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Cloudy With a Chance of Tariff Relief

- Though there are clear signs of slowing, recessions are likely to be avoided in Canada and the U.S. unless uncertainty and tariffs rise further.
- In Canada, announced fiscal measures will provide support to growth this year, with the potential for significantly more support pending policy announcements by federal and provincial governments.
- Inflation remains a concern that will limit the Bank of Canada and Federal Reserve's ability to support the economy in 2025. Inflation control will require much vigilance by central banks.
- We expect both central banks to remain on hold this year and to lower rates in 2026.

Trade and policy uncertainty continue to dominate the outlook despite some backtracking in the tariff war between China and the United States. In the U.S., major uncertainties remain on the way forward on tariffs, which remain at punitively high levels, the future course of fiscal policy, which has been putting upward pressure on longer-term interest rates, and the attractiveness of U.S. dollar assets for investors, leading to a depreciation of the U.S. dollar. These impacts are challenging markets around the world and continue to weigh on economies. The impacts continue to be felt in Canada, though provincial and federal government desires to move at speed on fundamental reform could lead to eventual upward revision to the outlook. While we continue to think a recession will be avoided in Canada and the U.S., this is not a high confidence call. Moreover, inflation risks are expected to dominate over slowing growth for central bankers in Canada and the U.S., suggesting central banks will remain on the sideline this year until there is greater clarity on the relative performance of economies versus inflation, and of course more information on the tariff and fiscal outlooks.

Tariff developments have been mixed since our April forecast update. The U.S. and China agreed to scale back retaliatory tariffs to a less punitive, but still damaging level. A trade "deal" was agreed to with the U.K. These positive developments are set against a doubling of steel and aluminum tariffs which are likely to damage U.S. economic prospects more than they might those of exporting countries. Those positive developments also occur against the background of escalating trade tensions with Europe as President Trump threatened, then delayed, tariffs of 50% of European exports to the U.S. All this to say that trade uncertainty remains elevated, and while we hope for a scaling back of U.S. economic aggression against its trading partners, it is too early to assume this will be the case. As such, we continue to assume announced tariffs will remain broadly in place and that uncertainty will remain elevated. Both are acting to dampen global growth and disrupt supply chains.

We have pushed up our forecast for the U.S. economy owing to the first quarter being less weak than we had expected and the reduction in tariffs. While indicators point to softness that continues in the second quarter, trade data have been distorted by the anticipation and implementation of tariffs. We believe, as a result, that imports will contract significantly in the second quarter, thereby putting upward pressure on growth. A recession is likely to be avoided, but that depends on the evolution of trade policy. Further aggravation on that front can easily cause a more meaningful slowdown than currently expected. For the moment, we forecast growth of 1.5% this year followed by growth of 0.9%. Growth at those levels would be well below potential growth and open spare capacity sometime in 2026. That spare capacity should put downward pressure on inflation from the elevated levels observed at present. In time, this will allow the Federal Reserve to lower its policy rate. We do not think this likely before 2026, but there is a risk of an earlier cut.

There remains significant uncertainty as to how the tariff shock is working its way through the economy. The import and inventory surge in Q1 will be unwound in coming months or quarters. That is near certain. Beyond that, it is unclear how the inflationary process will be impacted. Publicly listed firms are suggesting they will raise prices in response to tariffs, while survey measures of inflation expectations remain very high. This suggests the risk to inflation remains substantial, hence our view that the Fed will remain on hold in the next few meetings.

The relative loss of investor appetite for U.S. assets is increasingly becoming a forecasting issue. Concerns about U.S. fiscal plan(s) have led to a rise in U.S. borrowing costs that have spread to other markets. Investors questioning U.S. exceptionalism, which has seen U.S. equity markets outperform advanced economy markets for years, are leading some asset managers to reduce allocations to the U.S. Both these factors, along with a general malaise about the direction of U.S. policy has contributed to exceptional moves in currency markets, where the U.S. dollar has been depreciating even as tariffs hit (which should cause the dollar to appreciate), and relative borrowing costs rise. As a result of this, we now expect the U.S. dollar to continue to depreciate on an effective basis through 2026. One consequence of this view is that we now foresee a significant appreciation of the Canadian dollar going forward, with the USDCAD hitting 1.34 as 2025 progresses.

