

Canada – Positioning for the Future

FEI Canada

June 16, 2017

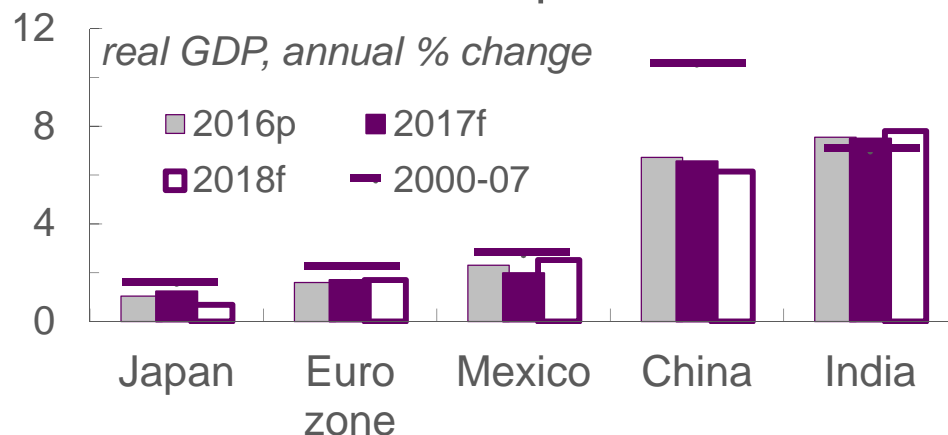
Mary E. Webb
Director, Economic & Fiscal Policy

GLOBAL BANKING AND MARKETS

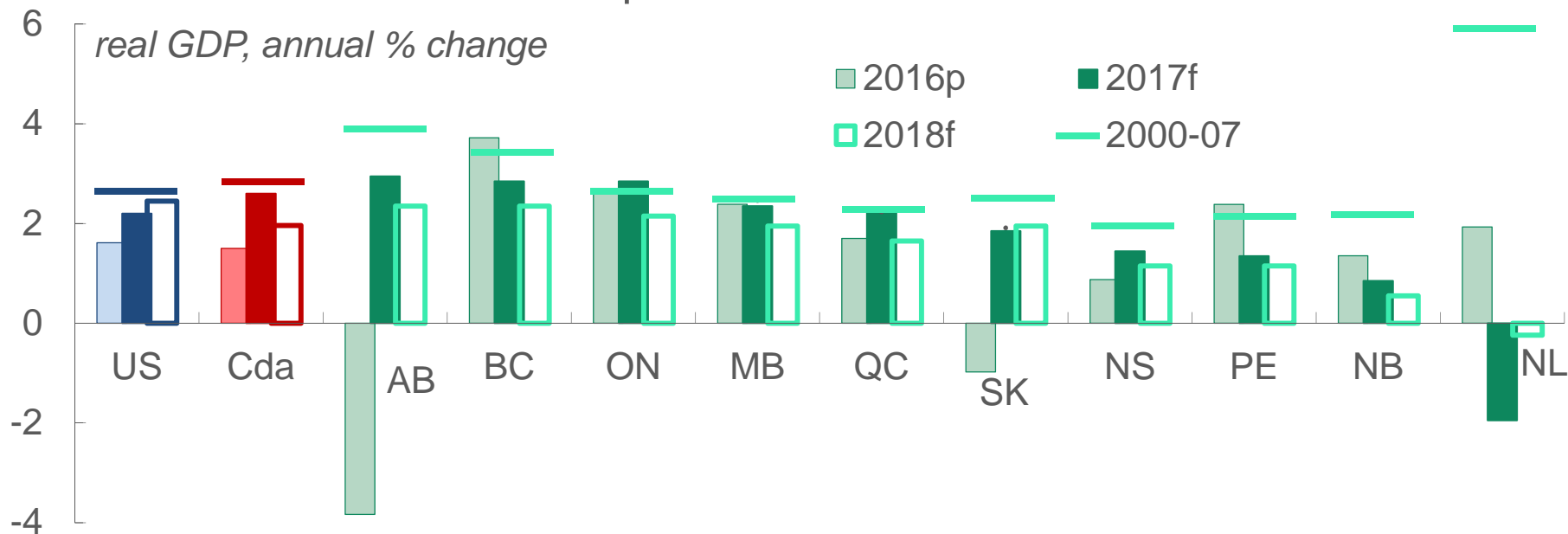


Perhaps a Stronger 2017 ...

