

ECONOMIC & FINANCIAL OUTLOOK



After a Difficult Start to the Year, an Improvement Is Expected This Spring

HIGHLIGHTS

- ▶ Generally, the solid pace of economic growth observed at the end of 2017 seems to have lost some steam at the beginning of 2018. At least, this is what the drop in several PMI indexes appears to suggest, especially in the euro zone. Nonetheless, real GDP growth in Euroland should reach 2.4% in 2018 and 2.1% in 2019. In short, the global real GDP should see growth of 3.9% in 2018 and 2019 after a gain of 3.7% in 2017.
 - ▶ In the United States, households did not take advantage of the tax cuts to accelerate spending. On the contrary, consumer spending is expected to remain weak in the first quarter, thus leading to a slowdown in real GDP. However, a rebound is expected in the spring, supported by the reduction in the tax burden of households and businesses and the increase in federal spending.
 - ▶ In Canada, growth in the first quarter of 2018 may be a little weaker than initially thought. Among other things, the sales and prices of existing homes have declined since the beginning of the year in response to the new restrictive measures.
- Exports are also running into difficulties, while the energy sector is experiencing delivery problems. However, the pace of growth is expected to quicken as early as the second quarter.
- ▶ Federal Reserve leaders are maintaining a very positive tone and are signalling that they may slightly accelerate the pace of monetary tightening. The Bank of Canada is more confident that higher interest rates will be justified over time.
 - ▶ In Quebec, the annualized growth in real GDP slowed to 1.8% during the last quarter of 2017 after surpassing 3% in the preceding quarters. This result corresponds to our forecasts, which anticipate a slowdown in economic growth. It should reach 2.2% this year, then 1.9% in 2019.
 - ▶ In Ontario, the fourth quarter of 2017 ended the year with a 2.6% increase in real GDP. However, a slowdown is anticipated for the beginning of 2018, as the housing market in the GTA, in particular, is affected by the new restrictive measures. The effects of a drop in the housing market are also being felt in British Columbia.

MAIN CHANGES

- ▶ The forecast growth in global real GDP was revised slightly in 2018 from 3.8% to 3.9% in 2019. This better-than-expected growth is due, in large part, to the emerging countries.
- ▶ Even if the change in real GDP in Quebec is in line with our expectations, the rise in nominal GDP during the last quarter of 2017 did come as a surprise. As a result, the forecasts were revised: the expected growth in nominal GDP is set at 4.5% in 2018 and 4.3% in 2019, whereas it was around 3.5% for both years.

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RISKS INHERENT IN OUR SCENARIOS

Geopolitical risks continue to drag on the global economy. A potential conflict with North Korea would come with very high human and economic costs. Financial imbalances persist in numerous countries, including European nations and China. Tough Brexit negotiations between the United Kingdom and the European Union and the potential for trade wars (especially since the Trump administration's recent announcements) could also disrupt the global economy. In the United States, the Trump administration's policies could make the economic situation diverge from our scenarios, either positively (tax cuts, increased federal spending and higher infrastructure investment) or negatively (protectionism and immigration reform). Political uncertainty fed by doubts concerning the administration's integrity may also affect the markets, as could protectionist moves and possible reprisals by the White House. Uncertain monetary policy movement could have a big influence on the financial markets in the coming quarters. In this context, stronger or weaker inflation than forecast would have major consequences, especially for the bond market. The outbreak of a major conflict in the Middle East, or the cancellation of the nuclear program agreement with Iran may cause the price of oil to jump. In Canada, the continuing gradual rise in interest rates is intensifying concerns over high household debt. This could trigger a sharper housing market correction than forecast, and a considerable slowdown in spending on durable goods. The ongoing negotiations of the North American Free Trade Agreement (NAFTA), possible U.S. taxes on Canadian steel and aluminum, and the lumber dispute are still generating a lot of uncertainty over the future direction of foreign trade and business investment.

