

## Contributors

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## Slowing Growth, Rising Inflation

- **Global economic activity is weakening as a result of COVID policies in China, still high energy prices, expectations of higher interest rates and the associated rise in the risk of recession in key economies.**
- **We are marking down our forecasts for growth in Canada to a still healthy 3.5% in 2022 and 1.6% in 2023. Record levels of pent-up demand are expected to keep household consumption spending elevated despite rising interest rates, low consumer confidence, decades-high inflation, and weaker financial markets. This pent-up demand is expected to keep the Canadian economy from going into recession.**
- **We now expect the Bank of Canada's policy rate to peak at 3.5% later this year and remain at that level through next year.**

The global outlook continues to soften as the interaction between financial markets and the real economy clouds the outlook for both. The impacts of the lockdown in China are having a depressing impact on commodity prices that is being reinforced by worries of a potential recession in the US and, more likely, in Europe. Equity markets reflect these cyclical concerns as inflation continues to accelerate, leading to an upward revision to expected rate paths in a large number of countries. We now expect global GDP growth of 2.9% this year and next. We are revising our inflation outlook owing to evidently greater inflationary pressures in the data observed so far in 2022. Our base assumption remains that a recession is avoided in Canada and the United States, but clearly the risks of a recession have risen. Key to our assessment of these risks lies in the state of consumer spending and how that responds to the various drivers of household behaviour.

In Canada, we continue to believe there is a historically high level of pent-up demand on the household side. This forms the basis of our view that real GDP will rise by 3.5% this year and 1.6% in 2023 as this pent-up demand is multiple times higher than what we have observed over history and reflects a number of fundamental drivers of consumption over the last year, in addition to an interruption of spending patterns that occurs, and persists, because of the pandemic. The strength of this pent-up demand likely explains some of the resilience in consumer spending in the face of a very sharp drop in consumer confidence, the loss of purchasing power coming from higher inflation and of course higher interest costs. These important headwinds to household spending will hold back the pace at which this pent-up demand is resolved, but we predict that pent-up demand will prove to be the more powerful driver of consumption through 2023.

Evidence of this behaviour is perhaps most visibly seen in discretionary spending categories. This type of spending is usually the first to be foregone when households watch their expenses. Travel and food purchased from restaurants are perhaps the most vulnerable spending categories to households managing their expenses. Yet, at a macro level, these expenditures are rising at a rapid pace. OpenTable reports that seated diners in Canadian restaurants have continued their rebound and were 20% above 2019 levels as of July 16. The pace of rebound has accelerated through all of the BoC's rate increases so far. For travel, the Canadian Air Transport Security Authority reports the number of screened travellers has risen very rapidly this year, yet volumes from June onwards still only stand at around 80% of total passengers screened in 2019. Again, these data suggest no impact yet from higher interest rates or concerns about the cost of living and are all the more striking given the evident hassles and frustration with travels these days.

Despite this resilience, there is no doubt that rising costs, worries and higher interest rates are eating into consumer demand. We expect consumption growth to slow substantially as pent-up demand is satiated in 2023, but the activity seen so far would undoubtedly be higher if the inflation and rates outlook were different. This is abundantly evident in the housing market, where activity is slowing rapidly in response to higher interest rates, with higher mortgage rates further reducing affordability. So far, the adjustment in the housing market has been relatively smooth with local markets returning to more balanced conditions

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and prices falling somewhat. Lower prices and their impact on household wealth are built into our view of household spending, but prices remain well above year-ago levels.

Inflation remains a problem almost everywhere in the world. In Canada, we anticipate inflation will average 7.1% this year, with monthly inflation likely peaking in July. Inflation is then expected to “slow” to a still above target, and above consensus, 3.6% in 2023. A broad range of supply chain indicators and input prices suggest inflation will cool in coming months. Yet, despite that and a marked downward revision to the growth outlook, incoming inflation has been hotter than anticipated and wage pressures suggest that inflation will be stronger than earlier anticipated in 2023. Unit labour costs, a key factor driving inflation in our models (see [here](#) and [here](#)), are rising at the most rapid pace since 1991. The extreme tightness of the labour market, in which the unemployment rate is at the lowest level since 1970 and job vacancies continue to hit record levels, suggests that the [rise in wages](#) has some ways to go. Moreover, as confirmed by Governor Macklem in his latest decision, inflation expectations are problematically high. We had come to this conclusion in [March](#).

