

# Trust in Lower Rates

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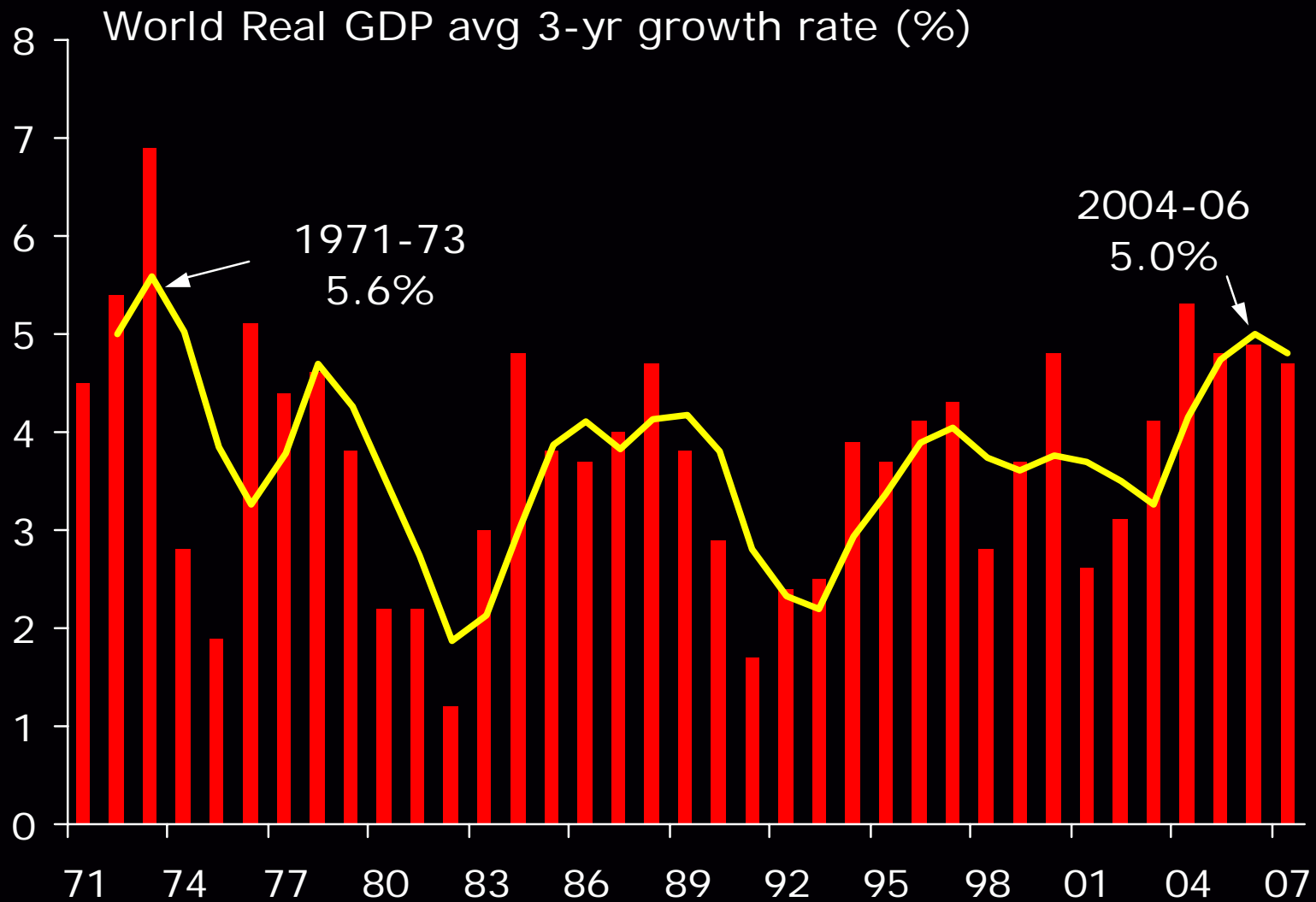
**Economics & Strategy**



