



## City of Hamilton

# GENERAL ISSUES COMMITTEE ADDENDUM

**Meeting #:** 22-002

**Date:** January 14, 2022

**Time:** 9:30 a.m.

**Location:** Due to the COVID-19 and the Closure of City Hall (CC)

All electronic meetings can be viewed at:

City's Website:

<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:

<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

Stephanie Paparella, Legislative Coordinator (905) 546-2424 ext. 3993

---

**Pages**

## 6. STAFF PRESENTATIONS

\*6.2. Ontario Economic Outlook - Scotiabank

2



# *Ontario Economic Outlook*

---

**Hamilton City Council Budget Meeting**

**January 14, 2022**

**Marc Desormeaux, Senior Economist**

 [@ScotiaEconomics](#)  
[@marcdesormeaux](#)

- 1) Recovery proceeding, but omicron variant could delay it
- 2) Supply-demand imbalances:
  - Limited input product availability
  - Inflation
  - Labour shortages
- 3) Auto sector vulnerability for Ontario
- 4) Net migration to Ontario negative during pandemic, but more people moving to Hamilton

# Structure of this Presentation

---

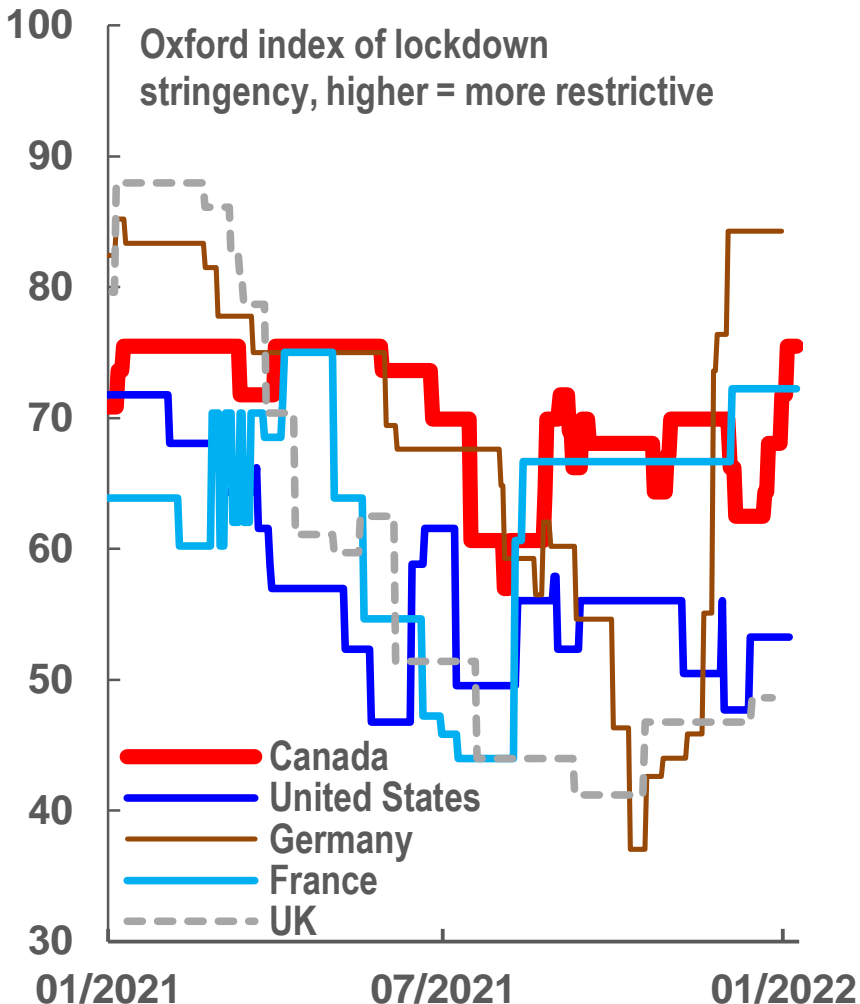
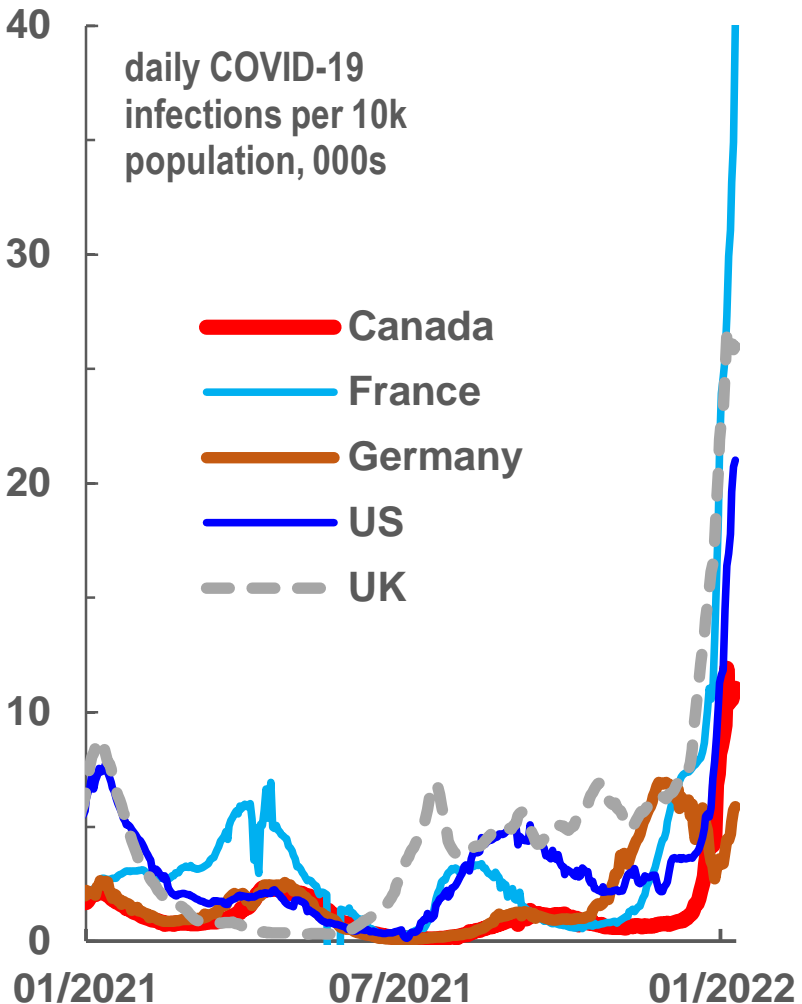
**A. Global Economic Backdrop**

