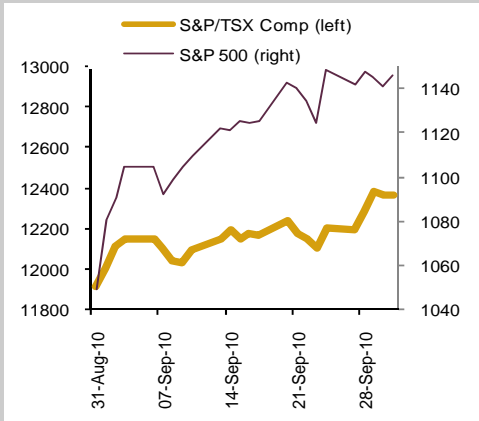




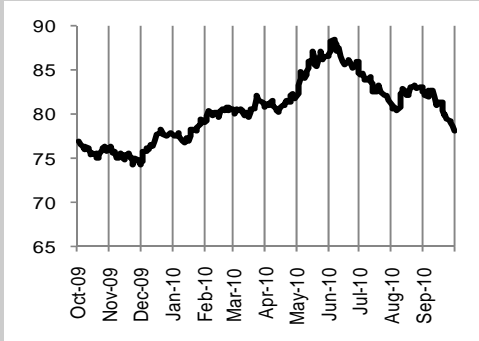
## CANADA

### Great Month for Equities

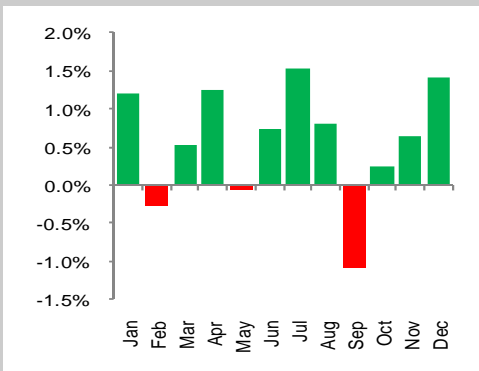


Source: Bloomberg, Macquarie Private Wealth

### The Falling US Traded Weighted Dollar



### Avg Monthly Returns for the S&P 500



Source: Bloomberg, Macquarie Private Wealth

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Date: 1 October, 2010

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

## Wow!!

September has a long history of not being the kindest month for investors. For the S&P 500 Index, it is by far the month with the worst average performance of -1.2%. But not this year: the most widely followed benchmark for U.S. equities rose a whopping 8.8%. In fact, global equities enjoyed one of their strongest months since the early days of the recovery as the MSCI World Index jumped 9.1% in September. But as impressive as these returns may be, they are only part of the story. Currency markets were especially volatile this past month with the Trade Weighted U.S. dollar declining 5.4%. Most of this weakness was relative to the euro, but the Canadian dollar also strengthened 3.5% from 93.8 to 97.2 Canadian cents per USD.

While most markets were materially higher during the month, emerging markets were especially strong. India's major index rose 12% and the MSCI Emerging Markets index gained 12%.

## Sector Watch

The S&P/TSX Composite managed to gain 3.8% during the month, driven higher by both economically sensitive and interest rate-sensitive sectors. The Canadian Energy sector, which carries a 26% weighting in the index, rose 4.3% and the Industrials appreciated by a solid 4.2%. With bond yields remaining at very low historical levels, the interest rate-sensitive Utilities sector rose 6.3% and Financials gained 4.7%.

In the U.S., sector performance was much more uniform, with every sector gaining. The biggest movers were the 11.2% gain in Industrials, the 11.0% advance of Consumer Discretionary stocks and an impressive 12.1% gain for Information Technology.

## Commodities & Bonds

With the U.S. dollar declining in value, most commodities that happen to be quoted in USD rose as well. But that is only part of the story. Gold finished the month at U\$1,310/oz, making a new all time high. The base metals were also very strong during the month, with a 14% rise in aluminum, a 13% gain in nickel and a 16% appreciation in tin prices. Agriculture commodities were strong, led by a 17% rise in corn prices.

Bond markets were a little more mixed. In Canada, yields on the short end of the curve rose slightly with three-month T-bills moving from 0.7% to 1.0% as the Bank of Canada raised rates from 0.75% to 1.0%. Longer-dated maturities in Canada experienced no change in rates. In the U.S., short-term rates declined with the two-year Treasuries dropping from the dismal 0.5% yield to 0.4%. While the longer 30-year Treasuries ticked higher from 3.5 to 3.7%.

