



Monthly Indicators

May 4, 2005

Jeffrey Rubin
(416) 594-7357

Avery Shenfeld
(416) 594-7356

Benjamin Tal
(416) 956-3698

Peter Buchanan
(416) 594-7354

Warren Lovely
(416) 594-7359

Leslie Preston
(416) 956-3219

Back to the 1980s

Tightening crude supply casts a pall not only over short-term global growth prospects but over longer-term ones as well. Every one percent rise in world GDP needs fueling from a roughly 0.5% increase in global oil production. While that relationship isn't necessarily fixed, it gives a good proxy of the potential scale of economic adjustment that lies ahead. In today's oil-dependent economy, the prospect of annual crude supply growth of less than 1% poses some pretty draconian implications for global growth.

Of course tomorrow's economy could be a lot less oil guzzling than today's, particularly if crude prices are going to march to \$100 per barrel by the end of the decade. While the supply curve for conventional oil may no longer be upward sloping, fortunately the supply curve for oil-saving technology is. Market price signals must incent the development and commercialization of new technologies that ultimately will loosen the grip of depleting oil supply on global growth.

Given the scale of the anticipated price adjustment, our economies will need to see a reduction in oil intensity rivaling the one seen in the aftermath of the second OPEC oil shock. Compared to the previous half decade, the annual improvements in energy efficiency, as measured by crude usage per unit of real world GDP, more than doubled in the five years after 1980. However, back then, much of the

improvement came through the widespread conversion from oil to abundant and cheap natural gas, which on an energy equivalent basis, was only 30% of the cost of oil. Today, the energy from natural gas sells for over 75% of the price of the energy from oil, providing much less scope for fuel substitution. Nevertheless, we estimate that over the next five years, the rate of improvement in the oil efficiency of the global economy will have to once again double from its long-term trend if world growth is to be sustained at last decade's pace (see pages 4-5).

Such changes do not, however, come over night and they will not come at all until consumers and businesses see the rise in crude prices as permanent. In the meantime, it will largely fall to central banks, the custodians of short-run economic performance, to manage as smooth a transition as possible. For some, like the Federal Reserve Board, it will likely require a change in monetary gears. Whereas the inflationary fallout from soaring energy costs prompted massive tightening by the Fed in the early 1980s, today's energy shock no longer carries the inflationary implications of past shocks (see pages 6-8). That opens the door to a very different type of monetary response.

The move to \$50 per barrel crude has already made the road to monetary neutrality a lot shorter than it earlier seemed. The move to \$100 per barrel oil will ultimately shift monetary policy in an entirely different direction.

MARKET CALL

- It's too soon to expect the Fed to stop tightening, but growing economic drag from a 30% rise in oil prices over the last year is bringing an end more clearly into sight. The Fed will soon be discouraged from proceeding much farther than the two more rate hikes we have factored in over its next two meetings. Sub-3% GDP growth in the second quarter and an easing in core inflation concerns should usher them to the sidelines after the August FOMC. In the meantime, the Bank of Canada is likely to continue to enjoy its stay on the sidelines, as widening negative Canada-US interest rate spreads continue to eat away at a still-overvalued Canadian dollar.
- The Fed may be reopening long bond issuance but there will be no shortage of buyers for long duration product. Rising crude prices have flattened the Treasury curve over the last six months and even higher oil prices, and their implications for future economic growth, will continue to weigh heavily on longer-term interest rate expectations. All the more so if the recent upswing in US core inflation lacks legs.
- Fed tightening will continue to shield the US dollar over the near term, but the US current account deficit is not going to go away all by itself. In fact, energy prices are likely to worsen it. We expect to see renewed weakness in the greenback upon the completion of Fed tightening this summer, with further gains expected for both the euro and yen later this year.

INTEREST & FOREIGN EXCHANGE RATES

END OF PERIOD:	4-May	June	2005		2006	
			Sep.	Dec.	June	Dec.
CDA Call loan (mid-point of range)	2.50	2.50	2.50	2.50	2.50	2.50
98-Day Treasury Bills	2.46	2.50	2.45	2.40	2.40	2.45
Chartered Bank Prime	4.25	4.25	4.25	4.25	4.25	4.25
2-Year Gov't Bond (3% 06/07)	3.06	3.15	3.10	3.00	3.00	3.00
10-Year Gov't Bond (5% 06/14)	4.13	4.15	4.15	4.10	4.00	3.80
30-Year Gov't Bond (5.75% 06/33)	4.58	4.50	4.40	4.30	4.20	4.00
U.S. Federal Funds Target	3.00	3.25	3.50	3.50	3.50	3.50
91-Day Treasury Bills	2.81	3.25	3.45	3.40	3.40	3.40
2-Year Gov't Note (3.625% 04/07)	3.62	3.85	3.95	3.95	3.90	3.90
10-Year Gov't Note (4% 02/15)	4.19	4.35	4.30	4.30	4.30	4.25
30-Year Gov't Bond (5.375% 02/31)	4.59	4.60	4.55	4.55	4.55	4.50
Canada - US T-Bill Spread	-0.34	-0.75	-1.00	-1.00	-1.00	-0.95
Canada - US 10-Year Bond Spread	-0.06	-0.20	-0.15	-0.20	-0.30	-0.45
Canada Yield Curve (30-Year — 2-Year)	1.52	1.35	1.30	1.30	1.20	1.00
US Yield Curve (30-Year — 2-Year)	0.96	0.75	0.60	0.60	0.65	0.60
EXCHANGE RATES						
— (US¢/C\$)	80.3	80.0	83.3	76.9	75.2	77.5
— (C\$/US\$)	1.246	1.250	1.200	1.300	1.330	1.290
— (Yen/US\$)	104	107	104	102	95	94
— (US\$/euro)	1.30	1.28	1.37	1.36	1.38	1.39
— (US\$/pound)	1.90	1.86	1.90	1.92	1.91	1.91
— (US¢/A\$)	78.1	78.5	80.0	75.0	73.0	72.0

STRATEGY AND EARNINGS OUTLOOK

- It's time to bring out the defense. This oil shock, unlike past ones, is going to be disinflationary. We've consequently added to our overweight in bonds and income trusts this month at the expense of cash, retaining our previous neutral weighing on equities. Investors' still overdone expectations about the Fed's remaining work make the long end of the curve a particularly attractive proposition.
- The income trust market, already off to a decent start, is likely to do well for broadly similar reasons, providing a total return of 15% for the year as a whole, provided the economy does not tip into recession and put distributions at risk. Dividend-paying sectors like the telecoms and utilities should also shine in a declining yield environment. TSX oil stocks continue to trade at a 20% cash flow discount and a tightening supply picture suggests crude prices will rebound from any transitory weakness. We remain underweight the overvalued tech sector, however. Revenue and earnings prospects there don't justify present valuations. The high probability of growth disappointments, as oil weighs, likewise leads us to underweight cyclically sensitive groups, including the industrials, consumer discretionary and materials producers.

