Scotiabank

GLOBAL ECONOMICS

SCOTIABANK'S FORECAST TABLES

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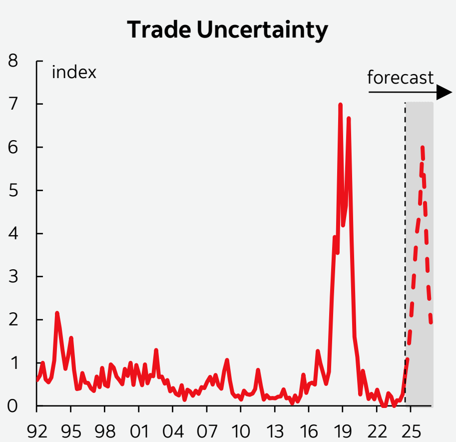
Chart 1



Sources: Scotiabank Economics, PolicyUncertainty.com.

Forecasting Amid High Uncertainty

- **Interest rate-sensitive sectors are bolstering the Canadian economy as the easing phase takes hold. Government cheques and GST relief will extend an already evident recovery in consumption, housing, and auto sales into next year, offsetting the effects of changes in the government immigration policy.**
- **This is even more true south of the border, where the U.S. economy's remarkable performance continues with strong domestic demand and stellar productivity. This creates an even stronger backdrop against which to assess the impact of the incoming administration's policy changes, which present significant uncertainties to the outlook.**
- **Despite the lack of clarity on the path ahead, we think it is important to make some attempt at quantifying the impact of potential policy changes. We adopt a gradual approach, fully incorporating the impact of tax cuts, but taking a more measured stance in accounting for policies that are less clear. This update assumes only a fraction of the tariffs and deportations advertised by the incoming administration, meant to serve as a placeholder for the time being.**
- **Overall, we expect the U.S. and Canadian economies to slow down in 2026. Tariffs and population shocks are expected to reduce both economies' speed limits, with Canada more adversely affected due to weaker productivity and more openness to trade. We now expect the Federal Reserve to reach 4.0% in 2025Q2 and only pick up easing again in 2026, ending the year at 3.5%. In Canada, we expect the BoC to pursue a more gradual approach, following December's 50 bps cut with a 25 bps cut in 2025Q1, and holding at 3.0% thereafter.**

The global economic landscape has remained in flux in recent months, with critical developments shaping the outlook as they unfold. Top of the list is the outcome of the U.S. presidential elections, which presents significant uncertainties to the outlook, ranging from uncertainties about future policies and uncertainties about the impact of those policies, with important ramifications for the Canadian economy. This forecast update reflects on this, starting with both countries' domestic contexts, and then evaluating the impact of future U.S. policy on their outlooks.

In Canada, interest rate-sensitive sectors have been bolstering the economy as the easing phase takes hold. The most recent national accounts data reported weaker real GDP growth in 2024Q3 than we had forecast in October, but that was in part due to a drawdown of inventories. Consumption and residential investment were substantially stronger than we expected, and there are clear signs that this strength has continued into 2024Q4 when looking at indicators for retail, housing, and auto sales. Despite a weaker third quarter, our 2024 growth projection is unchanged from October due to historical data revisions. These revisions, starting from 2021, resulted in a level of GDP that was 1.5% higher by the end of 2024Q2 and pointed to less excess supply in the economy. This implies there is less room in the economy to absorb inflationary pressures that may arise from additional stimulus and domestic demand. Cue in the recently announced government cheques and GST relief measures planned for early next year. These measures would boost activity in early 2025, effectively pulling forward some spending impulse from the second half of the year and the year after. This explains the considerably slower growth expected for 2025Q3 relative to prior quarters. On the other hand, slowing population growth as the government changes its immigration policy will restrain activity **somewhat** in the next two years.

These factors had us lean against December's 50 bps cut by the Bank of Canada. Slowing population growth combined with the now chronic decline in productivity will slow the economy's potential growth rate in coming years. With a long list of upside risks to inflation, our models suggested a slower pace of easing might have been warranted, particularly considering risks from U.S. trade policies and the possibility of retaliation from the Canadian government.

