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Assoc.**

CANADA 2016

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May 10, 2016



Global Outlook... Growth Slows



U.S. Rebound in Q2

China Slowdown

Canada Recovers Slowly

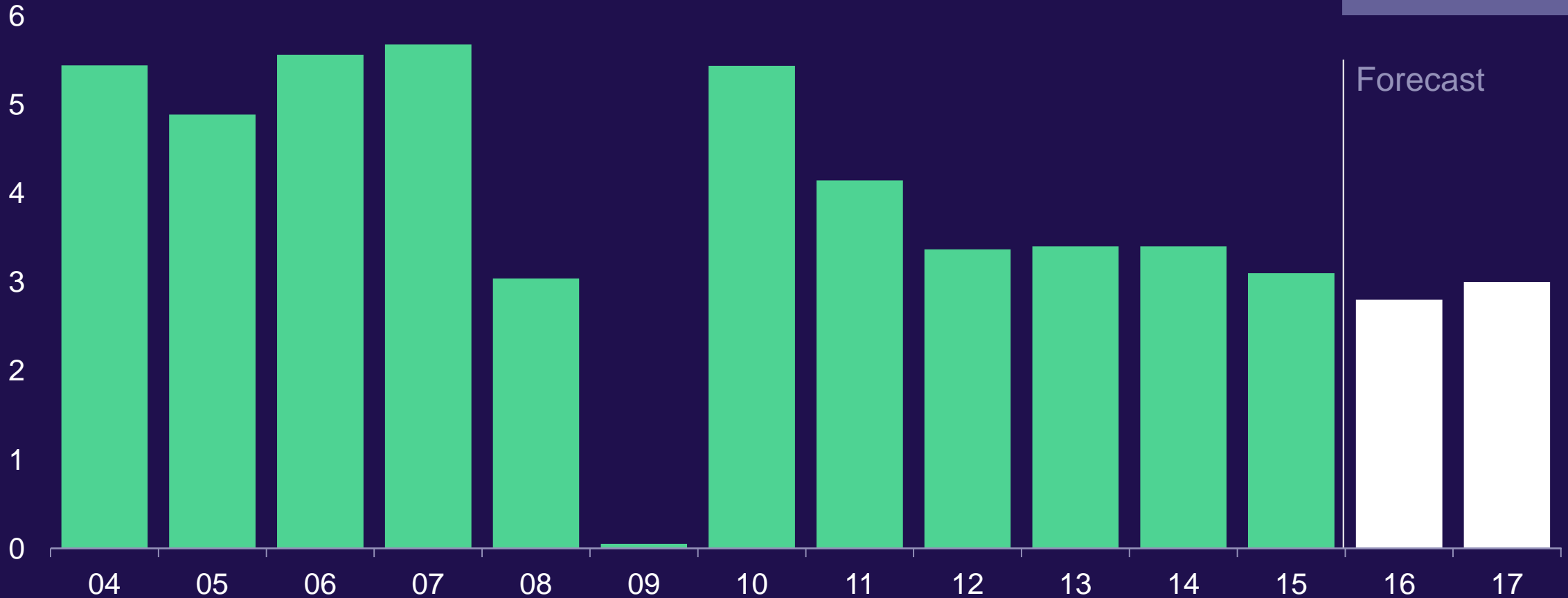
Europe Flat

Oil Prices Up 50%

Global Growth Slows in 2016

Real GDP
(year/year % change)

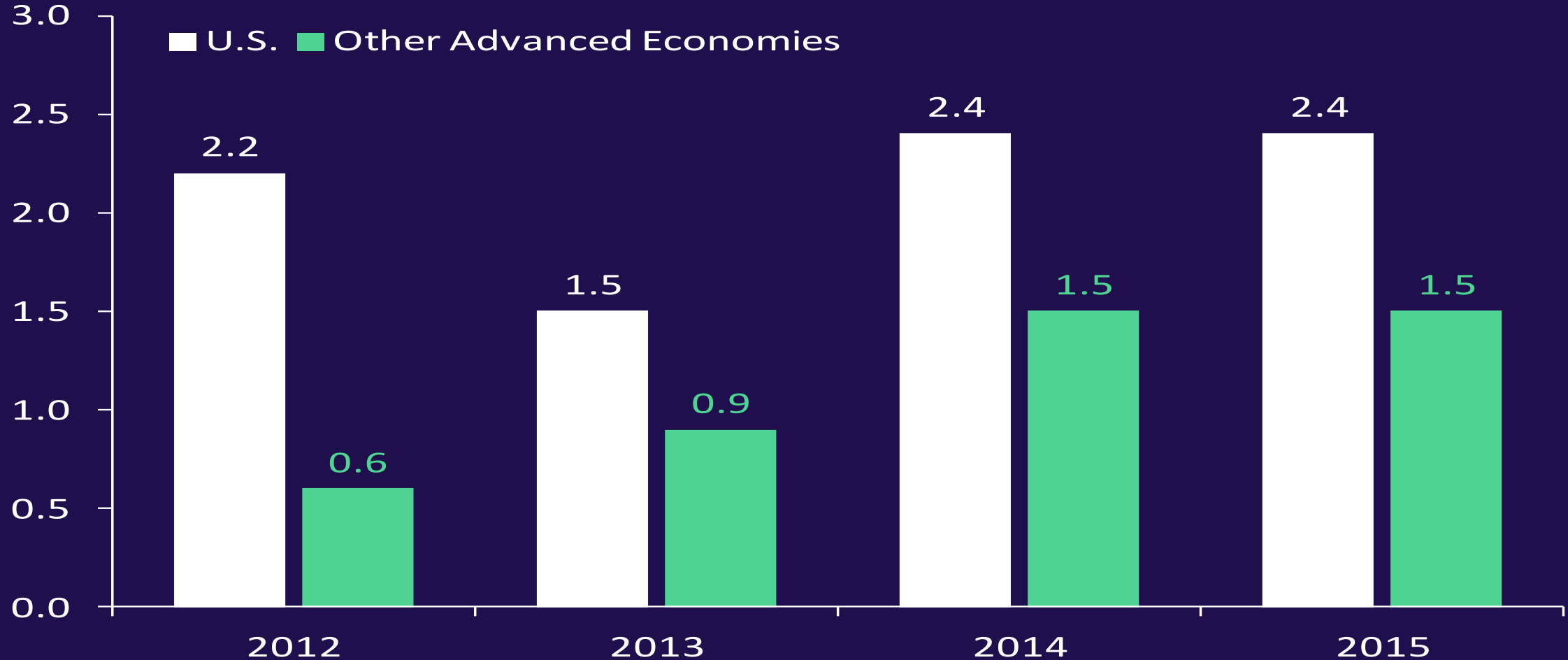
	2015	2016	2017
World	3.1	2.8	3.0



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



Jobs Strong

Business Investment Down

Consumer Spending Slows

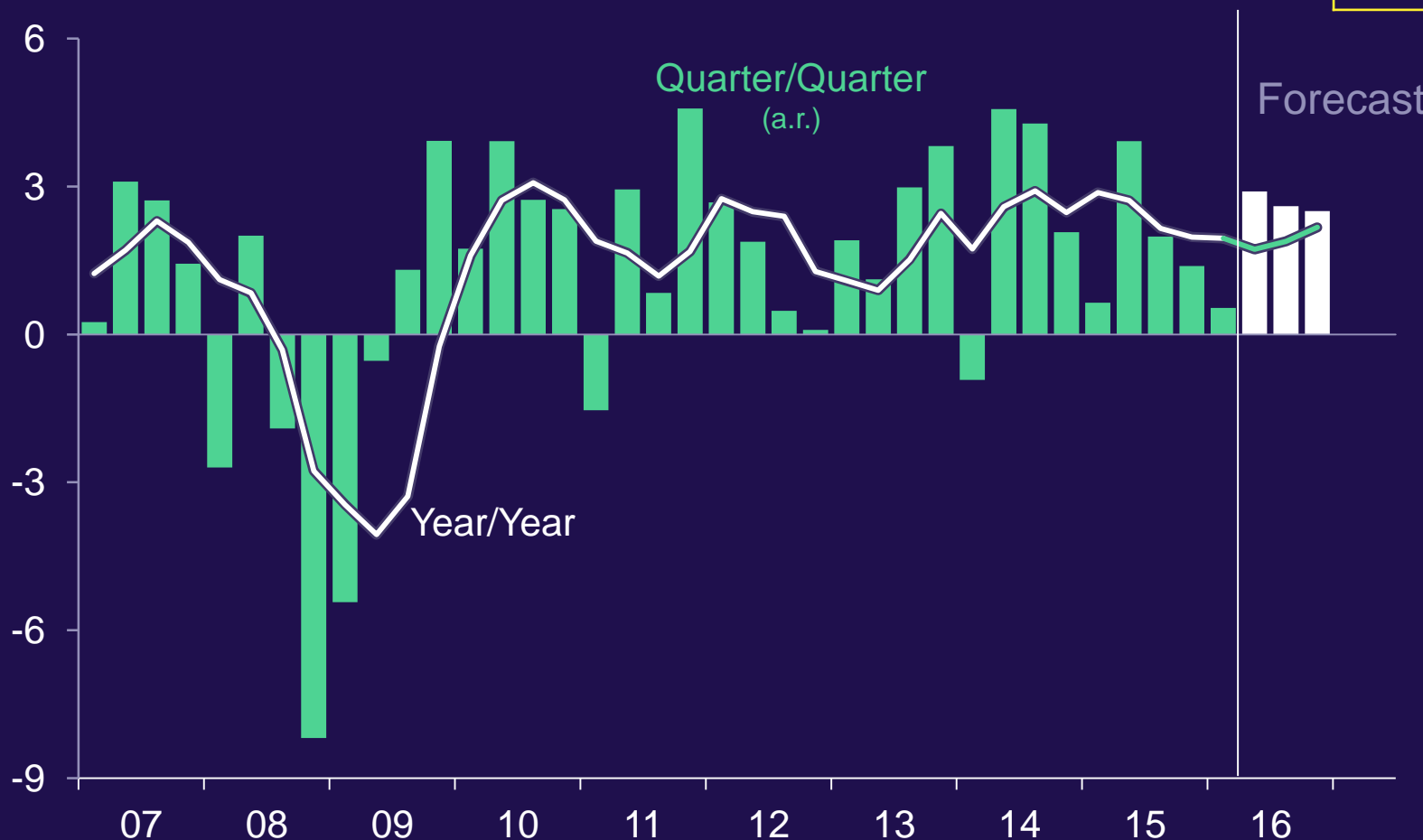
Trade Down

Housing Picks Up

U.S. Growth At 2% This Year

Real GDP
(percent change)

