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Chart 1

Real Time Local Business Conditions Index

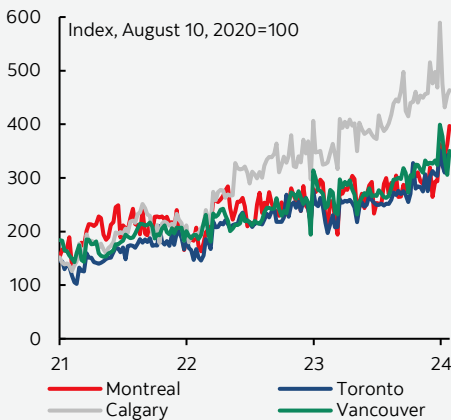
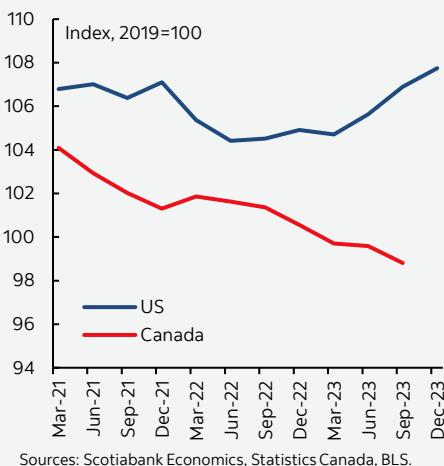


Chart 2

Business Productivity Levels



Stronger Growth, Slower Cuts to Policy Rates

- **Strong data leading to an upgrade in growth forecast for Canada and the US in 2024.**
- **That strong growth comes at an inflationary cost. Despite cooling of inflationary pressures in the United States, stronger growth is leading us to push the first cut to the third quarter of this year for a total cut of 100 basis points.**
- **Stronger growth in Canada, robust wage gains combined with falling productivity and still-elevated measures of underlying inflation all suggest the Bank of Canada will need to delay cutting rates until late in the third quarter. We now expect cuts of only 75 basis points this year.**
- **In both countries, growth and inflation dynamics could imply that even these revised forecasts may be too optimistic in terms of expected rate cuts. Further strength, or a delayed reduction of inflation could see no cuts at all this year. This is definitely not our expectation, but it is a meaningful risk to our views.**

Economic data have been almost unanimously better than expected in Canada and the United States over the last few weeks. The resilience narrative continues to play out, as households on both sides of the border continue to spend at a higher pace than expected. The impact of elevated policy rates remains less negative than feared. As a result, 2023 ended on a much stronger footing than expected. Combined with early indications of the strength persisting in 2024, we are revising our forecasts up sharply for the year. In the US, we now expect growth will be 2.3% in 2024, a full percentage point above our previous view. Our view for 2025 remains essentially unchanged, with expected growth of 1.5%. In Canada, we are nearly doubling our forecasted growth rate to 0.9% this year from an earlier forecast of 0.5%, but this comes at the expense of lower growth in 2025, which we now forecast will expand by 2.0%. While there are reasons to cheer this development, stronger growth adds to inflationary pressure and will force central banks to delay the process of monetary normalization. We expect the Federal Reserve and the Bank of Canada to cut rates in the third quarter rather than the second and expect both central banks to cut less than previously expected. By year-end, we forecast the upper end of the policy rate band in the US to be 4.5%, and for the BoC's policy rate to be 4.25%. There is a risk that central banks cut even less than that.

