



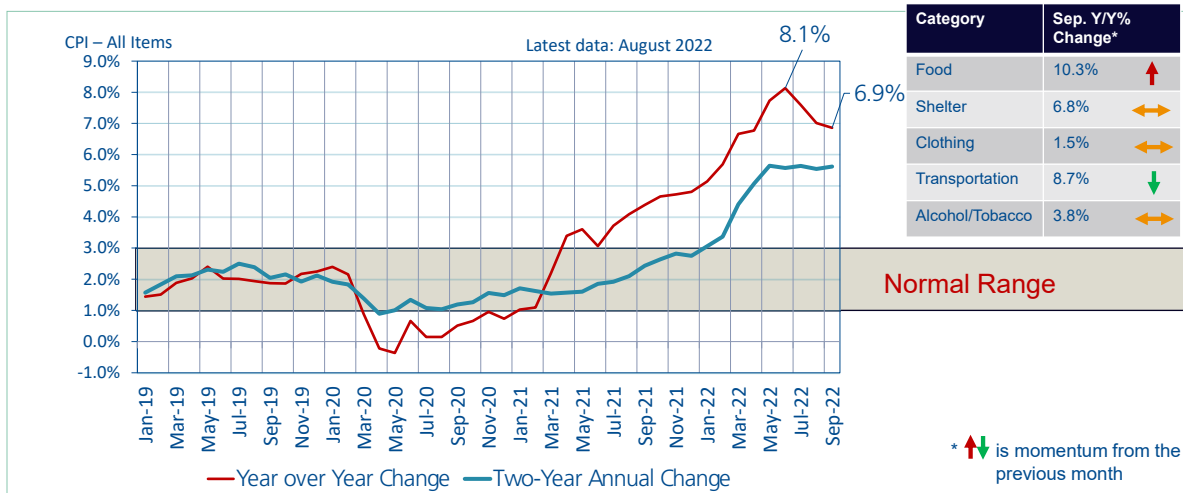
# Canada's Economy and Outlook: Uncertainty and Caution

With Altus Group Chief Economist Peter Norman  
Remarks to the 26<sup>th</sup> Annual Hardlines Conference

October 18, 2022

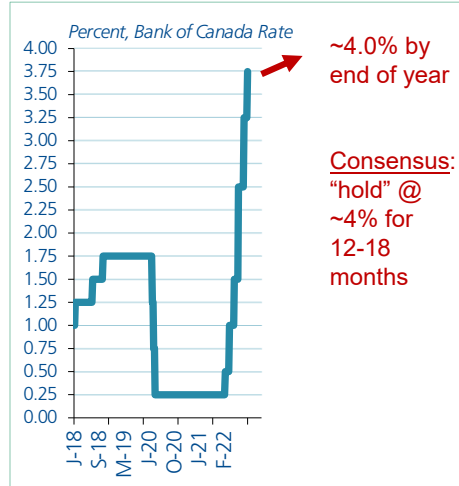
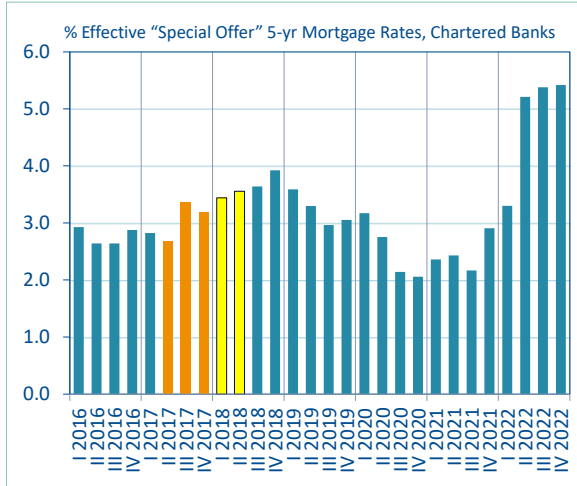
1

## Consumer Price Inflation Elevated



2

# Mortgage and Policy Interest Rates



Previous Peaks

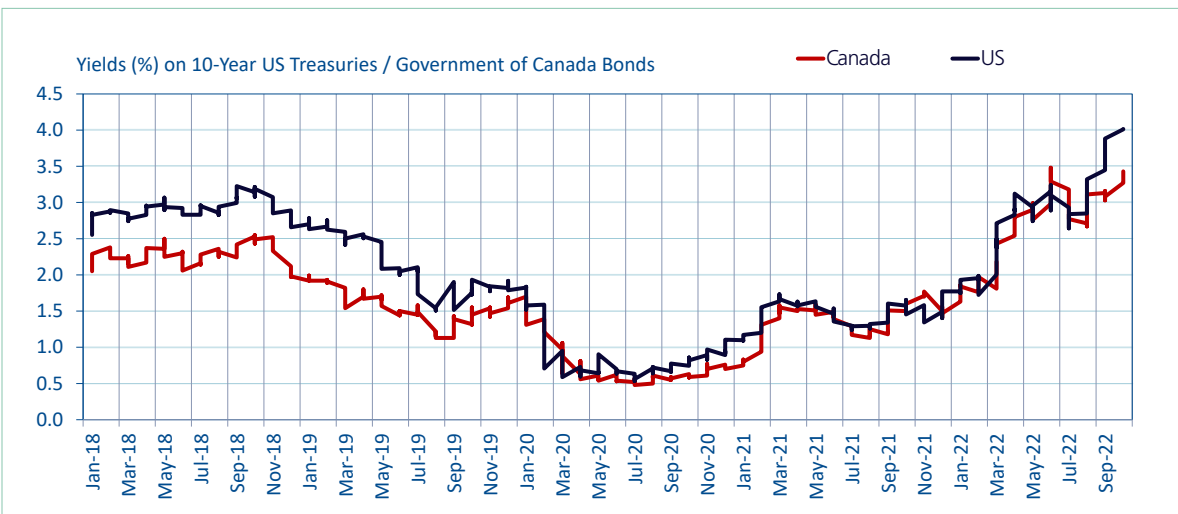
- Oct. 2008: 3.0%
- Nov. 2007: 4.5%
- Jan. 2001: 5.75%

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Source: Altus Group Economic Consulting based on data from various chartered banks and Bank of Canada

3

# Canada and US Bond Yields

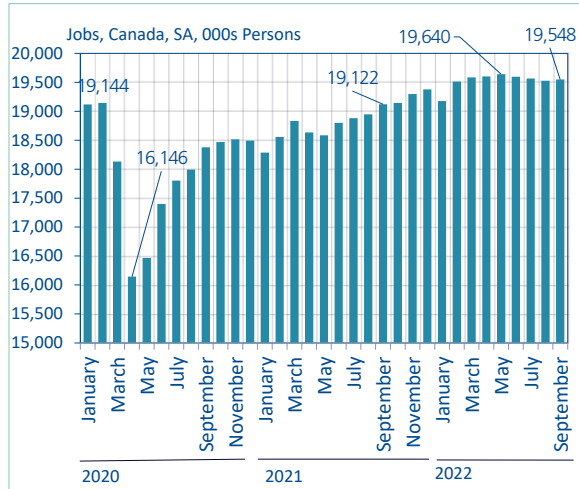


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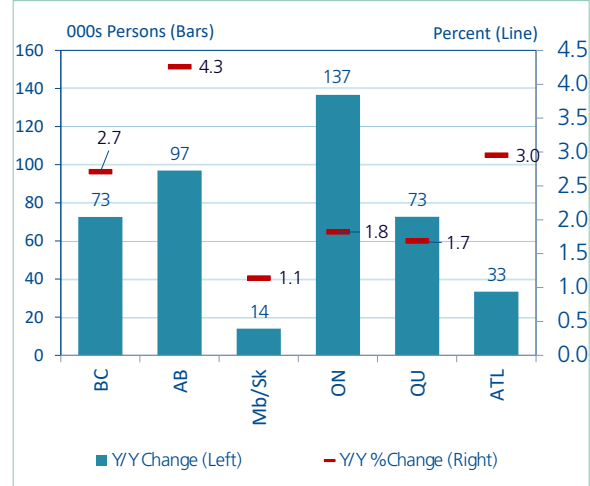
Source: Altus Group based on Statistics Canada