CIBC  
World Markets

September 2006

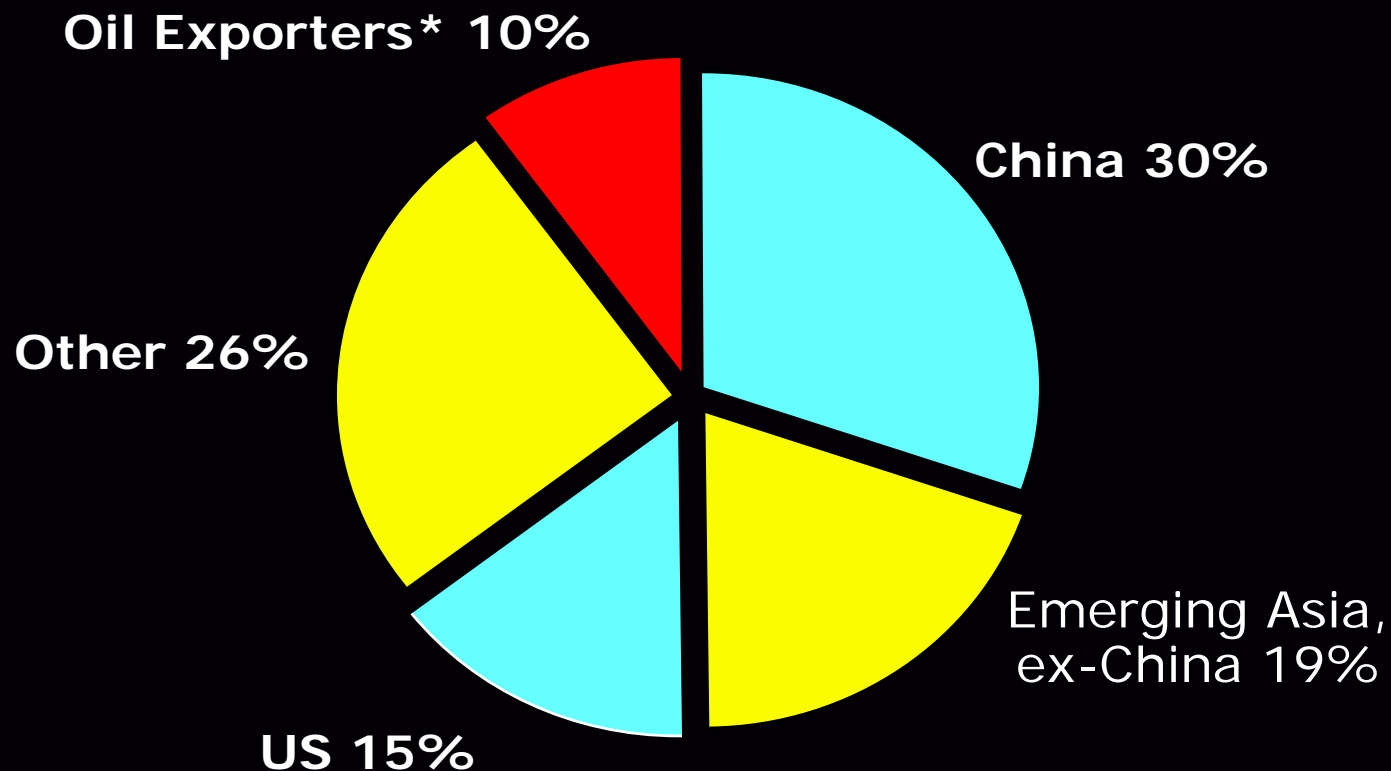
# Strongest Global Growth in Decades



Source: IMF historical data & forecast

# America No Longer Driving the Bus

*% of World GDP Growth, 2004-06*



*\*OPEC, Russia & Mexico*

# World Economic Outlook

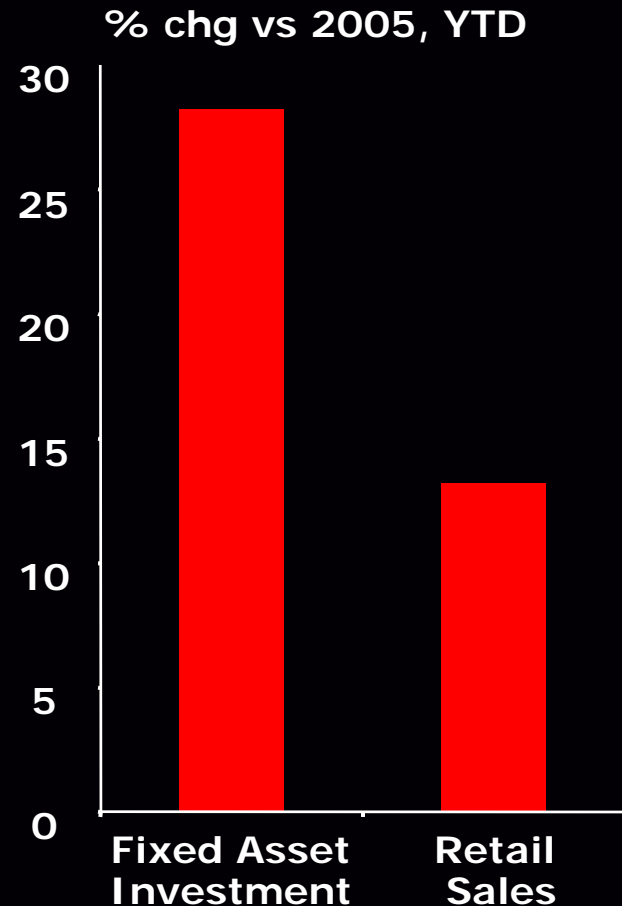
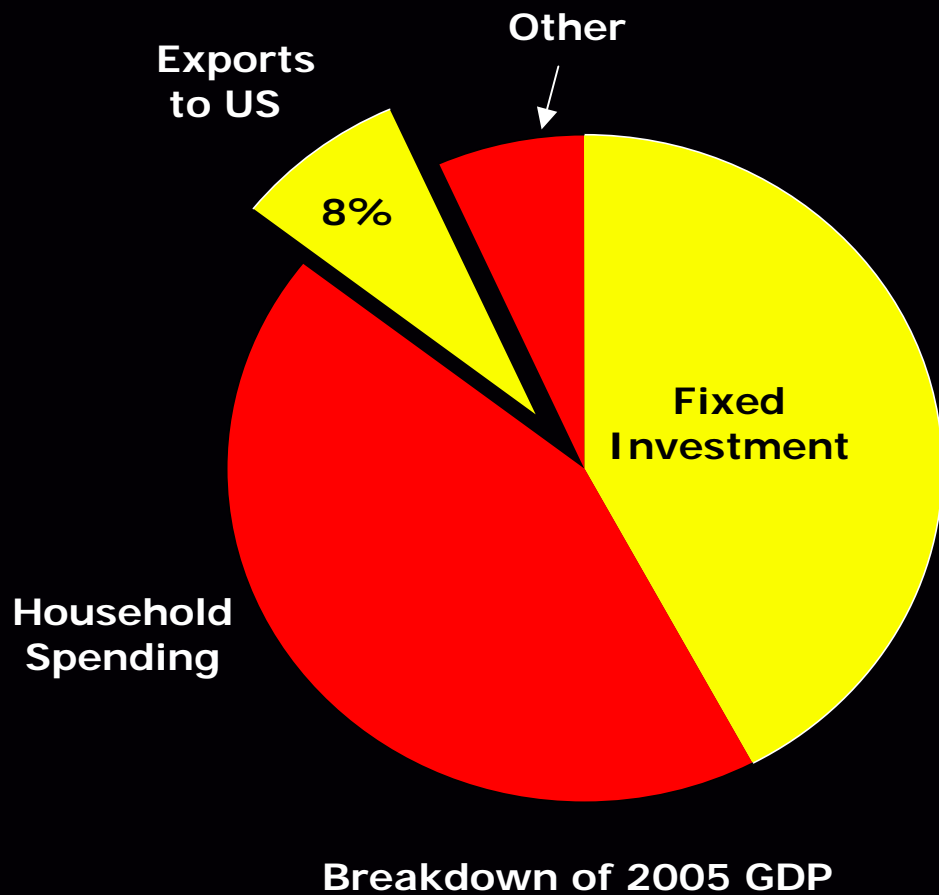
	2005A	2006F	2007F
<b>World*</b>	4.8	5.0	4.8
<i>-at market exch. rates</i>	3.5	3.8	3.7
<b>US</b>	3.5	3.5	2.4
<b>Canada</b>	2.9	3.1	2.6
<b>Euroland</b>	1.4	2.3	2.1
<b>UK</b>	1.9	2.4	2.7
<b>Japan</b>	2.6	3.2	2.5
<b>China</b>	9.9	9.8	9.0
<b>Other Emerging Asia</b>	6.0	5.2	4.9
<b>Latin America**</b>	4.7	4.6	3.9
<b>Oil Exporters***</b>	5.6	5.7	5.6

