Laurentian Bank Securities
ECONOMIC RESEARCH AND STRATEGY

# The Provincial Monitor – September 2018

In this edition of *The Provincial Monitor*, we offer for each province, as usual, our insights on these three points:

1) The overall economic situation;
2) The housing market conditions;
3) Key factors to monitor regarding public finances.

Our detailed economic forecasts for 2018, 2019 and 2020 can be found at the end of the report.

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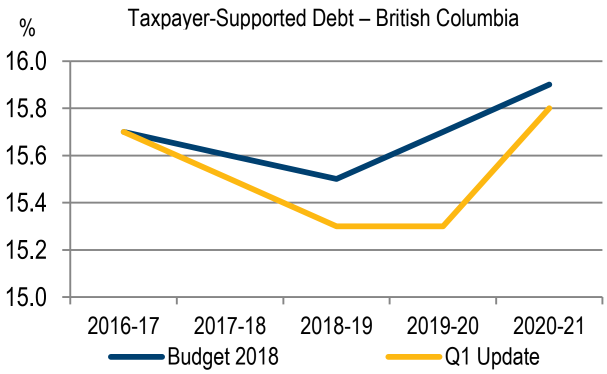
LAURENTIAN BANK SECURITIES

### British Columbia: Economy showing a few signs of fatigue, but public finances expected to remain balanced

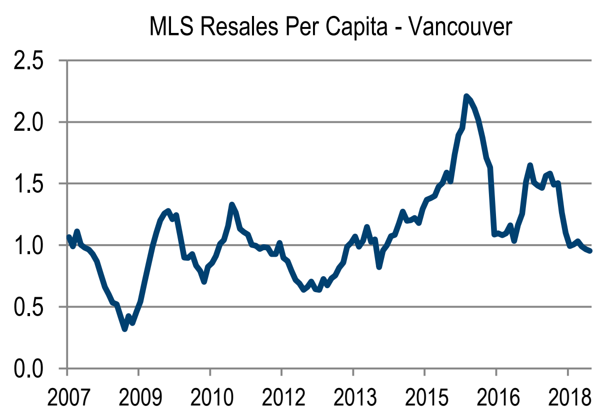
**Economy and Housing Market**: British Columbia's years of phenomenal growth are behind us. Some signs of softness in the economy are accumulating. The value of the province's international exports grew at a surprising weaker pace this year, despite the strong economic momentum of the province's trading partners (United States, Japan and China). According to the Canadian Federation of Independent Business, small-business confidence, a reliable barometer of real GDP growth, is at its lowest in the current business cycle. In addition, no jobs have been created over the past year. Growth in retail sales has been lacklustre after a great performance last year.

In our view, a good part of the slowdown in domestic activity comes from the cooling in the Vancouver housing market. The Vancouver real estate market's adjustment phase is in part intentional, reflecting the steps that the provincial government took in February 2018 to dampen speculative activity, among other things. Stricter mortgage rules from the federal government and rising interest rates are also making home ownership less affordable. Overall, the number of MLS transactions is at its lowest since 2013 (see chart), so that the ratio of sales to listings is heading toward a balanced market. In addition, the number of new housing units completed is increasing. Thus, the inventory of new condos is higher than its historic trend. In short, the rental market is the only segment that shows no signs of easing.

**Public Finances**: According to the fiscal update of September 7th, the moderation in economic growth has not prevented the Province from improving its budgetary situation. For one thing, the economic forecasts used in the 2018 budget were very cautious. For another, very strong economic growth in 2017 generated a surprising increase in tax revenues for that year. Because of this upswing in tax revenues, a budget surplus of $669 million is now expected for fiscal 2018-19: $450 million more than was estimated for that year in the February 2018 budget. The province has accordingly revised its financing requirements downward from $7.9 billion to $6.8 billion. This unexpected $669 million budget surplus, together with a $1.5 billion contingency reserve, should allow the budget to be kept in balance with little difficulty. The ratios of debt to GDP (15.3%) and debt to income (82.0%) should therefore remain low and stable in the medium term (see chart). To ensure transparency, the government has already indicated that it will publish a second budget update on November 30th, and that it will table its 2019 budget on February 19th.




Note: Taxpayer supported debt includes direct operating debt and other taxpayer supported debt (mainly debt from fixed capital assets).
Source: Government of British Columbia.



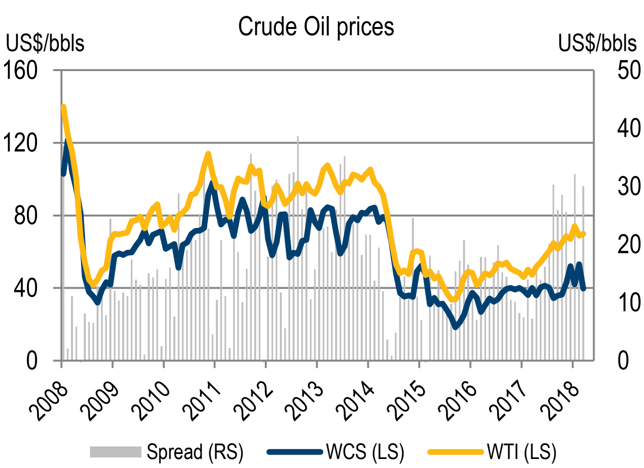

Note: Resales per 1,000 population 15+.
Source: CREA and Statistics Canada.

### Alberta: A moderate improvement in economic conditions and the budgetary situation

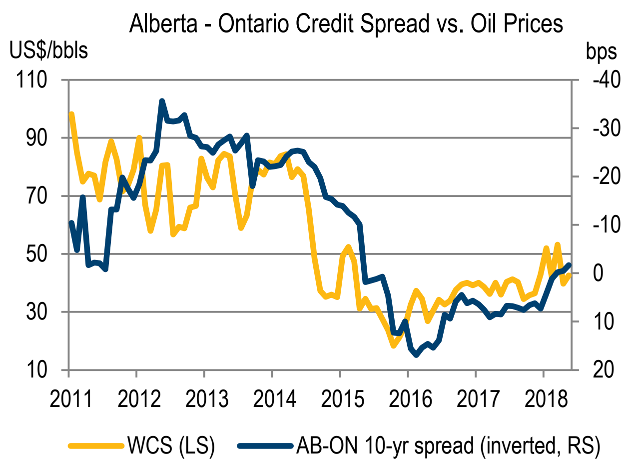
**Economy and Housing Market:** The expansion in Canadian oil pipeline carrying capacity will be delayed as a result of a Federal Court of Appeal decision in late August concerning the Trans Mountain pipeline expansion project. The Court found that the federal government had not consulted Indigenous peoples adequately and that the National Energy Board had not conducted a satisfactory environmental assessment of the project. Consequently, this oil pipeline, which would increase the network's capacity by nearly 500,000 barrels per day (about 20%), will not be ready by the end of 2020 as planned. This legal setback does nothing to mitigate the already immense gap between the price of West Texas Intermediate (WTI) crude and that of Western Canadian Select (WCS) crude, the Canadian benchmark. This gap recently widened (see chart).

