

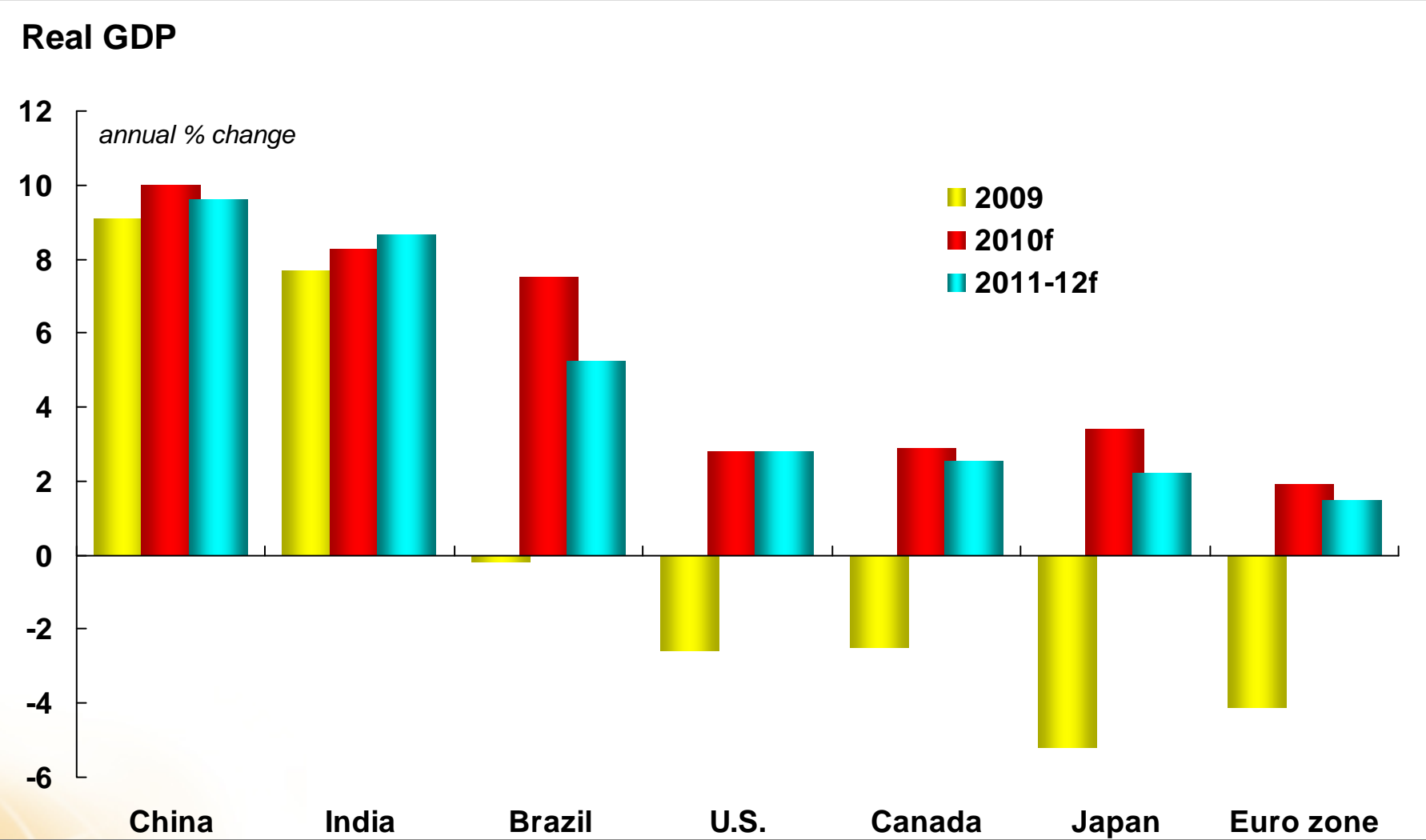
New World Realities

**Warren Jestin
SVP & Chief Economist**

**St John's
January 20, 2011**

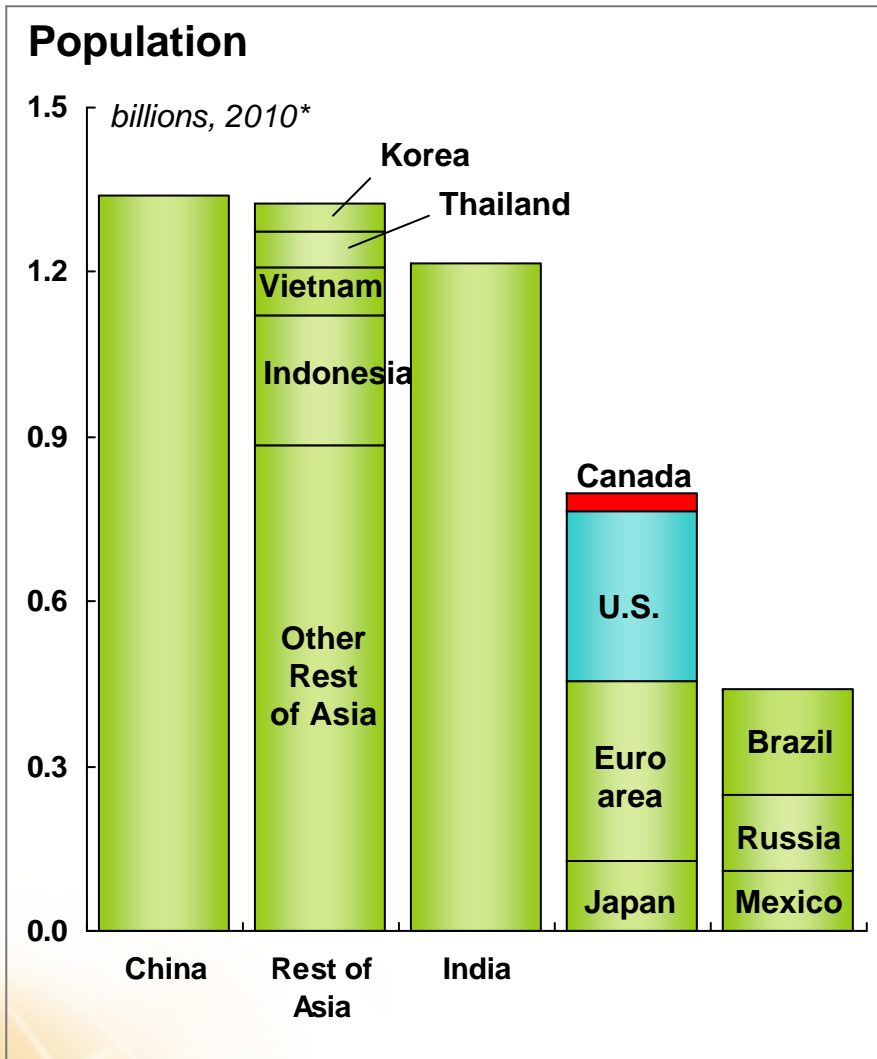


The Global Economy Is Reviving ...

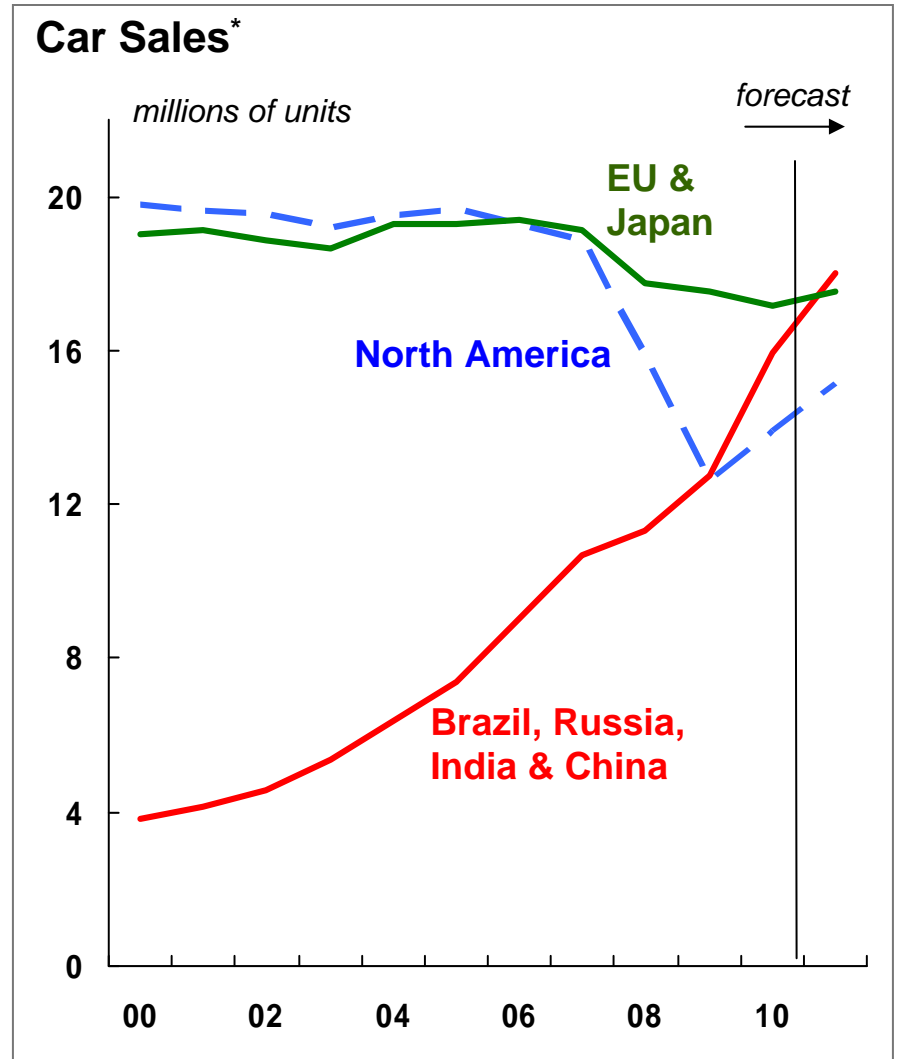


Source: Scotia Economics, Global Insight.

