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The Rising Likelihood of the Unlikely: A Second Year of Turbulent Forecasting

- **Risky Road Ahead:** Recent stronger U.S. economic data have slightly lifted our expectations for both the U.S. and Canadian economies, but the outlook is subject to multi-dimensional risks that have intensified in the last few weeks. Risks related to geopolitical tensions, fiscal policy, monetary policy independence, and trade policy are making forecasting particularly challenging.
- **Growth Diverges:** Assuming none of these risks materialize in any meaningful way, the broader trend remains one of slowing U.S. growth over the forecast. Canada, in contrast, should see growth accelerate in 2027. The U.S. should remain in excess demand while the excess supply in Canada should fade (chart 1).
- **Stubborn U.S. inflation:** Tariffs effects and persistent excess demand should continue to exert some pressure on inflation in the U.S. Rising costs and trade policies are still important risks to our profile.
- **Policy Paths Split:** The Federal Reserve is expected to deliver three additional rate cuts this year, with mounting political pressure and an apparent near-term bias towards shoring up the labour market and a willingness to tolerate modest deviations of inflation. We forecast the Bank of Canada to hold its policy rate steady in the near future at least until CUSMA is renegotiated, withdrawing some stimulus towards the end of the year as growth improves and inflation gets closer to target.

Recent U.S. data indicate that the economy has shown greater resilience than anticipated. Robust equity markets and reduced drag from trade policy uncertainty have supported consumer spending, which has remained strong over the past few quarters.

However, this resilience is unlikely to fully offset a broader slowdown in momentum. The cumulative impact of elevated interest rates, a softening labour market, and persistent trade policy uncertainty is expected to weigh on activity. Household spending, in particular, is expected to slow significantly in the coming year. While consumers have been remarkably resilient so far, spending growth should moderate and align more closely with labour market weakness given the drop in the personal savings rate (chart 2). That said, lower interest rates should provide some partial support, especially in 2027. Business investment has been a key driver of growth recently, fueled by strong tech-related outlays. We expect this to moderate in 2026 as firms adopt a more cautious stance amid slowing demand. Finally, against the backdrop of tariffs and trade policy uncertainty, imports are likely to decline in 2026, providing some offset to weaker domestic demand growth in measured output.

Chart 1

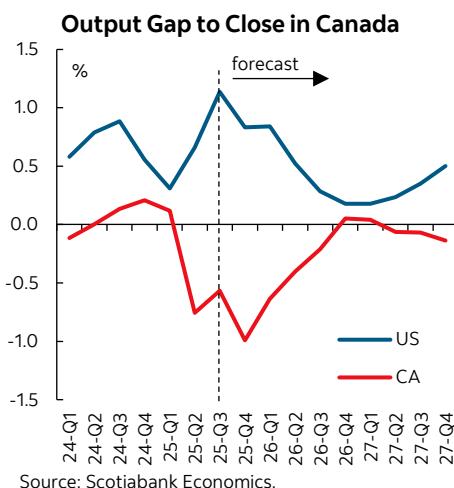
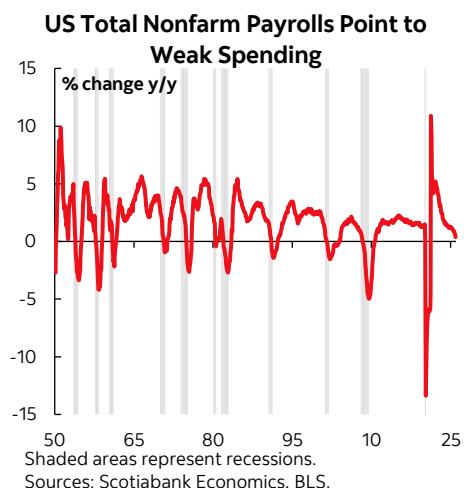


Chart 2



Overall, we project U.S. real GDP growth to ease somewhat from about **2.1% in 2025 to roughly 1.9% in 2026 and recover slightly in 2027 at 2%**.

