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MFA British Columbia, Financial Forum
March 25, 2010

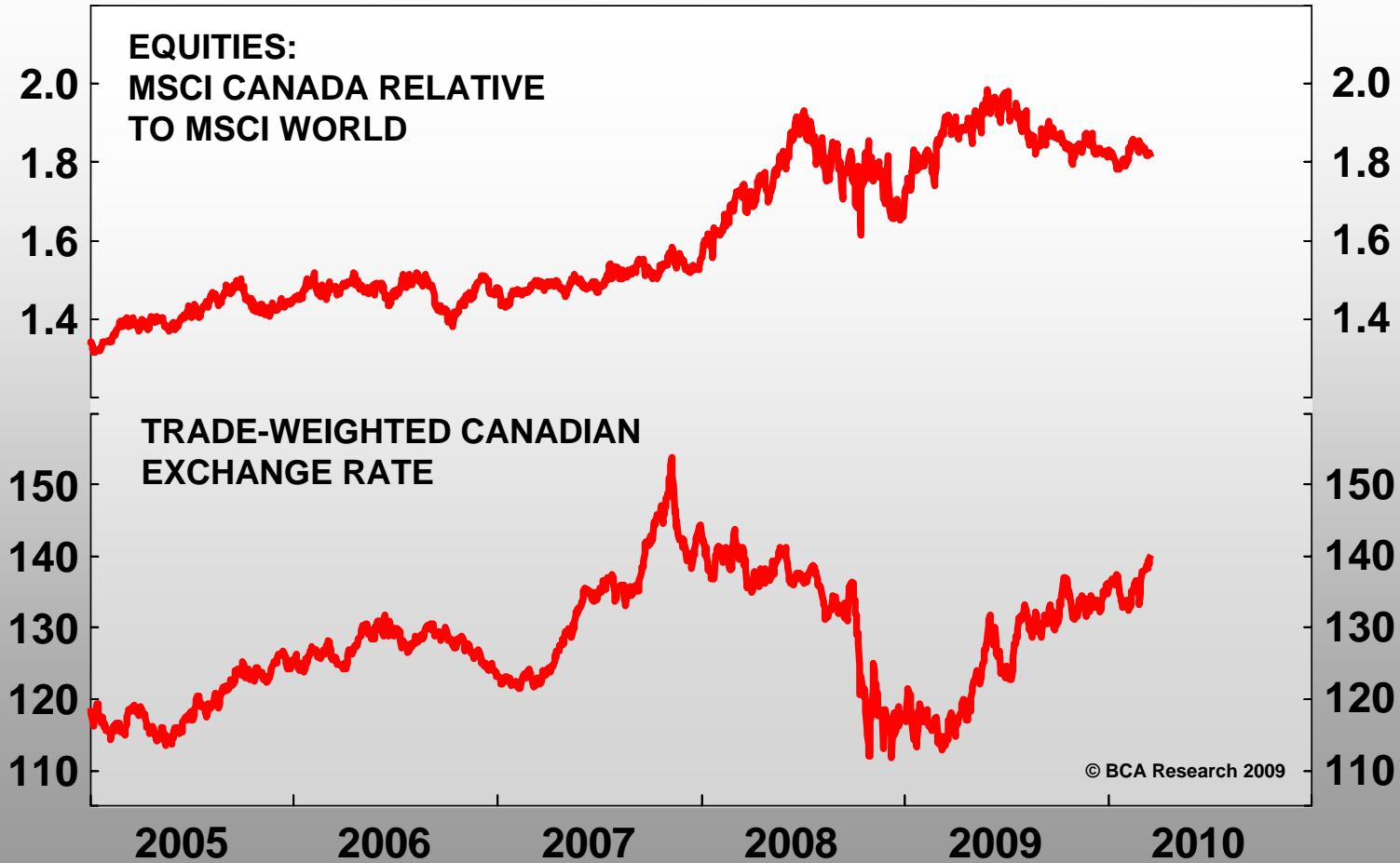
And The Winner Is...Canada!

