

# CANADA'S ECONOMY SET TO TAKE OFF



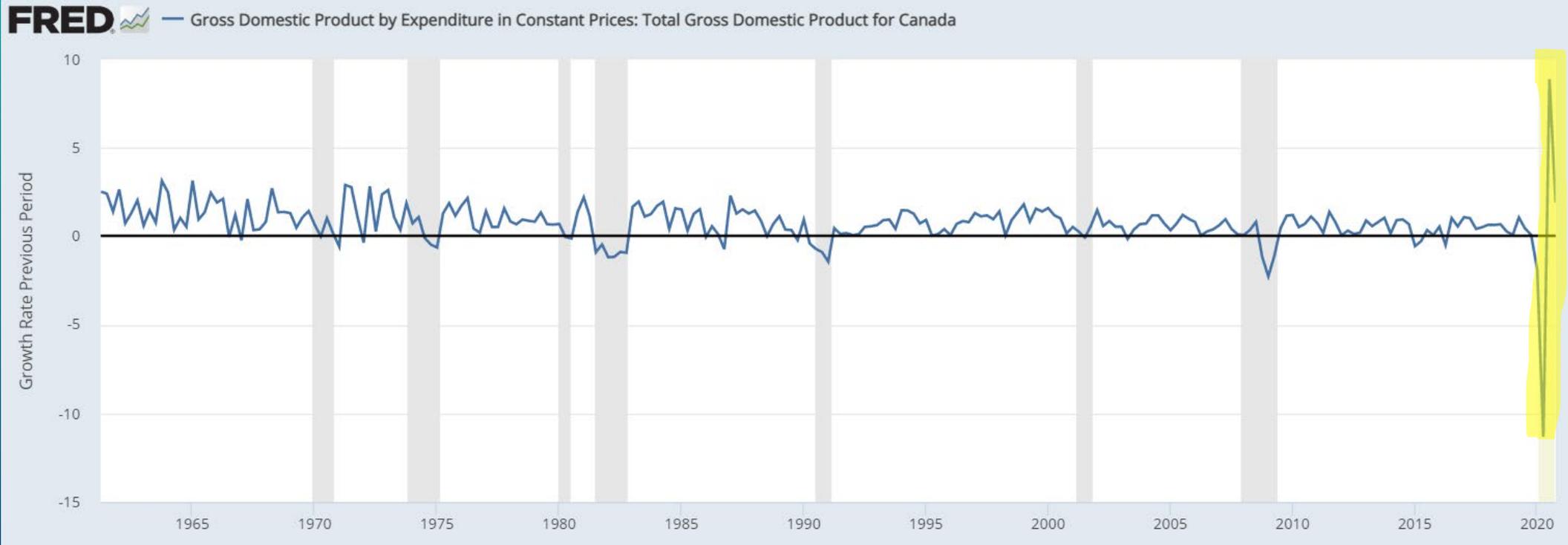
Appraisal Institute of Canada  
Ontario

MARCH 23, 2021

ECONOMIC INSIGHTS WITH  
**DR. SHERRY COOPER**

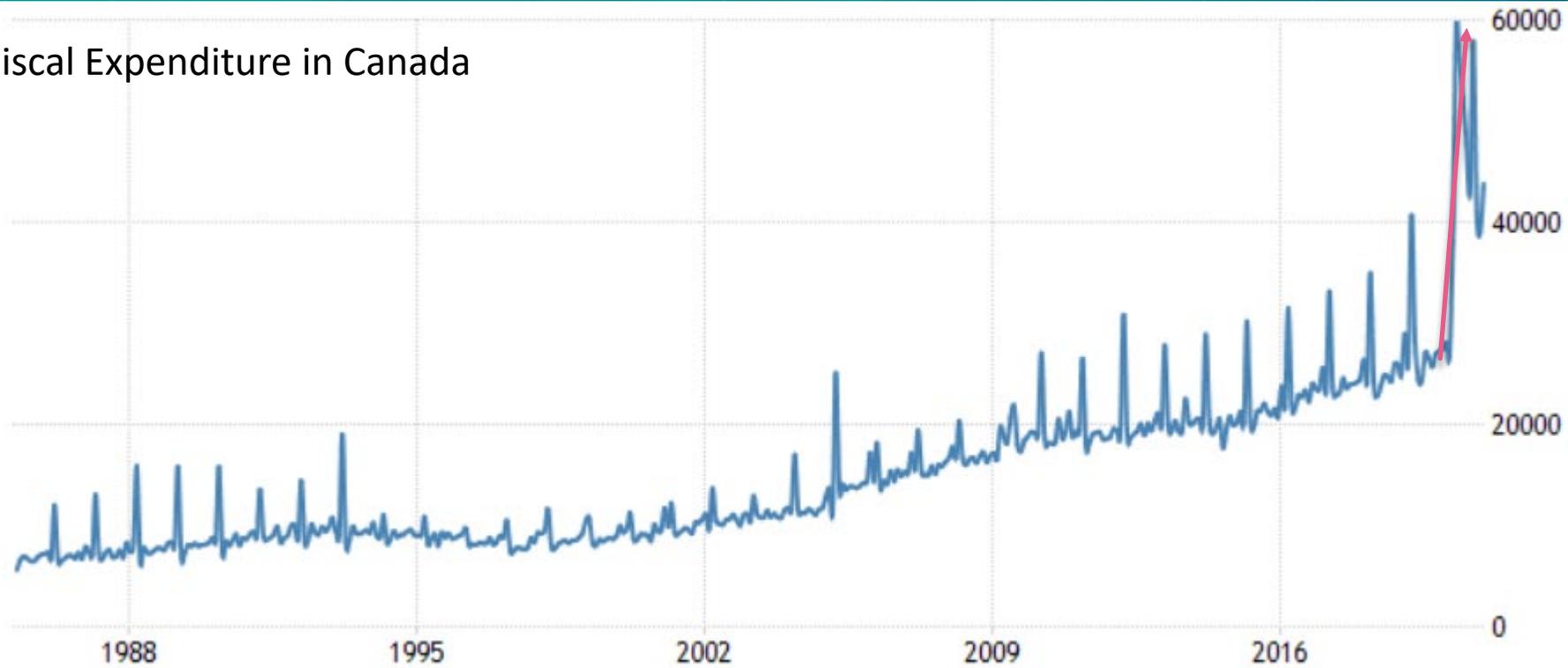


# NO ORDINARY RECESSION-- PANDEMIC IS A NATURAL