Our forecast for Canada remains roughly in line with our earlier expectations for 2025 at about 1.4% but higher in 2026 at about 1.1%. Growth in the first quarter was stronger than expected owing largely to a surge in exports that incoming trade suggests is already being unwound. It is clear the economy is slowing, and we now expect a decline of almost 1% on a quarterly basis in the second quarter. That reflects the export reversal, but also sluggishness in the housing market and manufacturing sector. This sluggishness continues to reflect the impacts of tariffs and associated uncertainty. We do not expect a recession despite the expected performance in Q2. The federal personal income tax cut comes into effect July 1st. The government has already eliminated the GST on new homes under \$1 million for first-time homebuyers. The Ontario government has effectively launched a mini-support program for its economy. More recently, PM Carney has committed to increasing our defence spending to 2% of GDP this fiscal year, years ahead of plan. It is clear that much is happening in the policy space at the federal and provincial levels that have the potential to raise growth (and debt) going forward. We will wait until concrete measures are announced and implemented. For the time being, we continue to believe fiscal policy represents a clear, and potentially significant, upside risk to our forecasts for growth, inflation, and interest rates.

Though growth is forecast to remain below potential through 2026, implying a widening output gap, inflationary dynamics remain troublesome. Our model uses the average of the Bank of Canada's two core inflation measures. Those are tracking around 3% on a y/y basis in Q2, about 0.25 percentage points higher than in our earlier forecast. It is unlikely that the acceleration of core inflation so far in the quarter reflects the direct impacts of tariffs and our retaliation. This makes the sharp rise in core inflation observed so far more problematic. Inflation expectations are high for the next twelve months. Wage growth exceeds productivity, and we know that supply constraints pose additional risks to inflation. We now expect a moderation of core inflation of 2.6% by the end of 2025 and 2.2% by the end of 2026 as excess supply exerts downward pressure on inflation, but it would be foolish to believe the risks to inflation are not tilted to the upside given recent developments in inflation itself, and the risk that fiscal policy would push growth above our forecast.

As so clearly indicated by Governor Macklem, the Bank of Canada's challenge in setting policy is to consider which is of greater concern for inflation dynamics: the rise in inflation that we have seen and may see more of versus the slowdown in growth. At present, the further deviation of inflation from its 2% target is winning that horse race. As a result, we do not believe the Bank of Canada will cut its policy rate this year. We hope to be surprised with lower inflation, allowing for some monetary easing, but that simply cannot be counted on at this point. The Bank of Canada, as we all are, remains in extreme data dependency mode. It is more likely that the policy rate will be cut in 2026 as we enter the second year of below-potential growth, and we indeed forecast 50 basis points of cuts in 2026. Again, however, that outcome will depend critically on the evolution of the trade war, how households and businesses have responded, and the policy supports deployed by federal and provincial governments.

From a provincial perspective, we expect Ontario and Quebec to underperform the national average due to their larger exposures to tariffed sectors. In the first three months of the tariff war, the Ontario economy lost nearly 60,000 jobs and the unemployment rate has risen to nearly 8%, though employment in Quebec has been more resilient. Home sales have also been quite weak since February in Ontario (down roughly 25% y/y), as households delay major purchases due to the uncertainty created by the trade war—and perhaps to some extent to await the GST relief on new homes for first-time home buyers that took effect in late May. In contrast, economic activity has remained robust in the oil-exporting provinces, and we expect them to overperform the national average in both 2025 and 2026. However, new tariffs and other potential external shocks could affect this outlook, and the elevated uncertainty is likely to continue to weigh on all regions of the country.