Martin Barnes
Managing Editor
Bank Credit Analyst

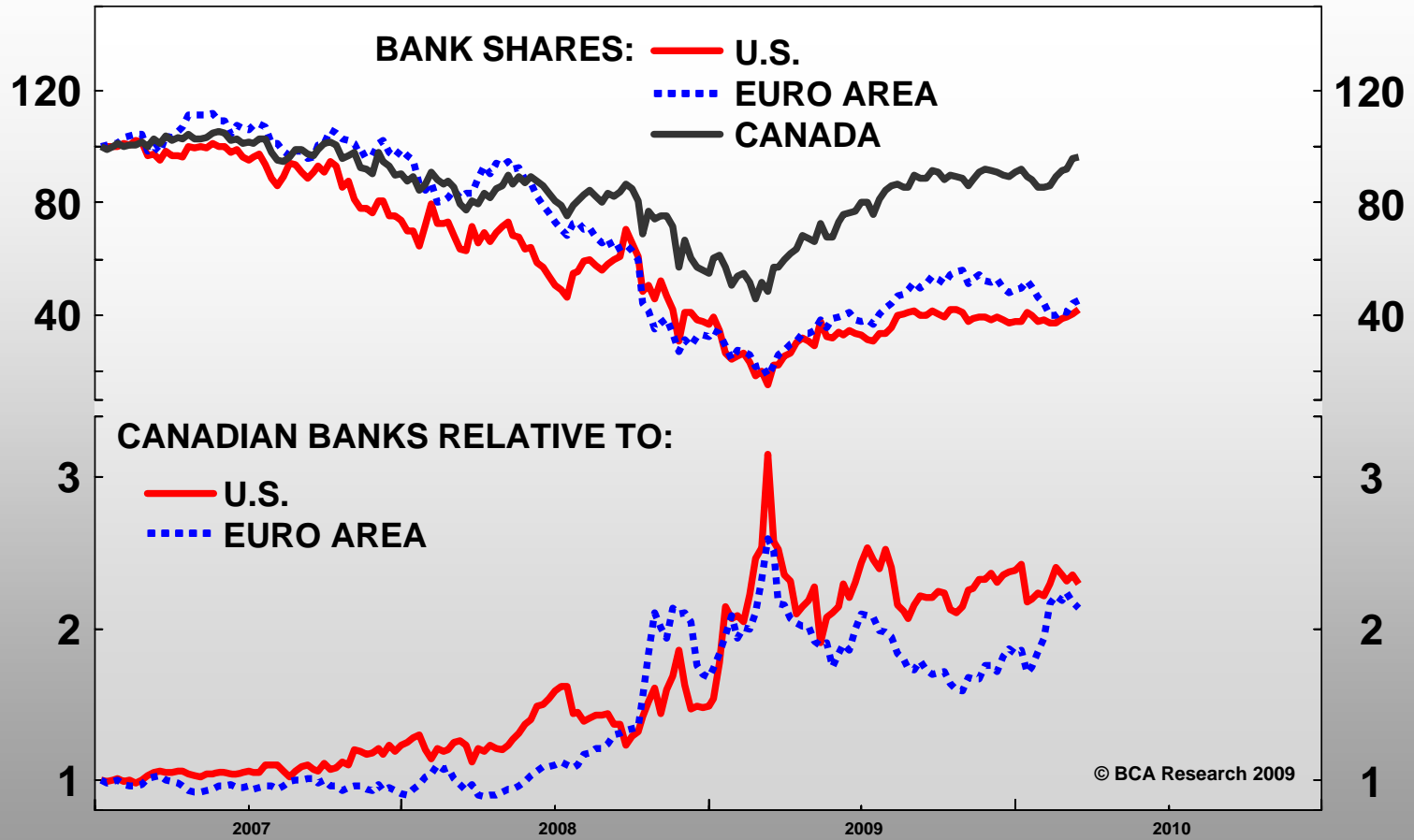
"ACADEMY AWARD" NOMINATIONS FOR CANADA

- **Best Banking Picture**
- **Best Fiscal Picture**
- **Best Economic Picture**

