

Outlook 2008

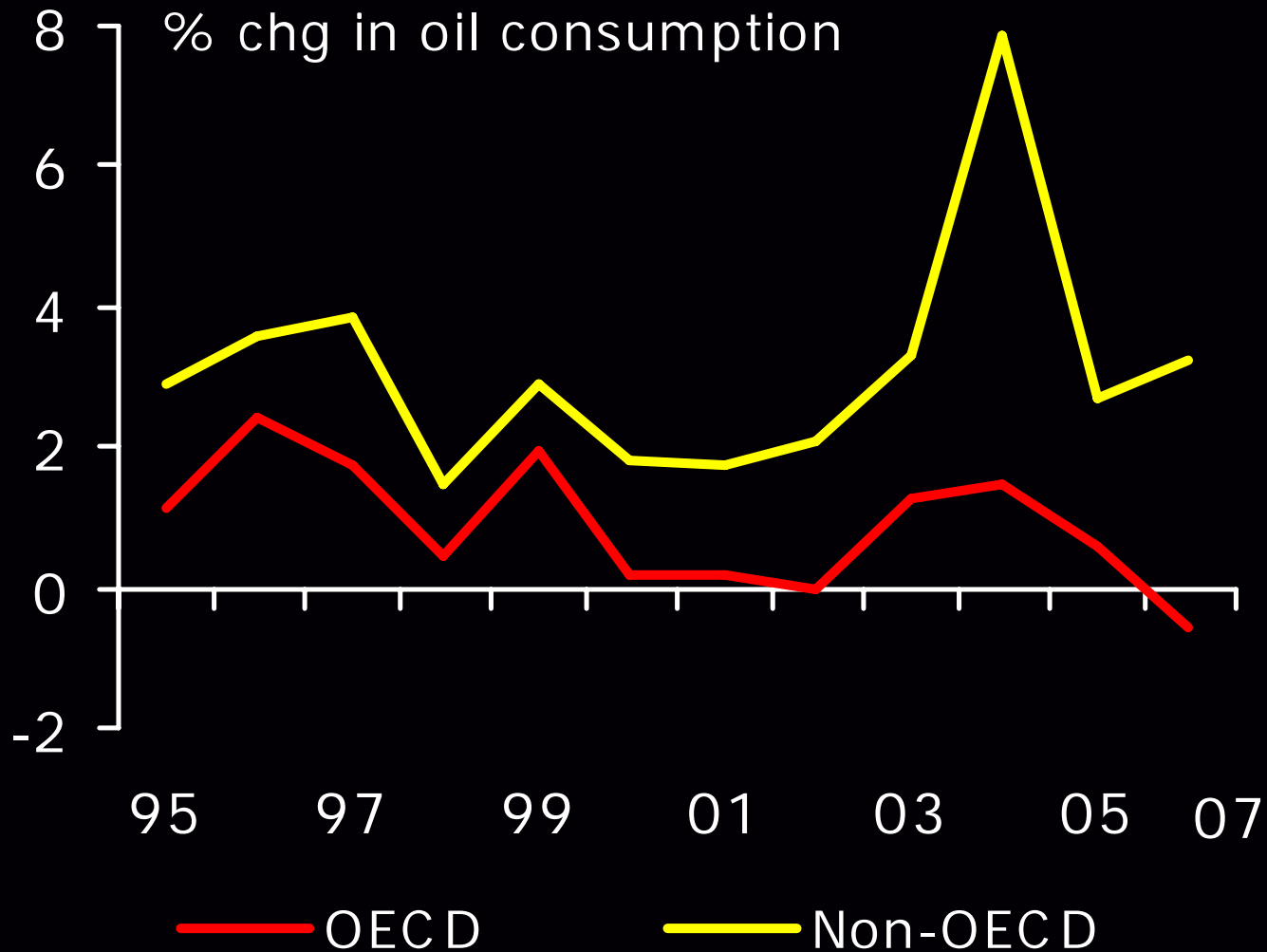
Jeff Rubin, Chief Economist & Chief Strategist
Avery Shenfeld, Managing Director and Senior Economist



