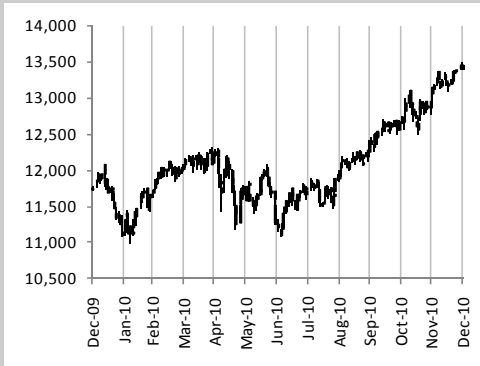




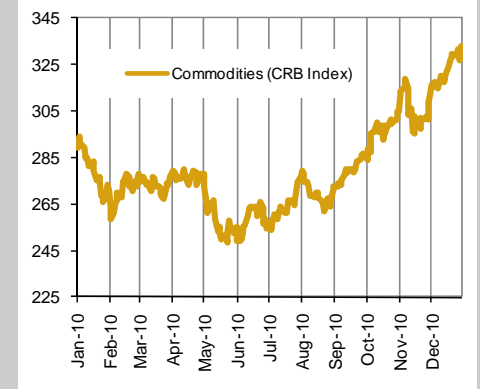
CANADA

TSX – Volatile Year with a Strong 2nd Half

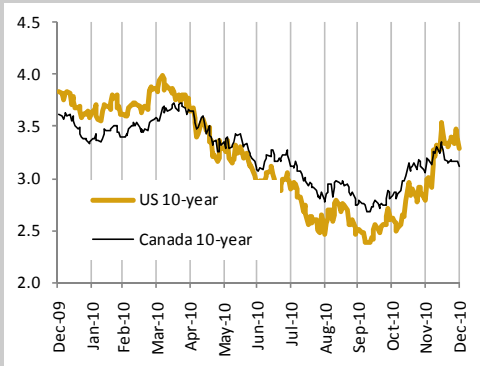


Source: Bloomberg, Macquarie Private Wealth

Commodities Rising



US Yields Higher But Canada Roughly Flat for December



Source: Bloomberg, Macquarie Private Wealth

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Monthly Market Monitor (M³)

Strong Finish to 2010

By and large, global equity markets finished off 2010 fabulously. The S&P/TSX Composite rose 3.8% during the month and clocked in a 14.4% gain on the year. The U.S. S&P 500 enjoyed over half its annual gain in December, up 6.5% on the month and 12.8% annually. December witnessed most equity indices moving higher including England (+6.7%), France (+5.4%), Germany (+3.4%), Japan (+2.9%) and Australia (+3.5%). Even a few of the more troubled European markets recovered some lost ground, including Ireland (+9.0%), Spain (+6.4%) and Portugal (+3.6%). Among the BRIC nations, Russia lead with an 11% gain while China languished down 0.4%. Overall, a good month with the MSCI World Index up 7.2%, EAFE up 8.0% and Emerging markets up by 7.0%.

Sector Watch

In the U.S. market all 10 sectors rose during December with Materials (+10.2%), Financials (+10.6%) and Energy (+8.9%) leading the way. The defensive Consumer Staples (+3.8%), Health Care (+4.3%) and Utilities (+2.7%) were the laggards. In Canada, results were a little more mixed with Energy (+7.3%) higher and Information Technology (-4.7%) lower.

Commodities, Currencies & Bonds

Commodity prices were higher across the board thanks to continuing optimism regarding global economic growth and a weaker U.S. dollar. The U.S. Trade Weighted Dollar Index declined by 2.7% during December, largely due to a rise in the euro and, to a lesser extent, Canadian dollar. The Canadian dollar finished 2010 roughly at par with the US dollar.

Crude oil finished the year at, or near, the highs of \$91.38/barrel as did gold at \$1,421/oz. But the big percentage gainers for December were the softer industrials including lumber (+22%) and cotton (+23%) plus agriculture commodities including corn (+19%), wheat (+22%) and coffee (+20%).

The bond market in Canada and more so in the U.S. dipped somewhat during December as yields continued to creep higher. The Canadian government bond index measured by Bloomberg declined by 0.1% during December. However, the US index dropped 1.8% as U.S. Treasury yields moved higher.

