

Canadian Economic Outlook

BMO Capital Markets Economics

February 3, 2012

	2011				2012				2013				2010	2011	2012	2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
PRODUCTION																
	(quarter/quarter % change : a.r.)															
Real GDP (chain-weighted)	3.5	-0.5	3.5	1.4	1.7	2.2	2.4	2.7	2.9	2.3	2.4	2.1	3.2	2.3	2.0	2.5
Final Sales	0.8	-3.0	6.4	1.4	1.9	2.1	2.3	2.7	2.5	2.5	2.5	2.2	2.6	2.1	2.2	2.5
Final Domestic Demand	1.5	3.1	0.9	2.0	1.8	2.0	2.2	2.6	2.3	2.3	2.1	2.0	4.5	2.9	2.0	2.3
Consumer Spending	-0.1	2.1	1.2	1.9	1.2	1.6	2.1	2.4	2.4	2.3	2.2	2.2	3.3	1.9	1.7	2.2
durables	-6.5	2.1	-1.5	2.3	1.0	1.5	2.0	2.5	2.4	1.8	1.7	2.0	4.4	0.3	1.3	2.1
nondurables	-0.8	0.2	1.8	2.4	1.0	1.3	1.6	2.2	2.0	2.0	2.0	2.0	1.8	0.9	1.5	1.9
services	1.6	3.3	1.1	1.6	1.4	1.7	2.3	2.4	2.5	2.5	2.4	2.4	3.5	2.7	1.7	2.4
Government Spending	-0.9	0.9	0.0	0.0	0.4	0.4	0.4	1.0	-0.0	0.4	0.6	0.4	4.7	1.3	0.3	0.4
Business Investment	12.3	14.6	-3.6	4.0	6.5	7.0	6.2	5.5	5.5	5.5	4.5	3.5	7.3	11.8	5.2	5.4
non-residential construction	10.3	-0.9	4.4	5.0	6.0	6.0	5.5	5.0	5.0	5.0	4.0	3.0	2.8	9.7	5.1	4.9
machinery and equipment	14.5	32.7	-11.0	3.0	7.0	8.0	7.0	6.0	6.0	6.0	5.0	4.0	11.8	14.1	5.3	6.0
Residential Construction	6.7	1.6	10.9	7.0	4.0	3.0	3.0	5.0	4.0	3.0	2.0	3.0	10.2	2.9	5.0	3.5
Exports	6.2	-6.4	14.4	-0.5	3.8	4.0	4.3	4.3	4.7	4.7	5.1	4.3	6.4	4.1	3.7	4.6
Imports	8.4	13.6	-3.2	1.5	3.6	3.6	4.0	4.0	3.8	3.8	3.8	3.5	13.1	6.4	3.0	3.8
	(billions of chained 2002 dollars : a.r.)															
Inventory Change	9.9	20.8	10.3	8.6	7.9	8.3	8.9	9.1	10.5	9.9	9.5	9.0	8.9	12.4	8.5	9.7
Contribution to GDP Growth	2.4	2.7	-2.6	-0.0	-0.2	0.1	0.2	0.0	0.4	-0.2	-0.1	-0.2	0.6	0.2	-0.2	0.1
Net Exports	-131.9	-158.8	-138.2	-141.2	-142.1	-142.9	-144.0	-145.1	-145.4	-145.7	-145.4	-145.7	-124.4	-142.5	-143.5	-145.6
Contribution to GDP Growth	-0.7	-6.0	5.3	-0.6	0.0	0.1	0.1	0.1	0.3	0.3	0.4	0.2	-1.9	-0.8	0.2	0.2
	(billions of dollars : a.r.)															
Nominal GDP	1,693	1,702	1,721	1,736	1,750	1,768	1,786	1,808	1,830	1,851	1,870	1,888	1,625	1,713	1,778	1,860
(% chng : a.r.)	7.7	2.1	4.6	3.6	3.2	4.1	4.3	4.9	5.1	4.6	4.2	4.0	6.3	5.4	3.8	4.6
INFLATION																
	(quarter/quarter % change : a.r.)															
GDP Price Index	3.9	2.6	1.3	2.0	1.5	1.9	1.9	2.1	2.1	2.2	1.8	1.8	2.9	3.0	1.8	2.0
CPI All Items	3.6	3.1	1.1	2.9	2.2	2.2	1.8	2.2	1.7	2.3	2.3	2.0	1.8	2.9	2.3	2.1
Excl. Food & Energy	1.7	1.3	1.2	1.8	2.0	2.4	1.8	2.4	1.7	2.4	2.4	2.0	1.3	1.6	1.9	2.1
Food Prices	5.5	5.8	4.6	2.5	2.4	1.2	1.2	1.2	1.7	1.9	1.9	1.9	1.4	3.8	2.5	1.6
Energy Prices	15.4	11.9	-5.4	12.8	4.3	2.6	2.4	2.4	2.4	2.4	2.4	2.4	6.6	12.3	4.3	2.4
Services	1.3	3.7	3.0	1.1	1.2	2.1	2.0	2.4	2.4	2.4	2.4	2.4	2.0	2.5	1.9	2.4
	(year/year % change)															
CPI All Items	2.6	3.4	3.0	2.7	2.3	2.2	2.4	2.1	2.0	2.0	2.1	2.1	1.7	1.7	1.9	2.0
BoC Core	1.3	1.6	1.9	2.0	2.0	1.9	1.8	1.8	1.9	1.9	2.0	2.0	1.7	1.7	1.9	2.0
FINANCIAL																
	(average for the quarter : %)															
Overnight Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	0.60	1.00	1.00	1.06
3-Month T-Bill	0.95	0.95	0.88	0.86	0.84	0.85	0.85	0.85	0.85	0.85	0.93	1.21	0.56	0.91	0.85	0.96
