

Buckle Up!

October 2019

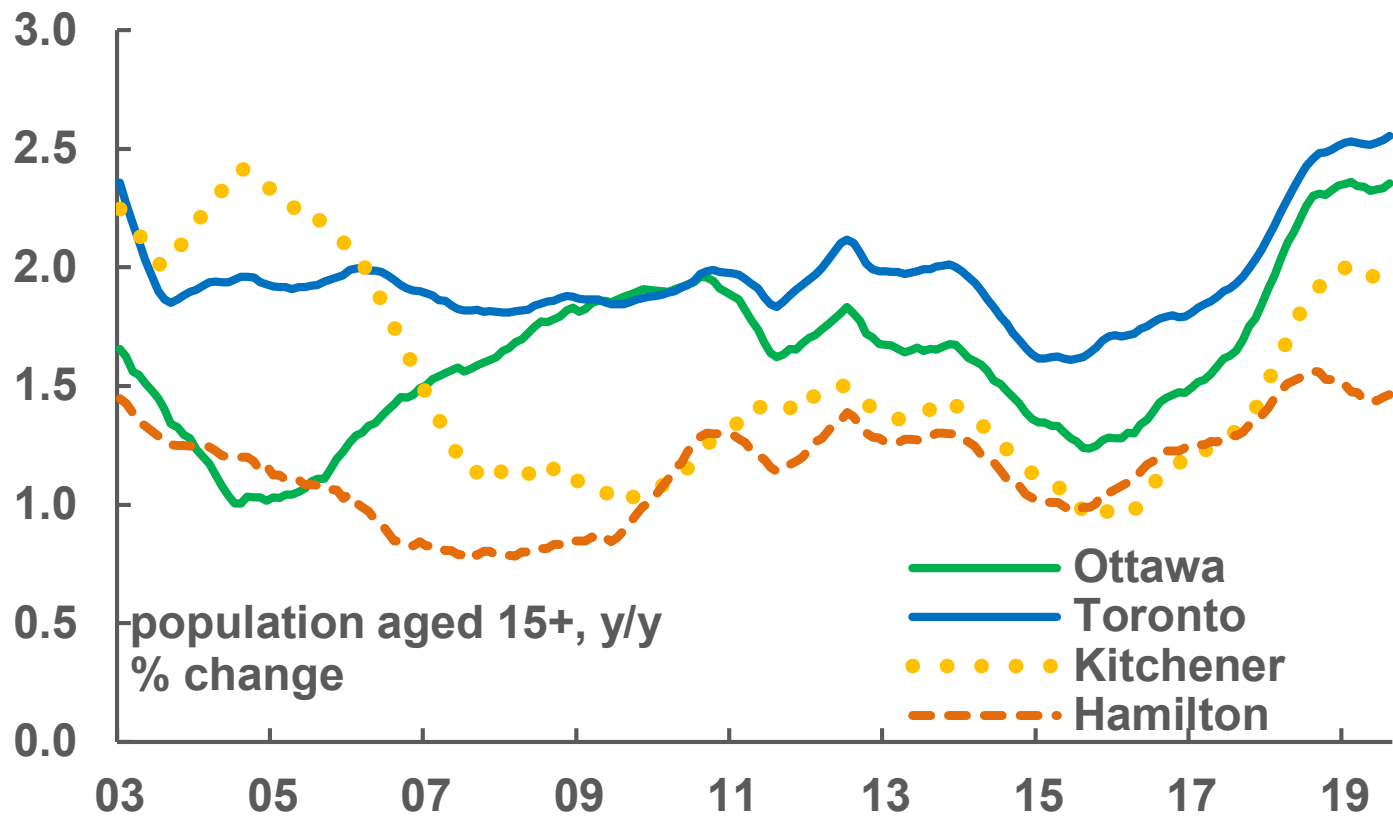
Derek Holt

Vice President & Head Of Capital Markets Economics

Scotiabank Economics

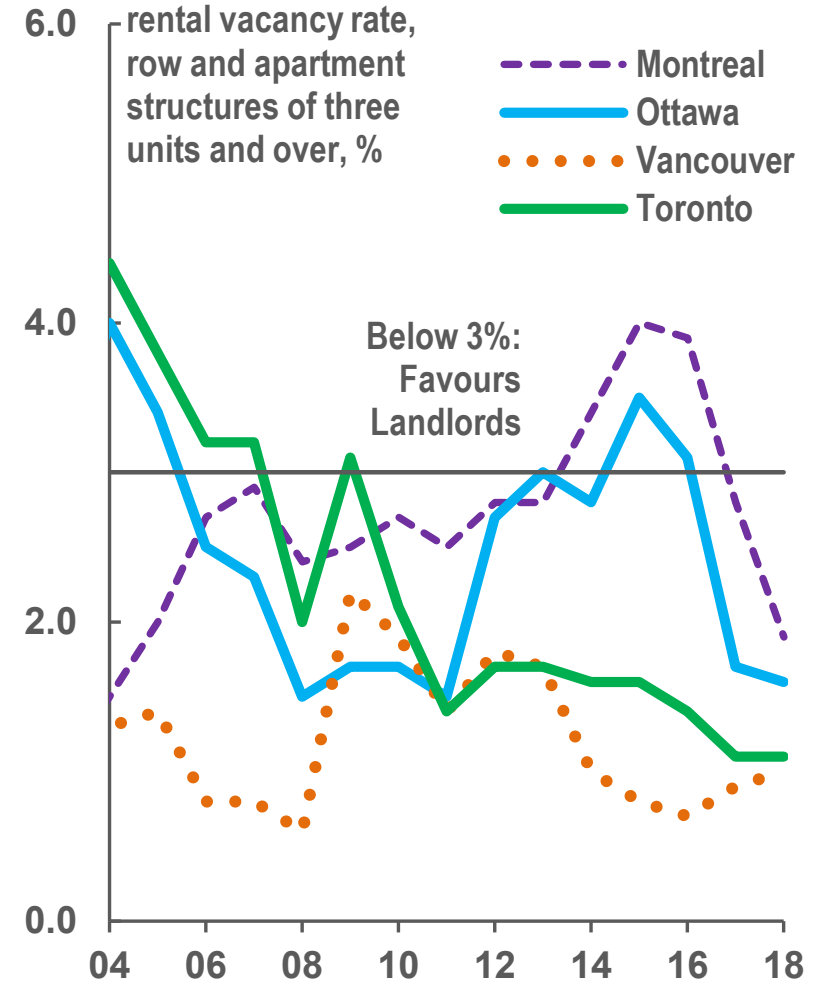
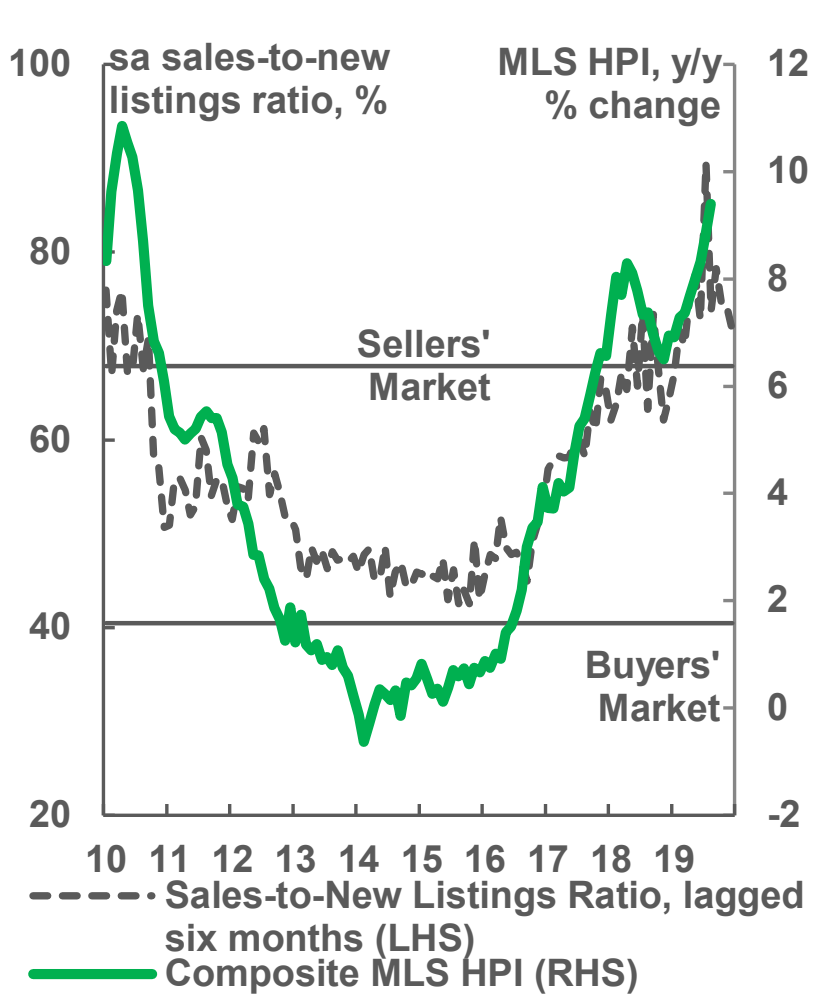


Ottawa is Picking Up Young Families, Out-of-Province Workers



* Greater Golden Horseshoe. Sources: Scotiabank Economics, Statistics Canada.

