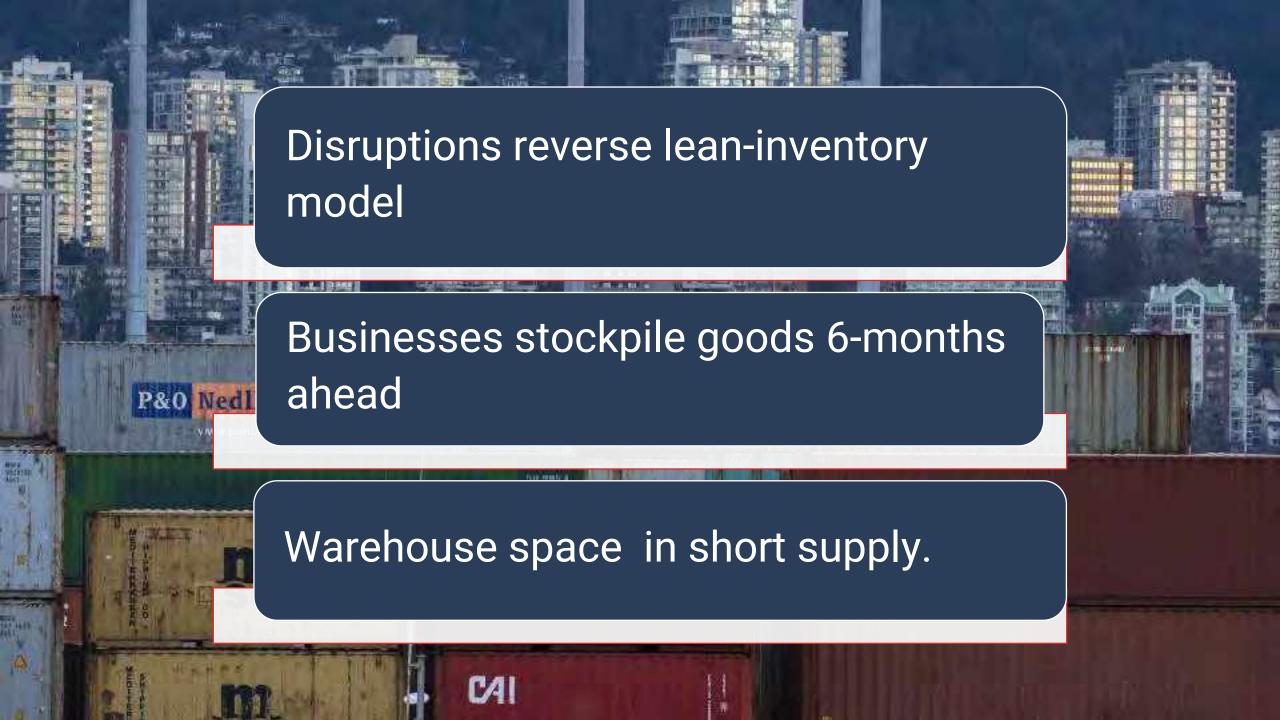


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GLOBAL INFLATION TRIGGERS RATE HIKES

Dr. Sherry Cooper May 4, 2022

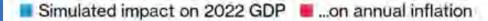


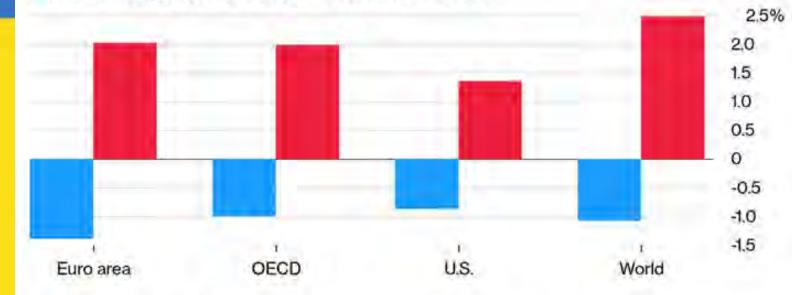


UKRAINE WAR

Possible Fallout

Repercussions of war are already weakening global growth, adding to inflation







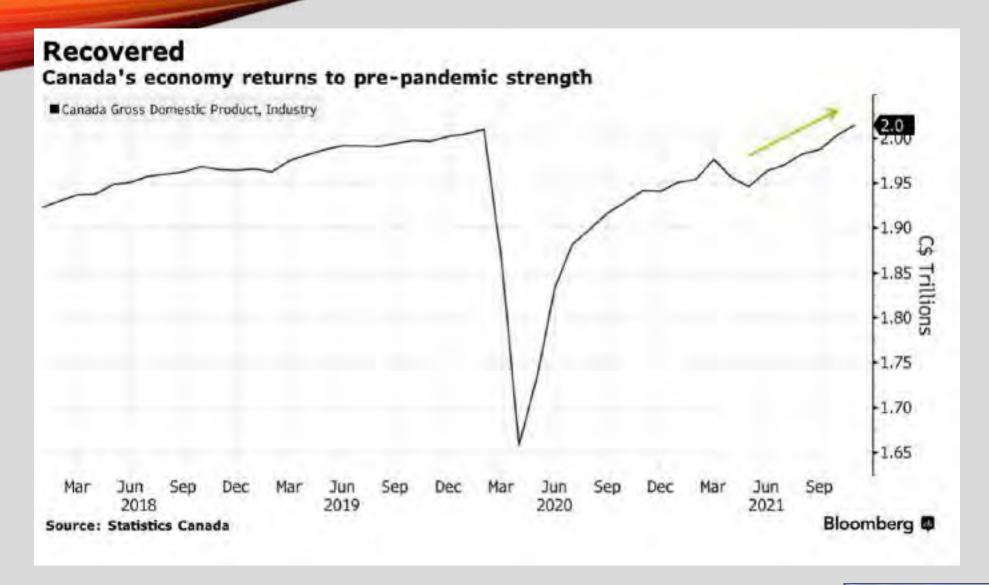
Source: Organization for Economic Cooperation and Development

