

Canada in the Global Economy

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Global Outlook... 2016 Rebounds From Rough Start



U.S. Strengthens In Q2

China Slowdown

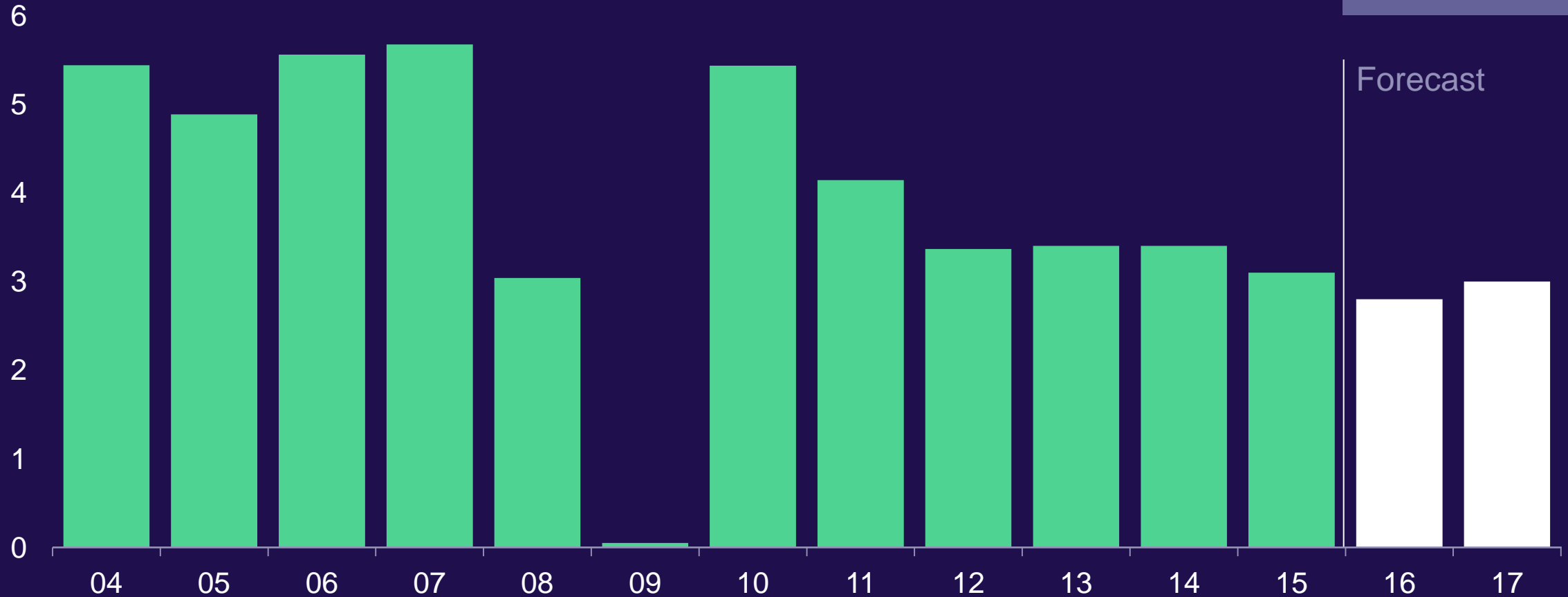
Canada Struggles

Europe Lags

Global Growth Slows in 2016

Real GDP
(year/year % change)

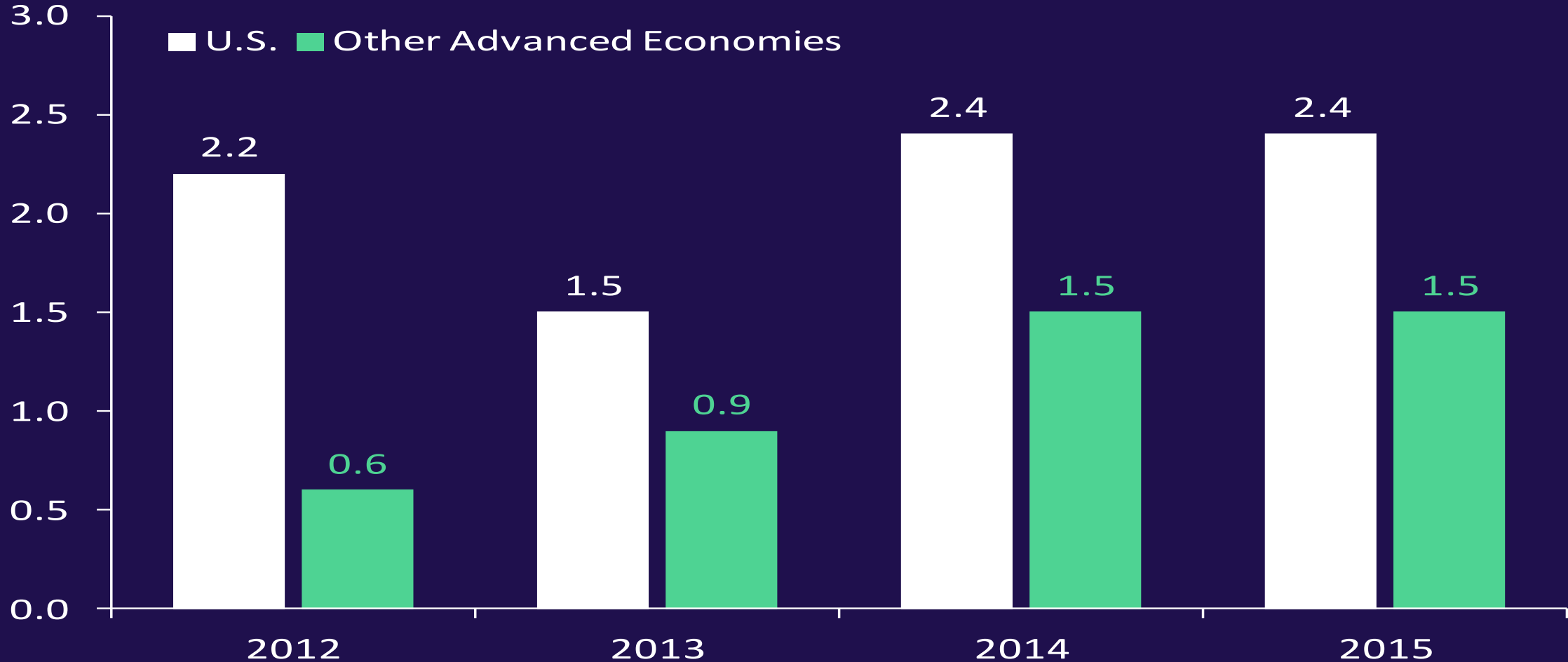
	2015	2016	2017
World	3.1	2.8	3.0



Forecast = BMO Capital Markets
Source: OECD, BMO Capital Markets

The U.S. Has Been A Bright Spot in the Global Economy

Gross Domestic Product
(annual percent change)



U.S. Jobs Strong...But Economy Falters

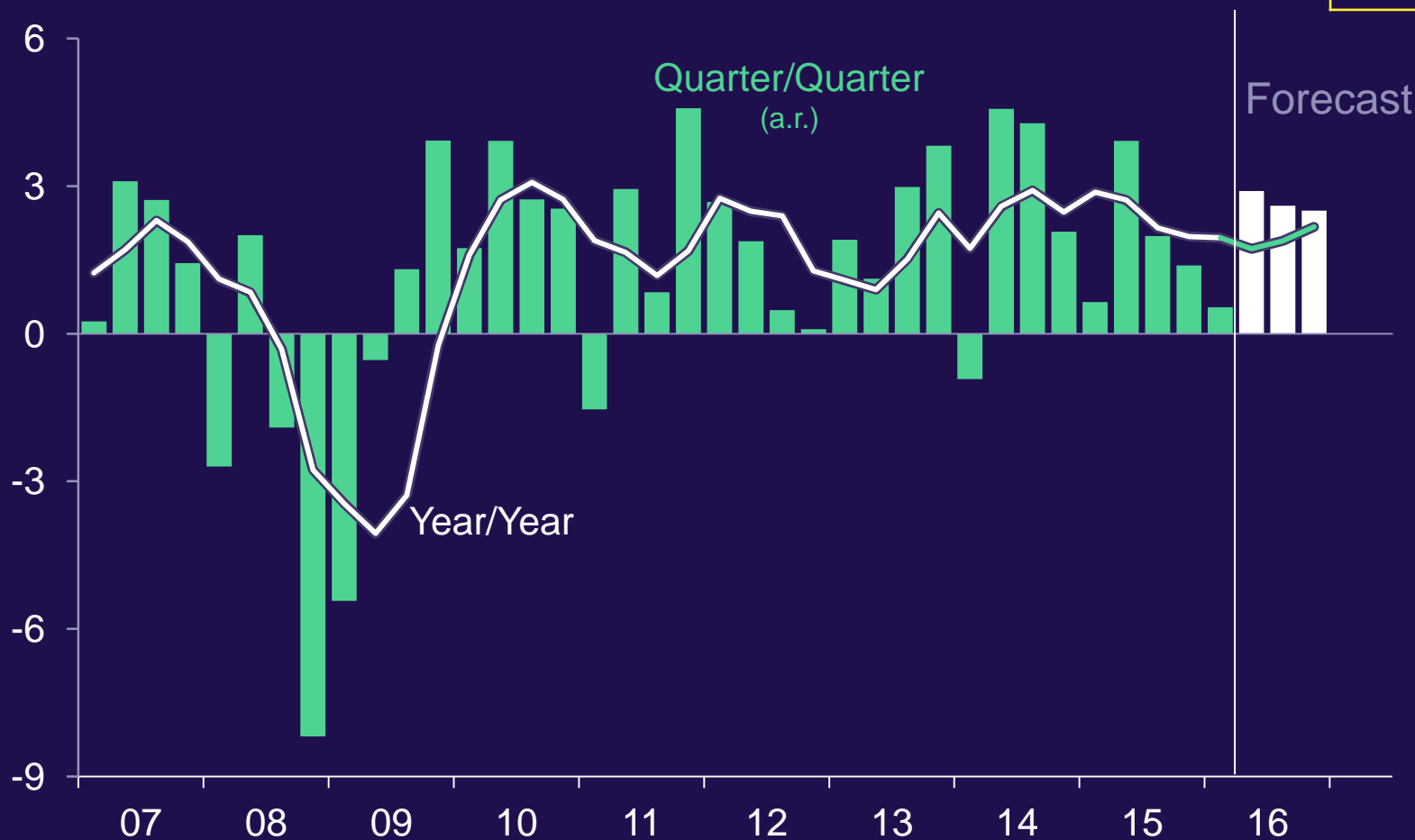


Business Investment Down
Trade Deficit Widens
Consumers Perk Up In Q2
Housing Picks Up
Jobs Strong

