



Monthly Indicators

March 6, 2006

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Stormy Weather

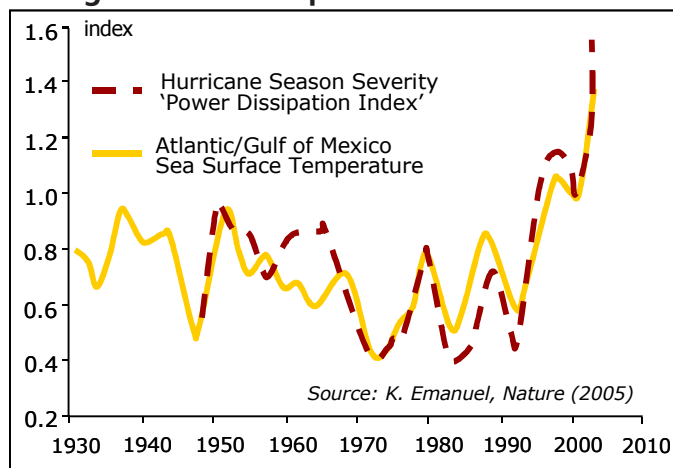
In three months, the now placid waters of the Gulf of Mexico will begin to stir with the advent of hurricane season. If noted MIT climatologist Kerry Emanuel's findings hold, it could easily be another stormy year. The steady warming of sea surface temperatures in the Gulf of Mexico since the mid-1970s is highly correlated with an over-doubling in the storm intensity of hurricanes over that period (Chart)—a trend that last year assumed catastrophic proportions. The fallout on oil production from America's only source of domestic production growth will likely see crude prices set new record highs this fall and see American dependence on imported oil rise steadily to over 70% by the end of the decade.

The US Department of Interior's Minerals Management Service estimates that the hurricane season will begin with a 17% shut-in rate carried from last season. What the shut-in rate will be after this

year's storm season is over is anyone's guess. Last year it was around 50% for the first three months after the storms hit, and has averaged 35% over the last six months. Equally devastating has been the hit to platforms and drilling rigs. Some were found as far as 60 miles from the original moorings. Despite the frenzied around-the-clock reconstruction project underway now, the industry is no less vulnerable to storm activity this fall than it was last fall. There are still no rigs or platforms that can withstand Category 5 hurricanes. Most can't even weather Category 4 storms.

In the short-run, the potential loss of as much as 750,000 bbl/day of production from storms this season will see West Texas Intermediate spot prices retest last season's high of US\$70/bbl and likely set new highs over the June-to-December hurricane season. We expect WTI to average US\$78/bbl by the fourth quarter.

Hurricane Season Severity Rising with Sea Temperatures



Longer term, climate change is a lethal blow to America's quest for greater energy self-sufficiency. Increased cyclonic activity in the region is likely to keep production as much as 20% below the 2003 peak for the rest of the decade. Given continued depletion of lower-48-state oil fields, the failure to grow Gulf output should translate into a decline of US production from about 7.3 million barrels per day to about 6.0 million barrels per day by 2010. It would appear that the route to greater energy self-sufficiency lies with reducing demand, not increasing domestic supply.

MARKET CALL

- Strong first-quarter growth paves the way for a Fed hike at March end, but the FOMC doesn't sit down again until May. By that time, signs of a shaky housing market, and sustained low core inflation, will make it both unwise and unnecessary to continue on that path. Look for Treasuries to benefit, and the US dollar to suffer, from that earlier-than-expected turning point.
- The Bank of Canada can play a "they-hike, we-hike" game for now, but the upward pressure on the value of the C\$ makes it increasingly evident that Dodge can't afford to press ahead once the Fed is done, lest he send the C\$ through the roof. We added another rate hike from the Bank in early April on the back of better economic momentum heading into Q1, but the next move after that will be an ease, as low inflation combines with slower growth next year.
- The inversion in the Treasuries curve has been unwound a bit as markets feared the loss of foreign buying, given more talk about rising rates overseas. But Japanese bond yields will be massively below Treasuries for the foreseeable future, and huge pools of capital will continue to flow from high savings rates in East Asia and the OPEC countries.

INTEREST & FOREIGN EXCHANGE RATES

END OF PERIOD:	2006				2007		
	3-Mar	June	Sep.	Dec.	Mar.	June	Dec.
CDA Call loan (mid-point of range)	3.50	4.00	4.00	4.00	3.75	3.25	3.25
98-Day Treasury Bills	3.75	4.10	4.05	3.95	3.60	3.10	3.15
Chartered Bank Prime	5.25	5.75	5.75	5.75	5.50	5.00	5.00
2-Year Gov't Bond (2.75% 12/07)	3.99	4.20	4.00	3.90	3.70	3.55	3.40
10-Year Gov't Bond (4.5% 06/15)	4.22	4.05	3.85	3.70	3.65	3.65	3.45
30-Year Gov't Bond (5.75% 06/33)	4.23	3.90	3.90	3.75	3.65	3.65	3.50
U.S. Federal Funds Target	4.50	4.75	4.75	4.75	4.75	4.50	4.50
91-Day Treasury Bills	4.50	4.50	4.45	4.30	4.25	4.20	4.15
2-Year Gov't Note (4.625% 02/08)	4.75	4.40	4.30	4.30	4.20	4.15	4.00
10-Year Gov't Note (4.5% 02/16)	4.68	4.45	4.40	4.40	4.40	4.40	4.25
30-Year Gov't Bond (4.5% 02/36)	4.66	4.45	4.40	4.40	4.40	4.40	4.40
Canada - US T-Bill Spread	-0.75	-0.40	-0.40	-0.35	-0.65	-1.10	-1.00
Canada - US 10-Year Bond Spread	-0.46	-0.40	-0.55	-0.70	-0.75	-0.75	-0.80
Canada Yield Curve (30-Year — 2-Year)	0.24	-0.30	-0.10	-0.15	-0.05	0.10	0.10
US Yield Curve (30-Year — 2-Year)	-0.09	0.05	0.10	0.10	0.20	0.25	0.40
EXCHANGE RATES							
— (US¢/C\$)	88.2	90.9	88.5	87.0	85.8	84.7	83.3
— (C\$/US\$)	1.134	1.100	1.130	1.150	1.165	1.180	1.200
— (Yen/US\$)	116	114	109	104	100	97	100
— (US\$/euro)	1.20	1.28	1.31	1.30	1.30	1.31	1.32
— (US\$/pound)	1.76	1.77	1.76	1.80	1.80	1.82	1.84
— (US¢/A\$)	74.5	76.0	75.0	72.5	72.0	71.5	70.0

