CIBC

Economics

Avery Shenfeld
(416) 594-7356
avery.shenfeld@cibc.com

Benjamin Tal
(416) 956-3698
benjamin.tal@cibc.com

Andrew Grantham
(416) 956-3219
andrew.grantham@cibc.com

Royce Mendes
(416) 594-7354
royce.mendes@cibc.com

Katherine Judge
(416) 956-6527
katherine.judge@cibc.com

http://economics.cibccm.com

THE WEEK AHEAD

April 16-20, 2018

No Rush

by Benjamin Tal

If you're keeping track, Governor Poloz has yet another reason for sleepless nights—a cheery and confident corporate Canada.

You see, until the release of the better-than-expected Business Outlook Survey (BOS) earlier this week, the Bank's party line probably went something like, "yes we are at full capacity, yes we are starting to see some wage pressure and yes we are re-learning how to spell inflation, but headwinds from the US are way too strong, and are working to weaken business confidence. Therefore, we're comfortable staying put until we have more clarity."

But now, the Bank's beloved survey of Canada's large corporations reveals a picture of tranquility. Despite all the noise, corporate Canada is not panicking—the opposite is the case. That development is clearly making the Bank's message more complicated. So much so, that our clients are asking if we are still comfortable with our call that the Bank will stay on hold until July.

The short answer is yes, we are still comfortable with that call. Admittedly, after the euphoric surge in the BOS in the fourth quarter of last year, we expected that the Trump factor would bring the index back down to earth. That didn't happen. But of course, for each survey pointing in one direction I can show you one (and in this case two) that tells a different tale. While the BOS is currently hovering at a level miles above its long-term average, the Canadian Federation of Independent Business' (CFIB) business barometer index has been relatively flat over the past year. And the latest Statistics Canada investment intentions survey suggests a decline in business spending in 2018—not exactly a picture of confidence.

Beyond the realm of subjective surveys, hard data recently haven't been so impressive. GDP declined in January and the labour market lost 40K jobs in the first quarter. The pipeline saga is big enough to have macro-economic implications, and yes, NAFTA is looking better, but we are probably much further from a final agreement than the Mexican Foreign Minister would like you to think. Either way, a new NAFTA will be less supportive for corporate Canada than the old one, mainly given the negative impact of the recent tax changes in the US on our competitiveness.

As important are the potential negative effects of the escalating trade war between China and the US. It's difficult to picture a situation in which Canada benefits from such a development. Being caught in the crossfire, corporate Canada will feel the pain from different directions—be it through reduced US consumer purchasing power due to tariff induced inflation, or stiffer competition in the US and elsewhere as American firms look for new destinations to replace lost business to China.

And then you have the housing market which is currently going through its biggest test since 2008. The combination of rate hikes to date and tighter qualification rules is still being digested by the market. The Bank would prefer to space out rate hikes to have sufficient time to assess the damage.

So we'll stick to our call and wait eagerly to read between the lines of the Bank's statement next week.

Week Ahead Calendar And Forecast

	CANADA			CIBC	Consensus	Prior
Monday April 16						
Tuesday April 17	**AUCTION: 3-M BILLS $5.9B, 6-M BILLS $2.3B, 1-YR BILLS $2.3B**					
	CASH MANAGEMENT BUYBACK (Aug'18 - Sep'19) - $0.5B					
	8:30 AM					
	INT'L. SEC. TRANSACTIONS	(Feb)	(M)			$5.7B
	MANUFACTURING SHIPMENTS M/M	(Feb)	(M)	**0.6%**		-1.0%
Wednesday April 18	**10:00 AM**					
	BANK OF CANADA RATE ANNOUNCE.	(Apr)	(H)	**1.25**	1.25%	1.25%
	BOC MONETARY POLICY REPORT					
	Speaker: 11:15 AM Stephen S. Poloz (Governor) & Carolyn Wilkins (Sr. Deputy Gov.)					
Thursday April 19	**AUCTION: 2-YR CANADAS $3.0B**					
	8:30 AM					
	ADP PAYROLLS REPORT					
Friday April 20	**8:30 AM**					
	RETAIL TRADE TOTAL M/M	(Feb)	(H)	**0.1%**		0.3%
	RETAIL TRADE EX-AUTO M/M	(Feb)	(H)	**0.3%**		0.9%
	CPI M/M	(Mar)	(H)	**0.5%**		0.6%
	CPI Y/Y	(Mar)	(H)	**2.5%**		2.2%
	CPI Core- Common Y/Y%	(Mar)	(M)	**2.1%**		1.9%
	CPI Core- Median Y/Y%	(Mar)	(M)			2.1%
	CPI Core- Trim Y/Y%	(Mar)	(M)			2.1%

