

# ECONOMIC & FINANCIAL OUTLOOK

## Relapse in Economic Activity despite Vaccination

### HIGHLIGHTS

- ▶ Economic growth will remain sluggish in early 2021 in countries hit by the second wave of COVID-19. Ongoing, restrictive public health measures are hampering the economic recovery even as the immunization campaign begins. Still, growth should pick up speed in the spring. The new trade agreement between the United Kingdom and the European Union has led to tensions that seem to be hindering trade between the two. In the fourth quarter, China's real GDP posted robust growth once again.
- ▶ Some economic indicators in the United States deteriorated at the end of 2020. Employment contracted and retail sales suffered a significant drop in December. However, the strong performance of the PMIs suggests that there is still some support and real GDP in the United States is not expected to contract. Furthermore, the US\$935B federal aid plan, including the newly enhanced unemployment insurance program and the US\$600 money transfers to individuals, will support household income and help mitigate the consumer spending difficulties in early 2021.
- ▶ In Canada, several areas introduced new public health measures at the end of 2020 to combat the second wave of COVID-19. Therefore, expect the fourth quarter to end on a negative note, which will dampen real GDP growth during the period. The first quarter of 2021 should show real GDP contracting again as the full force of the restrictive measures is felt. Canada's real GDP is expected to rebound in the second quarter thanks to some of the public health measures being gradually lifted and the benefits of the immunization campaign.
- ▶ In January, the rising second wave of COVID-19 in Quebec led to all regions becoming maximum alert areas. The closing of stores selling non-essential goods and personal care products from December 25 to February 8 will deal a serious blow to the economy. It is already reeling from the restaurant and entertainment industry closures in place in the red zone since last October. The anticipated drop in real GDP in the first quarter and the increase in the unemployment rate will be lower than those recorded last spring, since the closures affect fewer economic sectors.
- ▶ In Ontario, the new public health measures are particularly strict. Ontario's real GDP should see significant upheaval in the next few quarters. Most of the other provinces have also imposed new restrictions to combat the spread of the pandemic, but their impact on economic growth is generally less than in Quebec and Ontario.

### MAIN CHANGES

- ▶ More extensive and extended public health measures are forcing us to revise our forecasts down. Real GDP in Canada, Quebec and Ontario is expected to fall in the first quarter of 2021. Still, growth should noticeably rebound starting in the spring.
- ▶ In the United States, the passing of the new federal aid package in the dying days of 2020 means that forecasts for real GDP growth in 2021 and 2022 will have to be revised up.

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## RISKS INHERENT TO OUR SCENARIOS

The evolving COVID-19 pandemic remains the main uncertainty surrounding the economic and financial outlooks. In the short term, there is still the risk that the second wave will worsen, which would cause the public health measures in place to be extended or even stricter economic measures to be introduced. 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. The faster-than-anticipated availability and distribution of vaccines announced as being very effective against COVID-19 could, however, speed up economic growth in 2021. Such a scenario would mean a faster rebound in stock markets, interest rates and industrial commodity prices. There are other uncertainties as to what will happen after the pandemic. 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 passed during the pandemic could also disrupt outlooks beyond 2021. In Canada, the replacement of the Canada Emergency Response Benefit (CERB) and the Canada Emergency Student Benefit (CESB) by an enhanced employment insurance plan and some targeted measures could cause household income to fall in some cases, which, in turn, could impact changes in consumer spending. The residential real estate market's buoyancy in recent months is raising the risk of some markets in the country becoming overvalued and increasingly vulnerable to a subsequent price correction. 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 and some financing premiums.