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

IN %	WEIGHT*	REAL GDP GROWTH			INFLATION RATE		
		2017	2018f	2019f	2017	2018f	2019f
Advanced economies	39.0	2.3	2.4	2.1	1.7	2.0	1.8
United States	15.5	2.3	2.8	2.5	2.1	2.4	2.2
Canada	1.3	3.0	2.1	1.9	1.6	2.4	2.0
<i>Quebec</i>	<i>0.3</i>	<i>3.1</i>	<i>2.2</i>	<i>1.9</i>	<i>1.0</i>	<i>1.6</i>	<i>1.5</i>
<i>Ontario</i>	<i>0.5</i>	<i>2.7</i>	<i>2.0</i>	<i>1.9</i>	<i>1.7</i>	<i>2.5</i>	<i>2.1</i>
Japan	4.4	1.7	1.5	1.1	0.5	1.2	1.0
United Kingdom	2.3	1.8	1.4	1.3	2.7	2.8	2.1
Euro zone	11.9	2.5	2.4	2.1	1.5	1.7	1.4
<i>Germany</i>	<i>3.4</i>	<i>2.5</i>	<i>2.4</i>	<i>2.0</i>	<i>1.7</i>	<i>1.9</i>	<i>1.7</i>
<i>France</i>	<i>2.3</i>	<i>2.0</i>	<i>2.2</i>	<i>1.9</i>	<i>1.0</i>	<i>1.6</i>	<i>1.4</i>
<i>Italy</i>	<i>1.9</i>	<i>1.5</i>	<i>1.4</i>	<i>1.3</i>	<i>1.2</i>	<i>1.3</i>	<i>1.2</i>
Other countries	4.0	1.3	1.5	1.4	1.0	1.1	1.1
Australia	0.9	2.3	2.7	2.7	1.9	2.4	2.2
Emerging and developing economies	61.0	4.5	4.8	4.9	6.8	5.4	4.4
North Asia	26.3	6.7	6.7	6.5	2.2	2.9	2.9
<i>China</i>	<i>17.8</i>	<i>6.9</i>	<i>6.6</i>	<i>6.3</i>	<i>1.6</i>	<i>2.5</i>	<i>2.2</i>
<i>India</i>	<i>7.2</i>	<i>6.6</i>	<i>7.3</i>	<i>7.4</i>	<i>3.3</i>	<i>3.8</i>	<i>4.8</i>
South Asia	5.3	5.1	5.2	5.0	2.8	3.1	2.9
Latin America	6.4	0.9	2.1	2.9	3.9	3.8	3.7
<i>Mexico</i>	<i>1.9</i>	<i>2.0</i>	<i>2.2</i>	<i>2.5</i>	<i>6.0</i>	<i>4.3</i>	<i>3.5</i>
<i>Brazil</i>	<i>2.6</i>	<i>1.0</i>	<i>2.7</i>	<i>3.2</i>	<i>3.0</i>	<i>3.9</i>	<i>4.1</i>
Eastern Europe	7.2	4.0	3.1	3.2	5.4	5.3	4.6
<i>Russia</i>	<i>2.8</i>	<i>1.5</i>	<i>1.9</i>	<i>2.1</i>	<i>3.7</i>	<i>4.0</i>	<i>3.9</i>
Other countries	15.8	2.4	3.1	3.8	19.6	13.3	8.5
<i>South Africa</i>	<i>0.6</i>	<i>1.2</i>	<i>1.8</i>	<i>2.3</i>	<i>5.2</i>	<i>5.1</i>	<i>4.9</i>
World	100.0	3.7	3.9	3.9	4.3	3.8	3.2

f: forecasts; PPP : Purchasing Power Parities, exchange rate that equates the costs of a broad basket of goods and services across countries; * 2016.
 Sources: World Bank, Consensus Forecasts and Desjardins, Economic Studies