DISASTER



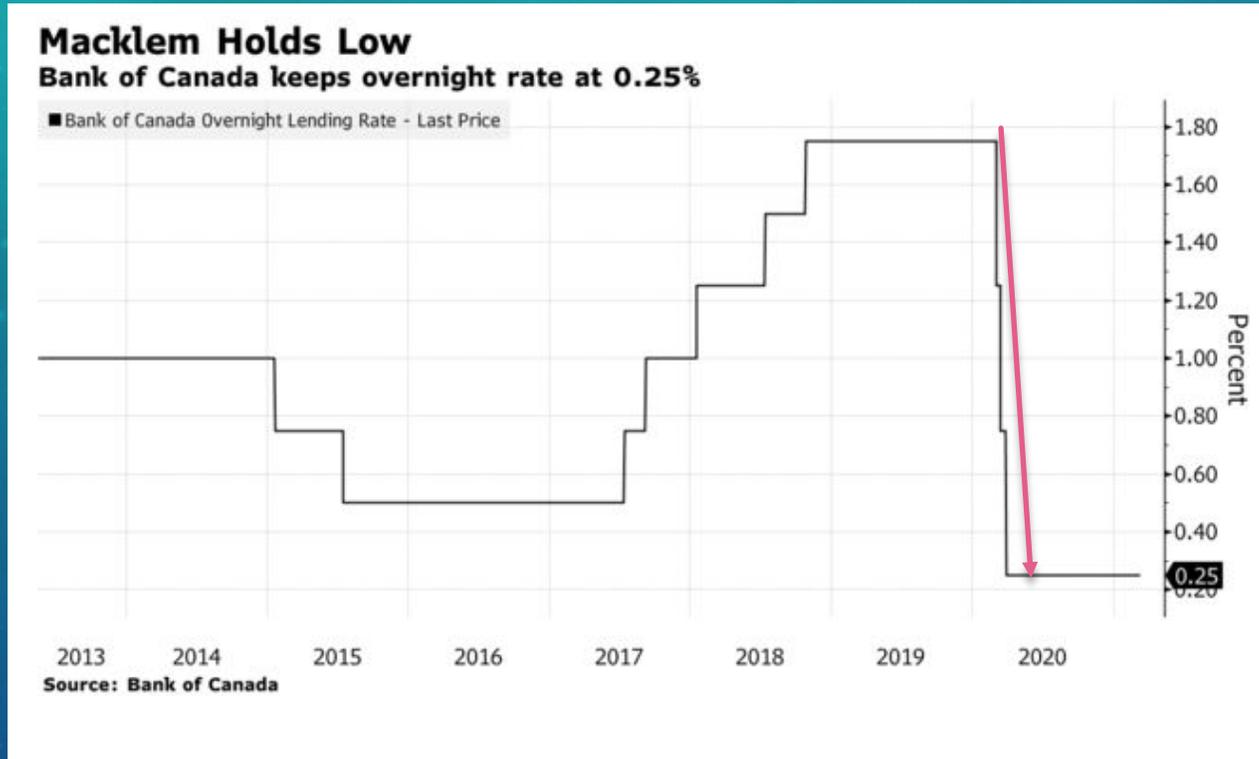
# FEDERAL GOVERNMENT CUSHIONED THE BLOW

Fiscal Expenditure in Canada



SOURCE: TRADINGECONOMICS.COM | DEPARTMENT OF FINANCE CANADA

# BANK OF CANADA CAME TO THE RESCUE



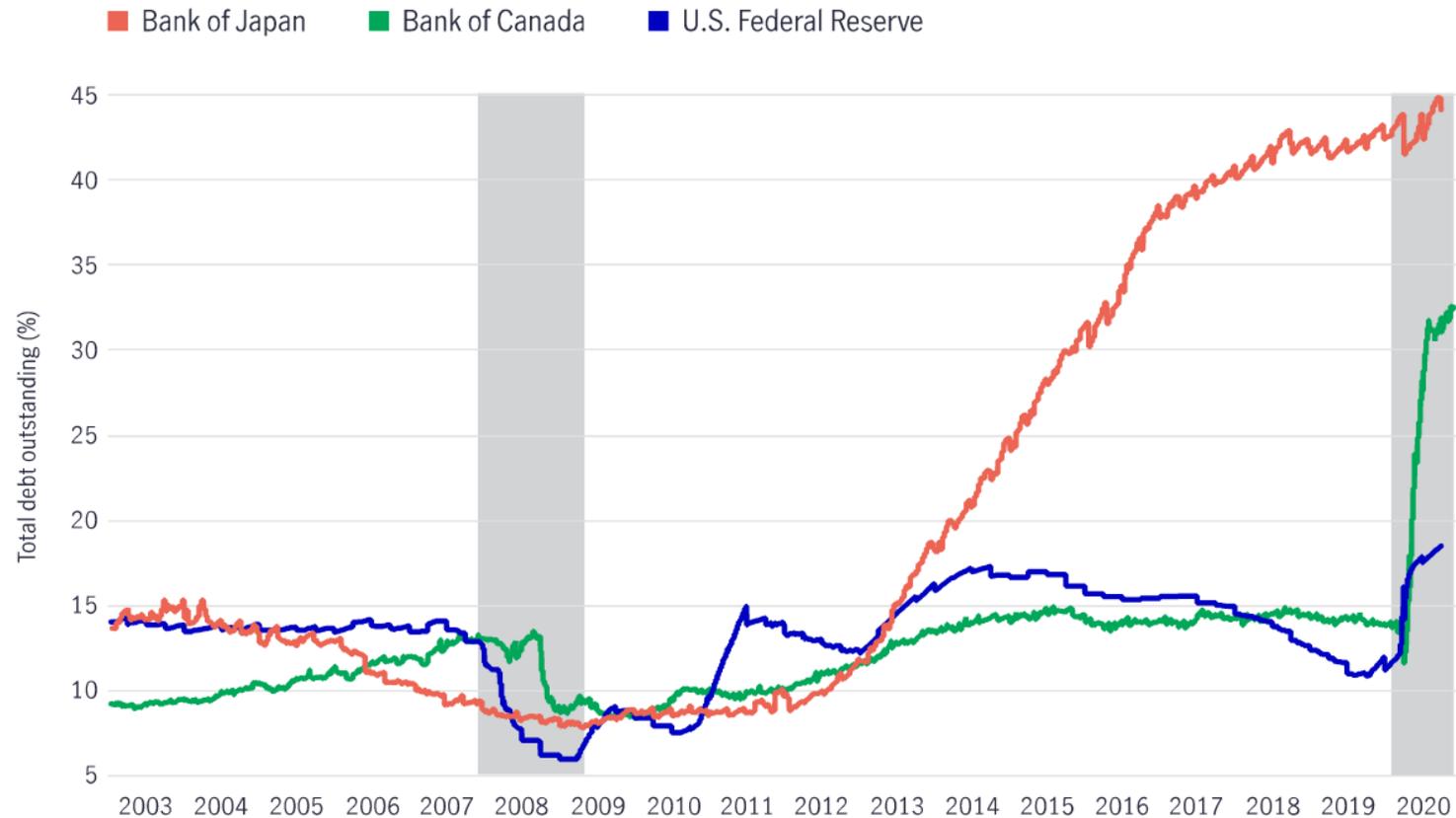
Bank Remains Dovish:

Will Keep Overnight Rate Low Until Near Full-Employment

# BANK OF CANADA BUYING GOVERNMENT BONDS— AT LEAST \$4 BILLION PER WEEK



Central bank holdings of government debt



# 1 MILLION CANADIANS SUFFER INCOME LOSS

**Canadian Unemployment Rate at 8.2%**



**Slack Remains**

**From A Low Of  
5.6%**

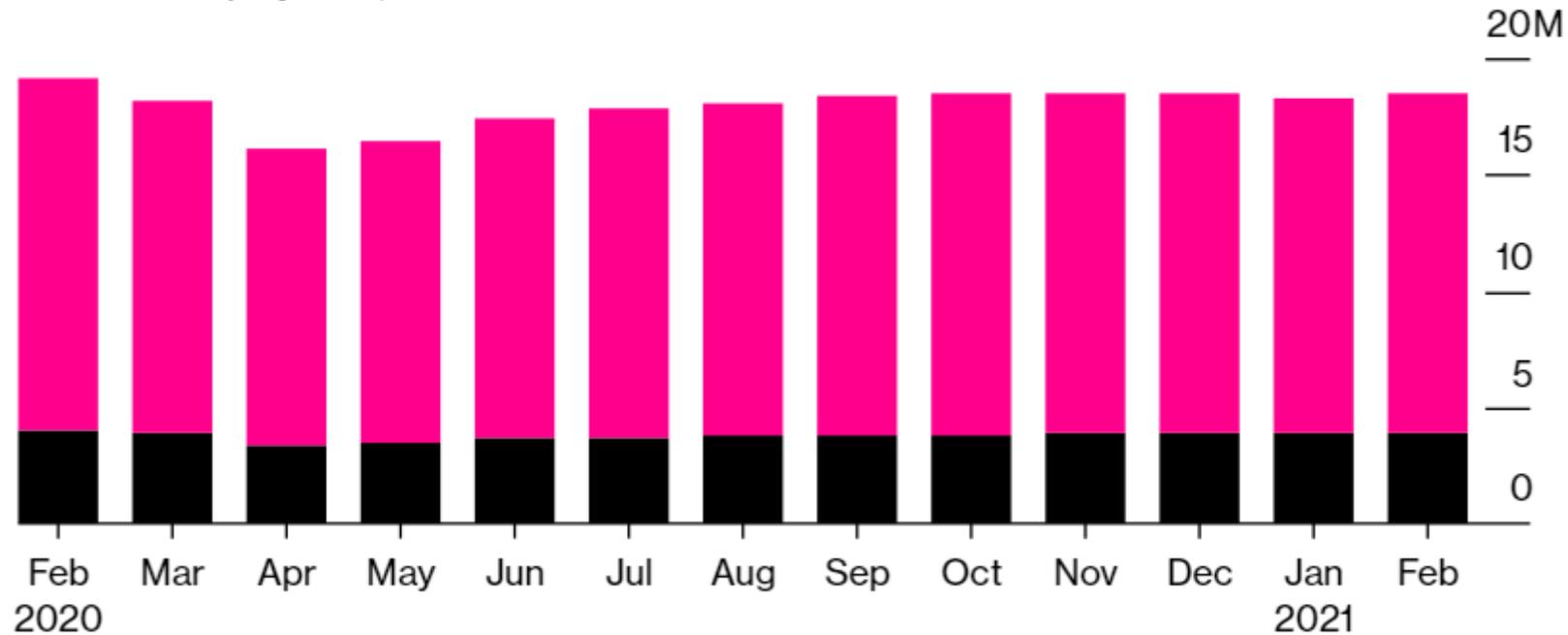
# 90% OF PANDEMIC LAYOFFS IN SERVICE SECTOR



## Labor Recovers Unevenly

Service-industry layoffs account for nearly 90% of pandemic job losses

■ Goods Employment, Total ■ Services



Source: Statistics Canada

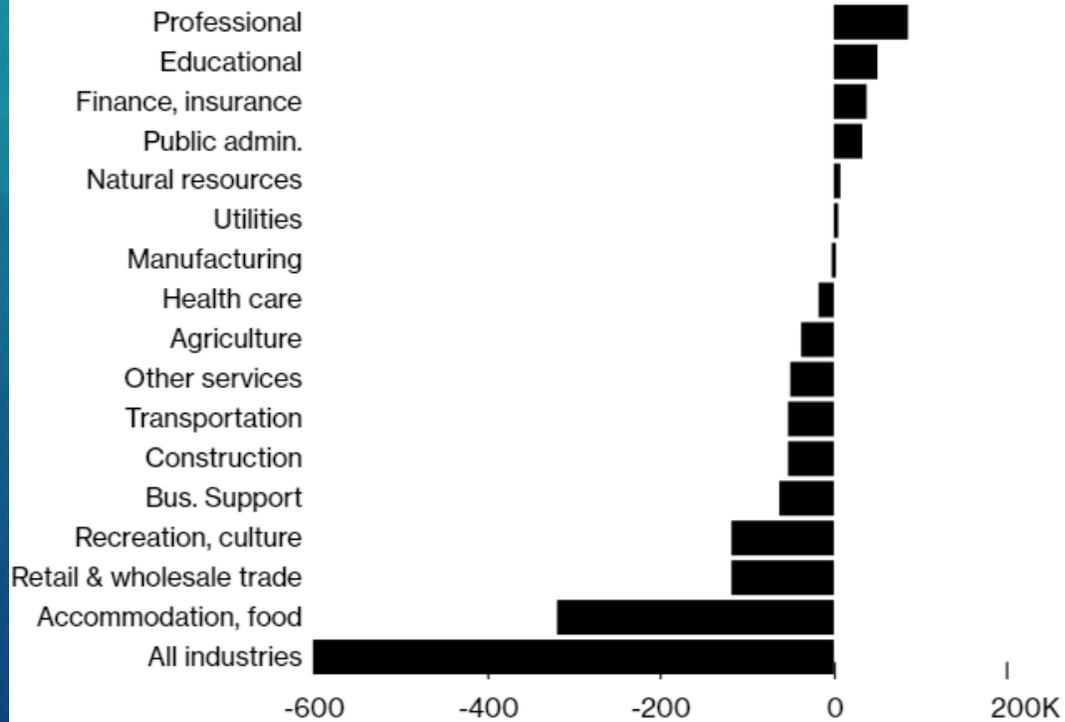
# CLOSE-CONTACT JOBS STILL LANGUISH



## One Year Later

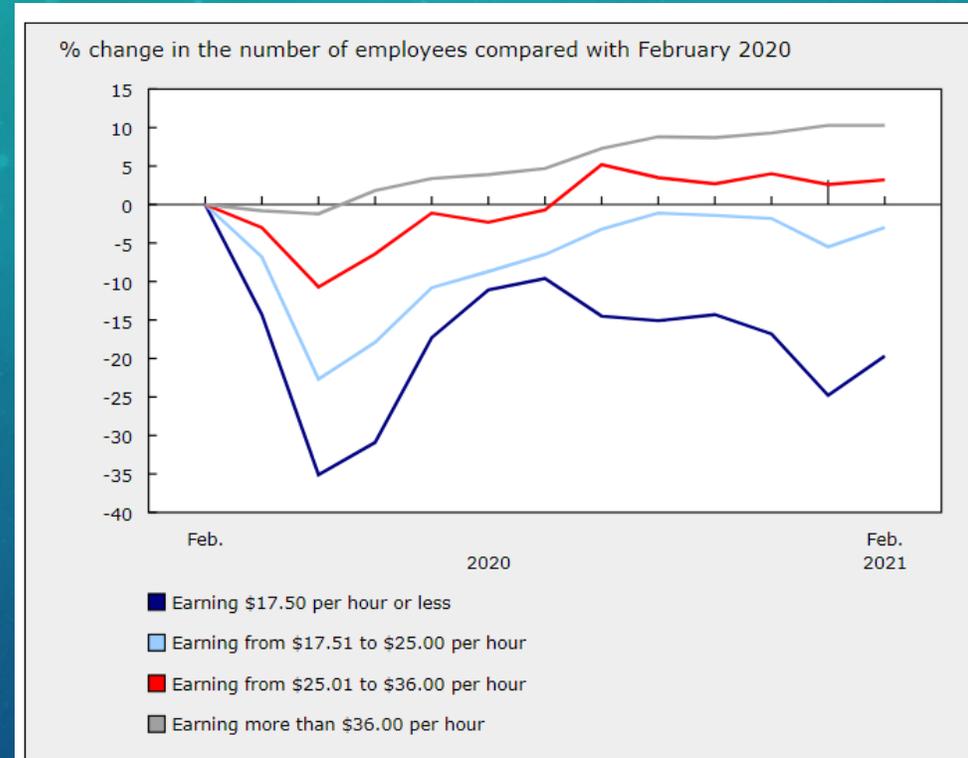
Jobs in Canada's close-contact service industries are still suffering

