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Should We Tax Foreign Real Estate Buyers?

by Benjamin Tal

The issue of foreign investment in the real estate markets of Vancouver and Toronto dominates cocktail party conversations. The good news is that we are not alone. Newspaper headlines in Australia, New Zealand and the UK are very similar to ours. The bad news is that policy makers in those countries are as confused about the issue as we are.

That confusion however, did not stop those countries from taking action. In Australia, since the summer of 2015, foreign investors can receive permission only if they are developing or building new housing stock—and that property must be for their personal use. In New Zealand, new legislation introduced a capital gains tax on properties sold within two years of purchase. And the UK recently introduced a property capital gains tax of up to 28%. It's way too early to assess the impact of those changes, but there are some early signs from Australia showing that it's working; the share of foreign buyers in new housing demand fell from 16% in Q3 2015 to the current 12%.

What about us? CMHC is currently working hard to get a better understanding of the magnitude of the issue; the BC government is also doing something about it, but the process is still in its infancy.

Meanwhile, in order to get a better understanding of this market I attended a dinner with over 20 real estate brokers and agents who deal exclusively with foreign buyers. After all, if you really want to get an understanding of this market, you have to talk to the people who are involved in the transactions. Relying on Statistics Canada will not do in this case.

I asked many questions and after a few bottles of wine I got some answers. And the picture that is emerging is as follows: pure foreign investment is probably much smaller than perceived by many. However, a satellite family situation is probably more common than perceived. That's a case in which the money comes from outside the country, but family members—mostly wives, children or students—reside in Canada. Flipping is not the main motivation here and their down payment is often significant.

There is a clear sense of urgency among many Chinese residents to send money out of the country, given the risk of a large scale devaluation of the yuan. But the main focus of those real estate agents was on QDII2 (Qualified Domestic Individual Investors 2)—a pilot program that is currently being tested in five cities, including Shanghai. The program allows individuals with net financial assets of at least 1 million yuan to invest up to 50% of those assets in foreign markets.

That can potentially give a significant boost to what's allocated to international property markets. And with the 20% depreciation of the loonie relative to the yuan, Toronto and Vancouver look very attractive. Accordingly, the consensus in the room was that the next few years will see even more foreign money entering Canadian real estate markets.

So what to do? It's true that we do not have all the information we need, and we must accelerate the process of collecting that information. While we wait, we can start dealing with the speculative aspect of foreign investment. We don't know how big it is, but we know it's not constructive. We know that flipping is not the main motivation among foreign investors, but it does exist. Applying a flipping tax on foreign investors might be a step in the right direction. It won't solve the problem, but it might be an effective way to remove the most problematic element of foreign investment in Canadian real estate.

"Applying a flipping tax on foreign investors might be a step in the right direction."

Week Ahead Calendar And Forecast

CANADA

Day	Event	Period	Sig.	CIBC	Consensus	Prior
Monday May 16	**9:00 AM**					
	EXISTING HOME SALES	(Apr)	(M)			1.5%
Tuesday May 17	**AUCTION: 3-M BILLS $8.6B, 6-M BILLS $3.2B, 1-YR BILLS $3.2B**					
	CASH MANAGEMENT BUYBACK (Jun'16 - Aug'17) - $1.0B					
	8:30 AM					
	MANUFACTURING SHIPMENTS M/M	(Mar)	(M)	**-2.5%**	-1.7%	-3.3%
Wednesday May 18	**AUCTION: 30-YR CANADAS $1.75B**					
	8:30 AM					
	INT'L. SEC. TRANSACTIONS					
Thursday May 19	**8:30 AM**					
	WHOLESALE TRADE M/M	(Mar)	(M)	**-0.7%**	0.5%	-2.2%
Friday May 20	**8:30 AM**					
	RETAIL TRADE TOTAL M/M	(Mar)	(H)	**-1.1%**	-0.7%	0.4%
	RETAIL TRADE EX-AUTO M/M	(Mar)	(H)	**-0.7%**	-0.4%	0.2%
	CPI M/M	(Apr)	(H)	**0.2%**	0.4%	0.6%
	CPI M/M (Bank of Canada core)	(Apr)	(H)	**0.0%**	0.1%	0.7%
	CPI Y/Y	(Apr)	(H)	**1.6%**	1.7%	1.3%
	CPI Y/Y (Bank of Canada core)	(Apr)	(H)	**2.0%**	2.0%	2.1%

