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# Economic Update

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City of Hamilton General Issues Committee

October 29, 2020

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## **1. Canadian Macroeconomic Backdrop**

## **2. Sector and Distributional Impacts**

## Summary

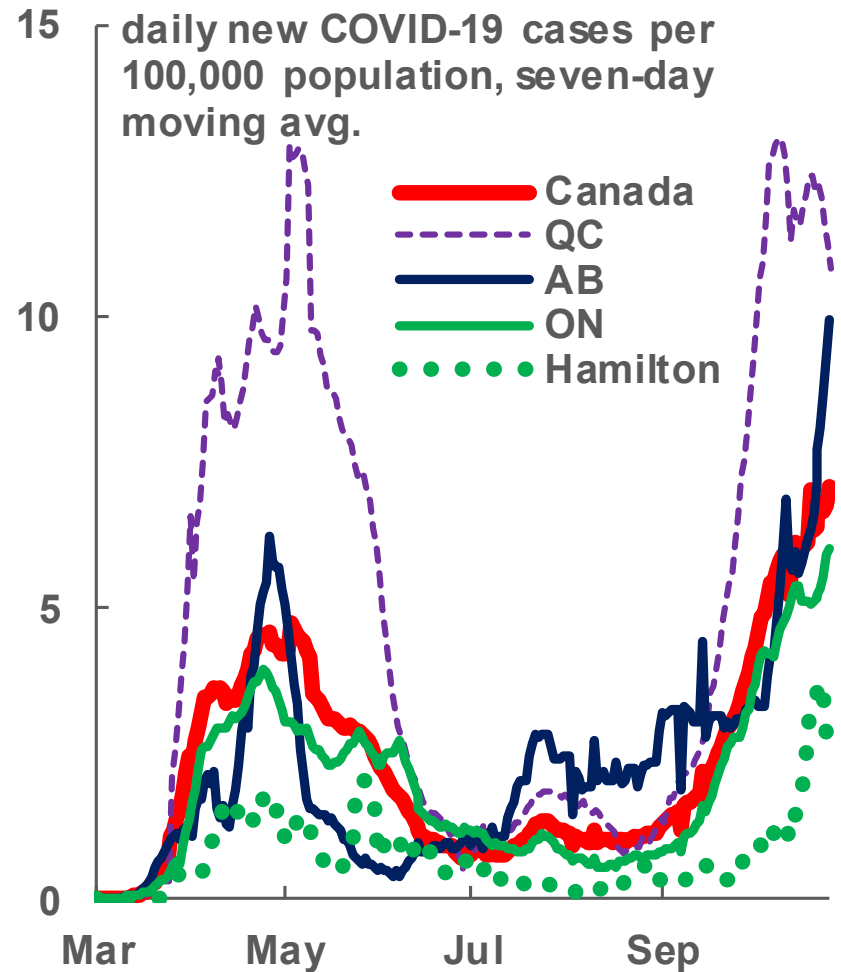
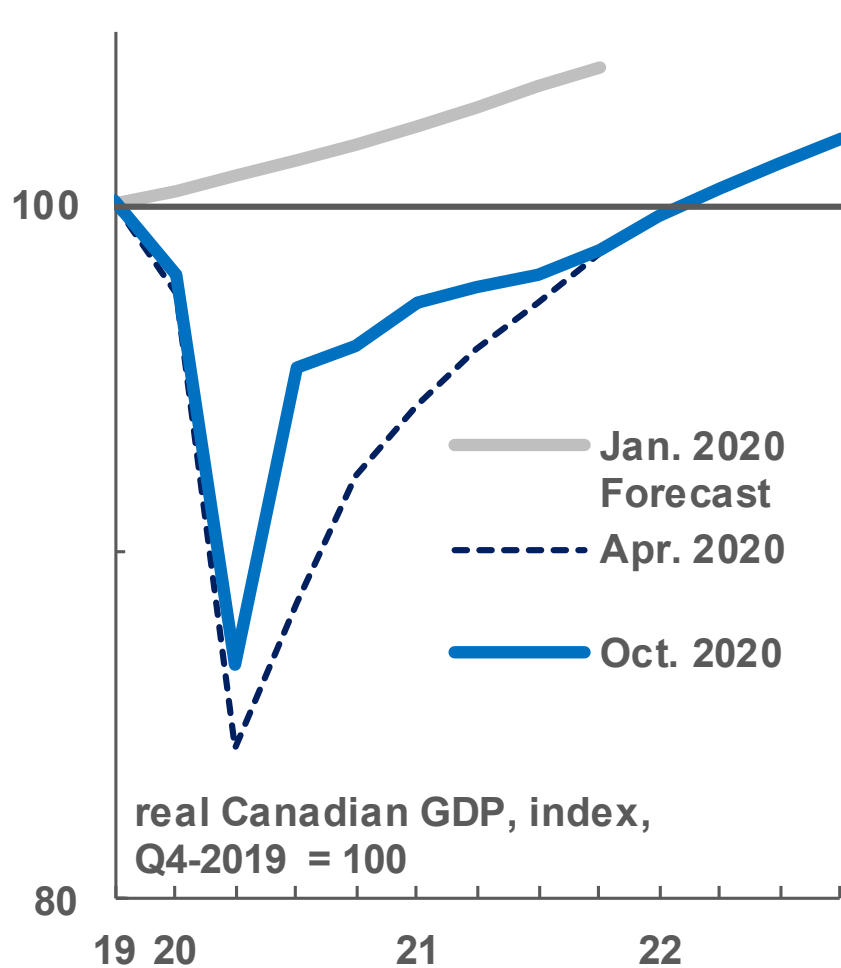
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- Economic recovery moving into slower phase of growth, depends fundamentally on evolution of virus
- Ontario economy's trajectory dominated by lockdown measures
- COVID-19's industry impacts different than typical recessions
- Extraordinary fiscal, monetary policy support, anchored by Federal Government contributions

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# 1. Macroeconomic Backdrop

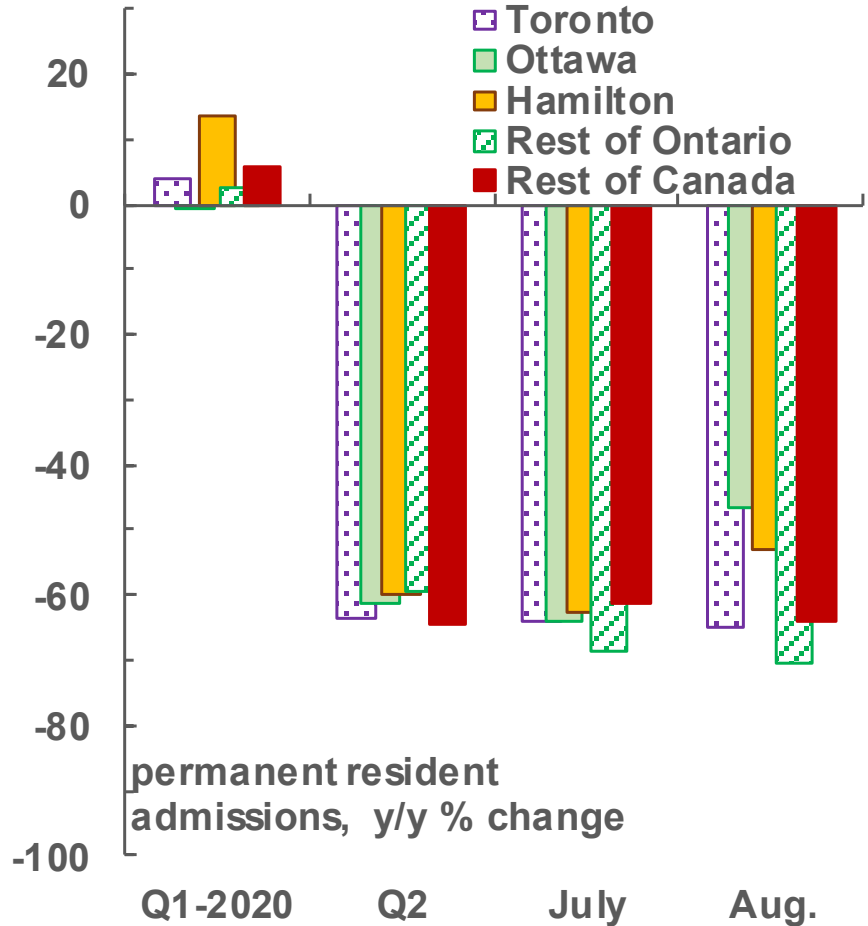
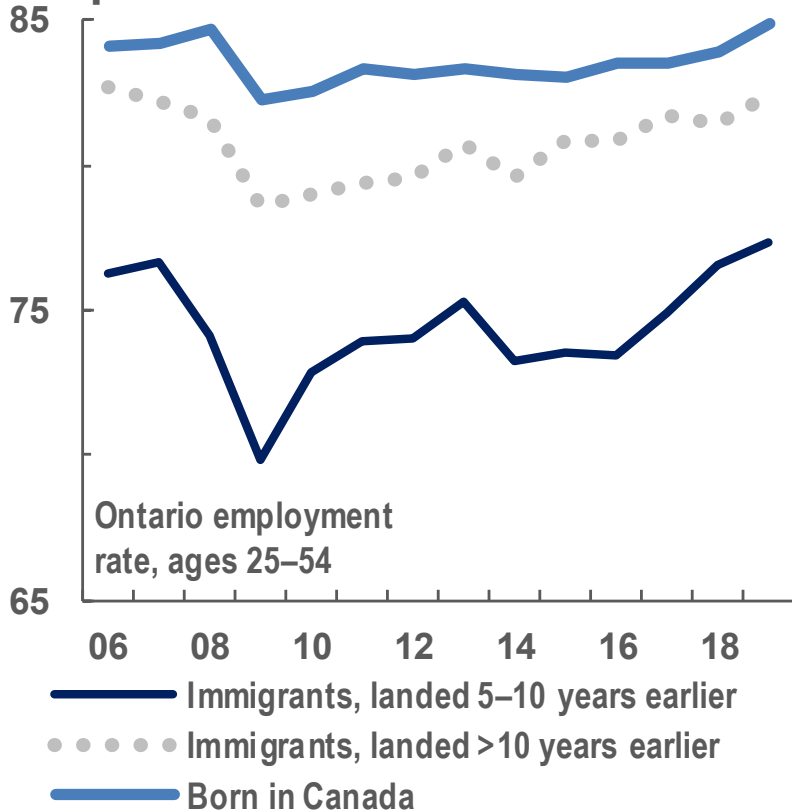
# Moving Into Slower Phase of Growth



