

February 25, 2022

Canadian 2022 investment plans surge on public spending

- Planned 2022 non-residential capital expenditures up 8.6% on surge in public spending
- Public-sector investment at record high; private sector also up 7.8% from 2021
- More investment growth expected with demand outpacing ability to produce with existing resources.

The Statistics Canada's annual nonresidential investment intentions survey showed an expected surge in investment plans in 2022 - echoing earlier survey data including the Bank of Canada's quarterly Business Outlook Surveys.

Public sector investment plans surged almost 10% in 2022, and up 27% from pre-pandemic (2019) levels. The public investment spending increase is led by planned increases in the health-care sector (+9.6% in 2022), transit spending plans, and a number of clean energy products.

Private sector investment plans were also up 7.8% from 2021, and were back to pre-pandemic levels. Increases were broadly-based across industries, including large gains among some of those travel and hospitality sectors that are still among the most impacted by the pandemic, like accommodation and food services (+16%) and arts, entertainment, and recreation (+9.4%).

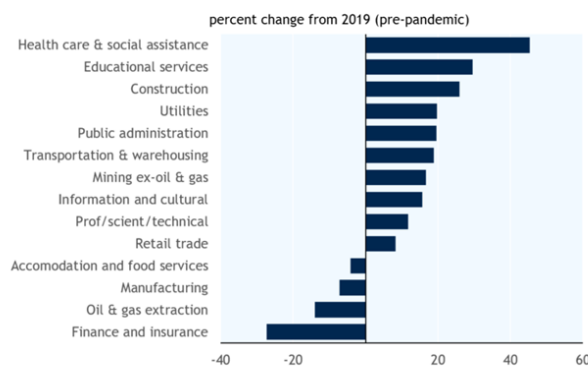
The separately-released Canadian Survey on Business Conditions this morning again highlighted global supply chain pressures and labour shortages as major factors limiting ability to meet rising demand. Those supply chain disruptions were probably a significant factor limiting planned investment in the manufacturing sector in 2022, but widespread labour shortages across industries are pushing businesses to more efficiently use available hours from their existing workforce via productivity-enhancing investments.

Canada Capital and Repair Expenditures Survey

	2020	2021	2022 (planned)
Total Capex	-9.1	10.4	8.6
Private	-14.5	8.4	7.8
Public	1.5	13.6	9.7
Construction	-6.6	12.5	9.7
Private	-14.1	9.9	8.9
Public	3.5	15.3	10.5
M&E	-13.5	6.3	6.3
Private	-14.9	6.5	6.4
Public	-6.9	5.4	5.9

Source: Statistics Canada, RBC Economics

Planned 2022 investment versus pre-pandemic levels



Source: Statistics Canada, RBC Economics Research

Nathan Janzen | Senior Economist, RBC Economics | Royal Bank of Canada | T. (416) 974-0569

For more economic research, visit our website at www.rbc.com/economics

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.