We continue to expect a slowdown in US economic activity as the past tightening in interest rates work its way through the economy. That being said, recent economic performance has been nothing short of spectacular. Growth in the final quarter of 2023 stood at 3.3%, well above expectations. That builds on a nearly 5% increase in the previous quarter. The Atlanta Fed's [GDPNow](#) suggested tracking of above 4% growth in 2024Q1 as of February 1st. Employment growth in January was robust though it also revealed strong wage gains. The economic strength observed is reasonably broad-based, but consumer spending stands out, despite elevated interest rates. Perhaps most surprising of all has been the very rapid pace of productivity growth, which has helped inflation slow meaningfully. While the moderation of inflation is of great comfort, the strength in economic activity poses upside risks to the inflation profile. There is a limit to the speed at which productivity gains can be generated in the US, and there ultimately is a link between economic activity and inflation. In our view, the stronger-than-expected growth in the US will push the Fed to cut rates later in the year than previously anticipated. A further disruption of supply chains owing to developments in the Red Sea and Panama Canal add some uncertainty to the inflation outlook that may need to be considered by the central bank. Markets have a high likelihood of a rate cut priced in as early as May. We think this is unlikely and consider a move sometime in the third quarter more likely and appropriate.

February 6, 2024

In Canada, growth is also surprising to the upside but to a lesser extent. Statistics Canada tracking for December GDP growth is solid as a number of indicators confirm stronger-than-expected activity late last year and early this year (chart 1). That is not to say that spending is robust. It isn't, but it has slowed less than expected. As a consequence, we now expect there to be less weakness in 2024H1 than in previous forecasts.

This upward revision to growth in Canada is more problematic for our central bank than it is in the United States. Inflationary dynamics in Canada remain a concern. Measures of underlying inflation tracked by the Bank of Canada have accelerated to close to 4% at the end of 2023. Wage gains remain totally incompatible with the inflation target productivity growth. Productivity declines mean those wage gains are a greater challenge for firms in Canada than the United States, and therefore more inflationary (chart 2). Inflation expectations remain some distance from 2%. Adding to that, shipping disruptions in the Red Sea and Panama Canal are straining supply chains and add further upside risks to inflation. These inflationary pressures would be more manageable if the economy decelerated more sharply than now expected. Recall that the Bank of Canada is expecting slowing growth to create excess supply which will put downward pressure on inflation, ultimately allowing it to return to the target sometime in 2025. Upward revisions to growth that are not accompanied by stronger productivity will cut the amount of excess supply and reduce disinflationary pressure.

This likely makes the Bank of Canada more sensitive to growth outcomes than the Fed. This is of particular concern given the massive amount of pent-up demand for housing in Canada. As seen in the December real estate sales data and anecdotal data for January, sales of existing family homes are accelerating rapidly as purchasers react to a decline in longer-term mortgage costs and/or expectations of lower short-term rates. It may well be that unleashing this demand for real estate early in the year puts upward pressure on economic activity (along with prices and rents), further reducing the amount of excess supply in the economy. That should be of grave concern for the Bank of Canada given the risks identified above. As a consequence, we now believe Governor Macklem will cut the policy rate later rather than earlier in the third quarter, and that there is also a risk of a later or even no move this year.

