

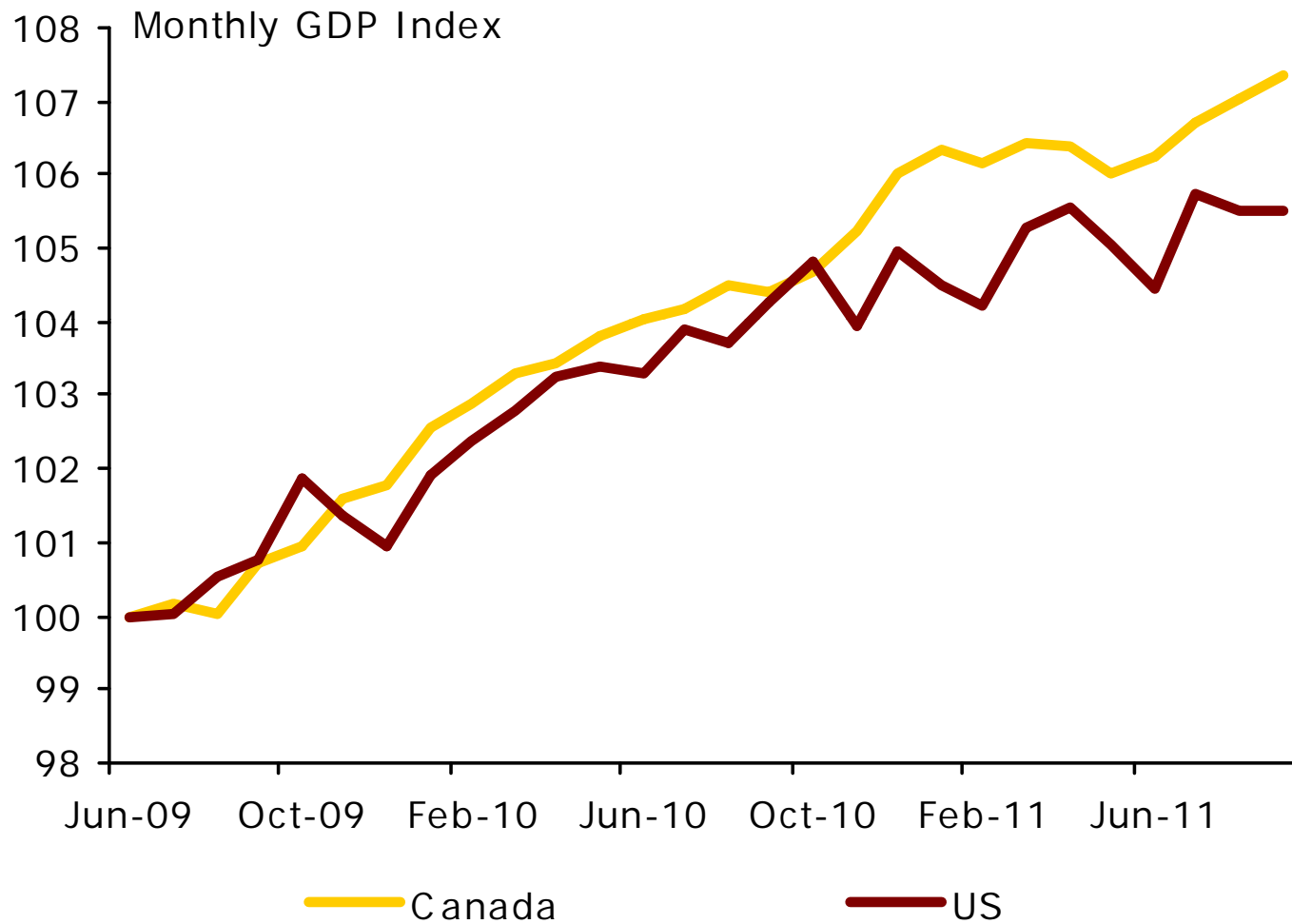
Canada In a Messy World

By Avery Shenfeld, Chief Economist & Managing Director

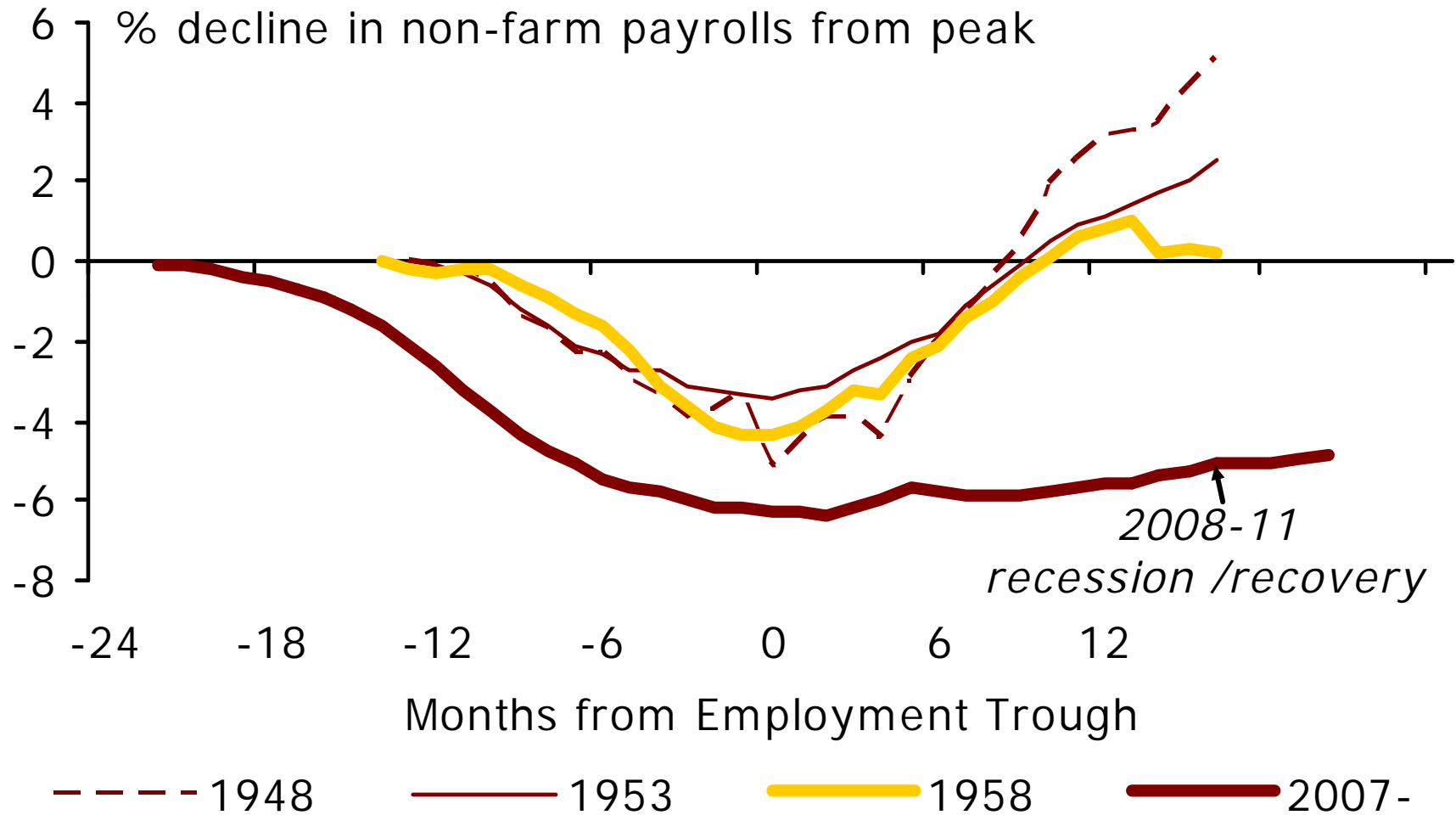
November 2011



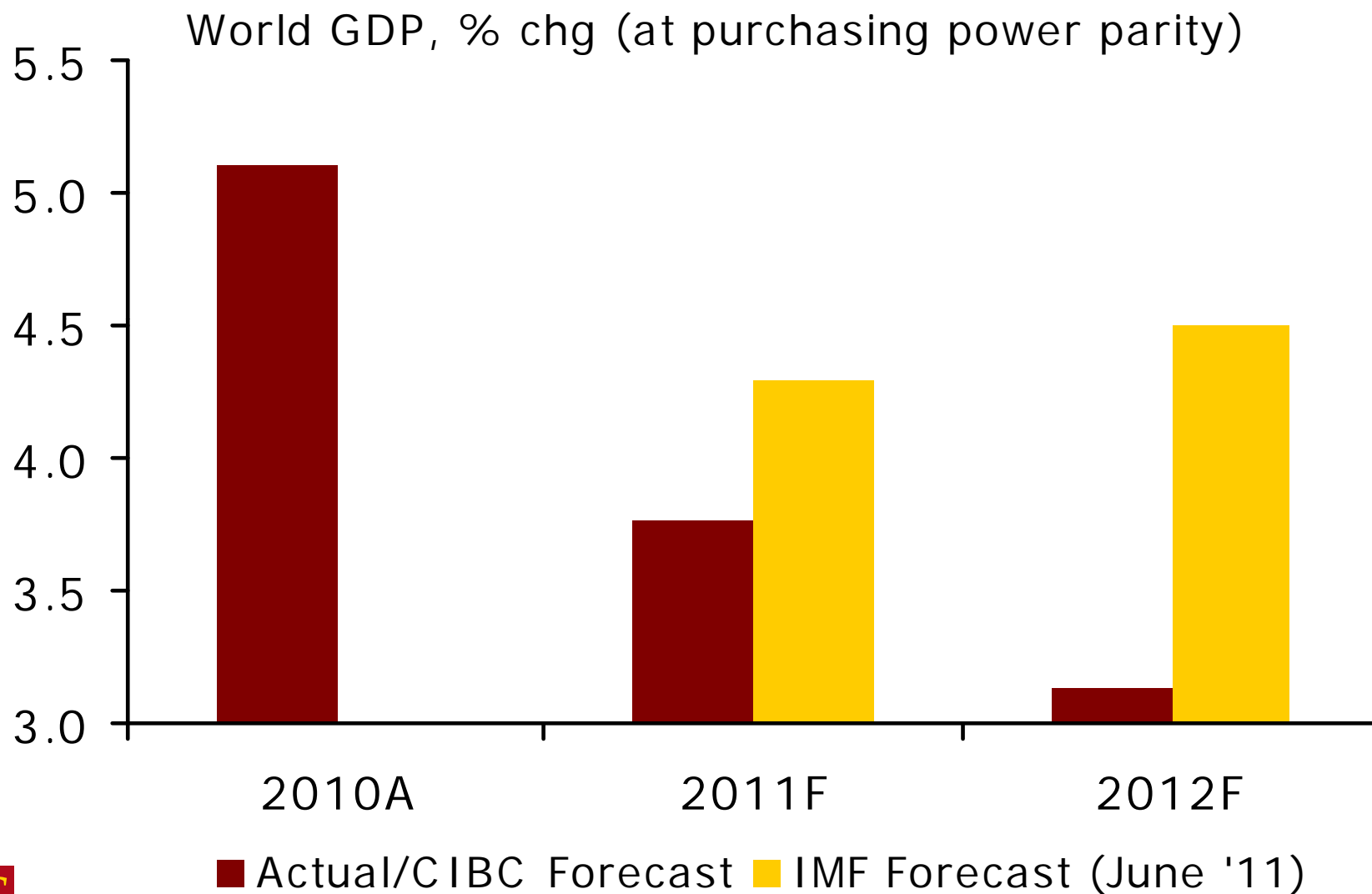
Canadian Growth Resumes After Disruptions in Autos and Energy



