

CROFT

ECONOMIC OUTLOOK & MARKET FORECAST

September 2011



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Outlook uncertain after summer of discontent

Investors may be forgiven for being confused through the past few weeks. And anxious. Welcome to the club. So are the managers of hedge funds, pension funds, mutual funds, brokers, and advisors for accounts large and small everywhere. And the advice, of course, is flying thick and fast – and contradictory. So what to do?

Billionaire investors Warren Buffett and Wilbur Ross are said to be buying what they consider are now bargain-priced assets. Economists Nouriel Roubini (“Dr. Doom”) and others are proclaiming a 50/50 chance of another recession. Many advisors are recommending staying in cash (which also actually provides a negative return after inflation and taxes).

You can pay your money and take your chances, as the saying goes. Or you can hang tight and wait for the storm to blow over. On the whole, we favour the latter course. Over our more than three decades in the business, we’ve seen our fair share of heart-stopping market gyrations, crashes, rallies, recessions, recoveries, and bull and bear markets. This one’s no different, whatever it turns out to be. We know it’s a tired old market saw that the only certainty is that markets will fluctuate, but it’s true nonetheless.

The fact is that we have had no real pullback or “breather” in the market rally that has taken the major indexes beyond 70% from 2009 lows. This ranks historically as one of the longest equity recoveries without a meaningful pullback. So a real correction had been only a matter of time, and needed only a trigger.

The equity markets are a price-discovery system that has as its overriding influences both greed and fear. Truth in pricing is, unfortunately, somewhere in between. It just so happens that the main influences in the markets recently have been fear and uncertainty. Six months ago it was greed.

Our belief is that the current situation will resolve itself by the end of the third quarter, when markets realize that a debt downgrade doesn’t mean and

equity downgrade. Profits have rebounded strongly through the course of this recovery from 2008, and we expect that when third-quarter financials are released, the current market retreat will be seen to have been a buying opportunity.

Still, this is likely to be a bad quarter on a macro basis, with flattening growth curves all around. Credit issues will dominate in Europe and the US. Remember, though, that a credit downgrade doesn't mean an equity downgrade. There are burgeoning economies around the world that have near junk ratings but have roaring equity markets. Why?

It's because debt and equity are separate and distinct investment vehicles, each with its own nuances. Keep in mind that since 2008, corporate profits have been in strong recovery. Recently, profits have been stable.

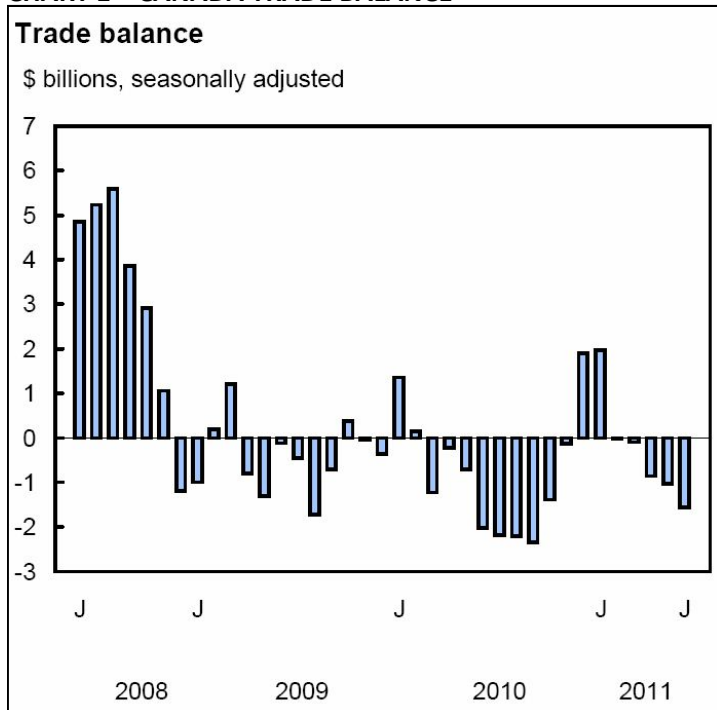
So why all the fuss? We need to ask ourselves why, for example, BCE Inc. is down. Or Brookfield Asset Management Inc., which reported a ninefold profit increase? Will we suddenly stop making the same number of calls because US Treasuries are now rated AA+ by one rating agency? Has the crisis in Europe somehow caused Brookfield's management to lose their ability to manage their massive real estate, infrastructure, and energy holdings? No, of course not! Are we on the verge of a global financial system collapse of the kind we faced in 2008? Not even close.

