Insights & Strategies

PRIVATE CLIENT SOLUTIONS

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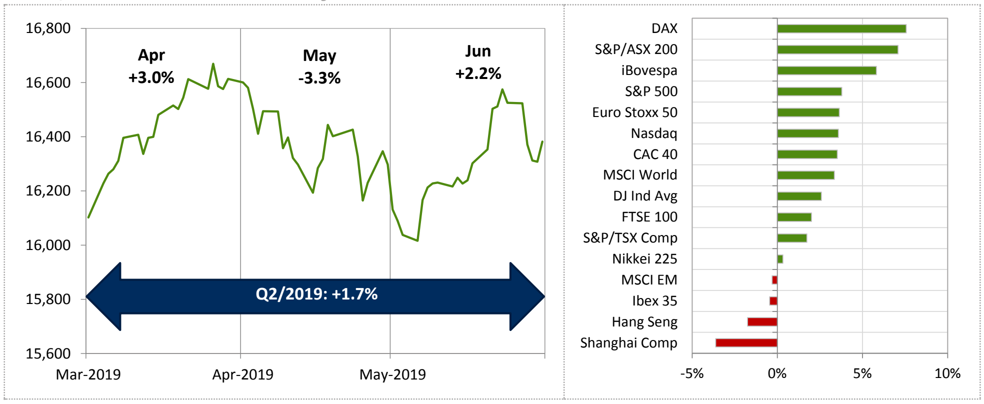
Inside this Issue

2nd Quarter Volatility and Uncertainty

While the first quarter saw a relentless advance in equity prices, the second quarter behaved more in line with history as the market experienced greater up and downside volatility. The source of this volatility was primarily a result of Trump escalating the trade war with China by raising the tariff rate to 25% on $200 bln worth of goods and threatening to place tariffs on the remaining $300 bln of Chinese exports to the US. According to the Congressional Budget Office, it is estimated that the tariffs may cost the US economy, primarily borne by the consumer, ~0.2% of annual GDP growth. The added costs may put additional strain on an economy that is clearly experiencing a slowdown. However, the financial costs may not be limited to the US consumer, as Chinese state media has been urging citizens to boycott US goods, which would negatively hit the bottom lines of US corporations. Sentiment deteriorated further when Trump also threatened to slap a 5% tariff on all Mexican goods, placing the USMCA ratification at risk. Thankfully this threat was quickly reversed. On the commodity front, tensions in the Mideast helped oil prices recover after slipping 23% from the year's peak. The commodity came under pressure this quarter from rising US inventory levels and concerns surrounding the outlook for the global economy. However, the US's hardline on Iran, as well as news of Iran downing an unmanned US drone and allegedly bombing two oil tankers reversed the slide in oil prices.

Greater economic uncertainty, with more evidence that the global economy is slowing, pushed global bond yields lower throughout the quarter. In fact, some US$11 trillion worth of bonds were trading with negative yields suggesting a certain amount of investor risk aversion. In the US, the market is now anticipating the US Federal Reserve will ease monetary conditions by implementing an "insurance" rate cut this year, a reversal from just 6 months ago when the market was anticipating a continuation in the tightening cycle.

S&P/TSX Q2 Return & Major Indices



Source: Bloomberg, Raymond James Ltd. As at June 30, 2019.

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Other central banks around the world have already shifted their policy stance; most notably the ECB surprised the market with very dovish forward guidance. Indeed, global monetary conditions are now easing once again which, historically, has been good for equities.

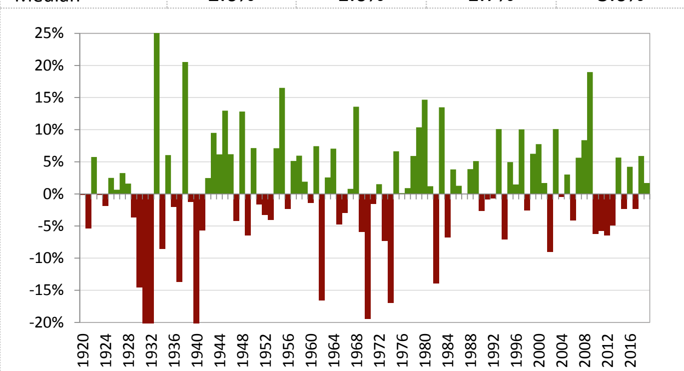
While bond markets are pointing to a slowdown in economic growth, equity prices, particularly in the US, made new record highs, signaling economic conditions are on the mend and market sentiment remains upbeat. Similar to the broad US markets, the Canadian market managed to print a fresh new high in Q2, although it quickly gave back the high water mark. The passage of the highly anticipated Trans Mountain expansion project did little for the Canadian energy sector, perhaps due to the approval of both Bill C-48 (to restrict oil tanker movement along BC's northern coast) and Bill C-69 (to change how major infrastructure projects are reviewed and approved) which raise more questions for the beleaguered industry.

Another headwind facing the Canadian energy sector is the upcoming International Maritime Organization (IMO) 2020 rules. The new shipping rule provides yet another overhang on sentiment, particularly for Canadian heavy crude producers. The new IMO 2020 regulations will enforce a 0.5% sulfur emissions cap (from 3.5% today) around the globe, starting January 1, 2020. This is expected to have a large impact on the demand for heavy crude, which contains more sulfur crudes compared to light crude.

Historical Performance

S&P/TSX Historical Q2 Returns Since 1920

	Q1	Q2	Q3	Q4
# Positive	70	55	61	71
# Negative	30	45	37	27
% Positive	70.0%	55.0%	62.2%	72.4%
Average	2.3%	0.8%	1.7%	2.3%
Median	2.6%	1.0%	1.7%	3.0%



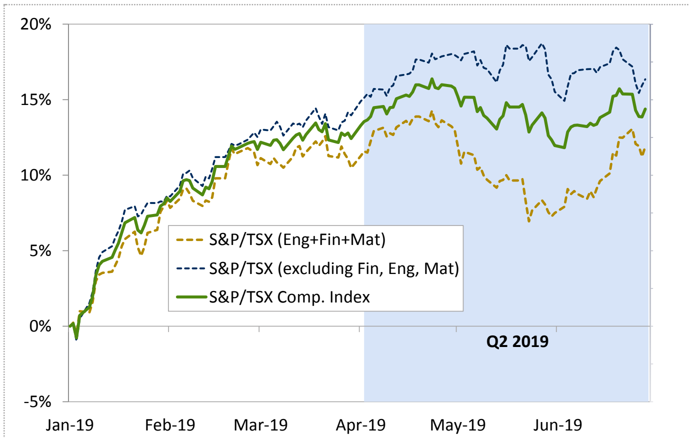
Source: Bloomberg, Raymond James Ltd. As at June 30, 2019.

