

Economic & Financial Outlook



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Outlook for Canada's housing market is uncertain

HIGHLIGHTS

- In Canada, it increasingly looks like real GDP will indeed rebound for the third quarter. The external sector has improved and most components of domestic demand seem to be still on the ascent, which should put real GDP growth at just above 3% (annualized) in the third quarter. However, the downside risks surrounding the economic outlook for later quarters are substantial, especially for the housing market.
- Quebec's economy continues to grow thanks to support from consumers and the upswing in business investment. International exports were lacklustre in the first half of 2016. Real GDP growth should hit 1.3% this year, then 1.6% in 2017.
- Ontario's real GDP rose 0.7% (annualized) in the second quarter, compared with a decline of 1.6% nationwide. British Columbia also stands out, but growth there could be affected by the housing market slowdown. The outlooks remain less good for the oil producing provinces.
- In the United States, some indicators went up in September, strengthening the outlook for better growth in the third quarter compared with the modest gains recorded in the first half of 2016. All eyes are now on the November 8 election; the chances of a win by the Democratic candidate, a basic assumption of our scenario, have gone up in the last few weeks.
- Tensions are rising between the United Kingdom and the European Union. The negotiations promise to be difficult and the likelihood of a hard Brexit is increasing.
- A surprise agreement among the producers who belong to the Organization of Petroleum Exporting Countries (OPEC) to curb production took oil prices to around US\$50 a barrel. Bond yields have gone up substantially, especially for long maturities, in the advanced economies since the start of October. U.S. key rates are still likely to go up 0.25% in December. Everything suggests that the key rate status quo will prevail for a long time in Canada.

MAIN CHANGES

- The target for housing starts in 2017 has been lowered for most of Canada's provinces as a result of the new federal government rules intended to curb household debt. Buyers with down payments of less than 20% and loans of five years or more will now have to be qualified using a mortgage rate set by the Bank of Canada, even if their financial institution is offering a lower rate. Moreover, the tax measures affecting foreign investors will primarily slow the Vancouver and Toronto markets.
- The 2017 forecast for Canadian real GDP growth has been trimmed slightly to factor in the concerns over the economic outlook, especially in the housing market. For most provinces, growth has been revised accordingly.
- For the United States, the annualized real GDP growth forecast for the third quarter has been trimmed to less than 3%.
- China's economy is more stable than previously expected and the authorities seem to have managed to curb the slowdown. The growth forecast goes from 6.4% to 6.6% for 2016, and 6.1% to 6.2% for 2017.

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Table 1
World GDP growth (adjusted for PPP*) and inflation rate

Country or zone	Weight** (%)	Real GDP growth (%)			Inflation rate (%)		
		2015	2016f	2017f	2015	2016f	2017f
Advanced economies	39.9	2.1	1.5	1.8	0.3	0.8	1.6
United States	16.1	2.6	1.6	2.4	0.1	1.3	2.1
Canada	1.4	1.1	1.2	1.9	1.1	1.5	1.9
Quebec	0.3	1.1	1.3	1.6	1.1	0.7	1.4
Ontario	0.5	2.6	2.6	2.3	1.2	1.8	2.1
Japan	4.3	0.6	0.6	0.6	0.8	-0.2	0.4
United Kingdom	2.3	2.2	1.8	0.9	0.0	0.7	2.0
Euro zone	12.1	1.9	1.5	1.3	0.0	0.2	1.3
Germany	3.4	1.5	1.7	1.3	0.2	0.4	1.5
France	2.4	1.2	1.2	1.2	0.0	0.2	1.2
Italy	2.0	0.6	0.7	0.9	0.0	-0.1	0.8
Other countries	4.1	1.3	1.4	1.4	0.5	0.8	1.2
Australia	1.0	2.4	3.0	3.0	1.5	1.3	2.2
Emerging and developing economies	60.1	3.9	3.8	4.3	6.5	12.0	8.7
North Asia	24.6	6.9	6.7	6.4	1.9	2.4	2.4
China	16.6	6.9	6.6	6.2	1.4	2.0	1.9
India	6.8	7.2	7.6	7.5	4.9	5.2	5.1
South Asia	5.1	4.4	4.5	4.4	2.9	2.0	3.0
Latin America	7.1	-0.8	-0.9	1.7	21.3	59.8	40.4
Mexico	2.0	2.5	2.1	2.4	2.7	3.2	3.4
Brazil	3.0	-3.9	-3.2	1.1	9.0	7.3	5.3
Eastern Europe	7.6	-0.3	1.3	2.2	9.8	5.1	4.8
Russia	3.5	-3.7	-0.6	1.2	15.6	6.3	5.4
Other countries	15.6	3.2	2.2	2.6	5.5	7.7	7.1
South Africa	0.6	1.2	0.4	1.3	4.6	6.4	5.9
World	100.0	3.2	2.9	3.3	2.9	5.6	4.7

