

Less Temporary, More Persistent

- **The outlook for growth in most economies remains very favourable with only minor adjustments to forecasts in key economies.**
- **Supply chain bottlenecks appear more pervasive and persistent, leading to upward revisions to inflation in many countries. While clear evidence of bottlenecks exists, the distinction between supply-related challenges and strong demand is increasingly blurry in some sectors. This is particularly true for housing and labour shortages.**
- **Given the greater persistence of these supply challenges and our view that these are being compounded by strong demand, central banks will need to respond. The United Kingdom is likely to be the next to move in November, but we are also raising our path for the Bank of Canada, as we now expect 100 basis points of tightening in the second half of 2022 and a further 100 basis points in 2023. The Fed, as long expected, will begin its tapering process shortly, but is likely to hold off on rate increases until late 2022.**

It is now clear that supply bottlenecks are broader and longer lasting than earlier assessed. We had marked-down our forecast for Canadian growth in our September forecasts to reflect this, but it now appears clear that in Canada and elsewhere, the inflationary consequences of these supply bottlenecks have been underestimated. As a consequence, we are revising the inflation outlook in our key markets despite a relatively unchanged growth outlook to account for the greater persistence of the imbalance between global demand and the production apparatus. Central banks in some countries have already responded to the impact on inflation (New Zealand and the Pacific Alliance Countries have increased policy rates, Canada is tapering asset purchases), others have made it clear they will act in the near-term (the United Kingdom), and others have revised their guidance on the withdrawal of stimulus (the United States).

We still view the supply disruptions as temporary, but they are clearly more persistent. A number of important, and less important, components in the global supply chain are in short supply. These range from complex things like semiconductors to raw materials like zinc. In some countries, low inventories of natural gas are leading to much higher energy costs for firms and households. Disruptions such as these are clearly temporary, but they speak to the broader issue of supply challenges catching economies off guard. There is some early evidence that some of the shipping constraints on the US West Coast are easing and, while the cost of shipping commodities remains very high, it is well off the peaks seen earlier this month. Nevertheless, it will take many months of additional improvement in these and other metrics to ease the supply crunch.

Muddying the inflation outlook further is an increasingly blurry distinction between supply-related challenges and those posed by strong demand. Even if ocean shipping costs were to normalize, there is a shortage of transportation and warehouse workers to handle the volume of goods being shipped within and across countries. The truck driver shortage pre-dates the pandemic. In Canada and the US, there are already acute labour shortages. Some of these partly reflect frictions associated with workers leaving one sector to join another, while in the

CONTACTS

Jean-François Perrault, SVP & Chief Economist
416.866.4214
Scotiabank Economics
jean-francois.perrault@scotiabank.com

US the labour force participation rate remains well below pre-pandemic levels, suggesting a number of disengaged or discouraged workers. While the participation rate is back to pre-pandemic levels in Canada, labour shortages are acute according to survey and Statistics Canada data. On balance, labour market dynamics appear to reflect strong demand for workers far more than individuals opting not to work or skills mismatches.

The lengthier supply crunch and this ambiguity of supply vs demand impact in some segments of the production chain are leading us to revise upwards our inflation forecast in Canada. On the labour side, we expect compensation per hour to rise by over 4% in each of the next two years. This reflects the unusual dynamics of the current situation: record labour shortages in the early phases of what we still anticipate will be a strong and lasting recovery. Moreover, home prices and rents should continue to rise given the underlying supply-demand imbalance tensions in the real estate market. So even as some of the temporary supply-chain-induced increases in prices mute over the coming months, other sources of fundamentals-driven inflation will amplify. As a consequence, we now expect Canadian core inflation to average 2.6% in 2022 and 2023.

As a result of this revised inflation profile, we now believe the Bank of Canada will raise interest rates by 100 basis points in the second half of 2022, to 1.25%. That's 50 basis points more than we have carried in our forecast for a few quarters now. We are also marginally adjusting our end 2023 forecast to 2.25% from 2.0%. If inflation rises more rapidly than we expect, we may need to forecast an earlier tightening along with a potentially higher 2023 endpoint.