2014	2015	2016	2017
2.4	2.4	2.0	2.4



Consumers Wary
Businesses Cautious
Trade Improves

Unemployment Rate

(percent)



Canadian Economy Hits Rough Spots



Oil Shock

Jobs Soft

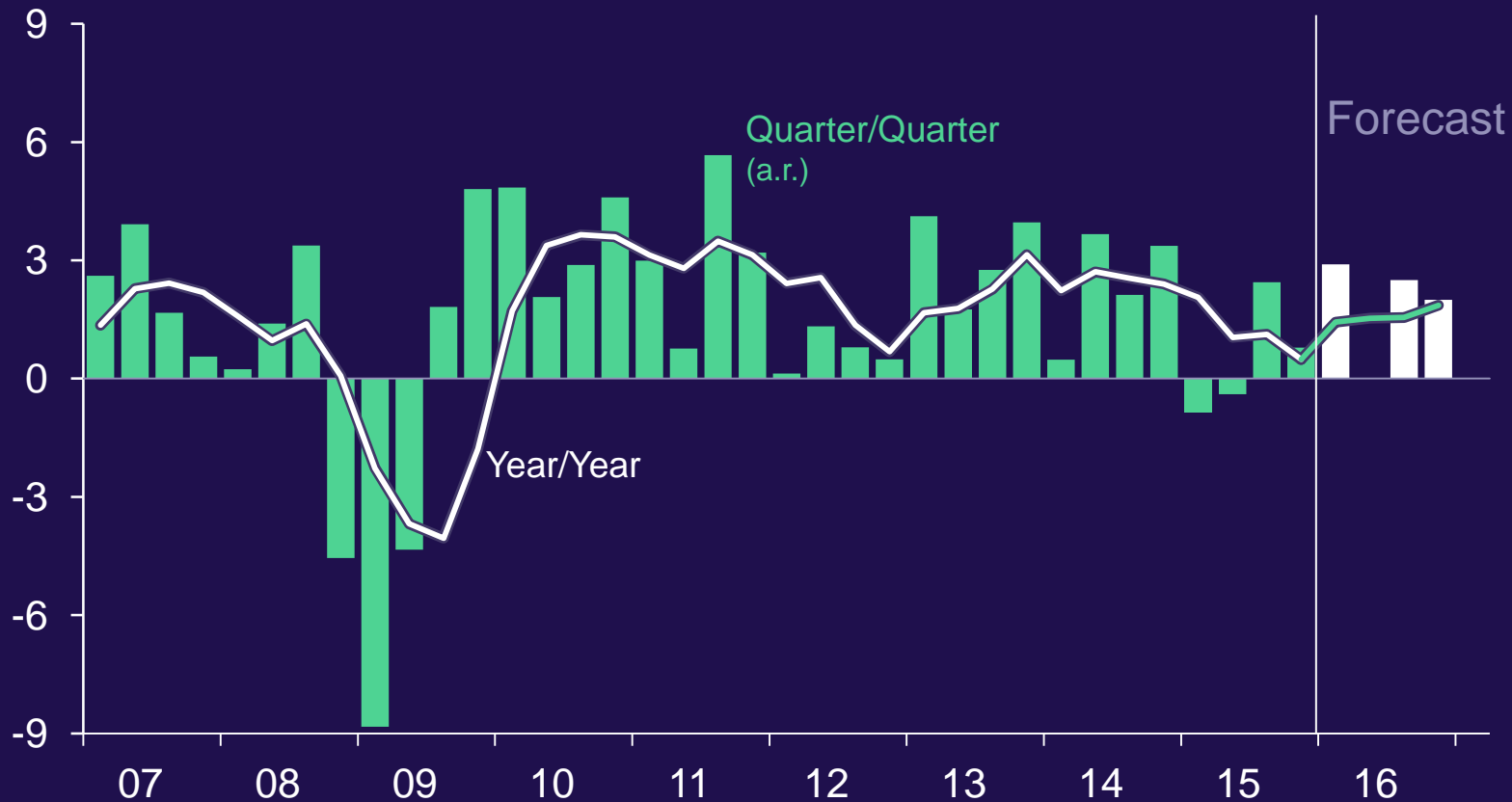
Housing Mixed

Exports Slump

Fiscal Stimulus

Canadian Growth Improves in 2016

Real GDP
(percent change)



