RBC Wealth Management Dominion Securities

RBC Dominion Securities Inc.

Global Insight Daily

April 12, 2019

Good morning all,

Equity investors had a modest up and down week this week and we appear headed into the weekend with small changes on either side of the ledger. Canadian stocks are slightly on the plus side, partly thanks to the continued rise in oil prices as they rose another 2% to add to a solid run of price increases over the past few weeks. Of late, the tensions in Libya combined with OPEC's commitment to restrict supplies has continued to bolster oil prices. In the US, stocks are headed for a modest loss as US banks have enjoyed a rally that was offset by US healthcare losses. In Europe there is a continued commitment to low, if not negative, interest rates and this combined with another Brexit delay being granted helped stocks enjoy a mini-relief rally that continued this week. Despite continued progress in trade disputes, the Emerging Markets were down a touch this week. Interest rates crept higher this week thanks to solid economic data and for the economically inclined, you will be pleased to know that the much fabled Yield Curve has steepened (if you are so keen I have included an article on this topic).

Don't get me wrong; it's not that I think we should *ignore* the yield curve but on the same week where we confirmed the existence of a black hole (that's bigger than our solar system), I think there are better things to worry about.

Trade continues to be a focus for investors but the narrative has shifted into relief rally mode. Many have focused on the progress toward a US/China détente but other trade skirmishes remain unresolved and some new ones are being started. It has been over 6 months since the US, Canada, and Mexico struck a new NAFTA deal on September 30. However, if ratification is delayed much longer, it could get caught up in electoral politics. The US's upcoming presidential election is in 2020, and Canada's federal election will take place in the fall. Former Mexican deputy foreign minister for North America, Andres Roznetal, said that "the USMCA is in trouble." He believes the deal will eventually be approved, but that ongoing tariff issues and opposition from House Democrats and unions will make an approval in the next few months unlikely. Canada's parliament must also approve the deal, but few weeks remain before summer recess begins in June. Steel and aluminum tariffs remain a key concern for both Canada and Mexico. The metal tariffs were not included in the USMCA, and Mexico has threatened to impose duties on new US products in retaliation. On Thursday, Prime Minister Trudeau rejected quotas on steel and aluminum in exchange for the US tariffs being lifted. I suspect this will be resolved eventually and the tangible impacts have been limited but it remains an overhang. So while that cloud lingers, Trump looks set to start another storm. On Monday, the Trump administration moved toward imposing tariffs on about $11 billion in imports from the European Union as reported by the Wall Street Journal. The proposed tariffs include a range of EU products from large commercial aircrafts to dairy products, as part of a retaliation for subsidies given to Airbus. The US has been in litigation at the World Trade Organization over Airbus subsidies since 2004 and "the time has come for action," said US Trade

Representative Robert Lighthizer. “Our ultimate goal is to reach an agreement with the EU to end all WTO-inconsistent subsidies to large civil aircraft. When the EU ends these harmful subsidies, the additional US duties imposed in response can be lifted.” An official for the European Commission, the EU’s executive arm, said the level of tariffs Washington will be allowed to impose will be set by a WTO-appointed arbitrator. The EU is already facing US tariffs on steel and aluminum exports.

The ultimate question with all of these trade clouds is this: does it truly have a material impact on economic growth. So far, not much. The best example is China, whom Trump has had in his crosshairs for 2 years now…it turns out their trade surplus is growing! China’s exports *rose* 14.2% on a year-over-year basis, with economists expecting a modest 7.3% gain. Imports, meanwhile, *fell* 7.6% on a year-over-year basis, weaker than economists’ expectations. The large export gain and sharp drop in imports resulted in a surplus of $33 billion in March, much larger than expectations of $7 billion. According to Reuters, some economists attribute the export gains to seasonal factors given the drop due to long holidays in February. With regard to imports, economists have noted that companies may be holding back on restocking inventory due to concerns over the longer term global growth outlook as well as trade. Furthermore, amid the US-China trade war, US firms have shifted a number of purchases to other countries such as Vietnam, South Korea, Taiwan and Mexico.

Solid economic data helped lift interest rates somewhat this week. This data, combined with comments from the Fed and Bank of Canada that they are happy leaving rates alone (as opposed to hiking them which was their bias just a few months ago) has helped embolden investors. Federal Reserve officials signaled greater conviction at the March 19 - 20 policy meeting that interest rates will remain unchanged this year. Officials voted to hold rates steady in December after having lifted the benchmark rate four times last year. The US central bank pivoted abruptly at that meeting to a much-less aggressive posture, and the minutes released on Wednesday showed policymakers agreed to be "patient" about making any moves on rates as reported by the Wall Street Journal. “Many participants indicated that, while inflation had been close to 2% last year, it was noteworthy that it had not shown greater signs of firming in response to strong labor market conditions and rising nominal wage growth, as well as to the short-term upward pressure on prices arising from tariff increases,” the minutes said. At the same time, the minutes showed officials did not perceive any need to cut their benchmark rate absent a broader deterioration in the economy. Officials said their view of the appropriate setting for interest rates “could shift in either direction based on incoming data and other developments.”

