ECONOMIC RESEARCH AND STRATEGY

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Provincial Monitor (July 2021) – Vaccination Solidifies the Outlook, Commodities Provide A Boost

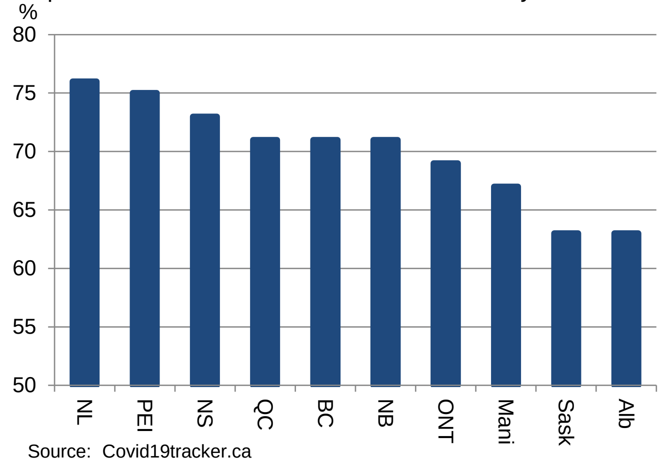
Summary

Progress on the vaccination campaign solidifies the economic recovery from coast to coast, boosting consumer and business confidence (chart 1 and 2). Provincial governments are easing COVID-19 restrictions this summer. Despite a very likely new wave of infections this Fall, vaccination should keep hospitalisations in the slow lane and prevent the re-implementation of broad lockdown measures.

The surge in consumer and commodity prices will generate higher tax receipts for governments. Nominal GDP growth will surpass 10% this year in several provinces, a good proxy for the boost in revenue to come. Public accounts released so far revealed stronger-than-expected results for FY 2020-21 and the solid economic momentum this year indicates that once again fiscal results will beat government forecasts. From a bond supply perspective, these improvements leading all else equal to lower borrowing requirements should contribute to offset the end of the BoC Provincial Bond Purchasing Program. Provincial bonds held on the Bank of Canada's balance sheet reached a peak of $19B in May 2021 before declining $625M in June. As more provincial bonds mature in the coming months, the end of PBPP will contribute to a smaller BoC balance sheet going forward.

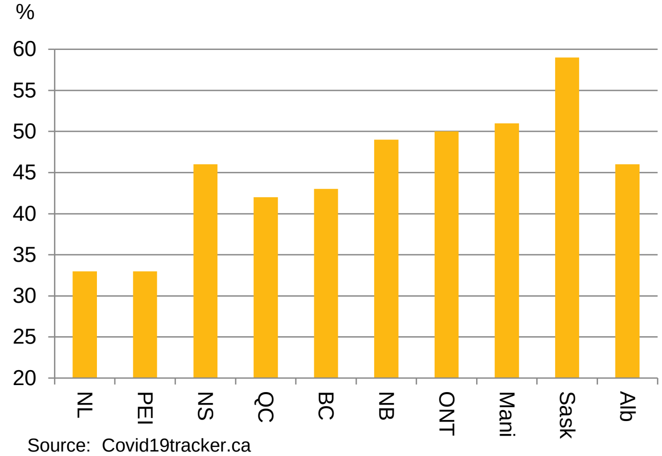
Of course, many idiosyncratic shocks tied to commodities, supply bottlenecks and climate change generate volatility across provincial economic and fiscal performance. This new edition of the *Provincial Monitor* reviews the economic and financial situation of each of the ten Canadian provinces. Detailed forecasts for 2021 to 2023 forecasts are available on page 11 of the report.

Chart 1 - Vaccination in Canada - Share of the Population with at least one dose, as of mid-July



Source: Covid19tracker.ca

Chart 2 - Vaccination in Canada - Share of the Population Fully Vaccinated, as of mid-July



Source: Covid19tracker.ca

British Columbia – Lumber and Natural Gas Boost, Challenging Wildfire Season

BC's 2021 real GDP growth will surpass the 4.4% conservative assumption used in Budget 2021 by a large 2 ppts in our view. We see nominal GDP growth surging above 10% this year. BC's forestry sector benefits from a higher lumber price regime. The hype for residential construction and renovation activity in North America, combined with insufficient sawmill capacity, led to record lumber prices this spring. BC lumber supply has unfortunately been restrained by the past mountain pine beetle infestation and wildfires. For instance, rail transportation of Canadian lumber products is tepid in 2021 relative to the 2004-2007 U.S. housing boom. Also, a growing number of potential U.S. home buyers are staying on the sidelines because of unaffordability driven in part by lumber prices and a rebound in 30-year mortgage rates. As a response to the lack of available logs, the BC government recently increased stumpage fees. Despite the recent plunge from record-high levels, lumber prices will unambiguously bring non-renewable resource revenue above Budget 2021 assumptions. If lumber prices converge towards $400/1000 board feet by the end of 2021, the BC government will collect about $400M more in stumpage fees over the calendar year, a minor improvement relative to the $9.7B deficit estimate for FY 2021-22.

