



Global Insight Daily

Good morning all,

This week saw the end of the first negative month for stocks in some time. But despite the calls of the ‘Sell in May’ crowd, the lame job data out of the US and another shocking decision by Trump to leave the Paris Accord stocks have started June off on a positive note. For the week, Canadian stocks are flat as the 5% drop in oil prices dragged down energy stocks, offsetting gains elsewhere in the market. Emerging market stocks were flat with mild losses in China thanks to slowing growth expectations. US stocks added 0.75% this week as investors have shrugged off an ugly jobs report this morning in favor of more positive economic and job reports earlier this week. Europe, meanwhile, appears to be the shining light amongst the developed markets with continued improvements in their economic outlook and lessened political anxiety; EU indices gained 0.5% and the Euro tacked on 1.5% versus the Loonie. Interest rates in the bond market continue to slowly creep downwards despite expectations for the Federal Reserve to hike rates in mid-June, a move which I see as an anomaly and one to take advantage of.

Oil prices fell 5% this week after a rough week last week. The 2% drop this morning, to a three-week low, is extending losses post the OPEC meeting on May 25 where the oil cartel announced a production-cut extension. Some traders are blaming the US government's decision to withdraw America from the Paris climate change accord for the latest price weakness, on the view that less strict environmental controls could lead to an uptick in US drilling and production. There is another camp that has attributed the bleak sentiment in the oil complex on lingering disappointment with regards to the outcome of the OPEC meeting, where some market participants had expected a longer and/or deeper output cut. Persistent concerns that recovering US shale output could undermine OPEC's efforts to rebalance the global oil market also remains a material headwind to a sustainable recovery in oil prices. Igor Sechin, the head of Russia's largest oil producer Rosneft, cautioned that "lower oil output from the OPEC and non-OPEC agreement could be considerably offset by as early as mid-2018 by U.S. shale oil production growth". While some investors see persistently low oil prices as reason for concern I continue to believe that low oil prices are good for the global economy and I know for sure that they are good for our portfolios!

Global economic data dominated the narrative for investors this week. The takeaway for me is the growing potential for the passing of the baton of economic (and market) leadership from the US to the rest of the developed world. US data remains solid but it appears to have peaked, the Canadian economy has actually outperformed the US for the past few quarters and Europe is catching up quick. The most noteworthy data point this week was the disappointing US Non-Farm Payrolls job report which showed far fewer jobs created than hoped for although the guts of the report showed decent wage gains a drop in the unemployment. Strength from a similar job report earlier in the week argues that this may be a

one-off in the otherwise relentless improvement in the US job market. In Canada we saw a GDP report showing a whopping 3.7% annualized first quarter GDP growth rate. This growth builds on the 2.7% and 4.2% rates that were experienced in in the prior two quarters respectively, with the majority of the growth this quarter coming from 'Households'. This includes consumer spending and residential investment which were 4.3% and 15.7% higher over the quarter respectively. Although cynics will point out that last year's poor Canadian economy makes for a low bar to measure growth against, an interesting point to note is that this is the third consecutive quarterly GDP figure which has outpaced that of the United States. A key positive to this release was the marked improvement in business investment, something the Bank of Canada labelled in their latest meeting statement release as encouraging. While core inflationary pressures remain at bay and uncertainty regarding US trade policy persists, we would expect the BoC to maintain interest rates where they are. That said, if the growth momentum continues into the summer we can expect the market to seriously start debating the timing of an interest rate hike in Canada.

Although it doesn't rise to the levels of drama that we have seen in the US and Europe, BC's political future is still keeping the media on their toes. The NDP and Green Party released the details of their 10-page agreement to form the next provincial government this week. The agreement outlines plans for a way forward on a number of issues that had been widely debated during the election campaign. As expected, the parties agreed to "employ every tool available" to stop the Trans Mountain expansion project. In addition, a referendum on electoral reform will be scheduled for the fall of 2018, legislation banning corporate and union donations will be tabled, and an increase in the province's carbon tax was featured in the document. Several other initiatives were also outlined, including a commitment to increase the supply of affordable housing as well as an increase in the province's

minimum wage, likely to \$15 or beyond, and increased education and healthcare spending. The initiatives outlined in the most detail were all expected, as the Trans Mountain opposition, electoral reform, and political contributions were all issues that were shared by both parties during the campaign. Looking beyond the headline initiatives, we saw little detail but significant promised spending from the other proposed initiatives. As the new government looks to settle in we will be focused on how plans, particularly related to housing and the foreign buyer's taxation rules, begin to take shape.

And with a socially minded government now in place in BC (sort of), I thought I would send along an invite to an RBC conference call on the topic of 'Social Impact Investing' (see attached email invite). SII is different from 'Socially Responsible Investing' in that the latter seeks to avoid investing in things that do harm (ie. Don't invest in fossil fuels) while the former seeks to invest in things that do good (ie. Do invest in Solar power). If you're interested in this call (or the concept in general) you can email Deb or me to register you for listening to this conference call.