UNITED STATES

Day	Event	Period	Sig.	CIBC	Consensus	Prior
Monday May 16	**AUCTION: 3-M BILLS $31B, 6-M BILLS $26B**					
	8:30 AM					
	NEW YORK FED (EMPIRE)	(May)	(M)		6.50	9.56
	10:00 AM					
	NAHB HOUSING INDEX	(May)	(L)		59	58
	4:00 PM					
	NET CAPITAL INFLOWS (TICS)	(Mar)	(L)		#N/A N/AB	$72.0B
	Speaker: 7:00 PM Neel Kashkari (Minneapolis)					
Tuesday May 17	**AUCTION: 4-WEEK BILLS $45B (prev)**					
	8:30 AM					
	HOUSING STARTS SAAR	(Apr)	(M)	**1144K**	1125K	1089K
	BUILDING PERMITS SAAR	(Apr)	(H)	**1138K**	1132K	1076K
	CPI M/M	(Apr)	(H)	**0.4%**	0.4%	0.1%
	CPI M/M (core)	(Apr)	(H)	**0.2%**	0.2%	0.1%
	CPI Y/Y	(Apr)	(H)	**1.2%**	1.1%	0.9%
	CPI Y/Y (core)	(Apr)	(H)	**2.1%**	2.1%	2.2%
	9:15 AM					
	INDUSTRIAL PRODUCTION M/M	(Apr)	(H)	**0.5%**	0.3%	-0.6%
	CAPACITY UTILIZATION	(Apr)	(M)	**75.1%**	75.0%	74.8%
	Speaker: 1:15 PM Rob Kaplan (Dallas, President)					
	Speaker: 12:00 PM John C Williams (San Francisco) Dennis Lockhart (Atlanta)					
Wednesday May 18	**7:00 AM**					
	MBA-APPLICATIONS	(May 13)	(L)			0.4%
	2:00 PM					
	Minutes of Apr. 27th FOMC Meeting					
Thursday May 19	**8:30 AM**					
	INITIAL CLAIMS	(May 14)	(M)		275K	294K
	CONTINUING CLAIMS	(May 7)	(L)			2161K
	CHICAGO FED NAT.ACTIVITY INDEX	(Apr)	(M)			-0.4%
	PHILADELPHIA FED	(May)	(M)		3.0	-1.6
	10:00 AM					
	LEADING INDICATORS M/M	(Apr)	(M)		0.4%	0.2%
	Speaker: 10:30 AM William C. Dudley (New York)					
Friday May 20	**10:00 AM**					
	EXISTING HOME SALES SAAR	(Apr)	(M)	**5.42M**	5.39M	5.33M
	EXISTING HOME SALES M/M	(Apr)	(M)	**1.7%**	1.0%	5.1%

H, M, L = High, Medium or Low Significance **SAAR = Seasonally Adjusted Annual Rate** **Consensus Source: Bloomberg**

Week Ahead's Market Call

by Andrew Grantham

The coming week could see further good news regarding the rebound in **US** growth, with housing starts and industrial production data expected to rebound more than the consensus expects. However, the Fed will need the good news to keep rolling in before being comfortable hiking interest rates, particularly with the annual rate of core CPI likely to ease further to 2.1% for April. That's why, even with improving news on the growth front, we still favour a September rather than June hike.

While the US data appears to be taking a turn for the better, next week's figures are likely to show the tide turning the other way in **Canada**. Given the disappointing trade figures released a couple of weeks ago, we are poised for softness in both manufacturing shipments and potentially wholesale trade activity for March. With retail sales running hotter than incomes during the mild winter, that sector could also see a pull-back. Against that backdrop of disappointing growth indicators, another 2% reading for core inflation in April will be largely overlooked.

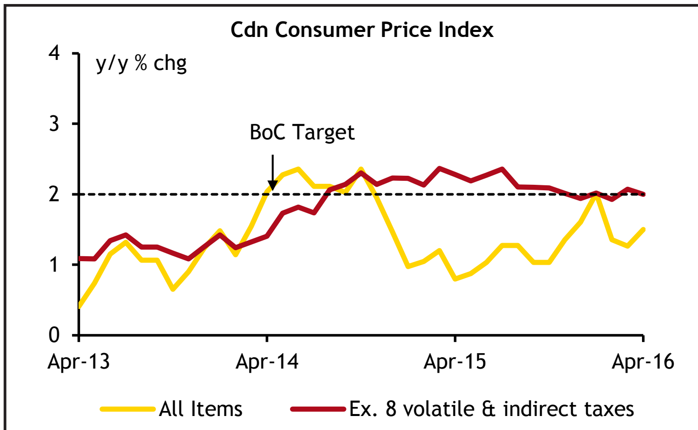
Week Ahead's Key Canadian Number:

Consumer Price Index—April

(Friday, 8:30 a.m.)

