

# Economic and Financial Outlook

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#1 MEILLEUR PRÉVISIONNISTE GLOBAL – CANADA



#1 BEST OVERALL FORECASTER – CANADA

# ECONOMIC AND FINANCIAL OUTLOOK

## Summary

- Inflation high globally, central banks raising rates to rein it in
- Housing market cooling quickly, will drive recession in Canada in 2023
- Inflation is cooling, but we likely haven't seen its full effects
- Strong population growth likely to continue in Ontario and Hamilton

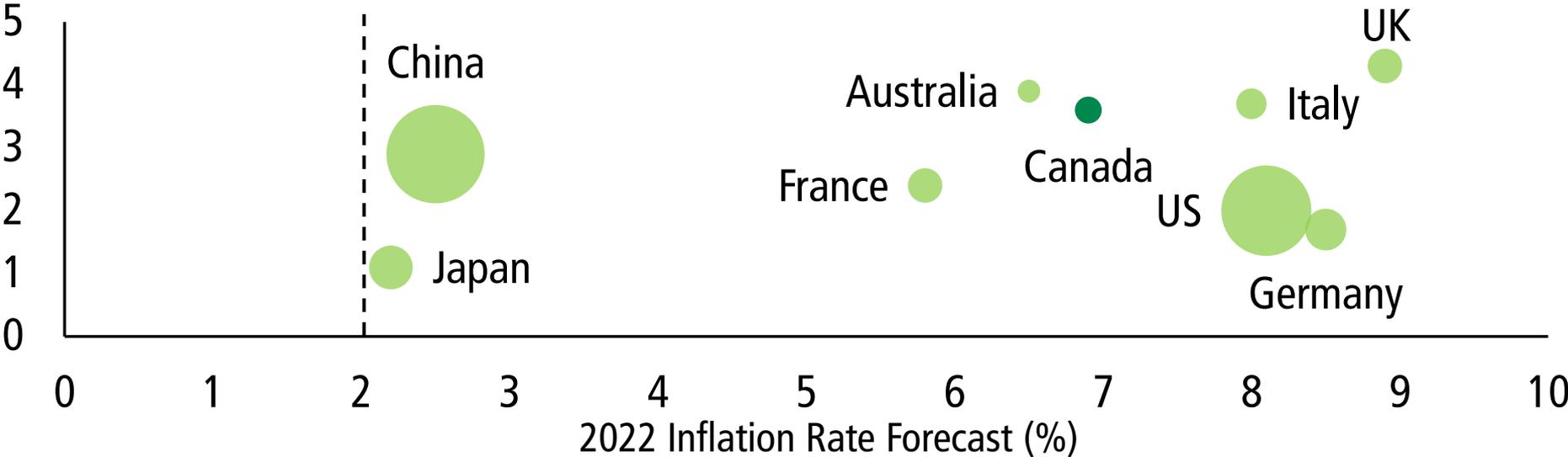
# GLOBAL ECONOMY

# GLOBAL ECONOMIC OUTLOOK

## Inflation Outpacing Growth Across Major Economies

2022 Real GDP Growth vs CPI Inflation Forecasts

2022 Real GDP Growth Forecast (%)



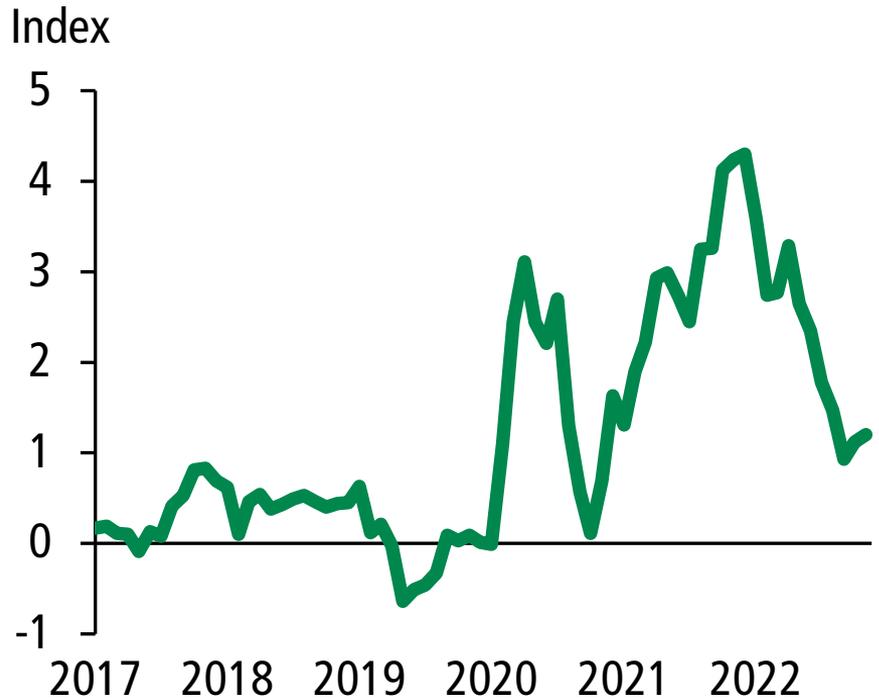
Note: Bubble size is relative share of global GDP

