



## Economics

Avery Shenfeld  
(416) 594-7356  
avery.shenfeld@cibc.ca

Benjamin Tal  
(416) 956-3698  
benjamin.tal@cibc.ca

Peter Buchanan  
(416) 594-7354  
peter.buchanan@cibc.ca

Warren Lovely  
(416) 594-8041  
warren.lovely@cibc.ca

Meny Grauman  
(416) 956-6527  
meny.grauman@cibc.ca

Krishen Rangasamy  
(416) 956-3219  
krishen.rangasamy@cibc.ca

*"At least in terms of near-term economic prospects, the fears look to be overdone."*

# THE WEEK AHEAD

February 1-5, 2010

## What Worries Wall Street?

by Avery Shenfeld

Just what is it that has equity market denizens feeling so restless? Not Q4 earnings, since the numbers from US listed companies have been quite solid, with a larger-than-normal share of reports beating expectations. True, those "official" expectations might actually have been on the low side of whisper estimates, since earlier economic reports had investors anticipating good news. While there were some misses amidst the hits, last year ended on a very supportive note for corporate America.

It isn't a fear of the Fed either. Rate hikes can plague the market, but the early stages of a tightening cycle aren't typically that scary for stocks, as hikes are only launched when other news on the economy is solid. In 1994, a particularly steep initial tightening round did put a temporary dent into equities, but those who hung on reaped the benefits of the subsequent long expansion (see page 6). In any event, fed fund futures markets have recently been showing dampened odds of rate hikes ahead.

Instead, nerves have been frayed by developments that are seen as challenging to future growth. At least in terms of near-term economic prospects, the fears look to be overdone. First, and of concern to resource stocks, was the move by China to tighten monetary policy. But rather than aiming at a slower economy, China was merely trying to rein in a credit surge that threatened to create a property bubble. Chinese growth of 10.7% in the year to Q4 was impressive, but it's not far out of line with the pace authorities aim to achieve, nor is December's 1.9% inflation rate particularly

alarming. Note that China similarly tightened in early 2007, and its industrial activity, key to resource demand, continued to run at a brisk pace in excess of 15% until the global recession slowed exports more than a year later.

A second concern is the fiscal crisis in Greece, where absent the ability to print money to pay its debt, there is a stark choice between outright default or a draconian austerity program that will prolong the recession. Indeed, others in the eurozone periphery also face that grim prospect. But in terms of equities, the Wall Street earnings impacts of fiscal challenges in Greece or Ireland would not appear to be that material.

Finally, Obama's bank bashing wasn't sweet music to the ears of those in US financial stocks. Looking at the mood in Congress these days, investors should recognize that there is a long way from a White House proposal to actual legislation, and although there is bipartisan anger at banks, Republicans will likely temper anything too harsh.

So why, then, have these developments been so nerve wracking? It may simply be that they came after a nice run-up in stocks that has investors feeling that they have priced-in a lot of good news, leaving them with itchy fingers on the "sell" trigger. If so, solid economic news in the next few months would be the best cure. Look for that to be the case, as we see both the US and Canadian economies in line for a healthy first half.

<http://research.cibcwm.com/res/Eco/EcoResearch.html>



## Week Ahead's Market Call

by Avery Shenfeld

**In the US**, it's once again time to look at the bane of this economic recovery, employment. Jobless claims figures give haven't yet reached levels consistent with net hiring, but census hiring and smaller than normal requirements to shed seasonal retail workers (having not added them as aggressively pre-Christmas) might be enough for a flat seasonally adjusted tally. Markets will strip out the public sector figure to judge whether or not, excluding the census, there is any material improvement.

**In Canada**, employment also tops the data calendar. Absent much in the way of relevant indicators, we have no reason to expect anything very different from the average of the past five months, and a steady jobless rate of 8.4%.

