Canada

- **A marked improvement in the outlook is underway, as NAFTA-related uncertainty falls and the massive Kitimat LNG plant is set to raise growth as of next year. The still-strong global and US economies are helping the Canadian economy rotate away from consumption and housing to investment and exports.**
- **Capacity constraints are serious, prompting Canadian firms to invest in spite of what many characterize to be a challenging business climate. Labour shortages are acute, even though wages aren't fully reflecting this.**
- **With capacity constraints limiting firms' abilities to expand and growth expected to be above potential this year and next, inflationary pressures are on the rise. We expect the Bank of Canada will raise interest rates by 150 basis points by 2020Q1, to the mid-point of what it considers to be the range for neutral interest rates.**
- **While risks associated with the elimination of NAFTA and tariffs on Canadian-made autos now gone, risks of a trade war between China and the US are rising. This poses a material threat to the Canadian outlook, though we expect an orderly resolution of the current dispute.**

TOO MUCH OF A GOOD THING?

The Canadian outlook has improved markedly in recent weeks. The long-awaited rotation of demand away from housing and consumption towards investment and exports is underway, as regulatory changes and higher interest rates are slowing the former and capacity constraints and very strong growth in the United States are spurring the latter. Adding to this favourable dynamic is a marked reduction in uncertainty owing to the United States Mexico Canada Agreement (USMCA), and a significant boost to growth in 2020 associated with the construction of the CAD 40 billion Kitimat LNG terminal. Taken together, these developments suggest growth in Canada will accelerate from 2.1% in 2018 to 2.2% in 2019 before slowing modestly to 1.8% in 2020. For 2018 and 2019, these forecasts are below model-generated outcomes, as we continue to mark forecasts down to account for the impact of regulatory changes on the housing market and trade uncertainty (table 1). In 2020, growth is boosted above that predicted

Table 1

Real GDP growth: impact of policy developments

	2018f	2019f	2020f
Model-based projections based on fundamentals	**2.4**	**2.3**	**1.6**
Adjustments for policy developments and other factors	**-0.3**	**-0.1**	**0.2**
B-20 mortgage rules	-0.1	0.0	0.0
Steel & aluminum tariffs	0.0	-0.1	0.0
NAFTA uncertainty	-0.1	0.1	0.0
Global protectionism	-0.1	-0.1	0.0
Kitimat LNG Project	0.0	0.0	0.2
Current baseline	**2.1**	**2.2**	**1.8**

Source: Scotiabank Economics.

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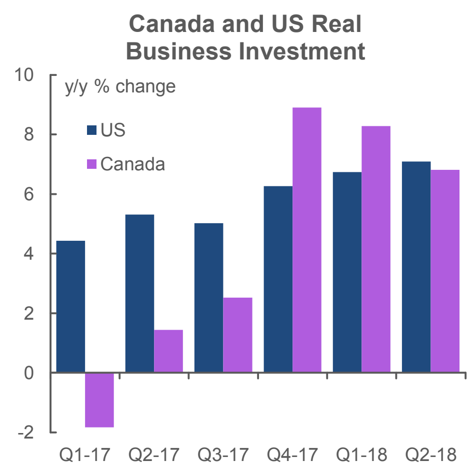
Canada	2017	2018f	2019f	2020f
Real GDP (annual % change)	3.0	2.1	2.2	1.8
CPI (y/y %, eop)	1.8	2.9	2.1	2.0
Central bank policy rate (%, eop)	1.00	1.75	2.75	3.00
Canadian dollar (CADUSD, eop)	0.80	0.78	0.82	0.82

Source: Scotiabank Economics.

Chart 1



Sources: Scotiabank Economics, Statistics Canada, BEA.

by the model owing to the LNG project. These outcomes should push Canada into modest excess demand through 2019, driving core inflation to 2.2, and requiring 150 basis points of tightening by the Bank of Canada through mid-2020.

The Canadian outlook has been clouded by NAFTA-related uncertainty for much of the last 2 years. Will Trump rip up the Agreement? Will we lose our privileged access to the United States and Mexico? These and related uncertainties are thought to have acted as a drag on growth in Canada, principally through their impact on business decisions. While the behaviour of the economy—and business investment in particular—so far this year suggest the drag may not have been as large as feared, NAFTA discussions have unquestionably weighed on the outlook. So much so that this has been a recurring feature of Governor Poloz's communications. He was adamant in arguing that trade uncertainty was having a depressing impact on investment and exports in Canada, even when survey data contained in the Bank of Canada's Business Outlook suggested there wasn't much of an impact. We had explicitly clawed back our model-based forecast on account of this very uncertainty.

