



MONTH IN REVIEW

Portfolio Advisory Group

November 2015

WHAT MOVED THE MARKETS

Market volatility intensified in November in the face of a potential rise in U.S. interest rates, particularly as a strong U.S. employment report and hawkish Fed minutes signaled a potential December Fed rate hike.

The Fed's October minutes confirmed that a rate hike is on the table for December driving yields across the short-term U.S Treasury curve higher. Focus is now shifting towards the pace at which the monetary tightening cycle will take place. In Canada, the downward pressure on oil prices continues to hamper the economy as the impact of a weaker energy sector weighs on the broader market. The U.S. dollar index continued to strengthen reaching its highest level since mid-April, while crude approached its lows for the year, following a brief rally in October.

North American indices were mixed. The S&P/TSX fell slightly (0.2%) as an impressive gain of 7.6% in the Information Technology sector was offset by the Energy and Consumer Discretionary sectors, which fell 3.7% and 2.7% respectively. Overall, 6 of 10 sectors finished the month in positive territory.

In the U.S., the S&P 500 posted a 0.3% gain despite 6 out of 10 sectors posting negative results as a strong showing in Financials (1.9%) and Industrials (0.9%) offset weakness in the more interest rate sensitive sectors such as Utilities (-2.1%) and Telecom Services (-1.3%).



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FIXED INCOME-SPECIFIC DEVELOPMENTS

Economic data releases were mixed for Canada as better-than-expected job growth and a shrinking trade deficit suggested the economy is getting back on the right track, while negative retail sales data indicated that consumers remain cautious. The Canadian economy added 44k new jobs in October (vs. expectations of 10k) and the unemployment rate fell 0.1% to 7.0%. Inflation was steady (1%) and remains at the lower end of the Bank of Canada's target range of 1% to 3% as lower gasoline prices were offset by higher costs for shelter and food. The futures market is showing near zero expectations for a rate cut before the end of the year in Canada. The benchmark Canada 10-year bond closed the month at 1.57%, 3 bps higher than last month's closing yield of 1.54%.

In the U.S., third quarter GDP was revised upwards to 2.1% from 1.5% as greater job security and cheaper gasoline endowed households with a renewed confidence to spend. With a staggering addition of 271k new jobs in October (vs. 185k expected), the Fed seemed to receive the necessary clearance it needed to embark on the first rate hike in nearly a decade at its upcoming December meeting. Stubbornly low inflation remains an area of concern and global growth trends bear watching, yet it seems policymakers are prepared to act. The futures market is currently pricing a 72% probability of a rate hike before the end of the year. The benchmark U.S. Treasury 10-year bond closed the month at 2.21%, 7 bps higher than last month's closing yield of 2.14%.

NUMBER CRUNCHING

Equity Indices*	Month	YTD*
S&P/TSX Composite Index TR	-0.2%	-5.4%
Dow Jones Industrial Average TR	0.7%	1.8%
S&P 500 Index TR	0.3%	3.0%
NASDAQ Composite Index TR	1.3%	9.0%
MSCI EAFE TR (USD)	-1.5%	0.9%
MSCI World TR (USD)	-0.4%	1.4%

S&P/TSX Sector Performance*	Month	YTD*
S&P/TSX Financials TR	1.0%	1.5%
S&P/TSX Energy TR	-3.7%	-18.7%
S&P/TSX Materials TR	-1.1%	-19.3%
S&P/TSX Industrials TR	1.0%	-7.1%
S&P/TSX Consumer Discretionary TR	-2.7%	4.3%
S&P/TSX Telecom Services TR	0.0%	10.9%
S&P/TSX Information Technology TR	7.6%	14.3%
S&P/TSX Consumer Staples TR	2.9%	12.5%
S&P/TSX Utilities TR	-1.7%	-5.5%
S&P/TSX Healthcare TR	1.5%	-26.4%

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

GLOBAL DEVELOPMENTS

The pace of economic growth in the Eurozone cooled in Q3 as the rate of GDP growth slowed to 0.3% from 0.4% in the prior quarter. This report marked the Eurozone's second consecutive quarterly slowdown and comes on the heels of commentary from ECB President Mario Draghi that hinted at the central bank's willingness to expand stimulus. The dovish rhetoric has ramped up as officials move to lay the groundwork for more monetary easing during the ECB's next meeting scheduled to take place on December 3.

