


OUTLOOK 2015

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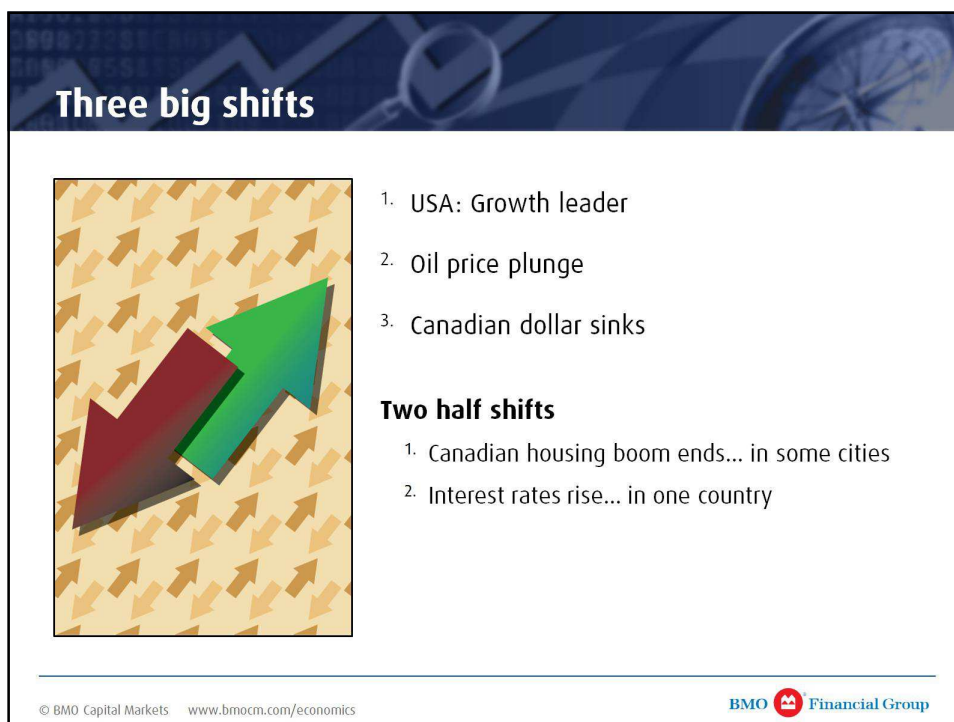
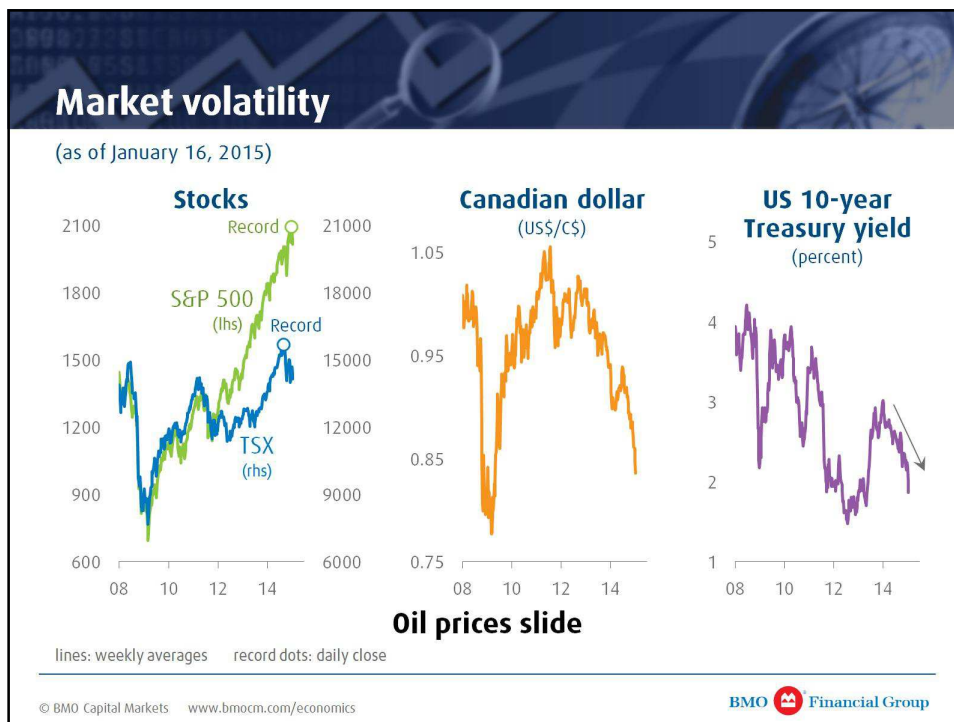


