



Canadian ECONOMIC INDICATORS

A Comparison of Economic Forecasts

A Reference for:

- *Business planning*
- *Sales forecasting*
- *Budgeting*
- *Customer and staff presentations*
- *Business reviews*
- *Trend analysis*
- *Pricing decisions*
- *Report writing*



July 2009

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This July 2009 report is based on data available as of June 20, 2009.

ABOUT THIS REPORT

In the business planning and review process, today's decision makers are often presented with the economic forecasts of one economist or one organization without information as to how the forecasts may differ from others. In order to help develop a more complete picture it is often useful to compare the figures from various sources and from that comparison to determine a framework for business planning, analysis and forecasting.

On a quarterly basis Market Data Group compares the economic forecasts from a cross section of Canadian financial and business organizations. The results are summarized in this report. **The Canadian Economic Indicators report** shows the forecast range and the forecast average for the key economic and business indicators for Canada.

This report is a tool to keep decision makers updated on changing economic conditions that could affect their business decisions. It is intended as a tool to assist in the business planning and review process and is issued four times per year in January, April, July, and October.

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HIGHLIGHTS

- * Canada's economy remains in the midst of recession. Real GDP contracted in the first quarter of this year by 5.4% from the previous quarter, the worst decline since 1991. All major expenditures fell sharply especially business investment and exports. The economy is forecasted to start to improve later this year in response to low interest rates, government stimulus programs, firmer commodity prices and an expected improvement in U.S. demand. The consensus forecast is for the Canadian economy to contract by -2.3% this year. A mild recovery is forecasted for 2010 with the consensus forecast for real GDP growth at 2.0% .

Real GDP 2008:	0.4%
Average Forecast 2009:	-2.3%
Average Forecast 2010:	2.0%

- * With the global economy continuing to contract, Canada's inflation rate remains low and is expected by some forecasters to slip into negative territory. The consensus forecast is for the Consumer Price Index (CPI) to increase by 0.3% in 2009 and 1.8% in 2010.

CPI 2008:	2.3%
Average Forecast 2009:	0.3%
Average Forecast 2010:	1.8%

- * Labour markets remain weak with continued job losses . The unemployment rate reached 8.4% in May and is forecasted to head higher as job losses continue especially in the manufacturing and construction sectors. The consensus forecast is for Canada's unemployment rate to end 2009 at 8.5% and to move up to 9.2% in 2010.

Unemployment Rate 2008:	6.1%
Average Forecast 2009:	8.5%
Average Forecast 2010:	9.2%

- * Weak economic conditions and rising unemployment continue to put negative pressure on the consumer. Canada's consumer spending is forecasted to contract by -0.9% this year. Improvement is expected in 2010 as economic conditions improve. The consensus forecast is for consumer spending to increase by 1.6% in 2010.

Consumer Spending 2008:	3.0%
Average Forecast 2009:	-0.9%
Average Forecast 2010:	1.6%

- * Rising commodity prices and weakness in the U.S. currency have pushed the Canadian dollar rapidly upward. The loonie appreciated 12.3 cents from the start of April to the end of May, to end the month at 91.6 cents U.S. Some forecasters expect some pullback in the short term while others are forecasting a continued upward trend. Fundamentally the Canadian dollar is being supported by expectations of a global economic recovery, rising commodity prices , a better relative fiscal and current account balance compared to the U.S. and expected continued weakness in the U.S. currency. The consensus forecast is for the Canadian dollar to end 2009 at 0.90 cents and 2010 at 0.93 cents. Scotia Bank is forecasting parity with the U.S. dollar by year end 2009 while TD is forecasting parity by year end 2010.

	Canadian Dollar (USD per CAD)
Year end 2008:	.82
Forecast for year end 2009:	.90
Forecast for year end 2010:	.93

- * To support the economy and strengthen financial markets, the Bank of Canada has committed to keeping the policy rate at 0.25% until mid 2010. The bank left rates unchanged in its policy announcement in June. Some forecasters expect the bank to start increasing interest rates once the economy shows signs of improvement.



CANADIAN ECONOMIC FORECAST - 2009

Annual percent change, seasonally adjusted
(except where noted)

