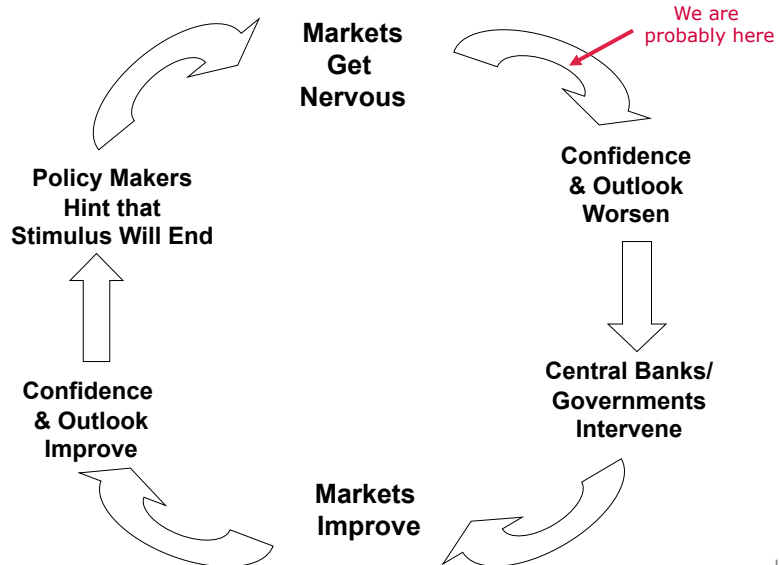


Where In the World Are We?

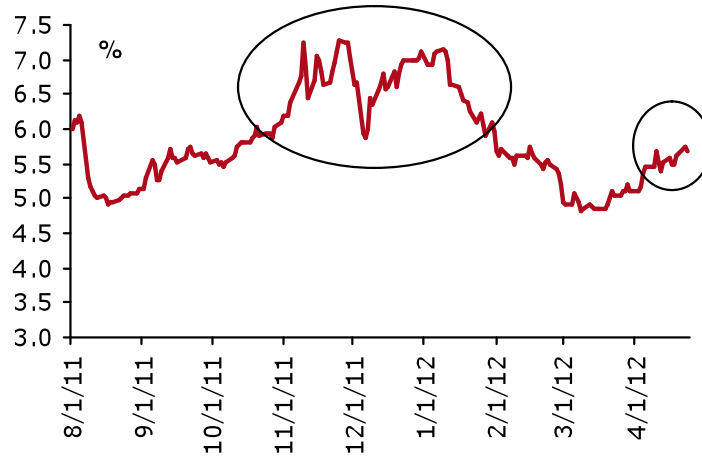
Benjamin Tal
May 2012



The Cycle

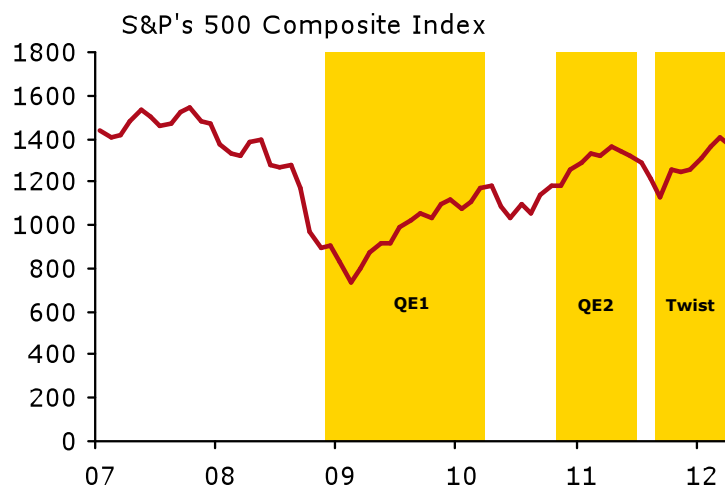


Italian 10-Year Bond Rate



| 3

Fed's Actions Supported Equities



Source: Wall Street Journal, CIBC

| 4

Where is the Focus Now?

Europe – Only a recession or more than that?

China – Hard or soft landing?

