

Equities (local currency, price only, % change)

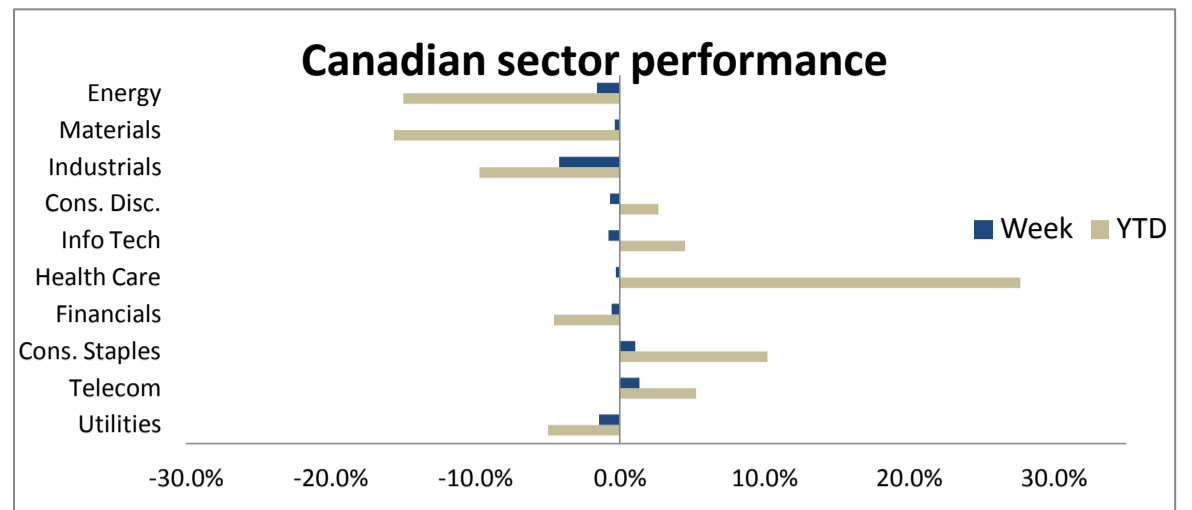
	10/16/2015	Week	QTD	YTD	1yr
S&P/TSX Composite	13838.10	-0.90%	3.99%	-5.43%	-1.53%
S&P/TSX Small Cap	524.18	-2.03%	7.94%	-9.47%	-12.57%
S&P 500	2033.11	0.90%	5.89%	-1.25%	9.15%
NASDAQ	4886.69	1.16%	5.77%	3.18%	15.87%
DAX	10104.43	0.08%	4.60%	3.05%	17.73%
CAC 40	4702.79	0.03%	5.56%	10.06%	20.01%
FTSE 100	6378.04	-0.59%	5.22%	-2.86%	2.94%
Nikkei 225	18291.80	-0.80%	5.20%	4.82%	24.11%
Shanghai Comp.	3391.35	6.54%	11.09%	4.84%	43.47%
MSCI EM Index (USD)	865.28	0.69%	9.25%	-9.52%	-10.86%

Fixed Income (total return, % change)

	10/16/2015	Week	QTD	YTD	1yr
FTSE TMX Canada					
Universe Bond Index	983.07	0.40%	-0.22%	2.29%	3.77%
FTSE TMX Canada All					
Corporate Bond Index	1086.34	0.27%	-0.31%	1.76%	2.60%

Interest Rates - Canada (change in bps)

	10/16/2015	Week	QTD	YTD	1yr
3-month Tbill	0.39	-1	-4	-52	-47
GOC bonds 2 yr	0.54	-2	2	-48	-39
10 yr	1.47	-5	4	-32	-46
30 yr	2.26	-5	7	-7	-23



Currencies and Commodities (in USD, % change)

	10/16/2015	Week	QTD	YTD	1yr
CDN \$	0.77	0.19%	3.03%	-10.07%	-12.86%
US Dollar Index	94.54	-0.29%	-1.88%	4.73%	11.28%
Oil (West Texas)	47.26	-4.78%	4.81%	-11.28%	-42.85%
Natural Gas	2.43	-2.88%	-3.72%	-23.34%	-37.10%
Gold	1177.33	1.73%	5.58%	-0.64%	-4.97%
Copper	2.40	-0.43%	2.67%	-15.06%	-19.18%
CRB Index	199.45	-1.60%	2.93%	-13.27%	-26.86%