Furthermore, the European Union (i.e., Germany) has been active in staving off a Greek sovereign debt default. Greece, remember, is a country that produces less than 1% of all Europe's output. If Spain or Italy, countries with far more significant contribution to overall European output, needed a bailout, it would be a different story, but you can be sure some package would still be

cobbled together. Fears that a debt downgrade of French sovereign bonds from AAA status was imminent contributed much market volatility in August, increasing loss of confidence in the euro, and, paradoxically, a "flight to safety" into US Treasury bonds. (You'll recall that in a puzzling move, rating agency Standard & Poor's actually did downgrade US debt to AA+ from AAA, leaving the US - keeper of the world's de facto reserve currency - in the position of having a lower S&P credit rating than France, which is part of the slowly unraveling eurozone.)

Even if the eurozone common currency somehow becomes unwound because of intractable opposition by nations unwilling to cede sovereignty to save the currency (a distinct possibility), it wouldn't be the end of the world, though it would be messy for awhile (remember, the UK is not, and never has been, a member of the eurozone, and the world has managed to fumble along regardless). The European Union trading bloc, of which the UK is a

CHART 1—CANADA TRADE BALANCE



Courtesy Statistics Canada

member, will continue regardless.

As for Canada, the economy, so dependent on external trade, has begun to feel the pinch of global slowdown. Gross domestic product actually contracted in the second quarter, while the overall June Canadian trade deficit widened the most since last September (Chart 1), on declining exports, echoing a similar decline in the US trade picture.

Combine the eurozone crack-up with faltering economic growth, add a dash of pre-programmed trading by large institutions, hedge funds, and leveraged funds, and you have the recipe for market volatility of the kind we've seen these past few weeks (see Chart 2).

The American wealth-creation machine appears to be stuck in low gear. If you were to draw any conclusions from the latest job numbers, you might even say it is about to stall!

The US economy created 18,000 new jobs in June. Read that again! The miserable new jobs tally comes on the heels of a downwardly revised 25,000 new jobs in May, or less than half of what had initially been reported. Making one wonder if the June numbers will eventually see their own downward revision?

Clearly the US economy has problems. The unemployment rate ticked up to 9.2%, a worrying prospect for the Federal Reserve Board (Fed) and its Chairman Ben Bernanke. Besides price stability, the Fed is also responsible for helping the economy attain "full employment," which Mr. Bernanke recently defined as an unemployment rate of 5.5%. We are a long way from attaining that number.

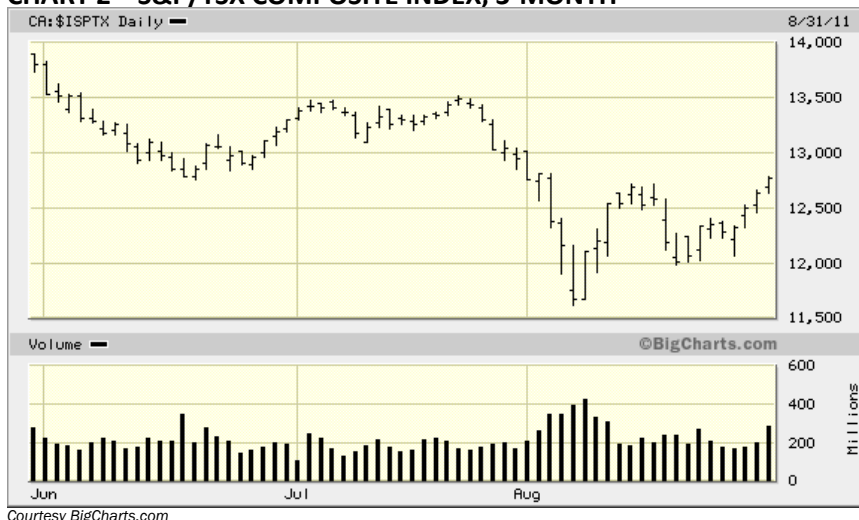
While the loss of public sector jobs has a short-term negative effect on job creation, it is not nearly as influential to GDP growth as are job losses in the private sector. The problem is that it takes time for the private sector to replace lost public sector jobs.

Private sector employers tend to be more realistic when hiring. They base decisions on economics, like having enough revenue to support new hires, rather than well-intentioned political objectives designed to prevent the economy from falling off a cliff. Over time, assuming the economy is growing, you would expect those jobs to re-emerge in the private sector.

