



The Canadian Economy: Recession and Recovery

Ministère des Transports du Québec Economy in NA
June 3, 2009

Glen Hodgson
Senior Vice-President & Chief Economist
hodgson@conferenceboard.ca





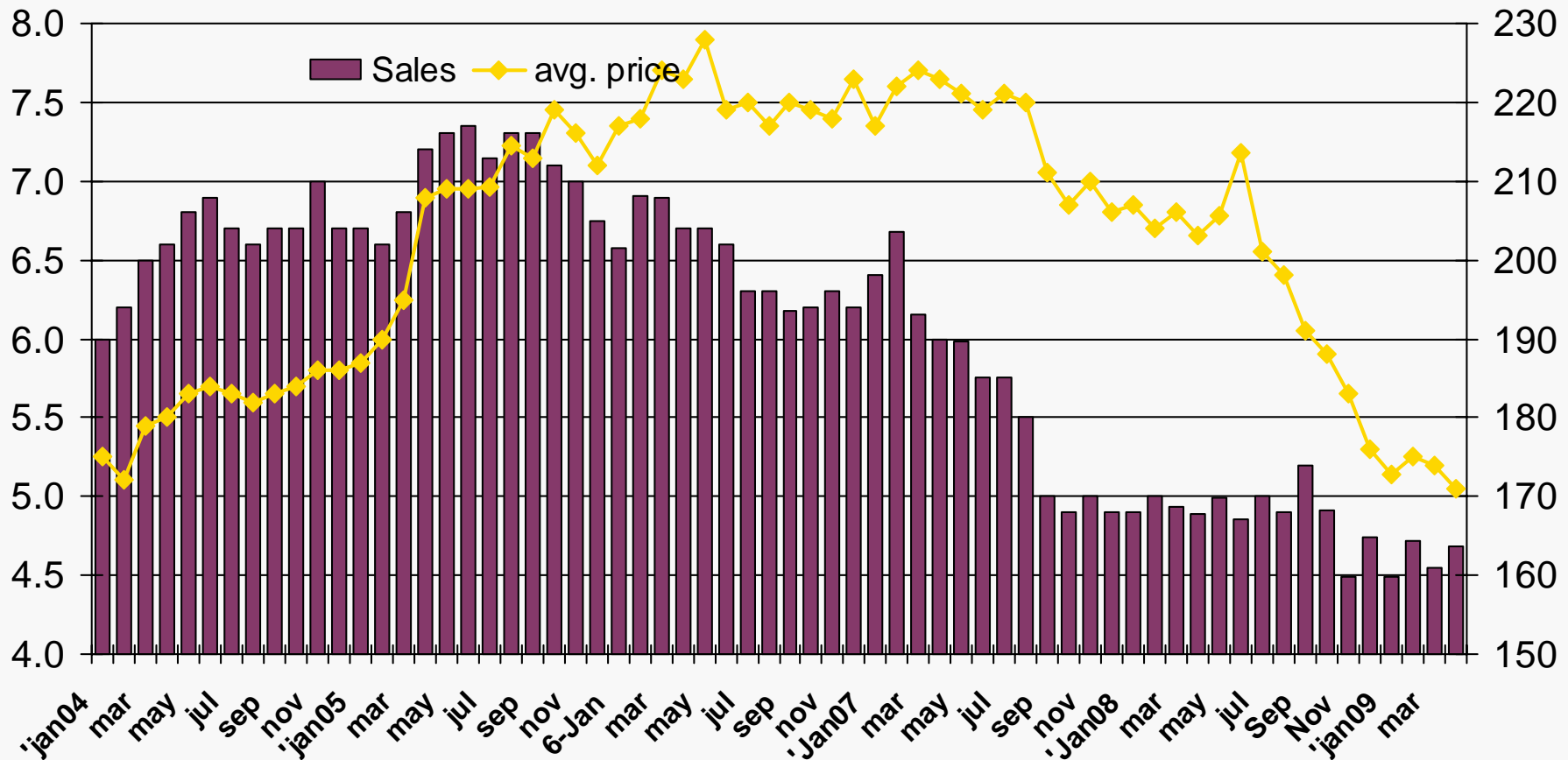
U.S. Outlook

- U.S. economy is in deep recession
- Consumer spending surprisingly strong, but investment collapsing
- Heavy government intervention to address the financial crisis and provide stimulus
- Some faint glimmers of good news beginning to emerge



