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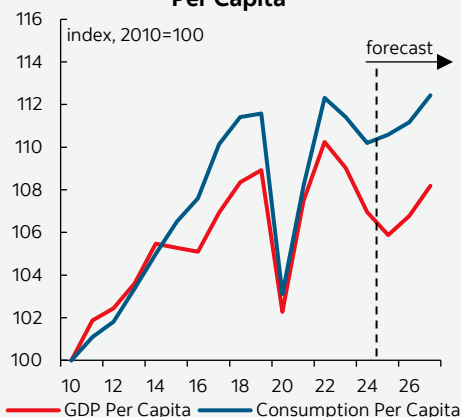
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Chart 1

#### Canadian GDP and Consumption Per Capita



Sources: Scotiabank Economics, Statistics Canada.

## Policy Orientation Increasingly Dictates the Way Forward

- Outlook remains constrained by the ongoing and expected impacts of U.S. trade and economic policies.
- Weak growth expected in Canada and the U.S. next year. In Canada, the damage from trade policies and lower immigration is weakening potential growth, acting as a limit on growth in the near-term.
- Despite tepid growth, GDP and consumption per capita are expected to rise going forward given weak expected population growth.
- The Bank of Canada is done cutting rates with the next move expected to be an increase in the policy rate in the second half of 2026.
- The Federal Reserve is expected to cut its policy rate by another 100 basis points through the first half of next year.

The outlook remains challenged owing to the ongoing impacts of U.S. trade policies and associated uncertainty. In the U.S. there is mounting evidence that the goods economy is struggling, while in Canada, the economy is struggling to adapt to the evolving trade situation. Major uncertainties remain with respect to the way forward. These include the way forward on U.S. trade policy, the performance of the U.S. industrial sector, the path for inflation, the evolution of equity markets, and the impact of Budget 2025 in Canada. Weighing what we know at present, it seems likely that growth in Canada will improve modestly next year owing to fiscal support, while growth in the U.S. will slow given the impact of President Trump's policies on non-tech sectors.

The U.S. economy continues to demonstrate surprising strength given the trade-related and associated policy uncertainty. Much of that resilience comes from booming tech investment and sharply stronger equity markets, which have reflected a keen appetite for AI companies and strong earnings growth in a broad range of sectors. That support has to date compensated for marked weakness in the goods economy as seen in declines in manufacturing activity and employment, a sharp rise in layoffs in October and deteriorating consumer sentiment. This dynamic on the goods side of the economy, along with evident labour market weakness, suggests that growth in the U.S. will weaken from the 1.9% expected this year to 1.6% next year.

That headline growth profile reflects some of these dynamics. Consumption growth will approach stall speed, slowing from 2.2% in 2025 to a mere 0.7% in 2026. Business investment will slow modestly from 4.3% to 3.0% next year as we expect some moderation in tech spending. We expect some draw down in inventories given pre-tariff stocking in 2025 and slowing consumption growth. Importantly, we expect a sharp reduction in imports next year, going from a rise of 2.6% this year to a decline of 3.2% in 2026 reflecting weakness in domestic demand and the impact of tariffs. Headline GDP growth would be much weaker were it not for that import performance.

Inflation is expected to remain in the 2.5% range in the first half of 2026 despite slowing growth. This largely reflects the lagged impacts of tariffs on prices along with continued upward pressure on core services prices. We expect that the Federal Reserve will largely look through these price pressures, arguing that they are more likely to be one-off shocks related to tariffs rather than indicative of broader price pressures. There is also clearly immense political pressure on the Federal Reserve to be more aggressive in pursuing rate cuts. We reflect some of these concerns in our expectations for the Federal Reserve as we forecast a terminal Federal Funds target rate of 3.0% by the 2026Q2. Our modelling suggests an optimal policy rate of 3.5% given our growth and inflation views but we build in an extra 50 basis points of easing relative to our modelling work to account for the Federal Reserve's more dovish stance.