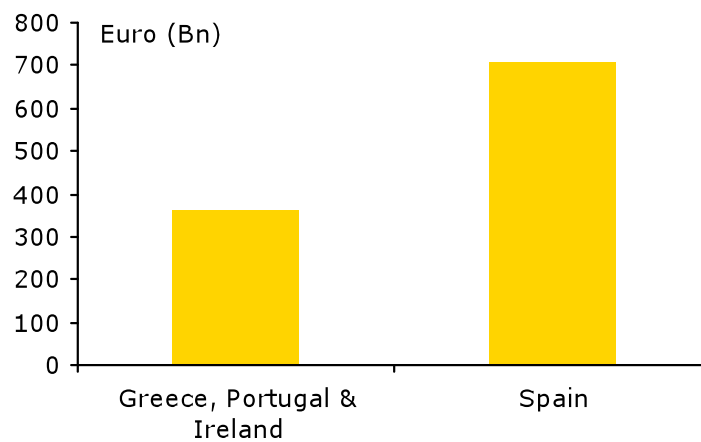
Oil Prices – How damaging?

US Economy – How durable is the recovery?

Canadian Household Debt – Too much?

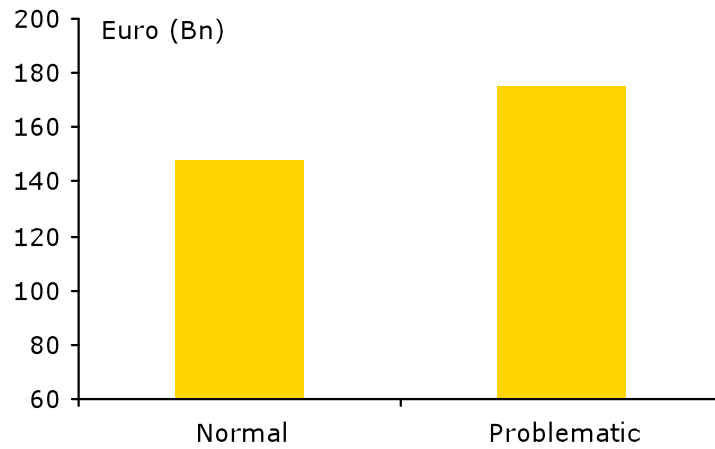
| 5

Sovereign Debt

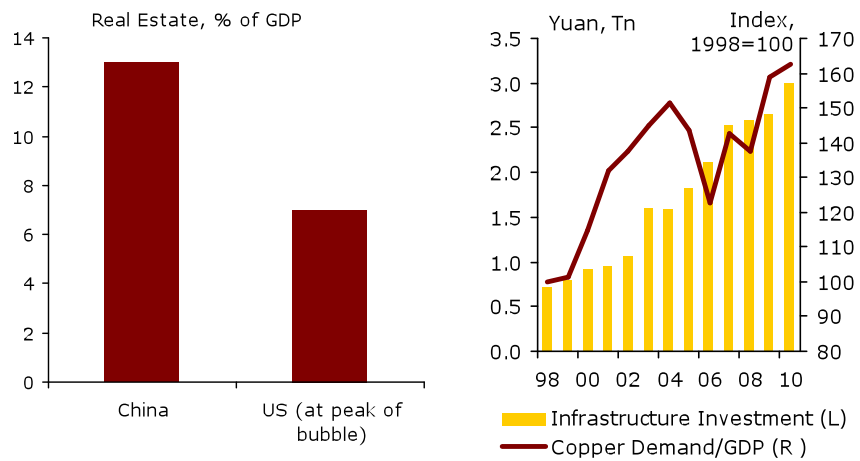


| 6

Exposure of Spanish Banks To Real Estate Developers



Risks From Cooling Property Market (L), Infrastructure Key to Metals Intensity (R)