... Driven by Robust Emerging Market Demand



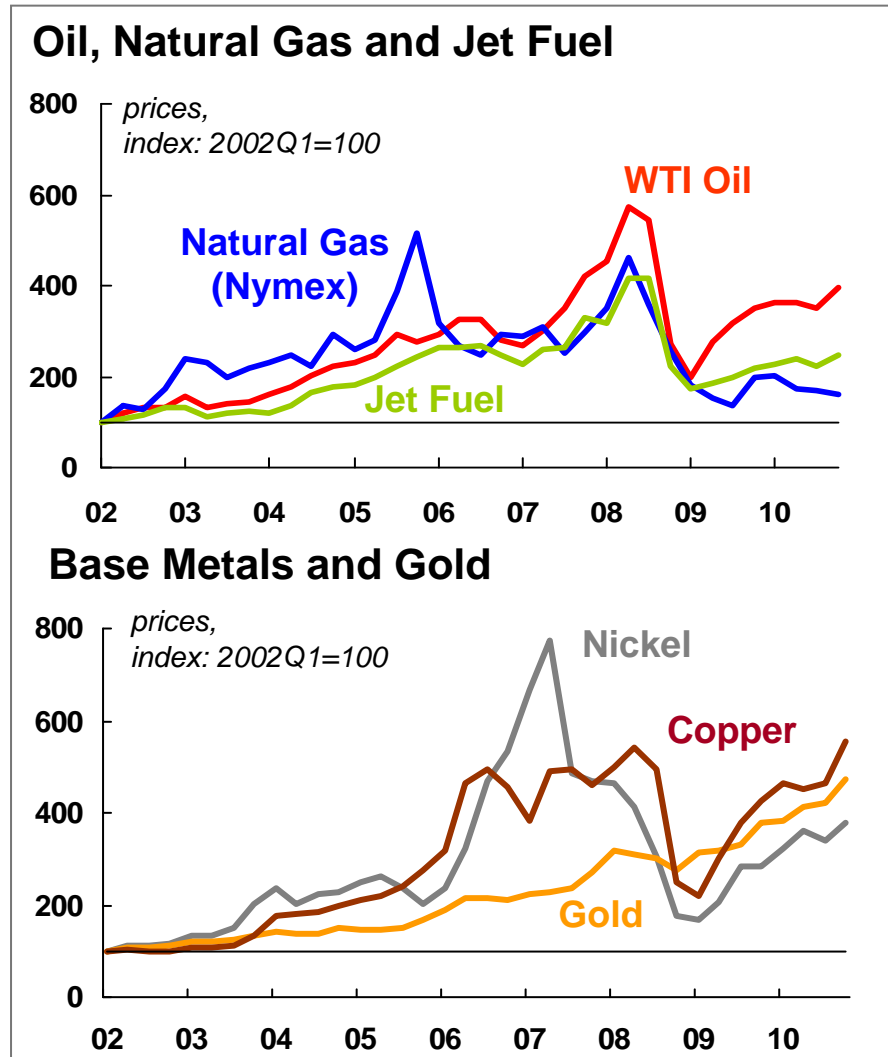
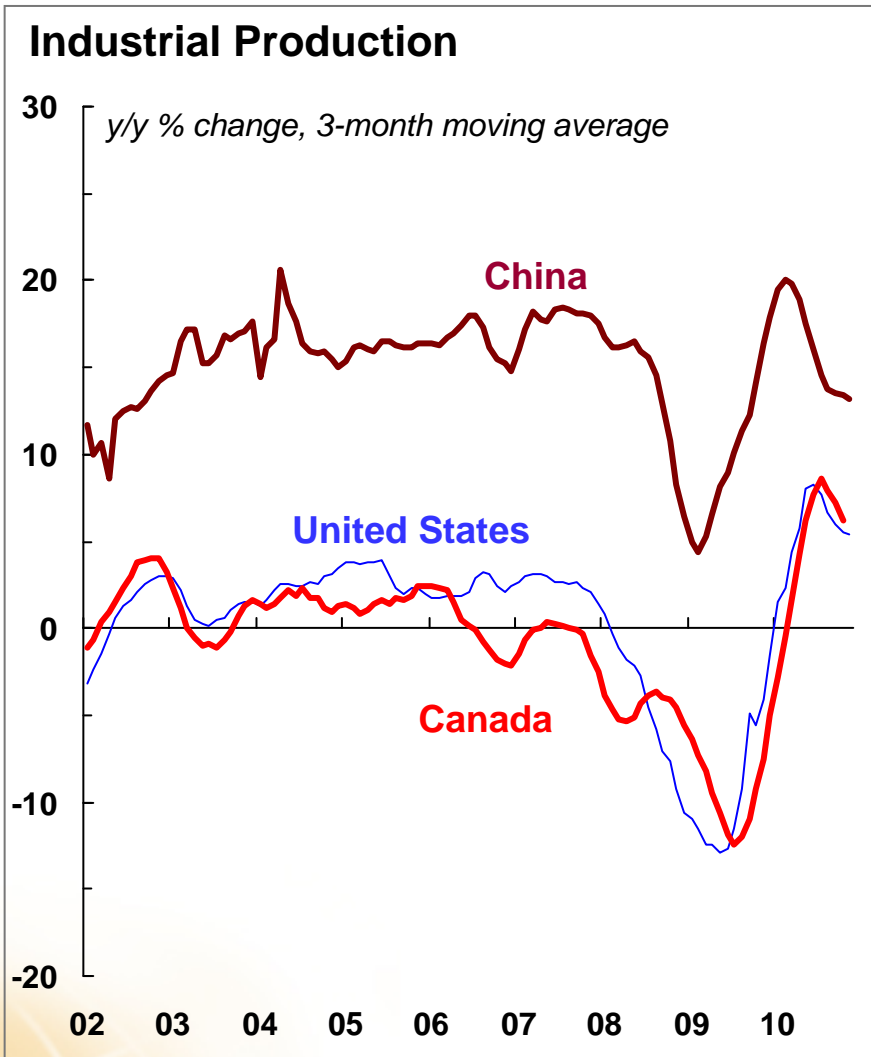
*2010: IMF forecast.



*Includes light trucks in North America. Source: Scotia Economics, Global Insight.

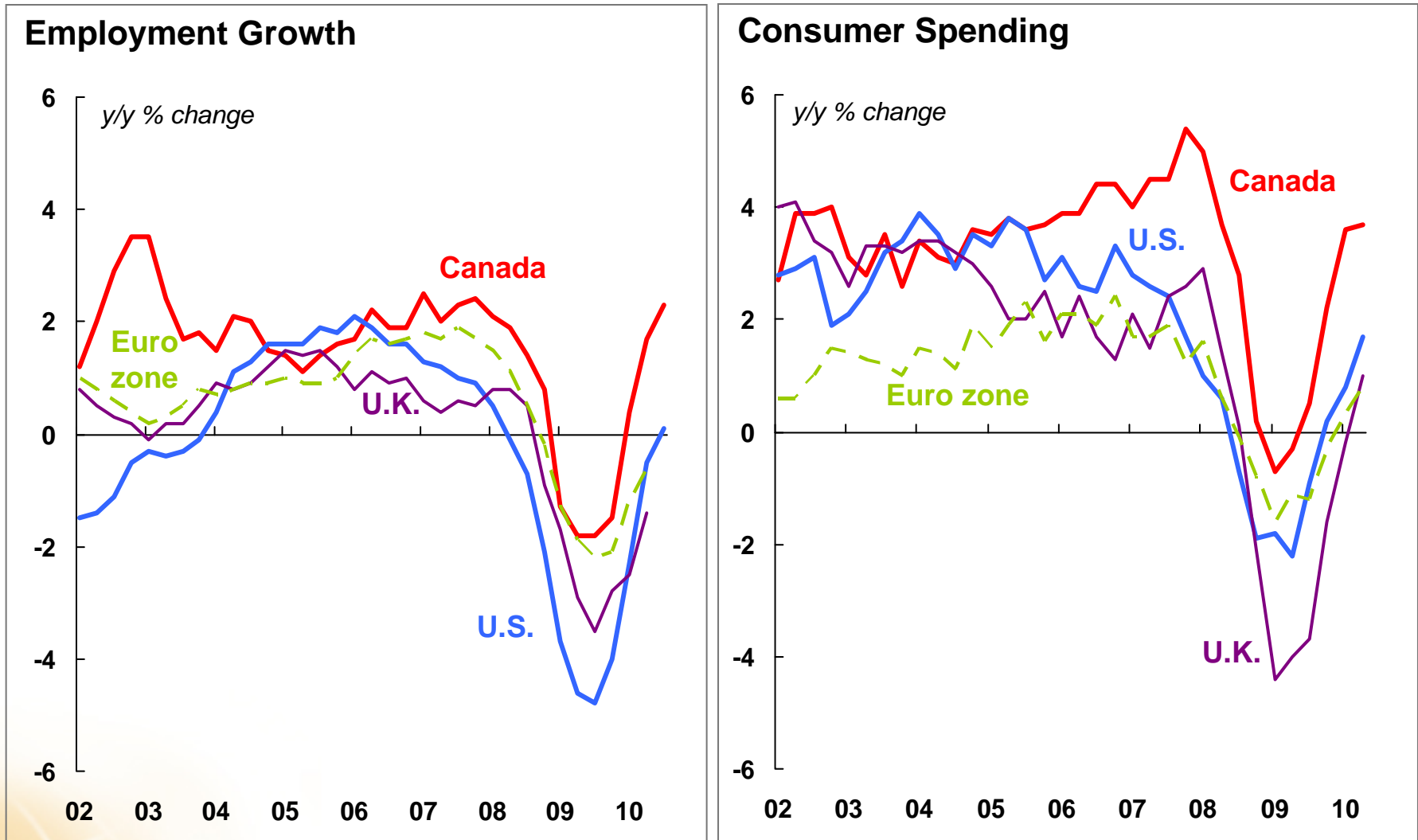


Production Gains have Boosted Commodity Prices ...



