

Canadian Economic Outlook: What now, what next?

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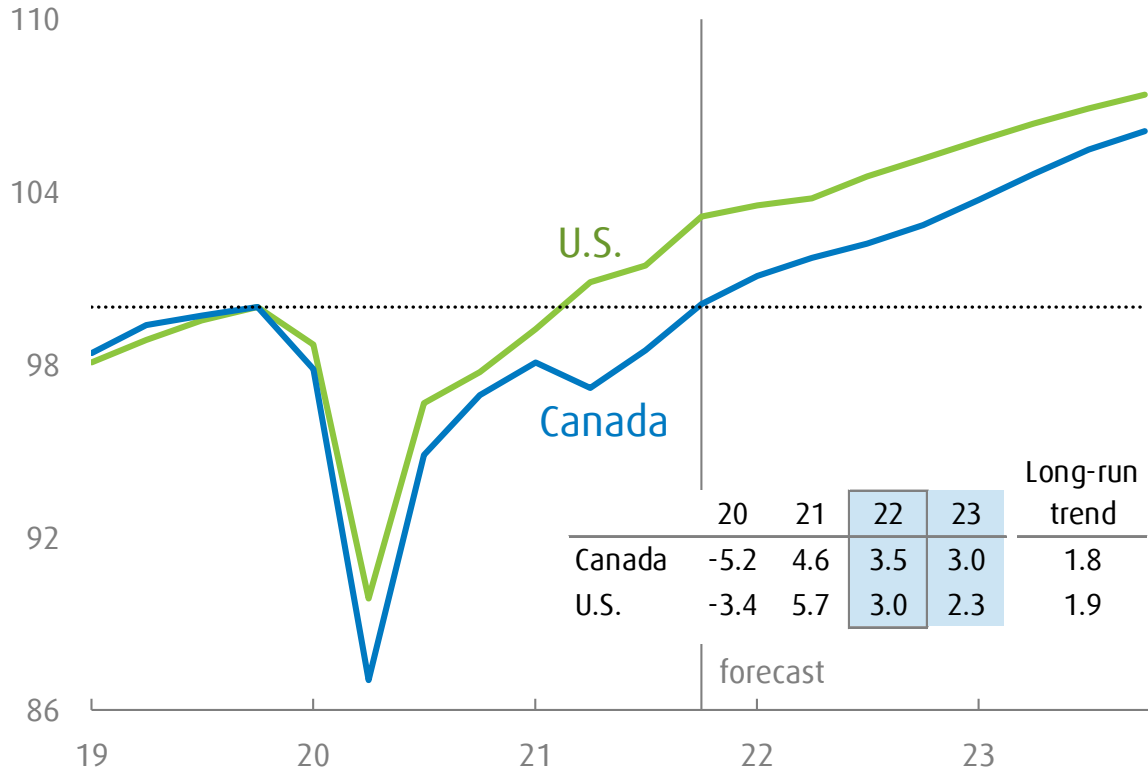
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North America on the mend

(2019Q4 = 100)

Real GDP



Recession:

Just two months long, but deepest on record

Recovery:

Solid so far, but conflict clouds outlook

2022:

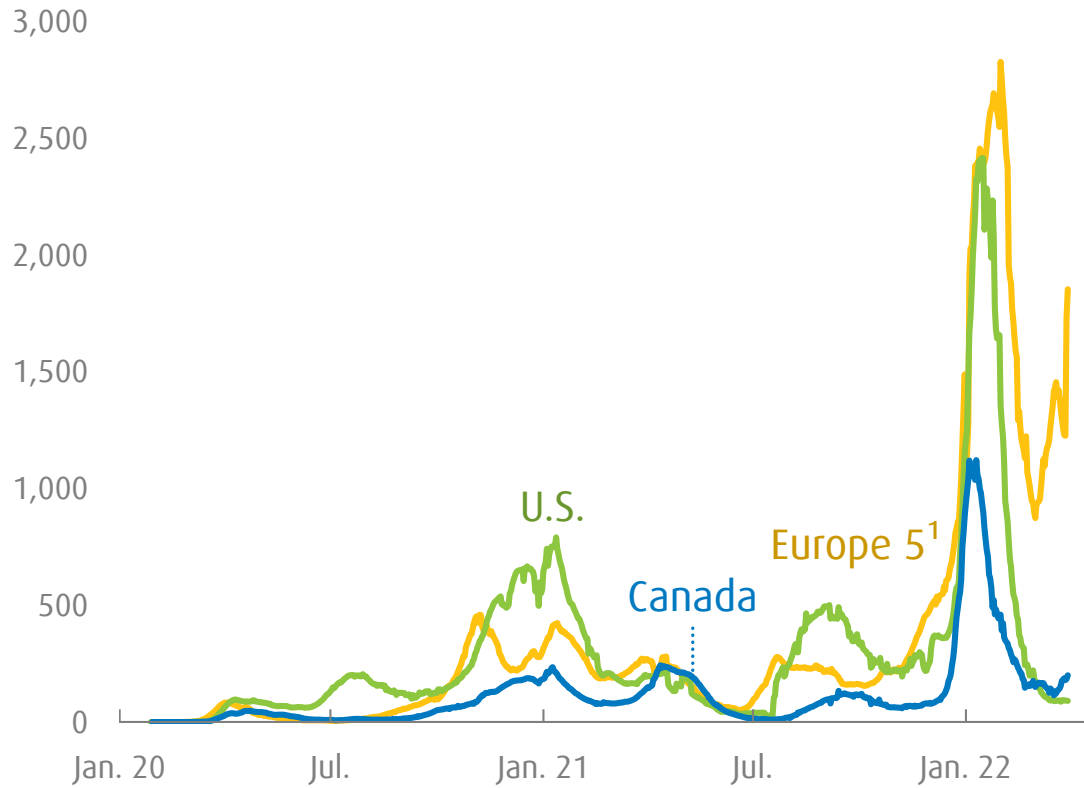
Canada and U.S. shaved 0.5 pts

Canadian GDP: Up 1.2% from pre-pandemic peak in February

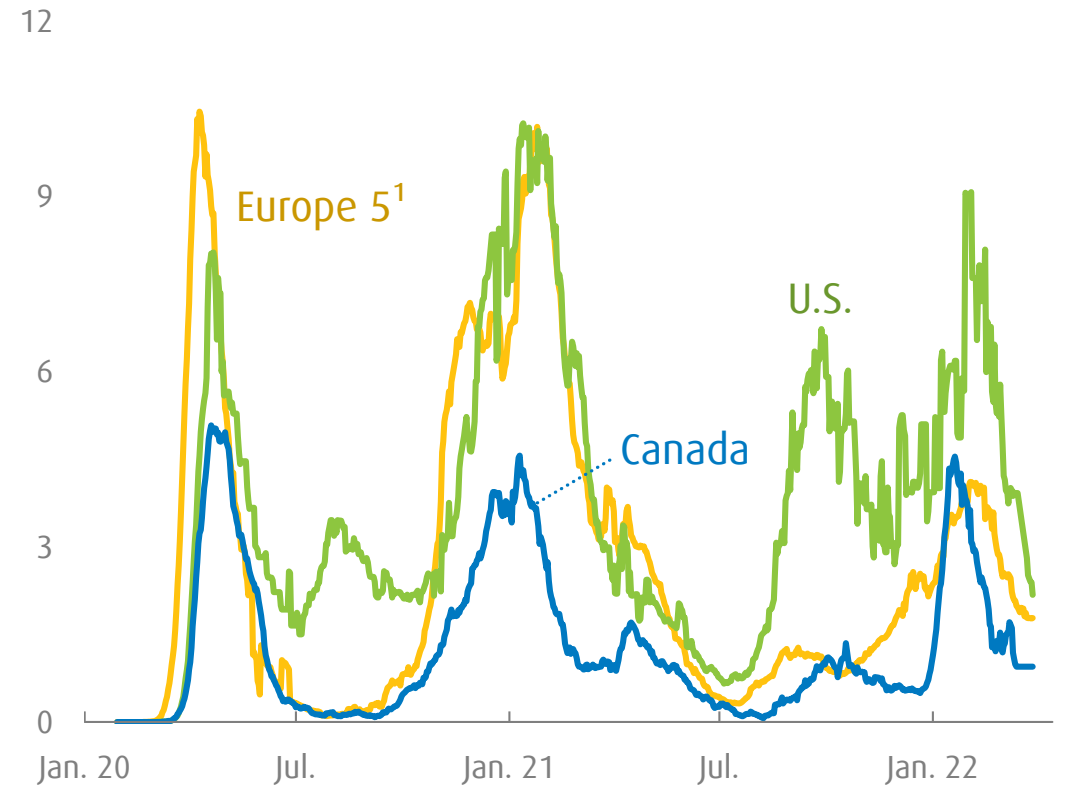
Omicron wave over... what next?

COVID-19 (per mln : 7-day m.a. : as of March 30, 2022)

Infection rate (new cases)



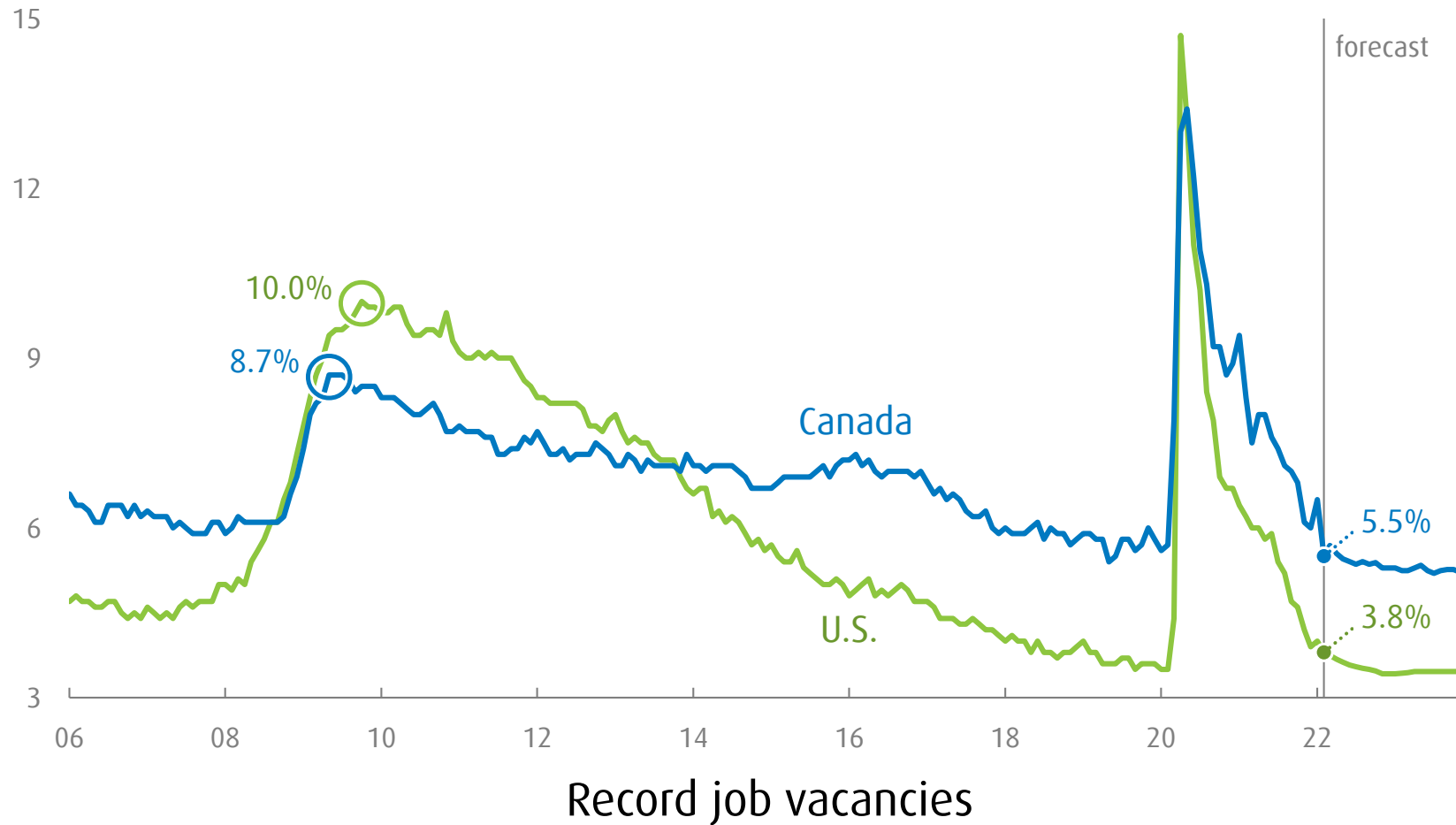
Mortality rate (new deaths)



¹ France, Germany, Italy, Spain, U.K.

Jobless rates: Back to normal

Unemployment rate (percent)

