

Onwards and Upwards

Equity markets rose again this week, fuelled early on by word that the G-20 leaders will keep the stimulus taps open. The S&P 500 rose 2.3%, getting an added assist from continued M&A activity and upbeat earnings results. HP's \$2.7 bln purchase of 3Com extends the run of M&A announcements seen in recent weeks, while better-than-expected earnings results from WalMart also helped. Meantime, further signs of improvement in the U.S. housing market emerged as Toll Brothers, after reporting a 42% surge in Q4 orders, said that *"the improvement in consumer confidence over the past year, the increasing stabilization of home prices, the decline in unsold home inventories and the reduction in buyer cancellation rates suggest that the new home market should be improving"*. All things considered, both the Dow and S&P 500 pushed their way to new 52-week highs.

The TSX rose 1.4%, led by banks and technology. Gold stocks added another 2.4% as the metal hit another record high before slipping back late in the week—the sector is now up a cool 68.6% during the past year. All eyes are now shifting to bank earnings, which will begin to roll out on November 24th.

Market Performance as of November 13, 2009

	Current Price	Performance (percent)					
		1 Week	1 Month	3 Months	1 Year	YTD	2008
DAX	5,687	3.6	-0.5	5.3	22.3	18.2	-40.4
FTSE 100	5,296	3.0	2.8	11.4	27.0	19.4	-31.3
CAC 40	3,806	2.7	0.1	8.0	16.4	18.3	-42.7
NASDAQ	2,168	2.6	1.3	7.9	35.8	37.5	-40.5
S&P/ASX 200	4,723	2.6	-1.4	6.4	28.6	29.1	-43.0
Dow Jones	10,270	2.5	4.0	9.3	16.2	17.0	-33.8
S&P 500	1,093	2.3	1.9	8.0	20.0	21.1	-38.5
S&P/TSX	11,408	1.4	-0.1	5.4	22.0	26.9	-35.0
NIKKEI 225	9,770	-0.2	-3.0	-7.1	18.6	10.3	-42.1

Source: Bloomberg

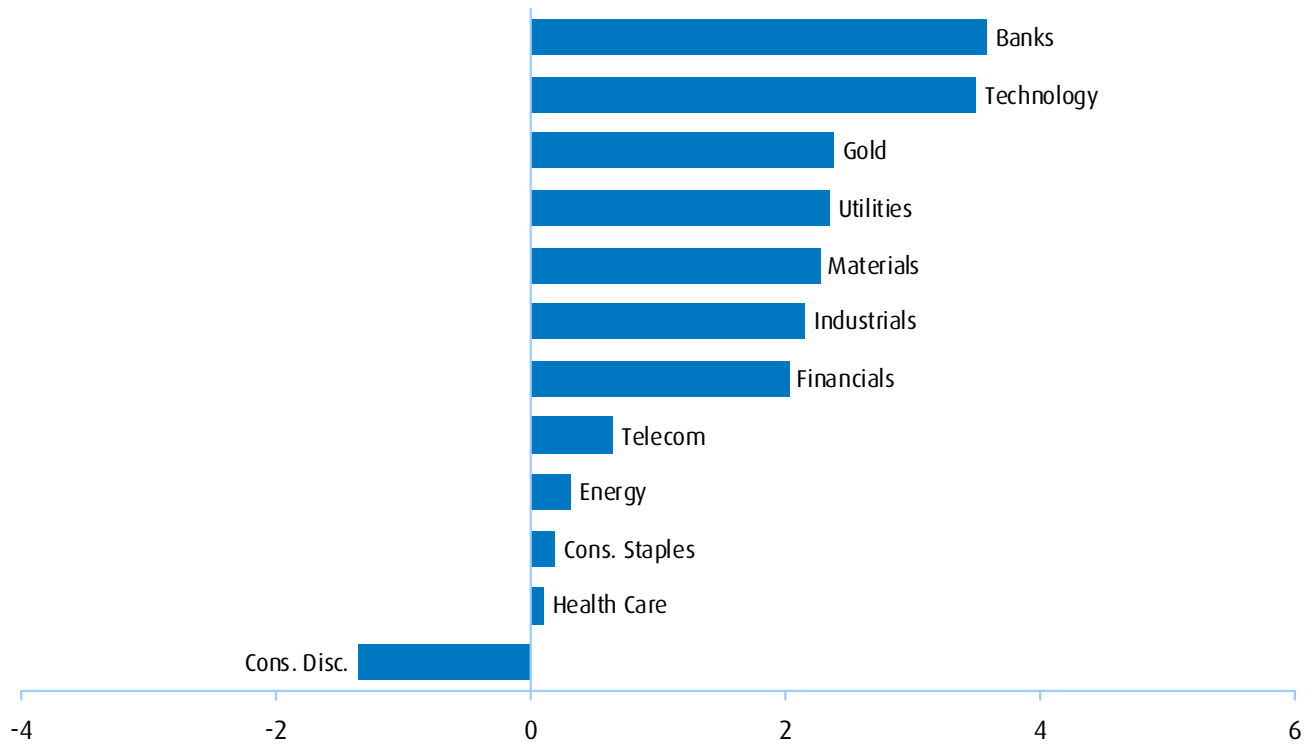
EarningsWatch... While we're still waiting on earnings from the heavyweight banks, about three-quarters of the TSX have now reported Q3 results. So far, 52% have beaten expectations, which compares unfavourably to the whopping 83% that have beaten in the S&P 500. The materials sector has been one source of weakness in Canada this season, with more than half of companies missing estimates. As in the U.S., technology and industrials have been strong, but these sectors are much less represented in Canada (and therefore, have had less positive influence on the overall index numbers).

