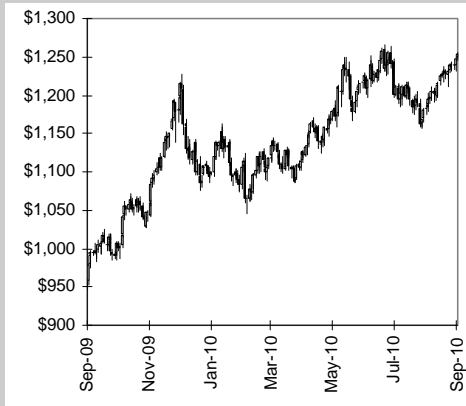




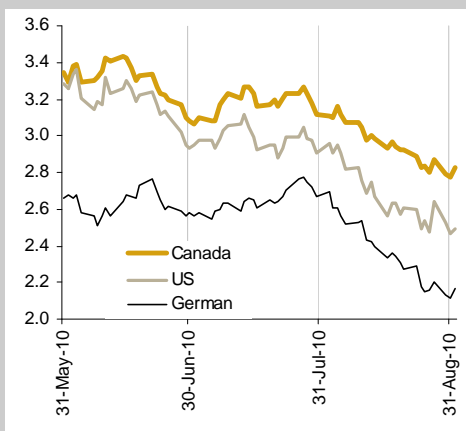
CANADA

Gold Testing All Time Highs



Source: Bloomberg, Macquarie Private Wealth

Global 10-year Bond Yields Drop in August



Source: Bloomberg, Macquarie Private Wealth

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Monthly Market Monitor (M³)

Go Canada!!

August turned out to be a rather tough month for global equities and a rather pleasant month for bonds. But Canadian equities managed to buck this trend, up 1.7% during the month, thanks to a big announced foreign acquisition in the fertilizer space and the rise of gold nearing all time highs. Outside our borders though, weakness prevailed on the back of soft economic data. The U.S. S&P 500 declined 4.7% while the technology heavy NASDAQ came under even more selling pressure, dropping 6.2%. Overseas things were not much better. Europe's Euro Stoxx 50 declined 4.3% and Japan's Nikkei fell 7.5% as the yen appreciated.

One of the big moves in August was a drop in bond yields around the globe as concerns mounted over the strength, or even continuation, of the economic recovery. The Canadian 10-year Government bond yield dropped from 3.12% to 2.78% while the 10-year U.S. Treasury yield declined over 50 bps from 2.91% to 2.47%. This clearly had bonds performing strongly as the Bloomberg All Government Bond Index for Canada appreciated 2.1%.

Sector Watch

Two stocks had a dramatic impact on the TSX return for August as Potash Corp. was the target of a hostile takeover bid from BHP Billiton Ltd., pushing shares up 46% on the month. Going in the other direction, Research in Motion dropped 23% on market share concerns and conflicts over security with a number of foreign governments. As a result, the TSX Materials sector was up 17% in August and the Information Technology sector down 17%. Other notable sector performance included a move towards defence as Consumer Staples, Health Care, Telecom Services and Utilities rose.

The trend towards defence was even more poignant in the U.S. market as Telecom Services and Utilities were the only sectors to move higher. These are also some of the more interest sensitive sectors as well. Financials, Industrials and Technology experienced most of the weakness.

Commodities & Currencies

Natural Gas took it on the chin this month, dropping 23% and now down 33% on the year at \$3.82/MMBtu. The energy complex was weak all around to a lesser extent as oil dropped almost 10% to \$71.92/bbl. Gold was the star commodity in August, pushing higher by 5.6% to U\$1,250/oz which is very near the all time highs reached in June. In the softer commodities, wheat was stable after last months meteoric rise but corn rose over 8%.

Even as economic concerns centred on the U.S., the greenback did manage to appreciate against most currencies as a flight to quality. The U.S. dollar gained against our loonie and the Euro. One exception was the strong move high in the yen, again as another destination of safety.

