



Canadian Metals Outlook '10

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CANADIAN CONSTRUCTION OVERVIEW

Metals Service Center Institute
Tuesday November 10 2009 Toronto

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CANADIAN ECONOMIC OUTLOOK – FALL 2009

	ACTUALS				FORECASTS		
	2006	2007	2008	2009 est	2010	2011	2012
	(year-over-previous-year percent change in annual average value)						
Real GDP:	2.9	2.5	0.4	-2.5	2.5	3.5	3.5
Consumer Expenditures	4.1	4.6	3.0	-1.0	2.0	4.0	3.5
Exports (goods)	0.9	1.3	-5.0	-11.0	8.0	5.5	5.0
Imports (goods)	5.0	5.4	1.0	-12.0	6.0	6.5	5.0
Consumer Price Index –	(year-over-previous-year percent change in annual average value)						
All Items	2.0	2.2	2.3	0.0	1.5	2.0	2.2
	(annual average percent level)						
Unemployment Rate	6.3	6.0	6.2	8.4	8.2	7.4	6.6
Employment Change	(based on annual average level)						
(000s of jobs – household survey)	315	382	260	-300	125	225	200
	(year-over-previous-year percent change in annual average value)						
Corporate Profits (pre-tax)	5.1	4.1	5.7	-25.0	17.5	12.0	8.0
Inventory-to-shipments Ratio	(annual average)						
Manufacturing	1.31	1.30	1.33	1.55	1.40	1.32	1.30
	(thousands of units)						
Housing Starts	227	228	211	140	160	180	210
Bank of Canada	(annual average percent level)						
Overnight Rate	4.06	4.35	2.96	0.40	1.00	2.00	3.00
	(annual average percent level)						
Prime Rate	5.81	6.10	5.00	2.40	3.00	4.00	5.00
U.S. cents to buy	(annual average)						
\$1 Canadian	88.2	93.0	93.8	87.0	92.0	1.00	1.05

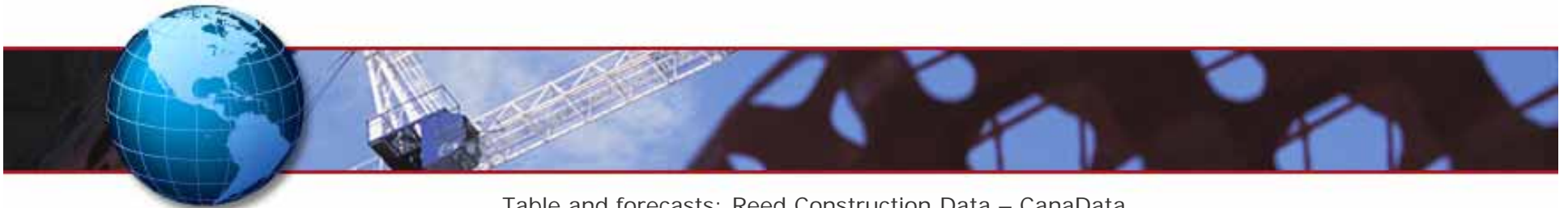
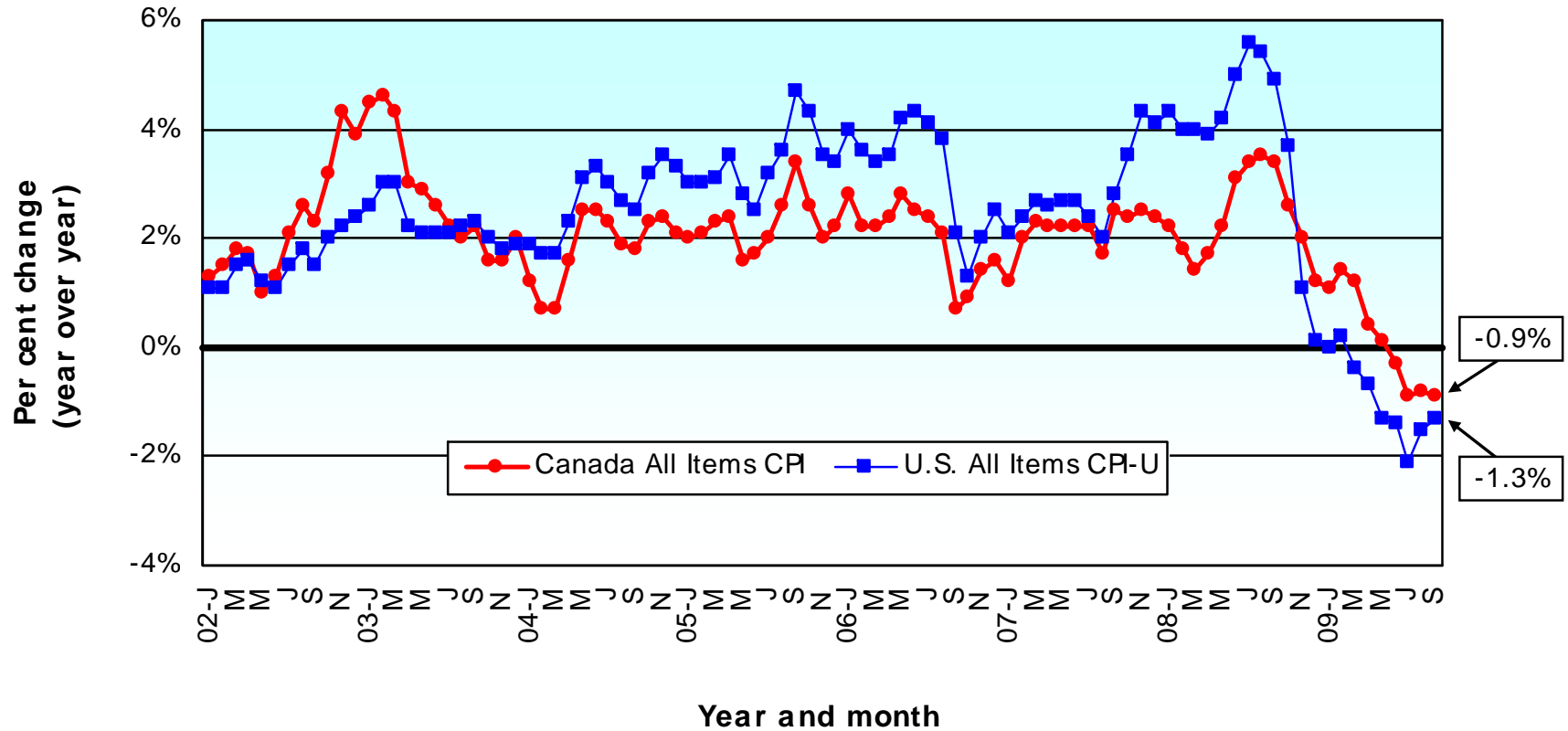


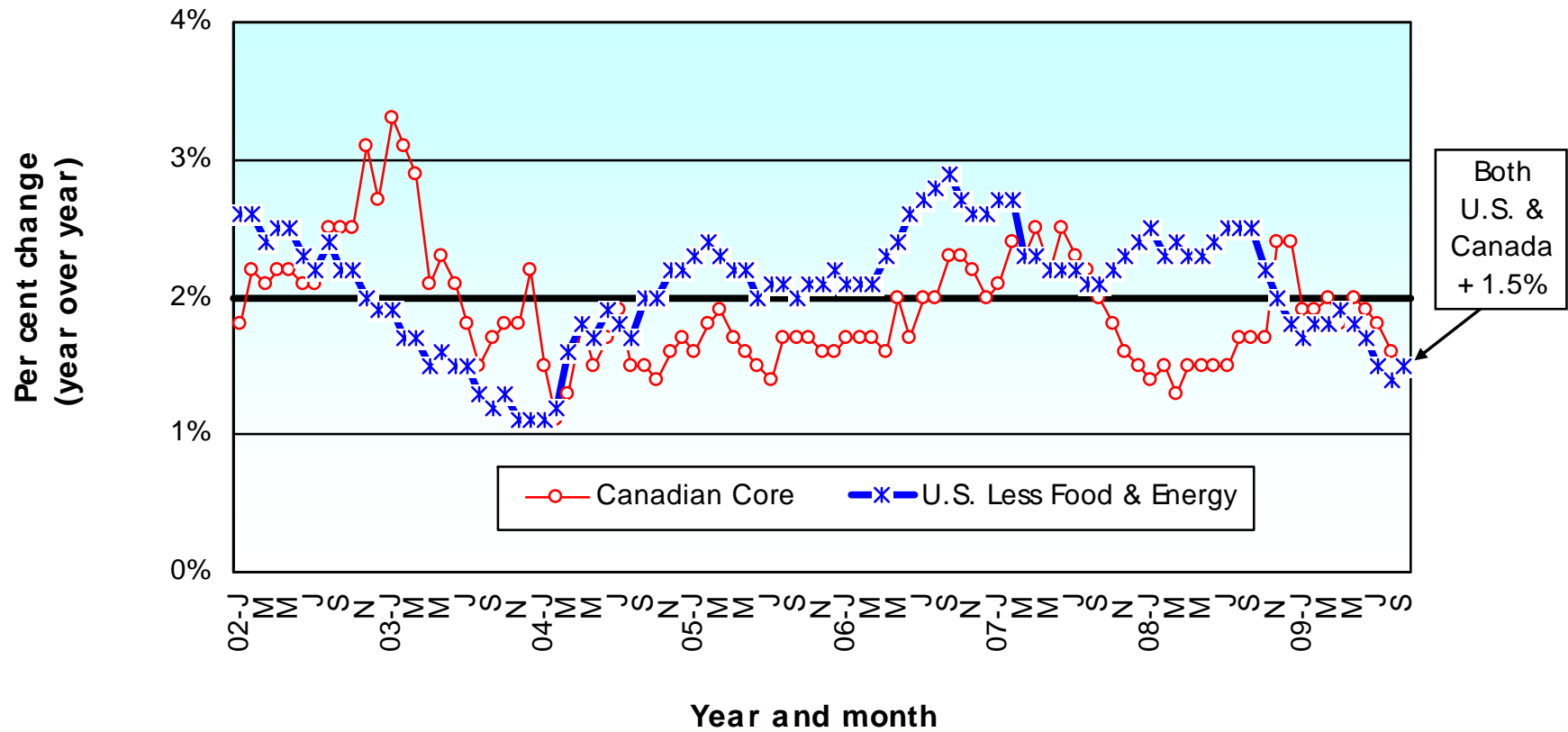
Table and forecasts: Reed Construction Data – CanaData.

CANADA vs U.S. INFLATION — ALL ITEMS



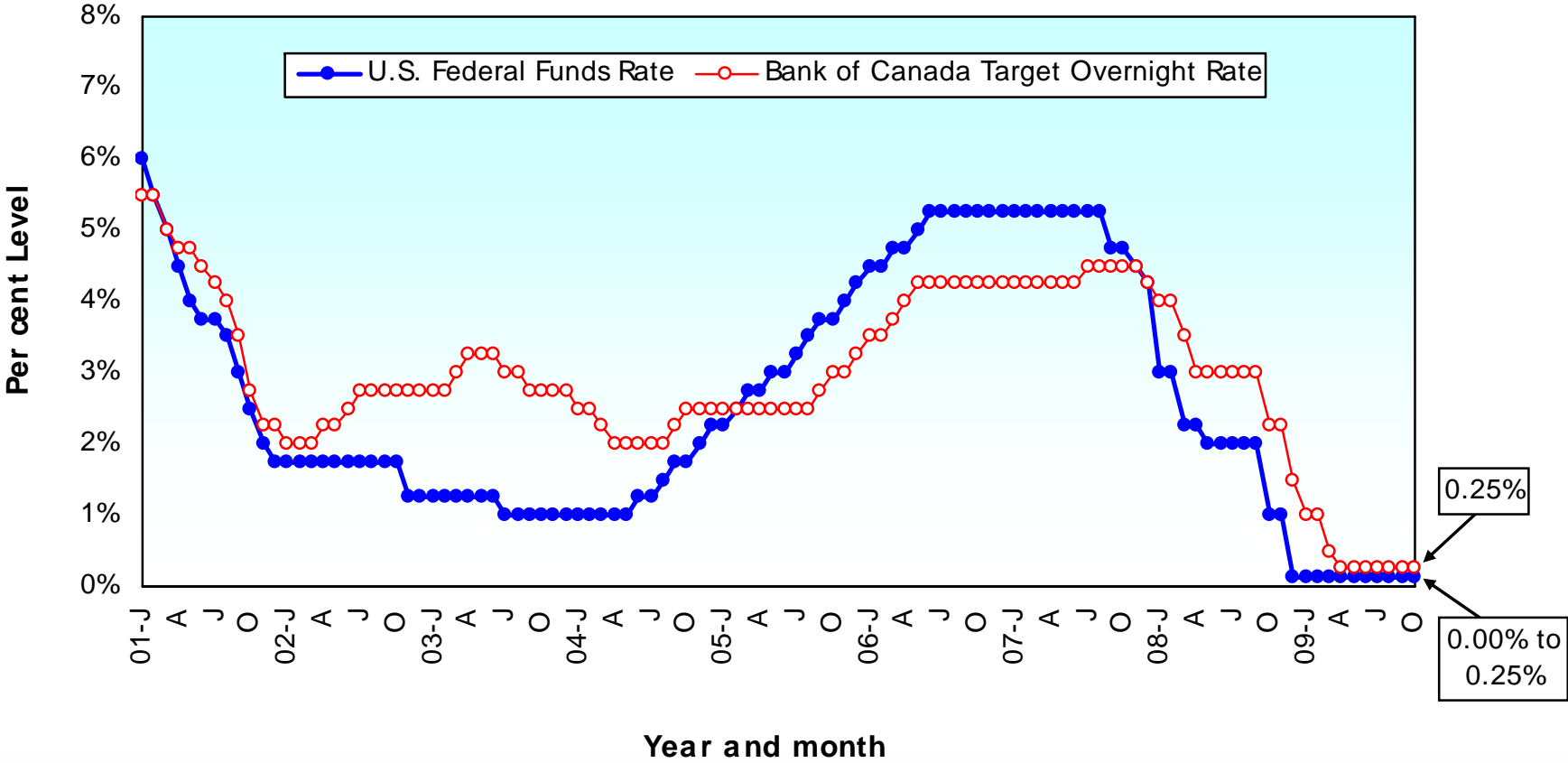
Sources: Statistics Canada and U.S. Bureau of Labor Statistics/Chart: Reed Construction Data – CanaData.

CANADA vs U.S. INFLATION — CORE



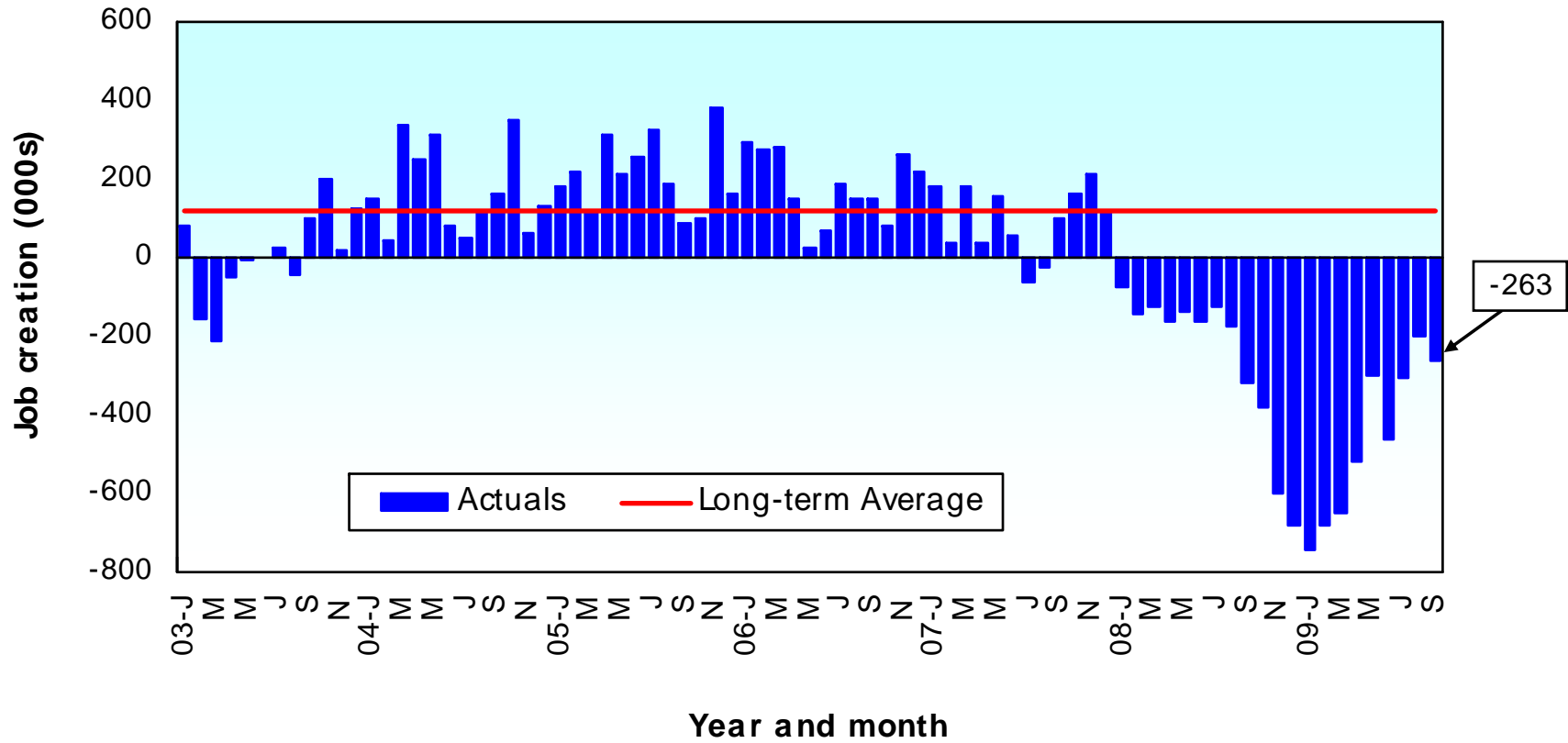
Sources: Statistics Canada and U.S. Bureau of Labor Statistics/Chart: Reed Construction Data – CanaData.

CANADIAN & U.S. POLICY-SETTING INTEREST RATES



Data sources: Bank of Canada and U.S. Federal Reserve Board.

