Scotiabank.

GLOBAL ECONOMICS

SCOTIABANK'S FORECAST TABLES

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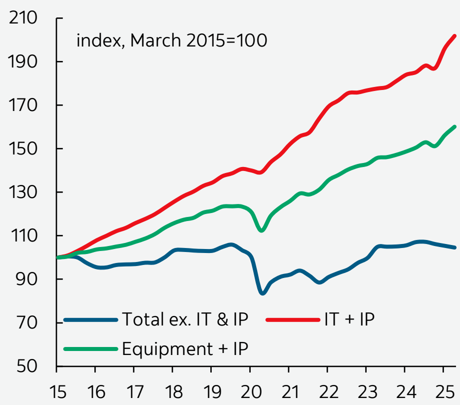
Chart 1

US: Real Private Non-Residential Investment



Sources: Scotiabank Economics, BEA.

Interest Rates to Fall, but Inflation Remains a Key Concern

- **The conflict between weak growth and high inflation is on full display. The Bank of Canada and Federal Reserve should be cutting interest rates based on the growth outlook, but the strength of inflation suggests otherwise.**
- **We expect U.S. growth to moderate from 1.8% this year to 1.4% next year, and Canadian growth to accelerate from 1.2% this year to 1.6% as fiscal policy acts to boost our growth potential.**
- **Though inflation remains high, central banks seem inclined to treat the strength in inflation as transitory, as was the original thinking during the pandemic. Combined with below-potential growth in the U.S. and Canada, we believe the Bank of Canada will cut by 25 basis points at each of the next two meetings as a form of insurance against weaker growth and inflation. We expect those cuts to be reversed in the second half of 2026 as we believe inflation will prove to be more persistent than currently believed by the Bank of Canada. We now think the Fed will cut by 25 basis points at each of the next 6 meetings.**
- **Political pressure on the Fed could lead to more cuts than we currently foresee and lead to challenging developments if that were to occur.**

Central banks are increasingly being confronted with the conflicting impact of President Trump's policies on inflation and growth. The growth impacts are becoming clear in a broad range of countries, most notably seen in U.S. and Canadian labour markets. Inflation remains problematic, with core measures of inflation near 3%, well away from target in both countries. Despite this tension, we believe the Federal Reserve and Bank of Canada will be cutting policy rates in coming meetings. There is very little doubt in our mind that the growth outcomes for this year and next would have already warranted rate cuts were it not for the behaviour of inflation.

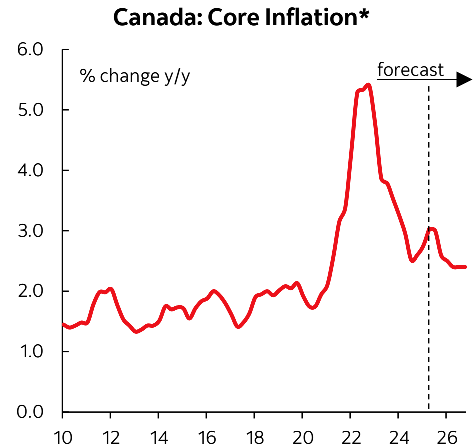
We see this more clearly in the U.S, the originator of the trade tensions roiling the global economy. Recent revisions to job creation numbers show a significantly softer labour market than earlier revealed by published data. While on first blush that may seem surprising, the performance of the U.S. so far this year, in which growth has been stronger than expected, looking beneath the surface on GDP data suggests underlying weakness. The U.S. is benefitting from an extraordinary surge in investment in information technology and intellectual property, which is masking broader weakness in investment (chart 1) and struggles in U.S. manufacturing activity. We continue to think a recession will be avoided but expect growth to slow from 1.8% this year to 1.4% next year. These are weak numbers however and are well below potential growth suggesting the economy will transition from excess demand to excess supply in 2026. The hope is that this opening of spare capacity will put downward pressure on inflation, allowing the Fed to lower its policy rate.