Big Table of Numbers

<u>Americas</u>	Level	1mo	3mo	6mo	12mo	YTD	<u>TSX Sector Performance</u>	1mo	3mo	6mo	12mo	YTD
S&P/TSX Composite	11,914	1.7	1.3	2.4	9.6	1.4	Materials	17.2	12.9	16.7	34.4	16.4
S&P/TSX Comp Total Return	31,972	1.9	2.0	3.9	12.7	3.2	Energy	-2.0	-2.2	-1.8	6.7	-6.4
S&P 500	1,049	-4.7	-3.7	-5.0	2.8	-5.9	Industrials	0.7	4.1	6.7	15.9	5.2
S&P 500 Total Return	1,753	-4.5	-3.2	-4.0	4.9	-4.6	Consumer Disc	0.7	1.8	8.6	17.8	11.0
Dow Jones Ind Avg	10,015	-4.3	-1.2	-3.0	5.5	-4.0	Consumer Staples	4.1	7.9	2.1	8.6	1.5
NASDAQ Comp	2,114	-6.2	-6.3	-5.6	5.2	-6.8	Health Care	12.0	28.2	37.0	53.8	38.0
Mexico Bolsa	31,680	-1.9	-1.1	0.1	12.6	-1.4	Financials	-3.7	-3.6	-2.8	-1.4	-2.4
<u>Europe</u>							Info Tech	-16.7	-22.1	-31.1	-31.9	-27.4
Euro Stoxx 50	2,623	-4.3	0.5	-3.9	-5.5	-11.5	Telecom Svs	5.2	6.8	12.8	21.4	14.5
England (FTSE)	5,225	-0.6	0.7	-2.4	6.4	-3.5	Utilities	0.6	6.8	4.6	15.8	2.2
France (Cac 40)	3,491	-4.2	-0.5	-5.9	-4.5	-11.3	<u>S&P 500 Sector Performance</u>					
Germany (DAX)	5,925	-3.6	-0.7	5.8	8.4	-0.5	Materials (US)	-2.8	1.3	-1.1	5.4	-5.9
Spain (IBEX)	10,187	-3.0	8.8	-1.4	-10.4	-14.7	Energy (US)	-4.7	-3.1	-8.2	-1.8	-10.7
<u>Asia</u>							Industrials (US)	-7.3	-5.0	-3.0	11.9	0.2
Japan (Nikkei)	8,824	-7.5	-9.7	-12.9	-15.9	-16.3	Consumer Disc (US)	-4.1	-6.8	-1.2	15.3	1.0
Hong Kong (Hang Seng)	20,536	-2.3	3.9	-0.4	4.1	-6.1	Consumer Staples (US)	-1.6	1.2	-1.7	7.3	-0.3
Australia (ASX 200)	4,404	-2.0	-0.6	-5.0	-1.7	-9.6	Health Care (US)	-1.8	-2.4	-10.6	-1.7	-10.3
<u>BRIC</u>							Financials (US)	-7.9	-7.7	-7.7	-7.7	-5.9
Brazil	65,145	-3.5	3.3	-2.0	15.3	-5.0	Info Tech (US)	-7.2	-6.7	-7.1	2.1	-11.5
Russia	1,421	-4.0	2.6	0.7	33.3	-1.6	Telecom Svs (US)	2.3	9.9	9.7	6.9	-1.8
India	17,971	0.6	6.1	9.4	14.7	2.9	Utilities (US)	0.9	7.2	5.6	5.4	-1.7
China	2,639	0.0	1.8	-13.5	-1.1	-19.5	<u>Bloomberg/EFFAS Gov Bonds</u>	<u>1mo</u>	<u>3mo</u>	<u>6mo</u>	<u>12mo</u>	<u>YTD</u>
<u>MSCI</u>							All	2.1	3.6	5.1	6.6	6.8
World	1,081	-3.9	0.1	-4.6	-0.5	-7.5	1-5 years	0.9	2.3	2.0	3.6	3.1
EAFE	1,426	-3.3	4.5	-4.8	-4.9	-9.8	5-10 years	2.6	4.9	5.9	7.6	8.1
Emerging	972	-1.9	5.0	3.9	15.8	-1.7	10+ years	4.1	5.5	10.6	11.7	13.1
<u>Foreign Indices in CAD\$</u>		<u>1mo</u>	<u>3mo</u>	<u>6mo</u>	<u>12mo</u>	<u>YTD</u>	<u>Canadian Yields</u>	<u>Current</u>	<u>-1mo</u>	<u>-3mo</u>	<u>-6mo</u>	<u>-12mo</u>
S&P 500		-1.4	-1.7	-3.7	0.2	-4.8	3M T-bills	0.7	0.7	0.5	0.2	0.3
S&P 500 Total Return		-1.2	-1.2	-2.8	2.2	-3.5	2-yr Govt Bonds	1.2	1.5	1.8	1.3	1.3
Euro Stoxx 50		-3.8	5.6	-9.4	-18.5	-20.8	5-yr Govt Bonds	2.0	2.3	2.7	2.5	2.6
MSCI World		-0.6	2.1	-3.4	-3.0	-6.4	10-yr Govt Bonds	2.8	3.1	3.3	3.4	3.4
MSCI EAFE		0.0	6.6	-3.5	-7.3	-8.7	30-yr Govt Bonds	3.4	3.7	3.7	4.0	3.9
MSCI Emerging		1.5	7.1	5.3	12.8	-0.6	<u>U.S. Yields</u>					
							3M T-bills	0.1	0.1	0.2	0.1	0.1
							2-yr Treasury Bonds	0.5	0.5	0.8	0.8	1.0
							5-yr Treasury Bonds	1.3	1.6	2.1	2.3	2.4
							10-yr Treasury Bonds	2.5	2.9	3.3	3.6	3.4
							30-yr Treasury Bonds	3.5	4.0	4.2	4.6	4.2
							<u>Currency Levels</u>					
							Canadian Spot	1.07	1.03	1.04	1.05	1.09
							Cdn - Euro	0.74	0.74	0.78	0.70	0.64
							Cdn - Australian	1.05	1.07	1.13	1.06	1.08
							Euro - US	1.27	1.31	1.23	1.36	1.43
							Yen - US	84.20	86.47	91.26	88.97	93.12
							British Pound - US	1.53	1.57	1.45	1.52	1.63
							Trade Weighted Dollar	83.20	81.54	86.59	80.36	78.17

