

	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	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
EDC Economics	0.9	1.4	4.0	2.6	4.2	2.1	3.1	1.2	na	na	3.1	2.1	na	na	na	na	219	192
Royal Bank of Canada	0.9	1.5	4.0	2.7	6.2	4.1	5.6	0.8	na	na	2.7	2.2	na	na	na	na	209	183
Conf Board of Canada	0.8	2.2	3.9	2.7	5.6	6.3	9.0	3.3	na	na	2.6	2.0	4.0	1.9	na	na	214	192
Caisse de Depot	0.7	0.7	3.9	1.9	5.0	0.0	na	na	na	na	2.7	2.1	na	na	na	na	212	192
National Bank Financial	0.7	1.4	3.9	2.2	5.9	6.1	7.7	-4.8	na	na	2.5	1.5	na	na	na	na	200	190
Toronto Dominion Bank	0.7	1.2	3.9	2.2	5.9	2.5	8.2	2.1	na	na	2.8	2.2	na	na	na	na	212	185
BMO Capital Markets	0.7	0.5	3.9	2.2	5.0	-1.0	5.5	-6.0	-2.4	1.0	2.7	2.5	3.3	0.0	3.5	2.8	214	185
Economap	0.7	0.8	3.8	2.3	5.7	-0.5	5.5	-5.7	-2.2	1.5	2.6	2.3	1.5	-1.0	3.5	2.7	212	185
Scotia Economics	0.7	1.4	4.0	2.2	5.3	2.4	4.5	5.5	-4.5	1.0	2.7	2.2	na	na	na	na	214	190
CIBC World Markets	0.6	1.1	3.8	2.0	5.9	3.7	6.8	7.2	na	na	2.5	3.0	na	na	na	na	217	190
Desjardins	0.6	1.3	4.0	3.2	5.0	2.2	5.9	0.9	na	na	2.6	1.8	3.8	-2.6	3.2	2.2	215	195
Global Insight	0.6	0.9	3.9	2.3	4.9	1.4	6.9	-2.0	-4.0	-2.6	2.7	2.3	4.3	1.4	na	na	216	188
Infometrics	0.6	1.2	3.6	2.0	3.5	-2.0	3.0	-4.0	-3.9	0.0	3.0	2.3	4.0	1.0	4.0	2.9	209	180
Merrill Lynch Canada	0.6	-0.3	4.0	1.6	na	na	na	na	na	na	2.6	1.2	na	na	na	na	214	165
University of Toronto	0.4	1.0	4.0	2.0	5.0	1.3	3.6	-7.5	na	na	2.7	1.8	na	na	na	na	215	189
Consensus (Mean)	0.7	1.1	3.9	2.3	5.2	2.0	5.8	-0.7	-3.4	0.2	2.7	2.1	3.5	0.1	3.6	2.7	213	187
Last Month's Mean	0.9	1.8	4.0	2.6	6.0	4.2	7.0	2.2	-4.2	0.8	2.7	2.3	3.3	0.7	3.7	2.9	212	190
3 Months Ago	1.1	2.0	4.2	2.9	7.2	5.4	4.6	2.6	-3.7	1.1	2.4	2.1	2.4	1.5	4.0	3.3	216	194
High	0.9	2.2	4.0	3.2	6.2	6.3	9.0	7.2	-2.2	1.5	3.1	3.0	4.3	1.9	4.0	2.9	219	195
Low	0.4	-0.3	3.6	1.6	3.5	-2.0	3.0	-7.5	-4.5	-2.6	2.5	1.2	1.5	-2.6	3.2	2.2	200	165
Standard Deviation	0.1	0.6	0.1	0.4	0.7	2.5	1.9	4.7	1.0	1.6	0.2	0.4	1.0	1.7	0.3	0.3	4	7
Comparison Forecasts																		
IMF (Oct. '08)	0.7	1.2	3.9	2.2							2.5	2.1						
OECD (June '08)	1.2	2.0	4.3	3.0							1.3	1.3						

