

# New World Realities

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**SVP & Chief Economist**

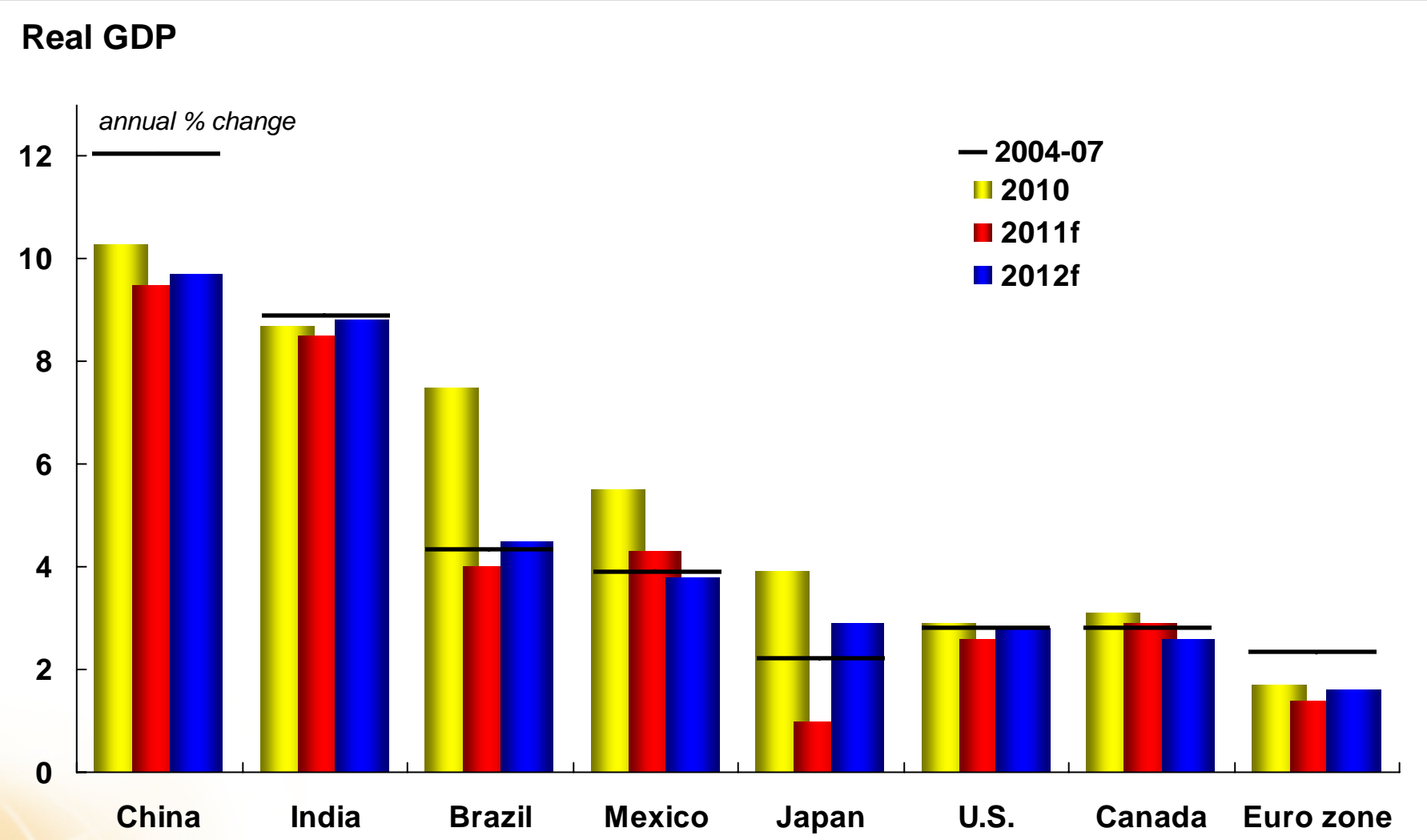
*Presentation to:*

**Exchange Traded Forum 2011**

**Toronto, May 10, 2011**

 **Scotiabank Group**

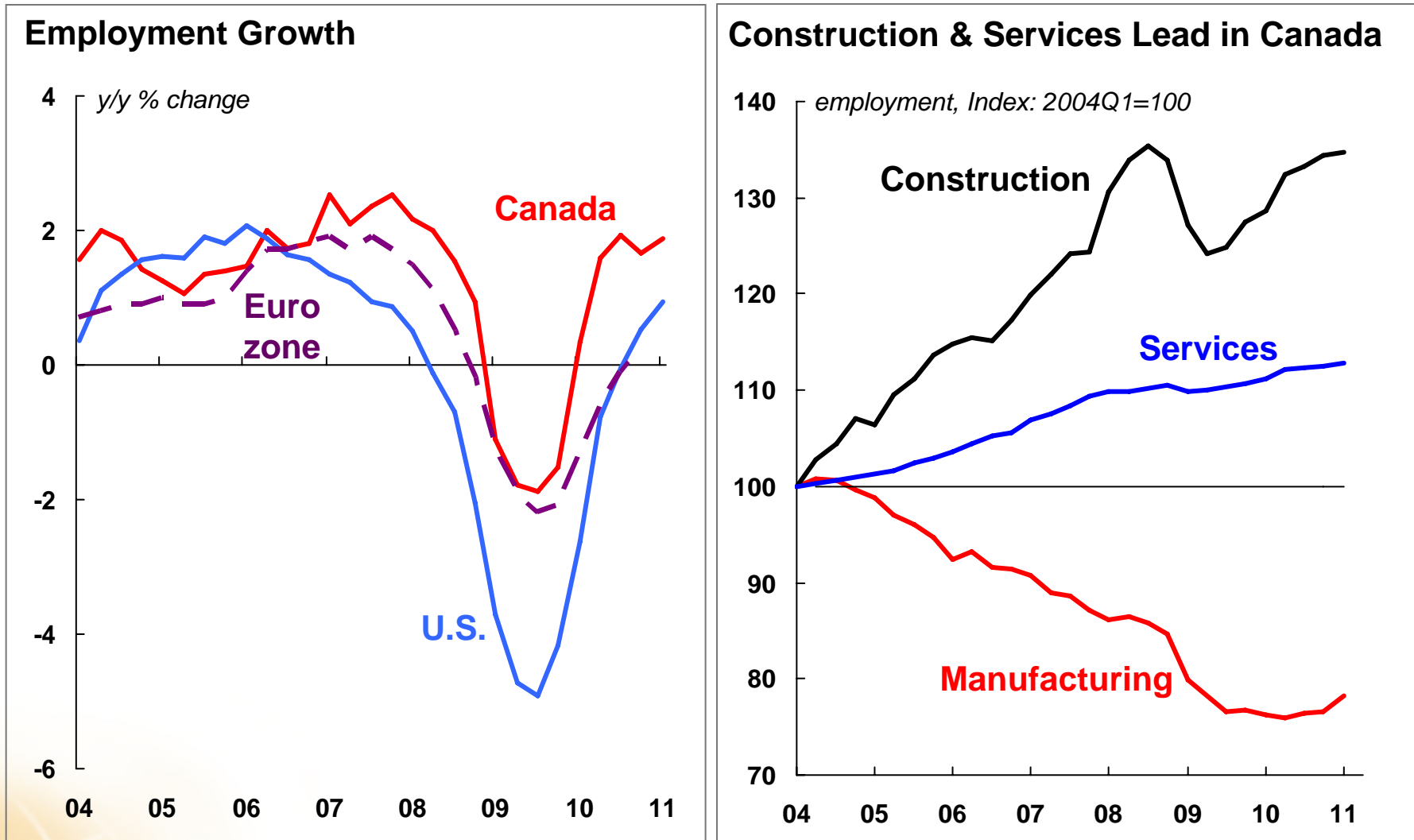
# The Global Economy Is Reviving...



Source: Scotia Economics, Bloomberg, BEA, Statistics Canada, Eurostat.



