

# ECONOMIC & FINANCIAL OUTLOOK

## Central banks mount an assault on high inflation

### HIGHLIGHTS

- ▶ Some economic indicators are feeling the effects of the war in Ukraine. Euroland consumer confidence in particular has plunged. Still, business confidence as well as the PMI indexes remain resilient, which suggests that economic activity is not collapsing in Europe. As for China, real GDP growth in Q1 was higher than forecast despite the lockdowns imposed on several major cities. Global real GDP should grow 3.1% in 2022 and 3.3% in 2023.
- ▶ Meanwhile, in the United States, inflation hit 8.5% in March, which may well be the peak of the current cycle. Nonetheless, prices will continue to climb in the coming months, but the drop in gas prices is a step in the right direction. After major declines in recent months, some household confidence indexes are gradually rising, and the latest wave of COVID-19 doesn't seem to be overly affecting the United States for now. Real GDP growth in Q1 in the United States should remain low at roughly 1% annualized.
- ▶ In Canada, the Bank of Canada has taken a more forceful tone when it comes to tackling inflation and has matched it with actions. The Bank is now expected to hike interest rates to over 2% by early 2023. This will have the effect of reining in the Canadian housing market and slowing the advance in consumption. Consequently, economic growth in Canada is anticipated to fall from a robust 4.1% in 2022 to a much more modest 1.9% in 2023.
- ▶ Quebec's economy performed well in Q1 despite the restrictions imposed earlier this year. The unemployment rate even fell to 4.1% in March, the lowest level in the country. The Quebec government's \$3.2 billion in household financial aid this spring will have a positive impact on income and consumer spending. Real GDP will grow nearly 3% this year, then slow to 1.5% in 2023. Rising interest rates will hit households harder next year.
- ▶ The solid pace of Canadian growth in 2022 will be experienced disproportionately in energy-producing provinces, which are benefitting from the global upsurge in commodity prices because of the war in Ukraine. In contrast, growth in Ontario and the rest of Canada is set to slow considerably as housing market activity slows from its current torrid pace as interest rates rise and affordability gets squeezed.

### MAIN CHANGES

- ▶ Interest rate forecasts were upgraded to reflect the more forceful tone and actions taken by the Bank of Canada and Federal Reserve.
- ▶ Growth and inflation forecasts for Canada and Québec were upgraded at the start of the forecast due to more elevated near-term data but were marked down later on as rate hikes weigh on the economic outlook.

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### RISKS INHERENT TO OUR SCENARIOS

The pandemic isn't over yet and could cause other economic fluctuations, especially as new variants come along. China has been hit by the Omicron wave, and its zero-COVID policy involving quick, strict lockdowns could be seriously put to the test. As for the war in Ukraine, a widespread conflict directly involving NATO (North Atlantic Treaty Organization) countries may have very serious humanitarian and economic consequences. Even if it never gets to that point, the war in Ukraine could worsen the economic situation, especially if there's another surge in energy, commodity and food prices. Stopping Russian exports of oil and natural gas to Western Europe could plunge the region into a recession and weaken an already fragile global economy. The war could also lower household, business and investor confidence further, exacerbate the supply chain problems and drive inflation higher. The risk of prices rising faster and longer complicates the situation for the central banks. On the other hand, tightening monetary policies too quickly could trigger a negative market reaction and lead to an economic slowdown. A major financial crisis in China could worry international investors. In Canada, there's a risk of a pronounced residential real estate price correction, especially given the more forceful monetary policy tightening measures. The stock market may also face its own correction.