Government and Background Data

Prime Minister - Mr. Stephen Harper (Conservative). **Government** - The Conservatives lead a minority government, with 143 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election** - By 2013 (general election). **Nominal GDP** - C\$1,536bn (2007). **Population** - 32.9mn (mid-year, 2007). **CS/\$ Exchange Rate** - 1.064 (average, 2007).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2008

	2008		2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	1.6	0.7	0.6	0.9	1.4	1.7	2.2	2.3
Personal Expenditure	5.1	4.3	3.6	2.7	2.7	2.7	2.8	2.8
Consumer Prices	1.8	2.2	3.3	3.5	3.5	2.4	1.9	2.0

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2004	2005	2006	2007
Gross Domestic Product*	3.1	2.9	3.1	2.7
Personal Expenditure*	3.3	3.7	4.3	4.5
Machinery & Eqpt Investment*	9.1	13.8	10.6	7.1
Pre - Tax Corporate Profits*	16.4	10.5	5.8	3.3
Industrial Production*	1.5	1.6	0.2	0.2
Consumer Prices*	1.8	2.2	2.0	2.2
Industrial Product Prices*	3.2	1.5	2.3	1.6
Average Hourly Earnings*	2.7	2.8	2.9	3.9
Housing Starts, '000 units	233	225	227	228
Unemployment Rate, %	7.2	6.8	6.3	6.0
Current Account, C\$ bn	29.8	26.5	20.2	13.6
Federal Govt Budget Balance, fiscal years, C\$ bn	1.5	13.2		
3 mth Trsy Bill, % (end yr)	2.5	3.4		
10 Yr Govt Bond, % (end yr)	4.3	4.0		

Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					0.9%		3.8%		
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 %			
2008 2009	2008 2009	FY 08-09	FY 09-10	End Jan'09	End Oct'09	End Jan'09	End Oct'09		
6.2	6.6	21.1	11.8	na	na	2.5	2.5	3.8	4.0
6.1	6.7	20.3	10.1	na	na	1.4	2.7	3.7	4.2
6.1	6.4	22.8	17.0	4.7	5.8	2.7	3.5	2.9	3.8
6.1	6.5	15.0	12.0	3.0	2.0	1.9	2.5	3.5	4.0
6.1	6.4	17.9	-3.0	2.0	0.0	1.6	1.8	3.8	4.0
6.1	6.7	15.0	4.4	na	na	1.5	1.9	3.7	3.8
6.1	6.9	15.0	-9.0	3.0	0.0	2.0	2.8	3.4	3.8
6.1	6.6	16.0	-8.0	2.0	0.0	2.0	2.5	3.4	3.7
6.2	6.6	17.0	4.0	3.0	3.0	1.5	2.0	3.4	3.7
6.1	6.4	17.9	15.2	2.0	na	1.8	2.7	3.6	4.0
6.1	6.4	23.4	15.7	2.0	3.0	1.4	1.9	3.5	3.4
6.1	6.5	11.8	-14.2	na	na	1.2	1.7	3.7	3.8
6.1	6.6	15.0	-5.0	3.0	-3.0	1.6	2.2	3.2	3.4
6.1	7.2	15.4	-15.4	na	na	na	na	na	na
6.1	6.4	13.5	-7.0	na	na	1.6	2.5	3.5	4.4
6.1	6.6	17.1	1.9	2.7	1.4	1.8	2.4	3.5	3.8
6.1	6.4	19.3	7.2	3.4	3.8				
6.1	6.3	19.3	8.2	3.9	4.9				
6.2	7.2	23.4	17.0	4.7	5.8	2.7	3.5	3.8	4.4
6.1	6.4	11.8	-15.4	2.0	-3.0	1.2	1.7	2.9	3.4
0.0	0.2	3.4	11.3	0.9	2.7	0.4	0.5	0.2	0.3
6.1	6.3								