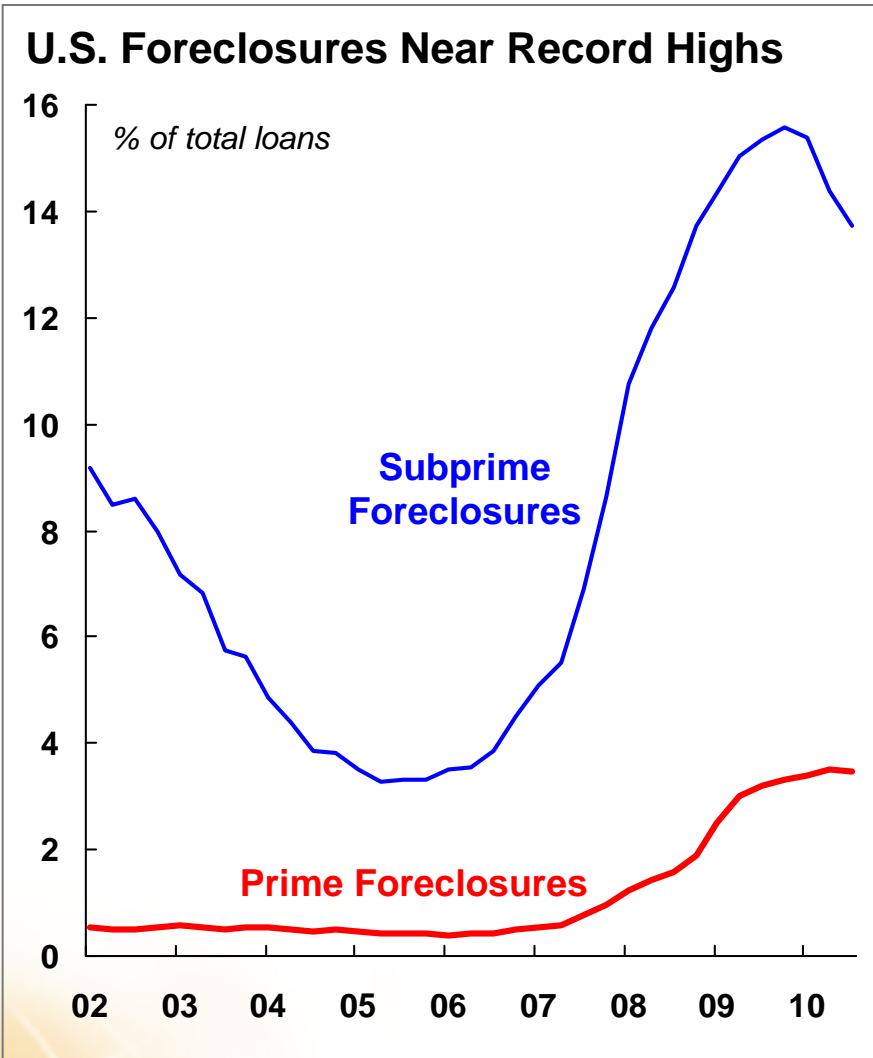
Source: Scotia Economics, Global Insight.

... but the Recovery in Developed Nations is Uneven ...

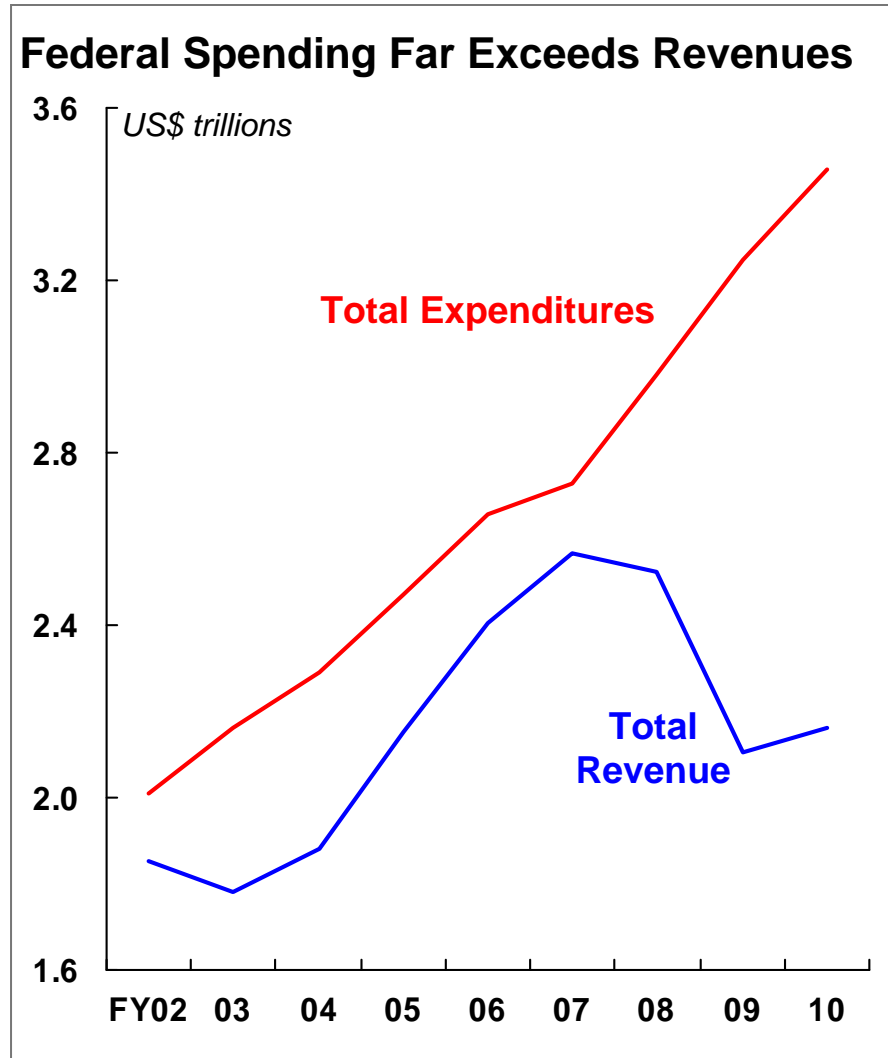


Source: Scotia Economics, Global Insight.

... U.S. Financial Strains Remain Intense ...



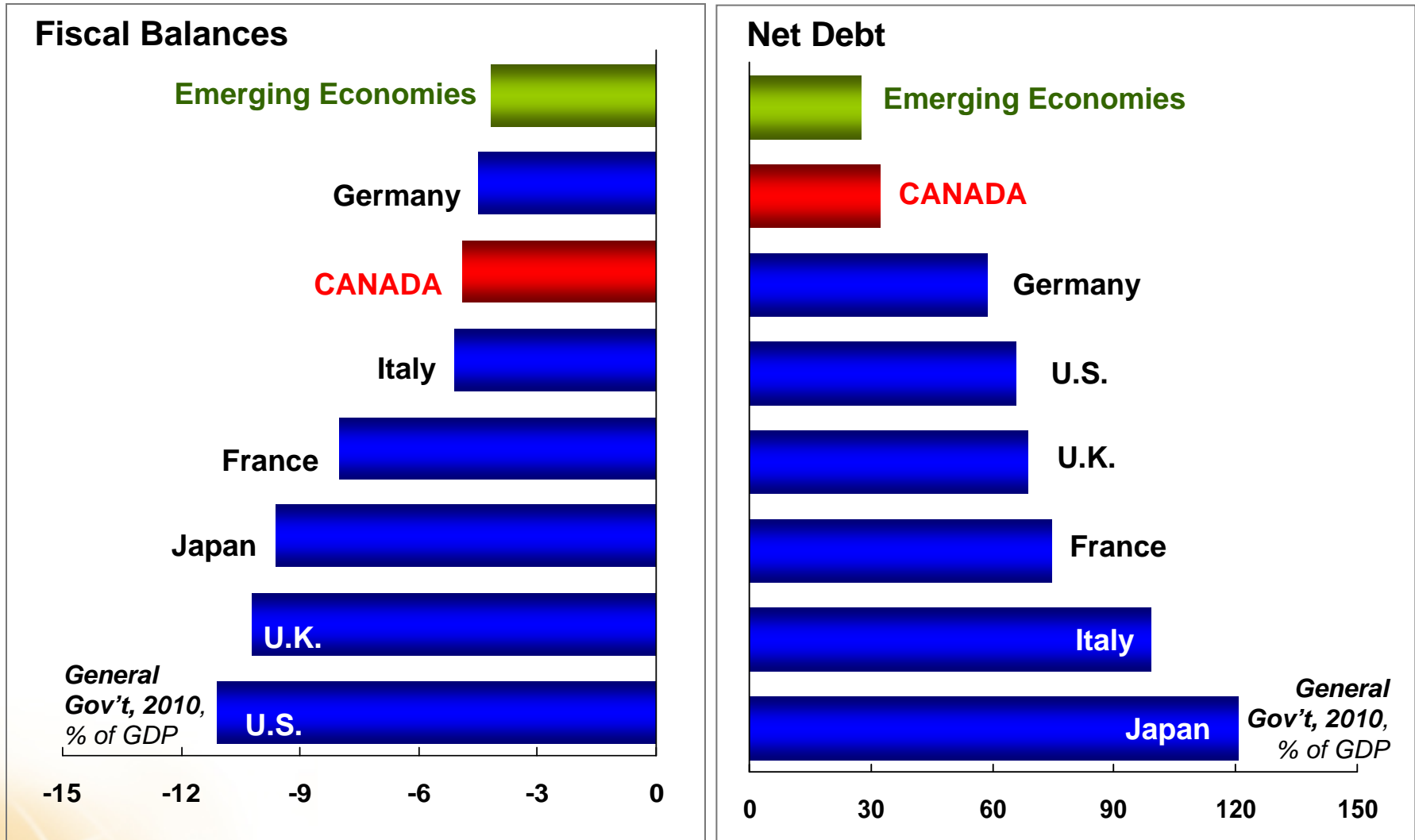
Source: Bloomberg.



