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# Global Growth and Canada's Economic Outlook: Emerging Risks and Trends

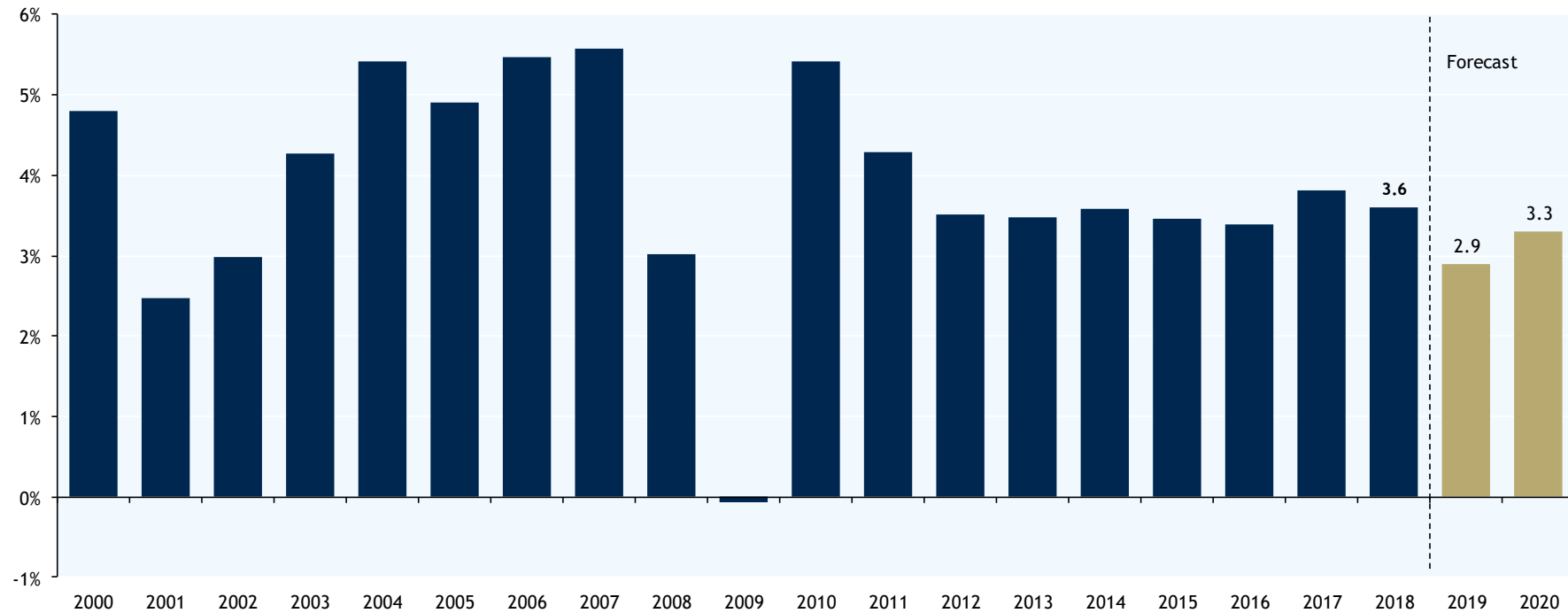
Dr. Trevin S. Stratton  
Chief Economist and  
Vice President, Policy



# 2020: A Year of Modest Growth

## Global GDP growth

year-over-year % change



Source: International Monetary Fund, RBC Economics



# Economic Outlook by Region

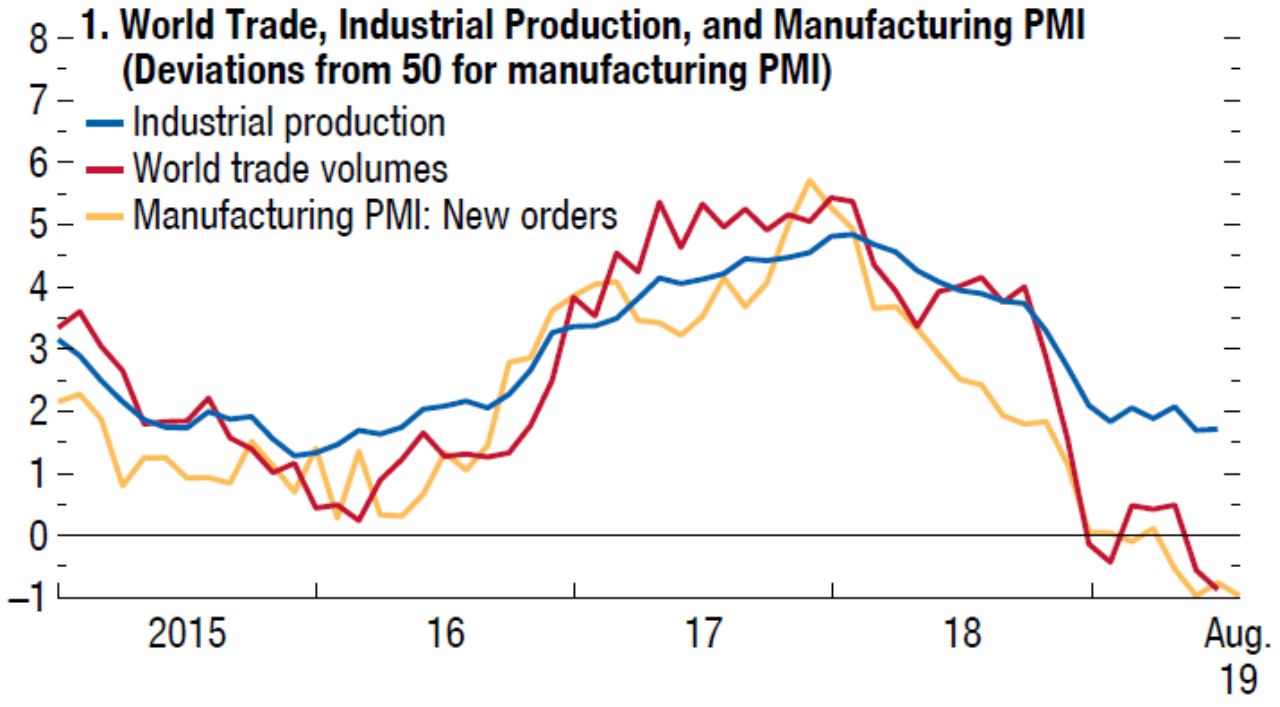


# Global Activity Indicators

**Figure 1.1. Global Activity Indicators**

*(Three-month moving average; year-over-year percent change, unless noted otherwise)*

Over the past 12 months there has been a geographically broad-based, notable slowdown in industrial output.



