

# ECONOMIC & FINANCIAL OUTLOOK

## The Global Economy Is Starting to Recover, but Is Still Fragile

### HIGHLIGHTS

- ▶ GDP results for the second quarter clearly showed the extent of the economic problems caused by the COVID-19 pandemic. Real GDP dropped 12.1% (-40.3% annualized) in the eurozone, 20.4% in the United Kingdom (-59.8% annualized) and 7.8% in Japan (-27.8% annualized). However, the improvement in the main economic indicators since May suggests that a rebound is underway, buoyed by the easing of the main lockdown measures. Ahead in the cycle, China saw its real GDP rebound 11.5% in the second quarter (+54.6% annualized).
- ▶ Overall, however, growth is expected to moderate after the initial rebounds. Global real GDP should decline 4.4% in 2020, then rise 5.3% in 2021. Expectations for an effective vaccine available in sufficient quantity are muted. Many steps must be taken prior to widespread accessibility, which will delay the full recovery of most economies.
- ▶ In the United States, the main economic indicators are showing signs of significant rebound. However, the uncertainty associated with the rise in COVID-19 cases at the beginning of the summer and the political debate surrounding continued increased assistance for the unemployed cast doubt on the strength of the recovery. After falling 9.5% in the second quarter (-32.9% annualized), real GDP is expected to jump 5.7% (+25.0% annualized) in the third quarter. Real GDP should drop 4.6% for 2020 as a whole and gain 3.6% next year.
- ▶ In Canada, the decline in real GDP in the second quarter will be approximately 12% (-40% annualized). However, the most recent indicators show that the recovery is well underway in the country. Real GDP by industry rose 4.5% in May, and Statistics Canada's preliminary results show an increase of around 5% for June. Indeed, the third quarter should see a significant rebound in real GDP. The expansion of the Canadian economy will be more subdued thereafter, as a number of challenges will persist.
- ▶ After being hit hard by the lockdown measures, Quebec's economy continues to recover. Real GDP plummeted 9.6% in March and then 14.8% in April. The rebound is promising to be slow, as real GDP rose around 7% in May, according to preliminary figures. The sharp drop in Quebec's real GDP in the spring has led to a downward revision of the forecast for 2020 (-7.1%), followed by a more marked rebound in 2021 (+6.5%). The fairly widespread lockdown introduced earlier than elsewhere in Canada is behind these major differences. The labour market bounced back sharply owing to the gradual reopening of the economy, but a loss in momentum is expected this fall. Approximately 70% of the 820,000 jobs lost in March and April have already been recouped, with the unemployment rate falling to 9.5% in July.
- ▶ In other provinces, the recovery is also well underway, and the rapid rise in oil prices is good news for fossil fuel-producing provinces. In Ontario, the negative effects of the lockdown will be considerable in the second quarter due especially to the temporary shutdown of the auto industry. Moreover, the easing of lockdown measures has been slower and more gradual in Ontario, which will lead to a slightly more moderate rebound than in other provinces.

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François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist  
 Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist • Hendrix Vachon, Senior Economist  
 Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com) • [desjardins.com/economics](https://desjardins.com/economics)

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### RISKS INHERENT TO OUR SCENARIOS

The evolving COVID-19 pandemic remains the main uncertainty surrounding the economic and financial outlooks. The risk is still focused on the possibility of a second wave, which would require public health measures to be reinstated, further hobbling economic growth. The adverse effects on corporate earnings and the stock markets would be more severe as a result, and the risk of a financial crisis would increase. There are other uncertainties as to what will happen after the pandemic. Once the main restrictions are lifted, activity may not catch up as hoped. Some sectors could be affected by the current setbacks in consumption, production and trade for a long time to come. The long-term consequences of the budgetary and fiscal measures could also disrupt outlooks beyond this year. In Canada, it could prove harder than anticipated to get back to normal after the COVID-19 pandemic. The imminent end to the Canada Emergency Response Benefit (CERB) and the Canada Emergency Student Benefit (CESB) could adversely impact the income of many households. This, in turn, could lead to household spending slowing down even more than expected. In addition, the cut in key interest rates to the effective lower bound could potentially heighten concerns over high household debt if rates remain low for too long. Similarly, the robust stimulus plans announced by governments could cast doubt on public finances and put upward pressure on bond yields, especially if the economic crisis persists. If the economic recovery is slower than forecast in some provinces, households and businesses could face more financial difficulties with bigger consequences.