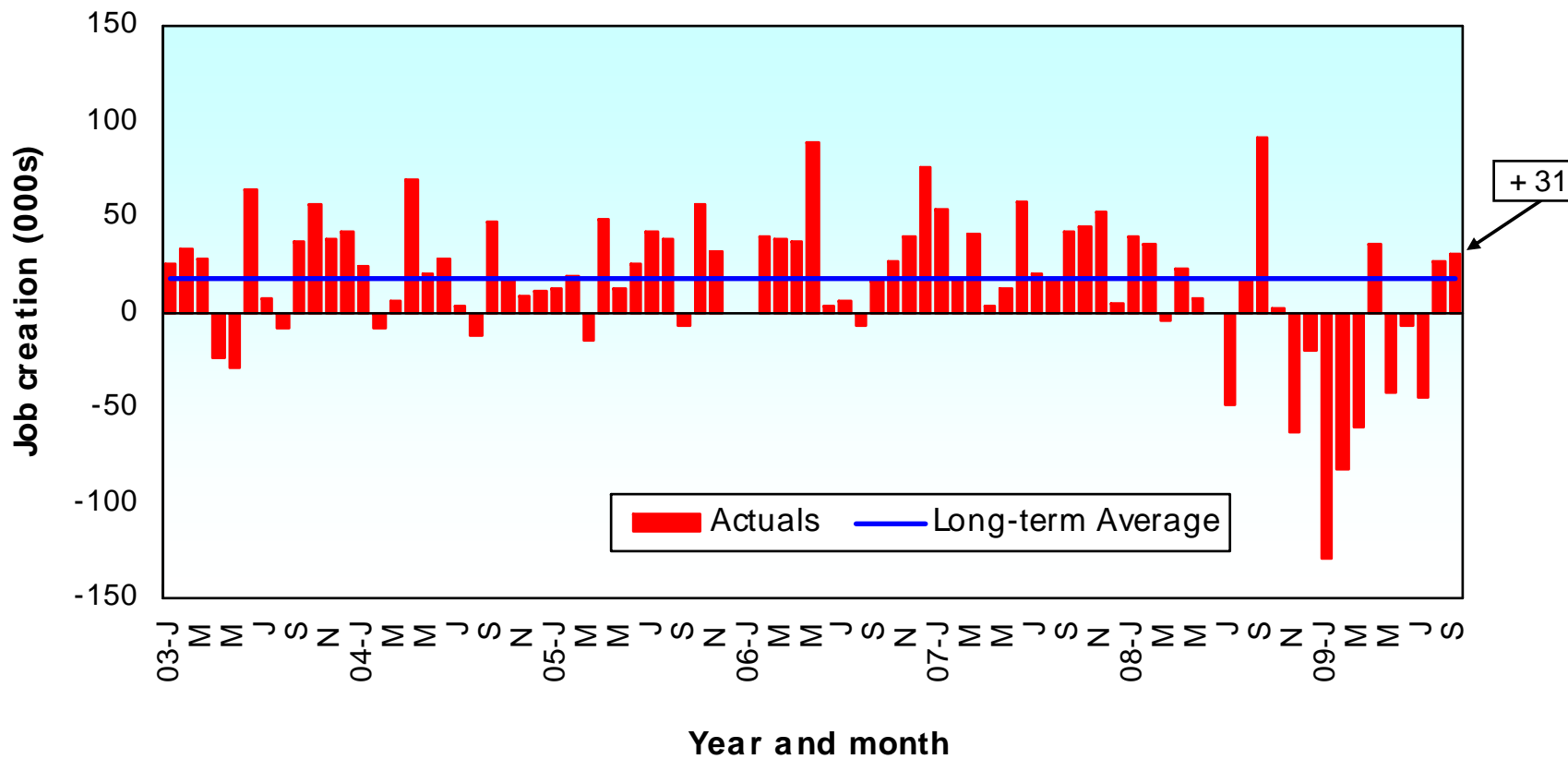
U. S. MONTH-TO-MONTH TOTAL JOB CREATION



• U.S. -7.0 million jobs since January 2008.

Source: U.S. Bureau of Labor Statistics (Dept. of Labor)/Chart: Reed Construction Data – CanaData

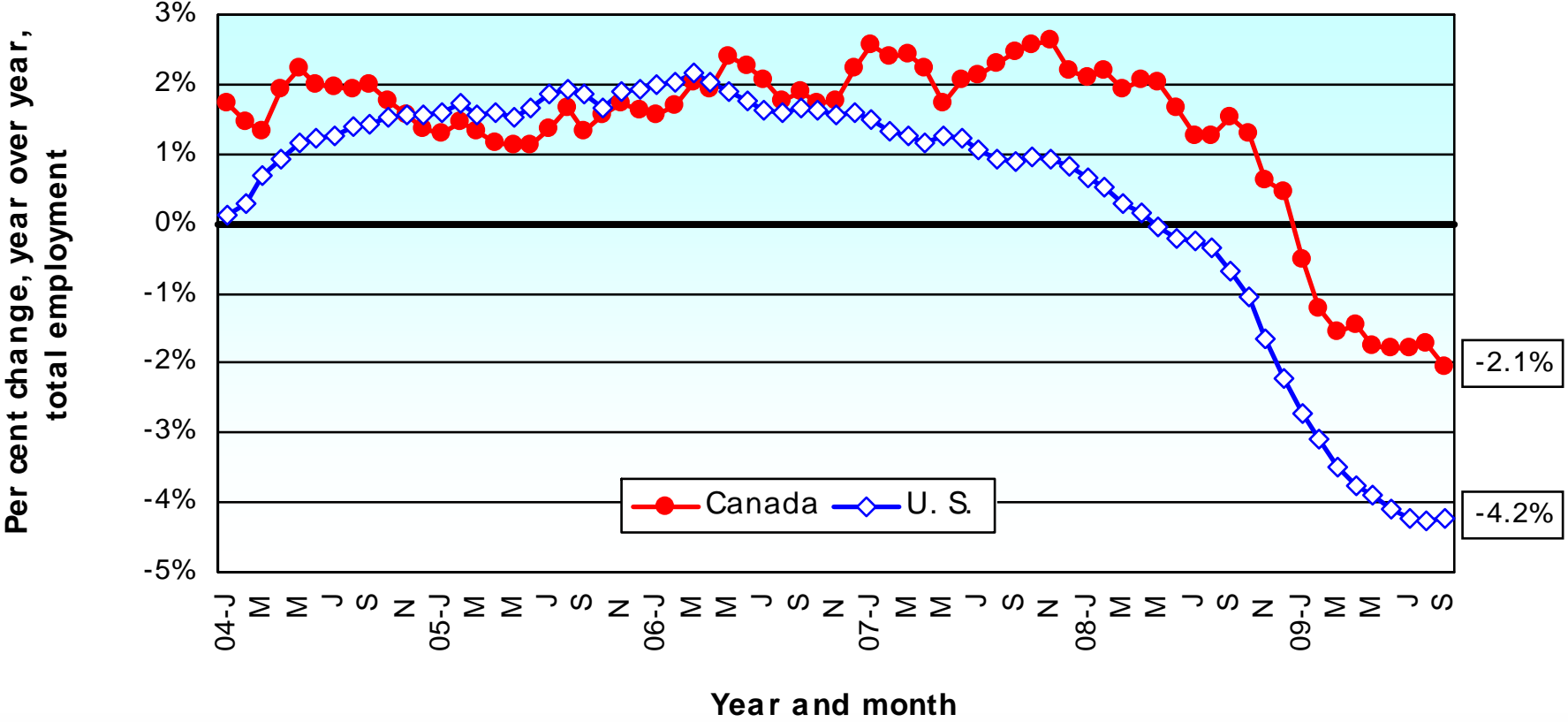
CANADA MONTH-TO-MONTH TOTAL JOB CREATION



• Canada -388,000 since last October.

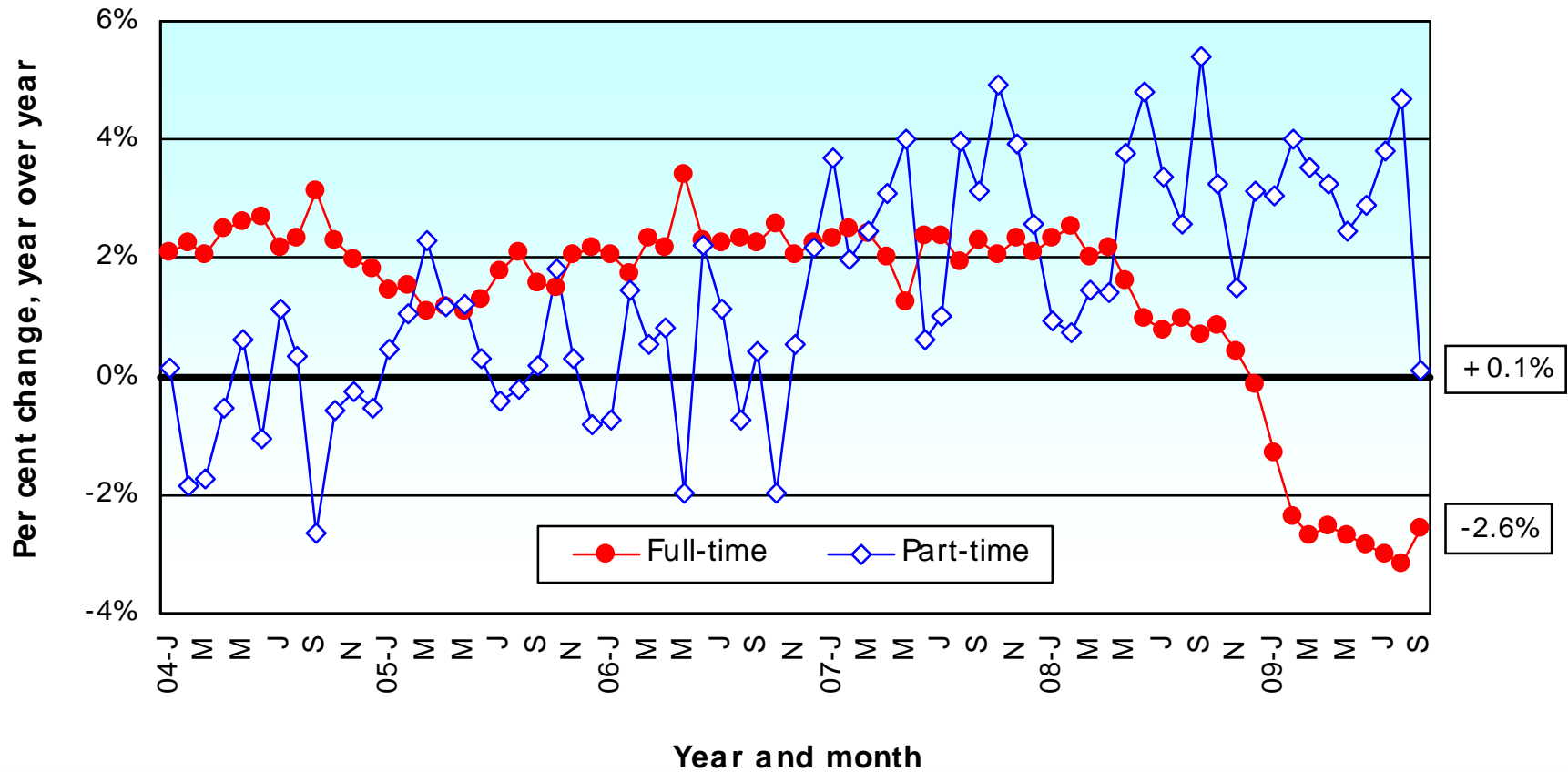
Source: Statistics Canada/Chart: Reed Construction Data – CanaData.

CHANGE IN TOTAL EMPLOYMENT – CANADA VERSUS UNITED STATES



Sources: Statistics Canada & U.S. Department of Labor/Chart: Reed Construction Data – CanaData.

CHANGE IN FULL-TIME VERSUS PART-TIME EMPLOYMENT IN CANADA



- Full-time work is considered better quality and higher paying.

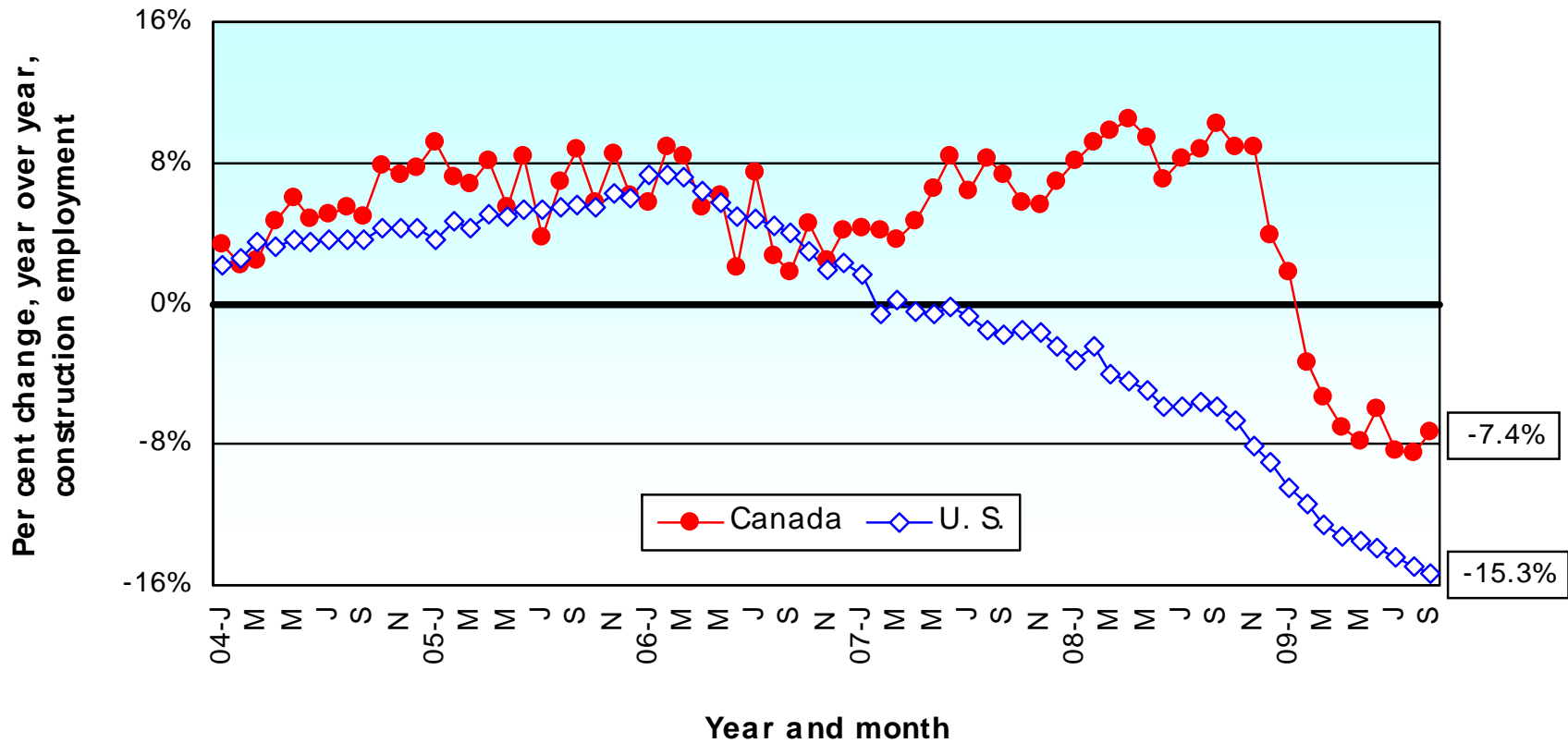
Source: Statistics Canada/Chart: Reed Construction Data – CanaData

RESIDENTIAL CONSTRUCTION



 Reed Construction Data

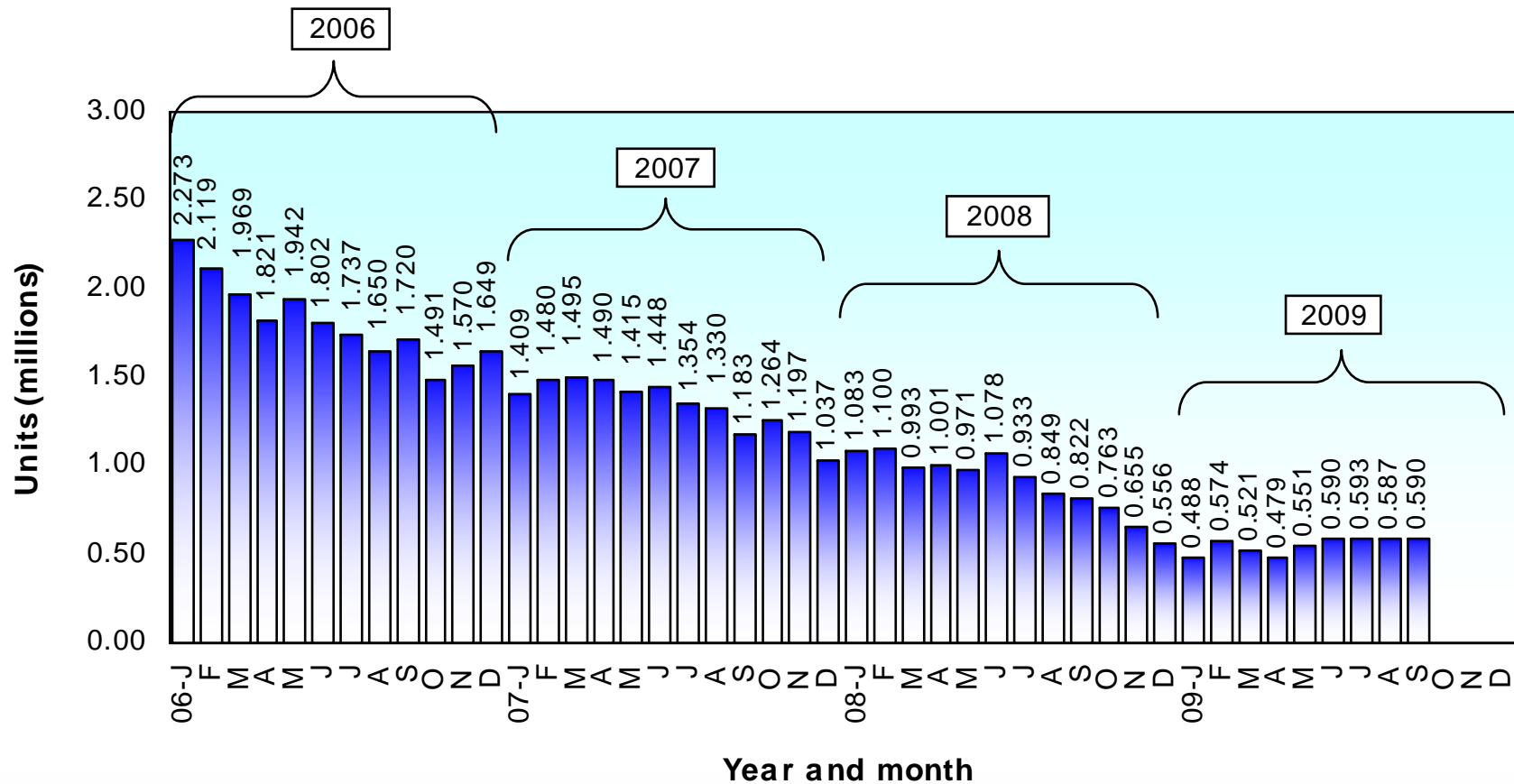
CHANGE IN CONSTRUCTION EMPLOYMENT – CANADA VERSUS UNITED STATES



- Residential dominates total construction (40% to 45% of total \$);
- Engineering usually a little less and non-res bldg/ICI the rest.

