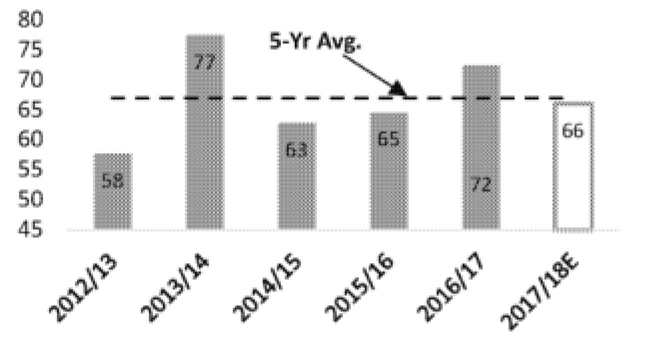
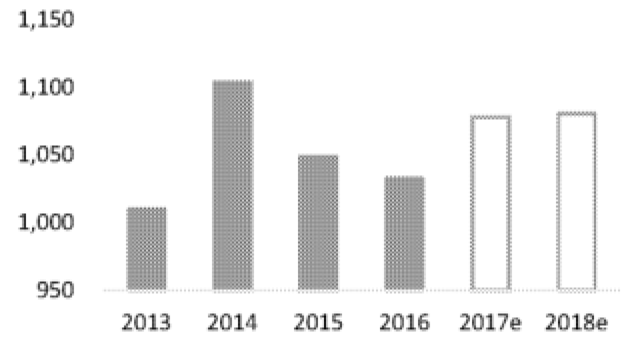
Figure 55: Canadian grain production 2012/13 - 2017/18E



Source: Deutsche Bank, Government of Canada

Figure 56: CP & CNI annual ag carloads 2013-2018E

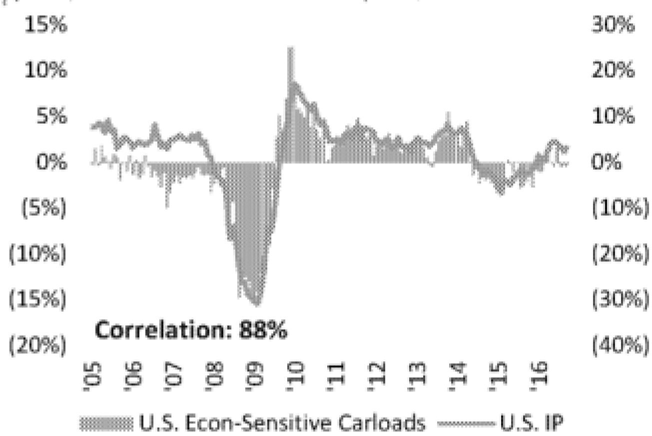


Source: Deutsche Bank, Company Filings

Economically sensitive carloads

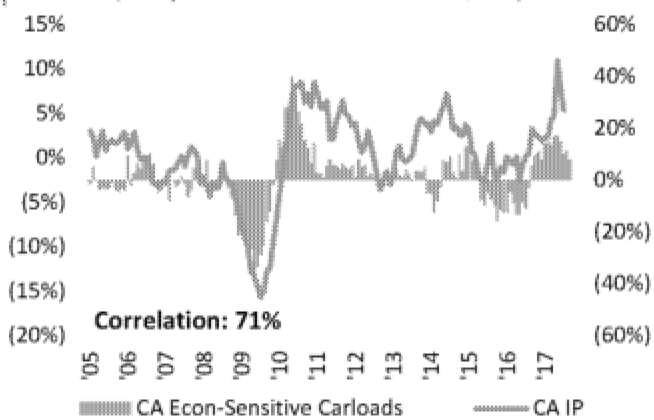
We consider the remaining carloads, which make up 56% of all rail carloads (ex-intermodal) and consist of Chemicals (18%), Nonmetallic minerals (12%), Metals (11%), Autos and auto parts (8%) and Forest products (5%), to be more closely tied to the underlying economy than the aforementioned commodities. These carloads can be classified as economically sensitive and we have found a strong correlation with industrial production. Since 2005, U.S. econ-sensitive carloads have shown an 82% correlation with U.S. Industrial Production while Canadian econ-sensitive carloads have exhibited a 71% correlation with Canadian Industrial Production.

Figure 57: YoY change in U.S. econ-sensitive carloads (RHS) vs. Industrial Production (LHS)



Source: Deutsche Bank, AAR, U.S. BEA

Figure 58: YoY change in Canadian econ-sensitive carloads (RHS) vs. Industrial Production (LHS)



Source: Deutsche Bank, AAR, U.S. BEA

Before we provide more details on the remaining carload classifications, we believe it is important to note the relationships between the U.S. and Canadian economy. The United States is Canada's largest trading partner, with approx. 75% of Canada's total exports going to the United States in 2016, therefore making overall demand in the United States an important driver to Canada's economy. Furthermore according to Deutsche Bank's Economics team, exports are a greater share of Canada's total GDP (23%) compared to the United States (13%). Total merchandise trade with the U.S. has increased 3x from 1990 to 2016, largely due to the signing and implementation of NAFTA. Therefore, we believe