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Chart 1

Canada: Household Savings Rate



Sources: Scotiabank Economics, Statistics Canada.

## Further Rate Cuts on the Horizon

- We expect the Bank of Canada to cut by 25bps at each of the next three meetings.
- Inflation is on a good downward path though growth in the interest rate-sensitive parts of the economy remains surprisingly strong.
- Positive risks to the outlook for growth and inflation remain as interest rates come down. We are particularly mindful of the response in real estate markets and household spending. Any materialization of upside risks would imperil future rate cuts.

Rate cuts have finally begun in Canada. With inflation hopefully on a sustained downward path despite the interest rate-sensitive parts of our economy performing surprisingly well, it is now clear that the Bank of Canada has decided rate relief is necessary. That is great news for borrowers if the Bank of Canada follows through with additional cuts. We think they will, though we remain concerned about upside risks to inflation given rising wages and falling productivity, the surprising strength in consumption, the serial over-stimulation by the federal and provincial governments, and the potential for a housing market rebound. As a result of the latest decision and the communications around that we are changing our Bank of Canada view and now expect that Governor Macklem will cut the policy rate at each of the next three meetings, for a total of 100bps of cuts this year.

We expect well below potential growth this year of 1.2%. This is lower than our previous forecast of 1.5% owing to competing factors: while final domestic demand (which includes consumption and investment along with a few other components of GDP) is much stronger than expected, that strength is leading a large drain on inventories. Inventories subtracted 1.5% from growth in the first quarter. On balance, the drag from inventories offsets the strength in other components of GDP, accounting for much of the downward revision to our growth outlook this year. More specifically in the remainder of the year, we assume a gradual pickup in housing market activity but a moderation in consumption given the strength seen so far. This is despite an expected reduction in the saving rate as the past impact of rate hikes continue to work their way through the economy. Reflecting that past increase in rates, we see the unemployment rate rising a bit in the remainder of the year and that should put downward pressure on wage growth, and therefore income, constraining consumer spending.

There are meaningful risks to that forecast now that interest rates are on the way down. The housing sector will be the biggest beneficiary in the short run. Buyers have been waiting for interest rates to come down in a deeply and structurally undersupplied housing market. While 25bps is not a large reduction in borrowing costs, market costs have fallen markedly more. The yield on 5-year government of Canada debt is down almost 40bps in the last two weeks, for instance. The expectation of more cuts will lead to a rebound in sales. The only question is when this will occur and how aggressive of a rebound. Our hope is that the rebound is relatively muted only because a strong return in sales volumes and higher prices could imperil future cuts by the Bank of Canada. There is clearly a risk of a strong return in activity given the pent-up demand for housing and the clear fear of missing out.

Another area of focus will be on the consumer spending side. Consumption growth has been tracking significantly higher than expected in the last two quarters. There are a multitude of reasons for that, including still-reasonably healthy household balance sheets, strong employment growth, strong wage growth, and of course record population growth. What is remarkable is that even though consumption growth has been stronger than anticipated, disposable income has grown even more rapidly leading to a very high level of the personal savings rate (chart 1). It now stands at close to 7%, more than double the

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historical average. This results from spending growth being below that of income growth and is an indication that consumers were accumulating some level of pent-up demand. As interest rates come down, we expect savings behaviour to change for some of the pent-up demand to be very gradually released. One area where this is particularly evident is in motor vehicle sales, which have slowed in the last three months as buyers put off purchases in anticipation of lower rates to come. As in the case of housing, a pronounced rebound on the spending side could delay further rate cuts by the Bank of Canada.

Population growth remains a key driver of activity and despite commitments to reduce the flow of new arrivals, the pace of population growth has accelerated this year. This is not such a big surprise as there will no doubt be a rush of students and non-permanent residents that try to beat the application of new immigration rules and targets. As a consequence, it is possible that we continue to observe very rapid population growth in coming months. This would push up growth in household spending and GDP, though it might also require an upward revision to potential output.

Lower rates may also impact the Canadian dollar. We have not changed our views on the Federal Reserve. We continue to expect 50bps of cuts, the first 25bps occurring in September. That would mean that the gap between Canadian and US policy rates would rise to 100bps if the Bank of Canada cuts in July. This rising rate differential should have some impact on the Canadian dollar, which we now expect will fall to 72.5 cents to the US dollar. Here too there is risk: if the Bank of Canada proceeds in line with our forecast and the Federal Reserve delays cutting interest rate, the interest rate differential would widen further and put even greater downward pressure on the Canadian dollar. The Governor has noted that he would be unperturbed by the impact of rate differentials on the currency as pass through to inflation is low, but a weaker dollar raises the cost of imports of capital goods and would thus be an additional headwind to productivity growth.