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# Employment, Recent Changes, Canada and Regions



Year over Year Change in Jobs, May 2022, by Region



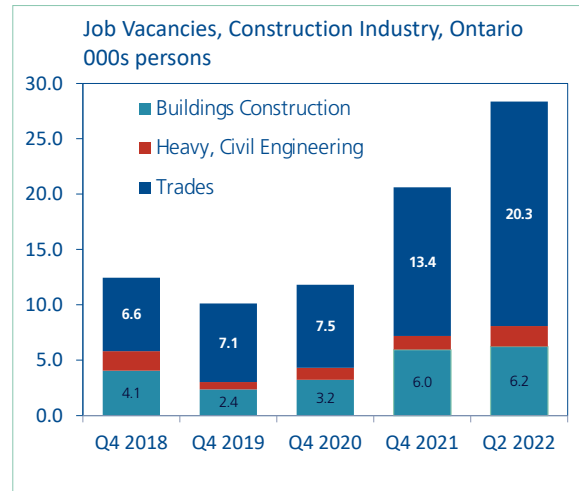
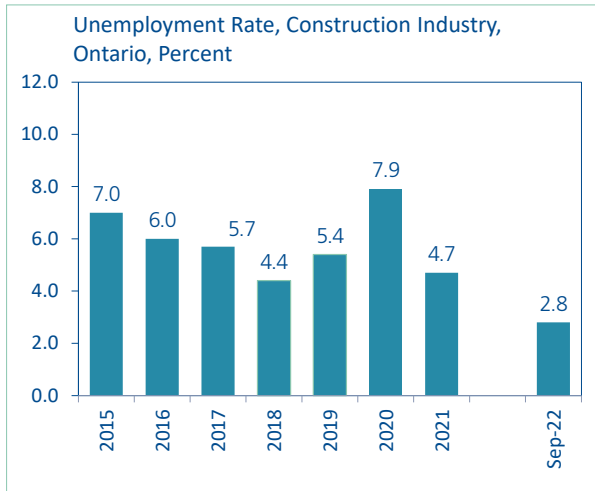
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Source: Altus Group Economic Consulting based on Statistics Canada

5

5

# Labour Market Stress



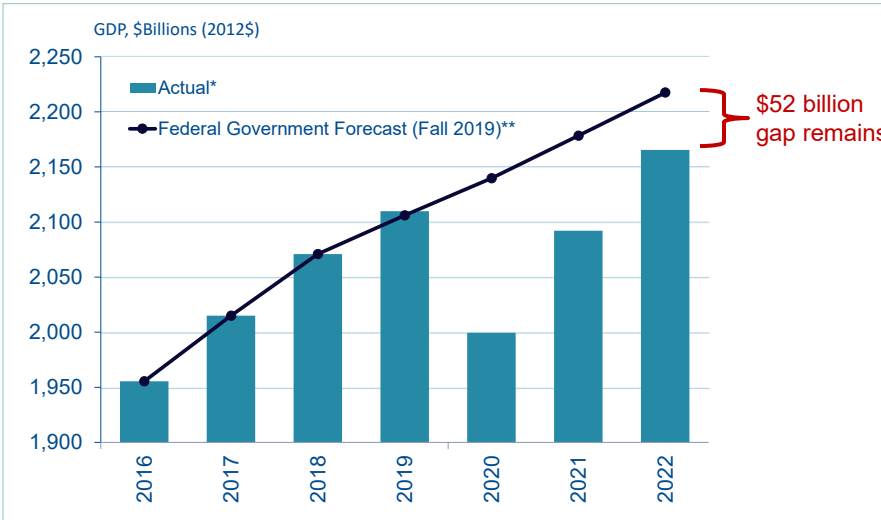
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Source: Altus Group Economic Consulting based on data from Statistics Canada

6

6

## Gross Domestic Product, Canada



\* Including a 2022 consensus forecast estimate

\*\* Federal Government, Economic and Fiscal Update, Fall 2019

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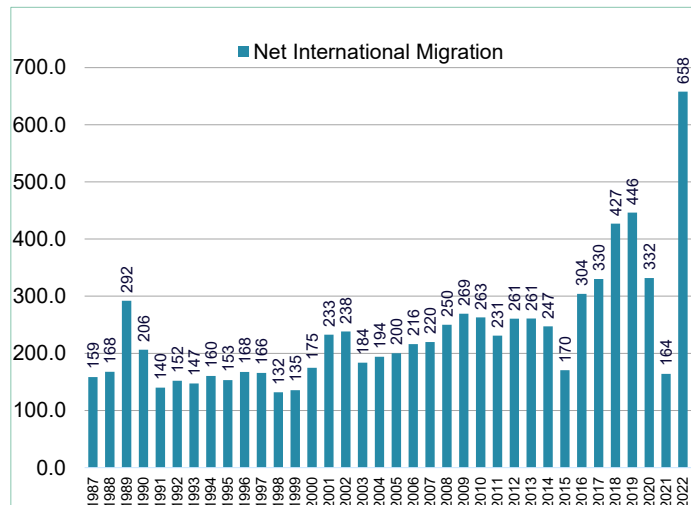
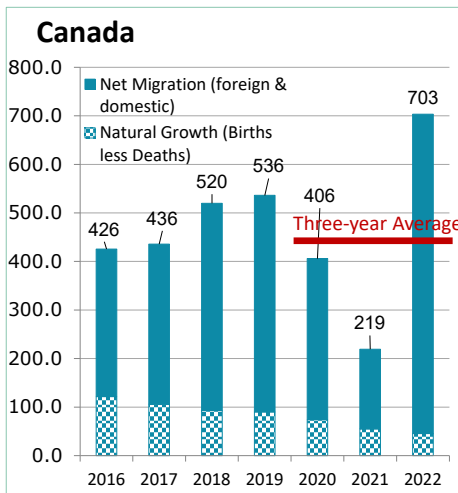
Source: Altus Group Economic Consulting based on Statistics Canada, Finance Canada

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## Population Growth is Booming



000s Persons, Annual Population Growth (12 months ending in June)



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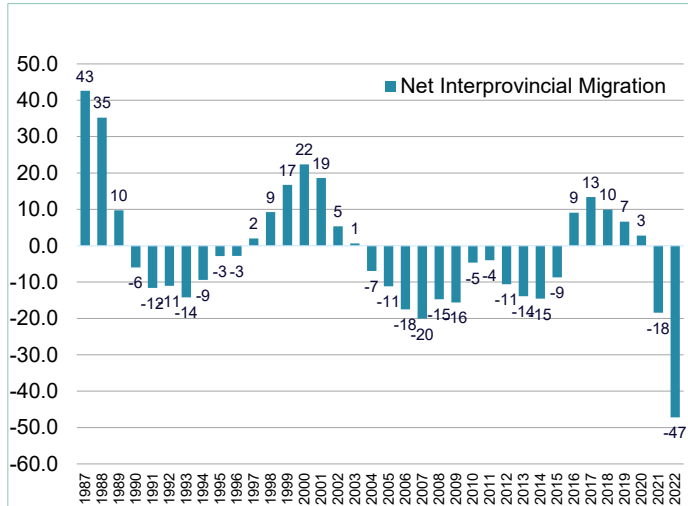
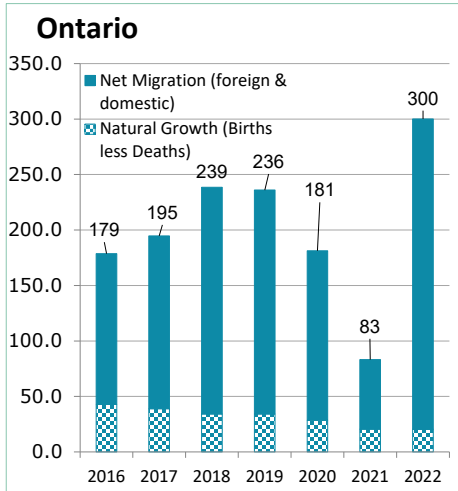
Source: Altus Group Economic Consulting based on data from Statistics Canada