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

IN %	WEIGHT*	REAL GDP GROWTH			INFLATION RATE		
		2020f	2021f	2022f	2020f	2021f	2022f
<b>Advanced economies</b>	<b>39.8</b>	<b>-5.2</b>	<b>4.2</b>	<b>3.7</b>	<b>0.7</b>	<b>1.3</b>	<b>1.8</b>
United States	15.8	-3.4	4.6	3.7	1.3	1.9	2.2
Canada	1.4	-5.6	3.5	4.8	0.7	1.4	1.6
<i>Quebec</i>	0.3	-5.4	3.4	4.2	0.8	1.4	1.6
<i>Ontario</i>	0.5	-6.0	3.7	5.1	0.7	1.5	1.7
Japan	4.0	-5.4	2.8	2.4	0.0	0.0	0.8
United Kingdom	2.4	-10.6	3.0	4.0	0.9	1.6	2.2
Euro zone	12.4	-7.2	4.1	3.6	0.3	0.9	1.5
<i>Germany</i>	3.4	-5.0	4.4	3.6	0.5	1.4	1.6
<i>France</i>	2.4	-8.7	7.0	4.1	0.5	0.8	1.5
<i>Italy</i>	2.0	-8.9	5.2	3.6	-0.1	0.4	1.2
Other countries	4.2	-2.1	2.1	2.3	0.3	0.8	1.0
<i>Australia</i>	1.0	-3.0	3.6	4.4	0.8	1.5	2.0
<b>Emerging and developing economies</b>	<b>60.2</b>	<b>-3.4</b>	<b>6.3</b>	<b>4.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.4</b>
North Asia	25.5	-0.8	8.8	5.6	3.6	2.6	3.3
<i>China</i>	17.3	2.3	9.0	5.5	2.5	1.7	2.5
<i>India</i>	7.1	-8.5	9.2	6.2	6.6	4.6	5.0
South Asia	5.3	-4.5	5.5	5.3	0.9	1.9	2.8
Latin America	5.9	-6.8	4.3	2.9	3.1	3.3	3.5
<i>Mexico</i>	1.9	-9.0	4.1	2.6	3.4	3.5	3.7
<i>Brazil</i>	2.4	-4.6	3.6	2.7	3.6	3.6	3.7
Eastern Europe	8.0	-3.4	3.5	3.3	5.2	5.5	5.1
<i>Russia</i>	3.2	-3.8	2.5	2.2	3.4	3.6	3.9
Other countries	15.4	-6.8	4.9	3.2	4.2	4.9	5.3
<i>South Africa</i>	0.6	-8.3	3.4	1.7	3.3	3.9	4.6
<b>World</b>	<b>100.0</b>	<b>-4.2</b>	<b>5.5</b>	<b>4.1</b>	<b>2.1</b>	<b>2.4</b>	<b>2.8</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 public health situation remains the primary concern, especially in Europe and the Americas. Despite this, investors remain fairly optimistic based mostly on an accelerated immunization campaign around the world and the new economic stimulus plan in the United States. This plan could even be boosted as the Democrats have won the control over the U.S. Senate. As a result, the stock markets and commodity prices began the year on a high note, but a period of consolidation appears to be taking shape in the short term. The central banks continue to signal that they will maintain extremely accommodating financial conditions to speed up the economic recovery, which does not necessarily mean that bond yields will suddenly and continuously increase, especially in the short term. The major central banks should continue to purchase assets for a few more quarters and keep their key rates at the lower bound until 2023. Nonetheless, moderate increases in bond yields are expected later in 2021, especially for longer term maturities, at the same time the economic situation improves. The U.S. dollar should stabilize in the short term but eventually return in all likelihood to its downward trajectory of recent months. The Canadian dollar is likely to surpass the US\$0.80 mark in the coming quarters.