f: forecasts; * Purchasing power parities: Exchange rate that equates the costs of a broad basket of goods and services across countries; ** 2014.
 Sources: World Bank, Consensus Forecasts and Desjardins, Economic Studies

RISKS INHERENT IN OUR SCENARIOS

The weakness of the emerging economies, especially China, remains a source of concern. A pullback by the European economy, tough negotiations with the United Kingdom after the referendum on Brexit and persisting geopolitical risks could also disrupt the global economy, as could a surge in protectionism. In the United States, consumer caution and the strong U.S. dollar could further hamper growth. If it constitutes a major change of governance, the outcome of the U.S. presidential election could impact the scenarios. In Canada, the risks remain tilted to the downside, as the economic problems could drag on. Moreover, exports could flag in a context of slowing global demand. Lastly, the situation in the real estate market and high household debt loads remain a source of concern, particularly with the introduction of the new federal rules on mortgage lending. In Quebec, lacklustre exports and investment

are a worry. If the situation persists, future economic growth could be slower than anticipated. Financial strains could resurface quickly in the event of an impasse in the negotiations leading up to Brexit, or if other countries wanted to leave the European Union. Like the 2013 taper tantrum, a sudden major upside adjustment to bond yields would have a very destabilizing impact on financial markets and would prompt the Federal Reserve to once again postpone its key rate increases. A surprise in the U.S. election could also trigger market volatility.

Table 2
Summary of the financial forecasts

End of period in % (except if indicated)	2015		2016				2017			
	Q3	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f
Key interest rate										
United States	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25
Canada	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Euro zone	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	0.50	0.50	0.50	0.50	0.25	0.25	0.25	0.10	0.10	0.10
United States – Federal bonds										
2-year	0.60	1.04	0.75	0.58	0.76	1.00	1.10	1.30	1.35	1.50
5-year	1.33	1.65	1.21	1.00	1.15	1.45	1.55	1.75	1.80	1.95
10-year	2.03	2.27	1.78	1.49	1.61	1.90	1.95	2.10	2.15	2.30
30-year	2.85	3.02	2.62	2.31	2.33	2.60	2.60	2.65	2.70	2.80
Canada – Federal bonds										
2-year	0.52	0.48	0.54	0.52	0.52	0.60	0.65	0.70	0.75	0.85
5-year	0.80	0.73	0.67	0.57	0.62	0.80	0.85	1.00	1.05	1.20
10-year	1.43	1.40	1.23	1.06	1.00	1.30	1.30	1.40	1.45	1.55
30-year	2.20	2.15	2.00	1.71	1.66	1.90	1.90	1.95	2.00	2.10
Currency market										
Canadian dollar (USD/CAD)	1.33	1.38	1.30	1.29	1.31	1.33	1.33	1.32	1.30	1.28
Canadian dollar (CAD/USD)	0.75	0.72	0.77	0.77	0.76	0.75	0.75	0.76	0.77	0.78
Euro (EUR/USD)	1.12	1.09	1.14	1.11	1.12	1.08	1.08	1.07	1.08	1.09
British pound (GBP/USD)	1.51	1.47	1.44	1.34	1.30	1.21	1.20	1.17	1.19	1.20
Yen (USD/JPY)	120	120	113	103	101	106	110	115	117	120
Stock markets* (level and growth)										
United States (S&P 500)	2,044		Target: 2,200 (+7.6%)				Target: 2,350 (+6.8%)			
Canada (S&P/TSX)	13,010		Target: 14,700 (+13.0%)				Target: 15,800 (+7.5%)			
Commodities (annual average)										
WT1** oil (US\$/barrel)	49 (37*)		44 (51*)				55 (60*)			
Gold (US\$/ounce)	1,160 (1,062*)		1,255 (1,225*)				1,200 (1,150*)			