FINANCIAL FORECASTS

Trade and geopolitical tensions continued to cause significant volatility on financial markets over the last few weeks. However, fears of a trade war have subsided somewhat following some signs of openness, especially on the part of China. Positive developments in the North American Free Trade Agreement (NAFTA) negotiations also helped the Canadian dollar reach nearly US\$0.80. Oil prices recently hit their highest level in three years as doubts arose concerning the supply of oil from the Organization of the Petroleum Exporting Countries (OPEC). Long-term bond yields remained relatively stable, but short-term yields continued to rise as the Federal Reserve (Fed) once again raised its key rates in March. Fed leaders are maintaining a very positive tone and are even signalling that they may slightly accelerate the pace of monetary tightening. The Bank of Canada opted for the status quo in April, but it did say that it is more confident that higher interest rates would be justified over time while the economic outlook remains favourable, and upward pressure on inflation and salaries are getting clearer. Two additional hikes of the Canadian key rate are thus still expected between now and the end of 2018, just as in the United States. Continued monetary tightening in North America and rising inflation point to an uptrend in bond yields.

TABLE 2
Summary of the financial forecasts

END OF PERIOD IN % (EXCEPT IF INDICATED)	2017		2018				2019			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Key interest rate										
United States	1.25	1.50	1.75	2.00	2.25	2.25	2.50	2.75	3.00	3.00
Canada	1.00	1.00	1.25	1.25	1.50	1.75	1.75	2.00	2.25	2.25
Euro zone	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.25	0.25	0.50
United Kingdom	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75
Federal bonds										
<u>United States</u>										
2-year	1.49	1.88	2.27	2.55	2.65	2.70	2.85	3.00	3.05	3.15
5-year	1.92	2.19	2.55	2.85	3.00	3.05	3.15	3.20	3.25	3.30
10-year	2.33	2.41	2.75	3.05	3.20	3.25	3.35	3.40	3.45	3.45
30-year	2.86	2.74	2.97	3.25	3.40	3.45	3.55	3.60	3.65	3.70
<u>Canada</u>										
2-year	1.52	1.69	1.78	2.05	2.15	2.25	2.30	2.45	2.50	2.60
5-year	1.75	1.87	1.97	2.25	2.40	2.50	2.55	2.65	2.70	2.75
10-year	2.10	2.04	2.09	2.45	2.65	2.75	2.80	2.85	2.90	2.90
30-year	2.47	2.26	2.23	2.55	2.75	2.90	2.95	3.00	3.05	3.10
Currency market										
Canadian dollar (USD/CAD)	1.25	1.26	1.29	1.26	1.25	1.25	1.27	1.25	1.23	1.23
Canadian dollar (CAD/USD)	0.80	0.79	0.78	0.80	0.80	0.80	0.79	0.80	0.81	0.81
Euro (EUR/USD)	1.18	1.20	1.23	1.23	1.25	1.26	1.27	1.28	1.29	1.30
British pound (GBP/USD)	1.34	1.35	1.40	1.40	1.41	1.40	1.38	1.37	1.38	1.40
Yen (USD/JPY)	112	113	106	108	110	112	114	115	115	114
Stock markets (level and growth)*										
United States – S&P 500	2,674		Target: 2,875 (+7.5%)				Target: 3,025 (+5.2%)			
Canada – S&P/TSX	16,209		Target: 17,000 (+4.9%)				Target: 18,300 (+7.6%)			
Commodities (annual average)										
WTI oil (US\$/barrel)	51 (60*)		63 (64*)				65 (68*)			
Gold (US\$/ounce)	1,258 (1,303*)		1,315 (1,280*)				1,255 (1,215*)			

