

Contributors

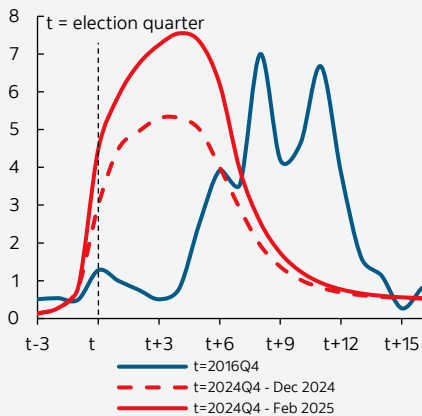
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Chart 1

Trade Policy Uncertainty Index Before & During Trump's Presidency



Forecasting Amid High Uncertainty, Part II: Scotiabank's Forecast Tables

- While economic data suggest surprising underlying momentum in Canada, extreme uncertainty from potential U.S. policy changes has intensified, tempering growth prospects in the short run. There is, however, room for cautious optimism, as otherwise positive economic signals create a more resilient backdrop and a less risky environment in which to navigate these uncertainties.
- We maintain our gradual approach from December in accounting for potential changes in U.S. immigration and trade policies which lack implementation clarity. Despite, or perhaps because of, the extreme volatility related to tariff announcements lately, we remain generally comfortable with assuming a fraction of the announced tariffs on Canada and Mexico as a reasonable placeholder with the information we have. The constructive tone surrounding the pause on announced tariffs and indication by the U.S. president of interest in reaching an economic deal provide some comfort that Canada might be able to avoid sweeping tariffs.
- All in all, the biggest driver of change in this forecast is increased uncertainty. While both the U.S. and Canada registered a robust end to 2024 and handoff into 2025, both countries are now expected to have weaker growth in 2025—reflecting a more pronounced increase in uncertainty in line with the volatility we witnessed in recent weeks that is likely to persist for some time.
- Central banks are coming to terms with this emerging economic environment, reconciling U.S. outperformance with the damaging impact of its potential policies on activity. This is supporting a wider differential between the U.S. policy rate and that of other central banks, and in turn, a stronger U.S. dollar. We maintain a significantly elevated path for the U.S. policy rate relative to other central banks, including Canada's, while adding a cut to our Bank of Canada rate call.

Developments since our December 2024 [forecast](#) have further highlighted the divergence between two key dimensions in today's economy. On one hand, data continue to indicate surprising underlying momentum in Canada. On the other hand, extreme uncertainty stemming from potential U.S. policy changes has intensified, significantly clouding the outlook and tempering otherwise positive signals. This uncertainty is tempering growth prospects in the short run. The implementation of tariffs could transform this into a large supply shock. Then again, it may also be that tariffs remain a threat throughout the presidency even if no meaningful tariffs are implemented in the next few months. We are in the unusual situation in which the dominant risk to the outlook from a global perspective are the actions of the President of the United States (those risks also apply to the U.S.).

In Canada, domestic demand indicators point to a robust end to 2024, driven by robust employment growth, strong consumption, and a rebound in residential investment as the recovery in interest rate-sensitive sectors gains traction. We have made a slight upward revision to our 2024 growth estimate as a result, from 1.2% to 1.3%. The limited available data thus far for January show a robust job report and accelerating strength in auto sales, indicating decent momentum early in 2025.

These indicators are overshadowed by trade policy risks coming from the United States, which have created significant uncertainty for firms and households. The first few days of February provided a scoop into the likely fast-changing and dynamic times ahead, leading us to boost our assumption on uncertainty. On Monday, February 3rd, the TSX opened over 4% lower than its Friday, January 31st close, on weekend news of the U.S.

imposing sweeping tariffs on Canada and Mexico. By end of Monday, both countries were able to secure month-long pauses on these tariffs, and by Wednesday, February 5th the TSX had recovered all lost ground. While disaster seems to have been avoided for now, this type of volatility and uncertainty comes at an economic [cost](#) as Canadian households and businesses delay investment and spending decisions. Although our December forecast already accounted for increased trade-related uncertainty similar to President Trump's first term, a more pronounced increase than forecast in December is pushing us to lower our growth forecast for 2025 despite the momentum observed in recent economic data (chart 1). Additionally, we have removed the now-cancelled or on-hold federal cheques that were previously announced and assumed to bring some spending momentum forward. Their removal further weakens growth relative to December and redistributes some growth from the first half of 2025 to later in the year and into 2026. We now forecast Canada's economy to grow by 1.8% in 2025 and 1.6% in 2026, compared to our previous forecast of 2.1% and 1.5%.

