

# Outlook 2014: Spring awakening?

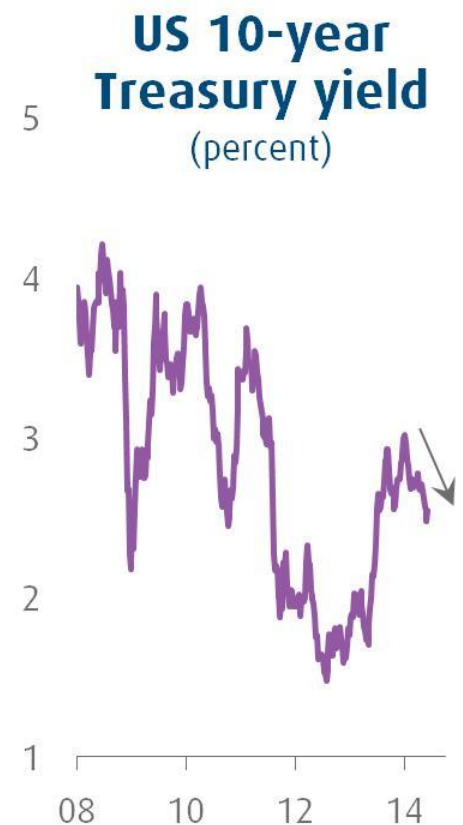
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A presentation of BMO Capital Markets Economic Research  
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# chilly start to 2014

(as of June 3, 2014)



