

Month in Review: APRIL 2015



WHAT MOVED THE MARKETS

The gradual recovery in the U.S. economy continues at an uneven pace, which was reflected in a mixed bag of data releases in April. Job growth and manufacturing activity was weak while the bulk of consumer data remained firm. The combined breadth of data appears to have pushed out the likelihood of the first rate hike by the Federal Reserve in a decade to the second half of the year. The question put to economic forecasters now is whether this month's job hiring downshift (the largest miss since 2009) was an aberration or the start of a broader decline in hiring. Reflecting diminished expectations for an interest rate hike in the near-term, the U.S. dollar fell to a two month low versus a basket of global currencies. The FOMC's April 29th statement highlighted that the Federal Reserve would not raise the overnight target rate until it is was "confident that inflation will move back to its 2% objective."

The Canadian Federal Government indicated it would post the country's first surplus in seven years. The forecasted \$1.4 billion surplus comes in the wake of an accumulated \$150 billion in

deficits since the financial crisis. The government now expects oil to average \$54 per barrel for 2015, which represents a downward revision from its \$81 forecast in November. Meanwhile, the Government of Ontario released a proposal to divest a portion of its interest in Hydro One via an initial public offering with 15% to be sold to the public initially, going to 60% over time. Ontario ran a \$10.2 billion deficit in 2014 and a portion of the proceeds from privatization will go to pay down debt.

The International Monetary Fund (IMF) renewed its concerns over future Fed-rate-hikes as it warned of a potential 'super taper tantrum.' The IMF warning comes as a result of concerns that complacency has gripped the bond market and investors are discounting the potential for a future interest rate hike. The IMF warns that any signal of future rate hikes by the Fed could exacerbate a move in bond yields with the ripple effects cascading throughout the global economy. One measure of inflation expectations in the bond market ('inflation breakevens'), have increased 0.5% on a year-over-year basis, which suggests market participants have in fact become more accepting of a U.S. rate hike than the IMF's warning may imply.

All indices and figures priced in local currency as at April 30, 2015
(unless otherwise stated).
For Important Disclosures, see page 9.



RBC Wealth Management

There's Wealth in Our Approach.™

WHAT MOVED THE MARKETS

continued from page 1

The S&P/TSX and S&P 500 posted positive returns of 2.4% and 1%, respectively. Declines in Industrials (-3.4%), Consumer Discretionary (-3.3%), and Consumer Staples (-3%) were neutralized by gains in the Energy (7.1%), Materials (3.5%), Healthcare (2.9%), and Financials (2.9%) sectors. Utilities (0.7%), Telecom Services (-0.2%), and Information Technology (-0.2%) were mainly flat.

Global equity indices were mostly positive. China's Shanghai and Hong Kong's Hang Seng indices posted the largest returns, gaining 18.5% and 13%, respectively. However, Germany's DAX (-4.3%) and India's Sensex (-3.4%) were down for the month. Brazil's Bovespa (9.9%), UK's FTSE 100 (3.1%), and Japan's Nikkei (1.6%) posted positive returns, while Australia's S&P/ASX 200 lost 1.7%. Overall, the MSCI World Index gained 2.4% in April.

The S&P/TSX Capped Energy index rose 7.12% and gold stocks on the S&P/TSX gained 6.57%. Similarly, the S&P/TSX Small Cap, the S&P/TSX Capped Financials, and the S&P/TSX Capped REITs indices were up 4.55%, 3.07%, and 0.81%, respectively.