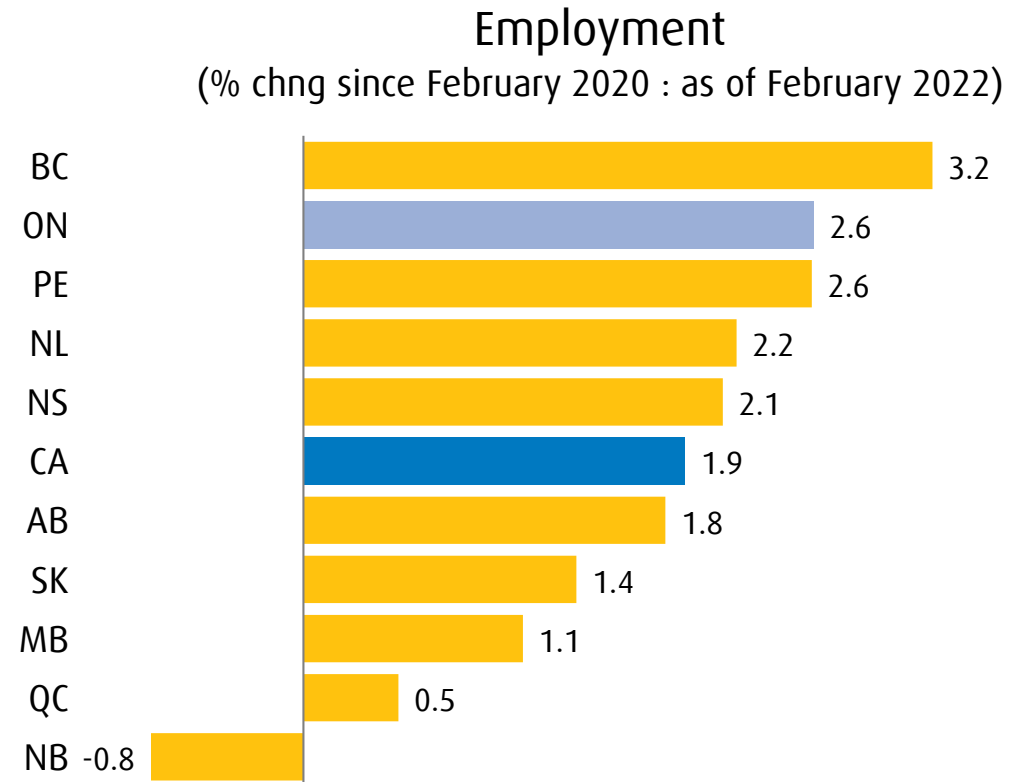
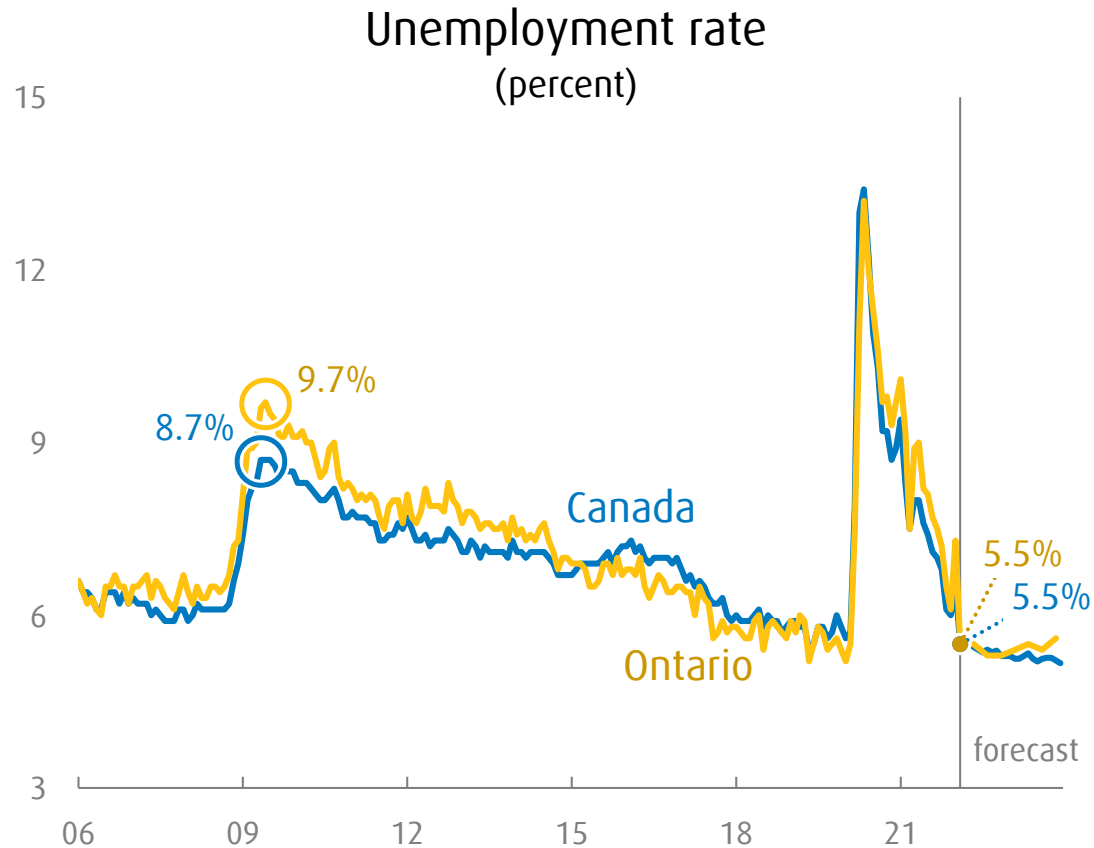


	Current	Pre-COVID ¹
Greece	12.8	15.8
Spain	12.6	13.7
Italy	8.5	9.6
France	7.4	7.8
Sweden	7.3	7.9
Portugal	5.8	6.5
Canada	5.5	5.7
Ireland	5.2	4.8
U.K.	4.4	3.1
Australia	4.0	5.1
U.S.	3.8	3.5
Germany	3.1	3.5
Japan	2.7	2.4
Ontario	5.5	5.5

¹ February 2020

Solid job growth in Ontario

Canada



Labour shortages across industries

Russia invades Ukraine



Apart from the human tragedy,
a stagflation shock to the global economy:

Higher oil and other commodity prices

Further disrupted supply chains

Sanctions on Russia

Bottom line: Inflation ↑, Growth ↓

Russia: Major producer of metals and energy

Global production rankings

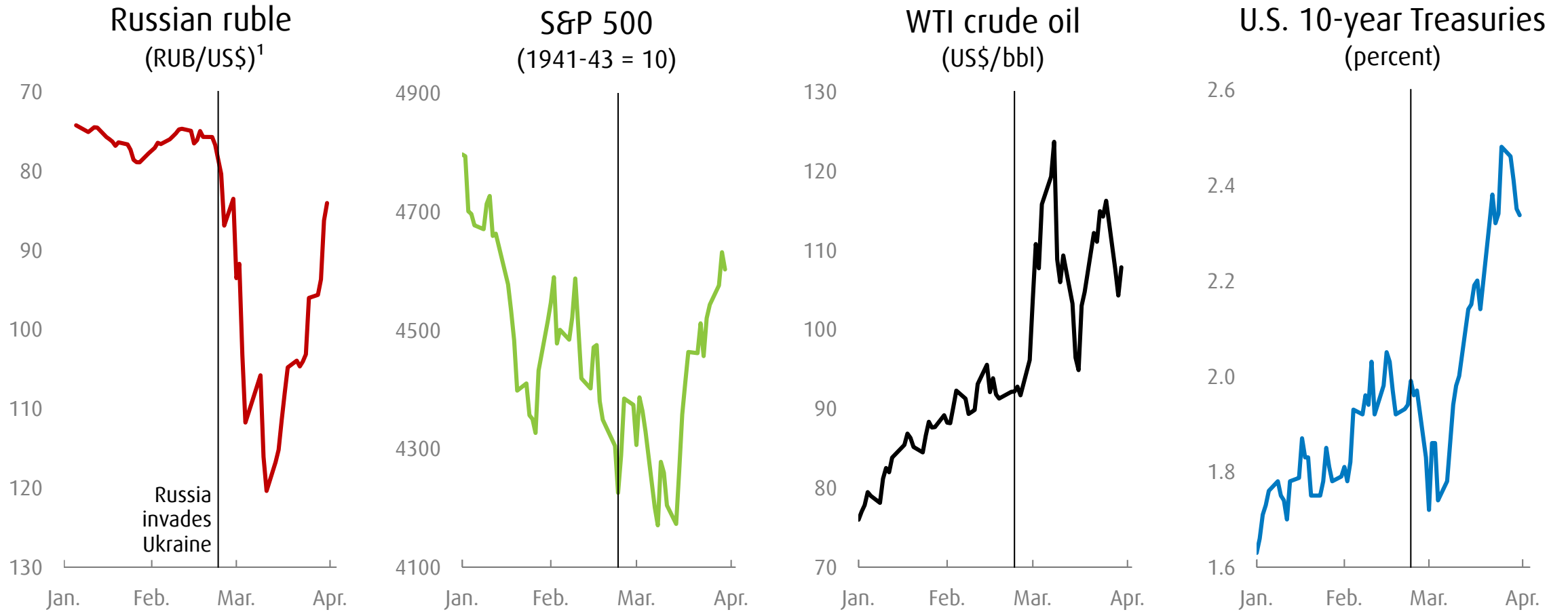


Base metals		Precious metals		Energy	
Aluminum	3	Gold	3	Crude oil	2
Cobalt	2	Palladium	2	Natural gas	2
Copper	8	Platinum	2		
Iron ore	5	Silver	6		
Lead	6				
Nickel	3				
Steel	5				
Zinc	8				

