



The Conference Board
of Canada

Ottawa Economic Outlook:

Public Sector Keeping Overall Growth at Bay

Mario Lefebvre

Director, Centre for Municipal Studies, The Conference Board of Canada

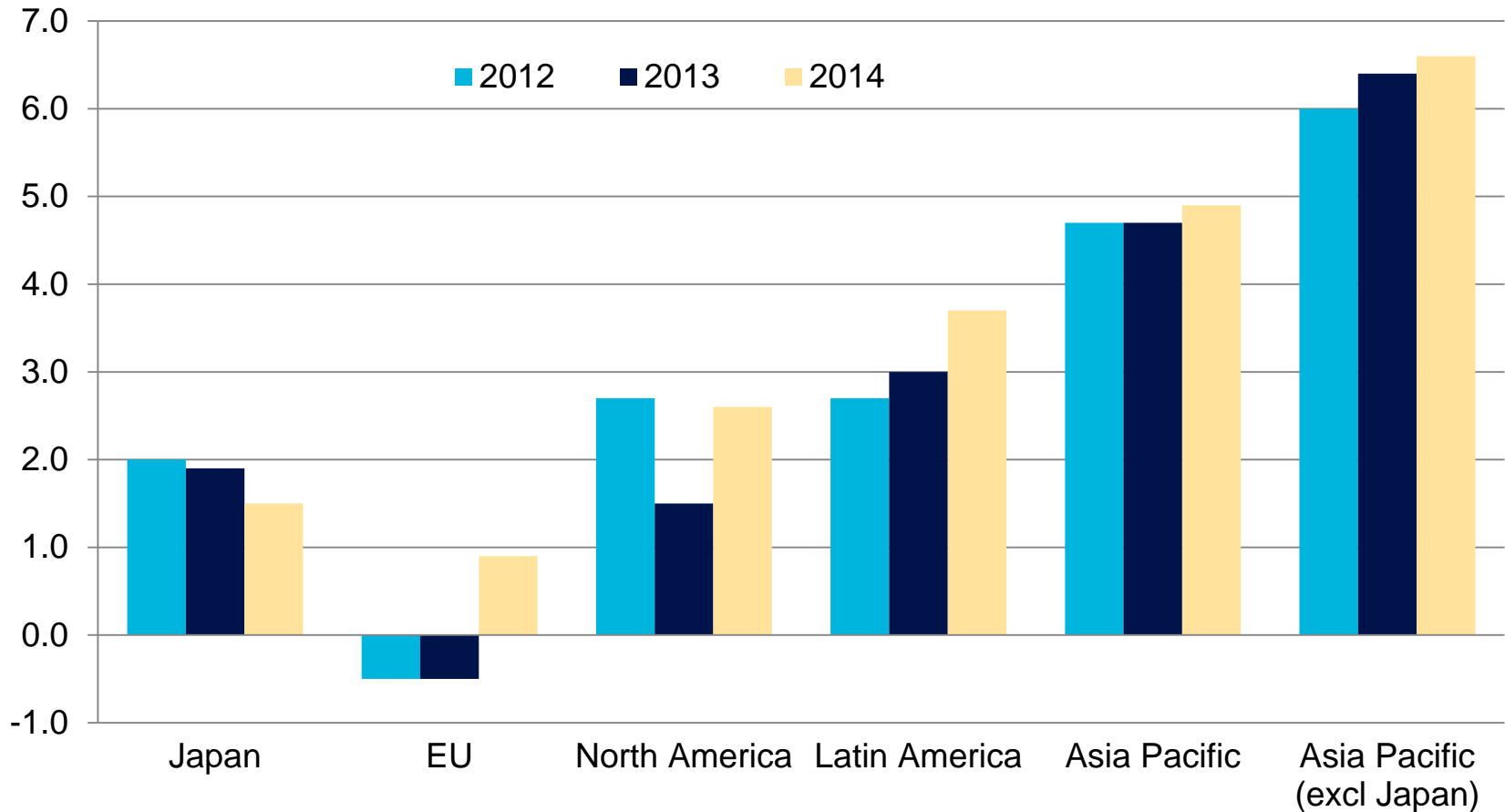
October 10, 2013

Global Outlook

- Continuing weakness in global growth, but stronger growth anticipated in 2014
- Sustained albeit slower growth in emerging markets
- China stabilizing in 7-8 per cent range, stronger domestic demand growth; other BRICs slipping a bit
- Numerous countries in western Europe in recession due to fiscal austerity; recovery expected in 2014
- U.S. private sector recovery picking up

Uneven Growth in Global Economy.

per cent change, real GDP.



Source: Consensus Economics.



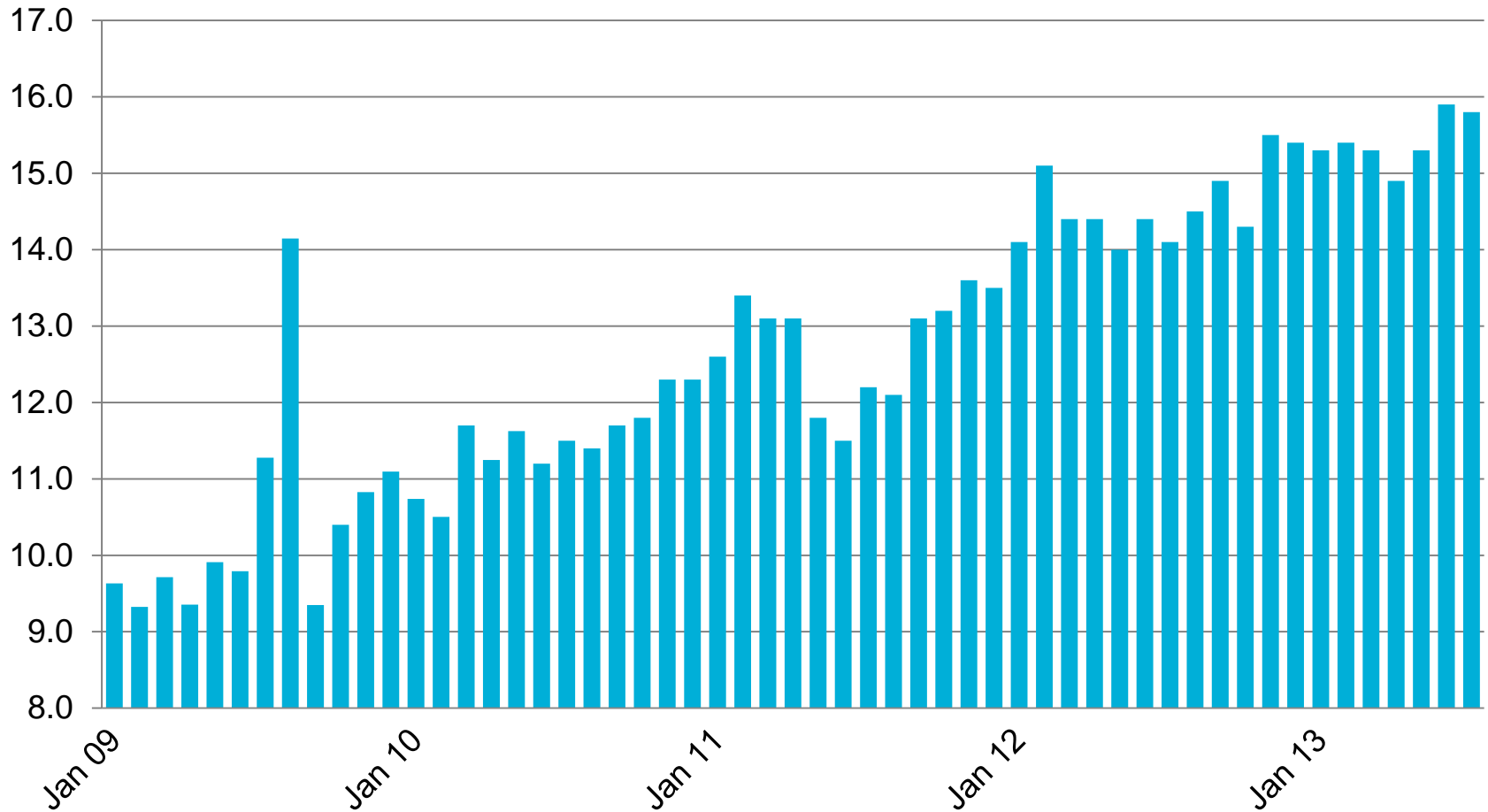
U.S. Outlook

- Modest near-term growth in the 2 per cent range, picking up toward 2014
- Increasing U.S. energy self-reliance, thanks to sophisticated extractive technologies
- Growing recovery in the private sector – jobs, housing, autos, investment
- But overall 2013 growth restrained by fiscal turmoil, higher taxes and spending cuts
- Fed continues activist monetary policy—short-term rates are frozen until 2015



U.S. Vehicle Sales Back to Normal.

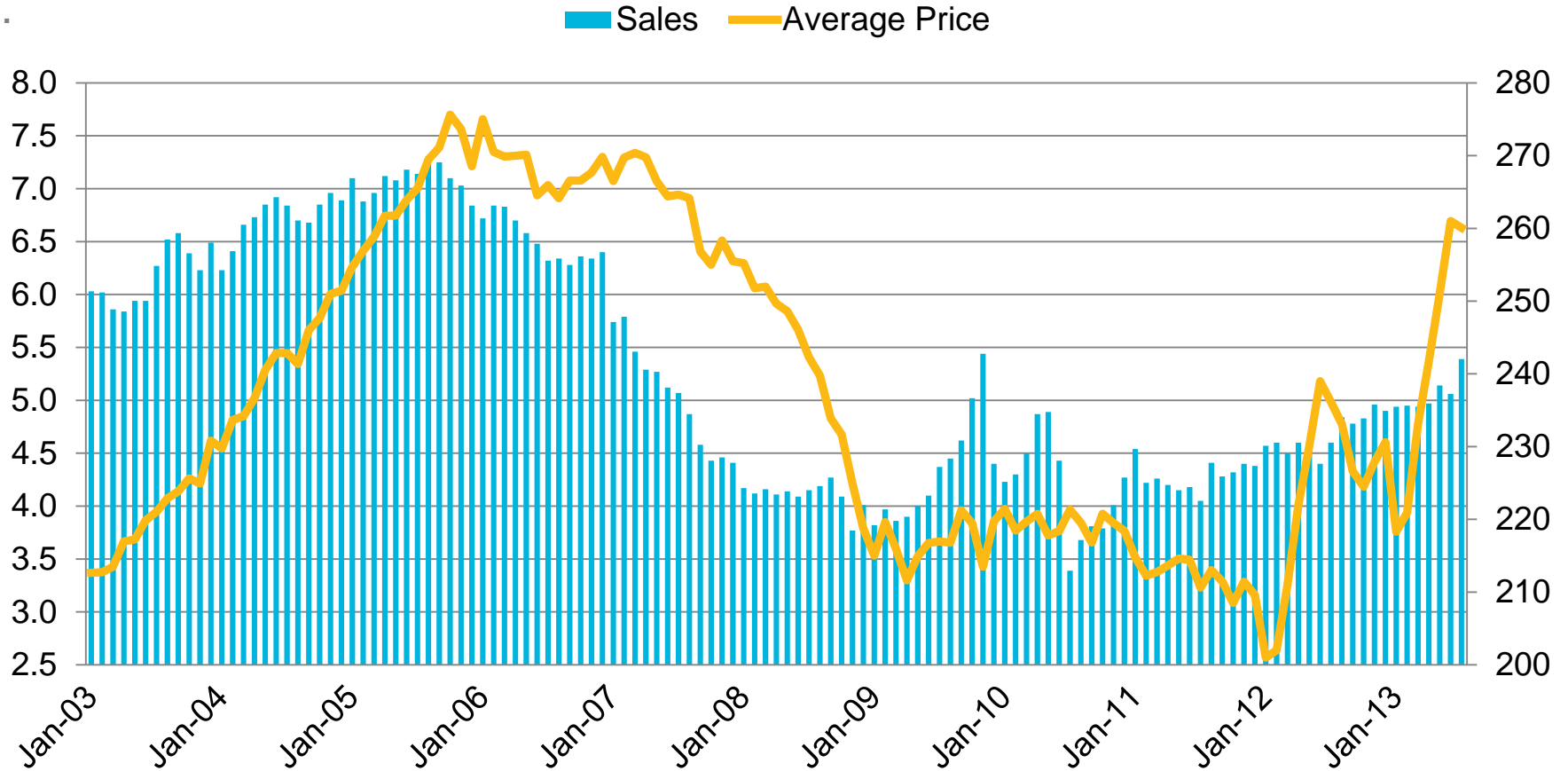
millions, annualized.



Source: Moody's Economy.com

U.S. Existing Home Sales and Prices.

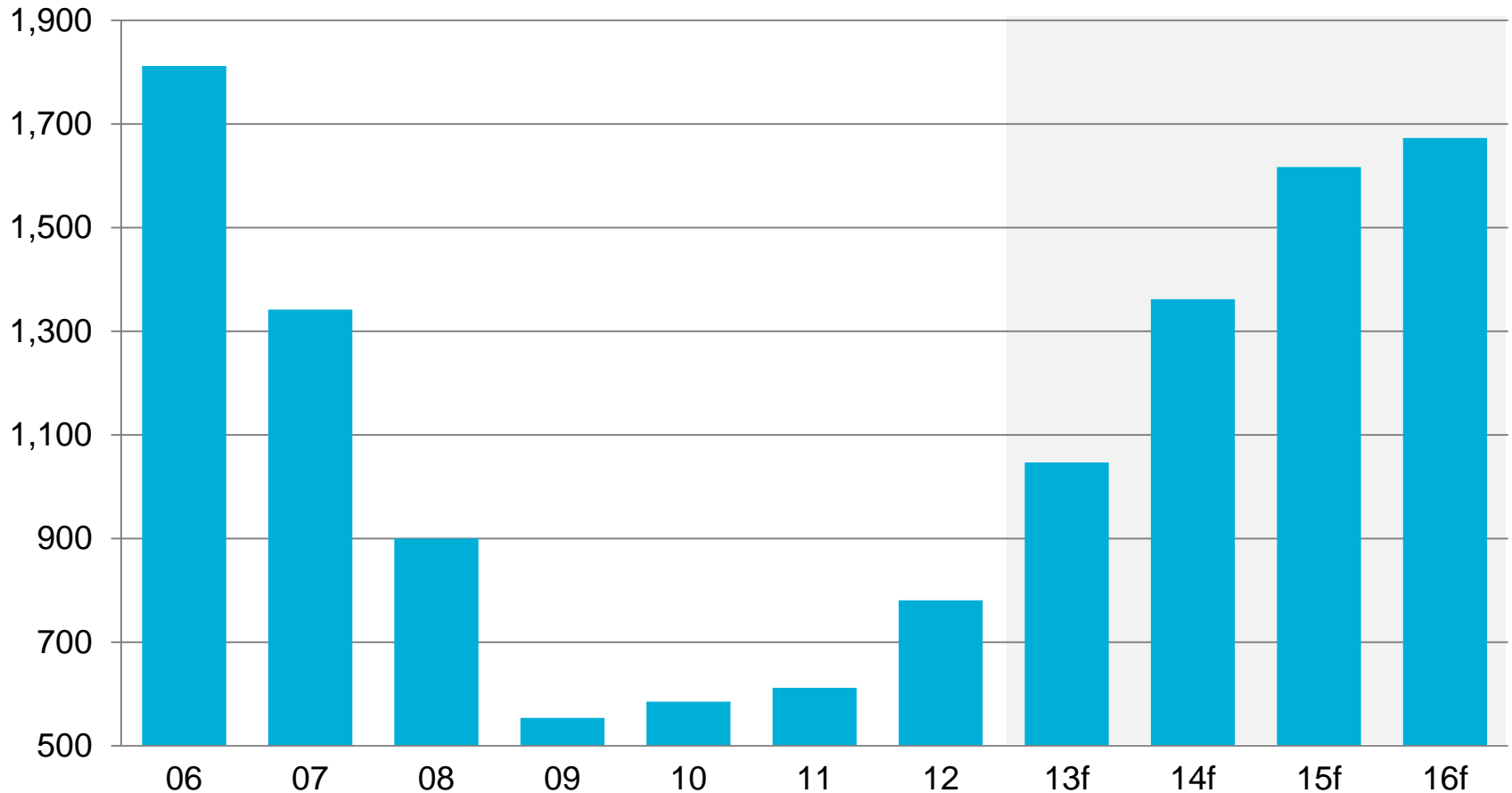
(millions SAAR; \$ 000s)



Source: National Association of Realtors

U.S. Housing Starts.

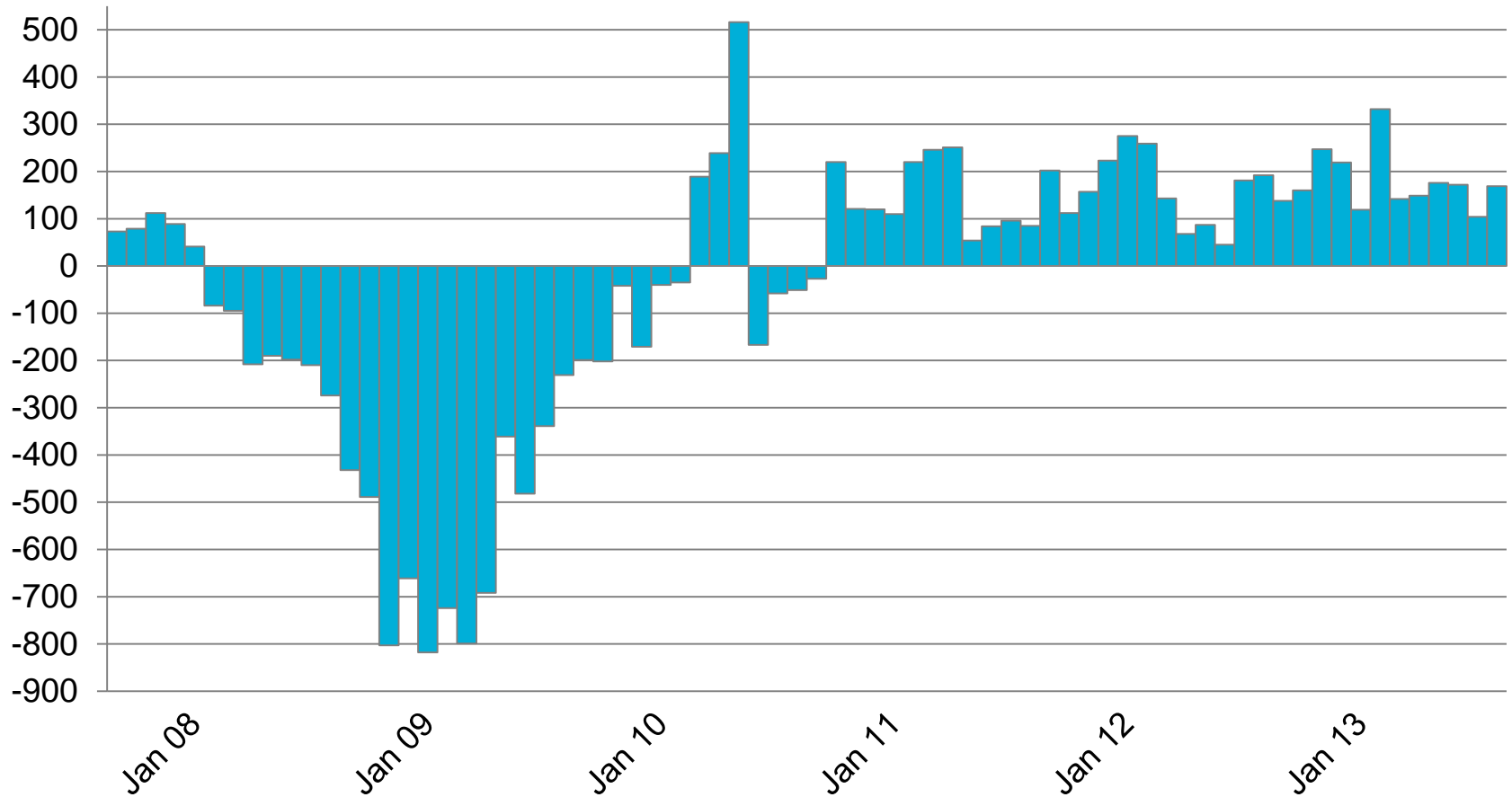
000s



Sources: Bureau of Economic Analysis; The Conference Board of Canada.

