

KEY ECONOMIC ASSUMPTIONS

ECONOMIC OUTLOOK: CANADA & U.S.*

CALENDAR YEAR	2011	2012	2013	2014	2015	2016F	2017F
REAL GDP (% CHANGE)							
CANADA	3.1	1.6	1.9	2.6	1.2	1.6	2.2
U.S.	1.8	2.8	0.7	2.4	2.4	2.1	2.4
CANADA REAL EXPORTS (% CHANGE)	4.8	2.9	2.2	4.8	3.4	4.0	3.9
CANADA REAL IMPORTS (% CHANGE)	6.1	4.2	1.7	1.6	0.8	-0.7	3.0
CANADA HOUSING STARTS (000's)	194.0	214.8	187.9	189.3	195.5	185.0	175.7
CANADA UNEMPLOYMENT RATE (%)	7.6	7.4	7.1	6.9	6.9	7.2	7.0
CANADA EMPLOYMENT GROWTH (% CHANGE)	1.5	1.4	1.3	0.6	0.8	0.5	0.9
CONSUMER PRICES (% CHANGE)							
CANADA	2.9	1.6	0.9	1.9	1.1	1.6	2.2
U.S.	3.1	2.1	1.5	1.6	0.1	1.4	2.5

* The forecasts have been updated to reflect the Q2 2016 Economic Outlook.

ECONOMIC OUTLOOK: ONTARIO*

CALENDAR YEAR	2011	2012	2013	2014	2015	2016F	2017F
REAL GDP (% CHANGE)	2.4	1.3	1.3	2.7	2.5	2.5	2.5
REAL MANUFACTURING OUTPUT (% CHANGE)	2.4	2.0	-1.6	3.8	0.9	2.3	2.6
HOUSING STARTS (000's)	67.8	76.7	61.1	59.1	70.2	68.6	62.7
UNEMPLOYMENT RATE (%)	7.9	7.9	7.6	7.3	6.8	6.7	6.5
EMPLOYMENT GROWTH (% CHANGE)	1.8	0.7	1.8	0.8	0.7	1.1	1.0
CONSUMER PRICES (% CHANGE)	3.1	1.4	1.1	2.3	1.2	1.8	2.2
RETAIL SALES (% CHANGE)	3.6	1.6	2.3	5.0	4.6	4.7	3.6
WAGE RATE ** (% CHANGE)	2.7	2.2	0.9	2.7	2.0	2.2	2.3
REAL RESIDENTIAL NATURAL GAS PRICE (% CHANGE) [▼]	-10.7	-9.4	4.8	3.8	-5.5	-6.7	5.2
REAL COMMERCIAL NATURAL GAS PRICE (% CHANGE) [▼]	-12.8	-12.0	6.8	5.8	-6.1	-2.0	6.6

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Witnesses: H. Sayyan
 M. Suarez

ECONOMIC OUTLOOK: REGIONS*

CALENDAR YEAR	2011	2012	2013	2014	2015	2016F	2017F
FRANCHISE HOUSING STARTS (000's)	48.7	56.3	43.3	37.4	51.0	45.8	41.7
CENTRAL							
HOUSING STARTS (000's)	40.9	48.3	34.8	29.4	43.7	38.0	34.6
SINGLES	18.4	18.8	16.6	15.3	18.2	17.1	15.2
MULTIPLES	22.5	29.5	18.2	14.1	25.5	20.8	19.4
CONSUMER PRICES (% CHANGE)	3.0	1.6	1.1	2.4	1.6	1.7	2.0
EMPLOYMENT GROWTH (% CHANGE)	2.1	0.8	3.2	0.9	0.2	2.2	2.0
COMMERCIAL VACANCY RATE (%)	7.0	6.8	7.1	7.8	7.8	7.8	7.8
INDUSTRIAL VACANCY RATE (%)	6.3	6.1	5.9	5.5	4.4	4.4	4.4
VINTAGE METRO REGION CENTRAL WEATHER ZONE (% CHANGE)	-0.7	-0.6	-0.7	-0.6	-0.4	-0.5	-0.5
VINTAGE WESTERN REGION CENTRAL WEATHER ZONE (% CHANGE)	-1.7	-1.9	-1.9	-1.8	-1.6	-1.6	-1.6
VINTAGE CENTRAL REGION CENTRAL WEATHER ZONE (% CHANGE)	-2.0	-1.9	-1.6	-2.0	-1.5	-1.6	-1.6
VINTAGE NORTHERN REGION CENTRAL WEATHER ZONE (% CHANGE)	-2.5	-2.5	-2.2	-2.0	-1.7	-1.8	-1.9
CENTRAL HEATING DEGREE DAYS**	2856	2388	2879	3326	2995	2763	2791
EASTERN							
HOUSING STARTS (000's)	6.47	6.73	7.13	6.05	5.42	6.27	5.71
SINGLES	4.85	3.90	4.29	4.04	3.93	4.17	3.69
MULTIPLES	1.62	2.83	2.84	2.01	1.48	2.10	2.01
CONSUMER PRICES (% CHANGE)	3.0	1.4	0.9	1.9	1.0	1.4	2.2
EMPLOYMENT GROWTH (% CHANGE)	0.1	2.5	-1.3	1.2	-1.1	1.9	2.0
VINTAGE EASTERN WEATHER ZONE (% CHANGE)	-2.9	-2.6	-2.4	-2.5	-1.6	-2.4	-2.3
EASTERN HEATING DEGREE DAYS **	3261	3160	3501	3804	3619	3342	3356
NIAGARA							
HOUSING STARTS (000's)	1.34	1.25	1.37	1.86	1.87	1.54	1.40
SINGLES	1.17	1.06	1.29	1.80	1.61	1.38	1.25
MULTIPLES	0.17	0.18	0.09	0.07	0.26	0.16	0.15
EMPLOYMENT GROWTH (% CHANGE)	2.5	2.7	-3.5	0.0	4.2	1.1	0.5
VINTAGE NIAGARA WEATHER ZONE (% CHANGE)	-1.1	-1.1	-1.4	-1.5	-1.2	-1.2	-1.2
NIAGARA HEATING DEGREE DAYS **	2737	2318	2795	3199	2948	2692	2691

* The forecasts have been updated to reflect the Q2 2016 Economic Outlook.

**Balance Point Heating Degree Days are adjusted for billing cycles. The 2016 and 2017 Degree Day forecasts for all weather zones are generated by the methods approved by the Board in its EB-2012-0459 Decision with Reasons dated July 17, 2014.

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 M. Suarez