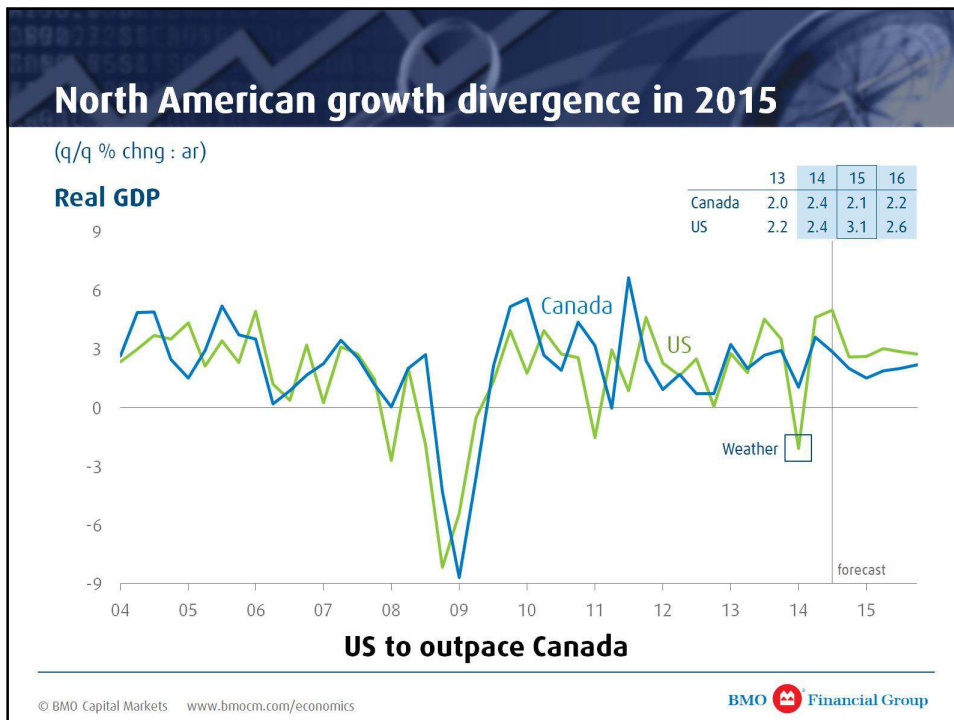
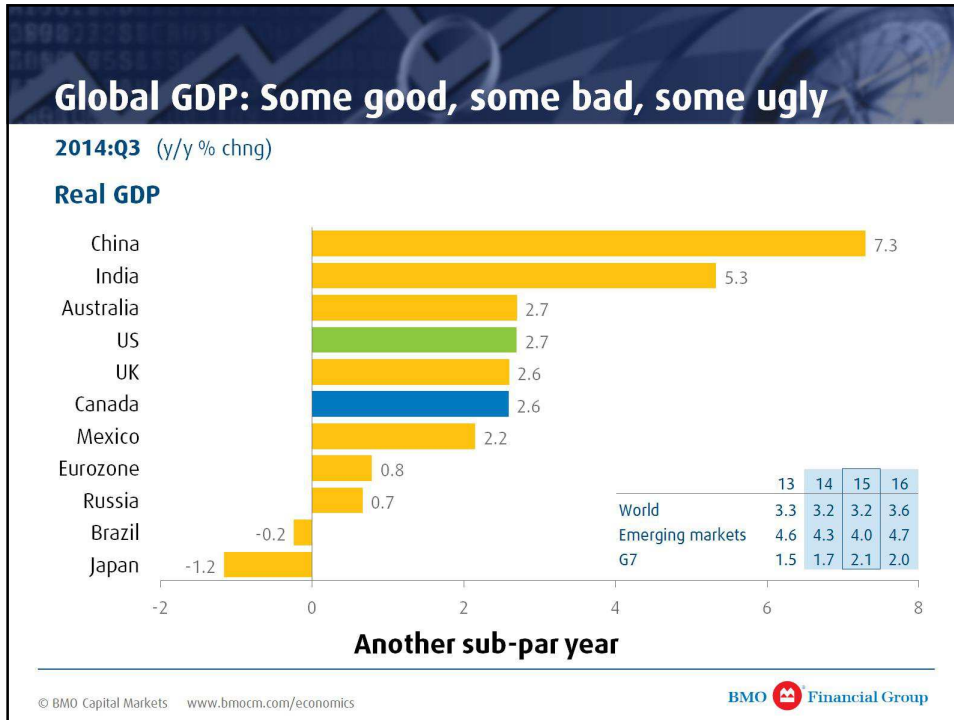
2015 outlook: Tidal shifts

