



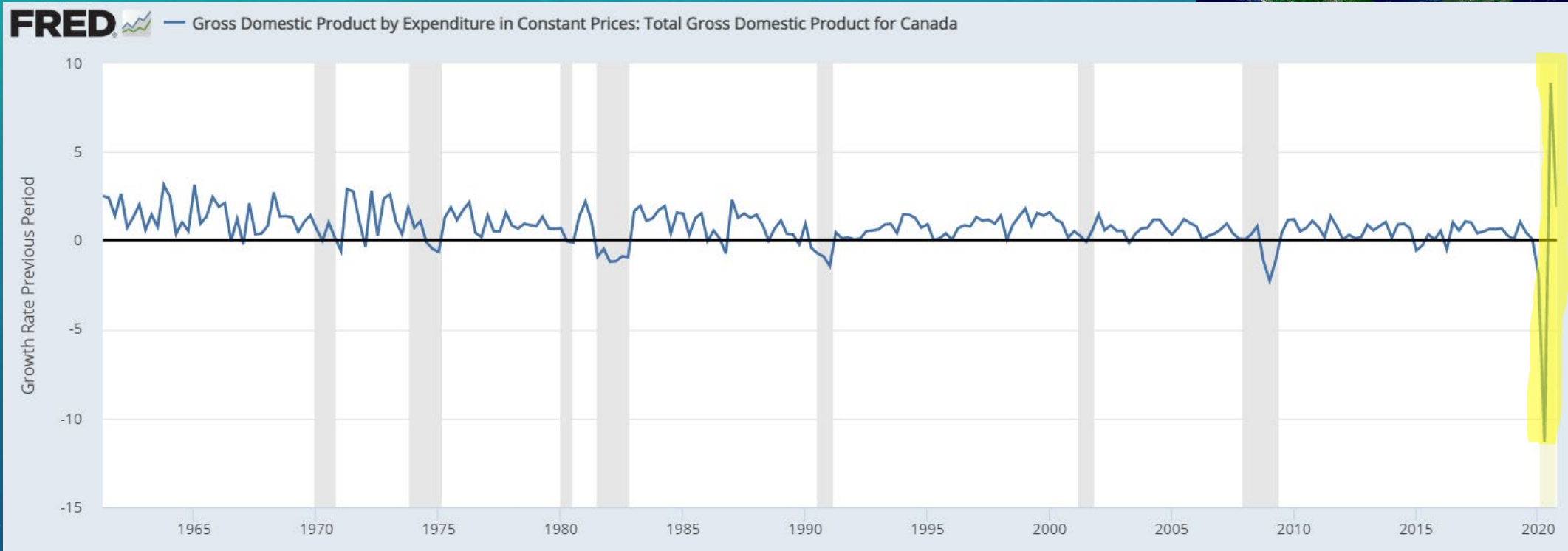
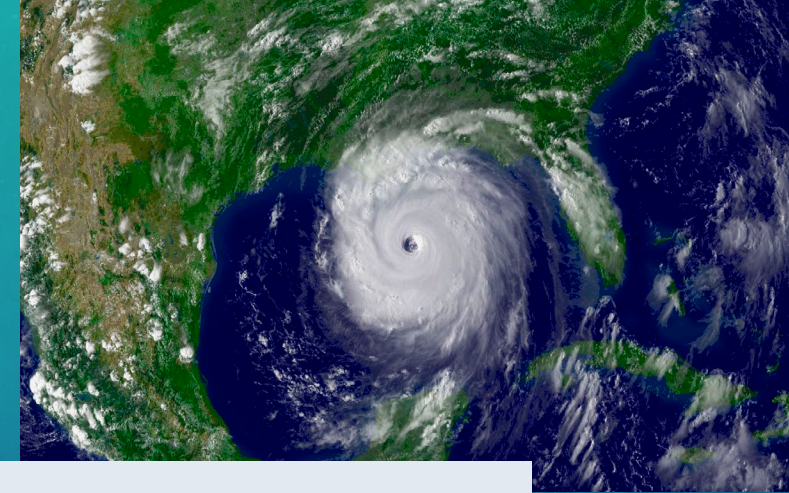
PER



CANADA'S ECONOMY  
SET TO TAKE OFF

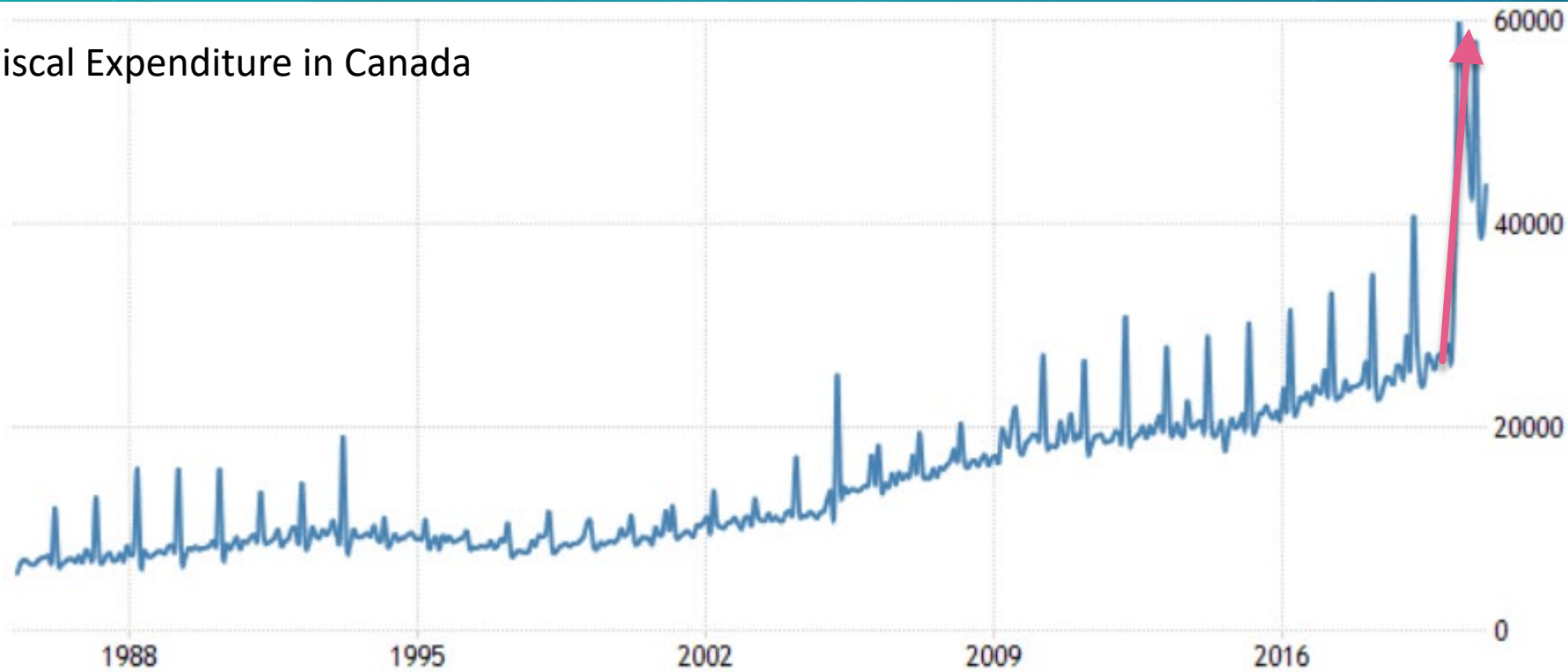


# NO ORDINARY RECESSION-- PANDEMIC IS A NATURAL DISASTER



# FEDERAL GOVERNMENT CUSHIONED THE BLOW

Fiscal Expenditure in Canada



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | DEPARTMENT OF FINANCE CANADA



