

Website: <http://www.jenniferjackson.ca>

## Monthly World Markets Report



With the Compliments of:  
Jennifer Jackson, Investment Advisor  
Tel: (519) 640-7643  
Toll Free: 1-800-265-5982  
Fax: (519) 663-5037  
email: [jennifer.jackson@cibc.ca](mailto:jennifer.jackson@cibc.ca)

### Inside This Issue

- 2 Bond Strategies For A Recovery
- 3 Mackenzie Cundill Recovery 'C' Market Vectors Coal ETF
- 4 **Canadian Equities:**  
Empire Company Ltd.  
Celtic Exploration Ltd.  
Pan American Silver Corp.  
Calloway REIT
- 6 Charting Trends
- 7 CIBC Economics Department  
Interest Rate Outlook  
  
CIBC World Markets  
Economic Outlook  
  
Company Disclosures And  
Disclaimers
- 8 CIBC World Markets  
Research Rating System  
  
CIBC World Markets  
Disclaimers

### Summer Ebbs And Flows Offer Entry Points

While it may seem illogical, and even go against financial theory, the markets do tend to exhibit seasonal anomalies. This year appears to be no different, as the bullish sentiment in spring that helped push the S&P/TSX Composite Index 42% higher from its low in March, appeared to give way to the usual summer doldrums. The market took a step back in mid-June, falling 8.2% at one point, before regaining its footing. And then in July, before it recovered all of the June retracement, it slipped 7.8%. This more recent setback saw the TSX get within a hair of what is called a "correction," defined as a 10% pullback from its near-term high.

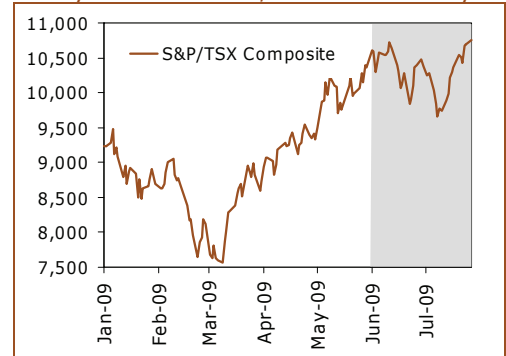
Seasonality was not the sole cause for the market trepidation, of course. In some cases, stocks and commodities got a little ahead of themselves. Copper prices rose in the early portion of the year as China purchased the metal aggressively. However, much of the buying was due to stockpiling, and, thus, a pause in its price appreciation was likely justified. A similar story could be said about oil. Bullish sentiment circling all commodities sent crude from a low of US\$34/barrel in February to US\$72/barrel by mid-June. This, despite the fact that oil inventories remained at astonishingly high levels.

But one must remember that stock market participants are human, after all, and thus are susceptible to predictable behaviour. As such, when traders and portfolio managers take their summer vacations, less buying activity leaves the markets vulnerable. (That is not to say that we are proponents of the "sell in May and go away" axiom, as such rules can be costly when the expected patterns do not repeat.)

To get a sense as to whether the markets are susceptible to a more serious correction, it is important to take note of how stocks reacted after the dips. After each of this summer's declines, investors stepped up and bought stocks aggressively, sending shares sharply higher in the following trading sessions. We believe the reaction to the stock market contractions demonstrates that not all investors are on vacation and that it does not take very much to entice many of them to recommit money to equities. Many are anxiously waiting to redeploy cash that they may have pulled out of the markets in 2008. Some investors that maintain a long-term focus understand that once the global economy recovers from the current downturn, earnings growth will return. As such, we believe investors that do not take advantage of such stock market dips will eventually look back with regret.

The world has experienced its most serious economic crisis in the past 70 years; however, there does appear to be light at the end of the tunnel. We point to the 7.9% growth the Chinese economy experienced in the second quarter as evidence that the world is headed for a recovery. With that in mind, we advise investors to enjoy the season, but not to take all of their cash with them on their summer vacations, as some funds should be put to use in the stock market. While seasonal volatility may continue in the coming months, years down the road, we believe those that bought on the dips will be glad they did.

Rally Cools In June, Resumes In July



Source: Bloomberg

See Legal Disclaimer and Important Disclosure Footnotes at the end of this report for disclosures, including potential conflicts of interest. Complete research on any securities mentioned in this report is available from your Investment Advisor. Unless otherwise noted, all prices quoted in this report are as of the close of markets on July 27, 2009.

**SUNIL BHARDWAJ, MBA, CFA**  
Private Client Investing

## Bond Strategies For A Recovery

CIBC World Markets Inc.'s (CIBC) economics team forecasts that the Canadian economy will return to growth by Q4/2009, and continue to grow, although modestly, in 2010. Consequently, fears of deflation should give way to expectations of inflation, sending yields on Government of Canada (GoC) debt instruments higher. The economics team forecasts three-month GoC Treasury bill yields will rise slightly by the end of 2010, while two-, 10- and 30-year GoC bond yields are expected to rise by 25, 41 and 31 basis points to 1.60%, 3.95% and 4.35%, respectively, in the same period. With that in mind, fixed income investors should take the time to consider which strategies are best suited for a potentially recovering economy.

