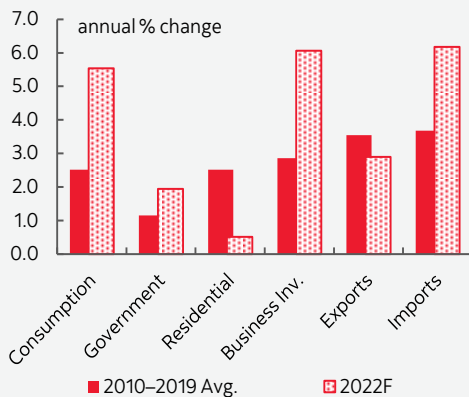


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Chart 1

#### Growth in Domestic Demand to Remain Remarkably Strong Relative to History



Sources: Scotiabank Economics, Statistics Canada.

## Canadian Economy Resilient in the Face of Global Challenges

- We continue to expect strong, above-potential growth in Canada this year even as interest rates and inflation slow the pace of economic expansion.
- Inflation remains problematically high, but we expect it to gradually slow in the second part of 2022 and through 2023 as the lagged impacts of input price increases on inflation fade. We forecast average inflation of 6.5% this year and 3.3% next year. If recent history is any guide, risks to that profile are likely tilted to the upside.
- The Bank of Canada is still in the early stages of a substantial series of policy rate increases this year. We predict a policy rate of 3.00% by the end of the year, double the current setting. The BoC should move in 50bps increments for at least the next two policy meetings. Given the upside risk to inflation, we believe risks are also tilted to the upside for the policy rate.
- Recession risks still appear low to us given the strength and breadth of factors driving Canadian growth, but those risks exist. Higher and more persistent inflation than currently forecast remains the most likely trigger for a recession in our view.

Recent developments suggest that only minor tweaks to the Canadian forecast are in order. While incoming economic data suggest the domestic economy remains strong, exports have been weaker than expected. Moreover, the decline in equity markets since our last forecast—largely associated with uncertainty about the global outlook and the expected rate path in the United States—is also contributing to a slightly weaker outlook than in our last forecast. Higher oil prices, which are on net a positive for Canada, are helping to counter some of these negative developments. Taken together, these revisions lead us to forecast growth of 3.8% in 2022 and 2.6% in 2023.

Imbedded in this view is continued strength in consumer spending as the economy is now fully re-opened and households re-engage in the broad range of activities that were commonplace pre-pandemic. This is, as expected, leading to a modest slowing in the consumption of goods in favour of services. The housing market is slowing as a result of the rise in interest rates. This is a most welcome development, but thus far the moderation of housing activity is largely in line with our prior expectations, so our forecast isn't much impacted by these developments.

A major challenge on the business side remains labour shortages. While this, and the inflation outlook, have not yet led to large-scale increases in wages, we do anticipate a material acceleration in the pace of wage gains over the next year. In the meantime, we are seeing a pick-up in business investment given the still favourable economic situation, and of course the substantial increase in our terms of trade emanating from elevated commodity prices. That strength in business investment should continue for a number of quarters given the capacity constraints faced by firms at the moment.

Taken together, these factors continue to point to very strong growth this year. Most components of domestic demand are still expected to rise at a much more rapid pace than seen in the 10 years leading up to the pandemic (chart 1).

Inflation continues to remain well outside our and the Bank of Canada's comfort zone. There are tentative indications that supply bottlenecks are becoming less binding, and we may well see a moderation in some goods prices as demand shifts to services, but input costs remain challenging for most firms. Moreover, the acceleration in food prices is likely to persist through the summer months, such that total inflation should only decline gradually as the year progresses. The Bank of Canada can do little in response to these

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developments given their largely exogenous nature, but there are signs that homegrown inflation will put upward pressure on inflation for the remainder of the year. This is already the case with rents, but we expect wages to rise and anticipate wage pressures will keep input costs elevated for firms. On balance, we forecast that inflation will average 6.5% this year and decline to 3.3% next year. As indicated above, the source of inflation should shift from largely foreign drivers to more domestic drivers as the year progresses. A worrisome development on the inflation front is the roughly 7% rise in unit labour costs in 2022-Q1. This, along with the economics community's track record of underestimating inflationary pressures in recent quarters, suggest the risks to inflation may still be tilted to the upside.