From a historical perspective, the Q2 return was largely in line with the historical average. The second quarter is often a more difficult period for equities, as the S&P/TSX exhibits the weakest average quarterly return and the fewest positive returns during this time. As we look forward to Q3, the historical performance points to a modest gain, with the market experiencing a positive return 62% of the time, although it has also exhibited some very large swings during the period, for example in 1998 (-23.8%) and 1982 (+17.2%).

Sectors

One of the key bullish takeaways from Q1 has been the breadth of the market advance. The number of stocks and sectors participating has been broad-based, a positive indication that the bulls are in control of the market's momentum. However, we began to see some separation in sector performance during Q2, as the "Big 3" (financials, energy and materials) have underperformed the broader market.

S&P/TSX Performance – Broad-based Advance



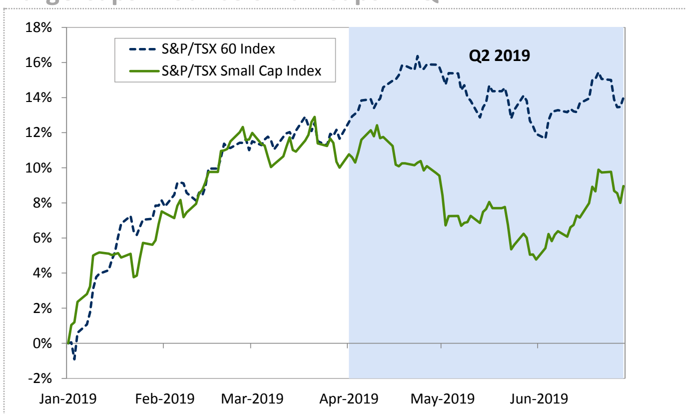
Sector	Index Weight	Q2 2019	1-yr
Consumer Disc.	4.2%	4.1%	-8.6%
Consumer Staples	3.9%	1.4%	16.2%
Energy	17.0%	-3.9%	-16.1%
Financial	32.2%	2.4%	1.2%
Health	2.0%	-9.4%	14.3%
Industrial	11.5%	4.7%	9.2%
Information Tech.	5.1%	14.2%	31.9%
Material	10.7%	5.0%	-1.0%
Real Estate	3.4%	-2.6%	7.1%
Communications	5.6%	-1.3%	9.6%
Utilities	4.4%	4.2%	13.2%

Source: Bloomberg, Raymond James Ltd. As at June 30, 2019.

Large Caps & Small Caps

The Canadian large caps gained 2.1% in Q2, handily beating the small cap index which finished the quarter underwater. The large cap bias is yet another indication that investors are exhibiting some risk aversion. Given the composition of the small cap index – almost 50% of the index is allocated to energy and material stocks – we can begin to understand the source of the underperformance. Oil prices struggled during the quarter, weighing on smaller E&P producers. While the materials sector showed strength, most of this was driven by a recovery in gold stocks, but base metal producers struggled during the quarter.

Large Caps Trounce Small Caps in Q2



Source: Bloomberg, Raymond James Ltd. As at June 30, 2019.

In terms of sector breadth, in the table we show the number of issues trading above their 50-day and 200-day moving averages. We continue to see a defensive posturing, as real estate and utilities have the most number of issues trading above their short- and long-term moving averages.

S&P/TSX Sector Breadth

Sector Breadth	Above 50d?	Above 200d?
Communication Services	29%	86%
Consumer Staples	20%	60%
Energy	13%	20%
Financials	65%	77%
Health Care	45%	45%
Industrials	61%	58%
Information Technology	60%	60%
Materials	81%	66%
Real Estate	36%	84%
Utilities	69%	100%
Communication Services	29%	86%

Source: Bloomberg, Raymond James Ltd. As at June 30, 2019.

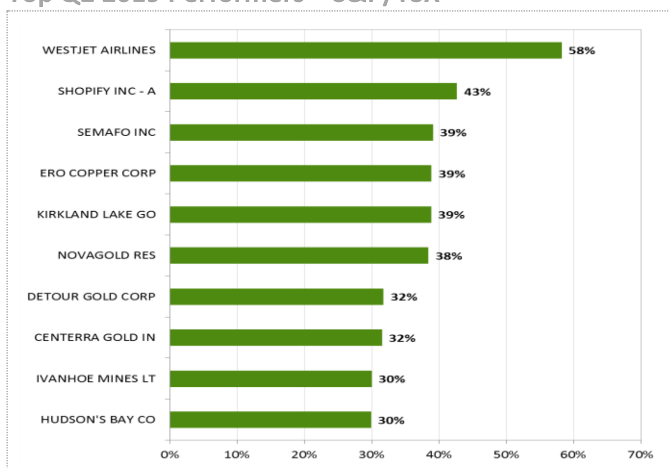
Jason Castelli, CFA
VP Head of Investment Strategy

Q2-2019: Leaders & Laggards

A Golden Quarter

The S&P/TSX's top performers were dominated by gold and mining stocks, holding seven of the top ten positions. This shouldn't come as much of a surprise as the price of gold jumped 9.5% during the quarter. Gold is moving on the back of deteriorating global economic fundamentals and a shift in policy response from central banks. During the quarter, we saw rate cuts from G20 members India, Russia and Australia, and growing anticipation that the US Federal Reserve will follow with a cut as early as the July meeting. These factors, along with geopolitical tensions emanating from Iran and the China/US trade dispute, have led to a more risk-off trading environment and a decline in the US dollar against a number of major currencies. Weakness in the greenback tends to be inversely correlated with higher gold prices as it is priced in US$ and foreign investors shift money into traditional stores of value when the currency is depreciating.

Top Q2 2019 Performers – S&P/TSX



Source: Bloomberg, Raymond James Ltd.

