



**Bank
Financial
Group**

TD Economics

Quarterly Commodity Price Report

March 18, 2008

INVESTOR STAMPEDE INTO COMMODITIES ADDS LAYERS OF UNCERTAINTY TO THE PRICE OUTLOOK

The TD Commodity Price Index (TDCI) in U.S. dollars is on track to record a gain of more than 10% in the first quarter of 2008 alone – its best start to a year since 2003. Indeed, despite a few mis-steps along the way (including the one yesterday), commodities have been one of the lone markets that have thrived since the outbreak of the credit crunch last August. Over that period, four of the five TDCI sub-indices have recorded impressive double-digit gains, led by agricultural products (+65%) and energy (+55%). Only the forest products sub-index has stalled, dampened by housing-related softness in the lumber component.

Upward price trend not explained by fundamentals

It is normally the case that commodity prices track underlying commercial supply and demand fundamentals well. But, a close look at the fundamentals fails to uncover the source of the commodity market's resilience since the autumn. In some areas, notably natural gas and wheat, market supply/demand conditions have undoubtedly improved, but these cases are few and far between. Severe weather conditions and power outages in key mining strongholds of China and South Africa in early 2008 have raised supply concerns in a number of markets. Still, these im-

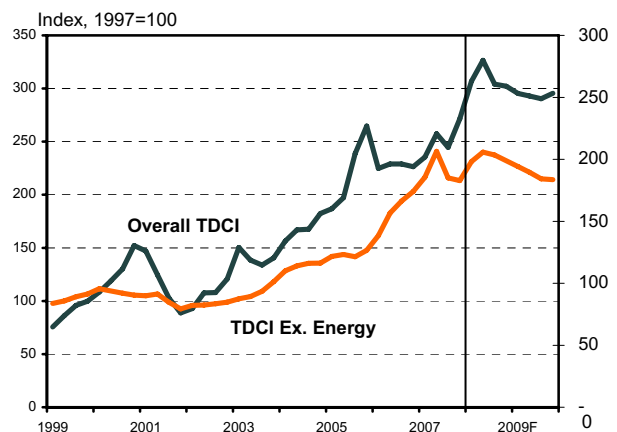
HIGHLIGHTS

- **TDCI set to record 10%+ gain in Q1 2008**
- **Soaring prices not related to commercial fundamentals, but investor inflows**
- **Investors favouring commodities as a hedge against the USD and inflation**
- **With less upward pull from these factors later this year, stage will be set for a price pull-back**
- **The investor element adds layers of uncertainty to the near-term commodity outlook**

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TD COMMODITY PRICE INDEX* [TDCI, US\$]



*Index of 18 Canadian resource commodity prices in US\$;
Source: TD Economics; Last plotted: 2007Q4; Forecast as at Feb. 2008.

pacts are temporary in nature and only go so far in explaining the broad upward price strength.

Most importantly, with the U.S. economy probably in recession, most forecasters have been slashing global growth forecasts for 2008 to as low as 3.5%, which is a

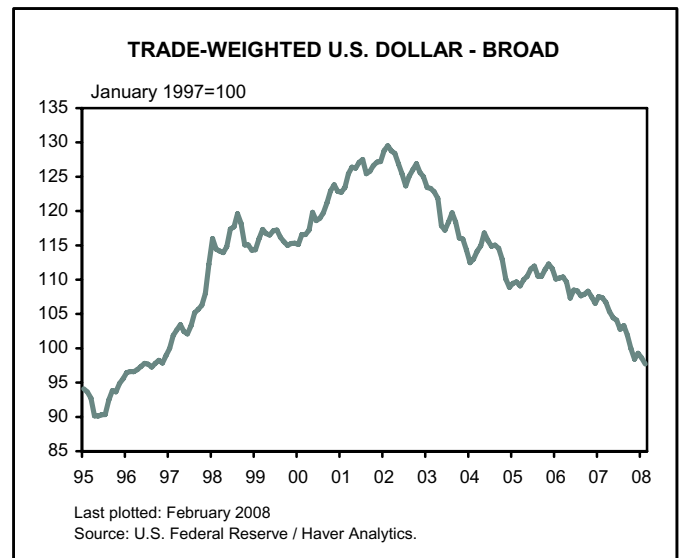
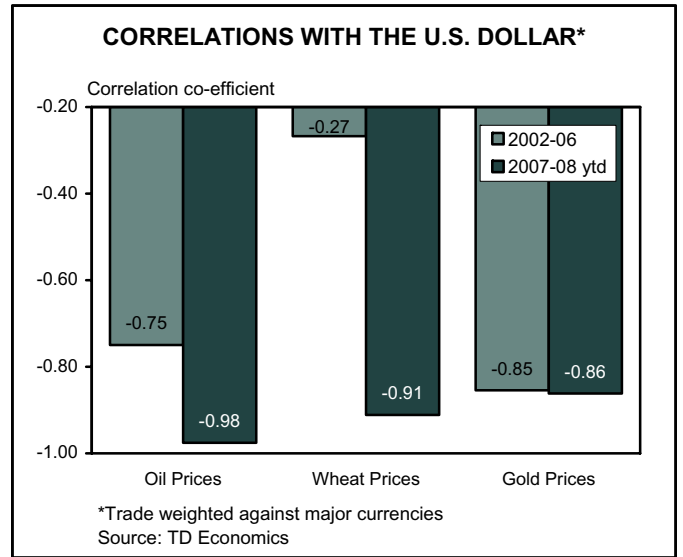
far cry from rates of about 5% recorded over the past few years. Even if China's economy continues to expand at elevated rates, a number of markets (i.e., crude oil and most base metals) are either expected to shift into a position of modest excess supply this year or see production surpluses rise moderately – certainly not the fodder for the recent buying pressure.

US\$ key driver of rally

Yet, despite the growing risks to resource demand from a slowing global economy, investors have been turning to wheat, crude oil, copper and other “real” assets as protection against percolating inflation pressures around the world. But even more importantly, commodities have been gaining favour as an excellent way to hedge against the declining U.S. dollar, which has sunk to record lows against the major currencies and its weakest level in 12 years on an overall trade-weighted basis. These movements have been underpinned by the view that a falling U.S. dollar lowers the cost of crude oil, gold and other commodities in stronger-currency countries, thus lifting demand. But while hard data are hard to track down on investor purchases of commodities by region, it is safe to say that many Americans and investors in countries where currencies are pegged to the greenback have also jumped on the bandwagon.

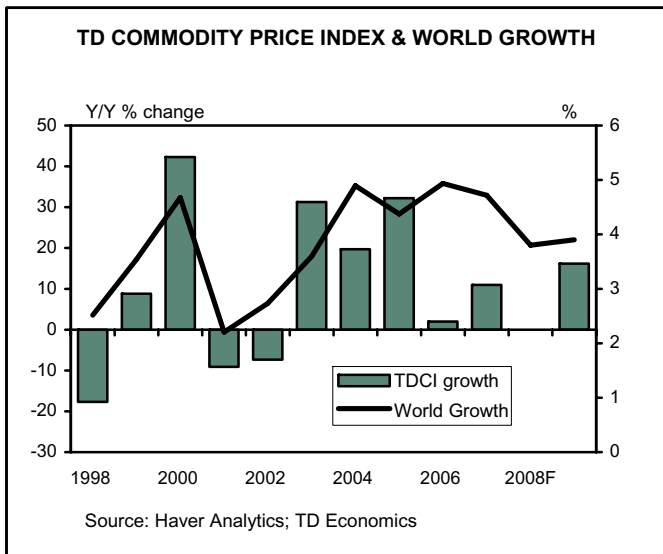
Oil almost perfectly correlated with US\$

The accompanying chart presents correlations between daily moves in various commodity prices and changes in the trade-weighted U.S. dollar, although carrying out the analysis with the euro achieves similar results. Over the past year, crude oil and wheat have surpassed gold, the



traditional U.S.-dollar hedge, as recording the highest inverse correlation against the greenback. In fact, the near-minus-1 readings of these two commodities indicate daily increases/decreases in their prices have been almost perfectly matched with decreases/increases in the U.S. dollar. While aluminum and nickel have actually recorded positive correlations since the start of 2007, these readings have since swung to negative 0.8 over the past three months. Correlation coefficients say nothing about causality. Still, it appears that the U.S. dollar may be the driving force of movements in commodity prices rather than the other way around.

This is not to say that developments in commodity prices and markets aren't also, in turn, weighing on the U.S. dollar. As crude oil prices rise, downside risks increase on both the U.S. economy and the Fed Funds rate, which fur-



ther sideswipes the greenback. Another factor hanging over the U.S. dollar is OPEC. Notably, the relentless softness of the U.S. currency is eroding the revenues and currency reserves of OPEC countries, driving speculation that the cartel might shift away from pricing crude oil in dollars and instead to a basket of currencies. Already some member countries, such as Kuwait, have removed their U.S.-dollar currency pegs. Although Saudi Arabia remains opposed to a major overhaul in OPEC's currency regime, foreign-exchange investors will remain on edge.

Investor element raises price uncertainty

Regardless of what has been driving investors' decisions of late, what is clear is that these notoriously-volatile financial flows have added more layers of complexity to the already-tricky task of forecasting commodity prices. Case in point is the ultra-wide range of commodity price projections even before the U.S.-dollar-fuelled spike in prices since mid-February. 1-year-out predictions of crude oil in the February 11th edition of *Consensus Forecast* ranged from US\$65 per barrel to over US\$100 per barrel. In light of oil's surge over the past month, the upper end of the range of projections has likely increased. In the oil futures market, investors are now expecting prices to hold above US\$100 through 2009. Before gold's recent jump from early February's US\$925 price to over US\$1000 in mid-March, a survey of forecasted price targets for March 2009 ranged from US\$625 to US\$1035. Many other commodities show equally wide-ranging views attesting to the higher-than-usual degree of uncertainty.

TD Economics' revised commodity forecasts

Despite these challenges, this edition of the TD Quarterly Commodity Price Report contains the usual tightly-argued quarterly projections for 18 commodities through 2009. As explained in more detail in the latest monthly edition of *TD Global Markets*, we argue that the U.S. dollar will ultimately scratch out a bottom by the fourth quarter of this year after the U.S. Federal Reserve is finally finished its rate-slashing campaign. However, with the U.S. economy still likely to be weak by most measures, the speed of the currency's recovery is projected to be slow. Meanwhile, global inflation, while not expected to evaporate, is unlikely to continue to accelerate in view of the likely build-up of economic slack in the U.S. and other large economies.

With less upward pull from these factors later this year, commodity markets will increasingly shift their attention towards the slackening in overall supply-demand fundamentals, leading to a moderate pull-back in prices during the second half of the year and into 2009. Over that period, a modest bounce back in forest product prices is likely to be more than offset by declines in the other four sub-indices. As next year progresses, the positive impact on prices from a gradual brightening in U.S. and world economic growth prospects will counteract the negative impact of some further firming in the the value of the U.S. greenback.

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ENERGY

Crude oil to end 2008 at US\$90

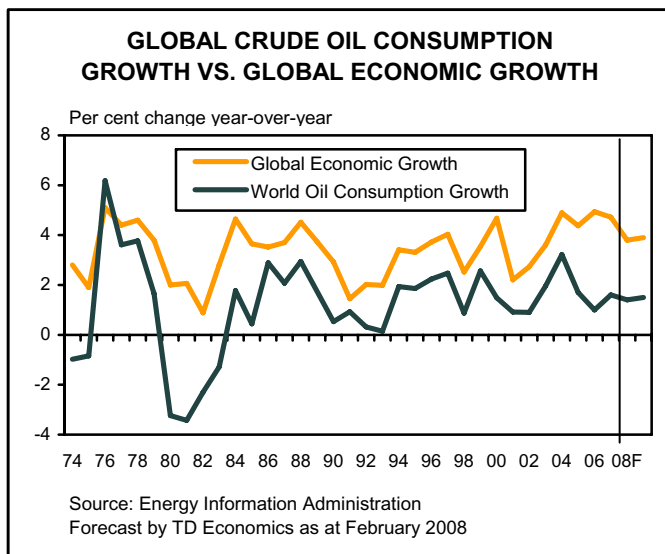
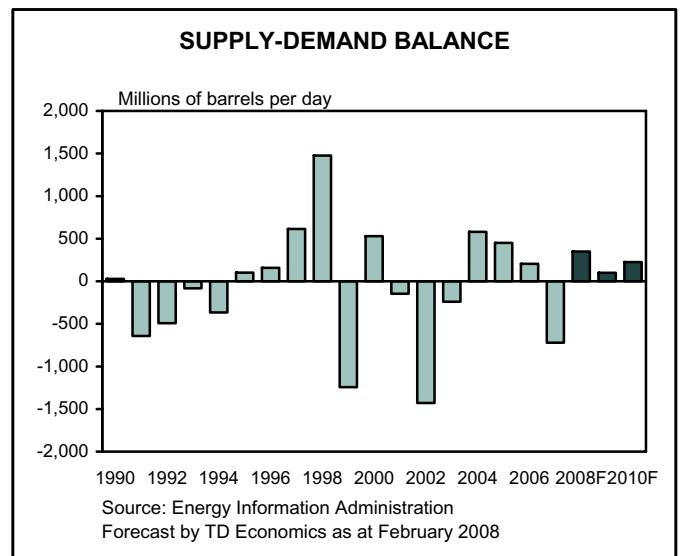
It seems as though the sky is the limit for crude oil prices, which climbed to as high as US\$111 per barrel in mid-March, surpassing their inflation-adjusted record set in 1980. And although prices are already up over 90% year-over-year, the upward climb may not be over, at least in the very near term.

