

Daily Global Insight



Wealth
Management

Wednesday, January 25, 2017

Good morning

A record close for the S&P 500 yesterday provided fuel for a robust rally across global markets overnight as investors brace for a deluge of earnings releases this morning. Japan's Nikkei (+1.4%) led Asian bourses to broad-based gains in Asia despite a firmer yen (+0.5%), while European indices are leaping between 0.2% and 1.5% at the mid-point of the session and futures on the S&P 500 are up 9 points in the pre-market. In Germany, former European Parliament President Martin Schulz has emerged as the candidate for the Social Democratic Party to take on incumbent German Chancellor Angela Merkel in the upcoming election in September. Crude oil (-0.8%), copper (-0.5%) and gold (-0.3%) are all nursing modest losses in the commodities complex despite a softening U.S. Dollar Index, which is down 0.4% to 99.9, below the 100-threshold for the first time since November. Core government bond markets are largely stable with yields on U.S. 10-year Treasuries inching up one basis point to 2.48%. Corporate headlines will be the focus of the session with Boeing, Abbott Labs, United Technologies, and Methanex leading the roster of companies scheduled to report their latest financial results before the open.

Today, we would highlight the following:

More positive economic data for Japan. Japanese exports leapt 5.4% in December compared to a year ago, beating estimates for a 1.2% rise and increasing for the first time in 15 months. Strong sales of electronics and car parts was the main factor behind the upbeat export numbers. In an encouraging sign of recovering global demand, the volume of export shipments soared 8.4%. Imports, meanwhile, fell 2.6% in December, missing consensus forecast of a 0.8%

decrease, resulting in a trade surplus of ¥641 billion in December, a fourth consecutive month of surpluses. While imports have now fallen for 24 straight months, December's decline was a sharp improvement over the 8.8% drop in the previous month. Overall, the trade export comes as welcome news for Japan's export-reliant economy, even as a more protectionist U.S. threatens to curb trade across the region.

Trump unblocks pipelines and looks to take action on immigration. U.S. President Donald Trump on Tuesday signed executive orders to advance the construction of the Keystone XL and Dakota Access Pipelines, two contentious oil pipelines blocked under Obama, delivering on his promise to reinvigorate American's energy sector and some much needed good news for Canadian energy companies. The S&P 500 Energy Index rose 1% yesterday in response to the news, outpacing the 0.7% advance for the S&P 500, while the S&P/TSX Energy Index rallied 2.3% compared to 0.9% for the S&P/TSX Composite. Trump will shift his focus towards national security and immigration today, with plans to sign executive orders to limit the intake of refugees, tougher restrictions on people coming from specific countries and, according to his personal Twitter account, "among many other things, we will build the wall", in a reference to the Mexican border.

All values in CAD dollars unless otherwise noted.
Priced as of 7:15 a.m. on January 25 2017(unless otherwise stated).

For important disclosures please see pages 10.

Markets today

Equities

Strength in yesterday's North American session has carried overseas with equity markets broadly higher overnight. S&P futures, up 9 points, are pointing to a positive open. Haven assets are experiencing some weakness with the USD, U.S. Treasuries and bullion all lower overnight.

Fixed income

Economic data out of the U.S was better than expected yesterday and a belief that President Trump will follow through with his pro-growth policies helped U.S. yields move higher. Canadian yields followed as the message from the Cabinet meeting out of Calgary appears to be that Canada will look after its own interests first when it comes to trade policy with the U.S.

Market Pulse

Updated as of

1/25/17 7:15 AM

Equity New	Last	% Chg
Dow	19,903	0.3%
S&P 500	2,280	0.3%
Nasdaq	5,117	0.4%

Overseas	Last	% Chg
FTSE 100 (UK)	7,171	0.3%
DAX (Germany)	11,753	1.4%
Euro Stoxx 50	3,318	1.1%
Hang Seng	23,049	0.4%
Nikkei 225	19,058	1.4%
Shanghai	3,150	0.2%

Commodities	Last	% Chg
WTI Crude	\$52.67	-1.0%
Gold (\$/oz)	\$1,208	-0.5%
Silver (\$/oz)	\$17	-0.8%
Copper (\$/ton)	\$5,926	2.6%
Natural Gas(\$/Mmbtu)	\$3.29	0.4%

Currencies	Last	% Chg
CADUSD	\$0.76	0.3%
EURUSD	\$1.07	0.2%
USDJPY	¥113.49	-0.3%

Fixed Income	Yield	Chg (bps)
10-yr Treasury	2.48%	0.9
10-Yr Canadian	1.77%	0.8
Germany 10 Yr Yield	0.43%	2.0
Spain 10 Yr Yield	1.50%	-1.2
France 10 Yr Yield	0.92%	1.7

