

CANADA

NOVEMBER 2012

	Average % Change on Previous Calendar Year														Annual Total			
	Gross Domestic Product		Personal Expenditure		Machinery & Equipment Investment		Pre - Tax Corporate Profits		Industrial Production		Consumer Prices		Industrial Product Prices		Average Hourly Earnings		Housing Starts (thousand units)	
	<i>Produit Intérieur Brut</i>		<i>Dépenses de Consommation des Ménages</i>		<i>Investissement Productif</i>		<i>Bénéfices des Sociétés avant impôts</i>		<i>Production Industrielle</i>		<i>Prix à la Consommation</i>		<i>Prix des Produits Industriels</i>		<i>Rémunération Horaire Moyenne</i>		<i>Construction de Logements mises en chantier, milliers</i>	
Economic Forecasters	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
JP Morgan	2.2	2.1	1.6	2.0	4.3	6.9	na	na	1.4	2.1	2.2	2.1	na	na	na	na	na	na
Royal Bank of Canada	2.2	2.4	1.7	2.3	2.8	5.0	na	na	na	na	1.6	1.7	na	na	na	na	214	189
UBS	2.2	2.2	1.7	2.1	3.3	4.3	0.3	9.3	1.5	2.7	1.7	2.0	0.9	0.9	na	na	na	na
CIBC World Markets	2.2	2.0	1.6	2.1	5.8	5.9	na	na	na	-na	1.7	2.0	na	na	na	na	218	201
Scotia Economics	2.1	1.8	1.6	1.9	3.5	5.3	0.0	3.0	1.5	2.4	1.6	1.9	na	na	na	na	215	180
BMO Capital Markets	2.1	2.0	1.7	2.0	2.7	6.9	2.0	3.5	1.0	2.0	1.6	1.8	0.6	1.5	2.0	2.2	215	190
Desjardins	2.1	2.1	1.6	2.1	3.2	3.6	2.7	5.2	na	na	1.6	1.8	1.5	2.5	1.6	2.1	217	184
IHS Global Insight	2.1	1.9	1.8	2.4	4.0	7.0	4.2	1.4	1.5	2.4	1.7	1.8	0.6	1.2	na	na	218	195
National Bank of Canada	2.1	1.7	1.7	1.8	2.4	2.8	-1.2	0.0	na	na	1.7	2.1	na	na	na	na	213	185
Economap	2.0	2.1	1.7	2.0	2.5	7.5	1.0	4.0	1.2	2.2	1.6	1.8	0.8	1.3	2.0	2.2	214	190
EDC Economics	2.0	2.2	1.6	1.5	4.2	7.6	na	na	na	na	2.4	2.0	na	na	na	na	210	160
Capital Economics	1.9	1.2	1.7	1.9	2.3	4.2	na	na	na	na	1.6	1.2	na	na	na	na	195	150
Toronto Dominion Bank	1.9	1.8	1.7	2.0	3.6	5.9	0.1	6.2	na	na	1.6	2.0	na	na	na	na	214	198
Conf Board of Canada	1.8	2.3	1.8	2.6	3.0	8.5	-2.1	3.5	na	na	2.3	2.4	0.8	1.7	na	na	212	194
Informetrica	1.8	2.0	1.6	2.0	1.8	4.0	-3.0	8.0	1.2	2.5	1.7	2.2	0.0	2.0	2.9	3.0	206	185
University of Toronto	1.7	1.5	1.6	1.9	1.3	6.7	-3.8	-0.7	na	na	1.6	1.9	na	na	na	na	211	171
Consensus (Mean)	2.0	2.0	1.7	2.0	3.2	5.8	0.0	3.9	1.3	2.3	1.8	1.9	0.7	1.6	2.1	2.4	212	184
Last Month's Mean	2.0	2.0	1.7	2.0	3.4	6.3	-0.6	4.2	1.6	2.5	1.8	1.9	0.8	1.8	2.3	2.6	209	182
3 Months Ago	2.0	2.1	1.9	2.1	2.8	6.3	3.4	4.4	1.9	2.8	1.9	2.0	1.1	1.9	2.3	2.6	203	180
High	2.2	2.4	1.8	2.6	5.8	8.5	4.2	9.3	1.5	2.7	2.4	2.4	1.5	2.5	2.9	3.0	218	201
Low	1.7	1.2	1.6	1.5	1.3	2.8	-3.8	-0.7	1.0	2.0	1.6	1.2	0.0	0.9	1.6	2.1	195	150
Standard Deviation	0.2	0.3	0.1	0.3	1.1	1.7	2.4	3.1	0.2	0.2	0.3	0.3	0.4	0.5	0.6	0.4	6	14
Comparison Forecasts																		
IMF (Oct. '12)	1.9	2.0	1.7	2.0							1.8	2.0						
OECD (May '12)	2.2	2.6	2.4	2.9							2.3	2.2						

