

	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	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Royal Bank of Canada	3.3	2.9	3.7	2.8	9.0	10.1	10.6	1.8	na	na	2.2	1.8	na	na	na	na	220	200
Caisse de Depot	3.2	2.9	3.3	2.7	11.0	10.0	na	na	na	na	2.2	2.1	na	na	na	na	215	185
Scotia Economics	3.2	2.8	3.8	2.9	8.2	7.3	7.0	4.0	1.5	2.5	2.2	2.0	na	na	na	na	220	185
BMO Capital Markets	3.1	2.9	3.8	2.9	9.5	7.4	5.0	4.5	0.2	1.0	2.1	2.0	2.3	2.0	3.0	3.6	225	190
Conf Board of Canada	3.1	3.1	3.8	3.1	7.3	7.7	4.5	7.4	na	na	1.9	1.7	na	na	na	na	220	196
Informetrica	3.1	2.7	3.6	3.1	9.0	8.0	6.0	1.5	-0.2	2.0	2.2	1.7	2.3	0.9	3.4	3.2	220	180
Bank of Montreal	3.0	3.1	3.9	3.3	9.7	9.4	4.4	5.6	na	na	2.1	1.5	na	na	na	na	226	194
CIBC World Markets	3.0	2.6	3.6	2.8	8.5	7.3	6.0	7.1	na	na	2.2	2.3	na	na	na	na	225	205
Economap	3.0	2.6	3.6	2.6	9.6	7.0	5.0	4.0	0.3	1.0	2.1	2.2	1.2	1.0	3.5	3.3	215	190
EDC Economics	3.0	2.7	3.5	2.8	9.1	7.7	8.0	5.0	na	na	2.2	2.0	na	na	3.2	3.2	220	192
Global Insight	3.0	2.7	4.1	3.4	7.7	7.6	5.4	4.8	1.1	2.8	2.1	1.6	3.0	2.7	3.4	3.6	226	211
JP Morgan	3.0	3.0	3.8	2.9	8.9	11.5	3.8	5.4	0.3	3.1	2.1	2.0	2.8	3.3	4.0	4.5	230	200
Toronto Dominion Bank	3.0	2.6	3.3	2.6	7.8	7.7	4.3	2.6	na	na	1.8	1.2	na	na	na	na	219	184
University of Toronto	3.0	2.7	3.9	2.5	8.6	7.9	2.7	5.5	na	na	1.9	1.4	na	na	na	na	220	185
Desjardins	2.9	2.7	3.5	3.0	8.6	7.4	6.9	3.0	na	na	2.2	2.0	1.8	1.7	3.7	3.0	223	204
National Bank Financial	2.9	2.5	3.8	2.8	8.7	8.6	-1.1	-6.7	na	na	2.5	2.0	na	na	na	na	225	205
Consensus (Mean)	3.1	2.8	3.7	2.9	8.8	8.3	5.2	3.7	0.5	2.1	2.1	1.8	2.2	1.9	3.5	3.5	222	194
Last Month's Mean	3.1	2.8	3.6	2.9	8.9	8.4	5.5	4.0	1.0	2.1	2.1	1.8	1.7	1.5	3.6	3.6	218	192
3 Months Ago	3.0	2.8	3.3	2.8	10.1	7.6	7.5	3.8	1.7	1.6	2.0	1.8	1.7	1.8	3.5	3.3	215	192
High	3.3	3.1	4.1	3.4	11.0	11.5	10.6	7.4	1.5	3.1	2.5	2.3	3.0	3.3	4.0	4.5	230	211
Low	2.9	2.5	3.3	2.5	7.3	7.0	-1.1	-6.7	-0.2	1.0	1.8	1.2	1.2	0.9	3.0	3.0	215	180
Standard Deviation	0.1	0.2	0.2	0.2	0.9	1.3	2.6	3.3	0.6	0.9	0.2	0.3	0.7	0.9	0.3	0.5	4	9
Comparison Forecasts																		
IMF (Apr. '06)	3.1	3.0	3.3	2.6							1.8	2.0						
OECD (May '06)	3.1	3.3	3.3	3.6							2.0	2.3						

