

Economic outlook: Trade War... and Peace

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Market volatility returns

2016-18 (as of June 13, 2018)

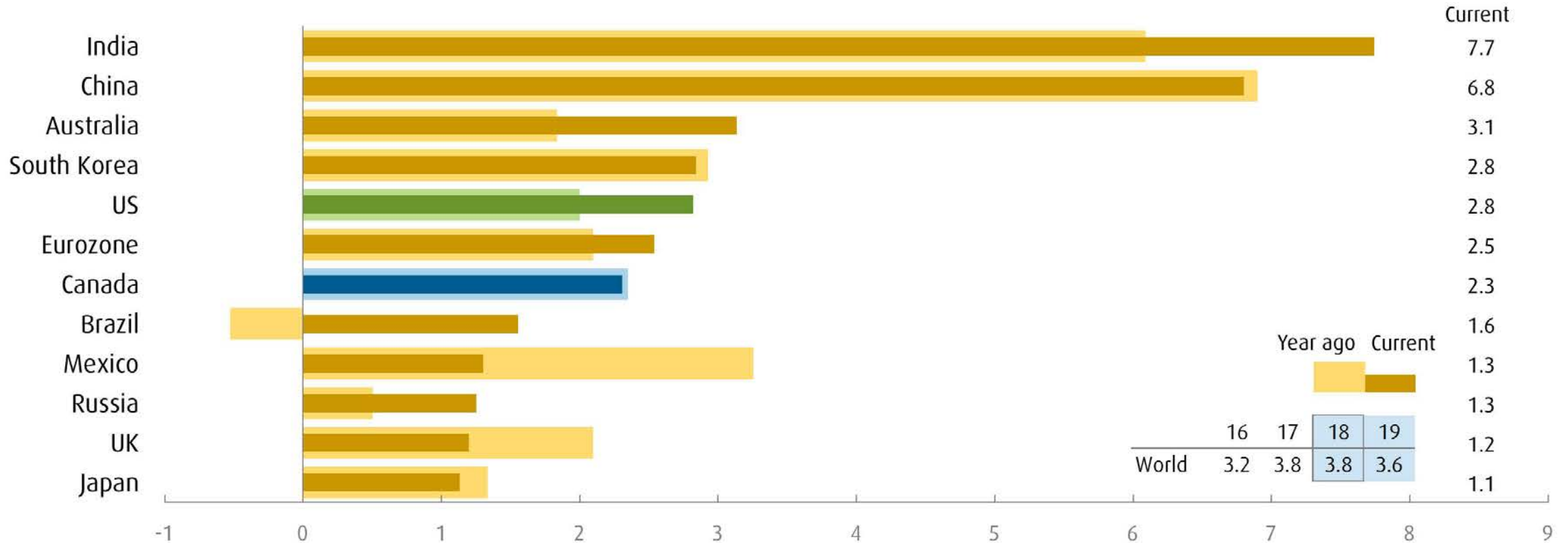


Trade fears and rising yields fuel volatility

Global growth: Synchronized and solid...

2018:Q1 (y/y % chng)

