

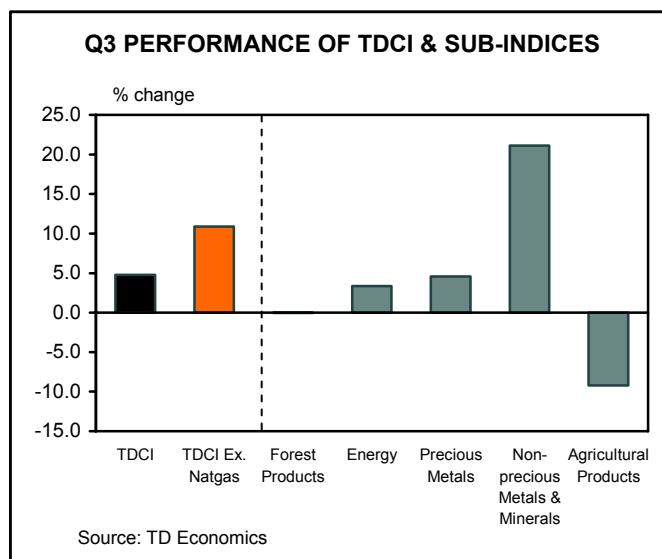


HIGHLIGHTS

- Strength in base metals prices drove TDCI up 5% in the third quarter, while a steep decline in natural gas prices provided some offset
- Commodity price gains will be limited over the next 4-6 quarters, but will pick up momentum in 2011
- Natural gas prices to outperform throughout the forecast period, skewing the headline figures
- TDCI to rise by 35% above September levels by the end of 2011, while the index excluding energy advances by only 13%

**SUPPLY GLUT TO LIMIT REBOUND IN
COMMODITY PRICES IN 2010**

As pieces of the global economic recovery fall into place and risk tolerance rises, global commodity markets are getting pulled along for the ride. Building on its 7% advance (Q/Q average basis) in the April-June period, the TD Commodity Price Index (TDCI) in U.S. dollars registered a third-quarter gain of roughly 5%. Had it not been for a slide in natural gas prices, the Q3 increase would have topped 10%. During the summer quarter, the non-precious metals and minerals sub-index was



by far the top performer, as it shot up by more than 20%. In contrast, the agricultural sector weighed on the index, falling by over 9%.

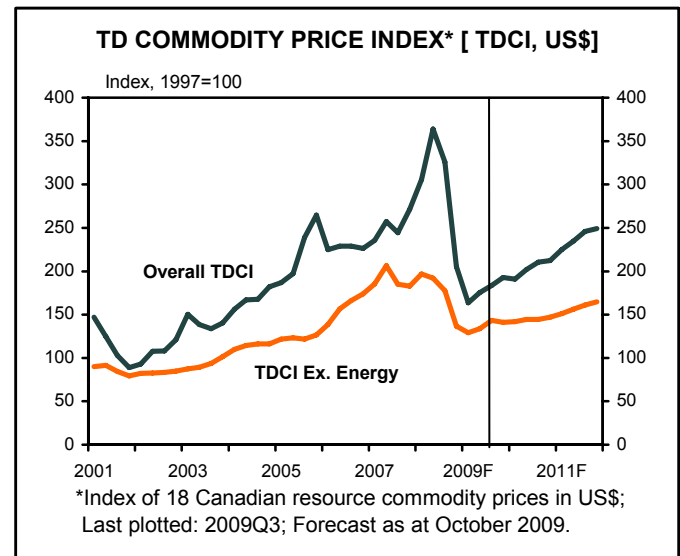
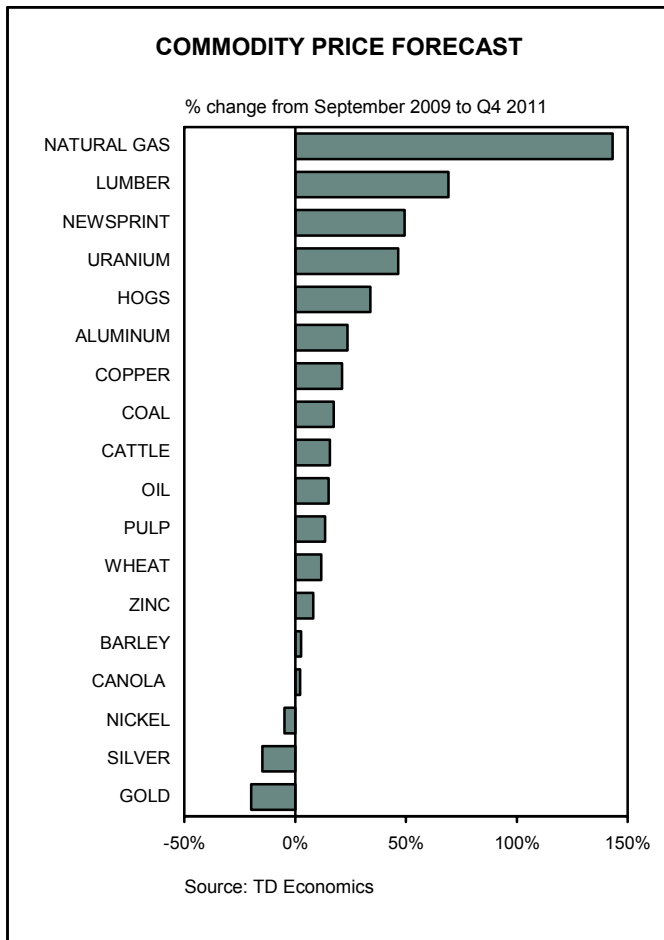
Further price gains harder to come by

Looking ahead, gains in commodity prices will be harder to come by over the next 4-6 quarters:

- For a number of commodities – notably, crude oil, nickel, zinc and precious metals – the fickle flows of investors rather than any meaningful improvement in current supply-demand fundamentals have been behind the recent rally. In fact, the challenge of excess stockpiles extends through most areas of the commodity complex.
- The investment lure of commodities as a hedge against the U.S. dollar is likely to continue in the short run, but further scope for greenback depreciation appears limited. In fact, a respite in the U.S. dollar appears likely as 2010 progresses.
- While we expect supply-demand conditions to strengthen in tandem with the global economy, the rate of economic recovery is likely to be gradual compared to the past recoveries. Despite our upwardly-revised growth forecast for a 3.8% rebound in world real GDP growth in 2010, the *level* of world output will remain quite depressed.

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stockpiles, and more recently, a fall in forest product and metal imports into China. We suspect that this destocking trend has not yet run its course.

Natural gas prices to outperform

The TDCI is expected to end next year a healthy 15% above its September 2009 average. Still, if a continued recovery in natural gas prices is removed from the equation, the index is expected to grind ahead by only 6%. On a brighter note, momentum in commodity markets should pick up and broaden in 2011, as the world economy continues to normalize.

The accompanying chart shows TD Economics' projected changes by commodity, up to and including 2011. Natural gas prices are forecast to rise by almost 150%, outperforming all other commodities in the index. Forest product prices will be among the top performers, with lumber prices expected to jump by 70% and newsprint prices to gain 50%. Meanwhile, precious metals prices will fare the worst, with the sub-index sinking 20% during the forecast period. Overall, we expect the TDCI to rise 35% by the end of 2011, and the index excluding energy to gain a more modest 13%. This will bring the TDCI back to levels seen in the third quarter of 2007, prior to the rapid run-up in prices seen towards the end of 2007 and early-2008.

- There is a considerable amount of excess capacity within most commodity areas. So as demand revs up, production can easily be increased. But, as demand picks up and prices begin a sustainable recovery, producers will be tempted to ramp up output in order to capitalize on the higher prices. As such, it will take a great deal of producer discipline to work down the excesses and balance the market.
- Over the next few months, a scaling back in Chinese consumption appears to be an impediment to a sustained rally in forest products and base metals. In the first half of 2009, robust demand from China helped to underpin prices. However, it appears as though demand was not sufficient to keep pace with imports, leading to a rise in

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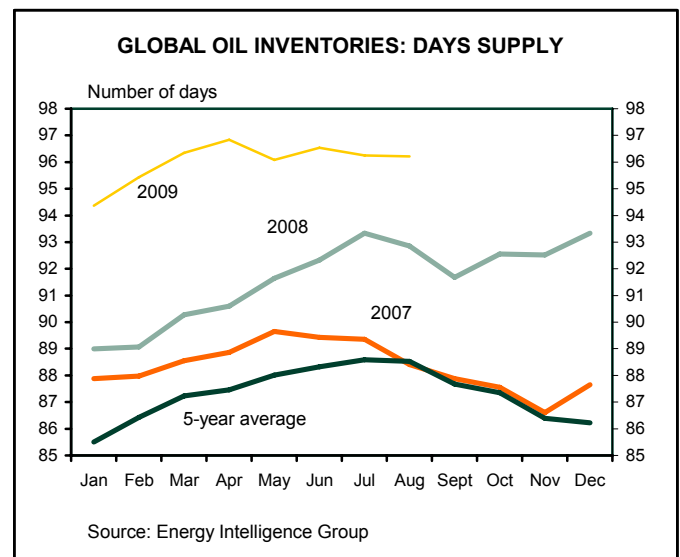
ENERGY

Crude oil prices to remain range bound

Crude oil prices continued their upward trek in the third quarter, trying unsuccessfully to reach the US\$75 per barrel mark. While the numbers indicate a 15% increase over the second quarter, they mask the fact that prices have, for the most part, traded within the tight range of US\$68-73 for the past two months. The current fundamentals in the oil market have done little to support these price levels, with a weakening U.S. dollar, rising investor confidence and optimism surrounding the economic recovery all having the dominant influence on price movements. But while prices are probably still too high based solely on supply and demand conditions, the data are beginning to show a slight tightening in the market.

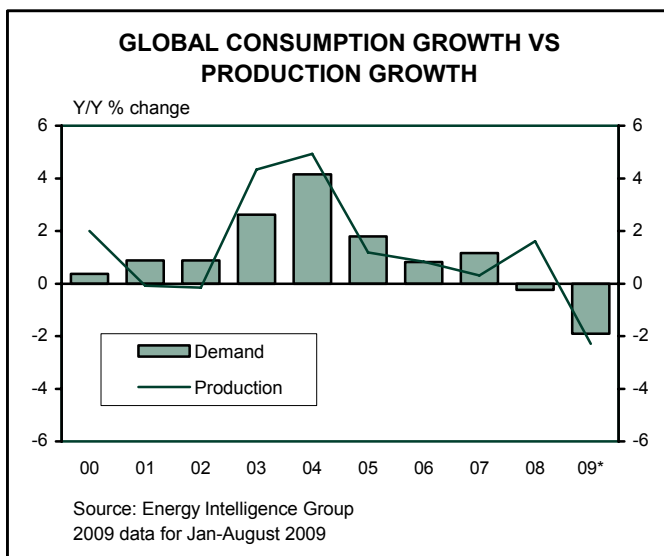
Following the steepest drop on record (-6% Y/Y) during the first half of this year, the rate of decline in U.S. oil consumption has since slowed, and could turn positive before the year is out. Meanwhile, growth rates in Chinese demand have been on the rise thanks to some fiscal stimulus, and are nearing pre-recession levels. These improvements, among others, led to a 0.2% Y/Y rise in global demand in August – the first increase in 13 months. While definitely a good sign, the slightly positive number is just one month’s worth of data and is clouded by the fact that a great deal of demand destruction had already taken place a year ago. Undeniably, at a rate of 84.7 million barrels per day, global consumption is still extremely depressed, down 1.7 million barrels per day (2%) from August 2007 levels, which is perhaps a better indicator of the real strength – or lack thereof – of the recovery in oil demand.