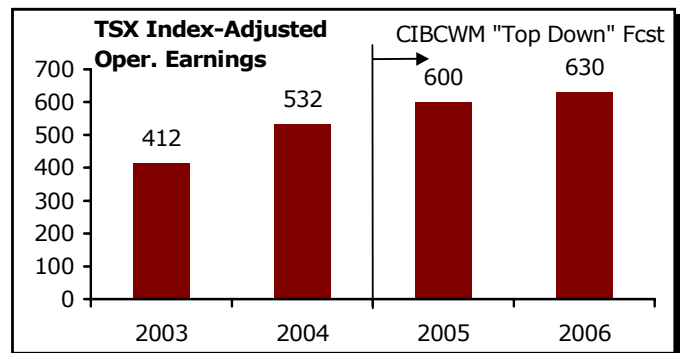
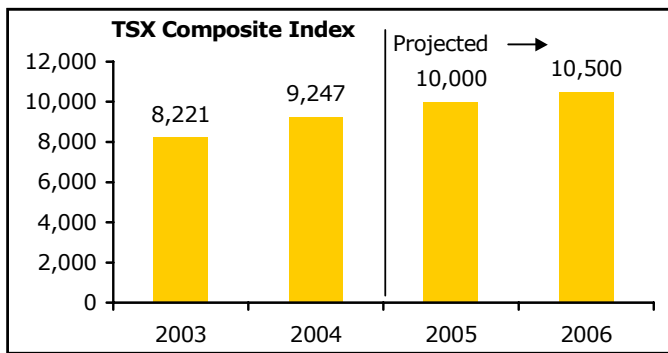
Table 1

ASSET MIX (%)	Benchmark	Strategy Recommendation
Stocks	49	49
Income Trusts	4	8
Bonds	38	41
Cash	9	2
GICS SECTOR EQUITIES (%)		
Consumer Discretionary	6.6	5.1
Consumer Staples	4.2	4.2
Energy	20.6	25.6
Financials	33.4	33.4
Healthcare	1.4	1.4
Industrials	5.7	4.2
Info Tech	5.6	3.6
Materials	15.6	13.6
Telecom	5.5	7.0
Utilities	1.5	2.0

Table 2

TSX - Earnings Outlook & Forward PE				
	Operating Earnings (% chg)		4-qtr Fwd PE	
	2004	2005	Latest	Last 10 yrs.
Energy	17.2	32.4	11.3	13.0
Materials	311.3	3.2	18.0	27.5
Industrial	10.1	6.7	17.8	15.6
Consumer Discretionary	30.0	-2.9	23.1	18.6
Consumer Staples	10.9	5.6	19.0	17.0
Health Care	18.2	13.0	22.1	49.7
Financials	19.0	5.8	14.4	10.9
Info Tech	23.9	59.6	28.9	32.3
Telecommunications	22.7	14.2	14.6	34.7
Utilities	2.7	9.1	15.8	13.9
TSX Composite	29.2	12.8	15.6	17.9

na=not available/meaningful, due to negative year-earlier value



Will Oil Handcuff Global Economic Growth?

Jeff Rubin and Peter Buchanan

The combination of accelerating depletion of conventional crude supply and brisk global crude demand suggests that oil markets are likely to get much tighter over the next few years (see *Occasional Report #53*). What are the implications for world GDP from future oil supply growth that is soon likely to be less than 1% per year (Chart 1)? Will the world economy's overriding dependence on oil result in a challenging reduction in longer-term global economic growth or will soaring oil prices themselves provide incentive for offsetting improvements in energy efficiency?

Demand for oil is relatively price inelastic, particularly in the short run. The US Department of Energy estimates for regional price elasticities of demand imply that it takes a full 10% rise in crude prices to lop just 1.5% off global demand. Even that might be optimistic since the bulk of recent demand growth is coming from rapidly industrializing economies like China and India, where rising incomes, rather than rising prices, is driving demand. An OPEC Journal study¹ of 26 countries found that oil demand in China was the least responsive to price (Chart 2). More recent research points to near-zero price elasticity in other key emerging market economies, including India and Mexico. That's not bullish for curbing oil demand in the Chinese economy, which on an overall energy

efficiency basis still lags 10%-pts behind the typical OECD member country. In the meantime, cheap labour costs in both China and India continue to encourage the movement of energy-intensive manufacturing production to the very countries where energy efficiency is the lowest.

Last year, Chinese crude demand grew at a staggering 15% rate, accounting for a third of the global rise in demand. Oil demand in other Asian developing economies, like India, is also exploding. Next to China, the rest of developing Asia was the second largest growth source for crude demand last year, and is likely to remain so for the foreseeable future. Moreover, the inevitable appreciation in the yuan's US dollar exchange rate will only serve to insulate Chinese oil consumers from further increases in US dollar oil prices, adding to the problems of restraining future demand growth.

Yet, in order to circumvent future supply constraints, the world economy will have to become a lot less oil intensive. That has of course, already been happening over the last thirty years as GDP per barrel has climbed (Chart 3). But it will take a sharp acceleration in this trend to maintain recent global economic growth rates if world oil supply growth slows to a crawl over the balance of the decade.