	UNITED STATES			CIBC	Consensus	Prior
Monday April 16	**AUCTION: 3-M BILLS $48B, 6-M BILLS $42B**					
	8:30 AM					
	NEW YORK FED (EMPIRE)	(Apr)	(M)		18.20	22.50
	RETAIL SALES M/M	(Mar)	(H)	**0.3%**	0.4%	-0.1%
	RETAIL SALES (X-AUTOS) M/M	(Mar)	(H)	**0.1%**	0.2%	0.2%
	RETAIL SALES CONTROL GROUP M/M	(Mar)	(H)	**0.4%**	0.3%	0.1%
	10:00 AM					
	BUSINESS INVENTORIES M/M	(Feb)	(L)		0.6%	0.6%
	NAHB HOUSING INDEX	(Apr)	(L)		70	70
	2:00 PM					
	NET CAPITAL INFLOWS (TICS)	(Feb)	(L)			$62.1B
	Speaker: 1:15 PM Raphael Bostic (President, Atlanta)					
Tuesday April 17	**AUCTION: 4-WEEK BILLS $45B (prev)**					
	8:30 AM					
	HOUSING STARTS SAAR	(Mar)	(M)	**1253K**	1271K	1236K
	BUILDING PERMITS SAAR	(Mar)	(H)	**1311K**	1330K	1321K
	9:15 AM					
	INDUSTRIAL PRODUCTION M/M	(Mar)	(H)	**0.2%**	0.3%	1.0%
	CAPACITY UTILIZATION	(Mar)	(M)	**77.8%**	77.9%	77.7%
	Speaker: 5:40 PM Raphael Bostic (President, Atlanta)					
	Speaker: 1:10 PM Charles L. Evans (President, Chicago)					
	Speaker: 11:00 AM Patrick Harker (President, Philadelphia)					
	Speaker: 10:00 AM Randal K. Quarles (Governor)					
	Speaker: 9:15 AM John C Williams (President, San Francisco)					
Wednesday April 18	**7:00 AM**					
	MBA-APPLICATIONS	(Apr 13)	(L)			-1.9%
	2:00 PM					
	FED'S BEIGE BOOK					
	Speaker: 4:15 PM Randal K. Quarles (Governor)					
	Speaker: 3:00 PM William C. Dudley (President, New York)					
Thursday April 19	**8:30 AM**					
	INITIAL CLAIMS	(Apr 14)	(M)		226K	233K
	CONTINUING CLAIMS	(Apr 7)	(L)			1871K
	PHILADELPHIA FED	(Apr)	(M)		20.1	22.3
	10:00 AM					
	LEADING INDICATORS M/M	(Mar)	(M)		0.3%	0.6%
	Speaker: 6:45 PM Loretta Mester (President, Cleveland)					
	Speaker: 9:30 AM Randal K. Quarles (Governor)					
	Speaker: 8:00 AM Lael Brainard (Governor)					
Friday April 20	Speaker: 9:40 AM Charles L. Evans (President, Chicago)					

H, M, L = High, Medium or Low Significance **SAAR = Seasonally Adjusted Annual Rate** **Consensus Source: Bloomberg**

Week Ahead's Market Call

by Andrew Grantham

The **Bank of Canada** will have to upgrade its forecast for inflation in the April MPR, but with growth indicators disappointing it will have to downgrade its GDP projections. Provided economic data starts to show some of the optimism indicated within the Business Outlook Survey, a July hike is still our base-case expectation. Manufacturing and retail sales should be positive, but not the barnburners that may be anticipated following a lackluster few months. While an on-hold BoC could weigh slightly on rate expectations and the C$, another upside surprise on inflation come Friday would see those expectations ratcheted up again.

In the US, we're expecting to see moderate, but slightly below consensus, growth in most of the key data including retail sales, industrial production and housing starts. Unless there's a major miss versus forecasts, market reaction will be driven more by developments on the trade front, or from Fed speakers in relation to whether they echo the seemingly more hawkish sentiment from this week's minutes.