2009 FORECAST

	2008 ACTUAL	2009 FORECAST						FORECAST RANGE			2009 FORECAST AVERAGE
		Conference Board	Royal Bank	CIBC	Bank of Montreal	Scotia Bank	TD Bank				
ECONOMIC ACTIVITY											
Real GDP*	0.4	-1.7	-2.4	-2.5	-2.5	-2.2	-2.4	-2.5	-	-1.7	-2.3
Unemployment Rate	6.1	8.3	8.5	8.3	8.6	8.5	8.7	8.3	-	8.7	8.5
Consumer Price Index	2.3	0.5	0.4	0.0	0.5	0.4	0.2	0.0	-	0.5	0.3
THE CONSUMER											
Consumer Expenditures*	3.0	0.2	-0.5	-0.4	-2.8	-0.6	-1.4	-2.8	-	0.2	-0.9
Motor Vehicle Sales (million units)	1.67	na	1.49	na	1.50	1.42	na	1.42	-	1.50	1.47
%chg	-1.0	na	-10.8	na	-10.2	-15.0	na	-15.0	-	-10.2	-12.0
Housing Starts (million units)	0.211	0.145	0.141	0.133	0.135	0.135	0.125	0.125	-	0.145	0.136
% chg	-7.2	-31.3	-33.2	-36.9	-36.0	-36.0	-40.8	-40.8	-	-31.3	-35.7
Retail Sales	3.4	1.6	-3.7	na	na	na	-3.0	-3.7	-	1.6	-1.7
BUSINESS											
Business Non-Residential Invst*	0.2	-13.4	na	-14.1	-14.9	-14.0	-14.6	-14.9	-	-13.4	-14.2
Corporate Profits (before tax)	5.7	-31.8	-36.9	na	-35.0	-16.5	-38.8	-38.8	-	-16.5	-31.8
Imports*	0.8	-10.5	-17.4	-13.9	-16.2	-16.6	-19.5	-19.5	-	-10.5	-15.7
Exports*	-4.7	-10.7	-14.5	-13.3	-13.9	-14.0	-15.1	-15.1	-	-10.7	-13.6

This report is based on data available June 20, 2009

Notes:

- * indicates chain weighted \$2002 dollars, change after subtracting inflation.



CANADIAN ECONOMIC FORECAST - 2010

Annual percent change, seasonally adjusted
(except where noted)

2010 FORECAST

	Conference Board	Royal Bank	CIBC	Bank of Montreal	Scotia Bank	TD Bank	FORECAST RANGE	2010 FORECAST AVERAGE
ECONOMIC ACTIVITY								
Real GDP*	2.5	2.5	1.5	1.8	2.5	1.4	1.4 - 2.5	2.0
Unemployment Rate	9.4	9.0	9.0	9.0	8.9	9.9	8.9 - 9.9	9.2
Consumer Price Index	2.6	1.7	1.0	1.8	1.9	1.5	1.0 - 2.6	1.8
THE CONSUMER								
Consumer Expenditures*	2.1	1.6	1.9	1.6	1.8	0.7	0.7 - 2.1	1.6
Motor Vehicle Sales (million units)	na	1.62	na	1.60	1.50	na	1.50 - 1.62	1.57
%chg	na	8.7	na	6.7	5.6	na	5.6 - 8.7	7.0
Housing Starts (million units)	0.167	0.173	0.158	0.145	0.150	0.130	0.130 - 0.173	0.154
% chg	15.2	22.7	18.8	7.4	11.1	4.0	4.0 - 22.7	13.2
Retail Sales	5.1	4.8	na	na	na	3.5	3.5 - 5.1	4.5
BUSINESS								
Business Non-Residential Invst*	2.1	na	-1.5	-3.3	-0.4	-1.9	-3.3 - 2.1	-1.0
Corporate Profits (before tax)	8.8	7.1	na	5.0	10.0	5.6	5.0 - 10.0	7.3
Imports*	3.8	3.2	4.3	3.5	2.5	-1.9	-1.9 - 4.3	2.6
Exports*	2.7	2.3	3.3	2.6	2.0	-2.3	-2.3 - 3.3	1.8

* indicates chain weighted \$2002 dollars, change after subtracting inflation



FINANCIAL FORECASTS - 2009 and 2010

INTEREST RATES (End of Period)

FORECASTS

	2007 ACTUAL	2008 ACTUAL	<i>Royal Bank</i>	<i>CIBC</i>	<i>Bank of Montreal</i>	<i>Scotia Bank</i>	<i>TD Bank</i>	FORECAST RANGE	FORECAST AVERAGE
Overnight Rate	4.25	1.50							
2009			0.25	0.25	0.25	0.25	0.25	0.25 - 0.25	0.25
2010			1.25	na	1.25	2.00	1.25	1.25 - 2.00	1.44
3 Month T-Bill	3.86	1.12							
2009			0.35	0.23	0.20	0.30	0.30	0.20 - 0.35	0.28
2010			1.85	na	1.45	2.50	1.75	1.45 - 2.50	1.89
2 Year GoC Bond	3.87	1.09							
2009			1.10	1.15	1.50	1.30	1.40	1.10 - 1.50	1.29
2010			2.35	na	2.85	3.10	2.55	2.35 - 3.10	2.71
10 Year GoC Bond	4.09	2.69							
2009			2.50	3.35	3.60	3.70	3.20	2.50 - 3.70	3.27
2010			3.40	na	4.45	4.80	3.90	3.40 - 4.80	4.14