Tightening Owned and Rental Market Conditions



Sources: Scotiabank Economics, CREA.

The Bumpy Road to Year-End

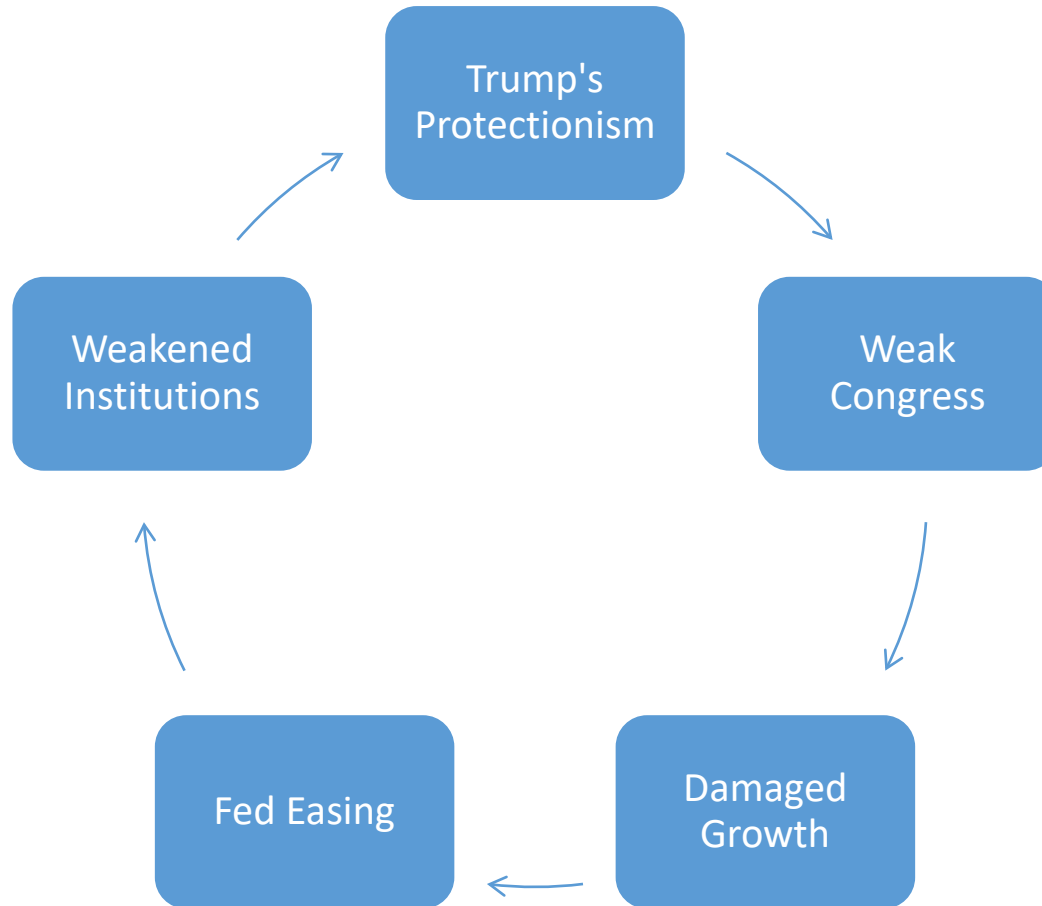
Come and gone with pending or postponed outcomes:

- ~~1. October 10th: US-China trade negotiators meeting in Washington (over)~~
- ~~2. October 14th: US-EU meeting. (outcome pending)~~
- ~~3. October 15th: US 30% (from 25%) tariff on US\$250B of Chinese imports. (Gone or postponed until talks as soon as later in October?)~~

Yet to come:

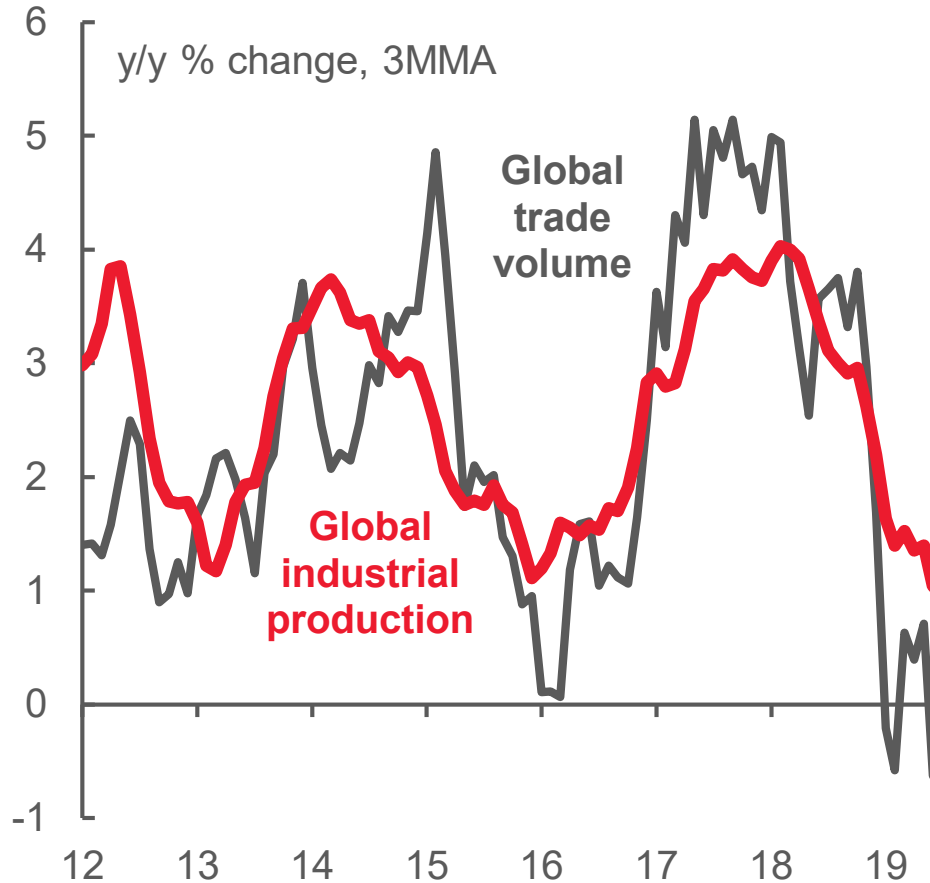
4. October 18th: US tariffs on EU imports go into effect.
5. October 19th: Benn Act requiring UK government to seek Brexit extension.
6. October 31st: possible UK withdrawal from the EU.
7. November 16th-17th: APEC Summit in Chile & focus on trade.
8. November 17th: US decision on auto tariffs is due.
9. November 21st: Expiration of Continuing Resolution to fund the US gov't.
10. Late November: hoped for timeline for passage of USMCA or earlier.
11. December 15th: US 15% tariff on US\$160B of Chinese imports.