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	13,443	3.8	8.7	19.0	14.4	14.4	Materials	4.4	14.1	34.7	35.8	35.8
S&P/TSX Comp Total Return	36,481	4.1	9.4	20.7	17.6	17.6	Energy	7.3	12.8	19.8	10.0	10.0
S&P 500	1,258	6.5	10.2	22.0	12.8	12.8	Industrials	3.3	4.3	16.1	14.4	14.4
S&P 500 Total Return	2,114	6.7	10.8	23.3	15.1	15.1	Consumer Disc	2.7	6.2	14.5	21.8	21.8
Dow Jones Ind Avg	11,578	5.2	7.3	18.5	11.0	11.0	Consumer Staples	2.6	4.5	20.0	8.3	8.3
NASDAQ Comp	2,653	6.2	12.0	25.8	16.9	16.9	Health Care	5.4	8.8	24.0	50.3	50.3
Mexico Bolsa	38,551	4.7	15.7	23.7	20.0	20.0	Financials	2.1	4.0	11.0	6.3	6.3
							Info Tech	-4.7	13.1	11.1	-11.6	-11.6
							Telecom Svs	-1.3	-0.8	8.7	16.2	16.2
							Utilities	2.3	3.6	18.2	12.6	12.6
							<u>S&P 500 Sector Performance</u>					
							Materials (US)	10.2	18.5	38.9	19.9	19.9
							Energy (US)	8.9	20.9	35.7	17.9	17.9
							Industrials (US)	7.6	11.2	26.4	23.9	23.9
							Consumer Disc (US)	4.0	12.1	28.7	25.7	25.7
							Consumer Staples (US)	3.8	5.3	15.6	10.7	10.7
							Health Care (US)	4.3	3.1	11.6	0.7	0.7
							Financials (US)	10.6	11.2	15.7	10.8	10.8
							Info Tech (US)	5.2	10.0	22.6	9.1	9.1
							Telecom Svs (US)	7.6	5.9	26.2	12.3	12.3
							Utilities (US)	2.7	0.0	11.1	0.9	0.9
							<u>Bloomberg/EFFAS Gov Bonds</u>	<u>1mo</u>	<u>3mo</u>	<u>6mo</u>	<u>12mo</u>	<u>YTD</u>
							All	-0.1	-1.1	1.4	6.1	6.1
							1-5 years	0.0	-0.4	0.8	2.8	2.8
							5-10 years	-0.2	-1.7	1.5	6.7	6.7
							10+ years	-0.2	-2.0	2.8	12.2	12.2
							<u>Canadian Yields</u>	<u>Current</u>	<u>-1mo</u>	<u>-3mo</u>	<u>-6mo</u>	<u>-12mo</u>
							3M T-bills	1.0	1.0	1.0	0.6	0.3
							2-yr Govt Bonds	1.7	1.6	1.4	1.4	1.5
							5-yr Govt Bonds	2.4	2.3	2.0	2.3	2.8
							10-yr Govt Bonds	3.1	3.1	2.8	3.1	3.6
							30-yr Govt Bonds	3.5	3.5	3.4	3.6	4.1
							<u>U.S. Yields</u>					
							3M T-bills	0.1	0.2	0.2	0.2	0.0
							2-yr Treasury Bonds	0.6	0.5	0.4	0.6	1.1
							5-yr Treasury Bonds	2.0	1.5	1.3	1.8	2.7
							10-yr Treasury Bonds	3.3	2.8	2.5	2.9	3.8
							30-yr Treasury Bonds	4.3	4.1	3.7	3.9	4.6
							<u>Currency Levels</u>					
							Canadian Spot	1.00	1.03	1.03	1.06	1.05
							Cdn - Euro	0.75	0.75	0.71	0.77	0.66
							Cdn - Australian	0.98	1.02	1.00	1.12	1.06
							Euro - US	1.34	1.30	1.36	1.22	1.43
							Yen - US	81.12	83.69	83.53	88.43	93.02
							British Pound - US	1.56	1.56	1.57	1.49	1.62
							Trade Weighted Dollar	79.03	81.20	78.72	86.02	77.86

