

Supply Chain Constraints are Temporarily Holding Back Growth

- Growth in Canada revised to a still-strong 4.8% in 2021 from 6.1% in our previous forecast. Growth of 3.6% is now expected in 2022, down from 4.1% in our previous forecast. Our first cut at a 2023 forecast points to growth in the 3% range.
- Challenges along the supply chain account for the majority of these revisions as demand remains extremely well-supported by fundamentals. We have revised our estimate of potential output this year and next to reflect longer-lasting impacts from these supply challenges.
- The Delta variant is contributing to some of these production chain issues, notably in the production of semiconductors in some Asian countries. There is relatively little evidence to date that Delta is impacting consumer activity beyond the inability to purchase some goods owing to low inventories.
- With mobility restrictions unwound through the summer in Canada, activity in the COVID-affected sectors is rebounding, helping to offset some of the weakness associated with low inventories of goods.
- Inflation pressures remain strong, with a number of central banks already moving aggressively to contain inflationary pressures. We continue to expect that the Bank of Canada will raise its policy rate next summer and that the Federal Reserve will raise rates in early 2023.
- We do not think the electoral outcome in Canada will have a noticeable impact on economic activity next year.

A big revision to the Canadian outlook is in order owing to supply chain constraints that appear longer-lasting and more binding than previously assessed. We now anticipate growth of 4.8% in 2021 (6.1% previously) and 3.6% in 2022 (4.1% previously). The majority of these changes reflect negative revisions to second quarter growth, which largely reflected challenges in obtaining key production inputs either because of component shortages, such as semiconductor chips, or transportation bottlenecks. Despite these frictions, there is plenty of evidence that demand remains robust, that pent-up demand is rising, and the recovery remains on a solid track barring any additional supply disruptions. We currently see few direct signs of economic impacts from the Delta variant on Canadian economic activity and expect that to largely remain the case through the remainder of the year, but it is clear that the virus is impacting key countries involved in the production of critical inputs and that will delay the speed at which the economy can recover.

The supply constraints bite precisely because demand is so strong. Employment growth remains exceptionally strong in Canada, household wealth is still at record levels, commodity prices remain high, US growth remains very strong, savings continue to accumulate, and business confidence remains particularly strong even as COVID-19 cases have been on the rise again. Taken together, these

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Chart 1

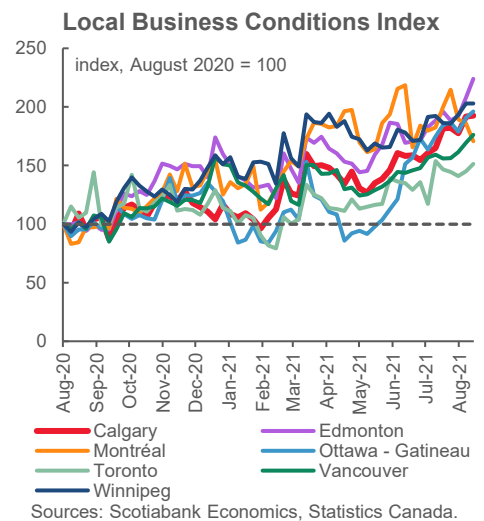
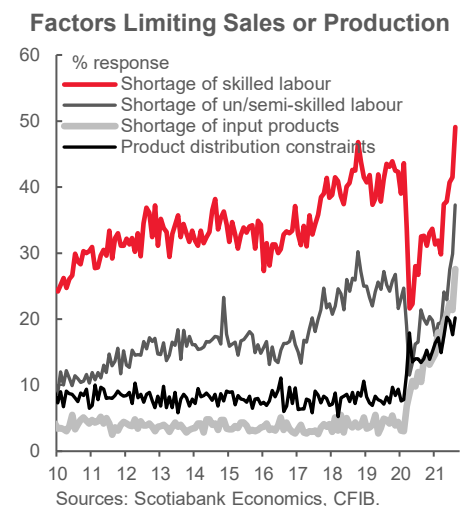