Sources: World Bank, Consensus Forecasts and Desjardins Economic Studies

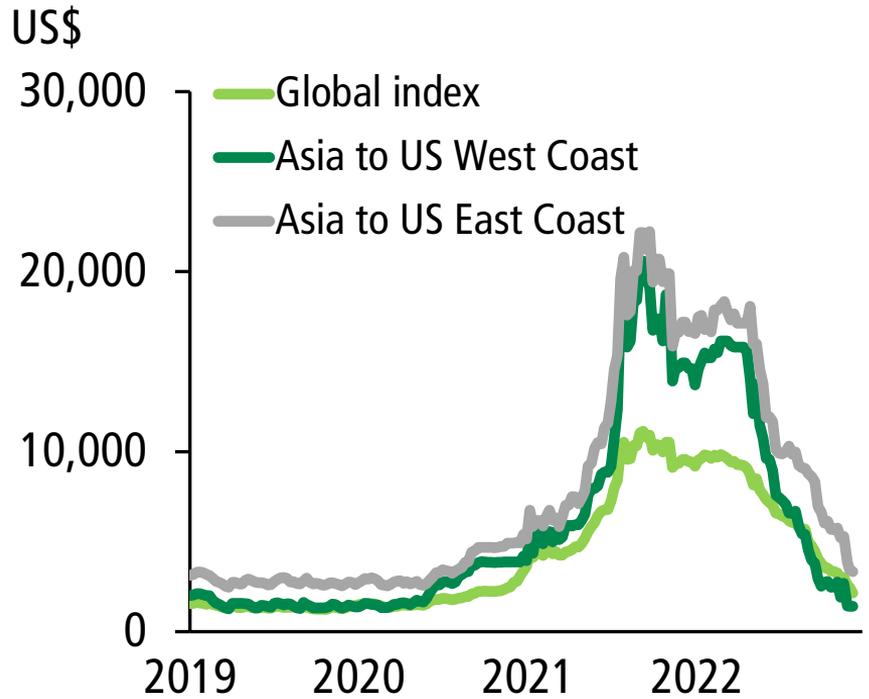
# SUPPLY CHAINS

## Weaker Global Goods Demand Reducing Supply Chain Pressures

### Global Supply Chain Pressure Index



### Freightos Container Shipping Cost index

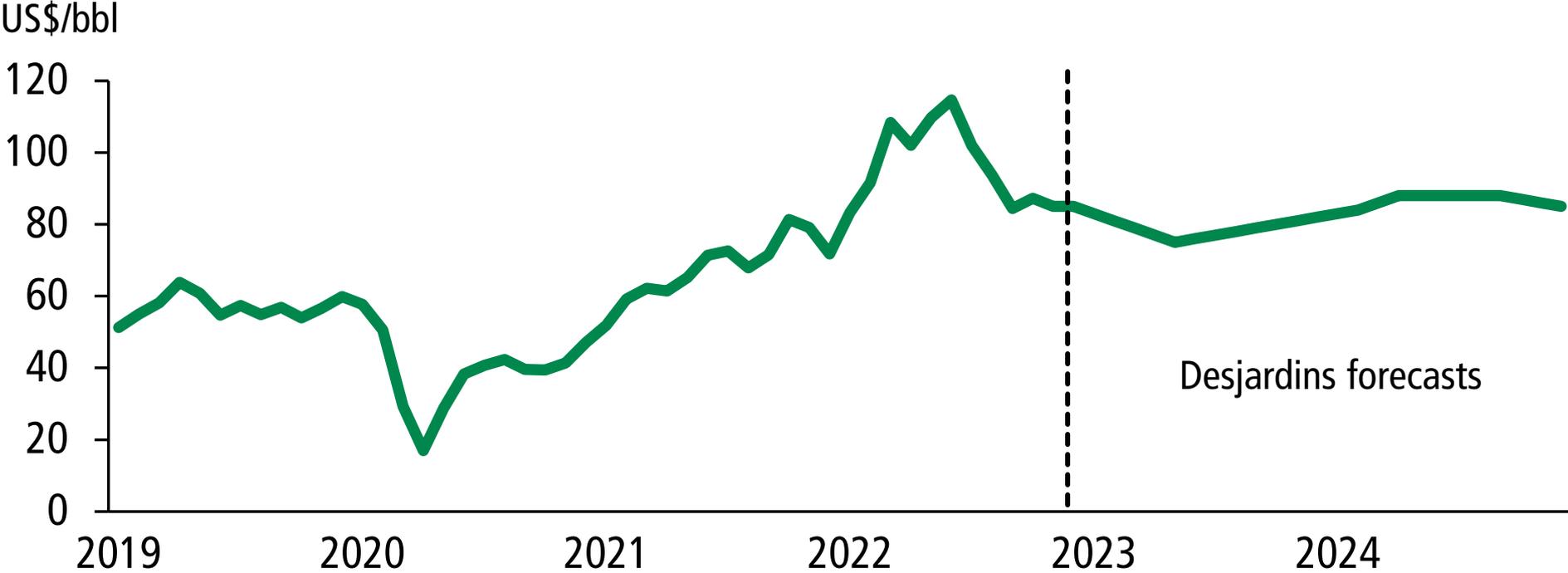


Sources: Federal Reserve Bank of New York, Datastream and Desjardins Economic Studies