90-Day BAs	1.26	1.26	1.22	1.20	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.46	0.83	1.23	1.21	1.28
10 Year Bond Yield	3.31	3.16	2.53	2.13	1.96	1.91	2.03	2.23	2.43	2.62	2.80	2.99	3.24	2.78	2.03	2.71
Canada/US spread: (bps)																
90 day	82	90	86	84	81	82	82	82	82	82	90	117	42	86	82	93
10 year	-15	-5	10	9	3	9	8	6	3	1	-2	-4	2	0	7	0
FOREIGN TRADE																
	(billions of dollars : a.r.)															
Current Account Balance	-41.3	-64.5	-48.5	-49.8	-52.1	-50.5	-50.5	-48.8	-48.4	-47.6	-46.5	-45.5	-50.9	-51.0	-50.5	-47.0
(% of GDP)	-2.4	-3.8	-2.8	-2.9	-3.0	-2.9	-2.8	-2.7	-2.6	-2.6	-2.5	-2.4	-3.1	-3.0	-2.8	-2.5
Merchandise Balance	5.6	-14.1	2.9	0.5	-2.0	-1.4	-0.8	0.8	1.8	2.8	4.6	5.6	-9.0	-1.2	-0.9	3.7
Non-Merchandise Balance	-47.0	-50.5	-51.4	-50.3	-50.1	-49.1	-49.7	-49.5	-50.3	-50.5	-51.1	-51.2	-41.9	-49.8	-49.6	-50.7
	(average for the quarter)															
Exchange Rate (US\$/C\$)	101.4	103.4	102.1	97.8	98.0	95.2	96.8	99.2	100.4	101.1	101.7	102.3	97.1	101.2	97.3	101.4
Exchange Rate (C\$/US\$)	0.986	0.967	0.979	1.023	1.020	1.050	1.033	1.008	0.996	0.990	0.983	0.977	1.030	0.989	1.028	0.986
Exchange Rate (¥/C\$)	83.4	84.3	79.3	75.6	75.5	73.3	75.5	78.8	81.3	83.4	86.8	90.9	85.2	80.7	75.8	85.6
Exchange Rate (C\$/Euro)	1.35	1.39	1.38	1.38	1.31	1.31	1.33	1.34	1.35	1.36	1.36	1.36	1.37	1.38	1.32	1.36
INCOMES																
	(billions of dollars : a.r.)															
Corporate Profits Before Tax	202.9	198.8	207.2	207.7	209.1	211.3	212.1	215.0	217.8	220.5	222.4	224.7	180.7	204.1	211.9	221.4
Corporate Profits After Tax	155.7	150.1	157.1	157.6	159.0	161.1	162.0	164.9	167.7	170.4	172.3	174.6	124.2	155.1	161.7	171.2
	(year/year % change)															
Corporate Profits Before Tax	13.0	15.1	17.0	7.2	3.1	6.3	2.3	3.5	4.2	4.4	4.9	4.5	21.2	13.0	3.8	4.5
Personal Income	4.7	4.1	3.7	2.9	3.2	3.2	3.9	4.2	4.5	4.4	4.3	4.1	4.2	3.9	3.6	4.3
Real Disposable Income	3.0	-0.6	1.1	0.6	0.9	1.3	2.2	2.2	2.4	2.0	1.9	1.8	3.6	1.0	1.7	2.0
	(average for the quarter : %)															
Savings Rate	4.3	4.1	3.5	3.8	3.7	3.9	4.0	4.1	4.0	3.6	3.6	3.6	4.8	3.9	3.9	3.7
OTHER INDICATORS																
	(quarter average)															
Unemployment Rate (%)	7.7	7.5	7.2	7.4	7.6	7.5	7.5	7.4	7.3	7.2	7.1	7.1	8.0	7.5	7.5	7.2
Housing Starts (000s, a.r.)	177	192	205	199	186	181	181	182	188	188	188	188	191	193	182	188
Existing Home Sales (y/y % ch)	-7.5	-1.3	13.0	6.9	3.5	5.8	2.7	-1.0	-2.0	-0.9	0.3	0.6	-3.9	2.2	2.7	-0.5
Home Prices (y/y % ch, CREA)	7.5	9.0	8.5	4.1	-1.1	-1.6	-0.8	-0.7	-0.2	0.0	0.9	1.2	6.9	7.2	-1.0	0.5
Motor Vehicle Sales (mlns, a.r.)	1.61	1.62	1.61	1.64	1.59	1.59	1.59	1.60	1.59	1.60	1.59	1.60	1.58	1.62	1.59	1.59
	(quarter/quarter % change : a.r.)															
Employment Growth	2.2	1.6	1.2	-0.3	0.5	0.9	1.1	1.1	1.2	1.3	1.3	1.2	1.4	1.5	0.7	1.2
Industrial Production	7.2	-4.2	7.5	0.8	-0.1	2.7	2.2	2.2	3.2	4.1	3.1	2.6	4.9	3.5	1.7	3.0
Federal Budget Balance (% of FY GDP)													-2.1	-1.8	-1.6	-0.9

Note: Outlined areas represent forecast periods

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