Uncertainty remains as the U.S. Commerce Department plans to double duties later this year from 9.0% to 18.3% on most Canadian lumber producers. This being said, the main trade issue could relate to China, not the United States. BC's nominal exports to the U.S. stand at record highs due to the lumber boom but exports to China have not recovered. The world moves towards bilateral trade at the expense of a global multilateral environment that benefited BC in the past.

Lumber prices bring additional revenue but climate change also increases costs (chart 3 and 4). A higher than usual forecast allowance of $1B in FY 2021-22 will contribute to offset the costs related to the wildfire season. Close to 300 fires were burning as of mid-July. In comparison, 2017 and 2018 were among the worst wildfire seasons, ending up costing respectively $649M and $615M.

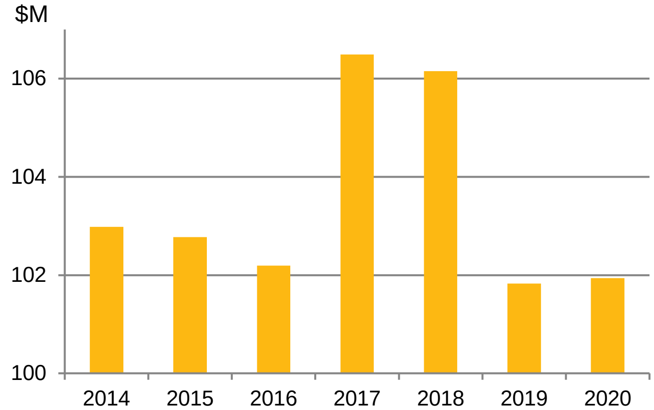
On top of the lumber rally, global prices for natural gas rose recently as high weather temperatures in the Northern atmosphere boosted demand. Such persistent demand could boost prices by almost $1 per gigajoule relative to Budget 2021, bringing in $250M in additional revenue for the province in FY 2021-22.

BC entered Phase 3 of its 4-step reopening plan on July 1st. Individuals and businesses benefit from eased restrictions on several social and services-oriented activities. In contrast to previous housing booms, home prices appreciation this year has generally been stronger in municipalities and regions outside the Vancouver area, reflecting the preference of teleworking and the affordability challenge.

One medium-term concern relates to immigration. The federal government has ambitious targets, namely to make up for the unusually low number of new permanent residents that came in 2020. However, new variants and the slower immunization process in emerging markets could prevent BC's population growth to run at the pace registered prior to the pandemic. Over the medium- and long-term, the Financial Times foreign direct investment list has recently ranked Vancouver as the Americas' top large City of the Future. Surrey also ranked high among mid-size cities.

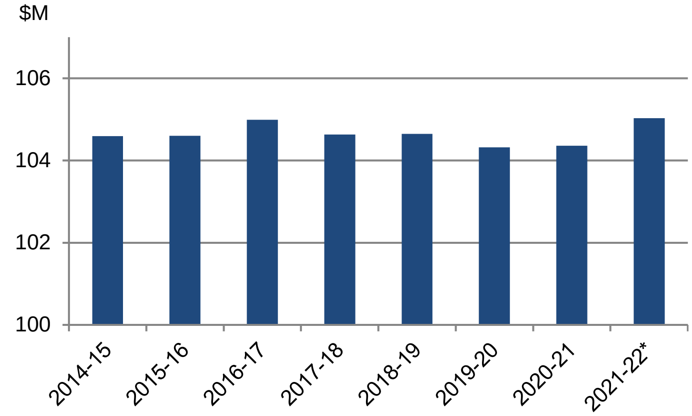
Finally, on June 25th, Fitch downgraded BC's credit rating to AA+ (stable) from AAA (negative). S&P followed along with the same downgrade on July 7th citing key fiscal and debt metrics "*no longer comparable with those of 'AAA' rated peers*". In both cases, the deterioration in the rating profile comes from the pandemic shock. The current fiscal path, including a return to balance between FY 2028-29 and FY 2030-31 does not represent a source of concern for credit ratings agencies. As such, we expect BC to stay anchored with its AA+ status, the strongest among Canadian provinces.

Chart 3: BC Government Wildfires Costs



Source: BC Government, LBS Econ. Res. and Strategy.

Chart 4: BC Forestry Revenue



* FY 2021-22 estimate based on Budget 2021, subject to upward revision.
Source: BC Government, LBS Econ. Res. and Strategy.