Bloomberg



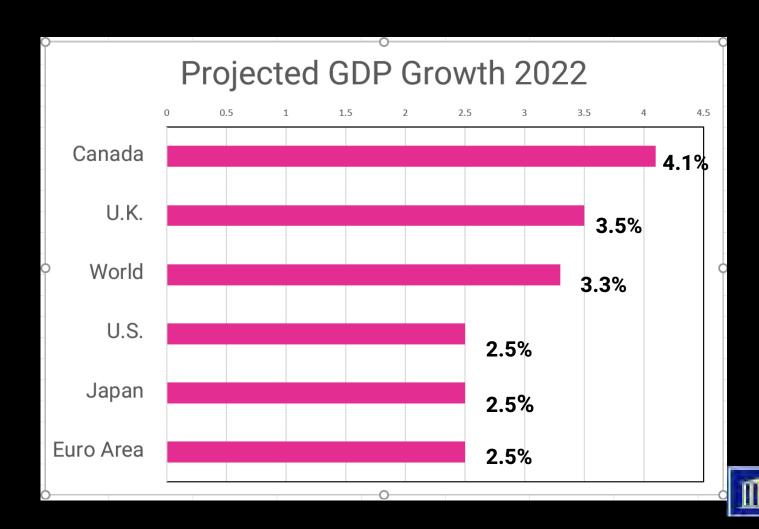
Canada's Commodity-Rich Economy Is Straining At Its Limits



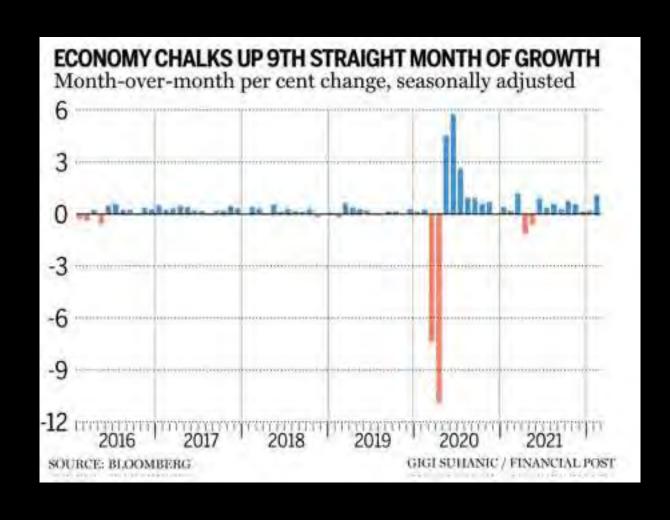




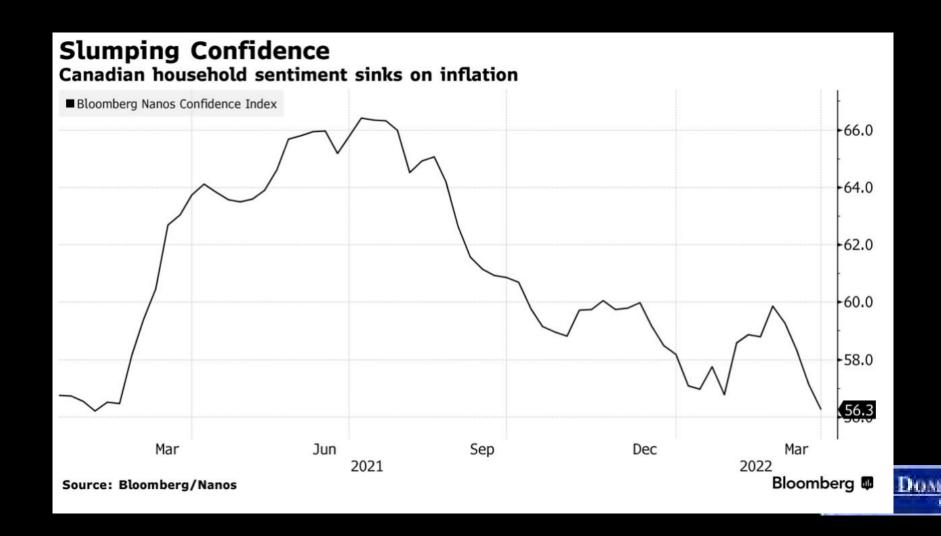
CANADA OUTPERFORMS THANKS TO COMMODITIES



