



ECONOSCOPE

December 2020

**CANADIAN GDP CONTINUED TO GROW DESPITE SECOND VIRUS WAVE
VACCINE CLEARS PATH FOR RECOVERY BUT NOT OUT OF THE WOODS YET
2021 PROMISES BETTER DAYS FROM COAST TO COAST**





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IN BRIEF

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October GDP rose 0.4%, and advance estimate for November surprisingly resilient at also +0.4%

4 VACCINE CLEARS PATH FOR RECOVERY BUT NOT OUT OF THE WOODS YET

The timing of the recovery is still uncertain

7 2021 PROMISES BETTER DAYS FROM COAST TO COAST

The imminent onset of mass vaccination campaigns will be a game-changer

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CURRENT TRENDS

Nathan Janzen, Claire Fan

CANADIAN GDP CONTINUED TO GROW DESPITE SECOND VIRUS WAVE

LATEST AVAILABLE: OCTOBER

RELEASE DATE: DECEMBER 23, 2020

The 0.4% increase in GDP in October was above the 0.2% advance estimate released almost a month ago. But the larger surprise was the preliminary estimate that November output rose another 0.4% despite ramping up of COVID-19 containment measures. The recovery outside of the hard-hit travel and hospitality sectors has continued, even if at a slower rate. The manufacturing sector has been less impacted by containment measures in the second wave, both in Canada and abroad. Global trade in goods has continued to show signs of improvement. The beginning of vaccine roll-out has brightened the light at the end of the tunnel for pandemic-weary households and businesses. But there are clearly still risks to near-term growth depending on virus spread with lockdowns intensifying again in December.

CANADIAN EMPLOYMENT UP IN NOVEMBER DESPITE ESCALATING VIRUS SPREAD

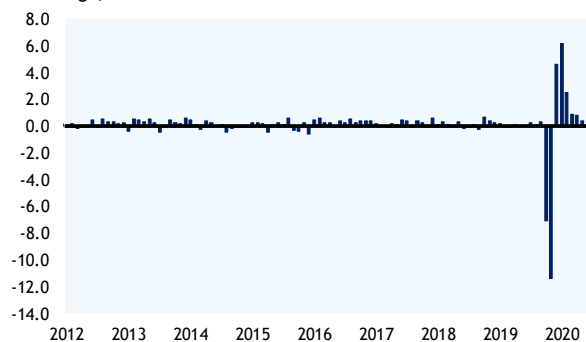
LATEST AVAILABLE: NOVEMBER

RELEASE DATE: DECEMBER 4, 2020

The 62k jump in employment in November was the smallest gain in employment in the seven-month employment recovery. The increase was larger-than-expected given concerns that the re-imposition of virus containment measures would slow hiring. Overall, a little over 80% of the employment drop in the spring was retraced as of November. And a whopping 45% of the total 574k remaining shortfall is from the accommodation & food services subsector alone. Lower-wage workers continue to bear the brunt of job cuts. Employment among those who would normally make less than \$800/week was down 760k in November compared to a year ago.

