

## Weekly Commentary – April 12, 2010

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### Economic Calendar

Date	Release	Period	Consensus	Previous
<b>U.S.</b>				
Apr 13	Trade Balance	Mar 10	-\$39.0B	-\$37.3B
Apr 14	Consumer Price Index (m/m)	Mar 10	+0.1%	unch
Apr 14	Retail Sales (m/m)	Mar 10	+1.0%	+0.3%
Apr 15	Initial Jobless Claims	Week ending Apr 10	440K	460K
Apr 15	Industrial Production (m/m)	Mar 10	+0.6%	+0.1%
Apr 15	Capacity Utilization	Mar 10	73.3%	72.7%
Apr 15	Philadelphia Fed Index	Apr 10	20.0	18.9
Apr 16	Housing Starts	Mar 10	590K	575K
Apr 16	U of Mich. Consumer Sentiment	Apr 10	74.0	73.6
<b>Canada</b>				
Apr 12	Housing Starts	Mar 10	200.0K	196.7K
Apr 13	Merchandise Trade Balance	Feb 10	+\$0.7B	+\$0.8B
Apr 13	New Home Price Index (m/m)	Feb 10	+0.5%	+0.4%
Apr 16	Manufacturing Shipments (m/m)	Feb 10	+0.5%	+2.4%

#### Key Earnings:

Apr 12 – Alcoa, Merck  
Apr 13 – Intel  
Apr 14 – Yum! Brands  
Apr 15 – Advanced Micro Devices, Google, Rio Tinto  
Apr 16 – Bank of America, General Electric, Mattel

Source: CIBC World Markets, Bloomberg

### Market Focus

#### Canadian labour market gains additional ground

Statistics Canada reported a fifth consecutive monthly advance in employment levels during March. The 17,900 jobs gained during the month brought the seven-month total to 176,000 since the economic bottom. At the same time, the unemployment rate has fallen from its August 2009 high of 8.7% to 8.2%. Over that period, 66,000 individuals re-entered the labour force as encouraging signs in the economy brought workers off of the sidelines. The annual gain of 2.2% in average hourly earnings also points to sustainable growth in consumer spending.

#### U.S. consumers wind up Q1 on positive note

The New York-based International Council of Shopping Centers reported that sales at 31 U.S. chain stores rose 9.0% in March, the biggest one-month rise since March 1999. Nevertheless, investors would be wise to take these gains and the substantial advance that is anticipated for this week's broader March retail sales data with a grain of salt. An early Easter shopping season and some surprisingly warm weather in some regions is being held out as the primary reasons for the surge. Traders will likely have to wait until the release of April figures, in a month's time, to get a clearer picture of U.S. consumer demand.

#### China currency speculation continues

The future direction of the Chinese yuan became more muddled as expectations grew that China would run its first trade deficit in six years. The U.S. Treasury's delay, in the first week of April, in making a decision on whether to label China a currency manipulator, boosted speculation that China's policymakers would either end the U.S.-dollar peg or allow a broadening of the

currency's trading band. China has kept the yuan pegged around 6.83 per dollar since July 2008. Despite the undervalued currency's clear support for its exporters, China's exports fell for 13 straight months, shrinking the nation's trade surplus by 34% in 2009. Market participants will be watching closely for any signs of a shift in policy.

### 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

#### April 5:

The U.S. Institute for Supply Management's latest Non-Manufacturing Report revealed that economic activity in the non-manufacturing sector grew in March for the third consecutive month. The ISM's index climbed 2.4 points to 55.4 in March, from 53.0 in February. This result is better than market expectations.

The U.S. National Association of Realtors announced that its Pending Home Sales Index rose 8.2% in February to 97.6 from a downwardly revised 90.2 posted in January (originally reported as 90.4). It was also a 17% improvement over last year, when the index sat at 83.2 in February. These results are much better than anticipated.

#### April 8:

The U.S. Department of Labor reported initial jobless claims of 460,000 for the week ending April 3. This was an increase of 18,000 from the previous week's revised figure of 442,000. The four-week moving average was 450,250, an increase of 2,250 from the previous week's revised average of 448,000. These results are weaker than anticipated.

#### April 9:

Statistics Canada announced that 17,900 jobs were created in March, continuing an upward trend that began in July 2009. The unemployment rate remained unchanged at 8.2%. These figures were slightly weaker than expected.

The U.S. Census Bureau announced that sales of merchant wholesalers totalled US\$338.7 billion (seasonally adjusted) in February, up 0.8% on the month from the revised January level and up 9.8% from the same period in 2009. These results are broadly in line with market expectations.

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