In the U.S., recent data continue to underscore the economy's resilience, even more so than in Canada, buoyed by strong demand and stellar productivity. Both 2024 and 2025 are now expected to grow at a faster clip than before with a stronger-than-expected third quarter and a solid handoff into next year. In contrast to Canada, where the economy is currently in excess supply, the U.S. likely remains in excess demand with recent inflation prints showing signs of stickiness, if not acceleration. Below-trend growth is needed for some time to bring inflation back to target. This is the reason we now expect the Federal Reserve to pause at 4.0% in 2025 instead of pursuing a more accommodative stance during that year. Associated with this elevated path of U.S. policy rate, which should be significantly higher than in Canada and Europe, we anticipate some strengthening of the U.S. dollar against a broad range of currencies. U.S. trade policies will put further upward pressure on the greenback, particularly if they result in higher tariffs. The issue from our perspective is how much stronger does the U.S. currency get rather than whether or not it strengthens.

This is the backdrop against which to assess the impact of potential policy changes by the incoming administration. Appreciating the myriad unknowns, we think it is important to make some attempt at quantification while adopting a gradual approach given the uncertainties. We incorporate policy changes that we are confident will take place, while taking a more measured stance for policies that are less clear. Our goal is not to speculate on the most likely path for these policies, but rather to provide a directional sense as to how these policies would impact the outlook when and if enacted. We therefore introduce only a fraction of the measures proposed by the incoming administration, with the intention of updating our forecast as more clarity emerges.

At least part of the stronger starting point for the U.S. economy is driven by the remarkable performance of U.S. equities in anticipation of the incoming administration's likely de-regulation agenda. We expect this positive wealth effect to persist into next year. The planned tax cuts that are sure to come in place next year will also provide a meaningful boost to earnings and wealth. These effects are expected to combine to generate stronger U.S. GDP growth in 2025. Partially offsetting some of these positive impacts however is the uncertainty that is likely to be a prominent feature during Mr. Trump's presidency, particularly regarding trade. We assume trade-related uncertainty will increase similar to President Trump's first term (chart 1). This uncertainty comes at an economic **cost** as it complicates business and household planning, delays investment and hiring decisions and impacts markets.

Beyond the negative impact stemming from uncertainty, determining the actual trade policy changes remains one of the most challenging aspects of this forecast. While we view broad-based tariffs primarily as a threat and a short-term negotiating tactic for concessions on issues like jobs and migration, it is clear that higher tariffs will **lead** to higher U.S. inflation and lower growth. These impacts largely depend on the actual level and scope of said tariffs. We assume 15% on half of the goods imported from China, 10% on half of the goods imported from Mexico, and 5% on half of the goods imported from elsewhere, including Canada—this amounts to an effective broad-based tariff of around 3.5% on all U.S. imports and is meant as a preliminary placeholder to assess the potential impact of tariffs as we await more clarity. Our **earlier** analysis provides some rough rules of thumb on how to account for more expansive tariffs if the need arises. Tariffs would reduce potential GDP as they disrupt resource allocation, increase the cost of imported inputs for production, and create supply disruptions. This reduces economic growth and creates inflationary pressures. These pressures are further exacerbated by the one-time inflationary effect of tariffs which would make imports into the U.S. more expensive and, to some extent, feed into inflation expectations.

The incoming administration's approach to immigration and undocumented individuals is another area that lacks clear policy guidance. While President-elect Trump seems committed to action on this front, mass deportations of all illegal immigrants, estimated around 11 million, faces numerous administrative, legal and logistical challenges. We assume 3.5 million deportations throughout the 4-year period in this update. Most illegal immigrants in the U.S. are working, and their removal would pose a significant hurdle to the businesses currently employing them. The loss of workers will lead to a loss of potential output, along with cost pressures from replacing these workers, which is likely to come with a higher wage bill. Combined with tax cuts, the additional government spending on deportations, including creating and maintaining detention facilities, would substantially increase the size of the U.S. deficit, raising the possibility of higher sovereign risk premia on U.S. government debt. While the incoming administration committed to identifying areas for reducing government spending, we view its ability to offset the extra spending more as hope than certainty.

Overall, we expect the positive effects from tax cuts and de-regulation to add to the existing strength in the U.S. economy, prompting us to revise our 2025 growth projections upwards, from 1.8% previously to 2.1%. However, the impacts of tariffs, uncertainty, and deportations are expected to materially slow growth to 1.6% in 2026.

