

INDEX	CLOSE	NET CHANGE	DAILY % CHANGE	WEEKLY % CHANGE	% YTD	% LAST 12 MONTHS
Dow Jones Industrial Average	11 239.28	276.74	2.52%	0.82%	-15.27%	-19.44%
S&P 500 Index	1 245.36	30.45	2.51%	0.05%	-15.19%	-19.63%
Nasdaq Composite Index	2 284.85	69.14	3.12%	2.24%	-13.85%	-15.29%
S&P/TSX Composite Index	13 503.80	146.24	1.09%	-0.79%	-2.38%	-5.82%
FTSE 100 (UK)	5 150.60	-21.30	-0.41%	-6.85%	-20.23%	-23.10%
DAX (Germany)	6 155.37	73.67	1.21%	-3.62%	-23.70%	-24.06%
NIKKEI 225 (Japan)	12 760.80	6.24	0.05%	-2.23%	-16.64%	-30.04%
HANG SENG (Hong-Kong)	21 223.50	48.73	0.23%	-2.67%	-23.69%	-7.54%

## MARKET REVIEW

### U.S. inflation hits 17-year high

U.S. stocks advanced today after better-than-expected results announced by Wells Fargo & Co. helped the financial sector gain ground. Wells Fargo's 23% decrease in its Q2 profits to \$1.75 billion (\$0.53 per share) compared to \$2.28 billion (\$0.67 per share) one-year ago was larger than predicted. The company set aside \$3 billion for loan losses. The Dow Jones Industrials Average increased 276.74 points, or 2.52%, to 11239.28. The S&P 500 Composite advanced 30.45 points, or 2.51%, to 1245.36. The Nasdaq Composite gained 69.14 points, or 3.12%, to 2284.85.

In Canada, the S&P/TSX also rallied despite a fall in oil prices. The S&P/TSX Composite rose 146.24 points, or 1.09%, to 13503.8.

The decline in oil prices stemmed in part from a Department of Energy report of an unexpectedly large 2.95 million barrel increase in crude oil stocks this week to 296.9 million barrels. Crude prices declined \$4.50 to \$134.24/barrel. Gold prices also fell today despite reports of stronger than expected inflation numbers. Gold retreated \$18.03 to \$959.48/ounce.

The total U.S. CPI rose by 1.1% in June, far above the consensus forecast of a 0.7% increase. On a year-over-year basis, total inflation is now running at 5%, the highest reading since 1991. The headline number was spiked by a 6.6% monthly increase in energy prices. The three-month compound energy inflation rate is running at a whopping 53.6%. Food prices are up 0.8% on the month and by 5.3% on a year-over-year basis. Core CPI was up 0.3% in June, slightly above the consensus forecast (0.2%) and is up 2.4% over the last 12-months.

In Canada, manufacturing sales rose by 2.7% in May, the largest increase since March 2007. The gains were broad-based. Sales increased in 16 of 21 industry groups, which represented 94% of manufacturing sales. A price-induced 9.2% jump in petroleum & coal products sales accounted for almost half of the growth. In volume terms, factory sales rose by only 0.2% in May.

MOST ACTIVE BY VOLUME IN S&P/TSX	LAST PRICE	VAR DAY \$	VOLUME
Eastern Platinum Ltd (ELR)	\$2.08	-\$0.21	21 513 004
Royal Bank of Canada (RY)	\$42.80	\$2.62	11 847 941
Bombardier Inc (BBD/B)	\$6.94	\$0.00	11 129 388
BCE Inc (BCE)	\$38.45	\$0.10	8 881 530
Yamana Gold Inc (YRI)	\$14.74	-\$0.57	6 479 985

MOST ACTIVE BY VOLUME IN S&P 500	LAST PRICE	VAR DAY \$	VOLUME
Bank of America Corp (BAC)	\$22.67	\$4.15	41 441 800
Intel Corp (INTC)	\$20.91	\$0.20	38 528 350
Microsoft Corp (MSFT)	\$27.25	\$1.10	35 322 151
Citigroup Inc (C)	\$16.44	\$1.88	31 464 500
Wells Fargo & Co (WFC)	\$27.23	\$6.72	27 619 800

S&P/TSX INDUSTRY GROUP	DAILY % CHANGE	YTD
ENERGY	-1.93%	10.37%
MATERIALS	-1.27%	18.61%
INDUSTRIALS	2.74%	-3.68%
CONSUMER DISCRETIONARY	3.23%	-28.64%
CONSUMER STAPLES	3.49%	-11.91%
HEALTH CARE	2.18%	-17.14%
FINANCIALS	5.50%	-17.61%
INFORMATION TECHNOLOGY	4.48%	-6.34%
TELECOMMUNICATIONS SERVICES	2.76%	-10.60%
UTILITIES	-1.04%	-11.12%

INTEREST RATES	LAST YIELD	PREVIOUS
CAN GOVT 2 YR	3.08%	3.07%
CAN GOVT 5 YR	3.31%	3.29%
CAN GOVT 7 YR	3.51%	3.47%
CAN GOVT 10 YR	3.74%	3.68%
CAN GOVT 30 YR	4.13%	4.06%

CURRENCIES & COMMODITIES	LAST PRICE	PREVIOUS	1 YEAR AGO
OIL WTI (\$/BARREL)	\$134.24	\$138.74	\$74.15
GOLD SPOT (\$/OZ)	\$959.48	\$977.50	\$664.90
CAD per USD	1.0023	1.0017	1.0437
CAD per EURO	1.5854	1.5939	1.4376
USD per EURO	1.5820	1.5912	1.3772
YEN per USD	105.120	104.720	121.900

Source: Bloomberg