Russia #3 thermal coal exporter, #4 for metallurgical coal
 Russia #7 uranium producer, Ukraine #9
 Ukraine #6 iron ore producer

Financial market reaction SWIFT

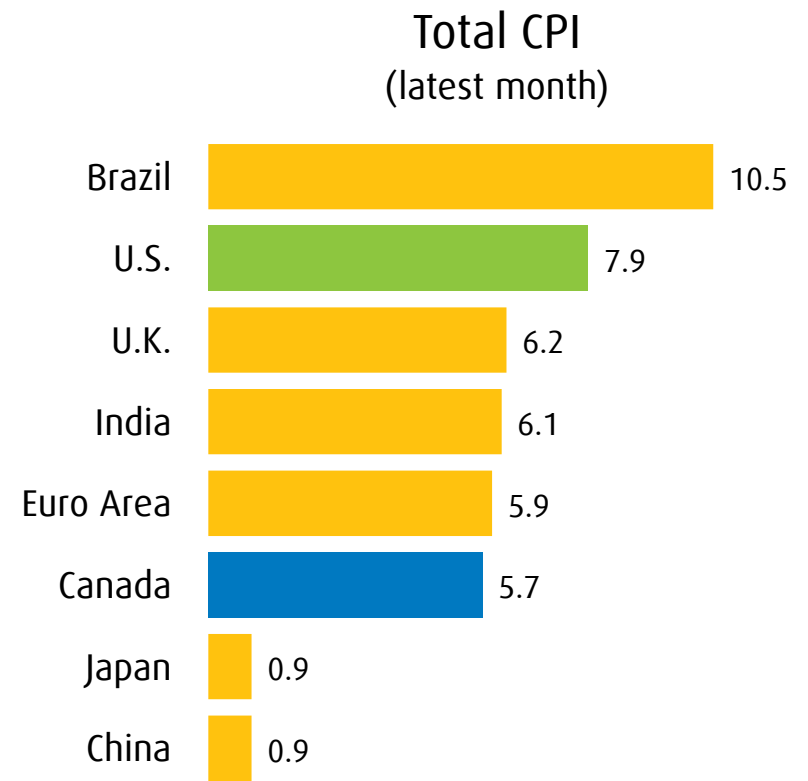
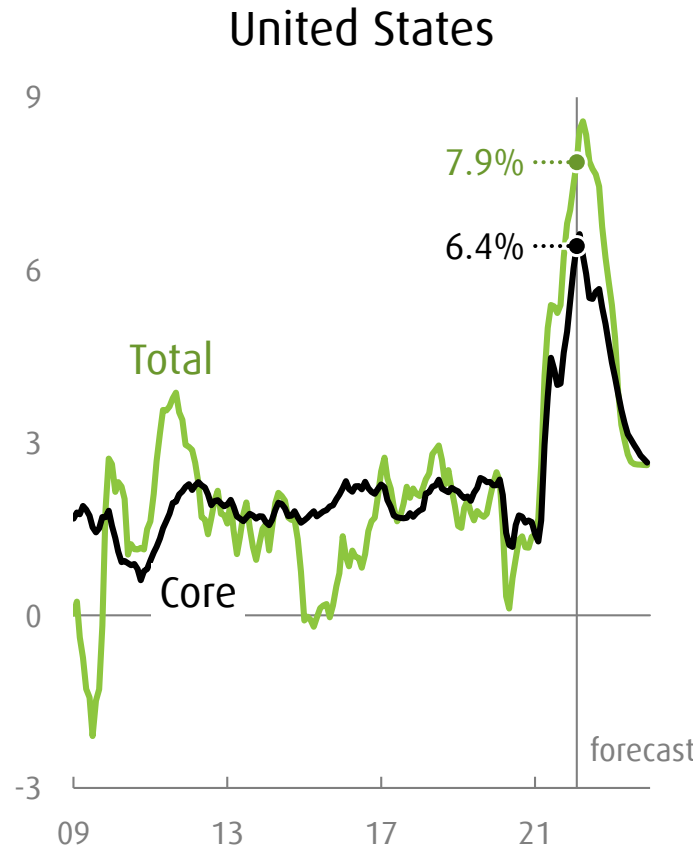
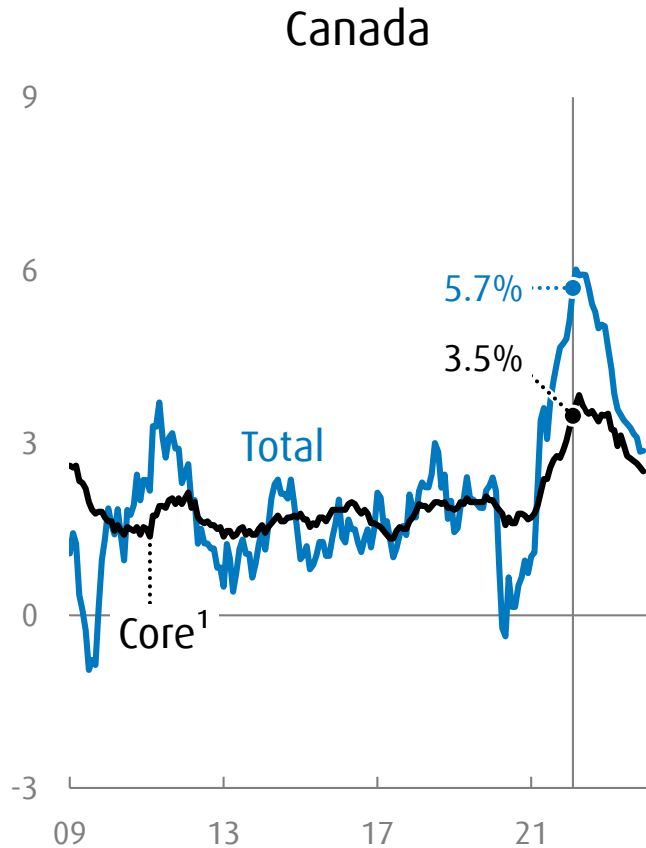
2022 (as of March 31, 2022)



¹ Inverted scale

Inflation jumps... for how long?