Source: U.S. Treasury, Scotia Economics.

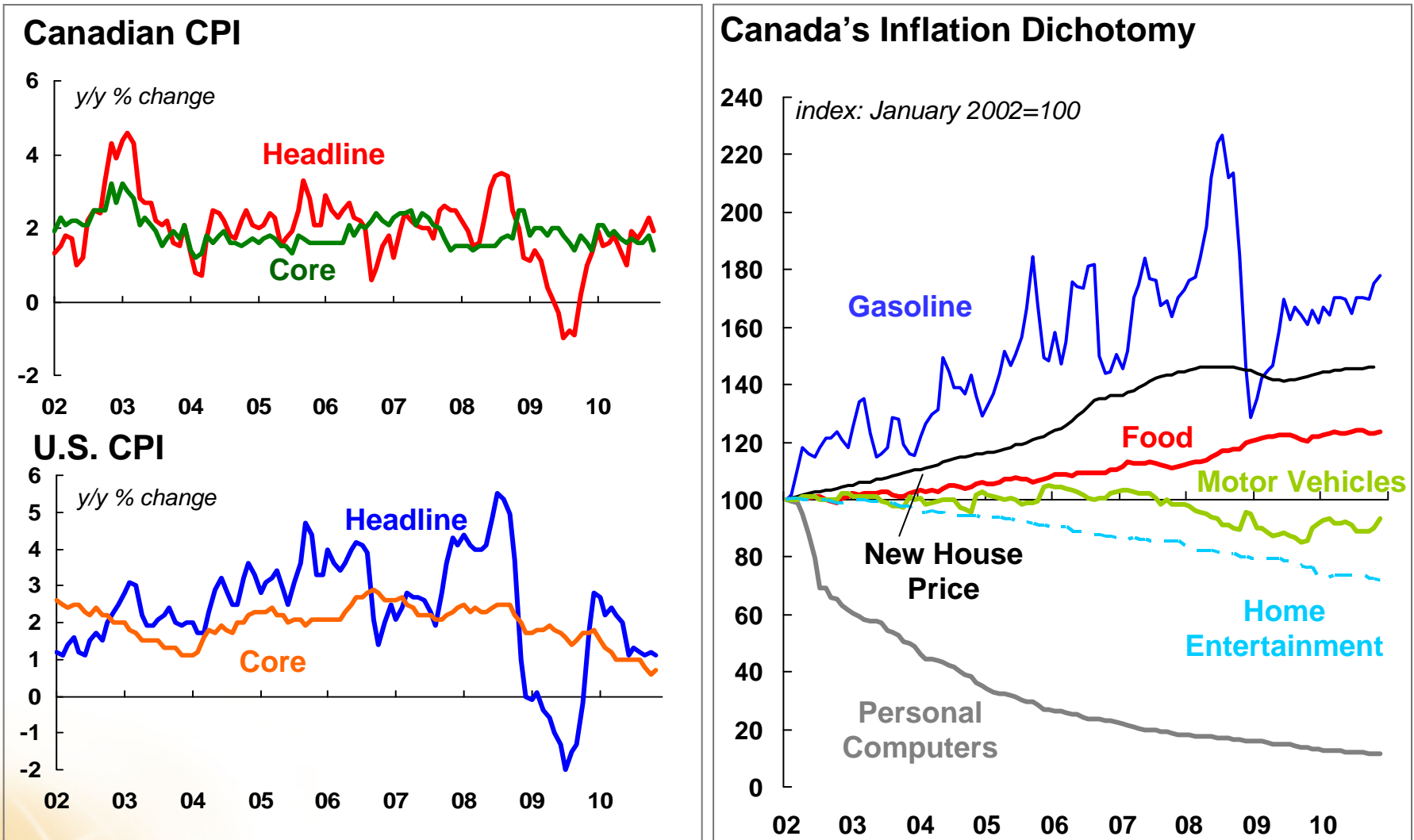


... & Fiscal Repair will Temper Growth Beyond Mid-Decade



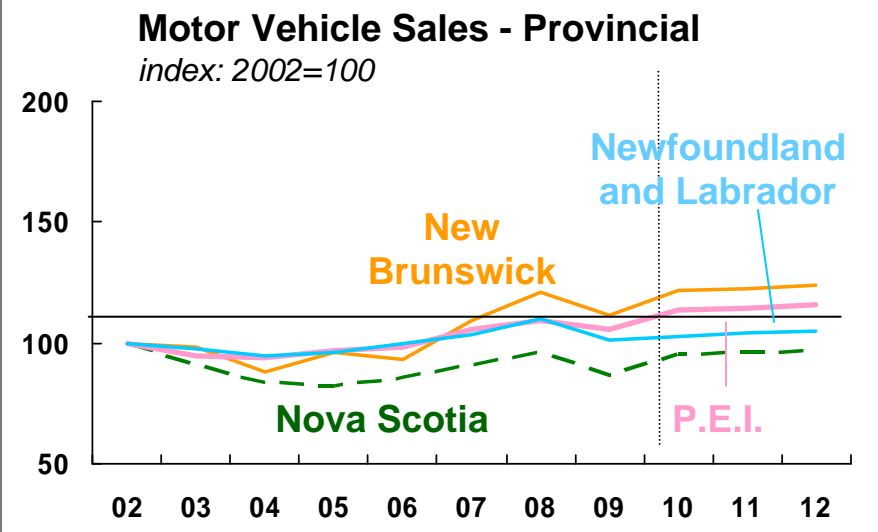
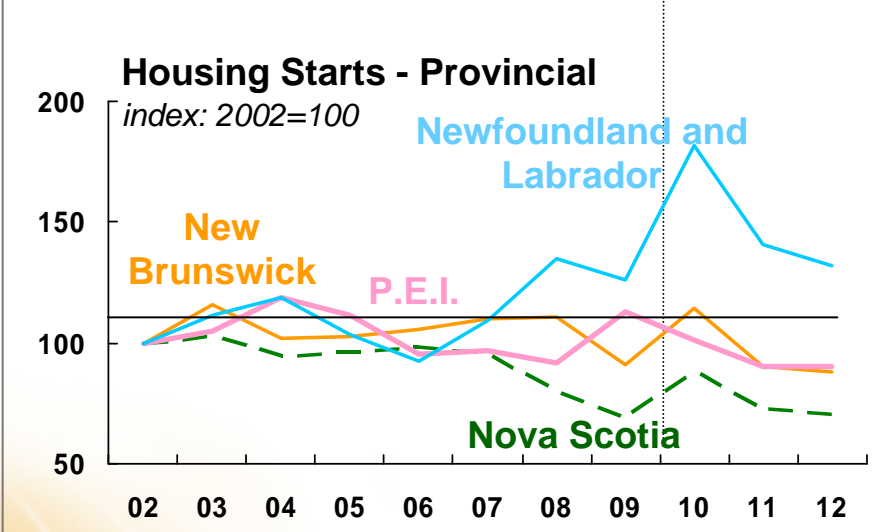
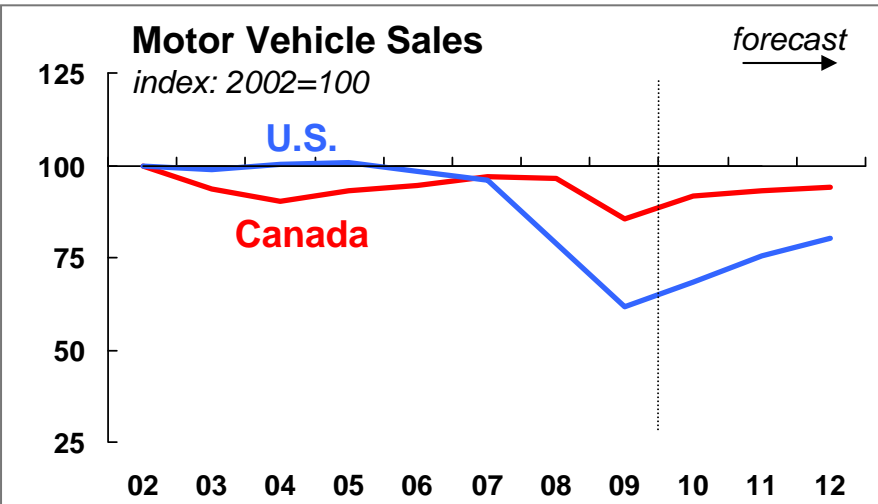
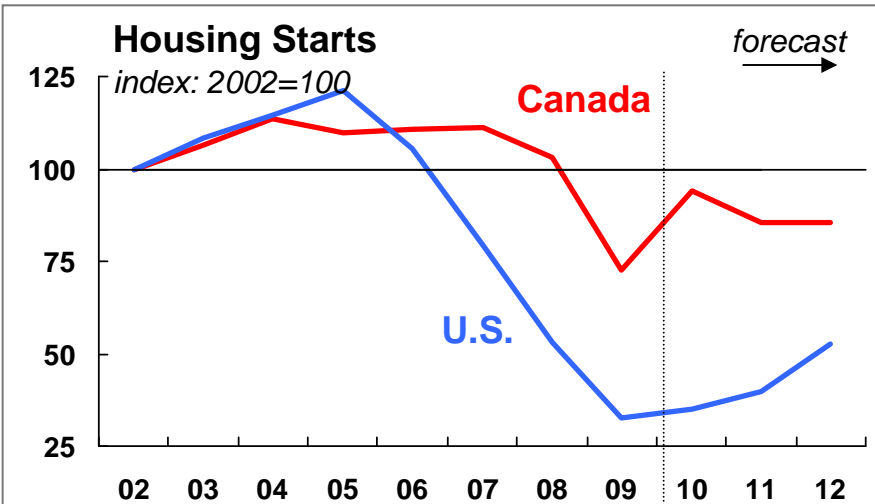
Source: IMF, Scotia Economics.