Chart 2



fundamental drivers of growth continue to point to remarkably strong growth in coming quarters even if the economy's ability to import or produce goods is temporarily impaired. Helping offset some of the challenges on the goods side of the economy, the service industry is picking up steam, as mobility restrictions have been unwound. Travel is surging, as is activity in the food and accommodation sector. Bank transaction data appear to confirm this, suggesting consumer spending remained strong in August. Moreover, Statistics Canada now publishes an experimental real-time measure of business activity in major cities (chart 1) which suggests that economic activity in the largest urban centres generally accelerated through the summer.

This tension between demand and supply is evident in a number of metrics, none illustrate this more clearly than survey information from the Canadian Federation of Independent Business's monthly Business Barometer (chart 2). With job vacancies now above pre-pandemic levels, SMEs report that the impact of labour shortages is the most damaging to sales and production since the survey began. Shortage of inputs and challenges in distributing products are also at their highest recorded level.

These obstacles along the supply chain are observed elsewhere, including the US. It is having particularly strong impacts in industries with large and complex supply chains such as the auto sector. Many global automakers have announced production reductions or shutdowns in coming weeks owing to an inability to secure key semiconductors. Given the sector's importance to the North American economy, this had a noticeable impact on Mexico, the US and Canada in August and likely September. More generally, the mounting evidence of supply chain challenges has led us to reduce our estimate of potential growth in Canada this year and next.

It is important to put these supply challenges in context. They exist to a large extent because of the strength of demand. For a broad range of goods, low inventories are leading to pent-up demand. Given the strong financial position of many households and still extremely accommodative financing rates, robust consumer spending will follow as more goods become available. This underlies our view that Canadian growth will remain quite strong, at 3%, in 2023.

In the meantime, the imbalance between demand and supply is leading to wide-spread increases in inflation as firms pass along some of the input price pressures they are subject to, including higher wages. Headline inflation is accelerating more rapidly than anticipated in most countries we monitor. We remain of the view that the inflation spike will be transitory, but it is now clear that it will take a few quarters for inflation to be purged of these temporary, but persistent, input price pressures. In Canada, we have maintained our inflation outlook roughly unchanged as the significant negative revisions to our growth forecasts incorporate an adjustment to the rate of potential output growth. In both Canada and the US, we continue to anticipate that core inflation measures will remain above central bank targets through 2023.

Central banks are reacting to these inflation pressures. In the Pacific Alliance countries, input price pressures combined with exchange rate depreciations have led to inflation surges that are already met by aggressive increases in policy rates. In Canada, the Bank of Canada has begun the tapering process and seems unfazed by the surprising weakness in second quarter output. The Federal Reserve appears to be setting the stage for a reduction to their quantitative easing program before year-end. As a result, we remain confident that the Bank of Canada will raise its policy rate next summer despite the mark-down to our growth forecasts. The Fed should follow in early 2023.

The Federal election in Canada is largely a non-event from a macroeconomic perspective. The two leading parties' economic platforms suggest a largely stay-the-course approach for the next year or two in relation to the magnitude of spending, though platforms differ on what things might be done.