NUMBER CRUNCHING

Equity Indices*	Month	YTD*
S&P/TSX Composite Index TR	2.4%	5.1%
Dow Jones Industrial Average TR	0.4%	0.8%
S&P 500 Index TR	1.0%	1.9%
NASDAQ Composite Index TR	0.9%	4.7%
MSCI EAFE TR (USD)	4.2%	9.4%
MSCI World TR (USD)	2.4%	4.9%

S&P/TSX Sector Performance*	Month	YTD*
S&P/TSX Financials TR	2.9%	2.7%
S&P/TSX Energy TR	7.1%	5.9%
S&P/TSX Materials TR	3.5%	7.0%
S&P/TSX Industrials TR	-3.4%	-1.9%
S&P/TSX Consumer Discretionary TR	-3.3%	2.6%
S&P/TSX Telecom Services TR	-0.2%	0.0%
S&P/TSX Information Technology TR	-0.2%	8.5%
S&P/TSX Consumer Staples TR	-3.0%	0.3%
S&P/TSX Utilities TR	0.7%	4.2%
S&P/TSX Healthcare TR	2.9%	49.3%

* All returns are on a Total Return basis. All indices are in local currency unless otherwise noted. Source: Bloomberg

Currencies (in Canadian Dollars)	Exchange	Month	YTD*
US Dollar	1.2077	-4.8%	3.9%
Euro	1.3555	-0.4%	-3.6%
British Pound	1.8540	-1.4%	2.4%
Japanese Yen	0.0101	-4.3%	4.1%

Currencies (One Canadian Dollar)	Exchange	Month	YTD*
US Dollar	0.8283	5.1%	-3.7%
Euro	0.7380	0.5%	3.8%
British Pound	0.5395	1.4%	-2.3%
Japanese Yen	98.8410	4.4%	-4.1%

Commodities (US\$)	Spot Price	Month	YTD*
Crude Oil (WTI per barrel)	\$59.63	25.3%	11.9%
Natural Gas (per million btu)	\$2.75	4.2%	-4.8%
Gold (per ounce)	\$1,184.37	0.1%	0.0%
Silver (per ounce)	\$16.15	-3.1%	2.8%
Copper (per pound)	\$2.89	4.9%	-0.1%
Nickel (per pound)	\$6.31	12.8%	-7.7%
Aluminum (per pound)	\$0.88	8.5%	5.9%
Zinc (per pound)	\$1.06	12.7%	7.7%

WHAT MOVED THE MARKETS

continued from page 2

FIXED INCOME-SPECIFIC DEVELOPMENTS

The Bank of Canada (BoC) maintained its overnight rate at 0.75%. The Bank's statement highlighted that while "the Canadian economy stalled in the first quarter of 2015", Q1 weakness would likely be offset later in the year. The statement also indicated that the path of the output gap remained in-line with its previous trajectory. In the BoC's Monetary Policy Report (MPR), the estimate for Q1 growth was reduced from 1.5% to 0%. Canada's 10-year bond closed the month yielding 1.45%, which was 10 bps higher than last month's closing yield of 1.35%.

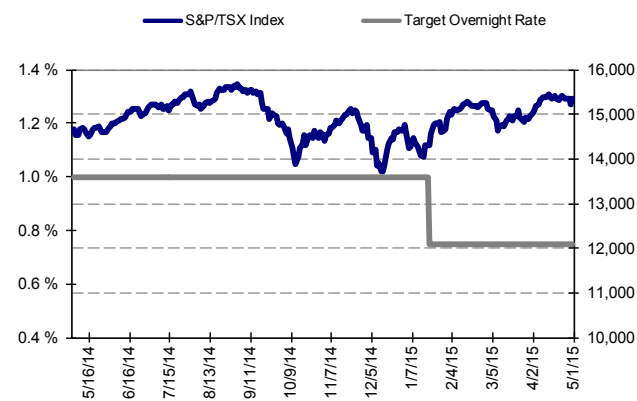
The yield on the 10-Year U.S. Treasury note remained range bound for most of the month between 1.80% and 2.00%, closing at 1.98% at the end of April.

GLOBAL DEVELOPMENTS

Peripheral spreads in the euro-zone narrowed this month as the European Central Bank (ECB) raised the Emergency Liquidity Assistance ceiling for Greek borrowers by \$1.5 billion. In the U.K, next week's May election is likely to produce the country's first minority government in 35 years. A referendum on the U.K's place within the E.U, a campaign pledge of incumbent David Cameron's, has yet to affect gilts with the 10-year bond yielding 1.66% at the end of April. In the event that the Conservative party does form the government and manages to push thorough a referendum, we would expect a surge in volatility.