f: forecasts; * End of year; ** West Texas Intermediate.
Sources: Datastream and Desjardins, Economic Studies

FINANCIAL FORECASTS

A surprise agreement among the producers who belong to the Organization of Petroleum Exporting Countries (OPEC) to curb production took oil prices to around US\$50 a barrel. Bond yields have gone up substantially in the advanced economies since the start of October. The extremely low yields were increasingly difficult to justify given that the Federal Reserve (Fed) seems poised to start raising its key rates again and other central banks seem to want to be less aggressive. However, central banks will want to keep bond yields from rising too quickly, and we continue to expect a gradual, limited rise over the coming quarters. We expect the Fed to raise its key rates by 0.25% in December. Everything suggests that the key rate status quo will prevail for a long time in Canada. Contrasting trends in North American monetary policies should compensate for the gradual rise in oil prices and keep the Canadian dollar relatively low.

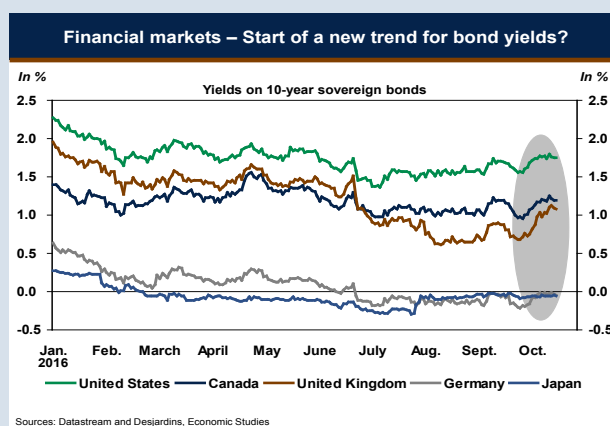


Table 3
United States: major economic indicators

Quarterly annualized variation in % (except if indicated)	2016				2017		Annual average			
	Q1	Q2	Q3f	Q4f	Q1f	Q2f	2014	2015	2016f	2017f
Real gross domestic product*	0.8	1.4	2.6	3.0	2.0	2.5	2.4	2.6	1.6	2.4
Personal cons. expenditures	1.6	4.3	2.8	2.6	1.6	2.4	2.9	3.2	2.7	2.4
Residential construction	7.8	-7.8	-2.5	6.8	7.2	6.0	3.5	11.7	4.9	4.1
Business fixed investment	-3.4	1.0	2.9	5.1	5.9	5.3	6.0	2.1	-0.1	5.0
Inventory change (\$B)	40.7	-9.5	0.0	20.0	25.0	25.0	57.7	84.0	12.8	25.0
Public expenditures	1.6	-1.7	-0.1	1.4	0.6	1.1	-0.9	1.8	0.8	0.7
Exports	-0.7	1.8	6.8	1.5	1.5	2.5	4.3	0.1	0.4	2.5
Imports	-0.6	0.2	4.5	4.0	3.5	3.5	4.4	4.6	1.1	3.4
Final domestic demand	1.2	2.4	2.1	2.8	2.1	2.6	2.6	3.1	2.1	2.5
Other indicators										
Nominal gross domestic product	1.3	3.7	4.3	5.3	3.7	4.7	4.2	3.7	2.9	4.4
Employment (establishments)	1.9	1.3	1.7	1.5	1.5	1.4	1.9	2.1	1.7	1.4
Unemployment rate (%)	4.9	4.9	4.9	4.9	4.8	4.6	6.2	5.3	4.9	4.6
Housing starts (1)	1,151	1,159	1,138	1,220	1,218	1,253	1,001	1,108	1,167	1,255
Total inflation rate (2)	1.1	1.1	1.1	1.7	2.1	2.0	1.6	0.1	1.3	2.1
Core inflation rate** (2)	2.3	2.2	2.2	2.1	1.8	1.8	1.7	1.8	2.2	1.9

