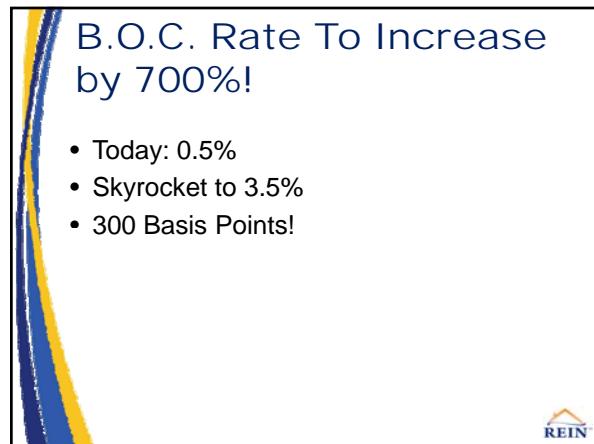
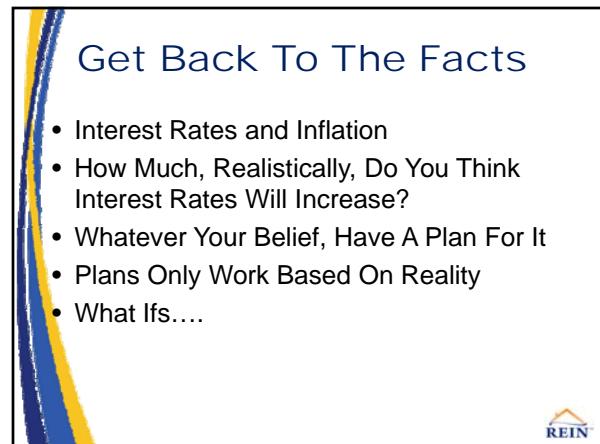
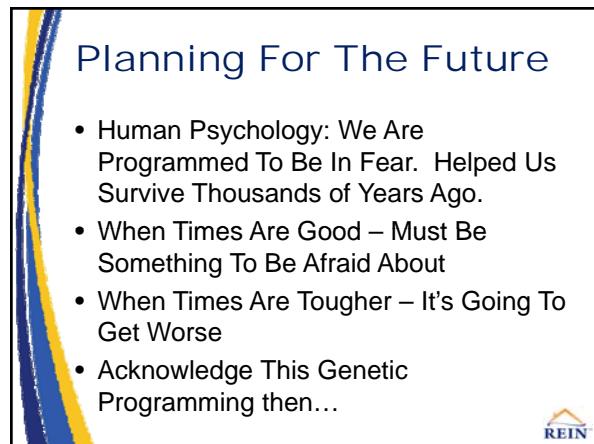


What's Behind the Curtain?

June 2009 BC REIN™ Presentation



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B.O.C. Rate To Increase by 700%!

- What Would Lead To This Rise?
- What Time Line?
- What Considerations Would Be Taken Into Account?



Central bank promises year of rock-bottom rates

In move of unprecedented openness, Carney vows to keep interest rate at 0.25 per cent in effort to spur Canadians borrowing again

OTTAWA — The Bank of Canada is trying a new approach to央行透明度, promising the measures will bring the lowest rates in years.

In an uncommon display of openness, Canada's central bank said yesterday that they intend to keep the benchmark lending rate at a record low of 0.25 per cent for as long as a year.

With conventional methods of policy-making all but exhausted, the Bank of Canada is taking a new way to instill confidence in an economy hampered by the financial crisis and a collapse in demand for exports.

Yesterday's pledge by the central bank to keep the overnight target rate "at its current level until the end of 2010" is the latest in a series of moves by central bankers to price for mortgages, credit lines and other loans at record lows. It is also the latest in a push to maintain reserve currency — a degree of certainty that the economy will not spiral into recession.

The economists who follow a living trying to decipher Mr. Carney's often cryptic messages were stunned by the central bank's decision to pull its power to intervene.