U.S. Growth 2.0%

Real GDP
(percent change)

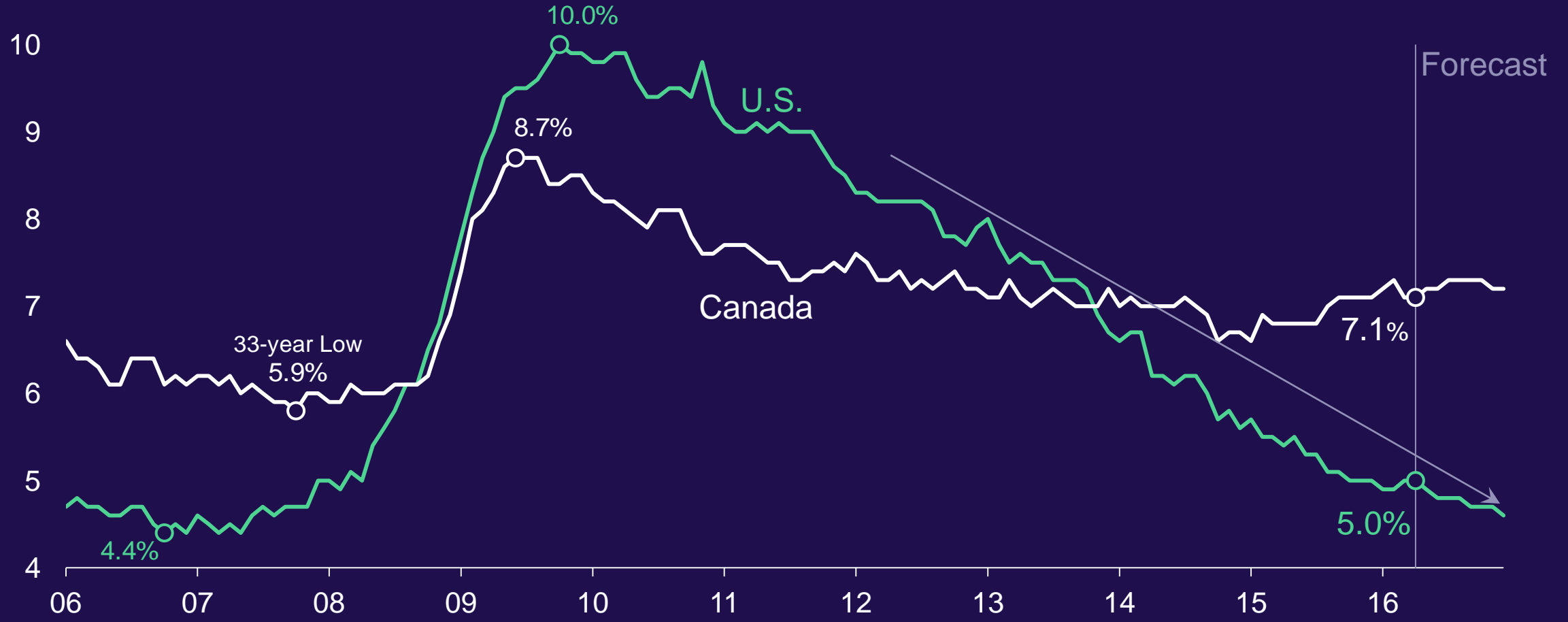
2014	2015	2016	2017
2.4	2.4	2.0	2.4



April Retail Sales Strong
Businesses Cautious
Trade Dampened

Unemployment Rate

(percent)

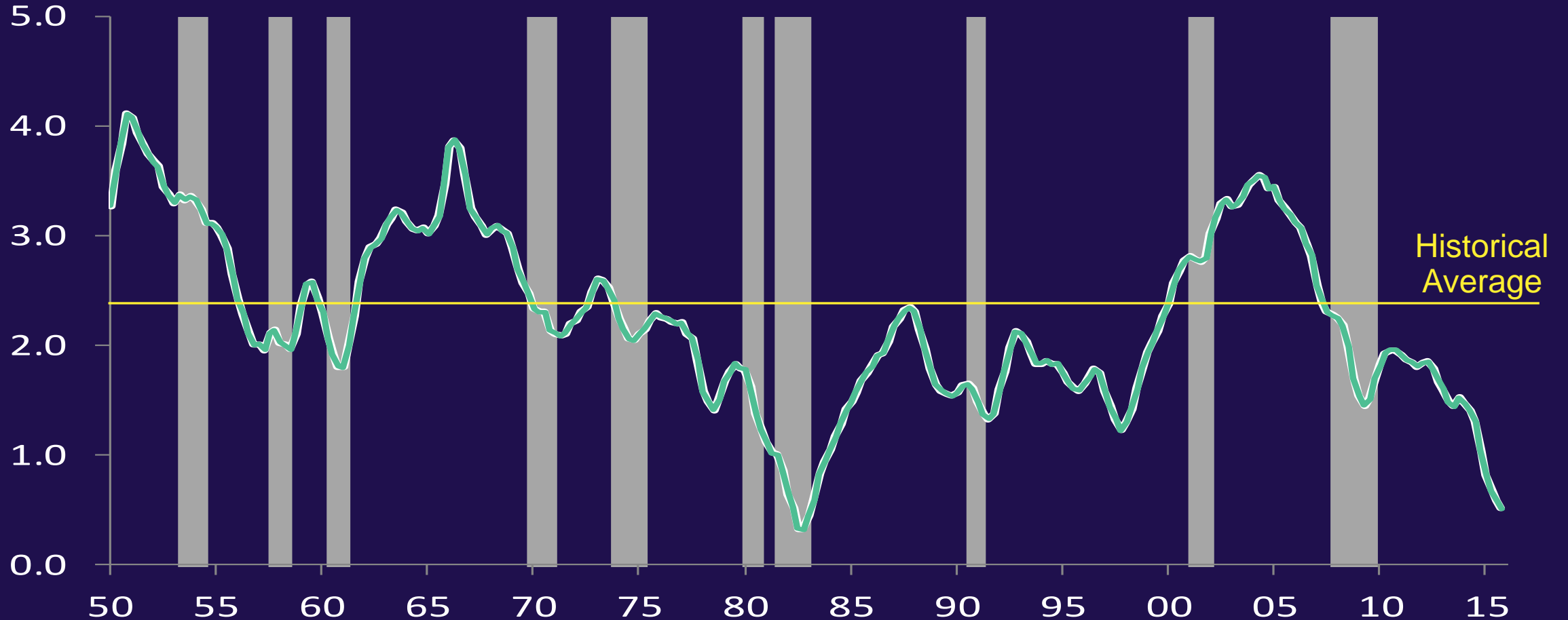


Source: Haver Analytics, Statistics Canada, Bureau of Labor Statistics

U.S. Productivity Growth Plunges

Nonfarm Business Sector Productivity

(5-year moving average of the year-on-year percentage change)



Shaded regions represent periods of U.S. recession
Source: Haver Analytics, Sherry Cooper Associates

Contingency Jobs On The Rise

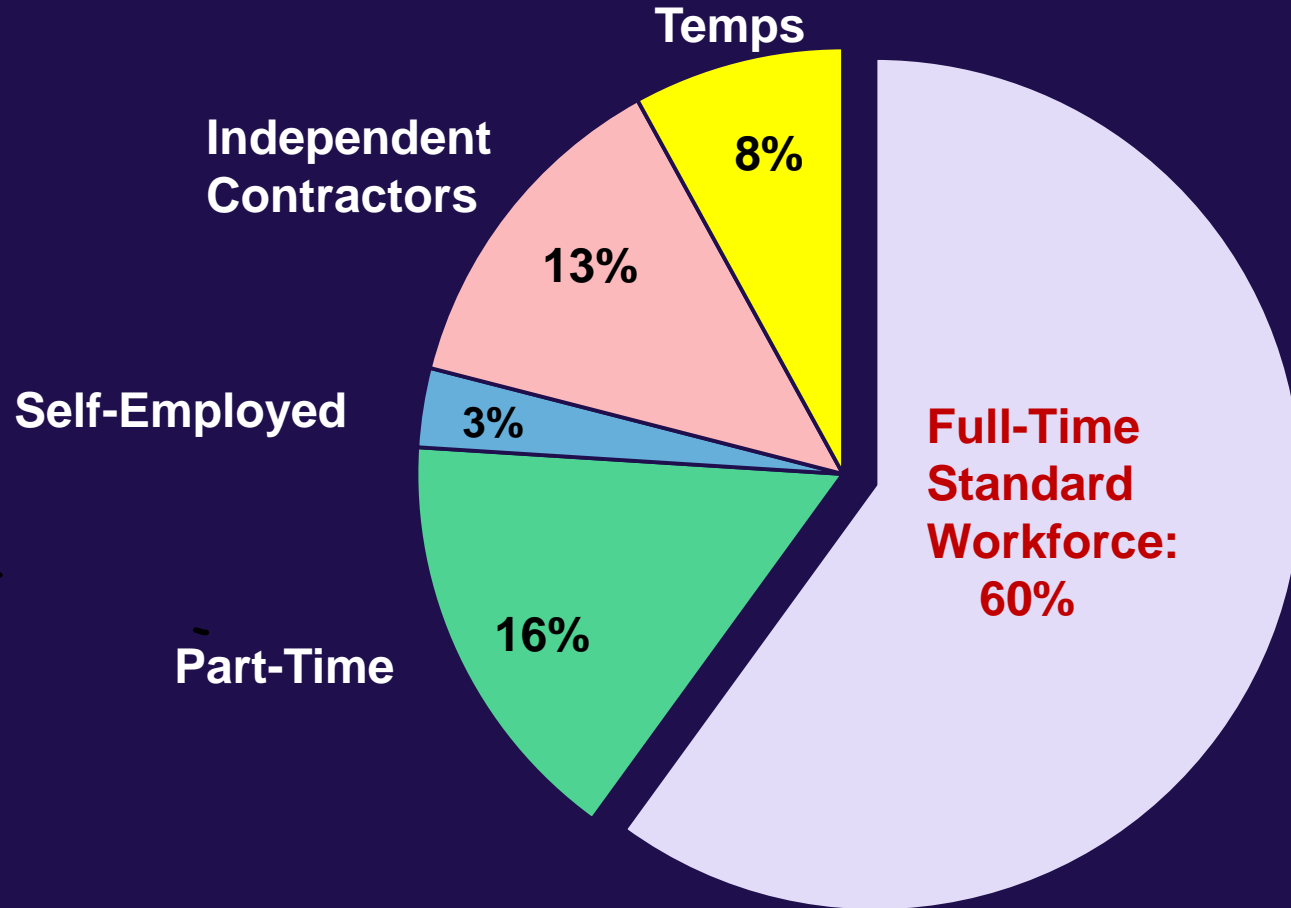
United States: Total Contingency Workers*
(millions)