2014	2015	2016	2017
2.5	1.2	1.6	2.1

Q1 Uptick

Still Plagued By Oil Rout

Exports Disappoint

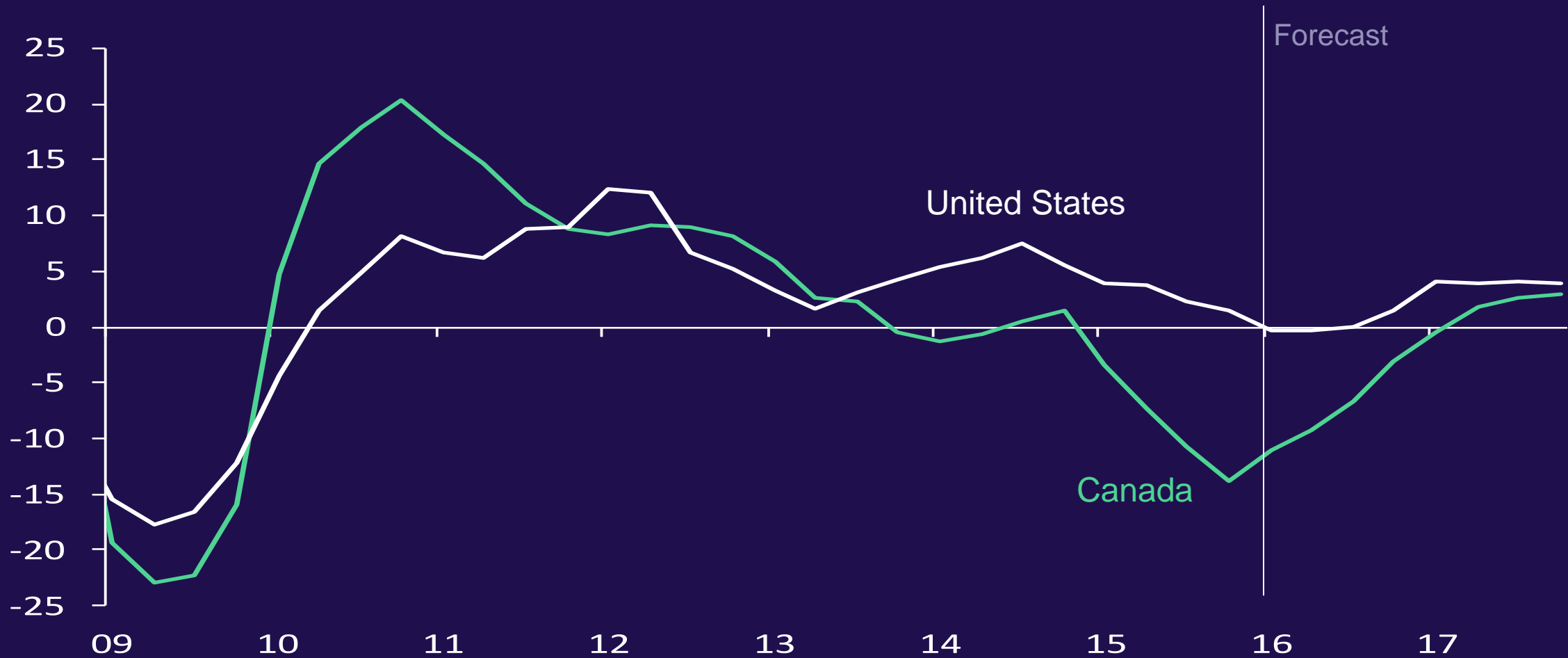
Fiscal Stimulus

Forecast = BMO Capital Markets

Source: Haver Analytics, Statistics Canada, BMO Capital Markets

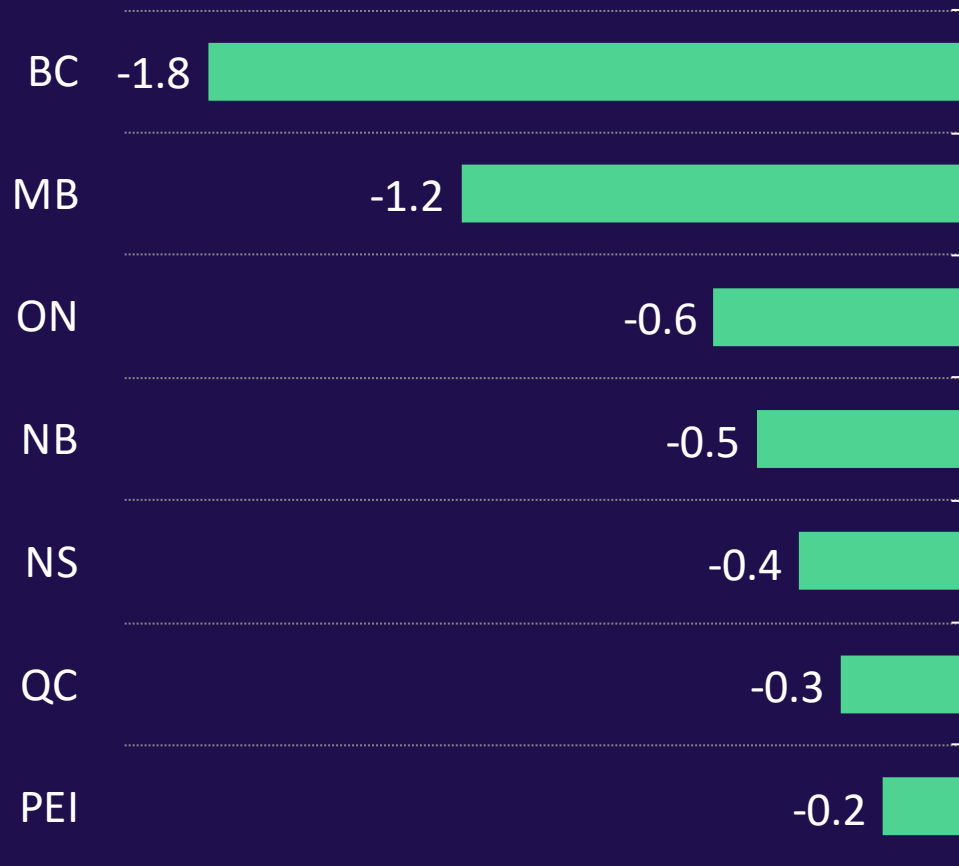
Oil Rout Drags Down Business Investment In Canada

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

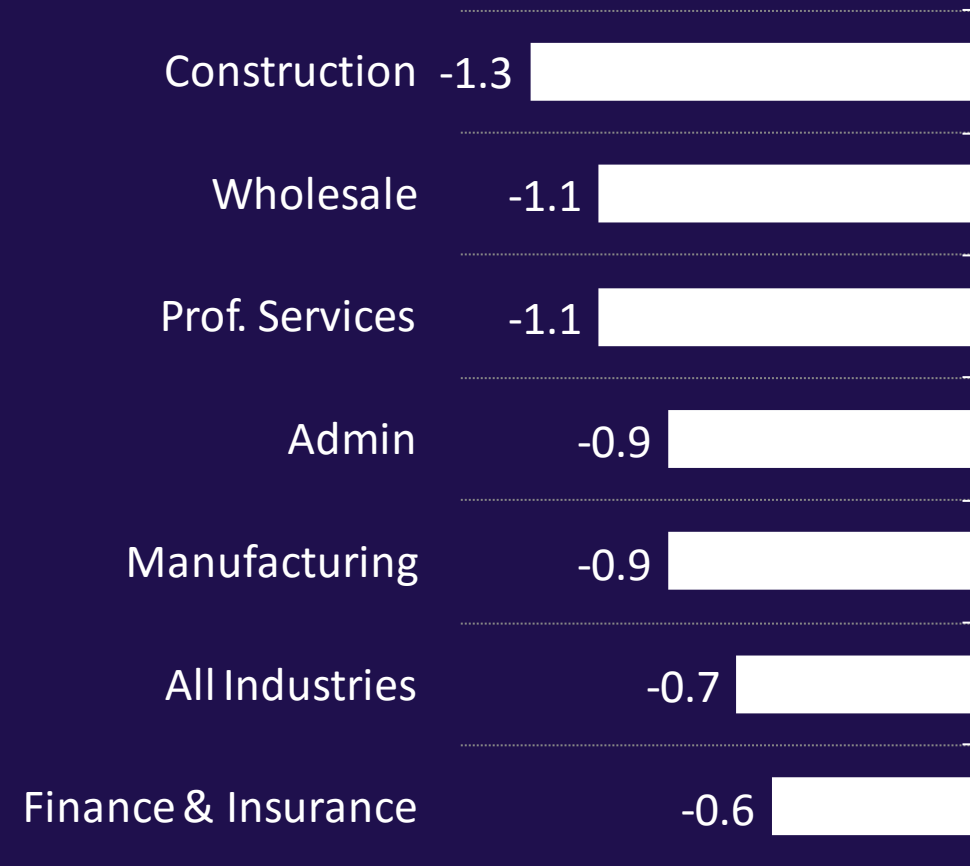


Oil Rout Has Broad Ramifications

Percent of Provincial Nominal GDP



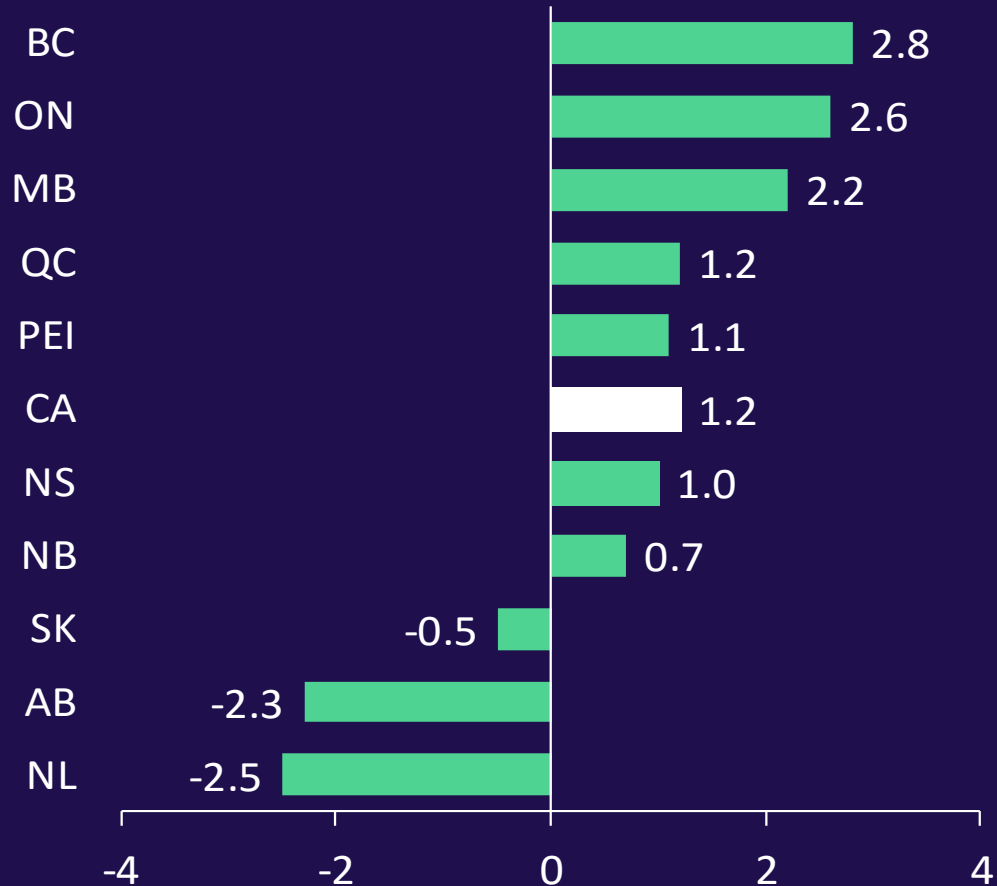
Percent of Industry Nominal GDP



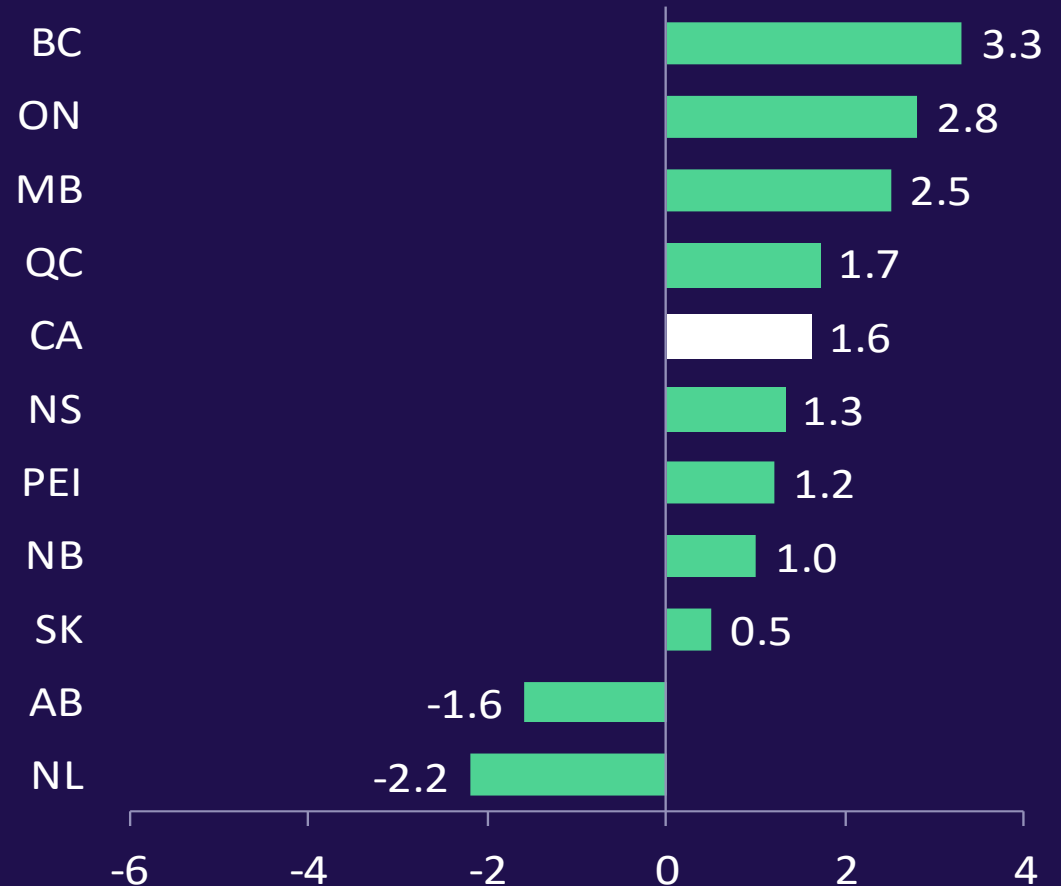
British Columbia Now On Top

Canada: Real GDP
(year/year % change)

