

	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
Informetrica	2.7	2.9	4.1	2.9	1.1	6.3	5.4	5.5	-0.1	1.8	2.1	2.0	1.8	1.9	3.8	3.1	225	190
Conf Board of Canada	2.6	2.8	3.9	3.2	2.8	8.0	5.9	6.6	na	na	2.4	2.2	2.6	1.5	na	na	218	196
Desjardins	2.6	2.8	3.9	3.4	1.8	3.7	5.6	4.6	na	na	2.2	2.4	3.7	3.0	4.1	3.4	222	211
Global Insight	2.6	2.6	3.8	3.2	3.1	5.4	7.1	5.6	0.4	1.7	2.2	2.4	2.8	1.5	3.1	3.1	228	206
Toronto Dominion Bank	2.6	2.3	4.0	3.1	2.7	7.9	5.3	4.3	na	na	2.3	2.2	na	na	na	na	218	204
BMO Capital Markets	2.5	2.3	3.9	3.2	2.6	6.7	5.5	4.0	0.0	0.5	2.2	2.1	2.0	1.0	3.9	4.2	218	190
Caisse de Depot	2.5	2.7	3.7	3.2	2.7	6.7	na	na	na	na	2.3	2.1	na	na	na	na	217	192
CIBC World Markets	2.5	2.5	3.8	2.7	2.0	6.0	7.0	7.0	na	na	2.1	2.3	na	na	na	na	220	205
Merrill Lynch Canada	2.5	2.0	4.1	3.4	na	na	na	na	na	na	2.3	1.9	na	na	na	na	223	212
National Bank Financial	2.5	2.2	3.6	2.7	5.6	8.2	5.1	-4.1	na	na	2.3	1.3	na	na	na	na	225	200
Royal Bank of Canada	2.5	2.6	3.9	3.2	2.9	9.0	3.8	2.7	na	na	2.3	2.0	na	na	na	na	na	na
Scotia Economics	2.5	2.2	3.9	2.9	2.1	5.8	4.8	-2.0	0.0	1.5	2.3	2.2	na	na	na	na	217	195
Economap	2.4	2.2	3.5	2.7	2.5	5.0	6.0	3.5	-0.1	0.7	2.2	2.1	2.0	2.5	4.0	3.5	215	185
EDC Economics	2.3	2.6	3.7	3.0	3.4	5.3	3.8	6.4	-0.2	2.0	2.5	2.2	na	na	3.6	2.4	217	199
University of Toronto	2.3	1.7	3.7	2.4	3.2	9.6	4.1	3.0	na	na	2.3	2.0	na	na	na	na	220	194
Consensus (Mean)	2.5	2.4	3.8	3.0	2.8	6.7	5.3	3.6	0.0	1.4	2.3	2.1	2.5	1.9	3.8	3.3	220	199
Last Month's Mean	2.5	2.6	3.9	3.0	2.4	6.1	5.8	5.0	0.0	1.8	2.3	2.3	2.8	2.3	3.7	3.3	217	198
3 Months Ago	2.5	2.8	3.6	3.0	2.9	6.2	5.5	3.9	0.0	2.1	2.4	2.2	3.4	1.9	3.2	3.1	210	194
High	2.7	2.9	4.1	3.4	5.6	9.6	7.1	7.0	0.4	2.0	2.5	2.4	3.7	3.0	4.1	4.2	228	212
Low	2.3	1.7	3.5	2.4	1.1	3.7	3.8	-4.1	-0.2	0.5	2.1	1.3	1.8	1.0	3.1	2.4	215	185
Standard Deviation	0.1	0.3	0.2	0.3	1.0	1.7	1.1	3.3	0.2	0.6	0.1	0.3	0.7	0.7	0.4	0.6	4	8
Comparison Forecasts																		
IMF (Apr. '07)	2.4	2.9	3.3	2.8							1.7	2.0						
OECD (May '07)	2.5	3.0	3.0	2.7							2.0	2.1						

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\$1,446bn (2006). **Population** - 32.6mn (mid-year, 2006). **CS/\$ Exchange Rate** - 1.134 (average, 2006).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 10, 2007

