

ECONOMIC UPDATE

CANADA	11Q3F	11Q4F	12Q1F	12Q2F	12Q3F	12Q4F	2011F	2012F	2013F
Real GDP Growth (AR)	3.5	2.3	1.8	1.9	2.0	1.9	2.4	2.0	2.1
Real Final Domestic Demand (AR)	0.9	2.1	2.8	2.4	2.8	2.8	2.9	2.4	2.7
All Items CPI Inflation (Y/Y)	3.0	2.7	2.0	1.2	1.4	1.9	2.9	1.6	2.0
Core CPI Ex Indirect Taxes (Y/Y)	1.9	2.0	2.0	1.9	2.0	2.0	1.7	2.0	2.1
Unemployment Rate (%)	7.2	7.4	7.5	7.6	7.6	7.5	7.5	7.5	7.2
U.S.	11Q3A	11Q4F	12Q1F	12Q2F	12Q3F	12Q4F	2011F	2012F	2013F
Real GDP Growth (AR)	1.8	3.0	2.0	1.6	2.0	2.2	1.7	2.1	1.9
Real Final Sales (AR)	3.2	2.4	1.5	1.5	1.9	2.2	2.0	2.0	1.8
All Items CPI Inflation (Y/Y)	3.8	3.3	2.3	1.4	1.2	1.3	3.2	1.6	1.9
Core CPI Inflation (Y/Y)	1.9	2.2	2.1	2.1	1.9	1.8	1.7	2.0	2.0
Unemployment Rate (%)	9.1	8.7	8.6	8.7	8.8	8.7	9.0	8.7	8.6

CANADA

Despite weak hiring and trade figures to cap 2011, we've nudged up our Q4 GDP forecast by three ticks to 2.3%, given surprisingly robust consumer activity. Moving into 2012, GDP growth is still likely to track around 2% or so, as low interest rates provide less of an impetus to growth in the face of higher household debt levels, and governments continue to pull back from earlier stimulus.

UNITED STATES

The US economy picked up steam towards the end of 2011, and indications of improvement in the labour market from lower claims and stronger hiring have seen us slightly bump up our projection for 2012 GDP growth, to 2.1% from 1.9%. That still sluggish pace captures the risks to trade with Europe that we have already seen in recent data, and our expectation for somewhat weaker jobs growth ahead. Looking further ahead, the US faces its own fiscal squeeze in 2013, which will restrict the pace of recovery next year as well.

This report is issued and approved for distribution by (a) in Canada, CIBC World Markets Inc., a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund, (b) in the United Kingdom, CIBC World Markets plc, which is regulated by the Financial Services Authority, and (c) in Australia, CIBC Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC") and (d) in the United States either by (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. This document and any of the products and information contained herein are not intended for the use of private investors in the United Kingdom. Such investors will not be able to enter into agreements or purchase products mentioned herein from CIBC World Markets plc. The comments and views expressed in this document are meant for the general interests of wholesale clients of CIBC Australia Limited.

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

© 2012 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.