# OIL PRICES

## Oil Prices Have Fallen, Are Set to Stabilize and Remain Elevated

West Texas Intermediate Price



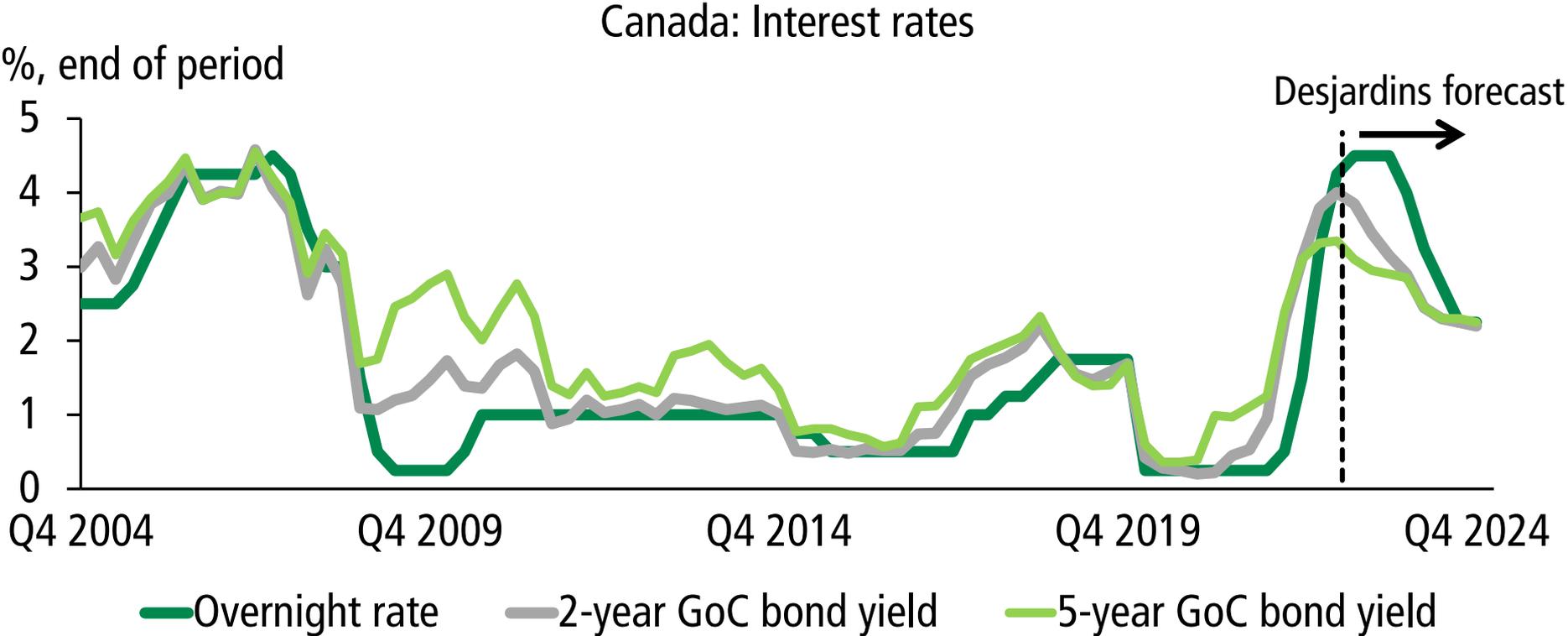
Desjardins forecasts

Sources: Statistics Canada and Desjardins Economic Studies

# CANADIAN ECONOMY

# INTEREST RATES

## One More Hike from Bank of Canada, Cuts to Begin in Late 2023



Sources: Bank of Canada and Desjardins Economic Studies