The Bank of England (BoE) left its benchmark rate unchanged at 0.5%. The Bank also dampened the prospects of raising interest rates anytime soon as a result of subdued inflation. The BoE said that "the outlook for global growth has weakened since August", and therefore expects potential economic headwinds to linger.

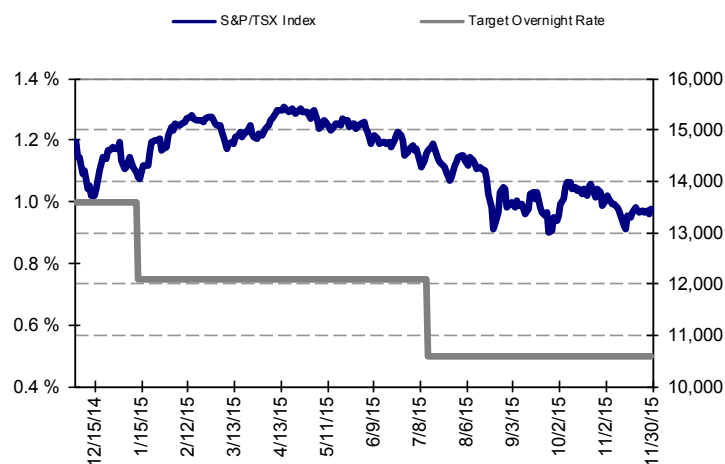
China said its economy will expand at a 6.5% annual pace over the next five years. It is the first time that Chinese officials have indicated a growth target below 7%. The Chinese economy has slowed to a 6.9% growth rate in its most recent quarter, its weakest performance since the financial crisis.

Currencies (in Canadian Dollars)	Exchange	Month	YTD*
US Dollar	1.3362	2.2%	15.0%
Euro	1.4117	-1.9%	0.4%
British Pound	2.0118	-0.2%	11.1%
Japanese Yen	0.0109	0.1%	11.7%

Currencies (One Canadian Dollar)	Exchange	Month	YTD*
US Dollar	0.7484	-2.1%	-13.0%
Euro	0.7085	2.0%	-0.4%
British Pound	0.4971	0.3%	-10.0%
Japanese Yen	92.1300	-0.1%	-10.6%