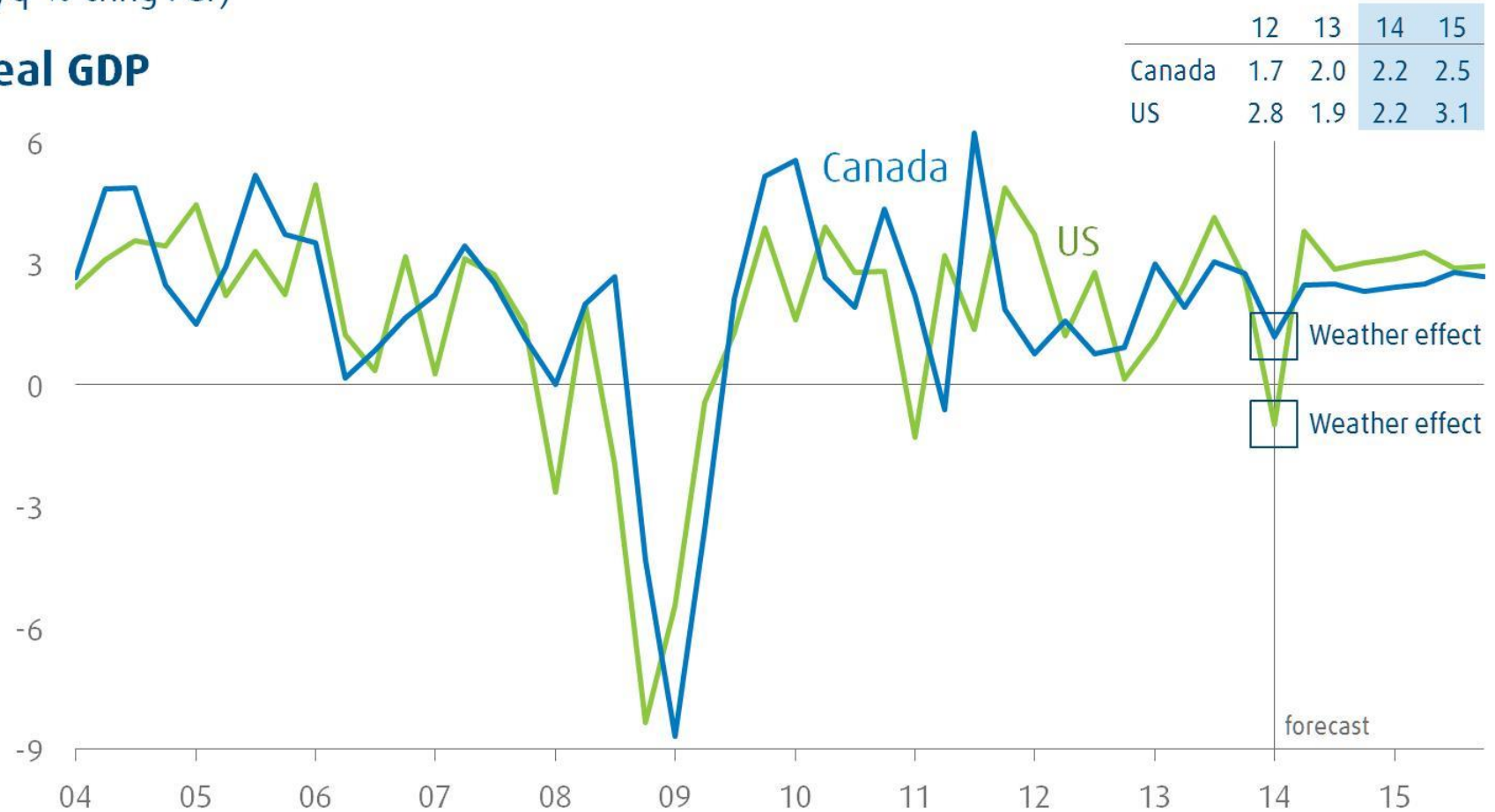
**But US stocks hit new record highs**

lines: weekly averages    record dot: daily close

# Growth pick-up later in 2014

(q/q % chng : ar)

## Real GDP



**US to outpace Canada**

# Jobless rates: Falling, but...

Unemployment rate (percent)



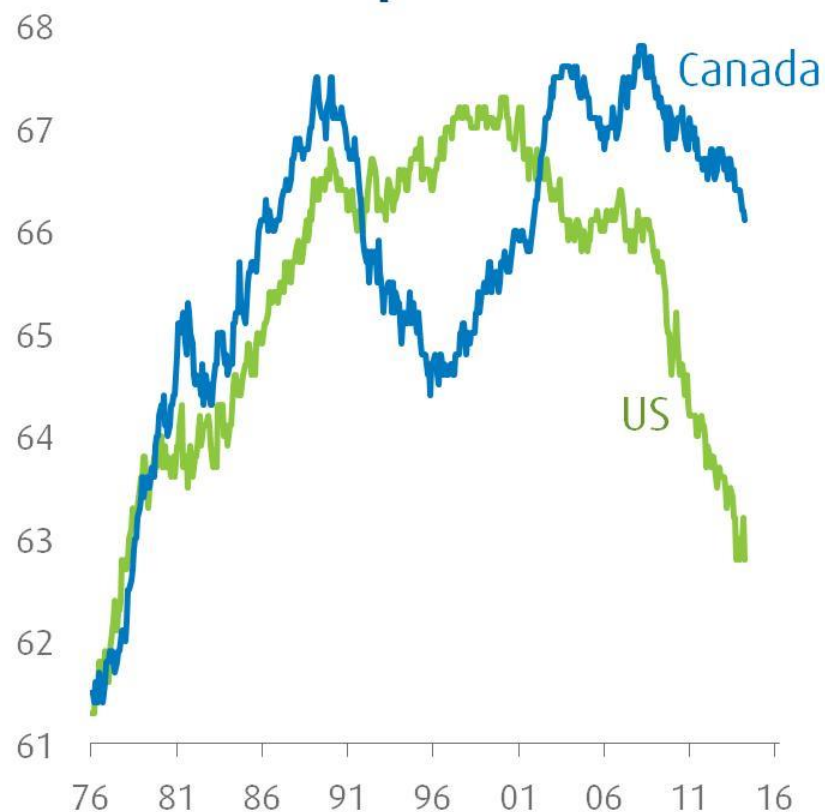
Greece	26.5
Spain	25.1
Portugal	14.6
Italy	12.6
Ireland	11.9
France	10.4
Canada	6.9
UK	6.6
US	6.3
Australia	5.8
Germany	5.2
Japan	3.6

**US participation rate: Lowest since 1978**

# Other labour market metrics

(% of adult population)

