

- The forecast laid out in our April [Global Outlook](#) remains largely on track, though global growth is revised up slightly to 3.5% in 2017. A few of the changes to highlight are:
 - ◇ Momentum continues to build in Canada, as a number of indicators point to stronger-than-expected growth in the first quarter. We now expect GDP to rise by 3.7% (SAAR) in 2017Q1 as consumption growth and industrial activity accelerate. For the year, growth is now forecast to accelerate to 2.5% from the 1.4% registered last year. We continue to expect that the Bank of Canada will remain on the sidelines until mid-2018.
 - ◇ Recent data for the United States suggest a slower start to the year as consumer spending slowed despite strong confidence. Growth is now forecast to be 2.2% in 2017, down marginally from the 2.3% we indicated in our most recent [Global Outlook](#). The Federal Reserve will continue to tighten interest rates, with 2 more hikes expected this year.
 - ◇ The outlook in Mexico is significantly more positive than we had predicted, as we now expect growth of 2% in 2017 instead of the 1.4% we forecast in the April [Global Outlook](#). The economy appears to be more resilient to the trade threats made by the Trump Administration than earlier feared, as demonstrated by indicators of service-sector activity and employment, among others.

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International	2000–15	2016	2017f	2018f	2000–15	2016	2017f	2018f
	Real GDP (annual % change)				Consumer Prices (y/y % change, year-end)			
World (based on purchasing power parity)	3.9	3.2	3.5	3.6				
Canada	2.2	1.4	2.5	2.0	1.9	1.4	2.0	2.1
United States	1.9	1.6	2.2	2.4	2.2	1.8	2.4	2.3
Mexico	2.4	2.3	2.0	2.5	4.5	3.4	6.1	4.3
United Kingdom	1.8	1.8	2.0	1.2	2.2	0.7	2.7	2.4
Euro zone	1.2	1.6	1.7	1.7	1.9	1.1	1.4	1.7
Germany	1.2	1.7	1.8	1.7	1.6	1.7	1.5	1.8
France	1.3	1.2	1.4	1.6	1.7	0.6	1.3	1.4
Russia	4.6	-0.2	1.2	1.4	11.4	5.4	5.5	5.0
China	9.8	6.7	6.6	6.1	2.4	2.1	2.2	2.5
India	7.0	7.6	7.5	7.8	7.2	3.4	5.5	5.7
Japan	0.9	1.0	1.1	0.7	0.0	0.3	0.8	1.1
South Korea	4.4	2.8	2.8	2.7	2.8	1.3	2.1	2.3
Indonesia	5.6	5.0	5.3	5.5	6.2	3.0	4.9	4.7
Australia	3.0	2.5	2.5	2.6	2.9	1.5	2.0	2.1
Thailand	4.2	3.2	3.2	3.2	2.7	1.1	1.3	2.0
Brazil	3.4	-3.6	0.5	2.5	6.5	6.3	4.0	4.5
Colombia	4.3	2.0	2.0	2.8	5.0	5.7	4.5	3.5
Peru	5.3	3.9	2.5	3.7	2.7	3.2	3.1	2.8
Chile	4.3	1.6	1.8	2.4	3.3	2.7	2.8	3.2
Commodities								
	(annual average)							
WTI Oil (USD/bbl)	64	43	53	56				
Brent Oil (USD/bbl)	67	45	56	59				
Nymex Natural Gas (USD/mmbtu)	5.09	2.55	3.10	3.05				
Copper (USD/lb)	2.36	2.21	2.50	2.65				
Zinc (USD/lb)	0.81	0.95	1.35	1.55				
Nickel (USD/lb)	7.45	4.36	5.00	5.50				
Aluminium (USD/lb)	0.87	0.73	0.85	0.85				
Iron Ore (USD/tonne)	68	58	65	55				
Metallurgical Coal (USD/tonne)	127	115	170	130				
Gold, London PM Fix (USD/oz)	845	1,251	1,200	1,250				