International												
	2010-19	2022	2023	2024	2025f	2026f	2010-19	2022	2023	2024	2025f	2026f
	Real GDP						Consumer Prices					
	(annual % change)						(annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	3.6	3.5	3.3	2.6	2.5						
Canada	2.2	4.2	1.5	1.6	1.4	1.1	1.6	6.8	3.9	2.4	2.0	2.0
United States	2.4	2.5	2.9	2.8	1.5	0.9	1.8	8.0	4.1	3.0	2.5	2.2
Mexico	2.3	3.7	3.4	1.4	-0.5	0.6	4.0	7.9	5.6	4.7	4.0	3.8
United Kingdom	2.0	4.8	0.4	1.1	0.8	1.1	2.2	9.1	7.4	2.5	3.0	2.2
Eurozone	1.4	3.6	0.6	0.8	0.9	0.9	1.4	8.4	5.5	2.4	2.0	1.8
Germany	2.0	1.4	-0.1	-0.2	0.3	1.0	1.4	8.6	6.1	2.5	2.1	1.9
France	1.4	2.8	1.6	1.1	0.5	0.8	1.3	5.9	5.7	2.3	1.0	1.5
China	7.7	3.1	5.4	5.0	4.0	4.0	2.6	1.9	0.3	0.2	0.6	1.1
India	6.6	7.6	9.2	6.5	6.4	6.5	6.5	6.7	5.7	4.9	4.5	4.3
Japan	1.2	0.9	1.4	0.2	0.9	0.8	0.5	2.5	3.3	2.8	2.7	1.7
South Korea	3.5	2.7	1.6	2.0	0.8	1.9	1.7	5.1	3.6	2.3	2.0	2.0
Australia	2.6	4.1	2.1	1.0	1.7	2.2	2.1	6.7	5.6	3.2	2.7	2.5
Thailand	3.6	2.6	2.0	2.5	2.1	2.1	1.6	6.1	1.2	0.4	0.7	0.9
Brazil	1.4	3.0	3.2	3.4	2.2	1.8	5.8	9.3	4.6	4.4	5.4	4.5
Colombia	3.7	7.3	0.7	1.6	2.6	2.8	3.7	10.2	11.8	6.6	5.2	4.4
Peru	4.5	2.8	-0.4	3.3	3.3	2.7	2.8	7.9	6.3	2.4	1.7	2.2
Chile	3.3	2.2	0.5	2.6	2.5	2.5	2.9	11.6	7.7	4.3	4.2	2.7
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	95	78	76	63	60						
Brent Oil (USD/bbl)	82	101	83	81	68	65						
WCS - WTI Discount (USD/bbl)	-18	-21	-19	-15	-12	-12						
Nymex Natural Gas (USD/mmbtu)	3.39	6.61	2.73	2.27	4.11	4.63						
Copper (USD/lb)	3.10	4.00	3.85	4.15	4.10	4.50						
Zinc (USD/lb)	1.02	1.58	1.20	1.26	1.22	1.25						
Nickel (USD/lb)	7.00	11.66	9.75	7.63	7.00	7.50						
Iron Ore (USD/tonne)	101	121	120	110	96	90						
Gold, (USD/oz)	1,342	1,803	1,943	2,386	3,000	2,800						
Silver, (USD/oz)	21.64	21.80	23.38	28.21	33.00	32.00						
Sources: Scotiabank Economics, Statistics Canada, Focus Economics, BEA, BCB, BLS, IMF, Bloomberg.												

