



Weekly Market Insight

March 14, 2008

NORTH AMERICAN & INTERNATIONAL ECONOMIC HIGHLIGHTS

The unthinkable is happening. Bear Stearns, the fifth-largest investment bank in the US received a bailout today by the U.S. government. The New York Fed will allow investment bank JPMorgan to borrow funds from the Fed's discount window and re-loan them to Bear Stearns under a secured loan for 28 days.

This is an illustration of how concerned the Fed is about the credit crunch situation and its potential impact on the financial system. But when it comes to overall mortgage write-downs we are only half way through. So the Fed will continue to try to help as much as it can by providing liquidity and cutting rates. Therefore, look for the Fed to cut the fed funds rate by additional 75 basis points in the coming few weeks. Note that the current easing cycle by the Fed is by far the most aggressive one in the post-war era (chart).

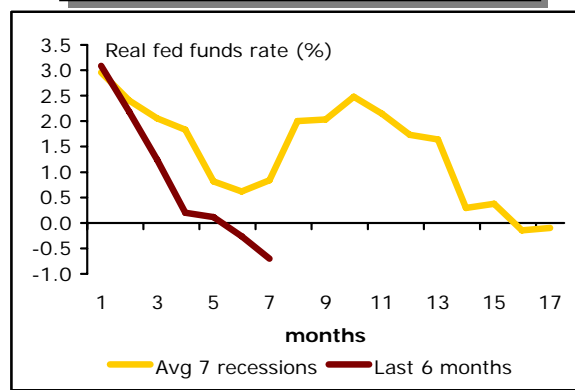
While at this point the Fed and the market are not worrying too much about inflation (especially after today's market pleasing inflation figures), there is a significant risk that inflation will start rising rapidly by year-end and into 2009 due to the cumulative impact of the current monetary easing, the beginning of a recovery in the US economy and rising food and energy prices. This combination can take inflation in 2009 to levels not seen in years.

In fact, market-based inflation expectations have increased significantly over the past several weeks. As measured by the five-year forward five-year breakeven rate, inflation expectations are at 2.8%, which is well above their 2006-2007 average of 2.45%, and are at their highest since 2004. As well, the yield on five-year treasury inflation protected security is close to negative territory. This implied higher expected inflation and that the Fed may be underestimating inflationary pressures.

The Bank of Canada is also not taking any chances and is likely to cut by another 50 basis points in its next move. While the strong Canadian dollar is clearly helping the inflation situation in Canada, the likelihood is that by 2009, inflation will be notably higher as the economy recovers and oil and food prices remain elevated.

Granted, it is difficult to think about inflation in the midst of a financial market crisis. But if the story of 2008 is of a recession/slowdown, subprime losses and lower interest rates, the story of 2009 will be of accelerating inflation and higher interest rates.

