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## Outlook Evolving Largely as Expected

- There are few changes to the outlook relative to our last publication. Most of the changes reflect the fact that incoming data for industrialized countries has been somewhat more positive than expected in recent weeks, leading to minor upward revisions to 2022 forecasts. In some cases, growth dynamics imply that some of this strength has led to small increases to 2023 forecasts. The general narrative remains the same as earlier [articulated](#), the global economy is expected to slow rapidly owing to the combined impacts of still-elevated commodity prices for commodity importers, the deterioration in purchasing power from higher inflation, the policy response to lower inflation, the challenges faced in China and of course remaining uncertainties from Russia's war on Ukraine.
- On the inflation front, recent data in Canada and the US suggest the expected slowing is underway, increasing confidence that central banks in those countries are near terminal rates. In Canada, the Bank of Canada is signalling a pause as it waits to assess the impact of its policy actions on inflation and growth. This is in line with our previous forecast, and we continue to expect that the BoC's next move will be a cut late in 2023 given the expected slowing in both inflation and growth. A similar dynamic is forecast for the US, though we continue to expect that the Fed will lift rates to 5% early next year before eventually beginning rate cuts late in 2023. A series of additional cuts are expected in 2024.

For more details on our forecast narrative, please refer to our [October forecast](#).

International												
	2010-19	2020	2021	2022f	2023f	2024f	2010-19	2020	2021	2022f	2023f	2024f
	Real GDP (annual % change)						Consumer Prices (annual % change, unless noted)					
World (based on purchasing power parity)	3.7	-3.0	6.4	3.1	2.1	2.6						
Canada	2.3	-5.1	5.0	3.6	0.8	1.5	1.6	0.7	3.4	6.8	4.1	1.9
United States	2.3	-2.8	5.9	1.9	0.6	1.5	1.8	1.3	4.7	8.1	5.0	2.6
Mexico	2.7	-8.2	4.8	2.8	0.8	1.9	4.0	3.4	5.7	8.0	6.3	4.2
United Kingdom	2.0	-11.0	7.5	4.3	-0.9	1.2	2.2	0.9	2.6	9.0	6.9	3.0
Eurozone	1.4	-6.2	5.5	3.3	-0.5	1.5	1.4	0.3	2.6	8.5	6.6	3.0
Germany	2.0	-4.1	2.7	1.7	-0.9	1.6	1.4	0.4	3.2	8.8	7.5	3.2
France	1.4	-7.9	7.2	2.5	-0.1	1.4	1.3	0.5	2.1	6.0	5.2	3.0
China	7.7	2.3	8.1	3.2	4.4	4.5	2.7	0.2	0.9	2.2	2.2	1.9
India	7.0	-7.1	8.7	6.8	6.1	6.8	6.8	4.6	5.5	6.9	5.1	4.4
Japan	1.2	-4.7	1.7	1.7	1.6	1.3	0.6	-1.2	-0.2	2.0	1.4	1.0
South Korea	3.3	-0.9	4.1	2.6	2.0	2.7	1.7	0.5	2.5	5.5	3.8	2.3
Australia	2.6	-2.3	4.9	3.8	1.9	1.8	2.1	0.9	2.8	6.5	4.8	2.9
Thailand	3.6	-6.1	1.5	2.8	3.7	3.6	1.5	-0.3	1.2	6.3	2.8	1.5
Brazil*	1.4	-3.3	5.2	3.0	0.8	1.7	5.8	3.2	8.3	9.1	5.6	4.2
Colombia	3.7	-7.0	11.0	8.0	2.0	3.0	3.7	2.5	3.5	10.1	8.9	4.6
Peru	4.5	-11.0	13.6	2.8	2.4	2.2	2.8	1.8	4.0	7.8	6.4	3.3
Chile	3.3	-6.0	12.0	2.7	-1.7	2.8	3.0	3.1	4.5	11.7	7.1	3.2
Commodities												
	(annual average)											
WTI Oil (USD/bbl)	74	39	68	98	94	75						
Brent Oil (USD/bbl)	82	43	70	104	100	80						
WCS - WTI Discount (USD/bbl)	-18	-12	-13	-17	-19	-16						
Nymex Natural Gas (USD/mmbtu)	3.39	2.02	3.84	6.69	5.00	4.25						
Copper (USD/lb)	3.10	2.80	4.23	3.95	3.50	4.00						
Zinc (USD/lb)	1.02	1.03	1.36	1.58	1.40	1.40						
Nickel (USD/lb)	7.00	6.25	8.37	11.21	9.25	9.00						
Iron Ore (USD/tonne)	101	109	160	120	90	90						
Metallurgical Coal (USD/tonne)	179	127	204	360	200	180						
Gold, (USD/oz)	1,342	1,771	1,799	1,826	1,800	1,600						
Silver, (USD/oz)	21.64	20.48	25.15	23.00	24.00	23.00						

Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, IMF, Bloomberg.

\*Consumer Prices: average of quarterly y/y% change

North America												
	2010-19	2020	2021	2022f	2023f	2024f	2010-19	2020	2021	2022f	2023f	2024f
	<b>Canada</b>						<b>United States</b>					
	(annual % change, unless noted)						(annual % change, unless noted)					
Real GDP	2.3	-5.1	5.0	3.6	0.8	1.5	2.3	-2.8	5.9	1.9	0.6	1.5
Consumer spending	2.5	-6.1	5.0	4.7	1.3	1.7	2.2	-3.0	8.3	2.7	0.3	1.4
Residential investment	2.5	5.0	14.9	-9.6	-7.4	8.7	4.5	7.2	10.7	-9.4	-10.7	3.3
Business investment*	3.0	-9.8	4.2	7.4	-4.6	10.4	5.1	-4.9	6.4	3.6	0.4	0.9
Government	1.1	1.9	5.5	1.2	1.4	1.6	0.1	2.6	0.6	-0.9	0.4	0.8
Exports	3.6	-8.9	1.4	3.0	5.3	0.2	3.9	-13.2	6.1	8.3	3.3	2.6
Imports	3.7	-9.3	7.8	7.6	-1.0	3.0	4.3	-9.0	14.1	8.3	-0.8	2.3
Inventories, contribution to annual GDP growth	0.1	-1.8	1.0	2.2	-1.2	-0.7	0.2	-0.7	0.2	0.6	-0.4	0.1
Nominal GDP	4.0	-4.5	13.6	11.4	3.4	3.2	4.0	-1.5	10.7	9.2	5.1	3.2
GDP deflator	1.7	0.6	8.2	7.6	2.6	1.7	1.7	1.3	4.5	7.1	4.5	1.7
Consumer price index (CPI)	1.6	0.7	3.4	6.8	4.1	1.9	1.8	1.3	4.7	8.1	5.0	2.6
Core inflation rate**	1.7	1.9	2.7	4.7	3.2	2.0	1.6	1.3	3.5	5.0	3.5	2.5
Pre-tax corporate profits	6.3	-1.4	35.8	12.7	-0.7	3.7	5.9	-5.9	22.6	7.2	3.7	1.6
Employment	1.3	-5.1	4.8	3.6	0.9	1.3	1.2	-5.8	2.8	4.0	0.9	0.4
Unemployment rate (%)	6.9	9.5	7.4	5.3	5.8	6.3	6.2	8.1	5.4	3.7	4.2	4.8
Current account balance (CAD, USD bn)	-56.9	-47.6	-6.7	-9.9	16.7	-18.7	-407	-620	-846	-893	-727	-732
Merchandise trade balance (CAD, USD bn)	-13.6	-40.3	4.7	29.8	65.0	44.6	-763	-914	-1090	-1170	-1054	-1087
Federal budget balance (FY, CAD, USD bn) ***	-18.7	-327.7	-90.2	-36.4	-30.6	-25.4	-829	-3,132	-2,775	-1,036	-1,016	-1,134
percent of GDP	-1.0	-14.8	-3.6	-1.3	-1.1	-0.9	-4.8	-14.9	-11.9	-4.1	-3.8	-4.1
Housing starts (000s, mn)	201	218	271	258	202	194	1.31	1.40	1.61	1.56	1.37	1.41
Motor vehicle sales (000s, mn)	1,816	1,566	1,668	1,532	1,698	1,864	15.7	14.5	14.9	13.8	15.4	16.8
Industrial production	2.4	-8.2	4.5	3.9	1.0	1.6	1.7	-7.0	5.0	4.2	2.0	2.0
	<b>Mexico</b>											
	(annual % change)											
Real GDP	2.7	-8.2	4.8	2.8	0.8	1.9						
Consumer price index (year-end)	4.0	3.4	5.7	8.0	6.3	4.2						
Unemployment rate (%)	4.4	4.4	4.1	3.5	3.9	3.7						