Inflation Risks are Low – For Now



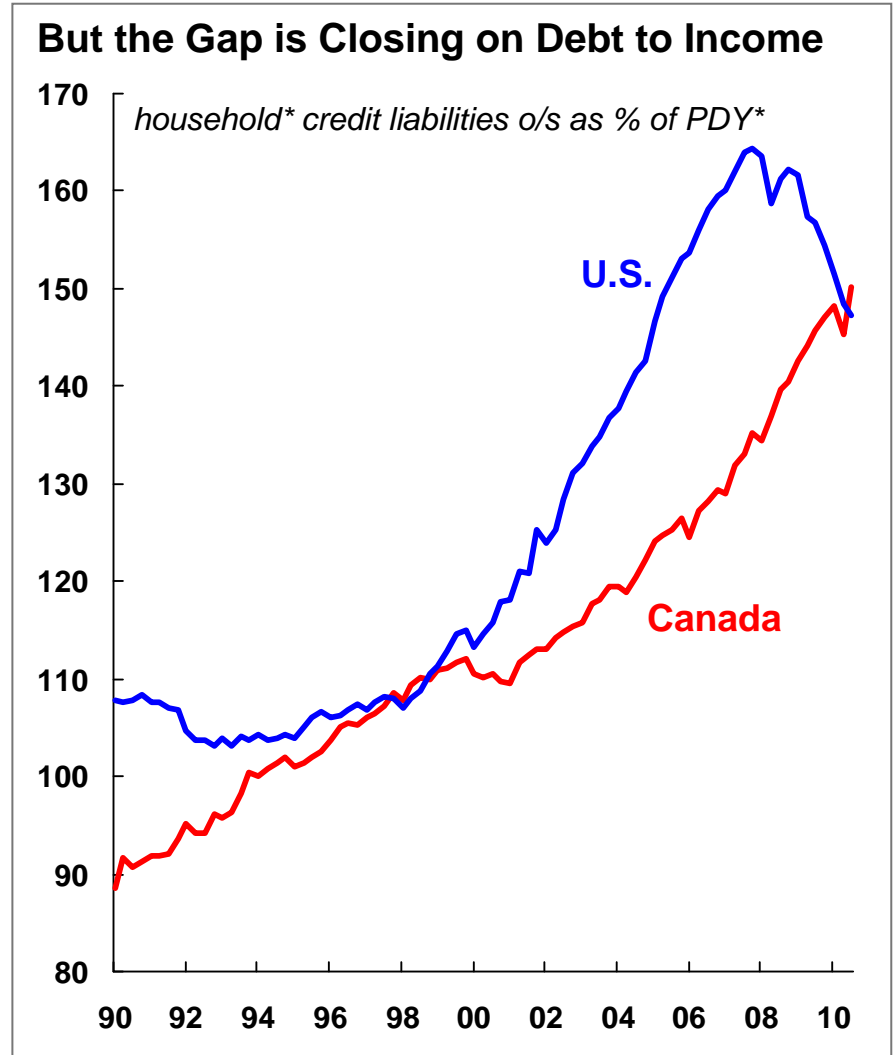
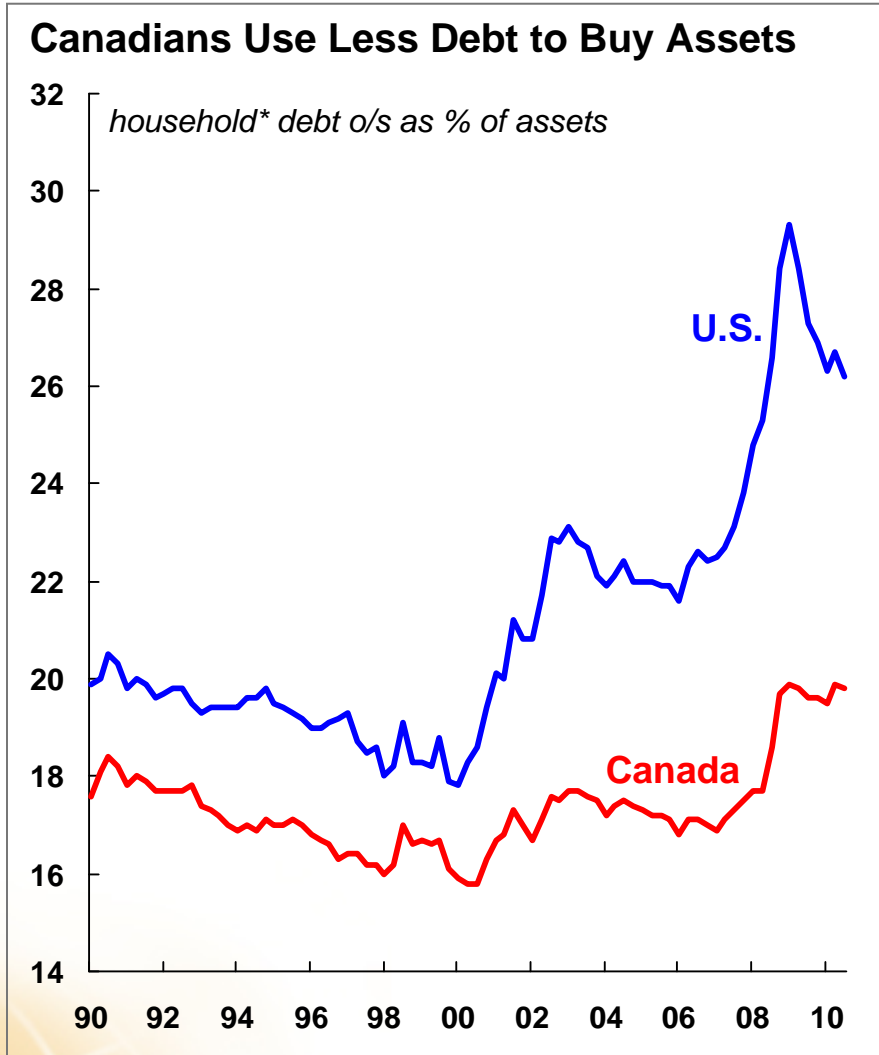
Source: Scotia Economics, Global Insight.

Big-Ticket Sales Have Held Up Better Here



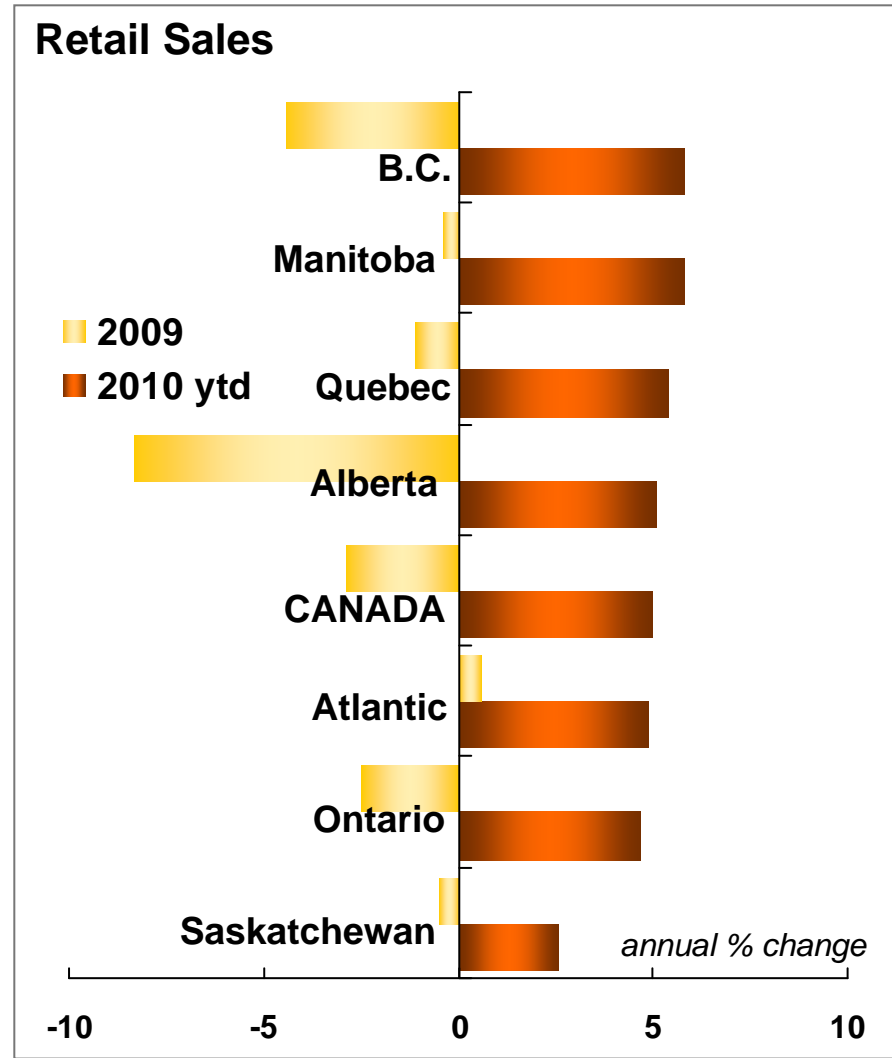
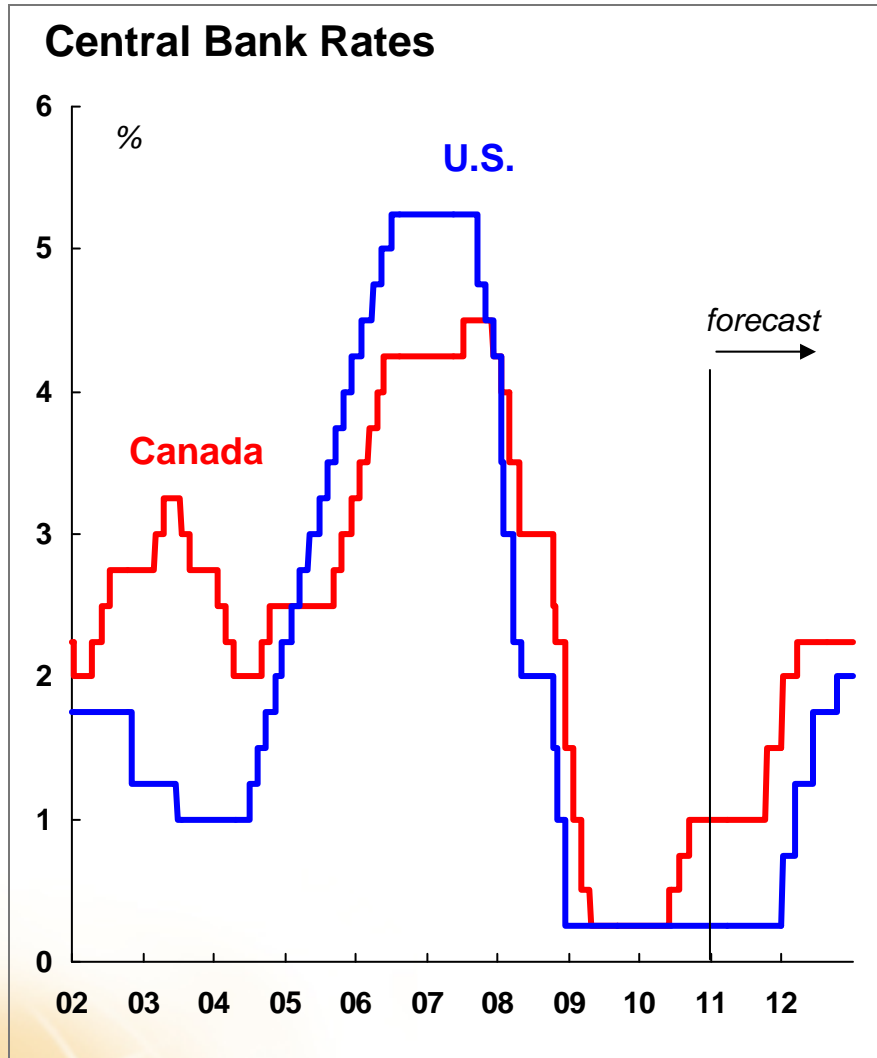
Source: Scotia Economics, Global Insight.