■ Change in Employment Since Feb. 2020



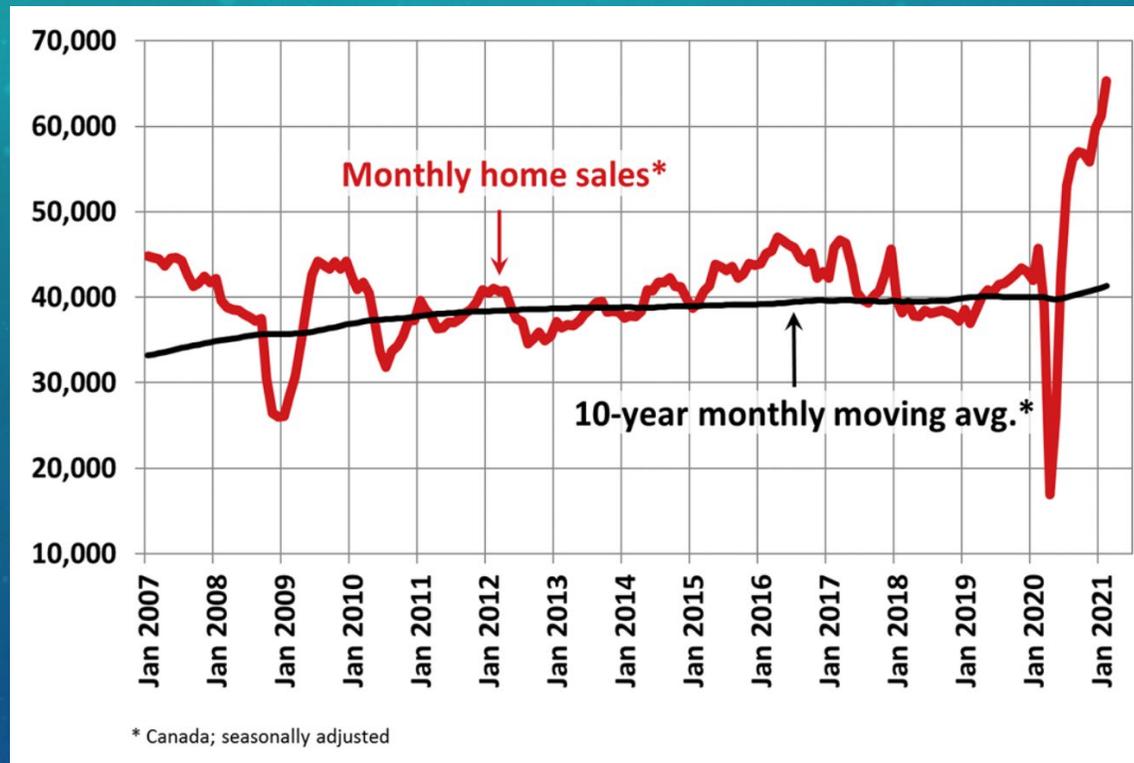
Source: Statistics Canada

# HARDEST HIT ARE LOW-INCOME CANADIANS



Help Explain Strength in Housing

# HOME SALES AT RECORD HIGH NATIONALLY

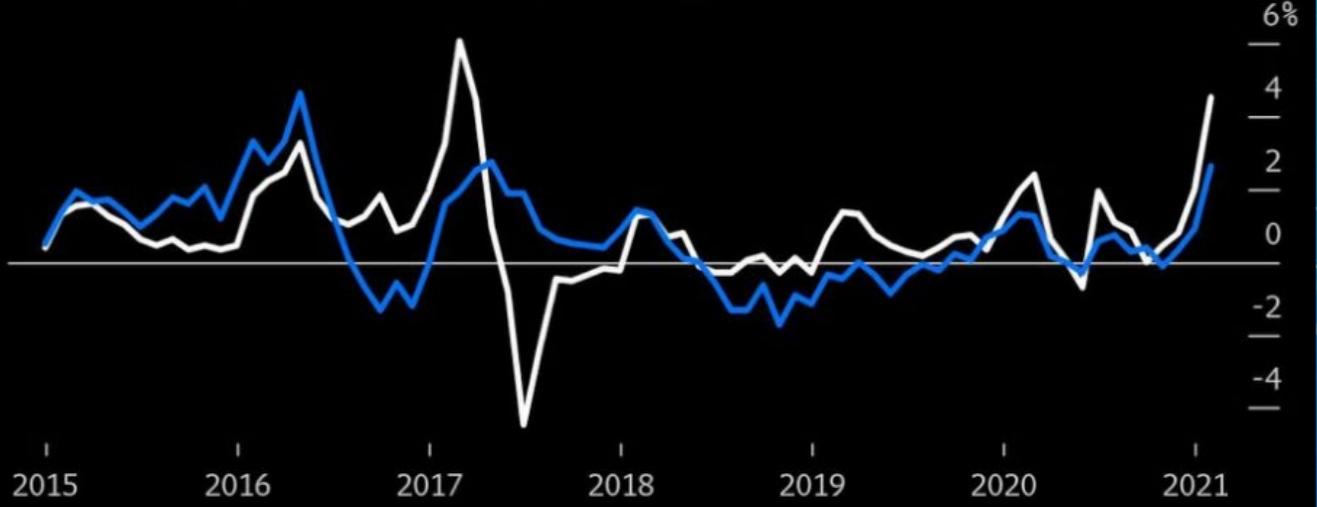




### Canada Housing, Reheated

House prices accelerating in Canada's most expensive markets

— Monthly Change in Benchmark Price, Toronto — Vancouver



Source: CREA, TRREB, REBGV, Bloomberg calculations

Bloomberg

HOUSE PRICES ACCELERATE AS SUPPLY REMAINS LOW

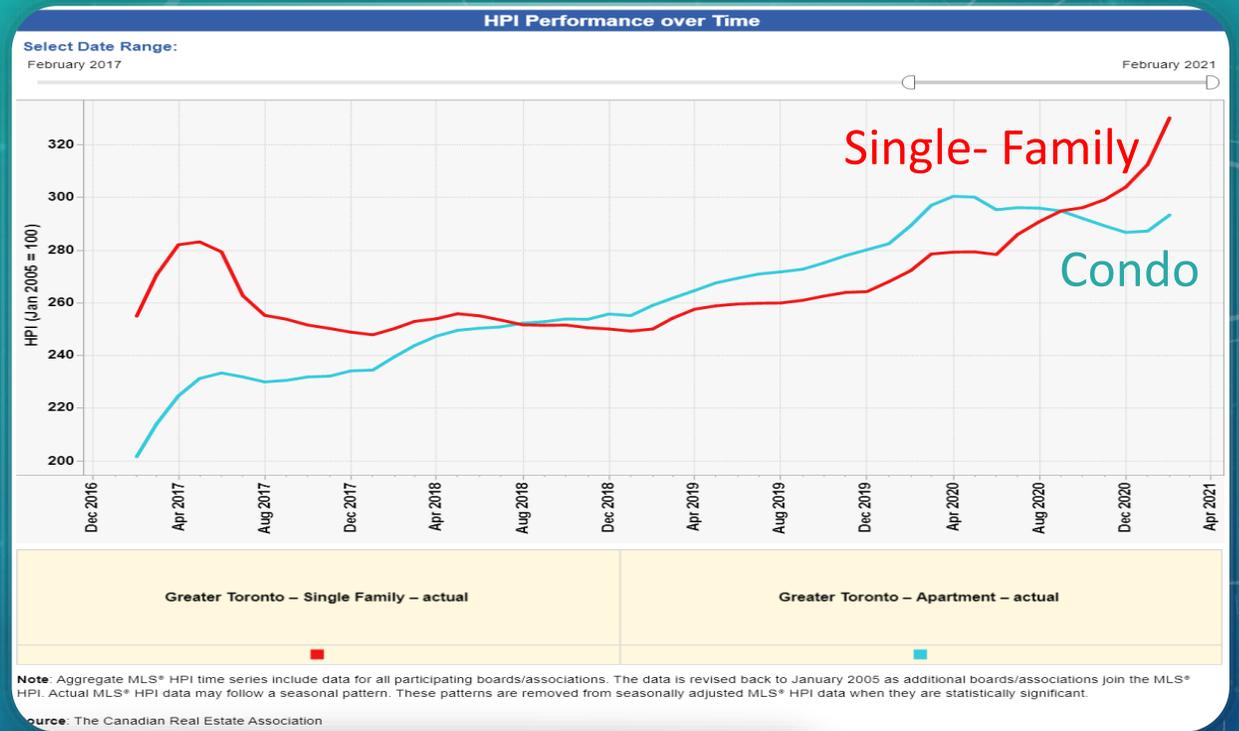