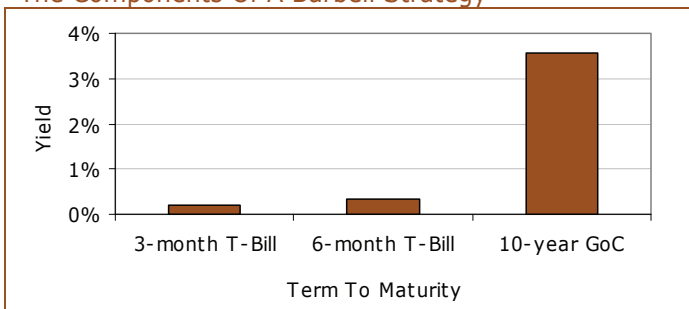
### A Laddered Portfolio

For fixed income investors who are fairly conservative, a one-to-five-year laddered portfolio may be a suitable strategy to follow. In this strategy investors purchase five bonds with maturities occurring in each of the next five years. After one year, when the shortest-term bond in the portfolio matures, the proceeds are "rolled" into a new five-year bond. The beauty of this strategy is that it is simple and passive. There is no need to try to forecast interest rate moves or actively watch the market, as action is only required once a year when a bond matures. In a rising rate environment, the proceeds from the maturing bond position will be re-invested at a higher yield, while in a falling rate environment the proceeds will be re-invested at a lower yield. In either case, only one-fifth of the portfolio is re-invested in any year, thus making the strategy quite conservative.

### A Barbell Investment Strategy

Although a barbell investment strategy may not be as familiar to investors as a laddered portfolio, it is conceptually quite simple and flexible. This involves purchasing two money market positions (discounted securities with less than one year to maturity), usually with three-month and six-month terms, along with a 10-year GoC bond.

#### The Components Of A Barbell Strategy



Source: CIBC World Markets Inc., as of July 27, 2009.

This strategy is considered to be moderately aggressive, because some market timing is involved, but the investor has several "kicks at the can." For instance, if short-term rates are rising, the investor can then re-invest the maturing money market positions

into new money market securities at higher and higher yields until they believe either money market yields or longer-term bond yields have peaked. At that point, the proceeds from one of the maturing money market positions can be used to purchase longer-term bonds. If however, rates continue to rise beyond the assumed peak, the investor still has a chance to purchase an even higher yielding longer-term bond with the second money market position. The money market position can continue to be rolled into short-term products until the time seems right.

Another advantage of the barbell is its ability to perform even if rates do not rise as was expected. If 10-year bond yields drop, then the 10-year bond's price will rise (prices move inversely to yield). In this scenario, the 10-year bond can be sold for a profit and the proceeds used to re-invest into either shorter- or longer-term bonds. Alternatively, the 10-year bond can be held to maturity if no more attractive investment opportunities exist.

### Rotate To Lower Credit Quality

When economic conditions deteriorate, investors often rotate out of lower-credit-quality debt and into higher quality debt (i.e., GoC bonds). Conversely, as economic conditions begin to improve and the elevated risk of default subsides, investors may reconsider lower-credit-quality debt. This strategy allows investors to increase their expected return, as bonds with lower credit ratings generally provide higher yields; however, the probability of default does increase. According to CIBC credit risk analytics, the cumulative probability of default for a six-year term is currently implied to be about 7.8% for debt rated "AAA." It is higher at 15.5% for debt rated "A-" and 22.8% for debt rated "BBB-," the lowest investment grade rating. From that point on, however, the probability of default jumps materially to 51.9% for debt rated "BB-" and 86.9% for debt rated "CCC." These implied probabilities are high by historical standards, due to the credit crunch, and this may present an opportunity for investors who believe actual default rates will be below the implied rates. Specifically, for debt rated on the low end of investment grade, the incremental increase in the probability of default may be acceptable to some investors, given the additional expected return. This strategy is considered to be aggressive because it involves investment in debt on the brink of speculative grade.

#### Yields For Bonds With Various Credit Ratings

Issue	S&P Rating	Yield To Maturity
Government of Canada 4.25% 06/01/2015	AAA	2.94%
Canadian Tire 4.95% 06/01/2015	BBB+	4.57%
Bell Aliant Regional Comm. 6.29% 02/17/2015	BBB	5.33%
YPG Holdings 7.3% 02/15/2015	BBB-	7.32%

Source: Bloomberg, as of July 27, 2009.

Although each investor's market view and risk tolerance will determine which strategy should be implemented, the fact remains that an economy that is emerging from a recession should lead investors to review their fixed income strategy.

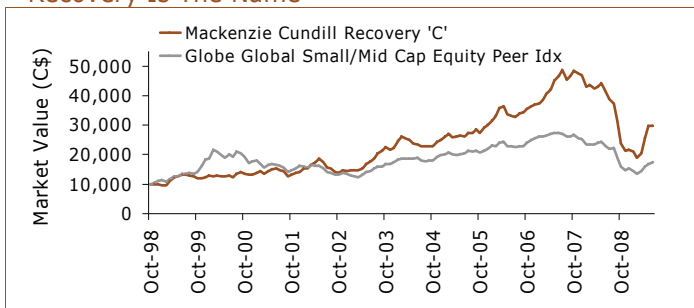
**KORY BREWSTER, DMS**  
Director, Fixed Income & Currencies

## Mackenzie Cundill Recovery 'C'

Although the stock market rally that began in March may have gotten ahead of fundamentals, hence the summer pause, we contend that in the grand scheme of things, we are still in the very early phase of an economic recovery. In addition to the prospects that an improving global economy bring with it, stocks are trading at reasonable valuations. Consider that the price to earnings ratio of the MSCI World Index is currently 19.8x, a discount to its 10-year average of 21.5x, at a time when earnings growth is expected to be above average as the economy recovers.