Despite Rising Debt, Canadian Finances Are in Better Shape



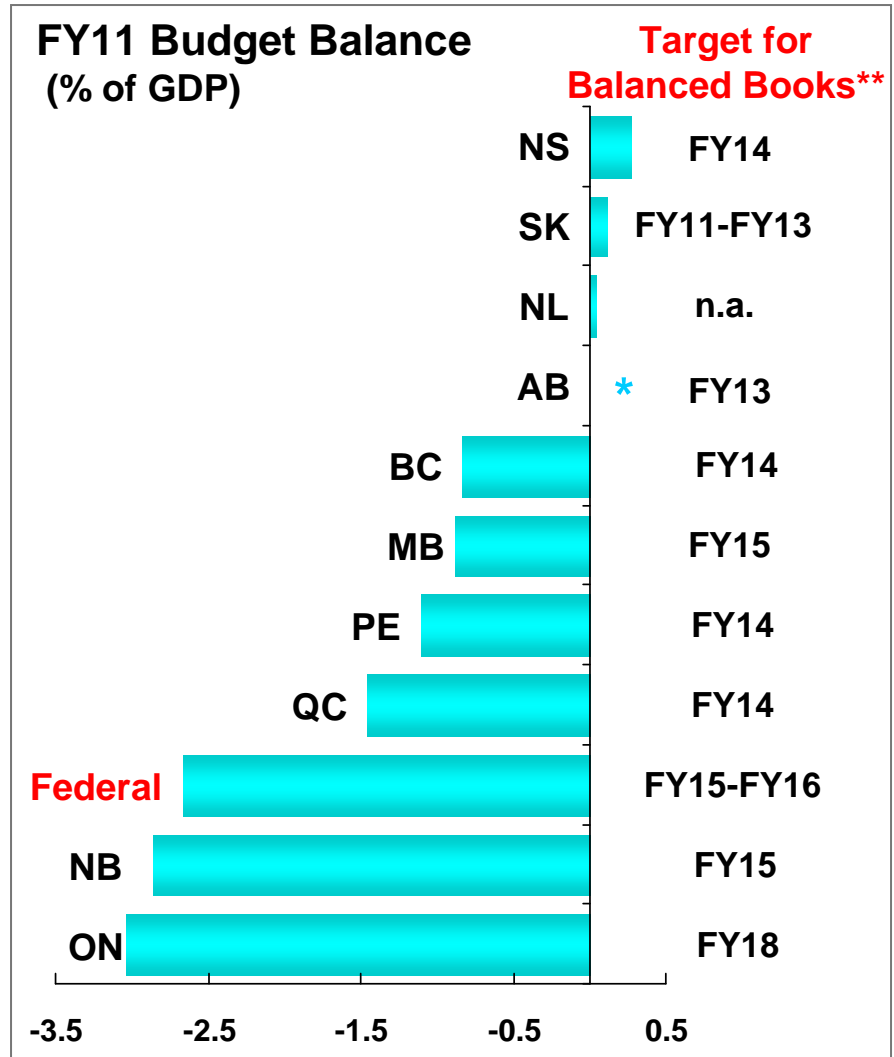
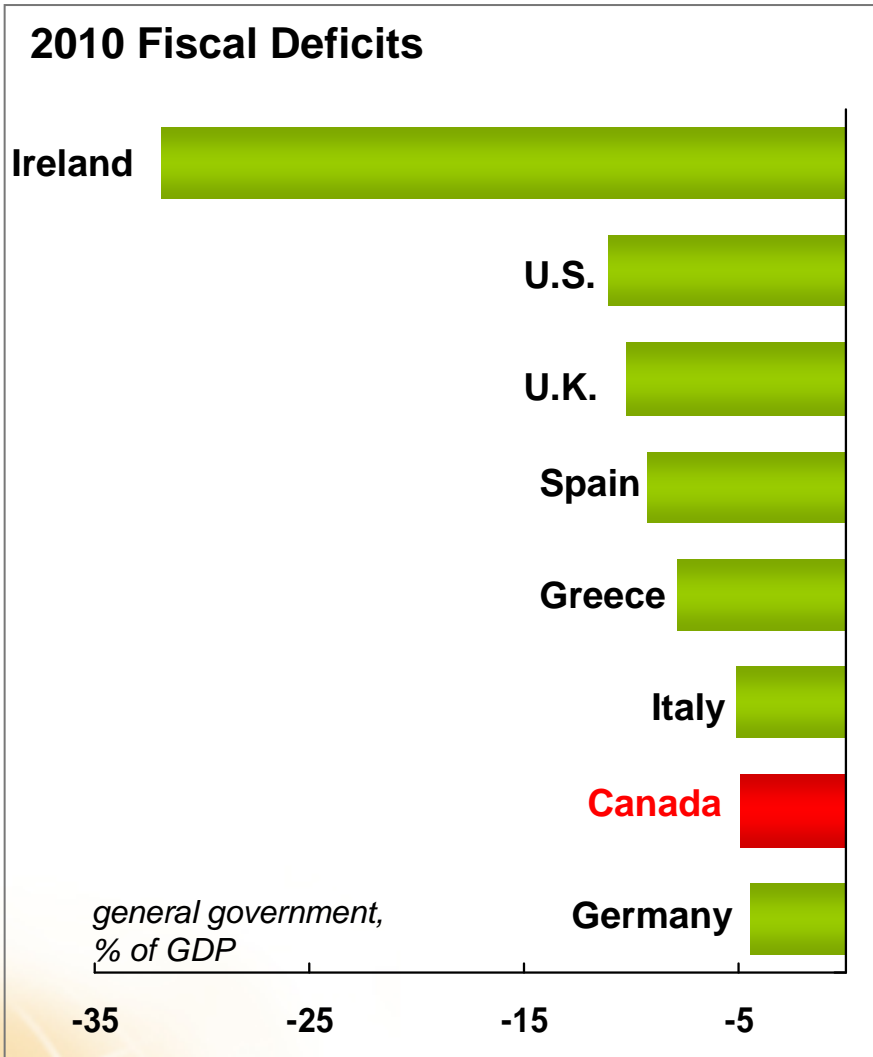
* Includes households and unincorporated business. Source: U.S. Federal Reserve, Statistics Canada, Scotia Economics.

Low Interest Rates Have Supported Retail Sales



Source: Scotia Economics, Global Insight.

