

	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
Desjardins	2.9	2.4	4.1	3.6	9.3	7.4	7.5	5.5	na	na	2.0	1.5	2.9	3.1	3.1	2.3	230	210
Informetrica	2.9	2.7	3.8	3.1	9.0	8.0	2.0	4.0	0.5	2.0	1.9	1.7	3.0	1.4	3.4	3.2	222	191
Merrill Lynch Canada	2.9	2.3	4.3	3.5	9.2	7.2	na	na	na	na	2.0	1.7	na	na	na	na	230	208
JP Morgan	2.8	3.0	3.9	3.0	9.4	9.5	4.4	4.8	0.4	2.3	2.1	2.4	3.0	2.9	na	na	230	205
Bank of Montreal	2.8	2.7	4.1	3.6	9.8	9.2	3.8	3.1	na	na	2.0	1.6	na	na	na	na	228	204
BMO Capital Markets	2.8	2.6	4.0	3.0	9.0	6.2	6.0	4.5	0.5	0.8	2.0	1.8	2.1	1.6	2.2	3.0	225	200
Caisse de Depot	2.8	2.7	3.8	3.0	9.1	8.3	na	na	na	na	2.3	1.9	na	na	na	na	225	190
CIBC World Markets	2.8	2.5	3.8	2.8	8.8	6.9	2.5	4.2	na	na	2.0	2.1	na	na	na	na	228	202
Economap	2.8	2.6	4.0	2.6	9.5	7.0	6.0	4.0	0.5	0.8	2.0	1.8	1.5	1.0	3.5	3.2	220	190
EDC Economics	2.8	2.4	3.8	3.3	9.0	7.5	6.1	3.5	0.4	0.2	2.2	2.0	na	na	2.0	2.0	227	203
Global Insight	2.8	2.4	4.0	3.1	10.3	8.0	3.3	1.0	0.4	1.0	2.0	1.6	2.5	1.6	2.3	3.0	226	209
National Bank Financial	2.8	2.4	4.1	3.3	8.7	9.2	2.6	-10.2	na	na	2.0	1.5	na	na	na	na	225	200
Royal Bank of Canada	2.8	2.7	3.9	2.8	9.6	10.0	6.4	4.0	na	na	2.3	1.8	na	na	na	na	229	201
Scotia Economics	2.8	2.5	3.9	2.9	9.0	7.0	6.0	4.0	1.0	2.0	2.3	2.0	na	na	na	na	224	190
Toronto Dominion Bank	2.8	2.3	4.0	3.4	9.3	8.7	3.5	1.7	na	na	2.4	1.9	na	na	na	na	227	189
Conf Board of Canada	2.7	2.9	3.9	3.4	9.2	8.5	3.5	3.1	na	na	1.9	1.4	2.5	1.2	na	na	226	203
University of Toronto	2.7	2.5	3.7	2.4	9.7	8.1	3.7	2.9	na	na	2.0	1.2	na	na	na	na	228	194
Consensus (Mean)	2.8	2.6	3.9	3.1	9.3	8.0	4.5	2.7	0.5	1.3	2.1	1.8	2.5	1.8	2.8	2.8	226	199
Last Month's Mean	2.8	2.6	3.9	3.1	9.3	8.0	4.7	3.3	0.8	1.7	2.1	1.8	2.5	1.5	3.3	3.1	224	197
3 Months Ago	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
High	2.9	3.0	4.3	3.6	10.3	10.0	7.5	5.5	1.0	2.3	2.4	2.4	3.0	3.1	3.5	3.2	230	210
Low	2.7	2.3	3.7	2.4	8.7	6.2	2.0	-10.2	0.4	0.2	1.9	1.2	1.5	1.0	2.0	2.0	220	189
Standard Deviation	0.1	0.2	0.2	0.3	0.4	1.1	1.7	3.7	0.2	0.8	0.2	0.3	0.6	0.8	0.7	0.5	3	7
Comparison Forecasts																		
IMF (Sep. '06)	3.1	3.0	3.9	3.1							2.2	1.9						
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 September 11, 2006

