

## ECONOMIC FORECAST DETAIL – CANADA

March 2023

### Real growth in the economy (Quarter-over-quarter annualized % change unless otherwise indicated)

|                                    | Forecast   |            |            |            |            |             |             |            |            |            |            |            | Forecast   |            |            |            |
|------------------------------------|------------|------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                    | 2022       |            |            |            | 2023       |             |             |            | 2024       |            |            |            | 2021       | 2022       | 2023F      | 2024F      |
|                                    | Q1         | Q2         | Q3         | Q4         | Q1         | Q2          | Q3          | Q4         | Q1         | Q2         | Q3         | Q4         |            |            |            |            |
| Household Consumption              | 2.1        | 9.3        | -0.4       | 2.0        | 2.2        | 0.0         | -1.0        | 0.3        | 1.5        | 2.0        | 2.2        | 2.6        | 5.1        | 4.8        | 1.3        | 1.1        |
| Durables                           | 7.9        | -13.7      | -6.7       | 14.4       | 2.0        | -2.5        | -1.5        | 0.5        | 1.2        | 2.3        | 2.5        | 3.5        | 8.5        | -2.0       | 0.6        | 1.0        |
| Semi-Durables                      | -5.3       | 23.1       | -14.2      | -4.0       | 1.0        | 0.0         | -2.0        | 1.0        | 1.1        | 1.5        | 1.4        | 2.3        | 14.1       | 6.6        | -1.3       | 0.8        |
| Non-durables                       | 3.2        | 2.2        | -3.1       | -0.3       | 1.0        | 1.0         | -1.3        | 0.0        | 1.5        | 1.9        | 1.5        | 2.3        | 1.1        | 0.1        | 0.0        | 1.0        |
| Services                           | 1.1        | 17.5       | 4.5        | 1.3        | 3.0        | 0.1         | -0.7        | 0.3        | 1.6        | 2.0        | 2.6        | 2.5        | 5.1        | 8.6        | 2.5        | 1.2        |
| NPISH consumption                  | 0.7        | 6.1        | 2.5        | 0.4        | 2.2        | 0.0         | -1.0        | 0.3        | 1.5        | 2.0        | 2.2        | 2.6        | 5.1        | 4.8        | 1.2        | 1.1        |
| Government expenditures            | 2.9        | -2.3       | 4.8        | 2.4        | 1.5        | 1.2         | 1.5         | 1.5        | 1.3        | 2.2        | 2.7        | 3.3        | 6.4        | 2.0        | 1.8        | 1.8        |
| Government fixed investment        | 8.6        | -3.0       | -6.2       | 11.9       | 1.5        | 2.0         | 2.5         | 2.5        | 2.6        | 2.6        | 2.6        | 2.6        | 0.9        | 2.1        | 2.4        | 2.5        |
| Residential investment             | 7.2        | -30.3      | -18.9      | -8.8       | -15.0      | -5.0        | -3.0        | 0.5        | 3.8        | 4.5        | 5.3        | 5.9        | 14.9       | -11.1      | -11.5      | 2.2        |
| Non-residential investment         | 3.6        | 12.9       | 3.9        | -5.5       | 6.1        | -1.2        | -0.4        | 1.5        | 2.2        | 2.3        | 2.6        | 3.0        | 4.3        | 7.8        | 1.5        | 1.6        |
| Non-residential structures         | 4.2        | 5.8        | 9.4        | 10.2       | 6.2        | 1.0         | 0.0         | 2.0        | 2.3        | 2.5        | 2.8        | 3.2        | 0.8        | 8.0        | 5.2        | 2.0        |
| Machinery & equipment              | 2.5        | 25.9       | -4.7       | -27.6      | 6.0        | -5.2        | -1.0        | 0.5        | 2.1        | 2.0        | 2.2        | 2.5        | 9.9        | 7.6        | -4.8       | 1.0        |
| Intellectual property              | 1.1        | 10.0       | 5.1        | 11.6       | 1.0        | 1.0         | 2.5         | 1.0        | 2.0        | 1.7        | 2.1        | 2.2        | 4.0        | 0.6        | 4.1        | 1.8        |
| Final domestic demand              | 3.1        | 2.1        | -0.8       | 1.0        | 0.9        | -0.2        | -0.4        | 0.8        | 1.8        | 2.3        | 2.6        | 3.0        | 5.8        | 2.7        | 0.4        | 1.5        |
| Exports                            | -7.5       | 6.9        | 10.6       | 0.8        | 12.3       | 2.2         | 1.3         | 2.0        | 1.0        | 1.3        | 2.0        | 2.5        | 1.4        | 2.6        | 5.6        | 1.6        |
| Imports                            | 1.3        | 27.5       | -1.8       | -12.0      | 8.0        | 2.6         | 0.0         | 1.9        | 2.0        | 2.7        | 3.0        | 3.1        | 7.8        | 7.2        | 1.4        | 2.1        |
| Inventories (change in \$b)        | 19.4       | 57.6       | 52.1       | 22.3       | 15.7       | 14.9        | 9.4         | 7.9        | 8.5        | 9.4        | 11.3       | 11.0       | -4.1       | 37.8       | 12.0       | 10.0       |
| <b>Real gross domestic product</b> | <b>2.4</b> | <b>3.6</b> | <b>2.3</b> | <b>0.0</b> | <b>1.0</b> | <b>-0.5</b> | <b>-1.0</b> | <b>0.5</b> | <b>1.5</b> | <b>2.0</b> | <b>2.6</b> | <b>2.8</b> | <b>5.0</b> | <b>3.4</b> | <b>0.6</b> | <b>1.2</b> |