U.S. Labour Market.

change in U.S. employment, 000s.

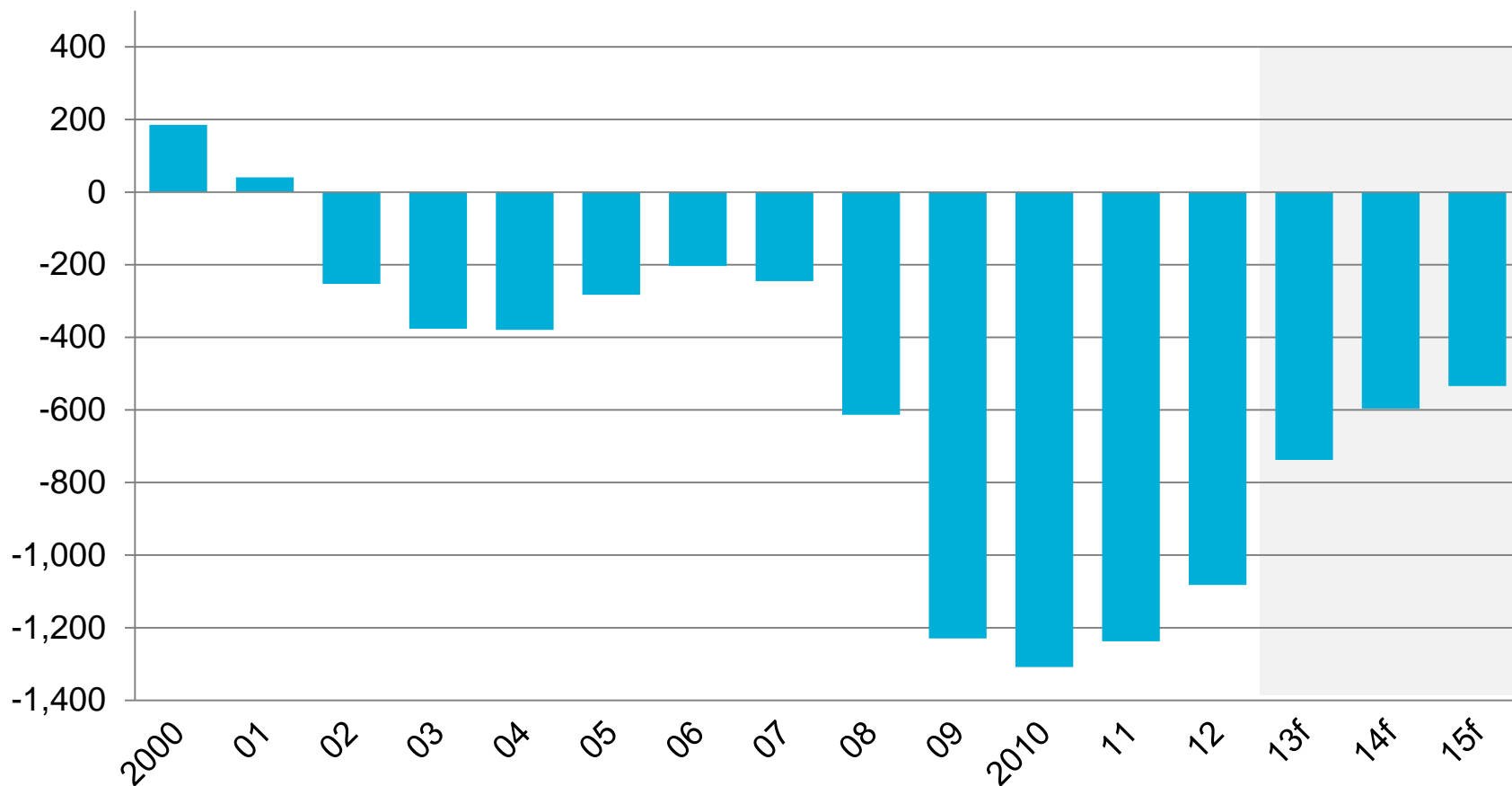


Source: Bureau of Economic Analysis.



U.S. Federal Deficit.

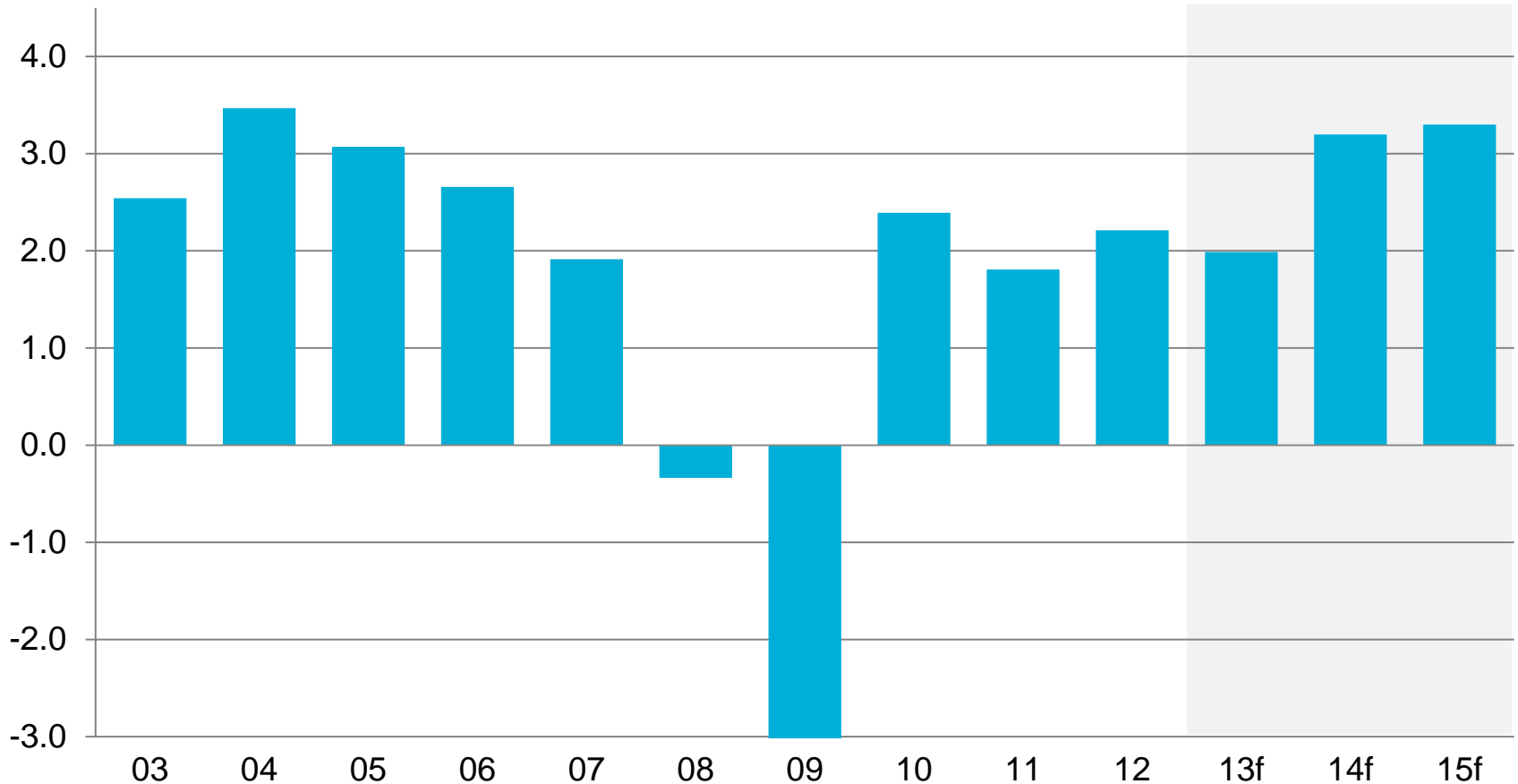
NIPA basis, billions of current \$.



Sources: BEA; The Conference Board of Canada.

U.S. Real GDP Growth.

per cent change.



Sources: Bureau of Economic Analysis The Conference Board of Canada.

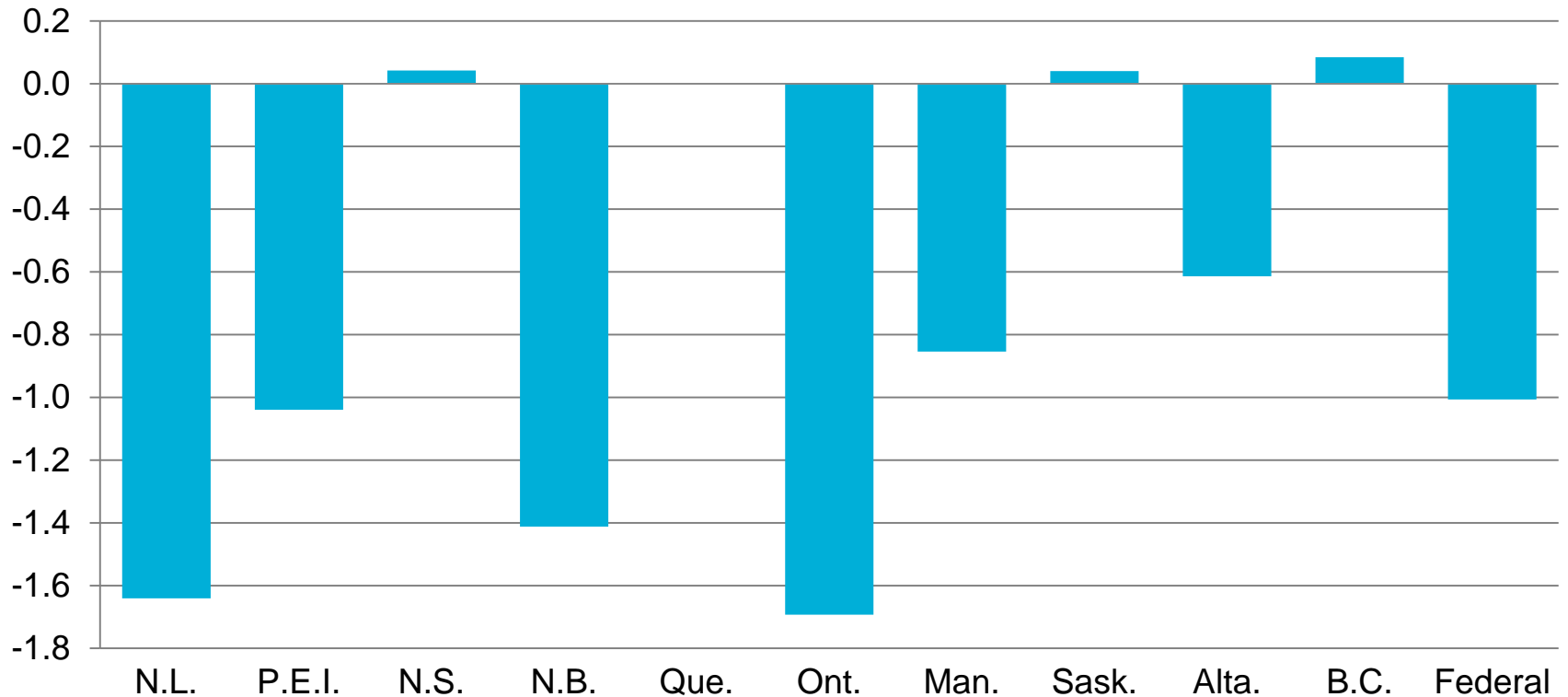


Five Reasons for Canada's Lackluster Performance

- The Canadian Consumer is overstretched and rising interest rates will eventually hurt consumers.
- The external economy and capacity constraints in the energy sector are limiting trade growth.
- The business sector has been increasing private investment. However, the recent pace wont be maintained.
- Fiscal restraint will continue through the foreseeable future.

Federal and Provincial Gov't Balances.

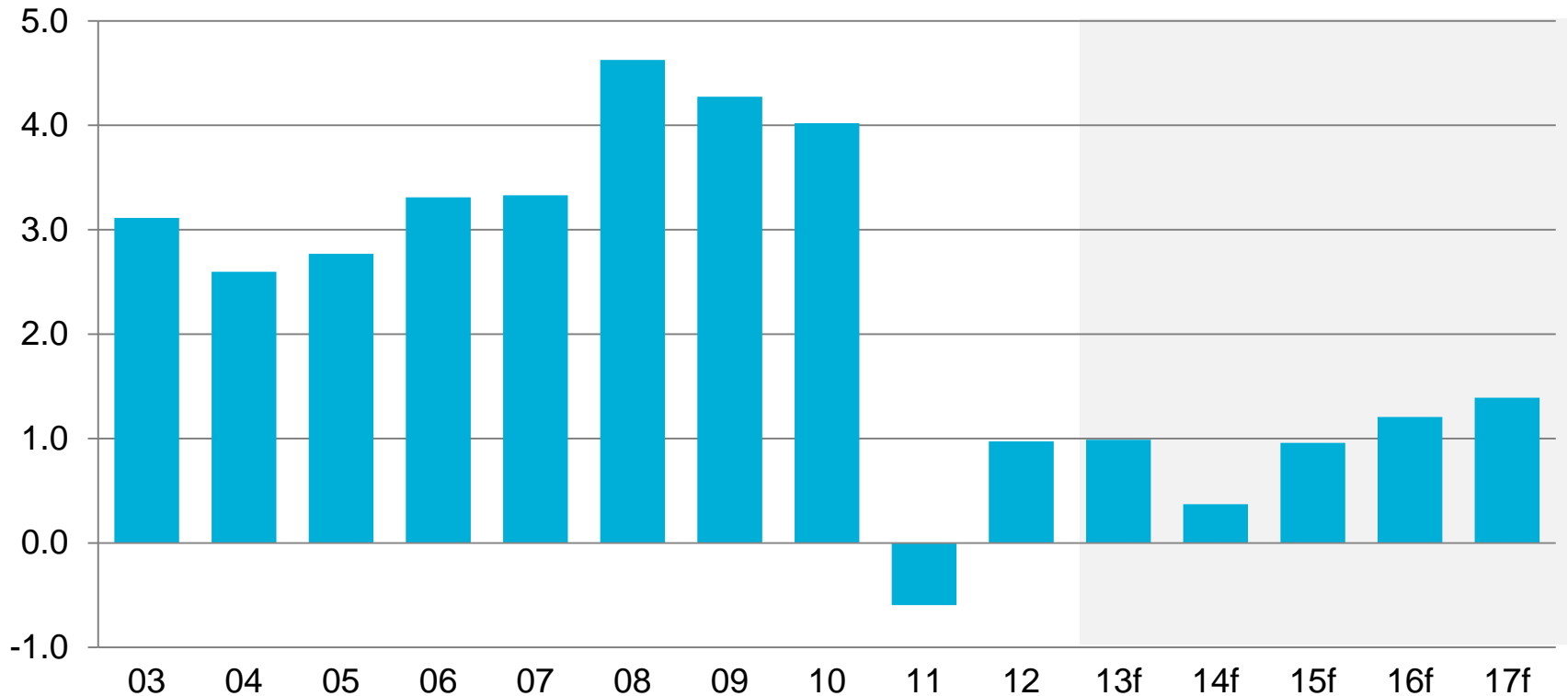
as a share of GDP, 2013-14.



Sources: The Conference Board of Canada; Statistics Canada; various government budgets.

General Government Spending on Goods, Services and Capital, Canada.

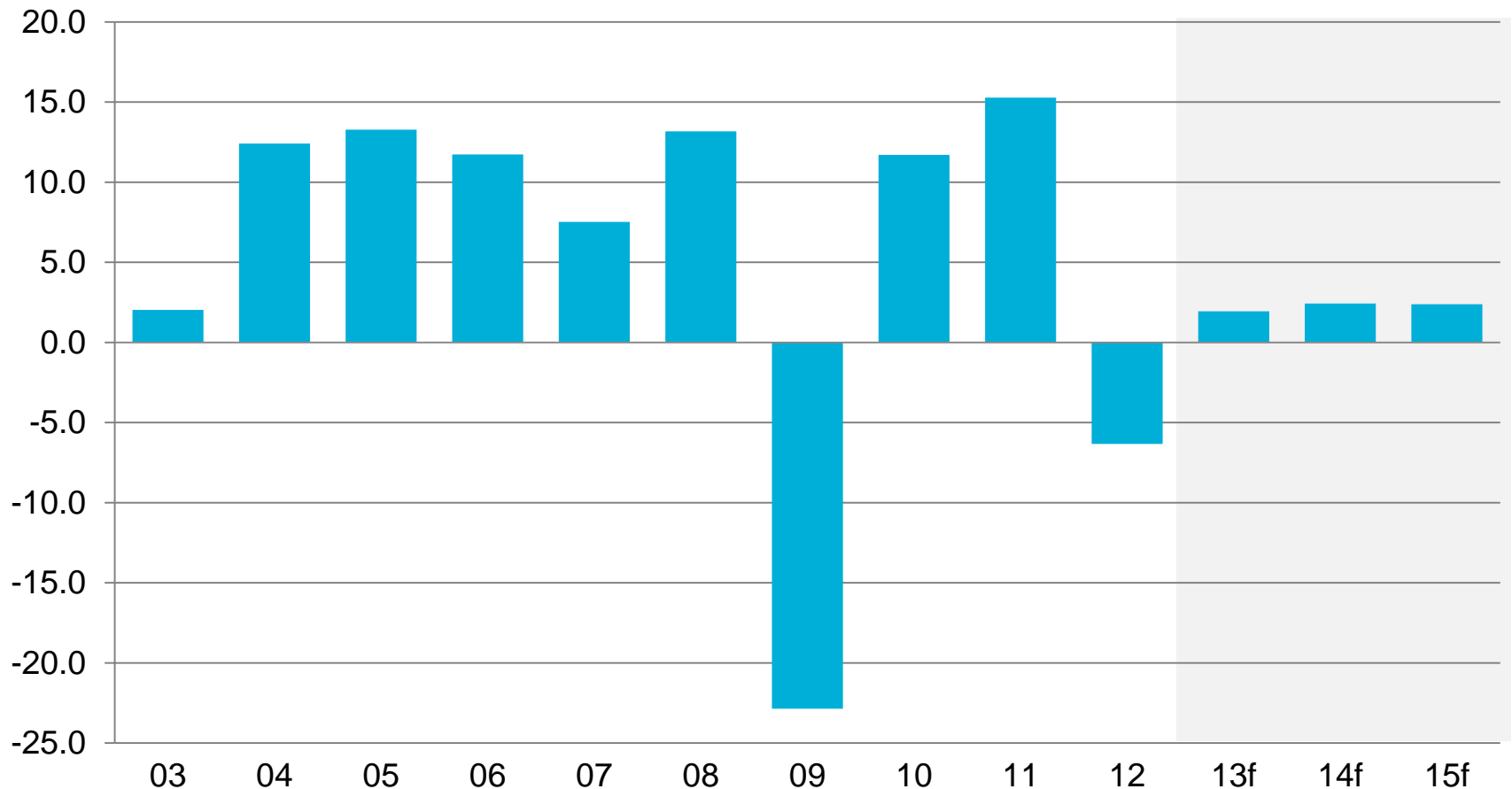
per cent change.