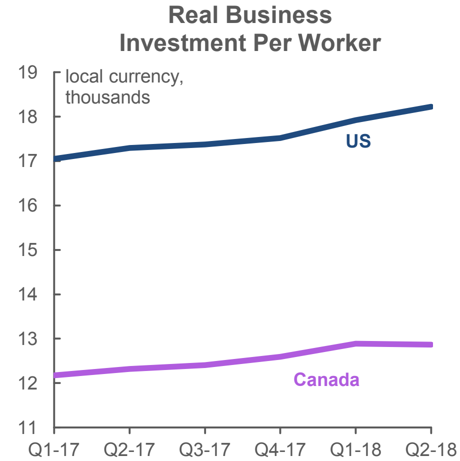
With agreement reached on USMCA now and the associated doubts largely eliminated, some of the drag resulting from the uncertainty should be reversed. This is not to say the new Agreement will lead to a boom in growth. On the contrary. The auto provisions of the deal will reduce the competitiveness of the North American auto industry over time, leading to higher prices and a possible loss of global market share. As it relates to autos, the USMCA is a move away from free trade. In the shorter run, the impact of USMCA should be unambiguously positive, as it eliminates a key risk facing the Canadian economy.

At this time, we anticipate only a modest increase in growth from the reduction in uncertainty. The evidence to date suggests that the corporate sector has looked through much of the challenges facing Canada so far this year. Over the last year, non-residential investment has kept pace with that in the United States (chart 1); though Canadian business investment per worker remains well below the level seen in the United States (chart 2) . Moreover, foreign direct investment into Canada as a proportion of GDP has been rising since early 2017 while it has been falling precipitously in the United States (chart 3).

These two developments suggest that the litany of factors thought to be depressing business investment in Canada (NAFTA negotiations, the cut in US corporate tax rates, increases in minimum wages, lack of pipeline capacity, etc.) have taken a back seat to what are clear capacity constraints in the Canadian economy. Utilization rates suggest that firms are operating at full capacity in a number of sectors (chart 4). Nearly 60% of firms surveyed by the BoC report some or significant challenges in meeting increases in demand. Labour shortages are increasingly prevalent. The job vacancy rate is at its highest level in recorded history (which only starts in 2011), and it has nearly doubled since early 2016. One third of firms surveyed by the BoC indicate that labour shortages will restrict their ability to meet demand, the highest level in 10 years. Given these capacity constraints, firms have ramped up investment despite factors that suggest some caution may be warranted. We expect this to continue, and to accelerate modestly given the reduction in trade-related uncertainty.

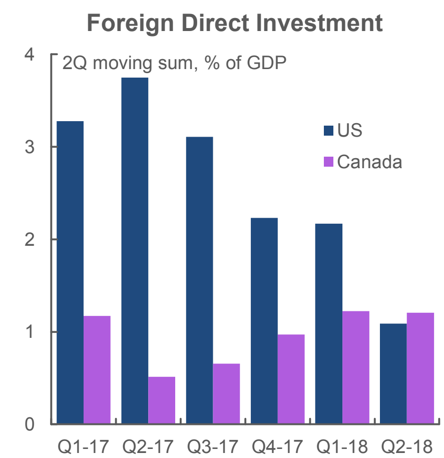
Up to this point, a key factor holding back inflationary pressures has been reasonably muted wage pressures despite the tightest labour market in generations. The reasons for this remain unclear, and could, as Governor Poloz believes, reflect greater slack in the labour market than captured by labour market statistics. Acute wage pressures are currently more evident in the market for hourly workers, where wages rose about 4% y/y in July, the most recent data point. As we head into the holiday period and seasonal demand for retail

Chart 2



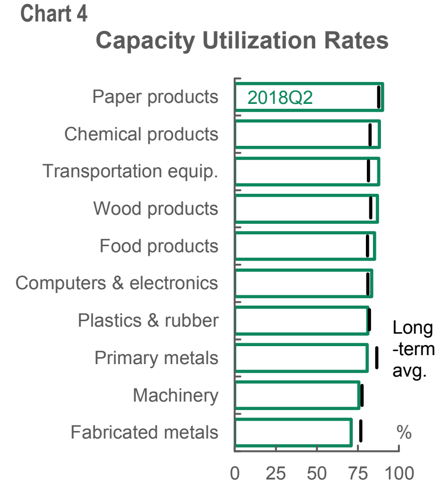
Sources: Scotiabank Economics, Statistics Canada, BEA, BLS.