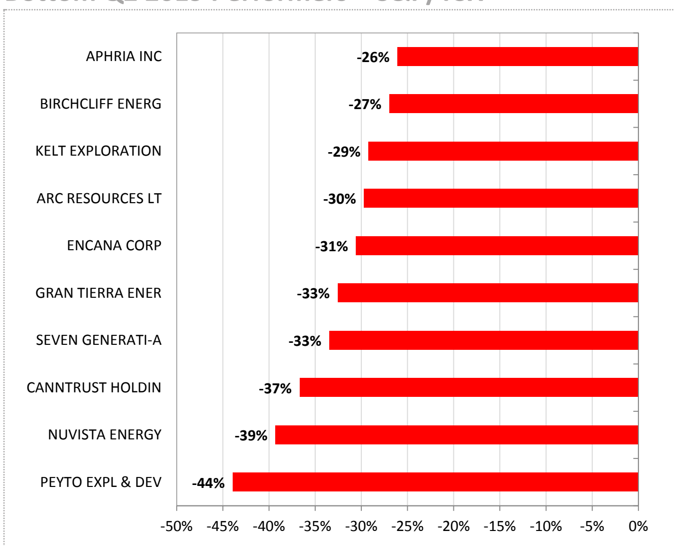
Outside of the gold stocks, the top two names were an airline, WestJet (WJA-T) and a tech company, Shopify (SHOP-T). WestJet jumped 58% for the quarter as the result of a friendly takeover by Toronto-based private equity giant, Onex Corporation (ONEX-T). Shopify rose on the power of its own story as the company shot up 43% thanks to strong quarterly results and a positive outlook for the stock. Technology has been the best performing sub-index in the S&P/TSX this year due in part to money rotating out of a number of beaten down raw materials industries like oil and gas and forest products. SHOP has benefitted strongly from this momentum as it is the largest market cap in the index, as well as the best performer so far in 2019. Rounding out the top ten was

Hudson's Bay Company (HBC-T), which jumped 30% after management made an offer to take the company private.

Pot and Gas Drive Laggards

On the downside, the laggards for the quarter were almost exclusively energy and cannabis companies. We see the drop in cannabis stocks as a swing back from the first quarter, when the top performing spots were dominated by many of the same names. The sell-off didn't have much to do with fundamentals but volatility is a fact of life for immature, high-growth industries like cannabis. We wouldn't be surprised if the pendulum swings back in their favour later in the year.

Bottom Q2 2019 Performers – S&P/TSX



Source: Bloomberg, Raymond James Ltd.

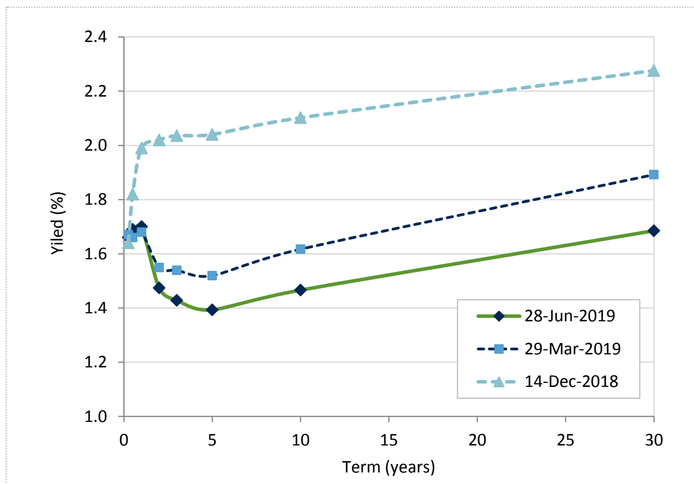
Energy stocks dominated the bottom dwellers and, drilling down further, we see a common theme of exposure to natural gas. Natural gas prices across North America were weak in Q2 despite reasonably strong demand and lower inventories coming out of the winter. However, these positive factors were no match for the pernicious over-supply and transportation constraints that have pummeled Canadian prices. Seasonally weak demand in the spring has brought the industry back to the same over-supply issues that hit it back in the fall when Alberta natural gas prices were at similar levels of <$1.00/mcf. Gas prices should get some support over the summer months as electricity demand rises to meet the needs of North America's air conditioners. However, issues of over-supply and the lack of proper pipeline infrastructure will continue to impair the profitability of the Canadian natural gas industry.

Robert Mark, CFA
Portfolio Manager

The Inverted Canadian Yield Curve

Who would've thought we would see a bond rally, with yields falling instead of climbing in the summer? Since the end of March, Canadian yields have shifted down as much as 20bps on the 20 and 30 year tenors. Though the 6 month and one year yields ticked up slightly, the 2–10 year yields were down between 7 and 15 bps. The downward shift comes amid increasingly dovish sentiment from the Fed and global central banks, which often has a spillover effect into the Canadian economy, due to their strong trade relationship. Historically, a rate cut in the US is likely to be followed by one by the Bank of Canada within a few months. It is noteworthy that although the yield curve remains at record flat levels, the spread between the 6 month and 1 year yields compared to the 2-10 year yields keeps growing steadily. On the bond trading desk, we observed high flows into fixed income products during the first half of 2019, with yields peaking around January to March.

Canadian Yield Curve



Term	28-Jun-2019	29-Mar-2019	14-Dec-2018
3-Month	1.66	1.67	1.64
6-Month	1.69	1.66	1.82
1-Year	1.7	1.68	1.99
2-Year	1.474	1.549	2.02
3-Year	1.428	1.539	2.036
5-Year	1.393	1.519	2.04
10-Year	1.466	1.617	2.102
30-Year	1.685	1.892	2.276

Source: Bloomberg, Raymond James Ltd.

Economists predict that job creation, wage growth and household spending will grow temporarily going into 2020. However, uncertainty around trade tensions and a global slowdown will put pressure on the Bank of Canada to consider a rate cut next year. With intensifying geopolitical concerns in the Persian Gulf, oil prices have risen 31% YTD, giving the Canadian economy some additional tailwinds, but creating some cost pressures on Canadian consumers.

Looking outside of Canada, in what traders are dubbing the "Japanification" of the European bond market, Austria, Sweden and France have joined negative yield territory, with German rates at all-time lows. The current figure brings global negative yielding bonds to an aggregate of $13 trillion. The yields signal structural issues in the European central banks, as almost a quarter of investment grade credit is entering negative yield territory. With continuing weak consumer sentiment in the Eurozone, the June ECB meeting indicated that a rate cut in September is not out of the picture and the lack of rate hikes could be expected until at least late 2020. In the US, talks of a rift between President Trump and Chairman Powell are growing and the likelihood of up to two rate cuts could be in the works going into this election year. With the federal funds rate holding at 2.25-2.50%, yields have dropped by as much as 40 bps across the active treasuries curve.