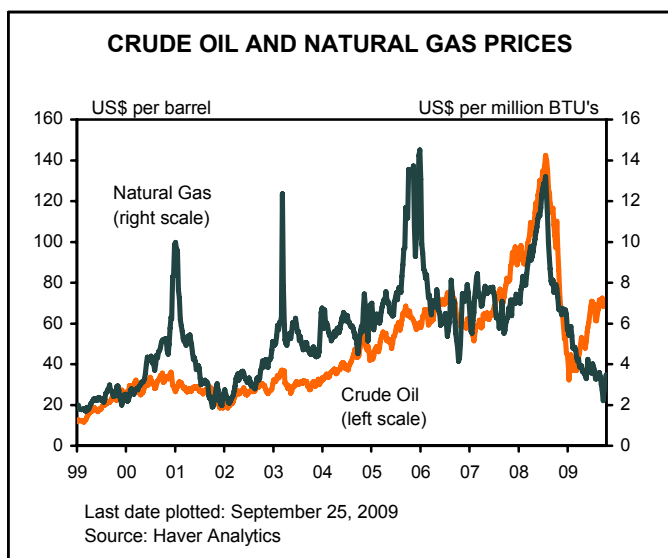
ENERGY PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level Sep-09	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-10	Dec-11
Crude oil	69.47	US\$/barrel	-2.2	-37.9	70.00	80.00
Natural gas	2.97	US\$/MMBtu	-5.5	-54.9	5.50	7.00
Thermal Coal	68.16	US\$/mt	-6.8	-45.9	70.00	80.00



Nonetheless, the rise in demand was enough to outpace supply in August, resulting in a deficit of 400,000 barrels per day. But the recent supply shortfall has yet to make a dent in the massive supply glut that has been building since the start of last year. Indeed, global inventories remain above 96 days supply – well-ahead of the 5-year average of about 88 days supply.

Accordingly, we don’t see a further meaningful price rally in sight for the oil market. While we expect OPEC quotas to remain unchanged, output is likely to rise in the final quarter of this year as the recent uptrend in prices to US\$70 per barrel leads to lower compliance rates among OPEC members and summer maintenance shutdowns in non-OPEC countries end. Global consumption will continue to edge up, but given the exceptionally low levels from which it will be rebounding, and given the tepid pace of the world recovery forecast, supply is likely to remain





abundant until at least 2011. On the upside, further U.S. dollar weakness and financial inflows will likely continue to provide some upward pressure on prices in the coming months. Hence, the fundamentals and investment demand will continue to work against each other, leaving prices range bound through 2010. As the supply-demand balance begins to improve in 2011, prices will edge up towards the US\$85 per barrel mark.

Natural gas inventories nearing full capacity

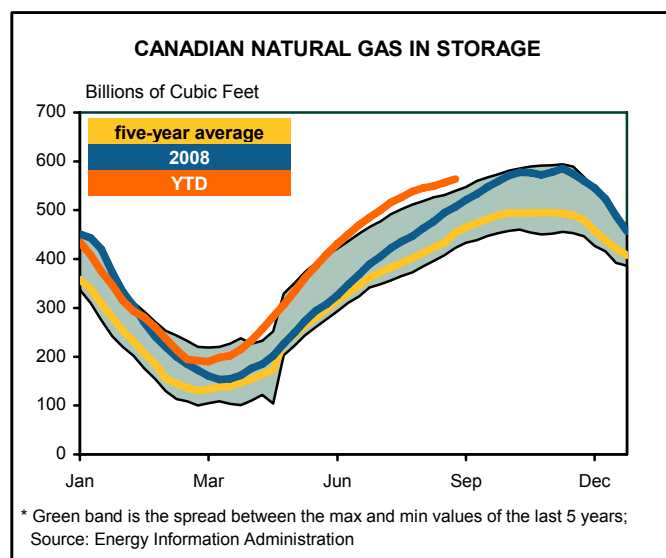
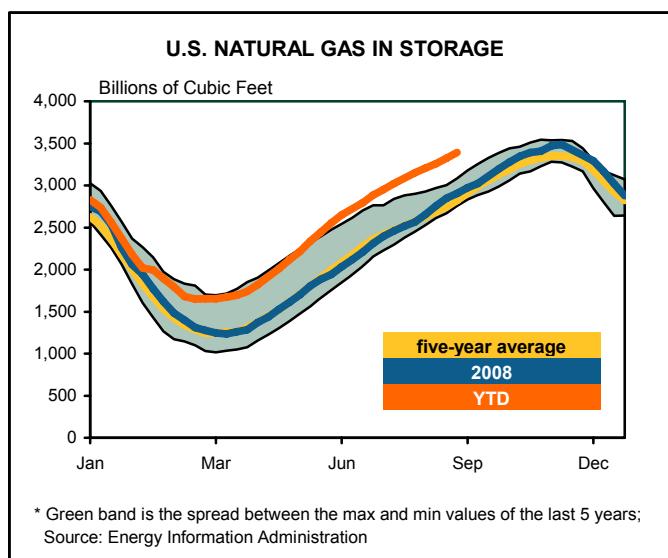
Contrary to the relative calm seen in the oil market, the natural gas market has been making huge waves lately, with price swings of 10-20% occurring each week since mid-August. In September, prices dipped below US\$2 per MMBtu for the first time in eight years, but have since recouped a portion of those losses, trading around the US\$3

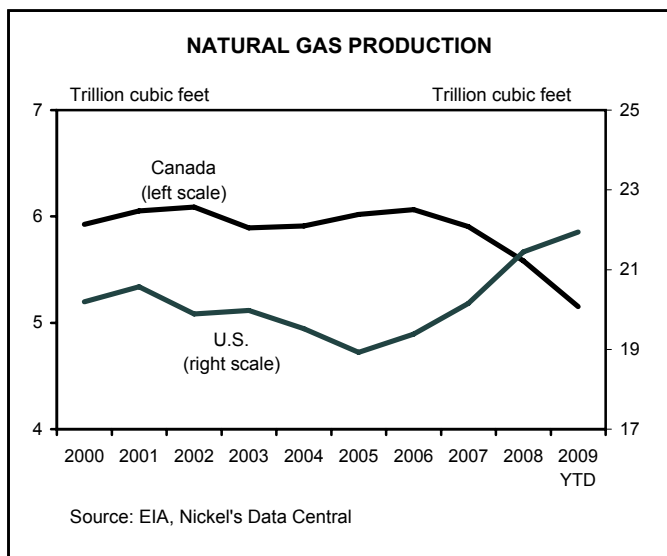
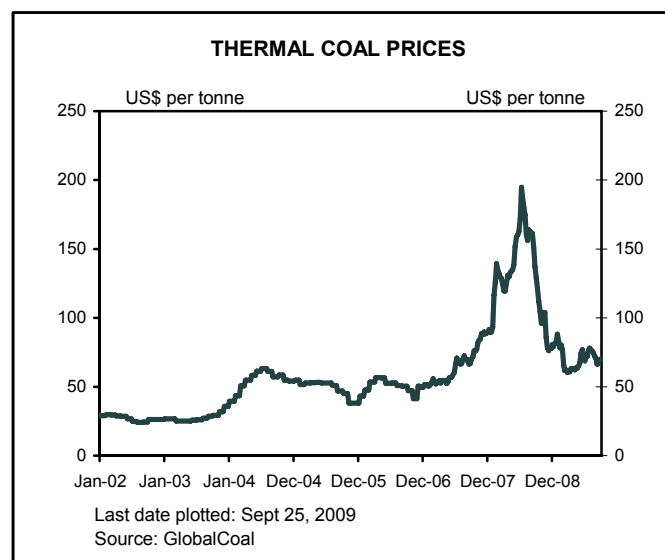
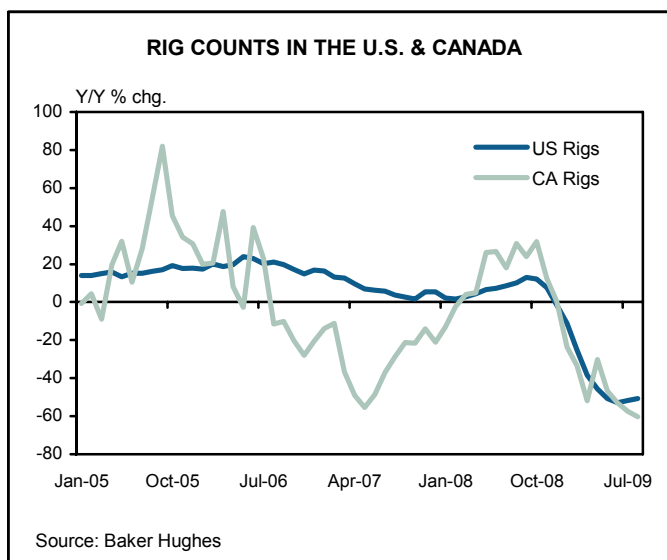
per MMBtu mark. Still, the third quarter will mark the 5th consecutive quarter of falling natural gas prices, though at -15%, it will be the smallest of the declines.

The massive slide in prices can be attributed to the ongoing deterioration in the fundamental picture. While the summer is typically a low-demand season, cool temperatures this year resulted in even weaker than usual demand, as less air conditioning was required. And no support came from industrial users either, as industrial demand plunged 12% during the first six months of the year, and continued to drop throughout the summer. Hurricane and storm activity in the producing regions has also been lacking this year, leaving production facilities running uninterrupted. As a result, inventories in Canada and the U.S. have been running more than 20% ahead of the 5-year average, and with one month left in the injection season, natural gas in storage is currently sitting at about 90% full.

In response to the mounting inventories, producers have been putting the brakes on drilling activity. North American active rig counts have been plummeting, and are now down 50-60% from year-ago levels. What's more, rig utilization has also taken a hit, falling to multi-year lows. While production in Canada has consequently slowed, down by nearly 8% Y/Y during the January-July period, higher productivity from shale discoveries has led to a slight increase in U.S. output. Nonetheless, ongoing drilling reductions should begin to affect production south of the border in the coming months, resulting in reduced output in 2010. On a brighter note, LNG imports, although higher than 2008 levels, will not be as robust as originally anticipated.

Going forward, with more than enough natural gas in storage to meet even the coldest of winters, the outlook for





Coal prices to slide as Chinese imports wane

After hitting a 5-month high in July, thermal coal prices have since lost some steam, falling back below US\$70 per tonne. The rebound in prices during the second quarter was underpinned by robust demand from Asia, with Chinese imports hitting a record high during the first half of the year, and exceeding exports for the first time on record. Since then, however, imports have begun to slide, as a string of mines in the country that were shutdown due to unsafe working conditions are gradually starting to come back online following safety upgrades. As such, Chinese imports will drop significantly during the second half of this year, taking the floor out from under prices. Meanwhile, demand outside China is expected to remain depressed, leading to further upward pressure on global inventories in the near term.

