

# **GAME PLAN**

**Benjamin Tal, Senior Economist**

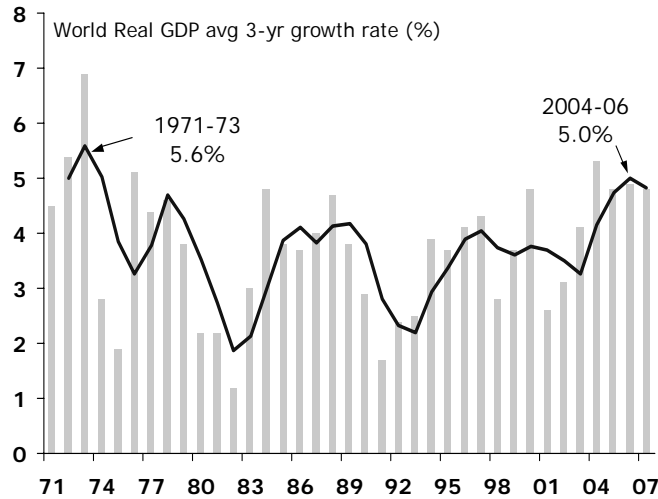
**Economics & Strategy**

March 2007



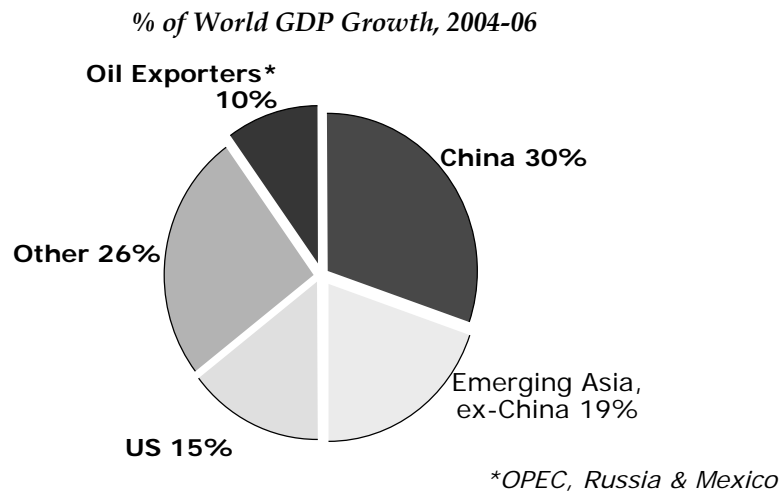
**CIBC**  
**World Markets**

## Strongest Global Growth in Decades

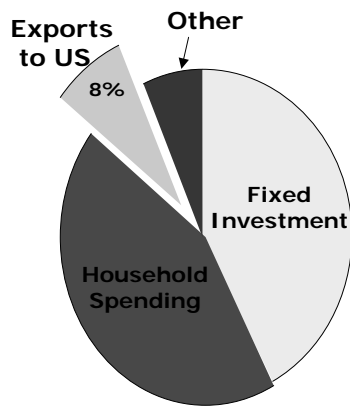


Source: IMF historical data & forecast

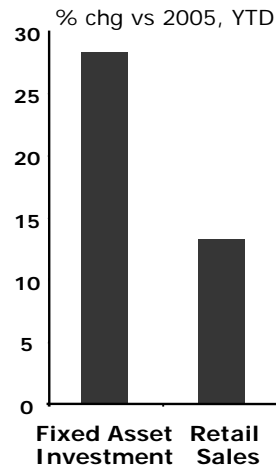
## America No Longer Driving The Bus



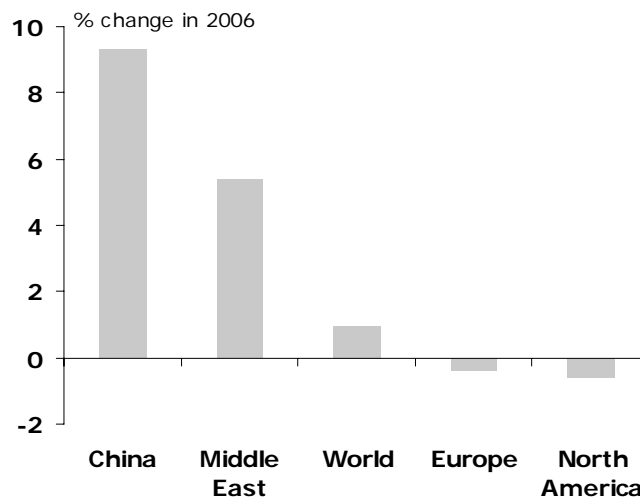
## Surging Domestic Demand Will Shield China from US Slowdown



Breakdown of 2005 GDP