8

# Ontario is Growing but Losing to Other Provinces



000s Persons, Annual Population Growth (12 months ending in June)



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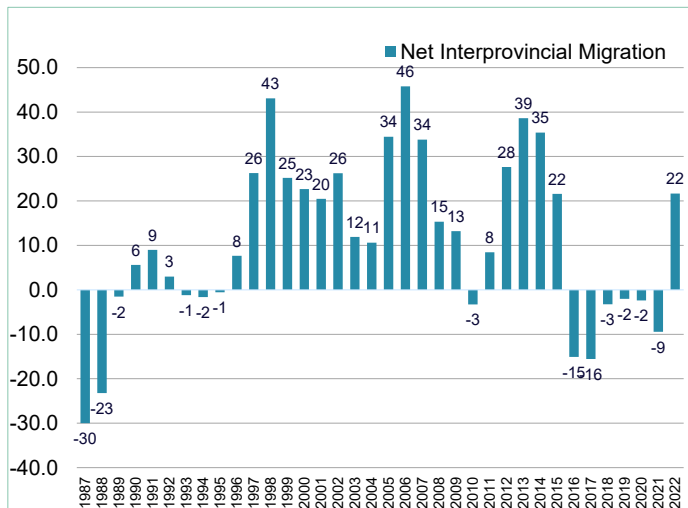
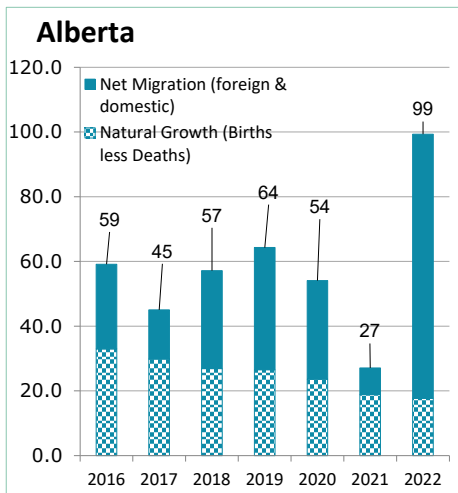
Source: Altus Group Economic Consulting based on data from Statistics Canada

9

# Alberta is Attracting from Other Provinces



000s Persons, Annual Population Growth (12 months ending in June)



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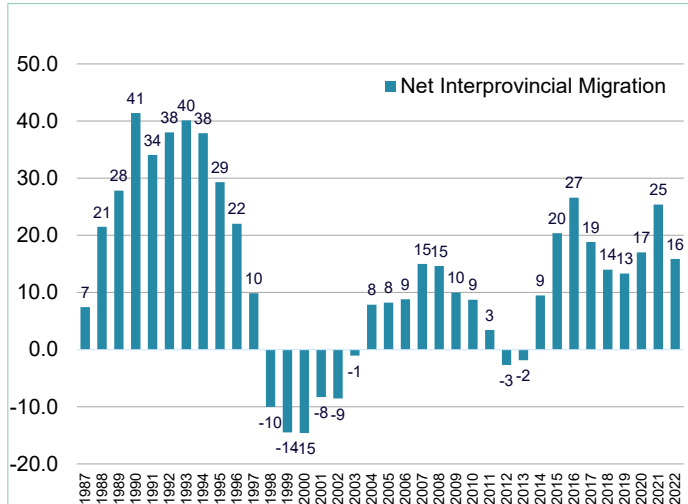
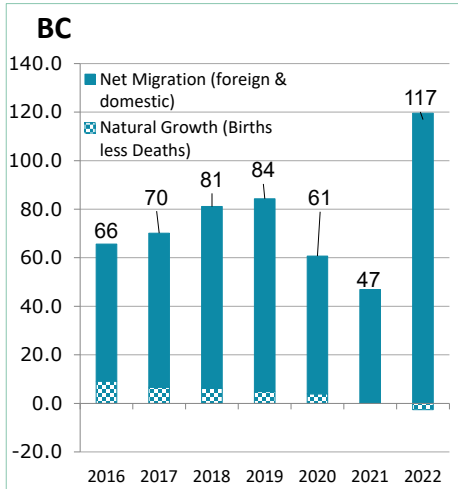
Source: Altus Group Economic Consulting based on data from Statistics Canada

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# BC Growth is Now Entirely Dependent on Migration



000s Persons, Annual Population Growth (12 months ending in June)



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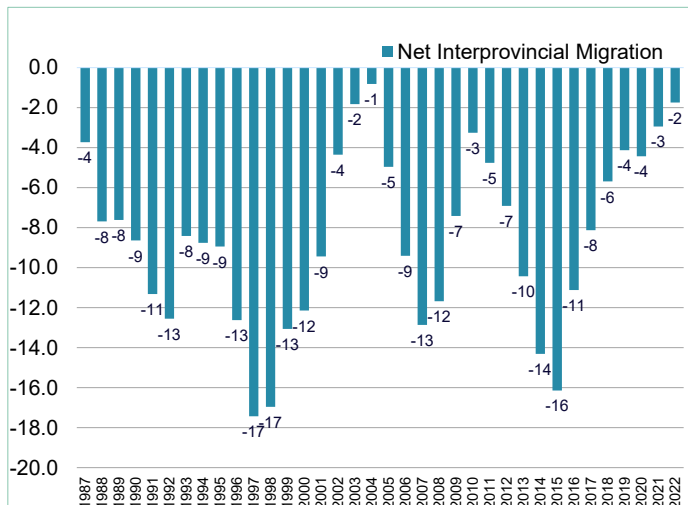
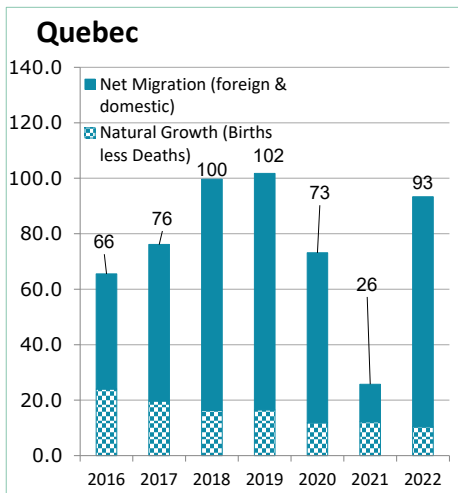
Source: Altus Group Economic Consulting based on data from Statistics Canada

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# Quebec is a More Modest Picture



000s Persons, Annual Population Growth (12 months ending in June)



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Source: Altus Group Economic Consulting based on data from Statistics Canada

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## Economic Forecast Summary