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

IN %	WEIGHT*	REAL GDP GROWTH			INFLATION RATE		
		2021	2022f	2023f	2021	2022f	2023f
<b>Advanced economies</b>	<b>40.0</b>	<b>5.1</b>	<b>3.0</b>	<b>2.1</b>	<b>3.1</b>	<b>5.3</b>	<b>2.1</b>
United States	15.9	5.7	3.0	2.0	4.7	6.8	2.6
Canada	1.4	4.6	4.1	1.9	3.4	5.3	2.1
<i>Quebec</i>	0.3	6.2	3.1	1.5	3.8	5.5	2.1
<i>Ontario</i>	0.5	4.3	3.9	1.8	3.5	5.4	2.2
Japan	4.0	1.7	2.0	1.8	-0.2	1.4	0.9
United Kingdom	2.4	7.4	4.1	1.8	2.6	7.2	2.7
Euro zone	12.5	5.4	2.9	2.2	2.6	5.7	1.7
<i>Germany</i>	3.4	2.9	2.1	1.9	3.1	5.2	2.0
<i>France</i>	2.5	7.0	3.0	1.6	1.6	4.4	1.5
<i>Italy</i>	2.0	6.6	3.3	1.9	1.9	5.4	1.5
Other countries	4.2	2.7	2.0	1.4	1.4	2.3	1.1
<i>Australia</i>	1.0	4.7	4.1	3.1	2.9	4.3	2.3
<b>Emerging and developing economies</b>	<b>60.0</b>	<b>7.0</b>	<b>3.2</b>	<b>4.1</b>	<b>3.7</b>	<b>5.6</b>	<b>3.4</b>
North Asia	25.7	8.2	5.3	5.4	2.4	3.2	3.2
<i>China</i>	17.5	8.1	4.6	5.0	0.9	2.0	2.4
<i>India</i>	7.1	8.9	7.5	6.4	5.1	5.6	5.0
South Asia	5.3	3.8	4.8	4.9	2.0	3.2	2.9
Latin America	5.9	6.3	1.7	2.1	6.6	5.2	3.8
<i>Mexico</i>	1.9	4.8	1.8	2.3	5.7	4.8	3.8
<i>Brazil</i>	2.4	5.0	0.4	1.6	9.0	5.9	4.1
Eastern Europe	8.0	6.8	-4.5	0.9	9.1	19.0	5.8
<i>Russia</i>	3.2	4.7	-10.0	-2.0	6.7	12.0	4.3
Other countries	15.0	7.0	3.5	3.8	4.9	6.4	4.9
<i>South Africa</i>	0.6	5.0	1.5	1.8	4.6	5.4	4.4
<b>World</b>	<b>100.0</b>	<b>6.2</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>	<b>5.5</b>	<b>2.9</b>

f: forecasts; PPP : Purchasing Power Parities, exchange rate that equates the costs of a broad basket of goods and services across countries; \* 2019.

Sources: World Bank, Consensus Forecasts and Desjardins, Economic Studies

**FINANCIAL FORECASTS**

The Bank of Canada (BoC) aggressively tightened policy earlier this month by both raising rates 50bps and announcing that it will begin allowing all of its maturing bond holdings to roll off of its balance sheet after April 25<sup>th</sup>. The Federal Reserve (Fed) is likely to follow suit by raising rates 50bps in early May and initiating its own quantitative tightening program. With policy rates still stimulative even after those supersized hikes, expect both central banks to conduct another round of 50bp hikes in June. Bond markets are in the process of digesting this and the news on quantitative tightening. Yields across curves have risen materially over the past month, but still likely have further room to rise. That said, our forecasts continue to see the BoC's policy rate peaking at a lower level than that of the US, which should see wider spreads between Canada and US bond yields and also see the Canadian dollar weaken over the next year. A potential decline in commodity prices would support a depreciation in the Canadian dollar over that timeframe. Should inflation begin to decelerate as we expect, equities should begin to perform better over the remainder of the year.