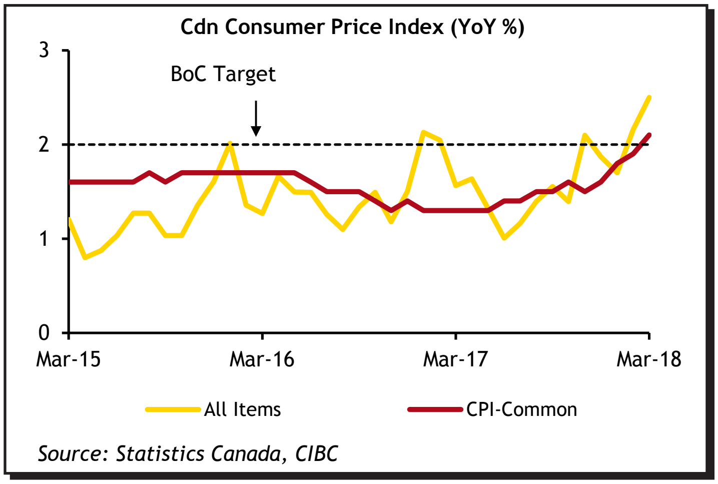
Week Ahead's Key Canadian Number:

Consumer Price Index—March

(Friday, 8:30 a.m.)

Royce Mendes (416) 594-7354

	CIBC	Mkt	Prior
CPI m/m NSA	0.5%	na	0.6%
CPI yr/yr	2.5%	na	2.2%
CPI-common	2.1%	na	1.9%



Source: Statistics Canada, CIBC

On the back of higher oil prices, Canadian inflation is set to reach its fastest pace in more than six years. Even the Bank of Canada's core common component measure will indicate that consumer prices are now tracking slightly above the midpoint of the central bank's 1-3% target. But don't expect that to materially alter the pace of rate hikes in Canada.

Policymakers are contending with uncertainties that have the potential to open up slack in the economy, leaving reason to err on the side of caution. Furthermore, at least part of the recent rise in apparent inflationary pressures has been due to Ontario's minimum wage hike, something the Bank of Canada will likely view as less indicative of an economy that is overheating.

Forecast Implications—Headline inflation looks set to average roughly 2½% over the remainder of 2018, but the pace of interest rate hikes isn't likely to see a commensurate acceleration based on that alone. The outlook for monetary policy will be highly contingent on incoming growth numbers, which have looked somewhat sluggish of late, and the evolution of trade negotiations with the US.

Other Canadian Releases:

Manufacturing Shipments—February

(Tuesday, 8:30 a.m.)

Factory shipments likely rebounded in February, but not enough to fully offset losses from the prior month. Already-released data on exports lead us to believe that a bounceback is in store across a number of durable goods categories. That said, weak auto production numbers leave us somewhat cautious on forecasting too strong a number. As a result, expect factory sales to have advanced a decent, if not spectacular, 0.6% when February's data is released. Looking ahead, additional investment will be needed to see progress continue unabated, as the sector is faced with little spare capacity.

Retail Trade—February

(Friday, 8:30 a.m.)

Retail sales were by no means booming to open the year, but they were one of the few sectors in the economy to actually make progress. Early indications are that gains were even more meagre in February. Data already in hand lead us to believe that auto sales will weigh on total spending for the second month in a row, while gasoline prices don't suggest filling stations will move the needle either way. As a result, our forecast for a modest 0.1% increase in retail sales is contingent on the ex-auto and gas figures growing at a trend-like pace. A weak reading on retail sales would mean the sector won't be a major driver of an overall economic rebound in February.

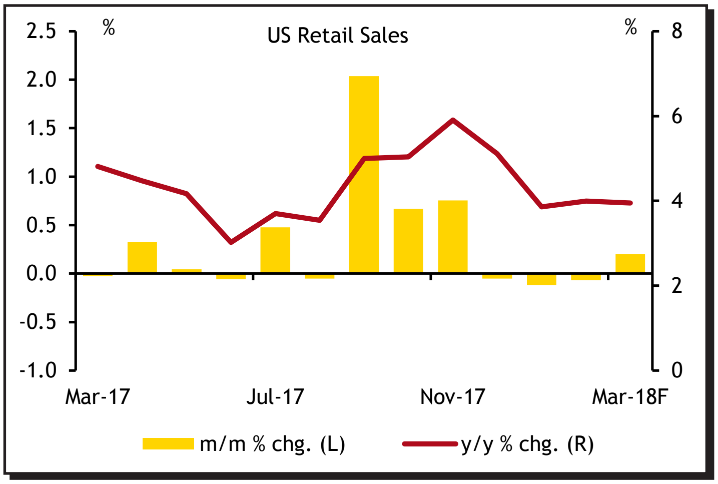
Week Ahead's Key US Number:

Retail Sales—March

(Monday, 8:30 a.m.)