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)	2017		2018				ANNUAL AVERAGE			
	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2016	2017	2018f	2019f
Real GDP (2009 US\$)	3.2	2.9	2.2	3.5	2.8	2.3	1.5	2.3	2.8	2.5
Personal consumption expenditures	2.2	4.0	1.3	3.7	3.1	2.2	2.7	2.8	2.8	2.7
Residential construction	-4.7	12.8	5.0	8.4	3.3	2.4	5.5	1.8	4.6	3.3
Business fixed investment	4.7	6.8	6.6	7.7	6.3	5.3	-0.6	4.7	6.5	4.8
Inventory change (US\$B)	38.5	15.6	45.0	30.0	25.0	25.0	33.4	15.2	31.2	25.0
Public expenditures	0.7	3.0	1.5	1.6	2.0	2.0	0.8	0.1	1.7	1.8
Exports	2.1	7.0	1.5	1.5	1.5	2.0	-0.3	3.4	2.7	1.9
Imports	-0.7	14.1	5.5	3.0	4.0	3.5	1.3	4.0	5.2	3.4
Final domestic demand	1.9	4.5	2.1	4.0	3.3	2.5	2.1	2.5	3.1	2.8
Other indicators										
Nominal GDP	5.3	5.3	5.3	5.8	4.9	4.7	2.8	4.1	5.2	4.8
Employment according to establishments	1.5	1.5	1.7	1.6	1.4	1.4	1.8	1.6	1.5	1.4
Unemployment rate (%)	4.3	4.1	4.1	4.1	4.0	3.9	4.9	4.4	4.0	3.8
Housing starts ¹ (thousands of units)	1,172	1,256	1,318	1,327	1,330	1,345	1,177	1,208	1,330	1,384
Total inflation rate*	2.0	2.1	2.3	2.5	2.5	2.3	1.3	2.1	2.4	2.2
Core inflation rate* ²	1.7	1.7	1.9	2.2	2.2	2.3	2.2	1.8	2.2	2.4

f: forecasts; * Annual change; ¹ Annualized basis; ² Excluding food and energy.
Sources: Datastream and Desjardins, Economic Studies

TABLE 4
Canada: Major economic indicators

QUARTERLY ANNUALIZED VARIATION IN % (EXCEPT IF INDICATED)	2017		2018				ANNUAL AVERAGE			
	Q3	Q4	Q1f	Q2f	Q3f	Q4f	2016	2017	2018f	2019f
Real GDP (2007 \$)	1.5	1.7	1.7	2.6	1.9	2.0	1.4	3.0	2.1	1.9
Final consumption expenditure [of which:]	3.7	2.3	2.7	2.4	2.2	2.0	2.3	3.1	2.6	2.1
Household consumption expenditure	3.7	2.1	2.7	2.5	2.1	2.0	2.4	3.5	2.7	2.0
Governments consumption expenditure	3.6	2.8	2.5	2.0	2.5	2.0	2.2	2.2	2.5	2.3
Gross fixed capital formation [of which:]	4.5	9.6	-0.6	0.8	1.3	1.4	-3.0	2.8	2.7	1.5
Residential structures	-0.2	13.4	-5.9	-1.4	-0.8	-1.2	3.3	3.1	0.2	-0.9
Non-residential structures	7.2	5.4	2.0	1.5	2.0	2.5	-11.5	0.3	3.7	2.6
Machinery and equipment	2.8	12.6	2.0	1.5	2.0	2.5	-6.0	6.0	4.3	2.8
Intellectual property products	5.8	0.2	2.0	2.5	3.0	2.5	-6.3	1.0	2.4	2.7
Governments gross fixed capital formation	11.6	10.3	1.5	2.5	3.0	3.0	5.1	3.8	4.6	2.6
Investment in inventories (2007 \$B)	16.9	13.8	13.8	14.8	14.8	16.3	1.0	13.7	14.9	18.0
Exports	-10.4	3.0	0.5	3.5	2.2	2.5	1.0	1.0	0.8	2.4
Imports	0.3	6.3	1.5	2.5	2.5	3.0	-1.0	3.6	2.9	3.0
Final domestic demand	3.9	3.9	2.0	2.0	2.0	1.9	1.1	3.0	2.7	2.0
Other indicators										
Nominal GDP	1.7	6.5	2.7	4.3	3.9	4.5	2.0	5.3	3.9	4.1
Employment	2.0	2.6	0.1	1.5	1.2	1.1	0.7	1.9	1.4	1.2
Unemployment rate (%)	6.2	6.0	5.8	5.8	5.7	5.7	7.0	6.3	5.8	5.6
Housing starts ¹ (thousands of units)	223	229	224	215	207	202	198	220	212	197
Total inflation rate*	1.4	1.8	2.1	2.6	2.7	2.3	1.4	1.6	2.4	2.0
Core inflation rate* ²	1.4	1.6	1.8	2.0	2.0	2.0	1.9	1.6	1.9	1.8

f: forecasts; * Annual change; ¹ Annualized basis; ² Excluding food and energy.
Sources: Datastream and Desjardins, Economic Studies