North America	2000–15	2016	2017f	2018f	2000–15	2016	2017f	2018f
	Canada				United States			
	(annual % change, unless noted)				(annual % change, unless noted)			
Real GDP	2.2	1.4	2.5	2.0	1.9	1.6	2.2	2.4
Consumer Spending	2.9	2.2	2.3	1.7	2.3	2.7	2.4	2.7
Residential Investment	3.8	2.8	1.1	-1.3	-0.7	4.9	5.3	2.7
Business Investment	2.7	-7.8	-1.0	3.0	2.4	-0.5	3.8	3.3
Government	2.2	1.9	2.0	2.0	1.0	0.8	0.1	1.1
Exports	1.3	1.1	2.2	3.7	3.8	0.4	2.7	2.8
Imports	3.1	-1.0	0.7	2.9	3.5	1.1	4.3	3.5
Nominal GDP	4.4	2.0	4.9	4.0	4.0	3.0	4.2	4.5
GDP Deflator	2.2	0.6	2.3	2.0	2.0	1.3	2.0	2.0
Consumer Price Index	2.0	1.4	2.0	2.0	2.2	1.3	2.4	2.3
Core CPI	1.8	1.9	1.6	1.9	2.0	2.2	2.2	2.3
Pre-Tax Corporate Profits	3.9	-4.5	11.0	5.0	5.9	-0.1	6.5	3.5
Employment	1.4	0.7	1.4	0.8	0.6	1.8	1.5	1.3
Unemployment Rate (%)	7.1	7.0	6.7	6.6	6.3	4.9	4.6	4.5
Current Account Balance (CAD, USD bn)	-13.9	-67.7	-46.4	-35.1	-521	-481	-474	-506
Merchandise Trade Balance (CAD, USD bn)	28.2	-25.9	-2.1	6.3	-668	-750	-822	-877
Federal Budget Balance (FY, CAD, USD bn)	-2.9	-1.0	-23.0	-26.0	-529	-587	-610	-650
percent of GDP	-0.2	0.0	-1.1	-1.2	-3.8	-3.2	-3.2	-3.2
Housing Starts (000s, mn)	199	198	195	185	1.27	1.18	1.27	1.34
Motor Vehicle Sales (000s, mn)	1,639	1,949	1,940	1,925	15.4	17.5	17.8	17.9
Industrial Production	0.5	-0.3	2.5	1.7	0.8	-1.2	1.4	2.0
	Mexico							
	(annual % change)							
Real GDP	2.4	2.3	2.0	2.5				
Consumer Price Index (year-end)	4.5	3.4	6.1	4.3				
Current Account Balance (USD bn)	-15.9	-27.9	-20.7	-28.1				
Merchandise Trade Balance (USD bn)	-6.8	-13.1	-4.5	-7.5				

Quarterly Forecasts	2016				2017				2018			
Canada	Q1	Q2	Q3	Q4	Q1e	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	2.7	-1.2	3.8	2.6	3.7	1.8	1.9	2.0	2.0	2.0	1.9	1.8
Real GDP (y/y % change)	1.3	1.1	1.4	1.9	2.2	3.0	2.5	2.3	1.9	2.0	2.0	1.9
Consumer Prices (y/y % change)	1.5	1.6	1.2	1.4	1.9	1.9	2.2	2.0	1.9	1.9	2.1	2.1
Core CPI (y/y % change)	2.0	2.1	1.9	1.6	1.5	1.5	1.7	1.6	1.9	1.9	1.9	1.9
United States												
Real GDP (q/q ann. % change)	0.8	1.4	3.5	2.1	0.7	3.2	2.5	2.5	2.4	2.4	2.3	2.3
Real GDP (y/y % change)	1.6	1.3	1.7	2.0	1.9	2.4	2.1	2.2	2.7	2.4	2.4	2.3
Consumer Prices (y/y % change)	1.1	1.1	1.1	1.8	2.6	2.4	2.5	2.4	2.2	2.4	2.4	2.3
Core CPI (y/y % change)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3