In fact according to a recent Reuters poll, economists at top financial institutions expect the US unemployment rate to fall in 2011 and 2012 despite the surprisingly weak June jobs report. As well, it may turn out that the June numbers were a blip.

The private sector added 157,000 jobs from May to June, well ahead of

CHART 2—S&P/TSX COMPOSITE INDEX, 3-MONTH



estimates, though still not enough to make a meaningful dent to the jobs lost in the public sector. In July, the economy added just 117,000 non-farm jobs, up from only 46,000 in June, while the unemployment rate stood at 9.1%.

Looking back at this, it may be nothing more than the timing of when data are released, which does not accurately reflect the transition from public sector job losses to private sector job gains. Certainly one could argue that the shock to the global supply chain from the Japanese earthquake and tsunami in March is just beginning to wane. If so, that could auger well for private sector jobs in the second half of the year.

In the interest of full disclosure, we cannot discount the fact that this transition may take longer than previous cycles. If for no other reason than US manufacturers are not clear as to the potential costs associated with health care reform. Within the financial services industry, there are additional concerns about the extent of new regulatory requirements. In short, companies are typically reluctant to expand, hire or spend on new plant and equipment amidst so much uncertainty.

One could also make the case that US companies are simply operating with greater efficiency and may opt to manage within current employment levels. Still, capacity utilization in July ticked up slightly to 77.5% from 76.9% in June, still well below the long-term average of 80.4%, indicating plenty of slack in the manufacturing/industrial economy.

The longer term recovery in US GDP will hinge on the health of the US consumer. And demand from that segment of the economy faces the hurdle of a stubbornly depressed real estate market, which, unlike the wider economy, has undergone a wrenching “double dip.” Not to mention an ever-widening global “soft patch,” spread even further by growing signs of a slowdown in Chinese growth and the threat of a eurozone debt crack-up that have flattened stock market performance, and taken the edge off that “well-monied” feeling.

Businesses aren't feeling all that well-monied either, and look to be less so going into the second half. A survey by Bloomberg LP showed that earnings per share for companies in the S&P 500 Composite Index are expected to grow 13% in the second quarter, down from 18% growth in the first. And it could get worse if commodity prices remain elevated and the US housing market stays depressed. That troublesome residential real estate will force a continuing focus on household balance sheet repair (“deleveraging”) and will keep consumer spending restrained for the second half.

Of course much of this is already priced into the market. Companies have been very cautious about sales and profit guidance. The objective to under-promise and over-deliver seems fitting at a time when market takes a very big pound of flesh out of companies that disappoint. Just ask the management team at Research-in-Motion Ltd.

Another positive for the bulls is that a less-than-buoyant outlook for the next six months means no action by the Fed to raise interest rates until mid-2013 at the earliest. And it could push the Fed into a QE3 or some version of that, to further stimulate the economy, a move that the Fed has not specifically ruled out.

OUR FORECAST – US GDP: Sluggish job creation, a slowdown in manufacturing activity, stalled business spending, and a dead-in-the-water real estate market kept US GDP growth suppressed at only 1% for the second quarter. While things may perk up towards the end of the year, we don't expect anything more than a very modest growth rate through the second half. As a result, we've modified our full-year forecast for US GDP down to a range between 1.5% and 2.0%.

OUR FORECAST – CANADIAN GDP: As a smaller economy that is tied to the biggest one in the world (the US), it's still true that when the US sneezes, Canada catches a cold. Yes, our resources, raw materials, and manufactured goods can find markets elsewhere, but nowhere that is as close by, as large, and as open as the US. And, in fact, about three quarters of Canada's trade is with the US. It follows, then, that if the US economy experiences a slower rate of growth in the second half of the year, Canada's economy will feel the effects. That's what happened in the second quarter, as Canada's GDP contracted 0.4% annualized (Chart 3), as exports dropped 2.1%, mostly a result of one-time dips in the auto and energy sectors.