Looking ahead to next year, as the global economic recovery becomes more fully entrenched, world demand should pick-up, slowly chipping away at the excess supply. India in particular will remain a bright spot, as the country is already a net importer of the fuel and the government is building additional power plants to meet rising electricity demand. So after falling through the first quarter of 2010, we expect thermal coal prices to firm up, rising gradually through the rest of 2010 and 2011. The rebound will be tepid though, as output from Australia is set to rise over the next 5 years, dampening the impact of higher global demand.

prices is quite grim. Taking into account a seasonal uptick in residential demand during the winter months and a reduction in production in both Canada and the U.S. next year, inventories are still likely to finish the withdrawal season (March 31st) above this year's elevated level. As a result, a bearish tone is likely to persist over the next two quarters. Further out, lower production and a rebound in industrial demand should help to improve the market balance, though with plenty of supply to go around, the recovery in natural gas prices will be slow.

FORESTRY PRODUCTS

Lumber market poised for recovery...in 2011

The lumber market has begun to turn the corner, with prices hitting a 9-month high of US\$245 in July. And although they have fallen back slightly since then, they still remain up a decent 20% from the trough seen in March. But while definitely on the road to recovery, it's going to be a long ride.

We are beginning to see signs of life on the consumption side, with the U.S. housing market appearing to have stabilized in recent months. While sales are still sitting at their lowest level since the recession of the mid-1980s, new home inventories have fallen from 12.4 months supply in January to just 7.3 months supply in August. And with credit conditions having eased at such a rapid rate, and mortgage rates at historically low levels, demand for new homes is likely to strengthen. As a result, U.S. homebuilding activity has risen from a low of 480,000 starts in April to nearly 600,000 starts in August. While definitely an improvement, there are still several downside pressures – including a weak labour market and a high level of existing home inventories – that are tempering the recovery. With these pressures to dissipate only gradually, we expect new home starts to only rebound to 750,000 units – about half the rate of household formation – by the end of this year, and to remain below the 1 million unit mark until the tail end of 2010 or early 2011.

Similarly, the housing market in Canada has begun to turn around, but starts still remain well below the 211,000 unit average seen in 2008. And going forward, we expect new homebuilding activity to remain in the 140,000-

FOREST PRODUCT PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level Sep-09	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-10	Dec-11
Lumber	236	US\$/thous. board feet	-0.5	-12.3	285	400
Pulp	750	US\$/mt	5.5	-12.9	760	850
Newsprint	435	US\$/mt	-3.3	-42.0	575	650

160,000 range through 2010, before heading up to the demographic driven rate of 175,000 in the second half of 2011.

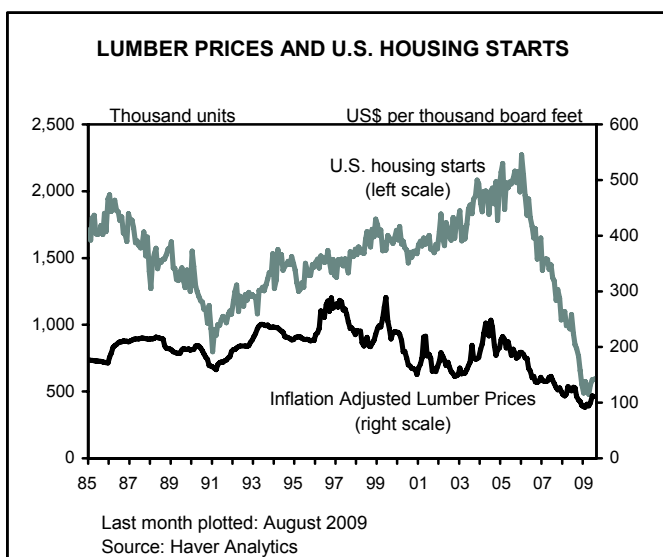
The supply side has also made some progress, as the lack of demand has forced lumber producers to curb output, pushing capacity utilization rates in both Canada and the U.S. to below 50%. But while this has helped to improve the supply-demand balance and buoy prices, the massive amount of surplus capacity will likely lead to further mill closures in 2010. Canadian producers are facing additional headwinds – including an elevated loonie and a tax on exports destined for the U.S. in accordance with the Softwood Lumber Agreement – that are undermining the recent strength in prices.

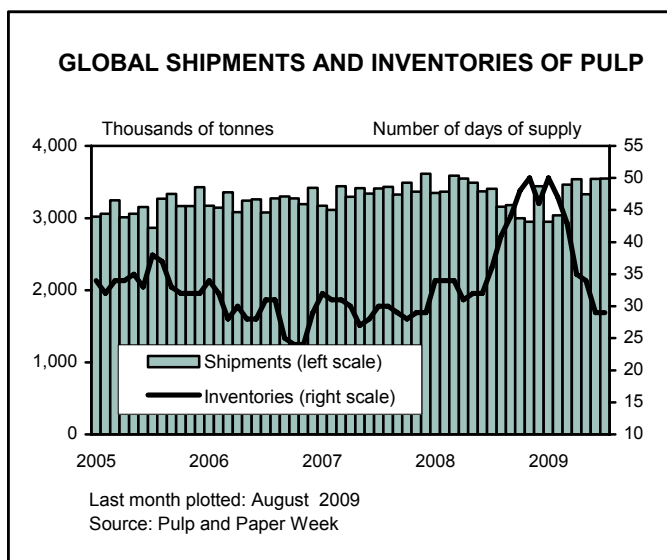
Overall, the tighter supply-demand balance will provide a boost to prices in 2010, though a subsequent increase in capacity utilization will limit the upside potential. In 2011, however, producers will be bumping up against full capacity, as the shutdowns seen through 2010 will be slow to come back. And with inventories still on the slim side, lumber prices will be poised for a sharper rebound, to their long-term average of US\$400. For further details, see *Lumber Market Poised for Recovery*, available on our website.

Pulp producers aggressively hiking prices

Producers continued to encounter little resistance to price hikes in September, with pulp prices rising to a 9-month high. In fact, as prices have risen, demand has followed suit as buyers anticipated further price hikes amid historically low producer stockpiles. Production curtailments in North America during the first half of the year were successful in slashing inventories, which have fallen from 50 days supply in January to only 28 days supply in August – the lowest level seen since May 2007. Furthermore, a depreciation in the U.S. dollar has stimulated demand for North American pulp from offshore markets – especially China – which has limited the availability of its supply for the domestic market.

As we head into the autumn, when demand is typically





more, this pressure comes at a time when production costs – including fuel, transportation, and fiber – are rising, and in Canada, an elevated loonie is exacerbating the decline in prices. So with current price levels already below cash costs at most mills, producers have chosen to take more downtime rather than accepting lower prices to move their product. This reduced output level, however, is proving to be quite beneficial to the market, as demand from domestic and export sources combined exceeded production in June and July. As a result, mill and consumer inventories eased to just 50 days supply in July, down from a peak of 59 days supply in March.

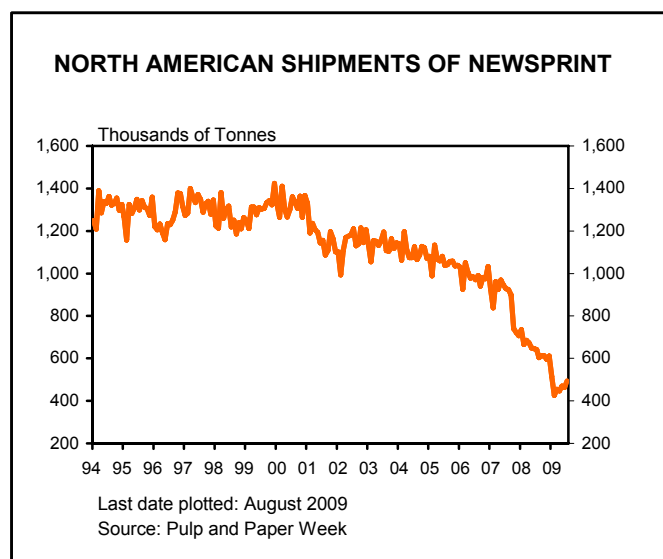
While the newsprint market remains oversupplied, producers are attempting to hike prices. Several companies, accounting for 95% of total North American output, have announced a price increase of US\$70 to be implemented over two months – some planned to hike in September and October; others in October and November. In addition to rising input costs, further production curtailments will be needed to support higher prices. AbitibiBowater is leading the way, as it recently announced that it will be slashing output at three mills.

It appears as though producers were unsuccessful in implementing a price increase in September, but a unified hike is still likely to be pushed through, as several mills will not be able to survive if current prices are sustained. Look for newsprint prices to begin creeping up slowly this year, and to gain some momentum towards the middle of 2010, as the previous and upcoming production cuts gain traction.

stronger, and with supply on the tight side, the uptrend in prices is likely to continue. After successfully implementing a US\$40 price hike in September, several producers have already slated another hike to US\$800 for October 1st. But these hikes are not expected to stick. First off, the rate at which China is importing pulp is not sustainable, as inventories within the country are elevated and idled capacity will soon start to come back on-stream. Secondly, announced mill downtime is much lower than in the previous quarter, and with profit margins improving, several mills in North America will be restarted, giving output a boost. And while the Canadian government’s Pulp and Paper Green Transformation Program (often referred to as the black liquor fund) appears to be tapped out, it looks as though the comparable fund in the U.S. will last until the end of this year, giving producers south of the border an incentive to churn out more pulp. As a result, a small correction in pulp prices will likely take place during the first half of next year, before permanent closures and a rebound in demand lead to a renewed recovery towards the end of 2010 and in 2011.

Newsprint producers aim to bring prices above costs

For the second consecutive quarter, newsprint was the worst performing commodity in our index, with prices plunging 20% to US\$435 – the lowest level since 1994. Despite showing a slight improvement in recent months, North American shipments are still more than 20% below year-ago levels. Accordingly, there remains a great deal of pressure on producers to lower prices even more. What’s



NON-PRECIOUS METALS AND MINERALS

Base metals prices get ahead of fundamentals

The rally in the base metals market extended into the third quarter, as the non-precious metals and minerals sub-index surged 23%, outperforming all other sectors in the index. Of all the base metals, nickel came out on top, with prices soaring 37%, though copper was up by a hefty 26%. Aluminum and zinc prices lagged behind, with a still-impressive 20% jump.

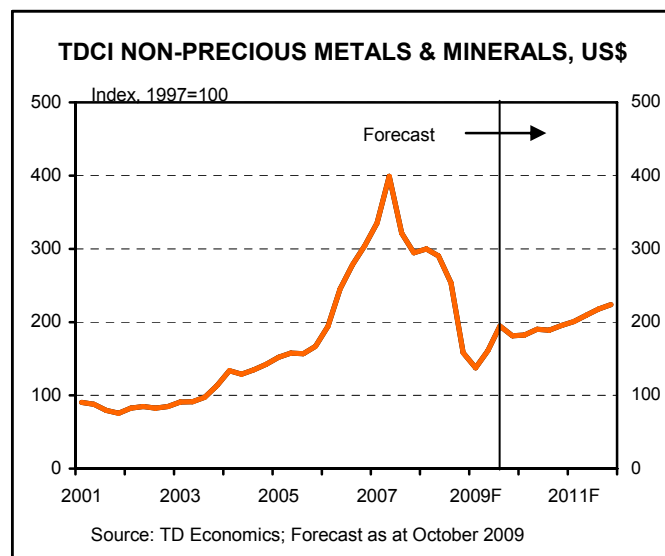
In the second quarter, much of the run-up in prices was due to robust import demand from China. Since then, Chinese imports of these metals have begun to slow as we had expected. But despite the fact that global demand remains quite weak across the base metals complex, and most markets are facing a large supply overhang, prices have managed to rise further, propped up by actual and potential supply disruptions, and a surge in investment demand – particularly in the nickel and zinc markets. Indeed, with prices rising alongside inventories, it appears as though prices have gotten well ahead of the fundamentals in these two markets.