Q1 CANADIAN GDP GROWTH-ESTIMATED AT 5.6%



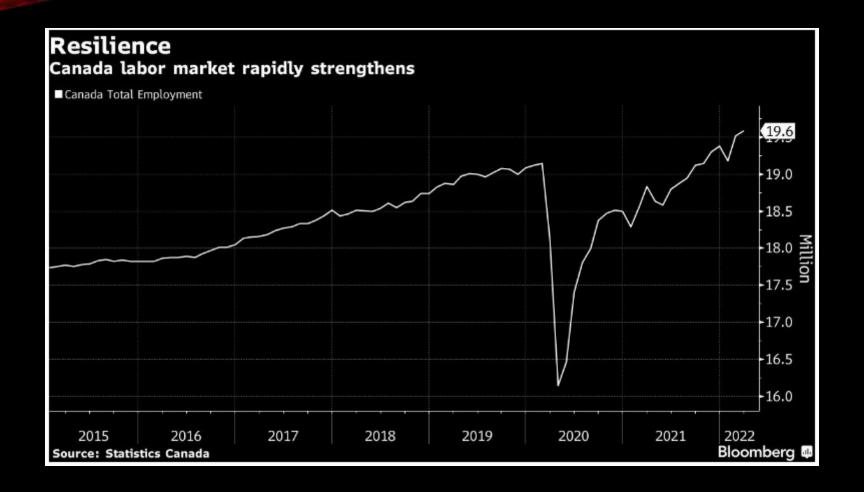
HIGHER INFLATION, HIGHER INTEREST RATES AND WAR DAMPEN CONSUMER SENTIMENT



Canada Hits Full Employment With Labour Shortages



JOBS RISE IN MARCH





JOBLESS RATE AT RECORD LOW



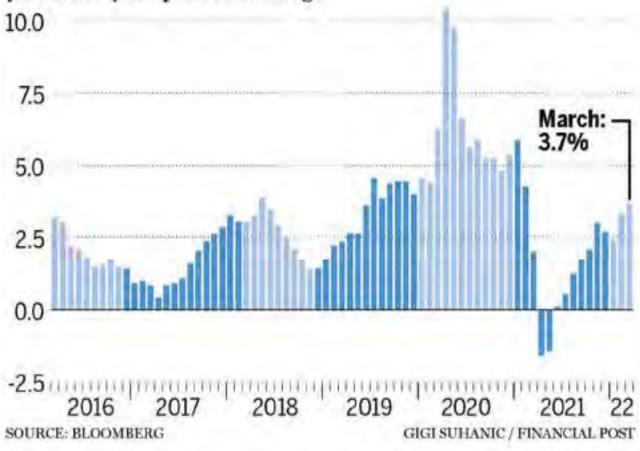


Ottawa Eases Temporary Foreign Workers Program To Reduce Labour Shortages



WAGES CONTINUE TO RISE

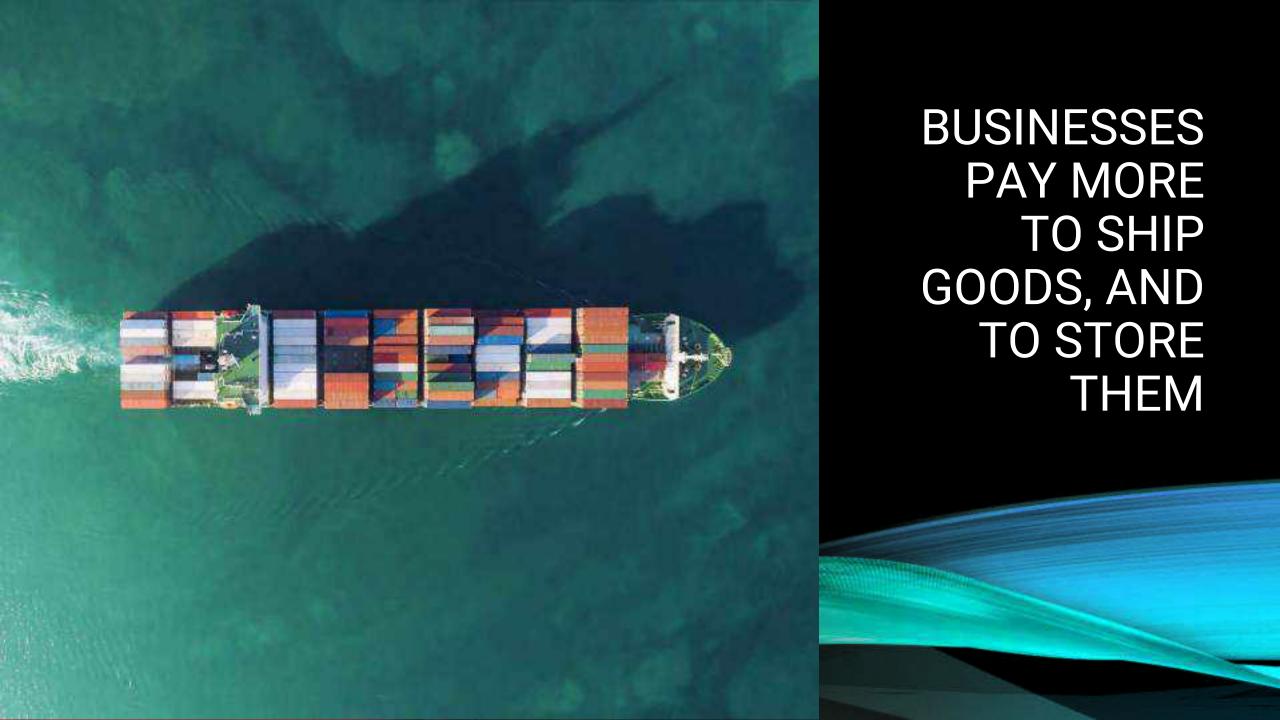
Average hourly wage rate, permanent employees, year-over-year per cent change