CIBC
World Markets

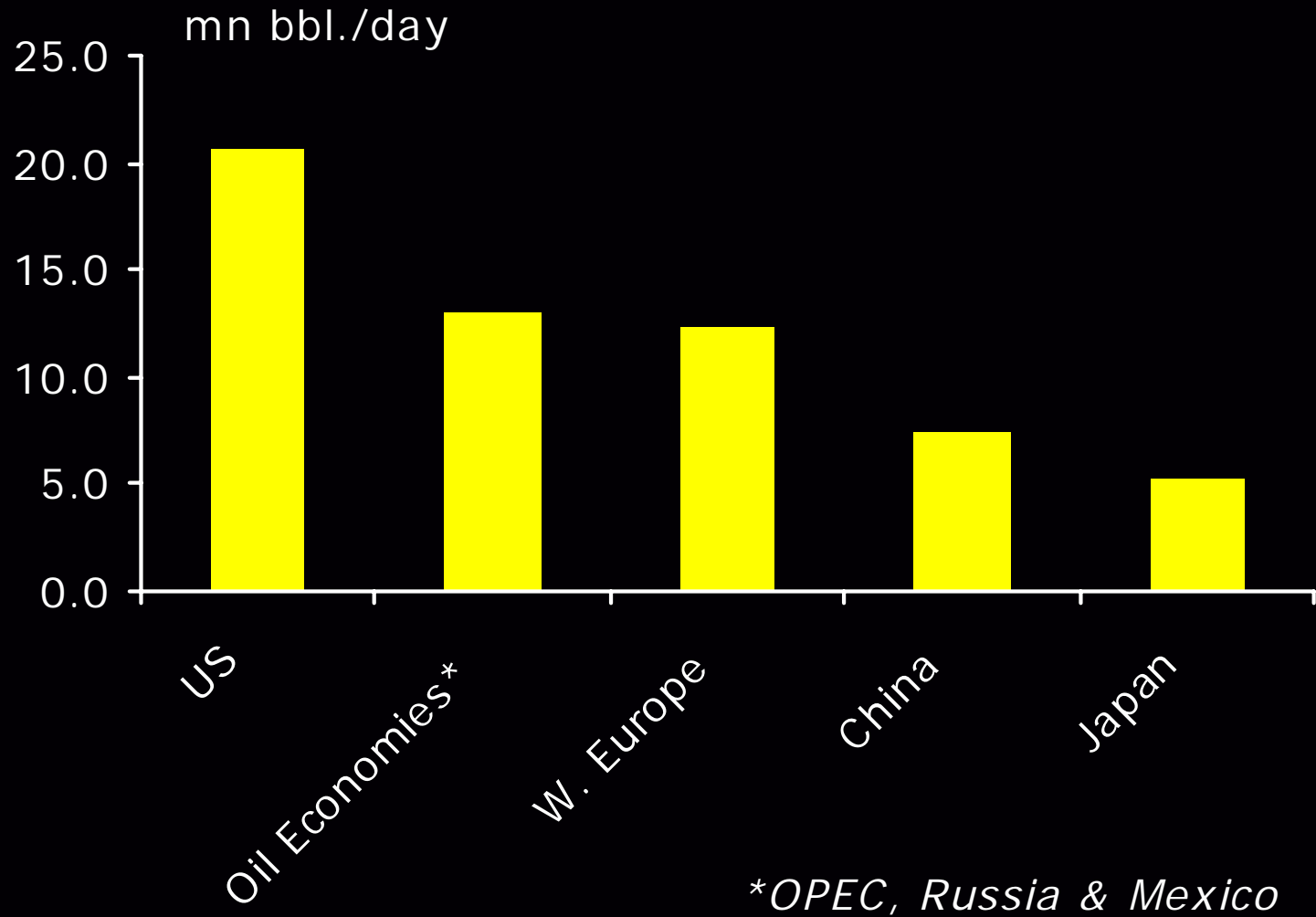
January 2008
Economics & Strategy

Two Very Different Consumption Trends

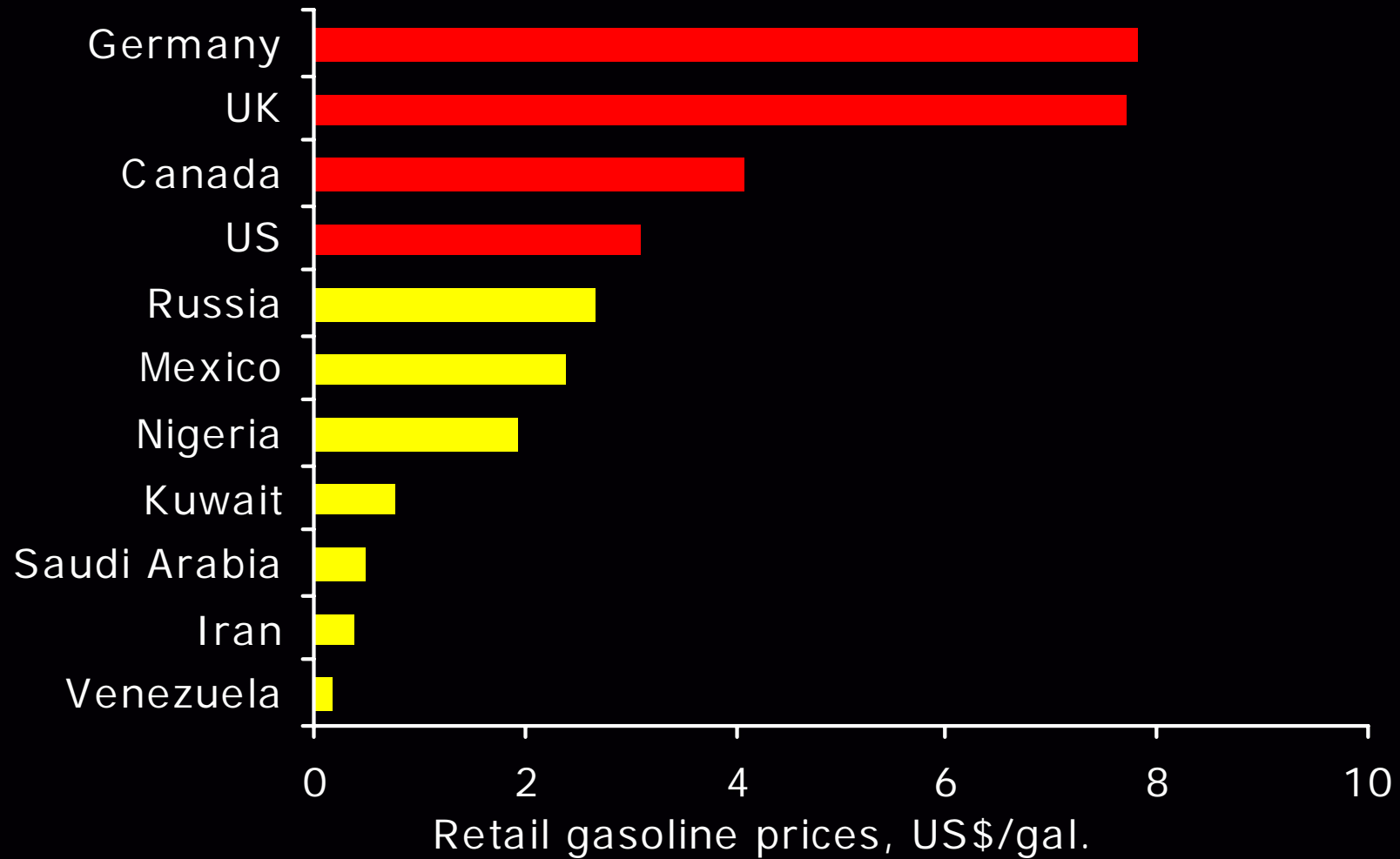


Oil-Producer Countries

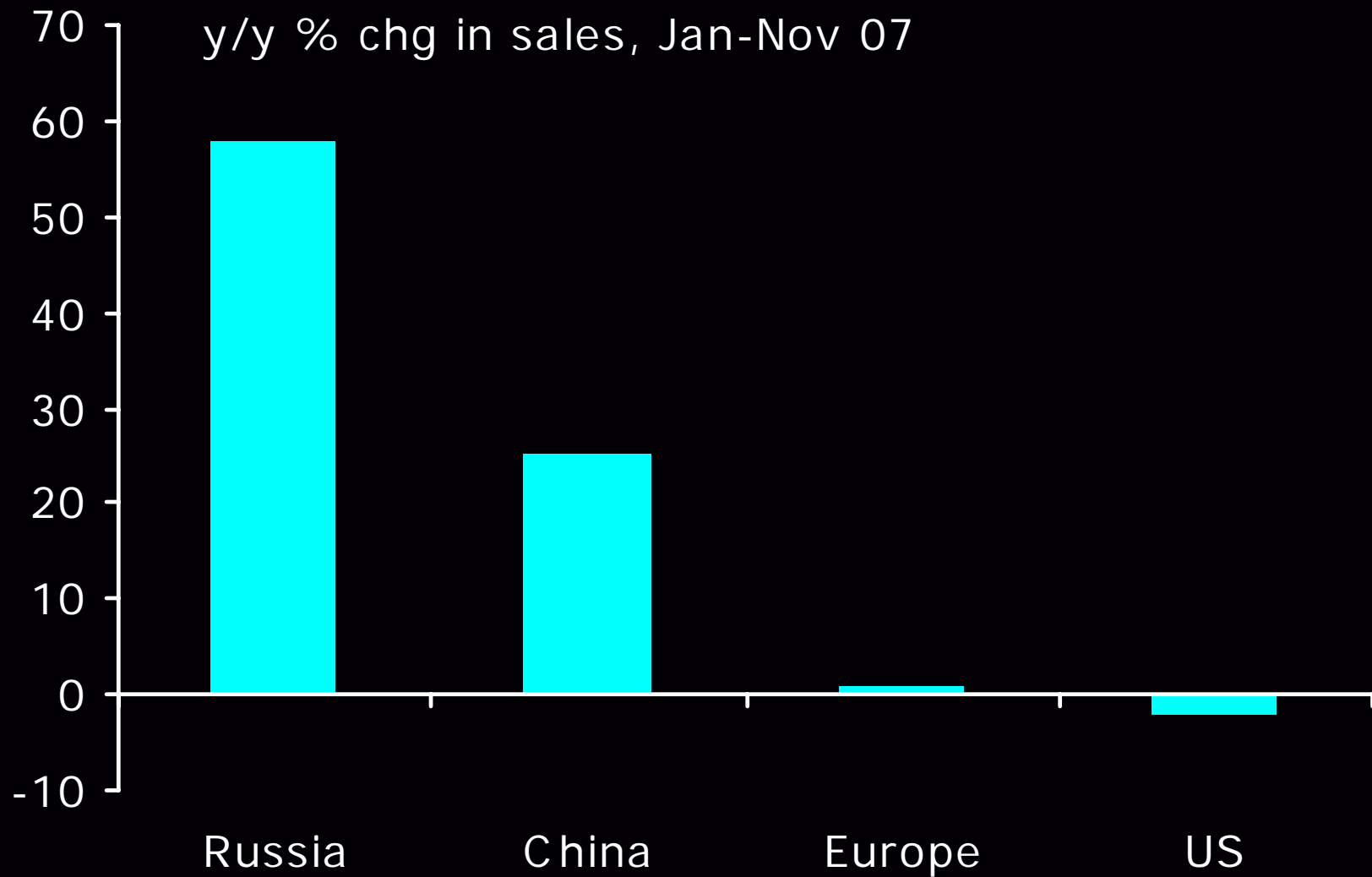
World's Second Largest Oil Market



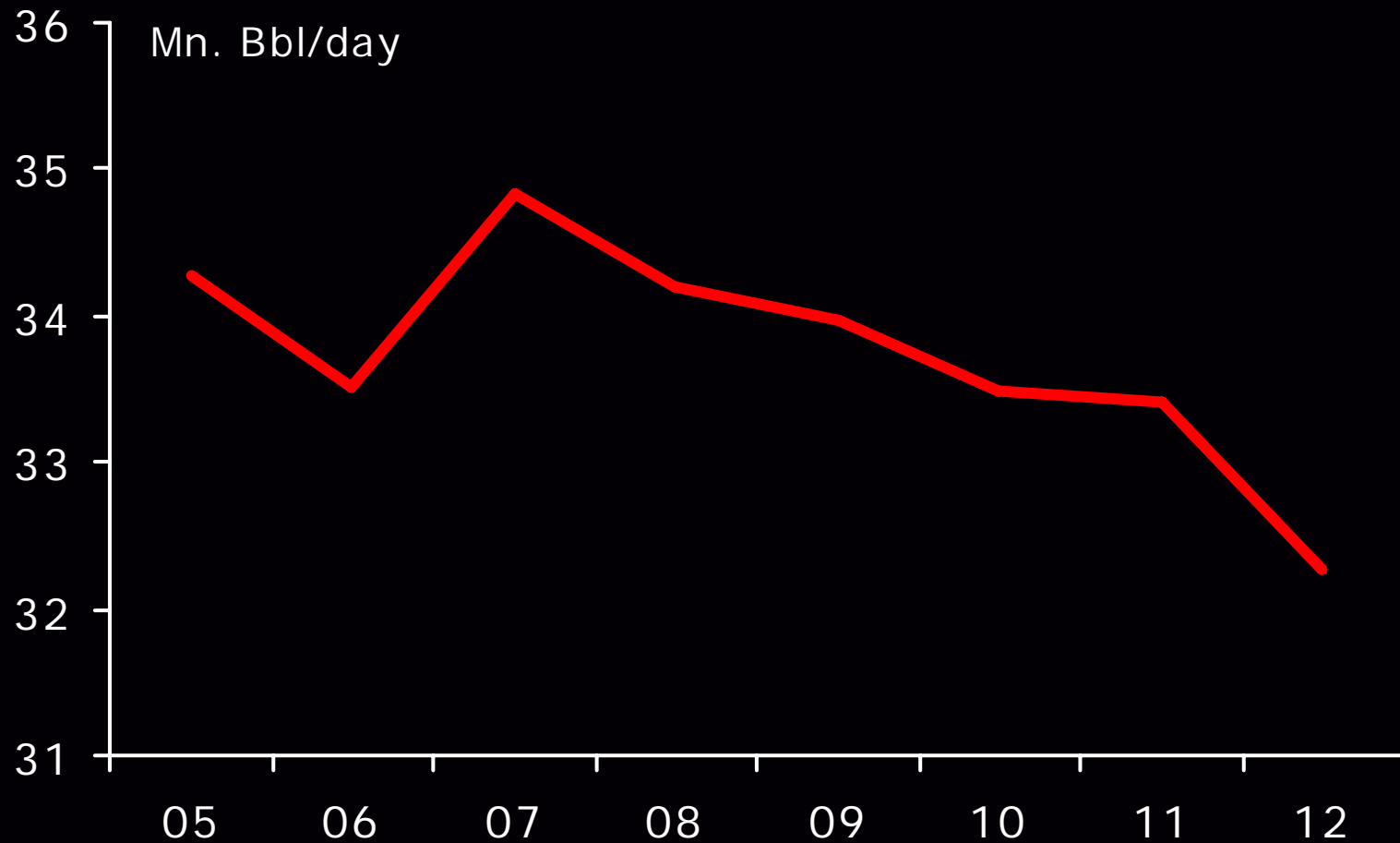
Gasoline Prices Around the World



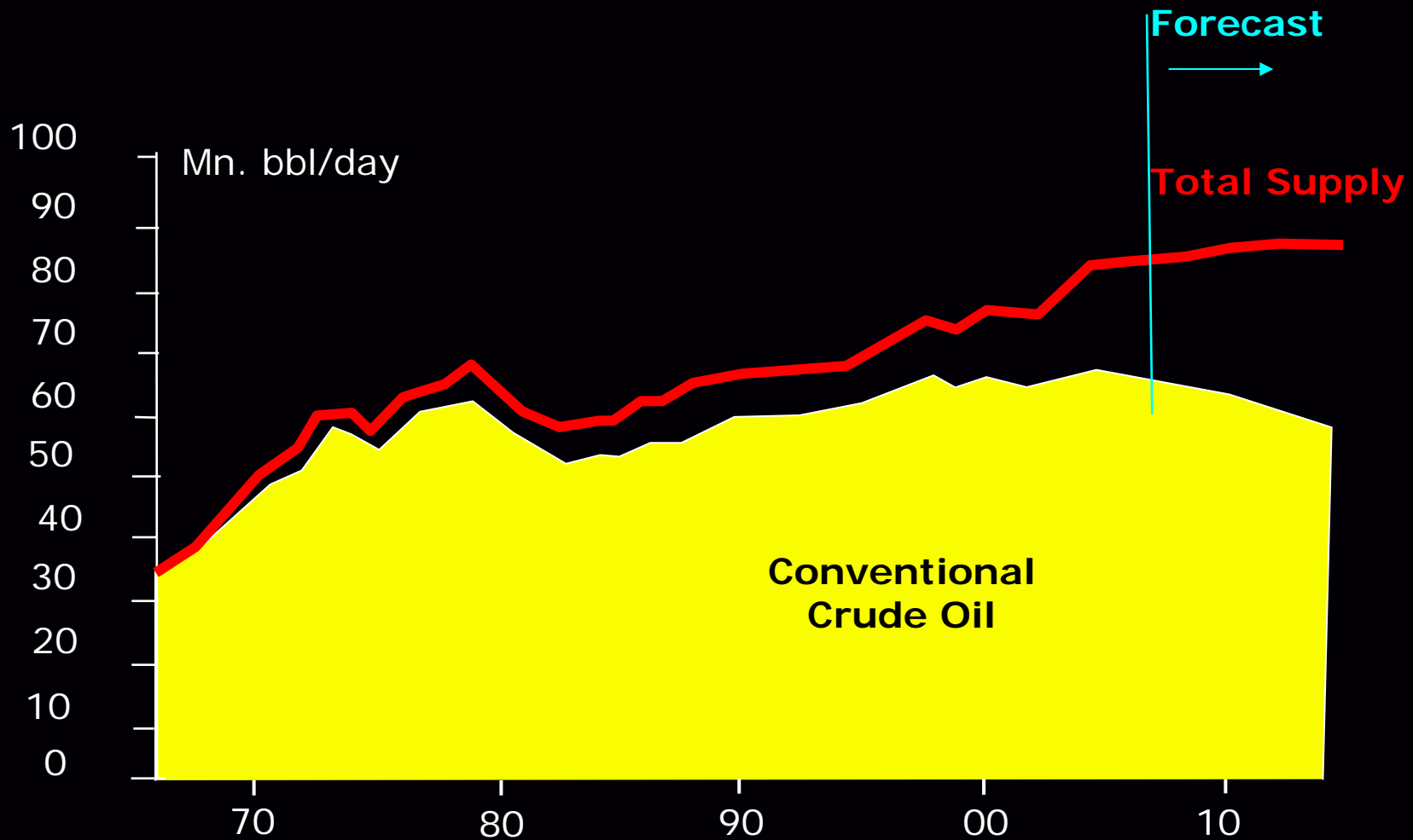