While speculation is impossible to predict, we suspect that some profit taking may be in the cards in the near term. And given the weak fundamental backdrop, base metals prices could be in for a small correction in the fourth quarter. But as economic conditions improve, global demand for base metals will follow suit, helping to reduce inventories and giving prices a boost in 2010. Overall, we forecast the sub-index to drop 5-10% in the fourth quarter (from current levels), and to bounce back by over 20% by the end of 2011.

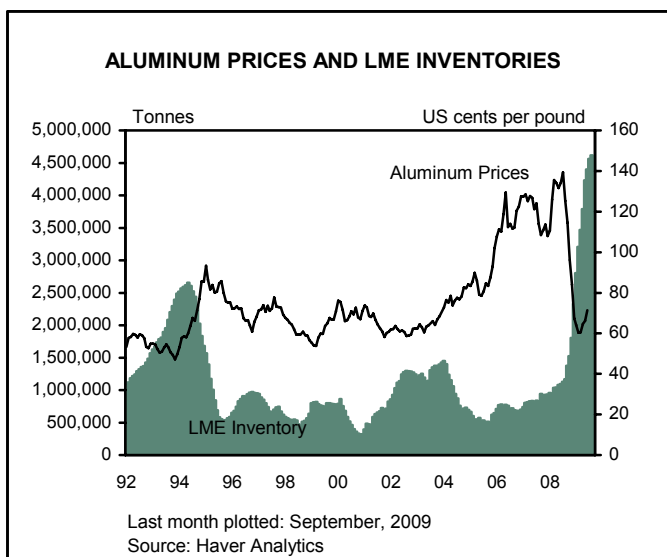
Supply disruptions help curb production

Despite beginning to show some improvement, demand

METAL AND MINERAL PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level Sep-09	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-10	Dec-11
Aluminum	83.17	US cents/lb	-5.0	-25.5	85.00	100.00
Copper	281.04	US cents/lb	0.3	-12.9	275.00	325.00
Nickel	7.92	US\$/lb	-10.9	3.1	7.00	7.25
Zinc	85.44	US cents/lb	3.4	6.4	75.00	90.00
Uranium	44.38	US\$/lb	-7.3	-27.6	55.00	65.00



for base metals around the world, with the exception of China, is still extremely weak. And while producers have slashed production to try and balance the market, supply disruptions have also been helpful. A two-month long labour strike at Vale Inco's mines in Canada has affected both the nickel and copper markets, though the company recently restarted work at some mines using non-unionized workers. But the production uncertainty doesn't end there for the copper market, with workers representing nearly 20% of the global mine supply due to negotiate contracts during the second half of this year. Workers in Chile have already indicated that they are prepared to strike if a deal cannot be reached. In addition to labour market woes, electrical problems, heavy rains, permitting issues and pit wall problems have also hit the copper market, while potential power supply problems in Russia and South America have been plaguing the aluminum market.





But despite these setbacks on the supply side, the total drop in output has either been matched or exceeded by the slide in consumption. As a result, inventories on the LME have continued to mount, although in the case of aluminum and zinc, stocks are beginning to level out. The copper market, which saw inventories jump 25% since hitting a recent trough in mid-July, is the only one that has shown any sign of tightening, as stocks of the metal are now lower than they were at the start of the year. Still, there has been no indication of a shortage in the copper market.

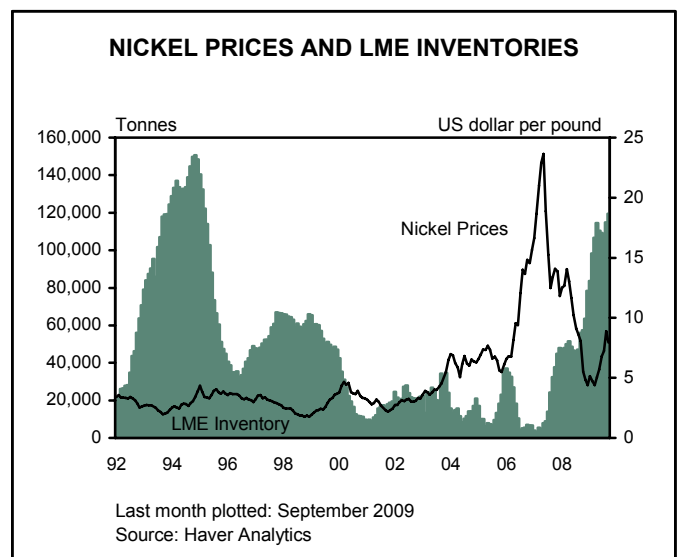
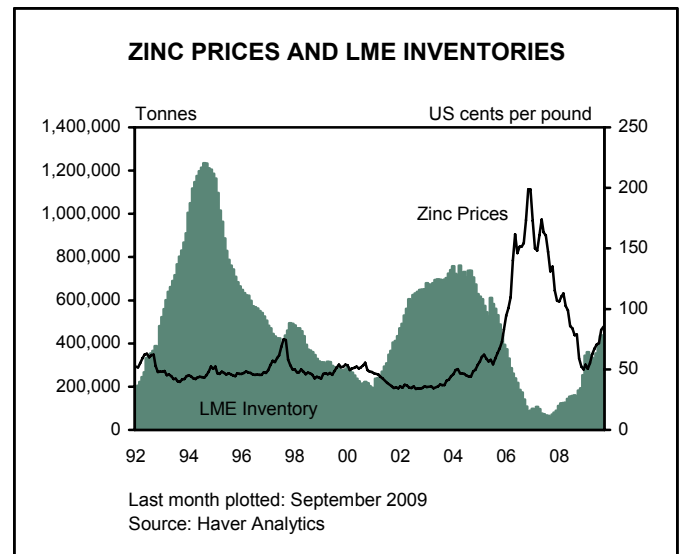
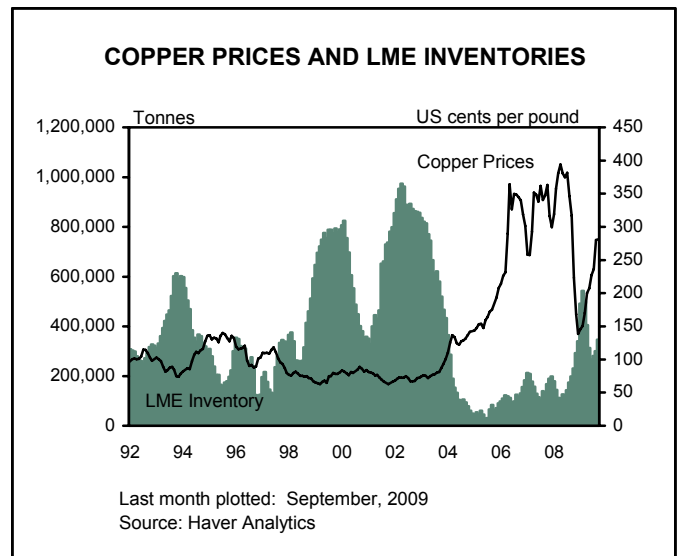
Chinese demand starting to wane

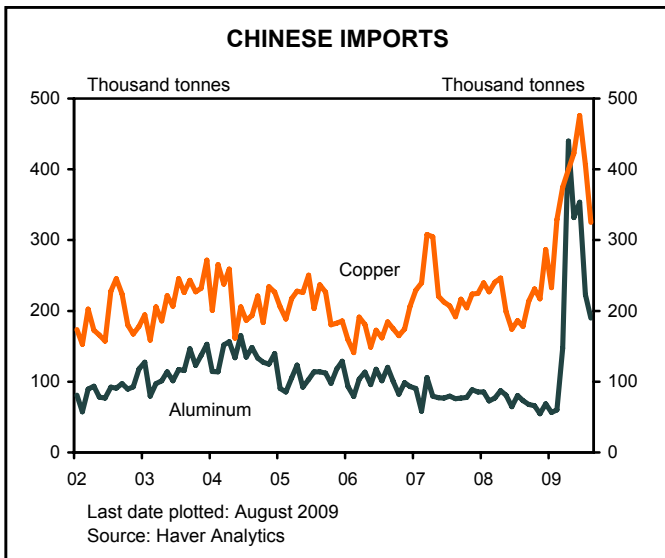
While Chinese demand for base metals has been stronger than in the rest of the world, actual consumption has likely been much weaker than the import data would imply. This is evident in the recent trade numbers – which show a drop in imports over the past couple of months – and the build in stockpiles seen within the country. Much of the surge in imports earlier this year stemmed from robust buying by the State Reserve Board, which has proven to be unsustainable, and an arbitrage window between LME and domestic prices, which has since narrowed. As well, higher LME prices have driven up Chinese production of aluminum, nickel and zinc. So with inventories mounting and domestic output rising, it is unlikely that China will be providing a significant boost to global demand in the near term.

Base metals prices to pullback in Q4

The recent rally in base metals prices appears to be overdone, and we expect to see a modest pullback in prices from current levels over the next few months. The downside, however, will be somewhat limited, as base metals demand outside China should pick up in the fourth quarter.

In 2010-11, prices are likely to rise gradually, as a rebound in global demand begins to chip away at the stockpiles that have been accumulating. The aluminum market could shift into a deficit position as early as 2010; however, most other markets will likely remain in surplus until at least 2011. Still, copper is poised for the greatest gains, as the market has already tightened, and further production cuts were announced in August. Furthermore, copper inventories are low compared to prior economic slowdowns. While an uptick in demand from the stainless steel (nickel), auto and non-residential construction (zinc) sectors will be supportive, high inventories will constrain the upside to nickel and zinc prices. For all base metal markets, higher prices will likely prompt producers to bring more production back online, limiting any upside potential. And with new mines





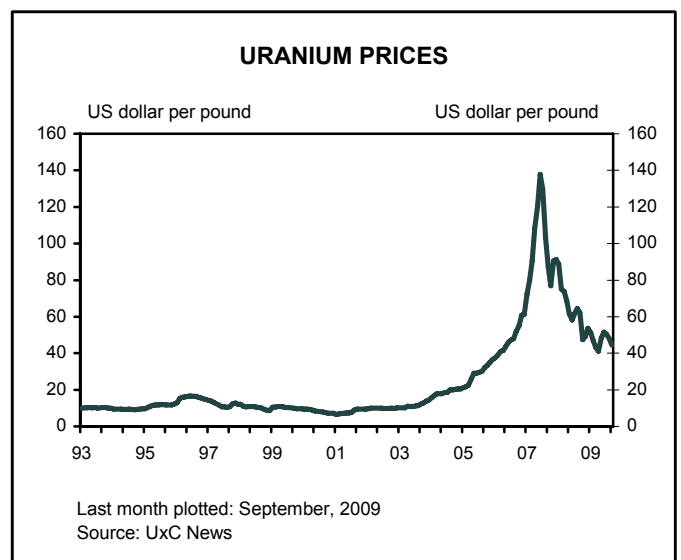
set to come on stream in 2010 for aluminum, nickel and zinc, a great deal of producer discipline will be required to bring the markets back into balance and to maintain higher price levels.