# BANK OF CANADA CAME TO THE RESCUE



## Macklem Holds Low

Bank of Canada keeps overnight rate at 0.25%

■ Bank of Canada Overnight Lending Rate - Last Price

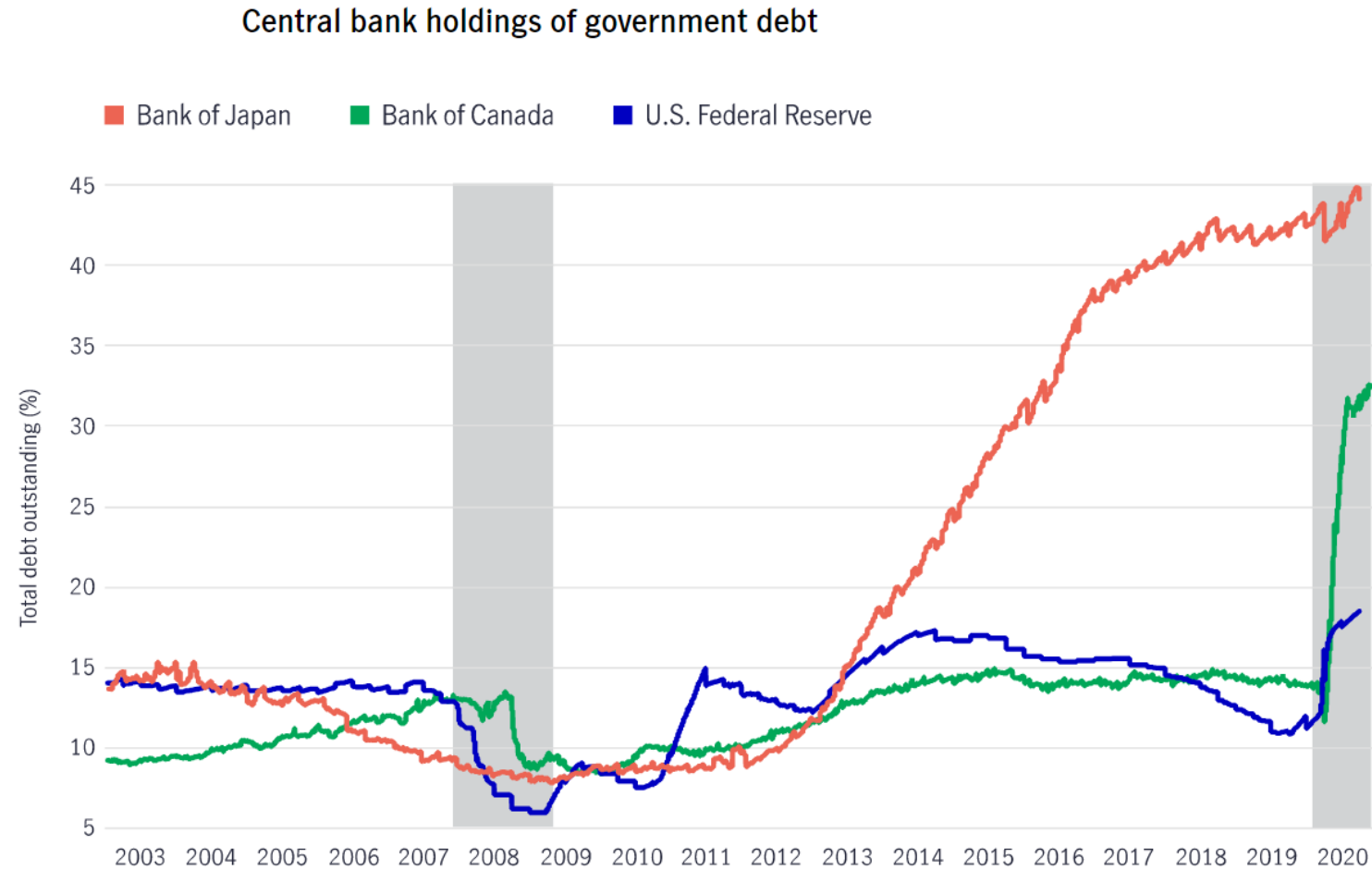


Source: Bank of Canada

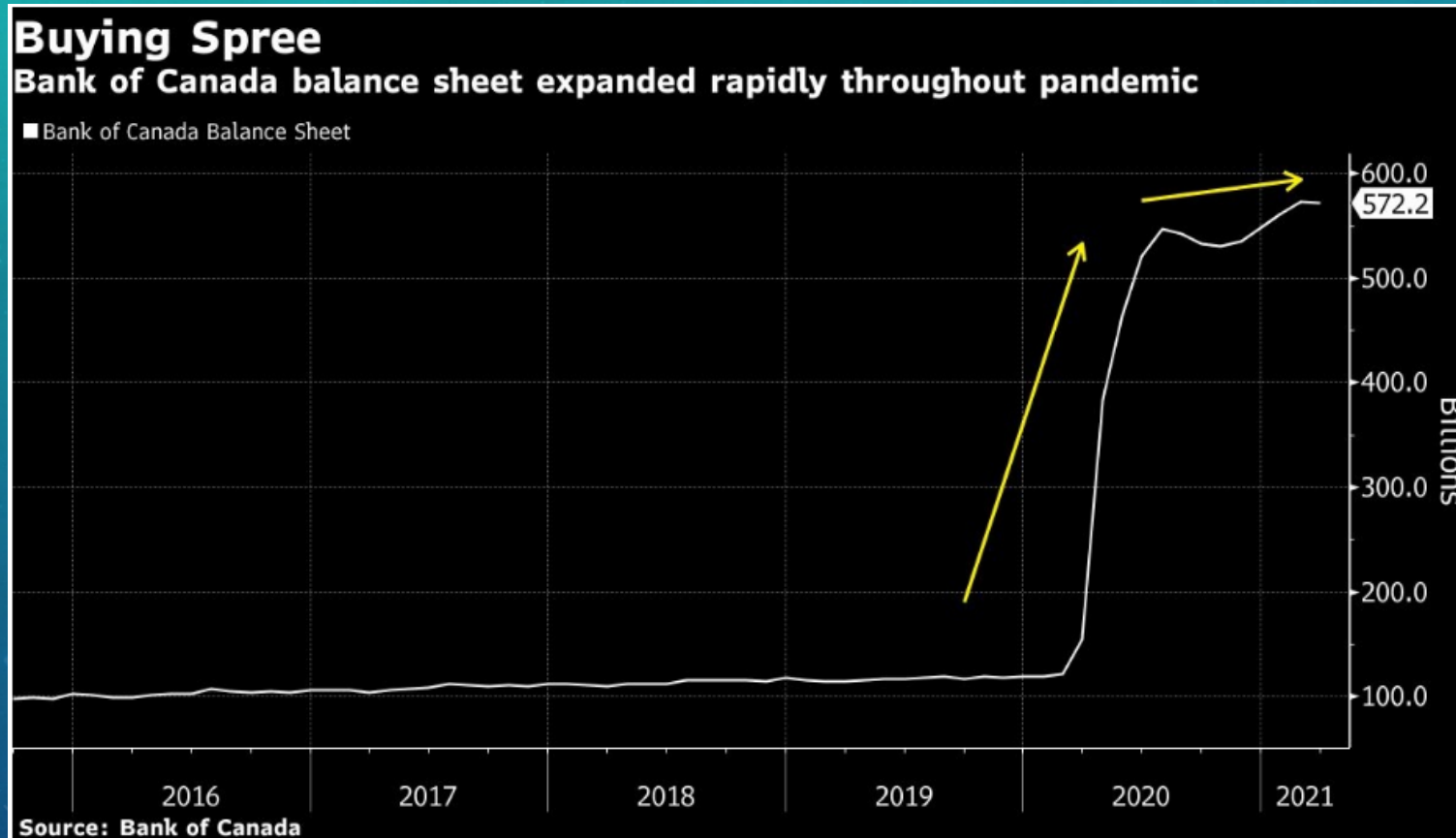
Bank Remains  
Dovish:

Will Keep  
Overnight Rate  
Low Until Near  
Full-Employment

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



# BANK OF CANADA IS WINDING DOWN EMERGENCY LIQUIDITY PROGRAMS



Could Taper Bond  
Buying As Soon As  
April 21 Meeting



# 1 MILLION CANADIANS SUFFER INCOME LOSS

**Canadian Unemployment Rate at 8.2%**



Slack Remains

From A Low  
Of 5.6%

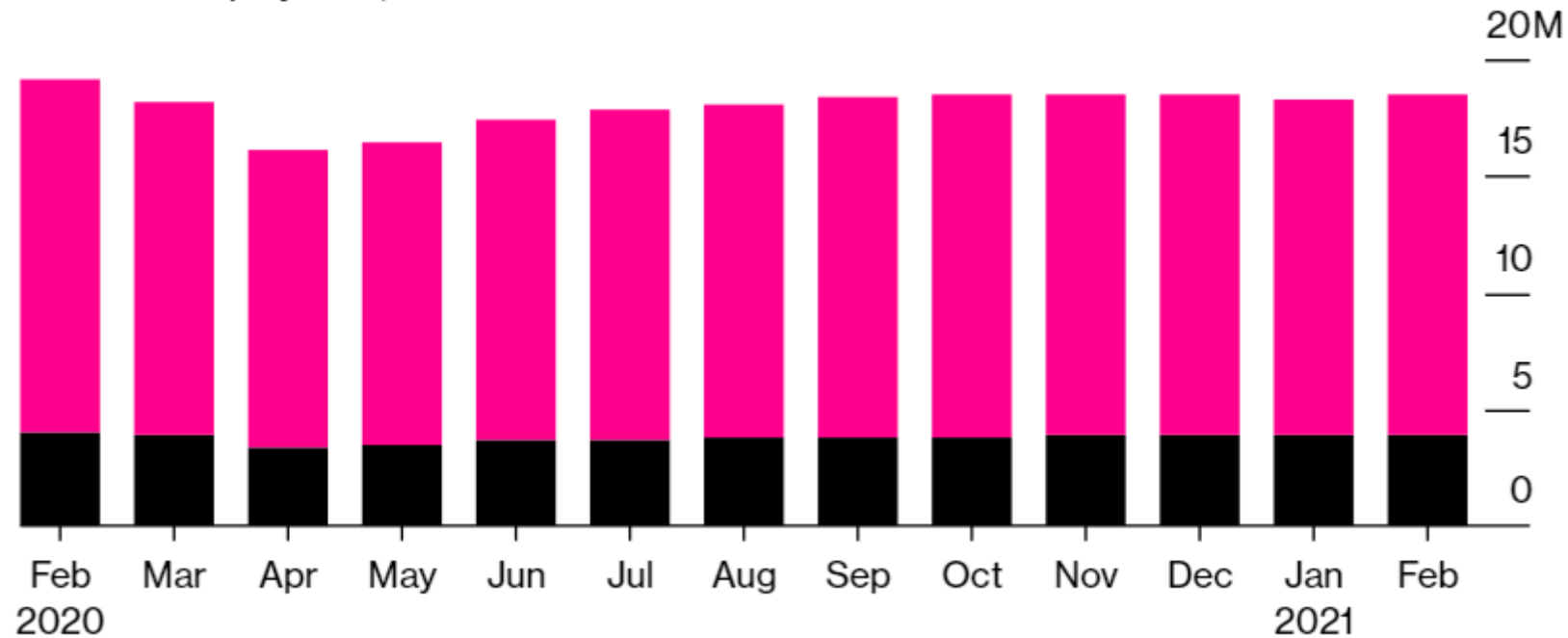
# 90% OF PANDEMIC LAYOFFS IN SERVICE SECTOR



