

# Canadian Economic Outlook

BMO Capital Markets Economics

August 27, 2010

	2009				2010				2011				2008	2009	2010	2011
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<b>PRODUCTION</b>																
	<b>(quarter/quarter % change : a.r.)</b>															
Real GDP (chain-weighted)	-7.0	-2.8	0.9	4.9	6.1	2.4	1.8	2.3	2.5	2.7	3.0	2.8	0.5	-2.5	3.2	2.5
Final Sales	-3.5	-4.7	0.6	5.3	3.5	0.6	2.0	2.3	2.7	2.6	2.5	2.5	0.7	-1.6	2.1	2.4
Final Domestic Demand	-7.6	-0.2	5.3	5.0	4.7	4.9	2.1	2.6	2.8	2.4	2.3	2.5	2.8	-1.8	4.1	2.7
Consumer Spending	-1.1	2.2	3.8	3.9	4.4	2.8	2.3	2.9	3.1	3.7	3.2	3.0	2.9	0.4	3.4	3.0
durables	-9.9	5.5	13.9	13.1	7.4	0.0	3.0	2.5	4.0	6.0	1.0	2.0	5.4	-1.5	6.8	3.2
nondurables	2.8	0.3	1.8	-0.4	2.7	2.6	1.0	3.0	3.0	3.2	3.5	3.0	1.5	0.7	1.6	2.8
services	0.0	2.8	3.0	4.2	2.8	3.2	2.6	2.9	3.0	3.3	3.5	3.3	2.8	1.1	3.2	3.1
Government Spending	4.4	4.1	10.0	9.1	2.2	4.1	3.3	3.2	1.7	-1.6	-1.9	-0.7	4.1	5.1	5.1	1.1
Business Investment	-41.6	-22.0	1.1	-9.8	0.9	18.5	5.4	3.6	5.6	5.6	7.1	7.1	3.4	-19.9	0.9	6.2
non-residential construction	-41.9	-27.4	-13.0	-11.4	-5.4	2.0	1.5	2.0	3.0	3.0	5.0	6.0	7.7	-19.5	-6.6	3.0
machinery and equipment	-41.3	-15.9	17.6	-8.1	7.5	35.0	9.0	5.0	8.0	8.0	9.0	8.0	-0.9	-20.3	8.6	9.1
Residential Construction	-21.5	5.9	9.1	26.3	23.6	6.0	-9.0	-3.0	0.0	2.0	4.0	3.0	-3.7	-8.2	11.4	-0.3
Exports	-31.5	-15.9	9.5	13.8	12.0	2.7	3.8	5.5	5.7	6.7	6.7	5.7	-4.6	-14.2	6.8	5.6
Imports	-38.7	-1.9	27.3	12.4	14.1	16.9	4.0	6.4	5.8	5.8	5.8	5.8	1.2	-13.9	12.9	6.3
	<b>(billions of chained 2002 dollars : a.r.)</b>															
Inventory Change	-6.9	-1.8	-1.6	-1.2	8.2	11.6	11.0	11.1	10.4	10.8	12.3	13.5	9.0	-2.9	10.5	11.7
Contribution to GDP Growth	-3.6	1.9	0.3	-0.3	2.5	1.7	-0.2	0.0	-0.2	0.1	0.4	0.3	-0.2	-0.9	1.0	0.1
Net Exports	-59.6	-75.2	-95.8	-97.2	-102.6	-121.4	-122.8	-125.7	-127.6	-128.5	-129.3	-131.3	-93.6	-81.9	-118.1	-129.2
Contribution to GDP Growth	4.0	-4.3	-4.6	0.1	-0.7	-4.3	-0.1	-0.3	-0.1	0.2	0.2	-0.1	-2.0	0.2	-2.0	-0.3
	<b>(billions of dollars : a.r.)</b>															
Nominal GDP	1 515	1 508	1 525	1 561	1 600	1 621	1 639	1 659	1 679	1 696	1 714	1 732	1 600	1 527	1 630	1 705
(% chng : a.r.)	-12.8	-1.9	4.6	9.9	10.4	5.1	4.8	4.9	4.8	4.2	4.3	4.2	4.6	-4.5	6.7	4.6
<b>INFLATION</b>																
	<b>(quarter/quarter % change : a.r.)</b>															
GDP Price Index	-6.2	1.0	3.8	4.4	4.4	2.5	2.9	2.6	2.3	1.4	1.3	1.4	4.0	-2.1	3.5	2.1
CPI All Items	-1.0	0.1	0.6	3.7	2.3	-0.9	2.5	2.3	2.4	1.1	1.5	1.4	2.4	0.3	1.7	1.8
Excl. Food & Energy	0.8	1.2	0.6	1.1	1.9	0.6	2.3	1.9	2.5	1.1	1.4	1.2	1.2	1.1	1.3	1.7
Food Prices	4.8	2.2	0.1	0.5	2.2	0.4	3.5	2.6	1.6	0.9	1.4	1.5	3.5	4.9	1.5	1.8
Energy Prices	-24.7	-12.9	1.5	37.3	6.0	-15.1	2.4	6.0	3.5	1.5	2.8	3.7	9.8	-13.5	4.3	2.1
Services	0.2	3.6	1.8	0.7	1.0	3.1	5.1	2.0	2.2	2.1	2.0	2.4	3.4	2.1	2.1	2.5
	<b>(year/year % change)</b>															
CPI All Items	1.2	0.1	-0.9	0.8	1.6	1.5	1.9	1.6	1.6	2.1	1.8	1.6	1.7	1.8	1.7	1.7
BoC Core	1.9	1.9	1.6	1.6	1.9	1.8	1.6	1.5	1.5	1.5	1.8	1.9	1.7	1.8	1.7	1.7
<b>FINANCIAL</b>																