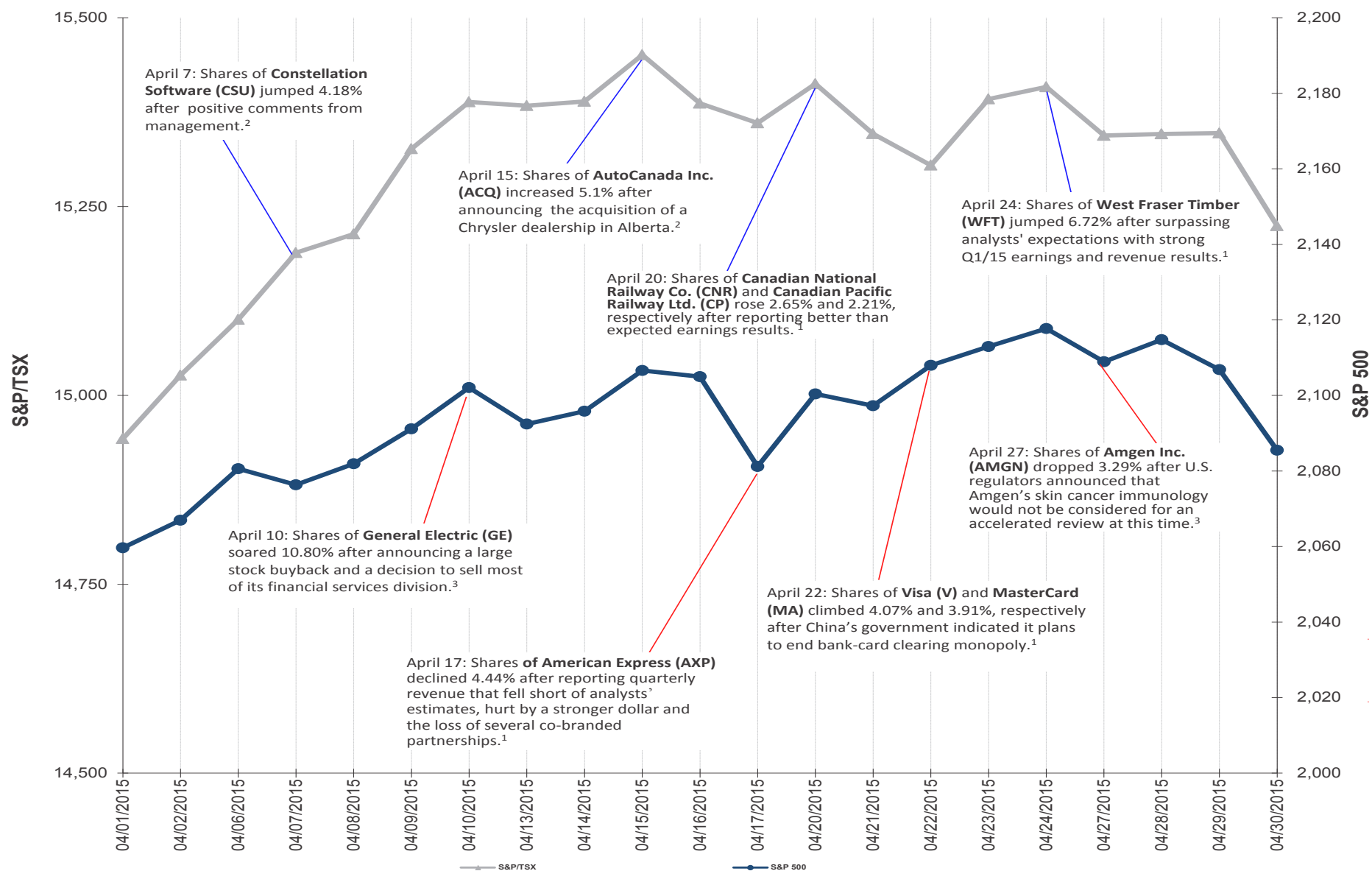
The Nikkei-225 Stock Average closed above 20,000 for the first time since 2000. Japan's aggressive monetary policy has driven consumer spending higher, while a weaker yen has spurred both Japanese export growth and tourism. In China by contrast, the People's Bank of China has introduced a strategy called Pledged Supplementary Lending ("PLS"). PLS will allow Chinese banks to swap local government bonds for loans as a way to boost liquidity and encourage lending. China also lowered the reserve requirement for banks, which should provide a boost to lending.