International												
	2010–19	2021	2022	2023e	2024f	2025f	2010–19	2021	2022	2023	2024f	2025f
	Real GDP (annual % change)						Consumer Prices (annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	6.3	3.2	3.1	2.9	2.9						
Canada	2.3	5.3	3.8	1.1	0.9	2.0	1.6	3.4	6.8	3.9	2.8	2.1
United States	2.4	5.8	1.9	2.5	2.3	1.5	1.8	4.7	8.0	4.2	2.8	2.2
Mexico	2.3	5.7	3.9	3.2	3.1	1.6	4.0	5.7	7.9	5.6	4.6	3.9
United Kingdom	2.0	8.7	4.3	0.3	0.4	1.2	2.2	2.6	9.1	7.3	2.5	2.0
Eurozone	1.4	5.9	3.4	0.5	0.5	1.5	1.4	2.6	8.4	5.4	2.4	2.0
Germany	2.0	3.1	1.9	-0.1	0.3	1.6	1.4	3.2	8.7	3.0	2.4	2.0
France	1.4	6.4	2.5	0.9	0.8	1.5	1.3	2.1	5.9	5.7	2.5	2.0
China	7.7	8.4	3.0	5.2	4.6	4.4	2.6	0.9	2.0	0.2	1.0	1.7
India	6.7	9.1	7.0	6.6	6.3	6.4	6.2	6.7	6.6	5.5	4.7	4.5
Japan	1.2	2.4	0.9	2.0	0.8	1.0	0.5	-0.3	2.5	3.3	2.3	2.7
South Korea	3.3	4.3	2.6	1.3	2.2	2.2	1.7	2.5	5.1	3.6	2.4	2.0
Australia	2.6	5.7	3.8	1.9	1.4	2.2	2.1	2.9	6.6	5.7	3.5	2.8
Thailand	3.6	1.5	2.6	2.4	3.4	3.3	1.6	1.2	6.1	1.3	1.7	1.9
Brazil	1.4	4.8	3.0	2.9	1.6	2.0	5.8	8.3	9.3	4.5	3.8	3.6
Colombia	3.7	11.0	7.3	1.1	1.8	2.4	3.7	3.5	10.2	11.8	5.8	3.5
Peru	4.5	13.4	2.7	-0.5	2.7	2.5	2.8	4.0	7.9	6.3	2.4	2.3
Chile	3.3	11.7	2.4	-0.2	2.0	2.5	3.0	4.5	11.6	7.7	3.0	3.0
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	68	95	78	76	75						
Brent Oil (USD/bbl)	82	70	101	83	81	80						
WCS - WTI Discount (USD/bbl)	-18	-14	-21	-19	-17	-15						
Nymex Natural Gas (USD/mmbtu)	3.39	3.85	6.61	2.73	2.75	3.75						
Copper (USD/lb)	3.10	4.23	4.00	3.85	4.00	4.50						
Zinc (USD/lb)	1.02	1.36	1.58	1.20	1.20	1.20						
Nickel (USD/lb)	7.00	8.37	11.66	9.75	8.00	8.00						
Iron Ore (USD/tonne)	101	160	121	120	110	90						
Metallurgical Coal (USD/tonne)	179	204	372	288	265	225						
Gold, (USD/oz)	1,342	1,799	1,803	1,943	1,900	1,700						
Silver, (USD/oz)	21.64	25.15	21.80	23.38	23.75	23.00						

