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November 16, 2015
Toronto, ON

Canada Rebounds



Global Outlook... Soft Spots



U.S. Strongest

Canada Rebounds

Europe Flat

China Sluggish

Global Growth Uptick in 2016

Real GDP
(year/year % change)

	2014	2015	2016
World	3.4	3.1	3.4



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

U.S. Economy Close To Full Employment



Fed Rate Hike

Jobs

Confidence

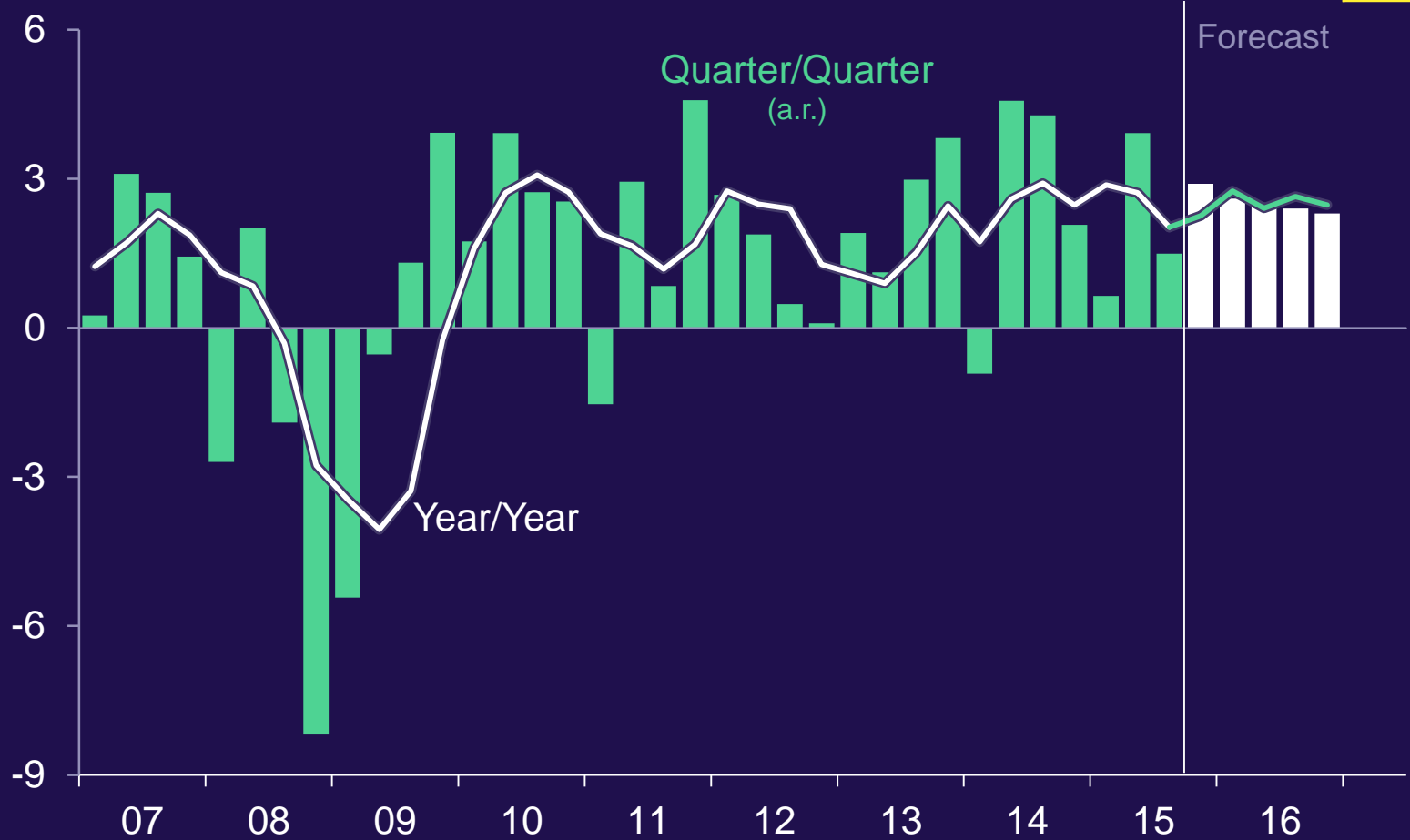
Autos

Housing

U.S. Growth Strengthens

Real GDP
(percent change)

2013	2014	2015	2016
2.2	2.4	2.5	2.6

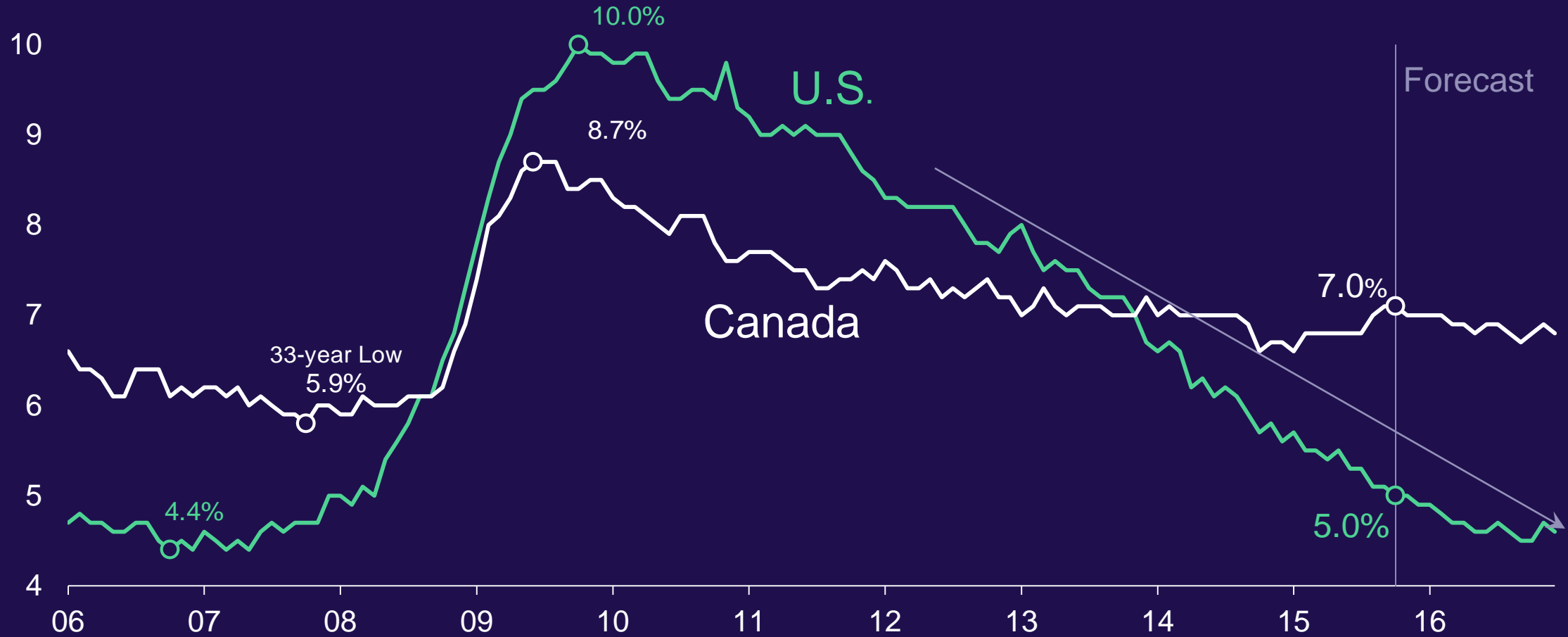


Consumers
Businesses
Government
Trade

Forecast = BMO Capital Markets
Source: Haver Analytics, Bureau of Economic Analysis