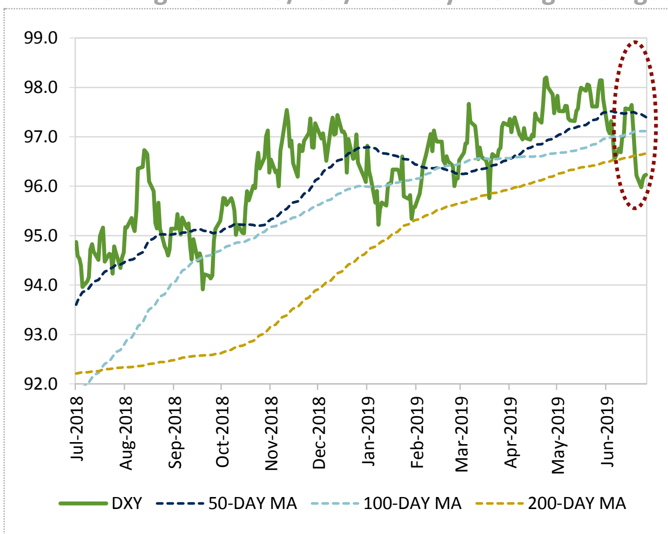
In Canada, GICs currently remain the highest yielding low risk fixed income investments, yielding 2.16%, 2.15%, 2.20%, 2.25% and 2.35% for maturities in one through five years. In comparison, the highest yielding single A or better corporate bonds are yielding 1.69%, 1.78%, 2.19%, 2.08% and 2.16% for similar terms. With the potential for additional insurance coverage, GICs are very attractive investments, especially when structured as a laddered GIC portfolio. However, there is not a secondary market for GICs so if you cannot buy and hold and prefer the option of having liquidity, we highly recommend the in-house fixed income guided portfolios, which are actively managed by the bond desk.

Ahmed Husain
Fixed Income

"King USD" Set to Finally Lose Its Crown?

Taking a look at how far we have come in the FX markets in Q2, we can't downplay the greenback's dismal run. The USD has been on the defensive as global central banks, led by the US Fed, signaled a dovish outlook on monetary policy due to growing signs of a weakening global economy and ongoing trade tensions between the US and China. DXY, the US Dollar Index, broke below its 100- and 200-day MA's which is giving steam to the risk rally coupled with a significant breakout in gold. The market is now pricing in about 70bps of Fed rate cuts by year end, which was further exacerbated by Trump's latest attack on the Fed in which he stressed that the US needs rate cuts and more easing. The latest CFTC trade data also showed a reduction in aggregate speculative net long USD positions, providing additional reason for investors to stay clear of the USD.

DXY Breaking Below 50/100/200-Day Moving Averages



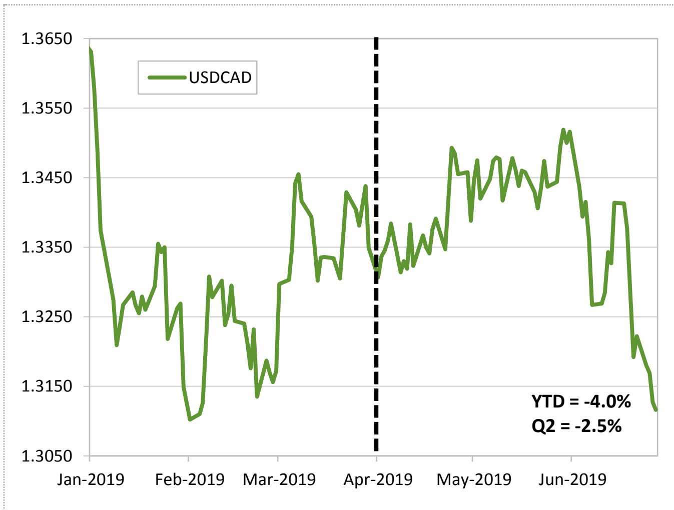
Source: Bloomberg, Raymond James Ltd.

Fed Chair Powell told the market exactly what it wanted to hear and all but guaranteed a July rate cut. Lower inflation expectations coupled with headwinds from weaker global growth and trade policy uncertainty has increased the downside risks to their economic outlook and likely is feeding the Fed's recent dovish tilt. The Fed's post-meeting statement dropped the long-standing promise to be "patient," noting instead that officials would "act as appropriate to sustain the expansion." The continuation of central bank dovishness resulted in a global scramble for risk assets and safe havens at the expense of the USD, which has continued to trade relatively heavy versus its G10 peers. Also contributing to the USD's slide is benchmark 10-year US

Treasury yields, which slid to their lowest level in more than 2 years.

As you can see from the following chart, USDCAD slid nearly 2.5% in Q2 and 4% YTD.

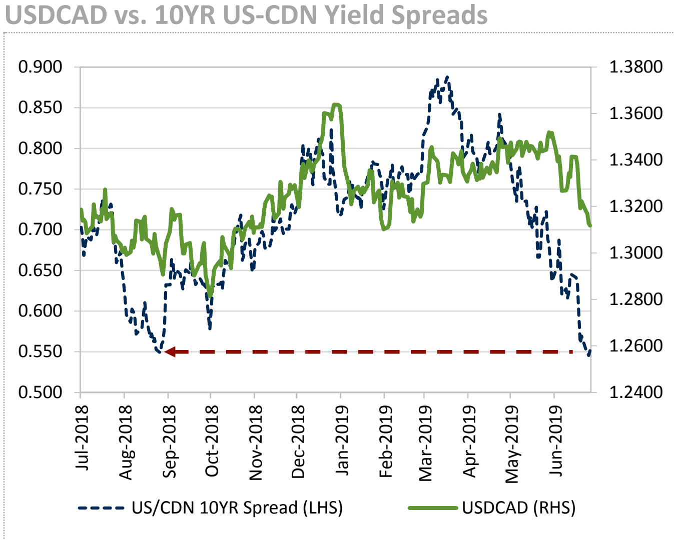
USDCAD - YTD



Source: Bloomberg, Raymond James Ltd.

There are many factors which are contributing to the pair's continued momentum to the downside, specifically narrowing spreads between US & CDN yields (in CAD's favour) and firmer crude oil prices. While we believe that a full out military conflict with Iran seems rather unlikely at this stage, both economic and financial sanctions should continue to play out and keep crude oil prices well supported going forward.

USDCAD vs. 10YR US-CDN Yield Spreads



Source: Bloomberg, Raymond James Ltd.