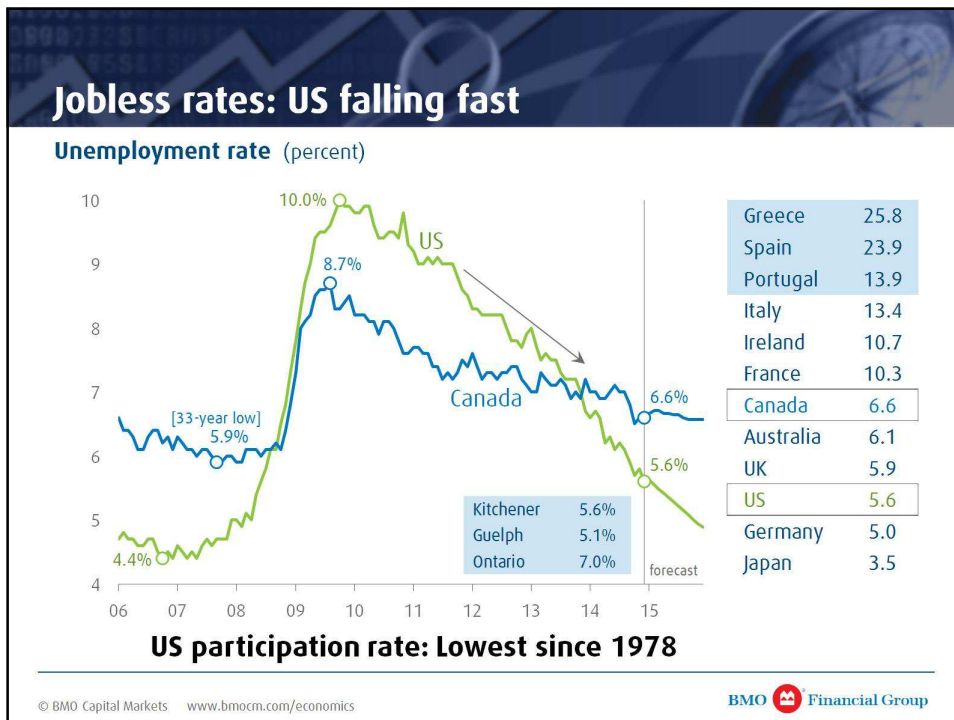
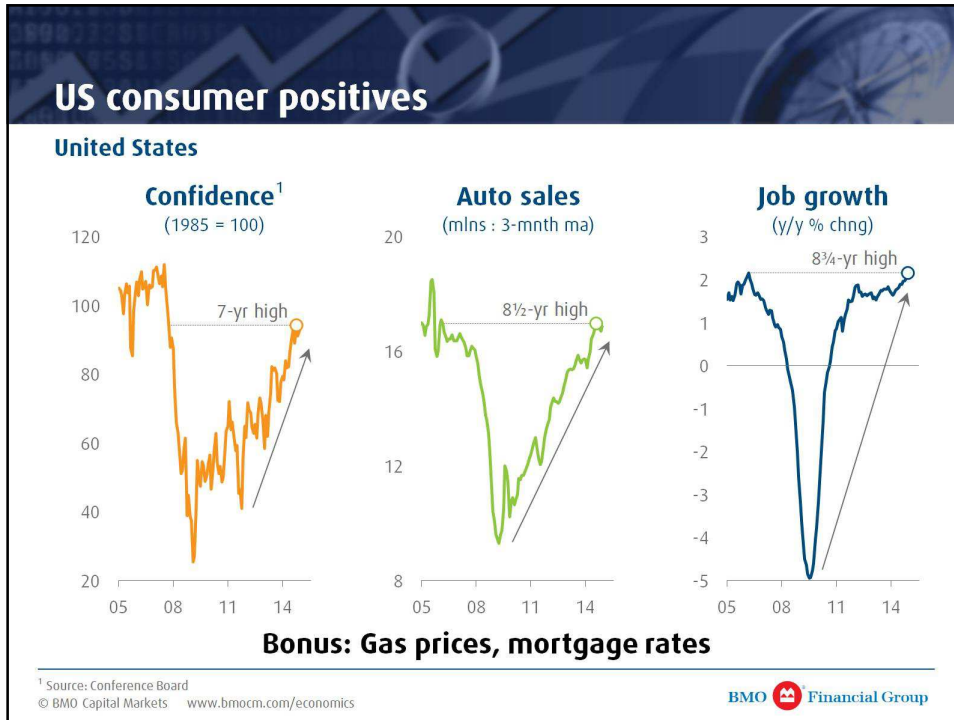
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Commodity outlook



Oil price plunge

SuperCycle over...