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

North America												
	2010-19	2021	2022	2023e	2024f	2025f	2010-19	2021	2022	2023e	2024f	2025f
	Canada						United States					
	(annual % change, unless noted)						(annual % change, unless noted)					
Real GDP	2.3	5.3	3.8	1.1	0.9	2.0	2.4	5.8	1.9	2.5	2.3	1.5
Consumer spending	2.5	5.1	5.1	2.2	1.1	1.6	2.3	8.4	2.5	2.2	2.2	1.4
Residential investment	2.4	14.6	-12.0	-9.6	4.4	4.6	4.7	10.7	-9.0	-10.7	1.4	1.2
Business investment*	3.0	9.0	4.3	1.1	0.2	11.1	5.6	5.9	5.2	4.4	2.2	1.4
Government	1.1	4.6	3.3	2.0	1.5	1.5	0.2	-0.3	-0.9	4.0	1.6	1.4
Exports	3.5	2.7	3.2	4.9	1.7	0.9	3.9	6.3	7.0	2.7	4.1	2.7
Imports	3.7	8.1	7.6	1.0	1.3	2.3	4.3	14.5	8.6	-1.7	1.6	1.1
Inventories, contribution to annual GDP growth	0.1	0.7	2.3	-1.3	-0.5	-0.2	0.1	0.2	0.5	-0.4	-0.2	-0.2
Nominal GDP	4.0	13.4	11.8	2.6	4.0	3.9	4.0	10.7	9.1	6.3	3.8	3.1
GDP deflator	1.7	7.7	7.7	1.5	3.1	1.9	1.6	4.6	7.1	3.6	1.5	1.7
Consumer price index (CPI)	1.6	3.4	6.8	3.9	2.8	2.1	1.8	4.7	8.0	4.2	2.8	2.2
Core inflation rate**	1.7	2.8	5.0	4.0	2.9	2.1	1.6	3.6	5.2	4.1	2.6	2.2
Pre-tax corporate profits	6.3	33.2	14.7	-18.6	0.3	10.3	5.9	22.6	9.8	0.6	2.7	2.4
Employment	1.3	5.0	4.0	2.4	1.6	1.8	1.2	2.9	4.3	2.3	1.1	1.0
Unemployment rate (%)	6.9	7.5	5.3	5.4	6.1	6.4	6.2	5.4	3.6	3.6	3.8	4.1
Current account balance (CAD, USD bn)	-56.9	0.4	-10.3	-38.4	-103.1	-124.1	-407	-831	-972	-825	-730	-686
Merchandise trade balance (CAD, USD bn)	-13.6	2.5	19.7	-21.8	-76.6	-80.9	-763	-1084	-1183	-1057	-1018	-1010
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-90.2	-43.0	-46.5	-33.2	-24.9	-829	-2,775	-1,376	-1,695	1,650	-1,761
percent of GDP	-1.0	-3.6	-1.5	-1.6	-1.1	-0.8	-4.8	-11.8	-5.3	-6.2	5.8	-6.0
Housing starts (000s, mn)	201	271	262	240	248	260	1.31	1.61	1.55	1.41	1.46	1.47
Motor vehicle sales (000s, mn)	1,816	1,663	1,523	1,684	1,706	1,770	15.7	14.9	13.8	15.5	15.9	16.8
Industrial production	2.4	5.0	3.9	0.0	0.5	2.2	1.7	4.4	3.4	0.2	0.2	1.4
	Mexico											
	(annual % change)											
Real GDP	2.3	5.7	3.9	3.2	3.1	1.6						
Consumer price index	4.0	5.7	7.9	5.6	4.6	3.9						
Unemployment rate (%)	4.4	4.1	3.3	2.8	3.1	3.4						

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 2 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													
	2022		2023			2024				2025			
Canada	Q4	Q1	Q2	Q3	Q4e	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	-0.9	2.5	1.4	-1.1	1.2	1.3	0.8	1.3	1.7	2.1	2.5	2.7	2.5
Real GDP (y/y % change)	2.2	1.8	1.2	0.5	1.0	0.7	0.6	1.2	1.3	1.5	1.9	2.3	2.5
Consumer prices (y/y % change)	6.7	5.1	3.5	3.7	3.2	3.2	3.1	2.7	2.2	2.4	2.1	2.0	2.0
Average of new core CPIs (y/y % change)*	5.3	4.8	4.0	3.8	3.6	3.5	3.0	2.7	2.5	2.3	2.2	2.1	2.0
CPIXFET (y/y % change)**	5.4	4.8	4.0	3.4	3.4	3.4	3.0	2.6	2.4	2.2	2.0	1.9	1.9
Unemployment Rate (%)	5.1	5.1	5.3	5.5	5.8	5.9	5.9	6.1	6.3	6.4	6.4	6.4	6.4
United States													
Real GDP (q/q ann. % change)	2.6	2.2	2.1	4.9	3.3	2.2	0.7	1.1	1.6	1.3	1.5	1.8	1.8
Real GDP (y/y % change)	0.7	1.7	2.4	2.9	3.1	3.1	2.7	1.8	1.4	1.2	1.4	1.6	1.6
Consumer prices (y/y % change)	7.1	5.8	4.1	3.6	3.2	2.9	2.8	2.8	2.8	2.6	2.5	2.3	2.2
Total PCE deflator (y/y % change)	5.9	5.0	3.9	3.3	2.7	2.6	2.5	2.6	2.6	2.4	2.3	2.1	2.0
Core PCE deflator (y/y % change)	5.1	4.8	4.6	3.8	3.2	2.8	2.4	2.5	2.6	2.3	2.3	2.2	2.0
Unemployment Rate (%)	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.8	3.9	4.1	4.2	4.3

* Average of 2 core measures published by the BoC. ** CPI ex. food, energy and indirect taxes. Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, Bloomberg.

