



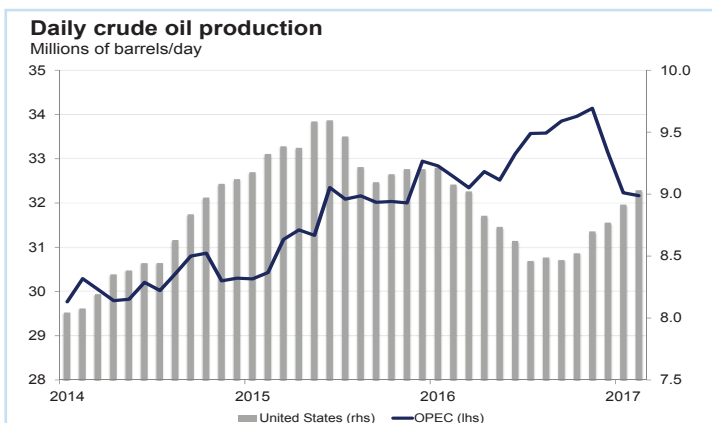
Sébastien Mc Mahon, MEcon., PRM, CFA
Frédéric Gagnon, MFin

economics@ia.ca or ia.ca/economy

When can we expect the next rate hike?

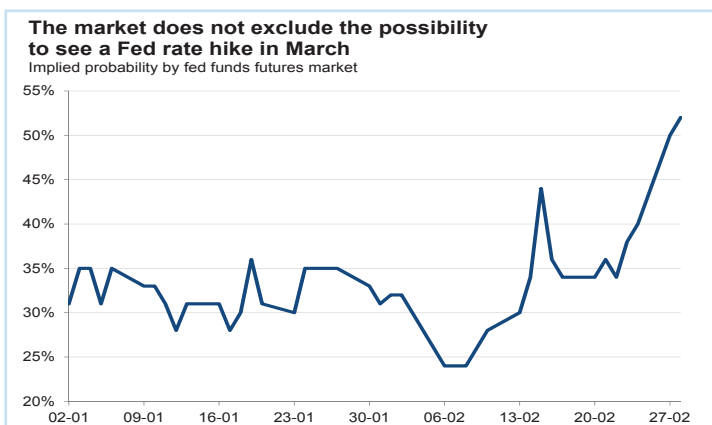
World

The agreement to cut oil production, reached among members of the Organization of the Petroleum Exporting Countries (OPEC) in November, created upward pressure on oil prices at the end of 2016, as investors expected the drop in supply to bolster prices. Meanwhile, U.S. producers are still trying to recover from the 2014 price collapse and have increased their oil production by more than 500,000 barrels per day over the last few months. The end result has been more stable oil prices since the start of the year.



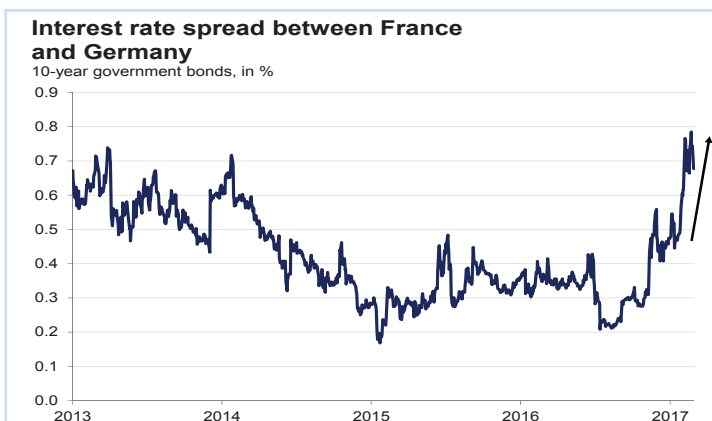
North America

In the United States, the strength of the economic data is encouraging some governors of the Federal Reserve (the Fed) to adopt a more favourable tone toward accelerating the pace of monetary tightening. With the unemployment rate below 5% and a core inflation rate close to the Fed's target, all eyes will now be focused on the next jobs report, seeking greater signs of wage growth. At the end of February, the bond market granted a probability of more than 50% to the Fed raising interest rates at its next meeting, scheduled for March 15.



Financial markets

After "Brexit" and the election of Donald Trump to the White House, Front National candidate Marine Le Pen (who also wants to see her country leave the European Union) could be the next big surprise on the political scene if she wins the elections in France in May. Although the polls show a low probability of Ms. Le Pen winning the second round of elections, the financial markets are starting to reflect a certain degree of anxiety. In fact, the spread between French and German bonds has widened over the last few weeks, a sign of bond investors' nervousness toward French assets.