Chart 1
Global Oil Demand and Supply Growth

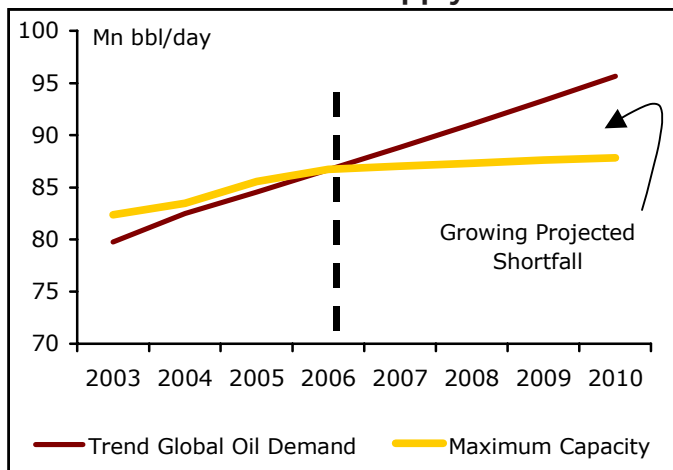
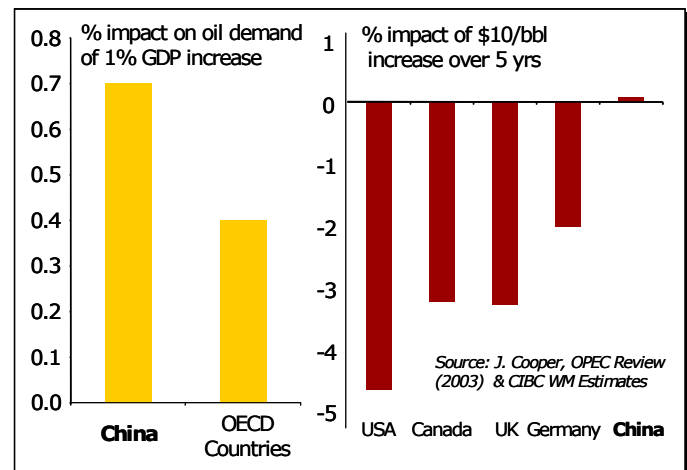
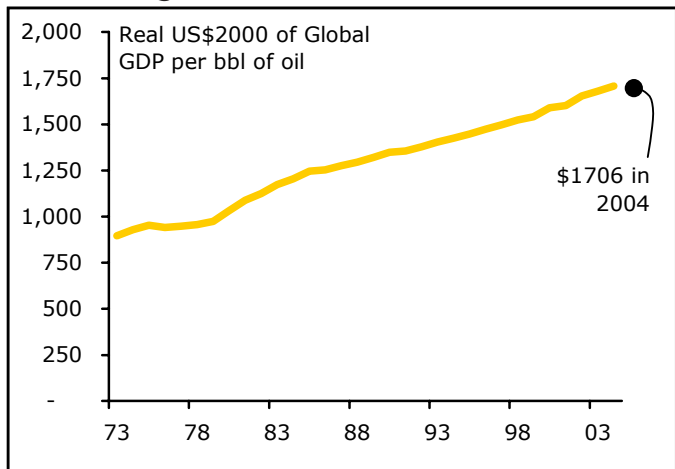


Chart 2
Emerging Market Oil Demand Levered to Growth (L), Not Price (R)



¹John Cooper, "Price Elasticity of Demand for Crude Oil: Estimates for 23 Countries", OPEC Journal, March 2003

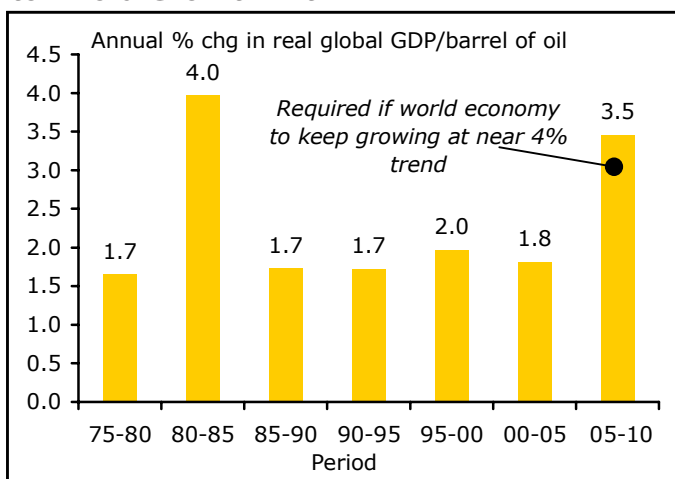
Chart 3
More Bang Per Barrel



In order to keep the world economy growing at the near-4% annual pace of the last ten years, oil efficiency will have to improve by roughly 3.5% per year, almost double the current rate and approaching the record pace seen after the second OPEC oil shock twenty-five years ago (Chart 4). Autos will have to play a large role in this adjustment, with the advent of electric-gasoline hybrid cars, comparable to the rapid growth in fuel-efficient Japanese cars in the early 1980s.

One problem facing today's adjustment is that the scope for substitution to other fuel sources seems far more limited than back in the 1980s. Natural gas, the obvious substitute for skyrocketing crude prices, is no longer oil's poor cousin. While natural gas prices have trailed well behind the 30% rise in crude prices over

Chart 4
Faster Efficiency Rise Needed to Avoid Growth Hit

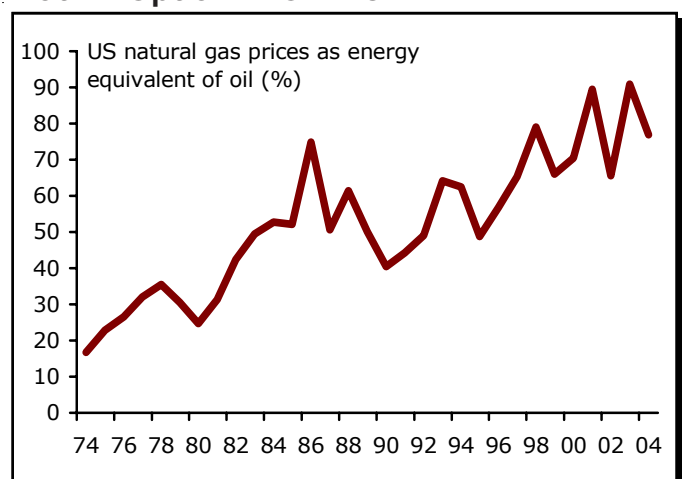


the last year, the energy-adjusted price gap between oil and natural gas prices is a fraction of the price gap that existed in the aftermath of the first two OPEC shocks. Even at today's roughly 25% energy discount, natural gas is a much more expensive substitute for oil than it was twenty-five or thirty years ago (Chart 5). Moreover, at least insofar as North American gas is concerned, the depletion picture may not look all that different than it does for oil.