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

IN %	WEIGHT*	REAL GDP GROWTH			INFLATION RATE		
		2019	2020f	2021f	2019	2020f	2021f
<b>Advanced economies</b>	<b>37.8</b>	<b>1.6</b>	<b>-6.4</b>	<b>3.7</b>	<b>1.4</b>	<b>0.6</b>	<b>1.3</b>
United States	15.1	2.2	-4.6	3.6	1.8	1.1	1.8
Canada	1.3	1.7	-6.1	5.0	1.9	0.7	2.1
<i>Quebec</i>	0.3	2.6	-7.1	6.5	2.1	0.8	2.0
<i>Ontario</i>	0.5	1.7	-6.1	4.9	1.9	0.6	2.0
Japan	4.0	0.7	-4.8	3.5	0.5	-0.2	0.1
United Kingdom	2.2	1.5	-11.9	4.0	1.8	0.8	1.3
Euro zone	11.6	1.3	-8.1	4.5	1.2	0.4	1.0
<i>Germany</i>	3.3	0.6	-6.0	3.6	1.4	0.6	1.5
<i>France</i>	2.2	1.5	-11.3	4.8	1.1	0.5	1.1
<i>Italy</i>	1.8	0.3	-10.2	4.3	0.6	-0.1	0.5
Other countries	3.9	1.0	-2.9	1.9	0.9	0.3	0.8
<i>Australia</i>	0.9	1.8	-3.8	3.4	1.6	0.7	1.5
<b>Emerging and developing economies</b>	<b>62.2</b>	<b>3.5</b>	<b>-3.3</b>	<b>6.2</b>	<b>3.8</b>	<b>3.0</b>	<b>3.1</b>
North Asia	27.6	5.3	-0.4	7.7	3.2	3.0	2.6
<i>China</i>	18.6	6.1	1.1	8.0	2.9	2.7	1.9
<i>India</i>	7.7	4.2	-4.0	7.8	3.7	3.7	4.3
South Asia	5.4	4.2	-3.4	5.7	1.9	0.9	2.1
Latin America	5.9	0.9	-7.8	4.7	3.5	2.3	3.1
<i>Mexico</i>	1.8	-0.3	-8.0	4.1	3.6	3.2	3.4
<i>Brazil</i>	2.5	1.1	-8.0	4.3	3.8	1.8	3.2
Eastern Europe	7.5	2.0	-5.1	4.4	6.6	5.4	5.1
<i>Russia</i>	3.0	1.3	-5.4	3.6	4.5	3.8	3.6
Other countries	15.9	1.6	-6.6	5.1	6.8	4.6	5.6
<i>South Africa</i>	0.6	0.1	-8.1	3.6	4.1	3.3	3.9
<b>World</b>	<b>100.0</b>	<b>2.9</b>	<b>-4.4</b>	<b>5.3</b>	<b>2.9</b>	<b>2.1</b>	<b>2.4</b>

f: forecasts; PPP : Purchasing Power Parities, exchange rate that equates the costs of a broad basket of goods and services across countries; \* 2018.

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

## FINANCIAL FORECASTS

Whereas COVID-19's impact on the global economy may be felt for many more months to come, the situation on financial markets is very different. The rapid stock market rebound continued during the summer, and the S&P 500 index reached a new historic high. Credit spreads are also continuing to return to quasi-normal levels. The financial markets' remarkable performance is a reflection of the massive liquidity injections by the central banks. The Federal Reserve, which is still very concerned about the economic and public health situation, signalled that it will continue to use all the tools at its disposal to support the U.S. economy's recovery for a long time to come. The Bank of Canada is sending a similar message and is committed to maintaining its key rate at the effective lower bound until economic slack is absorbed so that the 2.0% inflation target is sustainably achieved. Still, this commitment to maintaining a very abundant supply of liquidity over the long term appears to be some cause for concern. Investors' inflation expectations have risen in recent weeks, and the U.S. dollar has lost ground against several currencies, including the euro and the Canadian dollar. This also helped commodity prices, with gold breaking through the US\$2,000/ounce barrier for the first time and oil staying above US\$40/barrel. However, we believe that it's too early to count on the U.S. dollar following a sustained downward trend or on bond yields increasing significantly.

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

END OF PERIOD IN % (EXCEPT IF INDICATED)	2019		2020				2021			
	Q3	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Key interest rate</b>										
United States	2.00	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Canada	1.75	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Euro zone	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	0.75	0.75	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
<b>Federal bonds</b>										
<u>United States</u>										
2-year	1.66	1.58	0.25	0.17	0.15	0.15	0.15	0.20	0.25	0.30
5-year	1.54	1.68	0.36	0.28	0.30	0.30	0.30	0.35	0.40	0.45
10-year	1.67	1.92	0.67	0.65	0.60	0.60	0.60	0.65	0.70	0.80
30-year	2.11	2.39	1.32	1.41	1.30	1.30	1.30	1.35	1.40	1.50
<u>Canada</u>										
2-year	1.58	1.69	0.42	0.28	0.30	0.30	0.30	0.30	0.35	0.40
5-year	1.40	1.68	0.60	0.36	0.35	0.35	0.35	0.40	0.45	0.50
10-year	1.37	1.70	0.71	0.52	0.50	0.50	0.50	0.55	0.60	0.70
30-year	1.53	1.76	1.32	0.99	1.00	1.00	1.00	1.05	1.10	1.20
<b>Currency market</b>										
Canadian dollar (USD/CAD)	1.32	1.30	1.41	1.36	1.35	1.35	1.33	1.32	1.32	1.32
Canadian dollar (CAD/USD)	0.76	0.77	0.71	0.74	0.74	0.74	0.75	0.76	0.76	0.76
Euro (EUR/USD)	1.09	1.12	1.10	1.12	1.17	1.15	1.17	1.19	1.18	1.18
British pound (GBP/USD)	1.23	1.32	1.24	1.24	1.30	1.28	1.30	1.31	1.32	1.33
Yen (USD/JPY)	108	109	108	108	107	106	107	108	109	110
<b>Stock markets (level and growth)*</b>										
United States – S&P 500	3,231		Target: 3,400 (+5.2%)				Target: 3,600 (+5.9%)			
Canada – S&P/TSX	17,063		Target: 17,000 (-0.4%)				Target: 18,500 (+8.8%)			
<b>Commodities (annual average)</b>										
WTI oil (US\$/barrel)	57 (61*)		39 (42*)				47 (50*)			
Gold (US\$/ounce)	1,393 (1,521*)		1,790 (1,900*)				1,835 (1,780*)			

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)	2019		2020				ANNUAL AVERAGE			
	Q3	Q4	Q1	Q2	Q3f	Q4f	2018	2019	2020f	2021f
Real GDP (2012 US\$)	2.6	2.4	-5.0	-32.9	25.0	6.0	3.0	2.2	-4.6	3.6
Personal consumption expenditures	2.7	1.6	-6.9	-34.6	31.5	5.2	2.7	2.4	-4.9	3.4
Residential construction	4.6	5.8	19.0	-38.7	35.0	30.0	-0.6	-1.7	2.2	11.4
Business fixed investment	1.9	-0.3	-6.7	-27.0	2.4	6.8	6.9	2.9	-6.5	2.4
Inventory change (US\$B)	44.0	-1.1	-80.9	-315	-100	-25.0	53.4	48.5	-130	43.8
Public expenditures	2.1	2.4	1.3	2.7	-6.7	-1.6	1.8	2.3	0.9	-0.4
Exports	0.8	3.4	-9.5	-64.1	32.0	5.0	3.0	-0.1	-15.6	-0.3
Imports	0.5	-7.5	-15.0	-53.4	32.0	10.0	4.1	1.1	-14.3	2.1
Final domestic demand	2.6	1.6	-4.6	-28.2	21.4	5.4	3.0	2.3	-3.7	3.2
<b>Other indicators</b>										
Nominal GDP	4.0	3.9	-3.4	-34.3	29.4	7.4	5.5	4.0	-3.5	5.3
Employment according to establishments	1.5	1.7	0.4	-40.0	22.9	8.9	1.6	1.4	-5.6	3.1
Unemployment rate (%)	3.6	3.5	3.8	13.0	9.9	8.9	3.9	3.7	8.9	7.8
Housing starts <sup>1</sup> (thousands of units)	1,288	1,433	1,484	1,044	1,465	1,340	1,248	1,296	1,333	1,408
Total inflation rate*	1.8	2.0	2.1	0.4	1.1	0.8	2.4	1.8	1.1	1.8
Core inflation rate* <sup>3</sup>	2.3	2.3	2.2	1.3	1.5	1.4	2.1	2.2	1.6	1.5

f: forecasts; \* Annual change; <sup>1</sup> Annualized basis; <sup>2</sup> Before taxes; <sup>3</sup> Excluding food and energy.  
Sources: Datastream and Desjardins, Economic Studies