THE MARKETS HAVE PLACED THEIR VOTES

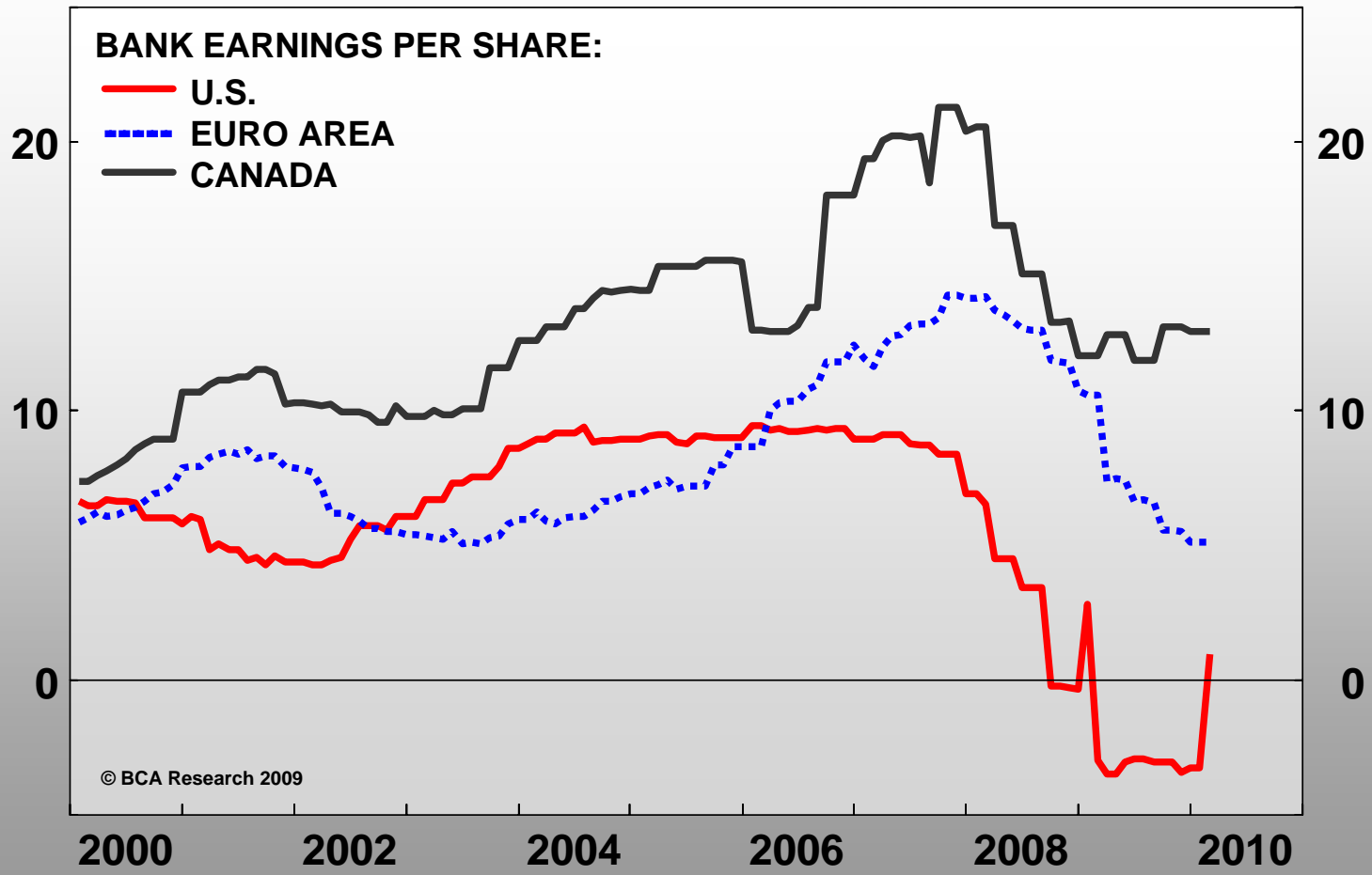


CANADA'S BANKS ARE BETTER...



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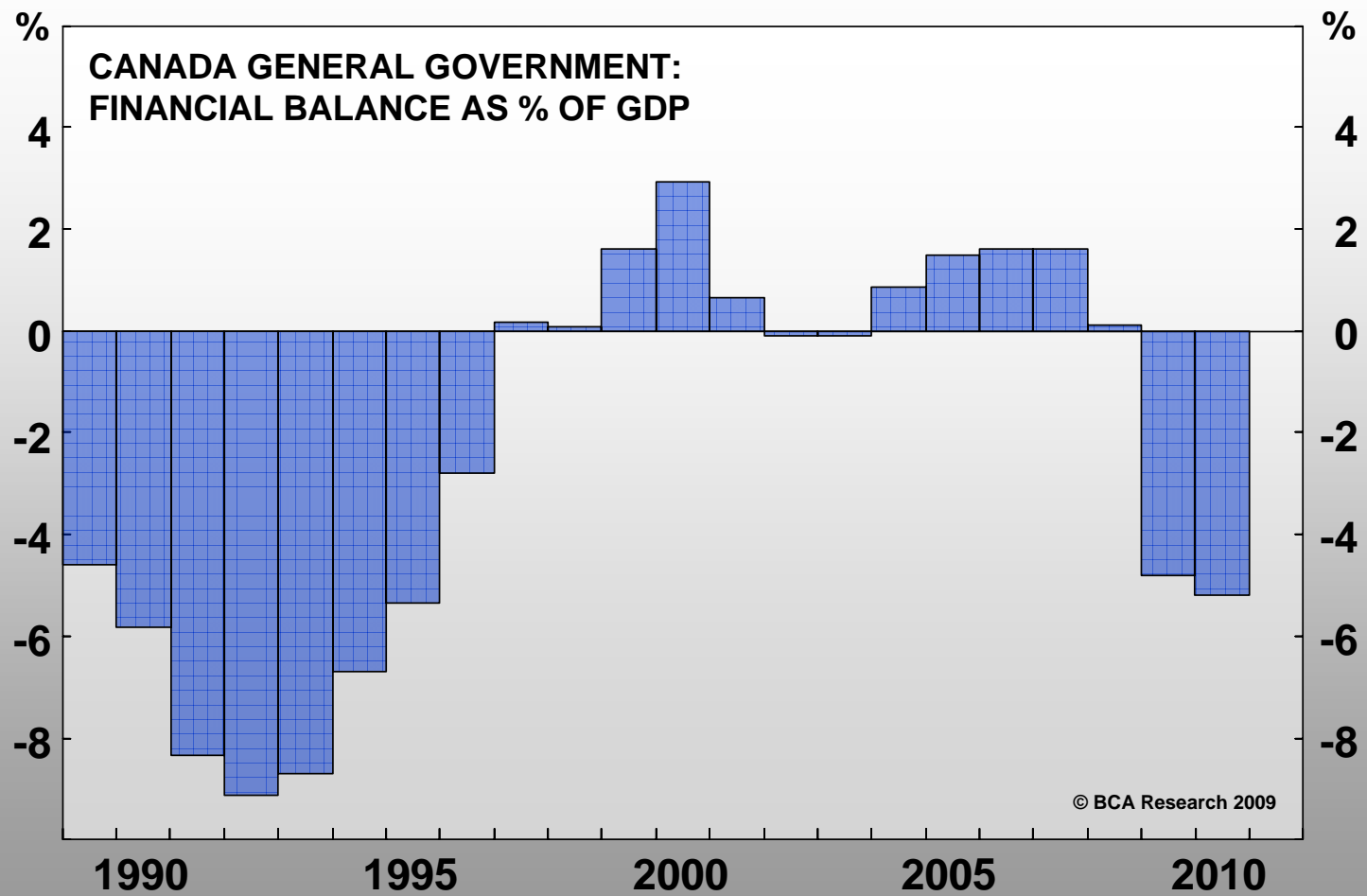
...BECAUSE THEY MAKE MORE MONEY