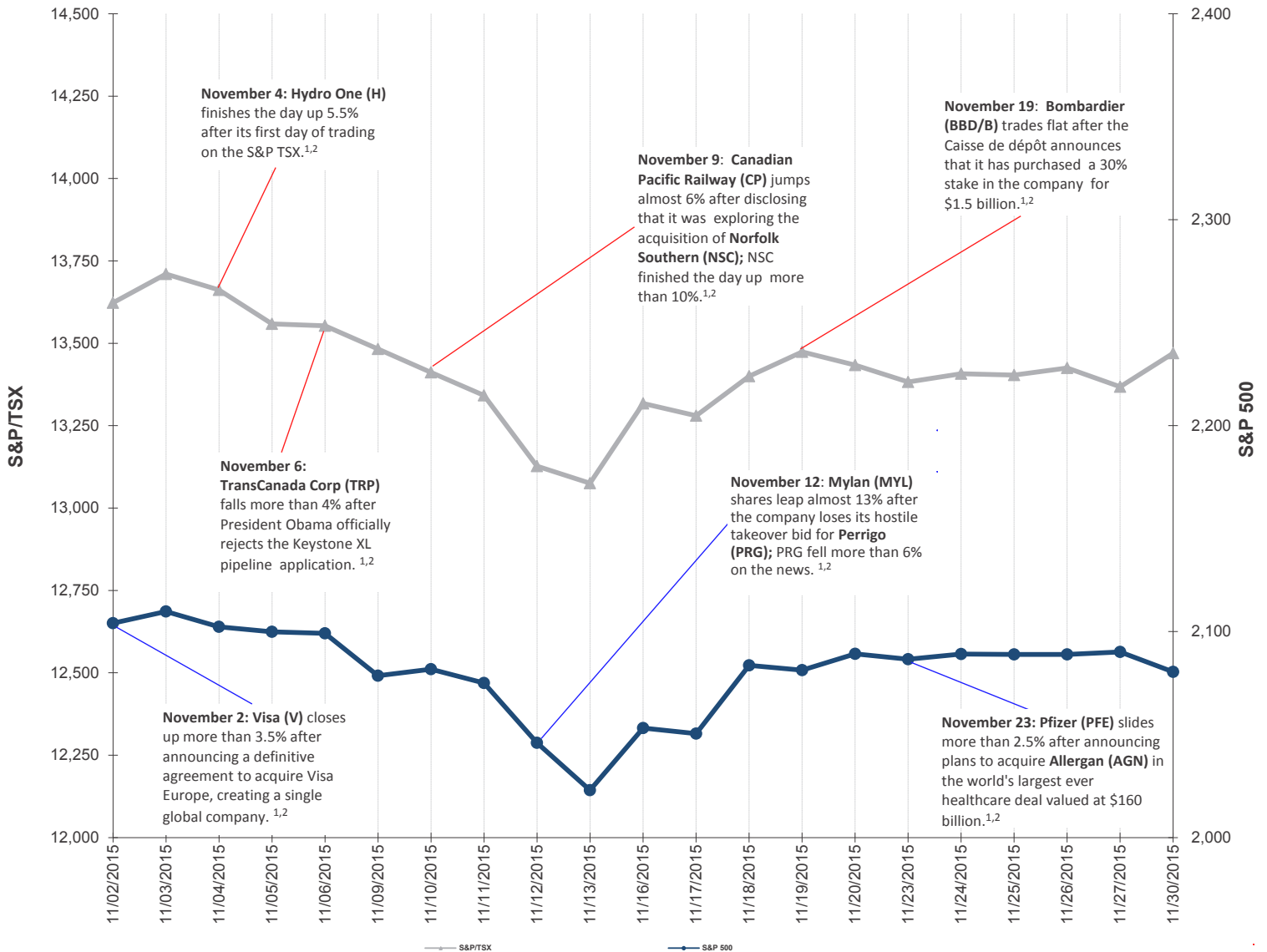
Commodities (US\$)	Spot Price	Month	YTD*
Crude Oil (WTI per barrel)	\$41.65	-10.6%	-21.8%
Natural Gas (per million btu)	\$2.24	-3.7%	-22.6%
Gold (per ounce)	\$1,064.77	-6.8%	-10.1%
Silver (per ounce)	\$14.09	-9.4%	-10.3%
Copper (per pound)	\$2.09	-10.3%	-27.8%
Nickel (per pound)	\$4.02	-11.8%	-41.2%
Aluminum (per pound)	\$0.65	-0.7%	-21.2%
Zinc (per pound)	\$0.71	-8.6%	-28.2%