Sources: Scotiabank Economics, Statistics Canada, CMHC, BEA, BLS, Bloomberg. \*For Canada it includes capital expenditures by businesses and non-profit institutions.  
 \*\* US: core PCE deflator; Canada: average of 2 core measures published by the BoC. \*\*\* In order to align with US reporting, as of the August 2020 issue of Scotiabank's Forecast Tables, Canadian Federal and Provincial Budget Balances for FY2020/21 are noted in calendar year 2020, FY2021/22 in calendar year 2021.

Quarterly Forecasts													
	2021	2022				2023				2024			
<b>Canada</b>	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Real GDP (q/q ann. % change)	6.9	2.8	3.2	2.9	1.0	-0.2	-0.1	-0.1	1.5	1.6	2.2	2.2	2.2
Real GDP (y/y % change)	3.9	3.2	4.7	3.9	2.5	1.7	0.9	0.2	0.3	0.7	1.3	1.8	2.0
Consumer prices (y/y % change)	4.7	5.8	7.5	7.2	6.8	5.3	4.2	3.8	2.9	2.3	1.8	1.7	1.7
Average of new core CPIs (y/y % change)*	3.3	4.0	5.0	5.0	4.8	4.0	3.4	2.9	2.5	2.2	2.0	1.9	1.8
CPIXFET (y/y % change)**	3.2	4.0	5.1	5.4	5.1	4.3	3.7	3.3	2.8	2.5	2.2	2.1	1.9
Unemployment Rate (%)	6.3	5.8	5.1	5.2	5.2	5.4	5.7	6.0	6.1	6.2	6.3	6.3	6.3
<b>United States</b>													
Real GDP (q/q ann. % change)	7.0	-1.6	-0.6	2.9	1.2	-0.4	-0.3	1.0	1.2	1.6	1.8	2.0	2.0
Real GDP (y/y % change)	5.7	3.7	1.8	1.9	0.5	0.8	0.8	0.4	0.4	0.9	1.4	1.7	1.9
Consumer prices (y/y % change)	6.7	8.0	8.6	8.3	7.7	6.5	5.3	4.5	3.8	3.2	2.6	2.3	2.3
Total PCE deflator (y/y % change)	5.7	6.4	6.6	6.3	5.9	5.1	4.2	3.7	3.2	2.7	2.2	2.0	2.0
Core PCE deflator (y/y % change)	4.7	5.3	5.0	4.9	4.9	4.3	3.7	3.2	3.0	2.8	2.6	2.4	2.3
Unemployment Rate (%)	4.2	3.8	3.6	3.6	3.7	3.9	4.1	4.3	4.5	4.6	4.7	4.8	4.8

\* Average of 2 core measures published by the BoC. \*\* CPI ex. food, energy and indirect taxes. Sources: Scotiabank Economics, Statistics Canada, BEA, BLS, Bloomberg.