"The Ukraine is not weak!"... In the race to year-end, the TSX still holds a sizeable advantage over its counterparts in the U.S. in terms of year-to-date returns—a 6 ppt lead over the S&P 500 and a 10 ppt lead over the Dow. In C\$ terms, that lead is even bigger as the TSX is up 27% versus currency adjusted returns that are about flat for the U.S. indices—if you're Canadian, it has paid to keep your equity investments at home, in Canadian dollars this year.

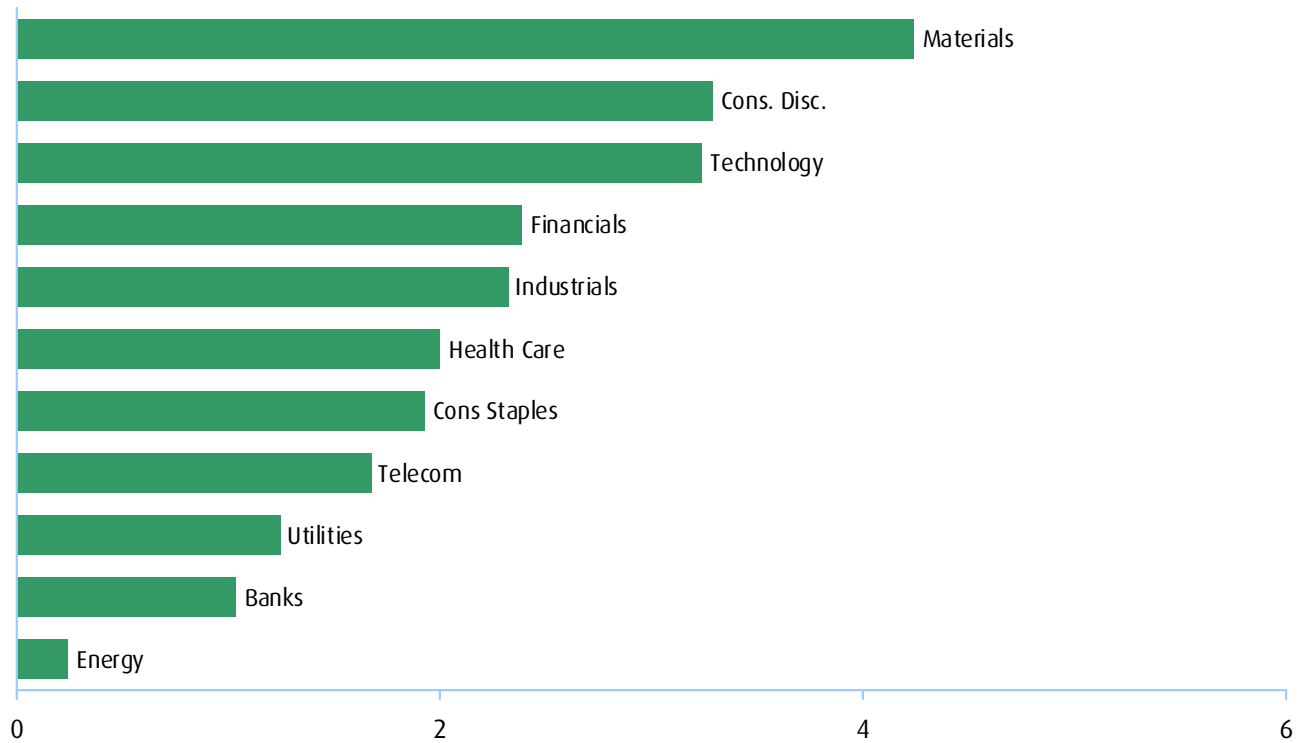
However, the real winners have been emerging markets, with the broad MSCI index up about 60% this year. Torrid gains have been seen in Russia (+110%), China (+94%) and Brazil (72%). Note that a Canadian investor who had the guts to buy the Bovespa index, in Brazilian Reals, at the start of the year would have almost doubled his money—not too shabby. Economic stimulus and rebounding growth in China have helped emerging Asian markets, while the related rebound in commodity prices has fuelled gains in countries like Russia, Brazil and Mexico. Still, the honour of top performing equity market so far in 2009 goes to: the Ukraine. That's right, they're up 111% this year!

