

# Canadian Economic Outlook

Our key forecasts for the Canadian economy

February 15, 2019

	2018				2019				2020				2017	2018	2019	2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<b>Production</b>	<i>q/q % chng : a.r.</i>															
Real GDP (chain-weighted)	1.7	2.9	2.0	1.2	1.0	2.5	2.2	1.9	1.6	1.6	1.6	1.5	3.0	2.0	1.8	1.7
Final Sales	1.4	3.9	3.1	2.0	1.9	1.6	1.8	1.6	1.6	1.6	1.6	1.5	2.1	2.5	2.1	1.6
Final Domestic Demand	2.2	1.8	-0.1	1.6	2.1	1.7	1.8	1.6	1.6	1.6	1.6	1.5	3.1	2.5	1.6	1.6
Consumer Spending	1.5	2.3	1.2	1.3	2.1	1.6	1.6	1.4	1.4	1.4	1.4	1.4	3.6	2.2	1.6	1.4
Durables	1.4	0.6	-2.7	1.5	1.8	1.7	1.5	1.5	1.3	1.3	1.3	1.3	7.1	1.8	1.0	1.4
Nondurables	0.5	1.0	1.7	1.2	2.6	1.6	1.6	1.3	1.4	1.3	1.3	1.3	2.7	1.7	1.7	1.3
Services	2.0	3.3	1.4	1.3	1.9	1.6	1.6	1.4	1.5	1.5	1.5	1.5	3.3	2.6	1.7	1.5
Government Spending	2.3	1.2	1.9	2.5	2.2	1.8	2.0	2.0	1.8	1.8	1.8	1.8	2.7	3.1	2.0	1.9
Business Investment	13.0	1.0	-7.1	3.0	3.8	3.8	3.2	2.9	2.8	2.3	2.3	2.0	2.5	5.1	1.9	2.7
Non-residential Construction	5.7	0.3	-5.2	1.0	4.0	4.0	3.5	3.0	3.0	2.5	2.5	2.0	1.1	3.2	1.9	2.9
Machinery and Equipment	25.5	2.0	-9.8	6.0	3.5	3.5	2.8	2.8	2.5	2.0	2.0	2.0	4.7	8.0	2.0	2.5
Residential Construction	-7.9	-0.1	-5.9	0.0	0.0	0.0	0.5	0.0	1.0	1.0	1.0	1.0	2.4	-1.0	-0.7	0.7
Exports	2.3	13.0	0.9	1.2	2.1	2.2	2.2	2.2	2.0	2.0	2.0	2.0	1.1	3.1	2.4	2.1
Imports	4.7	5.9	-7.8	0.1	2.6	2.4	2.1	2.0	2.1	2.0	2.0	2.0	4.2	3.2	0.9	2.1
	<i>2007\$ blns (contribution in ppts : a.r.)</i>															
Inventory Change	16.6	13.5	6.6	3.1	-1.9	2.5	4.6	6.2	6.2	6.2	6.2	6.3	17.6	10.0	2.8	6.2
Contribution to GDP Growth	0.1	-0.6	-1.3	-0.7	-1.0	0.8	0.4	0.3	0.0	0.0	0.0	0.0	0.8	-0.4	-0.4	0.2
Net Exports	-24.3	-14.0	1.0	2.7	1.8	1.4	1.5	1.8	1.6	1.6	1.6	1.6	-8.3	-8.7	1.6	1.6
Contribution to GDP Growth	-0.8	2.0	3.0	0.3	-0.2	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	-1.1	-0.1	0.5	0.0
	<i>\$ blns : a.r. (growth in q/q % chng : a.r.)</i>															
Nominal GDP	2,190	2,215	2,242	2,238	2,258	2,284	2,307	2,328	2,348	2,369	2,389	2,410	2,138	2,221	2,294	2,379
Growth	2.9	4.6	5.0	-0.7	3.5	4.7	4.1	3.8	3.5	3.5	3.5	3.5	5.6	3.9	3.3	3.7
Real GDP	<i>y/y % chng</i>															
	2.3	1.9	2.1	1.9	1.8	1.7	1.7	1.9	2.0	1.8	1.6	1.5				
<b>Inflation</b>	<i>q/q % chng : a.r.</i>															
GDP Price Index	1.5	1.5	3.0	-1.9	2.5	2.1	1.9	1.9	1.9	1.9	1.9	1.9	2.6	1.8	1.5	1.9
CPI All Items	3.6	1.1	2.6	1.1	1.3	2.2	2.3	2.1	2.0	1.9	2.0	2.1	1.6	2.3	1.8	2.1
Ex. Food and Energy	2.7	0.8	2.5	2.2	2.4	1.9	2.0	2.1	2.1	1.9	2.0	2.1	1.6	1.9	2.1	2.0
Food Prices	0.9	1.5	3.3	3.7	3.8	2.2	1.8	2.1	2.0	2.1	1.8	2.1	0.0	1.8	2.9	2.0
Energy Prices	17.5	5.6	2.3	-18.7	-15.8	5.0	6.7	2.0	1.4	2.3	2.4	2.0	5.4	6.6	-5.6	2.7
Services	4.2	2.7	4.8	0.2	0.2	2.4	2.3	1.5	1.9	2.4	2.3	1.5	2.2	2.6	1.6	2.0
CPI All Items	<i>y/y % chng</i>															
	2.1	2.3	2.7	2.0	1.5	1.8	1.7	2.0	2.1	2.1	2.0	2.0				
CPIX8	<i>y/y % chng</i>															
	1.3	1.4	1.6	1.6	1.7	2.0	2.1	2.2	2.0	2.1	1.9	2.0	1.1	1.5	2.0	2.0
New Core CPIs	<i>y/y % chng : avg.</i>															
	1.9	1.9	2.0	1.9	1.8	2.0	2.1	2.2	2.0	2.1	1.9	2.1	1.5	1.9	2.0	2.0
<b>Financial</b>	<i>% : quarterly avg.</i>															
Overnight Rate	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.83	2.00	2.00	2.00	2.00	0.71	1.44	1.77	2.00
3-Month T-Bill	1.14	1.21	1.47	1.66	1.65	1.65	1.65	1.85	1.90	1.90	1.90	1.90	0.69	1.37	1.70	1.90
90-Day BAs	1.67	1.74	1.95	2.20	2.20	2.15	2.15	2.30	2.40	2.40	2.40	2.40	1.15	1.89	2.20	2.40
10-Year Bond Yield	2.24	2.28	2.28	2.32	1.95	2.00	2.05	2.10	2.05	2.05	2.00	1.95	1.78	2.28	2.00	2.00
10-Year BBB Corporate Spread	<i>ppts</i>															
	1.68	1.80	1.83	2.07	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	1.83	1.85	2.30	2.30
<b>Canada/US Spread</b>	<i>bps</i>															
90 Day	-44	-66	-61	-70	-77	-76	-76	-76	-75	-73	-72	-71	-26	-60	-76	-73
10 Year	-52	-64	-65	-72	-77	-76	-76	-75	-74	-73	-71	-70	-55	-63	-76	-72
<b>Foreign Trade</b>	<i>\$ blns : a.r.</i>															
Current Account Balance	-69.3	-66.7	-41.4	-56.4	-55.8	-56.2	-57.5	-58.4	-57.8	-56.7	-55.5	-54.1	-60.1	-58.5	-57.0	-56.0
Share of GDP	-3.2	-3.0	-1.8	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.4	-2.3	-2.2	-2.8	-2.6	-2.5	-2.4
Merchandise Balance	-35.0	-22.7	-6.9	-21.5	-20.0	-19.2	-19.3	-19.2	-19.6	-19.8	-20.0	-20.2	-24.6	-21.5	-19.4	-19.9
Non-Merchandise Balance	-34.3	-44.0	-34.5	-34.9	-35.9	-37.0	-38.2	-39.2	-38.2	-36.9	-35.5	-33.9	-35.5	-36.9	-37.6	-36.1