Advancers and Decliners

Updated as of

1/25/17 7:15 AM

S&P/TSX Top Movers

Advancers	Last	% Chg
TORC OIL & GAS LTD	\$ 7.52	7.58%
HUDBAY MINERALS INC	\$ 10.01	7.17%
TECK RESOURCES LTD-CLS B	\$ 34.18	6.85%
SEVEN GENERATIONS ENERGY - A	\$ 27.07	6.66%
BAYTEX ENERGY CORP	\$ 5.78	6.64%

Decliners	Last	% Chg
NEW GOLD INC	\$ 5.41	-5.42%
GUYANA GOLDFIELDS INC	\$ 6.01	-3.53%
VALEANT PHARMACEUTICALS INTE	\$ 17.91	-3.50%
TOREX GOLD RESOURCES INC	\$ 26.78	-3.36%
FIRST MAJESTIC SILVER CORP	\$ 12.09	-3.28%

S&P 500 Top Movers

Advancers	Last (USD)	% Chg
FREEPORT-MCMORAN INC	\$ 17.02	8.27%
QUANTA SERVICES INC	\$ 37.41	7.59%
DR HORTON INC	\$ 30.64	6.61%
MOSAIC CO/THE	\$ 33.45	6.02%
LENNAR CORP-A	\$ 46.37	5.99%

Decliners	Last (USD)	% Chg
VERIZON COMMUNICATIONS INC	\$ 50.12	-4.37%
FIRST SOLAR INC	\$ 32.53	-3.36%
ENDO INTERNATIONAL PLC	\$ 11.85	-2.63%
HUMANA INC	\$ 199.94	-2.48%
WATERS CORP	\$ 142.15	-2.15%

Strategy and economics

Key developments

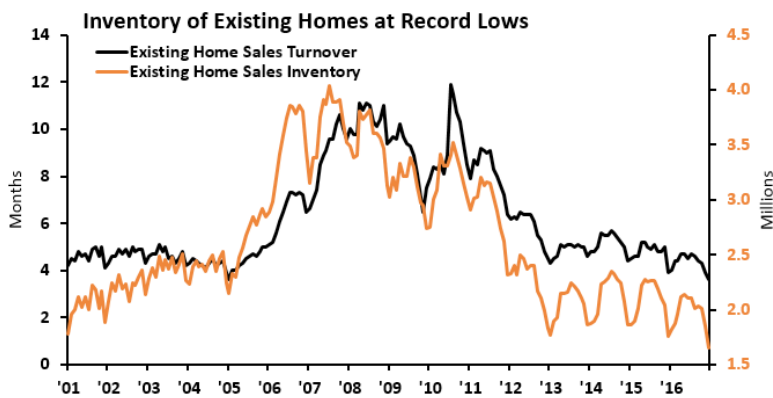


Key U.S. Economic Data Releases

Event	Period	Survey	Actual	Prior	Commentary
MBA Mortgage Applications	Jan. 20	-	4.0%	0.8%	As seen in the first chart below, the low supply of existing inventory of homes is likely to keep prices elevated regardless of short term movements higher in mortgage rates. Home prices have grown an average of 0.50% a month for the past four years due to low supply.
FHFA House Price Index m/m	Nov.	0.4%	-	0.4%	

Prior Session Highlights & Analysis

Event	Period	Survey	Actual	Prior	Our Thoughts
Existing Home Sales m/m	Dec.	-1.8%	-2.8%	0.7%	Existing Home Sales Slide into Year-End Sales of existing homes missed expectations into year end, although existing home sales still grew to ~5.5 million in 2016, the strongest since the housing bubble in 2006. The fundamentals of the housing market still remain intact, with continued wage growth allowing consumers to afford the slight increase in mortgage payments due to the uptick in rates. With inventory of homes at record lows, we would expect the homebuilders to begin to build new homes to meet the demand once policy uncertainties out of Washington become clear – until then, we expect the market to remain tight and prices to continue to increase.
Richmond Fed Manufacturing Index	Jan.	7	12	8	
Markit US Manufacturing PMI	Jan. P	54.5	55.1	54.3	