Andrew Grantham (416) 956-3219

	CIBC	Mkt	Prior
Retail Sales	0.3%	0.4%	-0.1%
Retail Sales – ex auto	0.1%	0.2%	0.2%
Retail Sales – control group	0.4%	0.3%	0.1%



After a blockbuster end to 2017, retail sales have started 2018 with a whimper and that likely won't change much in March. A 0.3% gain in headline sales, while better than the marginal declines seen in January and February, would still leave sales broadly unchanged relative to where they ended last year. A rebound in auto sales will reverse only a small part of the declines seen after October's post-hurricane peak. Gasoline prices will weigh on the nominal headline reading.

However, core sales should fare better, particularly with income growth still solid, tax cuts helping spending power and the savings rate not quite as low as it was a couple of months ago. A 0.4% gain for core sales would be the strongest result on that stripped down measure since November.

Forecast Implications—Although the quarter will end on a slightly better note, retail sales suggest that consumer spending will be a much smaller contributor to GDP in Q1, and not just because auto sales were bolstered by replacements late last year. Annualized growth in core retail sales is tracking only around 1¾%, versus around 7½% growth in the fourth quarter. Going forward we would expect spending to accelerate again, albeit without reaching the heights seen in Q4 2017.

Market Impact—We are slightly below the consensus, although not by enough to see much market reaction.

Other U.S. Releases:

Housing Starts—March

(Tuesday, 8:30 a.m.)

Even though starts fell due to the volatile multiples component in February, and permits were higher, that doesn't necessarily mean a big surge in building is coming in March. The gap between starts and permits hasn't been historically high recently, and the decline in multiples last month was itself a reversion to more normal levels following a spike in January. As such we expect only a modest pick-up in starts to a 1253K pace.

Industrial Production—March

(Tuesday, 9:15 a.m.)

Industrial production was bolstered in February by outsized gains in mining and auto manufacturing, but while the former could see a further gain in March the latter may have moved lower to weigh on the headline growth rate. Working hours figures also suggest a marginal decline in overall manufacturing output. As a result, we expect a more modest 0.2% advance in overall industrial production in March.

Currency Currents

Royce Mendes and Andrew Grantham

Does the BoC Need to Respond to Evidence of Faster Wage Growth?

As we've shown before, monthly Canadian wage data are so volatile that they aren't viewed as a very reliable indicator. But there's even more reason to believe the Bank of Canada won't be responding too aggressively to the recent rise in those metrics. Average hourly earnings have so far this year been boosted by the legislated hike in Ontario's minimum wage. The implications of a mandated increase versus rising wages that simply come from tight labour markets are likely to be less compelling in the eyes of central bankers. As a result, don't expect the Bank of Canada to be sounding many alarms on wage pressures in next week's Monetary Policy Report, something that could leave the loonie vulnerable to falling market-implied interest rate expectations.