### Other indicators (Year-over-year % change unless otherwise indicated)

|                                    |      |      |       |       |       |       |       |       |       |       |       |       |      |       |       |       |
|------------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| Business and labour                |      |      |       |       |       |       |       |       |       |       |       |       |      |       |       |       |
| Productivity                       | -2.1 | -1.4 | -0.5  | -0.7  | -1.7  | -1.1  | -0.9  | -0.4  | 0.7   | 0.7   | 1.1   | 1.4   | -5.6 | -1.2  | -1.0  | 1.0   |
| Pre-tax corporate profits          | 7.1  | 20.3 | 15.8  | -6.7  | -14.5 | -22.2 | -14.1 | -0.6  | 4.2   | 3.8   | 3.7   | 3.6   | 35.8 | 8.9   | -13.4 | 3.8   |
| Unemployment rate (%)*             | 5.7  | 5.1  | 5.1   | 5.1   | 5.1   | 5.4   | 5.8   | 6.6   | 6.8   | 6.8   | 6.8   | 6.7   | 7.5  | 5.3   | 5.7   | 6.8   |
| Inflation                          |      |      |       |       |       |       |       |       |       |       |       |       |      |       |       |       |
| Headline CPI                       | 5.8  | 7.5  | 7.2   | 6.7   | 5.1   | 3.2   | 2.6   | 1.9   | 2.0   | 2.3   | 2.3   | 2.1   | 3.4  | 6.8   | 3.2   | 2.2   |
| CPI ex. food and energy            | 4.0  | 5.1  | 5.4   | 5.4   | 4.7   | 3.7   | 3.0   | 2.9   | 2.8   | 2.6   | 2.5   | 2.3   | 2.4  | 5.0   | 3.6   | 2.6   |
| External trade                     |      |      |       |       |       |       |       |       |       |       |       |       |      |       |       |       |
| Current account balance (\$b)*     | 11.0 | 22.0 | -33.7 | -42.6 | -54.8 | -51.4 | -42.0 | -35.7 | -36.9 | -42.0 | -43.4 | -41.1 | -6.7 | -10.8 | -46.0 | -40.8 |
| % of GDP*                          | 0.4  | 0.8  | -1.2  | -1.5  | -2.0  | -1.8  | -1.5  | -1.3  | -1.3  | -1.4  | -1.5  | -1.4  | -0.3 | -0.4  | -1.7  | -1.4  |
| Housing starts (000s)*             | 241  | 271  | 281   | 258   | 242   | 266   | 266   | 262   | 273   | 280   | 288   | 288   | 271  | 262   | 259   | 283   |
| Motor vehicle sales (mill., saar)* | 1.62 | 1.58 | 1.52  | 1.60  | 1.70  | 1.69  | 1.68  | 1.69  | 1.69  | 1.70  | 1.71  | 1.72  | 1.68 | 1.58  | 1.69  | 1.71  |

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.