

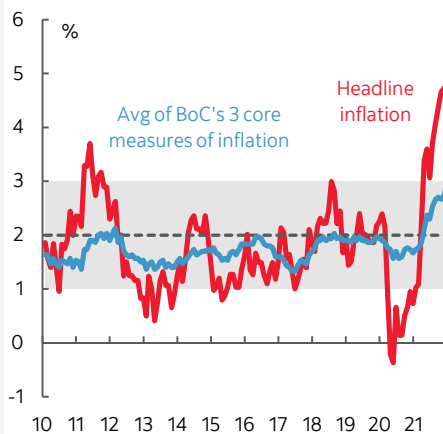
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**Chart 1**

**Canada Headline & Core Inflation**



Sources: Scotiabank Economics, Statistics

## Canada is at a Critical Fork in the Road

- **Why the BoC must hike during omicron**
- **BoC forecast to hike next week, hit 2% by year-end**
- **The latest inflation print shows the BoC is increasingly far behind**

**Canadian CPI, m/m / y/y %, December:**

Actual: -0.1 / 4.8  
 Scotia: 0.0 / 4.9  
 Consensus: -0.1 / 4.8  
 Prior: 0.2 / 4.7

**Canadian core CPI, y/y % change, December:**

Average: 2.9 (prior 2.7)  
 Weighted median: 3.0 (prior 2.8)  
 Common component: 2.1 (prior 2.0%)  
 Trimmed mean: 3.7 (prior 3.4%)

Having revised our forecasts, the purpose of this note will be to follow-up with a bit more of a narrative in the context of this morning's inflation figures.

Let me start by saying there is something that worries me much more about Canada than omicron's effects, notwithstanding those who argue one can't possibly be so callous as to hike when omicron cases are rising!

What's the bigger worry? Plenty of international evidence suggests that it never ends well when a nation passively allows an explosive combination of high inflation and soaring house prices to co-exist to the point to which it begins to be extrapolated in measures of expectations and it starts to change behaviour. It typically ends poorly for the economy. It ends poorly for the most disadvantaged within that economy who are least able to adjust. It ends poorly for the broader financial system.

Canada finds itself at a fork in the road marked by these very conditions. It's not too late to choose which path we want to go down from here, but we'd better decide now which is why we have front-loaded our rate forecasts. House prices are up 27% y/y with such hot demand that you cannot find product. Official inflation is running at just under 5% y/y and unofficial (truer) inflation is probably closer to 6%. Canada has been running twin deficits for many years and therefore importing savings to feed consumption. It is posting poor growth in labour productivity such that unit labour costs (productivity adjusted employment costs) are accelerating. Wage pressures are abundantly clear when properly estimated and further acceleration lies ahead in second round responses to high inflation. Canada is probably at if not beyond maximum employment with a transitory step backward likely to be quickly shaken off. An unproductive debate over how much inflation is being driven by the supply-side versus the demand-side (it's obviously both btw...) is time wasted if either way businesses and households are not fussing over the drivers while raising expectations, as they are. That has let the genie out of the bottle, quibbling over reasons be darned.

Set against these realities, the decisions the Bank of Canada begins to make at next week's meeting will go a long way toward informing the composition of forecast risks over the medium-term amid deepening imbalances. They will also determine Governor Macklem's legacy. The cruellest thing one can do to Canadians dealing with omicron is to be indifferent toward the fact that their cost of living is soaring across virtually everything they consume and which adds insult to injury. Key here is that omicron hit very different macroeconomic conditions than earlier waves and with that goes a different mixture of

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the risks to monetary policy. The job of monetary policy at such a point is to manage inflation and leave targeted supports and other measures to other policy officials and private enterprise to manage.

Before turning toward the relatively more mundane matter at hand (ie: the latest inflation wiggles), a brief outline of our Bank of Canada forecasts is offered.

### BANK OF CANADA FORECASTS

Here is our revised BoC forecast.

- +175bps of hikes this year, +50 next
- +25bps next week
- +25 in March
- +50 in April
- +25 in June
- +25 in July
- End 2022 at 2%
- Two more hikes in early 2023 to a terminal rate of 2.5%.
- Reinvestment roll-off guidance as soon as next week, implementation by Spring.

This is materially more aggressive than when we had first led consensus with our 8 hikes forecast for 2022–23 last Fall. What has changed since then to give us comfort in becoming more aggressive?

- Governor Macklem's speech in mid-December dropped the gloves. It was a rather large omission if he didn't intend to forget to mention they wouldn't hike until spare capacity is shut, and the tone of his speech fully pivoted toward being more uncomfortable with inflation.
- Fed Chair Powell's December press conference and his testimony last week did likewise. The Fed and the BoC have altered their reaction functions and we need to adapt as a significant barrier to forecasting tightening has been lowered.
- We have more evidence that omicron is less severe in terms of its outcomes than initially feared. Cases are very high, but hospitalizations and ICU cases are generally reflecting much less average intensity of effects. Perhaps perversely, we have more conviction that omicron will give way to higher antibody levels including via sped-up booster campaigns into Spring.
- Q4 GDP growth in Canada is tracking *much* stronger than we had anticipated. In fact, it's hard to decipher much of any macroeconomic effect upon the quarter as a whole from BC's flooding and/or the other drivers of the economy buried this effect in the numbers. That positions the exit point from 2021 at a higher level which helps to insulate against some of the omicron shock into the start of the year.
- The real policy rate has plunged more deeply negative. When policy should have been tightening, it eased. The inflation-adjusted policy rate is the way to look at policy accommodation including through our models and just as inflation climbed and met a policy of benign neglect it eased policy much further. Even with our forecast pace of policy tightening the real rate will remain significantly negative.
- December's jobs report added to the jobs recovery that is 241k above pre-pandemic employment levels. Taking a transitory step back in January–February will likely only temporarily dent this overshoot on maximum employment before a rebound follows. Canada is more advanced in its jobs recovery and likely has a higher natural rate of unemployment that it may now be undershooting.
- Evidence of wage pressures continues to mount. Month-over-month annualized and seasonally adjusted wage gains have been in the 6–9% for the past half year and businesses expect more wage pressure this year as demands rise.
- Expectations for inflation, wage pressures and house prices continue to mount as we saw in the pair of BoC surveys earlier this week.
- The housing market continues to be very strong. With the mortgage commitments soon arriving into the all-important Spring housing market the BoC faces the risk that failure to tighten policy set against the backdrop of high inflation will only drive a massive further gain in house prices that could prove to be destabilizing.