2015

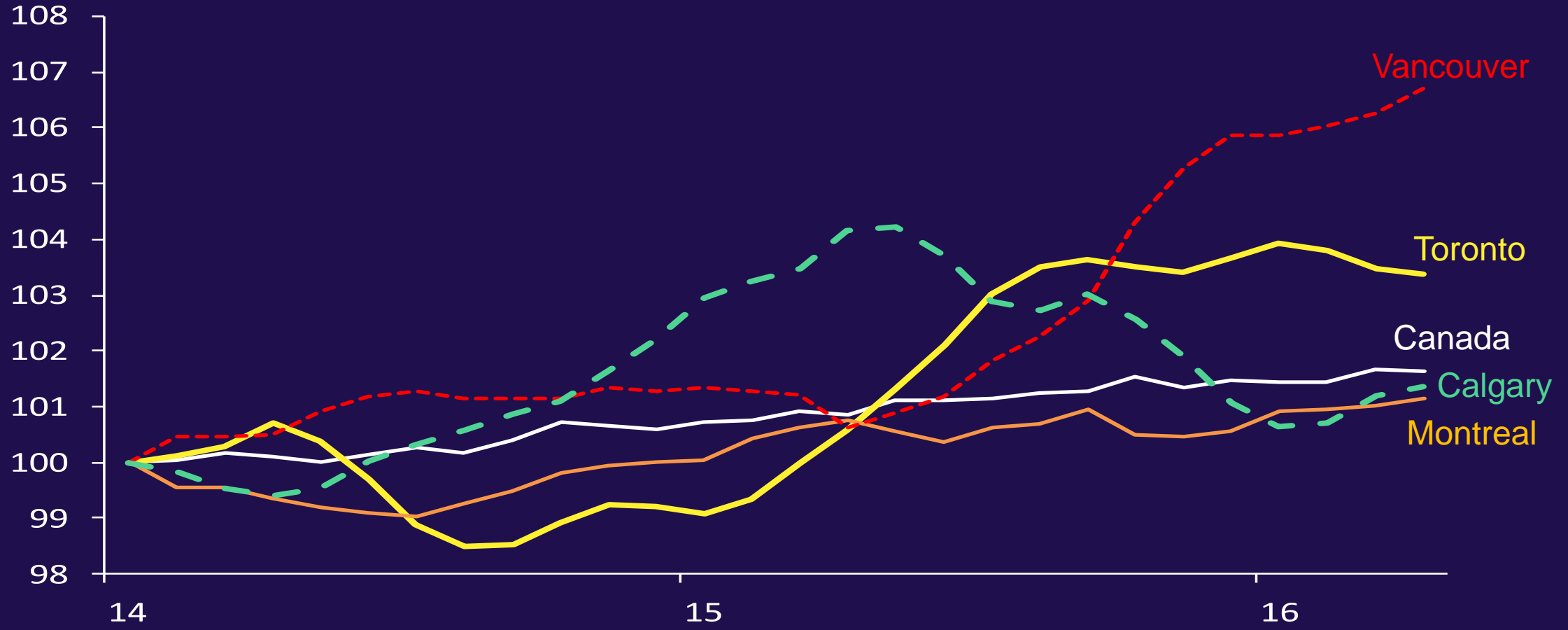


2016 (f)



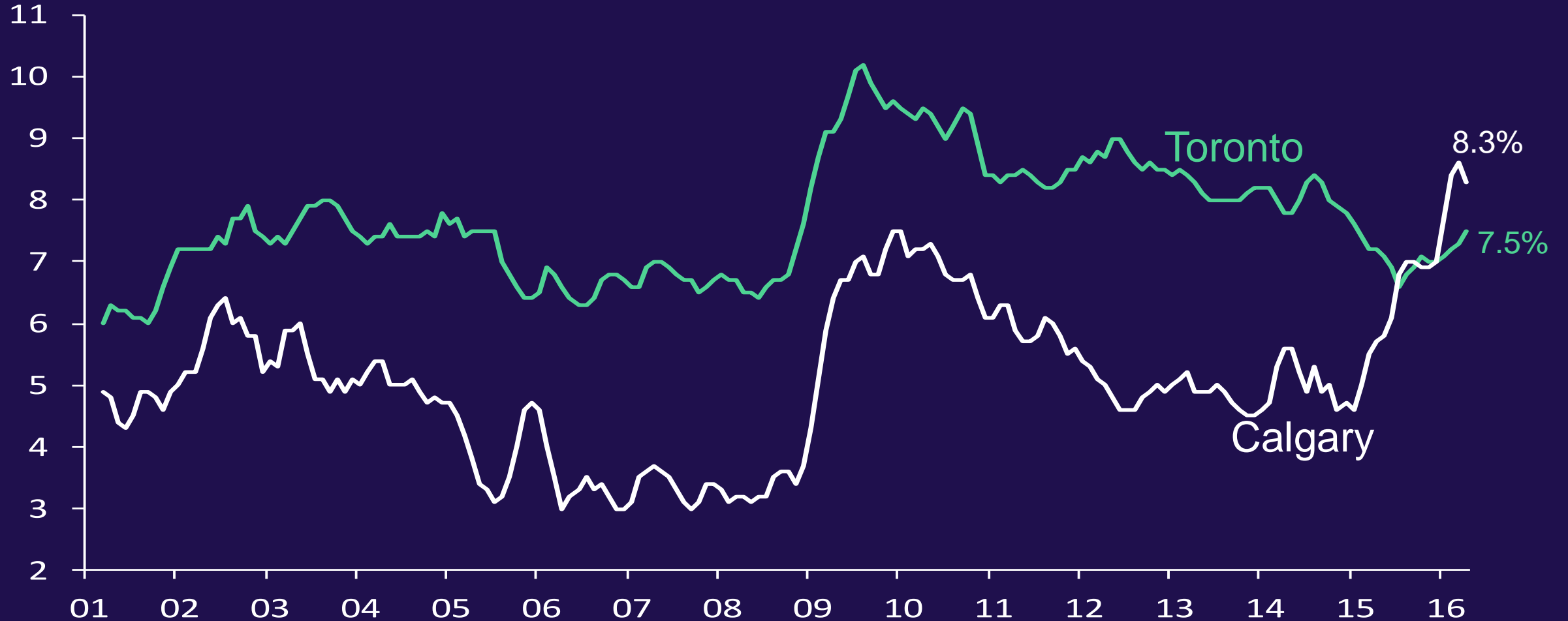
Job Creation In Major Canadian Cities

Employment Level
(index: January 2014 = 100)



Calgary Battered By Oil Rout

Unemployment Rate
(percent)



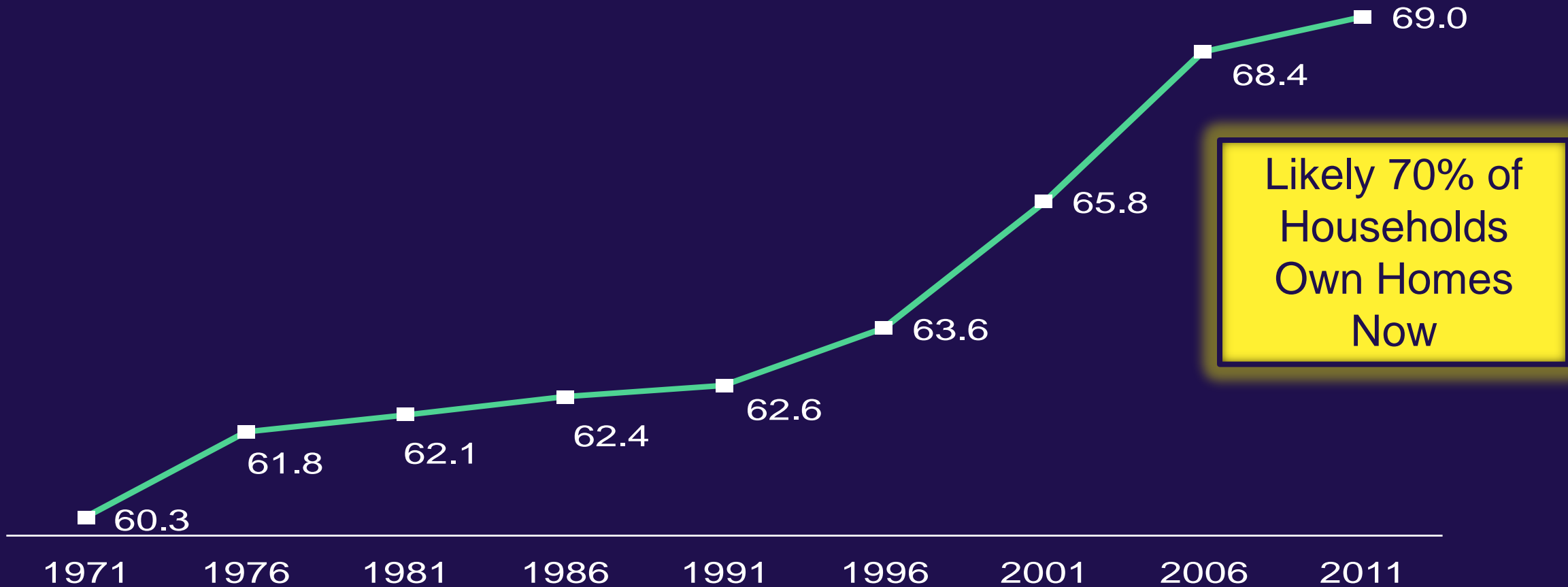
Housing Looms Large ...