# HOME PRICES SURGE IN ONTARIO



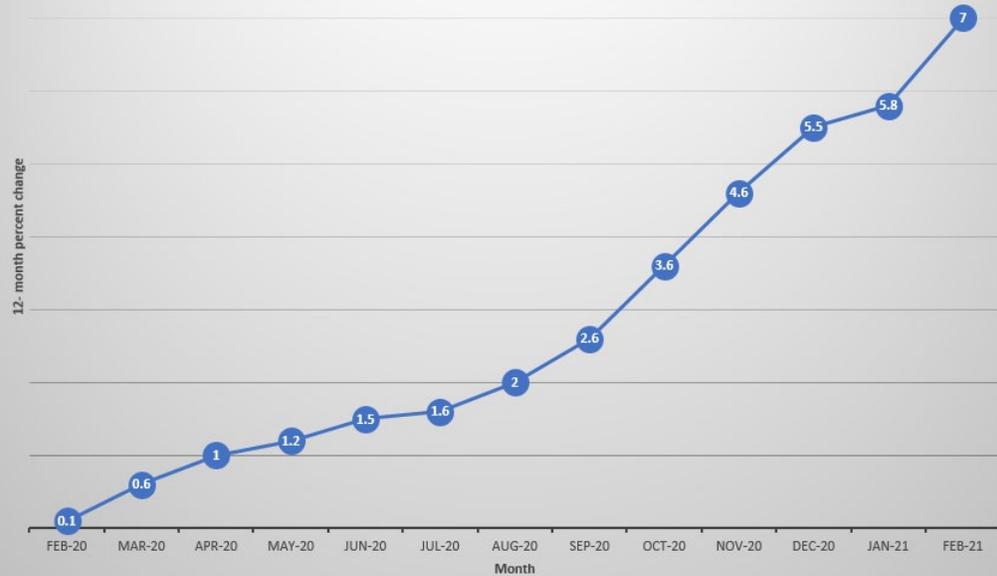
## MLS Home Price Index

ONTARIO	Feb '21 \$	% 1-month	% 3-months	% 1-year	% 3-years
Barrie	\$678,100	6.05	11.82	33.56	43.54
Mississauga	\$1,022,000	2.90	5.46	13.26	37.09
Oakville-Milton	\$1,305,300	3.36	12.12	21.81	33.58
Simcoe & District	\$494,700	3.08	11.77	32.36	56.79
Greater Toronto	\$973,100	3.41	6.50	14.72	28.74
Woodstock	\$520,400	5.62	10.93	36.49	69.68

# GTA SINGLE-FAMILY HOUSE PRICES RISE FASTER THAN CONDOS



Homeowner's Replacement Cost  
(12-Month % Change)



HOME CONSTRUCTION COSTS RISING SHARPLY

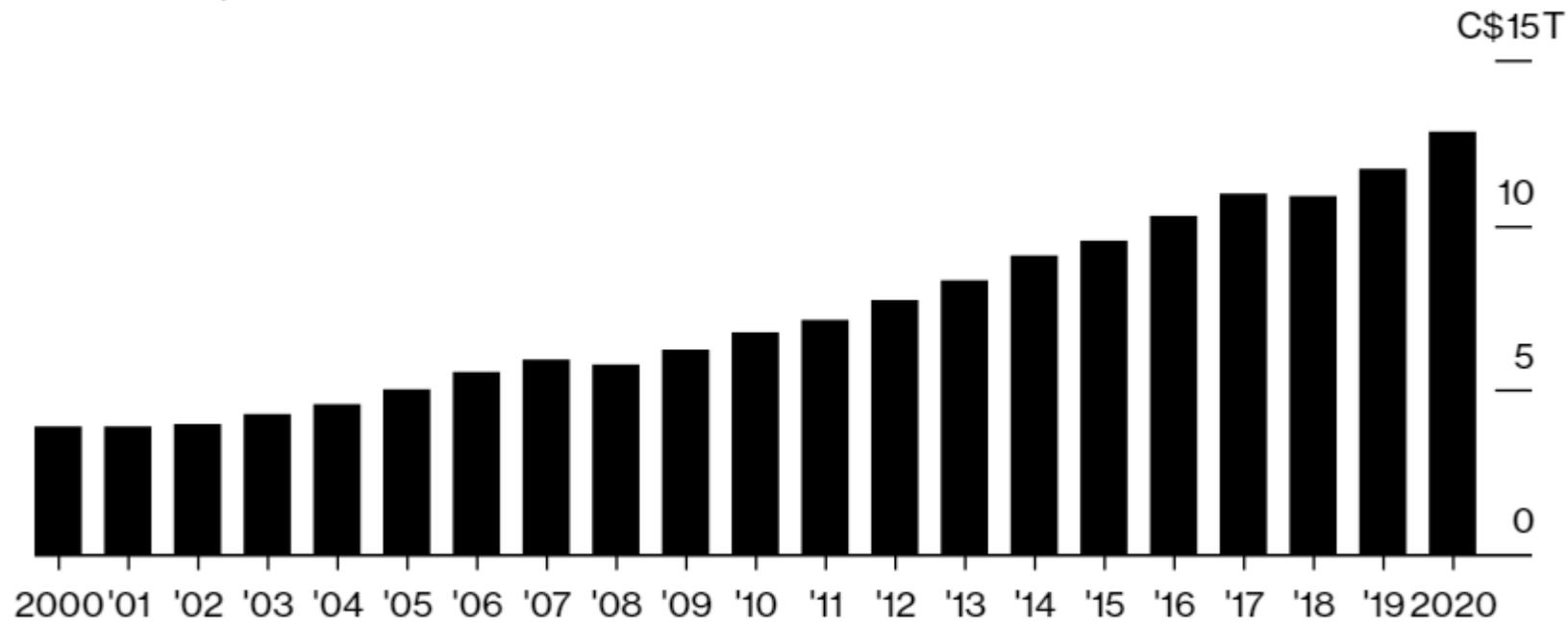
# RICH GETTING RICHER



## Wealth Keeps Climbing

The net worth of Canadian households rose 9% over the past year

■ Net Worth, Household Sector



Source: Statistics Canada

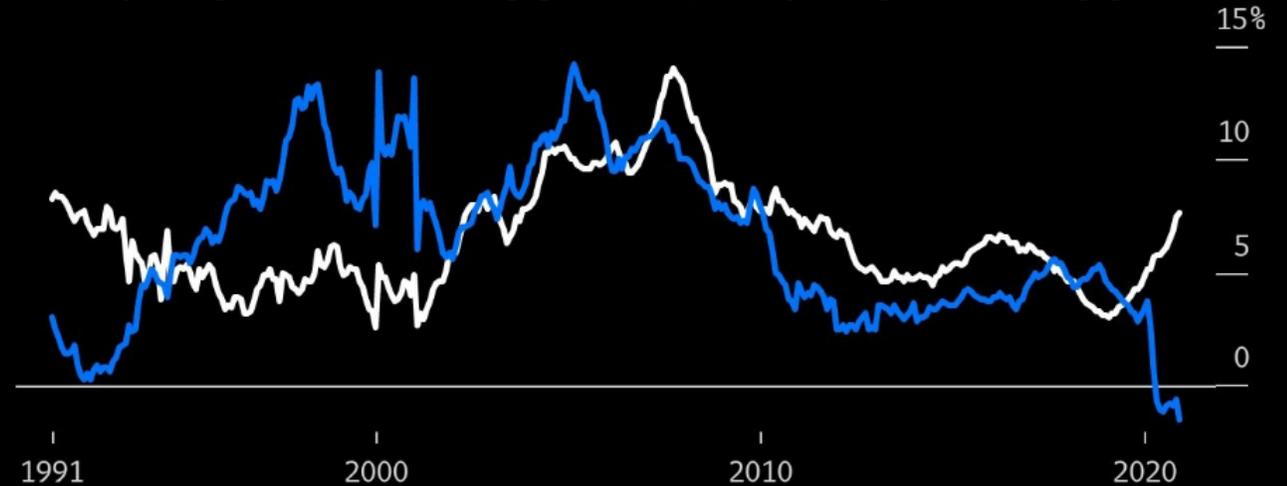
# RECORD-LOW MORTGAGE RATES SPUR BORROWING



## Mortgage Binge

Housing debt in Canada rises at fastest pace in a decade

Yearly Change in Residential Mortgage Credit Yearly Change in Non-Mortgage Credit



Source: Statistics Canada

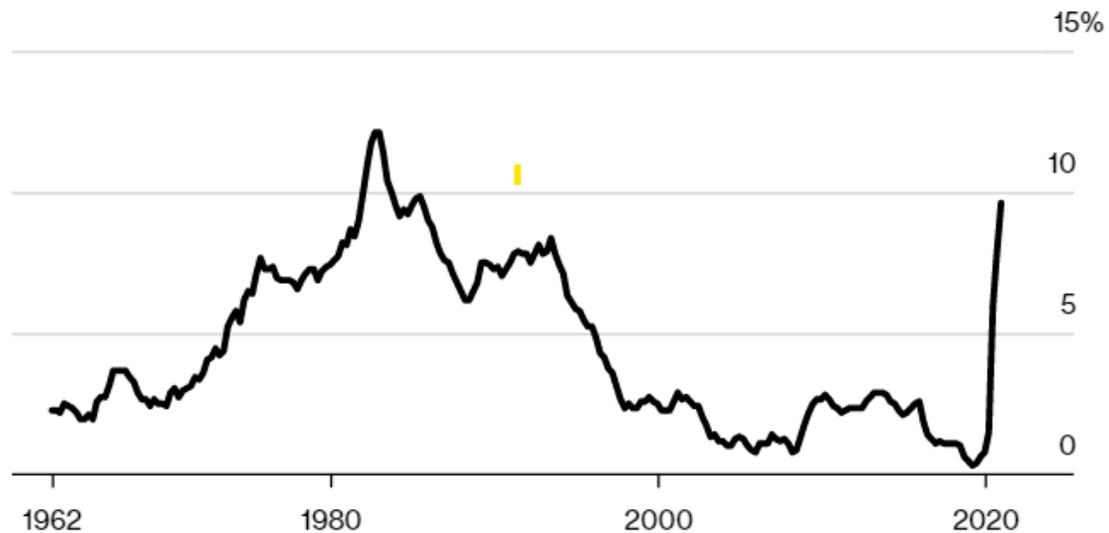
Bloomberg

# LOTS OF PENT-UP DEMAND-- \$180+ BILLION OF FORCED AND PRECAUTIONARY SAVINGS

## Powder Keg

Canada household savings as percent of the economy highest since 1985

✓ Household Savings as % of Nominal GDP, Yearly Moving Sum

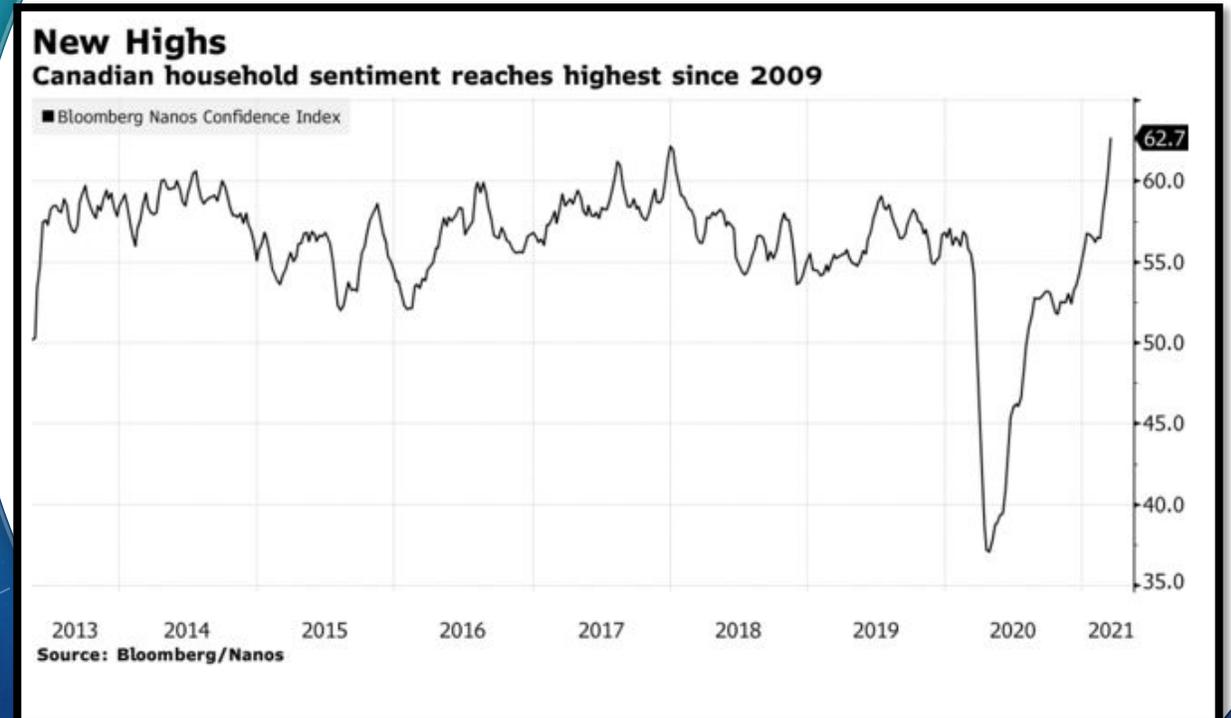


Source: Statistics Canada, Bloomberg calculations

In 2020, For Average Canadian:

- Disposable Income up \$1800
- Spending down \$4,000

# VACCINE ROLLOUT BOOSTS CONSUMER CONFIDENCE

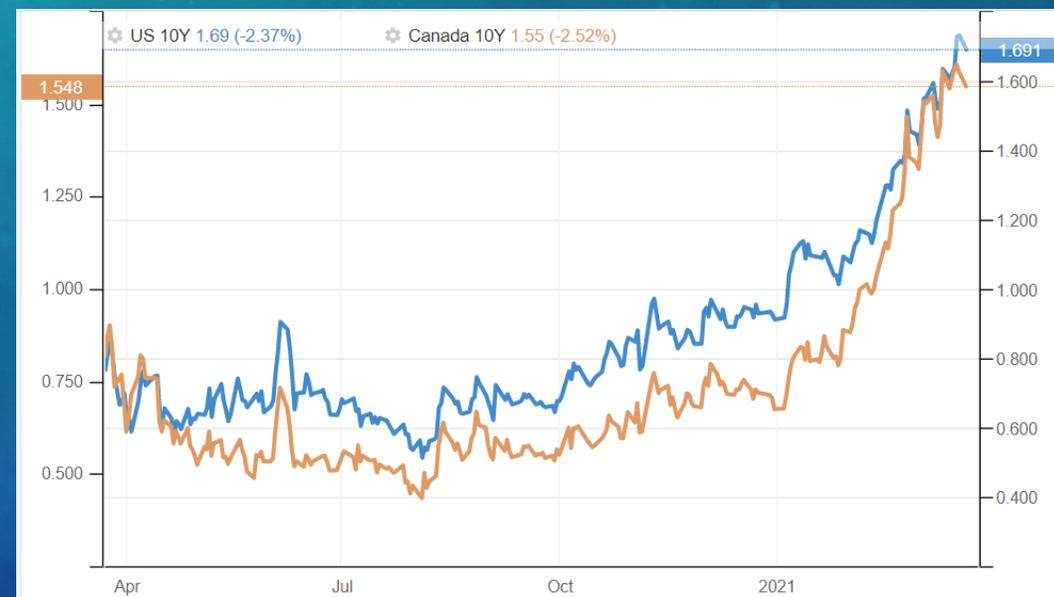


# MARKET RATES RISE SHARPLY ON REFLATION CONCERN

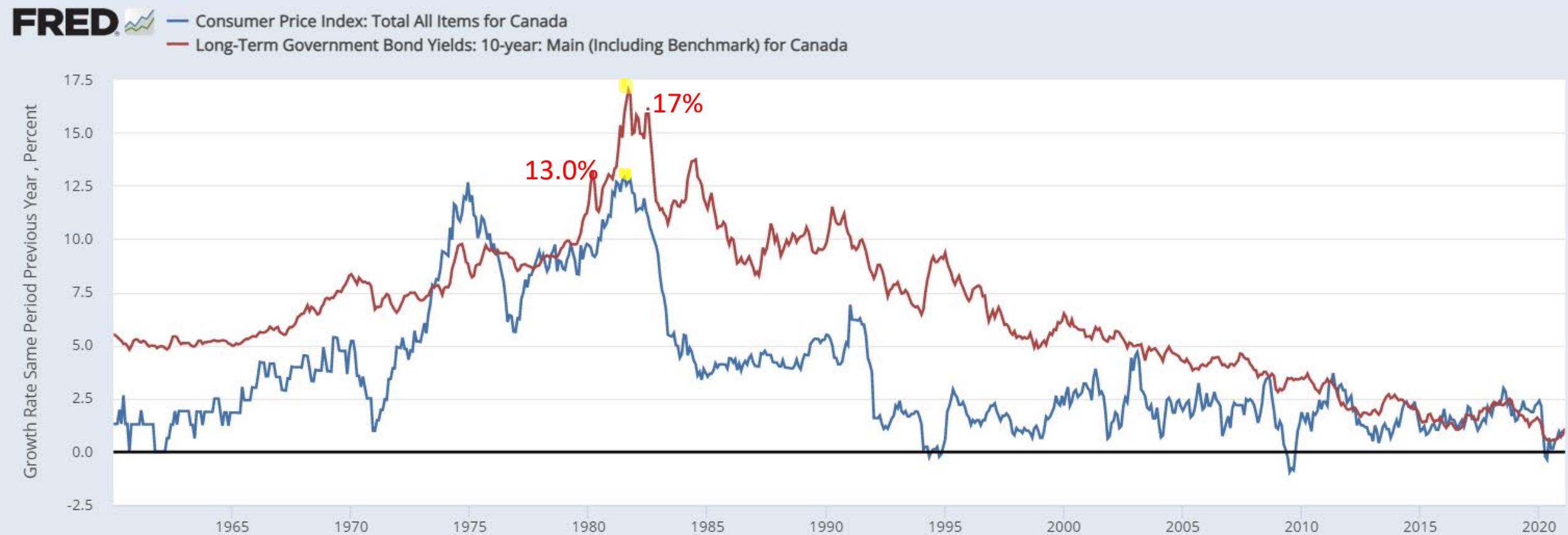
## Canada 5-Year Yield



## US and Canada 10-Year Yield



# INFLATION AND INTEREST RATES PEAKED 40 YEARS AGO

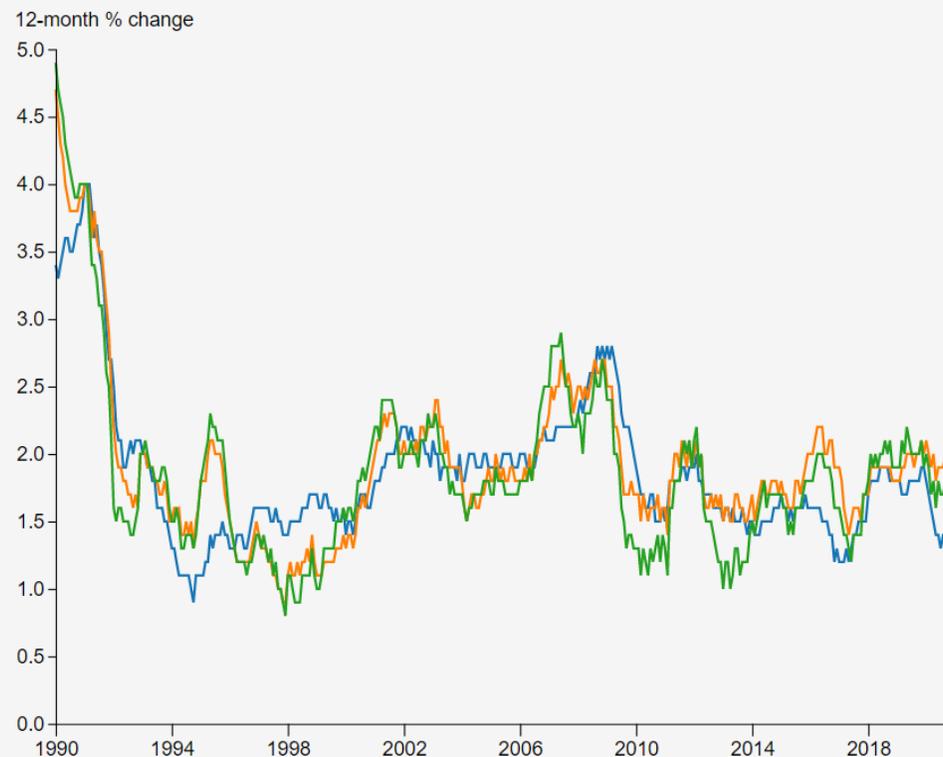