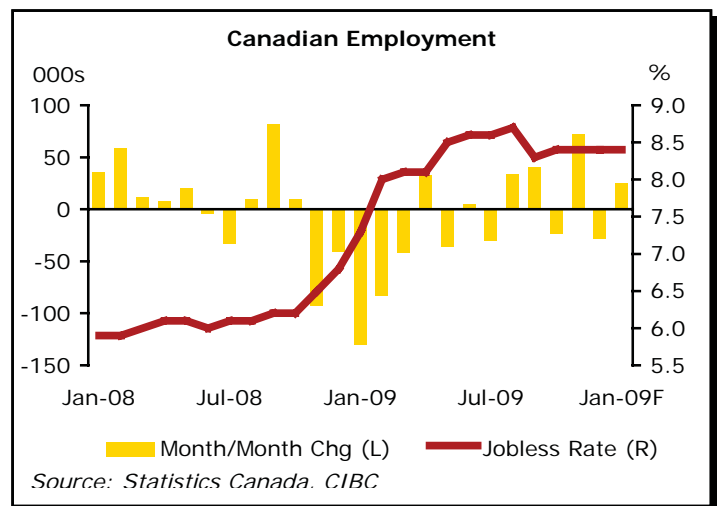
**Week Ahead’s Key Canadian Number:**

**Labour Force Survey—January**

(Friday, 7:00 a.m.)

Krishen Rangasamy (416) 956-3219

	CIBC	Mkt	Prior
Employment	25K	15K	-28K
Unemployment Rate	8.4%	8.5%	8.4%



Revisions by StatCan to its seasonally adjusted series for employment took December’s job losses to 28,000 (compared to 2,000 pre-revision). But with upward revisions to some prior months, the unemployment rate now sits at 8.4% (compared to 8.5% before the revisions).

But looking beyond revisions and one-month swings in employment, the trend depicted by the Labour Force survey is unmistakable. Canada’s recovery has translated into a labour market turnaround, with payrolls growing at an average of 19,000 jobs/month over the past five months, with more than half of that coming from the private sector. Good things tend to happen when the private sector feels confident enough to extend payrolls.

While the goods sector seems to be lagging services-providing industries in this recovery in terms of job additions, we suspect that the former will pick up speed, especially with the inventory refills in the US prompting Canadian factories to add shifts to meet demand. Construction payrolls are likely to be extended as well, with the hot real estate market supporting housing starts and stimulus-related infrastructure projects hitting the

ground. Looking back to 1988 Alberta data, the month preceding the Calgary Olympics was not particularly favourable for job creation, although provincial employment did see a spike in the month the Games were actually held.

Overall, the January survey should be reflective of the overall improving trend in the economy. We are aiming for a 25,000 net addition to employment for the month of January, which should keep the unemployment rate unchanged at 8.4%.

**Forecast Implications**—Thanks to a recovering economy, Canada’s unemployment rate seems to have peaked for this downcycle (it hit 8.7% back in August). Given our outlook for a strong first half of 2010, we expect a wave of hiring over the next few months, which should translate into solid consumption spending over the period. Subsequently, however, the pace of hiring is likely to slow down in the face of a much slower second half of the year.

**Market Impact**—Our above-consensus call should be negative for fixed income and provide a lift to the C\$.

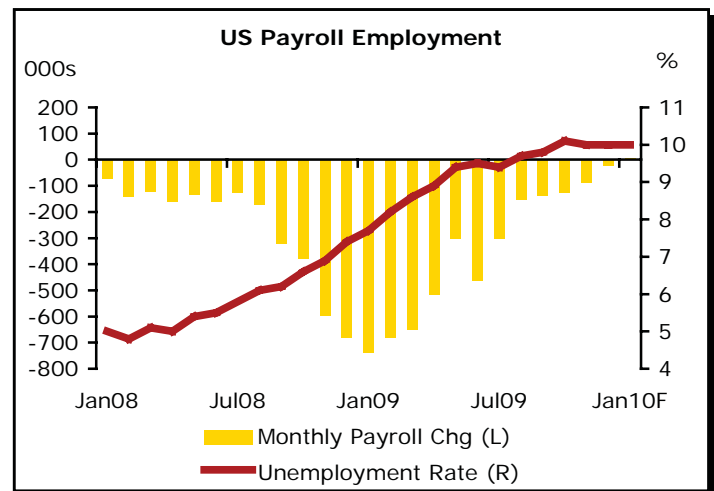
**Week Ahead’s Key US Number:**

**Non-Farm Payrolls—January**

(Friday, 8:30 a.m.)