Real GDP

% change, month-over-month



Source: Statistics Canada

Unemployment rate

% of labour force

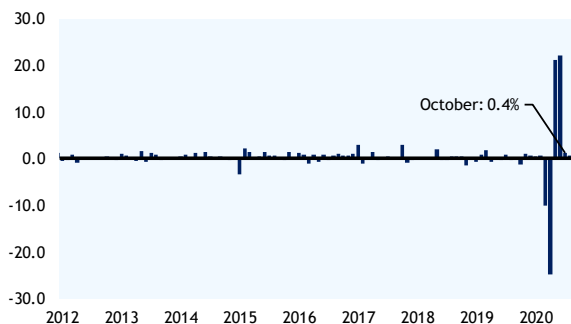


Source: Statistics Canada



Retail sales

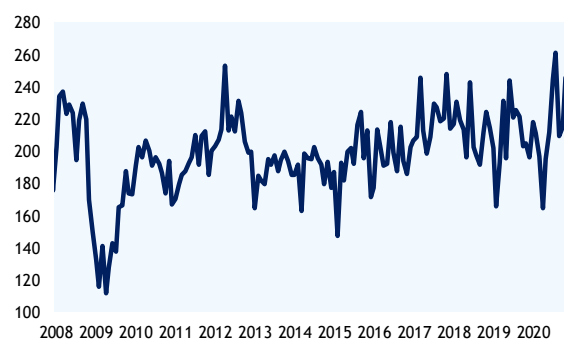
% change, month-over-month



Source: Statistics Canada

Housing starts

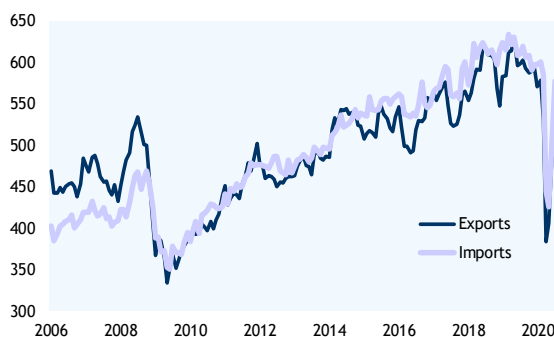
Thousands



Source: Canadian Mortgage and Housing Corporation

Merchandise trade

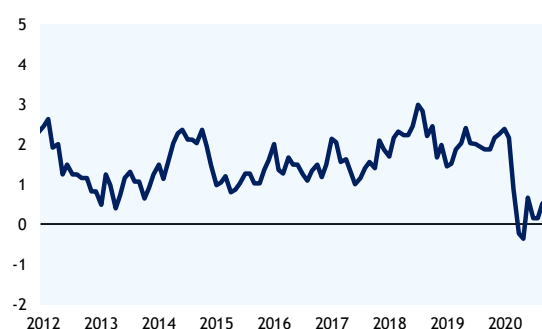
C\$ billions, annualized



Source: Statistics Canada

Consumer price index

% change, year-over-year



Source: Statistics Canada

ECONOMY AT A GLANCE

% change from:	Latest month	Previous month	Year ago
Real GDP	Oct	0.4	-3.5
Industrial production	Oct	-0.4	-7.1
Employment	Nov	0.3	-2.5
Unemployment rate*	Nov	8.5	5.9
Manufacturing			
Production	Oct	-0.8	-4.7
Employment	Nov	0.2	1.4
Shipments	Oct	0.3	-5.2
New orders	Oct	-3.9	-8.0
Inventories	Oct	-0.4	-1.1
Retail sales	Oct	0.4	7.5
Car sales	Oct	-0.7	-2.9
Housing starts (000s)*	Nov	246.0	204.8
Exports	Oct	2.2	-4.9
Imports	Oct	1.9	-0.9
Trade balance (\$billions)*	Oct	-3.8	-1.8
Consumer prices	Nov	0.1	1.0

* Levels are shown for the latest period and the same period a year earlier.

Source: Statistics Canada, RBC Economics



ECONOMIC AND FINANCIAL MARKET OUTLOOK

VACCINE CLEARS PATH FOR RECOVERY BUT NOT OUT OF THE WOODS YET

Craig Wright, Dawn Desjardins, Nathan Janzen

December 15, 2020

“The timing of the recovery is still uncertain...”

2021 promises to be a better year with the discovery of a vaccine against COVID-19 set to restore both our health and the economy. The timing of the recovery is still uncertain given the logistical challenges of the manufacture and distribution of the vaccine. Uncertainties about its effectiveness and durability will also dictate how quickly the losses from the pandemic are recouped. The surge in infections in recent months and re-imposition of containment measures sets up for a soft start to 2021 to be followed by a healthy rebound as the

vaccine becomes widely available. On net we look for the US and Canadian economies to post gains of 4.4% and 5% respectively.

The near term outlook for many countries including Canada remains clouded by the resurgence in infections and lockdown measures which are weighing heavily on economic activity. While Canada and the US are expected to cross the finish line of 2020 with gains, the Euro-area and UK economies are projected to contract given more expansive lockdown measures. Substantial monetary and fiscal policy support will underpin modest growth in all four economies in early 2021 with the momentum building as more people are vaccinated, restrictions ease and confidence improves.

Virus surge slows US economy but 2-speed recovery slogging on

After reversing two thirds of the losses experienced in the first half of the year, the US economy's momentum held up relatively well over the course of the final quarter of 2020 despite surging infections and fading government support. While many sectors continue to improve, the hospitality sector remains under severe pressure accounting for a whopping 35% of the almost 10 million shortfall in jobs relative to pre-shock levels. Negotiations on the passage of another stimulus bill to support workers and businesses hurt by the second wave of infections continue although it looks increasingly likely this won't materialize until early next year. The Federal Reserve's support conversely has been unwavering with policymakers keeping the Fed Funds target range at 0-0.25% with purchases of government securities limiting increases in longer-term interest rates.