While traditional global equity funds typically have a large portion of their assets invested in developed markets, such as the U.S. and Europe, the Mackenzie Cundill Recovery 'C' fund takes a different approach. For starters, this fund has significant exposure to growth regions such as Asia. In addition, most of its holdings are lesser known names that are not covered by larger brokerages houses, making it a suitable complement to a larger-cap global equity fund or exchange-traded fund.

### Recovery Is The Name



Source: Globe HySales.

This fund has delivered impressive returns of late. Under lead manager James Morton's guidance, the fund returned 37.7% in the first half of 2009, the second best performance in the *Global Small/Mid Cap Equity* category and significantly higher than the 10.2% median return in the category over the same period. In fact, in the past 10 calendar years, a period that includes the multi-year bear market sparked by the Internet bubble bursting, it has enjoyed double-digit returns six times and 2008 was the only year in which it delivered a negative return. The fund averaged an 8.3% annualized return in the 10 years ended December 31, 2008.

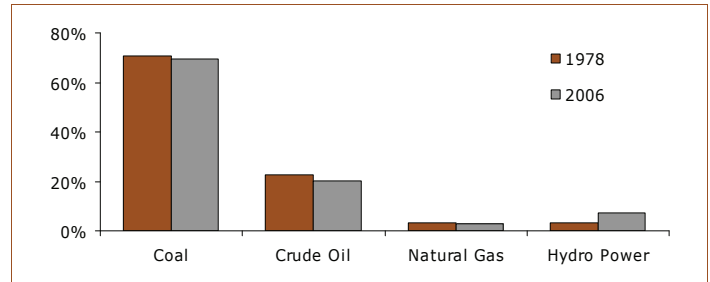
Mr. Morton utilizes a contrarian, deep-value style of management, which helps to prevent him from overpaying for unproven companies in high growth regions. This process identifies companies that are out of favour due to the market climate. As such, when market sentiment improves, shares of these companies would likely be in the best position to gain.

Although the end of the global recession may still be months away, this is arguably the best time to buy global equities, as the risk of another market panic has been drastically reduced and confidence is on the rise. We believe the fund's geographic exposure and stellar management could lead this fund to being one of the best performers in the second half of 2009.

## Market Vectors Coal ETF

With economic powerhouse China recently posting an impressive 7.9% GDP growth rate in the second quarter, investors are optimistic that the world's third largest economy could lead the global economy out of its rut. The Chinese government is officially forecasting 8% growth for 2009, which bodes well for commodity prices. China's monumental push toward urbanization was a significant factor behind the meteoric multi-year rise in commodity prices before last year's financial crisis. As the country's growth returns to its pre-recession levels, one commodity poised to see increasing demand from China is coal.

### Coal: Still China's Main Power Source



Source: China Statistical Yearbook 2007.

China has historically been a net exporter of coal, producing even more than its massive consumption. During the first five months of the year, however, it shifted to being a net coal importer as its domestic miners curtailed production. The China National Coal Association recently reported that it expects coal demand to gradually pick up in the second half of the year and small mines to return to production, indicating that rising coal prices will make it economical for them to begin producing again.

Although the country's National Bureau of Statistics reported that power generation fell in the first six months of the year, the rash of surprisingly positive economic data out of the country suggests that China is on an economic rebound. If the worst of the economic recession is behind us, China may need to crank up energy production. This would be positive for thermal coal, from which 69% of the country's energy is derived. Meanwhile, metallurgical coal, used to produce steel, is already seeing an uptick in demand, with coal consumption at China's steel mills up 1.6% in the first half of the year to 230 million tonnes.

The Market Vectors Coal ETF (KOL - NYSE) holds roughly 35 globally-listed companies that each derive greater than 50% of their revenues from the coal industry. This exchange-traded fund (ETF) has returned 81.3% year to date. And given that directly purchasing internationally-listed equities has its complications and higher transaction costs, we believe this ETF's 0.62% management expense ratio is more than reasonable. The Market Vectors Coal ETF should benefit whether this economic recovery proves to be either V-shaped or U-shaped and we believe it is a good option for investors looking to add some growth to their portfolios.