No More Juice

Avg weekly hours



Source: Bureau of Labor Statistics, CIBC

| 9

Growth in Total Real Wage & Salary Income

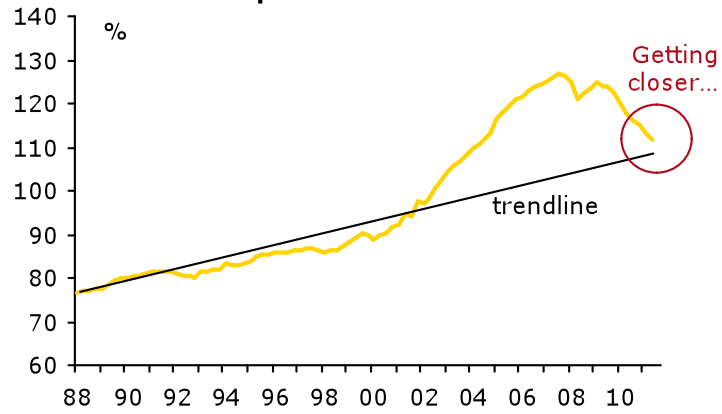


Source: Federal Reserve Board, CIBC

| 10

Deleveraging

US Household Debt Outstanding to Disposable Income Ratio

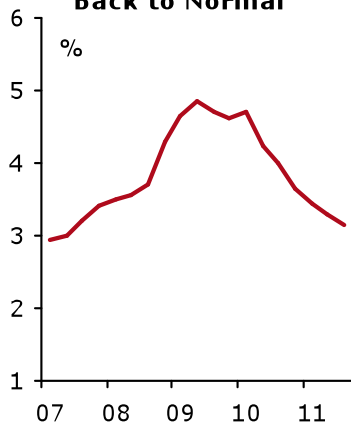


Source: Federal Reserve Board, CIBC

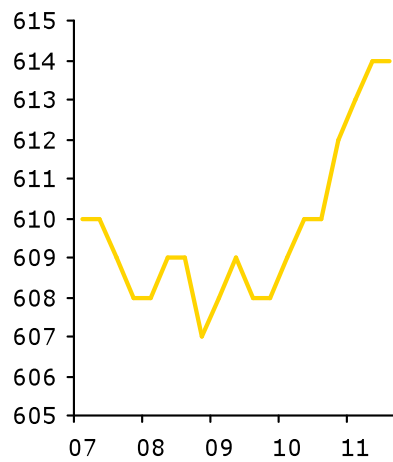
| 11

Credit Quality Improving

Consumer Loan Delinquency Rate Back to Normal



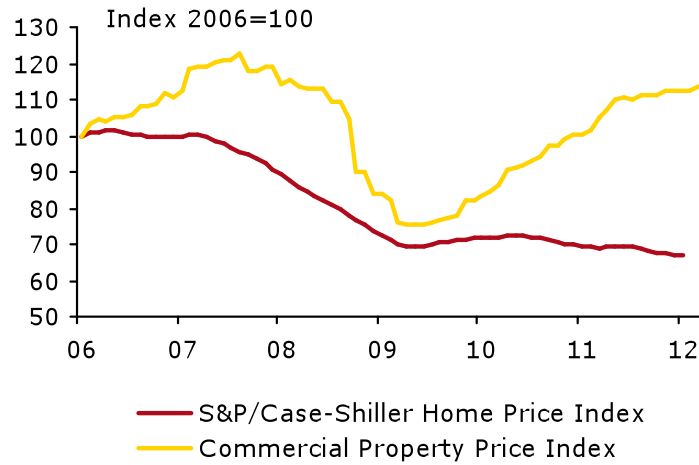
Average Credit Score of Lowest Score Quartile



Source: CIBC, Federal Reserve Board

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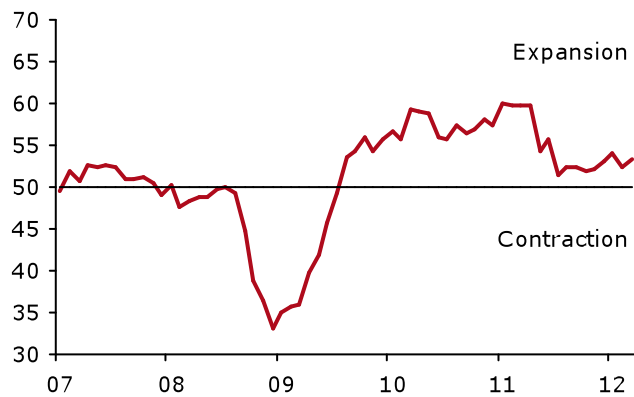
Price Index: Residential vs. Commercial