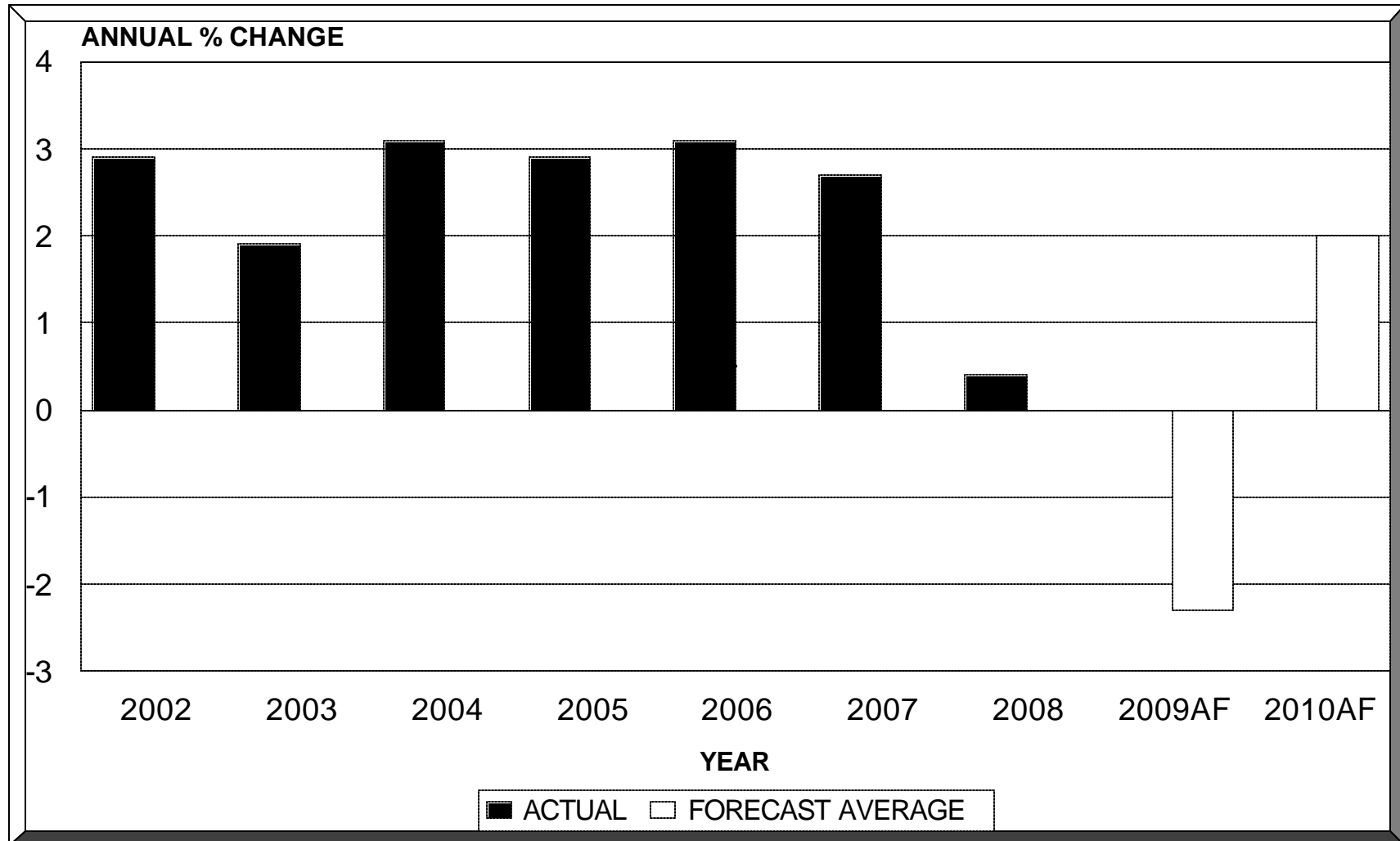
EXCHANGE RATE (End of Period)

UScents/CAD	1.01	0.821							
2009			0.80	0.87	0.91	0.94	1.00	0.80 - 1.00	0.90
2010			0.87	0.94	0.99	1.00	0.87	0.87 - 1.00	0.93
CAD/USD	0.99	1.218							
2009			1.25	1.15	1.10	1.06	1.00	1.00 - 1.25	1.11
2010			1.15	1.06	1.01	1.00	1.15	1.00 - 1.15	1.07