In the U.S., initial GDP estimates for 2024Q4 reveal yet another solid quarter, underscoring the economy's resilience and its outperformance relative to peers. Early estimates point to an equally strong first quarter in 2025, driven by robust consumption, investment and a remarkably resilient labour market. However, similar to Canada, these positive signs are offset by increased uncertainty. On net, we now have slightly more growth in 2024 and slightly weaker growth in 2025 relative to December. Our December forecast had already incorporated the positive earnings and wealth effects from the new administration's anticipated deregulation agenda and planned tax cuts, as well as the negative and inflationary effects of mass deportations. We continue to assume 3.5 million deportations throughout the 4-year period as administrative, legal and logistical challenges are expected to constrain further implementation.

We remain generally comfortable with the tariff assumptions we made in our December forecast. They remain largely unchanged with minor adjustments to reflect recent information. We now assume a 10% tariff on Chinese imports and ensuing retaliation, and a 5% tariff on half of Canadian and Mexican imports, with both countries retaliating with a 5% tariff on slightly less than a quarter of U.S. imports. We also assume tariffs of 5% on half of individual country imports into the U.S. These figures are a fraction of what was advertised during the presidential campaign and threatened over the last several weeks. We have no conviction that this is where the tariffs will land, or even if there will be any, but we think it best from a forecast risk management perspective to assume placeholder tariffs to provide directional guidance while we await more clarity. We take comfort in the constructive tone emerging from the announcement of the "at least" 30-day extension to see, according to President Trump, whether an economic deal with Canada can be reached. This potentially indicates a more economic and trade-focused discussion with potential concessions that could help us avoid sweeping and broad-based tariffs. As such, beyond the negative effects of associated uncertainty, tariffs drive little change in this forecast update relative to December. The U.S. economy is set to grow by 1.9% in 2025 in this forecast update, before slowing to 1.7% in 2026.

These divergent themes are driving a wider wedge between the Federal Reserve and other central banks. The U.S. central bank held its policy rate steady in January, citing strong economic growth, a resilient labour market, and inflation that remains above target. In addition, should tariffs be implemented in the U.S., they would unquestionably be inflationary. This underlying resilience has provided the Federal Reserve with the flexibility to patiently assess the potential impacts of policy changes as they unfold. Consequently, we have maintained our rate call for the Federal Reserve, with a slightly slower pace of cuts this year. This sees the U.S. policy rate on hold in the first half of 2025, reaching 4% by end-2025, and resuming its descent in 2026, to end the year at 3.5%

In contrast, central banks in countries subject to tariff threats, such as Canada, Mexico, and Europe, are more concerned about the damaging impact of uncertainty on demand and economic activity. This concern is supporting a wider differential between the U.S. policy rate and those of other central banks, which in turn supports a strong U.S. dollar against a broad range of currencies.

The Bank of Canada cut its policy rate to 3.0% in January as expected. **Despite strong signals from the job market and households to start the year and some concern that underlying measures of inflation point to risks of above-target inflation, the balance of risks has tilted slightly more negative than in December due to increased uncertainty.** This led us to add one more cut to our Bank of Canada rate call, with enormous confidence bands on both sides. We now expect the BoC to cut rates once more in March, bringing the policy rate to 2.75%, the midpoint of their neutral range. One notable new piece of information is the observed response by the Canadian government to tariffs prior to the pause. Canada opted to retaliate to broad-based tariffs with tariffs on just under a third of U.S. imports. This is below the threshold that we [estimate](#) would force the BoC to raise its policy rate, allowing the BoC to prioritize the growth hit over the inflation result. As of today, we have no additional information to justify a larger shift in our rate call. If, for example, the announced tariffs and retaliation materialize after the 30-day pause, we would be in a completely different forecasting universe. Left in place for a prolonged period of time, such tariffs and retaliation, whereby Canada retaliates on just under a third of U.S imports, would spell a recession for Canada, with the policy rate quickly approaching its effective lower bound.

