# Recalibrating Interest Rate Forecasts

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- **The soft patch is taking its toll. We are taking down our forecasts for global growth to reflect weakness in incoming data but continue to believe that the soft patch is temporary. A resolution of the China-US trade war along with a boost in global equity markets should generate a pick-up in growth in the spring and beyond.**
- **Monetary policy will be more accommodative than we had thought. Policy rates must still rise in Canada and the US, but on a much more gradual basis. The next rate increase will likely be in December in both countries.**

The soft patch continues. Growth prospects have generally been revised down in advanced economies and key emerging markets, as the weakness observed in the second half of 2018 extends into early 2019. We are still of the view that the weakness is reasonably temporary, reflecting in large degree the spike in uncertainty seen last year resulting from concerns about the China-US trade situation, monetary policy settings in the US, and the resulting impact on global equity markets. As evidence mounts that the China-US trade negotiations are progressing well, and as equity markets have responded to that and a more sanguine view of US policy rates, we believe the global backdrop will improve once Q1 is behind us. Nevertheless, we have revised our growth forecasts down for Europe, the UK, China, Mexico and Canada.

Against the backdrop of slower global growth, the forecast for the Canadian economy is being marked down significantly owing exclusively to weakness observed in 2018Q4 and its lingering impacts in 2019Q1. We now forecast growth of 1.5% in Canada for 2019, below our estimate of potential growth of 1.7%. This view reflects very low growth in 2018Q4 and 2019Q1 largely stemming from the impact of the oil production curtailment in Alberta and much weaker-than-anticipated business investment growth late last year, which was possibly associated with the concurrent rise in uncertainty, and a decision to delay capital expenditures until the new depreciation allowances kicked in this year.

Our view remains that the weakness seen thus far is temporary and that Canadian growth will rebound smartly as a number of factors come into play. There is early evidence that the adjustment in the housing market may be coming to an end. Employment growth remains very strong, February auto sales rose strongly. Equity markets and the price received for Canadian oil have rebounded sharply off their lows last year. Moreover, Statistics Canada's survey of investment intentions, which was taken when concerns about the oil patch and potential recession peaked last fall, suggests stronger planned capital expenditures than we had been expecting.

Adding to these data points is an expectation of government action in the March Federal Budget set in the context of a re-election campaign. The current challenges faced by the Trudeau government make it more likely that the government will take actions that are seen to benefit Canadians well before the October election. And with revenues growing at almost twice the pace expected in the last Fiscal Update, the Federal Government has plenty of resources to deploy while sticking to its deficit forecast.

Minister Morneau has already noted the government will take action on housing affordability. Though we expect measures targeted to first time homebuyers, through possible tweaks to the Home Buyers Plan, or extended amortizations, what measures will be rolled out is entirely unclear at this point. Whatever course of action is decided will surely be aimed at having as immediate an impact on the housing market as possible. This should presumably have some impact on residential investment in the second or third quarters.

There may also be scope for the Federal Government to increase the Canada Child Benefit (CCB), which would see families receive larger payments through the program as early as this summer. While the government has not given any indication that it is considering this, such a policy would hit multiple objectives: provide a timely cash infusion to families with children immediately ahead of the election and in so doing reduce out-of-pocket costs of child care for Canadian families. A reduction in child care costs effectively increases housing affordability by raising disposable income, and by encouraging more women to work, housing affordability may get a further kick from higher family incomes. We're penciling in a modest increase in the CCB in our outlook. This should provide an additional boost to consumption, as was observed when the CCB was first introduced.

Taken together, the factors above suggest a significant acceleration in Canadian growth once the 2018Q4/2019Q1 soft patch is behind us.

The recently observed weakness is clearly a game-changer on the monetary policy front. In Europe, the ECB has announced that it will auction a new series of Targeted Long-Term Refinancing Operations aimed at boosting bank lending. The Federal Reserve is also clearly indicating that it will pursue a more gradual normalization of monetary policy than it has earlier communicated. We now think the Fed will next move in 2019Q4 followed by a final increase in mid-2020, for a peak Fed Funds Target rate of 3.0%.