This morning marks the start of corporate earnings season with US banks kicking things off. JP Morgan and Wells Fargo both reported much better than expected earnings, although Wells tempered enthusiasm for future earnings growth. Much like the economic data of late, investors will be looking for signs of whether or not the recent modest slowdown in economic data will feed through into meaningful impacts on profits. Should they not, I would expect that stocks will continue to recover. Stay tuned…

Now, I don’t normally attach articles on such technical investment matters as this but I have never had so many questions about the phenomenon of an inverted yield curve so I thought I would provide an expert article. I defer to Jim Allworth who has been one of RBC’s top strategists for probably about 100 years (before black holes and inverted yield curves were a thing)…and he is still as sharp as they come. His take: *We believe it will take some doing to get the US into recession from here but are treating the inversion as a shot across the bow for investors.* https://www.rbcwealthmanagement.com/ca/en/research-insights/yield-curve-inversion-a-wake-up-call-for-investors/detail/

Have a great weekend,

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Daily Global Insight

Friday, April 12, 2019

Good morning

There were few major headlines overnight. The main piece of macro news in focus is China trade data, which was solid overall. Global markets are reacting positively to the news. Outside of the China data, investors will be watching corporate earnings this morning, starting with the US banks. S&P 500 futures are pointing to an opening rise in the pre-market. In Asia, markets are mixed, with Japan's Nikkei leading to the upside while Japan's TOPIX (-0.1%) and China's Shanghai Composite Index (-0.0%) remain muted. European markets are a touch higher across the board, with indices trading between +0.0% and +0.4%. In the commodities space crude oil (+1.3%) is leading while gold (+0.3%) shows modest gains and copper (-0.9) is lower. The U.S. Dollar Index is weakening this morning. U.S. Treasury Yields are up across the curve, with the 10-year yield trading at 2.54%.

Today, we would highlight the following:

Chinese exports rose in March while imports fell. China trade data was mixed on Friday morning. Exports rose 14.2% on a year-over-year basis, with economists expecting a modest 7.3% gain after falling 20.8% in February. Imports fell 7.6% on a year-over-year basis, weaker than economists' expectations of a 1.3% drop and worse than February's 5.2% decrease. The large export gain and sharp drop in imports resulted in a surplus of $32.6 billion in March, much larger than expectations of $7.0 billion. According to Reuters, some economists attribute the export gains to seasonal factors given the drop due to long holidays in February. With regards to imports, economists have noted that companies may be holding back on restocking inventory due to concerns over the longer term global growth outlook as well as trade. Furthermore, amid the US-China trade war, US firms have shifted a number of purchases to other countries such as Vietnam, South Korea, Taiwan and Mexico.

Hike in minimum wage could cause job loss, WSJ reports. According to a survey of economists by the Wall Street Journal, about one third believe an increase to minimum wage above the current level of $7.25 an hour but below $10 an hour would result in job losses. Around 26% of respondents said that employers would cut payrolls if minimum wage rose above $10 and below $13. The federal minimum wage has remained at $7.25 an hour since 2009. The Democrats in Congress introduced a bill in the House and Senate this year to increase federal minimum wage gradually to $15 an hour in 2024. Under half of respondents said that raising minimum wage would help lower-income households by providing more disposable income, while over half of respondents said it would hurt households by reducing employment. There are already 29 states with minimum wages above the federal level, and six more have motions in place to increase minimum wage to $15 an hour over the next few years. A number of economists said they would support minimum wage increases by region as opposed to nationally. For instance, economist Amy Crews Cutts said that a $15 an hour federal minimum wage "would be insignificant in Seattle, but in Alabama it could cause some displacements."

All values in CAD dollars unless otherwise noted.
Priced as of 7:37 a.m. on April 12, 2019 (unless otherwise stated).

For important disclosures please see pages 12-13.

Markets today

Equities

S&P Futures are up 16 points (0.6%) this morning bouncing off market optimism ahead of Q1 U.S bank earnings release. Ongoing trade talks with the U.S. did not deter China from sending goods elsewhere, rising 14.2% Y/Y to beat March export expectations. At nearly half the cost of Netflix, Disney's streaming service can bring the magic to subscribers for $6.99/ month. WTI is up 1.5% to $64.50/bbl.

Fixed income

Fed Vice-Chair Richard Clarida opens the door to rate cuts. In the Q&A session that followed a speech yesterday, Fed Vice-Chair Clarida was asked about the possibility that the Fed would cut rates given recession risks are rising and this is traditionally what prompts rate cuts. Clarida noted that he does not see a recession on the horizon, but that recent history shows that the Fed has cut rates when there was no imminent recession. He highlighted the late 1990's as an example and suggested that the Fed 'taking out an insurance policy' is not unusual.

Market Pulse

Updated as of 4/12/19 7:37 AM

Equity New	Last	% Chg
Dow	26,315	0.7%
S&P 500	2,905	0.5%
Nasdaq	7,654	0.5%
Overseas	**Last**	**% Chg**
FTSE 100 (UK)	7,447	0.4%
DAX (Germany)	12,015	0.7%
Euro Stoxx 50	3,451	0.5%
Hang Seng	29,910	0.2%
Nikkei 225	21,871	0.7%
Shanghai	3,189	0.0%
Commodities	**Last**	**% Chg**
WTI Crude	$64.43	1.3%
Gold ($/oz)	$1,297	0.3%
Silver ($/oz)	$15	0.6%
Copper ($/ton)	$6,391	-0.9%
Natural Gas($/Mmbtu)	$2.68	0.6%
Currencies	**Last**	**% Chg**
CADUSD	$0.75	0.4%
EURUSD	$1.13	0.5%
USDJPY	¥111.98	0.3%
Fixed Income	**Yield**	**Chg (bps)**
10-yr Treasury	2.54%	4.5
10-Yr Canadian	1.77%	4.6
Germany 10 Yr Yield	0.04%	4.7
Spain 10 Yr Yield	1.03%	2.5
France 10 Yr Yield	0.38%	4.8

Advancers and Decliners

Updated as of 4/12/19 7:37 AM

S&P/TSX Top Movers

Advancers		Last	% Chg
CREW ENERGY INC	$	1.32	4.76%
SSR MINING INC	$	16.76	3.84%
CORUS ENTERTAINMENT INC-B SH	$	7.52	3.01%
MULLEN GROUP LTD	$	12.41	2.90%
JUST ENERGY GROUP INC	$	4.73	2.60%
Decliners		**Last**	**% Chg**
TOREX GOLD RESOURCES INC	$	13.99	-5.35%
CANOPY GROWTH CORP	$	53.45	-4.86%
BORALEX INC -A	$	18.71	-3.61%
PRETIUM RESOURCES INC	$	11.09	-3.48%
DESCARTES SYSTEMS GRP/THE	$	50.17	-3.43%