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

END OF PERIOD IN % (EXCEPT IF INDICATED)	2020		2021				2022			
	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Key interest rate</b>										
United States	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Canada	0.25	0.25	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	0.10	0.10	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	0.13	0.13	0.15	0.20	0.30	0.35	0.40	0.45	0.50	0.60
5-year	0.27	0.35	0.50	0.55	0.65	0.70	0.75	0.80	0.85	0.95
10-year	0.68	0.91	1.15	1.20	1.30	1.40	1.40	1.45	1.50	1.55
30-year	1.45	1.64	1.85	1.90	2.00	2.05	2.05	2.10	2.15	2.20
<u>Canada</u>										
2-year	0.25	0.20	0.20	0.25	0.35	0.40	0.45	0.50	0.55	0.60
5-year	0.36	0.39	0.50	0.55	0.65	0.75	0.80	0.85	0.90	0.95
10-year	0.57	0.67	0.85	0.95	1.05	1.15	1.20	1.25	1.30	1.35
30-year	1.11	1.21	1.45	1.50	1.60	1.65	1.70	1.75	1.80	1.85
<b>Currency market</b>										
Canadian dollar (USD/CAD)	1.33	1.27	1.28	1.27	1.27	1.25	1.24	1.23	1.23	1.25
Canadian dollar (CAD/USD)	0.75	0.79	0.78	0.79	0.79	0.80	0.81	0.81	0.81	0.80
Euro (EUR/USD)	1.17	1.22	1.21	1.23	1.24	1.24	1.24	1.25	1.24	1.23
British pound (GBP/USD)	1.29	1.37	1.35	1.38	1.40	1.40	1.41	1.42	1.42	1.42
Yen (USD/JPY)	105	103	104	106	107	108	109	110	110	110
<b>Stock markets (level and growth)*</b>										
United States – S&P 500	3,675		Target: 3,950 (+7.5%)				Target: 4,200 (+6.3%)			
Canada – S&P/TSX	17,500		Target: 19,000 (+8.6%)				Target: 20,500 (+7.9%)			
<b>Commodities (annual average)</b>										
WTI oil (US\$/barrel)	39 (46*)		48 (53*)				58 (60*)			
Gold (US\$/ounce)	1,770 (1,860*)		1,830 (1,780*)				1,730 (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)	2020		2021				ANNUAL AVERAGE			
	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	2019	2020f	2021f	2022f
Real GDP (2012 US\$)	33.4	5.4	2.5	4.1	5.4	4.8	2.2	-3.4	4.6	3.7
Personal consumption expenditures	41.0	3.5	1.7	5.5	6.8	5.6	2.4	-3.8	5.1	4.2
Residential construction	63.0	32.0	24.4	3.9	1.9	2.5	-1.7	5.8	16.1	3.5
Business fixed investment	22.9	4.5	3.4	4.5	5.5	5.7	2.9	-4.5	4.1	5.1
Inventory change (US\$B)	-3.7	100.0	100.0	85.0	75.0	75.0	48.5	-67.9	83.8	75.0
Public expenditures	-4.8	-0.7	2.6	1.5	2.9	2.9	2.3	1.1	0.9	2.5
Exports	59.6	15.0	3.0	7.0	8.0	8.0	-0.1	-13.3	5.2	6.9
Imports	93.1	15.0	5.0	7.0	8.0	8.0	1.1	-10.0	10.1	7.3
Final domestic demand	29.8	4.0	2.9	4.6	5.8	5.0	2.3	-2.7	4.6	4.0
<b>Other indicators</b>										
Nominal GDP	38.3	6.3	4.5	5.9	7.5	6.8	4.0	-2.3	6.3	5.8
Employment according to establishments	23.0	5.2	1.2	3.1	5.8	5.4	1.4	-5.7	2.2	3.2
Unemployment rate (%)	8.8	6.8	6.7	6.6	6.3	5.9	3.7	8.1	6.4	5.5
Housing starts <sup>1</sup> (thousands of units)	1,432	1,550	1,558	1,555	1,572	1,583	1,296	1,386	1,567	1,653
Total inflation rate*	1.3	1.2	1.6	2.6	1.7	1.8	1.8	1.3	1.9	2.2
Core inflation rate* <sup>3</sup>	1.7	1.6	1.5	2.2	1.4	1.5	2.2	1.7	1.6	2.0