The factors above suggest that upside risks to inflation remain significant, even if inflation has softened in recent readings. It is clear that the Bank of Canada takes great comfort from the recent performance of inflation, as they should. That comfort and the Governor's observation that rates will continue to come down if the economy and inflation perform as expected going forward suggest a real commitment to lower borrowing costs. We interpret that as the Bank of Canada cutting at each of the next meetings unless developments, such as the potential for those above, throw things off track.

International												
	2010–19	2021	2022	2023	2024f	2025f	2010–19	2021	2022	2023	2024f	2025f
	<b>Real GDP</b> (annual % change)						<b>Consumer Prices</b> (annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	6.5	3.2	3.2	3.0	3.0						
Canada	2.2	5.3	3.8	1.2	1.2	2.1	1.6	3.4	6.8	3.9	2.6	2.2
United States	2.4	5.8	1.9	2.5	2.3	1.8	1.8	4.7	8.0	4.1	3.1	2.4
Mexico	2.3	6.0	3.7	3.2	2.4	1.6	4.0	5.7	7.9	5.5	4.6	3.9
United Kingdom	2.0	8.7	4.3	0.1	0.7	1.2	2.2	2.6	9.1	7.3	2.5	2.1
Eurozone	1.4	5.9	3.5	0.5	0.7	1.4	1.4	2.6	8.4	5.4	2.4	2.0
Germany	2.0	3.1	1.9	0.0	0.3	1.4	1.4	3.2	8.7	3.0	2.4	2.0
France	1.4	6.8	2.6	0.9	0.8	1.2	1.3	2.1	5.9	5.7	2.5	2.0
China	7.7	8.4	3.0	5.2	4.9	4.5	2.6	0.9	2.0	0.2	0.7	1.5
India	7.1	9.7	7.0	8.2	6.8	6.5	6.2	6.7	5.7	5.7	4.8	4.5
Japan	1.2	2.7	1.0	1.9	0.4	1.1	0.5	-0.3	2.5	3.3	2.4	1.8
South Korea	3.5	4.3	2.6	1.4	2.5	2.2	1.7	2.5	5.1	3.6	2.6	2.0
Australia	2.6	5.7	3.8	2.0	1.3	2.2	2.1	2.9	6.6	5.6	3.4	2.8
Thailand	3.6	1.6	2.5	1.9	2.6	3.2	1.6	1.2	6.1	1.3	0.8	1.7
Brazil	1.4	4.8	3.0	2.9	2.1	2.0	5.8	8.3	9.3	4.5	3.9	3.8
Colombia	3.7	10.8	7.3	0.6	1.4	2.2	3.7	3.5	10.2	11.8	6.9	3.9
Peru	4.5	13.4	2.7	-0.6	2.7	2.5	2.8	4.0	7.9	6.3	2.4	2.3
Chile	3.3	11.3	2.1	0.2	3.0	2.5	3.0	4.5	11.6	7.3	3.3	2.7
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	68	95	78	80	75						
Brent Oil (USD/bbl)	82	70	101	83	85	80						
WCS - WTI Discount (USD/bbl)	-18	-14	-21	-19	-15	-14						
Nymex Natural Gas (USD/mmbtu)	3.39	3.85	6.61	2.73	2.60	3.75						
Copper (USD/lb)	3.10	4.23	4.00	3.85	4.50	5.00						
Zinc (USD/lb)	1.02	1.36	1.58	1.20	1.25	1.25						
Nickel (USD/lb)	7.00	8.37	11.66	9.75	8.55	8.50						
Iron Ore (USD/tonne)	101	160	121	120	112	90						
Metallurgical Coal (USD/tonne)	179	204	372	288	260	225						
Gold, (USD/oz)	1,342	1,799	1,803	1,943	2,200	2,200						
Silver, (USD/oz)	21.64	25.15	21.80	23.38	25.60	26.00						