Nick Exarhos (416) 956-6527

	CIBC	Mkt	Prior
CPI m/m NSA	0.2%	0.4%	0.6%
CPI yr/yr	1.6%	1.7%	1.3%
Ex 8 volatile items m/m NSA	0.0%	0.1%	0.7%
Ex 8 volatile items yr/yr	2.0%	2.0%	2.1%



Source: Statistics Canada, CIBC

Firmer gasoline prices in April will see headline inflation increase by 0.2% NSA (0.2% SA). With a weak year-ago reading dropping out of the calculation, that should drive the annual rate in CPI to 1.6%.

Although headline is headed higher, core inflation is likely to slide in April. Pass-through from the Canadian dollar is set to have an ever decreasing impact in boosting core, as the Canadian dollar's slide has stalled, and even reversed partially in recent months. Food prices—an area particularly sensitive to currency fluctuations—are likely to decelerate from their current pace near 4% year-on-year.

As a result look for a flat reading on core in April (0.1% SA), with the annual rate decelerating a tick to 2.0%.

Forecast Implications—Energy prices are likely to rebound further as we head into the later part of 2016 and into 2017. That should see headline inflation rise to the 2½% range, signaling to investors that inflation won't be tame forever—something that should cause a re-pricing in the bond market. Core is likely to slide a bit more in the months ahead as pass-through from the Canadian dollar dissipates. However, it shouldn't trend too far below 2%, as firmer growth in the back half of 2016 starts the process of closing the output gap, and drives underlying inflationary pressures higher.

Other Canadian Releases:

Manufacturing Shipments—March

(Tuesday, 8:30 a.m.)

Canada was always going to suffer from a slowdown in US imports, and we saw the results in March's trade figures. Exports were down by 4.8%, with manufactured shipments down only slightly less. Weak energy prices played a role, but even stripping out petroleum products, manufactured exports slid by just over 4%. That doesn't bode well for the factory sector's figured released next Tuesday, where we are expecting a 2.5% decline. And with inventories still high in the US, a meaningful recovery may be only down the road.

Retail Trade—March

(Friday, 8:30 a.m.)

Nothing seems to be stopping Canadian shoppers. Although February retail sales were only up by 0.4%, stripping out the effect of weak prices reveals a 1.5% volume gain. Adding that to January's strong results, and shoppers were indeed off to the races in 2016. However, watch out for stumbling blocks ahead. Auto sales appear to have slowed in March, while the rest of retailing appears to have run ahead of what income growth would have suggested. Look for a 1.1% headline decline, with a 0.7% drop coming ex-autos. Wholesale trade released on Thursday should also show a 0.7% decline, meaning that another soft GDP print is coming for March.

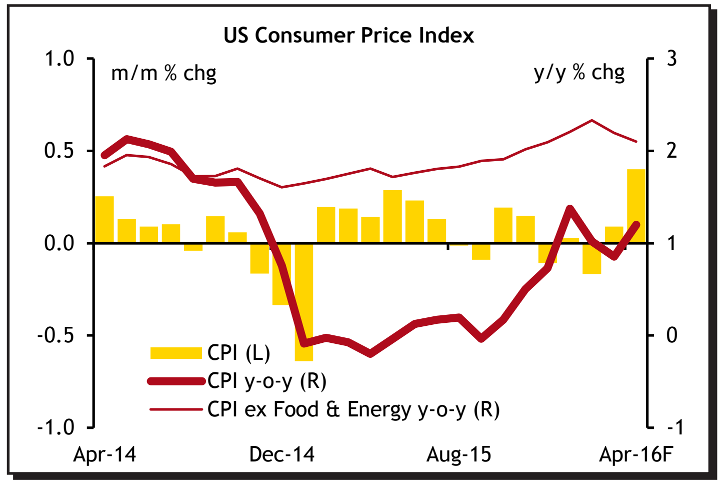
Week Ahead's Key US Number:

Consumer Price Index—April

(Tuesday, 8:30 a.m.)