**B. Ontario Economic Outlook**

**C. Ontario Fiscal Situation**

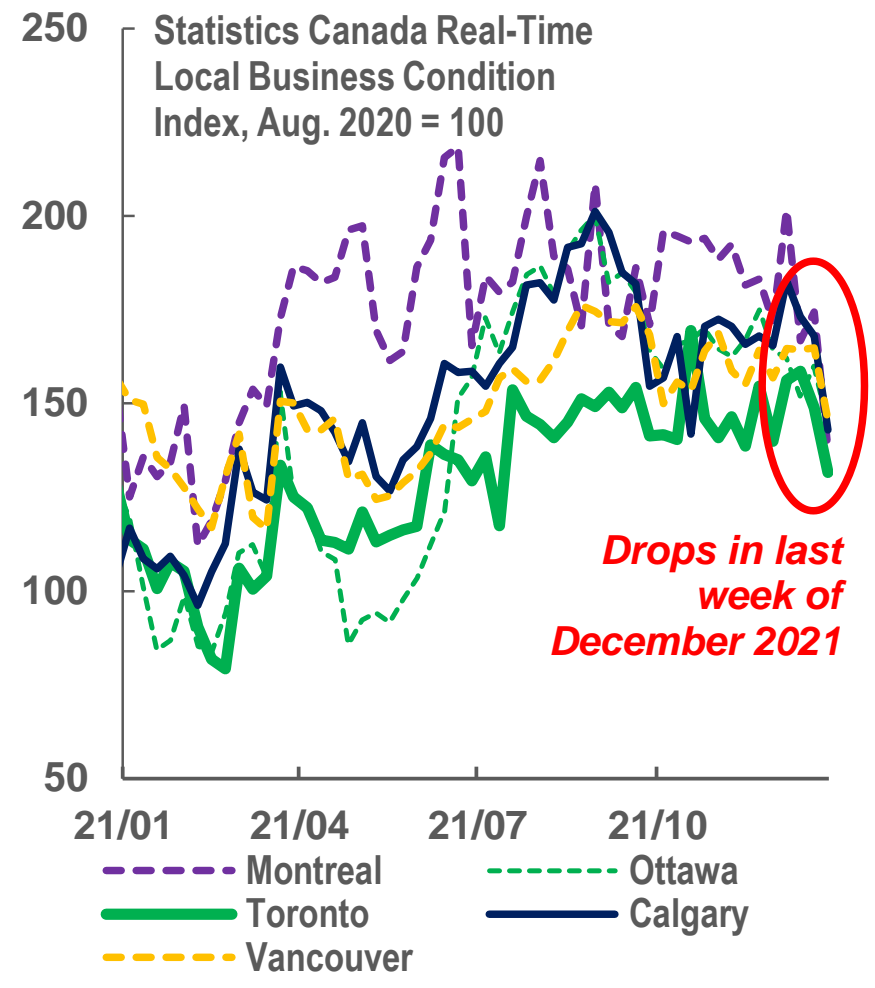
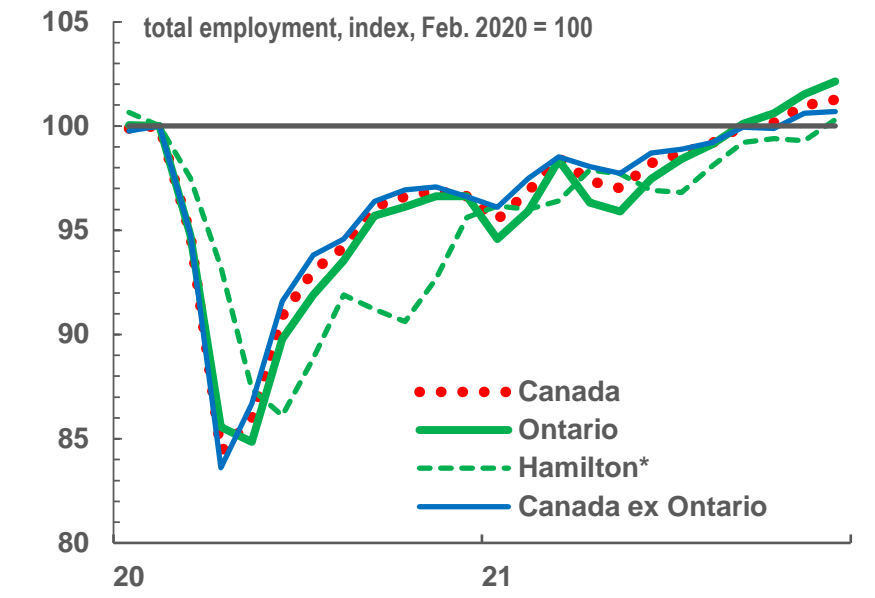
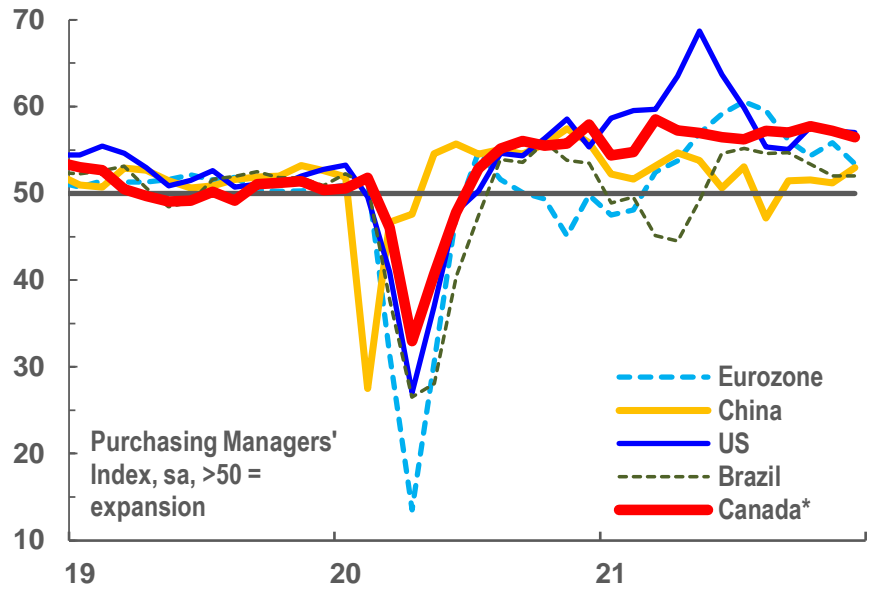
**D. Longer-Run Considerations**

# A. Global Economic Backdrop

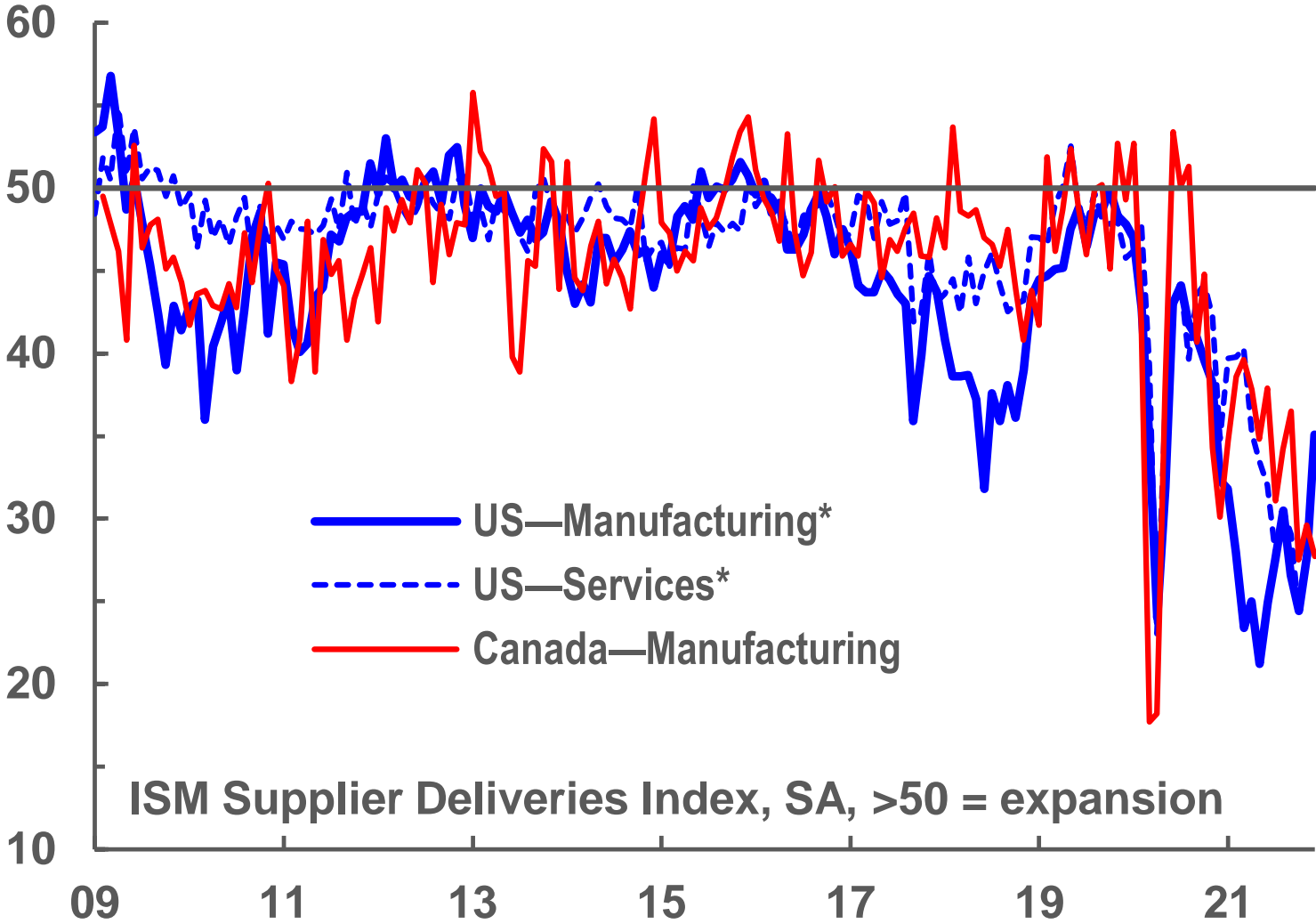


Sources: Scotiabank Economics, Johns Hopkins University, United Nations, Oxford University.

# Significant Slowdown Not \*Yet\* Showing in Data



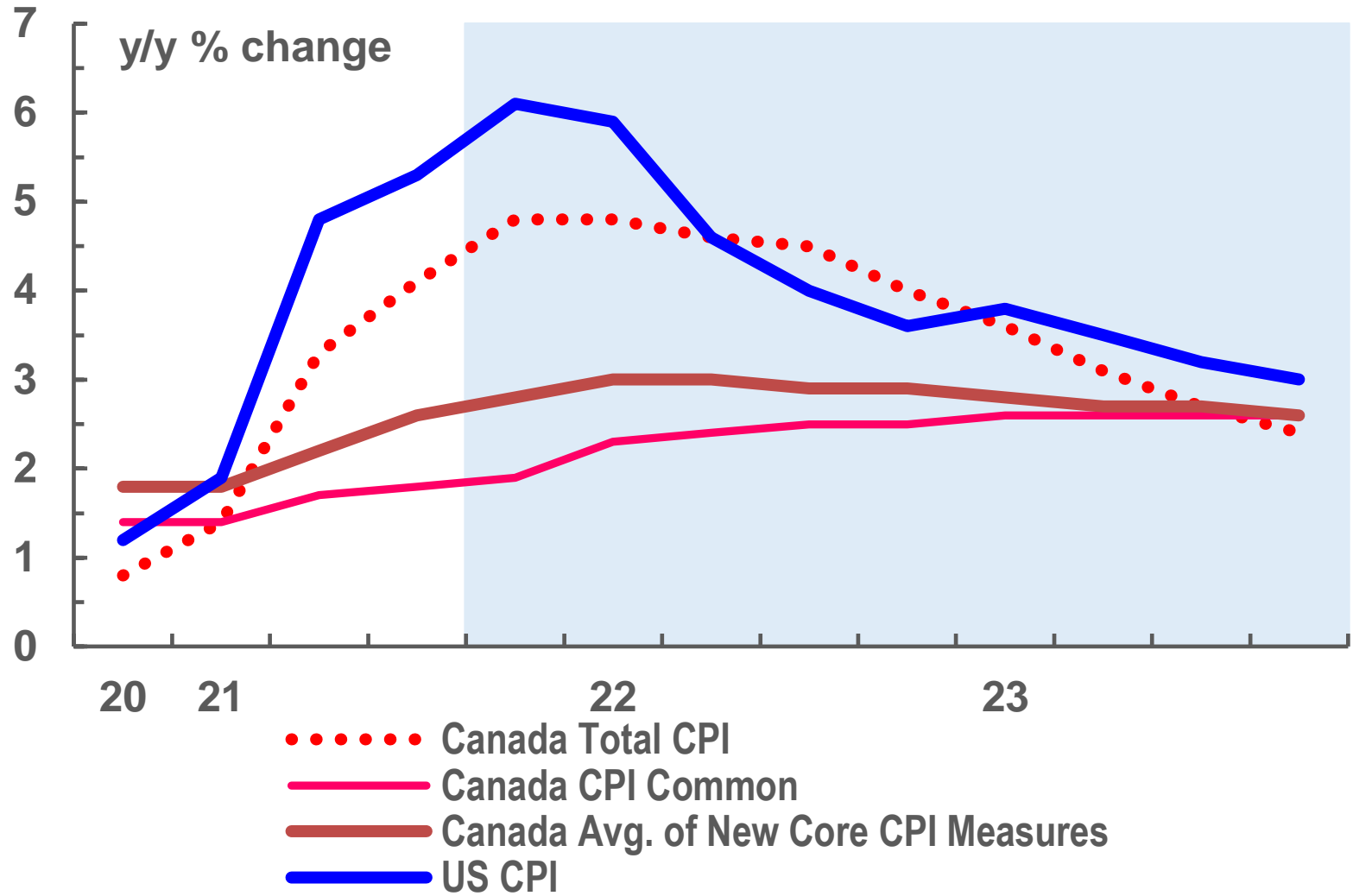
\* Manufacturing only.  
 \*\* Three-month moving average.  
 Sources: Scotiabank Economics, IHS Markit, Statistics Canada.



\* Inversed for consistency with Canadian measure.  
Sources: Scotiabank Economics, Bloomberg, IHS Markit.



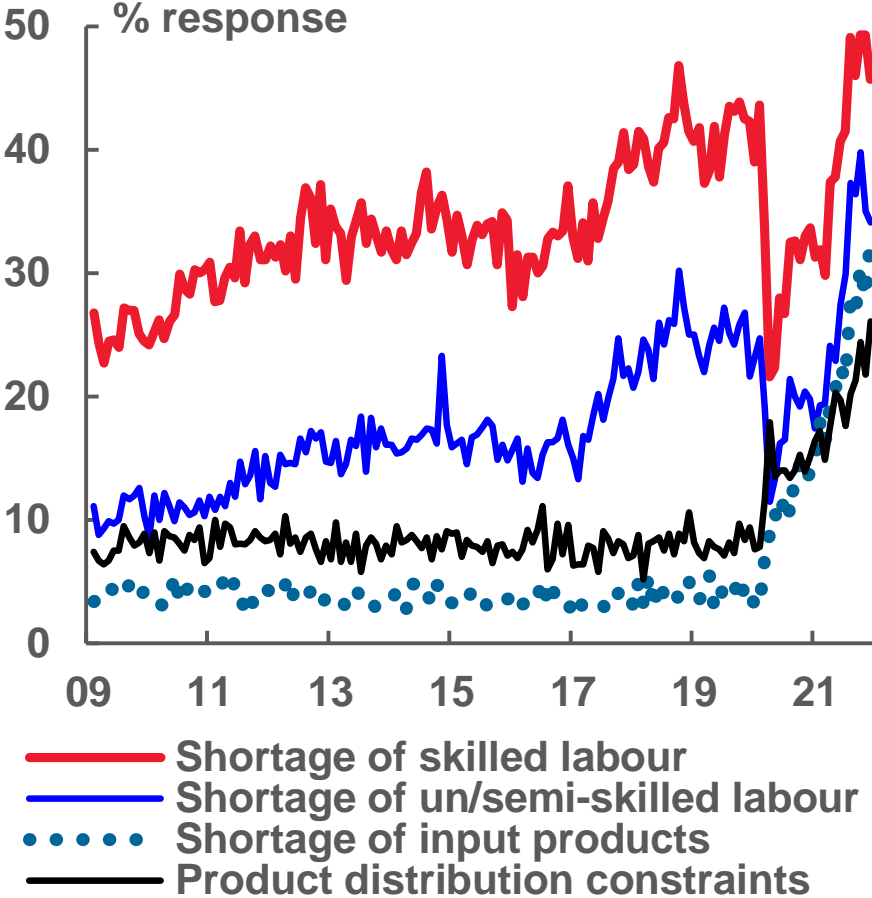
# Supply-Demand Imbalances: Inflation (Consumers, Producers, Transportation)



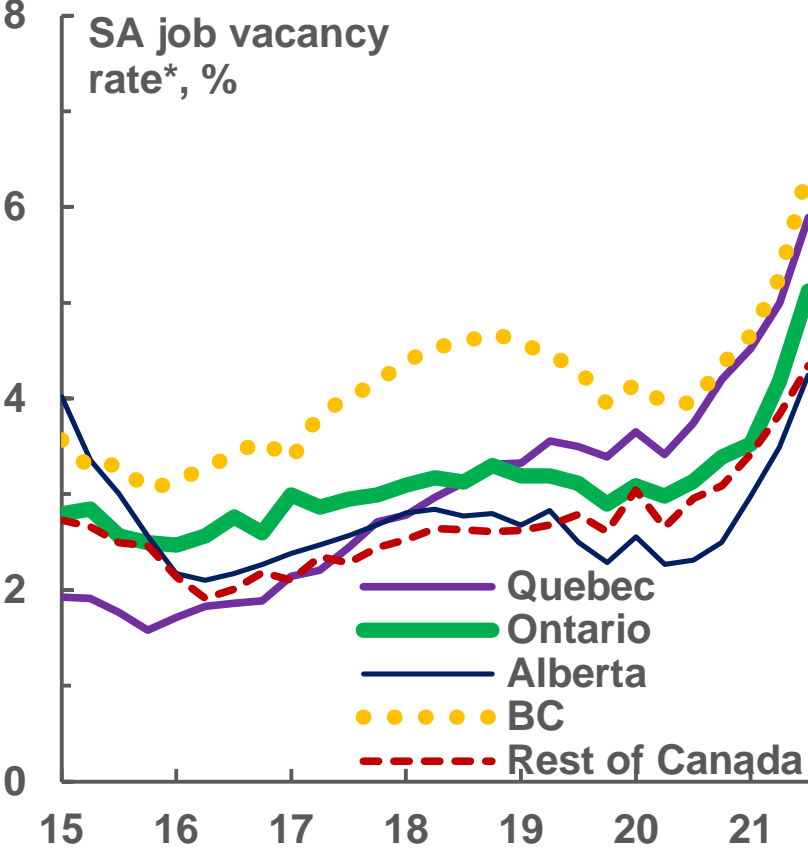
Sources: Scotiabank Economics, BLS, Statistics Canada.

# Supply-Demand Imbalances: Labour Shortages

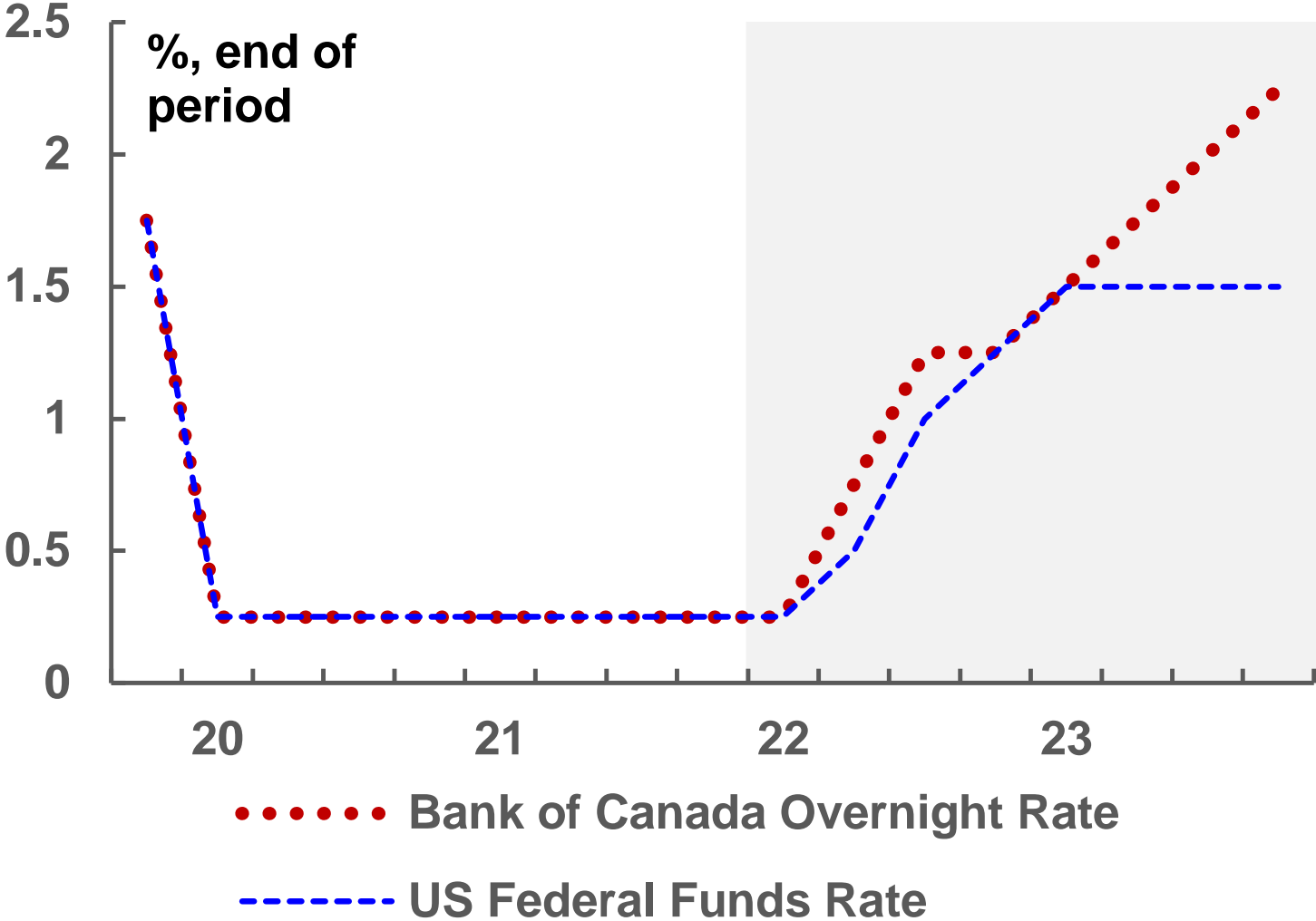
## Limitations on Growth



## Canadian Labour Shortages Most Acute in Quebec, BC



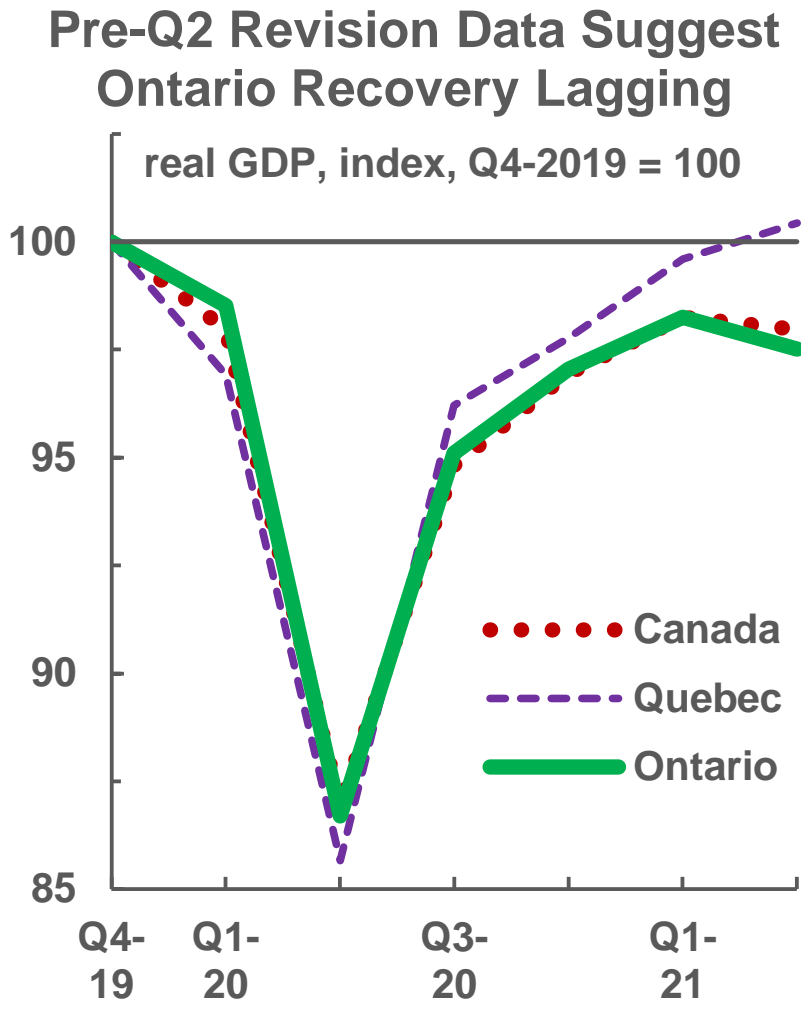
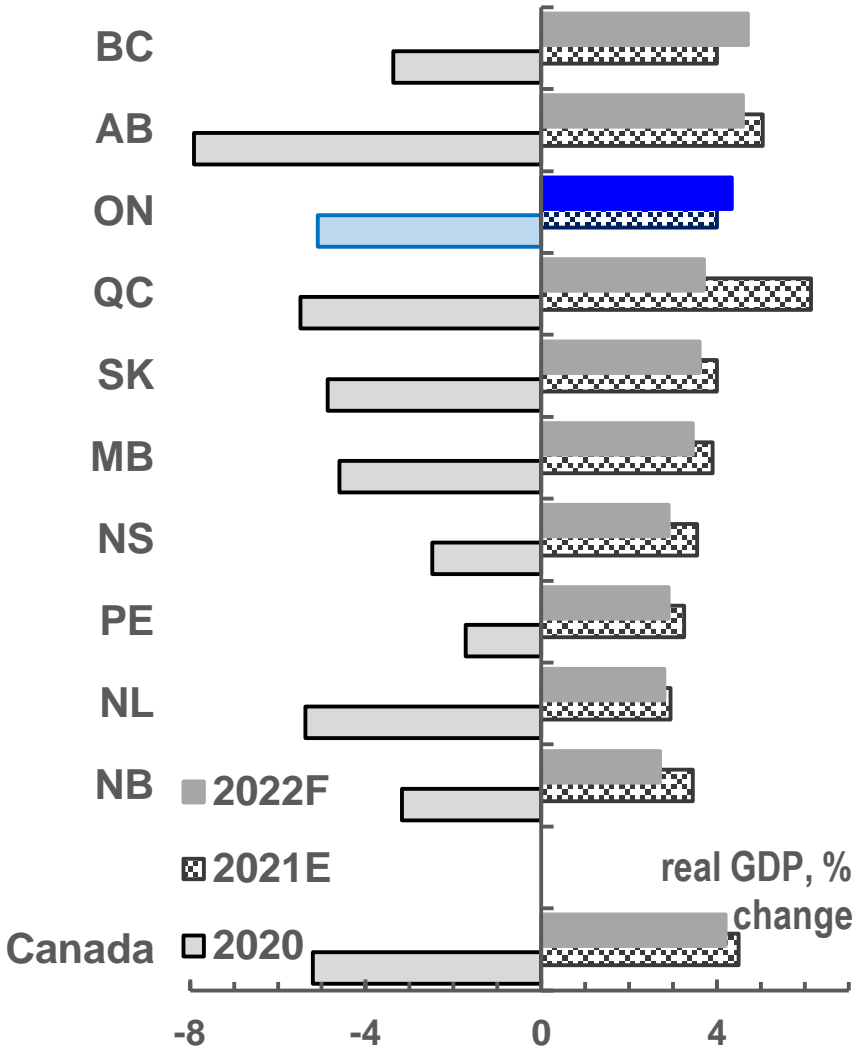
\* Seasonal adjustment by Scotiabank Economics.  
 Sources: Scotiabank Economics, Statistics Canada, CFIB.