## Participation rate



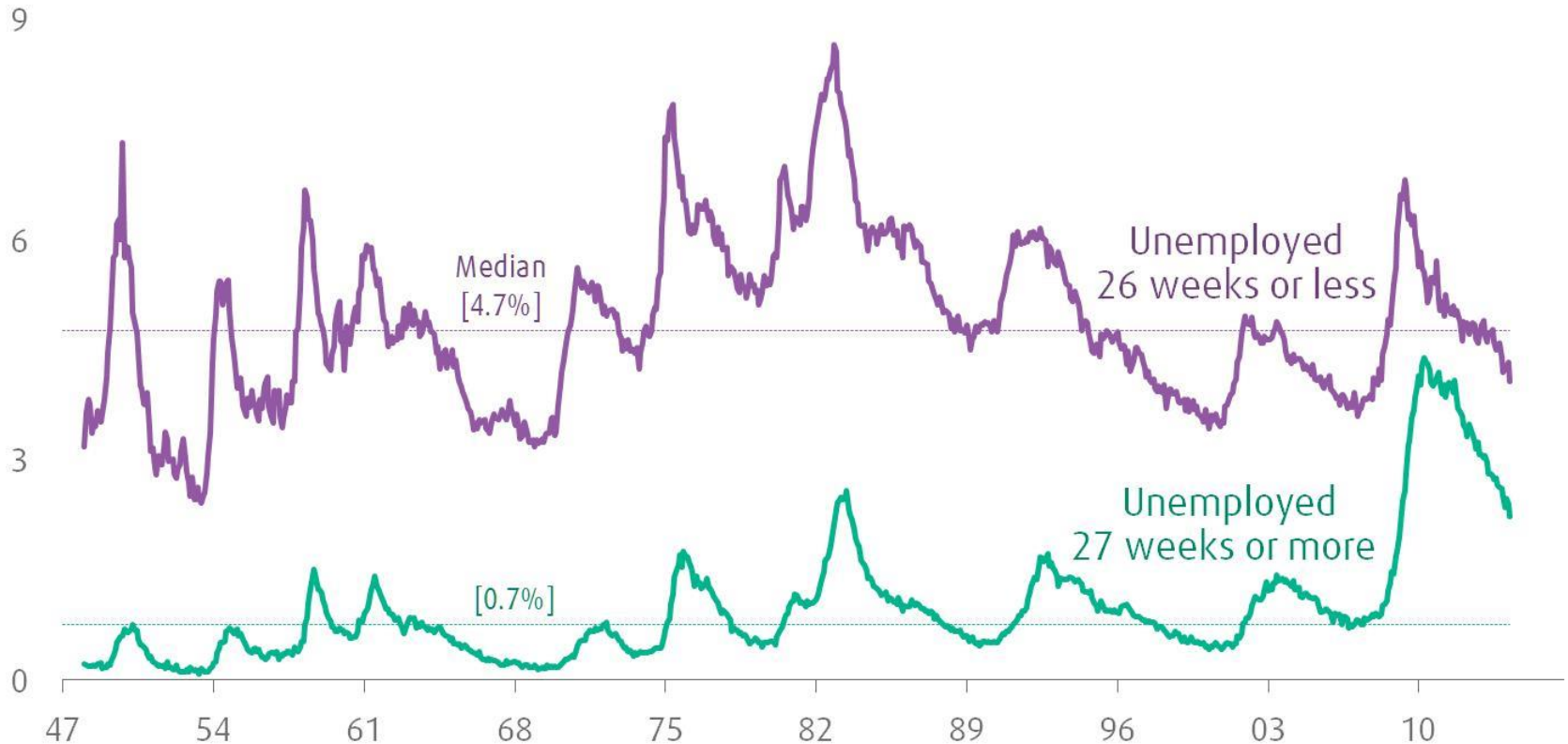
## Employment rate



# Short-term jobless rate now relatively low

United States (percent)

## Unemployment rate



**Long-term unemployed still elevated**

# Weather slows recovering US market

## Existing home sales

(mlns : ar)



## Home prices<sup>1</sup>

(y/y % chng)