TABLE 5
Quebec: Major economic indicators

ANNUAL AVERAGE IN % (EXCEPT IF INDICATED)	2015	2016	2017	2018f	2019f
Real GDP (2007 \$)	1.0	1.4	3.1	2.2	1.9
Final consumption expenditure [of which:]	0.7	2.4	2.9	3.0	2.1
Household consumption expenditure	1.4	2.7	3.1	3.1	2.1
Governments consumption expenditure	-1.4	2.0	0.5	4.7	2.2
Gross fixed capital formation [of which:]	-2.3	1.6	5.5	3.5	0.7
Residential structures	-0.1	3.0	7.8	3.5	-0.9
Non-residential structures	-4.2	4.4	2.4	2.2	2.7
Machinery and equipment	-3.3	0.0	9.1	8.0	3.2
Intellectual property products	-3.7	-2.8	2.2	3.8	1.2
Governments gross fixed capital formation	-2.4	0.1	3.4	3.1	1.8
Investment in inventories (2007 \$B)	1,930	1,807	2,338	3,500	4,000
Exports	2.4	1.7	1.7	2.1	2.2
Imports	0.8	3.1	3.9	3.7	2.1
Final domestic demand	0.1	2.3	3.4	3.1	1.8
Other indicators					
Nominal GDP	2.4	2.7	5.3	4.5	4.3
Employment	0.9	0.9	2.2	1.5	0.8
Unemployment rate (%)	7.6	7.1	6.1	5.3	4.8
Retail sales	1.8	6.2	6.0	4.9	3.5
Housing starts ¹ (thousands of units)	37.9	38.9	46.5	46.0	43.0
Total inflation rate	1.1	0.7	1.0	1.6	1.5

f: forecasts; ¹ 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)	2015	2016	2017	2018f	2019f
Real GDP (2007 \$)	2.9	2.6	2.7	2.0	1.9
Final consumption expenditure [of which:]	2.7	2.6	3.2	2.7	2.3
Household consumption expenditure	2.8	3.0	3.6	2.8	2.3
Governments consumption expenditure	2.4	1.8	2.2	2.5	2.2
Gross fixed capital formation [of which:]	4.7	0.1	3.1	0.0	1.0
Residential structures	7.7	7.5	2.9	-7.9	-2.4
Non-residential structures	7.7	-10.1	2.0	5.7	2.9
Machinery and equipment	7.3	-7.8	7.1	5.7	3.7
Intellectual property products	-2.3	-3.4	-0.6	3.2	2.8
Governments gross fixed capital formation	-2.3	4.0	6.7	5.4	2.7
Investment in inventories (2007 \$B)	3,479	-1,328	5,654	4,088	2,888
Exports	3.3	2.5	-1.4	0.4	2.7
Imports	3.2	0.0	1.2	0.7	2.5
Final domestic demand	3.1	2.1	3.2	2.2	2.0
Other indicators					
Nominal GDP	5.0	4.3	4.5	4.0	4.1
Employment	0.7	1.1	1.8	1.4	1.2
Unemployment rate (%)	6.8	6.5	6.0	5.6	5.5
Retail sales	5.5	7.1	6.4	4.7	4.0
Housing starts ¹ (thousands of units)	70.2	75.0	79.1	84.8	75.7
Total inflation rate*	1.2	1.8	1.7	2.5	2.1