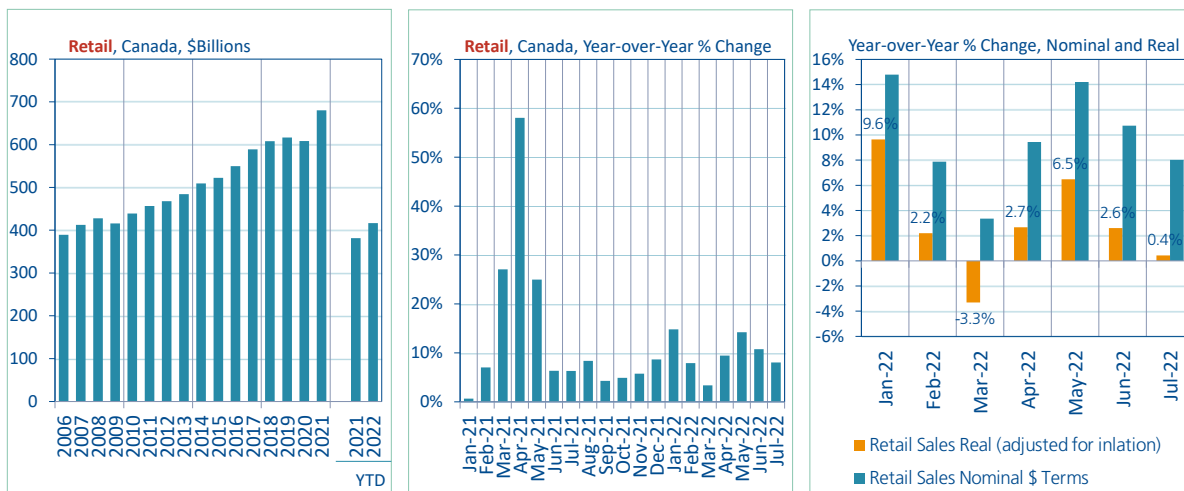
	Average 2009-18*	2019	2020	2021	2022e	2023f	Average 2024-26f
<i>Year-to-Year Change</i>							
Real GDP (economic growth, %)	1.8	1.9	(5.2)	4.5	3.2	0.3	1.7
Employment Growth (persons, 000s)	160.9	417.6	(986.4)	866.2	622.6	190.0	200.0
CPI (inflation, %)	1.6	1.9	0.7	3.4	6.4	3.4	2.2
Real Personal Disposable Income per Capita (%)	1.2	1.7	6.8	(0.2)	(1.6)	(1.3)	2.6
1 Year Mortgage Rate (banks, posted %)	3.3	3.6	3.1	2.8	5.4	3.7	3.0
5 Year Mortgage Rate (banks, posted %)	5.0	5.2	4.8	4.8	6.6	5.8	5.0
10-Year Government of Canada Bond (yield, Q4 %)	2.2	1.6	0.7	1.5	3.0	3.2	2.0

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Source: Altus Group Economic Consulting based on Statscan, Bank of Canada

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## Recovery in Consumer Sector is Still Uneven



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Source: Altus Group Economic Consulting based on Statistics Canada

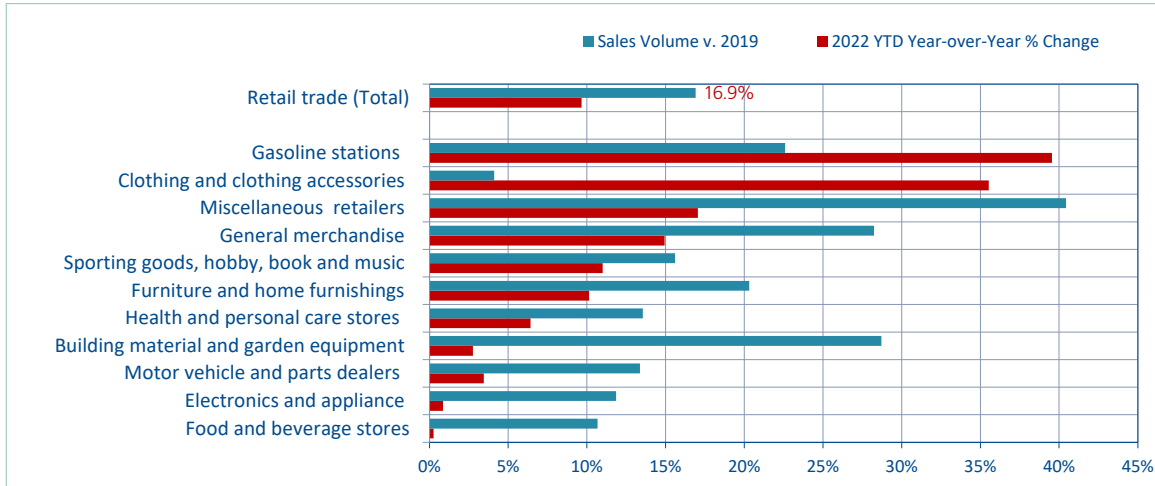
14

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# Retail Sales, Canada



## Year-over-Year % Change in Retail Sales



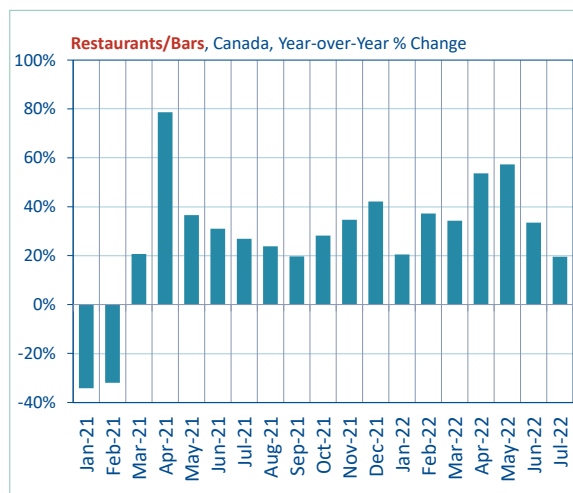
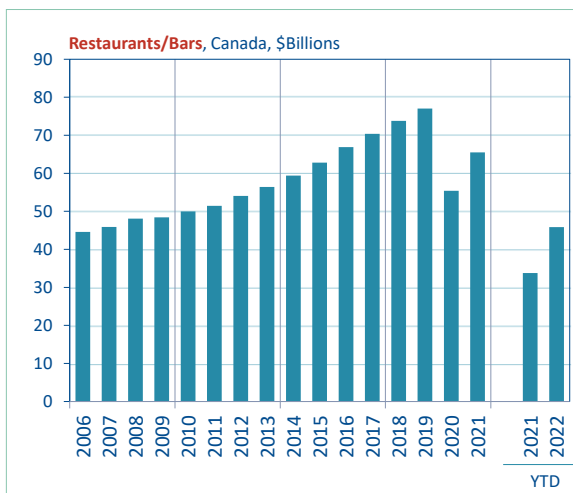
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Source: Altus Group Economic Consulting based on Statistics Canada

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# Recovery in Consumer Sector



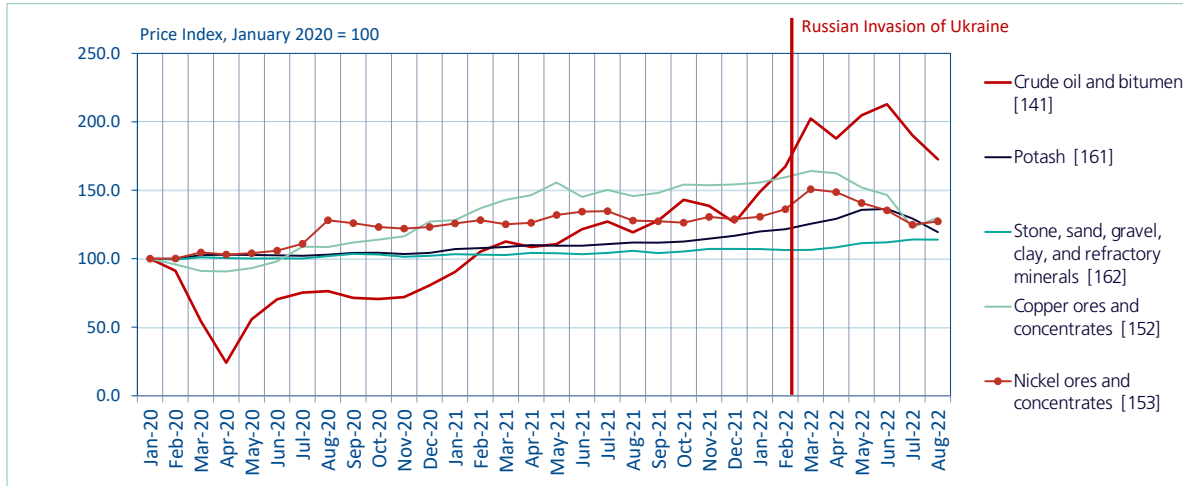
altusgroup.com

Source: Altus Group Economic Consulting based on Statistics Canada

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## Raw Materials Prices Moderating