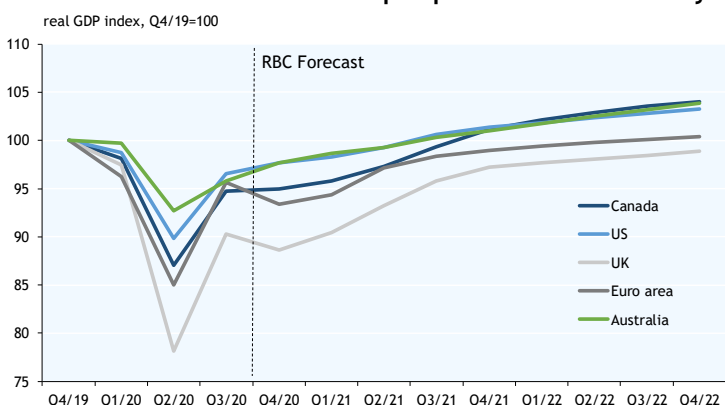
The rise in COVID-19 infections in late 2020 resulted in a slowing in the labour market recovery after rapid gains through the summer. The unemployment rate continued to inch lower although this in part reflected workers exiting the workforce stoking worries about the longer-term impact of the crisis. The expansion of COVID-related restrictions late in the year is expected to put the US economy on a slower growth trajectory in early 2021.

Vaccine rollout key to full recovery

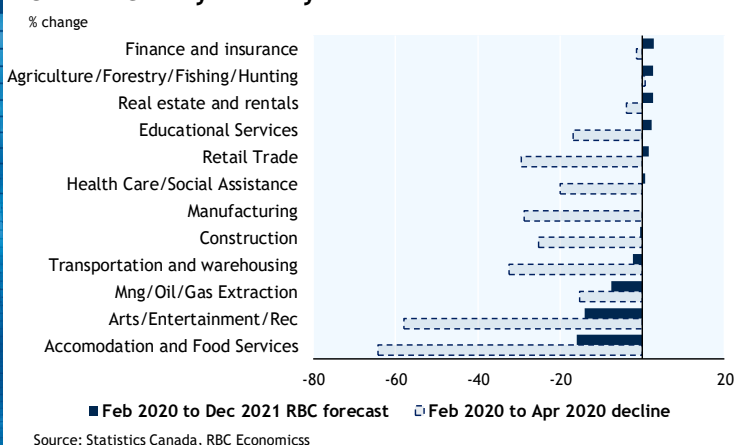
Our forecast assumes that the vaccine will be sufficiently distributed to substantially and sustainably reduce the need for restrictions over the summer. Low interest rates, elevated savings and job creation will support consumer spending and housing. Business spending is also forecast to rise as companies restock inventories and invest to expand their capacity. By year-end 2021 we expect the US economy will be operating with little economic slack and expect inflation to be running around 2.0%.

Even with a more hopeful medium-term outlook, we expect the Federal Reserve to maintain a very stimulative policy stance. The near-term economic backdrop is still very challenging, and there is still uncertainty about the roll-out of vaccines. The Fed’s decision to adopt a flexible inflation targeting regime and broaden its employment goal earlier this year means they have the latitude to keep rates very low to support parts of the economy that lag in the recovery.

Some economies will return to pre-pandemic levels next year



Canada GDP by industry



Canada’s economy to recover to pre-COVID levels in 2021

The economy posted a very strong gain in the third quarter sufficient to reverse – by September – almost three-quarters of the 18% drop in activity in the spring when lockdown measures were greatest. The resurgence of infections in the fall led to more limited restrictions which tempered growth but didn’t lead to a full retrenchment. As is the case south of the border, some areas of the economy remain under severe pressure including the hospitality, recreation and travel sectors. Almost half of those still off-work compared to pre-shock levels are in the accommodation & food services industries. Others, like manufacturing, are much closer to their pre-pandemic levels. Housing has more than fully recovered. Retail sales also bounced back quickly, although the closure of non-essential retailers in some regions late in the year likely tempered sales. While lockdowns will restrain the economy’s growth in late 2020 and early 2021, our forecast assumes a stronger and sustained recovery in activity once the vaccine is more widely distributed. By the end of 2021, we project the GDP will be back to pre-shock levels.