International	2010–19	2019	2020	2021f	2022f	2023f	2010–19	2019	2020	2021f	2022f	2023f
	Real GDP (annual % change)						Consumer Prices (y/y % change, year-end)					
World (based on purchasing power parity)	3.7	2.8	-3.3	6.2	4.6	3.5						
Canada	2.2	1.9	-5.3	4.8	3.6	3.0	1.7	2.1	0.8	3.7	2.5	2.5
United States	2.3	2.3	-3.4	6.3	4.7	1.9	1.7	2.0	1.2	4.8	3.0	2.6
Mexico	2.7	-0.2	-8.3	6.2	2.9	1.5	4.0	2.8	3.2	6.0	3.5	3.5
United Kingdom	1.8	1.4	-9.8	5.3	4.3	2.5	2.1	1.3	0.6	3.5	2.6	2.1
Eurozone	1.4	1.5	-6.5	4.3	3.9	2.1	1.3	1.3	-0.3	1.8	1.3	1.3
Germany	2.0	1.1	-5.0	3.6	3.9	2.2	1.3	1.5	-0.3	2.4	1.5	1.5
France	1.4	1.8	-8.0	5.6	4.0	2.1	1.2	1.5	0.0	1.5	1.3	1.2
China	7.7	6.0	2.3	8.7	5.9	5.5	2.7	4.5	0.2	2.2	2.6	2.4
India	7.0	4.7	-7.1	9.3	7.0	7.0	6.8	7.4	4.6	5.3	4.8	4.5
Japan	1.2	0.0	-4.7	2.7	1.7	1.1	0.6	0.8	-1.2	0.7	0.9	1.0
South Korea	3.3	2.2	-0.9	4.0	3.0	2.6	1.7	0.7	0.5	2.5	2.1	2.0
Australia	2.6	1.9	-2.3	4.6	2.1	2.5	2.1	1.8	0.9	2.7	2.3	2.5
Thailand	3.6	2.3	-6.1	1.2	4.5	4.0	1.5	0.9	-0.3	0.7	1.5	2.0
Brazil	1.5	1.4	-4.1	5.4	2.3	2.5	5.9	4.3	4.5	8.7	3.6	3.5
Colombia	3.7	3.3	-6.8	7.4	4.2	3.7	3.9	3.8	1.6	4.8	3.3	3.0
Peru	4.5	2.2	-11.0	12.3	2.6	2.8	2.9	1.9	2.0	6.5	4.5	3.0
Chile	3.3	0.9	-5.8	10.7	5.0	2.2	3.2	3.0	3.0	5.0	3.0	3.0
Argentina	1.4	-2.0	-9.9	7.3	1.9	2.5	26.1	53.8	36.1	51.8	36.5	30.6
Commodities	(annual average)											
WTI Oil (USD/bbl)	74	57	39	66	69	71						
Brent Oil (USD/bbl)	82	64	43	69	72	75						
WCS - WTI Discount (USD/bbl)	-18	-14	-12	-13	-15	-15						
Nymex Natural Gas (USD/mmbtu)	3.39	2.53	2.02	3.21	3.10	2.75						
Copper (USD/lb)	3.10	2.73	2.80	4.15	4.25	4.25						
Zinc (USD/lb)	1.02	1.16	1.03	1.30	1.25	1.20						
Nickel (USD/lb)	7.00	6.31	6.25	8.00	7.50	7.25						
Iron Ore (USD/tonne)	101	93	109	173	125	100						
Metallurgical Coal (USD/tonne)	179	185	127	140	140	140						
Gold, (USD/oz)	1,342	1,393	1,771	1,828	1,850	1,700						
Silver, (USD/oz)	21.64	16.21	20.48	28.23	32.00	28.00						