Have a great weekend,

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Daily Global Insight



Wealth
Management

Friday, June 2, 2017

Good morning

Global equities are scaling new heights as investors brace for the release of the U.S. monthly jobs report at 8:30am ET. The sour tone in the commodities complex, with gold bullion (-0.5%), crude oil (-2.2%) and copper (-2.1%) all nursing losses, is having little-to-no impact on sentiment. Japan's Nikkei (+1.6%) closed above the 20,000 mark for the first time since December 2015 to lead Asian benchmarks higher overnight, while European indices are climbing between 0.3% and 1.3% at the mid-point of the session and futures on the S&P 500 are up six points in the pre-market. The U.S. Dollar Index is (+0.1%) a touch firmer on the back of a weaker British pound (-0.2%) and Japanese yen (-0.2%). Price action in core government bonds is subdued with yields on U.S. 10-year Treasuries holding near the low of the six-month trading range at 2.21%.

Today, we would highlight the following:

U.S. labour market moves into the limelight. U.S. non-farm payrolls represents the last critical economic data point ahead of the Federal Reserve's next monetary policy meeting on June 13-14. Economists are forecasting the U.S. to have added 180,000 new jobs in May, building on the 211,000 increase in April, with the unemployment rate anticipated to remain unchanged at 4.4%, the lowest level in more than a decade. A solid report would reinforce the view that the U.S. economy has recovered from the "soft patch" in the first quarter. As usual, the wage indicators are expected to garner more consideration than the headcount figure, given their potential implications for the inflation outlook. The average hourly earnings growth rate, which has remained muted notwithstanding a tightening labour market, is expected to register 2.6% in May, a slight uptick

from the 2.5% pace recorded in the previous month. Absent a severely negative surprise, today's non-farm payrolls data should all but seal the Fed's upcoming rate decision, where markets widely expect the central bank to raise the short-term rate by 25 basis points.

Crude oil struggles to gain traction. WTI and Brent crude futures are shedding more than 2% this morning to a three-week low, extending losses post the OPEC meeting on May 25 where the oil cartel announced a production-cut extension. While some traders are blaming the U.S. government's decision to withdraw America from the Paris climate change accord for the latest price weakness, on the view that less strict environmental controls could lead to an uptick in U.S. drilling and production, others have attributed the bleak sentiment in the oil complex on lingering disappointment with regards to the outcome of the OPEC meeting, where some market participants had expected a longer and/or deeper output cut. Persistent concerns that recovering U.S. shale output could undermine OPEC's efforts to rebalance the global oil market also remains a material headwind to a sustainable recovery in oil prices. Igor Sechin, the head of Russia's largest oil producer Rosneft, cautioned that "lower oil output from the OPEC and non-OPEC agreement could be considerably offset by as early as mid-2018 by U.S. shale oil production growth".

All values in CAD dollars unless otherwise noted.
Priced as of 7:43 a.m. on June 2, 2017 (unless otherwise stated).

For important disclosures please see pages 11-12.

Markets today

Equities

Global equity markets look set to end the week on a high note with S&P futures up 3 points ahead of the open. U.S. non-farm payrolls came in at +138k relative to consensus expectations of +182k. This report is one of the last major items on the calendar before the Fed considers a June hike. Expectations are quite high for a 25bps increase with market-implied odds at roughly 90%.

Fixed income

As measured by the Markit PMI survey, Canadian manufacturing registered 55.1 which is the third consecutive month above 55. A reading above 50 signals expansionary territory and a signal under 50 signals the opposite. The manufacturing sector fell into contraction, as measured by the PMI survey, in February 2015 and oscillated around the 50 mark from then until March 2016 where it has been slowly recovering in line with Oil Prices.

Market Pulse			Advancers and Decliners		
Updated as of 6/2/17 7:43 AM			Updated as of 6/2/17 7:43 AM		
Equity New			S&P/TSX Top Movers		
	Last	% Chg	Advancers	Last	% Chg
Dow	21,209	0.4%	BRP INC/CA- SUB VOTING	\$ 37.03	12.69%
S&P 500	2,436	0.3%	ELEMENT FLEET MANAGEMENT COR	\$ 9.55	11.57%
Nasdaq	5,841	0.3%	BLACKBERRY LTD	\$ 15.42	7.98%
			BONTERRA ENERGY CORP	\$ 16.98	7.20%
			SIERRA WIRELESS INC	\$ 39.01	6.56%
			Decliners	Last	% Chg
Overseas	Last	% Chg	SAPUTO INC	\$ 43.37	-3.84%
FTSE 100 (UK)	7,568	0.3%	B2GOLD CORP	\$ 3.30	-2.65%
DAX (Germany)	12,869	1.6%	HUDBAY MINERALS INC	\$ 6.75	-2.32%
Euro Stoxx 50	3,611	1.2%	FIRST QUANTUM MINERALS LTD	\$ 11.14	-2.19%
Hang Seng	25,924	0.4%	CENTERRA GOLD INC	\$ 7.52	-1.96%
Nikkei 225	20,177	1.6%			
Shanghai	3,106	0.1%	S&P 500 Top Movers		
			Advancers	Last (USD)	% Chg
Commodities	Last	% Chg	SIGNET JEWELERS LTD	\$ 52.41	8.96%
WTI Crude	\$47.26	-2.3%	GOODYEAR TIRE & RUBBER CO	\$ 34.55	7.23%
Gold (\$/oz)	\$1,265	-0.4%	PATTERSON COS INC	\$ 47.13	6.73%
Silver (\$/oz)	\$17	-0.4%	DOLLAR GENERAL CORP	\$ 78.19	6.54%
Copper (\$/ton)	\$5,675	0.3%	NRG ENERGY INC	\$ 16.76	4.36%
Natural Gas(\$/Mmbtu)	\$3.00	-0.3%			
			Decliners	Last (USD)	% Chg
Currencies	Last	% Chg	HEWLETT PACKARD ENTERPRIS	\$ 17.52	-6.86%
CADUSD	\$0.74	-0.1%	ANALOG DEVICES INC	\$ 82.21	-4.14%
EURUSD	\$1.12	0.0%	EXTRA SPACE STORAGE INC	\$ 75.77	-2.19%
USDJPY	¥111.53	0.1%	NETAPP INC	\$ 39.61	-2.17%
			BROADCOM LTD	\$ 234.59	-2.04%
Fixed Income	Yield	Chg (bps)			
10-yr Treasury	2.21%	-0.4			
10-Yr Canadian	1.42%	-0.5			
Germany 10 Yr Yield	0.29%	-1.7			
Spain 10 Yr Yield	1.57%	0.2			
France 10 Yr Yield	0.72%	-1.9			