*Composed of part-time workers, Unincorporated Self-Employed Workers, Contractors
Source: Bureau of Labor Statistics, Haver Analytics, Sherry Cooper Associates

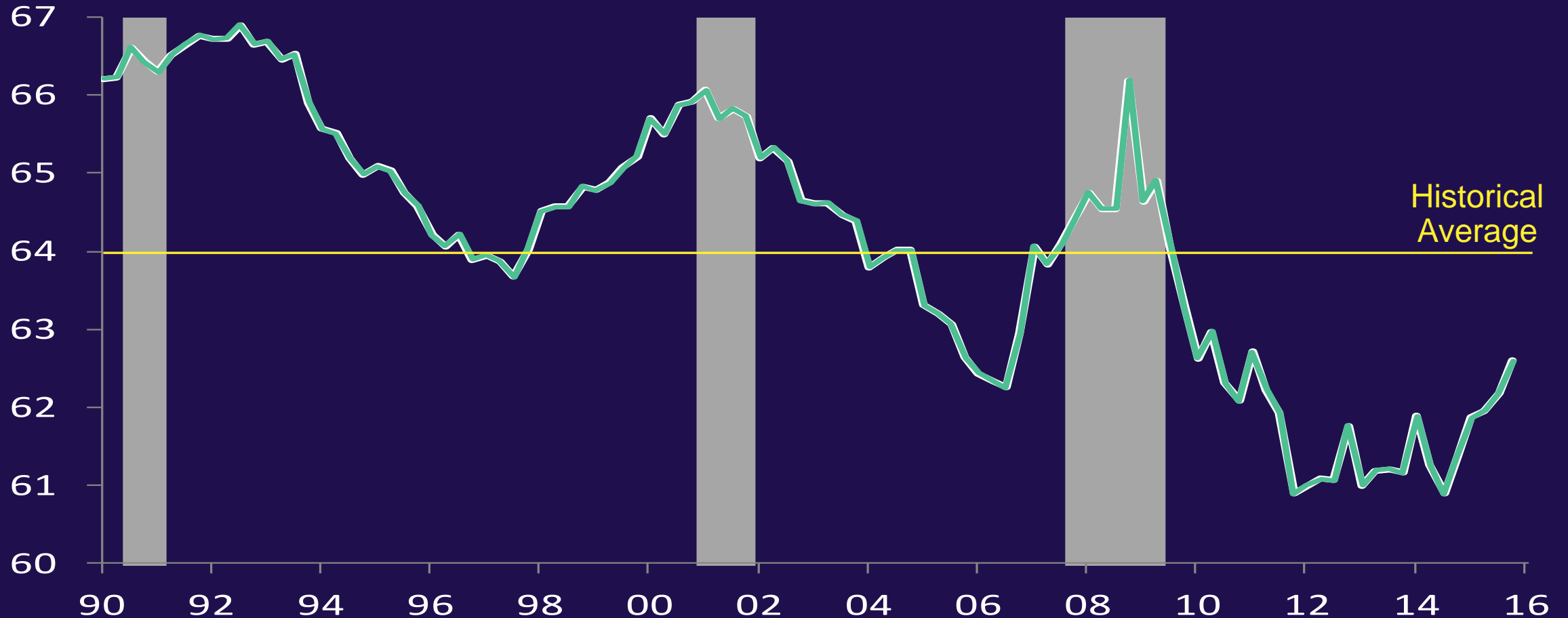
The Gig Economy: 40% Contingent Workforce

2016 Employed Workforce



U.S. Worker Compensation Finally On The Rise

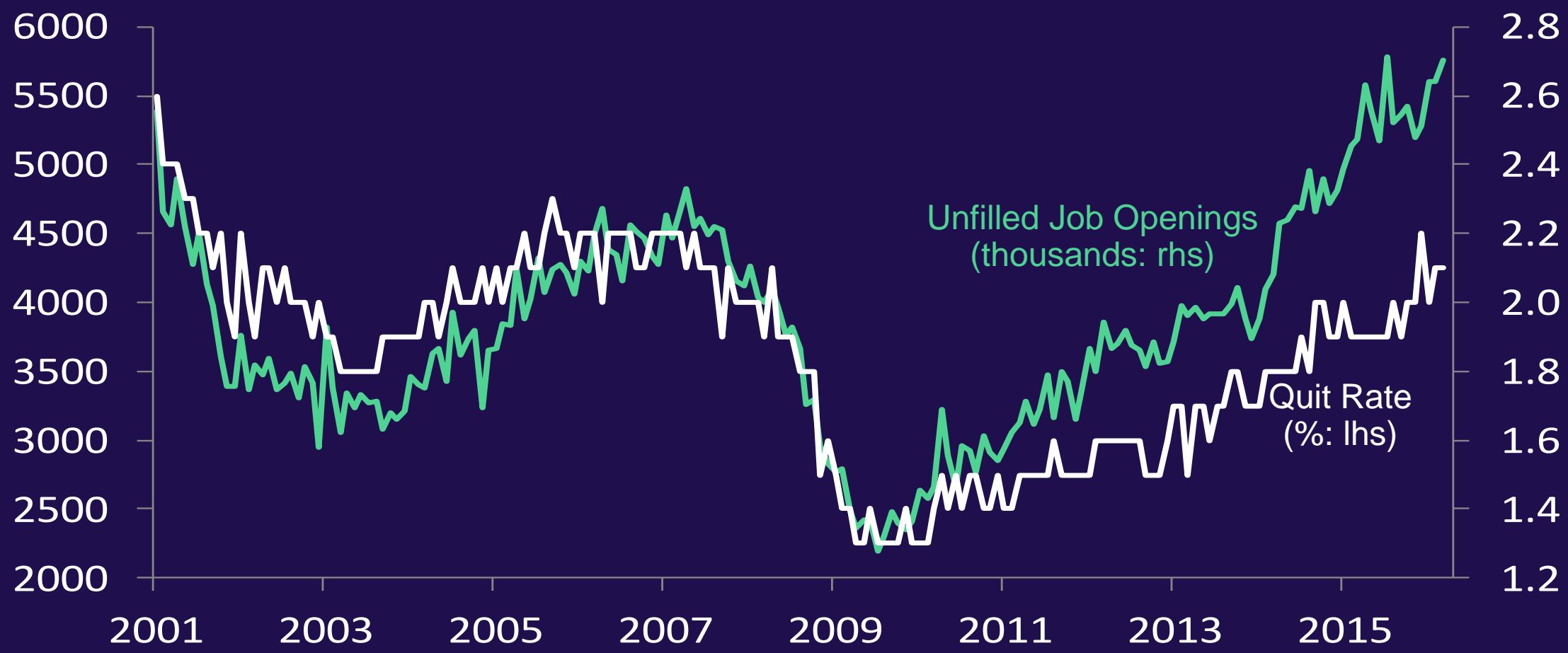
Total U.S. Compensation as a percentage of National Income
(percent)



Shaded regions represent periods of U.S. recession
Source: Haver Analytics, Sherry Cooper Associates

U.S. Labor Market Very Tight

Job Openings and Labor Market Survey (JOLTS)