COVID-19 data current to Oct. 26, 2020. Sources: Scotiabank Economics, Statistics Canada, Government of Canada, City of Hamilton.

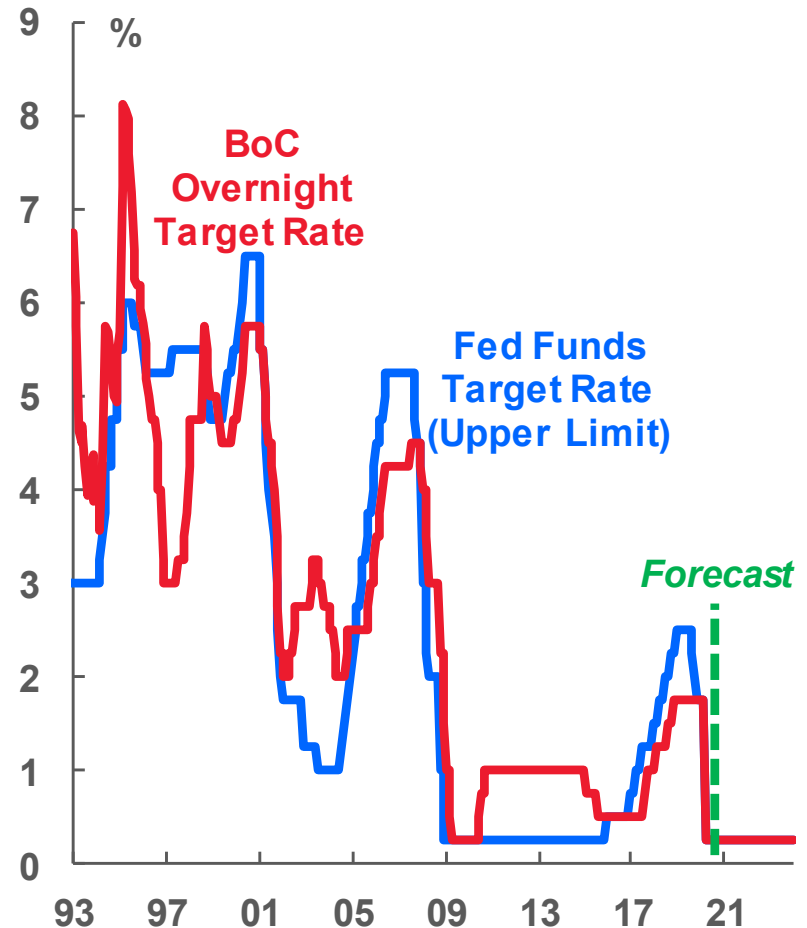
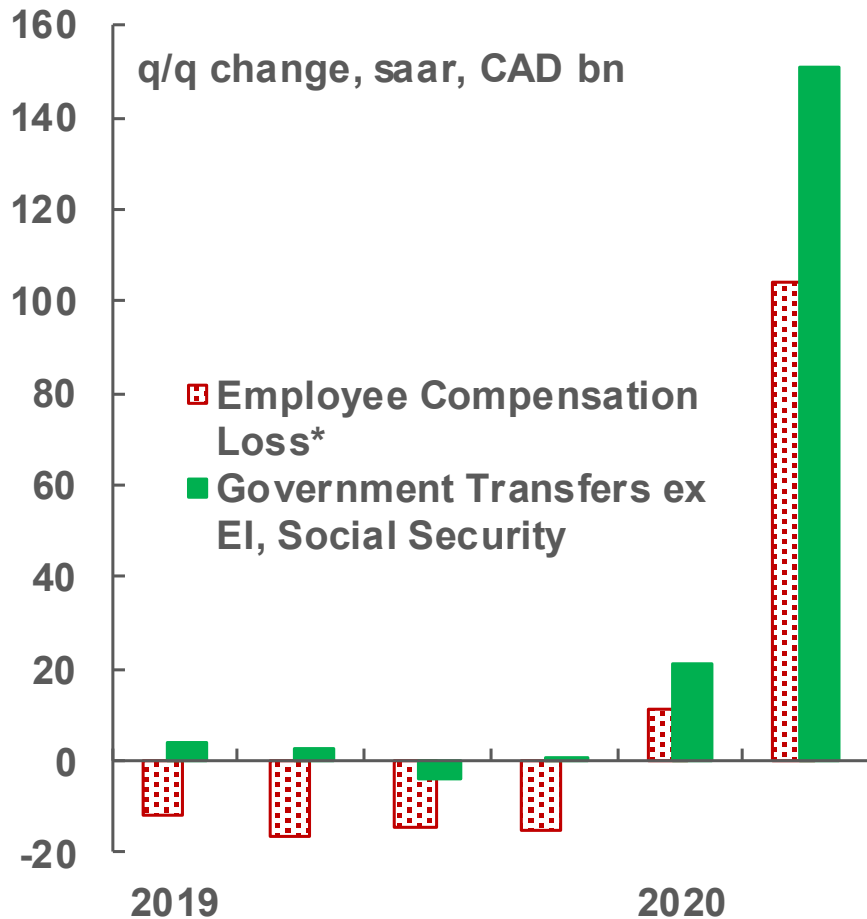
# Human Stimulus Withdrawn