...But some sectors stay solid

Global growth should firm

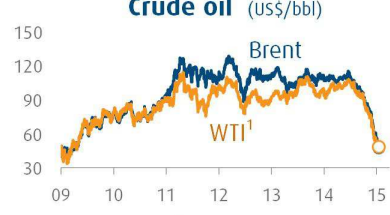
Impact on Western Canada

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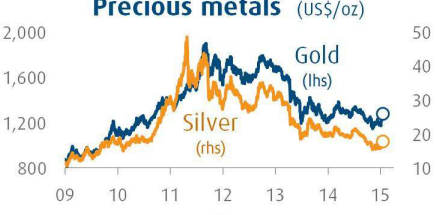
Commodities: Oil spill

(as of January 16, 2015)


Crude oil (US\$/bbl)



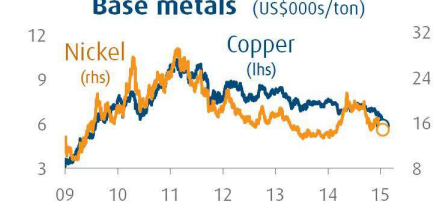
Precious metals (US\$/oz)



Natural gas (US\$/mmbtu)

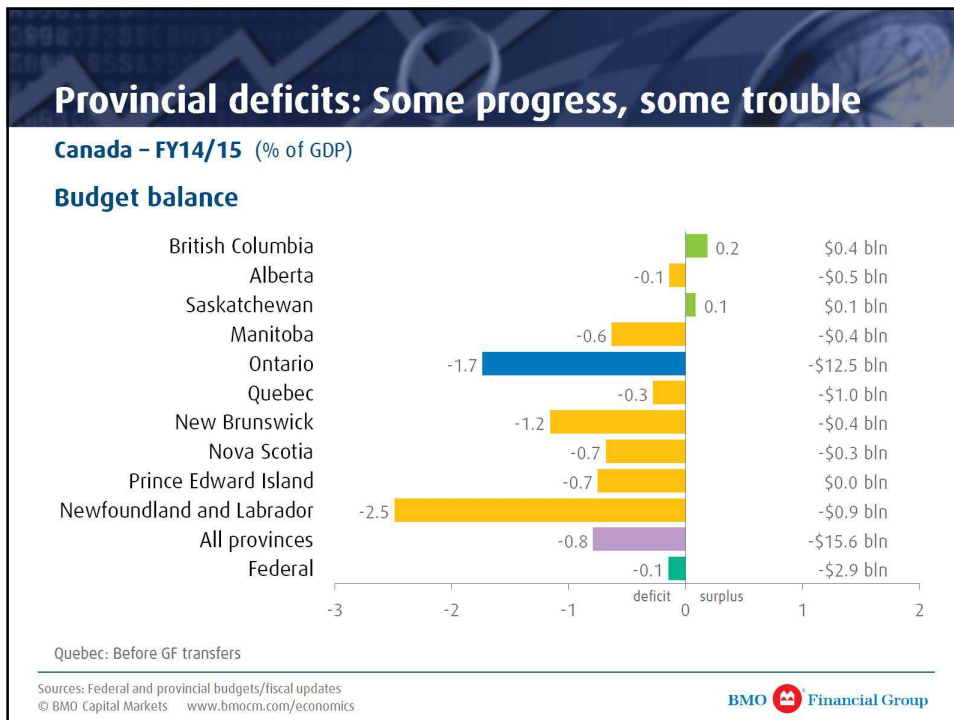


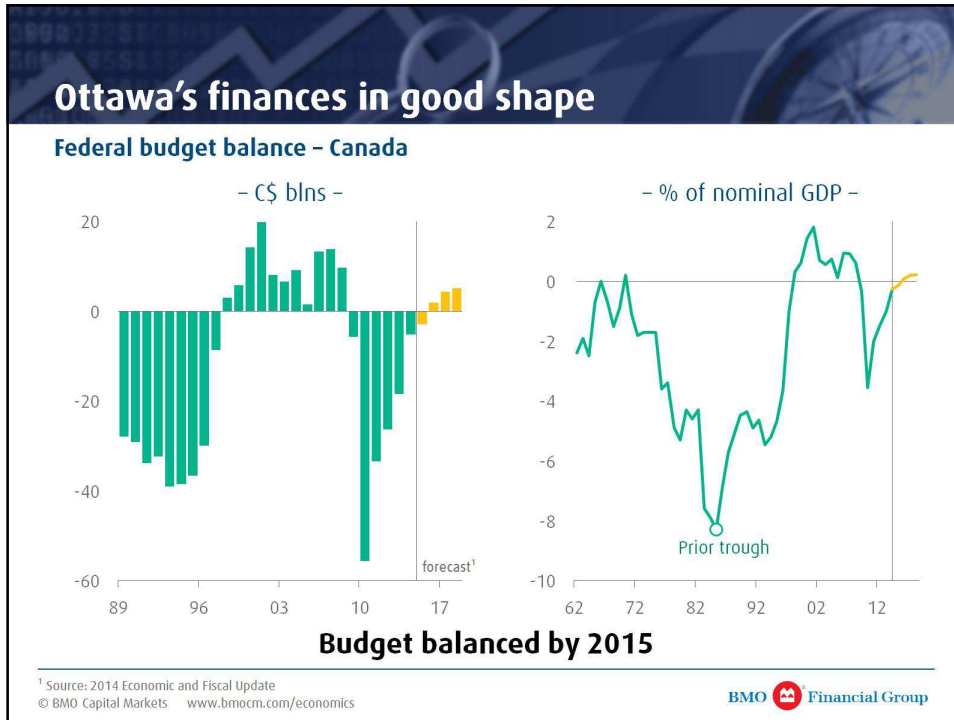
Base metals (US\$000s/ton)



¹ West Texas Intermediate

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Will Canadian housing calm, correct, crash?



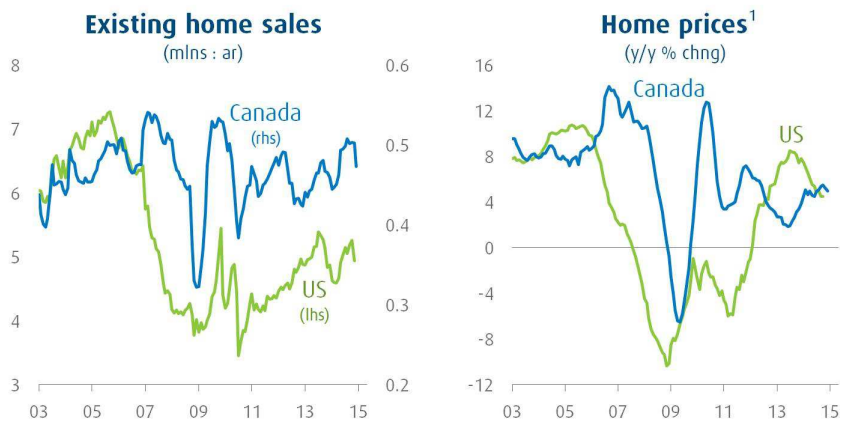
Seven Year Glitch

- 2015:**
"Canada is in serious trouble"
Deutsche Bank 2015
- 2014:**
"Why Canada isn't immune to a US-style housing crash"
Maclean's
- 2013:**
"Inside the great real estate crash of 2013"
Maclean's
- 2012:**
"Canada's housing crash begins"
Canadian Business
- 2011:**
"Canada's housing bubble deemed close to bursting"
CBC News
- 2010:**
"Canada's housing bubble: An accident waiting to happen"
CCPA
- 2009:**
"Why Canada's housing bubble will burst"
The Tye
- 2008:**
"Canada's housing bubble could soon burst"
US investment firm

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Canadian housing stabilizes...