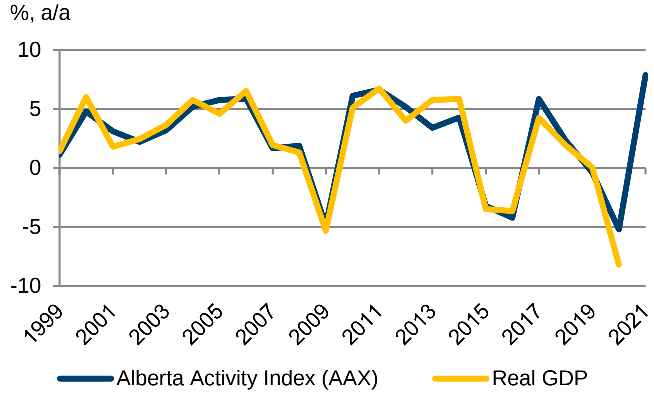
Alberta – Short-Term Oil Boost, Equalization Referendum Next

The real GDP rebound underway is one the strongest among provinces. The Alberta Activity Index assembling high-frequency data indicates to us a robust 8% expansion so far in 2021 with data up to April 2021 (chart 5). Furthermore, Alberta is home to one the largest improvement in business confidence relative to pre-COVID levels (chart 6). Housing starts are on track to surpass the 30K mark for the first time since 2014, with Calgary and other areas outperforming Edmonton. The employment rate rebounded from its pandemic lows but remains lower than in any previous oil shock periods. The elevated unemployment rate averaged nearly 9% in recent months.

The crude oil prices improves the short-term fiscal situation. The Public accounts for FY 2020-21 revealed a $16.9B deficit (6.7% of GDP), $3.2B lower than the third quarter forecast. The global reopening fuels oil demand and the absence of a rebound in U.S. shale activity benefits Alberta. U.S. oil rig counts have only partially recovered from their August 2020 decade-lows level and stood 36% below February 2020 in June. The International Energy Agency expects U.S. total production to decline 2% this year. We forecast WTI prices to soften from current levels during 2021H2 and early 2022. Saudi Arabia will start easing its voluntary production cuts in August. In addition, Saudi Arabia and the United Arab Emirates have apparently reached a compromise over oil production, implying a soft withdrawal of global inventories going forward. We project WTI and WCS oil prices to average US$68/bbl and US$55/bbl respectively in FY 2021-22, higher than the Alberta government's US$46/bbl and US$31/bbl forecasts. All else equal, Budget 2021 revenue sensitivities to these items would bring in $5.5B in additional royalties this year, partly offset by a $0.7B drawdown coming from the stronger-than-expected Canadian dollar. Overall, we see nominal GDP growth reaching about 20% this year and easily surpass the 2021 budget assumption of 8.8%, leaving public finances in a better position when the government will submit its plan to balance the books next year.

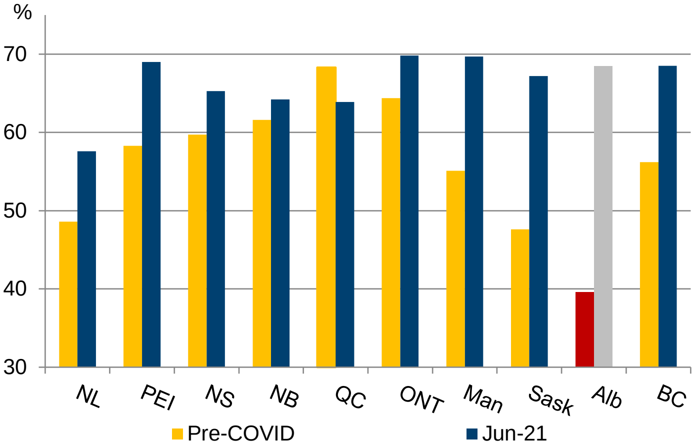
Finally, the Alberta government will run a referendum about equalization payments on October 18th, the same day as the Municipal Elections. The results of the referendum will not have a direct effect on the federal government's transfer policies. However, it could provide the Alberta government a strong mandate to call for changes ahead of the next negotiations regarding the federal equalization formula, due in 2024.

Chart 5: Alberta high frequency indicators suggests a strong economic rebound in 2021



Note: AAX Includes data up to April 2021.
Source: Alberta Treasury Board and Finance, Statistics Canada, LBS Econ. Res. and Strategy calculations.

Chart 6 - CFIB Business Confidence



Note: >50 = Stronger in the Next Year
Source: Canadian Federation of Independent Business.