Central Bank Rates													
	2021	2022				2023				2024			
	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Americas</b>	(% end of period)												
Bank of Canada	0.25	0.50	1.50	3.25	4.25	4.25	4.25	4.25	4.00	3.50	3.00	3.00	3.00
US Federal Reserve (upper bound)	0.25	0.50	1.75	3.25	4.50	5.00	5.00	5.00	4.75	4.25	3.75	3.25	3.00
Bank of Mexico	5.50	6.50	7.75	9.25	10.50	10.75	10.75	10.75	10.25	9.75	9.25	8.50	7.50
Central Bank of Brazil	9.25	11.75	13.25	13.75	13.75	13.50	13.25	12.50	11.75	10.50	9.50	9.00	8.50
Bank of the Republic of Colombia	3.00	5.00	7.50	10.00	12.00	12.50	12.00	11.00	10.00	9.00	8.50	7.00	6.00
Central Reserve Bank of Peru	2.50	4.00	5.50	6.75	7.50	7.50	7.50	7.50	7.25	7.00	6.75	6.25	5.75
Central Bank of Chile	4.00	7.00	9.00	10.75	11.25	11.00	8.00	6.00	4.50	3.75	3.75	3.75	3.75
<b>Europe</b>													
European Central Bank MRO Rate	0.00	0.00	0.00	1.25	2.50	3.25	3.25	3.25	3.25	3.00	2.75	2.50	2.50
European Central Bank Deposit Rate	-0.50	-0.50	-0.50	0.75	2.00	2.75	2.75	2.75	2.75	2.50	2.25	2.00	2.00
Bank of England	0.25	0.75	1.25	2.25	3.50	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25
<b>Asia/Oceania</b>													
Reserve Bank of Australia	0.10	0.10	0.85	2.35	3.10	3.45	3.55	3.55	3.50	3.30	3.15	3.00	2.85
Bank of Japan	-0.10	-0.10	-0.10	-0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
People's Bank of China	3.80	3.70	3.70	3.65	4.30	4.30	4.30	4.30	4.30	4.25	4.25	4.10	4.00
Reserve Bank of India	4.00	4.00	4.90	5.90	6.25	6.40	6.45	6.40	6.30	6.15	6.10	6.05	6.00
Bank of Korea	1.00	1.25	1.75	2.50	3.25	3.50	3.55	3.50	3.35	3.25	3.00	2.75	2.50
Bank of Thailand	0.50	0.50	0.50	1.00	1.30	1.60	1.75	1.85	1.85	1.90	1.85	1.80	1.75
Currencies and Interest Rates													
<b>Americas</b>	(end of period)												
Canadian dollar (USDCAD)	1.26	1.25	1.29	1.38	1.35	1.35	1.35	1.30	1.30	1.27	1.27	1.25	1.25
Canadian dollar (CADUSD)	0.79	0.80	0.78	0.72	0.74	0.74	0.74	0.77	0.77	0.79	0.79	0.80	0.80
Mexican peso (USDMXN)	20.53	19.87	20.12	20.14	19.72	20.42	20.54	20.79	20.57	20.74	20.85	21.38	21.45