We are tracking a number of risks that could impact our forecast. There are clearly several risks associated with developments on the supply side of the economy. A more rapid unwind would lessen inflationary pressures and boost growth, while the opposite would occur if the disruptions were to worsen. The potential for significantly stronger wage acceleration than forecast should not be discounted, with obvious impacts on inflation and interest rates if that were to happen. The rise of global energy prices is a clear headwind to energy-importing economies, but is also a tailwind to Canada, though in both cases inflationary consequences could be significant. Further increases in these prices would have a meaningful impact on the global outlook for growth, inflation, and interest rates.

Though we have only incorporated a modest amount of additional fiscal expenditures in the US, a collapse of the infrastructure package talks would lead us to scale our US growth forecast down. On the other hand, an agreement on a broader set of packages could provide a boost to our forecast over the next couple of years. Finally, the impact of deliberate production curtailment in China is leading to lower growth there with modest impacts, so far, on the rest of the world. There is potential for these reductions in production further damage supply chains with clear impacts on growth and inflation.

International	2010–19	2019	2020	2021f	2022f	2023f	2010–19	2019	2020	2021f	2022f	2023f
	Real GDP						Consumer Prices					
	(annual % change)						(y/y % change, year-end)					
World (based on purchasing power parity)	3.7	2.8	-3.1	6.2	4.5	3.7						
Canada	2.2	1.9	-5.3	4.9	3.8	3.2	1.7	2.1	0.8	4.5	2.9	2.7
United States	2.3	2.3	-3.4	5.8	4.6	2.8	1.7	2.0	1.2	5.2	3.0	2.6
Mexico	2.7	-0.2	-8.3	6.2	2.9	1.5	4.0	2.8	3.2	6.3	3.4	3.5
United Kingdom	2.0	1.7	-9.7	6.1	4.2	2.4	2.1	1.3	0.6	3.9	2.7	2.1
Eurozone	1.4	1.5	-6.5	4.4	3.9	2.1	1.3	1.3	-0.3	3.0	1.4	1.3
Germany	2.0	1.1	-5.0	3.3	3.8	2.1	1.3	1.5	-0.3	4.1	1.6	1.5
France	1.4	1.8	-8.0	5.9	4.1	2.1	1.2	1.5	0.0	2.8	1.5	1.2
China	7.7	6.0	2.3	8.5	5.5	5.5	2.7	4.5	0.2	1.9	2.3	2.3
India	7.0	4.7	-7.1	9.3	7.0	7.0	6.8	7.4	4.6	5.0	4.8	4.5
Japan	1.2	0.0	-4.7	2.5	2.0	1.2	0.6	0.8	-1.2	0.5	0.9	1.0
South Korea	3.3	2.2	-0.9	4.0	3.0	2.6	1.7	0.7	0.5	2.6	2.1	2.0
Australia	2.6	1.9	-2.3	4.1	2.7	2.5	2.1	1.8	0.9	2.7	2.3	2.5
Thailand	3.6	2.3	-6.1	1.0	4.5	4.0	1.5	0.9	-0.3	1.3	1.5	2.0
Brazil	1.5	1.4	-4.1	5.4	2.3	2.5	5.9	4.3	4.5	11.2	5.8	3.5
Colombia	3.7	3.3	-6.8	8.2	4.4	3.7	3.9	3.8	1.6	4.9	3.7	3.0
Peru	4.5	2.2	-11.1	12.3	2.6	2.8	2.9	1.9	2.0	6.5	4.5	3.0
Chile	3.3	1.0	-5.8	11.2	4.5	2.0	3.2	3.0	3.0	5.6	3.0	3.0
Argentina	1.4	-2.0	-9.9	7.4	1.8	2.2	26.1	53.8	36.1	52.5	37.9	34.9
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	57	39	67	69	72						
Brent Oil (USD/bbl)	82	64	43	69	72	75						
WCS - WTI Discount (USD/bbl)	-18	-14	-12	-13	-15	-16						
Nymex Natural Gas (USD/mmbtu)	3.39	2.53	2.02	3.76	4.70	3.28						
Copper (USD/lb)	3.10	2.73	2.80	4.15	4.25	4.25						
Zinc (USD/lb)	1.02	1.16	1.03	1.32	1.30	1.25						
Nickel (USD/lb)	7.00	6.31	6.25	8.20	8.00	7.50						
Iron Ore (USD/tonne)	101	93	109	160	110	90						
Metallurgical Coal (USD/tonne)	179	185	127	186	200	150						
Gold, (USD/oz)	1,342	1,393	1,771	1,799	1,850	1,700						
Silver, (USD/oz)	21.64	16.21	20.48	25.06	25.00	23.00						