While the Fed is widely expected to embark on a rate-cutting cycle, the BoC on the other hand appears to be in no hurry to act and is expected to hold steady with the market only pricing in about 10bps of rate cuts by year-end. An average of the BoC's 3 core inflation measures reached a seven-year high of 2.07% back in May. With GDP growth on track to reach 2.5% annualized in Q2, and wage growth showing recent signs of acceleration, both core inflation and CAD are expected to receive an even further lift as the year progresses. However, despite the low probability of a rate cut at this time, there is always the risk of a BoC surprise should the economic outlook see a material change.

So what should we expect going forward? Market forecasts from the "Big Six" Canadian banks are showing a median forecast of 1.3100 for USDCAD by year-end, which is essentially where we currently are. With the pair clearly vulnerable to the downside on the back of narrowing US/CDN yield spreads and higher crude oil prices, we expect CAD to outperform the USD going forward, albeit we are not yet convinced of a sustained increase into 2020. The big level to keep an eye on will be 1.3060/70 to the downside, which coincides with the 61.8% retracement level from November 2013's low to January 2016's high, and the lowest level the pair reached this year. We believe spot is headed even lower and, should the pair break through this key support level, we would not be surprised to see a test of the 1.29 handle.

Ajay Virk, CFA
Foreign Exchange

Quarterly Chart Package

Long-Term Market Returns

	Currency	Level	1 Mo	3 Mo	6 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
Canada												
S&P/TSX Comp	CAD	16,382	2.1%	1.7%	14.4%	14.4%	0.6%	3.9%	5.2%	3.0%	1.6%	4.7%
S&P/TSX Comp TR	CAD	57,187	2.5%	2.6%	16.2%	16.2%	3.9%	7.1%	8.4%	6.2%	4.7%	7.8%
S&P/TSX 60 Comp	CAD	980	1.8%	2.1%	14.0%	14.0%	1.5%	4.8%	6.2%	3.7%	2.5%	4.5%
S&P/TSX Small Cap	CAD	575	4.0%	-1.0%	9.0%	9.0%	-10.5%	-4.0%	-2.3%	-0.1%	-4.1%	3.1%
United States												
S&P 500 Comp	USD	2,942	6.9%	3.8%	17.3%	17.3%	8.2%	10.2%	11.9%	9.3%	8.5%	12.3%
S&P 500 Comp TR	USD	5,908	7.0%	4.3%	18.5%	18.5%	10.4%	12.4%	14.2%	11.5%	10.7%	14.7%
Dow Jones Ind Avg	USD	26,600	7.2%	2.6%	14.0%	14.0%	9.6%	11.6%	14.1%	10.8%	9.6%	12.2%
NASDAQ Comp	USD	8,006	7.4%	3.6%	20.7%	20.7%	6.6%	14.2%	18.2%	12.6%	12.7%	15.9%
S&P 600 Small Cap	USD	953	7.3%	1.5%	12.8%	12.8%	-6.3%	5.5%	10.4%	7.3%	6.9%	13.5%
International												
DJ Euro Stoxx 50	EUR	3,474	5.9%	3.6%	15.7%	15.7%	2.3%	0.5%	6.6%	0.4%	1.5%	3.8%
FTSE 100 (UK)	GBP	7,426	3.7%	2.0%	10.4%	10.4%	-2.8%	0.8%	4.5%	3.3%	1.9%	5.7%
CAC 40 (France)	EUR	5,539	6.4%	3.5%	17.1%	17.1%	4.0%	4.0%	9.3%	3.7%	4.6%	5.8%
DAX (Germany)	EUR	12,399	5.7%	7.6%	17.4%	17.4%	0.8%	0.3%	8.6%	3.2%	4.7%	9.9%
IBEX 35 (Spain)	EUR	9,199	2.2%	-0.4%	7.7%	7.7%	-4.4%	-6.2%	4.1%	-3.9%	-3.4%	-0.6%
CSI 300 (China)	CNY	3,826	5.4%	-1.2%	27.1%	27.1%	9.0%	2.1%	6.6%	-3.8%	12.1%	1.9%
HANG SENG (Hong Kong)	HKD	28,543	6.1%	-1.8%	10.4%	10.4%	-1.4%	5.3%	11.1%	2.1%	4.2%	4.5%
NIKKEI 225 (Japan)	JPY	21,276	3.3%	0.3%	6.3%	6.3%	-4.6%	3.1%	11.0%	1.3%	7.0%	7.9%
TOPIX (Tokyo)	JPY	1,551	2.6%	-2.5%	3.8%	3.8%	-10.4%	-1.9%	7.6%	-1.2%	4.2%	5.3%
KOSPI (S. Korea)	KRW	2,131	4.4%	-0.5%	4.4%	4.4%	-8.4%	-5.6%	2.6%	0.7%	1.3%	4.4%
S&P/ASX 200 (Australia)	AUD	6,619	3.5%	7.1%	17.2%	17.2%	6.8%	7.6%	8.1%	4.9%	4.2%	5.3%
BOVESPA (Brazil)	BRL	100,967	4.1%	5.8%	14.9%	14.9%	38.8%	26.7%	25.1%	17.4%	13.7%	7.0%
BOLSA (Mexico)	MXN	43,161	1.0%	-0.3%	3.7%	3.7%	-9.4%	-7.0%	-2.1%	-1.1%	0.2%	5.9%
S&P BSE Sensex (India)	INR	39,395	-0.8%	1.9%	9.2%	9.2%	11.2%	12.9%	13.4%	9.1%	9.2%	10.5%
Other												
MSCI World	USD	2,178	6.5%	3.4%	15.6%	15.6%	4.3%	6.6%	9.6%	5.8%	4.6%	8.5%
MSCI EAFE	USD	1,922	5.8%	2.5%	11.8%	11.8%	-1.9%	1.0%	6.1%	1.1%	-0.5%	3.9%
MSCI Emerging Markets	USD	1,055	5.7%	-0.3%	9.2%	9.2%	-1.4%	2.2%	8.1%	2.1%	0.1%	3.3%
MSCI Far East	USD	3,406	4.3%	0.9%	7.8%	7.8%	-4.1%	1.8%	6.6%	1.9%	2.7%	4.2%
MSCI Europe	USD	1,683	6.5%	2.9%	13.2%	13.2%	-1.2%	0.6%	6.0%	0.7%	-1.6%	3.9%
C$ Indices												
S&P 500 Comp	CAD		3.6%	1.8%	12.7%	12.7%	7.9%	10.7%	12.4%	10.6%	13.0%	13.7%
S&P 500 Comp TR	CAD		3.7%	2.3%	13.8%	13.8%	10.1%	12.9%	14.7%	12.9%	15.3%	16.1%
Dow Jones Ind Avg	CAD		3.9%	0.6%	9.5%	9.5%	9.3%	12.2%	14.6%	12.2%	14.2%	13.5%
MSCI World	CAD		3.1%	1.4%	11.0%	11.0%	4.0%	7.2%	10.1%	7.1%	8.9%	9.8%
MSCI EAFE	CAD		2.5%	0.5%	7.3%	7.3%	-2.1%	1.5%	6.6%	2.3%	3.6%	5.2%
MSCI Emerging Markets	CAD		2.4%	-2.2%	4.9%	4.9%	-1.7%	2.7%	8.6%	3.3%	4.3%	4.6%
MSCI Far East	CAD		1.1%	-1.1%	3.5%	3.5%	-4.3%	2.3%	7.1%	3.1%	7.0%	5.5%
MSCI Europe	CAD		3.2%	0.9%	8.7%	8.7%	-1.5%	1.1%	6.5%	1.8%	2.6%	5.2%
Canadian Dollar	USD/CAD	$1.31	-3.1%	-1.9%	-4.0%	-4.0%	-0.3%	0.5%	0.4%	1.2%	4.2%	1.2%