	2007		2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	2.0	2.5	2.7	2.9	2.7	2.5	2.6	2.8	2.9	2.7
Personal Expenditure	4.0	4.3	3.5	3.3	3.2	2.9	2.8	2.9	2.9	2.9
Consumer Prices	1.9	2.0	2.3	2.9	2.5	2.1	2.2	2.2	2.1	2.0

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2003	2004	2005	2006
Gross Domestic Product*	1.9	3.1	3.1	2.8
Personal Expenditure*	3.0	3.4	3.8	4.2
Machinery & Eqpt Investment*	7.7	9.3	10.8	7.4
Pre - Tax Corporate Profits*	6.9	17.1	11.9	5.0
Industrial Production*	0.2	1.8	1.0	-0.5
Consumer Prices*	2.8	1.8	2.2	2.0
Industrial Product Prices*	-1.4	3.2	1.5	2.3
Average Hourly Earnings*	1.9	2.7	3.2	2.7
Housing Starts, '000 units	218	233	225	227
Unemployment Rate, %	7.6	7.2	6.8	6.3
Current Account, C\$ bn	14.7	29.1	27.9	23.6
Federal Govt Budget Balance, fiscal years, C\$ bn	9.1	1.5	13.2	13.8
3 mth Trsy Bill, % (end yr)	2.6	2.5	3.4	4.2
10 Yr Govt Bond, % (end yr)	4.8	4.3	4.0	4.1

Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					4.0%		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 %		
2007 2008	2007 2008	FY 07-08	FY 08-09	End Jan'08	End Oct'08	End Jan'08	End Oct'08		
6.0	6.0	30.0	24.0	8.0	6.0	4.3	4.7	4.4	5.0
6.1	5.9	34.1	40.0	23.2	23.6	4.4	4.4	4.6	4.6
6.0	6.0	30.2	29.1	8.0	6.0	4.0	4.6	4.3	4.8
6.1	6.1	30.9	30.5	na	na	4.3	4.8	4.7	4.9
6.1	6.3	32.7	24.7	na	na	4.4	4.8	4.7	5.0
6.0	6.1	27.0	11.0	10.0	5.0	4.1	4.2	4.3	4.5
6.1	6.3	27.0	25.0	7.0	3.0	4.2	4.5	4.5	4.9
6.0	6.0	26.0	30.0	7.0	5.0	4.3	4.5	4.5	4.6
6.1	6.2	28.4	11.1	na	na	4.5	4.3	4.3	4.8
6.1	6.3	21.0	15.3	7.0	4.0	3.8	3.8	4.2	4.2
6.1	6.2	25.6	18.9	na	na	4.3	4.8	4.7	5.1
6.1	6.2	29.0	12.0	7.0	4.0	3.9	4.1	4.3	4.6
6.0	6.2	28.0	18.0	6.0	5.0	4.1	4.2	4.2	4.5
6.1	6.0	30.3	43.6	na	na	3.8	3.9	4.0	4.2
6.1	6.3	25.3	12.8	na	na	4.0	4.1	4.4	4.7
6.1	6.1	28.4	23.1	9.2	6.8	4.1	4.4	4.4	4.7
6.1	6.2	29.9	26.6	7.1	5.5				
6.2	6.2	26.2	24.2	5.2	4.9				
6.1	6.3	34.1	43.6	23.2	23.6	4.5	4.8	4.7	5.1
6.0	5.9	21.0	11.0	6.0	3.0	3.8	3.8	4.0	4.2
0.0	0.1	3.3	10.3	5.4	6.4	0.2	0.3	0.2	0.3
6.2	6.2								
6.1	6.0								