Source: 2007 and 2008 Actuals, Bank of Canada

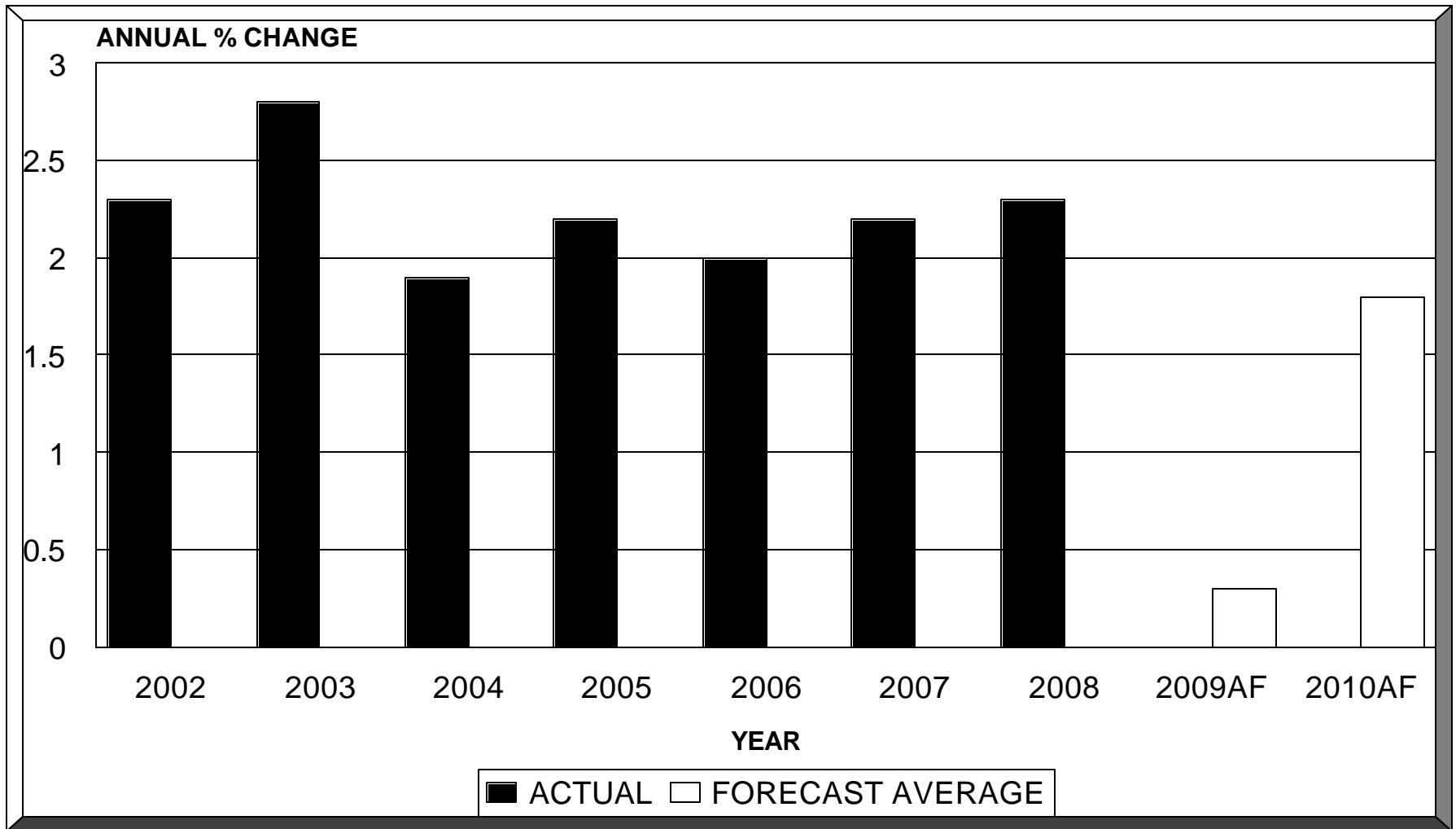
REAL G.D.P.

ANNUAL % CHANGE (Chained \$2002 Dollars)



