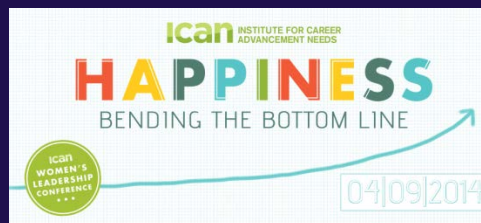




Economy Growing, But Challenges Remain



April 9, 2014

Growth Requires Leaving Your Comfort Zone



New horizons
Venturing forth
Creation
Uniqueness

*Trusting your individual
uniqueness challenges
you to lay yourself open*

James Broughton

Global Outlook Improves



Europe recovering

China soft landing

US is strongest in G7

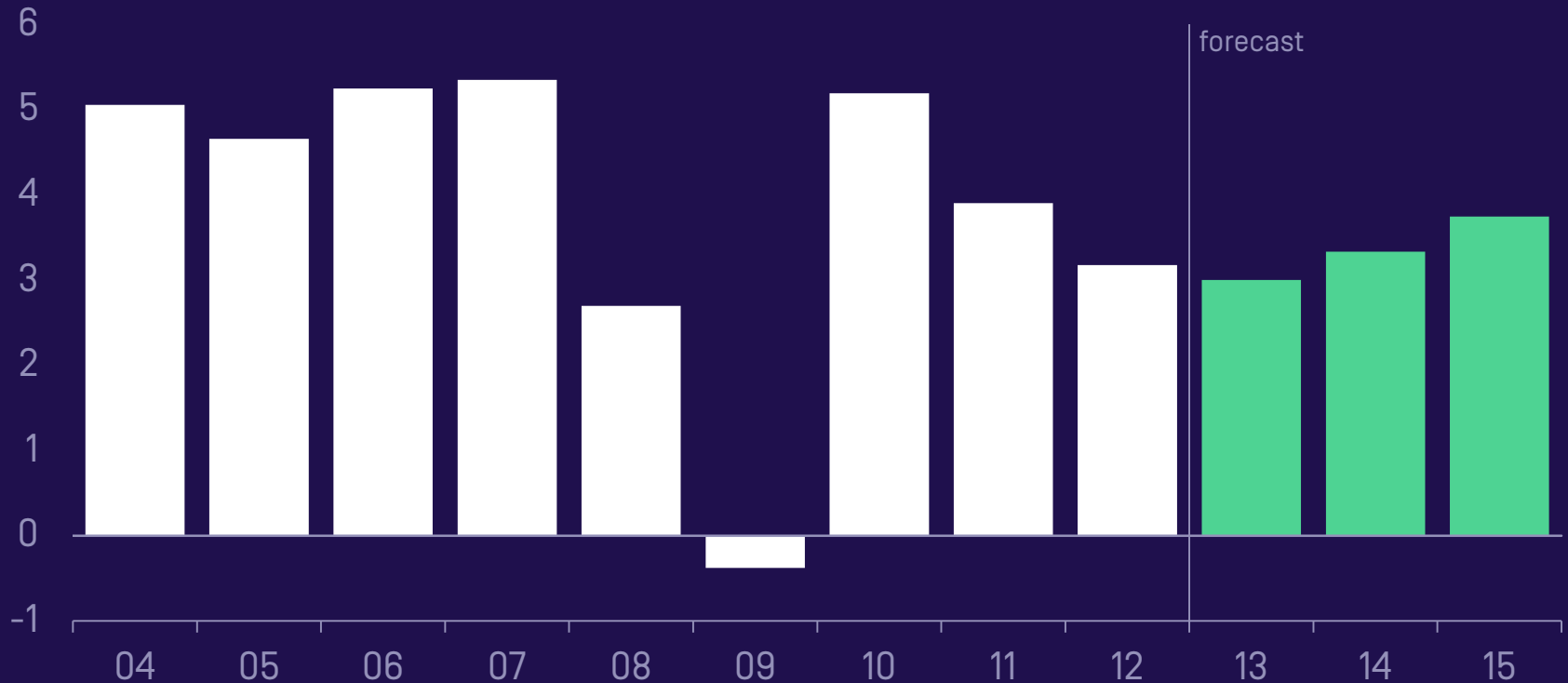
Still Suffering from Post-Traumatic
Stress of the Financial Crisis

