Equity Investors: Be Careful What You Wish For Fewer Rate Cuts are Better than More

Source: Bloomberg, CIBC
Negative Yield Debt - Record High

Global Negative Yielding Debt (% of Total)

Source: Bloomberg, CIBC
The Eurozone - 20 Years After... Big Winners and Big Losers

Impact of Euro-Introduction on Prosperity 1999-2017 Per Inhabitant

- Germany
- Netherlands
- Greece
- Spain
- Belgium
- Portugal
- France
- Italy

Source: An Empirical Study by Alessandro Gasparotti und Matthias Kullas, February 2019
Euro Support on The Rise

Having the euro is a good thing for your country (% Yes)

Source: Eurobarometer, WikiPolls, Bloomberg, CIBC
Slowing Global Trade (L) Exposes Open Economies to Greatest Deceleration (R)

Global Trade Volume (% SAAR)

GDP Acceleration/Deceleration vs 2017 (%-pts)

Exports as % GDP

Source: CRB, National Statistics Agencies, CIBC
Quota Schmota

Source: US Department of Commerce, CIBC
Household Debt Relatively Contained (L), With Service Costs Near Bottom (R)

Inflation-Adjusted Household Debt Growth (Y/Y % Chg.)

- Avg 2000-07: 10%
- Avg. Since 2014: 2%

Household Debt Service Payments (% of Disposable Income)

- 1980: 9%
- 1999: 13%
- 2018: 10%

Source: FRBNY, BLS, FRED, CIBC
Government Spending Gaps Raised (L) But Service Costs Not Worrisome (R)

US Gov. Outlays (% of GDP)
- Prior
- With Raised Spending Caps

US Gov. Net Interest Payments (% of GDP)

Source: CBO, CIBC
Canada Needs Investment More Than The US (L) But Corporate Tax Advantage Has Vanished (R)

Manufacturing Capacity Use (%)
- Canada (L)
- US (R)

Marginal Effective Tax Rate Aggregate (%)
- Pre-Reform
- Now
- USA
- Canada

Source: Statistics Canada, BEA, CIBC
Exports and Capital Spending Have Been Serial Disappointments

Difference Between Bank of Canada’s Initial and Final Estimate of GDP Contribution (%)

Source: Bank of Canada, CIBC
Canada’s Export Malaise Began in 2005 (L) Cheap C$ of Recent Years Hasn’t Restored Relative Unit Labour Costs to 2000 Level (R)

**Total Export Volumes By Country (1961=100)**

- **Canada**
- **US**

**Manufacturing Unit Labour Costs (2000=100)**

- **US**
- **Canada (in USD)**

*Source: Statistics Canada, BEA, Haver Analytics, CIBC*
Mortgage Originations Started to Soften Well Before B-20

Source: Equifax, CIBC
B-20 - Most Effective in Less Affordable Markets

Growth in Unit Sales (2017 - 2018)
- Que
- Atlc
- Man
- Sask
- Alta
- CAN
- Ont (less Tor)
- Toronto
- BC (less Van)
- Vancouver

y/y % chg -40 -30 -20 -10 0 10

Unit sales y/y % chg (2018)
- Halifax
- Quebec City
- Montreal
- Ottawa
- Saint John
- St. John
- Saskatoon
- Edmonton
- Regina
- Calgary
- Victoria
- Toronto
- Vancouver

Affordability (Vancouver = 100)

Source: CREA, Statistics Canada, CMHC, CIBC
Fall in Number of Borrowers Mostly Behind Softening Originations

Source: Equifax, CIBC
Are We Overbuilding or Are We Just Right?

Ratio of Housing Completions to Household Formation

Source: Statistics Canada, CMHC, CIBC
Total Purpose-built & Condo Rental Availabilities

Share of Purpose-built availabilities
vs. Active Condo Listings

Source: Urbanation, CIBC
Purpose-Built Rental Market

Vacancy Rates

Average Rents PSF Y/Y

Source: Urbanation, CIBC