This new obstacle to improved oil transportation will not stall Alberta's on-going economic recovery, driven by stronger energy and non-energy exports. But the situation remains far from perfect, because full-time employment, the main driver of housing demand, is stagnating in 2018 after having improved remarkably in 2017. As a result, sales of automobiles and residential homes are flagging. In this context, in our view, the current pace of residential construction, estimated at close to 30,000 units in annualized terms, is too high. Consequently, the inventory of unsold new condos and detached houses continues to grow. Finally, the vacancy rate in the rental market remains high, while conditions in the resale market remain soft.

**Public Finances:** In the fiscal update released on August 31st, investors learned of an improvement in public finances for fiscal year 2018-19. The expected deficit was revised from $8.8 billion to $7.8 billion, mainly because of higher-than-expected WTI crude oil prices. As a result, the province's financing needs were revised down by a similar amount ($1.2 billion). The fiscal update assumes a WTI price of $US61 per barrel for the rest of the year. However if crude prices stay in the range of $US65 to $US70 per barrel, the province could pocket additional royalties and lead to a reduction in the Alberta-Ontario bond spreads (see chart). This strength in WTI crude prices would more than compensates for the larger than expected gap between WTI and WCS (close to $US22 in the 2018 budget, revised to $US24 in the update). In summary, the province's financial situation has improved moderately.




Source: Bloomberg Finance L.P.



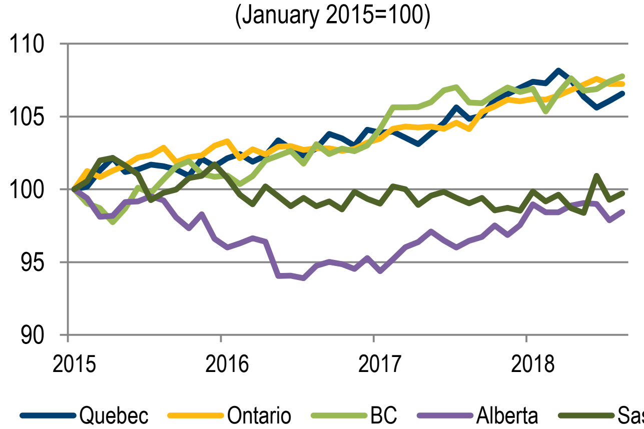

Source: Bloomberg Finance L.P. and LBS Econ. Res. and Strategy.

### Saskatchewan: Moving toward a balanced budget despite a soft economic recovery

**Economy and Housing Market:** The expected effects of improving oil and potash prices and stronger international exports from Saskatchewan still have not been felt on the ground. For example, full-time employment continues to stagnate in 2018, a trend in place since 2015 (see chart). Retail sales growth is also stuck in neutral. The real estate market is far calmer than before the oil shock of 2014-15. In particular, the pace of residential construction is at its slowest since 2005, not counting the brief lull caused by the global recession of 2008-09. In this context, the average price of residential transactions on the resale market has been declining gradually since 2015, and resale housing remains a buyers' market (see chart).

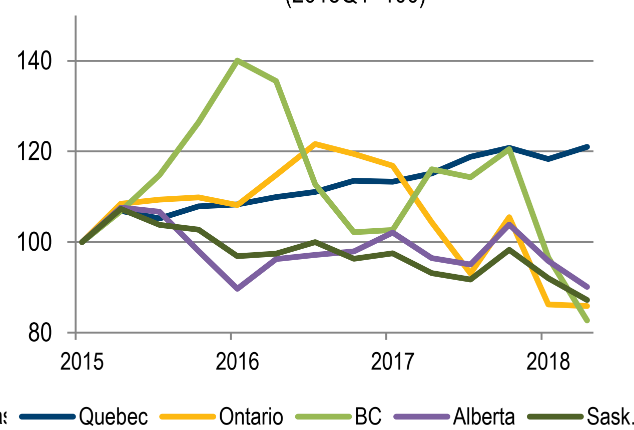
**Public Finances:** The province has moved from words to action by reducing the size of its deficit in recent years. According to the fiscal update published at the end of August, the projected deficit for fiscal 2018-19 has been revised down from $365 million to $306 million. Unsurprisingly, the higher-than-expected price of WTI oil ($US59 in the 2018 budget) is contributing to this improvement. The sharply rising price of potash is the other main factor that has led the province to revise upward by $172 million its estimated total tax revenues for 2018-19. Meanwhile, public spending will be slightly higher in a few areas, including education.

Full-Time Employment
(January 2015=100)




Source: Statistics Canada and LBS Econ. Res. and Strategy.

Residential Unit Transactions, Resale Market
(2015Q1=100)

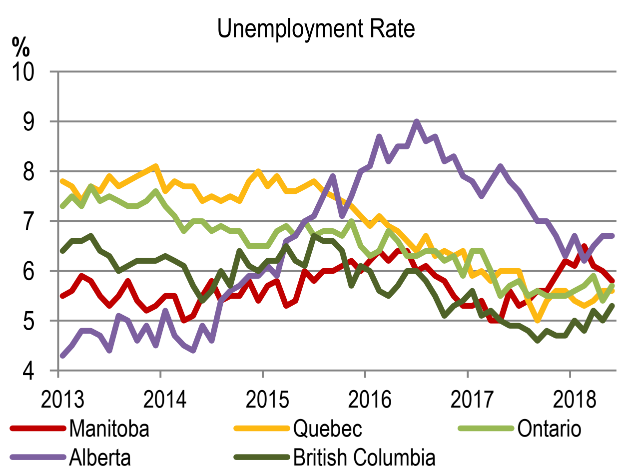



Source: CREA and LBS Econ. Res. and Strategy.