## Labor Recovers Unevenly

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

■ Goods Employment, Total ■ Services



Source: Statistics Canada

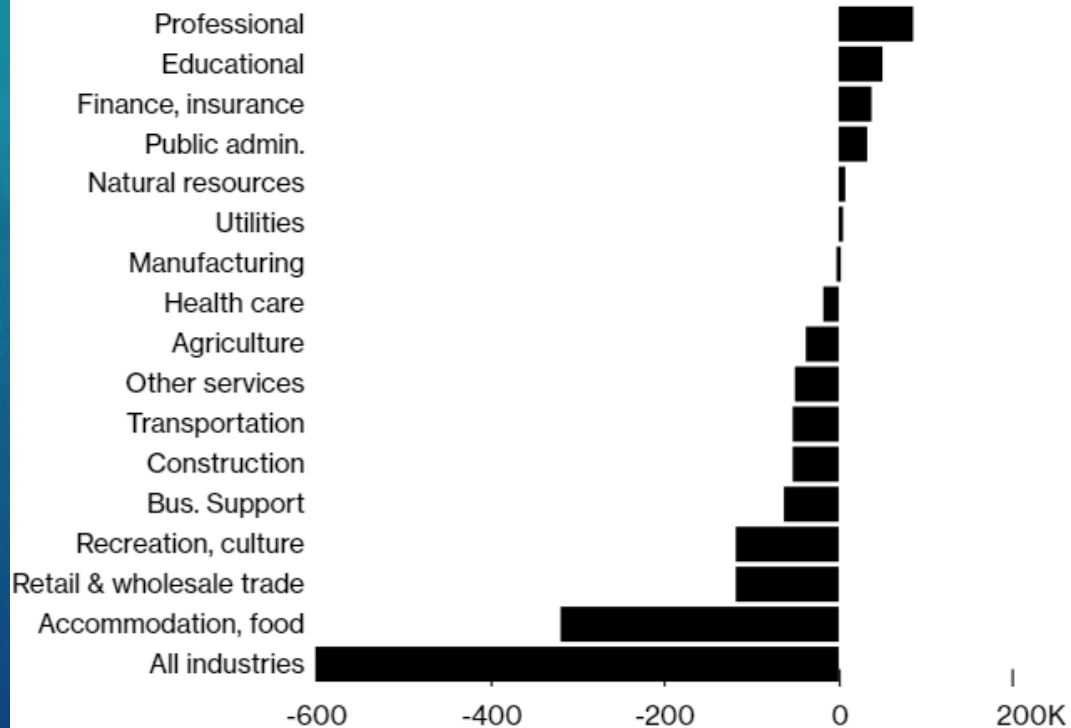


# CLOSE-CONTACT JOBS STILL LANGUISH

## One Year Later

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

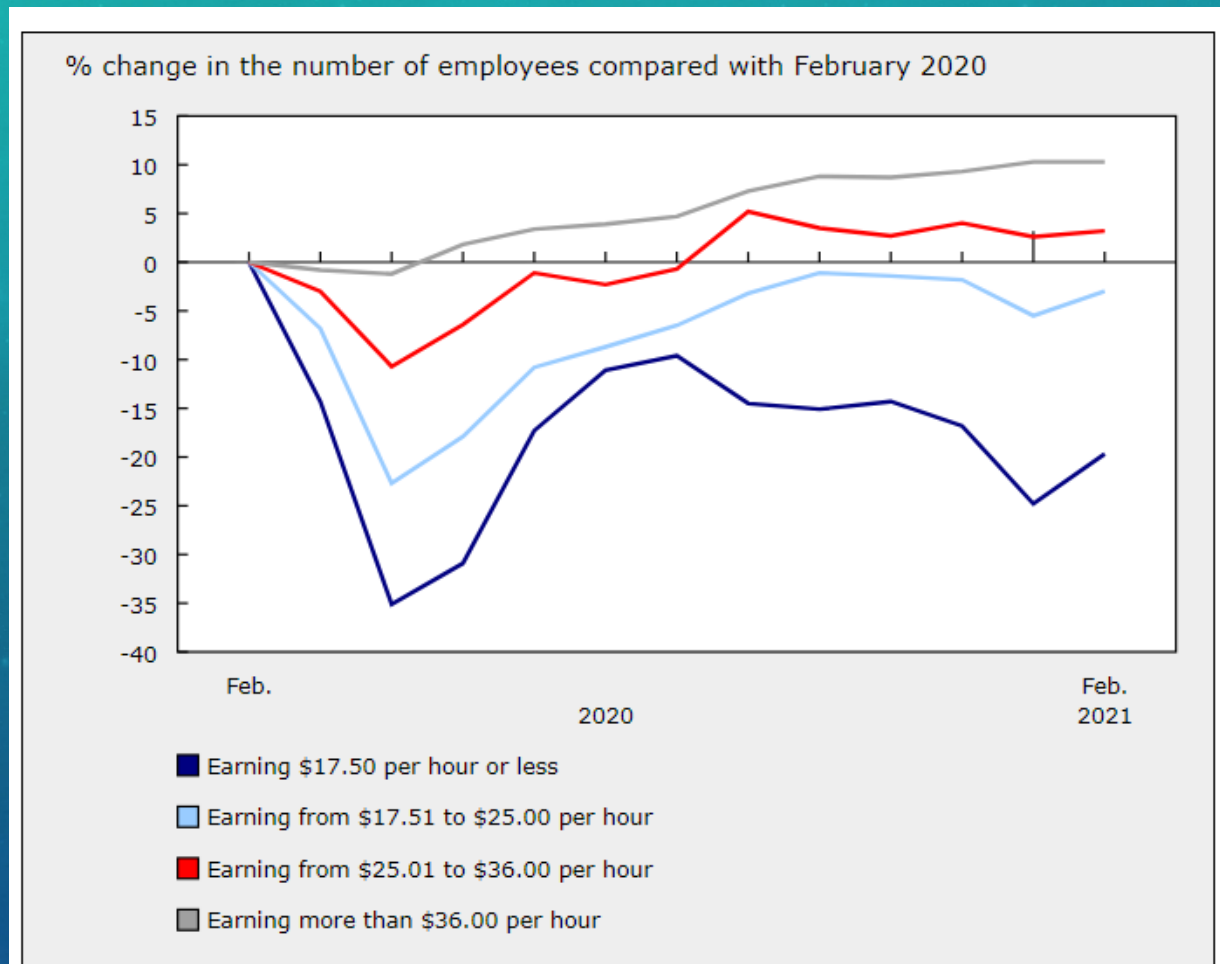
■ Change in Employment Since Feb. 2020



Source: Statistics Canada



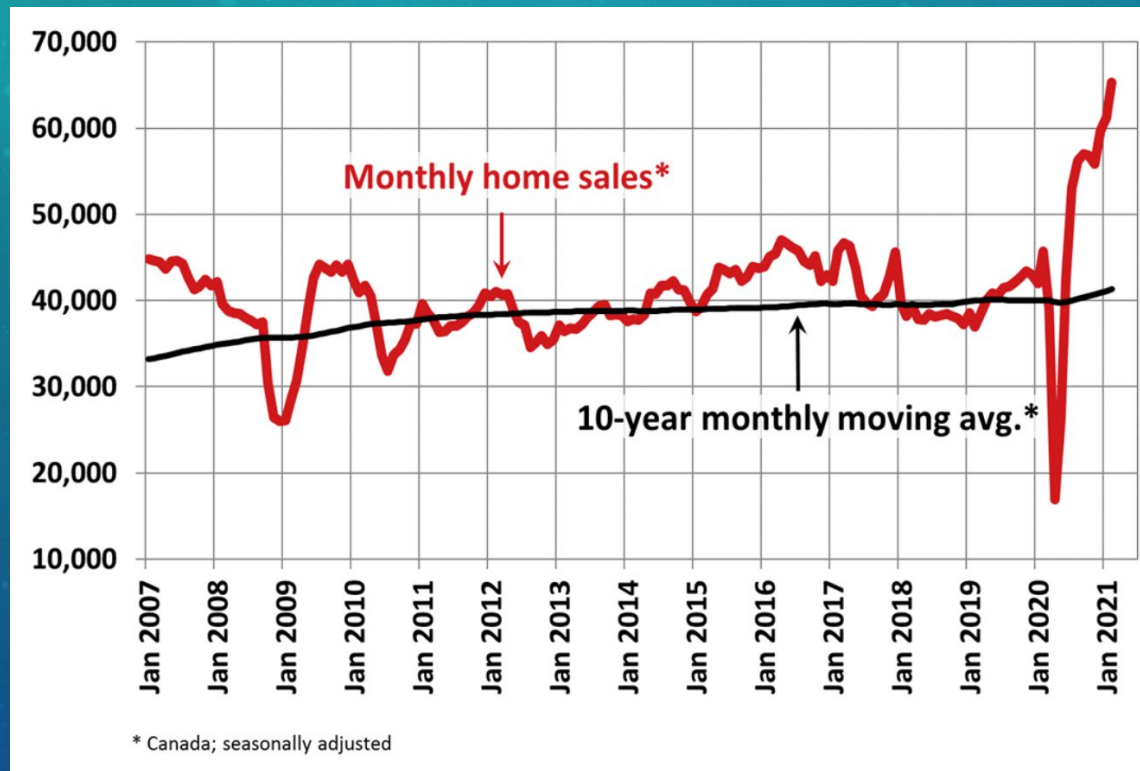
# HARDEST HIT ARE LOW-INCOME CANADIANS



Help Explain Strength in Housing



# HOME SALES AT RECORD HIGH NATIONALLY



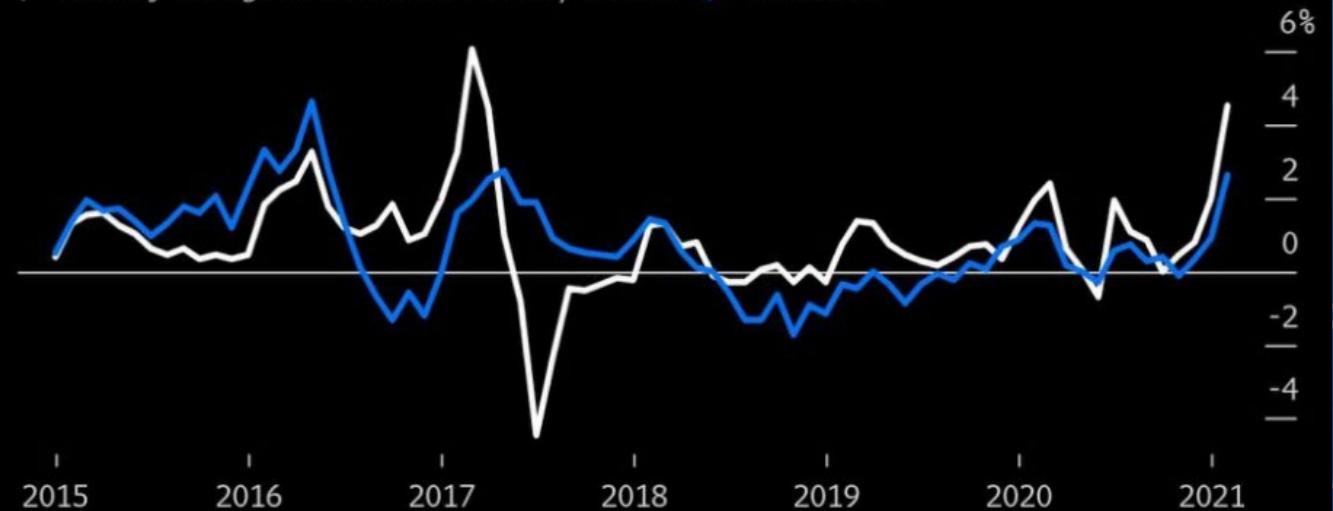
# HOUSE PRICES ACCELERATE AS SUPPLY REMAINS LOW