Unemployment Rate

(percent)



Canadian Economy Improves



Rebound

Autos

Jobs

Exports

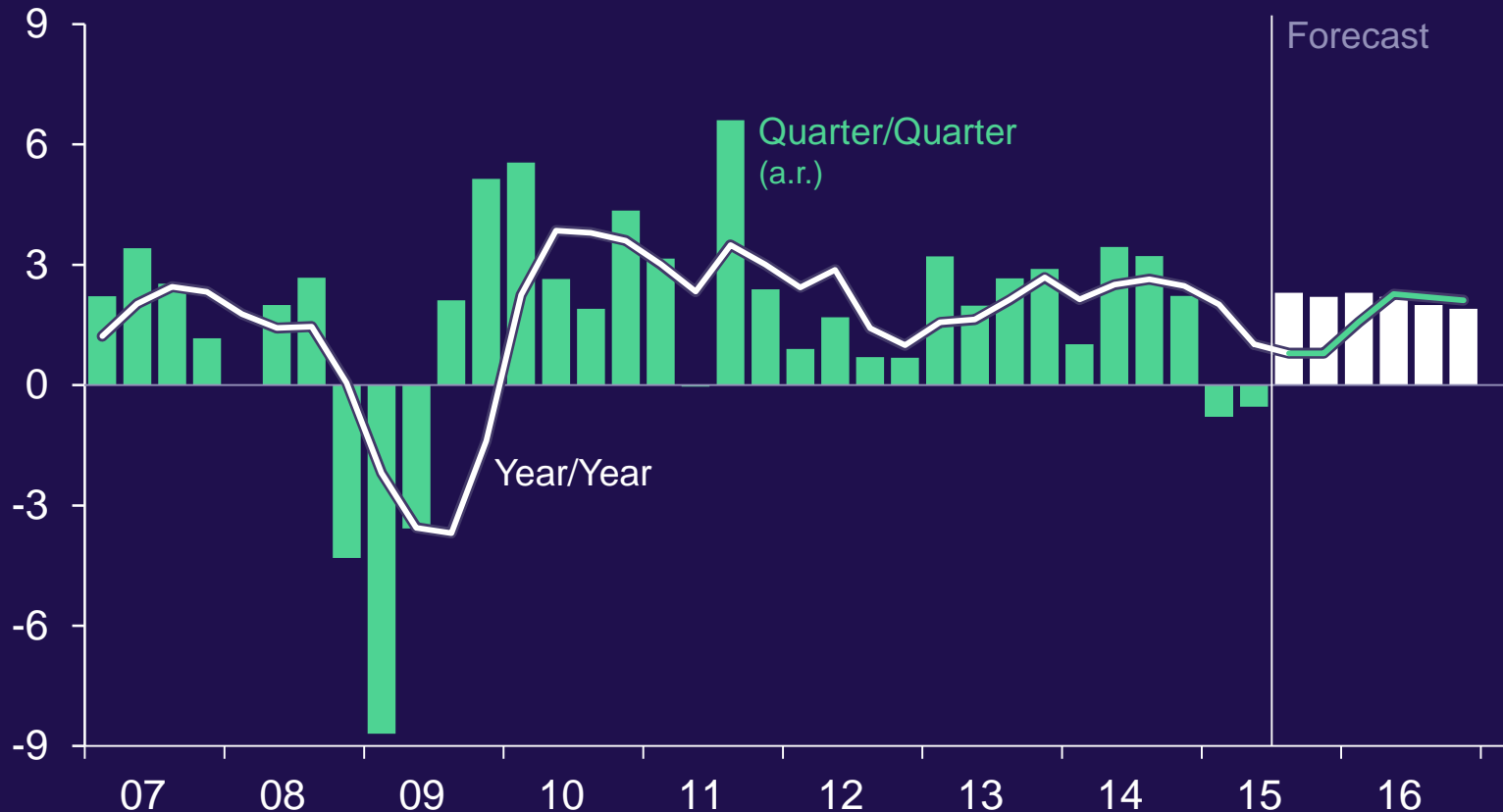
Housing

Oil
Woes



Canadian Growth Set to Rebound

Real GDP
(percent change)



