

# Canadian Economic Outlook for Sept. 22, 2023

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|                              | 2022                      |       |       |       | 2023  |       |              |              | 2024         |              |              |              | 2021         | 2022  | 2023         | 2024         |              |
|------------------------------|---------------------------|-------|-------|-------|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|--------------|--------------|--------------|
|                              | Q1                        | Q2    | Q3    | Q4    | Q1    | Q2    | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           |              |       |              |              |              |
| <b>Production</b>            | <b>q/q % chng : a.r.</b>  |       |       |       |       |       |              |              |              |              |              |              |              |       |              |              |              |
| Real GDP (chain-weighted)    | 2.6                       | 3.6   | 2.3   | -0.1  | 2.6   | -0.2  | <b>0.3</b>   | <b>-0.3</b>  | <b>0.0</b>   | <b>1.5</b>   | <b>2.0</b>   | <b>2.0</b>   | 5.0          | 3.4   | <b>1.1</b>   | <b>0.6</b>   |              |
| Final Sales                  | 0.2                       | -3.9  | 3.6   | 5.4   | 4.3   | 0.6   | <b>0.1</b>   | <b>-0.5</b>  | <b>0.0</b>   | <b>1.7</b>   | <b>2.0</b>   | <b>2.0</b>   | 4.0          | 1.3   | <b>2.4</b>   | <b>0.6</b>   |              |
| Final Domestic Demand        | 3.4                       | 2.0   | -0.9  | 0.2   | 1.2   | 1.0   | <b>1.0</b>   | <b>0.3</b>   | <b>0.6</b>   | <b>1.6</b>   | <b>2.0</b>   | <b>1.9</b>   | 5.8          | 2.7   | <b>0.7</b>   | <b>1.0</b>   |              |
| Consumer Spending            | 2.0                       | 9.0   | 0.3   | 1.1   | 4.7   | 0.2   | <b>0.3</b>   | <b>-0.4</b>  | <b>-0.4</b>  | <b>1.0</b>   | <b>1.8</b>   | <b>1.8</b>   | 5.1          | 4.8   | <b>2.0</b>   | <b>0.4</b>   |              |
| Durables                     | 4.5                       | -14.6 | -0.5  | 13.6  | 7.5   | -2.0  | <b>0.5</b>   | <b>-0.5</b>  | <b>0.0</b>   | <b>1.0</b>   | <b>1.5</b>   | <b>1.5</b>   | 8.5          | -2.3  | <b>2.8</b>   | <b>0.3</b>   |              |
| Nondurables                  | 3.2                       | 2.0   | -2.7  | -1.3  | 0.1   | 1.6   | <b>0.5</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>1.0</b>   | <b>1.5</b>   | <b>1.5</b>   | 1.1          | 0.0   | <b>-0.1</b>  | <b>0.6</b>   |              |
| Services                     | 2.0                       | 17.1  | 3.9   | 0.0   | 4.7   | -0.1  | <b>0.2</b>   | <b>-0.7</b>  | <b>-0.7</b>  | <b>1.0</b>   | <b>2.0</b>   | <b>2.0</b>   | 5.1          | 8.6   | <b>2.6</b>   | <b>0.3</b>   |              |
| Government Spending          | 3.8                       | -2.5  | 3.2   | 3.5   | -1.7  | 2.0   | <b>2.3</b>   | <b>2.4</b>   | <b>2.5</b>   | <b>2.8</b>   | <b>2.4</b>   | <b>2.4</b>   | 5.5          | 2.0   | <b>1.3</b>   | <b>2.5</b>   |              |
| Business Investment          | 4.7                       | 13.9  | 1.0   | -5.1  | 5.7   | 10.3  | <b>2.2</b>   | <b>-0.9</b>  | <b>1.0</b>   | <b>2.0</b>   | <b>2.3</b>   | <b>2.0</b>   | 4.3          | 8.0   | <b>3.4</b>   | <b>1.8</b>   |              |