That outlook is of course subject to significant uncertainties including but not limited to:

- How will fiscal policy impact the outlook? Our forecast has long incorporated the tax cuts and tariffs implemented earlier this year, but we do not reflect President Trump's statement that the government would give \$2,000 tariff rebate cheques to middle-class and low-income households. Transfers at these levels would have a significant impact on growth and inflation, with likely consequences on the policy rate and the yield curve.
- How will households respond to rising health care insurance premiums resulting from the elimination of the Affordable Care Act enhanced tax credits? Studies estimate this could double the monthly premiums paid by some households. We do not account for these specifically in our outlook for weak consumption growth but we will be watching closely for signs of spending weakness that may result from that.
- It remains to be seen how supply chains are being reworked in light of the tariffs. The unprecedented nature of the trade shock has made it challenging for businesses (and economists) to identify with certainty how U.S. and global businesses will adapt, including very importantly on the extent to which higher costs will be passed on to end-users. We continue to expect sticky inflation in the U.S. and judge that risks to inflation remain skewed to higher inflation.
- Uncertainty is falling but it remains elevated given trade policies. While there is some clarity on the way forward for this, President Trump continues to muddy the waters on the way forward noting once in a while that tariffs with some countries may change going forward. There is a risk that uncertainty rises in coming months if the Supreme Court rules against the IEEPA tariffs. It is likely that the Administration would react aggressively to such a ruling as it seeks to find alternative ways of tariffing goods. There are a few options for doing this, but the uncertainty of how and when alternative tariffing statutes will be used would act as a further dampener on business investment.

The Canadian outlook is of course impacted by developments in the U.S. and the risks to that economy. In contrast to the U.S. however, our forecast assumes that Canadian economic growth improves in 2026 relative to 2025. This is admittedly not a very high bar, as growth would go from 1.2% this year to 1.4% next year owing to the damaging impacts of tariffs and related uncertainty. That modest acceleration comes from what we believe to be more effective policy support in Canada relative to the U.S.

It is abundantly clear that Canadian governments are deploying a set of policy tools designed to strengthen the outlook over the medium-term as the country adapts to a new trading relation with the U.S. and focuses on raising investment. This, in our view, is in sharp contrast to the evolving policy environment in the U.S.

The 2025 Federal Budget did not contain major surprises on the amount of fiscal support for the economy next year in relation to our assumptions. We have nevertheless adjusted our forecast to reflect two critical changes. Immigration policy seems to target a lower rate of population growth going forward than we had assumed. We now assume population growth of 0.5% in 2026 and 2027. This accounts for the majority of our revision to GDP growth as it has the effect of lowering growth in demand and supply over those years, by lowering our estimated rate of growth in potential output. We partially offset this impact through higher investment and lower import growth.

On investment, the new measures revealed in the Budget do not appear to be game changers relative to our expectations. It is clear however, that the governments (both provincial and federal) are moving aggressively to identify transformational investment projects. Some of those were known pre-budget but more are expected shortly. We expect non-residential investment to rise starting in early 2026 but weak momentum towards end-2025 and early 2026 mean that investment will likely fall in 2026 despite policy support. Investment should strengthen more robustly in 2027 given the nature of infrastructure projects but there are clear risks of under-execution on these projects and consequently on private sector investment.

Finance Minister Champagne and PM Carney both expect additional investment of \$1 trillion over the next 5 years as a result of their policies. Investment growth would be significantly stronger were even a fraction of this to occur in 2026 or 2027. For reference, total annual investment is about \$500 billion. Assuming for the sake of exposition that policies do generate an extra trillion in investment and that this is spread equally over 5 years, this would represent an increase of about \$200 billion over current levels of investment. We of course hope this occurs but will refrain from including these impacts in our forecast until we see tangible evidence that investment is tracking in that direction.

Buy Canada policies are likely to dampen the import response of rising investment relative to history. We have held back import growth modestly to reflect this. This provides a bit less drag from imports onto GDP relative to our pre-budget view.

Despite this relatively tepid outlook, the net impact of these revisions is to generate a very welcome increase in GDP and consumption per capita (chart 1) and reverse some of the erosion in standards of living observed in recent quarters.