These factors matter considerably for the Canadian outlook. Typically, Canada would benefit from a stronger neighbour to the south. However, the main channel through which Canada would benefit—exports—is marred by tariff distortions. Similarly, a substantially weaker Canadian dollar would do little to support exports due to said tariffs and associated uncertainty. Since we assume the Canadian government will partially retaliate to U.S. tariffs, we expect the economy to be affected via the same channels as the U.S. Canada's economy is however more adversely affected given its weaker productivity and greater openness to trade—the higher the retaliation is, the bigger the damage. Moreover, the incoming administration's policies aimed at boosting U.S. domestic growth, such as tax cuts and deregulation, could potentially divert investments away from Canada and into the U.S. This would further weaken potential growth and worsen Canada's already-lagging productivity. These factors combine to erase any additional upside to growth in 2025 from a stronger U.S. and generate lower trend growth for the Canadian economy thereafter. We expect GDP growth to slow from 2.1% in 2025 to 1.5% in 2026.

On the whole, this forecast sees additional inflationary pressures in both countries from future U.S. policy, particularly with regards to trade. This results in a slower pace of monetary easing in the U.S. in the near term. Conventional monetary policy wisdom dictates that central bankers should ignore the inflationary effect of a tariff shock due to its transitory nature. However, inflation starting points **matter** for a supply shock of this sort. With inflation still some distance from target in the U.S., and considering the significant upside risks to Canadian inflation, central banks need to take supply shocks more seriously. This is especially true considering their lower credibility over the last few years having lagged in their reaction to the pandemic supply shock. This would make it more likely for a short-term shock to persistently propagate on inflation expectations, particularly if monetary policy is perceived to not have learned from prior episodes.

As a result, we now expect the U.S. central bank to reach 4.0% in 2025Q2, a quarter later than previously anticipated. We foresee easing to pick up again in 2026, ending the year at 3.5%, a year later than our prior forecast. In Canada, the BoC's communication signaled a clear guidance of a more gradual easing phase. We expect them to follow December's 50 bps cut with a 25 bps cut in 2025Q1. This forecast has them holding at 3.0% thereafter until the end of 2026, which is within the upper range of their estimates for the neutral rate. This reflects our assessment of inflation risks in an economy with effectively no excess supply to absorb them.

International

	2010–19	2022	2023	2024f	2025f	2026f	2010–19	2022	2023	2024f	2025f	2026f
	Real GDP (annual % change)						Consumer Prices (annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	3.6	3.4	3.2	3.0	2.9						
Canada	2.2	4.2	1.5	1.2	2.1	1.5	1.6	6.8	3.9	2.4	2.0	2.0
United States	2.4	2.5	2.9	2.7	2.1	1.6	1.8	8.0	4.1	2.9	2.3	2.3
Mexico	2.3	3.7	3.3	1.4	0.8	1.8	4.0	7.9	5.5	4.8	4.0	3.8
United Kingdom	2.0	4.8	0.3	1.0	1.3	1.5	2.2	9.1	7.4	2.5	2.4	2.1
Eurozone	1.4	3.6	0.5	0.7	0.7	1.2	1.4	8.4	5.5	2.4	2.0	2.0
Germany	2.0	1.4	-0.1	-0.1	0.5	1.0	1.4	8.6	6.1	2.4	2.1	2.0
France	1.4	2.6	1.1	1.0	0.7	1.3	1.3	5.9	5.7	2.3	1.7	1.9
China	7.7	3.0	5.2	4.8	4.6	4.5	2.6	1.9	0.3	0.4	1.0	1.2
India	6.6	7.0	8.2	6.8	6.6	6.6	6.5	6.7	5.7	4.7	4.3	4.3
Japan	1.2	1.1	1.7	-0.2	1.0	0.8	0.5	2.5	3.3	2.5	2.0	1.7
South Korea	3.5	2.7	1.4	2.2	1.9	2.2	1.7	5.1	3.6	2.4	2.1	2.0
Australia	2.6	3.9	2.0	1.2	2.0	2.1	2.1	6.6	5.6	3.3	2.9	2.7
Thailand	3.6	2.5	1.9	2.6	2.9	2.6	1.6	6.1	1.2	0.5	1.3	1.4
Brazil	1.4	3.0	3.2	3.4	2.0	2.0	5.8	9.3	4.5	4.8	4.6	4.0
Colombia	3.7	7.3	0.6	1.5	2.9	2.8	3.7	10.2	11.8	6.6	4.1	3.6
Peru	4.5	2.8	-0.4	3.2	2.8	2.5	2.8	7.9	6.3	2.4	2.3	2.3
Chile	3.3	2.1	0.2	2.2	2.5	2.5	3.0	11.6	7.3	3.9	4.3	2.7