| Non-residential Construction | 3.8                       | 9.7   | 6.5   | 11.6  | 8.8   | 9.9   | <b>2.0</b>   | <b>0.0</b>   | <b>1.0</b>   | <b>2.0</b>   | <b>2.2</b>   | <b>2.0</b>   | 0.8          | 8.3   | <b>7.8</b>   | <b>1.9</b>   |              |
| Machinery and Equipment      | 6.3                       | 21.5  | -7.8  | -28.6 | 0.3   | 11.1  | <b>2.5</b>   | <b>-2.5</b>  | <b>1.0</b>   | <b>2.0</b>   | <b>2.5</b>   | <b>2.0</b>   | 9.9          | 7.4   | <b>-3.9</b>  | <b>1.6</b>   |              |
| Residential Construction     | 6.8                       | -30.3 | -18.4 | -9.9  | -19.1 | -8.2  | <b>0.0</b>   | <b>0.0</b>   | <b>0.5</b>   | <b>1.0</b>   | <b>1.0</b>   | <b>0.0</b>   | 14.9         | -11.2 | <b>-12.9</b> | <b>-0.1</b>  |              |
| Exports                      | -8.2                      | 8.1   | 11.3  | 2.2   | 10.2  | 0.4   | <b>-0.8</b>  | <b>1.2</b>   | <b>2.4</b>   | <b>2.4</b>   | <b>2.0</b>   | <b>2.4</b>   | 1.4          | 2.8   | <b>4.8</b>   | <b>1.6</b>   |              |
| Imports                      | 2.0                       | 29.0  | -2.3  | -12.6 | 0.7   | 1.9   | <b>2.0</b>   | <b>3.6</b>   | <b>4.0</b>   | <b>2.0</b>   | <b>2.0</b>   | <b>2.0</b>   | 7.8          | 7.5   | <b>-0.2</b>  | <b>2.8</b>   |              |
| Inventory Change             | 2012\$ blns : a.r.        | 20.1  | 60.2  | 53.3  | 24.3  | 16.1  | 11.1         | <b>12.8</b>  | <b>14.2</b>  | <b>14.2</b>  | <b>13.2</b>  | <b>13.3</b>  | -4.1         | 39.5  | <b>13.5</b>  | <b>13.5</b>  |              |
| Contrib. to GDP Growth       | ppts : a.r.               | 2.5   | 7.6   | -1.4  | -5.5  | -1.5  | -0.8         | <b>0.3</b>   | <b>0.3</b>   | <b>0.0</b>   | <b>-0.2</b>  | <b>0.0</b>   | 1.0          | 2.2   | <b>-1.2</b>  | <b>0.0</b>   |              |
| Net Exports                  | 2012\$ blns : a.r.        | -51.2 | -83.7 | -62.0 | -34.5 | -19.4 | -22.1        | <b>-27.0</b> | <b>-31.2</b> | <b>-34.2</b> | <b>-33.7</b> | <b>-33.4</b> | -25.7        | -57.9 | <b>-24.9</b> | <b>-33.8</b> |              |
| Contrib. to GDP Growth       | ppts : a.r.               | -3.2  | -6.6  | 4.7   | 5.1   | 3.2   | -0.5         | <b>-1.0</b>  | <b>-0.8</b>  | <b>-0.6</b>  | <b>0.1</b>   | <b>0.0</b>   | -2.0         | -1.6  | <b>1.7</b>   | <b>-0.4</b>  |              |
| Nominal GDP                  | \$ blns : a.r.            | 2,715 | 2,824 | 2,806 | 2,785 | 2,807 | 2,826        | <b>2,844</b> | <b>2,859</b> | <b>2,875</b> | <b>2,900</b> | <b>2,929</b> | 2,510        | 2,783 | <b>2,834</b> | <b>2,916</b> |              |
| Growth                       | q/q % chng : a.r.         | 15.0  | 17.0  | -2.5  | -3.0  | 3.1   | 2.7          | <b>2.6</b>   | <b>2.2</b>   | <b>2.2</b>   | <b>3.6</b>   | <b>4.0</b>   | 13.6         | 10.9  | <b>1.8</b>   | <b>2.9</b>   |              |
| Real GDP                     | y/y % chng                | 3.2   | 4.7   | 3.8   | 2.1   | 2.1   | 1.1          | <b>0.6</b>   | <b>0.6</b>   | <b>0.0</b>   | <b>0.4</b>   | <b>0.8</b>   | 1.4          |       |              |              |              |
| <b>Inflation</b>             | <b>q/q % chng : a.r.</b>  |       |       |       |       |       |              |              |              |              |              |              |              |       |              |              |              |
| GDP Price Index              | 12.3                      | 13.0  | -4.8  | -2.8  | 0.6   | 2.9   | <b>2.3</b>   | <b>2.4</b>   | <b>2.2</b>   | <b>2.1</b>   | <b>2.0</b>   | <b>2.0</b>   | 8.2          | 7.2   | <b>0.7</b>   | <b>2.3</b>   |              |