The Global Backdrop



More Balanced Provincial Output Gains

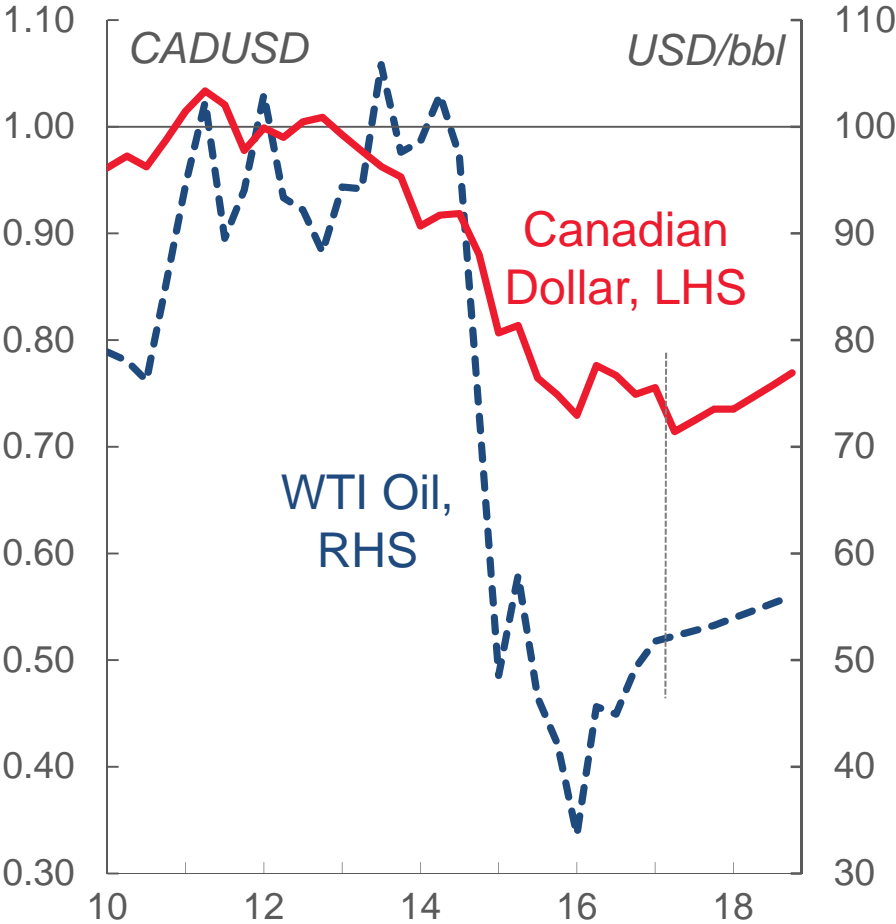


Source: Statistics Canada, BEA, Ontario Finance, Institut de la statistique du Québec, Scotiabank Economics.

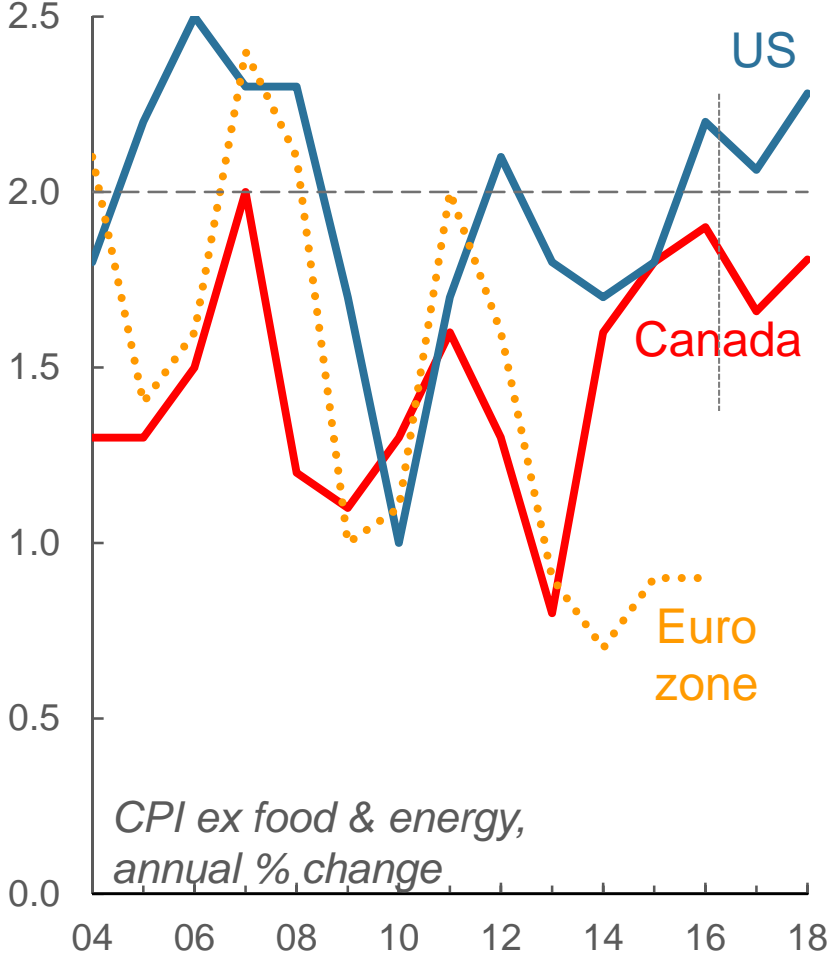
Forecasts at June 6, 2017.

Commodity Prices Firm ...