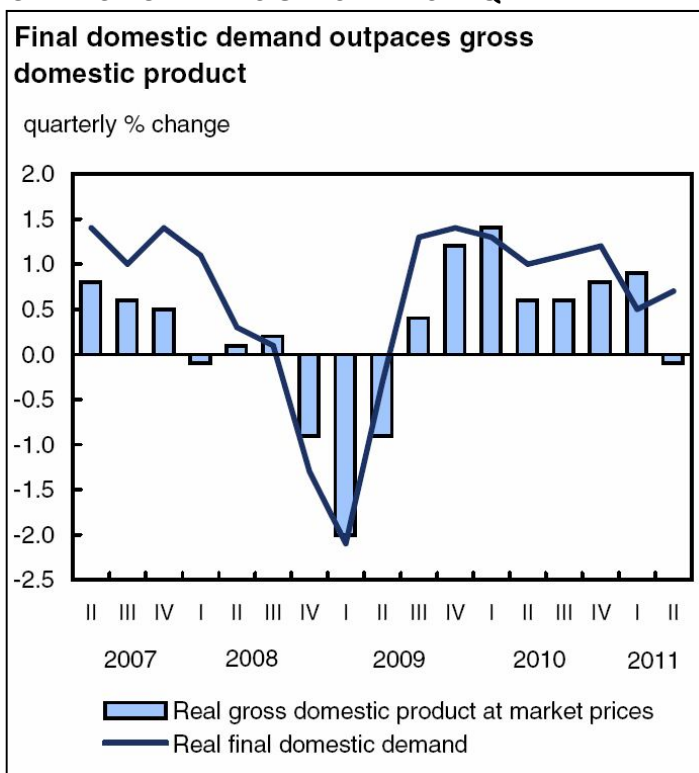
Still, Canada's relatively healthy fiscal picture, strong financial sector, and more robust employment outlook will help cushion the impact of any downturn from the US. We therefore expect the Canadian economy to have a slightly lower rate of growth in the second half than we had expected earlier in the year, and we are revising our forecast for Canadian GDP full-year growth down moderately to a range between 2.0% and 2.5%.

Interest rates, inflation, dollar

Even as credit rating agency Standard & Poor's downgraded US debt from its gold-plated triple-A status (the only rating agency to do so), the US Federal Reserve Board announced in August that it is prepared to keep its benchmark federal funds rate near zero for another two years, until mid-2013. Against a backdrop of deteriorating economic fundamentals, the Fed also darkened its outlook, saying that downside risks for the economy have increased and expecting a "somewhat slower pace of recovery over coming quarters."

As Hurricane Irene bore down on the eastern seaboard of the U.S. in late August, another variety of hot air blew out of a place called Jackson Hole, Wyoming. That's where assorted central bankers and economic deep thinkers meet every year for a gabfest to exchange ideas and dine on the proverbial rubber chicken. The Chairman of the US Federal Reserve Board, Ben Bernanke, traditionally makes a speech outlining the Fed's views on the economy, monetary policy, interest rates, and so forth. And the effect of his speech on markets this year was more in the anticipation than in the consummation.

CHART 3—CANADA'S GDP SHRINKS IN Q2



That's because Bernanke didn't say much of anything. Certainly nothing that he has not been telegraphing for some weeks. Still, he gave stocks markets some measure of relief, after another trying week of giddy ups and downs on weak manufacturing reports from various regions in the US, mixed signals from the durable goods report for July, an uptick in new claims for unemployment benefits, and the continuing crisis in the eurozone. And, oh yes, anticipation of what Bernanke would say, with plenty of speculation about the contents of the Fed's fabled "quiver," whether or not another round of quantitative easing is imminent, even whether the Fed is any longer capable of meaningfully affecting the course of events, given that the first two rounds of quantitative easing have been progressively less effective, and its benchmark federal funds rate is already at zero.

No matter. Investors seemed to breathe a bit easier on Friday after Bernanke's speech, which was innocuous, to say the least. He essentially reiterated that the economic recovery isn't as strong as everyone had hoped it would be. He said, "The growth fundamentals of the United States do not appear to have been permanently altered by the shocks of the past four years," and added that "economic healing will take awhile, and there may be setbacks along the way." To that, we add, see our comments about hot air above.

Perhaps of more interest were remarks by Thomas Hoenig, the president of the Kansas City Federal Reserve Bank, at the same confab. In a television interview, Hoenig said, "I don't see a double-dip recession." Hoenig, of course, is part of the Fed's minority opposition on some key matters of monetary policy, especially the essential looseness thereof. And he has also been a vocal critic of allowing banks to become "too big to fail" in the first place. So if Hoenig basically agrees with Bernanke on the question of a double-dip recession, he's probably worth listening to.

Second-quarter U.S. gross domestic product (the economy, in other words) grew at an annual rate of only 1%, dragged down by slowing exports and some foot-dragging by businesses in the inventory restocking department. Both consumer and business spending, however, were higher in the quarter, suggesting more impetus for growth in the third quarter of the year. To that extent, at least, the news was less bad than it has been over the past couple of weeks, or at least was perceived thus.

