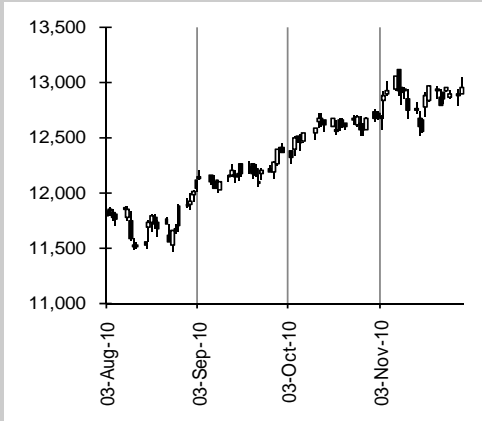




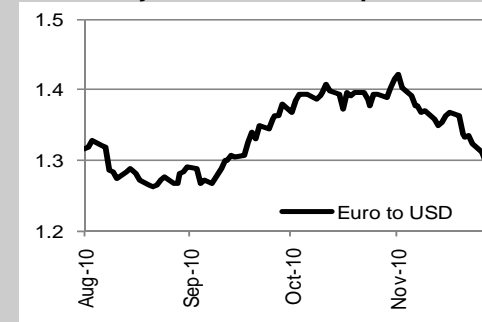
CANADA

TSX Recovery Slows

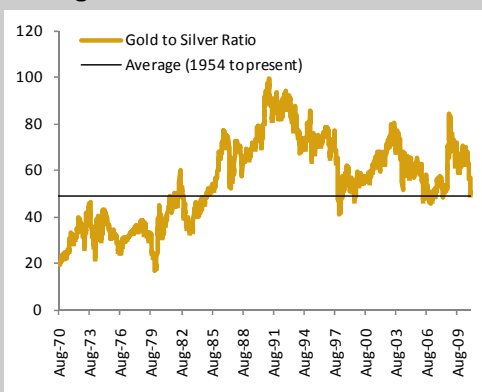


Source: Bloomberg, Macquarie Private Wealth

US Treasury Yield Curve Steepens



Gold Silver Ratio Back to Long Term Average



Source: Bloomberg, Macquarie Private Wealth

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Monthly Market Monitor (M³)

November Sees Some Risk Off Trading

After three solid months of strong performance off the summer weakness, there were some headwinds for many markets in November. The European sovereign debt issues raised their ugly head once again, this time focused on Ireland and potentially other financially stressed Euro nations. This caused a reversal from strong gains early in the month to weakness in the second half. The S&P 500 was up 3.6% during the first trading week of November, but finished the month down 0.2%. Canada's TSX fared much better: up 2.2%, thanks to the heavier weighting in gold and energy. Globally, the MSCI World index declined by 2.3%, dragged lower by weakness in emerging markets, European equities and impacted by a strong U.S. dollar (the index is quoted in U.S. dollars).

There was a 'risk off' trade occurring during the months, which had emerging markets such as Brazil and China off 4.2% and 5.3% respectively. With the 'risk off' trade, the U.S. dollar also rallied against most currencies, most notably the euro.

Sector Watch

In Canada, it was the Energy (+3.5%) and the Materials (4.9%) sectors that did most of the heavy lifting for the TSX in November, since their combined weighting represent almost 50% of the market. Consumables, which include coal and uranium companies, were the drivers for energy, while precious and base metal miners helped the materials. The Information Technology sector (+6.7%) was propelled higher by Research in Motion, but this sector had only minor weighting in the TSX.

In the U.S., Energy (+5.1%) and Consumer Discretionary (+2.4%) were the only good spots for the S&P 500. On the consumer side, there were some strong moves in the auto sector and Durables & Apparel. Health Care (-3.2%), Utilities (-3.6%) and Information Technology (-1.8%) were the laggards.

Commodities & Bonds

Bonds didn't do very well in November in either Canada or the U.S. as yields moved marginally higher across the curve. There was also a material decline in the euro against just about every other currency on concerns over the European sovereign debt situation. The euro lost 7% of its value against the U.S. dollar, as the greenback also benefited from a flight to safety during the month.

The CRB Commodity Index finished November roughly flat, but that doesn't tell the whole tale. After rising 6% in the first couple weeks, the CRB declined during the 'risk off' period of the month back to where it started. Industrial Metals (copper, zinc, tin) and agriculture commodities were weakest, while energy and precious metals were strong. Silver rose 15% during the month and is now up 45% during the past three months. Meanwhile, gold broke through \$1,400 and made a new all-time high of \$1,424 before finishing the month still up at \$1,386/oz.

