

# Canadian Economic Outlook for May 19, 2023

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

	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4	2024	Q1	Q2	Q3	Q4	2021	2022	2023	2024	
<b>Production</b>	<b>q/q % chng : a.r.</b>																			
Real GDP (chain-weighted)		2.4	3.6	2.3	0.0	<b>2.5</b>	<b>-0.5</b>	<b>-0.7</b>	<b>1.1</b>		<b>2.0</b>	<b>2.2</b>	<b>1.9</b>	<b>1.9</b>		5.0	3.4	<b>1.0</b>	<b>1.3</b>	
Final Sales		0.2	-3.7	3.5	5.8	<b>5.7</b>	<b>-0.1</b>	<b>-0.7</b>	<b>0.1</b>		<b>1.0</b>	<b>2.2</b>	<b>1.9</b>	<b>1.9</b>		4.0	1.3	<b>2.5</b>	<b>0.9</b>	
Final Domestic Demand		3.1	2.1	-0.8	1.0	<b>2.4</b>	<b>0.2</b>	<b>0.1</b>	<b>1.1</b>		<b>1.8</b>	<b>2.2</b>	<b>1.9</b>	<b>1.9</b>		5.8	2.7	<b>0.9</b>	<b>1.4</b>	
Consumer Spending		2.1	9.3	-0.4	2.0	<b>2.7</b>	<b>-0.7</b>	<b>-0.8</b>	<b>0.7</b>		<b>1.5</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>		5.1	4.8	<b>1.4</b>	<b>1.1</b>	
Durables		7.9	-13.7	-6.7	14.4	<b>3.0</b>	<b>-1.5</b>	<b>-0.5</b>	<b>1.0</b>		<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>		8.5	-2.0	<b>1.2</b>	<b>1.0</b>	
Nondurables		3.2	2.2	-3.1	-0.3	<b>2.5</b>	<b>-1.5</b>	<b>-0.5</b>	<b>1.0</b>		<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>		1.1	0.1	<b>0.0</b>	<b>1.0</b>	
Services		1.1	17.5	4.5	1.3	<b>2.8</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.5</b>		<b>1.5</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>		5.1	8.6	<b>2.4</b>	<b>1.1</b>	
Government Spending		3.8	-2.4	3.1	3.8	<b>3.1</b>	<b>3.0</b>	<b>3.0</b>	<b>2.4</b>		<b>3.0</b>	<b>3.1</b>	<b>2.4</b>	<b>2.4</b>		5.5	2.0	<b>2.8</b>	<b>2.8</b>	
Business Investment		3.6	12.9	3.9	-5.5	<b>4.8</b>	<b>-0.4</b>	<b>-0.4</b>	<b>0.5</b>		<b>1.5</b>	<b>2.2</b>	<b>1.9</b>	<b>2.0</b>		4.3	7.8	<b>1.2</b>	<b>1.1</b>	
Non-residential Construction		4.2	5.8	9.4	10.2	<b>2.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.5</b>		<b>1.5</b>	<b>2.0</b>	<b>1.5</b>	<b>2.0</b>		0.8	8.0	<b>4.2</b>	<b>1.3</b>	
Machinery and Equipment		2.5	25.9	-4.7	-27.6	<b>10.0</b>	<b>-3.0</b>	<b>-3.0</b>	<b>0.5</b>		<b>1.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.0</b>		9.9	7.6	<b>-3.7</b>	<b>0.8</b>	
Residential Construction		7.2	-30.3	-18.9	-8.8	<b>-5.0</b>	<b>-3.0</b>	<b>-3.0</b>	<b>0.0</b>		<b>0.5</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>		14.9	-11.1	<b>-8.6</b>	<b>-0.1</b>	