Canada
(percent)



Canadian Homeownership At A Record High

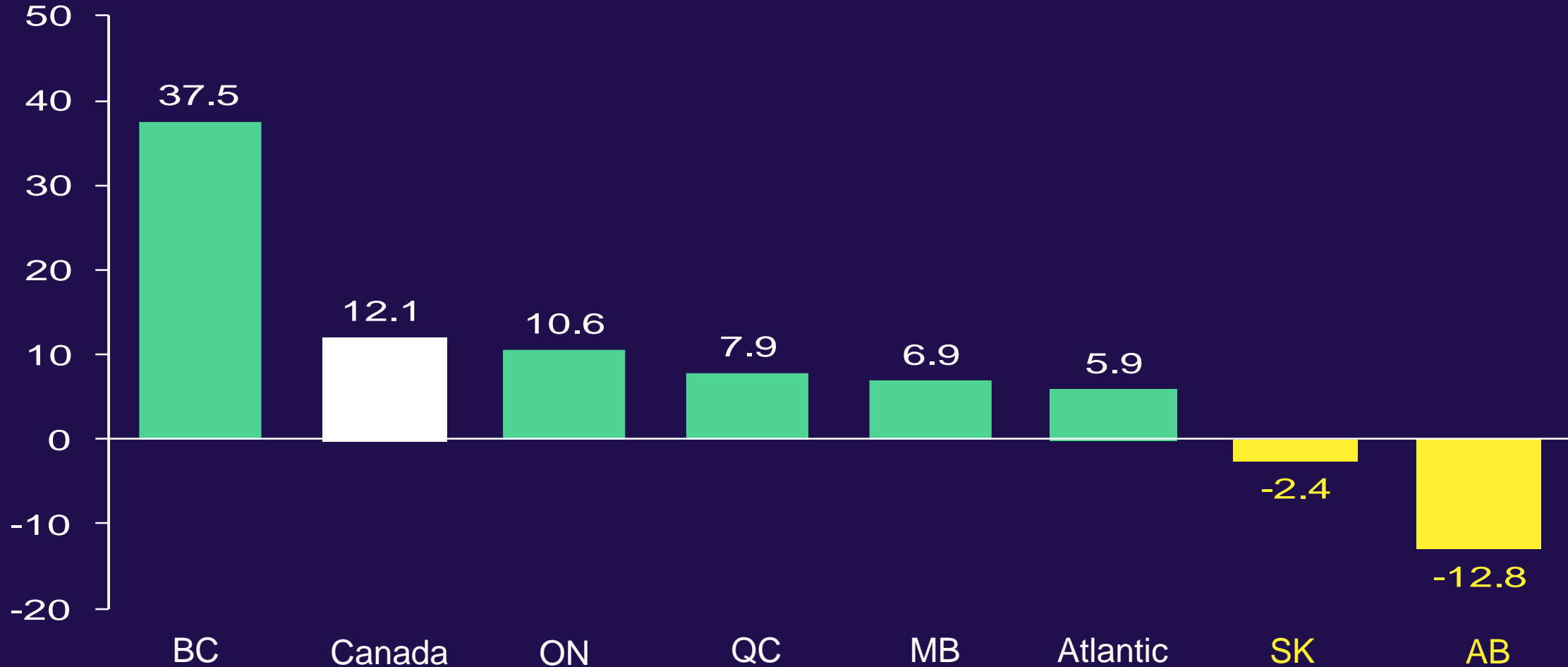
Homeowners as a % of all Canadian Households
(percent)



Home Sales A Mixed Picture

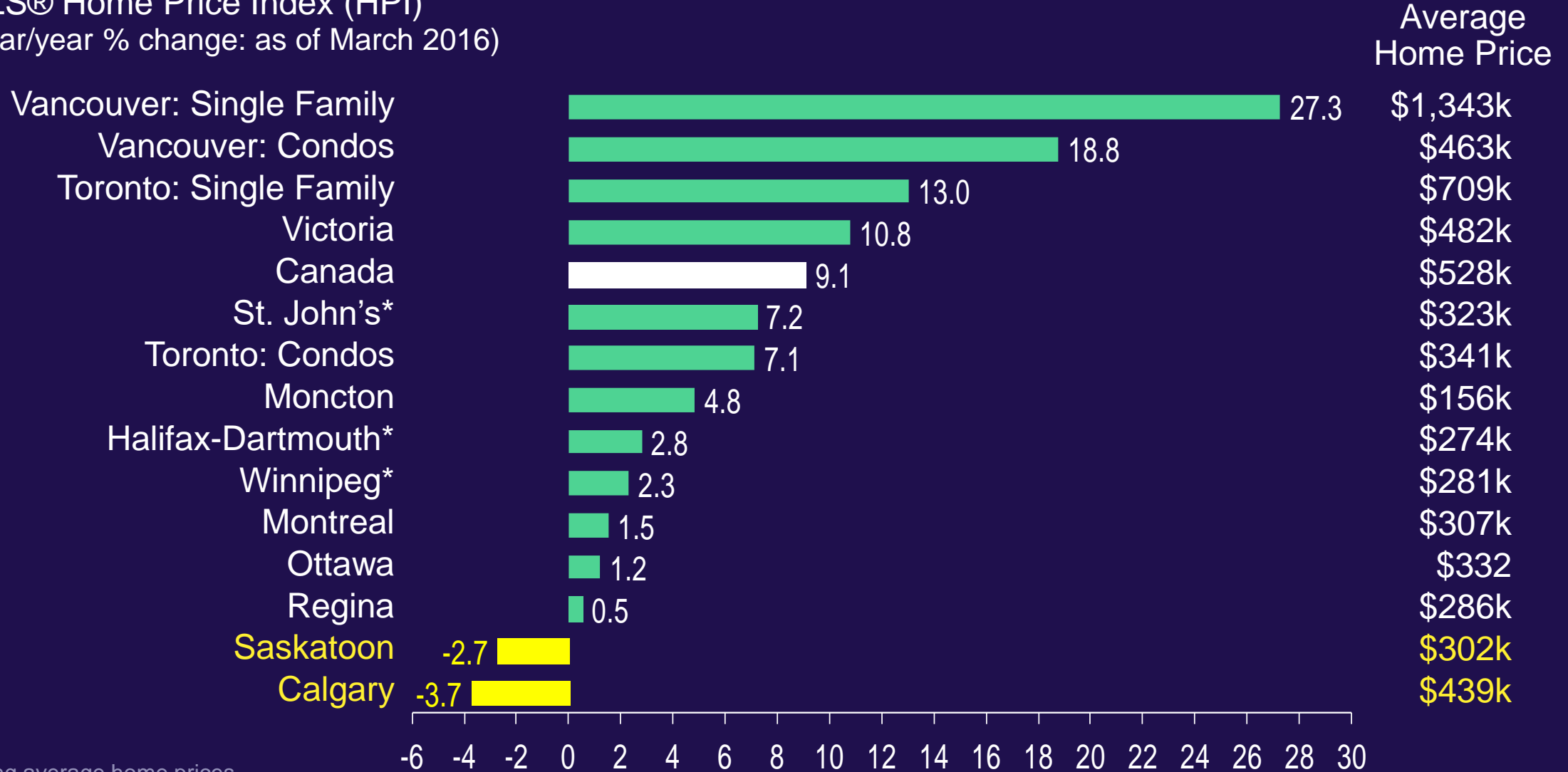
Existing Home Sales

(% change from a year ago, YTD March 2016)



Single Family Prices Surge In Vancouver and Toronto

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

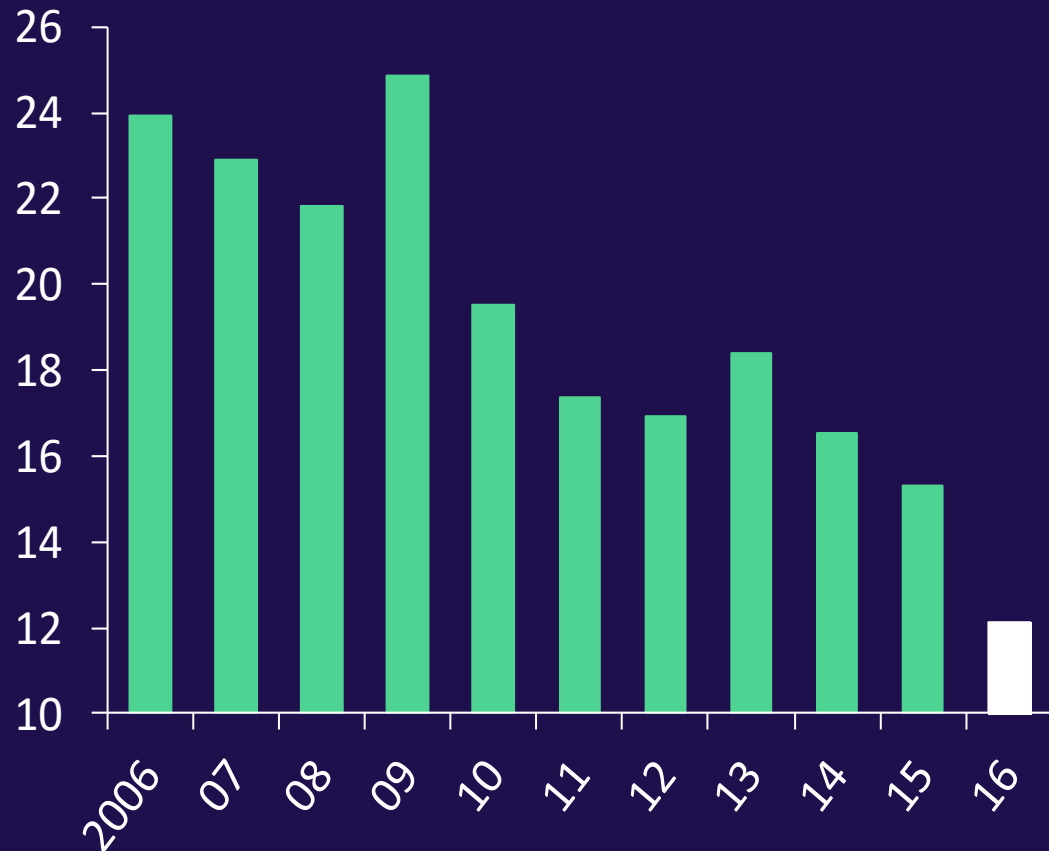


*Using average home prices
Source: Canadian Real Estate Association (CREA)