International												
	2010-19	2022	2023	2024e	2025f	2026f	2010-19	2022	2023	2024e	2025f	2026f
	Real GDP						Consumer Prices					
	(annual % change)						(annual average % change, unless noted)					
World (based on purchasing power parity)	3.7	3.6	3.4	3.2	2.9	2.9						
Canada	2.2	4.2	1.5	1.3	1.8	1.6	1.6	6.8	3.9	2.4	1.9	2.1
United States	2.4	2.5	2.9	2.8	1.9	1.7	1.8	8.0	4.1	3.0	2.5	2.4
Mexico	2.3	3.7	3.3	1.5	0.6	0.8	4.0	7.9	5.6	4.7	3.9	3.8
United Kingdom	2.0	4.8	0.4	0.8	1.1	1.6	2.2	9.1	7.4	2.5	3.0	2.3
Eurozone	1.4	3.6	0.5	0.7	0.7	1.1	1.4	8.4	5.5	2.4	2.2	2.0
Germany	2.0	1.4	-0.1	-0.2	0.3	0.9	1.4	8.6	6.1	2.5	2.4	1.9
France	1.4	2.6	1.1	1.1	0.7	1.1	1.3	5.9	5.7	2.3	1.5	1.6
China	7.7	3.0	5.2	5.0	4.5	4.3	2.6	1.9	0.3	0.2	0.9	1.3
India	6.6	7.0	8.2	6.4	6.5	6.5	6.5	6.7	5.7	5.0	4.9	4.4
Japan	1.2	0.9	1.5	-0.2	1.1	1.0	0.5	2.5	3.3	2.7	2.2	1.9
South Korea	3.5	2.7	1.4	2.1	1.6	2.1	1.7	5.1	3.6	2.3	2.0	2.0
Australia	2.6	4.1	2.1	1.0	1.8	2.2	2.1	6.6	5.6	3.2	2.8	2.7
Thailand	3.6	2.5	1.9	2.7	2.9	2.6	1.6	6.1	1.2	0.4	1.3	1.4
Brazil	1.4	3.0	3.2	3.5	2.0	1.7	5.8	9.3	4.6	4.4	5.5	4.3
Colombia	3.7	7.3	0.6	1.9	2.6	2.9	3.7	10.2	11.8	6.6	4.5	3.9
Peru	4.5	2.8	-0.4	3.2	2.8	2.5	2.8	7.9	6.3	2.4	2.0	2.2
Chile	3.3	2.1	0.2	2.5	2.5	2.5	2.9	11.6	7.7	3.9	4.1	2.7
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	95	78	76	66	65						
Brent Oil (USD/bbl)	82	101	83	81	71	70						
WCS - WTI Discount (USD/bbl)	-18	-21	-19	-15	-13	-13						
Nymex Natural Gas (USD/mmbtu)	3.39	6.61	2.73	2.27	3.75	4.00						
Copper (USD/lb)	3.10	4.00	3.85	4.15	4.25	4.50						
Zinc (USD/lb)	1.02	1.58	1.20	1.26	1.30	1.25						
Nickel (USD/lb)	7.00	11.66	9.75	7.63	7.50	7.50						
Iron Ore (USD/tonne)	101	121	120	110	95	90						
Gold, (USD/oz)	1,342	1,803	1,943	2,386	2,600	2,500						
Silver, (USD/oz)	21.64	21.80	23.38	28.21	32.00	30.00						