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This latter point is important. The BoC would not tighten policy just because of housing, but housing pressures on top of ripping inflation change the equation. Waiting to hike until April or later and doing so tepidly will be too little too late and the BoC would risk wearing full responsibility for another massive gain in house prices, more investor activity than even what we've observed so far, and greater housing imbalances and future vulnerabilities. Mortgage rate commitments will start accelerating in the weeks ahead and into an environment of rising immigration, no supply and a rebounding economy we could see a very strong housing market in the Spring that further strains sustainable housing affordability.

In all, bringing forward rate hikes are the best medicine for attempting to engineer a soft landing. Hard landing risks would rise if the BoC continues to look the other way while maintaining overly accommodative policy.

### **INFLATION LANDED ON THE SCREWS; DETAILS MORE HAWKISH**

Headline inflation landed on-consensus in terms of both the year-over-year rate of 4.8% and the month-ago seasonally unadjusted rate of -0.1%.

However, core inflation edged higher and the month-over-month seasonally adjusted headline gain of 0.3% was stronger than I had anticipated. The average of the three core measures of inflation that were introduced by Macklem's predecessor climbed to 2.9% from 2.7% the prior month (chart 1). All three of the core measures—weighted median, trimmed mean and common component—edged higher. The last time average core inflation was this high was in September 1991 as three decades of inflation targeting are at risk of going up in smoke.

CPI in seasonally adjusted terms was up 0.3% m/m. The month-over-month seasonally adjusted and annualized rate of inflation ex-food and energy was 4.5% in December which indicates there is no loss of pricing pressure at the margin.

Even at that, StatsCan is mismeasuring inflation. True headline inflation is likely running closer to 6–6.1% y/y as argued in the Global Week Ahead. There was zero word from the agency today about its ongoing omission of used vehicle prices versus agencies in the US and UK that seem to have found a solution to the problems.

The collection of charts that follows offer further insight into the drivers. The table at the back provides greater detail including micro charts and z-scores to show how unusual today's price movements are by component compared to recent history.