S&P/TSX Index - Target Overnight Rate, LTM



Source: Bloomberg

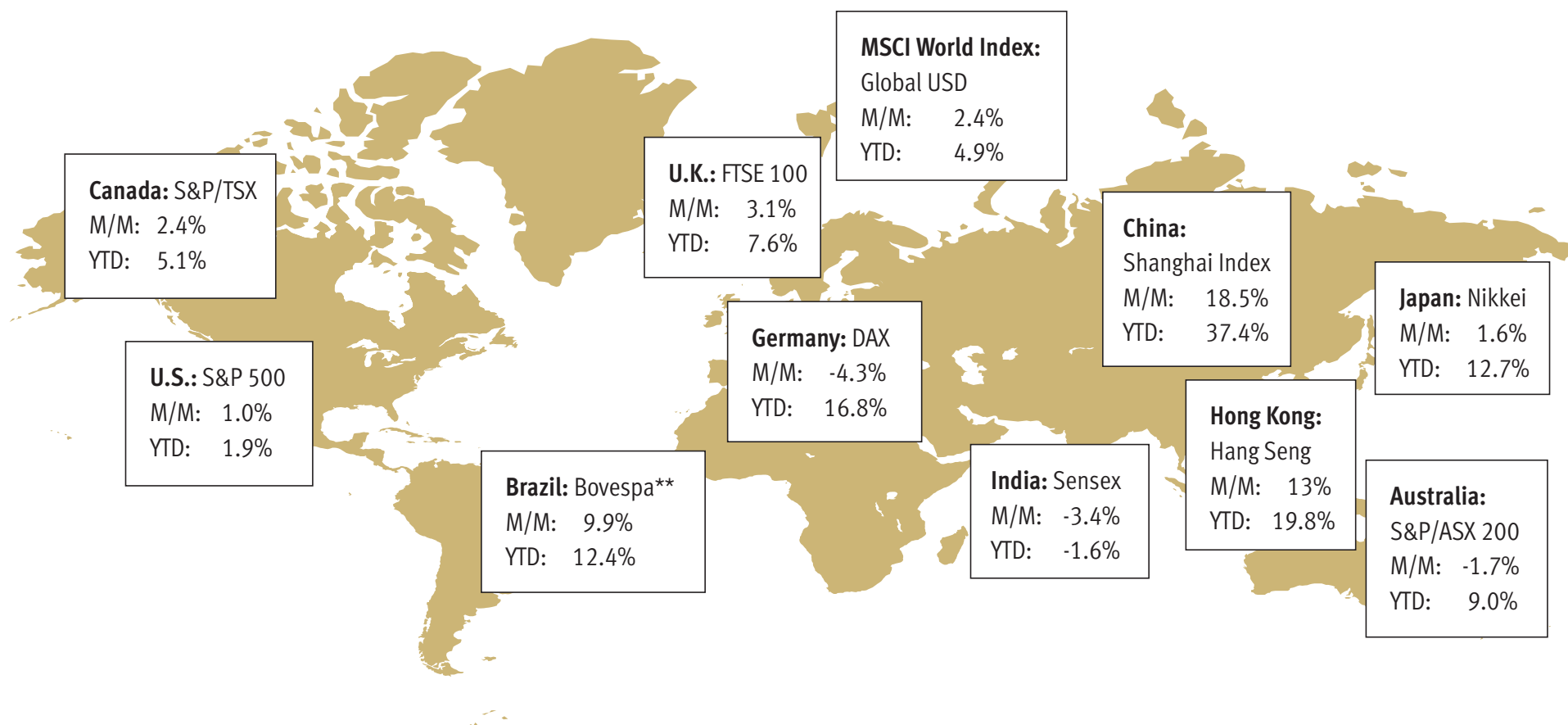
NORTH AMERICAN EQUITY HIGHLIGHTS – APRIL 2015



