



MONTH IN REVIEW

Portfolio Advisory Group

April 2016

WHAT MOVED THE MARKETS

Risk was back on this month as better-than-expected economic data and a rally in a number of major commodities contributed to improved investor sentiment. Reflecting this improvement, volatility in both equity and bond markets reached year-to-date lows. Furthermore, most major equity indices and North American benchmark government bond yields recovered and reached year-to-date highs. Corporate earnings also contributed to the more upbeat tone as ~75% of S&P companies have posted higher-than-expected Q1 earnings. Revenue beats are in-line with the long-term trend, despite some high profile misses. Finally, central banks around the world reaffirmed their commitment to historically low interest rates. Many repeated their recent rhetoric about concerns regarding lower growth and poor inflation prospects in developed economies.

North American indices were generally positive this month. The S&P/TSX posted a 3.7% gain as an impressive rally in the Materials and Healthcare sectors of 20.2% and 15.2%, respectively, was offset by weakness in the Information Technology and Consumer Staples sectors, which fell 6.7% and 5.5%, respectively. Overall, 5 of 10 sectors finished the month in positive territory.

In the U.S., the S&P 500 posted a 0.4% gain this month, with 6 of 10 sectors ending the month in positive territory. The Energy and Materials sectors gained 8.7% and 4.9%, respectively while the Information Technology and Utilities sectors fell by 5.4% and 2.4%, respectively.



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FIXED INCOME-SPECIFIC DEVELOPMENTS

The Bank of Canada (BoC) made its neutral stance clear by acknowledging that recent domestic economic data have been encouraging on balance, while remaining cautious with respect to the risks facing the global economy. At its April meeting, the BoC maintained the benchmark rate at 0.5% and boosted its 2016 gross domestic product (GDP) forecast to 1.7% from January's estimate of 1.4%. The BoC reiterated its view that low growth, the strengthening of the Canadian dollar and the reduced investment in Canada's energy sector were the main drivers of its decision to hold rates at the current low level. Amongst recently published economic data, the labour market, manufacturing and retail sales all posted better-than-expected numbers. 46,000 jobs were created in March, including a 19,000 job gain in Alberta that contributed to a lowering of the unemployment rate to 7.1% from 7.3%. Manufacturing grew 1.9% month over month, with durable manufacturing increasing 2.6% and retail sales posting a surprise gain of 0.4% in February, higher than expectations for a 0.8% decline. All these factors helped boost GDP growth to 1.5% on a year over year basis, in-line with the street's estimates. One indicator that was decidedly negative was the trade data, with exports falling 14% in March. This contrasted with the BoC Governor's comments that the Canadian economy is adjusting to low oil prices and a favourable exchange rate.

The Federal Open Market Committee (FOMC) is still not convinced about the strength of certain parts of the U.S. economy. It remains focused on persistently sluggish inflation and GDP numbers. The U.S. consumer price index (CPI) increased by only 0.1% in March and U.S. GDP came in lower than expected, at an annualized rate of 0.5% for the first quarter versus economists' expectations of 0.7%. GDP was impacted in part by the fall in housing starts, weak manufacturing data and a slowdown in household spending. On the other hand, the U.S. labour market remained strong in April as jobless claims unexpectedly decreased to the lowest level since 1973. Meanwhile, wages increased by 2.3% on an annual basis and real income rose at a solid rate. In general, consumer sentiment remains relatively high in the U.S. Nevertheless, the FOMC decided to keep the federal funds rate unchanged at 0.25% - 0.50% at its April meeting.

NUMBER CRUNCHING

Equity Indices*	Month	YTD*
S&P/TSX Composite Index TR	3.7%	8.4%
Dow Jones Industrial Average TR	0.6%	2.8%
S&P 500 Index TR	0.4%	1.7%
NASDAQ Composite Index TR	-1.9%	-4.3%
MSCI EAFE TR (USD)	3.0%	0.0%
MSCI World TR (USD)	1.6%	1.4%

S&P/TSX Sector Performance*	Month	YTD*
S&P/TSX Financials TR	2.3%	6.2%
S&P/TSX Energy TR	5.9%	15.3%
S&P/TSX Materials TR	20.2%	44.2%
S&P/TSX Industrials TR	0.8%	4.8%
S&P/TSX Consumer Discretionary TR	-1.8%	1.2%
S&P/TSX Telecom Services TR	-3.0%	8.2%
S&P/TSX Information Technology TR	-6.7%	-6.5%
S&P/TSX Consumer Staples TR	-5.5%	1.1%
S&P/TSX Utilities TR	-0.9%	8.6%
S&P/TSX Healthcare TR	15.2%	-62.4%