Against this inflation background, we continue to believe the Bank of Canada must raise interest rates aggressively and expect it to move by 50bps at the next two meetings. We are sticking with our view that the policy rate will rise to 3.00% by the end of the year and remain there, but it seems clear that upside risks to the rate path are possible.

We continue to believe that the risks of recession remain low given the current strength of the outlook, but also because corporate and household balance sheets are strong, pent-up demand remains high, and the very large number of job vacancies likely means that employment will continue to grow even if the economy runs into a soft patch. There is, of course, a risk of a recession. In our view, this risk is principally linked to inflation outcomes; a material overshoot of our forecast for inflation in the second half of the year would raise the risk of recession significantly. Another risk is that the fear of recession actually triggers one: worries about gasoline and food prices, the state of global markets, and a potential recession in Europe can lead Canadian firms and households to be increasingly cautious, triggering a slowdown here.

International												
	2010-19	2019	2020	2021	2022f	2023f	2010-19	2019	2020	2021	2022f	2023f
	<b>Real GDP</b> (annual % change)						<b>Consumer Prices</b> (y/y % change, year-end)					
World (based on purchasing power parity)	3.7	2.9	-3.1	6.3	3.2	3.3						
Canada	2.3	1.9	-5.2	4.5	3.8	2.6	1.7	2.1	0.8	4.7	6.5	1.9
United States	2.3	2.3	-3.4	5.7	2.6	2.4	1.7	2.0	1.2	6.7	7.2	2.9
Mexico	2.7	-0.2	-8.2	4.8	1.7	1.9	4.0	2.8	3.2	7.4	7.1	5.1
United Kingdom	2.0	1.7	-9.3	7.4	3.7	1.2	2.1	1.3	0.6	4.8	8.7	2.1
Eurozone	1.4	1.6	-6.5	5.6	2.6	2.3	1.3	1.3	-0.3	4.7	6.4	2.0
Germany	2.0	1.1	-5.0	3.1	2.0	2.5	1.3	1.5	-0.3	5.4	6.9	2.9
France	1.4	1.9	-7.9	7.2	2.9	1.9	1.2	1.5	0.0	3.3	4.9	2.5
China	7.7	6.0	2.3	8.1	4.5	5.2	2.7	4.5	0.2	1.5	2.9	2.4
India	7.0	4.7	-7.1	8.9	7.0	7.0	6.8	7.4	4.6	5.7	7.0	5.3
Japan	1.2	0.0	-4.7	1.8	2.0	1.8	0.6	0.8	-1.2	0.8	2.2	1.0
South Korea	3.3	2.2	-0.9	4.0	3.0	2.6	1.7	0.7	0.5	3.7	4.9	2.3
Australia	2.6	1.9	-2.3	4.9	4.1	2.7	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	6.4	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	8.5	4.0
Peru	4.5	2.2	-11.0	13.5	2.6	2.4	2.9	1.9	2.0	6.4	6.4	4.0
Chile	3.3	0.8	-6.0	12.0	3.0	0.0	3.2	3.0	3.0	7.2	10.2	3.7
Argentina	1.4	-2.0	-9.9	10.3	2.8	1.7	26.1	53.8	36.1	50.9	66.7	40.0
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	57	39	68	103	95						
Brent Oil (USD/bbl)	82	64	43	70	108	99						
WCS - WTI Discount (USD/bbl)	-18	-14	-12	-13	-14	-16						
Nymex Natural Gas (USD/mmbtu)	3.39	2.53	2.02	3.84	5.29	4.32						
Copper (USD/lb)	3.10	2.73	2.80	4.23	4.50	4.50						
Zinc (USD/lb)	1.02	1.16	1.03	1.36	1.70	1.60						
Nickel (USD/lb)	7.00	6.31	6.25	8.37	12.75	10.00						
Iron Ore (USD/tonne)	101	93	109	160	125	100						