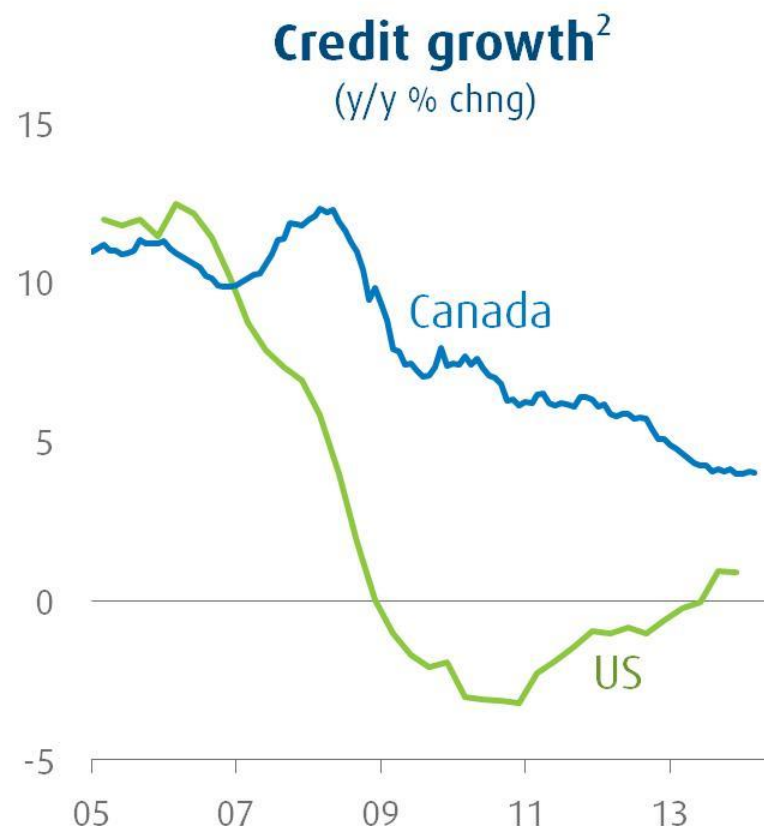
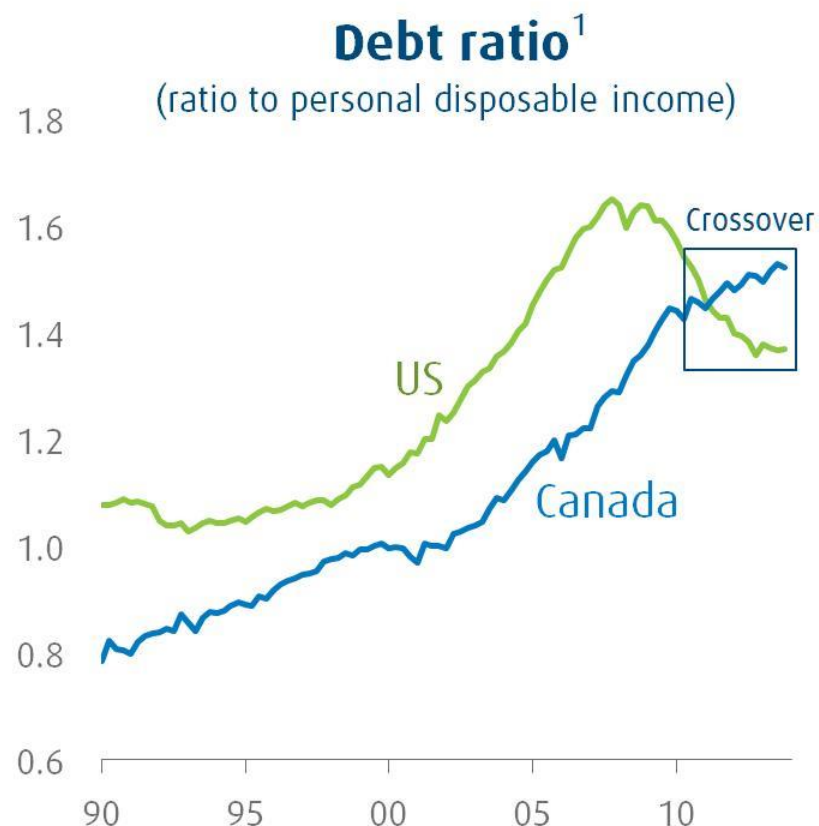


## Canadian housing stabilizes

<sup>1</sup> [Canada] Teranet Composite 11 [US] FHFA House Price Index

# US consumer borrowing finally revives

## Households



## Canadian debt ratio off record highs

<sup>1</sup> Households, nonprofits and unincorporated businesses    <sup>2</sup> Consumer credit and residential mortgages only