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

QUARTERLY ANNUALIZED VARIATION IN % (EXCEPT IF INDICATED)	2019		2020				ANNUAL AVERAGE			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	2018	2019	2020f	2021f
<b>Real GDP</b> (2012 \$)	<b>1.1</b>	<b>0.6</b>	<b>-8.2</b>	<b>-40.0</b>	<b>40.5</b>	<b>10.2</b>	<b>2.0</b>	<b>1.7</b>	<b>-6.1</b>	<b>5.0</b>
Final consumption expenditure [of which:]	2.0	1.7	-7.5	-37.9	46.5	12.2	2.4	1.8	-4.5	6.0
Household consumption expenditure	2.2	1.8	-9.0	-52.2	62.0	15.1	2.2	1.6	-8.1	7.7
Governments consumption expenditure	1.6	1.5	-3.8	-2.0	8.0	5.0	3.0	2.1	0.5	-0.9
Gross fixed capital formation [of which:]	7.4	-2.4	-0.3	-37.1	25.8	10.5	1.2	-0.4	-4.8	5.0
Residential structures	13.8	1.2	-0.4	-27.7	32.8	14.5	-1.6	-0.6	0.5	8.0
Non-residential structures	7.7	0.7	4.1	-60.0	25.0	10.0	-0.6	0.7	-10.7	1.8
Machinery and equipment	-3.7	-13.2	-13.1	-60.0	30.0	10.0	4.7	-0.1	-19.0	2.4
Intellectual property products	1.1	-6.9	1.0	-30.0	15.0	4.0	3.9	-4.8	-5.3	2.9
Governments gross fixed capital formation	9.4	-1.4	4.6	-5.0	15.0	7.0	5.2	-0.3	2.8	4.4
Investment in inventories (2012 \$B)	8.4	9.4	-2.0	-10.7	-25.7	-33.2	13.0	15.1	-17.9	-35.6
Exports	-0.4	-4.5	-11.3	-43.0	45.0	20.0	3.1	1.3	-7.7	8.9
Imports	0.2	-3.2	-10.7	-40.0	40.0	20.0	2.6	0.6	-7.5	8.6
Final domestic demand	3.2	0.8	-6.0	-37.7	42.2	11.8	2.1	1.3	-4.6	5.8
<b>Other indicators</b>										
Nominal GDP	1.1	4.2	-6.5	-42.0	41.5	11.7	3.9	3.6	-5.2	6.3
Employment	1.1	0.5	-5.8	-38.4	38.0	7.7	1.3	2.1	-5.4	4.1
Unemployment rate (%)	5.6	5.7	6.3	13.0	10.1	9.1	5.8	5.7	9.6	8.7
Housing starts <sup>1</sup> (thousands of units)	223	201	209	191	219	190	213	209	202	195
Total inflation rate*	1.9	2.1	1.8	0.0	0.6	0.7	2.3	1.9	0.7	2.1
Core inflation rate* <sup>3</sup>	2.2	1.9	1.8	1.0	0.8	0.9	1.9	2.0	1.2	1.4

f: forecasts; \* Annual change; <sup>1</sup> Annualized basis; <sup>2</sup> Before taxes; <sup>3</sup> Excluding food and energy.  
Sources: Datastream and Desjardins, Economic Studies

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

ANNUAL AVERAGE IN % (EXCEPT IF INDICATED)	2017	2018	2019	2020f	2021f
<b>Real GDP (2012 \$)</b>	<b>2.8</b>	<b>2.5</b>	<b>2.6</b>	<b>-7.1</b>	<b>6.5</b>
Final consumption expenditure [of which:]	2.9	2.3	2.1	-4.5	5.4
Household consumption expenditure	3.3	2.2	1.6	-8.5	5.8
Governments consumption expenditure	2.3	2.5	3.1	0.7	1.9
Gross fixed capital formation [of which:]	7.5	3.5	3.0	-2.5	2.8
Residential structures	7.3	4.0	3.9	1.1	4.0
Non-residential structures	1.1	-0.9	4.2	-13.0	-2.5
Machinery and equipment	19.0	-1.6	2.7	-13.3	1.5
Intellectual property products	3.7	4.6	-2.5	-1.1	1.5
Governments gross fixed capital formation	8.2	9.4	3.3	3.2	4.8
Investment in inventories (2012 \$B)	562	1,984	3,698	4,483	4,500
Exports	0.8	4.2	1.7	-7.3	7.2
Imports	6.0	2.8	0.8	-4.3	2.7
Final domestic demand	3.8	2.5	2.3	-4.0	5.0
<b>Other indicators</b>					
Nominal GDP	5.0	4.8	4.5	-5.7	7.6
Real disposable personal income	4.3	2.8	3.7	-1.3	1.6
Weekly earnings	2.8	3.2	3.5	5.1	0.1
Employment	2.2	0.9	1.8	-4.9	3.8
Unemployment rate (%)	6.1	5.5	5.1	9.1	7.5
Personal saving rate (%)	5.7	6.2	8.3	15.3	11.0
Retail sales	5.5	2.9	1.9	-5.1	6.3
Housing starts <sup>1</sup> (thousands of units)	46.5	46.9	48.0	45.0	40.0
Total inflation rate	1.0	1.7	2.1	0.8	2.0

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)	2017	2018	2019	2020f	2021f
<b>Real GDP (2012 \$)</b>	<b>2.9</b>	<b>2.2</b>	<b>1.7</b>	<b>-6.1</b>	<b>4.9</b>
Final consumption expenditure [of which:]	3.5	2.8	2.2	-5.1	4.7
Household consumption expenditure	4.1	2.5	2.2	-8.6	5.8
Governments consumption expenditure	2.0	3.7	2.4	0.5	-0.8
Gross fixed capital formation [of which:]	4.4	2.0	-0.7	-0.6	4.9
Residential structures	0.6	-3.3	-0.3	4.6	6.0
Non-residential structures	3.2	1.0	-5.0	-1.0	4.3
Machinery and equipment	13.9	11.5	0.5	-15.2	2.1
Intellectual property products	1.9	2.9	-2.9	-4.6	3.4
Governments gross fixed capital formation	7.9	6.2	4.1	3.7	5.7
Investment in inventories (2012 \$B)	7,306	7,424	7,149	-3,299	-9,212
Exports	0.4	0.9	2.0	-9.7	11.7
Imports	3.1	1.6	1.4	-7.3	9.6
Final domestic demand	3.7	2.6	1.6	-4.1	4.8
<b>Other indicators</b>					
Nominal GDP	4.6	3.7	3.9	-4.7	6.3
Real disposable personal income	3.6	2.7	3.2	-0.9	2.7
Weekly earnings	1.9	2.9	2.8	4.2	0.2
Employment	1.8	1.6	2.9	-5.4	4.2
Unemployment rate (%)	6.0	5.6	5.6	9.6	8.9
Personal saving rate (%)	-0.6	-0.6	0.2	10.0	5.3
Retail sales	7.7	4.4	2.9	-7.0	7.5
Housing starts <sup>1</sup> (thousands of units)	79.1	78.7	69.0	75.1	73.4
Total inflation rate*	1.7	2.4	1.9	0.6	2.0