Sources: The Conference Board of Canada; Statistics Canada; various government budgets.

Raw Material Price Index.

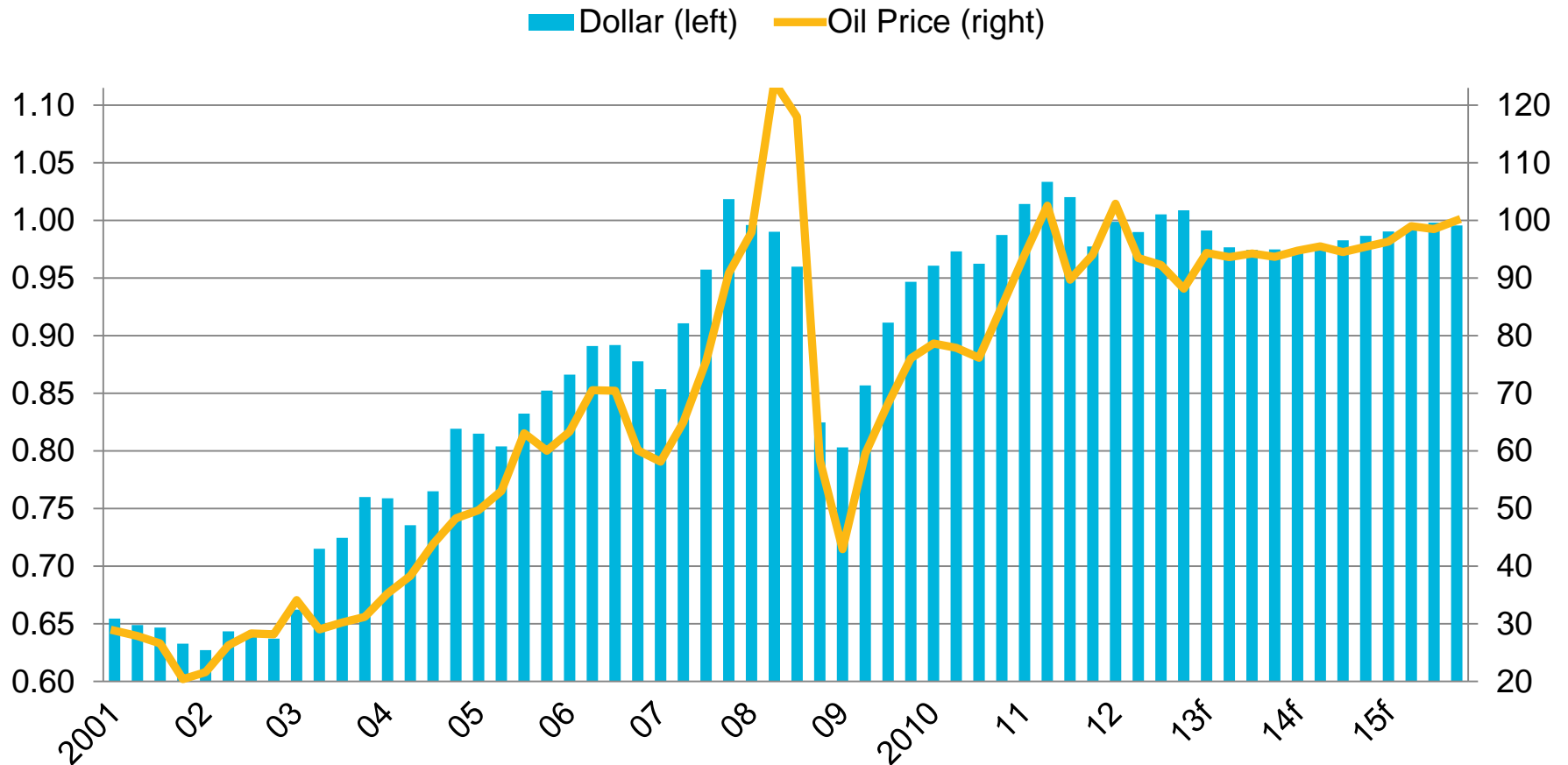
per cent change.



Sources: Statistics Canada; The Conference Board of Canada.

The Loonie and the Oil Price.

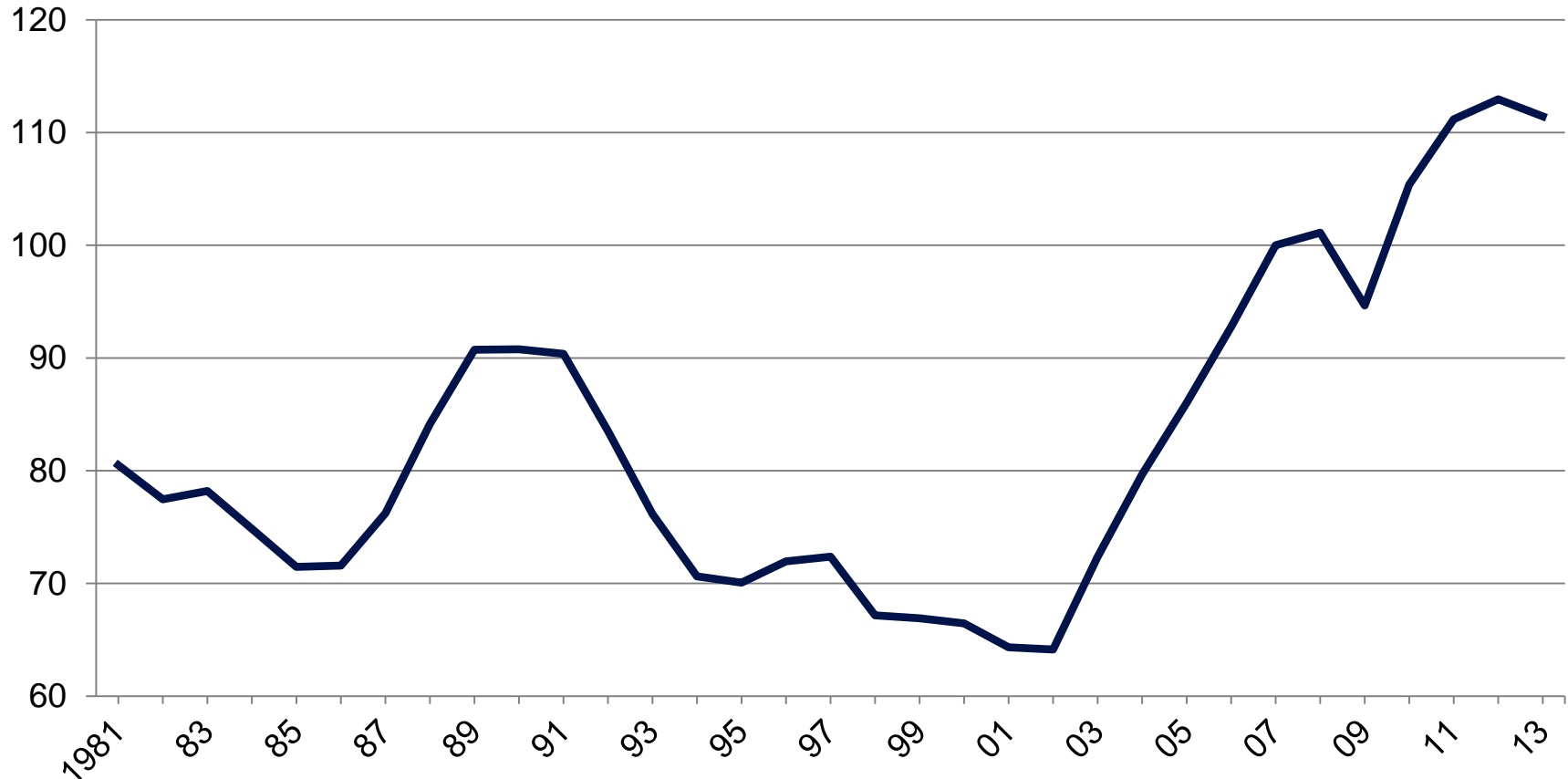
(WTI \$US, \$US/\$C).



Sources: The Conference Board of Canada; U.S. EIA; Statistics Canada.

Relative Unit Labour Cost Index.

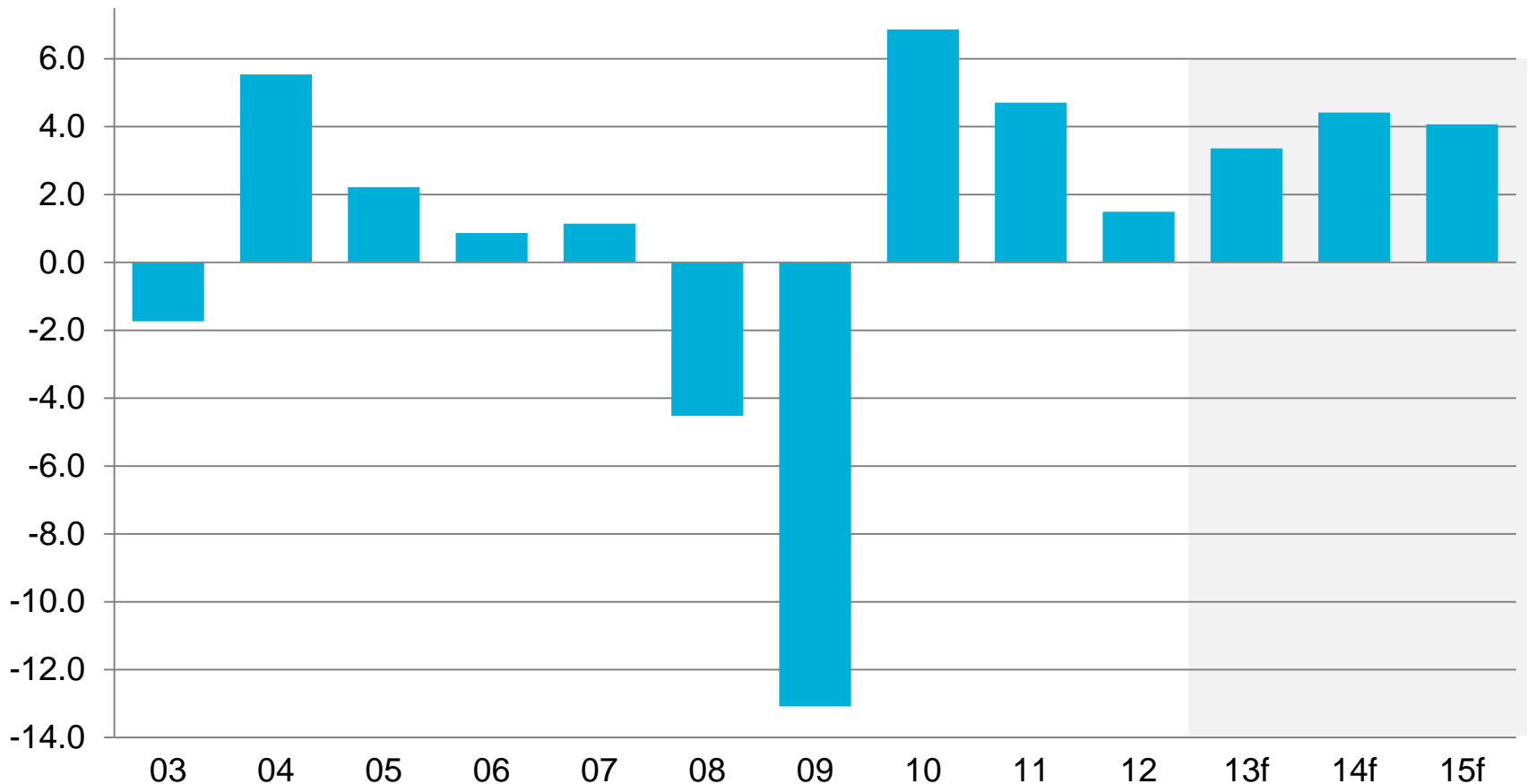
Canadian/U.S. Industrial Composite, 2007=100.



Source: Statistics Canada.

Export Volumes.

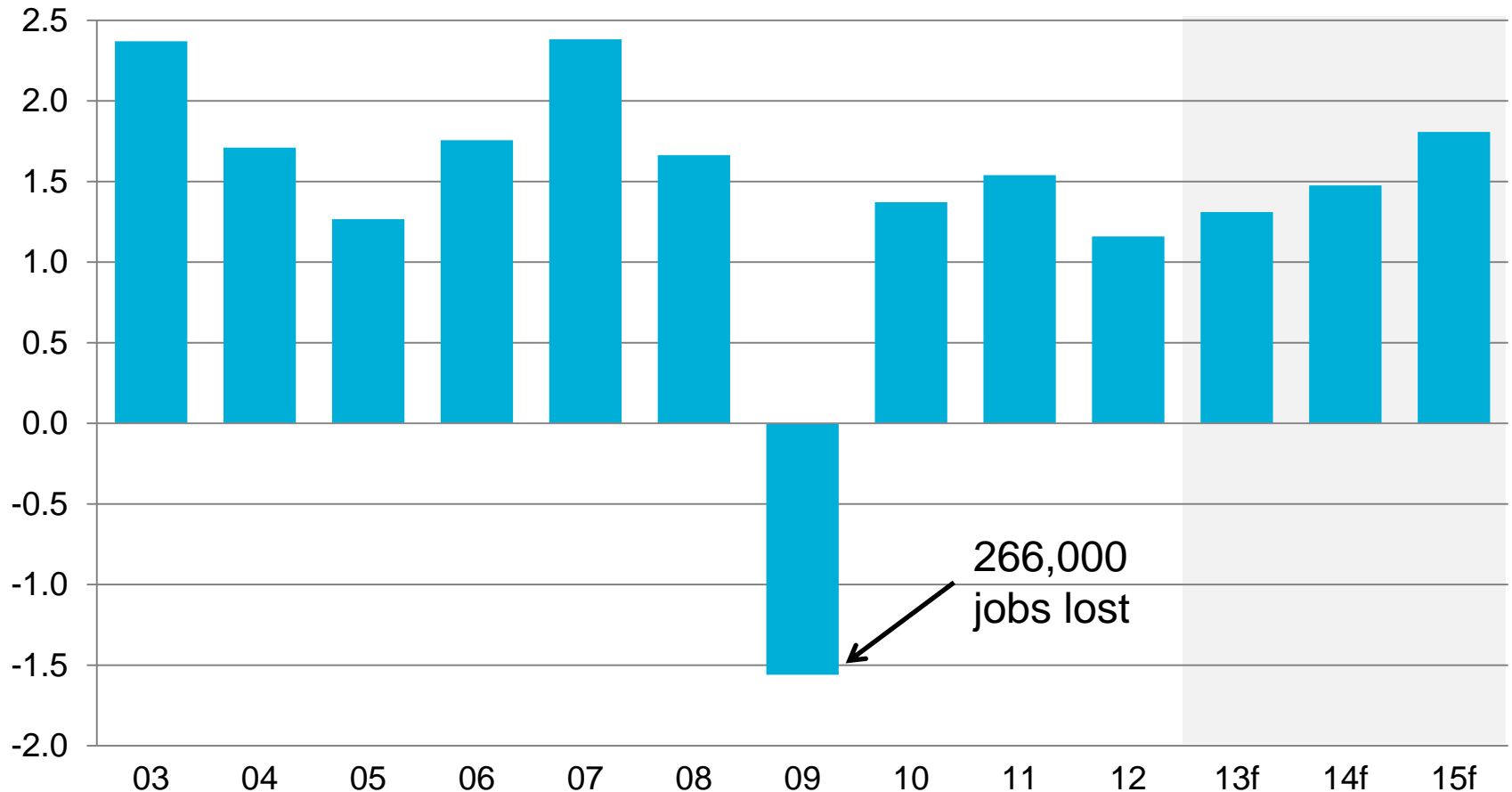
per cent change.



Sources: Statistics Canada; The Conference Board of Canada.

Employment Growth.

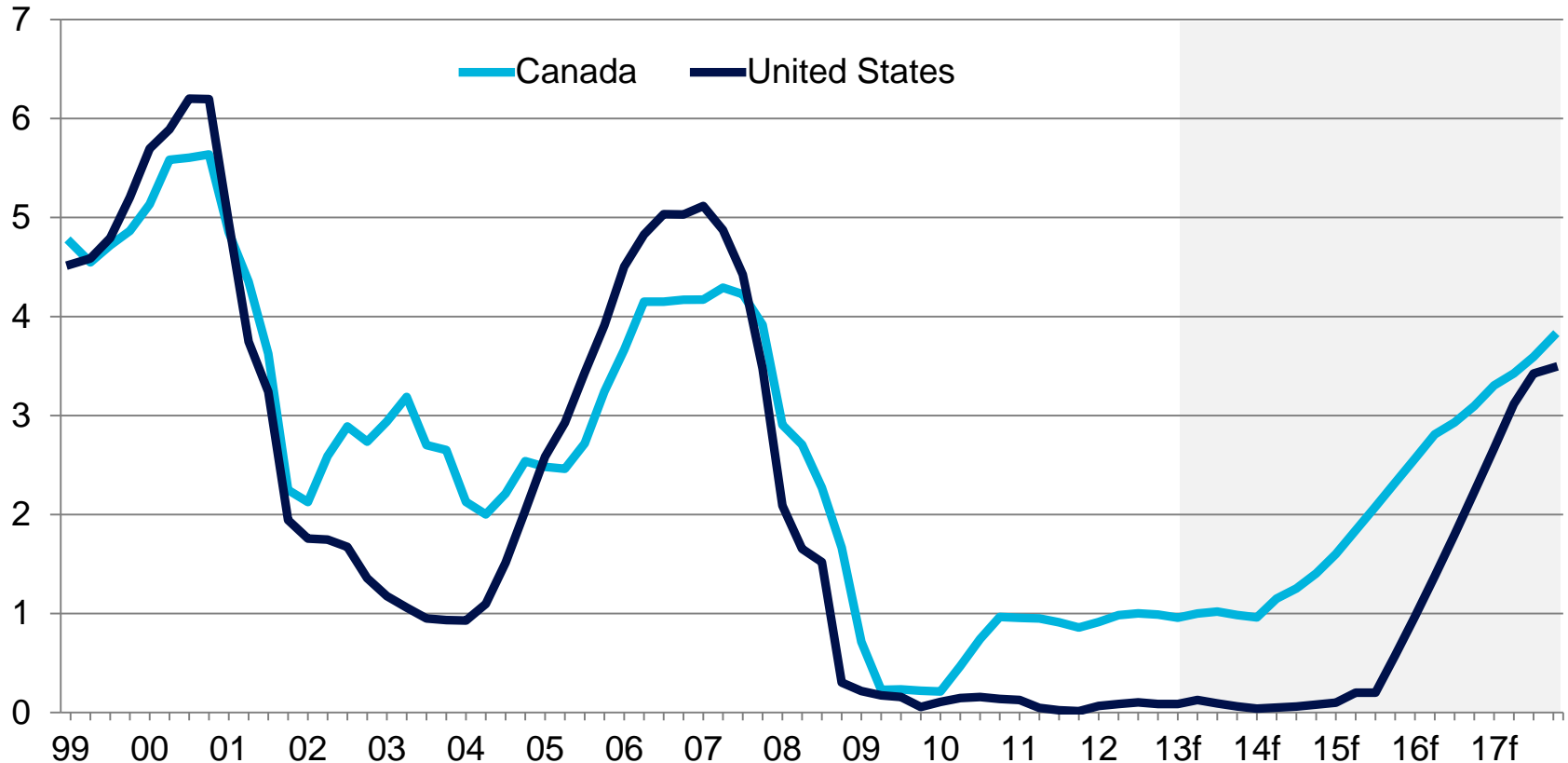
per cent change.