# Policy Uncertainty Lingers

## Global Economic Policy Uncertainty Index

Current Price GDP Weights, 3-month Moving average, Mean = 100

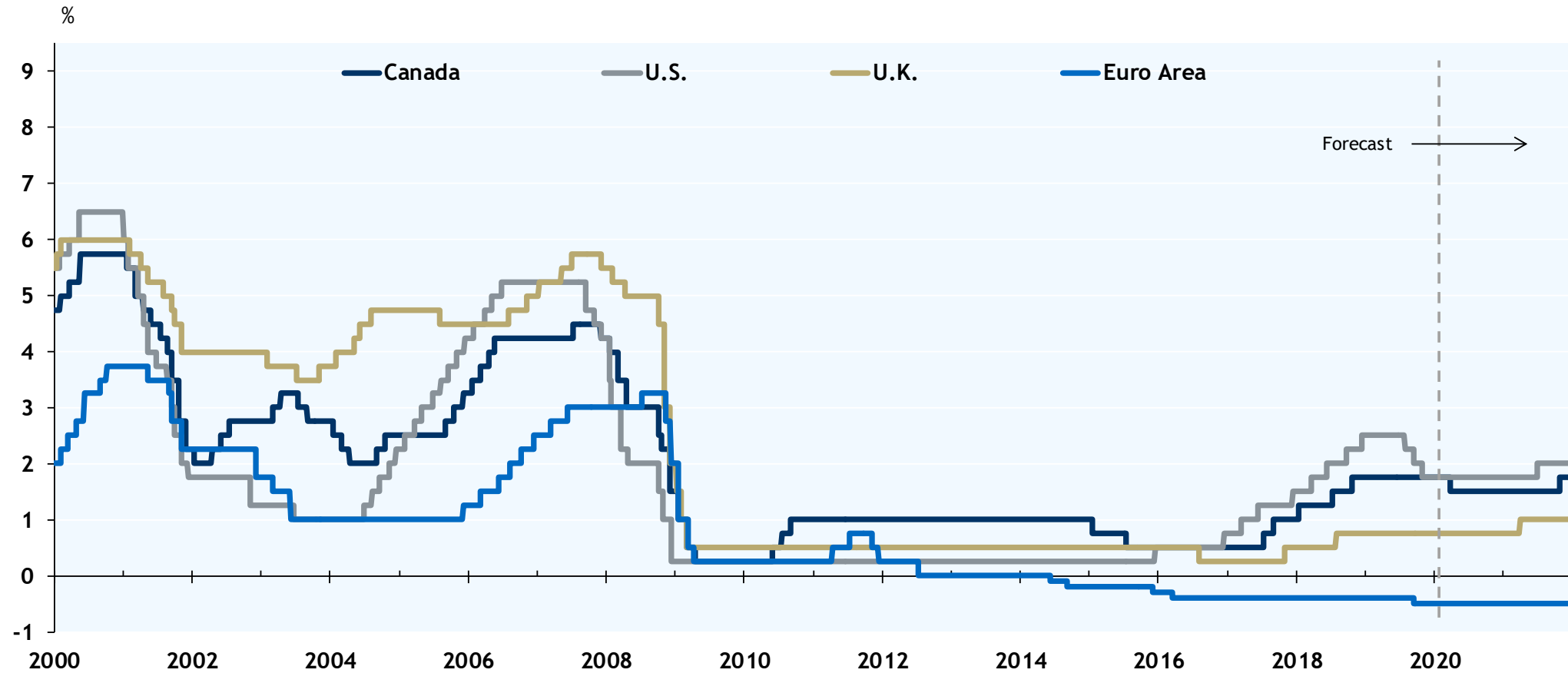


Source: PolicyUncertainty.com, RBC Economics



# Monetary Stimulus Maintains Expansion

## Policy rates: International



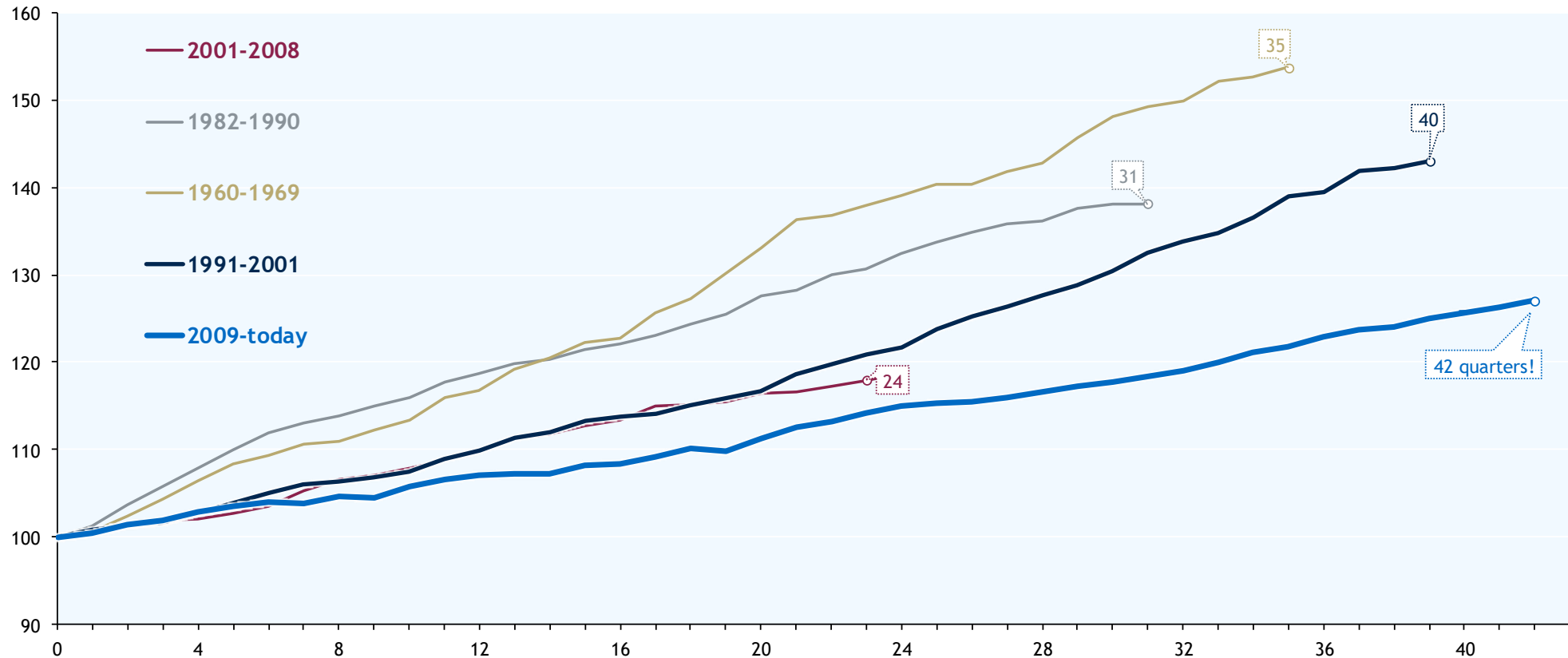
Source: FRB, BoC, ECB, BoE, RBA, RBNZ, RBC Economics



# US Expansion is Longest on Record

## US economic expansions

Growth in real GDP (cyclical trough = 100) and length of expansion (number of quarters)



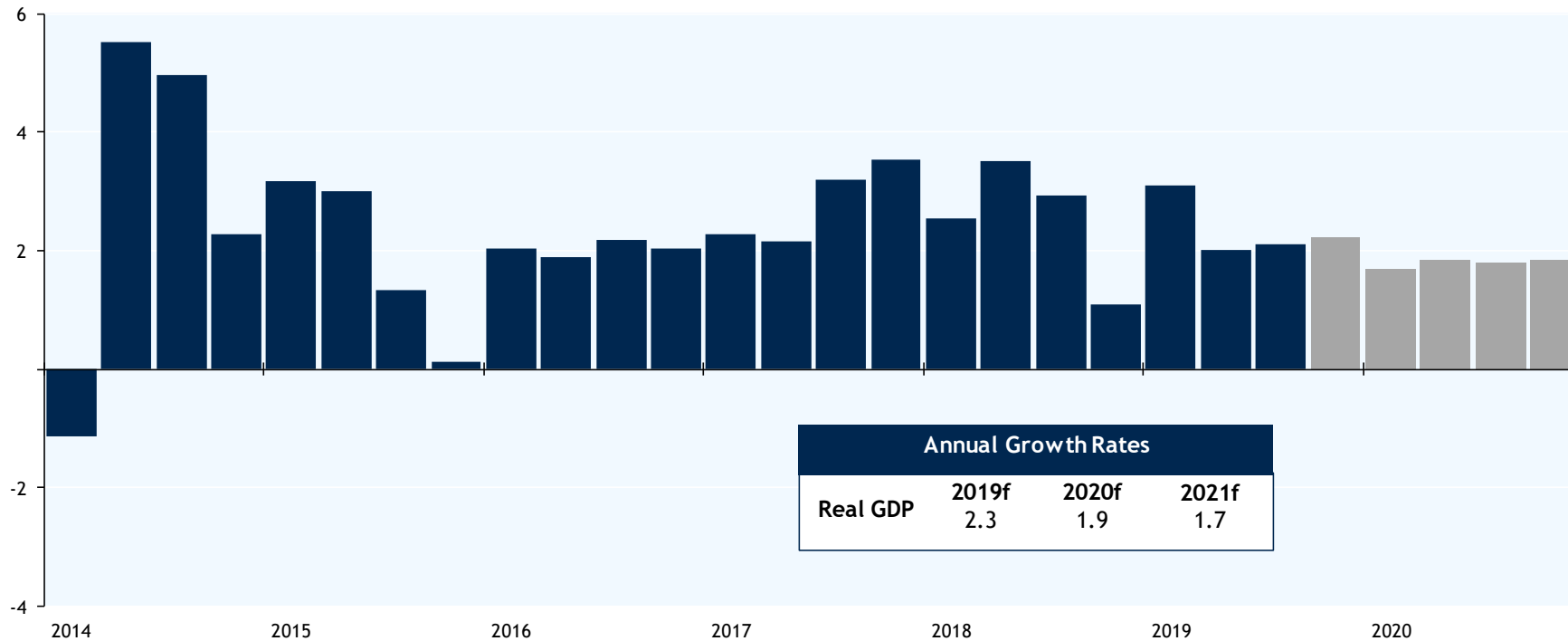
Source: US Bureau of Economic Analysis, RBC Economics



# U.S. Consumer to Drive Growth


## Real GDP growth: U.S.

Quarter-over-quarter annualized % change



Annual Growth Rates			
Real GDP	2019f	2020f	2021f
	2.3	1.9	1.7

Source: Bureau of Economic Analysis, RBC Economics

Forecast: 