Andrew Grantham (416) 956-3219

	CIBC	Mkt	Prior
Headline CPI m/m	0.4%	0.4%	0.1%
Headline CPI yr/yr	1.2%	1.1%	0.9%
Core CPI m/m	0.2%	0.2%	0.1%
Core CPI yr/yr	2.1%	2.1%	2.2%



Readings for headline and core CPI will start to converge in April. However, importantly for Fed policy, some of that convergence is likely to come from a further deceleration in the latter.

Even though the recent pull-back in the US$ should soon begin to relieve the downward pressure on imported goods prices, a 0.2% monthly print for core CPI (following a 0.1% reading in March) won't be enough to hold the *status quo* for the year-over-year pace thanks to unfavourable base effects. The annual rate of core inflation could ease to 2.1%, which would be the lowest reading so far this year.

However, rebounding energy prices and a possible firming in food as well, should see headline inflation moving in the other direction again. A 0.4% rise in April would see the year-over-year rate pick up to 1.2%, from 0.9% in March.

Forecast Implications—The slight slowing in core CPI is another reason why we don't think the Fed will have enough ammunition to raise interest rates in June. However, with core inflation not entirely sheltered from rising energy prices (ie. through airline fares) and with the deflationary influence of past US$ strength starting to fade, core CPI should have accelerated again by the time September's Fed meeting comes around.

Market Impact—The deceleration in core inflation is expected by the consensus, but could still be slightly positive for fixed income if realized as markets further reduce the odds of a June hike.

Other US releases:

Industrial Prod. & Capacity Utilization—April

(Tuesday, 9:15 a.m.)

US industrial production has had a rough time of it in recent months. But while one of the negatives remains, specifically falling oil output, two other contributors to recent softness should have turned a corner in April. Manufacturing hours worked suggest a moderate rise in output, while more normal seasonal temperatures should see adjusted utilities demand rebound as well. Both combined could drive a 0.5% gain in industrial production, despite the continued headwind from the oil sector.

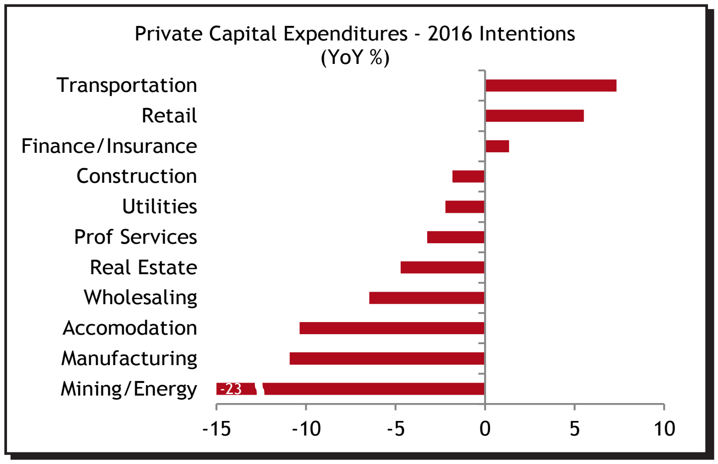
Equity Insights

Nick Exarhos

Cdn Businesses Have Tight Grip on Purse Strings

Canadian businesses are still cutting capital spending plans for 2016. Manufacturers' capital spending intentions are now at the lowest level since 2013, despite the lift from the cheaper C$. Mining/energy is set for another pullback, with cap-ex plans down to roughly half the 2014 level. In general, the picture for the private sector is one focused on driving down costs, not one seeking topline growth. But there are some areas that buck the trend, with transportation companies still planning to invest. And there's little surprise given the trend in sales, that retailers are looking to drive stronger revenue growth. For investors, the decision will be whether to target firms trying to drive efficiencies or the few areas focused on growth for the years ahead.