The Canadian economy is somewhat weaker than the U.S. owing in part to weaker business investment, which has been more impacted than the U.S. so far this year by concerns about the impact of U.S. tariffs, even if those tariffs are significantly lower than feared in the early months of the year. It has been clear for some time that worries about the tariffs have impacted spending decisions by firms and households in Canada. Moreover, there is some evidence that the impact of tariffs is being felt more rapidly than we had assumed. We had expected that the damage from tariffs would build over time, but the drop in GDP in Q2 in sectors most impacted by tariffs suggest that the impact of trade policies hit earlier than expected.

Those worries around the trade disturbance seem to have abated in recent months despite our view that the impact has been felt more rapidly than we thought was going to be the case. This is either the result of some relief that tariffs have generally been lower than feared (with the notable exception of those sectors subject to high tariffs), Canadians slowly getting accustomed to the disruptive nature of U.S. policy announcements, and some early signs that the transformation agenda being developed jointly between the federal government and provinces will eventually set the country on a better path. This improvement in sentiment is likely behind the resumption of activity in existing home sales in recent months. There are signs that last year's interest rate cuts are working to boost, ever so modestly, the rate-sensitive parts of the economy.

There is no denying however that the employment numbers of the last two months have been concerning. Over one hundred thousand jobs have been lost. Employment is typically a lagging indicator and that showing may reflect the drop in GDP experienced in the second quarter, but the decline does seem large, and it is cause for worry. We currently believe Canadian GDP will rise by 0.7% in the third quarter, but the possibility of a technical recession (two quarters of falling GDP) cannot be excluded.

Chart 2



*Avg of 2 core measures published by the BoC.
Sources: Scotiabank Economics, Statistics Canada.

We expect a meaningful improvement in growth next year owing to the combined impact of more stimulative fiscal policy as governments move on the transformation agenda, and the impact of tariffs and associated uncertainty fade. The upcoming October budget will help inform our views on this impact, but it does seem clear that the economy will receive some fiscal support next year and beyond. On net, we expect Canadian growth to rise from an expected 1.2% this year to 1.6% next year.

The outlook for monetary policy depends critically on how inflation evolves. Core measures of inflation are around 3% in Canada and the U.S. This is not an outcome that would lead central banks to cut policy rates. The tension between inflation and growth is evident. The growth outlook would point to lower interest rates while the inflation outcomes suggest otherwise. Balancing these tensions is challenging given the unprecedented nature of these policy actions. Key to striking the right balance is the extent to which inflation pressures will prove to be transitory or not. It seems clear that the Fed and Bank of Canada want to believe these pressures will be temporary for the time being. That is a reasonable, but risky, position to take. If all goes well, tariffs should have a one-off impact on price levels. Given the breadth of tariffs applied in the U.S., their staggered sequencing, and the threat of even more tariffs going forward there is a real risk that tariffs lead to a broader and more sustained rise in inflation. We see these concerns clearly in consumer measures of inflation expectations on both sides of the border. Moreover, the experience of the pandemic, where central banks assessed the surge in inflation to be temporary when the surge proved to be persistent suggests a high degree of caution should be placed on views that inflation will only temporarily be impacted by trade policy developments. Further, there is evidence in the U.S. and Canada that much of the rise in inflation thus far reflects broader inflationary pressures than those resulting from trade policy frictions.

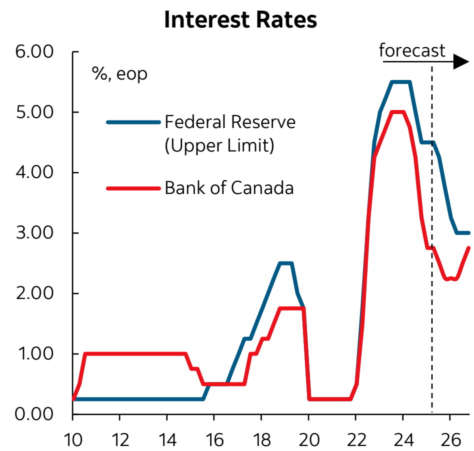
In the U.S., there is an added consideration of political pressure on the Fed which can only increase the odds of lower interest rates. Recall that President Trump has said numerous times that the U.S. policy rate should be cut by 200–300 basis points. Shifts in Fed board composition and the selection of a new Chair in May next year clearly raise the possibility that the Fed will, at best, prioritize arguments of a temporary inflation hit, and at worse, indicate great comfort with elevated levels of inflation in the implementation of monetary policy.