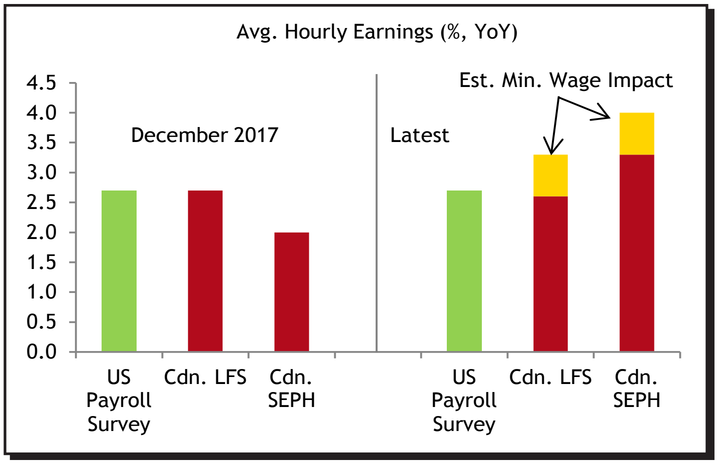
BoC: What They've Been Telling US

What was, doesn't always tally with what will be, but judging by mentions of growth versus inflation in previous BoC MPRs, Governor Poloz could put more weight on slowing economic growth than accelerating inflation and decide to keep rates on hold for a few more months. Yes, mentions of inflation have risen and it is no longer the afterthought it was when the economy was struggling following the commodity price shock. However, growth is clearly still higher on the list, and the BoC will have to once again downgrade near-term GDP projections. A still slow-go BoC should help reverse part of the run-up we've seen in the Canadian dollar in recent weeks.

Eurozone Data Down, But Not Out

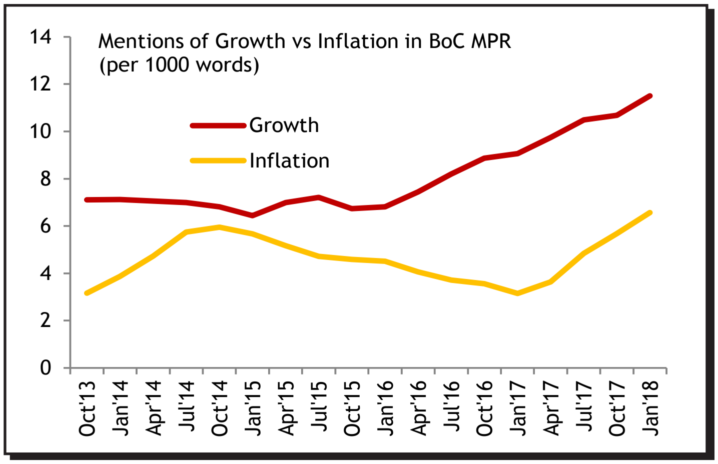
European data have been disappointing this year. So disappointing that the widely followed economic surprise index has plunged to its lowest level since the sovereign debt crisis. But those 'surprises' were against lofty expectations that we always thought were too optimistic. That said, many indicators are still pointing toward solid—albeit not spectacular—growth, despite coming off recent highs. As a result, we continue to expect that excess capacity across the monetary union will be soaked up this year. And, with the surprise index having room to rise in the months ahead, look for the euro to continue gaining ground against a US dollar that is clearly on its back foot.

Minimum Wages Boosting Avg. Hourly Earnings in Canada



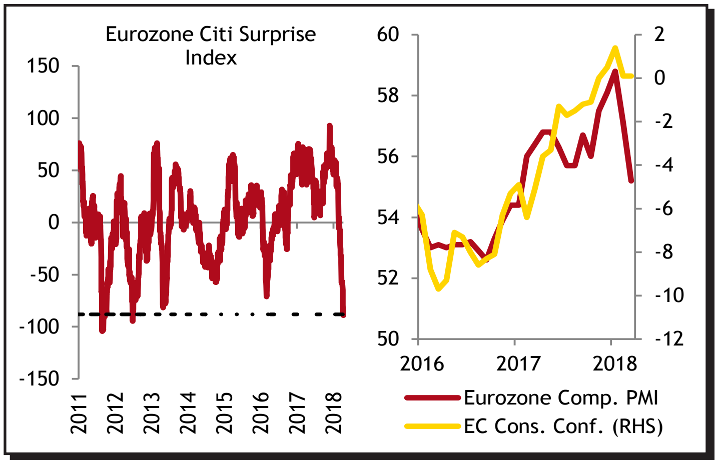
Source: BEA, Statistics Canada, CIBC

Growth Still Mentioned More than Inflation in BoC MPRs



Source: Bank of Canada, CIBC

Eurozone Surprise Index at Lowest Since 2012 (L),But Growth Indicators Still Positive, Despite Coming Off Highs (R)



