

# Benjamin Tal – Do You See The Light?

## June 2009 BC REIN™ Presentation

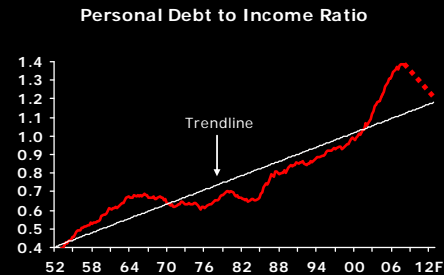
### Do You See the Light?

Benjamin Tal  
Senior Economist  
CIBC World Markets Inc.

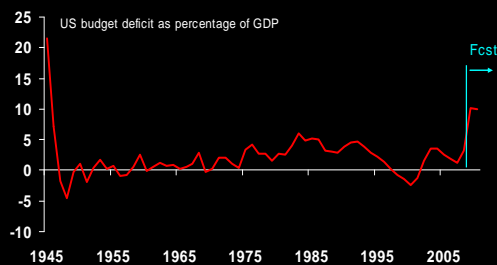


June 2009  
Economics & Strategy

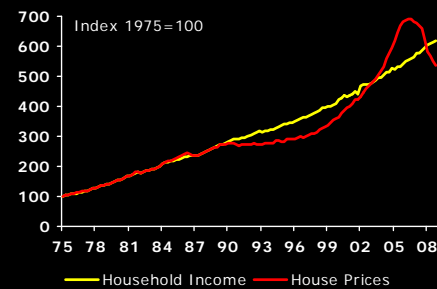
### Household Debt: Mean Reversion



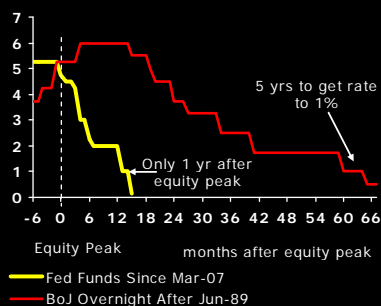
### Fiscal Stimulus is Massive



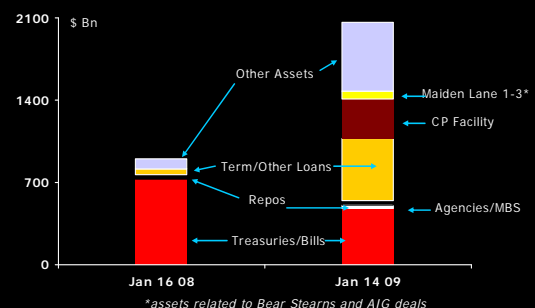
### US Houses Now Affordable, But Prices Still Falling



### Fed Not Repeating Japan's 1990s Errors



### Fed Assets Saw Dramatic Change...



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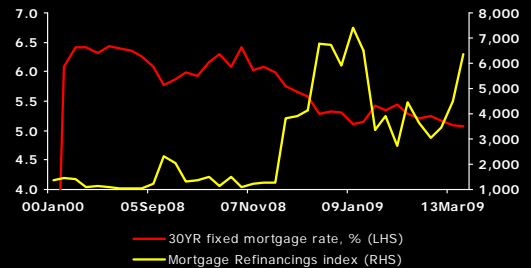
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### ... With More to Come

(\$ Bn., through the week ending March 20)

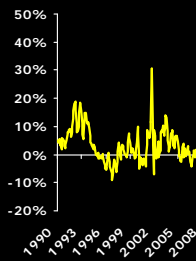
Federal Reserve	Pledged	Provided
Term auction credit	900	469
Other loans	Unlimited	135
Primary credit	Unlimited	64
Secondary credit	Unlimited	0
Seasonal credit	Unlimited	0
Primary Dealer Credit Facility	Unlimited	20
Asset-Backed Commercial Paper Money Market Mutual Fund	Unlimited	8
AIG	43	43
AIG (for SPVs)	9	0
AIG (for ALICO, AIA)	26	0
Rescue of Bear Stearns (Maiden Lane)	27	26
AIG-RMBS purchase program (Maiden Lane II)	23	19
AIG-CDO purchase program (Maiden Lane III)	30	28
Term Securities Lending Facility	200	18
Commercial Paper Funding Facility	1,800	241
TALF	1,000	0
Money Market Investor Funding Facility	540	0
Currency swap lines	Unlimited	329
Purchase of CSE debt and MBS	1,250	285
Guarantee of Citigroup assets	286	0
Guarantee of Bank of America assets	108	0
Purchase of long-term Treasuries	300	0
<b>TOTAL</b>	<b>6,542</b>	<b>1,684</b>