Chart 3



Sources: Scotiabank Economics, Statistics Canada, Federal Reserve Board, BEA.

Chart 4



Sources: Scotiabank Economics, Statistics Canada.

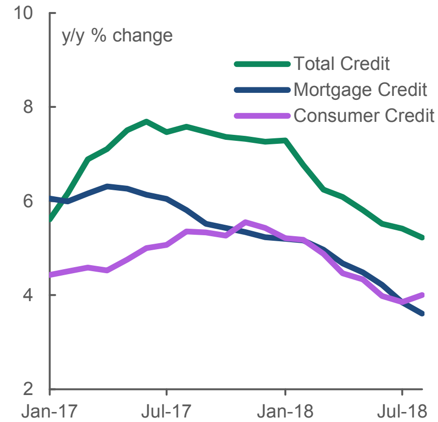
workers picks up, the confluence of a high job vacancy rate and high demand for workers may lead to an unusually large seasonal increase in wages. If so, this could be confirmation that wage pressures are finally beginning to reflect the labour situation, and this could add to inflationary pressures in a meaningful way.

There is no compelling evidence, yet, of an outsized impact on the economy from the increase in the BoC's policy rate. The available data suggest the economy appears to be handling the BoC's interest rate increases with relative ease. The debt service ratio has increased modestly from its lows, while the debt-to-income has come off its peak. Though we still do not have data to make a conclusive judgement on this, the sharp downshift in mortgage growth (chart 5) appears to be the result of the change in mortgage eligibility rules that took effect at the start of the year and less the result of interest rate hikes (chart 6). Mortgages in arrears as a proportion of total mortgages continue to fall and now stand at their lowest level since 1990, and credit card delinquency rates are below those for comparable periods over the last 2 years.

As economic growth accelerated and interest rates remained low, housing markets across Canada enjoyed a modest recovery this summer. MLS unit sales increased for the fifth consecutive month in August, with y/y declines moderating significantly versus earlier in 2018. While recent home price gains were concentrated in lower-cost dwellings such as apartments and townhomes, decreases among more expensive unit types are easing. Rebounding or stabilizing sales activity in most major markets (chart 6) suggests buyers and sellers are adjusting to higher borrowing costs and stricter mortgage qualification tests implemented January 1st, 2018.

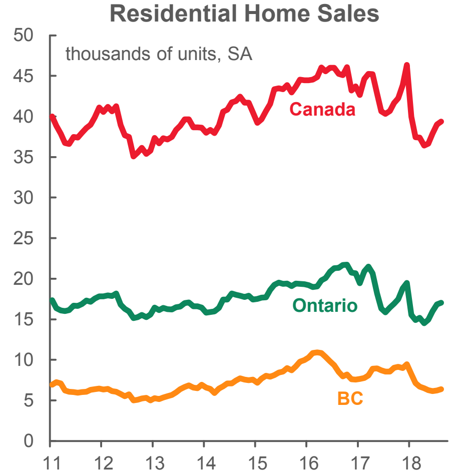
Housing affordability is the primary concern in Ontario and BC. We expect still-high home prices and still-low interest rates to incite 78,000 housing starts in Ontario this year and 72,000 units in both 2019 and 2020. Assisted by the same factors, residential construction in BC will also remain historically elevated, with starts projected to average about 40,000 units during 2018–20. Yet, new building should only slowly erode the significant supply shortfalls accumulated in both regions, and we look for strong home price growth to resume next year. Centres in Southern BC, Ontario's Greater Golden Horseshoe and across the net oil-producing provinces will continue to grapple with

Chart 5



Sources: Scotiabank Economics, Statistics Canada.

Chart 6



Sources: Scotiabank Economics, CREA.