Soaring Rates of Car Ownership



Exports: OPEC, Russia and Mexico

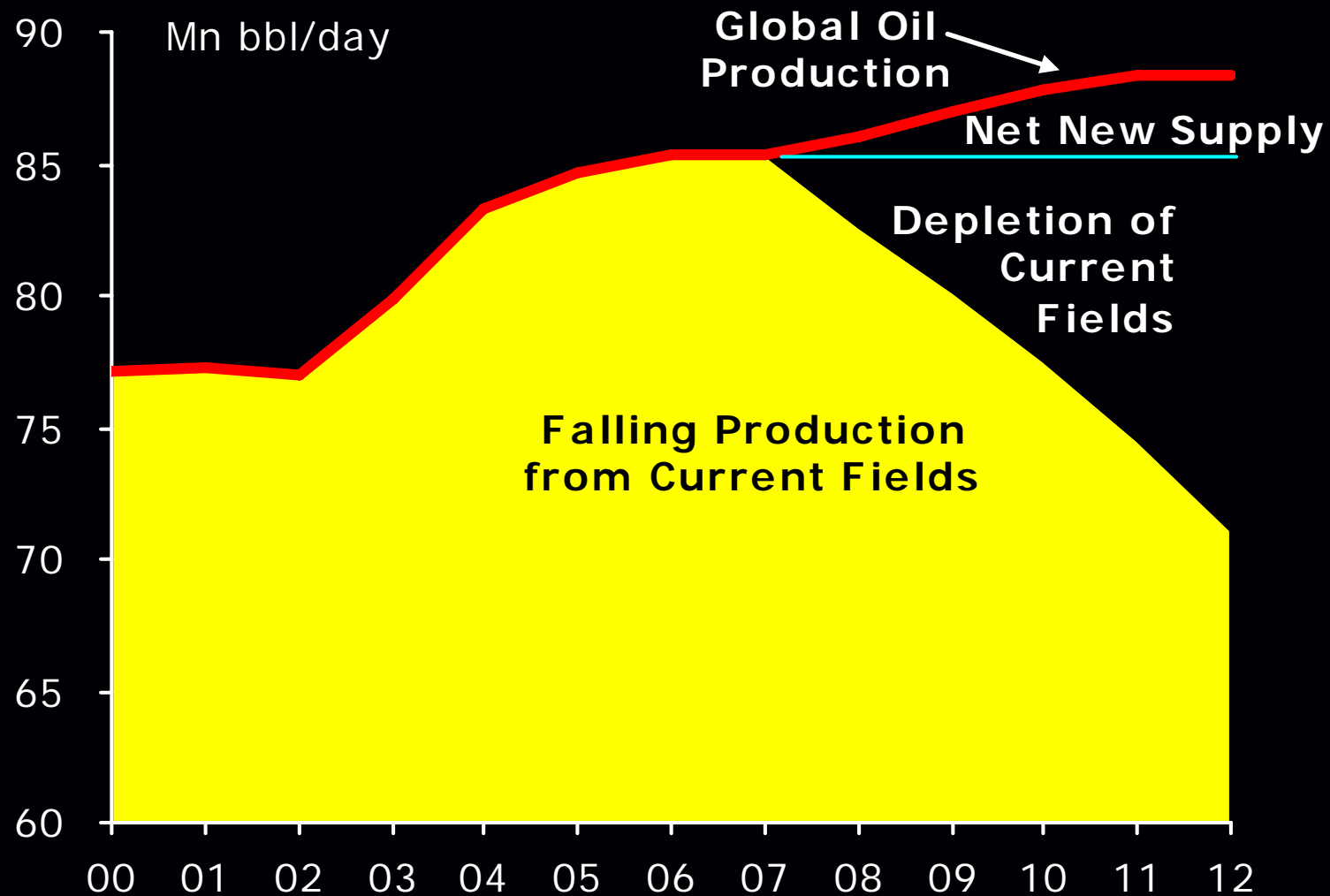


Conventional Oil Production Has Not Grown Since 2004

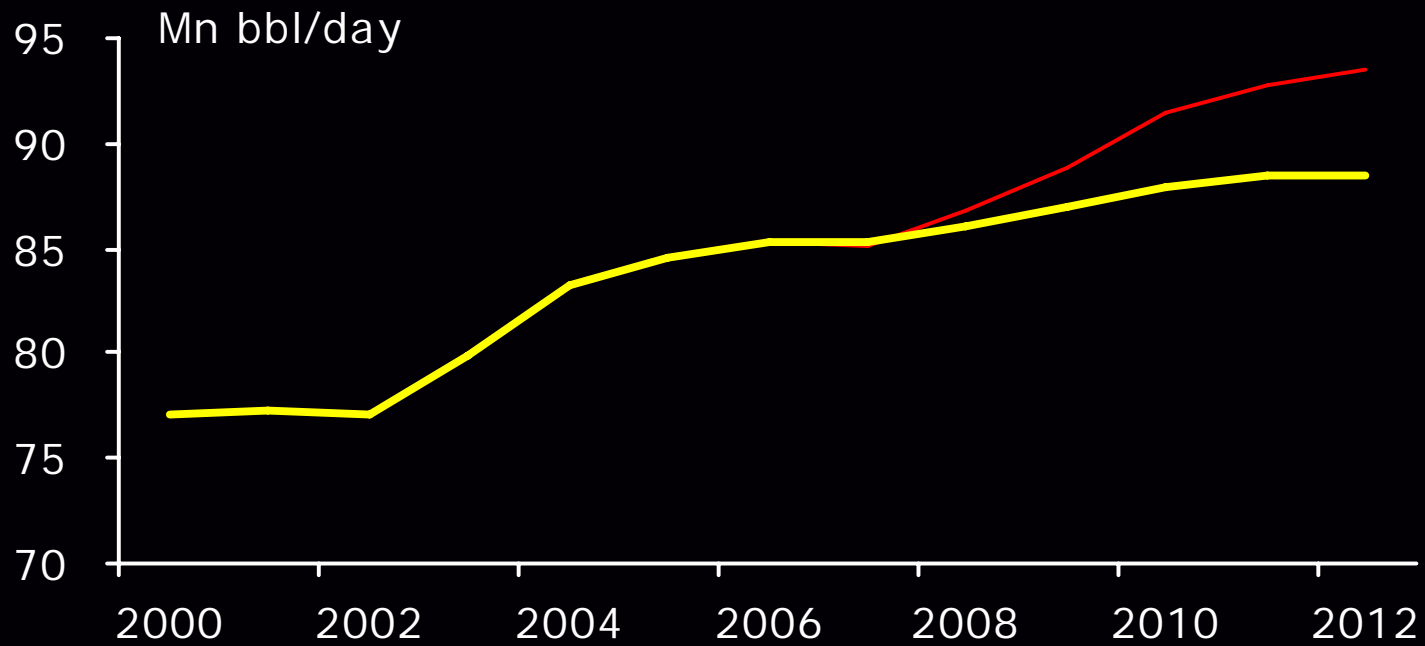


Source: CIBC WM, ASPO

Depletion Adds to Needed Capacity Growth

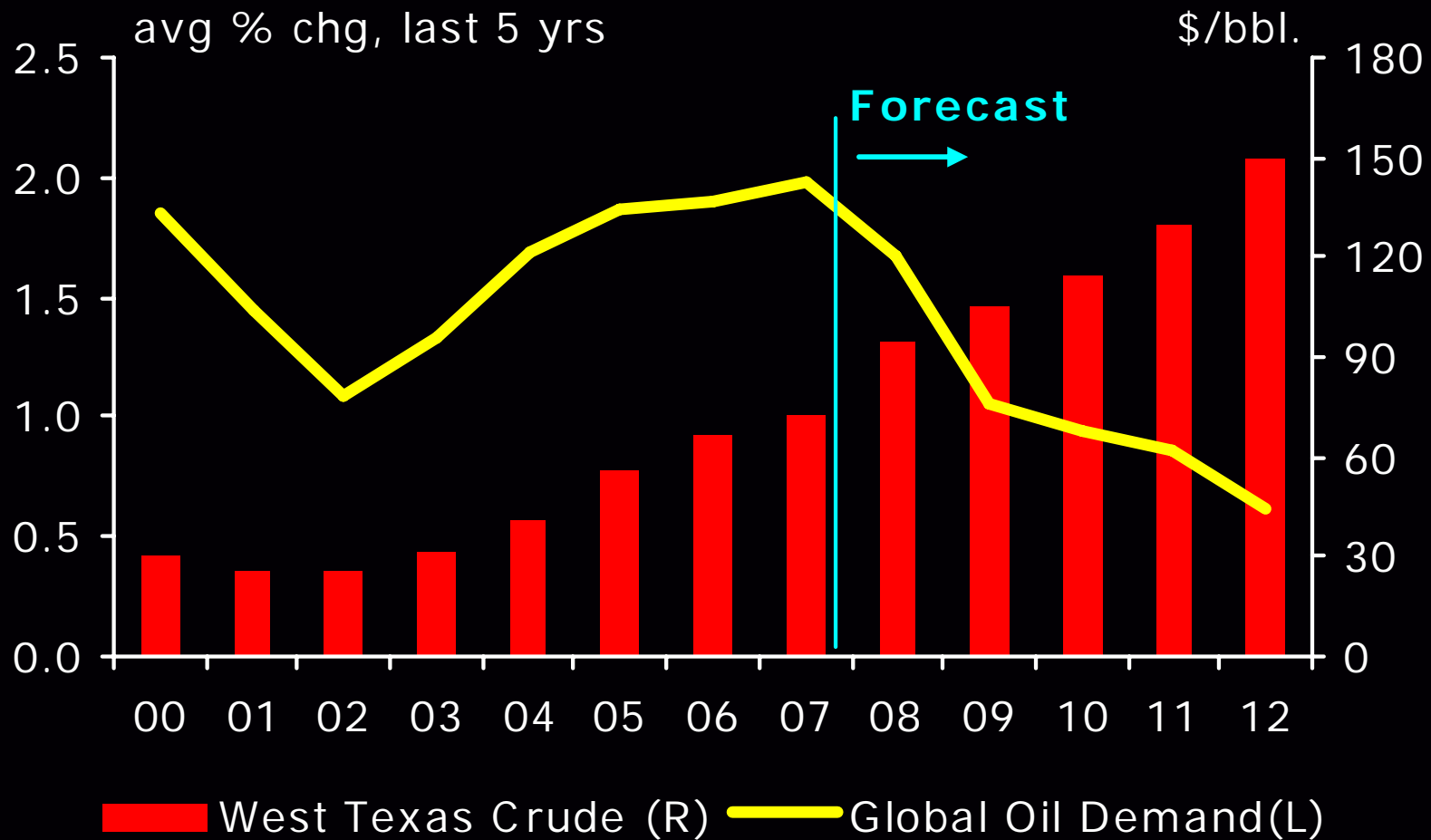


Scheduled versus Probable New Global Production

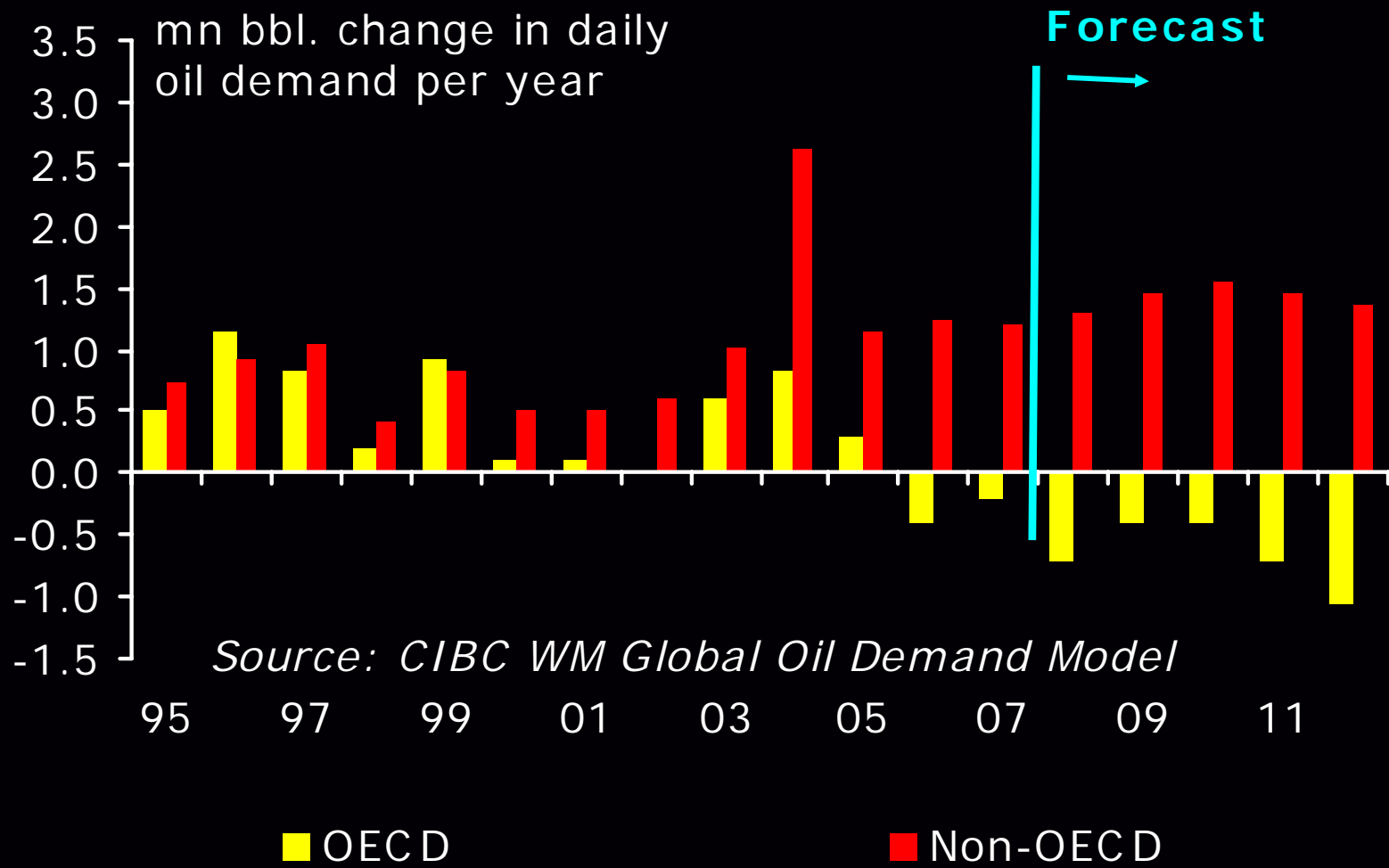


- Optimistic--No project delays