Central Bank Rates													
	2022	2023				2024				2025			
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas	(% end of period)												
Bank of Canada	4.25	4.50	4.75	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.50	3.25	3.00
US Federal Reserve (upper bound)	4.50	5.00	5.25	5.50	5.50	5.50	5.50	5.25	4.50	4.25	3.75	3.25	3.00
Bank of Mexico	10.50	11.25	11.25	11.25	11.25	11.00	10.50	10.00	9.50	9.00	8.50	8.00	7.50
Central Bank of Brazil	13.75	13.75	13.75	12.75	11.75	10.75	9.75	9.00	9.00	8.75	8.50	8.50	8.50
Bank of the Republic of Colombia	12.00	13.00	13.25	13.25	13.00	12.00	10.50	8.50	7.00	6.25	5.75	5.50	5.50
Central Reserve Bank of Peru	7.50	7.75	7.75	7.50	6.75	6.00	5.25	4.50	4.25	4.25	4.00	4.00	4.00
Central Bank of Chile	11.25	11.25	11.25	9.50	8.25	7.25	5.50	4.50	4.25	4.25	4.25	4.25	4.25
Europe													
European Central Bank MRO Rate	2.50	3.50	4.00	4.50	4.50	4.50	4.25	3.75	3.50	3.25	3.00	2.75	2.50
European Central Bank Deposit Rate	2.00	3.00	3.50	4.00	4.00	4.00	3.75	3.25	3.00	2.75	2.50	2.25	2.00
Bank of England	3.50	4.25	5.00	5.25	5.25	5.25	5.00	4.50	4.00	3.75	3.50	3.25	3.00
Asia/Oceania													
Reserve Bank of Australia	3.10	3.60	4.10	4.10	4.35	4.35	4.35	4.35	3.85	3.60	3.60	3.35	3.25
Bank of Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	0.00	0.00	0.00	0.00	0.10	0.10	0.10
People's Bank of China	2.75	2.75	2.65	2.50	2.50	2.40	2.40	2.30	2.30	2.30	2.30	2.30	2.30
Reserve Bank of India	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.25	6.00	6.00	6.00	6.00	5.75
Bank of Korea	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.25	3.00	2.75	2.50	2.50	2.50
Bank of Thailand	1.25	1.75	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25	2.00	2.00
Currencies and Interest Rates													
Americas	(end of period)												
Canadian dollar (USDCAD)	1.36	1.35	1.32	1.36	1.32	1.33	1.33	1.28	1.28	1.27	1.27	1.25	1.25
Canadian dollar (CADUSD)	0.74	0.74	0.76	0.74	0.76	0.75	0.75	0.78	0.78	0.79	0.79	0.80	0.80
Mexican peso (USDMXN)	19.50	18.05	17.12	17.42	16.97	17.70	17.80	18.10	18.40	18.70	18.90	19.25	19.50