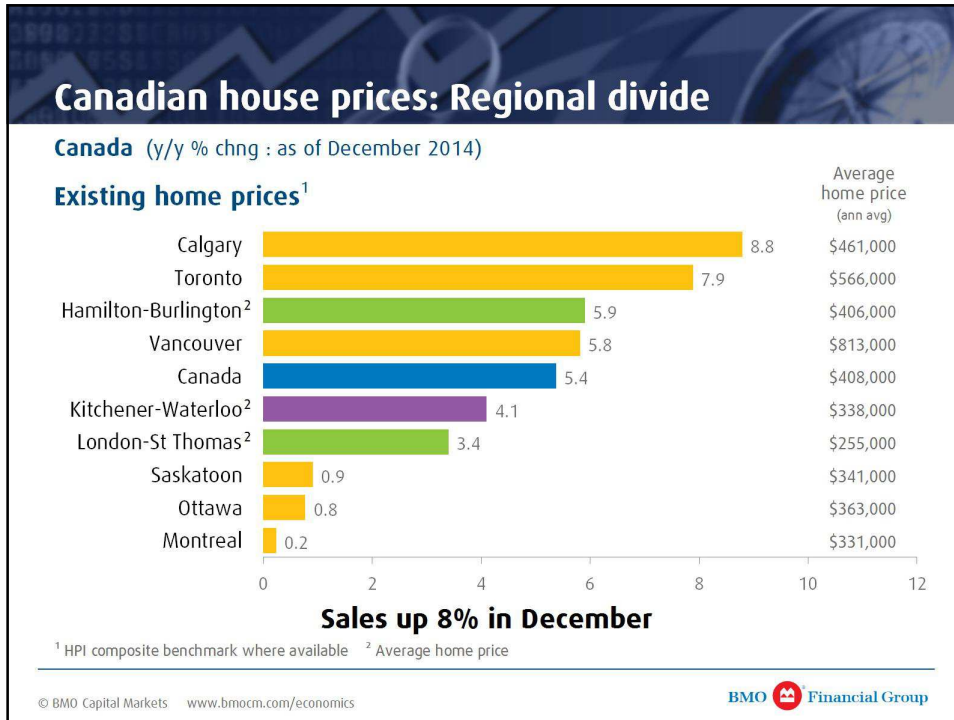


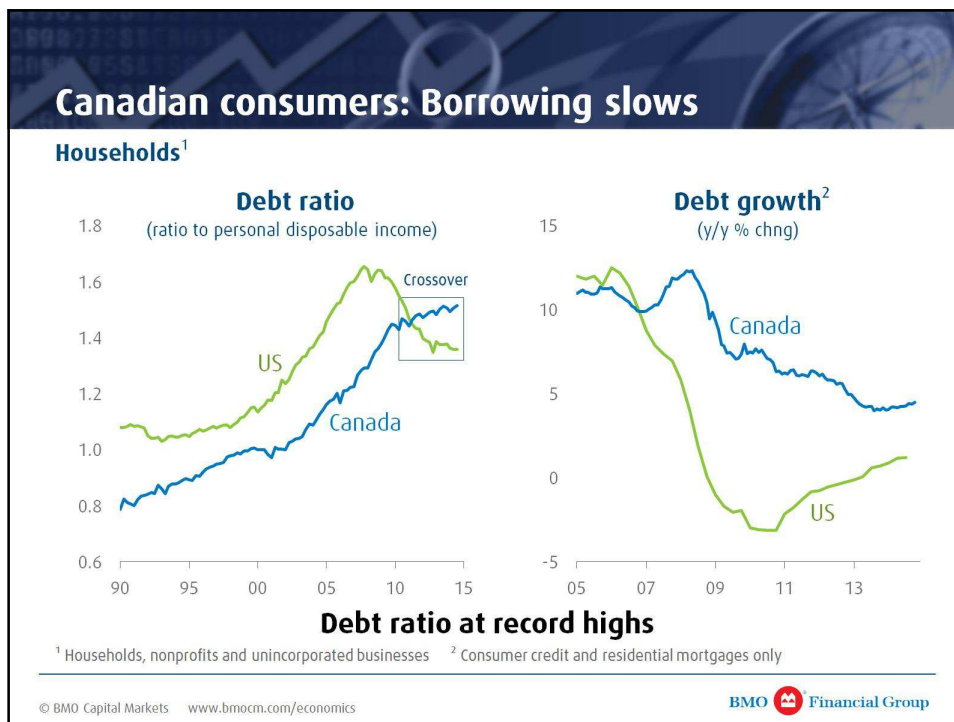
...US getting back on track

¹ [Canada] Teranet Composite 11 [US] FHFA House Price Index

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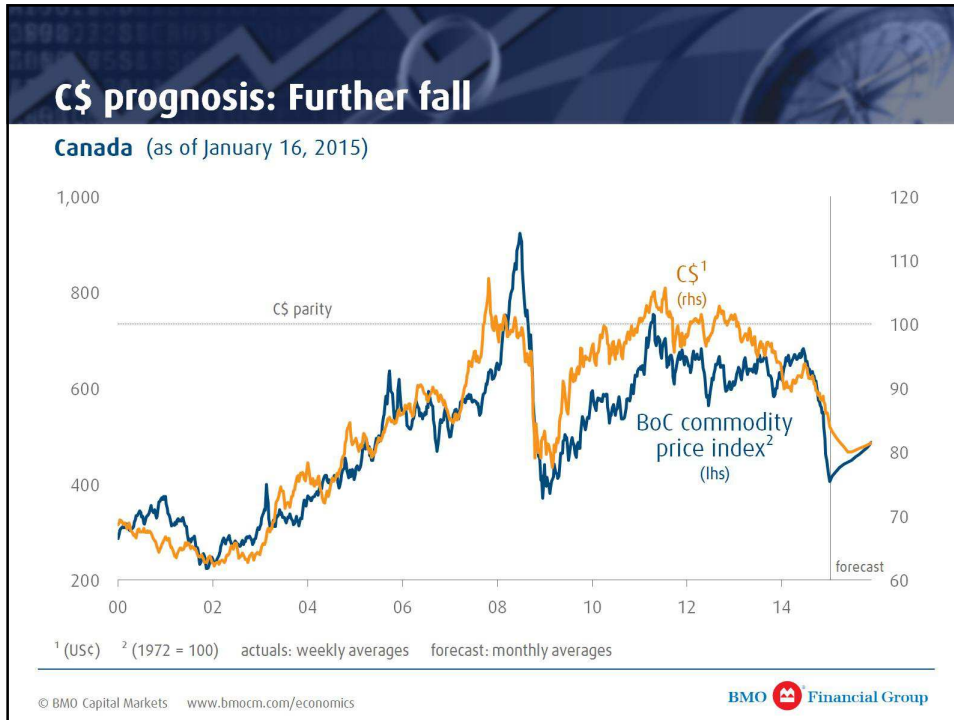