Uranium prices to move sideways

Uranium prices traded in a relatively tight range in the third quarter, though the overall trend was down. Demand was sluggish, which is typical during the summer, but also because spot purchases during the first half of the year were quite strong as buyers were stocking up. With demand still highly discretionary and thus price sensitive, the story in the uranium market remains the same: As demand slows, producers slash prices in order to entice buyers back to the market. As buyers return, suppliers hike prices until demand begins to drift down again. This cycle has been playing out

for the past year, and will likely continue until demand picks up significantly or supply begins to tighten.

Neither of these events is likely to take place this year, suggesting prices should remain within a narrow range in the near term. One potential risk on the supply side is the U.S. Department of Energy’s proposed plan to release uranium hexafluoride (a substitute for the uranium compound that we track) into the market. This would boost supply and could send prices down even further. In 2010, we expect prices to rise gradually as utility inventories begin to shrink and electricity consumption rises together with economic activity. Nuclear developments in Asia are likely to boost demand down the road, as well as the resumption of projects that were put on hold as a result of the recession. This, however, is not likely to have a major influence on prices until after our forecast period.





PRECIOUS METALS

Gold price rally to run out of steam

Upward momentum in the precious metals market carried through to the third quarter, with the sub-index rising 4.6%. After trading above US\$900 since mid-May, gold prices finally topped the psychological US\$1,000 mark in September – a level not seen since March 2008. Given that the elevated prices, combined with the global recession, have depressed jewelry and fabrication demand, investment demand has continued to be the main driver of prices. Indeed, paper holdings have been climbing steadily, with noncommercial net long positions on the COMEX shooting up 50% between mid-July and late-September to a record high.

The buoyancy in investment demand stems from two sources: U.S. dollar weakness and fears of inflation. The ongoing depreciation in the U.S. dollar against the euro and a basket of other currencies has resulted in a flurry of bullion buying. Accordingly, the (negative) correlation between gold prices and the EUR/USD exchange rate has been quite strong since the start of July. Meanwhile, despite the fact that the annual pace of core inflation eased to 1.4% in August, a massive federal debt level in the U.S. and short-term interest rates near zero have stirred up concerns that inflation will accelerate as the economy improves, thereby sending investors to the safety of gold.

We believe that the current rally in gold prices has run its course. While the market is concerned about rising prices, we feel that the risks to inflation lie to the downside. Moreover, the U.S. dollar likely doesn't have much more

PRECIOUS METAL PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level Sep-09	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-10	Dec-11
Gold	996.77	US\$/ounce	5.0	12.2	870.00	800.00
Silver	16.42	US\$/ounce	13.8	25.8	15.00	14.00

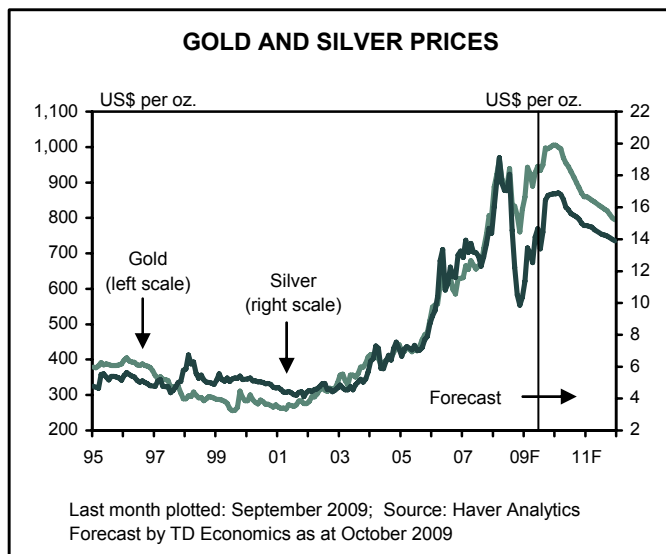
room to fall, as we foresee a further depreciation of only 3% against the euro between now and the end of the year. And with this modest decline probably already priced in, the upside for gold appears to be limited.

Next year, as the economy improves, investor risk appetite will rise, the greenback is likely to gain some ground (13% versus the euro) and some central banks – including the ECB and BOE – will begin to tighten monetary policy. As well, while the U.S. Federal Reserve is unlikely to hike rates before 2011, it should start to unwind the quantitative easing measures that were put in place by mid-2010. All these things combined will result in a reduction in demand for gold. Still, although we don't expect inflation to break out globally, renewed fears of upward price pressures could provide some offsetting strength. Nonetheless, we still expect gold prices to lose some luster in 2010 and 2011, falling to US\$800 by the end of the forecast period.

Silver to benefit from an uptick in industrial demand

Silver prices were on a steady rise during the third quarter, shooting up sharply in September to a 13-month high. Similar to gold, the rally in the silver market has largely been attributable to investment demand, with non-commercial net long positions on the COMEX up 150% between mid-July and late-September. However, silver's industrial properties have allowed the metal to also benefit from optimism surrounding industrial demand and strength in the base metals market.

With a recovery in industrial production already underway in several countries, non-investment demand for silver will give prices an added boost this year. And once investment demand begins to subside next year, ongoing strength in industrial consumption will provide some offsetting support. As a result, the white metal will likely outperform gold in 2010, pushing the gold-to-silver ratio back below 60:1.





AGRICULTURAL PRODUCTS

Agricultural sector takes a hit in Q3

The agricultural sector was the worst performer in our index during the third quarter, sinking by over 9%. Wheat and hog prices weighed most heavily on the sub-index, while barley and cattle prices managed to squeeze out a gain. In the case of barley, however, the positive figure is deceiving, as the overall trend during the three month period was down. The sub-index now sits at its lowest level since the second quarter of 2007.

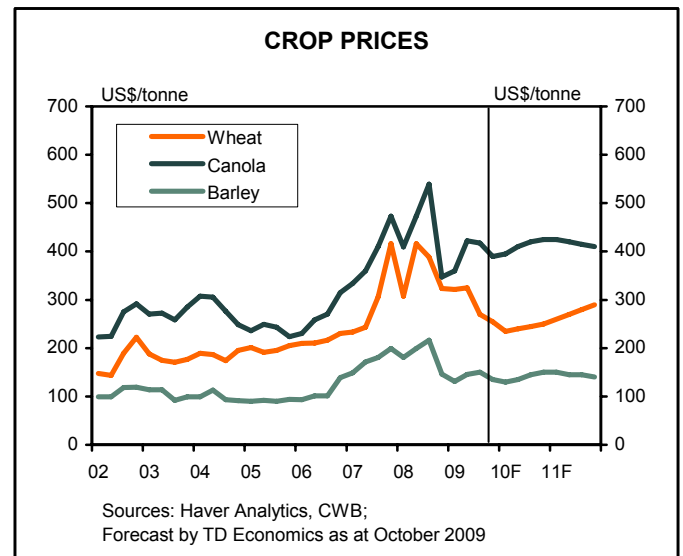
The weakness in agricultural prices has been driven by good old supply and demand fundamentals. For the most part, growing conditions around the world during the 2008-09 crop year were favourable, resulting in larger-than-expected yields and production. And with global demand on the sluggish side, massive stockpiles accumulated, leading to a downturn in prices. Livestock inventories also remain elevated, as the recession has taken a toll on demand for meat, since it is more expensive and highly correlated with incomes. The cattle market has tightened somewhat, giving prices a slight boost during the third quarter, but hog prices remain in the doldrums with more than enough supply to go around.

Overall, we expect agricultural prices to undergo further weakness in the near term, with the sub-index falling by 5% between now and the first quarter of 2010. Thereafter, the sector should begin a slow but steady rebound of about 14% through 2011.

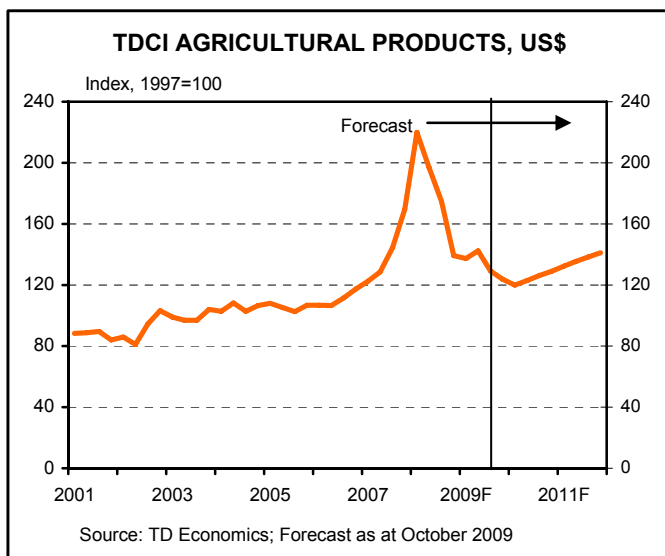
Troublesome surpluses plaguing crop markets

Following a bumper crop year, with record production

AGRICULTURAL PRODUCT PRICES: RECENT PERFORMANCE AND FORECAST						
	Price Level Sep-09	Unit	Month/ Month % Chg	Year/ Year % Chg	Forecast Level	
					Dec-10	Dec-11
Wheat	259.65	US\$/tonne	-1.9	-31.5	250.00	300.00
Barley	136.60	US\$/tonne	-10.5	-25.3	150.00	140.00
Canola	398.13	US\$/tonne	-8.5	-15.7	425.00	405.00
Cattle	86.45	US cents/lb	2.4	-16.0	92.00	100.00
Hog	50.71	US cents/lb	4.1	-27.0	59.00	68.00



levels of several crops, large excesses have accumulated in the market. Perhaps the largest global imbalance is in the wheat market, which has been reflected in the massive 17% slide in prices during the third quarter. Increased global production, combined with lack of demand, left major exporting countries struggling to move the grain. 2008-09 was the first time in four years that wheat production exceeded consumption, driving global year-ending stocks to a 6-year high. In Canada, canola production hit record levels. At the same time, exports (+40%) reached a new high, keeping stocks within historical limits. China was the number one destination for Canadian canola, while Japan was a close second. The surge in exports prevented canola prices from feeling the slump that hit wheat prices. Barley producers were not so lucky, as hefty competition from cheaper alternative feed grains weighed on demand, driving carry-over stock levels in Canada and the U.S. above their 5-year average and prices down.

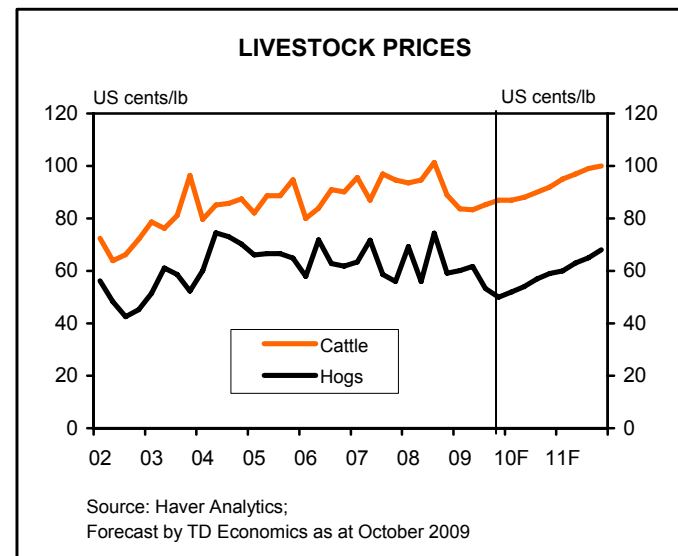


The outlook for these markets is somewhat mixed, although the overall tone is bearish. Output of barley and canola is expected to drop in 2009-10, as several regions – including Canada, India, South America and China – have been hit with adverse weather conditions that have affected planting and development of these crops. In Canada, barley production will likely fall to the lowest level in five years, while canola output is expected to be the smallest since 2006. With demand for oilseeds likely to strengthen, combined with reduced soybean exports from South America, canola prices are expected to bottom during the fourth quarter of this year. On the flipside, while the decline in barley production will work to balance the market, smaller herd sizes and competitively priced feed substitutes will provide some offset, keeping prices under pressure in the near term. The outlook for wheat is perhaps the most grim, as the crop has managed to escape harm from many of the poor growing conditions that have affected the other crops, leading to continuous upward revisions to the 2009-10 production estimates. While these estimates still fall short of last year's record level, output is still likely to outpace consumption. Consequently, barring any serious crop setbacks or a massive surge in demand, the glut in the wheat market is likely to persist, keeping a lid on prices.

