

	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	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Conf Board of Canada	2.7	3.3	3.3	3.1	8.6	9.4	3.0	5.9	na	na	1.2	2.0	0.4	1.8	na	na	203	195
Caisse de Depot	2.5	2.8	3.0	3.4	8.3	9.4	na	na	na	na	1.8	2.0	na	na	na	na	195	200
JP Morgan	2.5	2.3	2.8	2.0	8.4	5.2	5.1	3.0	2.0	1.6	2.3	2.4	2.7	1.9	na	na	210	200
Bank of Montreal	2.4	3.1	3.6	3.0	8.7	8.0	3.1	5.2	na	na	1.5	2.0	na	na	na	na	204	182
University of Toronto	2.4	2.8	3.2	2.3	7.7	5.5	2.2	3.7	na	na	1.0	1.9	na	na	na	na	195	180
Economap	2.3	2.8	2.9	2.7	6.5	5.0	4.0	3.5	-0.7	1.5	1.8	2.0	1.0	3.0	2.5	3.0	200	185
BMO Capital Markets	2.2	2.8	3.1	2.7	6.5	4.8	4.0	3.5	-0.8	1.5	1.8	2.1	1.5	2.0	2.8	3.0	200	185
CIBC World Markets	2.2	na	2.8	na	6.9	na	5.0	na	na	na	2.1	na	na	na	na	na	210	na
EDC Economics	2.2	2.9	3.6	3.2	7.4	6.9	2.9	5.3	-0.8	3.0	1.9	2.0	na	na	2.6	2.1	205	193
National Bank Financial	2.2	2.5	3.1	2.8	9.7	8.3	-9.8	-6.7	na	na	1.5	1.4	na	na	na	na	208	192
Scotia Economics	2.2	2.7	3.0	2.7	7.2	6.9	4.0	3.5	1.5	2.5	1.8	2.1	na	na	na	na	195	185
Toronto Dominion Bank	2.2	3.2	3.3	3.0	8.6	8.6	3.1	4.2	na	na	1.6	2.1	na	na	na	na	205	195
Desjardins	2.1	2.8	3.7	3.7	8.0	7.3	6.5	7.5	na	na	1.7	2.4	2.9	3.1	na	na	205	195
Global Insight	2.1	3.0	3.1	3.1	6.9	4.7	1.2	1.0	0.3	2.6	1.6	1.9	1.7	-0.4	3.0	3.2	209	204
Merrill Lynch Canada	1.7	3.5	3.1	3.3	6.5	7.3	na	na	na	na	1.5	1.8	na	na	na	na	213	193
Consensus (Mean)	2.3	2.9	3.2	2.9	7.7	7.0	2.6	3.3	0.2	2.1	1.7	2.0	1.7	1.9	2.7	2.8	204	192
Last Month's Mean	2.4		3.2		8.0		2.7		0.8		1.7		1.5		2.4		200	
3 Months Ago	2.6		3.1		8.0		3.3		1.7		1.8		1.5		3.1		197	
High	2.7	3.5	3.7	3.7	9.7	9.4	6.5	7.5	2.0	3.0	2.3	2.4	2.9	3.1	3.0	3.2	213	204
Low	1.7	2.3	2.8	2.0	6.5	4.7	-9.8	-6.7	-0.8	1.5	1.0	1.4	0.4	-0.4	2.5	2.1	195	180
Standard Deviation	0.2	0.3	0.3	0.4	1.0	1.7	4.0	3.5	1.2	0.7	0.3	0.2	1.0	1.3	0.2	0.5	6	7
Comparison Forecasts																		
IMF (Sep. '06)	3.0		3.1								1.9							
OECD (Nov. '06)	2.7	3.1	3.4	3.1							1.5	2.0						