Given the more persistent strength of inflation, we now forecast that the Bank of Canada will raise its policy rate to 3.5% later this year and keep it there through 2023. This is 50bps more than our last forecast. Higher interest rates than that do not appear necessary at this point, and we don't subscribe to the view that the Bank will raise rates above that level only to cut them in 2023.

As noted above, we remain of the view that a recession will be avoided but risks of a recession are material. Higher inflation associated with a resurgence of supply chain challenges, weaker equity markets and higher interest rates than forecast are potential triggers. Should a growth recession occur, we believe it would be relatively mild given the historical strength of both corporate and household balance sheets and the incredible strength of the labour market. It has been so difficult for firms to attract and retain workers that we consider it likely that firms would choose to hold on to workers through a mild contraction in output rather than risk losing those workers permanently. Moreover, the more than a million job vacancies suggest firms would likely start by scaling back hiring plans before we observe significant job cuts at the national level.

International												
	2010-19	2019	2020	2021	2022f	2023f	2010-19	2019	2020	2021	2022f	2023f
	Real GDP (annual % change)						Consumer Prices (y/y % change, year-end)					
World (based on purchasing power parity)	3.7	2.9	-3.1	6.3	2.9	2.9						
Canada	2.3	1.9	-5.2	4.5	3.5	1.6	1.7	2.1	0.8	4.7	7.3	2.0
United States	2.3	2.3	-3.4	5.7	1.9	1.4	1.7	2.0	1.2	6.7	7.3	2.8
Mexico	2.7	-0.2	-8.2	4.8	1.7	1.9	4.0	2.8	3.2	7.4	7.6	4.8
United Kingdom	2.0	1.7	-9.3	7.4	3.2	0.6	2.1	1.3	0.6	4.8	9.0	5.2
Eurozone	1.4	1.6	-6.5	5.6	2.5	1.0	1.3	1.3	-0.3	4.7	8.0	4.2
Germany	2.0	1.1	-5.0	3.1	1.3	0.8	1.3	1.5	-0.3	5.4	8.3	5.0
France	1.4	1.9	-7.9	7.2	2.2	1.3	1.2	1.5	0.0	3.3	6.1	4.0
China	7.7	6.0	2.3	8.1	4.0	5.2	2.7	4.5	0.2	1.5	2.8	2.1
India	7.0	4.7	-7.1	8.9	7.0	7.0	6.8	7.4	4.6	5.7	6.7	5.3
Japan	1.2	0.0	-4.7	1.8	1.9	1.0	0.6	0.8	-1.2	0.8	2.6	1.0
South Korea	3.3	2.2	-0.9	4.0	3.1	2.4	1.7	0.7	0.5	3.7	5.2	2.3
Australia	2.6	1.9	-2.3	4.9	4.1	2.5	2.1	1.8	0.9	3.5	5.1	3.0
Thailand	3.6	2.3	-6.1	1.6	3.7	4.0	1.5	0.9	-0.3	2.2	6.8	2.2
Brazil	1.4	1.2	-3.9	4.8	1.0	2.5	5.9	4.3	4.5	10.1	8.1	3.4
Colombia	3.7	3.2	-7.0	10.9	6.3	2.9	3.9	3.8	1.6	5.6	9.7	4.6
Peru	4.5	2.2	-11.0	13.5	2.6	2.4	2.9	1.9	2.0	6.4	7.4	4.0
Chile	3.3	0.8	-6.0	12.0	2.1	-0.9	3.2	3.0	3.0	7.2	11.8	3.7
Argentina	1.4	-2.0	-9.9	10.3	2.8	1.7	26.1	53.8	36.1	50.9	69.0	70.0
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	57	39	68	105	95						
Brent Oil (USD/bbl)	82	64	43	70	109	99						
WCS - WTI Discount (USD/bbl)	-18	-14	-12	-13	-15	-17						
Nymex Natural Gas (USD/mmbtu)	3.39	2.53	2.02	3.84	5.73	4.32						
Copper (USD/lb)	3.10	2.73	2.80	4.23	4.00	3.75						
Zinc (USD/lb)	1.02	1.16	1.03	1.36	1.60	1.50						
Nickel (USD/lb)	7.00	6.31	6.25	8.37	11.25	9.50						
Iron Ore (USD/tonne)	101	93	109	160	127	100						
Metallurgical Coal (USD/tonne)	179	185	127	204	345	200						
Gold, (USD/oz)	1,342	1,393	1,771	1,799	1,892	1,800						
Silver, (USD/oz)	21.64	16.21	20.48	25.15	24.11	24.00						