Canadian Economy Hits Rough Spots



Oil Shock

Jobs Soft

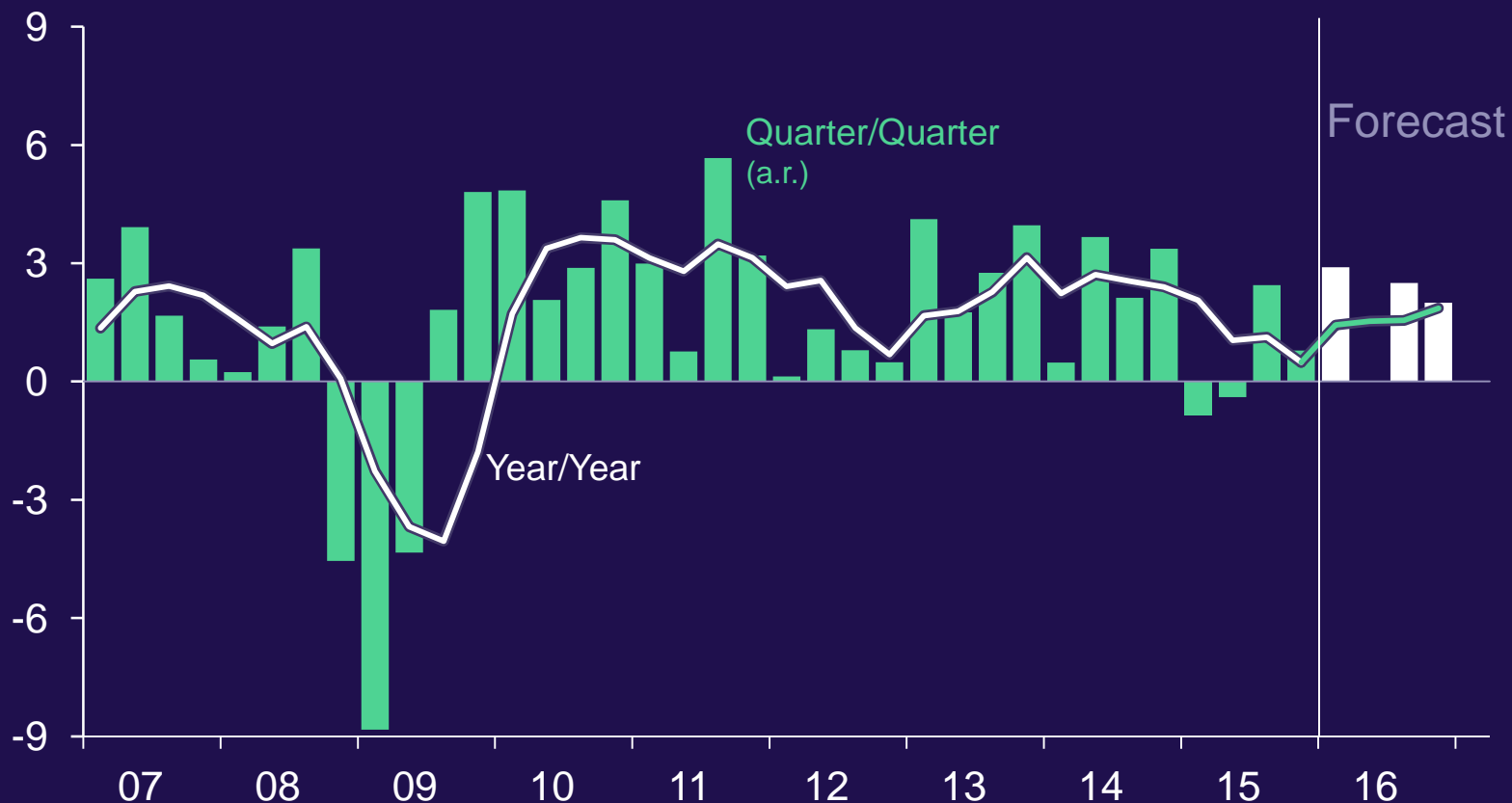
Housing Mixed

Exports Slump

Fiscal Stimulus

Canadian Growth Improves A Bit

Real GDP
(percent change)



2014	2015	2016	2017
2.5	1.2	1.6	2.1

Q1 Surge

Still Plagued By Oil Plunge

Oil Sands Fires

Exports Disappoint

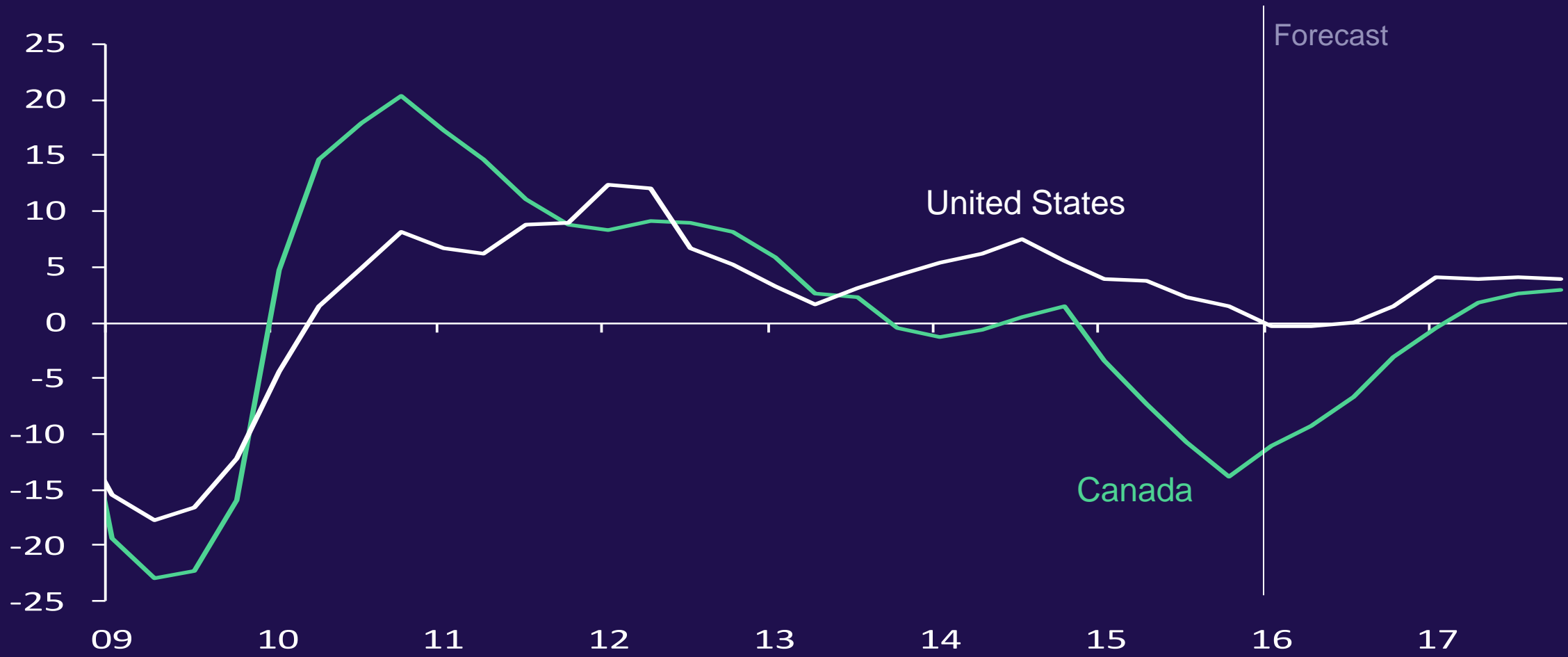
Fiscal Stimulus

Forecast = BMO Capital Markets

Source: Haver Analytics, Statistics Canada, BMO Capital Markets

Oil Rout Drags Down Business Investment In Canada

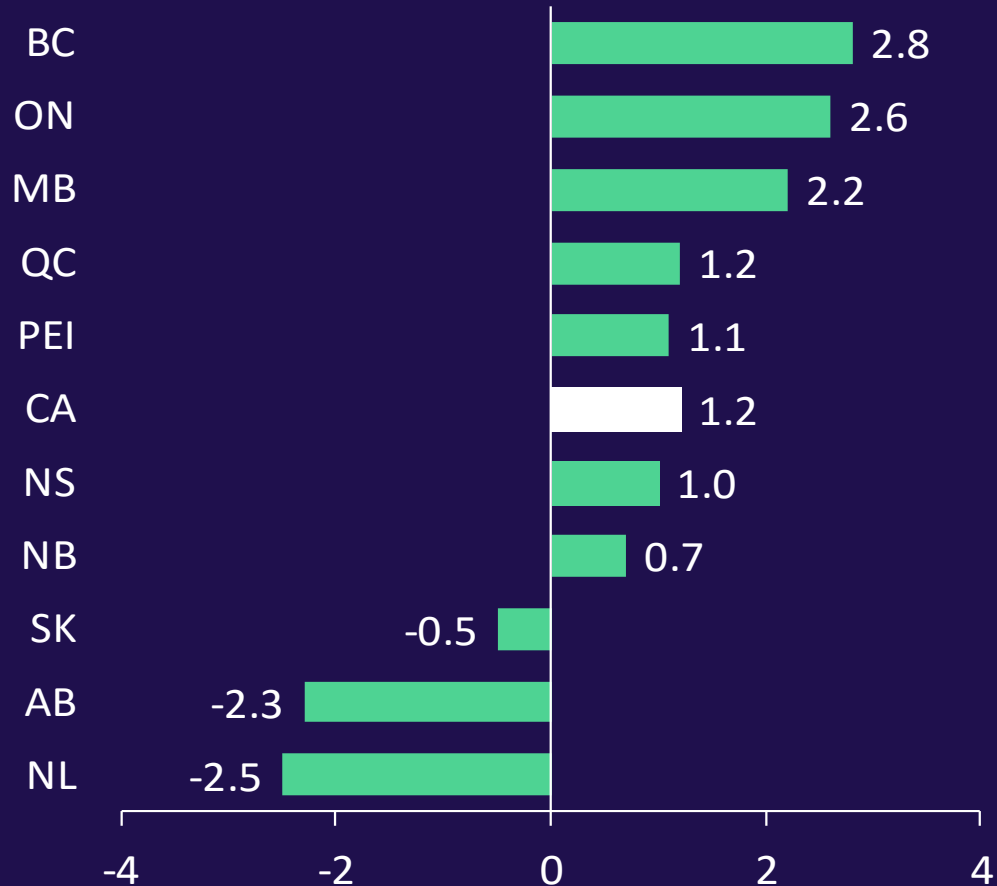
Real Non-Residential Business Investment
(year/year % percent)



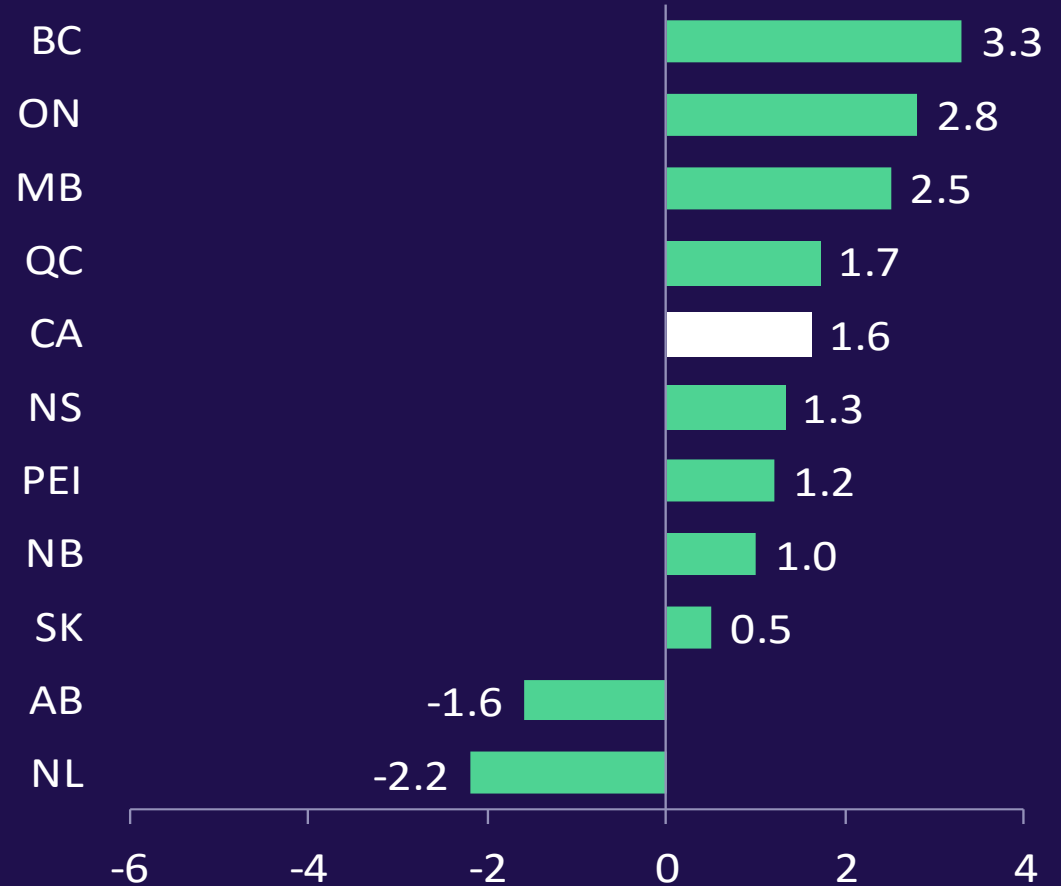
British Columbia Now On Top, Alberta Recession