The recent rally in oil prices has been largely driven by non-fundamental factors including geopolitical issues, a weak U.S. dollar and speculative inflows. Tensions between Turkey and Iraq, civil unrest in Nigeria and political instability in Venezuela have all spooked the market, resulting in higher prices. Similarly, the deterioration of the greenback and percolating U.S. price pressures have spurred interest in oil as a hedge, driving prices up even further. Speculative buying has also provided a considerable amount of upward price pressure, as the number of non-commercial net long positions on the NYMEX exchange jumped 46% in January and are in significant positive territory.

Meanwhile, global supplies remain relatively tight, as evidenced by the decline in OECD inventories from a peak of 56 days in May to 49 days in February. Still, investors have appeared to turn a blind eye to signs of building U.S. stockpiles, which have increased in 9 of the past 10 weeks and now stand 2.5% above their 5 year average. Pointing to a reasonable comfort level with current price trends, OPEC left its production quotas unchanged at its meeting on March 5th.

ENERGY PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level* Mar-08	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-08	Dec-09
Crude oil	106.43	US\$/barrel	11.5	75.7	90.00	95.00
Natural gas	9.61	US\$/MMBtu	12.2	35.3	9.50	8.75
Thermal Coal	129.19	US\$/mt	-0.3	143.4	90.00	85.00

*MTD average for the month; Last date included: March 11



Looking ahead, we expect to see some moderation in oil demand growth globally, as supplies pick up compared to 2007. Even if OPEC leaves output more or less unchanged, as we expect, higher production from non-OPEC countries is projected to swing the supply-demand balance into modest surplus territory this year, compared to a deficit position in 2007. Indeed, non-OPEC gains will stem largely from growth in Brazil, while production in the U.K., Mexico and Norway is set to decline. OPEC's capacity is also projected to expand in 2008, led by Saudi Arabia, Angola, Kuwait and the United Arab Emirates.

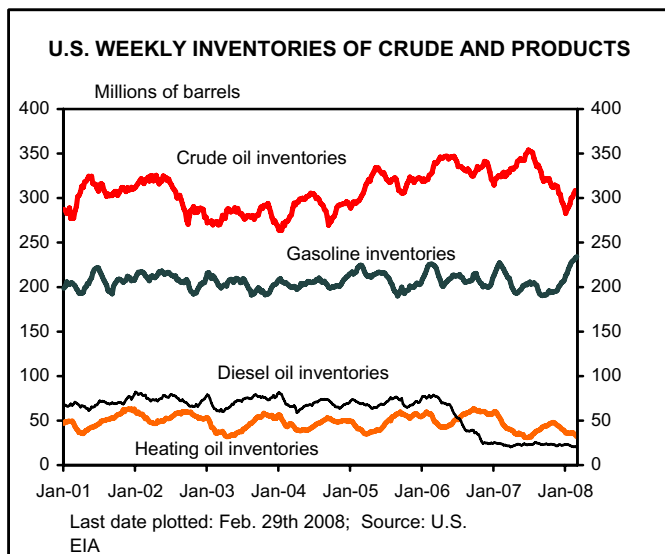
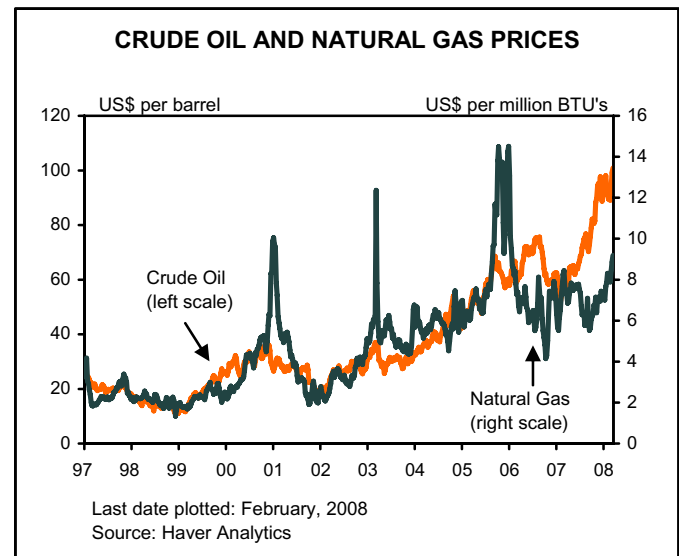
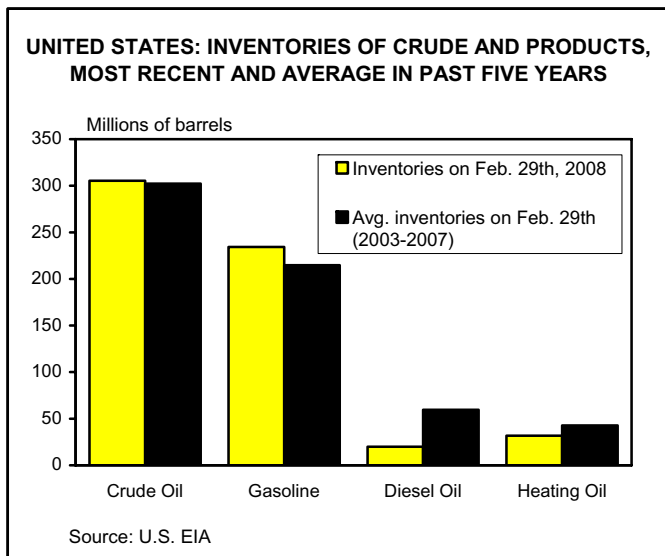
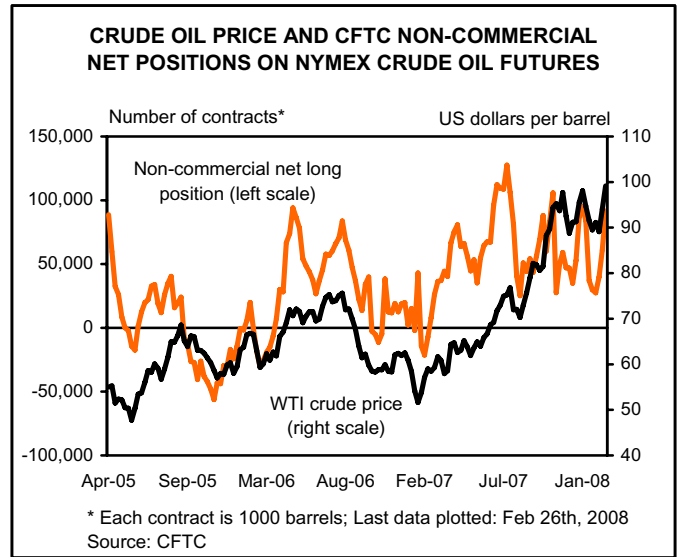
On the demand side, the slowdown in the U.S. economy and knock-on effects to the world economy are expected to put a damper on crude oil consumption growth worldwide, though continued voracious appetites in Middle East-

ern and Asian countries – particularly China and India – will likely provide some offsetting support.

Other factors should remain highly supportive, including geopolitical risks and refining bottlenecks. While we expect prices to remain elevated, the weakening in the global supply-demand balance and the stabilization of the U.S. dollar will put some downward pressure on prices. As such, we project prices to fall to US\$90 per barrel by the end of the year, before picking up alongside the U.S. economy and edging back up towards US\$95 per barrel in 2009.

Natural gas prices to remain elevated

After trending upward during the last quarter of 2007, natural gas prices have gained further momentum this year, rising to a two-year high of around US\$10 per MMBtu in

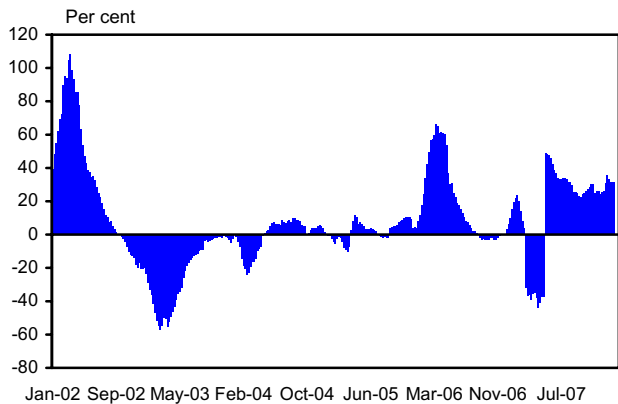


mid-March. The fundamental picture for the natural gas market has recently turned positive. Largely in response to last year's decline in prices and rising costs, North American production growth has slowed and we don't expect much of a pickup later this year. Indeed, while the resurgence in natural gas prices has spurred increased drilling activity in Canada since late in 2007, the number of active rigs, on average, is still at the lowest level since 2002.

In the U.S., new supply from the Gulf of Mexico will be the main source of increased production this year, though robust demand in Asia and Western Europe is projected to limit gains in U.S. imports of liquefied natural gas (LNG) to just over 1%, compared to a 32% jump in 2007.

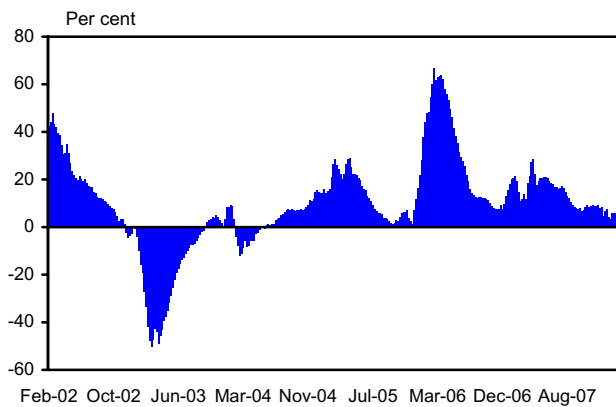
U.S. consumption, which has been either negative or flat for the past 4 years, has been stronger-than-expected

CANADA'S NATURAL GAS IN STORAGE: PER CENT DIFFERENCE FROM THE FIVE-YEAR AVERAGE



Last date plotted: Feb. 29th, 2008; Source: Natural Gas Market Report

U.S. NATURAL GAS IN STORAGE: PER CENT DIFFERENCE FROM THE FIVE-YEAR AVERAGE



Last date plotted: February 29th, 2008; Source: U.S. EIA

in recent months due to a much colder winter this year than the past few years. As a result, inventories in the U.S., which kicked off the winter heating season sitting 9% above the 5-year average, have declined to about half that level in March, and we expect a further gradual reduction in the coming months. Financial flows could also provide upside pressure to prices in the near term. Unlike oil, the number of non-commercial short contracts on the NYMEX exchange currently exceeds long contracts by a considerable margin, suggesting that the stage is now set for the usual cyclical turnaround.

While the recent surge in natural gas prices suggests that a near-term correction could be in the offing, the moderately favourable fundamentals for natural gas point to prices trading in the healthy range of US\$9-9.50 per MMBtu later this year, which is well above last year's

average level of US\$7 per MMBtu. But, given the fact that prices have traded as high as US\$15 per MMBtu as recently as 2 ½ years ago, there is still plenty of room for further price growth.

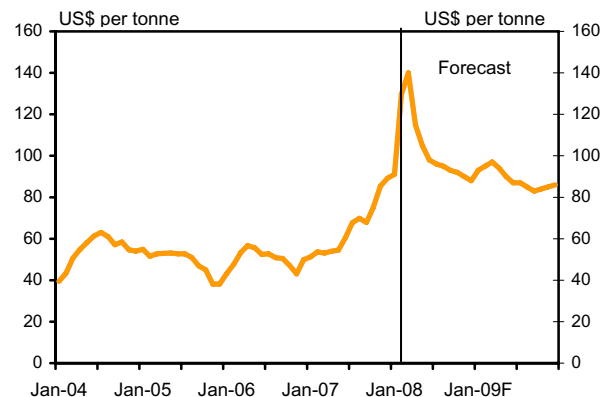
Supply disruptions give coal a boost

In line with the recent trends in the energy sector, the coal market has experienced a surge in prices. Thermal coal prices have shot up more than 50% so far this year, as production and transport disruptions in key exporting countries have left the market extremely tight.

Severe flooding and overloaded ports have persisted in Australia, causing excessive bottlenecks and extended wait times for cargo ships. South Africa has been forced to cut production due to severe power shortages, which has limited exports. Similarly, China is experiencing the worst snowstorms in 50 years, resulting in logistical problems as well as power outages. Lastly, the Chinese government banned coal exports for February and March in order to ensure domestic supplies are adequate, as the country now accounts for about 25% of global demand.