Slowing growth, however, is not sufficient to bring U.S. inflation down to 2%, as the economy is expected to remain in a state of excess demand throughout the forecast period. We project core inflation to hover in the mid-2% range through 2026 and reach about 2.3% in 2027. Tariff-related cost pressures remain in the pipeline, compounded by lingering excess demand in part reflecting the too-accommodative stance of U.S. monetary policy. Meanwhile, underlying domestic price growth, particularly in services, continues to be sticky, driven by rising wages and other input costs. Importantly, as the economy decelerates and uncertainty fades, these inflationary pressures should gradually ease.

A key uncertainty for the growth and inflation outlook relates to productivity. A sharp and sustained increase in productivity could raise the economy's non-inflationary growth. While this should be accompanied by an increase in aggregate demand, it could put downward pressure on inflation while also leading to stronger growth.

Against this backdrop, we expect the Federal Reserve to continue its gradual policy easing, delivering three additional rate cuts this year and bringing the federal funds rate to around 3%. This would place the policy rate below what is prescribed by economic conditions, reflecting policymakers' willingness to tolerate slightly higher inflation in the near-term in exchange for supporting growth and the labour market. This additional accommodation keeps the economy in excess demand over the forecast. Political pressure on the Fed could also influence decision-making, resulting in lower rates. Indeed, our models indicate that the policy rate should be higher than our forecast, but we incorporate the Fed's dovish bias, erring on the side of more stimulus.

The U.S. administration is making forecasting extremely challenging these days and several elements could significantly derail this outlook. These include but are not limited to:

- Supreme Court decision on tariffs—striking down tariffs would be a positive for near-term growth, but could bring further uncertainty if the administration pursues alternative channels to re-impose trade restrictions.
- Mounting political pressure on the Fed—while we already account for this by way of additional easing, further escalations could lead to an even lower fed fund rate than currently assumed and risk de-anchoring inflation expectations. Market pricing of recent development has been largely muted, but this could be fragile to signs of renewed inflation pressures and economic stress.
- Geopolitical risks—while here too market responses have been limited, the risk is that recent events may signal a weakening of historical patterns of escalation and containment, increasing the likelihood of potentially destabilizing outcomes.
- Equity market (two-sided risk)—markets could continue to look through geopolitical and policy risks, and the boom could continue longer than we expect. Alternatively, a materialization of these risks or a reassessment of underlying fundamentals could force a rapid repricing or correction (see our earlier [note](#) on this scenario).
- Fiscal policy—proposed increases in transfers and defense spending remain unclear with respect to timing and scale, but a significant increase in spending has potential to significantly boost growth and may impact the Fed's future decisions. With both spending plans underpinned by the promise of tariff revenues, implementation inconsistency arises considering the above-mentioned legal challenges and other trade-policy uncertainty.

CANADA

In Canada, the outlook is improving incrementally, partly thanks to the economic resilience south of the border. A stronger U.S. outlook and a reduction in global trade uncertainty will provide a welcome boost to Canada's export-oriented sectors and business sentiment. However, CUSMA remains a significant wildcard for this forecast. Our base case assumes an orderly renegotiation with only minor changes that should have minimal impact on the economic outlook.

We now expect annual Canadian real GDP growth to stay roughly flat in 2026—averaging 1.5%—though this annual average is pulled down by household spending in 2025Q4, masking a gradual strengthening in most quarters. Growth should accelerate to 2% in 2027, supported in particular by the fading effect of trade tensions on growth and past effects of policy rate cuts. Ongoing government spending and investment initiatives at home are also expected to lend support to growth. Even so, Canada's growth will remain moderate by historical standards, still restrained by structural factors such as weak productivity growth and low population growth.

Canadian inflation should continue to trend downward gradually. With the economy operating below full capacity in recent quarters, excess supply is exerting some negative pressure on prices. We expect headline inflation to ease toward the 2% midpoint of the Bank of Canada's target band over the course of 2026. However, much like in the U.S., core inflation in Canada is proving sticky, lingering in the upper half of the BoC's target range. Rising input costs mean that inflation risks haven't completely vanished, even as demand cools.

