


Economic Forecasts, Canada

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

|  APPECO <small>ANALYSE STRATEGIQUE • ANALYTICS</small> | History | | | | Estimate | Forecast | Trends (2023 Q3-2024 Q4) |
|---|---------|---------|---------|---------|----------|----------|-----------------------------|
| | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | |
| GDP by expenditure | | | | | | | |
| Level, chained \$B (2017) | 2,356 | 2,356 | 2,366 | 2,379 | 2,386 | 2,394 | |
| Q/Q annualized growth | -0.3% | 0.1% | 1.8% | 2.1% | 1.2% | 1.4% | |
| Y/Y growth | 0.7% | 1.0% | 0.6% | 0.9% | 1.3% | 1.6% | |
| GDP by industry, business sector | | | | | | | |
| Level, chained \$B (2017) | 1,776 | 1,781 | 1,787 | 1,795 | 1,800 | 1,807 | |
| Q/Q annualized growth | -0.8% | 1.1% | 1.2% | 1.8% | 1.1% | 1.4% | |
| Y/Y growth | 0.1% | 0.7% | 0.4% | 0.9% | 1.3% | 1.4% | |
| Retail sales | | | | | | | |
| Level, \$M | 65,975 | 66,675 | 66,363 | 66,082 | 66,568 | 66,671 | |
| Q/Q annualized growth | 2.5% | 4.3% | -1.9% | -1.7% | 3.0% | 0.6% | |
| Y/Y growth | 1.7% | 2.1% | 0.7% | 0.8% | 0.9% | 0.0% | |
| CPI, total | | | | | | | |
| Level, index (2002 = 100) | 158 | 159 | 160 | 161 | 161 | 162 | |
| Q/Q annualized growth | 4.9% | 2.5% | 1.3% | 2.4% | 2.2% | 1.9% | |
| Y/Y growth | 3.7% | 3.2% | 2.9% | 2.8% | 2.1% | 2.0% | |
| CPI, excluding food and energy | | | | | | | |
| Level, index (2002 = 100) | 148 | 149 | 150 | 151 | 152 | 152 | |
| Q/Q annualized growth | 3.1% | 3.4% | 1.9% | 2.7% | 2.1% | 2.1% | |
| Y/Y growth | 3.5% | 3.4% | 3.0% | 2.8% | 2.5% | 2.2% | |
| Private investment | | | | | | | |
| Level, chained \$B (2017) | 404 | 397 | 399 | 401 | 399 | 399 | |
| Q/Q annualized growth | -5.1% | -7.2% | 1.9% | 2.0% | -1.2% | 0.0% | |
| Y/Y growth | -3.1% | -3.1% | -1.5% | -2.2% | -1.2% | 0.7% | |
| Payroll Employment | | | | | | | |
| Level, k persons | 18,064 | 18,041 | 18,114 | 18,181 | 18,235 | 18,296 | |
| Q/Q annualized growth | 2.2% | -0.5% | 1.6% | 1.5% | 1.2% | 1.3% | |
| Y/Y growth | 2.4% | 1.6% | 1.2% | 1.2% | 0.9% | 1.4% | |

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. All series are seasonally adjusted.

Canadian economy to see sluggish growth in Q3 and Q4

Economic estimates based on the most recent monthly Business Barometer® data indicate that GDP growth slowed to 1.2% in Q3 after posting a solid gain of 2.1% in the second quarter, as anticipated. Growth is expected to remain muted in the fourth quarter, at 1.4%, as the economy continues to face some headwinds.

Retail sales disappointed in the second quarter but rebounded over the third. Sales growth should, however, be very weak in Q4 as more firms report experiencing insufficient demand. This leaves the level of sales unchanged from one year ago.

CPI inflation fell faster than anticipated in Q3, reaching 2.1% year-over-year, and is expected to remain on the Bank of Canada's target (2.0%) in Q4. Such an improvement would support swift decreases in interest rates over the next months.

Private investment was stronger than expected in the second quarter, boosted by machinery and equipment. The estimate for Q3 points to a small contraction, followed by a flat forecast for Q4.

Payroll employment growth was also stronger than anticipated in Q2, posting a 1.5% gain. This momentum should moderate over the second half of the year but remain at healthy levels (1.2% in Q3, and 1.3% in Q4).

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