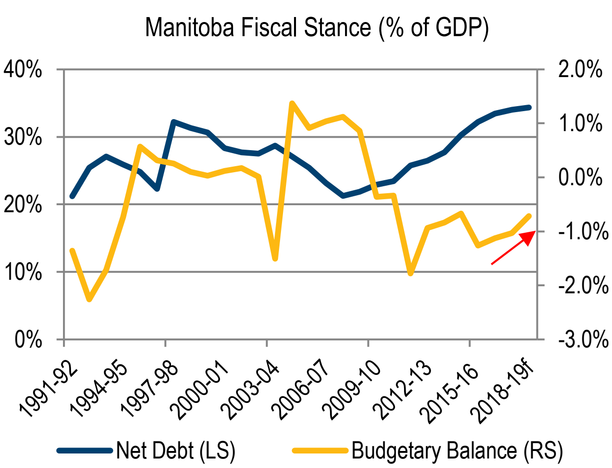
## Manitoba: Public finances continue to improve

**Economy and Housing Market**: This year, some sectors of the Manitoban economy lost momentum, including residential construction in Winnipeg and nickel production in the northern part of the province. The unemployment rate is slightly above levels experienced in 2017 (see Chart). The good news is that non-residential investment is driving growth, as exemplified by projects such as the construction of the world's largest pea protein processing plant. Also, growth in manufacturing shipments and international exports continues, despite rising trade tensions. Against this economic backdrop, conditions in the resale real estate market are balanced, with a sales-to-listings ratio of around 50%. The number of housing starts remained high in 2018; the preceding year was the best for residential construction in three decades, with 7,500 new units built.

**Public Finances**: Manitoba is in its tenth consecutive year of deficits. After running a major deficit of $838 million in 2015-16 (1.3% of its nominal GDP), Manitoba began regaining lost ground with a smaller deficit ($764 million, 1.1% of nominal GDP) in 2016-17, because its revenues increased faster than its program spending (4.4%, compared with 3.5%). The provincial government continues to forecast deficits until 2021-22 at the earliest. In 2018-19, the province's net debt should reach a record 34.4% of GDP (see chart). Part of this debt increase in recent years comes from expenditures related to the province's infrastructure plan, which have been cut since the current government came to power in 2016. But this government, despite its intention to continue maintaining tight control over infrastructure spending, may come under pressure because of the province's infrastructure requirements. For example, in March 2018, the city of Winnipeg estimated that over the next 10 years, there would be a $6.9 billion shortfall between its expected capital funding and its infrastructure investment needs—no small gap. Higher than expected spending on infrastructure could increase the financing needs of the city and the province in years to come. The province did, however, successfully secure $1.1 billion worth of public infrastructure funding last summer from the federal government.



Source: Statistics Canada.



Source: Government of Canada, Government of Manitoba and LBS Econ. Res. and Strategy.

## Ontario: A delicate fiscal situation and a rebounding housing market

**Economy and Housing Market:** Momentum in Ontario's economy is currently being maintained by stronger business investment in capital assets, moderate growth in household consumption of durable goods and services as well as a sharper increase in exports to other provinces.

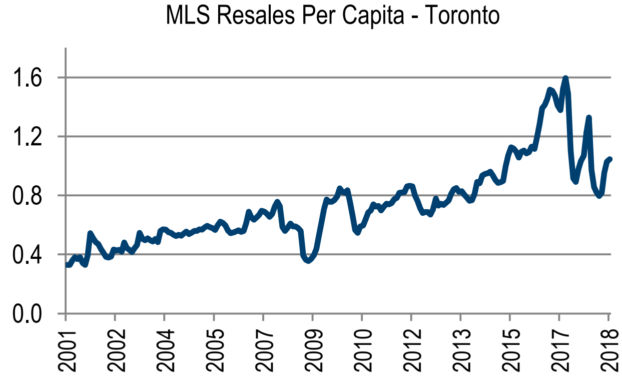
Our economic forecasts for Ontario are subject to two main risk factors. The first is the fiscal policy that the new Progressive Conservative provincial government will decide to adopt, which will be more readily quantifiable once it has tabled a budget. Spending by the preceding provincial government added an average of 0.4 percentage points per year to real GDP growth in Ontario for the past 3 years. But it is entirely possible that this contribution will diminish, because the new PC government wants to put back the province on a more sustainable fiscal path. The second risk factor concerns trade which casts a cloud over the economic outlook — specifically the uncertainty surrounding the NAFTA negotiations and the threat by the U.S. president to impose 25% tariffs on automobiles built in Canada. With 80% of the 2.2 million vehicles assembled annually in Ontario bound for the U.S. market, and over one third of the province's merchandise exports concentrated in automobiles and automobile parts, the imposition of such tariffs would have disastrous consequences for Ontario. For example, tariffs in effect for a few months and targeting Canada alone would be enough to trigger a recession in the province. To avoid such a debacle, the Ontario and federal governments might have no other choice than to implement a mitigation plan including a form of financial assistance to the industry.

Lastly, the real estate market is once again a positive driver of economic growth in the province. In particular, after new, stricter rules to qualify for mortgages put a heavy damper on housing demand in the early part of 2018, the Toronto housing market is rebounding. The level of transactions in the Toronto resale market this summer was more in line with employment and population growth (see chart). Also, despite a rise in the number of units under construction, the number of unabsorbed condo units in Toronto is very low, testifying to the strength of the labour market. In fact, in Ontario, for the past three quarters, creation of full-time jobs has been the highest in 15 years. Overall, conditions on the Toronto condo market are well balanced. The rental market continues to be tight, even though the level of new rental unit starts is increasing. The few signs of weakness in the Greater Toronto Area real estate market seem confined to detached houses in suburbs such as Newmarket, Aurora and Richmond Hill, where speculation had been a more dominant force in recent years.