	<i>quarterly avg.</i>															
US\$	<i>US\$/C\$</i>															
	79.1	77.5	76.5	75.7	75.2	75.3	75.4	75.4	75.7	76.1	76.4	76.8	77.1	77.2	75.3	76.3
	<i>C\$/US\$</i>															
	1.265	1.291	1.307	1.321	1.330	1.328	1.327	1.325	1.321	1.315	1.308	1.302	1.298	1.296	1.327	1.311
Yen	<i>¥/C\$</i>															
	85.7	84.6	85.3	85.3	82.5	82.8	82.9	83.0	83.2	83.4	83.6	83.8	86.5	85.2	82.8	83.5
Euro	<i>C\$/€</i>															
	1.55	1.54	1.52	1.51	1.51	1.52	1.53	1.55	1.55	1.54	1.54	1.54	1.46	1.53	1.53	1.54
<b>Incomes</b>	<i>y/y % chng</i>															
Corporate Profits Before Tax	-3.6	5.6	18.8	13.6	17.3	13.3	7.7	8.9	7.6	6.1	4.8	3.5	34.0	8.4	11.6	5.5
Corporate Profits After Tax	-2.2	1.6	16.9	3.0	8.2	7.7	5.8	8.9	7.6	6.1	4.8	3.5	15.8	4.5	7.6	5.5
Personal Income	5.3	4.7	3.9	2.4	2.6	2.8	3.1	3.9	4.0	3.7	3.5	3.5	4.6	4.1	3.1	3.7
Real Disposable Income	3.6	2.8	1.1	0.5	1.3	1.2	1.5	1.9	2.0	1.7	1.5	1.4	3.4	2.0	1.5	1.7
Savings Rate	<i>% : quarterly avg.</i>															
	1.3	1.0	0.8	0.5	0.5	0.7	0.8	0.9	1.2	1.2	1.2	1.2	1.5	0.9	0.7	1.2
<b>Other Indicators</b>	<i>quarterly avg. (000s and mlns are a.r.)</i>															
Unemployment Rate	<i>percent</i>															
	5.8	5.9	5.9	5.7	5.8	5.8	5.7	5.7	5.7	5.6	5.6	5.6	6.3	5.8	5.7	5.6
Housing Starts	<i>000s</i>															
	224	218	197	217	209	207	204	200	200	200	200	200	220	214	205	200
Existing Home Sales	<i>y/y % chng</i>															
	-14.5	-13.8	-2.8	-12.4	-0.6	3.1	-1.1	1.7	2.4	2.5	2.1	2.1	-4.8	-10.9	1.0	2.0
MLS Home Price Index	<i>y/y % chng</i>															
	5.7	0.8	2.2	1.6	-1.2	-1.4	0.7	2.4	2.8	2.5	2.2	2.1	13.2	2.7	0.0	2.5
Motor Vehicle Sales	<i>mlns</i>															
	2.13	2.04	2.02	1.96	1.91	1.87	1.86	1.86	1.85	1.85	1.85	1.85	2.08	2.04	1.87	1.85
	<i>q/q % chng : a.r.</i>															
Employment Growth	0.3	1.0	1.3	2.2	2.2	0.6	0.7	0.9	1.5	2.2	1.6	1.1	1.9	1.3	1.4	1.3
Industrial Production	3.7	3.2	2.6	-0.3	-2.6	2.6	2.2	1.8	2.4	1.8	1.6	1.6	4.9	2.5	0.7	2.0
Federal Budget Balance	<i>% of FY GDP</i>															
													-0.9	-0.8	-0.9	-0.8

Shaded values represent forecasts

Please refer to page 2 for Important Disclosures

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