

# Canadian Economic Outlook for May 13, 2022

A Publication of BMO Capital Markets Economic Research • Douglas Porter, CFA, Chief Economist, BMO Financial Group

	2021				2022				2023				2020	2021	2022	2023	
	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)	4.8	-3.6	5.5	6.7	<b>5.5</b>	<b>4.0</b>	<b>1.5</b>	<b>2.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.3</b>	<b>2.5</b>	-5.2	4.6	<b>4.1</b>	<b>3.0</b>	
Final Sales	6.2	-7.3	9.7	2.6	<b>4.2</b>	<b>3.6</b>	<b>1.9</b>	<b>2.9</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>	<b>2.5</b>	-3.5	3.7	<b>3.3</b>	<b>3.0</b>	
Final Domestic Demand	6.6	-1.2	7.0	2.9	<b>5.6</b>	<b>3.2</b>	<b>2.4</b>	<b>3.2</b>	<b>3.4</b>	<b>3.1</b>	<b>3.0</b>	<b>2.5</b>	-4.1	5.5	<b>3.8</b>	<b>3.0</b>	
Consumer Spending	1.9	-1.0	20.4	1.0	<b>2.7</b>	<b>3.7</b>	<b>2.9</b>	<b>3.7</b>	<b>3.7</b>	<b>3.2</b>	<b>2.8</b>	<b>2.2</b>	-6.2	5.2	<b>4.4</b>	<b>3.3</b>	
Durables	-1.3	-11.8	-8.6	0.9	<b>2.5</b>	<b>2.5</b>	<b>5.0</b>	<b>7.4</b>	<b>7.5</b>	<b>5.0</b>	<b>3.5</b>	<b>2.5</b>	-5.4	7.7	<b>0.4</b>	<b>5.6</b>	
Nondurables	2.4	-7.7	5.3	-1.0	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.5</b>	<b>2.5</b>	<b>2.0</b>	<b>2.3</b>	<b>2.0</b>	3.1	1.9	<b>0.4</b>	<b>1.8</b>	
Services	1.8	7.3	30.9	2.4	<b>3.5</b>	<b>6.0</b>	<b>3.5</b>	<b>4.0</b>	<b>3.5</b>	<b>3.5</b>	<b>3.0</b>	<b>2.3</b>	-10.2	5.1	<b>7.1</b>	<b>3.6</b>	
Government Spending	8.1	-2.6	1.5	2.8	<b>5.0</b>	<b>3.8</b>	<b>3.2</b>	<b>3.2</b>	<b>2.8</b>	<b>3.0</b>	<b>3.0</b>	<b>2.2</b>	0.9	4.8	<b>3.1</b>	<b>3.0</b>	
Business Investment	1.0	15.3	1.7	8.7	<b>13.7</b>	<b>7.4</b>	<b>4.6</b>	<b>6.0</b>	<b>5.1</b>	<b>4.5</b>	<b>4.1</b>	<b>3.6</b>	-12.1	2.3	<b>8.5</b>	<b>5.0</b>	
Non-residential Construction	15.7	9.3	3.3	11.0	<b>13.0</b>	<b>7.0</b>	<b>5.0</b>	<b>6.5</b>	<b>5.5</b>	<b>5.0</b>	<b>4.5</b>	<b>4.0</b>	-10.0	-0.6	<b>8.6</b>	<b>5.4</b>	
Machinery and Equipment	-18.2	26.1	-1.1	4.7	<b>15.0</b>	<b>8.0</b>	<b>4.0</b>	<b>5.0</b>	<b>4.3</b>	<b>3.5</b>	<b>3.5</b>	<b>3.0</b>	-15.4	7.1	<b>8.2</b>	<b>4.3</b>	
Residential Construction	43.2	-11.0	-31.0	10.2	<b>15.0</b>	<b>-4.0</b>	<b>-5.0</b>	<b>-2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>3.0</b>	4.3	15.4	<b>-1.7</b>	<b>0.0</b>	
Exports	1.9	-16.7	7.1	13.4	<b>-7.1</b>	<b>6.2</b>	<b>6.7</b>	<b>6.1</b>	<b>3.0</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>	-9.7	1.4	<b>2.6</b>	<b>4.0</b>	
Imports	4.9	2.8	-1.6	14.4	<b>-3.0</b>	<b>5.1</b>	<b>8.2</b>	<b>7.0</b>	<b>2.8</b>	<b>2.4</b>	<b>2.0</b>	<b>2.0</b>	-10.8	7.4	<b>4.1</b>	<b>4.1</b>	