Generous fiscal policy and low interest rates

Government support measures implemented to contain the impact of the virus on households and businesses will remain in place in the first half of 2021. Those measures will not likely be sufficient to save all businesses, and the

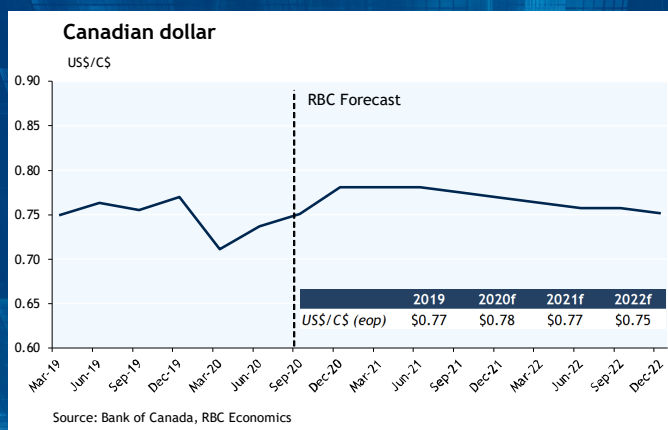


near-term economic backdrop is still very challenging. But wage subsidies, rent relief and loans guarantees have been extended to help bridge businesses through the crisis. A variety of income supports are underwriting household incomes. In sum, the federal government's COVID economic response plan is slated at \$282 billion with an additional \$50 billion planned for next fiscal year. The Bank of Canada's substantial support also remains in place. We expect the bank to maintain a policy rate of 0.25% throughout 2021 and continue to purchase securities, albeit at a gradually reduced pace, to keep longer-term rates low for borrowers. These measures have already supported a historically rapid rebound in the housing market.

The large pool of savings amassed by Canadian households during the crisis will be a key driver of the economy in 2021. We estimate that household savings surged \$160 billion as lockdown measures prevented spending on many services and government programs helped offset wage losses. As the economy fully reopens, we look for consumer spending to remain strong as they pare down savings and return to work.

Businesses will remain cautious

Investment and inventory rebuilding are expected to begin in 2021 although given the uncertain global backdrop and changes to consumer demand, the recovery may be slow. This is particularly true in the energy sector with oil prices likely to remain below pre-pandemic levels. Purchases of machinery and equipment and intellectual property are projected to return to pre-crisis levels by the end of 2021 as businesses increase capacity and upgrade their processes to align with shifts in demand that evolved during the pandemic.



Low rates to keep housing market hot

Canada's housing market rebound was extraordinary in 2020 and although it is likely to slow in 2021, we still expect sales activity and prices to remain historically elevated. The combination of low interest rates and elevated savings balances underpinned the surge in sales in mid-2020. These conditions will remain in place in 2021, though slower population growth and deteriorating affordability argue for sales to pullback somewhat.

Lingering excess capacity to cap price pressures

After dipping into negative territory during the deepest days of the crisis, Canada's inflation rate firmed as the economy started to recover. Both the Bank of Canada's preferred measures and inflation expectations also ticked higher though remained below the 2% target. Inflation rates are likely to move modestly higher in 2021 as the recovery gains momentum although excess capacity will limit the rise.

Canadian dollar to hold steady in 2021

The Canadian dollar recovered its pandemic related losses against the US dollar as risk appetite improved. The rebound in equity and non-energy commodity prices supported the Canadian dollar's rise. The currency is expected to hold onto its gains in the first half of 2021. As the year progresses however we expect the US dollar will start to regain ground with markets likely to look for the Federal Reserve to pare back stimulus ahead of other central banks, including the BOC.



PROVINCIAL OUTLOOK

2021 PROMISES BETTER DAYS FROM COAST TO COAST

Robert Hogue, Carrie Freestone

December 15, 2020

“The imminent onset of mass vaccination campaigns will be a game-changer”

As the clock ticks down on the annus horribilis that was 2020, there’s high hope the New Year will bring some normalcy to all corners of the country. This won’t happen overnight. The second wave of COVID-19 is still getting worse, reaching provinces and regions that were largely spared during the initial wave, prompting new restrictions. Clearly the start of 2021 will be turbulent for provincial economies, some of them possibly seeing their burgeoning recovery regress temporarily. But the imminent onset of mass vaccination campaigns will be a game-changer. We believe they will achieve a significant flattening of the curve by the middle of the

year. As progress is made, we expect provincial and local authorities to gradually ease restrictions, setting the stage for growth spurts across the country. Better days are ahead!