Out With Models – The Fed Is Now an Enabler of Protectionism



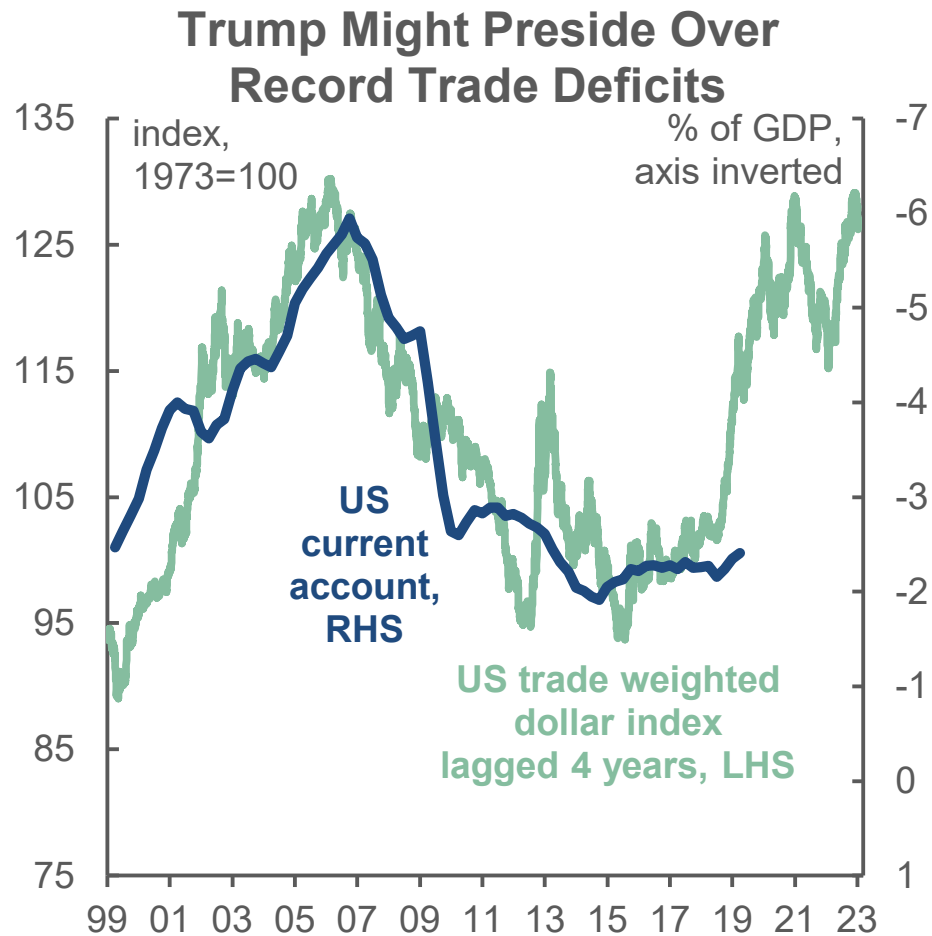
The Trade War is Already Exacting its Toll...

World Trade Volumes & Industrial Production



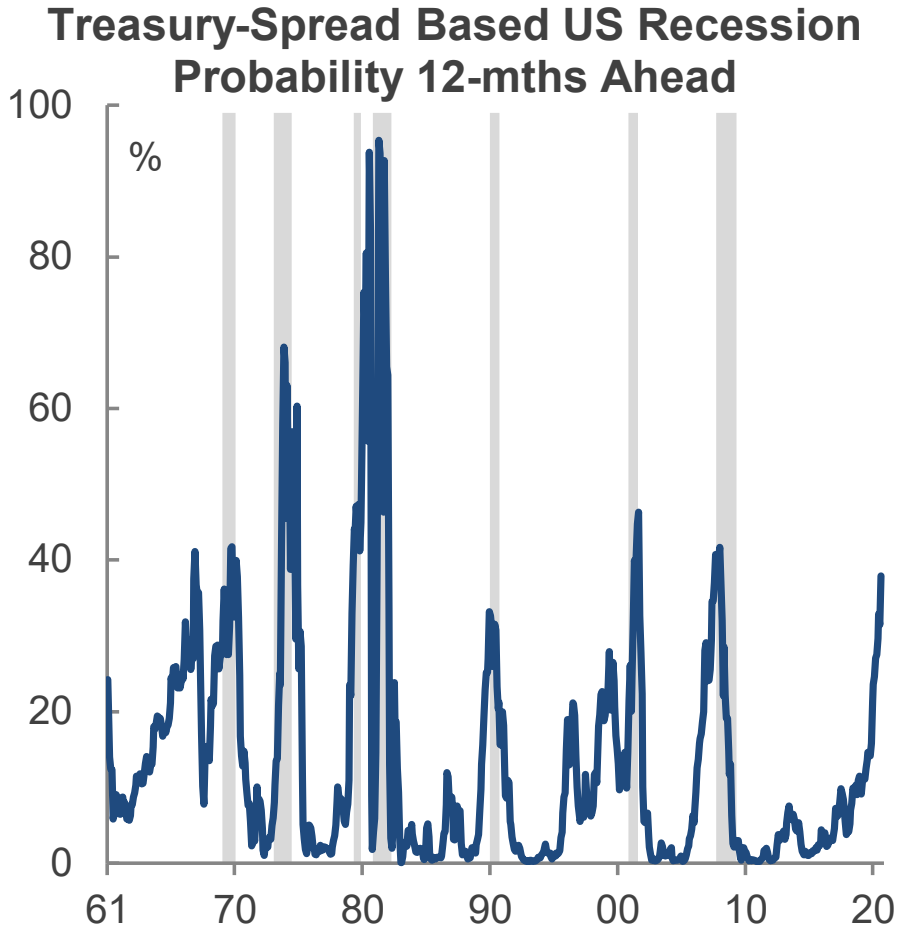
Sources: Scotiabank Economics, Netherlands Bureau for Economic Policy Analysis.

...and US Protectionism Will Probably Keep Getting Worse



Source: Scotiabank Economics, Federal Reserve, Bloomberg.

A (Distorted) Treasury Model Points to Rising Recession Risk



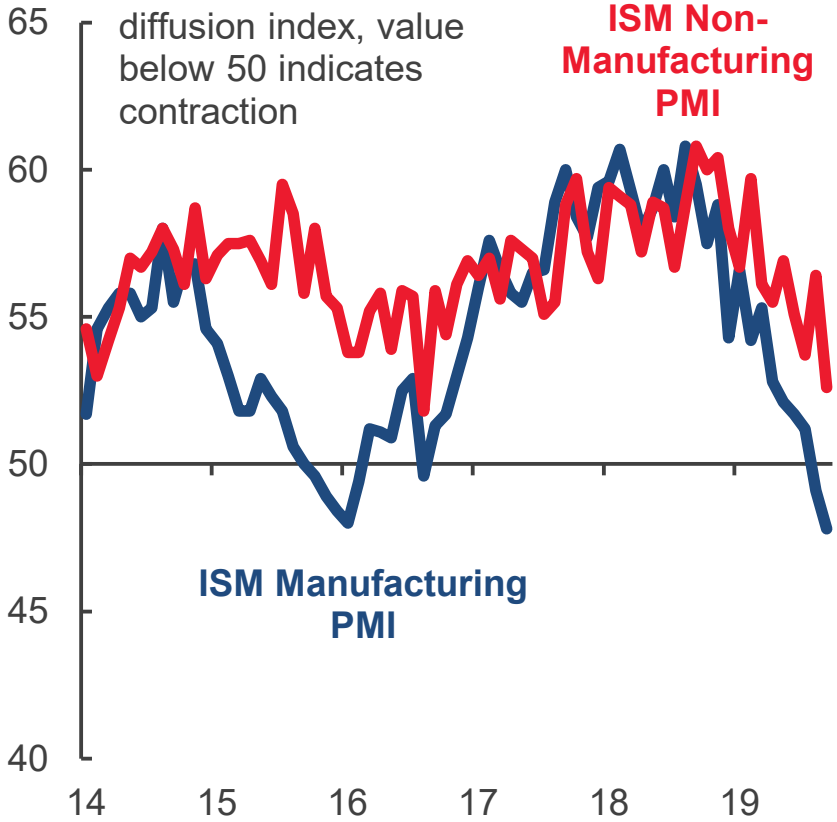
Sources: Scotiabank Economics, FRBNY.
Shaded areas represent recession periods.



Source: Scotiabank Economics,
U.S. Census Bureau.