Strategy and economics

Key developments

Key U.S. Economic Data Releases					
Event	Period	Survey	Actual	Prior	Commentary
Change in Nonfarm Payrolls	May	182k		211k	The ADP Employment print yesterday gives strong optimism of another solid payrolls report in May, although consensus estimates have overestimated the actual print by roughly 14k in the last 10 years. RBC Capital Markets Economist estimate 200k. Expectations are for the unemployment rate to hold steady at 4.4%, but we will be watching the labor force participation rate to see if higher wages are continuing to draw more people back into the labor market. Average hourly earnings will likely draw increased scrutiny to determine if consumer spending will be inordinately weak to start the first quarter. April's consumer income and spending report gives us optimism of continued wage growth into May.
2-Month Net Revision	May	-		-	
Private Payrolls	May	175k		194k	
Unemployment Rate	May	4.4%		4.4%	
Underemployment Rate	May	-		8.6%	
Avg Hrly Earnings M/M	May	0.2%		0.3%	
Avg Hrly Earnings Y/Y	May	2.6%		2.5%	
Avg Weekly Hours	May	34.4		34.4	
Labor Force Participation	May	-		62.9%	

Prior Session Highlights & Analysis					
Event	Period	Survey	Actual	Prior	Our Thoughts
Initial Jobless Claims	May 27	238k	248k	234k	ADP Employment Crushes Expectations The ADP Employment Survey data showed 253k new private jobs added in May, as well as headline ISM Manufacturing data that appears to have settled in to a solid pace of expansion – renewing optimism that the domestic economy is reaccelerating into growth after a weak first quarter. Responses to the ISM survey were overwhelmingly positive with one little caveat, trouble finding skilled labor with one manager quoted saying, “Business is booming” but “skilled labor is in short supply”. Construction spending data took a breather after strong growth in the first quarter, and jobless claims trended higher, although still remain near 4 decade lows.
Continuing Claims	May 20	1,920k	1,915k	1,923k	
ADP Employment Change	May	180k	253k	177k	
Construction Spending m/m	Apr.	0.5%	-1.4%	-0.2%	
ISM Manufacturing	May	54.7	54.9	54.8	
Markit US Manufacturing PMI	May F	52.5	52.7	52.5	
Consumer Comfort	May 28	-	51.2	50.9	

RBC Wealth Management's Global Insight Weekly – June 1, 2017

- **Flow Charting:** Money has been coming back into European equities as investors are taking a shine to the region's prospects, while flows into the U.S. have been uneven. Europe's pattern is notable, as the trend has completely shifted. After the post-Brexit outflows, funds began moving into Europe as populism lost momentum, and, most importantly, economic and earnings trends improved. We think Europe will continue to benefit from net inflows. This is another reason to Overweight the region.
 - **Canada Section:** Q1 GDP soared but missed lofty expectations. Even with housing headwinds, the Big Six Banks reported earnings ahead of expectations. In the preferred share market, we would continue to dial back credit risk and look for opportunities to trim positions.
 - **Other Regional Developments:** The Fed and puzzlingly low U.S. inflation. U.K. snap election gambit getting dicey? Renminbi rally hints at "show of strength" from China.
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Research highlights

Canadian equities

Saputo Inc. (SAP) – \$43.37

Whey-t a minute: Disappointing Q4 results but outlook remains solid, tgt to \$48

RBC CM: Sector Perform (PT \$48 from \$50)

After losing nearly 10% intraday as investors reacted to the 15% EPS miss, SAP rallied ~4.5% during the call on the back of comments from management around the transitory nature of headwinds, solid performance so far in Q1, and confident tone around M&A. RBC CM was similarly reassured by management's comments on the call, particularly in light of management's conservative nature.