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

GLOBAL DEVELOPMENTS

Inflation and growth also remained in focus in Europe. The Eurozone GDP and labour market conditions slightly improved in February, with a drop of 0.1% in the joblessness rate to 10.3%, while GDP came in higher than expected at 1.6%. These Eurozone numbers mask the fact that there are still major discrepancies between regions, with Greece, Spain and Portugal still lagging behind the core European economies. Meanwhile, inflation expectations continue to be lacklustre in the region. Data released this month showed annual inflation in the region was -0.1% in March and underscores the difficulty the European Central Bank is encountering as it attempts to elevate inflation closer to its target of 2%. The ECB left its benchmark interest rate and deposit facility rate on hold at 0.0% and -0.4% respectively, and maintained its asset purchase program at €80 billion euros per month. ECB President Mario Draghi said that “the focus is now on the implementation of the measures decided” on March 10, suggesting that further easing measures might only come later this year, if necessary.

In China, manufacturing expanded for the first time in nine months as the nation's official PMI posted a larger-than-expected increase in March to 50.2 up from 49.0 in the previous month. Additionally, the GDP expanded at an annual pace of 6.7% in the first three months of 2016, in line with expectations and the official target growth range of 6.5% to 7%. This increase came on the back of an increasing debt to GDP ratio, which reached 237% in April. On the resources front, major commodities such as iron ore and oil moved up significantly in the month. Oil prices ended the month at ~\$46 a barrel, aided by weakness in the U.S. dollar and a decline in U.S. production that helped to reduce the crude inventory buildup. The rally in oil prices happened in spite of the meeting in Doha between OPEC and non-OPEC countries that ended without any formal output freeze agreement.

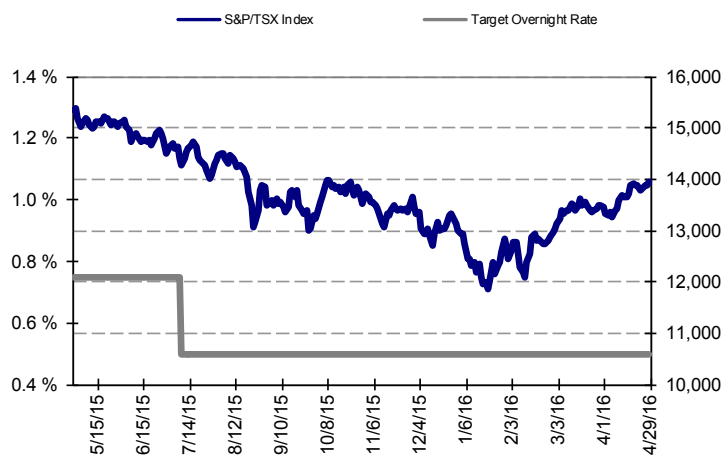
Currencies (in Canadian Dollars)	Exchange	Month	YTD*
US Dollar	1.2556	-3.4%	-9.3%
Euro	1.4378	-2.8%	-4.4%
British Pound	1.8341	-1.8%	-10.1%
Japanese Yen	0.0118	2.1%	2.4%

Currencies (One Canadian Dollar)	Exchange	Month	YTD*
US Dollar	0.7965	3.6%	10.2%
Euro	0.6957	3.0%	4.5%
British Pound	0.5451	1.8%	11.2%
Japanese Yen	84.8230	-2.0%	-2.3%

Commodities (US\$)	Spot Price	Month	YTD*
Crude Oil (WTI per barrel)	\$45.92	19.8%	24.0%
Natural Gas (per million btu)	\$2.18	11.2%	-6.8%
Gold (per ounce)	\$1,292.99	4.9%	21.8%
Silver (per ounce)	\$17.84	15.6%	28.7%
Copper (per pound)	\$2.30	3.8%	7.6%
Nickel (per pound)	\$4.27	11.4%	7.2%
Aluminum (per pound)	\$0.76	10.5%	11.3%
Zinc (per pound)	\$0.88	6.7%	20.5%