ALFRED LEE, CFA

Exchange-Traded Funds & Mutual Funds Specialist

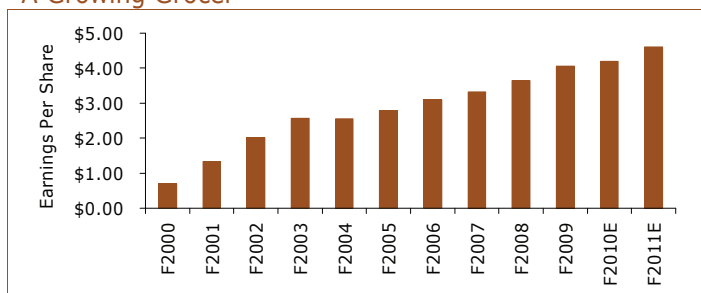
## Canadian Equities

### Empire Company Ltd. (EMP.A, \$41.32, Sector Outperformer) Price Target: \$59.00

Although economies around the world are stabilizing, consumers are still reeling from massive job and wealth losses. This holds true in Canada, where consumer and business bankruptcies rose 31% year over year in May. As consumers try to rebuild their net worth, they remain cautious on discretionary spending, opting to pack a lunch and dine in more often, even as the economic outlook improves. Should this trend persist, it will continue to benefit well positioned grocers, such as Empire Company Ltd.

Empire's primary asset is Sobeys Inc., which accounted for 98% of its fiscal 2008 revenues. The company also owns 28% of Wajax Income Fund, 47.5% of Crombie REIT, a commercial and residential real estate portfolio, and numerous movie theatres.

#### A Growing Grocer



Source: Company reports and CIBC World Markets Inc.

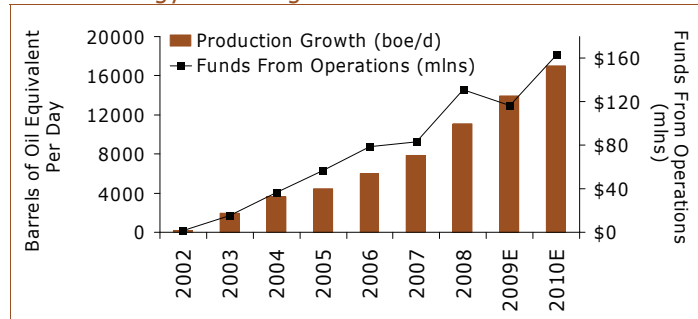
CIBC analyst Perry Caicco notes that Sobeys, like most non-discount grocery chains, is fighting to retain traffic. However, Sobeys is not just keeping traffic steady; customer flow is actually rising, thanks to a strong promotional program. And unlike other conventional grocers, Sobeys is also getting more into every shopper's basket. Some of this is because Sobeys' growing home meal-replacement program has become a plausible and inexpensive alternative to restaurant meals. In addition, Mr. Caicco believes Empire is probably the best run grocery business among its peers in Quebec, which is arguably the most lucrative market in the country due to higher average grocery prices. All of these positives should help Empire boost earnings per share by 10% in fiscal 2011, according to Mr. Caicco.

Mr. Caicco notes that it is impressive that Q4/F2009 gross margins reported in June were strong on a quarter-over-quarter basis. This suggests that the company is controlling its promotional spending and is probably doing well on the final tally of supplier rebates. The company's fourth-quarter results highlight that it had a great fiscal year compared to its competition, and is certainly moving volume, and that builds momentum with customers and suppliers - a trend that should ultimately benefit its shareholders.

### Celtic Exploration Ltd. (CLT, \$15.21, Sector Outperformer) Price Target: \$20.00

In the January issue of *Monthly World Markets Report*, we highlighted Celtic Exploration Ltd. as a suitable investment for those who were interested in gaining exposure to natural gas. Since then, even though the price of natural gas has tumbled 51% to \$3.10/Mcf, Celtic shares have risen 71%. Despite the strong relative share price performance, CIBC analyst Brad Borggard remains bullish on the company.

#### Celtic Energy: Growing Production And Cash Flows



Source: Company reports and CIBC World Markets Inc.

Celtic is an intermediate-sized exploration and production company with output of approximately 14,000 barrels of oil equivalent per day (Boe/d), weighted 72% towards natural gas. The company's major focus is the Montney play, a prolific natural gas reserve in west central Alberta, where Celtic has established a solid history of growth in both production and reserves through horizontal wells with multi-stage fracturing technology.

Mr. Borggard notes that while netbacks (a measure of per barrel profitability) at most of Celtic's junior and intermediate peers are declining precipitously as a result of significant year-over-year declines in the price of fossil fuels, Celtic has partially sheltered itself by hedging 14% of its 2009 production, which means it locked in prices when conditions were much more favourable. This should allow Celtic to reinvest more, and thus show reasonable production growth while the majority of its peers are forced to conserve cash and limit growth.

Worth noting, Q2/2009 volumes are expected to be down 19% from the previous quarter given the turnaround of a key gas processing plant in May. Once the plant is fully back on stream, Celtic should be able to start up 10 new Montney horizontal wells, positioning the company to deliver strong production growth in the second half of 2009. This could provide a positive catalyst to its shares. The company expects an exit production rate of 16,700 Boe/d this year, a 28.5% increase over its 2008 exit level.

In addition to its conservatively hedged production, Celtic has below-average financing risk, with a 2009 estimated debt to cash flow ratio of 1.4x compared to its peer group average of 2.2x.