Still, both federal Finance Minister Jim Flaherty and Bank of Canada Governor Mark Carney remained relatively confident last week that the second half of the year would see a return to slow recovery. Mr. Carney hedged the Bank of Canada's bets on removing stimulus, saying only that the BoC would be "prudent" on any possible withdrawal of stimulus – a remark taken to mean that a rate hike is not imminent.

Mr. Carney can afford to gloat just a bit, given that Canada's all-items consumer price index dropped to an annual 2.7% rate in July from 3.1% in June. And with the Bank of Canada target overnight rate still at 1.00%, the BoC has plenty of wiggle room to cut rates should economic conditions deteriorate further.

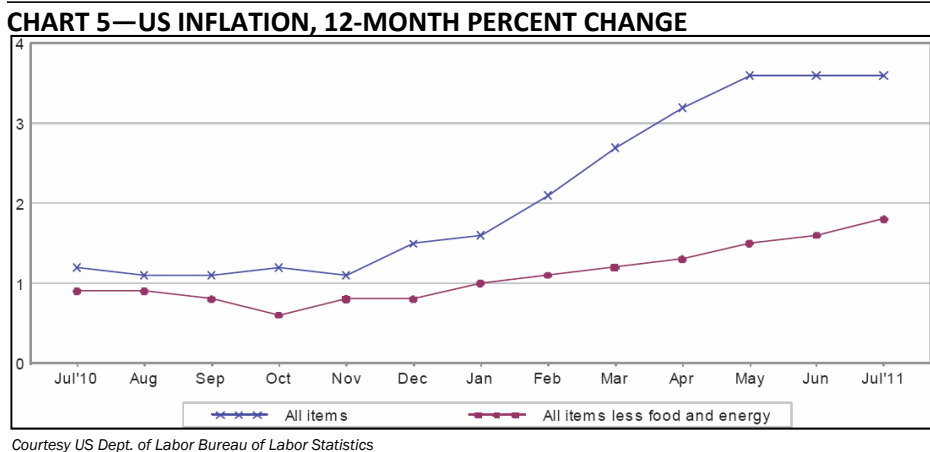
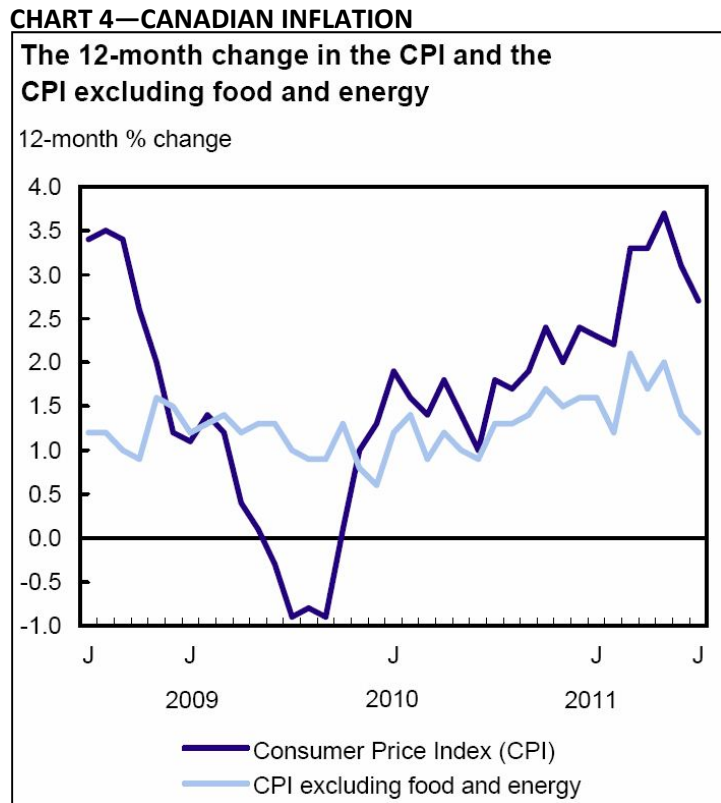
OUR FORECAST – CANADIAN INFLATION AND INTEREST RATES: We don't see the Bank of Canada cutting rates at this juncture. The Canadian economy is still growing, though admittedly at not quite the same rate as in the first quarter of the year – in fact, far from it. The second quarter may come in nearly flat. But things are likely to pick up again towards the end of the year. In addition, the annual rate of inflation stood at 2.7% in July, stubbornly above the Bank of Canada's mid-point target of 2%, but still within its acceptable range of 1% to 3%.