Investment Intentions Muted Across Most Industries

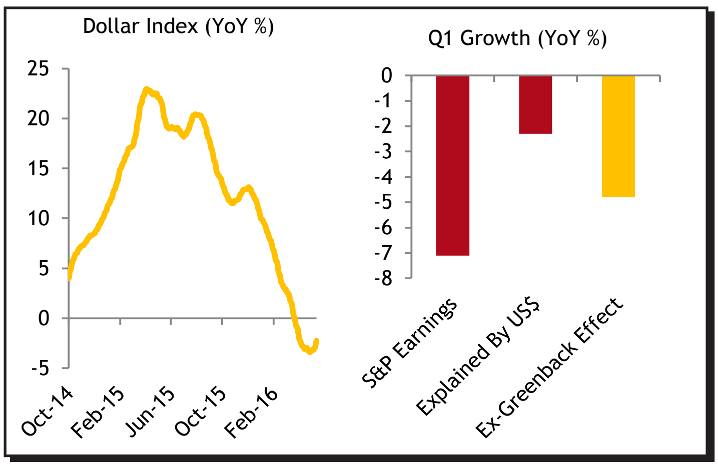


Source: Statistics Canada, CIBC

Don't Pass the Buck on Soft US Earnings

Given the global reach of many S&P 500 companies, a strong dollar was always going impact the profitability of S&P 500 firms. So with the greenback tracking double-digit gains for more than a year, firms could be forgiven for a weaker trend in earnings. And with the currency weakening slightly over the last few months, the dollar is likely to swing to providing a modest boost ahead. However, given the sensitivity of foreign receipts to the US dollar calculated by the Federal Reserve, and S&P profit margins, we can only ascribe a third of the expected Q1 decline in earnings to the dollar. We will need better topline growth, better consumer spending, and a firmer domestic economy to power a stronger performance in US equities.

Dollar Impact Should Wane (L),
But It's Strength Doesn't Explain All of Q1 Disappointment (R)

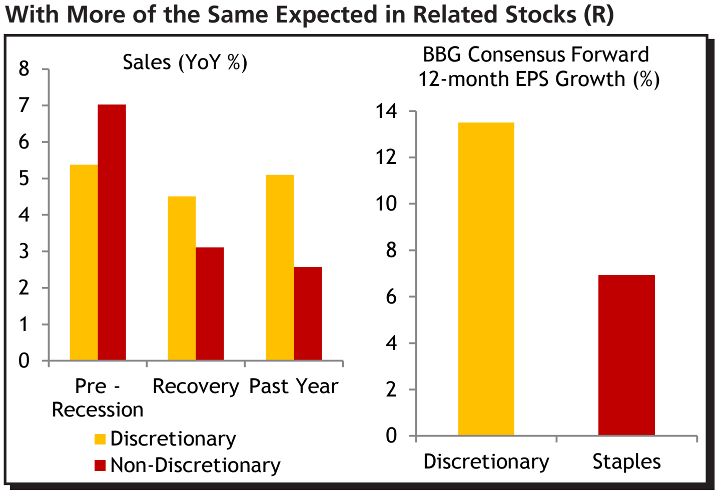


Source: FactSet, Bloomberg, CIBC

US Consumer Stocks: Too Little Expected from Staples?

It's no secret that consumer-related names in the US have had a rough go recently. Indeed, before today's strong numbers we were starting to wonder if there was ever going to be a resurgence in consumer spending. But money saved on essentials has allowed spending on discretionary goods and services to track a pace that's closer to what prevailed before the recession, something the market expects to continue. However, with a rebound likely for the consumer ahead—something we got a taste of in this morning's data release—a rising tide is likely to lift even essential spending. Consumer stocks could now offer value, especially as spending rebounds further.

Less Spending on Essentials (L),
With More of the Same Expected in Related Stocks (R)



Source: BEA, Bloomberg, CIBC

Currency Currents

Andrew Grantham and Royce Mendes

Expected Q2 Weakness—More than Just Alberta Fire

The weak data we think is just around the corner for Canada, rather than an overly pessimistic view of the disruption caused by the Alberta fires, is the reason why we think GDP will disappoint in Q2. Indeed, the downgrade to our forecast due to the fires (around 1%-pt from Q2) is very close to that of the consensus. Our weaker starting point, though, means we are projecting a modest pull-back in GDP vs the slight growth expected by the street. We think that first quarter growth was flattered by one-off factors such as the mild weather, and signs of weakness heading into the spring could come as early as next week, when we are anticipating below-consensus readings for manufacturing, wholesale and retail sales. A turn in the data flow in Canada, and better economic news stateside, would see rate spreads move in favour of the US again and weigh on the C$.