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	4.9	3.8	3.2	2.3	2.3	-3.4	5.8	4.6	2.8
Consumer spending	2.5	1.7	-5.9	4.2	5.7	3.9	2.2	2.2	-3.8	7.9	4.5	2.8
Residential investment	2.5	-0.2	4.1	17.8	-3.2	-3.1	4.5	-0.9	6.8	10.1	1.3	2.7
Business investment*	2.6	0.5	-11.9	1.5	4.4	5.4	5.2	4.3	-5.3	8.2	4.6	2.7
Government	1.2	1.7	0.4	5.7	0.8	1.0	-0.1	2.2	2.5	1.0	3.7	3.3
Exports	3.4	1.3	-10.0	2.3	8.6	5.1	3.8	-0.1	-13.6	5.3	5.8	4.6
Imports	3.7	0.4	-11.2	6.9	8.4	6.1	4.3	1.1	-8.9	14.0	6.0	4.2
Inventories, contribution to annual GDP growth	0.1	0.2	-1.7	0.7	0.1	0.7	0.2	0.1	-0.6	-0.1	0.5	0.0
Nominal GDP	4.0	3.6	-4.6	12.4	6.6	6.0	4.0	4.1	-2.2	10.0	9.4	5.5
GDP deflator	1.7	1.7	0.7	7.2	2.7	2.8	1.7	1.8	1.2	4.0	4.6	2.6
Consumer price index (CPI)	1.7	1.9	0.7	3.3	3.2	2.8	1.8	1.8	1.3	4.3	3.7	2.7
Core inflation rate**	1.7	1.9	1.7	2.3	2.6	2.6	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	24.1	7.3	4.1
Employment	1.3	2.2	-5.1	4.6	3.6	1.8	1.5	1.3	-5.7	2.7	3.2	1.6
Unemployment rate (%)	6.9	5.7	9.6	7.6	5.6	4.9	6.2	3.7	8.1	5.4	3.9	3.4
Current account balance (CAD, USD bn)	-57.0	-47.4	-40.1	19.6	26.4	14.2	-409	-472	-616	-784	-843	-877
Merchandise trade balance (CAD, USD bn)	-13.1	-15.4	-37.5	13.6	25.5	22.5	-763	-862	-922	-1105	-1188	-1251
Federal budget balance (FY, CAD, USD bn) ***	-20.9	-39.4	-334.7	-138.2	-42.7	-35.6	-830	-984	-3,129	-2,903	-1,200	-835
percent of GDP	-1.2	-1.8	-15.2	-5.6	-1.6	-1.3	-4.8	-4.6	-15.0	-12.6	-4.8	-3.2
Housing starts (000s, mn)	201	209	219	269	233	225	0.99	1.29	1.40	1.59	1.56	1.53
Motor vehicle sales (000s, mn)	1,816	1,915	1,569	1,673	1,795	1,931	15.7	16.9	14.5	15.2	16.6	18.0
Industrial production	2.4	-0.2	-8.5	5.6	4.0	3.5	1.7	-0.8	-7.2	5.6	3.7	2.3
	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	6.3	3.4	3.5						
Current account balance (USD bn)	-19.7	-3.9	26.1	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	4.0	4.3	3.4	4.5	4.7	3.9	2.9	2.5	2.0	2.3	2.9	2.4	2.3	2.1
Real GDP (y/y % change)	-3.1	0.3	12.7	4.3	3.1	2.6	4.0	4.2	4.1	4.0	3.5	2.8	2.4	3.3	2.9	2.6	2.4
Consumer prices (y/y % change)	0.8	1.4	3.3	4.1	4.5	3.7	3.3	3.1	2.9	2.9	2.9	2.8	2.7	2.9	2.9	2.8	2.7
CPI-common (y/y % change)*	1.4	1.4	1.7	1.8	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.3	2.4	2.2	2.3	2.3	2.4
Average of new core CPIs (y/y % change)	1.7	1.7	2.2	2.6	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.5	2.5	2.6	2.6	2.5	2.5
CPIXFET (y/y % change)	1.1	1.0	2.1	3.0	3.3	3.1	3.0	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Unemployment Rate (%)	8.8	8.4	8.0	7.2	6.7	6.2	5.7	5.3	5.1	4.9	4.9	4.9	5.0	4.9	4.9	4.9	5.0
	United States																
Real GDP (q/q ann. % change)	4.5	6.3	6.7	3.5	6.3	4.8	4.1	3.3	2.9	2.9	2.4	2.3	2.1	2.9	2.4	2.3	2.1
Real GDP (y/y % change)	-2.3	0.5	12.2	5.3	5.7	5.3	4.7	4.6	3.7	3.3	2.9	2.6	2.4	3.3	2.9	2.6	2.4
Consumer prices (y/y % change)	1.2	1.9	4.8	5.3	5.2	4.7	4.0	3.2	3.0	2.9	2.6	2.6	2.6	2.9	2.6	2.6	2.6
Total PCE deflator (y/y % change)	1.2	1.8	3.9	4.3	4.5	4.3	3.7	3.1	2.7	2.5	2.3	2.3	2.3	2.5	2.3	2.3	2.3
Core PCE deflator (y/y % change)	1.4	1.7	3.4	3.6	3.7	3.4	3.0	2.8	2.6	2.6	2.5	2.5	2.4	2.6	2.5	2.5	2.4
Unemployment Rate (%)	6.8	6.2	5.9	5.1	4.5	4.2	4.0	3.8	3.7	3.5	3.4	3.4	3.3	3.5	3.4	3.4	3.3