Chart 2

**December Detailed Category Contributions to 12-Month Change in Canadian CPI**

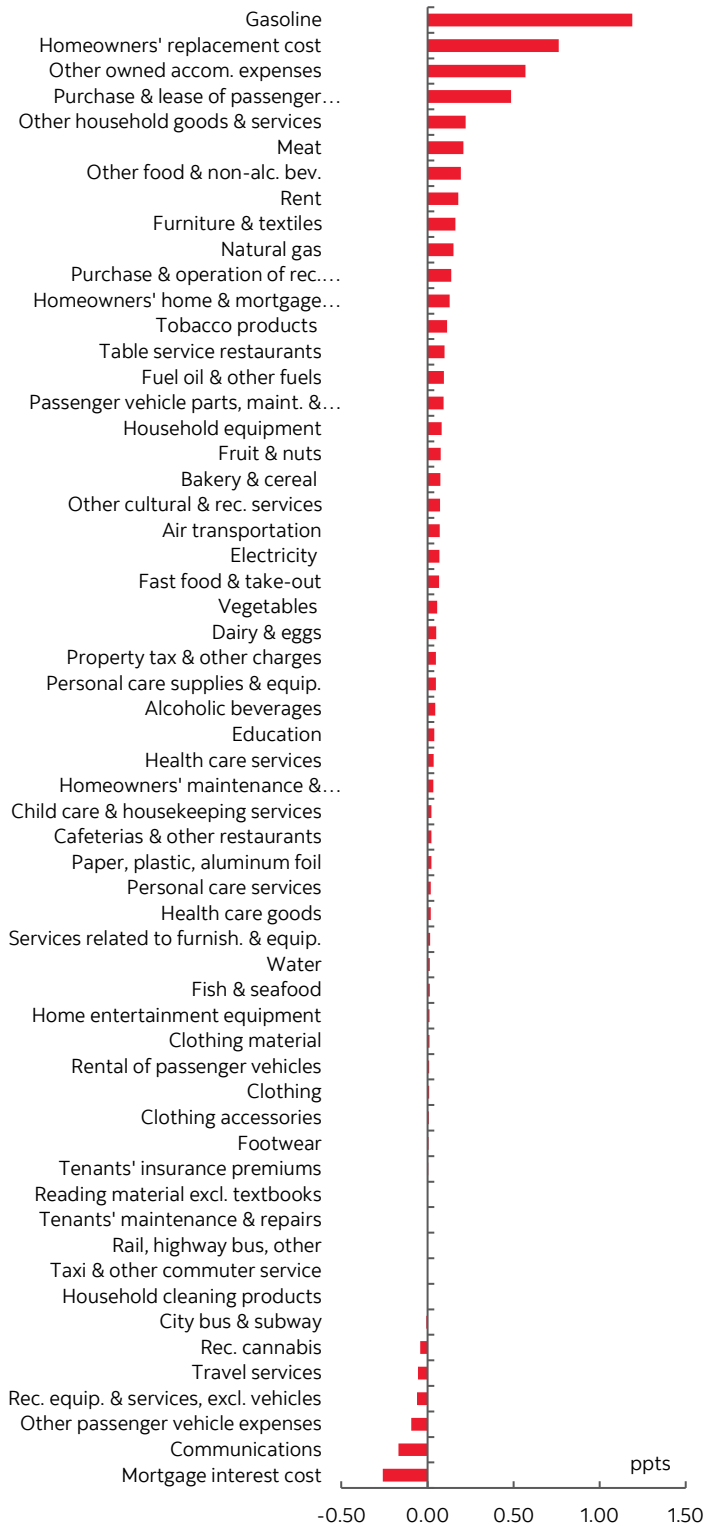


Chart 3