Sources: Statistics Canada; The Conference Board of Canada.

Short-Term Interest Rates.

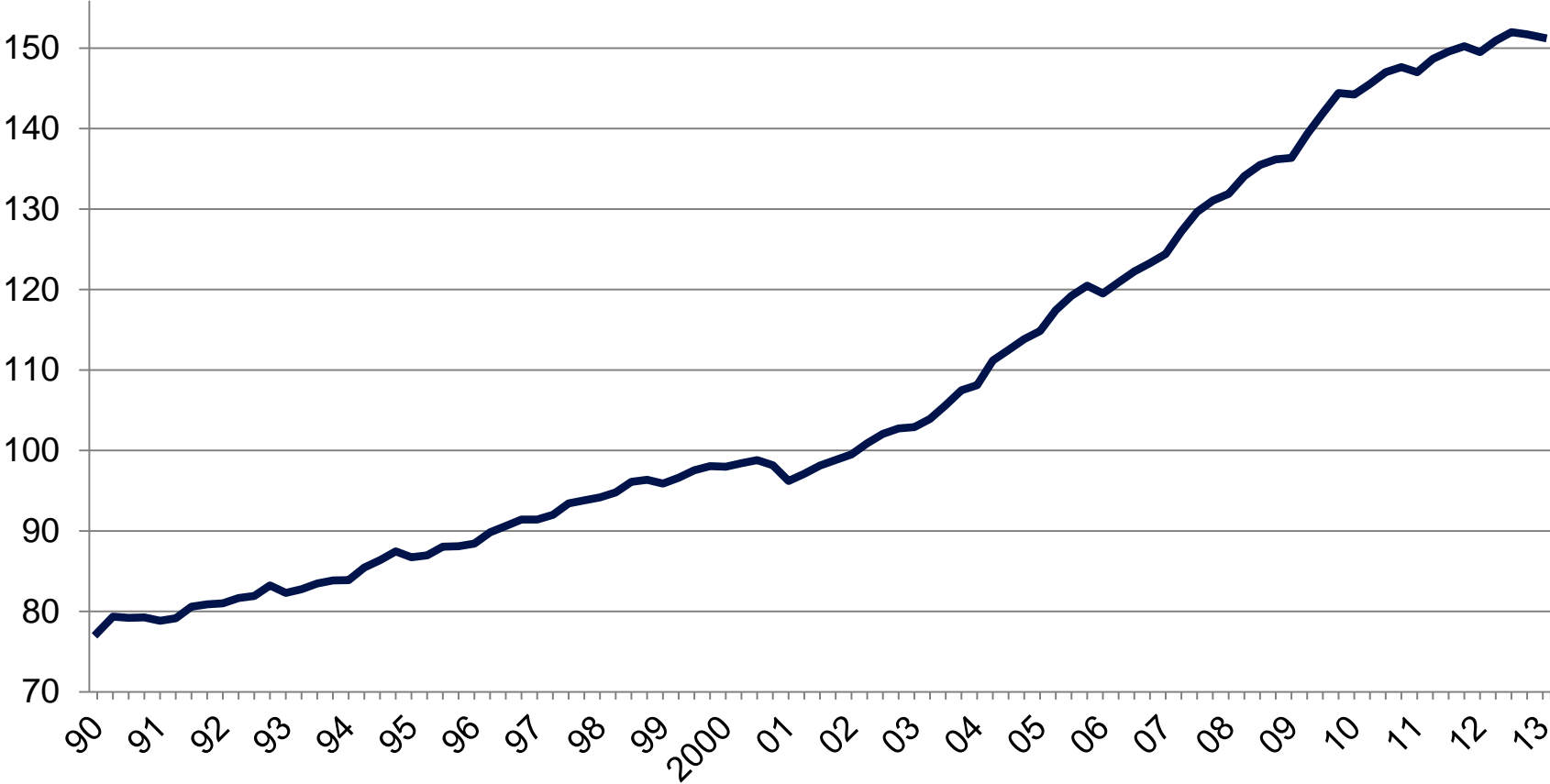
90-Day Treasury Bill Rates.



Sources: Statistics Canada; U.S. Bureau of Economic Analysis; The Conference Board of Canada.

Total Consumer & Mortgage Credit (Debt) as Per Cent of Disposable Income.

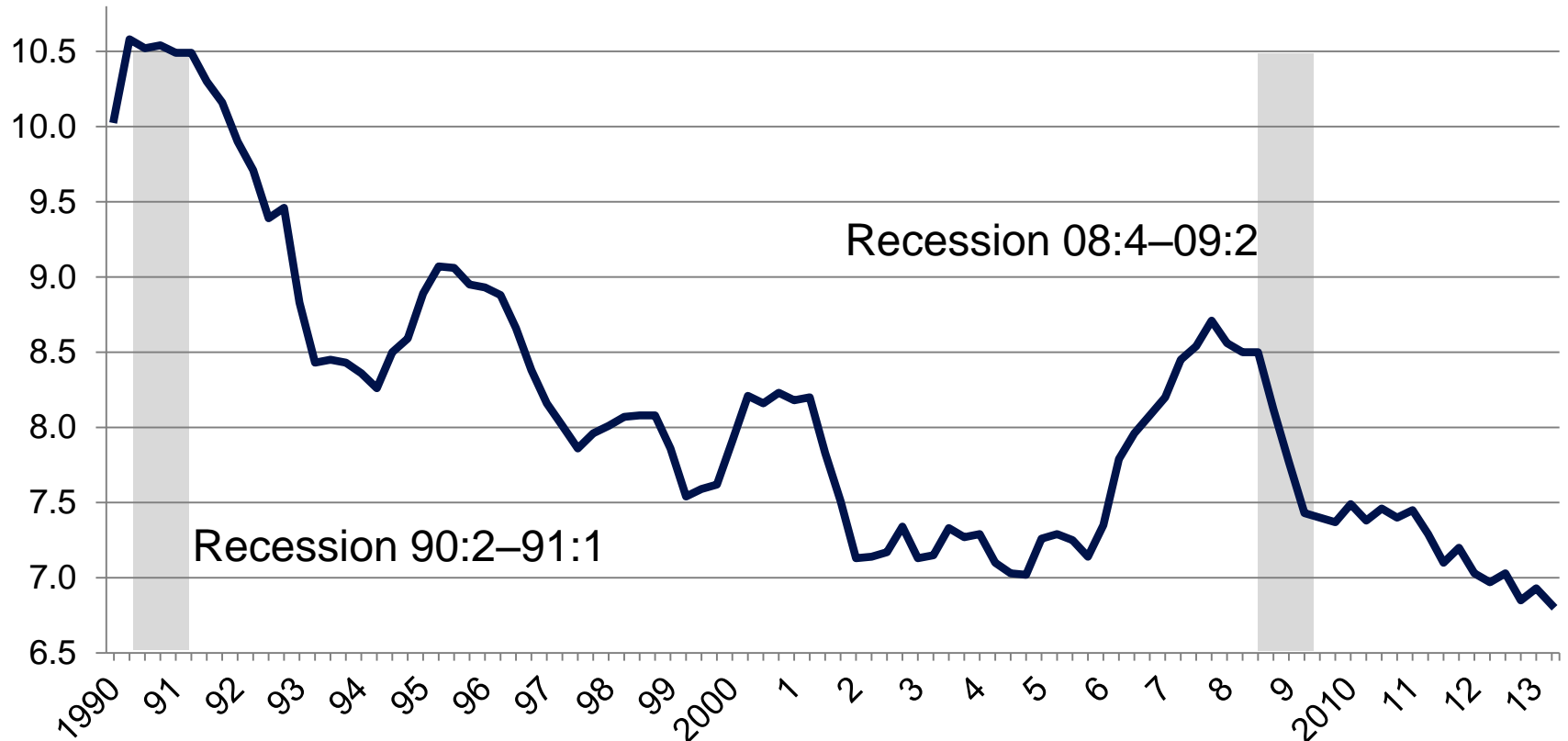
quarterly, 1990Q1 2013Q1.



Source: Statistics Canada.

Mortgage and Consumer Debt Service.

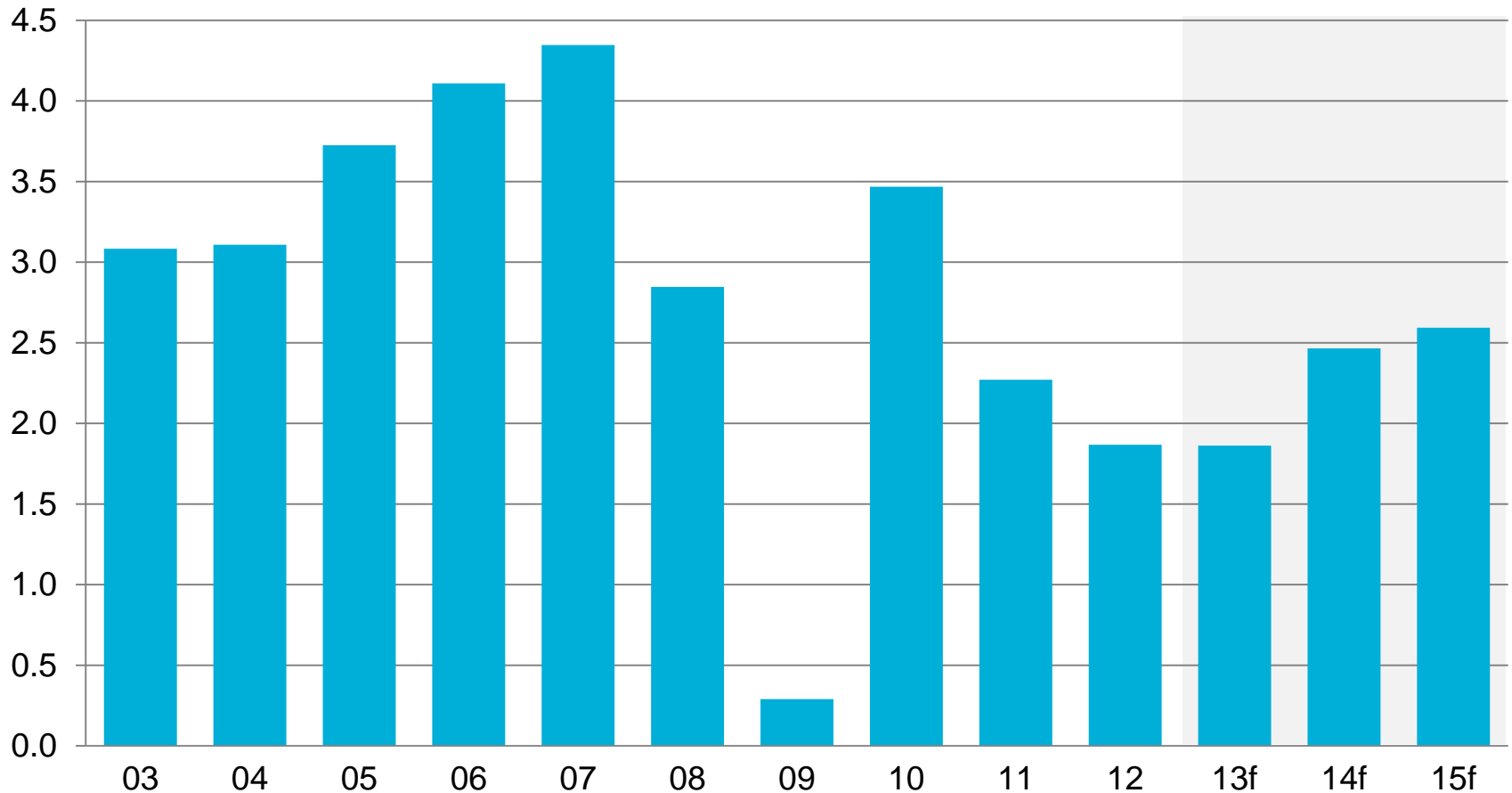
share of disposable income 1990Q1 to 2013Q2.



Source: Statistics Canada.

Real Consumer Spending.

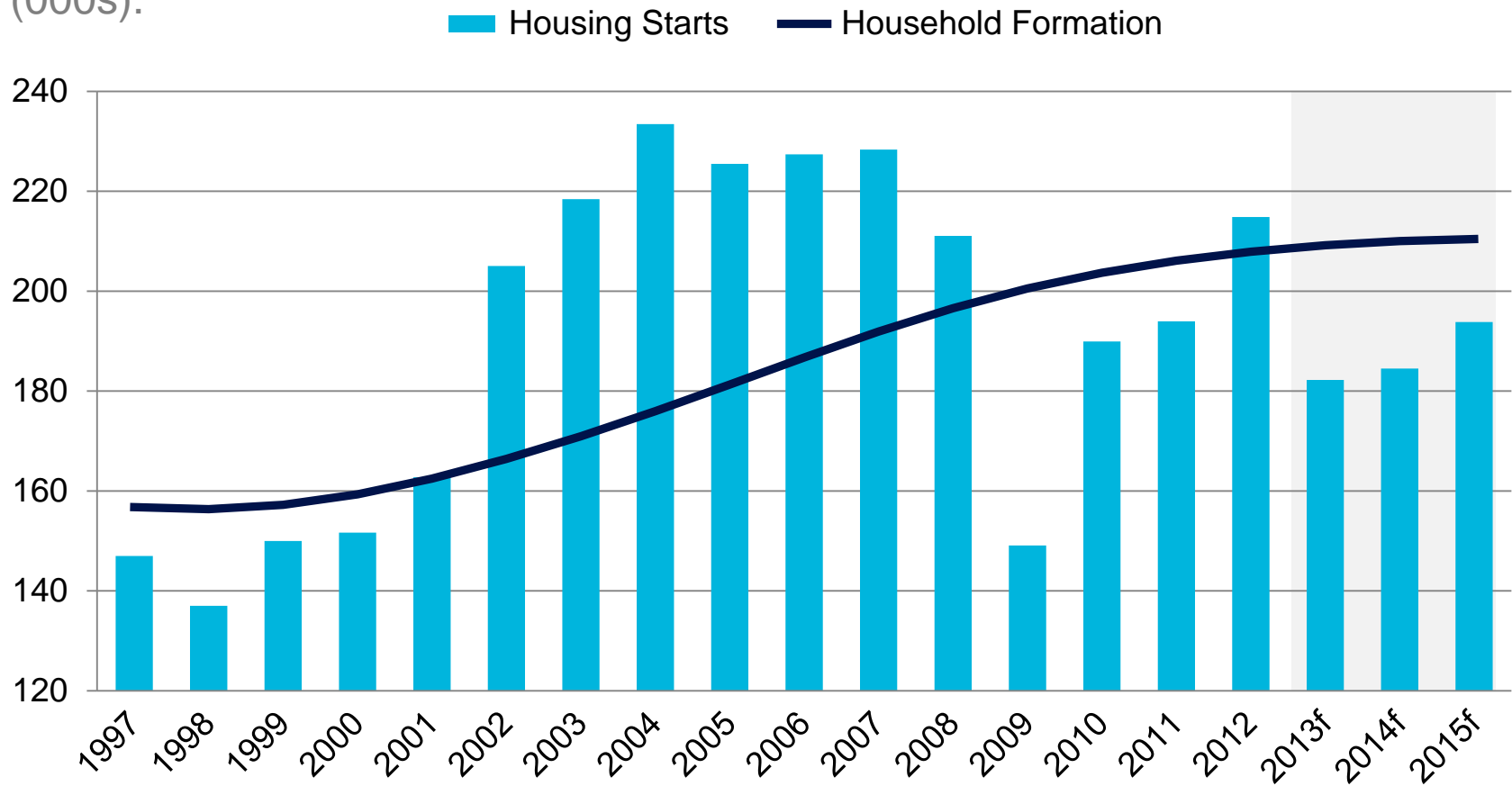
per cent change.



Sources: Statistics Canada; The Conference Board of Canada.

Canada, Housing Starts vs. Demographic Requirements.