Commodities

	2010–19	2022	2023	2024f	2025f	2026f
	(annual average)					
WTI Oil (USD/bbl)	74	95	78	77	66	65
Brent Oil (USD/bbl)	82	101	83	82	71	70
WCS - WTI Discount (USD/bbl)	-18	-21	-19	-15	-14	-14
Nymex Natural Gas (USD/mmbtu)	3.39	6.61	2.73	2.38	3.75	4.00
Copper (USD/lb)	3.10	4.00	3.85	4.18	4.50	4.75
Zinc (USD/lb)	1.02	1.58	1.20	1.24	1.20	1.20
Nickel (USD/lb)	7.00	11.66	9.75	7.75	8.00	8.00
Iron Ore (USD/tonne)	101	121	120	109	90	90
Gold, (USD/oz)	1,342	1,803	1,943	2,400	2,600	2,500
Silver, (USD/oz)	21.64	21.80	23.38	27.00	27.00	25.00

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

North America

	2010–19	2022	2023	2024f	2025f	2026f	2010–19	2022	2023	2024f	2025f	2026f
	Canada (annual % change, unless noted)						United States (annual % change, unless noted)					
Real GDP	2.2	4.2	1.5	1.2	2.1	1.5	2.4	2.5	2.9	2.7	2.1	1.6
Consumer spending	2.5	5.5	1.9	1.8	2.4	1.4	2.3	3.0	2.5	2.7	2.0	1.1
Residential investment	2.4	-10.5	-8.4	-1.7	5.3	0.6	4.7	-8.6	-8.3	3.9	1.3	1.0
Business investment*	3.0	7.2	1.6	-1.4	-3.1	3.5	5.6	7.0	6.0	3.9	2.7	1.9
Government	1.1	2.6	2.6	3.1	2.4	1.8	0.2	-1.1	3.9	3.3	2.4	2.4
Exports	3.5	4.2	5.0	0.8	1.9	0.9	3.9	7.5	2.8	3.3	2.0	0.4
Imports	3.7	7.5	0.3	0.5	2.1	2.4	4.3	8.6	-1.2	5.6	1.1	-1.2
Inventories, contribution to annual GDP growth	0.1	1.8	-1.1	-0.3	0.2	0.3	0.1	0.5	-0.4	0.1	-0.2	-0.1
Nominal GDP	4.0	12.4	2.9	4.3	4.1	3.7	4.1	9.8	6.6	5.2	4.5	3.8
GDP deflator	1.7	7.9	1.4	3.1	1.9	2.1	1.6	7.1	3.6	2.4	2.3	2.1
Consumer price index (CPI)	1.6	6.8	3.9	2.4	2.0	2.0	1.8	8.0	4.1	2.9	2.3	2.3
Core inflation rate**	1.7	5.1	4.0	2.7	2.4	2.1	1.6	5.4	4.1	2.8	2.5	2.2
Pre-tax corporate profits	6.3	17.9	-14.8	-4.3	7.9	5.2	5.9	7.8	5.8	4.3	4.6	3.9
Employment	1.3	4.0	2.4	1.7	1.1	0.9	1.4	4.3	2.3	1.6	1.3	0.7
Unemployment rate (%)	6.9	5.3	5.4	6.3	6.6	6.3	6.2	3.6	3.6	4.0	4.1	4.1
Current account balance (CAD, USD bn)	-56.9	-8.7	-18.4	-16.1	-41.4	-61.0	-407	-1012	-905	-1065	-1067	-1013
Merchandise trade balance (CAD, USD bn)	-13.6	21.2	-0.6	-13.5	-42.1	-58.2	-763	-1180	-1063	-1192	-1209	-1178
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-35.3	-40.0	-39.8	-38.9	-30.8	-829	-1,376	-1,695	-1,834	-1,931	-2,317
percent of GDP	-1.0	-1.2	-1.4	-1.3	-1.2	-0.9	-4.8	-5.3	-6.1	-6.3	-6.3	-7.3
Housing starts (000s, mn)	201	262	240	243	254	250	0.99	1.55	1.42	1.35	1.36	1.38
Motor vehicle sales (000s, mn)	1,816	1,523	1,684	1,825	1,843	1,833	15.7	13.8	15.5	15.8	16.4	16.7
Industrial production	2.4	3.8	-0.1	0.1	1.4	1.2	1.7	3.4	0.2	-0.1	1.6	2.1
	Mexico (annual % change)											
Real GDP	2.3	3.7	3.3	1.4	0.8	1.8						
Consumer price index	4.0	7.9	5.5	4.8	4.0	3.8						
Unemployment rate (%)	4.4	3.3	2.8	2.8	3.4	3.7						