Meny Grauman (416) 956-6527

	CIBC	Mkt	Prior
Non-Farm Payrolls (change)	0K	20K	-85K
Unemployment Rate	10.1%	10%	10%
Avg. Hourly Earnings (m/m)	0.2%	0.2%	2.2%



Although nonfarm payrolls fell by more than expected in December, the US labour market continues to show clear signs of stabilization, after an unprecedented post-war decline. The recent uptick in jobless claims suggests that we are unlikely to see private sector job growth in January. However, some census related hiring may help balance out that lingering weakness keeping total payrolls unchanged. Meanwhile, the unemployment rate should have inched higher by one tick after holding steady over the past two months, as more jobseekers reenter the labour force.

**Forecast Implications**—Although we expect payrolls to come in flat for January, excluding census related hiring that should turn into a small decline. Hiring should start to turn positive again early in 2010, but the pace of improvement is likely to be slow as firms respond to growing demand in part by raising the hours of existing workers. That should keep the unemployment rate high well into the broader recovery, and we do not expect it to fall meaningfully back below 10% before 2011.

**Market Impact**—Following December’s disappointing employment report, the market is looking for some better news this time around. We believe that they will be only slightly disappointed with the January news.

**Other US Releases:**

**ISM Manufacturing Survey—January**

(Friday, 8:30 a.m.)

After surviving the longest and deepest post-war recession, American factories started humming again towards the end of the summer as an uptick in demand gave a much-needed boost to production. With consumer spending continuing to surprise and nominal manufacturing inventories growing again after 13 months

of straight declines, January’s ISM manufacturing index is expected to remain above the expansionary 50-point level. However, mixed regional manufacturing surveys suggest that the index may only climb slightly to a reading of 56 after a small gain in December.

## Equity Insights

Peter Buchanan and Meny Grauman

### Good Earnings Fail to Buoy Markets

Good earnings news hasn't helped investors recently. Longer term there's an obvious link between market performance and profits, since companies have to earn the cash to pay dividends. The short term link isn't as strong, however, in part because investors weigh more than one year's expected earnings performance. Historically, the TSX has rallied in 80% of years when earnings growth was positive, vs 60% when it wasn't. Even stunningly strong earnings growth hasn't at times ensured a positive year, as witnessed by the TSX's retreat in 1994 despite a 60% rise in earnings. The Fed and Bank tightened that year and the US also raised taxes. While there are some similarities to the present, the BOC's 300 bps rate hike then is treble what we expect in the second half of 2010. Investors who stayed put in 1994 moreover enjoyed a 60% rally in the next three years, as the Bank reconsidered its initial too hasty tightening actions.

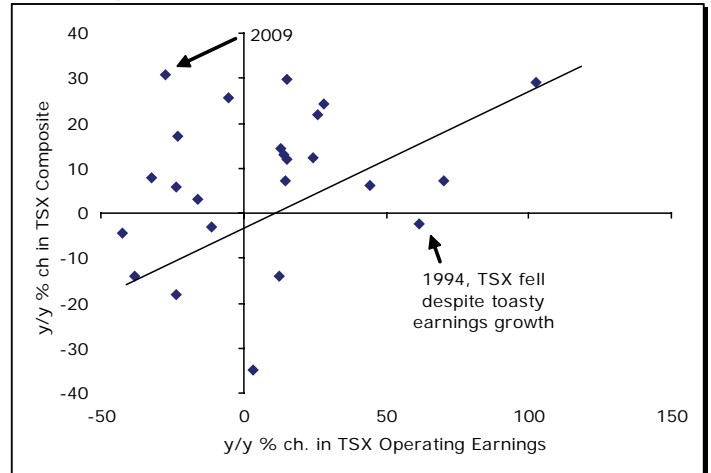
### US Consumer Spending: A "Healthy" Trend

Aided by the payroll rebate, consumer spending made further headway in Q4. But there are still reasons to focus on the consumer's health, quite literally. While the consumer's share of US GDP has grown continuously in the last decade or two, the rise is almost all due to health care spending. That's good news for pharmacies and purveyors of health care technology and orthopedic devices. But it's a less welcome development for other sectors like autos, who have faced growing competition for each consumer dollar.

