ETERNA FINANCIAL GROUP

MARKET REVIEW APRIL 2018

STATISTICS on 2018-04-30

CANADA		
Unemployment (March)	5.80%	
C.P.I. (March)	2.30%	↑
3 months treasury bills CDA	1.21%	↑
Bonds CDA 5 years	2.13%	↑
Bonds CDA 10 years	2.31%	↑
S&P/TSX	15 608	↑
UNITED STATES		
Unemployment (March)	4.10%	
C.P.I. (March)	2.40%	↑
3 months treasury bills US	1.80%	↑
Bonds US 5 years	2.80%	↑
Bonds US 10 years	2.95%	↑
Dow Jones - Industrial	24 163	↑
S&P 500	2 648	↑
CURRENCY		
$ US / $ CAN	0.7786	↓
$ US / € Euro	1.2078	↑
¥ Yen / $ USA.	106.68	↓

The arrow indicates the trend since the publication of the last monthly data or end of the month.

Although returns have been negative since the beginning of 2018, stock markets rebounded in early April following the March decline. An increase allowed main indices to record positive returns for the month. As a result, the MSCI World Index gained 0.65% in Canadian dollars. European stock markets performed particularly well in local currencies, especially the British FTSE and French CAC, which respectively gained 6.4% and 6.8%. The Japanese Nikkei also impressed with a 6.2% increase. Closer to home, the Canadian S&P/TSX Composite index provided a total return of 1.8%, which secured better returns in Canadian dollars than any investment in the U.S. S&P 500. With a 6.8% increase, the Canadian energy sector was the main contributor to this good performance. Driven by rising oil prices and low relative valuation, the sector's main equities, such as Suncor, Canadian Natural Resources and Encana, rose more than 10%. Lower inventories, sustained demand and Saudi Arabia's announced production-restriction policies help support the price of black gold. All raw material prices did well in April. As for currencies, the Canadian dollar gained 0.44% against the U.S. greenback, which gained ground against the yen, the euro and the pound sterling. Bond markets, on the other hand, declined in April. Apart from China, Japan and Greece, major markets saw their interest rates rise. In Canada, ten-year federal bond rates rose by some 22 basis points to close at 2.30%. There was a similar rise in the United States. Short-term rates also increased, but to a lesser extent. As a result, the FTSE-TMX Canadian bond index lost 0.86%, with all issuing and maturity sectors in the red. Expectations of economic growth and corporate profitability remain positive. Inflation data is increasing somewhat, but fears of wage pressures are fueling expectations of rising interest rates. Unemployment rates are low and many sectors are experiencing labour shortages. Other economic statistics continue to show moderate growth over the coming quarters. The stakes remain the real impact of the tax cuts in the United States and the ability of households and businesses to withstand rate increases. In this regard, the Governor of the Bank of Canada fuelled the debate by publicly expressing concern about the vulnerability of some Canadian households to paying their debts. Canadian rate hikes will be cautious and any adjustment to monetary policy will be guided by developments in economic statistics.

PERFORMANCE as of 2018-04-30

	1 month	3 months	12 months
Bonds			
FSTE/TMX - 91 Day Tbill	0.08%	0.30%	0.79%
FSTE/TMX - Short Term	-0.07%	0.38%	-0.83%
FSTE/TMX - Mid Term	-0.82%	0.32%	-2.67%
Stock Market Indices			
CANADA - S&P/TSX	1.82%	-1.41%	3.11%
USA - S&P 500	-0.22%	-1.89%	6.40%
MSCI - E.A.F.E.	1.78%	-0.14%	7.57%
$ CAN versus $ US	0.44%	-4.29%	5.93%

SOURCES: Bloomberg, TSX Group - Total Return, $ CAN

ETERNA
INVESTMENT MANAGEMENT
CONTINUES TO EXPAND

Eterna Investment Management is proud to announce the award of two new institutional mandates, including one from a major Quebec pension fund.

We take this opportunity to thank all our clients for the trust they place in us and look forward to the future.

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