Coal and nuclear are other obvious substitutes, but at least in developed economies, the range for substitution also seems limited. In a world increasingly concerned about CO₂ emissions and global warming, a massive switch to coal does not seem to be an environmentally sustainable option. Quite the contrary, developing economies like China are switching the other way, as they move electrical generation from coal-fired to oil- and natural gas-fired energy. A rebirth of the nuclear power industry will inevitably play a role in lessening the world economy's dependence on oil. There are already 40 nuclear reactors under construction in China, but North America has not seen a new reactor licensed in decades. Moreover, the time lags required for approval and construction of nuclear reactors suggests only a limited role in weaning us off oil over the remainder of the decade.

With fewer options for substitution to other energy forms, the pressures for technological change will soon become immense. Either future world growth follows the contours of future crude supply or we are about to see a new dawn in energy efficiency that will rival the 1980s.

Chart 5
Substituting "Cheap" Natural Gas Not An Option This Time



US Inflation: Not 'Round the Corner

Avery Shenfeld

Financial markets can't seem to make up their minds: is a US inflation problem just 'round the corner, or isn't it? One day, an outsized PPI figure raises the blood pressure in the bond and equity markets; another day, markets shrug off a consensus-topping core CPI figure. At current long yields, Treasuries buyers are betting heavily that inflation will be no big deal. Odds are that their optimism will prove well grounded, as core PCE inflation, Greenspan's preferred measure, levels off in the coming year only marginally above its currently tame 1.7% year-on-year pace.

Oiling Up Inflation?

Oil prices have pushed the headline CPI above 3%. But fortunately, several recent studies, including some by Federal Reserve staffers¹, have noted that since 1980, energy price shocks no longer carry much if any weight in setting off new trends in core CPI.

That does not reflect a tougher Fed tightening response to energy price pressures. If it did, we would have seen more of a response in the real economy to oil shocks than in the past. Instead, the evidence points to a diminished growth impact post-1980, and to energy prices being viewed by the Fed as a brake on growth rather than a harbinger of inflation.

But the growing credibility of the central bankers as inflation fighters may have prevented energy prices from filtering through into inflationary expectations, expectations that can turn into self-fulfilling prophecies of rising prices if they feed into wages. Note that median expectations for inflation have had much less of a link to energy price spikes in the past decade than they did in 1979 (Chart 1).

Excess Capacity Abroad and in Homes

Earlier oil shocks, in 1973 and 1979-80, hit late-cycle economies that already had building wage-price momentum and tight labour markets. Not so today. US industrial capacity use has come well off its lows, but at 79%, it's still well below the 85% mark typically deemed inflationary.

Moreover, global excess capacity can increasingly hold down American pricing power for consumer goods. Imports have nearly tripled since 1980 as a share of US consumer goods spending (Chart 2), reaching 18% even though the spending figures include retail mark-ups.

Another realm of excess capacity, this one in rental housing, is also working to hold inflation measures in line. Rents—used to track housing costs—are

Chart 1
Energy Prices and Inflation Expectations

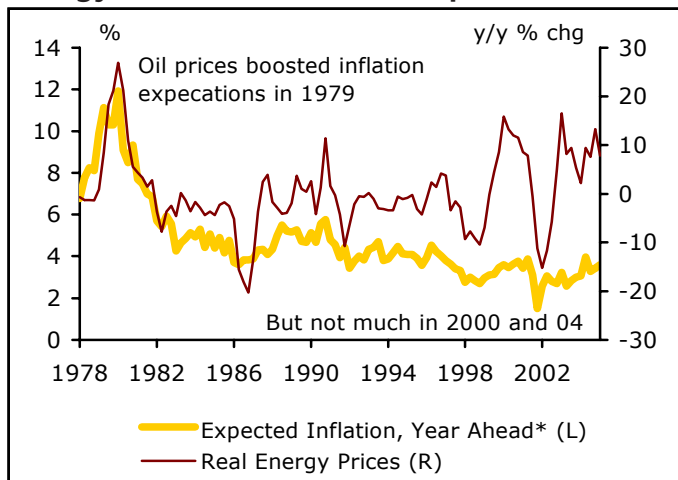
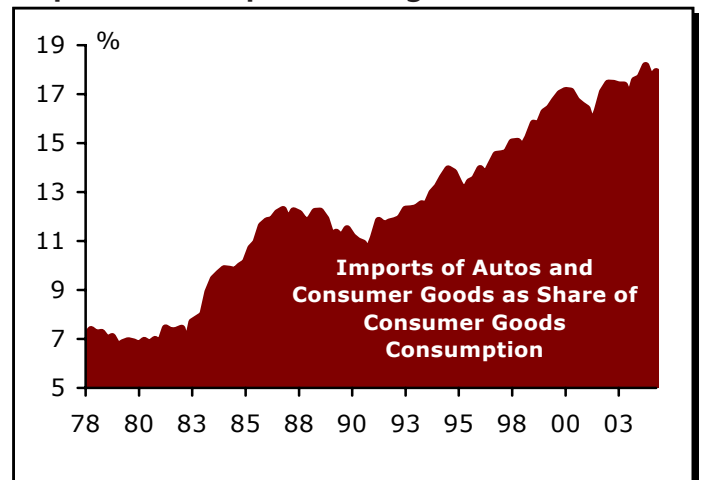