Central Bank Rates	2016		2017				2018			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas	(%, end of period)									
Bank of Canada	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00
US Federal Reserve (upper bound)	0.50	0.75	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00
Bank of Mexico	4.75	5.75	6.50	6.75	7.00	7.25	7.50	7.50	7.50	7.50
Central Bank of Brazil	14.25	13.75	12.25	10.50	9.50	9.00	9.00	9.25	9.50	9.50
Bank of the Republic of Colombia	7.75	7.50	7.00	6.50	6.00	5.75	5.50	5.50	5.25	5.25
Central Reserve Bank of Peru	4.25	4.25	4.25	4.00	4.00	4.00	3.75	3.75	3.75	3.75
Central Bank of Chile	3.50	3.50	3.00	2.75	2.75	2.75	3.00	3.25	3.50	3.75
Europe										
European Central Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank of England	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Swiss National Bank	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
Asia/Oceania										
Reserve Bank of Australia	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75
Bank of Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
People's Bank of China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Reserve Bank of India	6.50	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Bank of Korea	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.50	1.50	1.75
Bank Indonesia	5.00	4.75	4.75	4.75	4.75	4.75	4.75	5.00	5.00	5.25
Bank of Thailand	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	2.00
Currencies and Interest Rates										
Americas	(end of period)									
Canadian Dollar (USDCAD)	1.31	1.34	1.33	1.40	1.38	1.36	1.36	1.34	1.32	1.30
Canadian Dollar (CADUSD)	0.76	0.74	0.75	0.71	0.72	0.74	0.74	0.75	0.76	0.77
Mexican Peso (USDMXN)	19.39	20.73	18.72	19.27	19.86	20.39	20.60	20.45	20.51	20.79
Brazilian Real (USDBRL)	3.26	3.26	3.12	3.25	3.30	3.35	3.45	3.45	3.50	3.45
Colombian Peso (USDCOP)	2,882	3,002	2,874	3,100	3,125	3,100	3,125	3,150	3,100	3,125
Peruvian Nuevo Sol (USDPEN)	3.38	3.36	3.25	3.27	3.26	3.25	3.26	3.22	3.23	3.20
Chilean Peso (USDCLP)	657	670	660	649	653	658	655	652	649	647
Europe										
Euro (EURUSD)	1.12	1.05	1.07	1.02	1.05	1.10	1.12	1.12	1.15	1.15
U.K. Pound (GBPUSD)	1.30	1.23	1.26	1.20	1.25	1.25	1.30	1.30	1.35	1.35
Swiss Franc (USDCHF)	0.97	1.02	1.00	1.09	1.07	1.02	1.00	1.00	0.97	0.98
Swedish Krona (USDSEK)	8.58	9.10	8.97	9.32	9.00	8.55	8.37	8.35	8.11	8.09
Norwegian Krone (USDNOK)	7.98	8.64	8.60	8.20	8.00	8.00	7.80	7.60	7.40	7.20
Russian Ruble (USDRUB)	62.9	61.5	56.2	57.5	58.0	58.3	58.7	59.0	59.2	59.3
Asia/Oceania										
Japanese Yen (USDJPY)	101	117	111	115	117	117	121	121	122	122
Australian Dollar (AUDUSD)	0.77	0.72	0.76	0.76	0.75	0.75	0.75	0.75	0.78	0.78
Chinese Yuan (USDCNY)	6.67	6.95	6.89	6.90	7.00	7.10	7.05	7.00	7.00	6.95
Indian Rupee (USDINR)	66.6	67.9	64.9	66.0	67.0	68.0	67.5	67.0	67.0	66.5
South Korean Won (USDKRW)	1,101	1,208	1,118	1,160	1,160	1,200	1,180	1,170	1,170	1,160
Indonesian Rupiah (USDIDR)	13,042	13,473	13,326	13,500	13,500	13,600	13,500	13,400	13,400	13,300
Thai Baht (USDTHB)	34.6	35.8	34.4	35.2	35.2	36.0	35.8	35.4	35.4	35.0
Canada (Yields, %)										
3-month T-bill	0.53	0.46	0.55	0.50	0.50	0.50	0.60	0.80	0.90	1.10
2-year Canada	0.52	0.75	0.75	0.80	0.95	1.05	1.20	1.35	1.45	1.60
5-year Canada	0.62	1.11	1.12	1.10	1.25	1.40	1.50	1.65	1.80	1.90
10-year Canada	1.00	1.72	1.63	1.65	1.80	1.90	1.95	2.10	2.20	2.35
30-year Canada	1.66	2.31	2.30	2.25	2.35	2.50	2.55	2.65	2.75	2.80
United States (Yields, %)										
3-month T-bill	0.27	0.50	0.75	1.00	1.05	1.25	1.30	1.55	1.60	1.80
2-year Treasury	0.76	1.19	1.25	1.35	1.50	1.70	1.75	1.90	1.95	2.10
5-year Treasury	1.15	1.93	1.92	1.95	2.15	2.30	2.40	2.50	2.55	2.60
10-year Treasury	1.59	2.44	2.39	2.35	2.55	2.80	2.85	2.90	2.95	3.00
30-year Treasury	2.31	3.07	3.01	3.05	3.20	3.30	3.35	3.40	3.45	3.50