Real GDP



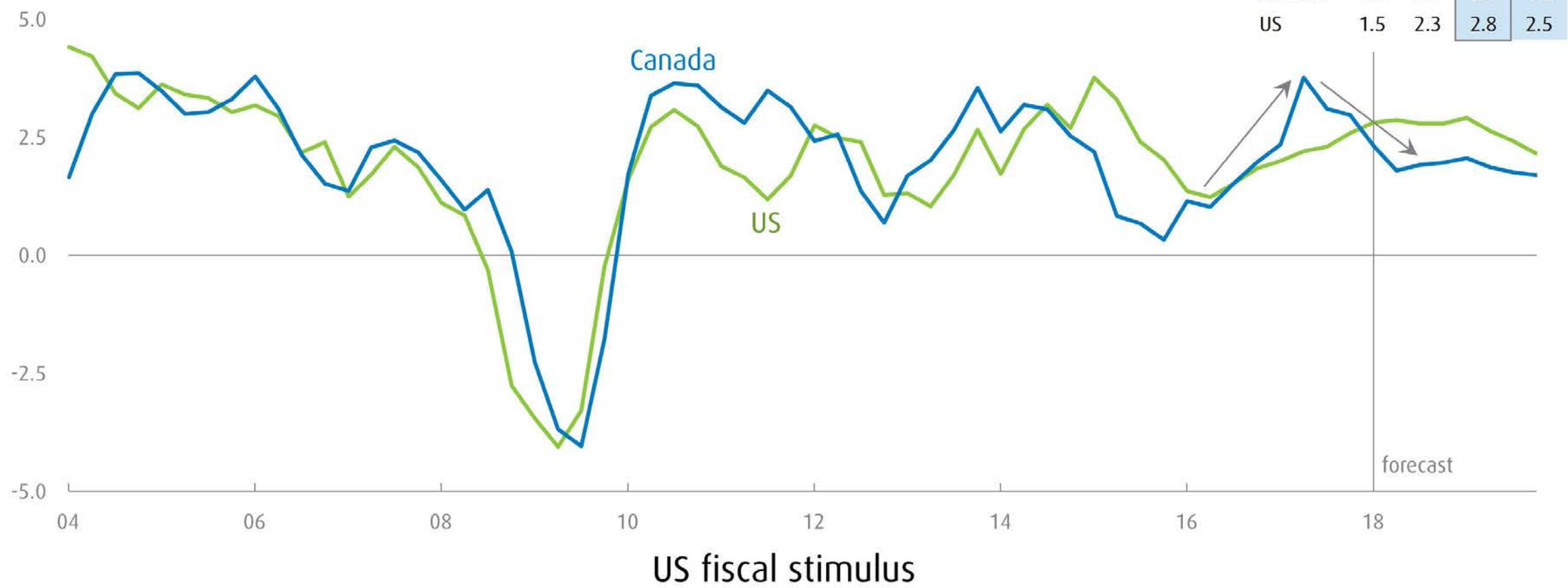
...but past the peak?

Sorted by current

North American growth: Role reversal, again

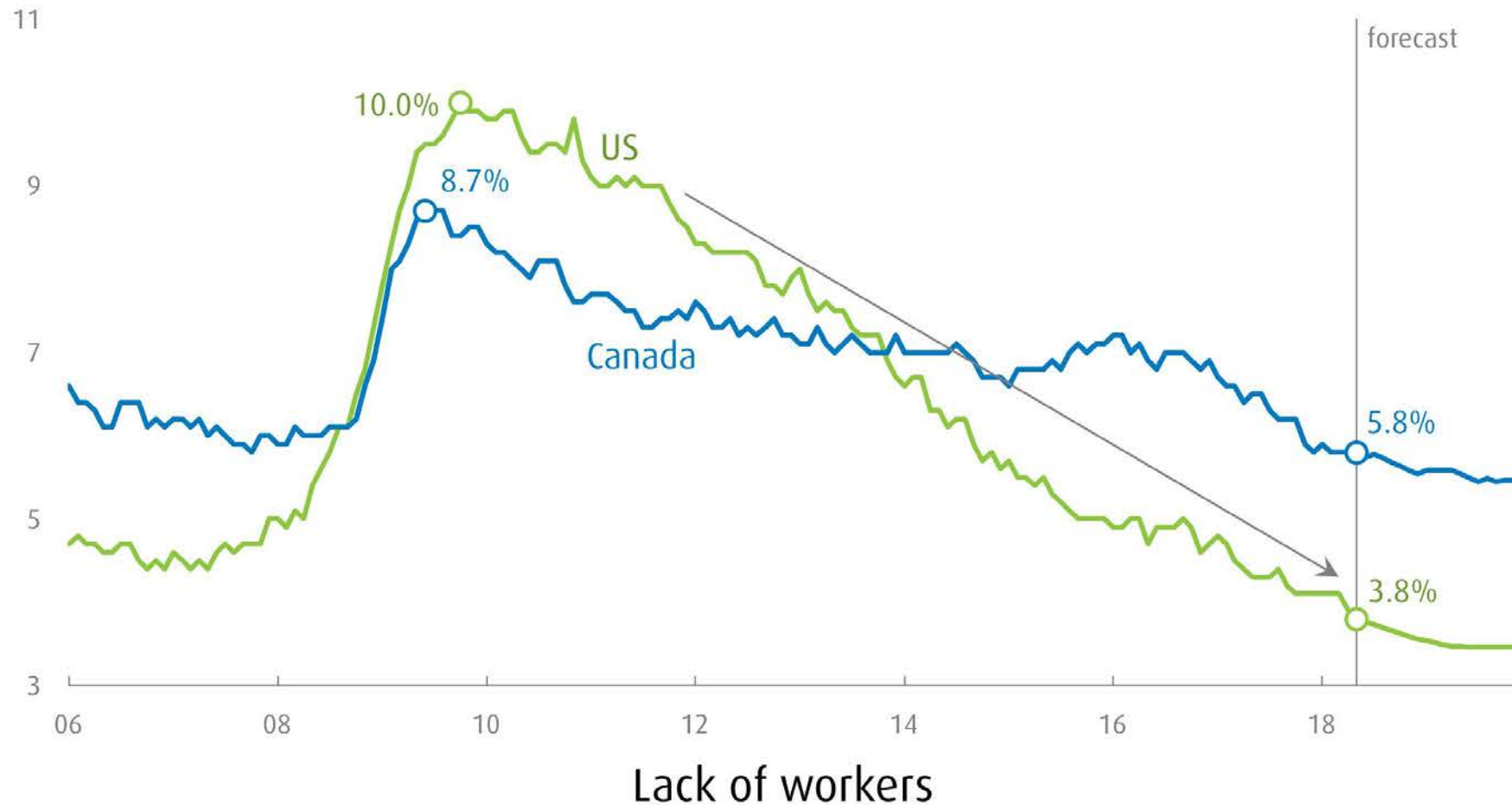
(y/y % chng)