Although the weather-related supply disruptions are likely to be short-term in nature, infrastructure constraints will take more time to correct. Australia is considering cutting loading quotas to producers in order to minimize vessel wait times. Elsewhere upgrades to rail and port networks should alleviate some transport issues by next year. Meanwhile global demand for coal will continue to be brisk, particularly in countries such as China, Japan, India and Indonesia. While we expect prices to ease later this year once supply disruptions start to abate, they will still remain more than double the 2002-06 average.

THERMAL COAL PRICES



Last date plotted: February, 2008
Source: GlobalCoal

FORESTRY PRODUCTS

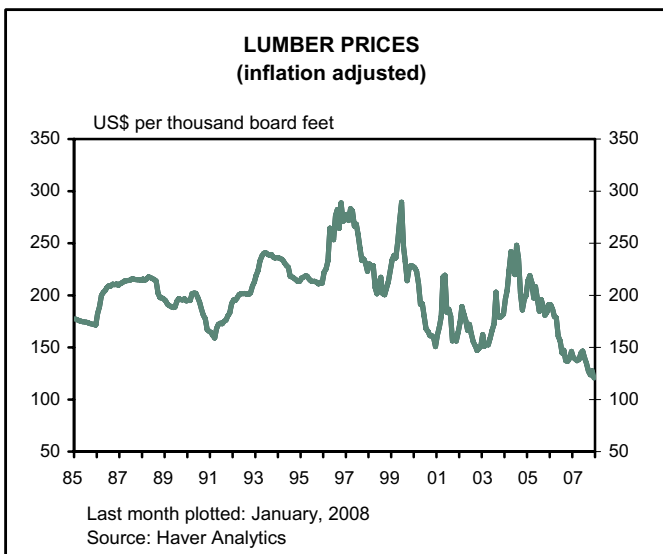
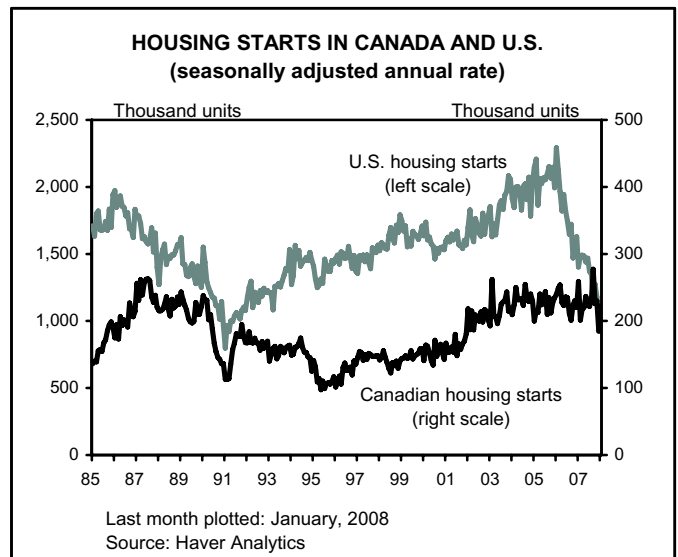
Lumber prices to begin to claw back in late 2008

As the U.S. housing market has continued to deteriorate, lumber prices fell to a 17-year low in February. While the resilience of the housing sector in Canada has offered some support, overall lumber consumption in North America slid by about 12% in the fourth quarter of 2007 (on a Y/Y basis), marking the largest decline since the early 1980s. A number of producers responded by cutting production, pushing North American operating rates down to 67% in January, compared to 73% in January 2007. Still, production managed to outpace flagging demand, prompting another round of production cuts and “indefinite” sawmill closures – which often lead to permanent closures. International Forest Products Ltd, Canfor Corp., and MacTara Ltd. are among the producers who have announced indefinite shutdowns.

While the U.S. housing market has certainly had an adverse effect on the lumber industry in Canada, producers are also battling a strong currency. Moreover, companies in western and central Canada, are also faced with volume restrictions on U.S. shipments and/or an export tax of up to 15% agreed to under the 2006 softwood lumber agreement (SLA). The U.S. has already spearheaded two SLA cases against Canada, which related to the alleged failure of provinces to fully collect lumber export taxes and the offering of government subsidies to the lumber industry. In the first case of export taxes, B.C. and Alberta were not found in violation of the SLA but other provinces that had chosen a blend of taxes and quotas

FOREST PRODUCT PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level*	Unit	Month/	Year/	Forecast	
	Mar-08		Month	Year	Level	Level
			% Chg	% Chg	Dec-08	Dec-09
Lumber	242	US\$/thous. board feet	-0.4	-15.1	280	340
Pulp	880	US\$/mt	0.1	11.4	800	830
Newsprint	620	US\$/mt	0.0	-1.0	680	660

*MTD average for the month; Last date included: March 11

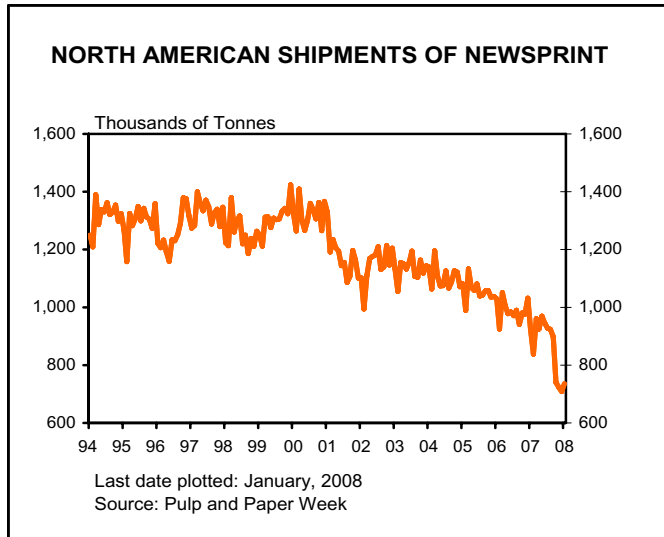


had been 6 months late in restraining their volumes. A decision on the subsidies case has not yet been reached.

Despite the headwinds facing the Canadian lumber industry, there is limited scope for prices to fall further. In the past, lumber prices have typically led the housing cycle. And, later this year, as demand in the U.S. housing market begins to stabilize and supply adjustments continue, prices are expected to begin to claw their way back. Keep in mind that the levels projected will remain low by historical standards in the coming quarters, particularly in Canadian dollar terms.

Newsprint prices on the rise

The North American newsprint market has been characterized by slowing demand for many years, though the decline in consumption has accelerated over the past four years. While offshore exports from North America rose



7% in 2007, led by a 58% jump in shipments to Western Europe, North American consumption slid 10%, as publishers moved to narrow web widths and use lighter basis weight newsprint. After plunging 16% since mid-2006, newsprint prices began to turn the corner in November, as producers successfully began to implement the US\$25 price hike that was originally scheduled for September. While consumers attempted to forestall the price increases by draining their inventories to their lowest levels in nearly 30 years, production cuts by suppliers were enough to tighten the market in January, and support higher prices.

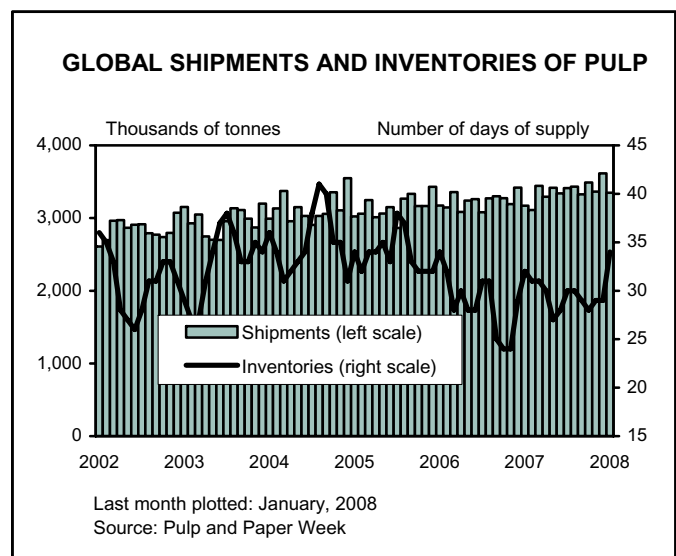
The merger of Abitibi and Bowater in the fall of 2007 was a key development, as the top five producers now account for approximately 85% of the market. This move essentially shifted the bargaining power back to the producer side, by enhancing producer ability to adjust supplies to declining demand. At the end of February, AbitibiBowater confirmed that they have removed over 600,000 tonnes (5%) of capacity from the market through the closure of four money-losing mills in Canada.

Looking ahead, co-ordinated production cuts will likely outpace declines in demand, leaving the market in a tight position. The first two phases of a US\$60 price hike scheduled for the first quarter of 2008, to US\$640, have already come into force, and if fully successful, producers will recover \$85 of the \$115 in declines over the past year. Producers have indicated that they plan to boost prices by another US\$60 over the second quarter as well. However, we suspect producers will have difficulties implementing such large price hikes in such a short span of time as consumers will respond with lower consumption, and therefore project prices to end 2008 at US\$680, and 2009 around US\$660.

Pulp market to ease in 2008

The global pulp market is quite tight, due to robust demand in China, and to a lesser extent, Europe. While total global shipments rose 3% in 2007, shipments to China outpaced the rest of the world, rising 20%. Despite this strong demand, global inventories climbed by 4 days in January, to 34 days, as producers were temporarily unable to find available vessels to ship exports, resulting in delivery delays.

Nonetheless, pulp producers successfully implemented the US\$30 hike slated for December, further advancing the 12-year high in prices. The recent up-tick in prices is expected to lead to a rise in production in the short-term, relieving some of the current tightness in the market and to ultimately lead to an easing in prices over the next few quarters. Still, ongoing difficult market conditions in strong currency countries will limit the extent to which prices can drop. While pulp prices have shot up nearly 90% in US dollars since 2002, prices in Canada and Europe have only risen modestly, by about 15%. In Canada, soaring fiber, energy and freight costs, have squeezed bottom lines and left high-cost producers struggling to stay afloat. In Canadian dollar terms, the price of northern bleached softwood kraft (NBSK) has actually been falling since early 2007, when the price was around C\$930, compared to today's price of C\$880. Consequently, Pope & Talbot was forced to file for bankruptcy late last year, and its three pulp mills were auctioned off in February. Canadian producers are also struggling with the shrinking availability of woodchips resulting from the shutdowns and closures of sawmills due to the ailing U.S. housing market.



NON-PRECIOUS METALS AND MINERALS

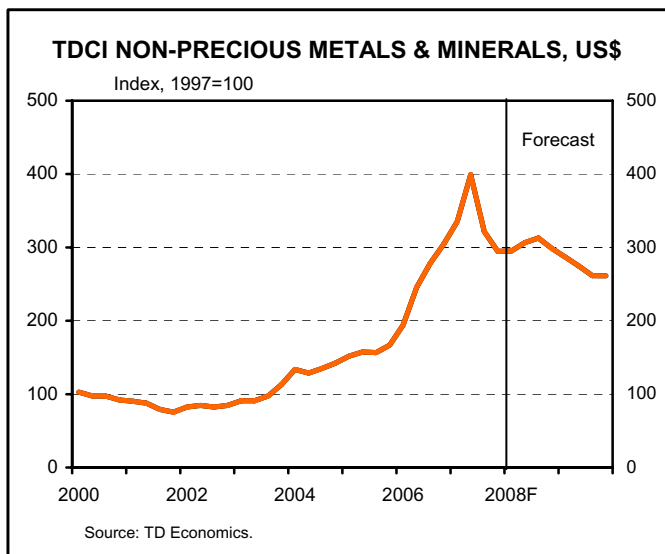
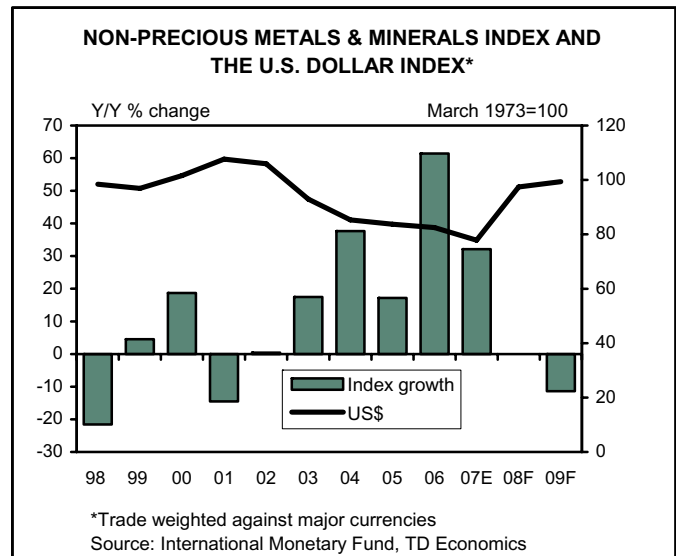
Base metals battle production disruptions

The non-precious metals and minerals sub-index has remained quite resilient despite the evidence that the U.S. economy has tipped into a recession and heightened risk of a spill-over to global demand. While most metals were heading down as 2007 came to a close, severe production disruptions in key producing countries early in 2008 have since triggered rallies in most metals. Miners in South Africa were forced to halt production when a string of power outages hit the country in January. Production has since resumed, but output is not expected to return to full capacity before mid-2008. Meanwhile, severe weather conditions in China in January and February destroyed the power grid, leading to both production and logistical problems. It will likely be another month before the power in circulation increases. Base metals prices are also finding support as a hedge from a weak U.S. dollar and elevated global inflation.