NORTH AMERICAN EQUITIES

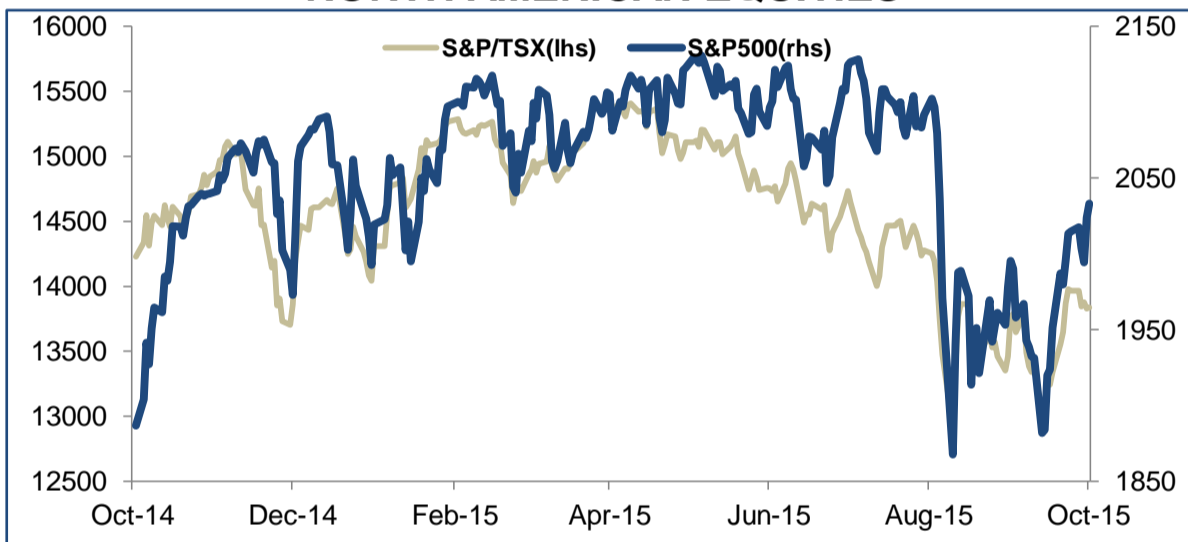
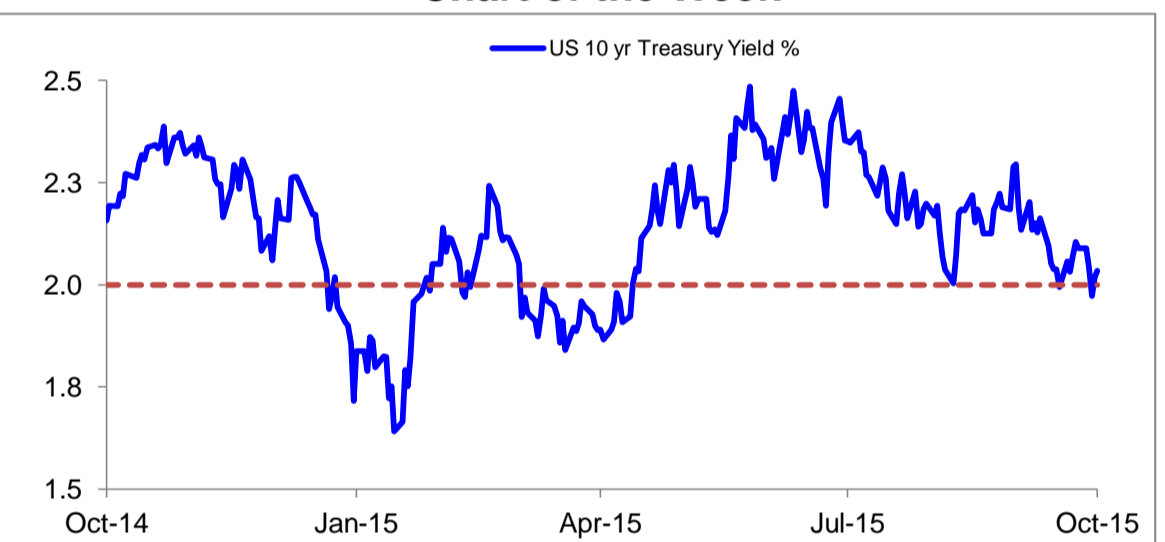