Inventory Change	2012\$ blns : a.r.	-11.5	7.5	-12.1	9.9	<b>16.0</b>	<b>18.3</b>	<b>16.0</b>	<b>13.9</b>	<b>14.0</b>	<b>15.3</b>	<b>16.5</b>	<b>16.6</b>	-18.7	-1.5	<b>16.1</b>	<b>15.6</b>
Contrib. to GDP Growth	ppts : a.r.	-1.1	3.6	-3.9	4.2	<b>1.3</b>	<b>0.4</b>	<b>-0.4</b>	<b>-0.4</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	-1.7	0.9	<b>0.8</b>	<b>0.0</b>
Net Exports	2012\$ blns : a.r.	-2.5	-35.4	-22.3	-24.4	<b>-31.0</b>	<b>-29.6</b>	<b>-32.5</b>	<b>-34.4</b>	<b>-34.3</b>	<b>-33.8</b>	<b>-33.3</b>	<b>-33.4</b>	15.1	-21.1	<b>-31.9</b>	<b>-33.7</b>
Contrib. to GDP Growth	ppts : a.r.	-1.0	-5.9	2.6	-0.3	<b>-1.3</b>	<b>0.4</b>	<b>-0.4</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	0.6	-1.8	<b>-0.5</b>	<b>0.0</b>
Nominal GDP	\$ blns : a.r.	2,418	2,453	2,516	2,598	<b>2,686</b>	<b>2,739</b>	<b>2,770</b>	<b>2,807</b>	<b>2,849</b>	<b>2,891</b>	<b>2,928</b>	<b>2,959</b>	2,207	2,496	<b>2,751</b>	<b>2,907</b>
Growth	q/q % chng : a.r.	19.1	6.0	10.5	13.7	<b>14.3</b>	<b>8.2</b>	<b>4.5</b>	<b>5.4</b>	<b>6.2</b>	<b>5.9</b>	<b>5.2</b>	<b>4.3</b>	-4.5	13.1	<b>10.2</b>	<b>5.7</b>
Real GDP	y/y % chng	0.2	11.7	3.8	3.3	<b>3.4</b>	<b>5.4</b>	<b>4.4</b>	<b>3.3</b>	<b>2.9</b>	<b>2.7</b>	<b>3.2</b>	<b>3.2</b>				
<b>Inflation</b>	<b>q/q % chng : a.r.</b>																
GDP Price Index	13.8	10.0	4.8	6.5	<b>8.5</b>	<b>4.0</b>	<b>3.0</b>	<b>2.9</b>	<b>2.7</b>	<b>2.4</b>	<b>1.9</b>	<b>1.8</b>	0.7	8.2	<b>5.8</b>	<b>2.6</b>	
CPI All Items	3.2	4.6	5.4	5.7	<b>7.2</b>	<b>9.9</b>	<b>4.8</b>	<b>3.9</b>	<b>3.8</b>	<b>3.2</b>	<b>2.7</b>	<b>2.7</b>	0.7	3.4	<b>6.5</b>	<b>4.0</b>	
Ex. Food and Energy	1.4	4.1	4.1	3.3	<b>4.6</b>	<b>7.7</b>	<b>4.0</b>	<b>4.1</b>	<b>4.0</b>	<b>3.5</b>	<b>2.9</b>	<b>3.0</b>	1.2	2.3	<b>4.7</b>	<b>3.9</b>	
Food Prices	0.8	3.7	5.5	7.9	<b>9.9</b>	<b>11.4</b>	<b>6.0</b>	<b>5.0</b>	<b>4.0</b>	<b>2.4</b>	<b>2.2</b>	<b>2.1</b>	2.4	2.2	<b>8.1</b>	<b>4.2</b>	
Energy Prices	38.4	19.5	16.5	23.6	<b>41.9</b>	<b>44.7</b>	<b>11.7</b>	<b>0.0</b>	<b>0.6</b>	<b>1.2</b>	<b>1.2</b>	<b>1.5</b>	-7.6	19.1	<b>27.2</b>	<b>4.3</b>	
Services	1.7	3.8	4.3	2.8	<b>4.4</b>	<b>7.9</b>	<b>4.0</b>	<b>4.1</b>	<b>4.0</b>	<b>3.5</b>	<b>2.9</b>	<b>3.0</b>	1.4	2.2	<b>4.6</b>	<b>4.0</b>	
CPI All Items	y/y % chng	1.4	3.3	4.1	4.7	<b>5.8</b>	<b>7.1</b>	<b>6.9</b>	<b>6.5</b>	<b>5.6</b>	<b>3.9</b>	<b>3.4</b>	<b>3.1</b>				