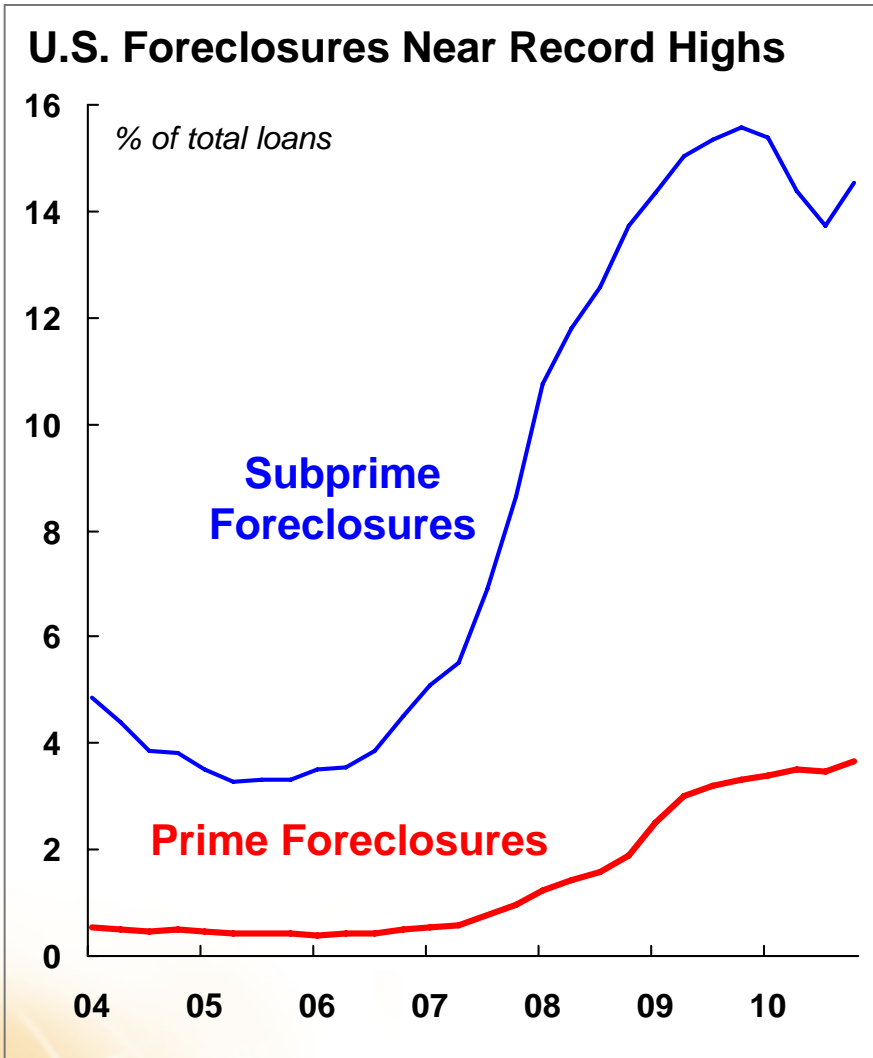
# ... But the Recovery is Uneven Across Regions and Sectors...



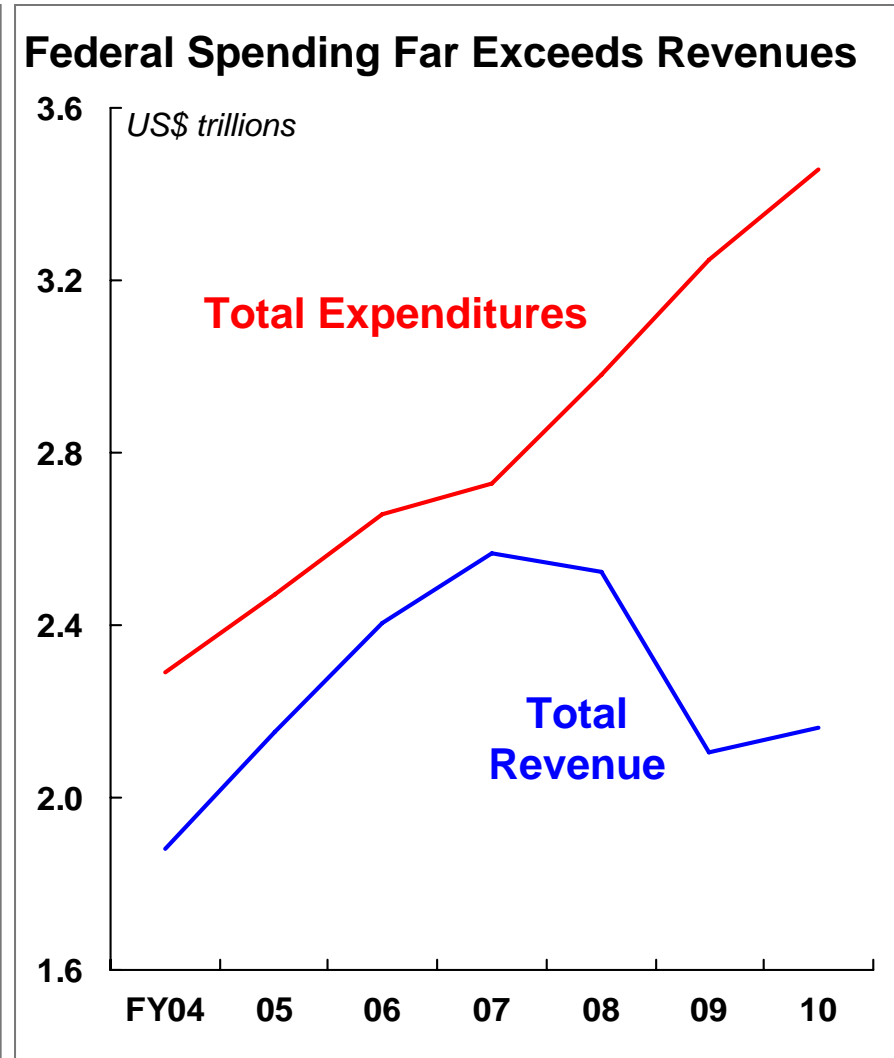
Source: Statistics Canada, BEA, Scotia Economics, Eurostat.



# ... U.S. Financial Strains Remain Intense ...



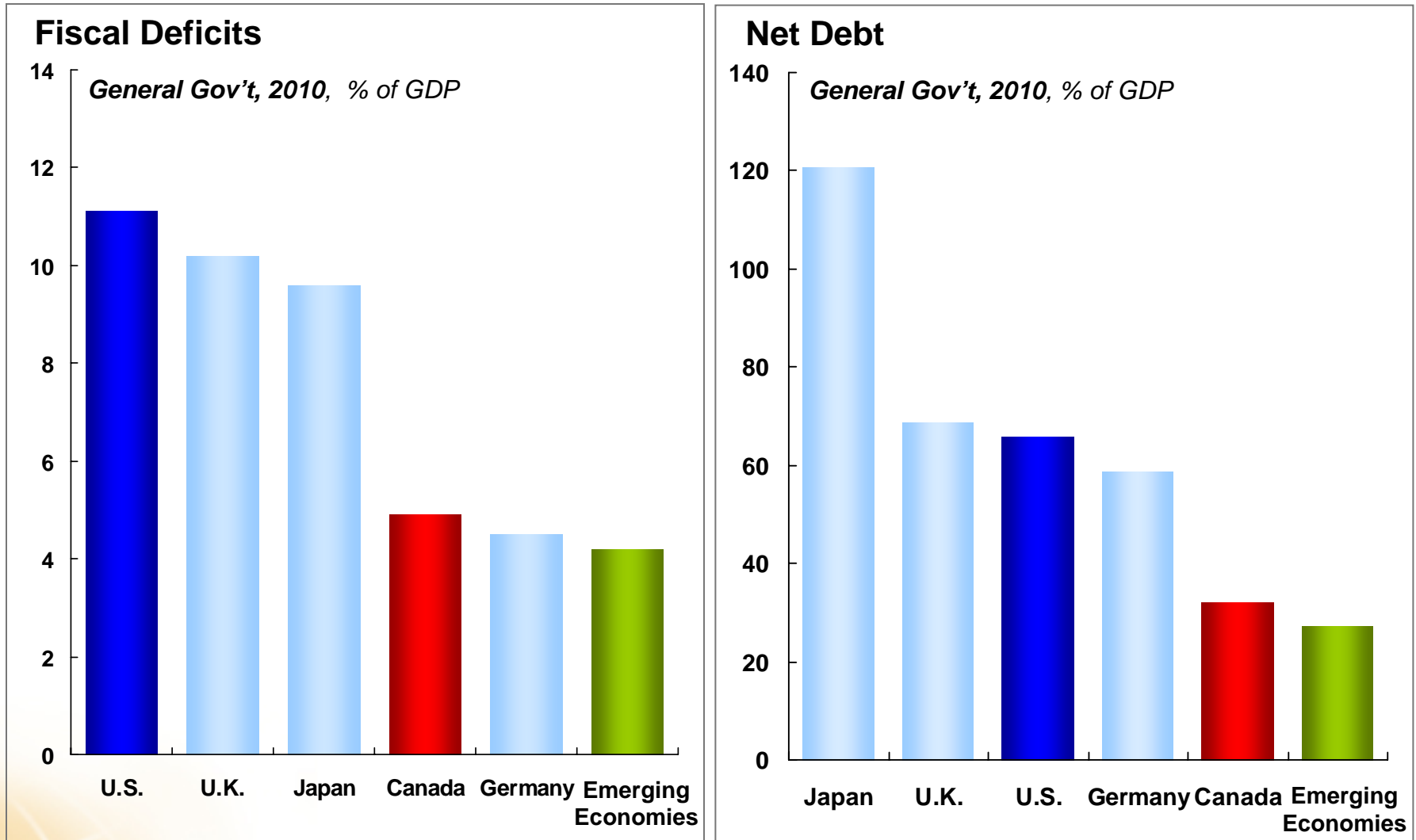
Source: Bloomberg.