## Labour Market Outcomes Had Improved for Ontario Newcomers



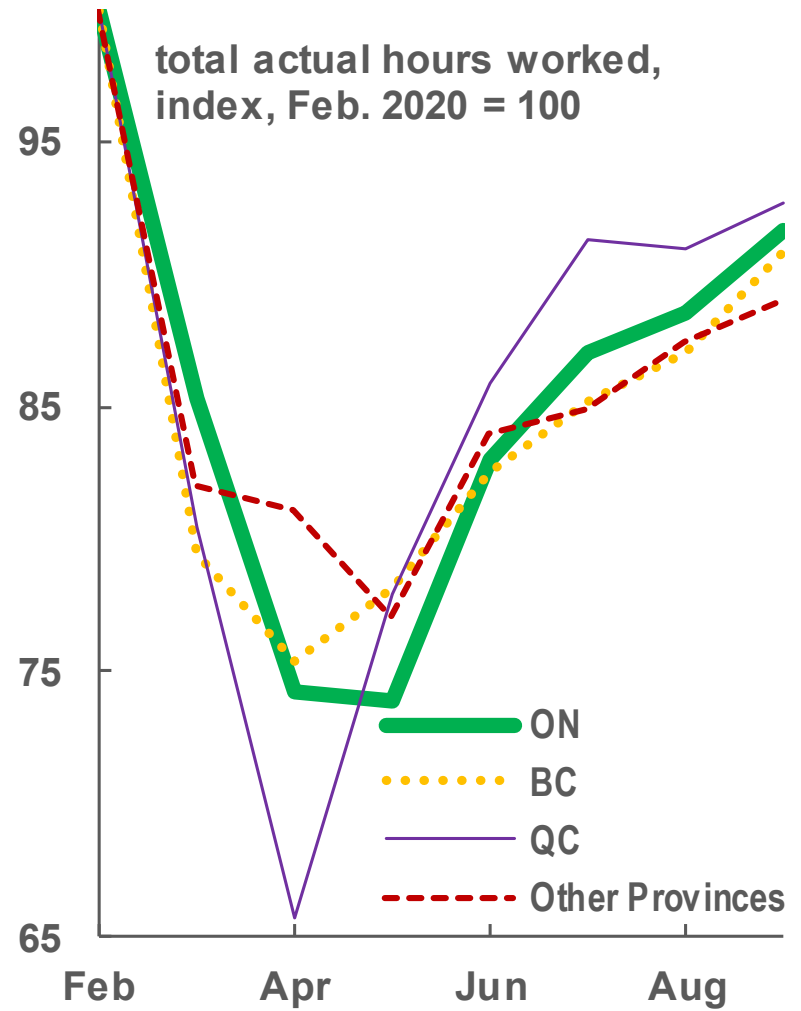
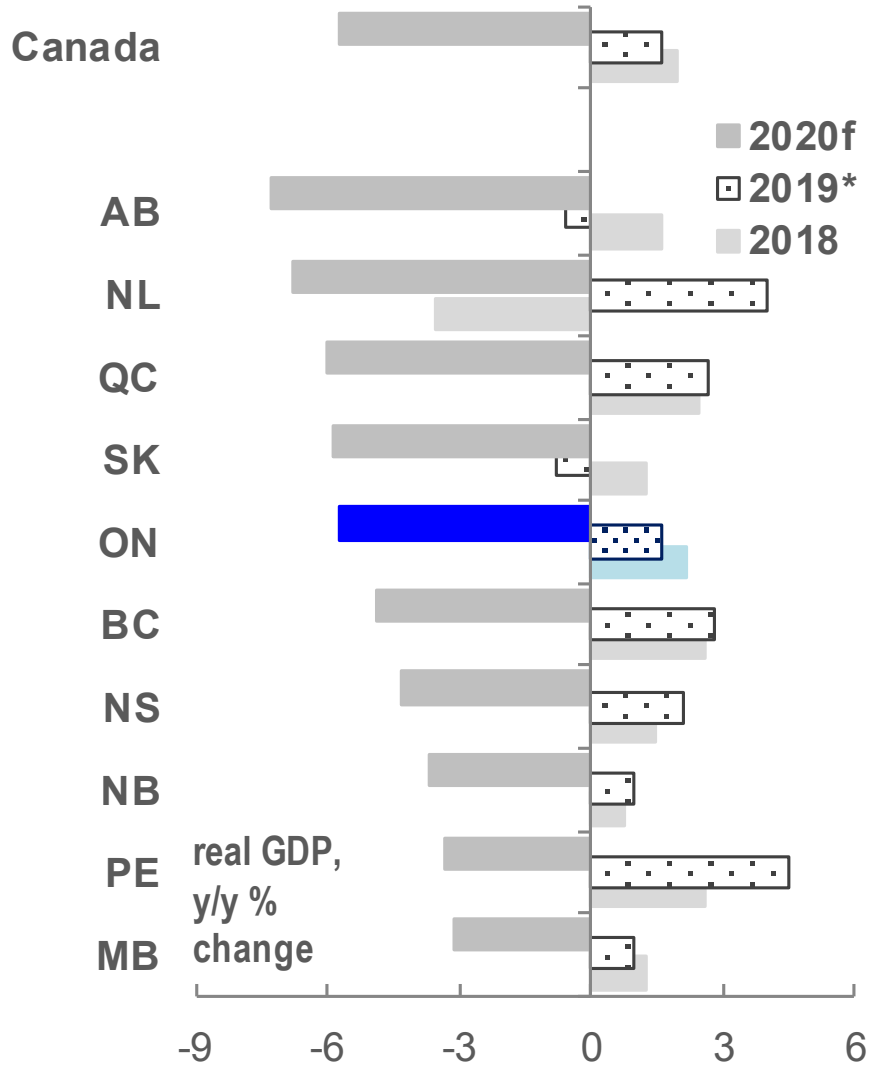
Sources: Scotiabank Economics, Statistics Canada, IRCC.

# Extraordinary Measures



\* Positive on chart = Income Loss; Negative = Income Gain. Sources: Scotiabank Economics, Haver Analytics, Statistics Canada.

# Ontario: Longer Lockdown, Stronger Rebound



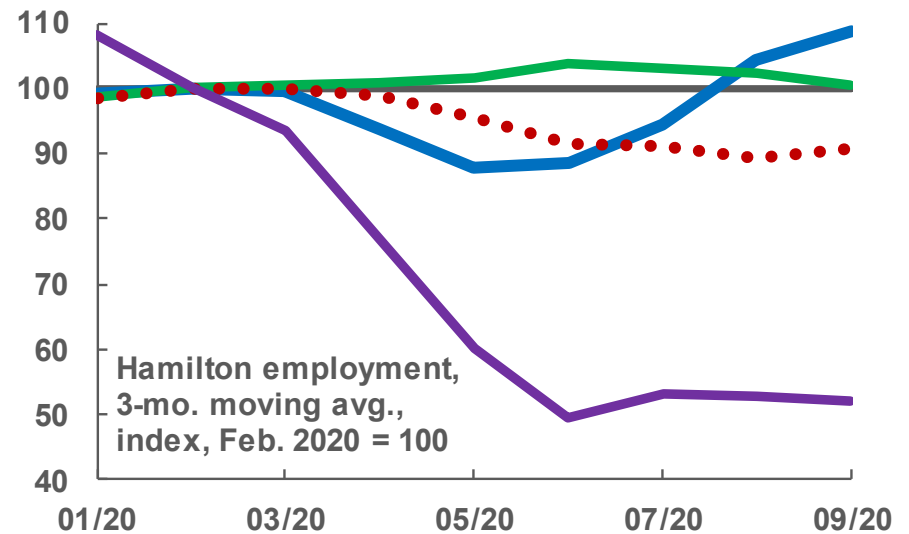
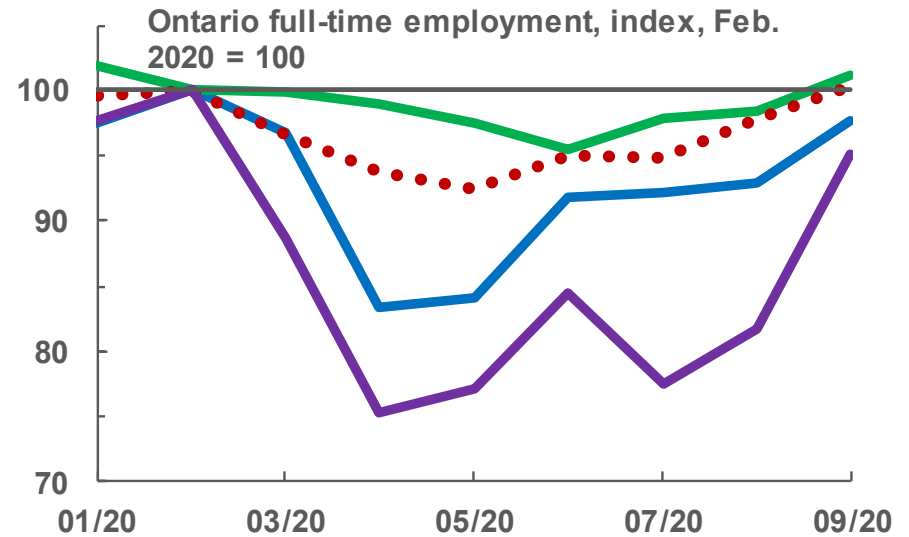
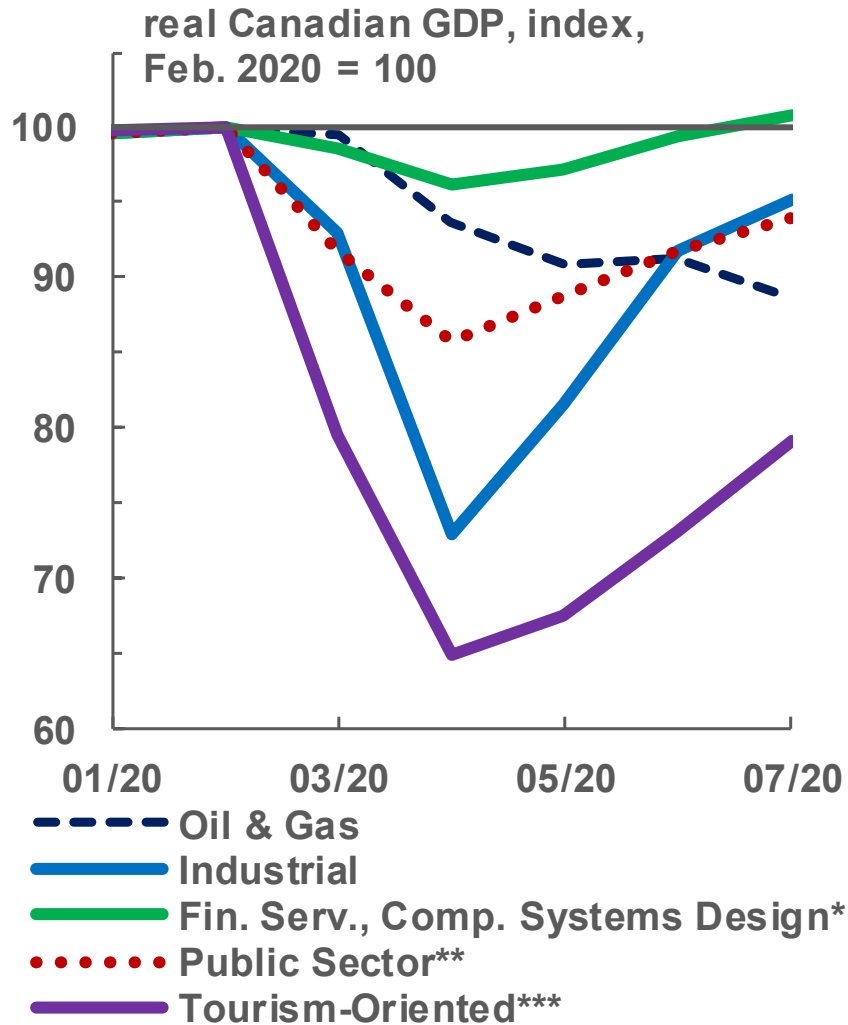
\* Based on preliminary estimates of GDP by industry for all provinces except for Quebec and Ontario.  
Sources: Scotiabank Economics, Statistics Canada.