Global Growth Edges Upward

[y/y % chng]

Global Real GDP

	13	14	15
World	3.0	3.3	3.7



Stronger US is key

forecast = BMO Capital Markets forecasts

US Growth Moves to 3% Range

United States [% chng]



Housing recovery

Energy production

Record stock market

Consumer spending

Monetary ease

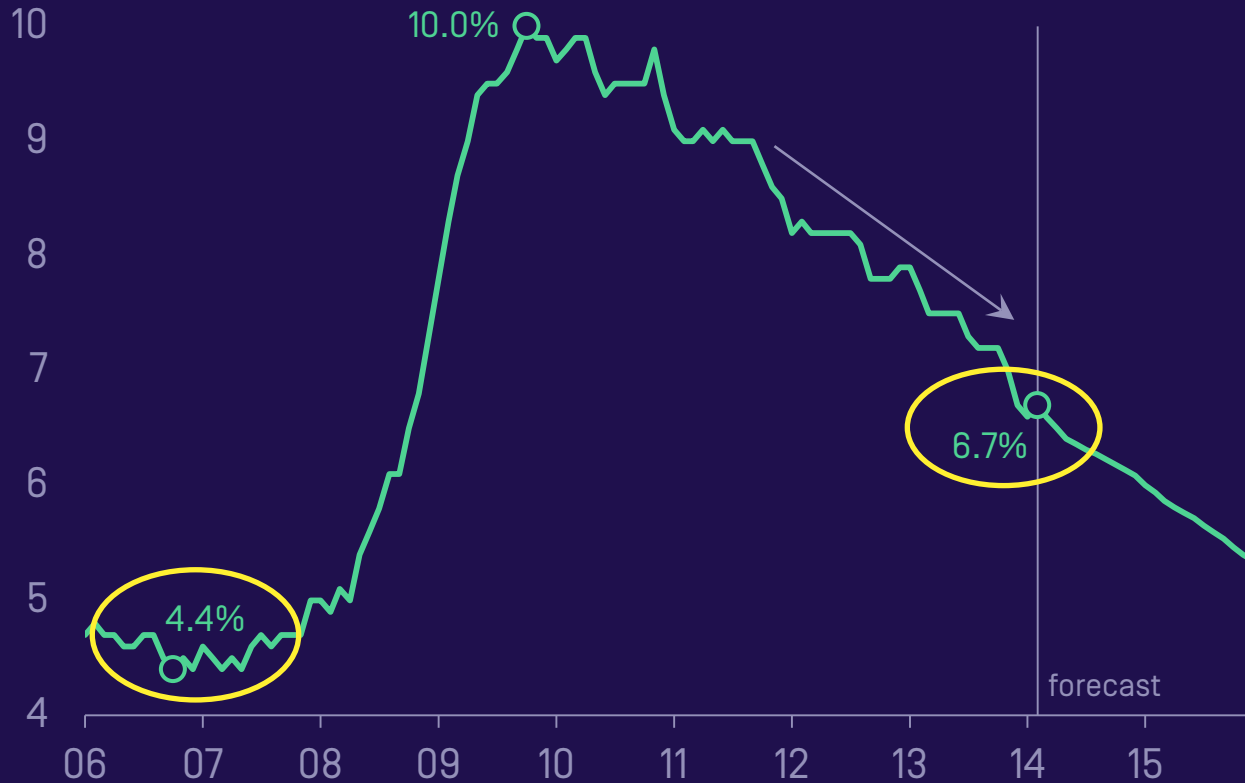
Long-term jobless and still a drag

forecast = BMO Capital Markets forecasts

Jobless Rate Falls

Unemployment Rate [percent]