Source: U.S. Treasury.

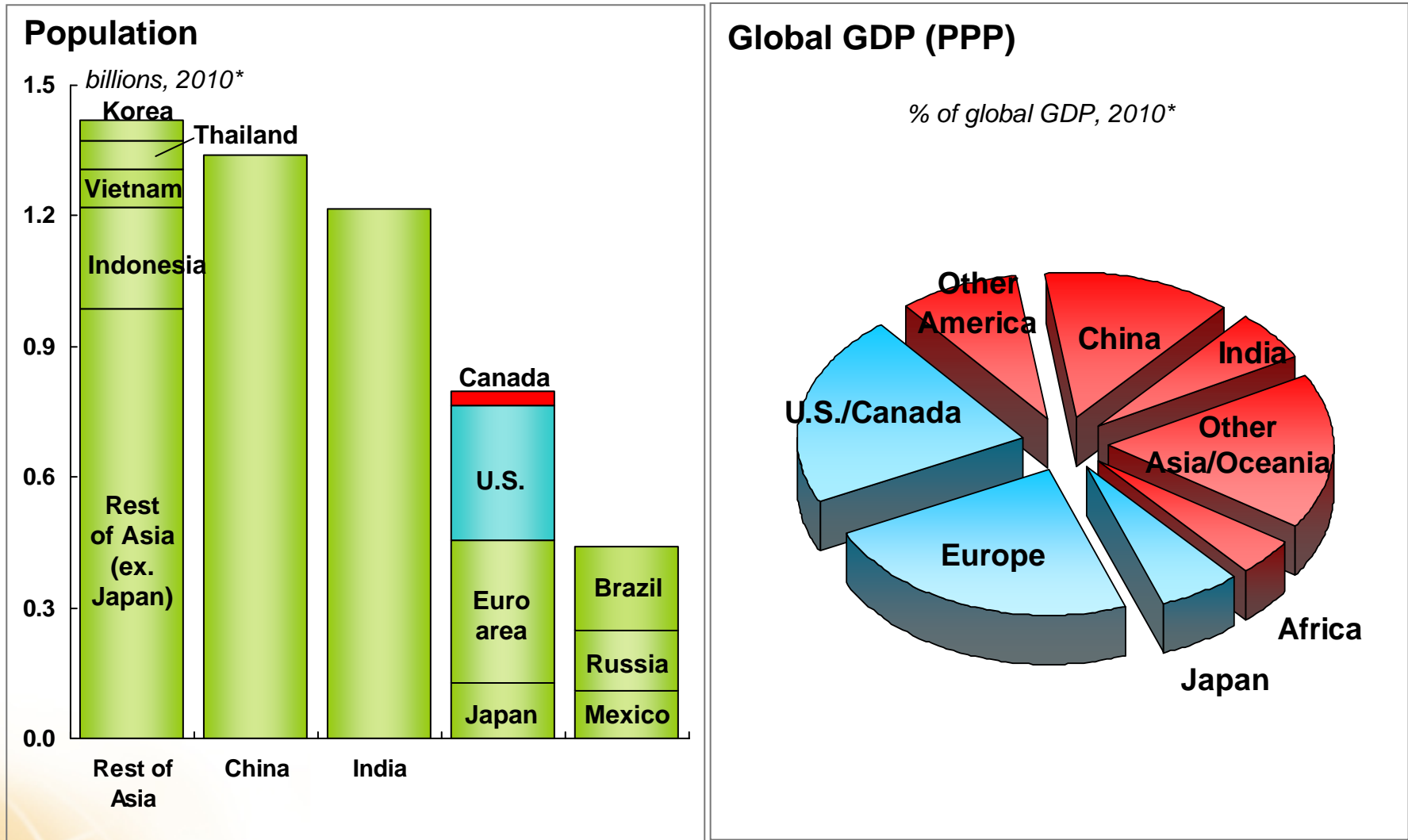


# . . . & Fiscal Repair Will Temper Growth Beyond Mid-Decade



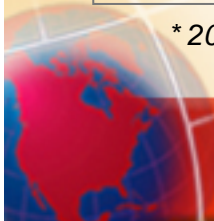
Source: IMF, Scotia Economics.