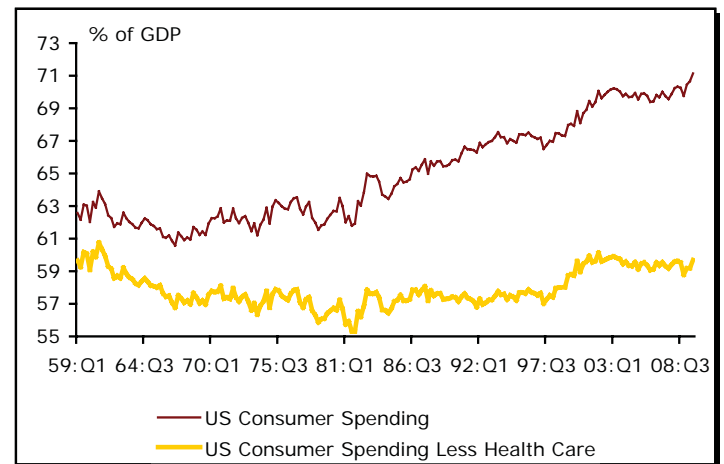
### Call it a Come Back

World trade continues to show remarkable momentum after a deep tumble early in 2009. According to the latest available figures produced by the Netherlands Bureau of Economic Policy Analysis, global trade volumes rose by 1.1% in November, and the three month moving average climbed by 2.3%, its largest increase on record. In level terms trade is still well below where it was before the recession, but is improving rapidly led by the developing economies which are clearly outpacing the progress in places like the US and Japan. All trade is not created equal, and Canadian firms that are more levered to sales in emerging markets are in a much better position coming out of this recession than companies reliant on US demand alone.

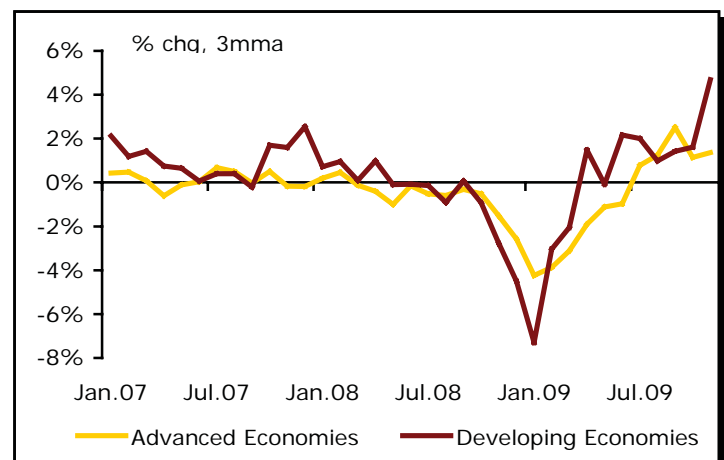
### Relationship Between TSX Composite and Earnings, 1986-2009



### Health Outlays Have Accounted for all of Rise in Consumers' GDP Share



### World Trade Volumes



## Currency Currents

Avery Shenfeld and Krishen Rangasamy

### For Those Afraid of Parity

The pick-up in economic growth raises the odds that the Bank of Canada will move ahead of the Fed, given America's much higher initial unemployment rate. As we saw with the A\$ after the RBA started tightening, such a step could spark a quick jump in the C\$. For exporters living in fear of a stronger loonie, the recent bout of weakness in the Canadian currency should therefore be monitored for an opportunity to hedge future US\$ receipts. The cost of buying a C\$ call option at a parity strike price nine months out has come down, both due to the movement in the spot level and a decline in implied vols. But at this point, the option premium implies a net benefit only if the C\$ is more than 2% stronger than parity. That's right in line with our September target, so we would like to see either a weaker spot or a further drop in vols to get aggressive on hedging at this point.