Source: S&P, Fiserv, and MacroMarkets LLC, Federal Housing Finance Agency, CIBC

| 13

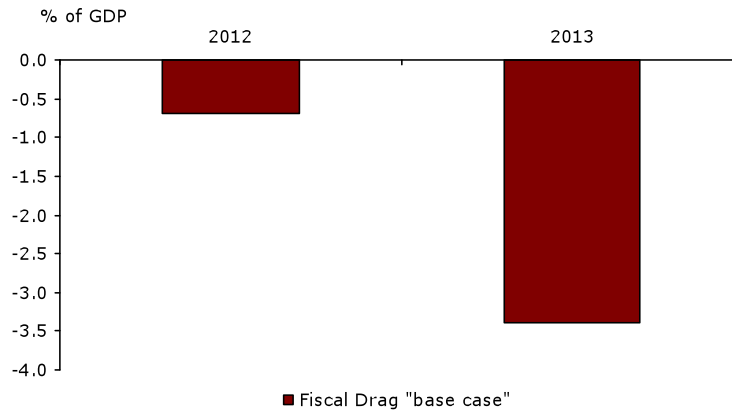
US Manufacturing, Still Expanding



Source: Institute for Supply Management, CIBC

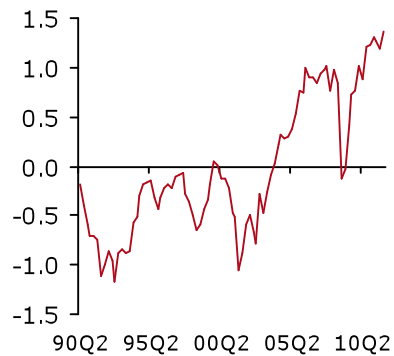
| 14

US Has Perked Up to 2.5% Growth in 2012, But Fiscal Hit Looms for 2013



Our Indicator of Corporate Strength Has Never Been Higher

**Composite Indicator of
Corporate Canada's*
Strength**

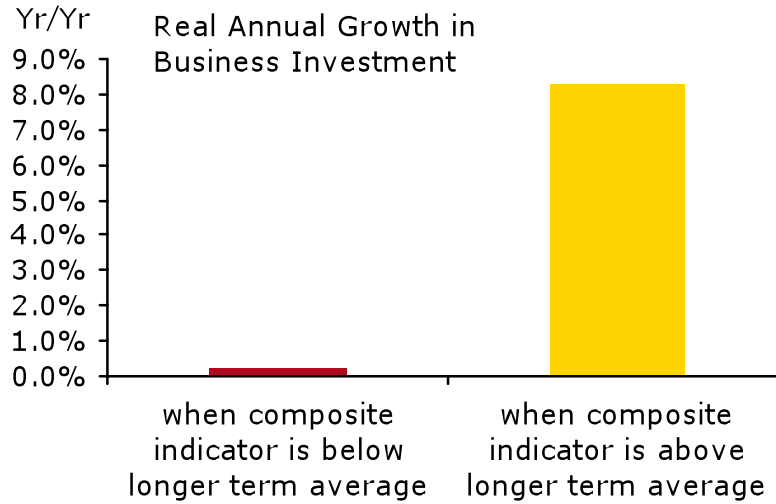


**Components of
Corporate Strength
Indicator**

- Debt-to-Equity Ratio
- Cash to Credit Ratio
- Profit Margin
- Return on Equity
- Return on Capital
- Exports Diversification -
Commodities
- Exports Diversification -
Countries
- Business Bankruptcy Rate
- Business Confidence

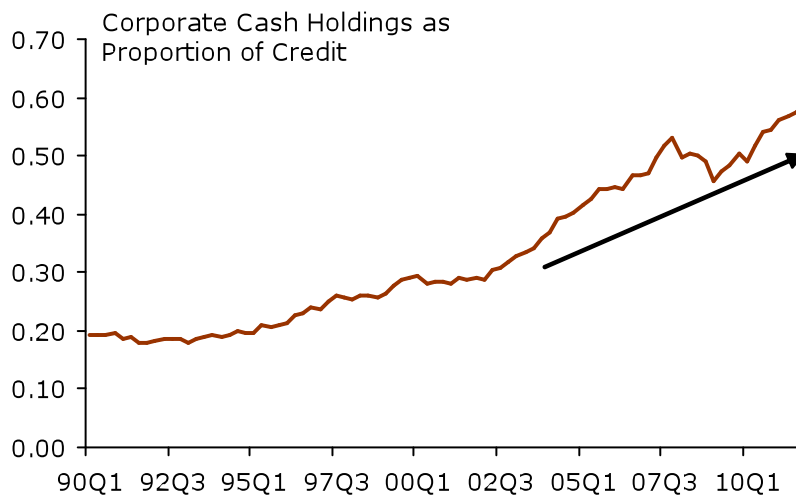
**non-financial corporate sector*

Corporate Strength Implies Robust Investment Growth



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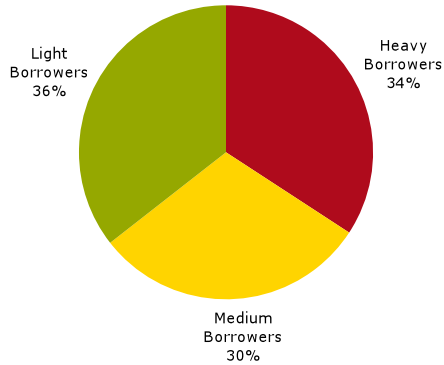
Corporate Cash Piles Building