Toronto-Dominion Bank's Grant Miller called the move "a remarkable shift in policy-making" at National Bank Financial in Montreal. "It is unusual for any central bank that's set out such an aggressive stimulus to then do a U-turn," he said.

"It's implemented in name of transparency," said David Todd, a currency strategist at RBC Securities in Toronto. "Historically, central banks have been willing to share their inside thoughts on the markets down the road."

Mr. Carney's decision to lift the lid over his thinking about interest rates is being driven by the increasing concern that the economic slowdown will be deeper and last longer than it had thought.

Mr. Carney's decision to lift the lid over his thinking about interest rates is being driven by the increasing concern that the economic slowdown will be deeper and last longer than it had thought.

Facing weaker prospects, the Bank of Canada has decided to do what it can to prevent the economy from falling into a deep recession.

Central bank has now started lowering rates by 0.25 percentage points since December of 2008.

But the conventional approach of slashing interest rates to spur growth hasn't been enough to reverse the decline.

Even with a record low overnight rate, the central bank's April 13 survey of loan officers found those who were most optimistic about the economy those who said it was closer to 0.5 percentage points, the biggest margin in the history of the survey.

Central bank domestic products will shrink 1 per cent this year, and 2.5 per cent in 2010, according to a forecast by TD Securities. Mr. Carney's decision to keep rates at 0.25 per cent instead of the third, the Bank of Canada said.

In another example of frankness, policy makers announced yesterday that they believe the belief that governments in the Group of 20 major economies would act quickly on pledges to spend more to help fight the recession.

That realization also forced the Bank of Canada to abandon its relatively optimistic estimate that the economy would grow 2.5 per cent this year and 3.5 per cent in 2010, lowering its estimate to 2.5 per cent.

"The global recession has intensified and become more prolonged than anyone could have said in the spring," said Mr. Carney. "While more aggressive monetary and fiscal policy actions are being taken, the way forward is not clear and the global financial systems have taken longer than expected to stabilize."

The Bank of Canada's new forecast for 2009 is dramatically different from the 0.8-per-cent



BOC Rate To Increase 300 Basis Points!

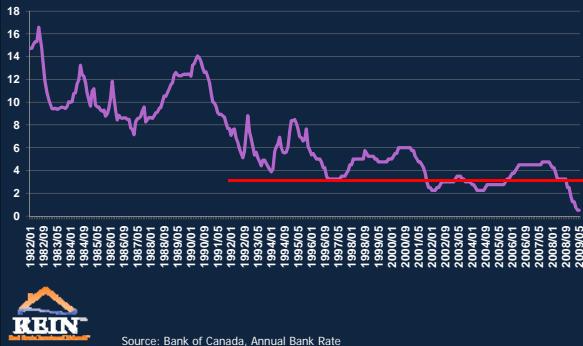
- Is This 700% Increase A Market Killer?...
- What's The Market Reality?



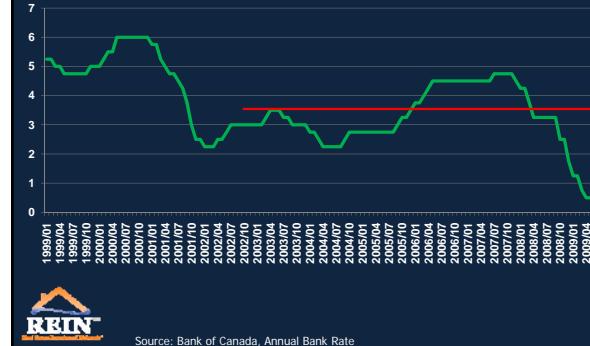
Bank of Canada Prime Rate 1935 - May 2009



Bank of Canada Prime Rate 1982 - May 2009

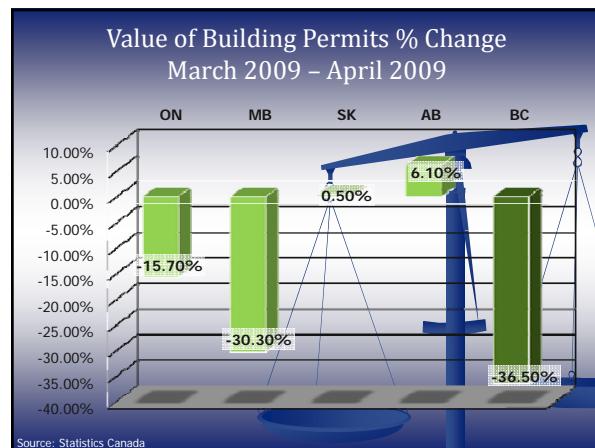
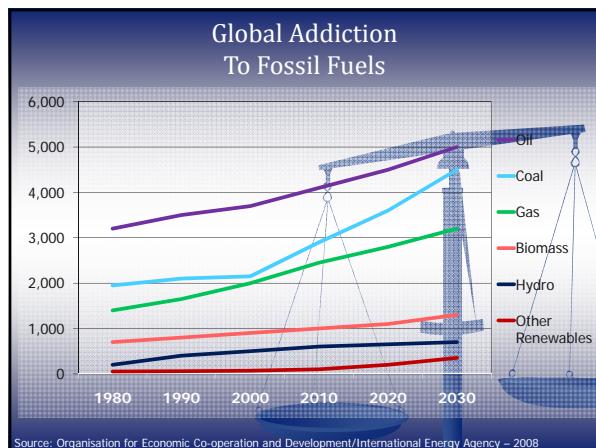
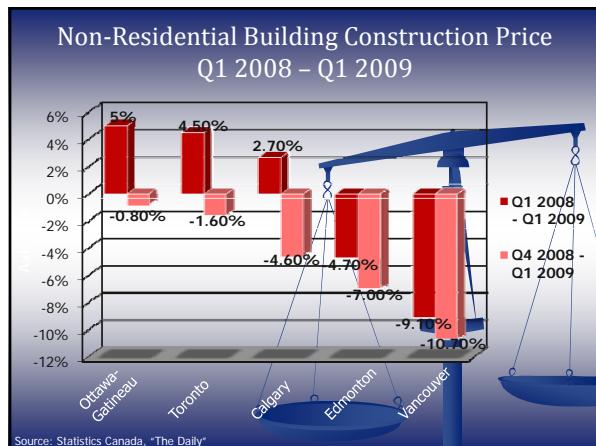
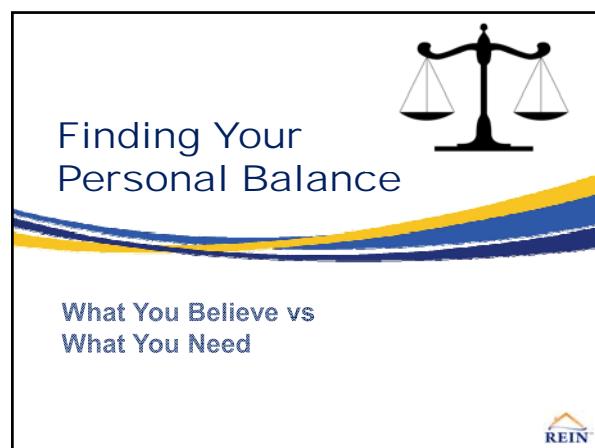
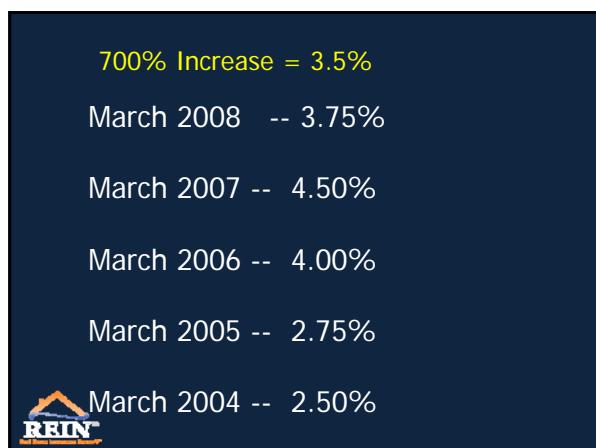


Bank of Canada Prime Rate 1999 - May 2009



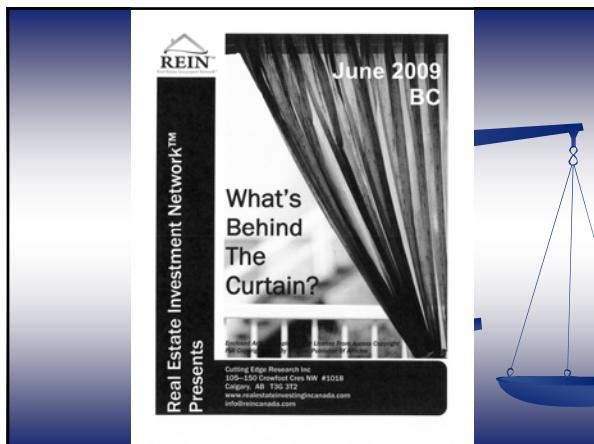
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**10,000 Housing Starts
= 19,340 Jobs**



Source: Altus Group Report: Time is Right – Alternative to Development Changes



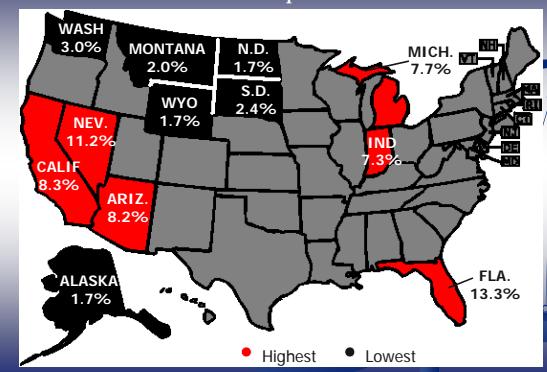
800,000

The number of properties that received foreclosure filings in the first quarter of 2009, according to RealtyTrac.

37%

The portion of homes too damaged to qualify for standard mortgage financing, according to Campbell Communications.

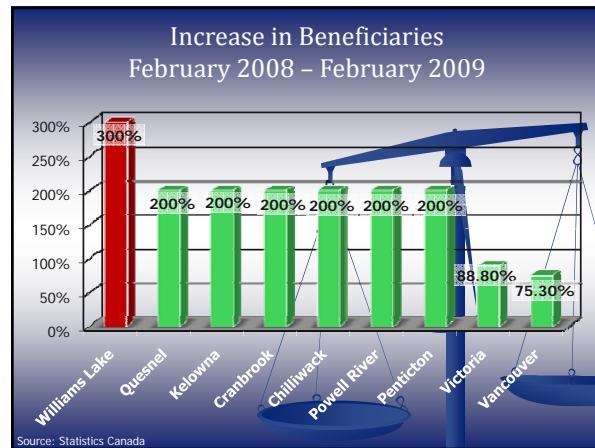
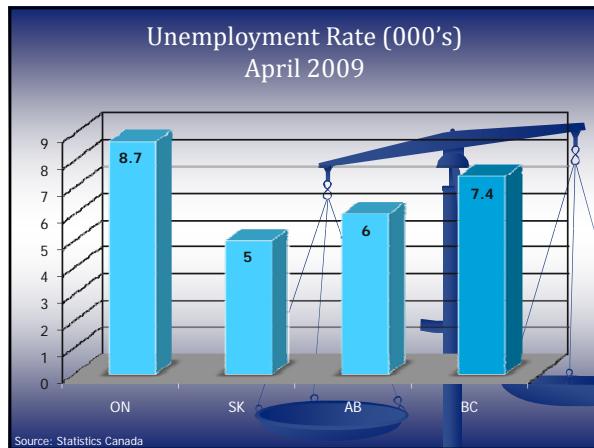
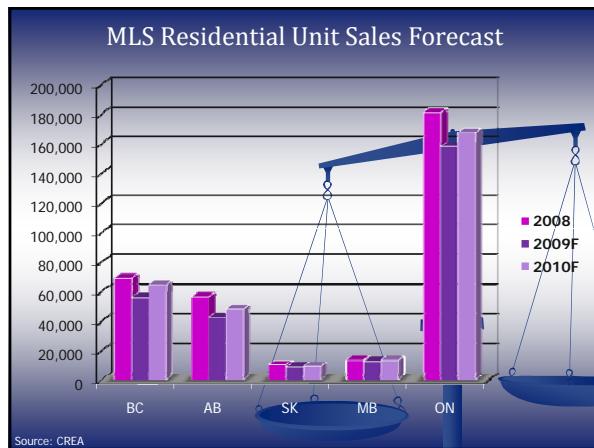
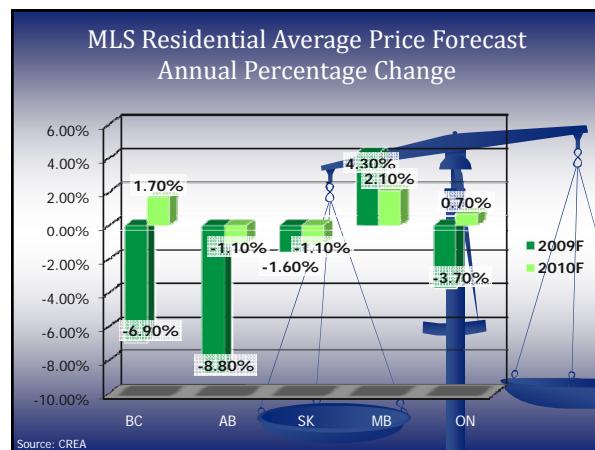
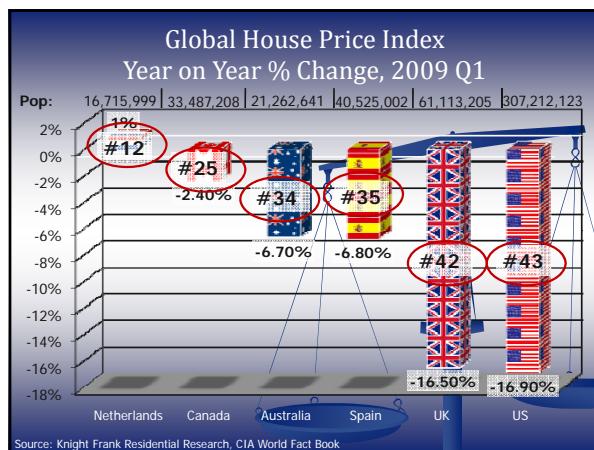
Percentage of all Mortgage Loans that are Seriously Delinquent



Source: The Business Week, Mortgage Bankers Association

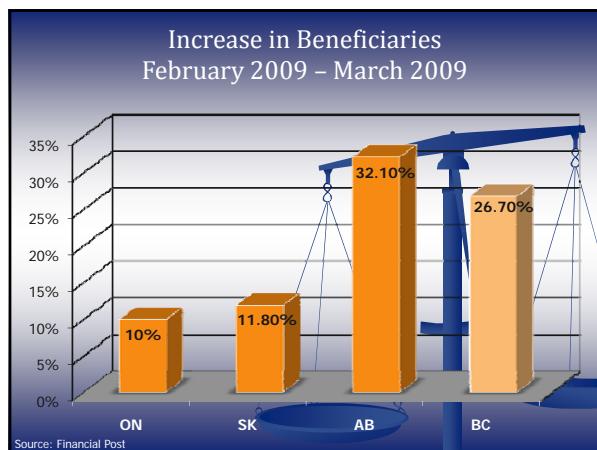
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Upcoming REIN™ Events

REIN™ July Workshops

June 30th Toronto (Tues.)
July 9th BC (Thurs.)
June 14th Edmonton (Tues.)
June 15th Calgary (Wed.)