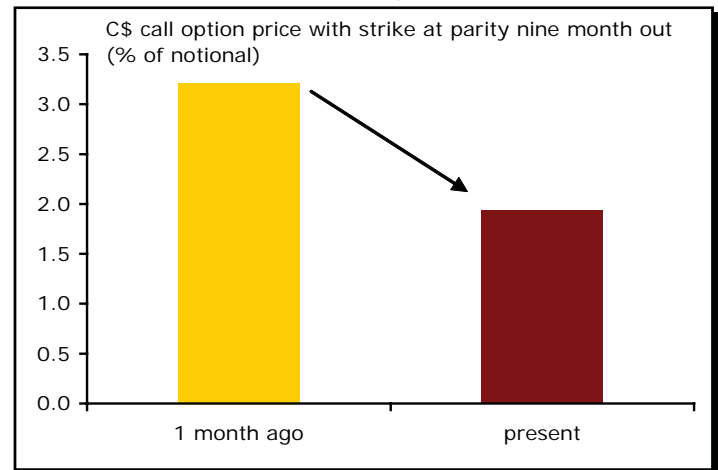
### Eurozone Recovery Limited by Consumers

The contraction in Q3 domestic demand in the eurozone could be followed by a similar decline in Q4, if the soft retail sales data is any guide. The expiry of fiscal incentives for auto purchases, the ongoing credit crunch and the still-weak labour market are clearly having an effect on restraining spending, and should continue to impose a speed limit on Eurozone growth in 2010, albeit mitigated in part by fiscal stimulus. All told, the euro will continue to feel the weight of a slow recovery and ongoing banking and fiscal problems in member nations.

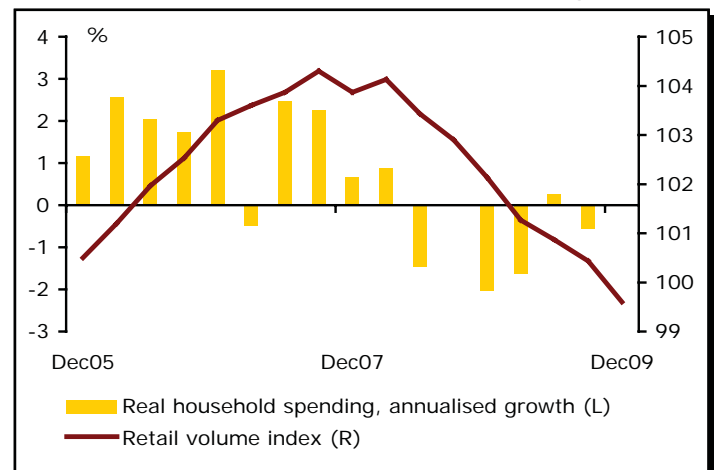
### Deflating the Recovery

The latest survey on consumer confidence from Japan's Cabinet Office painted a bleak picture for the domestic economy over the near term. Not only did it show declining confidence, but over 60% of respondents expected prices to either fall or stay unchanged over the next twelve months. That's the highest percentage since records started in 2004, and does not bode well for spending. While the newly minted US\$79 bn stimulus package may provide some offset, domestic demand is set to remain soft through 2010, weighed down by deflation and a still-frail labour market. That suggests Japan will need its export sector to rev up to pick up the slack, something that may prompt the government to discipline the misbehaving yen by talking once again about possible currency intervention.

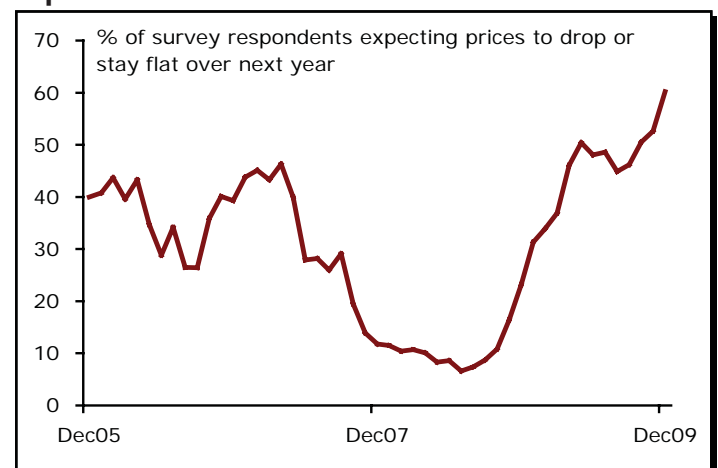
### Options to Buy C\$ at Parity Now Much Cheaper Than a Month Ago