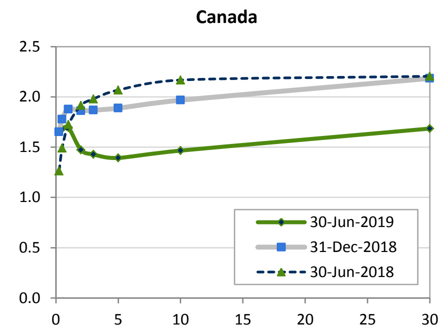
Source: Bloomberg, Raymond James Ltd. All return numbers greater than one year are annualized. Performance as at June 30, 2019.

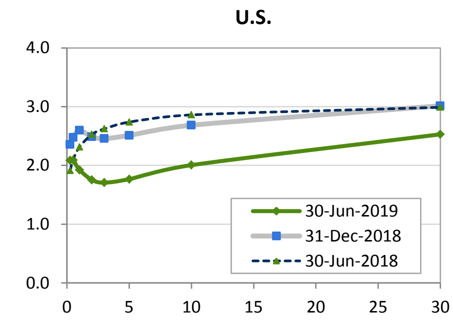
	Level	1 Mo	3 Mo	6 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
S&P/TSX Sectors											
Communication Services	1,551	-2.2%	-1.3%	7.4%	7.4%	9.6%	3.1%	3.0%	4.9%	5.5%	9.2%
Consumer Discretionary	2,214	6.6%	4.1%	13.8%	13.8%	-8.6%	0.7%	7.2%	2.5%	6.6%	10.5%
Consumer Staples	5,307	-1.9%	1.4%	11.8%	11.8%	16.2%	7.4%	7.5%	8.2%	13.6%	13.6%
Energy	2,033	-2.3%	-3.9%	9.8%	9.8%	-16.1%	-4.6%	-4.6%	-5.0%	-10.2%	-2.1%
Financials	2,772	2.5%	2.4%	12.0%	12.0%	1.2%	3.1%	7.5%	5.4%	4.5%	7.1%
Health Care	544	3.0%	-9.4%	34.9%	34.9%	14.3%	21.4%	5.0%	-35.8%	-19.8%	7.0%
Industrials	3,468	1.4%	4.7%	20.2%	20.2%	9.2%	10.8%	16.3%	12.0%	9.2%	13.8%
Information Technology	432	2.9%	14.2%	43.0%	43.0%	31.9%	30.9%	27.6%	21.9%	21.8%	4.4%
Materials	2,292	12.7%	5.0%	13.6%	13.6%	-1.0%	4.6%	-0.2%	3.8%	-0.9%	-1.0%
Real Estate	3,507	0.6%	-2.6%	13.3%	13.3%	7.1%	6.2%	3.8%	4.3%	6.2%	10.6%
Utilities	2,245	1.0%	4.2%	19.6%	19.6%	13.2%	1.1%	2.6%	5.2%	3.4%	4.2%
S&P 500 Sectors											
Communication Services	164	4.3%	4.2%	18.3%	18.3%	10.9%	3.3%	-3.5%	1.7%	0.7%	4.7%
Consumer Discretionary	946	7.6%	4.9%	21.0%	21.0%	8.7%	15.1%	15.1%	11.7%	12.3%	17.9%
Consumer Staples	597	4.8%	3.0%	14.5%	14.5%	12.9%	2.7%	1.9%	5.1%	5.4%	9.6%
Energy	471	9.1%	-3.7%	11.1%	11.1%	-16.1%	-0.7%	-2.7%	-3.8%	-8.3%	2.3%
Financials	459	6.6%	7.4%	15.9%	15.9%	4.0%	5.9%	14.2%	8.7%	8.4%	11.1%
Health Care	1,072	6.5%	0.9%	7.1%	7.1%	11.0%	8.1%	8.9%	5.6%	8.8%	13.3%
Industrials	652	7.8%	3.1%	20.2%	20.2%	8.2%	5.7%	10.2%	8.7%	7.0%	13.0%
Information Technology	1,373	9.1%	5.6%	26.1%	26.1%	12.6%	20.8%	24.4%	18.7%	16.8%	16.9%
Materials	367	11.5%	5.7%	16.0%	16.0%	1.0%	4.3%	8.1%	4.9%	3.2%	9.0%
Real Estate	228	1.3%	1.6%	18.5%	18.5%	12.9%	7.0%	3.3%	6.9%	6.1%	13.4%
Utilities	303	3.1%	2.7%	12.8%	12.8%	15.1%	7.2%	4.3%	9.5%	6.1%	7.9%
Commodities											
Energy											
Crude Oil - WTI (US$/bbl)	$58.47	9.3%	-2.8%	28.8%	28.8%	-21.1%	12.7%	6.6%	-0.4%	-11.1%	-1.8%
Brent Crude (US$/bbl)	$66.55	3.2%	-2.7%	23.7%	23.7%	-16.2%	17.8%	10.2%	1.1%	-9.9%	-0.4%
Natural Gas (US$/MMBtu)	$2.31	-5.9%	-13.3%	-21.5%	-21.5%	-21.1%	-12.8%	-7.6%	-5.0%	-12.3%	-5.0%
Heating Oil (US$/gal)	$1.94	5.6%	-1.5%	15.7%	15.7%	-12.0%	14.8%	9.4%	0.8%	-8.1%	1.2%
Gasoline (US$/gal)	$1.94	7.8%	2.5%	46.7%	46.7%	-10.9%	13.2%	9.0%	-1.8%	-8.8%	0.2%
Metals											
Gold (US$/oz.)	$1,414	8.3%	9.3%	10.3%	10.3%	12.7%	6.7%	2.3%	4.8%	1.4%	4.3%
Silver (US$/oz.)	$15.25	4.7%	0.9%	-1.8%	-1.8%	-5.3%	-4.1%	-6.4%	-0.5%	-6.2%	1.2%
Aluminum AA (US$/lb.)	$0.82	0.3%	-5.9%	-2.5%	-2.5%	-15.6%	-3.2%	3.0%	1.6%	-1.0%	1.0%
Copper (US$/lb.)	$2.67	2.8%	-7.6%	0.5%	0.5%	-9.6%	0.5%	7.3%	1.0%	-3.1%	1.9%
Nickel (US$/lb.)	$5.66	5.6%	-2.3%	18.7%	18.7%	-14.8%	16.3%	10.3%	1.4%	-7.8%	-1.9%
Zinc (US$/lb.)	$1.11	-1.1%	-14.6%	1.1%	1.1%	-12.6%	-4.9%	5.8%	5.7%	2.4%	4.9%
Soft											
Wheat (US$/bushel)	$5.28	5.0%	15.3%	4.9%	4.9%	6.1%	1.6%	7.0%	-3.7%	-1.3%	0.3%
Corn (US$/bushel)	$4.20	-1.6%	17.9%	12.1%	12.1%	20.0%	6.5%	5.4%	0.4%	-0.2%	1.9%
Sugar (US$/lb.)	$0.12	1.8%	-1.7%	2.4%	2.4%	3.9%	-5.1%	-15.1%	0.1%	-5.8%	-3.1%
Currencies											
Canadian Dollar (CAD/USD)	$0.76	3.2%	1.9%	4.2%	4.2%	0.3%	-0.5%	-0.4%	-1.2%	-4.0%	-1.2%
Canadian Dollar (USD/CAD)	$1.31	-3.1%	-1.9%	-4.0%	-4.0%	-0.3%	0.5%	0.4%	1.2%	4.2%	1.2%
Euro (EUR/USD)	$1.14	1.8%	1.4%	-0.8%	-0.8%	-2.7%	-0.2%	0.8%	0.5%	-3.6%	-2.1%
Yen (USD/YEN)	107.85	-0.4%	-2.7%	-1.7%	-1.7%	-2.6%	-2.0%	1.5%	-3.1%	1.3%	1.1%
Pound Sterling (GBP/USD)	$1.27	0.5%	-2.6%	-0.5%	-0.5%	-3.9%	-1.3%	-1.6%	-5.2%	-5.8%	-2.6%
U.S. Dollar Index	96.13	-1.7%	-1.2%	0.0%	0.0%	1.8%	0.3%	0.0%	0.2%	3.8%	1.8%