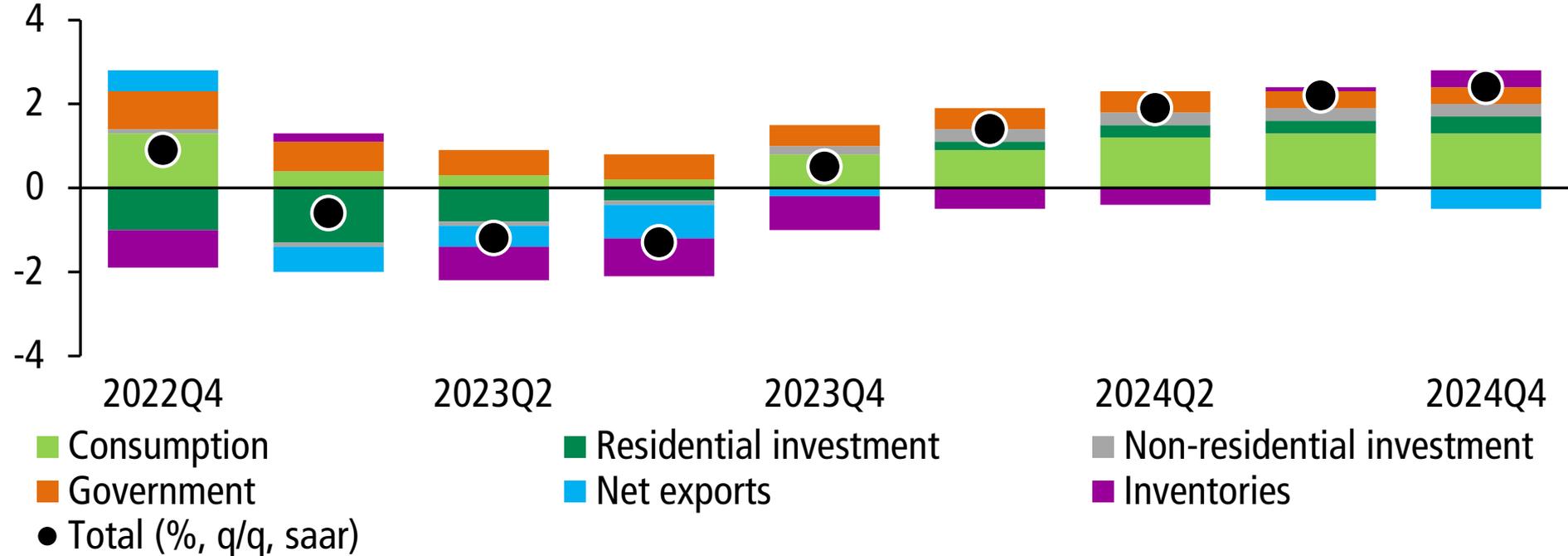


# REAL GDP GROWTH

## Interest-Rate Sensitive Sectors to Push Canada into Recession

Contributions to the Annualized Quarterly Real GDP Growth Forecast

Percentage points



Sources: Statistics Canada and Desjardins Economic Studies

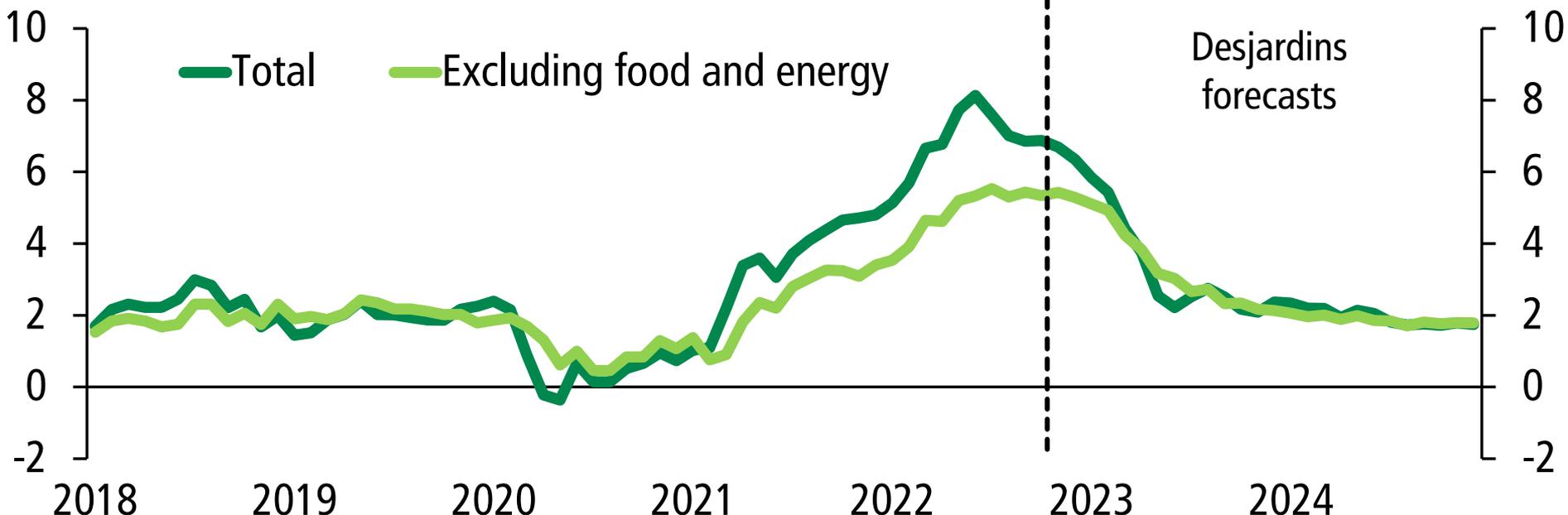
# INFLATION

## Inflation May Have Peaked in Canada, Should Slow Quickly

Canada: Consumer Price Index Inflation