### Lower Rates Letting Americans Refinance

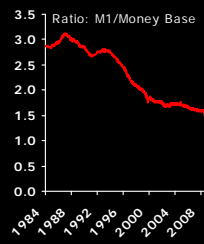


### Fed Has the Printing Press Running Full Speed

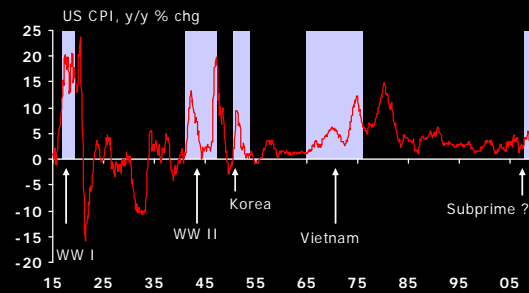
Money Supply is Rising



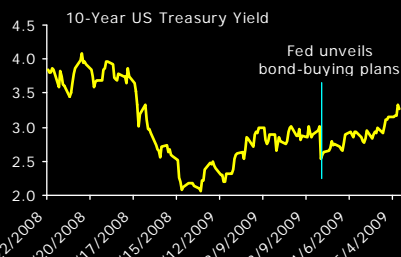
But Money Multiplier is Down



### Past Monetizations of US Deficits Were Inflationary

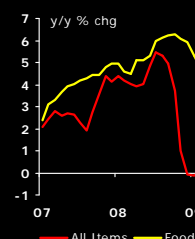


### Treasury Yields Back to Levels Before Fed's Buying Plan



### High Food Prices

Food Inflation Still High in the US...



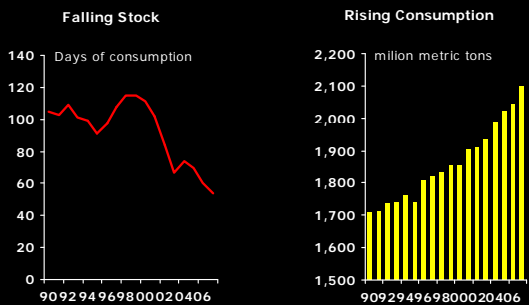
... and Elsewhere

	CPI	Food
	y/y % chg	y/y % chg
US	0.1	4.8
Canada	1.4	7.4
Australia	3.7	5.6
Euro Area 16	1.2	2.3
UK	0.1	9.9
Mexico	6.2	10.1
India	9.8	13.4

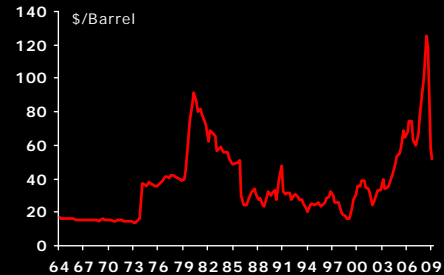
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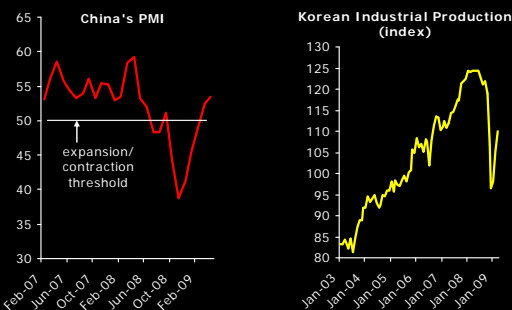
### The Global Grain Market