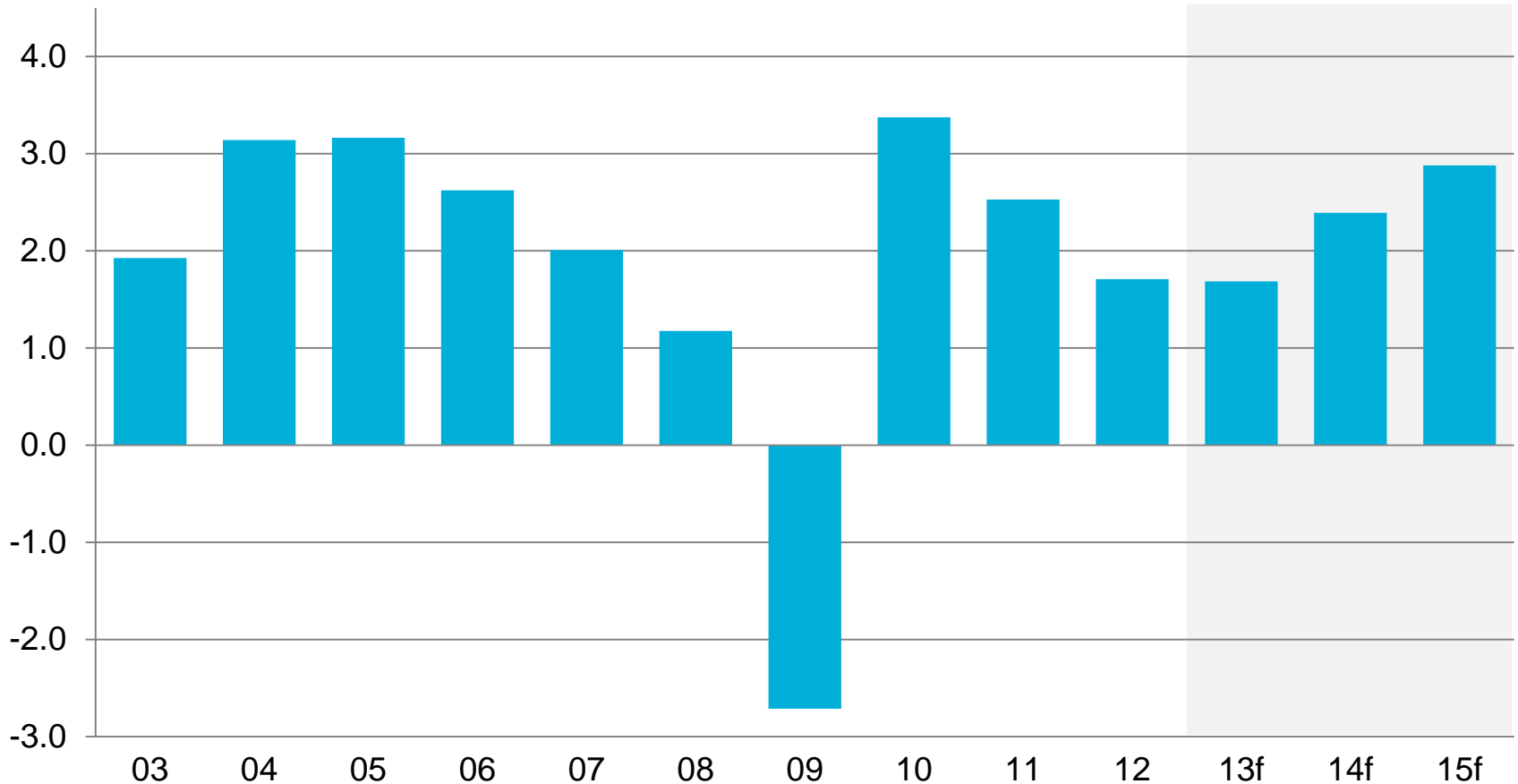
(000s).



Sources: Canada Mortgage and Housing Corporation; The Conference Board of Canada.

Canada's Real GDP Growth.

per cent change.



Sources: Statistics Canada; The Conference Board of Canada.



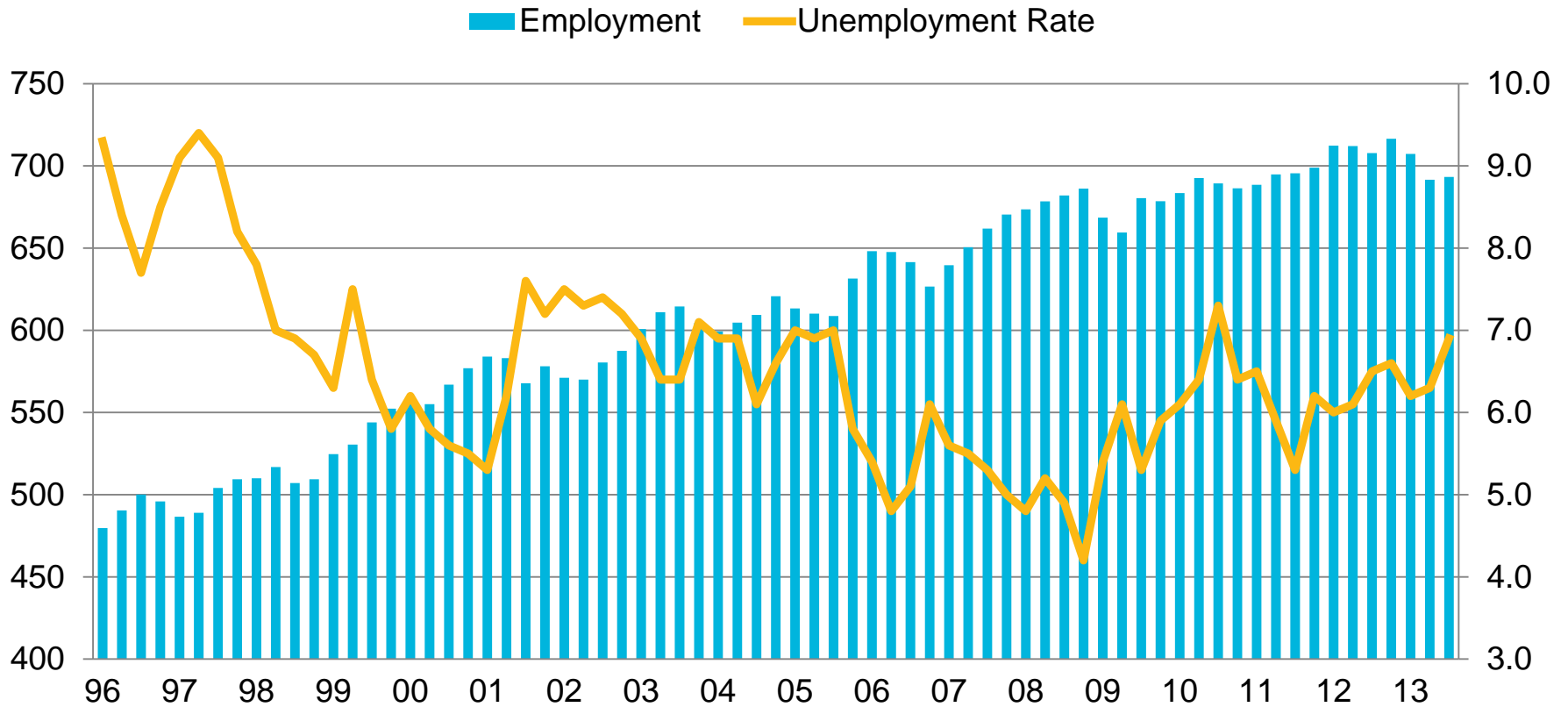
Ottawa-Gatineau Outlook.

- Ottawa-Gatineau's economy continues to feel the pinch of federal government cutbacks.
- The public administration sector is headed for its biggest drop in employment on record this year.
- The area's non-residential construction sector will be busy for years with several major projects.
- Housing starts are expected to fall this year and next.



Labour Market.

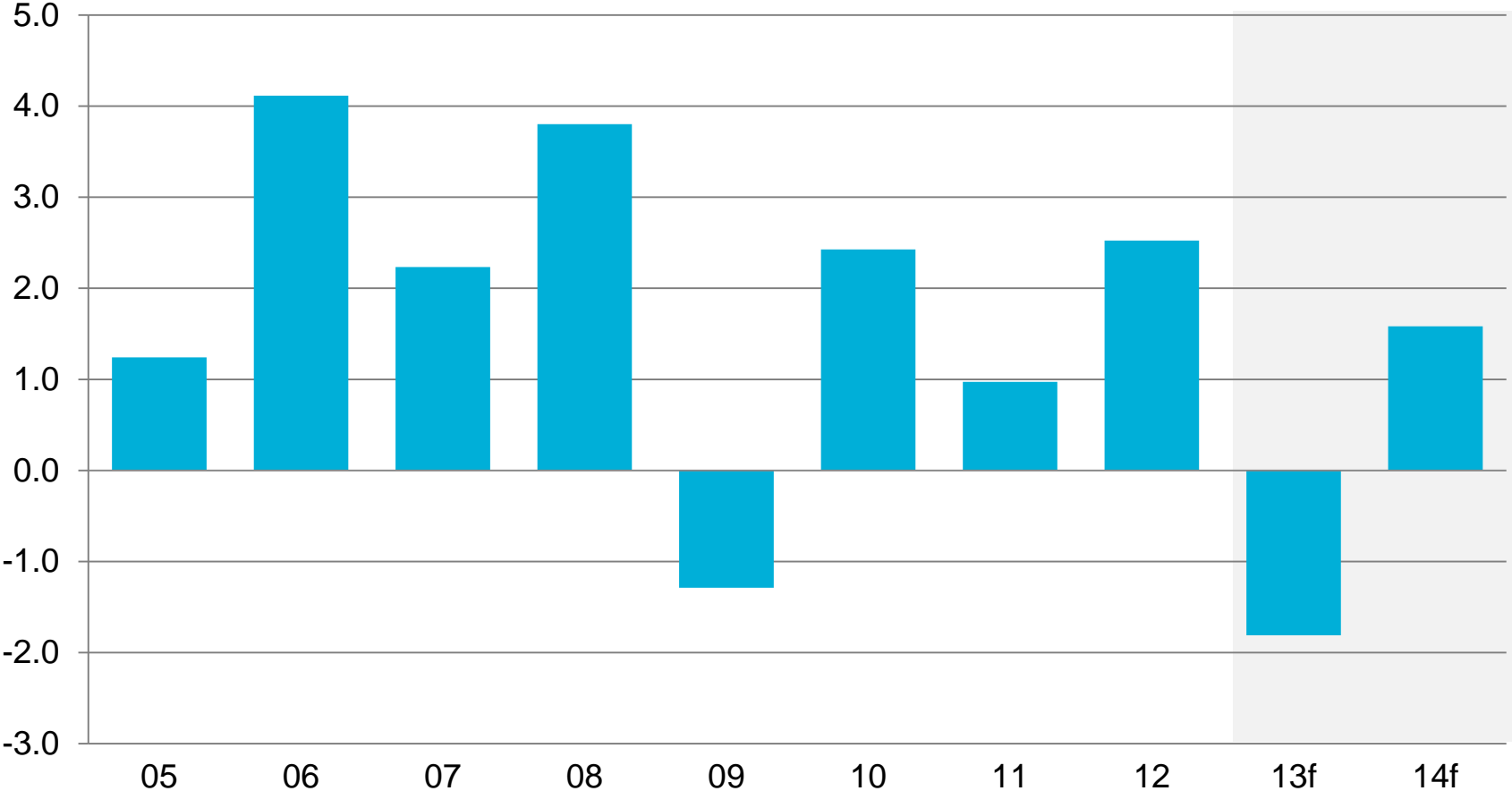
Ottawa-Gatineau (1996-2013).



Source: Statistics Canada.

Total Employment Growth.

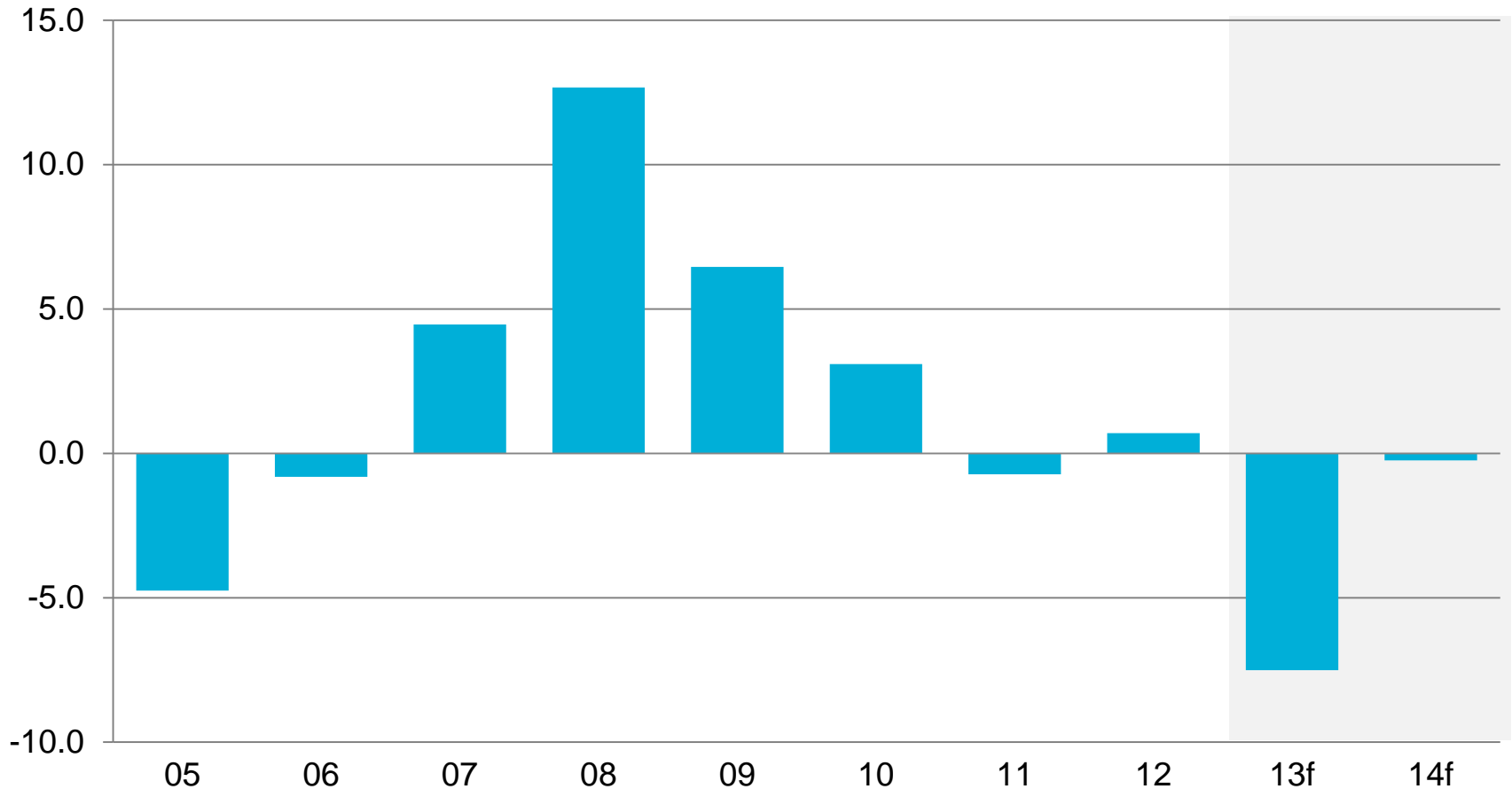
Ottawa-Gatineau.



Sources: Statistics Canada; The Conference Board of Canada.

Public Administration Employment Growth.

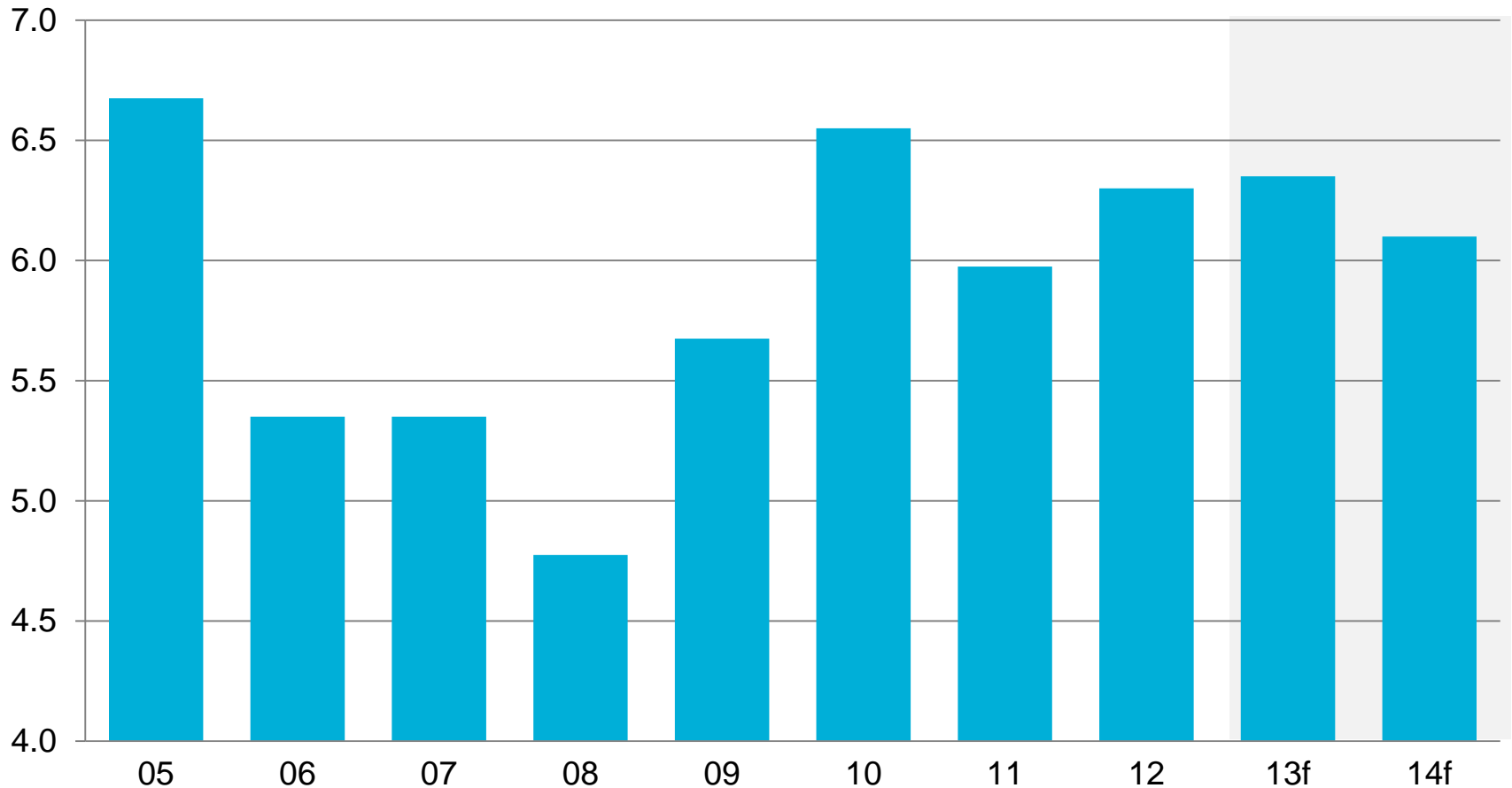
Ottawa-Gatineau.



Sources: Statistics Canada; The Conference Board of Canada.

Unemployment Rate.