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 FY2022/23 are noted in calendar year 2022, FY2023/24 in calendar year 2023.

Quarterly Forecasts

	2023	2024				2025				2026			
Canada	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	0.7	2.0	2.2	1.0	1.3	3.2	3.1	0.7	1.2	2.1	1.2	1.2	1.4
Real GDP (y/y % change)	1.2	0.8	1.1	1.5	1.6	1.9	2.2	2.1	2.1	1.8	1.3	1.4	1.5
Consumer prices (y/y % change)	3.2	2.8	2.7	2.0	2.0	1.9	1.9	2.1	2.0	2.1	2.1	2.0	1.9
Average of new core CPIs (y/y % change)*	3.4	3.1	2.8	2.5	2.5	2.4	2.4	2.4	2.3	2.2	2.1	2.0	2.0
CPIXFET (y/y % change)**	3.4	2.9	2.8	2.5	2.4	2.2	2.3	2.3	2.2	2.2	2.1	2.0	2.0
Unemployment Rate (%)	5.8	5.9	6.2	6.5	6.7	6.6	6.6	6.6	6.5	6.4	6.3	6.3	6.2
United States													
Real GDP (q/q ann. % change)	3.2	1.6	3.0	2.8	2.1	2.0	2.0	1.9	1.5	1.6	1.6	1.4	1.4
Real GDP (y/y % change)	3.2	2.9	3.0	2.7	2.4	2.5	2.2	2.0	1.8	1.8	1.7	1.5	1.5
Consumer prices (y/y % change)	3.2	3.2	3.2	2.6	2.6	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3
Total PCE deflator (y/y % change)	2.8	2.7	2.6	2.3	2.5	2.3	2.2	2.3	2.2	2.2	2.1	2.1	1.9
Core PCE deflator (y/y % change)	3.2	3.0	2.7	2.7	2.8	2.6	2.6	2.5	2.4	2.3	2.2	2.2	2.1
Unemployment Rate (%)	3.7	3.8	4.0	4.2	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.2

* 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

	2023	2024				2025				2026			
	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas						(%, end of period)							
Bank of Canada	5.00	5.00	4.75	4.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
US Federal Reserve (upper bound)	5.50	5.50	5.50	5.00	4.50	4.25	4.00	4.00	4.00	3.75	3.50	3.50	3.50
Bank of Mexico	11.25	11.00	11.00	10.50	10.00	9.50	9.00	8.50	8.50	8.25	8.00	8.00	8.00
Central Bank of Brazil	11.75	10.75	10.50	10.75	12.00	13.25	13.75	13.50	13.50	12.75	11.75	11.25	11.00
Bank of the Republic of Colombia	13.00	12.25	11.25	10.25	9.25	8.25	7.25	6.75	6.75	6.25	6.25	5.75	5.75
Central Reserve Bank of Peru	6.75	6.25	5.75	5.25	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Central Bank of Chile	8.25	7.25	5.75	5.50	5.00	4.75	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Europe													
European Central Bank MRO Rate	4.50	4.50	4.25	3.65	3.15	2.65	2.15	1.90	1.90	1.90	1.90	1.90	1.90
European Central Bank Deposit Rate	4.00	4.00	3.75	3.50	3.00	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Bank of England	5.25	5.25	5.25	5.00	4.75	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.75
Asia/Oceania													
Reserve Bank of Australia	4.35	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.60	3.60	3.60	3.60	3.60
Bank of Japan	-0.10	0.05	0.05	0.25	0.30	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
People's Bank of China	2.50	2.50	2.50	2.00	2.00	1.90	1.80	1.70	1.65	1.60	1.60	1.60	1.60
Reserve Bank of India	6.50	6.50	6.50	6.50	6.50	6.25	6.00	6.00	5.75	5.75	6.00	6.00	6.00
Bank of Korea	3.50	3.50	3.50	3.50	3.25	3.00	2.75	2.50	2.50	2.25	2.25	2.25	2.25
Bank of Thailand	2.50	2.50	2.50	2.50	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