Relatively Firm Data Belie Faltering Outlook

Global financial turbulence has overshadowed Canadian economic indicators, although some have shown surprising resilience given the circumstances. Output-based GDP growth jumped by 0.7% (m-o-m) in July following a 0.1% rise in June and 0.2% decline (q-o-q) during the first three months of this year. The rebound was underpinned by a 3.1% (m-o-m) surge in energy output which accounted for almost half the increase in GDP. The economy was also boosted by a 2.2% jump in industrial production (helped by durable goods' output) and a 4.2% rise in mining, oil and gas extraction. Industry has been on a moderately improving bent following four consecutive quarters of q-o-q decline. July factory sales, for example, advanced by 2.7% (m-o-m) following a 1.9% rise in June. However, the outlook going forward for export-oriented industry is shaky. New factory orders were flat in July while August saw a drop in merchandise exports. Goods heading south of the border fell by 3.9% (m-o-m). Indeed, the US recession is the most significant downside factor affecting Canadian forecasts, and despite the modest strengthening in activity over the summer, our panel's GDP growth forecasts have plunged. Furthermore, our panellists predict another 50 basis-point rate cut to come (see box, below).

August's trade report also highlighted a sharp 5.8% (m-o-m) decline in imports, underscoring waning domestic demand. Elsewhere, the housing sector remains fairly steady, with 217,600 new home starts last month, while employment continued to increase, as indicated by a 107,000 rise in payrolls. However, retail trade in July was flat and it remains to be seen how long consumer spending can be sustained in an uncertain growth environment.

Likelihood of a Bank of Canada Interest Rate Change

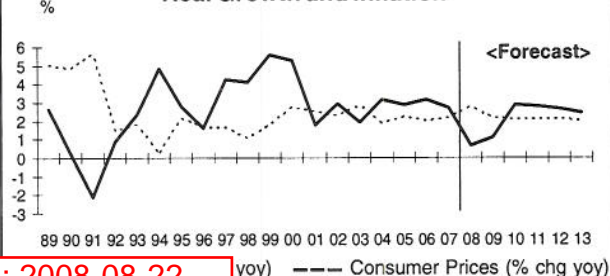
Our panel's estimated average probability of a change in the overnight lending rate (2.50% on survey date) at or before the next key policy meeting (October 21, 2008) is:

INCREASE	NO CHANGE	DECREASE	
0.0	+ 23.3	+ 76.7	= 100 %
Most likely rate change mentioned:			-0.50 %

Direction of Trade – 2007

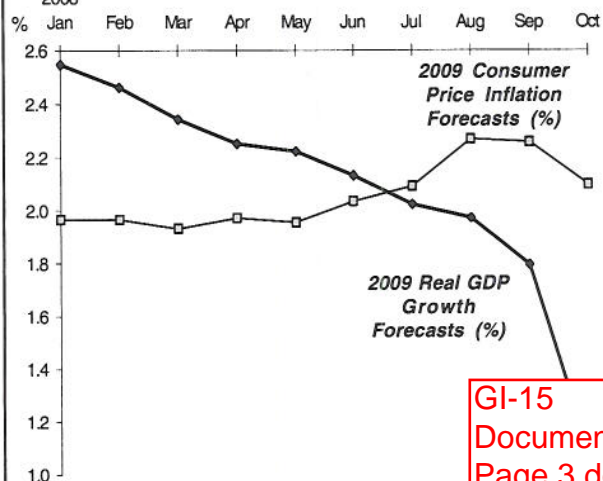
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	79.1	United States	55.1
United Kingdom	2.8	China	9.4
China	2.1	Mexico	4.2
Asia (ex. Japan)	5.0	Asia (ex. Japan)	14.9
Latin America	2.5	Latin America	7.2
Middle East	0.9	Africa	2.2

Real Growth and Inflation



GDP Growth and Inflation Forecasts

Consensus Forecasts from Survey of:



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 AVE 3.547
 LOW 3.386 ON 9/15/08

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T 9/25	3.690	T 9/ 4	3.456		
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T 9/23	3.668	T 9/ 2	3.485		
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W 9/17	3.436				
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GCAN30YR Canada Govt Bnds 30 Yr Note

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 AVE 4.026
 LOW 3.915 ON 9/15/08

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F	9/26	F	9/ 5		3.944
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M	9/15 L				3.915

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