S&P 500 Top Movers

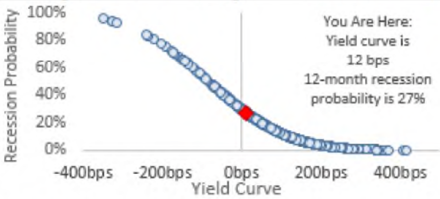
Advancers		Last (USD)	% Chg
FASTENAL CO	$	68.48	5.05%
KROGER CO	$	25.74	3.04%
UNITED RENTALS INC	$	124.75	2.94%
FLUOR CORP	$	40.87	2.84%
UNUM GROUP	$	36.32	2.66%
Decliners		**Last (USD)**	**% Chg**
SIGNET JEWELERS LTD	$	23.85	-5.95%
UNITEDHEALTH GROUP INC	$	235.42	-4.31%
ANTHEM INC	$	276.29	-4.08%
CENTENE CORP	$	55.13	-3.77%
EBAY INC	$	36.32	-3.71%

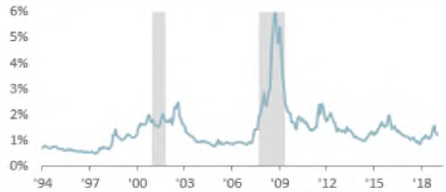
Source: Bloomberg

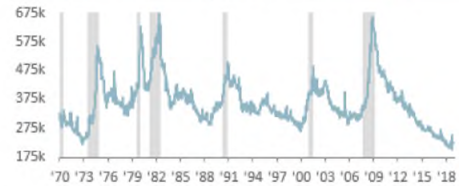
Strategy and economics

Key developments

Recession Watch Dashboard – Yield curve flashing yellow, but credit spreads & the labor market look solid								
Yield Curve (10Y – 3m)			IG Corporate Credit Spreads			Weekly Jobless Claims		
Current	1w Change	Recession	Current	YTD Change	Recession	Apr 6	52w High	Recession
12 bps	+5 bps	**27%** ●	1.12%	**-0.41%**	●	196k	**253k**	●





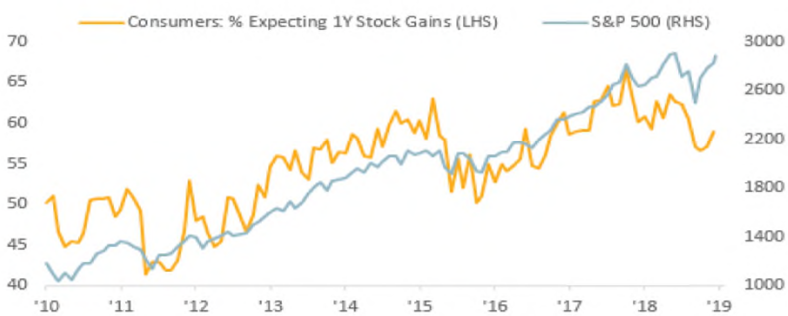


Our Thoughts: The **yield curve** inverted for the first time since 2007. **Investment grade credit spreads** have tightened from the January high of 157bps along with the equity market rally, a sign that credit markets are pricing reduced recession risk; **jobless claims** lower again following the end of the gov't shutdown

Source: RBC WM, Bloomberg; Recession probability based on NY Fed Yield Curve Model

Key U.S. Economic Data Releases

Event	Period	Survey	Actual	Prior
Import Prices m/m	Mar	+0.4%	-	+0.6%
Michigan Consumer Sentiment	Apr P	98.2	-	98.4



Source: RBC Wealth Management, Bloomberg

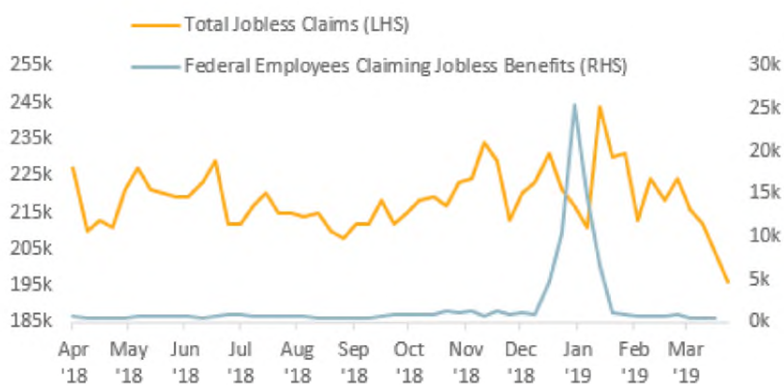
Commentary

- **Consumer confidence.** Not much improvement is expected at the headline, but some of the internals will be interesting to watch.
- **On stocks,** consumer expectations tend to be more volatile than actual market moves, as seen in the chart to the left. With stock again testing new record highs, we expect consumer confidence in equities to recover as well.

On the housing front, the decline in mortgage rates is helping, as the index of those seeing it as a good time to buy due to interest rates is at multi-month highs. **The average 30Y mortgage rate is now 4.02%, down from a recent high of 4.82% last November.**

Prior Session Highlights & Analysis

Event	Period	Survey	Actual	Prior
Producer Prices m/m	Mar	+0.3%	**+0.6%**	+0.1%
Core Producer Prices m/m	Mar	+0.2%	**+0.0%**	+0.1%
Initial Jobless Claims	Apr 6	210k	**196k**	202k



Source: RBC Wealth Management, Bloomberg

Our Thoughts

Jobless claims touch new low

- From RBC Capital Markets: Initial jobless claims came in at just 196k in the first week of April and continue to make fresh all-time lows (population adjusted, the proper way to look at this).
- While some pointed to the 1Q increase as confirming an imminent downturn in economic activity, what they forgot to mention is that these claims were heavily skewed by a combination of the California teachers strike and the shutdown of the federal government.
- Don't forget, this 35-day shutdown was the longest in history. Not only did it likely shave a few tenths from 1Q GDP growth – which, amazingly, stills looks likely to flirt with 2% – but it had a discernable effect on jobless claims…