Slack Keeps Fed On Hold Through 2013; Fed Extending Term to Anchor Long Rates



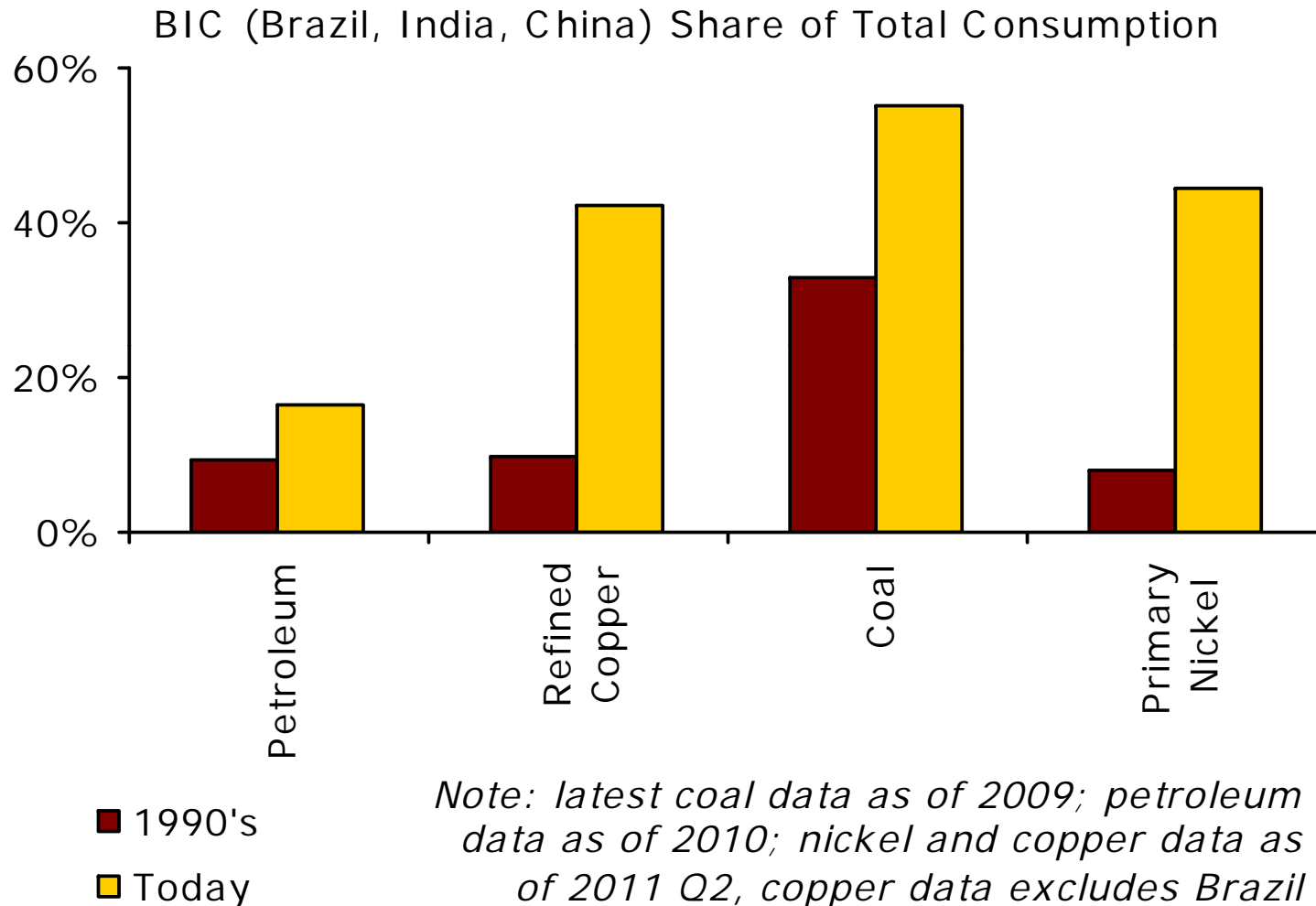
Global Growth Disappointments A Drag on Canada's Exports, Commodity Prices



Source: IMF, CIBC

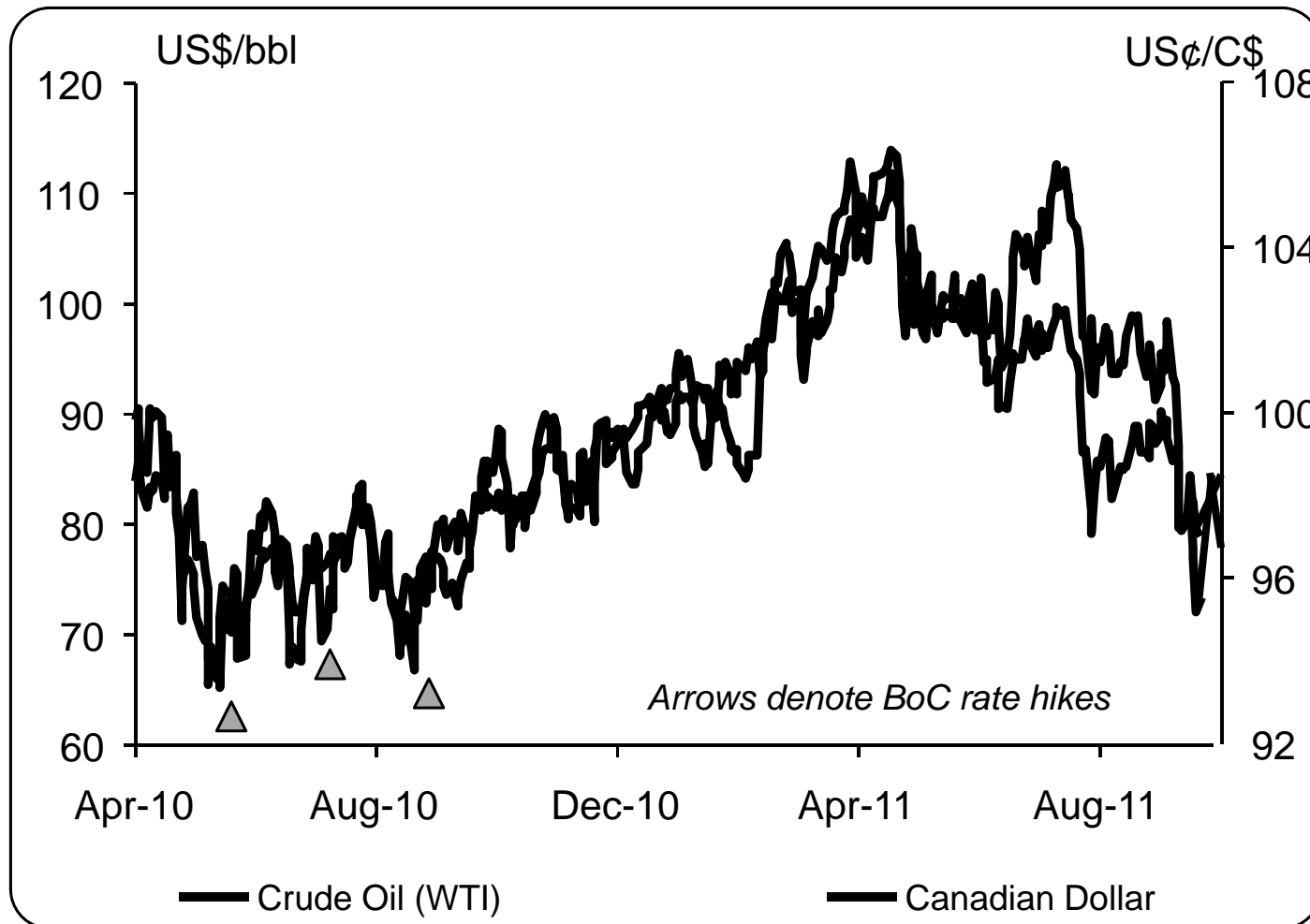
*Assumes US extends payroll tax cut and extended jobless benefits

