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The Canadian economy surprises!

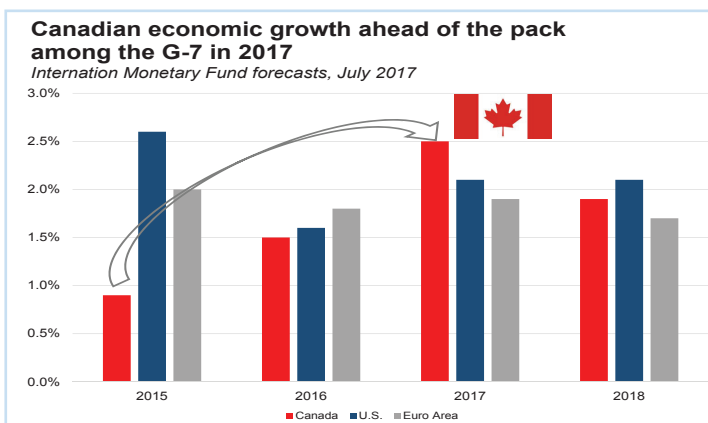
World

In June, the International Monetary Fund (IMF) published a revision of its world growth forecasts. Only three months after predicting extended economic growth led by a surge in the U.S. economy, the IMF is already downgrading its expectations with respect to the world's largest economy in 2017 and 2018 and is increasing its targets for Europe, Canada and China. The growth target remains 3.5% in 2017 and 3.6% in 2018.

	Growth forecasts (%)		Difference from April 2017	
	2017	2018	2017	2018
World	3.5	3.6	0.0	0.0
U.S.	2.1	2.1	-0.2	-0.4
Euro Area	1.9	1.7	0.2	0.1
China	6.7	6.4	0.1	0.2
Canada	2.5	1.9	0.6	-0.1

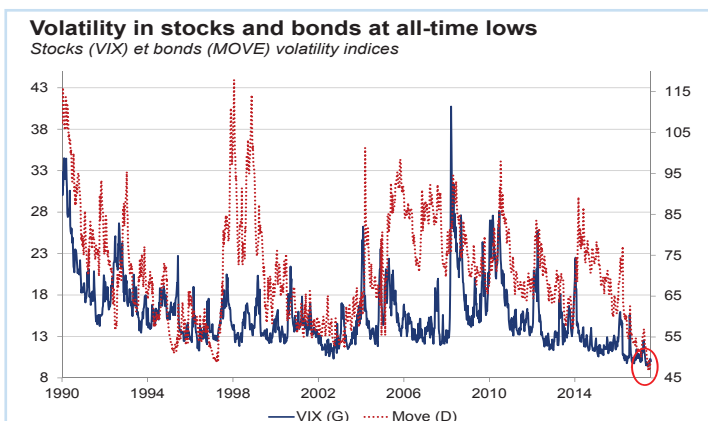
North America

As shown in the first table, the IMF's strongly positive revision affects Canada, which has shown surprising performance over the last 12 months. The strength of the data published since the beginning of the year is resulting in a revision in growth to 2.5% in 2017, placing Canada ahead of the pack among G7 countries. This is therefore a complete 180 for the Canadian economy, which went from trailing the pack in 2015 to the head of the pack in just two years, reflecting a rebound in oil production following the Fort McMurray forest fires in 2016 and the positive impact the Trudeau government's infrastructure spending plan seems to have on growth.



Financial markets

The low-volatility environment of the financial markets for the last almost 12 months persists, and July 2017 will be flagged as one of the periods where stock (VIX) and bond (MOVE) volatility indices, commonly known as "fear indices", are at the lowest levels in history. The current environment is enhanced by favourable global economic outlooks and the U.S. earnings seasons, which shows significant growth in companies' earnings.