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## **2. Sector and Distributional Impacts**

# A “K-Shaped” Recovery?



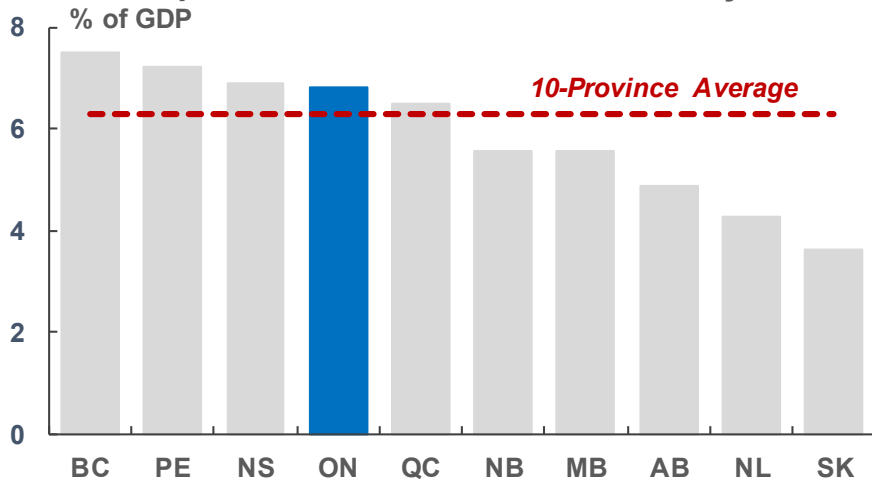
\* Financial + Professional, Scientific and Technical Services used for Ontario and Hamilton. \*\* Education, Health Care, Public Administration.

\*\*\* Info, Culture & Rec., Accommodation & Food Services. Sources: Scotiabank Economics, Statistics Canada.

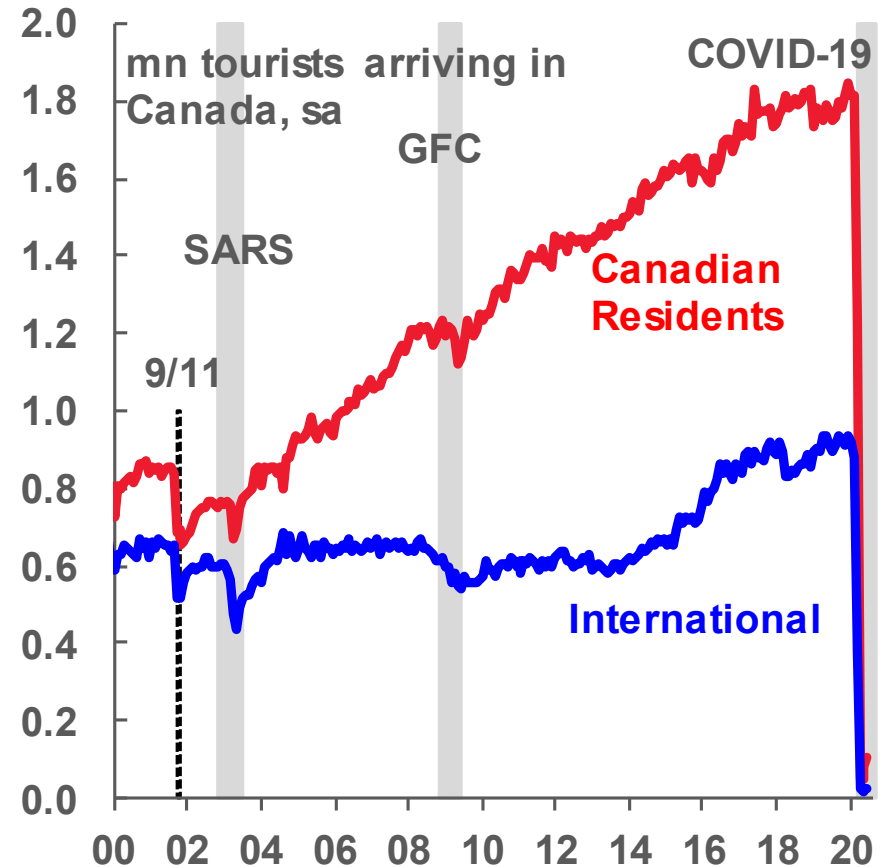
# Depth of Challenge for Tourism Becoming Clear