2013	2014	2015	2016
2.0	2.4	1.2	2.1

First Half Contraction
Second Half Growth

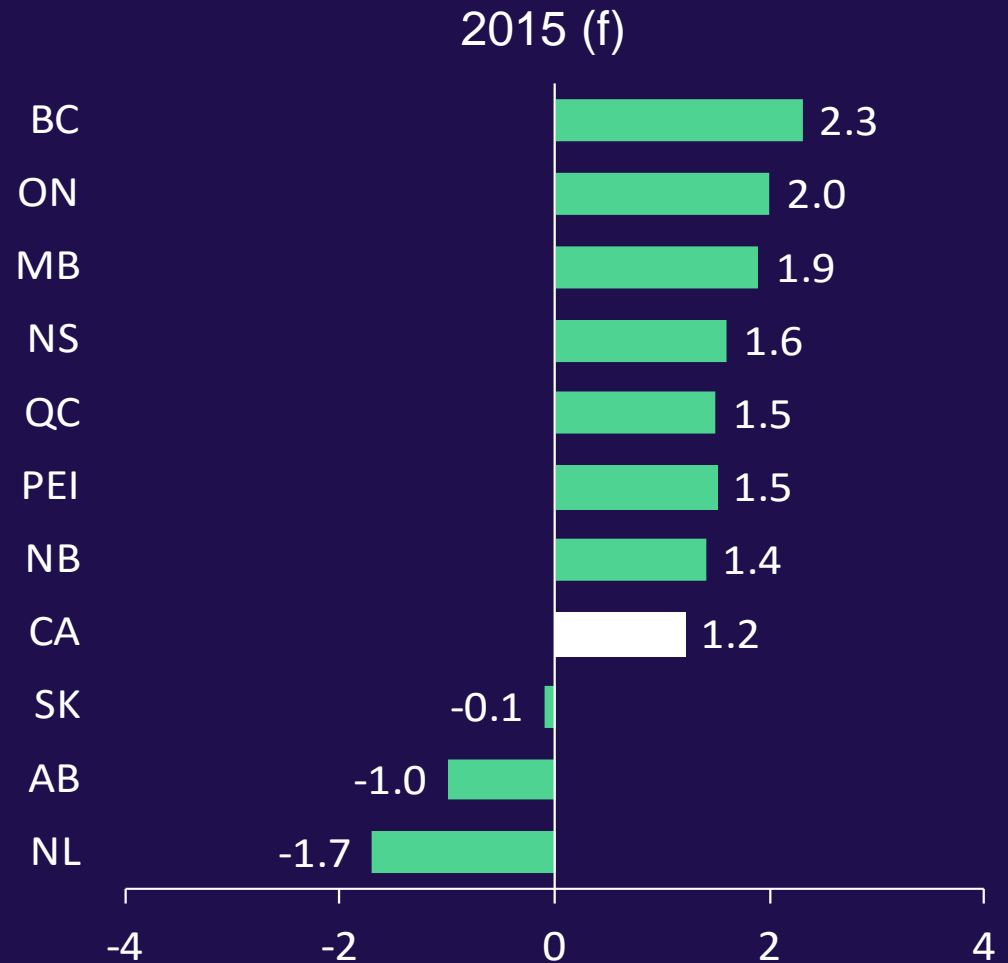
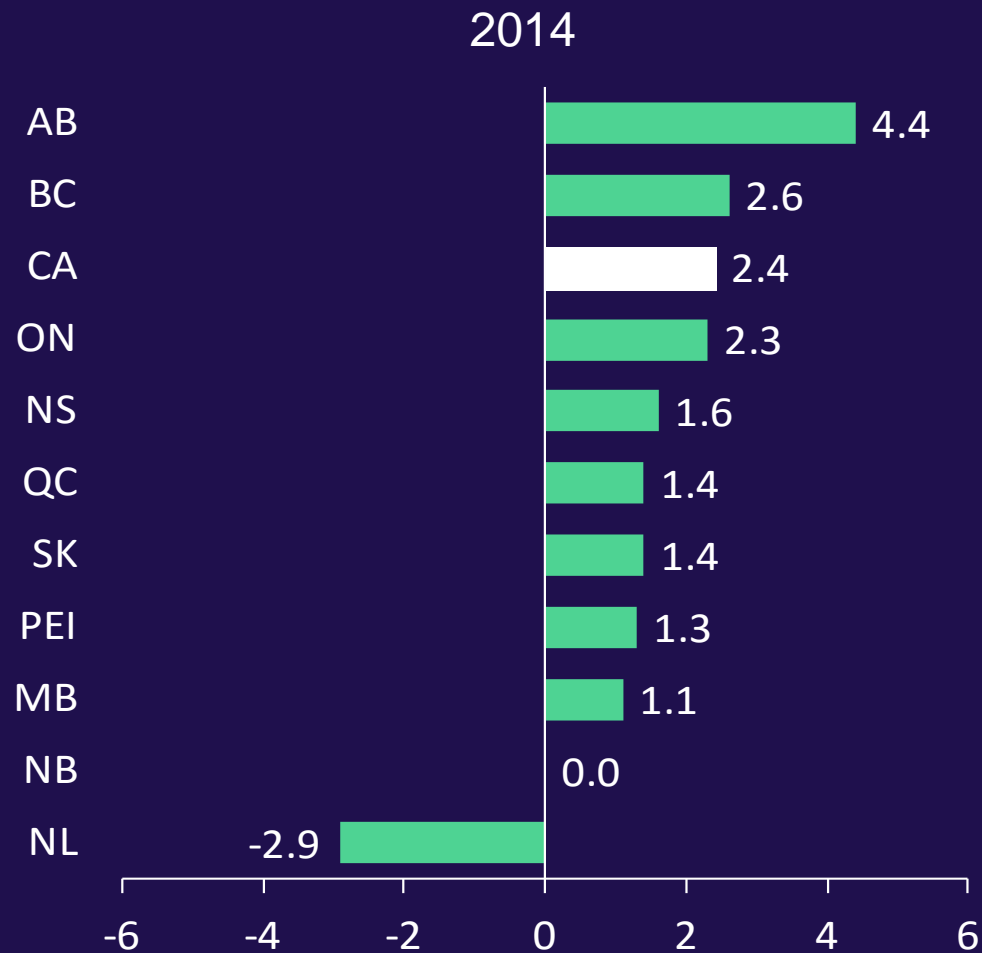
Residential Construction Growth Slows in 2016

Forecast = BMO Capital Markets

Source: Haver Analytics, Statistics Canada, BMO Capital Markets

Changing Places – British Columbia Now On Top

Canada: Real GDP
(year/year % change)



Meeting of Unemployment Rates

Unemployment Rate
(percent)



New Government



Infrastructure
Tax Changes

Budget Deficits

Housing Looms Large ...

Canada
(percent)



Financial Markets



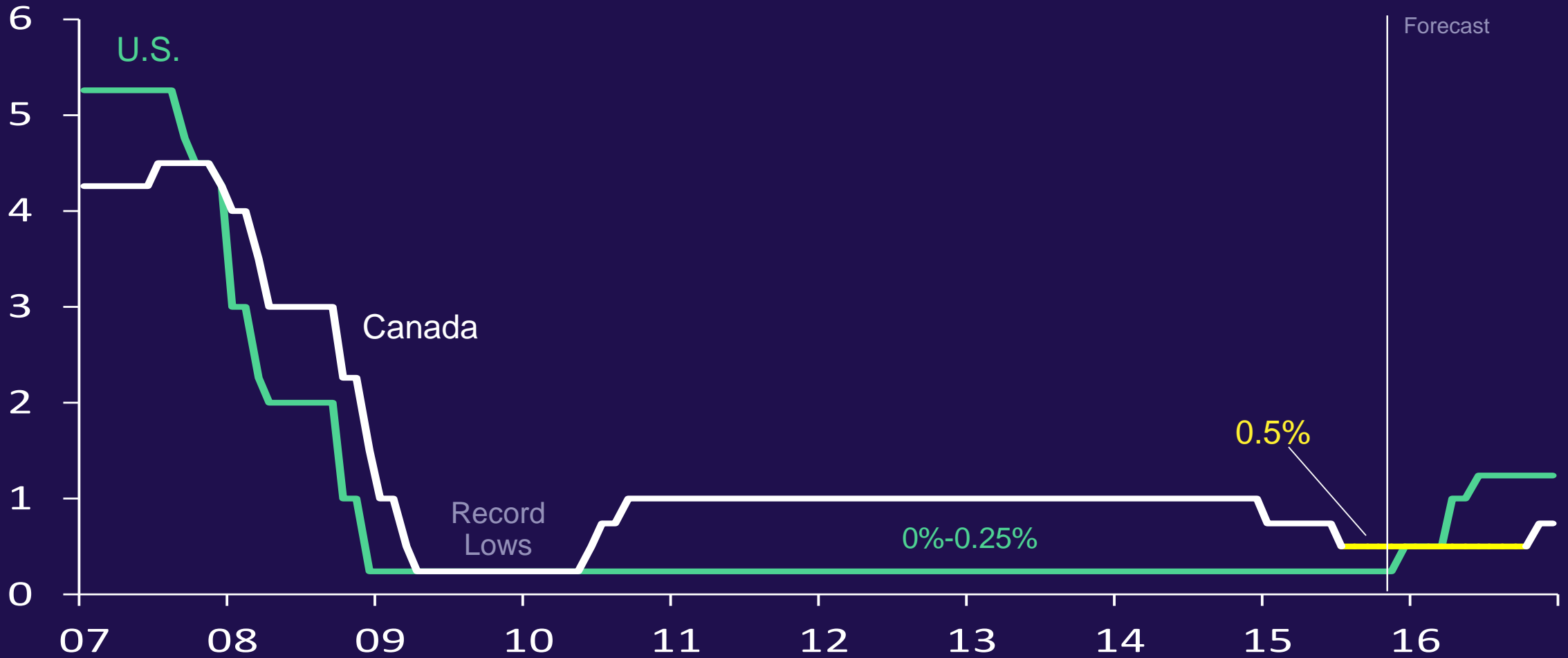
Mortgage Rates Hit Bottom

Bank of Canada On Hold

Fed Rate Hike

BoC On Hold... Fed Rate Hike

Overnight Rate



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

Long Yields Edge Upward On Fed Prospects

10-year Bond Yields
(percent)