Sources: Statistics Canada & Department of Labor/Chart: Reed Construction Data – CanaData.

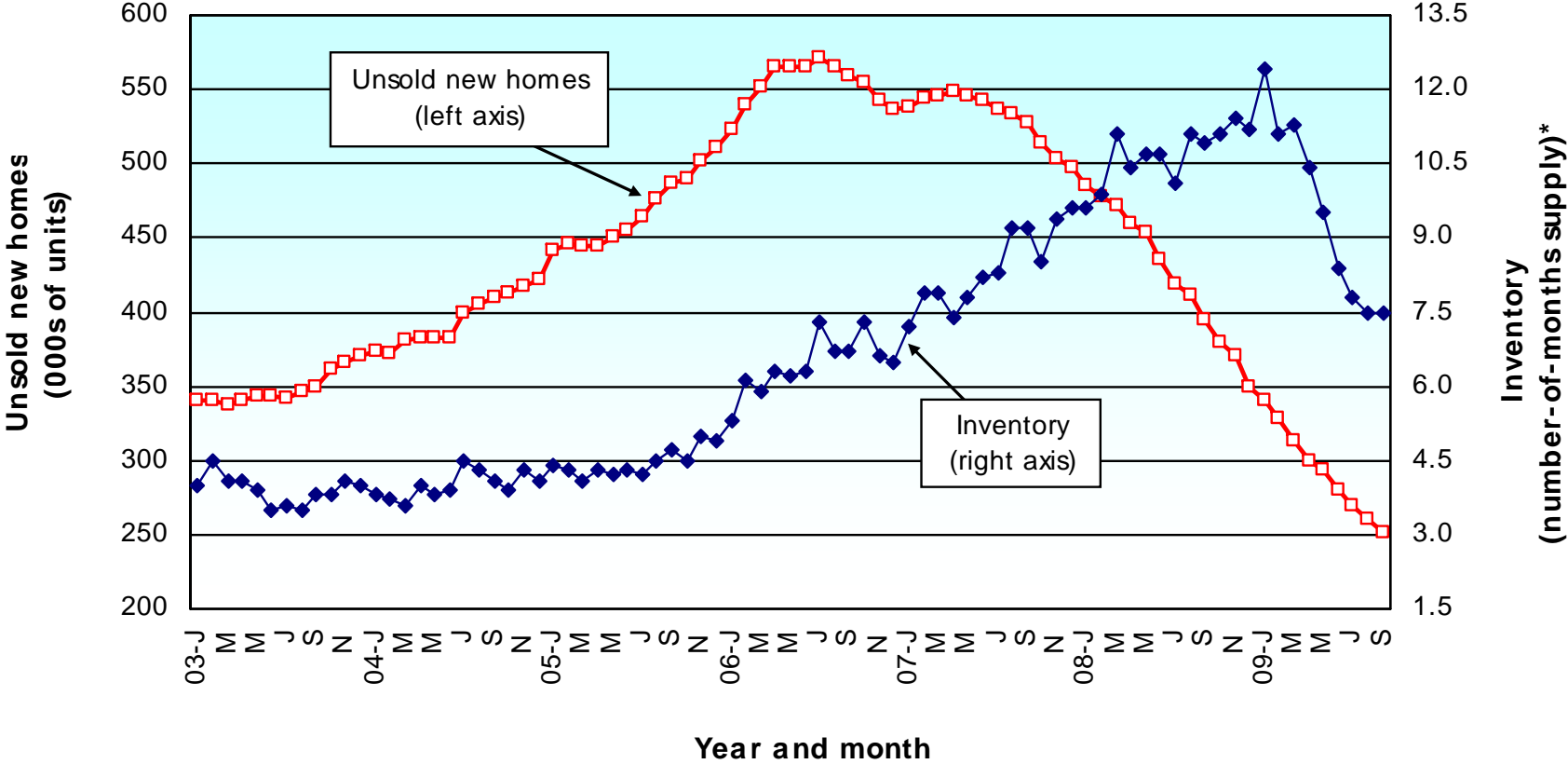
HOUSING STARTS IN THE UNITED STATES



- A decline of nearly 80% from peak in Jan 06 to trough.

Source: U.S. Census Bureau (Dept. of Commerce)/Chart: Reed Construction Data - CanaData.

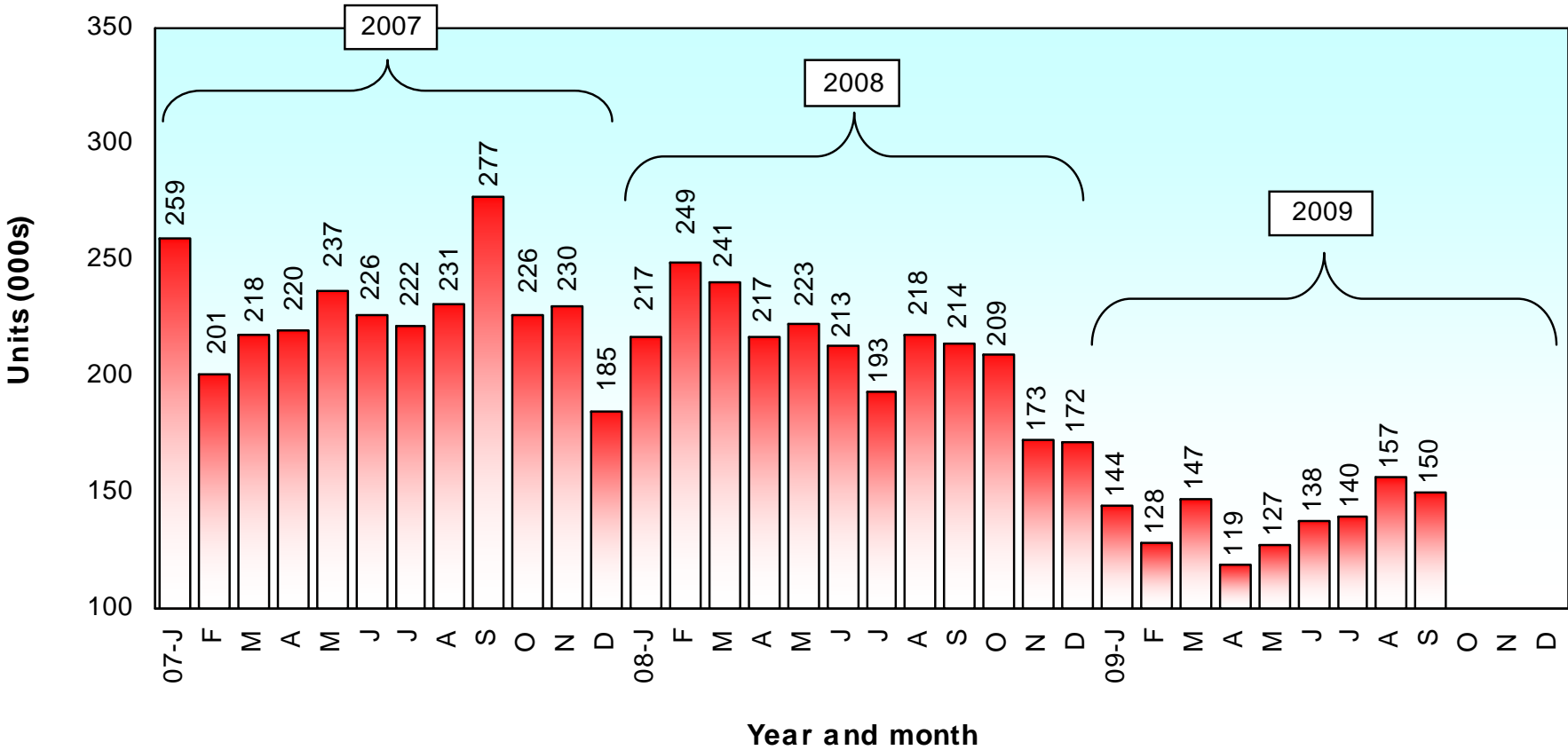
U. S. NEW HOME INVENTORY



• Number of unsold new houses has dropped below six years ago.

Source: U.S. Census Bureau (Dept. of Commerce)/Chart: Reed Construction Data - CanaData.

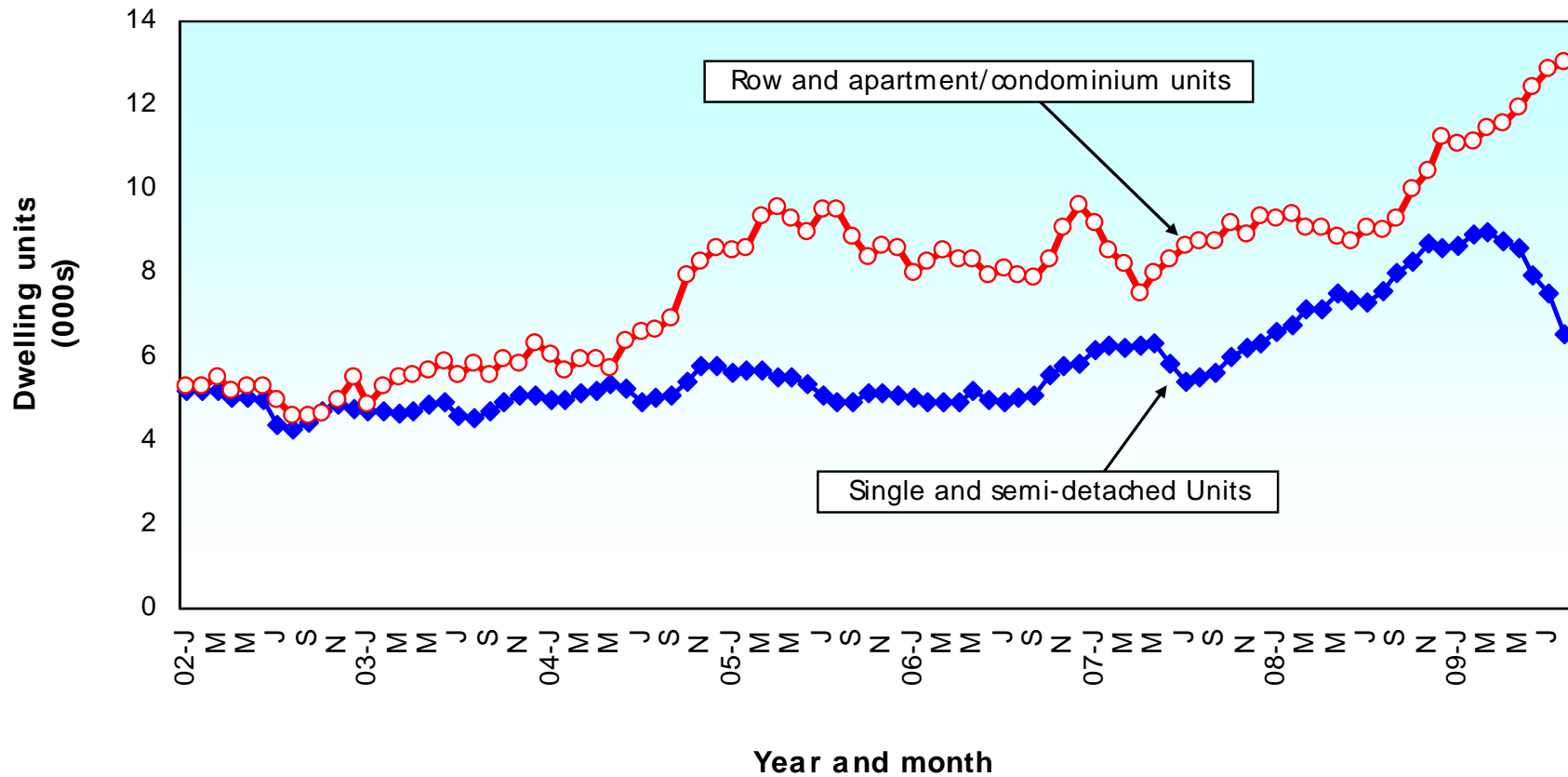
HOUSING STARTS IN CANADA



• Over the seven years 2002 to 2008, housing starts in Canada averaged 222,000 units per year; in the 1990s, they averaged 150,000 units per year.

Source: Canada Mortgage & Housing Corp./Chart: Reed Construction Data - CanaData.

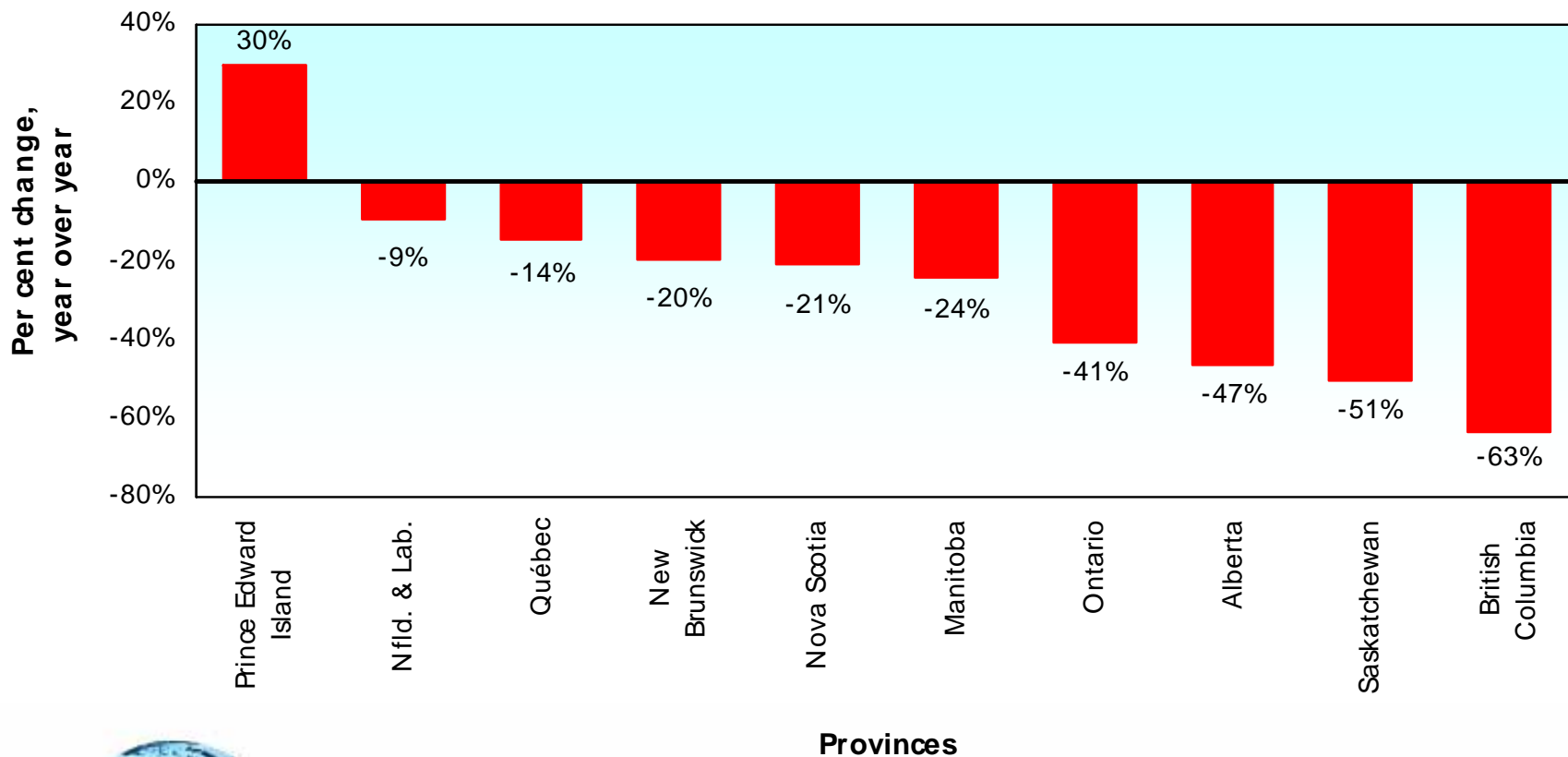
CANADA: INVENTORY OF COMPLETED BUT UNOCCUPIED DWELLING UNITS



•The unsold inventory of multiples is too high by 126%; The unsold inventory of singles is too high by 59%.