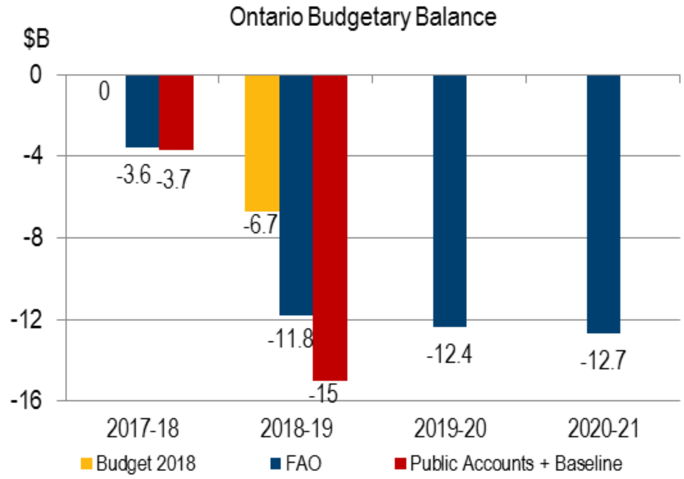
**Public Finances:** Ontario's budgetary situation is delicate. On September 21, the newly appointed Minister of Finance Vic Fedeli presented the result of the Independent Financial Commission of Inquiry on Ontario's finance. On the same day, the 2017-18 public accounts were published. For 2017-18, the previous budget balance estimated by the previous government was downgraded to a $3.7B deficit. More importantly, the new baseline deficit for 2018-19 is now set at $15B, more than twice what had been planned in Budget 2018 and $3.2B higher than the latest estimate of the Financial Accountability Office (FAO) of Ontario (see chart). While this announcement is very much negative from a pure fiscal standpoint, the good news is that the new government fully accepts the recommendations of the Commission, which, when implemented, will certainly add transparency to Ontario's fiscal path. The new budget deficit for 2018-19 resolves two major sticking points: the accounting treatment of the pension plan expenses ($2.7B) and the proper accounting for the cost of the Fair Hydro Plan ($2.4B). The resolution of the conflict between the government of Ontario and the Auditor General (AG), who also gave a clean audit to the 2017-18 financial statements, should reassure market participants and ratings agency on the new government's commitment to restore fiscal sustainability.

No information was given regarding updated borrowing requirements. However, according to the Ontario Financing Authority, if the government decided to do its own borrowing to fund the reduction in electricity rates (rather than have Ontario Power Generation and the Fair Hydro Trust do it), financing requirements would increase by $1.4 billion in 2018-19.

Finally, while the Minister did commit to return to budgetary balance, lower net debt-to-GDP and restore Ontario's AAA ratings, it remains to be seen, in an upcoming Budget Update, how it intends to do so. Certainly, with net debt-to-GDP now estimated at 40.5% of GDP (up from 37.6%), this will be no easy task.




Note: Resales per 1,000 population 15+.
Source: Canadian Real Estate Association and Statistics




Source: Government of Ontario.

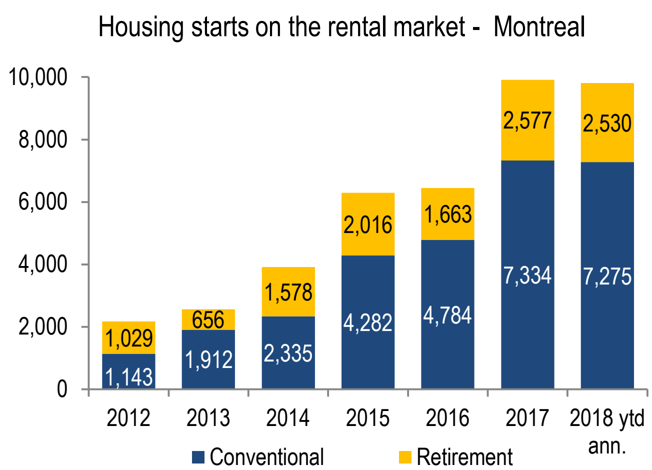
## Quebec: An enviable situation in the short term, but fiscal challenges remain in the medium term

**The Economy:** Quebec's real GDP grew by 3.0% in 2017, the strongest performance in 18 years. We project real GDP growth in 2018 at 2.5%, with positive contributions from all the main drivers: a moderate increase in household spending, a modest rise in business investment and exports, and higher government expenditures. On a more challenging note, the labour shortage seems most acute in Quebec. According to data from the Canadian Federation of Independent Business, the job vacancy rate reached a record 3.9% in the second quarter of 2018. Thus, since the beginning of 2017, the concerns surrounding vacant positions are greater in Quebec than, on average, in the rest of Canada. For 2019 and 2020, the shrinking available pool of labour leads us to forecast that the pace of expansion will fall back closer to the province's growth potential, which is, in our view, between 1.5% and 1.8%.

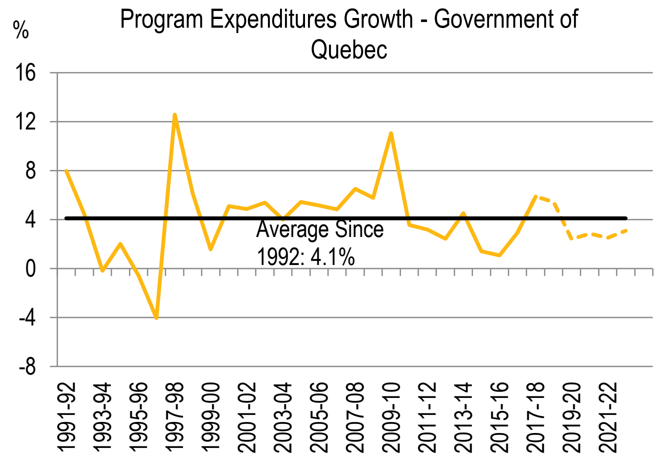
**The Housing Market:** The level of housing starts in Montreal is poised to slightly exceed its long-term trend in 2018 for a second consecutive year in a row due to a drop in supply on the resale market. Newly built condos, traditional rental housing and senior rental housing continue to be well absorbed, thanks to a healthy labour market and an aging population (see chart).

**Public Finances:** We noted in our Summary of the Pre-Election Report on the State of Quebec's Public Finances, as the October 1st provincial elections were approaching, that the province of Quebec's fiscal situation is enviable. As defined in the province's *Balanced Budget Act* (that is, before any allocation to the stabilization reserve), Quebec has recorded significant budget surpluses for three years running ($2.2 billion in 2015-16, $2.4 billion in 2016-17 and $2.3 billion in 2017-18). As a result of these surpluses, which represent every year about 0.6% of nominal GDP, Quebec had accumulated a stabilization reserve of $6.9 billion at the end of fiscal 2017-18. This reserve would provide a reasonable buffer against the fiscal impact of an eventual negative economic shock.