Zooming into more recent months, the economy continues to send conflicting signals. Evidence of economic damage is clear in many communities with unemployment rates in trade-impacted areas substantially higher than elsewhere in the country. Pain is also mounting rapidly in the forestry sector owing to the punitive U.S. tariffs on softwood lumber. That being said, there appear to be signs of vigor in the labour market. Over 120k jobs were created in the last two months and the unemployment rate fell in October while the participation rate ticked up. Auto sales have risen sharply over the last three months. On balance it appears as if the economy may grow by around 0.5% in 2025Q3 and expect a modest acceleration to 1% in 2025Q4.

Growth at these rates suggests the economy will grow below potential in the second half of this year. Our estimate of the output gap is relatively unchanged compared to our last forecast given changes to the population outlook. The persistence of excess supply should continue to put downward pressure on inflation despite underlying inflation that remains stubbornly in the upper half of the Bank of Canada's target range of 1–3% for inflation. Weak productivity, strong wage growth, rising input costs and the potential for rising U.S. import prices reflecting the impact of tariffs on U.S. goods all point to upside risks to inflation despite growing excess supply. We continue to believe inflation will moderate going forward as weak demand exerts downward pressure on inflation, but this is not a particularly high confidence call.

We think inflation risks are serious enough that the Bank of Canada is done cutting interest rates. We consider the most recent cuts to be insurance against weaker outcomes given the uncertainties being faced. That insurance is not likely to be required later next year. As a result, we expect Governor Macklem and his colleagues will raise the policy rate by half a percentage point in the second half of 2026, reversing the most recent cuts. It may well be that an earlier reversal of those cuts is required if the economy responds more forcefully to the Government's transformation agenda than we have currently imbedded into our forecast. Recall that the Bank of Canada only expects 1.1% growth in real GDP next year. The bar to exceed that does not seem particularly high.

Even though uncertainty has fallen in recent months, the Canadian outlook will remain under a cloud of uncertainty until the tariff situation is finally settled. We may well see some scaling back of tariffs on steel and aluminium in coming months given what seemed to be progress on that front prior to President Trump walking away from those negotiations. Relief in that space could provide a significant boost in sentiment to Canadians (along with significant tariff relief for impacted American importers). The review of CUSMA may also act as a source of uncertainty. It is entirely unclear what, if any, demands the U.S. may have in that review. We take comfort from the fact that the vast majority of goods shipped to the U.S. under CUSMA remain tariff free. We interpret this, perhaps optimistically, as a recognition of the importance of the trade deal to U.S. economic interests. If that interpretation is correct, we are hopeful that only minor tweaks will be negotiated in the review, as was largely the case when NAFTA was renegotiated into the CUSMA. That hope will likely be strained by a to-be-expected ramping up of caustic language by Trump Administration officials with respect to Canada as the review unfolds. This is a hallmark of President Trump's negotiating strategy.