Emerging Markets Now the Drivers For Commodities Rallies



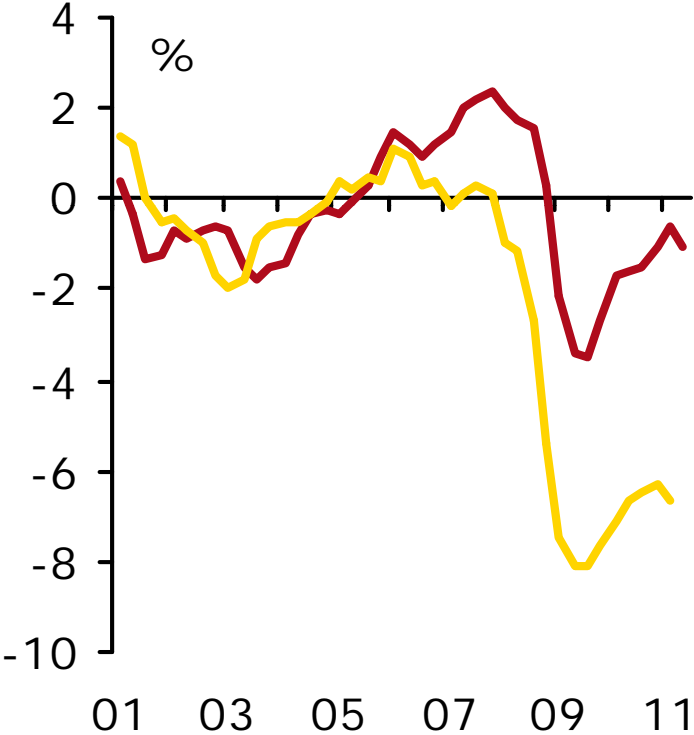
Source: EIA, CRU, WBMS

Commodities Drive C\$ Softer Global Growth Keeps Loonie in Check



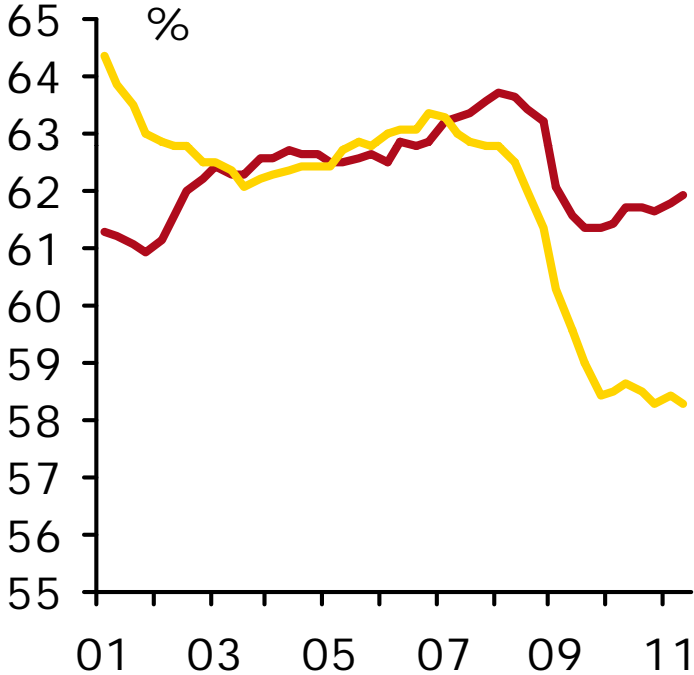
The Continental Divide

Output Gap



— Canada — US

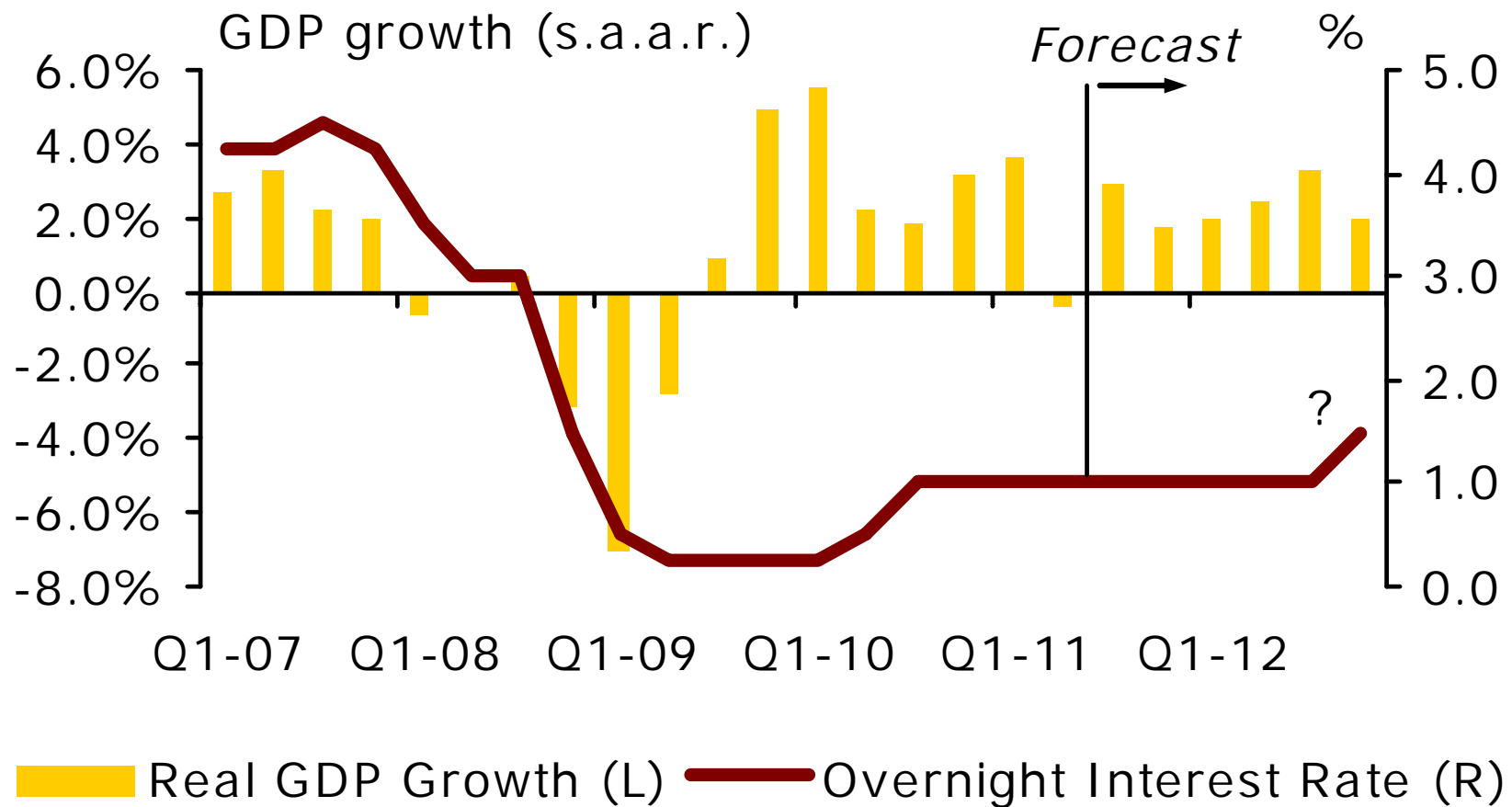
Employment/Population Ratio



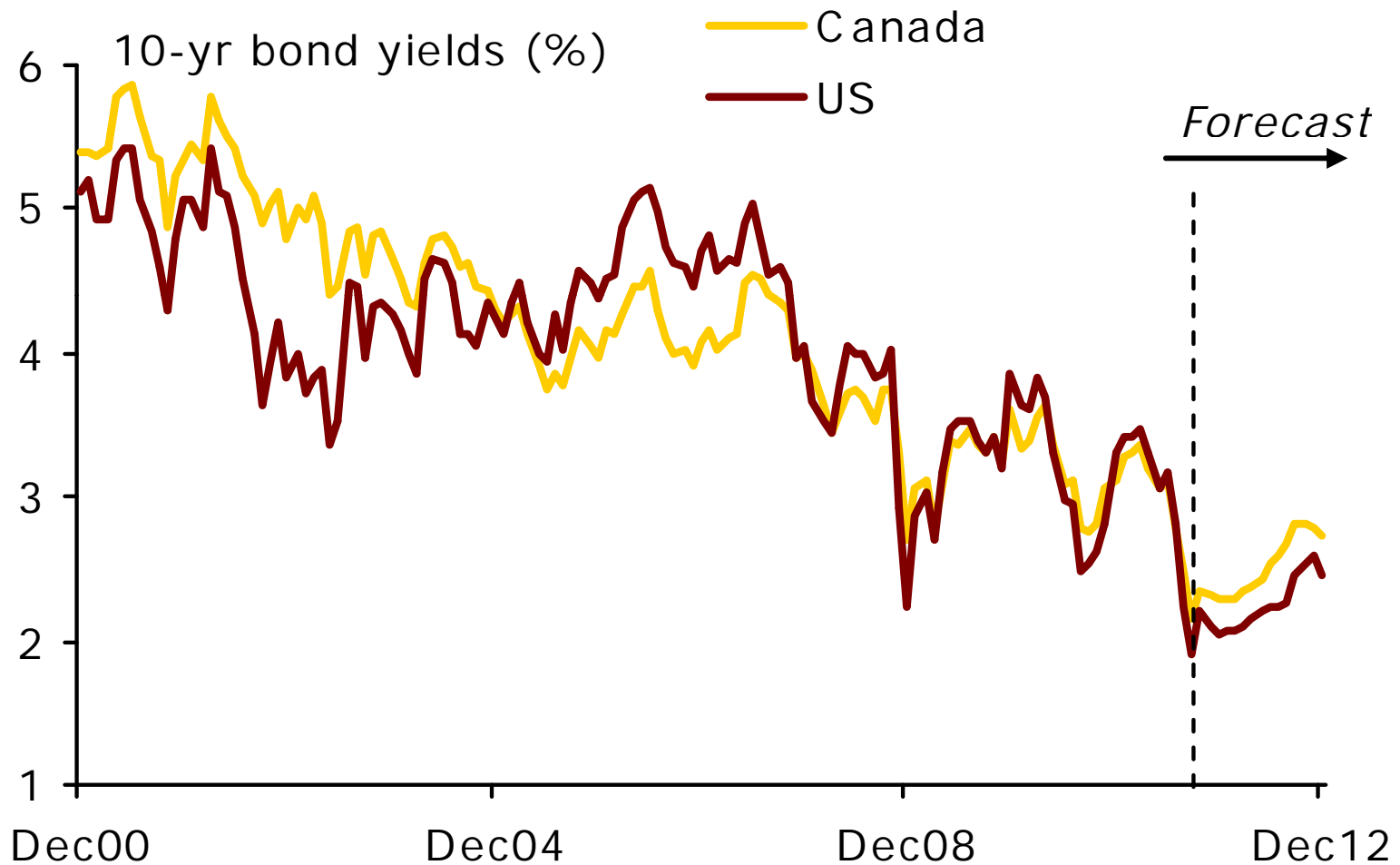
— Canada — US



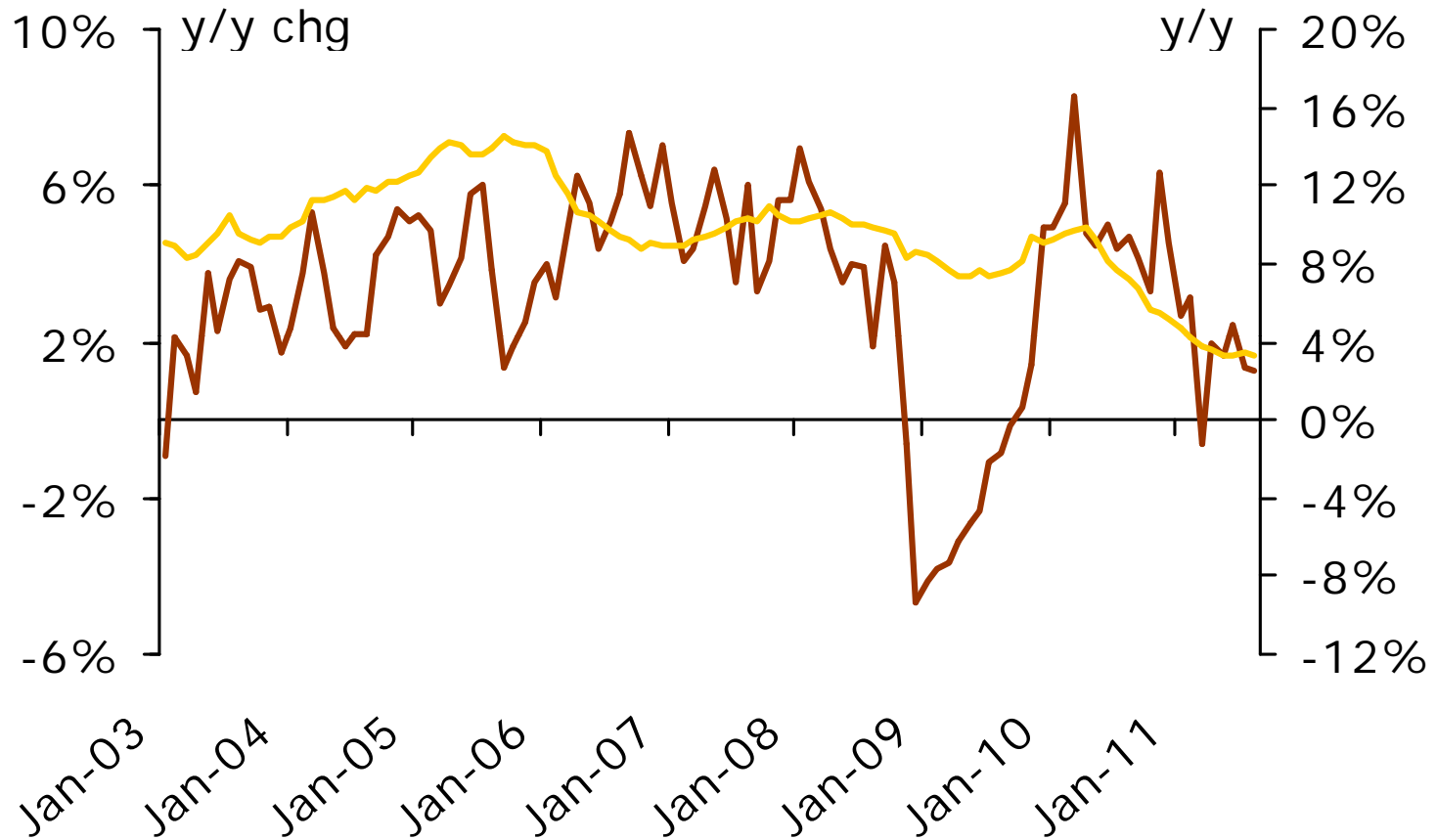
Canada Sees 2% Growth in 2012 But it Will Take Low Rates to Get There