STRATEGY AND EARNINGS OUTLOOK

- The prospect of further central bank rate hikes, together with a buying opportunity arising from the 257-point correction in the TSX in February, led us to shift weighting from bonds to stocks. At 57%, we are now 7%-pts overweight stocks. Our 13,200 year-end target for the TSX implies another 14% total return from stocks over the balance of the year—over double the return expected from bonds.
- February’s correction left good value in two of our key overweight stock sectors: energy and materials. Together the two sectors have four times the weight in the TSX than they have in the S&P 500. Within energy we favour heavy oils, which by virtue of their oil sands reserves, are the biggest beneficiaries of further increases in world crude prices.
- We moved to an overweight position in industrials, after reducing our underweight last month. While segments of the sector are exposed to a 90-cent Canadian dollar, over 50% are rails that are benefiting from strong commodity markets and better fuel efficiency compared to trucking. Another 20% of the materials group is in the aerospace/defense sector that could potentially benefit from ramped-up defense spending from a new Conservative government in Ottawa.

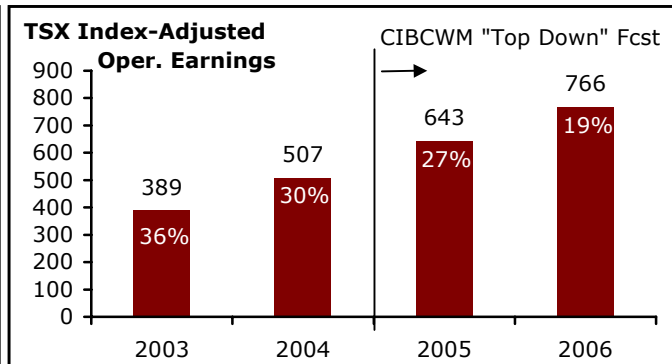
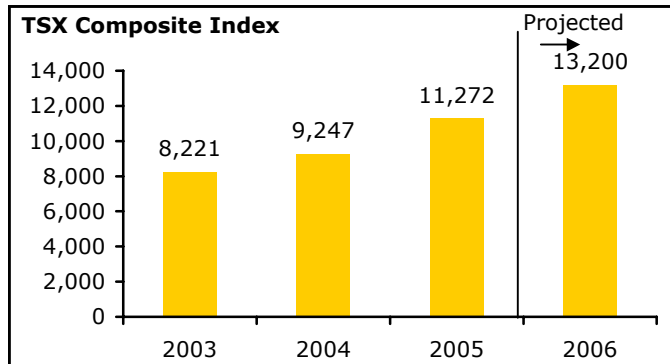
Table 1

ASSET MIX (%)	Benchmark	Strategy Recommendation
Stocks	50	57
Income Trusts	5	10
Bonds	38	33
Cash	7	0
GICS SECTOR EQUITIES (%)		
Consumer Discretionary	5.3	2.3
Consumer Staples	3.3	0.8
Energy	25.0	33.0
Financials	33.3	33.3
Healthcare	1.2	1.2
Industrials	5.9	6.9
Info Tech	4.2	1.2
Materials	15.6	17.1
Telecom	5.1	3.1
Utilities	1.2	1.2

Note: Bold indicates recommended overweight.

Table 2

TSX - Earnings Outlook & Forward PE				
	Operating Earnings (% chg)		4-qtr Fwd PE	
	2005	2006	Latest	Last 10 yrs.
Energy	51.3	55.0	13.5	13.0
Materials	29.9	28.5	17.8	27.5
Industrial	20.4	3.6	18.1	15.6
Consumer Discretionary	16.1	-19.2	25.2	18.6
Consumer Staples	2.3	-8.9	17.5	17.0
Health Care	1.0	-19.5	22.3	49.7
Financials	14.5	9.7	13.7	10.9
Info Tech	152.0	-19.3	25.8	32.3
Telecommunications	14.2	9.1	15.5	34.7
Utilities	6.8	8.2	22.3	13.9
TSX Composite	25.7	19.1	15.6	17.9



Canada's Factory Jobs Disappearing Act

Avery Shenfeld

Since the Canadian dollar started to appreciate at the end of 2002, the manufacturing sector has shed some 200,000 employees. And that jobs disappearing act is far from over, with another 100,000-150,000 jobs likely to be lost in 2006, as the strongest loonie level in 14 years challenges factory competitiveness.

Canadian factory employment historically has a tight relationship with US industrial cycles (Chart 1). Had the C\$ stayed at the late 1990s level, that relationship would have typically meant a *gain* of nearly 100,000 manufacturing jobs in the past two years. Instead, the pace of job shedding is now akin to what we saw in the early 1990s recession, when a similarly strong C\$ combined with a US economic decline. Even if the C\$ levels off, there will be additional job losses coming from the typical cyclical effects of a US economic slowdown, one the Fed is determined to engineer, and from the currency's lagged impacts on manufacturing location decisions.

Catching Up to US Misery

Looking beyond the aggregates, a lot of what Canada is seeing is a catch-up to where America's manufacturing sector has already been. The US started to lose factory jobs in 1997, well ahead of its economic slowdown, as foreign competition increasingly bit into its domestic market. Canada, in

the meantime, was adding factory workers at an impressive pace, as the cheap loonie and health care savings made America's neighbour a lower-cost but close-by alternative. Now that workers are being paid in an 88-cent C\$, and not a 62-cent currency, the same forces of globalization are trimming opportunities north of the border.

That "catch-up" trend shows up in the details as well. Take clothing, for example. Both Canada and the US gradually gave up tariff and quota protections under WTO arrangements in the last decade. But Canadian apparel producers were still net job-makers until the C\$ began to climb after 2002, and the last round of tariff reductions kicked in. Since then, Canadian clothing plants have been shutting their doors in a hurry (Chart 2), accounting for about a third of the factory jobs lost over that period. There will be more to come as the industry continues to adjust to the loss of quota protection last year.