Consumer price index (y/y % chng)

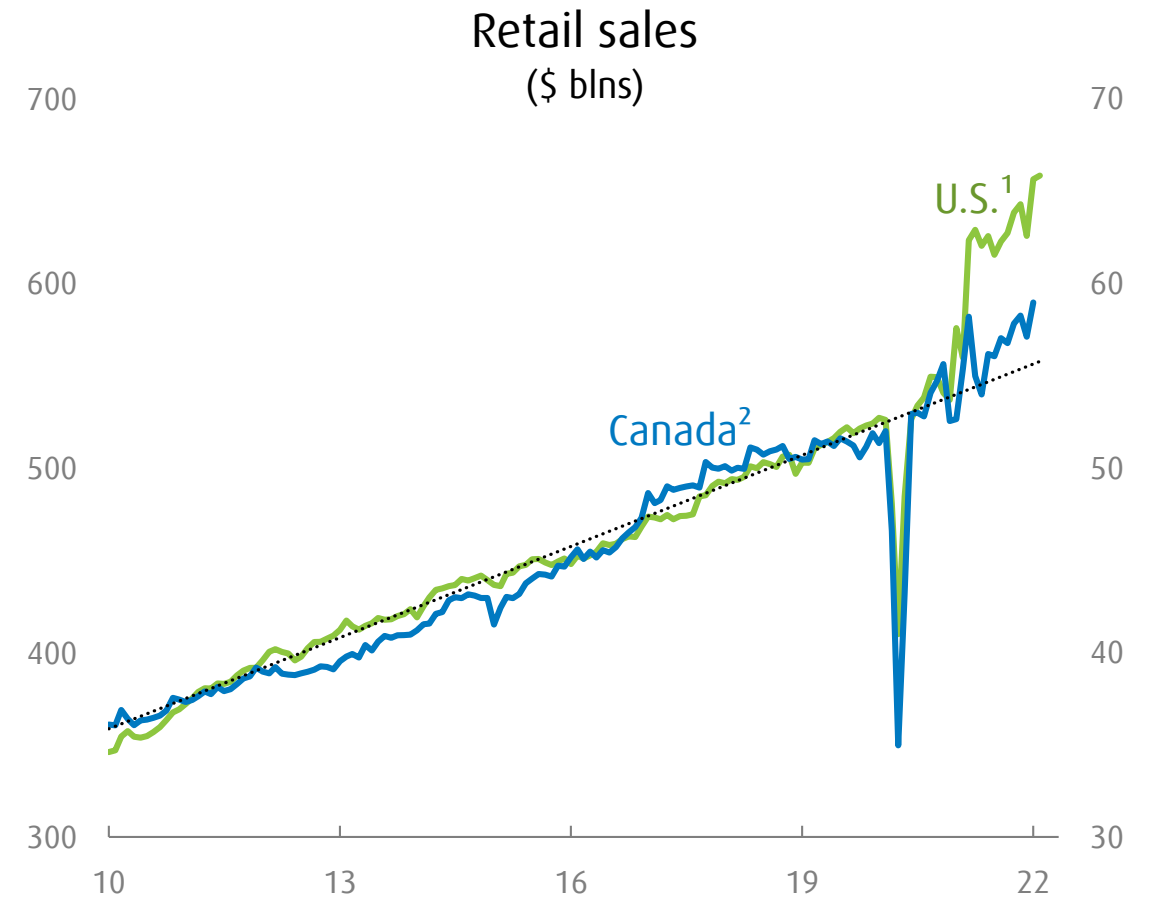
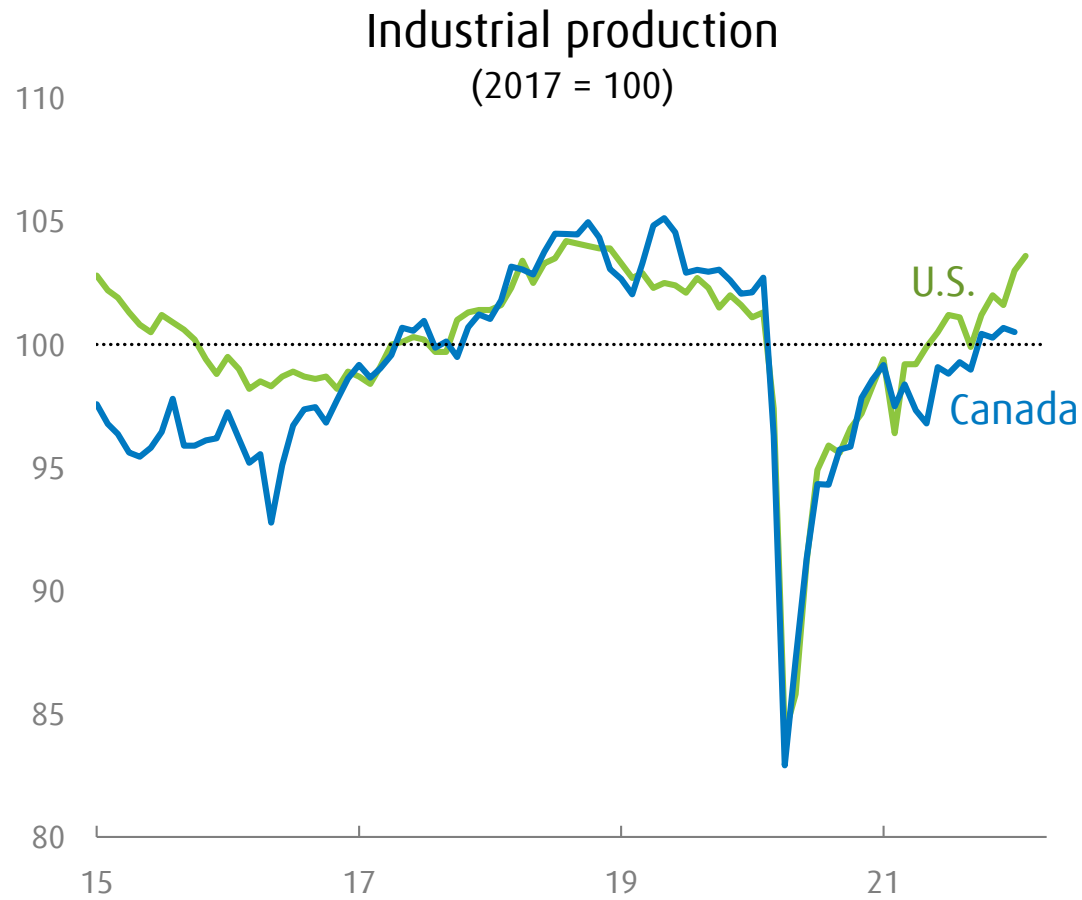