Following the latest print, initial claims for unemployment insurance are now -15.7% from year-ago levels. **Recession odds remain ultra-low.**

Research highlights

Canadian equities

Veritas:

Quebecor Inc. (QBR.B) – $32.48

Telus Corporation (T) - $51.00

Rogers Communications Inc. (RCI.B) - $71.46

BCE Inc. (BCE) – $60.26

Shaw Communications Inc. (SJR.B) - $27.32

Veritas: Spectrum Strategies Are Long Horizon

Quebecor Inc. (QBR.B) – BUY (PT $34.00); RBCCM: Outperform (PT $35.00)

Telus Corporation (T) – BUY (PT $49.88); RBCCM: Outperform (PT $53.00)

Rogers Communications Inc. (RCI.B) – SELL (PT $66.00); RBCCM: Sector Perform (PT $76.00)

BCE Inc. (BCE) – SELL (PT $55.25); RBCCM: Sector Perform (PT $61.00)

Shaw Communications Inc. (SJR.B) – SELL (PT $25.00); Outperform (PT $30.00)

The 600 MHz spectrum auction concluded yesterday with Rogers spending $1.7B, followed by $931 million for Telus and BCE surprisingly deciding not to bid. The latter stated that it has sufficient low-band spectrum to allow it to offer 4G and 5G services without it requiring 600 MHz spectrum. This is not the first time that incumbents have sat out of auctions – Rogers did not participate in the AWS-3 auction in 2015 after spending $3.3B in 2014 for 700 MHz spectrum. In addition, both Verizon and Sprint did not bid in the U.S. 600 MHz auction. It is not clear that Rogers' larger spectrum portfolio has helped with providing a network or reducing churn; nor is it clear that Telus' smaller spectrum portfolio has been a hindrance. Veritas continues to focus on fundamentals over spectrum, as they expect increased near-term competition to potentially drive higher subsidies and lower ARPU growth.

Research highlights

U.S. and international equities

All figures in USD.

The Walt Disney Company (DIS) – $116.60

A Whole New World

RBC CM: Top Pick (PT $140)

The Disney investor day exceeded expectations and should turn sentiment bullish. Disney+ content and ARPU are now compelling, sub GUIDANCE is significantly above expectations and DTC drags on EPS are better than feared. Much of the investor day was devoted to the Disney+ platform. At launch Disney+ will incl. all Lucas Films titles, all 30 seasons of The Simpsons, all animated and live action vault/classics, the entire Pixar library (incl Frozen), The Disney Channel series, 250 hours of NatGeo stuff, ~25 original series and ~10 recent films and by year 5, there should be 50+ originals and 120+ films. Most of consensus thought DIS would stick to its historical M.O. and not provide guidance, especially around subs. But it's a whole new world as they framed out DTC with subscriber growth guidance, which significantly exceeded expectations. Disney+ guidance is for 60-90mm subs by FY24 (1/3rd domestic). Disney+ launches on Nov. 12 at $6.99/mo or $5.83/mo if purchased annually (RBCCM had estimated $6.50/mo). RBCCM thinks the stock can go to >$130 in short order and has increased conviction in $140 w/in 12 months.

JPMorgan Chase & Co. (JPM) – $106.23

Core EPS of $2.65 beats consensus of $2.35, RBC estimate of $2.41 on Consumer Banking Strength

RBC CM: Outperform (PT $120)

JPM reported 1Q19 net income to common shareholders of $9.2 billion, or $2.65 per share, beating RBCCM's estimate of $2.41 per share and consensus of $2.35. On a core basis, RBCCM's estimate EPS to be $2.65 after adjusting for one-time items, including a $100 million contribution to the JPMorgan Chase Foundation and a $136 million credit valuation adjustment. Relative to RBCCM's estimates, outperformance was driven by stronger revenues and lower than expected noninterest expense and credit loss provisions.

Amazon.com, Inc. (AMZN) – $1847.33

Quick Hits from the AMZN Annual Letter to Shareholders

RBC CM: Outperform (PT $2300)

Amazon just released its Annual Letter to Shareholders. RBCCM highlighted a few key takeaways and threw in some color commentary. Amazon disclosed the size of its 1P and 3P businesses—$117B in 1P GMS (25% CAGR from '99 – '18) and $160B in 3P GMS (52% CAGR from '99 – '18), as of 2018. These numbers show how much the company has benefited from diversifying its businesses. Mr. Bezos called out Fulfillment by Amazon (FBA) and Prime as two key growth drivers for the 3P business—these services have been unique to Amazon and have enabled the company to grow its marketplace platform at over 2x the growth rate of eBay, from '99 to '18. While most of AWS' products and features are a result of customer requests, AWS itself, as a whole, did not come into being because of customer demand. Bezos notes that no one asked for AWS—it was a result of intuition, experimentation, and reiteration of a product that resulted in meeting unknown customer demand. Reiterate Outperform.

Technical corner

Bob Dickey: Tippy canoe again.

The stock market is once again stalling at the previous high levels for most of the major indexes, which we view as an obvious resistance area. The trading volume has been running below average for the past month, which we think is another indication the resistance levels are less likely to be broken on this rally attempt by the markets. We continue to believe that the 15-month range that has held the indexes will continue for another six months, and perhaps longer. If that continues to be the pattern, it implies the short-term pullback risk has increased, and a less aggressive approach could be the better strategy for mid-year. The various stocks and groups continue to trade in some widely diverse trends that also suggest a lack of cohesiveness among the groups and suggest more mixed action for the indexes as opposed to any clearly bullish or bearish trends.