Source: Bloomberg, Prices and percentage change as of end of August, 2010

More Tables of Numbers

<u>Energy</u>	<u>Level</u>	<u>1mo</u>	<u>3mo</u>	<u>6mo</u>	<u>12mo</u>	<u>YTD</u>	<u>Grains</u>	<u>Level</u>	<u>1mo</u>	<u>3mo</u>	<u>6mo</u>	<u>12mo</u>	<u>YTD</u>
Nat Gas (US/MMBtu)	\$3.82	-22.6	-16.5	-27.3	-34.4	-33.0	Corn (US/bu)	\$4.25	8.1	18.2	12.3	30.1	2.4
WTI Crude (US/bbl)	\$71.92	-9.4	-6.5	-11.8	-5.4	-12.4	Wheat (US/bu)	\$6.53	-1.4	42.5	28.8	38.5	20.5
Gasoline (USd/gal)	185.74	-8.2	-4.0	-10.0	-2.1	-15.5	Soybeans (US/bu)	\$10.08	-4.2	7.5	6.0	-8.4	-3.1
Heating Oil (USd/gal)	199.17	-5.8	-3.9	-7.2	-2.6	-7.5	<u>Livestock</u>						
<u>Precious Metals</u>							Hogs (US/lb)	\$0.75	-4.9	-0.1	7.2	25.7	11.3
Gold (US/oz)	\$1,250	5.6	2.6	11.3	29.9	13.7	Cattle (US/lb)	\$0.97	2.8	7.2	6.3	8.1	8.4
Silver (US/oz)	\$19.43	7.6	5.0	17.2	29.1	15.1	<u>Soft Commodities</u>						
<u>Industrials</u>							Cocoa (US/MT)	\$2,736	-12.3	-9.3	-8.8	-3.7	-16.9
Aluminum (US/lb)	\$0.93	-5.6	-0.4	-5.6	2.9	-9.5	Sugar (USD/lb)	\$19.75	0.9	34.4	-5.7	-8.3	-9.6
Nickel (US/lb)	\$9.53	-0.5	-1.7	-0.9	11.5	13.0	FCOJ (USD/lb)	\$140.40	-5.3	-2.5	-5.6	27.9	2.3
Copper (US/lb)	\$3.38	2.2	7.5	3.7	15.2	1.1	Coffee (USD/lb)	\$178.45	0.9	29.9	30.9	33.5	25.4
Lead (US/lb)	\$0.95	0.6	13.0	-3.5	-0.8	-14.1							
Tin (US/lb)	\$9.82	10.9	20.9	26.4	54.0	27.7							
Zinc (US/lb)	\$0.95	3.5	8.2	-4.6	11.4	-18.2							
Lumber (US/1000bf)	\$205	-2.2	-9.3	-20.4	15.7	-0.2							
Cotton (USD/lb)	86.20	9.4	9.7	15.8	28.1	13.1							