North America

	2010–19	2022	2023	2024	2025f	2026f	2010–19	2022	2023	2024	2025f	2026f
Canada						United States						
	(annual % change, unless noted)						(annual % change, unless noted)					
Real GDP	2.2	4.2	1.5	1.6	1.4	1.1	2.4	2.5	2.9	2.8	1.5	0.9
Consumer spending	2.5	5.5	1.9	2.4	1.5	0.7	2.3	3.0	2.5	2.8	0.9	-0.4
Residential investment	2.4	-10.5	-8.4	-0.5	1.4	5.6	4.7	-8.6	-8.3	4.2	-1.4	-0.5
Business investment*	16.4	7.2	1.6	-1.8	0.0	-1.6	5.6	7.0	6.0	3.6	4.2	1.9
Government	1.1	2.6	2.6	4.2	1.9	2.7	0.2	-1.1	3.9	3.4	1.4	1.1
Exports	3.5	4.2	5.0	0.6	0.9	-2.0	3.9	7.5	2.8	3.3	1.8	1.1
Imports	3.7	7.5	0.3	0.7	1.1	0.6	4.3	8.6	-1.2	5.3	3.7	-5.4
Inventories, contribution to annual GDP growth	0.1	1.8	-1.1	-0.5	0.1	0.6	0.1	0.5	-0.4	0.0	0.3	-0.3
Nominal GDP	4.0	12.4	2.9	4.7	4.0	3.1	4.1	9.8	6.6	5.3	4.1	3.1
GDP deflator	1.7	7.9	1.4	3.1	2.5	2.0	1.6	7.1	3.6	2.4	2.6	2.2
Consumer price index (CPI)	1.6	6.8	3.9	2.4	2.0	2.0	1.8	8.0	4.1	3.0	2.5	2.2
Core inflation rate**	1.7	5.1	3.9	3.6	2.8	2.4	1.6	5.4	4.1	2.8	2.6	2.2
Pre-tax corporate profits	6.3	17.9	-14.8	-3.1	7.8	4.5	5.9	7.8	5.8	4.6	4.4	3.4
Employment	1.3	4.1	3.0	1.9	0.8	0.3	1.4	4.3	2.2	1.3	0.7	0.3
Unemployment rate (%)	6.9	5.3	5.4	6.4	7.0	7.0	6.2	3.6	3.6	4.0	4.4	4.9
Current account balance (CAD, USD bn)	-56.9	-8.7	-18.4	-14.1	-39.3	-59.3	-407	-1012	-905	-1134	-1265	-1007
Merchandise trade balance (CAD, USD bn)	-13.6	21.2	-0.6	-6.8	-29.8	-43.8	-763	-1180	-1063	-1213	-1358	-1169
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-35.3	-61.9	-50.0	-75.0	-80.0	-829	-1,376	-1,694	-1,915	-2,138	-2,051
percent of GDP	-1.0	-1.2	-2.1	-1.6	-2.3	-2.4	-4.8	-5.3	-6.1	-6.6	-7.0	-6.5
Housing starts (000s, mn)	201	262	240	245	239	251	0.99	1.55	1.42	1.37	1.37	1.37
Motor vehicle sales (000s, mn)	1,816	1,523	1,684	1,819	1,880	1,810	15.7	13.8	15.5	15.9	16.0	15.7
Industrial production	2.4	3.8	-0.1	0.1	1.3	0.8	1.7	3.4	0.2	-0.3	1.6	1.5
Mexico												
	(annual % change)											
Real GDP	2.3	3.7	3.4	1.4	-0.5	0.6						
Consumer price index	4.0	7.9	5.6	4.7	4.0	3.8						
Unemployment rate (%)	4.4	3.3	2.8	2.7	3.1	3.7						

Sources: Scotiabank Economics, Statistics Canada, CMHC, BEA, BLS, Bloomberg. *For Canada it includes capital expenditures by businesses and non-profit institutions.

** US: core PCE deflator; Canada: average of 2 core measures published by the BoC. *** In order to align with US reporting, as of the August 2020 issue of Scotiabank's Forecast Tables, Canadian Federal and Provincial Budget Balances for FY2022/23 are noted in calendar year 2022, FY2023/24 in calendar year 2023.

Quarterly Forecasts

	2023	2024				2025				2026			
Canada	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	0.7	2.1	2.5	2.4	2.1	2.2	-1.0	1.2	1.1	2.0	0.4	1.1	1.0
Real GDP (y/y % change)	1.2	0.8	1.2	1.9	2.3	2.3	1.4	1.1	0.9	0.8	1.2	1.1	1.1
Consumer prices (y/y % change)	3.2	2.8	2.7	2.0	1.9	2.3	1.9	2.1	1.9	1.8	2.1	2.0	2.2
Average of new core CPIs (y/y % change)*	3.5	3.3	3.0	2.6	2.7	2.8	3.0	2.8	2.6	2.5	2.4	2.3	2.2
CPIXFET (y/y % change)**	3.4	2.9	2.8	2.5	2.2	2.6	2.6	2.5	2.3	2.2	2.2	2.1	2.1
Unemployment Rate (%)	5.7	5.9	6.3	6.6	6.7	6.6	7.0	7.2	7.3	7.2	7.1	7.0	6.8
United States													
Real GDP (q/q ann. % change)	3.2	1.6	3.0	3.1	2.4	-0.2	2.2	1.1	0.4	0.2	0.8	1.6	2.2
Real GDP (y/y % change)	3.2	2.9	3.0	2.7	2.5	2.1	1.9	1.4	0.8	1.0	0.6	0.7	1.2
Consumer prices (y/y % change)	3.2	3.2	3.2	2.7	2.7	2.7	2.6	2.4	2.4	2.2	2.2	2.2	2.3
Total PCE deflator (y/y % change)	2.8	2.7	2.6	2.3	2.5	2.5	2.3	2.2	2.3	2.0	2.1	2.0	2.2
Core PCE deflator (y/y % change)	3.2	3.0	2.7	2.7	2.8	2.8	2.6	2.6	2.7	2.4	2.2	2.1	2.1
Unemployment Rate (%)	3.8	3.8	4.0	4.2	4.1	4.1	4.2	4.5	4.8	4.9	4.9	4.9	4.9