# Emerging Markets are Underpinning the Recovery . . .

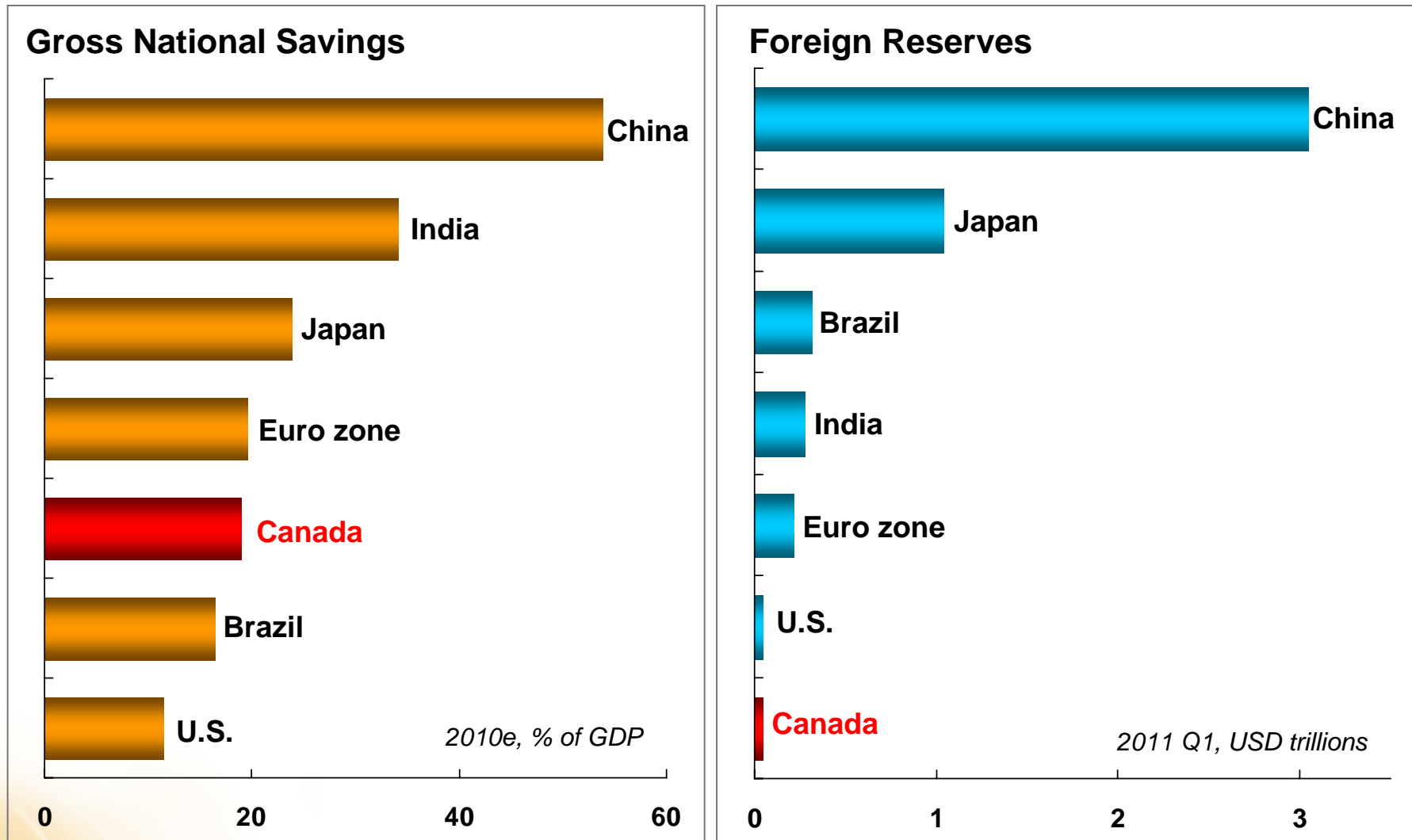


\* 2010 IMF forecast.

\* IMF estimate

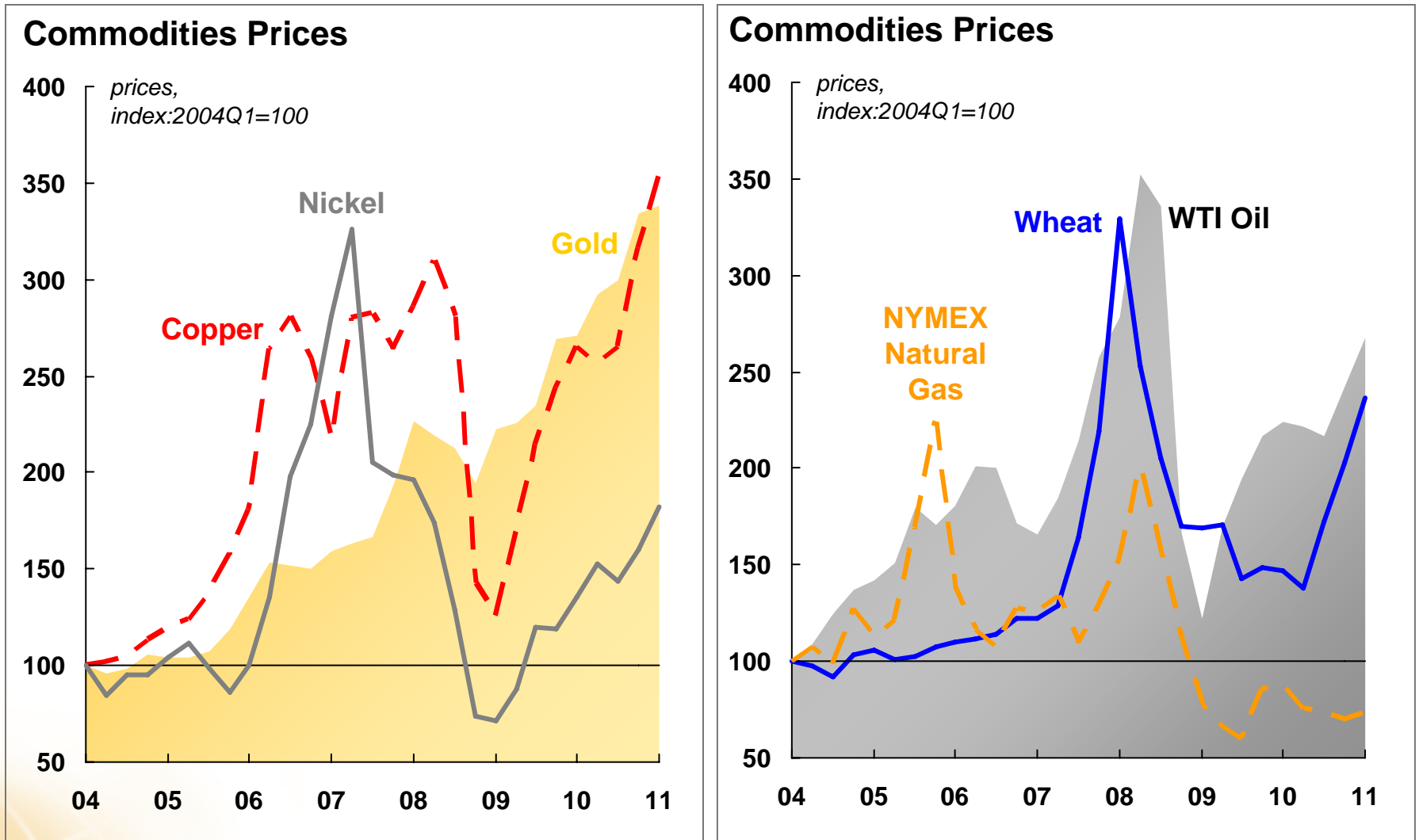


# . . . & Will Increasingly Drive Financial Market Trends



Source: IMF, Bloomberg & Scotia Economics.

# Emerging Markets also Drive Commodity Markets . . .

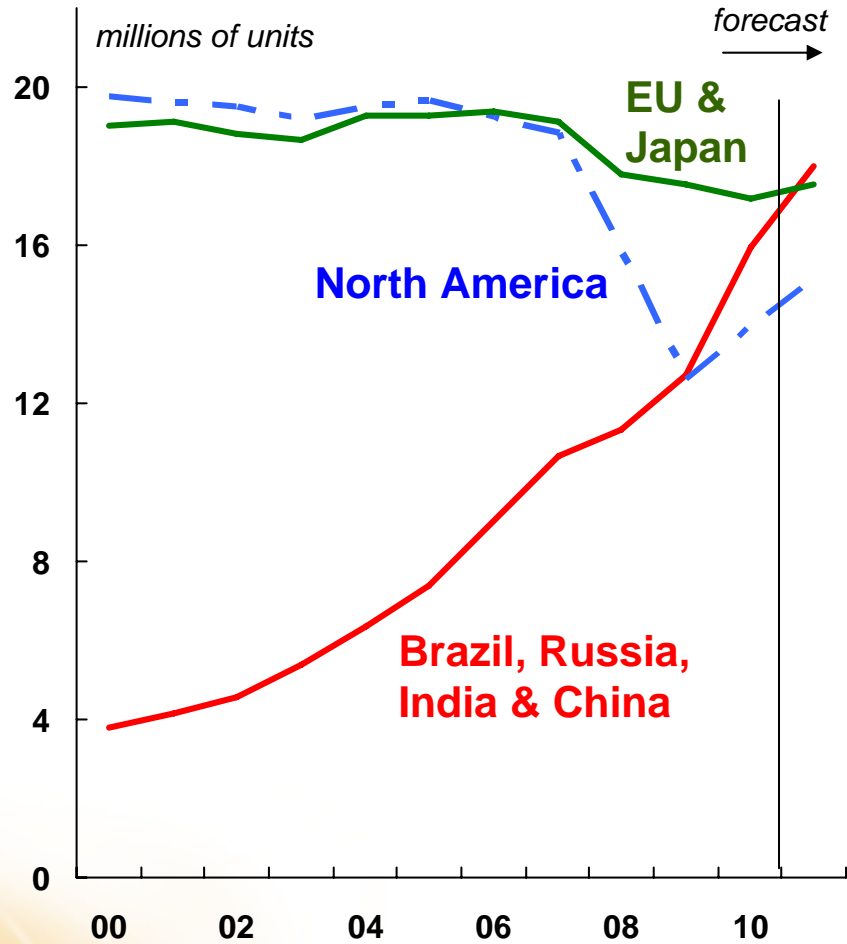


Source: Scotia Economics, Bloomberg.