*\*Country growth rates weighted using purchasing power parities*

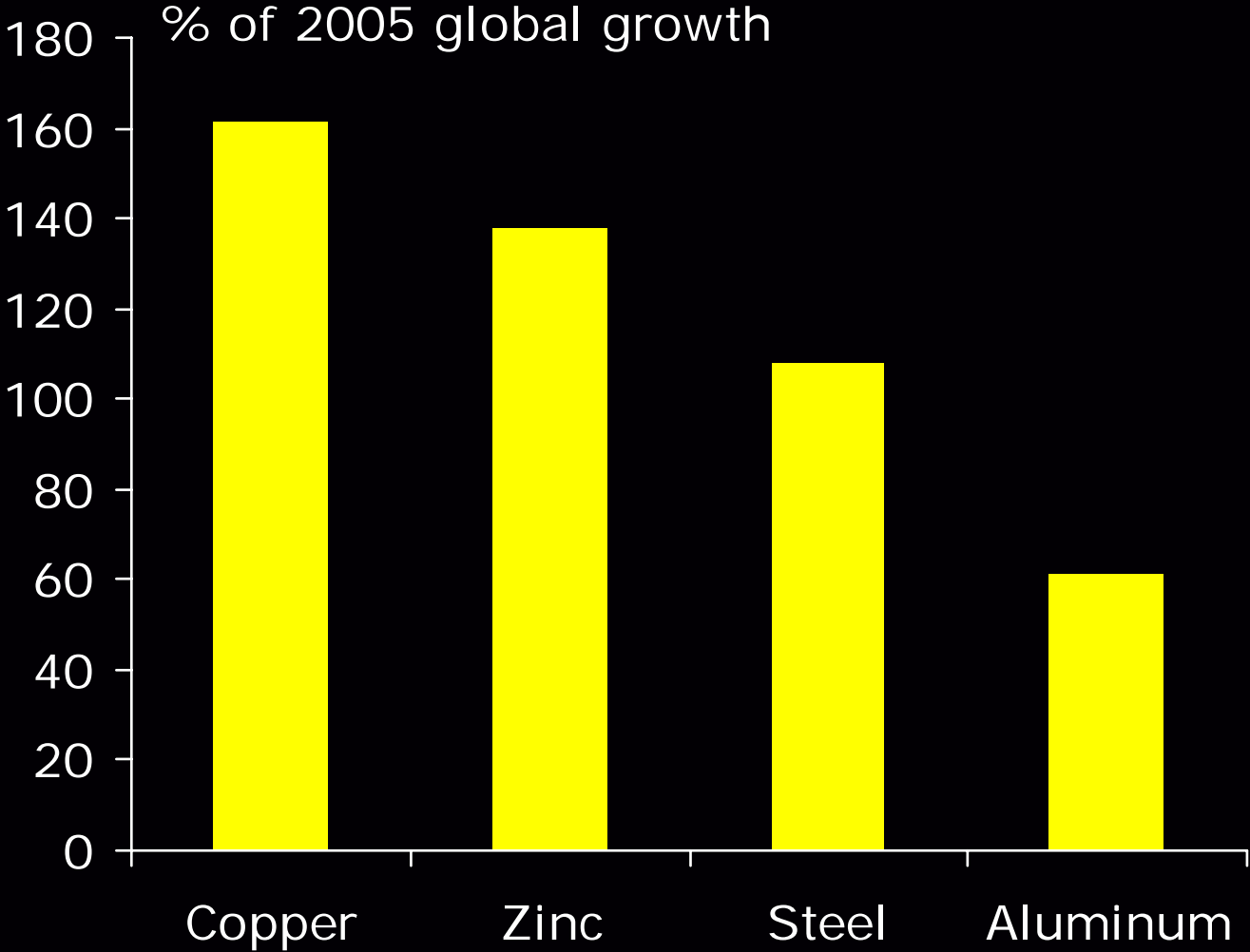
*\*\*Excluding Mexico*

*\*\*OPEC, Russia & Mexico*

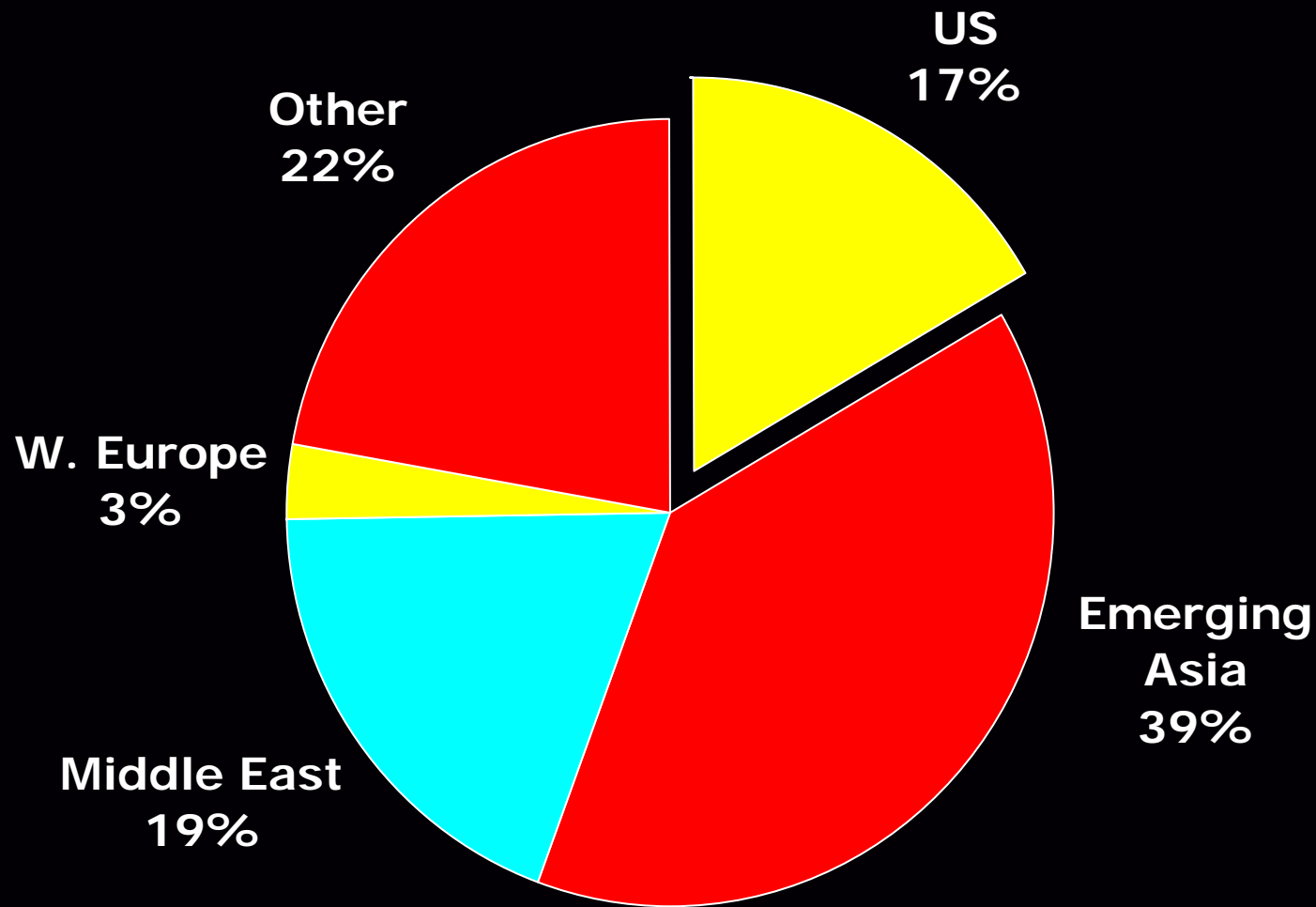
# Surging Domestic Demand Will Shield China from US Slowdown