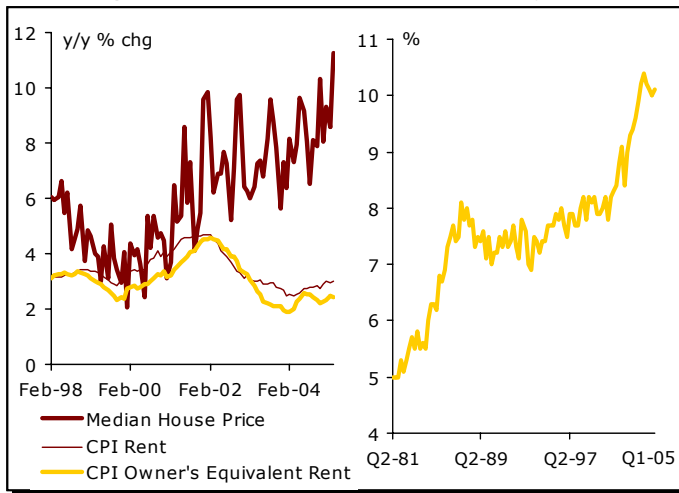
Chart 2
Import Consumption a Large Price Barrier



*University of Michigan consumer survey

¹ See references at Humpage, O.F., and E. Pelz, "Do Oil Price Spikes Cause Inflation", Federal Reserve Bank of Cleveland, April 2003.

Chart 3
Housing Inflation (L), Rental Vacancy Rate (R)



stubbornly resisting the escalating pace seen in new and resale house prices (Chart 3). The reason: cheap interest rates are keeping monthly carrying costs for rental property in check, and high vacancy rates—as more Americans become home owners—are holding down market rents. Rents, both owner-equivalent and direct, collectively account for nearly 40% of core CPI.

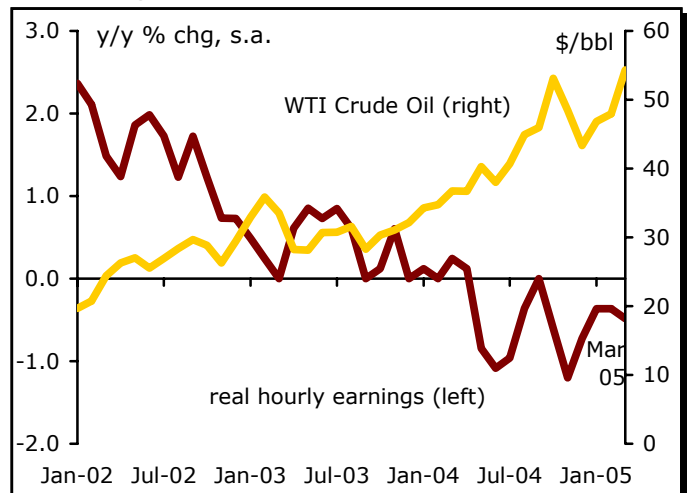
Wages' War Against Price Hikes

More broadly, the average American consumer simply lacks the purchasing power necessary to finance a world of escalating inflation. Held back by slack in US labour markets, implicit competition from cheaper workers abroad, and the diversion of employer funds into benefit costs (for pension top-ups and medical care), US pay scales have not chased energy prices as they did in oil shocks in the distant past (Chart 4).

With real wages falling, the average American shopper simply doesn't have the spending power needed to cover an acceleration in prices across the board. That's in sharp contrast to where we stood in the late 1970s, when the last oil-induced inflation run-up was triggered. At that time, wage gains were already running in 8% year-on-year territory before the energy price shock triggered the wider spiral.

The lack of spending power today means that oil price hikes are likely to force offsetting discounts on other items, as consumers pinched by high prices at the pump leave other goods piling up unsold. Core CPI

Chart 4
Real Wages and Crude Oil



jumped an above-trend 0.4% in March, but that was also a very weak month for core retail sales (Chart 5). That's a signpost of price hikes that won't stick, with discounts coming in clothing, autos and other goods in the next few months.

The same phenomenon was seen after the May 2004 gasoline price hikes. That spike was followed up by a scant 0.1% average monthly rise in core CPI over the subsequent three months, as retailers slashed prices on goods they failed to sell when the gasoline price shock pinched consumer buying power.

Don't look for wages to escalate any time soon. Excess capacity in labour markets is being closed with

Chart 5
Recent Price Hikes Saw Buyer Resistance

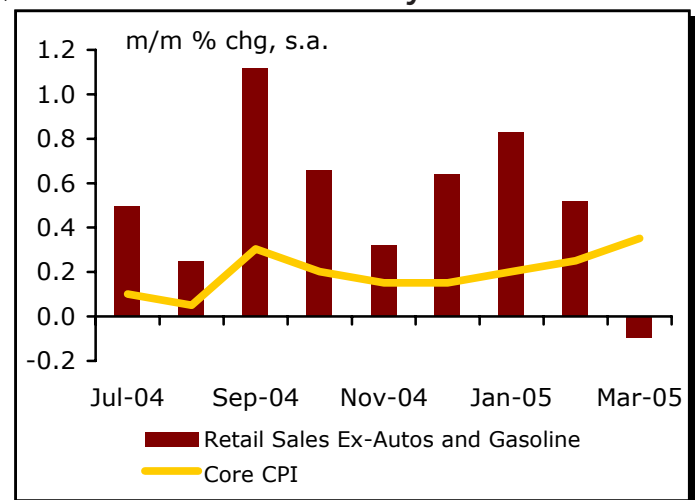
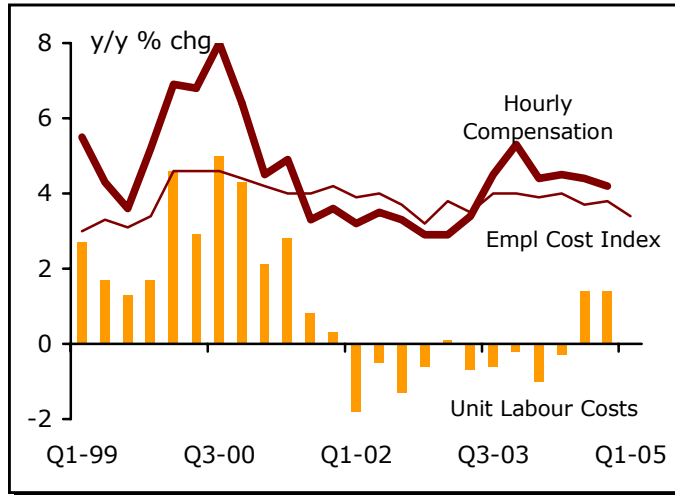