Uni-Select Inc. (UNS) – \$29.18

UNS expands into UK for separate growth avenue, maintain Outperform, \$38 target

RBC CM: Outperform (PT \$38)

With its significant market share in both US and Canada, RBC CM sees likelihood for solid UNS EPS growth to continue in F18 from M&A and long-term integration synergies. UNS announced it will acquire The Parts Alliance, the second largest UK automotive aftermarket parts distributor with ~7% mkt share. RBC CM sees the Parts Alliance deal adding ~10% to its F18 EPS est, while Adj. EBITDA increases ~20%.

Canadian Western Bank (CWB) – \$25.16

Solid Q2 but we wish to better understand NIM, loan growth, and PCLs

RBC CM: Sector Perform (PT \$29 from \$30)

While RBC CM views Q2 results positively, there is enough uncertainty over net interest margins (NIM) and provisions for credit losses (PCL) for RBC CM to make a small tweak to its valuation multiple. CWB reported core cash EPS of \$0.59, above its estimate of \$0.54 and consensus of \$0.57. Loan growth is expected to accelerate in H2/17 and RBC CM has modestly increased its loan growth assumptions. RBC CM has modestly lowered our 2018 core EPS estimate but its estimates remain highly sensitive to NIM, loan growth, and PCL assumptions.

Veritas: Sell (PT \$25)

While credit losses appear to have peaked for CWB, rapidly decelerating loan growth remains an issue for the bank with weakness evident across various parts of the loan portfolio. With the sequential margin boost likely to fully reverse in Q3, and the bank reporting yet another quarter of negative operating leverage in Q2, Veritas expects minimal EPS growth for CWB through F2018 and a subdued ROE of roughly 10%. In light of the recent sell-off in CWB's share price Veritas sees limited downside for the stock from its current level, although an upside scenario, in Veritas' view, would require more robust loan growth, better expense control, and clarity on where net interest margins will ultimately settle.

Research highlights

U.S. and international equities

All figures in USD.

Apple Inc. (AAPL) - \$152.76

A tasty combination of strong brand and growing consumer base – initiate with OW

RBC CM: Outperform (PT \$168); JPM: Overweight (PT \$165)

Apple will host its annual Worldwide Developer Conference (WWDC) next week in San Jose. RBC CM expects announcements/updates to be mostly software and Mac centric, however it thinks there is high probability AAPL will introduce a Siri-enabled smart speaker, which, if announced, would mark the first new hardware product since the Apple Watch. In addition, RBC CM expects a broad software update focused on further integration between macOS and iOS). On hardware side, MacBook refresh (kaby lake) along with Smart speaker and iPad Pro. Fundamentally, AAPL remains positioned to continue its outperformance given upcoming iPhone 8 cycle, services acceleration and potential for repatriation. RBC CM maintains its Outperform rating and \$168 target.

lululemon athletica Inc. (LULU) - \$48.67

+LSD-MSD 2Q Comp Guide Gives Reason to Believe; Reiterate Outperform

RBC CM: Outperform (PT \$64)

Q1 EPS of \$0.32 was \$0.04 better than consensus and revenues +5% to \$520m was better than consensus of \$514m. Total comps -1% and direct to consumer was flat. Men's grew high-single-digits and women's was estimated to be down around 3.5%. GM beat expectations and are expected to be up 50-100bps for the year, and SG&A is expected to deleverage in 2017 by the same amount. The company still has a 2020 goals of \$4B in sales and \$4.00 in EPS – a double on both metrics from here.

Deere & Company (DE) - \$124.70

Going down the road-paving road

RBC CM: Sector Perform (PT \$133)

DE announced they are acquiring privately-held Wirtgen Group, a Germany-based global leader in road construction equipment. RBCCM estimates the transaction could add \$1+ to EPS in FY19, for a transaction value of \$5.2B paying 9.5x 2017 EBITDA with synergies of EUR 100m over five years. Wirtgen's 2017 sales are expected to be up and EBIT margins around 14%. Transaction is expected to close in 1Q18.