Table 2

Quarterly Canadian Forecasts	2018		2019				2020			
	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Economic										
Real GDP (q/q ann. % change)	2.1	2.4	2.1	2.1	1.9	1.7	2.1	2.0	1.5	1.5
Real GDP (y/y % change)	2.0	2.2	2.4	2.2	2.1	1.9	1.9	1.9	1.8	1.8
Consumer prices (y/y % change)	2.9	2.9	2.8	2.6	2.3	2.1	2.1	2.0	2.0	2.0
Avg. of new core CPIs (y/y % change)	2.1	2.2	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Financial										
Canadian Dollar (USDCAD)	1.29	1.28	1.25	1.25	1.22	1.22	1.22	1.22	1.22	1.22
Canadian Dollar (CADUSD)	0.77	0.78	0.80	0.80	0.82	0.82	0.82	0.82	0.82	0.82
Bank of Canada Overnight Rate (%)	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.00	3.00	3.00
3-month T-bill (%)	1.58	1.80	2.05	2.30	2.55	2.80	3.00	3.00	3.00	3.00
2-year Canada (%)	2.21	2.50	2.40	2.55	2.70	2.85	3.05	3.05	3.05	3.05
5-year Canada (%)	2.34	2.55	2.50	2.60	2.75	2.90	3.10	3.10	3.10	3.10
10-year Canada (%)	2.43	2.60	2.60	2.70	2.85	3.00	3.15	3.15	3.15	3.15
30-year Canada (%)	2.42	2.65	2.65	2.75	2.90	3.10	3.30	3.35	3.35	3.35

Sources: Scotiabank Economics, Statistics Canada, Bloomberg.

fundamental demand-supply imbalances. In other regions, the forecast trajectory of housing construction and price gains mirror employment growth and underlying demographic trends.

Robust demand from the US and a spike in energy products shipments are leading to a rapid rebound in export growth so far this year. Exports to the US were also supported by a frontloading of steel and aluminum products—which grew by an annualised rate of over 40% q/q in nominal terms—ahead of tariffs imposed on June 1st on imports of these goods from Canada. Outbound trade likely softened in the third quarter as temporary tariff-related effects faded, though remains strong owing to vigorous growth in the US and the solid, though softening, global economic expansion. We anticipate that the US economy will continue to support strong growth in Canadian goods and services exports which we forecast at 3.1% in 2018 and 3.6% in 2019 before slowing to 2.2% in 2020 as US economic growth reverts closer to its long-run potential.

Table 3

Canada	2000–17	2017	2018f	2019f	2020f
	(annual % change, unless noted)				
Real GDP	2.2	3.0	2.1	2.2	1.8
Consumer spending	2.9	3.4	2.2	2.1	1.7
Residential investment	3.7	2.8	-0.2	0.6	0.9
Business investment	2.2	2.7	6.4	2.7	6.2
Government	2.2	2.6	2.6	1.4	1.6
Exports	1.3	1.1	3.1	3.6	2.2
Imports	2.9	3.6	4.4	2.5	3.1
Nominal GDP	4.3	5.4	4.3	4.6	4.1
GDP Deflator	2.1	2.3	2.2	2.4	2.2
Consumer price index (CPI)	1.9	1.6	2.6	2.4	2.0
CPI ex. food & energy	1.6	1.6	1.9	2.2	2.3
Pre-tax corporate profits	4.4	19.9	4.4	4.7	2.1
Employment	1.4	1.9	1.2	1.0	0.8
Unemployment rate (%)	7.1	6.3	5.9	5.8	5.8
Current account balance (CAD bn)	-19.7	-63.3	-62.6	-51.5	-54.2
Merchandise trade balance (CAD bn)	22.3	-24.0	-22.6	-12.9	-19.1
Federal budget balance* (FY, CAD bn)	-3.6	-17.8	-20.0	-18.0	-17.0
percent of GDP	-0.2	-0.9	-0.9	-0.8	-0.7
Housing starts (000s)	200	220	213	202	201
Motor vehicle sales (000s)	1,679	2,041	2,000	1,950	1,900
Industrial production	0.8	5.3	3.3	2.3	2.0
WTI oil (USD/bbl)	62	51	68	72	72
Nymex natural gas (USD/mmbtu)	4.83	3.02	2.93	2.93	2.93

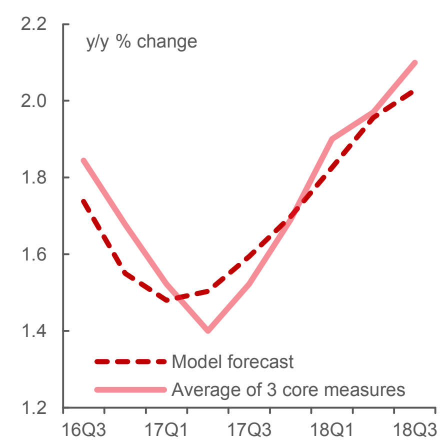
Sources: Scotiabank Economics, Statistics Canada, CMHC, Bloomberg. * Canada ex risk adjustment of $1.5bn & $3.0bn for FY18 & FY19.