- with delays in Kashagan, other projects

Still Higher Crude Prices Needed to Ration Limited Supply Growth

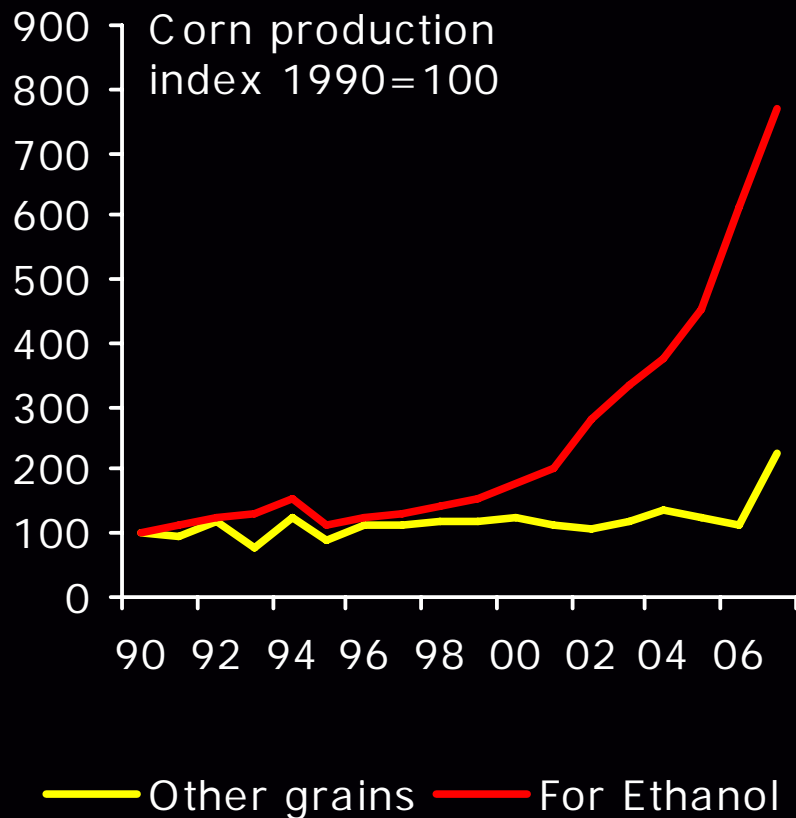


Rising Prices Will Hit OECD Market the Hardest

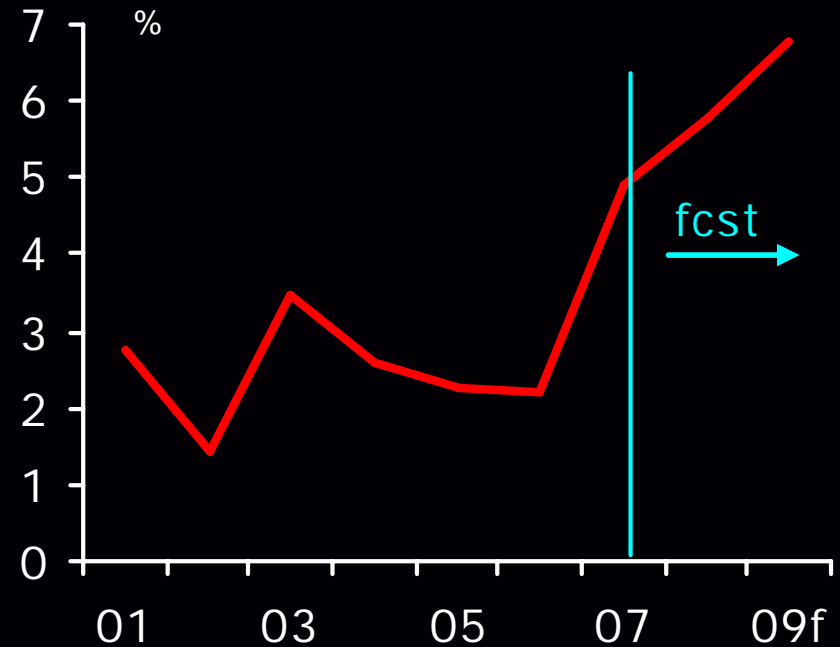


Ethanol Fuels Food Inflation

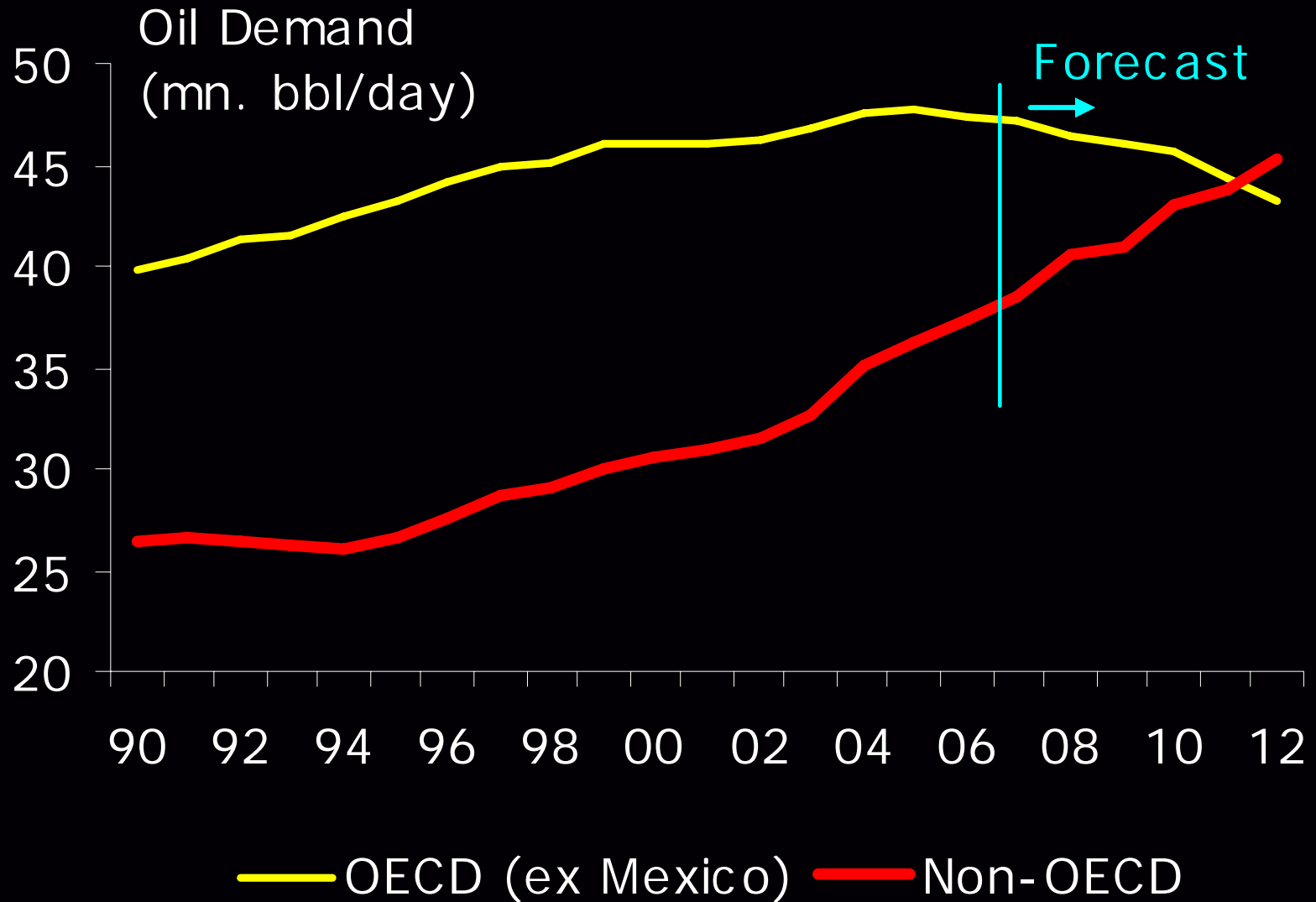
Rising Fast...



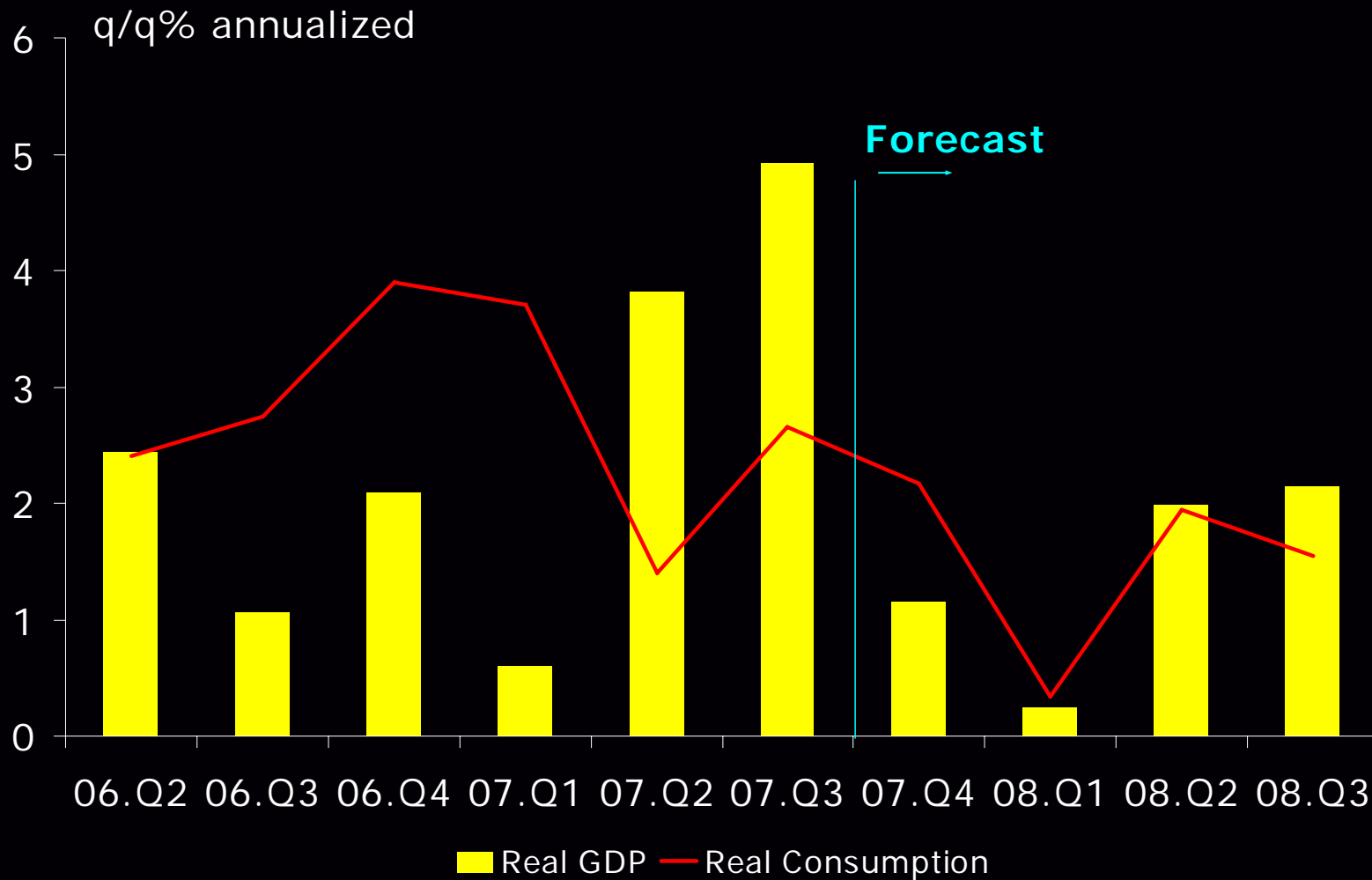
Food Inflation (year-end)