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)	\$4.18	-2.0	-10.2	-23.5	0.0	-38.2	Corn (US/bu)	\$5.30	-8.9	24.9	47.6	0.0	27.9
WTI Crude (US/bbl)	\$84.11	2.4	10.4	6.9	0.0	-0.4	Wheat (US/bu)	\$6.50	-9.3	-0.3	42.1	0.0	20.1
Gasoline (USd/gal)	218.68	5.7	15.4	11.6	0.0	3.5	Soybeans (US/bu)	\$12.43	1.4	23.3	32.6	0.0	19.5
Heating Oil (USd/gal)	232.44	2.8	12.4	8.1	0.0	1.6	<u>Livestock</u>						
<u>Precious Metals</u>							Hogs (US/lb)	\$0.76	5.4	0.0	4.7	0.0	9.7
Gold (US/oz)	\$1,386	1.9	10.7	13.5	0.0	25.2	Cattle (US/lb)	\$1.06	4.1	5.7	13.4	0.0	17.7
Silver (US/oz)	\$28.21	14.6	44.9	52.1	0.0	66.1	<u>Soft Commodities</u>						
<u>Industrials</u>							Cocoa (US/MT)	\$2,807	-0.9	1.3	-7.8	0.0	-14.4
Aluminum (US/lb)	\$1.02	-3.4	9.4	8.5	0.0	-2.3	Sugar (USD/lb)	\$27.55	-5.4	42.6	76.0	0.0	30.9
Nickel (US/lb)	\$10.44	0.2	11.2	7.6	0.0	23.2	FCOJ (USD/lb)	\$149.20	-5.4	5.1	3.6	0.0	7.0
Copper (US/lb)	\$3.79	2.0	12.4	20.5	0.0	13.4	Coffee (USD/lb)	\$201.20	-2.0	12.7	45.3	0.0	40.0
Lead (US/lb)	\$1.01	-8.9	7.7	20.5	0.0	-8.3							
Tin (US/lb)	\$11.11	-4.3	16.6	36.8	0.0	44.5							
Zinc (US/lb)	\$0.96	-12.8	2.3	9.1	0.0	-17.5							
Lumber (US/1000bf)	\$247	-3.9	20.8	9.5	0.0	20.5							
Cotton (USD/lb)	117.34	-2.6	38.5	47.0	0.0	51.3							

<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)	13.2	18.2	-1.8	3.7	7.4	3.9	7.1	7.3
S&P/TSX Total Return	16.3	21.9	1.2	6.6	10.1	6.3	9.3	9.8
S&P 500 (price)	7.8	14.8	-7.3	-1.1	1.6	-1.1	4.6	6.7
S&P 500 Total Return	9.9	17.4	-5.1	1.0	3.6	0.8	6.4	8.9
NASDAQ (price)	16.5	27.6	-2.1	2.3	3.5	-0.4	5.9	10.2
<u>Europe</u>								
Euro Stoxx 50	-5.2	4.4	-15.5	-5.1	0.1	-5.7	4.1	5.7
England (FTSE)	6.5	13.5	-4.9	0.4	3.5	-1.0	2.8	4.8
France (Cac 40)	-1.9	5.2	-14.0	-4.6	0.8	-4.8	4.6	4.1
Germany (DAX)	18.9	19.7	-5.3	5.2	8.6	0.5	7.5	8.0
Spain (IBEX)	-20.4	2.0	-16.2	-2.6	3.6	0.1	6.7	7.2
<u>Asia</u>								
Japan (Nikkei)	6.3	8.0	-14.1	-7.7	-0.2	-3.8	-4.1	-4.0
Hong Kong (Hang Seng)	5.4	28.7	-7.0	9.0	9.3	5.1	5.8	10.8
Australia (ASX 200)	-2.5	10.7	-11.1	-0.2	5.3	3.4	5.3	
<u>BRIC</u>								
Brazil	1.0	36.0	2.4	16.2	18.9	17.7	20.0	
Russia	16.2	55.8	-10.4	9.0	17.1	27.3	23.1	
India	15.3	46.5	0.3	17.3	21.3	17.2	13.3	15.0
China	-11.7	22.8	-16.7	20.7	10.6	3.1	10.4	
<u>MSCI</u>								
World	3.9	15.6	-9.5	-0.6	2.9	-0.1	3.5	5.0
EAFE	-1.6	14.6	-12.7	-0.9	3.6	0.6	2.3	3.5
Emerging Markets	12.9	42.9	-4.7	10.0	14.6	12.7	6.1	9.4
<u>Bonds</u>								
All Government Bonds	4.4	4.4	5.5	5.1	5.7	6.1	6.6	
<u>International Returns in Cdn Dollars</u>								
S&P 500 (price)	4.7	4.4	-6.4	-3.6	-1.8	-5.0	2.6	6.0
S&P 500 Total Return	6.8	6.8	-4.3	-1.6	0.2	-3.2	4.5	8.2
Euro Stoxx 50	-20.3	-3.9	-18.1	-5.7	-2.1	-5.8		
MSCI World	0.9	5.2	-8.7	-3.1	-0.5	-4.0	1.6	4.3
MSCI EAFE	-4.4	4.3	-11.9	-3.4	0.2	-3.4	0.4	2.8
MSCI Emerging Markets	9.7	30.0	-3.8	7.2	10.8	8.2	4.2	8.7

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