Source: Bloomberg, Prices and percentage change as of end of December, 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)	\$4.41	4.9	2.1	-18.4	-34.7	-34.9	Corn (US/bu)	\$6.29	18.7	26.9	77.6	51.7	51.7
WTI Crude (US/bbl)	\$91.38	8.0	10.7	16.9	7.9	8.2	Wheat (US/bu)	\$7.94	22.1	17.8	70.9	46.7	46.7
Gasoline (USd/gal)	243.03	11.4	16.5	23.3	13.8	15.1	Soybeans (US/bu)	\$13.94	12.1	25.9	46.9	34.0	34.0
Heating Oil (USd/gal)	254.24	8.7	9.9	17.3	10.4	11.1	<u>Livestock</u>						
<u>Precious Metals</u>							Hogs (US/lb)	\$0.80	5.2	2.4	7.7	15.4	15.4
Gold (US/oz)	\$1,421	2.5	8.4	13.5	28.4	28.4	Cattle (US/lb)	\$1.08	1.9	6.5	14.0	19.9	19.9
Silver (US/oz)	\$30.94	9.7	41.4	64.4	82.2	82.2	<u>Soft Commodities</u>						
<u>Industrials</u>							Cocoa (US/MT)	\$3,035	8.1	6.8	1.7	-7.5	-7.5
Aluminum (US/lb)	\$1.12	8.5	4.2	22.3	6.3	6.6	Sugar (USD/lb)	\$32.12	16.6	36.8	93.8	52.6	52.6
Nickel (US/lb)	\$11.21	7.3	5.5	24.9	32.3	32.3	FCOJ (USD/lb)	\$163.55	8.7	2.2	8.9	14.4	17.2
Copper (US/lb)	\$4.35	14.8	19.8	47.4	30.2	30.2	Coffee (USD/lb)	\$240.50	19.5	30.3	45.1	67.4	67.4
Lead (US/lb)	\$1.16	14.3	11.9	45.7	4.9	4.9							
Tin (US/lb)	\$12.20	9.8	10.9	54.4	58.7	58.7							
Zinc (US/lb)	\$1.11	16.2	11.8	36.9	-4.1	-4.1							
Lumber (US/1000bf)	\$302	22.3	33.0	54.9	47.3	47.3							
Cotton (USD/lb)	144.81	23.4	44.1	86.3	86.7	86.7							

<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)	14.4	22.3	-0.9	3.6	7.3	4.2	7.2	7.3
S&P/TSX Total Return	17.6	26.0	2.1	6.5	10.0	6.6	9.5	9.8
S&P 500 (price)	12.8	18.0	-5.0	0.1	1.8	-0.5	4.9	6.9
S&P 500 Total Return	15.1	20.6	-2.9	2.3	3.9	1.4	6.8	9.1
NASDAQ (price)	16.9	29.7	0.0	3.8	4.1	0.7	6.4	10.3
<u>Europe</u>								
Euro Stoxx 50	-5.8	6.8	-14.1	-4.8	0.2	-5.2	4.2	6.1
England (FTSE)	9.0	15.4	-3.0	1.0	4.0	-0.5	3.2	5.2
France (Cac 40)	-3.3	8.7	-12.2	-4.2	1.0	-4.3	4.8	4.7
Germany (DAX)	16.1	19.9	-5.0	5.0	8.3	0.7	7.7	8.3
Spain (IBEX)	-17.4	3.5	-13.4	-1.7	3.5	0.8	6.9	7.7
<u>Asia</u>								
Japan (Nikkei)	-3.0	7.5	-12.6	-8.7	-0.6	-2.9	-4.3	-4.1
Hong Kong (Hang Seng)	5.3	26.5	-6.1	9.1	9.0	4.3	5.7	10.7
Australia (ASX 200)	-2.6	12.9	-9.2	-0.1	5.3	4.0	5.4	
<u>BRIC</u>								
Brazil	1.0	35.9	2.8	15.7	17.6	16.3	20.4	
Russia	22.7	67.5	-8.2	9.5	17.7	28.6	22.6	
India	17.4	45.8	0.4	16.9	19.7	17.8	13.4	16.0
China	-14.3	24.2	-18.9	19.3	9.4	3.1	11.4	16.7
<u>MSCI</u>								
World	9.6	17.9	-6.9	0.4	3.1	0.5	3.8	5.2
EAFE	4.9	15.8	-9.7	-0.3	3.7	1.1	2.6	3.8
Emerging Markets	16.4	42.5	-2.6	10.3	14.6	13.2	6.3	9.6
<u>Bonds</u>								
All Government Bonds	6.1	2.2	5.3	4.9	5.5	6.0	6.5	
<u>International Returns in Cdn Dollars</u>								
S&P 500 (price)	6.9	6.8	-5.0	-2.9	-2.0	-4.5	2.7	6.1
S&P 500 Total Return	9.0	9.2	-2.9	-0.8	0.0	-2.6	4.6	8.3
Euro Stoxx 50	-16.6	-5.4	-16.5	-5.4	-2.7	-5.7		
MSCI World	3.8	6.7	-7.0	-2.7	-0.7	-3.5	1.6	4.4
MSCI EAFE	-0.6	4.8	-9.7	-3.3	-0.1	-3.0	0.4	3.0
MSCI Emerging Markets	10.3	28.9	-2.6	7.0	10.4	8.7	4.1	8.7

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