It's been much the same story in the paper sector, where the US saw employment losses dating back to the mid-1990s, with Canada joining in two major waves—first in the 2001 US recession, and then again as the C\$ climbed after 2002 (Chart 3). Primary metals are also now seeing catch-up job losses in Canada.

Chart 1
CDN Factory Jobs & US Industrial Prod. (Top),
C\$ Exchange Rate (Bottom)

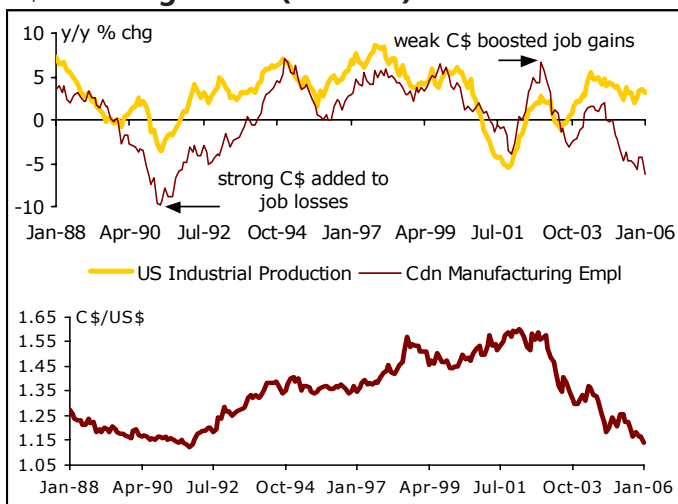


Chart 2
CDN and US Clothing Industry Payrolls

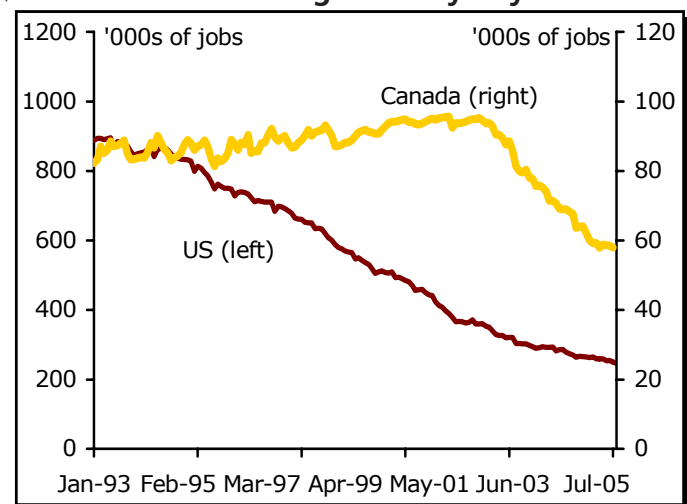


Chart 3
CDN and US Paper Sector Jobs

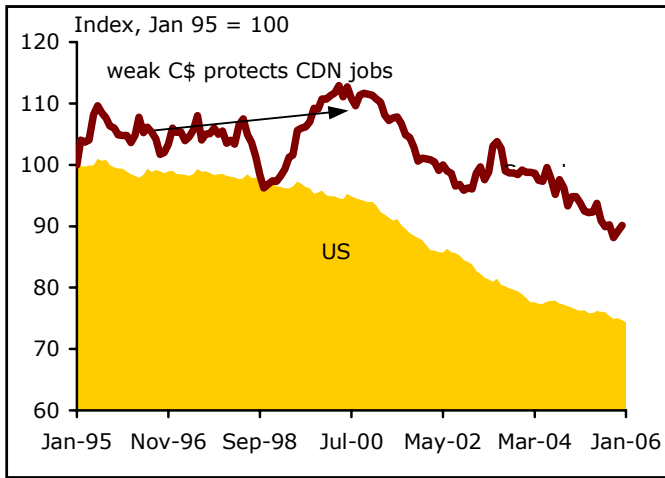
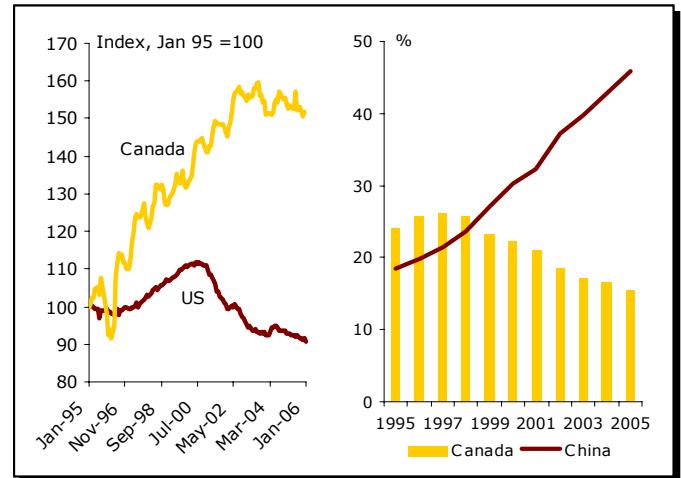


Chart 4
Furniture Jobs (L); Share of US Imports (R)



Still to Come

In other sectors, the C\$ is adding to other industry pressures to feed job losses that look to continue in the next few years. Aerospace employment peaked five years ago, but the strong C\$ has made it tougher sledding in terms of global competition for aircraft market share, and jobs remain at risk as a result. The C\$ isn't the only trouble in the wood products sector (energy costs are an added concern), but it has seen the pace of job declines accelerate in the past year, and despite government assistance, more workforce reductions are slated for 2006.

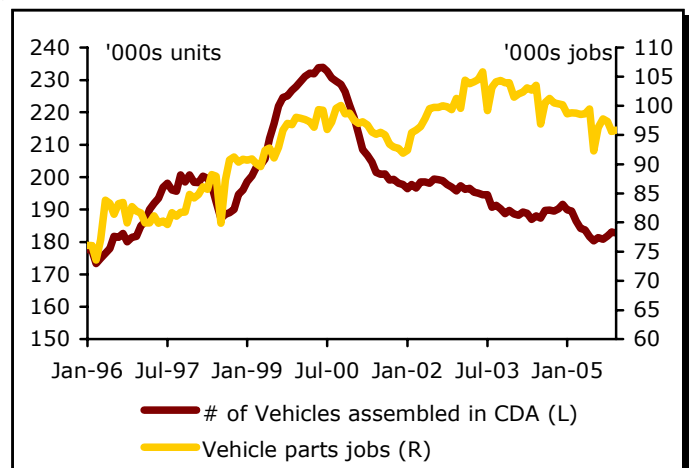
In the furniture sector, Canadian employment looks to be set to follow where the US had led. Thus far, employment on this side of the border has held up well in comparison to what's happened stateside (Chart 4). But these payrolls-survey data are to December, and the household-based labour force survey's January plunge in manufacturing employment centred on reported job losses by furniture industry workers, perhaps capturing an Ontario plant closure. More than half of the Canadian industry's output heads to US markets, where China's share is soaring, and one major Canadian player now plans to shift production on standardized items to Asia under pressure on margins.