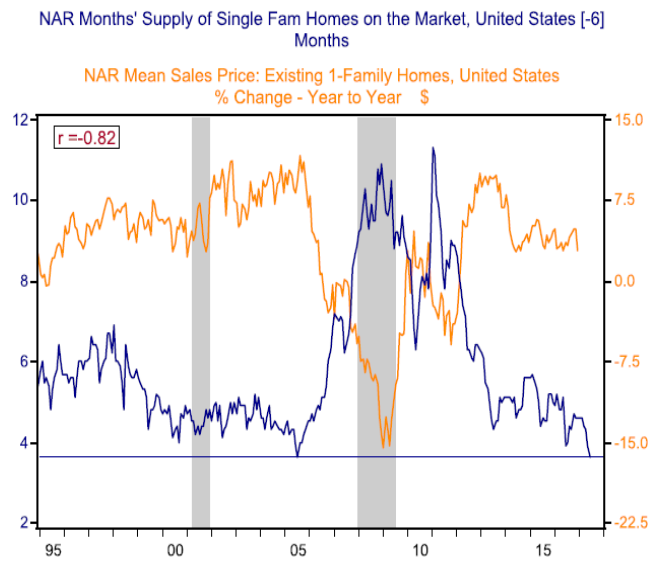
Source: RBC Wealth Management, Bloomberg

While it's still a survey based indicator, the measure of new orders from the Richmond region surged to its highest level since July – a positive sign that manufacturing activity is starting to increase. The Richmond region only accounts for approximately 9.1% of GDP, but optimism in the region remains elevated, however, we wouldn't expect any meaningful increases in GDP from manufacturing on Friday's 4th quarter GDP release.

RBC Capital Markets – The Daily Deck

Existing home sales is the lone economic metric of real significance in what is a very quiet start to a back-loaded week for data overall. Although the sales numbers were in line with consensus expectations (5.49m annualized), the internals of this report are constructive for pricing going forward. **Months' supply sank to just 3.6 and matches what was the lowest print of the housing bubble (Jan 2005)**—note that not only is this metric inversely correlated with prices, but it leads by around six months...

To be sure, the prospect of further home price appreciation will add to already increasing consternation about housing affordability that has come on the heels of a rising interest rate backdrop (even though yields are from anything remotely approaching a new paradigm). We noted in recent weeks that **rising rates (and indeed, prices) are unlikely to derail housing given that affordability still remains historically high**. At present, mortgage payments as a percent of **median household income is sitting at just 15%**. This is against a **pre-bubble average of 20%** (1990-2004). It will take a combination of significant increases in mortgage rates and prices to just get us back to average (assuming no change in median incomes— which is too conservative!).



Source: RBC Capital Markets US Economics, BLS, Haver

Technical corner

Bob Dickey: Still Spinning

The S&P 500 has closed at a new all-time high, and the other indexes are close, but the stocks and groups continue to trade in much more mixed trends than would be indicated by the stock market levels.

The Health Care sector continues to be weak, but we regard the downside risk as relatively low, with potential buy points likely ahead, but not urgent at this time. The bottoming period for this sector could take another three to six months.

Many of the higher-yielding stocks have been moving higher over the past two months, and we regard this sector as an area to buy and hold for some likely modest gains ahead. The correction period appears to be over, and now we believe a long neutral to slightly-higher trend is likely.

The Financials appear to be overextended and vulnerable to some possible pullbacks in the months ahead. Some better and timely buy points may present themselves again after the group has a correction, and we would not be buying into the sector after the recent gains.

The tech stocks continue to be our top sector for timeliness to buy and have what we believe is the best upside potential for the next several months and more. This includes the new and old tech stocks, with the majority of the stocks in both categories in bullish or recovering trends.

The small-cap and mid-cap stocks continue to gain momentum to the S&P, in what we view as a longer-term shift into growth and domestic-based areas that could outperform for the rest of this year and more. We are of the opinion that the stock market is in a long-term secular bull trend, and the small-cap stocks could extend their trends of outperformance as the longer-term bull trend continues to evolve.

The Materials stocks are also in some stronger uptrends for the near term, but we regard this group as being better for shorter-term trades than longer-term holds, so we will be on the lookout for possible trading tops in the months ahead.

The retailers continue to be one of the weakest and most vulnerable areas of the market that we see today, with many of the stocks hitting new lows over the past month. It is uncertain when and how low many of these issues will go before starting some bottoming trends, so we think underweighting the sector is likely a good position.