Government and Background Data

Prime Minister - Mr. Stephen Harper (Conservative). **Government** - The Conservatives lead a minority government, with 124 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election** - By 2011 (general election). **Nominal GDP** - C\$1,371bn (2005). **Population** - 32.3mn (mid-year, 2005). **C\$/US\$ Exchange Rate** - 1.212 (average, 2005).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of June 12, 2006

	2005				2006				2007			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	2.7	2.8	3.2	3.0	3.0	3.1	2.8	2.8	2.8	2.8	2.8	2.8
Personal Expenditure	3.8	3.8	3.6	3.6	3.8	3.5	3.1	3.0	2.7	2.7	2.7	2.7
Consumer Prices	2.7	2.2	2.5	2.4	1.6	1.8	1.8	1.5	1.9	1.9	1.9	1.9

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2002	2003	2004	2005
Gross Domestic Product*	2.9	1.8	3.3	2.9
Personal Expenditure*	3.6	3.0	3.3	3.9
Machinery & Eqpt Investment*	-2.8	7.9	10.3	10.5
Pre - Tax Corporate Profits*	6.4	7.1	18.3	10.6
Industrial Production*	2.2	0.7	3.8	2.1
Consumer Prices*	2.3	2.7	1.8	2.2
Industrial Product Prices*	0.0	-1.4	3.2	1.5
Average Hourly Earnings*	2.2	1.6	3.2	3.4
Housing Starts, '000 units	205	218	233	225
Unemployment Rate, %	7.7	7.6	7.2	6.8
Current Account, C\$ bn	19.8	14.1	27.6	31.8
Federal Govt Budget Balance, fiscal years, C\$ bn	7.0	9.1	1.6	7.8 e
3 mth Trsy Bill, % (end yr)	2.7	2.6	2.5	3.4
10 Yr Govt Bond, % (end yr)	4.7	4.8	4.3	4.61-2

e = consensus estimate based on latest survey

		Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date			
						4.1%		4.4%	
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 %	
2006	2007	2006	2007	FY 06-07	FY 07-08	End Nov'06	End Aug'07	End Nov'06	End Aug'07
6.4	6.4	42.3	36.5	na	na	4.5	4.3	4.9	4.8
6.3	6.3	28.0	22.0	6.0	5.0	4.2	4.0	4.7	5.0
6.3	6.3	30.0	15.0	3.6	4.4	4.0	3.8	4.4	4.3
6.3	6.1	26.0	12.0	3.0	3.0	4.2	4.0	4.5	4.2
6.5	6.9	33.2	36.4	6.4	3.8	4.3	4.4	4.7	4.7
6.3	6.0	34.0	18.0	5.0	3.0	4.1	4.3	4.3	4.4
6.4	6.4	34.0	28.2	na	na	4.2	4.2	4.4	4.6
6.3	6.3	32.5	40.0	3.0	3.0	4.1	3.4	4.2	4.0
6.3	6.6	25.0	13.0	5.0	3.0	4.2	4.0	4.5	4.3
6.4	6.5	35.0	24.0	na	na	4.1	4.5	4.6	4.7
6.3	6.3	39.9	55.1	3.0	3.0	4.1	4.2	4.6	4.8
6.2	6.1	24.3	13.9	4.0	3.0	4.6	na	4.9	na
6.4	6.6	30.3	19.6	3.0	4.0	4.0	4.2	4.3	4.8
6.4	6.5	28.6	22.7	na	na	4.2	4.3	4.6	5.0
6.2	6.2	42.0	42.3	3.7	4.8	4.1	3.9	4.0	4.3
6.3	6.4	28.6	12.0	na	na	4.2	4.1	4.4	4.0
6.3	6.4	32.1	25.7	4.2	3.6	4.2	4.1	4.5	4.5
6.3	6.3	32.3	26.0	4.8	3.8				
6.5	6.5	32.5	27.2	3.6	3.9				
6.5	6.9	42.3	55.1	6.4	5.0	4.6	4.5	4.9	5.0
6.2	6.0	24.3	12.0	3.0	3.0	4.0	3.4	4.0	4.0
0.1	0.2	5.6	12.9	1.3	0.8	0.2	0.3	0.2	0.3
6.6	6.6								
6.4	6.2								