Bond Yields To Drift Higher; Remain Low By Historical Standards

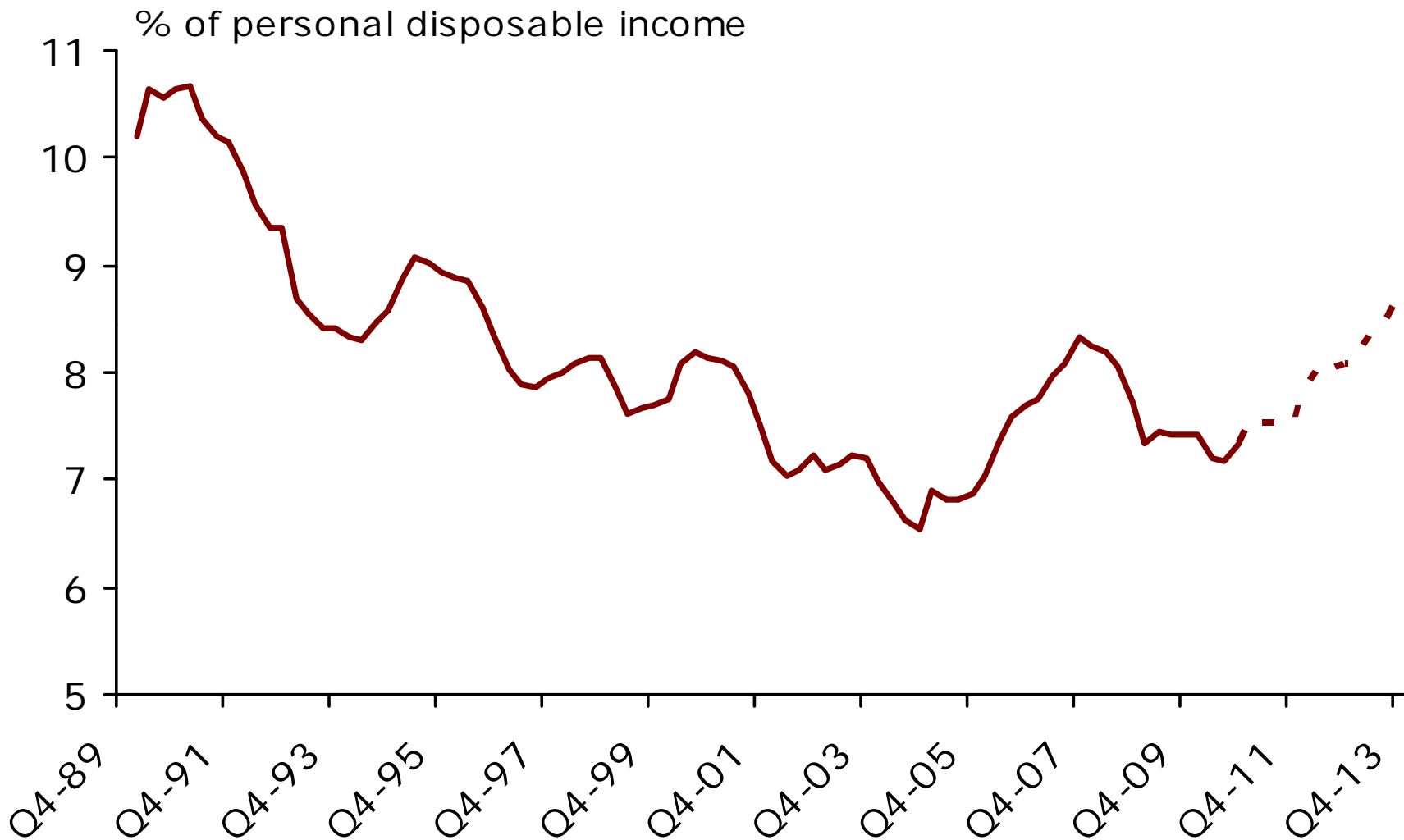


Consumers Reduced Debt Appetite Slows Retail Sales: Low Rates Needed for Longer

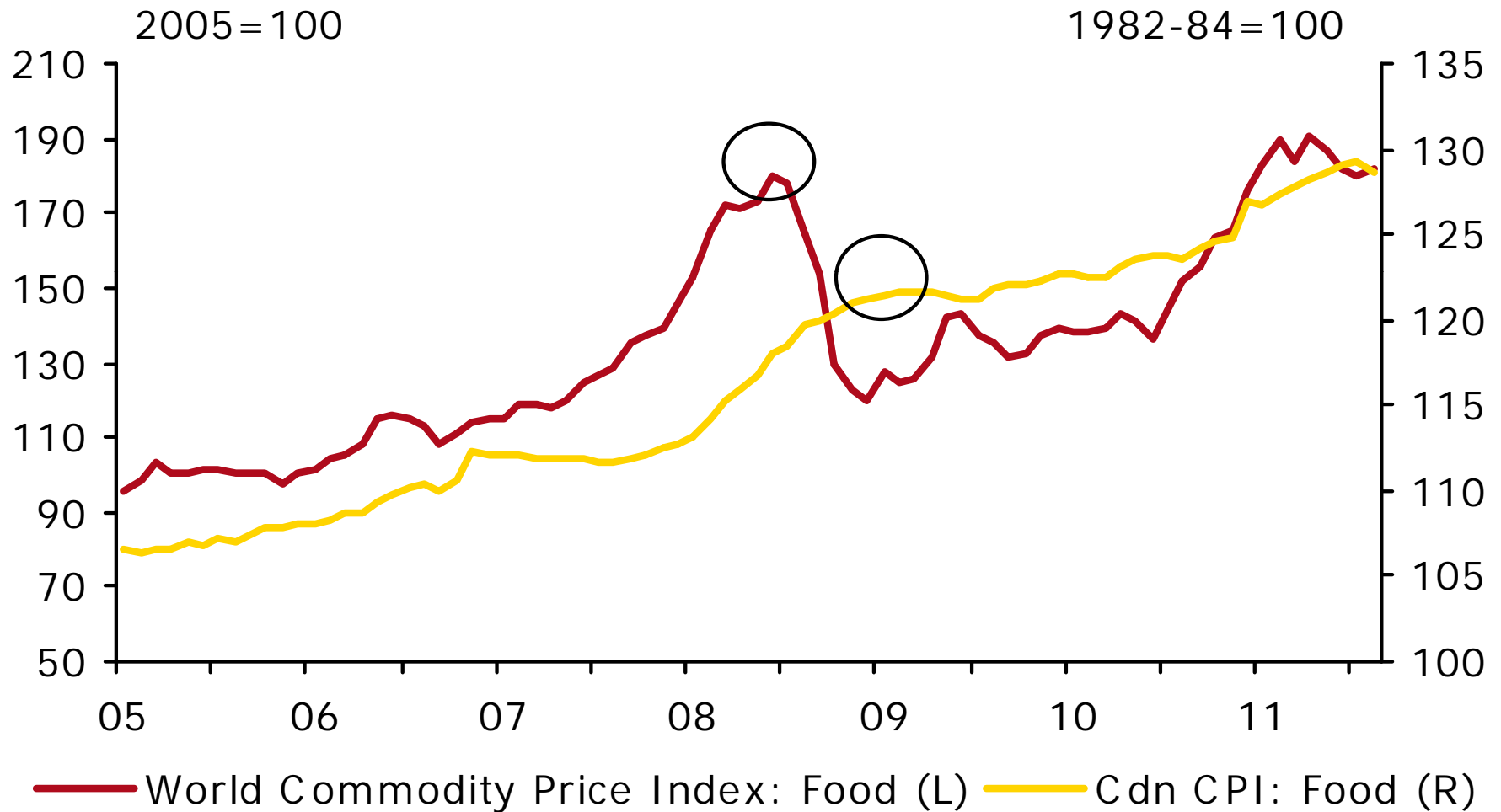


— Real Retail Consumption (L) — Consumer Credit (R)