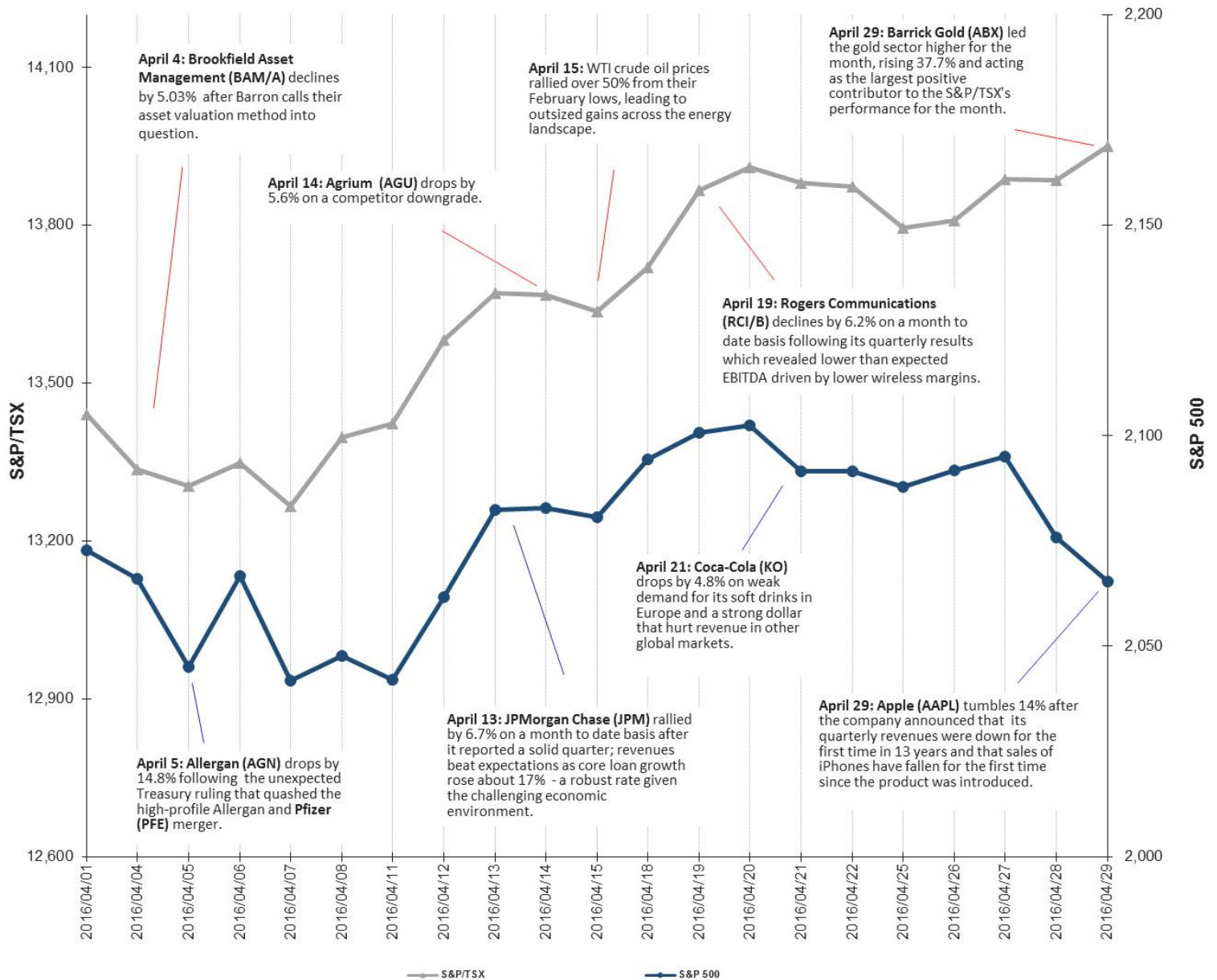
*All returns are on a Total Return basis All indices are in local currency unless otherwise noted.