Metallurgical Coal (USD/tonne)	179	185	127	204	325	200						
Gold, (USD/oz)	1,342	1,393	1,771	1,799	1,900	1,800						
Silver, (USD/oz)	21.64	16.21	20.48	25.15	24.50	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	3.8	2.6	2.3	2.3	-3.4	5.7	2.6	2.4
Consumer spending	2.5	1.4	-6.1	4.9	5.5	3.0	2.2	2.2	-3.8	7.9	3.6	2.5
Residential investment	2.5	-0.3	4.3	15.2	0.5	-1.7	4.5	-0.9	6.8	9.2	-2.1	1.9
Business investment*	2.9	1.6	-10.5	1.9	6.1	6.6	5.2	4.3	-5.3	7.4	4.1	2.6
Government	1.1	0.8	0.9	5.6	1.9	1.1	-0.1	2.2	2.5	0.5	-0.3	2.6
Exports	3.5	2.3	-9.7	1.4	2.9	7.1	3.8	-0.1	-13.6	4.5	4.3	4.7
Imports	3.7	0.4	-10.8	7.7	6.2	6.9	4.3	1.1	-8.9	14.0	10.7	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	0.9	0.0
Nominal GDP	4.0	3.4	-4.5	13.0	10.2	5.4	4.0	4.1	-2.2	10.1	9.6	6.2
GDP deflator	1.7	1.5	0.7	8.1	6.2	2.8	1.7	1.8	1.2	4.1	6.9	3.8
Consumer price index (CPI)	1.7	1.9	0.7	3.4	6.5	3.3	1.8	1.8	1.3	4.7	7.8	4.4
Core inflation rate**	1.7	2.0	1.8	2.5	4.1	2.9	1.6	1.7	1.4	3.3	4.9	2.8
Pre-tax corporate profits	6.3	-0.6	-1.9	32.3	11.3	5.2	5.7	2.7	-5.2	25.0	4.0	4.1
Employment	1.3	2.2	-5.1	4.8	4.1	1.3	1.5	1.3	-5.8	2.8	3.5	0.9
Unemployment rate (%)	6.9	5.8	9.6	7.4	5.2	5.2	6.2	3.7	8.1	5.4	3.7	4.3
Current account balance (CAD, USD bn)	-57.0	-47.0	-39.4	1.1	26.3	31.4	-409	-472	-616	-822	-1058	-1080
Merchandise trade balance (CAD, USD bn)	-13.6	-18.4	-39.8	4.5	45.5	60.2	-763	-862	-922	-1091	-1350	-1406
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	-3.9
Housing starts (000s, mn)	201	209	218	271	233	205	0.99	1.29	1.40	1.61	1.70	1.70
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	3.9	3.2	1.7	-0.8	-7.2	5.5	4.6	2.4
	<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	7.1	5.1						
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	Q2f	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	4.5	2.6	2.2	2.8	2.4	2.4	2.0			
Real GDP (y/y % change)	-3.1	0.2	11.7	3.8	3.2	2.9	4.9	4.2	3.1	3.0	2.5	2.5	2.4			
Consumer prices (y/y % change)	0.8	1.4	3.3	4.1	4.7	5.8	7.0	6.8	6.5	5.3	3.6	2.5	1.9			
CPI-common (y/y % change)*	1.4	1.4	2.0	2.1	2.2	2.8	3.4	3.7	3.6	3.5	3.2	2.9	2.7			
Average of new core CPIs (y/y % change)	1.8	1.8	2.3	2.7	3.0	3.6	4.4	4.4	4.0	3.5	3.1	2.7	2.4			
CPIXFET (y/y % change)	1.1	1.0	2.1	3.0	3.2	4.0	4.8	4.9	4.4	3.8	3.3	2.8	2.4			
Unemployment Rate (%)	8.9	8.4	7.9	7.2	6.3	5.8	5.2	5.0	5.0	5.1	5.2	5.3	5.4			
<b>United States</b>																
Real GDP (q/q ann. % change)	4.5	6.3	6.7	2.3	6.9	-1.5	3.0	2.6	2.5	2.4	2.2	2.0	1.8			
Real GDP (y/y % change)	-2.3	0.5	12.2	4.9	5.5	3.5	2.6	2.7	1.6	2.6	2.4	2.3	2.1			
Consumer prices (y/y % change)	1.2	1.9	4.8	5.3	6.7	8.0	8.1	7.9	7.2	6.1	4.7	3.8	2.9			
Total PCE deflator (y/y % change)	1.2	1.8	3.9	4.3	5.5	6.3	6.6	6.4	5.8	4.9	3.7	3.0	2.3			
Core PCE deflator (y/y % change)	1.4	1.7	3.4	3.6	4.6	5.2	5.3	4.9	4.0	3.3	2.9	2.6	2.4			
Unemployment Rate (%)	6.8	6.2	5.9	5.1	4.2	3.8	3.6	3.7	3.9	4.1	4.2	4.4	4.5			

