%	3.5%	10.7%	-0.2%	-10.6%	9.1%	9.6%
S&P/TSX Equity Index	14,959.68	-12.28	-0.1%	3.3%	11.5%	0.5%	-11.3%	7.4%	10.1%
S&P/TSX Income Trust Index	204.42	1.51	0.7%	2.1%	15.6%	7.0%	-5.2%	7.1%	-7.7%
S&P/TSX Venture Composite Index	768.62	4.88	0.6%	5.2%	46.2%	24.6%	-24.4%	-25.4%	-23.1%
S&P/TSX Small Cap Index	640.97	-5.00	-0.8%	4.1%	31.5%	17.1%	-15.8%	-5.2%	4.6%
Dow Jones Industrial Average	18,559.01	25.96	0.1%	3.5%	6.5%	2.5%	-2.2%	7.5%	25.5%
S&P 100 Index	958.42	-0.29	0.0%	3.3%	5.2%	1.4%	0.3%	10.3%	26.4%
S&P 500 Index	2,163.78	-3.11	-0.1%	3.1%	5.9%	1.7%	-0.7%	11.4%	28.5%
S&P 400 Midcap Index	1,542.18	-2.89	-0.2%	3.1%	10.3%	2.3%	-3.7%	8.2%	30.2%
S&P 600 Smallcap Index	736.75	-4.56	-0.6%	4.0%	9.7%	2.3%	-3.4%	4.4%	39.7%
NASDAQ Composite Index	5,036.37	-19.41	-0.4%	4.0%	0.6%	-3.5%	5.7%	13.4%	37.2%
Euro Stoxx 50	2,851.05	-13.82	-0.5%	1.3%	-8.0%	-18.9%	3.2%	2.9%	12.2%
FTSE 100	6,697.37	1.95	0.0%	3.0%	7.3%	-1.1%	-4.9%	-2.7%	13.9%
CAC 40	4,330.13	-27.61	-0.6%	2.2%	-6.6%	-15.5%	8.5%	-0.5%	16.1%
DAX Index	9,981.24	-81.89	-0.8%	3.1%	-7.1%	-14.5%	9.6%	2.7%	23.5%
S&P/ASX 200	5,451.25	-7.22	-0.1%	4.2%	2.9%	-4.1%	-2.1%	1.1%	13.2%
Nikkei 225	16,723.31	225.46	1.4%	7.4%	-12.1%	-19.0%	9.1%	7.1%	56.7%
Shanghai Stock Exchange Composite	3,036.60	-6.97	-0.2%	3.7%	-14.2%	-23.9%	9.4%	52.9%	-7.0%
Hang Seng Index	21,673.20	-129.98	-0.6%	4.2%	-1.1%	-14.7%	-7.2%	1.3%	-0.3%
MSCI World	1,703.93	3.36	0.2%	3.1%	2.5%	-4.3%	-2.7%	2.9%	24.1%
MSCI World TR	6,626.80	13.23	0.2%	3.1%	4.2%	-1.7%	-0.3%	5.5%	27.4%
MSCI EAFE	1,652.81	2.67	0.2%	2.8%	-3.7%	-12.5%	-3.3%	-7.3%	19.4%
MSCI Emerging Market	870.13	2.29	0.3%	4.3%	9.6%	-7.6%	-17.0%	-4.6%	-5.0%