Rates Rise About 30 bps

Loonie Weakness



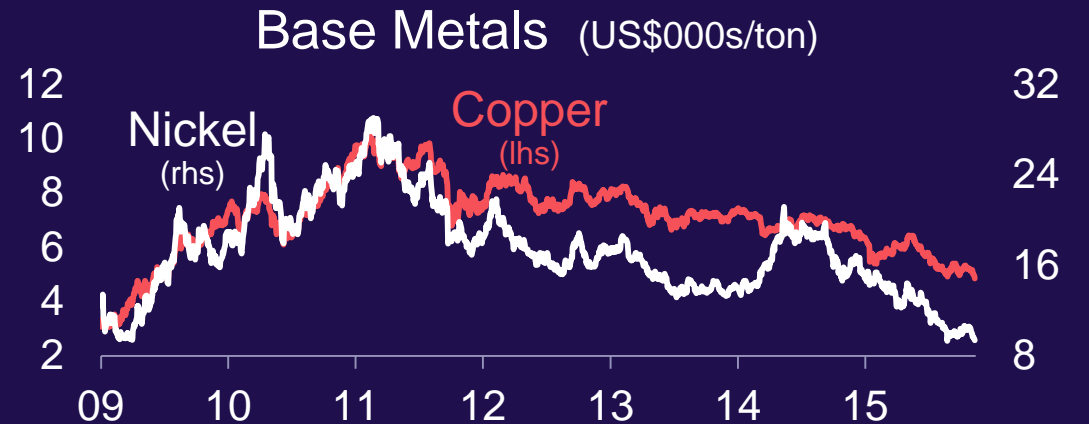
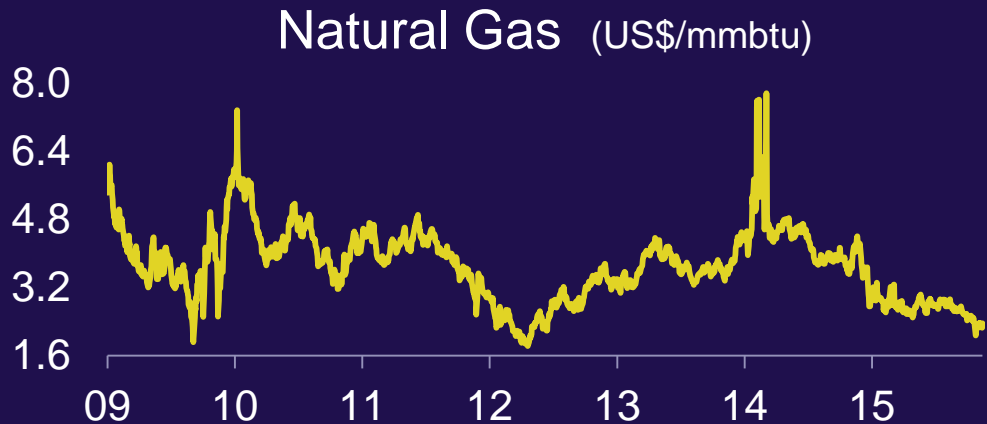
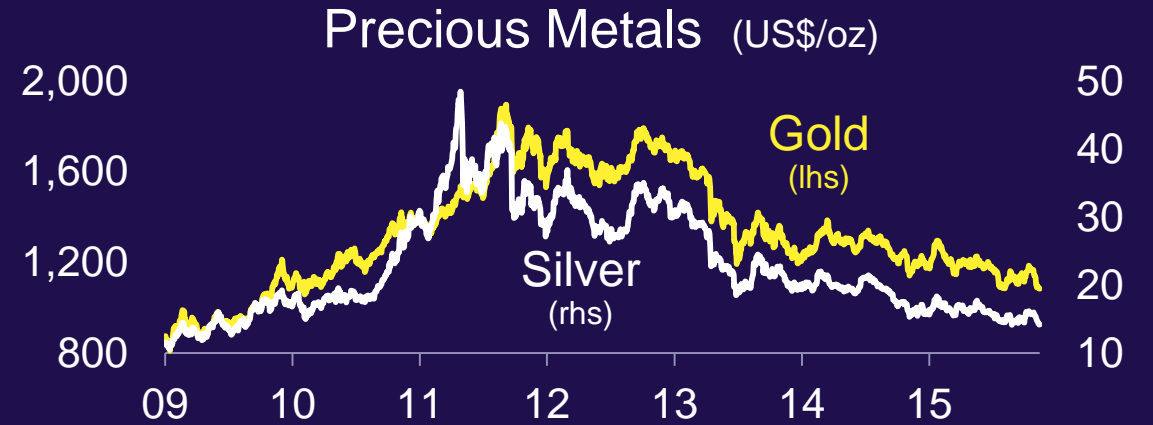
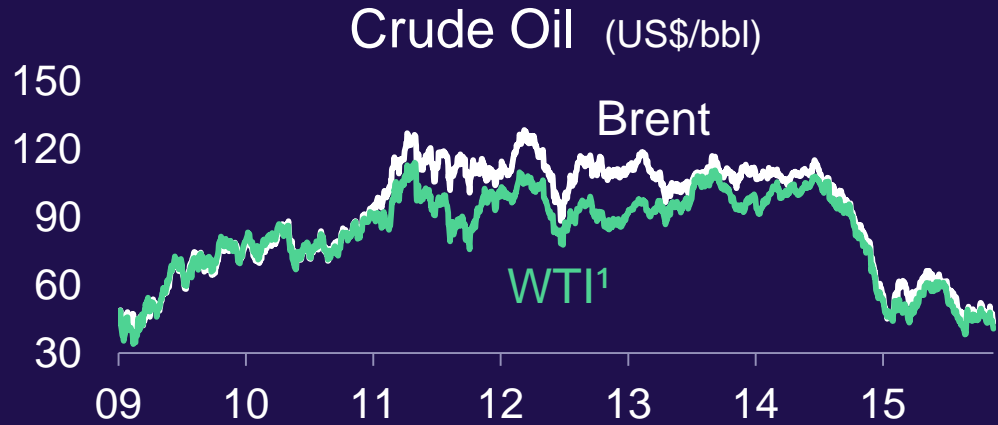
Oil Prices Remain Low