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



Source - RBC Wealth Management, Bloomberg

NORTH AMERICAN EQUITY HIGHLIGHTS – NOVEMBER 2015

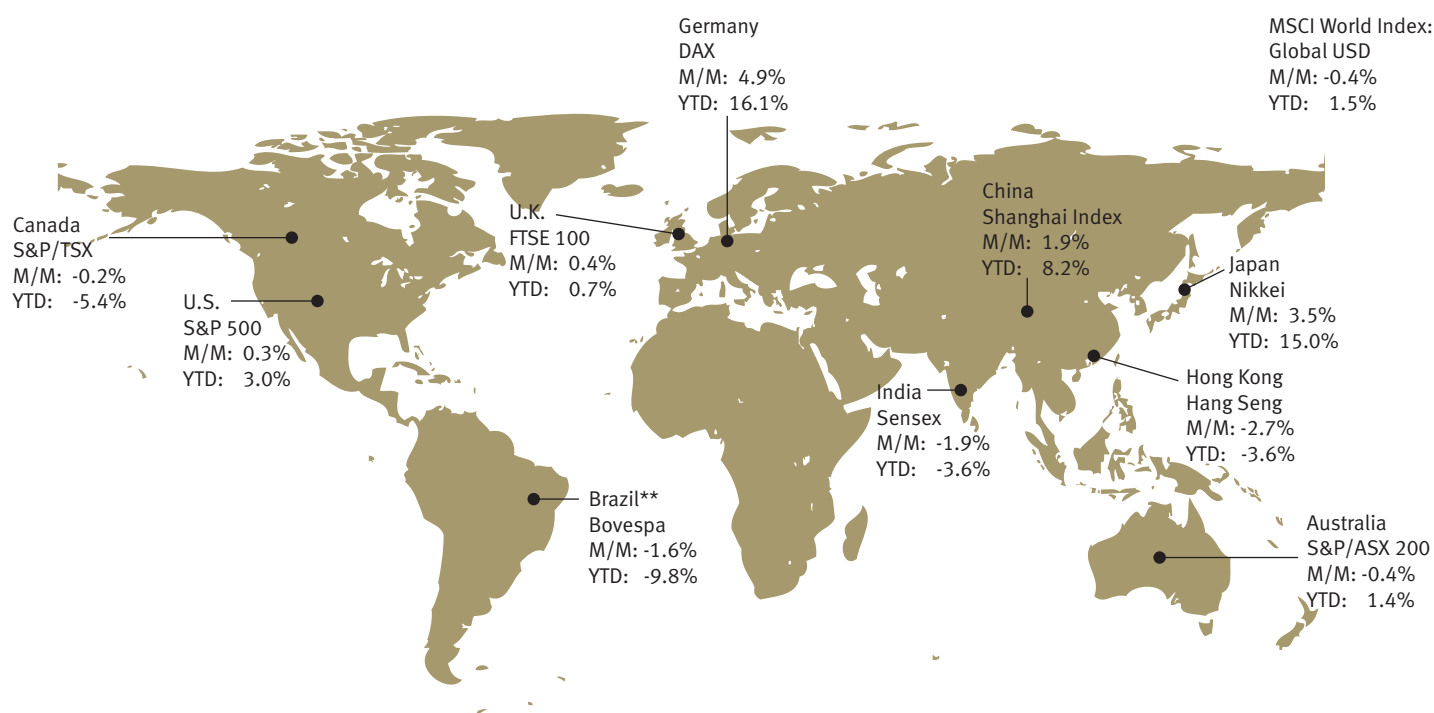


¹Bloomberg ²RBC Capital Markets Pricing Data
Source: Bloomberg

WORLD MARKETS

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

Germany's DAX was the clear winner, finishing the month up 4.9%, far ahead of the U.K.'s FTSE 100 and Australia's S&P/ASX 200, which closed October up 0.4% and -0.4%, respectively. Asian markets were fairly mixed - Japan's Nikkei and China's Shanghai Index were up 3.5% and 1.9% respectively, but these gains were dampened by poor showings in Hong Kong's Hang Seng and India's Sensex, which fell 2.7% and 1.9% respectively. North American markets were largely flat on the month; the S&P 500 saw a slight gain of 0.3% while Canada's S&P/TSX fell 0.2%. Finally, November saw Brazil's Bovespa unwind its October gains, falling 1.6%. Overall, the MSCI World Index lost 0.4%, and is now up 1.5% for the year.