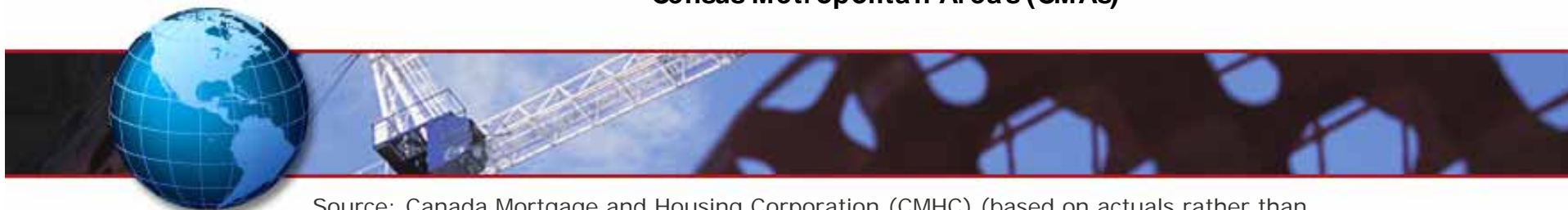
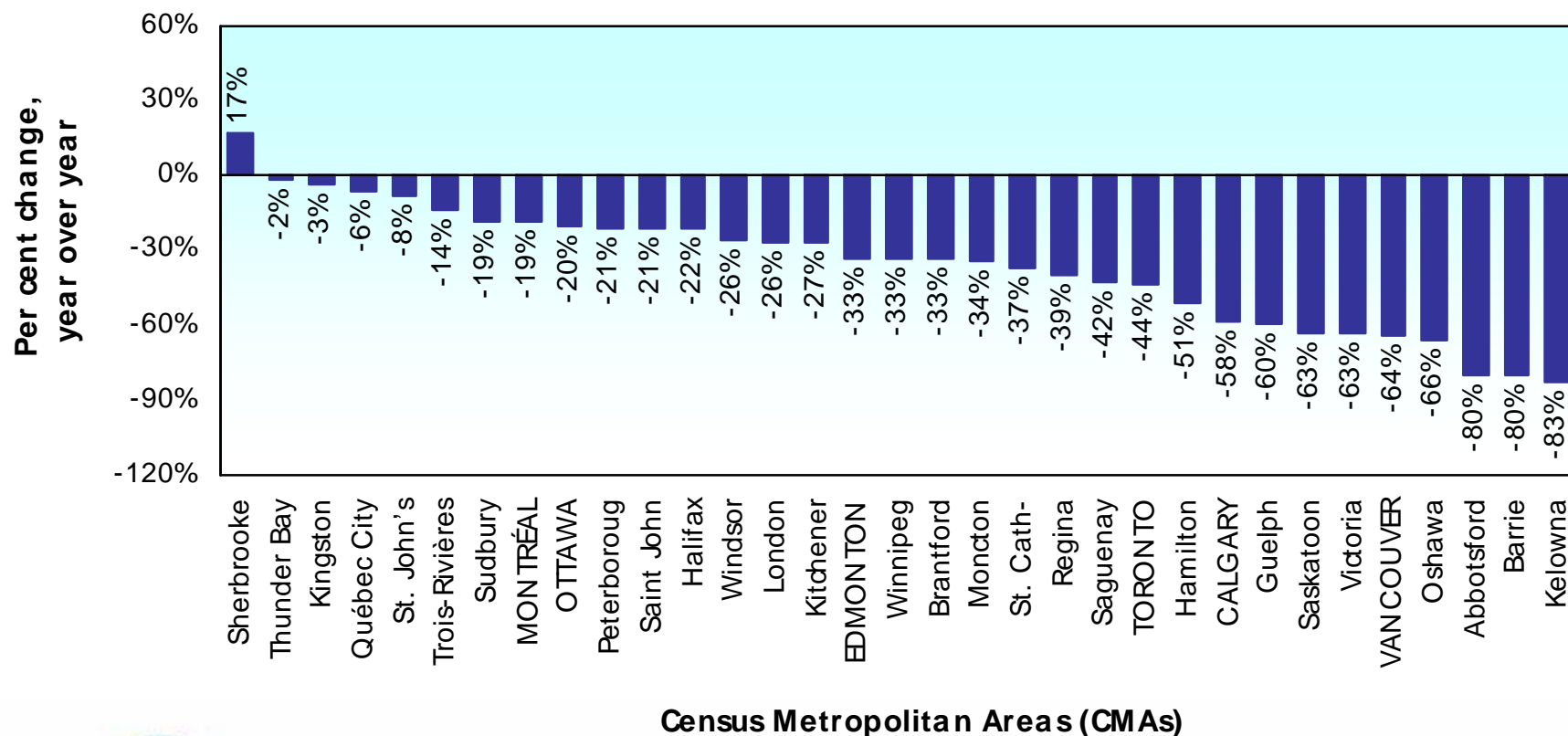
Source: Statistics Canada/Chart: Reed Construction Data - CanaData.

PERCENT CHANGE IN YEAR-TO-DATE HOUSING STARTS – RANKING OF CANADA'S PROVINCES (JANUARY-SEPTEMBER 2009 vs JANUARY-SEPTEMBER 2008)



Source: Canada Mortgage and Housing Corporation (CMHC) (based on actuals rather than seasonally adjusted data.) /Chart: Reed Construction Data - CanaData.

PERCENT CHANGE IN YEAR-TO-DATE HOUSING STARTS – RANKING OF CANADA'S MAJOR CITIES (JANUARY-SEPTEMBER 2009 vs JANUARY-SEPTEMBER 2008)



Source: Canada Mortgage and Housing Corporation (CMHC) (based on actuals rather than seasonally adjusted data.) /Chart: Reed Construction Data - CanaData.

HOUSING STARTS IN CANADA

	ACTUALS		FORECASTS		
	2007	2008	2009	2010	2011
	(thousands of units)				
Atlantic	12.4	12.2	10.0	11.0	12.0
Québec	48.6	47.9	42.5	45.0	47.5
Ontario	68.1	75.2	50.0	55.0	60.0
Manitoba	5.7	5.5	4.0	4.5	5.0
Saskatchewan	6.0	6.8	3.5	4.5	5.5
Alberta	48.3	29.2	15.0	17.5	25.0
British Columbia	39.2	34.3	15.0	22.5	25.0
Total Canada	228.3	211.1	140.0	160.0	180.0



Actuals: Canada Mortgage and Housing Corp. (CMHC)/Forecasts and Table: Reed Construction Data - CanaData.

CANADA'S 6 LARGEST CITIES

	ACTUALS		FORECASTS		
	2007	2008	2009	2010	2011
	(thousands of units)				
Montréal	23.2	21.9	17.0	19.5	22.0
Ottawa-Gatineau	9.3	10.3	8.0	8.0	8.0
Toronto	33.3	42.2	27.5	28.0	32.0
Calgary	13.5	11.4	4.0	6.0	9.0
Edmonton	14.9	6.6	4.0	5.5	8.0
Vancouver	20.7	19.6	7.0	12.0	16.0



Actuals: Canada Mortgage and Housing Corp. (CMHC); Forecasts and Table: Reed Construction Data - CanaData.

NEW RESIDENTIAL CONSTRUCTION BY REGION (current \$ millions of put-in-place investment figures)

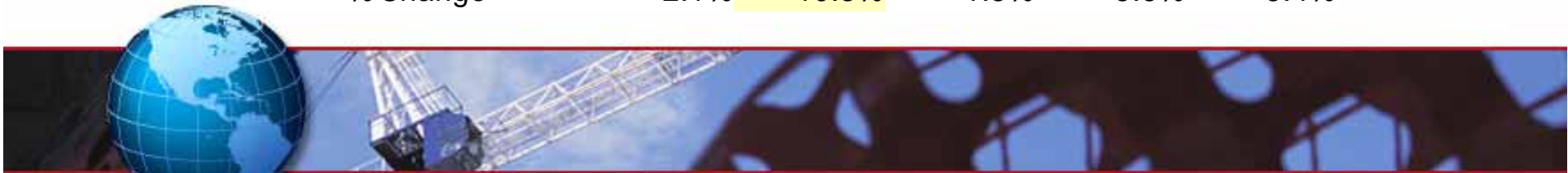
	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	5,271	4,943	5,122	5,556	6,038
Québec	19,810	19,140	19,717	21,264	22,998
Ontario	32,330	29,635	30,467	33,299	36,533
Manitoba	2,434	2,336	2,402	2,672	2,904
Saskatchewan	2,552	2,136	2,273	2,517	2,735
Alberta	13,196	10,743	11,210	12,333	13,531
British Columbia	16,040	13,676	14,775	16,347	17,765
Total	91,633	82,609	85,965	93,988	102,504
<u>Year vs Previous Year</u> % Change	2.8%	-9.8%	4.1%	9.3%	9.1%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

NEW RESIDENTIAL CONSTRUCTION BY REGION
(constant \$ millions of put-in-place investment figures, 2002=100)

	2008 (actuals)	2009	2010	2011	2012
			(forecasts)		
Atlantic	3,752	3,501	3,539	3,709	3,894
Québec	14,100	13,555	13,623	14,195	14,834
Ontario	23,011	20,988	21,051	22,229	23,563
Manitoba	1,732	1,654	1,659	1,784	1,873
Saskatchewan	1,816	1,513	1,570	1,680	1,764
Alberta	9,392	7,608	7,745	8,233	8,727
British Columbia	11,416	9,685	10,208	10,913	11,458
Total	65,219	58,504	59,396	62,743	66,114
<u>Year vs Previous Year</u> % Change	-2.1%	-10.3%	1.5%	5.6%	5.4%



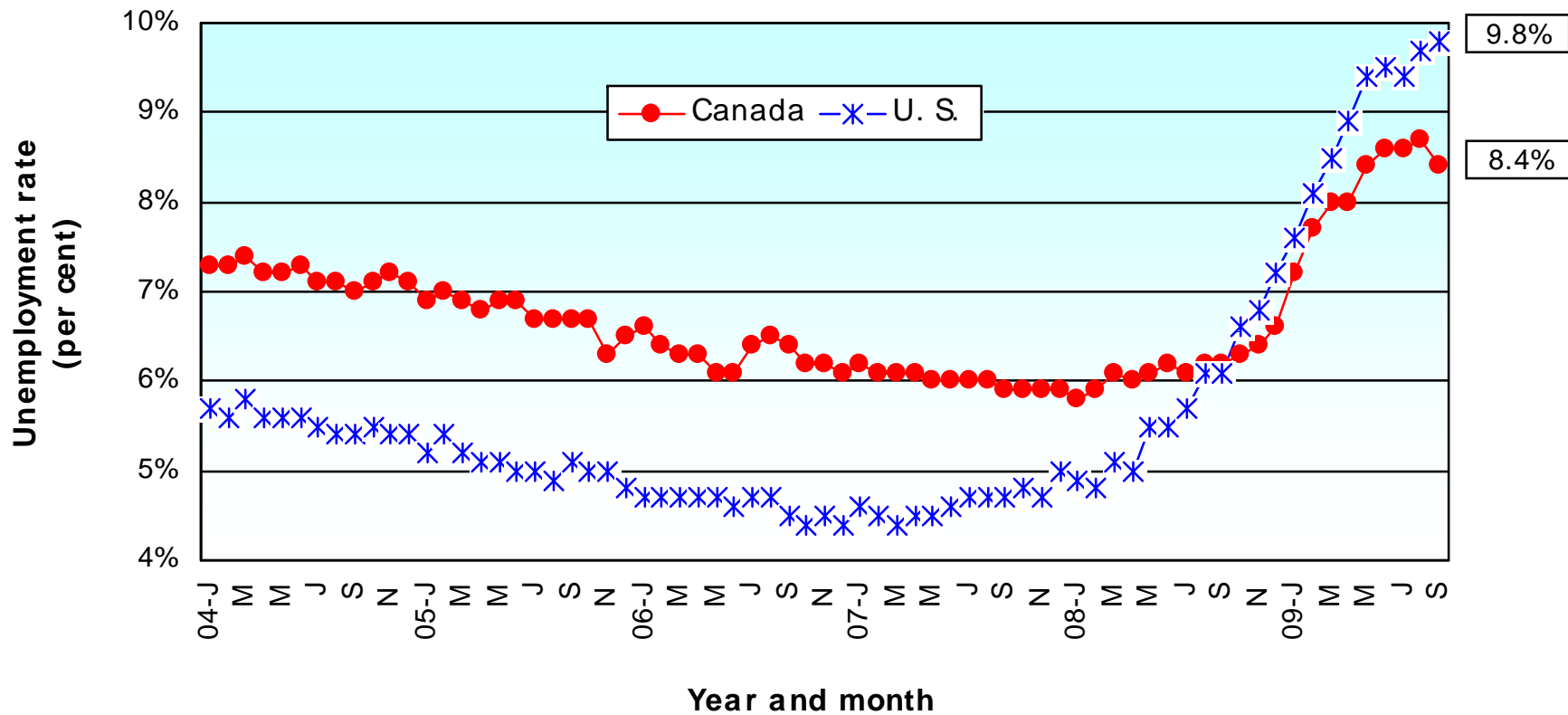
CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