Canada calmer: Currency, cars, COVID

Ontario: 6.1%

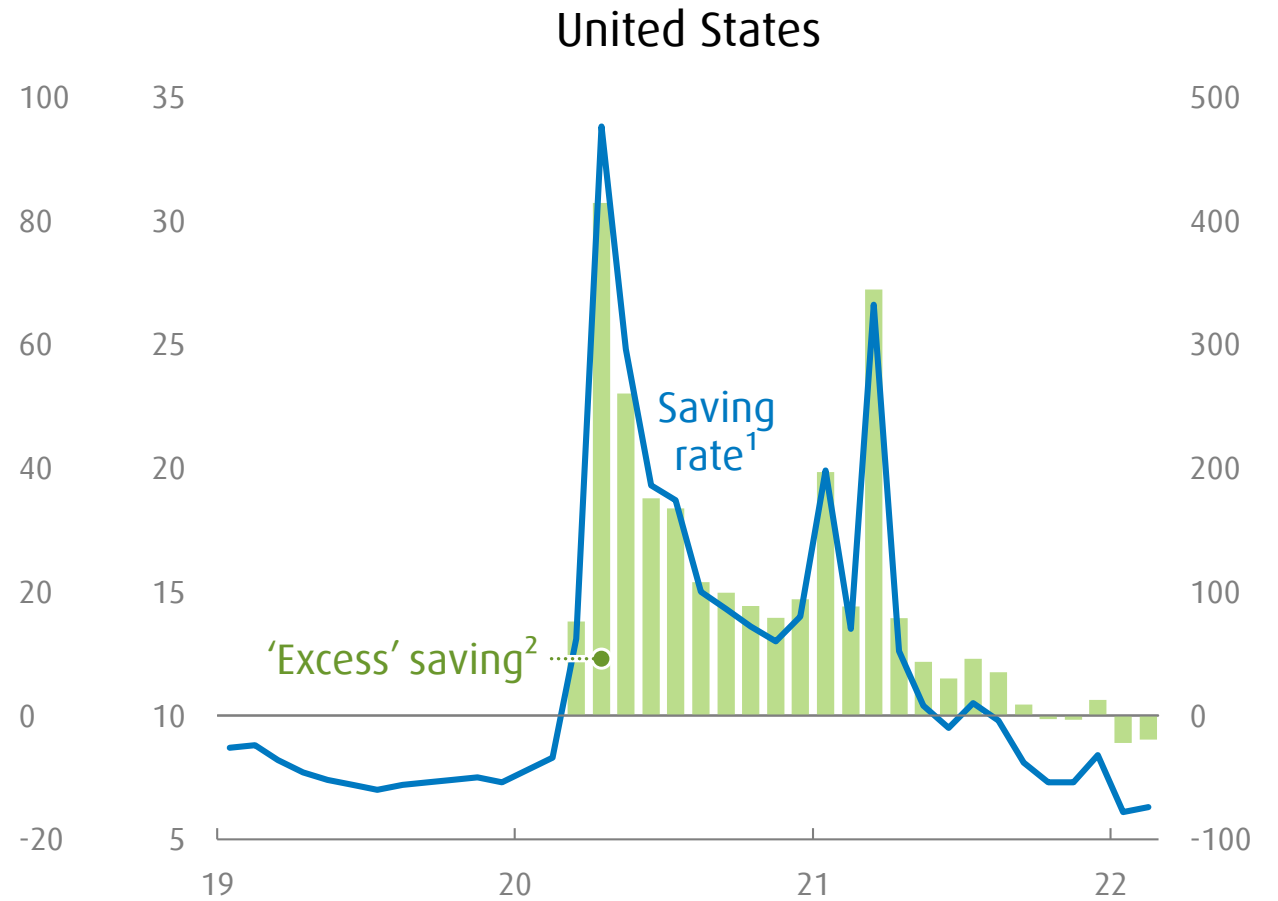
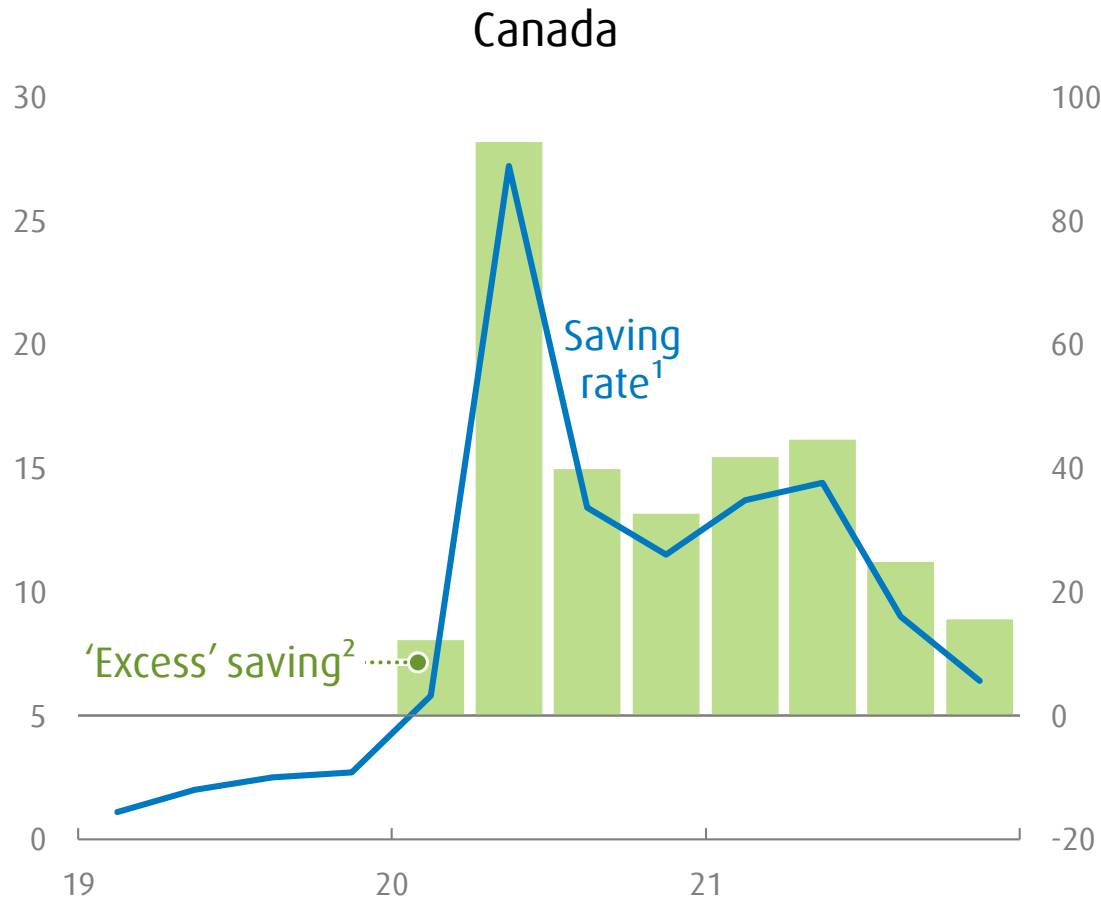
¹ Average of three core inflation measures

Pressure is more than a supply story



¹ (lhs : retail sales & food services) • ² (rhs)