## Tourism-Oriented Industries\* Play Important Role in Ontario's Economy

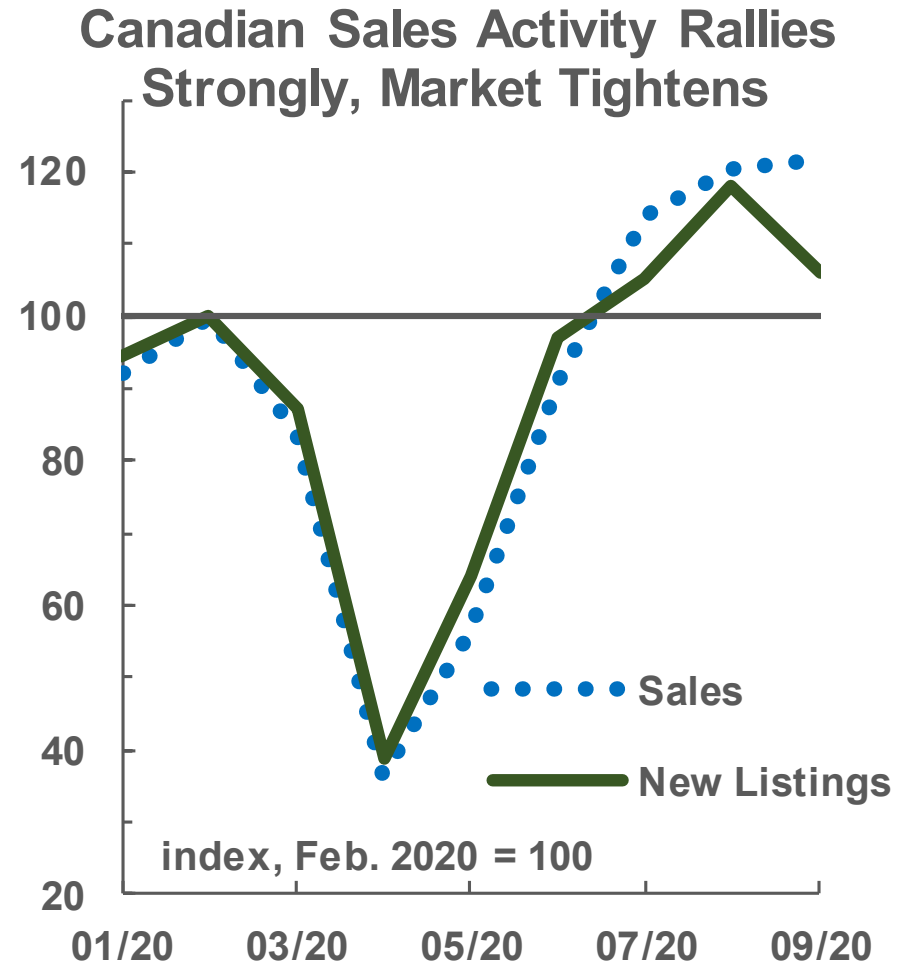
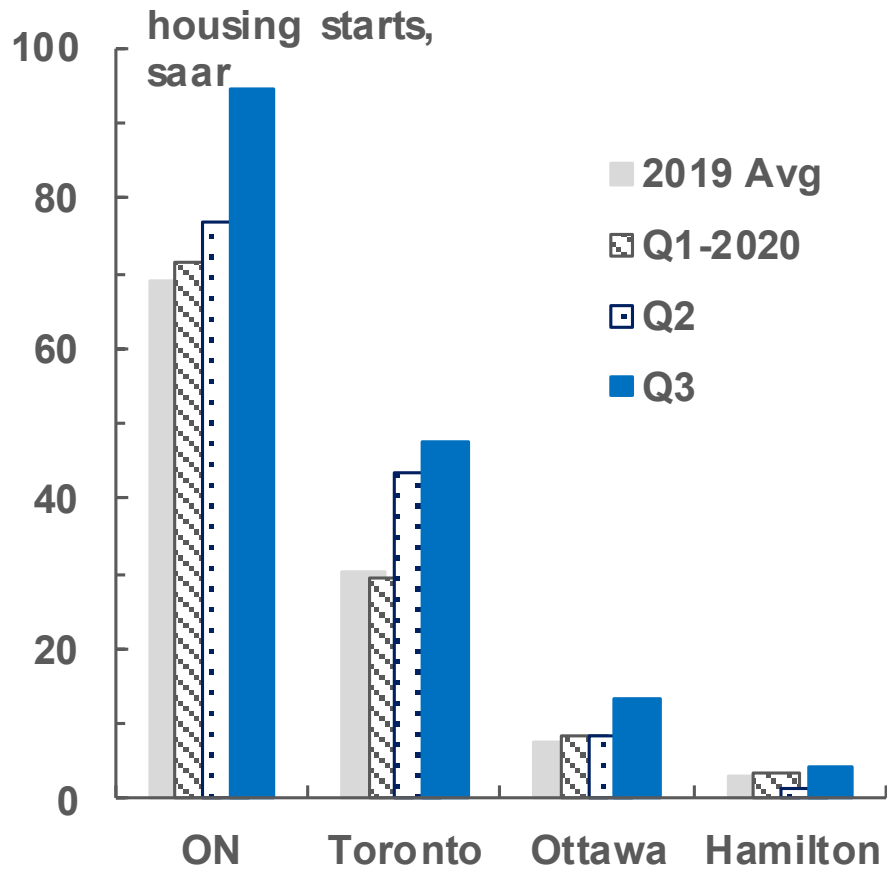


## Travel Took Time to Recover After Past Global Events



\* Accommodation & Food Services + Arts, Entertainment & Recreation + Information & Culture. Sources: Scotiabank Economics, Statistics Canada, CD Howe Institute.

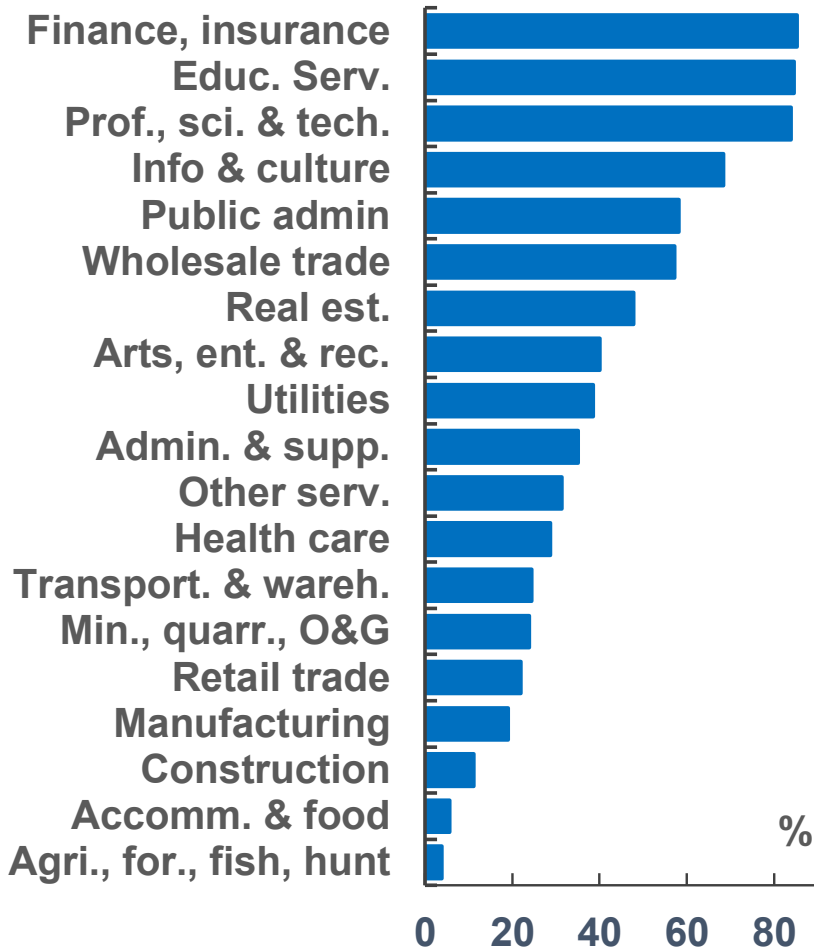
# Housing Markets Resilient



Sources: Scotiabank Economics, CMHC, CREA.

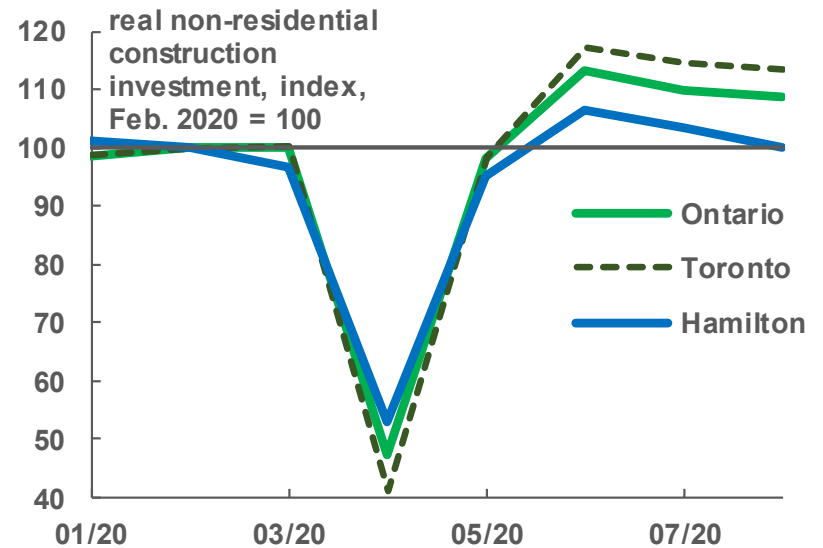
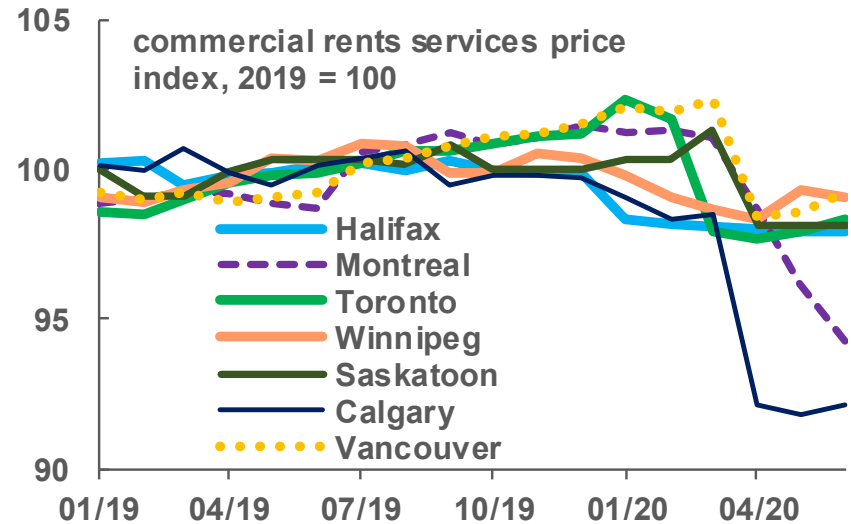
# WFH: Supports High-Value Services, Office Market Impact Unclear