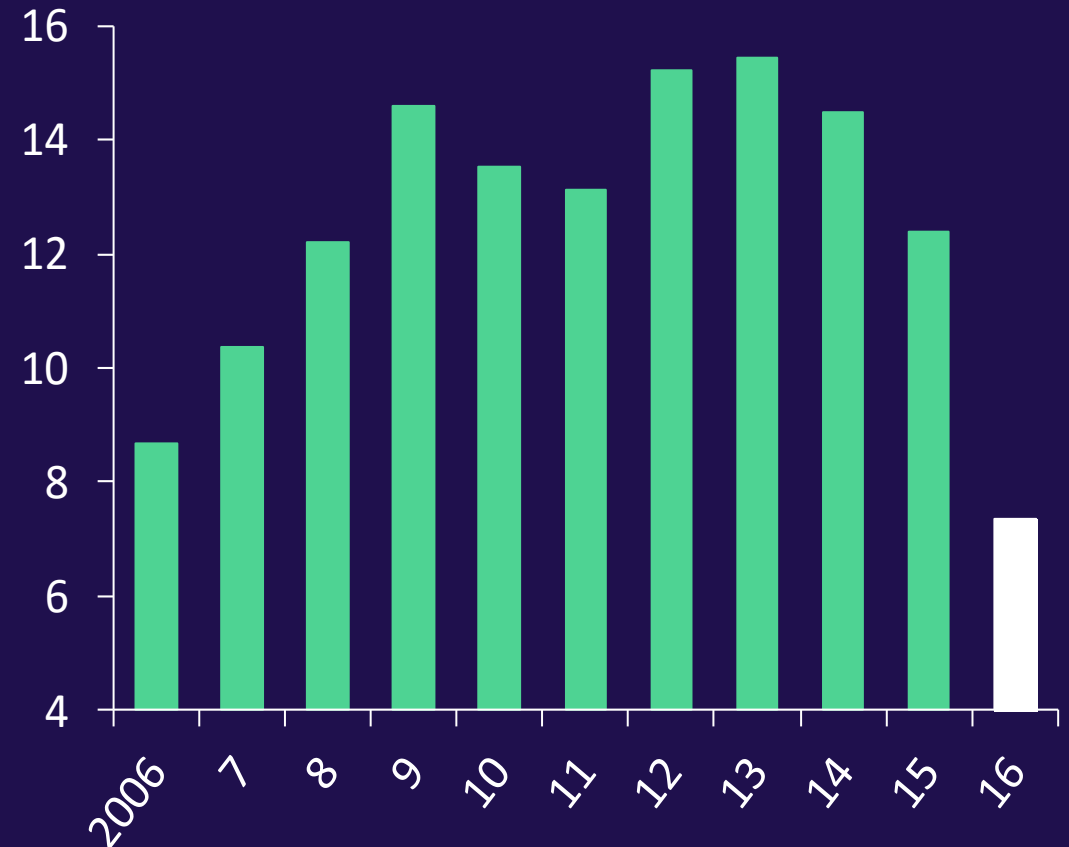
Toronto and Vancouver Housing Markets Experiencing Historically Low Supply

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

Toronto



Vancouver



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

Loonie Moves Off Recent Bottom



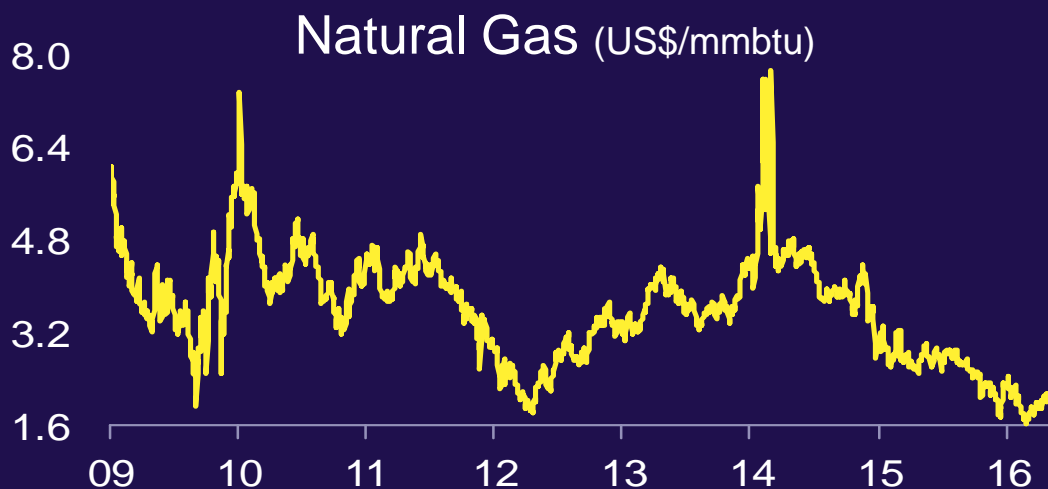
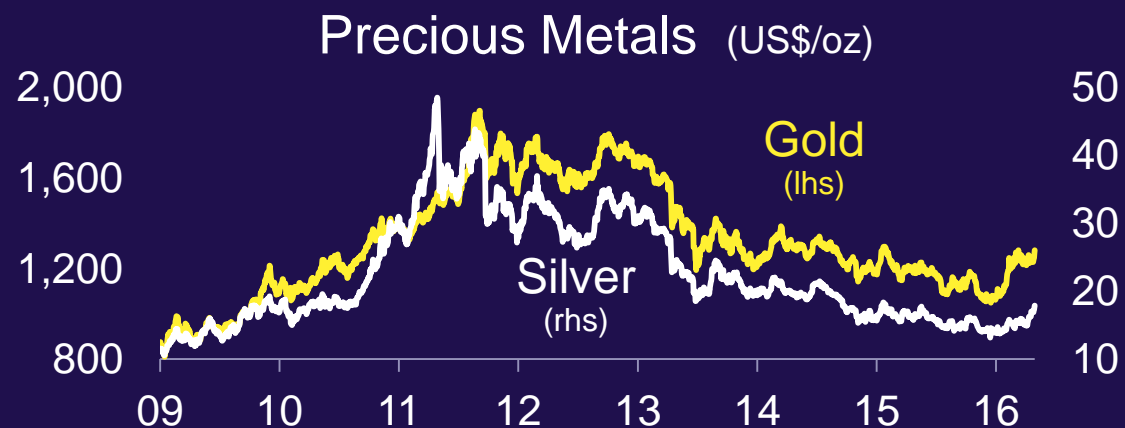
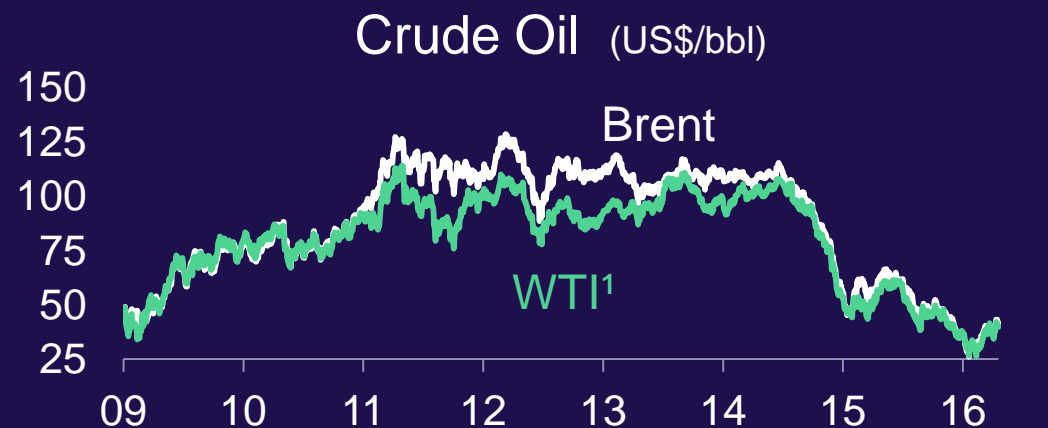
Oil Price Hover Around \$44 WTI

Loonie Corrects From 80¢

Bank of Canada On Hold For Now

Commodity Price Decline Hurts Canada

(as of May 6, 2016)