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

North America												
	2010-19	2022	2023	2024e	2025f	2026f	2010-19	2022	2023	2024e	2025f	2026f
	Canada (annual % change, unless noted)						United States (annual % change, unless noted)					
Real GDP	2.2	4.2	1.5	1.3	1.8	1.6	2.4	2.5	2.9	2.8	1.9	1.7
Consumer spending	2.5	5.5	1.9	1.9	1.5	1.1	2.3	3.0	2.5	2.8	1.8	0.4
Residential investment	2.4	-10.5	-8.4	-1.4	3.4	2.6	4.7	-8.6	-8.3	4.2	2.6	4.2
Business investment*	3.0	7.2	1.6	-1.4	-3.5	2.8	5.6	7.0	6.0	3.7	2.3	3.2
Government	1.1	2.6	2.6	3.0	2.3	1.3	0.2	-1.1	3.9	3.4	2.3	2.3
Exports	3.5	4.2	5.0	0.6	1.8	1.4	3.9	7.5	2.8	3.2	1.6	1.5
Imports	3.7	7.5	0.3	0.4	0.6	1.9	4.3	8.6	-1.2	5.4	2.0	-1.2
Inventories, contribution to annual GDP growth	0.1	1.8	-1.1	-0.3	0.2	0.4	0.1	0.5	-0.4	0.0	0.0	0.1
Nominal GDP	4.0	12.4	2.9	4.4	3.7	3.9	4.1	9.8	6.6	5.3	4.3	4.0
GDP deflator	1.7	7.9	1.4	3.1	1.8	2.2	1.6	7.1	3.6	2.4	2.3	2.2
Consumer price index (CPI)	1.6	6.8	3.9	2.4	1.9	2.1	1.8	8.0	4.1	3.0	2.5	2.4
Core inflation rate**	1.7	5.0	3.9	2.8	2.4	2.1	1.6	5.4	4.1	2.8	2.6	2.3
Pre-tax corporate profits	6.3	17.9	-14.8	-4.3	7.3	5.3	5.9	7.8	5.8	4.6	4.8	3.7
Employment	1.3	4.1	3.0	1.9	1.3	0.9	1.4	4.3	2.2	1.3	2.0	0.9
Unemployment rate (%)	6.9	5.3	5.4	6.4	6.4	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	-15.7	-15.3	-23.2	-407	-1012	-905	-1138	-1253	-1166
Merchandise trade balance (CAD, USD bn)	-13.6	21.2	-0.6	-12.8	-19.0	-25.5	-763	-1180	-1063	-1189	-1244	-1190
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-35.3	-61.9	-48.3	-42.2	-31.0	-829	-1,376	-1,694	-1,915	-1,938	-1,851
percent of GDP	-1.0	-1.2	-2.1	-1.6	-1.3	-0.9	-4.8	-5.3	-6.1	-6.6	-6.4	-5.8
Housing starts (000s, mn)	201	262	240	245	254	252	0.99	1.55	1.42	1.36	1.41	1.47
Motor vehicle sales (000s, mn)	1,816	1,523	1,684	1,819	1,838	1,830	15.7	13.8	15.5	15.9	16.2	16.5
Industrial production	2.4	3.8	-0.1	0.2	1.3	1.2	1.7	3.4	0.2	-0.3	1.1	2.1
	Mexico (annual % change)											
Real GDP	2.3	3.7	3.3	1.5	0.6	0.8						
Consumer price index	4.0	7.9	5.6	4.7	3.9	3.8						
Unemployment rate (%)	4.4	3.3	2.8	2.7	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	Q4e	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	0.7	2.0	2.2	1.0	1.8	2.0	2.3	1.7	1.7	1.6	1.3	1.7	1.4
Real GDP (y/y % change)	1.2	0.8	1.1	1.5	1.8	1.8	1.8	1.9	1.9	1.8	1.6	1.6	1.5
Consumer prices (y/y % change)	3.2	2.8	2.7	2.0	1.9	1.8	1.8	2.1	1.9	2.0	2.1	2.0	2.0
Average of new core CPIs (y/y % change)*	3.5	3.2	2.9	2.5	2.6	2.5	2.4	2.4	2.4	2.3	2.2	2.1	2.0
CPIXFET (y/y % change)**	3.4	2.9	2.8	2.5	2.2	2.1	2.2	2.3	2.3	2.2	2.2	2.1	2.1
Unemployment Rate (%)	5.7	5.9	6.3	6.6	6.7	6.6	6.4	6.4	6.4	6.4	6.3	6.2	6.2
United States													
Real GDP (q/q ann. % change)	3.2	1.6	3.0	3.1	2.3	1.9	1.0	1.6	1.6	2.0	1.7	1.7	1.9
Real GDP (y/y % change)	3.2	2.9	3.0	2.7	2.5	2.5	2.1	1.7	1.5	1.5	1.7	1.8	1.8
Consumer prices (y/y % change)	3.2	3.2	3.2	2.6	2.7	2.5	2.4	2.4	2.6	2.3	2.3	2.4	2.4
Total PCE deflator (y/y % change)	2.8	2.7	2.6	2.3	2.4	2.3	2.1	2.3	2.2	2.1	2.1	2.1	2.1
Core PCE deflator (y/y % change)	3.2	3.0	2.7	2.7	2.8	2.6	2.5	2.5	2.5	2.4	2.3	2.2	2.2
Unemployment Rate (%)	3.8	3.8	4.0	4.2	4.1	4.1	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													