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



Source - RBC Wealth Management, Bloomberg

NORTH AMERICAN EQUITY HIGHLIGHTS – APRIL 2016

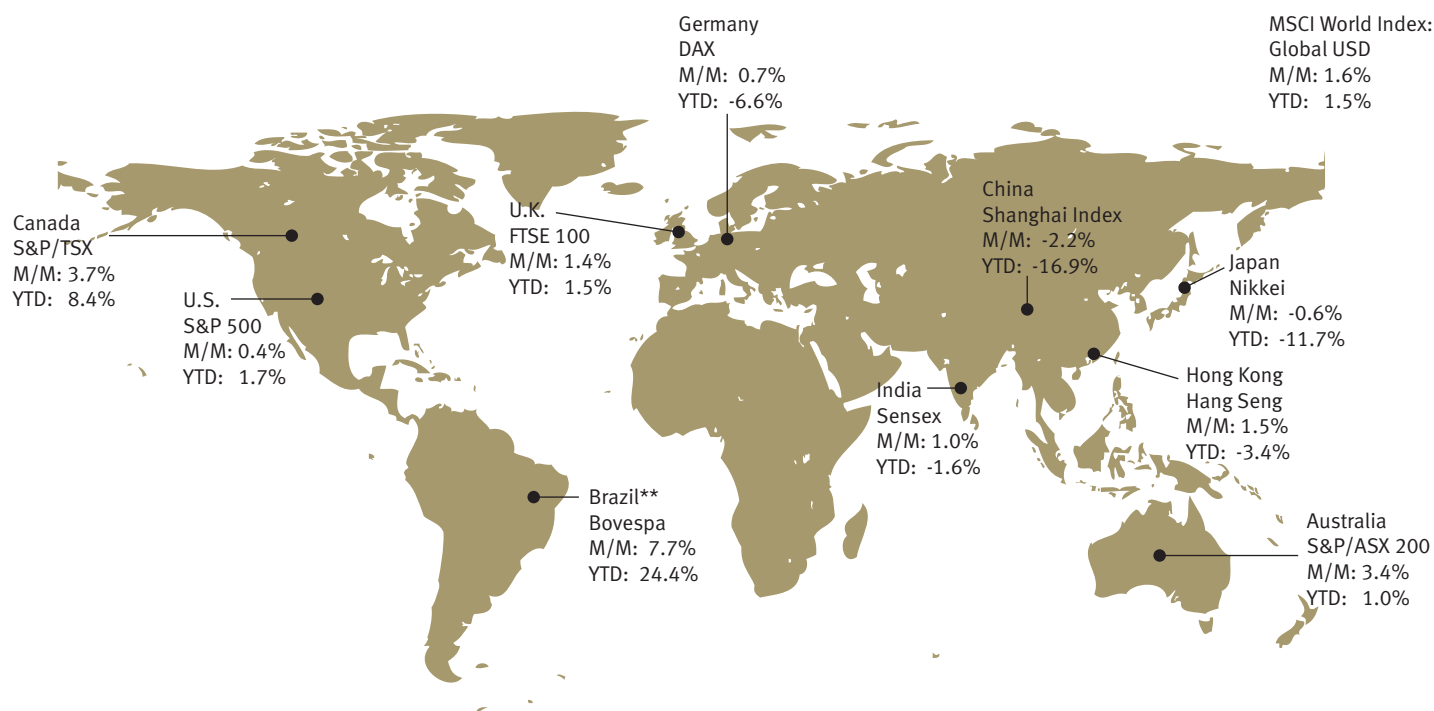


¹Bloomberg ²RBC Capital Markets Pricing Data
Source: Bloomberg

WORLD MARKETS

April Month-over-Month and Year-to-Date Performance

For the month of April, global markets were fairly mixed. Across North and South America, Brazil's Bovespa was up 7.7% while S&P 500 and S&P/TSX were up 0.4% and 3.7%, respectively. In Europe, Germany's DAX rallied 0.7% and U.K.'s FTSE increased by 1.4%. In Asia, Hong Kong's Hang Seng was the clear winner closing the month up 1.5% while India's Sensex rallied 1%, but these gains were dampened by poor showings in China's Shanghai Index and Japan's Nikkei, which fell 2.2% and 0.6%, respectively. Lastly, Australia's S&P/ASX 200 finished the month up 3.4%. Overall, the MSCI World Index increased by 1.6% for the month and is now up 1.5% for the year.