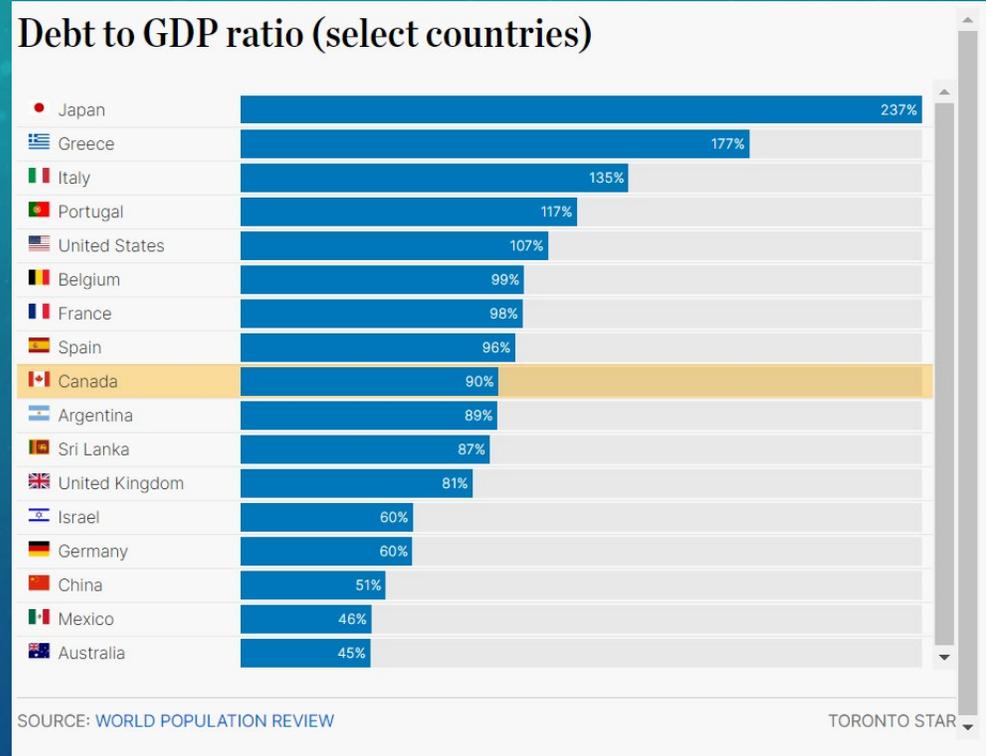
BANK OF CANADA  
BANQUE DU CANADA

BANK OF  
CANADA SAYS,  
“INFLATION NOT  
A PROBLEM”

Measures of core inflation

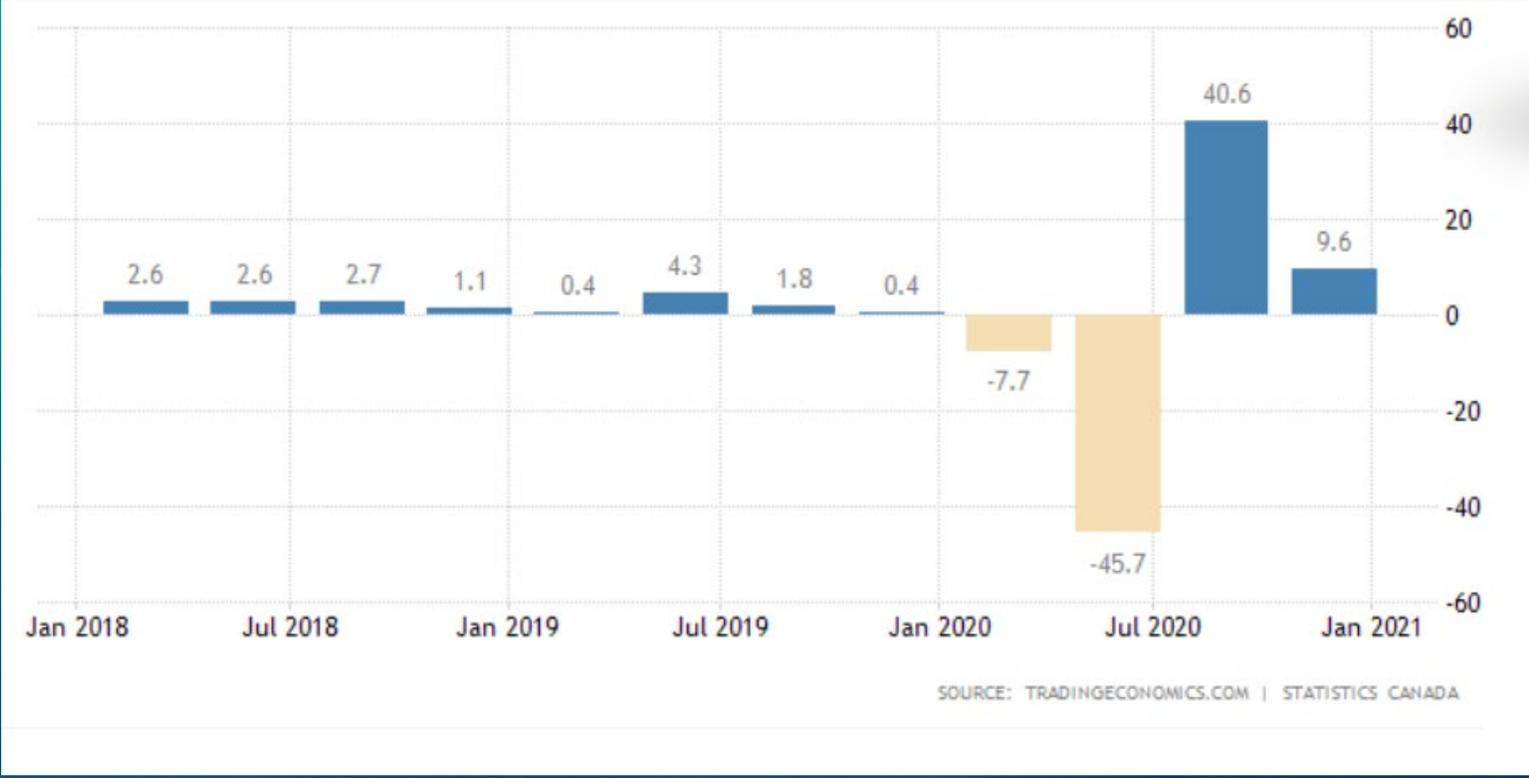


# FISCAL STIMULUS COMING IN APRIL BUDGET





# GROWTH IN Q4 BETTER THAN EXPECTED



## Stronger Growth Coming



# Celebrate Recovery

## OUTLOOK FOR STRONG GROWTH THIS YEAR