We maintain our view that the Bank of Canada will stay on hold in the near-term. The BoC is unlikely to move until CUSMA renegotiations are settled and the policy backdrop clears. Assuming an orderly outcome as per our base case, the BoC should be finished with its rate cutting cycle and the next move will be toward normalization. The BoC delivered considerable easing in 2025, and we interpret some of the stimulus as insurance against a sharper slowdown. Now, with growth holding up and inflation remaining sticky, we think further rate cuts should be off the table. Consistent with our previous guidance, we expect the next move will be a rate hike in the second half of 2026, bringing the policy rate closer to its neutral stance. By that time, we anticipate the economy will be on firmer footing which will allow the BoC to start to withdraw some stimulus.

Canada is exposed to many of the same uncertainties surrounding the U.S. outlook. In particular, the upcoming CUSMA renegotiations could have a significant impact, as failure to reach an agreement would sharply raise the low effective tariff rate that Canada has benefited from so far.

International													
	2010-19	2023	2024	2025e	2026f	2027f		2010-19	2023	2024	2025e	2026f	2027f
	Real GDP (annual % change)							Consumer Prices (annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	3.5	3.4	3.3	3.1	3.2							
Canada	2.2	2.0	2.0	1.6	1.5	2.0		1.6	3.9	2.4	2.1	2.2	2.1
United States	2.4	2.9	2.8	2.1	1.9	2.0		1.8	4.1	3.0	2.7	2.5	2.6
Mexico	2.3	3.1	1.4	0.0	0.6	1.0		4.0	5.6	4.7	3.8	3.8	3.7
United Kingdom	2.0	0.3	1.1	1.4	1.0	1.4		2.2	7.3	2.5	3.4	2.5	2.2
Eurozone	1.4	0.6	0.9	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	0.3	0.9	1.6		1.4	6.0	2.5	2.3	1.9	2.0
France	1.4	1.6	1.1	0.9	1.1	1.2		1.3	5.7	2.3	0.9	1.4	1.7
China	7.7	5.4	5.0	4.9	4.6	4.4		2.6	0.3	0.2	-0.1	0.6	0.9
India	6.6	9.2	6.5	7.4	6.4	6.6		6.5	5.7	4.9	2.2	3.9	4.2
Japan	1.3	0.7	-0.2	1.2	0.9	0.9		0.5	3.3	2.8	3.1	2.2	2.0
South Korea	3.5	1.6	2.0	1.1	2.1	1.8		1.7	3.6	2.3	2.1	2.1	2.0
Australia	2.6	2.1	1.0	1.9	2.1	2.2		2.1	5.6	3.2	2.8	2.1	2.2
Thailand	3.6	2.2	2.9	2.1	1.8	2.2		1.6	1.2	0.4	-0.1	0.6	0.8
Brazil	1.4	3.2	3.4	2.3	1.8	1.8		5.8	4.6	4.4	5.0	4.0	3.8
Peru	4.5	-0.4	3.5	3.3	3.2	3.0		2.8	6.3	2.4	1.5	1.8	2.0
Chile	3.3	0.5	2.6	2.3	2.5	2.5		2.9	7.3	3.9	4.2	2.5	2.6
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	3.53	4.65	3.65							
Copper (USD/lb)	3.10	3.85	4.15	4.51	4.75	4.75							
Zinc (USD/lb)	1.02	1.20	1.26	1.30	1.40	1.40							
Nickel (USD/lb)	7.00	9.75	7.63	6.88	7.00	7.00							
Iron Ore (USD/tonne)	101	120	110	100	90	90							
Gold, (USD/oz)	1,342	1,943	2,386	3,442	4,100	3,900							
Silver, (USD/oz)	21.64	23.38	28.21	39.80	50.00	48.00							

Sources: Scotiabank Economics, Statistics Canada, Focus Economics, BEA, BCB, BLS, IMF, Bloomberg.