Canada: Real GDP
(year/year % change)

2015 (f)

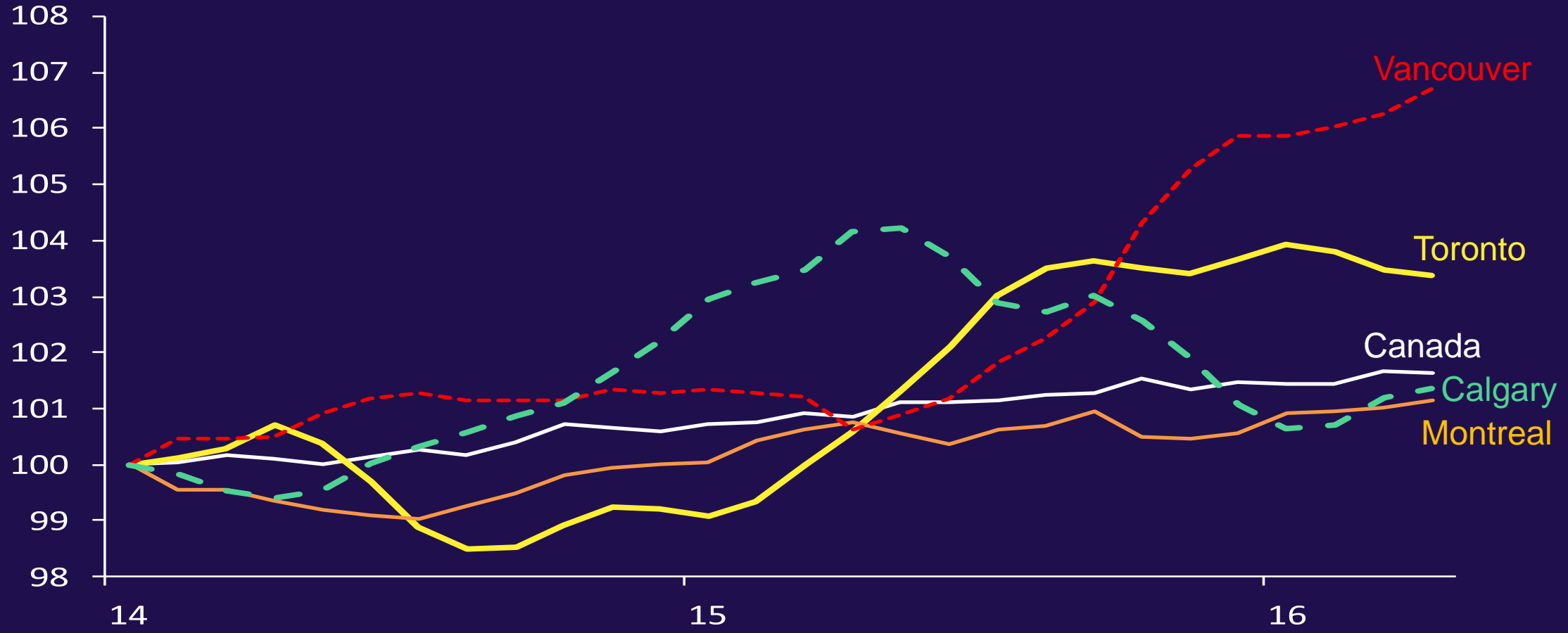


2016 (f)



Job Creation In Major Canadian Cities

Employment Level
(index: January 2014 = 100)



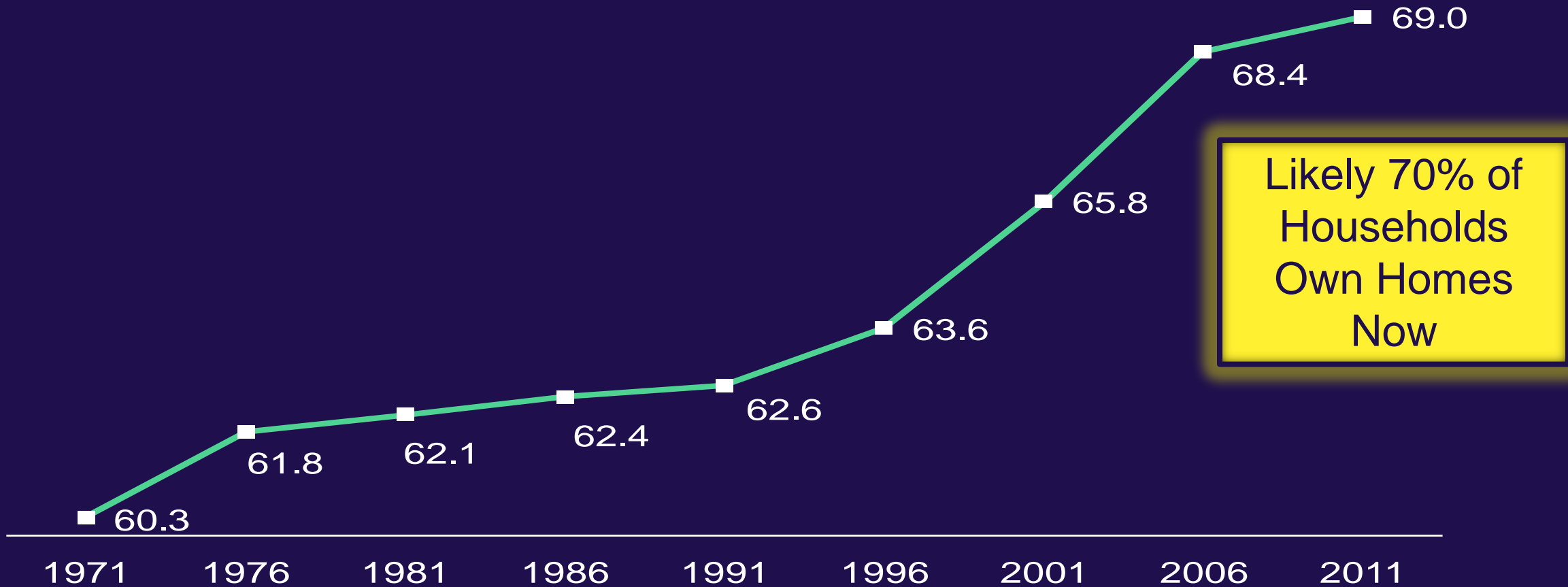
Housing Looms Large ...

Canada
(percent)



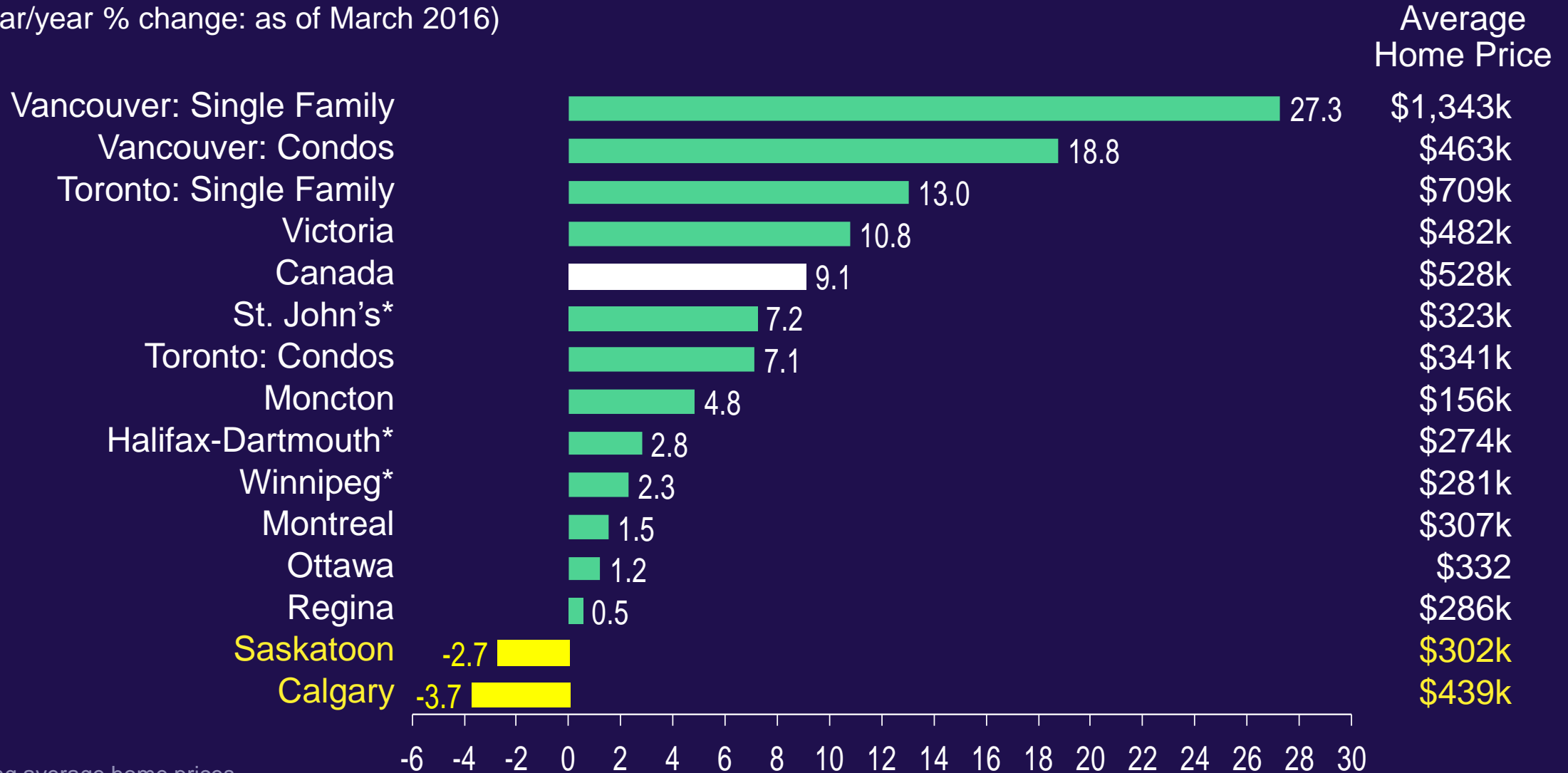
Canadian Homeownership At A Record High

Homeowners as a % of all Canadian Households
(percent)