The auto sector has lost the labour cost advantage it enjoyed over US plants in the 1990s from a cheap C\$ and health care savings. Jobs are still on the rise in Asian transplants, but despite government and union

efforts, major job cuts are coming at Big-3 assembly operations. The less-political, headline-grabbing parts and tires plants aren't escaping the wrath of a less-competitive exchange rate, with Canadian jobs in that sector in the process of melting away (Chart 5). That will accelerate if the Big-3 continue to shed market share or see a more abrupt downsizing in any restructuring process.

All of this adds up to a reason for concern for the Bank of Canada. For now, service and resource sector jobs have helped offset the factory job losses and keep the economy in gear. But Governor Dodge can't afford to let the C\$ run wild, a risk he would take if he eliminated the one remaining brake—the negative interest rate differential with the US.

Chart 5
CDN Vehicle Assemblies & Auto Parts Jobs



Drilling in Troubled Waters

Jeff Rubin and Peter Buchanan

Recent research indicates that the record storms in the Gulf of Mexico last year are likely to re-occur in response to a sustained warming of surface sea temperatures in the region. While there is little evidence of increased hurricane frequency, there is compelling evidence that shows a dramatic trend toward increasing severity of hurricanes. Noted MIT climatologist Kerry Emanuel has shown in a recent article in *Nature*, that a sustained rise in surface water temperatures in the Gulf of Mexico from the mid-1970s onwards has had a very strong correlation with an over-doubling in a measure of tropical storm severity in the Caribbean (Chart 1). This reflects both a marked increase in the initial power of hurricanes as well as an increase in their average duration.

Emanuel goes on to argue that the dramatic increase in storm severity is at least in part the result of soaring man-made atmospheric emissions. Others argue it is simply part of a natural climatic cycle. Either way, its implications for US energy production are alarming, if only because the region accounted for all of the increase in US domestic oil production over the last decade (Chart 2).

Moreover, America's dependence on the Gulf for future supply growth is expected to increase over the next decade as continental depletion of conventional oil resources continues unabated. Hoped-for increases

from new fields such as Tahiti, Thunder Horse, Atlantis, Constitution and others would see Gulf of Mexico production rise sharply over the balance of the decade. According to the Minerals Management Service of the US Department of Interior estimates, Gulf production will rise from 1.2 million bbl/day in 2005 to 2.2 million by the end of the decade (Table 1). But that forecast, made before last year's horrendous storm season, makes no allowance for the damage caused by storms like Katrina and Rita, nor does it budget for re-occurring storm damage over the balance of the decade.

What happens to production flow rates and planned capacity expansions over the balance of the decade if the Gulf of Mexico is subject to repeat storm activity along the lines of last year's hurricane season? 2005 not only set a record with the greatest number of category four and five storms in a single season, but also posted the record for the greatest tropical depression on record, which fortunately did not hit land or any oil and gas fields. The industry's vulnerability to these storms has not changed and is not likely to change over the balance of the decade. There are no oil rigs or platforms in the Gulf that can withstand this level of storm severity.

Last year, hurricanes adversely hampered production in two ways. First they led to huge production

Chart 1
Hurricane Season Severity
Rising with Sea Temperatures

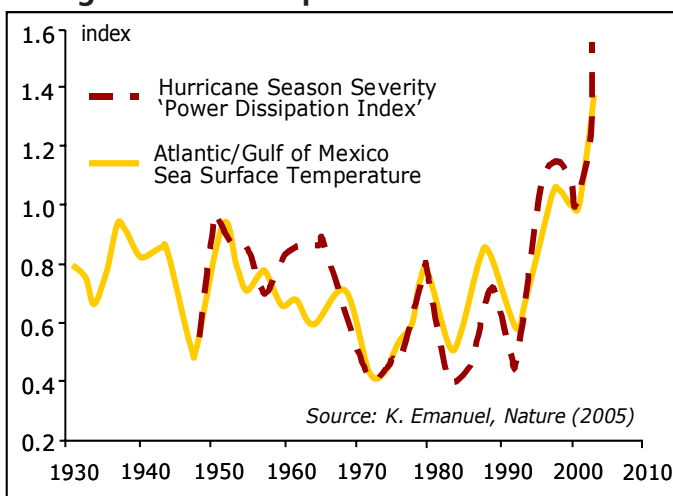


Chart 2
Deepwater Gulf Fields
Only Growing Domestic Supply Source

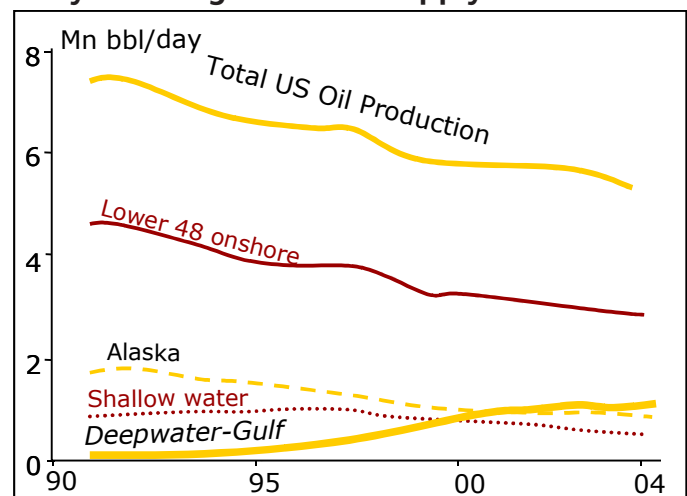


Table 1
Forecast Gulf of Mexico Oil Production ('000 bbl/day)