Market snapshot

Calendar of events

Date	Time	Event		Survey	Actual	Prior	Revised
01/24/2017	9:45	US Markit US Manufacturing PMI	Jan P	54.5	--	54.3	--
01/24/2017	10:00	US Existing Home Sales	Dec	5.50m	--	5.61m	--
01/24/2017	10:00	US Existing Home Sales MoM	Dec	-2.00%	--	0.70%	--
01/24/2017	10:00	US Richmond Fed Manufact. Index	Jan	6	--	8	--
01/25/2017	7:00	US MBA Mortgage Applications	20-Jan	--	--	0.80%	--
01/25/2017	9:00	US FHFA House Price Index MoM	Nov	0.40%	--	0.40%	--
01/26/2017	8:30	US Advance Goods Trade Balance	Dec	-\$64.7b	--	-\$65.3b	-\$66.6b
01/26/2017	8:30	US Wholesale Inventories MoM	Dec P	0.30%	--	1.00%	--
01/26/2017	8:30	US Retail Inventories MoM	Dec	--	--	1.00%	--
01/26/2017	8:30	US Chicago Fed Nat Activity Index	Dec	--	--	-0.27	--
01/26/2017	8:30	US Initial Jobless Claims	21-Jan	247k	--	234k	--
01/26/2017	8:30	US Continuing Claims	14-Jan	--	--	2046k	--
01/26/2017	9:45	US Markit US Services PMI	Jan P	54.6	--	53.9	--
01/26/2017	9:45	US Markit US Composite PMI	Jan P	--	--	54.1	--
01/26/2017	9:45	US Bloomberg Consumer Comfort	22-Jan	--	--	45.2	--
01/26/2017	10:00	US New Home Sales	Dec	586k	--	592k	--
01/26/2017	10:00	US New Home Sales MoM	Dec	-1.00%	--	5.20%	--
01/26/2017	10:00	US Revisions: Conference Board LEI					
01/26/2017	10:00	US Leading Index	Dec	0.50%	--	0.00%	--
01/26/2017	11:00	US Kansas City Fed Manf. Activity	Jan	8	--	11	--
01/27/2017	8:30	US GDP Annualized QoQ	4Q A	2.20%	--	3.50%	--
01/27/2017	8:30	US Personal Consumption	4Q A	2.50%	--	3.00%	--
01/27/2017	8:30	US GDP Price Index	4Q A	2.10%	--	1.40%	--
01/27/2017	8:30	US Core PCE QoQ	4Q A	1.40%	--	1.70%	--
01/27/2017	8:30	US Durable Goods Orders	Dec P	2.70%	--	-4.50%	--
01/27/2017	8:30	US Durables Ex Transportation	Dec P	0.50%	--	0.60%	--
01/27/2017	8:30	US Cap Goods Orders Nondef Ex Air	Dec P	0.30%	--	0.90%	--
01/27/2017	8:30	US Cap Goods Ship Nondef Ex Air	Dec P	0.50%	--	0.20%	--
01/27/2017	10:00	US U. of Mich. Sentiment	Jan F	98.1	--	98.1	--
01/27/2017	10:00	US U. of Mich. Current Conditions	Jan F	--	--	112.5	--
01/27/2017	10:00	US U. of Mich. Expectations	Jan F	--	--	88.9	--
01/27/2017	10:00	US U. of Mich. 1 Yr Inflation	Jan F	--	--	2.60%	--
01/27/2017	10:00	US U. of Mich. 5-10 Yr Inflation	Jan F	--	--	2.50%	--
01/30/2017	8:30	US Personal Income	Dec	0.40%	--	0.00%	--
01/30/2017	8:30	US Personal Spending	Dec	0.50%	--	0.20%	--
01/30/2017	8:30	US Real Personal Spending	Dec	--	--	0.10%	--
01/30/2017	8:30	US PCE Deflator MoM	Dec	0.30%	--	0.00%	--
01/30/2017	8:30	US PCE Deflator YoY	Dec	--	--	1.40%	--
01/30/2017	8:30	US PCE Core MoM	Dec	0.10%	--	0.00%	--
01/30/2017	8:30	US PCE Core YoY	Dec	--	--	1.60%	--
01/30/2017	10:00	US Pending Home Sales MoM	Dec	1.50%	--	-2.50%	--
01/30/2017	10:00	US Pending Home Sales NSA YoY	Dec	--	--	1.40%	--
01/30/2017	10:30	US Dallas Fed Manf. Activity	Jan	15	--	15.5	--
01/23/2017	8:30	CA Wholesale Trade Sales MoM	Nov	0.50%	0.20%	1.10%	1.30%
01/23/2017	10:00	CA Bloomberg Nanos Confidence	20-Jan	--	--	56.2	--
01/26/2017		CA CFIB Business Barometer	Jan	--	--	60.7	--
01/30/2017	10:00	CA Bloomberg Nanos Confidence	27-Jan	--	--	--	--

