



# Laurentian Bank Securities ECONOMIC RESEARCH AND STRATEGY

Sébastien Lavoie • Chief Economist  
514 350-2931 • [LavoieS@vmbi.ca](mailto:LavoieS@vmbi.ca)

Dominique Lapointe, CFA • Senior Economist  
514 350-2924 • [LapointeD@vmbi.ca](mailto:LapointeD@vmbi.ca)

7 October 2020

## Economic and Financial Forecast

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	0.6	-8.2	-38.7	40.1	3.6	3.4	5.0	6.9	4.0	1.7	-6.1	4.7	3.0
Consumer Spending	2.2	1.8	-12.4	-43.0	57.2	3.0	5.0	7.3	6.7	4.1	1.6	-7.0	6.4	3.4
Private investment	3.0	-5.0	-2.1	-52.7	9.9	6.5	10.0	11.4	13.4	10.0	-0.4	-12.8	4.1	6.0
Business Investment	3.0	-5.0	-2.1	-52.7	9.9	6.5	10.0	11.4	13.4	10.0	-0.4	-12.8	4.1	6.0
Non-residential structures	7.7	0.7	6.9	-51.5	10.0	7.5	10.0	12.0	15.0	10.0	0.7	-8.5	4.8	5.6
Machinery and equipment	-3.7	-13.2	-17.2	-64.6	25.0	4.0	12.0	10.0	10.0	7.5	-0.1	-22.3	2.9	4.4
Residential Investment	13.8	1.2	-3.0	-47.6	100.0	1.0	0.0	0.0	1.0	2.5	-0.6	-1.6	4.9	1.8
Government Spending	2.7	1.0	-0.2	-11.6	12.5	4.4	5.3	6.5	5.0	4.7	1.8	-0.1	5.0	2.7
Exports	-0.4	-4.5	-8.6	-55.6	75.3	8.0	5.5	1.2	5.1	4.3	1.3	-9.6	5.7	3.1
Imports	0.2	-3.2	-9.9	-64.1	114.5	7.4	8.0	5.0	3.8	5.4	0.6	-11.5	8.0	3.7
Total CPI Inflation *	1.9	2.1	1.8	0.0	0.4	0.7	1.0	1.6	1.7	1.8	1.9	0.7	1.5	1.8
Unemployment rate (%)*	5.6	5.7	6.3	13.0	10.4	10.4	10.2	9.2	8.0	7.4	5.7	10.0	8.7	7.1
Employment	1.1	0.5	-5.8	-38.4	36.0	0.8	3.0	5.0	6.0	3.0	2.1	-6.0	3.5	2.2
Housing Starts (in 000s, annualized)	223	201	209	191	232	225	180	180	185	195	209	214	185	200
Nominal GDP	1.09	4.15	-9.9	-44.4	46.8	7.6	5.0	6.5	9.6	6.1	3.6	-5.7	6.8	5.0

\*Average for the period.  
Updated: October 2020

Financial Forecasts											
	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q4	23Q4	
<b>Canada</b>											
<b>Overnight Rate Target</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>0.25</b>	<b>0.25</b>	<b>0.25</b>	
3-Month Treasury Bills	0.22	0.20	0.12	0.15	0.22	0.25	0.25	0.25	0.25	0.25	
2-Year Bond	0.42	0.28	0.24	0.25	0.30	0.45	0.50	0.65	0.75	0.95	
5-Year Bond	0.58	0.37	0.35	0.40	0.55	0.65	0.80	0.90	1.10	1.25	
10-Year Bond	0.69	0.53	0.56	0.60	0.60	0.75	1.05	1.10	1.45	1.60	
30-Year Bond	1.30	0.99	1.11	1.15	1.20	1.25	1.30	1.35	1.60	1.80	
<b>Canadian Dollar (US\$/C\$)</b>	<b>0.70</b>	<b>0.73</b>	<b>0.75</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.76</b>	<b>0.77</b>	
<b>S&amp;P 500 Index</b>	2,585	3100	3363	3,400	3,500	3,600	3,800	3,900	4,100	4,100	
<b>TSX Index</b>	13,379	15,515	16,121	16,350	16,500	17,000	17,500	17,700	18,700	19,700	
<b>Oil WTI (US\$/barrel)</b>	20	39	40	40	42	45	48	50	50	55	

Quarter-end data

Updated: October 2020 \* Upper bound of the target range for the Fed funds rate.

This document is intended only to convey information. It is not to be construed as an investment guide or as an offer or solicitation of an offer to buy or sell any of the securities mentioned in it. The author is an employee of Laurentian Bank Securities (LBS), a wholly owned subsidiary of the Laurentian Bank of Canada. The author has taken all usual and reasonable precautions to determine that the information contained in this document has been obtained from sources believed to be reliable and that the procedures used to summarize and analyze it are based on accepted practices and principles. However, the market forces underlying investment value are subject to evolve suddenly and dramatically. Consequently, neither the author nor LBS can make any warranty as to the accuracy or completeness of information, analysis or views contained in this document or their usefulness or suitability in any particular circumstance. You should not make any investment or undertake any portfolio assessment or other transaction on the basis of this document, but should first consult your Investment Advisor, who can assess the relevant factors of any proposed investment or transaction. LBS and the author accept no liability of whatsoever kind for any damages incurred as a result of the use of this document or of its contents in contravention of this notice. This report, the information, opinions or conclusions, in whole or in part, may not be reproduced, distributed, published or referred to in any manner whatsoever without in each case the prior express written consent of Laurentian Bank Securities.