## Canada Housing, Reheated

House prices accelerating in Canada's most expensive markets

▄ Monthly Change in Benchmark Price, Toronto ▄ Vancouver



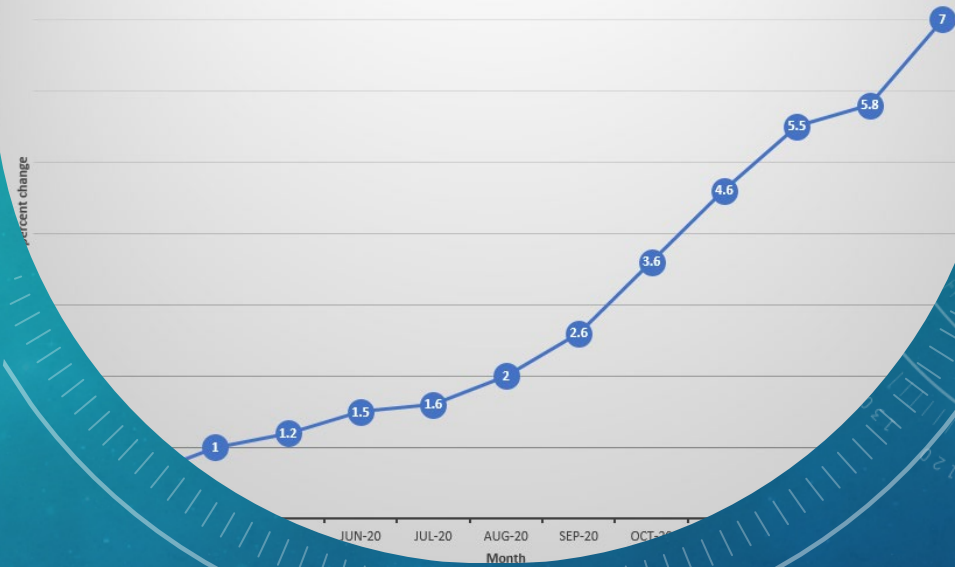
Source: CREA, TRREB, REBGV, Bloomberg calculations

