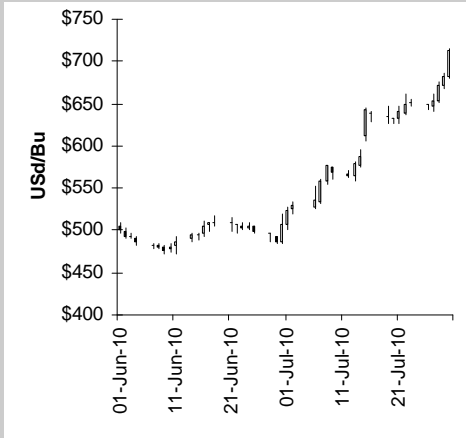




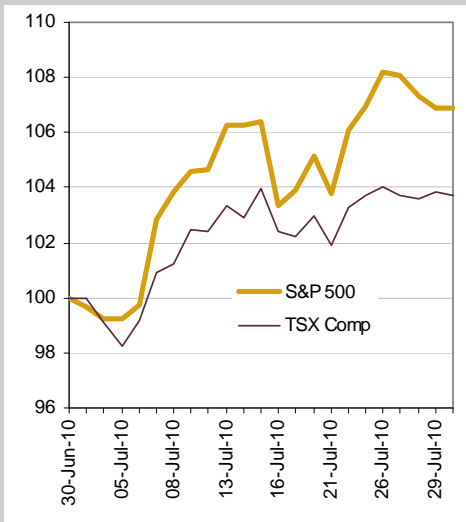
## CANADA

### Grain Prices Go Ballistic



Source: Bloomberg, Macquarie Private Wealth

### U.S. Market Outperforms Canada



Source: Bloomberg, Macquarie Private Wealth

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# Monthly Market Monitor (M<sup>3</sup>)

## Equities and Commodities Roar Back

### Equity Market Drivers

Unlike the previous 2-months, July turned out to be a rather pleasant summer month for investors. Equity prices rebounded higher, most notably in the U.S., Europe and emerging markets. Just about every sector finished the month higher for both Canada and the U.S. Commodities, except for gold, spiked higher. And even bonds managed to hold their own.

The S&P/TSX Composite rose 3.7% in July which trailed the S&P 500's 6.9% gain, Euro Stoxx 50's 6.6% advance and a 8.8% rise in emerging markets. Canadian bond prices slipped a little during the months but remained in positive territory on a total return basis except at the long end.

### Sector Watch

Within the TSX, nine of the ten sectors finished July higher as the Material sector was the only decliner. Technology was the star riser, up 9.5%. And while Materials were lower, there was some serious divergence in the sector. Golds were down 10.3% while Fertilizers rose 19.0% and Diversified Metals & Mining rose 18.2%.

All ten U.S. sectors finished July higher, with the economically cyclical sectors leading the way. The S&P 500 Materials sector, which doesn't have nearly as much of a gold weighting as the TSX, rose 12.2%, Energy jumped 8.0% and Industrials up 10.3%.

### Commodities & Currencies

Eggs and bacon may soon be the value breakfast relative to bagels and cereals as wheat prices have gone ballistic. Drought in Russia is the primary driver but really it has been hot just about everywhere around the globe. Wheat prices are up 42% in July, rising from \$464 to \$661 per bushel. And if you are a fan of the sweet cereals, the news gets worse. A hundred pounds of sugar is now going for \$19.57, up 22% during the month.

Outside the soft commodities, energy prices were up in the low single digits with WTI Crude finishing the month at \$78.95/barrel. The base metals were much stronger with copper up 12%, lead up 19%, zinc higher by 13% and aluminium advancing 10%. The shiny yellow metal on the other hand declined 5.3% to \$1,184/oz as risk aversion declined during the month.

*For your benchmarking pleasure, we have added Long Term International Returns in Canadian Dollars at the bottom of Page 3.*



## 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)	\$4.92	5.8	16.8	-9.3	-18.0	-13.6	Corn (US/bu)	\$3.93	10.9	7.2	10.2	15.7	-5.2
WTI Crude (US/bbl)	\$78.95	3.7	-12.7	3.8	1.5	-3.8	Wheat (US/bu)	\$6.62	42.3	34.5	39.6	25.2	22.2
Gasoline (USd/gal)	212.24	3.4	-11.3	5.2	2.5	-3.5	Soybeans (US/bu)	\$10.53	11.0	6.4	15.2	-7.2	1.2
Heating Oil (USd/gal)	208.81	2.2	-12.5	4.4	-0.6	-3.0	<u>Livestock</u>						
<u>Precious Metals</u>							Hogs (US/lb)	\$0.79	4.5	2.8	20.1	24.5	3.8
Gold (US/oz)	\$1,184	-5.3	-0.1	8.9	22.5	7.6	Cattle (US/lb)	\$0.95	3.7	-1.1	5.1	4.6	7.9
Silver (US/oz)	\$18.00	-3.8	-3.6	10.8	28.0	6.6	<u>Soft Commodities</u>						
<u>Industrials</u>							Cocoa (US/MT)	\$3,091	5.0	-5.1	-5.4	4.3	-6.5
Aluminum (US/lb)	\$0.98	10.1	-4.1	2.9	10.1	-3.9	Sugar (USd/lb)	\$19.57	21.9	23.8	-12.3	7.1	-15.0
Nickel (US/lb)	\$9.57	7.0	-19.8	13.7	17.8	13.5	FCOJ (USd/lb)	\$146.60	-1.2	5.3	2.2	35.8	8.0
Copper (US/lb)	\$3.31	12.0	-1.8	8.2	27.6	-1.1	Coffee (USd/lb)	\$176.30	6.3	29.1	29.0	26.3	26.8
Lead (US/lb)	\$0.94	18.7	-6.8	2.6	10.6	-14.6							
Tin (US/lb)	\$8.85	11.9	6.9	13.4	44.5	15.1							
Zinc (US/lb)	\$0.92	13.0	-11.4	-4.0	15.7	-20.9							
FE Steel (US/MT)	\$460	7.0	-15.6	3.4	10.8	8.2							
Lumber (US/1000bf)	\$209	7.2	-28.3	-15.9	6.6	2.0							
Cotton (USd/lb)	78.76	3.1	1.0	11.2	17.5	2.3							

<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)	8.9	-11.6	-6.7	2.7	7.1	1.0	6.3	6.0
S&P/TSX Total Return	12.0	-8.8	-3.9	5.5	9.7	3.3	8.5	8.4
S&P 500 (price)	12.1	-10.3	-11.8	-2.9	0.8	-3.4	4.3	5.4
S&P 500 Total Return	14.4	-8.1	-9.8	-0.8	2.8	-1.6	6.2	7.7
NASDAQ (price)	14.9	-4.1	-6.8	0.5	3.8	-6.1	5.6	7.9
<u>Europe</u>								
Euro Stoxx 50	7.1	-12.4	-16.9	-4.2	0.9	-6.7	4.3	4.2
England (FTSE)	15.7	-6.5	-9.4	-0.8	2.9	-2.5	2.7	3.7
France (Cac 40)	9.6	-11.9	-17.2	-4.0	1.6	-6.1	4.2	2.7
Germany (DAX)	24.1	-3.6	-9.3	5.4	9.2	-1.4	7.2	5.9
Spain (IBEX)	-5.4	-12.3	-14.6	-1.1	4.4	-1.3	7.3	6.0
<u>Asia</u>								
Japan (Nikkei)	-5.8	-16.6	-19.7	-4.1	0.5	-6.0	-2.9	-5.9
Hong Kong (Hang Seng)	9.5	-4.6	-2.6	7.2	11.2	2.2	5.4	9.5
Australia (ASX 200)	8.8	-9.2	-11.8	0.1	5.2	2.7	5.3	
<u>BRIC</u>								
Brazil	18.4	-3.2	3.9	19.5	24.7	13.8	20.7	
Russia	35.7	-23.7	-11.0	13.7	15.0	22.8		
India	22.1	14.7	6.5	19.7	25.5	14.1	12.0	
China	-19.0	-6.4	-14.4	17.3	7.1	2.2	9.3	
<u>MSCI</u>								
World	7.7	-9.3	-10.4	-1.1	3.4	-1.7	3.2	3.9
EAFE	3.5	-12.0	-12.8	-0.6	5.0	-0.9	1.8	2.4
Emerging Markets	17.5	-2.5	-3.8	10.5	15.9	8.9	4.9	7.0
<u>Bonds</u>								
All Government Bonds	4.8	5.9	6.8	4.8	5.5	6.4	7.0	
<u>International Returns in Cdn Dollars</u>								
S&P 500 (price)	6.6	-6.5	-9.9	-5.6	-2.9	-6.1	2.6	5.2
S&P 500 Total Return	8.8	-4.3	-7.9	-3.6	-0.9	-4.3	4.5	7.4
Euro Stoxx 50	-9.1	-17.3	-16.4	-5.7	-1.1	-6.3		
MSCI World	2.9	-9.1	-11.5	-4.4	-1.0	-5.3	1.3	3.3
MSCI EAFE	-1.1	-11.7	-13.9	-3.9	0.4	-4.4	0.0	1.8
MSCI Emerging Markets	12.2	-2.2	-4.9	6.7	10.9	5.0	3.0	6.4

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