The Canadian Dollar & WTI Oil



Core CPI Inflation

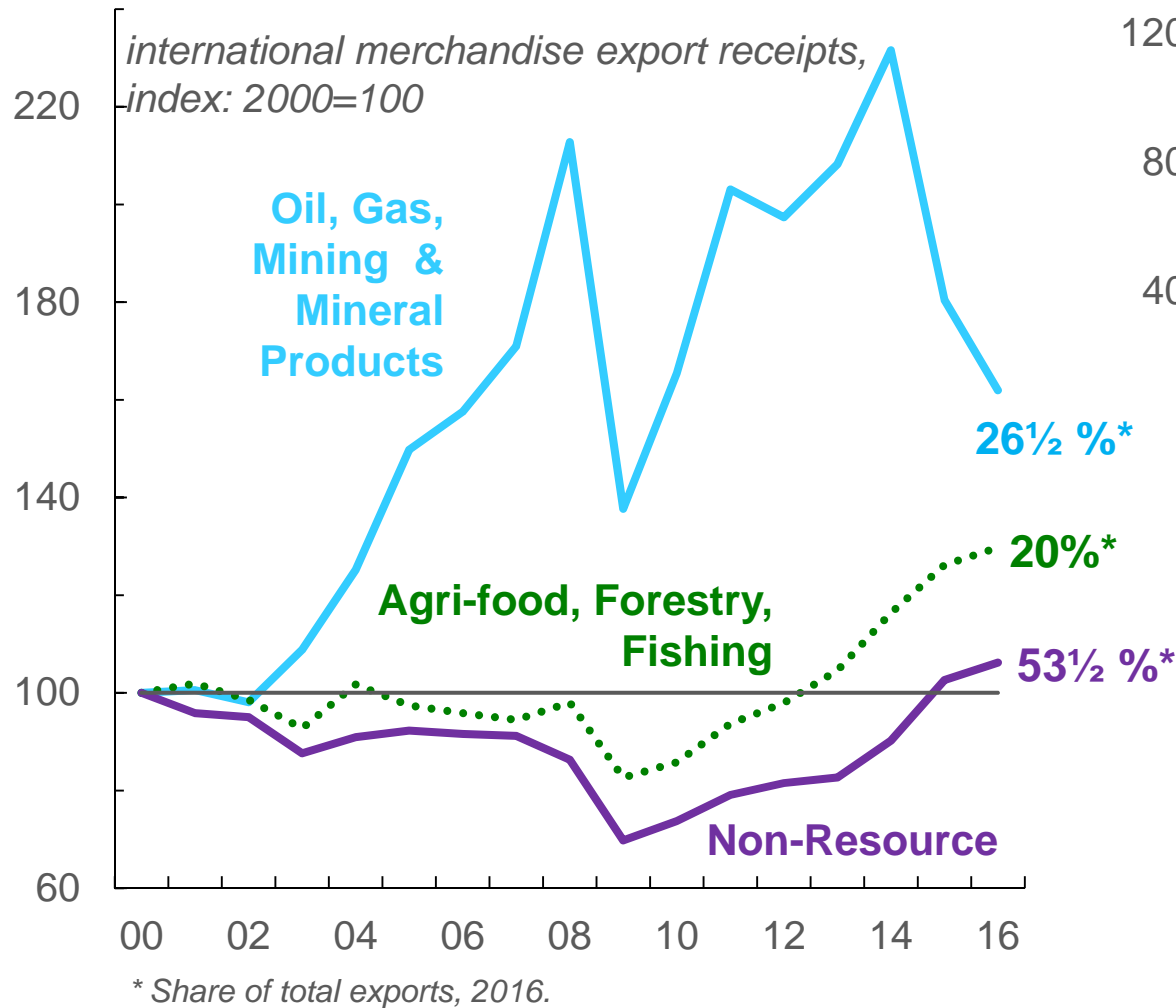


Source: Statistics Canada, Bloomberg, Scotiabank Economics.

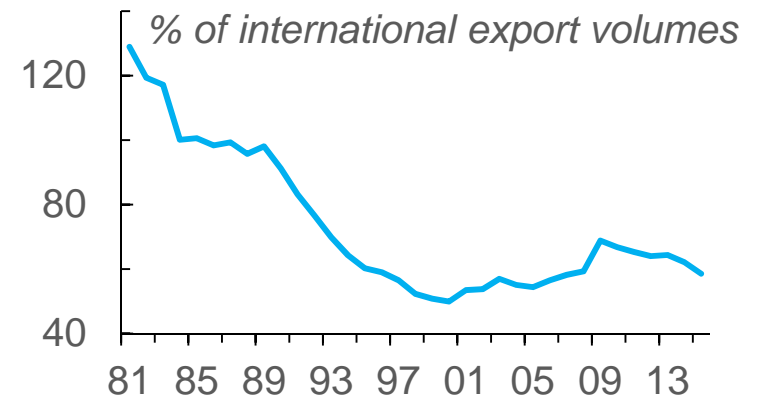
Forecasts at June 6, 2017.