¹ Bloomberg ² RBC Capital Markets ³ The Globe and Mail
Pricing Data Source: Bloomberg

WORLD MARKETS – APRIL 2015

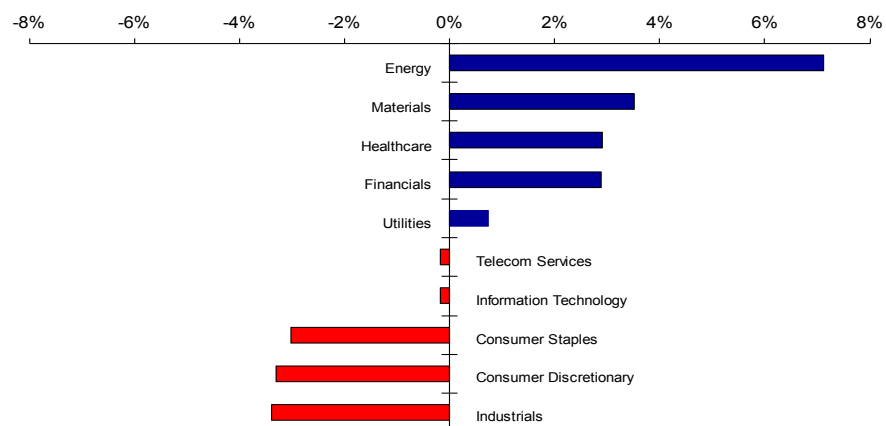
Global indices were mostly positive in April with China's Shanghai Index (18.5%) posting the largest return. Similarly, Hong Kong's Hang Seng (13%), U.K.'s FTSE 100 (3.1%), Japan's Nikkei (1.6%), Canada's S&P/TSX (2.4%), the S&P 500 (1.0%) and Brazil's Bovespa (9.9%) were positive for the month. Meanwhile, Germany's DAX lost 4.3% followed by India's Sensex Index (-3.4%) and Australia's S&P/ASX 200 (-1.7%). Overall, the MSCI World Index gained 2.4%, and is now up 4.9% for the year.



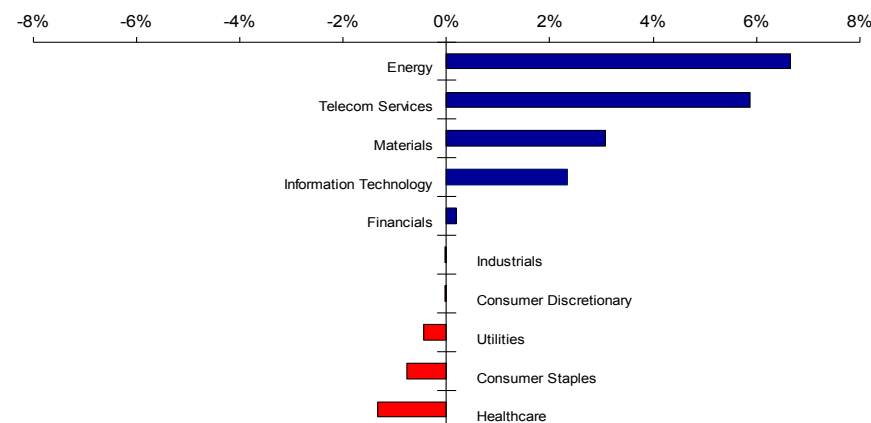
All returns are on a total return basis unless otherwise noted
All returns calculated in local currency except for MSCI World
** These indices are calculated on a price return basis
Source: Bloomberg