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

North America	2010-19	2019	2020	2021f	2022f	2023f	2010-19	2019	2020	2021f	2022f	2023f
	Canada						United States					
	(annual % change, unless noted)						(annual % change, unless noted)					
Real GDP	2.2	1.9	-5.3	4.8	3.6	3.0	2.3	2.3	-3.4	6.3	4.7	1.9
Consumer spending	2.5	1.7	-5.9	3.8	5.4	4.7	2.2	2.2	-3.8	8.2	4.3	1.9
Residential investment	2.5	-0.2	4.1	17.9	-3.8	-3.4	4.5	-0.9	6.8	10.2	1.1	2.1
Business investment*	2.6	0.5	-11.9	1.5	3.7	11.3	5.2	4.3	-5.3	8.3	4.3	2.1
Government	1.2	1.7	0.4	5.7	0.8	1.0	-0.1	2.2	2.5	1.4	4.8	3.3
Exports	3.4	1.3	-10.0	2.5	9.0	3.2	3.8	-0.1	-13.6	5.5	6.0	3.0
Imports	3.7	0.4	-11.2	6.6	8.0	8.2	4.3	1.1	-8.9	13.8	5.6	4.2
Inventories, contribution to annual GDP growth	0.1	0.2	-1.7	0.7	0.0	0.8	0.2	0.1	-0.6	0.0	0.5	0.0
Nominal GDP	4.0	3.6	-4.6	11.9	5.9	5.8	4.0	4.1	-2.2	10.5	9.3	4.6
GDP deflator	1.7	1.7	0.7	6.8	2.2	2.7	1.7	1.8	1.2	4.0	4.5	2.6
Consumer price index (CPI)	1.7	1.9	0.7	3.1	2.7	2.6	1.8	1.8	1.3	4.2	3.5	2.7
Core inflation rate**	1.7	1.9	1.7	2.3	2.4	2.4	1.6	1.7	1.4	3.1	2.9	2.5
Pre-tax corporate profits	6.3	0.6	-4.0	39.4	5.5	5.2	5.7	2.7	-5.2	23.0	7.0	4.1
Employment	1.3	2.2	-5.1	4.1	3.3	1.9	1.5	1.3	-5.7	2.6	3.6	1.6
Unemployment rate (%)	6.9	5.7	9.6	7.7	5.9	5.2	6.2	3.7	8.1	5.5	3.4	2.9
Current account balance (CAD, USD bn)	-57.0	-47.4	-40.1	23.3	35.6	-9.7	-409	-472	-616	-801	-840	-913
Merchandise trade balance (CAD, USD bn)	-13.1	-15.4	-37.5	16.7	33.3	2.2	-763	-862	-922	-1092	-1158	-1248
Federal budget balance (FY, CAD, USD bn) ***	-20.9	-39.4	-334.7	-138.2	-42.7	-35.6	-830	-984	-3,129	-3,003	-1,200	-1,010
percent of GDP	-1.2	-1.8	-15.2	-5.6	-1.6	-1.3	-4.8	-4.6	-15.0	-13.0	-4.8	-3.8
Housing starts (000s, mn)	201	209	219	273	245	243	0.99	1.29	1.40	1.56	1.50	1.47
Motor vehicle sales (000s, mn)	1,816	1,915	1,570	1,703	1,881	1,991	15.7	16.9	14.5	15.7	17.6	18.8
Industrial production	2.4	-0.2	-8.5	5.6	4.0	3.5	1.7	-0.8	-7.2	6.1	3.8	1.9
	Mexico											
	(annual % change)											
Real GDP	2.7	-0.2	-8.3	6.2	2.9	1.5						
Consumer price index (year-end)	4.0	2.8	3.2	6.0	3.5	3.5						
Current account balance (USD bn)	-19.7	-3.8	26.0	11.5	9.3	-5.7						
Merchandise trade balance (USD bn)	-5.6	5.4	34.0	-6.8	-13.8	-14.6						

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 3 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 FY2020/21 are noted in calendar year 2020, FY2021/22 in calendar year 2021.