North America													
	2010-19	2023	2024	2025e	2026f	2027f		2010-19	2023	2024	2025e	2026f	2027f
Canada							United States						
(annual % change, unless noted)							(annual % change, unless noted)						
Real GDP	2.2	2.0	2.0	1.6	1.5	2.0		2.4	2.9	2.8	2.1	1.9	2.0
Consumer spending	2.5	2.3	2.2	2.0	1.2	2.0		2.3	2.6	2.9	2.6	1.5	1.3
Residential investment	2.4	-9.3	0.0	1.7	2.3	4.3		4.7	-7.8	3.2	-2.0	-0.1	5.6
Business investment*	16.4	3.4	-0.4	-0.7	-2.0	3.5		5.6	7.3	2.9	4.1	3.2	4.3
Government	1.1	2.9	4.2	2.7	3.9	2.1		0.2	3.5	3.8	1.4	1.0	1.6
Exports	3.5	6.2	0.9	-2.8	2.0	3.2		3.9	2.8	3.6	1.7	0.9	0.6
Imports	3.7	1.2	0.7	-0.2	2.6	3.6		4.3	-0.9	5.8	2.7	-2.2	1.2
Inventories, contribution to annual GDP growth	0.1	-1.2	-0.2	0.5	0.1	-0.1		0.1	-0.4	0.0	-0.1	-0.1	0.1
Nominal GDP	4.0	3.5	4.8	4.1	3.3	4.2		4.1	6.7	5.3	4.9	4.6	4.3
GDP deflator	1.7	1.5	2.7	2.4	1.7	2.1		1.6	3.7	2.5	2.7	2.7	2.2
Consumer price index (CPI)	1.6	3.9	2.4	2.1	2.2	2.1		1.8	4.1	3.0	2.7	2.5	2.6
Core inflation rate**	1.7	4.0	2.9	3.0	2.4	2.1		1.6	4.2	2.9	2.8	2.5	2.3
Pre-tax corporate profits	6.3	-11.8	-2.3	6.0	2.9	3.5		5.9	7.6	5.1	5.7	5.6	4.7
Employment	1.3	3.0	1.9	1.5	0.9	1.2		1.4	2.2	1.3	0.9	0.8	1.6
Unemployment rate (%)	6.9	5.4	6.4	6.8	6.4	5.9		6.2	3.6	4.0	4.3	4.4	4.1
Current account balance (CAD, USD bn)	-56.9	-20.4	-15.0	-50.7	-34.6	-34.4		-407	-928	-1185	-1142	-939	-976
Merchandise trade balance (CAD, USD bn)	-13.6	-0.9	-7.2	-46.3	-39.6	-38.0		-763	-1057	-1215	-1272	-1105	-1148
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-61.9	-36.3	-78.3	-65.4	-63.5		-829	-1,694	-1,915	-1,775	-1,992	-2,075
percent of GDP	-1.0	-2.1	-1.2	-2.4	-2.0	-1.8		-4.8	-6.1	-6.5	-5.8	-6.2	-6.2
Housing starts (000s, mn)	201	240	245	259	251	258		0.99	1.42	1.37	1.36	1.35	1.43
Motor vehicle sales (000s, mn)	1,816	1,684	1,819	1,893	1,830	1,872		15.7	15.5	15.9	16.2	15.8	15.8
Industrial production	2.4	0.6	0.6	0.8	1.7	2.1		1.7	-0.2	-0.6	1.4	1.8	2.0
Mexico													
(annual % change)													
Real GDP	2.3	3.1	1.4	0.0	0.6	1.0							
Consumer price index	4.0	5.6	4.7	3.8	3.8	3.7							
Unemployment rate (%)	4.4	2.8	2.7	2.8	3.3	3.8							