Sources: Scotiabank Economics, Haver Analytics.

## **B. Ontario Economic Overview**

# Provincial Outlook: Ontario Expected to be Strong Performer in 2022

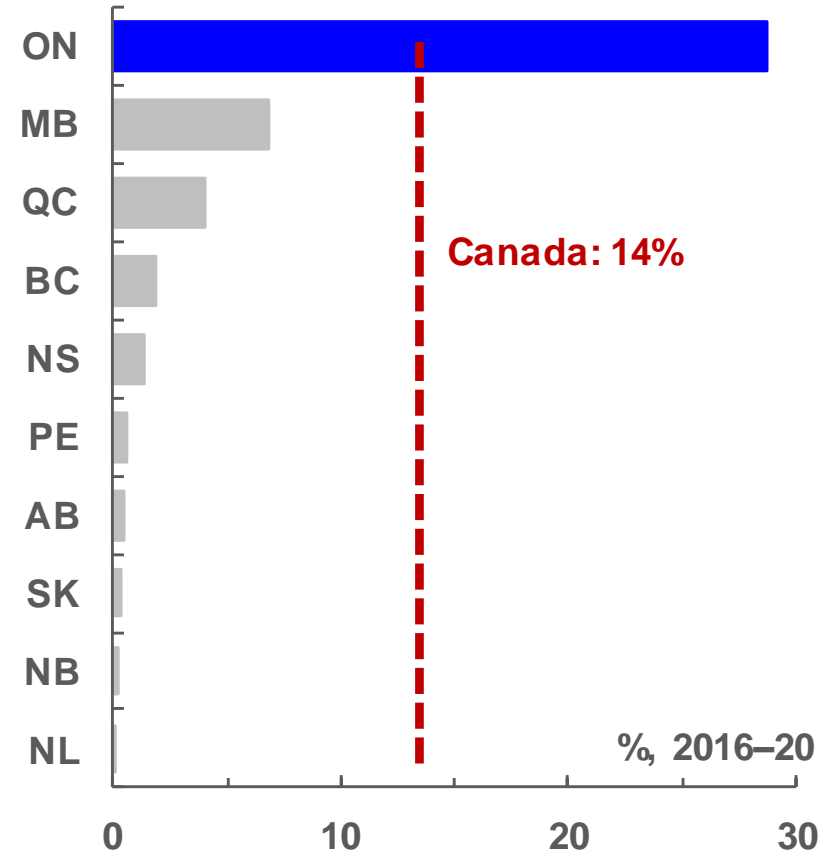
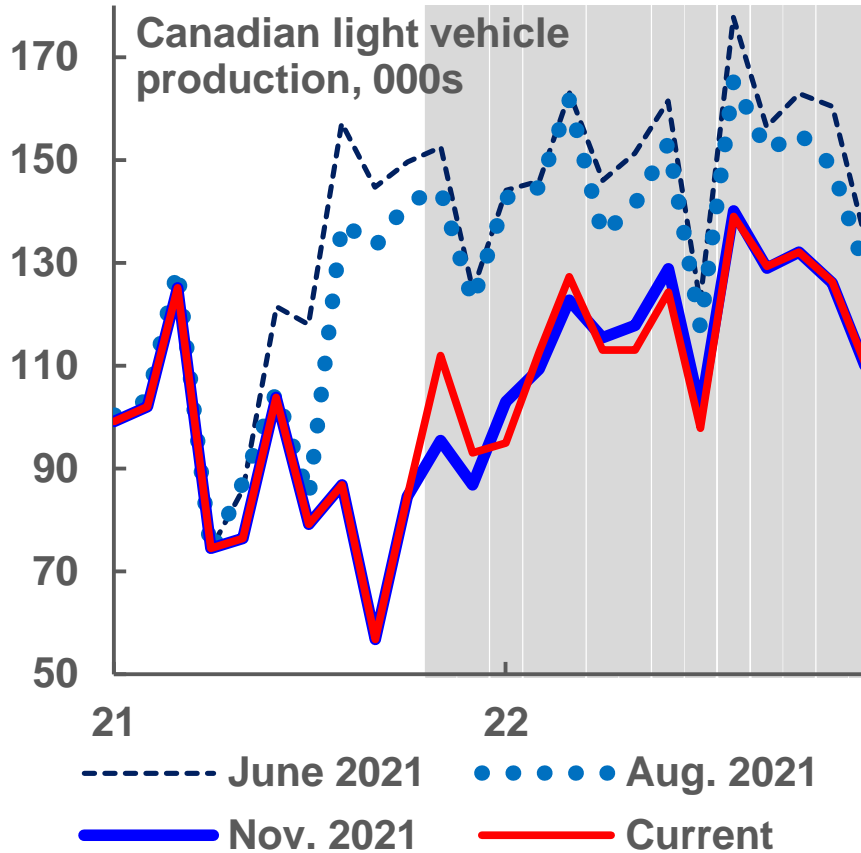


Sources: Scotiabank Economics, Statistics Canada, Ontario Finance, Institut de la Statistique du Québec.

# Auto Sector Exposure a Key Risk for Ontario

## Car Production Lowered Progressively Since Semiconductor Issues Emerged

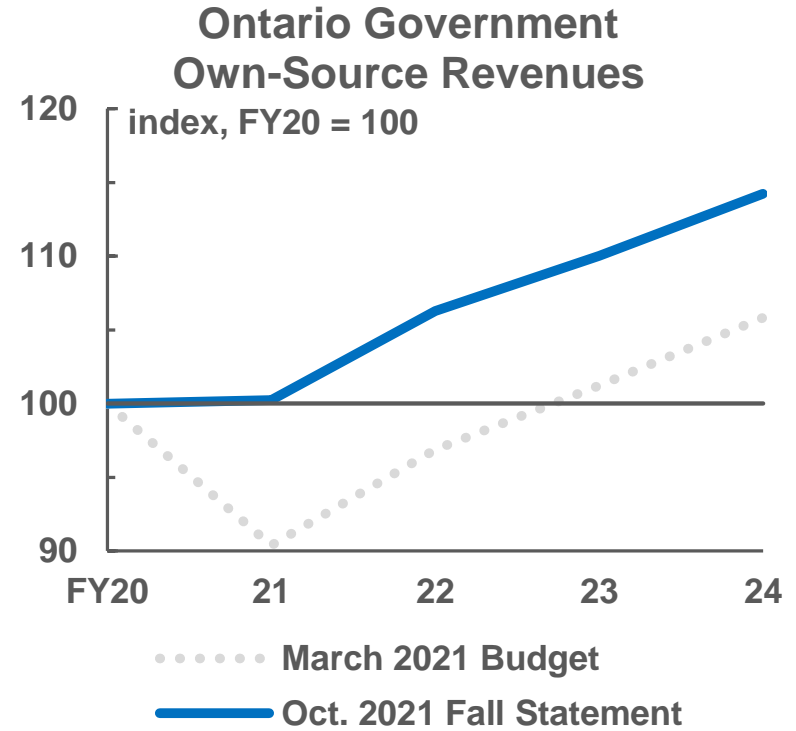
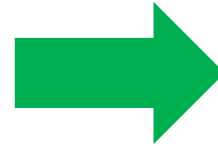
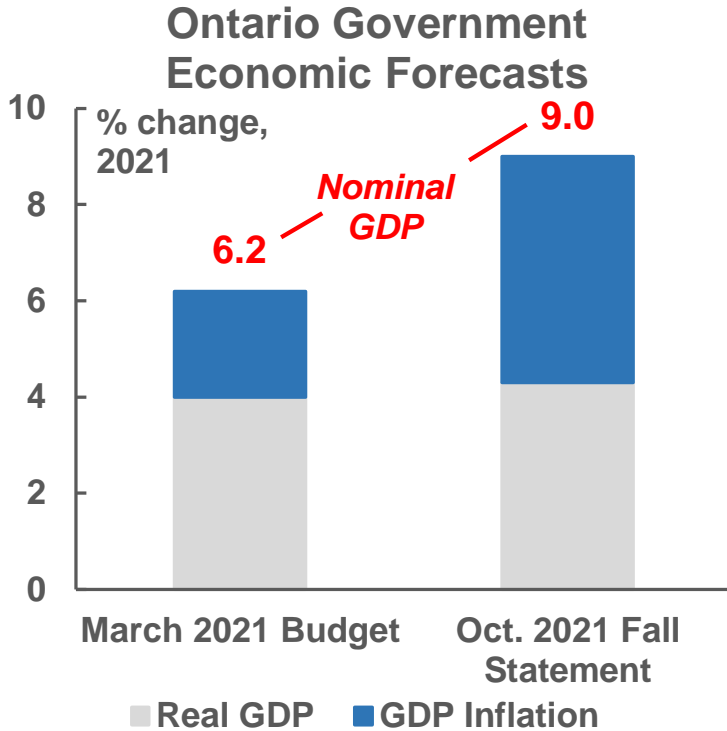
## Motor Vehicles and Parts as a Share of Merchandise Exports



Sources: Scotiabank Economics, Wards Automotive, Statistics Canada.

