



Sébastien Mc Mahon, MEcon., PRM, CFA
Frédéric Gagnon, MFin

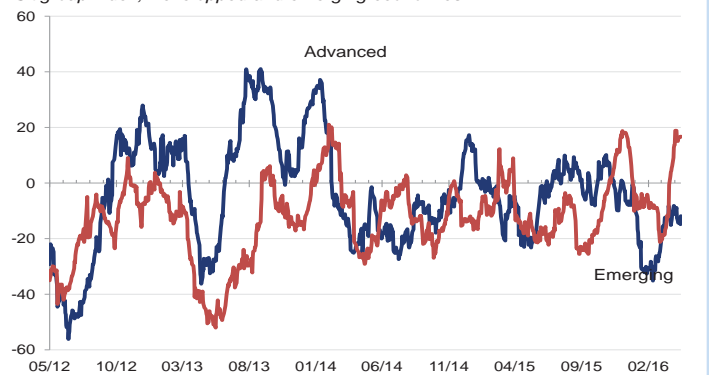
economics@ia.ca or ia.ca/economy

Economic activity rebounds in emerging countries

World

The publication of economic data that was better than expected in countries such as China, Russia and India caused the economic surprise index for emerging countries to make a strong rebound in April. Although it is still too soon to determine whether or not it is sustainable, this notable improvement had a considerable impact on the price of raw materials such as steel, iron and copper. As well, the U.S. Federal Reserve's more cautious tone regarding its upward cycle of interest rates and the recent depreciation of the U.S. dollar have caused more than 13 central banks in emerging countries to lower their key rates since March in order to stimulate economic growth.

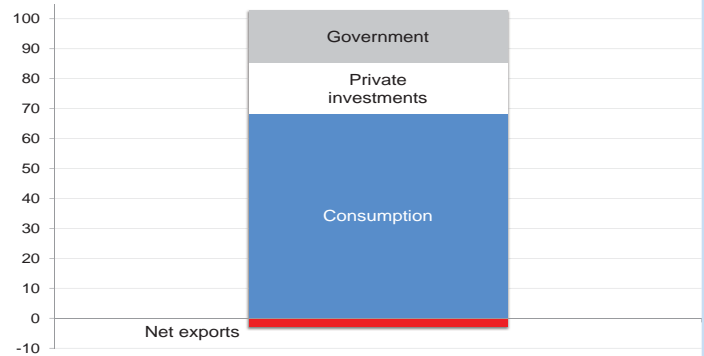
Economic surprise index
Citigroup index, Developed and emerging economies



North America

In the United States, publication of the first estimate of GDP showed weaker growth in the first quarter, with an annualized pace of 0.5%. The drop in oil and the instability in the international markets weighed on business investments, which have contracted 5.9% over the previous year. In addition, exports were down 2.6%, due largely to the appreciation of the U.S. dollar. However, consumer spending, the primary contributor to U.S. economic growth, was up 1.9%, supported by the robust job market and consumer confidence.

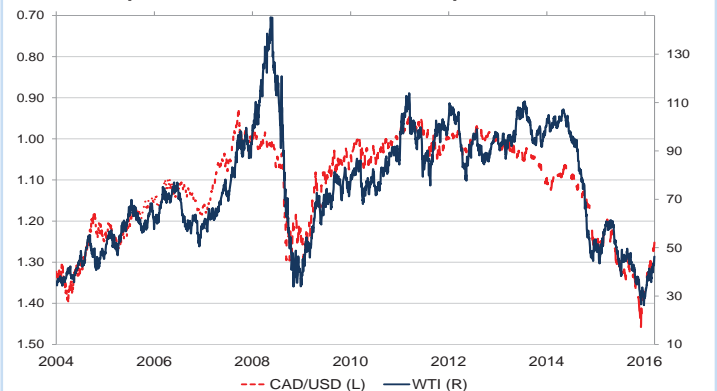
The U.S. consumer represents close to 70% of GDP



Financial markets

After having been the bane of Canada's economy for the past year, the price of oil finally rallied in reaction to a slowing in U.S. production, which should help reduce the supply glut in the market. The S&P/TSX Composite Index and the Canadian dollar benefited wholeheartedly from this recovery in oil (and of several other natural resources), climbing 8.4% and 10.3% respectively since the start of the year. Thus, from the viewpoint of a Canadian investor, the difference in returns (in Canadian dollars) between the S&P/TSX and the S&P 500 for 2016 is now more than 16%!