Quarterly Forecasts	2020					2021				2022				2023			
Canada	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	9.3	5.5	-1.1	3.0	5.1	3.6	4.1	3.6	3.9	2.8	2.4	2.4	2.2				
Real GDP (y/y % change)	-3.1	0.3	12.7	4.1	3.1	2.6	3.9	4.1	3.8	3.6	3.2	2.9	2.4				
Consumer prices (y/y % change)	0.8	1.4	3.3	3.8	3.7	3.0	2.8	2.6	2.5	2.6	2.7	2.6	2.5				
CPI-common (y/y % change)*	1.4	1.4	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1	2.1	2.1	2.2				
Average of new core CPIs (y/y % change)	1.8	1.8	2.2	2.6	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3				
CPIXFET (y/y % change)	1.1	1.0	2.1	2.9	2.7	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.6				
Unemployment Rate (%)	8.8	8.4	8.0	7.6	7.0	6.5	6.0	5.7	5.4	5.3	5.2	5.2	5.2				
United States																	
Real GDP (q/q ann. % change)	4.5	6.3	6.6	7.1	7.1	4.6	3.2	1.9	1.6	1.9	1.7	1.9	1.9				
Real GDP (y/y % change)	-2.3	0.5	12.2	6.1	6.7	6.3	5.5	4.2	2.8	2.2	1.8	1.8	1.8				
Consumer prices (y/y % change)	1.2	1.9	4.8	5.3	4.8	4.4	3.8	3.0	3.0	2.9	2.7	2.6	2.6				
Total PCE deflator (y/y % change)	1.2	1.8	3.9	4.3	4.1	4.0	3.5	2.9	2.7	2.5	2.4	2.3	2.3				
Core PCE deflator (y/y % change)	1.4	1.7	3.4	3.8	3.4	3.1	2.9	2.8	2.6	2.6	2.5	2.4	2.4				
Unemployment Rate (%)	6.8	6.2	5.9	5.2	4.6	4.0	3.5	3.1	2.9	2.8	2.8	2.9	2.9				

* Refers to BoC's common component of CPI inflation, average of 3 core measures published by the BoC, CPI ex. food, energy and indirect taxes. Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, Bloomberg.