Equity Indices (in CAD$)*	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
DJIA in Cdn$	24,174.97	183.93	0.8%	4.3%	0.3%	2.9%	16.4%	17.6%	35.9%
S&P 100 Index	1,248.44	7.39	0.6%	4.1%	-1.0%	1.9%	19.5%	20.6%	36.9%
S&P 500 Index	2,818.54	13.50	0.5%	3.9%	-0.4%	2.0%	18.2%	21.8%	39.1%
S&P 400 Midcap Index	2,008.84	8.75	0.4%	3.9%	3.8%	2.5%	14.6%	18.3%	41.0%
S&P 600 Smallcap Index	965.63	6.00	0.6%	5.5%	3.9%	2.7%	15.1%	15.1%	51.3%
NASDAQ in Cdn$	6,560.38	15.67	0.2%	4.8%	-5.3%	-3.1%	25.9%	24.0%	48.6%
Euro Stoxx 50	4,092.14	-15.17	-0.4%	1.3%	-12.2%	-17.2%	10.3%	-0.9%	26.0%
FTSE 100	11,433.75	-58.27	-0.5%	2.2%	-10.2%	-16.6%	7.0%	0.1%	24.8%
CAC 40 Index	6,215.08	-32.53	-0.5%	2.2%	-10.8%	-13.8%	16.0%	-4.2%	30.3%
DAX Index	14,326.17	16.27	0.1%	3.1%	-11.3%	-12.8%	17.7%	-1.2%	38.6%
S&P/ASX 200	5,327.51	-29.44	-0.5%	5.7%	-0.3%	-2.2%	4.0%	0.2%	4.0%
Nikkei 225	2.05	0.04	2.1%	5.3%	-6.3%	-4.9%	29.3%	-3.9%	41.6%
Shanghai Stock Exchange Composite	590.62	2.43	0.4%	3.3%	-21.7%	-29.3%	24.6%	6.7%	3.7%
Hang Seng Index	3,640.01	0.41	0.0%	5.1%	-7.0%	-14.5%	10.6%	9.4%	8.0%
MSCI World	2,219.54	13.80	0.6%	3.9%	-3.5%	-4.1%	15.8%	13.3%	34.4%
MSCI World TR	8,632.07	53.68	0.6%	4.0%	-1.9%	-1.5%	18.7%	16.2%	37.9%
MSCI EAFE	2,152.95	13.39	0.6%	3.6%	-9.4%	-12.3%	15.1%	1.5%	29.4%
MSCI Emerging Market	1,133.43	7.05	0.6%	5.1%	3.1%	-7.4%	-1.1%	4.1%	2.9%

S&P/TSX Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
S&P/TSX Financials	2,294.14	0.96	0.0%	2.8%	5.8%	0.7%	-5.5%	9.8%	18.4%
S&P/TSX Energy	2,364.44	-9.27	-0.4%	1.0%	18.4%	-1.5%	-25.7%	-7.8%	9.1%
S&P/TSX Materials	2,423.50	-20.29	-0.8%	5.2%	58.7%	31.7%	-22.8%	-4.5%	-29.1%
S&P/TSX Industrials	2,332.23	5.78	0.2%	5.9%	10.5%	2.7%	-12.5%	20.0%	34.1%
S&P/TSX Consumer Discretionary	1,888.12	7.97	0.4%	5.1%	4.0%	-8.0%	-3.5%	26.4%	38.6%
S&P/TSX Telecom Services	1,451.68	-0.63	0.0%	2.3%	15.0%	9.3%	-1.0%	10.5%	7.6%
S&P/TSX Information Technology	215.24	2.52	1.2%	3.4%	-2.8%	4.4%	14.8%	34.0%	36.0%
S&P/TSX Consumer Staples	4,469.03	36.84	0.8%	4.6%	6.9%	8.7%	11.0%	46.9%	21.3%
S&P/TSX Utilities	2,119.12	10.23	0.5%	2.1%	17.1%	9.7%	-7.8%	11.3%	-8.7%
S&P/TSX Healthcare	518.28	1.70	0.3%	10.1%	-69.6%	-85.3%	-15.8%	30.2%	72.6%