Company Name	Symbol	Stock Rating	Sector Weighting	Price 27-Jul-09	Price Target	Earnings Per Share (EPS)			P/E 2009E	Indicated Dividend	
						2008A	2009E	2010E		Rate	Yield
Empire Company Ltd.	EMP.A	SO	M	\$41.32	\$59.00	\$4.07 <sup>a</sup>	\$4.19 <sup>a</sup>	\$4.61 <sup>a</sup>	9.9x <sup>a</sup>	\$0.74	1.8%
Celtic Exploration Ltd.	CLT	SO	M	\$15.21	\$20.00	\$3.27 <sup>b</sup>	\$2.69 <sup>b</sup>	\$3.69 <sup>b</sup>	5.7x <sup>b</sup>	Nil	Nil

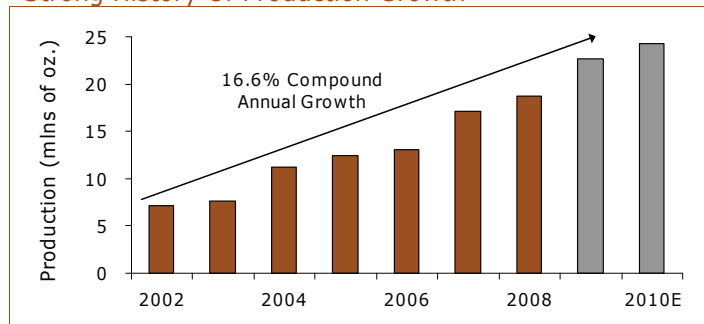
A - Actual; E - Estimate. a - Empire's fiscal year ends in April; EPS figures displayed are for 2009A, 2010E and 2011E and P/E is for 2010E. b - Cash flow per share (CFPS) and P/CFPS displayed in lieu of earnings per share (EPS) and P/E, respectively. For a description of the CIBC World Markets Research Rating System, see page 8.

**Pan American Silver Corp. (PAA, C\$22.00, Sector Outperformer) Price Target: US\$27.00 / C\$29.20<sup>c</sup>**

Large fiscal and trade deficits have placed heavy pressure on the U.S. dollar since early 2002. Last year, however, many were surprised to see the greenback appreciate despite the persistence of these issues. What caused the bullish move was strong demand for U.S. treasury bills, which global investors rushed to as equities tumbled. Regardless of the fact that the U.S. was ground zero for the global recession, investors still viewed U.S. treasuries as a safe place to store their funds as uncertainty soared.

However, as fear began to subside earlier this year, and demand for U.S. treasuries abated, the greenback resumed its downtrend, and some expect that to continue. Many investors who are bearish on the U.S. dollar tout the benefits of owning gold or shares of gold producers. Yet in recent years, silver has actually outperformed gold when the U.S. dollar has fallen in value. Between early 2002 and early 2008, when the U.S. dollar depreciated about 40%, gold rose 208%, while silver rose 284%. Similarly, between early March and early June this year, when the greenback fell 11%, gold rose a modest 5%, while silver rose an impressive 19%. Investors bearish on the U.S. dollar may want to consider an investment in silver or silver companies.

**Strong History Of Production Growth**



Source: Company reports and CIBC World Markets Inc.

CIBC analyst Brian Quast's top pick among the silver companies he covers is Pan American Silver Corp. He describes Pan American as a best-in-class silver producer due to its history of operational excellence – the company has grown production for 13 consecutive years – and strong balance sheet.

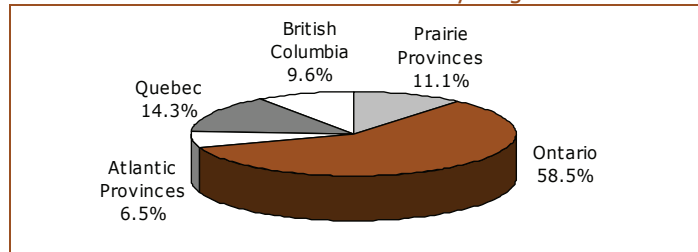
Mr. Quast expects Pan American's seven mines, diversified across four Latin American countries, to produce 22.7 million oz. of silver this year and 24.3 million oz. next year – up from 18.7 million oz. last year. While the company does not have any new projects on the horizon, Mr. Quast notes that its debt-free balance sheet and positive cash flow leave it in a strong position to grow through acquisitions. And Pan American's proven and probable reserves of more than 200 million oz. should provide many years of healthy production.

**Calloway REIT (CWT.UN, \$14.25, Sector Outperformer) Price Target: \$18.00**

Through economic boom and bust, Canada has posted positive retail sales growth (excluding autos) in every year since 1934. A continually growing population and rising income levels can be credited for this impressive track record. Nevertheless, Canadian retail real estate investment trusts (REITs) were shunned by investors during the recent economic crisis, in part, for their perceived leverage to the economy. CIBC analyst Alex Avery believes this has set the stage for Canadian retail REITs to outperform as investors revalue the group to reflect its defensive characteristics and strong underlying fundamentals.

Retail sales in Canada are generally more defensive than in the U.S., with 22% of per capita spending allocated to food and beverages versus just 14% south of the border. Canada's retail REITs are even more defensive given that a significant portion of their tenant base consists of purveyors of staples and other non-discretionary goods. Remarkably, comparable U.S. retail REITs currently garner richer equity valuations. This despite Canada having a less levered consumer, a less competitive retail environment and significantly less retail space per capita. Canadian REITs are also more conservatively capitalized than their American counterparts. Consequently, Mr. Avery expects the valuation gap between Canadian retail REITs and their U.S. comparables to narrow. One of his top picks is Calloway REIT.