The Restructuring of the Canadian Economy

Shifts in Merchandise Exports

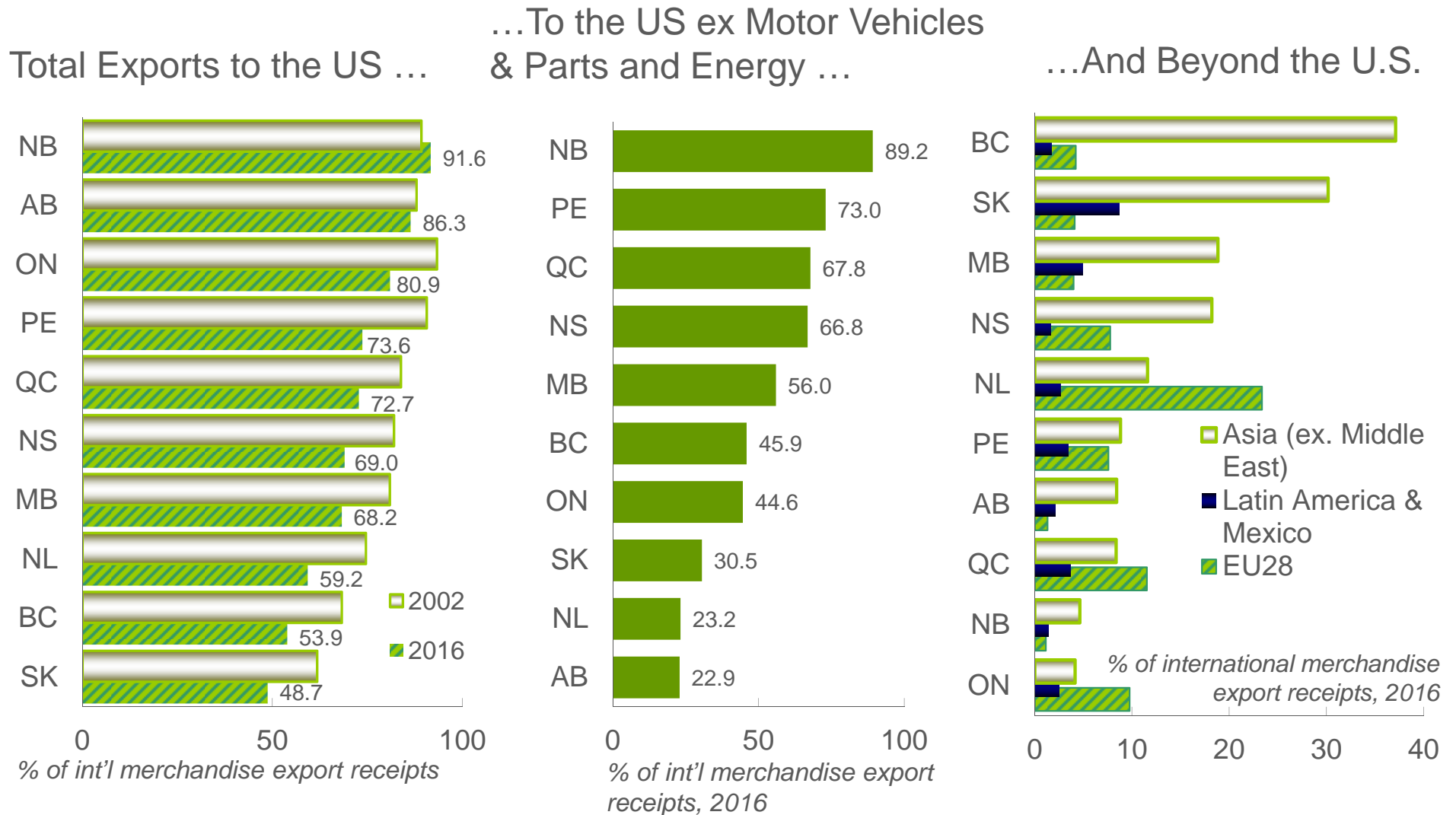


Interprovincial Export Volumes



Source: Statistics Canada, Industry Canada.

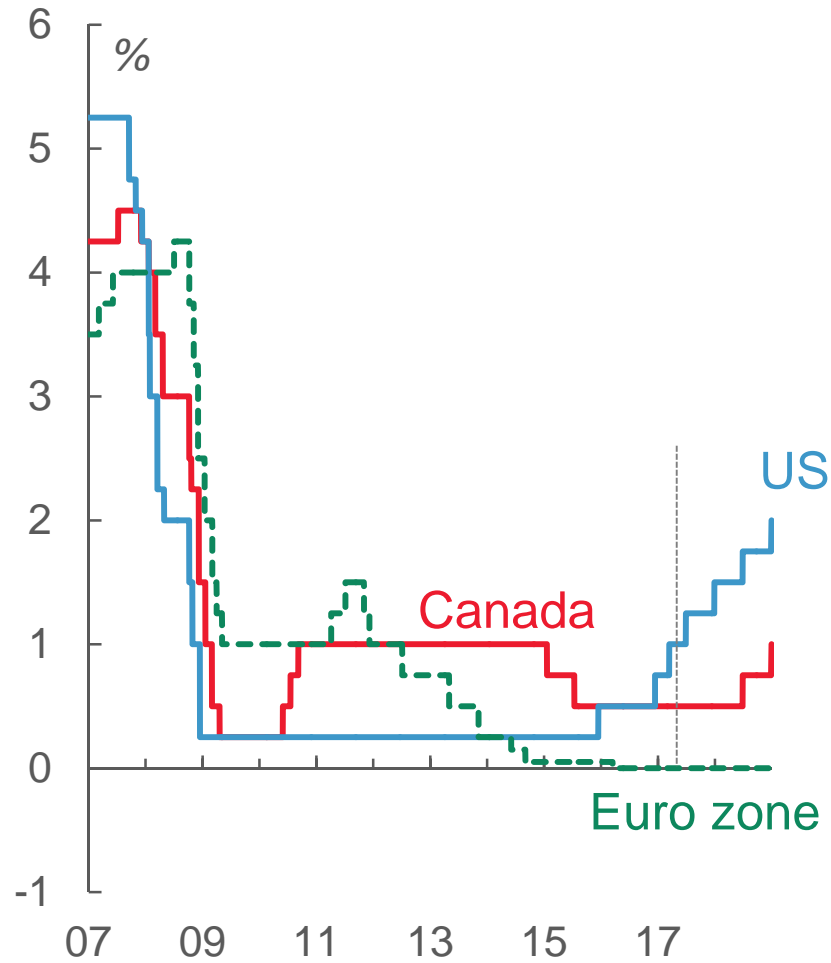
The Geographic Diversification of Provincial Exports