### Eurozone Consumers Remain Challenged



### Deflationary Expectations Pick Up Speed in Japan



# CANADIAN RELEASE AND EVENT DATES January/February 2010



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
25	26	27	28	29 <b>INDUSTRIAL PRICES</b> 8:30 AM M (NSA) Y OCT -0.3 -6.4 NOV 0.9 -2.9 DEC -0.1 -0.8  <b>GDP BY INDUSTRY</b> 8:30 AM (2002\$) GDP IND.PROD. M M SEP 0.5 1.6 OCT 0.3 0.5 NOV 0.4 0.5
1	2	3 <b>INTERNATIONAL RESERVES</b> 8:15 AM \$BN \$BN CHANGE LEVEL NOV 0.184 56.4 DEC -2.063 54.4 JAN	4 <b>BUILDING PERMITS (\$)</b> 8:30 AM M M (RES) (NON-RES) OCT 6.1 43.8 NOV 9.4 -21.9 DEC  <b>IVEY PURCHASING MANAGERS' INDEX</b> 10:00 AM	5 <b>LABOUR FORCE SURVEY</b> 7:00 AM AVG EMPLOY UNEMP HRLY (HOUSE) RATE EARN M Y % Y NOV 0.5 -1.5 8.5 2.1 DEC 0.0 -1.4 8.5 2.2 JAN
8 <b>HOUSING STARTS</b> 8:15 AM 000's (AR) TOTAL SINGLES NOV 165 75 DEC 175 79 JAN	9 <b>Alberta Provincial Budget</b>	10 <b>MERCHANDISE TRADE</b> 8:30 AM \$MN 12 MO. BALANCE OCT 503 -3,315 NOV -344 -4,707 DEC	11 <b>NEW HOUSING PRICE INDEX</b> 8:30 AM	12 <b>CAR &amp; TRUCK SALES</b> 8:30 AM 000's (AR) TOTAL DOM.BUILT CAR SALES OCT 1,594 472 NOV 1,497 429 DEC
15  FAMILY DAY (Markets Closed)  <b>WAGE SETTLEMENTS</b> 10:00 AM (%) PVT. PUB. TOT. OCT 1.8 2.2 2.2 NOV 1.3 2.4 2.0 DEC	16 <b>SURVEY OF MANUFACTURING</b> 8:30 AM SHIPMENTS M Y OCT 2.1 -16.5 NOV 0.1 -10.0 DEC	17 <b>WHOLESALE TRADE</b> 8:30 AM	18 <b>CONSUMER PRICE INDEX</b> 7:00 AM M (NSA) Y NOV 0.5 1.0 DEC -0.3 1.3 JAN  <b>INT'L TRANSACTIONS IN SECURITIES C\$BN, NET</b> 8:30 AM BONDS MONEY STOCKS TOT MARKET OCT 6.2 -1.6 1.4 5.9 NOV 12.9 -1.9 -0.5 10.5 DEC	19 <b>RETAIL TRADE</b> 8:30 AM (Current\$) M Y OCT 1.0 -1.2 NOV -0.3 1.2 DEC  <b>LEADING INDICATOR</b> 8:30 AM
22	23	24 <b>QUARTERLY FINANCIAL STATISTICS</b> 8:30 AM	25	26 <b>BALANCE OF INT'L PAYMENTS</b> 8:30 AM CURR. ACCT. BAL. \$BN(QR) \$BN(AR) 09:Q2 -11.9 -47.8 09:Q3 -13.1 -52.5 09:Q4

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets Inc. Dates are subject to change. Sources for historical data: Statistics Canada, CMHC, Human Resources Development Canada and the Bank of Canada.