Brazilian real (USDBRL)	5.58	4.74	5.26	5.42	5.29	5.38	5.41	5.49	5.38	5.47	5.39	5.31	5.23
Colombian peso (USDCOP)	4,080	3,771	4,155	4,609	4,847	4,880	4,958	5,026	5,026	5,026	5,026	5,026	5,026
Peruvian sol (USDPEN)	4.00	3.68	3.83	3.98	3.95	3.99	3.95	3.90	3.95	3.90	3.95	3.90	3.95
Chilean peso (USDCLP)	852	786	918	969	900	900	880	870	850	800	780	770	750
<b>Europe</b>													
Euro (EURUSD)	1.14	1.11	1.05	0.98	1.05	1.05	1.05	1.10	1.10	1.10	1.10	1.12	1.12
UK pound (GBPUSD)	1.35	1.31	1.22	1.12	1.20	1.20	1.20	1.25	1.25	1.25	1.25	1.28	1.28
<b>Asia/Oceania</b>													
Japanese yen (USDJPY)	115	122	136	145	135	135	135	130	130	130	130	125	125
Australian dollar (AUDUSD)	0.73	0.75	0.69	0.64	0.67	0.67	0.67	0.69	0.69	0.70	0.70	0.72	0.72
Chinese yuan (USDCNY)	6.36	6.34	6.70	7.12	7.20	7.15	7.14	7.05	6.90	6.80	6.80	6.70	6.70
Indian rupee (USDINR)	74.3	75.8	79.0	81.3	82.2	82.0	82.0	82.0	80.0	79.0	79.0	78.0	78.0
South Korean won (USDKRW)	1,189	1,212	1,299	1,431	1,400	1,380	1,350	1,330	1,330	1,271	1,271	1,271	1,271
Thai baht (USDTHB)	33.4	33.3	35.3	37.7	37.0	36.2	35.5	35.0	34.5	33.8	33.8	33.0	33.0
<b>Canada (Yields, %)</b>													
3-month T-bill	0.19	0.73	2.31	3.78	4.15	4.15	4.15	4.10	3.65	3.20	2.90	2.90	2.90
2-year Canada	0.95	2.29	3.15	3.79	3.80	3.65	3.40	3.25	3.10	3.00	2.90	2.90	2.90
5-year Canada	1.26	2.41	3.11	3.33	3.00	3.15	3.20	3.30	3.35	3.25	3.20	3.15	3.15
10-year Canada	1.42	2.40	3.22	3.17	2.75	2.85	3.00	3.25	3.45	3.45	3.50	3.50	3.55
30-year Canada	1.68	2.38	3.13	3.09	2.75	2.90	3.15	3.35	3.55	3.60	3.65	3.65	3.70
<b>United States (Yields, %)</b>													
3-month T-bill	0.06	0.55	1.73	3.21	4.30	4.80	4.80	4.80	4.50	4.00	3.50	3.00	2.75
2-year Treasury	0.73	2.33	3.09	4.28	4.35	4.15	3.90	3.65	3.30	3.10	3.00	3.00	3.00
5-year Treasury	1.26	2.46	3.04	4.09	3.70	3.60	3.50	3.40	3.20	3.15	3.15	3.10	3.10
10-year Treasury	1.51	2.34	3.01	3.83	3.50	3.25	3.30	3.40	3.45	3.50	3.55	3.60	3.60
30-year Treasury	1.90	2.45	3.18	3.78	3.50	3.45	3.50	3.55	3.60	3.65	3.70	3.75	3.75