The math of coming off an extremely low base in 2020 means economic growth in 2021 will look gigantic in nearly all provinces. Growth numbers will overstate underlying strength. In fact, we project 2021 activity to come short of 2019 levels in all but two provinces—Manitoba and Prince Edward Island. The continuing drag of hard-hit industries (including accommodation and food services, arts and entertainment, and transportation services) will keep the recovery incomplete until 2022 in most cases.

We expect growth in Newfoundland and Labrador to be the weakest in 2021, at 2.8%, due to the winding down of major construction projects and declining population.

Other Atlantic provinces will also rank toward the lower end of our 2021 growth rankings though that’s largely because they suffered relatively less severe downturns in 2020—in part a reflection of low coronavirus case rates in the region. Nova Scotia (+4.3%) and New Brunswick (+4.0%) are well on their way to full recovery, with employment levels already close to pre-crisis levels.

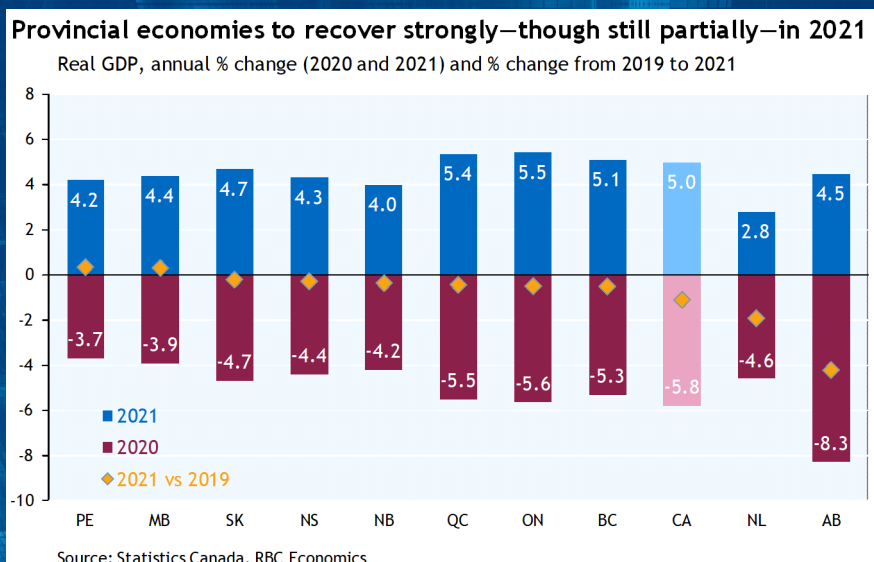


The virulence of the second wave is clearly a setback for Manitoba (+4.4%). Yet strong agri-food activity alongside increased capital investment will keep things on track. Both factors will also fuel growth in Saskatchewan (+4.7%).

Alberta (+4.5%) will begin to climb out of a very deep hole (we forecast GDP to plummet 8.3% in 2020). Improving oil price should spur drilling activity from depressed levels, and oil production is poised to rise on the heels of the provincial government lifting curtailments.

We project growth in British Columbia (+5.1%) to edge out the national average (+5.0%) on the back of robust capital investment and rebounds in forest products and tourism.

Our outlook for Quebec (+5.4%) and Ontario (+5.5%) has households dipping into the massive savings they built up in 2020 to drive up consumption, and governments