Market snapshot

Calendar of events

Date	Time	Event	Survey	Actual	Prior	Revised	
05/31/2017	7:00 US	MBA Mortgage Applications	26-May	--	-3.40%	4.40%	--
05/31/2017	9:45 US	Chicago Purchasing Manager	May	57	--	58.3	--
05/31/2017	10:00 US	Pending Home Sales MoM	Apr	0.50%	--	-0.80%	--
05/31/2017	10:00 US	Pending Home Sales NSA YoY	Apr	--	--	0.50%	--
		U.S. Federal Reserve Releases Beige Book					
05/31/2017	14:00 US	Book					
06/01/2017	7:30 US	Challenger Job Cuts YoY	May	--	--	-42.90%	--
06/01/2017	8:15 US	ADP Employment Change	May	180k	--	177k	--
06/01/2017	8:30 US	Initial Jobless Claims	27-May	238k	--	234k	--
06/01/2017	8:30 US	Continuing Claims	20-May	1920k	--	1923k	--
06/01/2017	9:45 US	Markit US Manufacturing PMI	May F	52.5	--	52.5	--
06/01/2017	9:45 US	Bloomberg Consumer Comfort	28-May	--	--	50.9	--
06/01/2017	10:00 US	ISM Manufacturing	May	54.6	--	54.8	--
06/01/2017	10:00 US	ISM Prices Paid	May	67	--	68.5	--
06/01/2017	10:00 US	ISM New Orders	May	--	--	57.5	--
06/01/2017	10:00 US	ISM Employment	May	--	--	52	--
06/01/2017	10:00 US	Construction Spending MoM	Apr	0.50%	--	-0.20%	--
06/01/2017	US	Wards Total Vehicle Sales	May	16.90m	--	16.81m	--
06/01/2017	US	Wards Domestic Vehicle Sales	May	13.20m	--	13.12m	--
		Revisions: Trade (2014-16 will be revised)					
06/02/2017	8:30 US	Change in Nonfarm Payrolls	May	180k	--	211k	--
06/02/2017	8:30 US	Trade Balance	Apr	-\$46.1b	--	-\$43.7b	--
06/02/2017	8:30 US	Two-Month Payroll Net Revision	May	--	--	-6k	--
06/02/2017	8:30 US	Change in Private Payrolls	May	173k	--	194k	--
06/02/2017	8:30 US	Change in Manufact. Payrolls	May	5k	--	6k	--
06/02/2017	8:30 US	Unemployment Rate	May	4.40%	--	4.40%	--
06/02/2017	8:30 US	Average Hourly Earnings MoM	May	0.20%	--	0.30%	--
06/02/2017	8:30 US	Average Hourly Earnings YoY	May	2.60%	--	2.50%	--
06/02/2017	8:30 US	Average Weekly Hours All Employees	May	34.4	--	34.4	--
06/02/2017	8:30 US	Labor Force Participation Rate	May	--	--	62.90%	--
06/02/2017	8:30 US	Underemployment Rate	May	--	--	8.60%	--
05/31/2017	8:30 CA	Quarterly GDP Annualized	1Q	4.20%	--	2.60%	--
05/31/2017	8:30 CA	GDP MoM	Mar	0.20%	--	0.00%	--
05/31/2017	8:30 CA	GDP YoY	Mar	2.90%	--	2.50%	--
06/01/2017	7:00 CA	MLI Leading Indicator MoM	Apr	--	--	0.50%	--
06/01/2017	9:30 CA	Markit Canada Manufacturing PMI	May	--	--	55.9	--
06/02/2017	8:30 CA	Labor Productivity QoQ	1Q	1.20%	--	0.40%	--
06/02/2017	8:30 CA	Int'l Merchandise Trade	Apr	-0.02b	--	-0.14b	--

Market snapshot

Number crunching

Equity Indices	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
S&P/TSX Composite Index	15,469.91	120.00	0.8%	0.8%	1.2%	9.4%	17.5%	-11.1%	7.4%
S&P/TSX Composite Index TR	50,649.27	405.86	0.8%	0.8%	2.3%	12.6%	21.1%	-8.3%	10.6%
S&P/TSX 60 Index	913.00	6.61	0.7%	0.7%	1.4%	10.5%	17.7%	-10.6%	9.1%
S&P/TSX Equity Index	15,977.78	123.66	0.8%	0.8%	1.1%	9.6%	17.8%	-11.3%	7.4%
S&P/TSX Income Trust Index	200.68	1.66	0.8%	0.8%	4.1%	3.5%	8.9%	-5.2%	7.1%
S&P/TSX Venture Composite Index	800.45	0.55	0.1%	0.1%	5.0%	18.0%	45.0%	-24.4%	-25.4%
S&P/TSX Small Cap Index	626.21	3.55	0.6%	0.6%	-4.9%	6.6%	35.2%	-15.8%	-5.2%
Dow Jones Industrial Average	21,144.18	135.53	0.6%	0.6%	7.0%	18.5%	13.4%	-2.2%	7.5%
S&P 100 Index	1,069.74	6.83	0.6%	0.6%	7.9%	15.0%	8.8%	0.3%	10.3%
S&P 500 Index	2,430.06	18.26	0.8%	0.8%	8.5%	15.4%	9.5%	-0.7%	11.4%
S&P 400 Midcap Index	1,747.87	26.18	1.5%	1.5%	5.3%	16.0%	18.7%	-3.7%	8.2%
S&P 600 Smallcap Index	846.65	14.48	1.7%	1.7%	1.0%	18.7%	24.7%	-3.4%	4.4%
NASDAQ Composite Index	6,246.83	48.31	0.8%	0.8%	16.0%	25.7%	7.5%	5.7%	13.4%
Euro Stoxx 50	3,224.53	5.27	0.2%	0.2%	7.1%	12.0%	-2.9%	3.2%	2.9%
FTSE 100	7,543.77	23.82	0.3%	0.3%	5.6%	21.8%	14.4%	-4.9%	-2.7%
CAC 40	5,318.67	35.04	0.7%	0.7%	9.4%	18.8%	4.9%	8.5%	-0.5%
DAX Index	12,664.92	49.86	0.4%	0.4%	10.3%	24.1%	6.9%	9.6%	2.7%
S&P/ASX 200	5,738.13	13.56	0.2%	0.2%	1.3%	8.7%	7.0%	-2.1%	1.1%
Nikkei 225	19,860.03	209.46	1.1%	1.1%	3.9%	19.9%	0.4%	9.1%	7.1%
Shanghai Stock Exchange Composite	3,102.62	-14.56	-0.5%	-0.5%	0.0%	6.1%	-12.3%	9.4%	52.9%
Hang Seng Index	25,809.22	148.57	0.6%	0.6%	17.3%	23.7%	0.4%	-7.2%	1.3%
MSCI World	1,911.74	1.84	0.1%	0.0%	9.2%	14.3%	5.3%	-2.7%	2.9%
MSCI World TR	7,604.86	8.55	0.1%	2.2%	10.5%	17.1%	8.2%	-0.3%	5.5%
MSCI EAFE	1,890.06	6.74	0.4%	0.0%	12.2%	13.9%	-1.9%	-3.3%	-7.3%
MSCI Emerging Market	1,005.33	-6.45	-0.6%	0.0%	16.6%	24.5%	8.6%	-17.0%	-4.6%