# China Dominant Force in Metals Market



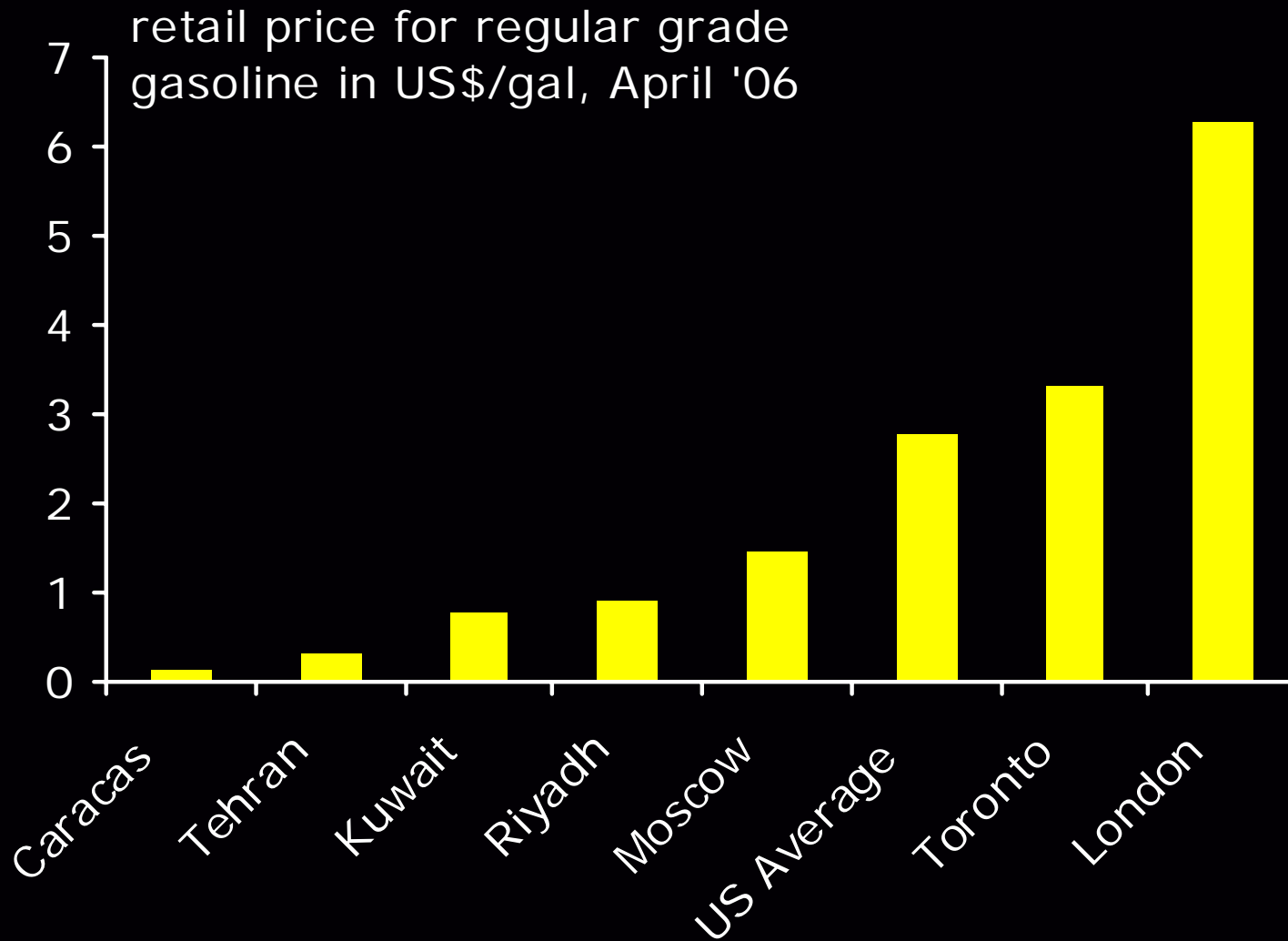
# US Demand Not Driving Oil Prices



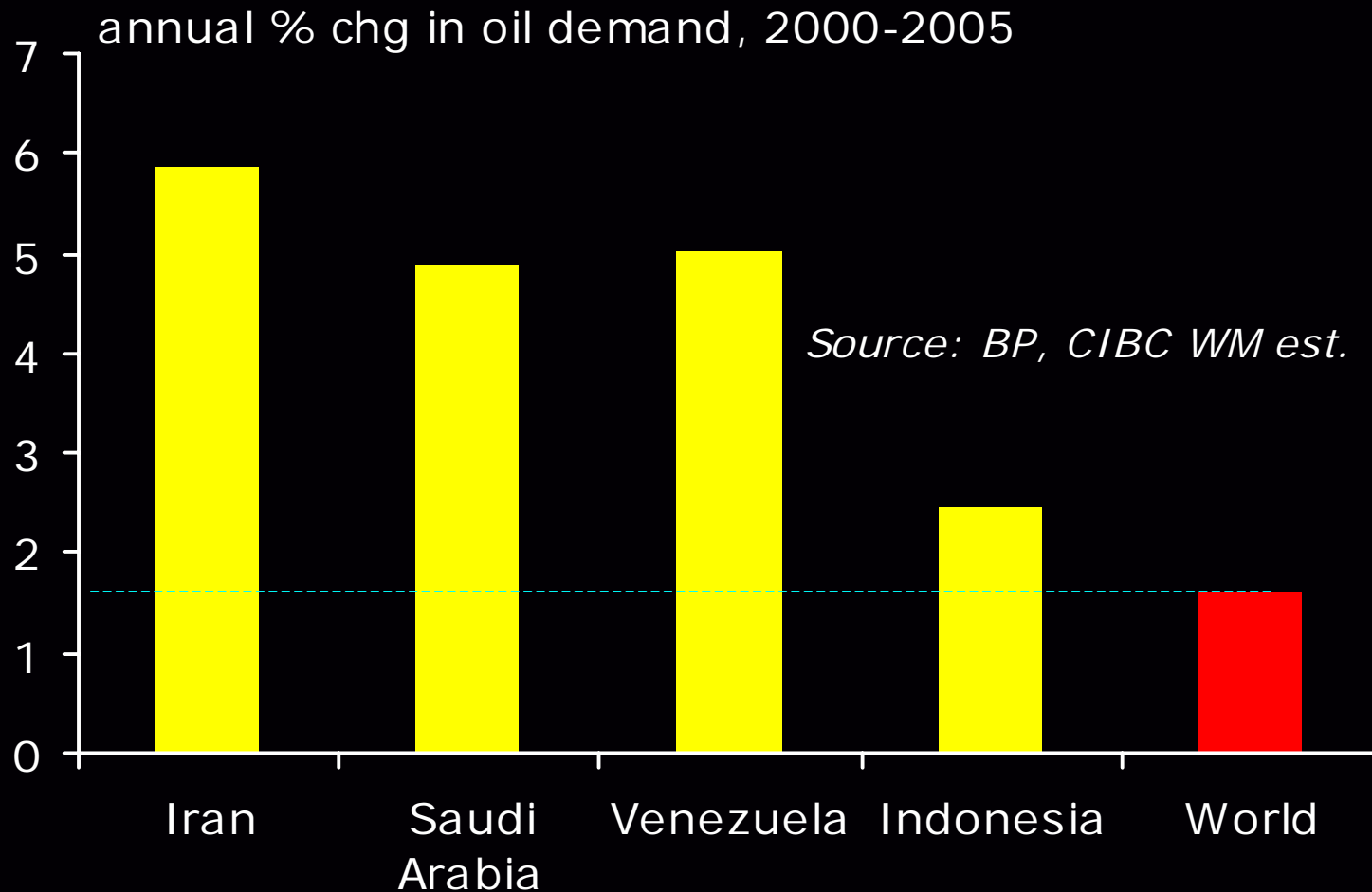
% of increase, 2003-06