We don't expect this sub-index to gain much further ground in the very near term and should start to fall back by the second quarter of this year. In particular, as the impact of these production disruptions abates, investors will turn their attention to the restored output levels, slowing demand, and ultimately supply surpluses. In addition, the U.S. dollar is likely to stabilize, leading to some reversal in investor flows. By year-end, look for the non-precious metals and minerals sub-index to drop from early March levels by about 7%, led by a 19% decline in zinc. In con-

METAL AND MINERAL PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level* Mar-08	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-08	Dec-09
Aluminum	140.88	US cents/lb	11.8	12.5	120.00	110.00
Copper	388.62	US cents/lb	8.8	32.8	330.00	300.00
Nickel	14.71	US\$/lb	16.2	-30.0	13.25	10.00
Zinc	120.62	US cents/lb	9.3	-18.7	100.00	90.00
Uranium	74.00	US\$/lb	-1.6	-18.2	100.00	90.00

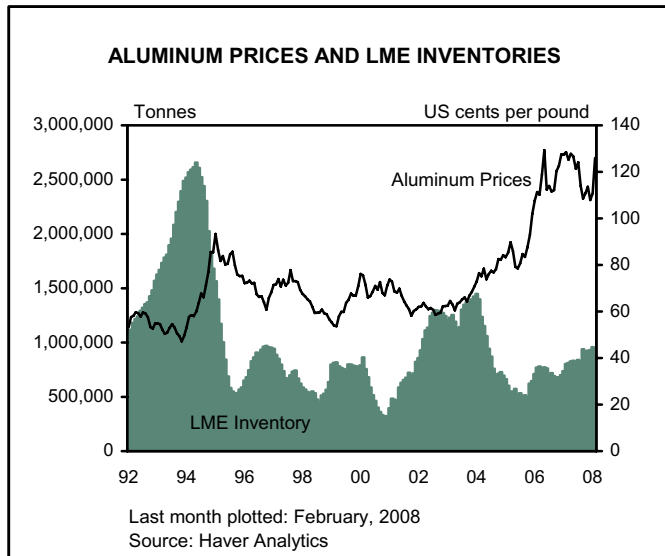
*MTD average for the month; Last date included: March 11



trast, nickel prices are expected to decline by a lesser 11%. A further drop in the overall index of 13% is forecast for 2009.

Aluminum market to be tighter than expected

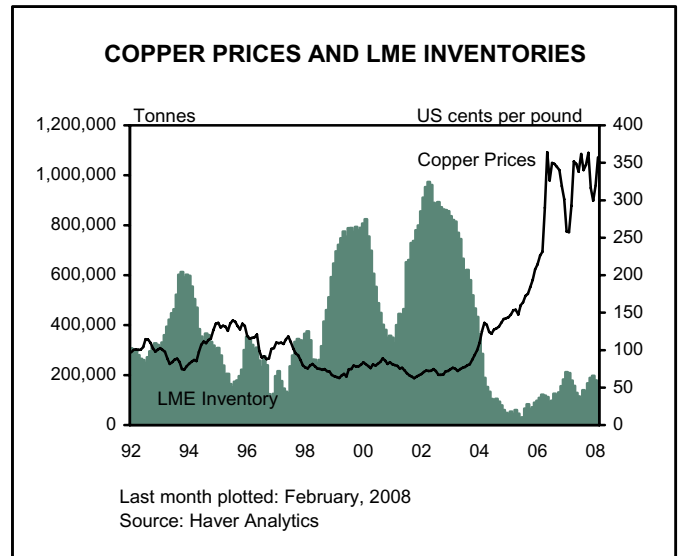
After sluggish demand pushed prices down near the end of 2007, the power outages in China and South Africa set the stage for prices to rebound to a 6-month high in February. Power shortages typically have a greater impact on aluminum than any other base metal, due to the extensive use of electricity in the production process. Thus, even though stockpiles have managed to rise at the LME, investors likely view this increase as temporary. In our view, aluminum will remain well supported over the next few months, reflecting our expectations of a slow recov-



ery in production and the upward pull on prices from high energy input costs. Moreover, given that China was expected to be the main source of new aluminum supply this year, this market is projected to remain tighter than had been expected a few months ago. By the second half of 2008, however, prices are expected to head lower, as fears about the supply disruptions abate and investors grow increasingly wary about a moderation in the global automotive and construction sectors. Next year, new mine supply is expected to generate a higher production surplus compared to this year in the global aluminum market.

Copper prices boosted by supply problems

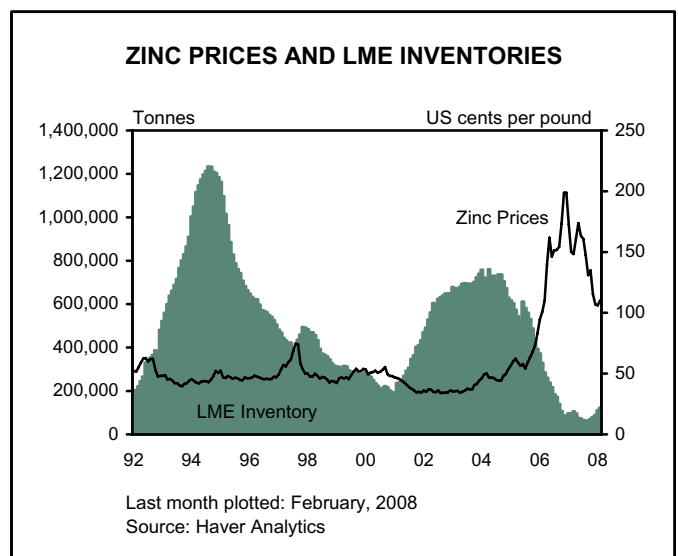
Copper prices have been one of the top-performing commodities of late, surging by over 25% since the start of the year. Yet, historically, there has been a close inverse relationship between U.S. economic growth and copper prices. However, in addition to benefiting from financial inflows as has been witnessed in many commodity markets, copper prices have been backstopped by ongoing robust demand from China, India and Russia. Moreover, the copper market has continued to battle other supply problems above and beyond those in China and South Africa. A seven-month strike at a mine in Mexico is likely to persist as the negotiations remain deadlocked. Meanwhile, mechanical problems at Peru and Chilean mines are also hindering global supplies. As such, inventories at the LME have declined by over 30% since the start of the year, and many investors expect the global market to remain quite tight in 2008. Still, copper is expected to fight some of the same headwinds as other metals later this year, including



prospects for new supply in 2009 and an easing in current tight global production-consumption conditions.

Zinc to underperform in 2008

Since mid-2007, zinc prices have underperformed compared to the other base metals, as the market has priced in a transition from an annual supply deficit position to a surplus position this year. Notably, global production jumped 7.5% in 2007, largely attributable to new mine start-ups, including those in Bolivia, Australia and Peru, which reduced the supply shortage to roughly 99,000 tonnes, from over 400,000 tonnes in 2006. Resultantly, prices fell to 2-year lows in January before supply disruptions in China and South Africa underpinned a slight rebound in prices in February. Meanwhile, inventories, while still sitting at near-



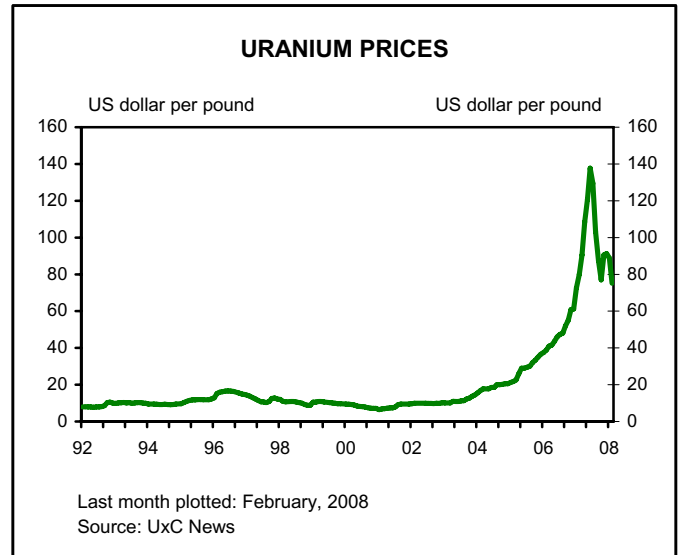
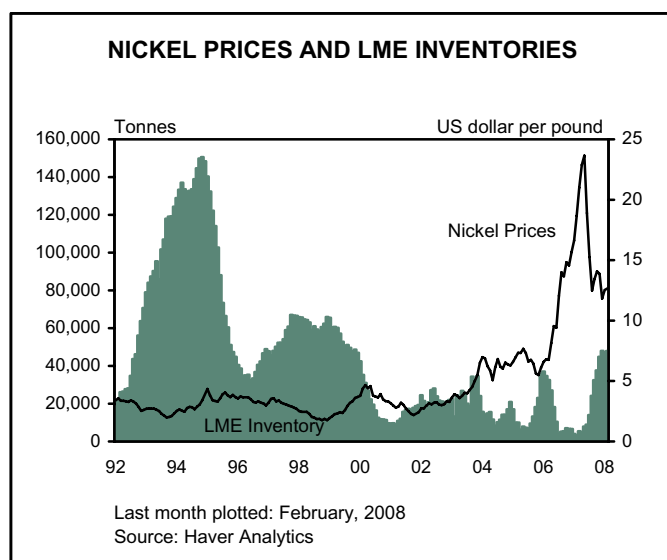
decade lows, have risen by 60% over the past few months.

Several new mines and project restarts are expected to boost production by another 10% this year, which together with softening demand in the U.S. and Japan, are likely to push the market into further surplus. And even though demand from China is likely to remain strong over the medium term, driven largely by rising construction activity, increased availability of supplies is also expected in 2009.

While the outlook for zinc prices remains bearish, there is one major upside risk to our forecast. Effective January 1st, China – the world's largest zinc producer, accounting for 30% of the market – imposed an export tax on certain grades of zinc. Even though the government decided to maintain a 5% tax rebate on exports of super-high grade zinc, the most popular type in international markets, there is speculation that it may switch the export rebate to an export tax. As a result, smelters are unwilling to commit to export contracts for 2008. Prices would likely be bolstered if the Chinese government were to impose a tax on this super-high grade zinc, as global zinc supplies would fall.

Nickel prices to tumble in 2009

Nickel prices have fallen nearly 40% from the record highs reached during the second quarter of last year, though they still remain relatively lofty. A steady rise in LME inventories beginning in mid-2007 – to their highest level in eight years – is the main culprit for the slide in prices. Weak demand worldwide has allowed stocks to build, as stainless steel producers have been working down their



inventories and an abundance of cheaper nickel pig iron has become a popular substitute.

In recent weeks, however, conditions in the nickel market have begun to firm in line with those of its base-metal counterparts. Moreover, the rally may have some legs as nickel demand receives a boost from an expected rebuilding in stainless steel stockpiles, led by European and U.S. producers. In Asia, however, excessive nickel inventories resulting from a surge in Chinese output must be drawn down before new demand will surface. As such, the market will likely be relatively balanced throughout 2008. In 2009, new mine production will boost supplies, pushing prices down to about US\$10 per pound.

Investors remain bullish on uranium

Uranium prices have been on a wild ride over the past year, with prices tripling in the first half of 2007, to more than US\$140, before pulling back steadily to about US\$75 by February 2008. While fears of shortages dominated the market last year, current prices are reflective of a more balanced market, with new supplies coming on stream in Kazakhstan and South Africa. Looking ahead, the recent steep drop in prices is expected to rekindle some buying, as many investors remain bullish about the longer-term prospects for nuclear power in countries such as China, Russia, South Africa, the U.S. and India. The modest upward trajectory in our forecast profile for prices is consistent with longer-term price expectations. More specifically, the long term (LT) price (for delivery in 24 months or more) has not budged from US\$95 since June.

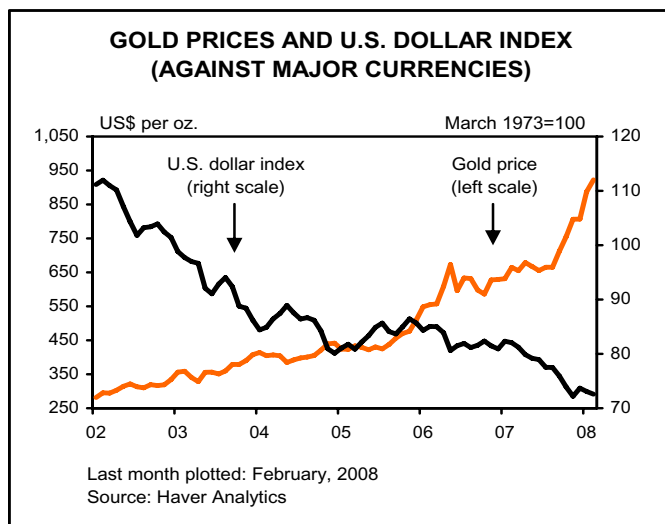
PRECIOUS METALS

Gold breaches US\$1,000

The recent bull run in the gold market has sent prices well above the 1980 record of US\$850. Still, at just over US\$1,000 per ounce, gold prices remain far from the inflation-adjusted record of over US\$2,200 that has stood for almost three decades. The recent rally in the gold market was brought on largely by a surge in investment demand, stemming from falling interest rates, a weak U.S. dollar, and uncertainty in financial markets. Meanwhile, food and energy-led inflation has moved to the forefront, prompting investors to purchase bullion as a hedge. Gold ETF holdings have been a major beneficiary of investor flows, now accounting for nearly 900 tonnes.