## 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\$/S Exchange Rate** - 1.212 (average, 2005).

## Historical Data

* % change on previous year	2003	2004	2005	2006
<b>Gross Domestic Product*</b>	1.8	3.3	2.9	2.7 e
<b>Personal Expenditure*</b>	3.0	3.3	3.9	3.9 e
<b>Machinery &amp; Eqpt Investment*</b>	7.9	10.3	10.5	8.8 e
<b>Pre - Tax Corporate Profits*</b>	7.1	18.3	10.6	5.3 e
<b>Industrial Production*</b>	0.2	1.8	1.0	-0.3 e
<b>Consumer Prices*</b>	2.7	1.8	2.2	2.0 e
<b>Industrial Product Prices*</b>	-1.4	3.2	1.5	2.3 e
<b>Average Hourly Earnings*</b>	1.6	3.2	3.4	2.2 e
<b>Housing Starts, '000 units</b>	218	233	225	229 e
<b>Unemployment Rate, %</b>	7.6	7.2	6.8	6.3
<b>Current Account, C\$ bn</b>	14.1	27.6	31.8	24.3 e
<b>Federal Govt Budget Balance, fiscal years, C\$ bn</b>	9.1	1.5	13.2	5.3 e
<b>3 mth Trsy Bill, % (end yr)</b>	2.6	2.5	3.4	4.2
<b>10 Yr Govt Bond, % (end yr)</b>	4.8	4.3	4.0	61.8

e = consensus estimate based on latest survey

## Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of December 11, 2006

	2006				2007				2008	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Gross Domestic Product</b>	3.2	2.9	2.5	2.5	2.2	2.3	2.5	2.7	2.8	2.9
<b>Personal Expenditure</b>	3.6	3.7	4.1	4.0	3.4	3.3	3.0	2.9	2.9	2.9
<b>Consumer Prices</b>	2.5	2.6	1.6	1.5	1.6	1.3	1.7	2.1	2.0	2.0

Percentage Change (year-on-year).

Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date			
					4.2%		4.1%	
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 %	
2007 2008	2007 2008	FY 07-08 FY 08-09	End Apr'07 End Jan'08	End Apr'07 End Jan'08				
6.6 6.4	24.5 30.1	1.0 6.1	4.2 4.3	4.0 4.1				
6.4 6.5	20.0 20.0	5.0 3.0	4.0 3.9	4.1 4.6				
6.0 6.7	20.4 17.1	3.0 3.0	4.2 na	4.1 na				
6.3 6.3	15.4 14.0	na na	4.2 4.2	4.0 4.5				
6.5 6.5	13.4 14.2	na na	4.1 4.2	4.0 4.2				
6.3 6.4	14.0 10.0	5.0 8.0	4.0 3.9	3.9 4.2				
6.3 6.4	12.0 9.5	4.0 3.0	4.0 3.9	4.0 4.3				
6.3 na	25.0 na	3.0 na	3.6 3.2	3.8 3.5				
6.5 6.4	26.3 31.2	na na	3.8 3.8	4.0 4.3				
6.4 6.6	12.0 9.0	3.0 0.0	3.7 3.4	3.9 3.8				
6.2 6.3	12.0 6.0	7.3 6.4	4.1 3.5	4.0 3.7				
6.4 6.3	17.1 17.0	3.0 5.0	3.9 3.8	3.9 4.5				
6.4 6.2	16.4 14.7	5.0 6.0	4.0 3.9	3.7 4.5				
6.4 6.5	23.5 30.0	3.0 3.0	4.3 4.3	4.3 4.7				
6.8 6.6	10.1 5.1	na na	4.3 3.8	3.9 4.4				
6.4 6.4	17.5 16.3	3.8 4.4	4.0 3.9	4.0 4.2				
6.4	16.5	4.0						
6.5	16.5	3.7						
6.8 6.7	26.3 31.2	7.3 8.0	4.3 4.3	4.3 4.7				
6.0 6.2	10.1 5.1	1.0 0.0	3.6 3.2	3.7 3.5				
0.2 0.1	5.4 8.8	1.7 2.4	0.2 0.3	0.1 0.4				
6.3								
6.6 6.5								