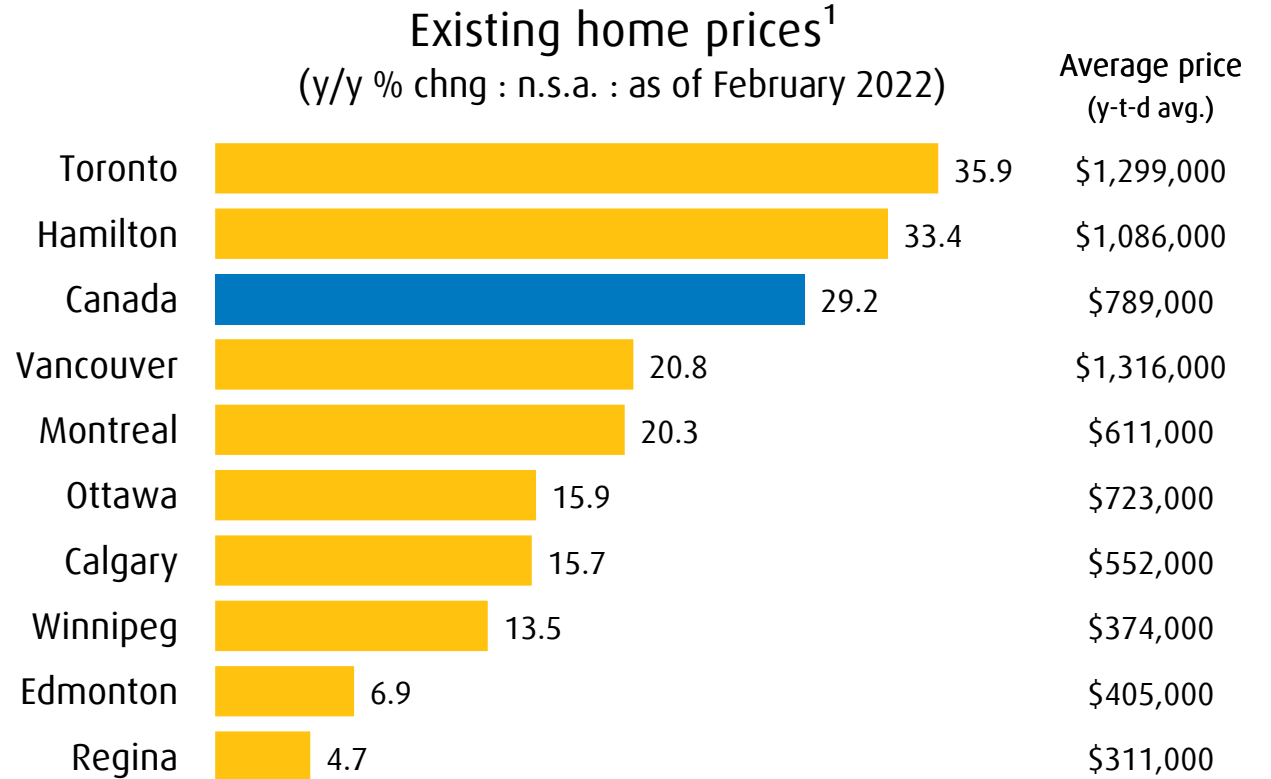
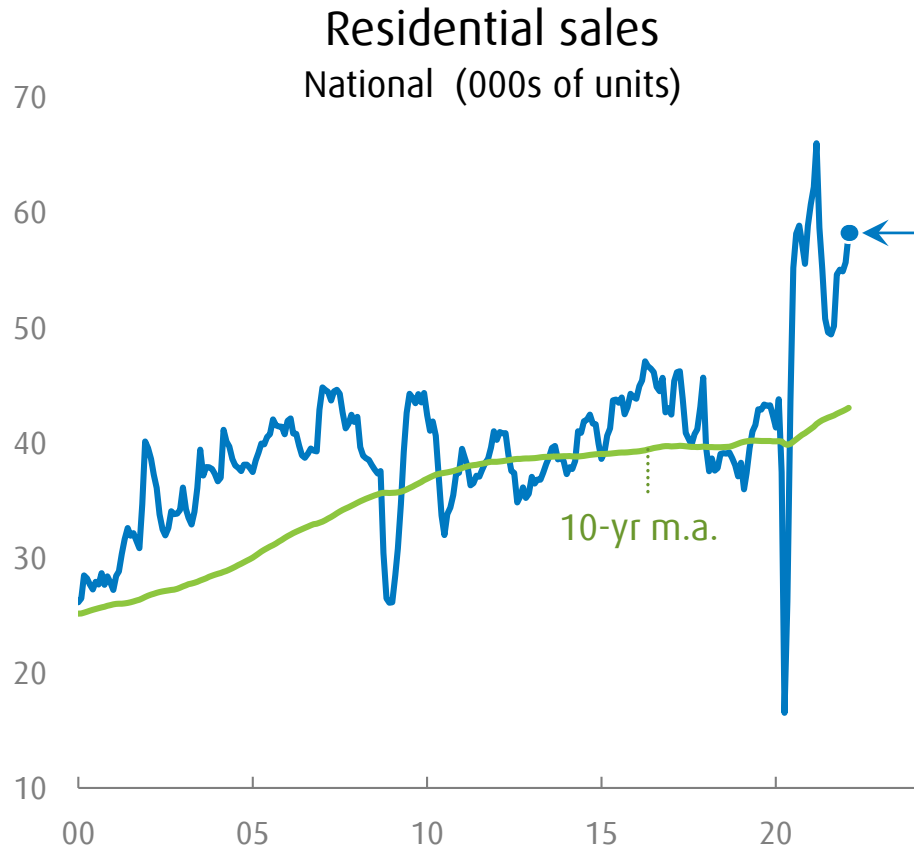
Income support + inability to spend = savings surge



¹ (lhs : %) • ² (rhs : \$ blns, local currency, not annualized)

Housing: Still running hot

Canada – Homes



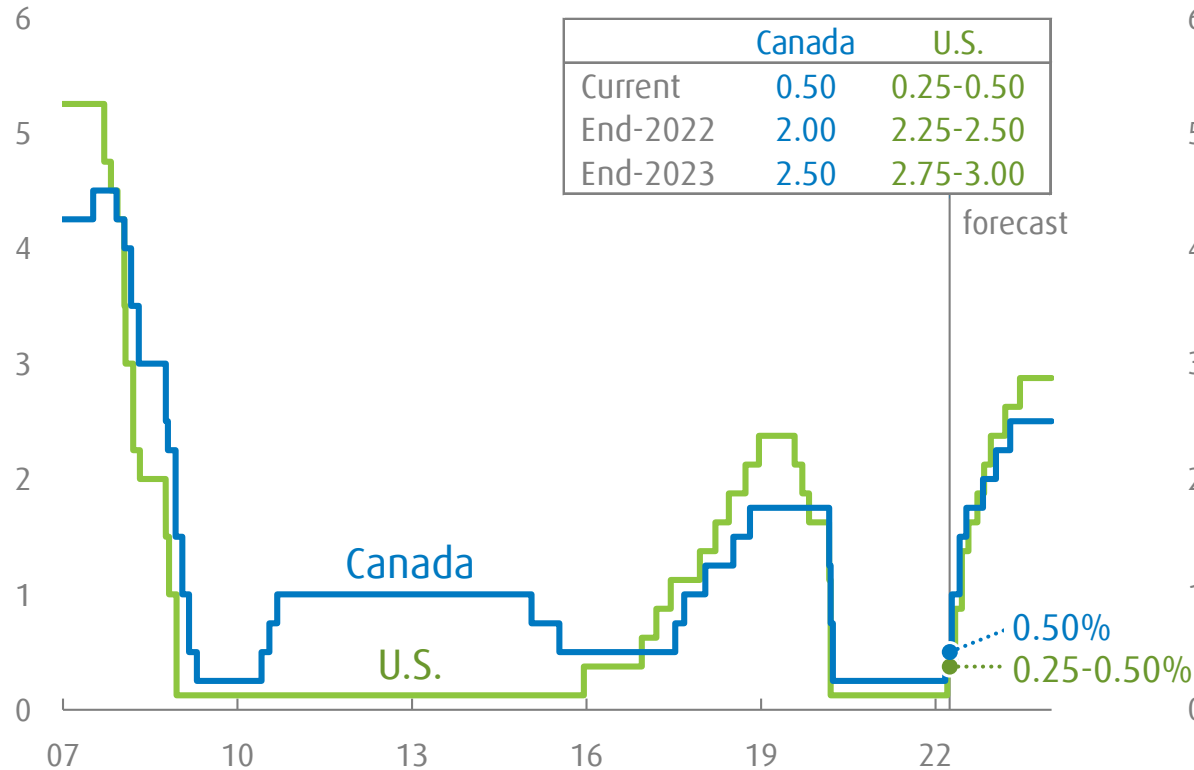
Prices surge in smaller cities, cottage country