f: forecasts; * Annual change; ¹ 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)	2015	2016	2017	2018f	2019f
Real GDP growth – Canada	1.0	1.4	3.0	2.1	1.9
Atlantic	0.8	1.3	0.7	1.0	1.3
Quebec	1.0	1.4	3.1	2.2	1.9
Ontario	2.9	2.6	2.7	2.0	1.9
Manitoba	1.3	2.2	2.4	2.0	1.8
Saskatchewan	-1.0	-0.5	2.2	2.3	2.0
Alberta	-3.7	-3.7	4.0	2.5	2.3
British Columbia	3.5	3.5	3.3	2.2	2.1
Total inflation rate – Canada	1.1	1.4	1.6	2.4	2.0
Atlantic	0.4	1.9	1.9	1.9	1.8
Quebec	1.1	0.7	1.0	1.6	1.5
Ontario	1.2	1.8	1.7	2.5	2.1
Manitoba	1.2	1.3	1.6	2.4	1.9
Saskatchewan	1.6	1.1	1.7	2.2	2.0
Alberta	1.1	1.1	1.6	2.3	2.2
British Columbia	1.1	1.8	2.1	2.4	2.0
Employment growth – Canada	0.8	0.7	1.9	1.4	1.2
Atlantic	-0.4	-0.7	-0.2	0.9	0.7
Quebec	0.9	0.9	2.2	1.5	0.8
Ontario	0.7	1.1	1.8	1.4	1.2
Manitoba	1.5	-0.4	1.7	0.7	1.0
Saskatchewan	0.5	-0.9	-0.2	1.0	1.2
Alberta	1.2	-1.6	1.0	2.0	1.6
British Columbia	1.2	3.2	3.7	1.5	1.4
Unemployment rate – Canada	6.9	7.0	6.3	5.8	5.6
Atlantic	10.0	9.9	9.7	9.6	9.3
Quebec	7.6	7.1	6.1	5.3	4.8
Ontario	6.8	6.5	6.0	5.6	5.5
Manitoba	5.6	6.1	5.4	5.5	5.3
Saskatchewan	5.0	6.3	6.3	6.0	5.8
Alberta	6.0	8.1	7.8	6.8	6.6
British Columbia	6.2	6.0	5.1	4.8	4.7
Retail sales growth – Canada	2.6	5.1	6.7	4.7	4.0
Atlantic	1.0	2.8	5.8	3.9	3.1
Quebec	1.8	6.2	6.0	4.9	3.5
Ontario	5.5	7.1	6.4	4.7	4.0
Manitoba	1.6	4.2	3.5	3.0	3.1
Saskatchewan	-2.9	2.2	4.0	4.0	3.5
Alberta	-4.0	-1.2	7.5	5.5	5.0
British Columbia	6.9	7.4	9.6	4.5	4.7
Housing starts – Canada (thousands of units)	195.5	197.9	219.8	211.9	197.3
Atlantic	8.1	7.6	8.6	7.1	6.7
Quebec	37.9	38.9	46.5	46.0	43.0
Ontario	70.2	75.0	79.1	84.8	75.7
Manitoba	5.5	5.3	7.5	6.0	6.4
Saskatchewan	5.1	4.8	4.9	4.2	5.0
Alberta	37.3	24.5	29.5	27.8	29.0
British Columbia	31.4	41.8	43.7	36.0	31.5