f: forecasts; * 2009 US\$; ** Excluding food and energy; (1) Thousands of units on an annualized basis; (2) Annual change.
 Sources: Datastream and Desjardins, Economic Studies

Table 4
Canada: major economic indicators

Quarterly annualized variation in % (except if indicated)	2016				2017		Annual average			
	Q1	Q2	Q3f	Q4f	Q1f	Q2f	2014	2015	2016f	2017f
Real gross domestic product*	2.5	-1.6	3.4	1.9	1.2	2.9	2.5	1.1	1.2	1.9
Final consumption expenditure [of which:]	2.5	2.8	2.0	2.0	2.4	2.3	1.9	1.8	2.2	2.2
Household consumption expenditure	2.4	2.2	1.6	1.6	1.7	1.9	2.6	1.9	2.1	1.8
Governments consumption expenditure	2.7	4.2	3.0	3.0	4.0	3.0	0.3	1.7	2.4	3.1
Gross fixed capital formation [of which:]	-0.6	0.1	0.6	1.5	2.5	4.3	0.7	-4.4	-2.3	2.0
Residential structures	11.3	1.2	1.4	-0.6	-0.6	-0.5	2.5	3.8	3.8	-0.2
Non-residential structures	-12.8	-4.4	-2.0	0.0	0.0	0.3	-0.4	-14.7	-10.1	-0.2
Machinery and equipment	-0.7	1.9	-0.5	0.0	0.5	0.5	1.0	-2.4	-3.4	0.5
Intellectual property products	-4.3	-0.1	0.0	0.0	0.5	0.5	-4.2	-12.0	-2.9	0.5
Governments gross fixed capital formation	-1.3	2.7	5.0	10.0	15.0	25.0	2.1	2.3	0.4	11.5
Investment in inventories (2007 \$B)	-9.0	0.5	-5.0	-5.5	-6.5	-7.5	9.9	3.9	-4.7	-7.4
Exports	8.0	-16.7	10.7	3.0	0.0	3.8	5.3	3.4	0.8	1.9
Imports	1.6	1.1	1.0	2.5	3.0	2.5	1.8	0.3	-0.9	2.3
Final domestic demand	1.8	2.2	1.7	1.9	2.4	2.8	1.6	0.3	1.2	2.2
Other indicators										
Nominal gross domestic product	1.2	-0.2	4.4	3.4	2.9	4.9	4.3	0.5	1.5	3.6
Employment	0.2	0.7	0.3	1.1	0.6	1.0	0.6	0.8	0.6	0.9
Unemployment rate (%)	7.2	6.9	7.0	7.0	7.0	7.0	6.9	6.9	7.0	6.9
Housing starts (1)	198	198	200	188	182	176	182	182	196	176
Total inflation rate (2)	1.5	1.6	1.2	1.6	2.0	1.9	2.0	1.1	1.5	1.9
Core inflation rate** (2)	2.0	2.1	1.9	2.0	1.8	1.6	1.8	2.2	2.0	1.8

f: forecasts; * 2007 \$; ** Excluding the eight most volatile; (1) Thousands of units on an annualized basis; (2) Annual change.
 Sources: Datastream and Desjardins, Economic Studies