U.S. Existing Home Sales and Prices

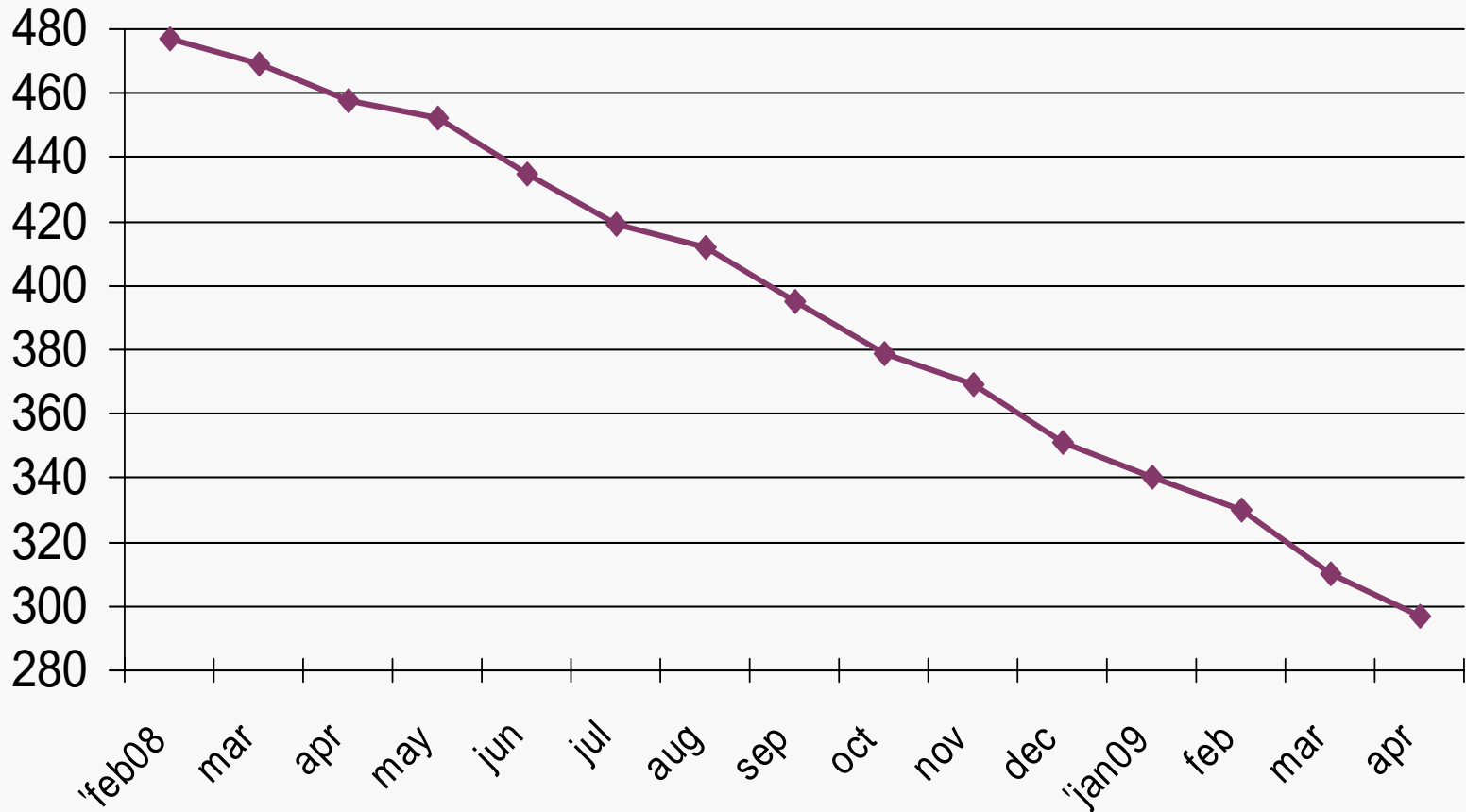
(millions SAAR; \$'000)



Source: National Assn. of Realtors.