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

North America												
	2010-19	2021	2022	2023	2024f	2025f	2010-19	2021	2022	2023	2024f	2025f
	<b>Canada</b>						<b>United States</b>					
	(annual % change, unless noted)						(annual % change, unless noted)					
Real GDP	2.2	5.3	3.8	1.2	1.2	2.1	2.4	5.8	1.9	2.5	2.3	1.8
Consumer spending	2.5	5.1	5.1	1.7	1.6	1.3	2.3	8.4	2.5	2.2	2.2	1.5
Residential investment	2.4	14.6	-12.0	-10.2	2.0	7.2	4.7	10.7	-9.0	-10.6	4.5	1.7
Business investment*	3.0	9.1	4.3	-0.6	-2.1	3.9	5.6	5.9	5.2	4.5	3.3	1.7
Government	1.1	4.6	3.3	2.1	2.1	2.2	0.2	-0.3	-0.9	4.1	2.0	0.9
Exports	3.5	2.7	3.2	5.4	2.4	1.6	3.9	6.3	7.0	2.6	3.8	3.3
Imports	3.7	8.1	7.6	0.9	1.0	1.4	4.3	14.5	8.6	-1.7	3.5	0.3
Inventories, contribution to annual GDP growth	0.1	0.7	2.3	-0.7	-0.6	-0.1	0.1	0.2	0.5	-0.4	-0.2	-0.1
Nominal GDP	4.0	13.4	11.8	2.8	4.4	4.0	4.0	10.7	9.1	6.3	4.5	3.7
GDP deflator	1.7	7.7	7.7	1.5	3.2	1.8	1.6	4.6	7.1	3.6	2.2	1.9
Consumer price index (CPI)	1.6	3.4	6.8	3.9	2.6	2.2	1.8	4.7	8.0	4.1	3.1	2.4
Core inflation rate**	1.7	2.8	5.1	4.0	2.6	2.2	1.6	3.6	5.2	4.1	2.6	2.2
Pre-tax corporate profits	6.3	33.2	14.7	-17.4	-4.4	10.3	5.9	22.6	9.8	0.6	3.0	2.4
Employment	1.3	5.0	4.0	2.4	1.5	1.9	1.4	2.9	4.3	2.3	1.5	1.0
Unemployment rate (%)	6.9	7.5	5.3	5.4	6.2	6.5	6.2	5.4	3.6	3.6	4.0	4.1
Current account balance (CAD, USD bn)	-56.9	0.4	-10.3	-21.0	-14.6	-25.5	-407	-831	-972	-819	-812	-716
Merchandise trade balance (CAD, USD bn)	-13.6	2.5	19.7	-1.9	1.6	-7.5	-763	-1084	-1183	-1060	-1103	-1056
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-90.2	-35.3	-40.0	-39.8	-38.9	-829	-2,775	-1,376	-1,695	-1,476	-1,692
percent of GDP	-1.0	-3.6	-1.3	-1.4	-1.3	-1.2	-4.8	-11.8	-5.3	-6.2	-5.2	-5.7
Housing starts (000s, mn)	201	271	262	240	248	260	0.99	1.60	1.55	1.42	1.40	1.42
Motor vehicle sales (000s, mn)	1,816	1,663	1,523	1,684	1,766	1,796	15.7	14.9	13.8	15.5	15.8	16.5
Industrial production	2.4	5.0	3.9	-0.7	0.0	2.2	1.7	4.4	3.4	0.2	-0.1	1.4
	<b>Mexico</b>											
	(annual % change)											
Real GDP	2.3	6.0	3.7	3.2	2.4	1.6						
Consumer price index	4.0	5.7	7.9	5.5	4.6	3.9						
Unemployment rate (%)	4.4	4.1	3.3	2.8	3.0	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			
<b>Canada</b>	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	-0.9	3.4	0.7	-0.3	0.1	1.7	2.1	1.8	2.4	2.0	2.1	2.3	2.3
Real GDP (y/y % change)	2.2	2.0	1.3	0.7	1.0	0.5	0.9	1.4	2.0	2.1	2.1	2.2	2.2
Consumer prices (y/y % change)	6.7	5.1	3.5	3.7	3.2	2.8	2.7	2.3	2.6	2.5	2.0	2.2	2.1
Average of new core CPIs (y/y % change)*	5.5	4.8	4.0	3.8	3.5	3.2	2.6	2.4	2.3	2.2	2.2	2.1	2.1
CPIXFET (y/y % change)**	5.4	4.8	4.0	3.4	3.4	2.9	2.6	2.4	2.4	2.2	2.1	2.0	2.0
Unemployment Rate (%)	5.1	5.1	5.3	5.5	5.8	5.9	6.2	6.3	6.4	6.5	6.5	6.5	6.4
<b>United States</b>													
Real GDP (q/q ann. % change)	2.6	2.2	2.1	4.9	3.4	1.2	1.9	1.1	1.9	2.0	1.7	1.9	1.9
Real GDP (y/y % change)	0.7	1.7	2.4	2.9	3.1	2.9	2.8	1.9	1.5	1.7	1.7	1.9	1.9
Consumer prices (y/y % change)	7.1	5.7	4.0	3.6	3.2	3.2	3.3	2.9	2.9	2.9	2.5	2.2	2.2
Total PCE deflator (y/y % change)	5.9	5.0	3.9	3.3	2.8	2.5	2.7	2.6	2.7	2.7	2.3	2.0	2.0
Core PCE deflator (y/y % change)	5.1	4.8	4.6	3.8	3.2	2.8	2.6	2.5	2.5	2.4	2.3	2.1	2.0
Unemployment Rate (%)	3.6	3.5	3.6	3.7	3.7	3.8	4.0	4.0	4.1	4.1	4.1	4.1	4.1

