

# The Econolink Report

A comparison of Canadian and U.S. business conditions



## A REFERENCE FOR:

- ✓ Strategy development
- ✓ Business and market planning
- ✓ Customer and staff presentations
- ✓ Forecasting and budgeting
- ✓ Business reviews
- ✓ Trend analysis
- ✓ Benchmarking
- ✓ Pricing decisions
- ✓ Report writing
- ✓ General reference

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## ABOUT THIS REPORT

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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 develop a framework for business planning, analysis and forecasting.

On a quarterly basis Market Data Group compares the economic forecasts from a cross section of major business and financial organizations. The results are summarized in this report. **The ECONOLINK Report** shows the forecast range and the forecast average for the key economic indicator forecasts for both Canada and the U.S.

To ensure that a cross section of views and perspectives are represented in the forecasts, the organizations referenced are both large and small financial institutions, brokerage firms, associations representing both large and small businesses in Canada and the U.S. and a major European bank.

This report 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

- \* Both Canadian and U.S. economies came out of recession in the third quarter of 2009 in response to unprecedented government stimulus and accommodative monetary policy. With government spending as a major driver of growth, the recovery is expected to be slow. In Canada, the domestic economy is expected to be supported largely by consumer and government spending while exports continue to face negative pressures from soft U.S. demand and a strong Canadian dollar. In the U.S. high unemployment continues to put negative constraints on recovery. Both Canadian and U.S. economies are forecasted to grow by 2.6% in 2010. The Canadian economy is forecasted to outpace that of the U.S. in 2011 with growth of 3.3% compared to 2.6% in the U.S.

	<i>Canada</i>	<i>U.S.</i>
<i>Real GDP 2008</i>	0.4	0.4
<i>Average Forecast 2009</i>	-2.5	-2.5
<i>Average Forecast 2010</i>	2.6	2.6
<i>Average Forecast 2011</i>	3.3	2.6

- \* With excess capacity in the economies and in labour markets, the inflation rate is expected to remain low on both sides of the border. Canada's Consumer Price Index (CPI) is forecasted to increase by 1.7% in 2010 and 2.2% in 2011. In the U.S., the inflation rate forecast is higher for this year at 2.3% and 1.7 for 2011.

	<i>Canada</i>	<i>U.S.</i>
<i>CPI 2008</i>	2.3	3.8
<i>Average Forecast 2009</i>	0.3	-0.3
<i>Average Forecast 2010</i>	1.7	2.3
<i>Average Forecast 2011</i>	2.2	1.7

- \* The impact of the recession has been large job losses on both sides of the border. The U.S. unemployment rate rose at a faster rate and is higher than that in Canada. It is forecasted to rise further both in Canada and the U.S. this year before declining in 2011 as the economies improve. Canada's unemployment rate is forecasted at 8.5% in 2010 and 8.0% in 2011. The U.S. unemployment rate is forecasted at 10.2% for 2010 and 9.9% in 2011.

	<i>Canada</i>	<i>U.S.</i>
<i>Unemployment Rate 2008</i>	6.1	5.8
<i>Average Forecast 2009</i>	8.3	9.3
<i>Average Forecast 2010</i>	8.5	10.2
<i>Average Forecast 2011</i>	8.0	9.9

- \* Canadian consumer spending slowed dramatically last year. It is forecasted to improve in response to the improving economy, a stabilization in labour markets, increasing consumer confidence and record low interest rates. Canada's consumer spending is forecasted to outpace that of the U.S. over the next 2 years, growing by 2.5% this year and 2.9% in 2011. U.S. consumers faced a greater impact on household net worth from the recession from falling home prices and greater unemployment. U.S. consumer spending is forecasted to grow by 1.9% in 2010 and 2.0 in 2011.

	<i>Canada</i>	<i>U.S.</i>
<i>Consumer Spending 2008</i>	3.0	-0.2
<i>Average Forecast 2009</i>	0.1	-0.6
<i>Average Forecast 2010</i>	2.5	1.9
<i>Average Forecast 2011</i>	2.9	2.0

- \* The Canadian dollar ended 2009 at 0.95 cents U.S., up 0.13 cents from year end 2008. Rising commodity prices due to global economic recovery, improved Canadian economic fundamentals and an expected widening of Canada/U.S. short term interest rate spreads, are expected to support a sustained strong Canadian dollar. The consensus forecast is for the Canadian dollar to end 2010 at par with the U.S. and to end 2011 at 0.99 cents.

- \* Central banks have committed to keeping interest rates low until recovery is well entrenched and employment conditions improve. Both are expected to begin increasing rates in the latter half of 2010 and into 2011. The Bank of Canada is expected by many forecasters to start raising rates ahead of the Federal Reserve in the U.S. Canada's prime rate is forecasted at 2.49% for 2010 and 5.54% for 2011. The U.S. prime rate is forecasted to average 3.28% in 2010 and 4.58 in 2011.