Exports		-7.5	6.9	10.6	0.8	<b>10.3</b>	<b>-0.5</b>	<b>-0.4</b>	<b>1.2</b>		<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>		1.4	2.6	<b>4.3</b>	<b>1.4</b>	
Imports		1.3	27.5	-1.8	-12.0	<b>0.8</b>	<b>0.4</b>	<b>2.0</b>	<b>4.0</b>		<b>4.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>		7.8	7.2	<b>-0.4</b>	<b>2.8</b>	
Inventory Change	<b>2012\$ blns : a.r.</b>	19.4	57.6	52.1	22.3	<b>4.4</b>	<b>2.2</b>	<b>2.2</b>	<b>7.7</b>		<b>13.3</b>	<b>13.4</b>	<b>13.4</b>	<b>13.5</b>		-4.1	37.8	<b>4.1</b>	<b>13.4</b>	
Contrib. to GDP Growth	<b>ppts : a.r.</b>	2.2	7.2	-1.0	-5.5	<b>-3.2</b>	<b>-0.4</b>	<b>0.0</b>	<b>1.0</b>		<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		1.0	2.1	<b>-1.5</b>	<b>0.4</b>	
Net Exports	<b>2012\$ blns : a.r.</b>	-48.9	-80.9	-61.2	-37.1	<b>-22.0</b>	<b>-23.5</b>	<b>-27.7</b>	<b>-32.5</b>		<b>-36.3</b>	<b>-36.5</b>	<b>-36.6</b>	<b>-36.8</b>		-25.7	-57.1	<b>-26.4</b>	<b>-36.6</b>	
Contrib. to GDP Growth	<b>ppts : a.r.</b>	-2.8	-6.5	4.3	4.4	<b>3.2</b>	<b>-0.3</b>	<b>-0.8</b>	<b>-1.0</b>		<b>-0.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		-2.0	-1.6	<b>1.6</b>	<b>-0.5</b>	
Nominal GDP	<b>\$ blns : a.r.</b>	2,718	2,826	2,808	2,789	<b>2,815</b>	<b>2,830</b>	<b>2,844</b>	<b>2,869</b>		<b>2,898</b>	<b>2,928</b>	<b>2,957</b>	<b>2,985</b>		2,510	2,785	<b>2,840</b>	<b>2,942</b>	
Growth	<b>q/q % chng : a.r.</b>	15.4	16.8	-2.5	-2.7	<b>3.8</b>	<b>2.2</b>	<b>2.0</b>	<b>3.5</b>		<b>4.1</b>	<b>4.2</b>	<b>3.9</b>	<b>3.9</b>		13.6	11.0	<b>2.0</b>	<b>3.6</b>	
Real GDP	<b>y/y % chng</b>	3.1	4.7	3.8	2.1	<b>2.1</b>	<b>1.1</b>	<b>0.3</b>	<b>0.6</b>		<b>0.5</b>	<b>1.1</b>	<b>1.8</b>	<b>2.0</b>						
<b>Inflation</b>	<b>q/q % chng : a.r.</b>																			
GDP Price Index		13.0	12.6	-4.5	-2.8	<b>1.2</b>	<b>2.8</b>	<b>2.7</b>	<b>2.4</b>		<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>		8.2	7.3	<b>0.9</b>	<b>2.2</b>	
CPI All Items		7.8	10.5	4.2	4.2	<b>2.2</b>	<b>4.2</b>	<b>3.1</b>	<b>2.6</b>		<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>1.9</b>		3.4	6.8	<b>3.8</b>	<b>2.5</b>	
Ex. Food and Energy		5.5	6.9	5.2	3.9	<b>3.3</b>	<b>4.1</b>	<b>3.6</b>	<b>3.4</b>		<b>2.5</b>	<b>2.3</b>	<b>2.2</b>	<b>2.0</b>		2.3	5.0	<b>4.0</b>	<b>2.8</b>	
Food Prices		9.8	11.4	9.5	9.7	<b>8.3</b>	<b>5.1</b>	<b>3.0</b>	<b>2.0</b>		<b>1.4</b>	<b>1.6</b>	<b>1.5</b>	<b>1.7</b>		2.2	8.7	<b>7.2</b>	<b>2.0</b>	