Overall, the excess supply in crop markets is likely to continue to weigh on prices over the next couple of quarters. Once the global economic recovery is well underway, demand for grains should pick up steam, as growth in human consumption and ongoing ethanol and biofuels mandates in the U.S. offset declines in feed use. We expect canola prices to outperform in the near term while wheat lags behind.

Hog market not yet able to catch a break

While the third quarter brought some good news for livestock producers, with feed prices taking a tumble, several challenges remain. Domestic and export demand for both beef and pork has been dampened by the recession, and both markets remain oversupplied. Cattle producers have reined in enough supply to support a rise in prices in recent months – with inventories in Canada and the U.S. in July down 2.3% and 1.5% Y/Y, respectively – but the hog market can't seem to catch a break. In China, which has been a key destination for exports since the hog market there was hit with blue-ear disease in 2007, production has rebounded, diminishing imports of North American pork. Furthermore,



fears regarding the H1N1 virus are still lingering in China, which has reduced its demand for imports even more.

North American hog producers have been working to reduce herd sizes, but have not yet been able to match the precipitous decline in demand. Hog inventories were down 7% in Canada in July, though producers are not done downsizing. The Canadian government has announced further aid to the hog sector, including a program to help struggling producers transition more smoothly out of the industry and reduce production further. Other initiatives announced by the government include an International Marketing Fund to attract new buyers for Canadian pork and government-backed loans to help viable operations get through the current economic conditions. In the U.S., producers have not been as successful in culling herds, with the inventories as of September 1st, down by only 2% from year ago levels.

So with more time needed to reduce inventories, any rally in prices will have to come from the demand side. As the economic recovery gains traction, demand for higher quality meat is likely to rise gradually, accelerating during the second half of 2010 as employment begins to grow. Cattle prices are likely to outperform, given that the market is somewhat more balanced. As well, it will probably get a little boost in exports, as Colombia has agreed to re-open the border to Canadian beef after closing it in 2003 during the BSE (bovine spongiform encephalopathy) outbreak. Nonetheless, we expect hog prices to edge up slowly, before a more pronounced rebound takes place in the second half of next year and in 2011.

**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	387.35	646.27	611.86	56.85	8.92	48.91	445.46	7.36
2006	327.02	721.83	666.83	66.12	6.74	50.29	604.03	11.58
2007	284.18	820.34	593.27	72.27	6.97	65.18	696.30	13.40
2008	252.14	862.83	698.15	99.58	8.86	127.05	872.11	15.00
2009F	218.03	706.25	559.51	60.18	3.83	69.07	947.54	14.49
2010F	263.75	752.50	533.75	70.00	4.78	64.25	935.00	15.84
2011F	358.75	811.25	625.00	80.00	6.25	76.25	830.00	14.39
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-08	208.67	757.20	765.00	40.64	5.80	78.18	824.47	10.37
Dec-09F	230.00	775.00	480.00	70.00	4.00	65.00	1000.00	16.80
Dec-10F	285.00	760.00	575.00	70.00	5.50	70.00	870.00	15.00
Dec-11F	400.00	850.00	650.00	80.00	7.00	80.00	800.00	14.00
QUARTERLY AVG								
2008 - Q1	245.87	877.23	620.00	97.98	8.65	115.39	924.74	17.59
2008 - Q2	265.47	880.00	680.00	124.03	11.37	142.71	896.05	17.21
2008 - Q3	273.36	883.76	735.00	118.27	9.03	163.41	870.31	14.95
2008 - Q4	223.88	810.34	757.59	58.06	6.40	86.70	797.34	10.24
2009 - Q1	197.69	690.57	731.67	42.91	4.56	73.03	908.92	12.65
2009 - Q2	206.61	646.45	576.67	59.61	3.71	66.48	920.99	13.78
2009 - Q3F	237.82	712.99	449.72	68.22	3.17	71.78	960.23	14.74
2009 - Q4F	230.00	775.00	480.00	70.00	3.90	65.00	1,000.00	16.80
2010 - Q1F	240.00	760.00	500.00	65.00	4.25	60.00	1,000.00	16.85
2010 - Q2F	265.00	740.00	515.00	70.00	4.60	62.00	955.00	16.00
2010 - Q3F	270.00	750.00	545.00	75.00	4.85	65.00	915.00	15.50
2010 - Q4F	280.00	760.00	575.00	70.00	5.40	70.00	870.00	15.00
2011 - Q1F	315.00	775.00	600.00	75.00	5.85	72.00	855.00	14.80
2011 - Q2F	345.00	800.00	615.00	80.00	6.00	75.00	840.00	14.50
2011 - Q3F	375.00	820.00	635.00	85.00	6.25	78.00	825.00	14.25
2011 - Q4F	400.00	850.00	650.00	80.00	6.90	80.00	800.00	14.00
MONTHLY AVG								
Oct-08	240.22	854.07	765.00	76.65	6.73	106.92	806.62	10.50
Nov-08	222.75	819.75	742.78	56.88	6.67	75.00	760.94	9.86
Dec-08	208.67	757.20	765.00	40.64	5.80	78.18	824.47	10.37
Jan-09	200.82	717.44	755.00	41.72	5.23	82.69	859.34	11.37
Feb-09	197.15	687.96	735.00	39.01	4.51	75.03	943.16	13.46
Mar-09	195.09	666.30	705.00	47.98	3.94	61.37	924.27	13.13
Apr-09	206.27	649.01	635.00	49.86	3.50	62.57	889.64	12.54
May-09	200.52	641.27	585.00	59.29	3.81	64.24	927.67	14.14
Jun-09	213.05	649.08	510.00	69.68	3.81	72.64	945.67	14.66
Jul-09	239.57	677.09	464.17	64.15	3.39	74.05	934.25	13.38
Aug-09	237.57	711.50	450.00	71.06	3.15	73.14	949.67	14.43
Sep-09	236.32	750.39	435.00	69.47	2.97	68.16	996.77	16.42

**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	86.22	167.60	6.69	62.90	29.06	197.76	91.41	238.41	87.24	68.41
2006	116.49	305.10	11.01	148.56	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
2008	116.70	315.75	9.62	85.07	63.85	450.96	202.94	533.24	93.73	66.09
2009F	71.55	223.21	6.41	68.70	46.40	292.97	140.54	397.01	84.82	56.27
2010F	81.25	273.75	6.81	71.25	49.25	242.50	140.00	412.50	89.25	55.50
2011F	92.50	305.00	7.24	82.00	59.50	275.00	145.00	417.50	97.75	64.00
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-08	67.54	138.27	4.39	49.90	51.20	329.98	133.90	329.92	84.94	59.86
Dec-09F	75.00	260.00	6.85	75.00	46.00	250.00	135.00	385.00	87.00	52.00
Dec-10F	85.00	275.00	7.00	75.00	55.00	250.00	150.00	425.00	92.00	59.00
Dec-11F	100.00	325.00	7.25	90.00	65.00	300.00	140.00	405.00	100.00	68.00
QUARTERLY AVG										
2008 - Q1	124.07	352.57	13.08	109.81	79.28	611.01	212.13	623.97	91.62	58.04
2008 - Q2	133.78	385.30	11.87	96.42	62.87	480.96	236.97	622.77	93.10	72.74
2008 - Q3	126.37	348.37	8.61	80.31	62.88	388.53	216.37	539.10	101.28	74.42
2008 - Q4	82.58	176.74	4.92	53.73	50.38	323.34	146.29	347.11	88.92	59.14
2009 - Q1	61.70	155.32	4.75	53.14	47.00	321.66	131.16	359.72	83.71	60.14
2009 - Q2	67.37	211.64	5.85	66.78	46.98	324.90	145.82	422.00	83.32	61.73
2009 - Q3F	82.11	265.88	8.02	79.88	47.61	270.31	150.17	416.30	85.24	53.23
2009 - Q4F	75.00	260.00	7.00	75.00	44.00	255.00	135.00	390.00	87.00	50.00
2010 - Q1F	78.00	265.00	6.60	70.00	47.00	235.00	130.00	395.00	87.00	52.00
2010 - Q2F	80.00	285.00	6.75	68.00	50.00	240.00	135.00	410.00	88.00	54.00
2010 - Q3F	82.00	270.00	6.90	72.00	48.00	245.00	145.00	420.00	90.00	57.00
2010 - Q4F	85.00	275.00	7.00	75.00	52.00	250.00	150.00	425.00	92.00	59.00
2011 - Q1F	87.00	280.00	7.15	75.00	55.00	260.00	150.00	425.00	95.00	60.00
2011 - Q2F	90.00	300.00	7.25	80.00	58.00	270.00	145.00	420.00	97.00	63.00
2011 - Q3F	95.00	315.00	7.35	85.00	60.00	280.00	145.00	415.00	99.00	65.00
2011 - Q4F	98.00	325.00	7.20	88.00	65.00	290.00	140.00	410.00	100.00	68.00
MONTHLY AVG										
Oct-08	96.20	223.39	5.50	59.04	47.40	317.93	154.61	358.00	92.05	61.59
Nov-08	84.01	168.57	4.85	52.26	49.18	322.13	150.38	353.42	89.76	55.97
Dec-08	67.54	138.27	4.39	49.90	53.75	329.98	133.90	329.92	84.94	59.86
Jan-09	64.21	145.59	5.14	53.81	51.20	340.30	137.03	365.67	84.02	60.40
Feb-09	60.32	150.32	4.72	50.43	46.75	317.36	128.00	359.23	82.87	58.59
Mar-09	60.58	170.04	4.40	55.17	43.06	307.33	128.46	354.26	84.26	61.44
Apr-09	64.60	200.33	5.06	62.52	41.13	314.08	131.42	382.53	86.74	63.68
May-09	66.15	207.20	5.71	67.21	48.20	334.28	144.53	436.26	82.45	62.73
Jun-09	71.37	227.40	6.78	70.62	51.63	326.35	161.50	447.20	80.76	58.77
Jul-09	75.64	236.53	7.25	71.59	50.58	286.49	161.31	415.58	84.88	60.26
Aug-09	87.53	280.06	8.89	82.60	47.88	264.78	152.59	435.20	84.38	48.71
Sep-09	83.17	281.04	7.92	85.44	44.38	259.65	136.60	398.13	86.45	50.71