**December Detailed Category Contributions to Monthly Change in Canadian CPI**

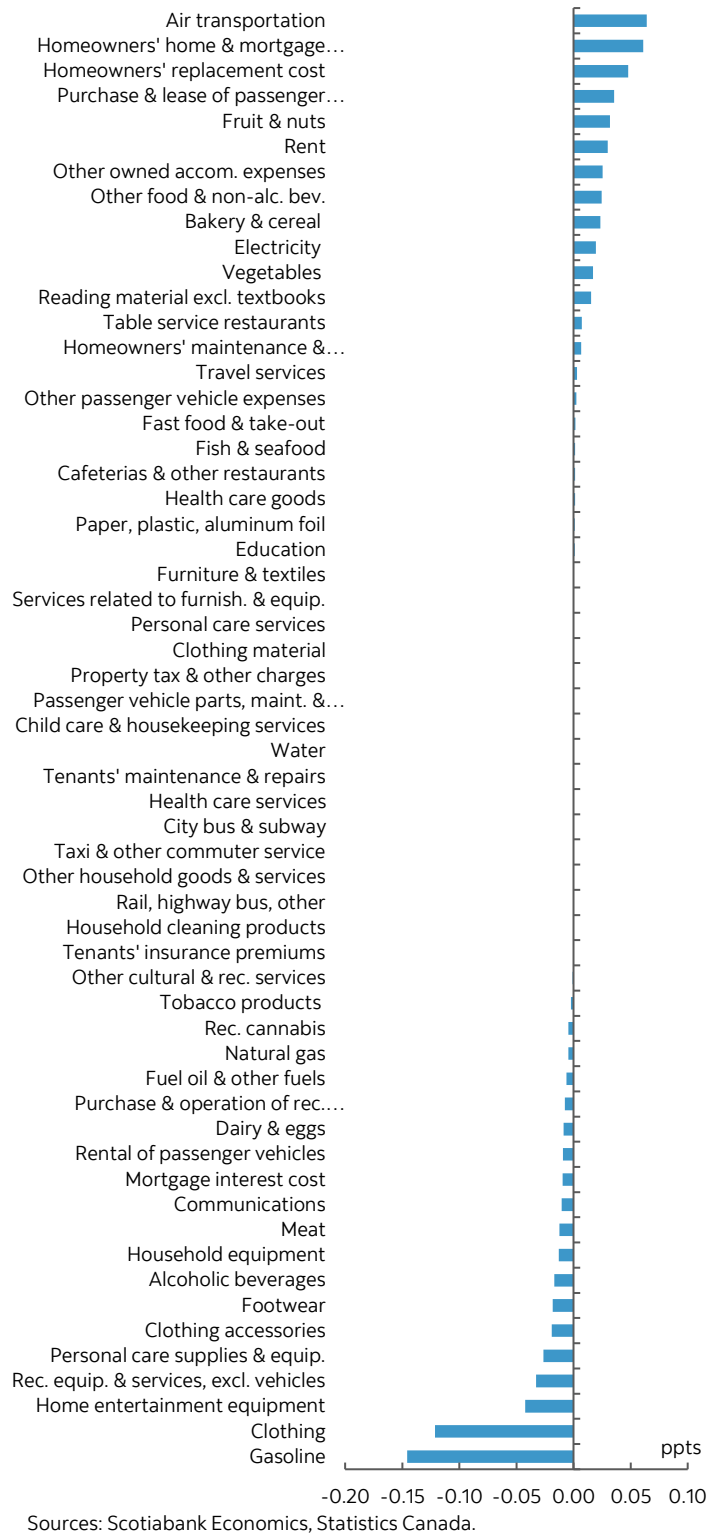
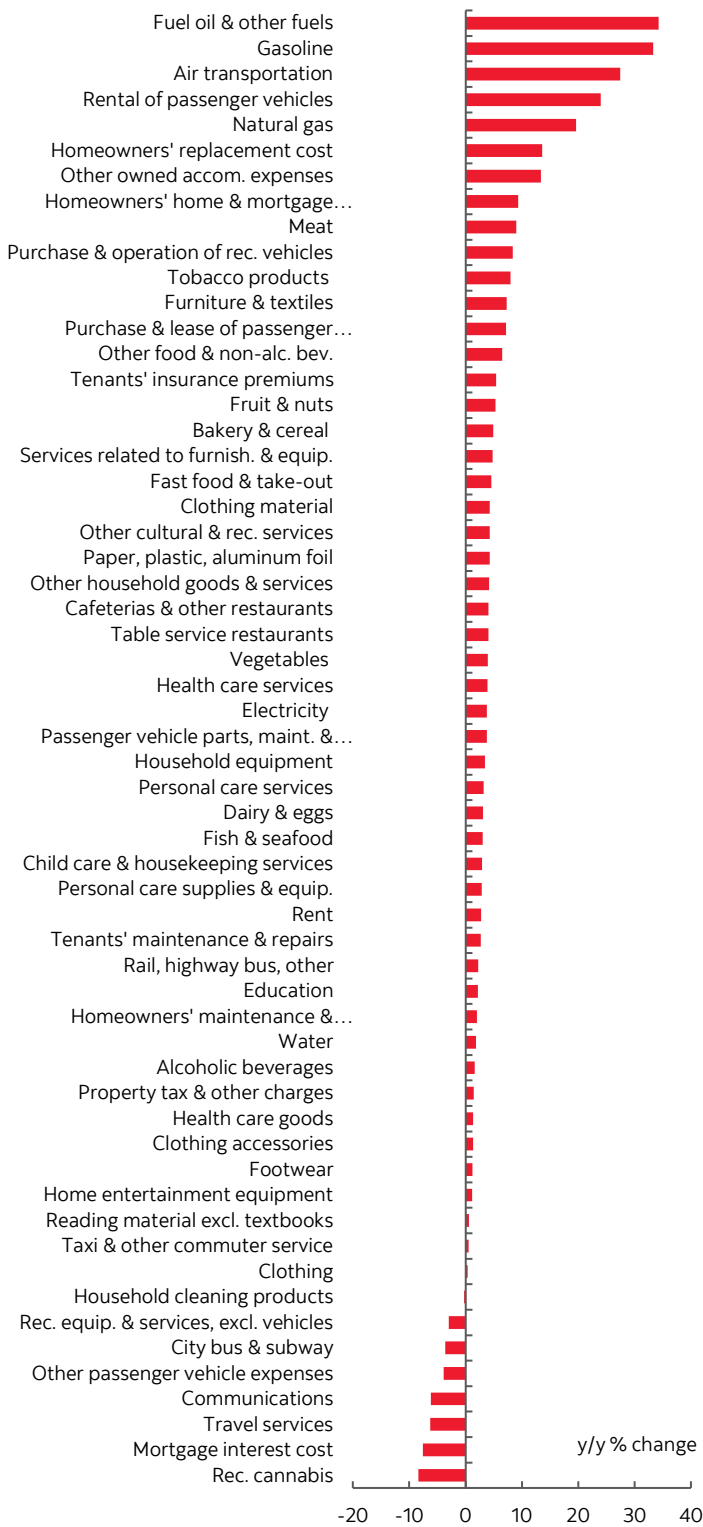