## 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	12,369	3.8	9.5	2.7	8.5	5.3	Materials	2.3	18.1	18.8	26.2	19.0
S&P/TSX Comp Total Return	33,332	4.1	10.3	4.2	11.6	7.5	Energy	4.3	6.2	0.3	2.0	-2.5
S&P 500	1,141	8.8	10.7	-2.4	8.0	2.3	Industrials	4.2	11.2	3.8	18.5	9.6
S&P 500 Total Return	1,909	8.9	11.3	-1.4	10.2	3.9	Consumer Disc	3.3	7.9	8.8	20.7	14.7
Dow Jones Ind Avg	10,788	7.7	10.4	-0.6	11.1	3.5	Consumer Staples	2.1	14.8	4.0	11.7	3.7
NASDAQ Comp	2,369	12.0	12.3	-1.2	11.6	4.4	Health Care	0.1	14.0	26.0	34.0	38.2
Mexico Bolsa	33,330	5.2	7.0	0.2	14.0	3.8	Financials	4.7	6.7	-4.6	0.3	2.2
							Info Tech	7.8	-1.7	-26.3	-21.2	-21.8
							Telecom Svs	2.3	9.6	12.3	24.2	17.1
							Utilities	6.3	14.1	6.6	21.4	8.7
							<u>S&amp;P 500 Sector Performance</u>					
							Materials (US)	7.5	17.3	-1.2	8.2	1.2
							Energy (US)	9.1	12.3	-2.6	2.4	-2.5
							Industrials (US)	11.2	13.7	-0.9	16.8	11.5
							Consumer Disc (US)	11.0	14.7	1.9	21.7	12.1
							Consumer Staples (US)	5.4	9.8	0.0	9.5	5.1
							Health Care (US)	8.8	8.2	-5.1	6.0	-2.3
							Financials (US)	6.0	4.1	-10.0	-4.0	-0.3
							Info Tech (US)	12.1	11.5	-2.4	9.6	-0.8
							Telecom Svs (US)	7.9	19.1	12.4	12.2	6.0
							Utilities (US)	2.6	11.1	5.8	7.0	0.9
							<u>Bloomberg/EFFAS Gov Bonds</u>	1mo	3mo	6mo	12mo	YTD
							All	0.3	2.6	6.4	6.5	7.3
							1-5 years	-0.1	1.2	2.9	3.4	3.1
							5-10 years	0.3	3.2	7.5	7.5	8.5
							10+ years	1.3	5.0	12.3	12.0	14.6
							<u>Canadian Yields</u>	Current	-1mo	-3mo	-6mo	-12mo
							3M T-bills	1.0	0.7	0.6	0.3	0.3
							2-yr Govt Bonds	1.4	1.2	1.4	1.7	1.3
							5-yr Govt Bonds	2.0	2.0	2.3	2.9	2.6
							10-yr Govt Bonds	2.8	2.8	3.1	3.6	3.3
							30-yr Govt Bonds	3.4	3.4	3.6	4.1	3.8
							<u>U.S. Yields</u>					
							3M T-bills	0.2	0.1	0.2	0.2	0.1
							2-yr Treasury Bonds	0.4	0.5	0.6	1.0	0.9
							5-yr Treasury Bonds	1.3	1.3	1.8	2.5	2.3
							10-yr Treasury Bonds	2.5	2.5	2.9	3.8	3.3
							30-yr Treasury Bonds	3.7	3.5	3.9	4.7	4.1
							<u>Currency Levels</u>					
							Canadian Spot	1.03	1.07	1.06	1.02	1.07
							Cdn - Euro	0.71	0.74	0.77	0.73	0.64
							Cdn - Australian	1.00	1.05	1.12	1.07	1.06
							Euro - US	1.36	1.27	1.22	1.35	1.46
							Yen - US	83.53	84.20	88.43	93.47	89.70
							British Pound - US	1.57	1.53	1.49	1.52	1.60
							Trade Weighted Dollar	78.72	83.20	86.02	81.07	76.65