# AN OVERVIEW

## Canada vs United States

Annual percent change, seasonally adjusted  
(except where noted)

CANADA 

UNITED STATES 

	2008 Actual	2009 Forecast Average	2010 Forecast Average	2011 Forecast Average	2008 Actual	2009 Forecast Average	2010 Forecast Average	2011 Forecast Average
<b>ECONOMIC ACTIVITY</b>								
Real GDP*	0.4	-2.5	2.6	3.3	0.4	-2.5	2.6	2.6
Unemployment Rate	6.1	8.3	8.5	8.0	5.8	9.3	10.2	9.9
Consumer Price Index	2.3	0.3	1.7	2.2	3.8	-0.3	2.3	1.7
<b>THE CONSUMER</b>								
Real Consumer Spending*	3.0	0.1	2.5	2.9	-0.2	-0.6	1.9	2.0
Motor Vehicle Sales (%chg)	-1.0	-12.0	9.9	3.6	-	-	-	-
Car & Light Truck Sales (% chg)	-	-	-	-	-18.2	-21.8	12.8	14.3
Housing Starts (million units)	0.211	0.144	0.173	0.178	0.90	0.55	0.72	0.97
% chg	-7.2	-31.7	19.8	3.1	-33.8	-38.5	30.0	35.5
<b>BUSINESS</b>								
Business Non-Residential Invst*	0.2	-14.7	0.6	5.0	1.6	-18.1	-0.2	5.2
Corporate Profits (before tax)	5.7	-34.0	17.6	13.1	-17.6	-8.6	10.5	5.1
Imports*	0.8	-13.8	8.9	6.7	-3.5	-14.2	7.5	6.5
Exports*	-4.7	-14.0	5.7	7.3	6.2	-10.3	8.1	7.3
<b>FINANCIAL</b>								
Prime Rate (%)	4.73	2.40	2.49	5.54	5.09	3.25	3.28	4.58
Exchange Rate (cents U.S.-annual avg)	0.94	0.88	0.97	0.99	0.94	0.88	0.99	na
(cents U.S.-end of period)	0.82	0.95	1.00	0.99	0.82	0.95	0.94	0.91
90 day T-bills (annual average)	2.44	0.35	0.71	2.57	1.48	0.16	0.34	1.47
10 yr Gov't Bonds (annual average)	3.58	3.29	3.85	4.33	3.66	3.25	3.92	3.92

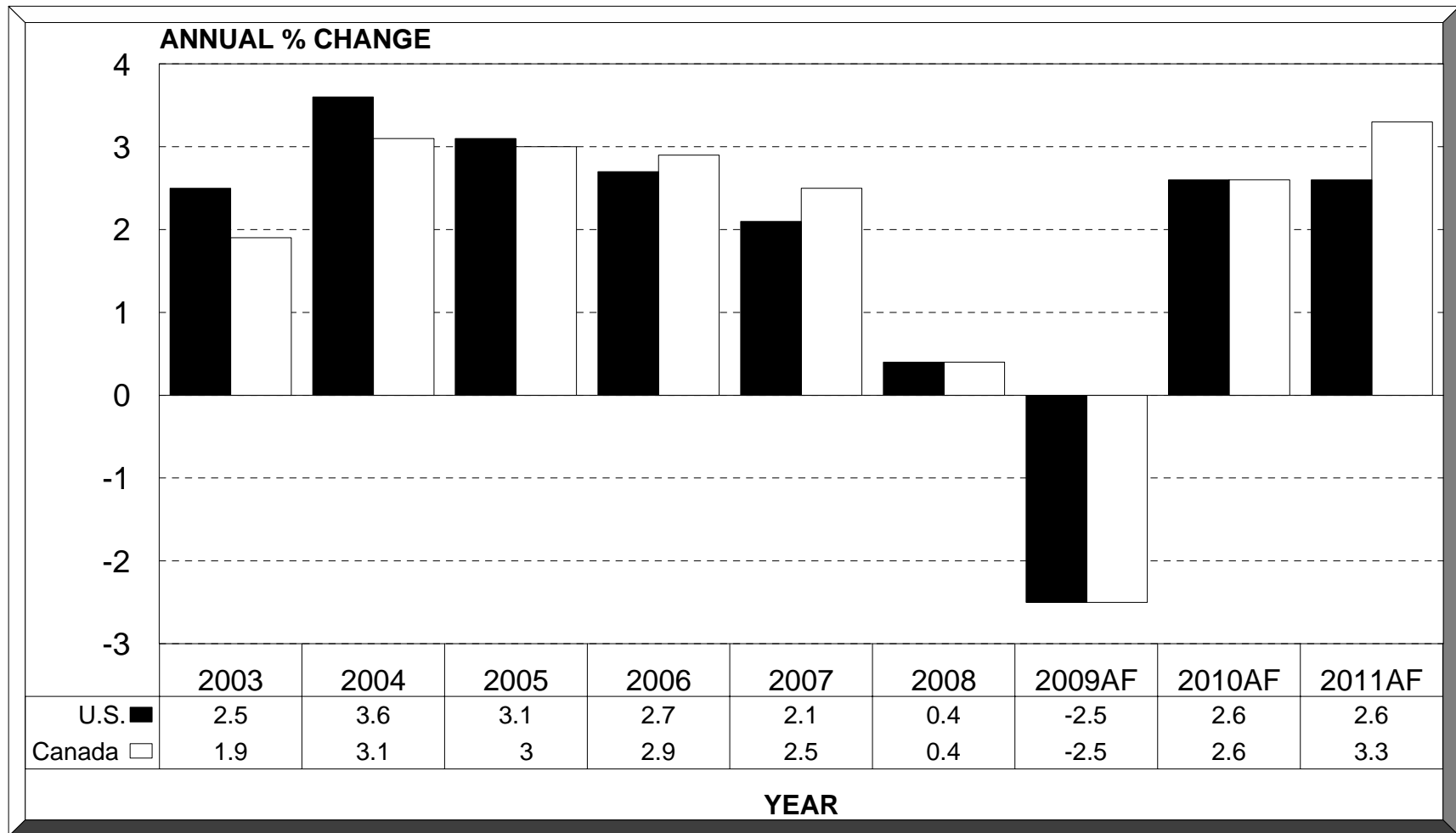
This report is based on data available Jan. 15, 2010