Real GDP



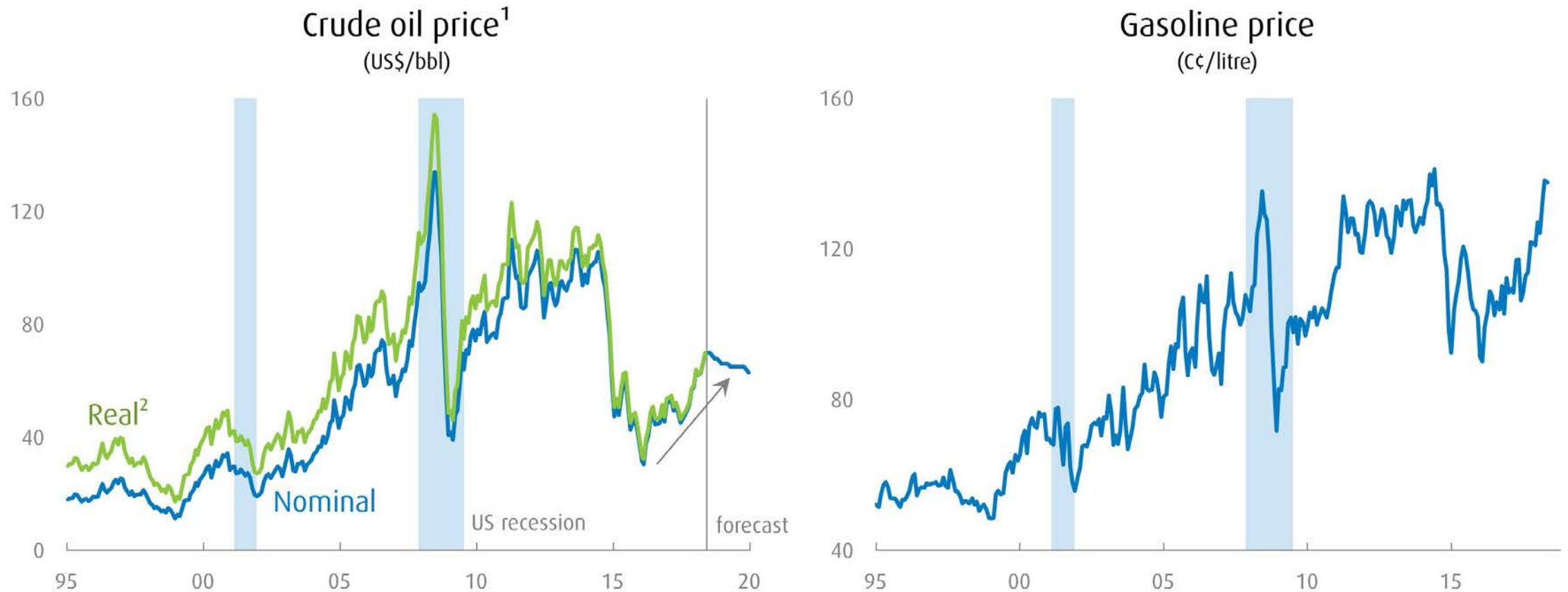
Jobless rates: US still falling... Canada improving rapidly