Equity Indices (in CAD\$)*	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
DJIA in Cdn\$	28,597.50	235.83	0.8%	0.8%	7.7%	22.9%	10.3%	16.4%	17.6%
S&P 100 Index	1,446.82	11.89	0.8%	0.8%	8.6%	19.2%	5.8%	19.5%	20.6%
S&P 500 Index	3,286.66	30.73	0.9%	0.9%	9.2%	19.7%	6.5%	18.2%	21.8%
S&P 400 Midcap Index	2,363.99	39.71	1.7%	1.7%	5.9%	20.6%	15.5%	14.6%	18.3%
S&P 600 Smallcap Index	1,125.51	2.08	0.2%	0.2%	-0.1%	21.2%	21.3%	15.1%	15.1%
NASDAQ in Cdn\$	8,448.84	80.84	1.0%	1.0%	16.8%	30.5%	4.6%	25.9%	24.0%
Euro Stoxx 50	4,891.52	5.06	0.1%	0.1%	15.0%	16.1%	-8.3%	10.3%	-0.9%
FTSE 100	13,143.51	16.60	0.1%	0.4%	11.0%	12.6%	-6.7%	7.0%	0.1%
CAC 40 Index	8,068.26	48.35	0.6%	0.6%	17.4%	23.2%	-1.0%	16.0%	-4.2%
DAX Index	19,212.30	-11.53	-0.1%	0.3%	18.4%	28.7%	0.0%	17.7%	-1.2%
S&P/ASX 200	5,723.78	-32.13	-0.6%	-0.3%	4.4%	14.2%	3.0%	4.0%	0.2%
Nikkei 225	2.41	0.02	0.2%	0.7%	9.9%	22.0%	0.6%	29.3%	-3.9%
Shanghai Stock Exchange Composite	614.32	-0.31	-0.1%	-0.5%	2.3%	5.6%	-20.3%	24.6%	6.7%
Hang Seng Index	4,480.22	34.26	0.8%	0.8%	17.5%	27.6%	-2.4%	10.6%	9.4%
MSCI World	2,585.63	4.78	0.2%	0.2%	9.8%	18.2%	2.4%	15.8%	13.3%
MSCI World TR	10,285.57	19.01	0.2%	2.4%	11.2%	21.1%	5.2%	18.7%	16.2%
MSCI EAFE	2,556.30	4.72	0.2%	0.2%	12.9%	17.8%	-4.6%	15.1%	1.5%
MSCI Emerging Market	1,359.70	2.51	0.2%	0.2%	17.3%	28.8%	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	2,568.14	18.14	0.7%	0.7%	-0.7%	11.7%	19.3%	-5.5%	9.8%
S&P/TSX Energy	2,364.34	25.79	1.1%	1.1%	-9.8%	2.9%	31.2%	-25.7%	-7.8%
S&P/TSX Materials	2,181.43	-5.36	-0.2%	-0.2%	2.7%	6.9%	39.0%	-22.8%	-4.5%
S&P/TSX Industrials	2,862.16	37.61	1.3%	1.3%	12.3%	28.1%	20.7%	-12.5%	20.0%
S&P/TSX Consumer Discretionary	2,221.54	31.34	1.4%	1.4%	13.1%	18.3%	8.2%	-3.5%	26.4%
S&P/TSX Telecom Services	1,514.80	-1.14	-0.1%	-0.1%	9.2%	8.4%	9.9%	-1.0%	10.5%
S&P/TSX Information Technology	269.49	5.75	2.2%	2.2%	16.6%	20.6%	4.4%	14.8%	34.0%
S&P/TSX Consumer Staples	4,779.84	25.21	0.5%	0.5%	7.7%	8.5%	6.1%	11.0%	46.9%
S&P/TSX Utilities	2,205.94	10.99	0.5%	0.5%	8.2%	10.0%	12.7%	-7.8%	11.3%
S&P/TSX Healthcare	332.08	6.51	2.0%	2.0%	-8.9%	-45.9%	-78.6%	-15.8%	30.2%