At this stage, we see nothing that is likely to markedly chop Canada's inflation rate through the second half of the year, given our outlook for a resumption of growth in the final quarter. With food and energy prices unlikely to nosedive anytime soon, we continue to project an annual inflation rate of between 2.5% and 3.0% to the end of the year.

An environment of slowly rising inflation, especially if it edges towards the upper limit of the BoC's acceptable ban, raises the probability of a hike in the Bank of Canada's benchmark interest rate, by between 25 and 50 basis points by year-end. Consequently, we still expect the BoC to hike its target overnight rate to between 1.25% and 1.50% by the end of the year.

OUR FORECAST – US INFLATION AND INTEREST RATES: Don't fight the Fed! It's a lesson investors both large and small seem to forget through every recessionary cycle on record. And the Fed has pledged to keep its benchmark federal funds rate at near zero until mid-2013. That implies a fairly pessimistic outlook for the US economy for the next 18 months or so.

The Fed is also mindful of the inflation genie, struggling to push the stopper out of the magic lamp. The all-items consumer price index remained at an annual 3.6% in June, while the core rate of inflation (which excludes supposedly volatile prices like food and energy) edged up to an annual 1.6% rate. Assuming the Fed uses an implied inflation target of around 2% in the core rate (unlike the Bank of Canada, the Fed doesn't actually have an inflation rate target), the current core rate is within acceptable limits, and doesn't yet pose a threat to price stability, the maintenance of which, let us remind ourselves, is the Fed's primary mission and reason for being.



More troubling is the producer price index, which rose to an annual 7.2% in July, up from 7.0% in June, as food prices contributed to higher costs. The core PPI rose to an annual 2.5%, the highest level since June 2009.

Still, GDP growth soft, capacity utilization well below historical norms, unemployment stuck around 9%, business and consumer confidence wavering, and wage costs under control, the Fed is not likely to see inflation as a problem until late 2012 at the earliest. Accordingly, while we are revising our 2011 forecast for U.S. inflation (all-items CPI) up to a range between 3.0% and 3.5%, we take the Fed at its word, leaving our forecast for the federal funds rate at between 0% and 0.25% for the rest of this year.

OUR FORECAST – CANADIAN DOLLAR: In view of our outlook for softer GDP growth rate for Canada through the final months of the year, weaker commodity prices as global demand fades, and the inability of the European

Union to resolve the eurozone peripheral-nation debt crisis, we think that Canadian dollar strength will ebb somewhat by the end of the year. Accordingly, we've revised our forecast for the Canadian dollar to a range between US\$0.95 and US\$1.05 for the remainder of this year.

Looking ahead to 2012, it's possible that some sort of stimulus will be enacted, given that it's an important election year and that unemployment is likely to remain elevated. That, and a turn for the worse in the eurozone, could easily give the US dollar a short-term boost going into 2012, keeping the loonie at or very near par.

However, the political climate in the US is

charged, to say the least, so our crystal ball becomes even cloudier beyond the first quarter of 2012.