**Annualized Gross Rental Revenue By Region**



Source: Company reports.

Calloway owns and operates 125 unenclosed shopping centres, primarily in Ontario. The properties have minimal maintenance capital expenditure requirements given an average age of only 7.2 years. Retail behemoth Wal-Mart is the REIT's chief tenant, generating 27.1% of its gross rental revenue. Calloway has a solid balance sheet with a debt to gross book value ratio of 54%, below its 55%-60% target. The REIT's exposure to an economic downturn is further mitigated by its high occupancy rate, which it expects to remain above 98% in 2009, and lease maturities of only 3.8% of its gross leasable area through 2010.

**SUNIL BHARDWAJ, MBA, CFA, YOGESH OZA, MA, CFA & SANDI ROSSI, CFA**  
Private Client Investing

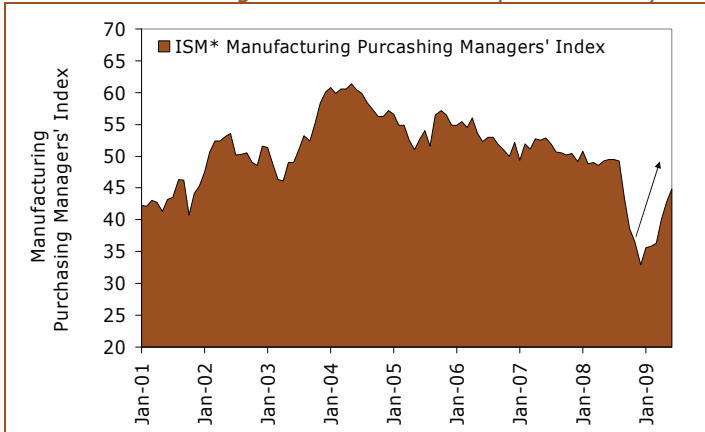
Company Name	Symbol	Stock Rating	Sector Weighting	Price		Cash Flow Per Share (CFPS)			P/CF 2009E	Indicated Dividend	
				27-Jul-09	Price Target	2008A	2009E	2010E		Rate	Yield
Pan American Silver	PAA	SO	O	C\$22.00	US\$27.00/ C\$29.20 <sup>c</sup>	US\$1.39	US\$1.65	US\$2.29	12.3x <sup>c</sup>	Nil	Nil
Calloway REIT	CWT.UN	SO	O	\$14.25	\$18.00	\$1.81 <sup>d</sup>	\$1.70 <sup>d</sup>	\$1.72 <sup>d</sup>	8.4x <sup>d</sup>	\$1.55 <sup>d</sup>	10.9%

A – Actual; E – Estimate. c – Target price and cash flow for P/CFPS have been converted to Canadian dollars using a US\$/C\$ exchange rate of 0.9248; Pan American Silver also trades on NASDAQ under symbol PAAS. d – Funds from operations per share (FFO), P/FFO and indicated distribution displayed in lieu of earnings per share (EPS), P/E and indicated distribution, respectively. For a description of the CIBC World Markets Research Rating System, see page 8.

## Charting Trends

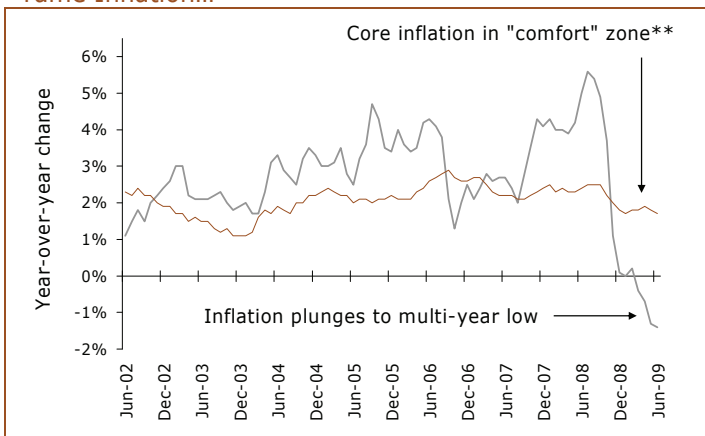
It is often said that a picture is worth a thousand words. We agree. In this section we examine a few interesting charts in order to better understand market dynamics and uncover some investing ideas. It is important to remember, however, that historical relationships or patterns may not always repeat themselves in the future.

### U.S. Manufacturing Conditions Have Improved Lately



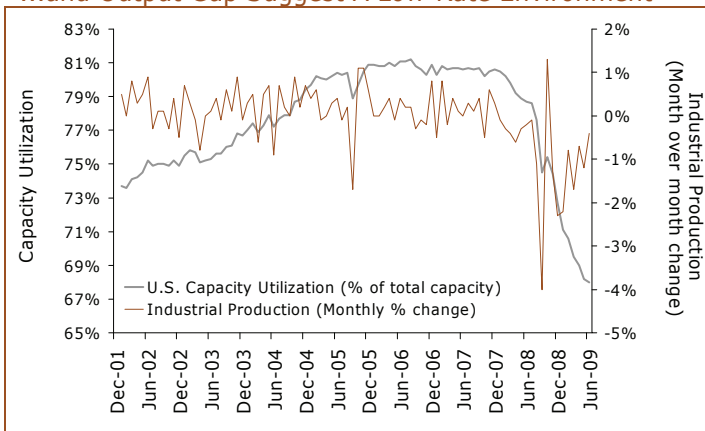
\*Institute for Supply Management. Source: Bloomberg.