Table 5
Quebec: major economic indicators

	2013	2014	2015	2016f	2017f
Annual average in % (except if indicated)					
Real gross domestic product*	1.2	1.5	1.1	1.3	1.6
Final consumption expenditure [of which:]	1.5	1.0	1.2	1.7	1.4
Household consumption expenditure	1.8	1.5	1.3	1.8	1.8
Governments consumption expenditure	0.2	0.1	0.2	1.1	0.5
Gross fixed capital formation [of which:]	-5.5	-4.8	-2.4	-1.2	1.1
Residential structures	-4.7	-0.1	-0.6	1.6	-5.3
Non-residential structures	-0.2	-14.3	-7.4	-2.4	1.7
Machinery and equipment	-17.4	-10.7	-2.4	-3.3	3.2
Intellectual property products	-5.5	-4.5	-3.6	-0.4	1.0
Governments gross fixed capital formation	-3.7	0.6	-0.7	-3.6	8.2
Investment in inventories (2007 \$M)	1,717	1,653	1,425	-1,001	-1,500
Exports	0.8	4.5	2.3	2.3	2.7
Imports	-1.3	0.3	0.8	-1.9	2.2
Final domestic demand	0.0	-0.2	0.5	1.1	1.3
Other indicators					
Nominal gross domestic product	2.0	2.5	2.0	2.3	3.1
Employment	1.4	0.0	0.9	0.6	0.8
Unemployment rate (%)	7.6	7.7	7.6	7.2	6.9
Retail sales	2.5	1.7	0.5	4.1	2.8
Housing starts (1)	37.8	38.8	37.9	37.0	34.0
Total inflation rate	0.7	1.4	1.1	0.7	1.4

f: forecasts; * 2007 \$; (1) Thousands of units on an annualized basis.

Sources: Statistics Canada, Institut de la statistique du Québec, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

Table 6
Ontario: major economic indicators

	2013	2014	2015	2016f	2017f
Annual average in % (except if indicated)					
Real gross domestic product*	1.3	2.7	2.6	2.6	2.3
Final consumption expenditure [of which:]	1.4	2.1	2.7	2.7	2.1
Household consumption expenditure	2.0	2.5	3.2	2.9	2.1
Governments consumption expenditure	0.0	0.7	1.5	1.8	1.9
Gross fixed capital formation [of which:]	-7.2	1.4	5.1	1.7	4.6
Residential structures	-1.7	0.4	9.0	6.3	-1.0
Non-residential structures	-5.6	1.6	6.5	-0.9	0.8
Machinery and equipment	-22.2	6.9	6.4	-3.0	1.1
Intellectual property products	-4.7	-2.8	-7.5	-2.7	1.4
Governments gross fixed capital formation	-7.7	1.4	2.2	0.0	22.6
Investment in inventories (2007 \$M)	3,072	5,269	2,580	-3,202	-5,750
Exports	2.0	1.9	1.5	2.9	2.3
Imports	-1.0	1.1	1.6	1.6	2.5
Final domestic demand	-0.3	1.9	3.2	2.5	2.6
Other indicators					
Nominal gross domestic product	1.9	4.1	3.5	3.4	4.4
Employment	1.8	0.8	0.7	0.9	0.9
Unemployment rate (%)	7.6	7.3	6.8	6.7	6.5
Retail sales	2.3	5.0	4.2	4.6	4.0
Housing starts (1)	61.1	59.1	70.2	73.8	64.7
Total inflation rate (2)	1.0	2.4	1.2	1.8	2.1

f: forecasts; * 2007 \$; (1) Thousands of units on an annualized basis; (2) Annual change.

Sources: Statistics Canada, Ontario's Ministry of Finance, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