CANADIAN & U.S. EQUITIES – APRIL 2015

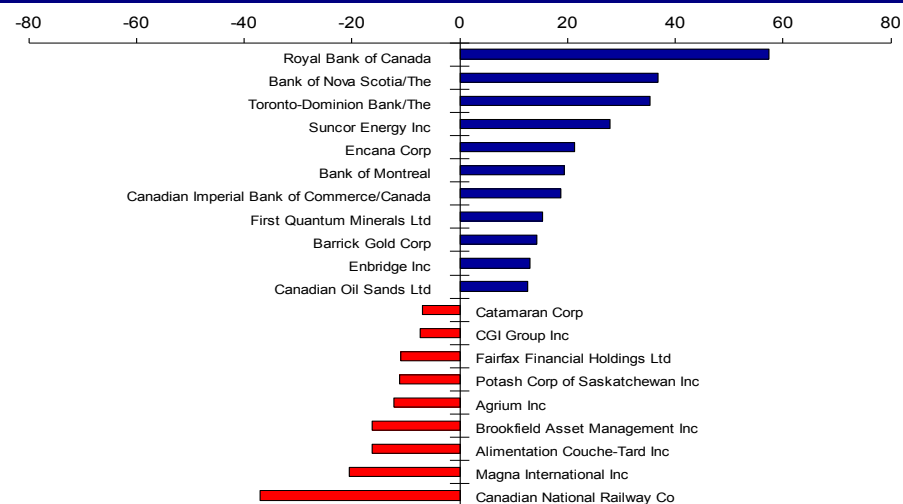
S&P/TSX Composite Sector Movement



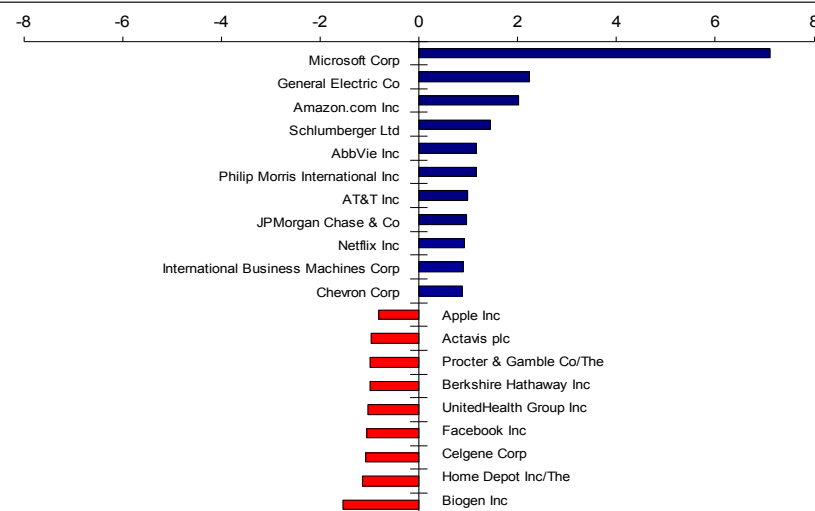
S&P 500 Sector Movement



Top 10 S&P/TSX Contributors/Decliners by Index Points



Top 10 S&P 500 Contributors/Decliners by Index Points



CANADIAN AND U.S. ECONOMIC DATA – APRIL 2015

Release Date	Economic Indicators: Canada	Period	Consensus	Actual	Prior
04/30/2015	Gross Domestic Product (m-o-m, SA)	Feb	-0.10%	0.00%	-0.20%
04/30/2015	Gross Domestic Product (y-o-y, SA)	Feb	1.90%	2.10%	2.40%
	Labour market				
04/10/2015	Net Change in Employment (000, SA)	Mar	0.0	28.7	-1.0
04/10/2015	Participation Rate (SA)	Mar	--	65.90%	65.80%
04/10/2015	Unemployment Rate (SA)	Mar	6.90%	6.80%	6.80%
	Housing market				
04/10/2015	Housing Starts (000, SAAR)	Mar	175.0	189.7	151.2
04/09/2015	New Housing Price Index (y-o-y)	Feb	1.40%	1.40%	1.40%
04/15/2015	Existing Home Sales (m-o-m)	Mar	--	4.10%	1.00%
04/14/2015	Teranet/National Bank HPI (m-o-m)	Mar	--	0.30%	0.10%
	Consumer & Manufacturing				
04/17/2015	Retail Sales (m-o-m, SA)	Feb	0.50%	1.70%	-1.40%
04/17/2015	Retail Sales Less Autos (m-o-m, SA)	Feb	0.70%	2.00%	-1.50%
04/15/2015	Manufacturing Sales (m-o-m, SA)	Feb	0.10%	-1.70%	-3.00%
	Trade				
04/02/2015	Merchandise Trade (billion, SA)	Feb	-2.00	-0.98	-1.48
	Prices				
04/17/2015	Consumer Price Index (m-o-m)	Mar	0.60%	0.70%	0.90%
04/17/2015	Consumer Price Index (y-o-y)	Mar	1.00%	1.20%	1.00%
04/17/2015	Bank of Canada CPI Core (m-o-m)	Mar	0.30%	0.60%	0.60%
04/17/2015	Bank of Canada CPI Core (y-o-y)	Mar	2.10%	2.40%	2.10%