Weekly Sector Performances as of November 13, 2009

TSX (percent)

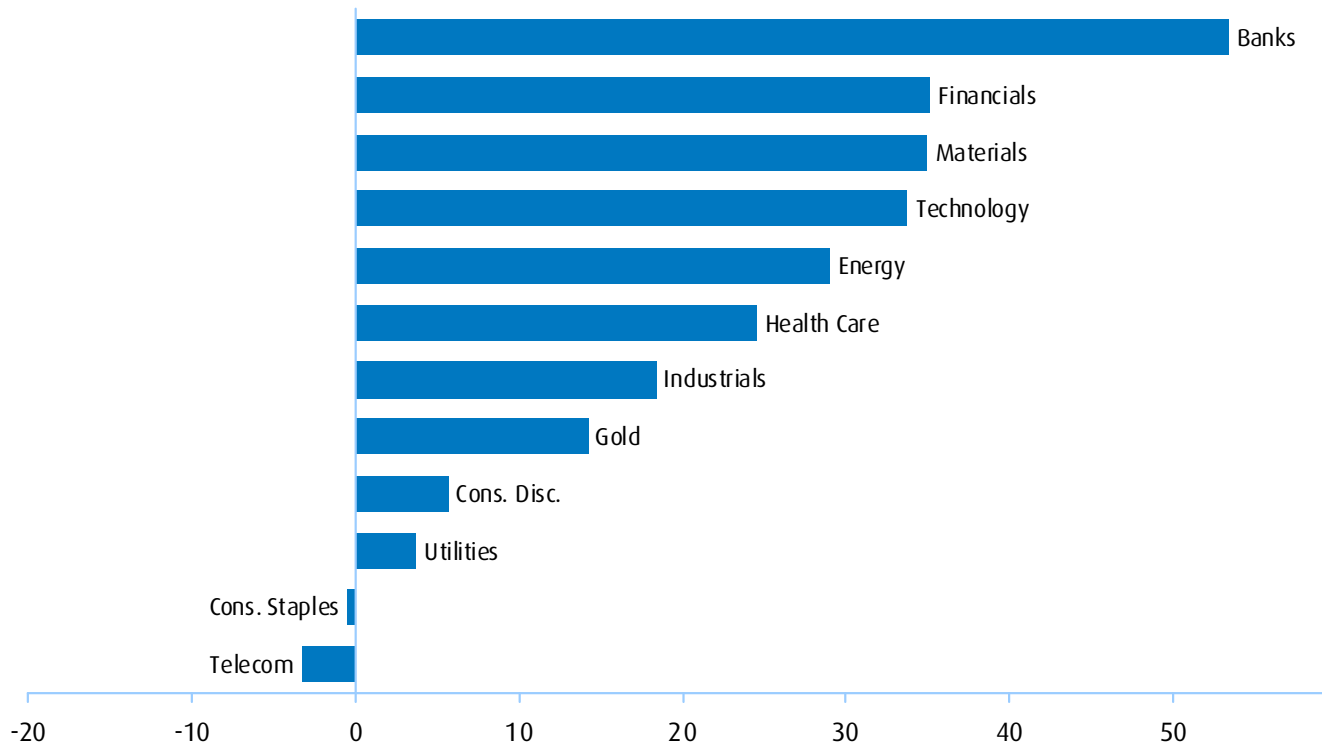


S&P 500 (percent)