COMMERCIAL CONSTRUCTION

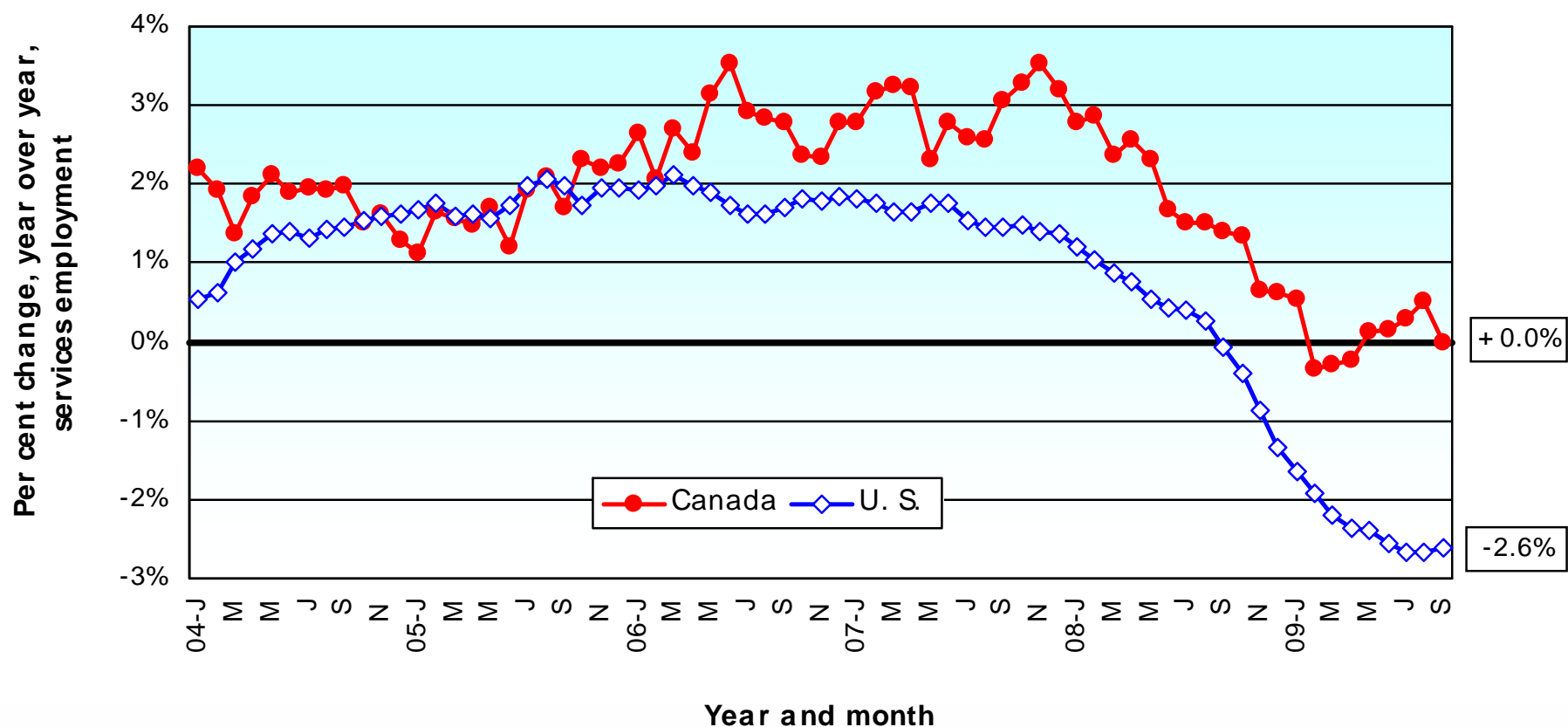


 Reed Construction Data

CANADA vs U.S. MONTHLY UNEMPLOYMENT RATE (PERCENT)– SEASONALLY ADJUSTED DATA

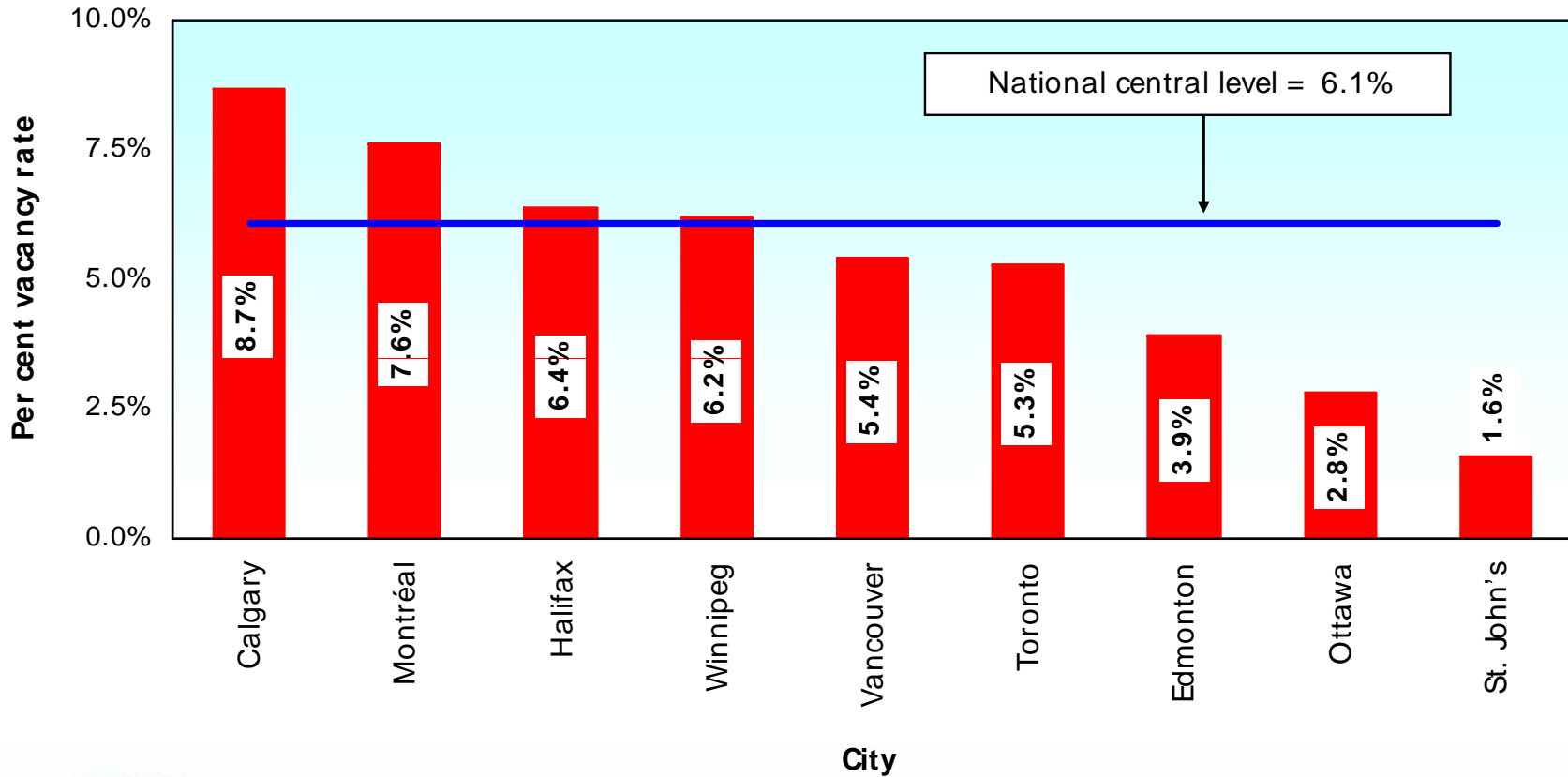


CHANGE IN SERVICE SECTOR EMPLOYMENT – CANADA VERSUS UNITED STATES



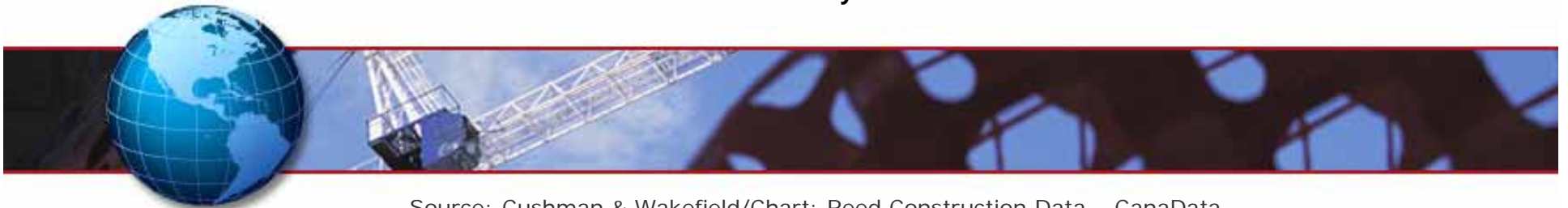
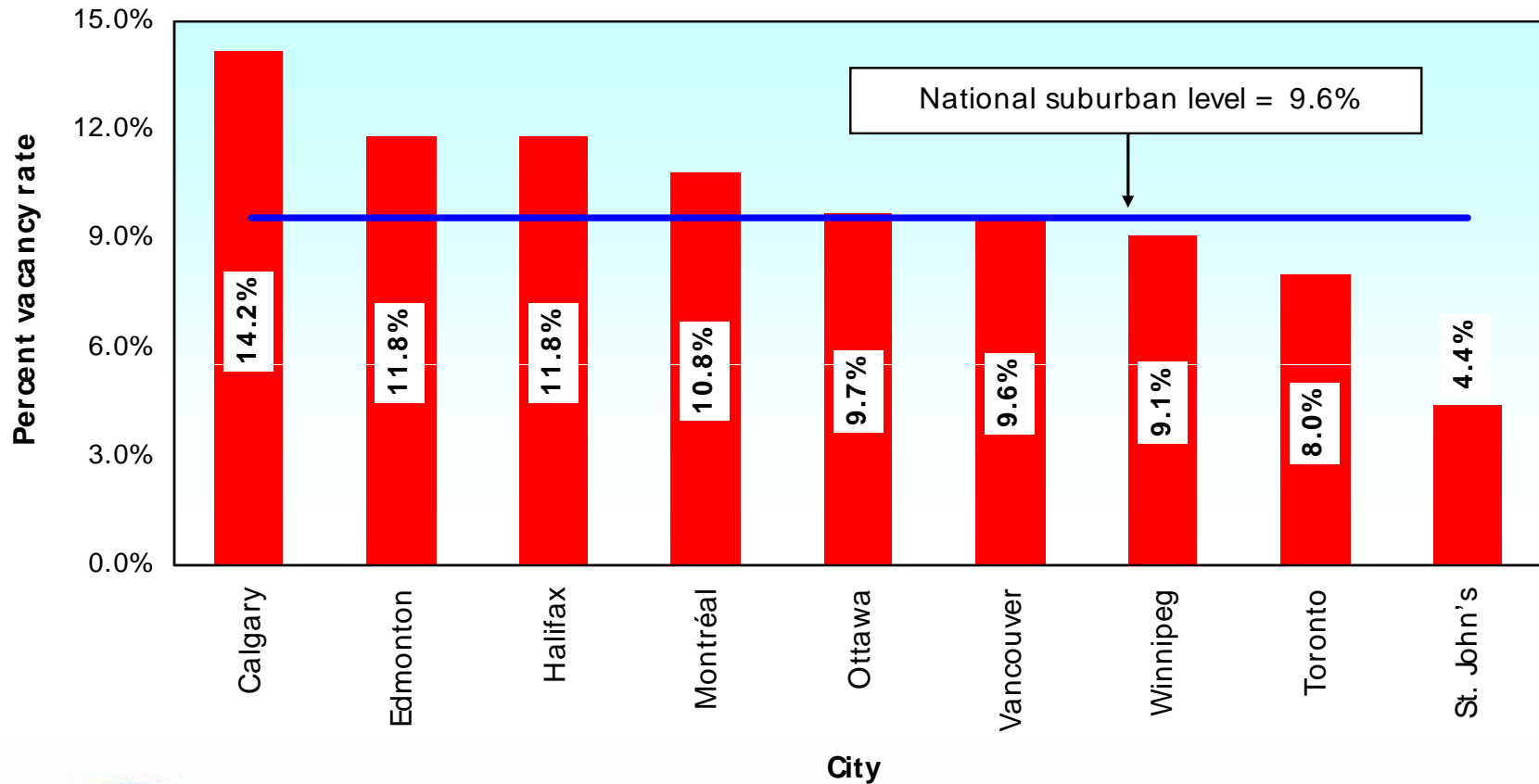
Sources: Statistics Canada & U.S. Dept. of Labor Chart: Reed Construction Data – CanaData.

CENTRAL OFFICE VACANCY RATES IN CANADA SECOND QUARTER 2009 – HIGHEST TO LOWEST



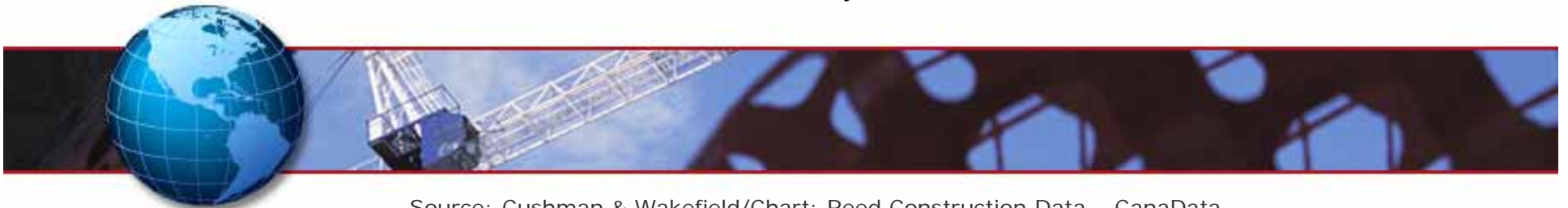
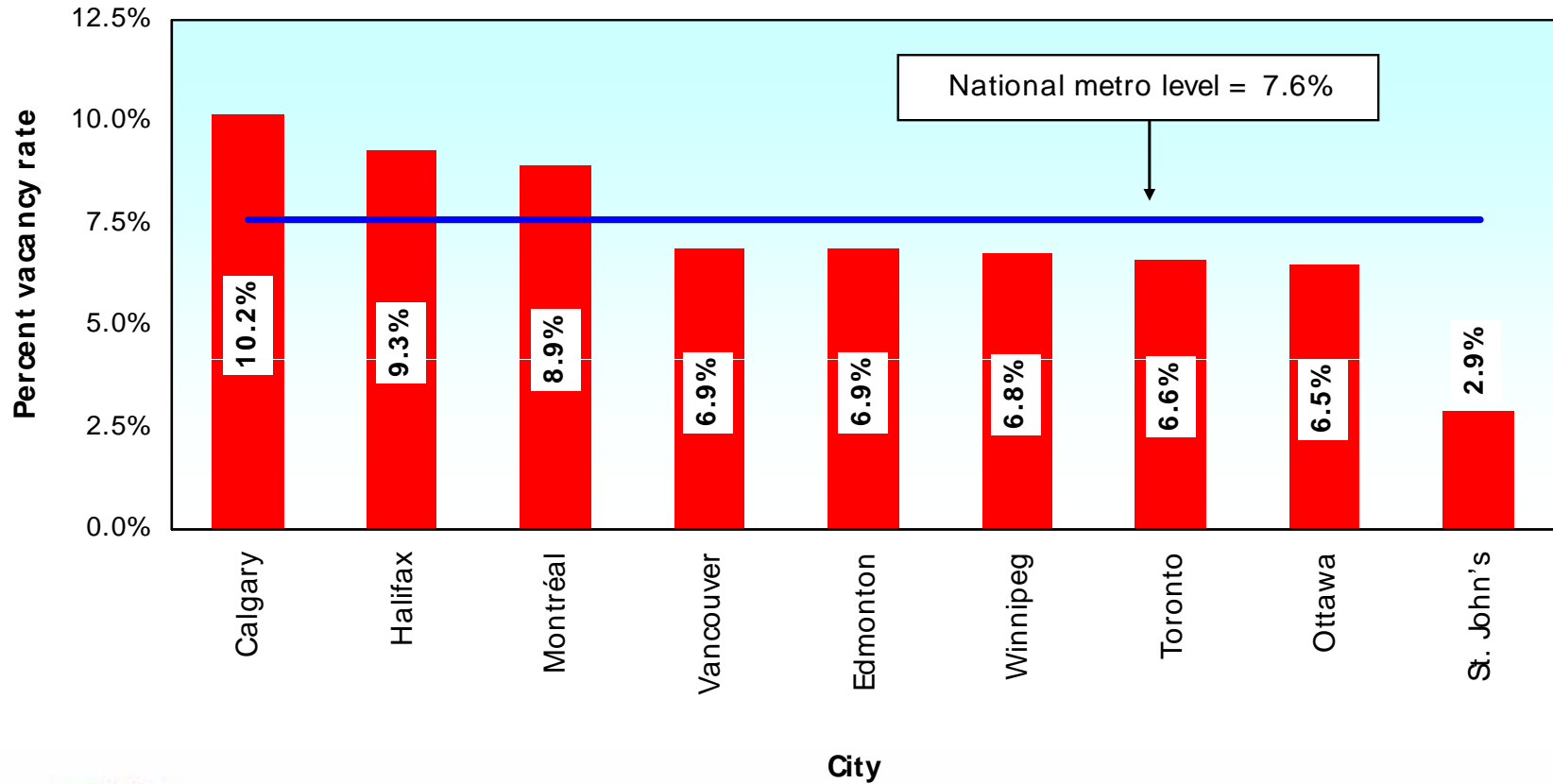
Source: Cushman & Wakefield /Chart: Reed Construction Data – CanaData.

SUBURBAN OFFICE VACANCY RATES IN CANADA SECOND QUARTER 2009 – HIGHEST TO LOWEST



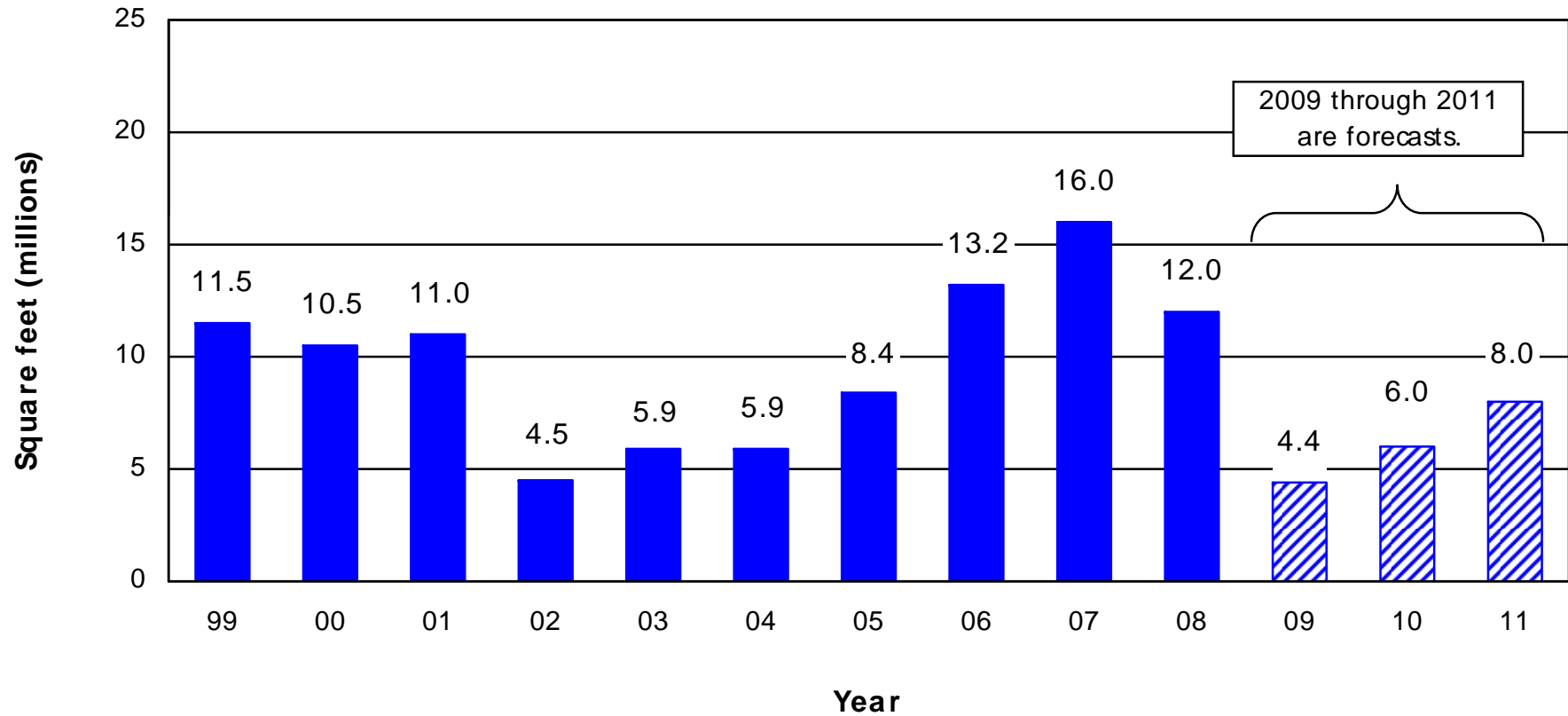
Source: Cushman & Wakefield/Chart: Reed Construction Data – CanaData.

METRO-WIDE OFFICE VACANCY RATES IN CANADA SECOND QUARTER 2009 – HIGHEST TO LOWEST



Source: Cushman & Wakefield/Chart: Reed Construction Data – CanaData.

CANADA OFFICE BUILDING STARTS



Office-based employment – Sept 09/Sept 08:

- Finance, insurance and real estate (FIRE) +4.3%;
- Professional, scientific and technical +0.1%;
- Information, culture and recreation +5.6%;

Source of actuals and forecasts: Reed Construction Data - CanaData.

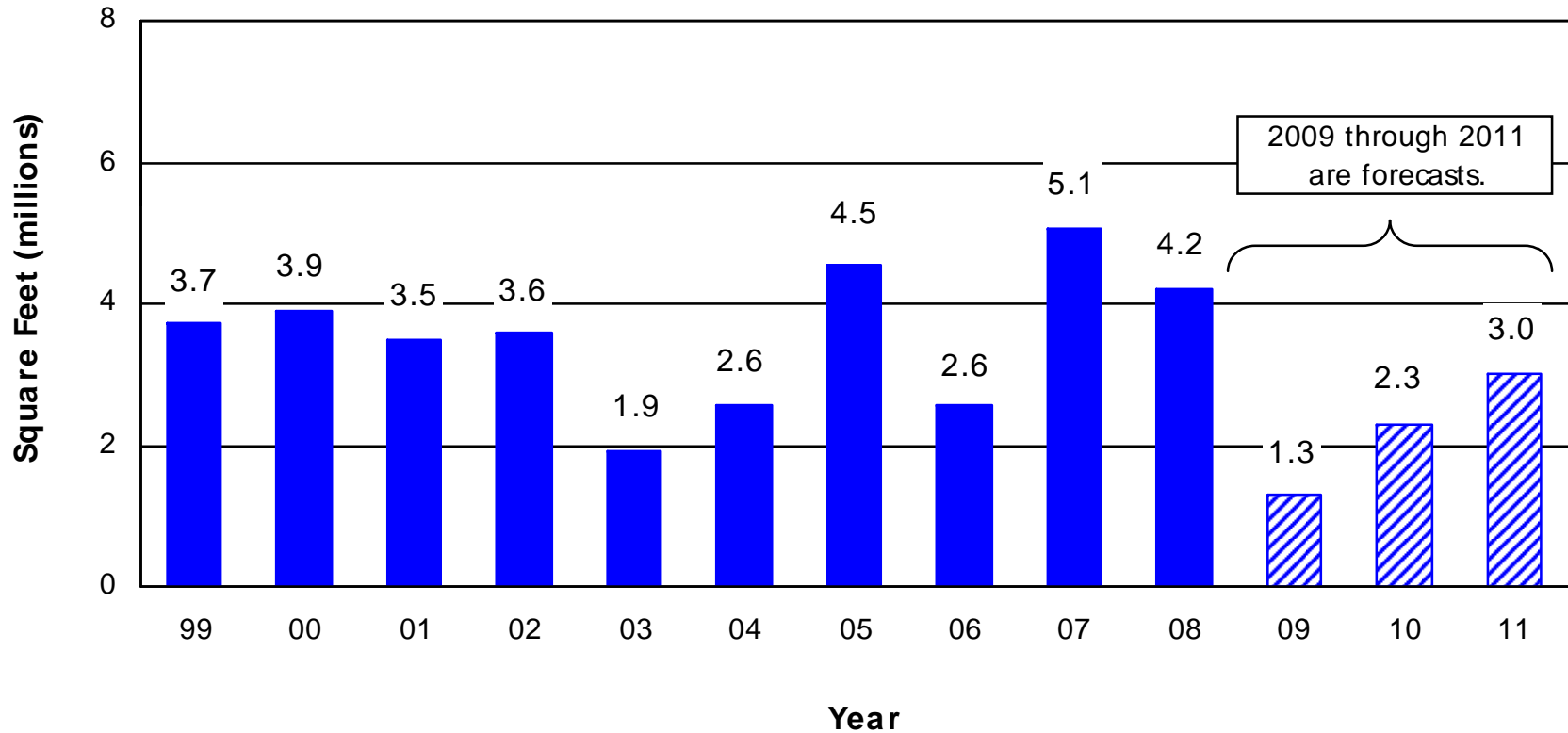
OFFICE SPACE INVENTORY – JUNE 2009

City	Square feet (millions)		Total	Rank
	Central	Suburban		
Toronto	79.919	82.911	162.830	1
Montréal	47.787	34.660	82.447	2
Calgary	38.742	14.219	52.961	3
Vancouver	29.267	17.187	46.454	4
Ottawa	16.991	19.180	36.171	5
Edmonton	14.719	9.161	23.880	6
Winnipeg	9.293	2.535	11.828	7
Halifax	4.334	5.077	9.411	8
St. John's Nfld.	1.308	1.218	2.526	9
	242.360	186.148	428.508	



Source: Cushman & Wakefield/Chart: Reed Construction Data – CanaData.