Debt Service Costs Unthreatening If Overnight Rates Contained to 2% or less

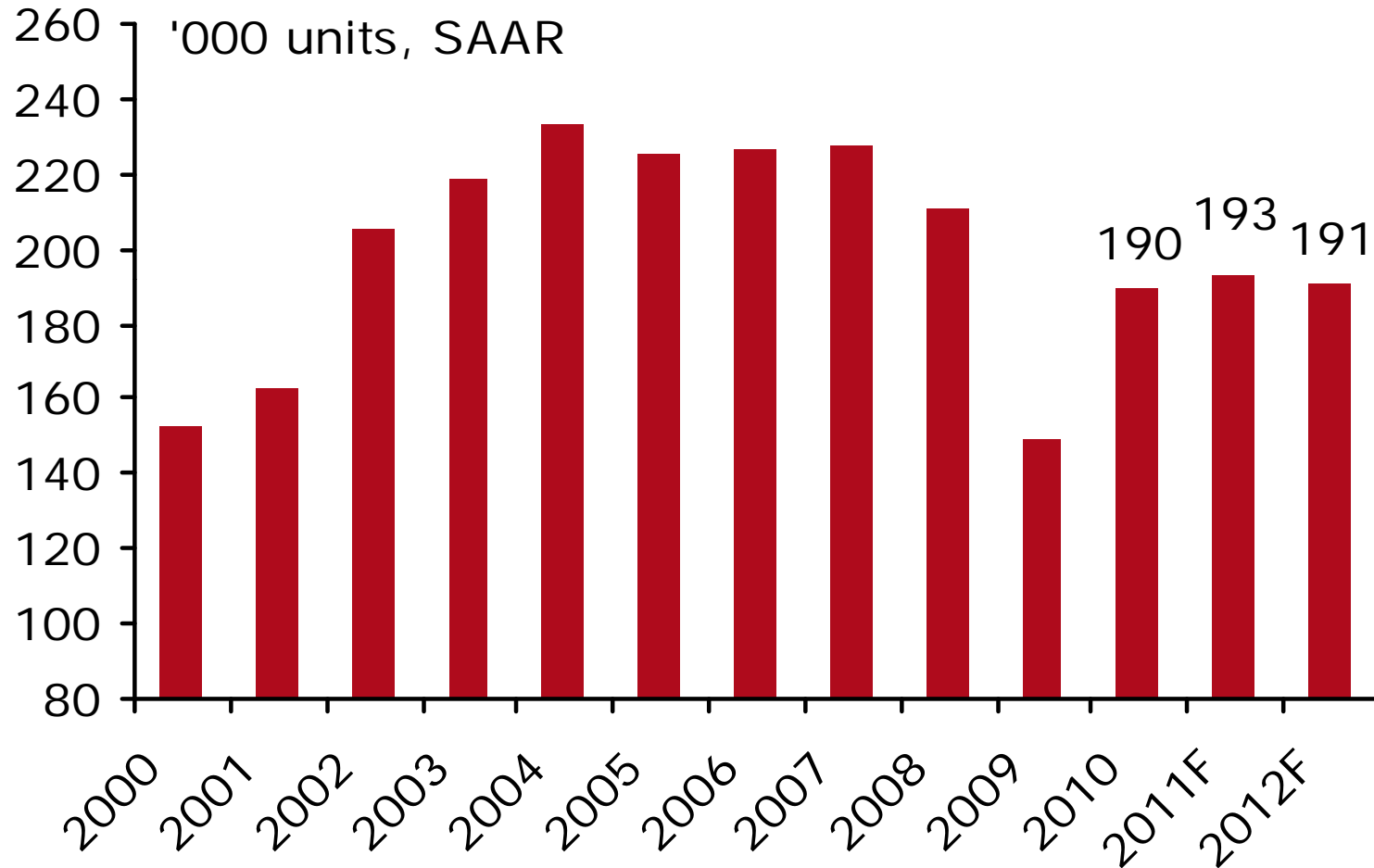


Gasoline and Food Inflation Should Ease Giving Lift to Consumer Spending Power

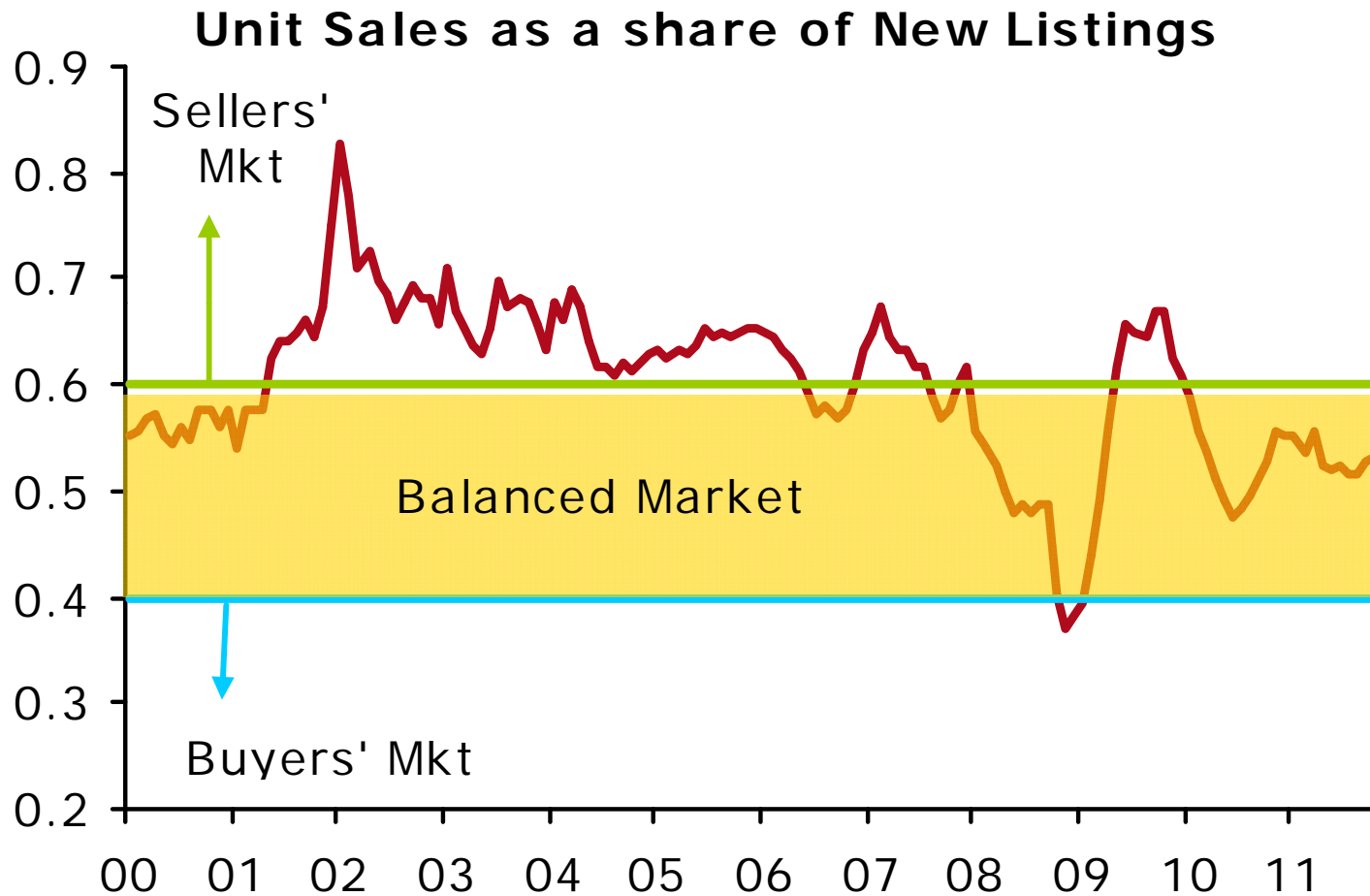


Source: Bureau of Labour Statistics, Statistics Canada, CIBC

Housing Starts Easing But Not Crashing

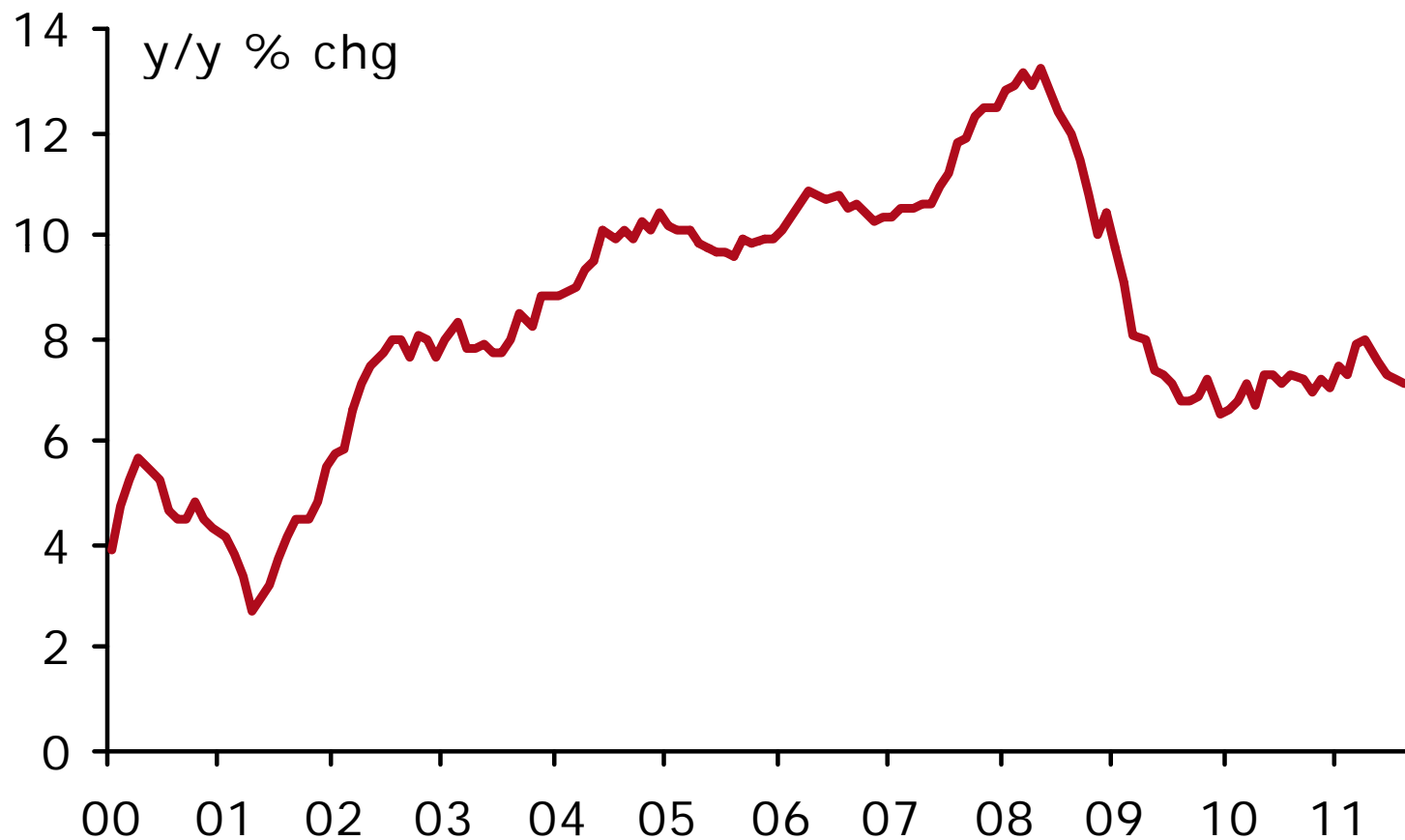


Canadian Housing Market Still "Balanced"