International												
	2010–19	2023	2024	2025f	2026f	2027f	2010–19	2023	2024	2025f	2026f	2027f
	Real GDP						Consumer Prices					
	(annual % change)						(annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	3.5	3.4	3.1	2.9	3.1						
Canada	2.2	1.5	1.6	1.2	1.4	1.8	1.6	3.9	2.4	1.9	1.7	2.0
United States	2.4	2.9	2.8	1.9	1.6	2.1	1.8	4.1	3.0	2.8	2.5	2.5
Mexico	2.3	3.4	1.4	0.1	0.6	1.0	4.0	5.6	4.7	4.0	3.8	3.7
United Kingdom	2.0	0.3	1.1	1.4	1.1	1.4	2.2	7.3	2.5	3.4	2.5	2.2
Eurozone	1.4	0.6	0.8	1.4	1.1	1.5	1.4	5.4	2.4	2.1	1.8	2.0
Germany	2.0	-0.7	-0.5	0.2	0.9	1.6	1.4	6.0	2.5	2.2	1.9	2.0
France	1.4	1.6	1.1	0.8	1.0	1.2	1.3	5.7	2.3	1.0	1.4	1.7
China	7.7	5.4	5.0	4.8	4.4	4.1	2.6	0.3	0.2	0.0	0.7	1.1
India	6.6	9.2	6.5	6.5	6.5	6.5	6.5	5.7	4.9	2.4	4.1	4.1
Japan	1.2	1.2	0.1	1.1	0.8	0.8	0.5	3.3	2.8	3.0	1.8	2.0
South Korea	3.5	1.6	2.0	1.0	1.8	2.0	1.7	3.6	2.3	2.0	1.9	2.0
Australia	2.6	2.1	1.0	1.8	2.2	2.4	2.1	5.6	3.2	2.6	2.7	2.5
Thailand	3.6	2.0	2.5	2.1	1.9	2.4	1.6	1.2	0.4	0.2	0.8	1.2
Brazil	1.4	3.2	3.4	2.2	1.8	1.9	5.8	4.6	4.4	4.5	4.2	3.8
Colombia	3.7	0.7	1.6	2.6	2.9	3.0	3.7	11.8	6.6	5.2	4.7	4.0
Peru	4.5	-0.4	3.3	3.2	3.2	3.0	2.8	6.3	2.4	1.6	1.9	2.1
Chile	3.3	0.5	2.6	2.5	2.5	2.5	2.9	7.7	4.3	4.3	3.2	3.0
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	78	76	65	60	57						
Brent Oil (USD/bbl)	82	83	81	69	65	62						
WCS - WTI Discount (USD/bbl)	-18	-19	-15	-12	-13	-14						
Nymex Natural Gas (USD/mmbtu)	3.39	2.73	2.27	3.48	5.00	4.00						
Copper (USD/lb)	3.10	3.85	4.15	4.30	4.40	4.40						
Zinc (USD/lb)	1.02	1.20	1.26	1.25	1.25	1.25						
Nickel (USD/lb)	7.00	9.75	7.63	6.90	7.00	7.00						
Iron Ore (USD/tonne)	101	120	110	100	90	90						
Gold, (USD/oz)	1,342	1,943	2,386	3,350	3,500	3,100						
Silver, (USD/oz)	21.64	23.38	28.21	38.00	40.00	38.00						
Sources: Scotiabank Economics, Statistics Canada, Focus Economics, BEA, BCB, BLS, IMF, Bloomberg.												

**North America**

	2010–19	2023	2024	2025f	2026f	2027f	2010–19	2023	2024	2025f	2026f	2027f
<b>Canada</b>						<b>United States</b>						
	(annual % change, unless noted)						(annual % change, unless noted)					
Real GDP	2.2	1.5	1.6	1.2	1.4	1.8	2.4	2.9	2.8	1.9	1.6	2.1
Consumer spending	2.5	1.9	2.4	2.5	1.1	1.6	2.3	2.6	2.9	2.2	0.7	1.7
Residential investment	2.4	-8.4	-0.5	1.9	3.5	0.7	4.7	-7.8	3.2	-2.4	0.7	4.6
Business investment*	16.4	1.6	-1.8	-1.3	-1.2	4.6	5.6	7.3	2.9	4.3	3.0	3.1
Government	1.1	2.6	4.2	2.9	3.2	1.3	0.2	3.5	3.8	1.2	1.4	1.7
Exports	3.5	5.0	0.6	-2.8	1.6	3.3	3.9	2.8	3.6	1.1	1.2	2.0
Imports	3.7	0.3	0.7	0.5	2.1	2.8	4.3	-0.9	5.8	2.6	-3.2	2.0
Inventories, contribution to annual GDP growth	0.1	-1.1	-0.5	0.2	0.0	-0.1	0.1	-0.4	0.0	0.0	-0.2	0.1
Nominal GDP	4.0	2.9	4.7	3.5	2.9	3.9	4.1	6.7	5.3	4.6	4.2	4.3
GDP deflator	1.7	1.4	3.1	2.3	1.5	2.1	1.6	3.7	2.5	2.6	2.5	2.1
Consumer price index (CPI)	1.6	3.9	2.4	1.9	1.7	2.0	1.8	4.1	3.0	2.8	2.5	2.5
Core inflation rate**	1.7	4.0	2.8	3.0	2.4	2.0	1.6	4.2	2.9	2.9	2.5	2.2
Pre-tax corporate profits	6.3	-14.8	-3.1	2.9	1.5	4.2	5.9	7.6	5.1	4.0	3.9	4.7
Employment	1.3	3.0	1.9	1.3	0.6	1.4	1.4	2.2	1.3	0.8	0.6	1.5
Unemployment rate (%)	6.9	5.4	6.4	6.9	6.6	6.0	6.2	3.6	4.0	4.3	4.5	4.4
Current account balance (CAD, USD bn)	-56.9	-18.4	-14.1	-64.6	-57.7	-45.3	-407	-928	-1185	-1149	-886	-912
Merchandise trade balance (CAD, USD bn)	-13.6	-0.6	-6.8	-59.9	-54.6	-43.2	-763	-1057	-1215	-1245	-1005	-1044
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-61.9	-36.3	-78.3	-65.4	-57.9	-829	-1,694	-1,915	-1,775	-2,042	-2,075
percent of GDP	-1.0	-2.1	-1.2	-2.5	-2.0	-1.7	-4.8	-6.1	-6.5	-5.8	-6.4	-6.2
Housing starts (000s, mn)	201	240	245	261	253	255	0.99	1.42	1.37	1.35	1.35	1.41
Motor vehicle sales (000s, mn)	1,816	1,684	1,819	1,901	1,844	1,866	15.7	15.5	15.9	16.2	15.8	15.8
Industrial production	2.4	-0.1	0.1	0.2	1.1	2.0	1.7	0.2	-0.3	1.5	1.7	2.0
<b>Mexico</b>												
	(annual % change)											
Real GDP	2.3	3.4	1.4	0.1	0.6	1.0						
Consumer price index	4.0	5.6	4.7	4.0	3.8	3.7						
Unemployment rate (%)	4.4	2.8	2.7	3.0	3.3	3.6						