CANADA HOTEL AND MOTEL STARTS

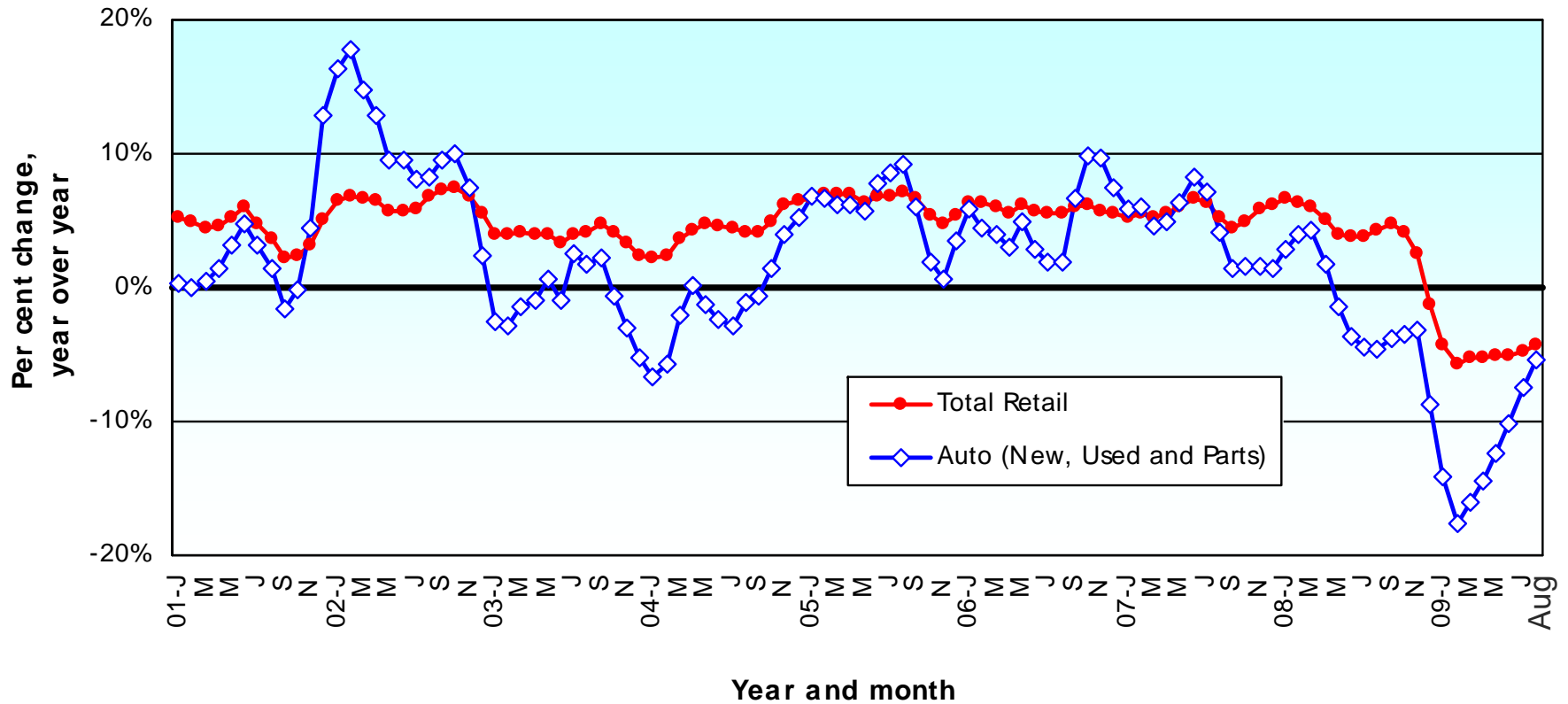


- Accommodation and food services employment (Sept 09/Sept 08) = -5.2%;
- One major problem is a decline in the number of U.S. visitors to Canada.



Source of actuals and forecasts: Reed Construction Data - CanaData.

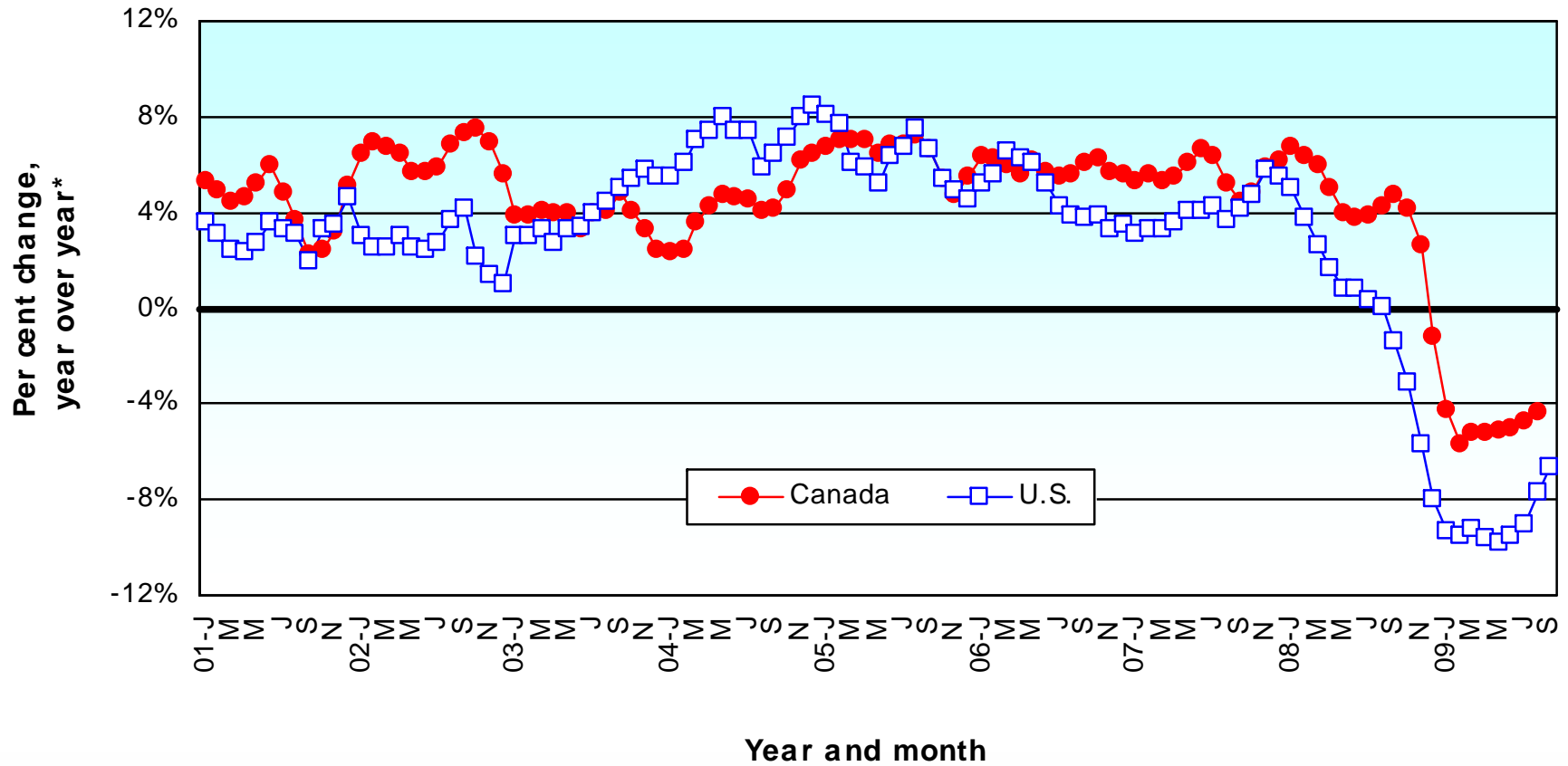
CANADIAN RETAIL SALES – THREE MONTHS SMOOTHED



- 5% retail-sales benchmark figure, combined with 2% inflation, means 3% real consumer spending, which is 55% of Canada's economy (70% in the U.S.).

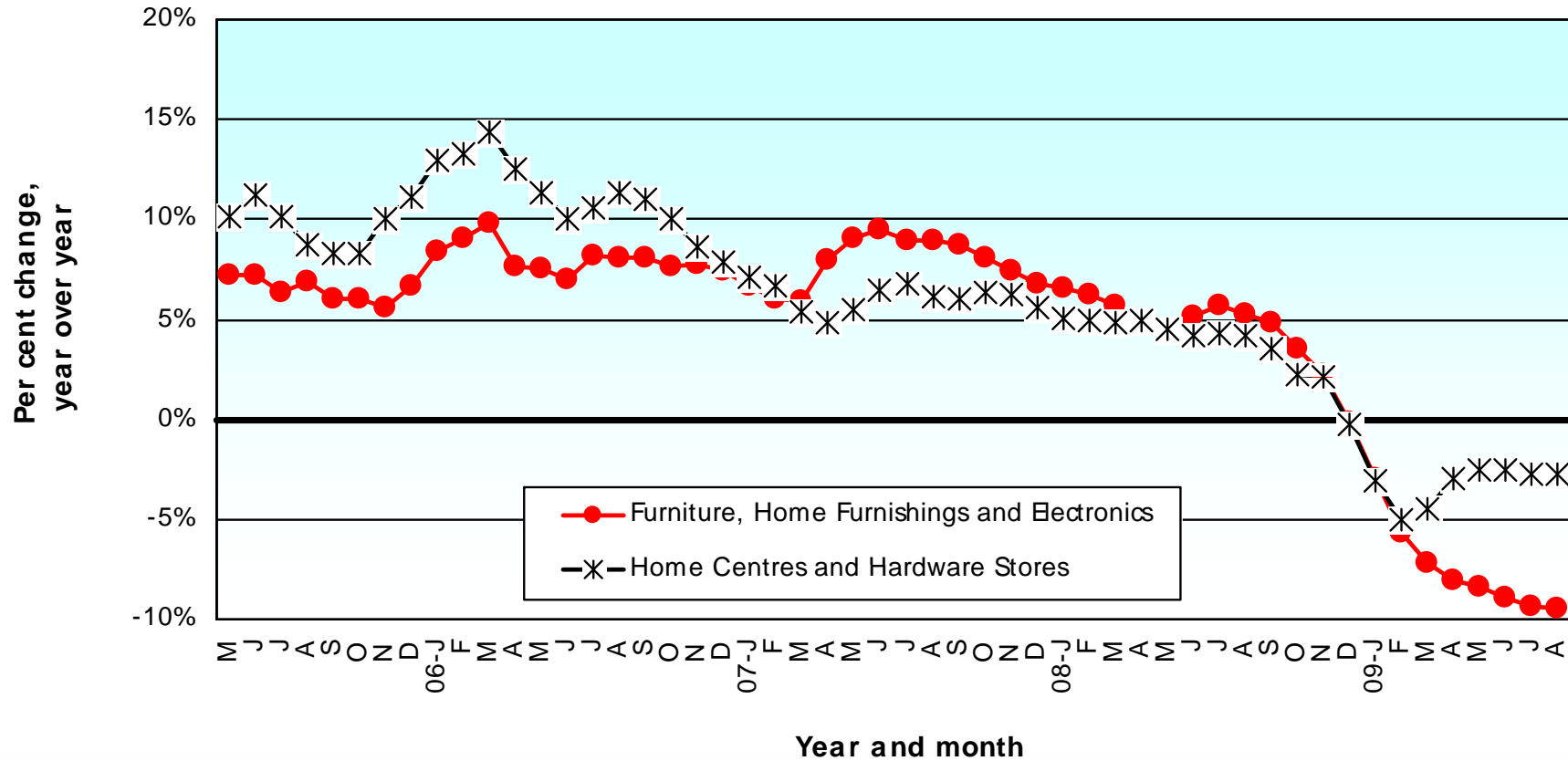
Source: Statistics Canada/Chart: Reed Construction Data – CanaData

CANADA vs U.S. RETAIL SALES TOTAL



Source: Statistics Canada/Chart: Reed Construction Data – CanaData

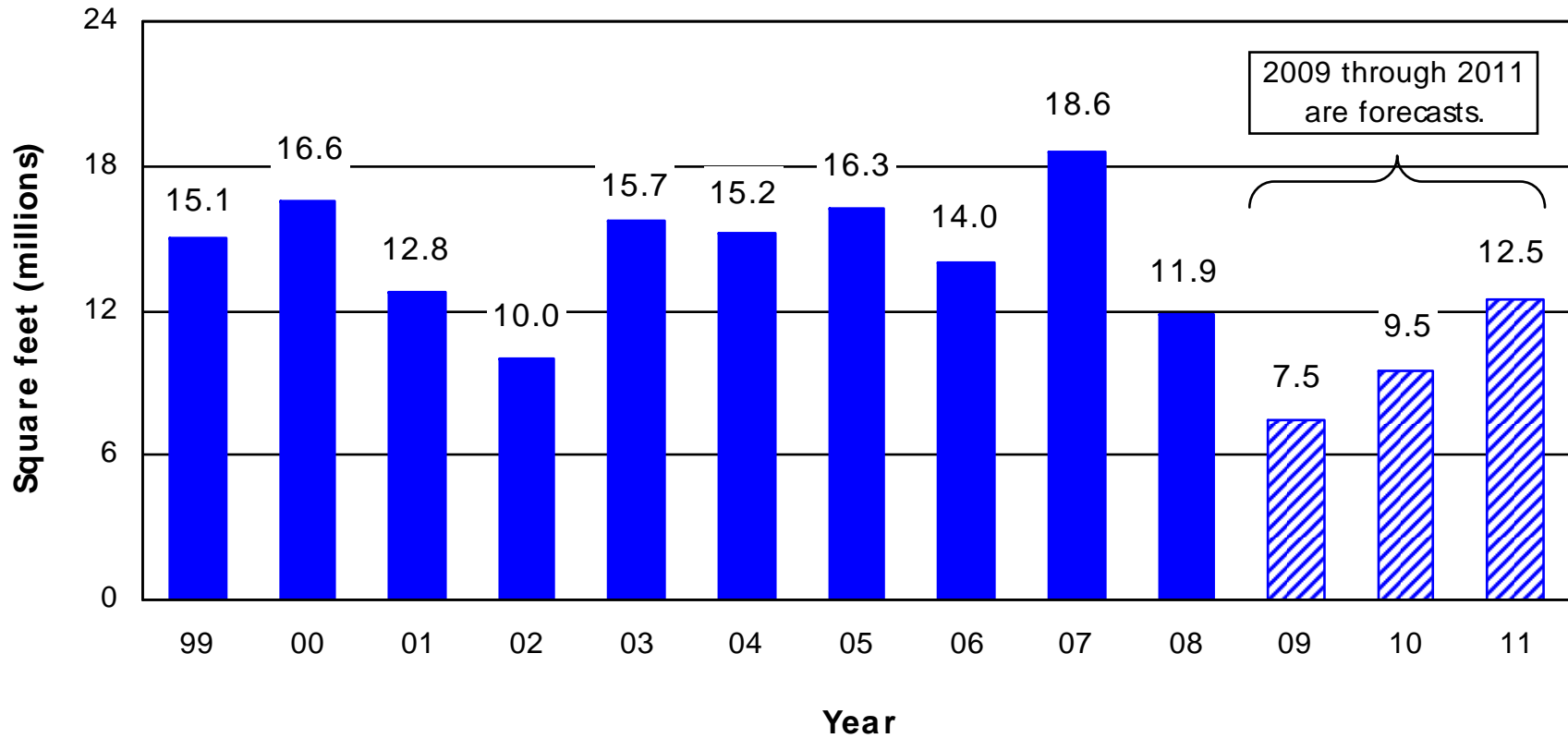
SOME CONSTRUCTION-RELATED RETAIL SUB-CATEGORIES



• A great deal of retail ties in to the homes sector.

Source: Statistics Canada/Chart: Reed Construction Data – CanaData.

CANADA RETAIL AND MALL STARTS

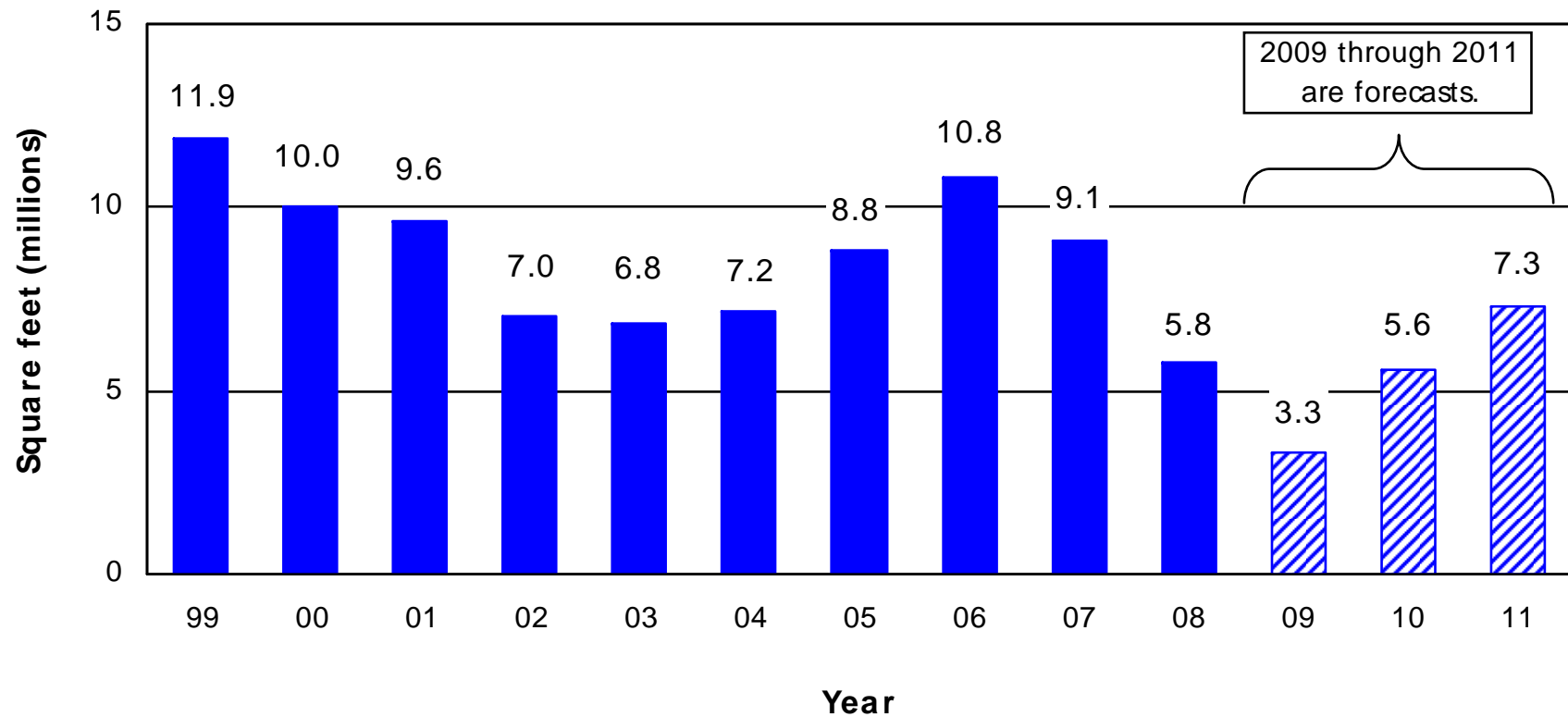


- Trade employment (Aug 09/Aug 08) = -0.4%



Source of actuals and forecasts: Reed Construction Data - CanaData.