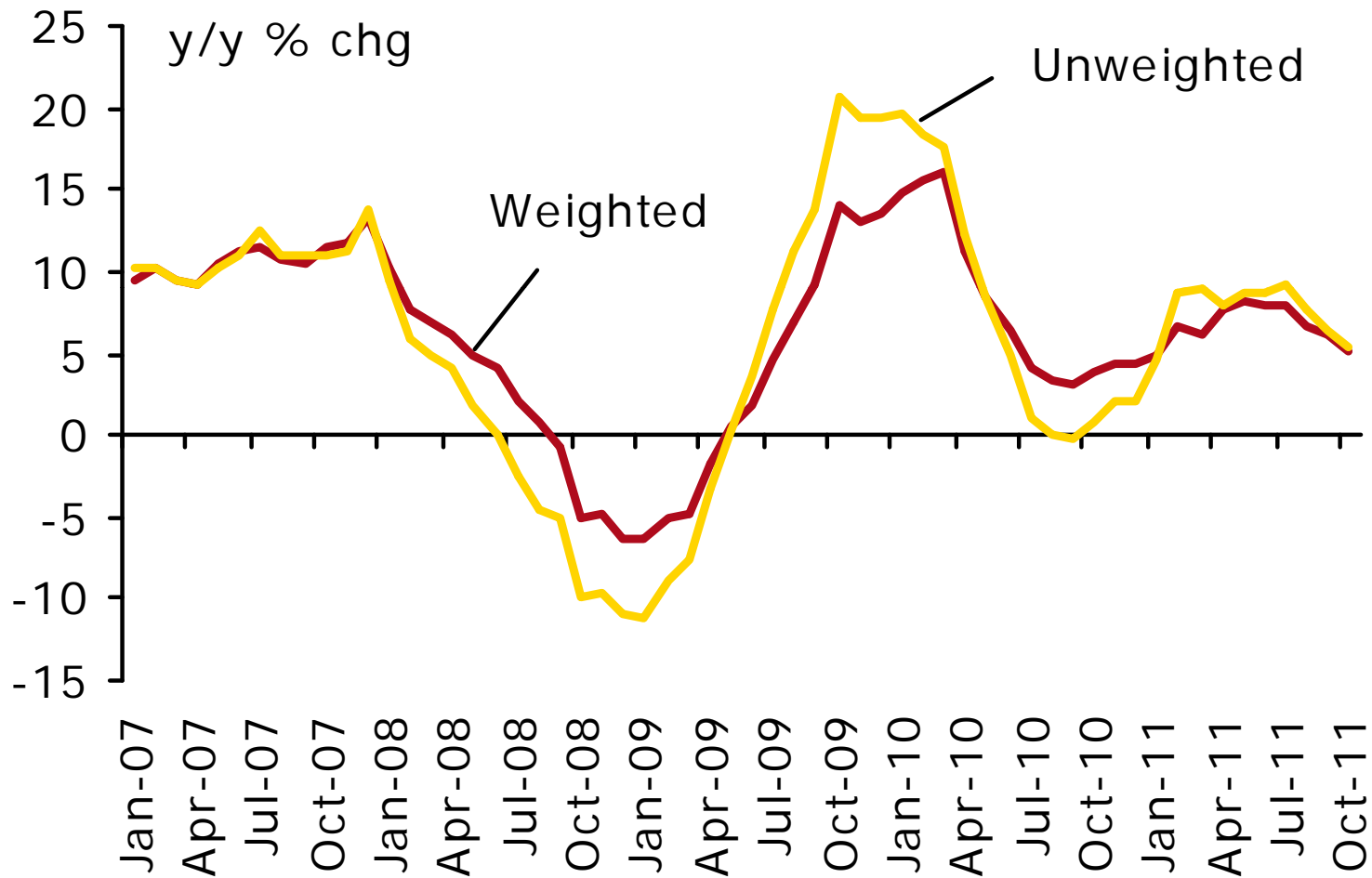
Source: CREA, CIBC

Mortgages Outstanding Still Growing Faster Than Incomes



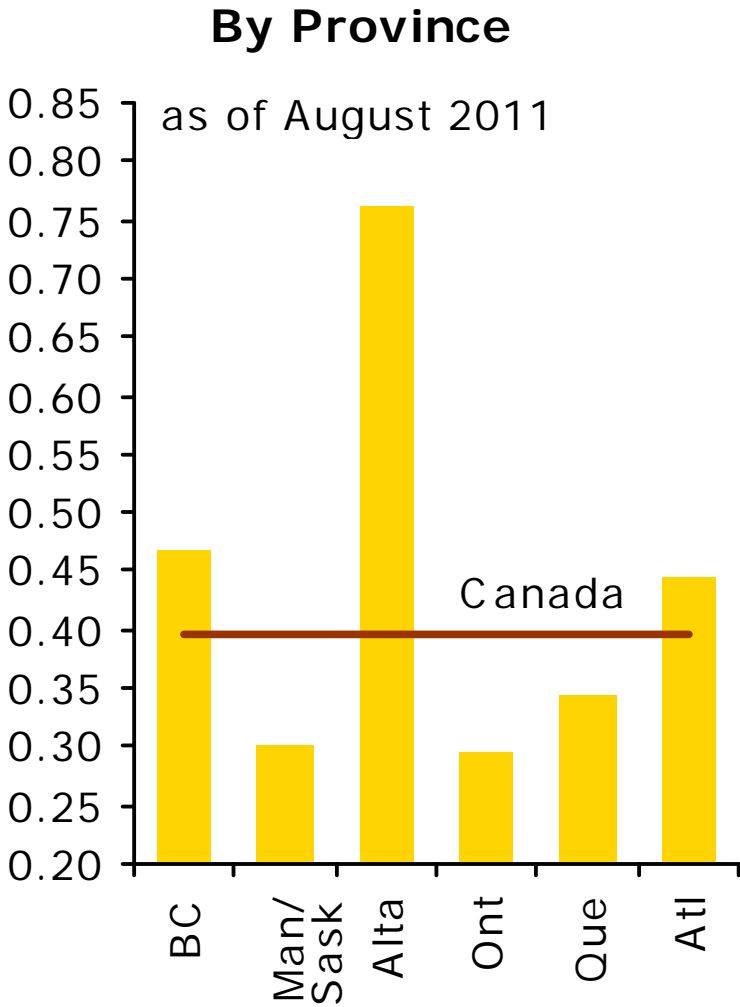
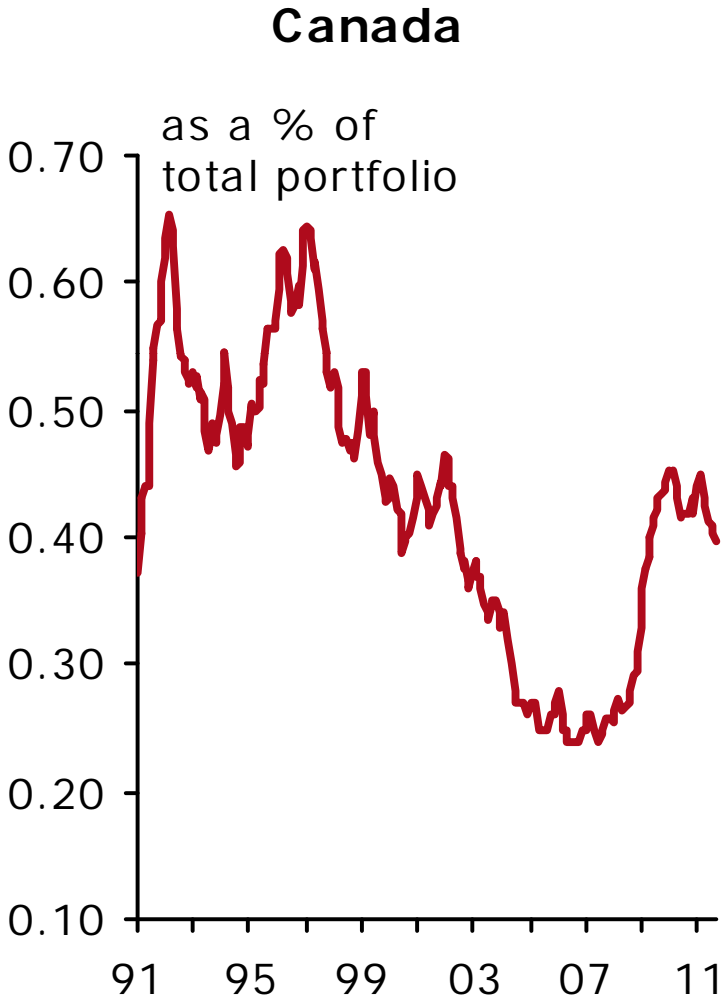
Source: Bank of Canada, CIBC