FORECAST DETAIL - CANADA

RBC FORECASTS OF THE ECONOMY AND FINANCIAL MARKETS

= Forecast

	2020				2021				2022				Annual			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020	2021	2022
GROWTH IN THE ECONOMY PERIOD-OVER-PERIOD ANNUALIZED PERCENT CHANGE UNLESS OTHERWISE INDICATED																
Household consumption	-10.1	-44.3	62.8	-0.8	2.5	6.1	8.7	7.0	5.7	3.8	3.5	2.8	1.6	-6.5	5.5	5.5
Durables	-31.2	-46.2	262.7	0.5	1.0	1.2	1.5	1.5	1.5	1.5	1.8	1.8	0.0	-4.5	13.0	1.5
Semi-Durables	-32.4	-44.5	202.6	1.5	1.2	1.5	1.8	1.8	1.8	1.8	2.0	2.0	2.3	-5.5	11.3	1.8
Non-durables	14.3	-14.8	18.7	1.4	1.2	1.5	1.8	1.8	1.8	1.8	2.0	2.0	1.2	2.9	2.3	1.8
Services	-11.1	-54.1	44.3	-2.5	3.8	10.5	15.4	12.0	9.5	5.8	5.0	3.5	2.1	-11.1	4.5	9.0
Government expenditures	-1.5	-12.3	13.5	1.8	2.5	2.5	3.0	3.0	1.0	2.0	1.0	0.7	2.0	-0.5	2.8	1.9
Residential investment	-1.4	-47.7	187.3	6.5	-10.0	-14.5	2.4	4.0	3.5	1.3	0.8	0.5	-0.2	3.7	4.8	1.3
Business investment	-0.6	-55.1	25.8	2.1	9.1	13.5	8.1	7.3	8.2	8.3	6.7	6.5	1.1	-12.6	4.0	8.1
Non-residential structures	6.9	-49.8	-1.2	1.5	8.6	12.5	8.5	7.0	9.0	7.0	6.5	6.5	1.1	-9.4	1.3	7.9
Machinery & equipment	-12.7	-63.6	91.8	3.0	9.8	15.0	7.5	7.8	7.0	10.5	7.0	6.5	1.0	-17.9	8.7	8.3
Final domestic demand	-6.1	-38.4	50.8	0.8	1.8	3.7	6.5	5.6	4.5	4.1	3.0	2.5	1.4	-4.7	4.5	4.5
Exports	-6.6	-56.7	71.8	11.0	3.0	5.0	1.5	4.0	5.5	5.4	4.5	4.0	1.3	-9.6	5.4	4.4
Imports	-9.3	-65.0	113.7	18.5	9.8	2.0	2.2	3.2	3.0	6.0	3.5	4.2	0.4	-11.4	9.2	3.6
Inventories (change in \$b)	1.3	-31.9	-36.0	-24.0	-5.5	4.0	15.0	23.5	16.5	12.0	8.0	5.0	18.8	-22.6	9.3	10.4
Real gross domestic product	-7.3	-38.1	40.5	1.0	3.5	6.5	8.5	7.5	4.0	3.0	2.5	1.8	1.9	-5.8	5.0	4.8
OTHER INDICATORS YEAR-OVER-YEAR PERCENTAGE CHANGE UNLESS OTHERWISE INDICATED																
Business and labour																
Productivity	5.0	15.6	4.7	2.2	-1.9	-11.2	-1.0	2.7	3.4	4.0	3.1	2.0	0.7	6.9	-3.1	3.2
Pre-tax corporate profits	-5.0	-26.6	-1.8	2.8	13.2	40.3	14.3	14.5	15.2	15.3	10.6	6.7	0.6	-7.8	19.4	11.8
Unemployment rate (%)*	6.3	13.0	10.0	8.7	8.5	8.0	7.3	6.7	6.5	6.3	6.1	6.0	5.7	9.5	7.6	6.2
Inflation																
Headline CPI	1.8	0.0	0.3	0.6	0.4	1.4	1.1	1.3	1.6	2.0	2.0	1.9	1.9	0.7	1.0	1.9
Core CPI	1.8	1.0	0.6	1.2	0.7	1.2	1.3	1.3	1.6	1.9	2.0	2.0	2.1	1.2	1.1	1.9
External trade																
Current account balance (\$b)	-55.5	-28.0	-30.1	-38.0	-47.6	-45.8	-41.3	-36.4	-30.5	-30.3	-26.8	-25.6	-189.5	-37.9	-42.8	-28.3
% of GDP	-2.4	-1.4	-1.3	-1.7	-2.1	-2.0	-1.7	-1.5	-1.2	-1.2	-1.1	-1.0	-8.5	-1.6	-2.0	-1.2
Housing starts (000s)*	209	191	238	226	214	208	199	192	189	192	202	216	208.7	215.8	203.3	199.8
Motor vehicle sales (mill., saar)*	1.61	1.04	1.86	1.70	1.73	1.77	1.80	1.82	1.84	1.86	1.88	1.90	2.0	1.6	1.8	1.9
INTEREST AND EXCHANGE RATES %, END OF PERIOD																
Overnight	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	1.75	0.25	0.25	0.50
Three-month	0.21	0.20	0.12	0.15	0.15	0.15	0.20	0.20	0.25	0.25	0.50	0.55	1.66	0.15	0.20	0.55
Two-year	0.42	0.29	0.25	0.30	0.30	0.30	0.35	0.35	0.55	0.75	0.90	1.10	1.70	0.30	0.35	1.10
Five-year	0.59	0.37	0.36	0.45	0.50	0.60	0.70	0.80	0.95	1.05	1.20	1.35	1.69	0.45	0.80	1.35
10-year	0.70	0.53	0.57	0.70	0.75	0.90	1.00	1.05	1.15	1.25	1.35	1.50	1.70	0.70	1.05	1.50
30-year	1.31	0.99	1.11	1.25	1.30	1.40	1.45	1.50	1.60	1.65	1.75	1.85	1.76	1.25	1.50	1.85
Canadian dollar	1.41	1.36	1.33	1.28	1.28	1.28	1.29	1.30	1.31	1.32	1.32	1.33	1.30	1.28	1.30	1.33