04/29/2015	Industrial Product Price (m-o-m)	Mar	-0.10%	0.30%	1.80%
04/29/2015	Raw Materials Price Index (m-o-m)	Mar	-2.00%	-0.90%	5.90%

ECONOMIC DATA

continued from page 7

Release Date	Economic Indicators: Canada	Period	Consensus	Actual	Prior
04/21/2015	Wholesale Sales (m-o-m, SA)	Feb	0.50%	-0.40%	-2.90%
04/06/2015	Ivey Purchasing Managers Index (SA)	Mar	49.9	65.9	49.7
04/09/2015	Building Permits (m-o-m, SA)	Feb	3.30%	-0.90%	-12.30%
Release Date	Economic Indicators: U.S.	Period	Consensus	Actual	Prior
04/29/2015	GDP (q-o-q, SAAR)	1Q A	1.00%	0.20%	2.20%
04/29/2015	GDP Price Index (q-o-q, SAAR)	1Q A	0.50%	-0.10%	0.10%
04/29/2015	Core PCE (q-o-q, SAAR)	1Q A	1.00%	0.90%	1.10%
	Labour market				
04/03/2015	Change in Nonfarm Payrolls (000, SA)	Mar	245	126	264
04/03/2015	Unemployment Rate (SA)	Mar	5.50%	5.50%	5.50%
	Housing market				
04/16/2015	Building Permits (000, SAAR)	Mar	1081	1039	1102
04/16/2015	Housing Starts (000, SAAR)	Mar	1040	926	908
04/23/2015	New Home Sales (000, SAAR)	Mar	515	481	543
04/22/2015	Existing Home Sales (million, SAAR)	Mar	5.03	5.19	4.89
04/15/2015	NAHB Housing Market Index (SA)	Apr	55.0	56.0	52.0
04/01/2015	Construction Spending (m-o-m, SA)	Feb	-0.10%	-0.10%	-1.20%
	Consumer & Manufacturing				
04/14/2015	Advance Retail Sales (m-o-m, SA)	Mar	1.10%	0.90%	-0.50%
04/14/2015	Retail Sales Less Autos (m-o-m, SA)	Mar	0.70%	0.40%	-0.10%
04/28/2015	Consumer Confidence (SA)	Apr	102.2	95.2	101.4
04/17/2015	U. of Michigan Confidence	Apr P	94.0	95.9	93.0
04/29/2015	Personal Consumption (q-o-q, SAAR)	1Q A	1.70%	1.90%	4.40%