%, year-over-year

%, year-over-year

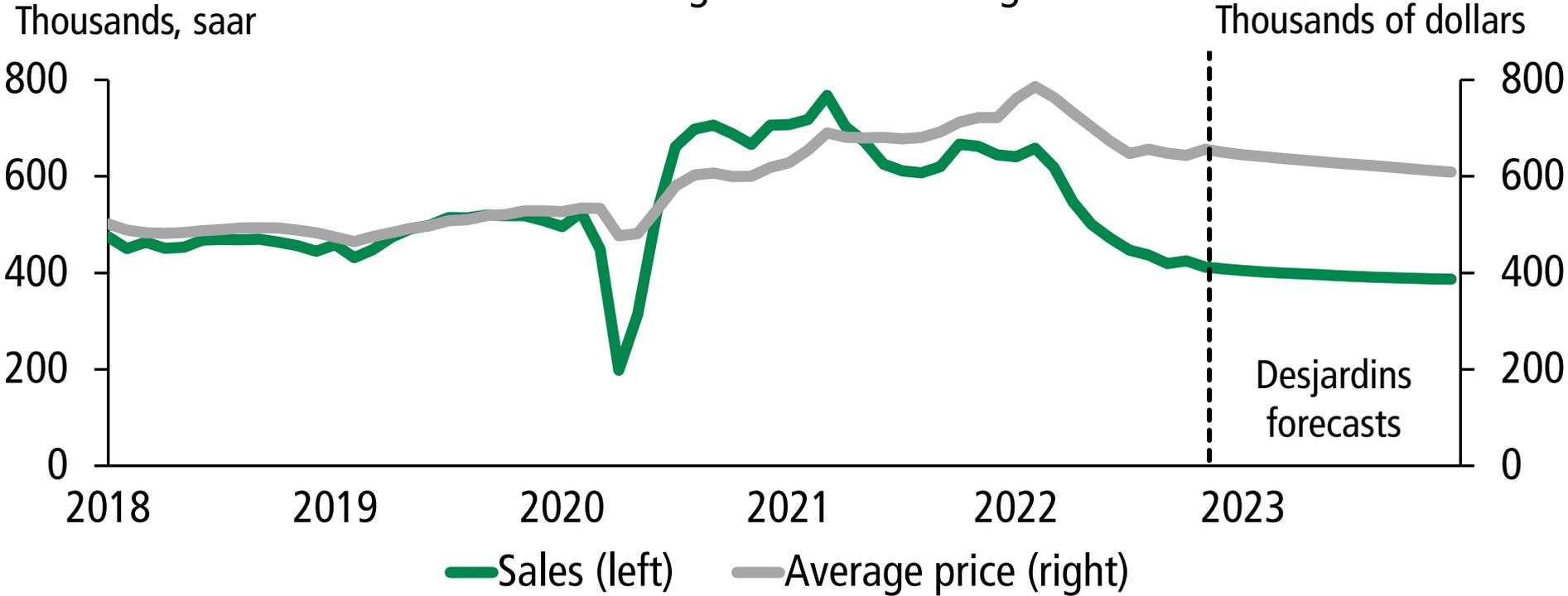


Sources: Statistics Canada and Desjardins Economic Studies

# RESIDENTIAL REAL ESTATE

## Worst of Housing Market Correction Likely Behind Us

Sales and Average Price for Existing Homes



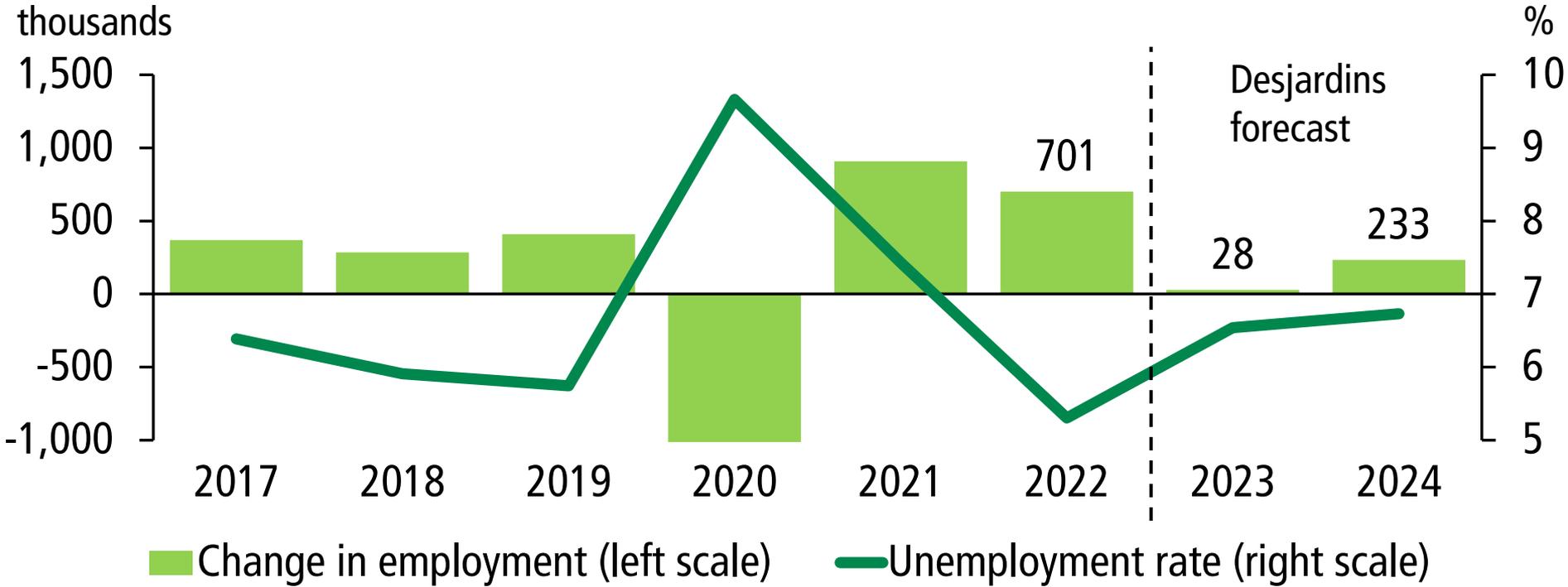
Sources: Canadian Real Estate Association and Desjardins Economic Studies