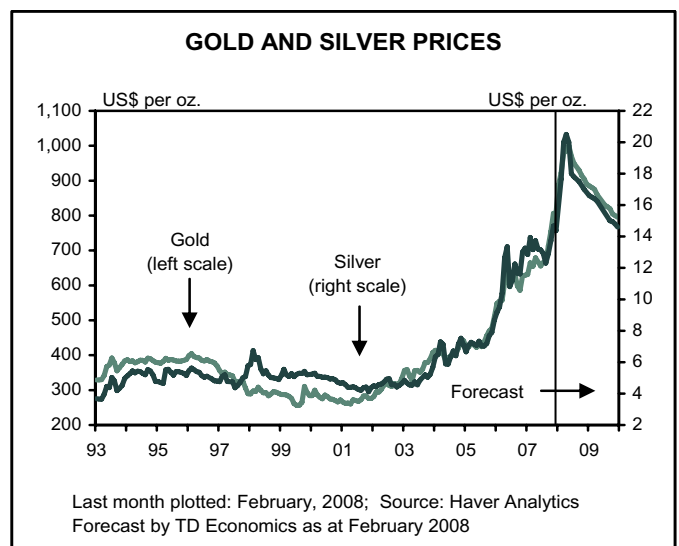
Despite strong overall demand for the yellow metal from China, the recent run-up in prices has put a dent in sales in India and other Asian and Middle Eastern countries. In these latter markets, gold consumption for commercial purposes tends to be more price sensitive since jewelry is sold with very little mark-up. On the supply side, power outages, together with the depletion of previously highly-productive mines, pushed output from South Africa down to the lowest level since 1931, and allowed China to be the first country in over a century to surpass South Africa as the number one producer worldwide.

Although we wouldn't be surprised to see gold prices move even higher in the short run, a number of forces are expected to halt the rally later this year, bring prices down to US\$975 by year-end. Most importantly, the U.S. dollar is likely to stabilize by the fourth quarter of this year, removing one of the key upward drivers to gold's apprecia-



PRECIOUS METAL PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level* Mar-08	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-08	Dec-09
Gold	981.00	US\$/ounce	6.4	49.8	975.00	860.00
Silver	20.15	US\$/ounce	14.1	53.0	19.00	15.65

*MTD average for the month; Last date included: March 11



tion in value. In addition, with excess capacity soon likely to build in the economies of the U.S. and Europe, we don't anticipate a further building in inflation pressures. Accordingly, speculative inflows are likely to ease later this year.

Silver to outshine gold in 2008

Silver prices have jumped on the precious metals' bandwagon, surging 38% so far this year, to a 27-year high. In lockstep with gold, the recent rally in silver prices was largely driven by investment demand, as evidenced by a sizeable increase in non-commercial net long positions on the COMEX exchange. Indeed, with silver also considered a popular store of value and a less expensive way to participate in precious metals than gold, silver ETF holdings are also continuing to gain traction in 2008. Historically, gold prices have tended to trade at a ratio of 55:1 in relation to silver prices. In recent years, however, this ratio has fallen to about 50:1. Going forward, we assume the ratio will creep back up toward its historical average.

AGRICULTURAL PRODUCTS

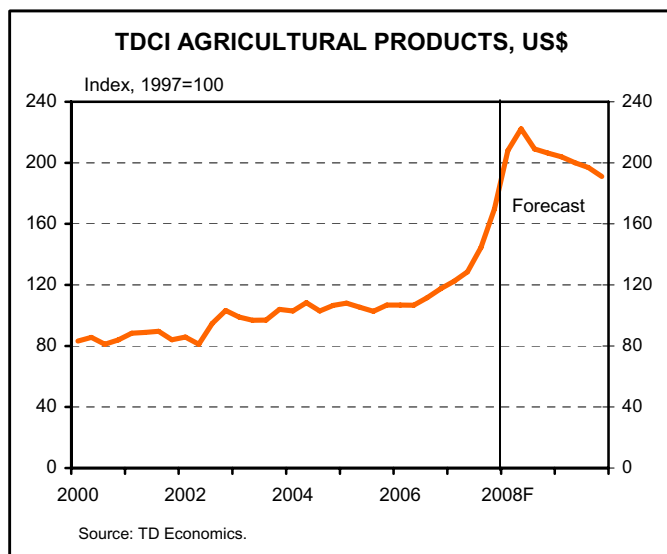
Wheat prices poised for correction in late 2008

The astonishing rally in wheat prices has picked up steam in 2008, as prices soared over 80% during the first two months of the year. On a year-over-year basis, prices have nearly tripled. Coming off a year in which considerable weather-related supply disruptions caused demand to exceed supply for the seventh time in eight years, global stocks have fallen to a 30-year low. And demand for wheat has proven to be quite price inelastic, as it remains robust despite the extreme price increases.

Notwithstanding the very tight markets, wheat prices have risen too far, too fast, setting the stage for a correction later this year. Even though similar rallies in other crops have sparked a battle for acreage, we anticipate that global wheat production in the upcoming year beginning in June will rebound by 7%. While this improvement should ensure that some of the froth is skimmed off prices, it will likely take a few years for global inventories to be more fully replenished. Accordingly, we expect wheat prices to remain more than double their 5-year average.

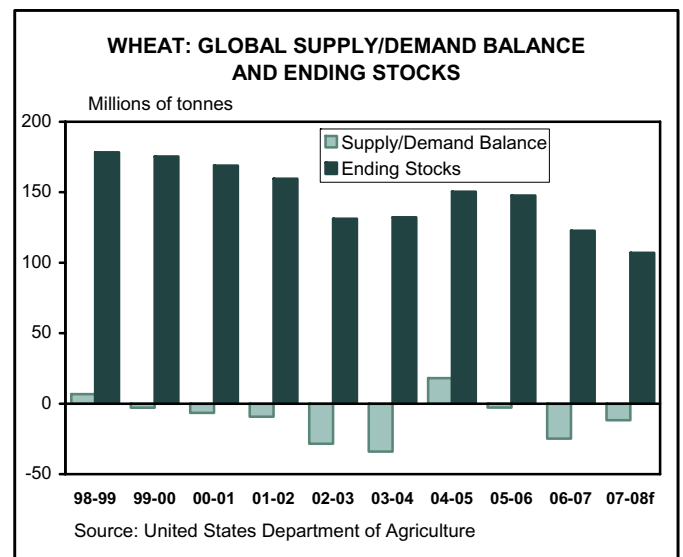
Canola prices to remain elevated on biofuel demand

Similar to wheat, canola prices have enjoyed an accelerated run-up in prices over the past couple of months, surging nearly 50% so far this year. However, the 130% year-over-year price gain pales in comparison to that of wheat. The recent up-tick came on the back of soaring soybean prices, as the two tend to move in tandem. Prices



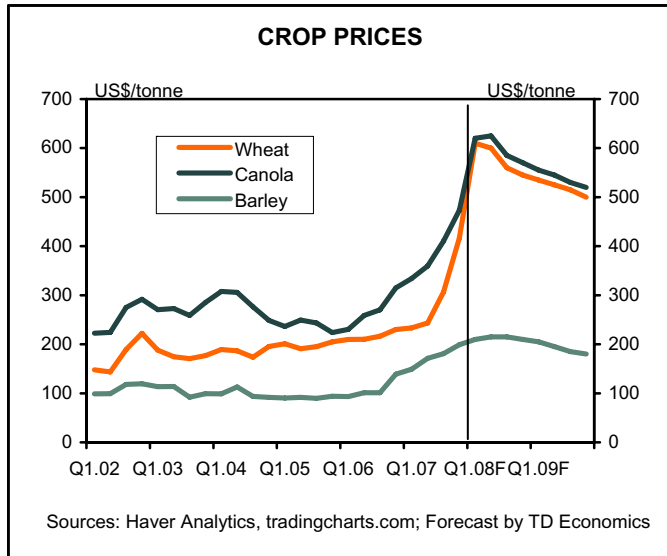
AGRICULTURAL PRODUCT PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level* Mar-08	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-08	Dec-09
Wheat	645.05	US\$/tonne	-9.7	174.5	545.00	500.00
Barley	218.16	US\$/tonne	4.9	38.2	210.00	180.00
Canola	698.48	US\$/tonne	5.8	111.0	570.00	520.00
Cattle	90.86	US cents/lb	-1.2	-7.5	98.00	91.00
Hog	57.90	US cents/lb	-5.0	-11.2	63.00	68.00

*MTD average for the month; Last date included: March 11



for both oilseeds have responded to signs that global output is failing to keep up with explosive demand for consumption in food, animal feed and biofuels.

After poor growing conditions in major canola producing regions cut output in 2006-07, global production is set to rise this year. The damage to rapeseed crop in China will be more than offset by increased output from Canada, Australia and Europe. Still, robust demand for vegetable oils – particularly from Asia where food inflation has skyrocketed – will keep the market in a very tight position. Similarly, the U.S. energy bill that was passed in December will add to the already strengthening demand for biofuels. While the fundamental picture is quite bullish, it doesn't entirely support current price levels. As such, we



expect a correction in canola prices to take place during the second half of this year, but prices to remain quite elevated for some time.

Barley to find support from high feed grain costs

Barely prices have been much quieter in recent months than wheat and canola, though they are still over 45% higher than year ago levels. Accordingly, the poor price margins relative to the other crops did not give barley any edge to compete for acreage. Still, improved growing conditions will lead to a rise in global barley production for the 2008-09 crop year, particularly in the Ukraine, Australia and the European Union. Despite lost acreage, Canada should still see a slight increase in production as well.

Demand for barley has remained strong, since it can be used as a substitute for corn and wheat, both of which have soared in price. And with feed grain prices expected to remain elevated for some time, robust demand for barley worldwide will keep the market in a tight position, and continue to support prices for the remainder of the year. Next year, however, as other feed grain prices return to more sustainable levels, barley prices will likely fall in tandem.

In Canada, the federal government is pressing ahead with efforts to end the the Canada Wheat Board's (CWBs) monopoly over barley sales and, thus, give farmers the option of selling the crop independently. The government had initially passed a simple cabinet order to achieve this goal, but the federal court struck down the move, ruling that the government had overstepped its authority. Last month, the federal government lost an appeal, meaning that

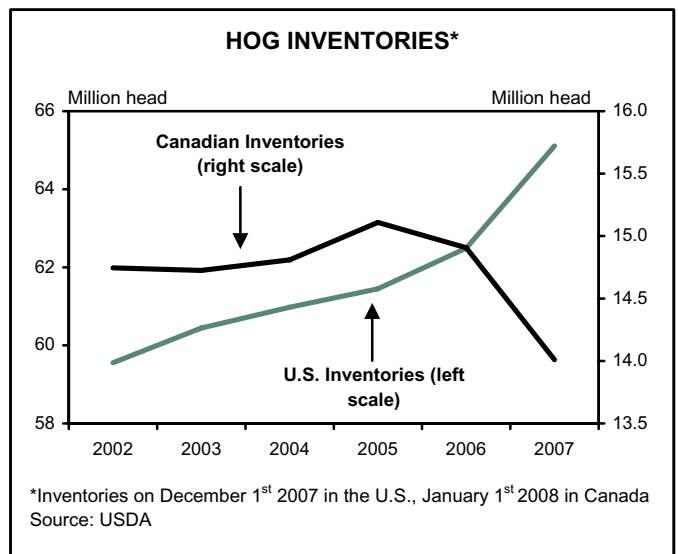
it will now require Parliamentary approval. Nevertheless, at the time of writing, the opposition parties had indicated that they would not support the reform, raising uncertainty as to whether the Bill will pass and, if so, the timing of the legislation. The federal government remains hopeful the law will come into effect on August 1, 2008.

Hog producers in for another tough year

The beleaguered hog industry has seen a slight improvement in prices this year, after bottoming out in November. Still, prices remain well below production costs, which have sky-rocketed due to high feed and energy costs. In addition to a seasonal slowdown in demand, a key source of price pressure is the abundance of hogs in the market. As of December 1, U.S. inventories, at 65.1 million head, were the highest since 1970 for the same period. Consequently, slaughter rates were up over 4% last year, boosting the pork stocks in cold storage.

In Canada, the high-flying loonie has squeezed margins even more, spurring a record number of hog exports to the U.S. – particularly the younger hogs which reduced feed costs. As such, Canadian hog inventories as of January 1st were down 6% y/y, while slaughter rates dropped 2.4% in 2007.