\* 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	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Americas</b>	(% , end of period)												
Bank of Canada	4.25	4.50	4.75	5.00	5.00	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.25
US Federal Reserve (upper bound)	4.50	5.00	5.25	5.50	5.50	5.50	5.50	5.25	5.00	4.50	4.00	3.50	3.50
Bank of Mexico	10.50	11.25	11.25	11.25	11.25	11.00	10.75	10.25	10.00	9.25	9.00	8.50	8.00
Central Bank of Brazil	13.75	13.75	13.75	12.75	11.75	10.75	10.25	10.25	10.25	10.00	9.50	9.25	9.25
Bank of the Republic of Colombia	12.00	13.00	13.25	13.25	13.00	12.25	11.25	9.75	8.25	6.75	5.50	5.50	5.50
Central Reserve Bank of Peru	7.50	7.75	7.75	7.50	6.75	6.25	5.50	5.00	4.50	4.50	4.00	4.00	4.00
Central Bank of Chile	11.25	11.25	11.25	9.50	8.25	7.25	5.50	4.75	4.50	4.25	4.25	4.25	4.25
<b>Europe</b>													
European Central Bank MRO Rate	2.50	3.50	4.00	4.50	4.50	4.50	4.25	3.40	3.15	2.90	2.65	2.40	2.15
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	5.25	4.75	4.25	4.00	3.75	3.50	3.25
<b>Asia/Oceania</b>													
Reserve Bank of Australia	3.10	3.60	4.10	4.10	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.60	3.35
Bank of Japan	-0.10	-0.10	-0.10	-0.10	-0.10	0.00	0.00	0.00	0.20	0.20	0.25	0.25	0.45
People's Bank of China	2.75	2.75	2.65	2.50	2.50	2.50	2.50	2.40	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	6.50	6.25	6.00	6.00	6.00	6.00
Bank of Korea	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.25	3.00	2.75	2.50	2.50
Bank of Thailand	1.25	1.75	2.00	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00	2.00	2.00
Currencies and Interest Rates													
<b>Americas</b>	(end of period)												
Canadian dollar (USDCAD)	1.36	1.35	1.32	1.36	1.32	1.35	1.38	1.38	1.36	1.34	1.32	1.32	1.30
Canadian dollar (CADUSD)	0.74	0.74	0.76	0.74	0.76	0.74	0.72	0.72	0.74	0.75	0.76	0.76	0.77
Mexican peso (USDMXN)	19.50	18.05	17.12	17.42	16.97	16.56	17.60	17.90	18.20	18.50	18.80	19.25	19.50
Brazilian real (USDBRL)	5.28	5.06	4.79	5.03	4.86	5.01	5.09	5.07	5.05	5.03	5.02	5.05	5.07
Colombian peso (USDCOP)	4,853	4,623	4,172	4,067	3,855	3,852	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	3.72	3.75	3.80	3.75	3.75	3.75	3.80	3.75
Chilean peso (USDCLP)	851	795	802	892	879	979	940	900	870	870	870	870	870
<b>Europe</b>													
Euro (EURUSD)	1.07	1.08	1.09	1.06	1.10	1.08	1.07	1.07	1.09	1.11	1.11	1.15	1.15
UK pound (GBPUSD)	1.21	1.23	1.27	1.22	1.27	1.26	1.25	1.25	1.27	1.29	1.29	1.31	1.31
<b>Asia/Oceania</b>													
Japanese yen (USDJPY)	131	133	144	149	141	151	150	150	150	145	145	140	140
Australian dollar (AUDUSD)	0.68	0.67	0.67	0.64	0.68	0.65	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	7.22	7.24	7.23	7.19	7.15	7.11	7.05	7.00
Indian rupee (USDINR)	82.7	82.2	82.0	83.0	83.2	83.4	83.3	83.3	83.2	83.1	83.1	83.2	83.3
South Korean won (USDKRW)	1,265	1,302	1,318	1,349	1,288	1,347	1,361	1,349	1,335	1,321	1,308	1,296	1,284
Thai baht (USDTHB)	34.6	34.2	35.5	36.4	34.1	36.4	36.8	36.4	36.1	35.7	35.4	35.2	35.0
<b>Canada (Yields, %)</b>													
3-month T-bill	4.32	4.42	4.91	5.11	5.03	4.95	4.40	4.05	3.70	3.55	3.30	3.20	3.20
2-year Canada	4.05	3.73	4.58	4.87	3.89	4.18	3.85	3.75	3.60	3.50	3.40	3.40	3.40
5-year Canada	3.41	3.02	3.68	4.25	3.17	3.53	3.35	3.40	3.45	3.50	3.50	3.50	3.50
10-year Canada	3.30	2.90	3.27	4.02	3.11	3.47	3.35	3.45	3.50	3.60	3.60	3.60	3.60
30-year Canada	3.28	3.00	3.09	3.81	3.03	3.35	3.25	3.35	3.40	3.50	3.50	3.50	3.50
<b>United States (Yields, %)</b>													
3-month T-bill	4.41	4.80	5.31	5.46	5.35	5.40	5.30	4.95	4.60	4.10	3.65	3.40	3.30
2-year Treasury	4.43	4.03	4.90	5.04	4.25	4.62	4.70	4.30	4.10	3.75	3.60	3.60	3.60
5-year Treasury	4.00	3.57	4.16	4.61	3.85	4.21	4.30	4.25	4.20	4.15	4.05	3.95	3.80
10-year Treasury	3.88	3.47	3.84	4.57	3.88	4.20	4.30	4.30	4.30	4.20	4.10	4.10	4.05
30-year Treasury	3.97	3.65	3.86	4.70	4.03	4.34	4.50	4.45	4.40	4.30	4.25	4.20	4.15