U.S. Dollar Strong

Dovish Bank of Canada

Commodity Price Decline Hurts Canada

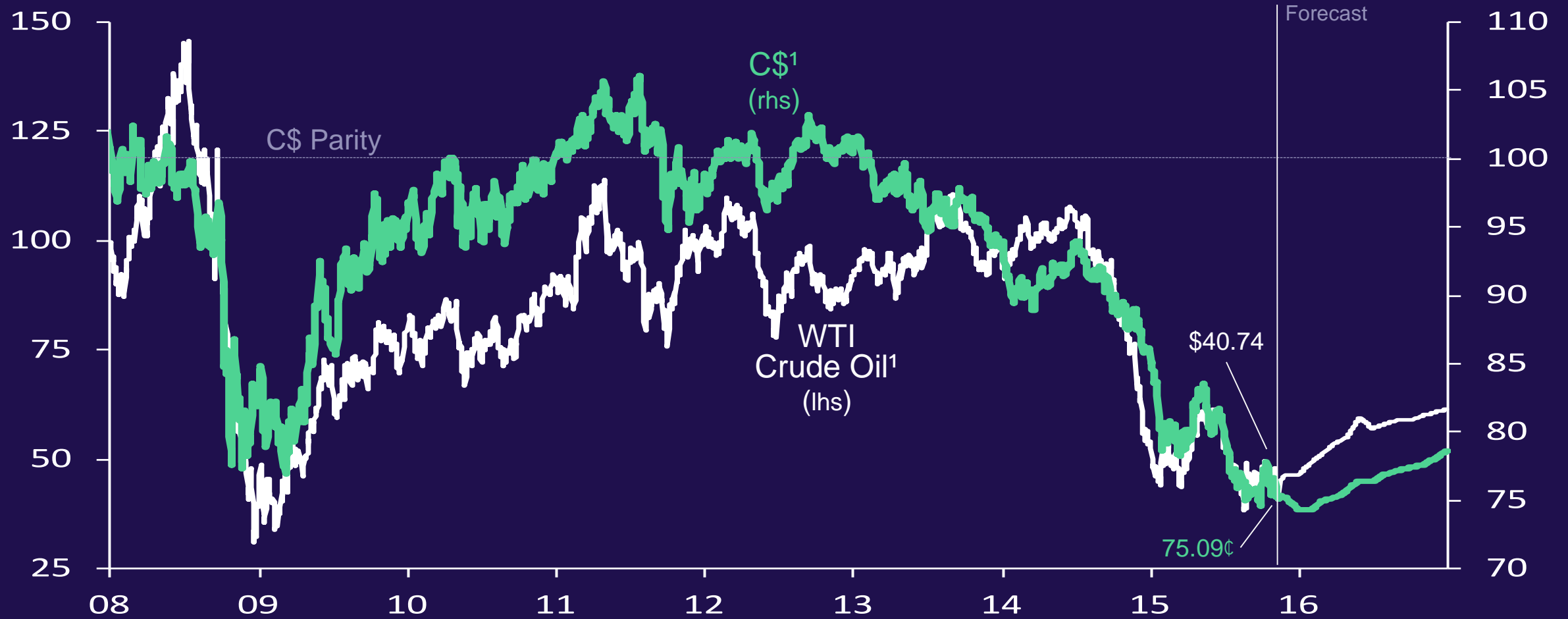
(as of November 13, 2015)



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

Oil Price Decline Hits The Loonie

(as of November 13, 2015)



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

Housing and Consumers



10 Million Aging Boomers
9 Million Millennials

5 Million Between 25 to 34



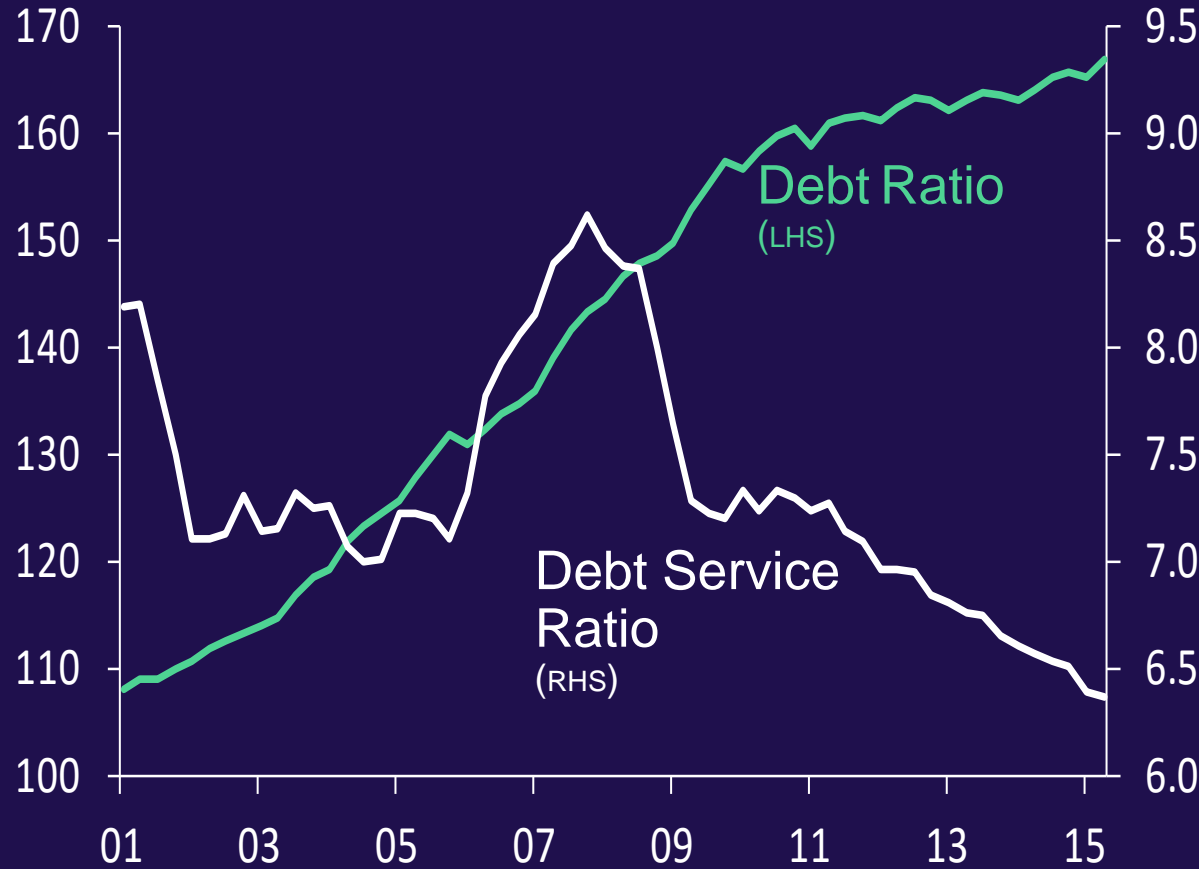
Millennial Debt
Boomer Wealth

Housing Will Soften

Canadian Household Debt and Wealth

(percent)