Given that the Fed has an explicit dual mandate, it has some flexibility to cut given employment developments, particularly if it assumes that the tariff impact will be temporary on inflation. For this reason, we now think the Fed will cut by 25 basis points at each of the next six meetings. We expect a series of small cuts over larger cuts owing to the evident risks that inflation remains a challenge. Shifts in Board composition could lead to greater cuts than that, but we assume that Fed voting members will remain committed to the inflation control aspect of their mandate. If that were to slip, then we could see lower rates than where we currently expect them to land (3.0%). That would come with a host of troubling consequences however, which are not incorporated in this forecast.

In Canada, the balance of risks is more straightforward given the single mandate of inflation control. We remain concerned that inflation is likely to be more persistent than assumed by the Bank of Canada but there is clearly a chance that inflation slows going forward. The economy is in excess supply and that excess capacity will grow in 2026. That should put downward pressure on inflation and underpins our view that inflation will moderate slowly going forward (chart 2). Our work suggests that monetary policy is reasonably well calibrated at the moment, but one cut could be justified. However, a single cut would be excessive fine-tuning, with only very modest impacts on growth and inflation going forward. If the BoC cuts on September 17th, as we currently expect, we think they would follow that up with another cut in October to generate a bit more of a monetary impulse.

We are inclined to think of these cuts as insurance. The sharp decline in employment gives the BoC the option to make a couple of cuts at the next two meetings as a form of insurance against weaker growth and inflation outcomes. However, because we still believe inflation pressures will be more persistent than the BoC, we expect that these rate cuts will be reversed in the second half of 2026 to ensure that inflation converges sustainably to the 2% inflation target (chart 3).

Chart 3



Sources: Scotiabank Economics, Bank of Canada, Federal Reserve.

International

	2010–19	2022	2023	2024	2025f	2026f	2010–19	2022	2023	2024	2025f	2026f
	Real GDP (annual % change)						Consumer Prices (annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	3.6	3.5	3.3	2.9	2.7						
Canada	2.2	4.2	1.5	1.6	1.2	1.6	1.6	6.8	3.9	2.4	1.9	2.0
United States	2.4	2.5	2.9	2.8	1.8	1.4	1.8	8.0	4.1	3.0	2.8	2.4
Mexico	2.3	3.7	3.4	1.4	-0.1	0.6	4.0	7.9	5.6	4.7	3.9	3.8
United Kingdom	2.0	4.8	0.4	1.1	1.2	1.1	2.2	9.1	7.3	2.5	3.4	2.5
Eurozone	1.4	3.7	0.5	0.8	1.2	1.0	1.4	8.4	5.4	2.4	2.0	1.8
Germany	2.0	1.9	-0.7	-0.5	0.2	0.8	1.4	8.7	6.0	2.5	2.1	1.9
France	1.4	2.8	1.6	1.1	0.7	0.9	1.3	5.9	5.7	2.3	1.0	1.6
China	7.7	3.1	5.4	5.0	4.8	4.2	2.6	1.9	0.3	0.2	0.1	0.9
India	6.6	7.6	9.2	6.5	6.3	6.5	6.5	6.7	5.7	4.9	3.2	4.3
Japan	1.2	0.9	1.2	0.1	1.0	0.7	0.5	2.5	3.3	2.8	3.0	1.8
South Korea	3.5	2.7	1.6	2.0	1.0	1.8	1.7	5.1	3.6	2.3	2.0	1.9
Australia	2.6	4.1	2.1	1.0	1.6	2.2	2.1	6.7	5.6	3.2	2.5	2.7
Thailand	3.6	2.6	2.0	2.5	2.1	1.9	1.6	6.1	1.2	0.4	0.2	0.8
Brazil	1.4	3.0	3.2	3.4	2.2	1.8	5.8	9.3	4.6	4.4	4.8	4.3
Colombia	3.7	7.3	0.7	1.6	2.6	2.9	3.7	10.2	11.8	6.6	5.3	4.0
Peru	4.5	2.8	-0.4	3.3	3.1	2.9	2.8	7.9	6.3	2.4	1.6	2.0
Chile	3.3	2.2	0.5	2.6	2.5	2.5	2.9	11.6	7.7	4.3	4.4	3.2

