

	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
Caisse de Depot	2.9	2.8	3.8	3.1	9.1	8.3	na	na	na	na	2.3	2.0	na	na	na	na	220	190
CIBC World Markets	2.9	2.5	3.8	2.8	8.8	6.9	4.6	8.0	na	na	2.1	2.2	na	na	na	na	226	202
Global Insight	2.9	2.6	3.9	3.2	9.7	7.4	3.0	6.8	1.0	2.6	2.0	1.5	2.8	0.5	3.4	3.6	226	211
Informetrica	2.9	2.7	3.8	3.1	9.0	8.0	3.0	1.5	0.7	2.0	2.1	1.7	3.0	1.4	3.6	3.2	222	180
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
Scotia Economics	2.9	2.6	3.9	3.0	9.0	7.0	6.0	4.0	1.0	2.0	2.3	2.0	na	na	na	na	220	190
Bank of Montreal	2.8	2.7	4.1	3.3	9.8	9.3	4.1	5.4	na	na	2.1	1.8	na	na	na	na	228	204
BMO Capital Markets	2.8	2.7	4.0	3.0	9.4	6.8	6.0	4.8	0.6	1.2	2.1	2.0	2.2	1.8	2.7	3.2	225	190
Desjardins	2.8	2.4	4.1	3.6	9.3	7.4	7.5	5.5	na	na	2.2	1.8	2.9	3.1	3.1	2.3	230	210
Economap	2.8	2.6	4.0	2.6	9.6	7.0	6.0	4.0	0.5	0.8	2.1	2.0	1.5	1.0	3.5	3.2	220	190
EDC Economics	2.8	2.4	3.8	2.9	9.1	7.3	6.0	3.5	na	na	2.3	2.0	na	na	3.2	3.2	224	192
National Bank Financial	2.8	2.3	4.1	3.2	9.4	9.9	2.6	-10.2	na	na	na	na	na	na	na	na	220	195
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	222	200
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
University of Toronto	2.8	2.6	3.6	2.3	9.4	7.9	3.4	3.7	na	na	2.0	1.3	na	na	na	na	226	190
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
Consensus (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
Last Month's Mean	2.9	2.7	3.9	3.0	9.2	7.9	5.2	4.6	0.4	1.8	2.2	1.9	2.3	2.2	3.4	3.3	225	197
3 Months Ago	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
High	2.9	2.9	4.3	3.6	9.8	10.0	7.5	8.0	1.0	2.6	2.4	2.2	3.0	3.1	3.6	3.6	230	211
Low	2.7	2.3	3.6	2.3	8.8	6.8	2.6	-10.2	0.5	0.8	1.9	1.3	1.5	0.5	2.7	2.3	220	180
Standard Deviation	0.1	0.2	0.2	0.3	0.3	1.1	1.6	4.3	0.2	0.7	0.1	0.3	0.6	0.9	0.3	0.4	4	9
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\$/S Exchange Rate** - 1.212 (average, 2005).

### Historical Data

* % change on previous year	2002	2003	2004	2005
<b>Gross Domestic Product*</b>	2.9	1.8	3.3	2.9
<b>Personal Expenditure*</b>	3.6	3.0	3.3	3.9
<b>Machinery &amp; Eqpt Investment*</b>	-2.8	7.9	10.3	10.5
<b>Pre - Tax Corporate Profits*</b>	6.4	7.1	18.3	10.6
<b>Industrial Production*</b>	2.1	0.2	1.8	1.0
<b>Consumer Prices*</b>	2.3	2.7	1.8	2.2
<b>Industrial Product Prices*</b>	0.0	-1.4	3.2	1.5
<b>Average Hourly Earnings*</b>	2.2	1.6	3.2	3.4
<b>Housing Starts, '000 units</b>	205	218	233	225
<b>Unemployment Rate, %</b>	7.7	7.6	7.2	6.8
<b>Current Account, C\$ bn</b>	19.8	14.1	27.6	31.8
<b>Federal Govt Budget Balance, fiscal years, C\$ bn</b>	6.6	9.1	1.5	13.2
<b>3 mth Trsy Bill, % (end yr)</b>	2.7	2.6	2.5	2.4
<b>10 Yr Govt Bond, % (end yr)</b>	4.7	4.8	4.3	4.0