U.S. Inventory of New Homes (thousands)

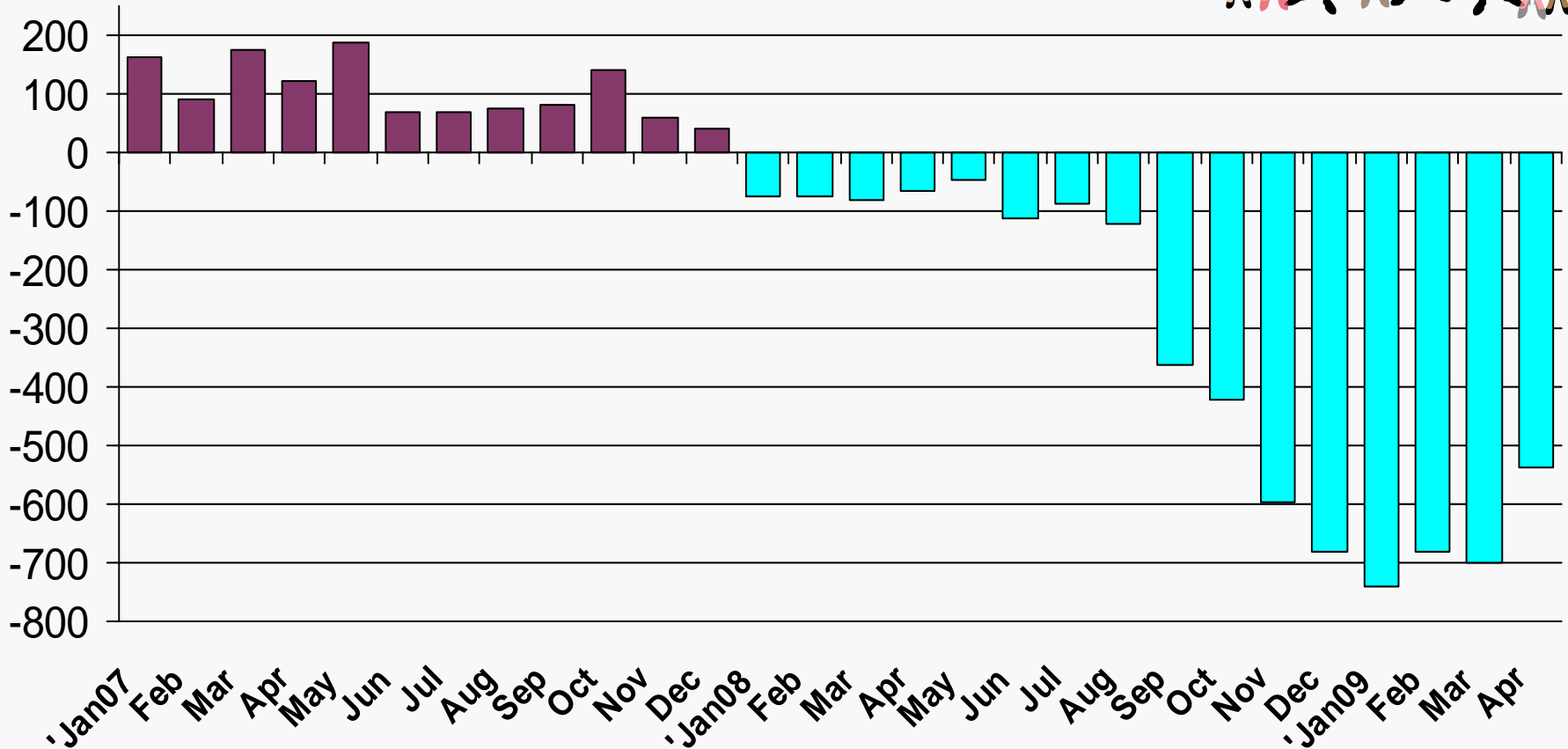


Source: Census Bureau.