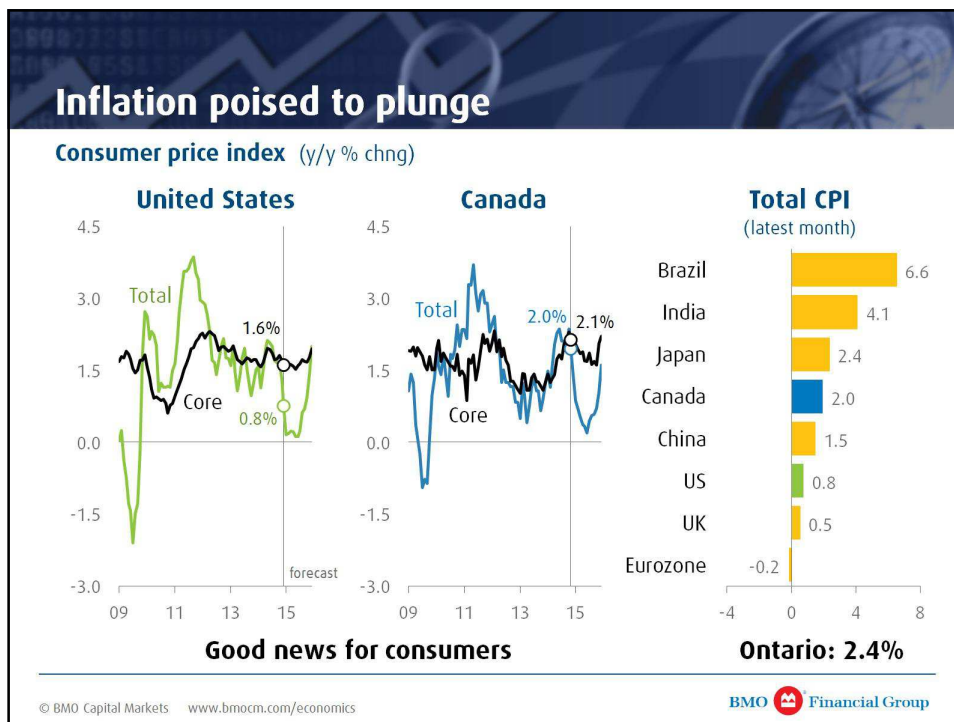
Canadian dollar: Leaking oil

- Loonie drops below 85¢
- Bank of Canada changes tune
- Commodities retreat
- US\$ rebounds