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SOURCE: MSCI

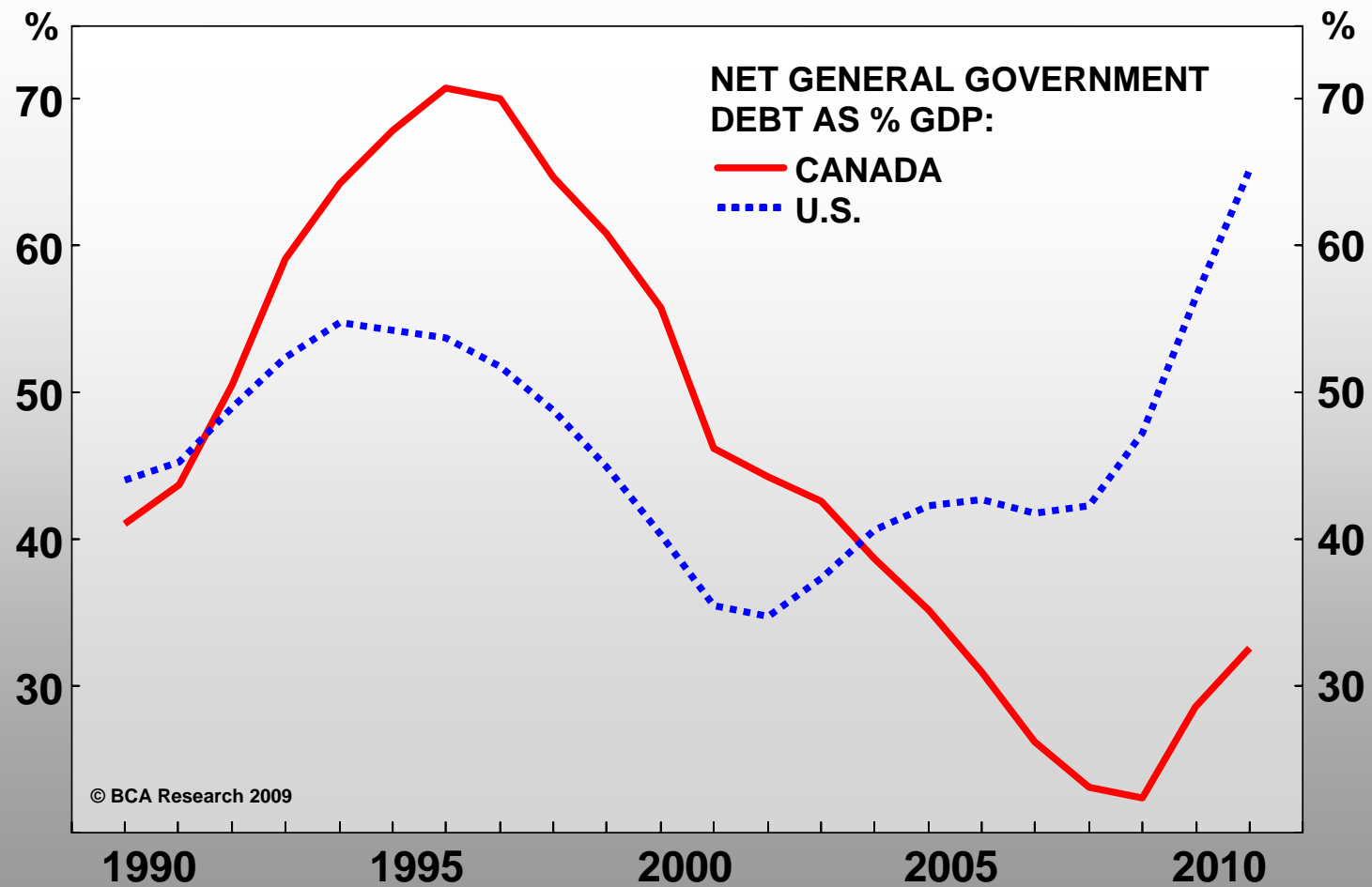
A REVERSAL IN FISCAL FORTUNES



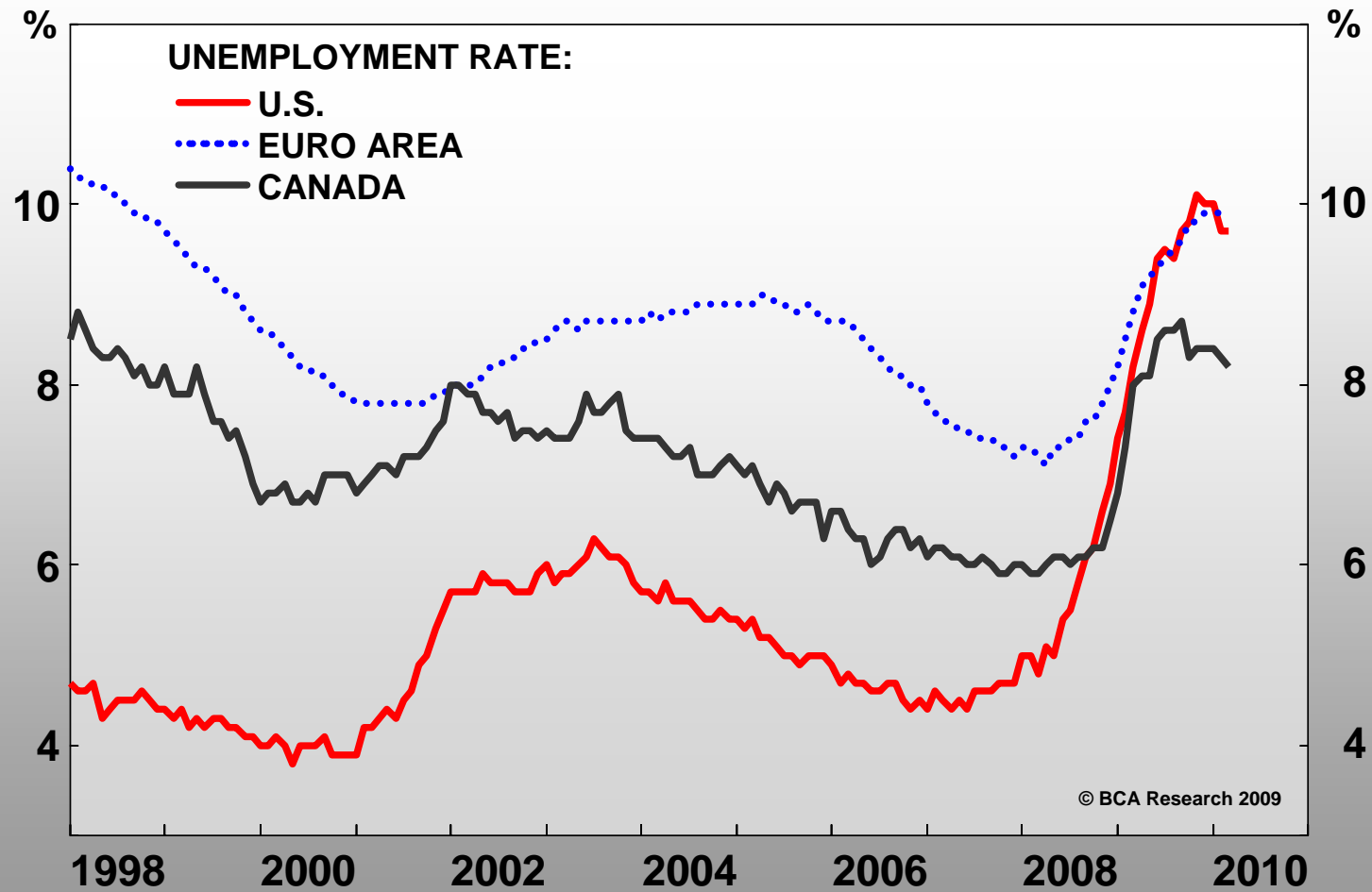
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SOURCE: OECD