¹ HPI composite benchmark

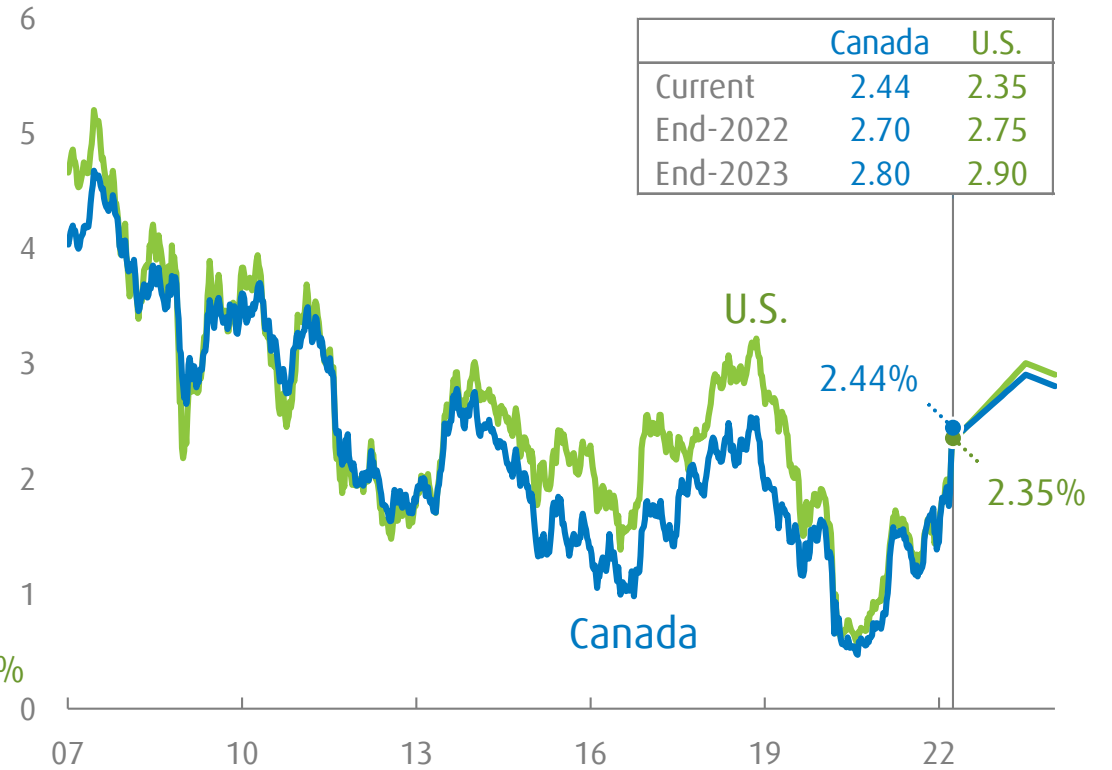
Rising rates: We've only just begun

(% : as of March 30, 2022)

Overnight rate



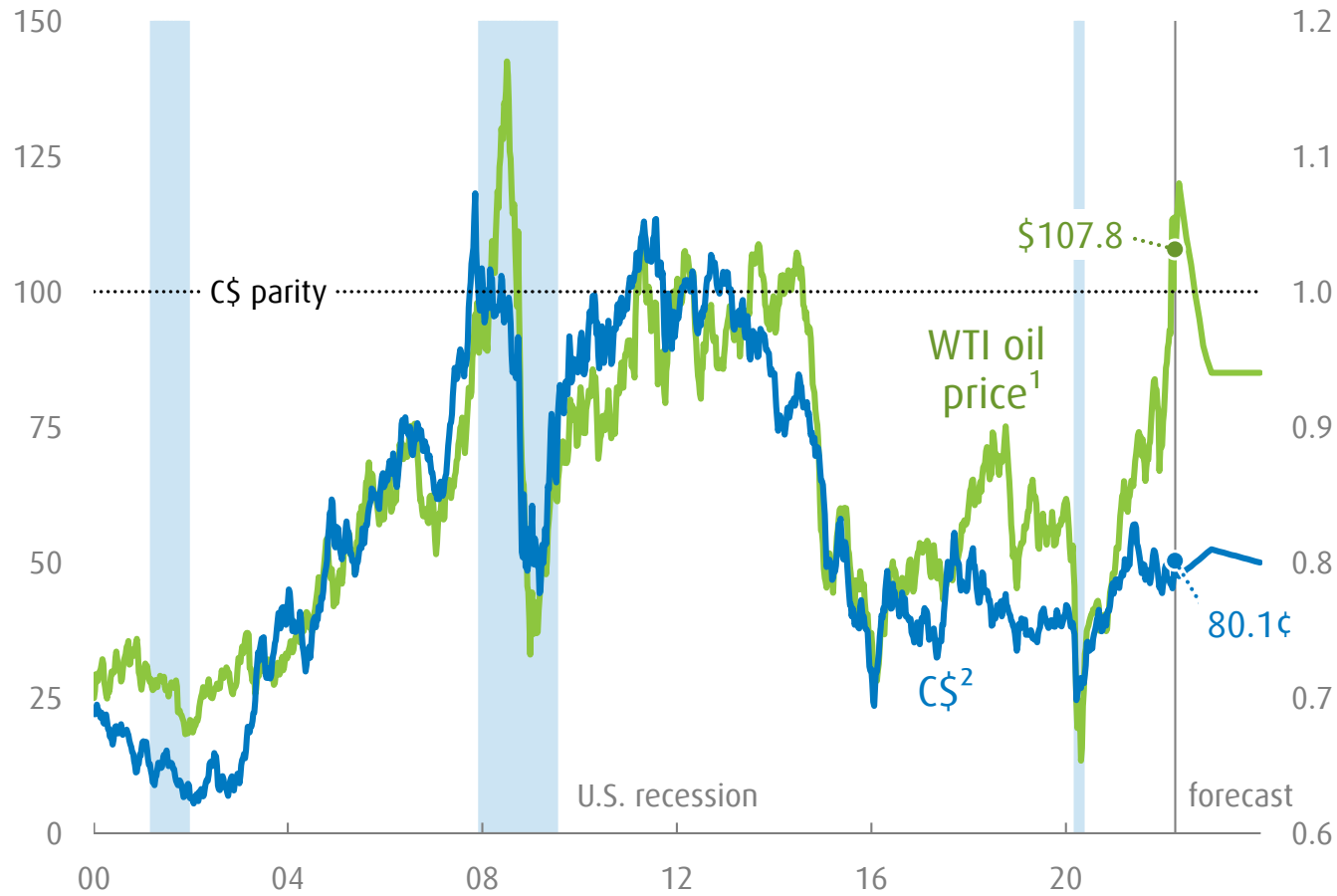
10-year bonds



Quantitative tightening (QT) by the summer

Canadian dollar and oil: Drift apart

(as of March 30, 2022)



¹ (lhs : US\$/bbl) • ² (rhs : US\$/C\$)

- BoC to match the Fed
- Current account close to balance
- Commodities supportive
- U.S. dollar to weaken in second half

Key risks



Geopolitics – Russia, China, etc.

Central banks behind the curve

Lingering impact of the pandemic

Elevated debt levels

Extreme climate events

Q and A

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