Unemployment rate (percent)



Greece	20.1
Spain	15.9
Italy	11.2
France	9.2
Portugal	7.4
Canada	5.8
Ireland	5.8
Australia	5.6
UK	4.2
US	3.8
Germany	3.4
Japan	2.5
Halifax	5.7
Nova Scotia	7.2

Oil prices: Return to 'normal'



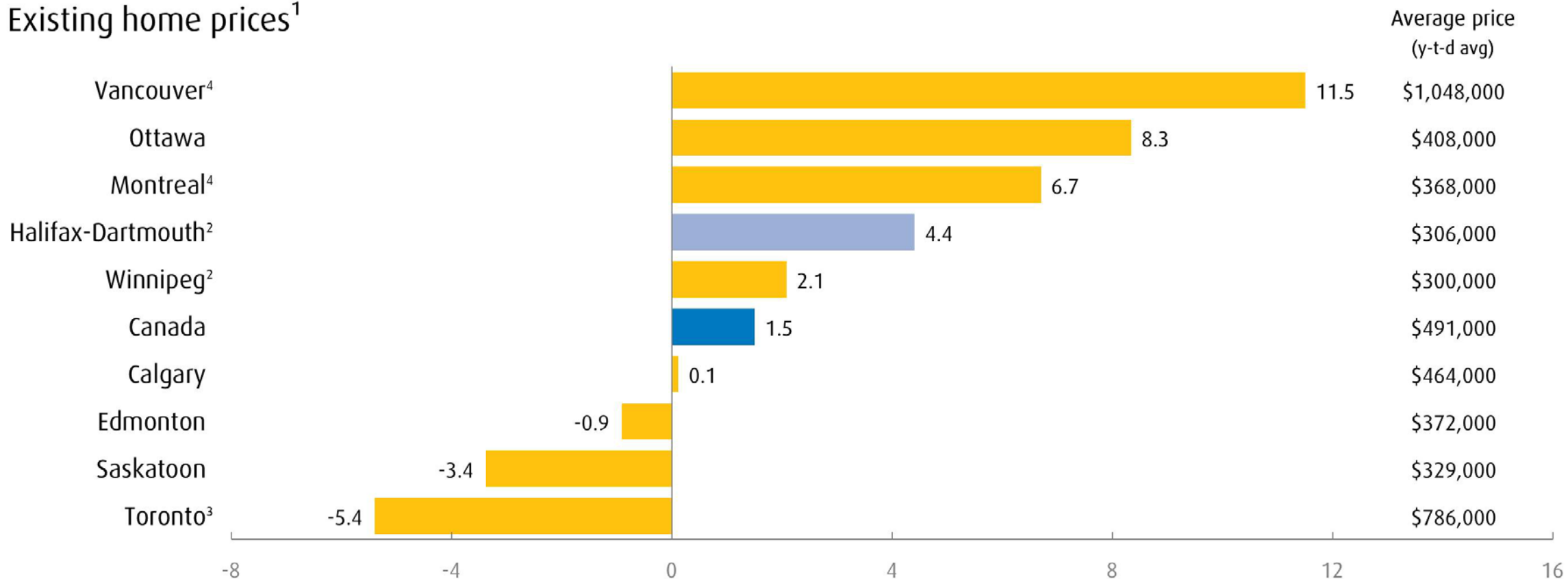
Crude oil: Long-term average price = \$55-60 (today's dollars)

¹ West Texas Intermediate; ² May 2018 US dollars

Canadian house prices: Location, location, location

Canada (y/y % chng : nsa : as of April 2018)

Existing home prices¹



Governments move to cool market: New measures in 2018

¹ HPI composite benchmark where available; ² Average price (y-t-d); ³ May 2018; ⁴ May 2018 (HPI rate), April 2018 (average y-t-d price)

Trade woes: Canada/US issues



NAFTA uncertainty

Potential outcomes: New NAFTA
Abrogated NAFTA
Zombie NAFTA

Steel and aluminum tariffs

Auto tariffs?

