

April in Review

Home Capital shares plunge amidst liquidity squeeze. Shares of alternative mortgage lender Home Capital Group plunged over 60% on news that deposits were leaving the bank requiring an emergency \$2 billion line of liquidity from an institutional investor. The shares fell as depositors withdrew nearly \$600 million, causing a liquidity crisis and requiring a fresh capital injection. Troubles began in 2015 when 45 mortgage brokers were alleged to have falsified application information. Analysts do not believe the quality of the loan book is impaired, only that the company has lost the confidence of depositors.

U.S. targets Canadian softwood lumber. U.S. President Donald Trump's administration has set its sights on Canadian softwood lumber once again, by imposing anti-subsidy duties averaging 20% on softwood lumber imported south of the border. Canadian companies currently export over US\$5.5 billion per year; however, lumber-related shares rose on the news, as the average tariff was lower than investors had been expecting. President Trump has also aimed his sights on Canada's dairy industry, which he has labelled a 'cartel'. Prime Minister Justin Trudeau has vowed to defend Canada's industries against protectionist measures.

Mexico's economy posts surprising growth. Although the Mexican economy was widely expected to slow following the election of U.S. President Donald Trump and the subsequent threat of a trade conflict, the most recent data, in fact, shows the opposite. Production of automobiles picked up speed, unemployment almost reached decade lows and the Mexican peso is showing strength this year. Consumer confidence has also started rising, prompting a raft of positive upward revisions to Mexico's economic outlook.

Britain gears up for snap elections. In a surprise move, British Prime Minister Theresa May called an election for June, in an effort to shore up support for the upcoming Brexit negotiations with the European Union. It has been argued that a strong show of support for her and her government would bolster confidence in future discussions with other European officials. Others have speculated that Prime Minister May does not want to be distracted by an election as the Brexit negotiation deadline of 2019 approaches. The British pound surged higher on the news, indicating investor optimism.

Did you know?

Which of these is the bigger priority for the typical saver – saving for retirement or saving for a vacation? You may be surprised. In a study conducted for Charles Schwab, 39% of respondents said they spent five hours or more on researching and planning a vacation, while only 11% said they had spent that much time researching their investment strategies for retirement. In fact, a third of respondents said they spent less than an hour on investment research.

INDEX [†]	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.05	0.15	0.54	159
Bonds (FTSE TMX Canada Universe Bond)	1.43	2.69	2.94	1039
Canadian Equities (S&P/TSX Composite)	0.44	2.86	15.45	15,586
U.S. Equities (S&P 500, US\$)	1.03	7.16	17.31	2,384
Global Equities (MSCI World, US\$)	1.53	8.16	14.90	1,878
Emerging Markets (MSCI Emerging Markets, US\$)	2.21	13.94	19.04	977

CURRENCIES [†]	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-2.46	-1.57	-8.05	0.73
C\$/Euro	-4.64	-4.94	-4.19	0.67
C\$/Pound	-5.48	-6.19	3.72	0.57
C\$/Yen	-2.35	-6.14	-5.16	81.67

COMMODITIES (US\$) [†]	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	1.37	9.61	-0.67	1,268.30
Oil WTI (\$/barrel)	-3.41	-12.67	0.14	49.33
Natural Gas (\$/MMBtu)	0.68	-7.98	13.00	3.28

[†]Total Return, as at April 30, 2017. Indices are quoted in their local currency.
Source: Bloomberg

® Registered trademark of The Bank of Nova Scotia, used under licence. © Copyright 2017 1832 Asset Management L.P. All rights reserved.

This document has been prepared by 1832 Asset Management L.P. and is provided for information purposes only. Views expressed regarding a particular investment, economy, industry or market sector should not be considered an indication of trading intent of any of the mutual funds managed by 1832 Asset Management L.P. These views are not to be relied upon as investment advice nor should they be considered a recommendation to buy or sell. These views are subject to change at any time based upon markets and other conditions, and we disclaim any responsibility to update such views.

Information contained in this document, including information relating to interest rates, market conditions, tax rules, and other investment factors are subject to change without notice and 1832 Asset Management L.P. is not responsible to update this information. To the extent this document contains information or data obtained from third party sources, it is believed to be accurate and reliable as of the date of publication, but 1832 Asset Management L.P. does not guarantee its accuracy or reliability. Nothing in this document is or should be relied upon as a promise or representation as to the future. Investors should consult their own professional advisor for specific investment and/or tax advice tailored to their needs when planning to implement an investment strategy to ensure that individual circumstances are considered properly and action is taken based on the latest available information.