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

North America												
	2010-19	2019	2020	2021	2022f	2023f	2010-19	2019	2020	2021	2022f	2023f
	<b>Canada</b> (annual % change, unless noted)						<b>United States</b> (annual % change, unless noted)					
Real GDP	2.3	1.9	-5.2	4.5	3.5	1.6	2.3	2.3	-3.4	5.7	1.9	1.4
Consumer spending	2.5	1.4	-6.1	4.9	5.4	2.7	2.2	2.2	-3.8	7.9	2.5	1.7
Residential investment	2.5	-0.3	4.3	15.2	-2.3	-5.1	4.5	-0.9	6.8	9.2	-3.9	-2.6
Business investment*	2.9	1.6	-10.5	1.9	5.2	4.0	5.2	4.3	-5.3	7.4	3.8	1.7
Government	1.1	0.8	0.9	5.6	1.8	0.7	-0.1	2.2	2.5	0.5	-0.7	2.5
Exports	3.5	2.3	-9.7	1.4	1.9	5.6	3.8	-0.1	-13.6	4.5	3.8	3.5
Imports	3.7	0.4	-10.8	7.7	4.5	6.1	4.3	1.1	-8.9	14.0	10.9	4.4
Inventories, contribution to annual GDP growth	0.1	0.1	-1.8	0.8	0.5	0.1	0.2	0.1	-0.6	0.1	1.3	0.0
Nominal GDP	4.0	3.4	-4.5	13.0	10.2	4.2	4.0	4.1	-2.2	10.1	8.7	5.0
GDP deflator	1.7	1.5	0.7	8.1	6.4	2.6	1.7	1.8	1.2	4.1	6.7	3.6
Consumer price index (CPI)	1.7	1.9	0.7	3.4	7.1	3.6	1.8	1.8	1.3	4.7	8.0	4.3
Core inflation rate**	1.7	2.0	1.8	2.5	4.4	3.0	1.6	1.7	1.4	3.3	4.7	2.7
Pre-tax corporate profits	6.3	-0.6	-1.9	32.3	11.1	4.2	5.7	2.7	-5.2	25.0	4.1	4.1
Employment	1.3	2.2	-5.1	4.8	4.0	1.1	1.5	1.3	-5.8	2.8	3.8	0.7
Unemployment rate (%)	6.9	5.8	9.6	7.4	5.3	5.6	6.2	3.7	8.1	5.4	3.7	4.5
Current account balance (CAD, USD bn)	-57.0	-47.0	-39.4	1.1	30.8	29.4	-407	-446	-620	-846	-1162	-1223
Merchandise trade balance (CAD, USD bn)	-13.6	-18.4	-39.8	4.5	49.0	58.1	-763	-857	-914	-1090	-1379	-1458
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-39.4	-327.7	-113.8	-52.8	-39.9	-829	-984	-3,132	-2,775	-1,036	-1,056
percent of GDP	-1.0	-1.8	-14.9	-4.6	-1.9	-1.4	-4.8	-4.6	-15.0	-12.1	-4.1	-4.0
Housing starts (000s, mn)	201	209	218	271	236	206	0.99	1.29	1.40	1.61	1.64	1.61
Motor vehicle sales (000s, mn)	1,816	1,913	1,565	1,668	1,747	1,918	15.7	16.9	14.5	15.0	15.5	17.3
Industrial production	2.4	-0.2	-8.1	4.2	3.8	2.1	1.7	-0.7	-7.0	5.0	4.3	1.9
	<b>Mexico</b> (annual % change)											
Real GDP	2.7	-0.2	-8.2	4.8	1.7	1.9						
Consumer price index (year-end)	4.0	2.8	3.2	7.4	7.6	4.8						
Current account balance (USD bn)	-19.4	-3.3	27.2	-5.0	-10.0	-11.0						
Merchandise trade balance (USD bn)	-5.6	5.4	34.2	-10.9	-12.5	-12.0						