**TABLE 2**  
**Summary of the financial forecasts**

END OF PERIOD IN % (EXCEPT IF INDICATED)	2021		2022				2023			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Key interest rate</b>										
United States	0.25	0.25	0.50	1.50	2.25	2.75	3.25	3.25	3.25	3.00
Canada	0.25	0.25	0.50	1.50	2.00	2.25	2.25	2.25	2.25	2.00
Euro zone	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.75	0.75	0.75
United Kingdom	0.10	0.25	0.75	1.00	1.25	1.50	1.75	1.75	1.75	1.75
<b>Federal bonds</b>										
<u>United States</u>										
2-year	0.26	0.66	2.27	2.85	3.00	3.15	3.15	3.10	2.90	2.75
5-year	0.98	1.25	2.42	2.95	3.10	3.15	3.15	3.05	2.85	2.80
10-year	1.53	1.50	2.33	3.00	3.15	3.20	3.15	3.05	2.90	2.85
30-year	2.09	1.89	2.45	3.05	3.20	3.25	3.20	3.10	3.00	2.95
<u>Canada</u>										
2-year	0.53	0.95	2.27	2.70	2.80	2.80	2.75	2.65	2.40	2.10
5-year	1.11	1.25	2.39	2.85	2.90	2.90	2.85	2.75	2.40	2.25
10-year	1.51	1.42	2.40	2.85	2.95	2.95	2.90	2.75	2.50	2.30
30-year	1.98	1.68	2.37	2.80	2.90	2.90	2.90	2.75	2.65	2.45
<b>Currency market</b>										
Canadian dollar (USD/CAD)	1.27	1.26	1.25	1.23	1.25	1.27	1.28	1.30	1.32	1.33
Canadian dollar (CAD/USD)	0.79	0.79	0.80	0.81	0.80	0.79	0.78	0.77	0.76	0.75
Euro (EUR/USD)	1.16	1.14	1.11	1.10	1.12	1.15	1.17	1.19	1.20	1.20
British pound (GBP/USD)	1.35	1.35	1.32	1.32	1.34	1.36	1.38	1.40	1.40	1.40
Yen (USD/JPY)	111	115	122	128	128	127	124	120	115	113
<b>Stock markets (level and growth)*</b>										
United States – S&P 500	4,766		Target: 4,600 (-3.5%)				Target: 4,700 (+2.2%)			
Canada – S&P/TSX	21,223		Target: 22,500 (+6.0%)				Target: 23,250 (+3.3%)			
<b>Commodities (annual average)</b>										
WTI oil (US\$/barrel)	68 (75*)		95 (88*)				79 (75*)			
Gold (US\$/ounce)	1,800 (1,800*)		1,890 (1,810*)				1,735 (1,680*)			

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

**TABLE 3**  
**United States: Major economic indicators**

QUARTERLY ANNUALIZED VARIATION IN % (EXCEPT IF INDICATED)	2021		2022				ANNUAL AVERAGE			
	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2020	2021	2022f	2023f
Real GDP (2012 US\$)	2.3	6.9	1.1	1.5	2.5	3.0	-3.4	5.7	3.0	2.0
Personal consumption expenditures	2.0	2.5	3.7	0.5	2.5	2.2	-3.8	7.9	2.9	1.5
Residential construction	-7.7	2.2	11.8	9.8	2.4	-2.1	6.8	9.2	3.4	-1.1
Business fixed investment	1.7	2.9	11.1	9.2	8.3	8.9	-5.3	7.4	7.4	7.0
Inventory change (US\$B)	-66.8	193	90.0	60.0	35.0	50.0	-42.3	-32.6	58.8	40.0
Public expenditures	0.9	-2.6	0.7	1.8	1.8	1.8	2.5	0.5	0.3	1.8
Exports	-5.3	22.4	-5.3	4.0	4.0	5.0	-13.6	4.5	3.8	4.3
Imports	4.7	17.9	8.0	5.0	5.0	5.0	-8.9	14.0	8.1	4.1
Final domestic demand	1.3	1.7	4.5	2.3	3.1	2.8	-2.5	6.5	3.1	2.2
<b>Other indicators</b>										
Nominal GDP	8.4	14.5	6.6	5.2	5.5	5.1	-2.2	10.1	8.1	4.6
Employment according to establishments	4.8	4.9	4.8	3.4	3.1	1.8	-5.8	2.8	4.1	1.6
Unemployment rate (%)	5.1	4.2	3.8	3.6	3.5	3.5	8.1	5.4	3.6	3.6
Housing starts <sup>1</sup> (thousands of units)	1,562	1,670	1,753	1,792	1,750	1,713	1,396	1,605	1,752	1,644
Total inflation rate*	5.3	6.7	8.0	7.5	6.7	5.2	1.2	4.7	6.8	2.6
Core inflation rate* <sup>2</sup>	4.1	5.0	6.3	5.6	5.2	4.3	1.7	3.6	5.3	2.9

f: forecasts; \* Annual change; <sup>1</sup> Annualized basis; <sup>2</sup> Excluding food and energy.  
Sources: Datastream and Desjardins, Economic Studies