NO LONGER A DEBT BASKET CASE



UNEMPLOYMENT IS TOO HIGH, BUT THE TREND IS DOWN

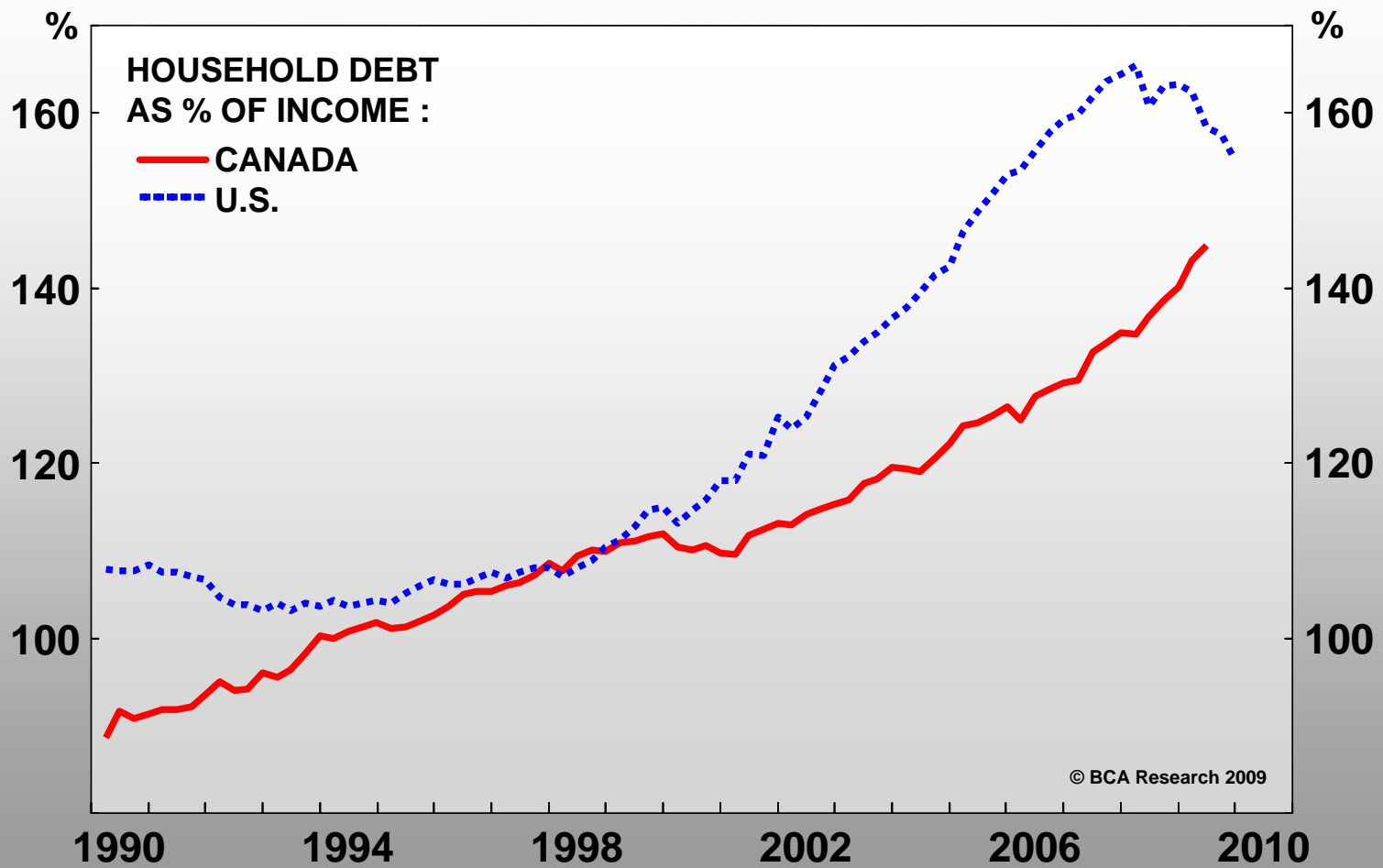


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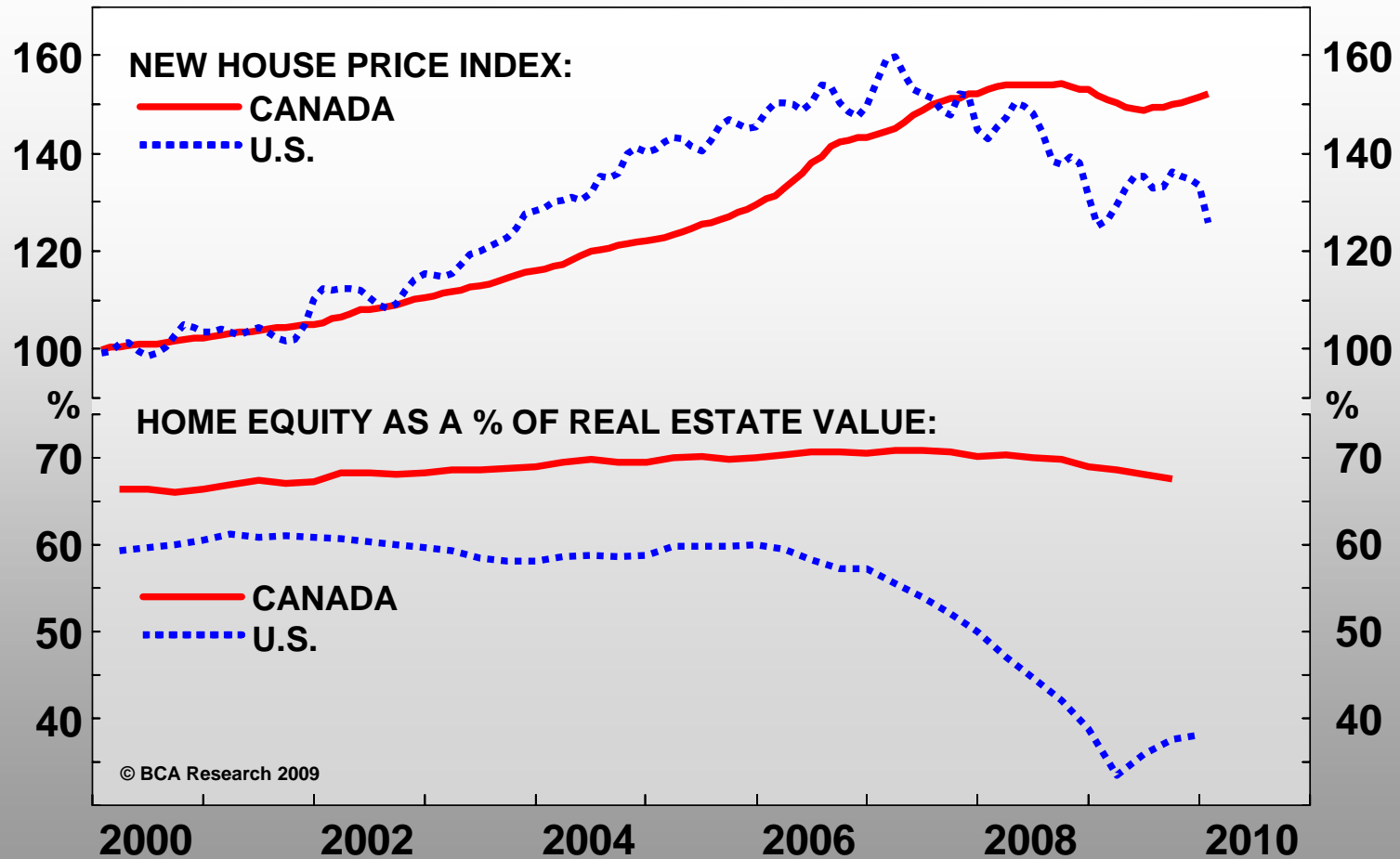
THE NEWS IS NOT ALL GOOD

- **Canadian consumers are extremely indebted.**
- **And house prices are inflated by historical standards.**
- **Demographic trends pose a major challenge for long-run fiscal trends.**
- **Canada's productivity performance has been dismal.**
- **Close trade ties with the U.S. represent a vulnerability.**