Commodities

	2010–19	2022	2023	2024	2025f	2026f
	(annual average)					
WTI Oil (USD/bbl)	74	95	78	76	65	60
Brent Oil (USD/bbl)	82	101	83	81	69	65
WCS - WTI Discount (USD/bbl)	-18	-21	-19	-15	-11	-12
Nymex Natural Gas (USD/mmbtu)	3.39	6.61	2.73	2.27	4.03	5.00
Copper (USD/lb)	3.10	4.00	3.85	4.15	4.30	4.20
Zinc (USD/lb)	1.02	1.58	1.20	1.26	1.25	1.25
Nickel (USD/lb)	7.00	11.66	9.75	7.63	7.00	7.00
Iron Ore (USD/tonne)	101	121	120	110	95	90
Gold, (USD/oz)	1,342	1,803	1,943	2,386	3,250	3,400
Silver, (USD/oz)	21.64	21.80	23.38	28.21	34.47	33.00

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 (annual % change, unless noted)						United States (annual % change, unless noted)			
Real GDP	2.2	4.2	1.5	1.6	1.2	1.6	2.4	2.5	2.9	2.8	1.8	1.4
Consumer spending	2.5	5.5	1.9	2.4	2.2	0.8	2.3	3.0	2.5	2.8	1.6	0.6
Residential investment	2.4	-10.5	-8.4	-0.5	2.1	3.7	4.7	-8.6	-8.3	4.2	-3.9	-2.4
Business investment*	16.4	7.2	1.6	-1.8	-0.6	0.2	5.6	7.0	6.0	3.6	4.3	3.1
Government	1.1	2.6	2.6	4.2	3.0	3.8	0.2	-1.1	3.9	3.4	1.4	1.1
Exports	3.5	4.2	5.0	0.6	-2.8	1.6	3.9	7.5	2.8	3.3	1.1	0.6
Imports	3.7	7.5	0.3	0.7	0.7	3.2	4.3	8.6	-1.2	5.3	0.9	-2.8
Inventories, contribution to annual GDP growth	0.1	1.8	-1.1	-0.5	0.3	0.5	0.1	0.5	-0.4	0.0	0.0	0.0
Nominal GDP	4.0	12.4	2.9	4.7	3.7	3.9	4.1	9.8	6.6	5.3	4.5	4.0
GDP deflator	1.7	7.9	1.4	3.1	2.5	2.2	1.6	7.1	3.6	2.4	2.7	2.6
Consumer price index (CPI)	1.6	6.8	3.9	2.4	1.9	2.0	1.8	8.0	4.1	3.0	2.8	2.4
Core inflation rate**	1.7	5.1	4.0	3.6	2.8	2.4	1.6	5.4	4.1	2.8	2.9	2.5
Pre-tax corporate profits	6.3	17.9	-14.8	-3.1	2.8	1.6	5.9	7.8	6.9	7.9	4.2	4.0
Employment	1.3	4.1	3.0	1.9	1.0	0.4	1.4	4.3	2.2	1.3	0.8	0.6
Unemployment rate (%)	6.9	5.3	5.4	6.4	7.0	6.8	6.2	3.6	3.6	4.0	4.2	4.5
Current account balance (CAD, USD bn)	-56.9	-8.7	-18.4	-14.1	-58.4	-58.5	-407	-993	-928	-1185	-1435	-1306
Merchandise trade balance (CAD, USD bn)	-13.6	21.2	-0.6	-6.8	-53.1	-52.4	-763	-1175	-1057	-1215	-1523	-1415
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	-1,775	-2,143
percent of GDP	-1.0	-1.2	-2.1	-1.6	-2.4	-2.4	-4.8	-5.3	-6.1	-6.6	-5.8	-6.8
Housing starts (000s, mn)	201	262	240	245	268	253	0.99	1.55	1.42	1.37	1.32	1.28
Motor vehicle sales (000s, mn)	1,816	1,523	1,684	1,819	1,886	1,840	15.7	13.8	15.5	15.9	16.2	15.9
Industrial production	2.4	3.8	-0.1	0.1	0.3	1.4	1.7	3.4	0.2	-0.3	1.5	1.7
			Mexico (annual % change)									
Real GDP	2.3	3.7	3.4	1.4	-0.1	0.6						
Consumer price index	4.0	7.9	5.6	4.7	3.9	3.8						
Unemployment rate (%)	4.4	3.3	2.8	2.7	3.0	3.3						