CPIX8	y/y % chng	1.4	2.6	3.5	3.8	<b>4.9</b>	<b>5.8</b>	<b>5.7</b>	<b>5.5</b>	<b>4.7</b>	<b>3.5</b>	<b>2.9</b>	<b>2.8</b>	1.2	2.7	<b>5.5</b>	<b>3.5</b>
New Core CPIs	y/y % chng : avg.	1.8	2.3	2.7	2.9	<b>3.5</b>	<b>4.2</b>	<b>4.3</b>	<b>4.5</b>	<b>4.2</b>	<b>3.7</b>	<b>3.5</b>	<b>3.2</b>	1.8	2.4	<b>4.1</b>	<b>3.7</b>
<b>Financial</b>	<b>% : quarterly avg.</b>																
Overnight Rate	0.25	0.25	0.25	0.25	0.33	<b>1.17</b>	<b>2.00</b>	<b>2.25</b>	<b>2.50</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>	0.50	0.25	<b>1.44</b>	<b>2.69</b>	
3-Month T-Bill	0.08	0.11	0.16	0.10	0.39	<b>1.40</b>	<b>2.15</b>	<b>2.35</b>	<b>2.50</b>	<b>2.65</b>	<b>2.70</b>	<b>2.70</b>	0.44	0.11	<b>1.60</b>	<b>2.65</b>	
90-Day BAs	0.44	0.43	0.44	0.48	0.86	<b>1.90</b>	<b>2.60</b>	<b>2.75</b>	<b>2.85</b>	<b>2.95</b>	<b>3.00</b>	<b>3.00</b>	0.87	0.45	<b>2.05</b>	<b>2.95</b>	
10-Year Bond Yield	1.13	1.49	1.24	1.58	1.92	<b>2.90</b>	<b>3.05</b>	<b>3.10</b>	<b>3.20</b>	<b>3.15</b>	<b>3.05</b>	<b>2.95</b>	0.75	1.36	<b>2.75</b>	<b>3.10</b>	
10-Year BBB Corporate Spread	ppts	1.71	1.66	1.59	1.55	1.90	<b>2.15</b>	<b>2.10</b>	<b>1.90</b>	<b>2.15</b>	<b>2.10</b>	<b>2.05</b>	1.93	1.63	<b>2.05</b>	<b>1.93</b>	
90 Day Canada/U.S. Spread	bps	3	8	11	5	9	<b>40</b>	<b>28</b>	<b>-12</b>	<b>-16</b>	<b>-14</b>	<b>-14</b>	7	7	<b>18</b>	<b>-14</b>	
10 Year Canada/U.S. Spread	bps	-18	-10	-9	4	-2	<b>-4</b>	<b>-4</b>	<b>-5</b>	<b>-5</b>	<b>-6</b>	<b>-6</b>	-14	-8	<b>-4</b>	<b>-6</b>	
<b>Foreign Trade</b>	<b>\$ blns : a.r.</b>																
Current Account Balance	3.0	3.1	3.2	-3.2	<b>12.7</b>	<b>14.5</b>	<b>8.2</b>	<b>4.7</b>	<b>2.5</b>	<b>0.5</b>	<b>-1.8</b>	<b>-5.1</b>	-39.4	1.6	<b>10.0</b>	<b>-1.0</b>	
Share of GDP	0.1	0.1	0.1	-0.1	<b>0.5</b>	<b>0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.2</b>	-1.8	0.1	<b>0.4</b>	<b>0.0</b>	
Merchandise Balance	2.1	-0.7	8.1	11.3	<b>35.1</b>	<b>38.0</b>	<b>34.2</b>	<b>32.6</b>	<b>29.7</b>	<b>28.0</b>	<b>25.4</b>	<b>21.8</b>	-39.8	5.2	<b>35.0</b>	<b>26.2</b>	
Non-Merchandise Balance	1.0	3.8	-4.8	-14.5	<b>-22.4</b>	<b>-23.4</b>	<b>-26.0</b>	<b>-27.9</b>	<b>-27.2</b>	<b>-27.5</b>	<b>-27.2</b>	<b>-26.9</b>	0.4	-3.6	<b>-24.9</b>	<b>-27.2</b>	
US\$	US\$/C\$: qtr. avg.	79.0	81.4	79.4	79.4	79.0	<b>78.6</b>	<b>79.3</b>	<b>80.6</b>	<b>80.8</b>	<b>80.6</b>	<b>80.3</b>	<b>80.1</b>	74.6	79.8	<b>79.4</b>	<b>80.4</b>
	C\$/US\$: qtr. avg.	1.266	1.228	1.260	1.260	1.266	<b>1.272</b>	<b>1.261</b>	<b>1.241</b>	<b>1.237</b>	<b>1.241</b>	<b>1.245</b>	<b>1.249</b>	1.341	1.253	<b>1.260</b>	<b>1.243</b>