Single Family Prices Surge In Vancouver and Toronto

MLS® Home Price Index (HPI)
(year/year % change: as of March 2016)



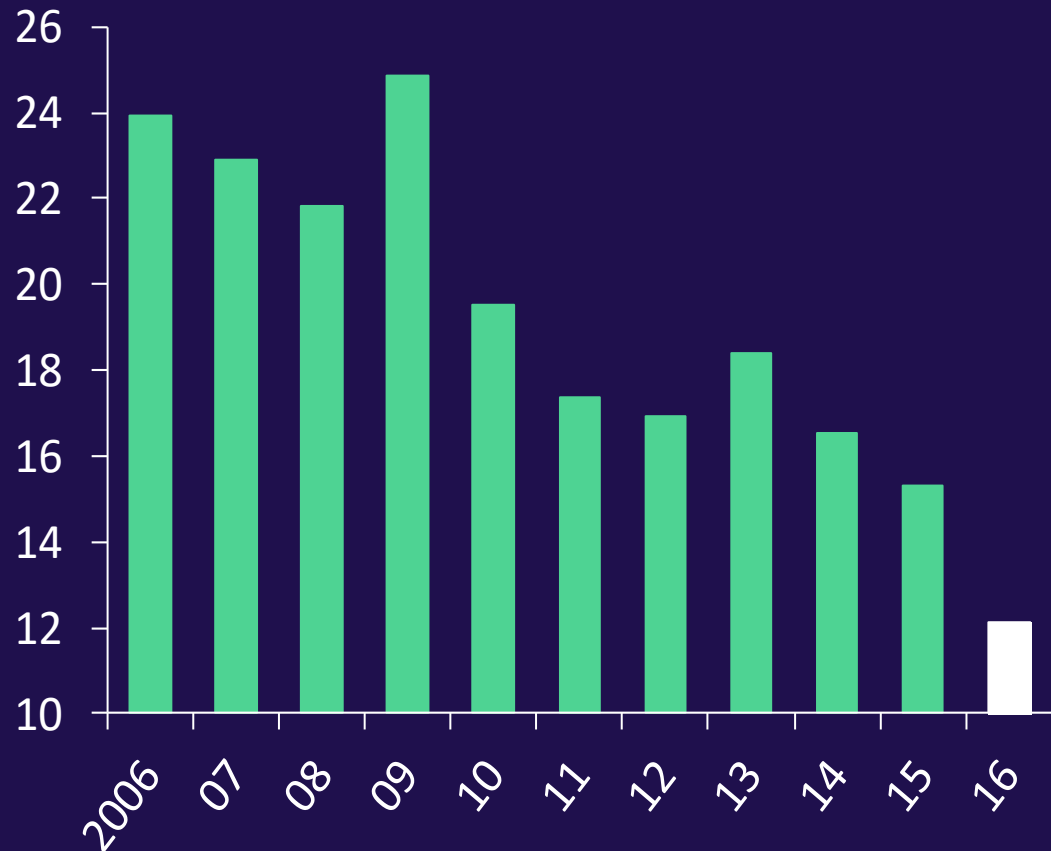
*Using average home prices

Source: Canadian Real Estate Association (CREA)

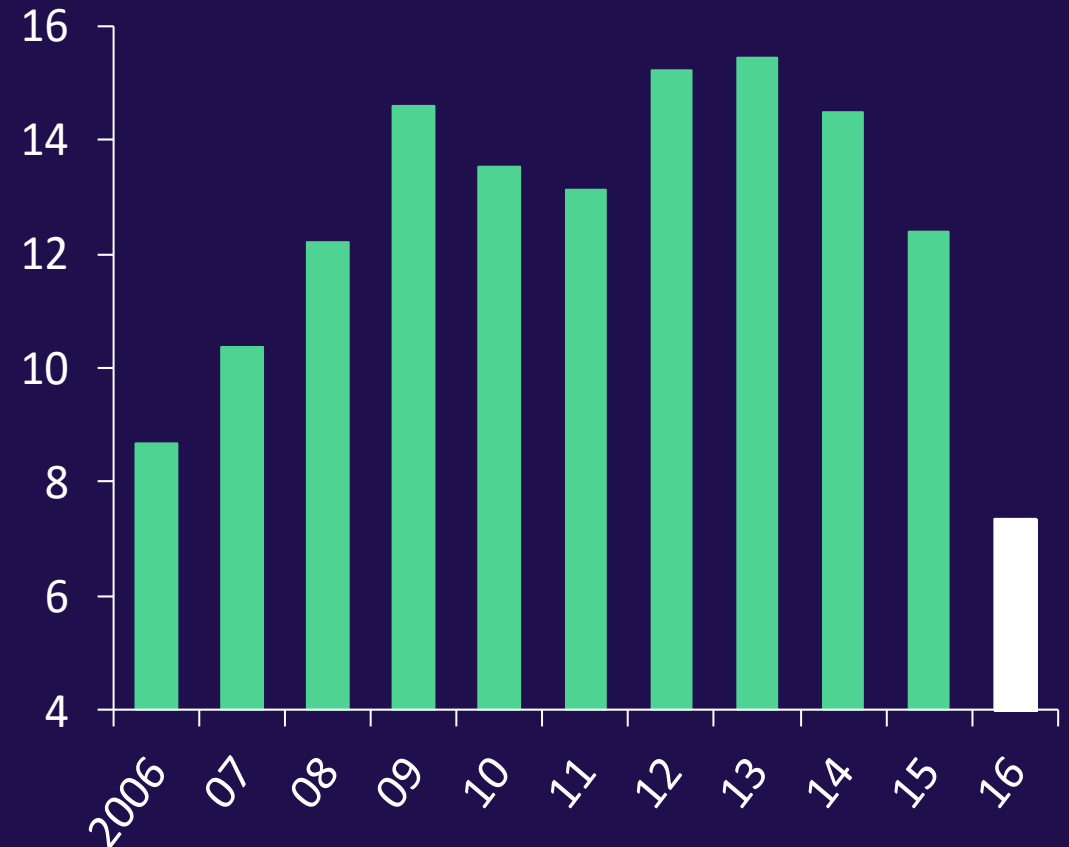
Toronto and Vancouver Housing Markets Experiencing Historically Low Supply

Number of Active Listings at End of First Quarter
(000s units)

Toronto



Vancouver



Loonie Moves Off Recent Bottom



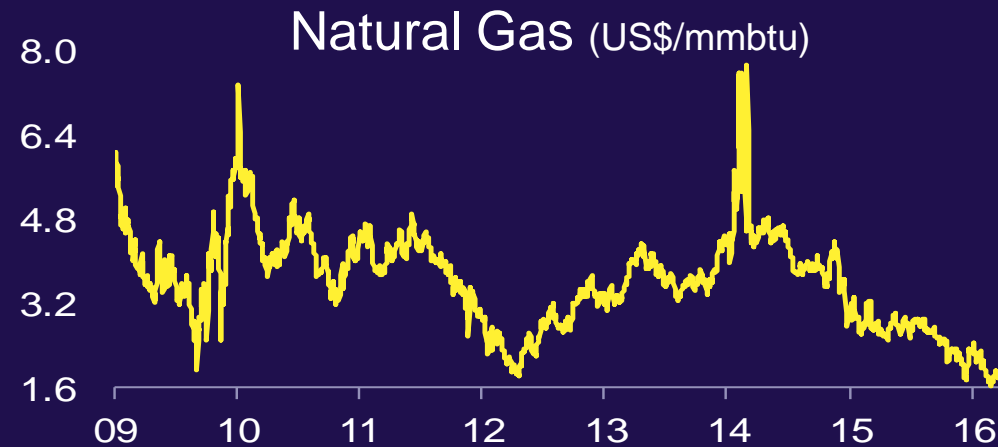
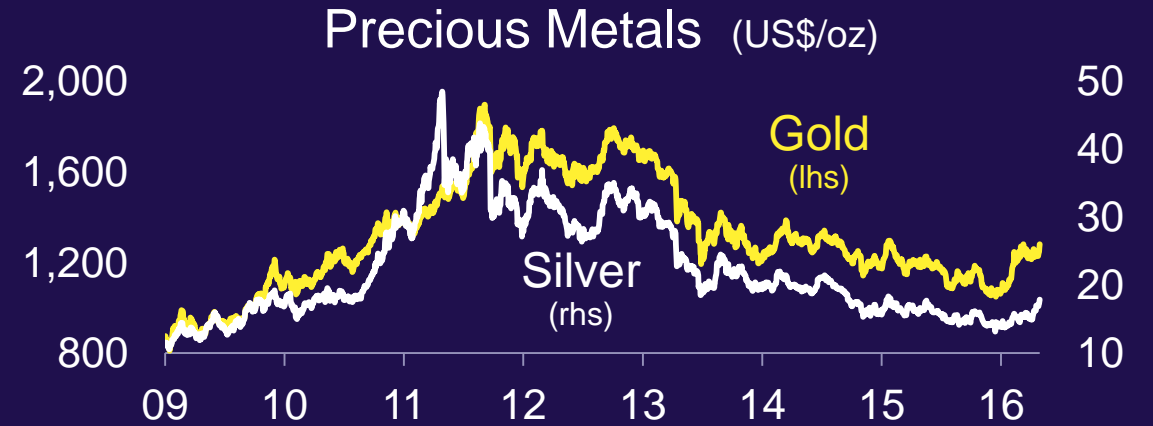
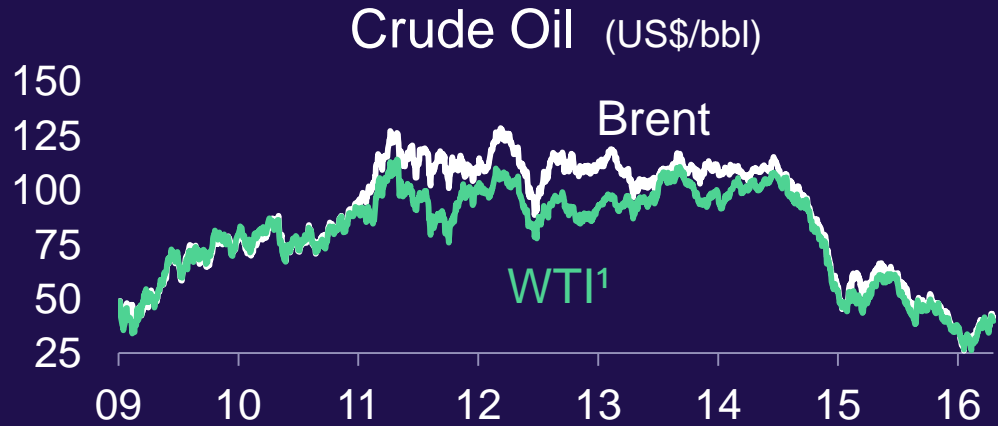
Oil Price Recovers To \$46 WTI