Source: IEA

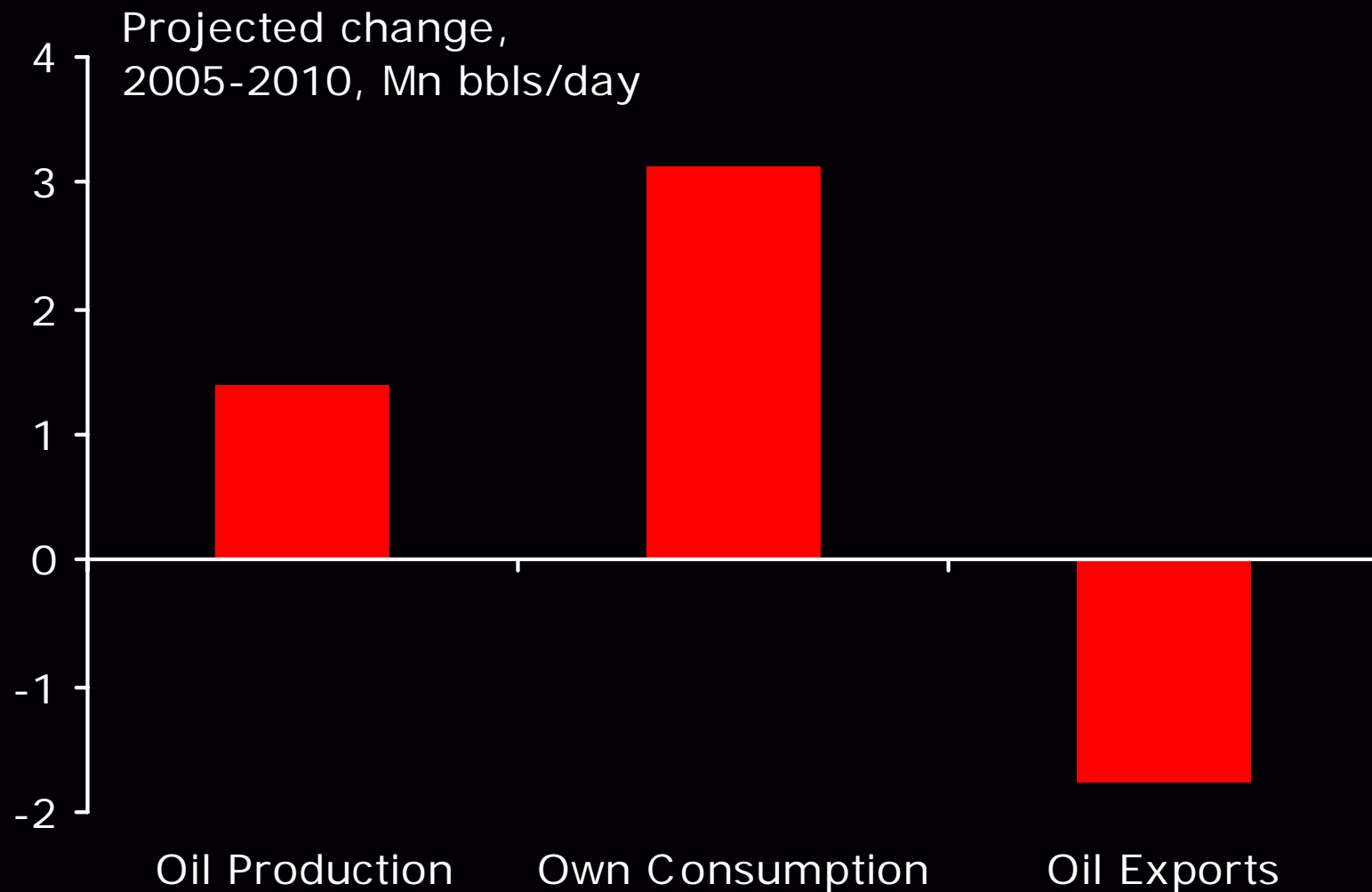
# Gasoline Prices Around the World



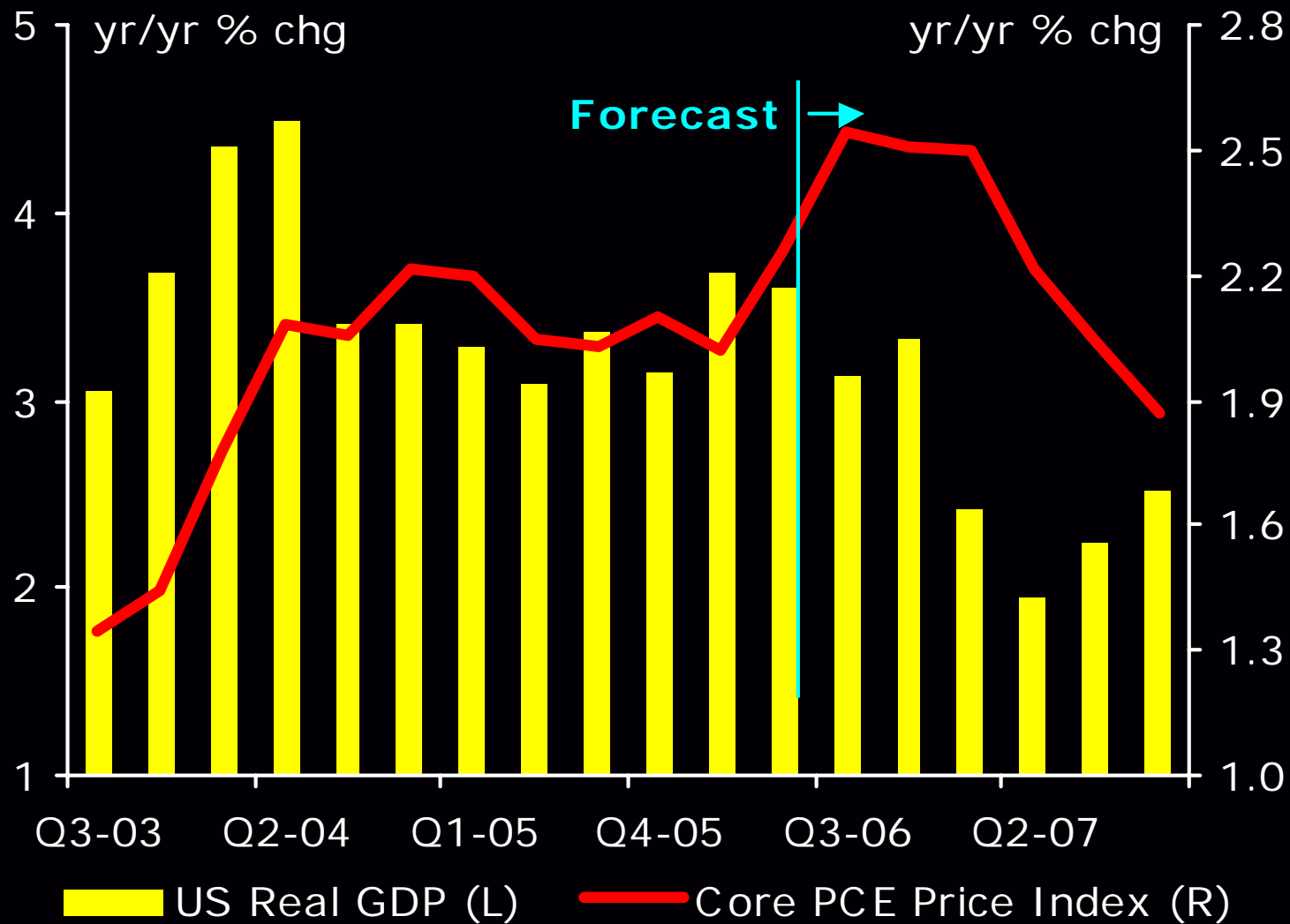
# Oil Producers Own Needs Are Rising Rapidly