Chart 6
Labour Costs Held in Check

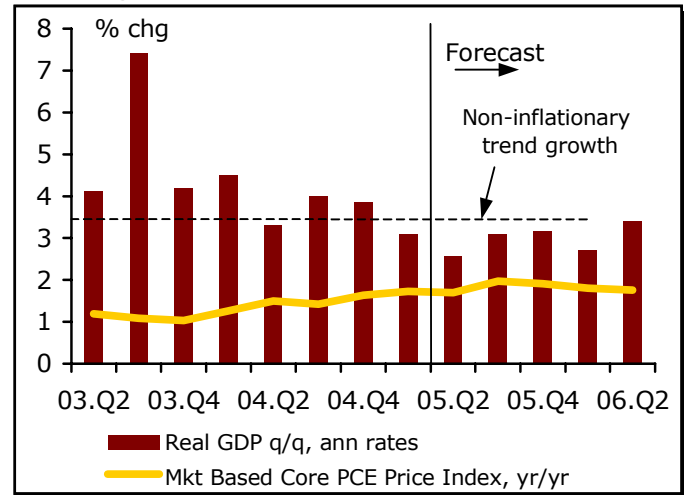


a very long timetable. Non-farm payrolls have been rising at a moderate 175,000 per month over the last half year, little more than the 140,000 new workers that are added each month due to population growth. Moreover, the broadest measures of unemployment, which include discouraged workers, involuntary part-timers and the like, are still running a percentage point or so above where they stood in the late 1990s.

Even with rising benefit costs, the overall labour bill is still providing considerable disinflationary momentum. At last count, the employment cost index for private sector workers was running at a moderate 3.4% year-on-year pace. Hourly compensation and unit labour costs in the non-farm business sector look similarly benign (Chart 6), even with the usual maturing-cycle easing in productivity growth. That's a major counterweight to the upward pull on costs from the rise in energy and material prices over the same period.

Even so, higher energy costs have to fall on someone's shoulders. If not on consumers, then whom? The answer would appear to lie in corporate profit margins, where there is some room to maneuver.

Chart 7
Slowing Growth to Cap Core Inflation



Corporate profits per dollar of GDP are near 40-year highs. If final consumers don't have the buying power to absorb cost increases, competitive pressures will force margins to swallow those costs.

Everything in Moderation

In the end, none of these inflation-fighting forces would last if US economic growth was strong enough to tighten labour markets and squeeze out domestic and applicable overseas excess capacity. Ultimately, keeping inflation buried necessitates holding onto a meaningful output gap by running the economy below its non-inflationary speed limit, typically thought to lie somewhere in the 3-3.5% range. In that regard, the Fed seems to have done the trick, with quarterly growth rates honing in on that territory (Chart 7), even with as little as 50 bps in further rate hikes ahead.

So fears of price pressures will prove to be inflated. Those trying to dust off the "stagflation" term will be wrong on both counts, as there's no "stag" in a 3% growth rate that would be the envy of Europe or Japan, and no 'flation to speak of outside the energy sector.

Canada: Politics on the Brain

Warren Lovely

Girding for Election Battle

The call could come in a matter of weeks. At most, the wait will stretch to year-end. But Canadians will be heading back to the polls in the not-too-distant future. Liberal fortunes have been rocked by Adscam testimony, not just federally but also in Québec City, where the provincial government's approval rating is at a nadir and separatist sentiment has seemingly been rekindled. A recent Léger Marketing poll revealed 54% of Quebecers favouring sovereignty, while a subsequent CROP poll also found support for sovereignty on the rise (albeit at sub-50% levels).

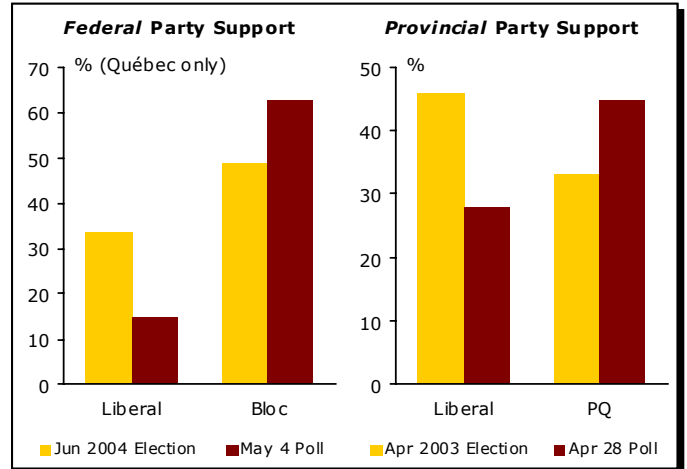
Québec Credit: A Buying Opportunity

Unnerved by talk of separation, Québec spreads have widened in the past month, not only vs Canada's but all other provinces as well. But while polls show increased support for some concept of "sovereignty," the majority still favour remaining in Canada. In any event, the provincial Liberals have time to right their ship, and with the next provincial election not due till April 2008, markets are likely to lose their focus on politics in the interim. Beyond politics, near-term supply developments look supportive for Québec spreads, with provincial bond issuance set to ease notably in fiscal 2005/06.

Damage Done to C\$... for Now

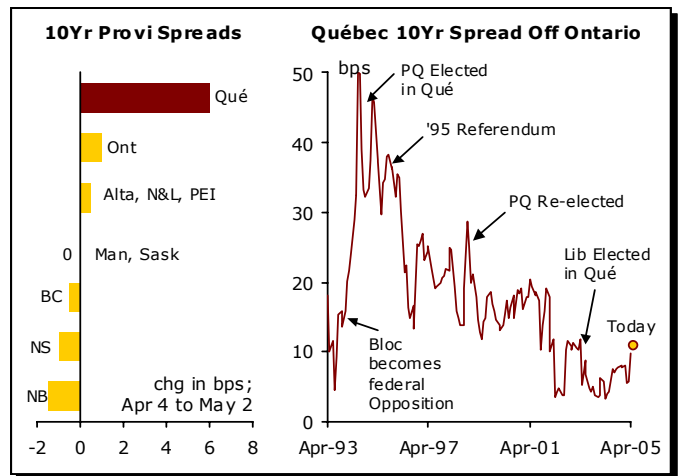
Political uncertainty meant the C\$ was easily the worst performing major currency in April. But having ceded nearly 4% last month, the bulk of the damage is now in the market. Getting the election out of the way by summer would shift attention to a Fed who's rate-tightening program will soon expire, and to that 800 lb gorilla known as the US current account deficit. Beyond a retest of 1.20 C\$/US\$ by fall, an emerging global industrial slowdown should dampen enthusiasm for commodity currencies. Moreover, with lukewarm growth and restrained inflation sidelining the Bank of Canada, persistent negative interest rate spreads should send the loonie back to the 1.30 mark by year-end, en route to even softer levels in 2006.