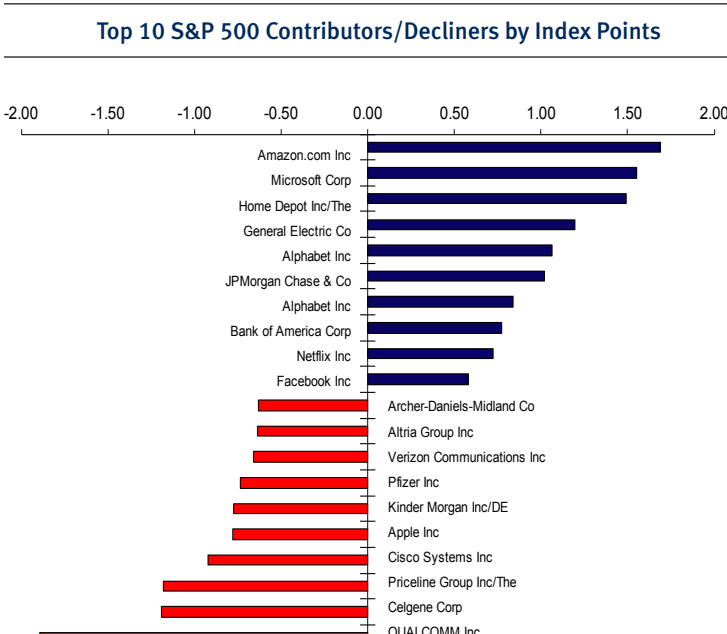
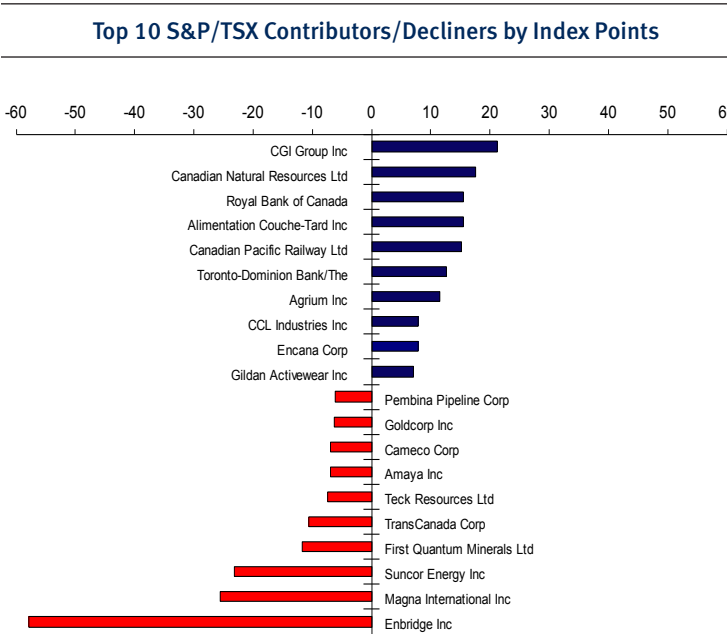
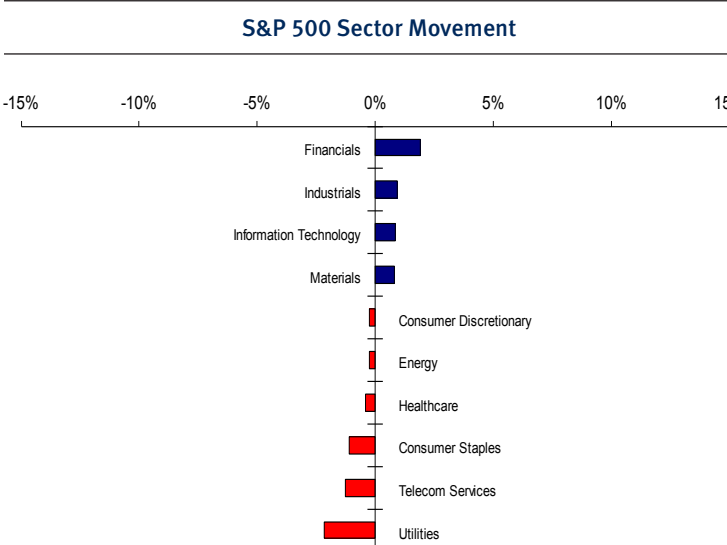
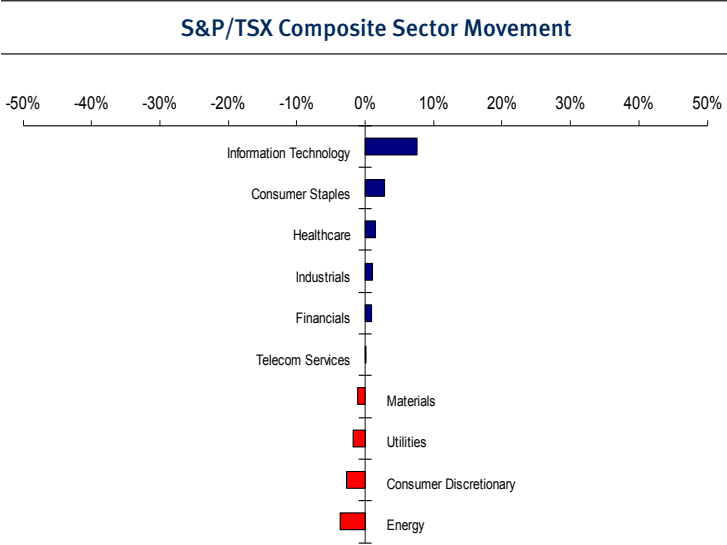