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)	2017	2018	2019	2020f	2021f
<b>Real GDP growth – Canada</b>	<b>3.2</b>	<b>2.0</b>	<b>1.7</b>	<b>-6.1</b>	<b>5.0</b>
Atlantic	1.6	-0.1	1.5	-5.0	3.9
Quebec	2.8	2.5	2.6	-7.1	6.5
Ontario	2.9	2.2	1.7	-6.1	4.9
Manitoba	3.1	1.3	1.0	-4.5	4.0
Saskatchewan	1.7	1.3	-0.8	-6.3	4.5
Alberta	4.8	1.6	-0.6	-7.5	4.9
British Columbia	3.7	2.6	2.8	-4.7	4.5
<b>Total inflation rate – Canada</b>	<b>1.6</b>	<b>2.3</b>	<b>1.9</b>	<b>0.7</b>	<b>2.1</b>
Atlantic	1.8	2.0	1.5	0.0	1.9
Quebec	1.0	1.7	2.1	0.8	2.0
Ontario	1.7	2.4	1.9	0.6	2.0
Manitoba	1.6	2.5	2.2	0.6	2.2
Saskatchewan	1.7	2.3	1.7	0.6	1.7
Alberta	1.6	2.4	1.8	1.2	1.9
British Columbia	2.1	2.7	2.3	0.7	2.3
<b>Employment growth – Canada</b>	<b>1.9</b>	<b>1.3</b>	<b>2.1</b>	<b>-5.4</b>	<b>4.1</b>
Atlantic	-0.2	1.0	1.5	-4.5	3.8
Quebec	2.2	0.9	1.8	-4.9	3.8
Ontario	1.8	1.6	2.9	-5.4	4.2
Manitoba	1.7	0.6	0.9	-3.5	3.5
Saskatchewan	-0.2	0.4	1.8	-4.5	3.0
Alberta	1.0	1.9	0.5	-6.5	3.5
British Columbia	3.7	1.1	2.6	-6.3	4.8
<b>Unemployment rate – Canada</b>	<b>6.3</b>	<b>5.8</b>	<b>5.7</b>	<b>9.6</b>	<b>8.7</b>
Atlantic	9.7	9.1	8.5	10.7	9.8
Quebec	6.1	5.5	5.1	9.1	7.5
Ontario	6.0	5.6	5.6	9.6	8.9
Manitoba	5.4	6.0	5.3	7.7	7.0
Saskatchewan	6.3	6.1	5.4	8.4	7.8
Alberta	7.8	6.6	6.9	11.2	10.5
British Columbia	5.1	4.7	4.7	9.4	8.5
<b>Retail sales growth – Canada</b>	<b>7.1</b>	<b>2.9</b>	<b>1.6</b>	<b>-5.1</b>	<b>5.8</b>
Atlantic	6.2	0.3	1.9	-3.1	3.3
Quebec	5.5	2.9	1.9	-5.1	6.3
Ontario	7.7	4.4	2.9	-7.0	7.5
Manitoba	7.8	2.9	1.2	-2.4	3.0
Saskatchewan	4.1	-0.3	-0.5	-3.2	3.5
Alberta	7.1	2.0	-0.9	-5.2	5.5
British Columbia	9.3	2.0	0.6	-2.8	3.8
<b>Housing starts – Canada (thousands of units)</b>	<b>219.8</b>	<b>212.8</b>	<b>208.7</b>	<b>202.0</b>	<b>195.4</b>
Atlantic	8.6	9.3	10.1	9.7	8.8
Quebec	46.5	46.9	48.0	45.0	40.0
Ontario	79.1	78.7	69.0	75.1	73.4
Manitoba	7.5	7.4	6.9	6.5	6.2
Saskatchewan	4.9	3.6	2.4	3.3	3.0
Alberta	29.5	26.1	27.3	22.5	26.0
British Columbia	43.7	40.9	44.9	39.9	38.0