### 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
<b>Gross Domestic Product</b>	3.2	2.9	<b>2.8</b>	<b>2.8</b>	2.6	2.7	2.7	2.9
<b>Personal Expenditure</b>	3.7	3.9	<b>4.1</b>	<b>3.9</b>	3.3	3.0	2.9	2.7
<b>Consumer Prices</b>	2.5	2.6	<b>1.8</b>	<b>1.9</b>	2.0	1.6	1.9	2.0

*Percentage Change (year-on-year).*

	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date			
	Current Account (C\$ bn)		Federal Govt Budget Balance (C\$ bn)		4.2%		4.1%	
Unemployment Rate (%)	Balance Courante (C\$ md)		Balance Budgétaire (C\$ md)		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 Jan'07	End Oct'07	End Jan'07	End Oct'07	
6.4 6.5	30.0 24.5	6.0 5.0	4.2 4.0	4.3 4.9				
6.4 6.6	18.9 20.3	3.0 3.0	3.8 3.2	3.9 3.4				
6.4 6.5	22.0 20.0	3.0 3.0	4.0 3.8	4.0 4.1				
6.4 6.2	23.0 18.0	5.0 3.0	4.0 4.1	4.3 4.5				
6.4 6.8	20.7 5.7	na na	4.3 3.8	4.3 4.1				
6.4 6.5	18.5 5.5	4.0 4.4	3.9 3.4	4.0 3.8				
6.4 6.5	27.3 28.2	na na	4.2 4.2	4.0 4.5				
6.4 6.3	19.0 7.0	5.0 3.0	4.2 3.9	4.0 4.1				
6.4 6.5	20.3 16.4	7.5 6.0	4.0 3.5	3.9 4.1				
6.4 6.3	20.0 10.0	5.0 3.0	4.0 3.9	4.0 4.1				
6.4 6.6	28.0 24.0	na na	4.3 4.3	4.0 3.9				
6.4 6.6	19.4 12.0	5.0 0.0	3.7 3.2	3.9 3.6				
6.4 6.4	22.8 18.9	na na	4.2 4.1	4.2 4.0				
6.3 6.5	20.2 15.9	3.0 4.0	4.1 3.9	4.2 4.6				
6.4 6.5	21.6 16.1	na na	4.2 4.2	4.3 4.5				
6.5 6.6	21.2 21.1	8.1 6.3	4.1 4.3	4.5 4.8				
6.4 6.5	22.1 16.5	5.0 3.7	4.1 3.8	4.1 4.2				
6.4 6.4	24.5 21.0	4.4 3.6						
6.3 6.3	32.3 26.0	4.8 3.8						
6.5 6.8	30.0 28.2	8.1 6.3	4.3 4.3	4.5 4.9				
6.3 6.2	18.5 5.5	3.0 0.0	3.7 3.2	3.9 3.4				
0.0 0.1	3.5 6.9	1.7 1.7	0.2 0.4	0.2 0.4				
6.3 6.3								
6.4 6.2								

**Mining and Oil Extraction Lift Industrial Output in July**

Following a slowdown in activity during the second quarter, output-based GDP growth progressed into July on a relatively positive note. The economy expanded by 0.2% m-o-m following flat growth in June, boosted by the energy, retail and financial sectors. Energy output, in particular, surprised on the upside, accelerating by 1.3% m-o-m in July, its first monthly gain since March. Despite the closure of some oil sites, extraction among those already in operation soared significantly. This, coupled with a 2.4% surge in mining output, helped to lift industrial production by 0.5% m-o-m, compared with a 0.1% gain in the previous month. However, manufacturing (which excludes mining, oil and gas extraction) showed no gains m-o-m, and it is still too early to tell whether the rise in industrial production suggests a veritable turnaround in the sector after months of lacklustre activity. Indeed, following June's 1.9% resurgence (m-o-m) in manufacturing shipments, July saw only a 0.8% rise. Elsewhere, weakness in net trade, along with a deceleration in labour productivity during the second quarter, has added further uncertainty to the outlook. 2006 production forecasts have recovered this month after September's downgrade, but 2007 expectations have slipped slightly. Consumer spending, in contrast, remains firm. The July GDP report showed retail trade lifted by incentives to promote new vehicle purchases as well as an increase in used car sales. Moreover, personal expenditure has been supported by solid employment growth, as evidenced in the September labour survey which showed payrolls rising by 210,000 since the beginning of the year and the jobless rate slipping from 6.5% to 6.4%. There are suggestions, though, that the housing sector is moderating, with housing starts reaching only 213,700 units in August, compared with 236,500 in July. This year's housing forecasts have slipped this month, but personal expenditure prospects for both 2006 and 2007 remain upbeat.