Total Return Reference indexes²

Returns as at July 31, 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	0.1	0.1	0.3	0.5	0.6	0.8	1.2
FTSE TMX Canada Short Term Bond Index	(0.4)	(1.2)	(0.2)	(0.4)	1.5	1.8	3.5
FTSE TMX Canada Universe Bond Index	(1.9)	(2.2)	0.4	(2.7)	2.9	2.8	4.9
SB - World Government Bonds (Can. \$)	(1.9)	(5.4)	(0.9)	(6.9)	4.6	4.5	5.0
Indexes related to Canadian Equity Funds							
S&P/TSX 60	0.1	(2.3)	0.7	8.2	3.3	9.3	4.0
S&P/TSX Completion Index	(0.4)	(1.6)	0.7	2.7	0.6	6.6	3.7
S&P/TSX Composite Index	(0.1)	(2.1)	0.7	6.8	2.6	8.6	3.9
S&P/TSX Capped Composite Index	(0.1)	(2.1)	0.7	6.8	2.6	8.6	3.9
S&P/TSX SmallCap. Index	0.0	(3.5)	(4.1)	(1.7)	(0.8)	4.6	0.7
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$)	(1.7)	(4.8)	4.1	11.3	16.1	20.0	9.5
MSCI - World (Can. \$)	(1.4)	(4.0)	5.5	11.4	11.7	16.7	6.1
MSCI - EAFE (Can. \$)	(0.9)	(2.6)	9.1	12.9	7.6	14.0	3.1
MSCI - EAFE (Can. \$) (Reuters)	(0.9)	(2.6)	9.2	12.9	7.6	14.0	3.1
MSCI - Europe (Can. \$)	(0.8)	(2.1)	11.2	15.5	7.5	14.8	3.4
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	0.1	(0.7)	12.3	15.7	10.3	14.1	4.7
MSCI - Emerging Markets (Can. \$)	2.1	0.9	17.1	20.2	7.6	9.9	4.0
MSCI - World Health Care (Can. \$)	(3.6)	(3.8)	8.5	1.3	13.0	20.3	11.4
NASDAQ 100 (Can. \$)	0.3	(3.7)	12.6	19.2	20.2	22.7	13.6
S&P/TSX Capped REIT Index	(1.4)	(2.9)	2.2	(2.9)	4.8	3.9	6.7
Exchange Rate (Can. \$ / US \$)							
As at July 31, 2017: 1.2506	(3.7)	(8.5)	(6.7)	(4.1)	4.7	4.5	1.6
Exchange Rate (US \$ / Can. \$)							
As at July 31, 2017: 0.7996	3.9	9.3	7.2	4.3	(4.5)	(4.3)	(1.6)

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.

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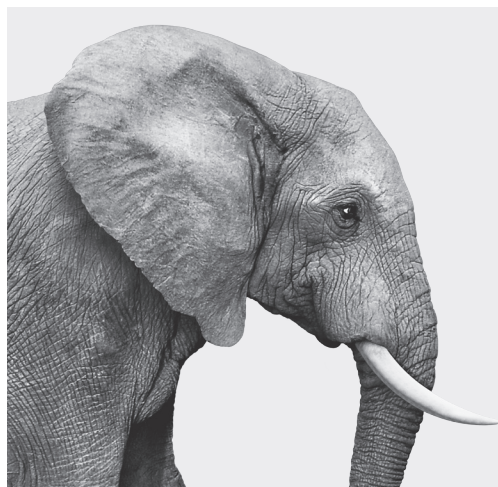
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Economic and Financial Statistics as at July 31, 2017

	As at 2017-07-31 ¹	As at 2016-12-31
Canada - Unemployment rate	6.3%	6.8%
Canada - CPI (year/year variation)	1.0%	1.2%
Canada - GDP (year/year variation)	4.6%	1.5%
U.S. - Unemployment rate	4.3%	4.6%
U.S. - CPI (year/year variation)	1.6%	1.7%
U.S. - GDP (year/year variation)	2.1%	1.7%
2-year Canada Bonds	1.31%	0.75%
10-year Canada Bonds	2.06%	1.72%
Oil (West Texas) (US \$)	50.2	53.7
Gold (US \$)	1,268.9	1,157.5
CRB Commodities Index (US \$)	182.5	192.5
Exchange rate Can. \$/US \$	1.2479	1.3433

¹ Most recent data available at such date



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