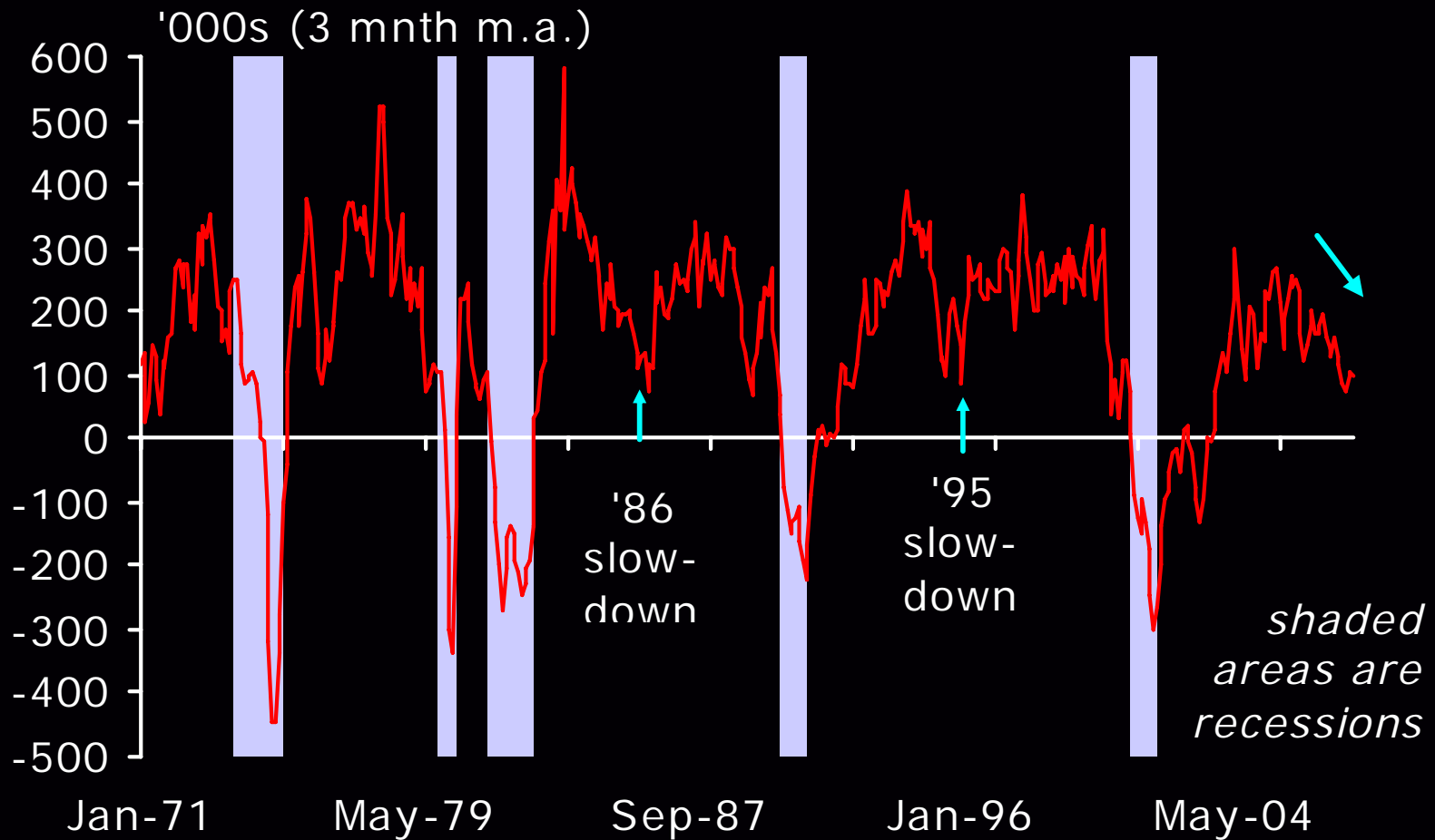
The Carbon Tariff?



US GDP: Close to Recession, But...