| CPI All Items                | 7.8                       | 10.5  | 4.2   | 4.2   | 2.2   | 3.3   | <b>5.1</b>   | <b>3.6</b>   | <b>2.3</b>   | <b>2.3</b>   | <b>2.0</b>   | <b>2.1</b>   | 3.4          | 6.8   | <b>4.0</b>   | <b>2.9</b>   |              |
| Ex. Food and Energy          | 5.5                       | 6.9   | 5.2   | 3.9   | 3.3   | 3.3   | <b>3.5</b>   | <b>3.5</b>   | <b>2.6</b>   | <b>2.5</b>   | <b>2.2</b>   | <b>2.3</b>   | 2.3          | 5.0   | <b>3.9</b>   | <b>2.9</b>   |              |
| Food Prices                  | 9.8                       | 11.4  | 9.5   | 9.7   | 8.3   | 5.9   | <b>3.7</b>   | <b>2.4</b>   | <b>1.6</b>   | <b>1.8</b>   | <b>1.5</b>   | <b>1.9</b>   | 2.2          | 8.7   | <b>7.4</b>   | <b>2.3</b>   |              |
| Energy Prices                | 39.0                      | 46.4  | -20.8 | -0.4  | -16.4 | -3.3  | <b>20.6</b>  | <b>7.3</b>   | <b>0.4</b>   | <b>0.8</b>   | <b>0.8</b>   | <b>1.3</b>   | 19.0         | 24.2  | <b>-2.9</b>  | <b>3.9</b>   |              |
| Services                     | 4.4                       | 8.7   | 6.6   | 2.8   | 3.1   | 5.6   | <b>5.5</b>   | <b>2.8</b>   | <b>2.7</b>   | <b>2.4</b>   | <b>2.1</b>   | <b>2.3</b>   | 2.2          | 5.0   | <b>4.6</b>   | <b>3.1</b>   |              |
| CPI All Items                | y/y % chng                | 5.8   | 7.5   | 7.2   | 6.7   | 5.1   | 3.5          | <b>3.7</b>   | <b>3.5</b>   | <b>3.6</b>   | <b>3.3</b>   | <b>2.5</b>   | 2.2          |       |              |              |              |
| CPIX8                        | y/y % chng                | 4.9   | 6.0   | 6.0   | 5.7   | 4.6   | 3.6          | <b>3.2</b>   | <b>3.0</b>   | <b>3.0</b>   | <b>2.5</b>   | <b>2.1</b>   | 2.2          | 2.7   | 5.7          | <b>3.6</b>   | <b>2.5</b>   |
| Core CPIs (Trim/Median avg.) | y/y % chng : avg.         | 4.2   | 5.1   | 5.2   | 5.3   | 4.8   | 4.0          | <b>3.7</b>   | <b>3.1</b>   | <b>3.0</b>   | <b>2.6</b>   | <b>2.3</b>   | 2.1          | 2.8   | 4.9          | <b>3.9</b>   | <b>2.5</b>   |
| <b>Financial</b>             | <b>% : quarterly avg.</b> |       |       |       |       |       |              |              |              |              |              |              |              |       |              |              |              |
| Overnight Rate               | 0.33                      | 1.17  | 2.75  | 3.92  | 4.50  | 4.58  | <b>5.00</b>  | <b>5.00</b>  | <b>5.00</b>  | <b>5.00</b>  | <b>4.75</b>  | <b>4.50</b>  | 0.25         | 2.04  | <b>4.77</b>  | <b>4.81</b>  |              |
| 3-Month T-Bill               | 0.39                      | 1.43  | 2.91  | 3.96  | 4.39  | 4.54  | <b>5.00</b>  | <b>5.05</b>  | <b>5.05</b>  | <b>5.05</b>  | <b>4.85</b>  | <b>4.60</b>  | 0.11         | 2.17  | <b>4.75</b>  | <b>4.90</b>  |              |
| 90-Day BAs                   | 0.86                      | 1.99  | 3.65  | 4.66  | 5.01  | 5.11  | <b>5.45</b>  | <b>5.45</b>  | <b>5.45</b>  | <b>5.45</b>  | <b>5.25</b>  | <b>4.95</b>  | 0.45         | 2.79  | <b>5.25</b>  | <b>5.25</b>  |              |
| 10-Year Bond Yield           | 1.92                      | 2.98  | 3.01  | 3.16  | 3.04  | 3.10  | <b>3.65</b>  | <b>3.70</b>  | <b>3.55</b>  | <b>3.45</b>  | <b>3.30</b>  | <b>3.25</b>  | 1.36         | 2.77  | <b>3.35</b>  | <b>3.40</b>  |              |