Currencies and Interest Rates

	2023	2024				2025				2026			
	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas						(end of period)							
Canadian dollar (USDCAD)	1.32	1.35	1.37	1.35	1.42	1.43	1.43	1.45	1.45	1.44	1.44	1.40	1.40
Canadian dollar (CADUSD)	0.76	0.74	0.73	0.74	0.70	0.70	0.70	0.69	0.69	0.69	0.69	0.71	0.71
Mexican peso (USDMXN)	16.97	16.56	18.32	19.69	20.50	20.70	20.80	21.00	21.30	21.30	21.40	21.50	21.50
Mexican peso (CADMXN)	12.80	12.23	13.38	14.56	14.44	14.48	14.55	14.48	14.69	14.79	14.86	15.36	15.36
Brazilian real (USDBRL)	4.86	5.01	5.59	5.45	5.55	5.52	5.51	5.50	5.49	5.45	5.42	5.39	5.28
Colombian peso (USDCOP)	3,855	3,852	4,153	4,207	4,338	4,349	4,358	4,375	4,367	4,356	4,363	4,355	4,364
Peruvian sol (USDPEN)	3.70	3.72	3.84	3.70	3.75	3.70	3.74	3.78	3.78	3.82	3.80	3.80	3.80
Chilean peso (USDCLP)	879	979	940	899	1000	950	930	910	890	880	870	870	870
Europe													
Euro (EURUSD)	1.10	1.08	1.07	1.11	1.05	1.02	1.02	1.00	1.00	1.03	1.03	1.07	1.07
UK pound (GBPUSD)	1.27	1.26	1.26	1.34	1.26	1.24	1.24	1.22	1.22	1.25	1.25	1.30	1.30
Asia/Oceania													
Japanese yen (USDJPY)	141	151	161	144	155	157	157	160	160	155	155	150	150
Australian dollar (AUDUSD)	0.68	0.65	0.67	0.69	0.64	0.62	0.62	0.60	0.60	0.63	0.63	0.66	0.66
Chinese yuan (USDCNY)	7.10	7.22	7.27	7.02	7.13	7.13	7.13	7.12	7.11	7.08	7.04	7.01	6.93
Indian rupee (USDINR)	83.2	83.4	83.4	83.8	83.9	83.9	83.9	83.8	83.7	83.7	83.7	83.7	83.1
South Korean won (USDKRW)	1,288	1347	1377	1315	1400	1375	1350	1325	1325	1300	1300	1300	1300
Thai baht (USDTHB)	34.1	36.4	36.7	32.2	33.7	33.7	33.7	33.7	33.6	33.5	33.3	33.1	32.9
Canada (Yields, %)													
3-month T-bill	5.03	4.95	4.64	4.20	3.15	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
2-year Canada	3.89	4.18	3.99	2.91	2.95	3.10	3.25	3.30	3.30	3.40	3.40	3.40	3.40
5-year Canada	3.17	3.53	3.51	2.74	2.90	3.00	3.05	3.40	3.50	3.50	3.50	3.50	3.50
10-year Canada	3.11	3.47	3.50	2.96	3.10	3.15	3.20	3.45	3.75	3.80	3.85	3.90	3.95
30-year Canada	3.03	3.35	3.39	3.14	3.20	3.25	3.25	3.65	3.95	3.90	3.95	4.01	4.20
United States (Yields, %)													
3-month T-bill	5.35	5.40	5.20	4.44	4.30	4.05	3.75	3.85	3.85	3.45	3.45	3.45	3.45
2-year Treasury	4.25	4.62	4.75	3.64	4.15	4.00	3.90	3.85	3.80	3.75	3.75	3.75	3.70
5-year Treasury	3.85	4.21	4.37	3.56	4.10	3.90	3.85	3.95	4.00	4.00	4.00	4.00	4.00
10-year Treasury	3.88	4.20	4.40	3.78	4.25	4.00	4.00	4.30	4.40	4.45	4.45	4.45	4.45
30-year Treasury	4.03	4.34	4.56	4.12	4.45	4.20	4.25	4.50	4.75	4.80	4.80	4.80	4.80

Sources: Scotiabank Economics, Bloomberg.