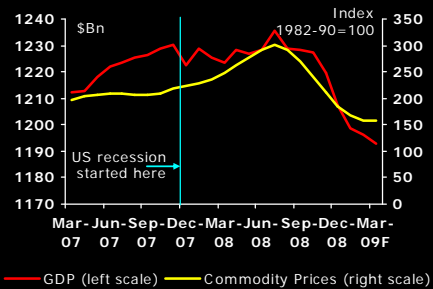
### Real Oil Prices



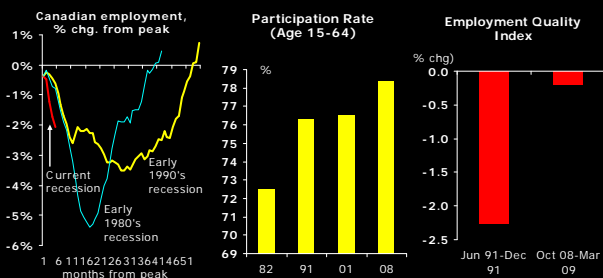
### The Sun Rises in the East



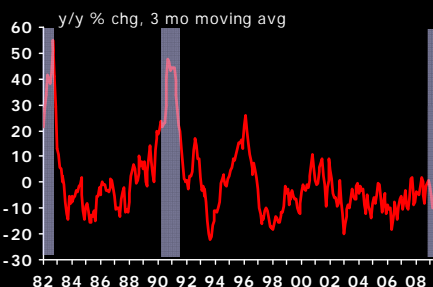
### Commodity Prices Bought Cdn GDP Some Time



### Canadian Labour Market – Beyond The Headlines



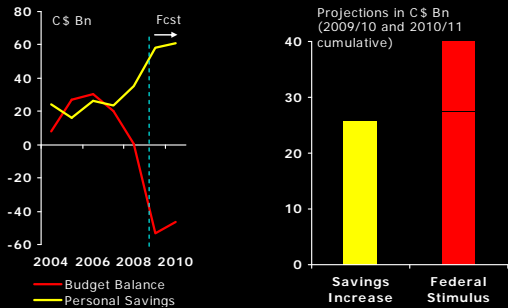
### Business Bankruptcies



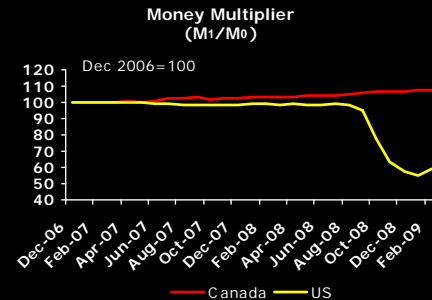
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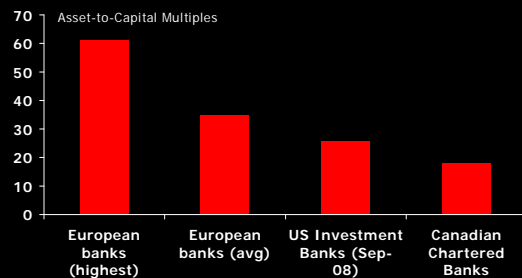
### Government Dissaving Will More Than Offset Household Saving



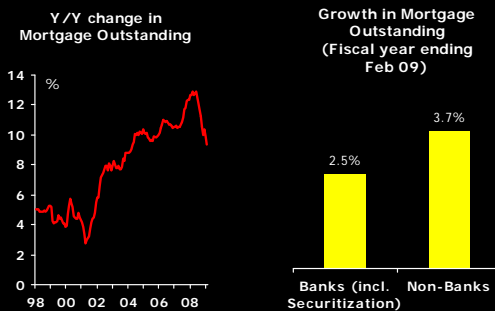
### Money Multiplier - US vs. Canada



### Canadian Banks Less Levered



### The Mortgage Market



### The Housing Market (3 mo moving average)