United States



Greece	27.5
Spain	25.6
Portugal	15.3
Italy	13.0
Ireland	11.9
France	10.4
UK	7.1
Canada	7.0
US	6.7
Australia	6.0
Germany	5.1
Japan	3.6

forecast = BMO Capital Markets forecasts

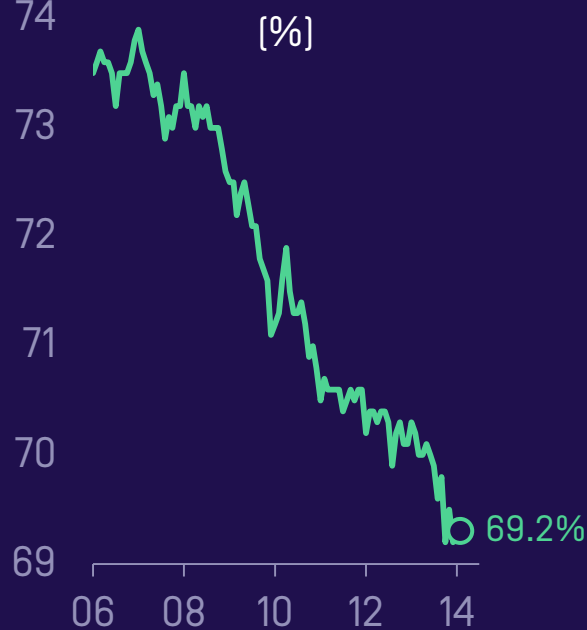
Long-Term Unemployed Still Waiting

United States

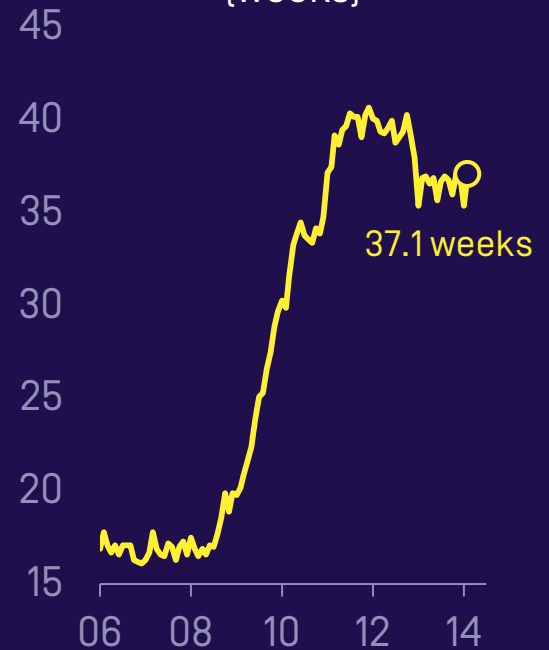
Broader Unemployment Rate¹



Labour Force Participation Rate of Men



Average Duration of Unemployment (weeks)



Many still unemployed

¹ Comprehensive measure

When Will We See Full Employment?

United States [percent]