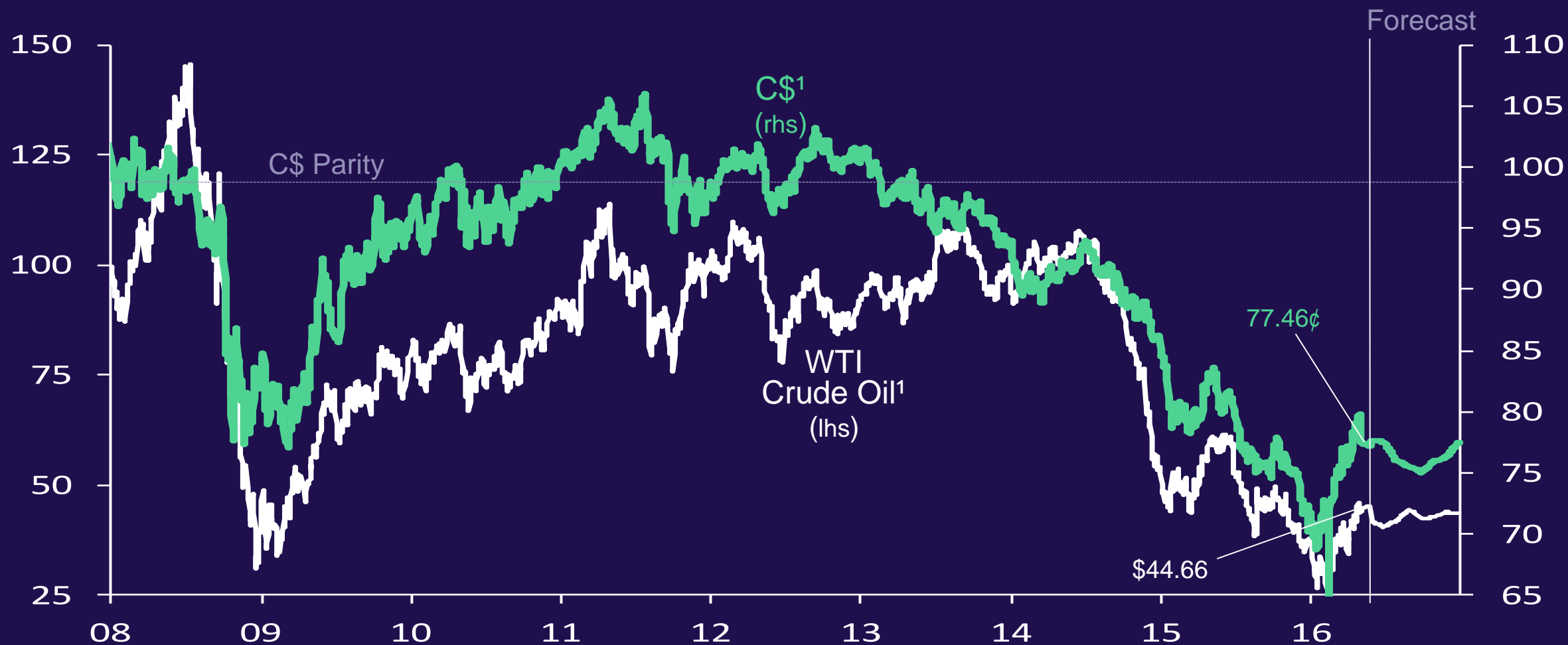


¹ West Texas Intermediate

Source: Bloomberg, U.S. Energy Information Administration, Haver Analytics, QuoteNet.com

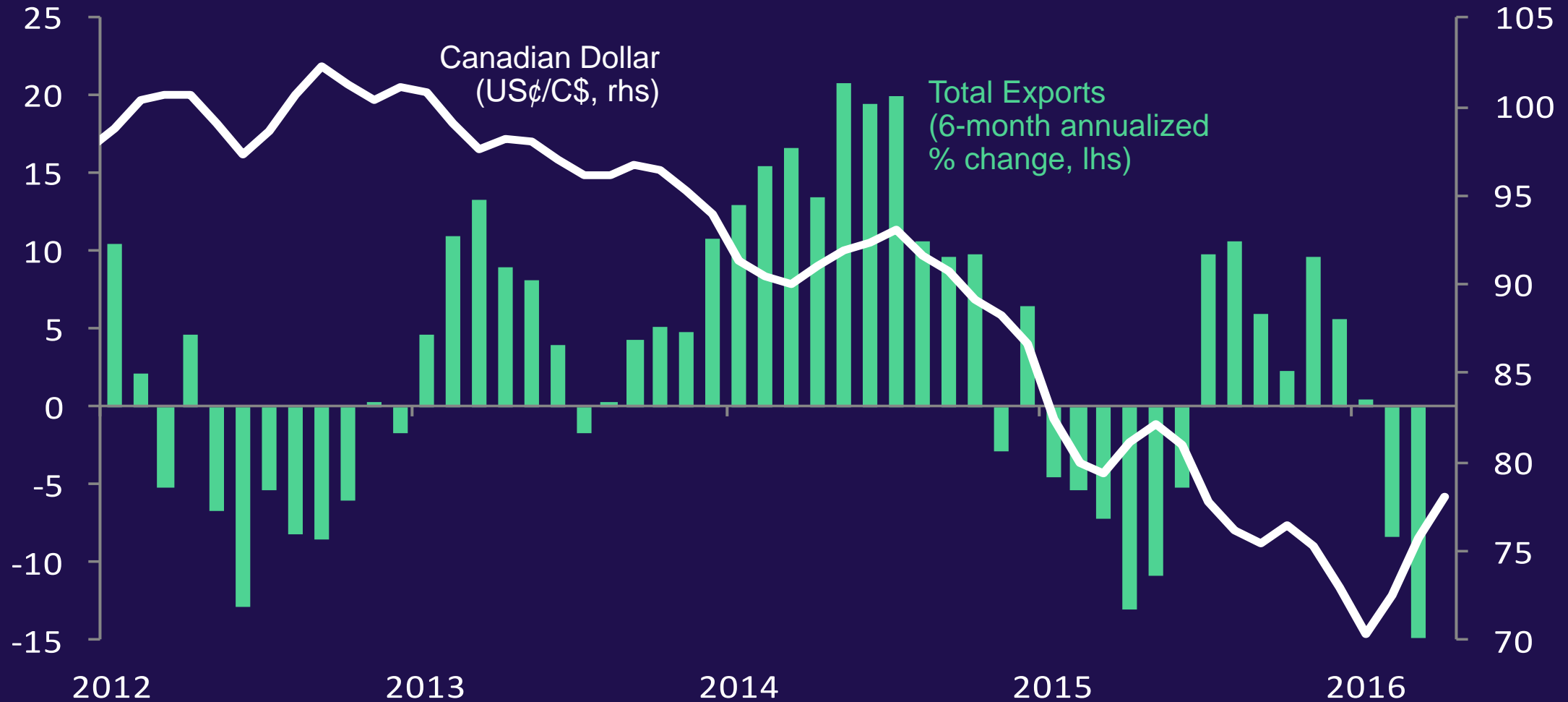
Oil Price Recovers A Bit and So Does Loonie

(as of May 6, 2016)



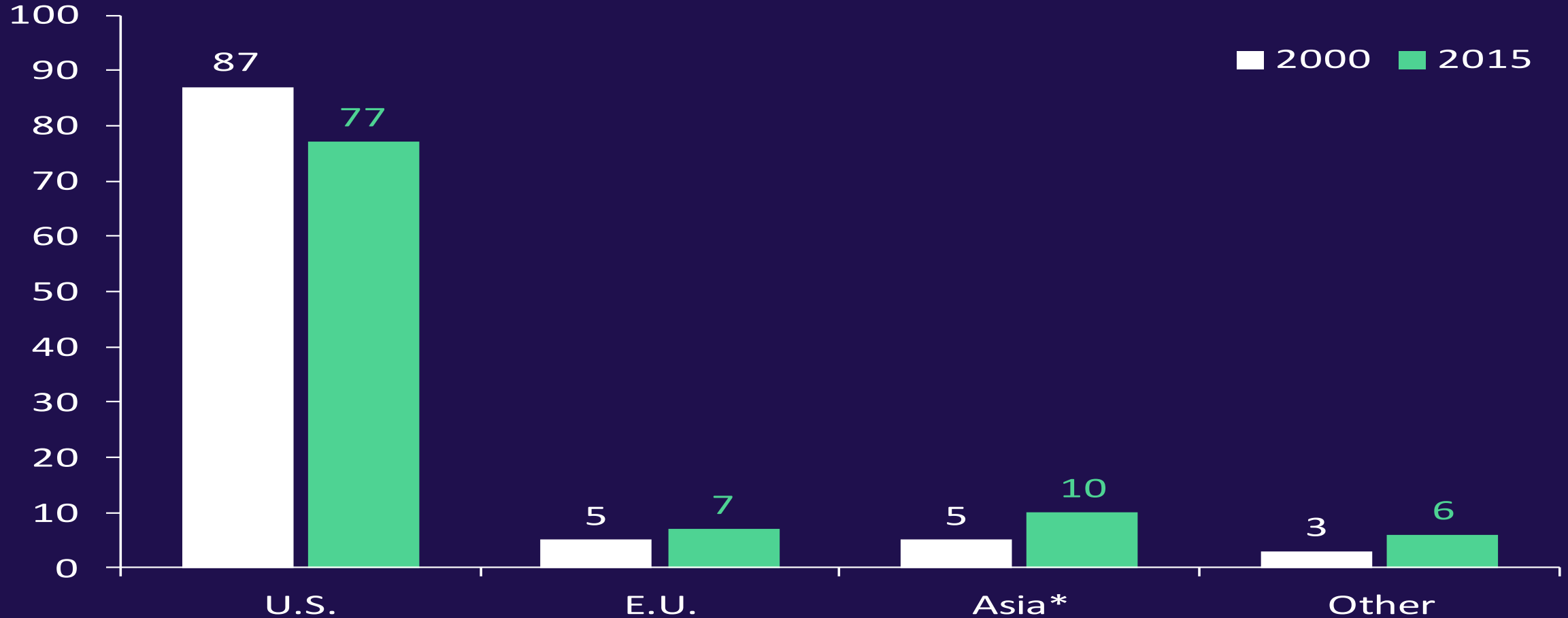
Forecast = BMO Capital Markets ¹ (US\$/bbl) ² (US¢/C\$)
 Source: Haver Analytics, Bank of Canada, Bloomberg, U.S. Energy Information Administration

Uptick in Canadian Dollar... Canadian Exports Disappoint



Canadian Exports Depend On U.S.