Sources: Scotiabank Economics, Bloomberg.

The Provinces											
	(annual % change except where noted)										
	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
<b>Real GDP</b>											
2010-19	2.3	1.1	2.1	1.2	0.7	1.9	2.3	2.2	2.3	2.6	2.9
2020	-5.1	-4.6	-1.6	-3.5	-2.7	-5.0	-4.7	-4.4	-4.8	-8.0	-3.0
2021	5.0	0.6	7.9	6.2	5.9	6.0	5.2	1.8	-0.9	4.8	6.1
2022f	3.6	0.5	2.6	2.4	2.2	3.6	3.5	3.6	5.2	4.7	2.6
2023f	0.8	1.0	1.2	0.7	0.6	0.6	0.5	0.6	1.8	1.6	0.5
2024f	1.5	1.2	1.4	1.2	1.0	1.2	1.6	1.1	1.3	1.7	1.5
<b>Nominal GDP</b>											
2010-19	4.0	3.7	4.2	3.0	2.8	3.9	3.6	3.9	3.5	3.7	4.5
2020	-4.5	-10.0	1.4	0.0	-1.6	-2.5	-2.9	-1.3	-7.6	-15.7	-0.7
2021	13.6	17.7	14.3	10.9	13.8	11.8	10.3	8.4	13.1	26.2	14.2
2022f	11.4	11.9	7.0	6.6	5.5	10.3	10.1	9.1	20.0	19.8	7.3
2023f	3.4	2.0	4.2	3.4	3.1	3.8	3.6	3.6	2.9	2.5	3.4
2024f	3.2	0.7	2.4	2.3	1.9	3.8	4.1	2.8	0.7	1.0	3.8
<b>Employment</b>											
2010-19	1.3	0.6	1.5	0.3	0.0	1.2	1.4	0.7	0.8	1.2	2.0
2020	-5.1	-5.7	-3.2	-4.7	-2.6	-4.8	-4.8	-3.3	-4.7	-6.6	-6.5
2021	4.8	2.8	3.6	5.4	2.5	4.1	4.9	3.3	2.5	5.1	6.7
2022f	3.6	3.6	3.5	3.3	3.2	3.2	3.8	3.2	3.3	4.4	3.2
2023f	0.9	1.2	0.8	0.9	0.9	0.8	0.9	0.8	1.1	1.3	0.6
2024f	1.3	1.6	1.3	1.3	1.3	1.2	1.2	1.3	1.6	1.6	1.2
<b>Unemployment Rate (%)</b>											
2010-19	6.9	13.3	10.6	8.7	9.3	7.1	7.0	5.5	6.4	6.2	6.1
2020	9.5	14.1	10.4	9.8	10.0	8.9	9.6	7.6	10.2	11.4	8.8
2021	7.4	12.9	9.2	8.4	9.0	6.1	8.0	6.3	8.1	8.7	6.3
2022f	5.3	10.9	7.4	6.6	7.2	4.3	5.7	4.6	4.7	5.8	4.7
2023f	5.8	11.0	7.9	7.1	7.7	4.9	6.2	5.2	5.0	5.9	5.5
2024f	6.3	11.2	8.4	7.6	8.1	5.4	6.7	5.7	5.2	6.1	6.1
<b>Total CPI, annual average</b>											
2010-19	1.6	2.0	1.6	1.7	1.8	1.5	1.9	1.8	1.8	1.7	1.6
2020	0.6	0.2	0.0	0.3	0.2	0.8	0.6	0.5	0.6	1.1	0.8
2021	3.4	3.7	5.1	4.1	3.8	3.8	3.5	3.2	2.6	3.2	2.8
2022f	6.8	6.4	8.8	7.4	7.3	6.7	6.9	7.7	6.5	6.4	6.8
2023f	4.1	4.4	5.6	4.7	4.5	4.3	4.1	4.2	3.7	3.5	4.0
2024f	1.9	2.1	2.5	2.2	2.1	2.0	1.9	1.9	1.7	1.6	1.9
<b>Housing Starts (units, 000s)</b>											
2010-19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
2020	218	0.8	1.2	4.9	3.5	54	81	7.3	3.1	24	38
2021	271	1.0	1.3	6.3	3.8	68	100	8.0	4.2	32	48
2022f	258	1.8	1.2	5.6	4.3	63	89	7.8	4.5	36	45
2023f	202	1.1	0.9	4.5	3.1	50	72	6.0	3.3	26	35
2024f	194	0.7	1.0	4.4	2.9	48	72	6.1	2.9	22	34
<b>Motor Vehicle Sales (units, 000s)</b>											
2010-19	1,816	33	7	52	42	441	738	56	54	239	199
2020	1,566	27	7	40	35	378	653	47	42	184	179
2021	1,668	29	8	45	38	404	665	49	43	196	199
2022f	1,532	25	7	35	34	366	628	42	40	182	178
2023f	1,698	27	7	40	37	404	696	46	44	204	195
2024f	1,864	29	8	45	40	443	765	51	48	222	215
<b>Budget Balances, (CAD mn)</b>											
2019*	-39,392	1,117	22	2	49	32	-8,672	5	-319	-12,152	-322
2020	-327,729	-1,492	-6	-342	409	-7,539	-16,404	-2,124	-1,127	-16,962	-5,468
2021	-90,200	-272	-27	351	488	-294	2,051	-704	-1,468	3,944	1,306
2022f	-36,400	479	-93	-506	774	-1,656	-12,900	-548	1,094	12,294	5,732
2023f	-30,600	-309	-52	-419	21	-1,277	-8,100	-440	-384	5,615	-4,128

\* NL budget balance in 2019 is net of one-time revenue boost via Atlantic Accord.

Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are after Generations Fund and before Stabilization Reserve transfers.

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