Chart 4

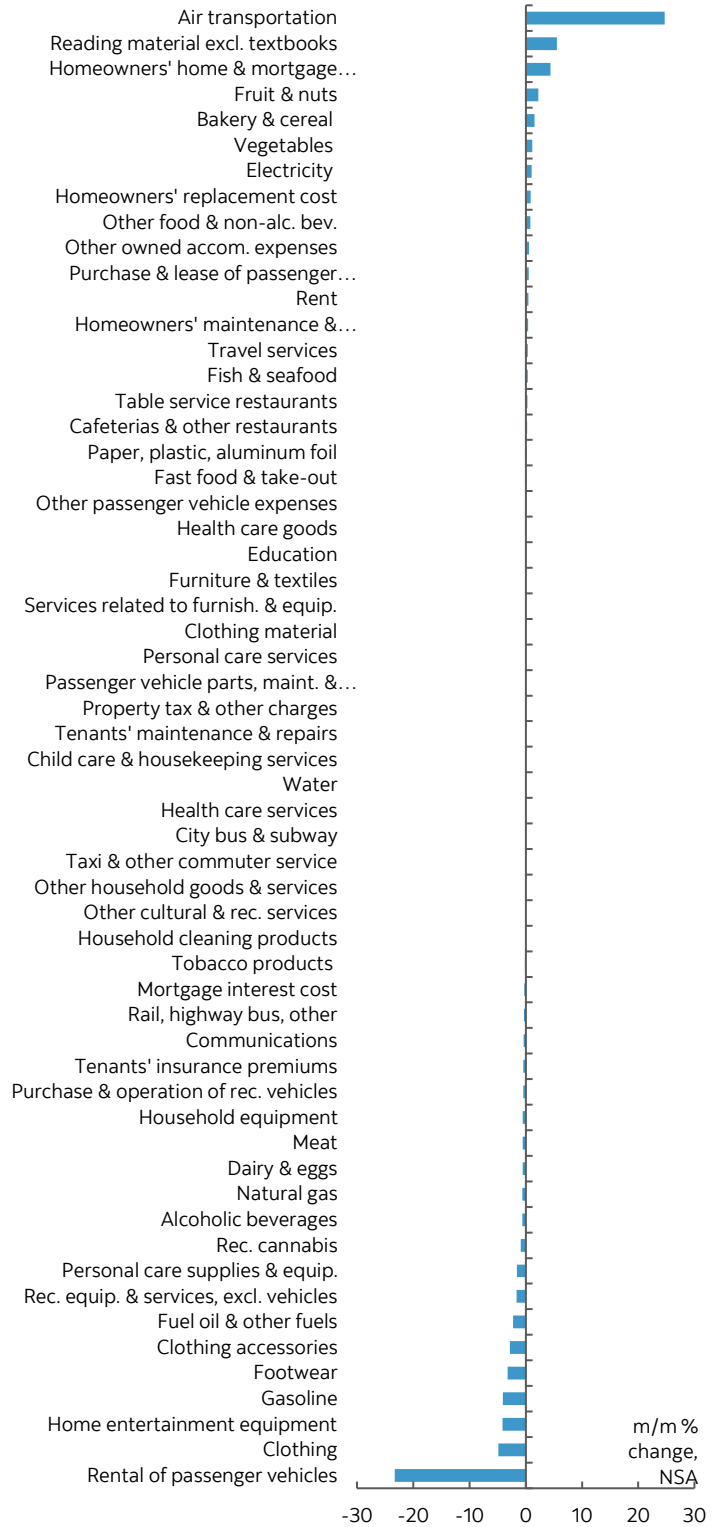
**December Detailed Category 12-Month Change in Canadian CPI**



Sources: Scotiabank Economics, Statistics Canada.

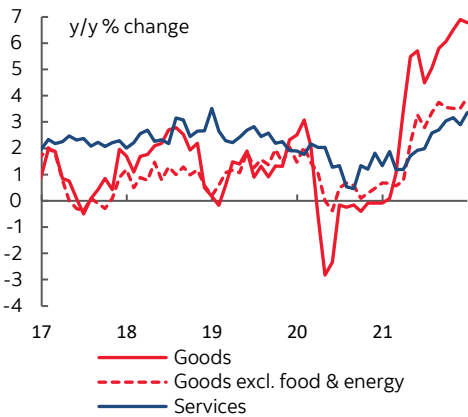
Chart 5

**December Detailed Category Monthly Change in Canadian CPI**



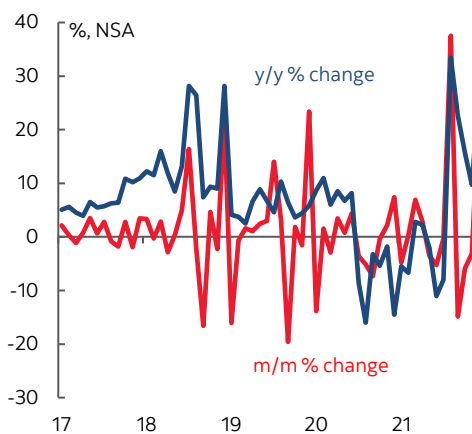
Sources: Scotiabank Economics, Statistics Canada.