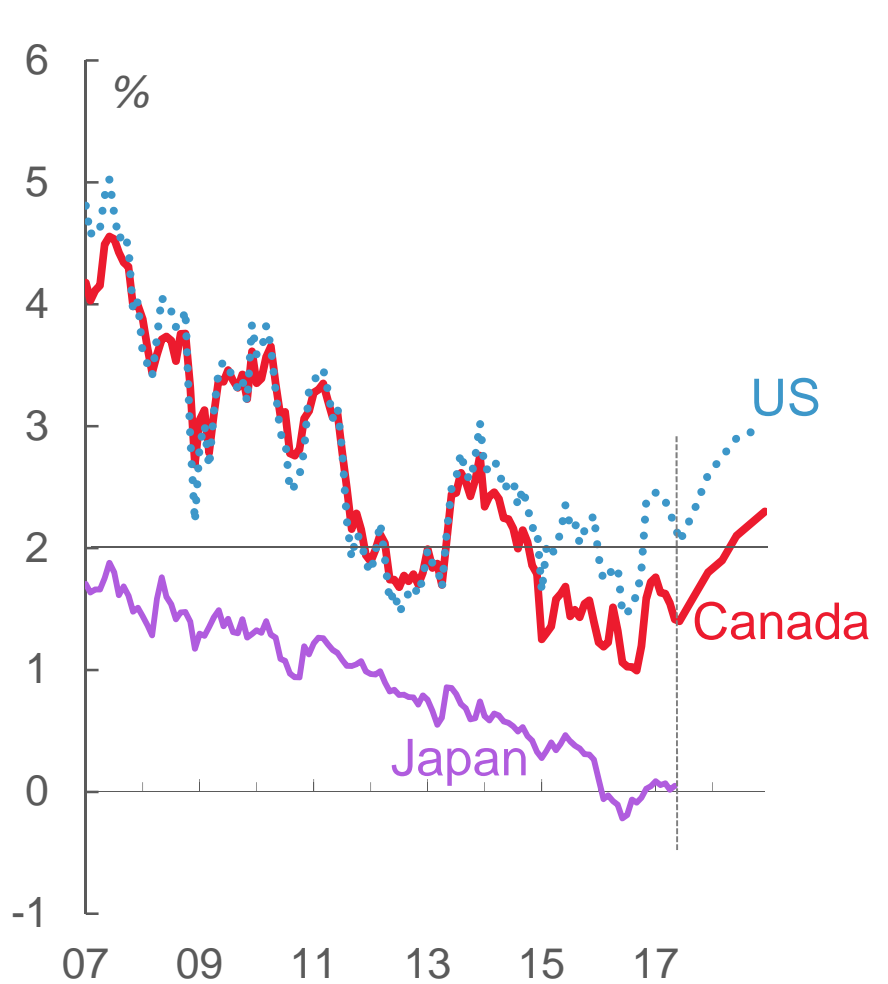
Source: Statistics Canada, Industry Canada.

The U.S. Federal Reserve – Now Tightening

Central Bank Rates



10-Year Government Bond Yields

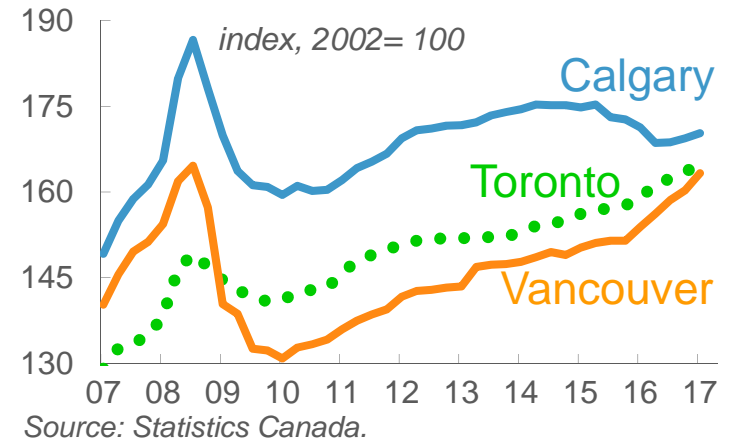


Source: Bank of Canada, U.S. Federal Reserve, Bloomberg, Scotiabank Economics.