* 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.

	2020		2021			2022				2023			
Central Bank Rates	Q4	Q1	Q2	Q3	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	0.75	1.25	1.50	1.75	2.00	2.25
US Federal Reserve (upper bound)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.25	1.50
Bank of Mexico	4.25	4.00	4.25	4.50	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	6.25	7.25	8.25	8.25	10.00	10.25	10.25	10.25	9.50	9.00
Bank of the Republic of Colombia	1.75	1.75	1.75	2.00	2.50	3.00	3.50	4.00	4.50	4.75	5.00	5.00	5.00
Central Reserve Bank of Peru	0.25	0.25	0.25	1.00	2.50	2.75	3.00	3.25	3.50	3.50	3.50	3.50	3.50
Central Bank of Chile	0.50	0.50	0.50	1.50	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Central Bank of Argentina	38.00	38.00	38.00	38.00	40.00	44.00	46.00	46.00	42.00	40.00	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	0.50	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00
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	1.27	1.22	1.22	1.22	1.20	1.20	1.22	1.22	1.23	1.23
Canadian dollar (CADUSD)	0.79	0.80	0.81	0.79	0.82	0.82	0.82	0.83	0.83	0.82	0.82	0.81	0.81
Mexican peso (USDMXN)	19.91	20.43	19.94	20.64	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	5.44	4.88	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	3,809	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	4.13	4.15	4.15	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Chilean peso (USDCLP)	711	719	734	810	800	760	740	720	700	680	680	680	680
Argentine Peso (USDARS)	84.15	91.99	95.72	98.74	105.00	111.50	124.60	143.50	140.10	138.00	135.00	132.00	131.00
Europe													
Euro (EURUSD)	1.22	1.17	1.19	1.16	1.15	1.15	1.14	1.14	1.12	1.15	1.15	1.18	1.18
UK pound (GBPUSD)	1.37	1.38	1.38	1.35	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	111	113	113	115	115	116	115	112	113	110
Australian dollar (AUDUSD)	0.77	0.76	0.75	0.72	0.74	0.74	0.74	0.72	0.72	0.73	0.73	0.75	0.75
Chinese yuan (USDCNY)	6.53	6.55	6.46	6.44	6.40	6.30	6.40	6.50	6.30	6.20	6.20	6.10	6.10
Indian rupee (USDINR)	73.1	73.1	74.3	74.2	74.0	72.0	74.0	76.0	72.0	70.0	70.0	68.0	68.0
South Korean won (USDKRW)	1,087	1,132	1,126	1,184	1,160	1,140	1,160	1,180	1,140	1,120	1,120	1,100	1,100
Thai baht (USDTHB)	30.0	31.2	32.1	33.8	33.0	31.5	33.0	34.5	31.5	30.0	30.0	28.5	28.5
Canada (Yields, %)													