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	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	0.7	2.1	2.5	2.4	2.1	2.0	-1.6	0.7	1.2	2.6	2.2	2.2	1.8
Real GDP (y/y % change)	1.2	0.8	1.2	1.9	2.3	2.3	1.2	0.8	0.6	0.7	1.7	2.0	2.2
Consumer prices (y/y % change)	3.2	2.8	2.7	2.0	1.9	2.3	1.8	1.9	1.8	1.8	2.1	2.0	2.2
Average of new core CPIs (y/y % change)*	3.5	3.3	3.0	2.5	2.6	2.8	3.0	3.0	2.6	2.5	2.4	2.4	2.4
CPIXFET (y/y % change)**	3.4	2.9	2.8	2.5	2.2	2.6	2.6	2.5	2.4	2.3	2.3	2.3	2.3
Unemployment Rate (%)	5.7	5.9	6.3	6.6	6.7	6.6	6.9	7.2	7.3	7.1	7.0	6.7	6.5
United States													
Real GDP (q/q ann. % change)	3.2	1.6	3.0	3.1	2.4	-0.5	3.3	1.6	1.3	0.8	1.0	1.9	2.4
Real GDP (y/y % change)	3.2	2.9	3.0	2.7	2.5	2.0	2.1	1.7	1.4	1.8	1.2	1.3	1.5
Consumer prices (y/y % change)	3.2	3.2	3.2	2.7	2.7	2.7	2.5	2.9	3.0	2.7	2.4	2.2	2.2
Total PCE deflator (y/y % change)	2.8	2.7	2.6	2.3	2.5	2.5	2.4	2.7	2.8	2.4	2.3	2.1	2.1
Core PCE deflator (y/y % change)	3.2	3.0	2.7	2.7	2.8	2.8	2.7	3.0	3.2	2.8	2.5	2.3	2.2
Unemployment Rate (%)	3.8	3.8	4.0	4.2	4.1	4.1	4.2	4.3	4.4	4.5	4.5	4.5	4.5

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

Central Bank Rates

	2023	2024				2025				2026			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	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	2.50	2.25	2.25	2.25	2.50	2.75
US Federal Reserve (upper bound)	5.50	5.50	5.50	5.00	4.50	4.50	4.50	4.25	3.75	3.25	3.00	3.00	3.00
Bank of Mexico	11.25	11.00	11.00	10.50	10.00	9.00	8.00	7.50	7.00	6.50	6.50	6.50	6.50
Central Bank of Brazil	11.75	10.75	10.50	10.75	12.25	14.25	15.00	15.00	15.00	14.50	13.50	12.75	12.50
Bank of the Republic of Colombia	13.00	12.25	11.25	10.25	9.50	9.50	9.25	9.25	9.25	9.00	8.50	8.00	7.50
Central Reserve Bank of Peru	6.75	6.25	5.75	5.25	5.00	4.75	4.50	4.25	4.25	4.25	4.25	4.25	4.25
Central Bank of Chile	8.25	7.25	5.75	5.50	5.00	5.00	5.00	4.75	4.50	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	2.15	2.15	2.15	2.15	2.15	2.15
European Central Bank Deposit Rate	4.00	4.00	3.75	3.50	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
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	3.25	3.25
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	1.40	1.30	1.30	1.20	1.20	1.20
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	2.50	2.25	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