	Field Name (Start Date)	Peak Capacity		Average Daily Production (inc further storm delays**)		
		000 bbl/day	Year Reached	2006	2008	2010
				000 barrels per day		
Already Producing	Magnolia (2004)	50	2005	48	43	39
	Deepwater K2 (2005)	60	2005	57	51	46
	Mad Dog (2005)	100	2005	95	86	77
	Holstein (2005)	100	2005	95	86	77
Not yet in Production	Constitution (2006)	40	2008	3 *	40	36
	Thunder Horse (2006)	250	2009	14 *	167	238
	Atlantis (2006)	200	2008	17 *	200	181
	Neptune (2008)	50	2008	-	25	45
	Tahiti (2010)	125	2011	-	-	63
	Shenzi (2010)	90	2011	-	-	45
CIBC WM Forecast	Preceding Ten Fields			328	697	847
	Other Gulf of Mexico Fields			1253	1131	1021
	Total Production (No "shut-in")			1582	1829	1867
	Hurricane "shut-in"***			-395	-640	-654
Total Gulf Production (subtracting "shut-in")				1186	1189	1214
<i>US Dept of Interior Forecast (Nov-04)</i>				2006	2098	2219
<i>Forecast Difference: Department of Interior - CIBC World Markets</i>				820	909	1005

* 14K bbl production rate for Thunder Horse represents 2 months at 83K bbl/day, averaged over whole of 2006.

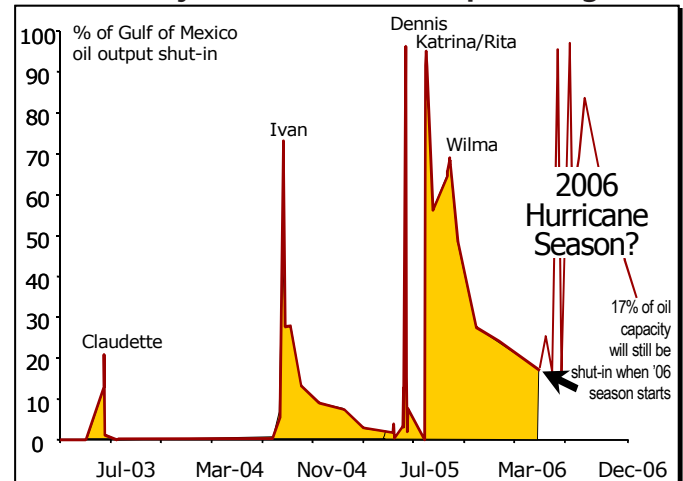
Similar calculations for other fields.

**25% weather "shut-in" is assumed for 2006, near current levels, rising to 35% by the decade's end as repairs lag new storm damage.

setbacks for new fields and construction delays for newly planned projects. For example, the opening of BP's Thunder Horse has been delayed by over nine months, while Shell had to close its 140,000 bbl/day Mars platform, which is still off-line and will remain so until the latter half of 2006. In addition, first flow timetables from the large Tahiti and Atlantis fields have been called into question, as have those for other major new fields. Secondly, existing production was shut down, as was much of the industry's service infrastructure along the Gulf coast.

Three months after the storm peak, nearly 40% of Gulf oil production was still shut in as the twin punch for Katrina and Rita damaged 167 offshore platforms and 183 pipelines. Some platforms were found as far as 60 miles from their original moorings. In fact, the Department of the Interior estimates that 17% of the region's oil production will remain off-line by the start of the new hurricane season in June. This translates into a loss of some 255,000 bbl/day of production, an amount exceeding the expected peak output of BP's new Thunder Horse field, which will be the single largest field in the entire Gulf (Table 1). The net impact is that oil production in 2006 from the Gulf of Mexico is unlikely to even match last year's level, let alone provide the growth hoped for.

Chart 3
Shut-in May Rise Further as Repairs Lag



Extrapolating these trends forward calls into question the feasibility of production increases from the region and challenges the notion that even existing production levels can be maintained.

Instead of a significant ramp-up in oil production over the next few years from 1.2 million bbl/day last year to over 2 million bbl/day by the end of the decade, production is unlikely to get back to its previous 2003 peak. A re-occurrence of last year's conditions over the balance of the decade suggests production would

be hobbled by sustained high shut-in rates. Indeed since Katrina, shut-in rates for Gulf of Mexico oil production have averaged close to 35%. Steady degradation of the oil service industry will see shut-in rates rise from 25% this year to 35% by decade's end, which by then would take 654,000 bbl/day out of action (Table 1).

In addition, construction delays would compound over time. Rig counts in the Gulf of Mexico are still well below the level seen before last year's hurricane season. We have assumed a 4-6 month delay from further hurricane activity for fields scheduled to start producing at the end of this year, a one-year delay for fields scheduled to start up in 2007 and a two-year delay on fields scheduled in subsequent years. That would pare back forecast new production by between 200,000 to 250,000 bbl/day by the end of the decade. Adding both the loss of production from shut-ins as well as from construction delays suggests that total Gulf production would be a million bbl/day lower than the US Department of Interior estimates by 2010 (Table 1). In fact, our 2010 production estimate would still be below last year's level and 20% below the production peak for the region established in 2003 (Chart 4).

The result would have important implications for US production, since the Gulf is the only area in the US where production has actually grown. Total US crude production would fall from 7.3 million bbl/day in 2005 to about 6.0 million bbl/day by 2010. The over-one-million bbl/day difference in domestic production would have to be made up by additional imports.

If so, American dependence on foreign oil will grow from approximately 65% today to 72% by the end of the decade. In order of current importance, that means greater reliance on Canada, Mexico, Venezuela, Nigeria and Saudi Arabia (Chart 5), which collectively supply the US with almost two-thirds of its oil imports.

Unfortunately, not all of those supply sources may be in a position, or be predisposed, to boost shipments. As Mexico's state oil company, PEMEX, has recently acknowledged, production at its massive Cantarell field (home to 60% of Mexican production, and next to Saudi's Ghawar, the world's largest producing oil field) faces potentially steep decline rates over the balance of the decade. As in Ghawar, and the giant Burgan field in Kuwait, rising water rates are plaguing Cantarell's production. PEMEX estimates that next year, production will begin to deplete at a steep 14% annual rate. That decline, coupled with 6% annual growth in domestic gasoline consumption, points to further declines of Mexican oil exports to the US (Chart 6).