Brazilian real (USDBRL)	5.28	5.06	4.79	5.03	4.86	4.95	4.96	4.95	4.95	4.97	5.00	5.03	5.06
Colombian peso (USDCOP)	4,853	4,623	4,172	4,067	3,855	4,049	4,078	4,102	4,116	4,120	4,125	4,140	4,150
Peruvian sol (USDPEN)	3.81	3.76	3.63	3.78	3.70	3.78	3.70	3.80	3.75	3.75	3.75	3.80	3.75
Chilean peso (USDCLP)	851	795	802	892	879	870	870	870	870	870	870	870	870
Europe													
Euro (EURUSD)	1.07	1.08	1.09	1.06	1.10	1.10	1.10	1.12	1.12	1.15	1.15	1.18	1.18
UK pound (GBPUSD)	1.21	1.23	1.27	1.22	1.27	1.25	1.25	1.30	1.30	1.32	1.32	1.35	1.35
Asia/Oceania													
Japanese yen (USDJPY)	131	133	144	149	141	150	150	140	140	135	135	130	130
Australian dollar (AUDUSD)	0.68	0.67	0.67	0.64	0.68	0.66	0.66	0.68	0.68	0.70	0.70	0.72	0.72
Chinese yuan (USDCNY)	6.90	6.87	7.25	7.30	7.10	7.19	7.16	7.10	7.04	6.99	6.93	6.88	6.82
Indian rupee (USDINR)	82.7	82.2	82.0	83.0	83.2	83.1	83.0	82.9	82.8	82.8	83.0	83.1	83.2
South Korean won (USDKRW)	1,265	1,302	1,318	1,349	1,288	1,298	1,282	1,267	1,252	1,242	1,233	1,225	1,216
Thai baht (USDTHB)	34.6	34.2	35.5	36.4	34.1	34.9	34.7	34.4	34.1	33.9	33.7	33.5	33.3
Canada (Yields, %)													
3-month T-bill	4.32	4.42	4.91	5.11	5.03	5.00	4.90	4.50	3.90	3.55	3.35	3.05	3.00
2-year Canada	4.05	3.73	4.58	4.87	3.89	4.05	3.80	3.60	3.30	3.20	3.15	3.15	3.15
5-year Canada	3.41	3.02	3.68	4.25	3.17	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
10-year Canada	3.30	2.90	3.27	4.02	3.11	3.50	3.45	3.40	3.45	3.60	3.60	3.60	3.60
30-year Canada	3.28	3.00	3.09	3.81	3.03	3.40	3.30	3.25	3.35	3.45	3.50	3.50	3.50
United States (Yields, %)													
3-month T-bill	4.41	4.80	5.31	5.46	5.35	5.40	5.30	4.95	4.40	4.00	3.20	3.10	3.10
2-year Treasury	4.43	4.03	4.90	5.04	4.25	4.20	3.85	3.60	3.40	3.20	3.20	3.20	3.20
5-year Treasury	4.00	3.57	4.16	4.61	3.85	4.00	3.80	3.70	3.60	3.50	3.50	3.50	3.50
10-year Treasury	3.88	3.47	3.84	4.57	3.88	4.10	4.00	3.85	3.75	3.75	3.75	3.75	3.75
30-year Treasury	3.97	3.65	3.86	4.70	4.03	4.30	4.25	4.05	4.00	4.00	4.00	4.00	4.00