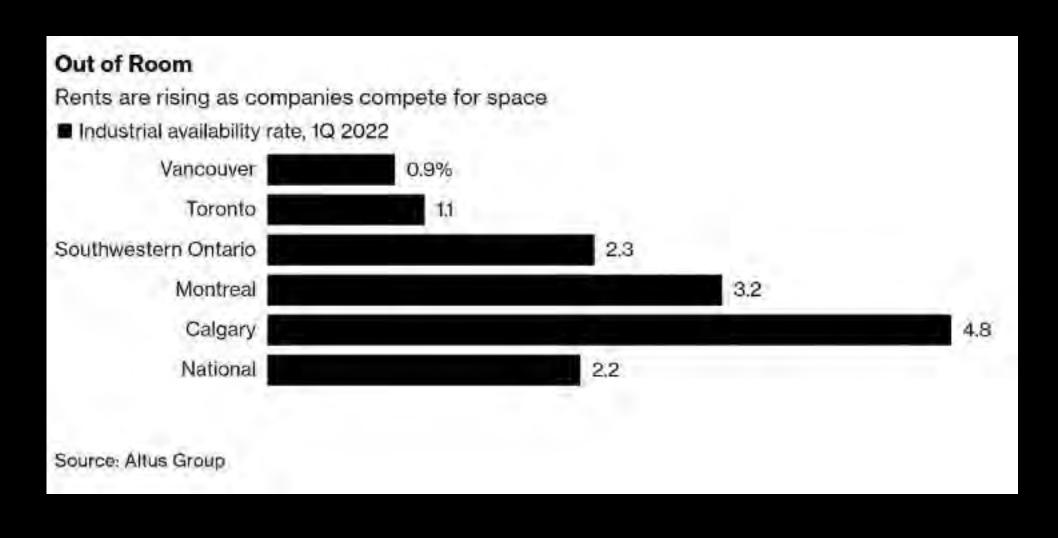








RECORD-LOW WAREHOUSE VACANCY RATES





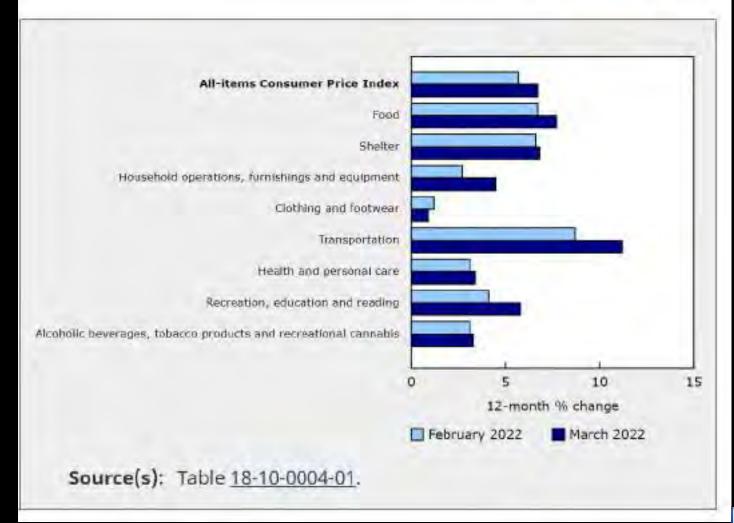
MARCH INFLATION COMES IN LIKE A LION 12-month per cent change in consumer price index March 2022:-6.7% 6 5 05-09 SOURCE: BLOOMBERG GIGI SUHANIC / FINANCIAL POST