...Less demand for safety

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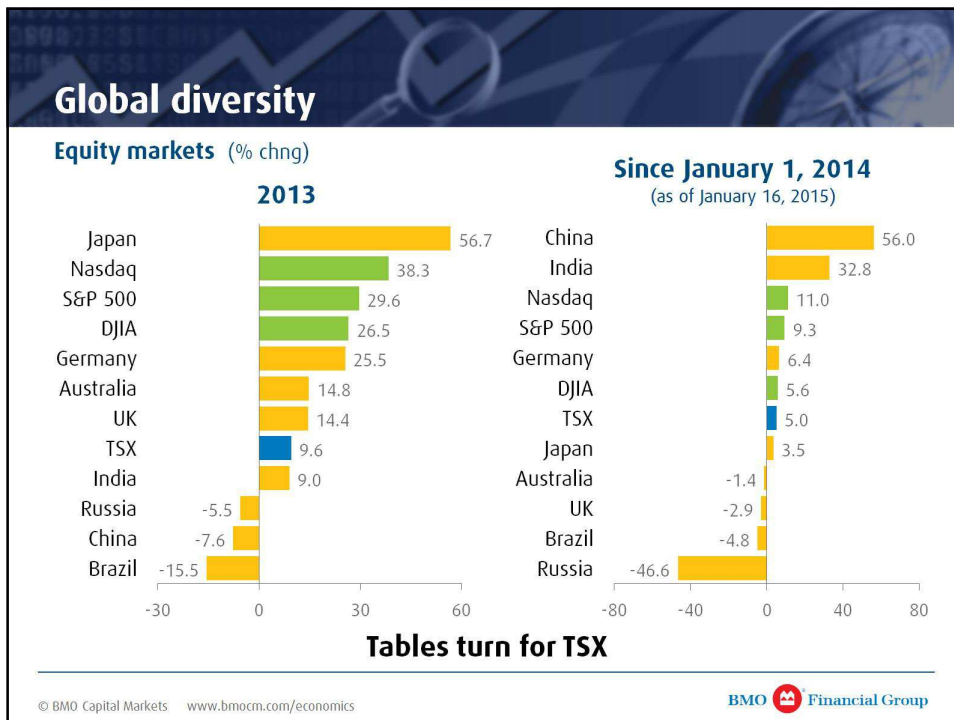
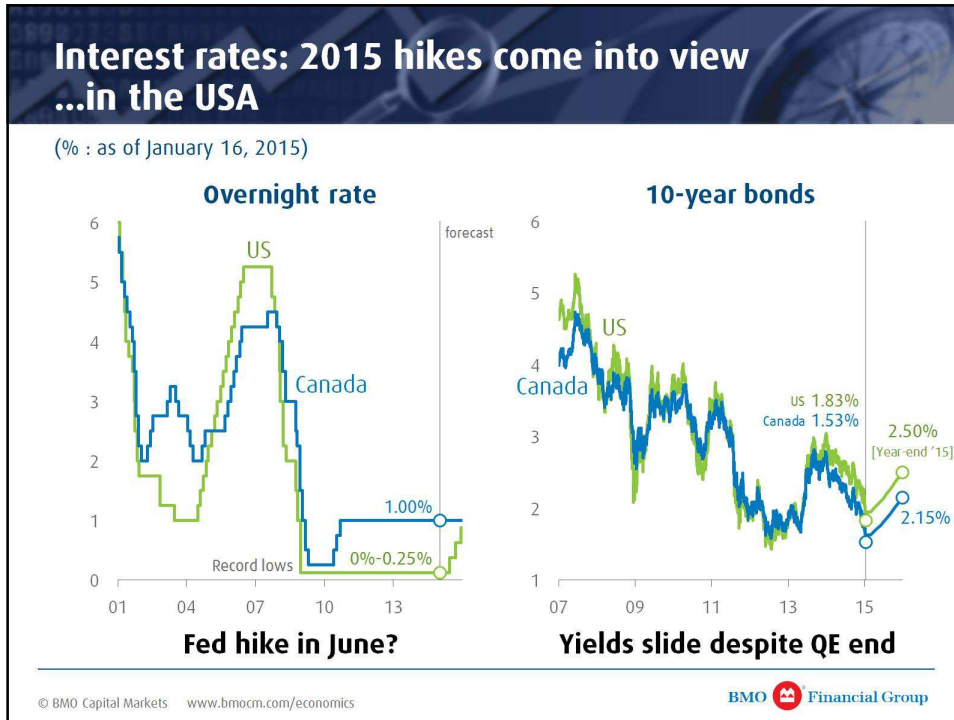
Inflation and deflation

Consumer price index - Canada (y/y % chng : as of November 2014)

Deflationary		Inflationary	
Camera equipment	-9.6	Beef	20.8
Home entertainment equipment	-6.6	Natural gas	14.7
Gasoline	-5.9	Pork	14.5
Sugar	-5.2	Cigarettes	11.4
Coffee	-4.6	Water charges	6.1
Computer equipment	-4.2	Electricity	3.6
Household furniture	-2.9	Clothing	3.3
Car rentals	-0.7	Tuition fees	3.2
Tomatoes	-0.2	Property taxes	2.2

Core CPI 2.1%
Overall CPI 2.0%

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Outlook in a nutshell



Global growth to hold steady despite risks

US recovery to strengthen

Less fiscal drag

Housing recovery still key

Canada lags behind

Exports finally benefit, but oil a big drag

Housing slows, but no crash

Interest rates:

Modest upward drift in the US

Exchange rates:

Improving economy drives US dollar higher

Stocks:

Bull market to continue, but pace to slow