The Federal government budget surplus for FY05-06 proved to be much larger than the C\$7.9bn predicted by our panel last month. The surplus reached C\$13.2bn, fuelled by the expansion which also helped to reduce the nation's debt burden (now standing at 35.1% of GDP). Our panel's budget forecasts have consequently risen this month.

**Direction of Trade – 2005**

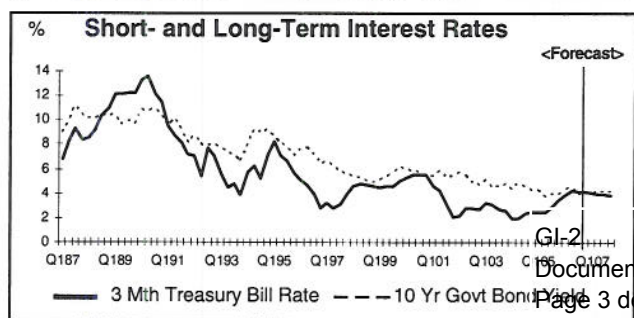
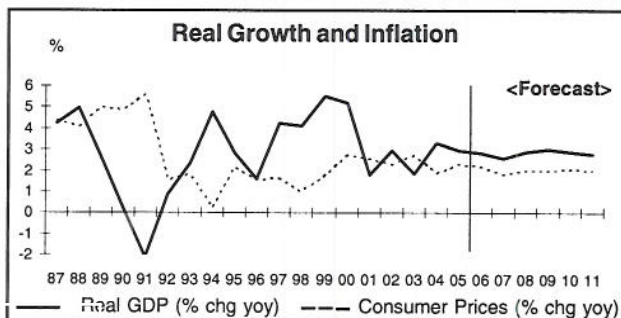
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	84.1	United States	57.5
Japan	2.1	China	7.4
United Kingdom	1.8	Mexico	3.8
Asia (ex. Japan)	4.0	Asia (ex. Japan)	12.9
Latin America	1.8	Latin America	6.7
Middle East	0.6	Africa	1.7

**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**  
 2.5    +    89.3    +    8.2    = 100 %

**Most likely rate change mentioned: None**



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N193 Index H P

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GCAN10YR Canada Govt Bnds 10 Yr

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Range 9/1/06 to 9/29/06 Period D Daily

HI 4.150 ON 9/6/06  
AVE 4.0729  
LOW 3.936 ON 9/25/06

DATE	YIELD	DATE	YIELD	DATE	YIELD
F 9/29	4.001	F 9/8	4.101		
T 9/28	3.995	T 9/7	4.138		
W 9/27	3.983	W 9/6 H	4.150		
T 9/26	3.966	T 9/5	4.144		
M 9/25 L	3.936	M 9/4	4.083		
F 9/22	4.000	F 9/1	4.084		
T 9/21	4.031				
W 9/20	4.088				
T 9/19	4.083				
M 9/18	4.126				
F 9/15	4.109				
T 9/14	4.129				
W 9/13	4.122				
T 9/12	4.114				
M 9/11	4.148				

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410  
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C L O S E / B I D / Y I E L D  
 GCAN30YR Canada Govt Bnds 30 Yr Note

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Range 9/1/06 to 9/29/06 Period D Daily

HI 4.238 ON 9/6/06  
 AVE 4.1574  
 LOW 4.015 ON 9/25/06

DATE	YIELD	DATE	YIELD	DATE	YIELD
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T 9/28	4.081	T 9/7	4.224		
W 9/27	4.069	W 9/6 H	4.238		
T 9/26	4.050	T 9/5	4.223		
M 9/25 L	4.015	M 9/4	4.170		
F 9/22	4.087	F 9/1	4.169		
T 9/21	4.110				
W 9/20	4.167				
T 9/19	4.165				
M 9/18	4.201				
F 9/15	4.193				
T 9/14	4.215				
W 9/13	4.209				
T 9/12	4.201				
M 9/11	4.235				

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