Source: Bloomberg, CIBC

CANADIAN RELEASE AND EVENT DATES
April/May 2018

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
9 **HOUSING STARTS** 8:15 AM 000's (AR) TOTAL SINGLES JAN 217 65 FEB 231 58 MAR 225 64 **Bank of Canada Business Outlook Survey**	10 **BUILDING PERMITS ($)** 8:30 AM M M (RES) (NON-RES) DEC 3.8 0.3 JAN 5.6 4.5 FEB -0.3 -6.6	11	12 **NEW HOUSING PRICE INDEX** 8:30 AM	13
16	17 **INT'L TRANSACTIONS IN SECURITIES C$BN, NET** 8:30 AM BONDS MONEY MARKET STOCKS TOT DEC -4.3 0.4 2.4 -1.5 JAN -3.3 6.1 2.9 5.7 FEB **SURVEY OF MANUFACTURING** 8:30 AM SHIPMENTS M Y DEC -0.1 3.7 JAN -1.0 2.9 FEB	18 **Bank of Canada Interest Rate Announcement** **Bank of Canada Monetary Policy Report** **Bank of Canada Governor Poloz & Sr. Dep. Gov. Wilkins speak at 11:15 AM ET**	19 **ADP EMPLOYMENT SURVEY** 8:30 AM	20 **CPI** 8:30 AM M Y JAN 0.7 1.7 FEB 0.6 2.2 MAR **RETAIL TRADE** 8:30 AM (Current$) M Y DEC -0.7 5.9 JAN 0.3 3.6 FEB
23 **WHOLESALE TRADE** 8:30 AM	24	25	26	27
30 **INDUSTRIAL PRICES** 8:30 AM M (NSA) Y JAN 0.4 2.1 FEB 0.1 1.9 MAR	1 **GDP BY INDUSTRY** 8:30 AM (2002$) GDP IND.PROD. M M DEC 0.2 0.4 JAN -0.1 -0.7 FEB	2	3 **INTERNATIONAL RESERVES** 8:15 AM $BN CHANGE $BN LEVEL FEB -0.262 86.5 MAR -3.180 83.3 APR **MERCHANDISE TRADE** 8:30 AM $MN 12 MO. BALANCE JAN -1,938 -24,946 FEB -2,686 -25,924 MAR	4 **IVEY PURCHASING MANAGERS' INDEX** 10:00 AM
7	8 **HOUSING STARTS** 8:15 AM 000's (AR) TOTAL SINGLES FEB 231 58 MAR 225 64 APR	9 **BUILDING PERMITS ($)** 8:30 AM M M (RES) (NON-RES) JAN 5.6 4.5 FEB -0.3 -6.6 MAR	10	11 **NEW HOUSING PRICE INDEX** 8:30 AM **LABOUR FORCE SURVEY** 8:30 AM EMPLOY (HSHOLD) M Y; UNEMP RATE %; AVG HRLY EARN Y FEB 0.1 1.5 5.8 3.1 MAR 0.2 1.6 5.8 3.1 APR

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets Inc. Dates are subject to change. Sources for historical data: Statistics Canada, CMHC, Human Resources Development Canada and the Bank of Canada.