ECONOMIC DATA

continued from page 8

Release Date	Economic Indicators: U.S.	Period	Consensus	Actual	Prior
04/24/2015	Durable Goods Orders (m-o-m, SA)	Mar	0.60%	4.00%	-1.40%
04/02/2015	Factory Orders (m-o-m, SA)	Feb	-0.40%	0.20%	-0.70%
	Trade				
04/10/2015	Import Price Index (m-o-m)	Mar	-0.40%	-0.30%	0.20%
04/10/2015	Import Price Index (y-o-y)	Mar	-10.20%	-10.50%	-9.70%
04/02/2015	Trade Balance (billion, SA)	Feb	-41.2	-35.4	-42.7
	Prices				
04/17/2015	Consumer Price Index (m-o-m, SA)	Mar	0.30%	0.20%	0.20%
04/17/2015	Consumer Price Index (y-o-y)	Mar	0.00%	-0.10%	0.00%
04/17/2015	CPI Core Index (SA)	Mar	240.52	240.79	240.25
04/30/2015	PCE Deflator (y-o-y, SA)	Mar	0.40%	0.30%	0.30%
	Other Indicators				
04/01/2015	ISM Manufacturing Index (SA)	Mar	52.5	51.5	52.9
04/30/2015	Chicago Purchasing Manager Index	Apr	50.0	52.3	46.3
04/16/2015	Philadelphia Fed Index	Apr	6.0	7.5	5.0
04/17/2015	Leading Indicators (m-o-m)	Mar	0.30%	0.20%	0.10%
04/14/2015	Business Inventories (m-o-m, SA)	Feb	0.20%	0.30%	0.00%

Source: Bloomberg

SA = Seasonally Adjusted; SAAR = Seasonally Adjusted Annual Rate; m-o-m = Month-over-month % change;

q-o-q = Quarter-over-quarter % change; y-o-y = Year-over-year % change.

This document has been prepared for use by the RBC Wealth Management member companies, RBC Dominion Securities Inc. (RBC DS)*, RBC Phillips, Hager & North Investment Counsel Inc. (RBC PH&N IC), RBC Global Asset Management Inc. (RBC GAM), Royal Trust Corporation of Canada and The Royal Trust Company (collectively, the "Companies") and their affiliates, RBC Direct Investing Inc. (RBC DI) *, RBC Wealth Management Financial Services Inc. (RBC WM FS) and Royal Mutual Funds Inc. (RMFI). Each of the Companies, their affiliates and the Royal Bank of Canada are separate corporate entities which are affiliated. *Members-Canadian Investor Protection Fund. "RBC advisor" refers to Private Bankers who are employees of Royal Bank of Canada and mutual fund representatives of RMFI, Investment Counsellors who are employees of RBC PH&N IC and the private client division of RBC GAM, Senior Trust Advisors and Trust Officers who are employees of The Royal Trust Company or Royal Trust Corporation of Canada, or Investment Advisors who are employees of RBC DS. In Quebec, financial planning services are provided by RMFI or RBC WM FS and each is licensed as a financial services firm in that province. In the rest of Canada, financial planning services are available through RMFI, Royal Trust Corporation of Canada, The Royal Trust Company, or RBC DS. Estate & Trust Services are provided by Royal Trust Corporation of Canada and The Royal Trust Company. If specific products or services are not offered by one of the Companies or RMFI, clients may request a referral to another RBC partner. Insurance products are offered through RBC WM FS, a subsidiary of RBC DS. When providing life insurance products in all provinces except Quebec, Investment Advisors are acting as Insurance Representatives of RBC WM FS. In Quebec, Investment Advisors are acting as Financial Security Advisors of RBC WM FS. The strategies, advice and technical content in this publication are provided for the general guidance and benefit of our clients, based on information believed to be accurate and complete, but we cannot guarantee its accuracy or completeness. This publication is not intended as nor does it constitute tax or legal advice. Readers should consult a qualified legal, tax or other professional advisor when planning to implement a strategy. This will ensure that their individual circumstances have been considered properly and that action is taken on the latest available information. Interest rates, market conditions, tax rules, and other investment factors are subject to change. This information is not investment advice and should only be used in conjunction with a discussion with your RBC advisor. None of the Companies, RMFI, RBC WM FS, RBC DI, Royal Bank of Canada or any of its affiliates or any other person accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. © Registered trademarks of Royal Bank of Canada. Used under license. © 2015 Royal Bank of Canada. All rights reserved. 15_90087_012