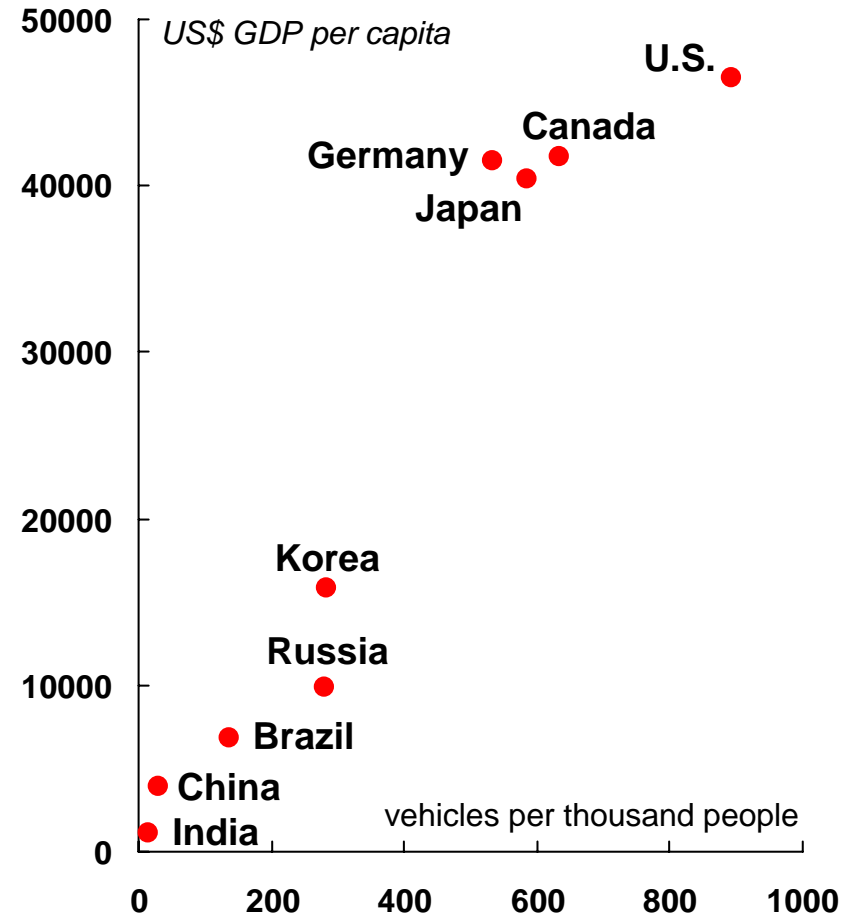
# ... & Are Reshaping the Global Manufacturing Landscape

## Motor Vehicle Sales\*



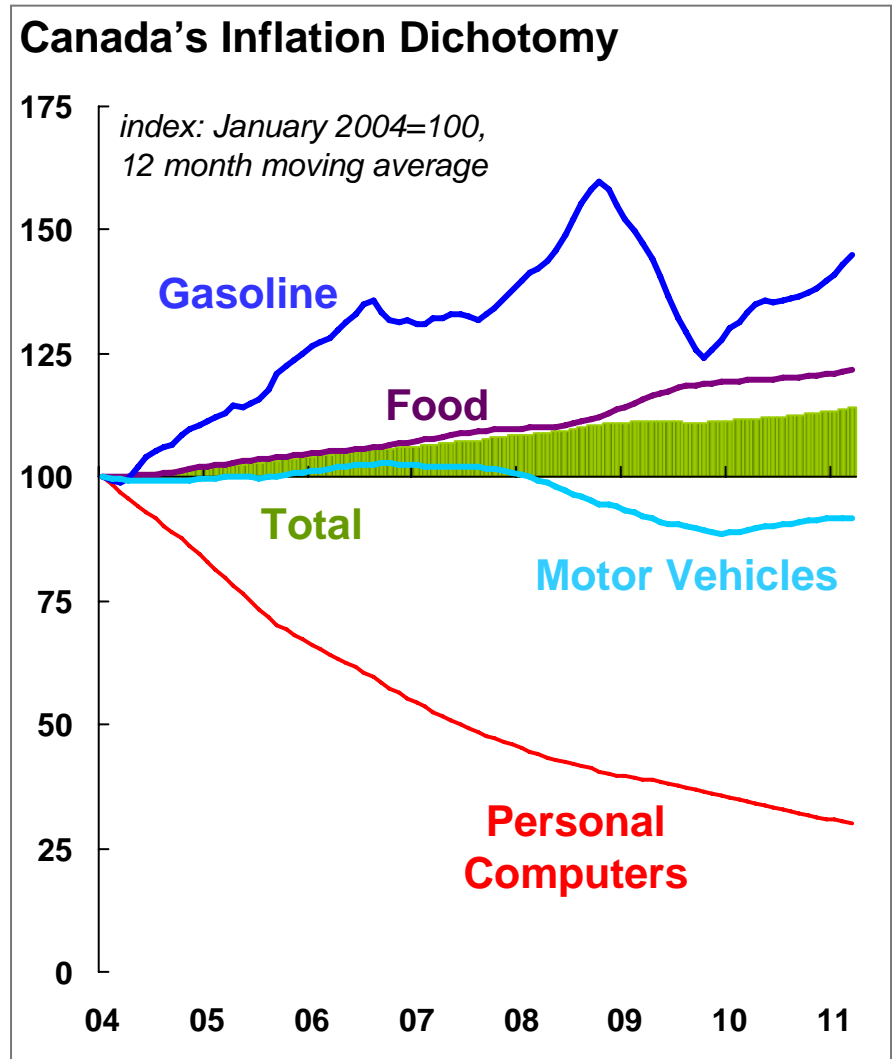
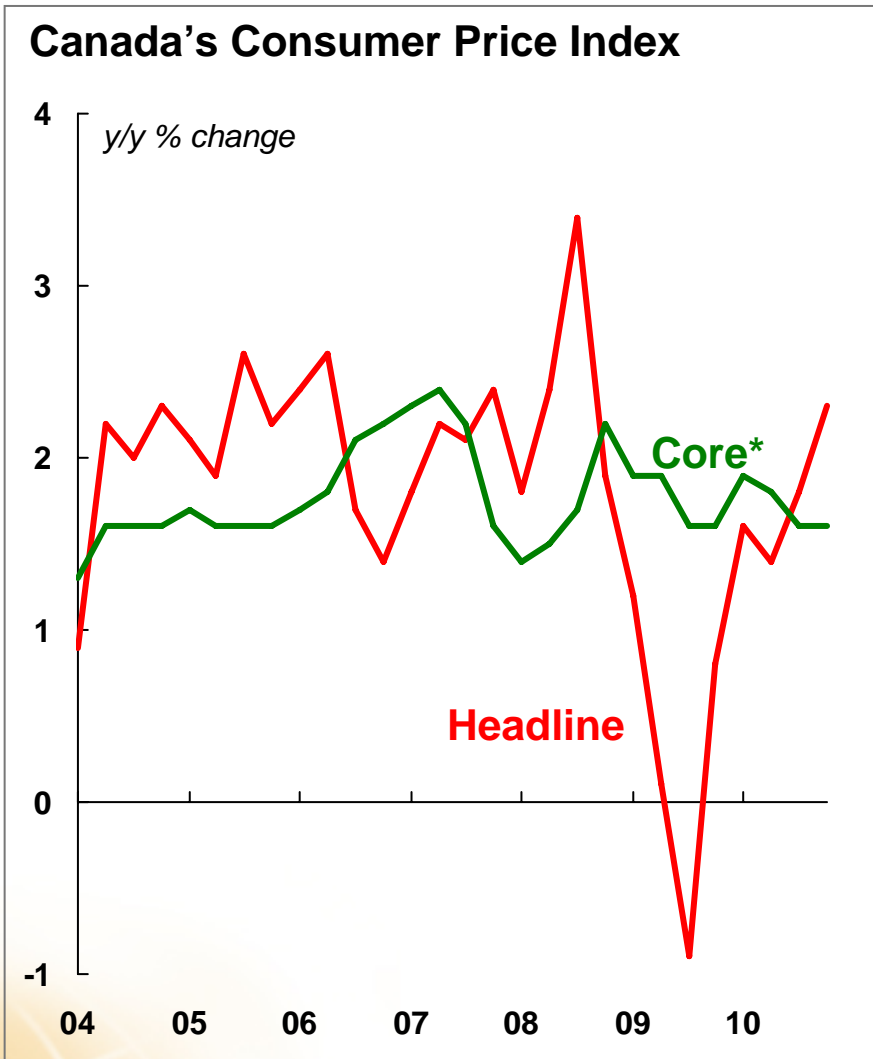
\*Includes light trucks in North America.  
Source: Scotia Economics, Ward's Automotive Reports.