Government and Background Data

Prime Minister - Mr. Stephen Harper (Conservative). **Government** - The Conservatives hold 167 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election** - by May 2015 (general election). **Nominal GDP** - C\$1,721bn (2011). **Population** - 34.4mn (mid-year, 2011). **C\$/US\$ Exchange Rate** - 0.989 (average, 2011).

Historical Data

* % change on previous year	2008	2009	2010	2011
Gross Domestic Product*	1.1	-2.8	3.2	2.6
Personal Expenditure*	2.9	0.1	3.5	2.4
Machinery & Eqpt Investment*	0.1	-20.4	13.7	10.7
Pre - Tax Corporate Profits*	11.0	-33.1	21.2	15.4
Industrial Production*	-3.1	-9.5	4.9	3.5
Consumer Prices*	2.4	0.3	1.8	2.9
Industrial Product Prices*	4.3	-3.5	1.0	4.6
Average Hourly Earnings*	3.5	3.0	3.0	2.0
Housing Starts, '000 units	211	149	190	194
Unemployment Rate, %	6.2	8.3	8.0	7.5
Current Account, C\$ bn	1.9	-46.4	-60.2	-52.3
Federal Govt Budget Balance, fiscal years, C\$ bn	-5.8	-55.6	-33.4	-26.2
3 mth Trsy Bill, % (end yr)	0.9	0.2	1.0	0.8
10 Yr Govt Bond, % (end yr)	2.9	3.6	3.2	1.9

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 10, 2012

	2012								2013				2014					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Gross Domestic Product	1.8	2.5	1.8	1.8	1.8	2.0	2.1	2.3	2.4	2.5								
Personal Expenditure	1.9	1.7	1.7	1.6	1.9	2.1	2.2	2.2	2.2	2.2								
Consumer Prices	2.4	1.6	1.3	1.6	1.7	1.8	2.1	2.0	2.0	2.0								
	<i>Percentage Change (year-on-year).</i>																	

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Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					1.0%		1.7%		
Unemployment Rate (%)	Current Account (C\$ bn)		Federal Govt Budget Balance (C\$ bn)		3 month Treasury Bill Rate (%)		10 Year Government Bond Yield (%)		
Taux de Chômage (%)	Balance Courante (C\$ md)		Balance Budgétaire (C\$ md)		Rendement sur les Bons du Trésor de 3 mois %		Rendement des Obligations d'État de 10 ans %		
2012 2013	2012 2013	FY 12-13	FY 13-14	End Feb'13	End Nov'13	End Feb'13	End Nov'13		
7.3	7.2	-58.5	-61.6	-27.0	-23.0	na	na	na	na
7.3	7.1	-61.0	-43.1	na	na	1.0	1.4	1.8	2.4
7.3	7.2	-56.3	-50.6	na	na	1.0	1.3	2.1	2.4
7.3	7.2	-66.5	-62.6	na	na	1.0	1.2	2.0	2.6
7.3	7.1	-71.0	-69.0	-21.0	-13.0	1.0	1.0	1.8	2.5
7.3	7.3	-72.0	-76.0	-20.0	-10.0	1.0	1.3	1.8	2.0
7.3	7.1	-60.8	-44.3	-20.0	-10.0	1.0	1.0	1.9	2.3
7.4	7.3	-65.2	-60.6	na	na	1.0	1.1	1.8	2.0
7.3	7.3	-49.4	-43.5	-20.2	-10.4	0.9	1.1	1.6	2.4
7.3	7.2	-70.0	-72.0	-20.0	-11.0	1.0	1.1	1.8	2.0
7.2	7.1	-56.0	-42.0	na	na	na	na	na	na
7.4	7.9	na	na	na	na	1.0	1.0	1.7	1.7
7.3	7.0	-58.4	-49.4	na	na	1.1	1.6	2.0	2.4
7.3	7.3	-61.0	-61.0	-17.0	-6.0	1.0	1.1	1.8	1.8
7.4	7.1	-58.0	-35.0	-18.5	-8.6	1.0	1.4	1.8	2.2
7.3	7.3	-58.4	-53.1	na	na	1.0	1.2	2.0	2.5
7.3	7.2	-61.5	-54.9	-20.5	-11.5	1.0	1.2	1.8	2.2
7.3	7.2	-59.2	-52.0	-20.3	-11.8				
7.3	7.2	-45.3	-43.2	-20.1	-11.1				
7.4	7.9	-49.4	-35.0	-17.0	-6.0	1.1	1.6	2.1	2.6
7.2	7.0	-72.0	-76.0	-27.0	-23.0	0.9	1.0	1.6	1.7
0.0	0.2	6.3	12.3	2.9	5.1	0.0	0.2	0.1	0.3
7.3	7.3								
6.9	6.6								