S&P 500 Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
Financials	318.42	0.25	0.1%	3.3%	-1.0%	-6.9%	-3.5%	13.1%	32.5%
Health Care	854.83	-1.41	-0.2%	3.1%	2.6%	-3.9%	5.2%	23.3%	38.0%
Technology	746.60	-0.88	-0.1%	4.7%	3.5%	2.6%	4.3%	18.2%	24.9%
Industrials	510.25	0.28	0.1%	4.7%	10.1%	7.7%	-4.7%	7.5%	35.9%
Consumer Discretionary	644.18	-1.18	-0.2%	3.8%	3.7%	2.6%	8.4%	8.0%	40.3%
Energy	516.63	-2.70	-0.5%	0.8%	15.2%	-2.9%	-23.6%	-10.0%	20.7%
Consumer Staples	569.76	-0.94	-0.2%	0.8%	9.9%	10.8%	3.8%	12.9%	21.4%
Telecom	182.32	-0.67	-0.4%	-0.2%	21.6%	18.1%	-1.7%	-1.9%	5.9%
Materials	305.74	-2.12	-0.7%	5.2%	11.7%	2.3%	-10.4%	4.7%	21.9%
Utilities	264.29	-0.39	-0.1%	-0.9%	20.1%	20.1%	-8.4%	24.3%	7.1%

Source: Bloomberg. Returns based on simply price appreciation unless otherwise noted. Equity indices based in local currency unless otherwise noted. MSCI indices based in USD. Equity indices in Canadian dollars are converted using Bloomberg exchange rates.

All values are as at close of previous trading day.

Market snapshot

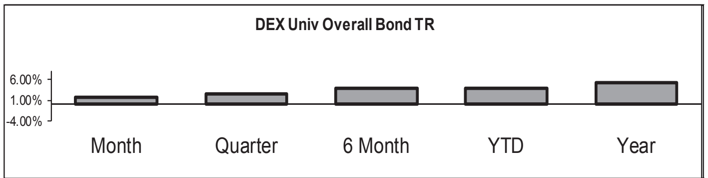
Number crunching

Commodities (USD$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
Crude Oil (WTI per barrel)	$44.60	-0.64	-1.4%	-7.7%	6.5%	-19.6%	-30.5%	-45.9%	1.9%
Crude Oil (Brent per barrel)	$46.72	-0.24	-0.5%	-6.0%	9.9%	-24.2%	-35.0%	-48.3%	3.0%
Natural Gas (per million btu)	$2.72	0.00	0.0%	-6.9%	7.9%	-13.1%	-19.1%	-31.7%	8.4%
3-2-1 Crack Spread	$13.29	0.40	3.1%	-8.6%	-6.9%	-50.0%	4.9%	-39.5%	-20.6%
Gold (per ounce)	$1,332.28	3.43	0.3%	0.8%	25.5%	17.4%	-10.4%	-1.7%	-27.3%
Silver (per ounce)	$19.92	-0.13	-0.6%	6.5%	43.8%	33.9%	-11.7%	-19.3%	-35.5%
Platinum (per ounce)	$1,092.53	-4.17	-0.4%	6.6%	22.3%	9.9%	-26.1%	-11.8%	-10.3%
Palladium (per ounce)	$657.00	11.85	1.8%	9.6%	16.7%	6.7%	-29.4%	11.3%	3.2%
Copper (per pound)	$2.23	0.01	0.4%	1.7%	4.6%	-9.8%	-26.1%	-13.7%	-6.3%
Zinc (per pound)	$1.00	0.01	0.6%	5.3%	39.0%	7.6%	-26.5%	5.6%	1.3%
Nickel (per pound)	$4.76	0.12	2.6%	11.7%	19.6%	-8.3%	-41.8%	9.0%	-17.9%

Currencies (in CAD$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
U.S. Dollar	1.303	0.0081	0.6%	0.8%	-5.9%	0.2%	19.1%	9.4%	8.3%
Euro	1.435	0.0016	0.1%	0.0%	-4.5%	2.0%	6.9%	-3.7%	12.3%
British Pound	1.707	-0.0087	-0.5%	-0.8%	-16.3%	-15.6%	12.7%	2.9%	9.6%
Japanese Yen (in JPY¥)	81.458	-0.5520	-0.7%	2.0%	-6.2%	-14.8%	-15.7%	4.0%	10.7%