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)	2020		2021				ANNUAL AVERAGE			
	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	2019	2020f	2021f	2022f
<b>Real GDP</b> (2012 \$)	<b>40.5</b>	<b>3.8</b>	<b>-8.0</b>	<b>14.0</b>	<b>6.3</b>	<b>7.1</b>	<b>1.9</b>	<b>-5.6</b>	<b>3.5</b>	<b>4.8</b>
Final consumption expenditure [of which:]	46.0	4.3	-8.0	13.3	5.1	5.6	1.7	-4.6	3.9	4.6
Household consumption expenditure	62.8	4.1	-12.3	17.2	5.7	7.0	1.6	-6.2	3.9	5.5
Governments consumption expenditure	13.5	5.0	2.5	4.0	3.5	2.0	2.0	-0.3	3.6	2.5
Gross fixed capital formation [of which:]	69.2	3.8	-2.0	6.5	3.3	3.2	0.3	-4.0	4.8	3.1
Residential structures	187.3	2.8	2.4	3.1	3.3	2.6	-0.2	3.4	11.4	2.5
Non-residential structures	-1.2	0.0	-8.0	10.0	3.5	4.0	1.1	-9.5	-4.3	3.9
Machinery and equipment	91.8	7.0	-10.0	12.0	4.0	5.0	1.0	-17.7	3.0	4.2
Intellectual property products	30.8	10.0	3.0	5.0	4.0	3.0	-1.9	-4.3	5.3	2.8
Governments gross fixed capital formation	23.4	5.0	3.0	4.0	2.0	2.0	0.3	1.9	4.5	2.3
Investment in inventories (2012 \$B)	-36.0	-31.5	-32.5	-26.5	-24.0	-19.0	18.8	-24.5	-25.5	-16.1
Exports	71.8	8.9	4.2	11.9	16.5	13.6	1.3	-9.7	9.1	7.8
Imports	113.7	12.2	6.9	8.3	12.2	9.5	0.4	-11.7	10.3	7.3
Final domestic demand	50.8	4.2	-6.7	11.9	4.7	5.1	1.4	-4.5	4.1	4.3
<b>Other indicators</b>										
Nominal GDP	55.2	5.3	-6.8	15.7	8.3	9.1	3.6	-5.0	5.8	6.8
Employment	39.2	10.0	-5.4	7.4	4.7	4.8	2.1	-5.2	3.7	3.0
Unemployment rate (%)	10.0	8.7	9.5	8.7	8.1	7.4	5.7	9.5	8.4	7.4
Housing starts <sup>1</sup> (thousands of units)	239	240	213	225	217	212	209	218	217	205
Total inflation rate*	0.3	0.8	1.2	2.4	1.3	0.8	1.9	0.7	1.4	1.6
Core inflation rate* <sup>3</sup>	0.6	1.1	1.0	1.4	1.4	1.0	2.0	1.1	1.2	1.3

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)	2018	2019	2020f	2021f	2022f
<b>Real GDP (2012 \$)</b>	<b>2.9</b>	<b>2.7</b>	<b>-5.4</b>	<b>3.4</b>	<b>4.2</b>
Final consumption expenditure [of which:]	2.4	2.1	-4.1	2.6	5.0
Household consumption expenditure	2.7	2.1	-5.5	2.9	6.3
Governments consumption expenditure	1.7	2.2	-0.5	1.6	2.1
Gross fixed capital formation [of which:]	4.0	3.2	-3.6	7.0	2.0
Residential structures	3.9	3.7	1.5	7.5	-1.3
Non-residential structures	3.0	6.3	-5.2	5.0	2.8
Machinery and equipment	-0.4	7.3	-16.7	1.8	3.4
Intellectual property products	3.9	-0.6	-6.0	5.8	1.5
Governments gross fixed capital formation	8.2	-0.9	-1.4	8.8	5.8
Investment in inventories (2012 \$B)	2,202	4,066	-5,880	-3,500	-2,000
Exports	3.8	1.7	-10.9	7.3	7.1
Imports	2.4	1.9	-13.7	7.0	7.2
Final domestic demand	2.7	2.3	-4.0	3.5	4.4
<b>Other indicators</b>					
Nominal GDP	5.4	4.3	-4.4	4.9	5.7
Real disposable personal income	2.8	3.5	9.5	-1.5	2.4
Weekly earnings	3.2	3.5	7.7	1.5	2.0
Employment	0.9	1.8	-4.6	3.1	2.8
Unemployment rate (%)	5.5	5.1	8.8	7.6	7.1
Personal saving rate (%)	5.3	6.8	20.0	16.6	12.8
Retail sales	3.6	0.9	-1.7	1.3	10.7
Housing starts <sup>1</sup> (thousands of units)	46.9	48.0	54.1	50.0	45.0
Total inflation rate	1.7	2.1	0.8	1.4	1.6