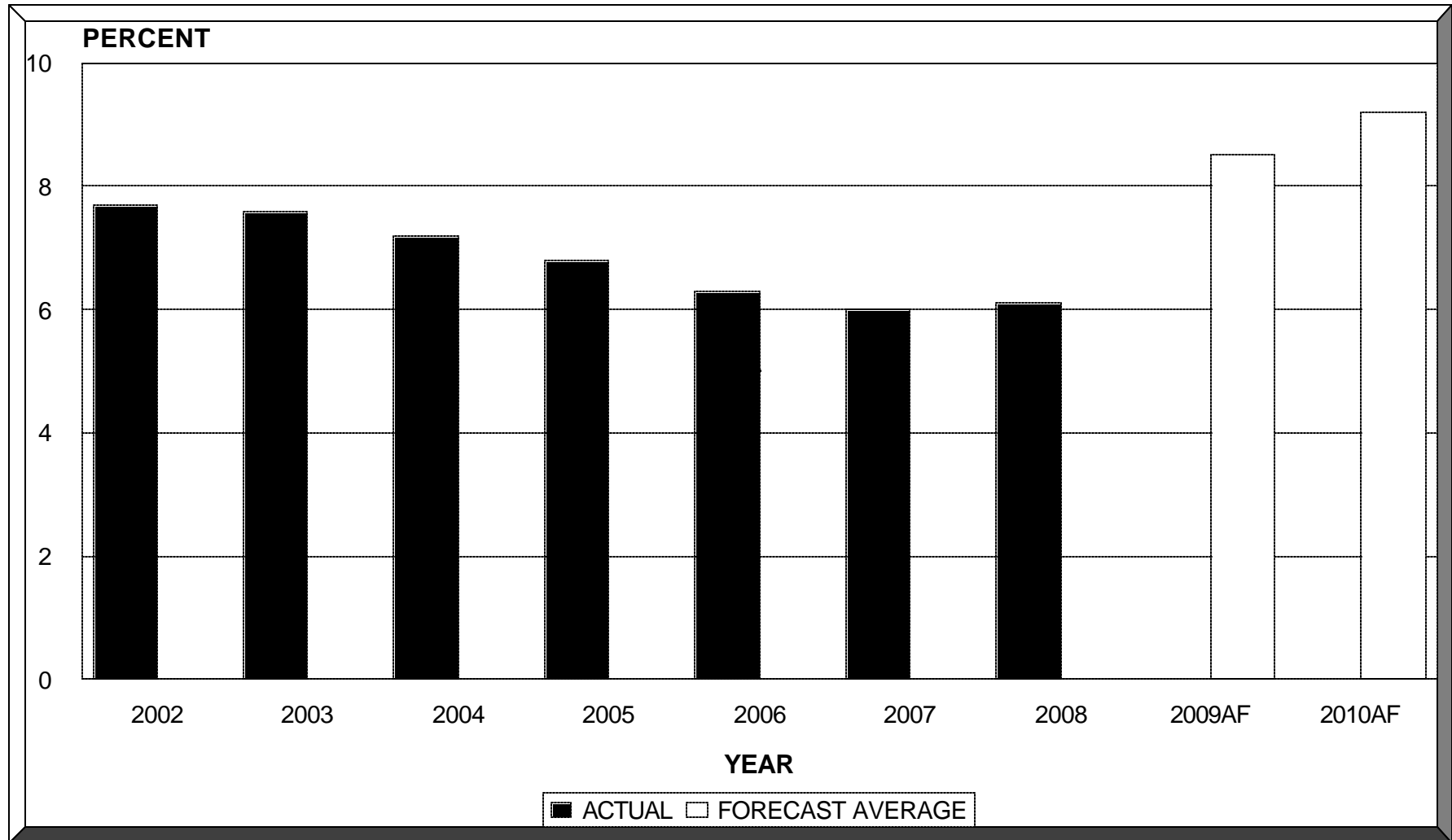
CONSUMER PRICE INDEX

ANNUAL % CHANGE



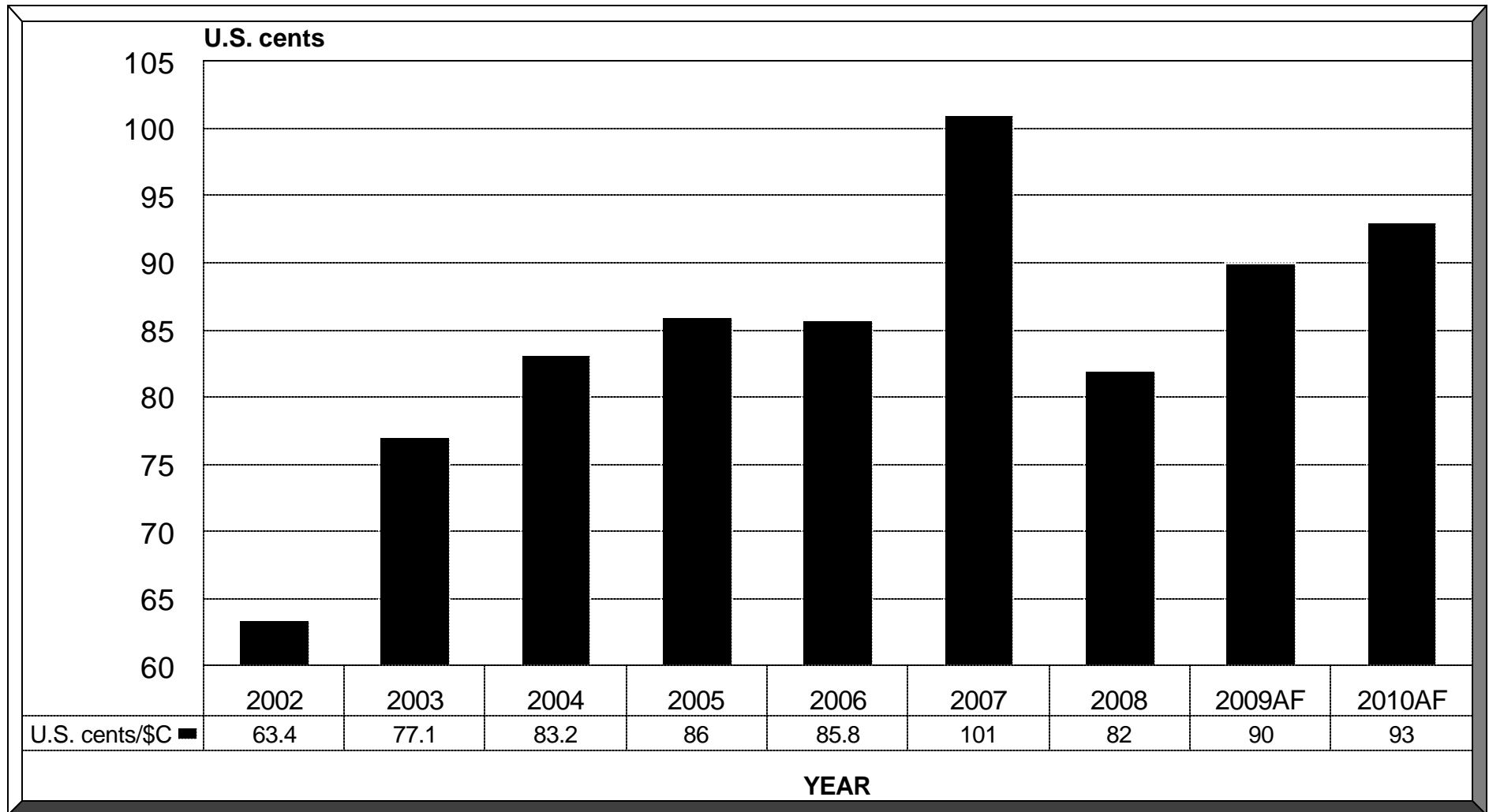
UNEMPLOYMENT RATE

ANNUAL PERCENTAGE



Canadian Dollar Outlook

(Year End, U.S. cents/\$C)