Bloomberg





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



HOME CONSTRUCTION  
COSTS RISING SHARPLY



# HOME PRICES SURGE IN ONTARIO

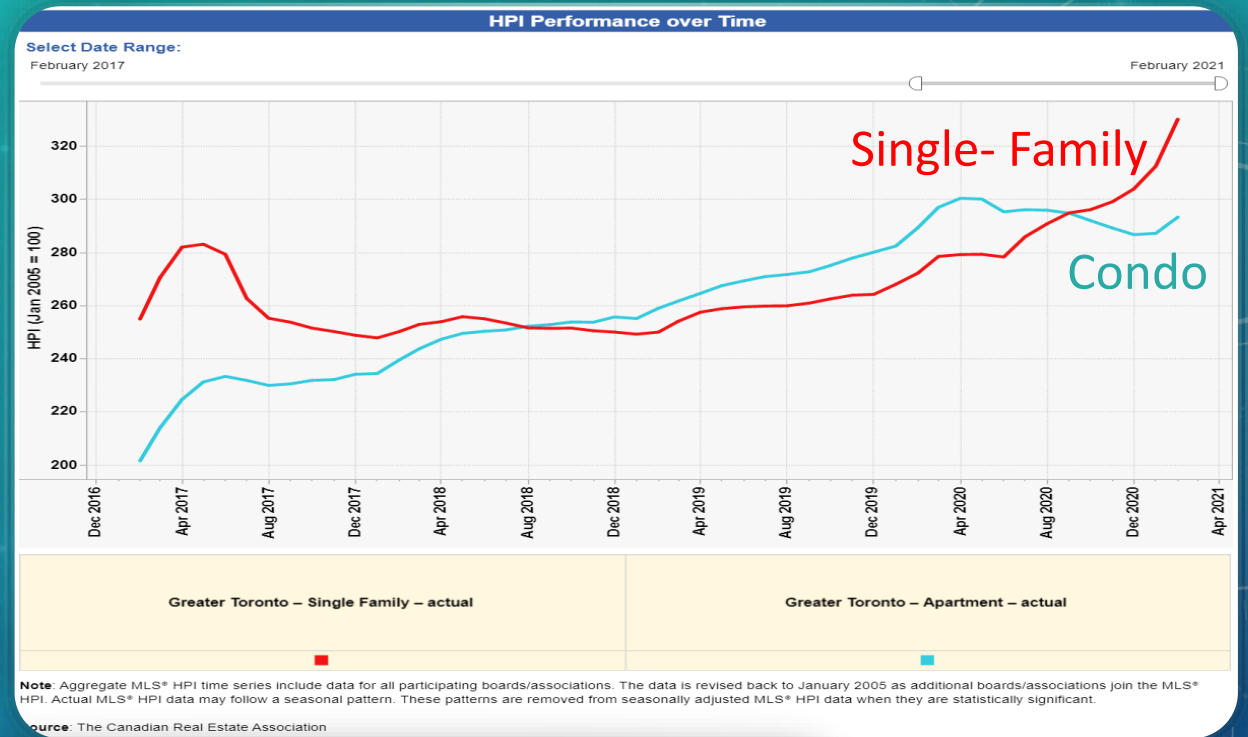


## MLS Home Price Index

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







## Shopping Habits Shift

Covid-19 reshaped how Canadians spent their money in 2020

■ Yearly Change in Retail Sales



Source: Statistics Canada

# CONSUMERS BUYING HOUSING-RELATED PRODUCTS



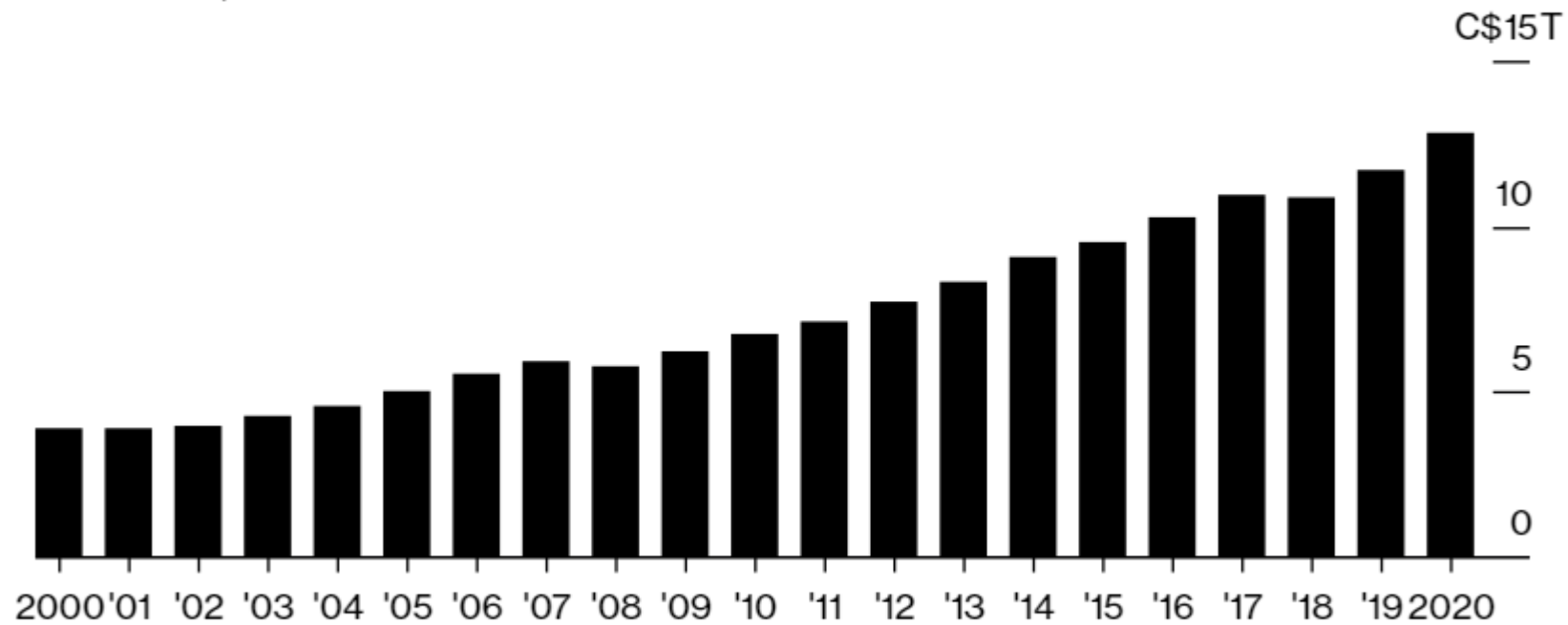
# RICH GETTING RICHER



## 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



Source: Statistics Canada

Bloomberg

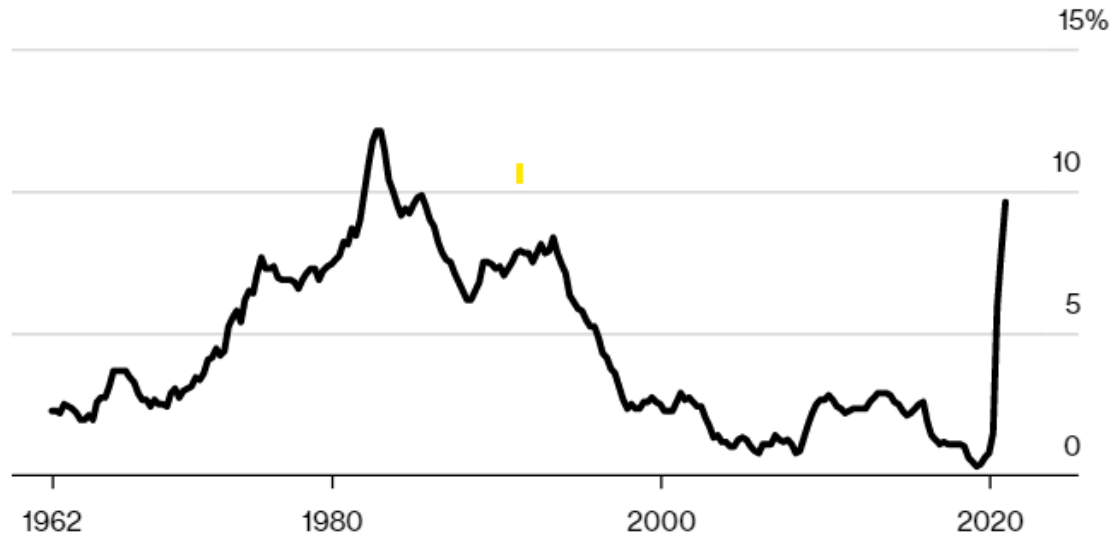


# LOTS OF PENT-UP

## Powder Keg

Canada household savings as percent of the economy highest since 1985

Household Savings as % of Nominal GDP, Yearly Moving Sum



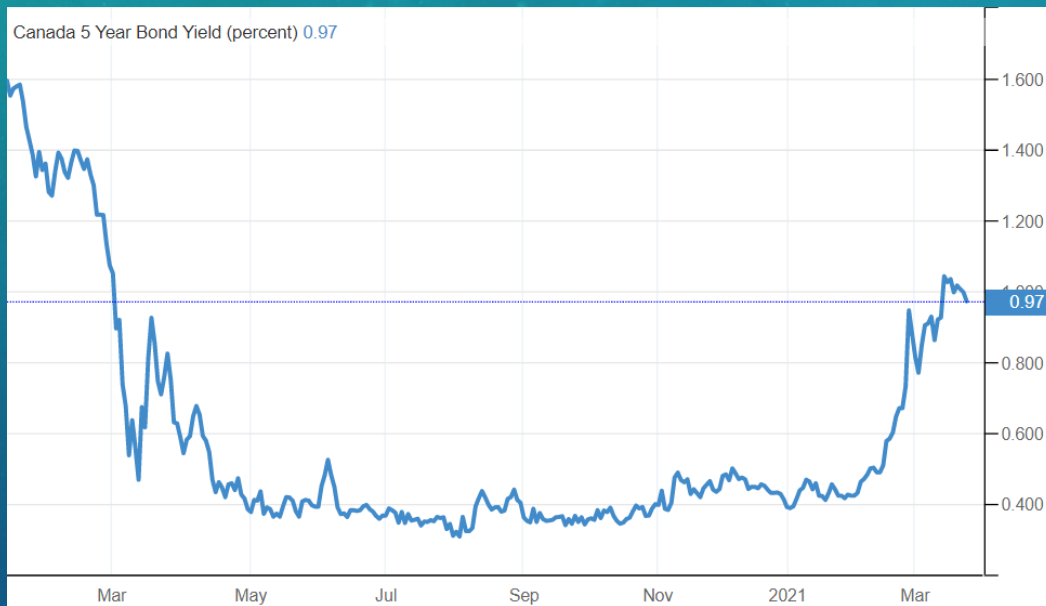
Source: Statistics Canada, Bloomberg calculations

In 2020, For Average Canadian:

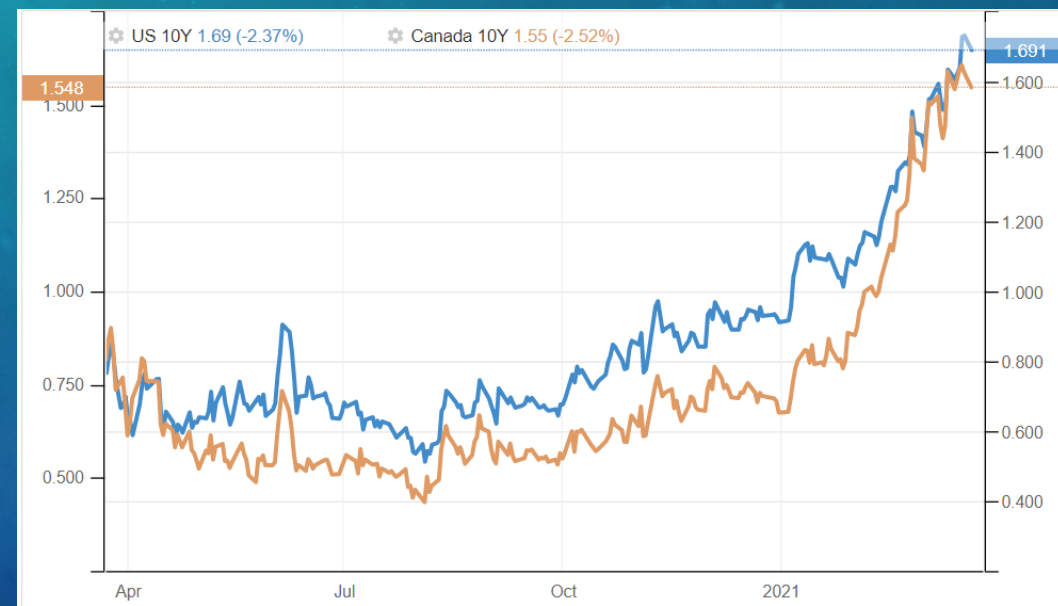
- Disposable Income up \$1800
- Spending down \$4,000