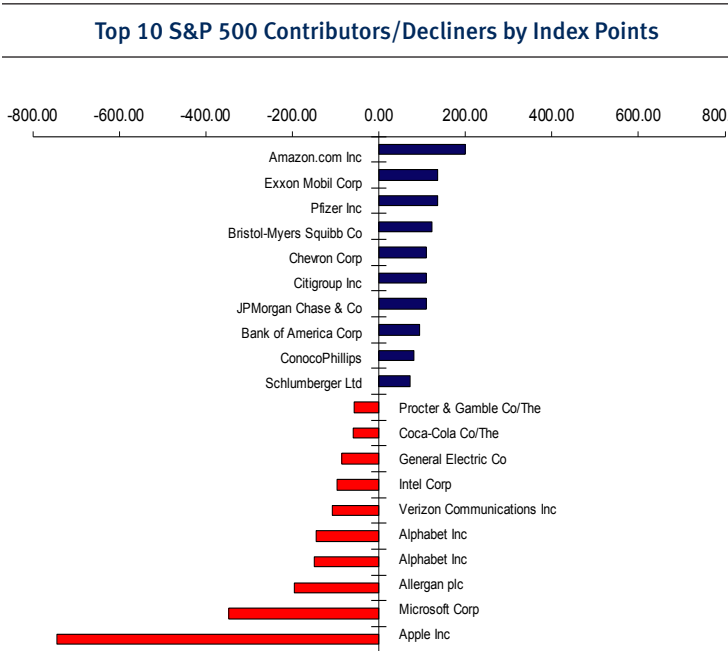
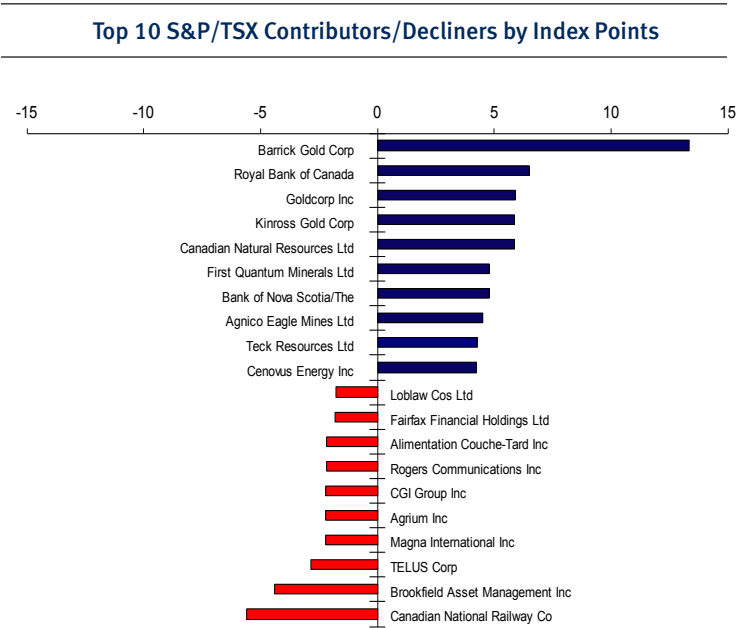
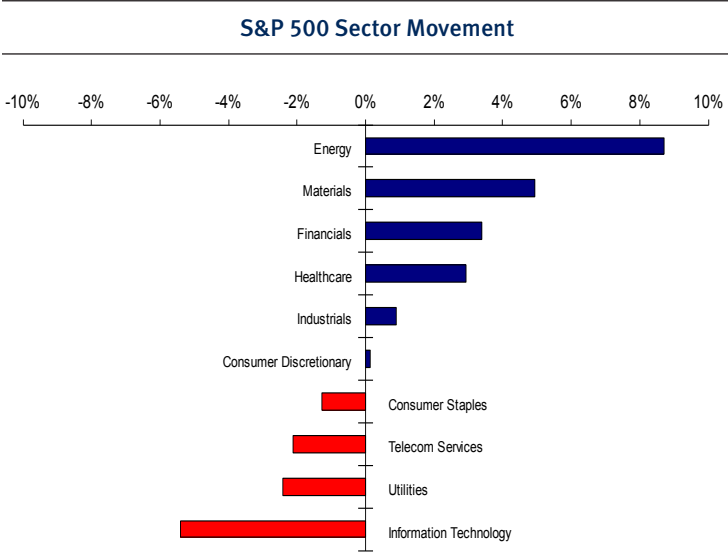
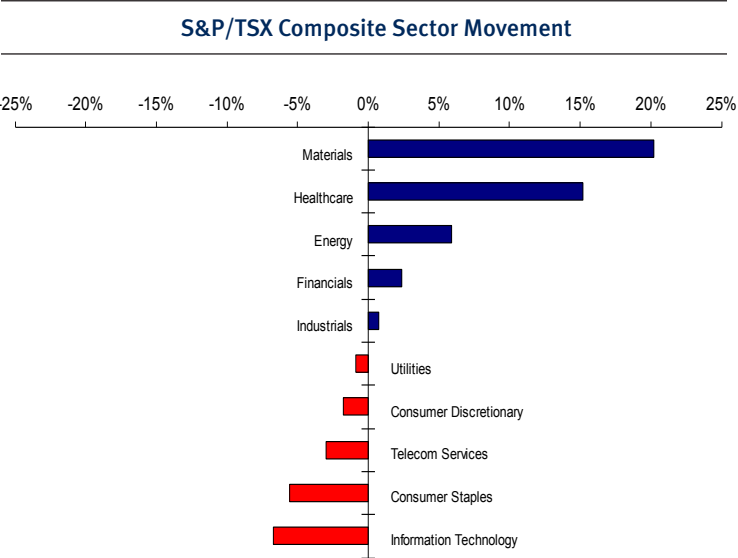