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 FY2023/24 are noted in calendar year 2023, FY2024/25 in calendar year 2024.

**Quarterly Forecasts**

	2024	2025				2026				2027			
<b>Canada</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3e</b>	<b>Q4f</b>	<b>Q1f</b>	<b>Q2f</b>	<b>Q3f</b>	<b>Q4f</b>	<b>Q1f</b>	<b>Q2f</b>	<b>Q3f</b>	<b>Q4f</b>
Real GDP (q/q ann. % change)	2.1	2.0	-1.6	0.5	1.0	1.4	2.2	2.7	1.9	1.5	1.5	1.8	1.9
Real GDP (y/y % change)	2.3	2.3	1.2	0.7	0.5	0.3	1.3	1.8	2.1	2.1	1.9	1.7	1.6
Consumer prices (y/y % change)	1.9	2.3	1.8	2.0	1.8	1.6	1.7	1.7	1.9	1.9	2.0	2.1	2.2
Average of new core CPIs (y/y % change)*	2.6	2.8	3.1	3.1	2.8	2.6	2.4	2.3	2.2	2.1	2.0	2.0	1.9
CPIXFET (y/y % change)**	2.2	2.6	2.6	2.5	2.4	2.2	2.2	2.1	2.1	2.1	2.0	2.0	2.0
Unemployment Rate (%)	6.7	6.6	6.9	7.0	7.1	7.0	6.8	6.5	6.3	6.1	6.1	6.0	6.0
<b>United States</b>													
Real GDP (q/q ann. % change)	1.9	-0.6	3.8	2.9	0.3	2.0	0.9	1.4	1.8	2.0	2.6	2.8	2.9
Real GDP (y/y % change)	2.4	2.0	2.1	2.0	1.6	2.3	1.5	1.1	1.5	1.5	1.9	2.3	2.6
Consumer prices (y/y % change)	2.7	2.7	2.5	2.9	3.1	2.8	2.6	2.3	2.2	2.3	2.4	2.5	2.7
Total PCE deflator (y/y % change)	2.6	2.6	2.4	2.7	2.8	2.4	2.3	2.1	2.1	2.1	2.2	2.3	2.4
Core PCE deflator (y/y % change)	3.0	2.8	2.7	2.8	3.1	2.8	2.6	2.4	2.3	2.2	2.2	2.2	2.2
Unemployment Rate (%)	4.1	4.1	4.2	4.3	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.3