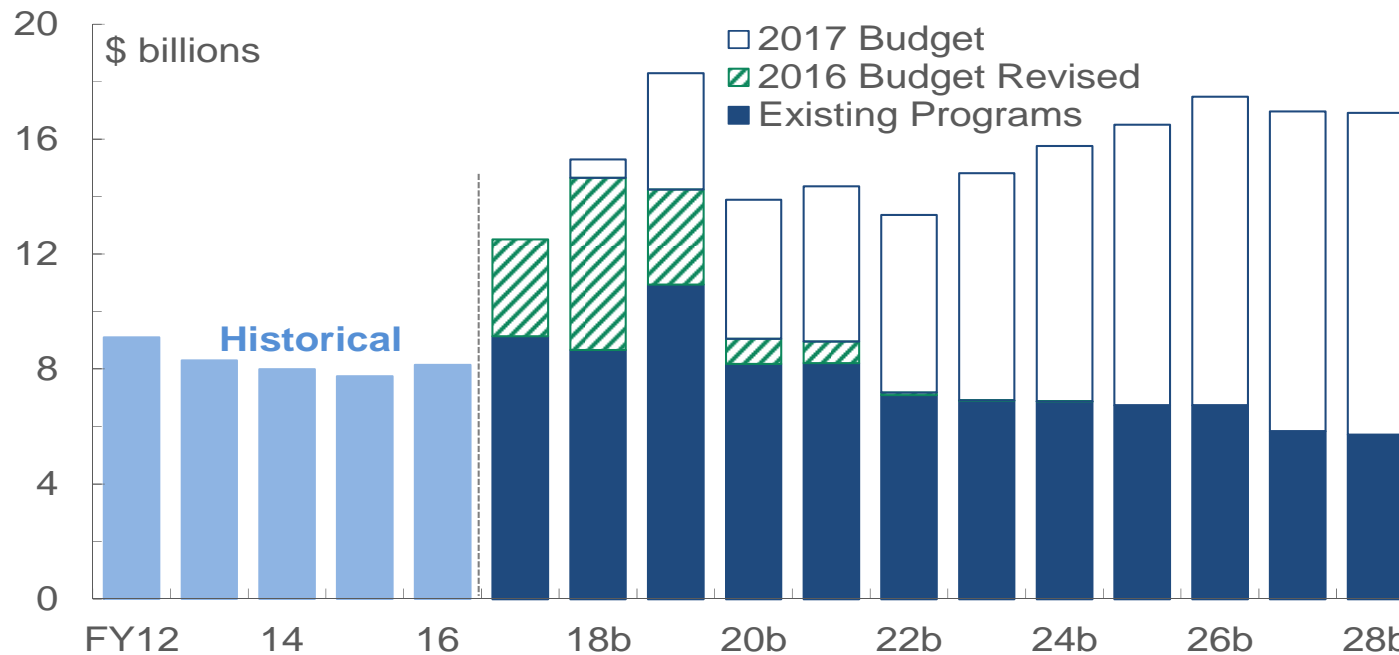
Forecasts at June 6, 2017.

Layered Infrastructure Programs

Non-Residential Construction Costs



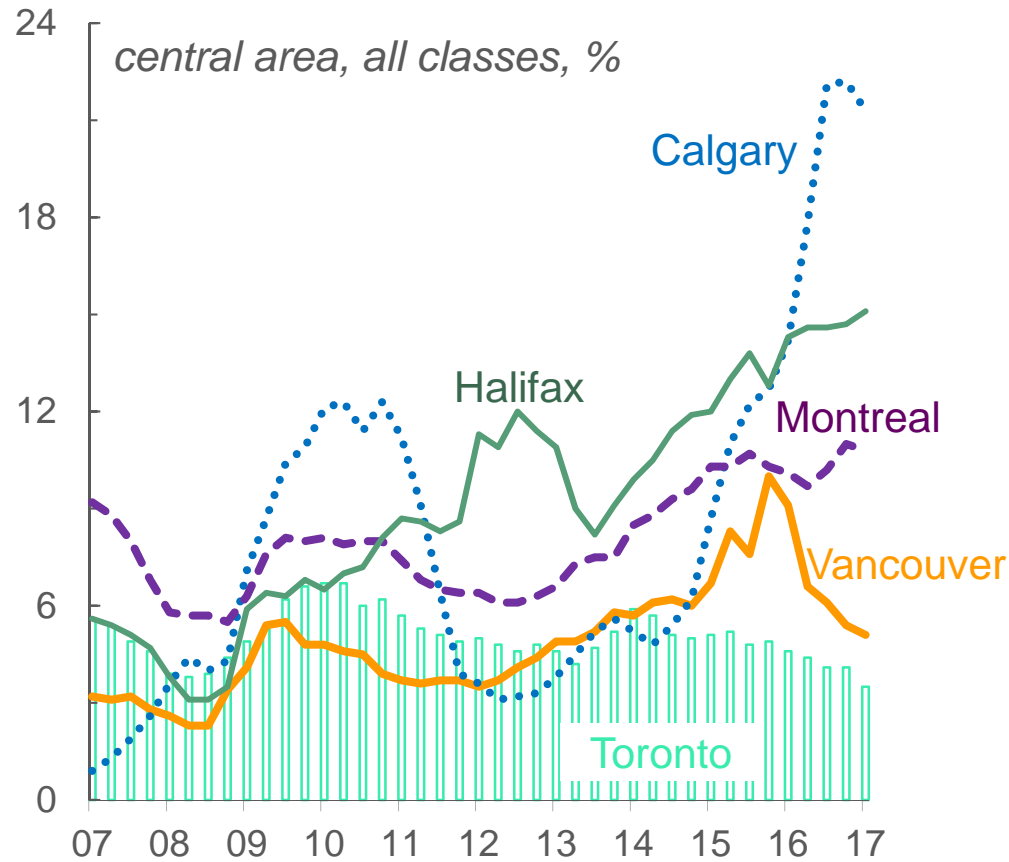
The Federal Liberals' Infrastructure Plan