## C. Ontario Fiscal Situation

# Inflationary Pressures Lift Revenue Projections



## From Ontario Budget 2021:

### Economic Factors

Nominal GDP

### Revenue Sources

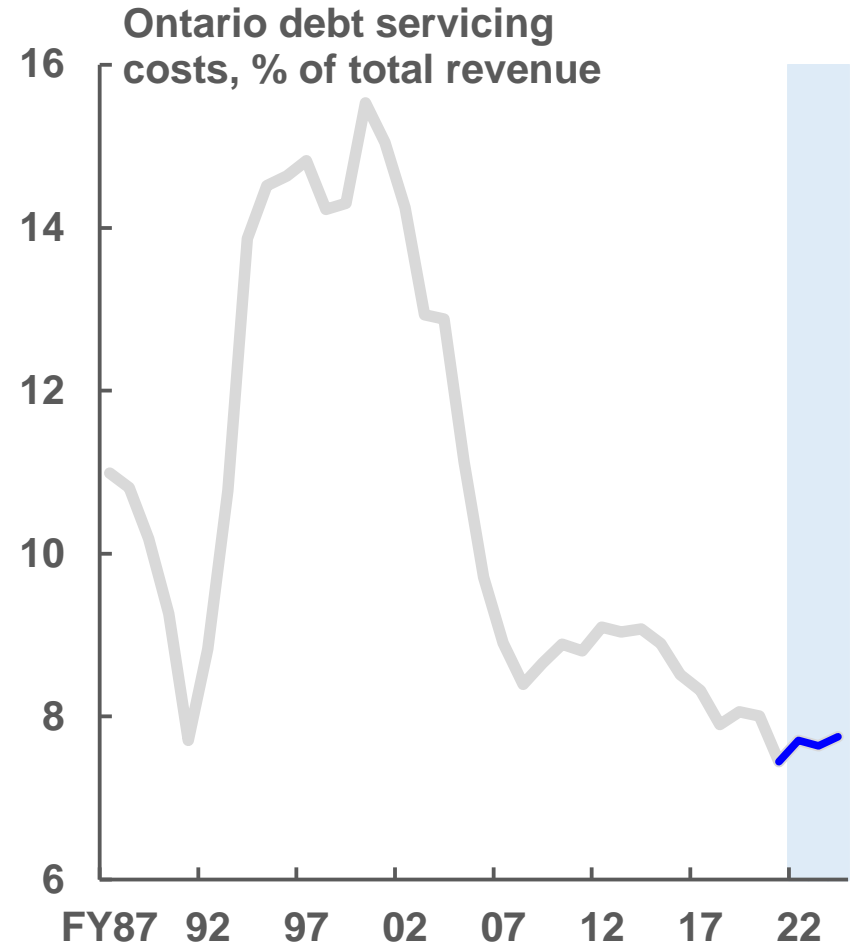
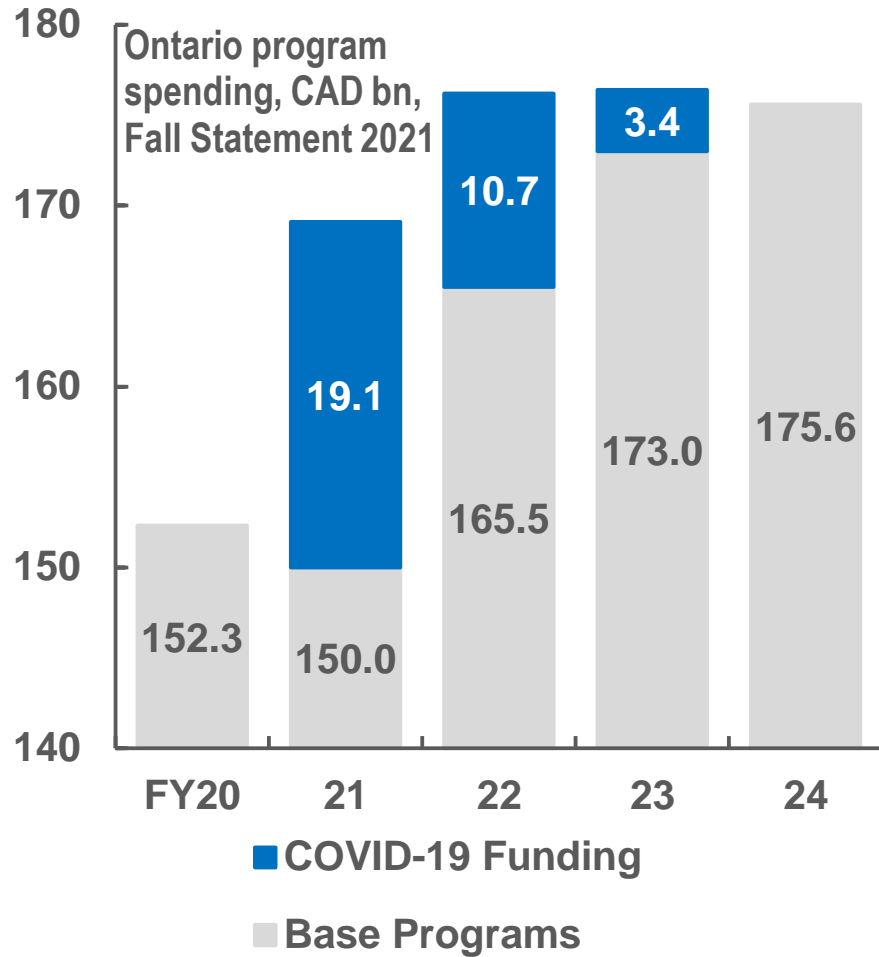
Total Taxation Revenue

### 2021–22 Sensitivities

\$1,100 million revenue change for each percentage point change in nominal GDP growth. This can vary significantly, depending on the composition and source of changes in GDP growth.