Energy Prices		37.3	48.8	-19.7	-2.2	<b>-17.6</b>	<b>1.7</b>	<b>-1.3</b>	<b>0.0</b>		<b>0.1</b>	<b>1.1</b>	<b>0.8</b>	<b>1.3</b>		19.0	24.1	<b>-5.3</b>	<b>0.4</b>	
Services		4.4	8.7	6.6	2.8	<b>3.1</b>	<b>5.2</b>	<b>3.2</b>	<b>3.0</b>		<b>2.5</b>	<b>2.2</b>	<b>2.1</b>	<b>2.0</b>		2.2	5.0	<b>4.2</b>	<b>2.7</b>	
CPI All Items	<b>y/y % chng</b>	5.8	7.5	7.2	6.7	<b>5.1</b>	<b>3.7</b>	<b>3.4</b>	<b>3.0</b>		<b>3.1</b>	<b>2.6</b>	<b>2.3</b>	<b>2.1</b>						
CPIX8	<b>y/y % chng</b>	4.9	6.0	6.0	5.7	<b>4.6</b>	<b>3.6</b>	<b>2.8</b>	<b>2.7</b>		<b>2.8</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>		2.7	5.7	<b>3.4</b>	<b>2.4</b>	
Core CPIs (Trim/Median avg.)	<b>y/y % chng : avg.</b>	4.2	5.2	5.2	5.3	<b>4.8</b>	<b>4.0</b>	<b>3.4</b>	<b>3.2</b>		<b>3.0</b>	<b>2.5</b>	<b>2.4</b>	<b>2.3</b>		2.8	5.0	<b>3.8</b>	<b>2.5</b>	
<b>Financial</b>	<b>% : quarterly avg.</b>																			
Overnight Rate		0.33	1.17	2.75	3.92	<b>4.50</b>	<b>4.50</b>	<b>4.50</b>	<b>4.50</b>		<b>4.25</b>	<b>4.00</b>	<b>3.75</b>	<b>3.50</b>		0.25	2.04	<b>4.50</b>	<b>3.88</b>	
3-Month T-Bill		0.39	1.43	2.91	3.96	<b>4.39</b>	<b>4.40</b>	<b>4.45</b>	<b>4.45</b>		<b>4.25</b>	<b>4.00</b>	<b>3.75</b>	<b>3.50</b>		0.11	2.17	<b>4.40</b>	<b>3.85</b>	
90-Day BAs		0.86	1.99	3.65	4.66	<b>5.01</b>	<b>5.05</b>	<b>5.05</b>	<b>5.05</b>		<b>4.80</b>	<b>4.50</b>	<b>4.20</b>	<b>3.90</b>		0.45	2.79	<b>5.05</b>	<b>4.35</b>	
10-Year Bond Yield		1.92	2.98	3.01	3.16	<b>3.04</b>	<b>2.95</b>	<b>2.95</b>	<b>2.95</b>		<b>2.90</b>	<b>2.90</b>	<b>2.85</b>	<b>2.85</b>		1.36	2.77	<b>2.95</b>	<b>2.85</b>	
10-Year BBB Corporate Spread	<b>ppts</b>	1.86	2.16	2.22	2.34	<b>2.18</b>	<b>2.30</b>	<b>2.40</b>	<b>2.30</b>		<b>2.20</b>	<b>2.15</b>	<b>2.10</b>	<b>2.05</b>		1.63	2.15	<b>2.30</b>	<b>2.13</b>	
90 Day Canada/U.S. Spread	<b>bps</b>	9	33	16	-22	<b>-39</b>	<b>-79</b>	<b>-83</b>	<b>-83</b>		<b>-100</b>	<b>-96</b>	<b>-96</b>	<b>-92</b>		7	9	<b>-71</b>	<b>-96</b>	
10 Year Canada/U.S. Spread	<b>bps</b>	-2	5	-10	-67	<b>-61</b>	<b>-54</b>	<b>-51</b>	<b>-48</b>		<b>-45</b>	<b>-41</b>	<b>-38</b>	<b>-35</b>		-8	-18	<b>-53</b>	<b>-40</b>	
<b>Foreign Trade</b>	<b>\$ blns : a.r.</b>																			
Current Account Balance		11.0	22.0	-33.6	-42.6	<b>-41.3</b>	<b>-41.6</b>	<b>-45.5</b>	<b>-51.3</b>		<b>-54.4</b>	<b>-54.8</b>	<b>-55.2</b>	<b>-55.5</b>		-6.7	-10.8	<b>-45.0</b>	<b>-55.0</b>	