**Chart 6**  
**Canadian Goods & Services Inflation**



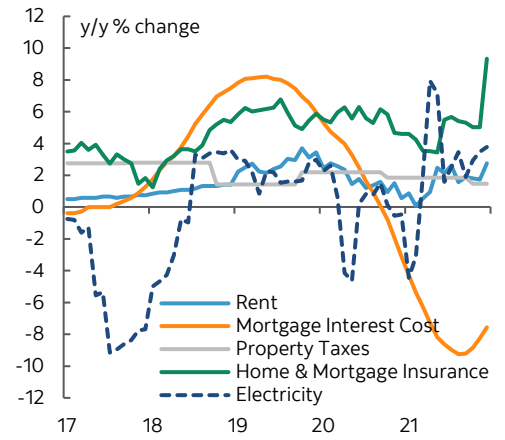
Sources: Scotiabank Economics, Statistics Canada.

**Chart 7**  
**Canadian Air Transportation CPI**



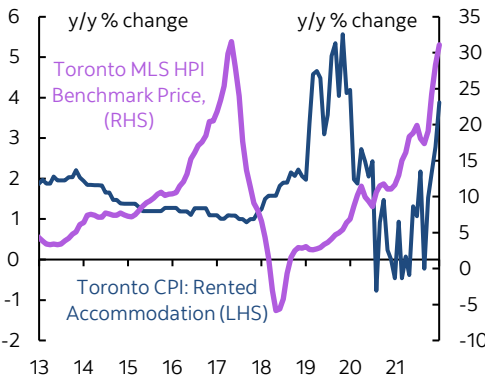
Sources: Scotiabank Economics, Statistics Canada.

**Chart 8**  
**Housing-Related Inflation**



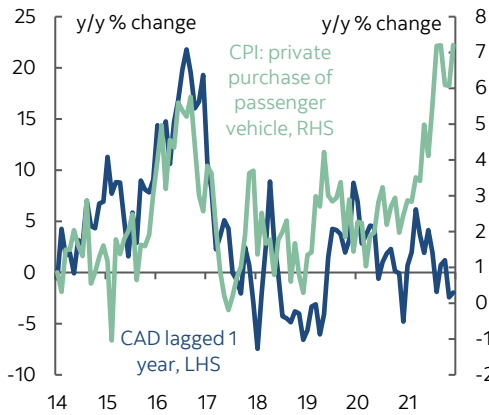
Sources: Scotiabank Economics, Statistics Canada.

**Chart 9**  
**Rent Inflation Following House Prices**



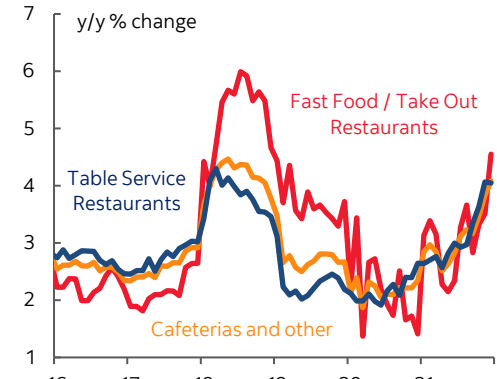
Sources: Scotiabank Economics, Statistics Canada, CREA.

**Chart 10**  
**Auto Price Inflation and the C\$**



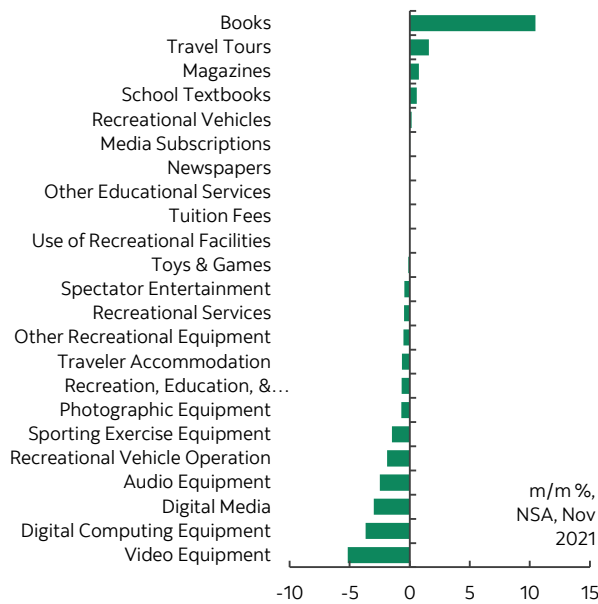
Sources: Scotiabank Economics, Statistics Canada, Bank of Canada.

**Chart 11**  
**Food Purchased from Restaurants Inflation**



Sources: Scotiabank Economics, Statistics Canada.

**Chart 12**  
**Breakdown of Monthly Changes within Recreation Education and Reading CPI Category**



Sources: Scotiabank Economics, Statistics Canada.