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	
	2018	2019	2020f	2021f	2022f	2023f	2024f	2015–2019	2020–2024f
<b>United States</b>									
Real GDP (var. in %)	3.0	2.2	-4.6	3.6	2.7	2.5	2.0	2.5	1.2
Total inflation rate (var. in %)	2.4	1.8	1.1	1.8	1.8	1.8	1.9	1.6	1.7
Unemployment rate	3.9	3.7	8.9	7.8	7.0	6.5	6.2	4.4	7.3
S&P 500 index (var. in %) <sup>1</sup>	-6.2	28.9	5.2	5.9	6.0	7.0	6.0	10.2	6.0
Federal funds rate	1.90	2.28	0.55	0.25	0.25	0.47	1.10	1.21	0.52
Prime rate	4.90	5.28	3.55	3.25	3.25	3.47	4.10	4.21	3.52
Treasury bills – 3-month	1.97	2.10	0.35	0.10	0.15	0.50	1.05	1.08	0.43
Federal bonds – 10-year	2.91	2.14	0.80	0.70	1.05	1.60	1.95	2.27	1.22
– 30-year	3.11	2.58	1.45	1.40	1.70	2.10	2.40	2.81	1.81
WTI oil (US\$/barrel)	65	57	39	47	54	56	56	53	50
Gold (US\$/ounce)	1,269	1,393	1,790	1,835	1,728	1,630	1,600	1,266	1,717
<b>Canada</b>									
Real GDP (var. in %)	2.0	1.7	-6.1	5.0	2.2	2.3	1.9	1.7	1.1
Total inflation rate (var. in %)	2.3	1.9	0.7	2.1	1.8	1.8	1.9	1.7	1.7
Employment (var. in %)	1.3	2.1	-5.4	4.1	1.7	1.5	1.3	1.4	0.6
Employment (thousands)	241	398	-1,038	738	315	292	248	251	111
Unemployment rate	5.8	5.7	9.6	8.7	7.4	6.4	6.2	6.3	7.7
Housing starts (thousands of units)	213	209	202	195	205	209	215	207	205
S&P/TSX index (var. in %) <sup>1</sup>	-11.6	19.1	-0.4	8.8	8.0	7.0	6.0	4.0	5.9
Exchange rate (US\$/C\$)	0.77	0.75	0.73	0.76	0.77	0.77	0.79	0.77	0.76
Overnight funds	1.40	1.75	0.55	0.25	0.25	0.30	0.80	1.00	0.43
Prime rate	3.61	3.95	2.75	2.45	2.45	2.50	3.00	3.19	2.63
Mortgage rate – 1-year	3.47	3.64	3.20	2.45	2.40	2.45	2.80	3.28	2.66
– 5-year	5.26	5.27	4.90	4.15	4.15	4.35	4.75	4.93	4.46
Treasury bills – 3-month	1.37	1.65	0.45	0.25	0.25	0.35	0.80	0.95	0.42
Federal bonds – 2-year	1.99	1.59	0.50	0.35	0.55	0.80	1.10	1.16	0.66
– 5-year	2.15	1.54	0.55	0.45	0.70	1.00	1.35	1.33	0.81
– 10-year	2.28	1.59	0.70	0.60	0.95	1.30	1.60	1.68	1.03
– 30-year	2.36	1.80	1.15	1.10	1.40	1.80	1.95	2.11	1.48
<u>Yield spreads (Canada—United States)</u>									
Treasury bills – 3-month	-0.60	-0.45	0.10	0.15	0.10	-0.15	-0.25	-0.13	-0.01
Federal bonds – 10-year	-0.63	-0.55	-0.10	-0.10	-0.10	-0.30	-0.35	-0.59	-0.19
– 30-year	-0.75	-0.78	-0.30	-0.30	-0.30	-0.30	-0.45	-0.69	-0.33
<b>Quebec</b>									
Real GDP (var. in %)	2.5	2.6	-7.1	6.5	2.0	1.8	1.5	2.1	0.9
Total inflation rate (var. in %)	1.7	2.1	0.8	2.0	1.8	1.8	1.9	1.3	1.6
Employment (var. in %)	0.9	1.8	-4.9	3.8	1.6	1.1	0.7	1.0	0.5
Employment (thousands)	39	78	-211	156	70	50	30	48	19
Unemployment rate	5.5	5.1	9.1	7.5	6.9	6.1	5.8	6.3	7.1
Retail sales (var. in %)	2.9	1.9	-5.1	6.3	4.5	4.0	3.5	3.8	2.6
Housing starts (thousands of units)	47	48	45	40	42	41	41	44	42
<b>Ontario</b>									
Real GDP (var. in %)	2.2	1.7	-6.1	4.9	2.4	2.6	2.0	2.3	1.2
Total inflation rate (var. in %)	2.4	1.9	0.6	2.0	1.8	2.0	2.1	1.8	1.7
Employment (var. in %)	1.6	2.9	-5.4	4.2	1.7	1.5	1.3	1.6	0.7
Employment (thousands)	114	210	-401	295	125	112	99	115	46
Unemployment rate	5.6	5.6	9.6	8.9	7.7	6.3	6.0	6.1	7.7
Retail sales (var. in %)	4.4	2.9	-7.0	7.5	3.5	4.0	3.0	5.4	2.2
Housing starts (thousands of units)	79	69	75	73	78	79	80	74	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