**TABLE 4**  
**Canada: Major economic indicators**

QUARTERLY ANNUALIZED VARIATION IN % (EXCEPT IF INDICATED)	2021		2022				ANNUAL AVERAGE			
	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2020	2021	2022f	2023f
<b>Real GDP</b> (2012 \$)	<b>5.5</b>	<b>6.7</b>	<b>4.6</b>	<b>3.8</b>	<b>2.9</b>	<b>2.3</b>	<b>-5.2</b>	<b>4.6</b>	<b>4.1</b>	<b>1.9</b>
Final consumption expenditure [of which:]	14.0	1.4	4.4	5.1	3.3	2.2	-4.5	5.0	4.5	2.5
Household consumption expenditure	20.4	1.0	5.6	6.8	4.2	3.2	-6.2	5.2	5.9	3.5
Governments consumption expenditure	0.1	2.2	1.4	1.1	0.9	-0.4	0.0	4.9	1.0	-0.1
Gross fixed capital formation [of which:]	-12.4	7.8	3.4	0.0	0.2	-0.1	-2.8	7.2	0.5	-0.3
Residential structures	-31.0	10.2	3.5	-3.6	-2.9	-3.4	4.3	15.4	-4.0	-4.0
Non-residential structures	3.3	11.0	4.0	2.3	2.0	1.5	-10.0	-0.6	4.8	1.5
Machinery and equipment	-1.1	4.7	3.2	2.4	2.4	3.1	-15.4	7.1	3.9	3.6
Intellectual property products	-3.0	-3.9	1.9	1.0	2.2	2.0	-3.3	0.7	0.1	2.2
Governments gross fixed capital formation	9.4	6.2	3.3	2.6	2.1	1.9	6.2	4.5	3.3	1.7
Investment in inventories (2012 \$B)	-12.1	9.9	8.9	10.0	9.7	10.8	-18.7	-1.5	9.8	7.0
Exports	7.1	13.4	0.0	5.8	5.6	4.7	-9.7	1.4	4.2	3.9
Imports	-1.6	14.4	-2.2	6.7	4.2	3.3	-10.8	7.4	3.9	3.3
Final domestic demand	7.0	2.9	4.1	3.8	2.6	1.7	-4.1	5.5	3.5	1.8
<b>Other indicators</b>										
Nominal GDP	10.5	13.7	10.3	15.6	3.8	2.6	-4.5	13.1	10.3	2.8
Employment	6.8	6.2	3.2	5.9	2.3	1.2	-5.2	4.8	4.5	1.6
Unemployment rate (%)	7.2	6.3	5.8	5.0	4.9	5.0	9.5	7.5	5.2	5.3
Housing starts <sup>1</sup> (thousands of units)	262	261	244	235	228	223	217	271	232	215
Total inflation rate*	4.1	4.7	5.8	6.0	5.2	4.4	0.7	3.4	5.3	2.1
Core inflation rate* <sup>2</sup>	3.0	3.2	4.0	4.2	3.8	3.5	1.1	2.3	3.9	2.4

f: forecasts; \* Annual change; <sup>1</sup> Annualized basis; <sup>2</sup> Excluding food and energy.  
Sources: Datastream and Desjardins, Economic Studies

**TABLE 5**  
**Quebec: Major economic indicators**

ANNUAL AVERAGE IN % (EXCEPT IF INDICATED)	2019	2020	2021	2022f	2023f
<b>Real GDP (2012 \$)</b>	<b>2.8</b>	<b>-5.5</b>	<b>6.2</b>	<b>3.1</b>	<b>1.5</b>
Final consumption expenditure [of which:]	2.2	-4.1	5.6	4.2	2.8
<i>Household consumption expenditure</i>	1.6	-6.1	5.9	5.5	3.2
<i>Governments consumption expenditure</i>	3.5	0.5	5.1	1.4	2.2
Gross fixed capital formation [of which:]	2.2	-2.9	5.6	-1.0	-0.2
<i>Residential structures</i>	3.7	3.1	12.6	-8.2	-5.5
<i>Non-residential structures</i>	10.2	-8.0	-4.1	-1.7	1.0
<i>Machinery and equipment</i>	-1.0	-16.0	15.7	10.8	3.5
<i>Intellectual property products</i>	-1.4	-2.1	1.2	-1.2	1.5
<i>Governments gross fixed capital formation</i>	-2.3	-0.3	-0.4	6.0	4.1
Investment in inventories (2012 \$M)	4,066	-5,328	1,112	300	1,250
Exports	2.7	-7.9	5.3	3.7	3.3
Imports	0.5	-8.5	7.9	4.5	4.8
Final domestic demand	2.2	-3.8	5.6	3.1	2.2
<b>Other indicators</b>					
Nominal GDP	4.7	-2.4	13.1	8.9	2.7
Real disposable personal income	3.3	8.5	2.7	2.0	1.1
Weekly earnings	3.5	7.9	2.9	3.5	4.0
Employment	2.0	-4.8	4.1	3.6	1.6
Unemployment rate (%)	5.2	8.9	6.1	4.1	4.0
Personal saving rate (%)	7.0	19.2	17.4	13.3	11.2
Retail sales	0.9	-0.1	13.1	7.4	3.0
Housing starts <sup>1</sup> (thousands of units)	48.0	54.2	71.2	55.0	50.0
Total inflation rate	2.1	0.8	3.8	5.5	2.1

