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## January 2010 Month-In-Review

### WHAT MOVED THE MARKETS

The S&P/TSX, S&P 500 Index and Dow Jones Industrial Markets began the first month of the new decade on uncertain footing. The indexes all lost between 3.5% and 5.5% on the month, amidst fears of slower economic growth in China, the possibility of a Greek default, and a contentious political arena in the U.S. The Dow's loss was its worst since February 2009.

In response to these headwinds, the U.S. dollar rose 1.6% in January, pushing the price of spot crude down to \$72.89 and causing gold bullion to finish the month at \$1,080.85, 1.5% lower. The chart (next page), detailing the USD/EUR exchange rate and five-year Greek credit default swaps, illustrates investors' increasing risk aversion and their corresponding flight to the dollar. China's move to increase reserve requirements for its banks sent copper lower; by month's end, copper had lost 8.2%.

Earnings season in the U.S. came in strong, with Intel (INTC)

### Number Crunching

Equity Indices	Index Level	Month	YTD*
S&P/TSX Composite Index	11,094.31	-5.5%	-5.5%
Dow Jones Industrial Average	10,067.33	-3.5%	-3.5%
S&P 500 Index	1,073.87	-3.7%	-3.7%
NASDAQ Composite Index	2,147.35	-5.4%	-5.4%
MSCI World	1,119.54	-4.2%	-4.2%
MSCI EAFE	1,510.61	-4.4%	-4.4%
MSCI World TR	3,661.75	-4.1%	-4.1%

S&P/TSX Sector Performance	Index Level	Month	YTD*
S&P/TSX Financials	1,492.00	-4.9%	-4.9%
S&P/TSX Energy	2,675.98	-6.3%	-6.3%
S&P/TSX Materials	2,766.88	-8.4%	-8.4%
S&P/TSX Industrials	1,074.03	-5.3%	-5.3%
S&P/TSX Consumer Discretionary	895.57	-0.4%	-0.4%
S&P/TSX Telecom Services	707.81	-2.5%	-2.5%
S&P/TSX Information Technology	249.65	-4.2%	-4.2%
S&P/TSX Consumer Staples	1,502.31	-2.8%	-2.8%
S&P/TSX Utilities	1,642.73	-3.5%	-3.5%
S&P/TSX Healthcare	317.97	-2.1%	-2.1%

Currencies (in Canadian Dollars)	Exchange	Month	YTD*
US Dollar	1.0704	1.6%	1.6%
Euro	1.4840	-1.6%	-1.6%
British Pound	1.7107	0.4%	0.4%
Japanese Yen (100)	1.1859	4.8%	4.8%

Commodities (US\$)	Spot Price	Month	YTD*
Crude Oil (WTI per barrel)	\$72.89	-8.2%	-8.2%
Natural Gas (per million btu)	\$5.13	-7.9%	-7.9%
Gold (per ounce)	\$1,080.85	-1.5%	-1.5%
Silver (per ounce)	\$16.21	-4.0%	-4.0%
Copper (per pound)	\$3.05	-8.4%	-8.4%
Nickel (per pound)	\$8.36	-0.1%	-0.1%
Aluminum (per pound)	\$0.93	-6.9%	-6.9%
Zinc (per pound)	\$0.96	-17.6%	-17.6%