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)	2018	2019	2020f	2021f	2021f
<b>Real GDP (2012 \$)</b>	<b>2.8</b>	<b>2.1</b>	<b>-6.0</b>	<b>3.7</b>	<b>5.1</b>
Final consumption expenditure [of which:]	3.2	1.8	-4.9	3.9	4.8
Household consumption expenditure	2.9	1.9	-6.3	3.9	5.9
Governments consumption expenditure	4.0	1.4	-0.8	3.7	2.2
Gross fixed capital formation [of which:]	4.3	-0.7	-1.9	6.6	3.4
Residential structures	-3.6	0.5	7.6	12.1	2.9
Non-residential structures	19.8	-4.3	-13.0	-3.7	4.5
Machinery and equipment	6.5	-0.6	-16.1	2.5	5.3
Intellectual property products	6.2	-1.1	-3.3	5.4	3.4
Governments gross fixed capital formation	6.1	0.8	0.3	4.6	2.2
Investment in inventories (2012 \$B)	7,613	8,728	-8,702	-8,861	-5,236
Exports	1.1	2.1	-8.2	11.3	8.2
Imports	2.3	0.6	-9.1	12.7	8.2
Final domestic demand	3.4	1.2	-4.3	4.5	4.6
<b>Other indicators</b>					
Nominal GDP	4.1	3.8	-5.2	5.9	7.3
Real disposable personal income	2.7	2.6	8.9	-0.3	3.7
Weekly earnings	2.9	2.8	7.1	2.6	2.8
Employment	1.6	2.9	-5.0	3.9	3.0
Unemployment rate (%)	5.6	5.6	9.6	9.1	8.0
Personal saving rate (%)	-1.0	-0.6	9.4	10.0	8.0
Retail sales	4.4	2.9	-4.1	2.7	10.3
Housing starts <sup>1</sup> (thousands of units)	78.7	69.0	81.3	85.2	78.2
Total inflation rate*	2.4	1.9	0.7	1.5	1.7