Central Bank Rates	2020		2021			2022				2023			
	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas	(% , end of period)												
Bank of Canada	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.25	1.50	2.00
US Federal Reserve (upper bound)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.25
Bank of Mexico	4.25	4.00	4.25	4.75	5.25	5.50	5.75	6.00	6.00	6.00	6.00	6.00	6.00
Central Bank of Brazil	2.00	2.75	4.25	6.00	7.00	7.50	7.50	7.50	7.50	7.50	7.50	7.25	7.00
Bank of the Republic of Colombia	1.75	1.75	1.75	2.00	2.50	3.00	3.50	4.00	4.00	4.25	4.50	4.75	4.75
Central Reserve Bank of Peru	0.25	0.25	0.25	1.00	1.25	1.75	2.00	2.25	2.50	2.50	2.50	2.50	2.50
Central Bank of Chile	0.50	0.50	0.50	1.50	2.50	3.50	4.00	4.00	4.00	4.00	3.75	3.75	3.50
Central Bank of Argentina	38.00	38.00	38.00	38.00	42.00	46.00	46.00	44.00	40.00	39.00	38.00	37.00	36.00
Europe													
European Central Bank MRO Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Central Bank Deposit Rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Bank of England	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.20	0.20	0.20	0.40	0.40
Asia/Oceania													
Reserve Bank of Australia	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.50
Bank of Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
People's Bank of China	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Reserve Bank of India	4.00	4.00	4.00	4.00	4.00	4.25	4.50	4.75	5.00	5.00	5.25	5.25	5.50
Bank of Korea	0.50	0.50	0.50	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00
Bank of Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.25	1.25	1.50
Currencies and Interest Rates													
Americas	(end of period)												
Canadian dollar (USDCAD)	1.27	1.26	1.24	1.22	1.22	1.24	1.24	1.25	1.25	1.25	1.25	1.23	1.23
Canadian dollar (CADUSD)	0.79	0.80	0.81	0.82	0.82	0.81	0.81	0.80	0.80	0.80	0.80	0.81	0.81
Mexican peso (USDMXN)	19.91	20.43	19.94	20.21	20.54	20.76	21.03	21.27	21.45	21.38	21.51	21.62	21.78
Brazilian real (USDBRL)	5.19	5.63	4.97	5.11	4.96	4.85	4.81	4.85	4.92	4.85	4.77	4.70	4.63
Colombian peso (USDCOP)	3,428	3,663	3,755	3,730	3,525	3,468	3,455	3,443	3,450	3,430	3,420	3,410	3,400
Peruvian sol (USDPEN)	3.62	3.74	3.87	4.10	4.15	4.15	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Chilean peso (USDCLP)	711	719	734	750	720	720	720	710	700	680	680	680	680
Argentine Peso (USDARS)	84.15	91.99	95.72	99.70	108.50	112.00	121.00	132.00	141.00	138.00	135.00	132.00	131.00
Europe													
Euro (EURUSD)	1.22	1.17	1.19	1.18	1.18	1.17	1.17	1.15	1.15	1.15	1.15	1.18	1.18
UK pound (GBPUSD)	1.37	1.38	1.38	1.38	1.38	1.40	1.40	1.42	1.42	1.43	1.43	1.45	1.45
Asia/Oceania													
Japanese yen (USDJPY)	103	111	111	109	107	108	108	110	110	110	110	110	110
Australian dollar (AUDUSD)	0.77	0.76	0.75	0.78	0.78	0.76	0.76	0.75	0.75	0.77	0.77	0.80	0.80
Chinese yuan (USDCNY)	6.53	6.55	6.46	6.40	6.40	6.30	6.30	6.20	6.20	6.30	6.30	6.40	6.40
Indian rupee (USDINR)	73.1	73.1	74.3	72.0	72.0	70.0	70.0	68.0	68.0	70.0	70.0	72.0	72.0
South Korean won (USDKRW)	1,087	1,132	1,126	1,140	1,140	1,120	1,120	1,100	1,100	1,120	1,120	1,140	1,140
Thai baht (USDTHB)	30.0	31.2	32.0	33.0	33.0	31.5	31.5	30.0	30.0	31.5	31.5	33.0	33.0
Canada (Yields, %)													
3-month T-bill	0.07	0.09	0.14	0.15	0.15	0.15	0.35	0.60	0.90	1.15	1.35	1.70	2.05
2-year Canada	0.20	0.22	0.45	0.40	0.70	0.90	1.20	1.50	1.65	1.85	2.00	2.10	2.25
5-year Canada	0.39	0.99	0.98	0.85	1.20	1.55	1.60	1.70	1.80	1.90	2.05	2.15	2.30
10-year Canada	0.68	1.56	1.39	1.20	1.50	1.85	1.90	1.95	2.00	2.10	2.20	2.30	2.40
30-year Canada	1.21	1.98	1.84	1.75	1.95	2.10	2.15	2.15	2.20	2.30	2.35	2.45	2.50
United States (Yields, %)													
3-month T-bill	0.08	0.01	0.04	0.05	0.10	0.15	0.15	0.15	0.15	0.40	0.65	0.90	1.15
2-year Treasury	0.12	0.16	0.25	0.25	0.50	0.70	0.90	1.15	1.30	1.50	1.70	1.80	2.00
5-year Treasury	0.36	0.94	0.89	0.85	1.05	1.35	1.45	1.60	1.75	1.85	1.95	2.05	2.20
10-year Treasury	0.91	1.74	1.47	1.35	1.80	2.15	2.20	2.25	2.30	2.35	2.40	2.45	2.50
30-year Treasury	1.64	2.41	2.09	1.95	2.20	2.45	2.55	2.60	2.60	2.65	2.65	2.65	2.65