Notes:

- \* indicates constant dollars, change after subtracting inflation
- figures above are average of the forecasts from the sources referenced in this report, see pages 12-15
- Source: Historical data -Statistics Canada, U.S. Department of Commerce

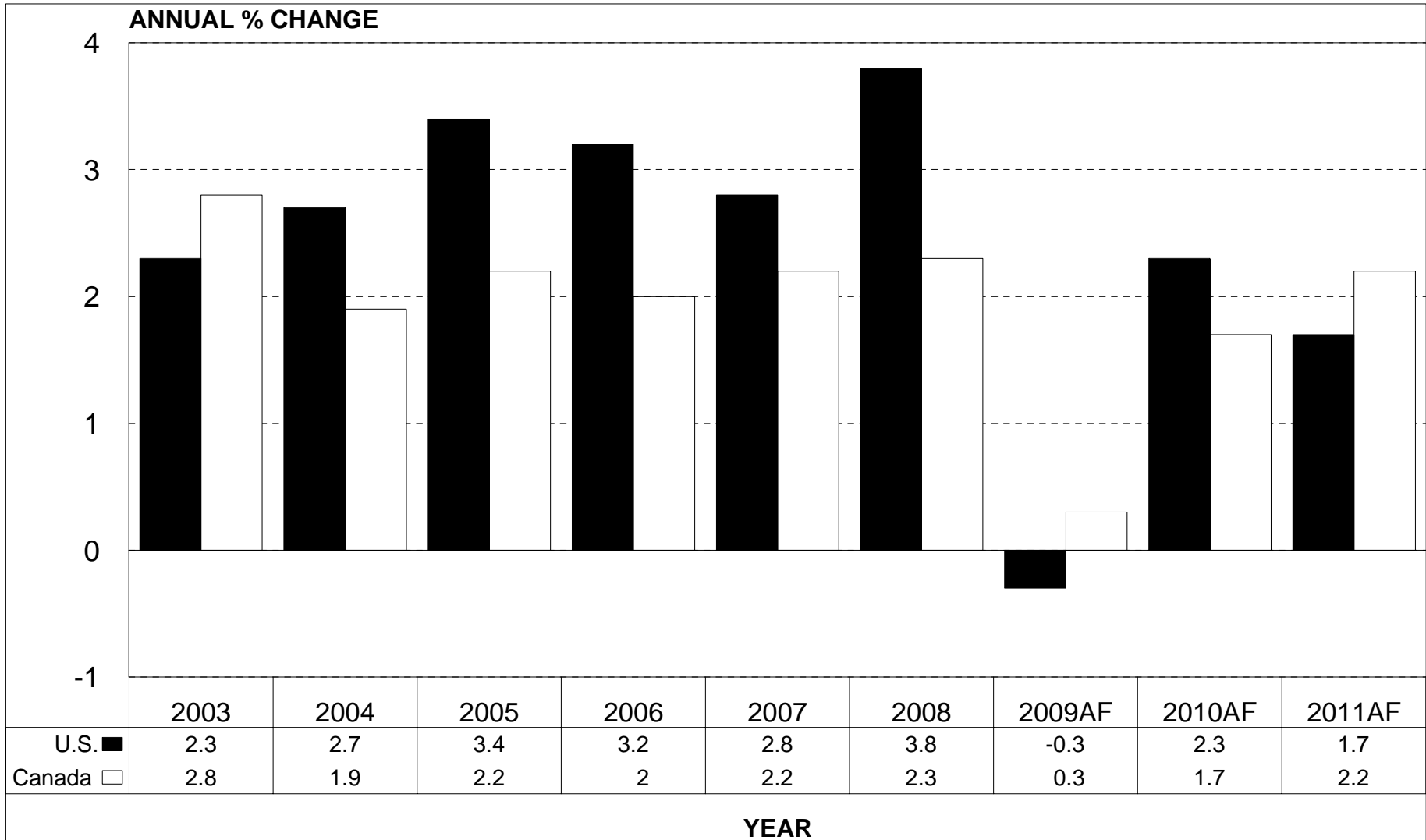
# GROSS DOMESTIC PRODUCT

CANADA VS U.S. (annual % change)



2009AF/2010AF/2011AF are Avg. of the Forecasts where provided from sources referenced, see pages 10-15  
Market Data Group, Econolink Report January 2010