# North American auto recovery

**Vehicles** (mlns : 3-mnth ma : saar)

## Sales



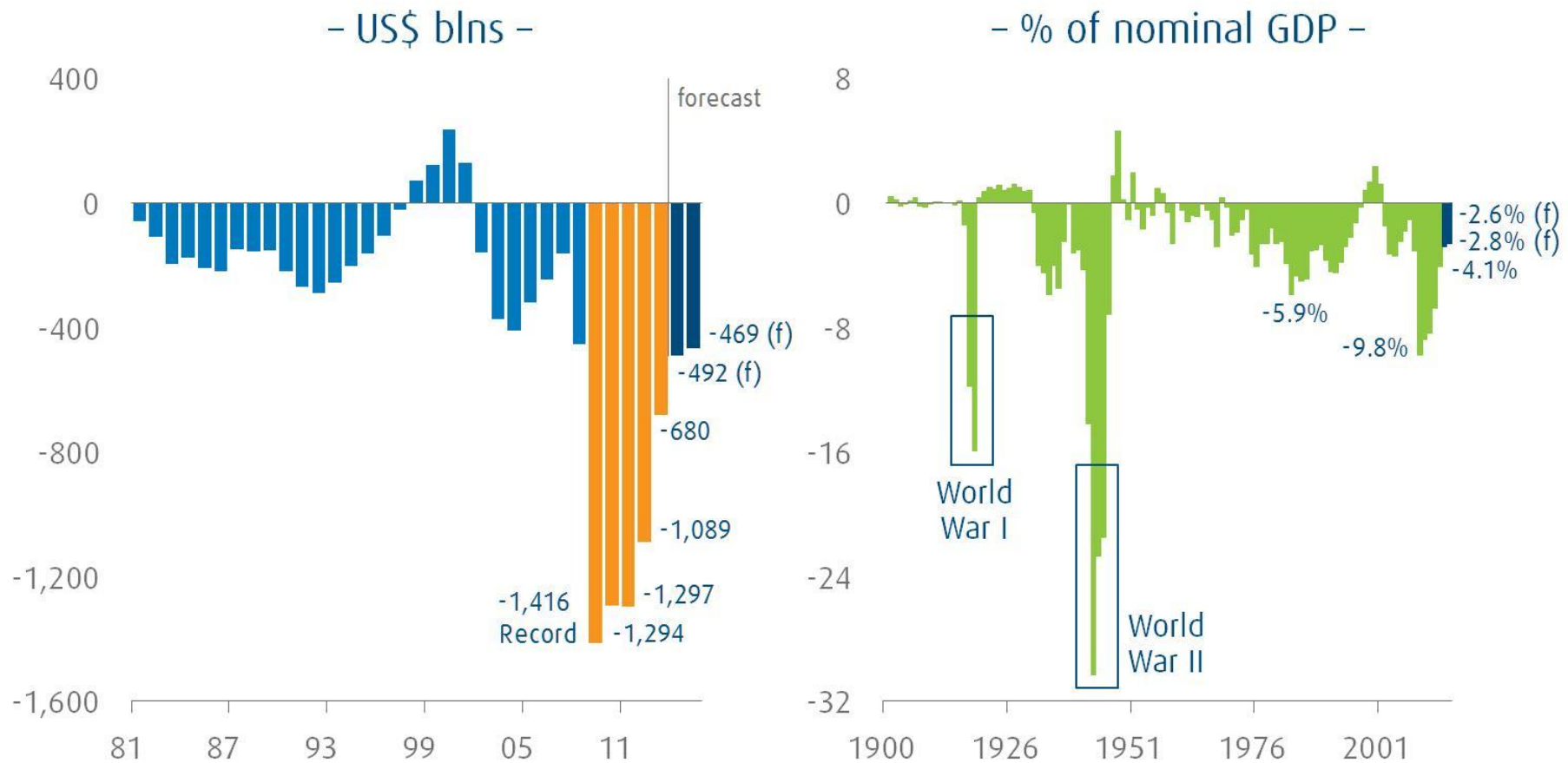
## Production



<sup>1</sup> April-May: BMO Capital Markets estimates

# US budget deficit: Record improvement

## Budget balance – United States



## Budget resolution, debt ceiling

# Interest rates: Tide finally turning... slowly

(% : as of June 3, 2014)