Debt and Debt Service Ratios

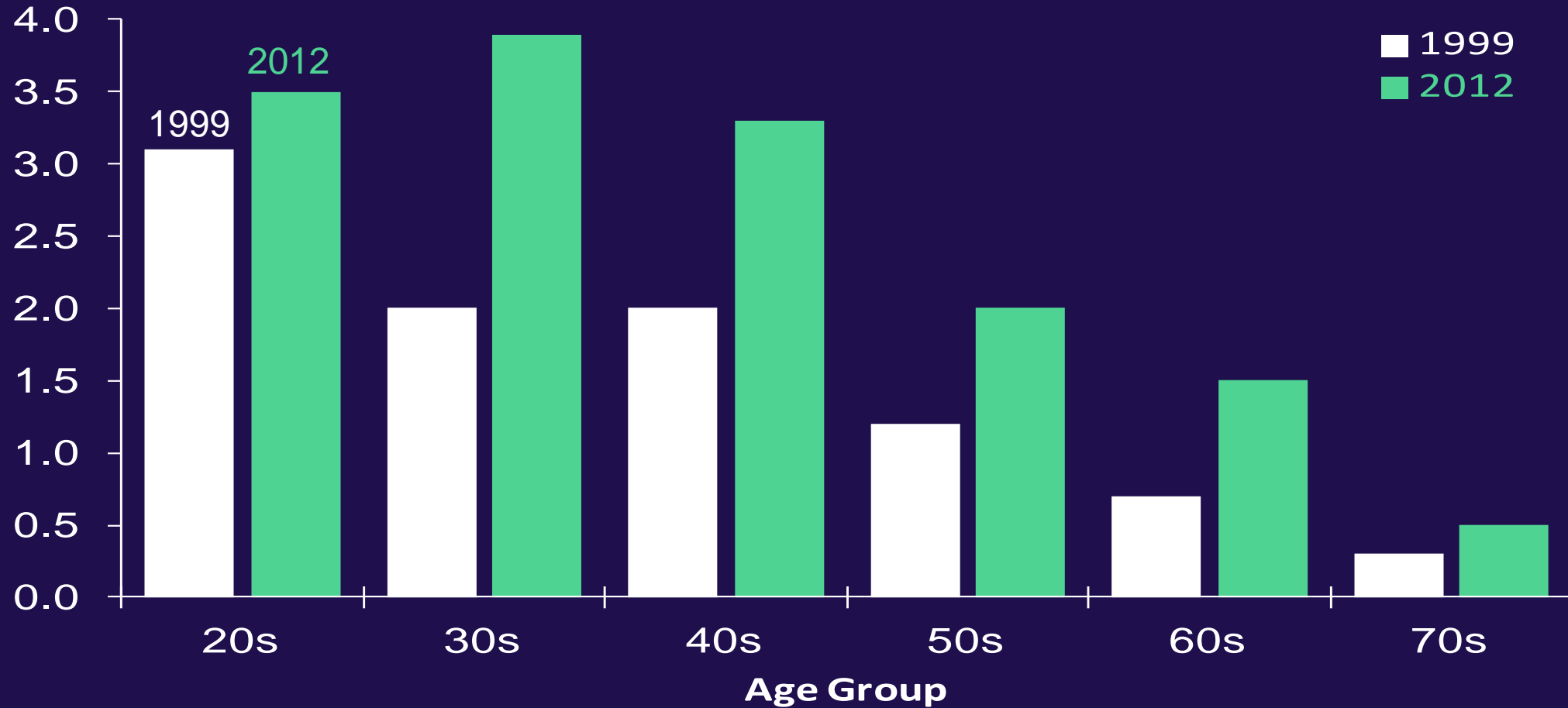


Net Worth Ratio



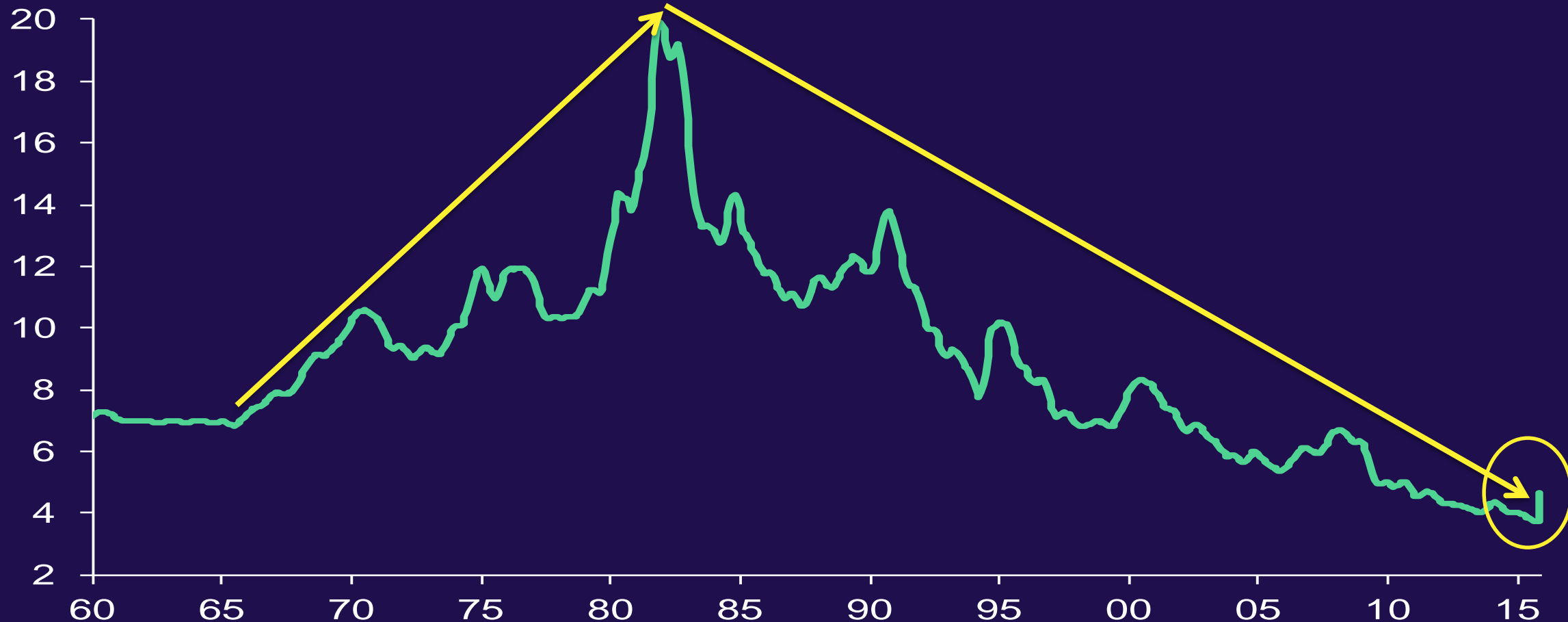
Young Homeowners Most Vulnerable

Debt-to-After-Tax-Income Ratio



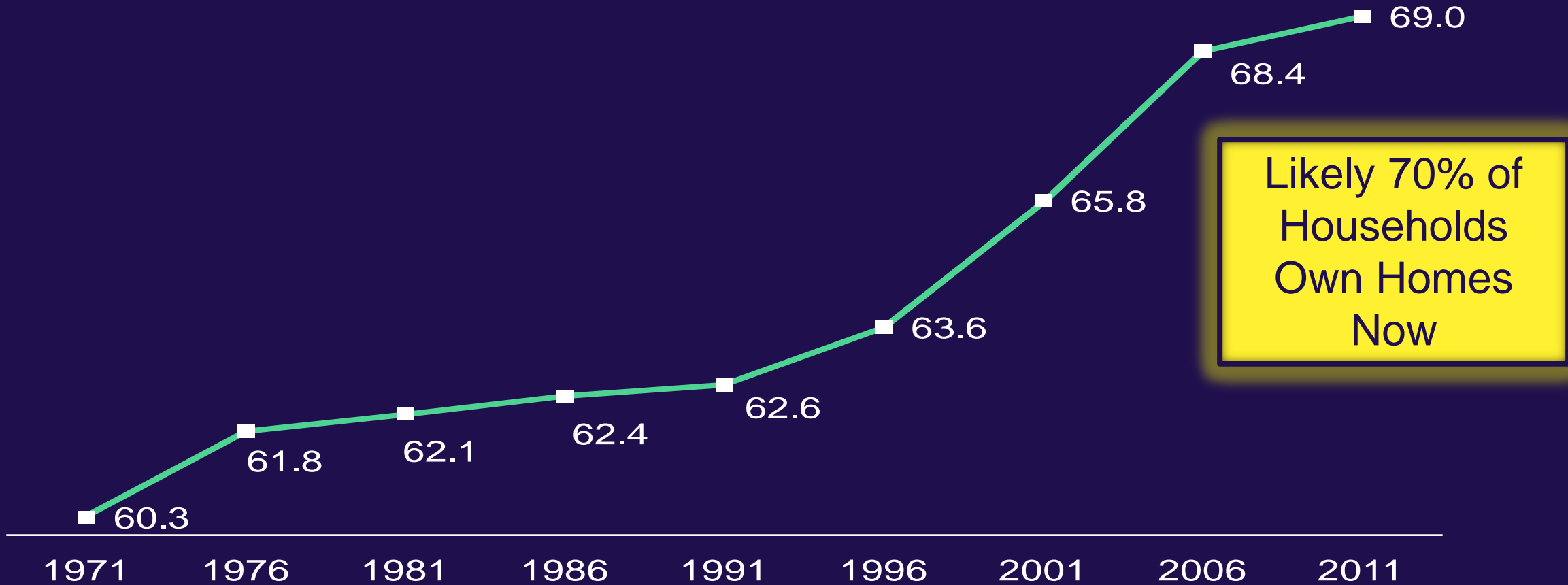
Mortgage Rates Have Bottomed

Canadian Conventional 5-Year Mortgage Rate
(smoothed, 6-month moving average)



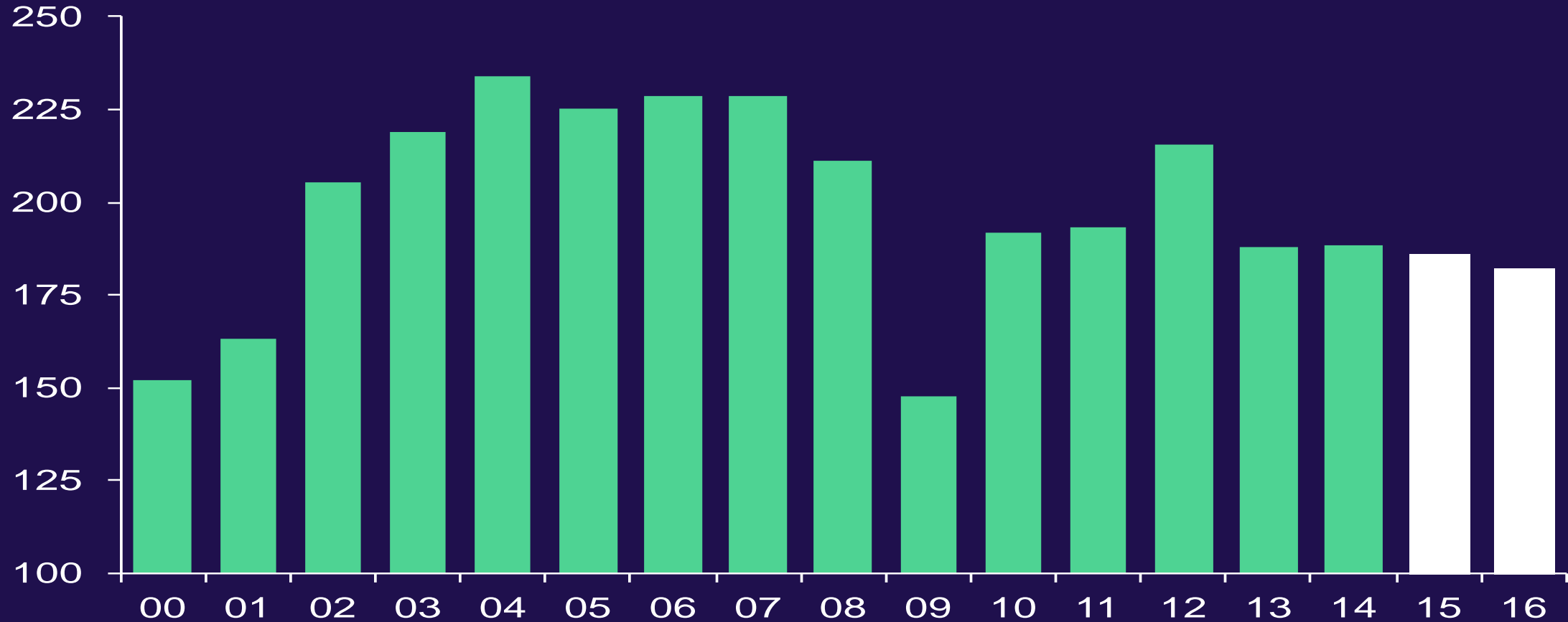
Canadian Homeownership At A Record High

Homeowners as a % of all Canadian Households
(percent)



Canadian Residential Construction Slowdown in 2016

Housing Starts
(000s units)

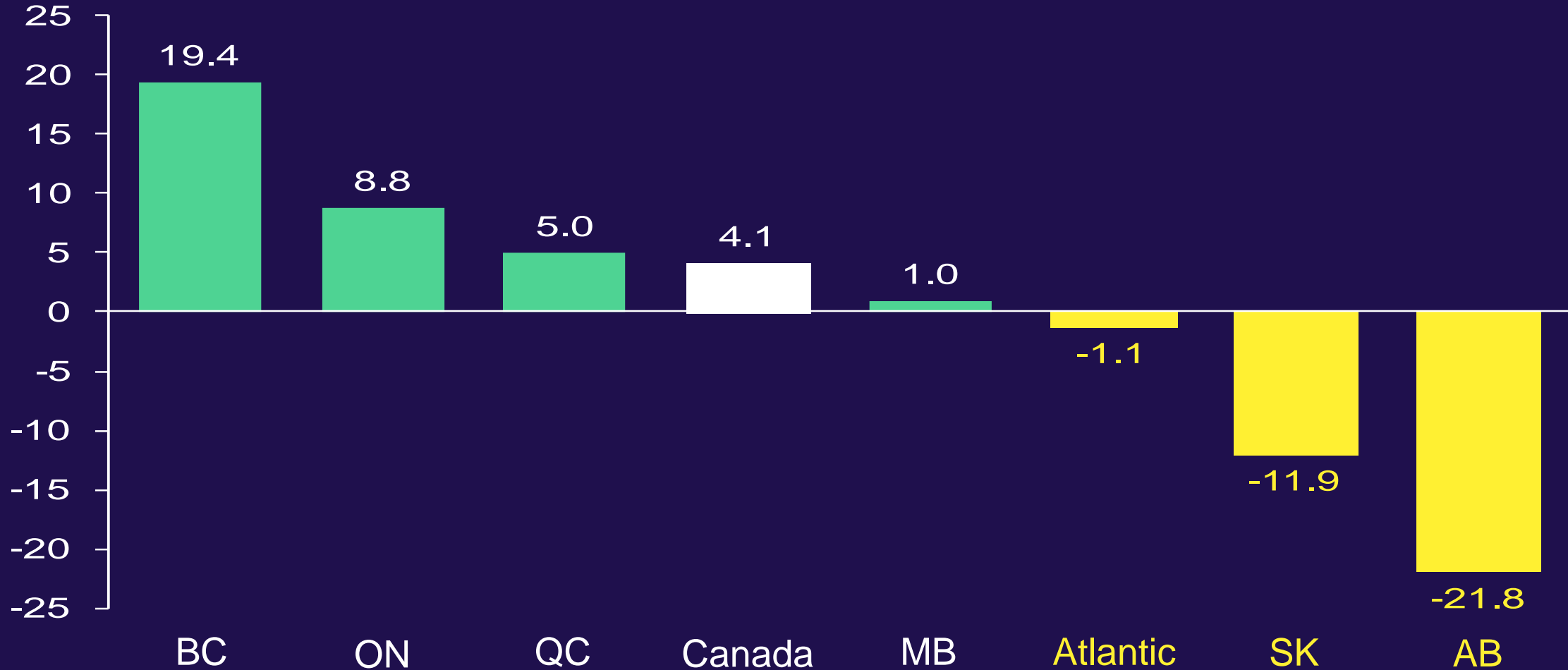


Shaded bars indicates forecast. Forecast provided by RBC Economics
Source: Canadian Real Estate Association, Haver Analytics

Home Sales A Mixed Picture

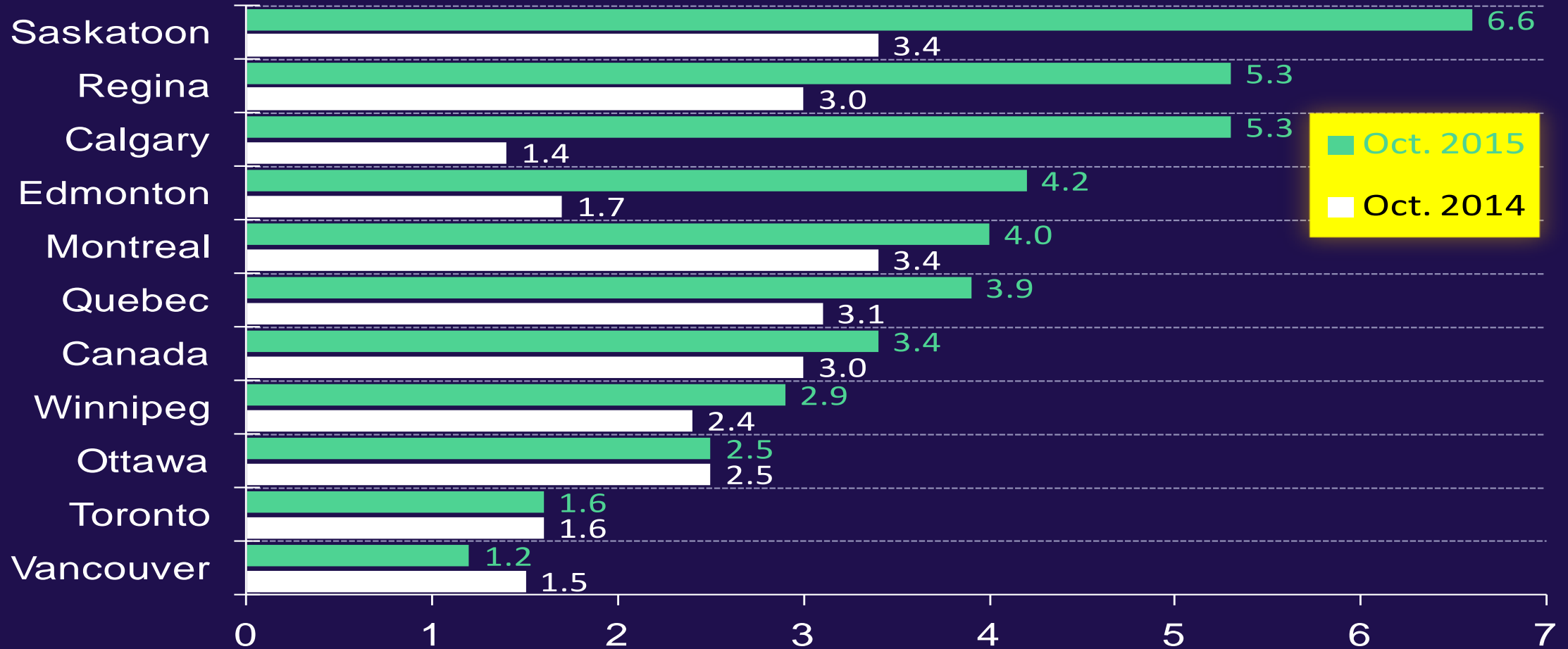
Existing Home Sales

(% change from a year ago, YTD October 2015)



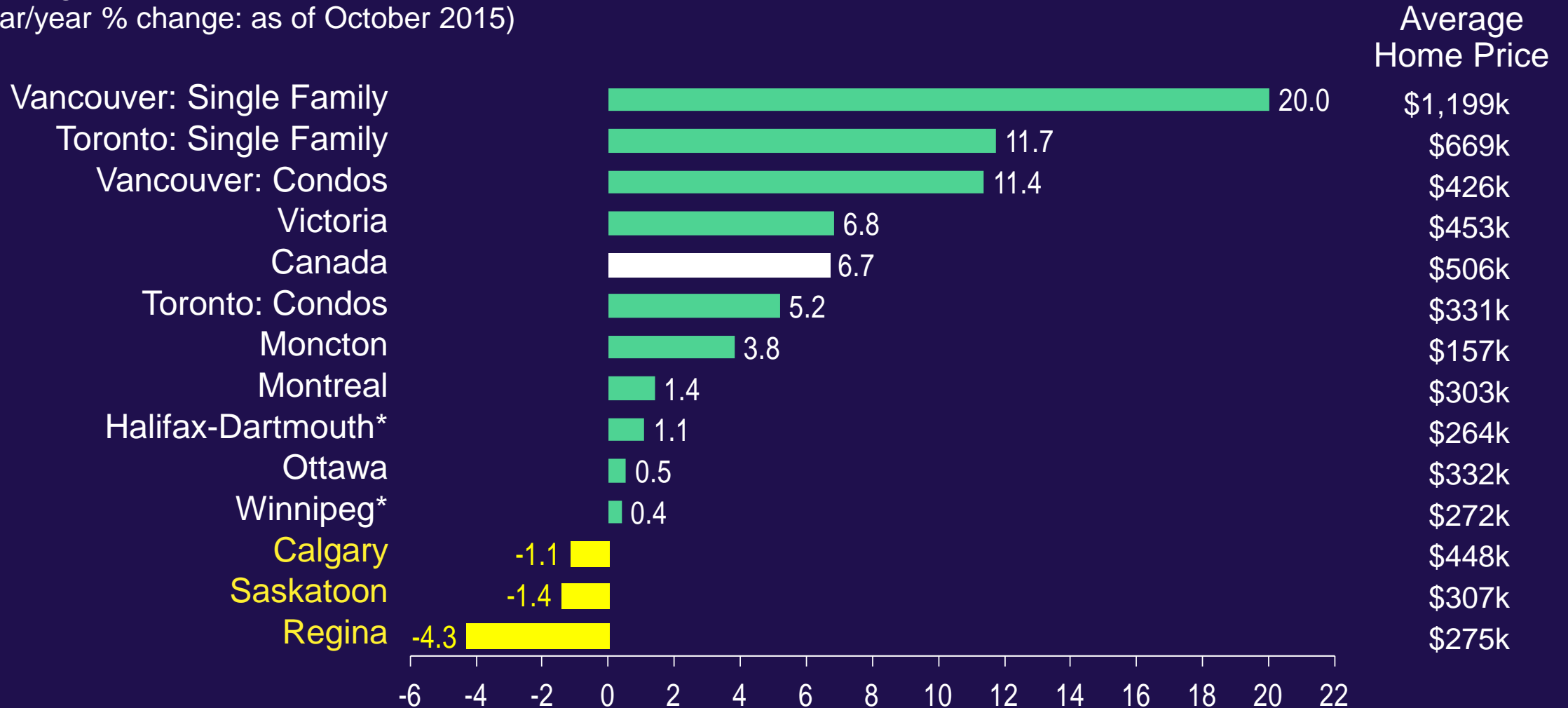
Rental Vacancy Rates

Vacancy Rates by City for Apartment Building of 3+ Units
(percent)



Single Family Prices Surge In Vancouver and Toronto

Existing Home Prices, MLS® Home Price Index (HPI)
(year/year % change: as of October 2015)



*Using average home prices
Source: Canadian Real Estate Association (CREA)

Canadian Home Price Inflation Will Slow

House Price Index: Composite 11
(year/year % change)



White bars indicate forecasts. Forecast provided by Royal LePage and RBC Research
Source: Teranet/National Bank, Haver Analytics

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