Source – Bloomberg, RBC Wealth Management, 11/30/15

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 – NOVEMBER 2015



Source: Bloomberg

CANADIAN AND U.S. ECONOMIC DATA – NOVEMBER 2015

Release Date	Economic Indicators: Canada	Period	Consensus	Actual	Prior
12/01/2015	Gross Domestic Product (m-o-m, SA)	Sep	0.00%	--	0.10%
12/01/2015	Gross Domestic Product (y-o-y, SA)	Sep	0.40%	--	0.90%
	Labour market				
12/04/2015	Net Change in Employment (000, SA)	Nov	-10.0	--	44.4
12/04/2015	Participation Rate (SA)	Nov	65.90%	--	66.00%
12/04/2015	Unemployment Rate (SA)	Nov	7.00%	--	7.00%
	Housing market				
12/08/2015	Housing Starts (000, SAAR)	Nov	--	--	198.1
11/12/2015	New Housing Price Index (y-o-y)	Sep	1.30%	1.30%	1.30%
11/16/2015	Existing Home Sales (m-o-m)	Oct	--	1.80%	-2.10%
11/12/2015	Teranet/National Bank HPI (m-o-m)	Oct	--	0.10%	0.60%
	Consumer & Manufacturing				
11/20/2015	Retail Sales (m-o-m, SA)	Sep	0.10%	-0.50%	0.50%
11/20/2015	Retail Sales Less Autos (m-o-m, SA)	Sep	-0.40%	-0.50%	0.00%
11/16/2015	Manufacturing Sales (m-o-m, SA)	Sep	0.20%	-1.50%	-0.60%
	Trade				
12/04/2015	Merchandise Trade (billion, SA)	Oct	-1.70	--	-1.73
	Prices				
11/20/2015	Consumer Price Index (m-o-m)	Oct	0.10%	0.10%	-0.20%
11/20/2015	Consumer Price Index (y-o-y)	Oct	1.00%	1.00%	1.00%
11/20/2015	Bank of Canada CPI Core (m-o-m)	Oct	0.20%	0.30%	0.20%
11/20/2015	Bank of Canada CPI Core (y-o-y)	Oct	2.00%	2.10%	2.10%
11/27/2015	Industrial Product Price (m-o-m)	Oct	-0.10%	-0.50%	-0.40%
11/27/2015	Raw Materials Price Index (m-o-m)	Oct	0.30%	0.40%	2.40%
	Other Indicators				
11/19/2015	Wholesale Sales (m-o-m, SA)	Sep	0.20%	-0.10%	0.00%
12/04/2015	Ivey Purchasing Managers Index (SA)	Nov	53.0	--	53.1
12/08/2015	Building Permits (m-o-m, SA)	Oct	--	--	-7%