3-month T-bill	0.07	0.09	0.14	0.12	0.15	0.15	0.35	1.10	1.35	1.65	1.85	2.15	2.30
2-year Canada	0.20	0.22	0.45	0.40	0.90	1.15	1.55	1.80	1.85	2.00	2.10	2.20	2.20
5-year Canada	0.39	0.99	0.98	1.10	1.40	1.65	1.70	1.85	1.95	2.10	2.15	2.25	2.30
10-year Canada	0.68	1.56	1.39	1.51	1.65	1.75	1.85	1.95	2.05	2.15	2.20	2.30	2.40
30-year Canada	1.21	1.98	1.84	1.99	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.45	2.50
United States (Yields, %)													
3-month T-bill	0.08	0.01	0.04	0.03	0.05	0.10	0.10	0.10	0.10	0.35	0.60	0.85	1.10
2-year Treasury	0.12	0.16	0.25	0.53	0.50	0.65	0.85	1.10	1.30	1.50	1.70	1.80	2.00
5-year Treasury	0.36	0.94	0.89	0.96	1.20	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	1.49	1.75	2.05	2.20	2.25	2.30	2.35	2.40	2.45	2.50
30-year Treasury	1.64	2.41	2.09	2.04	2.10	2.30	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	4.9	3.0	3.7	3.8	4.0	6.8	4.4	4.3	4.4	4.9	5.1
2022f	3.8	2.7	3.0	3.2	3.1	3.4	4.2	3.5	3.6	3.8	4.0
2023f	3.2	2.3	2.4	2.3	2.3	2.9	3.4	2.8	2.9	3.4	3.3
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	12.4	12.2	8.3	8.3	9.4	12.0	11.4	9.5	12.7	15.9	13.5
2022f	6.6	6.0	4.9	5.1	5.1	6.3	6.9	6.1	7.0	7.1	6.3
2023f	6.0	5.4	4.8	4.8	4.6	5.7	6.2	5.4	5.7	6.6	6.2
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	4.6	3.4	2.8	5.4	2.9	4.2	4.5	3.3	2.7	4.8	6.4
2022f	3.6	2.0	2.5	2.7	2.6	3.4	3.7	3.2	3.2	3.7	3.7
2023f	1.8	0.7	1.4	1.6	1.4	1.6	2.0	1.8	1.6	2.0	1.9
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	7.6	12.8	9.2	8.0	8.9	6.2	8.1	6.5	6.6	9.0	6.5
2022f	5.6	11.6	8.1	6.7	7.7	4.6	6.0	4.7	4.8	6.9	4.5
2023f	4.9	11.4	7.8	6.3	7.3	4.1	5.1	4.1	4.3	6.1	4.0
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	269	1.3	1.2	4.8	3.9	71	97	7.9	4.5	30	47
2022f	233	1.2	1.2	4.5	3.5	61	80	6.5	4.2	31	40
2023f	225	1.0	1.0	4.5	3.0	58	78	5.5	4.0	30	40
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	1,569	28	7	44	34	376	612	46	40	186	180
2021f	1,673	30	8	45	39	406	648	50	45	194	201
2022f	1,795	30	9	48	41	438	693	54	48	215	219
2023f	1,931	30	9	51	43	473	745	57	52	233	236
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	-342	409	-10,000	-16,404	-2,117	-1,127	-16,962	-5,468
2021f	-138,200	-826	-112	-445	38	-12,250	-32,431	-1,563	-2,737	-7,759	-4,834
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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