f: forecasts; <sup>1</sup> 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**

ANNUAL AVERAGE IN % (EXCEPT IF INDICATED)	2019	2020	2021	2022f	2023f
<b>Real GDP (2012 \$)</b>	<b>2.0</b>	<b>-5.1</b>	<b>4.3</b>	<b>3.9</b>	<b>1.8</b>
Final consumption expenditure [of which:]	1.5	-5.8	4.5	4.3	1.7
<i>Household consumption expenditure</i>	1.6	-7.8	4.1	5.4	2.6
<i>Governments consumption expenditure</i>	1.0	-0.2	5.5	1.1	-1.0
Gross fixed capital formation [of which:]	-0.7	1.3	10.8	-1.8	-1.1
<i>Residential structures</i>	0.3	6.8	16.0	-8.9	-6.6
<i>Non-residential structures</i>	1.4	-0.1	3.9	5.4	-0.8
<i>Machinery and equipment</i>	-0.5	-12.6	14.0	4.2	3.7
<i>Intellectual property products</i>	-2.4	1.0	7.2	0.3	4.0
<i>Governments gross fixed capital formation</i>	-3.9	3.1	5.7	4.7	3.6
Investment in inventories (2012 \$M)	8,789	-5,876	1,905	1,601	900
Exports	2.3	-7.3	0.8	2.4	3.2
Imports	0.6	-8.9	6.0	3.2	2.8
Final domestic demand	1.0	-4.3	5.8	2.8	1.1
<b>Other indicators</b>					
Nominal GDP	3.7	-2.8	12.0	8.0	3.6
Real disposable personal income	3.2	9.5	0.2	-1.5	3.6
Weekly earnings	2.7	7.4	3.5	3.2	3.6
Employment	2.8	-4.7	4.9	5.4	1.7
Unemployment rate (%)	5.6	9.6	8.0	5.3	5.4
Personal saving rate (%)	0.0	15.1	12.5	6.2	7.0
Retail sales	2.3	-3.9	9.2	7.2	4.2
Housing starts <sup>1</sup> (thousands of units)	69.0	81.3	101.2	85.0	76.5
Total inflation rate*	1.9	0.6	3.5	5.4	2.2

f: forecasts; \* Annual change; <sup>1</sup> Annualized basis.