Chart of the Week



HIGHLIGHTS

Global equities were mixed this week, while bond prices rallied on the back of some softening economic data and lowered expectations for the first rate hike. Futures markets are now showing only a 30% chance that the Federal Reserve will raise rates at its December meeting. This is down from 35% a week prior and over 40% last month. Chinese equities were the standout, rising 6.5% as data on trade, money supply, and inflation point to some stabilization. It is interesting that 16% of issues on the Shanghai exchange remain halted after the early summer meltdown. That's hardly the makings of a true free market and it certainly doesn't inspire a lot of confidence in Chinese equities. Nonetheless the Shanghai Composite is up nearly 17% from its August lows and will likely have a good start to the week ahead. Over the weekend China released September data on retail sales, industrial production and fixed asset investment. Industrial production and fixed asset investment were lower than forecast, while retail sales were better than expected. China's third quarter GDP also came in ahead of consensus at 6.9%, propelled by a strong performance in the service sector and consumption offsetting softness in manufacturing and exports. Although official Chinese data is notoriously suspect, as actual growth is likely below what is being reported, the market will take some solace that economic data is not deteriorating.

In terms of US data points this week, industrial production came in line with forecast and last month's data was revised up slightly. However, overall the US manufacturing sector remains subdued as it wrestles with a weak energy environment and a strong currency. To that end, manufacturing may see some relief as the dollar drifts lower as the expectation for rate lift off is seemingly being pushed out until 2016. A bit more concerning than the weak manufacturing data was the September retail sales report. Not only did September data miss the mark, but August was also revised lower. In spite of the soft report, retail sales ex gas stations are still up 4.9% year-over-year. The worse than expected retail sales number had economists reducing the third quarter GDP estimate down closer to 1.5% as expectations for personal consumption fall from 3.5% to 3.2%. Some of the sting of Wednesday's retail sales report was taken away by Thursday's jobless claim numbers which sit at decade lows. On the inflation front, energy prices kept pressure on headline CPI which dipped to 0% versus last year and down from the 0.2% rise last month on the same basis. Meanwhile core CPI is firming at the margin, rising 1.9% compared to last year and up slightly from last month's 1.8% reading. US 10 year Treasury dipped below 2% on the retail sales number before recovering modestly on the jobs and core CPI data (see chart above). US equities made small gains with 8 of 10 sectors rising (telecom, utilities and health care leading on the upside). Industrial and materials were in the red.

In Canada, the Canadian dollar rose despite the drop in oil prices. With the Federal election set for Monday, polls showing a leader emerging and hence less uncertainty about the structure of a minority government is apparently giving the currency a bit of a boost. Canadian stocks drifted lower as 8 of 10 sectors fell, with industrials and energy leading on the downside. Consumer staples and telecom were outliers on the positive side of the ledger, moving up 1.1% and 1.4%, respectively. **continued on page 2**

In Europe, on balance stocks ended the week flat. Data from the region continues to point to modest growth with soft inflation numbers. Industrial production was below expectations, largely driven by weakness in energy. However, other categories were not particularly strong as Europe is being hurt by the slowing growth in emerging markets.

At the margin, global growth does appear to be slowing modestly. The IMF reduced its forecast for global GDP in 2015 from 3.3% to 3.1%. The IMF cites weakness in emerging markets and oil exporting as reasons for the drop. They do expect growth to pick up in 2016, although in their opinion downside risks in emerging markets remain elevated.

Although in the near term the fundamental picture is a bit muddled, we are sticking with our view that equities can move higher into year-end as the technical and seasonal backdrop remains favourable.

In the week ahead, in Canada it is debatable whether there will be more eyes on the Federal election or the Blue Jays as they look to get back into the ALCS after a disappointing weekend in Kansas City. The Bank of Canada is scheduled for a rate decision on Wednesday. It is widely expected that the Bank will leave rates unchanged. August retail sales and September consumer prices are also set for release. US earnings season continues with 118 members of the S&P 500 reporting, which will start to give us a clearer picture of how third quarter earnings are shaping up. In terms of economic data the main focus will be on September housing starts. Outside of that, we will get a first look at October manufacturing data as global Flash PMIs are on the calendar.

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