Chart courtesy StockCharts.com and RBC Wealth Management

Market snapshot

Calendar of events

Date	Time		Event		Survey	Actual	Prior	Revised
04/08/2019	10:00	US	Factory Orders	Feb	-0.50%	--	0.10%	--
04/08/2019	10:00	US	Factory Orders Ex Trans	Feb	--	--	-0.20%	--
04/08/2019	10:00	US	Durable Goods Orders	Feb F	-1.60%	--	-1.60%	--
04/08/2019	10:00	US	Durables Ex Transportation	Feb F	0.10%	--	0.10%	--
04/08/2019	10:00	US	Cap Goods Orders Nondef Ex Air	Feb F	--	--	-0.10%	--
04/08/2019	10:00	US	Cap Goods Ship Nondef Ex Air	Feb F	--	--	0.00%	--
04/09/2019	6:00	US	NFIB Small Business Optimism	Mar	102	--	101.7	--
04/09/2019	10:00	US	JOLTS Job Openings	Feb	7566	--	7581	--
04/10/2019	7:00	US	MBA Mortgage Applications	05-Apr	--	--	18.60%	--
04/10/2019	8:30	US	CPI MoM	Mar	0.40%	--	0.20%	--
04/10/2019	8:30	US	CPI Ex Food and Energy MoM	Mar	0.20%	--	0.10%	--
04/10/2019	8:30	US	CPI YoY	Mar	1.80%	--	1.50%	--
04/10/2019	8:30	US	CPI Ex Food and Energy YoY	Mar	2.10%	--	2.10%	--
04/10/2019	8:30	US	CPI Core Index SA	Mar	261.465	--	260.989	--
04/10/2019	8:30	US	CPI Index NSA	Mar	254.193	--	252.776	--
04/10/2019	8:30	US	Real Avg Hourly Earning YoY	Mar	--	--	1.90%	--
04/10/2019	8:30	US	Real Avg Weekly Earnings YoY	Mar	--	--	1.60%	--
04/10/2019	14:00	US	FOMC Meeting Minutes	20-Mar	--	--	--	--
04/10/2019	14:00	US	Monthly Budget Statement	Mar	$183.0b	--	-$234.0b	--
04/11/2019	8:30	US	PPI Final Demand MoM	Mar	0.30%	--	0.10%	--
04/11/2019	8:30	US	PPI Ex Food and Energy MoM	Mar	0.20%	--	0.10%	--
04/11/2019	8:30	US	PPI Ex Food, Energy, Trade MoM	Mar	0.20%	--	0.10%	--
04/11/2019	8:30	US	PPI Final Demand YoY	Mar	1.90%	--	1.90%	--
04/11/2019	8:30	US	PPI Ex Food and Energy YoY	Mar	2.40%	--	2.50%	--
04/11/2019	8:30	US	Initial Jobless Claims	06-Apr	210k	--	202k	--
04/11/2019	8:30	US	PPI Ex Food, Energy, Trade YoY	Mar	--	--	2.30%	--
04/11/2019	8:30	US	Continuing Claims	30-Mar	1735k	--	1717k	--
04/11/2019	9:45	US	Bloomberg April United States Economic Survey					
04/11/2019	9:45	US	Bloomberg Consumer Comfort	07-Apr	--	--	58.9	--
04/12/2019	8:30	US	Import Price Index MoM	Mar	0.40%	--	0.60%	--
04/12/2019	8:30	US	Import Price Index ex Petroleum MoM	Mar	-0.10%	--	0.10%	--
04/12/2019	8:30	US	Import Price Index YoY	Mar	-0.70%	--	-1.30%	--
04/12/2019	8:30	US	Export Price Index MoM	Mar	0.20%	--	0.60%	--
04/12/2019	8:30	US	Export Price Index YoY	Mar	--	--	0.30%	--
04/12/2019	10:00	US	U. of Mich. Sentiment	Apr P	98.1	--	98.4	--
04/12/2019	10:00	US	U. of Mich. Current Conditions	Apr P	--	--	113.3	--

Source: Bloomberg

Market snapshot

Number crunching

NUMBER CRUNCHING

Equity Indices	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
S&P/TSX Composite Index	16,399.47	3.18	0.0%	1.8%	14.5%	7.4%	-11.6%	6.0%	17.5%
S&P/TSX Composite Index TR	56,837.71	11.96	0.0%	2.0%	15.5%	10.8%	-8.9%	9.1%	21.1%
S&P/TSX 60 Index	979.13	1.65	0.2%	2.0%	13.9%	8.8%	-10.5%	6.6%	17.7%
S&P/TSX Equity Index	16,919.72	4.11	0.0%	1.9%	14.4%	7.2%	-11.8%	6.1%	17.8%
S&P/TSX Income Trust Index	217.28	-0.20	-0.1%	-0.3%	16.0%	12.3%	-7.0%	4.5%	8.9%
S&P/TSX Venture Composite Index	624.41	-4.68	-0.7%	-0.4%	12.1%	-20.2%	-34.5%	11.6%	45.0%
S&P/TSX Small Cap Index	589.41	-3.89	-0.7%	1.5%	11.7%	-5.4%	-20.1%	0.3%	35.2%
Dow Jones Industrial Average	26,143.05	-14.11	-0.1%	0.8%	12.1%	6.8%	-5.6%	25.1%	13.4%
S&P 100 Index	1,273.18	-0.61	0.0%	1.7%	14.3%	8.7%	-5.9%	19.3%	8.8%
S&P 500 Index	2,888.32	0.11	0.0%	1.9%	15.2%	8.4%	-6.2%	19.4%	9.5%
S&P 500 Index TR	5,776.28	0.29	0.0%	2.0%	15.9%	10.6%	-4.4%	21.8%	12.0%
S&P 400 Midcap Index	1,950.68	5.24	0.3%	2.9%	17.3%	3.2%	-12.5%	14.5%	18.7%
S&P 600 Smallcap Index	965.77	-1.67	-0.2%	2.8%	14.3%	1.0%	-9.8%	11.7%	24.7%
NASDAQ Composite Index	7,947.36	-16.89	-0.2%	2.8%	19.8%	12.4%	-3.9%	28.2%	7.5%
Euro Stoxx 50	3,157.69	-5.31	-0.2%	1.3%	14.4%	4.4%	-13.1%	6.5%	-2.9%
FTSE 100	7,417.95	-3.96	-0.1%	1.9%	10.3%	2.2%	-12.5%	7.6%	14.4%
CAC 40	5,485.72	35.84	0.7%	2.5%	16.0%	3.9%	-11.0%	9.3%	4.9%
DAX Index	11,935.20	29.29	0.2%	3.5%	13.0%	-2.9%	-18.3%	12.5%	6.9%
S&P/ASX 200	6,198.67	-24.87	-0.4%	0.3%	9.8%	6.6%	-6.9%	7.0%	7.0%
Nikkei 225	21,711.38	23.81	0.1%	2.4%	8.5%	0.2%	-12.1%	19.1%	0.4%
Shanghai Stock Exchange Composite	3,189.96	-51.97	-1.6%	3.2%	27.9%	0.3%	-24.6%	6.6%	-12.3%
Hang Seng Index	29,839.45	-280.11	-0.9%	2.7%	15.5%	-3.2%	-13.6%	36.0%	0.4%
MSCI World	2,147.99	4.79	0.2%	1.9%	14.0%	3.1%	-10.4%	20.1%	5.3%
MSCI World TR	8,929.51	20.83	0.2%	2.0%	14.9%	5.8%	-8.2%	22.4%	8.2%
MSCI EAFE	1,910.54	-1.22	-0.1%	1.9%	11.1%	-6.4%	-16.1%	21.8%	-1.9%
MSCI Emerging Market	1,096.05	2.61	0.2%	3.6%	13.5%	-6.8%	-16.6%	34.4%	8.6%