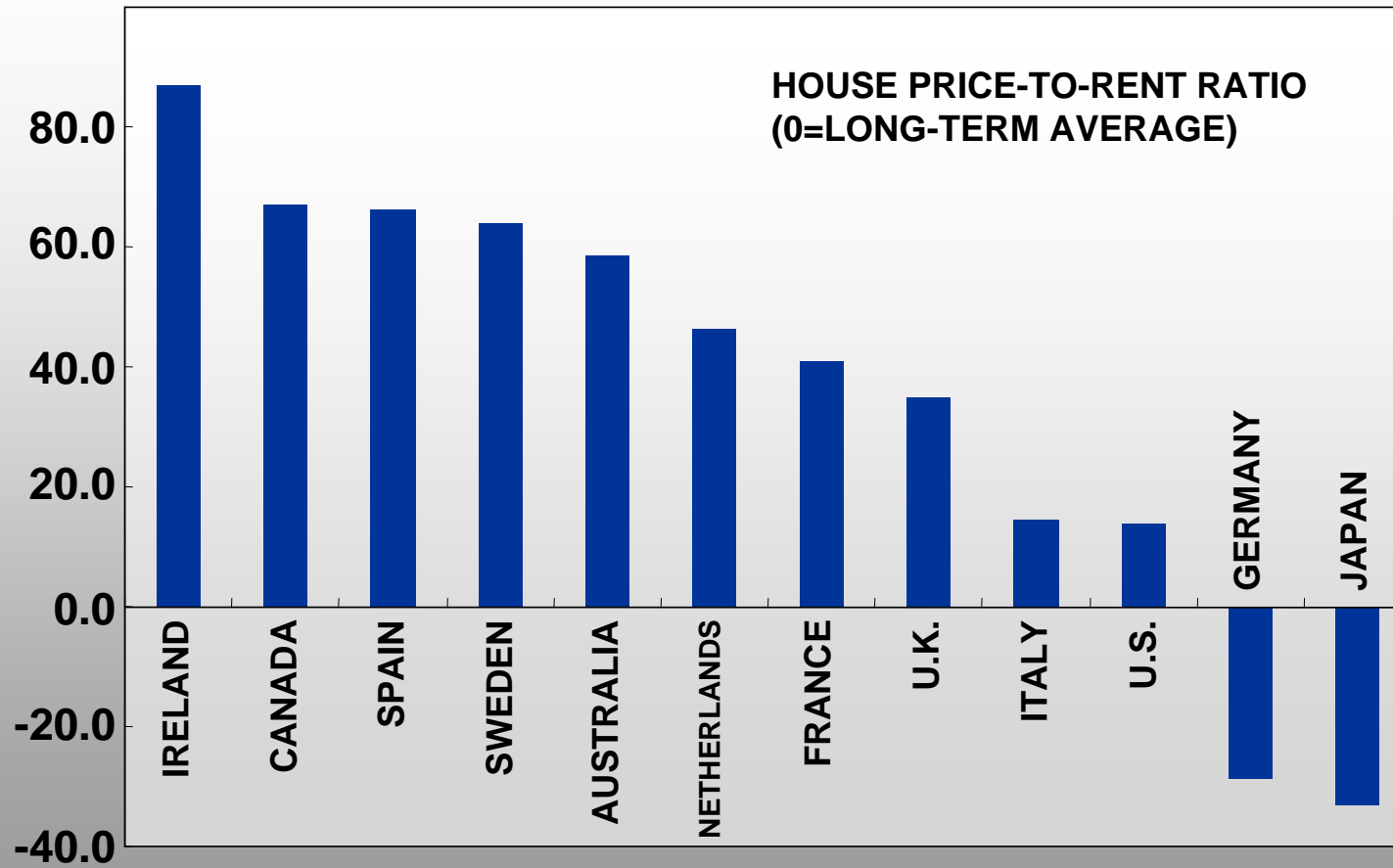
CONSUMERS ARE HEAVILY IN DEBT



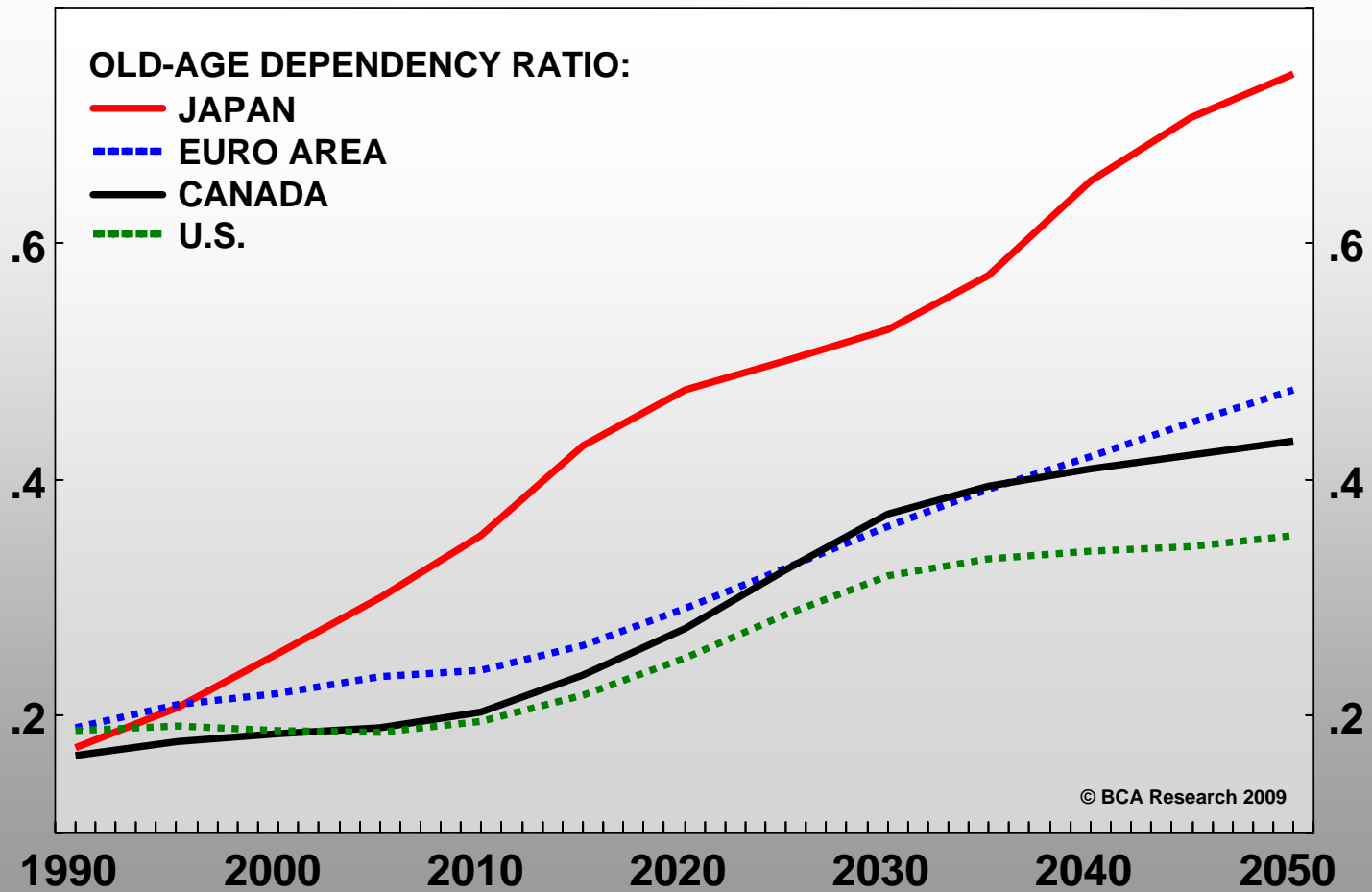
AN INFLATED HOUSING MARKET (PART I)



AN INFLATED HOUSING MARKET (PART II)