Output Gap

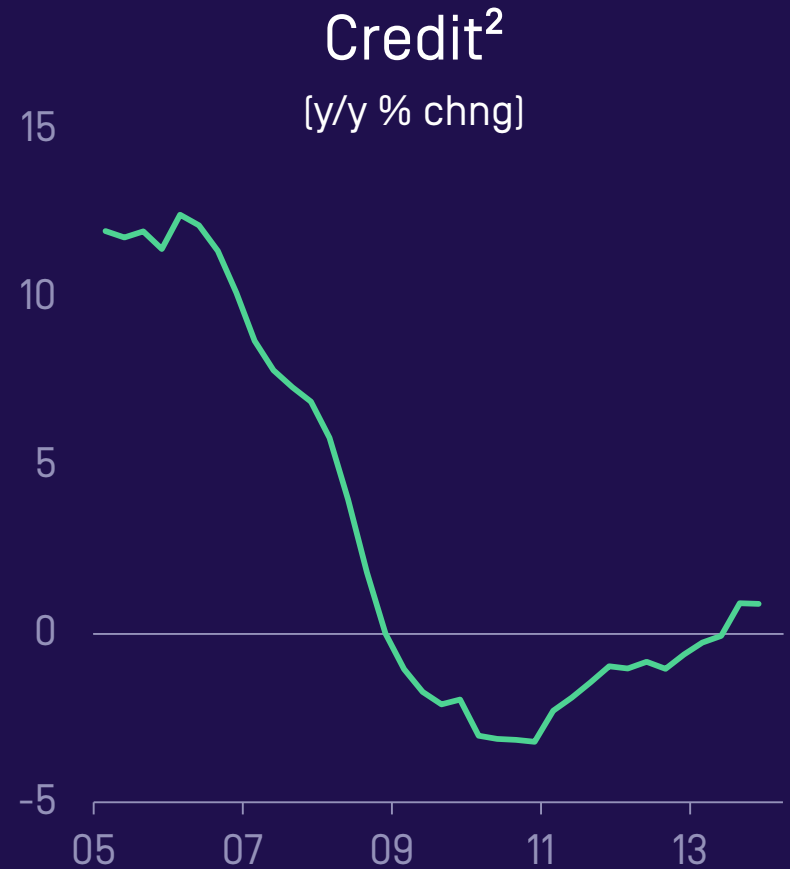


Employment/Population Ratio



Household Debt Burden Down

Households – United States



¹ Includes households, non-profits and unincorporated businesses

² Consumer credit and residential mortgages only

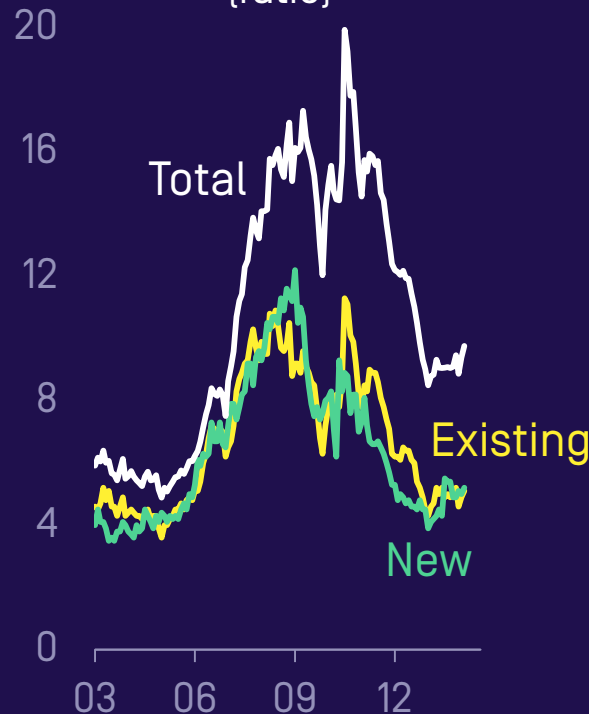
Kickstarting the Housing-Jobs Cycle

Homes – United States

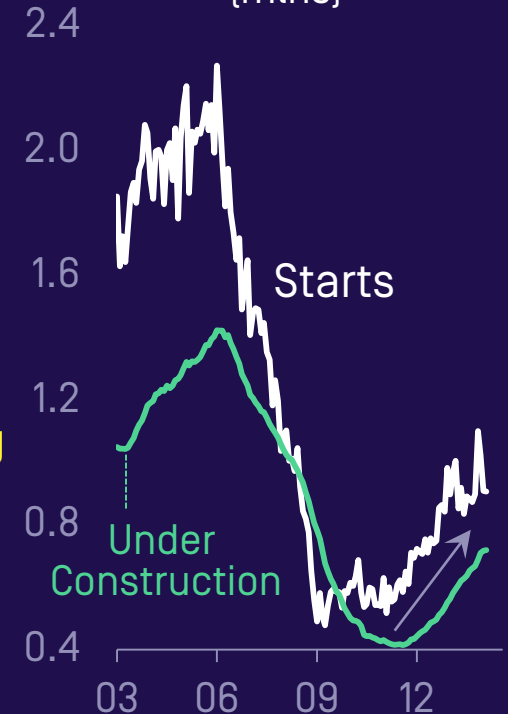
Sales and Inventories



Months' Supply



Housing Units