* Average of 2 core measures published by the BoC. ** CPI ex. food, energy and indirect taxes. Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, Bloomberg.

June 11, 2025

Central Bank Rates

	2023	2024				2025				2026			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas						(% end of period)							
Bank of Canada	5.00	5.00	4.75	4.25	3.25	2.75	2.75	2.75	2.75	2.50	2.25	2.25	2.25
US Federal Reserve (upper bound)	5.50	5.50	5.50	5.00	4.50	4.50	4.50	4.50	4.50	4.25	4.00	3.75	3.50
Bank of Mexico	11.25	11.00	11.00	10.50	10.00	9.00	8.00	7.75	7.50	7.25	7.00	7.00	7.00
Central Bank of Brazil	11.75	10.75	10.50	10.75	12.25	14.25	14.75	14.75	14.75	14.50	13.50	13.00	12.50
Bank of the Republic of Colombia	13.00	12.25	11.25	10.25	9.50	9.50	9.00	8.75	8.75	8.50	8.00	7.50	7.50
Central Reserve Bank of Peru	6.75	6.25	5.75	5.25	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Central Bank of Chile	8.25	7.25	5.75	5.50	5.00	5.00	4.75	4.50	4.25	4.25	4.25	4.25	4.25
Europe													
European Central Bank MRO Rate	4.50	4.50	4.25	3.65	3.15	2.65	2.15	1.90	1.90	1.90	1.90	1.90	1.90
European Central Bank Deposit Rate	4.00	4.00	3.75	3.50	3.00	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Bank of England	5.25	5.25	5.25	5.00	4.75	4.50	4.25	4.00	3.75	3.50	3.25	3.00	2.75
Asia/Oceania													
Reserve Bank of Australia	4.35	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.35	3.35	3.35	3.35	3.35
Bank of Japan	-0.10	0.05	0.05	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00	1.00
People's Bank of China	1.80	1.80	1.80	1.50	1.50	1.50	1.40	1.35	1.30	1.25	1.25	1.25	1.25
Reserve Bank of India	6.50	6.50	6.50	6.50	6.50	6.25	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Bank of Korea	3.50	3.50	3.50	3.50	3.00	2.75	2.50	2.25	2.00	2.00	2.00	2.00	2.00
Bank of Thailand	2.50	2.50	2.50	2.50	2.25	2.00	1.75	1.50	1.25	1.25	1.25	1.25	1.25