The Pre-Election Report on the State of Quebec's Public Finances also showed growing annual surpluses which could reach $1.0 billion in 2021-22. It should be noted, however, that these projected surpluses are based on a planned reduction in the growth rate of program expenditures, from 5.4% in fiscal 2018-19 to only 2.4% in 2019-20; a rate of growth which would be well below its historic average (see chart). Although government expenditures on health and social services, education and culture are projected to continue growing at a steady annual rate of 3.7% on average, the other government departments would have to make do with much smaller budget increases of 0.5% on average for the next two years to achieve an overall 2.4% growth rate in program expenditures in 2019-20. This would be a hard task for any government to manage. However, if it meets these targets, the ratio of net debt to GDP can be expected to fall to 36.2% by fiscal 2022-23.




Source: APCHQ, LBS Econ. Research

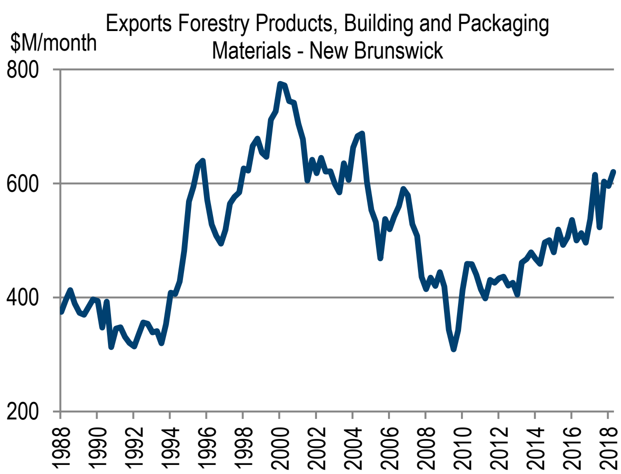



Source: Government of Canada and Gouvernement du Québec.

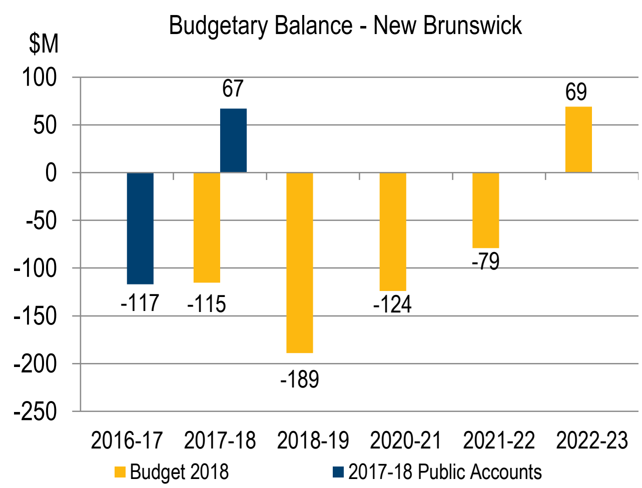
### New Brunswick: Modest improvement in economic conditions and a surprising fiscal surplus

**Economy and Housing Market:** The spring floods temporarily interfered with normal economic activity in some parts of the province. But the forestry sector is still profiting from rising lumber prices and the strength of the U.S. housing market, despite the punitive tariffs imposed by the United States (see chart). The tourism industry also continued to grow this year. After languishing for several years, full-time employment is now at its highest level since 2010, contributing to the improved performance of the resale housing market.

**Public Finances:** The province's audited financial statements, published in mid-August 2018, show a slight budget surplus of $67 million (0.2% of GDP) for fiscal 2017-18, a sharp improvement over the $192 million deficit forecast in the 2018 budget (see chart). This difference is attributable both to higher than expected revenues and to slower than anticipated spending growth. In short, the cyclical recovery is good news for New Brunswick in the near term. But the excess of deaths over births in the province weakens its economic potential and will undermine the sustainability of public finances in the long run. Dominion Bond Rating Service (DBRS) downgraded New Brunswick's A (high) credit rating from "stable" to "negative" in February 2018, after the Liberal provincial government published its pre-election budget in January. A provincial general election will be held on September 24, 2018.




Source: Statistics Canada and LBS Econ. Res. and Strategy.

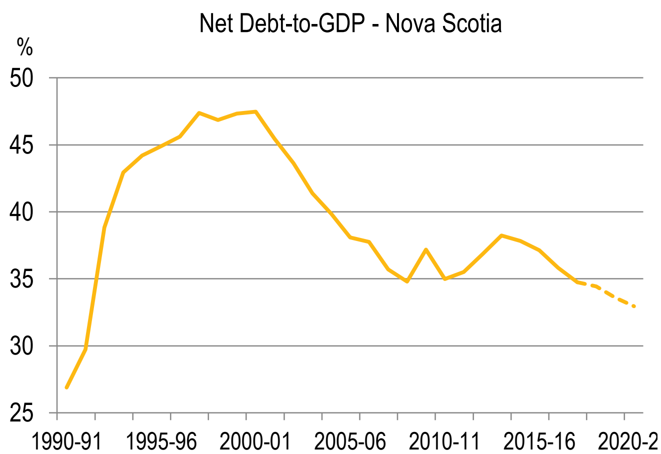



Source: Government of New Brunswick.

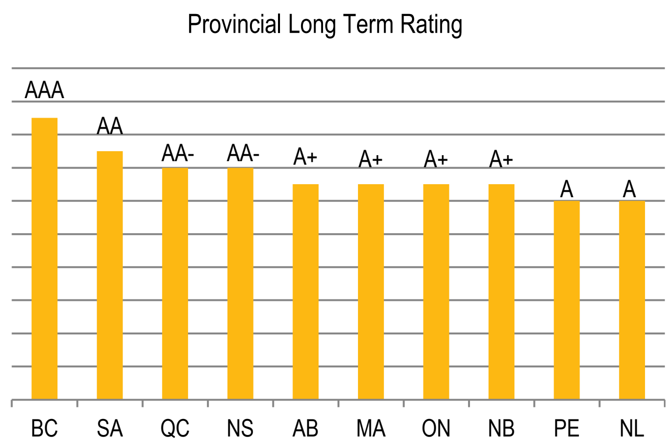
## Nova Scotia: A positive economic momentum driven by immigration and exports

**Economy and Housing Market:** The arrival of more of immigrants in Nova Scotia since 2016 has clearly changed the picture in terms of economic activity in the province, especially boosting consumer spending and housing demand. Goods and services exports are also growing at a brisk pace. Lastly, deep-water oil drilling exploration activity has been under way since spring 2018.