Saskatchewan – New Investments in Canola Industry, Commodities Boost
Economies tied to commodities outperform this year, including Saskatchewan. Potash and mining production increased year-to-date. Statistics Canada recently reported additional canola plantings this year relative to 2020 but the heat blanket could weigh down on crop yield. Businesses' capacity utilization rate is particularly elevated according to the CFIB. Strong global demand for oilseeds led to three major private investments announcements lately to expand Canola crusher capacity, supportive for economic growth beyond 2021. The government's objective is to domestically crush 75% of raw canola production.

Overall, Saskatchewan should rank among the top nominal GDP growth province this year, contributing to surpass Budget 2021 forecast of a 2.7% increase in total revenues for FY 2021-22. The province reached its short-term objective of vaccinating with one dose at least 70% of its population aged 18+. The third and final step of the reopening plan became effective on July 11th. All public health restrictions were lifted. Labour market conditions are generally improving at a faster pace on the surface but hides a surge in part-time jobs and softness in full-time positions.

On May 21st, Moody's downgraded Saskatchewan's credit rating to aa1 from Aaa, citing "the province's constrained fiscal position and growing debt coinciding with lower liquidity level". Moody's aa1 rating for Saskatchewan is one notch above Fitch (AA) and S&P (AA) ratings. Both reaffirmed their ratings in June. Budget 2021 delayed the balanced budget objective to FY 2026-27. The good news relates to short-term fiscal targets on track to surpass expectations for FY 2021-22. Based on the province's revenue sensitivity tables, oil prices averaging US$68/bbl this year versus US$55/bbl in the budget should bring in $182M in additional revenue, representing 7% of the $2.6B projected deficit. A stronger-than-expected Canadian dollar will partially offset the oil royalty boost by $52M.

Manitoba – Consumer Spending Strengthening, Extreme Heat Could Take a Toll on Crops
The impact of climate change on agricultural activities continues to make the headlines. The summer heat wave heightens concerns about the 2021 crop yield across the Prairies, particularly for canola and wheat. Lower agricultural production could weigh down on real GDP growth but elevated crop prices will support the GDP deflator everywhere in the Prairies. Overall, Manitoba real GDP growth this year could come in slightly above the 4.1% forecast used by the government in Budget 2021. The food processing industry continues to be a pillar of manufacturing shipments and exports. Durable good shipments have moderately recovered from the pandemic but run at a lower level than in 2018 and 2019, reflecting softness in manufacturing transportation shipments. As for housing market conditions, starts run at a dynamic level but did not increase relative to last year, thereby not providing the positive contribution to economic growth observed in other provinces. Nominal retail trade stands 7% above February 2020 levels and outpaces the national average by around 2 ppts. Due to the challenging third wave of infections and late reopening, the gap in the province's unemployment rate with the national average narrowed this Spring. The next phase of reopening is poised to occur this summer as 75% of the population had received at least one dose and 50% had received a second dose of a vaccine as of early July.

As we highlighted in our coverage of the 2021 Budget, the possible non-structural nature of Manitoba's deficit creates a comparative advantage. Shrinking deficits of $374M, $254M and $209M over the next three years will end up representing a very small share of GDP, below 0.5%. Net debt-to-GDP, projected at 40% in FY 2021-22 and now higher than most other provinces, has likely peaked. Following the April budget, S&P reaffirmed Manitoba A+ (stable)'s credit rating.

Our last word goes to Manitoba Hydro. The crown corporation proposes to increase Manitoban's electricity bill by 3.5% this fall. The hike proposal is part of a financial strategy to bring back Manitoba Hydro into a positive net income situation, pay down its large debt burden resulting from costs overrun of previous projects and achieve a 75-25 debt-equity target. The crown corporation makes up 43% of the Province's total outstanding debt. An improvement in the financial situation of Manitoba Hydro will benefit the Province's general credit profile.

Ontario – Auto Semiconductors Shortage and Promising EV Transition

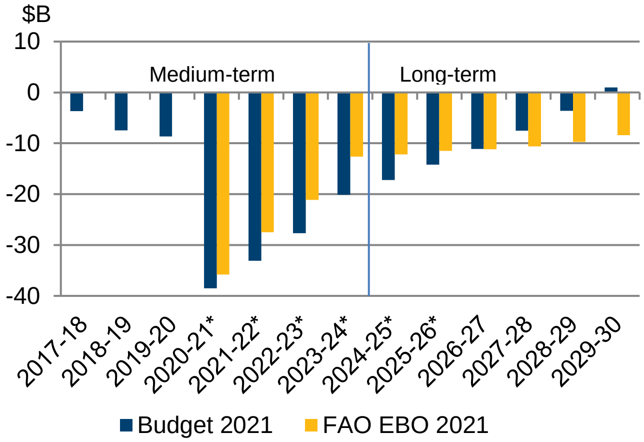
The relative softness in real GDP acceleration this year partly results from the challenging 3rd wave of infections that forced the government to adopt stricter lockdown measures this spring. This delayed easing in restrictions left the unemployment rate above 9% during for the first half of 2021, until it fell to 8.4% in June. Retailers are now able to operate at limited capacity as part of Step 2 of the province's reopening plan. On the industrial side, the global semiconductor chips shortages forced Canadian automakers to cut production. Since the middle of 2020, motor vehicle manufacturing shipments fell to their lowest levels since the 2008-09 recession. Future easing in supply bottlenecks will lead to a catch-up in auto production. Moreover, strong household spending should propel Ontario among real GDP growth leaders in 2022.