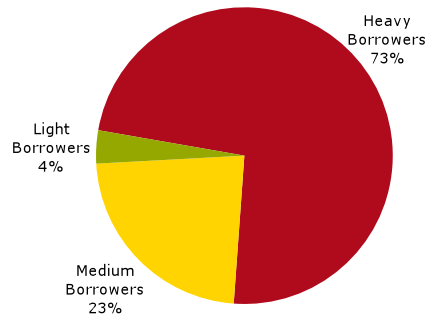
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Composition of CDN Household Debt

By Number of Households

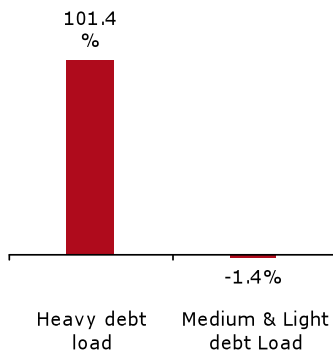


By Dollar Amount

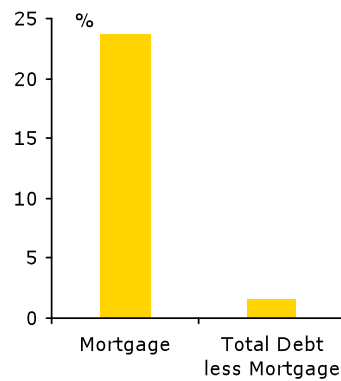


Heavy Borrowers Accounted for All the Increase in Debt Since 2007

Contribution to Change in Total Household Debt since 2007



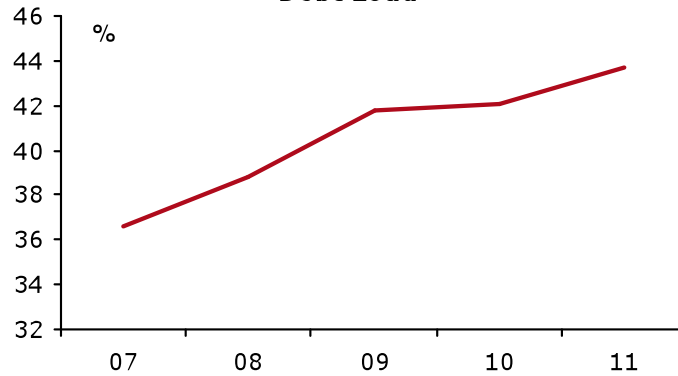
Heavy Borrowers' Debt Growth Rate (2007-2011)



*Heavy Borrowers are those with ≥ 1.6 debt to gross income ratio.
Source: Canadian Financial Monitor, CIBC*

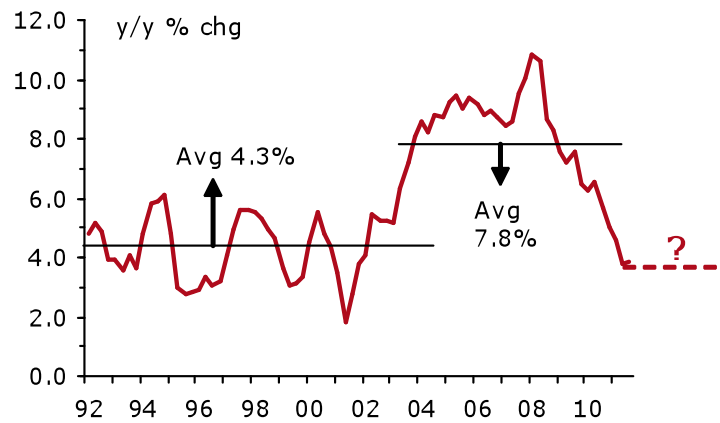
Heavy Borrowers Are Getting Older

Share of Age 45+ in
Total No. of Households with Heavy
Debt Load



Heavy Borrowers are those with ≥ 1.6 debt-to-gross income ratio.
Source: Canadian Financial Monitor, CIBC

Real Household Credit



THANK YOU