American energy consumers face both technical and political challenges from its number three supplier, Venezuela. Conventional production had already started to decline prior to Chavez and has accelerated under his administration. While Venezuela has oil sands, its deposits are not as commercially developed as Canada's (600,000 bbl/day production compared to Canada's one million bbl/day output). Even if Venezuela increases production through ramping up its oil sands projects, it is unlikely

Chart 4
Storm Hits Will See Production Far Lag Government Forecast

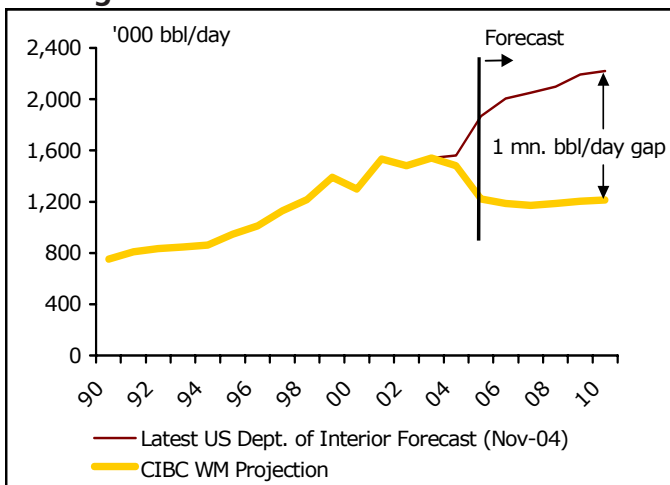


Chart 5
Import Dependence Will Rise Further (L) As Production Lags Demand (R)

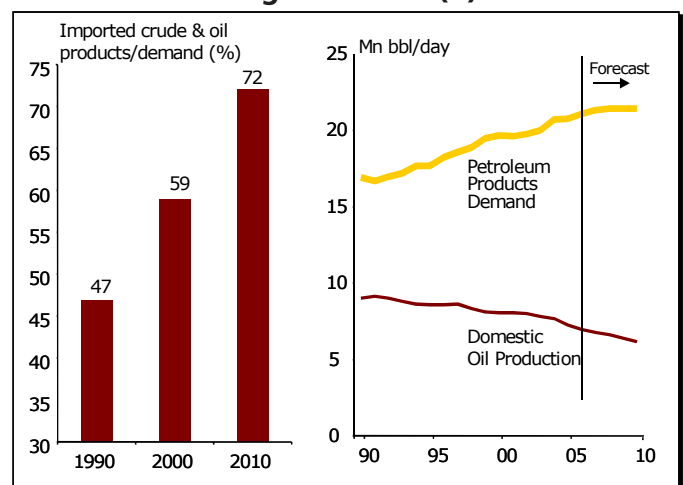
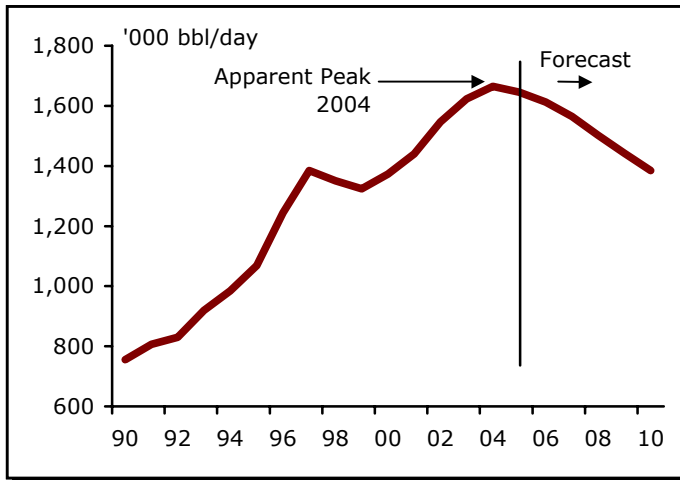


Chart 6
US Oil Imports From Mexico Will Decline

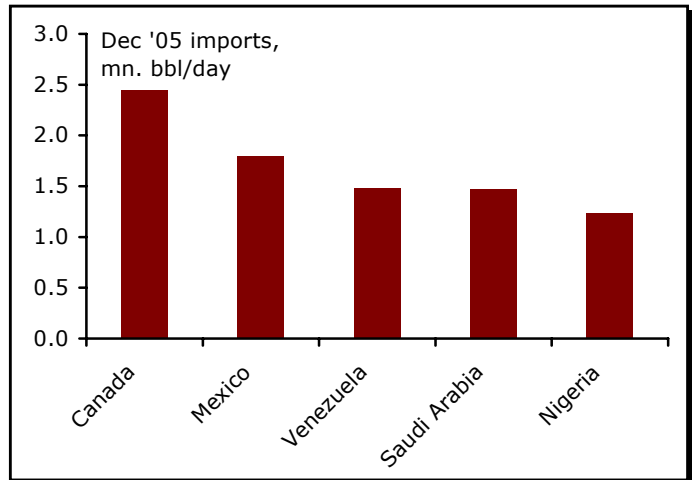


that US energy consumers would be the beneficiary of the raised output. Recent statements from both the President and the energy minister suggest Venezuela wants to cut back shipments to the US and diversify its export markets. With Mexico soon unable, and Venezuela unwilling, to be greater supply sources, the US would have to call upon Saudi Arabia and Nigeria for greater support.

A simmering civil war in the Niger Delta, home to Nigeria's 2.5 million bbl/day crude production is an increasingly risky alternative to either Mexican or Venezuelan shipments. The call for autonomy and sovereignty over the oil resources of the Niger Delta put the rebelling Ijaw tribe, and its Movement for the Emancipation of the Niger Delta, on a head-on collision course with the federal government in the north, with the oil and gas sector likely to see collateral damage in the dispute. Recent attacks on oil installations have forced Shell, the major operator in the area, to cut back daily oil production by 455,000 bbl/day. The added danger is that escalating hostilities may impede the development of key offshore fields like Bonga (200,000 bbl/day and Erha 150,000 bbl/day) located off the coastline from the Niger Delta.