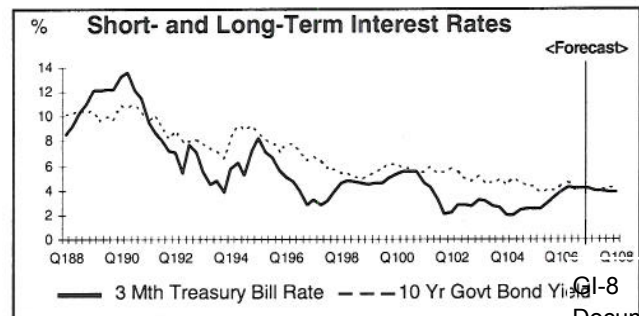
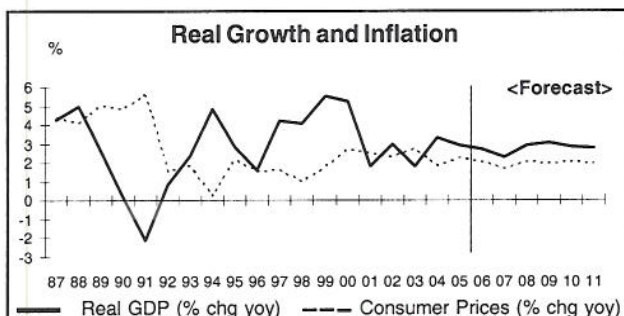
**Ongoing Softness Becoming Increasingly Broad-Based?**

Economic activity in October began the final quarter of 2006 on a muted note. Output-based GDP stagnated over the previous month, although this was an improvement from September's 0.4% decline. In y-o-y terms, though, the trend in GDP slipped from 1.9% to 1.6%, underscoring the deceleration in activity and leading to another downgrade in our panel's 2007 GDP growth forecast this month. Moreover, the GDP report suggested that only the energy and utility industries grew strongly (rebounding by 0.9% and 2.3% m-o-m, respectively). Indeed, both the goods-producing and services sectors saw no growth, while industrial production was also flat. Meanwhile, a 0.8% (m-o-m) fall in manufacturing, coupled with a second consecutive decline in retail trade, suggested that the current softness affecting the expansion may be turning increasingly broad-based. Retail sales were hit by declining automobile and clothing purchases, with the September and October figures almost completely offsetting more buoyant outturns over the summer. This is somewhat worrying, given that consumer activity has been an important driver of the expansion over the past year. On a more positive note, though, the housing market continued to exhibit strength, with home sales soaring from 0.1% growth (m-o-m) in October to 1.5% in November. Moreover, the labour market closed the year with a 61,600 jump in payrolls, while the unemployment rate fell back to a 30-year low of 6.1%. With these factors remaining supportive of consumption, personal expenditure forecasts are unchanged this month.

October manufacturing output was impacted by automakers cutting back heavily on production. Only a 4.9% (m-o-m) surge in mining helped the industrial sector to avoid an outright decline in output. Elsewhere, exports remain weak and the closely-linked US industry is also traversing a soft patch. Consequently, this year's industrial production forecast suggests that output growth will be close to negligible in 2007. There may be some upbeat news on the horizon, though. New orders in manufacturing showed a modest 0.6% rise m-o-m in October on the back of consecutive months of contraction while, more recently, the C\$ appears to be easing. Falling oil and commodity prices, though, have left our panel cautious about this year's outlook.

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	83.6	United States	56.3
United Kingdom	2.1	China	7.8
Japan	2.0	Japan	4.0
Asia (ex. Japan)	3.9	Asia (ex. Japan)	13.4
Latin America	2.1	Latin America	7.1
Middle East	0.7	Africa	1.9

INCREASE	NO CHANGE	DECREASE	
1.1	+ 89.2	+ 9.7	= 100 %



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GCAN30YR Canada Govt Bnds 30 Yr Note

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 AVE 4.043  
 LOW 3.963 ON 12/ 1/06

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W 12/27	4.099	W 12/ 6	3.986		
T 12/26	4.061	T 12/ 5	3.975		
M 12/25	4.061	M 12/ 4	3.972		
F 12/22	4.062	F 12/ 1 L	3.963		
T 12/21	4.036				
W 12/20	4.085				
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M 12/18	4.109				
F 12/15	4.081				
T 12/14	4.053				
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M 12/11	3.988				

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 GCAN10YR Canada Govt Bnds 10 Yr

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Range 12/1/06 to 12/29/06 Period D Daily

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 LOW 3.868 ON 12/1/06

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T 12/26	4.004	T 12/ 5	3.881		
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