The Provinces

(annual % change, except where noted)

Real GDP	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
2000–15	2.2	2.5	1.8	1.4	1.2	1.7	2.0	2.4	2.1	3.1	2.7
2016p*	1.4	1.9	2.4	0.9	1.4	1.7	2.6	2.4	-1.0	-3.8	3.7
2017f	2.5	-1.8	1.4	1.4	0.8	2.0	2.7	2.3	1.8	2.8	2.7
2018f	2.0	-0.2	1.2	1.2	0.6	1.7	2.2	2.0	2.0	2.4	2.4
Nominal GDP											
2000–15	4.4	5.7	4.3	3.3	3.3	3.6	3.8	4.5	6.0	6.5	4.5
2016e	2.0	-0.1	3.4	2.4	2.3	3.0	4.1	3.5	-3.5	-6.0	5.3
2017f	4.9	1.8	2.9	3.1	2.4	3.9	4.9	4.4	5.0	6.6	4.9
2018f	4.0	2.9	2.7	2.8	2.1	3.4	4.0	3.7	4.5	5.2	4.1
Employment											
2000–15	1.4	1.0	1.2	0.7	0.5	1.3	1.3	1.0	1.3	2.5	1.2
2016	0.7	-1.5	-2.3	-0.4	-0.1	0.9	1.1	-0.4	-0.9	-1.6	3.2
2017f	1.4	-1.8	0.8	0.3	0.4	1.4	1.5	0.8	0.4	0.6	2.3
2018f	0.8	-1.0	0.3	0.3	0.2	0.7	1.1	0.6	0.5	0.8	1.2
Unemployment Rate (%)											
2000–15	7.1	14.3	11.2	8.9	9.6	8.1	7.2	5.1	4.9	4.9	6.6
2016	7.0	13.4	10.7	8.3	9.5	7.1	6.5	6.1	6.3	8.1	6.0
2017f	6.7	14.1	10.2	8.0	9.2	6.4	6.2	6.0	6.1	8.3	5.5
2018f	6.6	14.4	10.1	7.8	9.1	6.3	6.2	5.9	6.0	8.1	5.5
Housing Starts (units, 000s)											
2000–15	199	2.7	0.8	4.3	3.6	44	71	5.1	5.2	35	28
2016	198	1.4	0.6	3.8	1.8	39	75	5.3	4.8	25	42
2017f	195	1.4	0.5	3.6	1.9	41	78	5.8	4.5	25	34
2018f	185	1.3	0.5	3.7	1.8	39	72	5.5	4.6	25	32
Motor Vehicle Sales (units, 000s)											
2000–15	1,639	28	6	48	37	410	624	47	45	216	178
2016	1,949	33	9	54	44	458	807	55	51	220	218
2017f	1,940	31	8	54	42	456	800	56	52	223	218
2018f	1,925	30	7	54	41	452	792	55	53	226	215
Budget Balances, Fiscal Year Ending March 31 (CAD mn)											
2000–15	-2,917	59	-39	-31	-146	-1,009	-5,215	-84	425	1,746	291
2016	-987	-2,207	-13	-11	-261	2,191	-3,514	-846	-675	-6,442	730
2017f**	-23,000	-1,080	-18	41	-231	250	-1,524	-872	-1,289	-10,806	1,458
2018f**	-26,000	-778	1	136	-192	0	0	-840	-685	-10,344	295

* Real GDP by industry at basic prices. ** FY17f & FY18f: Provinces' estimates, SK:FY15–FY18f excluding pension accrual adjustment; history: MB:FY04–FY15 and AB:FY05–FY15.

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