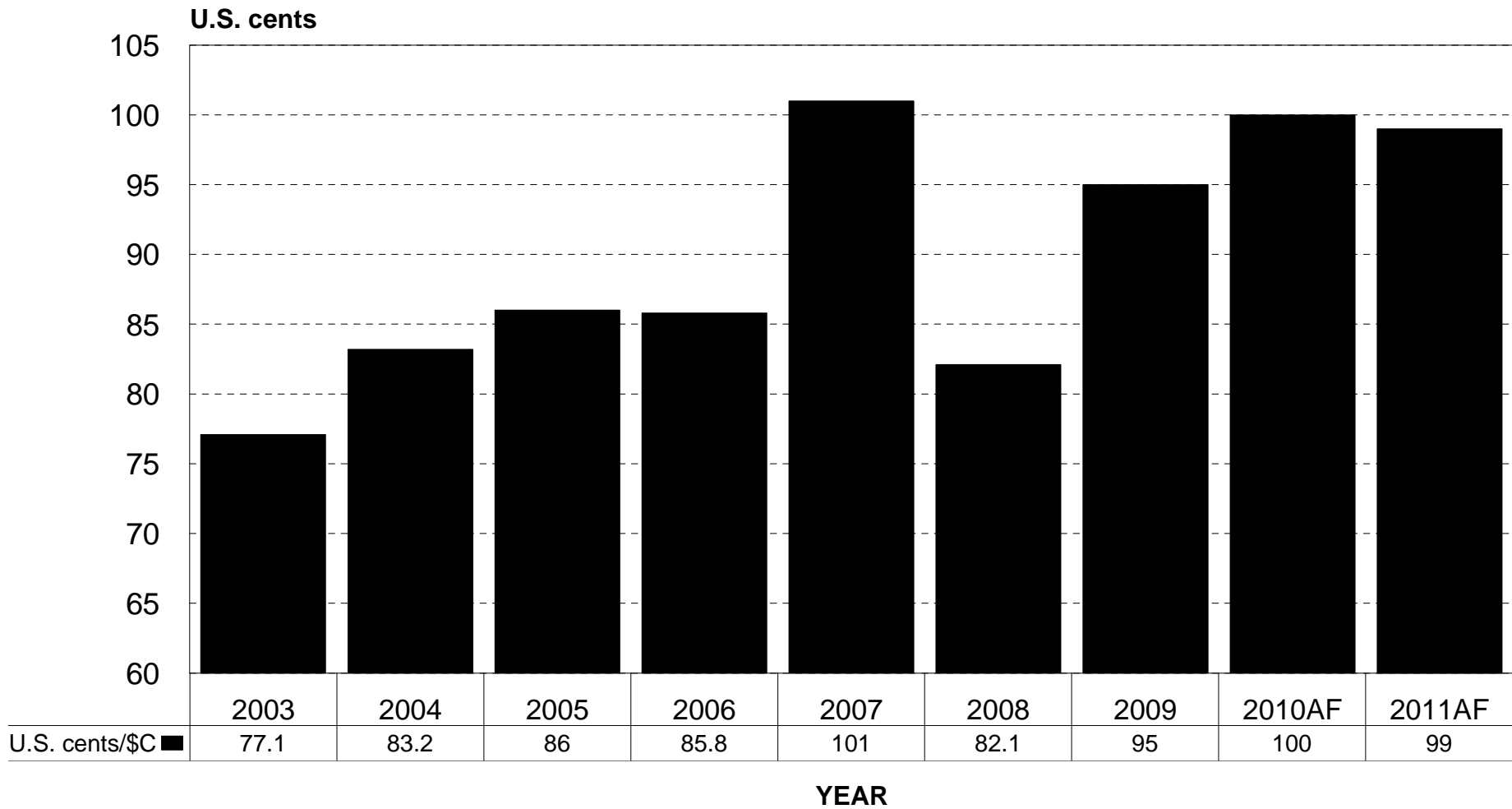
# CONSUMER PRICE INDEX



2009AF/2010AF/2011AF are Avg. of the Forecasts where provided from sources referenced, see pages 10-15  
 Market Data Group, Econolink Report January 2010  
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# Canadian Dollar Outlook

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





## CANADIAN FORECASTS - 2009

Annual percent change, seasonally adjusted  
(except where noted)

	2008 ACTUAL Statistics Canada	2009 FORECAST						FORECAST RANGE	2009 FORECAST AVERAGE
		Conference Board	Royal Bank	CIBC	Bank of Montreal	Scotia Bank	TD Bank		
<b>ECONOMIC ACTIVITY</b>									
Real GDP*	0.4	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5 - -2.5	-2.5
Unemployment Rate	6.1	8.3	8.3	8.3	8.3	8.3	8.3	8.3 - 8.3	8.3
Consumer Price Index	2.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2 - 0.3	0.3
<b>THE CONSUMER</b>									
Real Consumer Spending*	3.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0 - 0.1	0.1
Motor Vehicle Sales (%chg)	-1.0	na	-10.8	na	-10.8	-14.4	na	-14.4 - -10.8	-12.0
Housing Starts (million units)	0.211	0.143	0.144	0.145	0.143	0.146	0.144	0.143 - 0.146	0.144
% chg	-7.2	-32.2	-31.8	-31.3	-32.2	-30.8	-31.7	-32.2 - -30.8	-31.7
<b>BUSINESS</b>									
Business Non-Residential Invest*	0.2	-14.7	na	-14.6	-14.6	-14.7	-14.7	-14.7 - -14.6	-14.7
Corporate Profits (before tax)	5.7	-32.6	-34.7	na	-35.0	-33.0	-34.9	-35.0 - -32.6	-34.0
Imports*	0.8	-13.9	-13.7	-13.7	-13.7	-13.9	-13.8	-13.9 - -13.7	-13.8
Exports*	-4.7	-14.1	-13.9	-13.9	-14.0	-14.2	-13.9	-14.2 - -13.9	-14.0
<b>FINANCIAL</b>									
Prime Rate (%)	4.73	2.40	2.40	2.40	2.40	2.40	2.40	2.40 - 2.40	2.40
Exchange Rate (cents U.S.-annual avg)	0.94	0.88	na	na	0.88	na	na	0.88 - 0.88	0.88
(cents U.S.- end of period)	0.8	na	0.95	0.95	na	0.95	0.95	0.95 - 0.95	0.95
90 day T-bills (annual average)	2.44	0.35	0.35	0.35	0.35	0.35	0.35	0.35 - 0.35	0.35
10 yr Gov't Bonds (annual average)	3.58	3.29	3.29	3.29	3.29	3.29	3.29	3.29 - 3.29	3.29

