


Economic Forecasts, Canada

Table 1 – Key macroeconomic variables, historical and forecasted data, Canada, 2023-2024

	History				Forecasts		Trends (2023 Q2-2024 Q3)
	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	
GDP by expenditure							
Level, chained \$B (2017)	2,357	2,356	2,356	2,366	2,378	2,389	
Q/Q annualized growth	0.7%	-0.3%	0.1%	1.7%	2.0%	1.9%	
Y/Y growth	1.3%	0.7%	1.0%	0.5%	0.9%	1.4%	
GDP by industry, business sector							
Level, chained \$B (2017)	1,781	1,776	1,781	1,788	1,797	1,806	
Q/Q annualized growth	0.3%	-1.2%	1.1%	1.6%	2.1%	2.0%	
Y/Y growth	1.0%	0.1%	0.7%	0.4%	0.9%	1.7%	
Retail sales							
Level, \$M	65,574	65,975	66,675	66,459	67,125	67,627	
Q/Q annualized growth	-2.0%	2.5%	4.3%	-1.3%	4.1%	3.0%	
Y/Y growth	0.1%	1.7%	2.1%	0.8%	2.4%	2.5%	
CPI, total							
Level, index (2002 = 100)	156	158	159	160	161	162	
Q/Q annualized growth	2.8%	4.9%	2.5%	1.3%	2.7%	2.9%	
Y/Y growth	3.5%	3.7%	3.2%	2.9%	2.8%	2.4%	
CPI, excluding food and energy							
Level, index (2002 = 100)	147	148	149	150	151	152	
Q/Q annualized growth	3.5%	3.1%	3.4%	1.9%	2.9%	3.0%	
Y/Y growth	4.0%	3.5%	3.4%	3.0%	2.8%	2.8%	
Private investment							
Level, chained \$B (2017)	410	404	397	400	397	397	
Q/Q annualized growth	4.7%	-5.1%	-7.2%	3.1%	-2.8%	-0.2%	
Y/Y growth	-4.4%	-3.1%	-3.1%	-1.2%	-3.1%	-1.8%	
Payroll Employment							
Level, k persons	17,965	18,064	18,041	18,114	18,156	18,245	
Q/Q annualized growth	1.3%	2.2%	-0.5%	1.6%	0.9%	2.0%	
Y/Y growth	2.7%	2.4%	1.6%	1.2%	1.1%	1.0%	

Note: All series are seasonally adjusted.

Source: Modelling and forecasts by AppEco using CFIB's monthly Business Barometer® data.

Note: Forecasts are based on weighted CFIB data. The interpretation of recent dynamics can differ from that of unweighted data.

Stronger than expected growth in the first half of the year points to decent growth in Q3

Economic forecasts based on the most recent monthly Business Barometer® data indicate that GDP growth surpassed expectations in the first half of the year, owing to the end of strikes in the public sector and a recent uptick in long-term business sentiment. The third quarter should see decent growth, so long as inflation remains under control and the central bank continues cutting rates.

Retail sales rebounded by 4.1% in 2024 Q2 after contracting by 1.3% in Q1, on a quarterly basis. Sales growth is nonetheless expected to be moderate in Q3, as many businesses report weak demand.

CPI inflation continued to decrease in Q2, albeit at a slower pace compared to the previous two quarters. A more significant decline in inflation is expected in Q3, which is likely to prompt the Bank of Canada to continue easing credit conditions. However, core inflation (excluding food and energy) is anticipated to remain steady at 2.8% in the short term, as certain expenditure categories, such as housing, continue to exert upward pressure on prices. Private investment exceeded expectations in Q1, driven primarily by spending on machinery, equipment, and intellectual property products. However, it completely reversed in Q2. Investment is expected to remain flat throughout the first half of the year.

Payroll employment grew by 1.6% in 2024 Q1, as anticipated, and increased by an additional 0.9% in the second quarter. Employment growth is projected to remain strong in the third quarter.

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