Softwood lumber

Newsprint

Aerospace

Debate over surplus/deficit

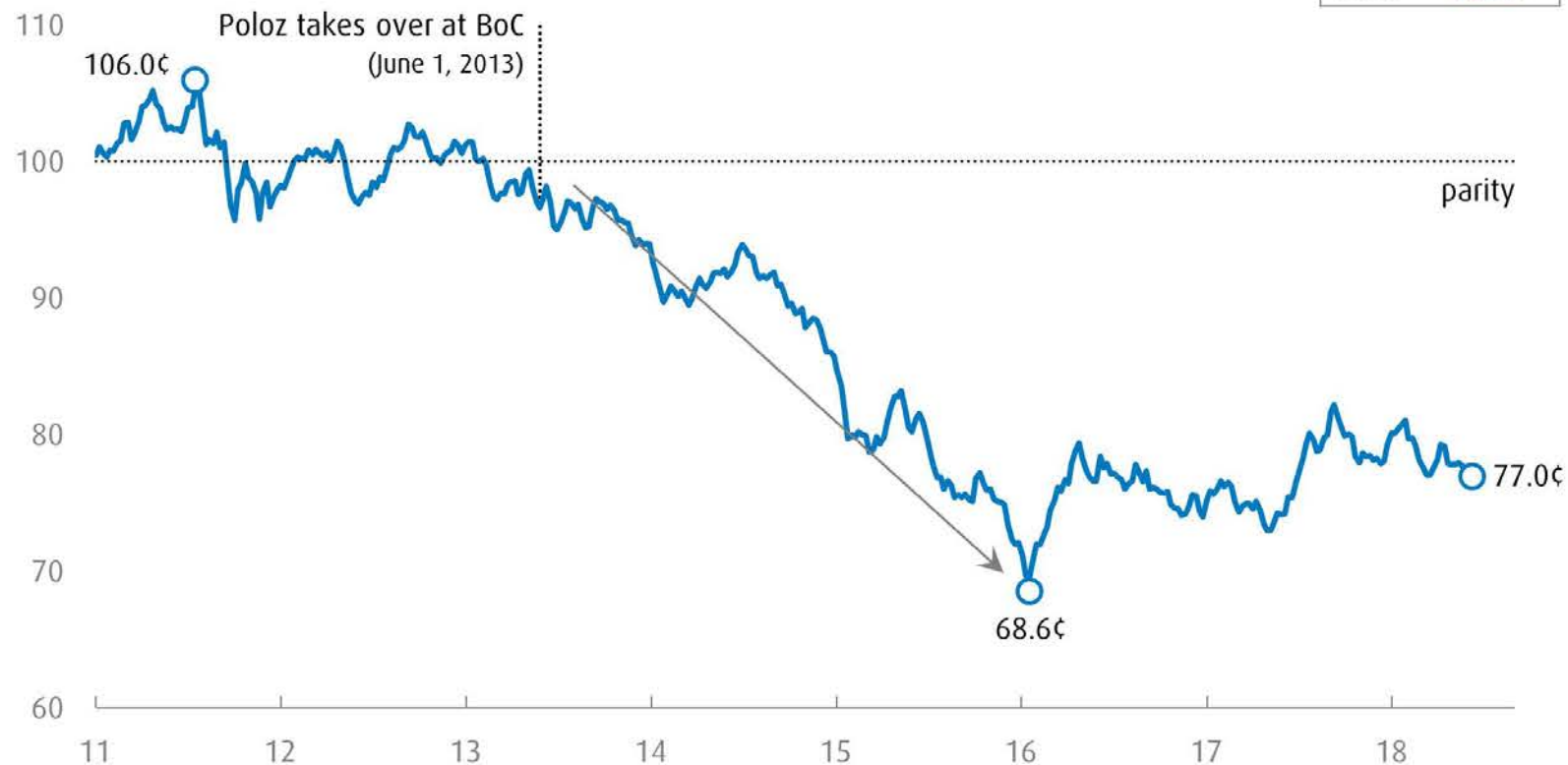
Canadian dollar: Where next?