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



## CANADIAN FORECASTS - 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
<b>ECONOMIC ACTIVITY</b>								
Real GDP*	2.8	2.6	2.3	2.6	2.7	2.7	2.3 - 2.8	2.6
Unemployment Rate	8.6	8.7	8.3	8.5	8.5	8.5	8.3 - 8.7	8.5
Consumer Price Index	2.1	1.5	2.0	1.6	1.7	1.1	1.1 - 2.1	1.7
<b>THE CONSUMER</b>								
Real Consumer Spending*	1.9	2.3	2.5	2.7	2.4	3.0	1.9 - 3.0	2.5
Motor Vehicle Sales (%chg)	na	6.1	na	6.0	17.5	na	6.0 - 17.5	9.9
Housing Starts (million units)	0.177	0.181	0.180	0.170	0.153	0.175	0.153 - 0.181	0.173
% chg	23.8	25.7	24.1	18.9	4.8	21.5	4.8 - 25.7	19.8
<b>BUSINESS</b>								
Business Non-Residential Invst*	4.2	na	-0.1	-2.2	0.5	0.4	-2.2 - 4.2	0.6
Corporate Profits (before tax)	29.3	13.3	na	7.0	23.0	15.2	7.0 - 29.3	17.6
Imports*	7.5	10.2	11.3	8.2	7.2	8.9	7.2 - 11.3	8.9
Exports*	4.8	7.0	8.5	4.2	3.9	5.6	3.9 - 8.5	5.7
<b>FINANCIAL</b>								
Prime Rate (%)	2.49	na	na	na	na	na	2.49 - 2.49	2.49
Exchange Rate (cents U.S.- annual avg)	0.96	na	na	0.99	na	na	0.96 - 0.99	0.97
(cents U.S.- end of period)	na	0.98	0.97	na	1.03	1.02	0.97 - 1.03	1.00
90 day T-bills (annual average)	0.66	0.80	0.63	0.63	0.98	0.56	0.56 - 0.98	0.71
10 yr Gov't Bonds (annual average)	na	3.90	3.80	3.68	4.04	3.84	3.68 - 4.04	3.85

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


**CANADIAN FORECASTS - 2011**

*Annual percent change, seasonally adjusted  
(except where noted)*

**2011 FORECAST**

	<b>Conference Board</b>	<b>Royal Bank</b>	<b>CIBC</b>	<b>Bank of Montreal</b>	<b>Scotia Bank</b>	<b>TD Bank</b>	<b>FORECAST RANGE</b>	<b>2011 FORECAST AVERAGE</b>
<b>ECONOMIC ACTIVITY</b>								
<b>Real GDP*</b>	3.3	3.9	3.0	3.6	2.8	3.0	2.8 - 3.9	3.3
<b>Unemployment Rate</b>	7.8	7.8	8.1	8.0	8.2	7.8	7.8 - 8.2	8.0
<b>Consumer Price Index</b>	2.9	2.2	2.1	1.9	2.1	1.7	1.7 - 2.9	2.2
<b>THE CONSUMER</b>								
<b>Real Consumer Spending*</b>	2.7	2.7	3.0	3.5	2.7	2.6	2.6 - 3.5	2.9
<b>Motor Vehicle Sales (%chg)</b>	na	3.2	na	5.1	2.4	na	2.4 - 5.1	3.6
<b>Housing Starts (million units)</b>	0.195	0.191	0.185	0.180	0.157	0.160	0.157 - 0.195	0.178
<b>% chg</b>	10.2	5.5	2.7	5.9	2.6	-8.6	-8.6 - 10.2	3.1
<b>BUSINESS</b>								
<b>Business Non-Residential Invest*</b>	8.3	na	2.5	4.0	5.4	5.0	2.5 - 8.3	5.0
<b>Corporate Profits (before tax)</b>	9.3	16.7	na	10.0	16.0	13.7	9.3 - 16.7	13.1
<b>Imports*</b>	5.9	8.3	8.7	5.9	5.7	5.8	5.7 - 8.7	6.7
<b>Exports*</b>	5.7	9.8	9.9	5.8	5.7	7.1	5.7 - 9.9	7.3
<b>FINANCIAL</b>								
<b>Prime Rate (%)</b>	5.54	na	na	na	na	na	5.54 - 5.54	5.54
<b>Exchange Rate (cents U.S.- annual avg)</b>	0.96	na	na	1.01	na	na	0.96 - 1.01	0.99
<b>(cents U.S.- end of period)</b>	na	0.97	1.02	na	1.05	0.92	0.92 - 1.05	0.99
<b>90 day T-bills (annual average)</b>	3.65	3.04	1.45	2.46	2.23	2.56	1.45 - 3.65	2.57
<b>10 yr Gov't Bond (annual average)</b>	na	4.16	4.03	4.31	4.61	4.53	4.03 - 4.61	4.33