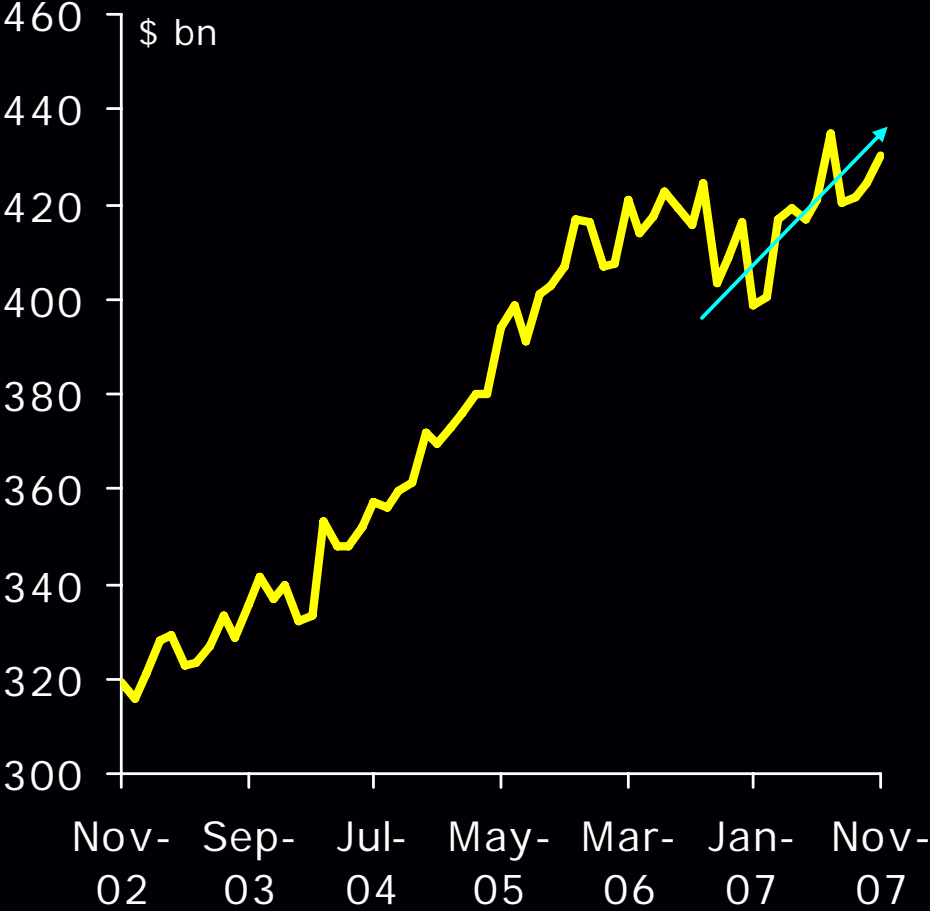


US Payrolls Trend: Consistent with Past Mid-Cycle Slowdowns



Orders Climbing, Inventories Contained

Factory Orders

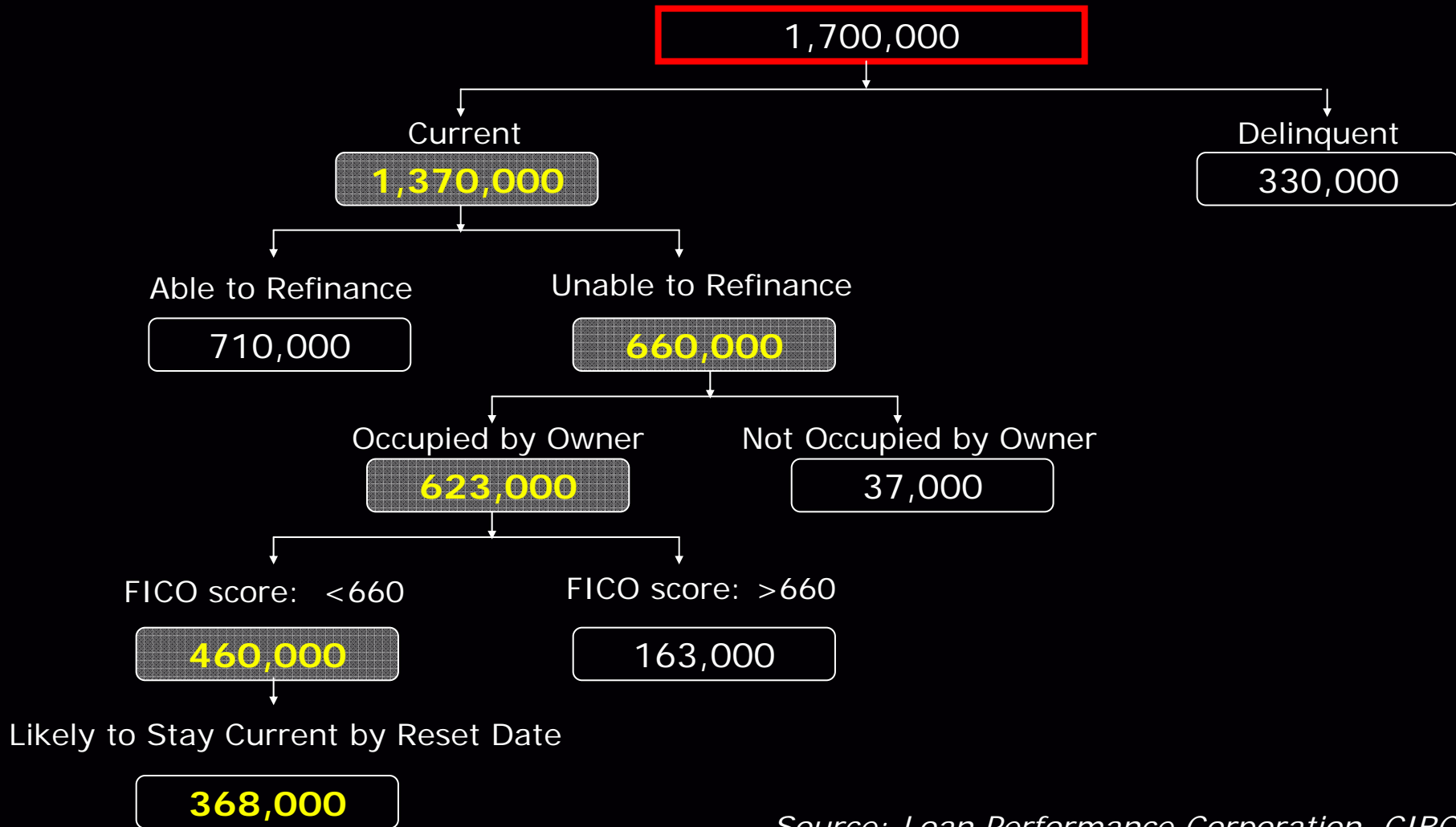


Business Inventory/Sales Ratio



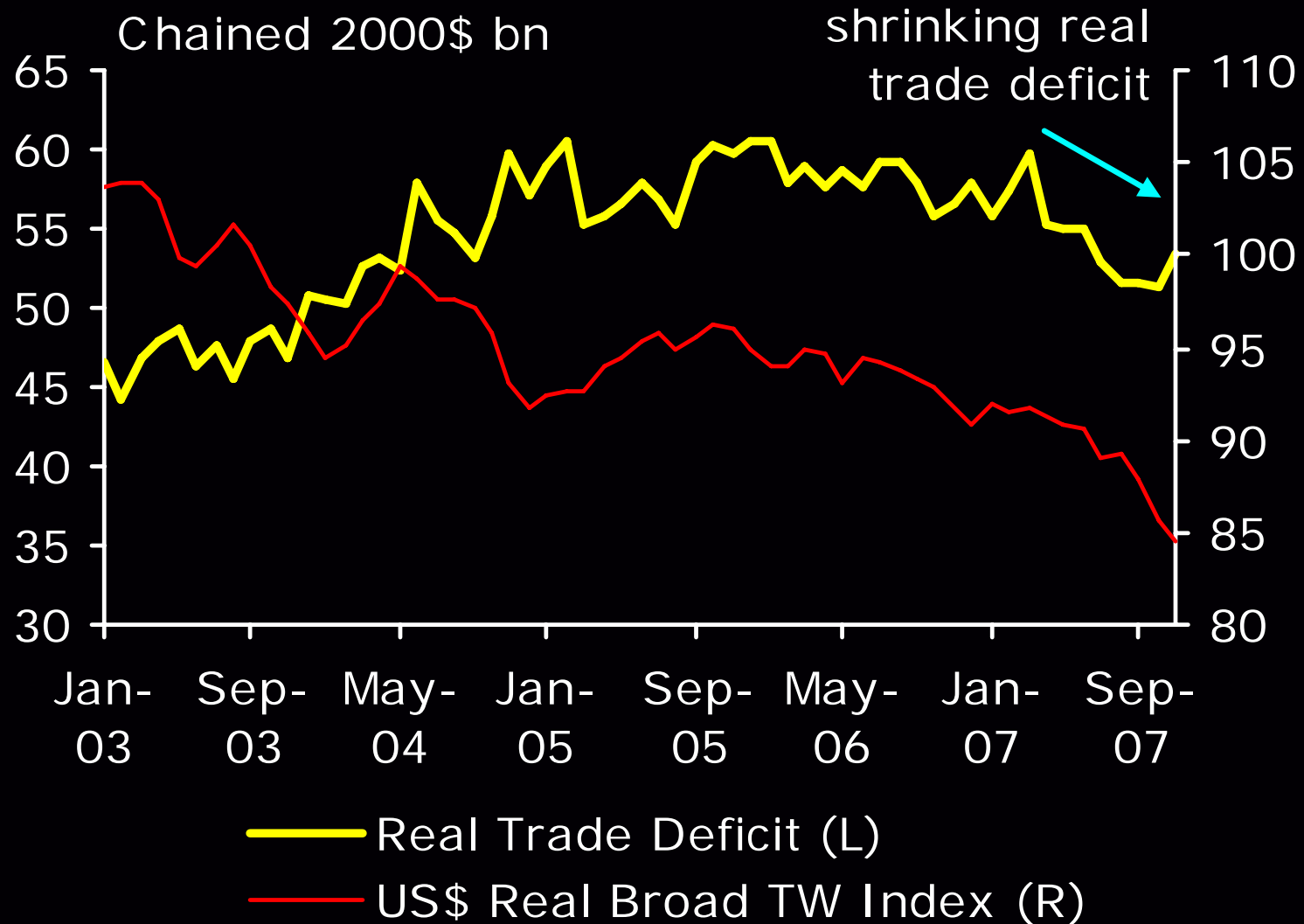
Who Qualifies for Mortgage Reset Freeze?

No. of Mortgages to Face Reset between Jan 2008-Jul 2010

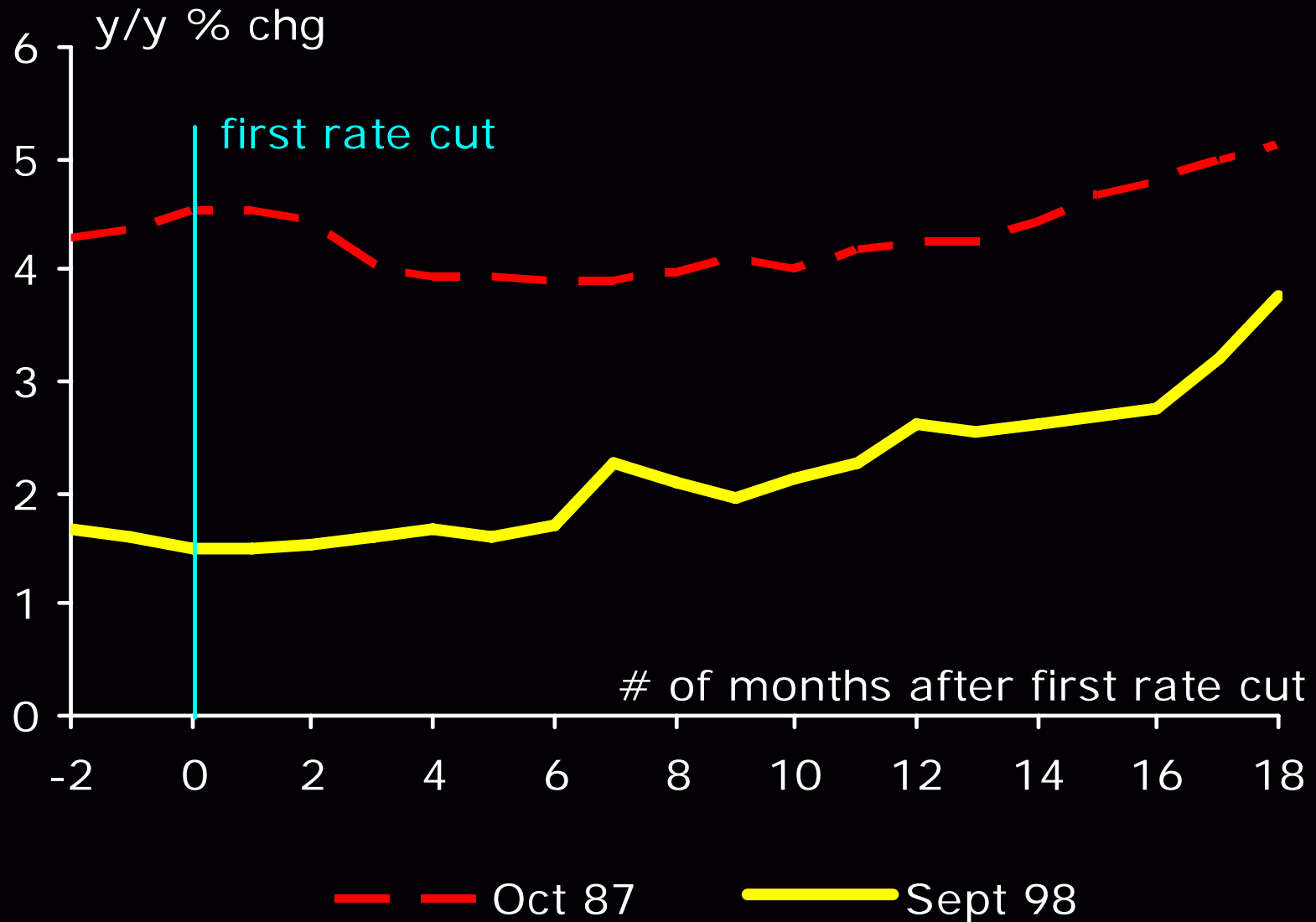


Source: Loan Performance Corporation, CIBCWM

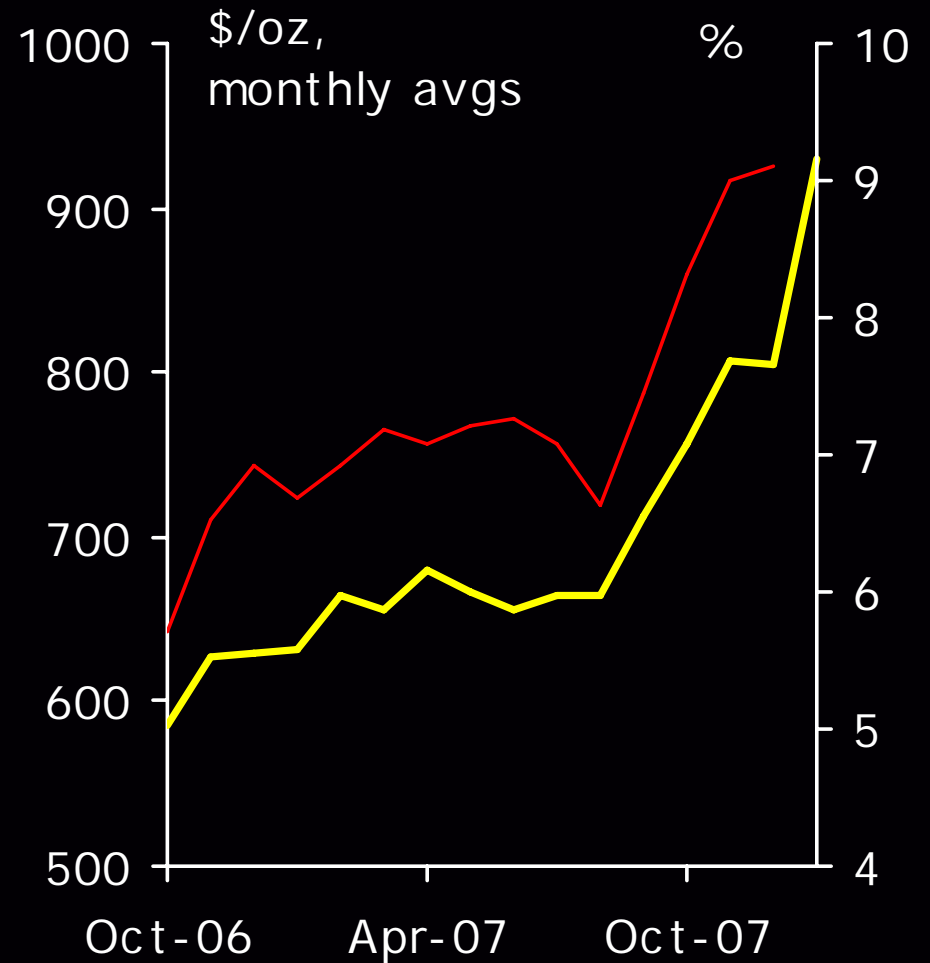
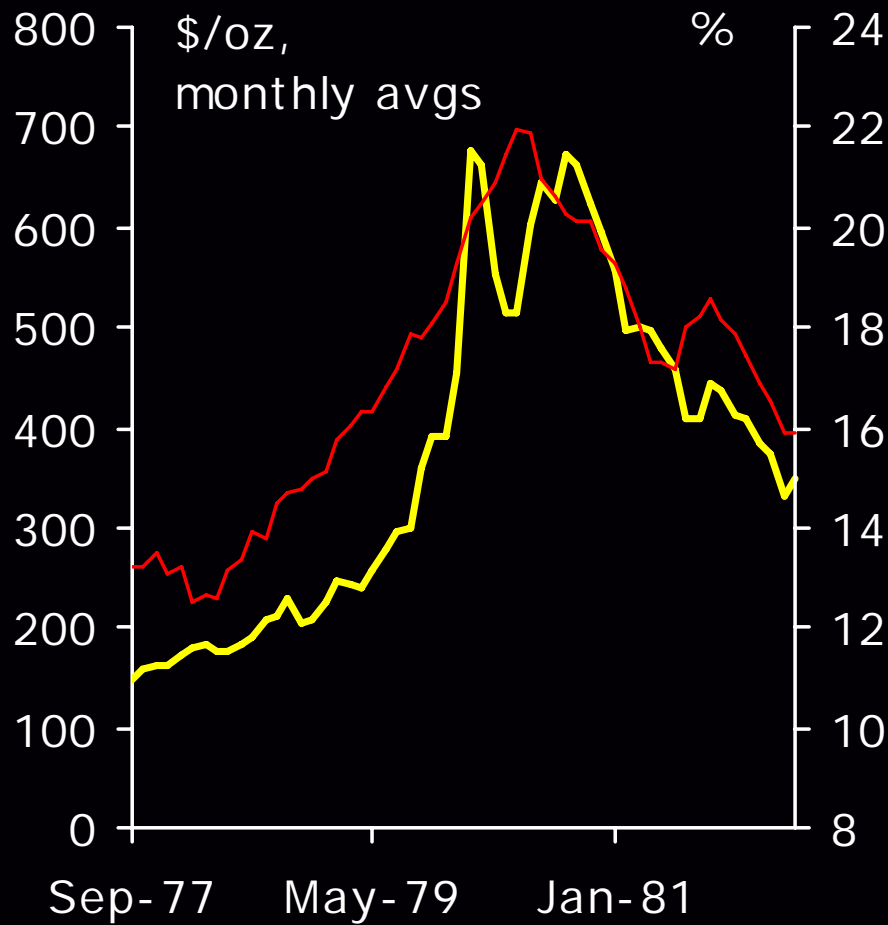
Weak US\$ Starting to Shrink Trade Troubles