Currencies and Interest Rates

Americas	(end of period)												
Canadian dollar (USDCAD)	1.32	1.35	1.37	1.35	1.44	1.44	1.38	1.36	1.34	1.32	1.32	1.28	1.28
Canadian dollar (CADUSD)	0.76	0.74	0.73	0.74	0.70	0.70	0.72	0.74	0.75	0.76	0.76	0.78	0.78
Mexican peso (USDMXN)	16.97	16.56	18.32	19.69	20.83	20.47	19.60	20.00	20.80	20.50	20.70	20.90	21.30
Mexican peso (CADMXN)	12.80	12.23	13.38	14.56	14.48	14.23	14.20	14.71	15.52	15.53	15.68	16.33	16.64
Brazilian real (USDBRL)	4.86	5.01	5.59	5.45	6.18	5.71	5.76	5.79	5.81	5.83	5.84	5.84	5.83
Colombian peso (USDCOP)	3,855	3,852	4,153	4,207	4,406	4,183	4,294	4,310	4,367	4,339	4,350	4,361	4,364
Peruvian sol (USDPEN)	3.70	3.72	3.84	3.70	3.74	3.68	3.67	3.70	3.75	3.80	3.78	3.75	3.75
Chilean peso (USDCLP)	879	979	940	899	995	951	930	910	890	880	870	870	870
Europe													
Euro (EURUSD)	1.10	1.08	1.07	1.11	1.04	1.08	1.14	1.16	1.16	1.18	1.18	1.22	1.22
UK pound (GBPUSD)	1.27	1.26	1.26	1.34	1.25	1.29	1.35	1.40	1.40	1.43	1.43	1.48	1.48
Asia/Oceania													
Japanese yen (USDJPY)	141	151	161	144	157	150	145	140	135	132	132	125	125
Australian dollar (AUDUSD)	0.68	0.65	0.67	0.69	0.62	0.62	0.64	0.64	0.66	0.68	0.68	0.70	0.70
Chinese yuan (USDCNY)	7.10	7.22	7.27	7.02	7.30	7.26	7.25	7.23	7.20	7.15	7.10	7.10	7.10
Indian rupee (USDINR)	83.2	83.4	83.4	83.8	85.6	85.5	85.5	85.0	84.8	84.8	84.8	84.8	84.8
South Korean won (USDKRW)	1,288	1,347	1,377	1,315	1,472	1,473	1,365	1,350	1,340	1,335	1,335	1,335	1,335
Thai baht (USDTHB)	34.1	36.4	36.7	32.2	34.1	33.9	32.8	32.5	32.2	32.0	32.0	32.0	32.0
Canada (Yields, %)													
3-month T-bill	5.03	4.95	4.64	4.20	3.15	2.61	2.65	2.65	2.55	2.25	2.20	2.15	2.15
2-year Canada	3.89	4.18	3.99	2.91	2.93	2.46	2.65	2.55	2.45	2.35	2.35	2.35	2.35
5-year Canada	3.17	3.53	3.51	2.74	2.97	2.61	2.90	2.75	2.60	2.55	2.55	2.55	2.55
10-year Canada	3.11	3.47	3.50	2.96	3.23	2.97	3.30	3.20	3.10	3.10	3.15	3.15	3.15
30-year Canada	3.03	3.35	3.39	3.14	3.33	3.22	3.60	3.45	3.35	3.40	3.45	3.50	3.50
United States (Yields, %)													
3-month T-bill	5.35	5.40	5.20	4.44	4.14	4.19	4.25	4.30	4.20	3.95	3.70	3.50	3.30
2-year Treasury	4.25	4.62	4.75	3.64	4.24	3.88	4.00	3.80	3.65	3.55	3.50	3.45	3.45
5-year Treasury	3.85	4.21	4.37	3.56	4.38	3.95	4.05	3.90	3.80	3.75	3.75	3.75	3.75
10-year Treasury	3.88	4.20	4.40	3.78	4.57	4.21	4.45	4.15	4.25	4.25	4.25	4.25	4.25
30-year Treasury	4.03	4.34	4.56	4.12	4.78	4.57	4.90	4.55	4.75	4.80	4.85	4.85	4.90

Sources: Scotiabank Economics, Bloomberg.

The Provinces

(annual % change except where noted)

Real GDP

	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
2010–19	2.2	1.1	2.1	1.2	0.7	1.9	2.3	2.2	2.3	2.6	2.9
2022	4.2	-1.9	4.4	3.5	2.0	3.4	4.1	4.2	7.2	6.0	4.0
2023	1.5	-2.6	2.2	2.0	1.6	0.6	1.7	1.7	2.3	2.3	2.4
2024e	1.6	2.4	3.6	2.7	1.8	1.3	1.2	1.1	3.4	2.7	1.2
2025f	1.4	1.8	1.6	1.5	1.6	1.1	0.8	1.4	2.0	2.4	1.5
2026f	1.1	1.5	1.4	1.3	1.3	0.8	0.7	1.2	1.6	1.9	1.0