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



## U.S. FORECASTS - 2009

Annual percent change, seasonally adjusted  
(except where noted)

	2008 <b>ACTUAL</b> U.S. Dept of Commerce	2009 FORECAST						FORECAST RANGE	2009 FORECAST AVERAGE
		The Conference Board	Merrill Lynch	US Chamber of Commerce	Citigroup	Wachovia / Wells Fargo	BNP Paribas		
<b>ECONOMIC ACTIVITY</b>									
Real GDP*	0.4	-2.5	-2.5	-2.5	-2.6	-2.4	-2.7	-2.7 - -2.4	-2.5
Unemployment Rate	5.8	9.2	9.3	9.3	9.3	9.3	9.3	9.2 - 9.3	9.3
Consumer Price Index	3.8	-0.3	-0.3	na	-0.3	-0.3	-0.3	-0.3 - -0.3	-0.3
<b>THE CONSUMER</b>									
Real Consumer Spending*	-0.2	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6 - -0.6	-0.6
Car & Light Truck Sales (% chg)	-18.2	-21.0	-20.6	na	na	-23.7	na	-23.7 - -20.6	-21.8
Housing Starts (million units)	0.90	0.55	0.56	na	na	0.55	na	0.55 - 0.56	0.55
% chg	-33.8	-38.9	-37.8	na	na	-38.9	na	-38.9 - -37.8	-38.5
<b>BUSINESS</b>									
Business Non-Residential Invst*	1.6	-17.8	-18.2	-18.1	-17.9	-18.1	-18.5	-18.5 - -17.8	-18.1
Corporate Profits (before tax)	-17.6	-12.1	na	na	na	-5.1	na	-12.1 - -5.1	-8.6
Imports*	-3.5	-13.9	-13.8	-14.2	-14.4	na	-14.8	-14.8 - -13.8	-14.2
Exports*	6.2	-9.8	-9.8	-10.2	-10.7	na	-10.8	-10.8 - -9.8	-10.3
<b>FINANCIAL</b>									
Prime Rate (%)	5.09	3.25	na	na	na	3.25	na	3.25 - 3.25	3.25
Exchange Rate (cents U.S.-annual avg)	0.94	na	na	na	0.88	na	na	0.88 - 0.88	0.88
(cents U.S.-end of period)	0.82	na	0.95	na	na	na	na	0.95 - 0.95	0.95
90 day T-bills (annual average)	1.48	0.15	0.15	0.20	na	0.15	0.15	0.15 - 0.20	0.16
10 yr Gov't Bonds (annual average)	3.66	3.25	3.25	3.25	3.25	3.25	na	3.25 - 3.25	3.25

\* indicates constant dollars, \$2005, change after subtracting inflation



## U.S. FORECASTS - 2010

*Annual percent change, seasonally adjusted  
(except where noted)*

### 2010 FORECAST

	<i>The Conference Board</i>	<i>Merrill Lynch</i>	<i>US Chamber of Commerce</i>	<i>Citigroup</i>	<i>Wachovia / Wells Fargo</i>	<i>BNP Paribas</i>	<b>FORECAST RANGE</b>	<b>2010 FORECAST AVERAGE</b>
<i>ECONOMIC ACTIVITY</i>								
<b>Real GDP*</b>	2.3	3.2	3.0	2.7	2.7	1.5	1.5 - 3.2	2.6
<b>Unemployment Rate</b>	10.3	9.7	9.8	10.4	10.4	10.8	9.7 - 10.8	10.2
<b>Consumer Price Index</b>	2.6	2.4	na	2.0	2.3	2.1	2.0 - 2.6	2.3
<i>THE CONSUMER</i>								
<b>Real Consumer Spending*</b>	2.6	1.8	2.2	2.0	1.4	1.5	1.4 - 2.6	1.9
<b>Car &amp; Light Truck Sales</b> (% chg)	12.2	18.3	na	na	7.8	na	7.8 - 18.3	12.8
<b>Housing Starts</b> (million units)	0.65	0.85	na	na	0.66	na	0.65 - 0.85	0.72
% chg	18.2	51.8	na	na	20.0	na	18.2 - 51.8	30.0
<i>BUSINESS</i>								
<b>Business Non-Residential Invst*</b>	0.5	0.9	-1.0	0.8	-1.0	-1.4	-1.4 - 0.9	-0.2
<b>Corporate Profits</b> (before tax)	7.2	na	na	na	13.8	na	7.2 - 13.8	10.5
<b>Imports*</b>	7.8	9.8	7.7	6.4	na	6.0	6.0 - 9.8	7.5
<b>Exports*</b>	8.5	11.4	10.0	5.6	na	5.0	5.0 - 11.4	8.1
<i>FINANCIAL</i>								
<b>Prime Rate (%)</b>	3.25	na	na	na	3.31	na	3.25 - 3.31	3.28
<b>Exchange Rate</b> (cents U.S. - annual avg)	na	na	na	0.99	na	na	0.99 - 0.99	0.99
(cents U.S.- end of period)	na	0.94	na	na	na	na	0.94 - 0.94	0.94
<b>90 day T-bills</b> (annual average)	0.14	0.45	0.40	na	0.26	0.45	0.14 - 0.45	0.34
<b>10 yr Gov't Bonds</b> (annual average)	3.69	4.25	3.80	3.95	4.10	3.75	3.69 - 4.25	3.92