Market snapshot

Number crunching

Equity Indices	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
S&P/TSX Composite Index	15,610.69	130.56	0.8%	2.1%	2.1%	28.6%	17.5%	-11.1%	7.4%
S&P/TSX Composite Index TR	50,621.45	453.49	0.9%	2.3%	2.3%	32.4%	21.1%	-8.3%	10.6%
S&P/TSX 60 Index	924.13	7.34	0.8%	2.7%	2.7%	29.6%	17.7%	-10.6%	9.1%
S&P/TSX Equity Index	16,150.36	136.16	0.9%	2.2%	2.2%	29.1%	17.8%	-11.3%	7.4%
S&P/TSX Income Trust Index	192.15	1.20	0.6%	-0.3%	-0.3%	13.6%	8.9%	-5.2%	7.1%
S&P/TSX Venture Composite Index	806.74	1.66	0.2%	5.8%	5.8%	67.2%	45.0%	-24.4%	-25.4%
S&P/TSX Small Cap Index	673.17	7.89	1.2%	2.2%	2.2%	52.3%	35.2%	-15.8%	-5.2%
Dow Jones Industrial Average	19,912.71	112.86	0.6%	0.8%	0.8%	25.4%	13.4%	-2.2%	7.5%
S&P 100 Index	1,004.99	4.49	0.4%	1.4%	1.4%	19.8%	8.8%	0.3%	10.3%
S&P 500 Index	2,280.07	14.87	0.7%	1.8%	1.8%	21.5%	9.5%	-0.7%	11.4%
S&P 400 Midcap Index	1,697.18	25.34	1.5%	2.2%	2.2%	34.5%	18.7%	-3.7%	8.2%
S&P 600 Smallcap Index	838.01	12.91	1.6%	0.0%	0.0%	39.0%	24.7%	-3.4%	4.4%
NASDAQ Composite Index	5,600.96	48.02	0.9%	4.0%	4.0%	24.0%	7.5%	5.7%	13.4%
Euro Stoxx 50	2,993.78	0.97	0.0%	-0.6%	-0.6%	4.2%	-2.9%	3.2%	2.9%
FTSE 100	7,150.34	-0.84	0.0%	0.1%	0.1%	21.2%	14.4%	-4.9%	-2.7%
CAC 40	4,830.03	8.62	0.2%	-0.7%	-0.7%	11.4%	4.9%	8.5%	-0.5%
DAX Index	11,594.94	49.19	0.4%	1.0%	1.0%	18.7%	6.9%	9.6%	2.7%
S&P/ASX 200	5,650.10	39.13	0.7%	-0.3%	-0.3%	12.9%	7.0%	-2.1%	1.1%
Nikkei 225	18,787.99	-103.04	-0.5%	-1.7%	-1.7%	9.8%	0.4%	9.1%	7.1%
Shanghai Stock Exchange Composite	3,142.55	5.78	0.2%	1.3%	1.3%	6.9%	-12.3%	9.4%	52.9%
Hang Seng Index	22,949.86	51.34	0.2%	4.3%	4.3%	18.7%	0.4%	-7.2%	1.3%
MSCI World	1,781.43	-1.28	-0.1%	1.7%	1.7%	15.9%	5.3%	-2.7%	2.9%
MSCI World TR	7,002.41	-4.77	-0.1%	1.8%	1.8%	19.0%	8.2%	-0.3%	5.5%
MSCI EAFE	1,723.68	4.10	0.2%	2.4%	2.4%	9.9%	-1.9%	-3.3%	-7.3%
MSCI Emerging Market	902.14	8.86	1.0%	4.6%	4.6%	26.9%	8.6%	-17.0%	-4.6%