U.S. Labour Market

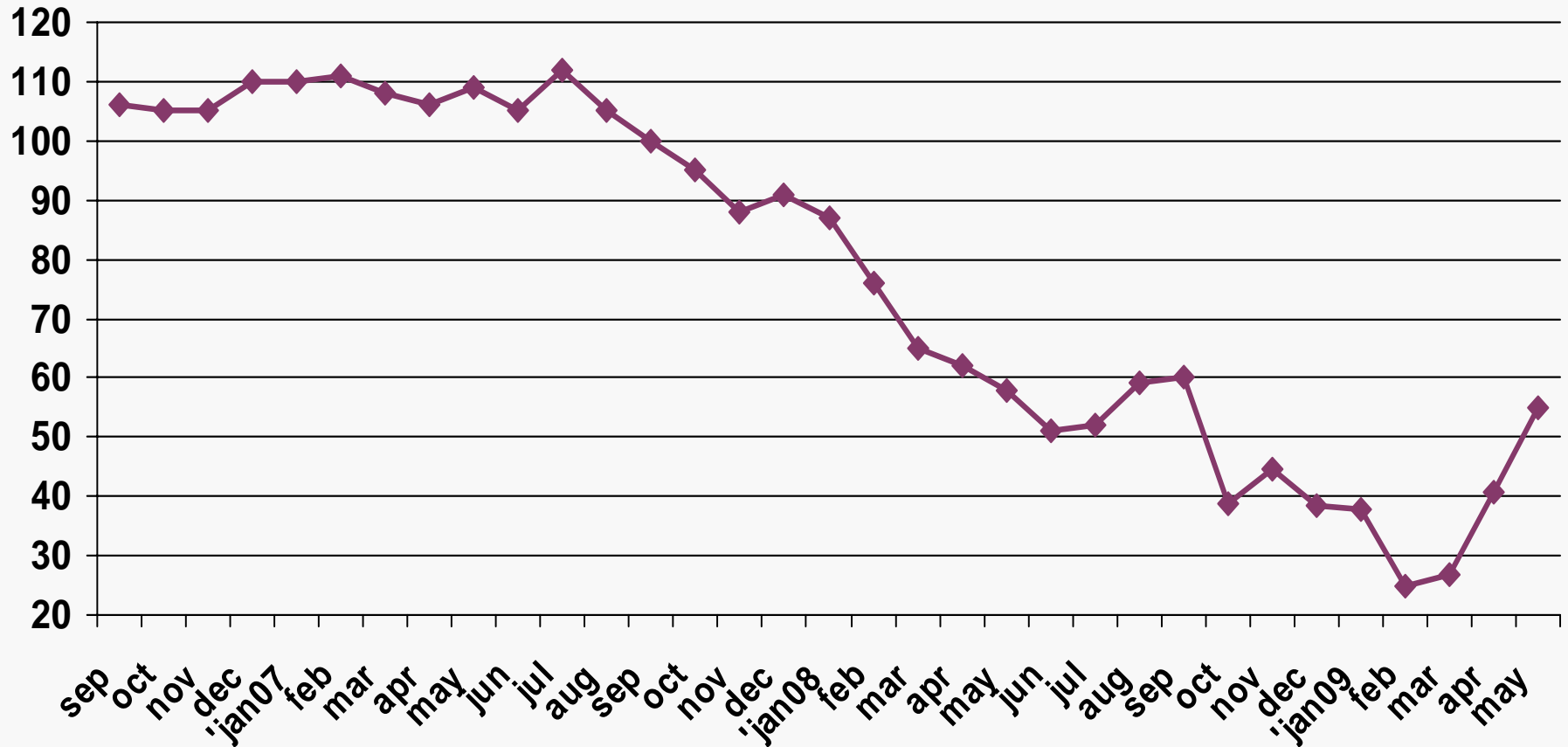
(Change in U.S. Employment, 000s)



Source: Bureau of Economic Analysis.