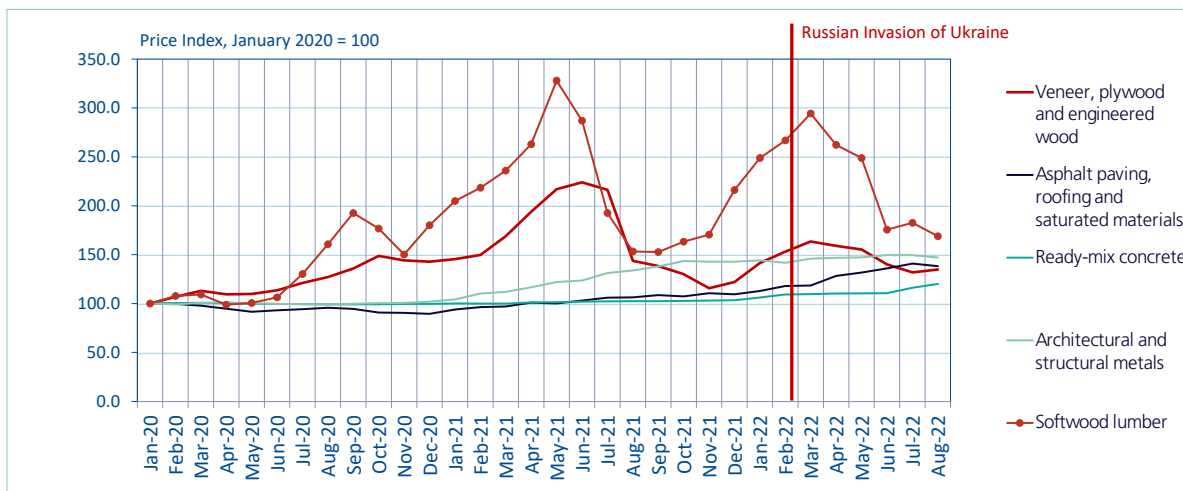
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Source: Altus Group based on Statistics Canada

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## Building Materials Costs Correcting



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Source: Altus Group based on Statistics Canada

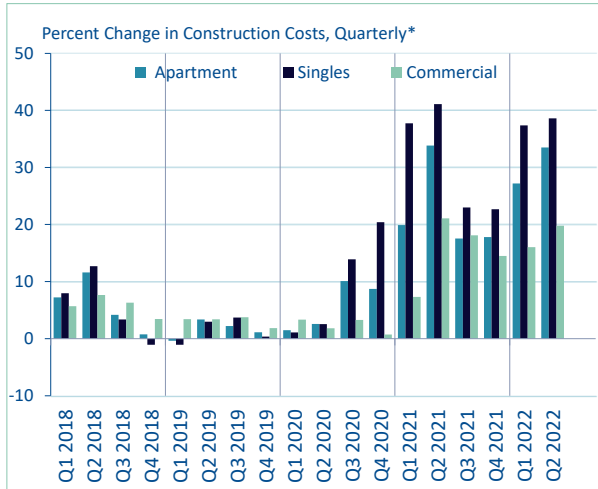
18

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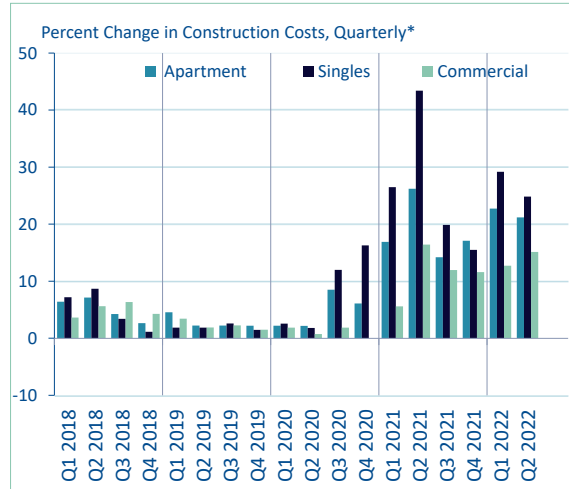
# Construction Cost Escalation Continues to be a Major Challenge



## Toronto



## National\*\*



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\* Quarterly change at an annual rate \*\*11-City composite average

Source: Altus Group Economic Consulting based on Statscan

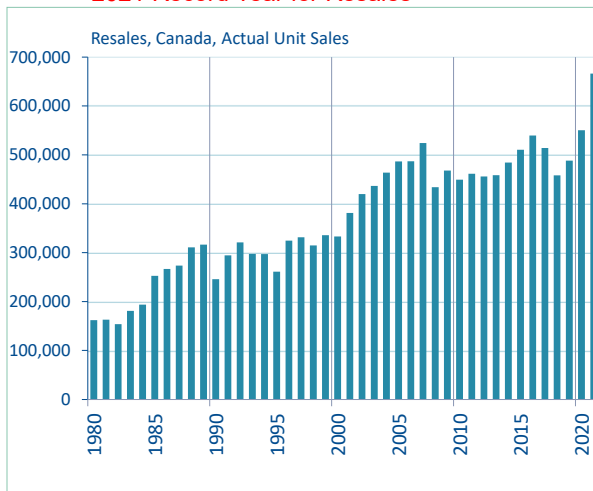
19

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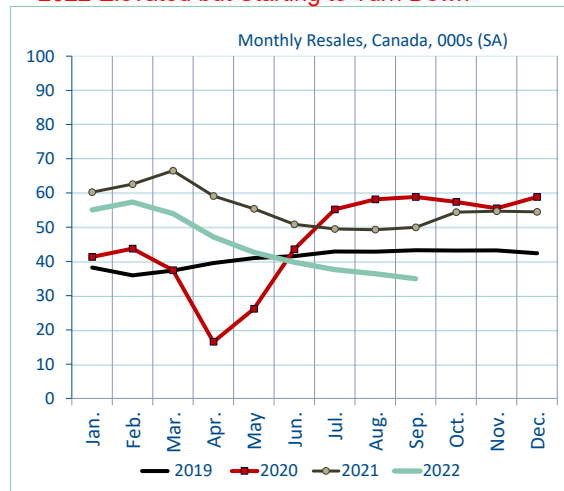
# MLS Home Resales, Canada