Equity Indices (in CAD\$)*	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
DJIA in Cdn\$	26,207.12	-3.92	0.0%	-1.3%	-1.3%	13.9%	10.3%	16.4%	17.6%
S&P 100 Index	1,322.67	-1.79	-0.1%	-0.7%	-0.7%	8.7%	5.8%	19.5%	20.6%
S&P 500 Index	3,000.80	2.13	0.1%	-0.3%	-0.3%	10.1%	6.5%	18.2%	21.8%
S&P 400 Midcap Index	2,233.66	20.48	0.9%	0.1%	0.1%	21.4%	15.5%	14.6%	18.3%
S&P 600 Smallcap Index	1,085.91	-6.35	-0.6%	-3.6%	-3.6%	23.6%	21.3%	15.1%	15.1%
NASDAQ in Cdn\$	7,371.42	20.43	0.3%	1.9%	1.9%	12.3%	4.6%	25.9%	24.0%
Euro Stoxx 50	4,228.56	-36.22	-0.8%	-0.6%	-0.6%	-5.1%	-8.3%	10.3%	-0.9%
FTSE 100	11,780.90	-85.09	-0.7%	-0.5%	-0.5%	-1.9%	-6.7%	7.0%	0.1%
CAC 40 Index	6,822.18	-48.38	-0.7%	-0.7%	-0.7%	1.5%	-1.0%	16.0%	-4.2%
DAX Index	16,377.27	-145.63	-0.9%	0.9%	0.9%	8.2%	0.0%	17.7%	-1.2%
S&P/ASX 200	5,638.23	-35.03	-0.6%	2.8%	2.8%	13.3%	3.0%	4.0%	0.2%
Nikkei 225	2.17	-0.03	-1.6%	-1.1%	-1.1%	5.1%	0.6%	29.3%	-3.9%
Shanghai Stock Exchange Composite	603.37	-7.23	-1.2%	0.5%	0.5%	-4.9%	-20.3%	24.6%	6.7%
Hang Seng Index	3,892.98	-23.87	-0.6%	2.1%	2.1%	9.8%	-2.4%	10.6%	9.4%
MSCI World	2,344.54	-13.72	-0.6%	-0.4%	-0.4%	6.8%	2.4%	15.8%	13.3%
MSCI World TR	9,215.87	-53.92	-0.6%	-0.3%	-0.3%	9.6%	5.2%	18.7%	16.2%
MSCI EAFE	2,268.54	-13.27	-0.6%	0.2%	0.2%	1.2%	-4.6%	15.1%	1.5%
MSCI Emerging Market	1,187.31	-6.95	-0.6%	2.4%	2.4%	16.9%	5.6%	-1.1%	4.1%

S&P/TSX Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
S&P/TSX Financials	2,645.49	5.27	0.2%	2.3%	2.3%	28.4%	19.3%	-5.5%	9.8%
S&P/TSX Energy	2,569.88	56.64	2.3%	-1.9%	-1.9%	35.0%	31.2%	-25.7%	-7.8%
S&P/TSX Materials	2,368.07	29.60	1.3%	11.5%	11.5%	66.3%	39.0%	-22.8%	-4.5%
S&P/TSX Industrials	2,610.54	10.57	0.4%	2.4%	2.4%	32.6%	20.7%	-12.5%	20.0%
S&P/TSX Consumer Discretionary	1,967.47	14.12	0.7%	0.2%	0.2%	14.9%	8.2%	-3.5%	26.4%
S&P/TSX Telecom Services	1,416.37	4.29	0.3%	2.1%	2.1%	9.8%	9.9%	-1.0%	10.5%
S&P/TSX Information Technology	232.80	2.57	1.1%	0.7%	0.7%	12.6%	4.4%	14.8%	34.0%
S&P/TSX Consumer Staples	4,463.67	11.08	0.2%	0.6%	0.6%	6.3%	6.1%	11.0%	46.9%
S&P/TSX Utilities	2,058.58	12.26	0.6%	0.9%	0.9%	13.0%	12.7%	-7.8%	11.3%
S&P/TSX Healthcare	350.34	-3.87	-1.1%	-3.9%	-3.9%	-76.9%	-78.6%	-15.8%	30.2%

S&P 500 Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
Financials	386.62	4.64	1.2%	0.0%	0.0%	34.6%	20.1%	-3.5%	13.1%
Health Care	798.49	-5.23	-0.7%	0.2%	0.2%	1.8%	-4.4%	5.2%	23.3%
Technology	845.11	8.61	1.0%	4.6%	4.6%	25.7%	12.0%	4.3%	18.2%
Industrials	548.71	5.52	1.0%	2.0%	2.0%	29.2%	16.1%	-4.7%	7.5%
Consumer Discretionary	673.85	5.45	0.8%	4.0%	4.0%	15.8%	4.3%	8.4%	8.0%
Energy	546.61	5.32	1.0%	-1.4%	-1.4%	31.1%	23.7%	-23.6%	-10.0%
Consumer Staples	542.87	4.09	0.8%	2.1%	2.1%	7.6%	2.6%	3.8%	12.9%
Telecom	170.19	-4.67	-2.7%	-3.6%	-3.6%	12.3%	17.8%	-1.7%	-1.9%
Materials	329.84	8.15	2.5%	5.7%	5.7%	35.8%	14.1%	-10.4%	4.7%
Utilities	245.77	0.00	0.0%	-0.4%	-0.4%	10.4%	12.2%	-8.4%	24.3%