## Telework Capacity by Industry

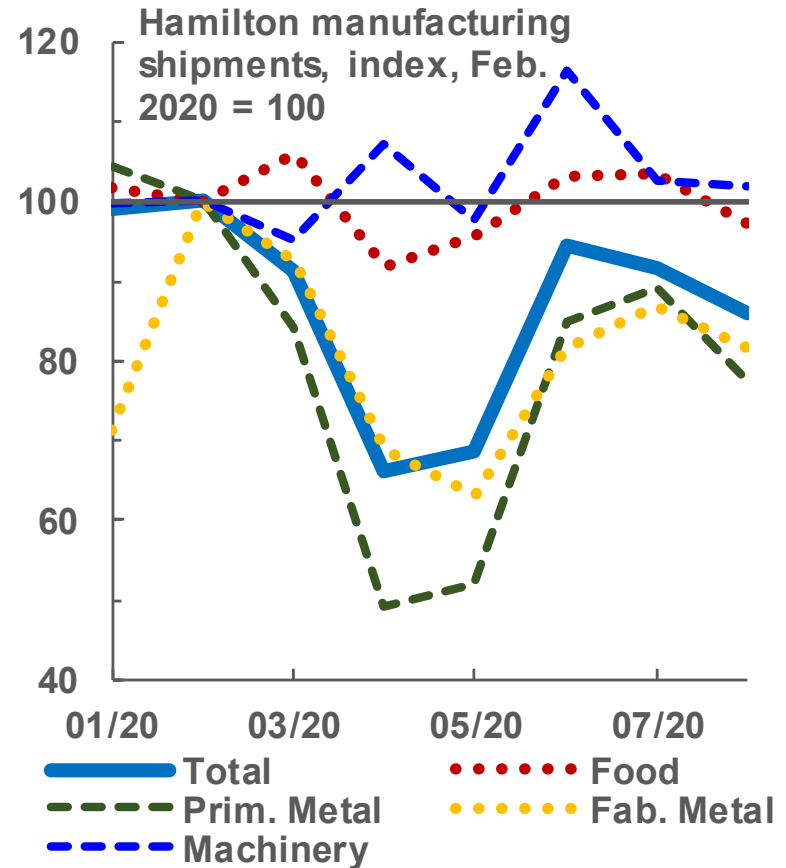
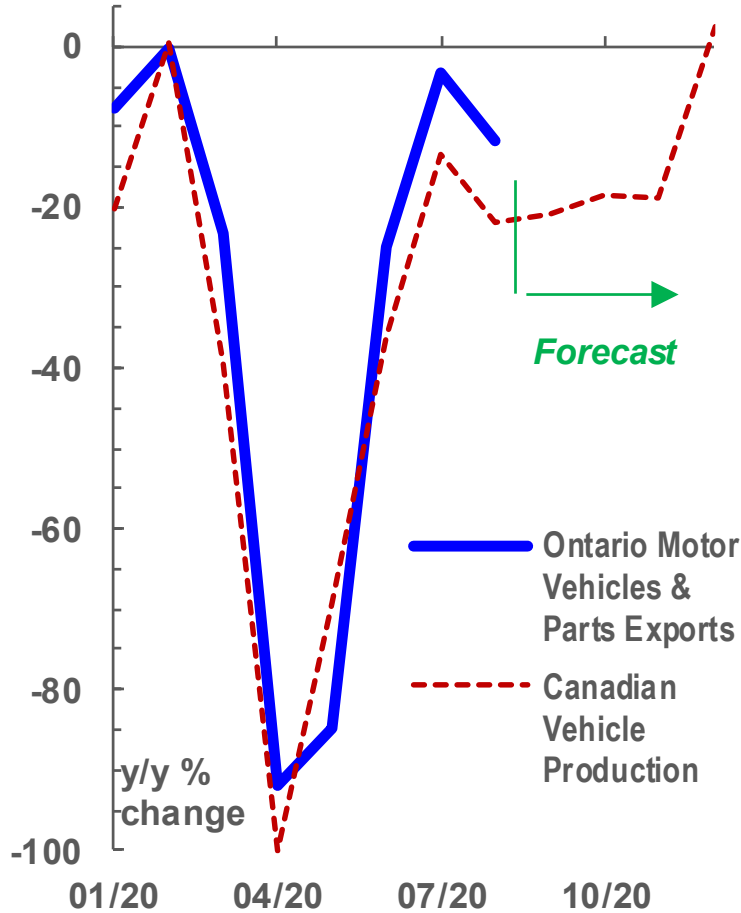


Sources: Scotiabank Economics, Statistics Canada.

## Commercial Rents Drop Across Canadian Cities

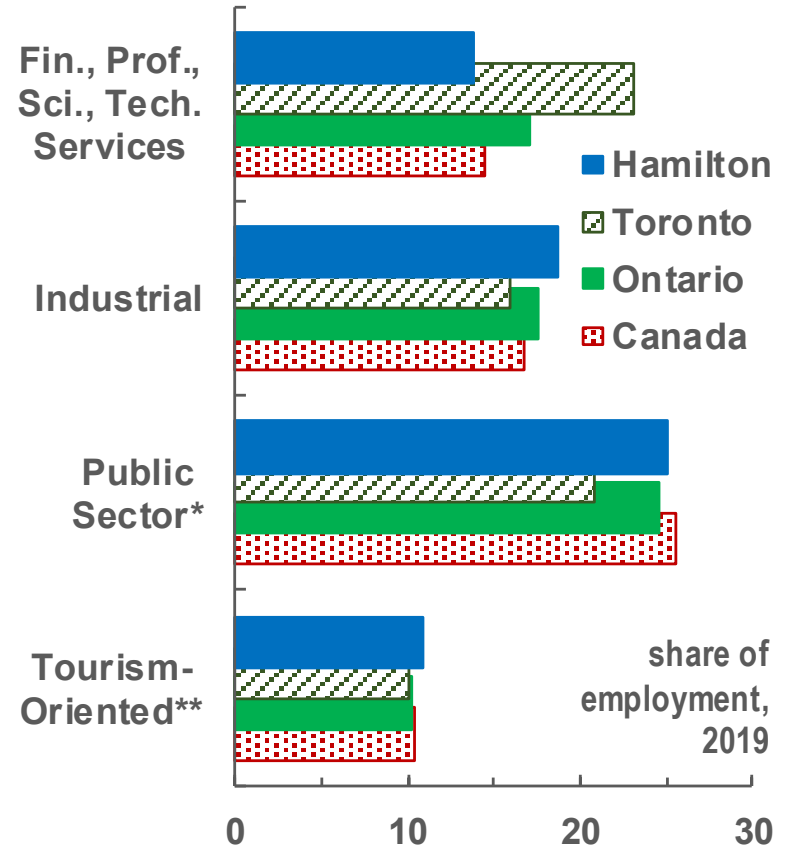
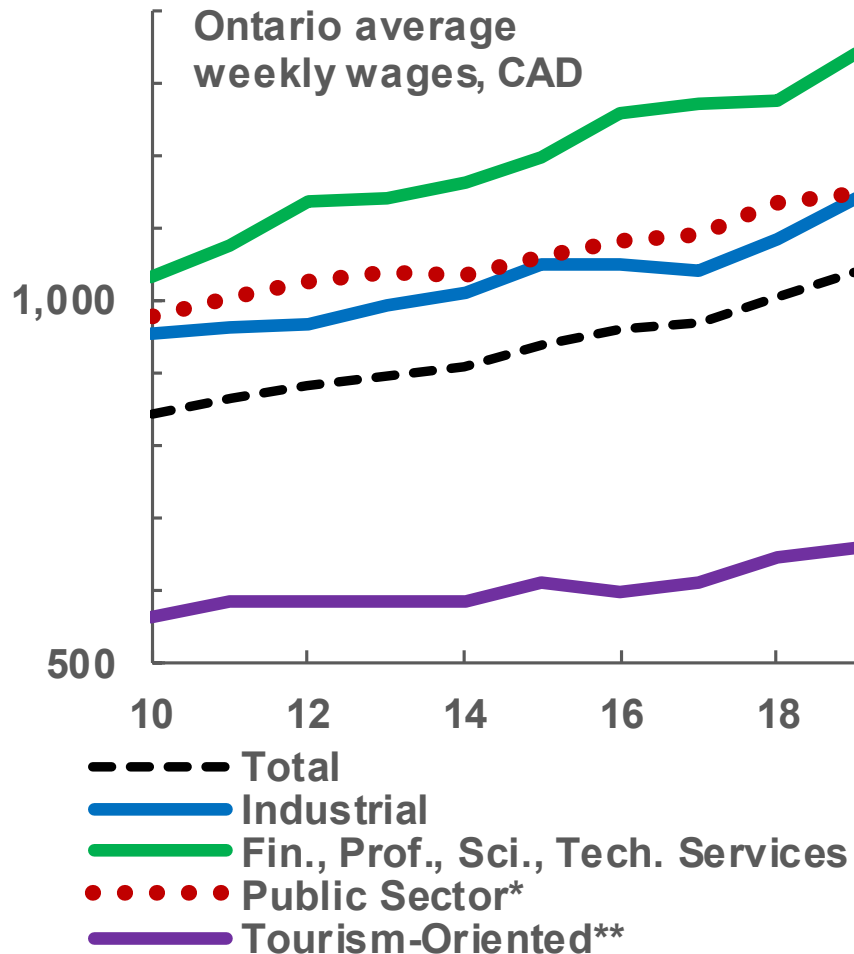