Slowdown, Especially in Industry

Economic activity suffered a hiccup in August after fairly decent gains during much of 2012. Monthly GDP fell by 0.1% (m-o-m) following a 0.2% rise in July. Meanwhile, the y-o-y rate slipped from 1.9% in the previous month to 1.2%, its weakest rate of increase since January 2010. Only agricultural production, forestry and wholesale trade saw any meaningful increases; the goods-producing industries drove much of the decline in activity. Manufacturing saw payback of -0.6% (m-o-m) after July's +0.9% surge, dragged down by a 1.3% contraction in durables output. Industrial production as a whole recorded a 0.7% monthly drop in August on the back of declines in mining, oil & gas extraction, utilities and construction. Industry has been struggling through a weak patch as the global downturn intensifies, particularly following a recent fall-off in US (and, to a lesser extent, Asian) demand. The aftermath of the US election has thrown up questions about the direction of the recovery there which, as Canada's most important trading partner, is likely to impact on economic fundamentals north of the border. Indeed, if US legislators are unable to agree on deficit reduction measures soon, the looming "fiscal cliff" could drag the US into recession and adversely impinge on demand for Canadian exports, especially as tax increases will be part and parcel of these austerity measures. Our panel's industrial production forecasts for 2012 and 2013 have seen another downgrade.

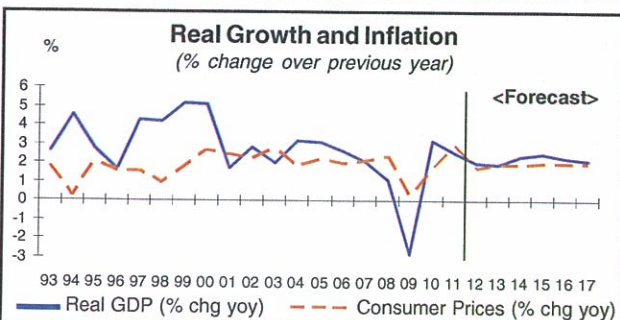
GDP projections remain unchanged this month, due in part to firm commodity prices, as well as ongoing fiscal stimulus measures providing some support. However, Canada will likely be facing its own period of fiscal consolidation, while the Bank of Canada might raise interest rates next year.

Canada Overnight Lending Rate – Nov. 12, 2012 = 1.00%

FORECASTS	End Dec. 2012	End Mar. 2013	End June 2013	End Sep. 2013
Consensus Mean Average:	1.00%	1.02%	1.02%	1.09%
Mode (most frequent forecast):	1.00%	1.00%	1.00%	1.00%

Direction of Trade – 2011

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	73.7	United States	49.5
United Kingdom	4.2	China	10.8
China	3.7	Mexico	5.5
EU	8.9	Asia (ex. Japan)	13.7
Asia (ex. Japan)	5.6	EU	11.7
Latin America	3.1	Latin America	9.5



2013 GDP Growth and Inflation Forecasts