Liberal Fortunes Fade in Québec

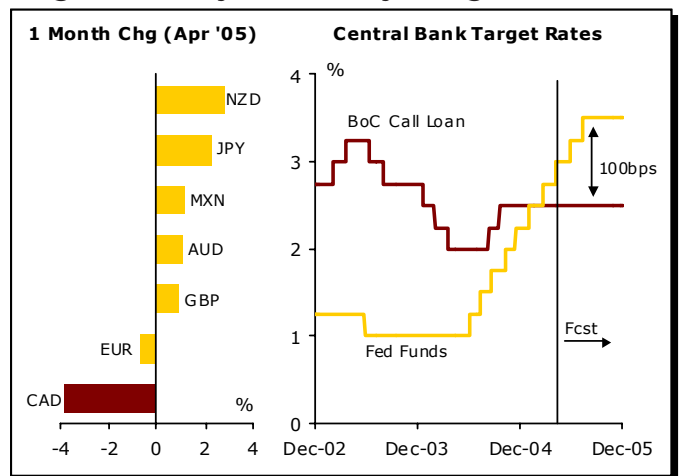


Note: Federal poll by Pollara, provincial poll by CROP

Québec Spreads Have Widened



Negative Carry Ultimately Weighs on C\$



ECONOMIC UPDATE

	04Q4A	05Q1A/F	05Q2F	05Q3F	05Q4F	2004A	2005F	2006F
CANADA								
Real GDP Growth (AR)	1.7	3.0	2.0	2.2	2.6	2.8	2.5	2.7
Real Final Domestic Demand (AR)	4.4	4.4	3.6	3.1	3.6	3.8	3.8	3.5
All Items CPI Inflation (Y/Y)	2.3	2.1	2.1	2.4	2.5	1.8	2.3	2.2
Core CPI Inflation (Y/Y)	1.6	1.8	1.7	1.7	1.6	1.6	1.7	1.7
Unemployment Rate (%)	7.1	7.0	7.0	7.1	7.0	7.2	7.0	7.2
Merchandise Trade Balance (C\$ Bn)	61.9	56.6	59.5	56.1	53.0	67.2	56.3	47.8
U.S.								
Real GDP Growth (AR)	3.8	3.1	2.6	3.1	3.2	4.4	3.3	3.1
Real Final Sales (AR)	3.2	1.9	3.5	3.0	3.3	4.0	3.1	3.2
All Items CPI Inflation (Y/Y)	3.3	3.0	2.8	2.8	3.0	2.7	2.9	2.4
Core CPI Inflation (Y/Y)	2.1	2.3	2.3	2.5	2.5	1.8	2.4	2.3
Unemployment Rate (%)	5.4	5.3	5.3	5.4	5.4	5.5	5.3	5.4

CANADA

- Monthly GDP results have recently fallen short of expectations, and with two months in the books, first quarter growth looks to have run at roughly 3%—in line with the US pace. Although an improvement over a sickly Q4 tally, we expect a reversion to slower growth ahead, with soft exports, reduced stockpiling, and ultimately, consumer fatigue limiting GDP gains to little more than 2% through year-end. Core inflation has perked up, and while we're closer to the Bank's 2% target than we had foreseen, the muted growth backdrop will dampen core price pressures, even if sustained high energy costs sees headline inflation heading higher.

UNITED STATES

- Output maintained a reasonable pace in Q1, but a lot of that piled up in inventories, with final sales at a 1.9% crawl. We've knocked down our call for Q2 by half a point to 2.6%, with a slower pace to inventory building now cutting into production growth. A second half real GDP pace of just over 3%, held back by an ongoing energy price drag, slowing house price gains and a weak external environment, should allow core inflation to level off not far from its current pace.

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 has not been reviewed or approved by CIBC World Markets Corp., a member of the NYSE and SIPC, and is intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC Rule 15a-6 and Section 15 of the Securities Act of 1934, as amended). This document and any information contained herein are not intended for the use of private investors in the UK. The comments and views expressed in this document are meant for the general interests of clients of CIBC World Markets Australia Limited. This report is provided for informational purposes only.

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.

© 2005 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.