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

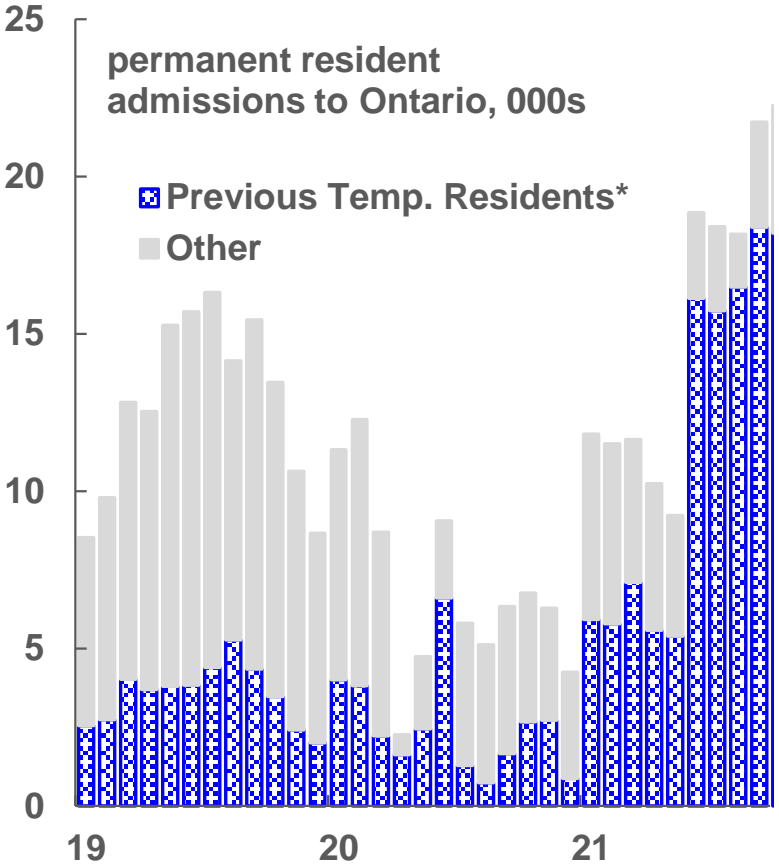




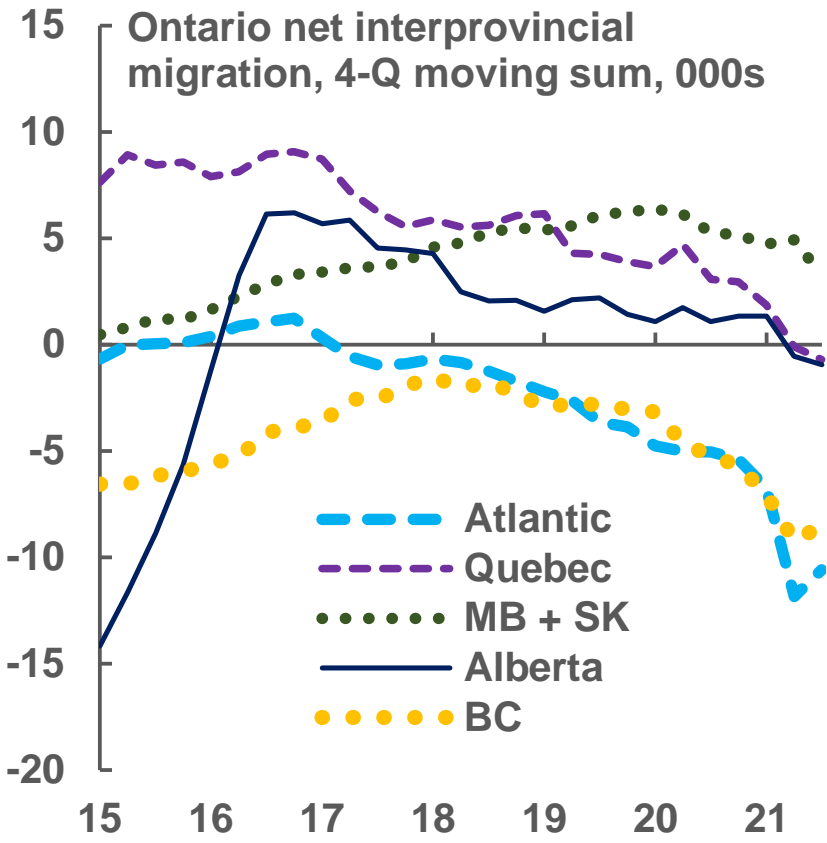
Sources: Scotiabank Economics, Statistics Canada, Ontario Finance.

## **D. Longer-Run Considerations**

## Immigration Rallies as Temporary Residents Gain Permanent Status



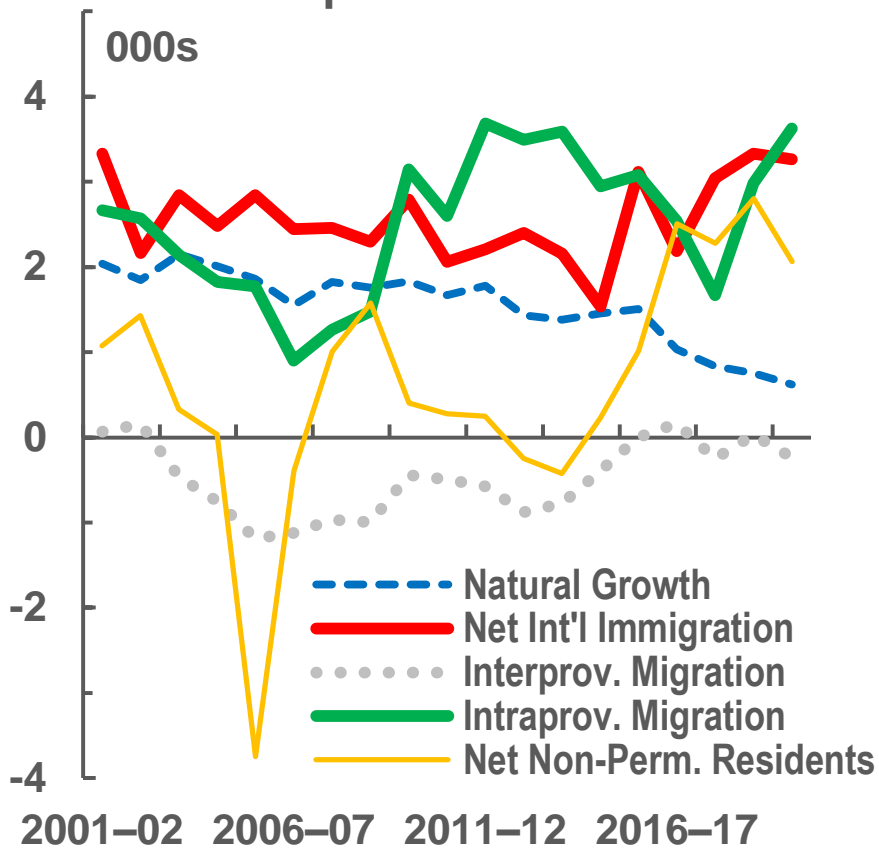
## Ontario Residents Flock to Other Provinces During Pandemic



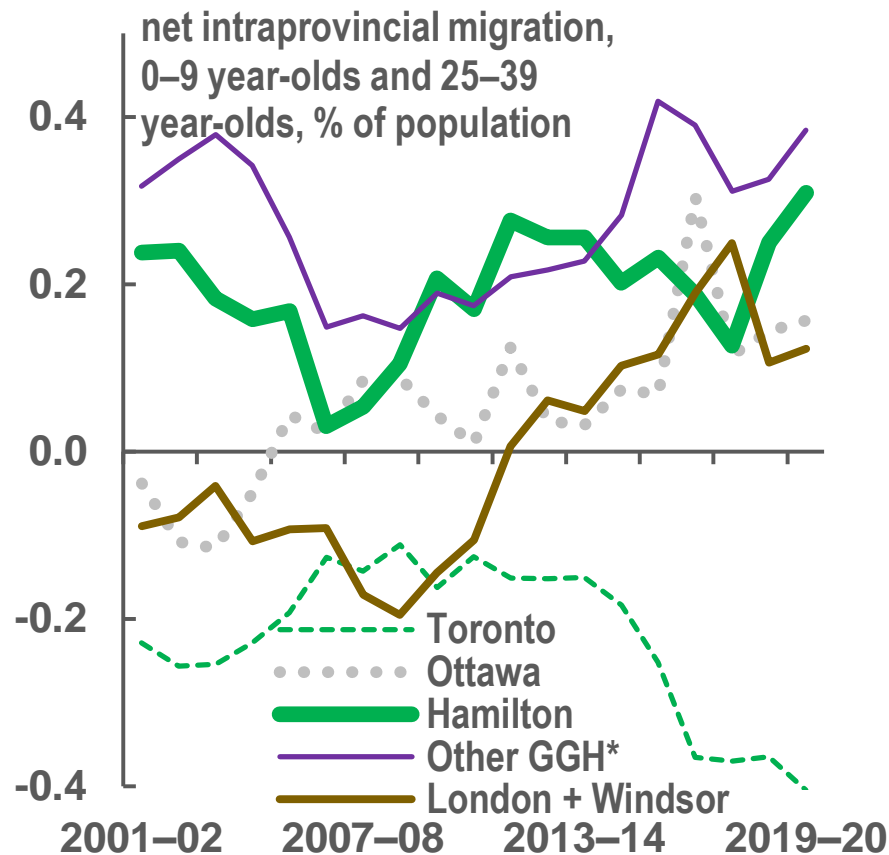
\* Includes permanent residents who previously held study, temporary foreign worker, International Mobility Program, and Post-Graduate Work Permits.

Sources: Scotiabank Economics, Statistics Canada.