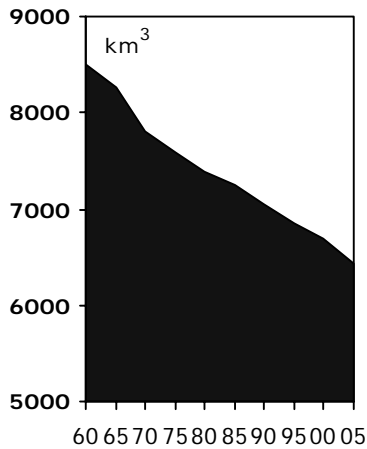


## Demand Surging in China and Oil-Producing Countries



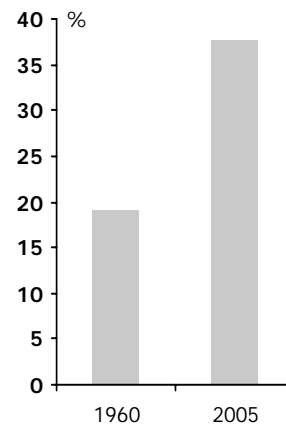
## Falling Excess Water Supply

Annual Excess Global Water Supply



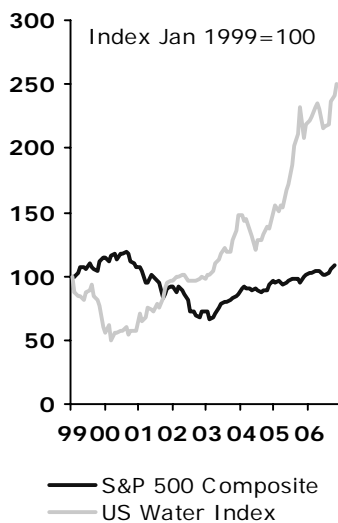
Source: FAO, CIBCWM

Water Utilization Rate\*



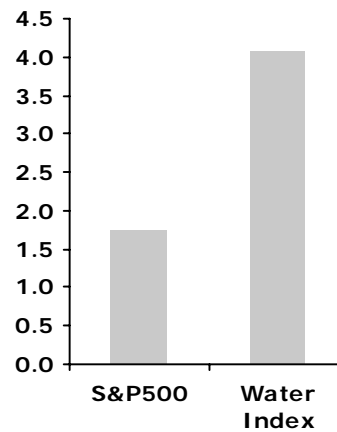
\* Actual Withdrawal as a % of Total Renewable Water Supply

## US Water Index Easily Outperformed S&P500

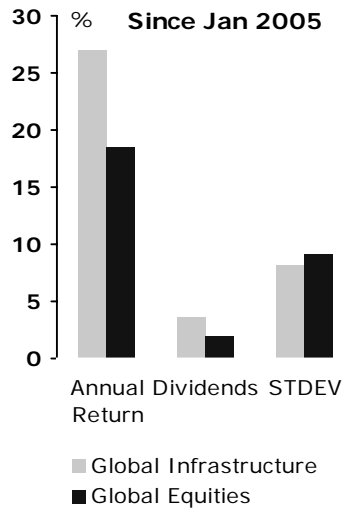
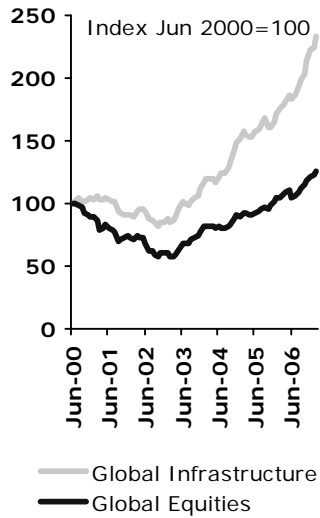