	<b>(average for the quarter : %)</b>															
Overnight Rate	0.83	0.25	0.25	0.25	0.25	0.33	0.83	1.00	1.00	1.00	1.08	1.58	2.96	0.40	0.60	1.17
3-Month T-Bill	0.64	0.25	0.22	0.21	0.19	0.41	0.71	0.92	0.93	0.94	1.03	1.54	2.33	0.33	0.56	1.11
90-Day BAs	0.82	0.35	0.31	0.32	0.35	0.66	0.95	1.12	1.13	1.14	1.23	1.74	3.18	0.45	0.77	1.31
10 Year Bond Yield	2.89	3.20	3.42	3.41	3.47	3.47	2.98	2.77	2.88	3.06	3.25	3.44	3.61	3.23	3.17	3.16
<b>Canada/US spread: (bps)</b>																
90 day	43	8	6	15	8	26	55	76	77	78	87	99	94	18	41	85
10 year	15	-11	-10	-5	-25	-2	25	30	25	18	10	2	-6	-3	7	14
<b>FOREIGN TRADE</b>																
	<b>(billions of dollars : a.r.)</b>															
Current Account Balance	-28.4	-49.8	-55.1	-40.8	-31.3	-44.4	-44.3	-44.0	-43.7	-44.9	-45.3	-46.2	6.9	-43.5	-41.0	-45.0
Merchandise Balance	1.6	-8.1	-13.6	1.7	6.8	-6.4	-5.8	-5.6	-5.2	-4.7	-4.3	-4.3	46.2	-4.6	-2.7	-4.6
Non-Merchandise Balance	-30.0	-41.7	-41.5	-42.6	-38.1	-38.0	-38.5	-38.4	-38.5	-40.2	-41.0	-41.8	-39.3	-39.0	-38.3	-40.4
	<b>(average for the quarter)</b>															
Exchange Rate (US\$/C\$)	80.3	85.6	91.1	94.7	96.0	97.3	96.1	94.8	94.5	95.9	97.6	99.4	94.3	88.0	96.1	96.8
Exchange Rate (C\$/US\$)	1.245	1.168	1.097	1.056	1.041	1.028	1.041	1.055	1.058	1.043	1.024	1.006	1.067	1.141	1.041	1.033
Exchange Rate (¥/C\$)	75.2	83.5	85.3	85.1	87.1	89.7	82.7	82.7	85.0	89.2	93.7	98.4	97.8	82.3	85.5	91.6
Exchange Rate (C\$/Euro)	1.62	1.59	1.57	1.56	1.44	1.31	1.34	1.37	1.41	1.40	1.37	1.32	1.56	1.58	1.36	1.37
<b>INCOMES</b>																
	<b>(billions of dollars : a.r.)</b>															
Corporate Profits Before Tax	147.8	134.0	146.9	158.9	172.6	171.9	173.1	176.1	185.0	188.4	189.0	193.8	217.0	146.9	173.4	189.0
Corporate Profits After Tax	102.7	96.4	110.3	108.6	116.5	115.1	115.9	118.4	127.2	130.6	131.3	136.0	162.7	104.5	116.4	131.3
	<b>(year/year % change)</b>															
Corporate Profits Before Tax	-29.8	-43.0	-39.2	-12.1	16.8	28.3	17.8	10.9	7.2	9.6	9.2	10.0	8.0	-32.3	18.0	9.0
Personal Income	0.5	0.0	0.0	0.7	2.1	3.2	4.3	4.3	4.6	4.7	4.4	4.4	4.3	0.3	3.5	4.5
Real Disposable Income	0.5	1.2	2.5	0.7	1.0	1.4	1.9	2.5	2.7	2.5	2.4	2.5	3.7	1.2	1.7	2.5
	<b>(average for the quarter : %)</b>															
Savings Rate	5.2	5.1	4.4	3.5	2.8	3.0	3.1	3.0	2.7	2.5	2.4	2.3	3.6	4.6	3.0	2.5
<b>OTHER INDICATORS</b>																
	<b>(quarter average or period end : a.r.)</b>															
Unemployment Rate (%)	7.8	8.4	8.5	8.4	8.2	8.0	8.0	7.9	7.8	7.7	7.6	7.5	6.1	8.3	8.0	7.7
Housing Starts (thousands)	132	128	156	180	198	199	181	163	169	179	182	185	212	149	185	179
Motor Vehicle Sales (millions)	1.41	1.45	1.53	1.55	1.59	1.54	1.58	1.59	1.61	1.63	1.64	1.67	1.67	1.48	1.57	1.64
	<b>(quarter/quarter % change : a.r.)</b>															
Employment Growth	-5.9	-1.1	-0.1	1.3	1.6	4.2	1.8	1.2	0.9	0.9	1.0	1.1	1.5	-1.6	1.7	1.3
Industrial Production	-17.6	-15.2	-4.9	9.4	11.4	10.2	6.5	3.7	3.9	4.2	3.2	2.2	-4.2	-10.0	5.7	4.4

Note: Outlined areas represent forecast periods

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