\* 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

	2024	2025				2026				2027			
	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Americas</b>						(% end of period)							
Bank of Canada	3.25	2.75	2.75	2.50	2.25	2.25	2.25	2.50	2.75	2.75	2.75	2.75	2.75
US Federal Reserve (upper bound)	4.50	4.50	4.50	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Bank of Mexico	10.00	9.00	8.00	7.50	7.00	6.50	6.50	6.50	6.50	6.50	6.50	6.00	6.00
Central Bank of Brazil	12.25	14.25	15.00	15.00	15.00	14.50	13.50	12.75	12.25	11.50	11.00	10.50	10.50
Bank of the Republic of Colombia	9.50	9.50	9.25	9.25	9.25	9.25	9.25	8.75	8.25	7.75	7.25	6.75	6.75
Central Reserve Bank of Peru	5.00	4.75	4.50	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Central Bank of Chile	5.00	5.00	5.00	4.75	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
<b>Europe</b>													
European Central Bank MRO Rate	3.15	2.65	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
European Central Bank Deposit Rate	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Bank of England	4.75	4.50	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25
<b>Asia/Oceania</b>													
Reserve Bank of Australia	4.35	4.10	3.85	3.60	3.60	3.60	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Bank of Japan	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
People's Bank of China	1.50	1.50	1.40	1.40	1.35	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.25
Reserve Bank of India	6.50	6.25	5.50	5.50	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Bank of Korea	3.00	2.75	2.50	2.50	2.25	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25
Bank of Thailand	2.25	2.00	1.75	1.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25

## Currencies and Interest Rates

<b>Americas</b>						(end of period)							
Canadian dollar (USDCAD)	1.44	1.44	1.36	1.39	1.40	1.38	1.35	1.34	1.33	1.32	1.32	1.30	1.30
Canadian dollar (CADUSD)	0.70	0.70	0.73	0.72	0.71	0.72	0.74	0.75	0.75	0.76	0.76	0.77	0.77
Mexican peso (USDMXN)	20.83	20.47	18.75	18.31	18.65	18.84	19.01	19.23	19.38	19.78	19.95	20.19	20.40
Mexican peso (CADMXN)	14.48	14.23	13.78	13.15	13.32	13.65	14.08	14.35	14.57	14.98	15.11	15.53	15.69
Brazilian real (USDBRL)	6.18	5.71	5.43	5.32	5.40	5.44	5.47	5.50	5.50	5.50	5.50	5.50	5.50
Colombian peso (USDCOP)	4,406	4,183	4,100	3,920	4,156	4,162	4,143	4,162	4,181	4,199	4,209	4,228	4,228
Peruvian sol (USDPEN)	3.74	3.68	3.54	3.47	3.45	3.49	3.43	3.47	3.45	3.50	3.47	3.52	3.55
Chilean peso (USDCLP)	995	951	932	963	890	880	870	870	870	870	870	870	870
<b>Europe</b>													
Euro (EURUSD)	1.04	1.08	1.18	1.17	1.16	1.18	1.18	1.22	1.22	1.23	1.23	1.24	1.24
UK pound (GBPUSD)	1.25	1.29	1.37	1.34	1.30	1.32	1.34	1.36	1.37	1.38	1.38	1.39	1.39
<b>Asia/Oceania</b>													
Japanese yen (USDJPY)	157	150	144	148	150	147	145	142	140	137	135	133	130
Australian dollar (AUDUSD)	0.62	0.62	0.66	0.66	0.66	0.68	0.68	0.70	0.70	0.71	0.71	0.72	0.72
Chinese yuan (USDCNY)	7.30	7.26	7.16	7.12	7.10	7.10	7.05	7.05	7.00	7.00	7.00	7.00	7.00
Indian rupee (USDINR)	85.6	85.5	85.8	88.8	88.0	87.9	87.9	87.9	88.0	87.9	87.8	87.6	87.5
South Korean won (USDKRW)	1472	1473	1354	1404	1400	1370	1360	1350	1340	1330	1320	1320	1320
Thai baht (USDTHB)	34.1	33.9	32.5	32.4	32.2	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
<b>Canada (Yields, %)</b>													
3-month T-bill	3.15	2.61	2.65	2.42	2.20	2.25	2.35	2.60	2.75	2.75	2.75	2.75	2.75
2-year Canada	2.93	2.46	2.59	2.47	2.45	2.70	2.80	2.85	2.85	2.85	2.85	2.85	2.85
5-year Canada	2.97	2.61	2.82	2.75	2.70	2.75	2.90	2.95	3.00	3.00	3.00	3.00	3.00
10-year Canada	3.23	2.97	3.27	3.18	3.15	3.20	3.20	3.25	3.30	3.30	3.30	3.30	3.30
30-year Canada	3.33	3.22	3.57	3.63	3.65	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
<b>United States (Yields, %)</b>													
3-month T-bill	4.14	4.19	4.29	3.85	3.45	2.95	2.80	2.80	2.80	2.80	2.80	2.80	2.80
2-year Treasury	4.24	3.88	3.72	3.61	3.50	3.30	3.25	3.25	3.25	3.25	3.25	3.25	3.25
5-year Treasury	4.38	3.95	3.80	3.74	3.60	3.50	3.45	3.50	3.50	3.50	3.50	3.50	3.50
10-year Treasury	4.57	4.21	4.23	4.15	3.95	3.80	3.70	3.70	3.80	3.85	3.90	3.95	4.00
30-year Treasury	4.78	4.57	4.77	4.73	4.60	4.50	4.45	4.40	4.40	4.45	4.50	4.60	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
2023	1.5	-3.0	2.9	2.4	2.0	0.7	2.4	2.8	3.1	2.5	2.8
2024	1.6	2.7	3.8	3.1	2.7	1.7	1.6	1.7	3.0	3.0	1.1
2025f	1.2	1.4	1.1	1.3	1.5	0.9	0.8	1.4	2.1	2.2	1.4
2026f	1.4	1.6	1.3	1.5	1.7	1.2	1.0	1.6	2.3	2.3	1.6
2027f	1.8	2.0	1.8	1.9	2.0	1.5	1.5	1.9	2.6	2.6	1.9