Canada



Bank of Canada Governor Stephen Poloz

Canadian dollar (US¢ : as of June 13, 2018)

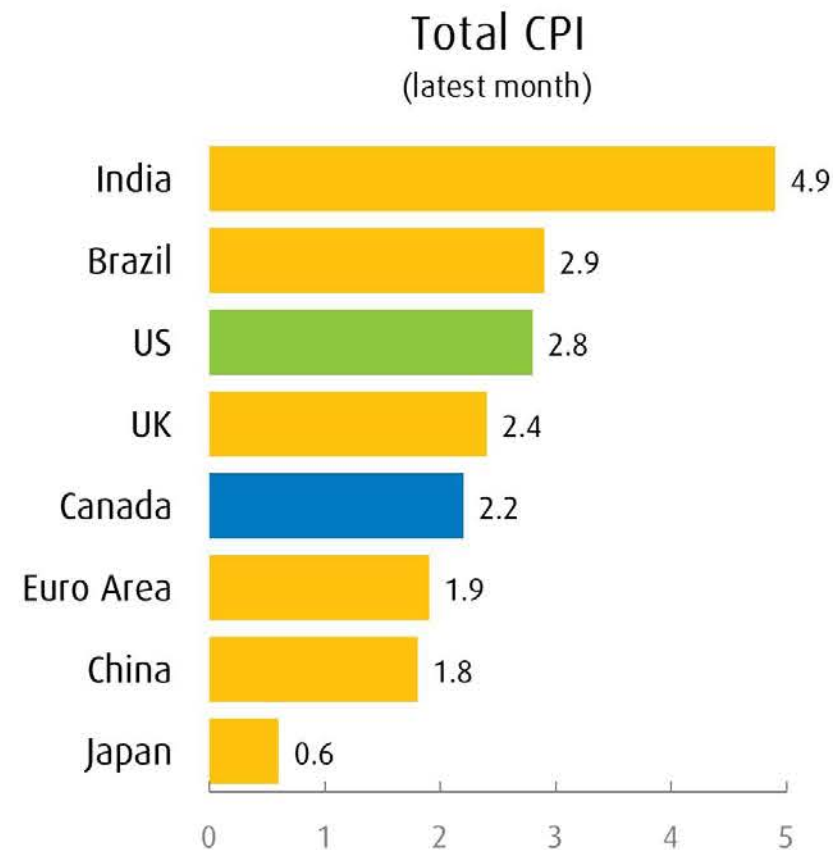
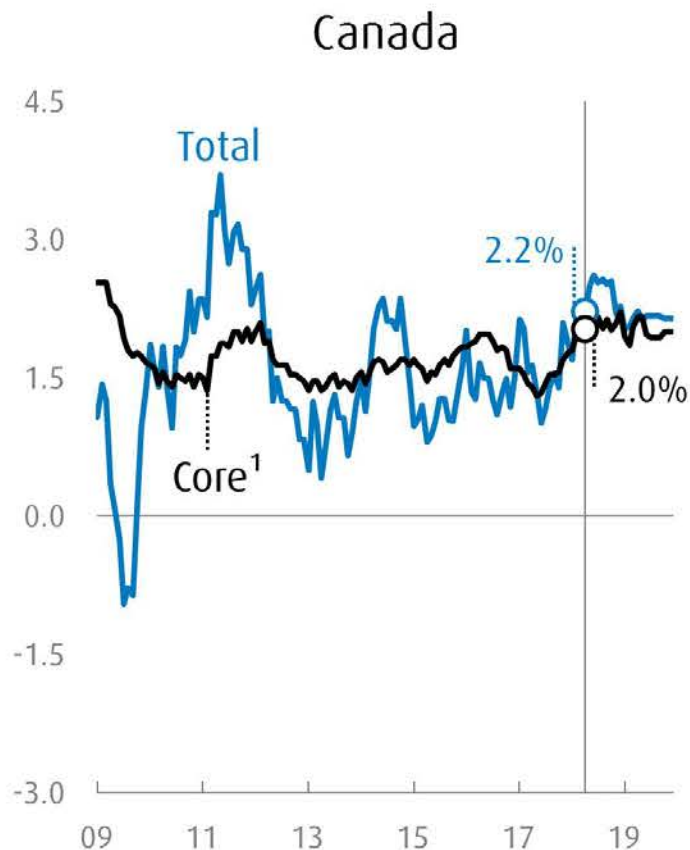


Trade uncertainties, housing worries, oil

[line] weekly averages; [dots] daily closes; [forecasts] BMO Economics

Inflation creeping up

Consumer price index (y/y % chng)



Nova Scotia: 2.8%

¹ Average of three new core inflation measures

Interest rates: More rate hikes coming

(% : as of June 13, 2018)

Overnight rate



Bank of Canada less "cautious"

10-year bonds



QE winds down

Global stocks: Stellar 2017, stormy 2018

Equity markets (% chng)