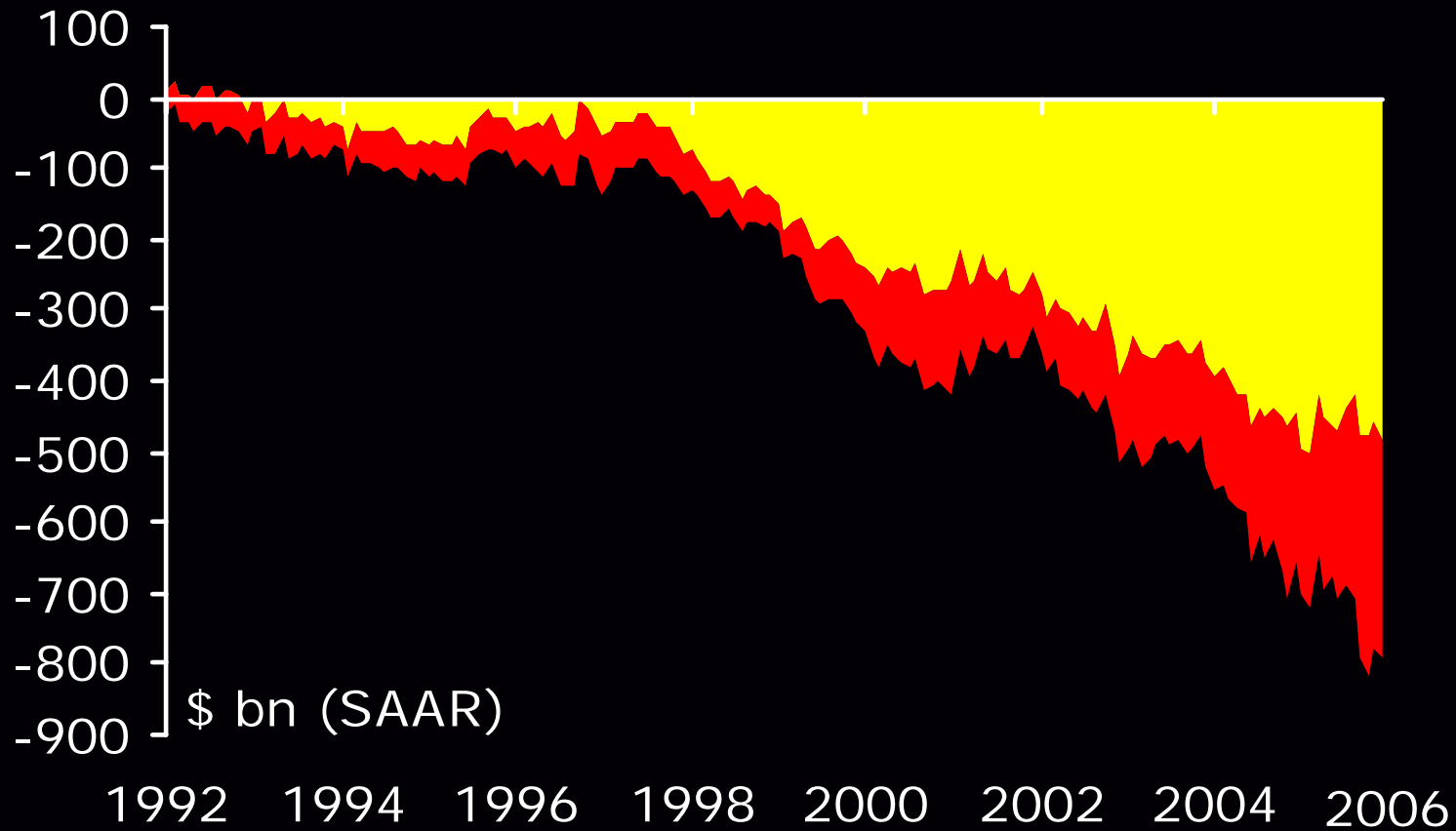
# OPEC Consumption Cuts Into Exports



# Slowing Growth Will Take Care of Inflation

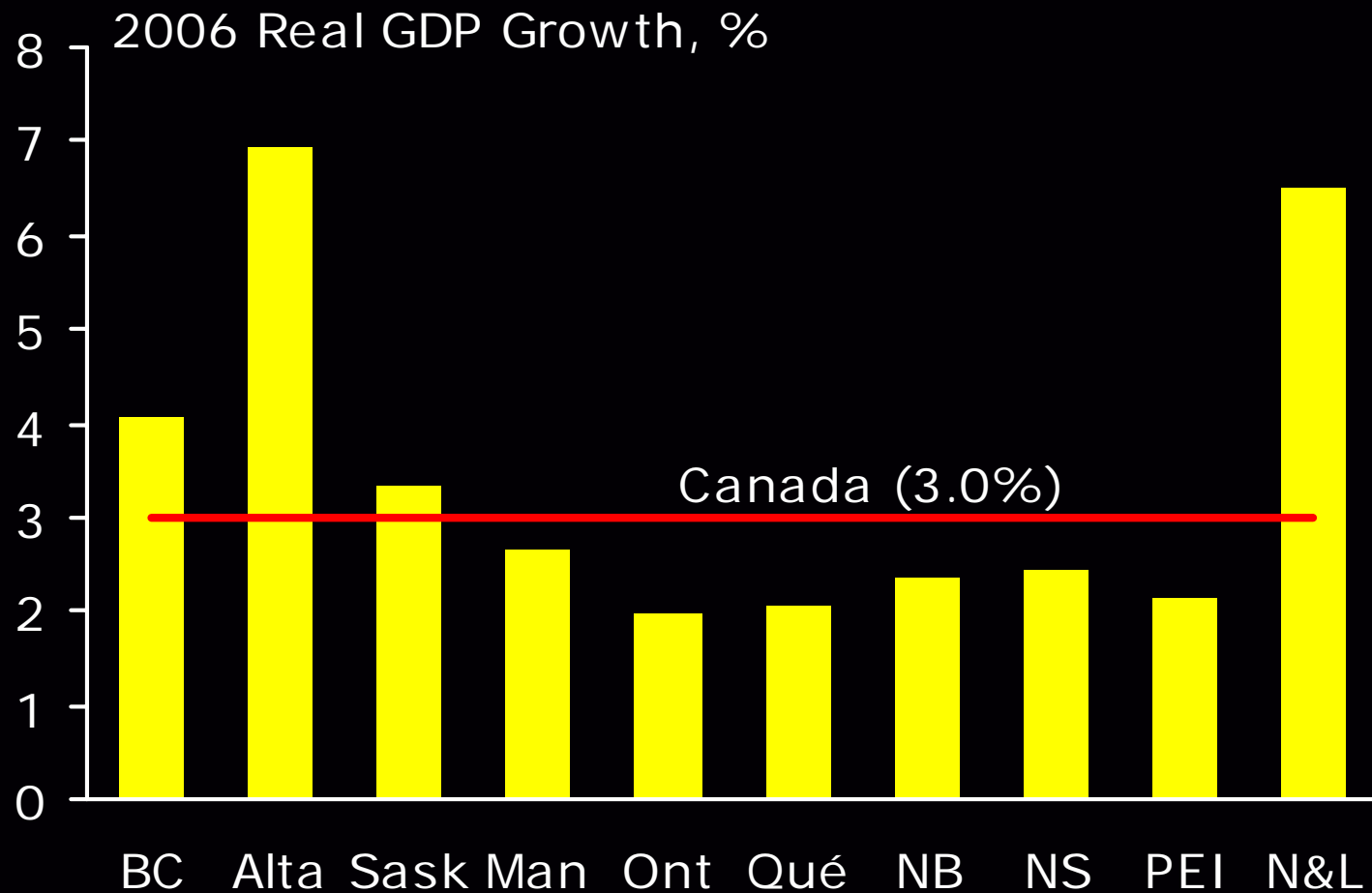


# US Trade Deficit Becoming an Energy Deficit

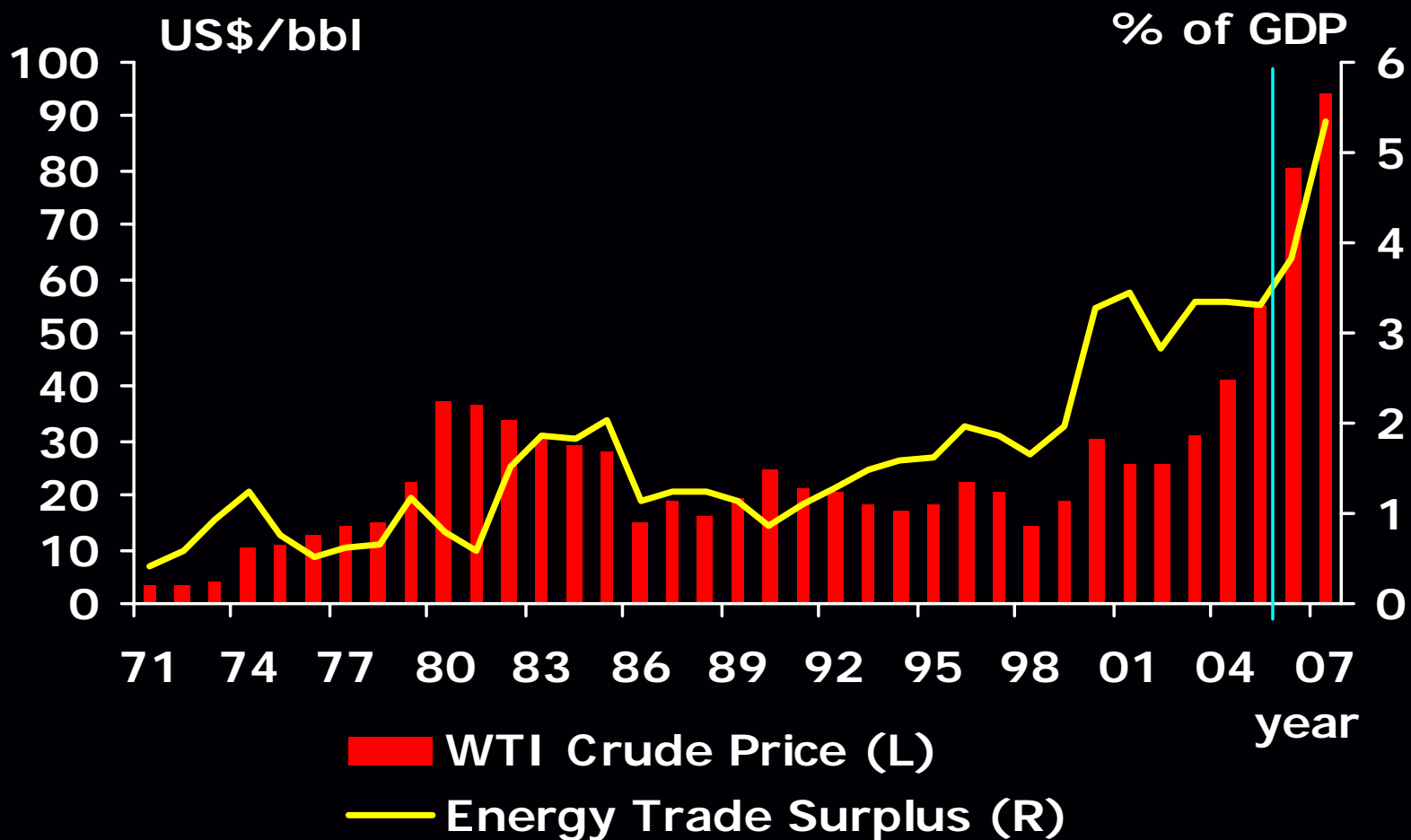


■ non-energy trade balance ■ energy trade balance

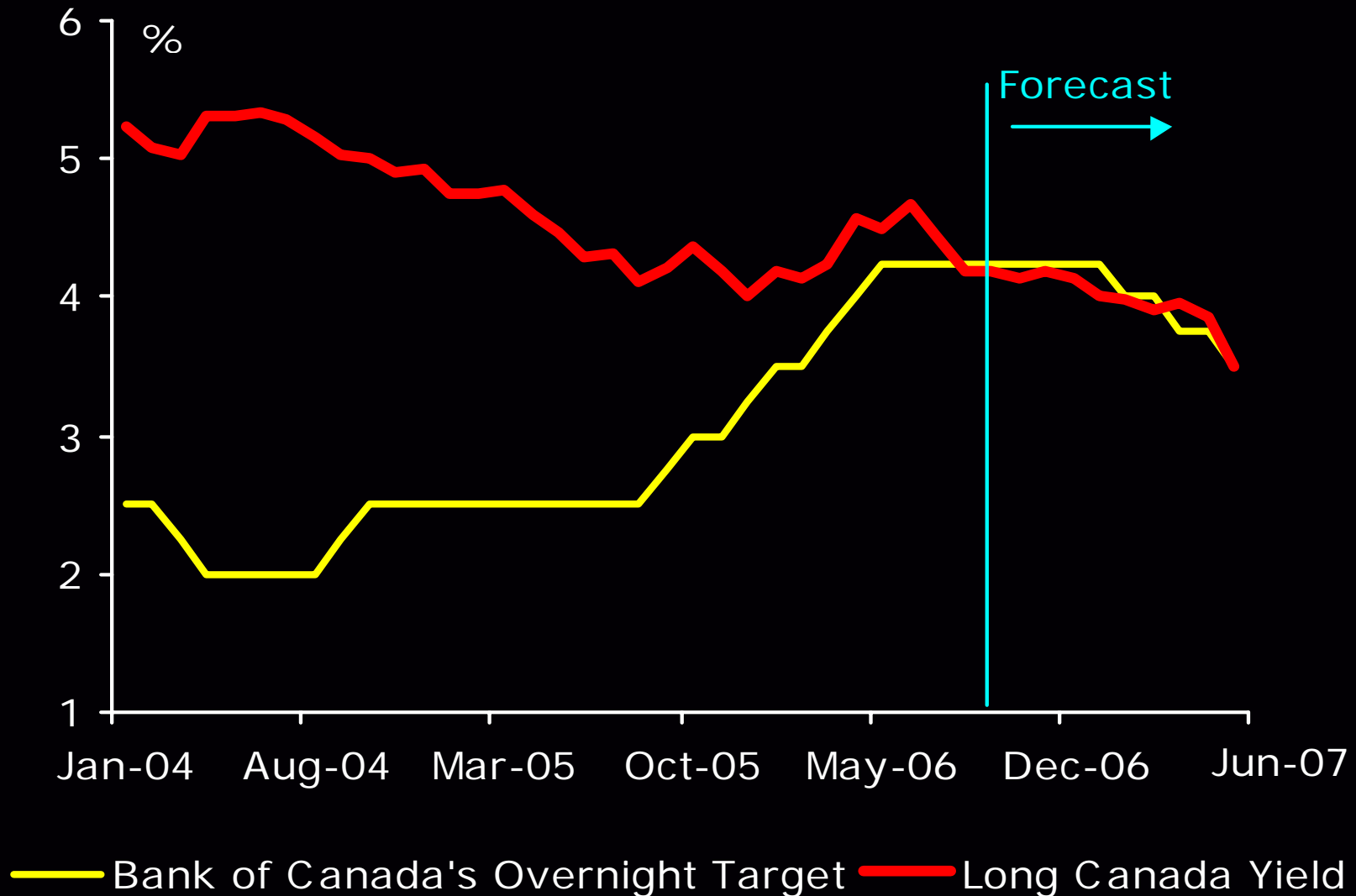
# Canada Sees Disparate Growth



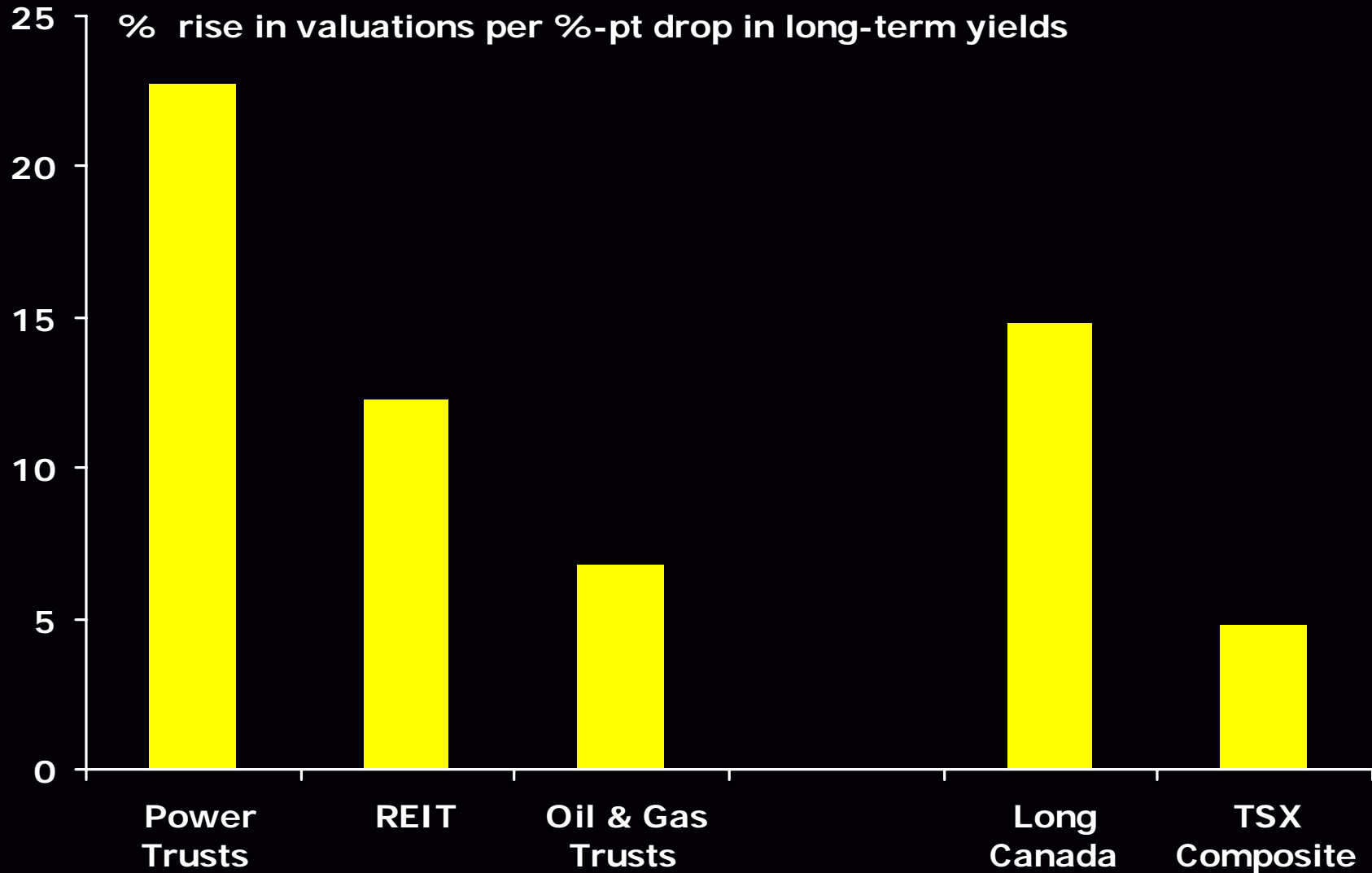
# Loonie Becoming a Petro-Currency



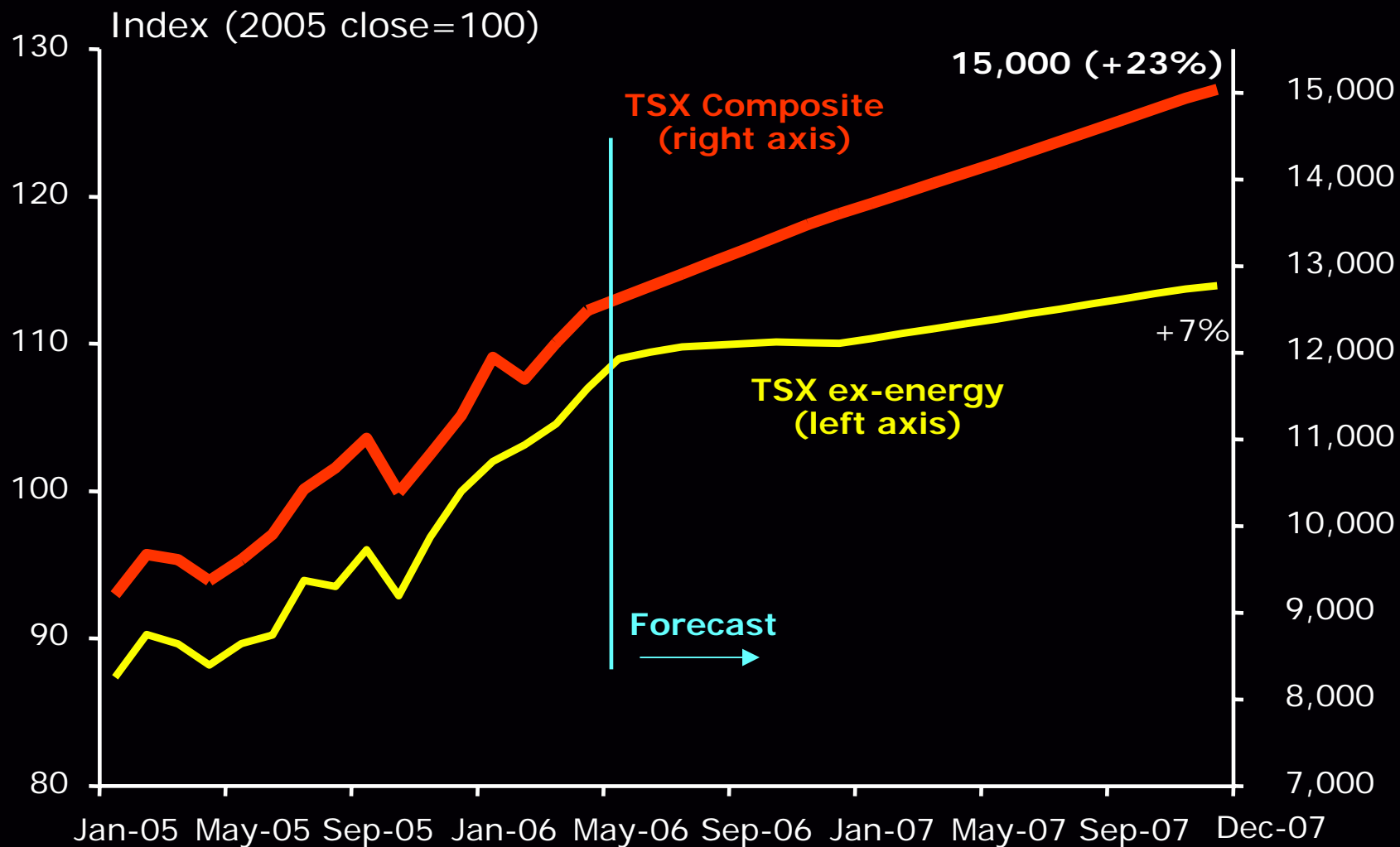
# Rate Cuts Will Push Long Canadas Below 4%



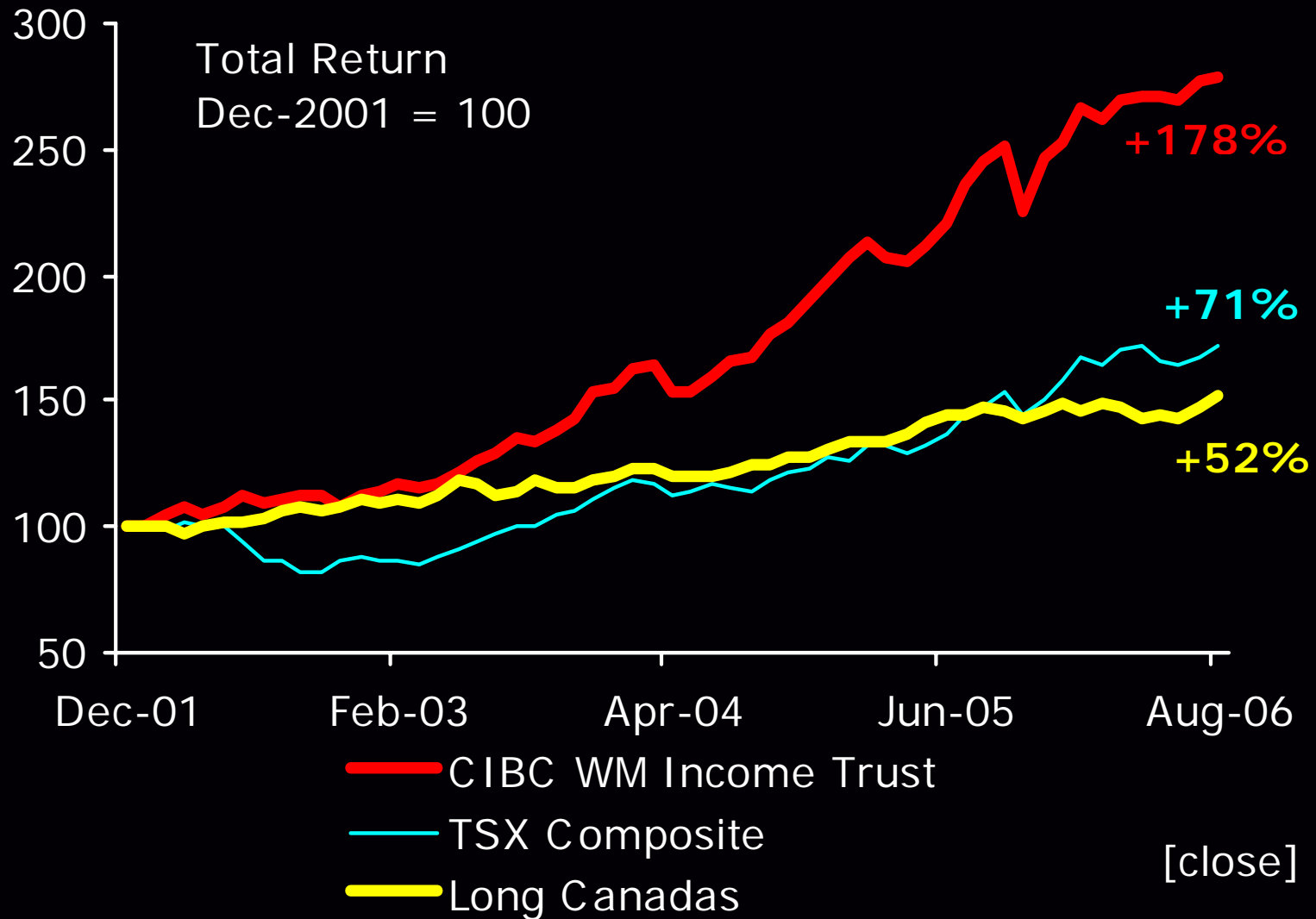