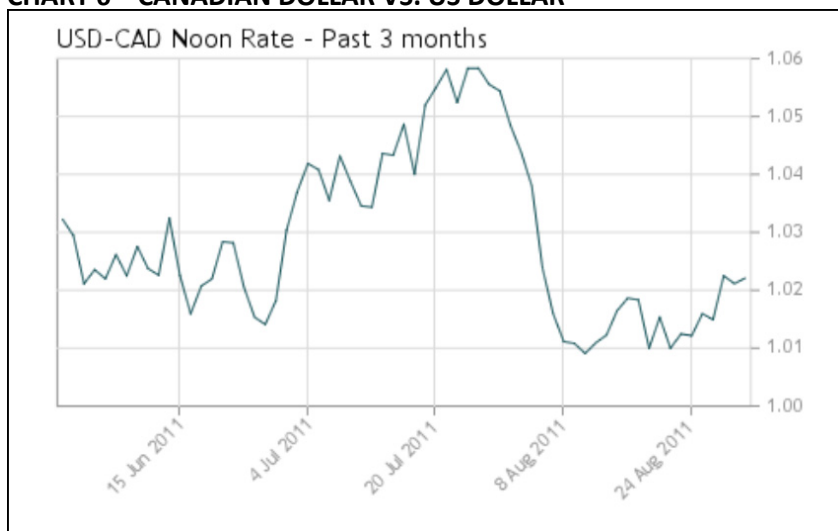
Commodities – gold and oil

Commodity prices, as measured by the benchmark Reuters Jeffries/CRB Index, plunged 9% in the two weeks from July 26 to August 9. And from the index's high on April 27, it had lost over 13% to August 9. Traders, speculators, hedge funds, and other players in commodity markets took their money and ran for safer harbours as fears of financial contagion in the eurozone spread to Spain and Italy, while weaker employment and manufacturing datapoints from the US raised fears of economic contraction, perhaps even recession. Stock markets gyrated wildly, as the big indexes posted consecutive days of steep gains and losses on heavy volume, and finally slid into correction territory, usually defined as a 10% drop from a recent high.

Commodities followed suit, as rising concern about faltering demand resulted in a rush to lock in profits through August.

OUR FORECAST – OIL: A revised monthly forecast from the Organization

CHART 6—CANADIAN DOLLAR VS. US DOLLAR



Courtesy Bank of Canada

of the Petroleum Exporting Countries (Opec) in early August added to the growing number of forecasts predicting slower growth in world oil demand as slower economic growth pinches consumers and businesses in both emerging and developed markets.

The price of oil dropped to the US\$86 per barrel during the early-August panic, as the flight from risky assets translated into a steep dive for commodity prices, including oil. However, the price for oil has since recovered to near US\$90 per barrel at the end of August, as fears of another recession subsided.

Oil is not a commodity in crisis. Supply is plentiful, and demand continues to grow, albeit perhaps not at quite the pace seen through 2010 and into the first quarter of this year. The global economy began to slow markedly in the second quarter, especially in emerging markets, which wrestled with both inflation and appreciating currencies, implementing monetary policy tightening in the process. That tightening cycle has largely come to an end, and although emerging markets are not likely to power the global economy the way they did in 2010, they haven't exactly gone into a tailspin either. Demand for energy and raw materials will continue to expand in emerging markets in the final months of the year, lending support to the commodity complex as a whole.

Accordingly, we see the price of oil continuing to recover from its August low, given our forecast for slightly stronger global economic growth in the fourth quarter. By the end of the year, then, we see oil trading in a range between US\$90 and US\$100 per barrel, a US\$10 per barrel downward shift from our previous forecast range.

OUR FORECAST – GOLD: The price of gold shed nearly US\$200 per ounce after reaching a record high near US\$1,900 per ounce in early August. A number of well-known analysts released reports and forecasts in August stating that gold had entered a “bubble” phase and was ready for a steep correction. That didn't happen, as the precious metal continued to defy predictions. By the end of August, it had recovered to over US\$1,800 per ounce.

It's fair to say that gold continues to be the ultimate store of wealth, being currently priced on its value as a crisis hedge. So we'd have to ask under what circumstances the price of gold would be likely to fall at this stage. First you'd have to see the threat of financial chaos in the eurozone disappear, but that doesn't appear likely to happen in the foreseeable future. You'd have to see a reso-

CHART 7—NYMEX DECEMBER CRUDE OIL FUTURES, 1 YEAR



Courtesy BigCharts.com

CHART 8—COMEX DECEMBER GOLD FUTURES, 1 YEAR



Courtesy BigCharts.com

lution of the US deficit and debt problem, again something that's not likely to happen before the presidential election in 2012, and maybe not even after that. You'd have to see some measure of stability return to North Africa and the Middle East – instead, we're seeing growing instability as old dictatorships are forced out and rebel factions start squabbling for control.

So while gold may see some technical retreats when momentum becomes a bit too hot and heavy, it's likely to remain elevated at least until the end of 2011, and may see new highs going into 2012. As a result we are raising our forecast range for the price of gold to between US\$1,650 and US\$1,900 per ounce to the end of 2011, a US\$150 increase in our forecast band.

Equity markets

Following a steep correction in that began in mid-July, Toronto's S&P/TSX Composite Index bounced off a support level around 11,600 back on Aug. 8. Strong buying on high volume helped push the gauge into a shallow rally that took it past 12,700 by the end of August. Not for any lack of grim news, of course. That's significant, because it is indicative of some vestigial fundamental strength in the Canadian market, shored up by the perception of relative health in Canada's financial system and resource economy, especially gold.

That 11,600 support level on the TSX is significant because it was last seen a year ago, and represents the 52-week low for the index. By early August The S&P/TSX was 16% down from its April peak, well into "correction" territory. If the S&P/TSX decisively punctures that support level, then we'd have to say the market has "capitulated," dropping more than 20% from its high and descending into full-blown bear mode.