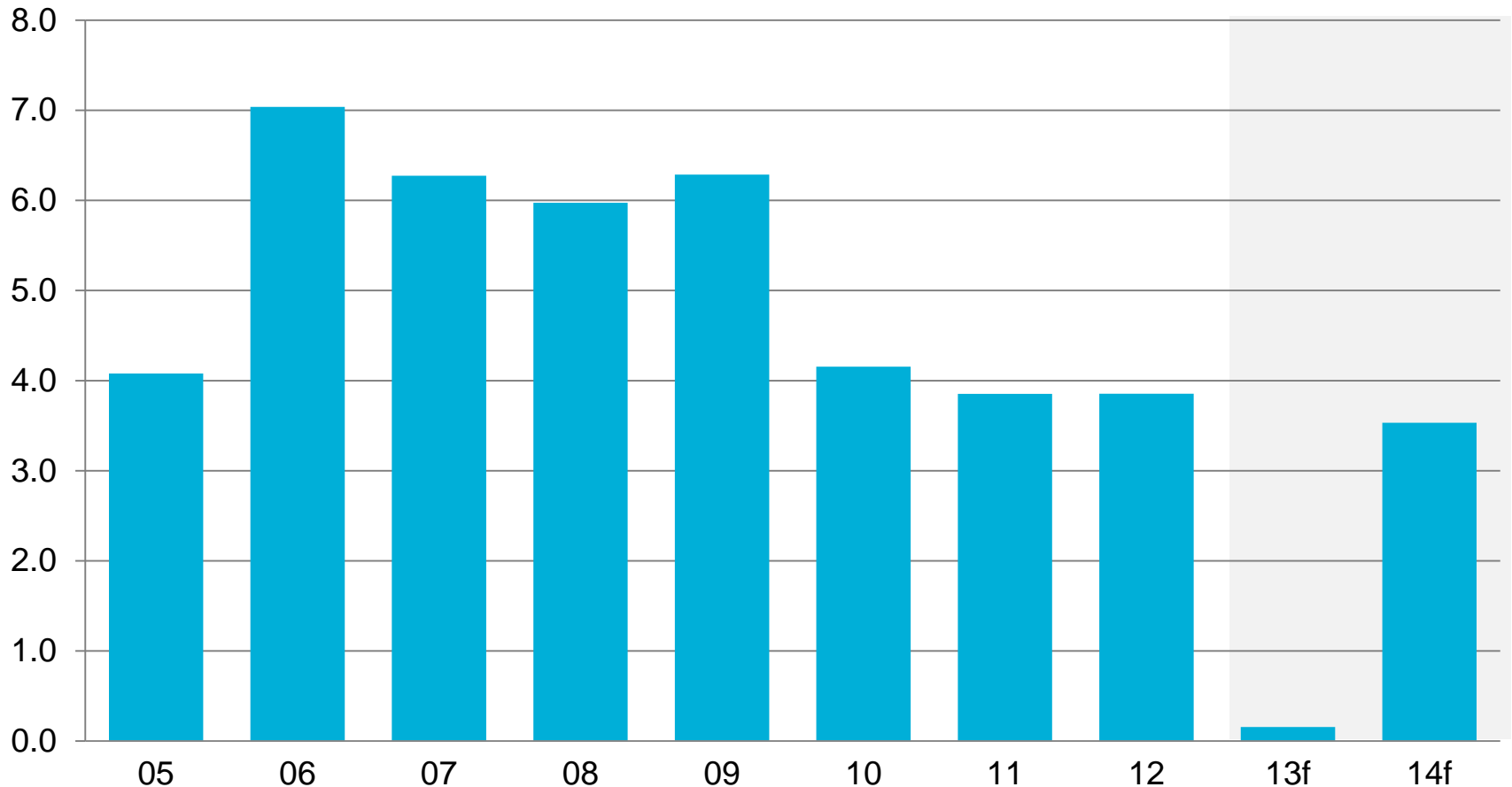
Ottawa-Gatineau.



Sources: Statistics Canada; The Conference Board of Canada.

Disposable Income Growth.

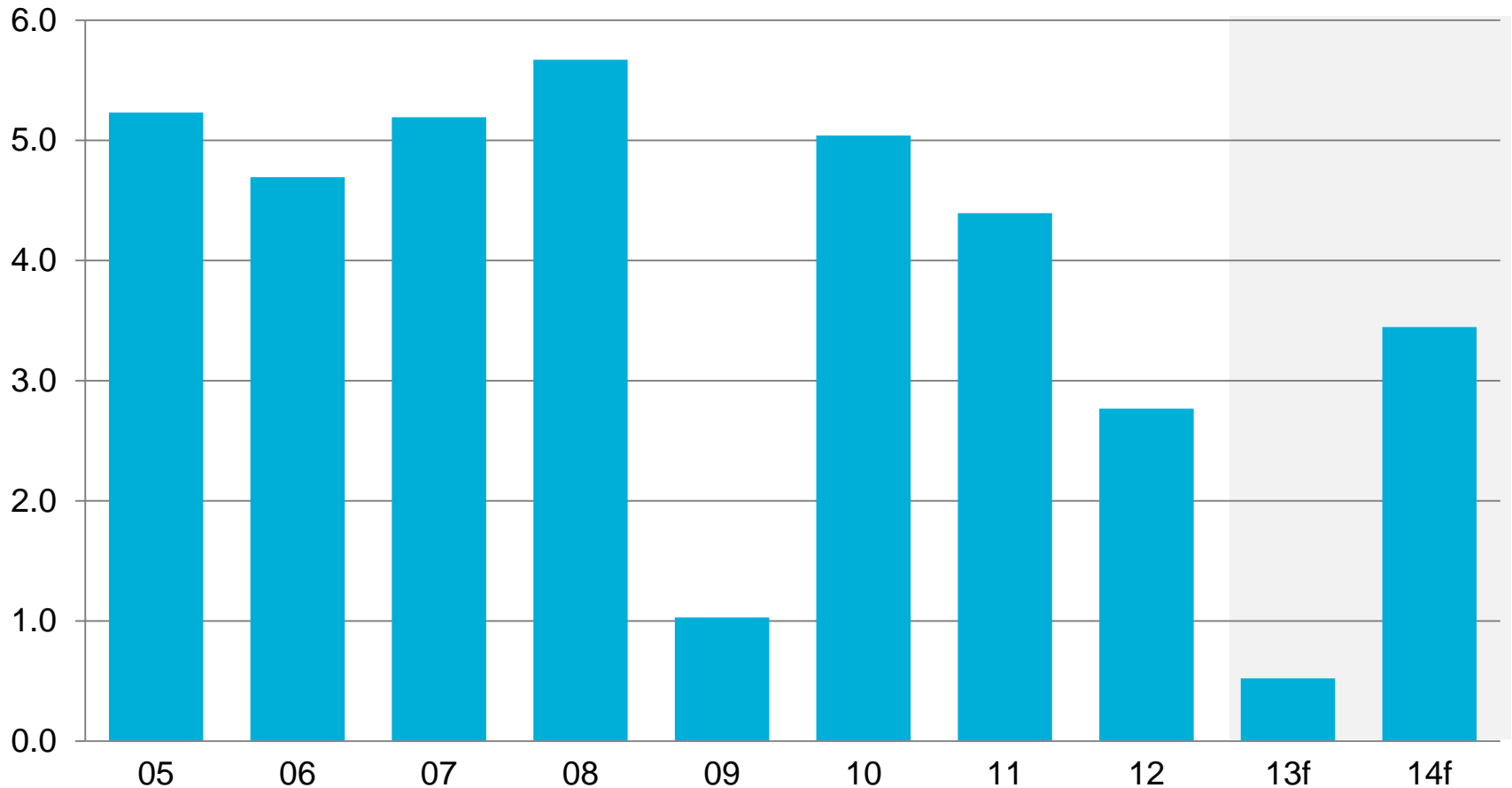
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Retail Sales Growth.

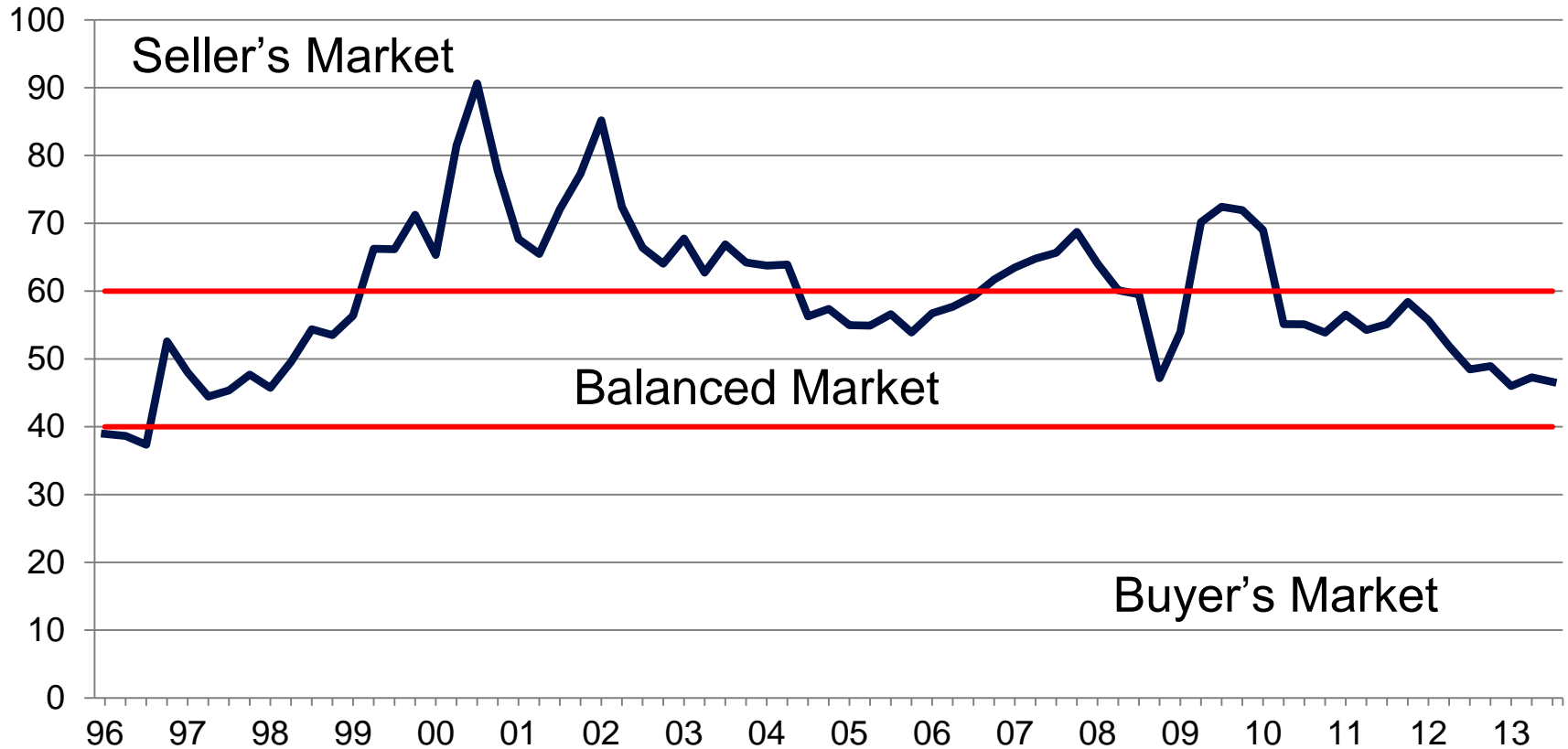
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Sales-to-New Listings Ratio.

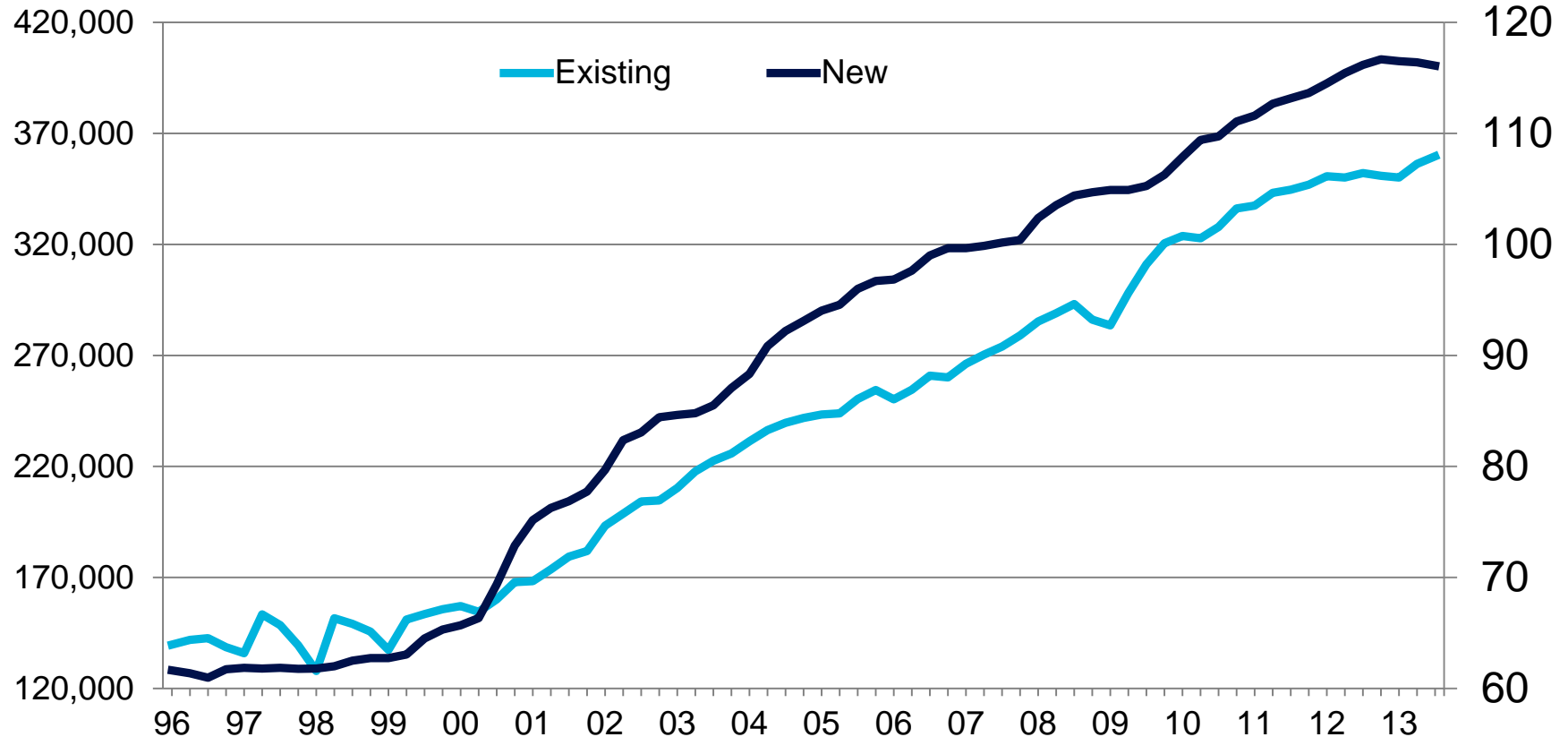
Ottawa (1996-2013).



Source: Canadian Real Estate Association.

Existing Home Price, New Housing Price Index.

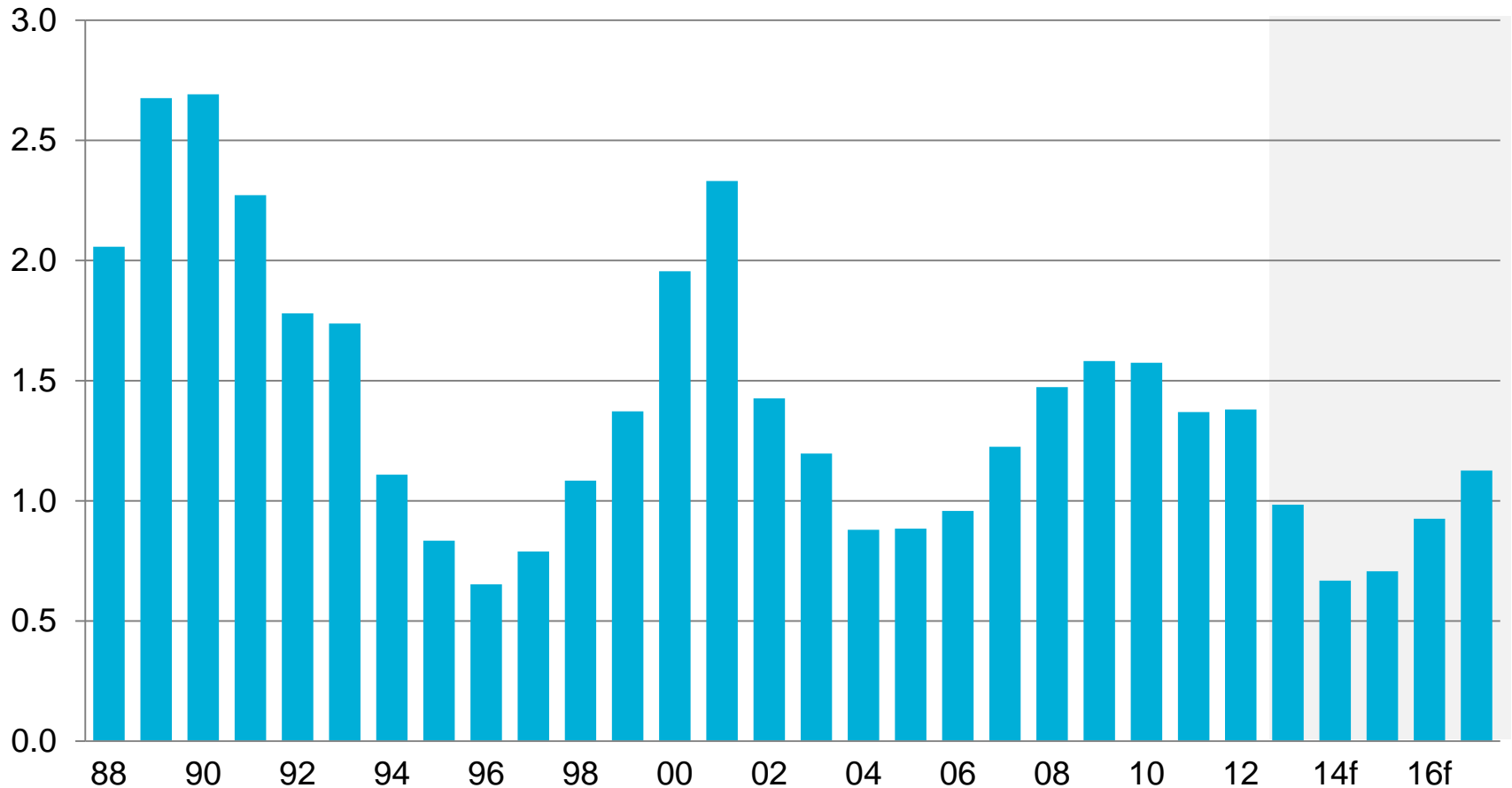
Ottawa-Gatineau (1996-2013).



Sources: Statistics Canada; Canadian Real Estate Association.

Population Growth.