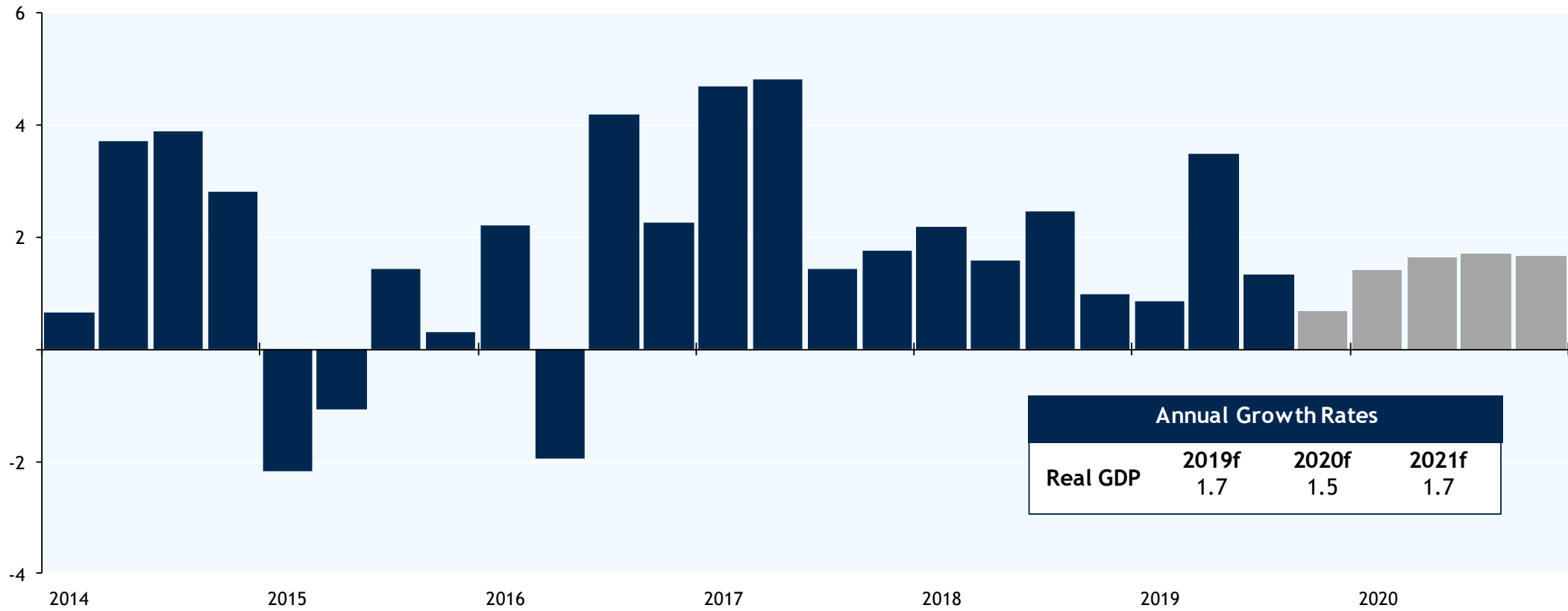




# Canadian Economic Growth


## Real GDP growth: Canada

Quarter-over-quarter annualized % change



Annual Growth Rates			
Real GDP	2019f	2020f	2021f
	1.7	1.5	1.7

Source: Statistics Canada, RBC Economics

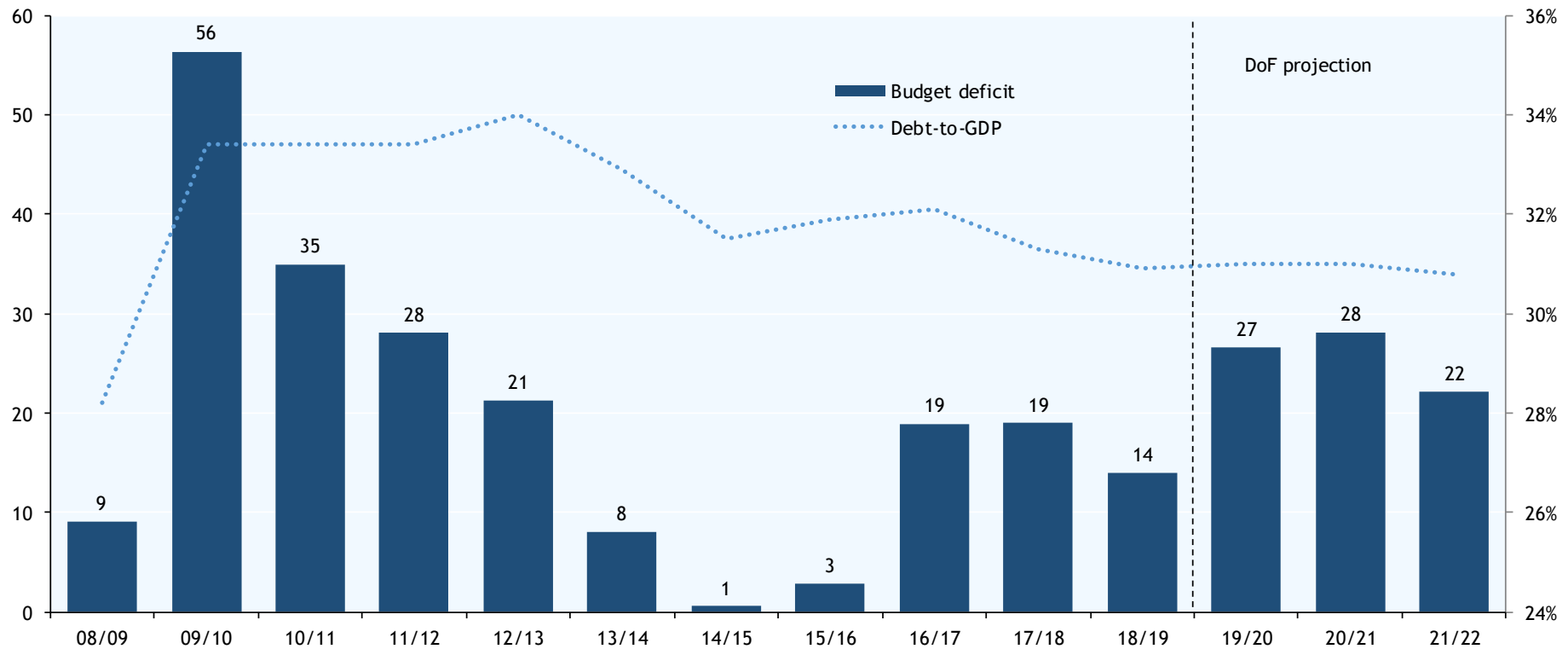
Forecast: 



# Canada's Fiscal Position

## Federal government deficit and debt-to-GDP

budget deficit (billions of C\$, left axis) and debt-to-GDP (% , right axis)



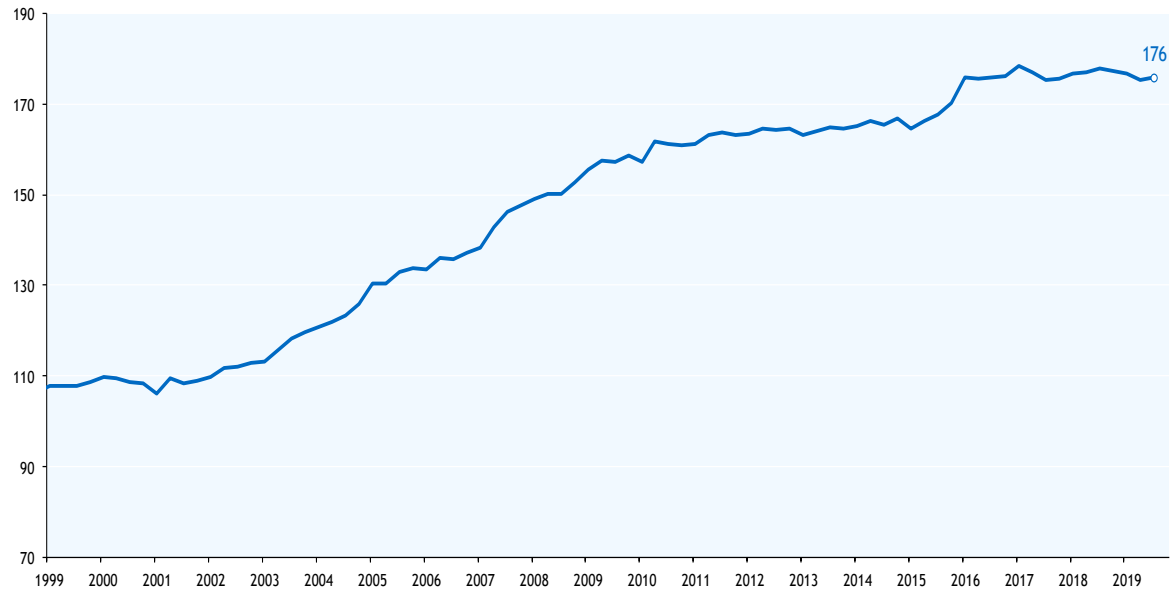
Source: Department of Finance, RBC Economics