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	1.0	2.3	1.1	0.7	1.9	2.3	2.1	2.2	2.6	2.8
2019	1.9	4.0	5.1	2.4	1.2	2.7	2.1	0.6	-0.7	0.1	2.7
2020e	-5.3	-5.3	-3.0	-3.2	-3.7	-5.3	-5.1	-4.8	-5.2	-8.2	-3.8
2021f	4.8	3.0	3.8	3.9	4.0	5.9	4.3	4.3	4.4	5.0	5.2
2022f	3.6	2.5	3.0	3.2	3.1	3.3	4.0	3.5	3.6	3.7	3.7
2023f	3.0	2.3	2.4	2.3	2.3	3.0	3.1	2.8	2.9	3.3	3.2
Nominal GDP											
2010–19	4.0	3.5	4.3	2.9	2.8	3.8	4.1	3.8	3.3	3.7	4.5
2019	3.6	4.1	7.0	3.8	3.0	4.3	3.8	1.0	0.1	2.7	4.4
2020e	-4.6	-6.9	-1.1	-1.2	-1.7	-4.0	-4.4	-2.8	-7.5	-10.6	-1.3
2021f	11.9	12.1	8.3	8.3	9.5	11.2	11.1	8.4	12.2	15.5	13.6
2022f	5.9	5.7	4.5	4.9	5.0	5.3	6.1	6.0	7.0	6.8	5.6
2023f	5.8	5.4	4.7	4.7	4.4	5.5	5.6	5.3	5.5	6.3	5.8
Employment											
2010–19	1.3	0.6	1.5	0.3	0.0	1.2	1.4	0.9	0.8	1.2	2.0
2019	2.2	1.1	3.3	2.3	0.8	2.0	2.8	1.0	1.9	0.7	3.0
2020	-5.1	-5.7	-3.2	-4.7	-2.6	-4.8	-4.8	-3.7	-4.7	-6.6	-6.6
2021f	4.1	3.4	2.9	4.8	3.6	4.2	3.8	3.4	3.1	4.3	5.4
2022f	3.3	1.3	2.4	2.6	2.3	3.2	3.5	2.9	2.9	3.4	3.3
2023f	1.9	0.7	1.5	1.7	1.4	1.7	1.9	1.8	1.6	2.1	2.2
Unemployment Rate (%)											
2010–19	6.9	13.3	10.6	8.7	9.4	7.1	7.0	5.6	5.3	6.2	6.1
2019	5.7	12.3	8.7	7.4	8.1	5.1	5.6	5.3	5.6	7.0	4.7
2020	9.6	14.1	10.4	9.8	10.0	8.9	9.6	8.0	8.4	11.4	8.9
2021f	7.7	12.7	8.7	8.2	8.3	6.2	8.5	6.5	6.2	9.3	6.8
2022f	5.9	12.2	7.7	7.2	7.4	4.5	6.4	5.0	4.7	7.4	5.0
2023f	5.2	11.9	7.4	6.8	7.0	4.1	5.7	4.3	4.2	6.6	4.3
Housing Starts (units, 000s)											
2010–19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
2019	209	0.9	1.5	4.7	2.9	48	69	6.9	2.4	27	45
2020	219	0.8	1.2	4.8	3.5	53	81	7.3	3.1	24	38
2021f	273	1.3	1.2	5.1	4.1	75	96	7.8	4.4	31	49
2022f	245	1.4	1.2	4.5	3.5	66	85	6.6	4.2	32	42
2023f	243	1.1	1.0	5.0	3.5	65	80	6.0	4.0	33	42
Motor Vehicle Sales (units, 000s)											
2010–19	1,816	33	7	51	41	432	715	55	53	237	194
2019	1,915	34	8	53	41	454	789	53	46	227	214
2020	1,570	28	7	44	34	376	612	46	40	186	180
2021f	1,703	30	8	45	39	425	655	50	45	201	205
2022f	1,881	31	9	49	43	468	727	54	49	225	227
2023f	1,991	31	9	52	45	495	770	56	52	241	241
Budget Balances, (CAD mn)											
2019**	-39,400	-1,383	22	3	49	-523	-8,672	5	-319	-12,152	-321
2020	-334,700	-1,644	-120	-706	-13	-10,000	-38,468	-2,080	-1,127	-16,962	-5,468
2021f	-138,200	-826	-112	-585	-245	-12,250	-32,431	-1,597	-2,611	-7,759	-9,698
2022f	-42,700	-587	-46	-218	-296	-8,500	-27,700	-374	-1,685	-10,982	-5,484

* Based on preliminary estimates of real GDP by industry for all provinces but Quebec and Ontario. ** NL budget balance in 2019 is net of one-time revenue boost via *Atlantic Accord*.
 Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are after Generations Fund and before Stabilization Reserve transfers.

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