CANADA RELEASE AND EVENT DATES

May 2005



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
2	3	4	5	6
		INTERNATIONAL RESERVES 8:15 AM M \$BN CHANGE LEVEL FEB 0.971 35.6 MAR 0.689 36.3 APR -0.649 35.6	BUILDING PERMITS 8:30 AM (RES) (NON-RES) JAN -7.5 -17.8 FEB 11.8 17.1 MAR IVEY PURCHASING MANAGERS' INDEX 10:00 AM	LABOUR FORCE SURVEY 7:00 AM EMPLOY UNEMP AVG (HOUSE) RATE EARN M Y % Y FEB 0.2 1.5 7.0 2.5 MAR 0.0 1.6 6.9 3.2 APR
9	10	11	12	13
HOUSING STARTS 8:15 AM 000's (AR) TOTAL SINGLES FEB 218.1 95 MAR 218.4 93 APR		MERCHANDISE TRADE 8:30 AM \$MN 12 MO. M BALANCE JAN 4,285 66,540 FEB 4,845 65,963 MAR Ontario Budget @ 4:00 PM	CAR & TRUCK SALES 8:30 AM 000's (AR) TOTAL DOMESTIC BUILT CAR SALES JAN 1,518 537 FEB 1,712 620 MAR	SURVEY OF MANUFACTURING 8:30 AM SHIPMENTS M Y JAN 2.6 12.7 FEB -0.5 10.8 MAR
16	17	18	19	20
	WAGE SETTLEMENTS 10:00 AM (%) PVT. PUB. TOT. JAN 2.7 2.4 2.4 FEB 2.2 2.6 2.3 MAR British Columbia Provincial Election	INT'L TRANSACTIONS IN SECURITIES C\$BN 8:30 AM NET NET NET NET BONDS MONEY STOCKS TOTAL MARKET JAN 0.6 1.2 0.6 2.4 FEB -0.1 -0.3 2.2 1.8 MAR WHOLESALE TRADE 8:30 AM		CONSUMER PRICE INDEX 7:00 AM M (NSA) Y FEB 0.4 2.1 MAR 0.6 2.3 APR RETAIL TRADE 8:30 AM (Current\$) M Y JAN 2.1 7.3 FEB 1.7 7.7 MAR MONEY SUPPLY M-2 M Y FEB 0.7 6.8 MAR 0.0 6.4 APR
23	24	25	26	27
VICTORIA DAY (HOLIDAY) MARKETS CLOSED	LEADING INDICATOR 8:30 AM	Bank of Canada Rate Announcement	QUARTERLY FINANCIAL STATISTICS 8:30 AM	
30	31	1	2	3
INDUSTRIAL PRICES 8:30 AM M (NSA) Y FEB 1.2 2.5 MAR 0.3 2.1 APR BALANCE OF INT'L PAYMENTS 8:30 AM CURR.ACCT. BALANCE \$BN(QR) \$BN(AR) 04:Q3 9.4 37.6 04:Q4 6.3 25.2 05:Q1	GDP AT BASIC PRICES 8:30 AM (1997\$) INDUSTR. PROD. GDP M M JAN 0.2 0.1 FEB 0.3 -0.2 MAR NATIONAL ACCOUNTS 8:30 AM REAL PRICE GDP DEFLATOR %ch AR %ch AR 04:Q3 2.9 3.9 04:Q4 1.7 3.2 05:Q1			INTERNATIONAL RESERVES 8:15 AM M \$BN CHANGE LEVEL MAR 0.689 36.3 APR -0.649 35.6 MAY

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 May 2005



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
2 ISM MANUFACTURING SURVEY (Formerly NAPM) 10:00 AM COMP. PRICES INDEX INDEX FEB 55.3 65.5 MAR 55.2 73.0 APR 53.3 71.0	3 FACTORY ORDERS 10:00 AM M Y JAN 0.0 11.1 FEB -0.5 9.3 MAR 0.1 4.1 FOMC Meeting DOMESTIC AUTO SALES	4 ISM NON-MFG SURVEY 10:00 AM	5 NON-FARM PRODUCTIVITY 8:30 AM Q/Q (AR) Y/Y 04:Q3 (R) 1.3 3.0 04:Q4 (R) 2.1 2.8 05:Q1 (P) CONSUMER CREDIT	6 EMPLOYMENT SITUATION 8:30 AM NON-FARM UNEMP RATE AVG HRLY EARN (000s) M % Y FEB 243 5.4 2.6 MAR 110 5.2 2.6 CONSUMER CREDIT
9 WHOLESALE TRADE 10:00 AM	10	11 GOODS & SERVICES BALANCE (BOP) 8:30 AM GDS SERV TOT JAN -62.5 4.0 -58.5 FEB -64.7 3.7 -61.0 MAR TREASURY BUDGET 2:00 PM	12 RETAIL SALES 8:30 AM M Y FEB 0.5 7.8 MAR 0.3 5.8 APR MONEY SUPPLY M-2 4:30 PM M Y FEB 0.2 5.2 MAR 0.3 4.9 APR	13 BUSINESS INVENTORIES 8:30 AM MICHIGAN SENTIMENT (P) 9:45 AM
16 NET CAPITAL INFLOWS TICS 9:00 AM	17 PRODUCER PRICE INDEX 8:30 AM M (SA) Y (NSA) FEB 0.4 4.7 MAR 0.7 4.9 APR HOUSING STARTS 8:30 AM MIL (AR) M FEB 2.229 1.8 MAR 1.837 -17.6 APR CAPACITY UTIL/IND. PROD. 9:15 AM LEV M Y FEB 79.3 0.2 3.3 MAR 79.4 0.3 3.9 APR	18 CONSUMER PRICE INDEX 8:30 AM M (SA) Y (NSA) FEB 0.4 3.0 MAR 0.6 3.1 APR	19 LEADING INDICATOR 10:00 AM PHILADELPHIA FED INDEX 12:00 PM	20
23	24 EXISTING HOME SALES 10:00 AM FOMC Minutes	25 DURABLE GOODS ORDERS 8:30 AM M Y FEB -0.1 7.2 MAR -2.3 -1.1 APR NEW HOME SALES 10:00 AM	26 GDP (AR) 8:30 AM REAL IMPLICIT GDP DEFLATOR 04:Q4(F) 3.8 2.3 05:Q1(A) 3.1 3.2 05:Q1(P)	27 PERS. INCOME & OUTLAYS 8:30 AM INCOME CONS SAVING RATE FEB 0.4 0.7 0.5 MAR 0.5 0.6 0.4 APR MICHIGAN SENTIMENT (F) 9:45 AM
30 MEMORIAL DAY (HOLIDAY) MARKETS CLOSED	31 CHICAGO PMI 10:00 AM CONSUMER CONFIDENCE 10:00 AM	1 ISM MANUFACTURING SURVEY (Formerly NAPM) 10:00 AM COMP. PRICES INDEX INDEX MAR 55.2 73.0 APR 53.3 71.0 MAY DOMESTIC AUTO SALES	2 NON-FARM PRODUCTIVITY 8:30 AM Q/Q (AR) Y/Y 04:Q3 (R) 1.3 3.0 04:Q4 (R) 2.1 2.8 05:Q1 (P) FACTORY ORDERS 10:00 AM M Y JAN 0.0 11.1 FEB -0.5 9.3 MAR 0.1 4.1	3 EMPLOYMENT SITUATION 8:30 AM NON-FARM UNEMP RATE AVG HRLY EARN (000s) M % Y FEB 243 5.4 2.6 MAR 110 5.2 2.6 APR ISM NON-MFG SURVEY 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.