Loonie Corrects From 80¢

Bank of Canada On Hold For Now

Commodity Price Decline Hurts Canada

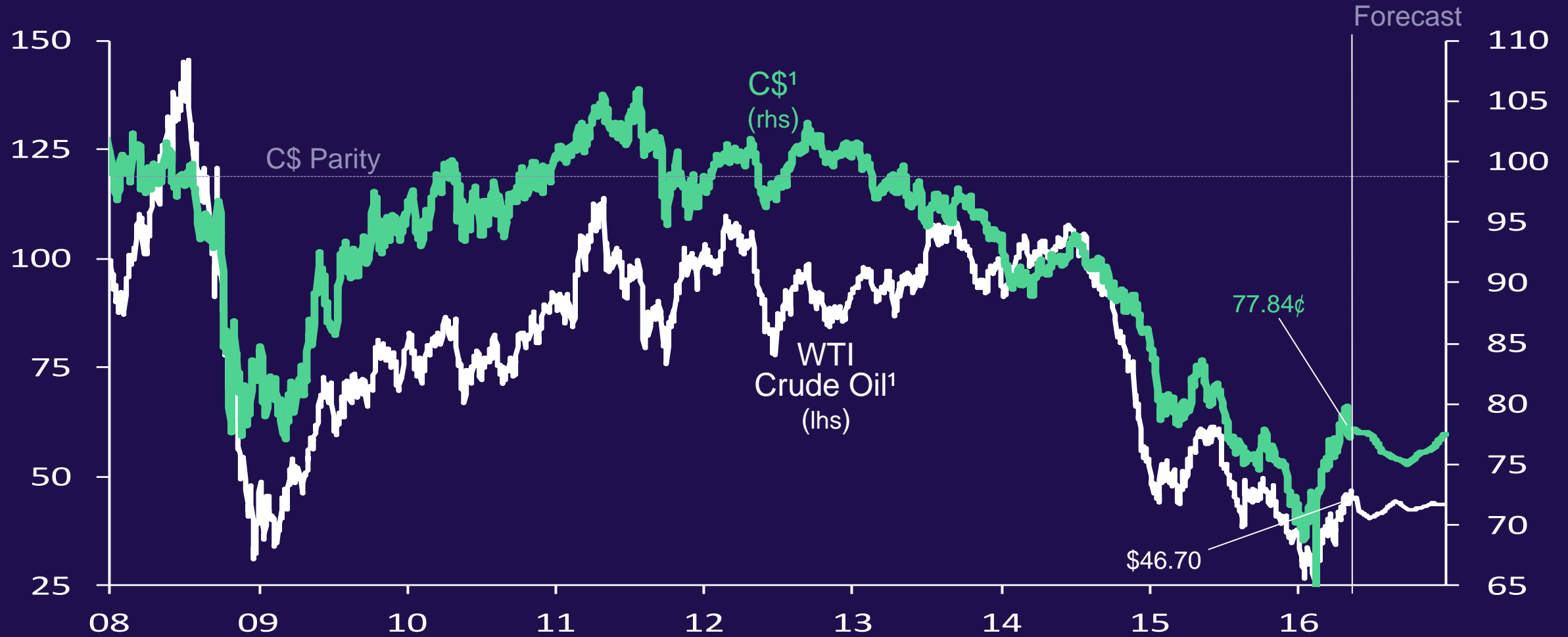
(as of May 12, 2016)



¹ West Texas Intermediate
Source: Bloomberg, U.S. Energy Information Administration, Haver Analytics, QuoteNet.com

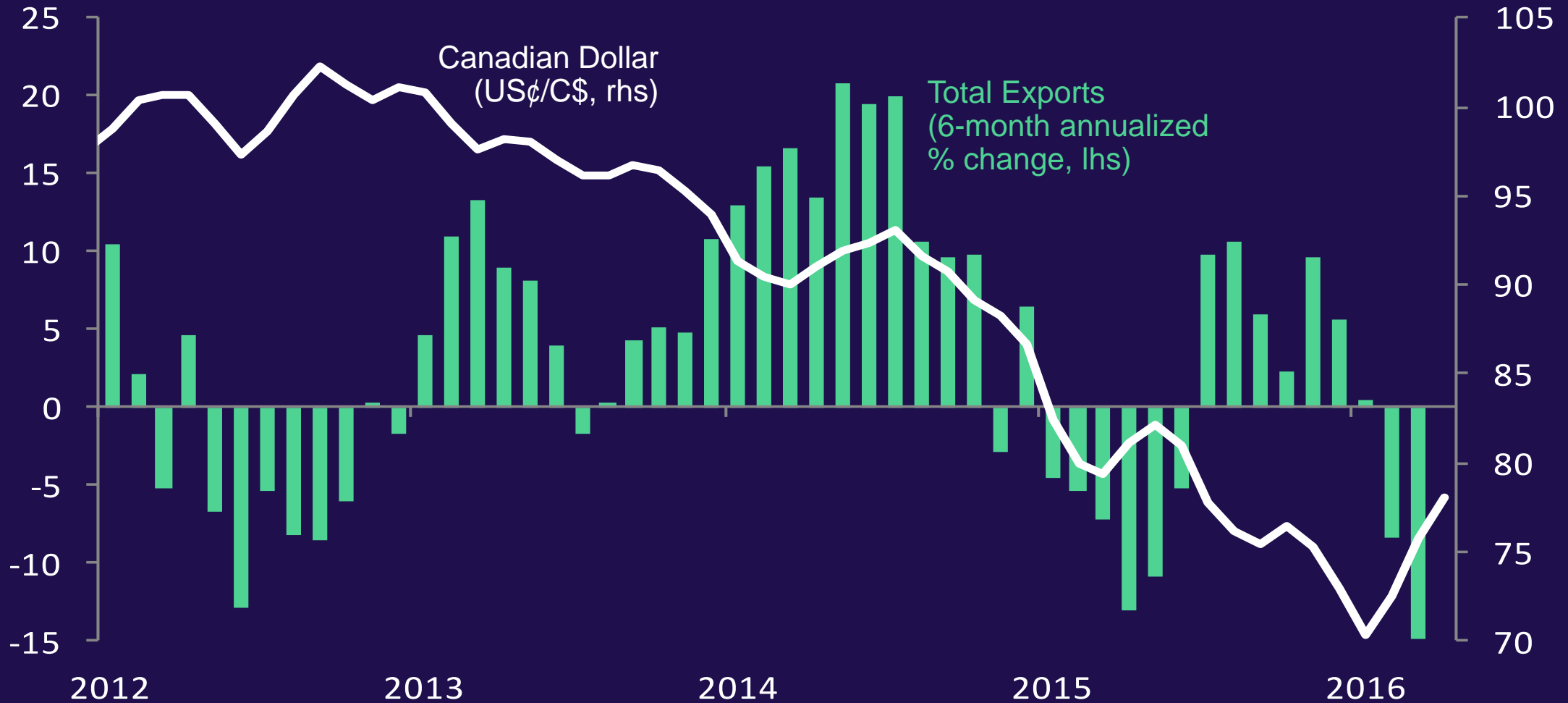
Oil Price Decline Hits The Loonie

(as of May 12, 2016)