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)	2018	2019	2020f	2021f	2022f
<b>Real GDP growth – Canada</b>	<b>2.4</b>	<b>1.9</b>	<b>-5.6</b>	<b>3.5</b>	<b>4.8</b>
Atlantic	-0.1	2.7	-4.6	3.3	3.7
Quebec	2.9	2.7	-5.4	3.4	4.2
Ontario	2.8	2.1	-6.0	3.7	5.1
Manitoba	1.5	0.6	-3.0	2.5	3.5
Saskatchewan	1.2	-0.7	-6.0	3.0	4.0
Alberta	1.9	0.1	-7.5	4.0	5.0
British Columbia	2.7	2.7	-4.9	3.5	5.2
<b>Total inflation rate – Canada</b>	<b>2.3</b>	<b>1.9</b>	<b>0.7</b>	<b>1.4</b>	<b>1.6</b>
Atlantic	2.0	1.5	0.2	1.1	1.5
Quebec	1.7	2.1	0.8	1.4	1.6
Ontario	2.4	1.9	0.7	1.5	1.7
Manitoba	2.5	2.2	0.5	1.2	1.4
Saskatchewan	2.3	1.7	0.6	1.2	1.4
Alberta	2.4	1.8	1.1	1.3	1.6
British Columbia	2.7	2.3	0.8	1.6	1.8
<b>Employment growth – Canada</b>	<b>1.3</b>	<b>2.1</b>	<b>-5.2</b>	<b>3.7</b>	<b>3.0</b>
Atlantic	1.0	1.5	-4.1	3.4	2.4
Quebec	0.9	1.8	-4.6	3.1	2.8
Ontario	1.6	2.9	-5.0	3.9	3.0
Manitoba	0.6	0.9	-3.5	4.0	3.0
Saskatchewan	0.4	1.8	-5.0	3.2	2.7
Alberta	1.9	0.5	-7.2	4.0	3.0
British Columbia	1.1	2.6	-6.2	4.5	3.5
<b>Unemployment rate – Canada</b>	<b>5.8</b>	<b>5.7</b>	<b>9.5</b>	<b>8.4</b>	<b>7.4</b>
Atlantic	9.1	8.5	10.5	9.2	8.1
Quebec	5.5	5.1	8.8	7.6	7.1
Ontario	5.6	5.6	9.6	9.1	8.0
Manitoba	6.0	5.3	7.9	6.8	6.0
Saskatchewan	6.1	5.4	8.3	7.1	6.1
Alberta	6.6	6.9	11.3	9.8	8.2
British Columbia	4.7	4.7	8.8	7.5	6.5
<b>Retail sales growth – Canada</b>	<b>2.9</b>	<b>1.6</b>	<b>-1.9</b>	<b>2.3</b>	<b>9.0</b>
Atlantic	0.3	1.9	0.6	2.0	4.4
Quebec	3.6	0.9	-1.7	1.3	10.7
Ontario	4.4	2.9	-4.1	2.7	10.3
Manitoba	2.9	1.2	2.6	2.0	3.0
Saskatchewan	-0.3	-0.5	1.3	2.2	5.0
Alberta	2.0	-0.9	-3.1	3.0	8.5
British Columbia	2.0	0.6	2.4	2.5	8.0
<b>Housing starts – Canada (thousands of units)</b>	<b>212.8</b>	<b>208.7</b>	<b>217.8</b>	<b>216.7</b>	<b>204.6</b>
Atlantic	9.3	10.1	10.3	9.6	9.3
Quebec	46.9	48.0	54.1	50.0	45.0
Ontario	78.7	69.0	81.3	85.2	78.2
Manitoba	7.4	6.9	7.3	7.2	7.0
Saskatchewan	3.6	2.4	3.1	2.7	2.6
Alberta	26.1	27.3	24.0	23.5	23.0
British Columbia	40.9	44.9	37.7	38.5	39.5