## 2021 Record Year for Resales



## 2022 Elevated but Starting to Turn Down



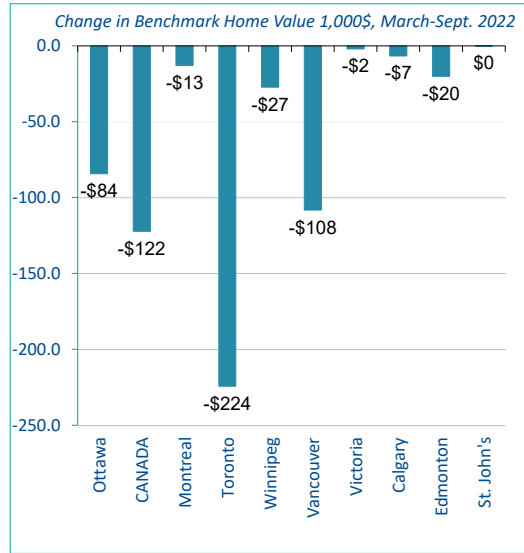
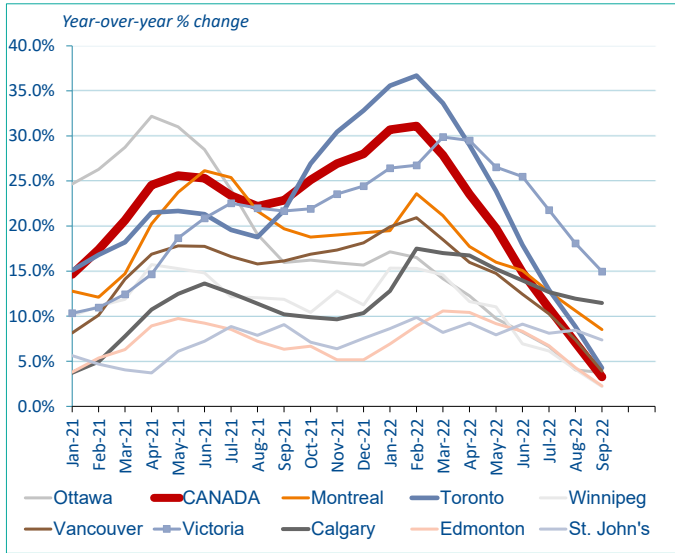
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Source: Altus Group Economic Consulting based on CREA

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## Resale House Prices Adjusting

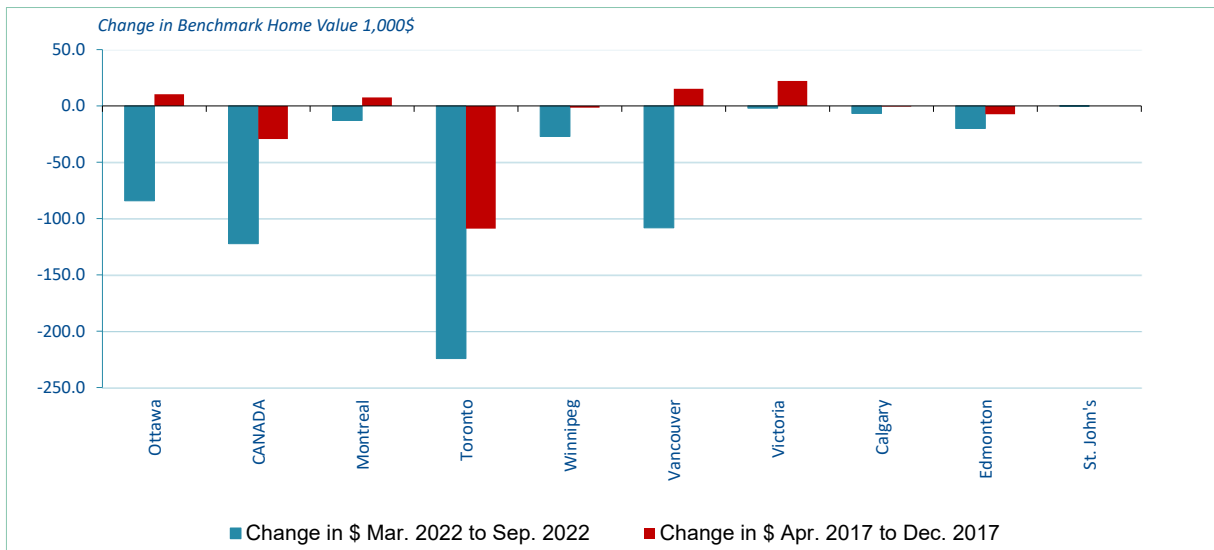


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Source: Altus Group Economic Consulting based on CREA Home Price Index (HPI) homepriceindex.ca

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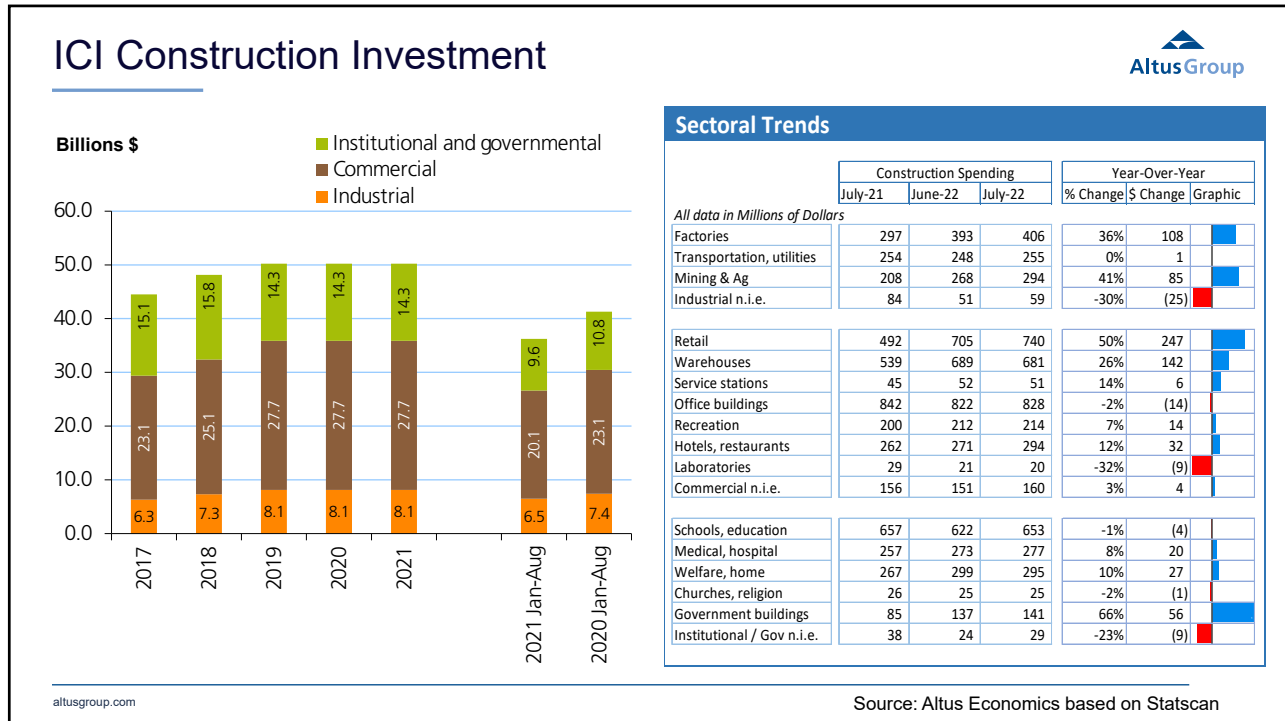
## Resale House Price Correction Relative to 2017 Correction