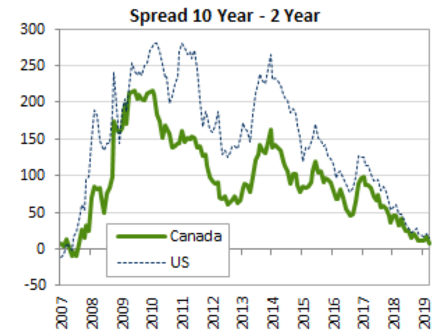
Source: Bloomberg, Raymond James Ltd. All return numbers greater than one year are annualized. Performance as at June 30, 2019.

Charts of Interest

Yield Curve

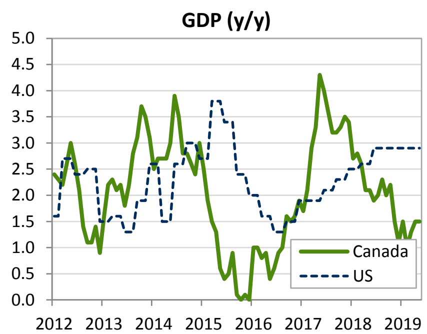


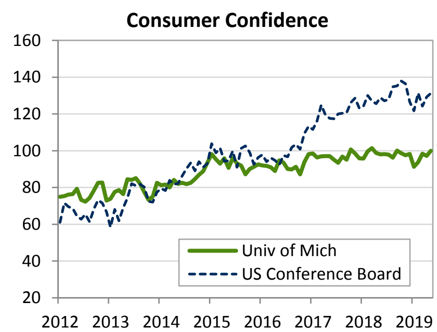


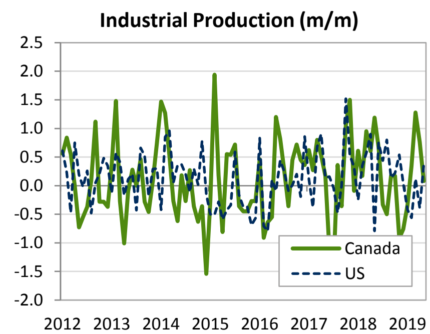


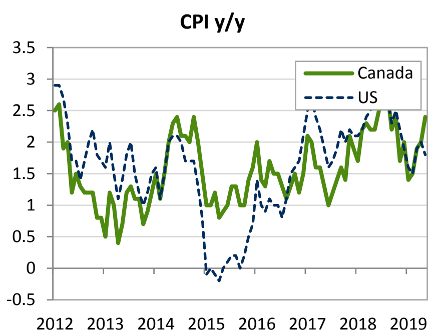
Source: Bloomberg, Raymond James Ltd. Performance as at March 31, 2019.