Share of GDP		0.4	0.8	-1.2	-1.5	<b>-1.5</b>	<b>-1.5</b>	<b>-1.6</b>	<b>-1.8</b>		<b>-1.9</b>	<b>-1.9</b>	<b>-1.9</b>	<b>-1.9</b>		-0.3	-0.4	<b>-1.6</b>	<b>-1.9</b>	
Merchandise Balance		32.8	38.7	9.9	6.7	<b>6.8</b>	<b>6.2</b>	<b>3.4</b>	<b>-0.4</b>		<b>-3.5</b>	<b>-3.5</b>	<b>-3.6</b>	<b>-3.6</b>		4.7	22.0	<b>4.0</b>	<b>-3.5</b>	
Non-Merchandise Balance		-21.8	-16.7	-43.5	-49.3	<b>-48.1</b>	<b>-47.9</b>	<b>-48.9</b>	<b>-50.9</b>		<b>-50.9</b>	<b>-51.3</b>	<b>-51.7</b>	<b>-51.9</b>		-11.4	-32.8	<b>-49.0</b>	<b>-51.5</b>	
US\$	<b>US\$/C\$ : qtr. avg.</b>	79.0	78.4	76.6	73.7	<b>74.0</b>	<b>74.3</b>	<b>75.3</b>	<b>76.5</b>		<b>77.2</b>	<b>77.5</b>	<b>77.9</b>	<b>78.3</b>		79.8	76.9	<b>75.0</b>	<b>77.7</b>	
CS/US\$ : qtr. avg.		1.266	1.276	1.306	1.358	<b>1.352</b>	<b>1.346</b>	<b>1.327</b>	<b>1.307</b>		<b>1.296</b>	<b>1.290</b>	<b>1.283</b>	<b>1.277</b>		1.254	1.302	<b>1.333</b>	<b>1.286</b>	
Yen	<b>¥/C\$ : qtr. avg.</b>	91.8	101.6	105.9	104.2	<b>97.9</b>	<b>100.7</b>	<b>101.6</b>	<b>101.6</b>		<b>101.0</b>	<b>100.1</b>	<b>99.2</b>	<b>98.3</b>		87.6	100.9	<b>100.1</b>	<b>99.7</b>	
Euro	<b>€/C\$ : qtr. avg.</b>	1.42	1.36	1.31	1.39	<b>1.45</b>	<b>1.48</b>	<b>1.47</b>	<b>1.46</b>		<b>1.46</b>	<b>1.46</b>	<b>1.46</b>	<b>1.47</b>		1.48	1.37	<b>1.47</b>	<b>1.46</b>	
Corp. Profits Before Tax	<b>y/y % chng</b>	11.2	16.6	4.6	-10.6	<b>-22.7</b>	<b>-29.6</b>	<b>-13.5</b>	<b>-10.2</b>		<b>-3.1</b>	<b>1.3</b>	<b>7.4</b>	<b>6.3</b>		68.2	5.5	<b>-19.9</b>	<b>2.9</b>	
Corp. Profits After Tax	<b>y/y % chng</b>	9.6	19.0	13.5	-0.9	<b>-10.2</b>	<b>-20.7</b>	<b>-13.5</b>	<b>-10.3</b>		<b>-3.2</b>	<b>1.2</b>	<b>7.3</b>	<b>6.3</b>		30.8	10.2	<b>-13.9</b>	<b>2.8</b>	
Personal Income	<b>y/y % chng</b>	5.9	5.9	6.6	9.8	<b>6.4</b>	<b>5.7</b>	<b>4.3</b>	<b>2.4</b>		<b>2.9</b>	<b>3.2</b>	<b>3.8</b>	<b>4.0</b>		4.7	7.1	<b>4.7</b>	<b>3.5</b>	
Real Disposable Income	<b>y/y % chng</b>	-1.3	-2.0	-1.6	2.8	<b>0.7</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.4</b>		<b>0.4</b>	<b>0.9</b>	<b>1.6</b>	<b>1.8</b>		1.2	-0.6	<b>0.7</b>	<b>1.2</b>	
Savings Rate	<b>% : quarterly avg.</b>	8.1	5.0	5.0	6.0	<b>4.7</b>	<b>4.6</b>	<b>4.7</b>	<b>4.8</b>		<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>4.9</b>		11.0	6.0	<b>4.7</b>	<b>5.0</b>	
<b>Other Indicators</b>	<b>quarterly avg.</b>																			
Unemployment Rate	<b>percent</b>	5.7	5.1	5.1	5.1	<b>5.0</b>	<b													

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