Total Return Reference indexes²

Returns as at February 28, 2017

	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	0.7	0.8	1.3
FTSE TMX Canada Short Term Bond Index	0.3	0.5	0.5	1.5	2.0	2.2	3.5
FTSE TMX Canada Universe Bond Index	1.0	0.3	0.8	1.9	3.9	3.4	4.8
SB - World Government Bonds (Can. \$)	2.0	(0.6)	0.0	(3.3)	4.8	5.2	4.3
Indexes related to Canadian Equity Funds							
S&P/TSX 60	(0.1)	2.8	1.2	23.7	6.8	8.0	4.9
S&P/TSX Completion Index	1.1	2.5	0.8	22.0	2.8	4.9	4.1
S&P/TSX Composite Index	0.2	2.7	1.1	23.2	5.8	7.2	4.7
S&P/TSX Capped Composite Index	0.2	2.7	1.1	23.2	5.8	7.2	4.7
S&P/TSX SmallCap. Index	(0.1)	4.4	0.5	37.7	3.0	2.2	1.8
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$)	5.6	6.4	4.6	22.2	17.5	21.0	8.9
MSCI - World (Can. \$)	4.4	6.3	3.8	18.8	11.7	16.1	5.6
MSCI - EAFE (Can. \$)	3.0	6.5	3.0	13.4	5.5	11.5	2.3
MSCI - EAFE (Can. \$) (Reuters)	3.0	6.3	3.1	13.2	5.5	11.6	2.3
MSCI - Europe (Can. \$)	2.8	7.3	1.9	10.5	3.4	11.7	2.5
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	4.1	5.9	6.1	22.5	10.9	11.6	4.0
MSCI - Emerging Markets (Can. \$)	4.7	7.6	7.2	27.3	8.0	6.0	4.5
MSCI - World Health Care (Can. \$)	7.5	8.4	6.7	9.0	12.6	21.8	10.1
NASDAQ 100 (Can. \$)	5.8	9.3	8.1	24.3	19.9	22.2	13.1
S&P/TSX Capped REIT Index	3.4	7.2	3.4	17.0	7.1	6.1	5.6
Exchange Rate (Can. \$ / US \$)							
As at February 28, 2017: 1.3245	1.6	(1.5)	(1.2)	(2.2)	6.2	6.1	1.2
Exchange Rate (US \$ / Can. \$)							
As at February 28, 2017: 0.7550	(1.6)	1.5	1.3	2.3	(5.8)	(5.8)	(1.2)

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. ("IAIM") is an affiliate of iA Financial Group¹ and is authorized by 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, FTSE TMX Global Debt Capital Markets Inc., Frank Russel Company, MSCI Inc., Citigroup Index LLC and Nasdaq OMX Group Inc. 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 [2016]. 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. "TMX" is a trade mark of TSX Inc. and is used under licence.

Global Industry Classification Standard

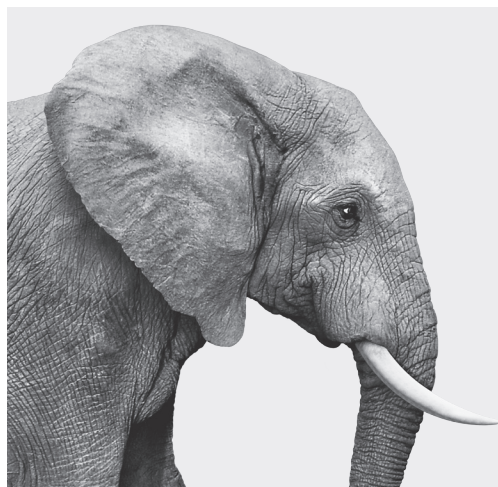
Where the Global Industry Classification Standard ("GICS") is used or referenced: the GICS was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by IAIM. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

¹ iA Financial Group is a business name and trademark of Industrial Alliance Insurance and Financial Services Inc.

Economic and Financial Statistics as at February 28, 2017

	As at 2017-02-28 ¹	As at 2016-12-31
Canada - Unemployment rate	6.8%	6.8%
Canada - CPI (year/year variation)	2.1%	1.2%
Canada - GDP (year/year variation)	2.0%	1.5%
U.S. - Unemployment rate	4.8%	4.6%
U.S. - CPI (year/year variation)	2.5%	1.7%
U.S. - GDP (year/year variation)	1.9%	1.7%
2-year Canada Bonds	0.76%	0.75%
10-year Canada Bonds	1.64%	1.72%
Oil (West Texas) (US \$)	54.0	53.7
Gold (US \$)	1,256.6	1,157.5
CRB Commodities Index (US \$)	190.6	192.5
Exchange rate Can. \$/US \$	1.3301	1.3433

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.