Market Data Group - Canadian Economic Indicators Report, July 2009

2009AF and 2010AF are the average of the forecasts shown on pages 8

Source: Bank of Canada for historical data

CANADA-Historical and Year to Date

		(1) REAL GROSS DOMESTIC PRODUCT <i>(Constant dollars)</i>		(2) UNEMPLOYMENT RATE		(3) CONSUMER PRICE INDEX <i>(2002=100)</i>		(4) CONSUMER EXPENDITURES		(5) MOTOR VEHICLE SALES		(6) HOUSING STARTS <i>(all areas)</i>	
		annual rate chained \$2002, millions	annual % change	percent	index	annual % change	chained \$2002, millions	annual % change	('000 of units)	annual % change	annual rates ('000 of units)	annual % change	
ANNUAL													
	2002	1,152,905	2.9	7.7	100.0	2.3	655,722	3.6	1,733	8.4	205	25.9	
	2003	1,174,592	1.9	7.6	102.8	2.8	675,442	3.0	1,626	-6.2	220	6.9	
	2004	1,211,239	3.1	7.2	104.7	1.9	697,566	3.3	1,575	-3.1	233	6.0	
	2005	1,247,807	3.0	6.8	107.0	2.2	723,146	3.7	1,630	3.5	224	-3.7	
	2006	1,283,418	2.9	6.3	109.1	2.0	752,726	4.1	1,666	2.2	229	2.3	
	2007	1,315,907	2.5	6.0	111.5	2.2	787,063	4.6	1,691	1.5	228	-0.5	
	2008	1,321,360	0.4	6.1	114.1	2.3	810,723	3.0	1,674	-1.0	211	-7.2	
MONTHLY OR QRTL													
2008	JAN			5.8	111.8	2.2			154		217	-16.6	
	FEB			5.9	112.2	1.8			148		249	23.4	
Q1	MAR	1,323,013	1.7	6.1	112.6	1.4	810,096	5.1	148		241	11.9	
	APR			6.0	113.5	1.7			142		217	-2.1	
	MAY			6.1	114.6	2.2			143		223	-5.4	
Q2	JUN	1,324,093	0.7	6.2	115.4	3.1	812,310	3.9	141		213	-6.0	
	JUL			6.1	115.8	3.4			139		192	-11.9	
	AUG			6.2	115.6	3.5			135		218	-6.0	
Q3	SEP	1,325,452	0.3	6.2	115.7	3.4	813,469	3.0	138		214	-21.8	
	OCT			6.3	114.5	2.6			137		209	-7.1	
	NOV			6.4	114.1	2.0			126		173	-27.1	
Q4	DEC	1,312,880	-1.0	6.6	113.3	1.2	807,018	0.3	112		172	-9.3	
MONTHLY OR QRTL													
2009	JAN			7.2	113.0	1.1			117	-26.4	144	-33.6	
	FEB			7.7	113.8	1.4			115	-23.8	128	-48.4	
Q1	MAR	1,294,805	-2.1	8.0	114.0	1.2	803,863	-0.8	121	-18.2	146	-39.1	
	APR			8.0	113.9	0.4			121	14.8	118	-45.6	
	MAY			8.4									
Q2	JUN												

*ANNUAL % CHANGE - is comparison to the SAME PERIOD THE PREVIOUS YEAR

CANADA-Historical and Year to Date

		(7) RETAIL SALES	(8) BUSINESS NON RESIDENTIAL INVESTMENT		(9) CORPORATE PROFITS <i>(before tax)</i>		(10) IMPORTS		(11) EXPORTS		(12) PRIME RATE	(13) EXCHANGE RATE cdn\$ per unit	
		(millions \$)	chained \$2002	annual % change	millions \$	annual % change	\$2002 millions	annual % change	\$2002 millions	annual % change	average for period	period average	end of period
ANNUAL													
	2002	319,525	130,934	-4.1	135,229	6.4	428,301	1.7	479,185	1.2	4.21	1.570	1.578
	2003	331,143	139,908	6.9	144,501	6.9	446,014	4.1	468,358	-2.3	4.69	1.401	1.297
	2004	346,721	151,398	8.2	168,219	16.4	481,854	8.0	491,674	5.0	4.00	1.301	1.202
	2005	366,171	170,230	12.4	186,585	10.9	516,269	7.1	500,988	1.9	4.42	1.211	1.162
	2006	389,485	187,277	10.0	196,130	5.1	540,766	4.7	504,951	0.8	5.81	1.134	1.165
	2007	412,037	194,176	3.7	204,131	4.1	572,078	5.8	510,323	1.1	6.10	1.074	0.991
	2008	426,034	194,622	0.2	215,799	5.7	576,905	0.8	486,255	-4.7	4.73	1.067	1.218
MONTHLY OR QRTL													
	2008												
	JAN	35,905									5.75	1.011	1.004
	FEB	35,558									5.75	0.999	0.984
Q1	MAR	35,557	197,217	3.5	213,056	6.2	585,633	5.5	498,552	-3.0	5.25	1.002	1.027
	APR	35,731									4.75	1.014	1.007
	MAY	35,785									4.75	0.999	0.993
Q2	JUN	35,951	195,929	1.4	229,532	13.0	589,968	5.3	493,352	-4.3	4.75	1.017	1.019
	JUL	35,950									4.75	1.013	1.024
	AUG	35,802									4.75	1.054	1.062
Q3	SEP	36,130	196,935	0.4	237,708	15.6	584,824	0.2	488,152	-4.3	4.75	1.058	1.064
	OCT	35,781									4.00	1.185	1.205
	NOV	34,817									4.00	1.218	1.237
Q4	DEC	33,068	188,407	-4.3	182,900	-11.7	547,196	-7.7	464,964	-7.2	3.50	1.234	1.218
MONTHLY OR QRTL													
	2009												
	JAN	33,651									3.00	1.226	1.227
	FEB	33,709									3.00	1.245	1.272
Q1	MAR	33,805	174,838	-11.3	138,676	-34.9	485,937	-17.0	424,655	-14.8	2.50	1.265	1.261
	APR	33,529									2.25	1.224	1.193
	MAY										2.25	1.151	1.092
Q2	JUN												

*ANNUAL % CHANGE - is comparison to the SAME PERIOD THE PREVIOUS YEAR

OTHER ECONOMIC INDICATORS

		INDUSTRIAL PRODUCT PRICE INDEX		BUSINESS BANKRUPTCIES (all of Canada)		MANUFACTURING SHIPMENTS		MANUFACTURING RATIO OF INVENTORIES TO SHIPMENTS		EMPLOYMENT	EMPLOYMENT MANUFACTURING
		Index (2002=100)	annual % change	total	annual % change	\$millions	annual % change		(000's of people)	(000's of people)	
ANNUAL											
	2002	107.6	0.1	9,472	-5.6	559,903	3.1	1.37	15,310	2,286	
	2003	106.2	-1.4	8,844	-6.6	563,634	0.7	1.33	15,672	2,275	
	2004	109.5	3.2	8,128	-8.1	583,082	3.5	1.30	15,947	2,292	
	2005	111.2	1.5	7,519	-7.5	600,350	3.0	1.32	16,170	2,207	
	2006	113.8	2.4	6,756	-16.9	307,380	1.2	1.31	16,484	2,118	
	2007	115.6	1.6	6,307	-6.6	607,344	0.0	1.30	16,866	2,045	
	2008	120.6	4.3	6,164	-2.3	604,744	-0.4	1.32	17,126	1,970	
MONTHLY OR QRTL											
2008	JAN	115.7	0.2	525	-0.9	48,999	-3.8	1.33	17,071	1,997	
	FEB	116.0	-0.4	569	-5.0	50,211	-1.4	1.29	17,107	1,979	
Q1	MAR	118.1	0.0	565	-8.1	49,326	-5.4	1.32	17,102	1,968	
	APR	120.1	1.4	592	9.2	50,102	-3.8	1.30	17,125	1,953	
	MAY	121.3	2.9	554	4.1	51,509	0.6	1.29	17,132	1,986	
Q2	JUN	123.4	6.0	465	-12.3	52,646	4.6	1.27	17,131	1,984	
	JUL	124.5	7.6	456	-6.4	53,998	5.8	1.25	17,082	1,954	
	AUG	124.6	8.7	469	-6.4	51,873	3.6	1.30	17,100	1,970	
Q3	SEP	123.2	8.4	489	8.9	51,495	3.5	1.31	17,192	1,985	
	OCT	123.2	9.7	496	-3.3	51,114	2.6	1.34	17,195	1,974	
	NOV	119.8	5.9	506	-4.0	47,991	-5.1	1.41	17,131	1,941	
Q4	DEC	117.1	2.3	478	2.4	44,298	-8.7	1.50	17,111	1,950	
MONTHLY OR QRTL											
2009	JAN	117.1	1.2	448	-14.7	41,646	-15.0	1.62	16,982	1,850	
	FEB	117.6	1.4	475	-16.5	42,565	-15.2	1.56	16,899	1,874	
Q1	MAR	118.0	-0.1	507	-10.3	41,429	-16.0	1.58	16,838	1,840	
	APR	117.4	-0.2	529	-10.6				16,874	1,847	
	MAY								16,832	1,788	
Q2	JUN										

*ANNUAL % CHANGE - is comparison to the SAME PERIOD THE PREVIOUS YEAR

ABOUT THE FORECAST SOURCES

CONFERENCE BOARD OF CANADA:

Is an independent, non-for-profit organization for business with affiliates in the U.S. and Europe. The objective of the organization is to help members anticipate and respond to the changing global economy.

ROYAL BANK OF CANADA:

Largest Canadian chartered bank operating under the brand name of RBC Financial Group with assets of \$615 billion at year end Oct. 2008. In addition to 1,500 domestic locations, its' international network includes offices in 30 countries. The bank has some 80,000 employees.

CANADIAN IMPERIAL BANK OF COMMERCE:

CIBC reported total assets as of Oct. 31, 2008 of \$354 billion . Its' group of companies includes CIBC Wood Gundy and it employs some 40,000 employees worldwide. CIBC World Markets is the investment banking, securities brokerage and asset management arm of the CIBC.

BANK OF MONTREAL:

Canada's oldest chartered bank . It owns Harris Bankcorp in Chicago and Nesbitt Burns, a Canadian investment dealer. With total assets as of Oct. 31, 2008 of \$350 billion it is ranked as Canada's fifth largest bank. The Bank of Montreal has almost 36,000 employees in Canada, the U.S. and around the world.

SCOTIA BANK:

Scotia Bank reported assets of \$507 billion as of Oct. 31, 2008. The bank has 970 branches and commercial and business banking centers and more than 69,000 employees in offices in 50 countries worldwide. The bank's Scotia Capital group provides corporate and investment banking.

TD BANK:

TD Bank Financial reported assets of \$470 billion as of Oct. 30, 2008. TD Bank Financial consists of TD Bank and its subsidiaries TD Canada Trust, TD Waterhouse and TD Securities. TD Bank Financial Group has more than 51,000 employees and provides a full range of financial products and services .

NOTES

1. Annual percent change is the change from the SAME PERIOD the previous year.
2. Historical figures are reported for 2008 either monthly OR quarterly as shown.
3. GDP quarterly figures are annualized rates.
4. Monthly housing start figures and consumer expenditures are annualized rates, which is the result of adjusting monthly statistics to provide an indication of the annual total which would be achieved if activity in all other months were at the same level of performance relative to past seasonal patterns.
5. Retail sales estimates exclude the Goods and Services Tax (GST).
6. Industrial Product Price Index(IPPI), reflects the prices that producers in Canada receive as the goods leave the plant gate. The IPPI excludes indirect taxes and all costs that occur between the time when goods leave the plant and arrive at the final user such as transportation, wholesale and retail costs. Canadian producers export many goods and quote prices in foreign currencies. Changes in the value of the Canadian dollar versus the U.S. dollar therefore affects the IPPI. A 1.0% change in the value of the Canadian dollar has been estimated to change the IPPI by approximately 0.3%.
7. Historical figures are revised monthly by Statistics Canada. Those reported are the most current figures available and may differ from those reported in the last Canadian Economic Indicators report.

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DEFINITIONS

REAL GDP

The total value of all goods and services produced within Canada during a given period. It is the value of the sum of physical quantities of goods and services produced, converted to a money valuation basis from which the year to year change in price has been eliminated. It is now measured in chained \$2002 dollars.

UNEMPLOYMENT RATE

The Civilian Unemployment Rate is the number of people unemployed as a percentage of the labour force. Labour force is defined as a percentage of the population 15 years of age and over seeking and available for work.

CONSUMER PRICE INDEX(2002)

The Consumer Price Index (CPI) measures changes in the prices paid by consumers for goods and services. Prices are compared to the prices prevailing during the base period of 2002. The CPI measures the retail prices of a “shopping basket” of about 300 goods and services. The composition of the basket reflects the expenditure patterns of an average household and is updated periodically. Increases in the CPI are also referred to as increases in the cost of living.

CONSUMER EXPENDITURES (chained \$2002 dollars)

Consumer expenditures is a measure of goods and services purchased by households for the satisfaction of their needs, Consumer goods include both durable and non-durable goods. It is measured in chained \$2002 dollars to eliminate the impact of inflation.

MOTOR VEHICLE SALES

Motor Vehicle Sales includes the sales of new passenger cars and trucks and vans, regardless of country of origin.

HOUSING STARTS

Housing starts are defined as all single and multiple housing unit startups in Canada.

RETAIL SALES

Retail sales is a measure of consumer spending broken down amongst sixteen categories of stores. Sales are defined as all sales of goods and services by retailers. The sector is dominated by auto sales, which account for over 25% of total retail sales and can have a pronounced impact on overall sales during periods of volatile motor vehicle sales

BUSINESS NON RESIDENTIAL INVESTMENT

Business Non Residential Investment is a measure of Business expenditures on non-residential construction and machinery & equipment. It is defined as the gross value of all new non residential construction excluding: defence installations, all additions and major renovations, all conversions and alterations where structural changes take place or the life of an existing asset is extended. It is measured in chained \$2002 dollars to eliminate the impact of inflation.

CORPORATE PROFITS

In principal, pre-tax profits on a domestic basis include earnings in Canada attributable to foreign shareholders' capital, but not the earnings of Canadian owned corporations from their foreign operations

PRIME RATE: The rate of interest at which the Chartered banks are prepared to lend cash.

OVERNIGHT RATE: The rate is the Bank of Canada estimate at which investment dealers were able to arrange most of their overnight financing of money market inventory, excluding chartered bank day-to-day loans and purchase and resale agreements with the Bank of Canada.

U.S. EXCHANGE RATE: The price in terms of American currency at which Canadian currency can be purchased.