Prospects for Canadian monetary policy are also evolving. The current soft patch suggests a greater degree of excess supply than earlier thought. This generates less inflation, which reduces pressure on the Bank of Canada to raise interest rates. Some interest rate increases are still required, however. We now believe the BoC will next raise rates in December, followed by a final rate increase in mid-2020 leaving the policy rate at 2.25%. This is significantly above market expectations and reflects our view that:

- at 1.75%, the policy rate remains well below our estimate of the neutral rate of interest that is currently 2.5%
- the rate of potential growth is likely to be lower than estimated by the BoC
- the soft patch we are currently experiencing will be temporary, with growth rebounding beyond 2019Q2 and accelerating in 2020 as the Kitimat LNG construction ramps up.
- fiscal policy measures are likely to provide impetus to housing markets and consumption (the most interest sensitive sectors of the economy) as early as this spring
- the labour market remains extremely strong, with some evidence that wages may be on the rise. Labour shortages remain prevalent across the Canadian economy.
- at 1.9%, inflation is within spitting range of the BoC's 2% target.

Needless to say, this view on Canadian and US interest rates depends on an assumption that both economies grow well through the remainder of the yea, and has little impact on our call that the CAD will strengthen through the year on the back of broad-based US dollar weakness stemming from its rising trade and fiscal deficits. The risk of recession remains quite low at this time (*see chart 2 on page 4 of Global Outlook*), despite the worries expressed by some. Equally critical to our rate outlook is our view that the neutral rate of interest is well above current levels here. There is a large confidence interval around this, and it may well be that 2.5% is at the upper end of that interval, even if the BoC continues to use 2.5–3.5% as a range for the neutral rate. If the neutral rate is lower than our estimates suggest, rates may not rise as much as we think. Finally, we are building some fiscal stimulus into our forecast. If the March budget doesn't go as far as we assume, we may need to reconsider our rate view.

| International | 2000–17 | 2017 | 2018e | 2019f | 2020f | 2000–17 | 2017 | 2018e | 2019f | 2020f |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Real GDP (annual % change) | | | | | Consumer Prices (y/y % change, year-end) | | |
| World (based on purchasing power parity) | 3.9 | 3.8 | 3.7 | 3.4 | 3.4 | | | | | |
| Canada | 2.1 | 3.0 | 1.8 | 1.5 | 2.1 | 1.9 | 1.8 | 2.0 | 1.5 | 2.0 |
| United States | 2.0 | 2.2 | 2.9 | 2.4 | 1.8 | 2.2 | 2.1 | 2.2 | 1.8 | 2.2 |
| Mexico | 2.2 | 2.1 | 2.0 | 1.4 | 1.3 | 4.4 | 6.8 | 4.8 | 4.2 | 3.8 |
| United Kingdom | 1.9 | 1.8 | 1.4 | 1.1 | 1.2 | 2.1 | 3.0 | 2.1 | 2.1 | 2.0 |
| Eurozone | 1.4 | 2.4 | 1.9 | 1.1 | 1.6 | 1.8 | 1.3 | 1.5 | 1.2 | 1.6 |
| Germany | 1.4 | 2.2 | 1.4 | 0.9 | 1.5 | 1.4 | 1.4 | 1.6 | 1.6 | 1.7 |
| France | 1.4 | 2.2 | 1.5 | 1.3 | 1.5 | 1.4 | 1.2 | 1.6 | 1.3 | 1.6 |
| China | 9.3 | 6.8 | 6.6 | 6.2 | 6.0 | 2.3 | 1.8 | 1.8 | 2.3 | 2.3 |
| India | 7.1 | 6.3 | 7.5 | 7.3 | 7.5 | 6.8 | 5.2 | 2.1 | 5.3 | 5.0 |
| Japan | 0.9 | 1.9 | 0.7 | 1.0 | 0.8 | 0.1 | 1.0 | 0.3 | 2.3 | 1.0 |
| South Korea | 4.1 | 3.1 | 2.7 | 2.7 | 2.6 | 2.5 | 1.4 | 1.3 | 1.9 | 2.1 |
| Australia | 2.9 | 2.4 | 2.8 | 2.6 | 2.5 | 2.7 | 1.9 | 1.8 | 2.1 | 2.3 |
| Thailand | 4.1 | 4.0 | 4.1 | 3.8 | 3.5 | 1.9 | 0.8 | 0.4 | 1.4 | 1.8 |
| Brazil | 2.5 | 1.1 | 1.1 | 1.9 | 2.2 | 6.5 | 3.0 | 3.8 | 3.9 | 4.9 |
| Colombia | 3.9 | 1.8 | 2.6 | 3.4 | 3.8 | 5.1 | 4.1 | 3.2 | 3.3 | 3.1 |
| Peru | 5.0 | 2.5 | 3.6 | 4.0 | 4.0 | 2.7 | 1.4 | 2.2 | 2.4 | 2.5 |
| Chile | 3.9 | 1.5 | 4.0 | 3.2 | 3.2 | 3.3 | 2.3 | 2.6 | 3.0 | 3.0 |