Sources: Scotiabank Economics, Bloomberg, Consensus Economics.

The Provinces											
	(annual % change except where noted)										
	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Real GDP											
2010-19	2.3	1.1	2.1	1.2	0.7	1.9	2.3	2.2	2.3	2.6	2.9
2021	5.3	1.0	8.4	5.9	5.3	6.7	5.4	1.3	-0.7	4.6	7.1
2022	3.8	-1.7	2.9	2.9	1.1	2.5	3.9	3.3	6.0	5.0	3.8
2023e	1.1	-0.6	2.6	1.3	1.2	0.2	1.3	1.2	1.4	2.3	0.7
2024f	0.9	0.8	1.4	0.8	0.6	0.5	0.9	1.0	1.2	1.8	0.6
2025f	2.0	1.7	1.9	1.6	1.5	1.8	2.1	1.8	1.7	2.4	2.2
Nominal GDP											
2010-19	4.0	3.7	4.2	3.0	2.8	3.8	4.1	3.9	3.5	3.7	4.5
2021	13.4	18.5	14.9	10.0	10.9	11.6	9.8	9.2	13.9	24.9	15.8
2022	11.8	6.8	9.3	7.1	7.4	8.4	9.2	8.6	29.1	22.0	11.0
2023e	2.6	-1.8	5.5	4.2	3.7	3.8	4.2	4.0	-1.2	-2.2	3.5
2024f	4.0	4.3	4.2	3.8	3.5	3.9	3.8	3.8	4.1	5.0	3.6
2025f	3.9	3.2	4.0	3.6	3.5	3.9	4.0	3.6	3.3	3.9	4.1
Employment											
2010-19	1.3	0.6	1.5	0.3	0.0	1.2	1.4	1.0	0.9	1.3	2.0
2021	5.0	3.4	4.0	5.6	3.1	4.3	5.2	3.7	2.6	5.4	6.2
2022	4.0	4.4	5.4	3.6	2.8	3.0	4.6	3.2	3.5	5.2	3.2
2023	2.4	1.8	5.7	2.6	3.5	2.3	2.4	2.5	1.8	3.6	1.6
2024f	1.6	1.0	4.8	2.1	2.1	1.1	1.5	1.7	2.1	2.6	1.5
2025f	1.8	1.2	3.9	1.9	1.9	1.4	1.7	1.5	1.8	2.5	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	6.2
2021	7.5	13.1	9.8	8.6	9.2	6.1	8.1	6.5	6.6	8.6	6.6
2022	5.3	11.3	7.6	6.5	7.2	4.3	5.6	4.6	4.7	5.8	4.6
2023	5.4	10.0	7.3	6.3	6.6	4.5	5.7	4.8	4.8	5.9	5.2
2024f	6.1	10.4	7.8	6.6	6.9	5.3	6.5	5.3	5.0	6.0	5.9
2025f	6.4	10.9	7.0	6.9	7.2	5.6	6.8	5.7	5.1	6.4	6.2
Total CPI, annual average											
2010-19	1.6	2.0	1.6	1.7	1.8	1.5	1.9	1.8	1.8	1.7	1.6
2021	3.4	3.7	5.1	4.1	3.8	3.8	3.5	3.2	2.6	3.2	2.8
2022	6.8	6.4	8.9	7.5	7.3	6.7	6.8	7.9	6.6	6.5	6.9
2023	3.9	3.3	2.9	4.0	3.5	4.5	3.8	3.6	3.9	3.3	4.0
2024f	2.8	2.5	2.2	2.7	2.6	3.3	2.8	2.4	2.6	2.5	2.6
2025f	2.1	1.9	2.0	2.1	2.0	2.2	2.1	2.1	2.0	1.9	2.1
Housing Starts (units, 000s)											
2010-19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
2021	271	1.0	1.3	6.0	3.8	68	100	8.0	4.2	32	48
2022	262	2.7	1.2	5.2	3.7	41	87	3.5	2.6	41	24
2023e	240	1.0	1.1	7.2	4.5	39	89	7.1	4.6	36	50
2024f	248	1.7	1.1	6.3	4.1	48	90	7.7	5.6	37	47
2025f	260	2.1	1.2	6.0	4.0	54	93	8.2	6.3	38	47
Motor Vehicle Sales (units, 000s)											
2010-19	1,816	33	7	52	42	441	738	56	54	239	199
2021	1,663	29	8	45	38	413	667	50	43	197	203
2022	1,523	24	7	39	34	369	635	45	41	182	181
2023e	1,684	27	7	41	37	400	700	48	43	197	194
2024f	1,706	27	7	44	37	401	704	51	43	197	194
2025f	1,770	28	8	46	38	416	731	53	45	204	201
Budget Balances, (CAD mn)											
2020	-327,729	-1,492	-6	-342	409	-7,539	-16,404	-2,124	-1,127	-16,962	-5,507
2021	-90,200	-272	84	339	769	-772	2,025	-704	-1,468	3,915	1,265
2022	-43,000	784	-66	116	1,013	-6,150	-5,863	-378	1,581	11,641	704
2023e	-46,500	-154	-99	-279	35	-3,995	-5,600	-1,612	-251	5,521	-5,557
2024f	-33,200	297	-58	-464	27	-2,982	-5,300	-294	208	2,137	-3,147

* 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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