Table 7
Canada: major economic indicators by provinces

	2013	2014	2015	2016 ^f	2017 ^f
Annual average in % (except if indicated)					
Real GDP growth – Canada	2.2	2.5	1.1	1.2	1.9
Atlantic	1.9	-0.4	0.3	0.4	0.6
Quebec	1.2	1.5	1.1	1.3	1.6
Ontario	1.3	2.7	2.6	2.6	2.3
Manitoba	2.4	2.3	2.3	1.9	2.0
Saskatchewan	5.8	1.9	-1.4	0.0	1.7
Alberta	5.1	4.8	-4.0	-2.6	1.9
British Columbia	2.1	3.2	3.0	2.9	2.0
Total inflation rate – Canada	0.9	2.0	1.1	1.5	1.9
Atlantic	1.2	1.7	0.4	1.8	1.9
Quebec	0.7	1.4	1.1	0.7	1.4
Ontario	1.0	2.4	1.2	1.8	2.1
Manitoba	2.2	1.9	1.2	1.4	1.8
Saskatchewan	1.5	2.4	1.6	1.1	1.6
Alberta	1.4	2.6	1.1	1.2	1.8
British Columbia	-0.1	1.0	1.1	1.9	2.0
Employment growth – Canada	1.5	0.6	0.8	0.6	0.9
Atlantic	-0.1	-0.9	-0.4	-0.5	0.6
Quebec	1.4	0.0	0.9	0.6	0.8
Ontario	1.8	0.8	0.7	0.9	0.9
Manitoba	0.7	0.1	1.5	-0.5	0.7
Saskatchewan	3.1	1.0	0.5	-0.8	0.5
Alberta	2.5	2.2	1.2	-1.6	0.3
British Columbia	0.1	0.6	1.2	2.9	1.5
Unemployment rate – Canada	7.1	6.9	6.9	7.0	6.9
Atlantic	10.2	10.0	10.0	9.9	9.8
Quebec	7.6	7.7	7.6	7.2	6.9
Ontario	7.6	7.3	6.8	6.7	6.5
Manitoba	5.4	5.4	5.6	6.1	5.8
Saskatchewan	4.1	3.8	5.0	6.3	6.0
Alberta	4.6	4.7	6.0	8.0	7.7
British Columbia	6.6	6.1	6.2	6.0	5.9
Retail sales growth – Canada	3.2	4.6	1.7	3.5	3.4
Atlantic	2.6	3.1	0.7	2.2	2.5
Quebec	2.5	1.7	0.5	4.1	2.8
Ontario	2.3	5.0	4.2	4.6	4.0
Manitoba	3.9	4.3	1.5	4.3	3.8
Saskatchewan	5.1	4.6	-3.5	1.2	1.7
Alberta	6.9	7.5	-4.6	-2.1	1.2
British Columbia	2.4	5.6	6.0	6.2	5.2
Housing starts – Canada (thousands of units)	187.9	181.6	181.6	196.0	176.4
Atlantic	10.3	8.0	8.1	7.8	7.5
Quebec	37.8	38.8	37.9	37.0	34.0
Ontario	61.1	59.1	70.2	73.8	64.7
Manitoba	7.5	6.2	5.5	5.0	5.5
Saskatchewan	8.3	8.3	5.1	5.0	5.1
Alberta	36.0	40.6	37.3	25.0	26.3
British Columbia	27.1	28.4	31.4	42.5	34.0