The future of Ontario's auto industry improved with recent announcements relative to electric vehicle assembly lines. For instance, Ford plans to roll off EV in 2025 at the Oakville plant. In Ingersoll, GM will shift production to commercial EV. The global stock of light motor vehicles rose to 10M in 2020 according to the International Energy Agency (IEA). The IEA projects the global EV fleet size to reach anywhere between 145M and 230M in 2030, depending on changes in government policies to speed up climate objectives. Ultimately, the ability of the auto industry to adjust to EVs' growing popularity will determine how the Ontario's manufacturing and export sectors will perform over the next decade.

As for housing market conditions, regional divergence continues. Housing starts in the Toronto area have been declining since the beginning of the pandemic, sitting to historically low levels. In contrast, starts in the rest of the Province run at twice their pre-pandemic pace, reflecting affordability issue in Toronto and the preference for new teleworkers to work from home post-pandemic. The large gap between the elevated rental vacancy rate in the Toronto area near 8% and the very low figure of 1.5% in the 905 area reflects similar challenges, on top of the absence of international students and new permanent residents.

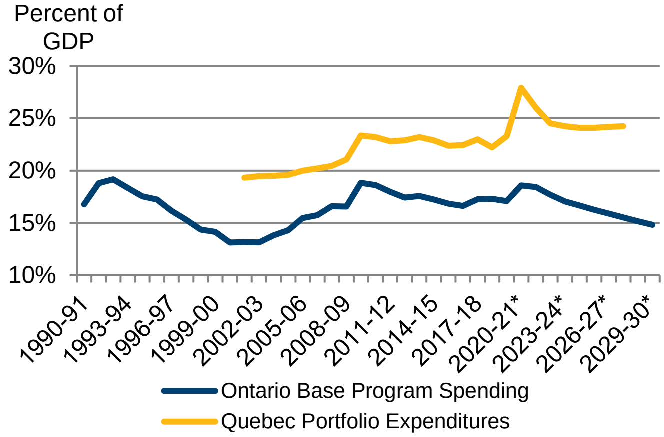
The Financial Accountability Office of Ontario (FAO) released last June its Economic and Budget Outlook (EBO). Stronger real GDP growth forecasts in both 2021 and 2022 lead the FAO to project almost $7B in additional revenues in FY 2023-24, 4.7% higher than the Budget 2021 numbers. Also, the FAO suggests that lower-than-usual tax take relative to economic growth assumptions hint at upcoming tax cuts from the government. Altogether, the medium-term deficit outlook released by the FAO looks brighter than Budget 2021: $7.5B small shortfall in FY 2023-24, at $12.6B, adjusted for the reserve (chart 7). Over the longer term, the fiscal situation remains challenging. When modeling expenditures based on fundamental cost drivers such as population aging and inflation, the Province is unable to balance the budget in FY 2029-30. Hence, significant spending adjustments are required to achieve Budget 2021 long-term fiscal targets. More precisely, the government plans to bring down base program spending as a share of GDP to its lowest level since FY 2004-05, contrasting with the Quebec government's approach (chart 8).

Chart 7: Ontario Deficit Forecasts



Note: FAO EBO 2021 adjusted for the reserve.
Source: Ontario Budget 2021 and FAO.

Chart 8: Program Spending



Note: Ontario excludes COVID-19 time-limited spending.
Source: Ontario Government, Quebec Government, Statistics Canada.

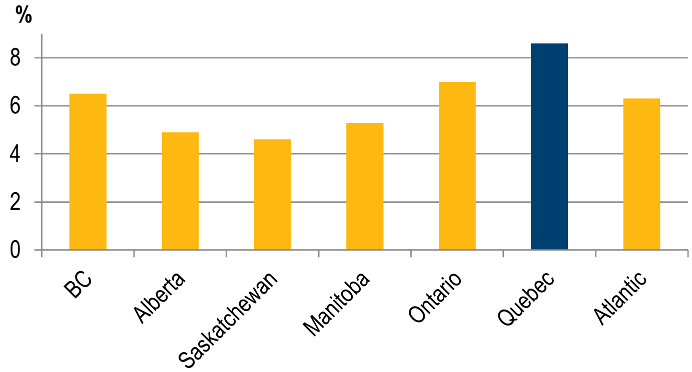
Quebec – Housing Activity and Household Spending Lead the Way

Relative to our previous expectations, we now forecast 2021 real GDP growth at 7.1% rather than 6%. Consumer spending has been very robust so far in 2021 despite lockdown measures. International exports have been led by mining products to China and lumber shipments to the U.S. Manufacturing sales rebounded to a greater extent than in many provinces. Also, one of the largest provincial surges in housing activity occurred in Quebec this year. Residential homebuilding is at a record high, led by rental units in the Montreal area. Quebec consumers display the most upbeat expectations relative to home price appreciation according to the 2021Q2 BoC consumer survey (chart 9). Other surveys show that older cohorts prefer to stay in their homes or eventually buy a larger one after having been vaccinated. Thus, we expect resale housing supply to remain low.

In our view, supply issues restrain the Quebec economy this year. There is a high percentage of SMEs running at close to or full capacity according to the CFIB. The labour force participation rate in Quebec is also the lowest East of the Atlantic Region, limiting hiring. The unemployment rate sat at 6.3% as of June, the lowest rate in Canada. Labour market conditions are softer in Montreal with the unemployment rate closer to 7.5%, contrasting with particularly tight conditions in Quebec City and other regions outside of Montreal where the unemployment rate stands close to 5%.

The Preliminary estimates released by the Quebec government on June 23rd revealed a $10B deficit for FY 2020-21, a $2B improvement relative to the $12B shortfall projected in the latest Monthly Report on Financial Transactions and in the March budget. Real GDP expanded 1.4% Q/Q in 2021Q1 while the 2021 March budget assumed a 2.1% Q/Q contraction because of the second wave of the pandemic. Thus, own-source revenues were revised up by $2B and the $1.3B risk provision was unused. Finally, transfers dedicated to the Generations Fund for FY 2020-21 are $0.3B higher, at $3.3B.

Chart 9: Consumer Expectations for housing price growth over the next 12 months



Source: 2021Q2 Bank of Canada Canadian Survey of Consumer Expectations.

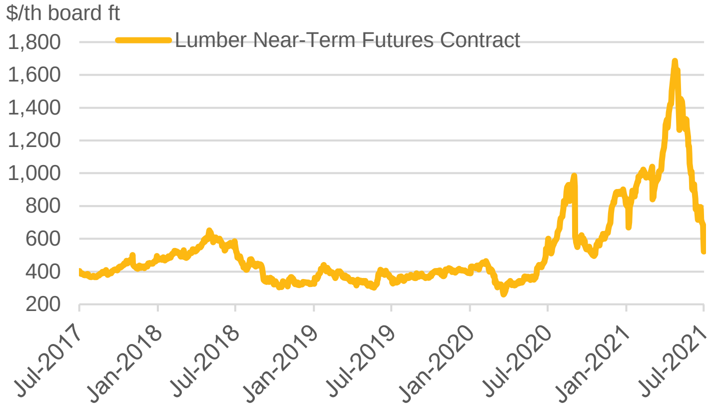
Nova Scotia – Exports and Housing Strength

Nova Scotia's improving economic momentum in 2021 stems from an above-average boost to nominal exports, led by food products. Most of the improvement is tied to the U.S. and Asian countries, excluding China. Also, housing market conditions in the Halifax-Darmouth region have been tightening to a greater extent than in several other areas in the country. The average home resale price jumped by more than $100K since the pandemic started. Housing starts are on track to increase at a double-digit pace this year and reach their highest level since the early 1990s. Phase 3 of the 5-phase reopening plan led to a partial easing of restrictions in late June. In summary, the broad economic context is only a tad better than the base case scenario laid out in the March 2021 budget. The new 4-year deficit reduction plan is solid and realistic.

New Brunswick – Benefitting from a New Lumber Prices Regime

New Brunswick's real GDP performance in 2021 is on track to lead the Atlantic Region, on top of registering one of the softest contraction in 2020. Nominal retail sales are already above pre-pandemic levels despite the presence of an elevated unemployment rate. As of mid-July, 50% of New Brunswickers aged 12 or older were fully vaccinated. Vaccination rates must reach 75% to enter the third and last phase of the government's reopening plan on August 2nd. Housing starts should stay near a decade-high for a second consecutive year in 2021. NB also benefits from stellar lumber prices. Lumber futures turned negative year-to-date, now trading below 500$/1000board ft, but remain close to 50% above the average price level registered between 2017 and 2020 (chart 10). NB's goods export sector outperforms other provinces. On the fiscal front, New Brunswick is the only province to have registered a balanced budget in FY 2020-21. For FY 2021-22, the economic backdrop should surpass the very conservative 2.9% real GDP growth assumption used in Budget 2021. Thus, we see an upside risk to the $245M projected deficit (0.6% of GDP) through stronger revenues. Furthermore, the Canadian Centre for Policy Alternatives think-thank estimates that Covid-related expenses are also the lowest per capita in NB among all provinces.

Chart 10: Lumber futures erased yearly gains but remain above medium-term historical average



Note: Last data point is July 16 2021.
Source: Refinitiv, CME.

PEI – Easing in Travel Restrictions to Improve Economic Momentum

Job creation has been muted on the island during the first half of 2021. The unemployment rate soared to 12.5% in June. The spring lobster season started later than usual due to COVID-19 and bad weather but ultimately turned out to be profitable as global demand boosted prices. A positive turnaround is in the making as PEI reopened its borders with the rest of Atlantic Canada last June. The reopening of interprovincial borders with the rest of the country scheduled for mid-July will pave the way to a more active tourism season, leading us to predict a return of the unemployment rate below 10%.

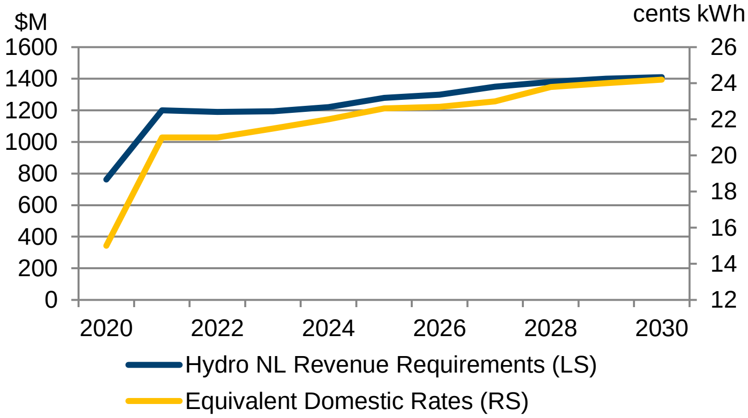
Newfoundland and Labrador – Oil Prices Boost, Muskrat Falls Remains Unresolved

The Newfoundland and Labrador economy weathered the pandemic. The unemployment rate, at 13% in June 2021, is very close to its February 2020 level of 12.4% with the participation rate being only less than 1 ppt lower than before. Despite the plunge in crude oil prices during part of 2020, oil production managed to increase by 9% to reach 104M barrels. The boom in commodities benefit NL with durable goods shipments up 65% relative to pre-pandemic levels. Primary metal sales are underpinning the strength. NL's biggest mining industry, iron ore, will certainly benefit from prices up 92% y/y in 2021. However, non-durable goods have yet to recover close to their pre-pandemic levels. Higher-than-forecast oil prices are also another good news. We project Brent oil prices to average US$69/bbl in 2021, increasing Newfoundland's offshore royalties by $69M relative to Budget 2021 forecasts. Higher oil revenues will marginally contribute to reduce the province's $826M deficit for FY 2021-22 (2.3% of GDP).

As we mentioned in our coverage of the 2021 budget however, the oil industry continues to face several long-term hurdles including a lack of foreign interest in offshore exploration. Several major projects including the West White Rose (7M barrels in 2020, 7% of total production) extension and the Terra Nova (11M barrels in 2019; 12% of total production) oilfield also received financial support from the province and the federal government in order to avoid permanent shutdowns or project cancellation.

The biggest issue for market participants remains the financial costs of Muskrat Falls. The $13-$14B hydroelectricity generation and transmission project accounts for a third of the province's total debt. It will start producing electricity this fall. In February 2020, NL's Public Utility Commission reiterated that, in order for Hydro NL to meet the revenue requirement of the project when in service, an additional $766M needs to be gathered from electricity consumers in 2021 (chart 11). To do so, electricity rate must jump from 15 cents/kWh to 22 cents/kWh, an unrealistic scenario that would have large negative consequences on the purchasing power of residents and stifle economic activity. As part of the 2019 *Atlantic Accord*, the federal government, which guarantees Muskrat Fall's debt, and the province, are currently negotiating a rate mitigation plan to avoid a surge in domestic electricity rates. So far, many hypotheses have circulated regarding asset monetization and a reorganization of the debt structure, but no official plan has been publicly lay out. We continue to believe that a deal will be reached on rate mitigation, but without excluding the presence of additional external partners, whether public or private entities.

Chart 11: Muskrat Falls unmitigated impact on ratepayers



Note: Unmitigated impact only.
Source: Board of Commissioners of Public Utility, page 98 and 100.