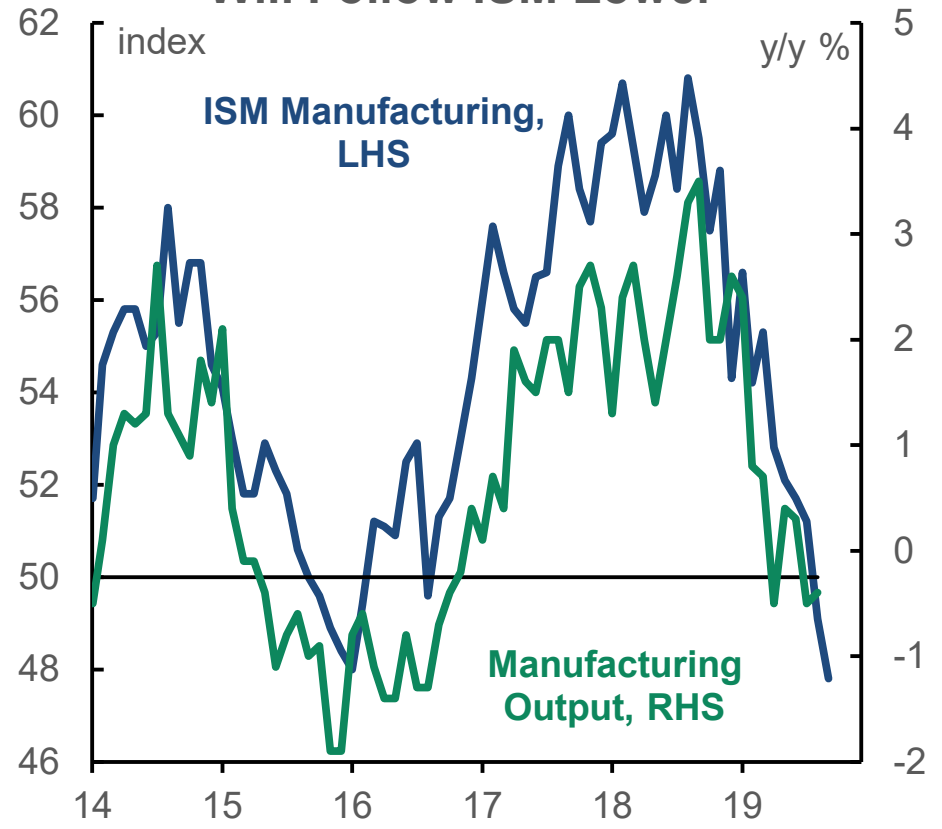
...With the Effects Already Being Felt

US Services Following Manufacturing



Sources: Scotiabank Economics, ISM.

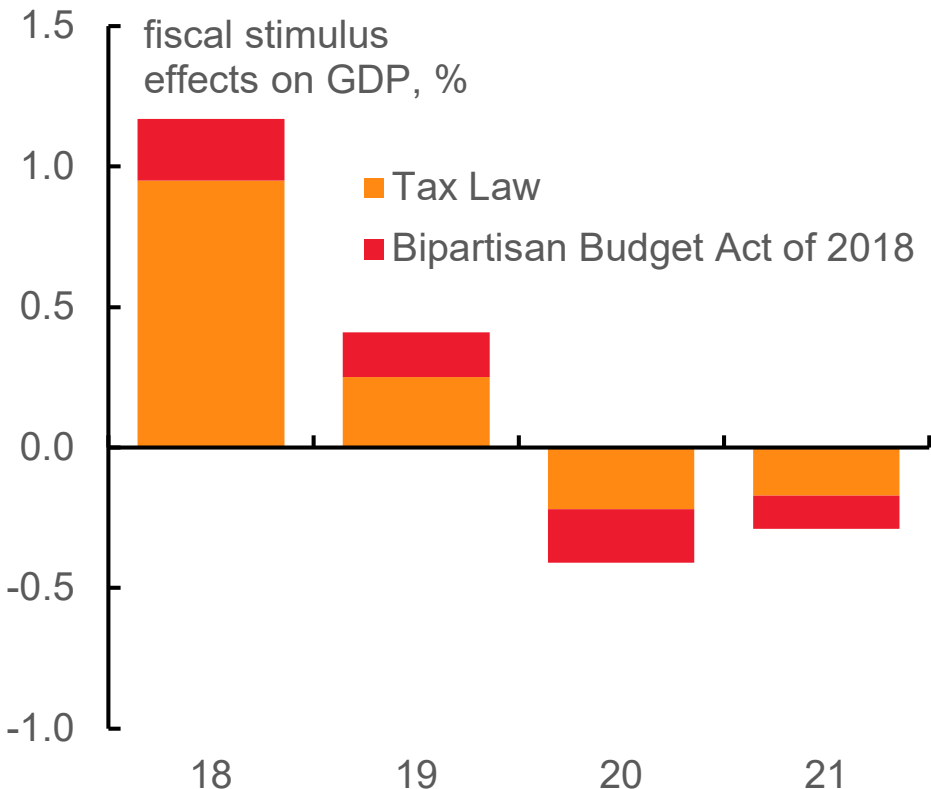
Manufacturing Output Will Follow ISM Lower



Sources: Scotiabank Economics, Institute for Supply Management, Federal Reserve.