	2006				2007				2008	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	3.2	2.9	2.8	2.8	2.6	2.7	2.7	2.7	2.9	3.0
Personal Expenditure	3.7	3.9	4.1	3.9	3.3	3.0	2.9	2.7	2.7	2.8
Consumer Prices	2.5	2.6	1.8	1.9	2.0	1.6	1.9	2.0	2.0	2.0
	<i>Percentage Change (year-on-year).</i>									

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*	2.1	0.2	1.8	1.0
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	6.6	9.1	1.5	13.2
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	4.9

		Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date			
						4.2%		4.0%	
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 Feb'07	End Nov'07	End Feb'07	End Nov'07
6.4	6.5	20.3	16.4	7.5	6.0	3.9	3.8	3.8	4.4
6.3	6.2	23.0	18.0	5.0	3.0	4.2	4.3	4.1	4.5
6.4	6.8	19.9	5.7	na	na	4.3	3.8	4.3	4.1
6.3	6.0	16.3	5.9	4.0	3.0	4.4	5.1	4.1	4.8
6.3	6.4	27.3	28.2	na	na	4.2	4.2	4.0	4.4
6.3	6.2	18.0	5.0	6.0	4.0	4.2	3.9	4.0	4.1
6.4	6.5	27.0	20.0	6.0	5.0	4.2	3.8	4.3	4.7
6.3	6.5	18.2	18.3	5.0	3.0	3.7	3.2	3.8	3.5
6.4	6.3	19.0	6.0	5.0	5.0	4.1	3.9	4.1	4.1
6.4	6.6	21.1	17.8	na	na	4.1	3.7	4.0	3.9
6.3	6.4	19.9	24.2	3.0	3.0	4.3	4.3	4.3	4.4
6.4	6.6	19.8	12.0	5.0	0.0	3.7	3.4	3.9	3.8
6.4	6.4	22.5	18.9	na	na	4.2	4.1	4.2	4.0
6.4	6.5	18.0	5.0	4.0	4.4	3.7	3.4	3.9	3.8
6.3	6.5	20.2	15.9	6.0	3.0	4.1	4.0	4.0	4.6
6.5	6.6	21.2	21.1	8.1	6.3	4.1	4.4	4.5	4.8
6.3	6.5	21.2	9.8	na	na	4.0	4.2	4.0	4.3
6.4	6.4	20.8	14.6	5.4	3.8	4.1	4.0	4.1	4.2
6.4	6.5	22.1	16.5	5.0	3.7				
6.3	6.4	32.1	25.7	4.2	3.6				
6.5	6.8	27.3	28.2	8.1	6.3	4.4	5.1	4.5	4.8
6.3	6.0	16.3	5.0	3.0	0.0	3.7	3.2	3.8	3.5
0.1	0.2	2.9	7.3	1.4	1.7	0.2	0.4	0.2	0.4
6.3	6.3								
6.4	6.2								

Industrial Weakness Leads to Forecast Downgrade

According to August's output-based GDP report, activity traversed the third quarter at a relatively solid pace in m-o-m terms. GDP growth accelerated from 0.2% in July to 0.3% m-o-m, buoyed by a 0.4% gain in the services sector as well as robust outturns for energy and retail trade. However, the y-o-y rate stood at 2.3%, lower than the previous month's 2.4% advance and down from the second quarter's 2.9% increase. The moderation is undoubtedly due to industry's downward bent. Despite overall industrial production rising by 0.3% m-o-m in August, manufacturing output posted its second consecutive month of zero growth while production in utilities fell. August's survey of manufacturing also underscored weakness in the sector, with new orders declining by 1.1% m-o-m and shipments contracting as well. This, coupled with signs of a more noticeable slowdown in the closely-linked US economy, has led to another downgrade in our panel's forecasts for industrial production. In contrast, personal expenditure fundamentals remain resilient. Retail sales reached a whopping 7.4% on a y-o-y basis in August on the back of strong auto trade, providing further indication that consumer activity remains the main driver of the expansion. Elsewhere, labour force payrolls rose by 50,500 in October while the unemployment rate sank to 6.2%. Meanwhile, housing starts last month rebounded to 223,200 after a dismal September showing of 209,000, assuaging fears that the Canadian housing market – an important source of equity for households – is mirroring the deterioration seen in the US sector. With both labour and housing fundamentals in solid stead, the outlook for GDP growth and personal expenditure remains firm this month.