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			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2e	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f			
<b>Canada</b>																
Real GDP (q/q ann. % change)	9.1	4.4	-3.1	5.3	6.6	3.1	4.0	1.5	1.9	1.0	1.3	1.3	1.4			
Real GDP (y/y % change)	-3.1	0.2	11.7	3.8	3.2	2.9	4.7	3.8	2.6	2.1	1.4	1.4	1.3			
Consumer prices (y/y % change)	0.8	1.4	3.3	4.1	4.7	5.8	7.5	7.9	7.3	5.9	3.9	2.6	2.0			
CPI-common (y/y % change)*	1.4	1.5	2.1	2.2	2.5	3.1	3.9	4.1	4.0	3.7	3.4	3.1	2.8			
Average of new core CPIs (y/y % change)	1.8	1.9	2.3	2.8	3.1	3.8	4.7	4.9	4.2	3.7	3.2	2.8	2.4			
CPIXFET (y/y % change)	1.1	1.0	2.1	3.0	3.2	4.0	5.2	5.4	4.7	3.9	3.3	2.8	2.4			
Unemployment Rate (%)	8.9	8.4	7.9	7.2	6.3	5.8	5.1	5.0	5.2	5.3	5.5	5.7	5.8			
<b>United States</b>																
Real GDP (q/q ann. % change)	4.5	6.3	6.7	2.3	6.9	-1.6	0.4	1.8	0.9	1.1	1.6	1.8	2.1			
Real GDP (y/y % change)	-2.3	0.5	12.2	4.9	5.5	3.5	2.0	1.8	0.4	1.1	1.4	1.4	1.7			
Consumer prices (y/y % change)	1.2	1.9	4.8	5.3	6.7	8.0	8.6	7.9	7.3	6.1	4.7	3.7	2.8			
Total PCE deflator (y/y % change)	1.2	1.8	3.9	4.3	5.5	6.3	6.3	6.4	5.9	4.9	3.7	2.9	2.2			
Core PCE deflator (y/y % change)	1.4	1.7	3.4	3.6	4.6	5.2	4.9	4.7	4.2	3.3	2.8	2.4	2.2			
Unemployment Rate (%)	6.8	6.2	5.9	5.1	4.2	3.8	3.6	3.6	3.9	4.2	4.5	4.7	4.9			