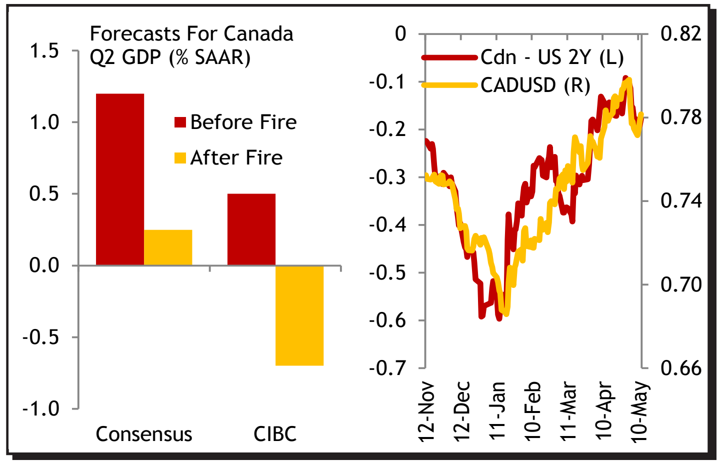
CAD vs NOK: Battle of Oil Currencies

Oil is the other factor that greatly influences the C$, and recent moves up have coincided with strength in the loonie. Unlike earlier in the year, when markets were pricing in odds of another BoC cut, the C$ is no longer underperforming the other major oil currency of the Norwegian Krone. However, the difference is that the data flow is starting to improve in Norway, with GDP coming in ahead of expectations last week, while we expect the opposite will soon be true for Canada. That should see CAD underperform NOK and weaken against the US$, even if oil prices continue a modest recovery.

Carney Adds His Two Pence on Brexit

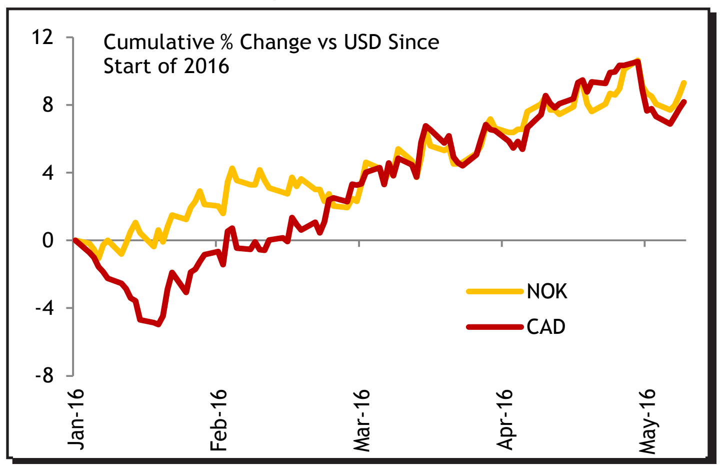
It's unusual for central bankers to intervene in political issues, but when those issues have the potential to change the trajectory of growth, the lines become blurred. Bank of England Governor Mark Carney warned yesterday that, if UK citizens vote to leave the EU, there could be a material slowdown in growth and a rise in inflation in the near term. His statements add to the chorus of voices raising concerns about the upcoming vote. Thus far, the polls remain close, but there is a significant segment that remains undecided. As a result, it's likely that uncertainty surrounding Brexit will weigh on yields and sterling over the course of the next month.

Expecting Soft Q2 Even Before Fire Impact (L); Rate Spreads to Move Back in Favour of the US (R)



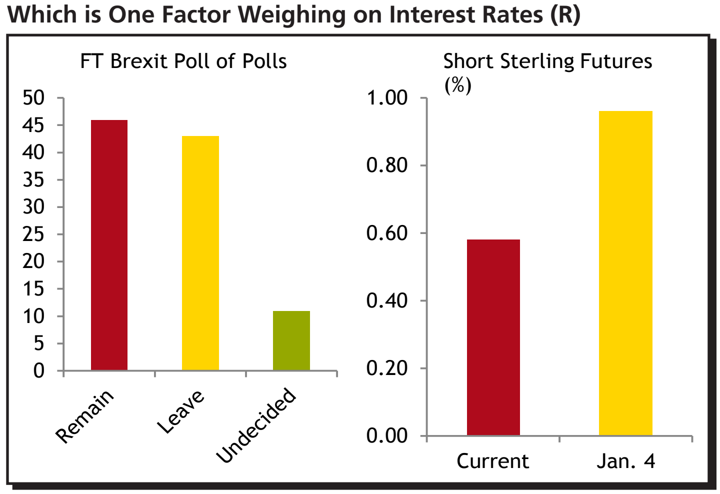
Source: Bloomberg, CIBC

CAD Has Closed The Gap With NOK For Now



Source: Bloomberg, CIBC

Brexit Polls Remain Close (L), Which is One Factor Weighing on Interest Rates (R)



Source: Financial Times, Bloomberg, CIBC

CANADIAN RELEASE AND EVENT DATES
MayJune 2016

MONDAY 9
HOUSING STARTS
8:15 AM 000's (AR)