Over time, export growth will benefit from the massive LNG plant to be built in British Columbia, likely generating total additional exports of around 10 billion dollars annually. While impacts on exports are unlikely be felt until the mid-2020s, construction of the CAD40 billion project will have substantial economic impacts as it is being built. We currently estimate the project will add 0.2 percentage points to Canadian growth, and almost 2 full percentage points to BC growth in 2020 when we think construction will be in full swing. This boost in growth coincides with national growth falling below potential given the BoC's efforts to restrain growth. The project is likely to create some challenges given the nearly 60,000 job vacancies in BC, 5,400 of which are in the construction sector. This additional demand for labour created by the project will create additional pressure on wages, and should add to inflationary pressures.

Capacity constraints are already creating inflationary pressures as inflation continues to evolve largely as suggested by our model (chart 7). With excess demand expected to rise further through 2020, inflationary pressures will remain front and centre. The average of the three core measures of inflation is now above the BoC's 2% target, and is likely to move even further away from the BoC's target in quarters ahead, prompting another 150 basis points in policy tightening by 2020Q1.

Despite generally positive developments in recent months, important risks remain. With NAFTA out of the way, the Trump Administration is likely to escalate trade tensions with China. While we continue to believe cooler heads will prevail in light of the economic damage caused by an escalation of trade actions, it is quite possible that the Trump administration continues on a path of trade aggression. Were this to occur, growth in the US and China would slow, possibly substantially, with consequential impacts on the Canadian economy. We are also carefully monitoring developments in the Canadian housing market. As noted above, our view is that much of the weakness has been localized and largely reflects regulatory changes, but it is possible there are deeper causes to the weakness that could act as a more important drag than we currently estimate. There are, however, important upside risks. The US economy remains very strong and it is possible that this provides more support to our economy than expected. At the same time, we have included only a modest reversal of the NAFTA-related drag observed so far. There is a good chance that the reduction in uncertainty coming with the USMCA leads to a more sizeable acceleration in corporate spending than we are building into our forecast.

Chart 7 Canadian Core Inflation



Source: Scotiabank Economics.

The Provinces

- **Alberta and BC are forecast to top provincial economic growth in 2018, with BC reclaiming the outright lead thereafter due to new major project activity; all provinces are expected to continue expanding through 2020.**
- **Pressure to restrain public spending is intensifying as revenue growth slows, with the federal government offering some near-term assistance.**

NEW PROJECTS, TRADE PACT BUOY PROVINCIAL PROSPECTS

Expectations of moderating consumer spending across the provinces still underlie our forecast. Slower job creation is the proximate cause in net oil-consuming regions. Waning Fort McMurray rebuild-related outlays are negating Alberta's year-to-date hiring pick-up. Newfoundland and Labrador's falling population should offset modest projected job gains, and weak wage growth plus rising inflation are weighing on Saskatchewan consumer spending. As job creation eases further, Canada Child Benefit stimulus continues to dissipate, interest rates rise and housing activity slows through 2020, we foresee a gentle cooling of real consumer expenditure growth in most regions.

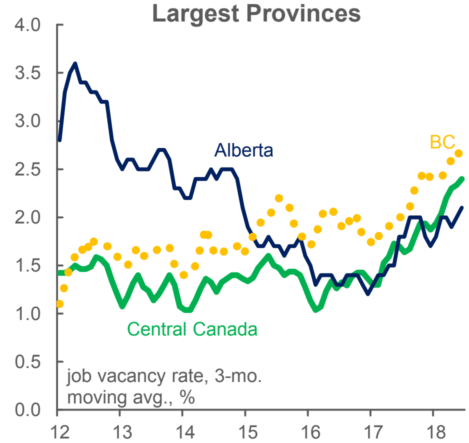
Labour shortages, arising across Central and Western Canada after above-trend job creation last year, present new challenges. Though tight labour markets have the potential to push wages higher, they also limit businesses' ability to hire and expand. In June, job vacancy rates reached record highs in Quebec, Ontario and BC and a post-2014 high in Alberta (chart 1), with elevated numbers of unfilled positions reported in a range of industries.