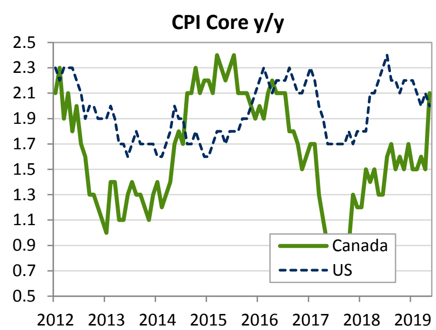
Economic Data

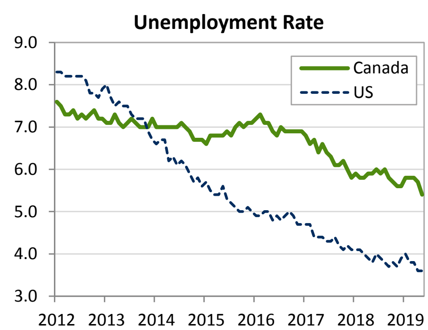


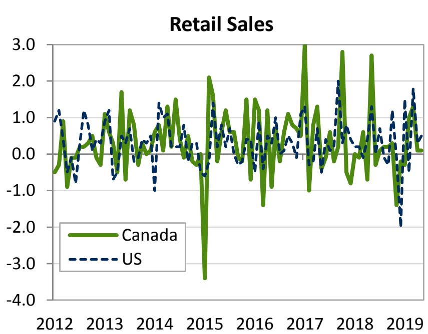


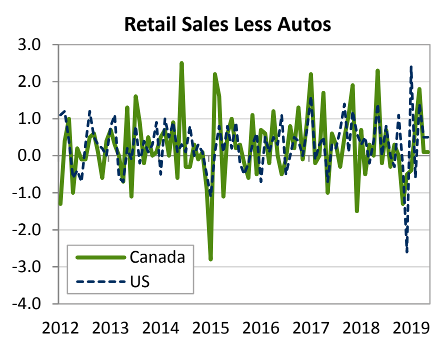


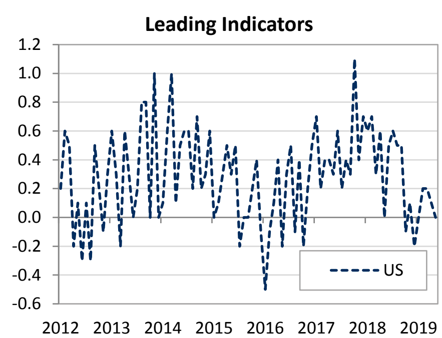








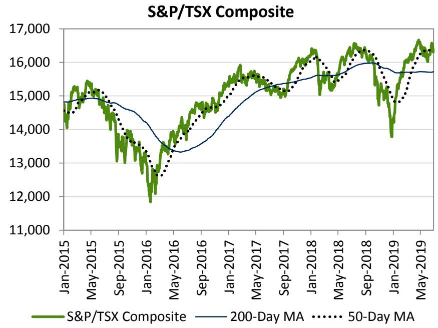




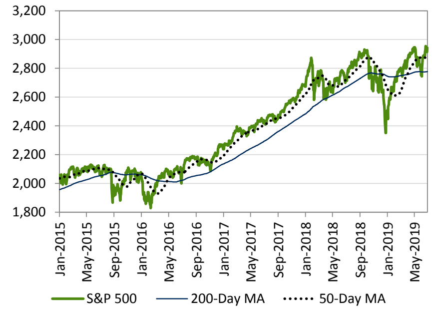
Source: Bloomberg, Raymond James Ltd. Performance as at June 30, 2019.

Markets

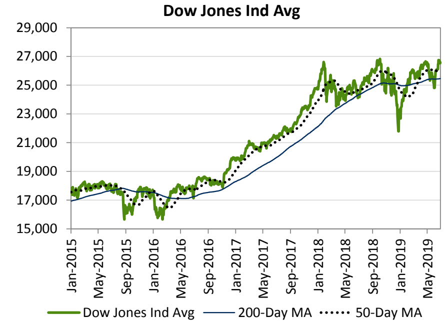
S&P/TSX Composite



S&P 500

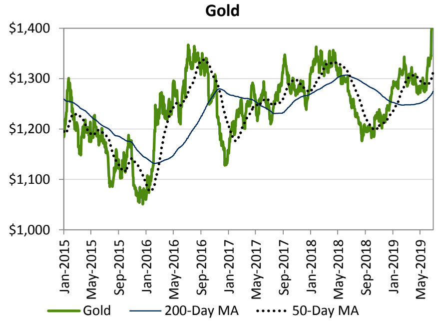


Dow Jones Ind Avg

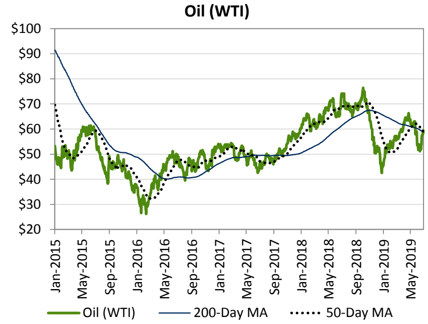


Commodities

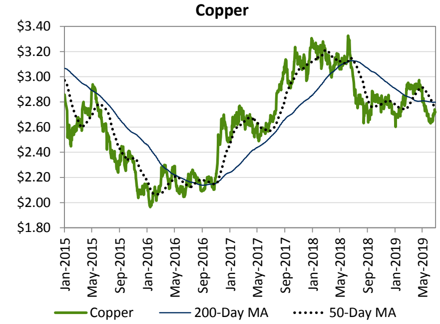
Gold



Oil (WTI)

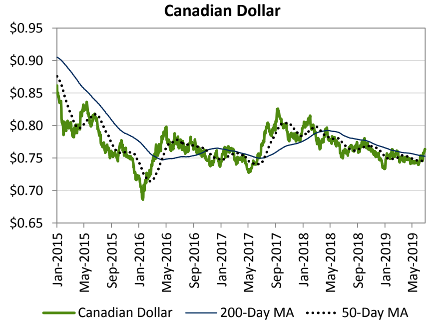


Copper

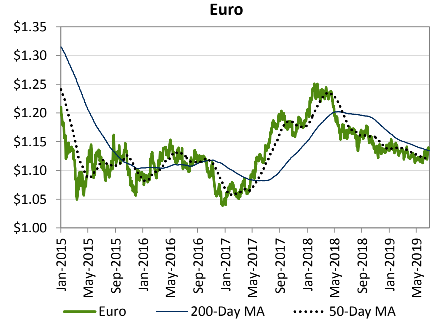


Currencies

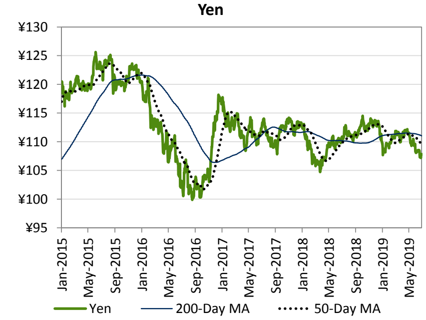
Canadian Dollar



Euro



Yen



Source: Bloomberg, Raymond James Ltd. Performance as at June 30, 2019.

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