Source: Bloomberg, Prices and percentage change as of end of September, 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)	\$3.87	-6.7	-22.2	-18.2	-42.6	-34.4	Corn (US/bu)	\$4.96	16.8	39.9	43.7	44.1	19.6
WTI Crude (US/bbl)	\$79.97	8.7	3.8	-6.3	5.7	-4.0	Wheat (US/bu)	\$6.74	3.3	45.0	49.6	47.3	24.5
Gasoline (USd/gal)	203.61	9.5	5.5	-5.1	8.8	-2.6	Soybeans (US/bu)	\$11.07	9.8	16.7	17.6	19.4	6.4
Heating Oil (USd/gal)	226.78	12.5	7.9	-0.7	9.8	2.2	<u>Livestock</u>						
<u>Precious Metals</u>							Hogs (US/lb)	\$0.75	2.2	3.5	6.4	19.8	10.8
Gold (US/oz)	\$1,310	4.7	4.8	17.1	28.6	18.6	Cattle (US/lb)	\$1.00	-0.4	6.9	3.4	11.3	11.0
Silver (US/oz)	\$21.82	12.3	16.2	23.9	30.0	28.8	<u>Soft Commodities</u>						
<u>Industrials</u>							Cocoa (US/MT)	\$2,814	2.9	-5.1	-7.8	-11.4	-14.5
Aluminum (US/lb)	\$1.06	13.6	17.4	-1.2	18.1	2.0	Sugar (USD/lb)	\$23.48	21.5	41.7	40.6	13.3	7.5
Nickel (US/lb)	\$10.62	13.2	18.5	-6.3	31.3	25.7	FCOJ (USD/lb)	\$156.95	11.8	5.2	12.6	43.1	14.4
Copper (US/lb)	\$3.64	7.7	23.0	2.9	30.1	8.7	Coffee (USD/lb)	\$183.05	2.6	10.2	29.7	31.8	28.7
Lead (US/lb)	\$1.03	10.0	30.2	6.1	-0.3	-6.3							
Tin (US/lb)	\$11.00	15.5	39.2	31.4	62.8	43.1							
Zinc (US/lb)	\$1.00	6.3	22.5	-7.6	11.5	-14.3							
Lumber (US/1000bf)	\$227	11.0	16.4	-21.0	34.6	10.7							
Cotton (USD/lb)	101.92	18.2	33.4	35.9	47.5	33.7							

<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)	8.5	2.6	-4.3	2.4	7.6	1.8	6.9	7.1
S&P/TSX Total Return	11.6	5.9	-1.3	5.2	10.3	4.1	9.1	9.5
S&P 500 (price)	8.0	-1.1	-9.2	-1.5	2.0	-2.3	4.6	6.8
S&P 500 Total Return	10.2	1.3	-7.2	0.6	4.0	-0.4	6.5	9.1
NASDAQ (price)	11.6	6.4	-4.3	1.9	4.1	-4.3	5.6	10.1
<u>Europe</u>								
Euro Stoxx 50	-4.3	-4.9	-14.4	-4.3	2.0	-5.6	4.5	6.1
England (FTSE)	8.1	6.4	-5.0	0.3	4.4	-1.3	3.1	5.3
France (Cac 40)	-2.1	-4.0	-13.4	-4.2	2.5	-5.1	5.0	4.7
Germany (DAX)	9.8	3.4	-7.5	4.3	9.7	-0.9	7.2	8.0
Spain (IBEX)	-10.6	-2.2	-10.3	-0.6	6.6	-0.4	7.9	8.5
<u>Asia</u>								
Japan (Nikkei)	-7.5	-8.8	-17.7	-7.1	-1.2	-5.1	-4.2	-4.0
Hong Kong (Hang Seng)	6.7	11.4	-6.3	7.7	10.3	3.6	5.8	11.0
Australia (ASX 200)	-3.4	-0.2	-11.3	-0.3	5.4	3.3	5.4	
<u>BRIC</u>								
Brazil	12.9	18.4	4.7	17.1	23.3	15.9	19.7	
Russia	20.2	11.5	-10.1	8.4	15.0	22.4		
India	17.2	24.9	5.1	18.4	24.0	17.2	12.4	
China	-4.5	7.6	-21.8	18.1	9.9	3.3	9.1	
<u>MSCI</u>								
World	4.6	-0.1	-10.3	-0.7	3.8	-1.0	3.5	5.3
EAFE	0.5	0.3	-12.1	-0.7	5.1	0.1	2.4	4.0
Emerging Markets	17.7	16.9	-3.7	10.2	16.1	10.8	5.7	9.0
<u>Bonds</u>								
All Government Bonds	6.5	6.8	6.9	5.3	5.7	6.4	7.0	
<u>International Returns in Cdn Dollars</u>								
S&P 500 (price)	3.9	-2.7	-8.1	-3.8	-1.9	-5.9	2.7	6.2
S&P 500 Total Return	6.0	-0.4	-6.0	-1.8	0.1	-4.1	4.6	8.4
Euro Stoxx 50	-14.3	-8.0	-14.7	-4.3	0.3	-5.1		
MSCI World	0.7	-1.8	-9.2	-3.1	-0.2	-4.7	1.7	4.6
MSCI EAFE	-3.3	-1.4	-11.0	-3.1	1.1	-3.6	0.6	3.4
MSCI Emerging Markets	13.2	15.0	-2.5	7.6	11.7	6.7	3.9	8.3

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