Source: Bloomberg US Water Index, CIBCWM

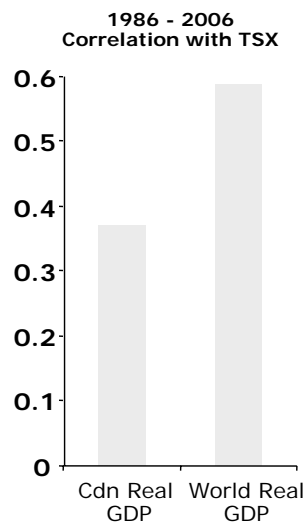
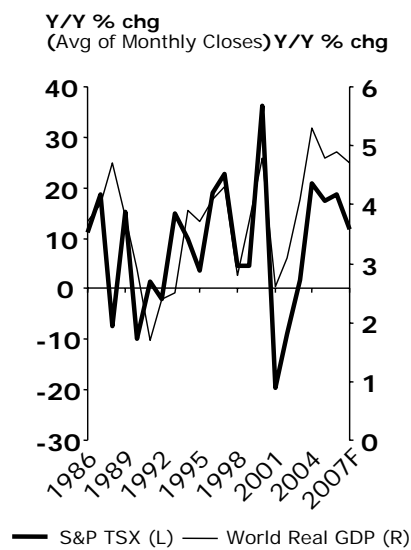
Dividend Yield (Oct 06)



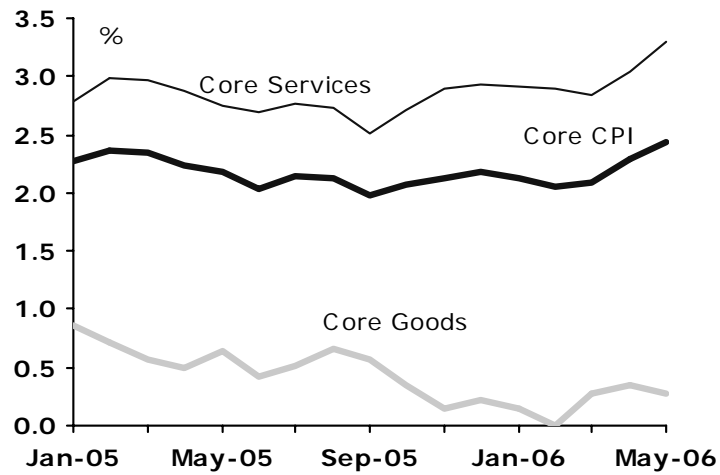
## Investing in Infrastructure



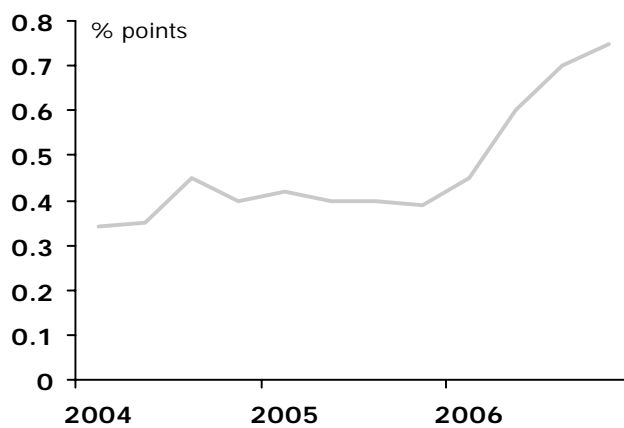
## TSX Tracks Global Growth



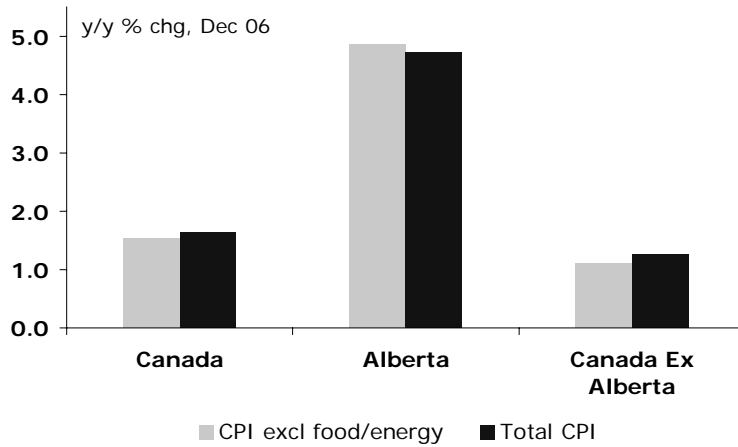
## Core Pressures in Services, Not Goods



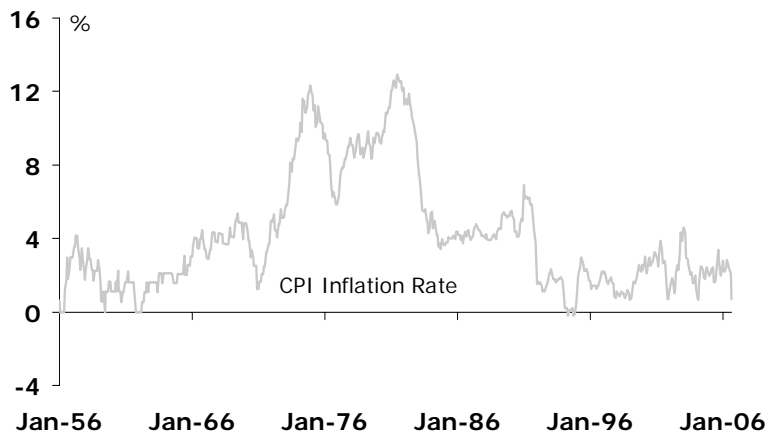
## A Record High Contribution of Rent Inflation to Total Core Inflation (US)