<u>Long Term Returns (annualized)</u>	<u>1yr</u>	<u>2yr</u>	<u>3yr</u>	<u>5yr</u>	<u>7yr</u>	<u>10yr</u>	<u>15yr</u>	<u>20yr</u>	
S&P/TSX Comp (price)	9.6	-7.0	-4.5	2.2	6.8	0.6	6.7	6.6	
S&P/TSX Total Return	12.5	-4.1	-1.6	5.0	9.4	2.8	8.9	9.0	
S&P 500 (price)	2.8	-9.6	-10.7	-3.0	0.6	-3.6	4.3	6.1	
S&P 500 Total Return	4.9	-7.4	-8.7	-0.9	2.6	-1.8	6.1	8.3	
NASDAQ (price)	5.2	-5.5	-6.6	-0.4	2.2	-6.6	5.0	8.9	
<u>Europe</u>									
Euro Stoxx 50		-5.5	-11.7	-15.2	-4.3	0.4	-6.6	4.1	5.1
England (FTSE)		6.4	-3.7	-6.1	-0.3	3.3	-2.4	2.8	4.5
France (Cac 40)		-4.5	-11.8	-14.9	-4.5	0.8	-6.2	4.2	3.7
Germany (DAX)		8.4	-3.9	-8.1	4.2	7.9	-2.0	6.7	6.7
Spain (IBEX)		-10.4	-6.7	-11.1	0.4	5.3	-0.7	7.5	7.2
<u>Asia</u>									
Japan (Nikkei)		-15.9	-17.8	-18.9	-6.6	-2.2	-6.3	-4.7	-5.3
Hong Kong (Hang Seng)		4.1	-1.7	-5.0	6.6	9.5	1.8	5.5	9.9
Australia (ASX 200)		-1.7	-7.4	-11.0	-0.2	4.7	2.9	5.1	
<u>BRIC</u>									
Brazil		15.3	8.2	6.0	18.4	23.1	14.1	19.8	
Russia		33.3	-7.1	-9.5	10.0	15.1	19.5		
India		14.7	11.1	5.5	18.2	22.9	14.9	11.9	
China		-1.1	4.9	-20.3	17.8	9.2	2.7	9.0	
<u>MSCI</u>									
World		-0.5	-10.4	-11.5	-2.0	2.6	-2.4	3.1	4.2
EAFE		-4.9	-11.5	-13.3	-1.7	4.2	-1.3	1.9	2.7
Emerging Markets		15.6	0.7	-3.7	9.9	14.5	8.6	5.0	7.7
<u>Bonds</u>									
All Government Bonds		6.6	6.0	7.0	5.1	5.9	6.4	7.1	
<u>International Returns in Cdn Dollars</u>									
S&P 500 (price)		0.2	-9.5	-10.4	-5.1	-3.1	-6.7	2.7	5.7
S&P 500 Total Return		2.2	-7.3	-8.4	-3.0	-1.2	-4.9	4.5	7.9
Euro Stoxx 50		-18.5	-17.9	-16.9	-5.8	-1.3	-6.3		
MSCI World		-3.0	-10.3	-11.3	-4.1	-1.2	-5.5	1.5	3.8
MSCI EAFE		-7.3	-11.4	-13.0	-3.8	0.3	-4.4	0.3	2.3
MSCI Emerging Markets		12.6	0.8	-3.4	7.5	10.3	5.2	3.4	7.2

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