Unprecedented Fed Easing



International Stock Indexes

Thursday, March 13, 2008

Region/Country	Index	DAILY					52 WEEK				3-yr % chg
		High	Low	Close	Chg	% Chg - +	YTD % chg	High	Low	% Chg	
World											
World	DJ World Index	272.72	266.82	271.21	-0.89	-0.33	-9.9	320.33	262.38	-1.7	7.7
World	DJ World ex U.S.	249.5	243.87	245.99	-2.53	-1.02	-9.5	291.11	231.73	1.3	11.1
World	MSCI EAFE*	n.a.	n.a.	2015.98	-20.78	-1.02	-10.5	2388.74	1913.54	-2.7	8.8
Asia Pacific											
Asia-Pacific	DJ Asia-Pacific	144.38	140.31	140.68	-2.83	-1.97	-11	172.49	133.78	-5.4	7.7
Australia	All Ordinaries	5339.4	5205.8	5215.7	-118.4	-2.22	-18.8	6853.6	5211.1	-10.6	7.6
Australia	S & P/ASX 200	5264.5	5121	5135.9	-122	-2.32	-19	6828.7	5134.2	-12.3	6.9
China	DJ CBN China 600	34441.13	32866.88	33492.35	-954.95	-2.77	-19.2	44631.83	20720.37	59	47.7
China	Dow Jones China 88	361.16	346.8	353.84	-7.44	-2.06	-25.1	530.54	227.89	52.7	45.6
China	Shanghai Composite	4055.45	3902.25	3971.26	-98.9	-2.43	-24.5	6092.06	2930.48	34.5	n.a.
Hong Kong	Hang Seng	23007.61	22251.24	22301.64	-1121.12	-4.79	-19.8	31638.22	18953.5	17.6	17.1
India	Bombay Sensex	15873.28	15228.99	15357.35	-770.63	-4.78	-24.3	20873.33	12430.4	22.4	30.9
Indonesia	Jakarta Composite	2528.83	2432.83	2440.59	-115.65	-4.52	-11.1	2830.26	1775.42	37.4	30.1
Malaysia	Kuala Lumpur Composite	1229.53	1200.04	1201.35	-31.24	-2.53	-16.9	1516.22	1173.22	1.8	10.1
New Zealand	NZSX-50	3574.8	3538.39	3573.91	29.08	0.82	-11.6	4333.24	3510.81	-11.8	4.3
Pakistan	KSE 100	15231.26	14989.28	15074.74	-96.68	-0.64	7.1	15171.42	11143.36	33.3	16.2
Philippines	Manila Composite	2940.47	2919.17	2940.47	-12.92	-0.44	-18.8	3873.5	2884.34	-3.4	11.2
Singapore	Straits Times	2900.92	2805.55	2805.55	-112.39	-3.85	-19	3831.19	2805.55	-7.5	10.6
South Korea	Kospi	1657.21	1609.17	1615.62	-43.21	-2.6	-14.8	2064.85	1426.93	13.2	16.5
Sri Lanka	Colombo Stock Exchange	2578.86	2570.4	2570.4	-6.63	-0.26	1.2	2866.61	2354.98	-5.9	14.2
Taiwan	Weighted	8447.98	8198.77	8210.99	-224.31	-2.66	-3.5	9809.88	7408.4	6.7	9.8
Thailand	SET	827.1	814.31	814.31	-12.69	-1.53	-5.1	915.03	669.04	20.8	4.6
Japan	Nikkei Stock Avg	12772.37	12351.72	12433.44	-427.69	-3.33	-18.8	18261.98	12433.44	-26.3	1.4
Japan	Nikkei 300	253.73	245.68	247.91	-7.99	-3.12	-17.7	359.95	247.91	-26.8	2.7
Europe											
Europe	DJ Stoxx 600	310.44	303	307.26	-4.22	-1.35	-15.7	400.31	304.15	-14.4	5.3
Europe	DJ Stoxx 50	3086.59	3009.08	3055.81	-41.68	-1.35	-17	3998.93	3023.25	-14.4	2
Euro zone	DJ Euro Stoxx 50	3627.4	3532.22	3599.58	-48.06	-1.32	-18.2	4557.57	3546.1	-9.7	5.6
Euro zone	DJ Euro Stoxx	346.83	338.03	343.62	-5.2	-1.49	-17.2	442.87	339.68	-11.9	7.1
Austria	ATX	3776.87	3694.53	3738.74	-37.9	-1	-17.2	4981.87	3671.08	-15.6	11.3
Belgium	Bel-20	3707.96	3642.04	3706.04	-37.88	-1.01	-10.2	4756.82	3460	-13.1	6.1
Czech Republic	PX 50	1516.3	1494.9	1495.3	-27.9	-1.83	-17.6	1936.9	1405.1	-8.6	6
Denmark	OMX Copenhagen	398.52	388.17	393.25	-5.27	-1.32	-12.4	492.84	368.52	-7.7	11.8
Finland	OMX Helsinki	9936.84	9670.28	9854.2	-82.64	-0.83	-15	12656.77	9487.33	-1.2	13.5
France	CAC 40	4642.2	4547.09	4630.19	-66.91	-1.42	-17.5	6168.15	4566.99	-14.1	4.6
Germany	DAX	6529.62	6399.04	6500.56	-98.81	-1.5	-19.4	8105.69	6439.21	-1.3	14.2
Hungary	BUX	22088.98	21539.87	21975.25	-530.21	-2.36	-16.2	30118.12	21740.94	-4.7	7.1
Italy	S & P/MIB	32193	31312	31977	-541	-1.66	-17.1	44364	31811	-19.9	0.3
Netherlands	AEX	435.35	428.02	434.55	-5.26	-1.2	-15.7	561.9	417.13	-10.1	5.3
Norway	All-Shares	480.43	469.38	472.66	-7.77	-1.62	-17.1	605.05	442.79	-4.8	19.4
Poland	WIG	46847.27	46226.18	46423.82	-1200.4	-2.52	-16.6	67568.51	44509.36	-12.7	18.9
Portugal	PSI 20	10445.65	10171.68	10264.13	-232.64	-2.22	-21.2	13702.03	10264.13	-10.5	9.2
Russia	DJ Russia Titans 10	6693.95	6602.7	6604.65	-93.95	-1.4	-13.9	7920.96	6035.72	4.3	44.5
Russia	RTS Index	2078.94	2053.66	2059.35	-20.3	-0.98	-10.1	2359.85	1724.69	13.8	n.a.
Spain	IBEX 35	13106.2	12848.8	13073.2	-58.1	-0.44	-13.9	15945.7	12254.6	-6.2	11.9
Sweden	SX All Share	312.58	303.96	308.9	-3.68	-1.18	-12.2	427.24	297.93	-18.7	8.6
Switzerland	Swiss Market	7255.16	7114.47	7251.73	6.69	0.09	-14.5	9531.46	7055.01	-16.7	6.7
Turkey	Istanbul National 100	44248.15	42214.33	42421.93	-1826.22	-4.13	-23.6	58231.9	41195.2	3	15.4
U.K.	FTSE 100	5776.4	5628.9	5692.4	-84	-1.45	-11.8	6732.4	5578.2	-7.2	4.5
U.K.	FTSE 250	9989.4	9725.7	9801.5	-187.9	-1.88	-8	12220.2	9260.6	-12.6	10.5
Americas											
Americas	DJ Americas	343.76	333.37	342.42	2.31	0.68	-9.2	399.86	330.4	-1.6	6
Argentina	Merval	2149.91	2095.37	2149.91	15.77	0.74	-0.1	2351.44	1833.71	7.1	14.4
Brazil	Sao Paulo Bovespa	62412.62	60167.91	62279.71	103.13	0.17	-2.5	65790.8	42730.04	43.9	30.4
Canada	S & P/TSX Comp	13454.23	13123.37	13443.5	146.15	1.1	-2.8	14625.76	12132.13	4.4	11.5
Chile	Santiago IPSA	2867.3	2801.93	2847.68	-6.61	-0.02	-6.7	3499.5	2427.11	-1.8	14.2
Mexico	IPC All-Share	29758	28799.12	29703.09	419.69	1.43	0.6	32836.12	25284.88	10.5	30
Venezuela	Caracas General	35803.1	35219.87	35219.87	-61	-0.17	-7.1	50333.34	34172.43	-29.2	4.7
Other Countries											
Egypt	CASE 30	11559.09	11336.23	11336.23	-209.88	-1.82	7.5	11546.11	7127.35	56.5	n.a.
Israel	Tel Aviv	1046.98	1024.56	1024.58	-37.71	-3.55	-15.8	1237.13	940.92	7.5	15.8
South Africa	Johannesburg All Share	30710.52	30246.61	30306.92	-403.6	-1.31	4.7	31531.05	25135.13	18.1	30.9

