

Q. Written Evidence of James H. Vander Weide – Volume 3

Pg. 20, A55 - Beyond business risks and regulatory risks, have you factored in differences in economic risks between Canada and the US?

A. Dr. Vander Weide does not need to factor in differences in economic risks between Canada and the U.S. because he believes that economic risks in Canada and the U.S. are generally similar. Specifically, Dr. Vander Weide recognizes that interest rates in the two countries are generally similar, inflation expectations are similar, and equity investors in both countries are concerned with stock market volatility, volatility in commodity prices including oil and gas, and economic events that affect both Canada and the U.S., including the Euro debt crisis, and growing weakness in the Chinese, European, and other world economies. Dr. Vander Weide is also aware that the Canadian and U.S. economies are interdependent in the sense that Canada receives approximately fifty percent of its imports from the United States, and approximately seventy-five percent of Canadian exports are sold to the United States. Thus, many macroeconomic factors that affect the U.S. economy also affect the Canadian economy.