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



Clean Economy

Tax Cuts for Middle Class

Tax Increases for \$200K+

Canada Child Benefit

Infrastructure

Budget Deficits

Financial Markets



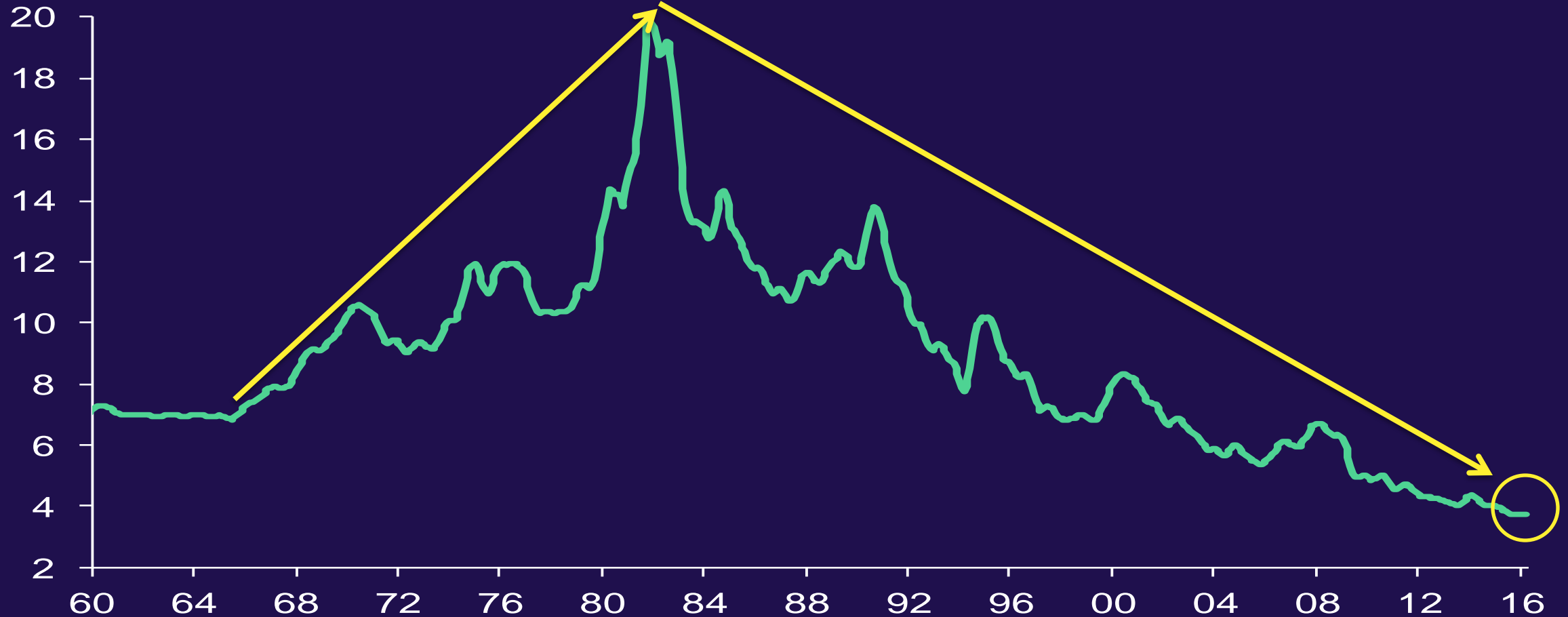
Mortgage Rates Hit Bottom

Bank of Canada Stands Pat

Fed Renormalizing, But Cautious

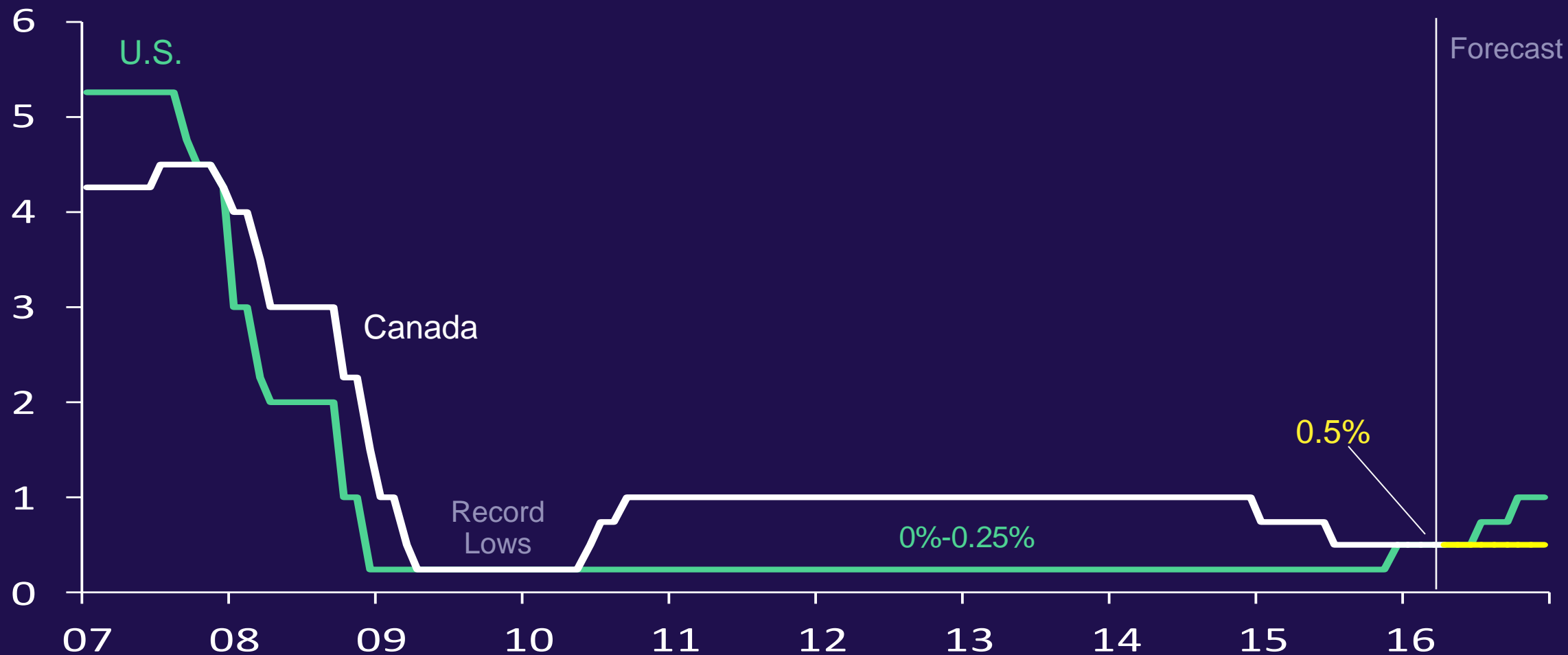
Mortgage Rates Have Likely Bottomed

Canadian Conventional 5-Year Mortgage Rate
(smoothed, 6-month moving average, as of April 29)



BoC On Hold ... While Fed Hikes Rates Cautiously

Overnight Rate

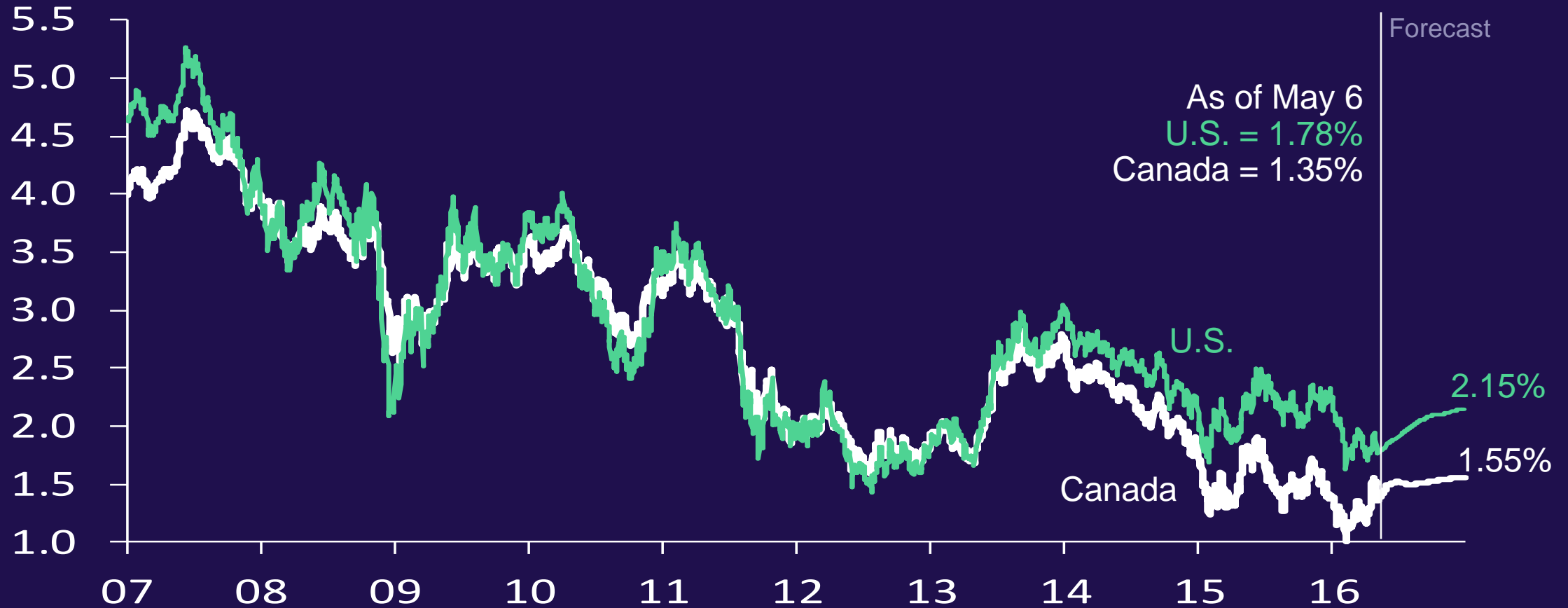


Forecast = Sherry Cooper Assoc.

Source: Haver Analytics, Bank of Canada, Federal Reserve Board

Long Yields Edge Upward On Fed Rate Hikes

10-year Bond Yields
(percent)



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