House Price Inflation Cooling... We Hope



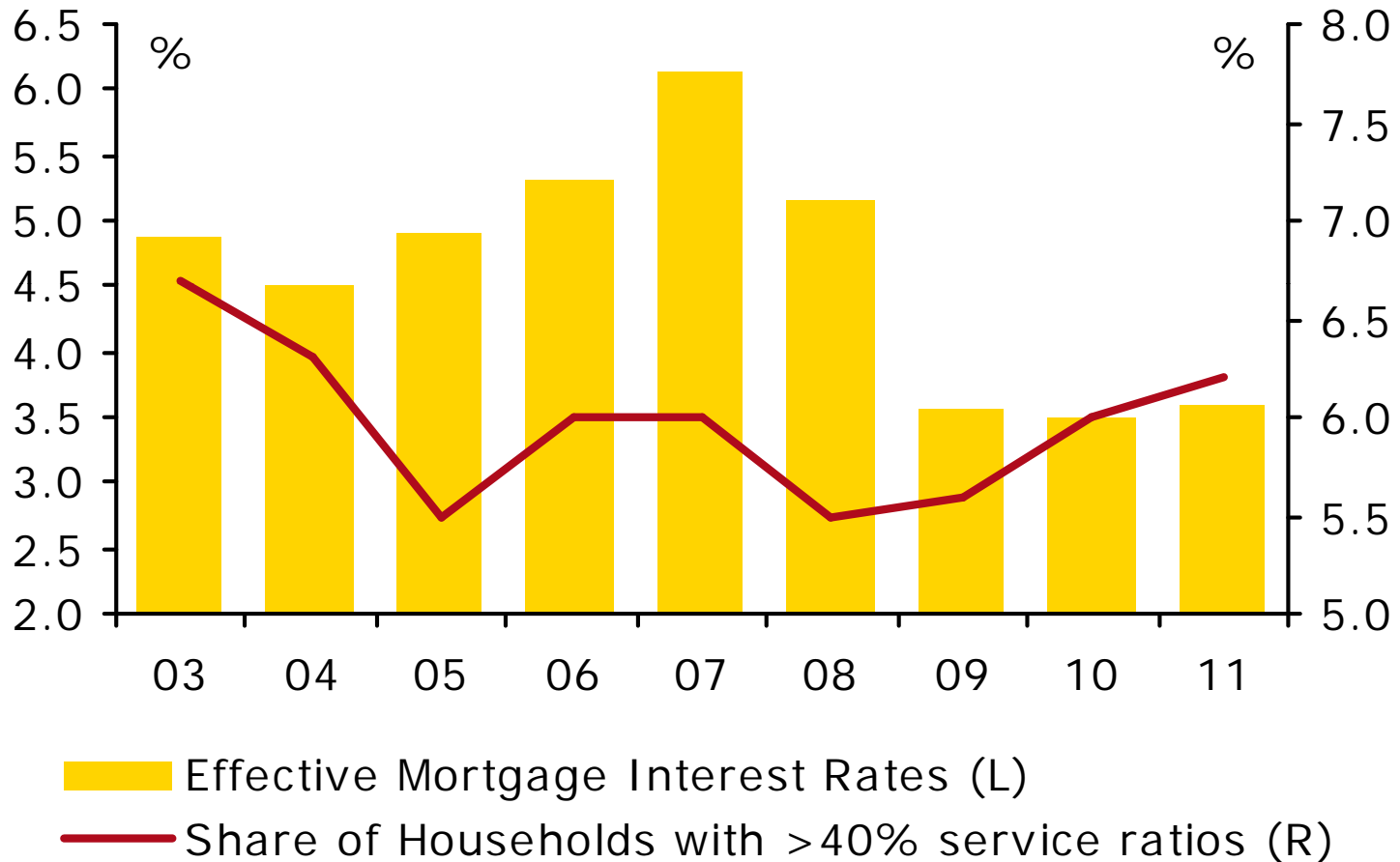
Source: CREA, CIBC

Mortgage Arrears Very Low



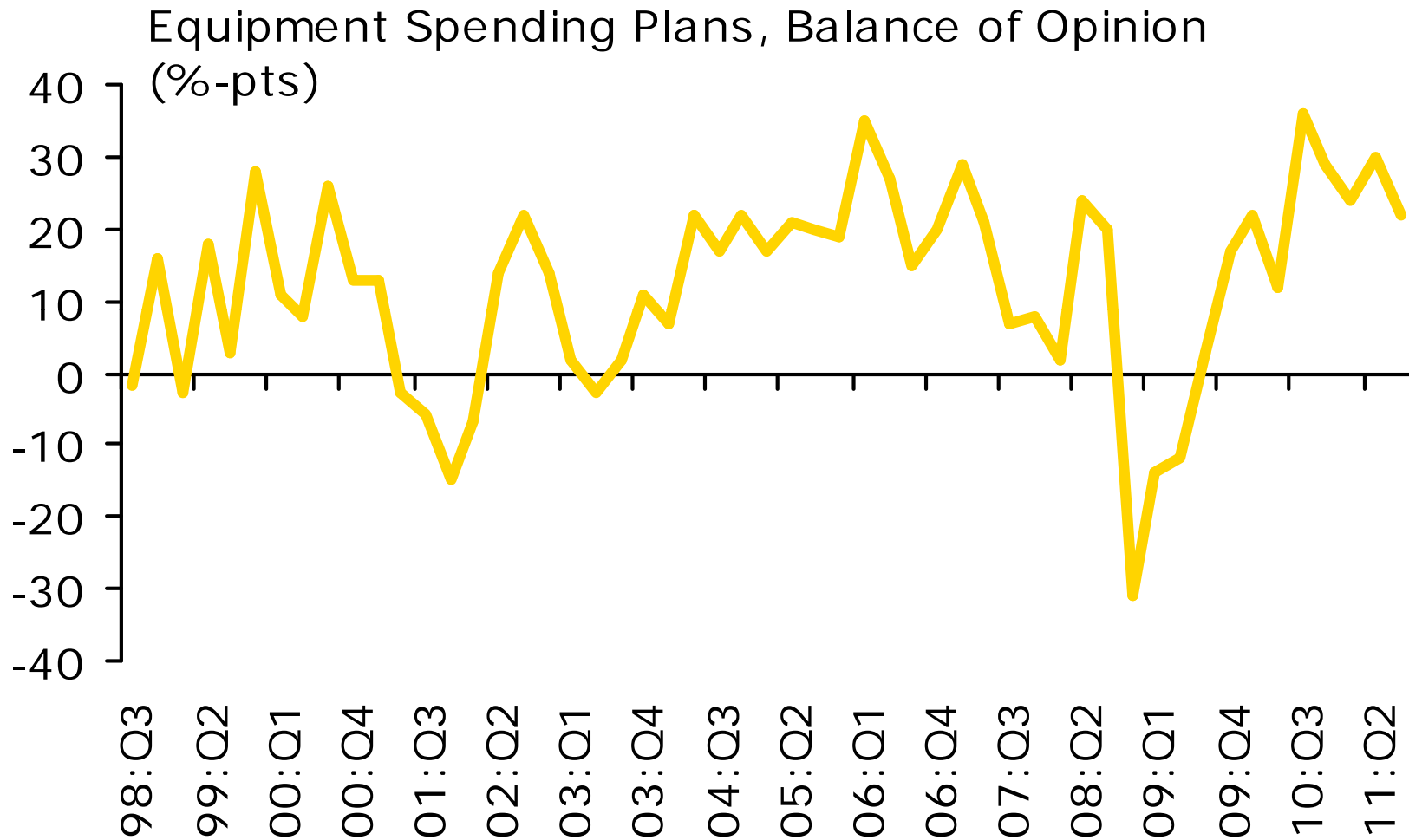
Source: CBA, CIBC

Number of Stretched Households on the Rise – But Not to Troubling Levels Yet



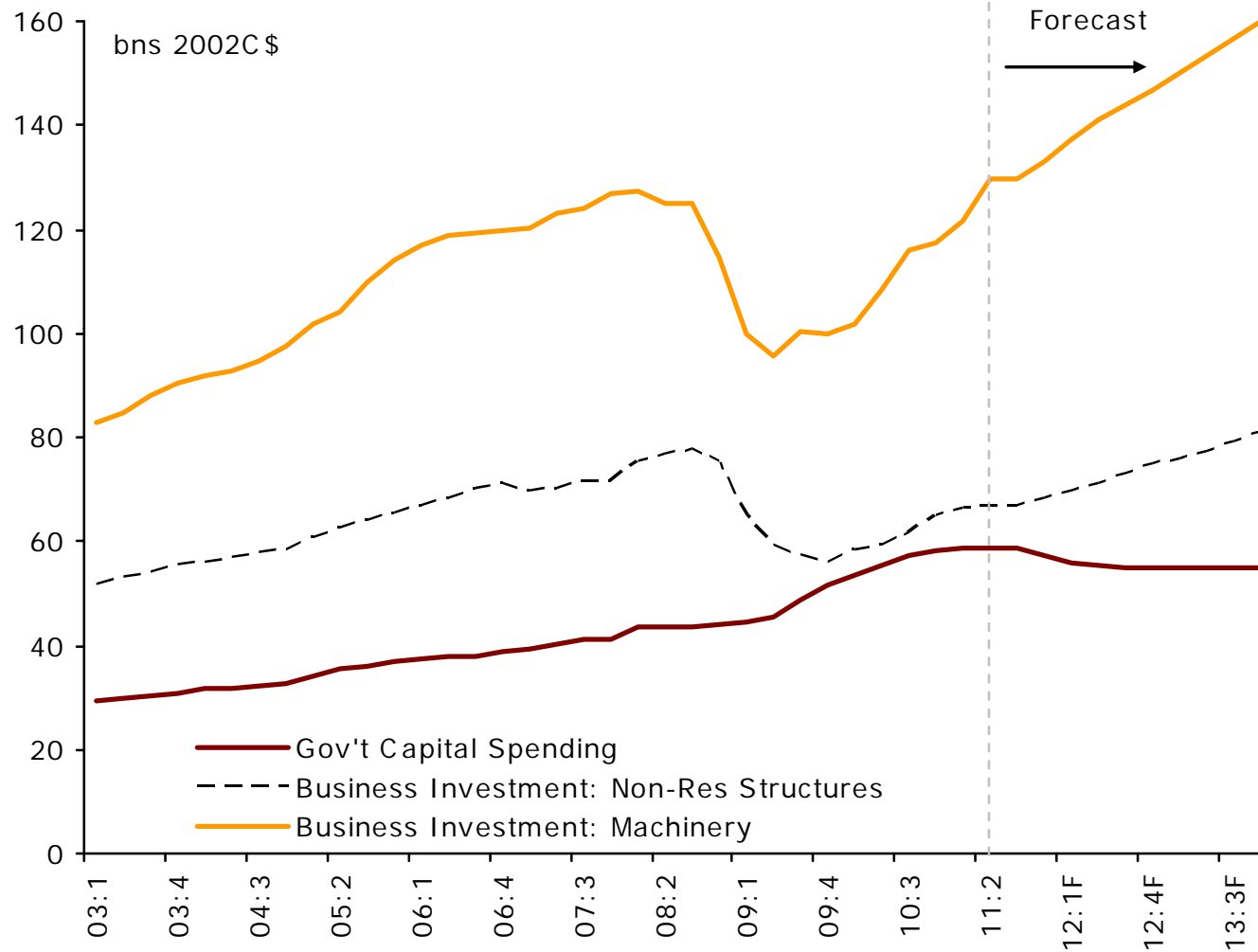
Source: *The Financial Monitor*, CIBC

Optimism On Investment Spending A Plus for Industrial Properties

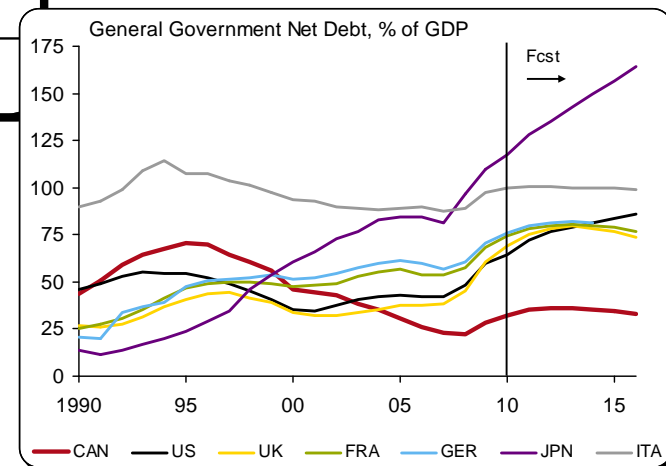
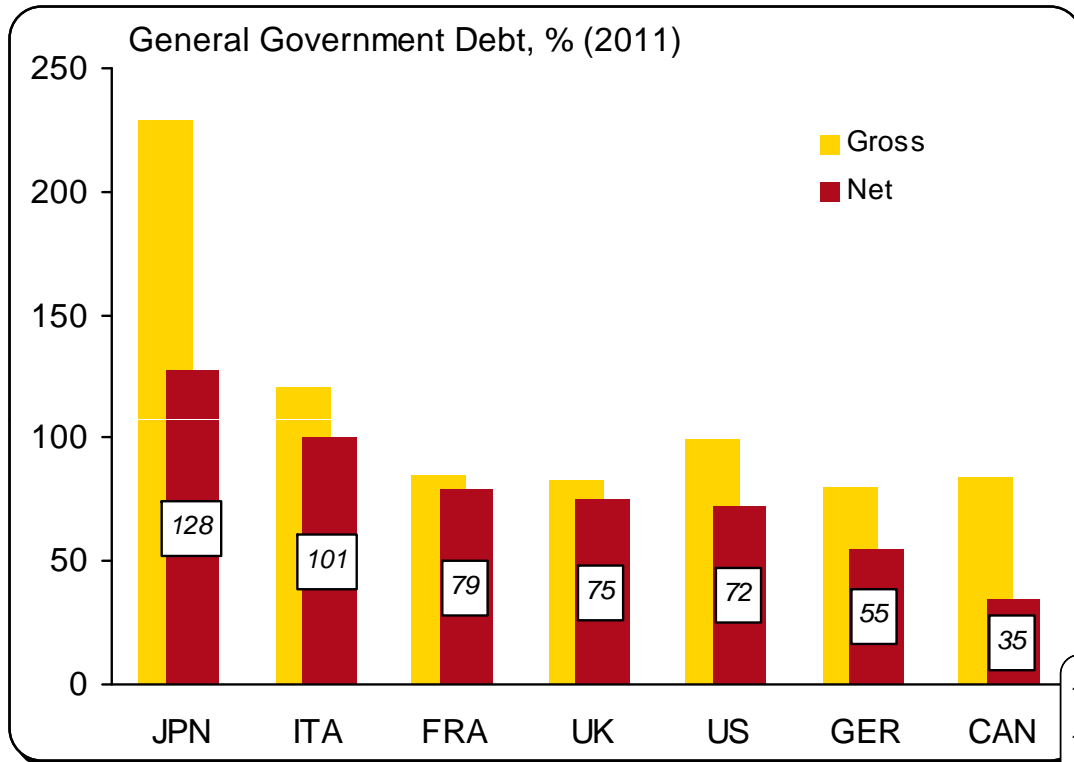


Source: Bank of Canada Business Outlook Survey

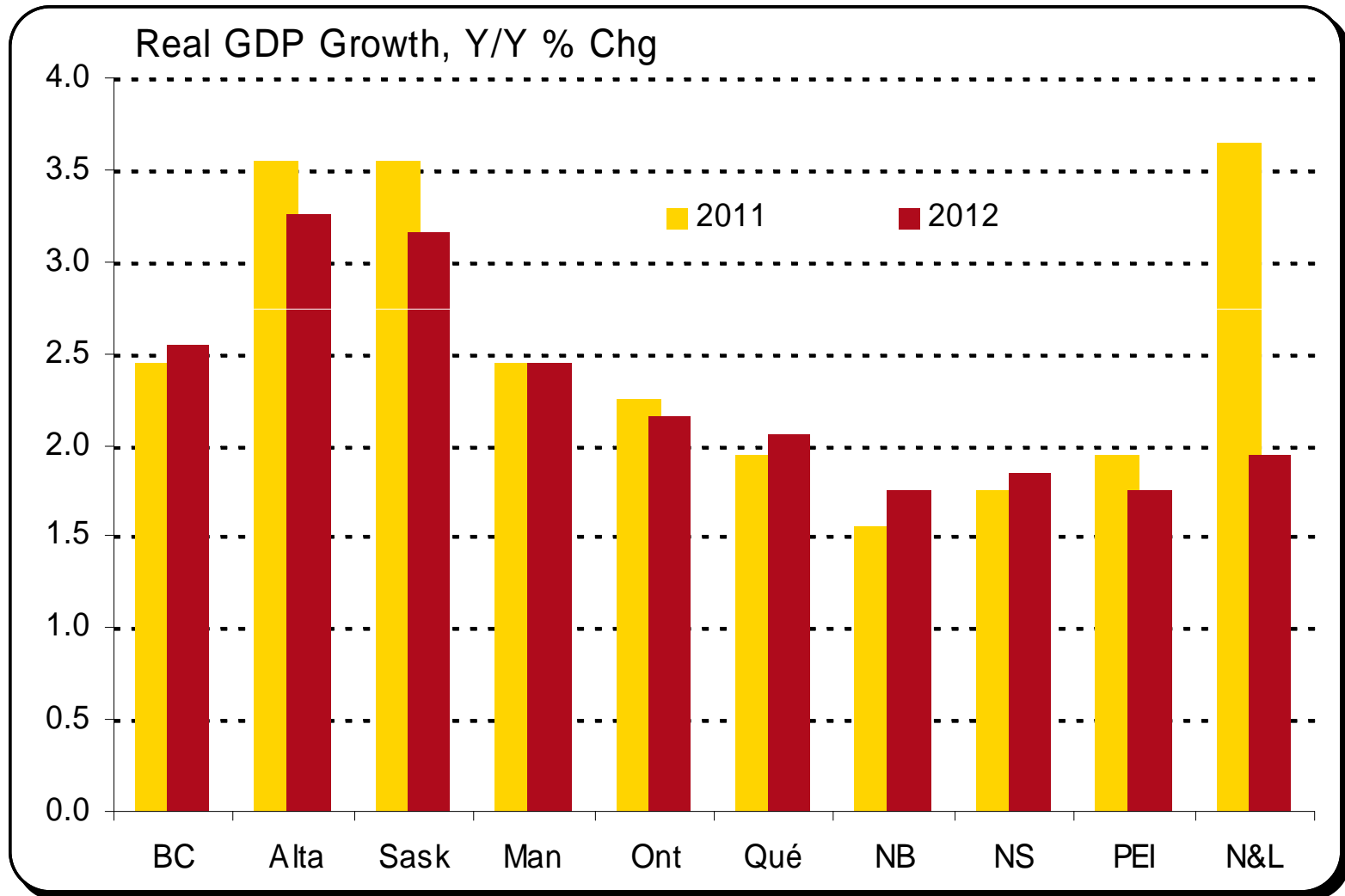
Private Construction A Needed Offset to Government Infrastructure Pullback