Release Date	Economic Indicators: U.S.	Period	Consensus	Actual	Prior
11/24/2015	GDP (q-o-q, SAAR)	3Q S	2.10%	2.10%	1.50%
11/24/2015	GDP Price Index (q-o-q, SAAR)	3Q S	1.20%	1.30%	1.20%
11/24/2015	Core PCE (q-o-q, SAAR)	3Q S	1.30%	1.30%	1.30%
	Labour market				
12/04/2015	Change in Nonfarm Payrolls (000, SA)	Nov	200.0	--	271.0
12/04/2015	Unemployment Rate (SA)	Nov	5.00%	--	5.00%
	Housing market				
11/18/2015	Building Permits (000, SAAR)	Oct	1147	1150	1105
11/18/2015	Housing Starts (000, SAAR)	Oct	1160	1060	1191
11/25/2015	New Home Sales (000, SAAR)	Oct	500	495	447
11/23/2015	Existing Home Sales (million, SAAR)	Oct	5.40	5.36	5.55
11/17/2015	NAHB Housing Market Index (SA)	Nov	64	62	65
12/01/2015	Construction Spending (m-o-m, SA)	Oct	0.60%	--	0.60%
	Consumer & Manufacturing				
11/13/2015	Advance Retail Sales (m-o-m, SA)	Oct	0.30%	0.10%	0.00%
11/13/2015	Retail Sales Less Autos (m-o-m, SA)	Oct	0.40%	0.20%	-0.40%
11/24/2015	Consumer Confidence (SA)	Nov	99.5	90.4	99.1
11/25/2015	U. of Michigan Confidence	Nov F	93.1	91.3	93.1
11/24/2015	Personal Consumption (q-o-q, SAAR)	3Q S	3.20%	3.00%	3.20%
12/03/2015	Durable Goods Orders (m-o-m, SA)	Oct F	--	--	3.00%
12/03/2015	Factory Orders (m-o-m, SA)	Oct	1.40%	--	-1.00%
	Trade				
11/10/2015	Import Price Index (m-o-m)	Oct	-0.10%	-0.50%	-0.60%
11/10/2015	Import Price Index (y-o-y)	Oct	-9.40%	-10.50%	-11.30%
12/04/2015	Trade Balance (billion, SA)	Oct	-40.5	--	-40.8
	Prices				
11/17/2015	Consumer Price Index (m-o-m, SA)	Oct	0.20%	0.20%	-0.20%
11/17/2015	Consumer Price Index (y-o-y)	Oct	0.10%	0.20%	0.00%
11/17/2015	CPI Core Index (SA)	Oct	243.62	243.70	243.21
11/25/2015	PCE Deflator (y-o-y, SA)	Oct	0.30%	0.20%	0.20%
	Other Indicators				
12/01/2015	ISM Manufacturing Index (SA)	Nov	50.5	--	50.1
11/30/2015	Chicago Purchasing Manager Index	Nov	54.0	48.7	56.2
11/19/2015	Philadelphia Fed Index	Nov	-0.5	1.9	-4.5
11/19/2015	Leading Indicators (m-o-m)	Oct	0.50%	0.60%	-0.10%
11/13/2015	Business Inventories (m-o-m, SA)	Sep	0.00%	0.30%	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 – NOVEMBER 2015

INCREASES				
Company	\$ Change		Ex-Date	% Change
Inter Pipeline Ltd.	Prior: \$0.1225	New: \$0.13	November 19, 2015	6.1%
Sun Life Financial Inc	Prior: \$0.38	New: \$0.39	November 23, 2015	2.6%
TELUS Corp	Prior: \$0.42	New: \$0.44	December 9, 2015	4.8%
Element Financial Corp	Prior: \$0.00	New: \$0.025	December 29, 2015	New Dividend
Canadian Tire Corp Ltd	Prior: \$0.525	New: \$0.575	January 27, 2016	9.5%
DECREASES				
	\$ Change		Ex-Date	% Change
Strad Energy Services Ltd.	Prior: \$0.07	New: \$0.00	-	-100.0%
HNZ Group Inc	Prior: \$0.091875	New: \$0.00	-	-100.0%
Bonavista Energy Corp	Prior: \$0.035	New: \$0.01	November 26, 2015	-71.4%
Enerplus Corp	Prior: \$0.05	New: \$0.03	November 27, 2015	-40.0%
Teck Resources Ltd.	Prior: \$0.15	New: \$0.05	December 10, 2015	-66.7%
Essential Energy Services Ltd	Prior: \$0.015	New: \$0.003	December 29, 2015	-80.0%
Newalta Corp.	Prior: \$0.125	New: \$0.0625	December 29, 2015	-50.0%
Trinidad Drilling Ltd	Prior: \$0.05	New: \$0.01	December 29, 2015	-80.0%
Torstar Corp	Prior: \$0.13125	New: \$0.065625	March 9, 2016	-50.0%

Source: Bloomberg

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