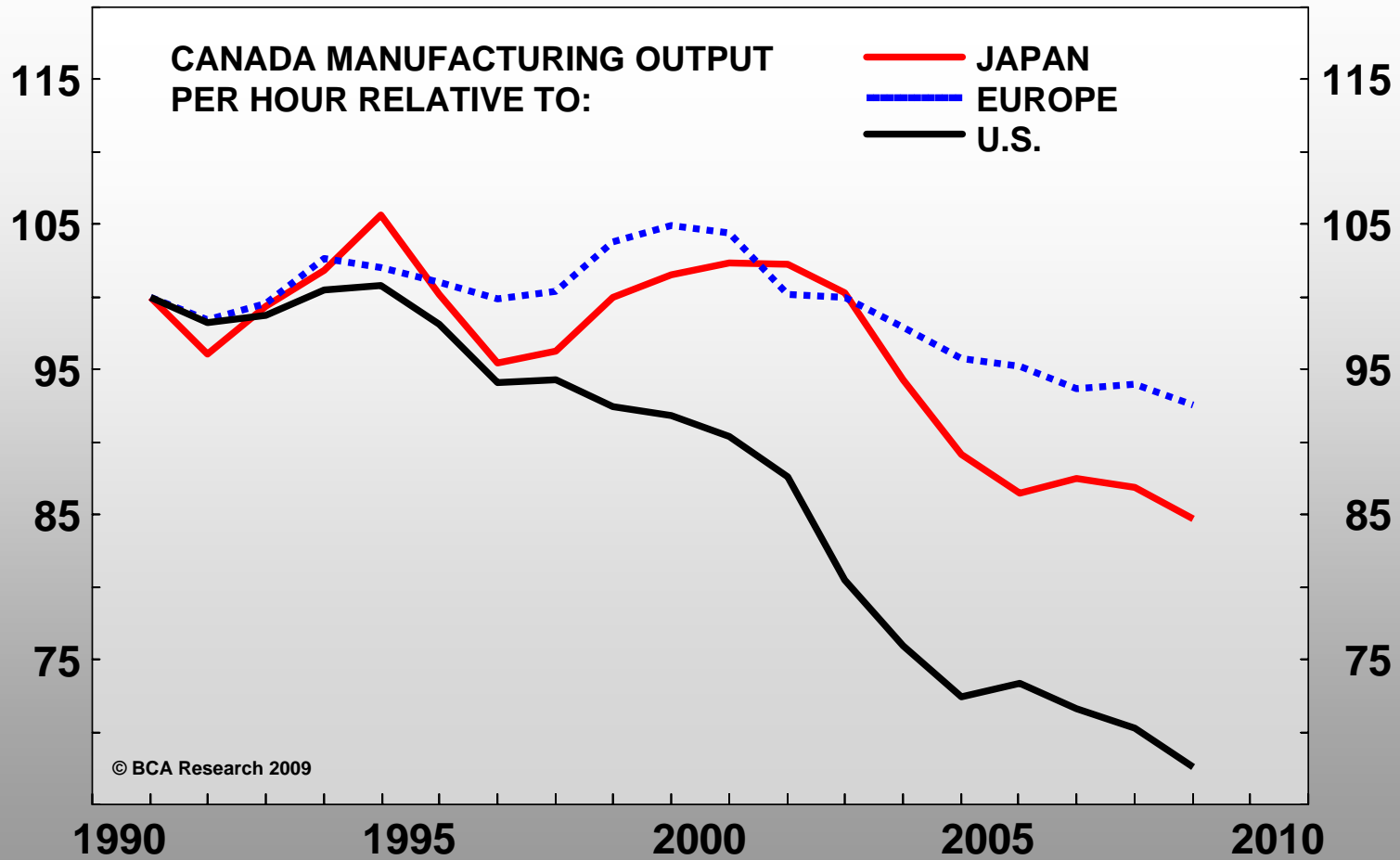
WE ARE ALL GETTING OLDER



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SOURCE: UNITED NATIONS

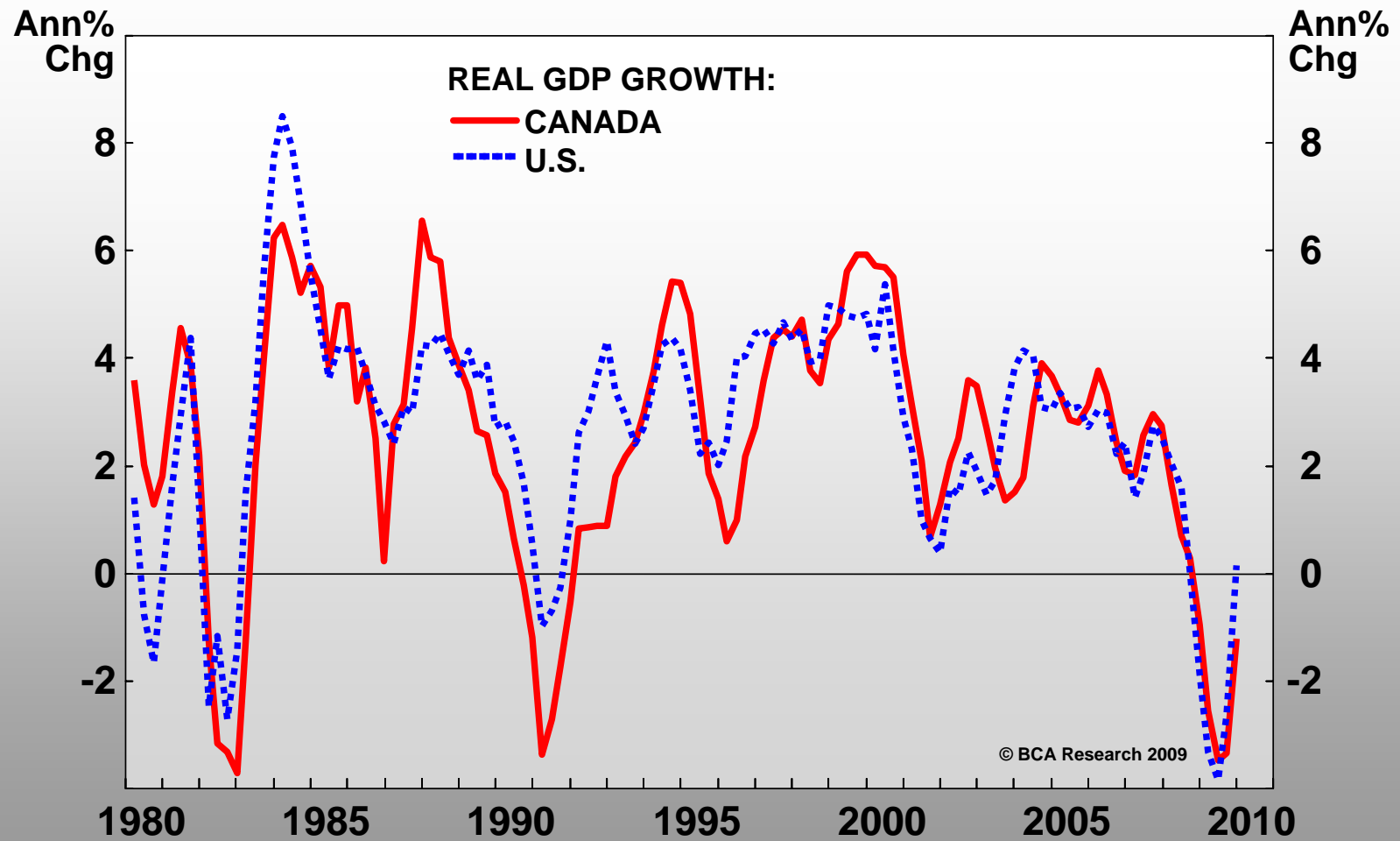
A DISMAL PRODUCTIVITY PERFORMANCE



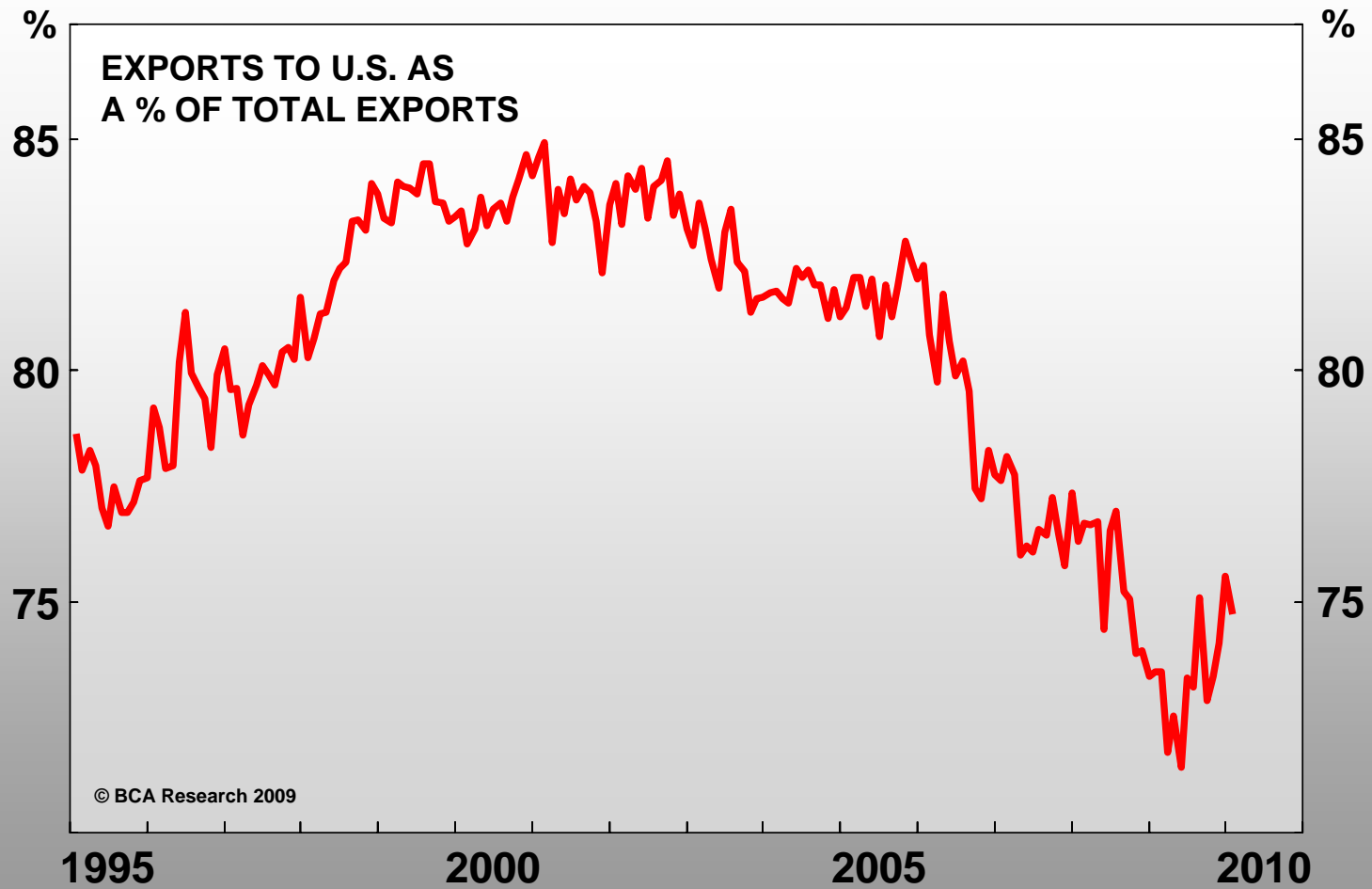