The Provinces

(annual % change except where noted)

Real GDP	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
2010–19	2.2	1.1	2.1	1.2	0.7	1.9	2.3	2.2	2.3	2.6	2.9
2022	4.2	-1.9	4.4	3.5	2.0	3.4	4.1	4.2	7.2	6.0	4.0
2023	1.5	-2.6	2.2	2.0	1.6	0.6	1.7	1.7	2.3	2.3	2.4
2024f	1.2	1.5	1.6	1.1	1.1	1.1	1.2	1.2	1.3	1.9	0.9
2025f	2.1	2.1	2.3	1.8	2.0	1.8	2.0	2.0	2.3	2.6	1.9
2026f	1.5	1.5	1.8	1.5	1.4	1.2	1.4	1.6	1.8	2.1	1.4
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
2022	12.4	6.5	10.4	7.4	10.4	8.7	9.4	10.8	30.4	24.4	10.8
2023	2.9	-5.5	4.9	8.0	3.2	5.0	5.4	4.5	-4.8	-4.3	3.6
2024f	4.3	5.0	4.6	3.9	4.1	4.1	4.0	4.1	5.4	5.7	3.9
2025f	4.1	3.0	5.0	4.1	4.2	4.1	4.3	4.1	3.5	3.4	4.0
2026f	3.7	3.5	4.2	3.7	3.7	3.5	3.6	3.7	4.1	4.0	3.6
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
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	1.7	2.7	4.1	3.2	2.9	0.6	1.5	2.3	2.6	2.9	2.0
2025f	1.1	1.5	2.1	1.6	1.6	0.7	1.0	1.1	1.7	1.9	0.8
2026f	0.9	1.1	2.0	1.4	1.5	0.5	0.8	1.2	1.6	1.8	0.5
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
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	6.3	10.1	7.8	6.7	7.1	5.4	6.9	5.3	5.4	6.9	5.6
2025f	6.6	10.0	8.1	6.8	7.5	5.5	7.1	5.5	5.7	7.2	5.9
2026f	6.3	9.9	7.8	6.5	7.2	5.3	6.9	5.3	5.4	7.0	5.6
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
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	3.6	4.5	3.8	3.6	3.9	3.3	4.0
2024f	2.4	2.1	2.1	2.5	2.3	2.4	2.5	1.2	1.5	2.8	2.6
2025f	2.0	2.0	2.0	1.9	1.9	1.9	2.0	1.8	1.8	2.0	2.0
2026f	2.0	1.9	1.8	1.8	1.8	1.9	1.9	1.9	2.0	1.9	1.9
Housing Starts (units, 000s)											
2010–19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
2022	262	1.4	1.3	5.7	4.7	57	96	8.1	4.2	37	47
2023	240	1.0	1.1	7.2	4.5	39	89	7.1	4.6	36	50
2024f	243	1.6	1.1	7.5	6.1	47	77	7.2	4.2	47	45
2025f	254	2.0	1.2	6.7	5.1	53	86	7.9	5.5	43	45
2026f	250	2.1	1.2	6.2	4.5	54	88	8.1	6.0	37	43
Motor Vehicle Sales (units, 000s)											
2010–19	1,816	33	7	52	42	441	738	56	54	239	199
2022	1,523	25	7	39	35	372	642	46	42	184	182
2023	1,684	27	8	42	38	412	720	50	45	210	205
2024f	1,825	30	8	46	40	432	749	53	47	212	210
2025f	1,843	30	8	47	40	436	756	53	47	214	212
2026f	1,833	30	8	47	40	433	752	53	47	213	210
Budget Balances, (CAD mn)											
2021	-90,200	-272	84	339	769	-772	2,025	-704	-1,468	3,915	1,265
2022	-35,322	784	-66	116	1,013	-6,150	-5,863	-378	1,581	11,641	704
2023	-40,003	-433	-86	144	501	-8,041	-600	-1,971	182	4,285	-5,035
2024f	-39,800	-218	-85	-654	-92	-10,998	-6,600	-796	-744	4,563	-8,979

* 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.

December 12, 2024