### Tame Inflation...



\*\*Core inflation excludes food and energy prices. Source: Bloomberg.

### ...and Output Gap Suggest A Low-Rate Environment



Source: Bloomberg.

### Why Equities Are Well Positioned

There are several drivers for higher equity prices. Obviously, rising corporate profits are paramount, as future earnings and cash flows ultimately determine the appropriate value for a company's stock. As expectations of future profits rise, the more investors will be willing to pay for a stock. If global economies recover, investors will raise their expectations of future corporate earnings, lifting stock prices.

Investors can look to economic data points to gauge the strength of an economic recovery. Although the widely-followed ISM Manufacturing Purchasing Managers' Index, which stands at 44.8, is below the 50-level that indicates economic growth, it has been rebounding sharply. Moreover, this U.S. leading economic indicator has been rising for the past six months. This portends future economic growth and in turn an improving corporate profit picture.

Another key factor in stock prices is interest rates. Not only do low rates help lift corporate profits by keeping interest costs low, they also factor prominently in how analysts calculate price targets. Without delving into the math, low interest rates lower what is known as the "discount rate" used to value a stock. And just as lower yields mean higher bond prices, a lower discount rate results in a higher price target.

The good news for stocks is that interest rates are likely to remain low in the near term given the tame inflation outlook. Despite some fears of rising future inflation, there is little evidence of that right now, and low capacity utilization rates point to overall slack in the economy. While industrial production has been increasing, following a dramatic decline in Q3/2008, there is still ample room to increase production beyond the current 68% utilization rate without incurring higher corporate investment costs and unwarranted inflation.

Another factor that should support higher equity prices is the large amount of cash sitting on the sidelines. As investors once again realize the benefits of equities, these funds are likely to migrate back into stocks, providing support for prices. Investor nervousness, as gauged by the Chicago Board Options Exchange Volatility Index (VIX), has already begun to wane, indicating that investors are ready to return to stocks in earnest.

With the decline in portfolio values most investors have experienced over the past two years, equity weightings might have moved to below the ideal level suggested by their long-term portfolio objectives. Given the promising outlook for equities, now may be a good time for investors to consider rebalancing their portfolios to ensure they match their risk and return objectives.

**DONATO SCOLAMIERO, CFA**  
Private Client Investing

## CIBC Economics Department Interest Rate Outlook

Interest Rates (%) – End of Qtr		27-Jul-09	Dec/09	Mar/10
3-month T-Bill	Canada	0.24	0.23	0.25
	U.S.	0.19	0.15	0.15
10-year Gov't Bond Yield	Canada	3.57	3.30	3.50
	U.S.	3.72	3.50	3.85
US¢/C\$		92.5	85.5	87.7

Source: CIBC World Markets Inc.

## CIBC World Markets Economic Outlook

Economic Outlook		2008A	2009F	2010F
Real GDP Growth (% Chg)	Canada	0.4	-2.2	1.6
	U.S.	1.1	-2.6	1.9
Consumer Price Index (% Chg)	Canada	2.4	0.3	1.3
	U.S.	3.8	-0.7	1.4

Source: CIBC World Markets Inc.

## Disclosures And Disclaimers

### Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by CIBC World Markets Inc.:

Bell Aliant Regional Comm. Income Fund (2a, 2c, 2e, 2g, 7) (BA.UN-TSX, C\$26.74, Sector Performer)  
 Calloway REIT (2a, 2c, 2e, 2g, 7) (CWT.UN-TSX, C\$14.25, Sector Outperformer)  
 Celtic Exploration Ltd. (2a, 2c, 2e, 2g, 7) (CLT-TSX, C\$15.21, Sector Outperformer)  
 Crombie REIT (2a, 2c, 2e, 2g) (CRR.UN-TSX, C\$8.70, Sector Outperformer)  
 Empire Company Limited (2a, 2c, 2e, 7, 13) (EMP.A-TSX, C\$41.32, Sector Outperformer)  
 Pan American Silver Corp. (2a, 2c, 2e, 2g) (PAAS-NASDAQ, US\$20.23, Sector Outperformer)  
 Shaw Communications Inc. (2a, 2c, 2e, 2g, 7, 13) (SJR.B-TSX, C\$19.03, Sector Outperformer)  
 Suncor Energy Inc. (2a, 2e, 2g) (SU-TSX, C\$35.54, Restricted)

### Companies Mentioned in this Report that Are Not Covered by CIBC World Markets Inc.:

Market Vectors Coal ETF (KOL-NYSE, US\$27.00, Not Rated)  
 Molson Coors Brewing Company (TAP-NYSE, US\$44.91, Not Rated)  
 Wajax Income Fund (WJX.UN-TSX, C\$18.00, Not Rated)  
 Wal-Mart (WMT-NYSE, US\$48.97, Not Rated)