\* 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	Q2f	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	2.50	3.00	3.00	3.00	3.00	3.00					
US Federal Reserve (upper bound)	0.25	0.25	0.25	0.25	0.25	0.50	1.50	2.50	3.00	3.00	3.00	3.00	3.00					
Bank of Mexico	4.25	4.00	4.25	4.75	5.50	6.50	7.75	8.75	9.50	9.50	9.50	9.50	9.50					
Central Bank of Brazil	2.00	2.75	4.25	6.25	9.25	11.75	13.50	13.50	13.50	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	8.50	8.50	8.50	6.50	6.00	6.00					
Central Reserve Bank of Peru	0.25	0.25	0.25	1.00	2.50	4.00	5.50	5.75	5.75	5.75	5.75	5.75	5.75					
Central Bank of Chile	0.50	0.50	0.50	1.50	4.00	7.00	9.00	9.75	8.75	6.75	4.75	3.50	3.50					
Central Bank of Argentina	38.00	38.00	38.00	38.00	38.00	44.50	49.00	52.00	52.00	49.00	45.00	45.00	45.00					
<b>Europe</b>																		
European Central Bank MRO Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	1.00	1.25	1.50	1.75	1.75					
European Central Bank Deposit Rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.50	0.75	1.00	1.25	1.25					
Bank of England	0.10	0.10	0.10	0.10	0.25	0.75	1.25	1.50	1.75	2.00	2.00	2.00	2.00					
<b>Asia/Oceania</b>																		
Reserve Bank of Australia	0.10	0.10	0.10	0.10	0.10	0.10	0.85	1.75	2.50	2.50	2.50	2.50	2.50					
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	3.80	3.70	3.65	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	5.75	5.75	5.75	5.75					
Bank of Korea	0.50	0.50	0.50	0.75	1.00	1.25	1.75	2.25	2.50	2.50	2.50	2.50	2.50					
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																		
<b>Americas</b>																		
(end of period)																		
Canadian dollar (USDCAD)	1.27	1.26	1.24	1.27	1.26	1.25	1.25	1.20	1.20	1.22	1.22	1.23	1.23					
Canadian dollar (CADUSD)	0.79	0.80	0.81	0.79	0.79	0.80	0.80	0.83	0.83	0.82	0.82	0.81	0.81					
Mexican peso (USDMXN)	19.91	20.43	19.94	20.64	20.53	19.87	20.35	20.44	20.97	21.33	21.82	21.84	22.08					
Brazilian real (USDBRL)	5.19	5.63	4.97	5.44	5.57	4.74	5.04	4.92	4.72	4.68	4.55	4.58	4.68					
Colombian peso (USDCOP)	3,428	3,663	3,755	3,809	4,065	3,764	3,933	3,770	3,755	3,750	3,690	3,650	3,600					
Peruvian sol (USDPEN)	3.62	3.74	3.87	4.13	4.00	3.68	3.75	3.85	3.80	3.75	3.80	3.75	3.70					
Chilean peso (USDCLP)	711	719	734	810	852	786	850	850	820	800	780	760	750					
Argentine Peso (USDARS)	84.15	91.99	95.72	98.74	102.74	111.01	127.00	140.00	153.00	170.00	191.00	212.00	233.00					
<b>Europe</b>																		
Euro (EURUSD)	1.22	1.17	1.19	1.16	1.14	1.11	1.06	1.08	1.10	1.10	1.10	1.12	1.12					
UK pound (GBPUSD)	1.37	1.38	1.38	1.35	1.35	1.31	1.22	1.24	1.25	1.27	1.27	1.29	1.29					
<b>Asia/Oceania</b>																		
Japanese yen (USDJPY)	103	111	111	111	115	122	130	130	125	120	120	116	116					
Australian dollar (AUDUSD)	0.77	0.76	0.75	0.72	0.73	0.75	0.70	0.72	0.74	0.74	0.74	0.76	0.76					
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	77.0	77.0	76.0	75.0	75.0	74.0	74.0					
South Korean won (USDKRW)	1,087	1,132	1,126	1,184	1,189	1,212	1,260	1,260	1,240	1,220	1,220	1,200	1,200					
Thai baht (USDTHB)	30.0	31.2	32.1	33.8	33.4	33.3	34.0	34.0	33.0	32.0	32.0	31.0	31.0					
<b>Canada (Yields, %)</b>																		
3-month T-bill	0.07	0.09	0.14	0.12	0.19	0.73	2.30	2.80	3.00	3.00	3.00	3.00	3.00					
2-year Canada	0.20	0.22	0.45	0.40	0.95	2.29	3.15	3.10	3.05	3.05	3.05	3.00	2.90					
5-year Canada	0.39	0.99	0.98	1.10	1.26	2.41	3.25	3.15	3.10	3.05	3.00	2.95	2.75					
10-year Canada	0.68	1.56	1.39	1.51	1.42	2.40	3.30	3.35	3.35	3.30	3.20	3.10	3.00					
30-year Canada	1.21	1.98	1.84	1.99	1.68	2.38	3.15	3.20	3.25	3.20	3.15	3.10	3.00					
<b>United States (Yields, %)</b>																		
3-month T-bill	0.08	0.01	0.04	0.03	0.06	0.55	2.00	2.65	2.80	2.80	2.80	2.80	2.80					
2-year Treasury	0.12	0.16	0.25	0.53	0.73	2.33	2.85	3.00	3.05	3.05	2.95	2.80	2.75					
5-year Treasury	0.36	0.94	0.89	0.96	1.26	2.46	3.05	3.10	3.10	3.05	2.90	2.75	2.60					
10-year Treasury	0.91	1.74	1.47	1.49	1.51	2.34	3.05	3.10	3.20	3.15	3.05	2.95	2.90					
30-year Treasury	1.64	2.41	2.09	2.04	1.90	2.45	3.15	3.20	3.25	3.20	3.10	3.00	2.95					