| Commodities | 2000–17 | 2017 | 2018e | 2019f | 2020f |
|---|---|---|---|---|---|
| | | | (annual average) | | |
| WTI Oil (USD/bbl) | 62 | 51 | 65 | 58 | 62 |
| Brent Oil (USD/bbl) | 65 | 55 | 72 | 67 | 69 |
| WCS - WTI Discount* (USD/bbl) | -16 | -13 | -26 | -20 | -20 |
| Nymex Natural Gas (USD/mmbtu) | 4.83 | 3.02 | 3.07 | 3.25 | 2.80 |
| Copper (USD/lb) | 2.38 | 2.80 | 2.96 | 3.00 | 3.20 |
| Zinc (USD/lb) | 0.84 | 1.31 | 1.33 | 1.20 | 1.20 |
| Nickel (USD/lb) | 7.12 | 4.72 | 5.95 | 5.50 | 6.00 |
| Aluminium (USD/lb) | 0.87 | 0.89 | 0.96 | 0.90 | 0.90 |
| Iron Ore (USD/tonne) | 67 | 72 | 70 | 76 | 71 |
| Metallurgical Coal (USD/tonne) | 131 | 187 | 206 | 175 | 160 |
| Gold, London PM Fix (USD/oz) | 890 | 1,257 | 1,268 | 1,300 | 1,300 |
| Silver, London PM Fix (USD/oz) | 14.80 | 17.05 | 15.71 | 16.25 | 16.50 |

* 2008-16 average.
Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, IMF, Bloomberg.