# Canadian Debt

## Household debt-to-income ratio: Canada

Credit market debt as a % of household disposable income, seasonally adjusted



Source: Statistics Canada, RBC Economics

## Debt service costs

Debt payments as a % of household disposable income, quarterly



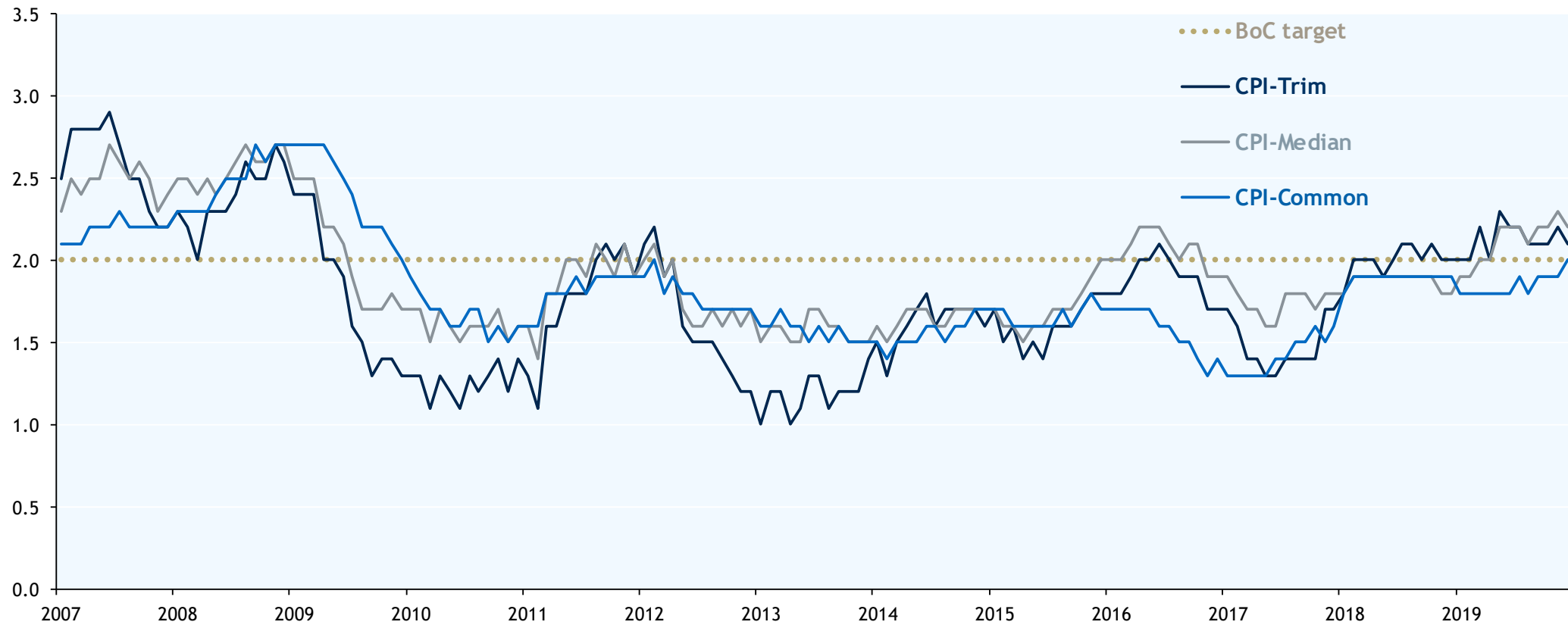
Source: Statistics Canada, RBC Economics



# Canadian Inflation

## Core measures of inflation: Canada

% change, year-over-year



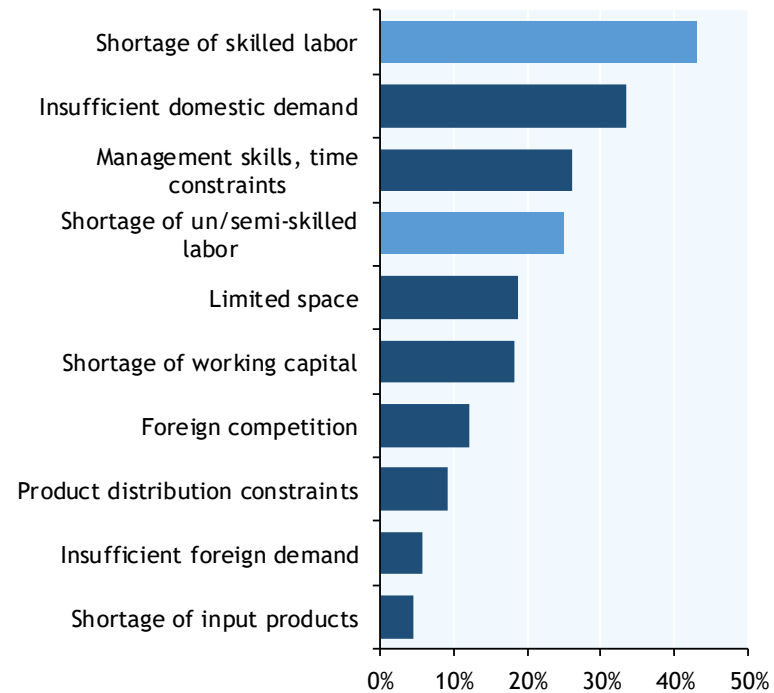
Source: Statistics Canada, RBC Economics



