

Weekly Commentary – July 5, 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
U.S.				
July 6	ISM Non-manufacturing Index	June 10	55.5	55.4
July 9	Wholesale Sales	May 10	+0.5%	+0.7%
Canada				
July 6	Building Permits (m/m)	May 10	+1.0%	+5.4%
July 9	Employment	June 10	+25.0K	+24.7K
July 9	Unemployment Rate	June 10	8.0%	8.1%
July 9	Housing Starts	June 10	190K	189K

Key Earnings:

July 5 – Canwest, Cogeco

July 6 – Jean Coutu, Opti

July 7 – Family Dollar

July 8 – LVMH Moët Hennessy Louis Vuitton, Starwood, Velan

July 9 – Astral Media, Elan

Source: CIBC World Markets, Bloomberg

Market Focus

Canadian economy pauses in April

After recording seven straight months of GDP growth, the Canadian economy was flat during April. Retail demand fell 1.7% during the month, following a 1.9% gain in March due to sharply weaker auto sales. Arts and entertainment also recorded a 1.8% monthly drop. Offsetting the declines, wholesale sales (+0.6%) and mining (+0.5%) recorded the largest advances in April. Despite the soft overall monthly data, the Canadian economy stood with a still-healthy 3.3% growth rate on a 12-month basis. Recent worries over growth prospects for China and the U.S. may yet play out in the data, but most evidence suggests that the Canadian economy remains one of the strongest among developed nations.

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

June 28:

According to the U.S. Bureau of Economic Analysis, personal income increased by US\$53.7 billion, or 0.4% in May while personal consumption expenditures (PCE) increased \$24.4 billion, or 0.2%. In April, personal income increased \$59.4 billion, or 0.5% and PCE increased \$1.4 billion, or less than 0.1% based on revised figures. These results are generally in line with expectations.

June 30:

Statistics Canada announced that real gross domestic product (GDP) was unchanged in April after seven consecutive monthly increases. A large decline in retail activity was offset by increases in other industrial sectors. These results are weaker than anticipated.

Although the above information has been compiled from sources believed to be reliable, as at the date indicated, we cannot guarantee its accuracy or completeness. The information is provided solely for informational and educational purposes and is not to be construed as advice in respect of securities or as to the investing in or buying or selling of securities, whether express or implied. All data provided is subject to change without notice. United Financial and/or United Financial and design are trademarks of CI Investments Inc. Neither CI Investments Inc. nor any of its affiliates or their respective officers, directors, employees or advisors is responsible in any way for damages or losses of any kind whatsoever in respect of the use of this information. © 2010 CI Investments Inc.