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

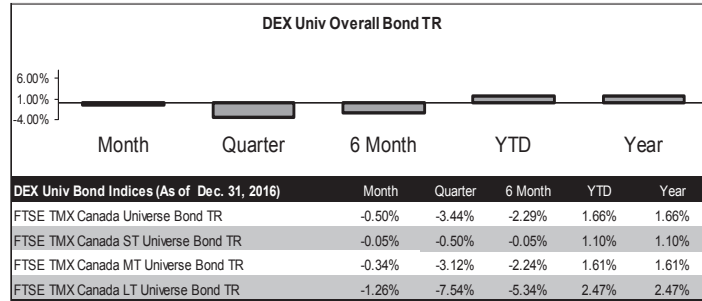
Number crunching






Commodities (USD\$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
Crude Oil (WTI per barrel)	\$52.97	0.22	0.4%	-3.1%	-3.1%	33.0%	20.5%	-30.5%	-45.9%
Crude Oil (Brent per barrel)	\$55.22	-0.01	0.0%	-2.8%	-2.8%	40.5%	23.4%	-35.0%	-48.3%
Natural Gas (per million btu)	\$3.30	0.06	1.7%	-11.4%	-11.4%	16.3%	30.0%	-19.1%	-31.7%
3-2-1 Crack Spread	\$14.61	-0.27	-1.8%	-15.4%	-15.4%	12.9%	20.8%	4.9%	-39.5%
Gold (per ounce)	\$1,209.36	-8.74	-0.7%	5.0%	5.0%	10.1%	8.6%	-10.4%	-1.7%
Silver (per ounce)	\$17.12	-0.12	-0.7%	7.5%	7.5%	22.1%	14.9%	-11.7%	-19.3%
Platinum (per ounce)	\$995.90	13.55	1.4%	10.2%	10.2%	19.8%	1.2%	-26.1%	-11.8%
Palladium (per ounce)	\$788.03	9.93	1.3%	15.7%	15.7%	58.5%	21.0%	-29.4%	11.3%
Copper (per pound)	\$2.62	0.02	0.8%	4.5%	4.5%	29.8%	17.4%	-26.1%	-13.7%
Zinc (per pound)	\$1.26	0.01	0.8%	8.5%	8.5%	84.0%	60.6%	-26.5%	5.6%
Nickel (per pound)	\$4.38	0.00	0.1%	-3.1%	-3.1%	11.3%	13.5%	-41.8%	9.0%

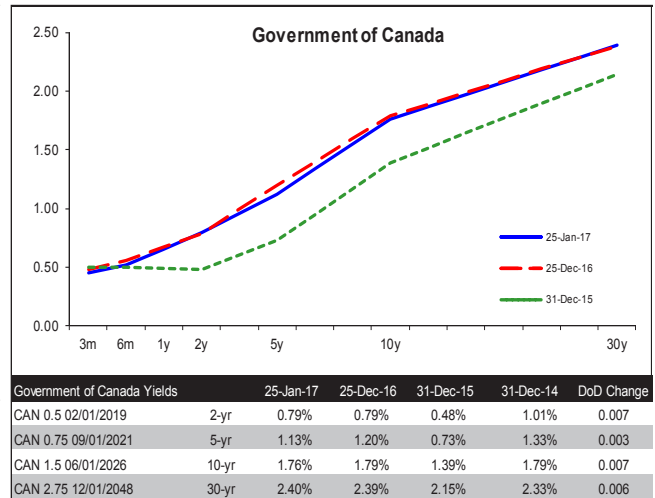
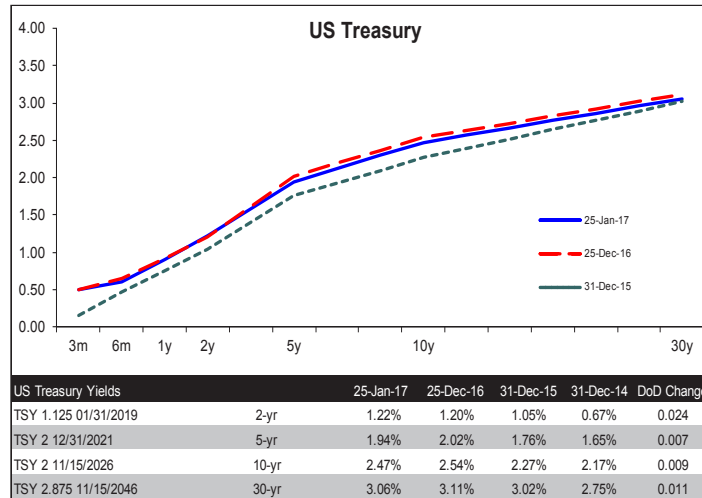
Currencies (in CAD\$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
U.S. Dollar	1.316	-0.0077	-0.6%	-2.1%	-2.1%	-7.9%	-2.9%	19.1%	9.4%
Euro	1.412	-0.0126	-0.9%	-0.1%	-0.1%	-8.9%	-6.0%	6.9%	-3.7%
British Pound	1.648	-0.0119	-0.7%	-0.6%	-0.6%	-19.1%	-18.7%	12.7%	2.9%
Japanese Yen (in JPY¥)	86.468	1.3320	1.6%	-0.6%	-0.6%	4.5%	0.2%	-15.7%	4.0%