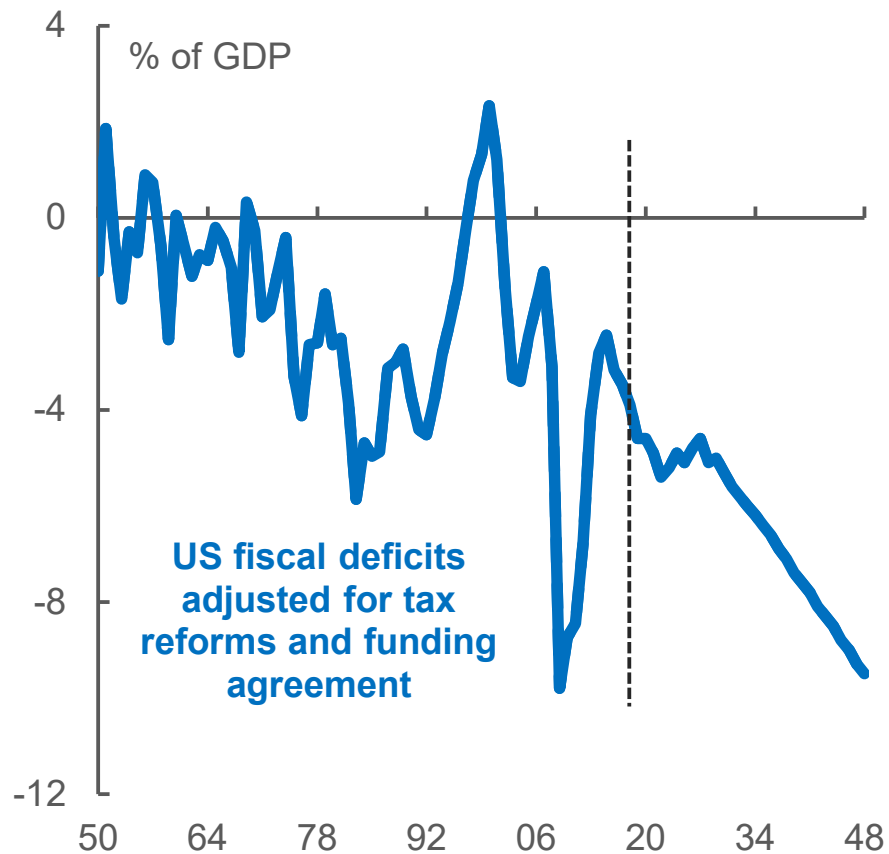
US Fiscal Stimulus Is Reversing

US Fiscal Stimulus



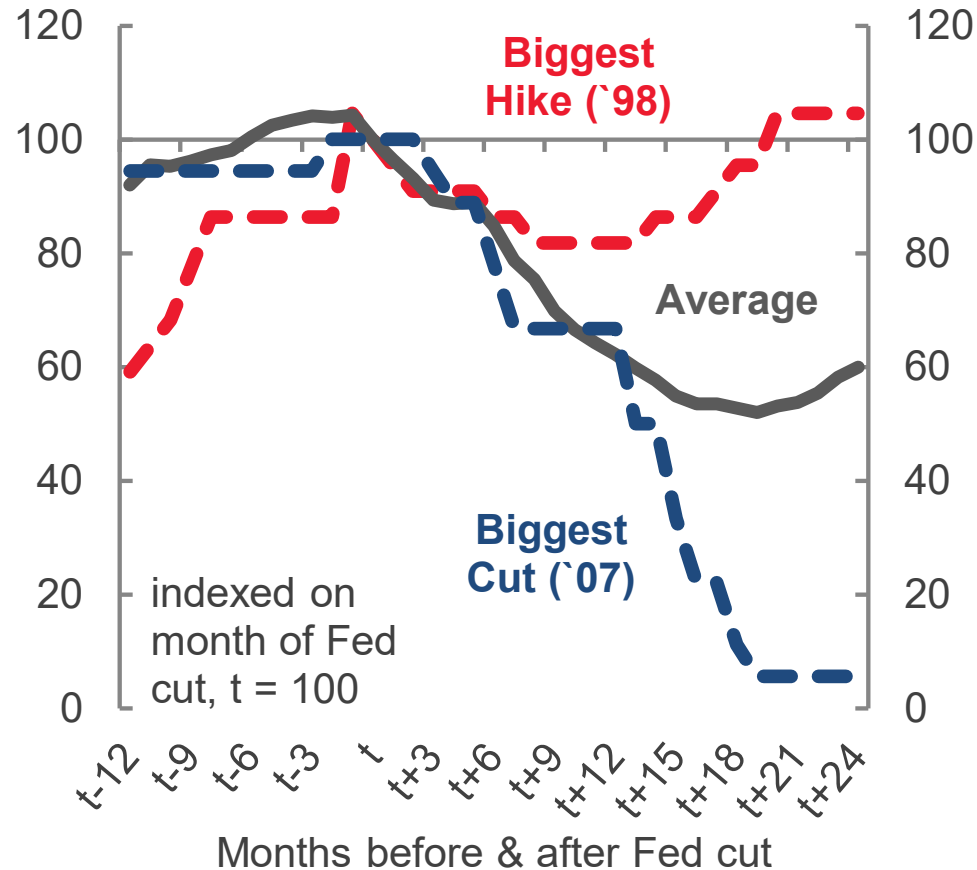
Sources: Scotiabank Economics, Joint Committee on Taxation, Central Budget Office, "The Tax Cuts and Jobs Act: A Boost to Growth or Missed Opportunity?" - Jason Furman.

US Fiscal Train Wreck



Sources: Scotiabank Economics, CBO.

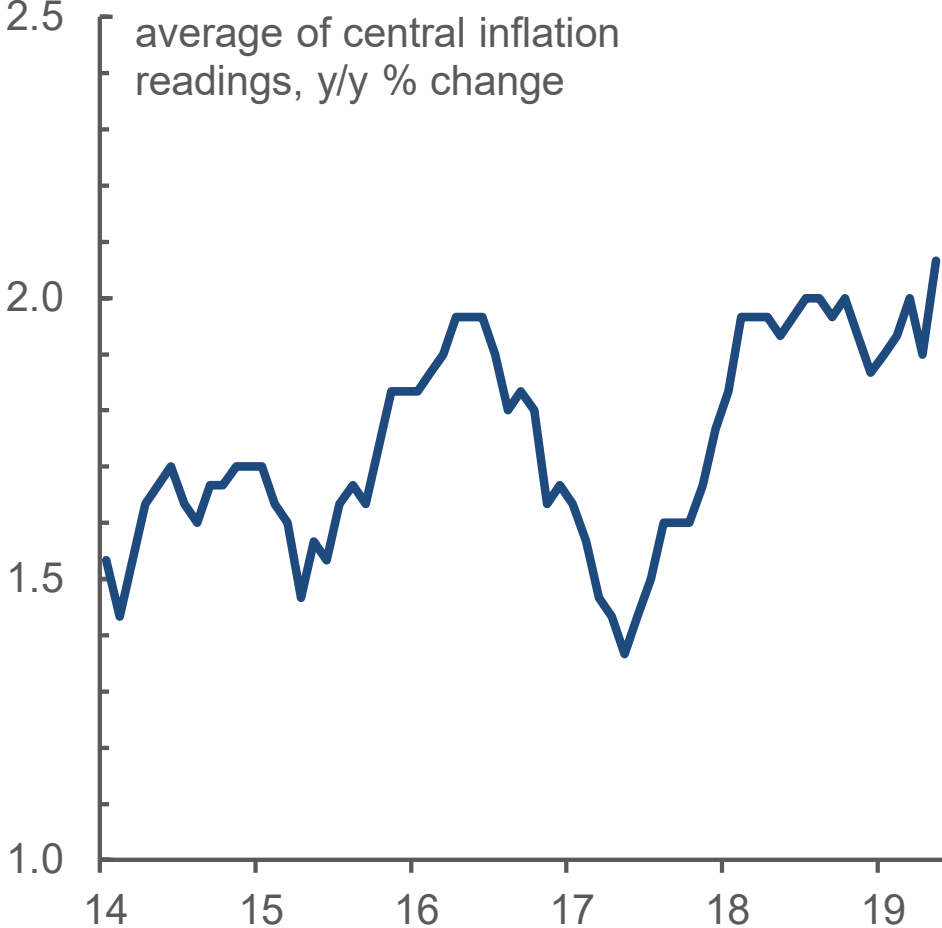
BoC Overnight Rate Before & After First Fed Cut of The Year



Sources: Scotiabank Economics, Federal Reserve, Bank of Canada.

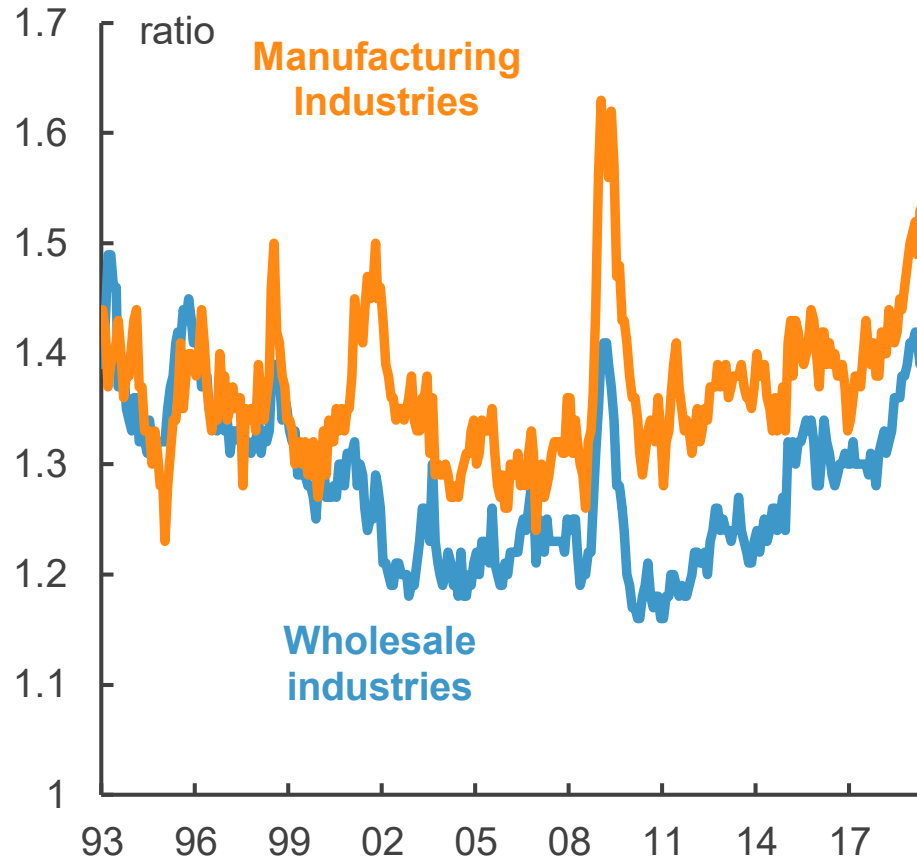
Canadian Inflation is *Finally* On Target in the Rearview Mirror

Canadian Core Inflation



Sources: Scotiabank Economics, Statistics Canada.