Relationship between the loonie and the oil price



Total Return Reference indexes²

Returns as at April 30, 2016

	Simple returns ¹			Compound annual returns			
	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %
Indexes related to Income Funds							
FTSE TMX Canada 91 Day T-Bill Index	0.0	0.1	0.1	0.5	0.8	0.9	1.6
FTSE TMX Canada Short Term Bond Index	(0.1)	0.1	0.3	1.4	2.1	2.7	3.8
FTSE TMX Canada Universe Bond Index	(0.1)	0.9	1.3	2.1	3.4	5.0	5.3
S&P/TSX Capped Income Trusts (Total Return)	1.2	10.4	9.8	1.0	4.6	9.2	8.5
SB - World Government Bonds (Can. \$)	(2.0)	(4.7)	(1.7)	9.9	8.2	6.6	5.3
Indexes related to Canadian Equity Funds							
S&P/TSX 60	3.4	8.9	7.8	(5.1)	7.9	3.5	4.6
S&P/TSX Completion Index	4.5	12.2	10.2	(6.4)	4.6	1.7	4.0
S&P/TSX Composite Index	3.7	9.7	8.4	(5.4)	7.0	3.0	4.3
S&P/TSX Capped Composite Index	3.7	9.7	8.4	(5.4)	7.0	3.0	4.3
S&P/TSX SmallCap. Index	12.4	27.1	21.9	1.2	5.0	(2.6)	1.0
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$)	(2.9)	(4.6)	(7.7)	4.8	19.7	17.4	8.1
S&P 500 (Can. \$) (Reuters)	(2.8)	(4.7)	(8.3)	4.7	19.7	17.4	8.1
MSCI - World (Can. \$)	(1.7)	(4.0)	(8.2)	(0.8)	14.4	12.1	5.3
MSCI - EAFE (Can. \$)	(0.5)	(4.1)	(9.5)	(6.1)	9.2	7.5	2.8
MSCI - EAFE (Can. \$) (Reuters)	(0.4)	(4.2)	(10.0)	(6.2)	9.2	7.5	2.8
MSCI - Europe (Can. \$)	(0.7)	(4.4)	(9.2)	(6.4)	10.4	7.4	3.6
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	(1.5)	(2.9)	(9.1)	(8.9)	7.7	7.4	3.3
MSCI - Emerging Markets (Can. \$)	(2.7)	1.4	(3.6)	(14.6)	3.1	1.2	3.9
MSCI - World Health Care (Can. \$)	(0.1)	(7.5)	(13.3)	(3.2)	18.3	18.1	7.8
NASDAQ 100 (Can. \$)	(6.3)	(9.6)	(14.3)	1.8	23.3	19.0	11.1
S&P/TSX Capped REIT Index	2.4	12.2	13.4	(1.1)	1.8	7.1	8.0
Exchange Rate (Can. \$ / US \$)							
As at April 30, 2016: 1.2549	(3.3)	(10.9)	(9.3)	3.5	7.6	5.8	1.1
Exchange Rate (US \$ / Can. \$)							
As at April 30, 2016: 0.7969	3.4	12.2	10.3	(3.4)	(7.1)	(5.4)	(1.1)

¹ The rates for the period are non-annualized.

² Please refer to the Legal Notices on page 3 for more information about these Indexes.

Industrial Alliance Investment Management Inc. is an affiliate of iA Financial Group and has entered into license agreements with the Index Providers (as defined below) to use the indexes and trademarks referred to in iA Financial Group's publications. All rights in the indexes vest in the Index Providers and/or their respective licensors.

S&P Dow Jones Indices LLC, FTSE International Limited, MSCI Inc., Salomon Brothers and Nasdaq is each an "Index Provider". The funds offered by iA Financial Group are not sponsored, endorsed, issued, sold or promoted by the Index Providers and/or their respective licensors. The latter shall bear no liability whatsoever with respect to any such funds and underlying data contained herein. Index Providers and/or their licensors make no express or implied warranties with respect to the funds, nor do they make any representation regarding the advisability of investing in the funds. No further distribution or use of the Index Providers' Data is permitted without their express written consent.

Financial and economic publications of iA Financial Group are not written, reviewed or approved by the Index Providers. Holders should refer to the relevant documents of each Index Provider for more information on any index.

Attributions

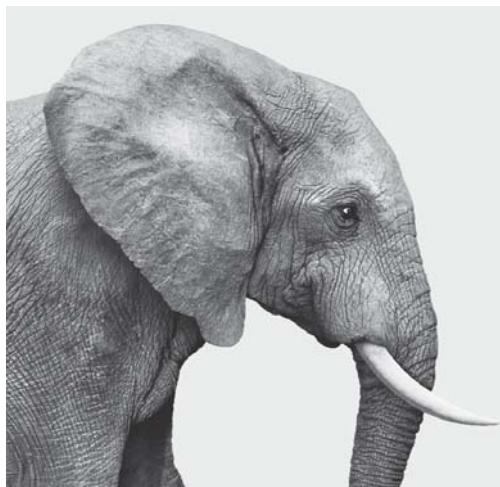
FTSE

Where FTSE indexes are used or referenced: FTSE International Limited ("FTSE") © FTSE [2015]. FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. "NAREIT®" is a trade mark of the National Association of Real Estate Investments Trusts and "EPRA®" is a trade mark of European Public Real Estate Association and all are used by FTSE under licence.

Economic and Financial Statistics as at April 30, 2016

	As at 2016-04-30 ¹	As at 2015-12-31
Canada - Unemployment rate	7.1%	7.1%
Canada - CPI (year/year variation)	1.3%	1.4%
Canada - GDP (year/year variation)	1.5%	-0.2%
U.S. - Unemployment rate	5.0%	5.0%
U.S. - CPI (year/year variation)	0.9%	0.5%
U.S. - GDP (year/year variation)	1.9%	2.1%
2-year Canada Bonds	0.69%	0.48%
10-year Canada Bonds	1.51%	1.40%
Oil (West Texas) (\$US)	45.9	37.2
Gold (\$US)	1,292.3	1,062.4
CRB Commodities Index (\$US)	184.6	176.1
Exchange rate \$CA/\$US	1.2553	1.3841

¹ Most recent data available at such date



ia.ca

iA Financial Group is a business name and trademark of
Industrial Alliance Insurance and Financial Services Inc.

INVESTED IN YOU.