## 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
2023	2.9	-4.0	6.7	7.6	3.5	4.7	6.9	5.4	-3.7	-4.0	3.6
2024	4.7	4.6	7.5	8.0	4.0	5.9	5.1	3.3	0.0	5.1	3.5
2025f	3.5	2.8	4.2	4.1	4.2	3.7	3.5	4.0	3.8	3.5	4.0
2026f	2.9	3.0	3.1	3.1	3.4	2.8	2.6	3.1	4.0	3.6	3.2
2027f	3.9	4.0	4.2	4.1	4.3	3.7	3.6	4.0	4.8	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
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	1.3	-0.5	1.0	0.4	1.0	1.7	0.9	1.5	2.3	2.5	1.0
2026f	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.9	0.9	0.5
2027f	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.6	1.7	1.4

## 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
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	6.9	10.3	8.0	6.6	7.3	5.6	7.8	6.0	5.1	7.4	6.2
2026f	6.6	10.0	7.8	6.4	7.1	5.3	7.5	5.8	5.1	7.3	6.0
2027f	6.0	9.5	7.3	5.9	6.6	4.7	6.9	5.3	4.9	7.0	5.4

## 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
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	1.5	1.6	1.8	1.5	1.9	2.0	2.3	2.1	2.1	2.2
2026f	1.7	1.6	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.6	1.7
2027f	2.0	2.0	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.0

## Housing Starts (units, 000s)

2010-19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
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	261	1.7	1.7	8.9	6.6	56	69	7.4	5.6	57	48
2026f	253	2.0	1.5	8.4	6.4	56	70	7.4	5.7	51	44
2027f	255	2.0	1.5	8.0	6.1	55	71	7.9	6.0	51	46

## Motor Vehicle Sales (units, 000s)

2010-19	1,816	33	7	52	42	441	738	56	54	239	199
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	1,901	35	9	53	45	462	779	59	51	228	217
2026f	1,844	31	8	47	41	442	745	54	48	216	213
2027f	1,866	31	8	47	41	447	754	55	49	218	215

## Budget Balances, (CAD mn)

2022	-35,322	321	14	123	1,002	-3,126	-5,863	373	1,581	11,641	956
2023	-61,876	-459	-15	142	500	-5,994	-693	-1,971	182	4,285	-5,035
2024	-36,300	-297	-164	82	-104	-5,175	-1,090	-1,149	-249	8,320	-7,347
2025f	-78,300	-626	-184	-1,225	-669	-11,430	-13,500	-890	-349	-6,477	-11,577

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

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