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**

ANNUAL AVERAGE IN % (EXCEPT IF INDICATED)	2019	2020	2021	2022f	2023f
<b>Real GDP growth – Canada</b>	<b>1.9</b>	<b>-5.2</b>	<b>4.6</b>	<b>4.1</b>	<b>1.9</b>
Atlantic	2.7	-3.5	2.9	2.8	1.5
Quebec	2.8	-5.5	6.2	3.1	1.5
Ontario	2.0	-5.1	4.3	3.9	1.8
Manitoba	0.4	-4.6	3.0	3.6	1.7
Saskatchewan	-1.1	-4.9	3.1	4.7	2.2
Alberta	-0.1	-7.9	4.9	6.2	2.4
British Columbia	3.1	-3.4	4.4	3.9	2.0
<b>Total inflation rate – Canada</b>	<b>1.9</b>	<b>0.7</b>	<b>3.4</b>	<b>5.3</b>	<b>2.1</b>
Atlantic	1.4	0.2	4.0	5.6	1.8
Quebec	2.1	0.8	3.8	5.5	2.1
Ontario	1.9	0.6	3.5	5.4	2.2
Manitoba	2.3	0.5	3.2	5.6	2.1
Saskatchewan	1.7	0.6	2.6	4.9	1.9
Alberta	1.7	1.1	3.2	5.1	2.0
British Columbia	2.3	0.8	2.8	4.8	1.9
<b>Employment growth – Canada</b>	<b>2.2</b>	<b>-5.1</b>	<b>4.8</b>	<b>4.5</b>	<b>1.6</b>
Atlantic	0.0	-0.1	3.9	3.4	1.0
Quebec	2.0	-4.8	4.2	3.6	1.6
Ontario	2.8	-4.7	4.9	5.4	1.7
Manitoba	1.1	-3.7	3.5	3.4	1.0
Saskatchewan	1.7	-4.6	2.6	4.8	1.4
Alberta	0.6	-6.5	5.2	5.0	1.8
British Columbia	2.9	-6.5	6.6	4.2	1.4
<b>Unemployment rate – Canada</b>	<b>5.7</b>	<b>9.6</b>	<b>7.4</b>	<b>5.2</b>	<b>5.3</b>
Atlantic	8.7	10.8	9.6	7.6	7.6
Quebec	5.2	8.9	6.1	4.1	4.0
Ontario	5.6	9.6	8.0	5.3	5.4
Manitoba	5.4	8.0	6.4	4.6	5.1
Saskatchewan	5.6	8.4	6.5	4.4	4.9
Alberta	7.0	11.6	8.6	6.0	6.4
British Columbia	4.7	9.0	6.5	4.5	4.9
<b>Retail sales growth – Canada</b>	<b>1.2</b>	<b>-1.7</b>	<b>11.7</b>	<b>6.8</b>	<b>4.2</b>
Atlantic	1.9	-0.2	14.4	4.9	3.7
Quebec	0.9	-0.1	13.1	7.4	3.0
Ontario	2.3	-3.9	9.2	7.2	4.2
Manitoba	0.8	0.1	14.8	7.1	5.7
Saskatchewan	0.3	-1.3	11.8	7.8	5.9
Alberta	-0.8	-2.7	13.3	6.8	5.1
British Columbia	0.6	1.3	12.6	5.4	5.0
<b>Housing starts – Canada (thousands of units)</b>	<b>208.5</b>	<b>218.4</b>	<b>276.8</b>	<b>232.1</b>	<b>214.5</b>
Atlantic	9.7	10.4	12.4	9.5	9.0
Quebec	48.0	54.2	71.2	55.0	50.0
Ontario	69.0	81.3	101.2	85.0	76.5
Manitoba	6.9	7.3	8.0	8.0	7.7
Saskatchewan	2.4	3.1	4.3	3.5	3.4
Alberta	27.4	24.1	32.1	31.0	30.2
British Columbia	45.1	38.0	47.7	40.1	37.6

f: forecasts

Sources: Statistics Canada, Institut de la statistique du Québec, Ontario's Ministry of Finance, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies



**TABLE 8**  
**Medium-term major economic and financial indicators**

IN % (EXCEPT IF INDICATED)	ANNUAL AVERAGE							AVERAGES	
	2020	2021	2022f	2023f	2024f	2025f	2026f	2017–2021	2022–2026f
<b>United States</b>									
Real GDP (var. in %)	-3.4	5.7	3.0	2.0	1.8	1.5	1.7	1.9	2.0
Total inflation rate (var. in %)	1.2	4.7	6.8	2.6	2.2	2.1	2.0	2.5	3.1
Unemployment rate	8.1	5.4	3.6	3.6	3.7	3.7	3.6	5.1	3.6
S&P 500 index (var. in %) <sup>1</sup>	16.3	26.9	-3.5	2.2	5.0	3.0	3.0	17.0	1.9
Federal funds rate	0.54	0.25	1.40	3.20	2.65	2.50	2.50	1.21	2.45
Prime rate	3.54	3.25	4.40	6.20	5.65	5.50	5.50	4.21	5.45
Treasury bills – 3-month	0.37	0.05	1.40	3.10	2.60	2.50	2.50	1.09	2.42
Federal bonds – 10-year	0.89	1.43	2.70	3.05	2.70	2.65	2.65	1.94	2.75
– 30-year	1.56	2.05	2.80	3.10	2.90	2.85	2.85	2.44	2.90
WTI oil (US\$/barrel)	39	68	95	79	75	74	72	56	79
Gold (US\$/ounce)	1,771	1,800	1,890	1,735	1,655	1,610	1,600	1,499	1,698
<b>Canada</b>									
Real GDP (var. in %)	-5.2	4.6	4.1	1.9	1.6	1.7	1.7	1.4	2.2
Total inflation rate (var. in %)	0.7	3.4	5.3	2.1	1.8	2.0	2.0	2.0	2.7
Employment (var. in %)	-5.2	4.8	4.5	1.6	1.5	1.6	1.5	1.1	2.1
Employment (thousands)	-986	866	844	321	293	321	310	191	418
Unemployment rate	9.5	7.5	5.2	5.3	5.6	5.5	5.5	7.0	5.4
Housing starts (thousands of units)	217	271	232	215	210	215	220	226	218
S&P/TSX index (var. in %) <sup>1</sup>	2.2	21.7	6.0	3.3	5.0	3.0	3.0	7.5	4.1
Exchange rate (US\$/C\$)	0.75	0.80	0.80	0.77	0.77	0.77	0.77	0.77	0.77
Overnight funds	0.56	0.25	1.30	2.25	2.00	2.00	2.00	0.93	1.91
Prime rate	2.75	2.45	3.50	4.45	4.20	4.20	4.20	3.13	4.11
Mortgage rate – 1-year	3.25	2.80	3.60	4.35	4.15	4.10	4.10	3.26	4.06
– 5-year	4.95	4.79	5.65	6.10	5.65	5.65	5.65	5.01	5.74
Treasury bills – 3-month	0.44	0.11	1.35	2.20	2.00	2.00	1.95	0.85	1.90
Federal bonds – 2-year	0.51	0.48	2.35	2.55	2.00	1.95	1.95	1.13	2.16
– 5-year	0.60	0.95	2.50	2.65	2.15	2.10	2.10	1.32	2.30
– 10-year	0.75	1.36	2.60	2.70	2.25	2.20	2.20	1.55	2.39
– 30-year	1.21	1.85	2.60	2.75	2.40	2.35	2.35	1.90	2.49
<u>Yield spreads (Canada—United States)</u>									
Treasury bills – 3-month	0.07	0.06	-0.05	-0.90	-0.60	-0.50	-0.55	-0.24	-0.52
Federal bonds – 10-year	-0.14	-0.07	-0.10	-0.35	-0.45	-0.45	-0.45	-0.39	-0.36
– 30-year	-0.35	-0.20	-0.20	-0.35	-0.50	-0.50	-0.50	-0.54	-0.41
<b>Quebec</b>									
Real GDP (var. in %)	-5.5	6.2	3.1	1.5	1.3	1.4	1.6	1.9	1.8
Total inflation rate (var. in %)	0.8	3.8	5.5	2.1	1.9	2.0	2.0	1.9	2.7
Employment (var. in %)	-4.8	4.1	3.6	1.6	1.0	1.0	1.1	1.1	1.7
Employment (thousands)	-209	169	154	72	45	45	50	24	73
Unemployment rate	8.9	6.1	4.1	4.0	4.0	3.8	3.6	6.3	3.9
Retail sales (var. in %)	-0.1	13.1	7.4	3.0	3.5	3.0	3.0	4.6	4.0
Housing starts (thousands of units)	54	71	55	50	44	41	42	53	46
<b>Ontario</b>									
Real GDP (var. in %)	-5.1	4.3	3.9	1.8	1.4	1.6	1.7	1.5	2.1
Total inflation rate (var. in %)	0.6	3.5	5.4	2.2	1.9	2.0	2.1	2.0	2.7
Employment (var. in %)	-4.7	4.9	5.4	1.7	1.4	1.1	1.2	1.3	2.2
Employment (thousands)	-349	343	396	131	111	88	97	89	165
Unemployment rate	9.6	8.0	5.3	5.4	5.7	5.6	5.6	7.0	5.5
Retail sales (var. in %)	-3.9	9.2	7.2	4.2	3.5	3.7	4.0	4.0	4.5
Housing starts (thousands of units)	81	101	85	77	72	75	78	81	77

f: forecasts; WTI : West Texas Intermediate; <sup>1</sup> Variations are based on observation of the end of period.

Sources: Datastream, Statistics Canada, Institut de la statistique du Québec, Ontario's Ministry of Finance, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies