



# Laurentian Bank Securities ECONOMIC RESEARCH AND STRATEGY

## Forecast Tables – September 2017

| Canadian Economic Forecasts |            |        |        |        |        |                |      |      |      |       |      |      |      |
|-----------------------------|------------|--------|--------|--------|--------|----------------|------|------|------|-------|------|------|------|
|                             | (q/q saar) |        |        |        |        | Annual Average |      |      |      | Q4/Q4 |      |      |      |
|                             | 2016Q4     | 2017Q1 | 2017Q2 | 2017Q3 | 2017Q4 | 2016           | 2017 | 2018 | 2019 | 2015  | 2016 | 2017 | 2018 |
| <b>Real GDP</b>             | 2.7        | 3.7    | 4.5    | 1.8    | 1.8    | 1.5            | 3.0  | 2.0  | 1.8  | 0.4   | 2.0  | 2.9  | 1.8  |
| Consumption                 | 3.0        | 4.8    | 4.6    | 1.8    | 2.2    | 2.4            | 3.5  | 2.1  | 1.8  | 1.7   | 2.7  | 3.3  | 1.8  |
| Business investment         | -20.1      | 13.8   | 7.1    | 7.0    | 2.6    | -8.0           | 1.7  | 3.9  | 3.2  | -15.2 | -7.4 | 7.5  | 3.4  |
| Non-residential structures  | -32.5      | 3.9    | 9.8    | 2.0    | 2.0    | -10.8          | -1.6 | 3.5  | 3.7  | -21.4 | -8.9 | 4.4  | 3.7  |
| Machinery and equipment     | -3.2       | 28.9   | 3.6    | 10.0   | 4.0    | -5.3           | 5.9  | 4.4  | 3.2  | -6.1  | -5.5 | 11.2 | 3.5  |
| Residential construction    | 6.3        | 12.3   | -4.7   | -2.5   | -1.5   | 3.0            | 2.2  | -1.2 | 0.8  | 2.3   | 2.9  | 0.7  | -0.1 |
| Government spending         | 2.1        | 0.7    | 2.2    | 2.2    | 2.2    | 1.8            | 1.5  | 2.3  | 2.3  | 2.0   | 2.2  | 1.8  | 2.4  |
| Exports                     | 0.8        | 1.5    | 9.6    | 2.6    | 2.3    | 1.0            | 2.9  | 2.7  | 2.4  | 1.8   | 0.8  | 4.0  | 2.2  |
| Imports                     | -11.3      | 15.6   | 7.4    | 2.0    | 1.9    | -0.9           | 3.8  | 2.3  | 2.1  | -2.9  | -0.8 | 6.6  | 2.0  |
| Total CPI Inflation *       | 1.4        | 1.9    | 1.3    | 1.3    | 1.8    | 1.4            | 1.6  | 1.7  | 1.8  | 1.3   | 1.4  | 1.8  | 2.0  |
| Unemployment rate (%)*      | 6.9        | 6.7    | 6.5    | 6.2    | 6.1    | 7.0            | 6.4  | 6.0  | 6.0  | -     | -    | -    | -    |
| Employment                  | 2.6        | 2.1    | 1.6    | 1.1    | 1.2    | 0.7            | 1.7  | 1.0  | 0.7  | 0.8   | 1.1  | 1.5  | 0.8  |
| Housing starts (in 000s)*   | 197        | 223    | 207    | 220    | 195    | 198            | 211  | 194  | 190  | -     | -    | -    | -    |
| Nominal GDP                 | 7.4        | 8.0    | 2.9    | 2.9    | 4.3    | 2.1            | 5.3  | 3.8  | 3.6  | -0.4  | 4.0  | 4.5  | 4.0  |

\*Average for the period.

| Financial Forecasts        |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                            | 15Q3  | 15Q4  | 16Q1  | 16Q2  | 16Q3  | 16Q4  | 17Q1  | 17Q2  | 17Q3  | 17Q4  | 18Q1  | 18Q2  | 18Q3  | 18Q4  |
| <b>Canada</b>              |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Overnight Rate Target      | 0.50  | 0.50  | 0.50  | 0.50  | 0.50  | 0.50  | 0.50  | 0.50  | 1.00  | 1.00  | 1.25  | 1.25  | 1.25  | 1.25  |
| 3-Month Treasury Bills     | 0.43  | 0.51  | 0.45  | 0.50  | 0.52  | 0.48  | 0.54  | 0.71  | 1.00  | 1.00  | 1.25  | 1.25  | 1.25  | 1.25  |
| 2-Year Bond                | 0.53  | 0.48  | 0.54  | 0.52  | 0.54  | 0.74  | 0.75  | 1.09  | 1.55  | 1.60  | 1.80  | 1.85  | 1.90  | 1.95  |
| 5-Year Bond                | 0.81  | 0.73  | 0.68  | 0.57  | 0.61  | 1.11  | 1.11  | 1.38  | 1.80  | 1.85  | 2.00  | 2.05  | 2.10  | 2.15  |
| 10-Year Bond               | 1.45  | 1.39  | 1.23  | 1.06  | 1.19  | 1.72  | 1.62  | 1.75  | 2.10  | 2.15  | 2.25  | 2.30  | 2.35  | 2.40  |
| 30-Year Bond               | 2.21  | 2.15  | 2.00  | 1.71  | 1.85  | 2.31  | 2.30  | 2.14  | 2.45  | 2.60  | 2.65  | 2.70  | 2.75  | 2.80  |
| <b>United States</b>       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Federal Funds Rate Target* | 0.125 | 0.375 | 0.375 | 0.375 | 0.375 | 0.625 | 0.875 | 1.125 | 1.125 | 1.375 | 1.625 | 1.625 | 1.875 | 1.875 |
| 3-Month Treasury Bills     | 0.00  | 0.16  | 0.21  | 0.22  | 0.33  | 0.61  | 0.74  | 1.01  | 1.05  | 1.35  | 1.50  | 1.55  | 1.80  | 1.85  |
| 2-Year Bond                | 0.64  | 1.06  | 0.76  | 0.59  | 0.76  | 1.18  | 1.25  | 1.38  | 1.40  | 1.55  | 1.75  | 1.95  | 2.05  | 2.15  |
| 5-Year Bond                | 1.37  | 1.76  | 1.21  | 1.00  | 1.24  | 1.93  | 1.93  | 1.89  | 1.90  | 2.10  | 2.20  | 2.30  | 2.40  | 2.55  |
| 10-Year Bond               | 2.06  | 2.27  | 1.78  | 1.46  | 1.59  | 2.44  | 2.39  | 2.30  | 2.30  | 2.40  | 2.50  | 2.65  | 2.80  | 2.90  |
| 30-Year Bond               | 2.87  | 3.01  | 2.61  | 2.28  | 2.31  | 3.07  | 3.01  | 2.83  | 2.85  | 3.00  | 3.10  | 3.20  | 3.30  | 3.40  |
| Canadian Dollar (US\$/C\$) | 0.75  | 0.72  | 0.77  | 0.76  | 0.76  | 0.75  | 0.75  | 0.77  | 0.81  | 0.80  | 0.80  | 0.81  | 0.81  | 0.82  |
| S&P 500 Index              | 1920  | 2044  | 2060  | 2099  | 2168  | 2239  | 2366  | 2423  | ---   | 2500  | 2525  | 2550  | 2560  | 2575  |
| TSX Index                  | 13307 | 13010 | 13494 | 14064 | 14726 | 15288 | 15548 | 15350 | ---   | 16500 | 16500 | 16800 | 16900 | 17000 |
| Oil WTI (US\$/barrel)      | 45.1  | 37.0  | 38.3  | 48.3  | 48.2  | 53.7  | 50.7  | 46    | 52    | 60    | 62    | 64    | 66    | 67    |

Quarter-end data and annual averages