Source – Bloomberg, RBC Wealth Management, 04/29/16

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

CANADIAN & U.S. EQUITIES – APRIL 2016



Source: Bloomberg

CANADIAN AND U.S. ECONOMIC DATA – APRIL 2016

Release Date	Economic Indicators: Canada	Period	Consensus	Actual	Prior
04/29/2016	Gross Domestic Product (m-o-m, SA)	Feb	-0.20%	-0.10%	0.60%
04/29/2016	Gross Domestic Product (y-o-y, SA)	Feb	1.50%	1.50%	1.60%
	Labour market				
04/08/2016	Net Change in Employment (000, SA)	Mar	0.0	0.0	0.0
04/08/2016	Participation Rate (SA)	Mar	65.90%	65.90%	65.90%
04/08/2016	Unemployment Rate (SA)	Mar	7.30%	7.10%	7.30%
	Housing market				
04/08/2016	Housing Starts (000, SAAR)	Mar	0	0.2	0.2
04/14/2016	New Housing Price Index (y-o-y)	Feb	1.80%	1.80%	1.80%
04/15/2016	Existing Home Sales (m-o-m)	Mar	--	1.50%	0.80%
04/15/2016	Teranet/National Bank HPI (m-o-m)	Mar	--	0.80%	0.60%
	Consumer & Manufacturing				
04/22/2016	Retail Sales (m-o-m, SA)	Feb	-0.80%	0.40%	2.00%
04/22/2016	Retail Sales Less Autos (m-o-m, SA)	Feb	-0.70%	0.20%	1.30%
04/15/2016	Manufacturing Sales (m-o-m, SA)	Feb	-1.50%	-3.30%	2.30%
	Trade				
04/05/2016	Merchandise Trade (billion, SA)	Feb	0.00	0.00	0.00
	Prices				
04/22/2016	Consumer Price Index (m-o-m)	Mar	0.50%	0.60%	0.20%
04/22/2016	Consumer Price Index (y-o-y)	Mar	1.20%	1.30%	1.40%
04/22/2016	Bank of Canada CPI Core (m-o-m)	Mar	0.40%	0.70%	0.50%
04/22/2016	Bank of Canada CPI Core (y-o-y)	Mar	1.70%	2.10%	1.90%
04/29/2016	Industrial Product Price (m-o-m)	Mar	0.50%	-0.60%	-1.00%
04/29/2016	Raw Materials Price Index (m-o-m)	Mar	3.70%	4.50%	0.70%
	Other Indicators				
04/20/2016	Wholesale Sales (m-o-m, SA)	Feb	-0.40%	-2.20%	0.20%
04/06/2016	Ivey Purchasing Managers Index (SA)	Mar	54.8	50.1	53.4
04/07/2016	Building Permits (m-o-m, SA)	Feb	4%	16%	-10%