# Manufacturing Rebound Loses Some Steam



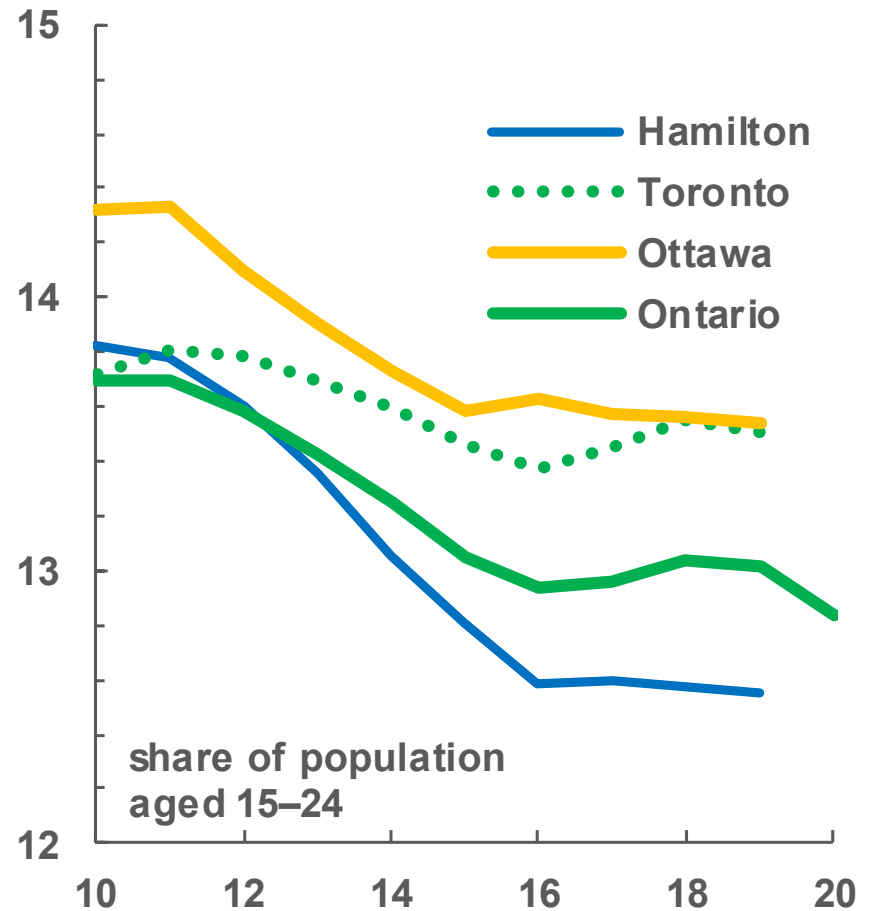
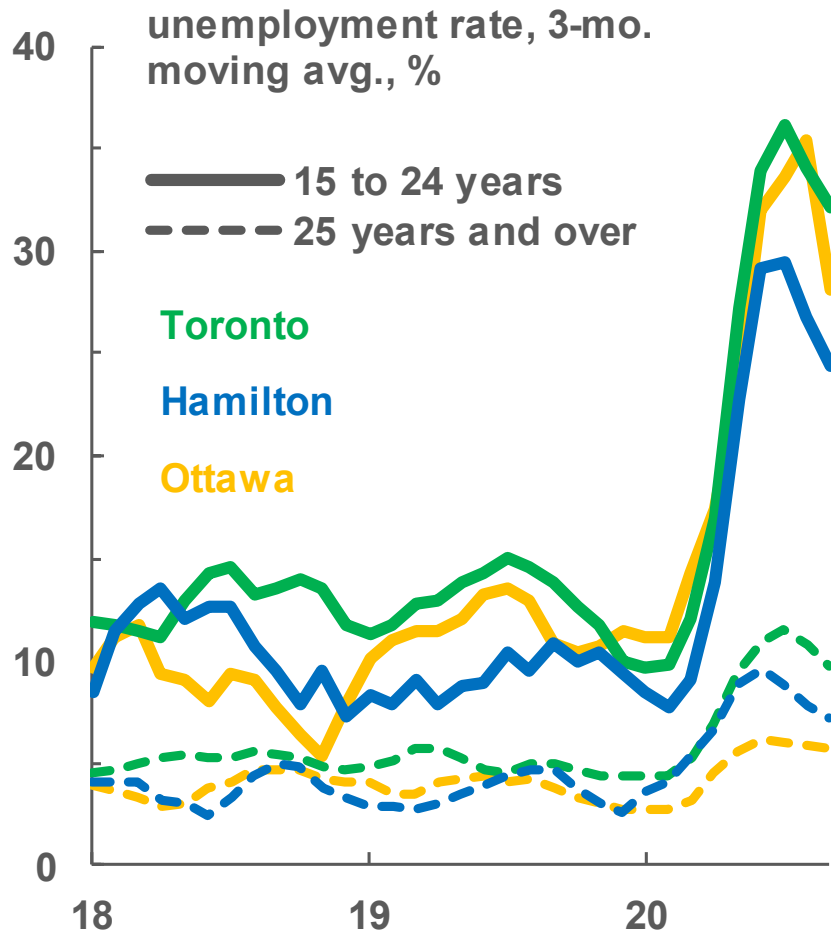
Sources: Scotiabank Economics, Statistics Canada, Wards Automotive.

# Lower-Wage Sectors are the Most Impacted



\* Education, Health Care, Public Administration. \*\* Info, Culture & Rec., Accommodation & Food Services. Sources: Scotiabank Economics, Statistics Canada.