CANADA WAREHOUSE BUILDING STARTS



- Transportation and warehousing (Sept 09/Sept 08) = -8.5%
- Ties in to retail, manufacturing and foreign trade.

Source of actuals and forecasts: Reed Construction Data - CanaData

COMMERCIAL STARTS

	Actuals		Forecasts		
	2007	2008	2009	2010	2011
	(millions of square feet)				
Atlantic	0.5	0.9	0.8	1.0	1.2
Québec	5.7	5.4	2.2	3.0	4.5
Ontario	24.8	18.5	12.5	16.0	20.8
Man. + Sask.	3.8	2.9	1.5	2.5	3.0
Alberta	14.9	11.8	2.5	3.5	4.5
B.C.	8.3	5.8	3.0	4.0	5.0
Total	58.0	45.3	22.5	30.0	39.0

• 58.0 in 2007 the highest since 64.3 in 1990 (1998 almost as high at 53.8).



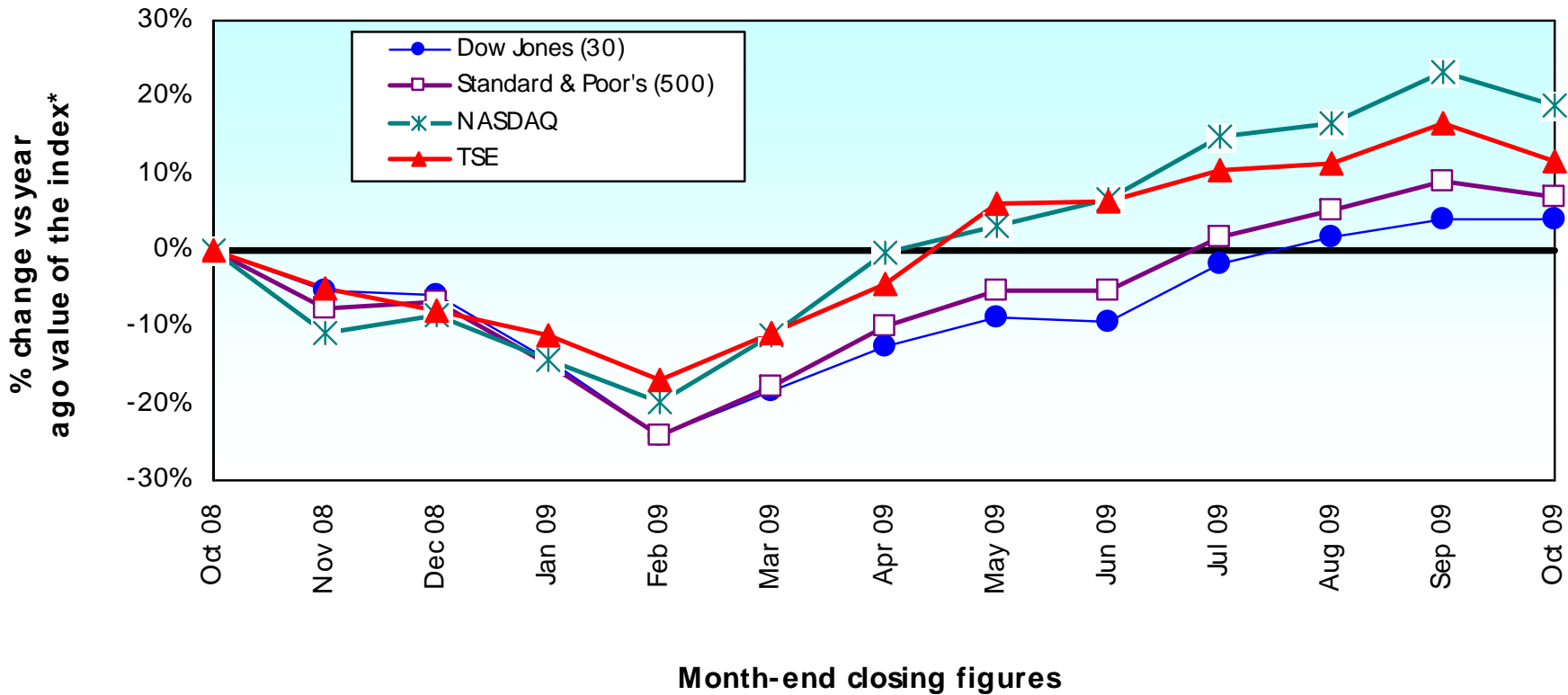
Actuals, Forecasts and Table: Reed Construction Data - CanaData.

INDUSTRIAL CONSTRUCTION



 Reed Construction Data

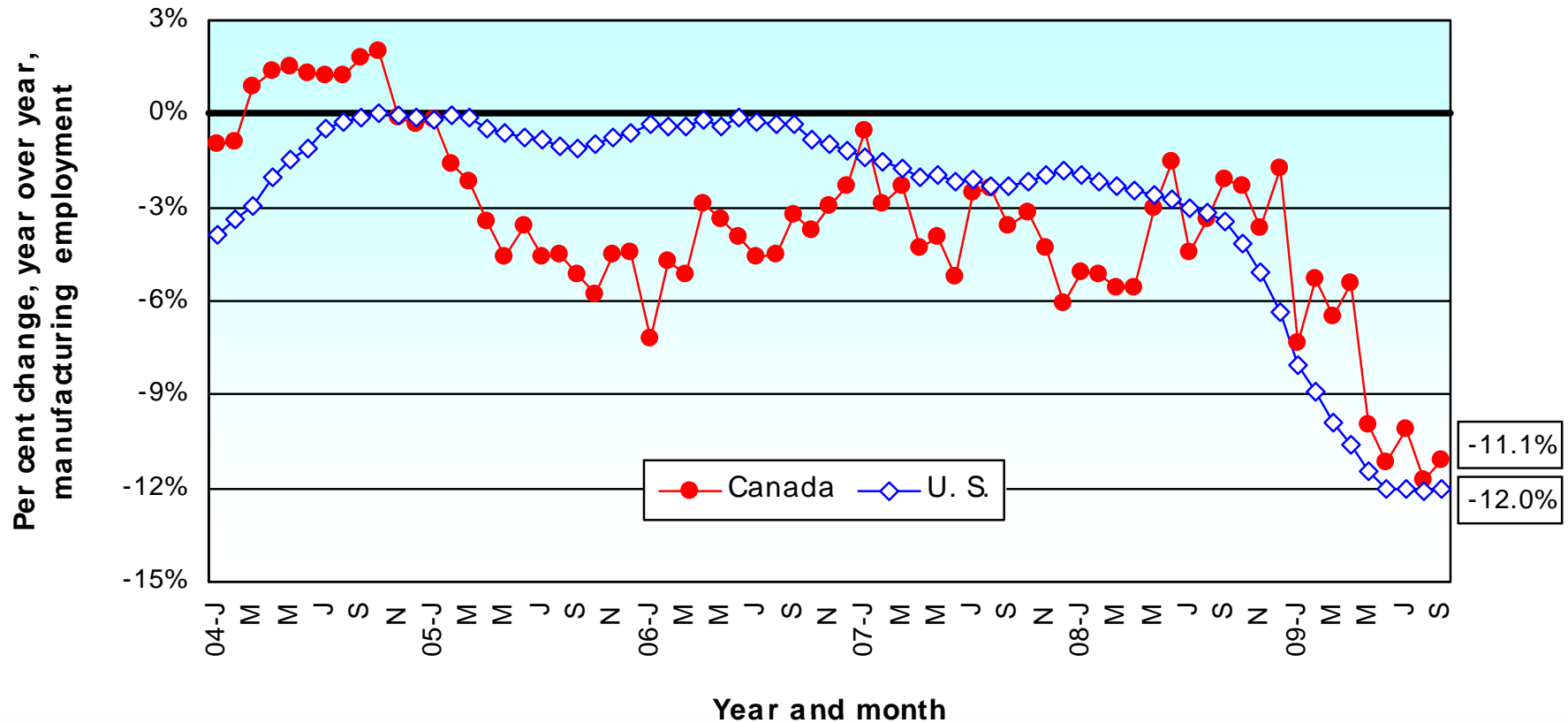
PERFORMANCES OF KEY STOCK MARKET INDICES OVER THE LAST 12 MONTHS - OCTOBER 30, 2009



*Each month's closing figure versus the October 31, 2008 closing figure for the index.

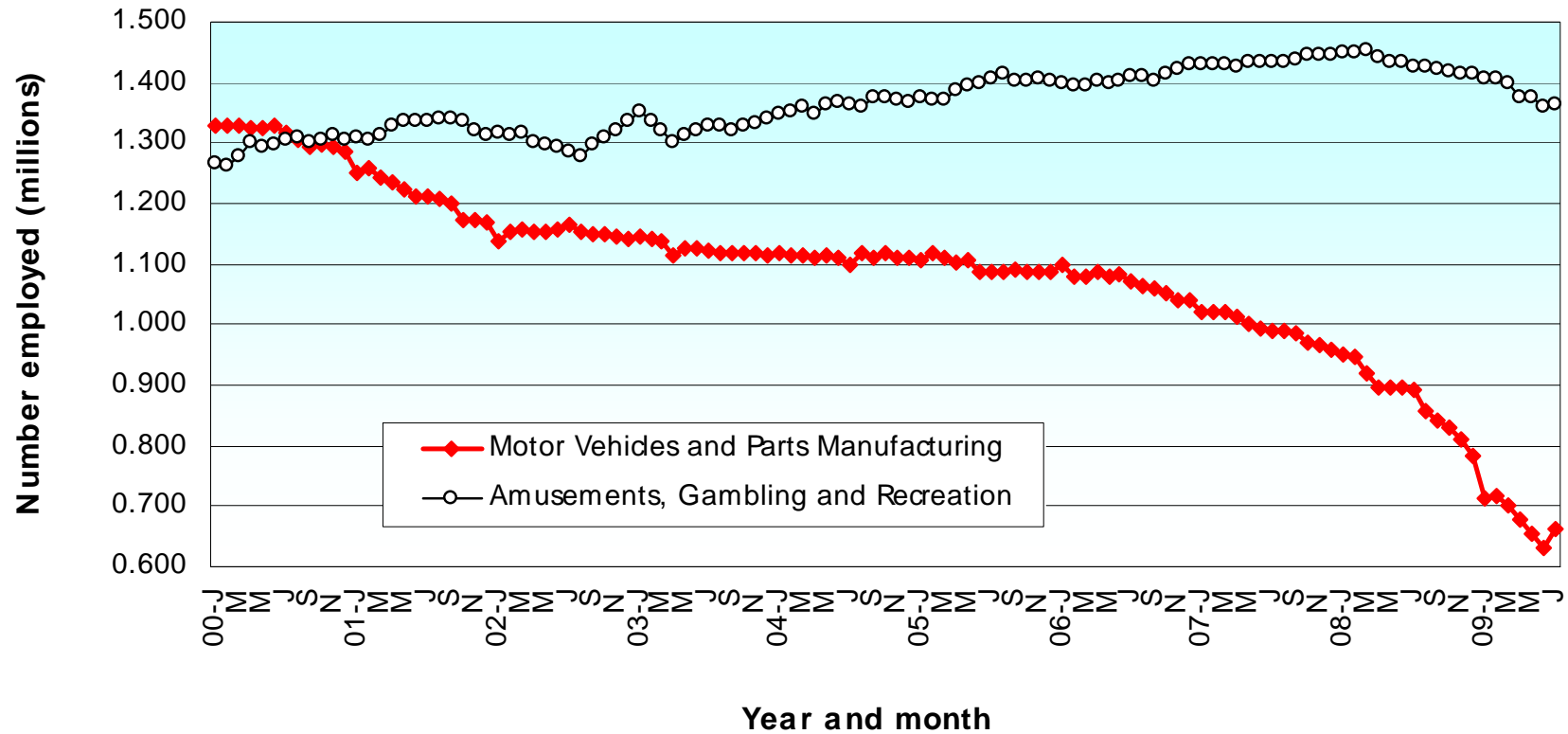
Sources: NYSE, NASDAQ, TSE and Reuters/Chart: Reed Construction Data – CanaData.

CHANGE IN MANUFACTURING EMPLOYMENT – CANADA VERSUS UNITED STATES



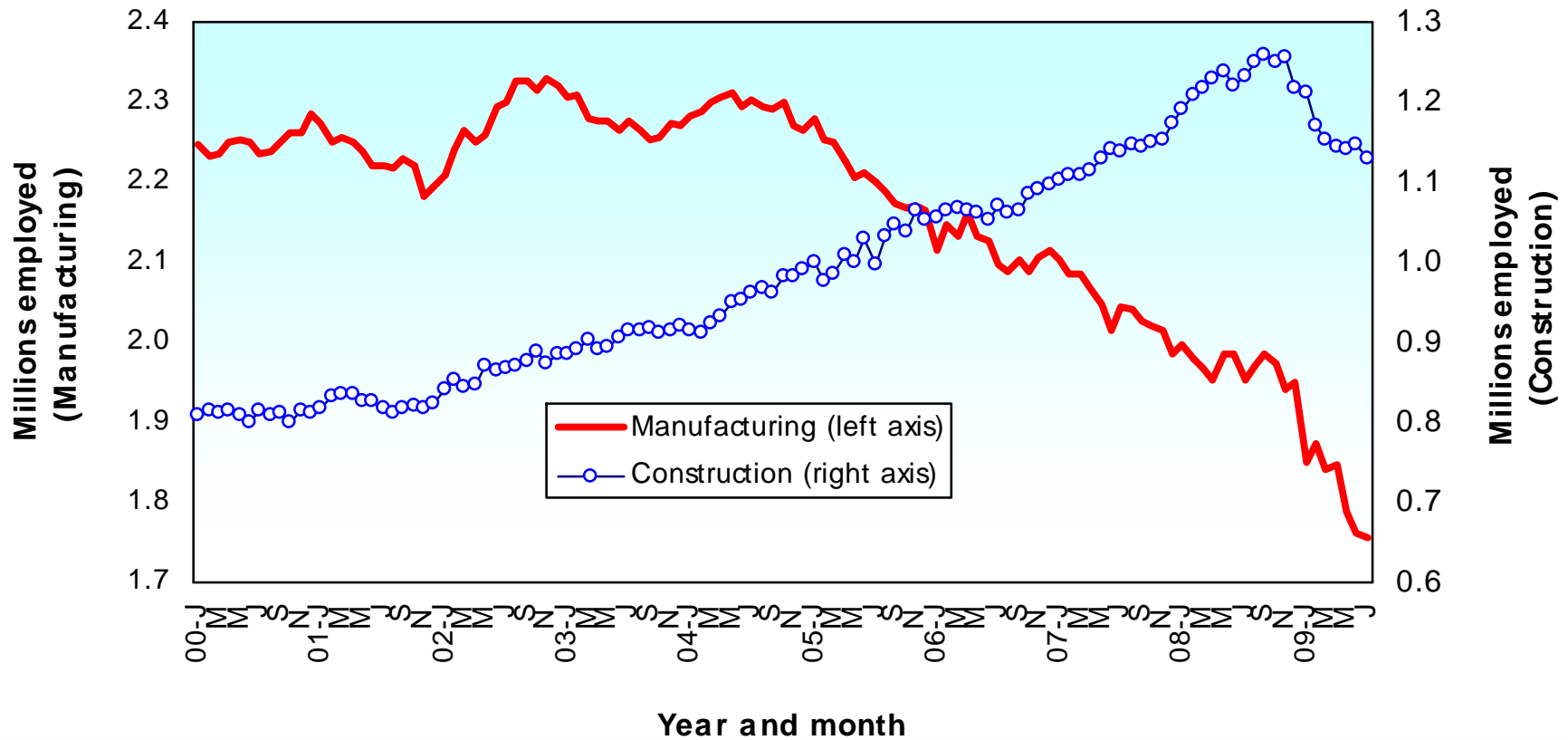
Sources: Statistics Canada & Department of Labor/Chart: Reed Construction Data – CanaData.

U.S. EMPLOYMENT: AUTOS AND PARTS MANUFACTURING VERSUS THE GAMING INDUSTRY – LEVEL (Based on seasonally adjusted data)



Source: Payroll Survey, Bureau of Labor Statistics (U.S. Department of Labor)
Chart: Reed Construction Data – CanaData.

MANUFACTURING VERSUS CONSTRUCTION EMPLOYMENT IN CANADA



Source: Statistics Canada / Chart: Reed Construction Data – CanaData.

INDUSTRIAL STARTS

	Actuals		Forecasts		
	2007	2008	2009	2010	2011
	(millions of square feet)				
Atlantic	0.1	0.1	0.1	0.1	0.1
Québec	0.9	0.6	0.2	0.6	0.9
Ontario	4.1	3.1	1.0	2.0	2.5
Man. + Sask.	0.4	0.8	0.2	0.4	0.5
Alberta	0.1	0.4	0.2	0.4	0.5
B.C.	1.2	1.5	0.8	1.5	2.0
Total	6.8	6.5	2.5	5.0	6.5

- Industrial was over 20.0 million sq. ft. in 1998 and 2000; higher still in late 1980s and earlier;
- Long-term decline due to job losses to low labour-cost countries.