| 10-Year BBB Corporate Spread | ppts                      | 1.86  | 2.16  | 2.22  | 2.34  | 2.18  | 2.20         | <b>2.40</b>  | <b>2.50</b>  | <b>2.50</b>  | <b>2.30</b>  | <b>2.05</b>  | 1.63         | 2.15  | <b>2.32</b>  | <b>2.24</b>  |              |
| 90 Day Canada/U.S. Spread    | bps                       | 9     | 33    | 16    | -22   | -39   | -72          | <b>-52</b>   | <b>-51</b>   | <b>-51</b>   | <b>-67</b>   | <b>-66</b>   | 7            | 9     | <b>-54</b>   | <b>-59</b>   |              |
| 10 Year Canada/U.S. Spread   | bps                       | -2    | 5     | -10   | -67   | -61   | -50          | <b>-49</b>   | <b>-49</b>   | <b>-46</b>   | <b>-43</b>   | <b>-37</b>   | -8           | -18   | <b>-52</b>   | <b>-42</b>   |              |
| <b>Foreign Trade</b>         | <b>\$ blns : a.r.</b>     |       |       |       |       |       |              |              |              |              |              |              |              |       |              |              |              |
| Current Account Balance      | 15.7                      | 19.3  | -39.3 | -32.2 | -12.7 | -26.5 | <b>-32.9</b> | <b>-37.8</b> | <b>-40.1</b> | <b>-39.2</b> | <b>-40.2</b> | <b>-40.4</b> | -6.7         | -9.1  | <b>-27.5</b> | <b>-40.0</b> |              |
| Share of GDP                 | 0.6                       | 0.7   | -1.4  | -1.2  | -0.5  | -0.9  | <b>-1.2</b>  | <b>-1.3</b>  | <b>-1.4</b>  | <b>-1.4</b>  | <b>-1.4</b>  | <b>-1.4</b>  | -0.3         | -0.3  | <b>-1.0</b>  | <b>-1.4</b>  |              |
| Merchandise Balance          | 32.1                      | 37.5  | 9.7   | 8.3   | 3.3   | -24.5 | <b>-30.0</b> | <b>-33.2</b> | <b>-35.5</b> | <b>-35.0</b> | <b>-35.3</b> | <b>-34.7</b> | 4.7          | 21.9  | <b>-21.1</b> | <b>-35.1</b> |              |
| Non-Merchandise Balance      | -16.3                     | -18.2 | -48.9 | -40.5 | -16.0 | -2.0  | <b>-2.9</b>  | <b>-4.6</b>  | <b>-4.5</b>  | <b>-4.3</b>  | <b>-4.9</b>  | <b>-5.7</b>  | -11.4        | -31.0 | <b>-6.4</b>  | <b>-4.8</b>  |              |
| US\$                         | US\$/C\$: qtr. avg.       | 79.0  | 78.4  | 76.6  | 73.7  | 74.0  | 74.5         | <b>74.7</b>  | <b>76.0</b>  | <b>77.2</b>  | <b>77.5</b>  | <b>77.9</b>  | 78.3         | 79.8  | 76.9         | <b>74.8</b>  | <b>77.7</b>  |
|                              | C\$/US\$: qtr. avg.       | 1.266 | 1.276 | 1.306 | 1.358 | 1.352 | 1.343        | <b>1.340</b> | <b>1.317</b> | <b>1.296</b> | <b>1.290</b> | <b>1.283</b> | <b>1.277</b> | 1.254 | 1.302        | <b>1.338</b> | <b>1.286</b> |
| Yen                          | ¥/C\$: qtr. avg.          | 91.8  | 101.6 | 105.9 | 104.2 | 97.9  | 102.3        | <b>107.9</b> | <b>113.4</b> | <b>114.5</b> | <b>113.1</b> | <b>111.7</b> | 110.3        | 87.6  | 100.9        | <b>102.7</b> | <b>112.4</b> |
| Euro                         | C\$/€ : qtr. avg.         | 1.42  | 1.36  | 1.31  | 1.39  | 1.45  | 1.46         | <b>1.45</b>  | <b>1.40</b>  | <b>1.39</b>  | <b>1.40</b>  | <b>1.40</b>  | 1.40         | 1.48  | 1.37         | <b>1.44</b>  | <b>1.40</b>  |
| Corp. Profits Before Tax     | y/y % chng                | 10.7  | 14.5  | 7.2   | -29.0 | -54.5 | -69.7        | <b>-62.3</b> | <b>-47.0</b> | <b>-22.4</b> | <b>12.8</b>  | <b>16.3</b>  | <b>12.8</b>  | 68.2  | 0.6          | <b>-59.5</b> | <b>2.5</b>   |