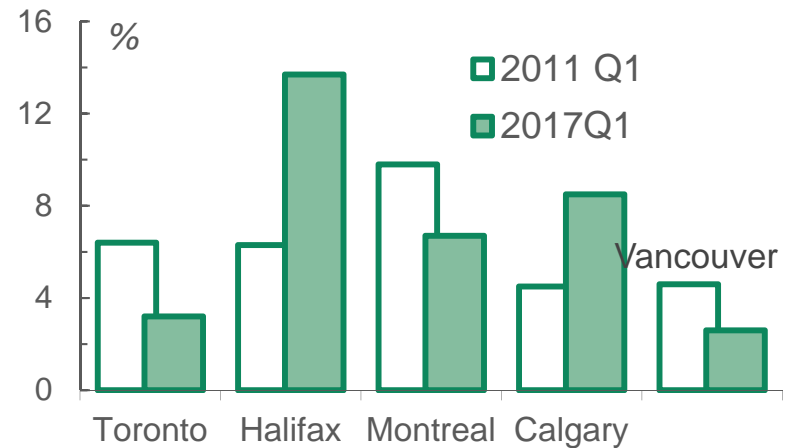
Source: Finance Canada.

Business Expansion

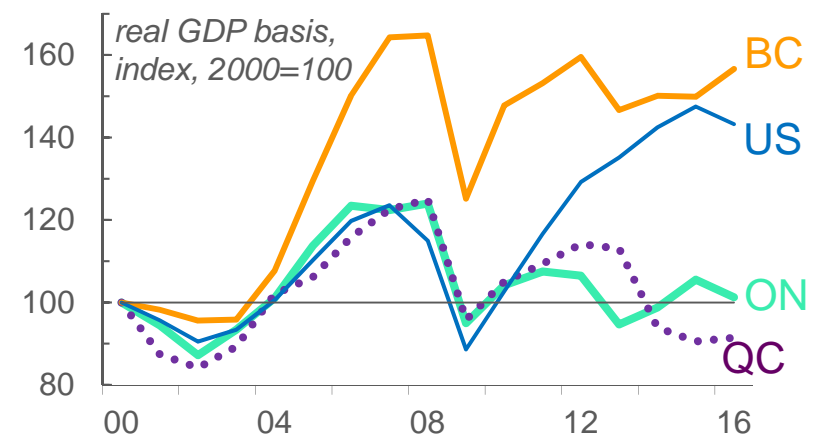
Vacancy Rates Diverge – For Office ...



... and Industrial Space



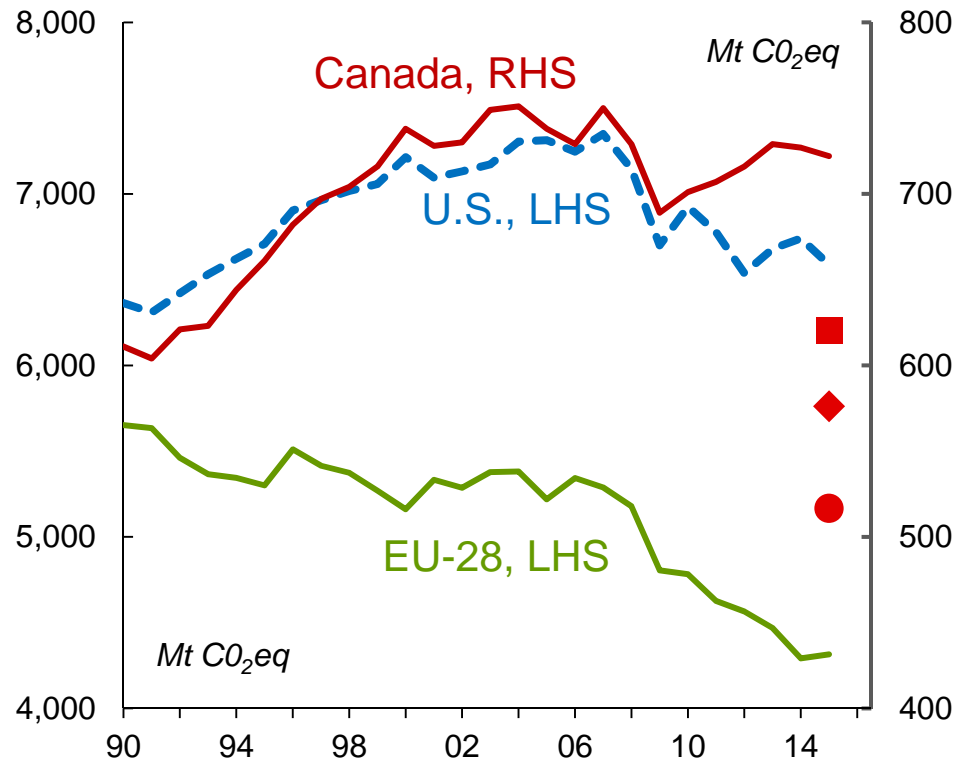
Machinery & Equipment Investment



Source: Statistics Canada, Cushman & Wakefield, Scotiabank Economics.