The outlook for hog producers is indeed grim, as 2008 could prove to be the worst year yet. Prices will depend largely on how quickly producers can cull herds – a task that is crucial, but also a very lengthy process. The Canadian government has offered help with this issue, as it introduced a 'Cull Breeding Swine' program in February that is expected to reduce the breeding swine herd by 10%.

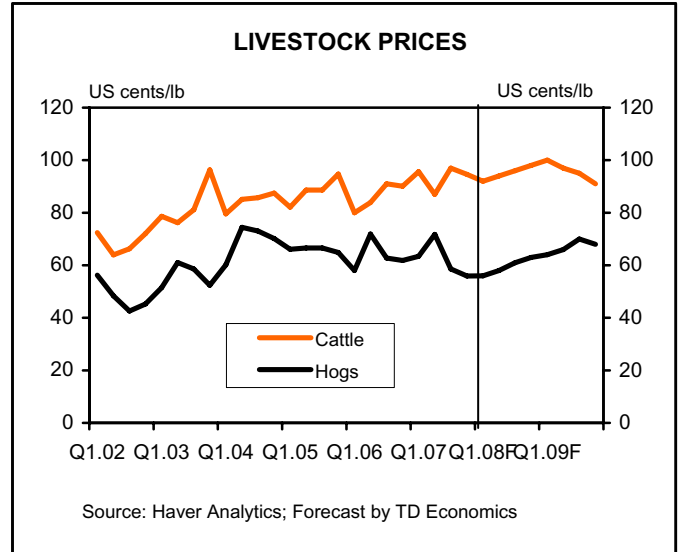
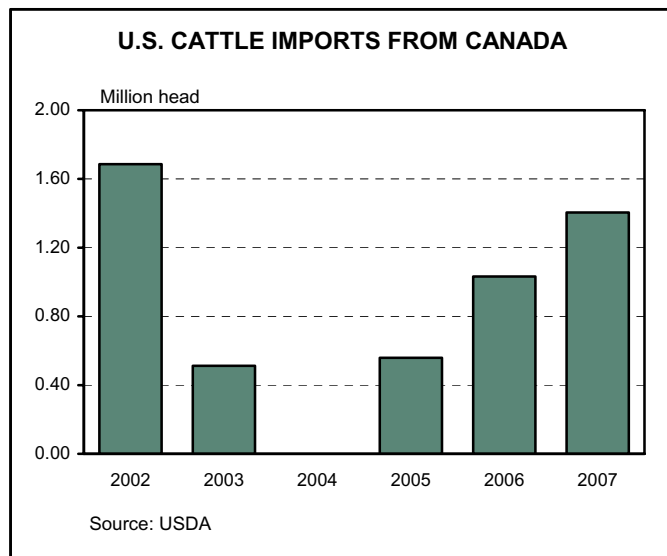


Demand for North American pork from China – where pork prices jumped 59% in January – will help to lift prices this year, as rising incomes have resulted in increased demand for higher quality meats. While we expect hog prices to begin a slight recovery in 2008 as fundamentals show some improvement, it won't be until 2009 that hog prices return to profitable levels.

There are some downside risks for Canadian producers, should the proposed U.S. country-of-origin labeling (COOL) regulations slated to come into force as of September 30, 2008 go forward. While the details have yet to be ironed out, it is possible that U.S. pork retailers will refuse to sell Canadian meat due to the extra costs associated with the new labeling system. This would create an oversupplied hog market in Canada and could force producers to sell their hogs at a large discount, just to move them.

Cattle market to tighten in 2008

Similar to the hog industry, cattle producers are also fighting lofty North American herd sizes, high feed costs, and in Canada, an elevated currency. As of January 1st,



the U.S. cattle inventory, at 96.7 million head, was virtually unchanged from year ago levels, although the cattle on feed – where cows are placed before slaughter – was up 1% due to limited forage supplies this winter. As such, prices have eased moderately since November but remain in line with levels seen during the same period last year.

Conversely, Canadian cattle inventory was down 1.5% y/y, reflecting an estimated 35% jump in exports to the U.S. Exports to south of the border were particularly strong through the end of 2007, after the U.S. government relaxed import restrictions on Canadian live cattle imports from 30 months to 78 months in November. This loosening was carried out despite legal challenges led by the R-CALF group in Montana. Looking ahead, prices should gain further ground on the back of declining herds. More specifically, the decline in inventories in Canada, coupled with the early placement of cattle on feed in the U.S., hint at declining U.S. inventories for 2008. However, much like the hog industry, there is risk that the COOL regulations, if implemented, could adversely affect the Canadian cattle industry.

COMMODITY PRICES: AVERAGE LEVELS (1)

	FOREST PRODUCTS			ENERGY			PRECIOUS METALS	
	LUMBER	PULP	NEWSPRINT	OIL	NAT GAS	COAL	GOLD	SILVER
	RL Framing Lumber Composite, \$/1000 Bd Ft	NBSK, delivered in east U.S., \$/mt	New York, \$/mt	West Texas Intermediate, Cushing \$/Barrel	Henry Hub, LA, \$/mmbtu	Austr. Thermal \$/mt	London Gold Bullion, PM Fix, \$/Troy oz	Handy & Herman Base Price, \$/Troy oz
ANNUAL AVG								
2005	387.31	646.27	611.86	56.83	8.96	48.91	445.45	7.36
2006	327.02	721.83	666.83	66.14	6.74	50.29	604.13	11.58
2007	284.18	820.34	593.27	72.27	6.97	65.18	696.30	13.40
2008F	255.00	843.75	657.50	99.50	9.24	100.25	988.75	19.56
2009F	322.50	822.50	671.25	91.25	8.56	88.75	893.75	16.40
Dec-05	361.36	640.00	645.00	59.37	12.95	36.50	510.34	8.69
Dec-06	281.67	770.00	660.00	62.01	6.71	49.82	629.26	13.26
Dec-07	267.81	858.85	585.00	91.88	7.13	89.16	806.69	14.37
Dec-08F	280.00	800.00	680.00	90.00	9.50	90.00	975.00	19.00
Dec-09F	340.00	830.00	660.00	95.00	8.75	85.00	860.00	15.65
QUARTERLY AVG								
2006 - Q1	376.86	653.33	655.00	63.32	7.71	48.06	553.61	9.71
2006 - Q2	349.69	706.00	672.00	70.58	6.51	54.92	627.26	12.28
2006 - Q3	303.57	758.00	675.00	70.60	6.10	51.34	621.60	11.73
2006 - Q4	277.94	770.00	664.67	60.06	6.65	46.69	614.06	12.62
2007 - Q1	289.02	790.00	631.42	58.10	7.16	52.65	649.62	13.29
2007 - Q2	290.91	807.82	598.33	64.93	7.53	56.36	667.27	13.36
2007 - Q3	292.40	831.14	571.67	75.19	6.17	68.48	679.88	12.70
2007 - Q4	264.38	852.42	571.67	90.87	7.01	83.23	788.43	14.25
2008 - Q1F	245.00	880.00	620.00	98.00	8.70	116.00	930.00	18.00
2008 - Q2F	240.00	875.00	660.00	110.00	9.50	100.00	1000.00	20.25
2008 - Q3F	260.00	820.00	670.00	100.00	9.25	95.00	1050.00	21.00
2008 - Q4F	275.00	800.00	680.00	90.00	9.50	90.00	975.00	19.00
2009 - Q1F	295.00	815.00	685.00	85.00	8.75	95.00	935.00	17.50
2009 - Q2F	320.00	820.00	675.00	90.00	8.50	90.00	900.00	16.50
2009 - Q3F	330.00	825.00	665.00	95.00	8.25	85.00	880.00	15.95
2009 - Q4F	345.00	830.00	660.00	95.00	8.75	85.00	860.00	15.65
MONTHLY AVG								
Apr-07	283.71	805.00	610.00	63.97	7.59	53.96	679.00	13.73
May-07	288.04	808.46	600.00	63.48	7.62	54.56	667.32	13.20
Jun-07	301.24	810.00	585.00	67.48	7.36	60.57	655.49	13.15
Jul-07	305.18	825.48	580.00	74.07	6.21	67.80	665.30	12.93
Aug-07	290.70	830.18	570.00	72.39	6.23	69.81	665.33	12.31
Sep-07	280.30	837.78	565.00	79.66	6.05	67.84	712.65	12.90
Oct-07	265.48	848.40	560.00	86.20	6.80	75.19	754.72	13.73
Nov-07	259.95	850.00	570.00	94.78	7.12	85.35	806.25	14.67
Dec-07	267.81	858.85	585.00	91.88	7.13	89.16	806.69	14.37
Jan-08	254.70	872.54	600.00	93.04	7.98	91.10	887.51	16.01
Feb-08	243.00	879.16	620.00	95.47	8.56	129.52	922.30	17.65
Mar-08 MTD	242.00	880.00	620.00	106.43	9.61	129.19	981.00	20.15

COMMODITY PRICES: AVERAGE LEVELS (2)

	NON-PRECIOUS METALS & MINERALS					AGRICULTURAL PRODUCTS				
	ALUM	COPPER	NICKEL	ZINC	URANIUM	WHEAT	BARLEY	CANOLA	CATTLE	HOGS
	LME Closing Cash Price, Cents/lb	LME Closing Cash Price, Cents/lb	LME Closing Cash Price, \$/lb	LME Closing Cash Price, Cents/lb	Ux U308, \$/lb	Can. St. Lawr. CWRS, 13.5%, C\$/mt	Feed Barley, Lethbr. Grade 1CW C\$/mt	Instore Vancouver: Grade 1 Canada NCC C\$/mt	Live, 1st expiring contract open Cents/lb	Live/lean, 1st expiring contract open Cents/lb
ANNUAL AVG										
2005	86.21	167.59	6.69	62.88	29.06	197.76	91.41	238.41	87.24	68.41
2006	116.49	305.14	11.01	148.55	47.77	216.58	108.71	268.54	86.19	64.19
2007	119.71	323.24	16.90	147.52	99.07	300.26	174.99	394.08	93.92	65.69
2008F	125.00	351.25	13.88	108.75	90.00	582.50	212.50	602.50	95.00	59.75
2009F	110.00	308.75	10.75	93.75	92.25	518.75	191.25	537.50	95.75	67.00
Dec-05	102.00	207.76	6.09	82.88	36.50	209.10	97.14	217.50	94.11	63.89
Dec-06	127.49	301.37	15.67	198.73	61.13	237.64	145.03	332.18	86.74	62.00
Dec-07	107.91	299.56	11.83	106.86	91.25	470.96	199.51	494.93	93.03	57.33
Dec-08F	120.00	330.00	13.25	100.00	100.00	545.00	210.00	570.00	98.00	63.00
Dec-09F	110.00	300.00	10.00	90.00	90.00	500.00	180.00	520.00	91.00	68.00
QUARTERLY AVG										
2006 - Q1	109.68	223.98	6.71	101.72	39.10	210.00	93.45	230.30	90.09	59.82
2006 - Q2	120.35	328.47	9.07	149.85	43.70	209.91	101.06	258.54	79.53	66.83
2006 - Q3	112.51	347.72	13.26	152.47	49.10	216.87	101.15	270.35	87.52	67.54
2006 - Q4	123.41	320.40	15.01	190.15	58.98	230.39	139.19	314.99	87.59	62.58
2007 - Q1	127.00	269.63	18.74	157.52	81.03	233.54	149.06	334.09	94.34	64.35
2007 - Q2	125.28	346.27	21.86	166.27	122.28	243.84	170.96	359.23	93.23	73.25
2007 - Q3	115.73	349.76	13.71	146.83	106.67	307.41	180.81	409.81	93.51	69.23
2007 - Q4	110.81	327.31	13.29	119.45	86.28	416.26	199.12	473.19	94.60	55.94
2008 - Q1F	125.00	350.00	13.40	115.00	80.00	620.00	210.00	635.00	92.00	57.00
2008 - Q2F	130.00	375.00	14.35	115.00	85.00	605.00	215.00	620.00	94.00	58.00
2008 - Q3F	125.00	350.00	14.50	105.00	95.00	560.00	215.00	585.00	96.00	61.00
2008 - Q4F	120.00	330.00	13.25	100.00	100.00	545.00	210.00	570.00	98.00	63.00
2009 - Q1F	115.00	320.00	12.25	98.00	95.00	535.00	205.00	555.00	100.00	64.00
2009 - Q2F	110.00	310.00	11.00	95.00	94.00	525.00	195.00	545.00	97.00	66.00
2009 - Q3F	105.00	305.00	10.00	92.00	90.00	515.00	185.00	530.00	95.00	70.00
2009 - Q4F	110.00	300.00	9.75	90.00	90.00	500.00	180.00	520.00	91.00	68.00
MONTHLY AVG										
Apr-07	127.76	351.74	22.88	161.04	108.50	235.18	161.95	336.38	97.97	70.74
May-07	126.67	348.64	23.64	173.76	120.60	239.37	168.63	362.05	92.48	74.86
Jun-07	121.28	338.19	18.89	163.31	137.75	256.96	183.17	380.41	89.31	74.00
Jul-07	124.09	361.83	15.25	160.78	129.50	276.63	185.19	393.15	91.74	72.15
Aug-07	113.99	340.30	12.49	147.29	103.00	292.63	167.38	399.39	92.84	70.70
Sep-07	108.53	347.38	13.42	130.97	87.50	352.97	191.80	440.91	96.22	64.33
Oct-07	110.76	363.21	14.08	134.91	77.00	386.54	202.69	453.71	95.11	57.08
Nov-07	113.63	316.26	13.86	115.29	90.60	391.28	194.87	472.25	95.55	53.44
Dec-07	107.91	299.56	11.83	106.86	91.25	470.96	199.51	494.93	93.03	57.33
Jan-08	110.74	319.48	12.53	106.12	88.88	504.52	210.39	558.78	92.44	56.05
Feb-08	125.96	357.30	12.66	110.38	75.20	714.65	208.06	660.17	91.99	60.95
Mar-08 MTD	140.88	388.62	14.71	120.62	74.00	645.05	218.16	698.48	90.86	57.90