S&P 500 Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
Financials	389.85	4.59	1.2%	1.2%	0.9%	21.7%	20.1%	-3.5%	13.1%
Health Care	887.94	10.39	1.2%	1.2%	11.4%	7.6%	-4.4%	5.2%	23.3%
Technology	969.59	2.75	0.3%	0.3%	20.0%	32.5%	12.0%	4.3%	18.2%
Industrials	579.88	3.93	0.7%	0.7%	7.8%	19.9%	16.1%	-4.7%	7.5%
Consumer Discretionary	730.00	6.24	0.9%	0.9%	12.7%	16.3%	4.3%	8.4%	8.0%
Energy	482.37	3.18	0.7%	0.7%	-13.0%	-3.0%	23.7%	-23.6%	-10.0%
Consumer Staples	585.77	4.22	0.7%	0.7%	10.2%	7.9%	2.6%	3.8%	12.9%
Telecom	159.71	0.95	0.6%	0.6%	-9.6%	-3.4%	17.8%	-1.7%	-1.9%
Materials	335.88	3.63	1.1%	1.1%	7.6%	13.9%	14.1%	-10.4%	4.7%
Utilities	273.64	1.95	0.7%	0.7%	10.9%	9.9%	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

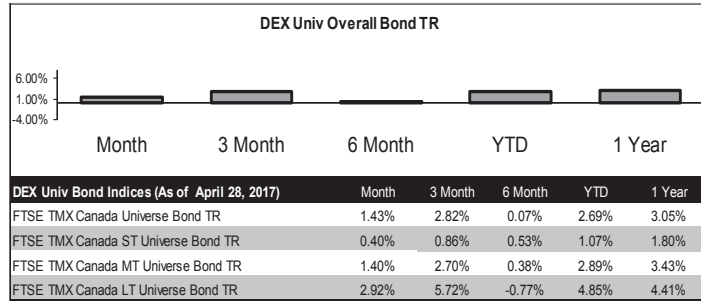
Number crunching

Commodities (USD\$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
Crude Oil (WTI per barrel)	\$48.08	-0.24	-0.5%	-0.5%	-15.3%	-6.7%	20.5%	-30.5%	-45.9%
Crude Oil (Brent per barrel)	\$50.37	-0.39	-0.8%	-0.8%	-14.4%	-4.4%	23.4%	-35.0%	-48.3%
Natural Gas (per million btu)	\$3.05	-0.02	-0.7%	-0.7%	-15.0%	3.9%	30.0%	-19.1%	-31.7%
3-2-1 Crack Spread	\$17.50	-0.13	-0.7%	-0.7%	1.4%	1.7%	20.8%	4.9%	-39.5%
Gold (per ounce)	\$1,266.26	-2.69	-0.2%	-0.2%	9.9%	4.4%	8.6%	-10.4%	-1.7%
Silver (per ounce)	\$17.30	-0.03	-0.2%	-0.2%	8.7%	8.4%	14.9%	-11.7%	-19.3%
Platinum (per ounce)	\$932.16	-17.88	-1.9%	-1.9%	3.2%	-4.0%	1.2%	-26.1%	-11.8%
Palladium (per ounce)	\$829.60	10.43	1.3%	1.3%	21.8%	52.1%	21.0%	-29.4%	11.3%
Copper (per pound)	\$2.57	0.01	0.4%	0.0%	2.4%	20.5%	17.4%	-26.1%	-13.7%
Zinc (per pound)	\$1.17	-0.01	-1.0%	0.0%	1.1%	34.5%	60.6%	-26.5%	5.6%
Nickel (per pound)	\$4.05	-0.07	-1.7%	0.0%	-10.5%	6.4%	13.5%	-41.8%	9.0%

Currencies (in CAD\$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
U.S. Dollar	1.353	0.0025	0.2%	0.2%	0.6%	3.4%	-2.9%	19.1%	9.4%
Euro	1.517	-0.0009	-0.1%	-0.1%	7.3%	3.7%	-6.0%	6.9%	-3.7%
British Pound	1.742	0.0022	0.1%	0.1%	5.1%	-7.6%	-18.7%	12.7%	2.9%
Japanese Yen (in JPY¥)	82.330	0.2740	0.3%	0.3%	-5.4%	-1.7%	0.2%	-15.7%	4.0%

Currencies (in USD\$)	Index Level	Change	Change (%)	MTD (%)	YTD (%)	52-Week (%)	2016	2015	2014
Canadian Dollar	0.739	-0.0014	-0.2%	-0.2%	-0.6%	-3.3%	3.0%	-16.0%	-8.6%
Euro	1.122	-0.0028	-0.2%	-0.2%	6.6%	0.3%	-3.2%	-10.2%	-12.0%
British Pound	1.288	-0.0008	-0.1%	-0.1%	4.4%	-10.6%	-16.3%	-5.4%	-5.9%
Japanese Yen (in JPY¥)	111.350	0.5700	0.5%	0.5%	-4.8%	1.7%	-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.