## Overnight rate



**US at zero for 7 years?**

## 10-year bonds

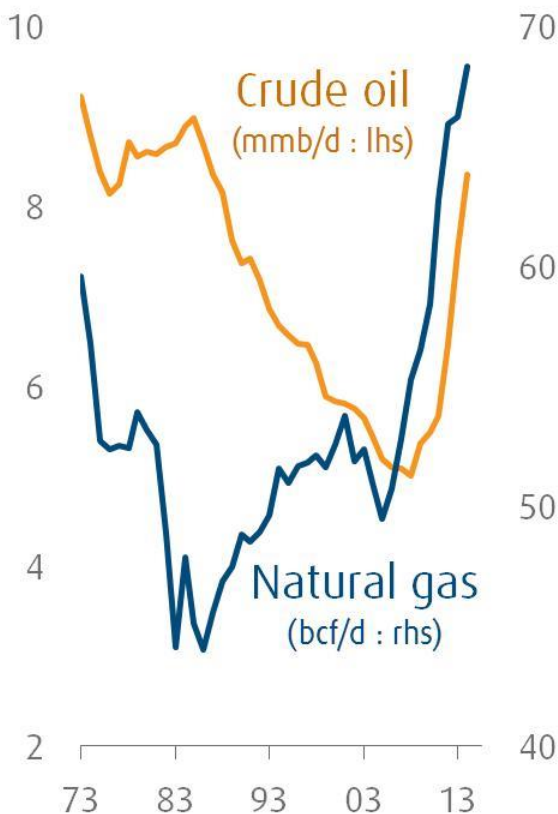


**QE tapering**

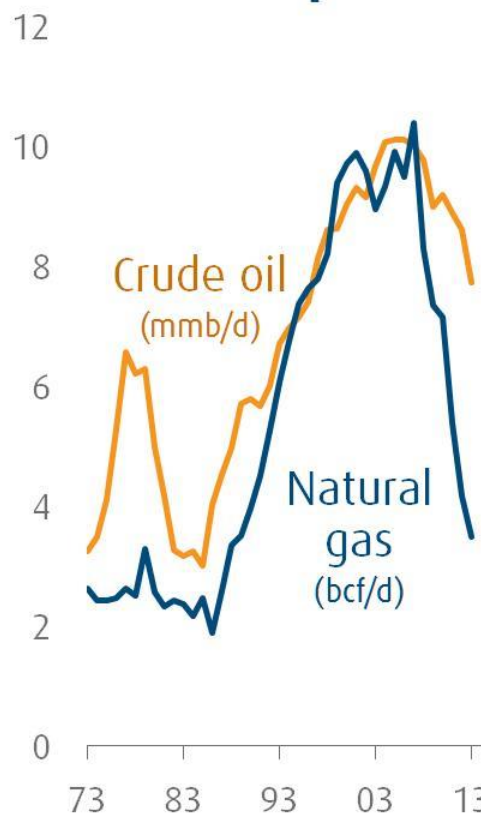
# US energy independence?