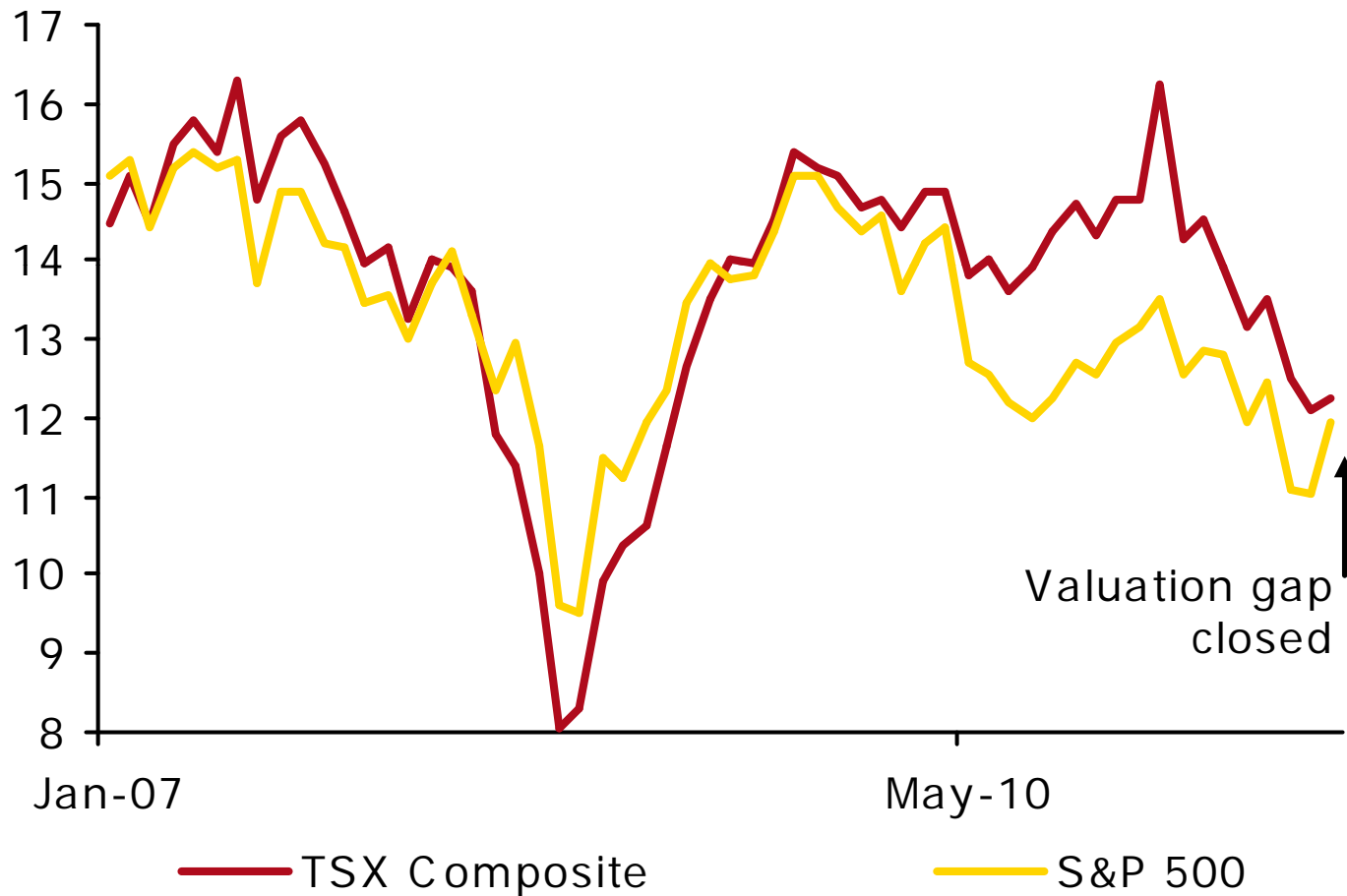
Fiscal Credentials: Canada's Earlier Hard Work Paid Dividends



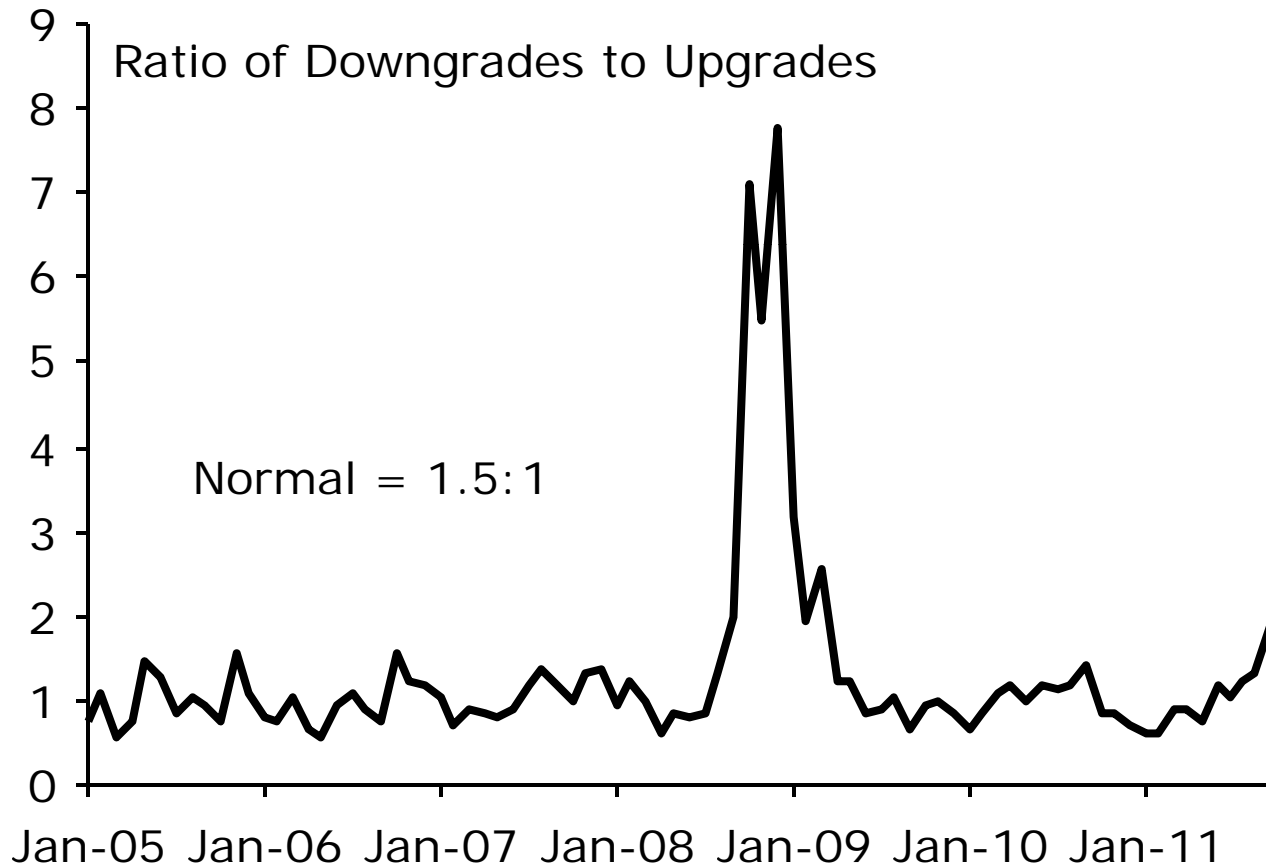
West is Best in 2012



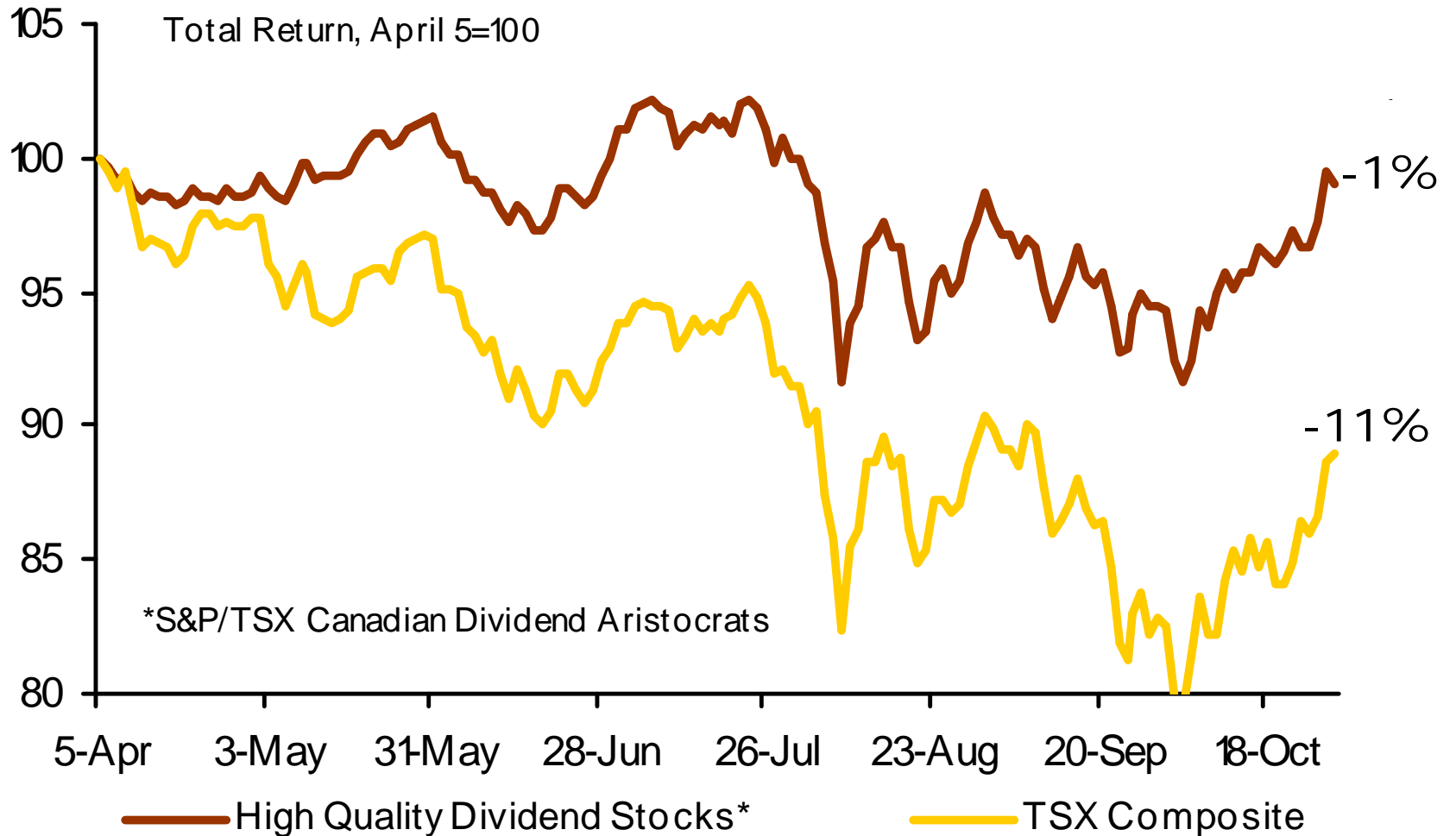
TSX Forward PE Low by Historical Standards, Matching US



Analysts Cutting 2012 Earnings Expectations



Quality Dividend Stocks Should Outperform



Canadian REITs Helped by Low Bond Yields; Vacancies Peaked at Low Levels