AVERAGE OF FRANCE, GERMANY, ITALY, U.K

SOURCE: BUREAU OF LABOR STATISTICS; REBASED TO 1990 = 100

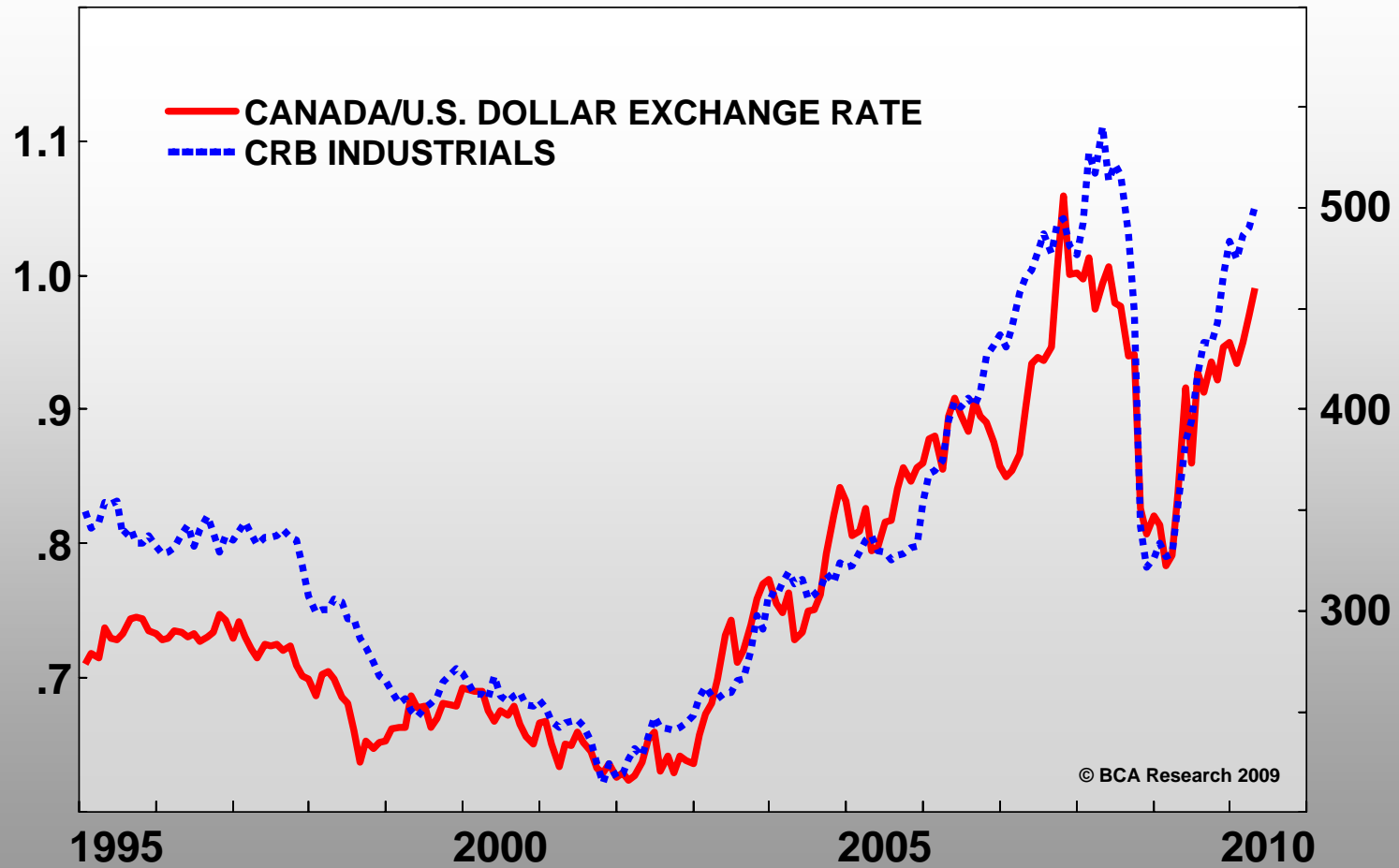
ECONOMIC GROWTH: JOINED AT THE HIP



CLOSE TRADE TIES



THE DOLLAR MOVES WITH COMMODITY PRICES



NOT MUCH GAP IN EQUITY VALUATIONS