| North America | 2000–17 | 2017 | 2018e | 2019f | 2020f | 2000–17 | 2017 | 2018e | 2019f | 2020f |
|---|---|---|---|---|---|---|---|---|---|---|
| | Canada (annual % change, unless noted) | | | | | United States (annual % change, unless noted) | | | | |
| Real GDP | 2.1 | 3.0 | 1.8 | 1.5 | 2.1 | 2.0 | 2.2 | 2.9 | 2.4 | 1.8 |
| Consumer spending | 2.9 | 3.5 | 2.1 | 1.6 | 1.9 | 2.4 | 2.5 | 2.6 | 2.6 | 2.1 |
| Residential investment | 3.6 | 2.4 | -2.3 | -2.7 | 2.1 | -0.3 | 3.3 | -0.2 | -1.0 | 1.2 |
| Business investment* | 2.2 | 2.2 | 2.0 | 0.6 | 6.9 | 3.0 | 5.3 | 7.0 | 3.7 | 2.3 |
| Government | 2.2 | 2.7 | 2.7 | 1.3 | 1.7 | 1.0 | -0.1 | 1.5 | 1.8 | 1.7 |
| Exports | 1.3 | 1.1 | 3.3 | 2.4 | 2.3 | 3.7 | 3.0 | 3.9 | 1.5 | 2.0 |
| Imports | 3.0 | 4.2 | 2.9 | 0.3 | 3.1 | 3.7 | 4.6 | 4.6 | 3.4 | 2.8 |
| Nominal GDP | 4.3 | 5.6 | 3.6 | 2.4 | 4.6 | 4.0 | 4.2 | 5.2 | 4.5 | 3.8 |
| GDP deflator | 2.1 | 2.6 | 1.7 | 0.9 | 2.4 | 1.9 | 1.9 | 2.3 | 2.0 | 1.9 |
| Consumer price index (CPI) | 1.9 | 1.6 | 2.3 | 1.5 | 1.9 | 2.2 | 2.1 | 2.4 | 1.6 | 2.2 |
| CPI ex. food & energy | 1.6 | 1.6 | 1.9 | 1.8 | 2.0 | 2.0 | 1.8 | 2.1 | 2.1 | 2.1 |
| Pre-tax corporate profits | 0.0 | 20.1 | 0.5 | -4.7 | 2.1 | 5.3 | 3.2 | 8.1 | 4.2 | 1.9 |
| Employment | 1.4 | 1.9 | 1.3 | 1.2 | 0.7 | 0.7 | 1.6 | 1.7 | 1.3 | 1.0 |
| Unemployment rate (%) | 7.1 | 6.3 | 5.8 | 5.8 | 5.9 | 6.1 | 4.4 | 3.9 | 3.9 | 4.0 |
| Current account balance (CAD, USD bn) | -18.7 | -59.4 | -58.7 | -60.7 | -62.5 | -501 | -449 | -473 | -517 | -579 |
| Merchandise trade balance (CAD, USD bn) | 22.9 | -23.9 | -21.5 | -29.9 | -35.2 | -680 | -807 | -878 | -934 | -1010 |
| Federal budget balance (FY, CAD, USD bn) | -3.6 | -17.8 | -19.0 | -18.1 | -19.6 | -540 | -665 | -805 | -1,000 | -1,045 |
| percent of GDP | -0.2 | -0.9 | -0.9 | -0.8 | -0.8 | -3.7 | -3.4 | -3.9 | -4.7 | -4.7 |
| Housing starts (000s, mn) | 200 | 220 | 213 | 203 | 200 | 1.26 | 1.20 | 1.24 | 1.25 | 1.26 |
| Motor vehicle sales (000s, mn) | 1,678 | 2,034 | 1,984 | 1,930 | 1,900 | 15.6 | 17.1 | 17.2 | 16.8 | 16.7 |
| Industrial production | 0.0 | 4.9 | 2.6 | 0.6 | 2.2 | 0.7 | 1.6 | 4.0 | 2.8 | 1.8 |
| | Mexico (annual % change) | | | | | | | | | |
| Real GDP | 2.2 | 2.1 | 2.0 | 1.4 | 1.3 | | | | | |
| Consumer price index (year-end) | 4.4 | 6.8 | 4.8 | 4.2 | 3.8 | | | | | |
| Current account balance (USD bn) | -15.0 | -19.4 | -22.2 | -27.4 | -26.1 | | | | | |
| Merchandise trade balance (USD bn) | -7.2 | -11.0 | -13.7 | -13.4 | -19.7 | | | | | |

Sources: Scotiabank Economics, Statistics Canada, CMHC, BEA, BLS, Bloomberg. *For Canada it includes capital expenditures by businesses and non-profit institutions.

| Quarterly Forecasts | 2018 | | 2019 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Canada** | Q3 | Q4e | Q1f | Q2f | Q3f | Q4f | Q1f | Q2f | Q3f | Q4f |
| Real GDP (q/q ann. % change) | 2.0 | 0.4 | 0.4 | 2.6 | 2.3 | 2.6 | 2.4 | 1.9 | 1.5 | 1.2 |
| Real GDP (y/y % change) | 1.9 | 1.6 | 1.3 | 1.4 | 1.4 | 2.0 | 2.5 | 2.3 | 2.1 | 1.7 |
| Consumer prices (y/y % change) | 2.7 | 2.0 | 1.5 | 1.4 | 1.5 | 1.5 | 1.8 | 2.0 | 2.0 | 2.0 |
| Avg. of new core CPIs (y/y % change) | 2.0 | 1.9 | 1.9 | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 |
| **United States** | | | | | | | | | | |
| Real GDP (q/q ann. % change) | 3.4 | 2.6 | 1.6 | 2.7 | 1.9 | 2.0 | 1.7 | 1.7 | 1.6 | 1.6 |
| Real GDP (y/y % change) | 3.0 | 3.1 | 2.9 | 2.6 | 2.2 | 2.1 | 2.1 | 1.8 | 1.8 | 1.7 |
| Consumer prices (y/y % change) | 2.6 | 2.2 | 1.6 | 1.4 | 1.5 | 1.8 | 2.1 | 2.2 | 2.2 | 2.2 |
| CPI ex. food & energy (y/y % change) | 2.2 | 2.2 | 2.1 | 2.1 | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Core PCE deflator (y/y % change) | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |

Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, Bloomberg.