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	
	2016	2017	2018f	2019f	2020f	2021f	2022f	2013–2017	2018–2022f
United States									
Real GDP (var. in %)	1.5	2.3	2.8	2.5	1.9	0.6	1.9	2.2	2.0
Total inflation rate (var. in %)	1.3	2.1	2.4	2.2	1.3	0.4	1.9	1.3	1.6
Unemployment rate	4.9	4.4	4.0	3.8	3.9	4.7	5.0	5.6	4.3
S&P 500 index (var. in %) ¹	9.5	19.4	7.5	5.2	-5.0	0.0	10.0	13.8	3.5
Federal funds rate	0.51	1.10	2.00	2.80	3.20	1.90	1.50	0.47	2.28
Prime rate	3.51	4.10	5.00	5.80	6.20	4.90	4.50	3.47	5.28
Treasury bills – 3-month	0.32	0.95	1.95	2.70	2.95	1.60	1.30	0.28	2.10
Federal bonds – 10-year	1.84	2.33	3.00	3.40	3.30	2.50	2.50	2.23	2.94
– 30-year	2.60	2.89	3.20	3.65	3.60	2.80	2.80	3.02	3.21
WTI oil (US\$/barrel)	43	51	63	65	61	42	50	67	56
Gold (US\$/ounce)	1,249	1,258	1,310	1,255	1,200	1,250	1,275	1,269	1,258
Canada									
Real GDP (var. in %)	1.4	3.0	2.1	1.9	1.7	0.5	1.7	2.1	1.6
Total inflation rate (var. in %)	1.4	1.6	2.4	2.0	1.7	0.5	1.5	1.4	1.6
Employment (var. in %)	0.7	1.9	1.4	1.2	1.0	0.3	0.8	1.1	0.9
Employment (thousands)	133	337	255	215	192	53	147	196	173
Unemployment rate	7.0	6.3	5.8	5.6	5.6	6.5	6.4	6.8	6.0
Housing starts (thousands of units)	198	220	212	197	200	180	195	198	197
S&P/TSX index (var. in %) ¹	17.5	6.0	4.9	7.6	-5.0	0.0	12.0	5.9	3.9
Exchange rate (US\$/C\$)	0.75	0.77	0.79	0.80	0.80	0.77	0.78	0.84	0.79
Overnight funds	0.50	0.70	1.45	2.05	2.20	1.30	1.25	0.77	1.65
Prime rate	2.70	2.90	3.65	4.25	4.40	3.50	3.45	2.88	3.85
Mortgage rate – 1-year	3.14	3.16	3.65	4.20	4.25	3.45	3.40	3.10	3.79
– 5-year	4.66	4.76	5.30	5.75	5.70	5.15	5.10	4.84	5.40
Treasury bills – 3-month	0.49	0.69	1.40	2.10	2.15	1.30	1.25	0.72	1.64
Federal bonds – 2-year	0.56	1.09	2.05	2.45	2.40	1.50	1.55	0.88	1.99
– 5-year	0.73	1.37	2.30	2.65	2.60	1.85	1.90	1.23	2.26
– 10-year	1.26	1.79	2.50	2.85	2.80	2.20	2.25	1.81	2.52
– 30-year	1.93	2.28	2.60	3.00	3.00	2.40	2.45	2.40	2.69
<u>Yield spreads (Canada—United States)</u>									
Treasury bills – 3-month	0.17	-0.26	-0.55	-0.60	-0.80	-0.30	-0.05	0.44	-0.46
Federal bonds – 10-year	-0.58	-0.54	-0.50	-0.55	-0.50	-0.30	-0.25	-0.42	-0.42
– 30-year	-0.67	-0.61	-0.60	-0.65	-0.60	-0.40	-0.35	-0.62	-0.52
Quebec									
Real GDP (var. in %)	1.4	3.1	2.2	1.9	1.5	0.3	1.2	1.7	1.4
Total inflation rate (var. in %)	0.7	1.0	1.6	1.5	1.5	0.3	1.3	1.0	1.2
Employment (var. in %)	0.9	2.2	1.5	0.8	0.3	-0.5	0.2	1.1	0.5
Employment (thousands)	36	90	60	35	15	-20	10	44	20
Unemployment rate	7.1	6.1	5.3	4.8	4.6	5.0	4.9	7.2	4.9
Retail sales (var. in %)	6.2	6.0	4.9	3.5	3.0	1.0	2.5	3.9	3.0
Housing starts (thousands of units)	39	46	46	43	38	30	35	40	38
Ontario									
Real GDP (var. in %)	2.6	2.7	2.0	1.9	1.5	0.3	1.5	2.5	1.5
Total inflation rate (var. in %)	1.8	1.7	2.5	2.1	1.8	0.5	1.5	1.6	1.7
Employment (var. in %)	1.1	1.8	1.4	1.2	0.7	0.2	0.8	1.2	0.9
Employment (thousands)	76	128	98	86	51	15	59	85	62
Unemployment rate	6.5	6.0	5.6	5.5	5.4	6.5	6.3	6.8	5.9
Retail sales (var. in %)	7.1	6.4	4.7	4.0	5.0	2.0	4.5	5.5	4.0
Housing starts (thousands of units)	75	79	85	76	75	68	74	69	76

f: forecasts; WTI : West Texas Intermediate; ¹ 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