## Low Vehicle Penetration in Emerging Markets



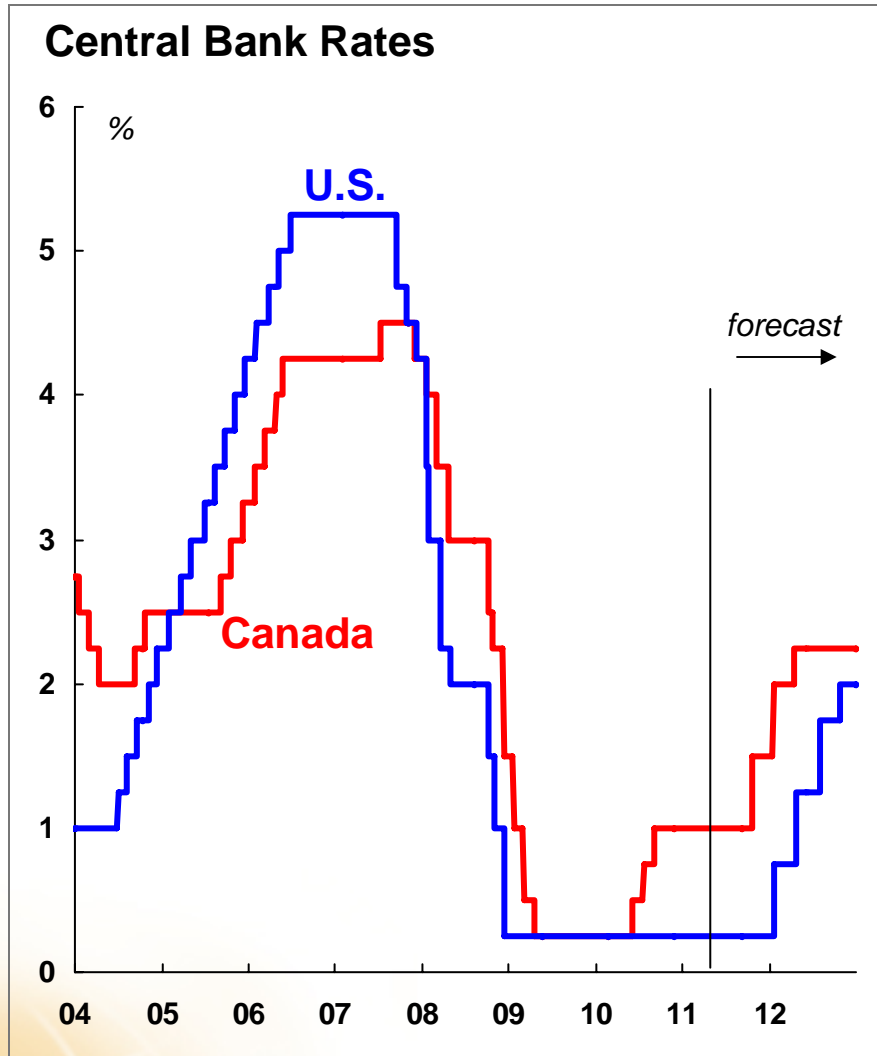
Data for 2009.  
Source: Scotia Economics, Ward's Automotive Reports.

# Inflation Risks Are Rising

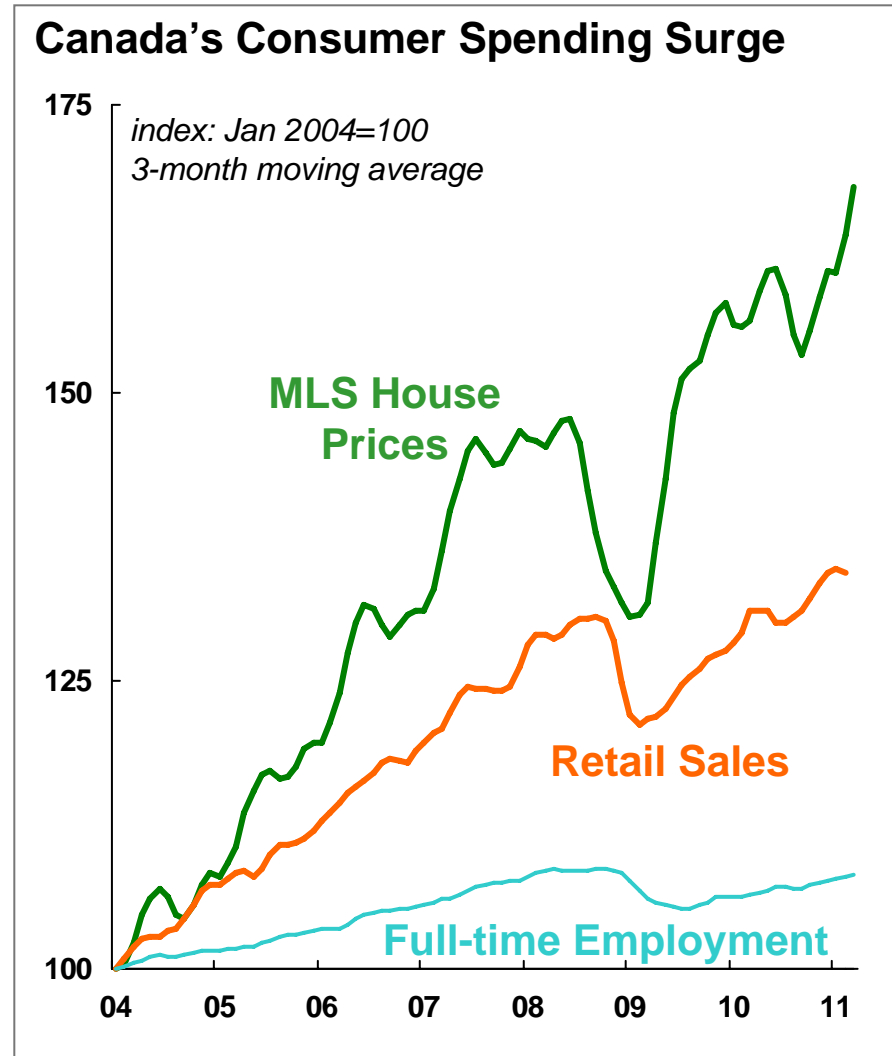


\*CPI ex-8 most volatile components & impact of indirect tax changes. Source: Scotia Economics, Statistics Canada.