COMMODITY PRICES: % CHANGE (1)

	FOREST PRODUCTS			ENERGY			PRECIOUS METALS	
	LUMBER	PULP	NEWSPRINT	OIL	NAT GAS	COAL	GOLD	SILVER
Y/Y % CHANGE								
2003	3.7	13.2	8.8	18.6	62.2	4.1	17.5	7.0
2004	31.0	15.8	9.4	33.7	6.8	96.2	12.1	35.4
2005	-4.4	0.6	10.8	36.3	52.4	-11.4	8.8	9.8
2006	-15.6	11.7	9.0	16.4	-24.8	2.8	35.6	57.3
2007	-13.1	13.6	-11.0	9.3	3.3	29.6	15.3	15.7
2008F	-10.3	2.9	10.8	37.7	32.6	53.8	42.0	46.0
2009F	26.5	-2.5	2.1	-8.3	-7.3	-11.5	-9.6	-16.2
Dec-05	-3.3	-1.5	11.2	37.2	96.1	-32.4	15.6	22.4
Dec-06	-22.1	20.3	2.3	4.4	-48.2	36.5	23.3	52.6
Dec-07	-4.9	11.5	-11.4	48.2	6.3	79.0	28.2	8.4
Dec-08F	4.6	-6.9	16.2	-2.1	33.2	0.9	20.9	32.2
Dec-09F	21.4	3.8	-2.9	5.6	-7.9	-5.6	-11.8	-17.6
Q/Q % CHANGE								
2006 - Q1	3.2	2.3	2.9	5.6	-37.1	18.9	13.9	19.8
2006 - Q2	-7.2	8.1	2.6	11.5	-15.6	14.3	13.3	26.6
2006 - Q3	-13.2	7.4	0.4	0.0	-6.3	-6.5	-0.9	-4.5
2006 - Q4	-8.4	1.6	-1.5	-14.9	9.1	-9.0	-1.2	7.6
2007 - Q1	4.0	2.6	-5.0	-3.3	7.6	12.7	5.8	5.3
2007 - Q2	0.7	2.3	-5.2	11.8	5.1	7.1	2.7	0.5
2007 - Q3	0.5	2.9	-4.5	15.8	-18.0	21.5	1.9	-4.9
2007 - Q4	-9.6	2.6	0.0	20.8	13.7	21.5	16.0	12.2
2008 - Q1F	-7.3	3.2	8.5	7.8	24.0	39.4	18.0	26.3
2008 - Q2F	-2.0	-0.6	6.5	12.2	9.2	-13.8	7.5	12.5
2008 - Q3F	8.3	-6.3	1.5	-9.1	-2.6	-5.0	5.0	3.7
2008 - Q4F	5.8	-2.4	1.5	-10.0	2.7	-5.3	-7.1	-9.5
2009 - Q1F	7.3	1.9	0.7	-5.6	-7.9	5.6	-4.1	-7.9
2009 - Q2F	8.5	0.6	-1.5	5.9	-2.9	-5.3	-3.7	-5.7
2009 - Q3F	3.1	0.6	-1.5	5.6	-2.9	-5.6	-2.2	-3.3
2009 - Q4F	4.5	0.6	-0.8	0.0	6.1	0.0	-2.3	-1.9
M/M % CHANGE								
Mar-07	-0.3	0.0	-0.6	2.2	-11.0	-1.0	-1.5	-5.6
Apr-07	-0.4	1.9	-2.6	5.6	6.8	1.7	3.7	4.3
May-07	1.5	0.4	-1.6	-0.8	0.5	1.1	-1.7	-3.9
Jun-07	4.6	0.2	-2.5	6.3	-3.5	11.0	-1.8	-0.3
Jul-07	1.3	1.9	-0.9	9.8	-15.6	11.9	1.5	-1.7
Aug-07	-4.7	0.6	-1.7	-2.3	0.3	3.0	0.0	-4.8
Sep-07	-3.6	0.9	-0.9	10.0	-3.0	-2.8	7.1	4.8
Oct-07	-5.3	1.3	-0.9	8.2	12.5	10.8	5.9	6.5
Nov-07	-2.1	0.2	1.8	9.9	4.7	13.5	6.8	6.8
Dec-07	3.0	1.0	2.6	-3.1	0.1	4.5	0.1	-2.0
Jan-08	-4.9	1.6	2.6	1.3	11.9	2.2	10.0	11.4
Feb-08	-4.6	0.8	3.3	2.6	7.3	42.2	3.9	10.2
Mar-08 MTD	-0.4	0.1	0.0	11.5	12.2	-0.3	6.4	14.1

COMMODITY PRICES: % CHANGE (2)										
	NON-PRECIOUS METALS & MINERALS					AGRICULTURAL PRODUCTS				
	ALUM	COPPER	NICKEL	ZINC	URANIUM	WHEAT	BARLEY	CANOLA	CATTLE	HOGS
Y/Y % CHANGE										
2003	6.4	15.3	45.2	7.2	18.6	0.4	-4.4	7.0	20.6	15.4
2004	19.9	60.5	39.7	26.2	60.5	5.4	-5.2	3.8	-1.7	-4.4
2005	10.3	28.0	7.1	31.7	54.6	5.8	-7.6	-15.7	7.1	28.4
2006	35.1	82.1	64.6	136.2	64.3	9.5	18.9	12.6	-1.2	-6.2
2007	2.8	5.9	53.5	-0.7	107.4	38.6	61.0	46.7	9.0	2.3
2008F	4.4	8.7	-17.9	-26.3	-9.2	94.0	21.4	52.9	1.2	-9.0
2009F	-12.0	-12.1	-22.5	-13.8	2.5	-10.9	-10.0	-10.8	0.8	12.1
Dec-05	21.2	45.7	-3.1	54.3	78.0	5.0	5.4	-10.2	6.3	-14.6
Dec-06	25.0	45.1	157.3	139.8	67.5	13.6	49.3	52.7	-7.8	-3.0
Dec-07	-15.4	-0.6	-24.5	-46.2	49.3	98.2	37.6	49.0	7.3	-7.5
Dec-08F	11.2	10.2	12.0	-6.4	9.6	15.7	5.3	15.2	5.3	9.9
Dec-09F	-8.3	-9.1	-24.5	-10.0	-10.0	-8.3	-14.3	-8.8	-7.1	7.9
Q/Q % CHANGE										
2006 - Q1	16.4	14.7	16.9	36.4	11.9	2.4	-0.6	2.8	-1.8	-5.8
2006 - Q2	9.7	46.7	35.3	47.3	11.8	0.0	8.1	12.3	-11.7	11.7
2006 - Q3	-6.5	5.9	46.2	1.7	12.4	3.3	0.1	4.6	10.0	1.1
2006 - Q4	9.7	-7.9	13.2	24.7	20.1	6.2	37.6	16.5	0.1	-7.3
2007 - Q1	2.9	-15.8	24.9	-17.2	37.4	1.4	7.1	6.1	7.7	2.8
2007 - Q2	-1.4	28.4	16.7	5.6	50.9	4.4	14.7	7.5	-1.2	13.8
2007 - Q3	-7.6	1.0	-37.3	-11.7	-12.8	26.1	5.8	14.1	0.3	-5.5
2007 - Q4	-4.2	-6.4	-3.1	-18.7	-19.1	35.4	10.1	15.5	1.2	-19.2
2008 - Q1F	12.8	6.9	0.8	-3.7	-7.3	48.9	5.5	34.2	-2.7	1.9
2008 - Q2F	4.0	7.1	7.1	0.0	6.3	-2.4	2.4	-2.4	2.2	1.8
2008 - Q3F	-3.8	-6.7	1.0	-8.7	11.8	-7.4	0.0	-5.6	2.1	5.2
2008 - Q4F	-4.0	-5.7	-8.6	-4.8	5.3	-2.7	-2.3	-2.6	2.1	3.3
2009 - Q1F	-4.2	-3.0	-7.5	-2.0	-5.0	-1.8	-2.4	-2.6	2.0	1.6
2009 - Q2F	-4.3	-3.1	-10.2	-3.1	-1.1	-1.9	-4.9	-1.8	-3.0	3.1
2009 - Q3F	-4.5	-1.6	-9.1	-3.2	-4.3	-1.9	-5.1	-2.8	-2.1	6.1
2009 - Q4F	4.8	-1.6	-2.5	-2.2	0.0	-2.9	-2.7	-1.9	-4.2	-2.9
M/M % CHANGE										
Mar-07	-2.5	13.7	12.5	-1.1	13.1	0.5	8.5	-1.7	5.5	-2.1
Apr-07	2.0	20.2	9.0	8.5	19.9	0.1	2.6	1.6	-0.2	8.5
May-07	-0.9	-0.9	3.3	7.9	11.2	1.8	4.1	7.6	-5.6	5.8
Jun-07	-4.2	-3.0	-20.1	-6.0	14.2	7.3	8.6	5.1	-3.4	-1.1
Jul-07	2.3	7.0	-19.2	-1.5	-6.0	7.7	1.1	3.3	2.7	-2.5
Aug-07	-8.1	-6.0	-18.1	-8.4	-20.5	5.8	-9.6	1.6	1.2	-2.0
Sep-07	-4.8	2.1	7.5	-11.1	-15.0	20.6	14.6	10.4	3.6	-9.0
Oct-07	2.1	4.6	4.9	3.0	-12.0	9.5	5.7	2.9	-1.2	-11.3
Nov-07	2.6	-12.9	-1.6	-14.5	17.7	1.2	-3.9	4.1	0.5	-6.4
Dec-07	-5.0	-5.3	-14.7	-7.3	0.7	20.4	2.4	4.8	-2.6	7.3
Jan-08	2.6	6.6	5.9	-0.7	-2.6	7.1	5.5	12.9	-0.6	-2.2
Feb-08	13.7	11.8	1.1	4.0	-15.4	41.6	-1.1	18.1	-0.5	8.7
Mar-08 MTD	11.8	8.8	16.2	9.3	-1.6	-9.7	4.9	5.8	-1.2	-5.0

TD COMMODITY PRICE INDICES (TDCI)