In spite of glowing news from the consumer spending front, the Bank of Canada left the lending rate on hold at 4.25%. Moreover, the bank's latest Monetary Policy Report, published on October 17, suggested that the current interest rate level is still consistent with a 2% inflation target for the next two years. The report was published just before the release of consumer price inflation, which dropped from 2.1% y-o-y in August to only 0.7% in September on the back of a massive 18.7% contraction in gasoline prices. Our panel's inflation forecasts have remained unchanged this month.

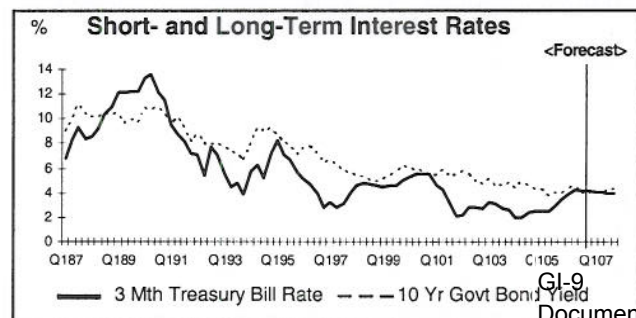
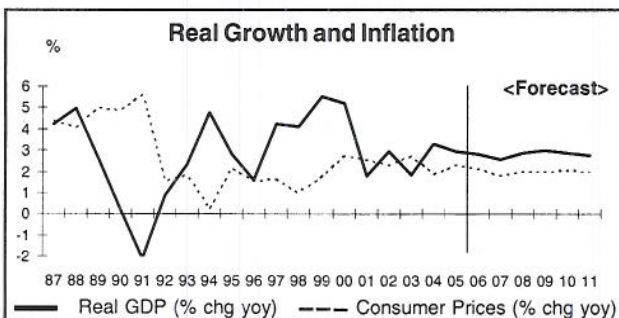
Direction of Trade – 2005

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	
3.9	+ 90.0	+ 6.1	= 100 %
Most likely rate change mentioned: None			



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GCAN30YR Canada Govt Bnds 30 Yr Note

Range 10/2/06 to 10/31/06 Period D Daily

HI 4.268 ON 10/23/06
 AVE 4.1777
 LOW 4.052 ON 10/4/06

DATE	YIELD	DATE	YIELD	DATE	YIELD
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T		T 10/12	4.206		
W		W 10/11	4.197		
T 10/31	4.085	T 10/10	4.182		
M 10/30	4.136	M 10/9	4.156		
F 10/27	4.142	F 10/6	4.157		
T 10/26	4.179	T 10/5	4.092		
W 10/25	4.242	W 10/4 L	4.052		
T 10/24	4.267	T 10/3	4.069		
M 10/23 H	4.268	M 10/2	4.068		
F 10/20	4.246				
T 10/19	4.245				
W 10/18	4.224				
T 10/17	4.238				
M 10/16	4.227				

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7130 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2007 Bloomberg L.P.
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 GCAN10YR Canada Govt Bnds 10 Yr

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Range 10/2/06 to 10/31/06 Period D Daily

HI 4.206 ON 10/24/06
 AVE 4.1097
 LOW 3.968 ON 10/4/06

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W		W 10/11	4.134		
T 10/31	4.026	T 10/10	4.113		
M 10/30	4.072	M 10/9	4.082		
F 10/27	4.077	F 10/6	4.083		
T 10/26	4.117	T 10/5	4.010		
W 10/25	4.179	W 10/4 L	3.968		
T 10/24 H	4.206	T 10/3	3.989		
M 10/23	4.205	M 10/2	3.984		
F 10/20	4.186				
T 10/19	4.182				
W 10/18	4.159				
T 10/17	4.167				
M 10/16	4.158				

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