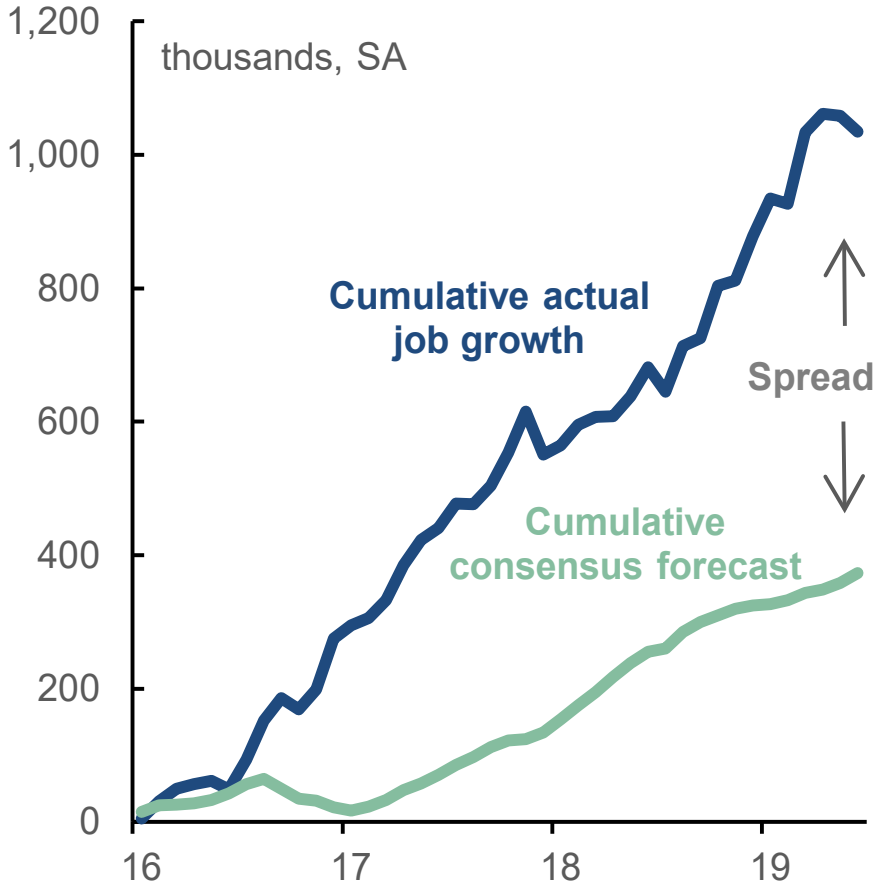
Canadian Inventory to Sales Ratios are Rising Sharply



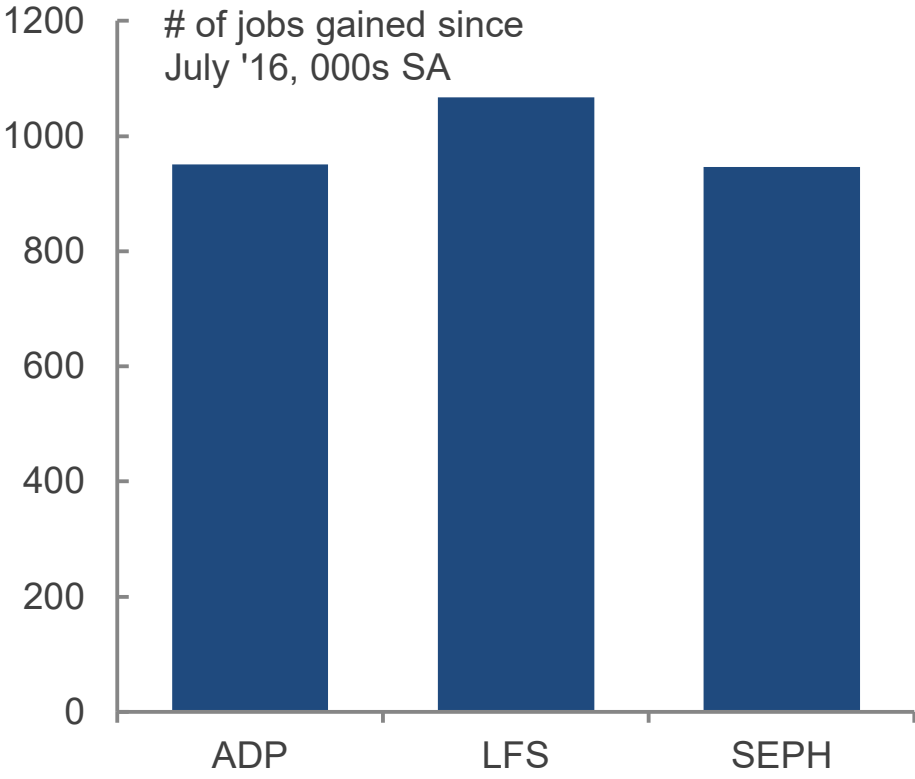
Sources: Scotiabank Economics, Statistics Canada.

...and Dent Some of the Jobs 'Miracle'

Job Growth Continues to Blow Away Consensus Forecasts



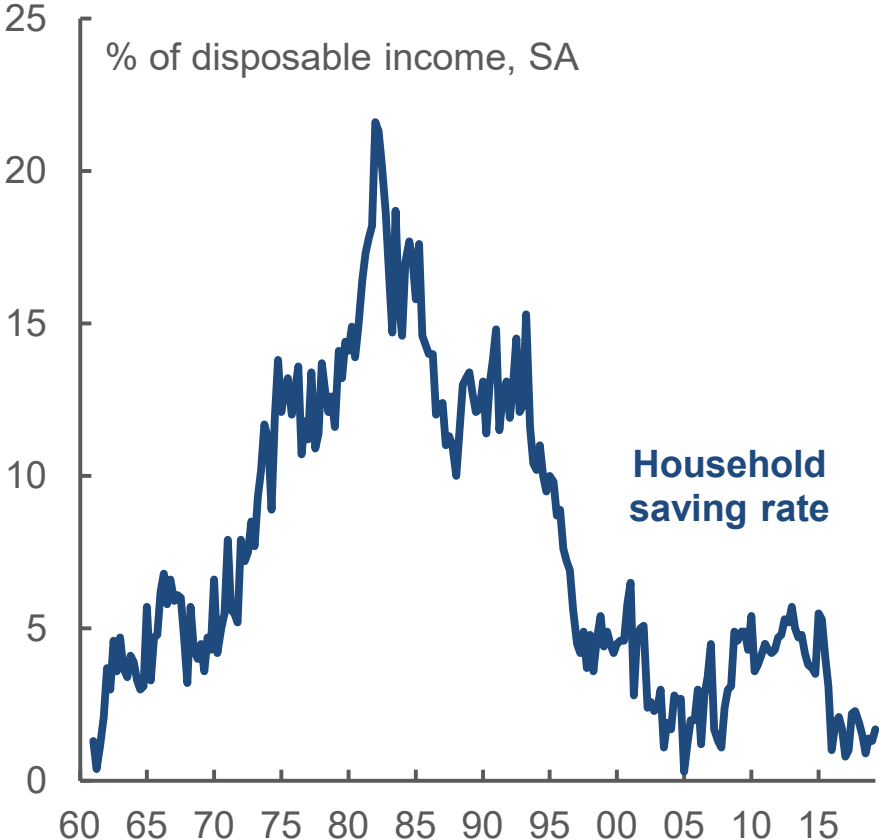
Canadian Job Growth



Sources: Scotiabank Economics, StatsCan, ADP Research Institute.