	2023	2024				2025				2026			
	Q4	Q1	Q2	Q3	Q4	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	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
US Federal Reserve (upper bound)	5.50	5.50	5.50	5.00	4.50	4.50	4.50	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	9.25	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	12.25	14.25	15.00	15.00	15.00	14.50	13.50	13.00	12.50
Bank of the Republic of Colombia	13.00	12.25	11.25	10.25	9.50	9.25	8.75	8.25	7.75	7.25	6.75	6.50	6.50
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	5.00	5.00	4.75	4.50	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	4.35	4.10	3.85	3.60	3.60	3.35	3.35	3.35
Bank of Japan	-0.10	0.05	0.05	0.25	0.25	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00
People's Bank of China	2.50	2.50	2.50	2.00	2.00	1.50	1.50	1.30	1.30	1.30	1.30	1.40	1.50
Reserve Bank of India	6.50	6.50	6.50	6.50	6.50	6.25	6.00	5.75	5.75	5.75	5.75	5.50	5.50
Bank of Korea	3.50	3.50	3.50	3.50	3.00	2.75	2.50	2.25	2.25	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													
Americas	(end of period)												
Canadian dollar (USDCAD)	1.32	1.35	1.37	1.35	1.44	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	20.83	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	14.48	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	6.18	6.02	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Colombian peso (USDCOP)	3,855	3,852	4,153	4,207	4,406	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	3.74	3.72	3.75	3.78	3.78	3.83	3.78	3.75	3.75
Chilean peso (USDCLP)	879	979	940	899	995	950	930	910	890	880	870	870	870
Europe													
Euro (EURUSD)	1.10	1.08	1.07	1.11	1.04	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	1.25	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	157	157	157	160	160	155	155	150	150
Australian dollar (AUDUSD)	0.68	0.65	0.67	0.69	0.62	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	7.30	7.36	7.37	7.37	7.36	7.33	7.29	7.25	7.21
Indian rupee (USDINR)	83.2	83.4	83.4	83.8	85.6	85.7	85.9	86.1	86.3	86.0	86.0	86.0	86.0
South Korean won (USDKRW)	1,288	1,347	1,377	1,315	1,472	1,438	1,429	1,422	1,416	1,403	1,386	1,369	1,353
Thai baht (USDTHB)	34.1	36.4	36.7	32.2	34.1	35.2	35.3	35.3	35.3	35.1	34.8	34.6	34.3
Canada (Yields, %)													
3-month T-bill	5.03	4.95	4.64	4.20	3.15	2.65	2.70	2.70	2.70	2.70	2.70	2.80	2.80
2-year Canada	3.89	4.18	3.99	2.91	2.93	2.60	2.85	2.85	2.85	2.85	2.90	2.90	2.90
5-year Canada	3.17	3.53	3.51	2.74	2.97	2.70	2.95	2.95	3.00	3.00	3.00	3.00	3.05
10-year Canada	3.11	3.47	3.50	2.96	3.23	3.00	3.00	3.05	3.10	3.15	3.20	3.20	3.25
30-year Canada	3.03	3.35	3.39	3.14	3.33	3.20	3.20	3.20	3.25	3.30	3.35	3.40	3.45
United States (Yields, %)													
3-month T-bill	5.35	5.40	5.20	4.44	4.14	4.30	4.10	3.75	3.65	3.50	3.30	3.30	3.30
2-year Treasury	4.25	4.62	4.75	3.64	4.24	4.10	3.90	3.85	3.80	3.75	3.75	3.75	3.75
5-year Treasury	3.85	4.21	4.37	3.56	4.38	4.10	4.05	4.05	4.00	4.00	4.00	4.00	4.00
10-year Treasury	3.88	4.20	4.40	3.78	4.57	4.25	4.15	4.30	4.40	4.50	4.50	4.50	4.50
30-year Treasury	4.03	4.34	4.56	4.12	4.78	4.40	4.25	4.50	4.75	4.80	4.85	4.85	4.90

