

Daily Update



Economic Commentary

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May 18, 2012

• Canada is in the economic spotlight this morning with the release of Consumer Price Index data. Expectations are the same for CPI and Core CPI (which is less volatile), with both expected to remain stable at 1.90%. The Bank of Canada had left the door open to a rate hike a month ago, just prior to the last CPI release. A decline in inflation could have a highly negative impact on the loonie this morning. On the other hand, little major impact should be felt, if it holds steady or unexpectedly rises slightly. Vigilance is required; please contact your trader for the latest details.

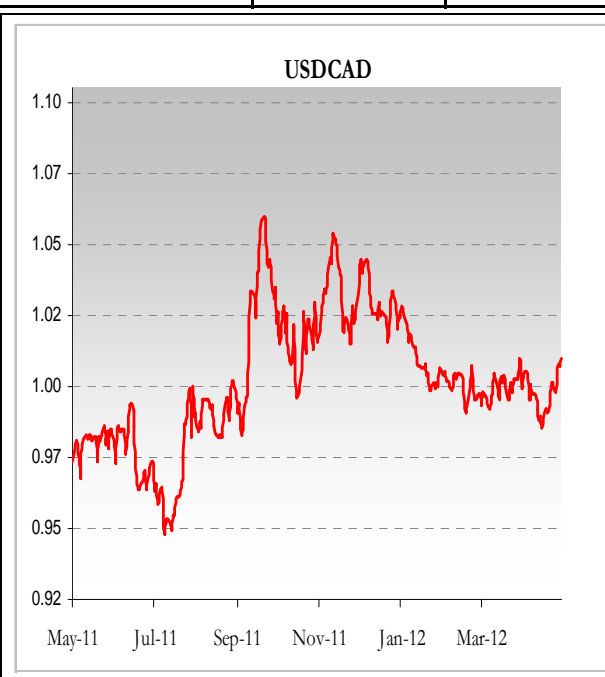
• Last night, Asian markets continued on a very negative note, with the Nikkei losing close to 3%. This followed another tough day for North American markets, with the S&P 500 shedding close to 1.5% yesterday. However, excitement over Facebook shares, which go on sale this morning with an initial capitalization of \$104 billion, is bringing a hint of optimism to investors this morning and futures are up slightly. A spring market rally thanks to Facebook? What's not to like! *Benoit Marcoux*

• Range of the day: 1.0130-1.0225

Range of the next 5 days: 0.9990-1.0375

Currency	Time	Economic Data	Expectations	Previous
CAD	8:30	CONSUMER PRICE INDEX, APRIL, Y/Y	1.90%	1.90%
CAD	8:30	CONSUMER PRICE INDEX (CORE), APRIL, Y/Y	1.90%	1.90%

Forex	Open 18-May-12	Close 17-May-12	Change	Year to date
USDCAD	1.0174	1.0196	-0.22%	-0.38%
EURCAD	1.2938	1.2949	-0.09%	-2.31%
GBPCAD	1.6091	1.6108	-0.11%	1.36%
CHFCAD	1.0775	1.0781	-0.06%	-1.03%
CADJPY	77.8880	77.7400	0.19%	3.91%
AUDCAD	1.0104	1.0082	0.22%	-3.19%
EURUSD	1.2716	1.2698	0.14%	-1.89%
GBPUSD	1.5814	1.5797	0.11%	1.74%
CHFUSD	1.0588	1.0573	0.14%	-0.67%
USDJPY	79.2500	79.2800	-0.04%	2.95%
CADCNY	6.2195	6.2032	0.26%	2.95%
USDCNY	6.3252	6.3252	0.00%	0.48%
Other markets	17-May-12	16-May-12	Change	2012
S&P/TSX	11 330.68	11 326.08	0.04%	-5.13%
S&P 500	1 304.86	1 324.80	-1.51%	4.51%
DOW JONES	12 442.49	12 598.55	-1.24%	2.33%
NASDAQ	2 813.69	2 874.04	-2.10%	8.75%
FTSE 100	5 338.38	5 405.25	-1.24%	-4.20%
DJ EURO STOXX 50	2 146.91	2 175.34	-1.31%	-7.32%
CRUDE OIL	92.56	92.81	-0.27%	-6.44%
GOLD	1 574.28	1 539.57	2.25%	0.74%
NATURAL GAS	2.59	2.62	-0.92%	-10.40%



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