# Interest Rates – Nowhere to Go but Up



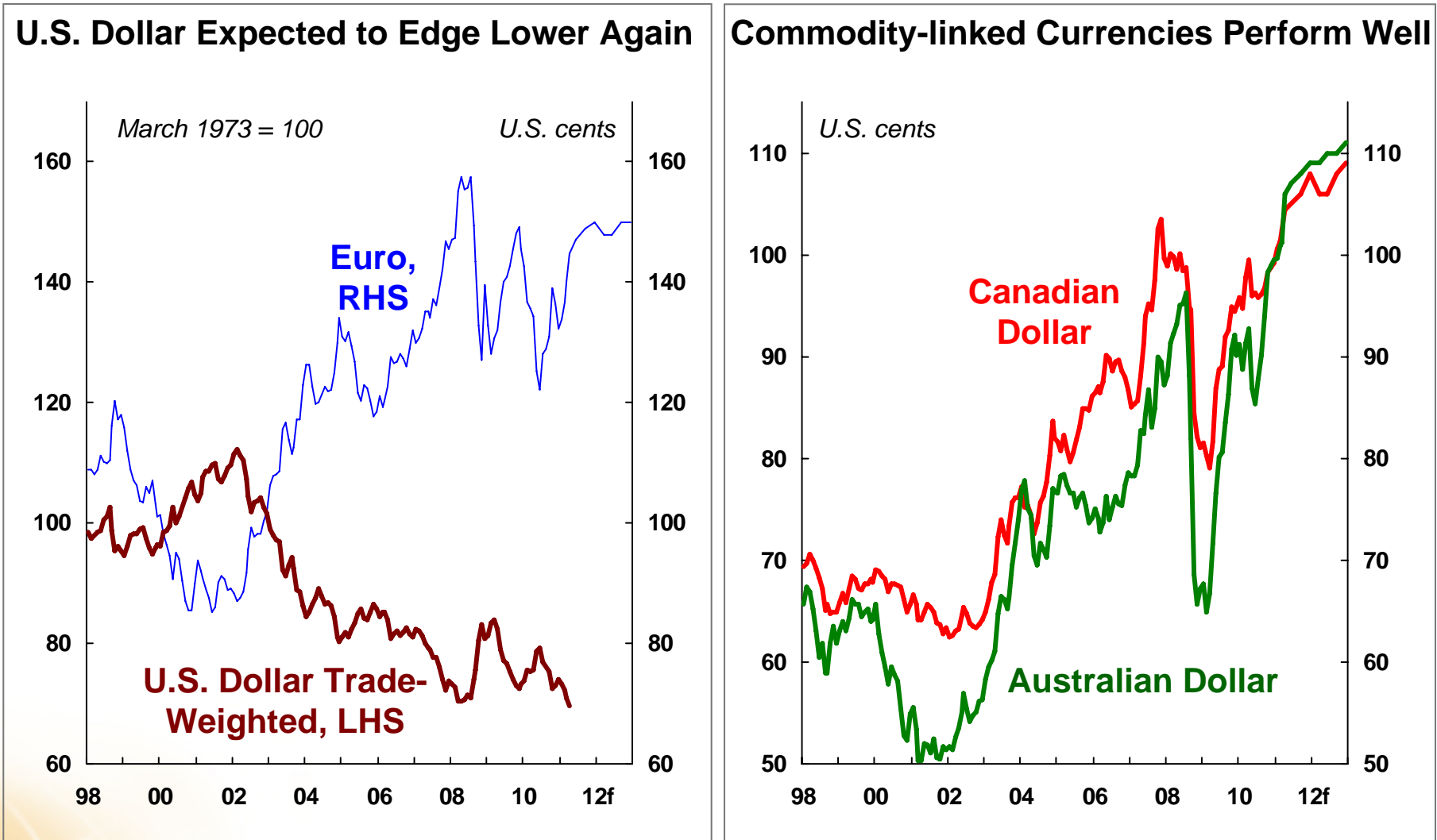
Source: Bank of Canada, U.S. Federal Reserve, Scotia Economics.



Source: Canadian Real Estate Association, Statistics Canada.

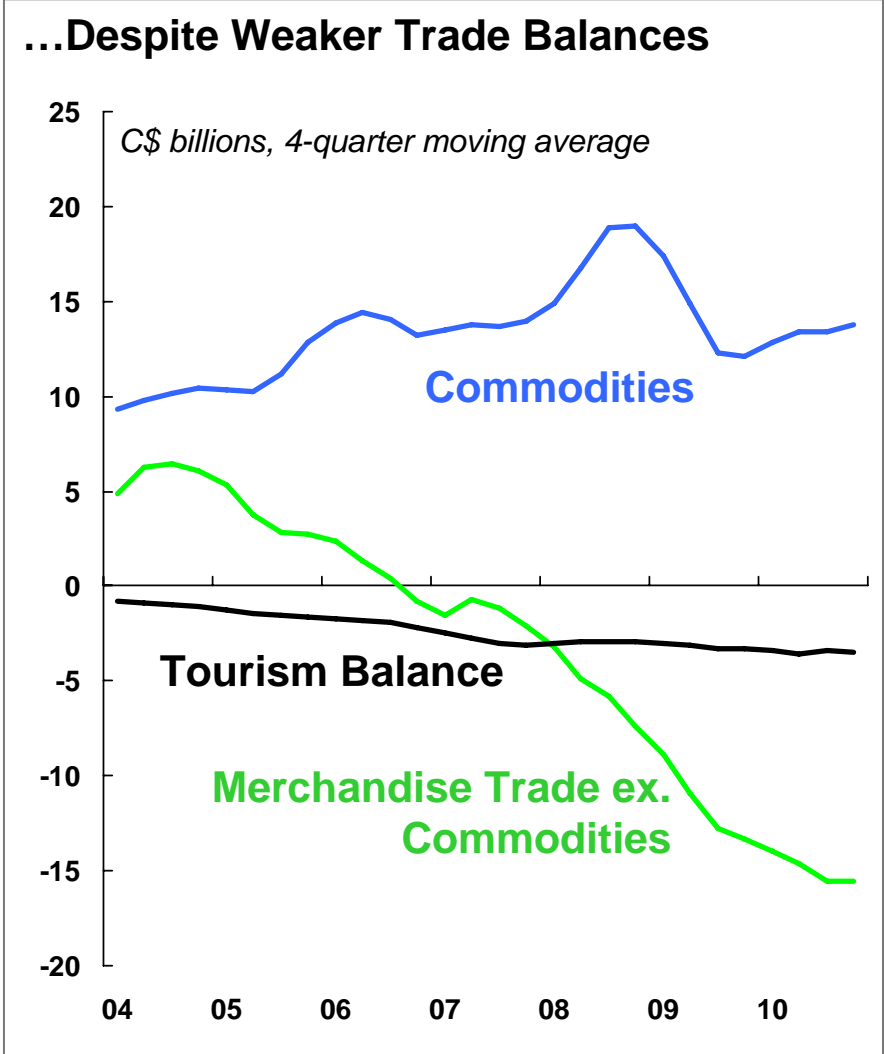
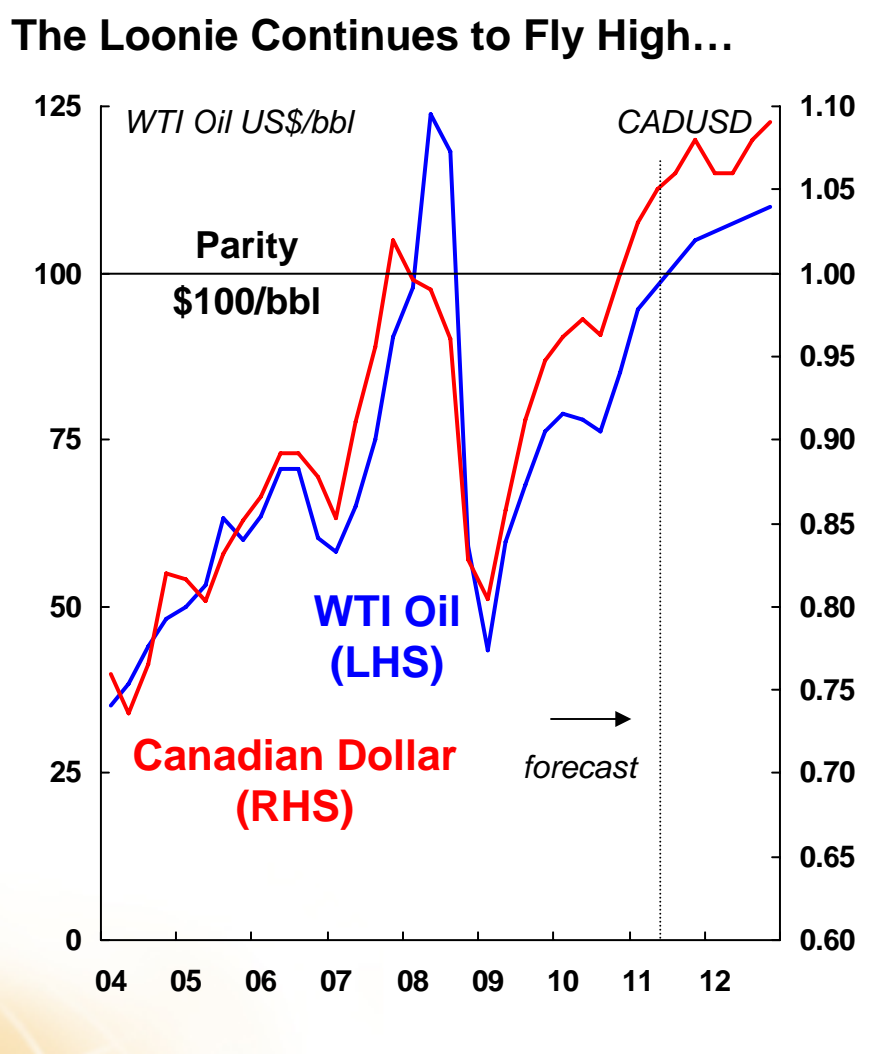