**COMMODITY PRICES: % CHANGE (1)**

	FOREST PRODUCTS			ENERGY			PRECIOUS METALS	
	LUMBER	PULP	NEWSPRINT	OIL	NAT GAS	COAL	GOLD	SILVER
Y/Y % CHANGE								
2005	-4.4	0.6	10.8	36.4	51.9	-11.4	8.8	9.8
2006	-15.6	11.7	9.0	16.3	-24.5	2.8	35.6	57.3
2007	-13.1	13.6	-11.0	9.3	3.4	29.6	15.3	15.7
2008	-11.3	5.2	17.7	37.8	27.2	94.9	25.2	11.9
2009F	-13.5	-18.1	-19.9	-39.6	-56.7	-45.6	8.6	-3.4
2010F	21.0	6.5	-4.6	16.3	24.5	-7.0	-1.3	9.3
2011F	36.0	7.8	17.1	14.3	30.9	18.7	-11.2	-9.2
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	-22.1	-11.8	30.8	-55.8	-18.7	-12.3	2.2	-27.9
Dec-09F	10.2	2.4	-37.3	72.2	-31.0	-16.9	21.3	62.0
Dec-10F	23.9	-1.9	19.8	0.0	37.5	7.7	-13.0	-10.7
Dec-11F	40.4	11.8	13.0	14.3	27.3	14.3	-8.0	-6.7
Q/Q % CHANGE								
2008 - Q1	-7.0	2.9	8.5	7.8	23.3	38.6	17.3	23.5
2008 - Q2	8.0	0.3	9.7	26.6	31.4	23.7	-3.1	-2.2
2008 - Q3	3.0	0.4	8.1	-4.7	-20.6	14.5	-2.9	-13.1
2008 - Q4	-18.1	-8.3	3.1	-50.9	-29.2	-46.9	-8.4	-31.5
2009 - Q1	-11.7	-14.8	-3.4	-26.1	-28.7	-15.8	14.0	23.5
2009 - Q2	4.5	-6.4	-21.2	38.9	-18.8	-9.0	1.3	8.9
2009 - Q3F	15.1	10.3	-22.0	14.5	-14.5	8.0	4.3	7.0
2009 - Q4F	-3.3	8.7	6.7	2.6	23.1	-9.4	4.1	13.9
2010 - Q1F	4.3	-1.9	4.2	-7.1	9.0	-7.7	0.0	0.3
2010 - Q2F	10.4	-2.6	3.0	7.7	8.2	3.3	-4.5	-5.0
2010 - Q3F	1.9	1.4	5.8	7.1	5.4	4.8	-4.2	-3.1
2010 - Q4F	3.7	1.3	5.5	-6.7	11.3	7.7	-4.9	-3.2
2011 - Q1F	12.5	2.0	4.3	7.1	8.3	2.9	-1.7	-1.3
2011 - Q2F	9.5	3.2	2.5	6.7	2.6	4.2	-1.8	-2.0
2011 - Q3F	8.7	2.5	3.3	6.3	4.2	4.0	-1.8	-1.7
2011 - Q4F	6.7	3.7	2.4	-5.9	10.4	2.6	-3.0	-1.8
M/M % CHANGE								
Oct-08	-13.1	-2.7	2.0	-26.5	-12.5	-26.2	-3.2	-14.2
Nov-08	-7.3	-4.0	-2.9	-25.8	-1.0	-29.9	-5.7	-6.0
Dec-08	-6.3	-7.6	3.0	-28.5	-13.0	4.2	8.3	5.1
Jan-09	-3.8	-5.2	-1.3	2.7	-9.8	5.8	4.2	9.6
Feb-09	-1.8	-4.1	-2.6	-6.5	-13.7	-9.3	9.8	18.4
Mar-09	-1.0	-3.1	-4.1	23.0	-12.7	-18.2	-2.0	-2.5
Apr-09	5.7	-2.6	-9.9	3.9	-11.2	1.9	-3.7	-4.5
May-09	-2.8	-1.2	-7.9	18.9	8.9	2.7	4.3	12.8
Jun-09	6.2	1.2	-12.8	17.5	0.0	13.1	1.9	3.7
Jul-09	12.4	4.3	-9.0	-7.9	-11.1	1.9	-1.2	-8.7
Aug-09	-0.8	5.1	-3.1	10.8	-7.0	-1.2	1.7	7.8
Sep-09	-0.5	5.5	-3.3	-2.2	-5.5	-6.8	5.0	13.8



COMMODITY PRICES: % CHANGE (2)

	NON-PRECIOUS METALS & MINERALS					AGRICULTURAL PRODUCTS				
	ALUM	COPPER	NICKEL	ZINC	URANIUM	WHEAT	BARLEY	CANOLA	CATTLE	HOGS
Y/Y % CHANGE										
2005	10.3	28.0	7.1	31.8	54.6	5.8	-7.6	-15.7	7.1	28.4
2006	35.1	82.0	64.5	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
2008	-2.5	-2.3	-43.1	-42.3	-35.5	50.2	16.0	35.3	-0.2	0.6
2009F	-38.7	-29.3	-33.4	-19.2	-27.3	-35.0	-30.8	-25.5	-9.5	-14.8
2010F	13.6	22.6	6.3	3.7	6.1	-17.2	-0.4	3.9	5.2	-1.4
2011F	13.8	11.4	6.2	15.1	20.8	13.4	3.6	1.2	9.5	15.3
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	-37.4	-53.8	-62.9	-53.3	-43.9	-29.9	-32.9	-33.3	-8.7	4.4
Dec-09F	11.0	88.0	56.1	50.3	-10.2	-24.2	0.8	16.7	2.4	-13.1
Dec-10F	13.3	5.8	2.2	0.0	19.6	0.0	11.1	10.4	5.7	13.5
Dec-11F	17.6	18.2	3.6	20.0	18.2	20.0	-6.7	-4.7	8.7	15.3
Q/Q % CHANGE										
2008 - Q1	12.0	7.7	-1.6	-8.1	-8.1	46.8	6.5	31.9	-3.1	3.7
2008 - Q2	7.8	9.3	-9.3	-12.2	-20.7	-21.3	11.7	-0.2	1.6	25.3
2008 - Q3	-5.5	-9.6	-27.5	-16.7	0.0	-19.2	-8.7	-13.4	8.8	2.3
2008 - Q4	-34.7	-49.3	-42.9	-33.1	-19.9	-16.8	-32.4	-35.6	-12.2	-20.5
2009 - Q1	-25.3	-12.1	-3.3	-1.1	-6.7	-0.5	-10.3	3.6	-5.8	1.7
2009 - Q2	9.2	36.3	23.2	25.7	0.0	1.0	11.2	17.3	-0.5	2.6
2009 - Q3F	21.9	25.6	37.1	19.6	1.3	-16.8	3.0	-1.3	2.3	-13.8
2009 - Q4F	-8.7	-2.2	-12.7	-6.1	-7.6	-5.7	-10.1	-6.3	2.1	-6.1
2010 - Q1F	4.0	1.9	-5.7	-6.7	6.8	-7.8	-3.7	1.3	0.0	4.0
2010 - Q2F	2.6	7.5	2.3	-2.9	6.4	2.1	3.8	3.8	1.1	3.8
2010 - Q3F	2.5	-5.3	2.2	5.9	-4.0	2.1	7.4	2.4	2.3	5.6
2010 - Q4F	3.7	1.9	1.4	4.2	8.3	2.0	3.4	1.2	2.2	3.5
2011 - Q1F	2.4	1.8	2.1	0.0	5.8	4.0	0.0	0.0	3.3	1.7
2011 - Q2F	3.4	7.1	1.4	6.7	5.5	3.8	-3.3	-1.2	2.1	5.0
2011 - Q3F	5.6	5.0	1.4	6.3	3.4	3.7	0.0	-1.2	2.1	3.2
2011 - Q4F	3.2	3.2	-2.0	3.5	8.3	3.6	-3.4	-1.2	1.0	4.6
M/M % CHANGE										
Oct-08	-16.0	-29.5	-31.8	-25.0	-23.9	-13.4	-18.4	-23.1	-10.0	-9.9
Nov-08	-12.7	-24.5	-11.8	-11.5	3.8	1.3	-2.7	-1.3	-2.5	-9.1
Dec-08	-19.6	-18.0	-9.5	-4.5	9.3	2.4	-11.0	-6.6	-5.4	6.9
Jan-09	-4.9	5.3	17.0	7.8	-4.7	3.1	2.3	10.8	-1.1	0.9
Feb-09	-6.1	3.3	-8.1	-6.3	-8.7	-6.7	-6.6	-1.8	-1.4	-3.0
Mar-09	0.4	13.1	-6.8	9.4	-7.9	-3.2	0.4	-1.4	1.7	4.9
Apr-09	6.6	17.8	15.0	13.3	-4.5	2.2	2.3	8.0	2.9	3.6
May-09	2.4	3.4	12.9	7.5	17.2	6.4	10.0	14.0	-4.9	-1.5
Jun-09	7.9	9.7	18.8	5.1	7.1	-2.4	11.7	2.5	-2.1	-6.3
Jul-09	6.0	4.0	6.8	1.4	-2.0	-12.2	-0.1	-7.1	5.1	2.5
Aug-09	15.7	18.4	22.7	15.4	-5.4	-7.6	-5.4	4.7	-0.6	-19.2
Sep-09	-5.0	0.3	-10.9	3.4	-7.3	-1.9	-10.5	-8.5	2.4	4.1