Release Date	Economic Indicators: U.S.	Period	Consensus	Actual	Prior
04/28/2016	GDP (q-o-q, SAAR)	1Q A	0.70%	0.50%	1.40%
04/28/2016	GDP Price Index (q-o-q, SAAR)	1Q A	0.50%	0.70%	0.90%
04/28/2016	Core PCE (q-o-q, SAAR)	1Q A	1.90%	2.10%	1.30%
	Labour market				
04/01/2016	Change in Nonfarm Payrolls (000, SA)	Mar	0.2	0.2	0.2
04/01/2016	Unemployment Rate (SA)	Mar	4.90%	5.00%	4.90%
	Housing market				
04/19/2016	Building Permits (000, SAAR)	Mar	1.20	1.09	1.18
04/19/2016	Housing Starts (000, SAAR)	Mar	1.17	1.09	1.19
04/25/2016	New Home Sales (000, SAAR)	Mar	0.52	0.51	0.52
04/20/2016	Existing Home Sales (million, SAAR)	Mar	0.00	0.00	0.00
04/18/2016	NAHB Housing Market Index (SA)	Apr	59	58	58
04/01/2016	Construction Spending (m-o-m, SA)	Feb	0.10%	-0.50%	2.10%
	Consumer & Manufacturing				
04/13/2016	Advance Retail Sales (m-o-m, SA)	Mar	0.10%	-0.30%	0.20%
04/13/2016	Retail Sales Less Autos (m-o-m, SA)	Mar	0.40%	0.20%	0.10%
04/26/2016	Consumer Confidence (SA)	Apr	95.8	94.2	96.1
04/29/2016	U. of Michigan Confidence	Apr F	90.0	89.0	89.7
04/28/2016	Personal Consumption (q-o-q, SAAR)	1Q A	1.70%	1.90%	2.40%
04/26/2016	Durable Goods Orders (m-o-m, SA)	Mar P	1.90%	0.80%	-3.10%
04/04/2016	Factory Orders (m-o-m, SA)	Feb	-1.70%	-1.70%	1.20%
	Trade				
04/12/2016	Import Price Index (m-o-m)	Mar	1.00%	0.20%	-0.40%
04/12/2016	Import Price Index (y-o-y)	Mar	-4.80%	-6.20%	-6.50%
04/05/2016	Trade Balance (billion, SA)	Feb	-46.2	-47.1	-45.9
	Prices				
04/14/2016	Consumer Price Index (m-o-m, SA)	Mar	0.20%	0.10%	-0.20%
04/14/2016	Consumer Price Index (y-o-y)	Mar	1.00%	0.90%	1.00%
04/14/2016	CPI Core Index (SA)	Mar	246.33	246.10	245.93
04/29/2016	PCE Deflator (y-o-y, SA)	Mar	0.80%	0.80%	1.00%
	Other Indicators				
04/01/2016	ISM Manufacturing Index (SA)	Mar	51.0	51.8	49.5
04/29/2016	Chicago Purchasing Manager Index	Apr	52.6	50.4	53.6
04/21/2016	Philadelphia Fed Index	Apr	9.0	-1.6	12.4
04/21/2016	Leading Indicators (m-o-m)	Mar	0.40%	0.20%	-0.10%
04/13/2016	Business Inventories (m-o-m, SA)	Feb	-0.10%	-0.10%	-0.10%

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.

NOTABLE CANADIAN DIVIDEND ACTIVITY – APRIL 2016

INCREASES				
Company	\$ Change		Ex-Date	% Change
Jean Coutu Group PJC Inc. (PJC.A)	Prior: \$0.1100	New: \$0.1200	May 11, 2016	9.1%
Restaurant Brands International Inc (QSR)	Prior: \$0.1400	New: \$0.1500	May 12, 2016	7.1%
Canadian Pacific Railway Ltd. (CP)	Prior: \$0.3500	New: \$0.5000	June 22, 2016	42.9%
Uni Select Inc. (UNS)	Prior: \$0.1600	New: \$0.1700	June 28, 2016	6.3%
First National Financial Corp. (FN)	Prior: \$0.1292	New: \$0.1417	TBA	9.7%

DECREASES				
Company	\$ Change		Ex-Date	% Change
Surge Energy Inc (SGY)	Prior: \$0.0125	New: \$0.0063	April 27, 2016	-50.0%
Whitecap Resources (WCP)	Prior: \$0.0375	New: \$0.0233	April 27, 2016	-37.9%
Mullen Group Ltd (MTL)	Prior: \$0.0800	New: \$0.0300	TBA	-62.5%

Source: Bloomberg

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