Among the US major suppliers that leaves Saudi Arabia and Canada as potential alternatives to further declines in domestic production. Despite bullish forecasts of future production growth, Saudi Arabia has yet to demonstrate a sustained capacity to ramp up production beyond its 1980 peak of 10 million bbl/day. In recent years, spare Saudi capacity has turned

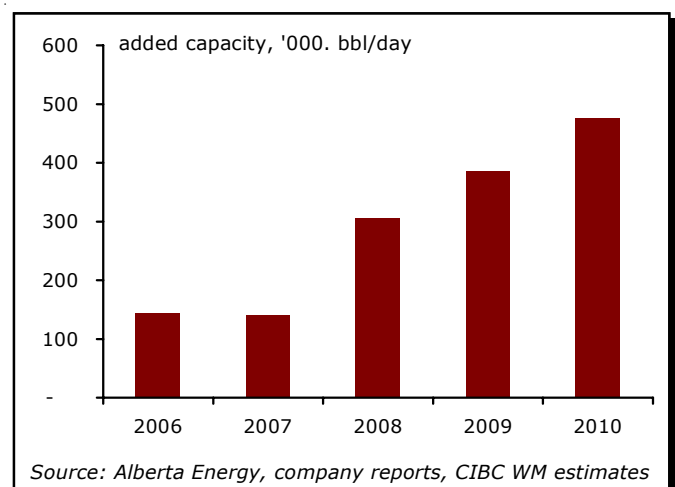
Chart 7
US Oil Imports by Exporting Country



out to be undesirable sour crude. New developments like the Haradh project are more likely to offset depletion at the rest of the Ghawar field than to add to net production levels. Moreover, as highlighted by February's attack, oil fields and refineries are prime targets for al-Qaeda who are calling for the overthrow of the Saudi regime.

Of all the present major suppliers to the US, only Canada is a position to significantly increase oil exports to the US marketplace, and only, as noted previously (see *Occasional Report #56, The Time of Sands*), as a result of increases in non-conventional production in the Athabasca oil sands. Canadian oil sands production is scheduled to double over the next five years to 2 million bbl/day. By all accounts, US energy consumers will need every drop.

Chart 8
Canadian Oil Sands Production Increases



ECONOMIC UPDATE

	05Q4A	06Q1F	06Q2F	06Q3F	06Q4F	2005A	2006F	2007F
CANADA								
Real GDP Growth (AR)	2.5	3.5	2.5	2.8	2.4	2.9	2.9	2.4
Real Final Domestic Demand (AR)	4.3	5.0	3.1	3.4	3.4	4.3	4.0	3.2
All Items CPI Inflation (Y/Y)	2.3	2.5	1.9	1.3	1.9	2.2	1.9	2.3
Core CPI Ex Sales Taxes (Y/Y)	1.6	1.7	1.8	1.8	1.8	1.6	1.8	1.8
Unemployment Rate (%)	6.5	6.6	6.5	6.6	6.6	6.8	6.6	6.8
Merchandise Trade Balance (C\$ Bn)	87.9	78.6	77.8	77.4	76.6	66.7	77.6	76.0
U.S.								
Real GDP Growth (AR)	1.6	5.0	2.7	3.3	2.7	3.5	3.3	2.5
Real Final Sales (AR)	0.0	5.3	2.6	3.0	2.5	3.9	3.2	2.4
All Items CPI Inflation (Y/Y)	3.7	3.5	2.9	2.3	2.4	3.4	2.8	2.9
Core CPI Inflation (Y/Y)	2.1	2.1	2.1	2.3	2.1	2.2	2.2	2.2
Unemployment Rate (%)	4.9	4.8	4.9	5.0	5.1	5.1	5.0	5.2

CANADA

Last year may have ended with a ho-hum quarter of economic growth, but a solid showing in December—along with early-year fiscal stimulus and a temporary surge in American demand—sets the stage for a Q1 improvement. We've upgraded our GDP call to 3.5% for the quarter, but see the emergence of below-potential growth thereafter, reflecting cooler US growth, the currency's drag on non-resource manufacturers and more muted activity in the housing market. While Canada's real trade balance has been battered by the C\$'s steep ascent, the nominal trade balance will continue to draw huge support from energy prices going forward.

UNITED STATES

We nudged up our first-quarter growth forecast a couple of ticks to an even 5%, but it's clear that the best month in that quarter is behind us. January retail and autos spending was triggered by mild weather that got Americans out of their houses (and reduced spending on home heating), but February looked much tamer. Housing remains the key, with a pile-up of inventories of new and existing listings suggesting home price momentum could falter.

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CANADA RELEASE AND EVENT DATES