# The U.S. Dollar Remains on Shaky Ground



Data to May 3, 2011: Euro US\$1.4825; Cdn\$1.0498; Australian\$1.0845. Canadian dollar expected to appreciate further over the next 12 months. Source: Bloomberg, Scotia Economics.

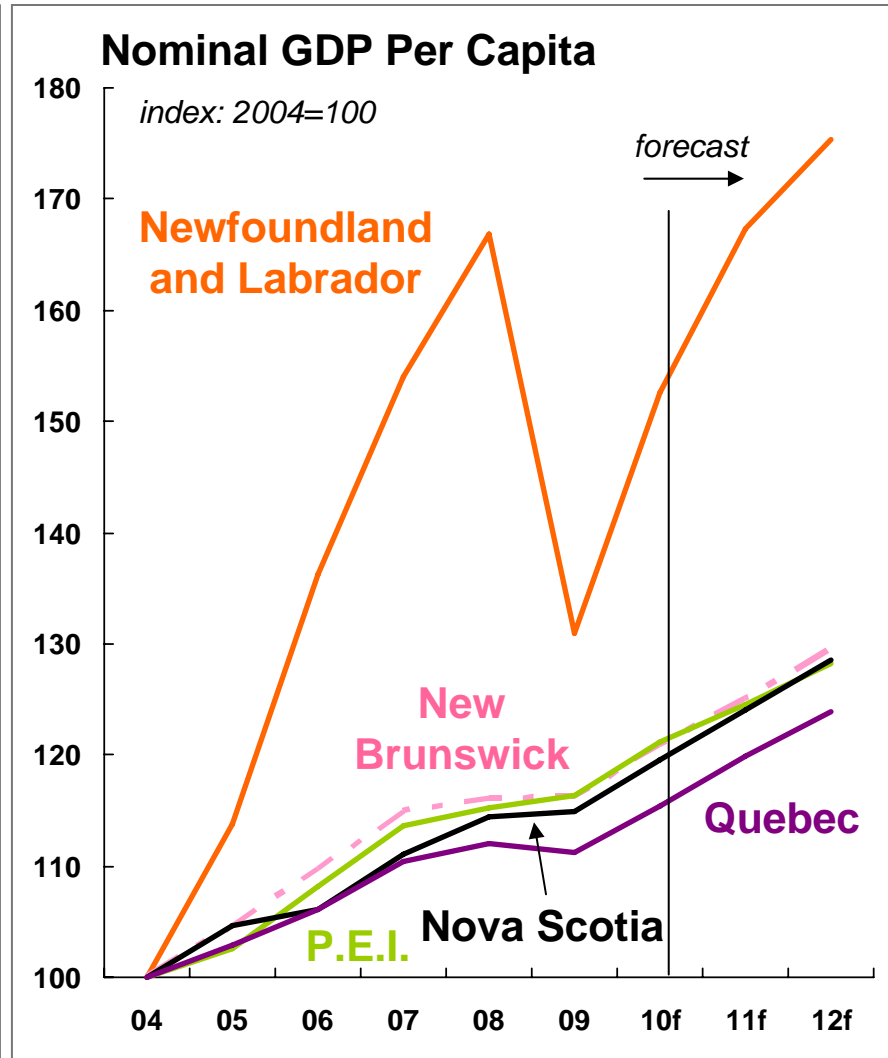
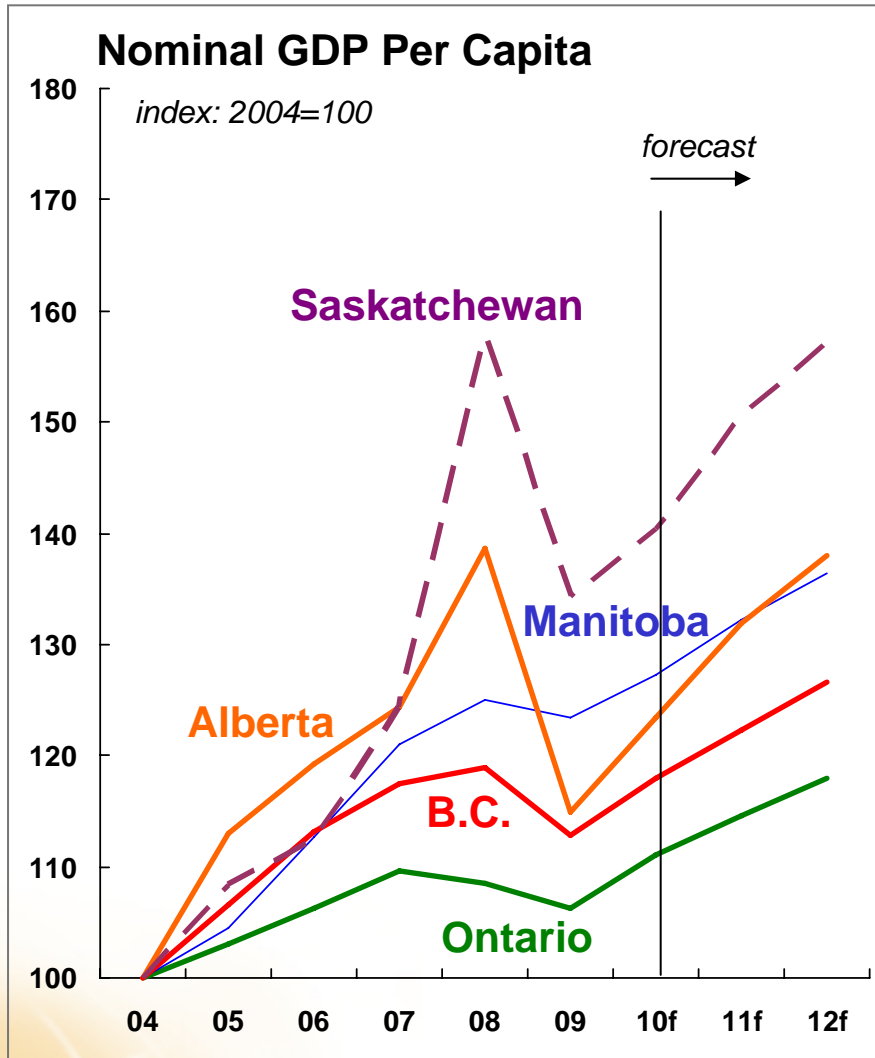
# Strong Loonie, Soft U.S. Markets Will Challenge Exporters



Source: Scotia Economics, Statistics Canada, Bloomberg.



# For Canada -- Growth Prospects Best in Resource Regions



Source: Statistics Canada, Scotia Economics.



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