## United States

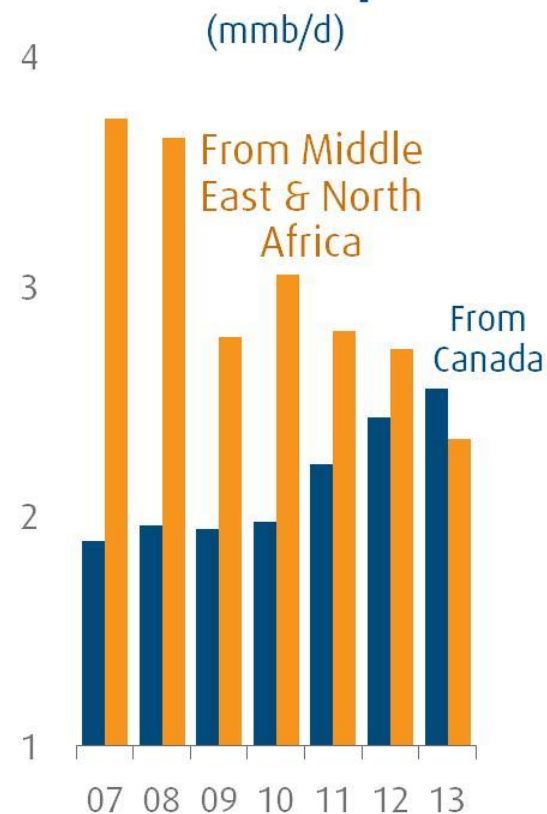
### Production



### Net imports



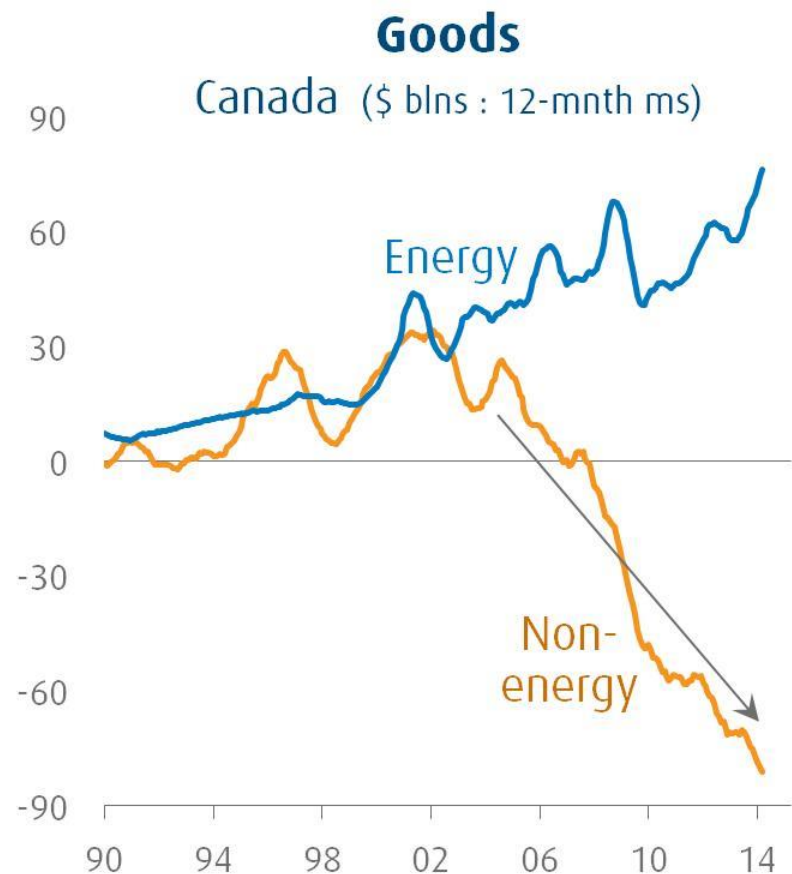
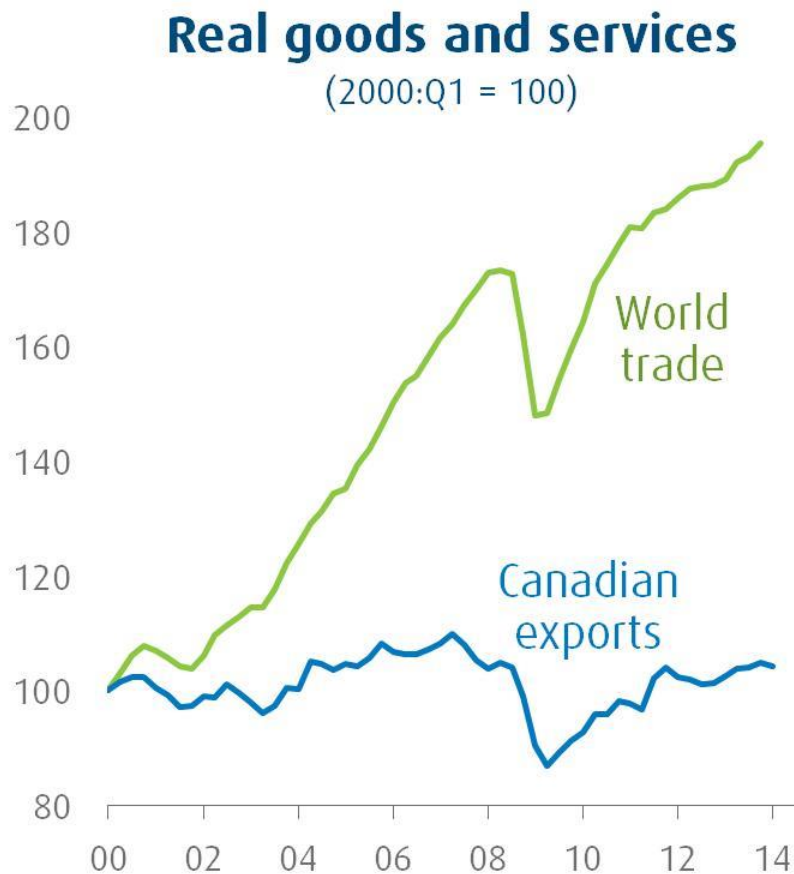
### Crude oil imports



**From risky regions, yes; from Canada, no**

# Canadian exporters' lost decade

## Trade



**Energy exports fuelling trade surplus**

# Providing a neighbourly boost

(2-yr ann % chng)



**Main export driver is US demand**