# Trusts Biggest Beneficiaries of Falling Interest Rates



# Energy to Continue Driving TSX



# Trusts to Beat Stocks for 5<sup>th</sup> Consecutive Year



# Strategy Recommendation

<b>ASSET MIX (%)</b>	<b>Benchmark</b>	<b>Strategy Recommendation</b>
<b>Stocks</b>	<b>51</b>	<b>59</b>
<b>Income Trusts</b>	<b>5</b>	<b>10</b>
Bonds	37	31
Cash	7	0
<b>GICS SECTOR EQUITIES (%)</b>		
Consumer Discretionary	4.7	0.7
Consumer Staples	3.1	0.6
<b>Energy</b>	<b>25.5</b>	<b>34.0</b>
<b>Financials</b>	<b>32.5</b>	<b>33.5</b>
Healthcare	1.1	1.1
Industrials	5.5	5.5
Info Tech	4.1	1.1
<b>Materials</b>	<b>17.4</b>	<b>18.4</b>
Telecom	5.1	3.6
<b>Utilities</b>	<b>1.2</b>	<b>1.7</b>

Note: **Yellow/Bold** indicates recommended overweight.

# Trust Weightings

Group	Benchmark*	Strategy Recom- mendation	versus Bench -mark	Total Return Ytd (%)
Business	29.3	21.3	-8.0	-0.1
Oil & Gas	47.7	55.7	+8.0	15.6
Power & Pipe	10.3	10.3	0.0	2.9
REIT	12.6	12.6	0.0	10.8
<b>All Trusts</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>8.8</b>

*\*Weight in CIBC WM's Income Trust Index  
Yellow indicates overweight*