Currencies (in USD$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2015	2014	2013
Canadian Dollar	0.768	-0.0048	-0.6%	-0.8%	6.2%	-0.2%	-16.0%	-8.6%	-7.7%
Euro	1.102	-0.0055	-0.5%	-0.8%	1.5%	1.8%	-10.2%	-12.0%	3.6%
British Pound	1.311	-0.0149	-1.1%	-1.5%	-11.1%	-15.8%	-5.4%	-5.9%	1.2%
Japanese Yen (in JPY¥)	106.100	-0.0600	-0.1%	2.8%	-11.7%	-14.6%	0.4%	13.8%	19.9%

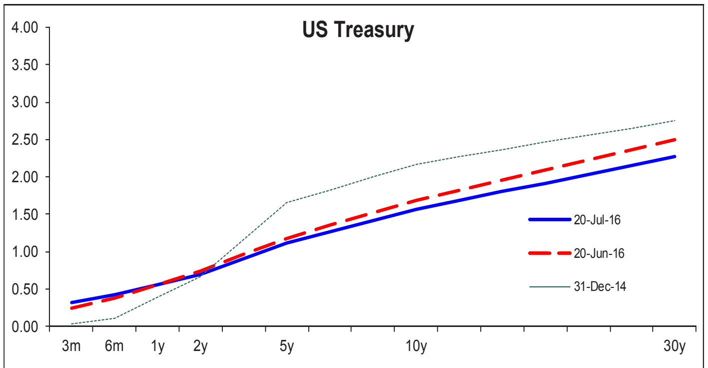
Source: Bloomberg. Returns based on simply price appreciation unless otherwise noted. Equity indices based in local currency unless otherwise noted. MSCI indices based in USD. Equity indices in Canadian dollars are converted using Bloomberg exchange rates.

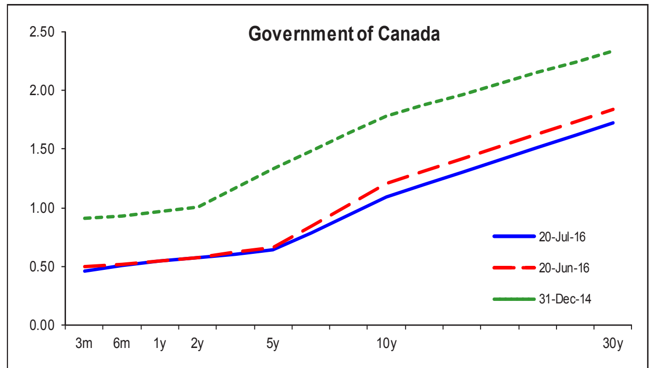


DEX Univ Bond Indices (As of May 31st, 2016)	Month	Quarter	6 Month	YTD	Year
FTSE TMX Canada Universe Bond TR	1.77%	2.62%	4.05%	4.05%	5.22%
FTSE TMX Canada ST Universe Bond TR	0.43%	0.65%	1.07%	1.07%	1.56%
FTSE TMX Canada MT Universe Bond TR	1.61%	2.37%	3.94%	3.94%	5.78%
FTSE TMX Canada LT Universe Bond TR	3.73%	5.48%	8.26%	8.26%	9.90%

Key Rates		Next Mtg
Overnight Rate CAN	0.50%	2016/09/07
Bank Rate CAN	0.75%	
Prime Rate CAN	2.70%	
Fed Funds US	0.50%	2016/07/27
Discount US	1.00%	
Prime Rate US	3.50%	

International Yields	O/N	3mo	10-Yr	Next Mtg
United Kingdom	0.50%	0.42%	0.81%	2016/08/04
Eurozone	0.00%	-0.55%	-0.04%	2016/07/21
Australia	1.75%	1.72%	1.92%	2016/08/02
Japan	0.10%	-0.25%	-0.23%	2016/07/29





US Treasury Yields		20-Jul-16	20-Jun-16	30-Dec-11	31-Dec-10	DoD Change
TSY 0.625 06/30/2018	2-yr	0.70%	0.75%	0.24%	0.60%	0.008
TSY 1.125 06/30/2021	5-yr	1.12%	1.18%	0.83%	2.01%	0.010
TSY 1.625 05/15/2026	10-yr	1.56%	1.69%	1.88%	3.30%	0.009
TSY 2.5 05/15/2046	30-yr	2.28%	2.50%	2.90%	4.34%	0.011