f: forecasts

Sources: Statistics Canada, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

Table 8
Medium-term major economic and financial indicators

In % (except if indicated)	Annual average							Average	
	2014	2015	2016f	2017f	2018f	2019f	2020f	2008-2015	2016-2020f
United States									
Real GDP (var. in %)	2.4	2.6	1.6	2.4	2.5	2.0	1.5	1.2	2.0
Total inflation rate (var. in %)	1.6	0.1	1.3	2.1	2.2	1.1	0.6	1.7	1.5
Unemployment rate	6.2	5.3	4.9	4.6	4.4	4.5	5.3	7.6	4.7
S&P 500 index (var. in %)*	11.4	-0.7	7.6	6.8	5.0	0.0	4.0	6.4	4.7
Federal funds rate	0.25	0.26	0.55	0.95	1.50	1.90	1.50	0.48	1.28
Prime rate	3.25	3.26	3.55	3.95	4.50	4.90	4.50	3.48	4.28
Treasury bills – 3-month	0.03	0.05	0.30	0.75	1.35	1.65	1.35	0.25	1.08
Federal bonds – 10-year	2.53	2.13	1.75	2.15	2.50	2.50	2.00	2.70	2.18
Federal bonds – 30-year	3.34	2.84	2.50	2.70	2.95	2.90	2.50	3.63	2.71
WTI** oil (US\$/barrel)	93	49	43	55	65	60	55	84	56
Gold (US\$/ounce)	1,266	1,160	1,265	1,200	1,100	1,150	1,250	1,269	1,193
Canada									
Real GDP (var. in %)	2.5	1.1	1.2	1.9	2.0	1.4	1.1	1.5	1.5
Total inflation rate (var. in %)	2.0	1.1	1.5	1.9	2.0	1.7	1.2	1.6	1.7
Employment (var. in %)	0.6	0.8	0.6	0.9	0.9	0.7	0.4	0.9	0.7
Employment (K)	111	144	114	154	171	122	71	147	126
Unemployment rate	6.9	6.9	7.0	6.9	6.7	6.4	6.6	7.3	6.7
Housing starts (K)	182	182	196	176	181	182	175	192	182
S&P/TSX index (var. in %)*	7.4	-11.1	13.0	7.5	7.0	2.0	0.0	1.1	5.9
Canadian dollar (US\$/C\$)	0.91	0.78	0.76	0.77	0.81	0.83	0.80	0.93	0.79
Overnight funds	1.00	0.65	0.50	0.50	0.65	0.95	0.50	1.09	0.62
Prime rate	3.00	2.79	2.70	2.70	2.85	3.15	2.70	3.08	2.82
Mortgage rate – 1-year	3.14	2.97	3.15	3.15	3.25	3.40	3.15	3.78	3.22
– 5-year	4.89	4.67	4.75	4.75	4.75	4.85	4.75	5.48	4.77
Treasury bills – 3-month	0.91	0.53	0.50	0.55	0.75	0.95	0.50	0.94	0.65
Federal bonds – 2-year	1.06	0.55	0.55	0.75	1.05	1.10	0.60	1.33	0.81
– 5-year	1.58	0.86	0.70	1.05	1.40	1.35	0.90	1.91	1.08
– 10-year	2.23	1.53	1.15	1.45	1.80	1.90	1.40	2.59	1.54
– 30-year	2.77	2.20	1.80	2.00	2.30	2.35	1.90	3.16	2.07
Canada–U.S. rate spreads									
Treasury bills – 3-month	0.88	0.48	0.20	-0.20	-0.60	-0.70	-0.85	0.70	-0.43
Federal bonds – 10-year	-0.30	-0.61	-0.60	-0.70	-0.70	-0.60	-0.60	-0.11	-0.64
– 30-year	-0.56	-0.65	-0.70	-0.70	-0.65	-0.55	-0.60	-0.47	-0.64
Quebec									
Real GDP (var. in %)	1.5	1.1	1.3	1.6	1.5	1.1	0.8	1.2	1.3
Total inflation rate (var. in %)	1.4	1.1	0.7	1.4	1.8	1.6	1.1	1.5	1.3
Employment (var. in %)	0.0	0.9	0.6	0.8	0.5	0.2	0.1	0.8	0.5
Employment (K)	-1	37	20	35	20	10	5	32	18
Unemployment rate	7.7	7.6	7.2	6.9	6.8	6.6	6.5	7.8	6.8
Retail sales (var. in %)	1.7	0.5	4.1	2.8	2.5	2.3	2.0	2.4	2.7
Housing starts (K)	39	38	37	34	33	32	30	44	33
Ontario									
Real GDP (var. in %)	2.7	2.6	2.6	2.3	2.2	1.5	1.2	1.3	1.9
Total inflation rate (var. in %)	2.4	1.2	1.8	2.1	2.0	1.8	1.3	1.8	1.8
Employment (var. in %)	0.8	0.7	0.9	0.9	1.0	0.8	0.4	0.7	0.8
Employment (K)	55	45	65	60	70	57	29	47	56
Unemployment rate	7.3	6.8	6.7	6.5	6.3	6.1	6.3	7.7	6.4
Retail sales (var. in %)	5.0	4.2	4.6	4.0	4.5	4.0	3.5	3.0	4.1
Housing starts (K)	59	70	74	65	60	62	60	65	64

f: forecasts; * The variations are based on observation of the end of period; ** West Texas Intermediate.

Sources: Datastream, Statistics Canada, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies