

Canadian Economic Outlook

Our key forecasts for the Canadian economy

November 16, 2018

| | 2018 | | | | 2019 | | | | 2020 | | | | 2017 | 2018 | 2019 | 2020 |
|------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | |
| Production | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| Real GDP (chain-weighted) | 1.4 | 2.9 | 2.0 | 2.1 | 2.0 | 1.8 | 1.8 | 1.7 | 1.6 | 1.6 | 1.6 | 1.5 | 3.0 | 2.1 | 2.0 | 1.6 |
| Final Sales | 1.1 | 3.6 | 3.5 | 2.0 | 2.1 | 1.9 | 1.9 | 1.7 | 1.6 | 1.6 | 1.6 | 1.5 | 2.3 | 2.3 | 2.3 | 1.7 |
| Final Domestic Demand | 1.7 | 2.1 | 1.8 | 2.3 | 2.1 | 1.9 | 1.9 | 1.6 | 1.6 | 1.6 | 1.6 | 1.5 | 3.0 | 2.6 | 2.0 | 1.7 |
| Consumer Spending | 1.0 | 2.6 | 1.8 | 2.3 | 2.1 | 1.7 | 1.7 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 3.5 | 2.2 | 1.9 | 1.4 |
| Durables | 1.5 | 2.1 | 1.7 | 1.7 | 1.8 | 1.7 | 1.5 | 1.6 | 1.3 | 1.3 | 1.3 | 1.3 | 6.5 | 1.8 | 1.7 | 1.4 |
| Nondurables | -0.5 | 1.0 | 1.9 | 3.0 | 2.6 | 1.6 | 1.6 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 2.6 | 1.5 | 2.1 | 1.3 |
| Services | 1.7 | 3.2 | 1.7 | 2.1 | 1.9 | 1.7 | 1.8 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 3.2 | 2.6 | 1.9 | 1.5 |
| Government Spending | 2.8 | 1.0 | 2.4 | 2.5 | 2.2 | 2.0 | 2.0 | 2.0 | 1.8 | 1.8 | 1.8 | 1.8 | 2.6 | 2.8 | 2.1 | 1.9 |
| Business Investment | 11.4 | 1.9 | 2.4 | 3.5 | 3.4 | 3.3 | 3.2 | 3.2 | 2.8 | 2.6 | 2.6 | 2.0 | 2.8 | 6.4 | 3.2 | 2.8 |
| Non-residential Construction | 8.2 | 2.2 | 2.4 | 3.5 | 4.0 | 4.0 | 4.0 | 4.0 | 3.5 | 3.0 | 3.0 | 2.0 | 0.7 | 5.2 | 3.6 | 3.4 |
| Machinery and Equipment | 16.4 | 1.4 | 2.5 | 3.5 | 2.6 | 2.3 | 2.0 | 2.0 | 1.7 | 2.0 | 2.0 | 2.0 | 6.0 | 8.1 | 2.5 | 1.9 |
| Residential Construction | -10.5 | 1.1 | 0.0 | 0.0 | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.9 | -0.3 | 0.6 | 1.0 |
| Exports | 2.4 | 12.3 | -0.6 | 1.1 | 2.0 | 2.2 | 2.2 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 | 1.1 | 2.6 | 2.2 | 2.1 |
| Imports | 4.2 | 6.5 | -5.3 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.6 | 3.5 | 1.3 | 2.0 |
| | 2007\$ blns (contribution in ppts : a.r.) | | | | | | | | | | | | | | | |
| Inventory Change | 15.8 | 14.1 | 6.3 | 6.9 | 6.6 | 6.2 | 5.6 | 5.7 | 5.7 | 5.7 | 5.7 | 5.8 | 13.9 | 10.8 | 6.0 | 5.7 |
| Contribution to GDP Growth | 0.0 | -0.4 | -1.5 | 0.1 | -0.1 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | -0.2 | -0.3 | 0.0 |
| Net Exports | -22.0 | -14.3 | -6.9 | -8.2 | -8.3 | -8.1 | -7.8 | -7.6 | -7.7 | -7.7 | -7.7 | -7.8 | -7.3 | -12.9 | -8.0 | -7.7 |
| Contribution to GDP Growth | -0.7 | 1.6 | 1.6 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.9 | -0.4 | 0.3 | 0.0 |
| | \$ blns : a.r. (growth in q/q % chng : a.r.) | | | | | | | | | | | | | | | |
| Nominal GDP | 2,197 | 2,225 | 2,255 | 2,276 | 2,299 | 2,321 | 2,343 | 2,364 | 2,384 | 2,405 | 2,426 | 2,447 | 2,145 | 2,238 | 2,332 | 2,416 |
| Growth | 3.1 | 5.1 | 5.6 | 3.7 | 4.2 | 3.8 | 3.8 | 3.6 | 3.6 | 3.5 | 3.5 | 3.5 | 5.4 | 4.3 | 4.2 | 3.6 |