	TDCI-US\$ INDEX	TDCI-US\$ INDEX ex-energy	US\$ SUB-INDICES					TDCI-C\$ INDEX	TDCI-C\$ INDEX ex-energy	C\$ SUB-INDICES					C\$/US\$
			FOREST PROD-UCTS	ENERGY	PRECIOUS METALS	NON-PREC METALS & MIN.	AGRI. PROD-UCTS			FOREST PROD-UCTS	ENERGY	PRECIOUS METALS	NON-PREC METALS & MIN.	AGRI. PROD-UCTS	
ANNUAL AVG															
2005	222.9	123.2	102.1	313.4	136.2	158.3	105.6	270.0	149.3	123.6	379.6	164.9	191.8	127.9	1.21
2006	227.3	158.9	101.8	289.4	188.4	255.6	110.6	257.7	180.2	115.5	328.2	213.7	289.9	125.5	1.13
2007	252.2	189.9	98.0	308.7	217.3	337.7	141.3	272.4	205.1	105.8	333.4	234.7	364.7	152.6	1.04
2008F	315.9	202.8	99.2	418.6	309.7	313.3	214.2	324.8	208.6	102.0	430.4	318.5	322.2	220.2	1.03
2009F	291.5	188.0	106.2	385.5	277.1	273.4	197.9	311.8	201.1	113.6	412.4	296.4	292.4	211.7	1.08
Dec-05	271.0	130.8	100.8	398.4	156.2	177.4	108.0	315.0	152.0	117.1	463.1	181.5	206.2	125.5	1.16
Dec-06	232.7	176.9	98.8	283.3	199.6	310.6	119.6	267.7	203.5	113.6	325.9	229.6	357.4	137.6	1.15
Dec-07F	273.2	181.0	97.6	357.0	249.1	279.3	182.4	273.2	181.0	97.6	357.0	249.1	279.3	182.4	1.00
Dec-08F	306.1	200.1	101.0	402.4	304.8	307.5	206.0	324.5	212.1	107.1	426.6	323.1	326.0	218.4	1.06
Dec-09F	295.7	183.9	107.8	397.3	266.3	264.4	191.0	325.3	202.3	118.6	437.0	293.0	290.8	210.2	1.10
QUARTERLY AVG															
2006 - Q1	224.8	138.5	103.6	303.3	170.6	194.5	106.7	259.6	159.9	119.6	350.2	197.0	224.6	123.3	1.15
2006 - Q2	229.0	156.7	103.8	294.6	196.2	245.3	106.7	256.8	175.8	116.4	330.4	220.1	275.2	119.7	1.12
2006 - Q3	228.9	166.3	101.3	285.8	193.4	278.4	111.6	256.6	186.4	113.6	320.3	216.8	312.0	125.1	1.12
2006 - Q4	226.4	174.0	98.6	273.9	193.4	304.3	117.5	257.9	198.2	112.4	312.0	220.3	346.7	133.8	1.14
2007 - Q1	235.4	185.6	99.1	280.7	204.5	335.3	122.4	275.8	217.4	116.1	328.9	239.6	392.9	143.4	1.17
2007 - Q2	257.4	206.5	98.4	303.6	209.4	399.3	128.6	282.6	226.7	108.1	333.4	229.9	438.4	141.2	1.10
2007 - Q3	244.6	185.0	98.3	298.8	211.3	321.5	144.5	255.8	193.4	102.8	312.4	221.0	336.2	151.1	1.05
2007 - Q4	271.4	182.8	96.2	351.8	244.0	294.8	169.7	271.4	182.8	96.2	351.8	244.0	294.8	169.7	1.00
2008 - Q1F	307.0	198.7	97.8	405.4	290.4	303.7	222.3	307.0	198.7	97.8	405.4	290.4	303.7	222.3	1.00
2008 - Q2F	332.5	206.6	99.1	446.9	314.3	321.5	219.3	339.2	210.7	101.1	455.9	320.6	327.9	223.7	1.02
2008 - Q3F	317.9	206.2	99.2	419.5	329.4	320.6	209.1	330.7	214.4	103.2	436.2	342.6	333.4	217.5	1.04
2008 - Q4F	306.0	199.9	100.5	402.4	304.8	307.5	206.0	322.2	210.5	105.8	423.7	320.9	323.8	216.9	1.06
2009 - Q1F	289.9	194.7	103.5	376.3	290.7	291.8	203.7	305.2	205.0	109.0	396.2	306.1	307.2	214.5	1.05
2009 - Q2F	290.1	189.5	106.0	381.6	279.0	276.7	200.0	308.7	201.6	112.7	406.0	296.9	294.4	212.8	1.06
2009 - Q3F	290.4	184.3	106.8	386.8	272.4	262.4	196.9	312.2	198.1	114.8	415.8	292.8	282.1	211.6	1.08
2009 - Q4F	295.6	183.6	108.4	397.3	266.3	262.6	191.0	321.3	199.6	117.8	431.8	289.5	285.4	207.7	1.09
MONTHLY AVG															
Apr-07	256.7	206.4	98.1	302.3	213.4	399.6	126.1	291.7	234.6	111.5	343.5	242.5	454.1	143.3	1.14
May-07	258.9	210.9	98.1	302.6	209.7	414.4	127.8	284.6	231.8	107.8	332.5	230.5	455.5	140.4	1.10
Jun-07	256.7	202.9	98.9	305.5	205.9	386.9	131.3	273.7	216.4	105.5	325.8	219.5	412.6	140.0	1.07
Jul-07	248.2	195.6	100.0	296.1	208.0	358.0	137.4	260.4	205.2	104.9	310.5	218.1	375.5	144.1	1.05
Aug-07	240.4	180.1	98.0	295.2	206.6	309.3	140.5	254.5	190.6	103.7	312.5	218.7	327.5	148.8	1.06
Sep-07	246.3	180.5	97.0	305.9	220.6	300.1	156.5	252.8	185.3	99.6	314.0	226.4	308.0	160.7	1.03
Oct-07	261.5	182.9	95.7	333.0	232.2	302.8	162.8	256.0	179.0	93.7	326.0	227.3	296.4	159.4	0.98
Nov-07	277.8	184.3	95.5	362.6	249.0	302.2	163.8	268.0	177.9	92.2	349.9	240.2	291.6	158.0	0.96
Dec-07	272.8	181.0	97.6	356.2	248.7	279.3	182.3	273.3	181.3	97.8	356.9	249.2	279.9	182.7	1.00
Jan-08	286.8	187.2	97.8	377.4	271.5	286.9	192.8	289.9	189.2	98.9	381.4	274.5	290.0	194.8	1.01
Feb-08	301.6	198.6	97.6	395.2	287.3	294.0	244.1	301.4	198.5	97.5	394.8	287.0	293.8	243.9	1.00
Mar-08 MTD	332.0	208.8	97.5	443.9	309.0	326.6	231.3	328.7	206.7	96.5	439.5	305.9	323.4	229.1	1.0

TDCI WEIGHTINGS (%)

FOREST PRODUCTS	21.1	ENERGY	52.4	PRECIOUS METALS	4.5	NON-PRECIOUS METALS & MINERALS	14.7	AGRICULTURAL PRODUCTS	7.3
Lumber	9.5	Oil	23.6	Silver	0.5	Aluminum	6.6	Wheat	2.8
Pulp	5.7	Natural Gas	27.2	Gold	4.0	Copper	2.6	Barley	0.3
Newsprint	5.9	Coal	1.6			Nickel	3.4	Canola	1.2
						Zinc	1.0	Cattle	1.8
						Uranium	1.1	Hogs	1.2

Overall TDCI weights based on Canadian exports 2003-05

Sources: WSJ, FT, Ux Weekly, Random Lengths, Pulp & Paper Weekly, GlobalCoal, Comtex, WCE, FRBNY / Haver Analytics,

TD COMMODITY PRICE INDICES : % CHANGE

	US\$ SUB-INDICES								C\$ SUB-INDICES								C\$/US\$
	TDCI-US\$ INDEX	TDCI-US\$ INDEX ex-energy	FOREST PROD-UCTS	ENERGY	PREC-IOUS METALS	NON-PREC METALS & MIN.	AGRI. PROD-UCTS	TDCI-C\$ INDEX	TDCI-C\$ INDEX ex-energy	FOREST PROD-UCTS	ENERGY	PREC-IOUS METALS	NON-PREC METALS & MIN.	AGRI. PROD-UCTS			
Y/Y % CHANGE																	
2005	32.2	7.9	1.7	43.8	8.8	17.2	0.4	23.1	0.5	-5.3	33.9	1.3	9.1	-6.5	-6.9		
2006	2.0	28.9	-0.2	-7.7	38.4	61.5	4.8	-4.5	20.7	-6.6	-13.5	29.6	51.2	-1.9	-6.4		
2007	11.0	19.6	-3.8	6.7	15.3	32.1	27.7	5.7	13.9	-8.4	1.6	9.8	25.8	21.6	-8.3		
2008F	25.3	6.8	1.2	35.6	42.6	-7.2	51.6	19.3	1.7	-3.7	29.1	35.7	-11.7	44.3	-1.0		
2009F	-7.7	-7.3	7.1	-7.9	-10.5	-12.8	-7.6	-4.0	-3.6	11.4	-4.2	-6.9	-9.2	-3.9	4.9		
Dec-05	50.0	11.3	1.7	67.4	15.7	23.8	-0.2	43.4	6.3	-2.8	59.9	10.6	18.3	-4.6	-4.4		
Dec-06	-14.2	35.2	-2.0	-28.9	27.8	75.1	10.8	-15.0	33.9	-3.0	-29.6	26.5	73.3	9.6	-1.0		
Dec-07	17.4	2.3	-1.2	26.0	24.8	-10.1	52.5	2.1	-11.1	-14.1	9.5	8.5	-21.9	32.6	-13.1		
Dec-08F	12.0	10.6	3.5	12.7	22.3	10.1	12.9	18.8	17.2	9.7	19.5	29.7	16.7	19.7	6.0		
Dec-09F	-3.4	-8.1	6.8	-1.3	-12.6	-14.0	-7.3	0.2	-4.6	10.8	2.4	-9.3	-10.8	-3.8	3.8		
Q/Q % CHANGE																	
2006 - Q1	-15.0	9.4	2.9	-22.2	14.7	16.6	0.0	-16.4	7.7	1.3	-23.5	12.8	14.7	-1.6	-1.6		
2006 - Q2	1.8	13.2	0.2	-2.9	15.0	26.2	-0.1	-1.1	9.9	-2.6	-5.7	11.7	22.5	-2.9	-2.9		
2006 - Q3	0.0	6.1	-2.4	-3.0	-1.4	13.5	4.6	-0.1	6.0	-2.4	-3.1	-1.5	13.4	4.5	-0.1		
2006 - Q4	-1.1	4.6	-2.7	-4.2	0.0	9.3	5.3	0.5	6.4	-1.1	-2.6	1.6	11.1	7.0	1.6		
2007 - Q1	4.0	6.6	0.4	2.5	5.7	10.2	4.2	7.0	9.7	3.3	5.4	8.7	13.3	7.2	2.8		
2007 - Q2	9.3	11.3	-0.7	8.2	2.4	19.1	5.1	2.4	4.3	-6.9	1.4	-4.0	11.6	-1.5	-6.3		
2007 - Q3	-5.0	-10.4	-0.1	-1.6	0.9	-19.5	12.3	-9.5	-14.7	-4.9	-6.3	-3.9	-23.3	7.0	-4.8		
2007 - Q4	10.9	-1.2	-2.1	17.8	15.5	-8.3	17.4	6.1	-5.5	-6.4	12.6	10.4	-12.3	12.3	-4.4		
2008 - Q1F	13.1	8.7	1.7	15.2	19.1	3.0	31.0	13.1	8.7	1.7	15.2	19.1	3.0	31.0	0.0		
2008 - Q2F	8.3	3.9	1.3	10.2	8.2	5.8	-1.3	10.5	6.0	3.3	12.4	10.4	8.0	0.7	2.0		
2008 - Q3F	-4.4	-0.2	0.2	-6.1	4.8	-0.3	-4.7	-2.5	1.8	2.1	-4.3	6.9	1.7	-2.8	2.0		
2008 - Q4F	-3.8	-3.1	1.2	-4.1	-7.5	-4.1	-1.5	-2.5	-1.8	2.5	-2.9	-6.3	-2.9	-0.3	1.9		
2009 - Q1F	-5.3	-2.6	3.1	-6.5	-4.6	-5.1	-1.1	-5.3	-2.6	3.1	-6.5	-4.6	-5.1	-1.1	-0.9		
2009 - Q2F	0.1	-2.7	2.3	1.4	-4.0	-5.2	-1.8	1.1	-1.7	3.4	2.5	-3.0	-4.2	-0.8	1.0		
2009 - Q3F	0.1	-2.7	0.8	1.4	-2.4	-5.2	-1.6	1.1	-1.7	1.8	2.4	-1.4	-4.2	-0.6	1.4		
2009 - Q4F	1.8	-0.4	1.5	2.7	-2.2	0.1	-3.0	2.9	0.7	2.6	3.8	-1.1	1.2	-1.9	1.1		
M/M % CHANGE																	
Apr-07	6.1	6.8	-0.4	5.7	3.3	11.2	1.2	3.3	3.9	-3.1	2.9	0.5	8.2	-1.5	-2.7		
May-07	0.9	2.2	0.0	0.1	-1.7	3.7	1.3	-2.4	-1.2	-3.3	-3.2	-5.0	0.3	-2.0	-3.3		
Jun-07	-0.9	-3.8	0.9	1.0	-1.8	-6.6	2.8	-3.8	-6.6	-2.1	-2.0	-4.8	-9.4	-0.3	-3.0		
Jul-07	-3.3	-3.6	1.0	-3.1	1.0	-7.5	4.6	-4.9	-5.2	-0.6	-4.7	-0.6	-9.0	2.9	-1.6		
Aug-07	-3.2	-7.9	-2.0	-0.3	-0.7	-13.6	2.3	-2.3	-7.1	-1.1	0.6	0.2	-12.8	3.3	0.9		
Sep-07	2.4	0.3	-1.0	3.6	6.8	-3.0	11.4	-0.7	-2.8	-4.0	0.5	3.6	-5.9	8.0	-3.0		
Oct-07	6.2	1.3	-1.3	8.9	5.3	0.9	4.0	1.3	-3.4	-5.9	3.8	0.4	-3.8	-0.8	-4.6		
Nov-07	6.2	0.8	-0.2	8.9	7.2	-0.2	0.6	4.7	-0.6	-1.7	7.3	5.7	-1.6	-0.8	-1.4		
Dec-07	-1.8	-1.8	2.2	-1.8	-0.1	-7.6	11.3	2.0	2.0	6.1	2.0	3.7	-4.0	15.6	3.8		
Jan-08	5.1	3.4	0.3	5.9	9.2	2.7	5.7	6.1	4.3	1.1	6.9	10.2	3.6	6.7	0.9		
Feb-08	5.2	6.1	-0.3	4.7	5.8	2.5	26.6	3.9	4.9	-1.4	3.5	4.6	1.3	25.2	-1.2		
Mar-08 MTD	10.1	5.1	-0.1	12.3	7.6	11.1	-5.2	9.1	4.2	-1.0	11.3	6.6	10.1	-6.1	-0.9		

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