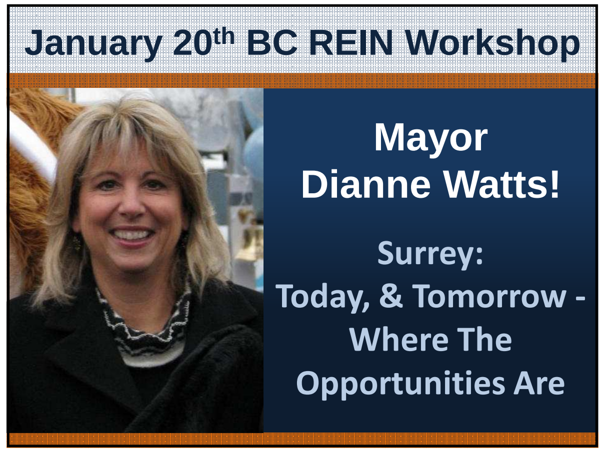
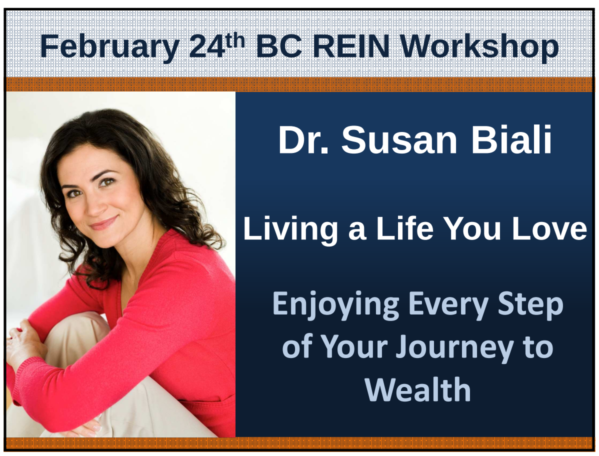
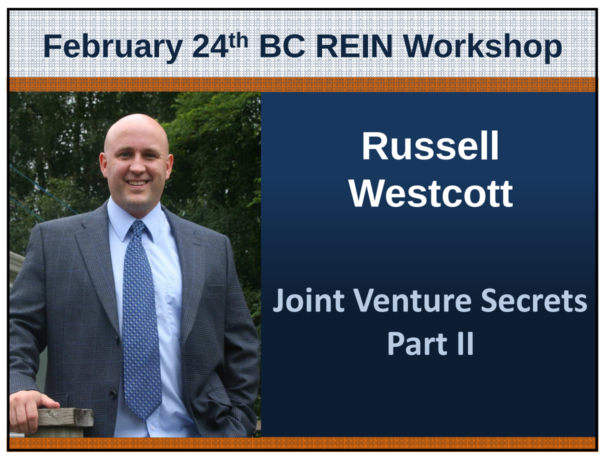
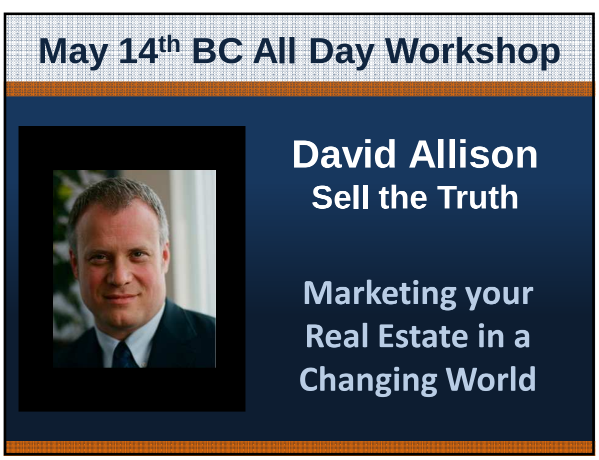
# December 2010
# REIN Workshop Supplemental


## 2011
## The Best Year Yet
## For REIN Member
## Benefits

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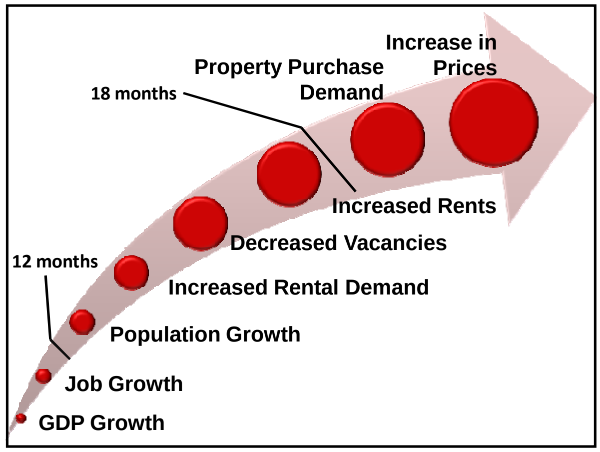
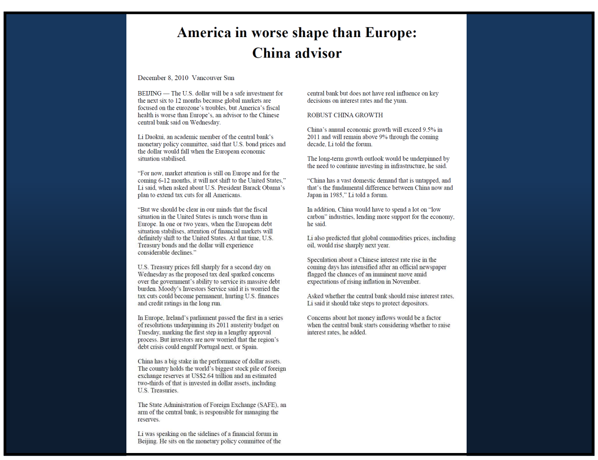



### Where to get the GDP Numbers?

- REIN Monthly Workshops
- Statistics Canada
- Provincial Governments
- Some Cities
- Bank and Economist City Predictions

*Multiple sources to ensure a level of reality and accuracy

**America in worse shape than Europe: China advisor**

December 8, 2010 Vancouver Sun

BEIJING — The U.S. dollar will be a safe investment for the next six to 12 months because global markets are focused on the eurozone's troubles, but America's fiscal health is worse than Europe's, an advisor to the Chinese central bank said on Wednesday.

Li Daokui, an academic member of the central bank's monetary policy committee, said that U.S. bond prices and the dollar would fall when the European economic situation stabilised.

"For now, market attention is still on Europe and for the coming 6-12 months, it will not shift to the United States," Li said, when asked about U.S. President Barack Obama's plan to extend tax cuts for all Americans.

"But we should be clear in our minds that the fiscal situation in the United States is much worse than in Europe. In one or two years, when the European debt situation stabilises, attention of financial markets will definitely shift to the United States. At that time, U.S. Treasury bonds and the dollar will experience considerable declines."

U.S. Treasury prices fell sharply for a second day on Wednesday as the proposed tax deal sparked concerns over the government's ability to service its massive debt burden. Moody's Investors Service said it is worried the tax cuts could become permanent, hurting U.S. finances and credit ratings in the long run.

In Europe, Ireland's parliament passed the first in a series of resolutions underpinning its 2011 austerity budget on Tuesday, marking the first step in a lengthy approval process. But investors are now worried that the region's debt crisis could engulf Portugal next, or Spain.

China has a big stake in the performance of dollar assets. The country holds the world's biggest stock pile of foreign exchange reserves at US$2.64 trillion and an estimated two-thirds of that is invested in dollar assets, including U.S. Treasuries.

The State Administration of Foreign Exchange (SAFE), an arm of the central bank, is responsible for managing the reserves.

Li was speaking on the sidelines of a financial forum in Beijing. He sits on the monetary policy committee of the central bank but does not have real influence on key decisions on interest rates and the yuan.

ROBUST CHINA GROWTH

China's annual economic growth will exceed 9.5% in 2011 and will remain above 9% through the coming decade, Li told the forum.

The long-term growth outlook would be underpinned by the need to continue investing in infrastructure, he said.

"China has a vast domestic demand that is untapped, and that's the fundamental difference between China now and Japan in 1985," Li told a forum.

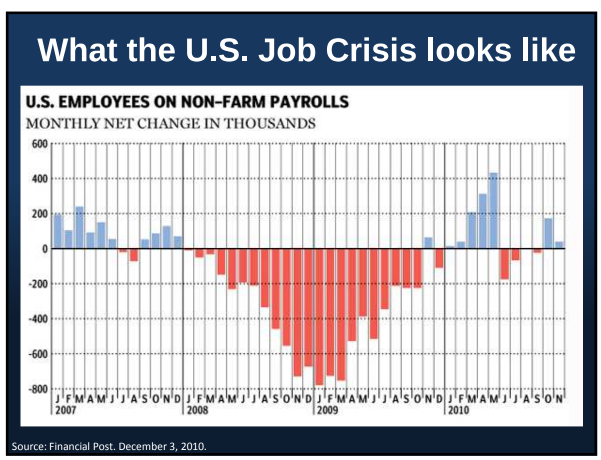
In addition, China would have to spend a lot on "low carbon" industries, lending more support for the economy, he said.

Li also predicted that global commodities prices, including oil, would rise sharply next year.

Speculation about a Chinese interest rate rise in the coming days has intensified after an official newspaper flagged the chances of an imminent move amid expectations of rising inflation in November.

Asked whether the central bank should raise interest rates, Li said it should take steps to protect depositors.

Concerns about hot money inflows would be a factor when the central bank starts considering whether to raise interest rates, he added.



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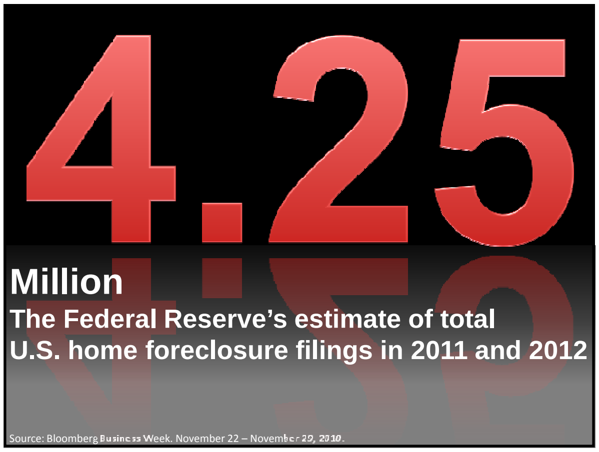


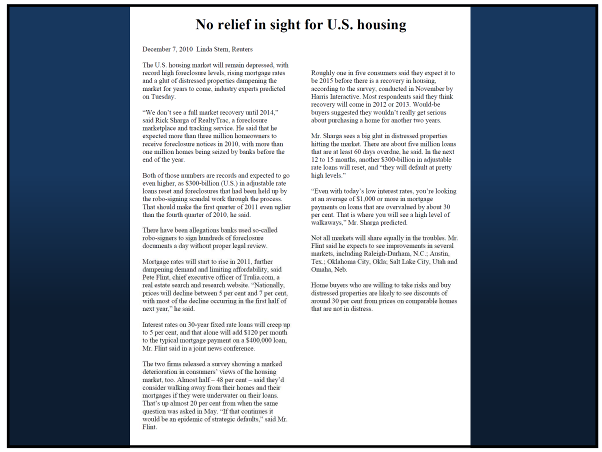

## No relief in sight for U.S. housing

December 7, 2010 Linda Stern, Reuters

The U.S. housing market will remain depressed, with record high foreclosure levels, rising mortgage rates and a glut of distressed properties dampening the market for years to come, industry experts predicted on Tuesday.

"We don't see a full market recovery until 2014," said Rick Sharga of RealtyTrac, a foreclosure marketplace and tracking service. He said that he expected more than three million homeowners to receive foreclosure notices in 2010, with more than one million homes being seized by banks before the end of the year.

Both of those numbers are records and expected to go even higher, as $300-billion (U.S.) in adjustable rate loans reset and foreclosures that had been held up by the robo-signing scandal work through the process. That should make the first quarter of 2011 even uglier than the fourth quarter of 2010, he said.

There have been allegations banks used so-called robo-signers to sign hundreds of foreclosure documents a day without proper legal review.

Mortgage rates will start to rise in 2011, further dampening demand and limiting affordability, said Pete Flint, chief executive officer of Trulia.com, a real estate search and research website. "Nationally, prices will decline between 5 per cent and 7 per cent, with most of the decline occurring in the first half of next year," he said.

Interest rates on 30-year fixed rate loans will creep up to 5 per cent, and that alone will add $120 per month to the typical mortgage payment on a $400,000 loan, Mr. Flint said in a joint news conference.

The two firms released a survey showing a marked deterioration in consumers' views of the housing market, too. Almost half – 48 per cent – said they'd consider walking away from their homes and their mortgages if they were underwater on their loans. That's up almost 20 per cent from when the same question was asked in May. "If that continues it would be an epidemic of strategic defaults," said Mr. Flint.

Roughly one in five consumers said they expect it to be 2015 before there is a recovery in housing, according to the survey, conducted in November by Harris Interactive. Most respondents said they think recovery will come in 2012 or 2013. Would-be buyers suggested they wouldn't really get serious about purchasing a home for another two years.

Mr. Sharga sees a big glut in distressed properties hitting the market. There are about five million loans that are at least 60 days overdue, he said. In the next 12 to 15 months, another $300-billion in adjustable rate loans will reset, and "they will default at pretty high levels."

"Even with today's low interest rates, you're looking at an average of $1,000 or more in mortgage payments on loans that are overvalued by about 30 per cent. That is where you will see a high level of walkaways," Mr. Sharga predicted.

Not all markets will share equally in the troubles. Mr. Flint said he expects to see improvements in several markets, including Raleigh-Durham, N.C.; Austin, Tex.; Oklahoma City, Okla; Salt Lake City, Utah and Omaha, Neb.

Home buyers who are willing to take risks and buy distressed properties are likely to see discounts of around 30 per cent from prices on comparable homes that are not in distress.