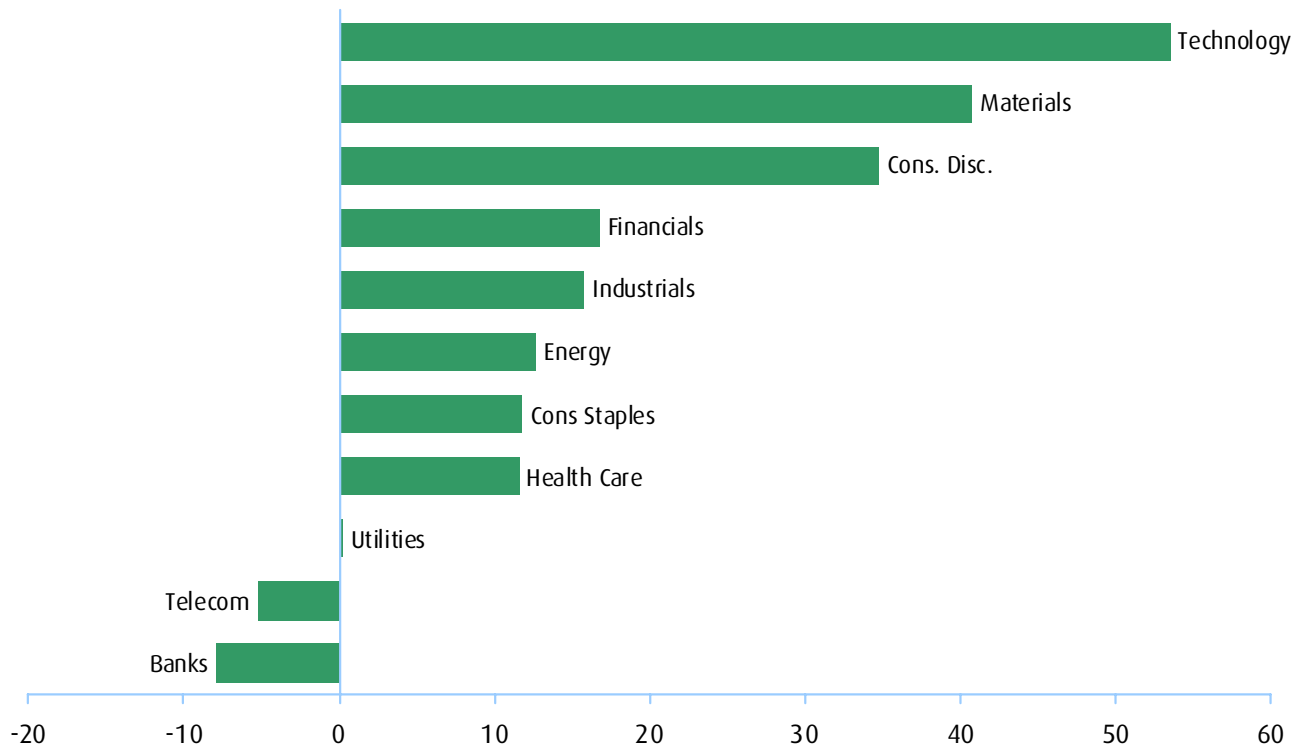


Year-to-Date Sector Performances as of November 13, 2009

TSX (percent)



S&P 500 (percent)



North American Sector Performances as of November 13, 2009

S&P 500 Sectors	1 Week	1 Month	3 Months	1 Year	YTD	2008
Materials	4.2	0.9	5.3	33.9	40.8	-47.0
Cons Discretionary	3.3	3.7	10.5	44.5	34.8	-34.7
Information Technology	3.2	4.2	11.5	51.5	53.5	-43.7
Financials	2.4	-3.7	2.3	10.2	16.7	-57.0
Industrials	2.3	3.3	9.9	15.4	15.8	-41.5
Health Care	2.0	3.4	6.6	11.9	11.6	-24.5
Cons Staples	1.9	3.0	10.0	10.7	11.8	-17.7
Telecom Services	1.7	1.8	1.0	-2.6	-5.3	-33.6
Utilities	1.2	-0.2	0.9	-0.7	0.3	-31.5
Banks	1.0	-4.8	-0.1	-15.2	-7.9	-49.9
Energy	0.2	1.1	10.9	10.4	12.7	-35.9
S&P 400 Mid Cap	2.5	-0.2	6.6	32.9	29.7	-37.3
S&P 100 Large Cap	2.4	2.3	8.3	16.0	17.7	-37.1
S&P 600 Small Cap	1.1	-3.8	1.9	18.4	15.5	-32.0
S&P 500	2.3	1.9	8.0	20.0	21.1	-38.5