**Public Finances:** The financial accounts published at the end of July confirm that the province achieved a second large budget surplus for fiscal 2017-18 ($230 million; 0.5% of GDP). Non-recurring revenues from the federal and municipal governments for the construction of the business centre in Halifax, totalling $110 million, were used to reduce the province's debt. As a result, the ratio of net debt to nominal GDP has fallen rapidly, by 3.6 percentage points, since 2014 and stood at 34.6% for fiscal 2017-18. The province is on track to achieve its ambitious objective of reducing this ratio to less than 30% by 2024 (see chart). In summary, strong financial management led S&P Global Ratings to upgrade the Province's long-term credit rating from A to AA- (stable outlook) about a week ago. According to S&P, Nova Scotia has one of the highest credit rating among Canadian Provinces (see chart).




Source: Government of Canada, 2017-18 Public Accounts and Budget 2018 of Nova Scotia and LBS Econ. Res. and Strategy.

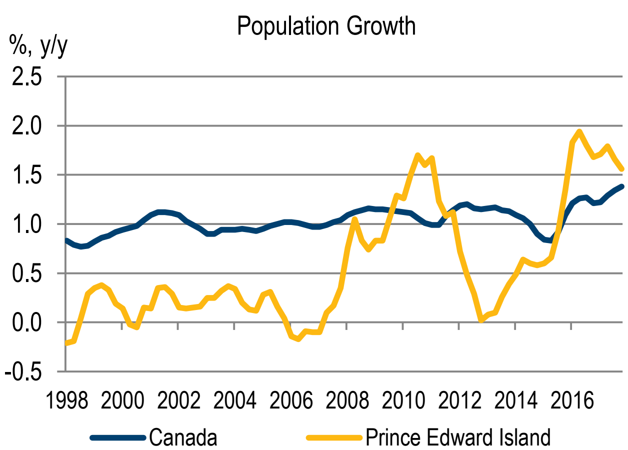



* As of September 21, 2018.
Source: S&P Global Ratings.

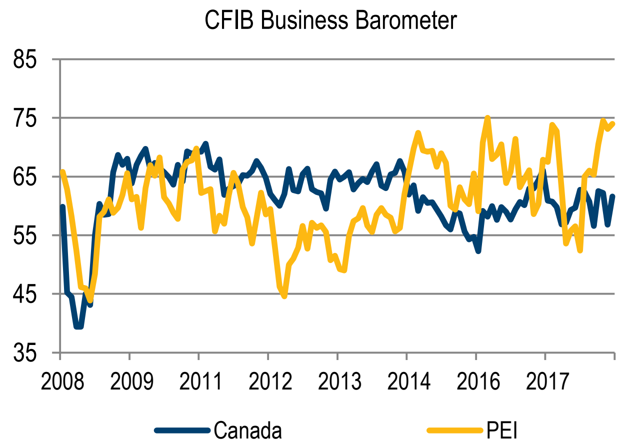
## Prince Edward Island: Population growth, key to economic growth

**Economy and Housing Market:** As in Nova Scotia, the PEI economy is on a tear, driven in large part by the boom in international immigration. Along with Ontario, PEI is the province experiencing the fastest population growth (1.8% year over year as of the first half of 2018, see chart). Housing construction, which almost matched a 30-year high in 2017, is expected to remain strong over the coming two years. Automobile sales are also close to a historic peak. The vacancy rate in the traditional rental apartment market in Charlottetown is 1.0%, lower than in Toronto (1.1%) and almost as low as in Vancouver (0.9%). All of this translates into a business climate that is much more positive than in the Canada as a whole (see chart).

**Public Finances:** In fiscal 2017-18, the province's public finances were balanced for the first time since 2007. The April 2018 budget projects another balanced budget for fiscal 2018-19. The strong economy is expected to generate enough growth in tax revenues to fund a planned substantial spending increase of 5.0%.



Source: Statistics Canada and LBS Econ. Res. and Strategy.



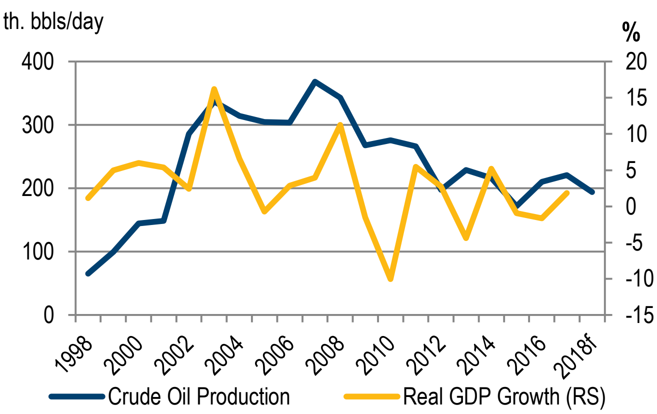
Source: Canadian Federation of Independant Business.

## Newfoundland and Labrador: A profitable price for Brent Crude and a gleam of hope for new oil projects

**Economy and Housing Market:** The recent addition of Hebron as a fourth producing oil field (the three others are White Rose, Hibernia and Terra Nova) will revive growth in both exports and GDP in Newfoundland and Labrador (see chart). In particular, the province is successfully shipping its oil to new markets in Europe and Asia. The government also plans to double the province's oil production by 2030. A major step in this direction was taken this summer, when the province ratified an agreement with a private firm to develop a new oil project in deep water at Bay du Nord. This project would create hundreds of jobs up to the start of the production phase in 2025. An estimated 300 million barrels of oil could be extracted from this basin in the long term—more than from the White Rose oil field. The Orphan basin also offers further oil potential for Newfoundland. Production licences may be issued this fall. However, once the Muskrat Falls hydroelectric project has been completed, the lack of any large-scale infrastructure construction projects will weigh heavily on labour market conditions and hence on household spending. The weakness of the economy is reflected in the real estate market. For example, conditions in the resale market clearly favour buyers, as witnessed by the near-record low sales-to-listings ratio of 31% (see chart).