# Business Sentiment

## CFIB: factors limiting sales growth

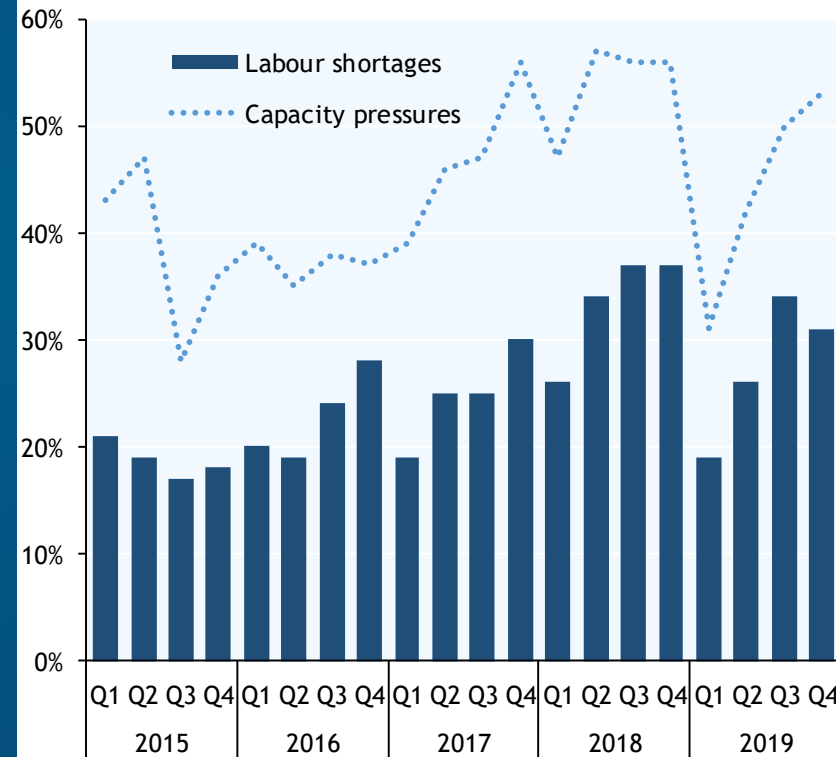
% of firms reporting, Q4/19



Source: CFIB, RBC Economics

## BoC Business Outlook Survey

percent of firms reporting

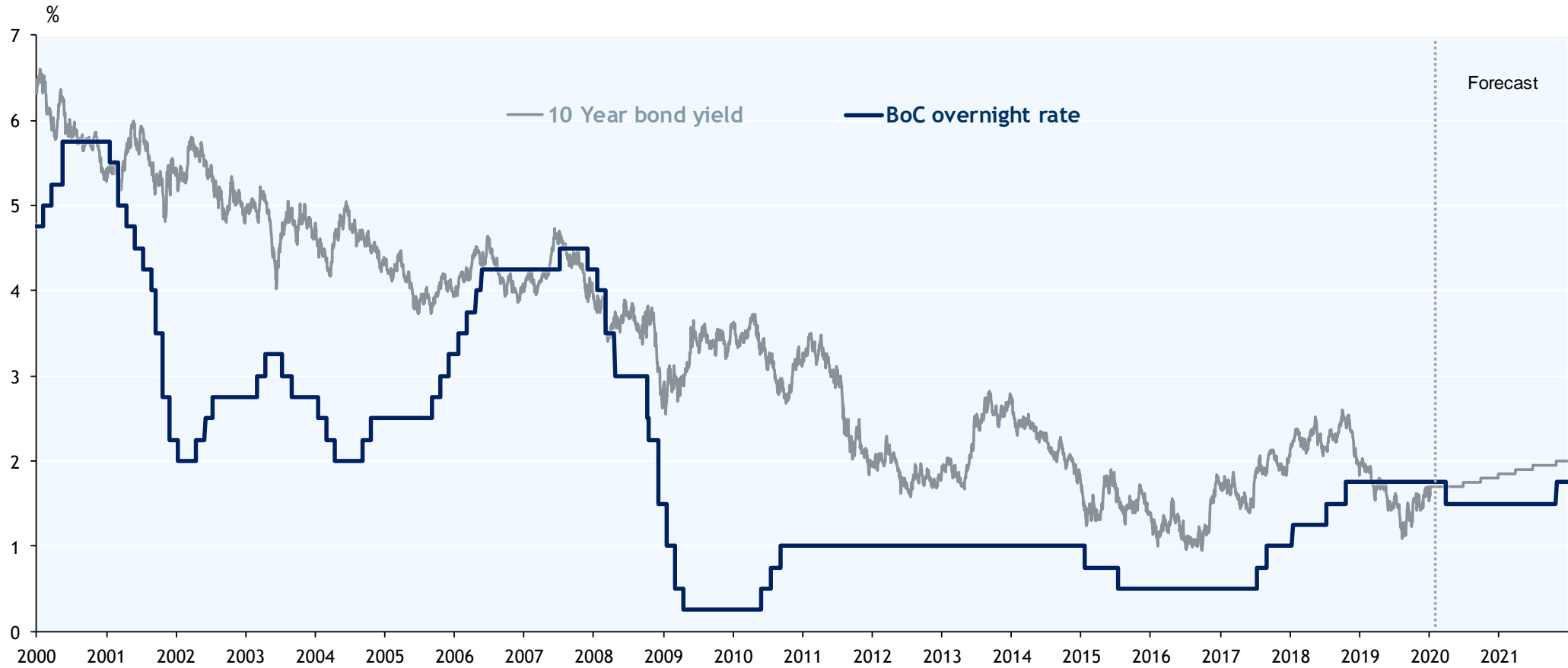


Source: Bank of Canada, RBC Economics



# Bank of Canada Interest Rate

## Interest rates: Canada

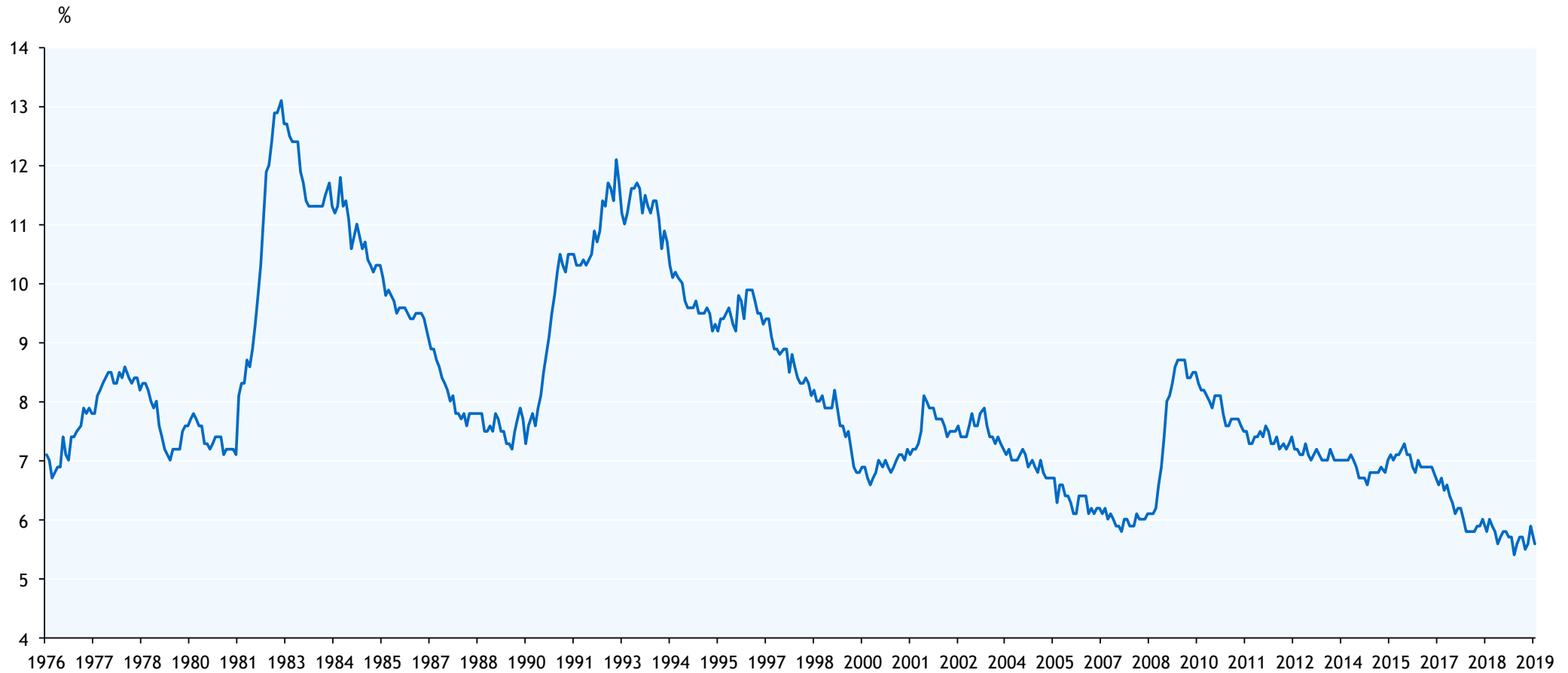


Source: Bank of Canada, RBC Economics



# Canadian Unemployment Rate

Unemployment rate: Canada



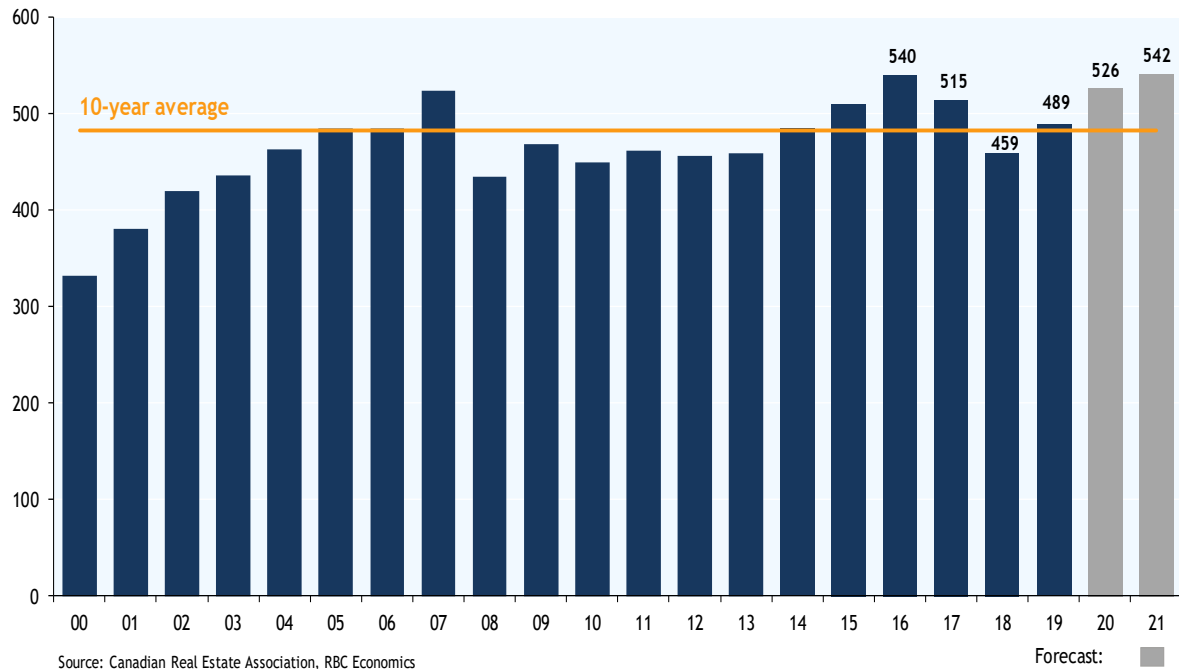
Source: Statistics Canada, RBC Economics