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			
Canada	Q4	Q1	Q2	Q3	Q4e	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	2.8	2.2	-1.8	2.6	-0.6	2.5	2.1	1.9	2.4	2.1	1.7	2.1	1.9
Real GDP (y/y % change)	3.1	2.9	1.6	1.4	0.6	0.7	1.7	1.5	2.2	2.1	2.0	2.1	2.0
Consumer prices (y/y % change)	1.9	2.3	1.8	2.0	2.4	2.3	2.3	2.1	2.2	2.1	2.1	2.1	2.0
Average of new core CPIs (y/y % change)*	2.6	2.8	3.0	3.1	3.0	2.7	2.4	2.3	2.2	2.2	2.1	2.1	2.1
CPIXFET (y/y % change)**	2.2	2.6	2.6	2.5	2.6	2.6	2.5	2.4	2.3	2.2	2.2	2.2	2.1
Unemployment Rate (%)	6.7	6.6	6.9	7.0	6.7	6.7	6.5	6.3	6.1	6.0	5.9	5.9	5.8
United States													
Real GDP (q/q ann. % change)	1.9	-0.6	3.8	4.3	1.0	2.1	0.9	1.2	1.7	2.1	2.4	2.6	2.7
Real GDP (y/y % change)	2.4	2.0	2.1	2.3	2.1	2.8	2.1	1.3	1.5	1.5	1.8	2.2	2.4
Consumer prices (y/y % change)	2.7	2.7	2.5	2.9	2.7	2.7	2.6	2.4	2.4	2.5	2.5	2.6	2.6
Total PCE deflator (y/y % change)	2.6	2.6	2.4	2.7	2.6	2.3	2.2	2.1	2.2	2.2	2.2	2.2	2.2
Core PCE deflator (y/y % change)	3.0	2.8	2.7	2.9	2.8	2.6	2.5	2.4	2.3	2.3	2.3	2.3	2.3
Unemployment Rate (%)	4.1	4.1	4.2	4.3	4.5	4.5	4.4	4.3	4.2	4.2	4.1	4.1	4.1

* 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	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	
Americas														
Bank of Canada	3.25	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.75	3.00	3.00	3.00	3.00	
US Federal Reserve (upper bound)	4.50	4.50	4.50	4.25	3.75	3.50	3.25	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	6.25	6.00	
Central Bank of Brazil	12.25	14.25	15.00	15.00	15.00	14.50	13.50	12.50	12.25	11.75	11.00	10.50	10.50	
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	
Europe														
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	
Asia/Oceania														
Reserve Bank of Australia	4.35	4.10	3.85	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	
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	1.25	
People's Bank of China	1.50	1.50	1.40	1.40	1.40	1.30	1.30	1.30	1.20	1.20	1.20	1.20	1.20	
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	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	
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	1.00	
Currencies and Interest Rates														
Americas														
Canadian dollar (USDCAD)	1.44	1.44	1.36	1.39	1.37	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	0.73	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	18.01	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	13.12	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	5.47	5.44	5.47	5.50	5.50	5.50	5.50	5.50	5.50	
Peruvian sol (USD PEN)	3.74	3.68	3.54	3.47	3.36	3.39	3.32	3.35	3.35	3.40	3.37	3.42	3.45	
Chilean peso (USDCLP)	995	951	932	963	901	880	870	870	870	870	870	870	870	
Europe														
Euro (EURUSD)	1.04	1.08	1.18	1.17	1.17	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	1.35	1.32	1.34	1.36	1.37	1.38	1.38	1.39	1.39	
Asia/Oceania														
Japanese yen (USDJPY)	157	150	144	148	157	147	145	142	140	137	135	133	130	
Australian dollar (AUDUSD)	0.62	0.62	0.66	0.66	0.67	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	6.99	7.05	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	89.9	90.0	89.5	89.0	88.5	88.5	88.5	88.5	88.5	
South Korean won (USDKRW)	1472	1473	1354	1404	1440	1460	1455	1450	1400	1350	1350	1350	1350	
Thai baht (USDTHB)	34.1	33.9	32.5	32.4	31.5	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	
Canada (Yields, %)														
3-month T-bill	3.15	2.61	2.65	2.42	2.19	2.25	2.30	2.40	2.85	3.00	3.05	3.05	3.05	
2-year Canada	2.93	2.46	2.59	2.47	2.59	2.65	2.85	2.95	3.10	3.15	3.15	3.15	3.15	
5-year Canada	2.97	2.61	2.82	2.75	2.97	2.95	3.00	3.10	3.25	3.25	3.30	3.30	3.35	
10-year Canada	3.23	2.97	3.27	3.18	3.43	3.30	3.30	3.35	3.45	3.55	3.65	3.70	3.70	
30-year Canada	3.33	3.22	3.57	3.63	3.86	3.75	3.75	3.80	3.80	3.85	3.90	3.95	4.00	
United States (Yields, %)														
3-month T-bill	4.14	4.19	4.29	3.85	3.52	3.25	3.00	2.80	2.80	2.80	2.80	2.80	2.80	
2-year Treasury	4.24	3.88	3.72	3.61	3.48	3.40	3.35	3.25	3.20	3.20	3.20	3.20	3.20	
5-year Treasury	4.38	3.95	3.80	3.74	3.73	3.60	3.55	3.45	3.50	3.50	3.50	3.50	3.50	
10-year Treasury	4.57	4.21	4.23	4.15	4.17	4.10	4.10	4.10	4.15	4.15	4.20	4.25	4.25	
30-year Treasury	4.78	4.57	4.77	4.73	4.85	4.80	4.80	4.80	4.90	4.95	4.95	5.00	5.00	