\* indicates constant dollars, \$2005, change after subtracting inflation



## U.S. FORECASTS - 2011

*Annual percent change, seasonally adjusted  
(except where noted)*

### 2011 FORECAST

	<i>The Conference Board</i>	<i>Merrill Lynch</i>	<i>US Chamber of Commerce</i>	<i>Citigroup</i>	<i>Wachovia / Wells Fargo</i>	<i>BNP Paribas</i>	<b>FORECAST RANGE</b>	<b>2011 FORECAST AVERAGE</b>
<b>ECONOMIC ACTIVITY</b>								
Real GDP*	1.8	3.4	na	3.1	2.5	2.4	1.8 - 3.4	2.6
Unemployment Rate	10.1	9.4	na	na	10.1	10.0	9.4 - 10.1	9.9
Consumer Price Index	2.5	1.6	na	1.2	2.1	0.9	0.9 - 2.5	1.7
<b>THE CONSUMER</b>								
Real Consumer Spending*	1.6	2.4	na	na	1.8	2.2	1.6 - 2.4	2.0
Car & Light Truck Sales (% chg)	18.4	15.4	na	na	9.0	na	9.0 - 18.4	14.3
Housing Starts (million units)	0.99	1.13	na	na	0.80	na	0.80 - 1.13	0.97
% chg	52.3	32.9	na	na	21.2	na	21.2 - 52.3	35.5
<b>BUSINESS</b>								
Business Non-Residential Invst*	2.9	10.2	na	na	4.6	3.0	2.9 - 10.2	5.2
Corporate Profits (before tax)	2.2	na	na	na	8.0	na	2.2 - 8.0	5.1
Imports*	6.0	7.8	na	na	na	5.7	5.7 - 7.8	6.5
Exports*	6.8	9.4	na	na	na	5.8	5.8 - 9.4	7.3
<b>FINANCIAL</b>								
Prime Rate (%)	3.85	na	na	na	5.31	na	3.85 - 5.31	4.58
Exchange Rate (cents U.S. - annual avg)	na	na	na	0.98	na	na	na - na	na
(cents U.S. - end of period)	na	0.91	na	na	na	na	0.91 - 0.91	0.91
90 day T-bills (annual average)	0.83	1.40	na	na	2.39	1.25	0.83 - 2.39	1.47
10 yr Gov't Bonds (annual average)	3.99	4.45	na	1.71	4.68	4.75	1.71 - 4.75	3.92

\* indicates constant dollars, 2005\$, change after subtracting inflation



## Canada - the last 12 months

Annual percent change, seasonally adjusted  
(except where noted)

	2009											
	Jan	Feb	Q1 Mar	Apr	May	Q2 Jun	Jul	Aug	Q3 Sep	Oct	Nov	Q4 Dec
<b>ECONOMIC ACTIVITY</b>												
<b>Real GDP*</b> (chained \$2002, millions, annual rate)			1,294,079			1,282,096			1,283,227			
% chg			-2.3			-3.2			-3.2			
<b>Unemployment Rate</b>	7.2	7.7	8.0	8.0	8.4	8.6	8.6	8.7	8.4	8.6	8.5	8.5
<b>Consumer Price Index</b>	1.1	1.4	1.2	0.4	0.1	-0.3	-0.9	-0.8	-0.9	0.1	1.0	
<b>THE CONSUMER</b>												
<b>Real Consumer Spending*</b>			-0.7			-0.5			0.04			
<b>Motor Vehicle Sales</b> (thousand units)			355.0			363.0			383.0			
% chg			-22.8			-15.6			-7.3			
<b>Housing Starts</b> (million units, annual rate)			138.0			128.0			147.3			168.0
% chg			-41.4			-41.2			-29.1			-9.1
<b>BUSINESS</b>												
<b>Business Non-Residential Invst*</b>			-13.0			-16.4			-16.0			
<b>Corp. Profits</b> (before tax, \$millions, annual rate)			147,508			131,168			137,952			
% chg			-30.8			-42.9			-41.9			
<b>Imports*</b>			-17.5			-19.8			-19.6			
<b>Exports*</b>			-14.6			-17.5			-14.4			
<b>FINANCIAL</b>												
<b>Prime Rate (%)</b>	3.00	3.00	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
<b>Exchange Rate</b> (average, \$cdn per unit U.S.)	0.816	0.803	0.791	0.817	0.868	0.887	0.891	0.891	0.924	0.948	0.943	0.949
<b>90 day T-bills</b> (average)			0.75			0.26			0.24			0.22
<b>10 yr Gov't Bonds</b> (average)			2.96			3.37			3.41			3.43

**Notes:**

- \* indicates chained 2002 dollars, change after subtracting inflation
- Source: Statistics Canada, 10 year gov't bonds from the Bank of Canada
- Motor Vehicle Sales are NOT annual rates, but unit sales for the quarter



## U.S. - the last 12 months

Annual percent change, seasonally adjusted  
(except where noted)