U.S. RELEASE AND EVENT DATES
April/May 2018

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
9	10 **PPI** 8:30 AM M (SA) Y (NSA) JAN 0.4 2.6 FEB 0.2 2.9 MAR 0.3 3.0 *3, 10-Yr NOTE AUCTION* *BOT (9:00) REDBOOK (8:55)*	11 **CPI** 8:30 AM M(SA) Y (NSA) JAN 0.5 2.1 FEB 0.2 2.2 MAR -0.1 2.4 **FOMC Minutes** **TREASURY BUDGET** 2:00 PM *30-Yr BOND AUCTION*	12 *INITIAL JOBLESS CLAIMS (8:30)*	13 **MICHIGAN SENTIMENT (P)** 10:00 AM
16 **RETAIL SALES** 8:30 AM M Y JAN -0.1 3.9 FEB -0.1 4.0 MAR **BUSINESS INVENTORIES** 10:00 AM **NET CAPITAL INFLOWS TICS** 4:00 PM	17 **HOUSING STARTS** 8:30 AM Mn. M/M JAN 1.329 10.1 FEB 1.236 -7.0 MAR **CAPACITY UTIL/IND. PROD.** 9:15 AM LEV M Y JAN 77.0 -0.2 2.9 FEB 77.7 0.9 4.2 MAR *BOT (9:00) REDBOOK (8:55)*	18 **Beige Book**	19 **PHILADELPHIA FED INDEX** 8:30 PM **LEADING INDICATOR** 10:00 AM *2, 5-, 7-Yr NOTE ANNOUNCE.* *INITIAL JOBLESS CLAIMS (8:30)*	20
23 **EXISTING HOME SALES** 10:00 AM *2-Yr NOTE AUCTION*	24 **S&P CORE LOGIC/CASE-SHILLER HOUSE PRICE INDEX** 9:00 AM **NEW HOME SALES** 10:00 AM **CONSUMER CONFIDENCE** 10:00 AM *5-Yr NOTE AUCTION* *BOT (9:00) REDBOOK (8:55)*	25 *7-Yr NOTE AUCTION*	26 **ADV. TRADE IN INTERNATIONAL GOODS** 8:30 AM **DURABLE GOODS ORDERS** 8:30 AM M Y JAN -3.5 7.1 FEB 3.1 8.9 MAR *INITIAL JOBLESS CLAIMS (8:30)*	27 **GDP** 8:30 AM (AR) REAL GDP IMPLICIT DEFLATOR 17:Q3(F) 3.2 2.1 17:Q4(F) 2.9 2.3 18:Q1(A) **ECI** 8:30 AM TOTAL WAGES & SALARY BEN. 17:Q3 0.7 0.7 0.8 17:Q4 0.6 0.5 0.5 18:Q1 **CHICAGO PMI** 9:45 AM **MICHIGAN SENTIMENT (F)** 10:00 AM
30 **PERS. INC & OUT.** 8:30 AM INCOME M CONS M SAVING RATE AR JAN 0.4 0.2 3.2 FEB 0.4 0.2 3.4 MAR **CHICAGO PMI** 9:45 AM *2, 5-, 7-Yr NOTE SETTLEMENT*	1 **ISM MFG SURVEY** 10:00 AM COMP. INDEX PRICES INDEX FEB 60.8 74.2 MAR 59.3 78.1 APR **LIGHT VEHICLES** SALES MIL (AR) Y FEB 16,980 -2.0 MAR 17,398 4.0 APR *BOT (9:00) REDBOOK (8:55)*	2 **ADP SURVEY** 8:15 AM **FOMC Rate Decision** **Fed Chair Powell speaks** *30-Yr BOND ANNOUNCEMENT* *3, 10-Yr NOTE ANNOUNCEMENT*	3 **GOODS & SERV. BALANCE (BOP) $B** 8:30 AM GDS SERV TOT JAN -76.7 20.0 -56.7 FEB -77.0 19.4 -57.6 MAR **NON-FARM PRODUCTIVITY** 8:30 AM Q/Q (AR) Y/Y 17:Q3 (F) 2.6 1.4 17:Q4 (F) 0.0 1.1 18:Q1 (P) **FACTORY ORDERS** 10:00 AM M(SA) Y(NSA) JAN -1.3 6.6 FEB 1.2 7.1 MAR **ISM NON-MFG SURVEY** 10:00 AM *INITIAL JOBLESS CLAIMS (8:30)*	4 **EMPLOY. SITUATION** 8:30 AM NON-FARM PAYROLL CIV UNEMP RATE AVG HRLY EARN FEB 326 4.1 2.4 MAR 103 4.1 2.4 APR
7 **CONSUMER CREDIT** 3:00 PM	8 *3-Yr NOTE AUCTION* *BOT (9:00) REDBOOK (8:55)*	9 **PPI** 8:30 AM M (SA) Y (NSA) FEB 0.2 2.9 MAR 0.3 3.0 APR *10-Yr NOTE AUCTION*	10 **CPI** 8:30 AM M(SA) Y (NSA) FEB 0.2 2.2 MAR -0.1 2.4 APR **TREASURY BUDGET** 2:00 PM *30-Yr BOND AUCTION* *INITIAL JOBLESS CLAIMS (8:30)*	11 **MICHIGAN SENTIMENT (P)** 10:00 AM

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets inc. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labor and U.S. Federal Reserve Board.

CIBC World Markets Inc., CIBC World Markets Corp., CIBC World Markets Plc., CIBC Australia Limited and certain other corporate banking and capital markets activities of Canadian Imperial Bank of Commerce operate under the brand name CIBC Capital Markets.

This report is issued and approved for distribution by (a) 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 a Member of the Canadian Investor Protection Fund, (b) in the United Kingdom, CIBC World Markets plc, which is regulated by the Financial Services Authority, and (c) in Australia, CIBC Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC") and (d) in the United States either by (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. 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 wholesale clients of CIBC Australia Limited.

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. 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; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC 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.

© 2018 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.