Nominal GDP

2010–19	4.0	3.7	4.2	3.0	2.8	3.8	4.1	3.9	3.5	3.7	4.5
2022	12.4	6.5	10.4	7.4	10.4	8.7	9.4	10.8	30.4	24.4	10.8
2023	2.9	-5.5	4.9	8.0	3.2	5.0	5.4	4.5	-4.8	-4.3	3.6
2024e	4.7	6.0	6.8	5.7	4.9	4.3	4.1	4.1	7.6	6.6	4.3
2025f	4.0	3.3	4.8	4.4	4.4	3.9	3.6	4.1	3.8	3.7	4.1
2026f	3.1	3.5	3.7	3.4	3.5	2.9	2.8	3.2	3.8	3.7	3.2

Employment

2010–19	1.3	0.7	1.3	0.3	0.0	1.1	1.4	1.0	0.9	1.3	2.0
2022	4.1	4.0	5.2	3.5	3.0	3.1	4.9	3.6	3.5	4.9	3.4
2023	3.0	1.8	6.2	2.7	3.5	3.0	3.1	2.7	1.6	3.7	2.6
2024	1.9	2.8	3.5	3.2	2.9	1.0	1.7	2.5	2.6	3.1	2.3
2025f	0.8	0.3	1.1	0.6	1.0	1.1	0.7	0.9	1.6	1.7	0.6
2026f	0.3	1.4	2.2	1.4	1.1	0.3	0.3	0.5	0.8	1.2	0.2

Unemployment Rate (%)

2010–19	6.9	13.3	10.6	8.8	9.5	7.1	7.0	5.6	5.3	6.2	6.2
2022	5.3	11.3	7.7	6.5	7.2	4.3	5.6	4.5	4.6	5.8	4.6
2023	5.4	10.0	7.2	6.4	6.6	4.5	5.6	4.9	4.7	5.9	5.2
2024	6.4	10.0	7.9	6.5	7.0	5.3	7.0	5.4	5.4	7.0	5.6
2025f	7.0	10.6	9.1	7.2	7.5	5.8	8.0	5.8	5.5	7.3	5.6
2026f	7.0	10.4	8.5	7.0	7.6	5.0	7.6	5.9	5.8	7.5	5.7

Total CPI, annual average

2010–19	1.6	2.0	1.6	1.7	1.8	1.5	1.9	1.8	1.8	1.7	1.6
2022	6.8	6.4	8.9	7.5	7.3	6.7	6.8	7.9	6.6	6.5	6.9
2023	3.9	3.3	2.9	4.0	3.5	4.5	3.8	3.6	3.9	3.3	4.0
2024	2.4	1.8	1.9	2.3	2.2	2.3	2.4	1.0	1.4	2.9	2.6
2025f	2.0	1.7	1.8	1.8	1.7	1.8	2.0	2.2	2.0	2.1	2.1
2026f	2.0	1.9	1.8	1.8	1.9	1.9	2.0	1.9	2.0	1.9	1.9

Housing Starts (units, 000s)

2010–19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
2022	262	1.4	1.3	5.7	4.7	57	96	8.1	4.2	37	47
2023	240	1.0	1.1	7.2	4.5	39	89	7.1	4.6	36	50
2024	245	1.7	1.7	7.4	6.2	49	75	7.2	4.3	48	46
2025f	239	1.6	2.1	8.8	5.1	57	58	6.5	5.9	55	39
2026f	251	1.9	1.7	7.3	5.1	57	76	7.3	6.2	47	42

Motor Vehicle Sales (units, 000s)

2010–19	1,816	33	7	52	42	441	738	56	54	239	199
2022	1,523	25	7	39	35	372	642	46	42	184	182
2023	1,684	27	8	42	38	411	718	49	45	209	205
2024	1,819	33	9	49	44	473	764	58	51	223	214
2025f	1,880	32	9	49	44	460	765	57	51	225	214
2026f	1,810	30	8	46	40	434	732	53	47	212	209

Budget Balances, (CAD mn)

2021	-90,200	-277	82	339	767	2,567	2,025	-750	-1,468	3,915	1,262
2022	-35,322	321	14	123	1,002	-3,126	-5,863	373	1,581	11,641	956
2023	-61,876	-459	-15	144	501	-5,994	-647	-1,971	182	4,285	-5,035
2024e	-50,000	-252	-166	82	-399	-8,078	-6,000	-1,239	-661	5,760	-9,135
2025f	-75,000	-372	-184	-898	-549	-11,430	-14,600	-794	12	-5,211	-10,912

Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are before Generations Fund and Stabilization Reserve transfers.

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