Prices rise in all major components

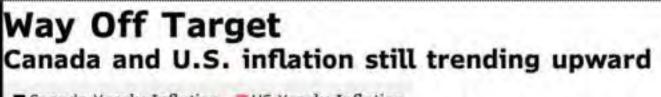
← Back to main article

Interactive

Image









'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '2

Source: Statistics Canada, BEA

Bloomberg Dominion Lendin

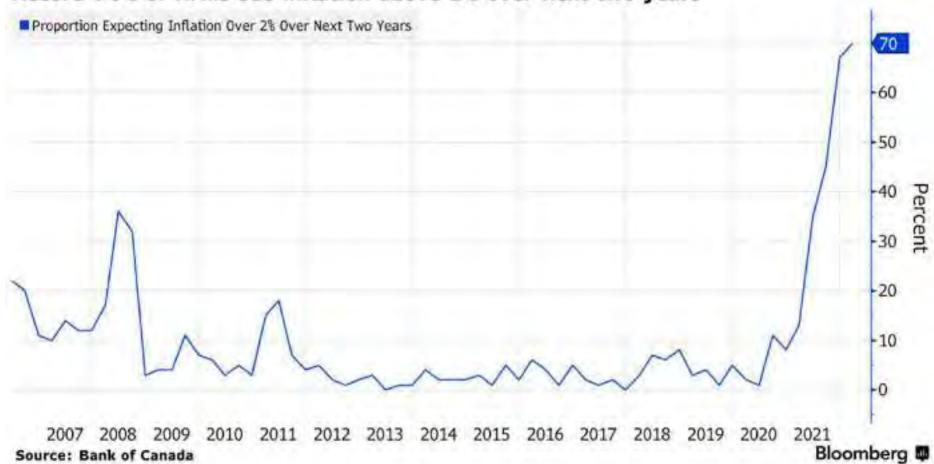
DOMESTIC INFLATION RISKS

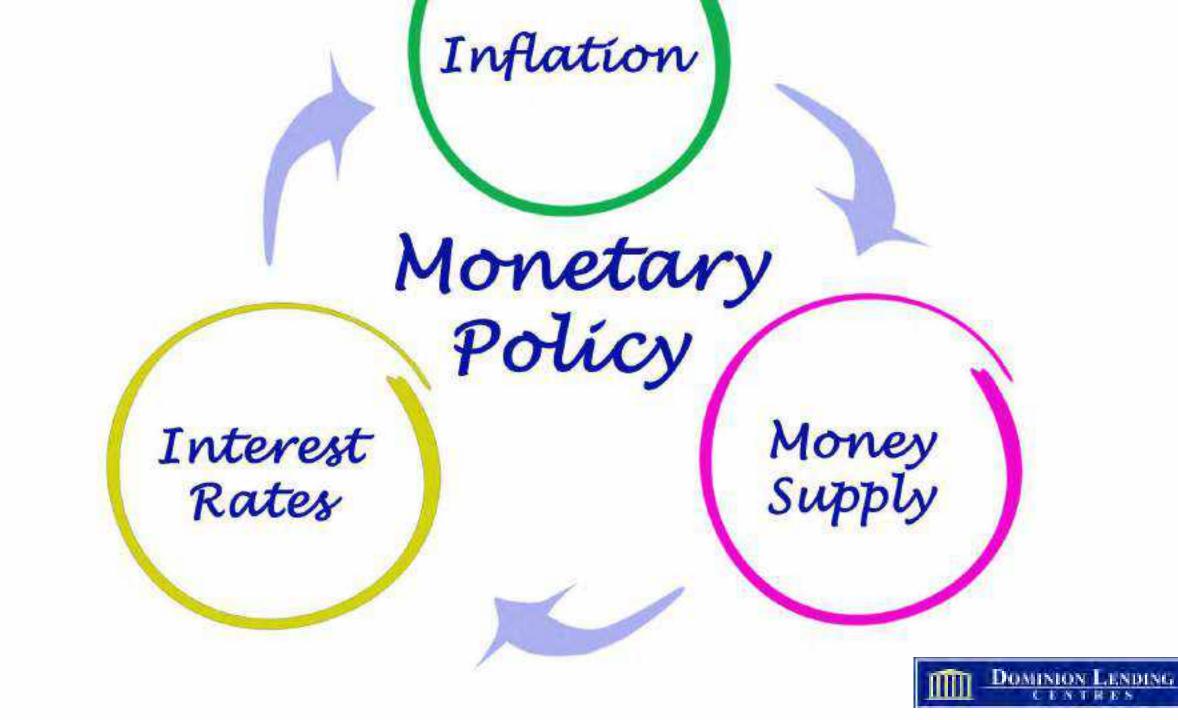




Expecting Heat

Record 70% of firms see inflation above 3% over next two years







- Another 50 bp Hike June 1
- Quantitative Tightening

BANK OF CANADA



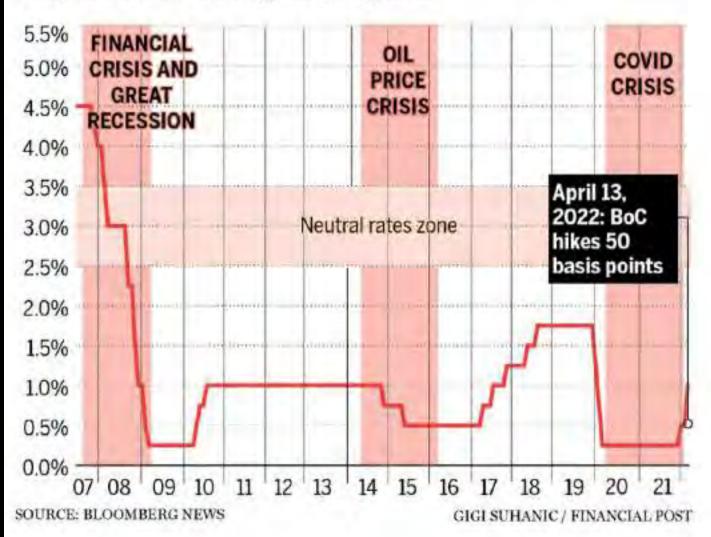
HAWKISH TALK FROM THE BANK OF CANADA

"Looking ahead to our next decisions, I expect we will be considering taking another 50-basis-point step."