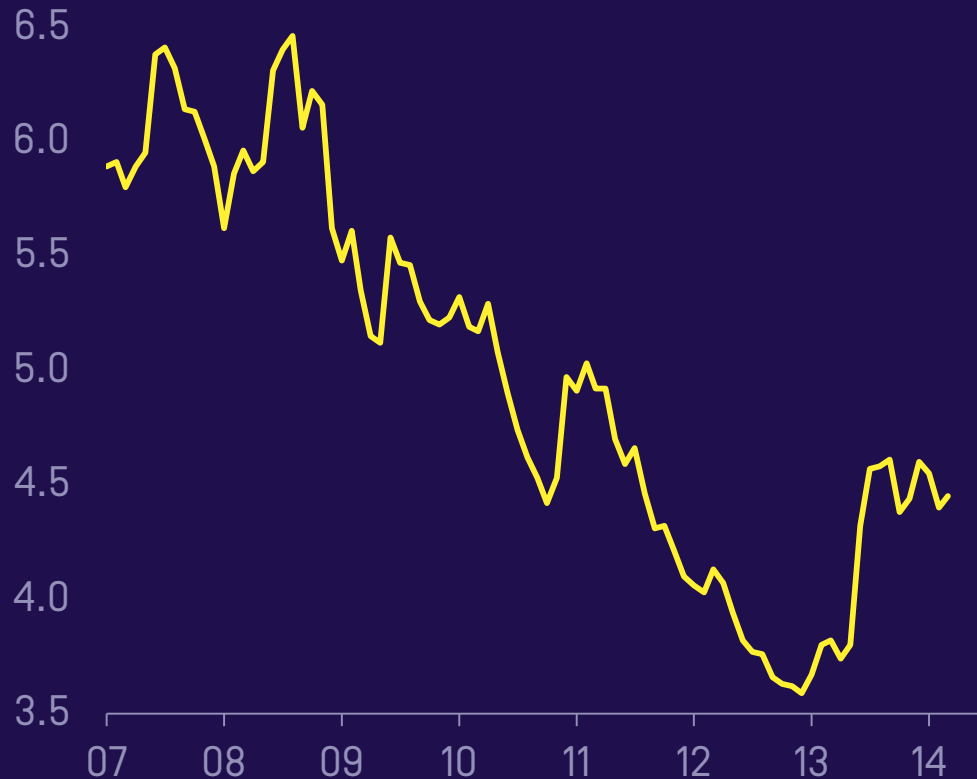
Housing recovery

¹ [nsa] include new and existing homes available for sale, and homes in foreclosure

Mortgage Rates Rising

United States [percent]

30-Year Fixed Mortgage Rate



First-time buyers

43% max debt servicing
ratio

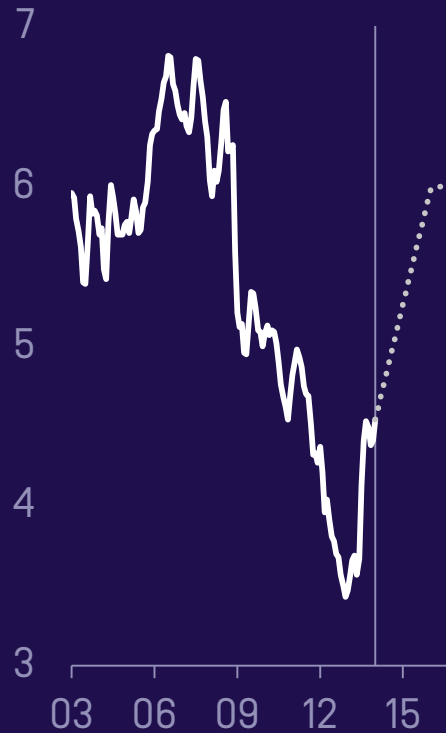
US Housing Recovery vs The Fed

United States

Median Family Income
[y/y % chng]



Mortgage Rate
[effective rate : %]



Housing Affordability
[mortgage payment¹]