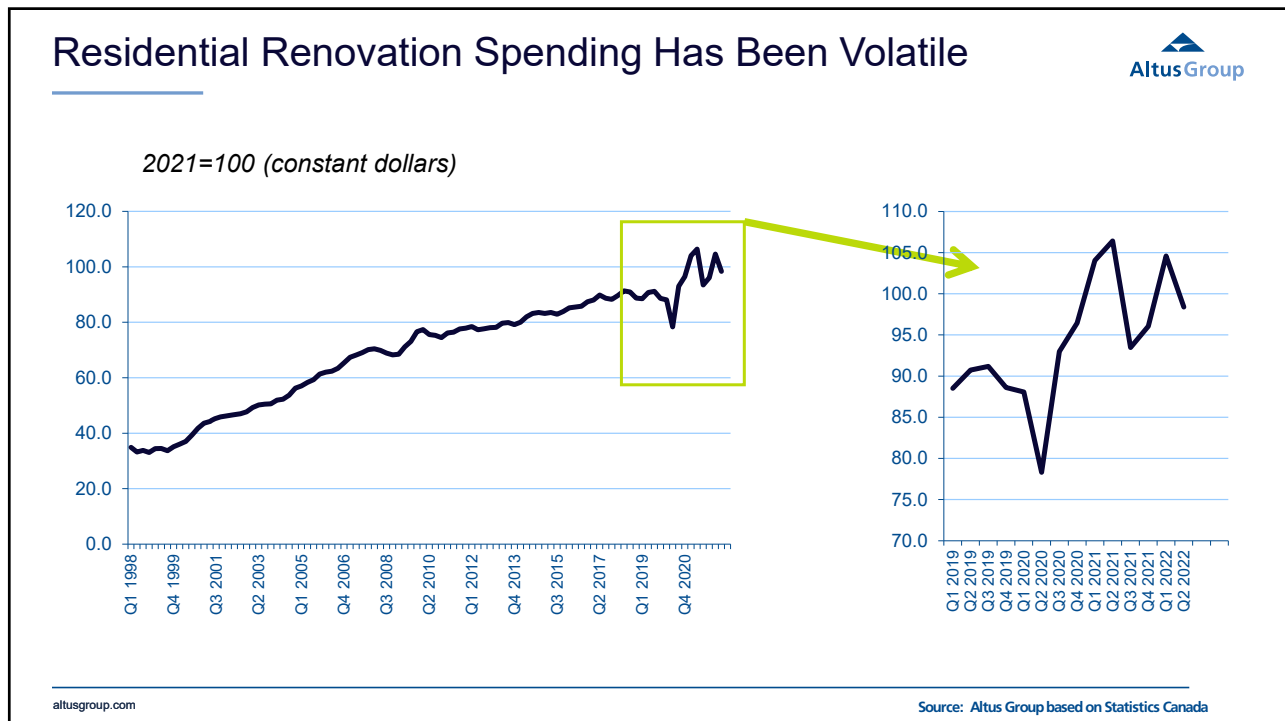
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Source: Altus Group Economic Consulting based on CREA Home Price Index (HPI) homepriceindex.ca

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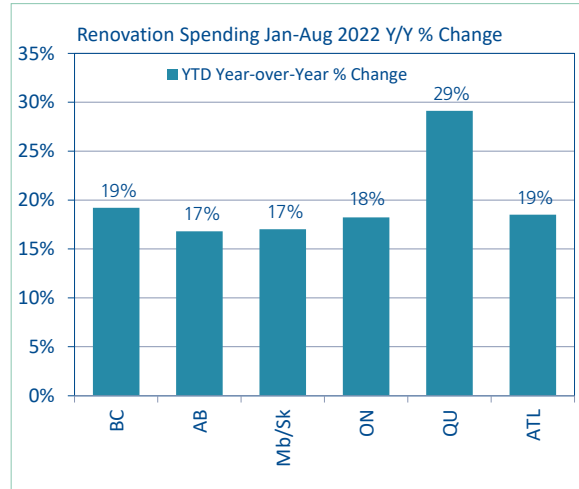
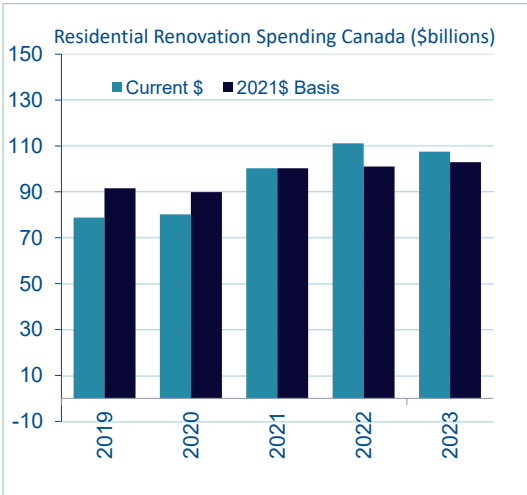


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## Renovation Spending Tops \$100 Billion



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Source: Altus Group Economic Consulting based on Statistics Canada

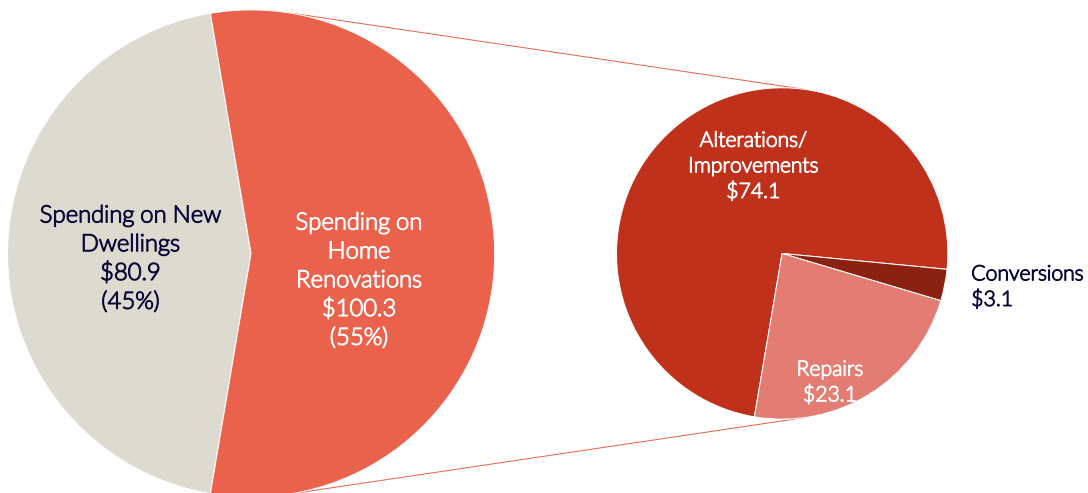
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## Residential Renovations



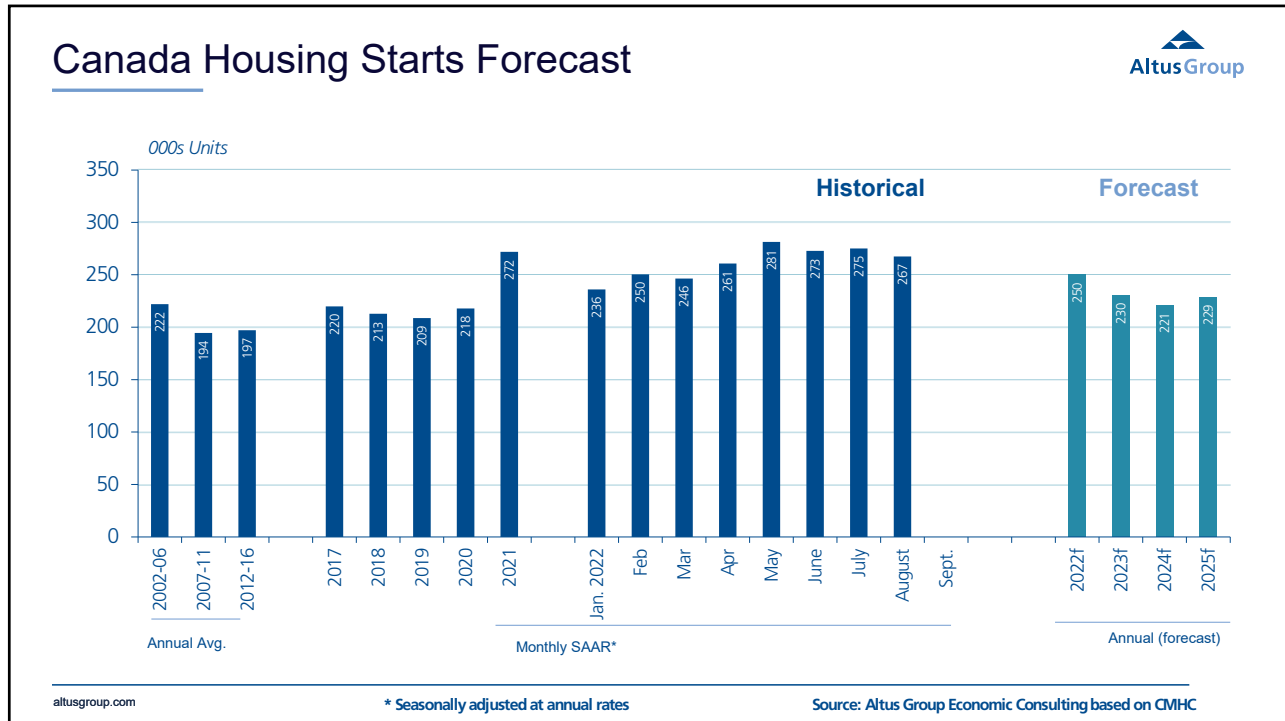
Residential Construction Spending, Canada, 2021, \$Billions