# LABOUR MARKET

## Job Market to Cool as Economic Activity Slows

Canada: Change in Employment versus the Unemployment rate

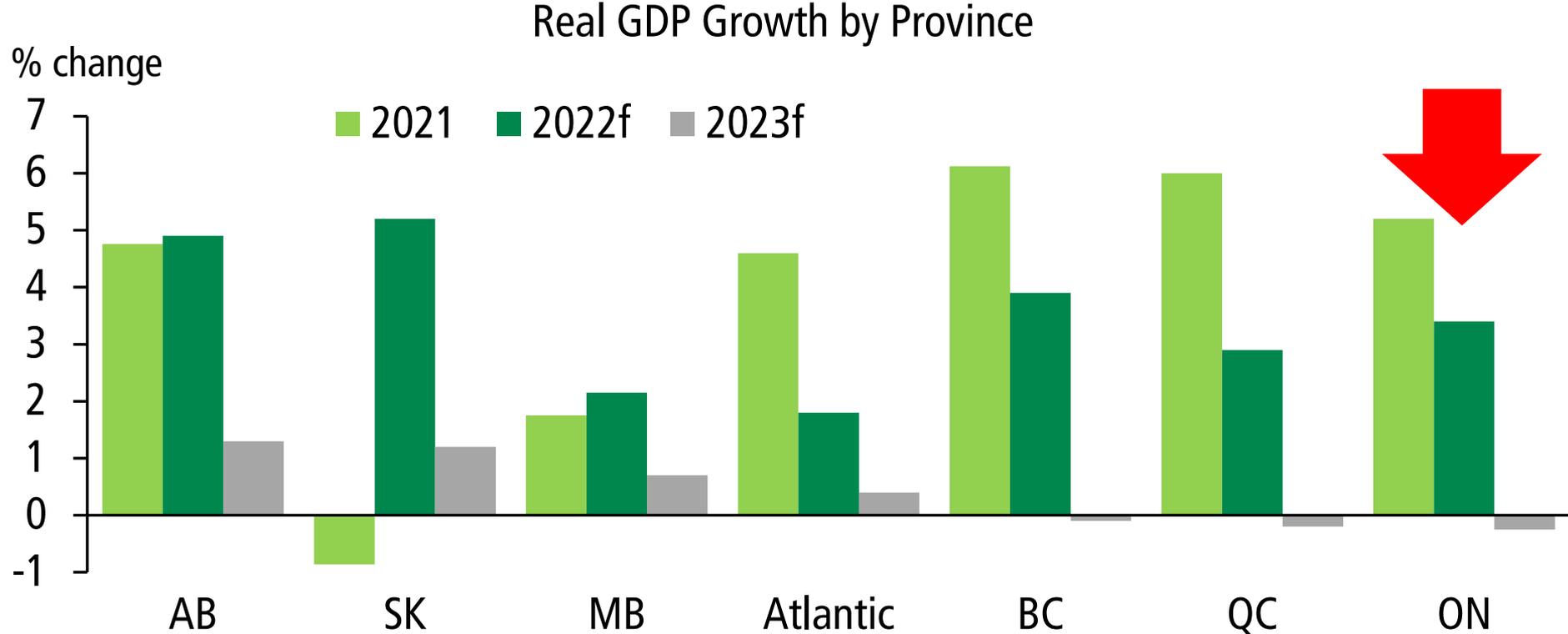


Sources: Statistics Canada and Desjardins Economic Studies

# ONTARIO AND HAMILTON

# REAL GDP GROWTH

## Housing-Exposed Provinces Most Vulnerable in Coming Recession

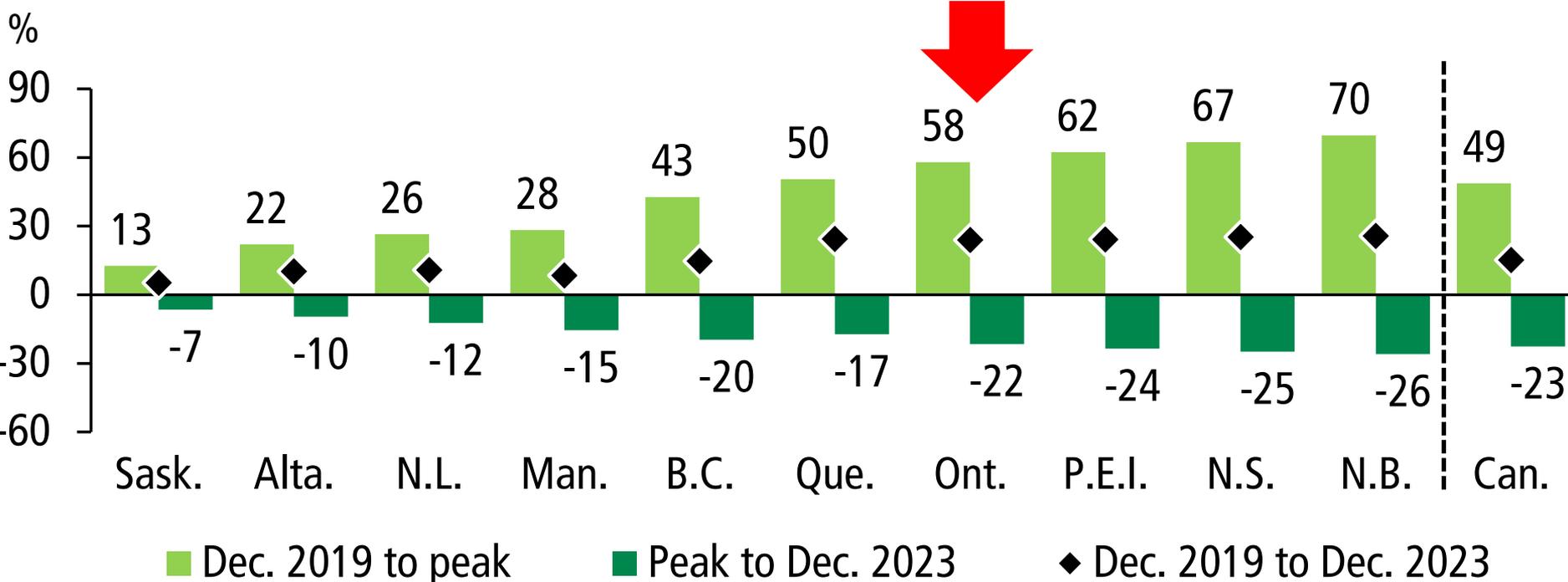


Sources: Statistics Canada and Desjardins, Economic Studies

# RESIDENTIAL REAL ESTATE

## Rates, Affordability Drive Provincial Housing Market Outlook

Home Price Growth by Province: Before, During and After the Pandemic



Sources: Canadian Real Estate Association and Desjardins Economic Studies