* Europe, Australia, Far East; U.S.-dollar terms

Three year percent change is annualized.

Sources: Reuters; WSJ.com

MARKET INDICES	Mar 13	a month ago	a year ago
S&P/TSX Composite	13443.50	13282.30	12809.60
S&P 500	1315.48	1367.21	1377.95
Dow Jones Industrial Average	12145.74	12552.2	12076.00

INTEREST / FX RATES	Mar 14	a month ago	a year ago
Prime Can (%)	5.25	5.75	6.00
Prime US (%)	6.00	6.00	8.25
30 Day BA Can (%)	3.632	4.001	4.34
3 month US T-Bill (%)	1.35	2.23	5.01
3 month Can T-Bill (%)	2.296	3.280	4.179
10yr US Bond (%)	3.438	3.778	4.542
10yr Can Bond (%)	3.48	3.84	4.03
10yr-2yr US Spread (bps)	187.00	193.20	-4.60
10yr-2yr Spread Can (bps)	98.00	86.00	8.00
US\$/Cdn\$	1.00634	1.0018	1.1730
US\$/Euro	1.5561	1.4685	1.3312
Yen/US\$	100.77	107.52	116.78

INTERNATIONAL INTEREST RATES	Mar 14		
	3 mo LIBOR (%)	Spread vs US (bps)	a wk ago (Spread—bps)
United States	2.76	NA	NA
Canada	3.70	94	79
Euro-zone	4.62	185	156
Switzerland	2.81	4	-12
Japan	0.97	-179	-195
Australia	7.92	516	511
	10 Year Bond (%)	Spread vs US (bps)	a wk ago (Spread—bps)
United States	3.44	NA	NA
Canada	3.48	4.2	4.5
Euro-zone	4.36	91.8	83.6
Switzerland	2.92	-51.4	-56.5
Japan	1.27	-216.4	-214.6
Australia	6.02	258.2	259.9

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 IDA 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.

© 2008 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.