Tiff Macklem, before parliamentary committee hearing, April 25, 2022

BOC HIKES TO 1% IN RACE TO TACKLE INFLATION

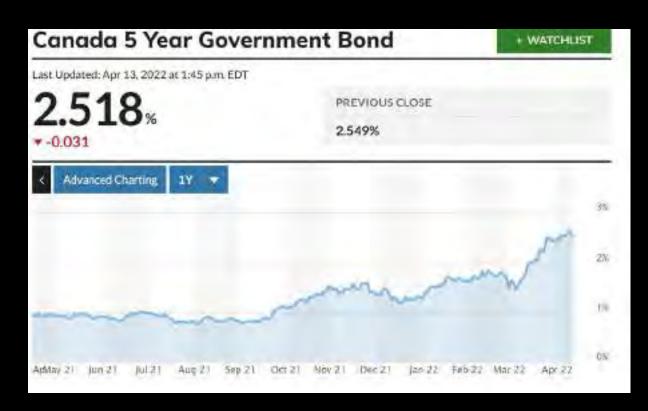
Bank of Canada overnight lending rate

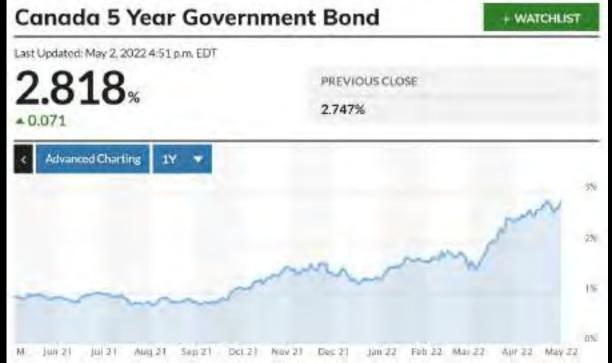


5-YEAR BOND YIELD CONTINUES TO RISE

April 13

May 3





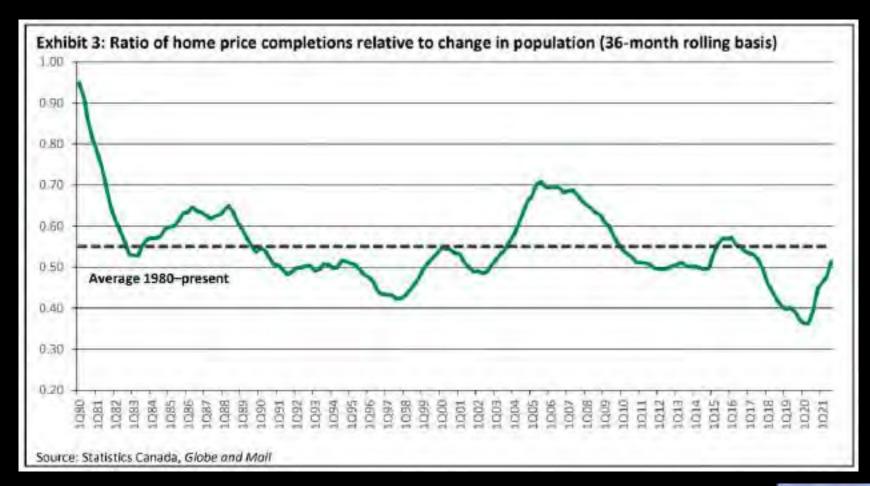




A SLOWDOWN DOESN'T HAVE TO MEAN A RECESSION.



HOMEBUILDING NOT KEEPING UP WITH NEW HOUSEHOLD FORMATION





2022-2024 Immigration Levels Plan

Immigration Targets Recently Revised Up

Immigrati on Class	2022	2023	2024
Economic	241,850	253,00	267,750
Family	105,000	109,500	113,000
Refugee	76,545	74,055	62,500
Humanitari	8,250	10,500	7,750
Total	431,645	447,055	451,000

Where will all of these people live?





Canada's population is growing at the fastest pace in the G7 and ranks seventh in the G20

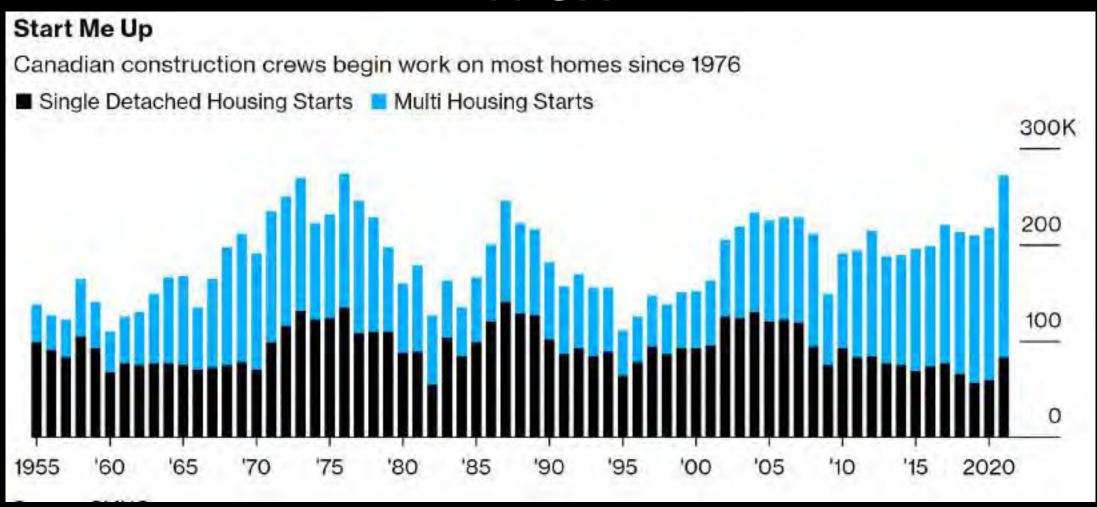
	population growth rate from 2016 to 2021 (%)	
Saudi Arabia	8.9	
Australia	7.3	
South Africa	6.8	
Turkey	6.5	
Indonesia	5.7	
Mexico	5.6	
Canada	5.2	
India	5.2	
Argentina	5.0	
Brazil	3.8	
United Kingdom	2.9	
United States	2.6	
China	2.0	
France	1.2	
South Korea	1.1	
Germany	1.0	