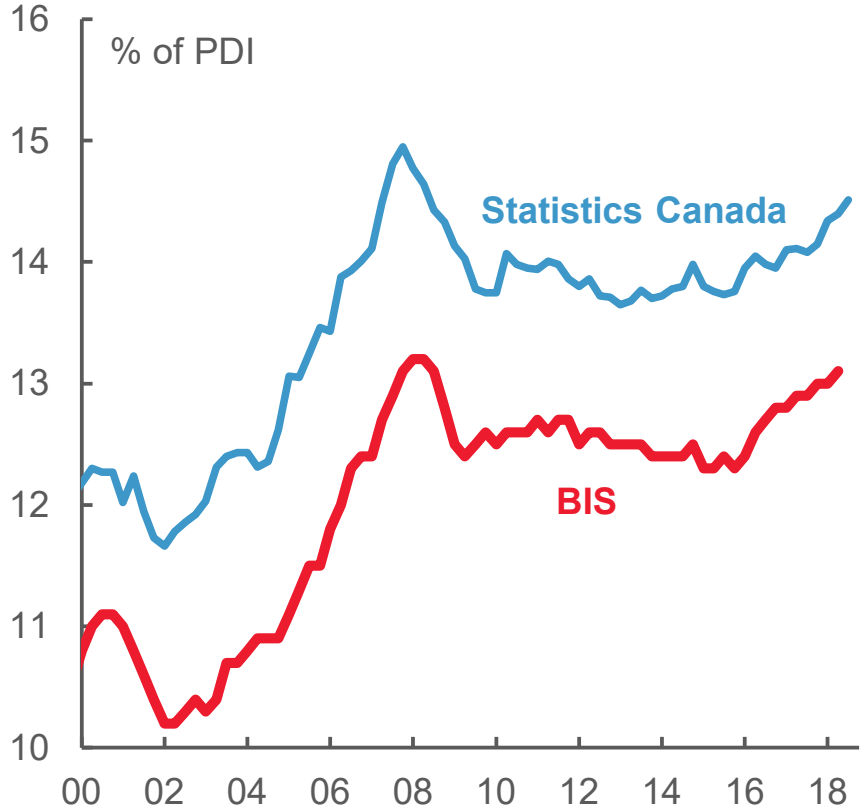
Guess Who's Not Saving This Time Around

Canadian Household Saving Rate

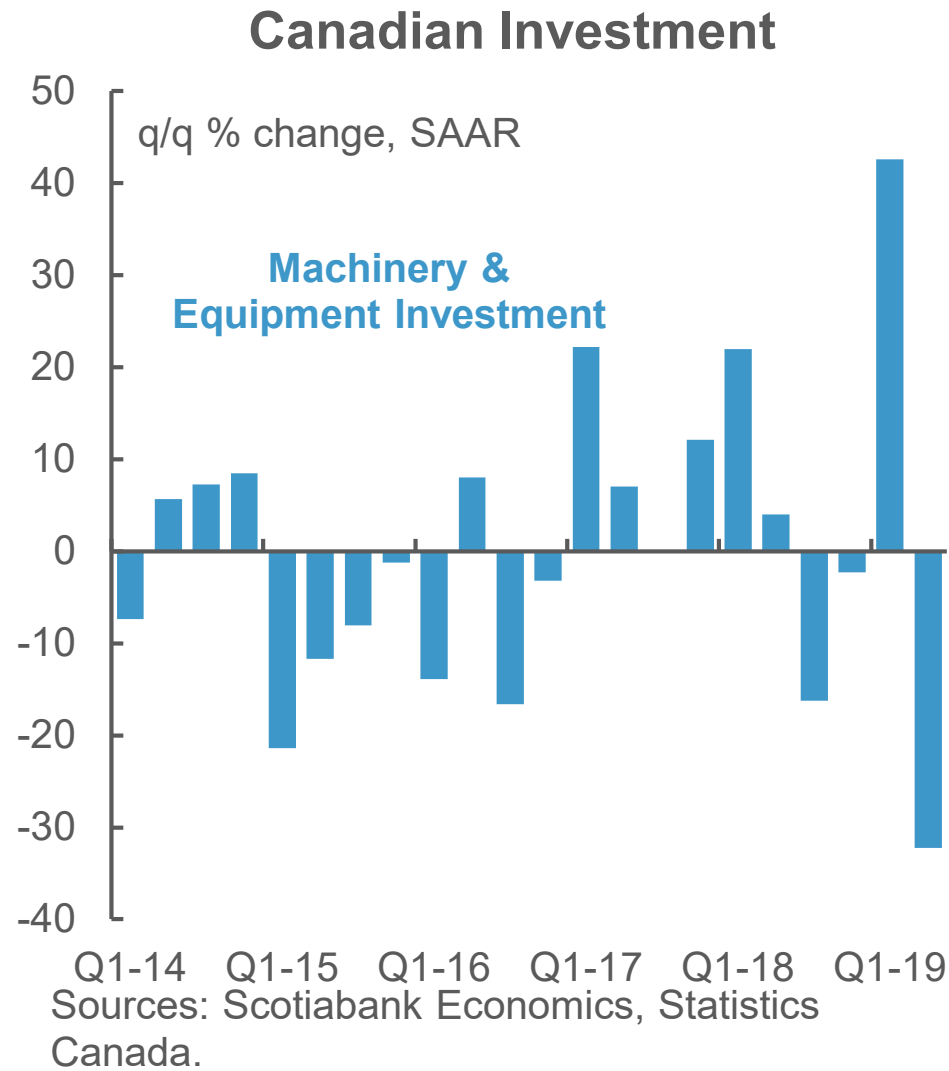


Sources: Scotiabank Economics, Statistics Canada.

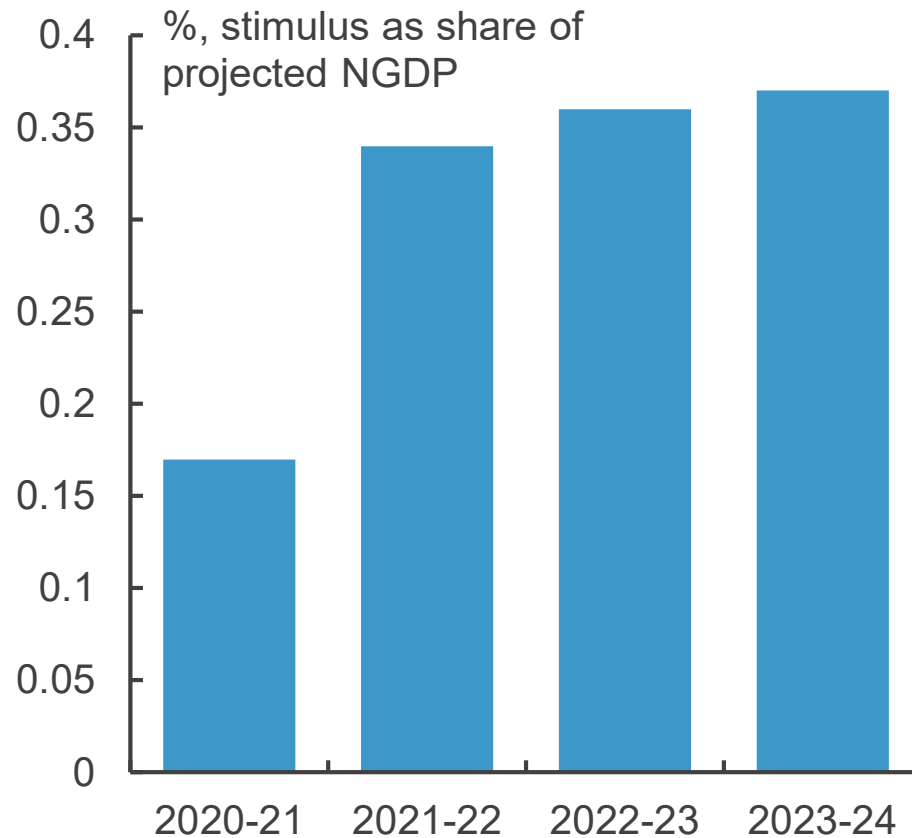
Household Debt Service Costs



Sources: Scotiabank Economics, BIS, Statistics Canada.

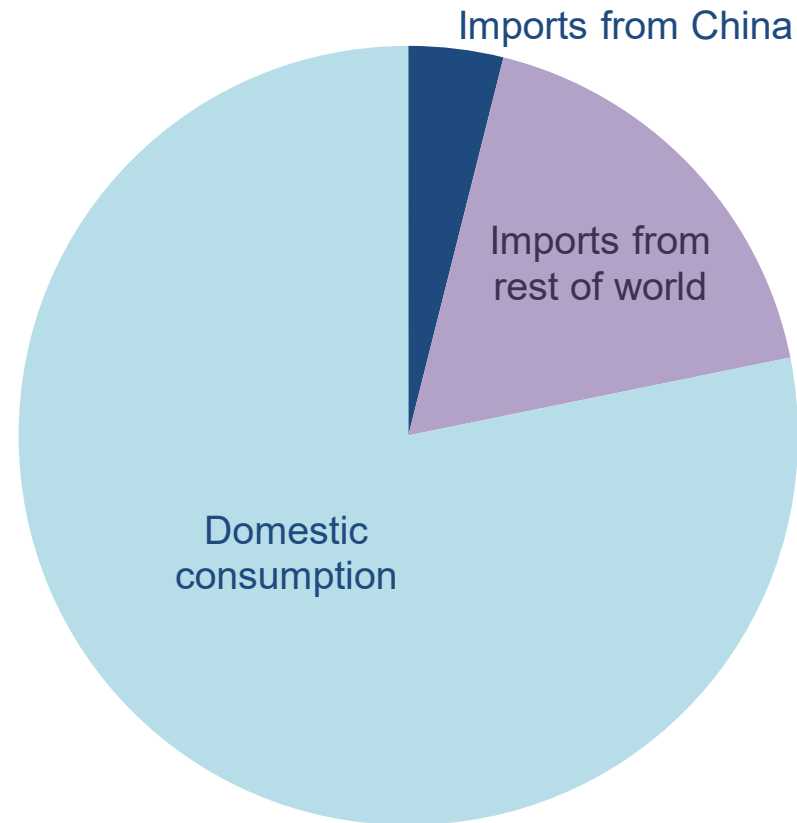


Budgetary Changes as a Percentage of Nominal GDP



Sources: Scotiabank Economics, Liberal Party Election Platform.