Sources: Scotiabank Economics, Bloomberg.

The Provinces											
	(annual % change except where noted)										
Real GDP	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
<b>2010-19</b>	2.2	1.1	2.1	1.2	0.7	1.9	2.3	2.2	2.3	2.6	2.9
<b>2021</b>	5.3	1.0	8.4	5.9	5.3	6.7	5.4	1.3	-0.7	4.6	7.1
<b>2022</b>	3.8	-1.7	2.9	2.9	1.1	2.5	3.9	3.3	6.0	5.0	3.8
<b>2023e</b>	1.2	-2.5	2.2	1.3	1.3	0.0	1.2	1.3	1.6	2.2	1.6
<b>2024f</b>	1.2	1.8	2.0	1.4	1.2	0.7	1.1	1.1	1.4	2.2	1.1
<b>2025f</b>	2.1	2.6	2.3	1.7	1.5	1.8	2.1	1.8	2.0	2.6	2.2
<b>Nominal GDP</b>											
<b>2010-19</b>	4.0	3.7	4.2	3.0	2.8	3.8	4.1	3.9	3.5	3.7	4.5
<b>2021</b>	13.4	18.5	14.9	10.0	10.9	11.6	9.8	9.2	13.9	24.9	15.8
<b>2022</b>	11.8	6.8	9.3	7.1	7.4	8.4	9.2	8.6	29.1	22.0	11.0
<b>2023e</b>	2.8	-3.7	5.1	4.3	4.0	3.7	4.3	4.1	-1.2	-2.3	4.6
<b>2024f</b>	4.4	5.7	5.0	4.1	4.1	3.6	3.9	3.7	6.0	6.6	4.2
<b>2025f</b>	4.0	3.5	4.7	3.6	3.6	3.8	4.1	3.7	3.6	3.8	4.2
<b>Employment</b>											
<b>2010-19</b>	1.3	0.6	1.5	0.3	0.0	1.2	1.4	1.0	0.9	1.3	2.0
<b>2021</b>	5.0	3.4	4.0	5.6	3.1	4.3	5.2	3.7	2.6	5.4	6.2
<b>2022</b>	4.0	4.4	5.4	3.6	2.8	3.0	4.6	3.2	3.5	5.2	3.2
<b>2023</b>	2.4	1.8	5.7	2.6	3.5	2.3	2.4	2.5	1.8	3.6	1.6
<b>2024f</b>	1.5	2.4	4.5	2.4	2.0	0.9	1.2	1.6	1.8	2.9	1.9
<b>2025f</b>	1.9	1.3	3.0	2.0	2.0	1.5	1.9	1.7	1.9	2.5	2.0
<b>Unemployment Rate (%)</b>											
<b>2010-19</b>	6.9	13.3	10.6	8.7	9.4	7.1	7.0	5.6	5.3	6.2	6.2
<b>2021</b>	7.5	13.1	9.8	8.6	9.2	6.1	8.1	6.5	6.6	8.6	6.6
<b>2022</b>	5.3	11.3	7.6	6.5	7.2	4.3	5.6	4.6	4.7	5.8	4.6
<b>2023</b>	5.4	10.0	7.3	6.3	6.6	4.5	5.7	4.8	4.8	5.9	5.2
<b>2024f</b>	6.2	10.1	7.8	7.4	7.6	5.1	6.8	5.4	5.3	6.3	5.8
<b>2025f</b>	6.5	10.5	8.3	7.7	7.9	5.3	7.0	5.7	5.6	6.7	6.1