European Union





2021 HOMEBUILDING ALREADY AT 46-YEAR HIGH





ALL LEVELS OF GOVERNMENT AGREE WE NEED MORE HOUSING CONSTRUCTION

\$4 Billion Housing Accelerator Fund

Municipalities have ramped up building permit issuance

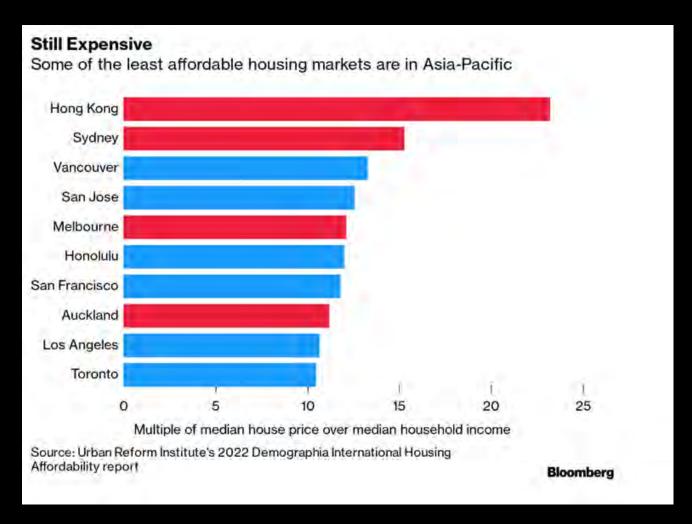
Building boom must continue

Incentives to speed up the approval processes

Rethink zoning regulations

Allow mediumdensity development in low-density areas

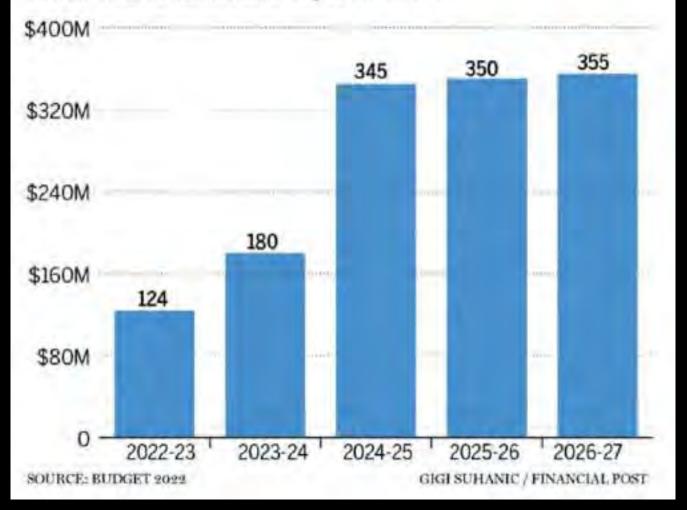
TOP TEN CITIES WITH LEAST AFFORDABLE HOUSING



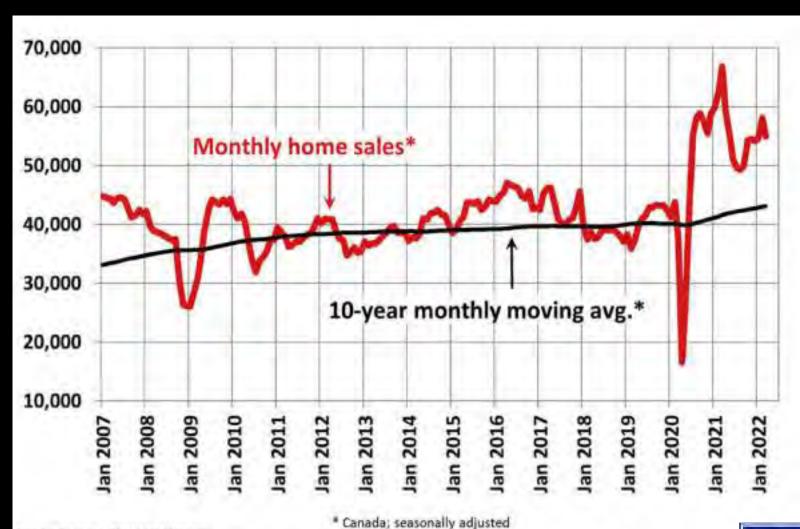
Home prices have begun falling in Sydney and Hong Kong, while values in Singapore barely rose last quarter, as buyers wary of rising interest rates and economic headwinds move to the sidelines.