**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	190.0	98.0	308.7	217.3	337.7	141.3	272.4	205.1	105.8	333.4	234.7	364.7	152.6	1.05
2008	300.2	175.9	101.8	413.1	268.2	250.6	182.7	352.5	206.5	119.5	485.1	314.9	294.2	214.5	1.09
2009F	179.1	137.1	84.0	217.3	287.3	169.3	133.2	201.5	154.5	95.1	244.1	323.6	189.7	151.1	1.12
2010F	203.9	144.5	89.7	257.9	287.0	189.3	124.5	212.0	150.1	93.2	268.3	297.7	196.8	129.5	1.04
2011F	238.7	158.5	107.2	311.6	255.5	213.0	136.9	278.4	184.8	125.1	363.4	297.9	248.4	159.7	1.17
Dec-06	232.7	176.9	98.8	283.3	199.6	310.6	119.6	267.7	267.7	203.5	113.6	325.9	229.6	357.4	1.15
Dec-07	273.2	181.0	97.6	356.2	248.9	279.3	182.3	273.2	181.0	97.6	356.2	248.9	279.3	182.3	1.00
Dec-08	175.0	129.4	95.6	216.3	245.0	138.1	138.0	215.7	159.5	117.9	266.8	302.1	170.3	170.2	1.23
Dec-09F	194.0	141.3	84.4	241.8	306.6	181.6	122.8	194.0	141.3	84.4	241.8	306.6	181.6	122.8	1.00
Dec-10F	213.8	147.9	94.4	273.5	267.6	197.5	129.0	245.6	170.0	108.5	314.3	307.5	226.9	148.3	1.15
Dec-11F	250.6	165.8	114.7	327.5	246.5	225.8	143.1	294.7	195.0	134.9	385.2	289.9	265.5	168.3	1.18
QUARTERLY AVG															
2008 - Q1	305.6	197.0	97.8	404.2	288.2	300.2	219.9	308.1	198.6	98.6	407.5	290.5	302.6	221.7	1.01
2008 - Q2	364.0	192.0	103.1	520.2	279.6	290.6	196.8	371.8	196.2	105.3	531.3	285.6	296.8	201.1	1.02
2008 - Q3	326.0	177.8	106.9	460.5	267.6	253.7	174.7	347.0	189.3	113.7	490.2	284.8	270.0	185.9	1.06
2008 - Q4	205.3	136.6	99.3	267.6	237.4	158.0	139.3	250.3	166.6	121.1	326.3	289.4	192.6	169.8	1.28
2009 - Q1	163.7	129.2	89.7	195.1	272.8	137.7	137.4	206.3	162.8	113.1	245.8	343.8	173.6	173.2	1.26
2009 - Q2	175.3	133.7	80.9	213.1	278.6	160.8	142.4	203.7	155.3	94.0	247.6	323.7	186.8	165.5	1.17
2009 - Q3F	184.5	144.1	80.8	221.2	291.3	197.3	129.2	203.0	158.5	88.9	243.3	320.4	217.0	142.2	1.10
2009 - Q4F	192.9	141.4	84.4	239.7	306.6	181.4	123.7	192.9	141.4	84.4	239.7	306.6	181.4	123.7	1.00
2010 - Q1F	191.0	141.8	85.8	235.7	306.7	182.6	120.0	191.0	141.8	85.8	235.7	306.7	182.6	120.0	1.00
2010 - Q2F	201.9	144.4	88.3	254.1	292.7	190.2	122.9	207.9	148.7	91.0	261.7	301.5	195.9	126.6	1.03
2010 - Q3F	210.5	144.6	90.8	270.5	280.8	189.1	126.3	221.1	151.8	95.4	284.0	294.9	198.5	132.6	1.05
2010 - Q4F	212.3	147.1	93.9	271.5	267.6	195.5	129.0	228.2	158.1	100.9	291.8	287.7	210.2	138.7	1.08
2011 - Q1F	225.0	151.3	99.6	291.9	263.1	200.7	132.4	260.1	174.9	115.1	337.5	304.2	232.1	153.1	1.16
2011 - Q2F	234.9	156.3	104.7	306.2	258.4	209.4	135.5	273.1	181.7	121.8	356.1	300.5	243.5	157.6	1.16
2011 - Q3F	245.8	161.2	109.9	322.6	253.8	217.8	138.5	287.5	188.5	128.5	377.3	296.9	254.7	162.0	1.17
2011 - Q4F	249.1	165.0	114.7	325.4	246.5	224.0	141.2	293.0	194.1	134.9	382.9	290.1	263.5	166.2	1.18
MONTHLY AVG															
Oct-08	238.1	146.4	103.6	321.4	242.8	180.4	141.9	279.4	171.7	121.6	377.2	284.9	211.7	166.5	1.17
Nov-08	207.0	135.8	100.5	271.7	226.9	156.9	139.1	252.1	165.3	122.4	330.9	276.3	191.0	169.4	1.22
Dec-08	175.3	130.2	96.7	216.3	243.3	140.1	137.3	216.5	160.8	119.4	267.1	300.5	173.0	169.6	1.23
Jan-09	171.7	131.2	92.7	208.5	257.0	142.4	142.2	210.4	160.7	113.6	255.5	314.9	174.5	174.3	1.23
Feb-09	158.8	129.2	89.7	185.7	283.9	135.3	135.7	197.8	160.9	111.8	231.2	353.6	168.5	169.0	1.25
Mar-09	161.4	127.0	87.0	192.5	278.1	134.5	134.5	204.1	160.7	110.1	243.6	351.8	170.1	170.1	1.27
Apr-09	159.7	128.7	83.8	187.9	267.9	146.1	137.9	196.6	158.5	103.1	231.3	329.8	179.8	169.8	1.23
May-09	173.4	133.0	80.6	210.0	279.4	157.9	144.2	201.1	154.3	93.5	243.6	324.1	183.2	167.4	1.16
Jun-09	190.3	138.2	78.0	237.6	287.7	175.9	144.0	213.7	155.2	87.6	266.8	323.1	197.5	161.7	1.12
Jul-09	181.2	139.0	79.6	219.5	281.4	182.8	134.7	204.0	156.5	89.6	247.2	316.8	205.8	151.7	1.13
Aug-09	189.6	147.5	80.7	227.9	287.6	210.2	128.1	206.1	160.3	87.7	247.6	312.5	228.4	139.2	1.09
Sep-09	184.0	145.6	81.6	218.8	304.4	199.2	125.2	199.1	157.7	88.3	236.8	329.5	215.6	135.5	1.08

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	-7.7
2008	19.0	-7.4	3.8	33.8	23.4	-25.8	29.3	29.4	0.7	12.9	45.5	34.2	-19.3	40.6	4.5
2009F	-40.3	-22.0	-17.5	-47.4	7.1	-32.4	-27.1	-42.8	-25.2	-20.4	-49.7	2.8	-35.5	-29.5	2.4
2010F	13.8	5.4	6.8	18.7	-0.1	11.8	-6.5	5.2	-2.9	-1.9	9.9	-8.0	3.7	-14.3	-7.1
2011F	17.0	9.7	19.6	20.8	-11.0	12.5	9.9	31.3	23.1	34.2	35.5	0.1	26.2	23.4	12.5
Dec-06	-14.2	35.2	-2.0	-28.9	27.8	75.1	10.8	-15.0	-15.0	33.9	-3.0	-29.6	26.5	73.3	-1.0
Dec-07	17.4	2.3	-1.2	25.8	24.7	-10.1	52.5	2.1	-32.4	-52.1	213.5	-23.6	21.6	-49.0	-13.1
Dec-08F	-36.0	-28.5	-2.0	-39.3	-1.6	-50.5	-24.3	-21.0	-11.9	20.8	-25.1	21.4	-39.0	-6.7	23.3
Dec-09F	10.9	9.2	-11.8	11.8	25.2	31.5	-11.0	-10.1	-11.4	-28.5	-9.3	1.5	6.6	-27.8	-18.9
Dec-10F	10.2	4.7	11.9	13.1	-12.7	8.8	5.0	26.6	20.3	28.6	30.0	0.3	25.0	20.7	14.9
Dec-11F	17.2	12.1	21.5	19.7	-7.9	14.3	10.9	20.0	14.7	24.4	22.5	-5.7	17.0	13.5	2.3
Q/Q % CHANGE															
2008 - Q1	12.6	7.8	1.6	14.9	18.1	1.8	29.6	13.8	8.9	2.7	16.1	19.3	2.8	30.9	1.0
2008 - Q2	19.1	-2.5	5.4	28.7	-3.0	-3.2	-10.5	20.7	-1.2	6.8	30.4	-1.7	-1.9	-9.3	1.3
2008 - Q3	-10.4	-7.4	3.7	-11.5	-4.3	-12.7	-11.3	-6.7	-3.5	8.0	-7.7	-0.3	-9.0	-7.5	4.2
2008 - Q4	-37.0	-23.2	-7.1	-41.9	-11.3	-37.7	-20.3	-27.9	-12.0	6.5	-33.4	1.6	-28.7	-8.7	20.4
2009 - Q1	-20.2	-5.4	-9.7	-27.1	14.9	-12.8	-1.3	-17.6	-2.3	-6.6	-24.7	18.8	-9.9	2.0	-1.7
2009 - Q2	7.1	3.5	-9.9	9.2	2.1	16.7	3.6	-1.3	-4.6	-16.9	0.7	-5.8	7.6	-4.4	-7.5
2009 - Q3F	5.3	7.8	0.0	3.8	4.6	22.7	-9.3	-0.4	2.1	-5.4	-1.7	-1.0	16.2	-14.1	-5.6
2009 - Q4F	4.6	-1.9	4.3	8.4	5.3	-8.1	-4.3	-5.0	-10.8	-5.1	-1.5	-4.3	-16.4	-13.0	-9.1
2010 - Q1F	-1.0	0.3	1.7	-1.7	0.0	0.7	-3.0	-1.0	0.3	1.7	-1.7	0.0	0.7	-3.0	0.0
2010 - Q2F	5.7	1.8	3.0	7.8	-4.6	4.2	2.4	8.9	4.9	6.1	11.0	-1.7	7.3	5.5	3.0
2010 - Q3F	4.3	0.1	2.8	6.4	-4.1	-0.6	2.8	6.3	2.1	4.8	8.5	-2.2	1.3	4.8	1.9
2010 - Q4F	0.8	1.7	3.4	0.4	-4.7	3.4	2.1	3.2	4.2	5.8	2.8	-2.4	5.9	4.6	2.4
2011 - Q1F	6.0	2.9	6.1	7.5	-1.7	2.7	2.6	14.0	10.6	14.1	15.7	5.7	10.4	10.4	7.5
2011 - Q2F	4.4	3.3	5.2	4.9	-1.8	4.3	2.3	5.0	3.9	5.8	5.5	-1.2	4.9	2.9	0.6
2011 - Q3F	4.6	3.1	4.9	5.4	-1.8	4.0	2.2	5.3	3.7	5.5	6.0	-1.2	4.6	2.8	0.6
2011 - Q4F	1.3	2.3	4.4	0.9	-2.9	2.8	2.0	1.9	2.9	5.0	1.5	-2.3	3.4	2.6	0.6
M/M % CHANGE															
Oct-08	-18.4	-14.2	-3.9	-20.0	-2.7	-24.1	-15.5	-9.6	-5.0	6.4	-11.4	7.7	-15.9	-6.5	10.8
Nov-08	-13.1	-7.2	-3.0	-15.5	-6.5	-13.0	-2.0	-9.8	-3.7	0.7	-12.3	-3.0	-9.8	1.7	3.8
Dec-08	-15.3	-4.1	-3.8	-20.4	7.2	-10.7	-1.3	-14.1	-2.8	-2.5	-19.3	8.7	-9.4	0.1	1.4
Jan-09	-2.1	0.8	-4.1	-3.6	5.6	1.6	3.6	-2.8	0.0	-4.8	-4.4	4.8	0.8	2.8	-0.8
Feb-09	-7.5	-1.5	-3.2	-11.0	10.4	-5.0	-4.6	-6.0	0.1	-1.6	-9.5	12.3	-3.4	-3.0	1.7
Mar-09	1.6	-1.7	-3.0	3.7	-2.0	-0.6	-0.9	3.2	-0.2	-1.5	5.3	-0.5	0.9	0.7	1.6
Apr-09	-1.0	1.3	-3.8	-2.4	-3.7	8.6	2.6	-3.7	-1.4	-6.3	-5.0	-6.3	5.7	-0.2	-2.7
May-09	8.5	3.3	-3.8	11.8	4.3	8.1	4.6	2.3	-2.6	-9.3	5.3	-1.7	1.9	-1.4	-5.8
Jun-09	9.8	3.9	-3.2	13.1	3.0	11.4	-0.2	6.2	0.5	-6.3	9.5	-0.3	7.8	-3.4	-3.2
Jul-09	-4.8	0.6	2.0	-7.6	-2.2	3.9	-6.5	-4.5	0.9	2.3	-7.4	-1.9	4.2	-6.2	0.3
Aug-09	4.7	6.2	1.5	3.8	2.2	15.0	-4.9	1.0	2.4	-2.1	0.2	-1.4	10.9	-8.2	-3.5
Sep-09	-3.0	-1.3	1.0	-4.0	5.8	-5.2	-2.2	-3.4	-1.7	0.6	-4.4	5.4	-5.6	-2.6	-0.4

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