# Canadian Housing Market

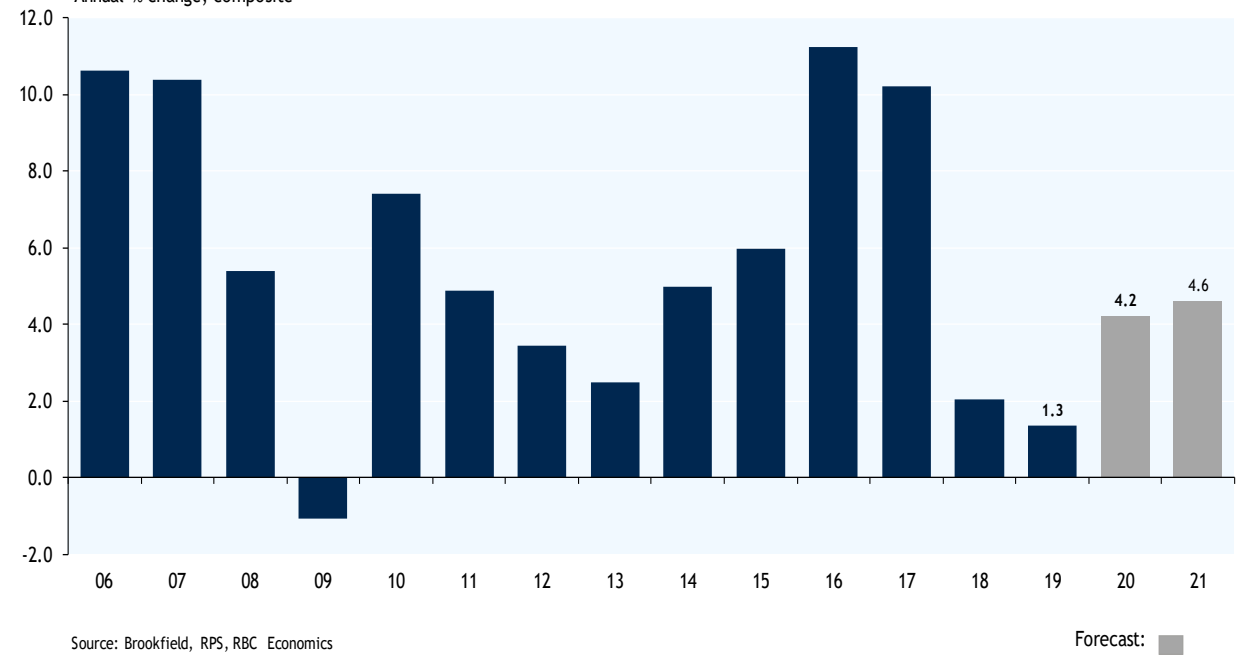
## Home resales: Canada

Thousands of units



## Home prices in Canada

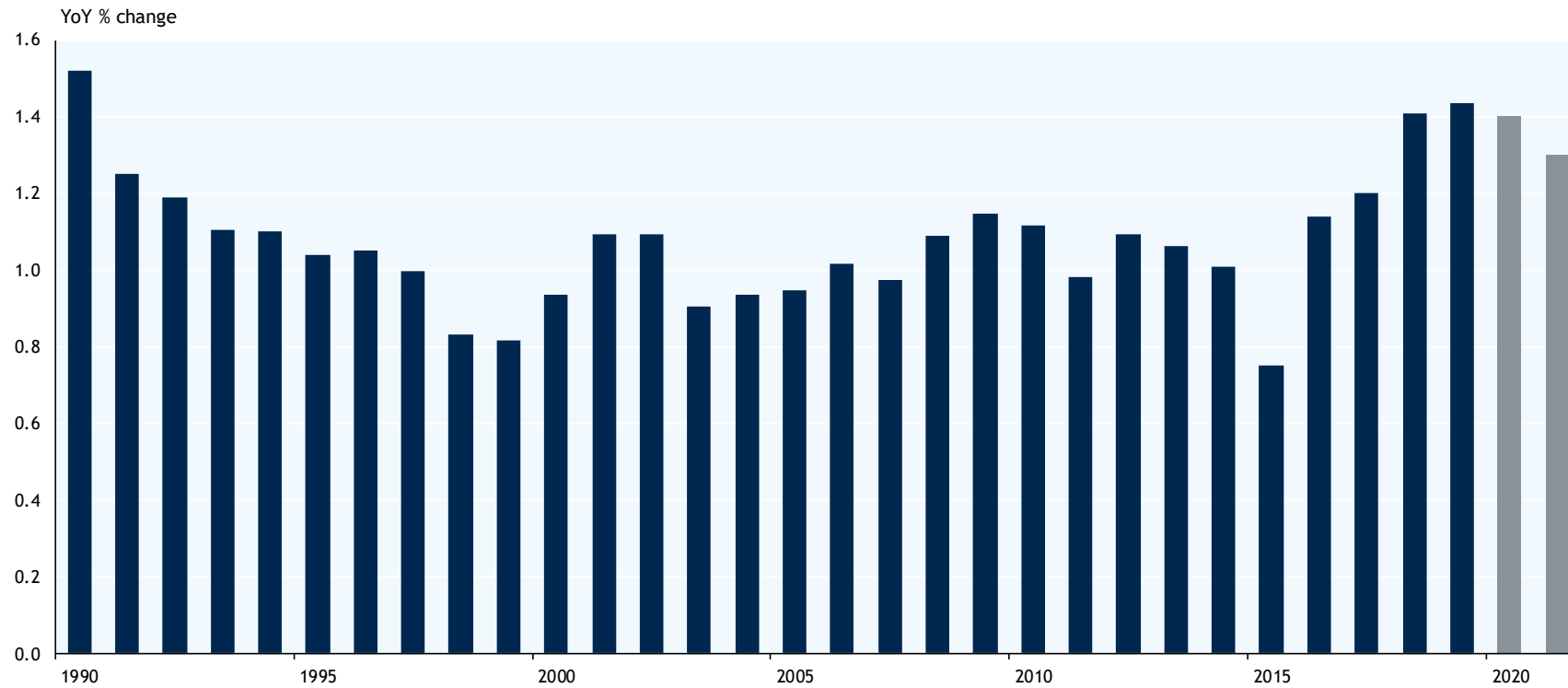
Annual % change, composite





# Canadian Population Growth

## Population Estimates: Canada



Source: Statistics Canada, RBC Economics

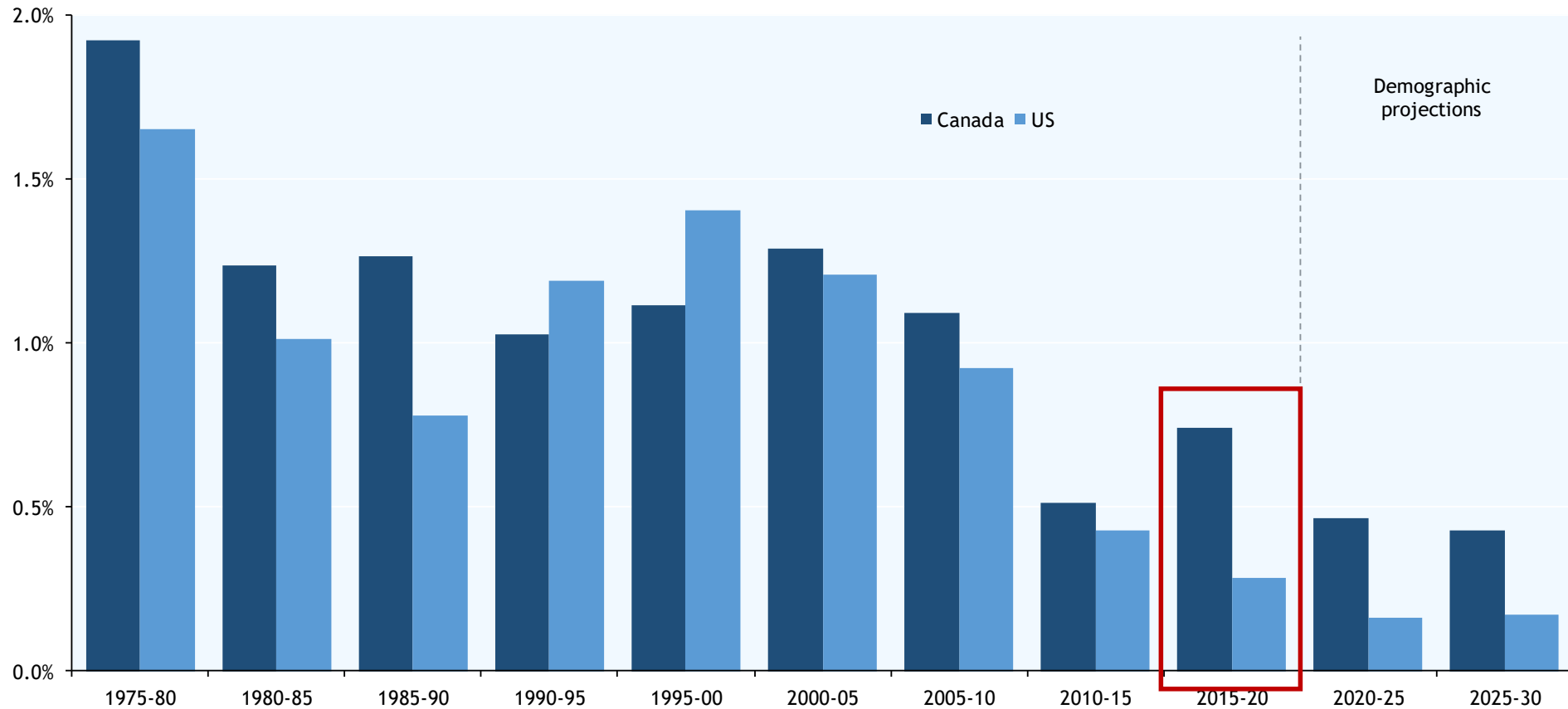
Forecast:



# Canadian Demographics

## Working age population growth

annual % change in 15-64 population

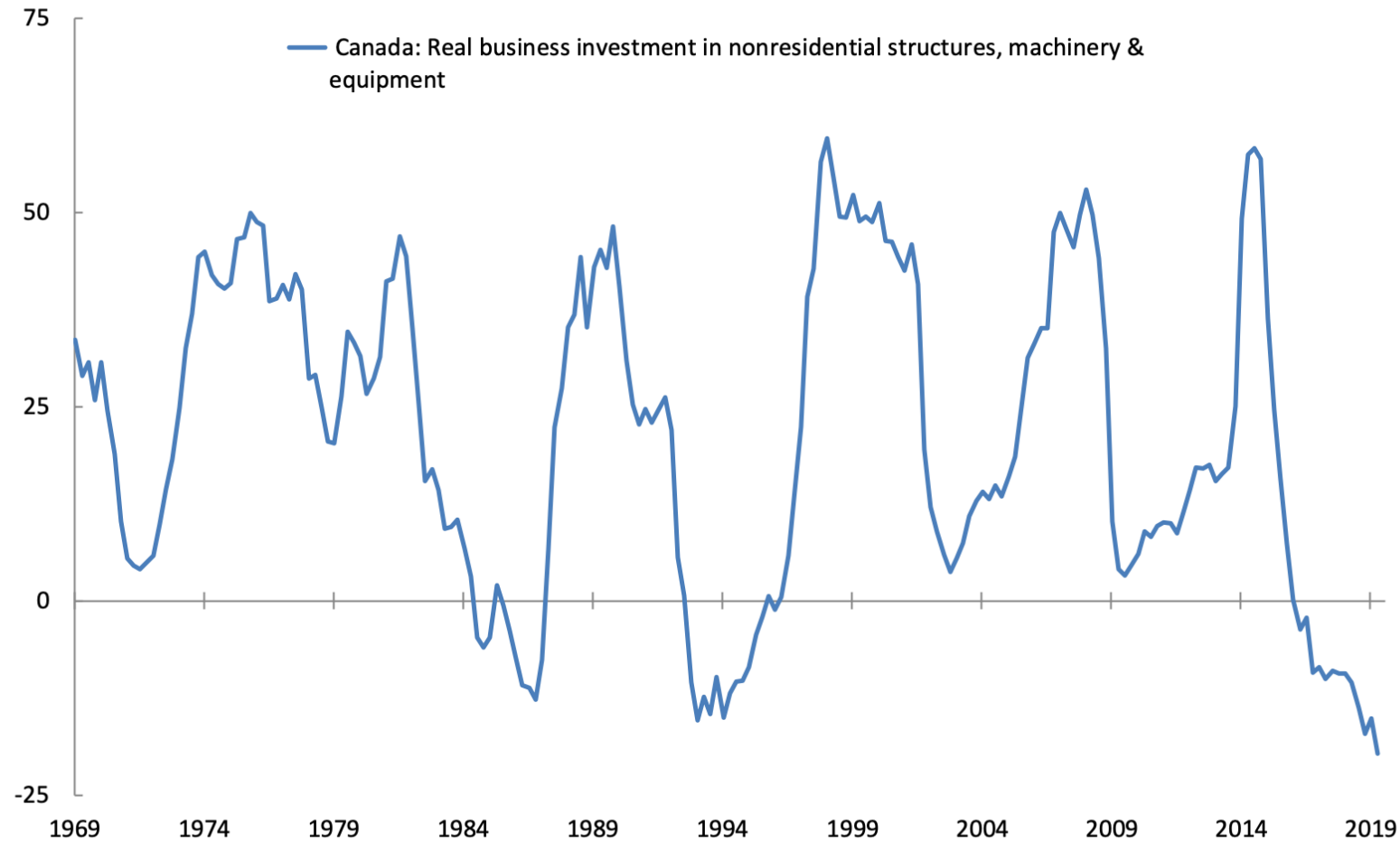


Source: Statistics Canada, Census Bureau, RBC Economics

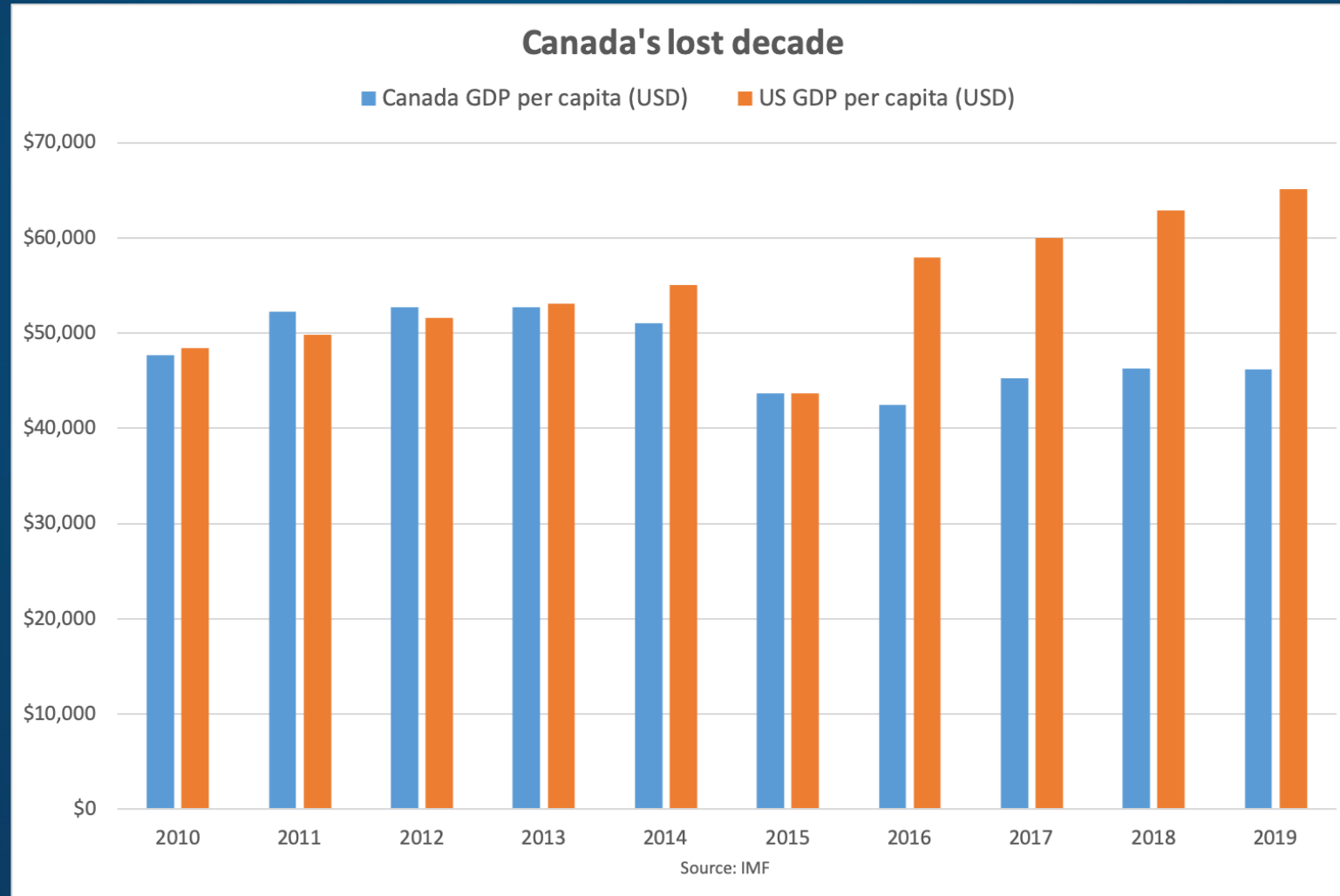


# Canadian Business Investment

Rolling 20-quarter % change



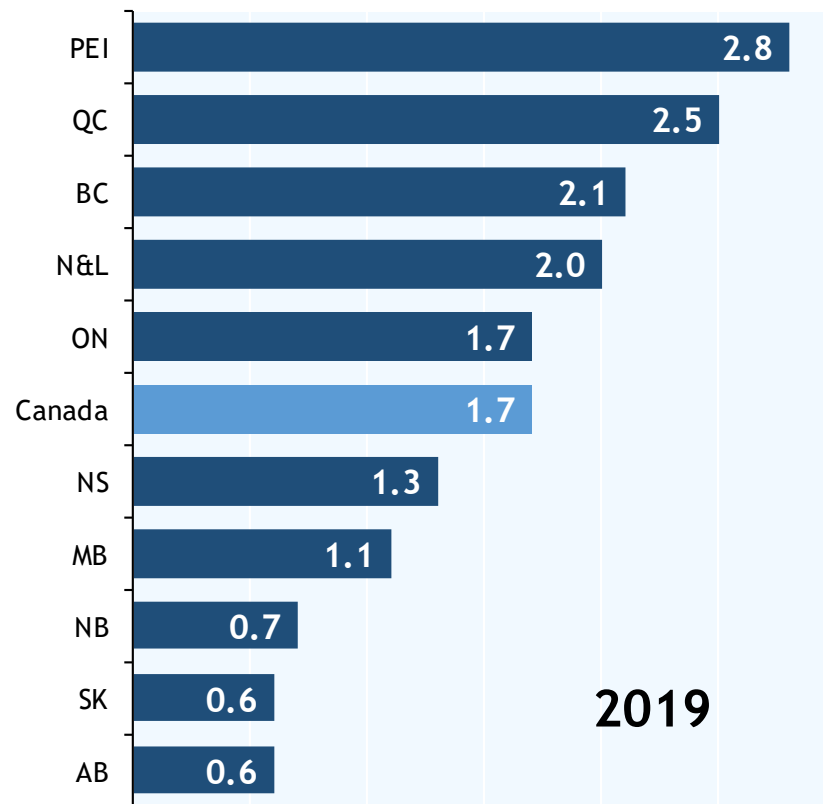
# Canadian Productivity



# Provincial Economic Outlook

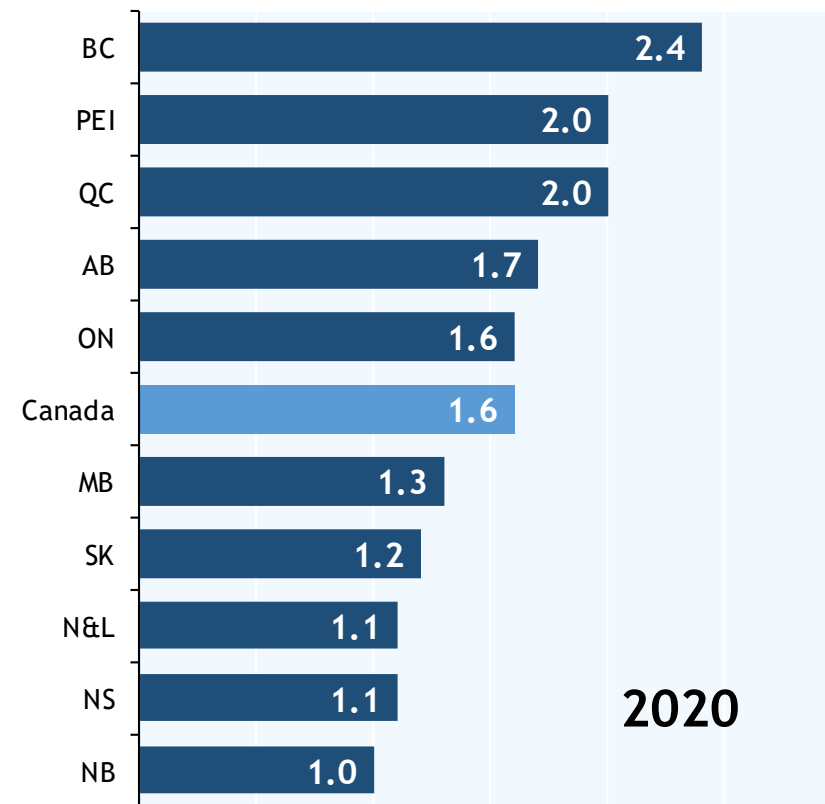
## Provincial GDP growth

real GDP, year-over-year % change



2019

Source: Statistics Canada, RBC Economics

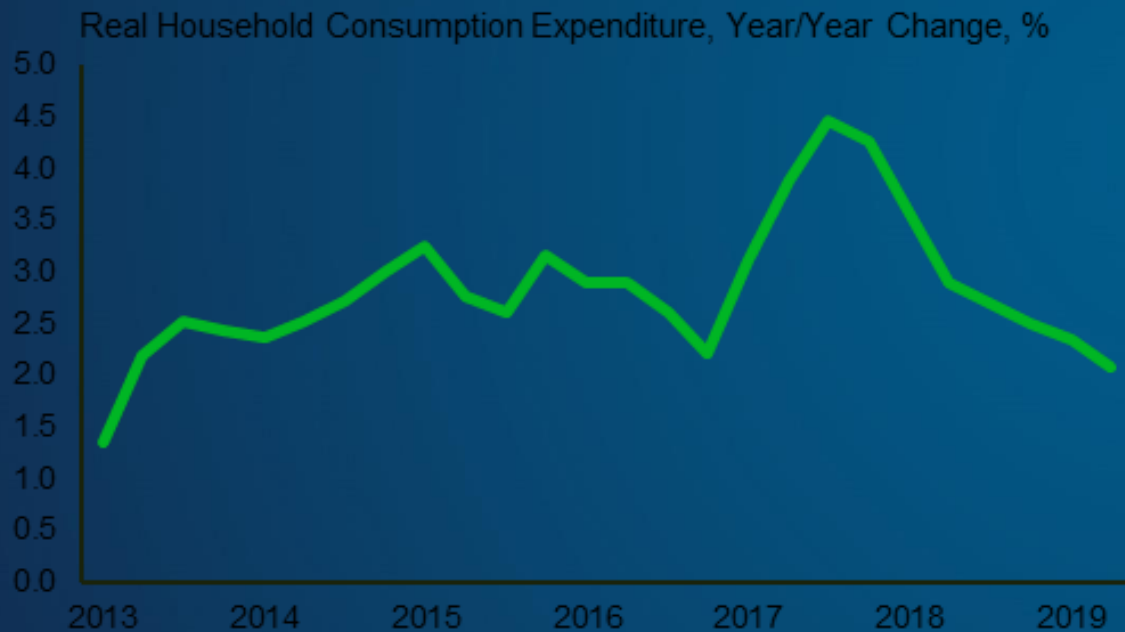


2020



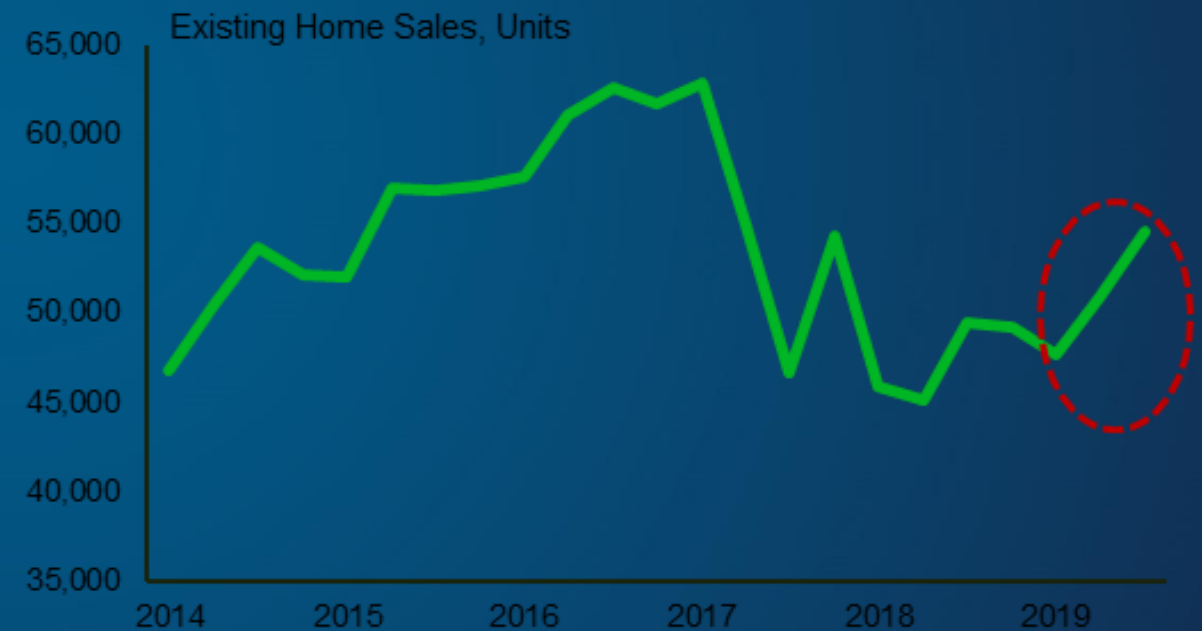
# Ontario's Economic Outlook

**Chart 1: Debt Laden Households Paring Back Spending**



Source: Ontario Ministry of Finance, TD Economics

**Chart 2: Strong Job Markets, Robust Population Growth Fuelling Recovery in Ontario's Home Sales**



Source: CREA, TD Economics



# Canadian Economic Needs

- A tax system that is fair, efficient and modern
- A regulatory system that works for everyone
- Access to new markets around the world and at home
- Resources to help SMEs grow and succeed
- Innovation and infrastructure to connect Canada
- A workforce with the skills, education and training to prosper





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