# U.S. RELEASE AND EVENT DATES January/February 2010



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<p>25</p> <p>EXISTING HOME SALES 10:00 AM</p>	<p>26</p> <p>S&amp;P/CASE-SHILLER HOUSE PRICE INDEX 9:00 AM</p> <p>CONSUMER CONFIDENCE 10:00 AM</p> <p>FOMC Meeting Begins</p> <p>2-Yr NOTE AUCTION</p> <p>BOT (9:00) REDBOOK (10:40)</p>	<p>27</p> <p>NEW HOME SALES 10:00 AM</p> <p>FOMC Rate Decision</p> <p>5-Yr NOTE AUCTION</p>	<p>28</p> <p>DURABLE GOODS ORDERS</p> <p>8:30 AM M Y</p> <p>OCT -0.1 -9.8</p> <p>NOV -0.4 -6.9</p> <p>DEC 0.3 -3.1</p> <p>7-Yr NOTE AUCTION</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>29</p> <p>GDP 8:30 AM (AR)</p> <p>REAL IMPLICIT GDP DEFULATOR</p> <p>09:Q2(F) -0.7 0.0</p> <p>09:Q3(F) 2.2 0.4</p> <p>09:Q4(A) 5.7 0.6</p> <p>EMPLOYMENT COST INDEX</p> <p>8:30 AM WAGES &amp; BEN.</p> <p>TOTAL SALARY</p> <p>09:Q2 0.4 0.4 0.3</p> <p>09:Q3 0.4 0.4 0.4</p> <p>09:Q4 0.5 0.5 0.5</p> <p>CHICAGO PMI 9:45 AM</p> <p>MICHIGAN SENTIMENT (F) 10:00 AM</p>
<p>1</p> <p>PERS. INCOME &amp; OUTLAYS</p> <p>8:30 AM SAVING RATE</p> <p>INCOME CONS M M AR</p> <p>OCT 0.3 0.6 4.7</p> <p>NOV 0.4 0.5 4.7</p> <p>DEC</p> <p>ISM MFG SURVEY</p> <p>10:00 AM COMP. PRICES INDEX INDEX</p> <p>NOV 53.6 55.0</p> <p>DEC 55.9 61.5</p> <p>JAN</p> <p>2, 5, 7-Yr NOTE SETTLEMENT</p>	<p>2</p> <p>LIGHT VEHICLES SALES MIL (AR) Y</p> <p>NOV 10.889 5.0</p> <p>DEC 11.207 8.8</p> <p>JAN</p> <p>BOT (9:00) REDBOOK (10:40)</p>	<p>3</p> <p>ADP SURVEY 8:15 AM</p> <p>ISM NON-MFG SURVEY 10:00 AM</p> <p>3, 10-Yr NOTE ANNOUNCEMENT</p> <p>30-Yr BOND ANNOUNCEMENT</p>	<p>4</p> <p>NON-FARM PRODUCTIVITY</p> <p>8:30 AM Q/Q (AR) Y/Y</p> <p>09:Q2 (R) 6.9 1.9</p> <p>09:Q3 (R) 8.1 4.0</p> <p>09:Q4 (P)</p> <p>FACTORY ORDERS</p> <p>10:00 AM M Y</p> <p>OCT 0.8 -10.4</p> <p>NOV 1.1 -3.2</p> <p>DEC</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>5</p> <p>EMPLOY. SITUATION</p> <p>8:30 AM</p> <p>NON-FARM UNEMP HRLY</p> <p>CIV UNEMP RATE EARN</p> <p>AVG HRLY EARN</p> <p>(000s) M % Y</p> <p>NOV 4 10.0 2.3</p> <p>DEC -85 10.0 2.2</p> <p>JAN</p> <p>CONSUMER CREDIT 3:00PM</p>
<p>8</p>	<p>9</p> <p>3-Yr NOTE AUCTION</p> <p>BOT (9:00) REDBOOK (10:40)</p>	<p>10</p> <p>GOODS &amp; SERVICES BALANCE (BOP) \$B</p> <p>8:30 AM GDS SERV TOT</p> <p>OCT -45.2 12.0 -33.2</p> <p>NOV -48.4 12.0 -36.4</p> <p>DEC</p> <p>TREASURY BUDGET 2:00 PM</p> <p>10-Yr NOTE AUCTION</p>	<p>11</p> <p>RETAIL SALES</p> <p>8:30 AM M Y</p> <p>NOV 1.8 2.5</p> <p>DEC -0.3 5.4</p> <p>JAN</p> <p>BUSINESS INVENTORIES 10:00 AM</p> <p>MONEY SUPPLY M-2</p> <p>4:30 PM M Y</p> <p>NOV 0.4 5.1</p> <p>DEC 0.2 3.1</p> <p>JAN</p> <p>30-Yr BOND AUCTION</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>12</p> <p>MICHIGAN SENTIMENT (P) 10:00 AM</p>
<p>15</p> <p>PRESIDENT'S DAY (HOLIDAY)</p>	<p>16</p> <p>NET CAPITAL INFLOWS TICS 9:00 AM</p> <p>3, 10, 30-Yr NOTE SETTLEMENT</p> <p>BOT (9:00) REDBOOK (10:40)</p>	<p>17</p> <p>HOUSING STARTS</p> <p>8:30 AM MIL (AR) M</p> <p>NOV 0.580 10.7</p> <p>DEC 0.557 -4.0</p> <p>JAN</p> <p>CAPACITY UTIL/IND. PROD.</p> <p>9:15 AM LEV M Y</p> <p>NOV 71.5 0.6 -4.9</p> <p>DEC 72.0 0.6 -2.1</p> <p>JAN</p> <p>FOMC Minutes</p>	<p>18</p> <p>PRODUCE PRICE INDEX</p> <p>8:30 AM M (SA) Y (NSA)</p> <p>NOV 1.8 2.4</p> <p>DEC 0.2 4.4</p> <p>JAN</p> <p>PHILADELPHIA FED INDEX 10:00 AM</p> <p>LEADING INDICATOR 10:00 AM</p> <p>2, 5, 7-Yr NOTE ANNOUNCEMENT</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>19</p> <p>CONSUMER PRICE INDEX</p> <p>8:30 AM M (SA) Y (NSA)</p> <p>NOV 0.4 1.8</p> <p>DEC 0.1 2.7</p> <p>JAN</p>
<p>22</p>	<p>23</p> <p>S&amp;P/CASE-SHILLER HOUSE PRICE INDEX 9:00 AM</p> <p>CONSUMER CONFIDENCE 10:00 AM</p> <p>2-Yr NOTE AUCTION</p> <p>BOT (9:00) REDBOOK (10:40)</p>	<p>24</p> <p>NEW HOME SALES 10:00 AM</p> <p>5-Yr NOTE AUCTION</p>	<p>25</p> <p>DURABLE GOODS ORDERS</p> <p>8:30 AM M Y</p> <p>NOV -0.4 -6.9</p> <p>DEC 0.3 -3.1</p> <p>JAN</p> <p>7-Yr NOTE AUCTION</p> <p>INITIAL JOBLESS CLAIMS (8:30)</p>	<p>26</p> <p>GDP 8:30 AM (AR)</p> <p>REAL IMPLICIT GDP DEFULATOR</p> <p>09:Q3(F) 2.2 0.4</p> <p>09:Q4(A) 5.7 0.6</p> <p>09:Q4(P)</p> <p>CHICAGO PMI 9:45 AM</p> <p>MICHIGAN SENTIMENT (F) 10:00 AM</p> <p>EXISTING HOME SALES 10:00 AM</p>