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
2024e	1.3	1.5	1.6	1.1	1.1	1.2	1.2	1.2	1.3	1.9	0.9
2025f	1.8	1.9	2.1	1.6	1.8	1.6	1.8	1.8	2.1	2.4	1.7
2026f	1.6	1.6	1.9	1.6	1.5	1.4	1.5	1.7	1.9	2.2	1.5
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
2024e	4.4	5.0	4.7	4.0	4.2	4.1	4.0	4.2	5.4	5.7	4.0
2025f	3.7	2.6	4.6	3.7	3.9	3.7	3.9	3.7	3.1	3.0	3.6
2026f	3.9	3.7	4.5	4.0	4.0	3.7	3.8	4.0	4.3	4.2	3.8
Employment											
2010-19	1.3	0.7	1.3	0.3	0.0	1.1	1.4	1.0	0.9	1.3	2.0
2022	4.1	4.0	5.2	3.5	3.0	3.1	4.9	3.6	3.5	4.9	3.4
2023	3.0	1.8	6.2	2.7	3.5	3.0	3.1	2.7	1.6	3.7	2.6
2024e	1.9	2.8	3.5	3.2	2.9	1.0	1.7	2.5	2.6	3.1	2.3
2025f	1.3	1.7	2.3	1.8	1.8	0.9	1.2	1.3	2.0	2.1	1.0
2026f	0.9	1.1	2.0	1.4	1.5	0.5	0.9	1.2	1.6	1.8	0.6
Unemployment Rate (%)											
2010-19	6.9	13.3	10.6	8.8	9.5	7.1	7.0	5.6	5.3	6.2	6.2
2022	5.3	11.3	7.7	6.5	7.2	4.3	5.6	4.5	4.6	5.8	4.6
2023	5.4	10.0	7.2	6.4	6.6	4.5	5.6	4.9	4.7	5.9	5.2
2024e	6.4	10.0	7.9	6.5	7.0	5.3	7.0	5.4	5.4	7.0	5.6
2025f	6.4	9.9	8.0	6.6	7.3	5.5	7.0	5.5	5.5	7.0	5.7
2026f	6.3	9.9	7.9	6.5	7.1	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	3.5	4.5	3.8	3.6	3.9	3.3	4.0
2024	2.4	1.8	1.9	2.3	2.2	2.3	2.4	1.0	1.4	2.9	2.6
2025f	1.9	2.0	1.9	1.9	1.9	1.8	1.9	1.7	1.7	1.9	1.9
2026f	2.1	1.9	1.8	1.9	1.9	1.9	2.0	1.9	2.0	1.9	2.0
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
2024e	245	1.7	1.7	7.4	6.2	49	75	7.2	4.3	48	46
2025f	254	2.0	1.5	6.7	5.1	53	83	7.8	5.4	44	46
2026f	252	2.1	1.3	6.2	4.6	54	85	8.0	5.9	41	44
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
2024e	1,819	30	8	46	40	432	749	53	47	212	210
2025f	1,838	30	8	47	40	435	754	53	47	214	211
2026f	1,830	30	8	46	40	433	751	53	47	213	210
Budget Balances, (CAD mn)											
2021	-90,200	-277	82	339	767	-772	2,025	-750	-1,468	3,915	1,262
2022	-35,322	321	14	123	1,002	-6,150	-5,863	373	1,581	11,641	956
2023	-61,876	-459	-15	144	501	-8,041	-647	-1,971	182	4,285	-5,035
2024f	-48,300	-218	-130	-247	-92	-10,998	-6,600	-1,309	-744	4,563	-9,408

* 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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