

- 1    Q.    Produce the Consensus Forecasts for March 10, 2003 as referred to in  
2           footnote 2 on page 10 of the Cost of Capital Evidence.  
3  
4  
5    A.    Please see attached.

# CONSENSUS FORECASTS

A Digest of International  
Economic Forecasts

% GDP \$ CPI £ PPI € LIBOR ¥ RPI % GDP

Survey Date  
March 10, 2003

Every month, Consensus Economics surveys over 240 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 20 countries are covered and the reference data, together with analysis and polls on topical issues, is rushed to subscribers by express mail.

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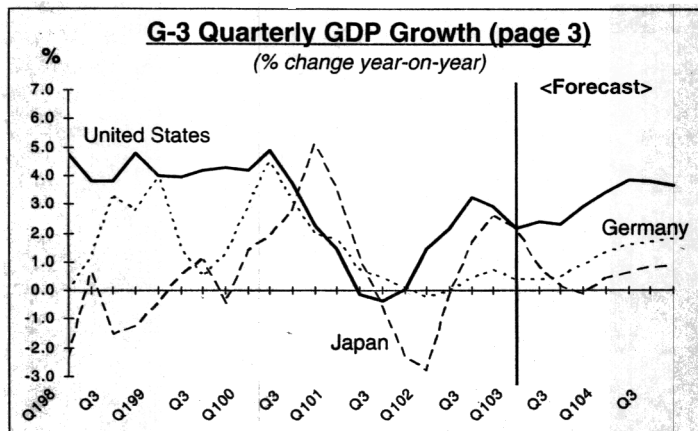
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## Survey Highlights

- ❖ A key feature in our panels' forecasts this month is the continued **geopolitical uncertainty** which has overshadowed economic expectations in the G-7 countries. In the **United States**, for example, consumer sentiment fell sharply last month, in part resulting from war worries. However, it is important to note that such concerns have only served to exacerbate a slowdown which was already underway. For a number of months, many US analysts felt that robust consumer activity could not continue in the wake of softer employment and business investment. In fact, latest data released this month shows that the labour market has deteriorated again.
- ❖ Forecasts for **German** GDP growth in 2003 have slipped again this month following flat quarterly growth in the final three months of last year. In addition, unemployment surged in February, prompting the government to again consider labour market reforms. The weakness evidenced in Germany is also mirrored in our **Euro zone** panel's expectations for GDP growth.
- ❖ Quarterly Forecasts are included as our **special survey** this month on pages 3, 28 and 29.

### G-3 Quarterly GDP Growth (page 3)

(% change year-on-year)