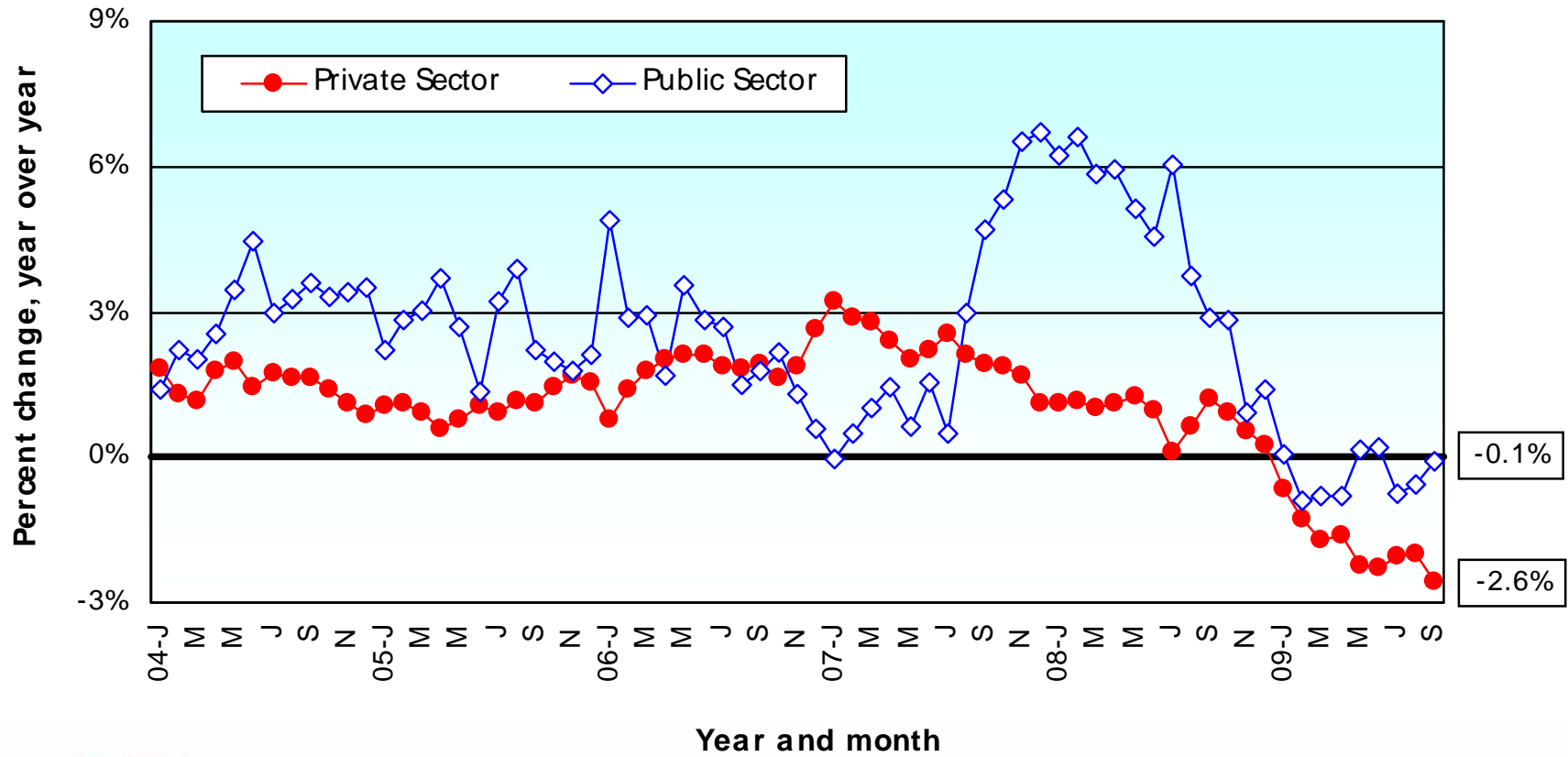
Actuals, Forecasts and Table: Reed Construction Data - CanaData.

INSTITUTIONAL CONSTRUCTION



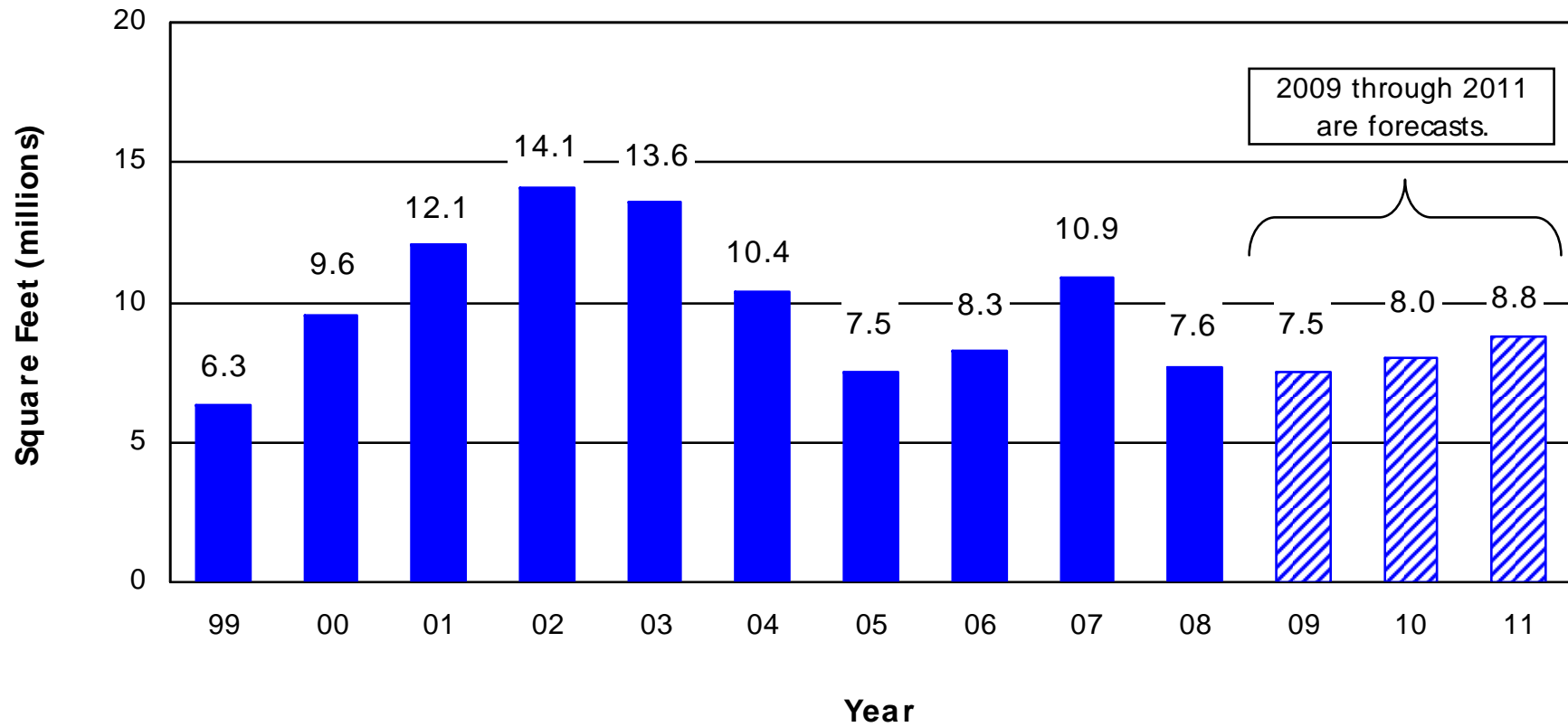
 Reed Construction Data

CHANGE IN PRIVATE SECTOR VERSUS PUBLIC SECTOR EMPLOYMENT IN CANADA



Source: Statistics Canada/Chart: Reed Construction Data – CanaData.

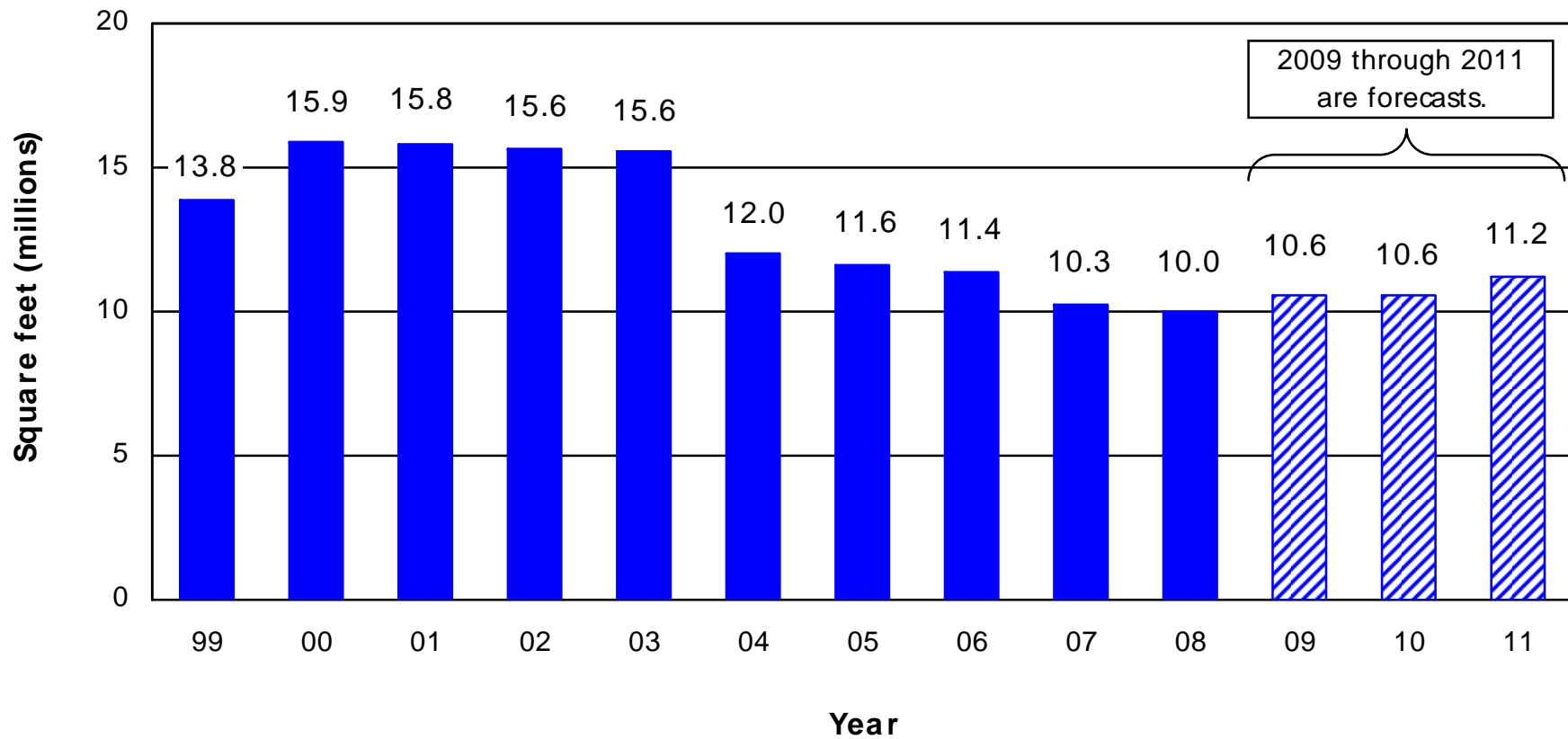
CANADA MEDICAL BUILDING STARTS



- Health care and social assistance employment (Sept 09/Sept 08) = +1.1%

Source of actuals and forecasts: Reed Construction Data - CanaData.

CANADA EDUCATION BUILDING STARTS



• Educational services employment (Sept 09/Sept 08) = -1.0%

Source of actuals and forecasts: Reed Construction Data - CanaData.

INSTITUTIONAL STARTS

	Actuals		Forecasts		
	2007	2008	2009	2010	2011
	(millions of square feet)				
Atlantic	0.6	0.9	1.5	1.5	1.5
Québec	3.8	3.7	5.0	3.0	3.0
Ontario	11.4	9.2	8.0	8.5	10.0
Man. + Sask.	1.2	0.9	2.5	2.5	2.5
Alberta	5.5	5.5	1.5	2.5	3.0
B.C.	4.8	3.0	4.0	4.5	4.5
Total	27.3	23.2	22.5	22.5	24.5



Actuals, Forecasts and Table: Reed Construction Data - CanaData.

TOTAL NON-RES. BUILDING (ICI) STARTS

	Actuals		Forecasts		
	2007	2008	2009	2010	2011
	(millions of square feet)				
Atlantic	1.2	1.9	2.4	2.6	2.8
Québec	10.4	9.7	7.4	6.6	8.4
Ontario	40.3	30.8	21.5	26.5	33.3
Man. + Sask.	5.4	4.6	4.2	5.4	6.0
Alberta	20.5	17.7	4.2	6.4	8.0
B.C.	14.3	10.3	7.8	10.0	11.5
Total	92.1	75.0	47.5	57.5	70.0

- Total ICI was over 100 million square feet in 2000.



Actuals, Forecasts and Table: Reed Construction Data - CanaData.

NEW NON-RESIDENTIAL BUILDING (ICI) CONSTRUCTION BY REGION (current \$ millions of put-in-place investment figures)

	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	2,336	2,331	2,463	2,696	2,904
Québec	7,808	7,737	8,048	8,956	9,724
Ontario	14,028	13,683	13,807	15,249	16,511
Manitoba	1,601	1,510	1,607	1,716	1,829
Saskatchewan	1,614	1,674	1,794	1,927	2,079
Alberta	9,040	8,784	8,763	9,722	10,514
British Columbia	6,485	5,478	5,790	6,419	6,914
Total	42,912	41,197	42,272	46,686	50,476
<u>Year vs Previous Year</u>					
% Change	10.2%	-4.0%	2.6%	10.4%	8.1%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

NEW NON-RESIDENTIAL BUILDING (ICI) CONSTRUCTION BY REGION

(constant \$ millions of put-in-place investment figures, 2002=100)

	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	1,759	1,729	1,766	1,858	1,934
Québec	5,880	5,740	5,769	6,173	6,475
Ontario	10,563	10,151	9,897	10,510	10,995
Manitoba	1,206	1,120	1,152	1,183	1,218
Saskatchewan	1,215	1,242	1,286	1,328	1,384
Alberta	6,807	6,517	6,281	6,701	7,002
British Columbia	4,883	4,064	4,150	4,424	4,604
Total	32,313	30,563	30,301	32,177	33,613
<u>Year vs Previous Year</u> % Change	3.5%	-5.4%	-0.9%	6.2%	4.5%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

ENGINEERING CONSTRUCTION



 Reed Construction Data

NEW ENGINEERING CONSTRUCTION BY REGION (current \$ millions of put-in-place investment figures)

	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	4,665	4,939	5,419	5,973	6,492
Québec	13,551	13,909	15,404	16,821	18,106
Ontario	14,647	15,292	17,093	19,199	21,064
Manitoba	2,860	2,716	3,036	3,347	3,637
Saskatchewan	5,663	5,456	6,099	6,723	7,306
Alberta	39,858	32,234	34,029	36,806	40,380
British Columbia	14,620	12,267	13,585	14,835	16,122
Total	95,864	86,813	94,665	103,705	113,107
<u>Year vs Previous Year</u>					
% Change	11.2%	-9.4%	9.0%	9.5%	9.1%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

NEW ENGINEERING CONSTRUCTION BY REGION

(constant \$ millions of put-in-place investment figures, 2002=100)

	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	3,513	3,664	3,884	4,117	4,323
Québec	10,204	10,319	11,041	11,593	12,057
Ontario	11,029	11,345	12,252	13,233	14,027
Manitoba	2,154	2,015	2,176	2,307	2,422
Saskatchewan	4,264	4,048	4,372	4,634	4,866
Alberta	30,014	23,914	24,392	25,368	26,890
British Columbia	11,009	9,101	9,738	10,225	10,736
Total	72,187	64,405	67,855	71,476	75,320
<u>Year vs Previous Year</u> % Change	4.5%	-10.8%	5.4%	5.3%	5.4%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

PRICE INDICES*

(2002 = 100)

Year	<i>Residential</i>	Year versus Previous Year	<i>Non-residential</i>	Year versus Previous Year
2004	111.5	6.1%	108.3	6.2%
2005	116.6	4.6%	114.4	5.6%
2006	125.2	7.4%	119.6	4.5%
2007	133.8	6.9%	124.7	4.3%
2008	140.5	5.0%	132.8	6.5%

CanaData's Estimates and Forecasts:

2009 forecasts	141.2	0.5%	134.8	1.5%
2010 forecasts	144.7	2.5%	139.5	3.5%
2011 forecasts	149.8	3.5%	145.1	4.0%
2012 forecasts	155.0	3.5%	150.2	3.5%



ALL NEW CONSTRUCTION BY REGION
(current \$ millions of put-in-place investment figures)

	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	12,272	12,213	13,004	14,226	15,434
Québec	41,169	40,786	43,168	47,041	50,828
Ontario	61,005	58,610	61,368	67,747	74,107
Manitoba	6,895	6,562	7,045	7,735	8,371
Saskatchewan	9,829	9,266	10,165	11,167	12,120
Alberta	62,094	51,761	54,002	58,861	64,425
British Columbia	37,145	31,421	34,150	37,601	40,801
Total	230,409	210,619	222,902	244,379	266,086
<u>Year vs Previous Year</u>					
% Change	7.6%	-8.6%	5.8%	9.6%	8.9%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.

ALL NEW CONSTRUCTION BY REGION
(constant \$ millions of put-in-place investment figures, 2002=100)

	2008 (actuals)	2009	2010 (forecasts)	2011	2012
Atlantic	9,023	8,894	9,189	9,684	10,151
Québec	30,183	29,614	30,433	31,961	33,366
Ontario	44,603	42,484	43,200	45,972	48,585
Manitoba	5,092	4,790	4,987	5,274	5,513
Saskatchewan	7,296	6,802	7,228	7,642	8,014
Alberta	46,213	38,039	38,419	40,302	42,619
British Columbia	27,309	22,850	24,097	25,562	26,798
Total	169,719	153,472	157,552	166,396	175,047
<u>Year vs Previous Year</u>					
% Change	1.7%	-9.6%	2.7%	5.6%	5.2%



CanaData estimates and forecasts based on Statistics Canada private and public investment survey.



THE STIMULUS PACKAGES IN THE U.S. AND CANADA AND SHOVEL-READY PROJECTS

For U.S. projects, go to:

<http://www.reedconstructiondata.com/construction-project-leads/infrastructure>.

For Canadian projects, go to:

<http://www.dcnonl.com/article/id32074>

and

<http://www.dcnonl.com/article/id32076>

Included in the articles are links to the projects by U.S. region and Canadian provinces.





THE END

Metals Service Center Institute
Tuesday November 10 2009 Toronto

Alex Carrick
Reed Construction Data - CanaData