US in Recession
But CRB and Oil Set Record Highs

[Graph showing the CRB Futures Index and West Texas Crude price from January 2000 to January 2008.]
Shares of Global GDP Growth

% of global GDP growth, 2004-07

Key Emerging Markets (Brazil, Russia, India, China) + Mideast Oil Producers

"BRICA" Other Asia US Eurozone Central & Eastern Europe Japan
All Major Regions
Less Dependent on US Market

% of exports to US

- Eurozone
- Latin America
- Emerging Asia

2000 vs Latest 12 months
US Contribution to Resource Demand

Average annual demand growth, 2005-2007 (%)

- Aluminum: China 30%, US -5%
- Nickel: China 35%, US -10%
- Copper: China 15%, US 0%
- Zinc: China 10%, US 5%
- Oil: China 5%, US 0%
Two Very Different Consumption Trends

%chg in oil consumption

-2 -1 0 1 2 3 4 5 6 7 8

1995 97 99 01 03 2005

OECD

Non-OECD
Oil Consumption Surging in Key Oil-Exporting Countries

annual % chg in oil demand, last 5 years

Source: IEA, Joint Oil Data Initiative
Gasoline Prices Around the World

Retail gasoline prices, US$/gal.

- Germany
- UK
- Canada
- US
- Russia
- Mexico
- Nigeria
- Kuwait
- Saudi Arabia
- Iran
- Venezuela
Soaring Rates of Car Ownership

y/y % chg in sales, Jan-Nov 07

Russia: 60%
China: 20%
Europe: -10%
US: 0%
Oil Consumption Has Peaked in the OECD

Source: CIBC WM Global Oil Demand Model
No New Oil Production in Almost 3 Years

Chg in production (mn bbl/day)

-1 0 1 2 3

Crude Oil  Natural Gas Liquids

Mn bbl/day of Crude Oil

Fcst
$200 Oil to Lift Gasoline Prices to Near $7/gal

CIBC WM Forecast

Retail Gasoline Price (L)  West Texas Crude (R)
China’s Steel Exports to US Fall While US Steel Production Rises

China's Steel Exports to the US

US Steel Production

y/y % chg

y/y % chg
Mexican vs Chinese Shipping Costs at $200/bbl Oil

Cost of shipping a 40' container to US East Coast ($)

Savings by Switching from China to Mexico

- From China
- From Mexico

- Per 40' Container (L)
- Tariff equivalent (R)
Trade Diversion During the OPEC Oil Shocks

Share of non-energy US imports
Share of US imports

From Europe and Asia (L)
From Latin America & Caribbean (R)
The New Inflation: Core is Dead

Index, 2002 = 100

cumulative 6.1% gap

All Items
Ex food/energy
Reflation Will Force Fed to Reverse Course in ‘09

Forecast

10-yr Treasury

Fed Funds

Jan-06  Oct-06  Jul-07  Apr-08  Jan-09  Oct-09
Gas Prices & Driving: An International Perspective

![Graph showing gasoline prices and average travel per vehicle for various countries.](image)

- **Gasoline Prices ($/Gallon)**
- **Average Travel Per Vehicle (miles)**

- **Countries**: US, Canada, Australia, Germany, Sweden, UK, France
### US versus UK; Driving Behavior

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used car to get to work (%)</td>
<td>90.4</td>
<td>61.8</td>
</tr>
<tr>
<td>Total distance travelled (miles)</td>
<td>20.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Number of trips</td>
<td>4.0</td>
<td>2.0</td>
</tr>
<tr>
<td>No cars in household (%)</td>
<td>8.0</td>
<td>30.6</td>
</tr>
<tr>
<td>2 cars or more in household (%)</td>
<td>61.9</td>
<td>24.7</td>
</tr>
</tbody>
</table>
Plunging SUV & Light Truck Sales

Light truck as a share of Total Vehicle Sales
10 Million Less Vehicles on the Road by 2012

Auto Scrapping vs. Sales

Number of cars scrapped
New auto sales

cumulative gap = 10 mn cars

Number of Vehicles

Fcst
Canadian Inflation to Double in Next Year

y/y % chg in Canadian CPI

Forecast
At Least 100 bps of Tightening by BoC in 2009
Soaring Oil Prices + Positive Carry Will Keep C$ in Range Above Parity
Canadian Oil Sands Over Half of World’s Investable Oil Reserves

"Investable" oil reserves = those not off limits due to restrictive foreign investment policies. Also excludes Iraq.

Canada 52%
Nigeria 11%
US 6%
Kazakhstan 9%
Norway 2%
Other Open 20%

Source: Oil & Gas Journal (2007), CIBC WM
Energy-Driven TSX to Top 16,000 Next Year

Forecast