As yet, that hasn't happened. In fact, after bottoming in August, stock markets around the world showed renewed signs of life, rising in concert and showing broad strength across all sectors.

One source of support for the TSX has been the gold sector. Given the continuing debt crisis in the eurozone, climbing inflation in the US, and the threat of another recession, gold touched a record high near US\$1,900 per ounce before submitting to a quick correction and finding renewed strength by the end of August. Defying all talk of "bubbles," "momentum," and "speculative frenzy," gold continued climbing with each bit of bad economic news bubbling to the surface. As a consequence, the S&P/TSX Global Gold Index of major gold mining companies climbed 17% from its 52-week low.

The big issue through the third quarter has been whether current US data are pointing to another recession. What particularly spooked traders in August was an obscure survey of local manufacturing from the Federal Reserve Bank of Philadelphia. That manufacturing index had dropped to a level last seen during the 2008-09 recession. It followed a similar survey by the New York Federal Reserve Bank earlier in the week. In addition, any recovery in the US housing market seemed to fade, as the National Association of Realtors reported a 3.5% decline in sales of previously-owned homes in July.

Even more troubling for observers was the precipitous slide in US Treasury bill yields. In August, the yield on US 10-year Treasury notes dropped below 2%

for the first time in 50 years. Moreover, the spread between US Treasuries and junk bonds widened to more than seven percentage points as skittish investors abandon the high-yield market in droves. In the past, such moves have often heralded the onset of a recession, and investors, with eyes fixed firmly on 2008-09, are not taking any chances.

Canada is not immune or insulated from the broader forces sweeping around the globe. Manufacturing sales posted the third consecutive monthly decline in June, falling 1.5%, prompting some analysts to reverse their estimates for sluggish second quarter growth to a slight contraction, which is precisely what happened as Canada's GDP shrank 0.4% annualized in the quarter. One encouraging signal that the second-quarter contraction is not necessarily recessionary is that in June, GDP expanded again, by 0.2%, suggesting that extraordinary dips in auto and energy exports were the main contributing factors, and are not likely to be repeated.

OUR FORECAST: Canadian stocks react to US events (most of our trade is with the US), and so further rallies in the Canadian market will be dependent on what happens south of the border. And there, as we said, the outlook is less than rosy.

The best that can be said is that by the end of August markets had edged higher, recovering some of the ground lost during the August correction. But don't break open the bubbly yet. A breakout above 1,365 for the S&P 500 would be necessary to declare a resumption of the bull market.

While we believe that equity markets in general will rally from the August lows, performance is still likely to be tepid. We are therefore downgrading our target range somewhat from our previous projections. Accordingly, we believe that Toronto's S&P/TSX Composite Index will end the year somewhere in a range between 11,500 and 12,500. New York's S&P 500 Composite Index is also likely to feel the drag of slower economic growth, and we forecast that it will close the year at level somewhere between 1,200 and 1,300. ■

CHART 9—S&P/TSX COMPOSITE INDEX, 1 YEAR



Courtesy BigCharts.com

CHART 10—S&P 500 COMPOSITE INDEX, 1 YEAR



Courtesy BigCharts.com

CHART 11—MSCI WORLD INDEX, 1 YEAR



Courtesy Bloomberg LP.



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ECONOMIC OUTLOOK & FORECAST

Forecast for December 31, 2011

Measure	Our April 2011 Forecast	Our August 2011 Forecast	Revision
Canadian GDP	2.5%-3.0%	2.0%-2.5%	Down
Bank of Canada target overnight rate	1.50%-2.00%	1.25%-1.50%	Down
Canadian Consumer Price Index	2.50%-3.00%	2.50%-3.00%	Unchanged
Canadian dollar in US dollar terms	US\$1.00-\$1.10	\$0.95-\$1.05	Down
US GDP	2.75%-3.25%	1.50%-2.00%	Down
US federal funds rate	0.25%-0.75%	0.00%-0.25%	Down
US Consumer Price Index	2.00%-2.50%	3.00%-3.50%	Up
Gold/oz.	US\$1,500-\$1,650	\$1,650-\$1,900	Up
Oil/bbl.	US\$100-\$110	\$90-\$100	Down
S&P 500 Composite Index	1,400-1,450	1,200-1,300	Down
S&P/TSX Composite Index	14,000-15,000	11,500-12,500	Down