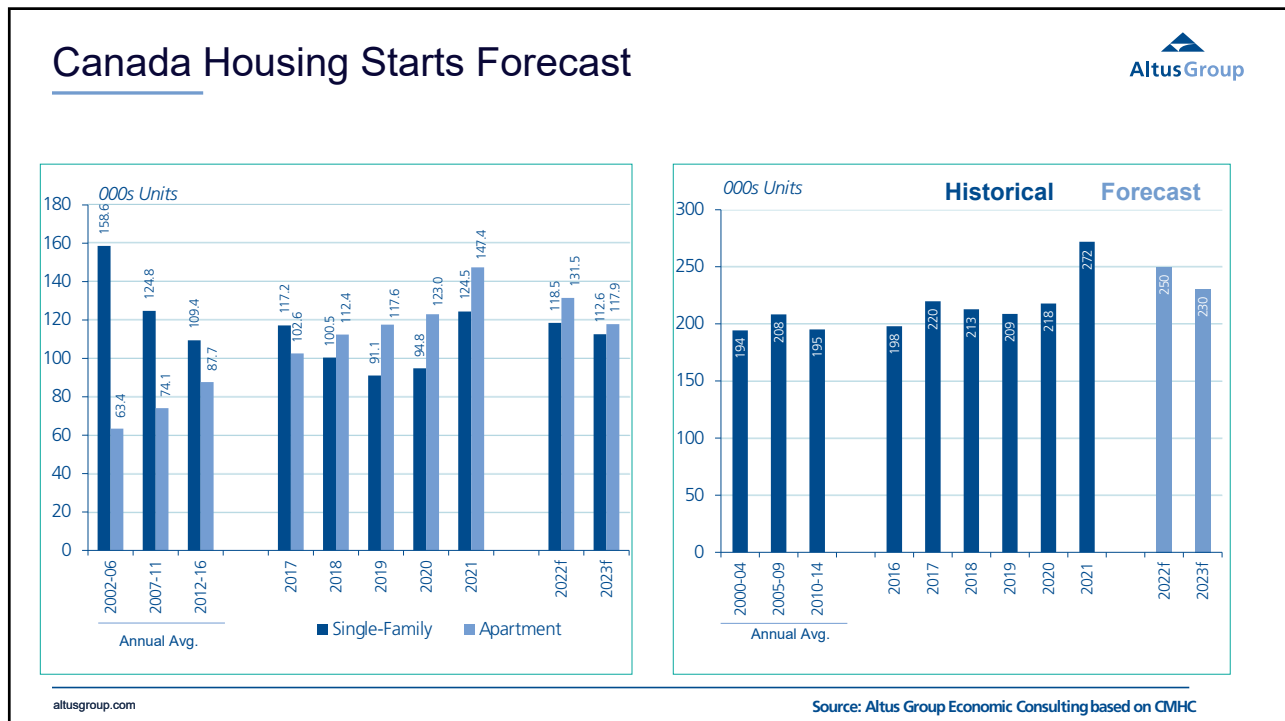
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Source: Altus Group Economic Consulting based on Statscan Data

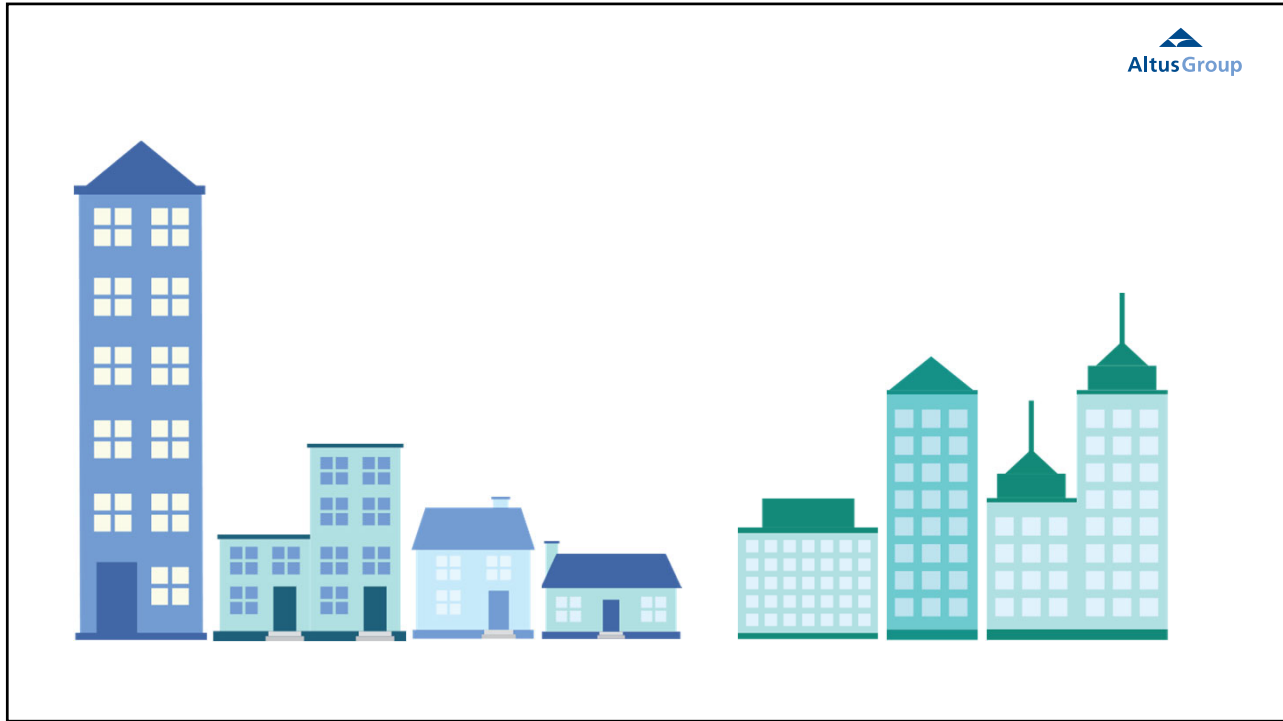
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**Thank You**



If you have any questions, please reach out.



**Peter Norman**  
 Vice President & Chief Economist  
 Research, Valuation & Advisory

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[peter.norman@altusgroup.com](mailto:peter.norman@altusgroup.com)

**National Economic Advisory**

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