Mixed Industrial Data Cloud This Year's Outlook

Latest data releases have proved to be unexpectedly mixed following upbeat spending and employment news in last month's *Consensus Forecasts*. GDP growth was unchanged in May in m-o-m terms while the y-o-y rate decelerated from 3.1% in April to 2.6%. Much of the moderation was due to ongoing weakness in industry: production fell by 0.5% m-o-m as the energy, mining, oil and gas extraction and construction sectors all saw declines. Indeed, residential construction contracted by a whopping 3.7% over the previous month. Only manufacturing actually rose (by 0.1%) after four months of falls. Elsewhere, the May factory report pointed to a 0.3% (m-o-m) gain in shipments and 0.7% rise in new orders following April's contraction. At first glance, this is promising news. The turnaround evidenced in the report, though, was lifted mainly by the output of aerospace products and, excluding the aerospace sector, shipments fell by 1.1% on the back of declines in the petroleum and motor vehicle sectors. Our panel's forecast for industrial production growth in 2006 has been halved as a result. However, there are some signs of possible improvement on the horizon: forward-looking sentiment surveys such as the quarterly Business Conditions Index for July shows a marked improvement in respondents' expectations for output and new orders. The survey did, however, single out concerns over production bottlenecks, with an increasing number of firms pointing to C\$ appreciation, labour shortages and the rising cost of raw materials as causes for worry. While these factors certainly add to upward price pressures, latest data elsewhere points to headline consumer and producer price inflation falling in m-o-m terms in June. Meanwhile, the July labour force survey showed employment growth stabilizing, increasing speculation that the Bank of Canada will wait before raising interest rates again (see box, below).

Personal expenditure has been on an upward bent recently, but May retail trade data showed sales falling by 0.6% m-o-m following two consecutive months of strong advances. Trade was pulled down by a 2.1% (m-o-m) decline in autos. However, that aside, the second quarter looks likely to have seen an expansion in consumer spending and, consequently, 2006 forecasts for personal expenditure have edged upward.

Direction of Trade – 2005

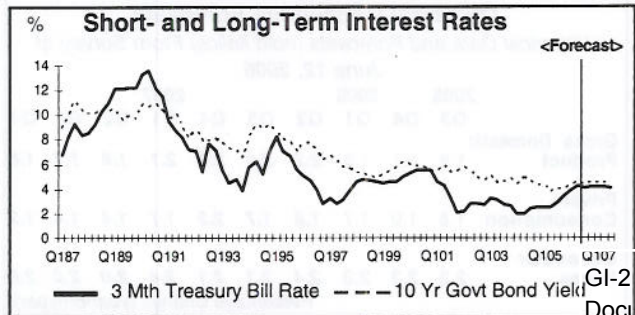
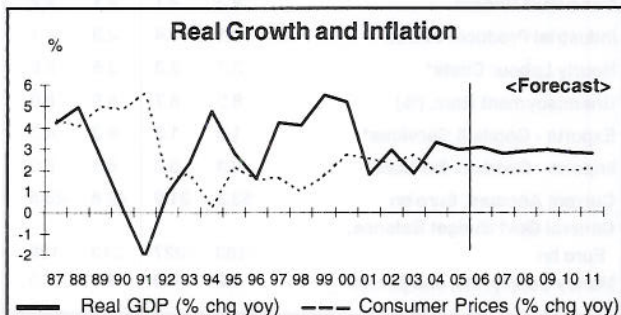
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	84.1	United States	57.5
Japan	2.1	China	7.4
United Kingdom	1.8	Mexico	3.8
Asia (ex. Japan)	4.0	Asia (ex. Japan)	12.9
Latin America	1.8	Latin America	6.7
Middle East	0.6	Africa	1.7

Likelihood of a Bank of Canada Interest Rate Change

Our panel's estimated average probability of a change in the overnight lending rate (4.25% on survey date) at or before the next key policy meeting following the survey date is:

INCREASE	NO CHANGE	DECREASE	
11.3	+ 85.3	+ 3.4	= 100 %

Most likely rate change mentioned: None



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Range 7/3/06 to 7/31/06 Period D Daily

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W		W	7/12		4.520
T		T	7/11		4.490
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F	7/28	F	7/ 7		4.540
T	7/27	T	7/ 6		4.623
W	7/26	W	7/ 5 H		4.651
T	7/25	T	7/ 4		4.642
M	7/24	M	7/ 3		4.618
F	7/21				
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T	7/18				
M	7/17				

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