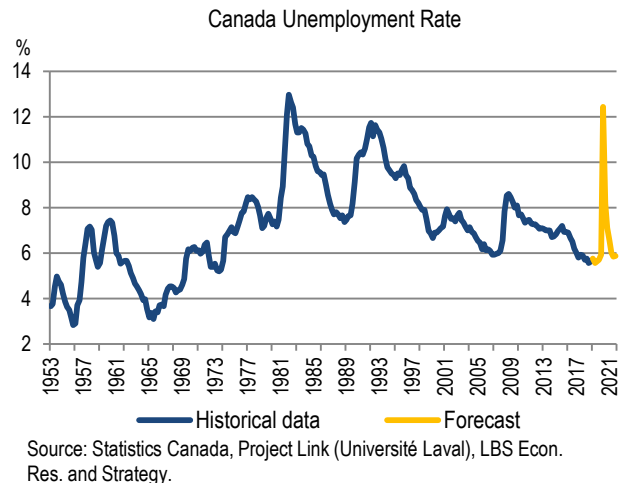
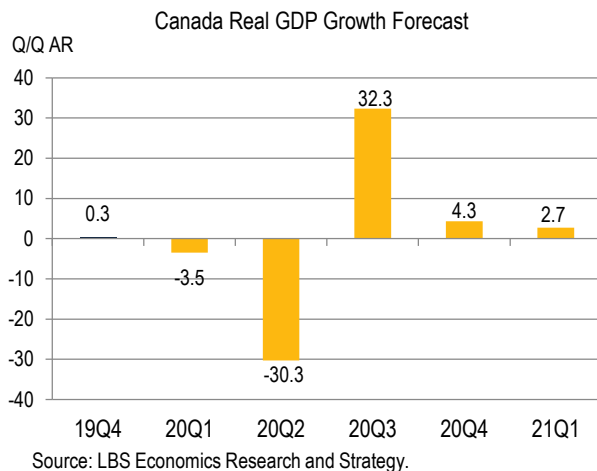




# Laurentian Bank Securities ECONOMIC RESEARCH AND STRATEGY

## Economic and Financial Forecasts

- We forecast the Canadian economy to go through a very pronounced but short-lived recession during the first half of 2020;
- The shutdown of non-essential services, weaker global demand for Canadian exports, lower commodity prices and dismal business investment in 2020Q2 will translate into the steepest real GDP downturn on record;
- From the very low level of output in April and May, Real GDP growth is expected to soar in 2020Q3, post-virus. The level of economic activity returns to its pre-COVID19 level in early 2021 as a majority of companies gradually re-open and public and private incentives foster a robust “new normal” for consumers;
- At the peak of the containment measures, the unemployment rate is expected to reach 12% in 2020Q2 before Canadians return to work more quickly than in previous recessions;
- Low CPI inflation and massive support to financial conditions from central banks will contribute to keep most segments of the Canadian yield curve below 1% until 2021;
- Equity markets are projected to make significant gains before the end of the recession due to encouraging developments in the coronavirus crisis but are unlikely to return to pre-COVID19 levels before the end of 2020 in the absence of a supply-demand balance in the global oil market;
- Given the rapidly changing environment, we could frequently revise our forecasts.



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## Canadian Economic Outlook

	quarterly change (annual rate)								annual average					
	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	2019	2020	2021	2022
Real GDP	1.1	0.3	-3.5	-30.3	32.3	4.3	2.7	2.5	2.0	1.9	1.6	-3.4	3.5	1.6
Total CPI Inflation *	1.9	2.1	1.2	0.4	0.8	1.5	1.9	1.9	1.7	1.5	1.9	1.0	1.7	1.8
Unemployment rate (%)*	5.6	5.7	5.9	12.4	8.1	7.0	6.5	5.9	5.8	5.8	5.7	8.4	6.0	5.7
Employment	1.1	0.5	-1.0	-33.0	35.0	6.0	3.0	2.8	1.3	0.5	2.1	-3.1	3.8	1.0
Housing Starts (in 000s, annualized)*	223	202	205	90	170	190	225	210	210	200	209	164	211	200
Nominal GDP	1.25	4.5	-5.9	-29.0	39.6	7.4	4.3	4.0	4.1	3.7	3.6	-1.8	6.0	3.4

\*Average for the period.

Updated: April 2020.

## Financial Forecasts

	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q4
<b>Canada</b>											
<b>Overnight Rate Target</b>	<b>1.75</b>	<b>1.75</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.50</b>	<b>1.00</b>
3-Month Treasury Bills	1.65	1.65	0.22	0.25	0.25	0.25	0.25	0.25	0.25	0.60	1.00
2-Year Bond	1.58	1.70	0.42	0.55	0.60	0.75	0.85	0.90	0.95	1.00	1.25
5-Year Bond	1.39	1.68	0.58	0.55	0.65	0.80	0.90	0.95	1.00	1.20	1.30
10-Year Bond	1.36	1.70	0.69	0.75	0.90	1.00	1.20	1.30	1.35	1.50	1.75
30-Year Bond	1.53	1.76	1.30	1.45	1.50	1.55	1.65	1.70	1.75	1.75	1.80
<b>Canadian Dollar (US\$/C\$)</b>	<b>0.76</b>	<b>0.77</b>	<b>0.70</b>	<b>0.73</b>	<b>0.74</b>	<b>0.75</b>	<b>0.75</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>
<b>S&amp;P 500 Index</b>	<b>2,977</b>	<b>3,231</b>	<b>2,585</b>	<b>2,850</b>	<b>3,000</b>	<b>3,100</b>	<b>3,200</b>	<b>3,300</b>	<b>3,350</b>	<b>3,400</b>	<b>3,600</b>
<b>TSX Index</b>	<b>16,659</b>	<b>17,063</b>	<b>13,379</b>	<b>14,750</b>	<b>15,500</b>	<b>16,000</b>	<b>16,500</b>	<b>17,000</b>	<b>17,200</b>	<b>17,400</b>	<b>18,300</b>
<b>Oil WTI (US\$/barrel)</b>	<b>54</b>	<b>61</b>	<b>20</b>	<b>35</b>	<b>40</b>	<b>40</b>	<b>45</b>	<b>50</b>	<b>50</b>	<b>55</b>	<b>55</b>

Quarter-end data

Updated: April 2020

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