	TOTAL	SINGLES
FEB	217	62
MAR	202	60
APR	192	57

TUESDAY 10

WEDNESDAY 11

THURSDAY 12
NEW HOUSING PRICE INDEX
8:30 AM

FRIDAY 13

MONDAY 16

TUESDAY 17
SURVEY OF MANUFACTURING
8:30 AM SHIPMENTS

	M	Y
JAN	2.3	5.2
FEB	-3.3	3.9
MAR		

WEDNESDAY 18
INT'L TRANSACTIONS IN SECURITIES C$BN, NET
8:30 AM

	BONDS	MONEY MARKET	STOCKS	TOT
JAN	9.5	1.7	0.1	11.4
FEB	12.7	-0.2	3.4	15.9
MAR				

THURSDAY 19
WHOLESALE TRADE
8:30 AM

FRIDAY 20
RETAIL TRADE
8:30 AM (Current$)

	M	Y
JAN	2.0	7.3
FEB	0.4	5.6
MAR		

CONSUMER PRICE INDEX
8:30 AM

	M(NSA)	Y
FEB	0.2	1.4
MAR	0.6	1.3
APR		

MONDAY 23
VICTORIA DAY
(HOLIDAY)
(Markets Closed)

TUESDAY 24

WEDNESDAY 25
Bank of Canada Interest Rate Announcement and Press Conference

THURSDAY 26
PAYROLL EMPLOYMENT, EARNINGS & HOURS
8:30 AM

QUARTERLY FINANCIAL STATISTICS
8:30 AM

FRIDAY 27

MONDAY 30
INDUSTRIAL PRICES
8:30 AM

	M (NSA)	Y
FEB	-1.0	-1.3
MAR	-0.6	-2.1
APR		

BALANCE OF INT'L PAYMENTS
8:30 AM CURR. ACCT. BAL.

	$BN(QR)	$BN(AR)
15:Q3	-15.3	-61.2
15:Q4	-15.4	-61.5
16:Q1		

TUESDAY 31
GDP BY INDUSTRY
8:30 AM (2002$)

	GDP M	IND.PROD. M
JAN	0.6	1.3
FEB	-0.1	-0.7
MAR		

NATIONAL ACCTS
8:30 AM

	REAL GDP %ch AR	PRICE DEFLATOR %ch AR
15:Q3	2.4	0.4
15:Q4	0.8	-0.4
16:Q1		

WEDNESDAY 1
Saskatchewan Provincial Budget

THURSDAY 2

FRIDAY 3
INTERNATIONAL RESERVES
8:15 AM

	$BN CHANGE	$BN LEVEL
MAR	0.902	82.2
APR	7.730	83.9
MAY		

MERCHANDISE TRADE
8:30 AM

	$MN	12 MO. BALANCE
FEB	-2,468	-22,128
MAR	-3,414	-22,468
APR		

LABOUR PRODUCTIVITY
8:30 AM

MONDAY 6

TUESDAY 7

WEDNESDAY 8
HOUSING STARTS
8:15 AM 000's (AR)

	TOTAL	SINGLES
MAR	202	60
APR	192	57
MAY		

BUILDING PERMITS ($)
8:30 AM

	M (RES)	M (NON-RES)
FEB	5.0	32.6
MAR	4.8	-22.8
APR		

THURSDAY 9
NEW HOUSING PRICE INDEX
8:30 AM

CAPACITY UTILIZATION
8:30 AM LEVEL (%)

	TOTAL	MANUF.
15:Q3	81.6	83.4
15:Q4	81.1	83.3
16:Q1		

FRIDAY 10
LABOUR FORCE SURVEY
8:30 AM

	EMPLOY (HSHOLD) M	EMPLOY (HSHOLD) Y	UNEMP RATE %	AVG HRLY EARN Y
MAR	0.2	0.7	7.1	3.3
APR	0.0	0.8	7.0	3.1
MAY				

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets Inc. Dates are subject to change. Sources for historical data: Statistics Canada, CMHC, Human Resources Development Canada and the Bank of Canada.