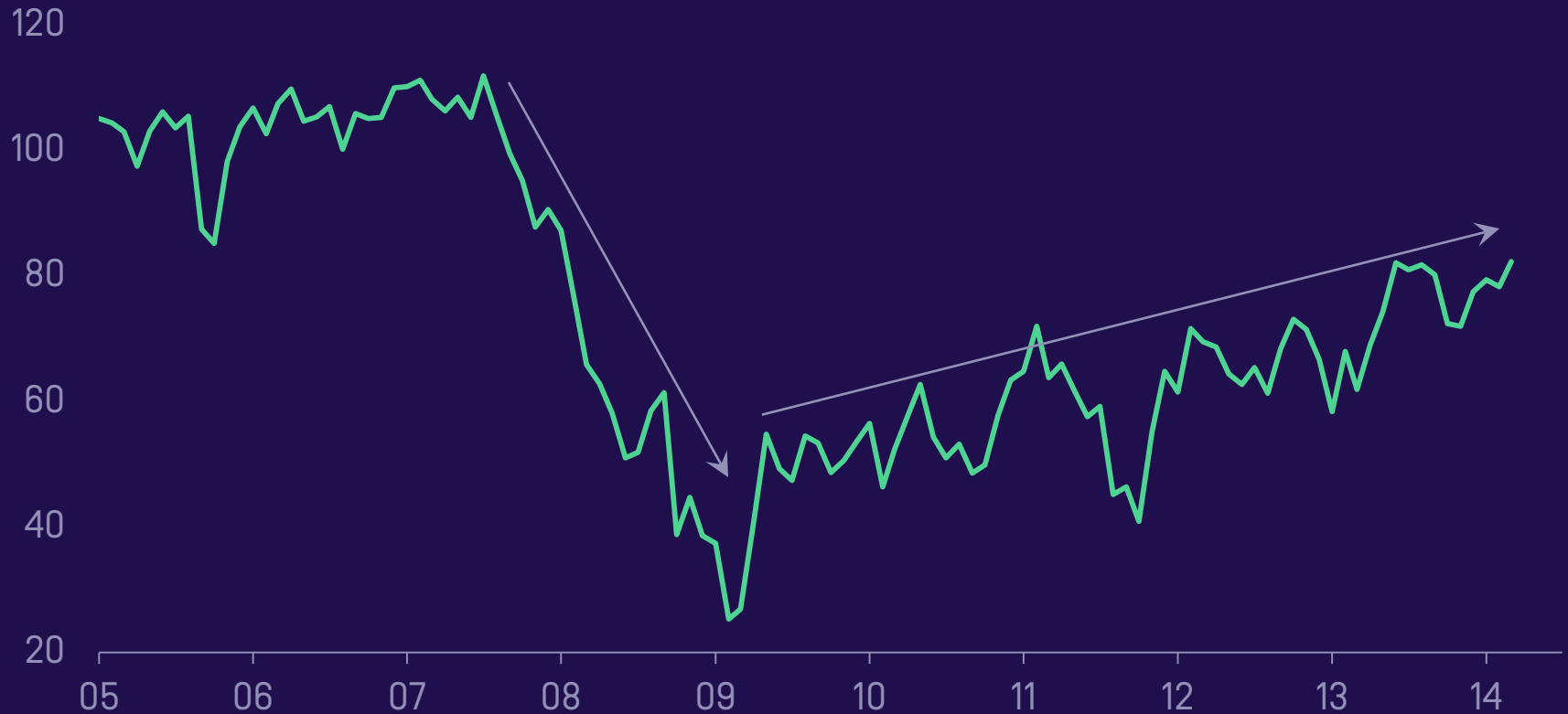


Dashed lines are BMO Capital Markets simulations Affordability: ¹ [% of median income], horizontal lines = pre-bubble range

US Confidence On the March

Conference Board – United States [sa : 1985 = 100]