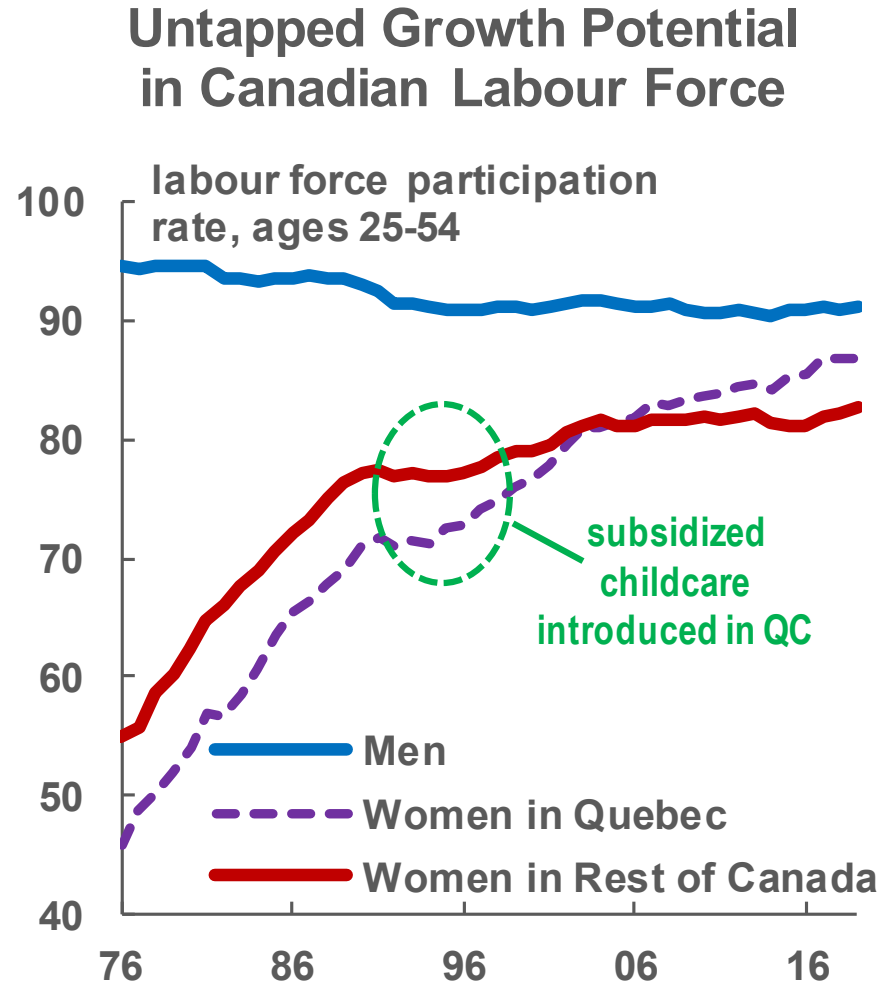
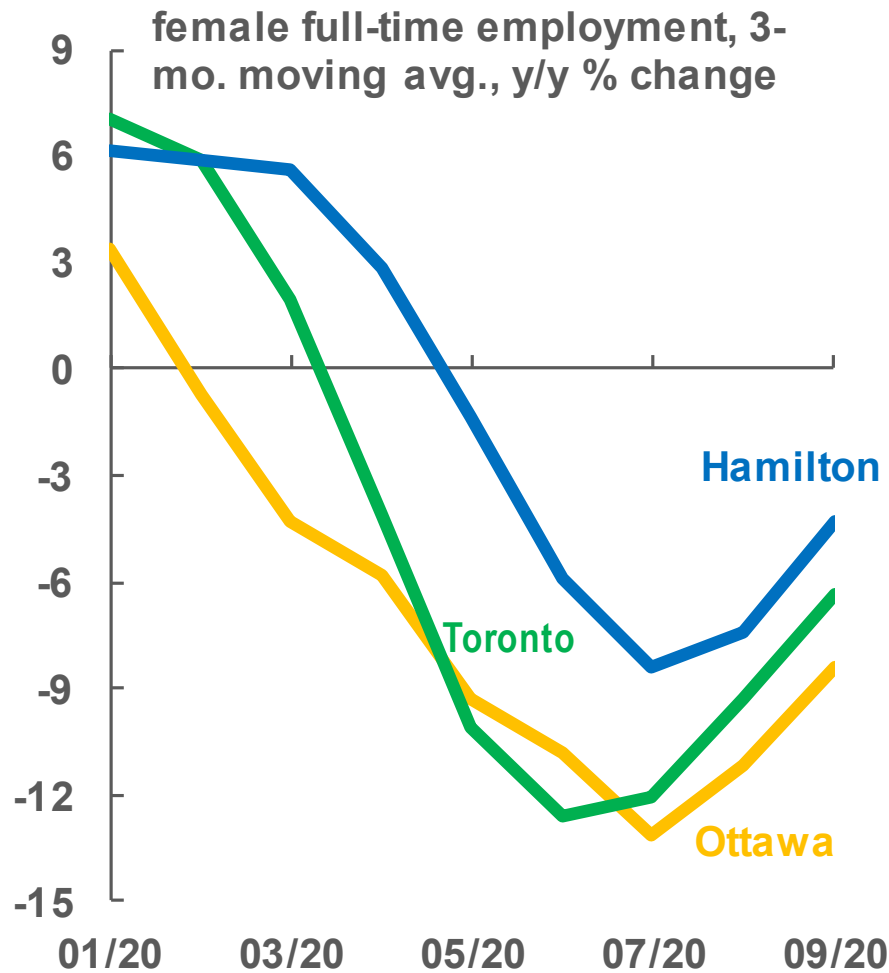
# Youth Employment Hit Hard



Sources: Scotiabank Economics, Statistics Canada.

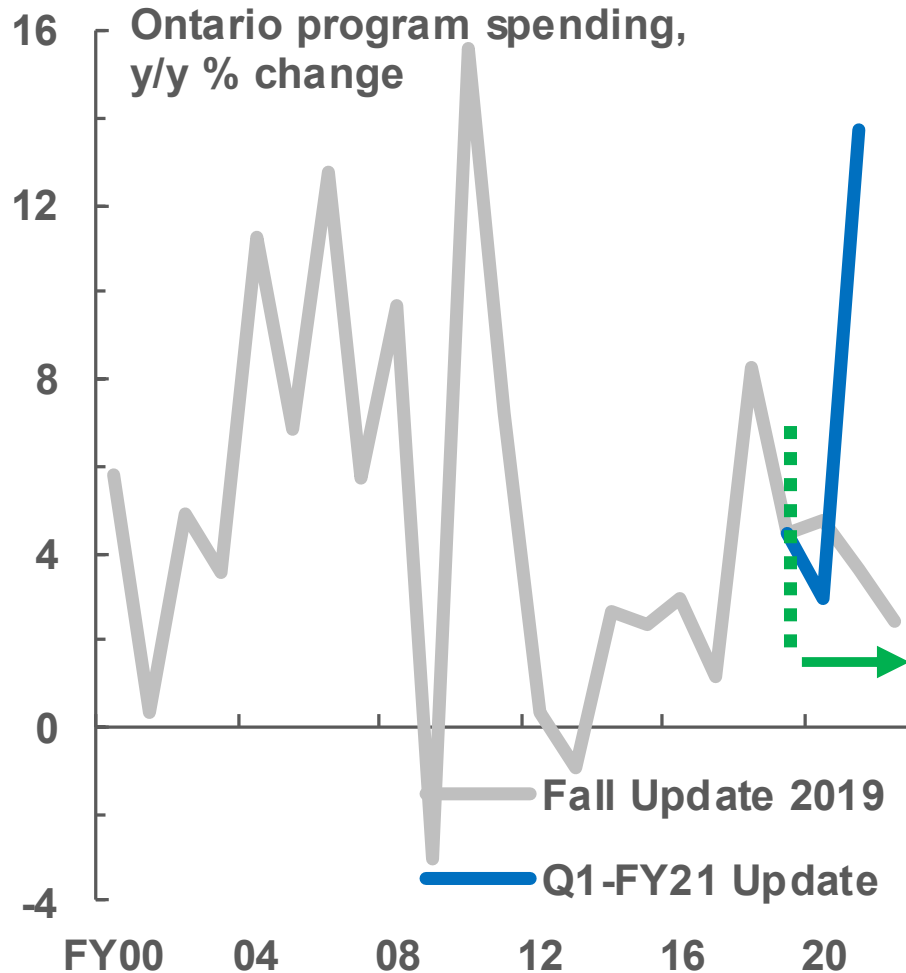


# Hamilton's "She-cession" Thus Far Not As Pronounced



Sources: Scotiabank Economics, Statistics Canada.

# Ontario Fiscal Policy: Stepped-Up Spending to Address Pandemic



## Highlights

- People and Jobs Fund (\$5 bn total)
- Safe Restart Agreement (\$2.2 bn provincial contrib., \$1.8 bn fed.)
- Health Contingency Fund Top-Up (\$4.3 bn)
- Standard Contingency Fund Top-Up (\$2.2 bn)

Sources: Scotiabank Economics, Statistics Canada, Ontario Finance.

## Summary

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# Contacts and Caveats: Keep in Touch

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