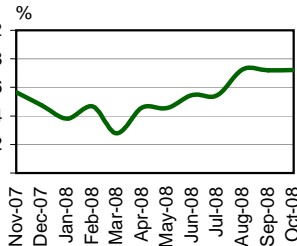
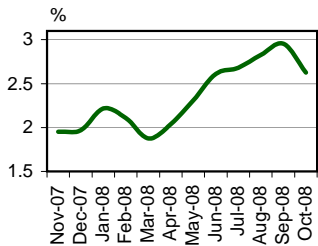
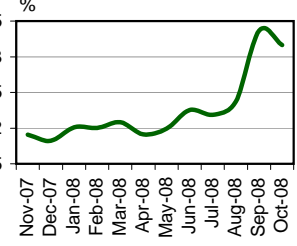
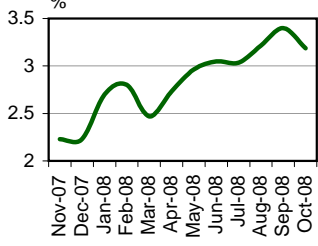


TD ALTERNATE INFLATION MONITOR: CANADA

November 21, 2008

BoC CORE INFLATION				Core Inflation (Y/Y)				TD REWEIGHTED MEAN				TD Reweighted Mean (Y/Y)			
	Y/Y %	3-mth M.A.	6-mth M.A.						Y/Y %	3-mth M.A.	6-mth M.A.				
Oct-08	1.7	1.7	1.6					Oct-08	2.6	2.8	2.7				
Sep-08	1.7	1.7	1.6					Sep-08	3.0	2.8	2.6				
Aug-08	1.7	1.6	1.5					Aug-08	2.8	2.7	2.4				
Jul-08	1.5	1.5	1.5					Jul-08	2.7	2.5	2.3				
Jun-08	1.5	1.5	1.4					Jun-08	2.6	2.3	2.2				
May-08	1.5	1.4	1.4					May-08	2.3	2.1	2.1				
Apr-08	1.5	1.4	1.4					Apr-08	2.0	2.0	2.0				
Mar-08	1.3	1.4	1.5					Mar-08	1.9	2.1	2.0				
Feb-08	1.5	1.4	1.6					Feb-08	2.1	2.1	2.1				
TD TRIMMED MEAN								TD Trimmed Mean (Y/Y)							
	Y/Y %	3-mth M.A.	6-mth M.A.						Y/Y %	3-mth M.A.	6-mth M.A.				
Oct-08	3.2	3.0	2.6					Oct-08	3.2	3.3	3.1				
Sep-08	3.4	2.6	2.3					Sep-08	3.4	3.2	3.1				
Aug-08	2.4	2.3	2.1					Aug-08	3.2	3.1	2.9				
Jul-08	2.2	2.1	2.1					Jul-08	3.0	3.0	2.8				
Jun-08	2.3	2.1	2.0					Jun-08	3.0	2.9	2.8				
May-08	2.0	2.0	2.0					May-08	3.0	2.7	2.6				
Apr-08	1.9	2.0	2.0					Apr-08	2.7	2.7	2.5				
Mar-08	2.1	2.0	2.0					Mar-08	2.5	2.7	2.5				
Feb-08	2.0	1.9	2.0					Feb-08	2.8	2.6	2.4				

SUMMARY:

- The TD Alternate inflation measures (adjusted for the impact of indirect taxes) all moved lower in October, with the TD Trimmed Mean and TD Weighted Median both falling by 0.2 ppt to 3.2% Y/Y. The TD Reweighted Mean also declined, dropping by a more profound 0.4 ppt to 2.6% Y/Y. Of these, the TD Reweighted Mean is generally considered to be the most useful. This decline is at least in part due to the plunge in commodity prices, which are not explicitly excluded from the measures.
- All three measures, however, remain well above the BoC's 2.0% Y/Y inflation target and are considerably higher than the official BoC core inflation metric which has remained unchanged at 1.7% Y/Y for the second consecutive month.
- The TD Alternate inflation measures continue to point to a more elevated (though easing) rate of core consumer price inflation in Canada, thereby indicating that the underlying consumer price pressures in Canada have remained significant in October. Moreover, they suggest that the BoC's official core measure may be understating the extent of these price pressures. Nevertheless, the dramatic pace of retreat in the respective measures confirms our overall belief that core consumer price inflation in Canada is beginning to ease.

NOTES:

1. The TD Trimmed Mean, TD Reweighted Mean and TD Weighted Median are calculated using the methodology outlined by Hogan et al. (2001). "Core Inflation", Bank of Canada Technical Report No. 89.
2. Due to data availability, the TD measures may differ occasionally from those calculated by the BoC.
3. Like the BoC's Core measure, the TD Alternate measures are adjusted to exclude the impact of indirect taxes.
4. For a brief introduction to the TD Alternate Inflation Monitor, please see our primer at the link provided below.
 Link: <https://www.tdsresearch.com/currency-rates/viewFile.action?fileKey=KXY7SAYW8QRR5Y1KWHWOY2B3>

NEXT RELEASE DATE: December 19, 2008