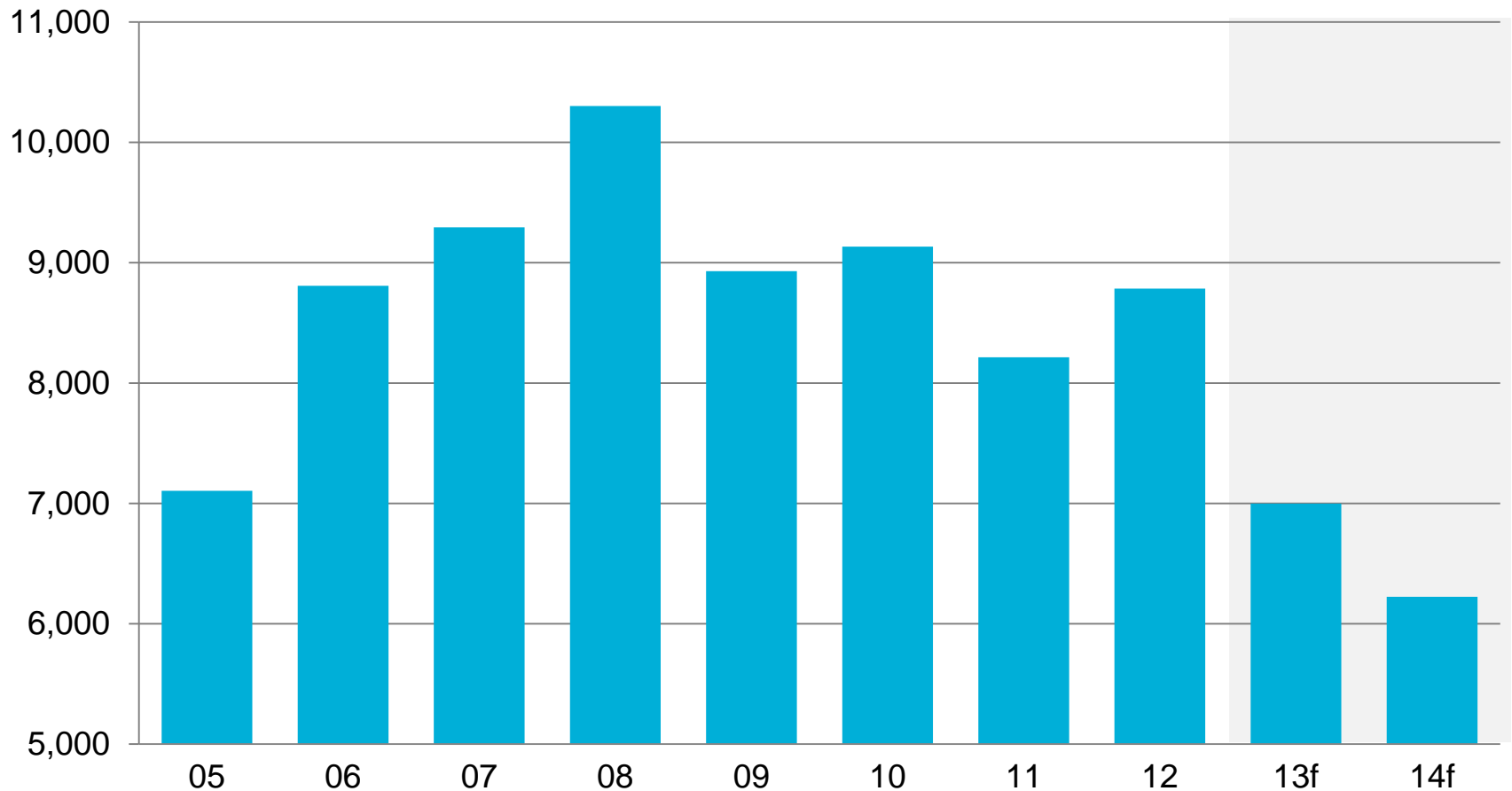
Ottawa-Gatineau (1988-2017).



Sources: Statistics Canada; The Conference Board of Canada.

Housing Starts.

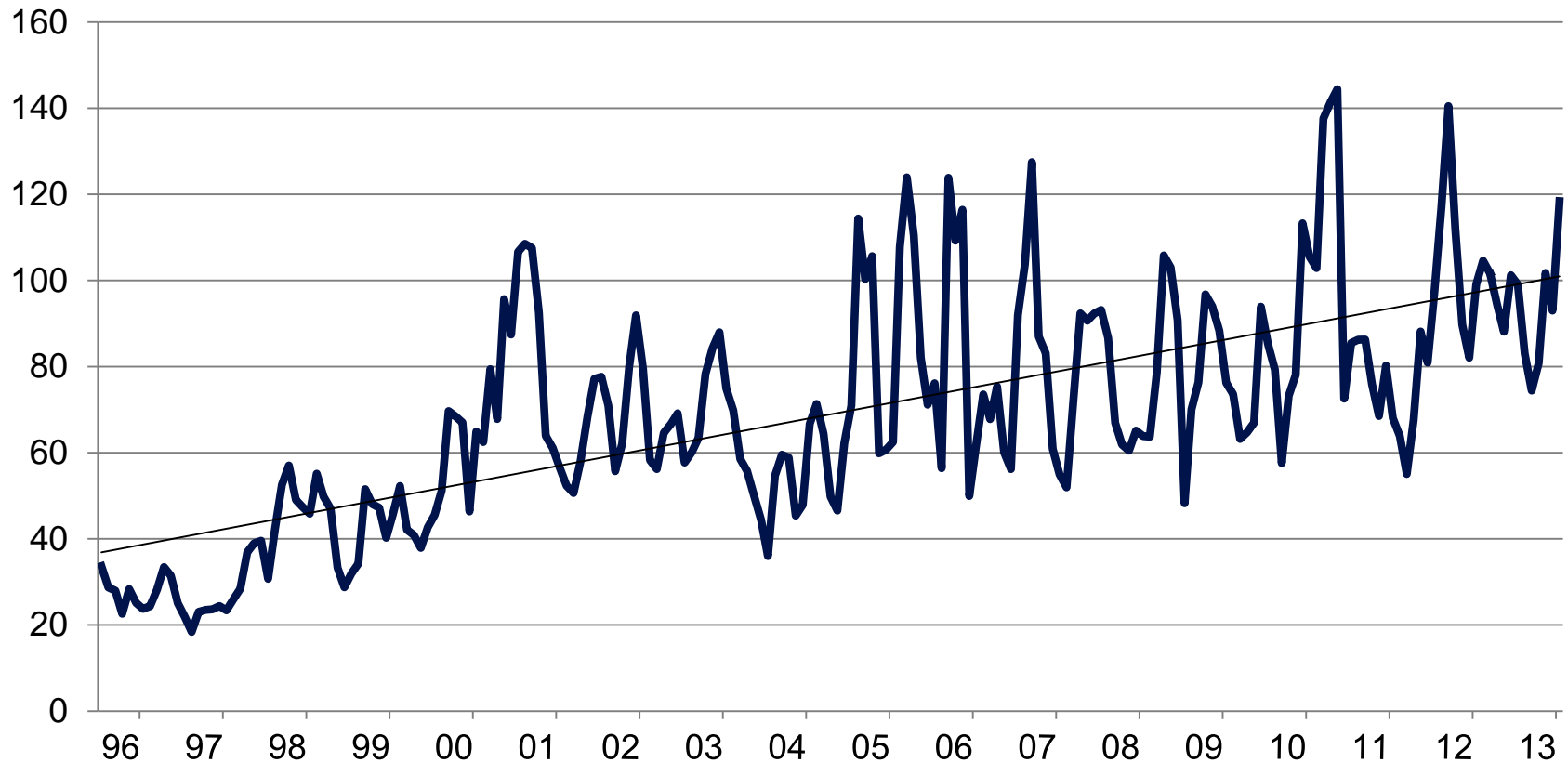
Ottawa-Gatineau.



Sources: CMHC Housing Time Series Database; The Conference Board of Canada.

Non-Residential Building Permits.

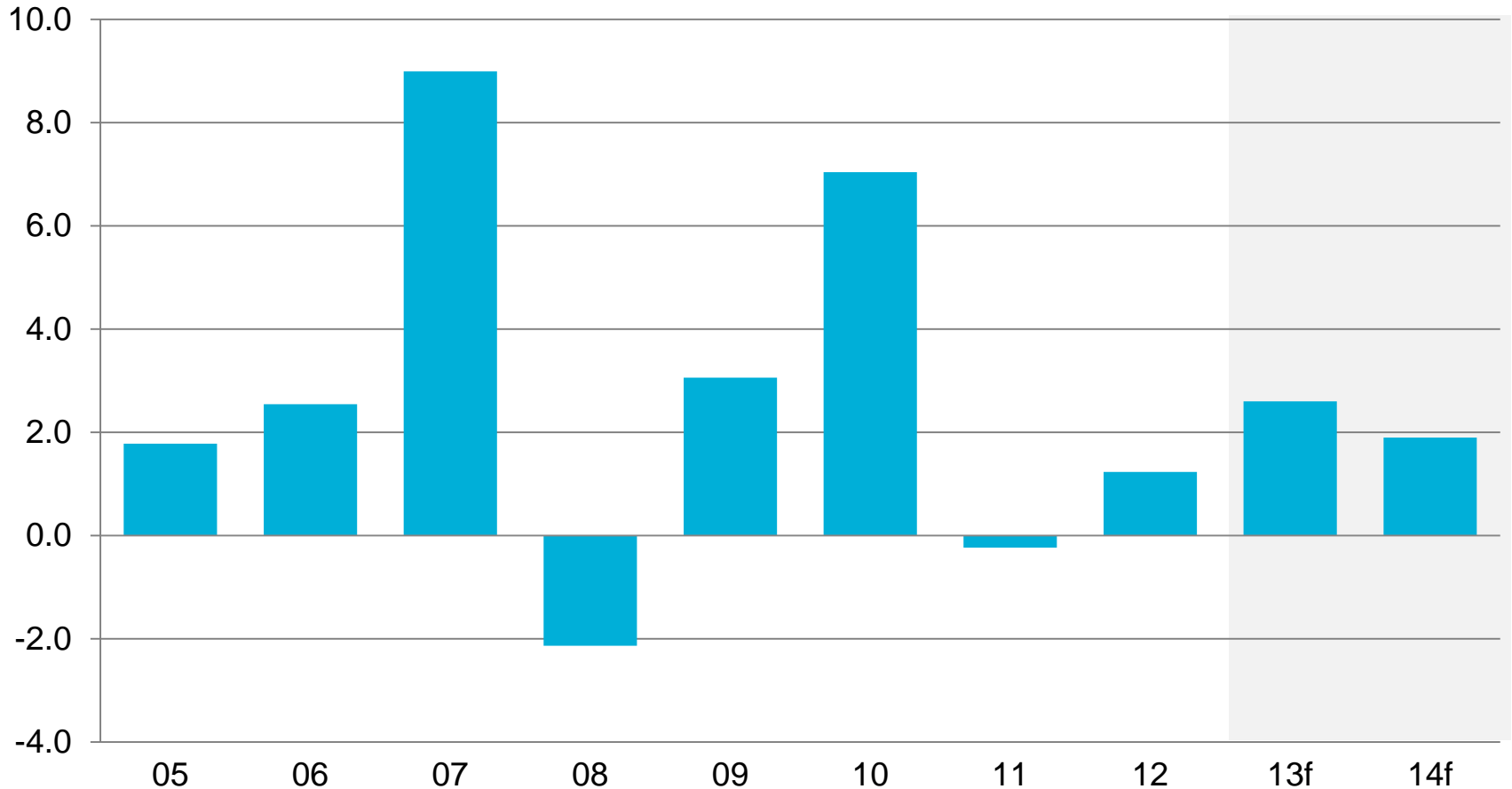
Ottawa-Gatineau (millions \$, seasonally adjusted, 3MMA).



Source: Statistics Canada.

Construction Output Growth.

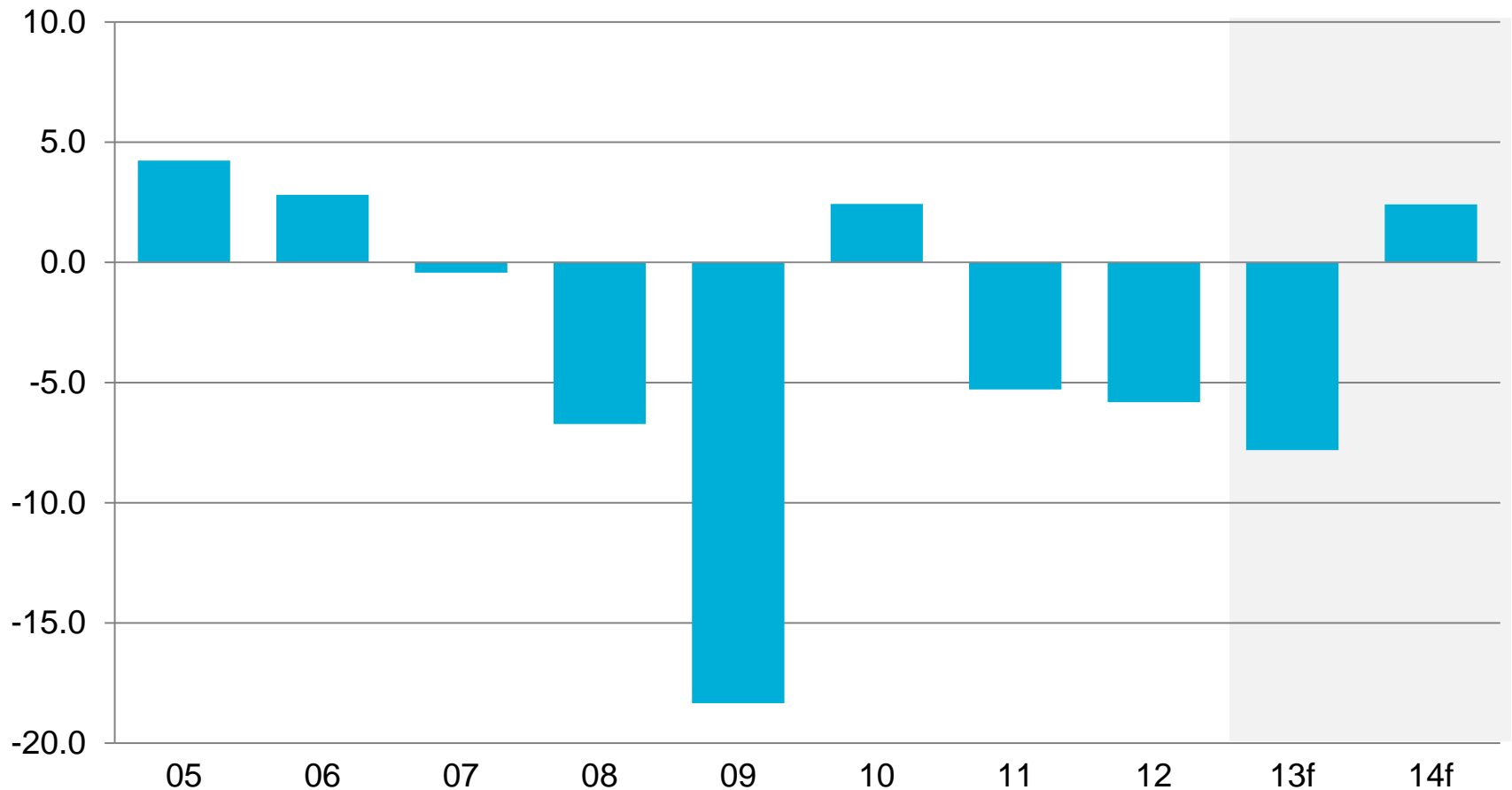
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Manufacturing Output Growth.

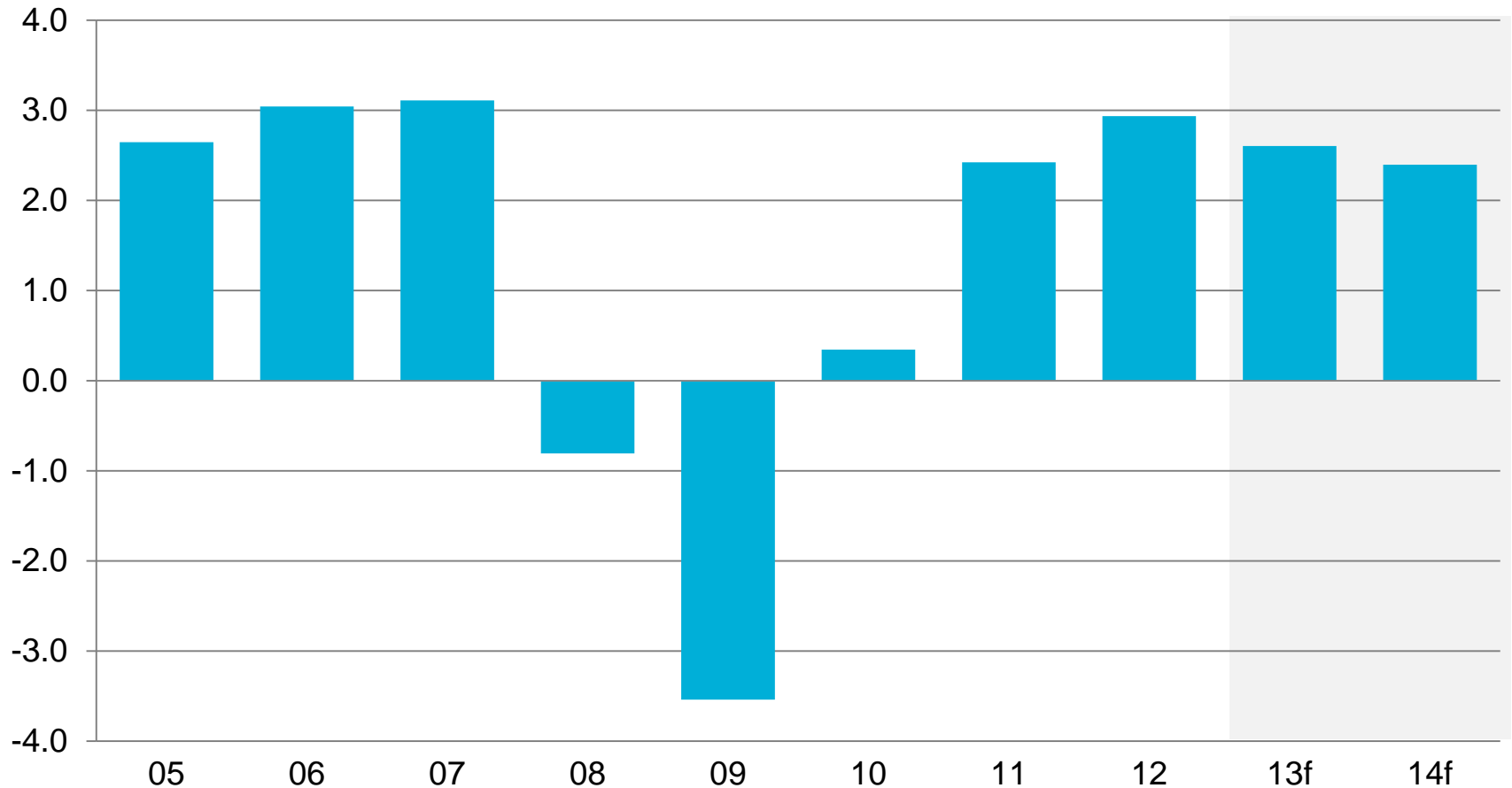
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Business Services Output Growth.