Currencies (in USD\$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
Canadian Dollar	0.760	0.0045	0.6%	2.1%	2.1%	8.6%	3.0%	-16.0%	-8.6%
Euro	1.073	-0.0033	-0.3%	2.0%	2.0%	-1.1%	-3.2%	-10.2%	-12.0%
British Pound	1.252	-0.0016	-0.1%	1.5%	1.5%	-12.1%	-16.3%	-5.4%	-5.9%
Japanese Yen (in JPY¥)	113.800	1.0900	1.0%	-2.7%	-2.7%	-3.8%	-2.7%	0.4%	13.8%

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.



Key Rates					Next Mtg
	Overnight Rate CAN	0.50%			2017/03/01
	Bank Rate CAN	0.75%			
	Prime Rate CAN	2.70%			
	Fed Funds US	0.75%			2017/02/01
	Discount US	1.25%			
	Prime Rate US	3.75%			
International Yields		O/N	3mo	10-Yr	Next Mtg
	United Kingdom	0.25%	0.24%	1.42%	2017/02/02
	Eurozone	0.00%	-0.56%	0.44%	2017/03/09
	Australia	1.50%	1.90%	2.73%	2017/02/06
	Japan	0.10%	-0.27%	0.07%	2017/01/30



Money Market*

GIC's	1-yr	2-yr	3-yr	4-yr	5-yr
High	1.47%	1.66%	1.78%	1.91%	2.02%
Average	1.23%	1.38%	1.53%	1.67%	1.84%

	1 mth	2mth	3mth	6mth	1 yr
CDOR	0.95%	0.95%	0.95%	1.12%	1.22%
ICE LIBOR US	0.77%	0.85%	1.04%	1.35%	1.72%



CAD \$1,000,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	0.40%	0.41%	0.41%	0.51%	0.60%
BAs	0.85%	0.85%	0.86%	0.95%	1.06%
CP	0.90%	0.90%	0.91%	1.00%	1.11%

CAD \$100,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	0.22%	0.23%	0.23%	0.33%	0.42%
BAs	0.61%	0.61%	0.62%		
CP	0.66%	0.66%	0.67%		

US \$1,000,000	1 mth	2mth	3mth	6mth
T-Bills	0.47%	0.00%	0.50%	0.61%
CTBUS	0.54%	0.66%	0.81%	0.92%
GECC	0.13%	0.13%	0.13%	0.13%

US \$100,000	1 mth	2mth	3mth	6mth
T-Bills	0.29%	-	0.32%	0.43%
CTB US	0.36%	0.48%	0.63%	0.74%
GECC	-	-	-	-

Economic Indicators**

		Actual	Forecast	Forecast			Actual	Forecast		
		Q416	Q117	Q217	Q317	Q417	Q118	2017	2017	2018
	Overnight Rate	0.50	0.50	0.50	0.50	0.50	0.60	0.50	0.50	0.60
	10-Yr Yield	1.72	1.78	1.78	1.87	1.97	2.06	1.97	1.97	2.06
	Real GDP (est)	1.60	1.85	2.10	1.80	1.90	2.00	1.90	1.90	1.90
	Headline CPI (est)	1.50	1.85	1.70	2.00	2.00	2.00	1.90	1.90	2.00
	Unemployment Rate	7.00	6.90	6.90	6.80	6.80	6.70	6.85	6.85	6.65
		Q416	Q117	Q217	Q317	Q417	Q118	2017	2017	2018
	Fed Funds	0.75	0.80	1.00	1.10	1.30	1.45	1.30	1.30	1.45
	10-Yr Yield	2.42	2.49	2.61	2.70	2.81	2.87	2.81	2.81	2.87
	Real GDP (est)	2.20	2.20	2.30	2.40	2.40	2.40	2.40	2.30	2.30
	Headline CPI (est)	1.80	2.45	2.40	2.50	2.40	2.30	2.40	2.40	2.40
	Unemployment Rate	4.80	4.70	4.60	4.60	4.60	4.50	4.60	4.60	4.50

*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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