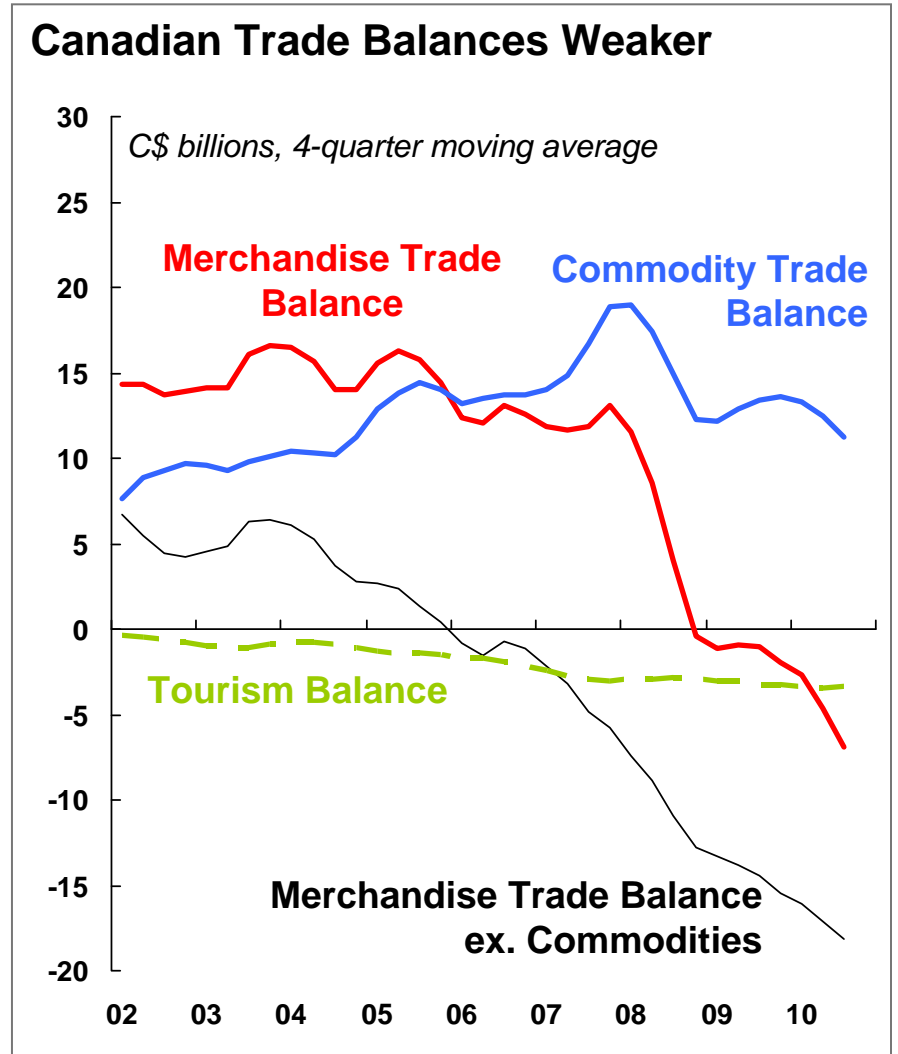
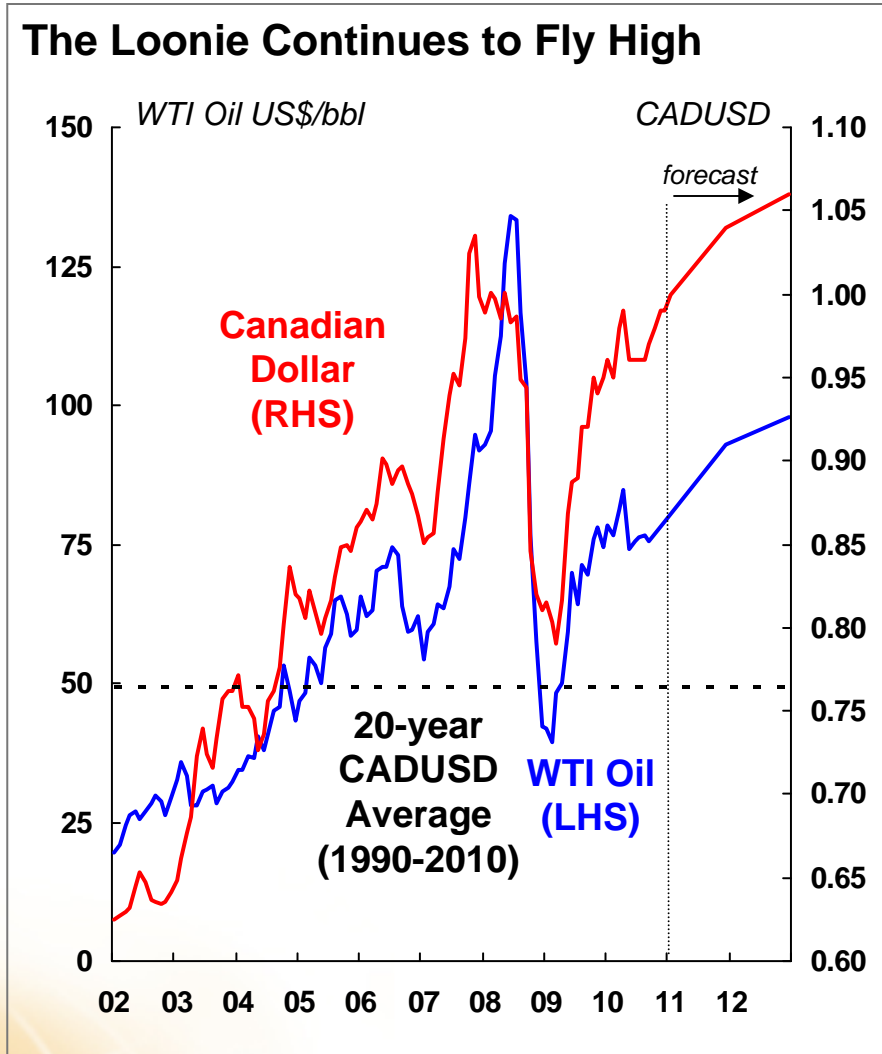
Canada's Fiscal Situation Beats Most Developed Nations



Source: IMF, Scotia Economics.

* Balanced budget reported. ** Without using reserve funds.
Source: Budget documents.

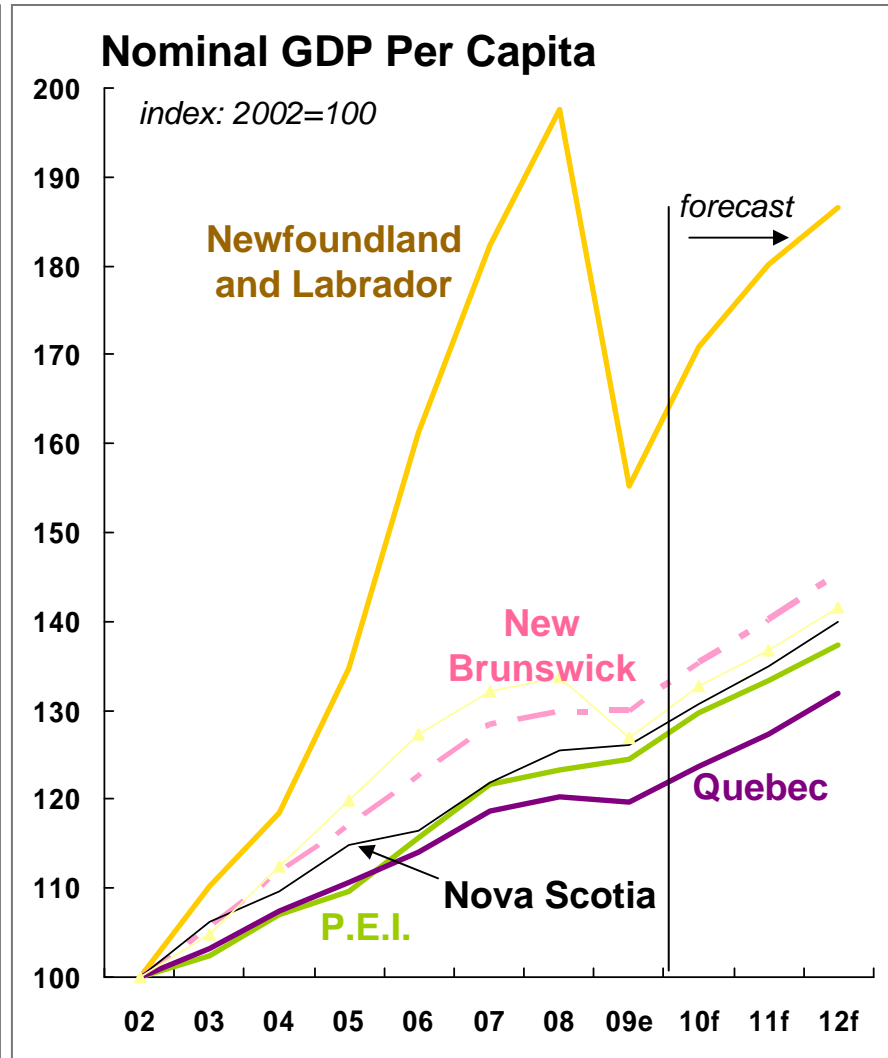
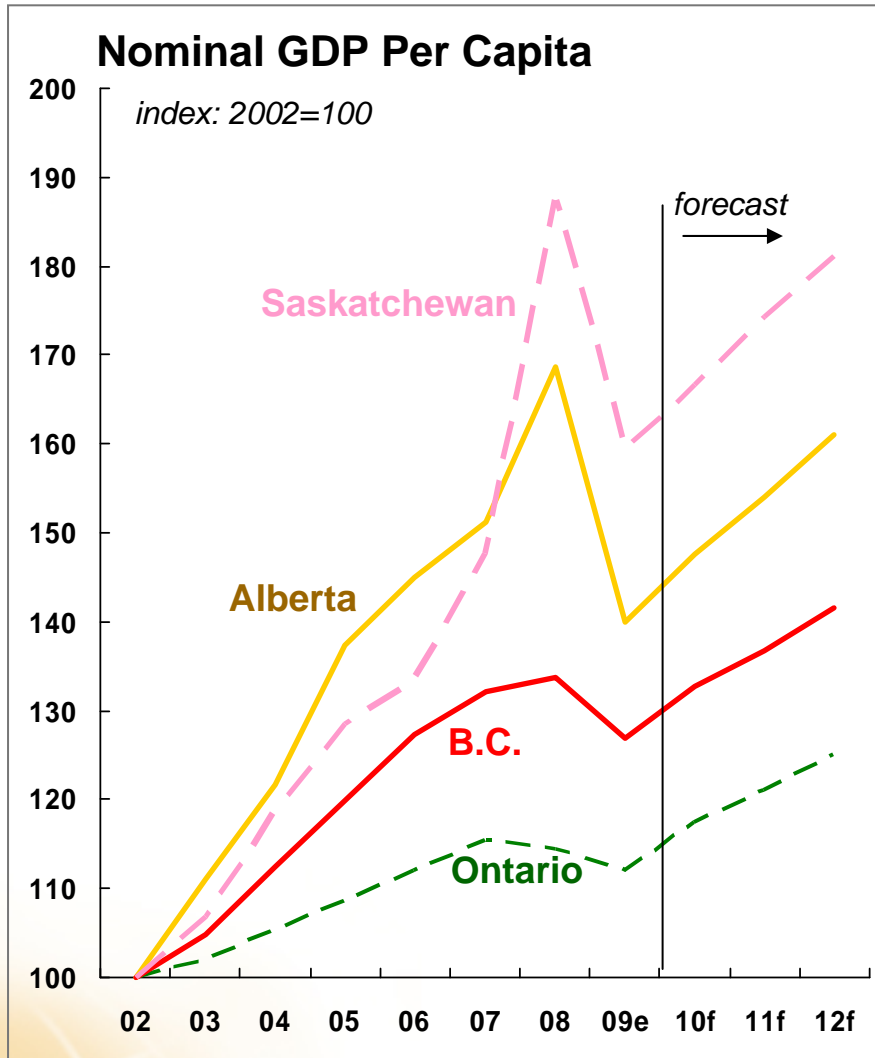
Strong Loonie & Weak U.S. Market Hit Exports