Equity Indices (in CAD$)*	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
DJIA in Cdn$	34,963.72	124.99	0.4%	1.0%	9.9%	14.9%	2.6%	16.5%	10.3%
S&P 100 Index	1,702.75	6.19	0.4%	1.9%	12.1%	16.6%	2.4%	11.2%	5.8%
S&P 500 Index	3,862.84	16.03	0.4%	2.1%	13.0%	16.2%	2.0%	11.2%	6.5%
S&P 400 Midcap Index	2,608.84	17.71	0.7%	3.1%	15.0%	10.2%	-4.8%	6.6%	15.5%
S&P 600 Smallcap Index	1,293.85	5.32	0.4%	3.2%	12.3%	8.1%	-1.9%	4.1%	21.3%
NASDAQ in Cdn$	10,628.80	21.22	0.2%	3.0%	17.5%	19.5%	4.5%	19.4%	4.6%
Euro Stoxx 50	4,753.27	4.09	0.1%	1.8%	10.1%	1.0%	-10.0%	13.1%	-8.3%
FTSE 100	12,950.26	17.80	0.1%	2.2%	10.6%	0.1%	-10.3%	9.8%	-6.7%
CAC 40 Index	8,257.65	74.77	0.9%	3.1%	11.6%	0.6%	-7.7%	16.0%	-1.0%
DAX Index	17,966.06	45.59	0.3%	4.1%	8.8%	-6.1%	-15.3%	19.5%	0.0%
S&P/ASX 200	5,904.85	-15.50	-0.3%	0.9%	8.8%	4.1%	-8.7%	7.9%	3.0%
Nikkei 225	2.60	0.00	-0.1%	1.8%	4.5%	1.9%	-2.4%	14.9%	0.6%
Shanghai Stock Exchange Composite	635.12	2.23	0.4%	3.3%	28.3%	-0.4%	-22.3%	5.9%	-20.3%
Hang Seng Index	5,088.22	-30.60	-0.6%	3.0%	13.1%	3.0%	-6.3%	25.7%	-2.4%
MSCI World	2,872.72	11.81	0.4%	2.1%	11.8%	9.6%	-2.6%	11.9%	2.4%
MSCI World TR	11,942.32	49.11	0.4%	2.2%	12.7%	12.5%	-0.2%	14.6%	5.2%
MSCI EAFE	2,555.16	10.51	0.4%	2.1%	8.9%	-0.5%	-8.8%	13.4%	-4.6%
MSCI Emerging Market	1,465.86	6.03	0.4%	3.8%	11.3%	-0.9%	-9.3%	25.1%	5.6%

S&P/TSX Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
S&P/TSX Financials	2,766.01	4.81	0.2%	2.2%	11.8%	4.6%	-12.6%	9.4%	19.3%
S&P/TSX Energy	2,197.32	6.66	0.3%	3.8%	18.7%	0.4%	-21.5%	-10.1%	31.2%
S&P/TSX Materials	2,182.86	-18.27	-0.8%	0.0%	8.2%	0.6%	-10.6%	6.3%	39.0%
S&P/TSX Industrials	3,349.93	7.86	0.2%	1.1%	16.1%	16.1%	-3.9%	17.9%	20.7%
S&P/TSX Consumer Discretionary	2,227.43	-2.78	-0.1%	4.8%	14.5%	-2.1%	-17.7%	20.4%	8.2%
S&P/TSX Telecom Services	1,580.05	3.02	0.2%	0.5%	9.4%	13.6%	-5.3%	9.9%	9.9%
S&P/TSX Information Technology	384.55	3.96	1.0%	1.6%	27.2%	36.0%	12.5%	16.2%	4.4%
S&P/TSX Consumer Staples	5,346.79	-8.45	-0.2%	2.2%	12.6%	24.3%	0.6%	6.4%	6.1%
S&P/TSX Utilities	2,168.12	-1.52	-0.1%	0.7%	15.5%	8.9%	-13.4%	6.2%	12.7%
S&P/TSX Healthcare	588.64	-16.05	-2.7%	-2.0%	45.9%	53.9%	-16.6%	32.7%	-78.6%