## CANADA

MARCH 2003

	Average % Change on Previous Calendar Year														Annual Total	
	Gross Domestic Product		Personal Expenditure		Machinery & Equipment Investment		Pre - Tax Profits		Industrial Production		Consumer Prices		Industrial Product Prices		Housing Starts (thousand units)	
	Produit Intérieur Brut		Dépenses de Consommation des Ménages		Investissement Productif		Bénéfices des Sociétés avant impôts		Production Industrielle		Prix à la Consommation		Prix des Produits Industriels		Construction de Logements mises en chantier, milliers	
Economic Forecasters	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Informetrica	3.7	3.4	3.0	2.8	8.0	12.0	11.5	10.0	3.2	4.0	2.6	2.0	2.8	6.0	195	175
Royal Bank of Canada	3.5	3.5	3.0	2.5	5.4	5.1	6.1	12.8	na	na	3.0	2.6	2.8	2.5	201	178
Bank of Montreal	3.4	4.0	3.6	3.6	5.6	7.1	13.3	10.5	na	na	2.9	1.7	na	na	187	170
Conf Board of Canada	3.2	3.5	2.7	3.4	6.1	9.8	2.5	5.5	na	na	2.4	2.0	1.7	2.9	198	185
National Bank Financial	3.2	3.2	3.3	3.2	8.1	9.5	11.9	7.3	na	na	2.9	2.5	na	na	190	165
BMO Nesbitt Burns	2.9	3.1	2.7	2.8	4.4	6.2	12.0	7.5	2.5	2.7	3.0	2.1	2.5	1.8	195	180
Caisse de Depot	2.9	3.0	2.6	3.0	5.6	6.0	na	na	na	na	2.5	2.5	na	na	180	180
Economap	2.9	3.2	2.6	3.0	4.0	7.5	11.0	8.0	2.7	3.0	2.9	2.2	2.5	2.0	195	175
CIBC World Markets	2.8	3.1	3.0	3.0	4.0	5.0	9.9	7.9	na	na	2.9	1.9	na	na	195	180
Global Insight	2.8	3.6	3.1	2.4	4.6	5.1	8.0	9.0	3.8	2.9	2.7	1.5	3.0	-0.6	205	179
Toronto Dominion Bank	2.7	3.4	3.0	2.9	5.1	7.4	12.5	7.0	na	na	3.5	1.8	na	na	195	180
University of Toronto	2.7	3.8	3.4	3.7	4.1	4.7	5.6	2.9	na	na	2.9	1.7	na	na	198	181
Merrill Lynch Canada	2.6	3.6	2.7	3.2	4.0	6.0	na	na	na	na	3.2	2.1	na	na	176	174
Scotia Economics	2.5	3.0	2.8	3.0	5.2	7.8	10.5	8.0	3.5	3.5	3.2	2.3	na	na	200	180
JP Morgan	2.3	2.9	2.1	3.2	1.7	9.5	na	na	4.0	6.7	3.0	2.0	2.0	2.9	na	na
Consensus (Mean)	2.9	3.4	2.9	3.0	5.1	7.2	9.6	8.0	3.3	3.8	2.9	2.1	2.5	2.5	194	177
Last Month's Mean	3.1	3.3	2.7	3.1	6.3	7.4	9.0	8.5	3.7	4.0	2.6	2.1	2.5	2.6	189	177
3 Months Ago	3.2		2.7		6.4		9.9		3.9		2.4		2.3		185	
High	3.7	4.0	3.6	3.7	8.1	12.0	13.3	12.8	4.0	6.7	3.5	2.6	3.0	6.0	205	185
Low	2.3	2.9	2.1	2.4	1.7	4.7	2.5	2.9	2.5	2.7	2.4	1.5	1.7	-0.6	176	165
Standard Deviation	0.4	0.3	0.4	0.4	1.6	2.1	3.3	2.5	0.6	1.5	0.3	0.3	0.5	2.0	8	5
Comparison Forecasts																
IMF (Sep. '02)	3.4		3.6								2.1					
OECD (Nov. '02)	3.1	3.5	2.9	2.9							2.7	2.3				

## Government and Background Data

**Prime Minister** - Mr. Jean Chrétien (Liberal). **Government** - The Liberals hold 172 of the 301 seats in parliament. **Next Election** - By 2005 (general election). **Nominal GDP** - C\$1,092bn (2001). **Population** - 31.1mn (mid-year, 2001). **C\$/US\$ Exchange Rate** - 1.55 (average, 2001).

## Quarterly Consensus Forecasts

*Historical Data and Forecasts (bold italics) From Survey of March 10, 2003*

	2002		2003				2004			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	4.2	3.9	3.0	2.8	2.9	3.2	3.3	3.4	3.4	3.3
Personal Expenditure	3.3	3.4	3.2	3.0	3.3	2.9	3.1	3.1	3.0	3.0
Consumer Prices	2.3	3.8	4.0	2.9	2.2	2.0	1.6	1.8	2.0	2.1

*Percentage Change (year-on-year)*

## Historical Data

* % change on previous year	1999	2000	2001	2002
Gross Domestic Product*	5.4	4.5	1.5	3.4
Personal Expenditure*	3.9	3.7	2.6	2.9
Machinery & Eqpt Investment*	11.4	9.3	-2.2	-2.4
Pre - Tax Profits*	26.3	19.4	-8.9	6.2
Industrial Production*	5.5	5.1	-3.4	2.1
Consumer Prices*	1.7	2.7	2.5	2.2
Industrial Product Prices*	1.8	4.2	0.9	0.1
Housing Starts, '000 units	150	152	163	205
Unemployment Rate, %	7.6	6.8	7.2	7.6
Current Account, C\$ bn	2.0	27.8	30.1	17.3
Federal Govt Budget				
Balance, fiscal years, C\$ bn	12.7	18.1	8.9	4.2 e
3 mth Trsy Bill, % (end yr)	5.0	5.5	2.1	2.7
10 Yr Govt Bond, % (end yr)	6.2	5.4	5.4	4.7

*e = consensus estimate based on latest survey*