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets inc. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labor and U.S. Federal Reserve Board.

**Conflicts of Interest:** CIBC World Markets' analysts and economists are compensated from revenues generated by various CIBC World Markets businesses, including CIBC World Markets' Investment Banking Department. CIBC World Markets may have a long or short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should not rely solely on this report in evaluating whether or not to buy or sell the securities of the subject company.

**Legal Matters:** This report is issued and approved for distribution by (i) in Canada by CIBC World Markets Inc., a member of the IIROC and CIPF, (ii) in the UK, CIBC World Markets plc, which is regulated by the FSA, and (iii) in Australia, CIBC World Markets Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC World Markets"). This report is distributed in the United States by CIBC World Markets Inc. and has not been reviewed or approved by CIBC World Markets Corp., a member of the New York Stock Exchange ("NYSE"), NASD and SIPC. This report is intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a major institutional investor. Major Institutional Investors receiving this report should effect transactions in securities discussed in the report through CIBC World Markets Corp. This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets 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 clients of CIBC World Markets Australia Limited.

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC World Markets Inc. 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 World Markets Inc. 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 judgements as of the date of this report and are subject to change without notice.

Although each company issuing this report is a wholly owned subsidiary of Canadian Imperial Bank of Commerce ("CIBC"), each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation ("FDIC"), the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of CIBC, (iii) will not be endorsed or guaranteed by CIBC, and (iv) will be subject to investment risks, including possible loss of the principal invested. The CIBC trademark is used under license.

© 2009 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.