Inflation Experience After Mid-Cycle Fed Ease



Stagflation Boosts Gold

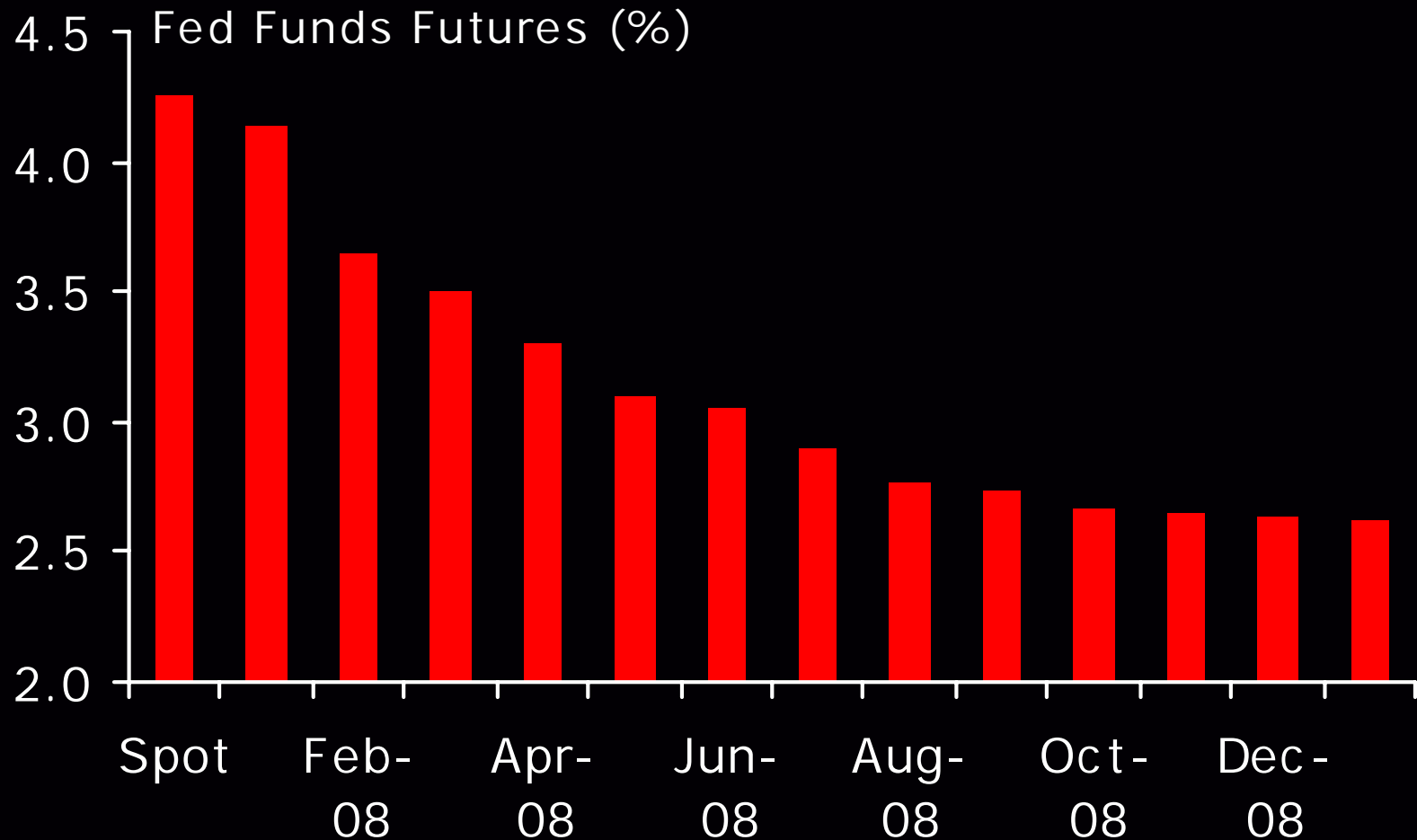


— Gold Price (left)

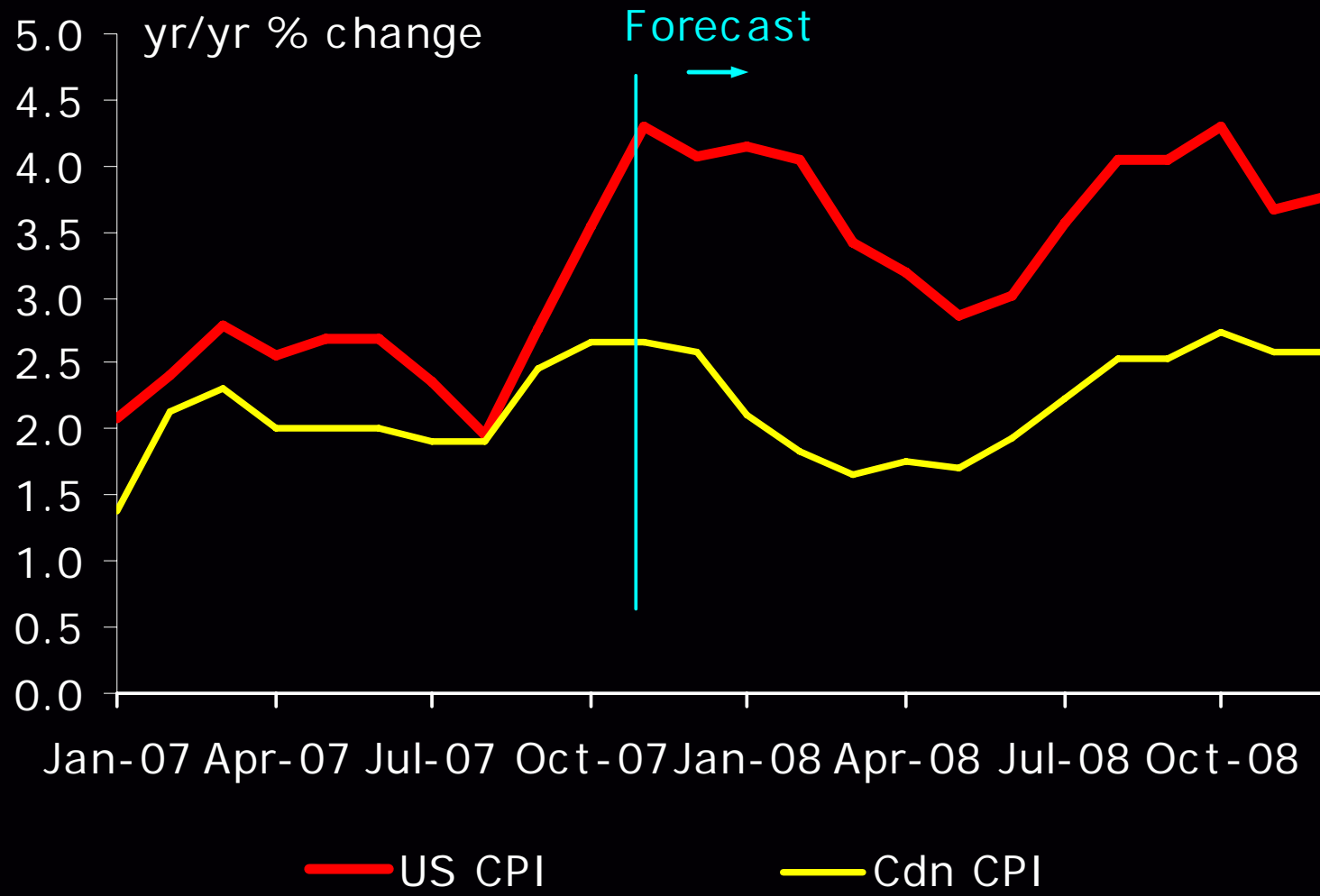
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US Misery Index = unemploy + inflation rate (right)

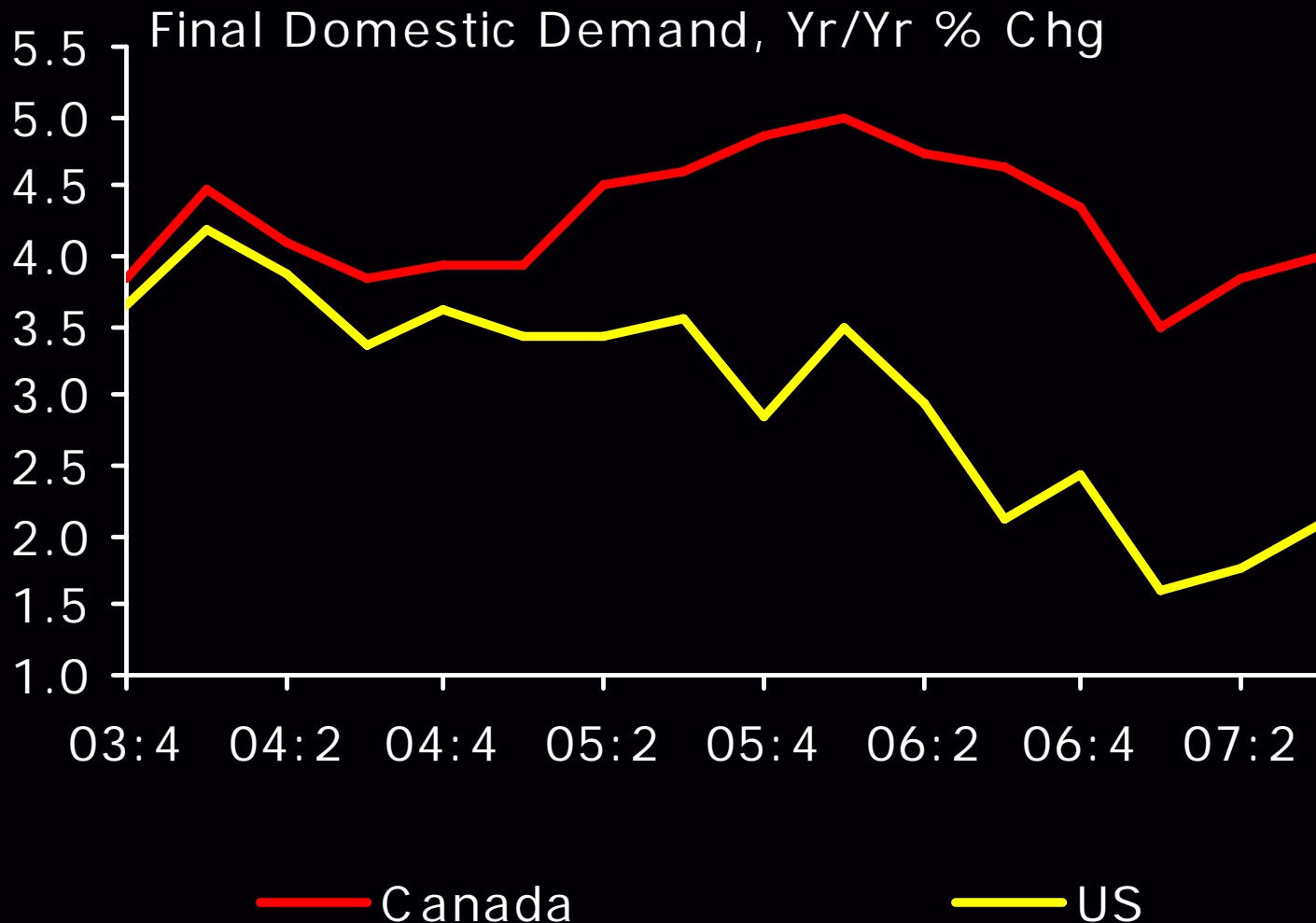
Fed Cuts 75 bps in Q1, Disappoints Later