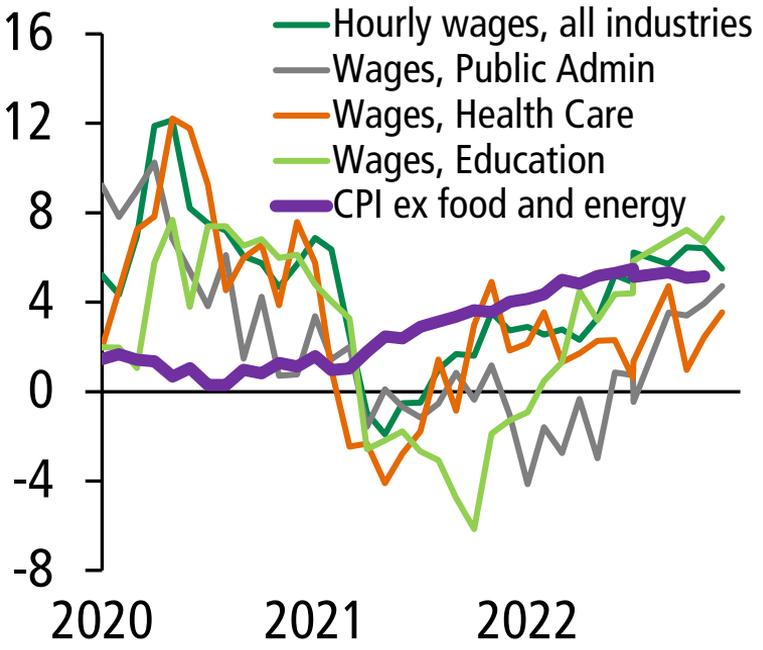


# FISCAL OUTLOOK

## Likely Haven't Seen Full Effects of Inflation

Ontario Wages Generally Tracking Prices

y/y % change



Changes to BC Fiscal Projections (billions)

	FY2023	FY2024	FY2025
Budget Balance, Budget 2022	-5,461	-4,182	-3,181
Own-Source Revenue	11,335	3,213	4,351
Fed. Transfers	1,210	336	525
"Affordability Measures"	-1,100	0	0
Other Spending	548	-2,000	-2,000
<b>Shared Recovery Mandate*</b>	<b>-800</b>	<b>-1,200</b>	<b>-1,700</b>
<b>Balance, Most Recent Update</b>	<b>5,732</b>	<b>-3,833</b>	<b>-2,005</b>

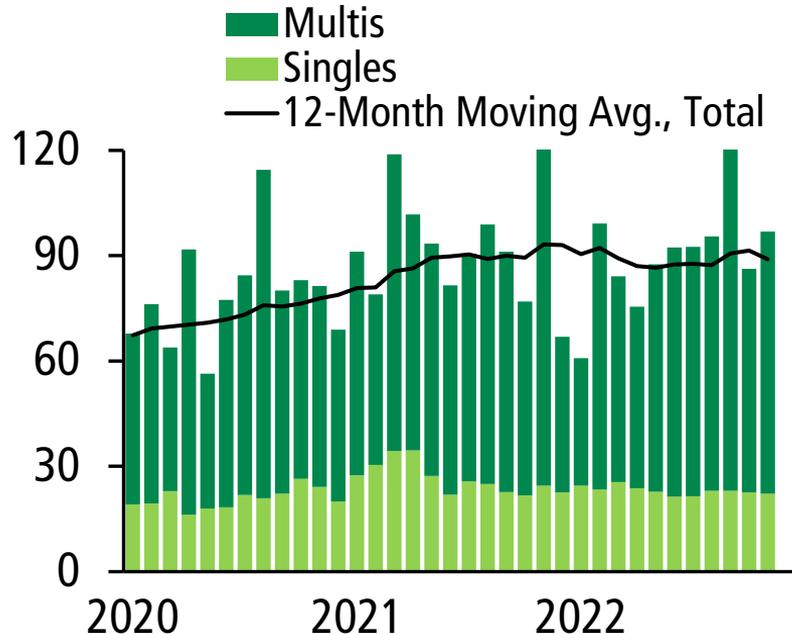
\* Reflects labour negotiations with the BC public service