Yen	¥/C\$: qtr. avg.	83.7	89.1	87.4	90.2	91.8	<b>101.3</b>	<b>103.8</b>	<b>106.1</b>	<b>106.3</b>	<b>105.3</b>	<b>104.4</b>	<b>103.5</b>	79.6	87.6	<b>100.7</b>	<b>104.9</b>
Euro	C\$/€ : qtr. avg.	1.53	1.48	1.48	1.44	1.42	<b>1.35</b>	<b>1.33</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.34</b>	<b>1.36</b>	1.53	1.48	<b>1.35</b>	<b>1.34</b>
Corp. Profits Before Tax	y/y % chng	138.1	167.5	17.9	24.5	<b>1.0</b>	<b>0.3</b>	<b>17.2</b>	<b>5.2</b>	<b>-1.6</b>	<b>-3.1</b>	<b>-2.7</b>	<b>-3.1</b>	7.9	66.9	<b>5.5</b>	<b>-2.6</b>
Corp. Profits After Tax	y/y % chng	47.8	60.7	12.1	15.7	<b>5.9</b>	<b>7.7</b>	<b>20.3</b>	<b>10.9</b>	<b>3.9</b>	<b>-0.2</b>	<b>-2.7</b>	<b>-3.2</b>	0.9	31.4	<b>11.0</b>	<b>-0.6</b>
Personal Income	y/y % chng	5.7	1.5	4.1	4.3	<b>4.1</b>	<b>3.9</b>	<b>3.9</b>	<b>5.6</b>	<b>4.3</b>	<b>4.4</b>	<b>5.0</b>	<b>4.8</b>	5.6	3.9	<b>4.4</b>	<b>4.6</b>
Real Disposable Income	y/y % chng	7.1	-4.6	0.0	-1.1	<b>-2.4</b>	<b>-2.8</b>	<b>-1.6</b>	<b>1.1</b>	<b>0.4</b>	<b>1.1</b>	<b>2.0</b>	<b>2.0</b>	8.2	0.2	<b>-1.5</b>	<b>1.4</b>
Savings Rate	% : quarterly avg.	13.7	14.4	9.0	6.4	<b>6.6</b>	<b>5.4</b>	<b>4.0</b>	<b>3.2</b>	<b>2.6</b>	<b>2.1</b>	<b>1.9</b>	<b>1.7</b>	14.8	10.9	<b>4.8</b>	<b>2.1</b>
<b>Other Indicators</b>	<b>quarterly avg.</b>																
Unemployment Rate	percent	8.4	7.9	7.2	6.3	5.8	<b>5.2</b>	<b>5.0</b>	<b>4.9</b>	<b>5.0</b>	<b>5.1</b>	<b>5.0</b>	<b>5.0</b>	9.6	7.4	<b>5.2</b>	<b>5.0</b>
Housing Starts	000s : a.r.	304	279	262	261	244	<b>252</b>	<b>245</b>	<b>240</b>	<b>240</b>	<b>233</b>	<b>227</b>	<b>220</b>	218	277	<b>245</b>	<b>230</b>
Existing Home Sales	y/y % chng	54.3	92.2	-13.6	-5.1	-11.3	<b>-7.7</b>	<b>-11.2</b>	<b>-26.0</b>	<b>-28.6</b>	<b>-21.0</b>	<b>-7.1</b>	<b>2.8</b>	12.5	20.6	<b>-14.0</b>	<b>-15.0</b>
MLS Home Price Index	y/y % chng	19.9	24.8	21.8	26.7	26.9	<b>22.1</b>	<b>14.5</b>	<b>0.4</b>	<b>-10.3</b>	<b>-11.7</b>	<b>-9.4</b>	<b>-4.5</b>	8.5	22.3	<b>18.0</b>	<b>-9.0</b>
Motor Vehicle Sales	mlns : a.r.	1.81	1.77	1.58	1.54	1.67	<b>1.70</b>	<b>1.95</b>	<b>2.12</b>	<b>2.16</b>	<b>2.14</b>	<b>2.09</b>	<b>2.06</b>	1.62	1.68	<b>1.86</b>	<b>2.11</b>
Employment Growth	q/q % chng : a.r.	1.5	2.5	6.8	6.2	3.2	<b>4.1</b>	<b>1.5</b>	<b>2.0</b>	<b>1.7</b>	<b>1.7</b>	<b>2.1</b>	<b>2.1</b>	-5.1	5.1	<b>4.0</b>	<b>2.0</b>
Industrial Production	q/q % chng : a.r.	4.1	-2.6	5.2	6.3	<b>4.5</b>											

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