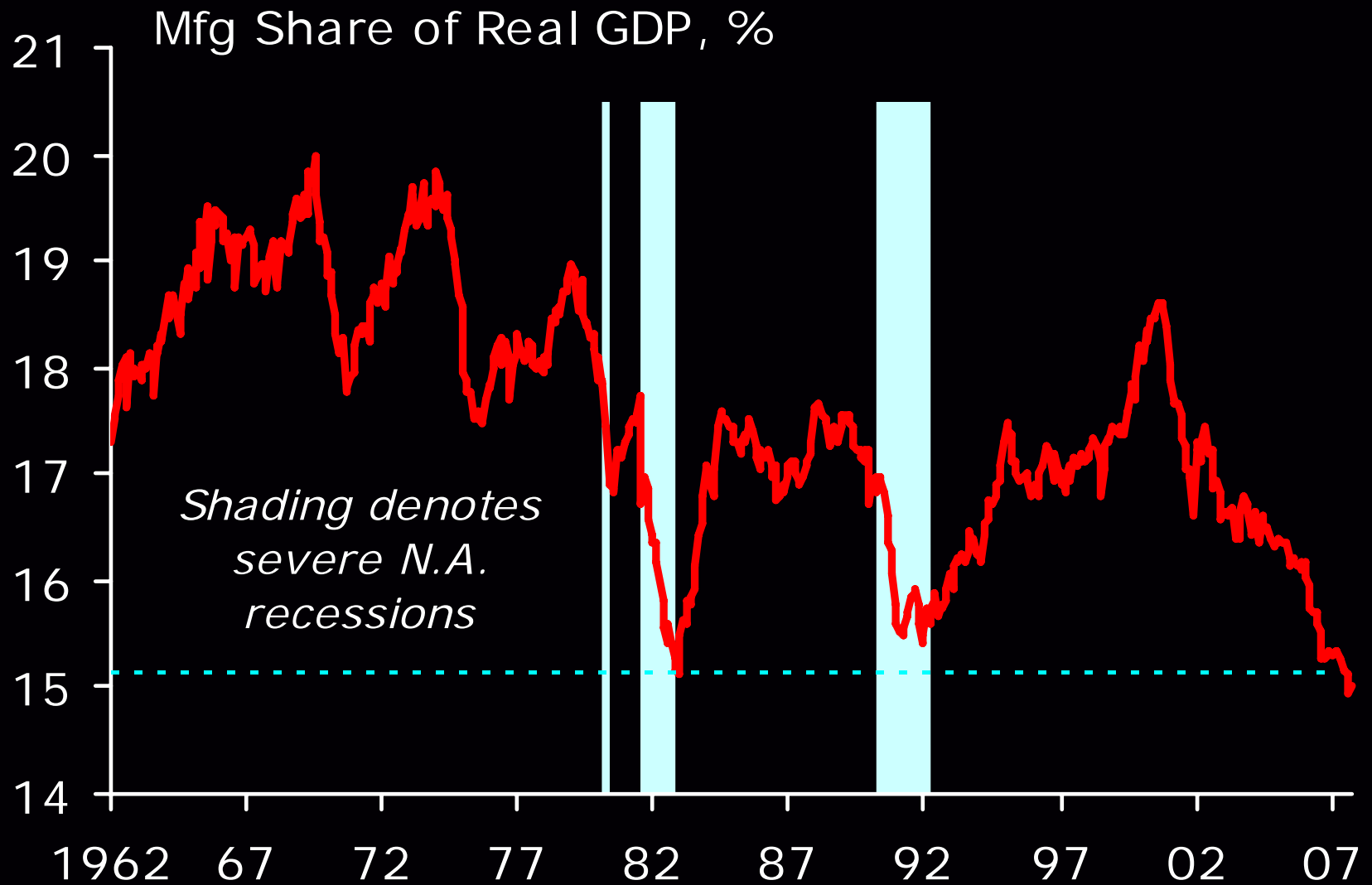
Canadian & US CPI Part Company



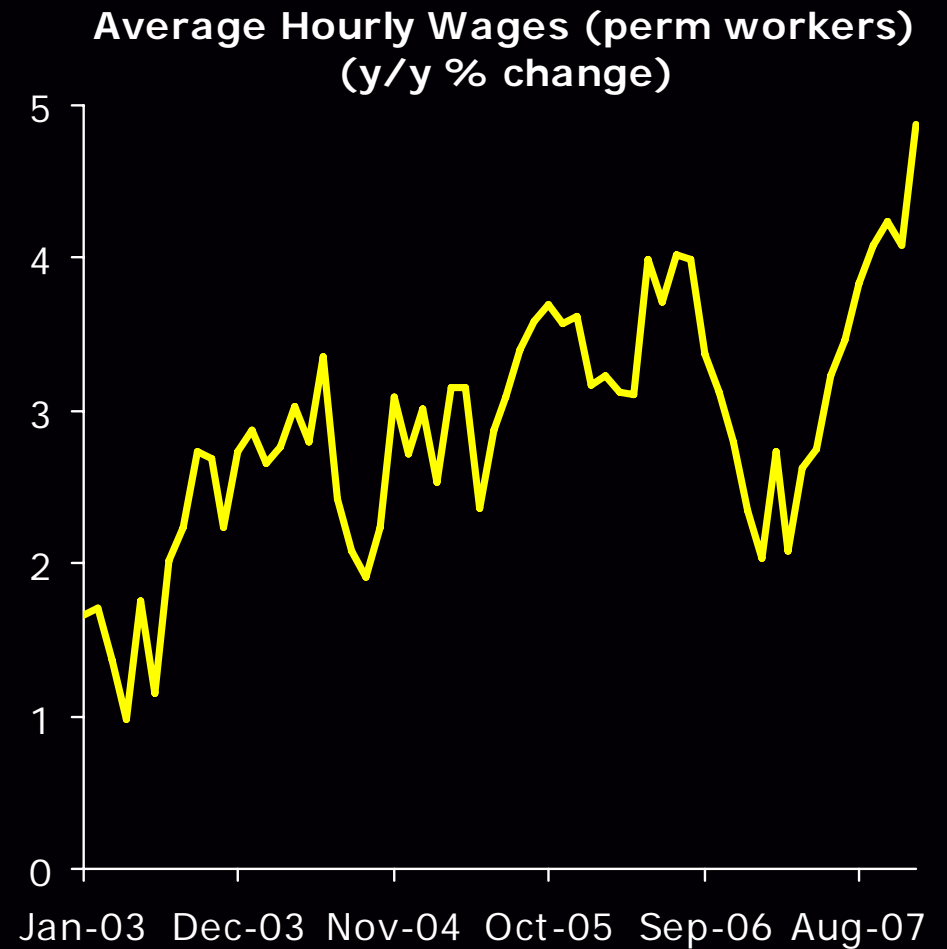
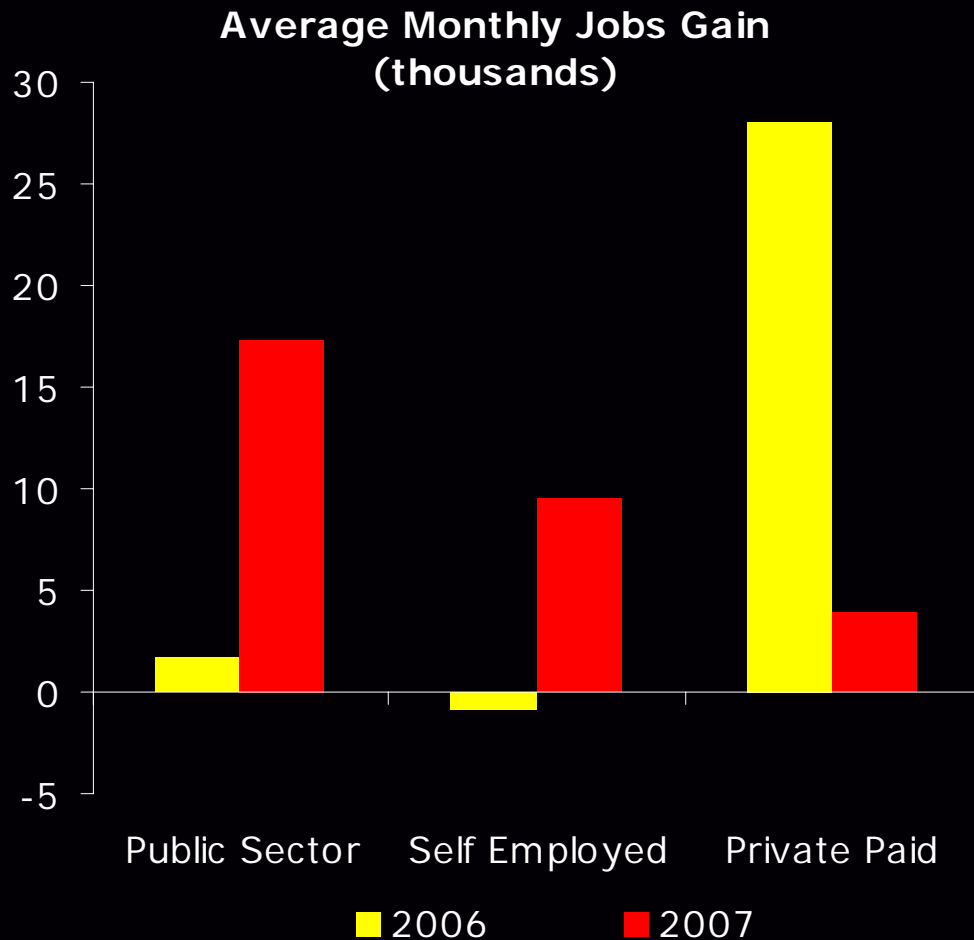
Domestic Demand Much Stronger in Canada



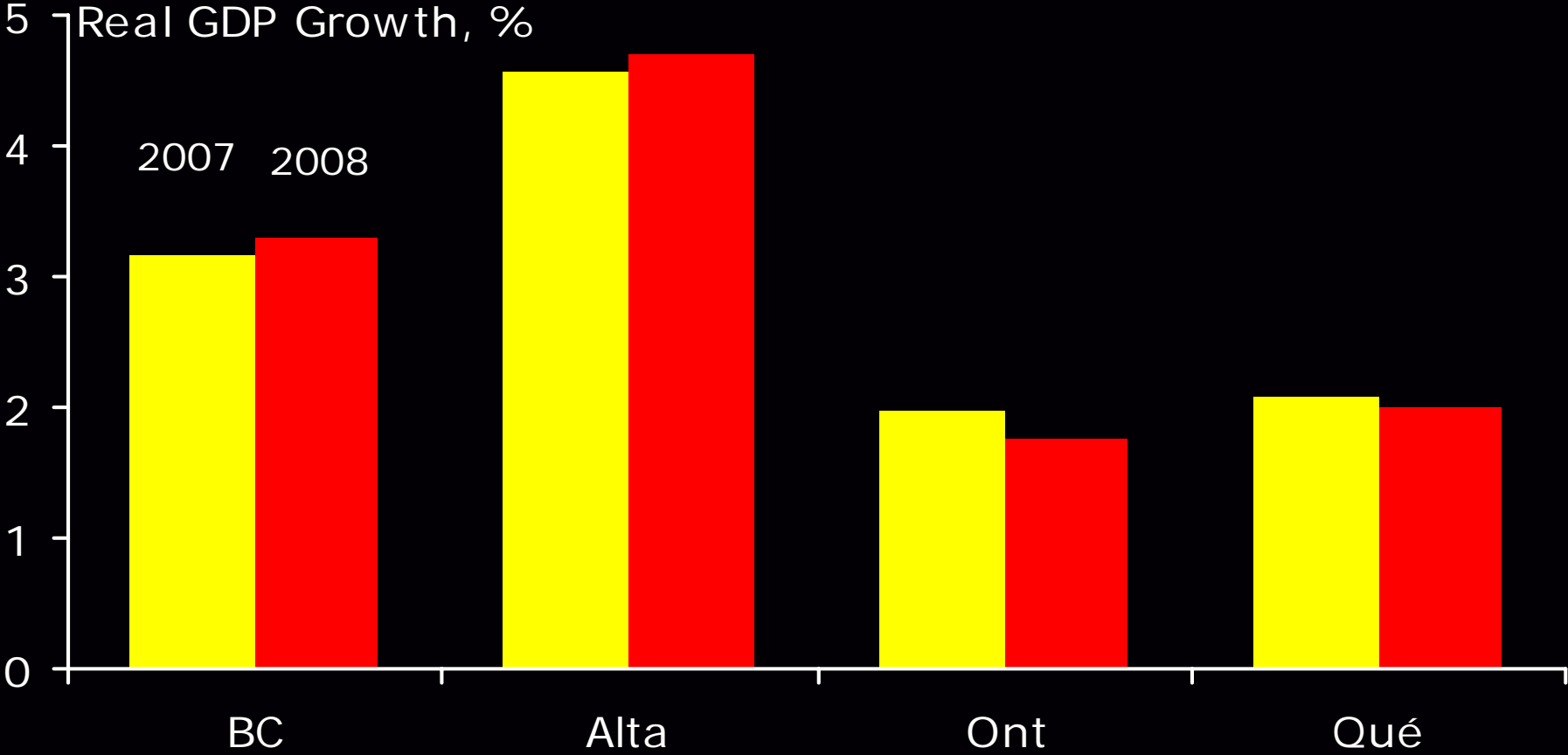
Factory Share of GDP Below Past Recession Lows



Public Sector Drives Job Growth, Wages Healthy



Canadian Growth: the Wild West



Spread Widening Eclipses Past Shocks



Further BoC Cuts Limited to 50 bps, But Stay Long for Now