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Real GDP Growth (%)	2019	2020	2021	2022	2023
Canada	1.9	-5.3	6.2	4.1	2.4
N&L	4.0	-5.3	4.2	2.5	2.0
PEI	5.1	-3.0	4.5	3.7	3.5
NS	2.4	-3.2	4.6	3.4	2.7
NB	1.2	-3.7	5.3	3.1	2.0
Quebec	2.7	-5.3	7.1	3.6	2.3
Ontario	2.1	-5.0	6.0	4.4	2.5
Manitoba	0.6	-4.8	5.6	3.7	2.3
Sask	-0.7	-5.2	5.6	3.5	3.0
Alberta	0.1	-8.2	7.7	4.0	3.3
BC	2.7	-3.8	6.5	3.9	2.6

Source: Statistics Canada, LBS Econ. Research and Strategy

Nominal GDP Growth (%)	2019	2020	2021	2022	2023
Canada	3.6	-4.6	13.4	6.2	4.0
N&L	4.1	-10.3	18.2	4.5	4.0
PEI	7.0	-1.8	7.3	5.2	5.0
NS	3.8	-3.0	7.6	4.9	4.2
NB	3.0	-2.2	8.9	4.5	3.4
Quebec	4.3	-4.0	11.6	6.1	4.2
Ontario	3.8	-3.8	9.6	6.4	4.5
Manitoba	1.0	-3.4	11.6	5.1	3.7
Sask	0.1	-7.2	15.6	5.4	5.0
Alberta	2.7	-12.7	19.7	6.0	5.5
BC	4.4	-2.1	11.5	5.5	4.2

Source: Statistics Canada, LBS Econ. Research and Strategy

Unemployment Rate (%)	2019	2020	2021	2022	2023
Canada	5.7	9.5	7.5	6.2	5.8
N&L	11.9	13.8	12.7	12.1	11.5
PEI	8.8	10.6	8.5	7.7	7.4
NS	7.2	9.6	8.6	7.6	7.3
NB	8.0	9.8	7.8	6.1	5.5
Quebec	5.1	8.9	6.4	5.6	5.2
Ontario	5.6	9.6	8.4	7.1	6.4
Manitoba	5.3	7.9	7.4	6.6	6.0
Sask	5.4	8.3	6.7	5.9	5.7
Alberta	6.9	11.4	8.9	7.7	7.0
BC	4.7	8.9	6.5	5.1	4.6

Source: Statistics Canada, LBS Econ. Research and Strategy

Employment (annual change in %)	2019	2020	2021	2022	2023
Canada	2.1	-5.2	4.6	3.1	1.2
N&L	0.7	-5.9	3.5	0.7	0.4
PEI	2.7	-2.6	3.1	2.4	1.7
NS	2.2	-4.6	4.8	2.4	1.8
NB	0.7	-2.5	3.3	2.0	0.6
Quebec	1.7	-4.6	4.3	2.7	1.3
Ontario	2.9	-4.9	4.0	3.1	1.6
Manitoba	0.9	-3.5	3.8	2.9	1.6
Sask	1.6	-4.9	3.1	2.6	1.2
Alberta	0.5	-7.2	4.8	2.8	1.2
BC	2.6	-6.1	6.2	2.8	1.4

Source: Statistics Canada, LBS Econ. Research and Strategy

CPI Inflation (%)	2019	2020	2021	2022	2023
Canada	1.9	0.8	2.7	2.2	2.0
N&L	1.0	0.2	3.2	2.0	1.9
PEI	1.2	0.0	3.3	2.1	2.0
NS	1.6	0.3	3.3	2.1	2.0
NB	1.7	0.2	3.1	2.1	2.0
Quebec	2.1	0.8	3.2	2.2	2.0
Ontario	1.9	0.6	2.9	2.2	2.0
Manitoba	2.3	0.5	2.7	2.2	2.0
Sask	1.7	0.6	2.7	2.0	2.0
Alberta	1.7	1.1	2.7	2.0	2.0
BC	2.3	0.8	2.7	2.2	2.0

Source: Statistics Canada, LBS Econ. Research and Strategy

Housing Starts (000s of units)	2019	2020	2021	2022	2023
Canada	**209**	**217**	**259**	**211**	**198**
N&L	0.9	0.8	1.1	0.8	0.8
PEI	1.5	1.2	0.9	0.9	0.9
NS	4.7	4.8	5.4	4.5	4.2
NB	2.9	3.5	3.5	2.5	2.4
Quebec	48.0	53.4	69.0	52.0	43.0
Ontario	69.0	80.8	93.0	79.0	76.0
Manitoba	6.9	7.3	7.1	6.5	6.4
Sask	2.4	3.1	5.1	3.8	3.2
Alberta	27.3	24.0	31.0	26.0	27.0
BC	44.9	37.9	43.0	35.0	34.0

Source: CMHC, LBS Econ. Research and Strategy.