The Climate Change Challenge

Canada's GHG Target Commitments

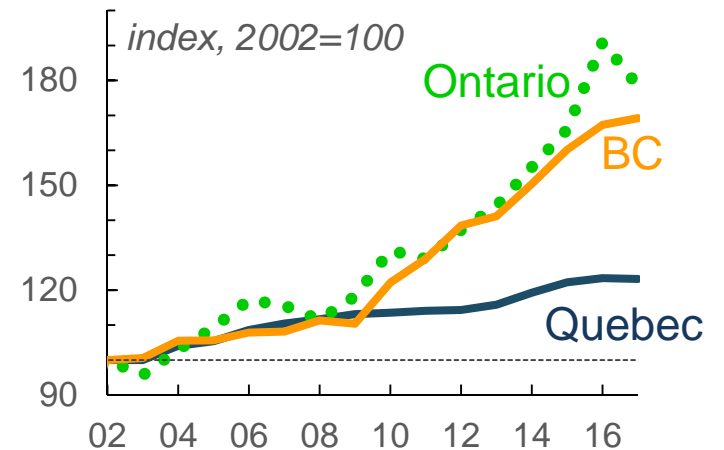


- ◆ **Kyoto:** 2008-12 avg. 6% below 1990 level*
- ▲ **Copenhagen:** by 2020, 17% below 2005 level
- **2030:** 30% below 2005 level

* Canada withdrew from the Kyoto Protocol in Dec. 2011.

Source: Environment Canada, U.S. Environmental Protection Agency, European Environmental Agency, Statistics Canada, Environment Ontario.

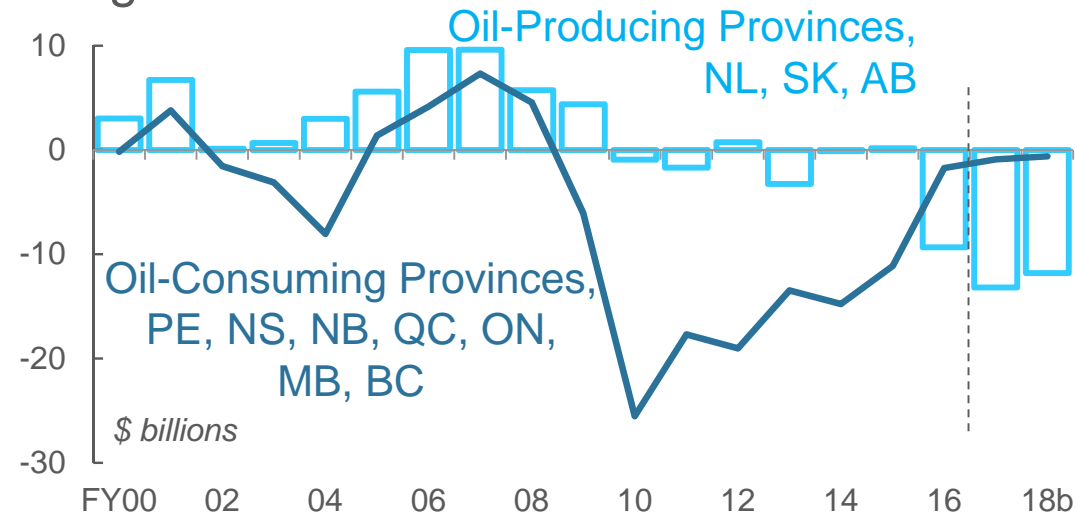
CPI Inflation – Electricity*



* January-April, 2017.

Regaining Black Ink

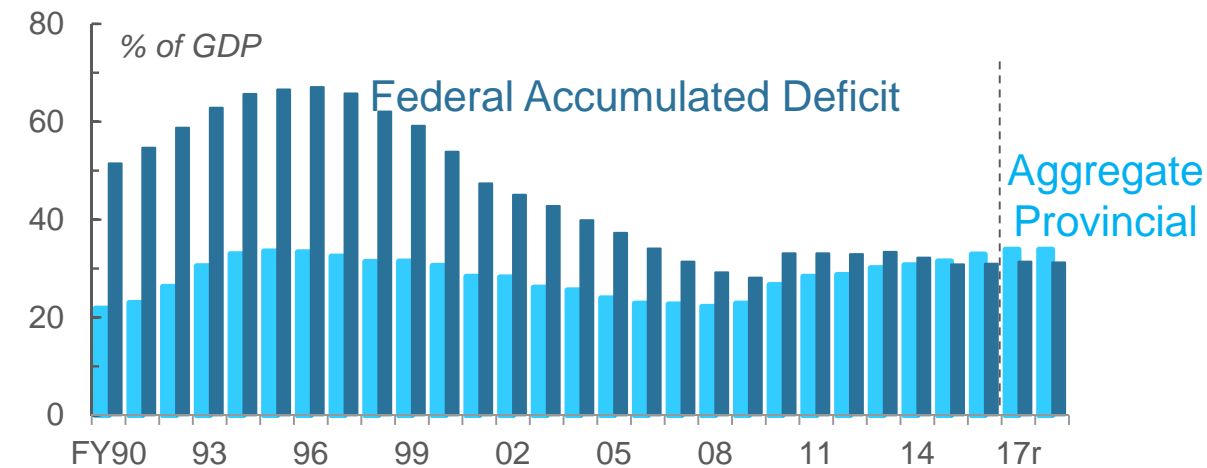
Budget Balances ...



Target for Balanced Books

NL	FY23
PE	Balanced
NS	Balanced
NB	FY21
QC	Balanced
ON	Balanced
MB	n.a.
SK	FY20
AB	n.a.
BC	Balanced
Federal	n.a.

... and Net Debt



Source: Budgets; historical debt: Moody's Investors Service; Statistics Canada; Scotiabank Economics.

Forecasts at June 6, 2017.

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