<b>Total CPI, annual average</b>											
<b>2010-19</b>	1.6	2.0	1.6	1.7	1.8	1.5	1.9	1.8	1.8	1.7	1.6
<b>2021</b>	3.4	3.7	5.1	4.1	3.8	3.8	3.5	3.2	2.6	3.2	2.8
<b>2022</b>	6.8	6.4	8.9	7.5	7.3	6.7	6.8	7.9	6.6	6.5	6.9
<b>2023</b>	3.9	3.3	2.9	4.0	3.5	4.5	3.8	3.6	3.9	3.3	4.0
<b>2024f</b>	2.6	2.5	2.3	2.7	2.4	2.9	2.6	1.6	1.8	2.8	2.6
<b>2025f</b>	2.2	2.0	2.1	2.1	2.1	2.3	2.2	2.1	2.2	2.3	2.1
<b>Housing Starts (units, 000s)</b>											
<b>2010-19</b>	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
<b>2021</b>	271	1.0	1.3	6.0	3.8	68	100	8.0	4.2	32	48
<b>2022</b>	262	2.7	1.2	5.2	3.7	41	87	3.5	2.6	41	24
<b>2023</b>	240	1.0	1.1	7.2	4.5	39	89	7.1	4.6	36	50
<b>2024f</b>	248	1.7	1.1	7.3	4.1	42	89	7.1	4.6	39	52
<b>2025f</b>	260	2.1	1.1	6.6	4.0	51	93	7.9	5.8	39	50
<b>Motor Vehicle Sales (units, 000s)</b>											
<b>2010-19</b>	1,816	33	7	52	42	441	738	56	54	239	199
<b>2021</b>	1,663	29	8	45	38	413	667	50	43	197	203
<b>2022</b>	1,523	24	7	39	34	369	635	45	41	182	181
<b>2023</b>	1,684	27	8	42	38	412	720	50	45	210	205
<b>2024f</b>	1,766	29	8	45	38	418	724	51	45	205	203
<b>2025f</b>	1,796	29	8	46	39	425	736	52	46	209	206
<b>Budget Balances, (CAD mn)</b>											
<b>2020</b>	-327,729	-1,492	-6	-342	409	-7,539	-16,404	-2,124	-1,127	-16,962	-5,507
<b>2021</b>	-90,200	-272	84	339	769	-772	2,025	-704	-1,468	3,915	1,265
<b>2022</b>	-35,322	784	-66	116	1,013	-6,150	-5,863	-378	1,581	11,641	704
<b>2023e</b>	-40,000	-433	-86	40	247	-6,302	-3,000	-1,997	-483	5,234	-5,914
<b>2024f</b>	-39,800	-152	-85	-467	41	-10,998	-9,800	-796	-273	367	-7,911

\* 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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