*Quarterly averages, level

Source: Bank of Canada, Statistics Canada, RBC Economics Research forecasts



FORECAST DETAIL - UNITED STATES

RBC FORECASTS OF THE ECONOMY AND FINANCIAL MARKETS

= Forecast

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GROWTH IN THE ECONOMY PERIOD-OVER-PERIOD ANNUALIZED PERCENT CHANGE UNLESS OTHERWISE INDICATED																
Consumer spending	-6.9	-33.2	40.6	6.1	4.4	5.6	5.4	3.4	1.5	1.5	1.5	1.5	2.4	-3.7	5.9	2.6
Durables	-12.5	-1.7	82.9	7.5	2.1	1.7	2.0	0.6	1.5	1.5	1.5	1.5	4.8	6.9	10.1	1.4
Non-durables	7.1	-15.1	30.6	4.6	2.8	1.5	2.5	1.1	1.5	1.5	1.5	1.5	3.1	2.9	4.6	1.5
Services	-9.8	-41.8	37.6	6.3	5.4	7.6	7.0	4.6	1.5	1.5	1.5	1.5	1.8	-7.2	5.6	3.1
Government spending	1.3	2.5	-4.9	0.5	0.0	0.5	1.2	2.0	3.0	3.0	3.0	3.0	2.3	1.2	0.0	2.4
Residential investment	19.0	-35.5	62.3	7.5	-4.2	-3.5	0.5	0.5	1.5	1.5	1.5	1.5	-1.7	4.3	2.9	0.9
Business investment	-6.7	-27.2	21.8	4.8	2.3	2.9	2.5	2.4	1.7	1.7	1.7	1.7	2.9	-4.6	2.9	2.0
Non-residential structures	-3.7	-33.6	-15.8	2.2	4.5	5.5	5.5	4.0	1.5	1.5	1.5	1.5	-0.6	-10.4	-1.4	2.7
Non-residential equipment	-15.2	-35.9	66.6	8.5	1.5	2.0	3.5	2.0	1.5	1.5	1.5	1.5	2.1	-6.0	6.5	1.9
Intellectual property	2.4	-11.4	6.0	2.0	2.0	2.5	2.5	2.0	2.0	2.0	2.0	2.0	6.4	0.9	1.7	2.1
Final domestic demand	-4.6	-27.1	29.4	4.9	3.0	3.9	4.2	2.9	1.8	1.8	1.8	1.8	2.3	-2.7	4.3	2.4
Exports	-9.5	-64.4	60.5	30.3	16.0	2.2	3.5	2.0	3.0	2.4	2.5	3.0	-0.1	-12.5	9.0	2.6
Imports	-15.0	-54.1	93.1	28.0	20.2	4.2	2.0	2.5	3.5	2.0	1.8	1.4	1.1	-9.4	14.3	2.5
Inventories (change in \$b)	-80.9	-287.0	-4.3	20.0	35.0	45.0	95.0	100.0	110.0	110.0	105.0	95.0	48.5	-88.1	68.8	105.0
Real gross domestic product	-5.0	-31.4	33.1	5.0	2.5	4.0	5.5	3.0	1.9	1.9	1.8	1.8	2.2	-3.5	4.4	2.7
OTHER INDICATORS YEAR-OVER-YEAR PERCENTAGE CHANGE UNLESS OTHERWISE INDICATED																
Business and labour																
Productivity	0.9	2.7	4.2	3.7	3.9	1.8	0.2	0.4	0.4	0.3	0.6	0.6	1.7	2.9	1.5	0.5
Pre-tax corporate profits	-6.7	-19.3	3.3	1.5	16.2	30.9	4.4	4.6	6.4	4.9	3.3	1.7	0.3	-5.3	12.9	4.0
Unemployment rate (%)*	3.8	13.0	8.8	6.8	6.6	6.2	5.4	5.0	4.8	4.6	4.4	4.4	3.7	8.1	5.8	4.6
Inflation																
Headline CPI	2.1	0.4	1.2	1.3	1.5	2.9	2.1	2.1	2.1	2.2	2.2	2.1	1.8	1.2	2.1	2.1
Core CPI	2.2	1.3	1.7	1.7	1.7	2.6	2.0	2.0	2.0	2.1	2.1	2.1	2.2	1.7	2.1	2.1
External trade																
Current account balance (\$b)	-446	-682	-867	-869	-899	-890	-893	-904	-1029	-1032	-1032	-1028	-480	-716	-896	-1030
% of GDP	-2.1	-3.5	-4.1	-4.0	-4.1	-4.0	-4.0	-4.0	-4.5	-4.5	-4.4	-4.4	-2.2	-3.4	-4.0	-4.4
Housing starts (000s)*	1484	1079	1440	1500	1315	1315	1300	1300	1301	1302	1303	1304	1295	1376	1308	1303
Motor vehicle sales (millions, saar)*	15.0	11.3	15.3	16.0	16.2	16.3	16.5	16.6	16.8	17.0	17.2	17.3	17.0	14.4	16.4	17.1
INTEREST RATES %, END OF PERIOD																
Fed funds (midpoint)	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.38	0.38	0.63	0.63	1.63	0.13	0.13	0.63
Three-month	0.11	0.16	0.10	0.10	0.10	0.15	0.20	0.25	0.40	0.55	0.70	0.75	1.55	0.10	0.25	0.75
Two-year	0.23	0.16	0.13	0.15	0.20	0.25	0.40	0.60	0.85	1.00	1.25	1.50	1.58	0.15	0.60	1.50
Five-year	0.37	0.29	0.28	0.40	0.50	0.60	0.75	1.00	1.05	1.15	1.30	1.55	1.69	0.40	1.00	1.55
10-year	0.70	0.66	0.69	0.95	1.05	1.15	1.20	1.25	1.30	1.40	1.50	1.65	1.92	0.95	1.25	1.65
30-year	1.35	1.41	1.46	1.70	1.70	1.75	1.75	1.80	1.85	1.90	1.95	2.00	2.39	1.70	1.80	2.00
Yield curve (10s-2s)	47	50	56	80	85	90	80	65	45	40	25	15	34	80	65	15.00