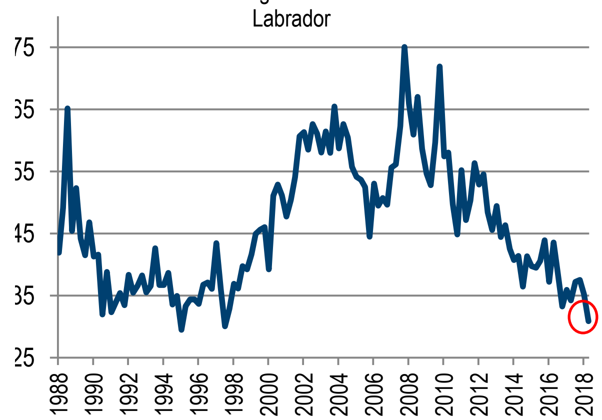
**Public Finances:** The province will publish a budget update this fall. According to our calculations, if the price of Brent crude holds around $US 80 for the rest of the year, Newfoundland's deficit for the current year could be half the amount forecast in the 2018 budget ($583 million). By the same token, the province's financing requirements ($1.45 billion according to the 2018 budget) could also be adjusted downward. Nevertheless, achieving a balanced budget by fiscal 2022-23 still seems a very distant goal. The province's fiscal situation remains fragile. Its net debt-nominal GDP ratio was 46% in 2016-17, the second highest in Canada after Quebec, and in order to improve it, an increase in oil production will be necessary. Recently, the provincial government promised not to make electricity consumers pay for the Muskrat Falls hydroelectric project through higher rates, as the agreement between Newfoundland and the federal government currently requires. If the federal government does not increase its contribution and the provincial government decides not to increase taxes to cover the shortfall, then the province's financing requirements would likely increase. The total cost of the project is now estimated at $12.7 billion, including $6.0 billion in cost overruns (by way of comparison, the province's nominal GDP in 2016 was $31 billion).

Crude Oil Production and Growth - Newfounland & Labrador




Source: C-NLOPB., Statistics Canada and LBS Econ. Res. and Strategy.

Sales-to-New Listings Ratio - Newfoundland & Labrador




Source: Canadian Real Estate Association.

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| Nominal GDP Growth (%) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Canada | 0.2 | 2.0 | 5.3 | 4.1 | 3.7 | 3.6 |
| N&L | -11.5 | 2.6 | 5.6 | 3.2 | 2.7 | 2.4 |
| PEI | 3.9 | 4.0 | 4.7 | 4.0 | 3.4 | 3.3 |
| NS | 2.1 | 2.8 | 3.0 | 3.2 | 2.9 | 3.2 |
| NB | 2.0 | 3.6 | 4.5 | 3.3 | 2.4 | 2.5 |
| Quebec | 2.4 | 2.7 | 5.1 | 4.5 | 3.5 | 3.4 |
| Ontario | 5.0 | 4.3 | 4.5 | 3.8 | 3.5 | 3.6 |
| Manitoba | 3.3 | 2.3 | 5.3 | 3.8 | 3.6 | 3.4 |
| Sask | -5.4 | -4.0 | 4.7 | 3.8 | 4.1 | 4.1 |
| Alberta | -12.0 | -4.9 | 7.7 | 5.5 | 4.9 | 5.1 |
| BC | 4.0 | 4.8 | 6.5 | 4.8 | 4.4 | 4.2 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| Real GDP Growth (%) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Canada | 1.0 | 1.4 | 3.1 | 2.1 | 1.9 | 1.7 |
| N&L | -1.7 | 1.9 | 2.1 | 0.4 | 0.5 | 0.2 |
| PEI | 1.3 | 2.3 | 3.2 | 2.2 | 1.7 | 1.6 |
| NS | 1.4 | 0.8 | 1.2 | 1.3 | 1.1 | 1.3 |
| NB | 2.4 | 1.2 | 2.0 | 1.1 | 1.0 | 1.0 |
| Quebec | 1.0 | 1.4 | 3.0 | 2.5 | 1.7 | 1.6 |
| Ontario | 2.9 | 2.6 | 2.7 | 1.9 | 1.7 | 1.8 |
| Manitoba | 1.3 | 2.2 | 2.9 | 1.7 | 1.6 | 1.6 |
| Sask | -1.0 | -0.5 | 2.9 | 1.6 | 2.0 | 1.9 |
| Alberta | -3.7 | -3.7 | 4.9 | 2.6 | 2.3 | 2.5 |
| BC | 3.5 | 3.5 | 3.9 | 2.4 | 2.2 | 2.0 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| Unemployment Rate (%) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Canada | 6.9 | 7.0 | 6.3 | 5.9 | 5.8 | 5.7 |
| N&L | 12.8 | 13.4 | 14.7 | 14.6 | 14.5 | 14.5 |
| PEI | 10.4 | 10.8 | 9.9 | 9.8 | 9.5 | 9.4 |
| NS | 8.6 | 8.4 | 8.4 | 7.6 | 7.7 | 7.7 |
| NB | 9.8 | 9.6 | 8.1 | 7.9 | 7.8 | 7.8 |
| Quebec | 7.7 | 7.0 | 6.0 | 5.5 | 5.3 | 5.2 |
| Ontario | 6.7 | 6.6 | 6.0 | 5.6 | 5.6 | 5.5 |
| Manitoba | 5.6 | 6.2 | 5.4 | 5.6 | 5.5 | 5.3 |
| Sask | 5.0 | 6.3 | 6.3 | 6.3 | 6.2 | 6.1 |
| Alberta | 6.0 | 8.1 | 7.8 | 6.7 | 6.4 | 6.2 |
| BC | 6.1 | 6.0 | 5.1 | 4.9 | 4.7 | 4.5 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| Employment (annual change in %) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Canada | 0.9 | 0.7 | 1.9 | 1.1 | 0.8 | 0.7 |
| N&L | -1.0 | -1.4 | -3.7 | 0.2 | -0.2 | -0.1 |
| PEI | -1.0 | -2.2 | 3.0 | 2.5 | 0.7 | 0.6 |
| NS | 0.1 | -0.4 | 0.7 | 1.1 | 0.5 | 0.6 |
| NB | -0.4 | -0.1 | 0.4 | 0.5 | 0.1 | 0.1 |
| Quebec | 1.0 | 0.9 | 2.2 | 1.1 | 0.7 | 0.6 |
| Ontario | 0.7 | 1.1 | 1.8 | 1.7 | 0.9 | 0.9 |
| Manitoba | 1.5 | -0.5 | 1.6 | 0.6 | 0.9 | 0.8 |
| Sask | 0.6 | -0.9 | -0.1 | 0.0 | 0.5 | 0.4 |
| Alberta | 1.2 | -1.6 | 1.0 | 1.8 | 1.3 | 1.2 |
| BC | 1.3 | 3.1 | 3.7 | 0.6 | 1.0 | 0.8 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| Employment (annual change in 000s) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Canada | 154 | 134 | 337 | 203 | 149 | 131 |
| N&L | -2.4 | -3.4 | -8.5 | 0.4 | -0.4 | -0.2 |
| PEI | -0.7 | -1.6 | 2.1 | 1.8 | 0.5 | 0.5 |
| NS | 0.4 | -1.9 | 3.0 | 4.9 | 2.3 | 2.7 |
| NB | -1.6 | -0.4 | 1.4 | 1.8 | 0.4 | 0.4 |
| Quebec | 40.2 | 38.6 | 90.1 | 46.5 | 29.9 | 25.8 |
| Ontario | 47.0 | 75.3 | 127.7 | 121.2 | 65.2 | 65.8 |
| Manitoba | 9.5 | -2.9 | 10.4 | 3.9 | 5.8 | 5.2 |
| Sask | 3.2 | -4.9 | -0.5 | 0.0 | 2.8 | 2.3 |
| Alberta | 28.3 | -36.5 | 23.4 | 41.2 | 30.3 | 28.3 |
| BC | 29.9 | 71.7 | 87.6 | 14.8 | 24.8 | 20.1 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| CPI Inflation (%) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Canada | 1.1 | 1.4 | 1.6 | 2.5 | 2.0 | 2.0 |
| N&L | 0.4 | 2.7 | 2.4 | 1.9 | 1.6 | 1.6 |
| PEI | -0.6 | 1.2 | 1.8 | 2.5 | 2.0 | 1.8 |
| NS | 0.4 | 1.2 | 1.1 | 2.3 | 1.9 | 1.9 |
| NB | 0.5 | 2.2 | 2.3 | 2.3 | 2.0 | 1.9 |
| Quebec | 1.1 | 0.7 | 1.1 | 1.9 | 2.0 | 2.0 |
| Ontario | 1.2 | 1.8 | 1.7 | 2.6 | 2.0 | 2.0 |
| Manitoba | 1.2 | 1.3 | 1.6 | 2.5 | 2.2 | 2.0 |
| Sask | 1.6 | 1.1 | 1.7 | 2.3 | 2.0 | 2.0 |
| Alberta | 1.2 | 1.1 | 1.5 | 2.6 | 1.9 | 2.0 |
| BC | 1.1 | 1.9 | 2.1 | 2.8 | 2.0 | 2.0 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| Retail Sales Growth (%) | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Canada | 2.6 | 5.2 | 7.1 | 3.5 | 4.2 | 4.0 |
| N&L | 0.7 | 0.4 | 2.4 | -1.0 | 1.5 | 1.5 |
| PEI | 2.6 | 7.3 | 6.3 | 3.9 | 3.8 | 3.8 |
| NS | 0.2 | 4.7 | 7.8 | 2.7 | 3.8 | 3.8 |
| NB | 2.2 | 2.1 | 6.8 | 1.9 | 2.3 | 2.3 |
| Quebec | 1.9 | 6.6 | 5.5 | 4.5 | 4.3 | 4.1 |
| Ontario | 5.3 | 6.9 | 7.7 | 4.1 | 4.3 | 4.0 |
| Manitoba | 1.3 | 3.7 | 7.8 | 1.9 | 3.0 | 2.7 |
| Sask | -3.3 | 1.5 | 4.1 | 1.7 | 2.5 | 2.8 |
| Alberta | -4.0 | -1.1 | 7.1 | 3.3 | 4.5 | 4.4 |
| BC | 7.0 | 7.7 | 9.3 | 2.7 | 5.2 | 5.0 |