TSX Sectors

Banks	3.6	3.3	7.2	23.3	53.4	-34.3
Information Technology	3.5	-5.8	-11.3	24.6	33.8	-54.3
Gold	2.4	1.9	17.5	68.6	14.2	3.6
Utilities	2.3	2.5	5.2	1.2	3.7	-24.0
Materials	2.3	3.3	14.0	71.0	35.0	-27.1
Industrials	2.2	4.3	3.5	15.5	18.4	-26.9
Financials	2.0	-0.2	2.9	15.0	35.2	-39.0
Telecom Services	0.7	5.8	2.9	-18.6	-3.3	-27.4
Energy	0.3	-3.4	6.8	23.5	29.0	-36.3
Cons Staples	0.2	2.1	2.5	4.9	-0.5	-7.8
Health Care	0.1	-4.0	5.9	13.9	24.5	-34.4
Cons Discretionary	-1.4	0.1	0.5	4.3	5.6	-37.5
Income Trusts	0.3	0.0	11.5	8.6	24.9	-33.8
REITs	-0.6	-0.5	8.3	31.4	30.7	-43.1
S&P/TSX 60 Large Cap	1.6	-0.1	4.1	19.8	25.2	-33.0
S&P/TSX Small Cap	0.6	1.4	16.8	46.7	45.9	-47.9
S&P/TSX Mid Cap	0.5	0.0	10.7	30.6	33.8	-41.4
TSX	1.4	-0.1	5.4	22.0	26.9	-35.0

Source: Bloomberg

The information, opinions, estimates, projections and other materials contained herein are provided as of the date hereof and are subject to change without notice. Some of the information, opinions, estimates, projections and other materials contained herein have been obtained from numerous sources and Bank of Montreal ("BMO") and its affiliates make every effort to ensure that the contents thereof have been compiled or derived from sources believed to be reliable and to contain information and opinions which are accurate and complete. However, neither BMO nor its affiliates have independently verified or make any representation or warranty, express or implied, in respect thereof, take no responsibility for any errors and omissions which may be contained herein or accept any liability whatsoever for any loss arising from any use of or reliance on the information, opinions, estimates, projections and other materials contained herein whether relied upon by the recipient or user or any other third party (including, without limitation, any customer of the recipient or user). Information may be available to BMO and/or its affiliates that is not reflected herein. The information, opinions, estimates, projections and other materials contained herein are not to be construed as an offer to sell, a solicitation for or an offer to buy, any products or services referenced herein (including, without limitation, any commodities, securities or other financial instruments), nor shall such information, opinions, estimates, projections and other materials be considered as investment advice or as a recommendation to enter into any transaction. Additional information is available by contacting BMO or its relevant affiliate directly. BMO and/or its affiliates may make a market or deal as principal in the products (including, without limitation, any commodities, securities or other financial instruments) referenced herein. BMO, its affiliates, and/or their respective shareholders, directors, officers and/or employees may from time to time have long or short positions in any such products (including, without limitation, commodities, securities or other financial instruments). BMO Nesbitt Burns Inc. and/or BMO Capital Markets Corp., subsidiaries of BMO, may act as financial advisor and/or underwriter for certain of the corporations mentioned herein and may receive remuneration for same. "BMO Capital Markets" is a trade name used by the Bank of Montreal Investment Banking Group, which includes the wholesale/institutional arms of Bank of Montreal, BMO Nesbitt Burns Inc., BMO Nesbitt Burns Ltée/Ltd., BMO Capital Markets Corp. and Harris N.A., and BMO Capital Markets Limited. TO U.S. RESIDENTS: BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd., affiliates of BMO NB, furnish this report to U.S. residents and accept responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd. TO U.K. RESIDENTS: The contents hereof are not directed at investors located in the U.K., other than persons described in Part VI of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001.

™ - "BMO (M-bar roundel symbol) Capital Markets" is a trade-mark of Bank of Montreal, used under licence. © Copyright Bank of Montreal 2006