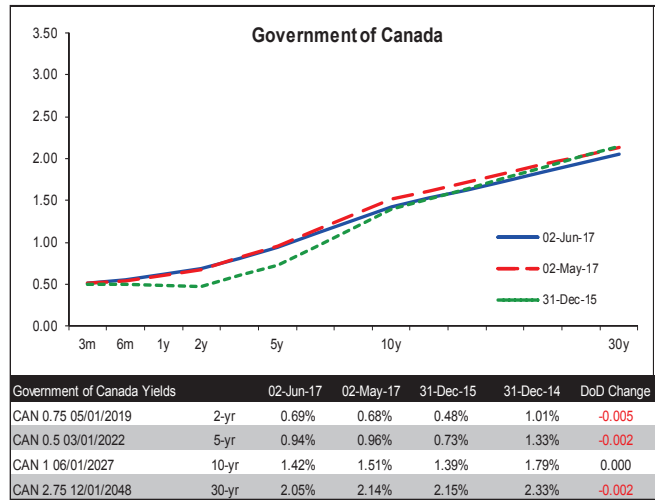
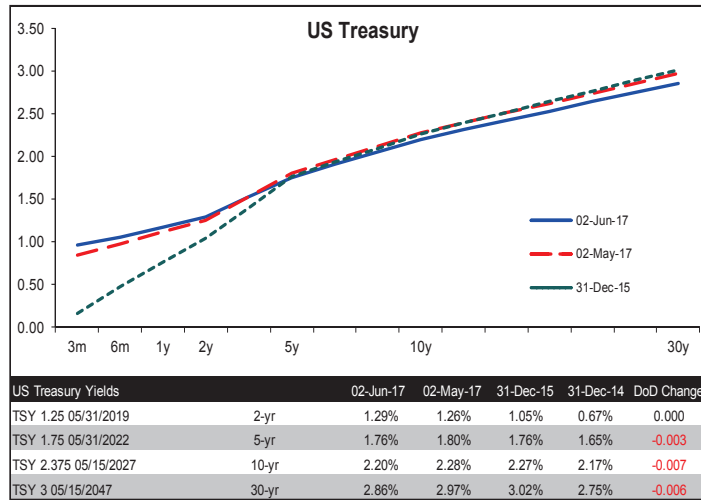


Key Rates

			Next Mtg
	Overnight Rate CAN	0.50%	2017/07/12
	Bank Rate CAN	0.75%	
	Prime Rate CAN	2.70%	
	Fed Funds US	1.00%	2017/06/14
	Discount US	1.50%	
	Prime Rate US	4.00%	

International Yields

		O/N	3mo	10-Yr	Next Mtg
	United Kingdom	0.25%	0.31%	1.06%	2017/06/15
	Eurozone	0.00%	-0.59%	0.29%	2017/06/08
	Australia	1.50%	1.61%	2.41%	2017/06/06
	Japan	0.10%	-0.13%	0.06%	2017/06/16



Money Market*

GICs	1-yr	2-yr	3-yr	4-yr	5-yr
High	2.25%	2.45%	2.50%	2.55%	2.70%
Average	1.22%	1.45%	1.57%	1.71%	1.87%

	1 mth	2mth	3mth	6mth	1 yr
CDOR	0.86%	0.88%	0.90%	1.07%	1.19%
ICE LIBOR US	1.06%	1.13%	1.21%	1.42%	1.72%

CAD \$1,000,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	0.43%	0.47%	0.51%	0.55%	0.64%
BAs	0.69%	0.73%	0.76%	0.88%	1.00%
CP	0.74%	0.78%	0.81%	0.93%	1.05%

CAD \$100,000	1 mth	2mth	3mth	6mth	1 yr
T-Bills	0.25%	0.29%	0.33%	0.37%	0.46%
BAs	0.45%	0.49%	0.52%		
CP	0.50%	0.54%	0.57%		

US \$1,000,000	1 mth	2mth	3mth	6mth
T-Bills	0.80%	0.00%	0.97%	1.05%
CTBUS	0.79%	0.87%	0.96%	1.06%
GECC	0.13%	0.13%	0.13%	0.13%

US \$100,000	1 mth	2mth	3mth	6mth
T-Bills	0.62%	-	0.79%	0.87%
CTB US	0.61%	0.69%	0.78%	0.88%
GECC	-	-	-	-

Economic Indicators**

		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	1 yr Forecast
		Q117	Q217	Q317	Q417	Q118	Q218	2017	2017	2018
	Overnight Rate	0.50	0.50	0.50	0.55	0.60	0.75	0.50	0.55	0.75
	10-Yr Yield	1.62	1.70	1.86	1.97	2.10	2.22	1.65	1.97	2.22
	Real GDP (est)	3.70	1.90	1.95	2.00	2.00	1.95	2.40	2.40	1.95
	Headline CPI (est)	2.00	1.70	2.00	2.10	2.00	1.95	1.90	1.90	2.00
	Unemployment Rate	6.70	6.60	6.60	6.60	6.60	6.60	6.65	6.65	6.60
	Fed Funds	1.00	1.20	1.40	1.50	1.65	1.85	1.50	1.50	1.85
	10-Yr Yield	2.49	2.41	2.59	2.74	2.86	2.95	2.74	2.74	2.95
	Real GDP (est)	1.20	3.00	2.40	2.30	2.20	2.40	2.30	2.15	2.30
	Headline CPI (est)	2.50	2.30	2.40	2.30	2.20	2.40	2.40	2.40	2.30
	Unemployment Rate	4.70	4.50	4.40	4.40	4.40	4.30	4.50	4.50	4.40

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Top Pick (TP): Represents best in Outperform category; analyst's best ideas; expected to significantly outperform the sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.

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Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

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Rating	Distribution of Ratings RBC Capital Markets, Equity Research As of 31-Mar-2017		Investment Banking Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [Top Pick/Outperform]	842	51.88	286	33.97
HOLD [Sector Perform]	679	41.84	152	22.39
SELL [Underperform]	102	6.28	9	8.82

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