

BOMA INTERROGATORY #9

INTERROGATORY

Ref: Exhibit C2, Tab 1, Schedule 1

What is the Q2 Economic Outlook based on? What sources are used to determine these forecasts? Please compare them to the most recent Bank of Canada numbers (October 2016 Monetary Policy Report).

RESPONSE

The Economic Outlook is a compilation of consensus forecasts for various indicators of economic conditions in Canada, the US, and Ontario as shown on page 1. Consensus forecasts are straight averages of forecasts from financial institutions, the Conference Board of Canada, and other forecast providers.

On the other hand, regional forecasts on page 2 are generated by in-house regression models informed by the Ontario consensus forecast. This level of forecast granularity is not available publicly, but is necessary to recognize the divergent conditions that sometimes exist within the Company's franchise.

The Bank of Canada (the "Bank") is not included in the Company's consensus forecast as they only provide a subset of the indicators of interest for Canada and the US. Although the Bank provides forecasts for exports and imports as well as housing, they are either not adjusted for real values, or inconsistent with the series reported by other forecasters. The Bank of Canada does not have forecasts for Ontario nor the regions.

For comparison purposes, forecasts from the Company's Q2 Economic Outlook are shown on the next page alongside the Bank of Canada's Monetary Policy Reports from Q2, Q3, and Q4.

Witnesses: M. Suarez  
H. Sayyan

CANADA & U.S.								
CALENDAR YEAR	Economic Outlook-Q2		Bank of Canada-Q2		Bank of Canada-Q3		Bank of Canada-Q4	
	2016F	2017F	2016F	2017F	2016F	2017F	2016F	2017F
REAL GDP (% CHANGE)								
CANADA	1.6	2.2	1.7	2.3	1.3	2.2	1.1	2.0
U.S.	2.1	2.4	2.0	2.1	2.0	2.1	1.5	2.1
CANADA REAL EXPORTS (% CHANGE)	4.0	3.9						
CANADA REAL IMPORTS (% CHANGE)	-0.7	3.0						
CANADA HOUSING STARTS (000's)	185.0	175.7						
CANADA UNEMPLOYMENT RATE (%)	7.2	7.0						
CANADA EMPLOYMENT GROWTH (% CHANGE)	0.5	0.9						
CONSUMER PRICES (% CHANGE)								
CANADA	1.6	2.2	1.4	1.9	1.6	2.1	1.5	1.9
U.S.	1.4	2.5						

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