| | 2018 | 2019 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Central Bank Rates** | **Q4** | **Q1f** | **Q2f** | **Q3f** | **Q4f** | **Q1f** | **Q2f** | **Q3f** | **Q4f** |
| **Americas** | | | | (%, end of period) | | | | | |
| Bank of Canada | 1.75 | 1.75 | 1.75 | 1.75 | 2.00 | 2.00 | 2.25 | 2.25 | 2.25 |
| US Federal Reserve (upper bound) | 2.50 | 2.50 | 2.50 | 2.50 | 2.75 | 2.75 | 3.00 | 3.00 | 3.00 |
| Bank of Mexico | 8.25 | 8.25 | 8.50 | 8.50 | 8.50 | 8.50 | 8.00 | 7.75 | 7.50 |
| Central Bank of Brazil | 6.50 | 6.50 | 6.50 | 6.75 | 7.25 | 7.75 | 8.25 | 8.50 | 8.50 |
| Bank of the Republic of Colombia | 4.25 | 4.25 | 4.25 | 4.75 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Central Reserve Bank of Peru | 2.75 | 2.75 | 2.75 | 3.00 | 3.00 | 3.00 | 3.25 | 3.25 | 3.50 |
| Central Bank of Chile | 2.75 | 3.00 | 3.00 | 3.25 | 3.50 | 3.75 | 4.00 | 4.00 | 4.00 |
| **Europe** | | | | | | | | | |
| European Central Bank | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.25 | 0.25 | 0.50 | 0.50 |
| Bank of England | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 |
| **Asia/Oceania** | | | | | | | | | |
| Reserve Bank of Australia | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.75 |
| Bank of Japan | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 |
| People's Bank of China | 4.35 | 4.35 | 4.35 | 4.35 | 4.35 | 4.35 | 4.35 | 4.35 | 4.35 |
| Reserve Bank of India | 6.50 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 |
| Bank of Korea | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 2.00 | 2.00 | 2.00 | 2.00 |
| Bank of Thailand | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 2.00 | 2.00 | 2.00 | 2.00 |
| **Currencies and Interest Rates** | | | | | | | | | |
| **Americas** | | | | (end of period) | | | | | |
| Canadian dollar (USDCAD) | 1.36 | 1.34 | 1.32 | 1.30 | 1.28 | 1.25 | 1.25 | 1.23 | 1.23 |
| Canadian dollar (CADUSD) | 0.73 | 0.75 | 0.76 | 0.77 | 0.78 | 0.80 | 0.80 | 0.81 | 0.81 |
| Mexican peso (USDMXN) | 19.65 | 19.55 | 19.90 | 20.48 | 21.26 | 21.40 | 21.26 | 21.36 | 21.71 |