Government of Canada Yields		20-Jul-16	20-Jun-16	30-Dec-11	31-Dec-10	DoD Change
CAN 0.5 08/01/2018	2-yr	0.58%	0.58%	0.95%	1.68%	0.010
CAN 0.75 03/01/2021	5-yr	0.64%	0.66%	1.27%	2.42%	0.013
CAN 1.5 06/01/2026	10-yr	1.09%	1.21%	1.94%	3.12%	0.016
CAN 3.5 12/01/2045	30-yr	1.72%	1.84%	2.49%	3.53%	0.014

Money Market*

GIC's	1-yr	2-yr	3-yr	4-yr	5-yr
High	1.45%	1.65%	1.75%	1.85%	1.92%
Average	1.30%	1.42%	1.53%	1.62%	1.76%

	1 mth	2mth	3mth	6mth	1 yr
CDOR	0.88%	0.88%	0.88%	1.02%	1.12%
ICE LIBOR US	0.49%	0.57%	0.70%	1.00%	1.33%

CAD $1,000,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	0.45%	0.44%	0.47%	0.51%	0.55%
BAs	0.76%	0.76%	0.76%	0.85%	0.94%
CP	0.81%	0.81%	0.81%	0.90%	0.99%

CAD $100,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	0.27%	0.26%	0.29%	0.33%	0.37%
BAs	0.52%	0.52%	0.52%		
CP	0.57%	0.57%	0.57%		

US $1,000,000	1 mth	2mth	3mth	6mth
T-Bills	0.27%	0.00%	0.31%	0.43%
CTBUS	0.28%	0.32%	0.40%	0.48%
GECC	0.13%	0.13%	0.13%	0.13%

US $100,000	1 mth	2mth	3mth	6mth
T-Bills	0.09%	-	0.13%	0.25%
CTB US	0.10%	0.14%	0.22%	0.30%
GECC	-	-	-	-

Economic Indicators**

	Actual	Forecast					Actual	Forecast	
	Q216	Q316	Q416	Q117	Q217	Q317	2016	2016	2017
Overnight Rate	0.50	0.50	0.45	0.45	0.45	0.55	0.45	0.45	0.55
10-Yr Yield	1.39	1.18	1.26	1.28	1.37	1.48	1.26	1.26	1.48
Real GDP (est)	(1.20)	3.00	1.90	2.05	2.10	2.10	1.30	1.30	1.95
Headline CPI (est)	1.50	1.50	1.90	2.20	2.05	2.00	1.60	1.60	2.10
Unemployment Rate	7.20	7.10	7.00	7.00	7.00	6.95	7.10	7.10	7.00

	Q216	Q316	Q416	Q117	Q217	Q317	2016	2016	2017
Fed Funds	0.50	0.55	0.70	0.80	0.95	1.05	0.70	0.70	1.05
10-Yr Yield	1.48	1.59	1.74	1.89	1.99	2.09	1.74	1.74	2.09
Real GDP (est)	2.50	2.20	2.20	2.00	2.20	2.15	2.20	1.90	2.20
Headline CPI (est)	1.10	1.40	1.70	2.30	2.20	2.20	1.30	1.30	2.20
Unemployment Rate	4.75	4.80	4.70	4.70	4.60	4.60	4.80	4.80	4.60

*The prices and yields shown are taken from sources we believe to be reliable. They are provided on an indicative basis for information purposes only. Prices and yields are subject to change with availability and market conditions. RBC Dominion Securities does not warrant its completeness or accuracy. This is not an offer or solicitation for the purchase or sale of any securities or financial instruments. Securities or financial instruments mentioned herein may not be suitable for all investors. ** Source: Bloomberg Forecast ***ICE LIBOR data over 24-hours stale

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