

## Weekly Commentary – August 9, 2010

*Daniel Conti, CFA, CFP*  
Investment Counsellor

*Alfred Lam, MBA, CFA*  
Vice President, Investment Consulting

*Richard J. Wylie, CFA*  
Vice President, Investment Strategy

### Economic Calendar

Date	Release	Period	Consensus	Previous
<b>U.S.</b>				
August 10	Productivity	Q2 10	+0.7%	+2.8%
August 10	Wholesale Inventories	June 10	+0.5%	+0.5%
August 10	FOMC Rate Decision	August 10	0.25%	0.25%
August 11	Trade Balance	June 10	-\$42.0B	-\$42.3B
August 11	Treasury Budget	July 10	-\$167.5B	-\$180.7B
August 13	CPI	July 10	+0.3%	-0.1%
August 13	CPI ex. food & energy	July 10	+0.1%	+0.2%
August 13	Retail Sales	July 10	+0.4%	-0.5%
August 13	Retail Sales ex. autos	July 10	+0.3%	-0.1%
August 13	University of Michigan Sentiment	July 10	68.5	67.8
August 13	Business Inventories	July 10	+0.3%	+0.1%
<b>Canada</b>				
August 10	Housing Starts	July 10	185.0K	189.3K
August 10	New Home Price Index	June 10	+0.1%	+0.3%
August 11	Merchandise Exports	June 10	+1.0%	+5.2%
August 11	Merchandise Imports	June 10	+0.5%	+5.7%
August 11	Trade Balance	June 10	-\$0.3B	-\$0.5B
August 13	Motor Vehicle Sales	June 10	+2.0%	+0.2%

### Key Earnings:

August 9 – Canadian Solar, Dish Network, EchoStar, First Uranium, Indigo, King Pharmaceuticals, Leon's, Linamar, Liberty Media, Lionsgate, Nortel, Pason Systems, Sysco, Tyson Foods, Uranium One

August 10 – Fossil, Walt Disney

August 11 – CAE, Cascades, Cisco, Computer Sciences, Finning International, Macy's, Onex, Quebecor, Russel Metals

August 12 – Anheuser-Busch, Elizabeth Arden, Gildan Activewear, Kohl's, Nordstrom, Sara Lee, Tim Hortons, Wendy's

August 13 – Cameco, Dillard's, JCPenney

Source: CIBC World Markets, Bloomberg

### Market Focus

#### Canadian job market slows

For the first time in 2010, the Canadian labour market contracted in July. The most recent data from Statistics Canada showed 139,000 full-time jobs were lost during the month. While this was largely offset by a gain of 129,700 part-time positions, a modest decline was still the net result. As well, continued growth in Canada's labour force pushed the unemployment rate up for the first time in nine months. Even though the Canadian economy remains relatively strong, the Bank of Canada will clearly maintain a close watch on the job market ahead of its next interest rate decision on September 8.

#### U.S. employment picture remains clouded

Overall U.S. employment fell again in July as cuts in temporary census workers produced a 131,000 drop in overall payrolls. The U.S. Census Bureau indicated that some 144,000 of the people conducting the population count from mid-June to mid-July had been released. However, there were still another 200,000 temporary workers on staff as of mid-July, suggesting that additional cuts to come would keep distorting the payroll figures for some time. Some positive signs did emerge from the data as both

average hourly earnings and average workweek hours edged higher. In any case the very slow recovery in the U.S. job market will continue to dampen consumer spending for the foreseeable future.

### Europe sees signs of improvement

Following its latest policy deliberations, the European Central Bank left administered interest rates at an all-time low of 1.0% for a 15th consecutive month. Nevertheless, ECB President Jean-Claude Trichet indicated that the region's economy was improving, despite lingering uncertainty over sovereign debt issues. After the rate announcement, he stated that "The available data for the third quarter are better than expected." Despite the positive news, the ECB is still expected to maintain a low interest rate environment, with Trichet calling the current rate levels "appropriate."

### Longer View

We expect 2010 will be a volatile year characterized by modest global economic growth and increasing interest rates. Some companies will no doubt fail in this less-than-robust environment while the stronger ones will grow at the expense of their competitors. Having the ability to selectively pick securities, as opposed to owning everything in the markets, will be the key to success, in our opinion. Our long-term view is constructive and optimistic. We believe emerging countries will continue to drive global growth. Rapid economic growth will eventually drive consumption. This will not only benefit businesses in regions throughout the world, we believe, but also the multinational companies that own the desirable brand names.

### Playbook - Market Alert! Weekly Summary

#### August 5:

Statistics Canada reported that the value of building permits issued totalled \$6.6 billion in June, up 6.5% from May and a 24.9% increase from June 2009. The gain in June was due to the non-residential sector, which more than offset the decline in the residential sector. These results are much better than expected.

The U.S. Labor Department reported that there were 479,000 initial jobless claims filed in the week ended July 31, up 19,000 from an upwardly revised 460,000 during the previous week. The new weekly figure is the highest since the week ended April 10, when 480,000 initial claims were filed. These results are weaker than anticipated.

#### August 6:

Statistics Canada reported that employment was little changed in July, dropping 9,300 with large full-time declines mostly offset by part-time gains. The unemployment rate edged up 0.1 percentage points to 8.0%. These results are weaker than expected.

The U.S. Bureau of Labor Statistics announced that total non-farm payroll employment declined by 131,000 in July, and the unemployment rate was unchanged at 9.5%. Federal government employment fell, as 143,000 temporary workers hired for the census completed their work. Private-sector payroll employment edged up by 71,000. These figures are below the consensus forecast.

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