Skills shortages come as interprovincial migration is shifting. A cooling economy and housing affordability pressures appear to be weakening BC's attraction, with Ontario benefiting to date. Alberta's improving employment prospects and competitive wages are increasing its draw following the 2015–16 recession (chart 2). Quebec's net population outflow to other regions—in progress since Q2-2003—receded amid a robust 2017 expansion but is rising again.

These changes highlight the importance of immigration in Central Canada and BC. The integration of skilled immigrants is crucial to maintaining BC's attraction and addressing labour market shortages. Ontario's labour productivity lags that in BC, Saskatchewan, and Alberta, and this year's rise in economic immigrants—newcomers admitted for their ability to contribute to the economy—bodes well for its longer-term productive capacity. Newcomers to Quebec have historically not fared as well in the labour market as in other regions, but the province needs immigration to sustain population growth given its older populace.

Chart 1

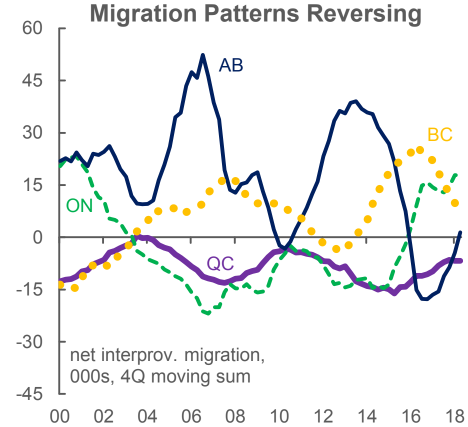
Labour Shortages Emerge in Largest Provinces



Sources: Scotiabank Economics, Statistics Canada.

Chart 2

Recent Interprovincial Migration Patterns Reversing



Sources: Scotiabank Economics, Statistics Canada.

Immigration is expected to assist population growth in other provinces. Increases to Ottawa's 2018 and 2019 immigration targets provide a basis for newcomer attraction, especially in the Prairies, where immigrants have historically best integrated into the labour market. The *Atlantic Immigration Pilot* will support retention in Atlantic Canada, helping to mitigate the effects of aging populations.

We still expect accelerating machinery & equipment (M&E) outlays in most provinces this year as firms bump up against capacity constraints. Ontario's torrid 22.7% (q/q ann.) Q1-2018 real M&E investment jump drove national-level gains, while Quebec M&E spending accelerated in Q2 after a first-quarter pause.

As firms address capacity limitations this year, we expect rising non-residential construction investment already underway (chart 3) **to supplant M&E as a key driver of growth in many provinces.** Alberta's steady forecast gains in capital outlays on non-residential buildings reflect construction of petrochemicals and conventional oil & gas facilities. Volatility in the light-heavy oil price differential due to insufficient pipeline capacity continues to pose significant downside risk for investment in both Alberta and Saskatchewan. Industrial and commercial activity—concentrated in Toronto but also present in other major cities—should propel Ontario's continued expansion. The industrial and commercial sector is also expected to support Quebec's economic growth, with mining investment and a port expansion providing an additional lift.

BC's economic outlook is dominated by the CAD 40 bn LNG Canada project, which received a final investment decision on October 2nd. The venture will see construction of a natural gas pipeline from northeast BC to a new export terminal in Kitimat, with work likely proceeding until 2025. Our forecast assumes capital outlays of nearly CAD 14 bn during 2019–20, which add about two percentage points to real GDP over the two years and propel BC well ahead of the other provinces. Hydroelectricity projects provide a further assist for non-residential building investment.

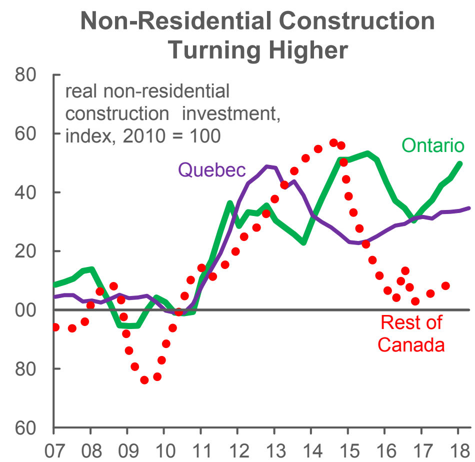
For most provinces, the US-Mexico-Canada Agreement (USMCA) free-trade pact forestalls downside associated with NAFTA termination. Ontario, where motor vehicles and parts to the US made up 30% of 2013–17 nominal export receipts, likely averts 25% US tariffs on foreign-made automobiles. Some farmers are aggrieved over greater US access to Canadian dairy markets, but the deal helps Quebec skirt major downside risk. New Brunswick remains subject to softwood lumber duties with Quebec and BC, but will breathe a sigh of relief given its 88% share of non-energy exports bound for the US market over 2013–17 (chart 4). For the net oil-producing regions—less sensitive to US trade disruptions—the pact scrapped a number of archaic regulations that largely did not constrain producers under NAFTA. Potential drawbacks come via terms requiring advance notice of free-trade negotiations with 'non-market' countries, which may hinder several provinces' efforts to expand Asian market access.