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Dec 2021					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic			
CA INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	Pandemic trend (Jan 2019–Present)	m/m % change, NSA	m/m % change, SA**	Weights (%)	y/y	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score
<b>Food</b>	<b>5.2</b>			<b>0.6</b>	<b>0.4</b>	<b>16.24</b>	<b>0.85</b>	<b>0.09</b>	<b>2.1</b>	<b>1.7</b>	<b>1.8</b>	<b>2.2</b>	<b>1.5</b>	<b>2.1</b>
<b>Food, stores</b>	<b>5.7</b>			<b>0.7</b>		<b>11.74</b>	<b>0.67</b>	<b>0.08</b>	<b>1.7</b>	<b>2.4</b>	<b>1.6</b>	<b>2.0</b>	<b>2.0</b>	<b>1.8</b>
Meat	9.0			-0.5	0.4	2.32	0.21	-0.01	2.5	3.6	1.8	3.4	3.6	1.6
Fish & seafood	3.0			0.3	0.5	0.44	0.01	0.00	2.9	1.4	0.1	2.8	2.5	0.1
Dairy products & eggs	3.1			-0.5	-0.4	1.62	0.05	-0.01	0.2	1.5	1.9	0.6	1.5	1.7
Bakery & cereal products	4.9			1.5	0.9	1.52	0.07	0.02	0.5	2.1	2.1	1.2	2.3	1.6
Fruit, fruit prep. & nuts	5.3			2.2	0.8	1.44	0.08	0.03	1.8	4.4	0.8	2.0	3.5	0.9
Vegetables & vegetable prep.	3.9			1.2	-0.8	1.45	0.06	0.02	4.9	6.4	-0.2	3.6	5.8	0.1
Other food & non-alcoholic beverages	6.5			0.8	1.2	2.96	0.19	0.02	1.0	1.5	3.6	1.3	1.7	3.0
<b>Food, restaurants</b>	<b>4.1</b>			<b>0.2</b>		<b>4.50</b>	<b>0.18</b>	<b>0.01</b>	<b>3.0</b>	<b>0.7</b>	<b>1.7</b>	<b>2.6</b>	<b>0.7</b>	<b>2.0</b>
Table service restaurants	4.0			0.3		2.46	0.10	0.01	2.9	0.6	2.1	2.6	0.6	2.3
Fast food & take-out	4.6			0.1		1.48	0.07	0.00	3.2	1.2	1.1	2.6	1.2	1.7
Cafeterias & other restaurants	4.1			0.2		0.56	0.02	0.00	3.0	0.6	1.8	2.6	0.7	2.1
<b>Shelter</b>	<b>5.4</b>			<b>0.6</b>	<b>0.6</b>	<b>30.03</b>	<b>1.64</b>	<b>0.17</b>	<b>1.8</b>	<b>0.6</b>	<b>6.2</b>	<b>1.7</b>	<b>0.8</b>	<b>4.7</b>
<b>Rented accomm.</b>	<b>2.8</b>			<b>0.5</b>		<b>6.63</b>	<b>0.19</b>	<b>0.03</b>	<b>1.3</b>	<b>0.8</b>	<b>1.9</b>	<b>1.3</b>	<b>0.6</b>	<b>2.6</b>
Rent	2.8			0.5		6.47	0.18	0.03	1.3	0.8	1.8	1.3	0.6	2.4
Tenants' insurance premiums	5.4			-0.4		0.09	0.00	0.00	1.1	1.6	2.7	0.3	1.6	3.1
Tenants' maintenance & repairs	2.7			0.0		0.06	0.00	0.00	2.2	1.0	0.5	2.6	2.2	0.0
<b>Owned accomm.</b>	<b>5.8</b>			<b>0.7</b>		<b>19.73</b>	<b>1.15</b>	<b>0.13</b>	<b>2.3</b>	<b>0.4</b>	<b>8.3</b>	<b>1.7</b>	<b>0.8</b>	<b>5.0</b>
Mortgage interest cost	-7.6			-0.3	-0.3	3.43	-0.26	-0.01	2.1	3.6	-2.7	-0.1	3.6	-2.1
Homeowners' replacement cost	13.6			0.9	0.9	5.61	0.76	0.05	1.9	1.7	7.0	2.1	1.5	7.8
Property tax & other charges	1.5			0.0	0.1	3.40	0.05	0.00	2.4	0.6	-1.7	2.8	0.7	-1.8
Homeowners' home & mortgage insurance	9.3			4.4	4.4	1.38	0.13	0.06	5.2	2.3	1.8	4.5	2.6	1.9
Homeowners' maintenance & repairs	2.0			0.4	0.4	1.66	0.03	0.01	2.0	1.1	0.0	2.0	1.4	0.0
Other owned accommodation expenses	13.4			0.6	0.6	4.26	0.57	0.03	2.0	1.2	9.4	2.4	2.0	5.6
<b>Water, fuel, &amp; elec.</b>	<b>8.5</b>			<b>0.2</b>		<b>3.67</b>	<b>0.31</b>	<b>0.01</b>	<b>0.8</b>	<b>2.1</b>	<b>3.7</b>	<b>2.5</b>	<b>3.4</b>	<b>1.8</b>
Electricity	3.8			1.1	0.5	1.85	0.07	0.02	1.2	4.4	0.6	2.5	3.8	0.3
Water	1.8			0.0	0.2	0.77	0.01	0.00	3.7	0.9	-2.0	4.9	1.4	-2.2
Natural gas	19.6			-0.6	-0.6	0.77	0.15	0.00	-1.3	9.0	2.3	0.4	10.6	1.8
Fuel oil & other fuels	34.2			-2.3	-2.3	0.28	0.10	-0.01	-0.1	15.5	2.2	5.1	14.2	2.0
<b>Household operations, furniture &amp; equipment</b>	<b>2.0</b>			<b>-0.2</b>	<b>0.2</b>	<b>14.89</b>	<b>0.30</b>	<b>-0.02</b>	<b>1.2</b>	<b>1.0</b>	<b>0.8</b>	<b>1.4</b>	<b>0.9</b>	<b>0.7</b>
<b>Household ops.</b>	<b>0.7</b>			<b>-0.1</b>		<b>9.79</b>	<b>0.06</b>	<b>-0.01</b>	<b>1.3</b>	<b>1.1</b>	<b>-0.6</b>	<b>2.1</b>	<b>1.3</b>	<b>-1.1</b>
Communications	-6.1			-0.4	-0.4	2.73	-0.17	-0.01	0.0	2.8	-2.2	1.5	2.9	-2.7
Child care & housekeeping services	2.9			0.0	0.2	0.78	0.02	0.00	3.4	1.4	-0.4	3.3	1.3	-0.3
Household cleaning products	-0.2			-0.1	0.1	0.45	0.00	0.00	1.3	1.9	-0.8	0.8	1.9	-0.5
Paper, plastic, aluminum foil	4.3			0.2	0.5	0.52	0.02	0.00	2.2	2.2	0.9	2.0	2.0	1.1
Other household goods & services	4.2			0.0	0.3	5.31	0.22	0.00	1.8	0.5	5.0	2.4	1.1	1.7
<b>Household furnishings &amp; equip.</b>	<b>5.3</b>			<b>-0.3</b>		<b>5.10</b>	<b>0.27</b>	<b>-0.01</b>	<b>0.8</b>	<b>1.7</b>	<b>2.6</b>	<b>0.1</b>	<b>1.6</b>	<b>3.3</b>
Furniture & textiles	7.3			0.0		2.22	0.16	0.00	0.4	2.1	3.2	-0.3	2.1	3.6
Household equipment	3.4			-0.5	0.8	2.40	0.08	-0.01	0.9	1.7	1.5	0.0	1.8	1.9
Services related to furnishings & equipment	4.8			0.0	0.2	0.34	0.02	0.00	2.4	1.8	1.3	2.7	2.9	0.7
<b>Clothing &amp; footwear</b>	<b>1.1</b>			<b>-3.9</b>	<b>-0.7</b>	<b>4.0</b>	<b>0.04</b>	<b>-0.16</b>	<b>0.6</b>	<b>1.2</b>	<b>0.4</b>	<b>0.3</b>	<b>1.4</b>	<b>0.6</b>
<b>Clothing</b>	<b>0.4</b>			<b>-4.9</b>	<b>0.0</b>	<b>2.50</b>	<b>0.01</b>	<b>-0.12</b>	<b>0.5</b>	<b>1.6</b>	<b>-0.1</b>	<b>-0.3</b>	<b>2.1</b>	<b>0.3</b>
<b>Footwear</b>	<b>1.2</b>			<b>-3.2</b>	<b>-1.2</b>	<b>0.57</b>	<b>0.01</b>	<b>-0.02</b>	<b>0.4</b>	<b>1.2</b>	<b>0.7</b>	<b>0.1</b>	<b>1.4</b>	<b>0.8</b>
<b>Clothing accessories</b>	<b>1.3</b>			<b>-2.8</b>		<b>0.67</b>	<b>0.01</b>	<b>-0.02</b>	<b>1.0</b>	<b>1.8</b>	<b>0.2</b>	<b>2.3</b>	<b>2.6</b>	<b>-0.4</b>
<b>Clothing material</b>	<b>4.3</b>			<b>0.0</b>		<b>0.26</b>	<b>0.01</b>	<b>0.00</b>	<b>2.2</b>	<b>0.7</b>	<b>3.1</b>	<b>2.7</b>	<b>1.2</b>	<b>1.4</b>