Financial Shake-out Heightens Economic Uncertainty

July GDP growth rose by a solid 2.5% in y-o-y terms. However, the increase was lifted by unusual – and mostly temporary – factors, which could explain this month's unchanged consensus forecast for 2007 GDP growth. Sales in the auto industry were the major contributor to the 2.3% (m-o-m) surge in wholesale trade which, in turn, lifted economic activity as a whole in July. Meanwhile, motor vehicle production (which surged by a whopping 4.5% m-o-m) helped manufacturing to recover from June's 0.3% decline. Overall industrial production, though, fell in m-o-m terms. Elsewhere, July factory shipments and new orders showed resurgent gains of 2.3% and 3.2% (m-o-m), respectively, following months of weakness. However, many observers now expect auto output to fall in August while September's strike against General Motors will likely compound matters. 2008 industrial production forecasts have fallen this month as a result. The impact of turbulence stemming from the US financial system on the Canadian economy has also been the subject of much debate. Both economies' respective business cycles have decoupled recently, but economic linkages fostered through trade and financial market integration remain hugely important for Canada. A downturn in US financing and demand would undoubtedly subtract from activity north of the border – particularly in the closely-linked manufacturing sector.

Retail trade fell by 0.8% (m-o-m) in July which suggests that, after an extended period of robust activity, consumer spending is moderating. Consumption is still supported by an upbeat job market, though: September's unemployment rate fell to 5.9%, its lowest rate since November 1974, while payrolls jumped by 51,000. The personal expenditure outlook has also been underpinned by roaring wage growth with fixed-weight hourly wages surging from 3.8% (y-o-y) in June to 4.4% in July. Consensus expectations for average hourly earnings have seen another increase. However, personal expenditure forecasts remain mostly unchanged, reflecting an expected moderation in the pace of employment growth, a significant tightening in monetary conditions following capital market turmoil and the strength of the C\$ which has eroded consumers' purchasing power.

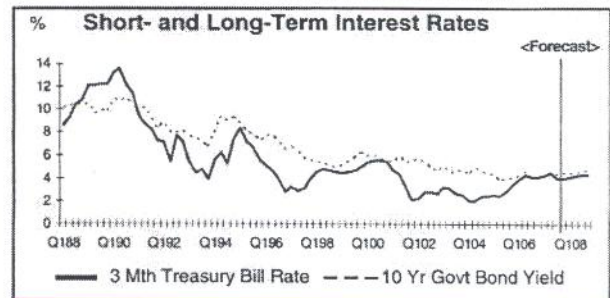
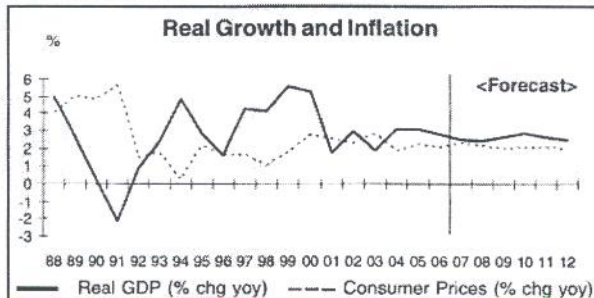
Direction of Trade – 2006

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	82.3	United States	55.7
United Kingdom	2.2	China	8.4
Japan	2.1	Mexico	3.9
Asia (ex. Japan)	4.4	Asia (ex. Japan)	14.0
Latin America	2.2	Latin America	7.1
Middle East	0.7	Africa	2.1

Likelihood of a Bank of Canada Interest Rate Change

Our panel's estimated average probability of a change in the overnight lending rate (4.50% on survey date) at or before the next key policy meeting is:

INCREASE	NO CHANGE	DECREASE	
10.4	+ 82.7	+ 6.9	= 100 %
Most likely rate change mentioned: None			



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Index H P

C L O S E / B I D / Y I E L D
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Page 1 / 1

Range 9/3/07 to 9/28/07 Period D Daily

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LOW 4.269 ON 9/10/07

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W 9/26	4.415	W 9/5	4.347		
T 9/25	4.385	T 9/4	4.411		
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W 9/19	4.398				
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T 9/13	4.355				
W 9/12	4.333				
T 9/11	4.330				
M 9/10 L	4.269				

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Index H P

C L O S E / B I D / Y I E L D
GCAN30YR Canada Govt Bnds 30 Yr Note

Page 1 / 1

Range 9/3/07 to 9/28/07 Period D Daily

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LOW 4.343 ON 9/10/07

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