# CONSTRUCTION INDUSTRY

## Home Price Drop, Labour Shortages Should Weigh on Building

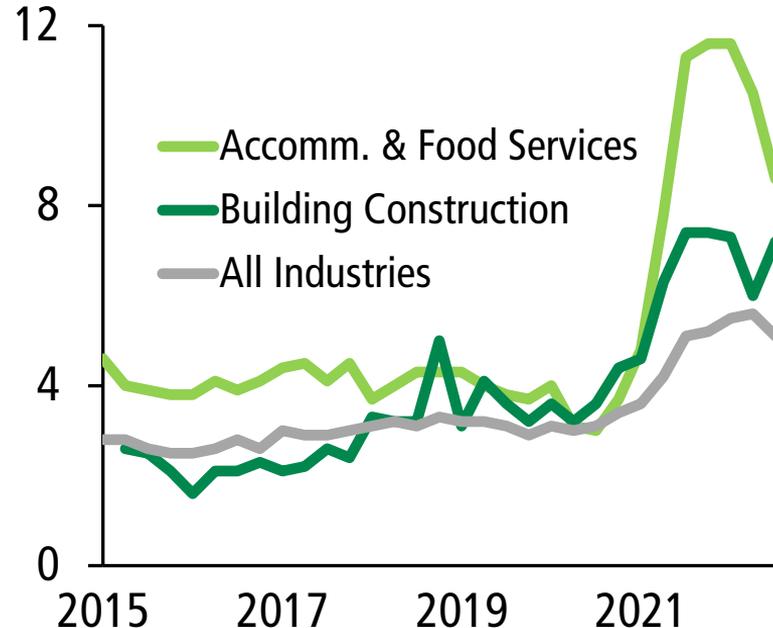
### Ontario Housing Starts

saar, 000s



### Ontario Job Vacancy Rate by Industry

%, seasonally-adjusted

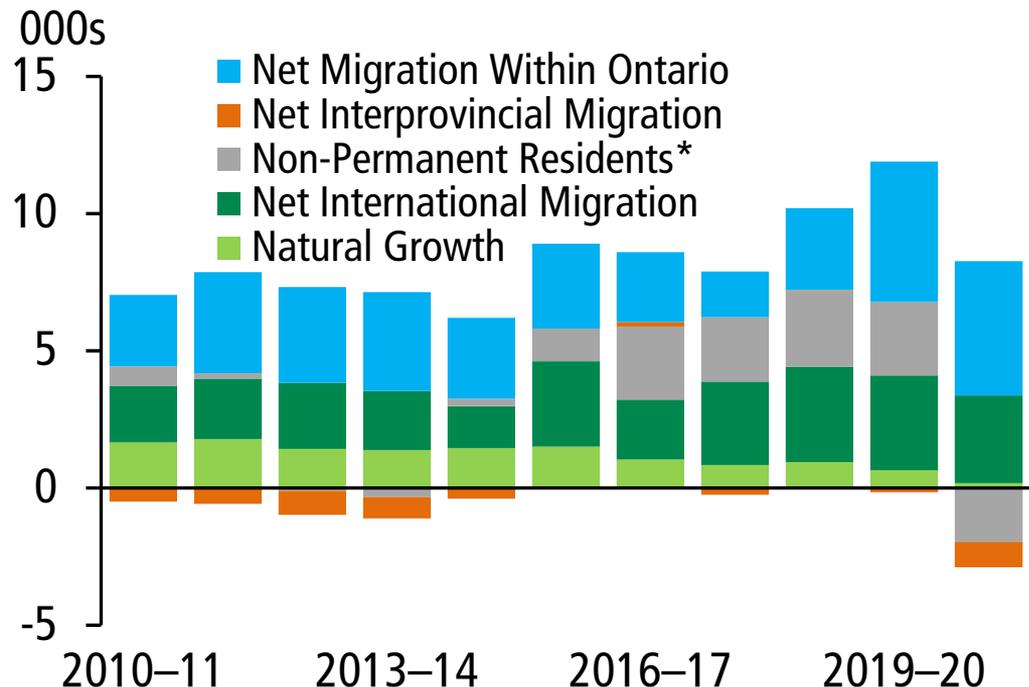


Sources: Statistics Canada, Canada Mortgage and Housing Corporation, and Desjardins Economic Studies

# HAMILTON POPULATION GROWTH

## Immigration, Non-Permanent Resident Gains Should Persist

Components of Hamilton Population Growth



Outlook:

- Federal target increase boosts immigration
- Net non-perm. resident admissions rebounding strongly post-lockdowns
- More in-person work = easing interprovincial, intraprovincial flows

\* Includes temporary foreign workers and international students.

Sources: Statistics Canada and Desjardins Economic Studies

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The background of the slide features a light green and white color scheme with various financial data visualizations. On the left, there are vertical bar charts and a line graph with data points. In the center, there are more complex charts, including a bar chart with an upward-pointing arrow and a line graph. On the right, there are large, faint numbers like '7' and '2', and a percentage sign. The overall aesthetic is clean and professional, typical of a business or financial presentation.

# Thank you!

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