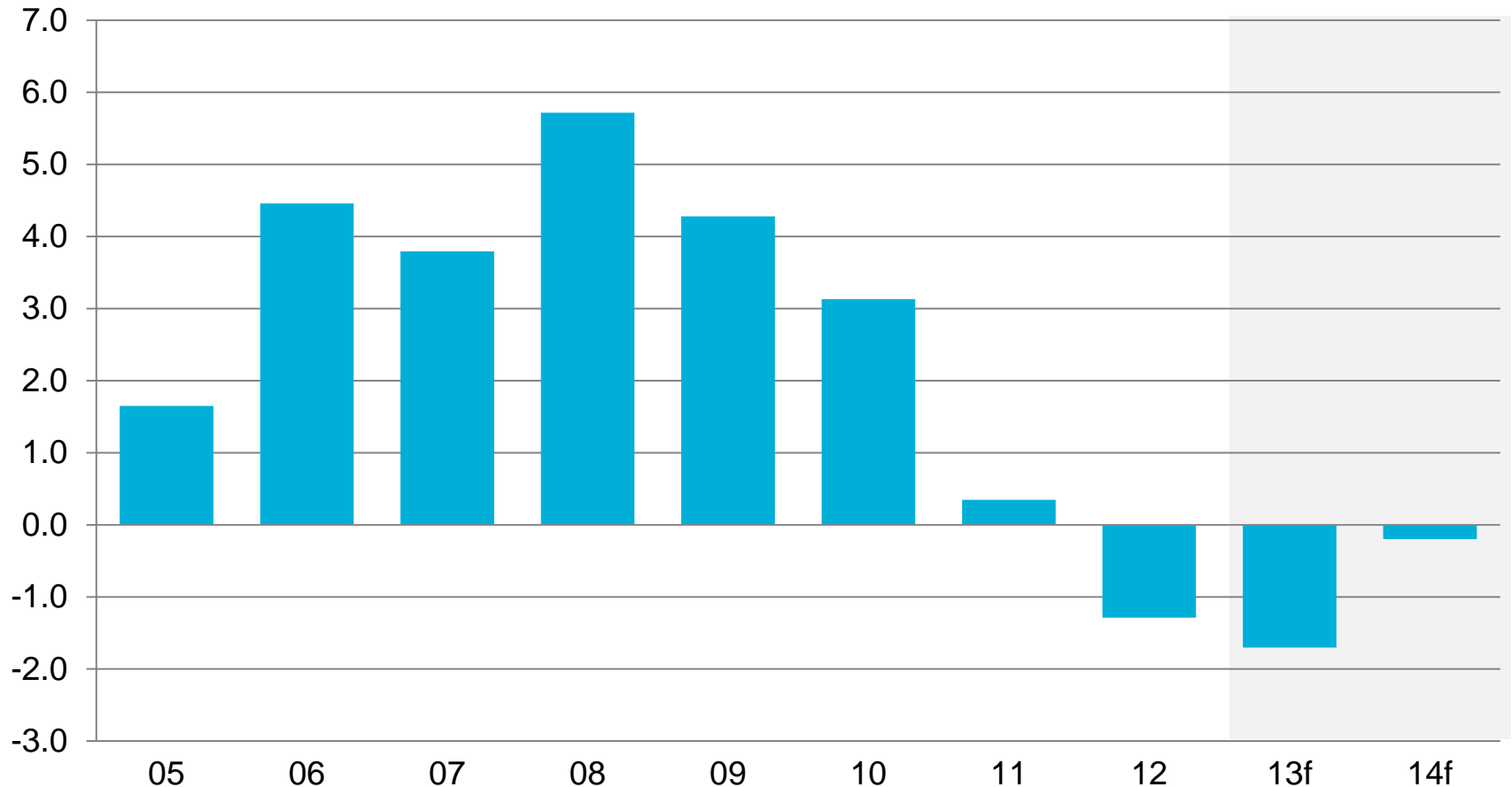
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Public Administration Output Growth.

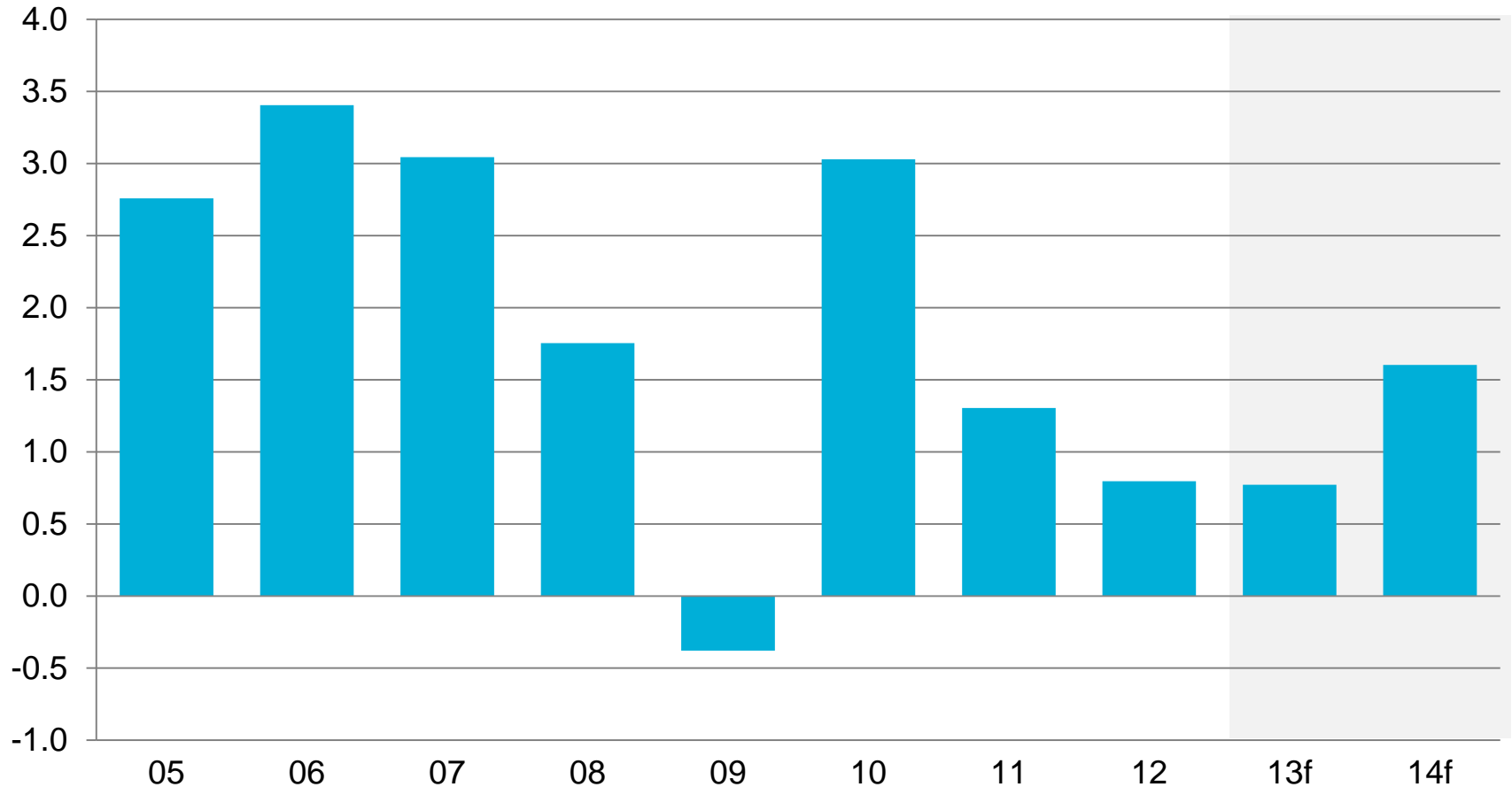
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Real GDP Growth.

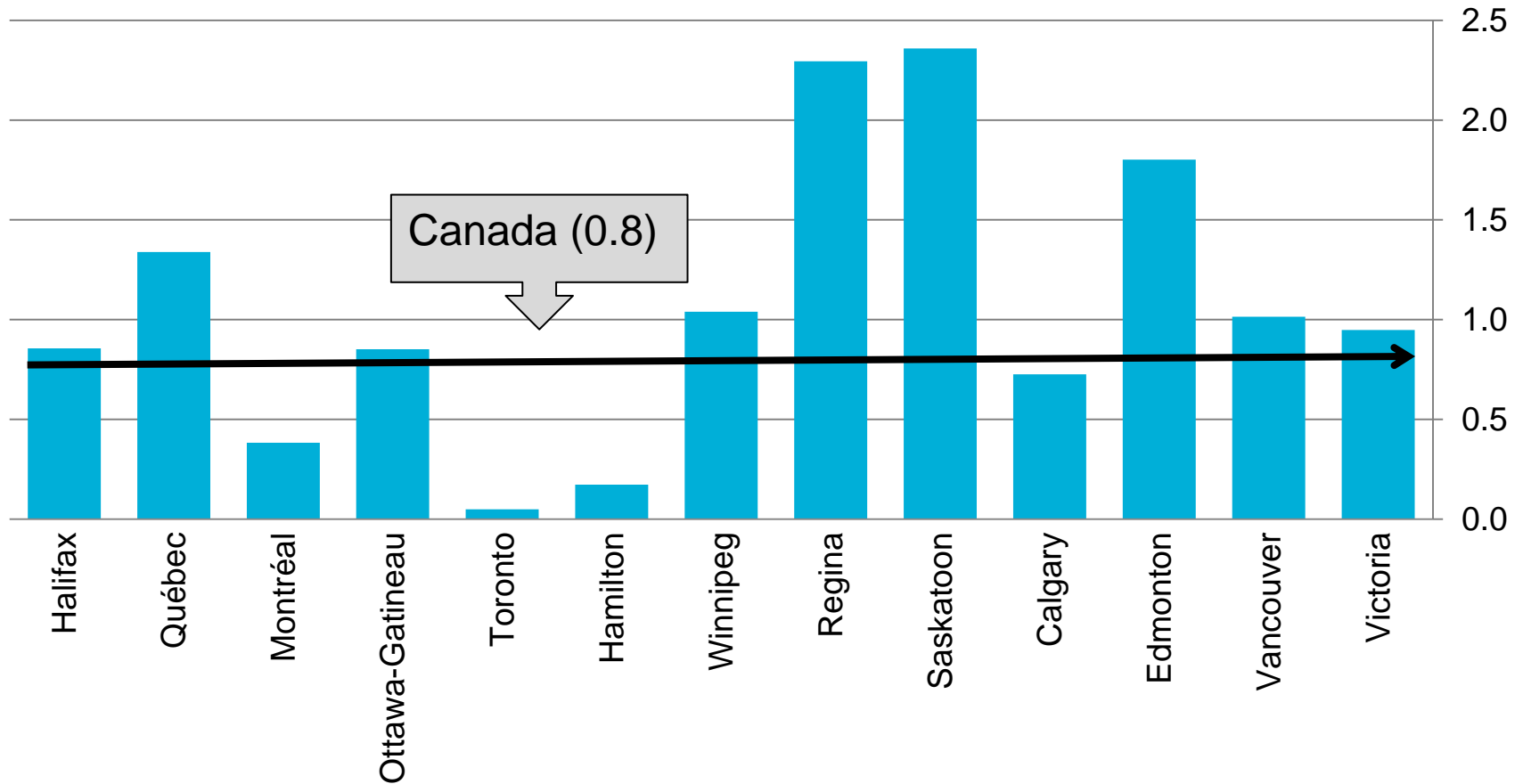
Ottawa-Gatineau.



Source: The Conference Board of Canada.

Real GDP per Capita.

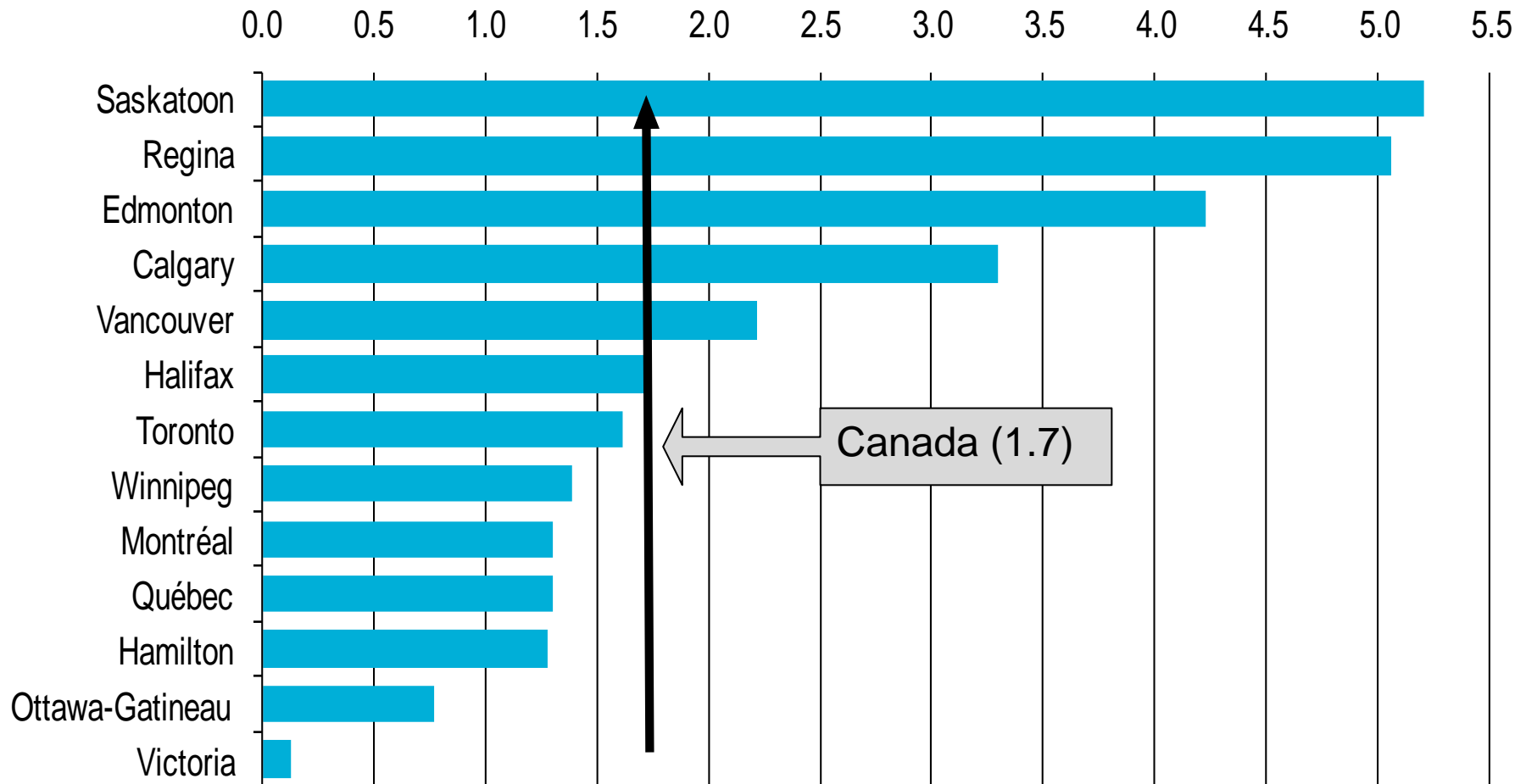
average annual compound growth, 2003-12.



Source: The Conference Board of Canada.

2013 Real GDP by CMA.

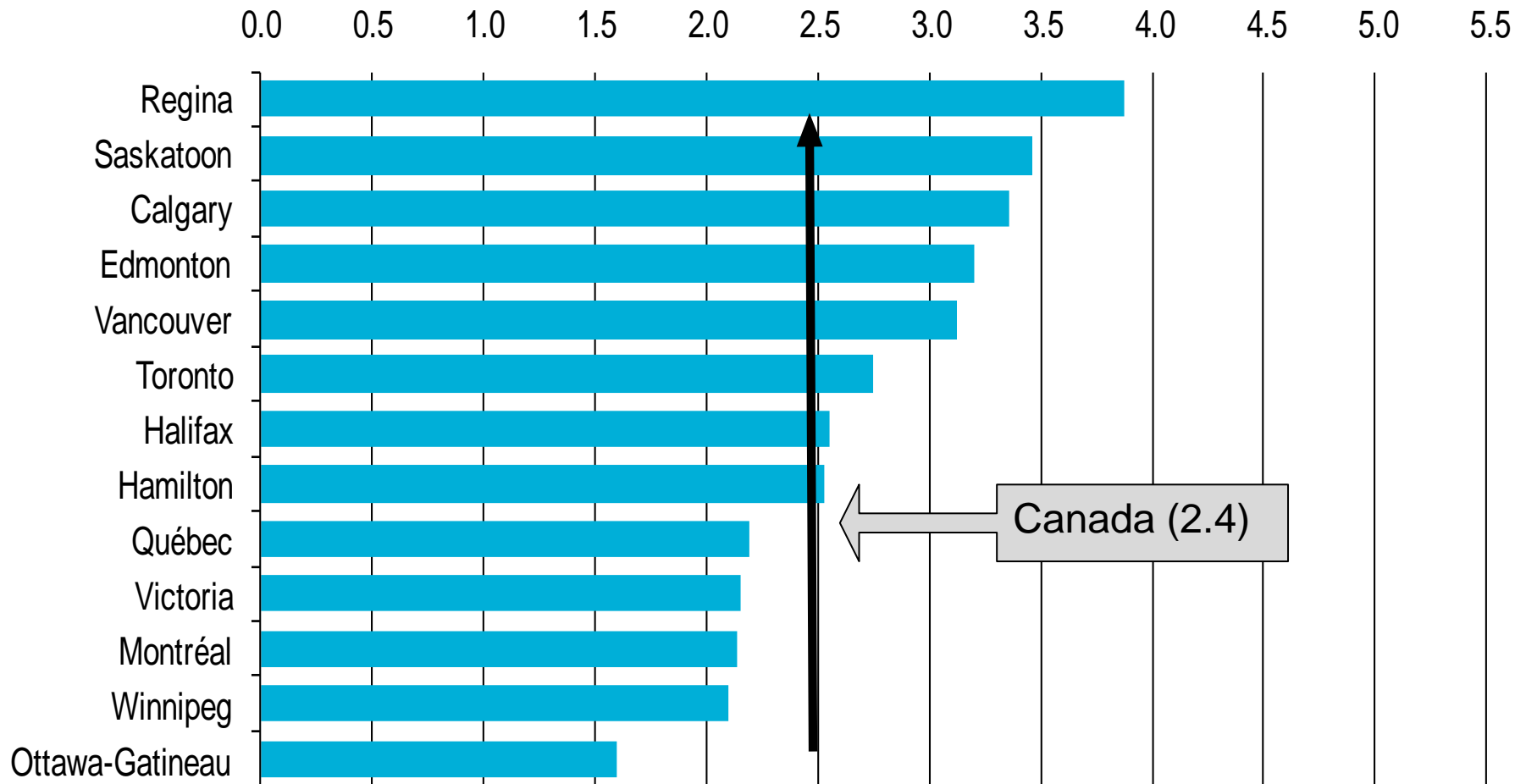
per cent change, basic prices, \$2007.



Source: The Conference Board of Canada.

2014 Real GDP by CMA.

per cent change, basic prices, \$2007.



Source: The Conference Board of Canada.



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