TD Asset Management

Weekly Market Report

March 1 - March 5, 2010

EQUITY MARKETS – Local Currency Returns

- US equities rose on the week, with the S&P 500 Index rallying 1.4% on Friday for its sixth straight daily advance – its longest winning streak this year. Stock markets were bolstered by a better-than-expected US employment report suggesting the economic recovery may be gaining traction.

	Level	Wkly Chg	YTD	YTD C$	
S&P/TSX	11975	3.0%	1.9%	1.9%	• Biggest weekly gain in 4 mths fuelled largely by February's US employment report.
DOW JONES	10566	2.3%	1.3%	-1.0%	• 27 of 30 members advanced, led by Boeing, Disney, American Express.
S&P 500	1139	3.1%	2.1%	-0.2%	• All 10 sectors rose, led by materials, consumer discretionary, financials.
NASDAQ	2326	3.9%	2.5%	0.1%	• All 7 sectors gained, led by industrials, other financials, telecom.
RUSSELL 2000	666	6.0%	6.5%	4.0%	• All 9 sectors rose, led by consumer discretionary, materials, energy.
NIKKEI 225	10369	2.4%	-1.7%	-1.0%	• Up on spec BoJ to ease monetary policy further, potential rescue plan for Greece.
EAFE	1545	3.2%	-2.3%	-4.5%	• European shrs rallied on potential rescue plan for Greece, US employment data.
MSCI WORLD	1156	2.0%	-1.1%	-3.4%	

TSX SECTORS

- Strength was broad-based this week, as 9 sectors finished higher, compared with 4 the previous week.

	Level	Wkly Chg	YTD		Level	Wkly Chg	YTD
Industrials	1173	5.0%	3.4%	**Energy**	2781	2.3%	-2.6%
Utilities	1734	4.2%	1.9%	**Telecommunication Services**	753	2.2%	3.7%
Materials	3136	4.1%	3.8%	**Consumer Discretionary**	936	1.8%	4.1%
Financials	1632	3.6%	4.0%	**Consumer Staples**	1554	1.1%	0.5%
Health Care	338	3.3%	4.0%	**Information Technology**	267	-2.6%	2.6%
Oil: West Texas Intermediate US$/b	$81.50	$1.84	$2.14	**Gold:** Spot US$/oz	$1,134.65	$17.05	$37.70

FIXED INCOME MARKETS

RATES %

	3-mo T-bill	10-yr Bond	30-yr Bond	
Canada	0.18	3.46	4.06	• Spreads at the short end remained positive and were little changed, as Canadian and US yields were little changed.
U.S.	0.13	3.68	4.64	
Spread	0.05	-0.22	-0.58	• 10-year spreads remained negative and were little changed, as Canadian yields were up 7 bps, while US yields rose 6 bps.

	Level	Wkly Chg	YTD	
				• 30-year spreads remained negative and were little changed, as Canadian yields climbed 5 bps, while US yields increased 8 bps.
DEX Universe Bond	750.4	-0.2%	1.8%	
DEX Real Return Bond	398.9	-0.1%	0.0%	
Mer Lynch US High Yield Master II	704.2	1.2%	2.8%	

	Last Meeting	Current Rate	Next Meeting	
Bank of Canada	Jan 19	0.25%	Mar 2	• Overnight rate held steady in Jan at record low & could stay there until mid-2010.
U.S. Federal Reserve	Jan 27	zero to 0.25%	Mar 16	• Federal funds rate unchanged in Jan & expected to stay low for extended period.

CURRENCIES

		Level	Wkly Chg	YTD	
Canadian dollar:	CAD per USD	1.0288	2.2%	2.4%	• Rose as better-than-expected US jobs data seen as sign US economy improving.
Japanese yen:	JPY per USD	90.2800	-1.5%	3.0%	• Fell on spec BoJ may ease monetary policy more, Fed seen closer to tightening.
Euro:	USD per EURO	1.3626	0.0%	-4.9%	• Erased losses on growing optimism about potential rescue plan for Greece.
British pound:	USD per GBP	1.5137	-0.7%	-6.4%	• Fell on concern about UK gov't debt burden, BoE decision to keep key int rate low.

Relative to the Canadian dollar (Wkly Chg / YTD): euro (-2.2%/ -7.1%); British pound (-2.8%/ -8.5%); yen (-3.6%/ 0.7%).

ECONOMICS

- **US Employment Report Better Than Expected.** The US economy shed 36,000 jobs in February, fewer than the 68,000 drop forecast. Even though more people entered the workforce, the unemployment rate was unchanged at 9.7%. However, the underemployment rate – which includes part-time workers who would like to be employed full-time and people who want to work but have given up looking – increased to 16.8% from 16.5%. On a positive note, the number of temporary workers rose by 48,000 in February. Temp jobs often rise before full-time jobs are added as employers prefer to hold off hiring permanent staff until they are confident demand has picked up to justify it.

- **Canadian Economy Grows for a Second Quarter.** The Canadian economy ended 2009 on a positive note, expanding by a better-than-expected annualized rate of 5.0% in the fourth quarter. The growth was driven by strong domestic spending and further recovery in exports. The economy pulled out of a year-long recession in the third quarter with a 0.9% growth rate, revised up from the initial estimate of 0.4%. Overall, the economy shrank 2.6% in 2009, the most since 1982 and the third annual contraction in data going back to 1961.

Canada:	**Real GDP -** Q4 2009	5.0%	• Grth best since Q3 '00, led by solid domestic spending, further recovery in exports.
	Industrial Product Price Index - Jan m/m	0.3%	• Increased for 3rd straight month, led by rebound in petroleum, coal prices.
	Ivey Purchasing Managers Index - Feb level	51.9	• Rose less than expected from 50.8 in Jan; still, up 2nd month in a row.
United States:	**Unemployment Rate -** Feb	9.7%	• Unchanged from Jan, even as more people entered the workforce.
	Net Change in Employment - Feb	-36k	• Loss smaller than 68,000 forecast; followed 26,000 decline in Jan.
	ISM Manufacturing Index - Feb level	56.5	• Fell from 58.4 in Jan on drop in production, new orders; still grew 7th mth in row.
	Non-Farm Productivity - Q4 2009 (final)	6.9%	• Topped 6.2% 1st estimate, capping best 1-yr gain since 2002; up 3.8% for 2009.
	Unit Labour Costs - Q4 2009 (final)	-5.9%	• Fell more than expected; declined 1.7% in 2009.
	Personal Saving Rate - Jan m/m	3.3%	• Lowest since Oct 2008; fell from 4.2% in Dec as spending outpaced income gains.