## Sources of Hamilton Population Growth

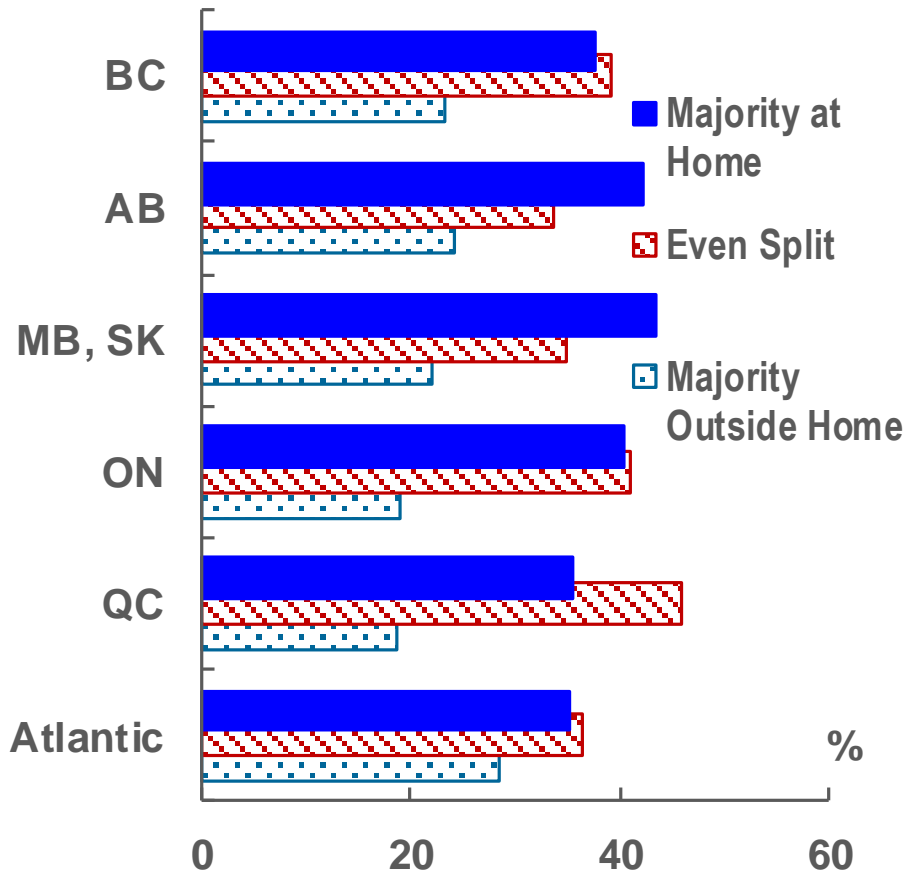


## Young Families Appear to be Driving Inflows Into Hamilton

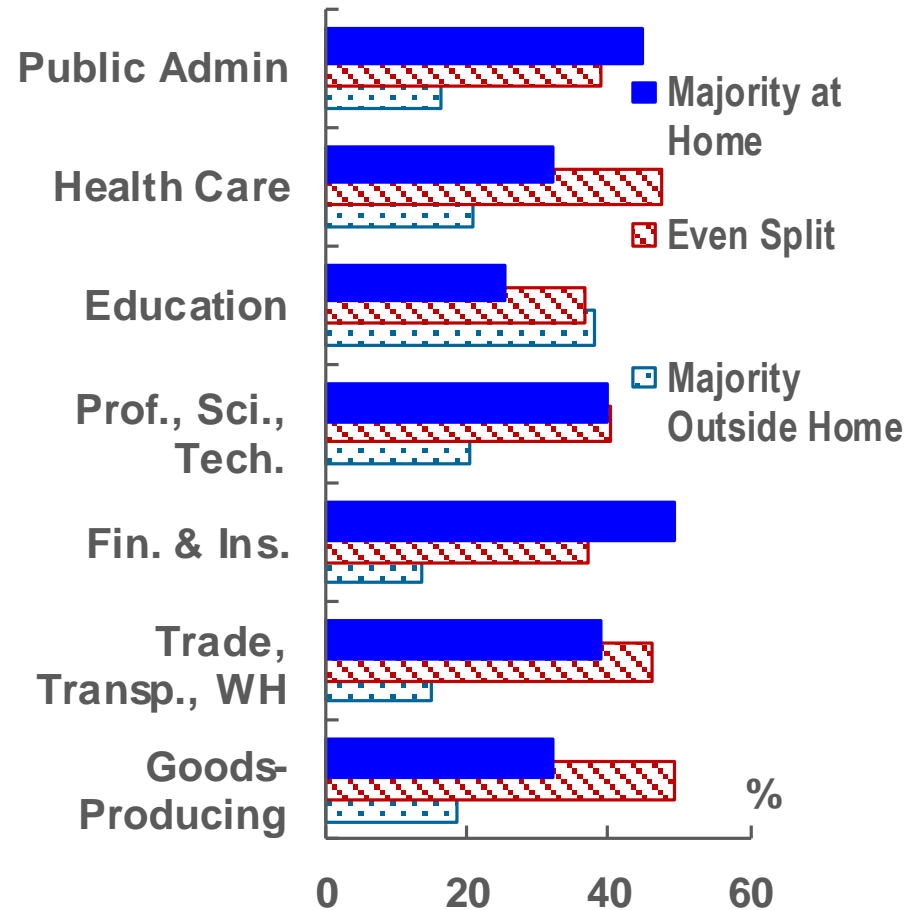


\* Greater Golden Horseshoe. Sources: Scotiabank Economics, Statistics Canada.

## Post-Pandemic Work Location Preferences by Province...



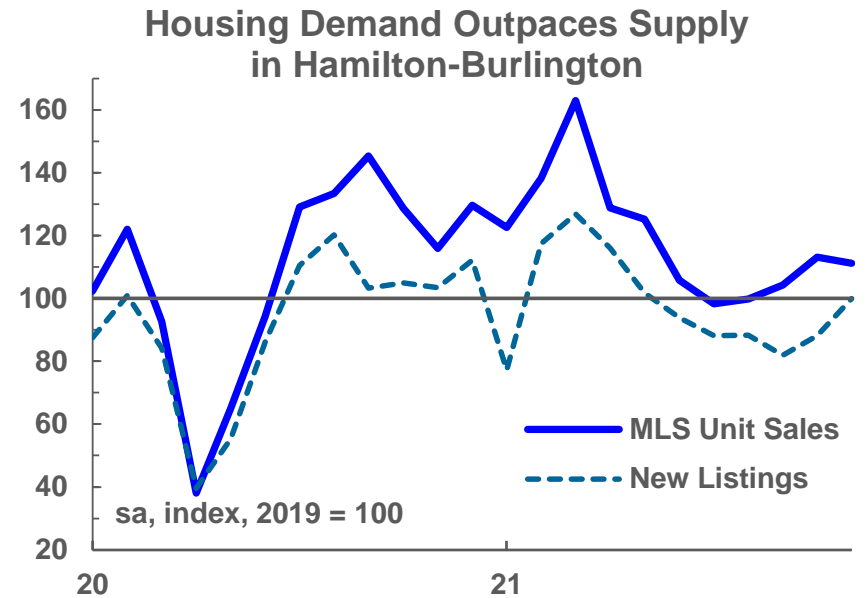
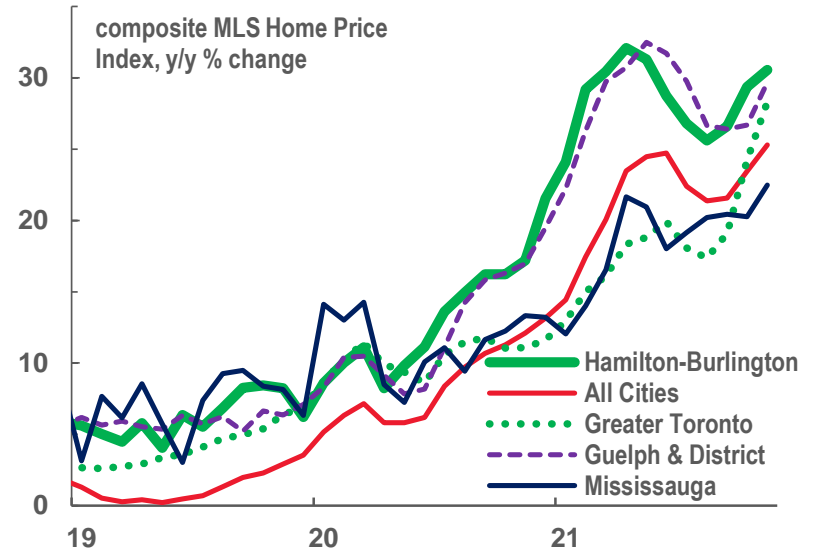
## ...and by Industry



Sources: Scotiabank Economics, Statistics Canada.

**Number of Housing Units per 1000 Residents in 10 Largest CMA's**

Region	2016	2020e
Canada	427	424
Vancouver	398	406
Calgary	379	378
Winnipeg	401	398
Toronto	365	360
<b>Hamilton</b>	<b>381</b>	<b>377</b>
Ottawa-Gatineau	421	412
Montreal	440	437
Quebec City	475	484
Kitchener	389	376
Edmonton	394	393



Sources: Scotiabank Economics, Statistics Canada, CREA.

- 1) Recovery proceeding, but omicron variant could delay it
- 2) Supply-demand imbalances:
  - Limited input product availability
  - Inflation
  - Labour shortages
- 3) Auto sector vulnerability for Ontario
- 4) Net migration to Ontario negative during pandemic, but more people moving to Hamilton

Pinned Tweet

 **Scotiabank Economics**  @ScotiaEconomics · 11 Dec 2018

Welcome to the dedicated source for original economic analysis and commentary by the experts at #ScotiabankEconomics.



@ScotiaEconomics

1 5 12



# Contacts and Caveats: Keep in Touch

**Marc Desormeaux**

Senior Economist

+1.416.866.4733

[marc.desormeaux@scotiabank.com](mailto:marc.desormeaux@scotiabank.com)

[@marcdesormeaux](https://www.linkedin.com/company/marc-desormeaux)

**Scotiabank Economics:**

[www.scotiabank.com/economics](http://www.scotiabank.com/economics)

[scotia.economics@scotiabank.com](mailto:scotia.economics@scotiabank.com)

@ScotiaEconomics

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations. Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

<sup>TM</sup>Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority. Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.