\* 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	Q3	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f				
<b>Americas</b>																	
(% end of period)																	
Bank of Canada	0.25	0.25	0.25	0.25	0.25	0.50	1.50	3.25	3.50	3.50	3.50	3.50	3.50				
US Federal Reserve (upper bound)	0.25	0.25	0.25	0.25	0.25	0.50	1.75	3.00	3.25	3.25	3.25	3.25	3.25				
Bank of Mexico	4.25	4.00	4.25	4.75	5.50	6.50	7.75	9.00	10.00	10.00	10.00	9.50	9.50				
Central Bank of Brazil	2.00	2.75	4.25	6.25	9.25	11.75	13.25	13.75	13.75	12.50	12.00	11.25	10.00				
Bank of the Republic of Colombia	1.75	1.75	1.75	1.75	3.00	5.00	7.50	9.00	9.00	9.00	9.00	8.00	7.00				
Central Reserve Bank of Peru	0.25	0.25	0.25	1.00	2.50	4.00	5.50	6.50	6.50	5.75	5.50	5.25	5.25				
Central Bank of Chile	0.50	0.50	0.50	1.50	4.00	7.00	9.00	10.50	11.00	9.00	7.00	5.00	3.50				
Central Bank of Argentina	38.00	38.00	38.00	38.00	38.00	44.50	52.00	53.00	53.50	51.50	49.50	49.00	48.00				
<b>Europe</b>																	
European Central Bank MRO Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75	1.25	1.75	2.00	2.00	2.00				
European Central Bank Deposit Rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	0.25	0.75	1.25	1.50	1.50	1.50				
Bank of England	0.10	0.10	0.10	0.10	0.25	0.75	1.25	2.00	2.25	2.50	2.50	2.50	2.25				
<b>Asia/Oceania</b>																	
Reserve Bank of Australia	0.10	0.10	0.10	0.10	0.10	0.10	0.85	2.00	2.50	2.75	2.75	2.75	2.75				
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	3.80	3.70	3.70	3.65	3.65	3.65	3.65	3.65	3.65				
Reserve Bank of India	4.00	4.00	4.00	4.00	4.00	4.00	4.90	5.50	5.75	6.00	6.00	6.00	6.00				
Bank of Korea	0.50	0.50	0.50	0.75	1.00	1.25	1.75	2.25	2.50	2.75	2.75	2.75	2.75				
Bank of Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.25	1.75	2.00	2.00	2.00				
Currencies and Interest Rates																	
(end of period)																	
<b>Americas</b>																	
Canadian dollar (USDCAD)	1.27	1.26	1.24	1.27	1.26	1.25	1.29	1.27	1.27	1.25	1.25	1.23	1.23				
Canadian dollar (CADUSD)	0.79	0.80	0.81	0.79	0.79	0.80	0.78	0.79	0.79	0.80	0.80	0.81	0.81				
Mexican peso (USDMXN)	19.91	20.43	19.94	20.64	20.53	19.87	20.12	20.44	20.97	21.33	21.82	21.84	22.08				
Brazilian real (USDBRL)	5.20	5.63	4.97	5.44	5.58	4.74	5.26	4.92	4.72	4.68	4.55	4.58	4.68				
Colombian peso (USDCOP)	3,430	3,704	3,752	3,808	4,080	3,771	4,155	3,957	3,960	3,887	3,835	3,884	3,951				
Peruvian sol (USDPEN)	3.62	3.74	3.87	4.13	4.00	3.68	3.83	3.90	3.95	4.00	3.95	3.90	3.95				
Chilean peso (USDCLP)	712	719	734	810	852	786	918	900	870	850	830	820	800				
Argentine Peso (USDARS)	84.15	91.99	95.72	98.74	102.74	111.01	125.22	140.00	155.00	171.00	187.50	203.75	220.00				
<b>Europe</b>																	
Euro (EURUSD)	1.22	1.17	1.19	1.16	1.14	1.11	1.05	0.97	0.95	1.00	1.02	1.05	1.05				
UK pound (GBPUSD)	1.37	1.38	1.38	1.35	1.35	1.31	1.22	1.16	1.15	1.18	1.20	1.20	1.22				
<b>Asia/Oceania</b>																	
Japanese yen (USDJPY)	103	111	111	111	115	122	136	140	140	138	138	133	133				
Australian dollar (AUDUSD)	0.77	0.76	0.75	0.72	0.73	0.75	0.69	0.65	0.65	0.66	0.66	0.68	0.68				
Chinese yuan (USDCNY)	6.53	6.55	6.46	6.44	6.36	6.34	6.70	6.70	6.60	6.50	6.50	6.40	6.40				
Indian rupee (USDINR)	73.1	73.1	74.3	74.2	74.3	75.8	79.0	80.0	79.0	78.0	78.0	77.0	77.0				
South Korean won (USDKRW)	1,087	1,132	1,126	1,184	1,189	1,212	1,299	1,300	1,280	1,260	1,260	1,240	1,240				
Thai baht (USDTHB)	30.0	31.2	32.1	33.8	33.4	33.3	35.3	36.0	35.0	34.0	34.0	33.0	33.0				
<b>Canada (Yields, %)</b>																	
3-month T-bill	0.07	0.09	0.14	0.12	0.19	0.73	2.31	3.25	3.50	3.50	3.50	3.50	3.50				
2-year Canada	0.20	0.22	0.45	0.40	0.95	2.29	3.15	3.60	3.60	3.50	3.40	3.30	3.25				
5-year Canada	0.39	0.99	0.98	1.10	1.26	2.41	3.11	3.30	3.30	3.20	3.10	3.05	3.00				
10-year Canada	0.68	1.56	1.39	1.51	1.42	2.40	3.22	3.35	3.35	3.25	3.20	3.10	2.95				
30-year Canada	1.21	1.98	1.84	1.99	1.68	2.38	3.13	3.20	3.25	3.20	3.15	3.10	2.90				
<b>United States (Yields, %)</b>																	
3-month T-bill	0.08	0.01	0.04	0.03	0.06	0.55	1.73	3.00	3.05	3.05	3.05	3.05	3.05				
2-year Treasury	0.12	0.16	0.25	0.53	0.73	2.33	3.09	3.30	3.35	3.25	3.20	3.10	3.05				
5-year Treasury	0.36	0.94	0.89	0.96	1.26	2.46	3.04	3.10	3.20	3.10	3.05	2.95	2.90				
10-year Treasury	0.91	1.74	1.47	1.49	1.51	2.34	3.01	3.15	3.10	3.05	3.00	2.90	2.75				
30-year Treasury	1.64	2.41	2.09	2.04	1.90	2.45	3.18	3.20	3.25	3.20	3.15	3.10	2.90				

Sources: Scotiabank Economics, Bloomberg.

