

Q1 2006 Equity Financings: A Speed Reduction

May 30, 2006 (Toronto, Ontario) – Equity financings remained robust and at historically high levels at \$12.6 billion in the first quarter of 2006. While down 3.3 per cent quarter-over-quarter, financings were up 0.8 per cent year-over-year. The quarterly results were released today in the IDA – Industry Association’s quarterly report, *Review of Equity New Issues and Trading*. This year’s first quarter results follow three consecutive years of record-breaking activity. On the trading front, active investors in the first quarter pushed the S&P/TSX Composite Index and trading volume to all-time highs.

Once again, common equity and income trust financings remained the most popular financing vehicles in Canada during the quarter. However, the quarter witnessed a pronounced change in the financing climate. Last year’s red-hot income trust market appears to have cooled off in the first quarter. While the trust party may not be over, there are growing signs that growth may be winding down.

Highlights of First Quarter Equity New Issues and Trading

- Common share equity issuance stood at \$6.57 billion in Q1 06, down 21.6 per cent from Q4 05 but up 52.5 per cent from Q1 05.
- Income trust unit issuance totaled \$3.94 billion in Q1 06, up 28.1 per cent from Q4 05, but down 28.5 per cent from Q1 05.
- Preferred share financing was \$0.93 billion in Q1 06, down 24.0 per cent from Q4 05 and down 55.2 per cent from Q1 05.
- Volume on the TSX was 22.4 billion in Q1 06, up 26.6 per cent from Q4 05 and 32.6 per cent from Q1 05.

The IDA – Industry Association is the national professional association of the Canadian investment industry. The Association represents the position of the Canadian investment industry on regulatory and public policy issues to promote efficient, fair and competitive capital markets for Canada.

Electronic copies of the report are available at
http://www.ida.ca/IndIssues/PubResearch/EquityRev_en.asp

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