The near-term outlook for agricultural output and exports is mixed. Farmers anticipate principal field crop production declines this year across the prairies—largely due to dry growing conditions—as well as in Ontario. Other trends include a more competitive global market for wheat—a staple crop in many provinces—and greater protein demand in the Indo-Pacific region. The latter could benefit meat and pulse producers, but Indian import tariffs on Canadian pulses present challenges.

Services exports will remain anchored by tourism and the tech sector. Eight provinces reported y/y ytd gains in July and tourism facility expansions are underway in many jurisdictions. Investments in video game design should support tech sector gains in Quebec. A self-driving vehicle company and an e-commerce firm are expanding their footprints in Toronto. Vancouver and Victoria are home to many high-tech satellites of large international corporations and fast-growing local firms.

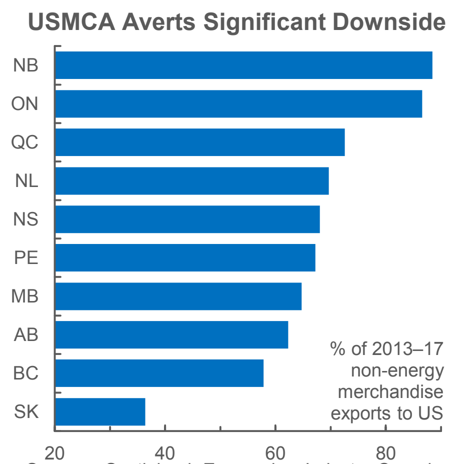
In 2020, a slowing US economic expansion should induce easing export gains in Central Canada. Our forecast of moderating economic growth in Quebec and Ontario mirrors cooling US import demand. By contrast, rising oil production should continue to power robust export gains and trade surpluses in the net oil-producing regions.

Chart 3



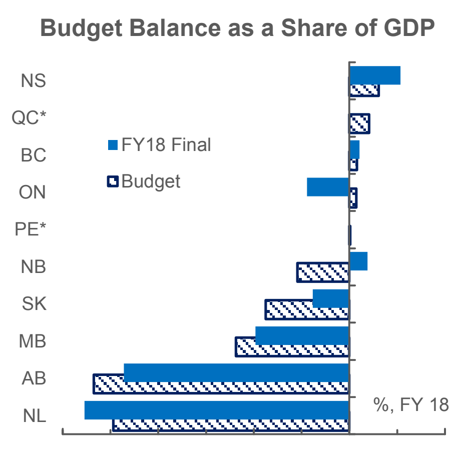
Sources: Scotiabank Economics, Statistics Canada.

Chart 4



Sources: Scotiabank Economics, Industry Canada.

Chart 5



* FY18 results not yet available. Sources: Scotiabank Economics, Budget Documents.

PROVINCES' FISCAL PATHS BUILD ON SLOWER GROWTH

Slowing revenue growth is a key fiscal concern going forward. As last year's economic expansion wanes, many Provinces will need to rely more heavily on expenditure restraint to reduce deficits and address policy priorities. Six Provinces have thus far reported better-than-expected FY18 fiscal positions (chart 5, p.2), but health care systems will be increasingly strained by aging populations and rising interest rates will push debt servicing costs higher as we enter 2020. With a strong fiscal position, the new administration elected in Quebec has promised to target competitiveness and pocketbook relief once it takes office. In Ontario, however, personal and business tax cuts proposed during this year's campaign may be postponed following reports of a much larger-than-expected deficit from the Province's *Independent Financial Commission of Inquiry*.

Federal policy should offer some support for near-term provincial fiscal repair and economic growth. Ottawa has allotted funding of CAD 33 bn over the next 10 years as part of the second phase of its infrastructure plan. Targeted tax changes aiming to boost competitiveness after January's US federal corporate income tax rate cut are expected in the fall fiscal update.