| Real GDP | y/y % chng | | | | | | | | | | | | | | | |
| | 2.3 | 1.9 | 2.0 | 2.1 | 2.3 | 2.0 | 2.0 | 1.8 | 1.7 | 1.7 | 1.6 | 1.6 | | | | |
| Inflation | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| GDP Price Index | 1.7 | 2.1 | 3.7 | 1.5 | 2.1 | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 2.3 | 2.2 | 2.1 | 1.9 |
| CPI All Items | 3.6 | 1.1 | 2.6 | -0.3 | 2.0 | 2.2 | 2.3 | 2.1 | 2.0 | 1.9 | 2.0 | 2.1 | 1.6 | 2.2 | 1.7 | 2.1 |
| Ex. Food and Energy | 2.7 | 0.8 | 2.5 | 0.9 | 2.6 | 1.9 | 2.0 | 2.1 | 2.1 | 1.9 | 2.0 | 2.1 | 1.6 | 1.8 | 1.9 | 2.0 |
| Food Prices | 0.9 | 1.5 | 3.3 | 2.3 | 2.7 | 2.2 | 1.8 | 2.1 | 2.0 | 2.1 | 1.8 | 2.1 | 0.0 | 1.8 | 2.4 | 2.0 |
| Energy Prices | 17.7 | 5.8 | 1.4 | -17.5 | -6.5 | 5.0 | 6.7 | 2.0 | 1.4 | 2.3 | 2.4 | 2.0 | 5.4 | 6.7 | -2.9 | 2.7 |
| Services | 4.2 | 2.7 | 4.8 | -0.7 | 1.9 | 2.4 | 2.3 | 1.5 | 1.9 | 2.4 | 2.3 | 1.5 | 2.2 | 2.6 | 1.9 | 2.0 |
| CPI All Items | y/y % chng | | | | | | | | | | | | | | | |
| | 2.1 | 2.3 | 2.7 | 1.8 | 1.4 | 1.6 | 1.5 | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 | | | | |
| CPIX8 | y/y % chng | | | | | | | | | | | | | | | |
| | 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 | y/y % chng : avg. | | | | | | | | | | | | | | | |
| | 2.0 | 2.0 | 2.0 | 1.9 | 1.9 | 2.0 | 2.1 | 2.2 | 2.0 | 2.1 | 1.9 | 2.0 | 1.5 | 2.0 | 2.1 | 2.0 |
| Financial | % : quarterly avg. | | | | | | | | | | | | | | | |
| Overnight Rate | 1.25 | 1.25 | 1.50 | 1.75 | 2.00 | 2.25 | 2.50 | 2.50 | 2.50 | 2.75 | 2.75 | 2.75 | 0.71 | 1.44 | 2.31 | 2.69 |
| 3-Month T-Bill | 1.14 | 1.21 | 1.47 | 1.65 | 1.90 | 2.15 | 2.35 | 2.35 | 2.40 | 2.60 | 2.60 | 2.60 | 0.69 | 1.35 | 2.20 | 2.55 |
| 90-Day BAs | 1.67 | 1.74 | 1.95 | 2.15 | 2.40 | 2.60 | 2.80 | 2.80 | 2.80 | 3.00 | 3.00 | 3.00 | 1.15 | 1.90 | 2.65 | 2.95 |
| 10-Year Bond Yield | 2.24 | 2.28 | 2.28 | 2.45 | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 | 3.05 | 3.10 | 3.20 | 1.78 | 2.30 | 2.65 | 3.05 |
| Canada/US Spread | bps | | | | | | | | | | | | | | | |
| 90 Day | -44 | -66 | -61 | -66 | -57 | -54 | -44 | -55 | -72 | -63 | -63 | -63 | -26 | -59 | -52 | -65 |
| 10 Year | -52 | -64 | -65 | -65 | -62 | -59 | -56 | -53 | -50 | -47 | -44 | -41 | -55 | -62 | -58 | -46 |
| Foreign Trade | \$ blns : a.r. (share in % of GDP) | | | | | | | | | | | | | | | |
| Current Account Balance | -69.9 | -63.5 | -45.1 | -49.4 | -50.1 | -51.1 | -52.2 | -52.7 | -51.5 | -50.2 | -48.8 | -47.4 | -63.3 | -57.0 | -51.5 | -49.5 |
| Share of GDP | -3.2 | -2.9 | -2.0 | -2.2 | -2.2 | -2.2 | -2.2 | -2.2 | -2.2 | -2.1 | -2.0 | -1.9 | -2.9 | -2.5 | -2.2 | -2.0 |
| Merchandise Balance | -34.2 | -21.2 | -3.2 | -6.4 | -5.5 | -5.2 | -5.0 | -4.7 | -4.7 | -4.8 | -4.8 | -4.9 | -24.0 | -16.2 | -5.1 | -4.8 |
| Non-Merchandise Balance | -35.7 | -42.3 | -41.9 | -43.1 | -44.5 | -45.8 | -47.3 | -48.0 | -46.8 | -45.4 | -44.0 | -42.5 | -39.3 | -40.7 | -46.4 | -44.7 |
| | quarterly avg. | | | | | | | | | | | | | | | |
| US\$ | US\$/C\$ | | | | | | | | | | | | | | | |
| | 79.1 | 77.5 | 76.5 | 76.3 | 76.1 | 76.7 | 77.3 | 77.9 | 77.9 | 77.6 | 77.3 | 77.0 | 77.1 | 77.3 | 77.0 | 77.5 |
| | C\$/US\$ | | | | | | | | | | | | | | | |
| | 1.265 | 1.291 | 1.307 | 1.310 | 1.313 | 1.303 | 1.293 | 1.283 | 1.283 | 1.288 | 1.293 | 1.298 | 1.298 | 1.293 | 1.298 | 1.291 |
| Yen | ¥/C\$ | | | | | | | | | | | | | | | |
| | 85.7 | 84.6 | 85.3 | 86.1 | 85.7 | 85.7 | 85.8 | 85.9 | 85.5 | 84.7 | 84.0 | 83.3 | 86.5 | 85.4 | 85.8 | 84.4 |
| Euro | C\$/€ | | | | | | | | | | | | | | | |
| | 1.55 | 1.54 | 1.52 | 1.50 | 1.48 | 1.45 | 1.49 | 1.54 | 1.57 | 1.59 | 1.60 | 1.62 | 1.46 | 1.53 | 1.49 | 1.60 |
| Incomes | y/y % chng | | | | | | | | | | | | | | | |
| Corporate Profits Before Tax | -3.3 | 8.3 | 16.1 | 7.7 | 14.1 | 9.8 | 9.3 | 9.2 | 7.6 | 6.2 | 4.9 | 3.5 | 34.1 | 7.0 | 10.5 | 5.5 |
| Corporate Profits After Tax | 5.3 | 12.0 | 10.2 | 5.8 | 8.2 | 6.2 | 7.6 | 9.2 | 7.6 | 6.2 | 4.9 | 3.5 | 18.8 | 8.3 | 7.8 | 5.5 |
| Personal Income | 4.9 | 4.5 | 4.5 | 4.1 | 4.3 | 4.2 | 3.8 | 3.7 | 3.6 | 3.4 | 3.3 | 3.3 | 4.2 | 4.5 | 4.0 | 3.4 |
| Real Disposable Income | 3.5 | 2.2 | 1.5 | 1.6 | 1.9 | 2.0 | 1.5 | 1.4 | 1.4 | 1.2 | 1.1 | 1.0 | 3.7 | 2.2 | 1.7 | 1.2 |
| Savings Rate | % : quarterly avg. | | | | | | | | | | | | | | | |
| | 3.9 | 3.4 | 3.9 | 3.8 | 3.7 | 3.7 | 3.7 | 3.7 | 3.6 | 3.6 | 3.7 | 3.7 | 3.8 | 3.7 | 3.7 | 3.7 |
| Other Indicators | quarterly avg. (000s and mlns are a.r.) | | | | | | | | | | | | | | | |
| Unemployment Rate | percent | | | | | | | | | | | | | | | |
| | 5.8 | 5.9 | 5.9 | 5.8 | 5.7 | 5.7 | 5.6 | 5.6 | 5.6 | 5.6 | 5.6 | 5.7 | 6.3 | 5.9 | 5.6 | 5.6 |
| Housing Starts | 000s | | | | | | | | | | | | | | | |
| | 225 | 219 | 197 | 201 | 208 | 207 | 204 | 200 | 190 | 190 | 190 | 190 | 220 | 210 | 205 | 190 |
| Existing Home Sales | y/y % chng | | | | | | | | | | | | | | | |
| | -14.8 | -13.8 | -4.0 | -12.2 | 0.0 | 3.3 | -1.7 | 0.3 | 2.2 | 2.4 | 2.1 | 2.1 | -4.5 | -10.9 | 0.4 | 2.2 |
| MLS Home Price Index | y/y % chng | | | | | | | | | | | | | | | |
| | 5.7 | 0.9 | 2.3 | 1.5 | 0.5 | 1.0 | 1.9 | 2.2 | 1.2 | 0.2 | 1.1 | 2.4 | 13.2 | 2.7 | 1.4 | 1.2 |
| Motor Vehicle Sales | mlns | | | | | | | | | | | | | | | |
| | 2.13 | 2.04 | 2.02 | 2.00 | 1.98 | 1.97 | 1.96 | 1.96 | 1.95 | 1.94 | 1.94 | 1.94 | 2.07 | 2.05 | 1.97 | 1.94 |
| | q/q % chng : a.r. | | | | | | | | | | | | | | | |
| Employment Growth | 0.1 | 0.7 | 1.3 | 1.0 | 1.1 | 1.1 | 1.1 | 1.0 | 0.5 | 0.4 | 0.5 | 0.9 | 1.9 | 1.2 | 1.1 | 0.7 |
| Industrial Production | 2.6 | 6.1 | 3.8 | 2.1 | 1.5 | 1.8 | 1.6 | 1.6 | 1.7 | 1.8 | 1.6 | 1.6 | 5.4 | 3.6 | 2.2 | 1.7 |
| Federal Budget Balance | % of FY GDP | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | -0.9 | -0.8 | -0.8 | -0.7 |

Shaded values represent forecasts

Please refer to page 2 for Important Disclosures

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