# MARKET RATES RISE SHARPLY ON REFLATION CONCERN

## Canada 5-Year Yield

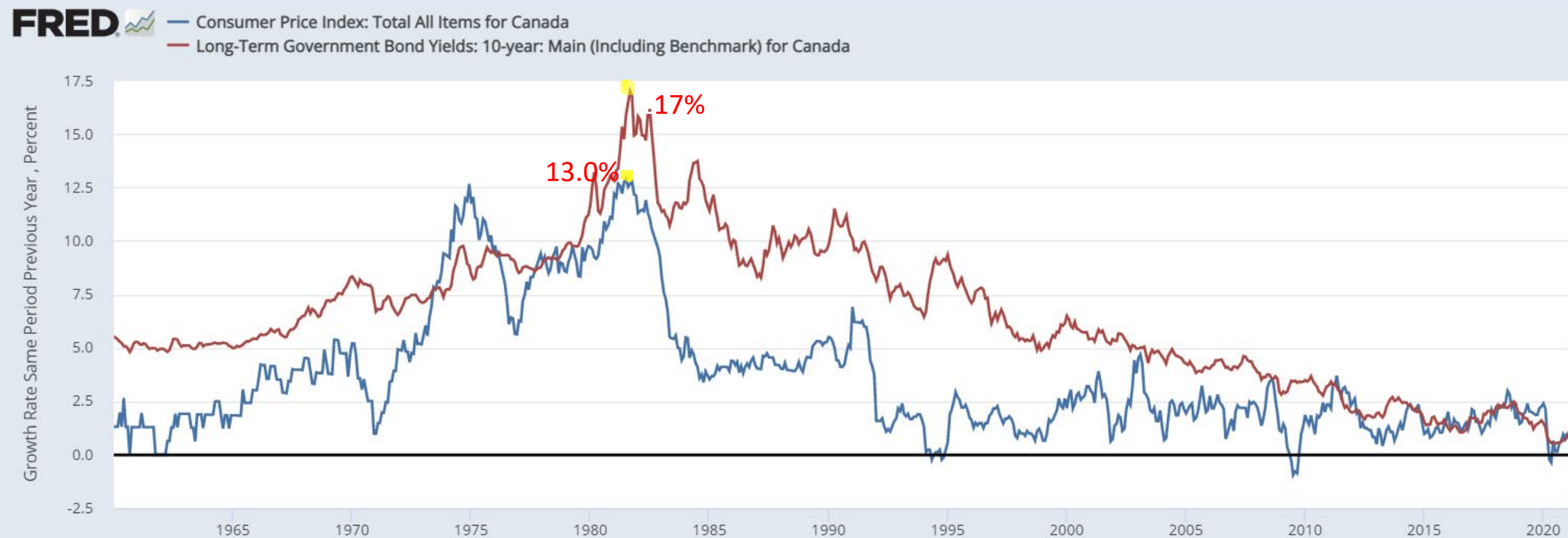


## US and Canada 10-Year Yield





# INFLATION AND INTEREST RATES PEAKED 40 YEARS AGO



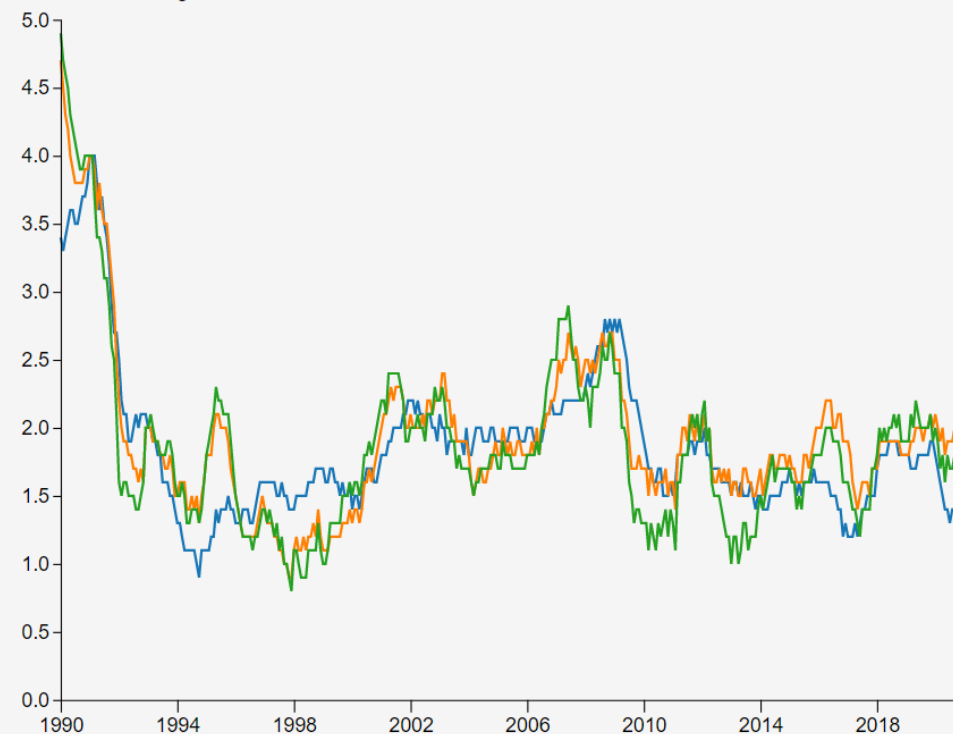


BANK OF CANADA  
BANQUE DU CANADA

BANK OF  
CANADA SAYS,  
“INFLATION NOT  
A PROBLEM”