### Key to Important Disclosure Footnotes:

- 1 CIBC World Markets Corp. makes a market in the securities of this company.
- 2a This company is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.
- 2b CIBC World Markets Corp. has managed or co-managed a public offering of securities for this company in the past 12 months.
- 2c CIBC World Markets Inc. has managed or co-managed a public offering of securities for this company in the past 12 months.
- 2d CIBC World Markets Corp. has received compensation for investment banking services from this company in the past 12 months.
- 2e CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.
- 2f CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 2g CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3a This company is a client for which a CIBC World Markets company has performed non-investment banking, securities-related services in the past 12 months.
- 3b CIBC World Markets Corp. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.
- 3c CIBC World Markets Inc. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.
- 4a This company is a client for which a CIBC World Markets company has performed non-investment banking, non-securities-related services in the past 12 months.
- 4b CIBC World Markets Corp. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.
- 4c CIBC World Markets Inc. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.
- 5a The CIBC World Markets Corp. analyst(s) who covers this company also has a long position in its common equity securities.
- 5b A member of the household of a CIBC World Markets Corp. research analyst who covers this company has a long position in the common equity securities of this company.
- 6a The CIBC World Markets Inc. fundamental analyst(s) who covers this company also has a long position in its common equity securities.
- 6b A member of the household of a CIBC World Markets Inc. fundamental research analyst who covers this company has a long position in the common equity securities of this company.
- 6c One or more members of Private Client Investing who was involved in the preparation of this report, and/or a member of their household(s), has a long position in the common equity securities of this company.
- 7 CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by this company.
- 8 A partner, director or officer of CIBC World Markets Inc. or any analyst involved in the preparation of this research report has provided services to this company for remuneration in the past 12 months.
- 9 A senior executive member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of this company or one of its subsidiaries.
- 10 Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., has a significant credit relationship with this company.
- 11 The equity securities of this company are restricted voting shares.

- 12 The equity securities of this company are subordinate voting shares.
- 13 The equity securities of this company are non-voting shares.
- 14 The equity securities of this company are limited voting shares.

CIBC World Markets Research Rating System		
Abbreviation	Rating	Description
<b>Stock Ratings</b>		
SO	Sector Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
SP	Sector Performer	Stock is expected to perform in line with the sector during the next 12-18 months.
SU	Sector Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted*** from rating the stock.
<b>Sector Weightings**</b>		
O	Overweight	Sector is expected to outperform the broader market averages.
M	Market Weight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

\*\*Broader market averages refer to the S&P 500 in the U.S. and the S&P/TSX Composite in Canada.

"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.

\*\*\*Restricted due to a potential conflict of interest.

"CC" indicates Commencement of Coverage. The analyst named started covering the security on the date specified.

This report is issued and approved for distribution by (i) in Canada, CIBC World Markets Inc., a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange, the TSX Venture Exchange and CIPF, (ii) in the United Kingdom, CIBC World Markets plc, which is regulated by the Financial Services Authority ("FSA"), and (iii) in Australia, CIBC World Markets Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC World Markets"). This report is distributed in the United States by CIBC World Markets Inc. and has not been reviewed or approved by CIBC World Markets Corp., a member of the New York Stock Exchange ("NYSE"), NASD and SIPC. This report is intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Act of 1934, as amended) and is not intended for the use of any person or entity that is not a major institutional investor. Major Institutional Investors receiving this report should effect transactions in securities discussed in the report through CIBC World Markets Corp. This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets in Canada, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. This document and any of the products and information contained herein are not intended for the use of private investors in the United Kingdom. Such investors will not be able to enter into agreements or purchase products mentioned herein from CIBC World Markets plc. The comments and views expressed in this document are meant for the general interests of clients of CIBC World Markets Australia Limited.

The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC World Markets. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC World Markets suggests that, prior to acting on any of the recommendations herein, Canadian retail clients of CIBC World Markets contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Non-client recipients of this report who are not institutional investor clients of CIBC World Markets should consult with an independent financial advisor prior to making any investment decision based on this report or for any necessary explanation of its contents. CIBC World Markets will not treat non-client recipients as its clients by virtue of their receiving this report.

Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. CIBC World Markets accepts no liability for any loss arising from the use of information contained in this report, except to the extent that liability may arise under specific statutes or regulations applicable to CIBC World Markets.

Information, opinions and statistical data contained in this report were obtained or derived from sources believed to be reliable, but CIBC World Markets does not represent that any such information, opinion or statistical data is accurate or complete (with the exception of information contained in the Important Disclosures section of this report provided by CIBC World Markets or individual research analysts), and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice.

Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. As with any investment having potential tax implications, clients should consult with their own independent tax adviser.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC World Markets has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Although each company issuing this report is a wholly owned subsidiary of Canadian Imperial Bank of Commerce ("CIBC"), each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation ("FDIC"), the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of CIBC, (iii) will not be endorsed or guaranteed by CIBC, and (iv) will be subject to investment risks, including possible loss of the principal invested. The CIBC trademark is used under license.

© 2009 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets is prohibited by law and may result in prosecution.