| Brazilian real (USDBRL) | 3.88 | 3.82 | 3.91 | 3.97 | 4.18 | 4.08 | 4.11 | 4.07 | 4.18 |
| Colombian peso (USDCOP) | 3,254 | 3,080 | 3,105 | 3,150 | 3,120 | 3,050 | 3,100 | 3,125 | 3,150 |
| Peruvian sol (USDPEN) | 3.37 | 3.35 | 3.31 | 3.32 | 3.30 | 3.31 | 3.27 | 3.28 | 3.25 |
| Chilean peso (USDCLP) | 694 | 671 | 664 | 658 | 646 | 643 | 643 | 647 | 639 |
| **Europe** | | | | | | | | | |
| Euro (EURUSD) | 1.15 | 1.17 | 1.22 | 1.26 | 1.30 | 1.30 | 1.30 | 1.32 | 1.32 |
| UK pound (GBPUSD) | 1.28 | 1.32 | 1.35 | 1.37 | 1.40 | 1.42 | 1.42 | 1.45 | 1.45 |
| **Asia/Oceania** | | | | | | | | | |
| Japanese yen (USDJPY) | 110 | 110 | 110 | 108 | 108 | 107 | 107 | 105 | 105 |
| Australian dollar (AUDUSD) | 0.70 | 0.75 | 0.77 | 0.77 | 0.78 | 0.78 | 0.78 | 0.78 | 0.78 |
| Chinese yuan (USDCNY) | 6.88 | 6.80 | 6.60 | 6.70 | 6.70 | 6.60 | 6.60 | 6.50 | 6.50 |
| Indian rupee (USDINR) | 69.8 | 69.0 | 67.0 | 68.0 | 68.0 | 67.0 | 67.0 | 66.0 | 66.0 |
| South Korean won (USDKRW) | 1,116 | 1,090 | 1,080 | 1,085 | 1,085 | 1,080 | 1,080 | 1,070 | 1,070 |
| Thai baht (USDTHB) | 32.5 | 32.0 | 31.6 | 31.8 | 31.8 | 31.6 | 31.6 | 31.4 | 31.4 |
| **Canada (Yields, %)** | | | | | | | | | |
| 3-month T-bill | 1.65 | 1.70 | 1.75 | 1.80 | 2.00 | 2.05 | 2.25 | 2.25 | 2.25 |
| 2-year Canada | 1.86 | 1.70 | 1.80 | 1.85 | 2.05 | 2.10 | 2.30 | 2.30 | 2.30 |
| 5-year Canada | 1.89 | 1.75 | 1.85 | 2.00 | 2.10 | 2.20 | 2.35 | 2.35 | 2.35 |
| 10-year Canada | 1.97 | 1.85 | 1.95 | 2.10 | 2.25 | 2.35 | 2.45 | 2.45 | 2.45 |
| 30-year Canada | 2.18 | 2.15 | 2.20 | 2.40 | 2.60 | 2.70 | 2.75 | 2.75 | 2.75 |
| **United States (Yields, %)** | | | | | | | | | |
| 3-month T-bill | 2.36 | 2.45 | 2.40 | 2.40 | 2.65 | 2.65 | 2.90 | 2.90 | 2.90 |
| 2-year Treasury | 2.49 | 2.55 | 2.65 | 2.75 | 2.85 | 2.90 | 3.05 | 3.05 | 3.05 |
| 5-year Treasury | 2.51 | 2.55 | 2.70 | 2.80 | 2.90 | 2.95 | 3.10 | 3.10 | 3.10 |
| 10-year Treasury | 2.68 | 2.75 | 2.85 | 2.95 | 3.05 | 3.10 | 3.25 | 3.25 | 3.25 |
| 30-year Treasury | 3.01 | 3.10 | 3.20 | 3.30 | 3.35 | 3.40 | 3.50 | 3.55 | 3.55 |