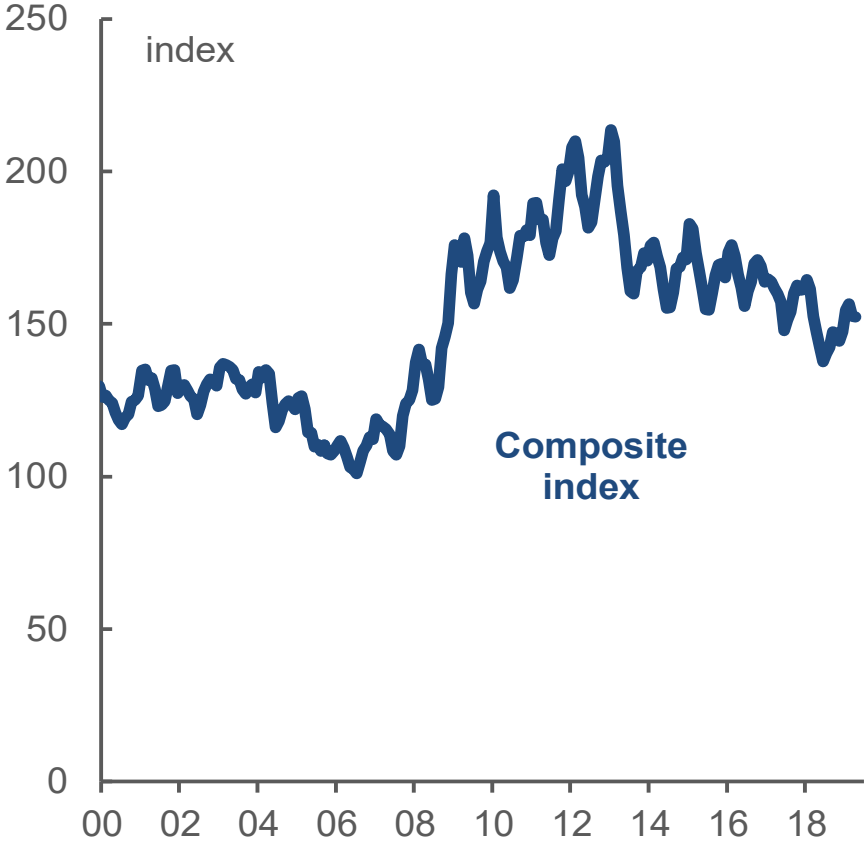
US Consumption: Domestic vs. Import Sources



Sources: Scotiabank Economics,
US Census Bureau.

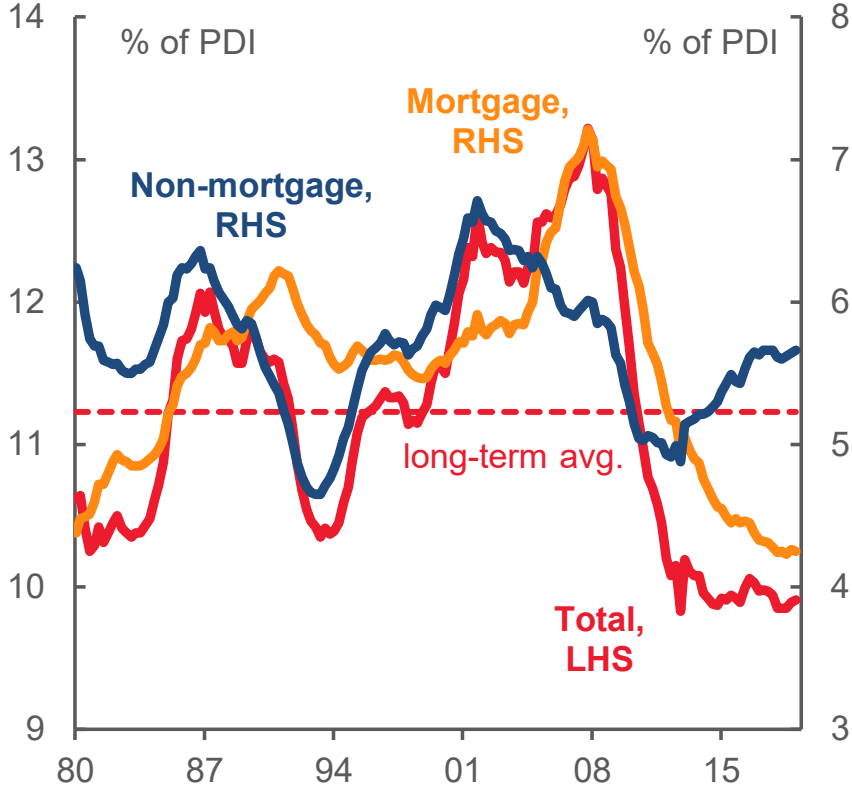
Better Positioned US Consumers...

US Homebuyer Affordability



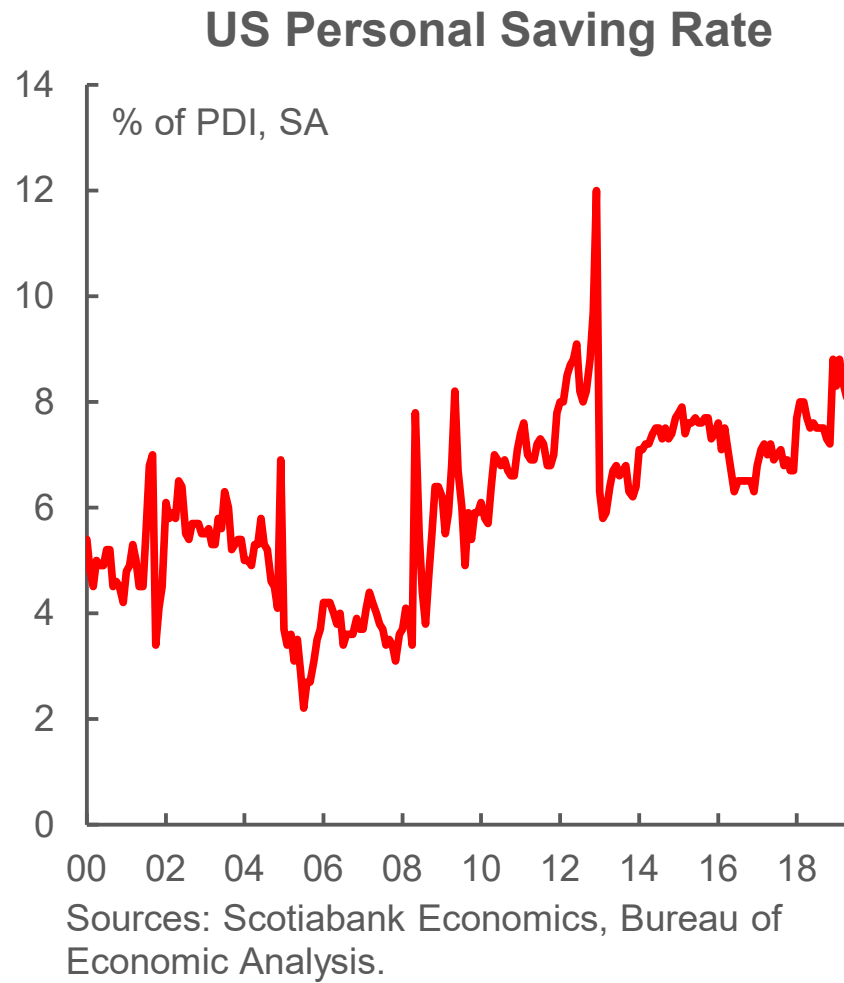
Sources: Scotiabank Economics, NAR.

US Debt-Service Ratio



Sources: Scotiabank Economics, US Federal Reserve.

...That Are Saving More – But Perhaps for Good Reasons



Scotiabank Economics' Forecasts & Publications:

<https://www.scotiabank.com/ca/en/about/global-economics/economics-publications.html>

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Contacts

Economics

Derek Holt

Vice-President, Head of Capital Markets Economics

(416) 863-7707

derek.holt@scotiabank.com