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	2.0	-3.0	2.9	2.4	2.0	0.7	2.4	2.8	3.1	2.5	2.8
2024	2.0	2.7	3.8	3.1	2.7	1.7	1.6	1.7	3.0	3.0	1.1
2025e	1.6	1.7	1.8	1.7	1.9	1.1	1.3	1.9	2.4	2.8	2.1
2026f	1.5	1.5	1.7	1.5	1.6	1.1	1.2	1.7	1.9	2.6	1.7
2027f	2.0	2.0	2.1	1.9	1.7	1.6	1.7	2.0	2.2	2.7	2.1
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	3.5	-4.0	6.7	7.6	3.5	4.7	6.9	5.4	-3.7	-4.0	3.6
2024	4.8	4.6	7.5	8.0	4.0	5.9	5.1	3.3	0.0	5.1	3.5
2025e	4.1	3.1	4.9	4.5	4.6	3.9	4.0	4.5	3.9	3.8	4.7
2026f	3.3	3.2	3.8	3.4	3.6	2.9	3.0	3.5	3.8	4.1	3.6
2027f	4.2	4.1	4.6	4.2	4.1	3.9	3.9	4.2	4.5	4.2	4.4
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
2025	1.5	-0.1	1.2	0.4	1.3	1.7	1.0	1.6	2.5	2.8	1.1
2026f	0.9	0.2	0.8	0.3	0.9	0.7	0.7	0.9	1.0	2.4	0.7
2027f	1.2	0.5	1.1	0.6	1.2	1.0	1.0	1.2	1.3	2.2	1.1
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
2025	6.8	10.1	8.0	6.6	7.1	5.6	7.7	5.9	5.2	7.2	6.2
2026f	6.4	9.9	7.7	6.4	6.6	5.3	7.3	5.8	5.0	6.8	5.8
2027f	5.9	9.6	7.3	6.1	5.9	4.9	6.8	5.5	4.7	6.8	5.2
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
2025e	2.1	1.4	1.5	1.9	1.6	2.2	2.0	2.4	2.1	2.1	2.3
2026f	2.2	2.2	2.1	2.2	2.2	2.3	2.3	2.2	2.3	2.2	2.3
2027f	2.1	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1
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
2025e	259	1.6	1.7	9.6	7.7	60	63	8.3	6.2	57	44
2026f	251	1.7	1.5	8.4	6.6	57	67	8.0	6.0	51	43
2027f	258	1.9	1.5	8.0	5.7	59	73	8.3	6.3	49	45
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
2025e	1,893	36	9	54	46	466	790	61	53	231	216
2026f	1,830	32	8	48	42	439	736	55	49	215	206
2027f	1,872	31	8	47	41	449	756	55	49	219	216
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	-948	-367	-1,290	-835	-9,898	-13,500	-1,661	-427	-6,437	-11,187

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

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