Sources: Scotiabank Economics, Bloomberg.

| The Provinces | | | | | (annual % change except where noted) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Real GDP** | **CA** | **NL** | **PE** | **NS** | **NB** | **QC** | **ON** | **MB** | **SK** | **AB** | **BC** |
| **2000–17** | 2.1 | 2.4 | 1.8 | 1.3 | 1.2 | 1.8 | 2.0 | 2.3 | 2.0 | 2.8 | 2.7 |
| **2017** | 3.0 | 0.9 | 3.5 | 1.5 | 1.8 | 2.8 | 2.8 | 3.2 | 2.2 | 4.4 | 3.8 |
| **2018e** | 1.8 | -0.6 | 2.0 | 1.2 | 1.1 | 2.0 | 1.9 | 1.8 | 1.4 | 2.1 | 2.2 |
| **2019f** | 1.5 | 1.2 | 1.5 | 1.0 | 0.9 | 1.6 | 1.6 | 1.6 | 1.6 | 1.2 | 2.3 |
| **2020f** | 2.1 | 0.9 | 1.1 | 0.9 | 0.9 | 1.7 | 1.7 | 1.5 | 1.7 | 2.5 | 3.5 |
| **Nominal GDP** | | | | | | | | | | | |
| **2000–17** | 4.3 | 5.6 | 4.2 | 3.3 | 3.4 | 3.7 | 3.9 | 4.4 | 5.4 | 5.9 | 4.7 |
| **2017** | 5.6 | 4.3 | 4.8 | 2.9 | 4.3 | 5.0 | 4.1 | 5.4 | 4.8 | 10.0 | 6.9 |
| **2018e** | 3.6 | 2.7 | 3.9 | 3.1 | 2.8 | 3.7 | 3.0 | 3.6 | 3.6 | 4.6 | 4.5 |
| **2019f** | 2.4 | 3.1 | 3.4 | 2.7 | 2.5 | 2.1 | 2.1 | 3.4 | 3.5 | 1.8 | 4.2 |
| **2020f** | 4.6 | 4.3 | 3.1 | 2.9 | 2.6 | 3.8 | 4.0 | 3.4 | 4.4 | 5.3 | 6.5 |
| **Employment** | | | | | | | | | | | |
| **2000–17** | 1.4 | 0.6 | 1.1 | 0.6 | 0.4 | 1.3 | 1.3 | 1.0 | 1.1 | 2.2 | 1.5 |
| **2017** | 1.9 | -3.7 | 3.1 | 0.6 | 0.4 | 2.2 | 1.8 | 1.7 | -0.2 | 1.0 | 3.7 |
| **2018** | 1.3 | 0.5 | 3.0 | 1.5 | 0.3 | 0.9 | 1.6 | 0.6 | 0.4 | 1.9 | 1.1 |
| **2019f** | 1.2 | 0.6 | 1.2 | 0.6 | 0.2 | 1.0 | 1.3 | 0.7 | 1.1 | 1.1 | 1.4 |
| **2020f** | 0.7 | 0.0 | 0.7 | 0.2 | 0.2 | 0.6 | 0.7 | 0.6 | 0.6 | 1.0 | 1.0 |
| **Unemployment Rate (%)** | | | | | | | | | | | |
| **2000–17** | 7.1 | 14.3 | 11.1 | 8.8 | 9.5 | 7.9 | 7.0 | 5.1 | 5.0 | 5.3 | 6.5 |
| **2017** | 6.3 | 14.8 | 9.8 | 8.4 | 8.1 | 6.1 | 6.0 | 5.4 | 6.3 | 7.8 | 5.1 |
| **2018** | 5.8 | 13.8 | 9.4 | 7.6 | 8.0 | 5.5 | 5.6 | 6.0 | 6.1 | 6.6 | 4.7 |
| **2019f** | 5.7 | 13.1 | 9.4 | 7.6 | 7.9 | 5.4 | 5.4 | 6.0 | 5.9 | 6.6 | 4.7 |
| **2020f** | 5.9 | 13.0 | 9.5 | 7.6 | 7.9 | 5.6 | 5.5 | 6.0 | 5.9 | 6.7 | 4.8 |
| **Housing Starts (units, 000s)** | | | | | | | | | | | |
| **2000–17** | 200 | 2.5 | 0.8 | 4.3 | 3.4 | 44 | 72 | 5.2 | 5.2 | 34 | 29 |
| **2017** | 220 | 1.4 | 0.9 | 4.0 | 2.3 | 46 | 79 | 7.5 | 4.9 | 29 | 44 |
| **2018** | 213 | 1.1 | 1.1 | 4.8 | 2.3 | 47 | 79 | 7.4 | 3.6 | 26 | 41 |
| **2019f** | 203 | 1.4 | 0.8 | 3.9 | 2.0 | 44 | 75 | 6.2 | 4.5 | 28 | 38 |
| **2020f** | 200 | 1.4 | 0.8 | 3.8 | 2.0 | 41 | 72 | 6.1 | 5.0 | 31 | 37 |
| **Motor Vehicle Sales (units, 000s)** | | | | | | | | | | | |
| **2000–17** | 1,657 | 29 | 6 | 48 | 38 | 413 | 635 | 47 | 45 | 216 | 180 |
| **2017** | 2,038 | 33 | 9 | 59 | 43 | 462 | 837 | 62 | 55 | 244 | 234 |
| **2018** | 1,984 | 30 | 8 | 53 | 40 | 451 | 835 | 66 | 49 | 230 | 220 |
| **2019f** | 1,930 | 30 | 8 | 51 | 38 | 440 | 826 | 60 | 47 | 210 | 221 |
| **2020f** | 1,900 | 30 | 8 | 50 | 37 | 425 | 810 | 57 | 47 | 213 | 225 |
| **Budget Balances, Fiscal Year Ending March 31 (CAD mn)** | | | | | | | | | | | |
| **2017** | -19,000 | -1,148 | -1 | 151 | -117 | 2,361 | -991 | -764 | -1,218 | -10,784 | 2,737 |
| **2018** | -19,000 | -911 | 75 | 230 | 67 | 2,622 | -3,700 | -695 | -303 | -8,023 | 301 |
| **2019f** | -18,100 | -547 | 4 | 27 | 5 | 1,650 | -13,549 | -470 | -348 | -6,930 | 374 |

Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are after Generations Fund transfers.