2009

### ECONOMIC ACTIVITY

**Real GDP\*** (\$2005, billions, annual rate)  
% chg

**Unemployment Rate**

**Consumer Price Index**

### THE CONSUMER

**Real Consumer Spending\***

**Car & Light Truck Sales** (million units, annual rate)  
% chg

**Housing Starts** (million units, annual rate)  
% chg

### BUSINESS

**Business Non-Residential Invst\***

**Corporate Profits** (before tax, \$billions, annual rate)  
% chg

**Imports\***

**Exports\***

### FINANCIAL

**Prime Rate (%)**

**Exchange Rate** (average, \$cdn per unit U.S.)

**90 day T-bills** (average)

**10 yr Gov't Bonds** (average)

	Jan	Feb	Q1 Mar	Apr	May	Q2 Jun	Jul	Aug	Q3 Sep	Oct	Nov	Q4 Dec
<b>Real GDP*</b>			12,925.4			12,901.5			12,973.0			
% chg			-3.3			-3.8			-4.5			
<b>Unemployment Rate</b>	7.6	8.1	8.5	8.9	9.4	9.5	9.4	9.7	9.8	10.1	10.0	10.0
<b>Consumer Price Index</b>	0.0	0.2	-0.40	-0.70	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	
<b>Real Consumer Spending*</b>			-1.5			-1.7			-0.2			
<b>Car &amp; Light Truck Sales</b>			9.7			9.8			11.7			
% chg			-37.8			-31.9			-11.4			
<b>Housing Starts</b>			0.528			0.540			0.587			
% chg			-49.7			-47.1			-32.4			
<b>Business Non-Residential Invst*</b>			-17.4			-19.7			-19.7			
<b>Corporate Profits</b>			-23.1			-16.1			-5.2			
% chg			-23.1			-16.1			-5.2			
<b>Imports*</b>			-16.3			-18.5			-14.0			
<b>Exports*</b>			-11.6			-15.0			-10.6			
<b>Prime Rate (%)</b>	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
<b>Exchange Rate</b>												
<b>90 day T-bills</b>			0.22			0.17			0.157			0.05
<b>10 yr Gov't Bonds</b>			2.74			3.31			3.52			3.46

#### Notes:

- \* indicates constant dollars, \$2005, change after subtracting inflation
- Source: U.S. Department of Commerce
- Interest Rates-U.S. Federal Reserve

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## ABOUT THE FORECAST SOURCES

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### CANADIAN

**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 80,000 employees.

**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 employs 51,000 employees and provides a full range of financial products and services .

**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 40,400 employees worldwide. CIBC World Markets is the investment banking, securities brokerage and asset management arm of the CIBC.

**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 close to 69,000 employees in offices in 50 countries worldwide. The bank's Scotia Capital group provides corporate and investment banking.

**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 ranks as Canada's fifth largest bank. The Bank of Montreal has more than 36,000 employees in Canada, the U.S. and around the world.

### UNITED STATES:

**THE CONFERENCE BOARD :** The board is the world's leading business membership organization connecting companies in more than 60 nations. The board was founded in 1916 and today its' membership includes over 2200 companies and other organizations worldwide. It offers a variety of products and services to assist executives including networking, publications, research and conferences.

**MERRILL LYNCH:** Merrill Lynch is a financial management and advisory company with a global presence in over 38 countries worldwide. It has recently been acquired by Bank of America. Together with Bank of America it is now the largest brokerage in the world with more than 20,000 advisors and \$2.5 trillion in client assets.

**U.S. CHAMBER OF COMMERCE:** Established in 1912 the U.S. Chamber is the world's largest federation representing a membership of more than 3 million businesses and organizations. It plays a strong role in helping businesses, especially small business prosper and provides a strong link between business and government.

**CITIGROUP/SMITH BARNEY:** Smith Barney is the global private wealth management and equity research unit of Citigroup. With more than 325,000 employees in 500 offices, it offers a full range of investment services. A division of Citigroup Global Markets, Smith Barney serves more than 9.6 million client accounts representing nearly \$1.56 trillion in client assets.

**WACHOVIA/WELLS FARGO:** Wachovia Corporation, headquartered in Charlotte, N.C. , the 4<sup>th</sup> largest bank in the U.S. was recently acquired by Wells Fargo. Over the next three years the Wachovia brand will be absorbed by the Wells Fargo brand. Wells Fargo is a diversified financial services company with \$1.4 trillion in assets.

### EUROPEAN:

**BNP PARIBAS:** One of Europe's largest banks, BNP Paribas operates 2,200 retail branches in France and has operations in 85 other countries. The bank employs 89,100 people.

## NOTES:

1. Annual percent change is the change from the SAME PERIOD the previous year.
2. Figures reported in constant dollars to eliminate the impact of inflation are in chained \$2002 for Canada and \$2005 for the U.S. as indicated.
3. Seasonally adjusted, annualized rates are 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 the past seasonal patterns.
4. Average of monthly or quarterly data may not equal year end figures due to rounding.
5. Historical figures are updated by Statistics Canada and by the U.S. Department of Commerce on an ongoing basis, and are likewise updated in this report.
6. Canadian Motor Vehicle Sales which include both Passenger Vehicles Trucks and Vans.
7. U.S. car and light truck sales are defined as total unit sales and leases of domestic and imported new automobiles and lightweight trucks (up to 10,000 pounds gross vehicle weight). It includes sales and leases to both consumers and business.
8. U.S. data has been revised to reflect the comprehensive revision of the National Income and Product Accounts released on July 31, 2009. Historical Real GDP data has been revised by the U.S., Department of Commerce to the base year 2005.