*Quarterly averages, level

Source: Bank of Canada, Statistics Canada, RBC Economics Research forecasts



CANADA - US COMPARISONS

CURRENT ECONOMIC INDICATORS

	CANADA			US		
	FROM PRECEDING MONTH	FROM YEAR AGO	LATEST MONTH	FROM PRECEDING MONTH	FROM YEAR AGO	LATEST MONTH
Business						
Industrial production*	1.4	-7.3	Sep.	0.4	-5.5	Nov.
Manufacturing inventory - shipments ratio (level)	1.6	1.6	Oct.	1.4	1.4	Oct.
New orders in manufacturing	-3.9	-8.0	Oct.	1.0	-2.8	Oct.
Business loans - Banks	-1.6	6.1	Sep.	-1.9	11.9	Nov.
Index of stock prices**	10.3	0.9	Nov.	3.8	14.3	Nov.
Households						
Retail sales	0.4	7.5	Oct.	-1.1	4.1	Nov.
Auto sales	-0.7	-2.9	Oct.	-2.6	-14.5	Nov.
Total consumer credit***	0.4	-2.0	Sep.	0.2	0.3	Oct.
Housing starts	14.4	20.1	Nov.	1.2	12.8	Nov.
Employment	0.3	-2.5	Nov.	0.0	-5.6	Nov.
Prices						
Consumer price index	0.1	1.0	Nov.	0.2	1.2	Nov.
Producer price index****	-0.1	-2.2	Sep.	0.2	-1.3	Nov.
Interest rates						
Policy rate ¹	0.25	1.75	Nov.	0.25	1.75	Nov.
Government bonds - (10 years)	0.7	1.5	Nov.	0.9	1.8	Nov.

¹ latest available

Seasonally adjusted % changes unless otherwise indicated. Interest rates are levels.

*The U.S. series is an index.

**Canada = S&P/TSX; United States = S&P 500

***Excludes credit unions and caisses populaires

****Canada's producer price index is not seasonally adjusted