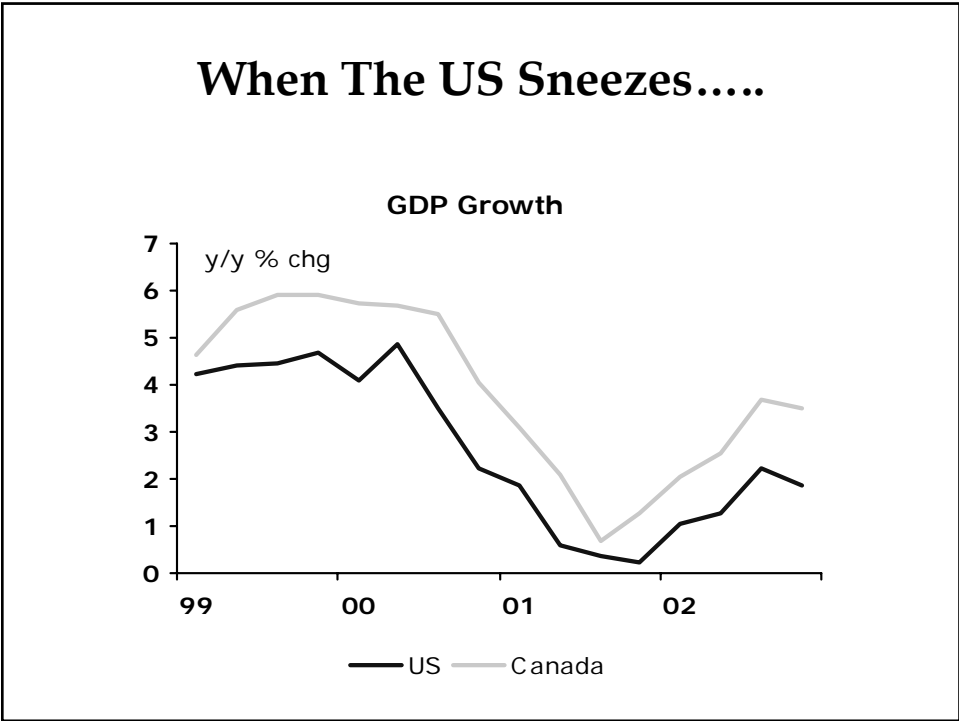
## Inflation Only in Alberta Bottleneck



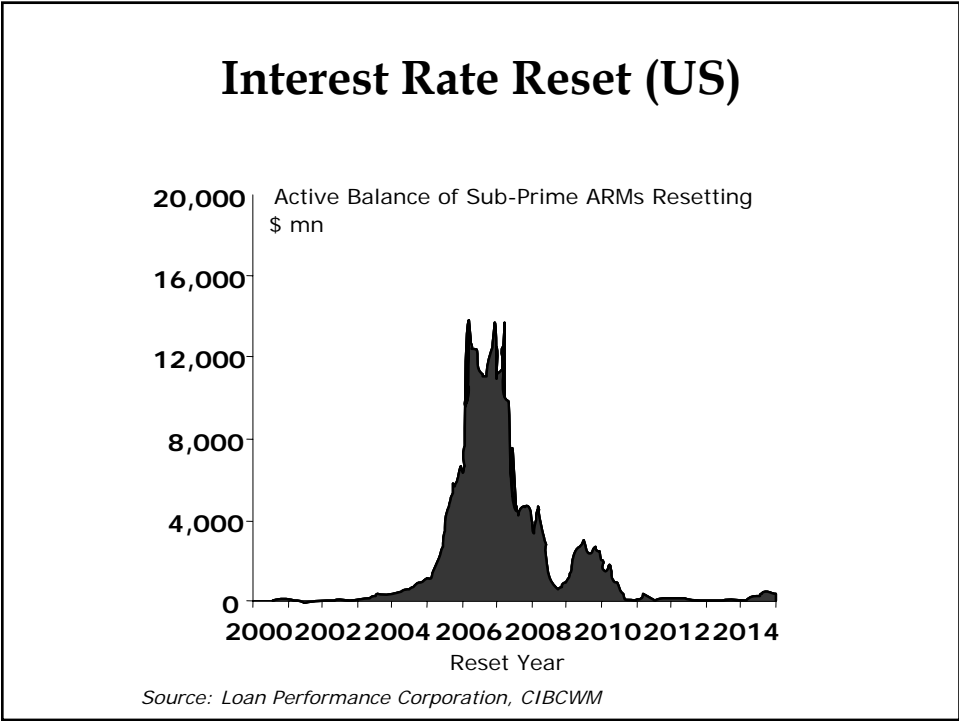
## Inflation Back to the 60s



# When The US Sneezes.....

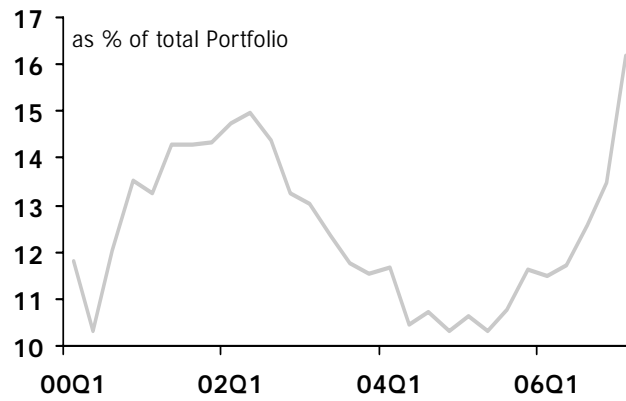


# Interest Rate Reset (US)



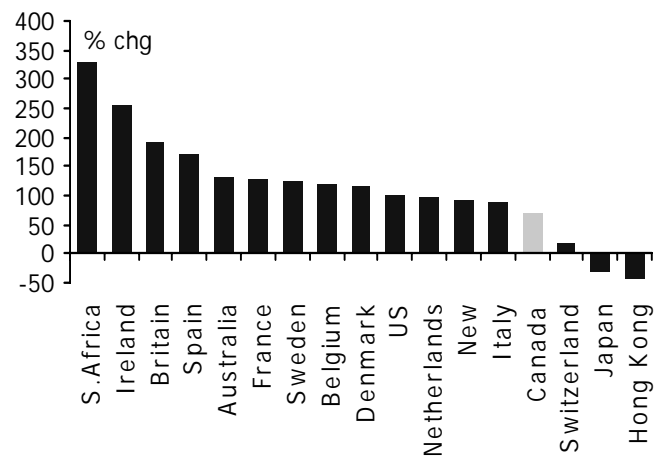
## Bad Debt (US)

### Sub-Prime Mortgage Arrears



## House Prices

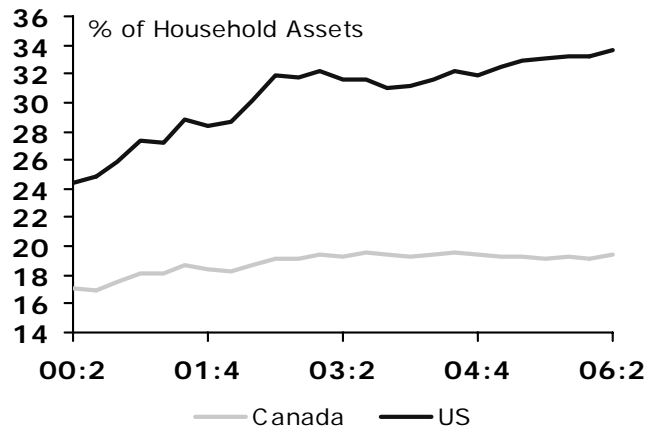
### 1997-2006



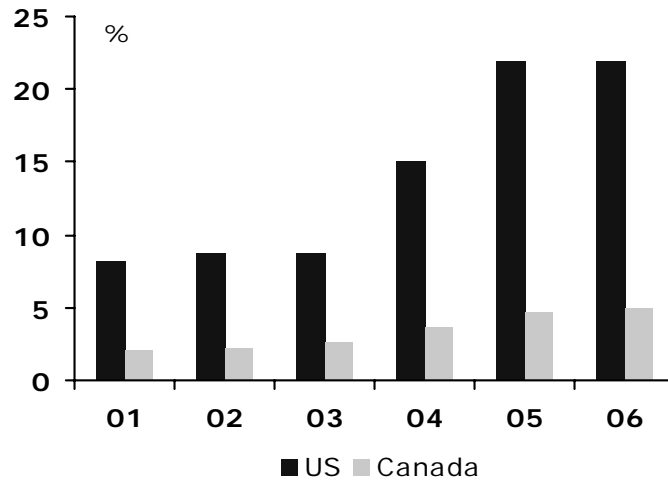
Source: *The Economist*

## Less Risk for Canada's Real Estate Market

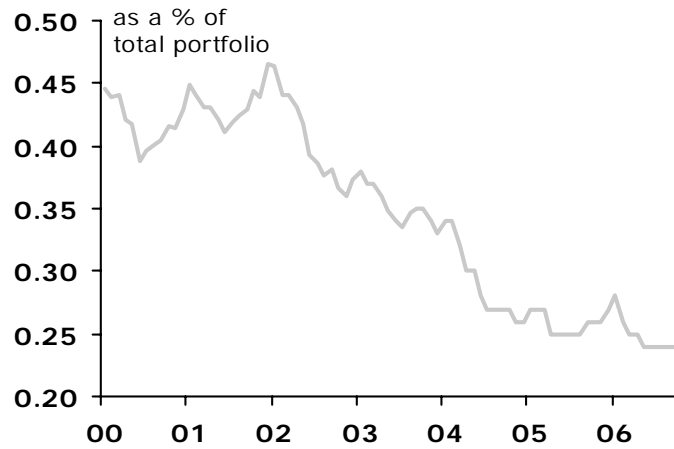
Real Estate Assets



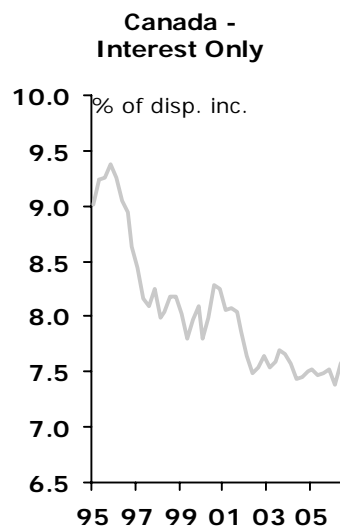
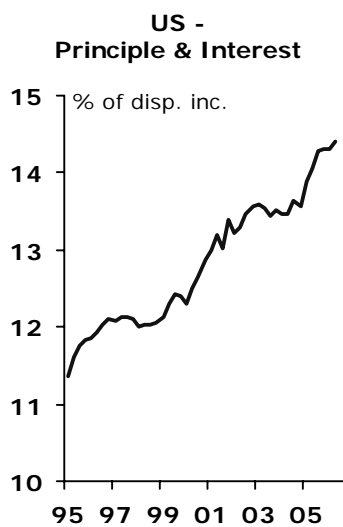
## Sub-Prime Share of Mortgage Originations



## Mortgage Arrears (Canada)

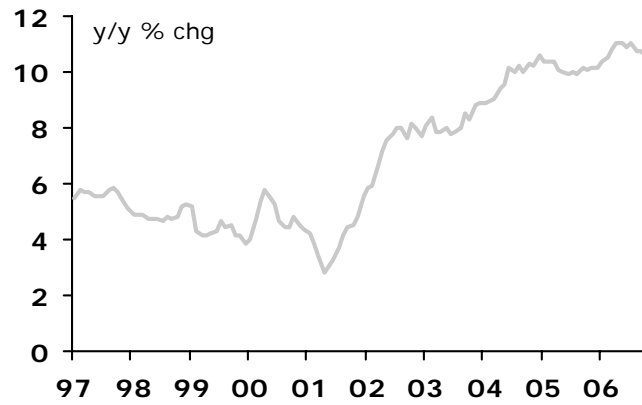


## Debt-Servicing Cost as Share of Income



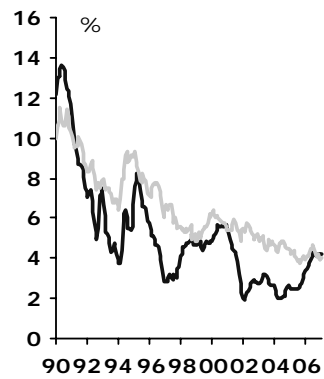
# The Mortgage Market

## Mortgage Outstanding



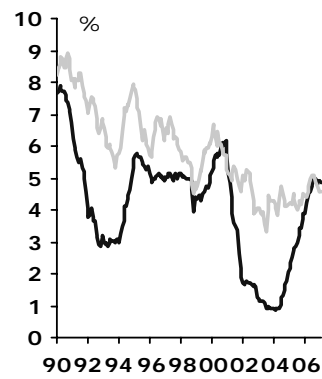
# 3 Months T-Bill vs. 10-year Bonds

## Canada



— 3 mo T-Bill  
— 10-yr Bonds

## US



— 3 mo T-Bill  
— 10-yr Bonds

# CIBCWM

## Metropolitan Economic Activity Index (2006Q3)