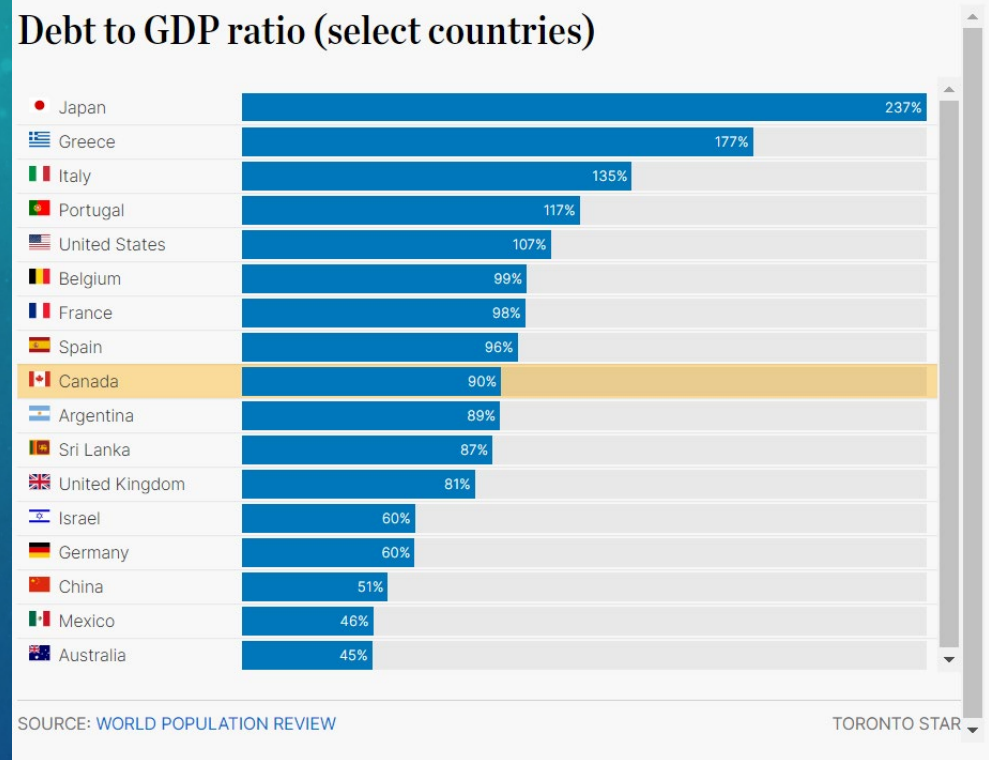
Measures of core inflation

12-month % change

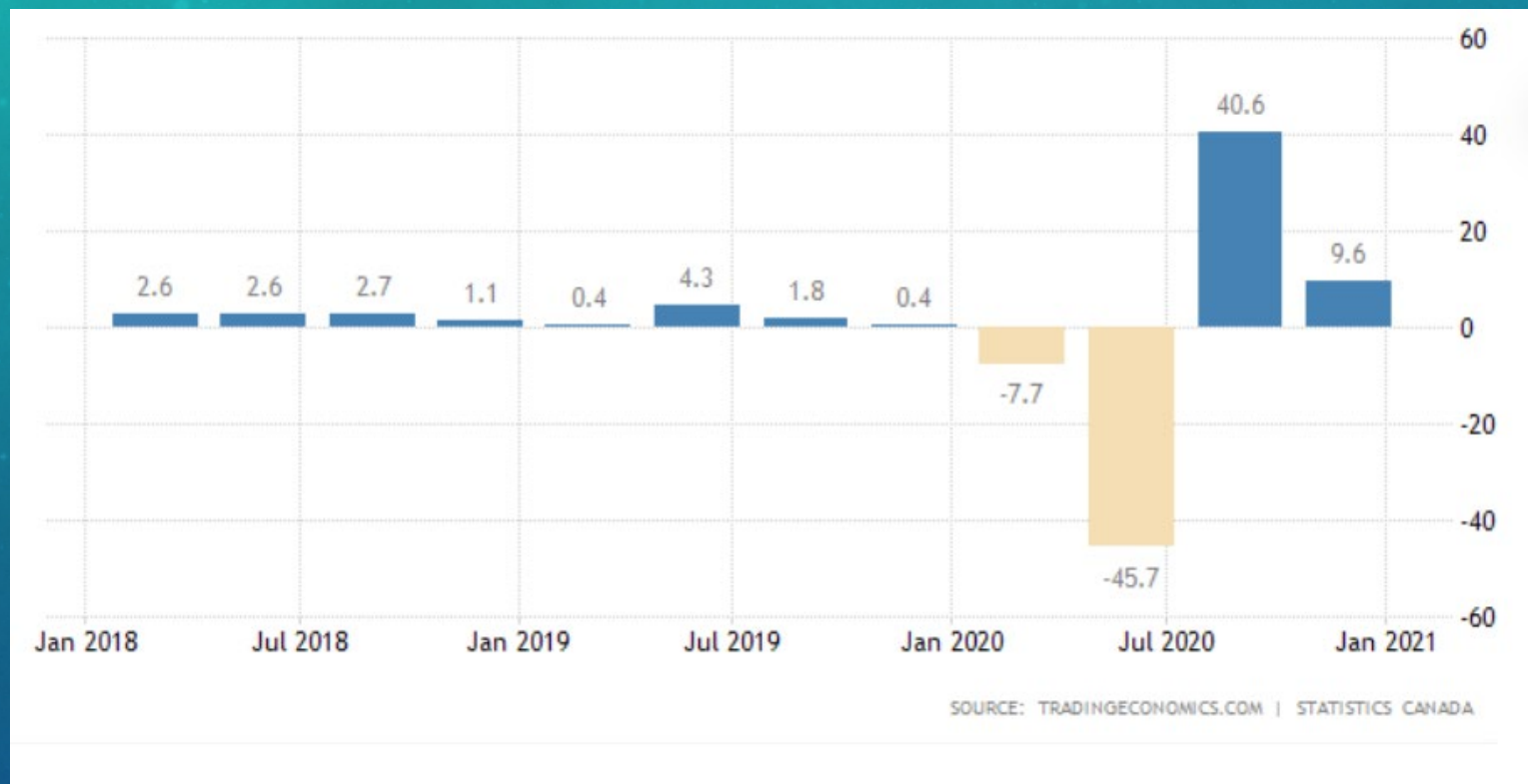




# FISCAL STIMULUS COMING IN APRIL 19 BUDGET



# GROWTH IN Q4 BETTER THAN EXPECTED



## Stronger Growth Coming





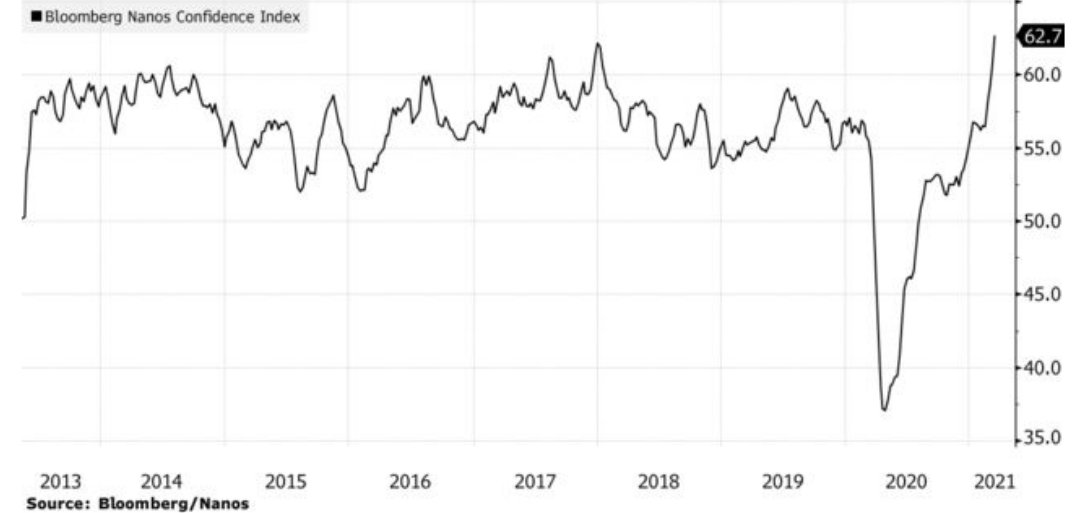
## COVID-19 VACCINE BREAKTHROUGH



# VACCINE ROLLOUT DRIVE CONSUMER CONFIDENCE

### New Highs

Canadian household sentiment reaches highest since 2009





# CelebrateRecovery

## OUTLOOK FOR STRONG GROWTH THIS YEAR