March 2006



CIBC World Markets

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
27	28	1	2	3
BALANCE OF INT'L PAYMENTS 8:30 AM CURR.ACCT. BALANCE \$BN(QR) \$BN(AR) 05:Q2 5.0 20.2 05:Q3 7.9 31.0 05:Q4 13.3 53.1	GDP AT BASIC PRICES 8:30 AM (1997\$) INDUST. PROD. GDP M M NOV -0.6 2.9 DEC -0.3 2.6 JAN 0.5 2.2 NATIONAL ACCOUNTS 8:30 AM REAL PRICE GDP DEFLATOR %ch AR %ch AR 05:Q2 3.6 2.8 05:Q3 3.5 6.6 05:Q4 2.5 5.5	INDUSTRIAL PRICES 8:30 AM M (NSA) Y NOV -0.6 2.9 DEC -0.3 2.6 JAN 0.5 2.2		INTERNATIONAL RESERVES 8:15 AM M \$BN CHANGE LEVEL DEC -1.181 33.0 JAN -0.059 33.0 FEB -0.275 32.7
6	7	8	9	10
BUILDING PERMITS 8:30 AM (RES) (NON-RES) NOV -3.6 -6.7 DEC 39.3 6.1 JAN -21.4 -14.3 IVEY PURCHASING MANAGERS' INDEX 10:00 AM	Bank of Canada Interest Rate Announcement	HOUSING STARTS 8:15 AM 000's (AR) TOTAL SINGLES DEC 232.6 98 JAN 248.1 112 FEB	MERCHANDISE TRADE 8:30 AM \$MN 12 MO. BALANCE M NOV 6,890 63,461 DEC 7,689 66,693 JAN	LABOUR FORCE SURVEY 7:00 AM AVG EMPLOY UNEMP HRLY (HOUSE) RATE EARN M Y % Y DEC -0.1 1.6 6.5 3.6 JAN 0.2 1.7 6.6 3.2 FEB LABOUR PRODUCTIVITY 8:30 AM
13	14	15	16	17
CAPACITY UTILIZATION 8:30 AM LEVEL (%) TOTAL MANUF. 05:Q2 86.5 85.8 05:Q3 86.9 86.1 05:Q4	CAR & TRUCK SALES 8:30 AM 000's (AR) TOTAL DOM.BUILT CAR SALES NOV 1,628 557 DEC 1,621 568 JAN	SURVEY OF MANUFACTURING 8:30 AM SHIPMENTS M Y NOV -1.4 2.0 DEC 1.4 3.9 JAN WAGE SETTLEMENTS 10:00 AM (%) PVT. PUB. TOT. NOV 1.7 3.0 2.3 DEC 2.7 1.3 1.7 JAN	CONSUMER PRICE INDEX 7:00 AM M (NSA) Y DEC -0.1 2.2 JAN 0.5 2.8 FEB	WHOLESALE TRADE 8:30 AM
20	21	22	23	24
INT'L TRANSACTIONS IN SECURITIES C\$BN 8:30 AM NET NET NET NET BONDS MONEY STOCKS TOTAL MARKET NOV 3.8 0.2 1.6 5.6 DEC -7.0 2.7 0.2 -4.2 JAN	RETAIL TRADE 8:30 AM (Current\$) M Y NOV 1.0 5.0 DEC 0.3 6.7 JAN LEADING INDICATOR 8:30 AM			MONEY SUPPLY M-2 M Y DEC 1.2 5.4 JAN -0.2 4.5 FEB
27	28	29	30	31
			INDUSTRIAL PRICES 8:30 AM M (NSA) Y DEC -0.3 2.6 JAN 0.5 2.2 FEB	GDP AT BASIC PRICES 8:30 AM (1997\$) INDUST. PROD. GDP M M NOV 0.2 -0.3 DEC 0.4 0.6 JAN

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. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labour, and U.S. Federal Reserve Board.

U.S. RELEASE AND EVENT DATES

March 2006



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
27 NEW HOME SALES 10:00 AM	28 8:30 AM GDP (AR) REAL IMPLICIT GDP DEFLATOR 05:Q3(F) 4.1 3.3 05:Q4(P) 1.6 3.3 EXISTING HOME SALES 10:00 AM CONSUMER CONFIDENCE 10:00 AM CHICAGO PMI 10:00 AM	1 PERS. INCOME & OUTLAYS 8:30 AM INCOME CONS SAVING RATE NOV 0.3 0.5 -0.2 DEC 0.5 0.7 -0.4 JAN 0.7 0.9 -0.7 ISM MANUFACTURING SURVEY (Formerly NAPM) 10:00 AM COMP. PRICES INDEX INDEX DEC 55.6 63.0 JAN 54.8 65.0 FEB 56.7 62.5 DOMESTIC AUTO SALES	2 MICHIGAN SENTIMENT (F) 9:45 AM ISM NON-MFG SURVEY 10:00 AM	3
6 FACTORY ORDERS 10:00 AM M Y NOV 3.3 9.4 DEC 1.6 11.0 JAN -4.5 6.9	7 8:30 AM NON-FARM PRODUCTIVITY Q/Q (AR) Y/Y 05:Q3 (R) 4.5 3.1 05:Q4 (P) -0.6 2.3 05:Q4 (R) CONSUMER CREDIT 3:00PM	8	9 GOODS & SERVICES BALANCE (BOP) 8:30 AM GDS SERV TOT NOV -69.4 4.7 -64.7 DEC -70.6 4.9 -65.7 JAN	10 8:30 AM EMPLOYMENT SITUATION NON-FARM CIV UNEMP HRLY AVG PAYROLL RATE EARN (000s) M % Y DEC 140 4.9 3.2 JAN 193 4.7 3.3 FEB WHOLESALE TRADE 10:00 AM TREASURY BUDGET 2:00 PM
13 RETAIL SALES 8:30 AM M Y DEC 0.4 5.8 JAN 2.3 8.8 FEB BUSINESS INVENTORIES 8:30 AM CURRENT ACCOUNT BALANCE 8:30 AM	14	15 NET CAPITAL INFLOWS TICS 9:00 AM Beige Book	16 HOUSING STARTS 8:30 AM MIL (AR) M DEC 1.988 -6.9 JAN 2.276 14.5 FEB CONSUMER PRICE INDEX 8:30 AM M (SA) Y (NSA) DEC -0.1 3.4 JAN 0.7 4.0 FEB PHILADELPHIA FED INDEX 12:00 PM MONEY SUPPLY M-2 4:30 PM M Y DEC 0.4 4.0 JAN 0.9 4.8 FEB	17 9:15 AM CAPACITY UTIL/ IND. PROD. LEV M Y DEC 81.2 0.9 3.6 JAN 80.9 -0.2 3.2 FEB MICHIGAN SENTIMENT (P) 9:45 AM
20 LEADING INDICATOR 10:00 AM	21 8:30 AM PRODUCER PRICE INDEX M (SA) Y (NSA) DEC 0.6 5.4 JAN 0.3 5.7 FEB	22	23 EXISTING HOME SALES 10:00 AM	24 8:30 AM DURABLE GOODS ORDERS M Y DEC 2.5 14.0 JAN -9.9 5.7 FEB NEW HOME SALES 10:00 AM
27 FOMC Meeting	28 CONSUMER CONFIDENCE 10:00 AM FOMC Meeting	29	30 8:30 AM GDP (AR) REAL IMPLICIT GDP DEFLATOR 05:Q3(F) 4.1 3.3 05:Q4(P) 1.6 3.3 05:Q4(F) CORPORATE PROFITS 8:30 AM	31 8:30 AM PERS. INCOME & OUTLAYS INCOME CONS SAVING RATE DEC 0.5 0.7 -0.4 JAN 0.7 0.9 -0.7 FEB MICHIGAN SENTIMENT (F) 9:45 AM FACTORY ORDERS 10:00 AM M Y DEC 1.6 11.0 JAN -4.5 6.9 FEB CHICAGO PMI 10:00 AM

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. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labour, and U.S. Federal Reserve Board.