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	
	2019	2020	2021f	2022f	2023f	2024f	2025f	2015–2019	2020–2025f
<b>United States</b>									
Real GDP (var. in %)	2.2	-3.4	4.6	3.7	2.4	2.1	1.9	2.5	1.9
Total inflation rate (var. in %)	1.8	1.3	1.9	2.2	2.1	2.0	2.0	1.6	1.9
Unemployment rate	3.7	8.1	6.4	5.5	4.7	4.3	4.0	4.4	5.5
S&P 500 index (var. in %) <sup>1</sup>	28.9	16.3	6.5	6.3	7.0	6.0	6.0	10.2	8.0
Federal funds rate	2.28	0.54	0.25	0.25	0.45	1.10	1.70	1.21	0.71
Prime rate	5.28	3.54	3.25	3.25	3.45	4.10	4.70	4.21	3.71
Treasury bills – 3-month	2.10	0.37	0.10	0.15	0.50	1.05	1.65	1.08	0.64
Federal bonds – 10-year	2.14	0.89	1.25	1.50	1.75	2.05	2.25	2.27	1.61
– 30-year	2.58	1.56	1.95	2.15	2.35	2.45	2.60	2.81	2.18
WTI oil (US\$/barrel)	57	39	48	58	60	60	58	53	54
Gold (US\$/ounce)	1,393	1,770	1,830	1,730	1,630	1,600	1,600	1,266	1,693
<b>Canada</b>									
Real GDP (var. in %)	1.9	-5.6	3.5	4.8	2.0	1.8	2.0	1.8	1.4
Total inflation rate (var. in %)	1.9	0.7	1.4	1.6	2.0	1.9	2.1	1.7	1.6
Employment (var. in %)	2.1	-5.2	3.7	3.0	1.6	1.3	1.4	1.4	1.0
Employment (thousands)	398	-996	671	564	311	257	276	251	180
Unemployment rate	5.7	9.5	8.4	7.4	6.6	6.2	6.0	6.3	7.3
Housing starts (thousands of units)	209	218	217	205	210	215	220	207	214
S&P/TSX index (var. in %) <sup>1</sup>	19.1	2.2	9.0	7.9	7.0	6.0	6.0	4.0	6.3
Exchange rate (US\$/C\$)	0.75	0.75	0.79	0.81	0.79	0.80	0.81	0.77	0.79
Overnight funds	1.75	0.56	0.25	0.25	0.30	0.80	1.35	1.00	0.59
Prime rate	3.95	2.75	2.45	2.45	2.50	3.00	3.55	3.19	2.78
Mortgage rate – 1-year	3.64	3.25	2.70	2.70	2.70	3.00	3.25	3.28	2.93
– 5-year	5.27	4.95	4.65	4.65	4.70	4.85	5.00	4.93	4.80
Treasury bills – 3-month	1.65	0.44	0.25	0.25	0.35	0.80	1.35	0.95	0.57
Federal bonds – 2-year	1.59	0.51	0.30	0.55	0.80	1.10	1.20	1.16	0.74
– 5-year	1.54	0.60	0.60	0.90	1.05	1.35	1.45	1.33	0.99
– 10-year	1.59	0.75	1.00	1.30	1.50	1.70	1.75	1.68	1.33
– 30-year	1.80	1.21	1.55	1.75	1.95	2.05	2.05	2.11	1.76
<b>Yield spreads (Canada—United States)</b>									
Treasury bills – 3-month	-0.45	0.07	0.15	0.10	-0.15	-0.25	-0.30	-0.13	-0.06
Federal bonds – 10-year	-0.55	-0.14	-0.25	-0.20	-0.25	-0.35	-0.50	-0.59	-0.28
– 30-year	-0.78	-0.35	-0.40	-0.40	-0.40	-0.40	-0.55	-0.69	-0.42
<b>Quebec</b>									
Real GDP (var. in %)	2.7	-5.4	3.4	4.2	1.5	1.3	1.4	2.2	1.1
Total inflation rate (var. in %)	2.1	0.8	1.4	1.6	1.9	1.9	2.0	1.3	1.6
Employment (var. in %)	1.8	-4.6	3.1	2.8	1.6	1.3	1.3	1.3	0.9
Employment (thousands)	78	-201	127	120	70	60	60	56	39
Unemployment rate	5.1	8.8	7.6	7.1	6.5	5.9	5.4	6.3	6.9
Retail sales (var. in %)	0.9	-1.7	1.3	10.7	4.0	3.5	3.7	3.7	3.6
Housing starts (thousands of units)	48	54	50	45	41	41	42	44	46
<b>Ontario</b>									
Real GDP (var. in %)	2.1	-6.0	3.7	5.1	2.2	2.0	2.1	2.4	1.5
Total inflation rate (var. in %)	1.9	0.7	1.5	1.7	2.1	2.0	2.2	1.8	1.7
Employment (var. in %)	2.9	-5.0	3.9	3.0	1.7	1.5	1.5	1.6	1.1
Employment (thousands)	210	-371	276	218	129	116	117	115	81
Unemployment rate	5.6	9.6	9.1	8.0	6.3	6.0	5.8	6.1	7.5
Retail sales (var. in %)	2.9	-4.1	2.7	10.3	4.0	3.0	3.5	5.4	3.2
Housing starts (thousands of units)	69	81	85	78	80	82	85	74	82

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