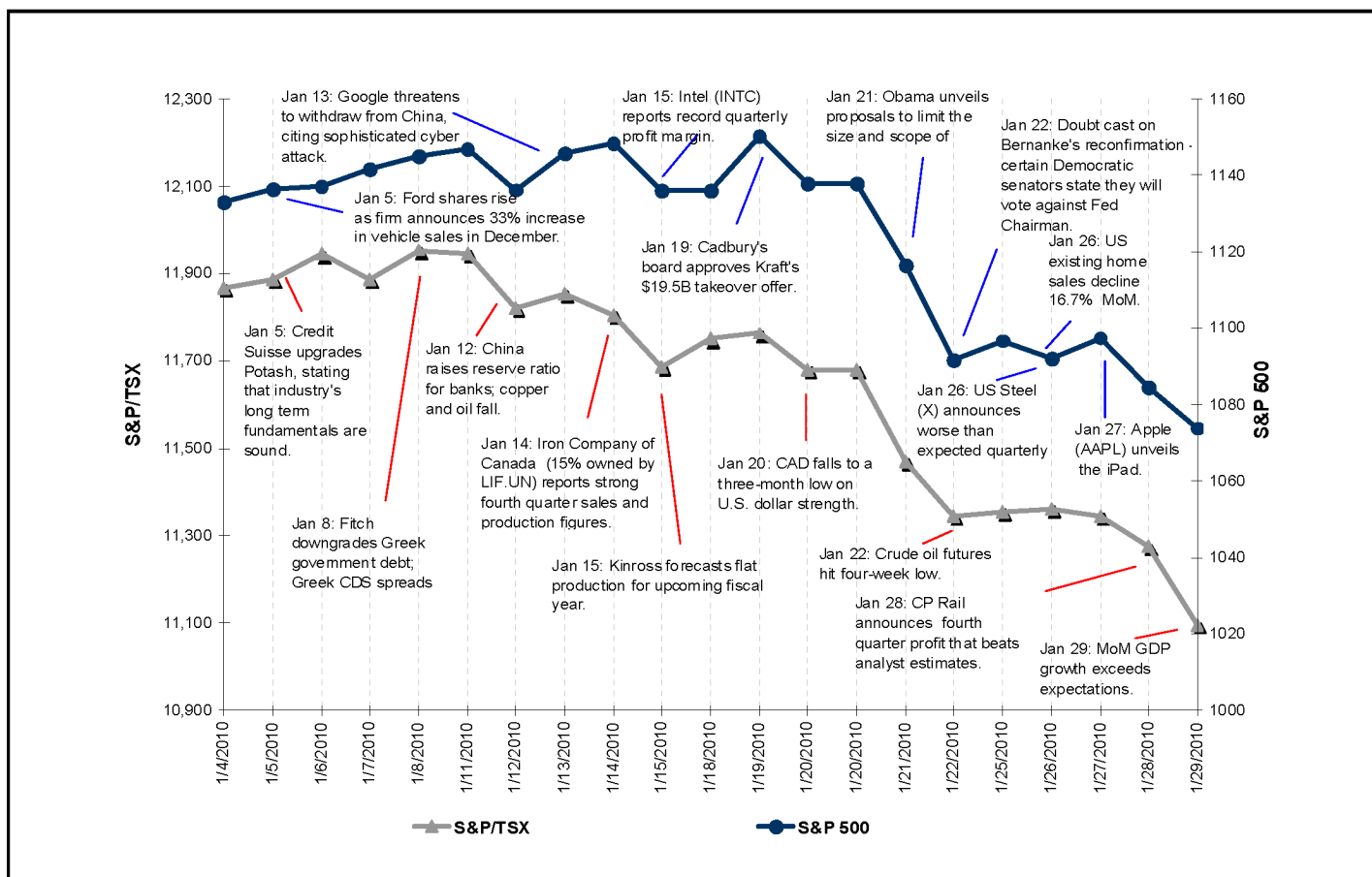
\* YTD return data is simple price return. All indices are in local currency unless otherwise noted.  
Source: Bloomberg

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reporting a blow-out quarter and banking giants Goldman Sachs (GS) and J.P. Morgan (JPM) announcing solid quarterly results. Chevron (CVX) reported dismal earnings—37% lower for the quarter—on diminished downstream revenues.

In Canada, weaker copper and crude prices drove the resource and energy-heavy S&P TSX index lower. Suncor (SU) shares fell as week energy prices were compounded by signs that the firm was experiencing integration issues related to its Petro Canada acquisition. Barrick Gold (ABX) and Goldcorp (G) were also weak on the month, as the stronger U.S. dollar forced a retreat in gold prices. By January 20th, the Canadian dollar had fallen to a three-month low versus the greenback.

### North American Equity Performance – January 2010



For information on issues discussed in this article, please call us at (416) 956-8888.

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