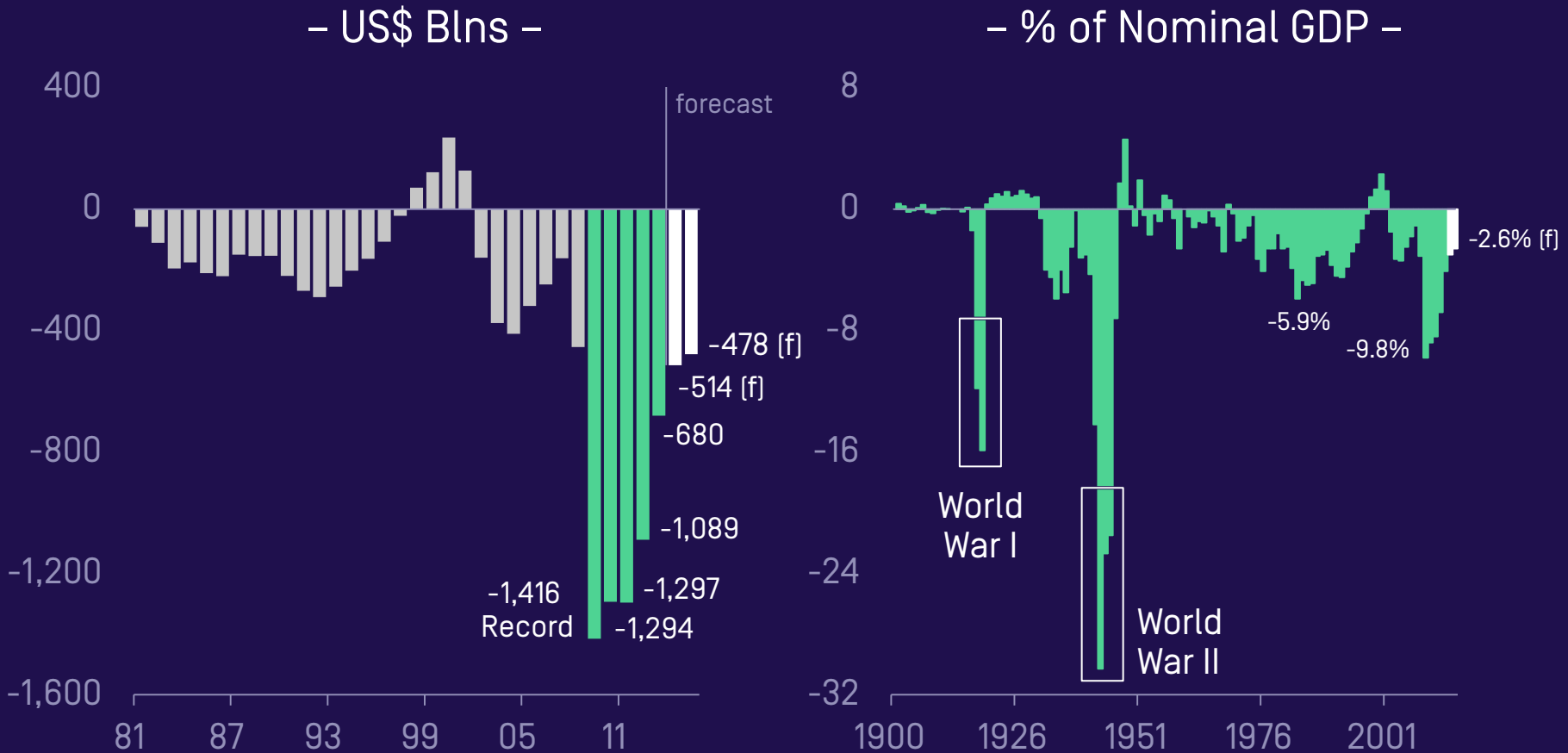
Consumer Confidence



Nowhere Near as Strong as Before the Crisis

US Budget Deficit: Record Improvement

Budget Balance – United States



Fiscal Drag

Financial Markets



Fed tapers

Fed rate hike Summer 2015

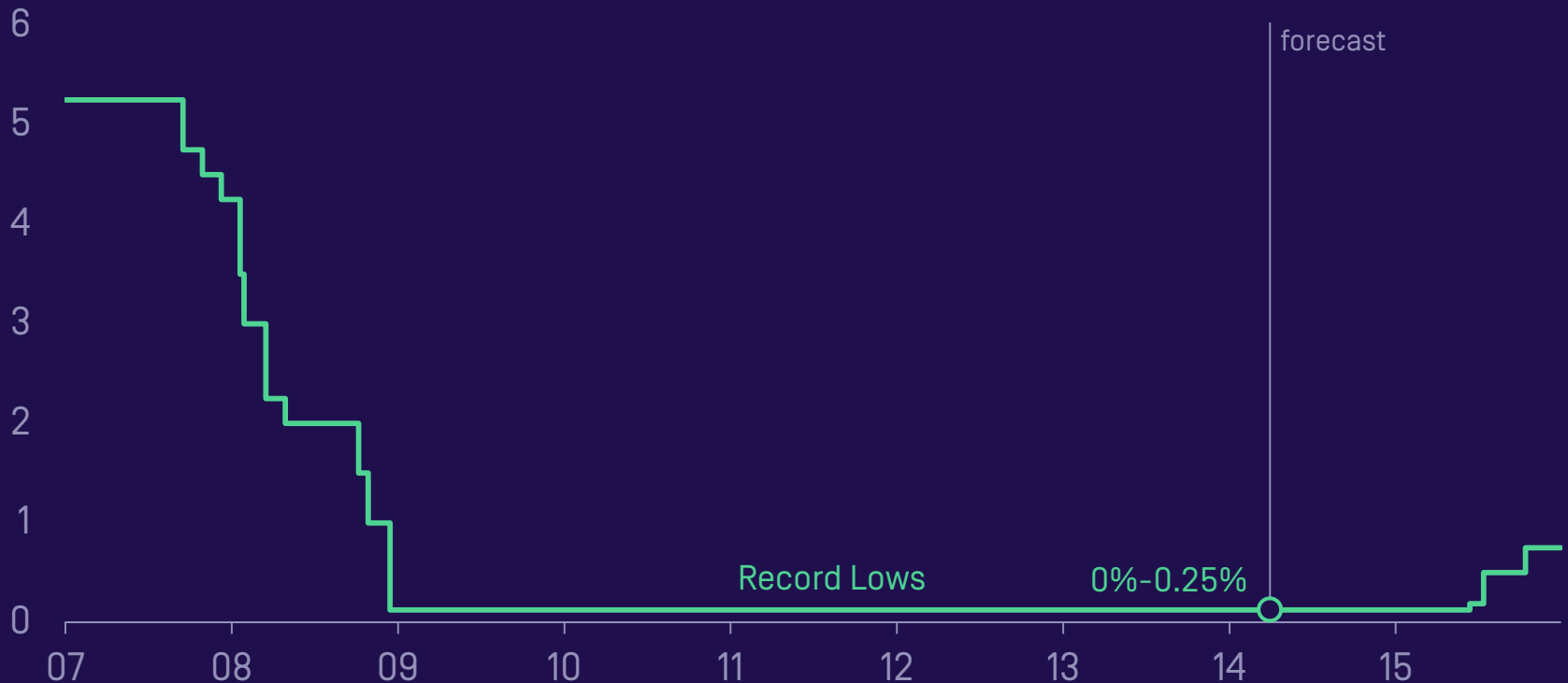
Interest rates edging higher

US stocks perform well

Fed Tapers

United States [% : as of April 2, 2014]

Overnight Rate



Fed commits to low rates until jobless rate < 6.5%

forecast = BMO Capital Markets forecasts

Long Yields Rising from Extreme Lows

United States [% : as of April 2, 2014]

10-year Bonds



Stronger US growth

Fed tapers, end QE by 2015

Low inflation keeps rate rise modest

forecast = BMO Capital Markets forecasts

US Stocks Gain, Russian Stocks Lose

[as of April 1, 2014]



¹ Russian Trading System Stock Exchange

Navigating Our VUCA World



Volatility

Uncertainty

Complexity

Ambiguity

Challenges can be opportunities

Happiness Essential for Optimum Performance

**"The happiness
of your life
depends upon
the quality of
your thoughts."**

Marcus Aurelius

happytoinspire

Creativity
Innovation
Passion
Productivity
Flexibility
Teamwork
Problem Solving
Profitability
Prosperity

Ever-changing Competitive Marketplace

I AM IN
CHARGE
OF HOW I
FEEL AND
TODAY I AM
CHOOSING
HAPPINESS.

Diversity
Think globally
New technology
Price risk well
Adaptability
Flexibility
Productivity

Economy Growing, But Challenges Remain