The Provinces											
	(annual % change except where noted)										
	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
<b>Real GDP</b>											
2010-19	2.3	1.0	2.2	1.2	0.7	1.9	2.3	2.1	2.2	2.6	2.9
2019	1.9	3.3	4.7	3.0	1.3	2.8	2.0	0.4	-1.1	-0.1	3.1
2020	-5.2	-5.4	-1.7	-2.5	-3.2	-5.5	-5.1	-4.6	-4.9	-7.9	-3.4
2021e*	4.5	1.2	6.6	5.8	5.3	5.6	4.3	1.2	-0.3	5.1	6.2
2022f	3.5	0.2	1.4	1.2	1.1	3.4	3.5	4.2	6.0	5.1	2.1
2023f	1.6	1.8	1.5	1.2	1.0	1.5	1.6	1.4	2.0	2.0	1.6
<b>Nominal GDP</b>											
2010-19	4.0	3.5	4.2	2.9	2.8	3.8	4.1	3.8	3.3	3.6	4.6
2019	3.4	2.3	6.6	3.7	2.4	4.7	3.7	0.7	-0.4	1.5	4.6
2020	-4.5	-10.7	0.9	0.7	-1.3	-2.4	-2.8	-1.4	-6.6	-16.1	-0.5
2021e	13.0	14.3	12.0	11.3	11.1	12.5	11.4	6.2	12.2	20.3	13.8
2022f	10.2	11.2	6.0	5.4	5.2	7.5	7.7	9.9	20.4	21.9	7.7
2023f	4.2	4.1	3.9	3.4	3.1	4.1	4.3	3.8	4.7	4.7	3.8
<b>Employment</b>											
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
2021	4.8	2.8	3.6	5.4	2.5	4.1	4.9	3.5	2.6	5.1	6.6
2022f	4.0	3.0	5.5	3.2	2.1	3.2	4.8	3.1	3.7	4.6	3.7
2023f	1.1	0.6	0.8	0.7	0.7	1.0	1.1	1.0	1.0	1.2	1.2
<b>Unemployment Rate (%)</b>											
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	5.8	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
2021	7.4	12.9	9.2	8.4	9.0	6.1	8.0	6.4	6.5	8.7	6.5
2022f	5.3	11.2	7.8	6.6	7.1	4.1	5.7	4.3	4.6	5.9	4.6
2023f	5.6	10.9	8.1	7.0	7.3	4.4	5.9	4.5	4.8	5.9	5.0
<b>Total CPI, annual average</b>											
2010-19	1.7	2.0	1.6	1.7	1.8	1.5	1.9	1.8	1.8	1.7	1.6
2019	1.9	1.0	1.2	1.6	1.7	2.1	1.9	2.3	1.7	1.7	2.3
2020	0.7	0.2	0.0	0.3	0.2	0.8	0.6	0.5	0.6	1.1	0.8
2021	3.4	3.7	5.1	4.1	3.8	3.8	3.5	3.2	2.6	3.2	2.8
2022f	7.1	6.8	9.4	7.5	7.7	7.0	7.3	7.7	6.3	6.7	7.2
2023f	3.6	3.3	4.4	3.6	3.8	3.6	3.6	3.6	3.2	3.3	3.7
<b>Housing Starts (units, 000s)</b>											
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	218	0.8	1.2	4.8	3.5	53	81	7.3	3.1	24	38
2021e	271	1.0	1.3	6.0	3.8	68	100	8.0	4.2	32	48
2022f	236	1.1	1.2	4.5	3.5	57	82	6.6	4.5	35	41
2023f	206	1.1	1.1	4.4	3.4	51	72	5.5	4.2	31	34
<b>Motor Vehicle Sales (units, 000s)</b>											
2010-19	1,816	33	7	52	42	441	738	56	54	239	199
2019	1,913	31	8	51	41	455	848	58	49	223	216
2020	1,565	27	7	40	35	378	653	47	42	184	179
2021	1,668	29	8	45	38	404	665	49	43	196	199
2022f	1,747	29	8	45	39	422	696	51	44	206	208
2023f	1,918	30	9	48	41	462	772	54	47	227	228
<b>Budget Balances, (CAD mn)</b>											
2019**	-39,392	-1,383	22	3	49	-523	-8,672	5	-319	-12,152	-321
2020	-327,729	-1,492	-6	-342	409	-7,539	-16,404	-2,117	-1,127	-16,962	-5,468
2021e	-113,800	-400	-27	108	488	-6,133	-13,500	-1,393	-1,468	3,944	-483
2022f	-52,800	-351	-93	-506	35	-6,450	-19,900	-548	-463	511	-5,461

\* Based on preliminary estimates of real GDP by industry. \*\* 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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