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CA INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	Pandemic trend (Jan 2019–Present)	m/m % change, NSA	m/m % change, SA**	Weights (%)	y/y	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score
<b>Transportation</b>	<b>8.9</b>			<b>-0.3</b>	<b>-0.3</b>	<b>16.0</b>	<b>1.41</b>	<b>-0.05</b>	<b>1.7</b>	<b>3.1</b>	<b>2.3</b>	<b>2.3</b>	<b>3.0</b>	<b>2.2</b>
<b>Private trans.</b>	<b>9.1</b>			<b>-0.9</b>		<b>15.3</b>	<b>1.38</b>	<b>-0.13</b>	<b>1.3</b>	<b>3.2</b>	<b>2.4</b>	<b>2.2</b>	<b>3.2</b>	<b>2.2</b>
Purchase, lease, rental of passenger vehicles	7.3			0.3		6.81	0.49	0.02	2.3	1.5	3.3	1.9	1.6	3.3
<i>Purchase &amp; lease of passenger vehicles</i>	<i>7.2</i>			<i>0.5</i>		<i>6.77</i>	<i>0.49</i>	<i>0.04</i>	<i>2.3</i>	<i>1.5</i>	<i>3.2</i>	<i>1.9</i>	<i>1.6</i>	<i>3.2</i>
<i>Rental of passenger vehicles</i>	<i>24.0</i>			<i>-23.3</i>	<i>-22.9</i>	<i>0.04</i>	<i>0.01</i>	<i>-0.01</i>	<i>1.4</i>	<i>5.2</i>	<i>4.4</i>	<i>1.2</i>	<i>4.1</i>	<i>5.6</i>
Operation of passenger vehicles	10.7			-1.8		8.44	0.90	-0.15	0.7	5.7	1.8	2.4	5.4	1.5
<i>Gasoline</i>	<i>33.3</i>			<i>-4.1</i>	<i>-1.4</i>	<i>3.57</i>	<i>1.19</i>	<i>-0.15</i>	<i>-0.6</i>	<i>13.5</i>	<i>2.5</i>	<i>3.0</i>	<i>12.2</i>	<i>2.5</i>
<i>Passenger vehicle parts, maintenance &amp; repairs</i>	<i>3.8</i>			<i>0.0</i>	<i>0.2</i>	<i>2.48</i>	<i>0.09</i>	<i>0.00</i>	<i>1.9</i>	<i>0.3</i>	<i>5.4</i>	<i>1.6</i>	<i>0.8</i>	<i>2.8</i>
<i>Other passenger vehicle expenses</i>	<i>-3.9</i>			<i>0.1</i>	<i>0.1</i>	<i>2.40</i>	<i>-0.09</i>	<i>0.00</i>	<i>2.4</i>	<i>2.2</i>	<i>-2.9</i>	<i>2.6</i>	<i>2.0</i>	<i>-3.2</i>
<b>Public trans.</b>	<b>12.0</b>			<b>12.0</b>		<b>0.71</b>	<b>0.09</b>	<b>0.08</b>	<b>4.8</b>	<b>3.9</b>	<b>1.9</b>	<b>3.4</b>	<b>3.7</b>	<b>2.3</b>
Local & commuter transportation	-2.8			0.0	0.1	0.25	-0.01	0.00	1.5	0.5	-8.8	2.2	1.2	-4.3
<i>City bus &amp; subway</i>	<i>-3.6</i>			<i>0.0</i>		<i>0.20</i>	<i>-0.01</i>	<i>0.00</i>	<i>2.1</i>	<i>0.7</i>	<i>-7.6</i>	<i>2.8</i>	<i>1.4</i>	<i>-4.4</i>
<i>Taxi &amp; other commuter service</i>	<i>0.5</i>			<i>0.0</i>		<i>0.05</i>	<i>0.00</i>	<i>0.00</i>	<i>0.1</i>	<i>0.8</i>	<i>0.5</i>	<i>0.9</i>	<i>1.2</i>	<i>-0.3</i>
Inter-city transportation	24.1			21.3	1.2	0.30	0.07	0.06	6.2	5.7	3.1	3.9	5.8	3.5
<i>Air transportation</i>	<i>27.4</i>			<i>24.7</i>		<i>0.26</i>	<i>0.07</i>	<i>0.06</i>	<i>6.5</i>	<i>6.2</i>	<i>3.4</i>	<i>4.0</i>	<i>6.4</i>	<i>3.6</i>
<i>Rail, highway bus, other</i>	<i>2.2</i>			<i>-0.4</i>		<i>0.04</i>	<i>0.00</i>	<i>0.00</i>	<i>2.7</i>	<i>1.8</i>	<i>-0.3</i>	<i>2.0</i>	<i>4.2</i>	<i>0.1</i>
<b>Health &amp; personal care</b>	<b>2.6</b>			<b>-0.5</b>	<b>0.0</b>	<b>4.68</b>	<b>0.1</b>	<b>-0.02</b>	<b>1.4</b>	<b>0.4</b>	<b>3.1</b>	<b>1.3</b>	<b>0.9</b>	<b>1.6</b>
<b>Health care</b>	<b>2.4</b>			<b>0.1</b>		<b>2.34</b>	<b>0.1</b>	<b>0.00</b>	<b>1.3</b>	<b>0.6</b>	<b>1.9</b>	<b>1.1</b>	<b>0.8</b>	<b>1.6</b>
Health care goods	1.3			0.1	0.1	1.41	0.0	0.00	0.5	0.7	1.2	-0.1	1.1	1.3
Health care services	3.9			0.0	0.2	0.93	0.0	0.00	2.5	0.6	2.5	2.9	0.8	1.3
<b>Personal Care</b>	<b>2.8</b>			<b>-1.1</b>		<b>2.34</b>	<b>0.1</b>	<b>-0.03</b>	<b>1.5</b>	<b>0.5</b>	<b>2.4</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>
Personal care supplies & equipment	2.9			-1.5	-0.5	1.71	0.0	-0.03	0.4	0.9	2.6	0.5	1.6	1.5
Personal care services	3.2			0.0	0.3	0.63	0.0	0.00	2.9	0.7	0.4	2.7	1.4	0.3
<b>Recreation, education &amp; reading</b>	<b>1.9</b>			<b>-0.7</b>	<b>0.0</b>	<b>9.40</b>	<b>0.2</b>	<b>-0.06</b>	<b>1.7</b>	<b>0.8</b>	<b>0.3</b>	<b>1.3</b>	<b>0.9</b>	<b>0.8</b>
<b>Recreation</b>	<b>2.0</b>			<b>-1.16</b>		<b>7.30</b>	<b>0.15</b>	<b>-0.08</b>	<b>1.4</b>	<b>1.0</b>	<b>0.6</b>	<b>0.6</b>	<b>1.2</b>	<b>1.1</b>
Recreational equipment & services, excl. vehicles	-3.0			-1.6	-0.7	2.03	-0.1	-0.03	-0.8	1.6	-1.4	-2.2	2.0	-0.4
Purchase & operation of recreational vehicles	8.3			-0.5	0.9	1.65	0.1	-0.01	2.6	1.8	3.1	1.9	2.0	3.3
Home entertainment equipment	1.1			-4.1	-0.6	1.03	0.0	-0.04	-3.8	2.0	2.4	-4.9	2.2	2.8
Travel services	-6.3			0.4	1.4	0.89	-0.1	0.00	0.8	2.9	-2.4	0.4	2.8	-2.4
Other cultural & rec. services	4.3			-0.1	0.1	1.70	0.1	0.00	3.5	1.1	0.7	3.4	1.4	0.7
<b>Educ. &amp; reading</b>	<b>2.2</b>			<b>0.76</b>		<b>2.10</b>	<b>0.05</b>	<b>0.02</b>	<b>2.5</b>	<b>1.4</b>	<b>-0.2</b>	<b>3.0</b>	<b>1.1</b>	<b>-0.7</b>
Education	2.2			0.1	0.2	1.82	0.0	0.00	2.4	1.4	-0.2	3.0	1.2	-0.7
Reading material excl. textbooks	0.6			5.5	5.5	0.28	0.0	0.02	3.8	2.8	-1.2	3.2	2.9	-0.9
<b>Alcoholic beverages, tobacco &amp; rec. cannabis</b>	<b>2.5</b>			<b>-0.5</b>	<b>0.0</b>	<b>4.80</b>	<b>0.1</b>	<b>-0.02</b>	<b>3.2</b>	<b>1.2</b>	<b>-0.6</b>	<b>2.7</b>	<b>1.3</b>	<b>-0.2</b>
<b>Alcoholic beverages</b>	<b>1.6</b>			<b>-0.59</b>		<b>2.85</b>	<b>0.05</b>	<b>-0.02</b>	<b>1.7</b>	<b>0.5</b>	<b>-0.3</b>	<b>1.4</b>	<b>0.7</b>	<b>0.3</b>
Alc. beverages served in licensed establishments	2.7			0.0	0.2	0.55	0.0	0.00	1.8	0.6	1.3	2.0	0.7	0.9
Alc. beverages purchased from stores	1.6			-0.8	-0.1	2.30	0.0	-0.02	1.7	0.7	-0.2	1.1	1.1	0.5
<b>Tobacco products</b>	<b>8.0</b>			<b>-0.15</b>		<b>1.44</b>	<b>0.11</b>	<b>0.00</b>	<b>5.6</b>	<b>2.1</b>	<b>1.1</b>	<b>4.8</b>	<b>2.8</b>	<b>1.1</b>
Cigarettes	8.0			-0.1		1.34	0.1	0.00	5.6	2.1	1.1	4.8	2.8	1.1
Other tobacco products & supplies	7.4			-0.3		0.11	0.0	0.00	5.6	2.0	0.9	4.9	2.6	0.9
<b>Rec. cannabis</b>	<b>-8.4</b>			<b>-0.91</b>		<b>0.50</b>	<b>-0.04</b>	<b>0.00</b>						

\*Number may not add due to rounding

\*\* Only available for components that are tracked on a seasonally adjusted basis.

Sources: Scotiabank Economics, Statistics Canada.



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