Source: Scotia Economics, Global Insight.



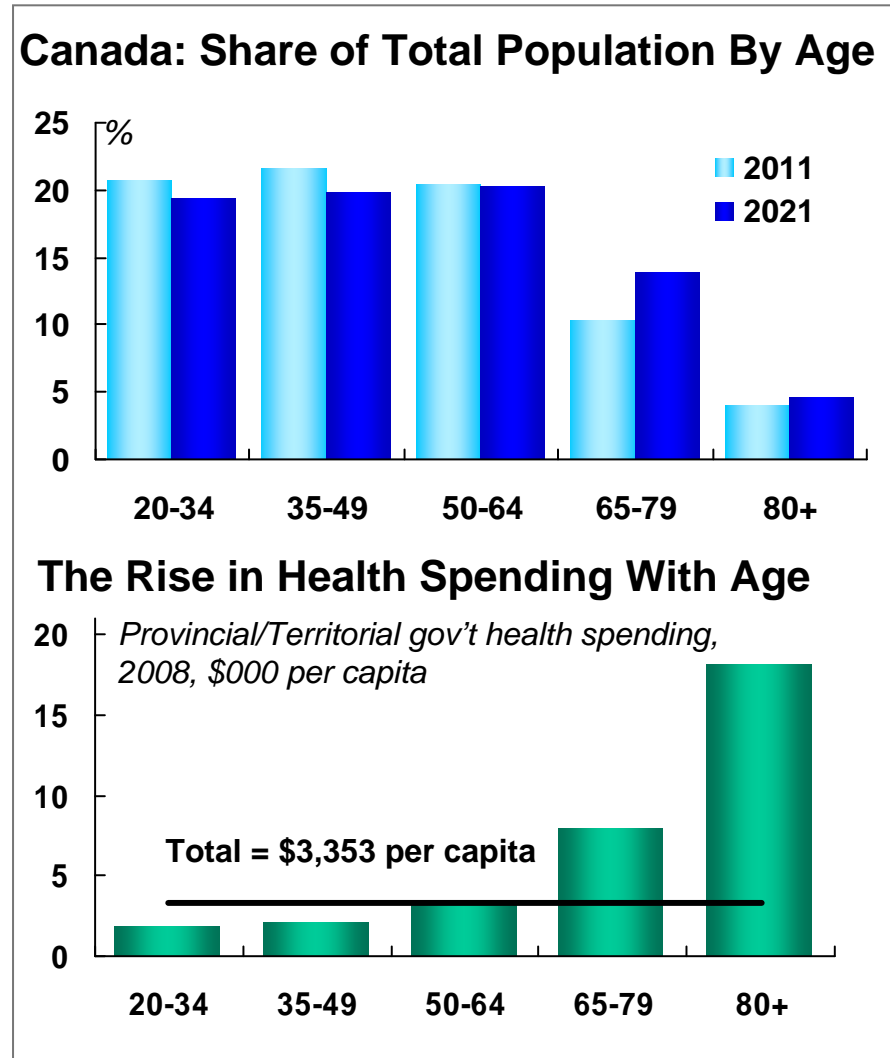
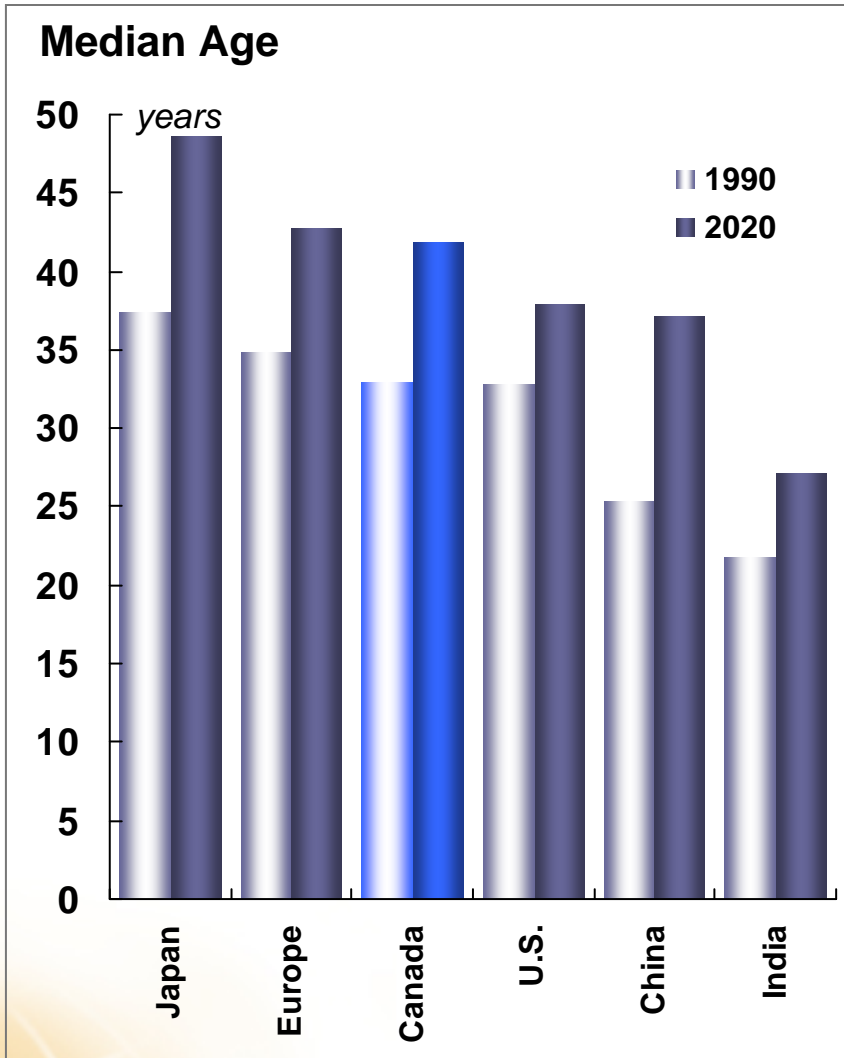
Resource Regions Lead Prosperity Gains





















Source: Statistics Canada, Scotia Economics.













On the Horizon – The World is About to Get Older



Source: United Nations, Statistics Canada, Canadian Institute for Health Information.

		10e	11f	12f
REAL GDP, annual average				
U.S.		2.8	2.7	2.9
Canada		2.9	2.4	2.7
Brazil		7.5	5.5	5.0
Mexico		5.1	3.5	4.0
U.K.		1.8	1.6	1.7
Euro zone		1.9	1.4	1.6
Japan		3.4	1.6	2.7
China		10.0	9.5	9.7
India		8.3	8.5	8.8
INFLATION, end of period				
U.S.		1.2	1.4	1.8
Canada		2.2	2.0	2.2
Brazil		5.8	5.2	5.0
Mexico		4.5	4.0	3.5
U.K.		3.1	3.3	2.7
Euro zone		2.2	2.3	2.3
Japan		-0.5	0.7	1.0
China		3.5	4.5	4.0
India		7.0	5.5	5.0

		10e	11f	12f
CURRENCY, end of period				
USDCAD		1.00	0.96	0.94
USDBRL		1.66	1.65	1.70
EURUSD		1.34	1.37	1.45
USDYEN		81	84	90
USDMXN		12.3	12.8	13.2
USDCNY		6.6	6.1	5.8
3-MONTH T-BILLS, end of period				
Canada		1.00	1.70	2.30
U.S.		0.15	0.40	2.20
10-YEAR BONDS, end of period				
Canada		3.12	3.50	4.00
U.S.		3.29	3.75	4.25
COMMODITIES, annual average				
WTI Oil (US\$/bbl)		79	93	98
NYMEX Natural Gas (US\$/mmbtu)		4.40	4.40	4.75
Gold, London PM Fix (US\$/oz)		1,225	1,500	1,450

Source: Scotia Economics, Global Insight, at January 7, 2011.

Disclaimer

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