S&P 500 Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
Financials	442.11	2.46	0.6%	3.5%	11.7%	-2.7%	-14.7%	20.1%	20.1%
Health Care	1,049.49	-12.86	-1.2%	-1.2%	4.8%	11.5%	4.7%	20.0%	-4.4%
Technology	1,338.34	-1.66	-0.1%	3.0%	23.0%	16.8%	-1.6%	36.9%	12.0%
Industrials	642.78	5.63	0.9%	1.6%	18.6%	4.6%	-15.0%	18.5%	16.1%
Consumer Discretionary	931.13	1.15	0.1%	3.3%	19.1%	15.4%	-0.5%	21.2%	4.3%
Energy	498.68	0.17	0.0%	1.9%	17.6%	-4.5%	-20.5%	-3.8%	23.7%
Consumer Staples	578.16	0.65	0.1%	-0.3%	10.8%	7.1%	-11.2%	10.5%	2.6%
Telecom	162.85	0.24	0.1%	3.3%	17.3%	8.0%	-16.4%	-6.0%	17.8%
Materials	359.06	-0.21	-0.1%	3.4%	13.4%	-0.3%	-16.4%	21.4%	14.1%
Utilities	293.83	1.61	0.6%	-0.4%	9.4%	15.7%	0.5%	8.3%	12.2%

Source: Bloomberg. Returns based on simply price appreciation unless otherwise noted. Equity indices based in local currency unless otherwise noted.

All values are as at close of previous trading day.

Market snapshot

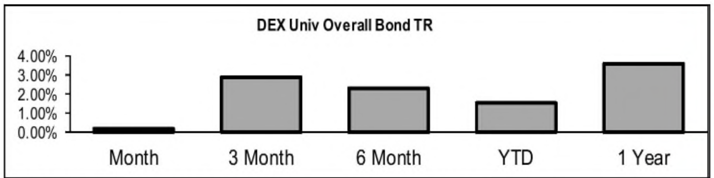
Number crunching

Commodities (USD$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
Crude Oil (WTI per barrel)	$63.71	-0.90	-1.4%	5.9%	37.0%	4.2%	-20.9%	6.2%	20.5%
Crude Oil (Brent per barrel)	$70.96	-0.77	-1.1%	5.0%	30.0%	7.0%	-14.1%	14.2%	23.4%
Natural Gas (per million btu)$	$2.67	-0.03	-1.0%	0.5%	0.1%	1.4%	-4.0%	-20.8%	30.0%
3-2-1 Crack Spread	$22.23	-0.10	-0.5%	10.8%	52.7%	9.1%	-22.4%	8.6%	20.8%
Gold (per ounce)	$1,292.56	-15.54	-1.2%	0.0%	0.8%	-4.5%	-1.6%	13.1%	8.6%
Silver (per ounce)	$14.97	-0.26	-1.7%	-1.0%	-3.4%	-10.2%	-8.5%	6.3%	14.9%
Platinum (per ounce)	$892.74	-10.12	-1.1%	5.1%	12.2%	-4.2%	-14.5%	3.4%	1.2%
Palladium (per ounce)	$1,369.87	-20.62	-1.5%	-1.1%	8.6%	41.8%	18.6%	57.8%	21.0%
Copper (per pound)	$2.92	-0.01	-0.4%	-0.6%	8.4%	-6.7%	-17.5%	30.5%	17.4%
Zinc (per pound)	$1.34	0.01	0.9%	-1.7%	17.0%	-8.9%	-24.5%	30.5%	60.6%
Nickel (per pound)	$5.96	0.01	0.2%	1.9%	23.9%	-3.8%	-16.5%	27.5%	13.5%

Currencies (in CAD$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
U.S. Dollar	1.337	0.0055	0.4%	0.2%	-1.9%	6.3%	8.5%	-6.5%	-2.9%
Euro	1.505	0.0038	-0.3%	-0.5%	3.9%	3.4%	3.6%	6.8%	-6.0%
British Pound	1.746	0.0024	-0.1%	-0.3%	-0.3%	2.2%	2.5%	2.5%	-18.7%
Japanese Yen (in JPY¥)	83.489	0.1380	-0.2%	-0.5%	-3.7%	1.7%	-10.3%	3.0%	0.2%

Currencies (in USD$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2018	2017	2016
Canadian Dollar	0.748	-0.0032	-0.4%	-0.2%	2.0%	-5.9%	-7.8%	6.9%	3.0%
Euro	1.126	-0.0018	-0.2%	0.3%	-1.8%	-9.0%	-4.5%	14.2%	-3.2%
British Pound	1.305	-0.0037	-0.3%	0.1%	2.4%	-7.9%	-5.6%	9.5%	-16.3%
Japanese Yen (in JPY¥)	111.660	0.6500	-0.6%	-0.7%	-1.8%	-4.4%	-2.7%	-3.7%	-2.7%

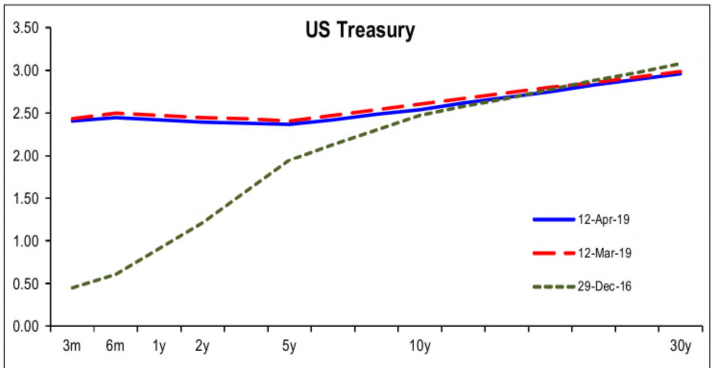
Source: Bloomberg. Returns based on simple price appreciation unless otherwise noted. Equity indices based in local currency unless otherwise noted.