BUDGET AND FIRST-TIME HOME BUYERS

Totals includes a tax-free first home savings account, a doubling of the first-time home buyers' tax credit and an extended first-time home buyer incentive

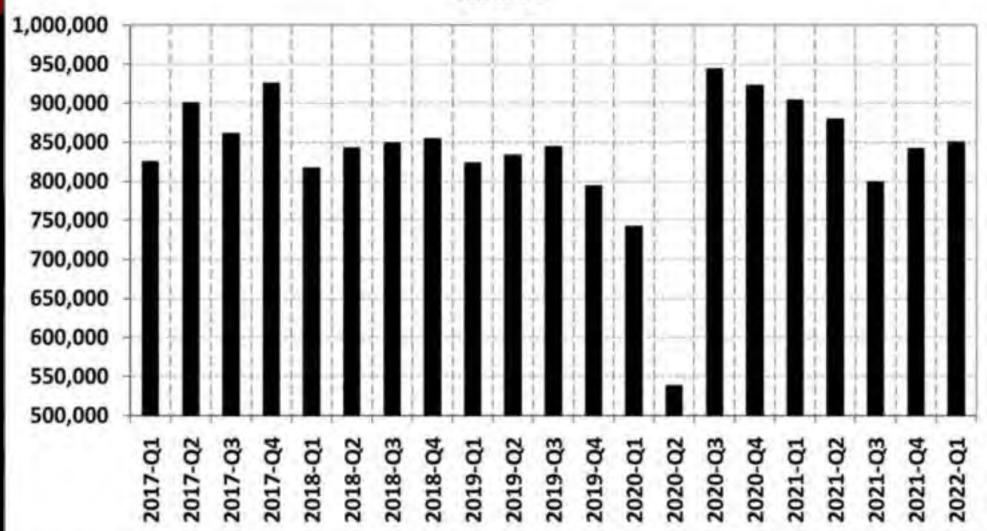


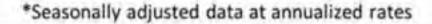
MARCH SALES SOFTEN FOR FIRST TIME SINCE JUNE



Residential new listings*

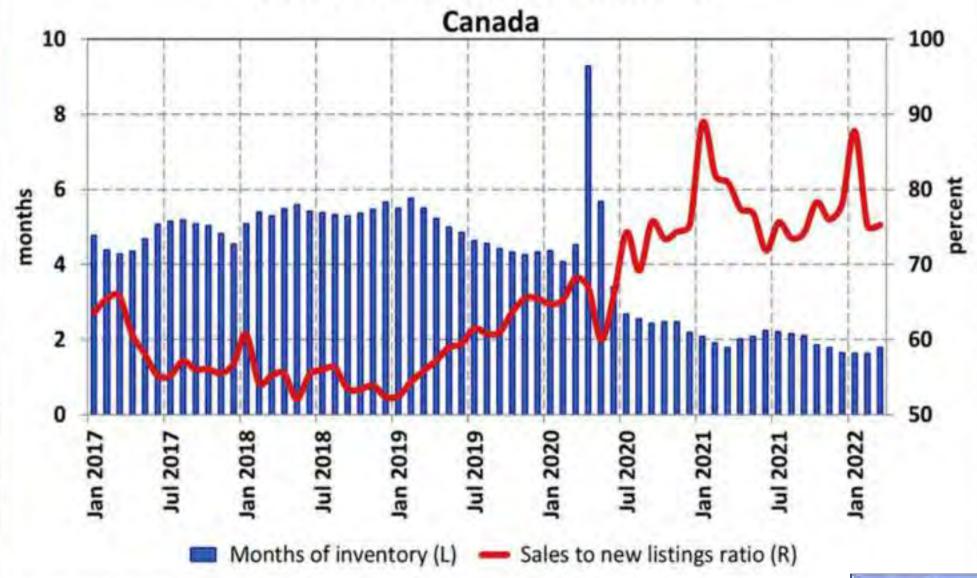
Canada





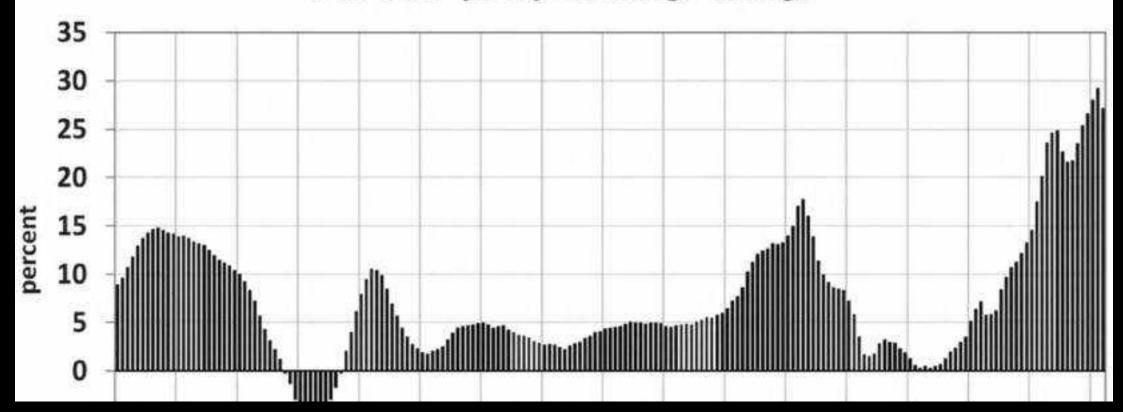


Residential market balance*



Aggregate Composite MLS® HPI*

Year-over-year percentage change



SALES WILL SLOW FURTHER

Once the pool of buyers with 90-day rate holds is exhausted

Have mortgage approvals at rates up to 100bps below current levels

They are highly motivated buyers

Signs Of A Housing Slowdown

Sales Slow

Fewer Multiple Bidding Situations

Softer Price Gains in Many Markets

New Listings Picking Up



HIGHER INTEREST RATES WILL REMOVE SOME BUYERS FROM HOUSING MARKET AND REDUCE THE PURCHASING POWER OF OTHERS

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