Source: Statistics Canada, LBS Econ. Research and Strategy

| Residential Transactions - Resale Market (000s of units) | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Canada | 511 | 541 | 516 | 465 | 494 | 512 |
| N&L | 4.2 | 4.1 | 3.9 | 3.8 | 3.8 | 3.7 |
| PEI | 1.7 | 2.1 | 2.1 | 2.0 | 1.9 | 1.9 |
| NS | 9.4 | 10.1 | 10.6 | 11.0 | 10.5 | 10.2 |
| NB | 6.8 | 7.6 | 8.1 | 8.4 | 8.0 | 7.9 |
| Quebec | 74.1 | 78.1 | 82.6 | 85.5 | 88.0 | 89.0 |
| Ontario | 226.9 | 246.0 | 222.4 | 196.0 | 213.0 | 220.0 |
| Manitoba | 14.0 | 14.6 | 14.4 | 13.8 | 14.2 | 14.6 |
| Sask | 12.0 | 11.3 | 11.1 | 10.0 | 10.5 | 10.9 |
| Alberta | 59.3 | 54.8 | 57.2 | 55.0 | 58.0 | 59.0 |
| BC | 102.5 | 112.2 | 103.8 | 79.0 | 86.0 | 95.0 |

Source: CREA, LBS Econ. Research and Strategy

| Housing Starts (000s of units) | | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Canada | 196 | 198 | 220 | 210 | 199 | 194 |
| N&L | 1.7 | 1.4 | 1.4 | 1.4 | 1.2 | 1.0 |
| PEI | 0.6 | 0.6 | 0.9 | 0.9 | 0.8 | 0.6 |
| NS | 3.8 | 3.8 | 4.0 | 4.1 | 3.8 | 3.8 |
| NB | 2.0 | 1.8 | 2.3 | 1.8 | 1.9 | 1.9 |
| Quebec | 37.9 | 38.9 | 46.5 | 46.0 | 40.0 | 38.0 |
| Ontario | 70.2 | 75.0 | 79.1 | 76.0 | 73.0 | 72.0 |
| Manitoba | 5.5 | 5.3 | 7.5 | 6.5 | 6.2 | 6.2 |
| Sask | 5.1 | 4.8 | 4.9 | 3.5 | 4.1 | 4.2 |
| Alberta | 37.3 | 24.5 | 29.5 | 29.0 | 30.0 | 28.0 |
| BC | 31.4 | 41.8 | 43.7 | 41.0 | 38.0 | 38.0 |

Source: CMHC, LBS Econ. Research and Strategy