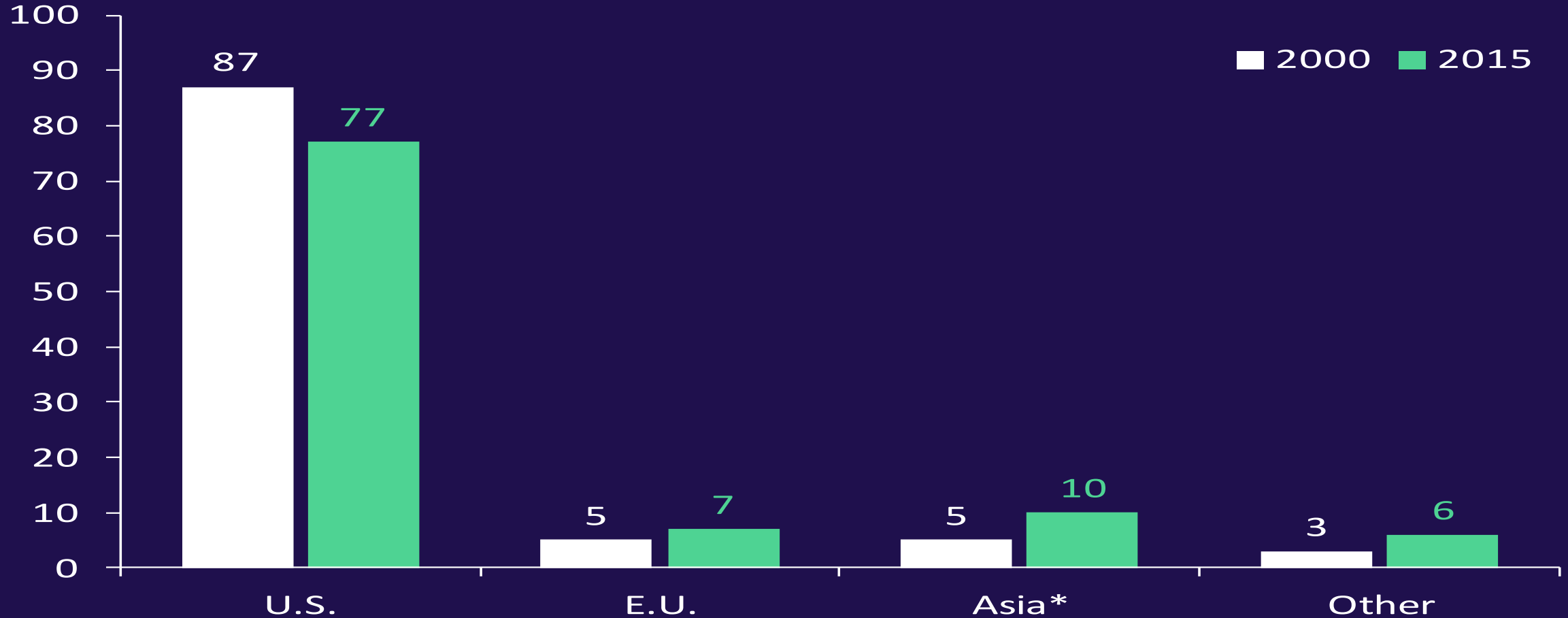
Forecast = BMO Capital Markets ¹ (US\$/bbl) ² (US¢/C\$)
Source: Haver Analytics, Bank of Canada, Bloomberg, U.S. Energy Information Administration

Canadian Exports Disappoint Lately



U.S. Is Dominant Trade Partner

Share of Canadian Goods Exports by Region of Destination
(percent)



*Excludes the Middle East. Note: Totals may not add due to rounding.
Source: Federal Budget 2016 (“Growing the Middle Class”, March 22, 2016)

New Government Budget—Clean and Green



Tax Cuts for Middle Class
Tax Hikes for \$200K+

Canada Child Benefit
Infrastructure

Budget Deficits

Financial Markets



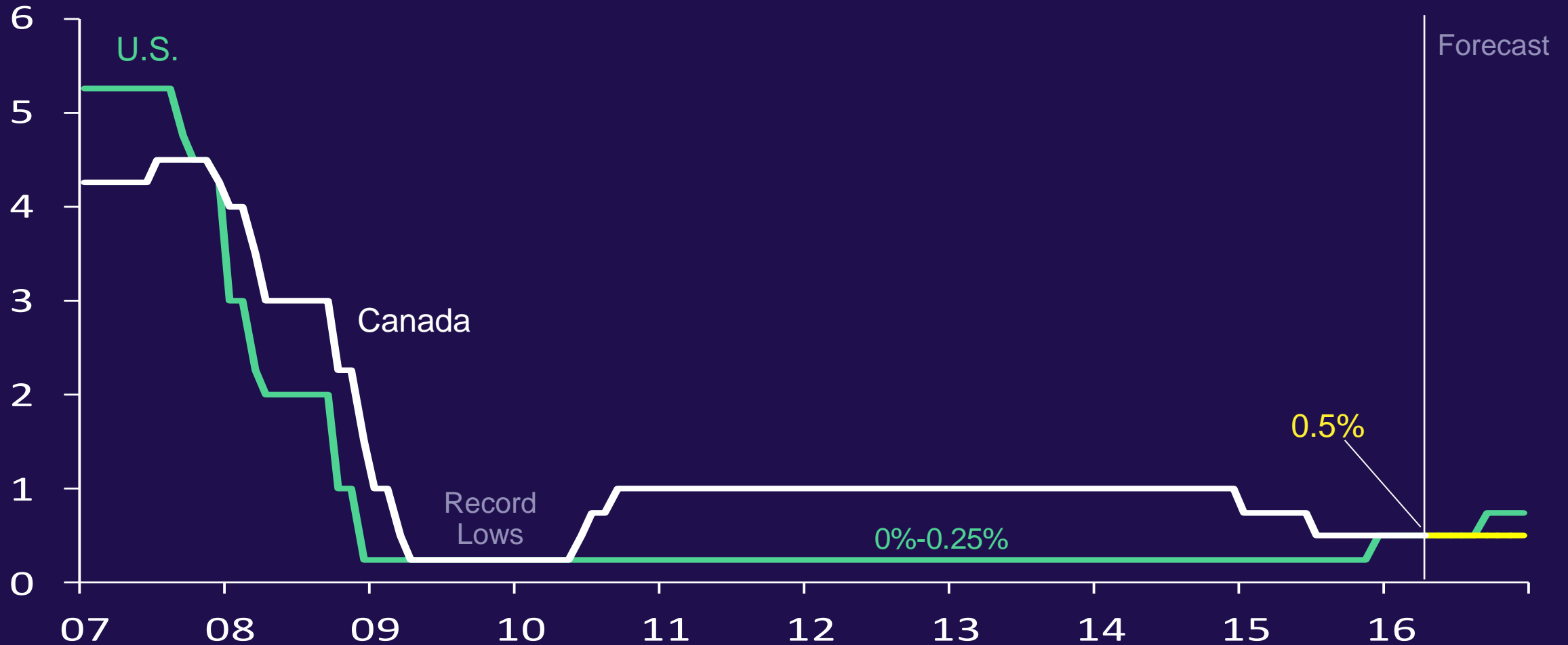
Mortgage Rates Hit Bottom

Bank of Canada Stands Pat

Fed Renormalizing, But Cautious

BoC On Hold ... While Fed Hikes Rate

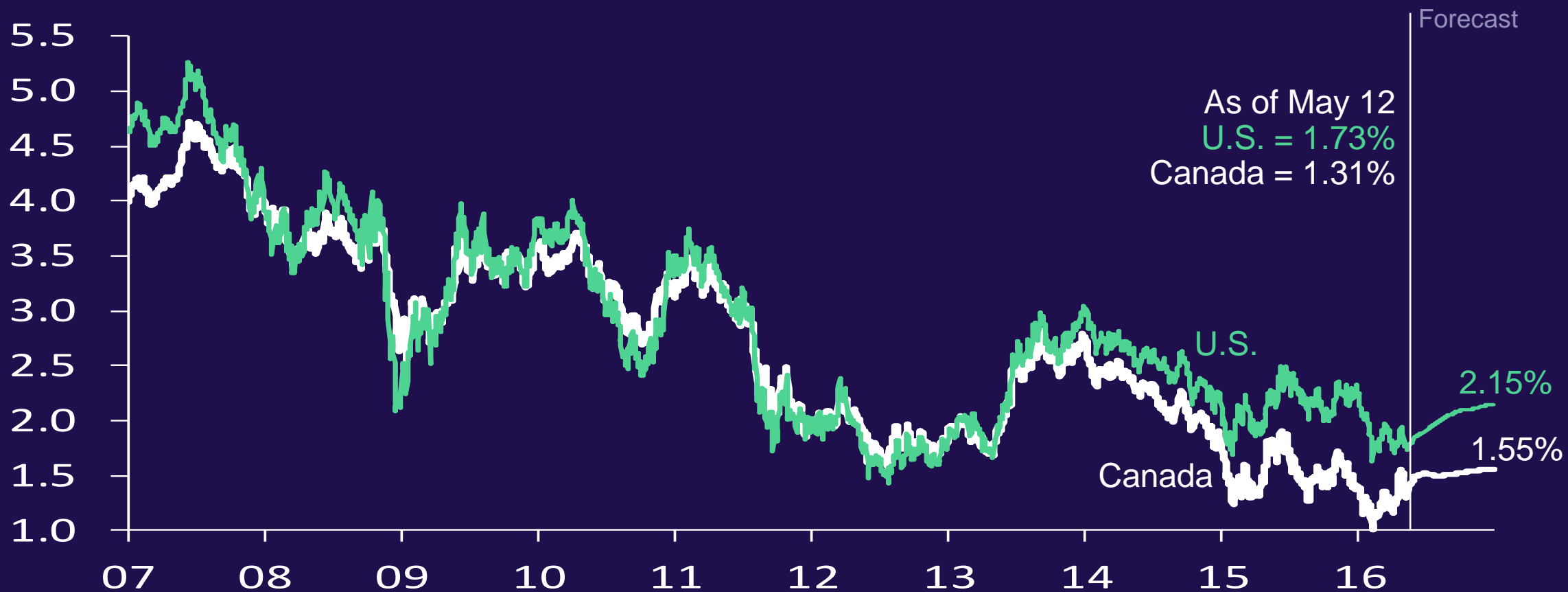
Overnight Rate
(percent)



Forecast = Sherry Cooper Assoc.
Source: Haver Analytics, Bank of Canada, Federal Reserve Board

Long Yields Edge Upward On Fed Rate Hikes

10-year Bond Yields
(percent)



Canadian Stocks Recover

Financial Market Returns – Local Currency
(% change: as of May 12, 2016)



	YTD	2015	2014	2013
Stocks	2016			
DJIA	1.7	-2	8	26
Nasdaq	-5.4	6	13	38
S&P 500	1.0	-1	11	30
TSX	6.0	-11	7	10
Bonds*				
GoCs	-0.6	5	9	-3
U.S. Treasuries	4.6	1	8	-5
Commodities				
CRB Index	4.7	-23	-18	-5
Gold	19.9	-12	0	-27
Oil (WTI)	25.8	-31	-46	6.9
Dividend Yield (%)				
TSX	4.8	3.3	2.9	3.2
S&P 500	2.2	2.1	1.9	2.3

*As of April 29, 2016

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