| Corp. Profits After Tax      | y/y % chng                | 9.7   | 18.4  | 15.6  | -7.4  | -17.7 | -28.9        | <b>-19.9</b> | <b>-4.9</b>  | <b>4.7</b>   | <b>12.7</b>  | <b>16.3</b>  | <b>12.8</b>  | 30.8  | 8.8          | <b>-18.5</b> | <b>11.6</b>  |
| Personal Income              | y/y % chng                | 5.9   | 5.8   | 6.3   | 9.3   | 6.6   | 8.0          | <b>7.2</b>   | <b>4.9</b>   | <b>4.2</b>   | <b>2.5</b>   | <b>2.6</b>   | 3.2          | 4.7   | 6.8          | <b>6.7</b>   | <b>3.1</b>   |
| Real Disposable Income       | y/y % chng                | -0.5  | -1.9  | -1.4  | 2.3   | -1.5  | 1.4          | <b>1.8</b>   | <b>0.4</b>   | <b>1.6</b>   | <b>0.3</b>   | <b>0.5</b>   | 1.1          | 1.2   | -0.4         | <b>0.5</b>   | <b>0.9</b>   |
| Savings Rate                 | % : quarterly avg.        | 8.8   | 5.1   | 4.7   | 5.8   | 3.7   | 5.1          | <b>5.3</b>   | <b>5.2</b>   | <b>5.5</b>   | <b>5.5</b>   | <b>5.5</b>   | 5.4          | 11.0  | 6.1          | <b>4.8</b>   | <b>5.5</b>   |
| <b>Other Indicators</b>      | <b>quarterly avg.</b>     |       |       |       |       |       |              |              |              |              |              |              |              |       |              |              |              |
| Unemployment Rate            | percent                   | 5.7   | 5.1   | 5.1   | 5.1   | 5.0   | 5.2          | <b>5.6</b>   | <b>5.8</b>   | <b>6.0</b>   | <b>6.0</b>   | <b>5.9</b>   | <b>5.9</b>   | 7.5   | 5.3          | <b>5.4</b>   | <b>6.0</b>   |
| Housing Starts               | 000s : a.r.               | 243   | 270   | 281   | 259   | 223   | 249          | <b>253</b>   | <b>237</b>   | <b>220</b>   | <b>220</b>   | <b>220</b>   | <b>220</b>   | 274   | 263          | <b>240</b>   | <b>220</b>   |
| Existing Home Sales          | y/y % chng                | -11.7 | -25.3 | -29.1 | -36.9 | -37.9 | -5.2         | <b>8.7</b>   | <b>8.9</b>   | <b>11.9</b>  | <b>-1.7</b>  | <b>2.4</b>   | <b>8.2</b>   | 20.5  | -25.2        | <b>-10.0</b> | <b>5.0</b>   |
| MLS Home Price Index         | y/y % chng                | 27.6  | 14.1  | 3.5   | -7.2  | -15.2 | -4.8         | <b>1.4</b>   | <b>4.7</b>   | <b>8.0</b>   | <b>4.0</b>   | <b>5.8</b>   | <b>7.1</b>   | 23.4  | 12.1         | <b>-5.2</b>  | <b>6.0</b>   |
| Motor Vehicle Sales          | mlns : a.r.               | 1.61  | 1.55  | 1.48  | 1.61  | 1.68  | 1.75         | <b>1.66</b>  | <b>1.73</b>  | <b>1.86</b>  | <b>2.01</b>  | <b>2.15</b>  | <b>2.21</b>  | 1.69  | 1.57         | <b>1.70</b>  | <b>2.05</b>  |
| Employment Growth            | q/q % chng : a.r.         | 3.3   | 4.0   | -0.1  | 2.2   | 4.7   | 1.6          | <b>1.0</b>   | <b>0.9</b>   | <b>1.2</b>   | <b>1.6</b>   | <b>1.9</b>   | <b>1.5</b>   | 5.3   | 4.0          | <b>2.3</b>   | <b>1.3</b>   |
| Industrial Production        | q/q % chng : a.r.         | 4.7   | 6.6   | 2.1   | -4.8  | 2.1   | 1.3          | <b>-0.6</b>  | <b>1.0</b>   | <b>1.8</b>   | <b>2.1</b>   | <b>2.6</b>   | <b>2.6</b>   | 4.5   | 3.8          | <b>0.5</b>   | <b>1.5</b>   |
| Federal Budget Balance       | % of FY GDP               |       |       |       |       |       |              |              |              |              |              |              |              | -3.6  | <b>-1.5</b>  | <b>-1.4</b>  | <b>-1.2</b>  |

Italicized values represent forecasts

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