Table 1

The Provinces	(annual % change except where noted)										
Real GDP	**CA**	**NL**	**PE**	**NS**	**NB**	**QC**	**ON**	**MB**	**SK**	**AB**	**BC**
2000–17	2.2	2.4	1.8	1.3	1.3	1.8	2.1	2.4	2.0	2.8	2.8
2017*	3.0	2.1	3.2	1.2	1.9	3.1	2.8	2.9	2.9	4.9	3.9
2018f	2.1	0.5	2.0	1.2	1.1	2.1	2.1	1.9	1.5	2.4	2.4
2019f	2.2	1.2	1.6	1.0	0.9	2.0	2.1	1.9	1.8	2.5	2.7
2020f	1.8	0.8	1.1	0.9	0.9	1.5	1.6	1.5	1.8	2.0	3.6
Nominal GDP											
2000–17	4.3	5.6	4.2	3.3	3.3	3.7	3.9	4.4	5.3	6.0	4.6
2017e	5.4	5.6	4.7	3.1	3.2	4.5	4.8	4.3	5.4	7.9	5.9
2018f	4.3	4.1	3.9	3.2	2.9	3.8	4.1	3.9	4.1	5.5	5.0
2019f	4.6	4.1	3.9	3.1	3.0	4.3	4.6	4.3	4.1	5.5	5.3
2020f	3.7	3.9	2.9	2.8	2.4	3.4	3.7	3.5	4.4	4.8	5.8
Employment											
2000–17	1.4	0.6	1.1	0.6	0.4	1.3	1.3	1.0	1.1	2.2	1.5
2017	1.9	-3.7	3.1	0.6	0.4	2.2	1.8	1.7	-0.2	1.0	3.7
2018f	1.2	0.3	2.5	1.1	0.4	1.1	1.5	0.5	0.0	1.8	0.8
2019f	1.0	0.1	0.9	0.3	0.2	0.9	1.1	0.7	0.5	1.2	1.1
2020f	0.8	-0.1	0.5	0.2	0.2	0.7	0.9	0.6	0.7	1.2	1.1
Unemployment Rate (%)											
2000–17	7.1	14.3	11.1	8.8	9.5	7.9	7.0	5.1	5.0	5.2	6.5
2017	6.3	14.8	9.8	8.4	8.1	6.1	6.0	5.4	6.3	7.8	5.1
2018f	5.9	14.5	9.9	7.9	8.0	5.5	5.6	5.8	6.2	6.6	4.8
2019f	5.8	14.1	10.0	7.8	8.0	5.4	5.5	5.6	6.1	6.5	4.9
2020f	5.8	14.0	10.0	7.7	7.9	5.4	5.5	5.5	6.0	6.4	4.9
Housing Starts (units, 000s)											
2000–17	199	2.6	0.8	4.3	3.5	44	72	5.1	5.2	34	28
2017	220	1.4	1.0	4.0	2.3	46	80	7.6	5.0	29	44
2018f	213	1.5	0.9	4.7	2.1	46	77	6.9	3.7	29	41
2019f	202	1.4	0.8	3.9	2.0	42	72	6.1	4.6	30	39
2020f	201	1.4	0.8	3.8	1.9	41	72	6.1	5.0	31	38
Motor Vehicle Sales (units, 000s)											
2000–17	1,657	29	6	48	38	413	635	47	45	216	180
2017	2,041	33	9	59	42	453	847	62	56	245	235
2018f	2,000	29	9	53	39	450	855	68	48	230	219
2019f	1,950	31	8	50	37	435	825	60	50	225	229
2020f	1,905	30	8	48	35	420	810	55	49	215	235
Budget Balances, Fiscal Year Ending March 31 (CAD mn)											
2000–17**	-3,635	-93	-38	-30	-153	-768	-5,115	-142	307	1,064	454
2017	-17,770	-1,148	-1	151	-117	2,361	-991	-764	-1,218	-10,784	2,737
2018f***	-20,000	-911 †	1	230 †	67 †	850	-3,700 †	-695 †	-303 †	-8,023 †	301 †
2019f***	-18,000	-683	1	29	-187	0	-15,000	-521	-306	-7,757	669
2020f	-17,000	-507	3	39	-124	0	n/a	-388	6	-7,912	810

Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents. * Real GDP by industry, basic prices. ** MB:FY04–FY16; AB:FY05–FY16. *** Provinces' FY18 & FY19: Budget documents. Federal FY19: ex risk adjustment of $3.0bn. † FY18 final result.