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	4.6	1.2	-0.3	5.1	6.2
2022f	3.8	1.2	2.4	2.2	2.1	3.4	3.7	3.9	5.0	5.1	4.1
2023f	2.6	2.9	1.8	1.9	1.7	2.2	2.7	2.4	3.1	3.2	3.0
<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	11.9	11.2	11.1	12.4	11.7	6.2	12.1	20.3	13.8
2022f	10.2	12.3	7.0	5.7	5.6	7.1	7.8	9.6	18.7	21.3	9.8
2023f	5.4	5.2	4.2	4.2	4.0	5.1	5.8	4.8	5.6	5.7	5.4
<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	4.1	2.8	4.8	2.9	2.4	3.5	4.7	3.1	3.9	4.4	3.8
2023f	1.3	0.7	1.3	1.2	1.1	1.1	1.4	1.2	1.5	1.5	1.5
<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	5.2	11.4	8.7	6.7	7.4	4.0	5.6	4.6	4.7	6.1	4.6
2023f	5.2	11.0	8.7	6.6	7.3	4.0	5.5	4.5	4.5	5.9	4.4
<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	6.5	6.1	8.4	6.6	7.0	6.4	6.7	6.7	5.7	6.1	6.3
2023f	3.3	3.1	4.2	3.4	3.6	3.3	3.4	3.4	2.9	3.1	3.4
<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	233	1.1	1.2	4.5	3.5	57	81	6.6	4.5	33	41
2023f	205	1.1	1.1	4.4	3.4	50	71	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	-2,185	-3,207	-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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