U.S. RELEASE AND EVENT DATES
April/May 2016

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
9	10 *3-Yr NOTE AUCTION* *BOT (9:00) REDBOOK (8:55)*	11 **TREASURY BUDGET** 2:00 PM *10-Yr NOTE AUCTION*	12 *30-Yr BOND AUCTION* *INITIAL JOBLESS CLAIMS (8:30)*	13 **RETAIL SALES** 8:30 AM M Y FEB 0.3 3.6 MAR -0.3 1.7 APR 1.3 3.0 **PPI** 8:30 AM M (SA) Y (NSA) FEB -0.2 0.0 MAR -0.1 -0.1 APR 0.3 0.1 **BUSINESS INVENTORIES** 10:00 AM **MICHIGAN SENTIMENT (P)** 10:00 AM
16 *3, 10-Yr NOTE SETTLEMENT* *30-Yr BOND SETTLEMENT*	17 **CPI** 8:30 AM M(SA) Y (NSA) FEB -0.2 1.0 MAR 0.1 0.9 APR **HOUSING STARTS** 8:30 AM MIL (AR) M FEB 1.194 6.9 MAR 1.089 -8.8 APR **CAPACITY UTIL/IND. PROD.** 9:15 AM LEV M Y FEB 75.3 -0.6 -1.8 MAR 74.8 -0.6 -2.0 APR *BOT (9:00) REDBOOK (8:55)*	18 **FOMC Minutes**	19 **PHILADELPHIA FED INDEX** 8:30 AM **LEADING INDICATOR** 10:00 AM *2, 5, 7-Yr NOTE ANNOUNCEMENT* *INITIAL JOBLESS CLAIMS (8:30)*	20 **EXISTING HOME SALES** 10:00 AM
23	24 **NEW HOME SALES** 10:00 AM *2-Yr NOTE AUCTION* *BOT (9:00) REDBOOK (8:55)*	25 **ADV. TRADE IN INTERNATIONAL GOODS** 8:30 AM *5-Yr NOTE AUCTION*	26 **DURABLE GOODS ORDERS** 8:30 AM M Y FEB -3.1 1.6 MAR 0.8 -2.5 APR *7-Yr NOTE AUCTION* *INITIAL JOBLESS CLAIMS (8:30)*	27 **GDP** 8:30 AM (AR) REAL GDP IMPLICIT DEFLATOR 15:Q4(F) 1.4 0.9 16:Q1(A) 0.5 0.7 16:Q1(P) **CORPORATE PROFITS** 8:30 AM
30 MEMORIAL DAY (HOLIDAY) (Markets Closed)	31 **PERS. INC & OUT.** 8:30 AM INCOME CONS SAVING RATE M M AR FEB 0.1 0.2 5.1 MAR 0.4 0.1 5.4 APR **S&P/CASE-SHILLER HOUSE PRICE INDEX** 9:00 AM **CHICAGO PMI** 9:45 AM **CONSUMER CONFIDENCE** 10:00 AM *2, 5, 7-Yr NOTE SETTLEMENT* *BOT (9:00) REDBOOK (8:55)*	1 **ADP SURVEY** **8:15 AM** **ISM MFG SURVEY** 10:00 AM COMP. INDEX PRICES INDEX MAR 51.8 51.5 APR 50.8 59.0 MAY **LIGHT VEHICLES** SALES MIL (AR) Y MAR 16.460 -3.5 APR 17.320 3.7 MAY	2 *3, 10-Yr NOTE ANNOUNCEMENT* *30-Yr BOND ANNOUNCEMENT* *INITIAL JOBLESS CLAIMS (8:30)*	3 **EMPLOY. SITUATION** 8:30 AM NON-FARM PAYROLL (000s) M; CIV UNEMP RATE %; AVG HRLY EARN Y MAR 208 5.0 2.4 APR 160 5.0 2.5 MAY **GOODS & SERV. BALANCE (BOP) $B** 8:30 AM GDS SERV TOT FEB -64.5 -17.6 -47.0 MAR -58.5 -18.1 -40.4 APR **FACTORY ORDERS** 10:00 AM M(SA) Y(NSA) FEB -1.9 -3.1 MAR 1.1 -4.2 APR **ISM NON-MFG SURVEY** 10:00 AM
6 *3-Yr NOTE AUCTION*	7 **NON-FARM PRODUCTIVITY** 8:30 AM Q/Q (AR) Y/Y 15:Q4 (R) -1.7 0.6 16:Q1 (P) -1.0 0.6 16:Q1 (R) **CONSUMER CREDIT** 3:00 PM *10-Yr NOTE AUCTION* *BOT (9:00) REDBOOK (8:55)*	8 *30-Yr BOND AUCTION*	9 *INITIAL JOBLESS CLAIMS (8:30)*	10 **MICHIGAN SENTIMENT (P)** 10:00 AM **TREASURY BUDGET** 2:00 PM

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets inc. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labor and U.S. Federal Reserve Board.