	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3f	2025 Q4f	2026 Q1f	2026 Q2f	2026 Q3f	2026 Q4f
Americas						(end of period)							
Canadian dollar (USDCAD)	1.32	1.35	1.37	1.35	1.44	1.44	1.36	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	0.73	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	18.75	19.07	19.26	19.45	19.64	19.84	20.06
Mexican peso (CADMXN)	12.80	12.23	13.38	14.56	14.48	14.23	13.78	14.02	14.37	14.73	14.88	15.50	15.67
Brazilian real (USDBRL)	4.86	5.01	5.59	5.45	6.18	5.71	5.43	5.44	5.52	5.55	5.58	5.62	5.62
Colombian peso (USDCOP)	3,855	3,852	4,153	4,207	4,406	4,183	4,100	4,081	4,156	4,162	4,143	4,162	4,181
Peruvian sol (USDPEN)	3.70	3.72	3.84	3.70	3.74	3.68	3.54	3.49	3.56	3.64	3.61	3.60	3.60
Chilean peso (USDCLP)	879	979	940	899	995	951	932	910	890	880	870	870	870
Europe													
Euro (EURUSD)	1.10	1.08	1.07	1.11	1.04	1.08	1.18	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	1.37	1.40	1.40	1.43	1.43	1.48	1.48
Asia/Oceania													
Japanese yen (USDJPY)	141	151	161	144	157	150	144	140	135	132	132	125	125
Australian dollar (AUDUSD)	0.68	0.65	0.67	0.69	0.62	0.62	0.66	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	7.16	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	85.8	85.0	84.8	84.8	84.8	84.8	84.8
South Korean won (USDKRW)	1,288	1347	1377	1315	1472	1473	1354	1350	1340	1335	1335	1335	1335
Thai baht (USDTHB)	34.1	36.4	36.7	32.2	34.1	33.9	32.5	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	2.40	2.20	2.25	2.35	2.60	2.75
2-year Canada	3.89	4.18	3.99	2.91	2.93	2.46	2.59	2.45	2.50	2.70	2.80	2.85	2.85
5-year Canada	3.17	3.53	3.51	2.74	2.97	2.61	2.82	2.65	2.70	2.75	2.90	2.95	3.00
10-year Canada	3.11	3.47	3.50	2.96	3.23	2.97	3.27	3.10	3.15	3.20	3.20	3.25	3.25
30-year Canada	3.03	3.35	3.39	3.14	3.33	3.22	3.57	3.60	3.65	3.70	3.70	3.70	3.70
United States (Yields, %)													
3-month T-bill	5.35	5.40	5.20	4.44	4.14	4.19	4.29	3.85	3.30	2.90	2.80	2.80	2.80
2-year Treasury	4.25	4.62	4.75	3.64	4.24	3.88	3.72	3.30	3.20	3.20	3.20	3.25	3.25
5-year Treasury	3.85	4.21	4.37	3.56	4.38	3.95	3.80	3.50	3.45	3.45	3.45	3.50	3.50
10-year Treasury	3.88	4.20	4.40	3.78	4.57	4.21	4.23	3.95	4.00	4.05	4.05	4.10	4.10
30-year Treasury	4.03	4.34	4.56	4.12	4.78	4.57	4.77	4.65	4.60	4.65	4.65	4.70	4.70

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	1.2	1.4	1.1	1.3	1.5	1.0	0.8	1.4	2.1	2.2	1.4
2026f	1.6	1.9	1.9	1.8	2.0	1.5	1.2	1.8	2.5	2.4	1.8
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	3.7	2.8	4.2	4.1	4.2	3.8	3.5	4.0	3.8	3.5	4.0
2026f	3.9	4.0	4.4	4.1	4.4	3.8	3.4	4.0	4.9	4.4	4.1
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	1.0	0.2	1.1	0.5	1.0	1.0	0.8	1.2	1.7	1.8	1.0
2026f	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.6	0.7	0.4
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	10.1	8.0	6.8	7.0	6.2	7.9	5.6	5.1	6.7	6.3
2026f	6.8	9.9	7.9	6.6	6.8	6.0	7.7	5.5	5.0	6.6	6.1
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	1.9	1.4	1.6	1.7	1.5	1.9	1.9	2.2	2.0	2.1	2.2
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	268	1.7	1.8	9.2	6.8	59	70	7.6	5.7	58	49
2026f	253	1.9	1.4	7.1	6.1	55	71	7.6	5.8	52	45
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	1,886	35	9	52	45	458	772	59	51	226	215
2026f	1,840	30	8	47	41	441	744	54	48	215	212
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	-5,996	-1,239	-661	5,760	-9,135
2025f	-75,000	-626	-184	-898	-669	-11,430	-14,609	-794	-349	-6,477	-10,912

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