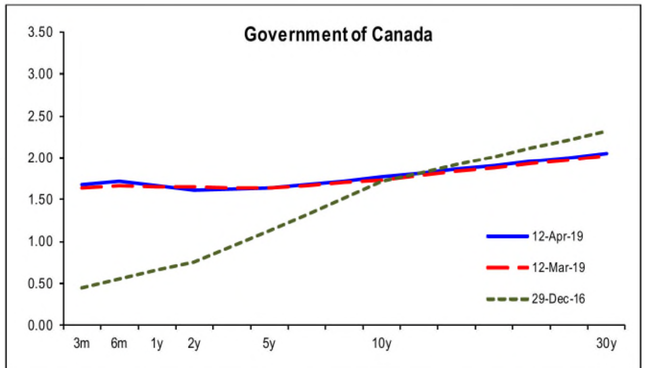


DEX Univ Bond Indices (As of February 28, 2018)	Month	3 Month	6 Month	YTD	1 Year
FTSE TMX Canada Universe Bond TR	0.18%	2.90%	2.31%	1.52%	3.63%
FTSE TMX Canada ST Universe Bond TR	0.21%	1.76%	2.05%	0.88%	2.75%
FTSE TMX Canada MT Universe Bond TR	0.16%	3.23%	3.10%	1.61%	4.22%
FTSE TMX Canada LT Universe Bond TR	0.15%	4.25%	2.12%	2.34%	4.36%

Key Rates		Next Mtg
Overnight Rate CAN	1.75%	2019/04/24
Bank Rate CAN	2.00%	
Prime Rate CAN	3.95%	
Fed Funds US	2.50%	2019/05/01
Discount US	3.00%	
Prime Rate US	5.50%	

International Yields	O/N	3mo	10-Yr	Next Mtg
United Kingdom	0.75%	0.80%	1.20%	2019/05/02
Eurozone	0.00%	-0.51%	0.04%	2019/06/06
Australia	1.50%	1.78%	1.88%	2019/05/07
Japan	0.10%	-0.14%	-0.06%	2019/04/25





US Treasury Yields		12-Apr-19	12-Mar-19	29-Dec-16	31-Dec-15	DoD Change
TSY 2.25 03/31/2021	2-yr	2.39%	2.45%	1.21%	1.05%	0.037
TSY 2.125 03/31/2024	5-yr	2.37%	2.41%	1.96%	1.76%	0.056
TSY 2.625 02/15/2029	10-yr	2.55%	2.60%	2.48%	2.27%	0.048
TSY 3 02/15/2049	30-yr	2.97%	2.99%	3.08%	3.02%	0.038

Government of Canada Yields		12-Apr-19	12-Mar-19	29-Dec-16	31-Dec-15	DoD Change
CAN 1.75 05/01/2021	2-yr	1.62%	1.65%	0.76%	0.48%	0.025
CAN 2.25 03/01/2024	5-yr	1.63%	1.63%	1.12%	0.73%	0.047
CAN 2 06/01/2028	10-yr	1.77%	1.74%	1.72%	1.39%	0.047
CAN 2.75 12/01/2048	30-yr	2.05%	2.03%	2.32%	2.15%	0.037

Money Market*

GIC's	1-yr	2-yr	3-yr	4-yr	5-yr
High	2.26%	2.32%	2.35%	2.39%	2.51%
Average	2.01%	2.08%	2.14%	2.22%	2.30%

	1 mth	2mth	3mth	6mth	1 yr
CDOR	1.98%	2.00%	2.02%	2.09%	2.25%
ICE LIBOR US	2.48%	2.55%	2.60%	2.63%	2.74%

CAD $1,000,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	1.68%	1.66%	1.65%	1.67%	1.71%
BAs	1.79%	1.82%	1.84%	1.93%	2.09%
CP	1.84%	1.87%	1.89%	1.98%	2.14%

CAD $100,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	1.50%	1.48%	1.47%	1.49%	1.53%
BAs	1.55%	1.58%	1.60%		
CP	1.60%	1.63%	1.65%		

US $1,000,000	1 mth	2mth	3mth	6mth
T-Bills	2.38%	0.00%	2.41%	2.44%
CTBUS	2.39%	2.39%	2.40%	2.41%

US $100,000	1 mth	2mth	3mth	6mth
T-Bills	2.20%	-	2.23%	2.26%
CTB US	2.21%	2.21%	2.22%	2.23%

Economic Indicators**

	Actual Q418	Forecast Q119	Forecast Q219	Forecast Q319	Forecast Q419	Forecast Q120	Actual 2018	Forecast 2019	1 yr Forecast 2020
Overnight Rate	1.75	1.75	1.75	1.85	1.95	2.05	1.15	1.95	2.05
10-Yr Yield	1.97	1.97	2.08	2.22	2.32	2.36	2.30	2.32	2.36
Real GDP (est)	1.20	0.60	2.00	2.00	1.90	1.80	2.10	1.50	1.80
Headline CPI (est)	2.00	1.50	1.60	1.60	2.00	2.10	2.30	1.70	2.00
Unemployment Rate	5.70	5.80	5.80	5.80	5.80	5.90	5.85	5.80	5.80

	Q418	Q119	Q219	Q319	Q419	Q120	2018	2019	2020
Fed Funds	2.50	2.50	2.50	2.50	2.55	2.50	2.50	2.55	2.50
10-Yr Yield	3.13	2.73	2.62	2.68	2.75	2.77	3.13	2.75	2.77
Real GDP (est)	2.20	1.60	2.60	2.21	2.00	1.80	2.20	2.40	1.90
Headline CPI (est)	2.20	1.63	1.86	1.90	2.10	2.30	2.40	1.90	2.14
Unemployment Rate	3.80	3.84	3.70	3.67	3.60	3.63	3.90	3.70	3.60

*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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Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Mar-2019

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Top Pick & Outperform]	**794**	**54.01**	**202**	**25.44**
HOLD [Sector Perform]	**589**	**40.07**	**107**	**18.17**
SELL [Underperform]	**87**	**5.92**	**5**	**5.75**

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