U.S. Consumer Confidence: (1985=100)

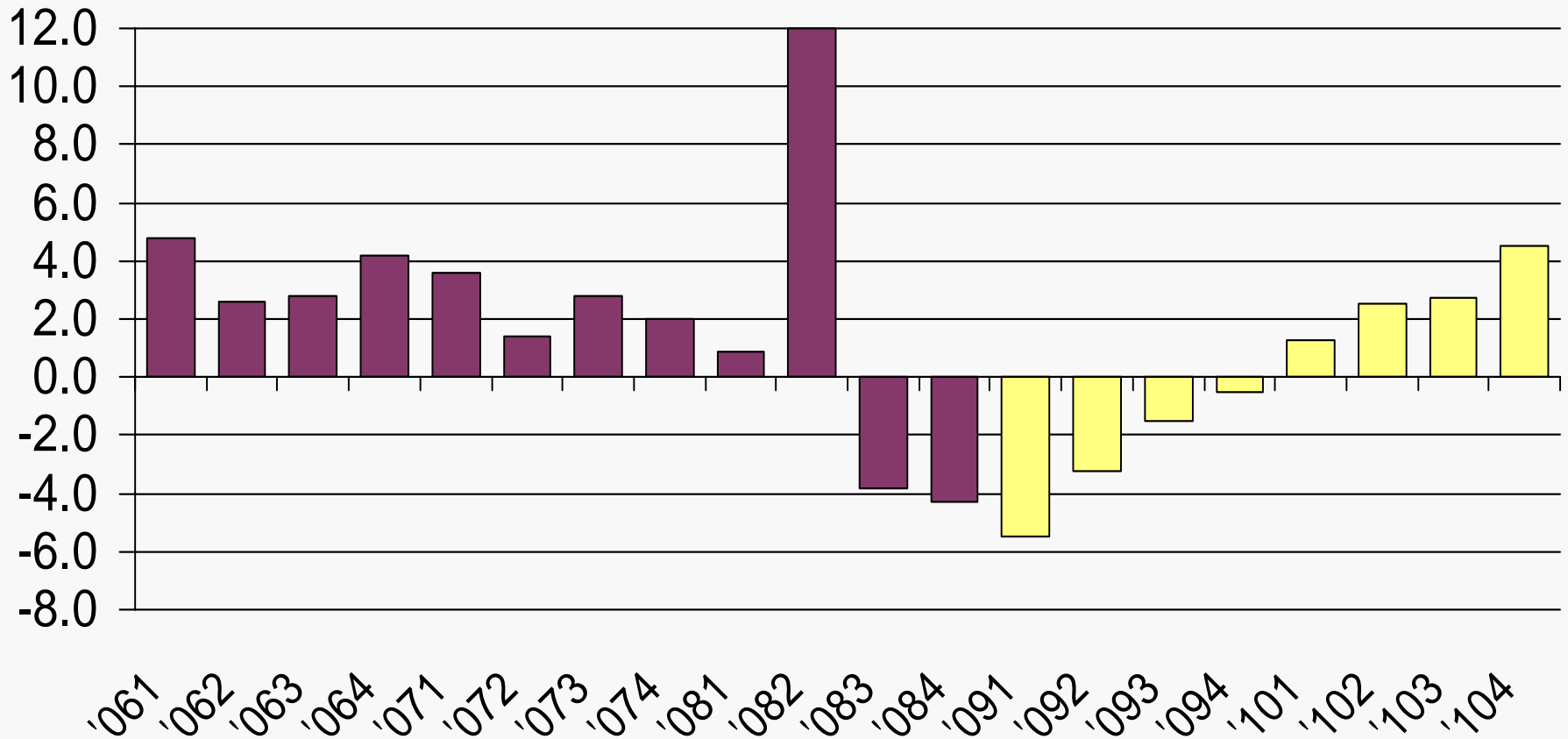


Source: The Conference Board Inc.



U.S. Real Consumer Spending Growth

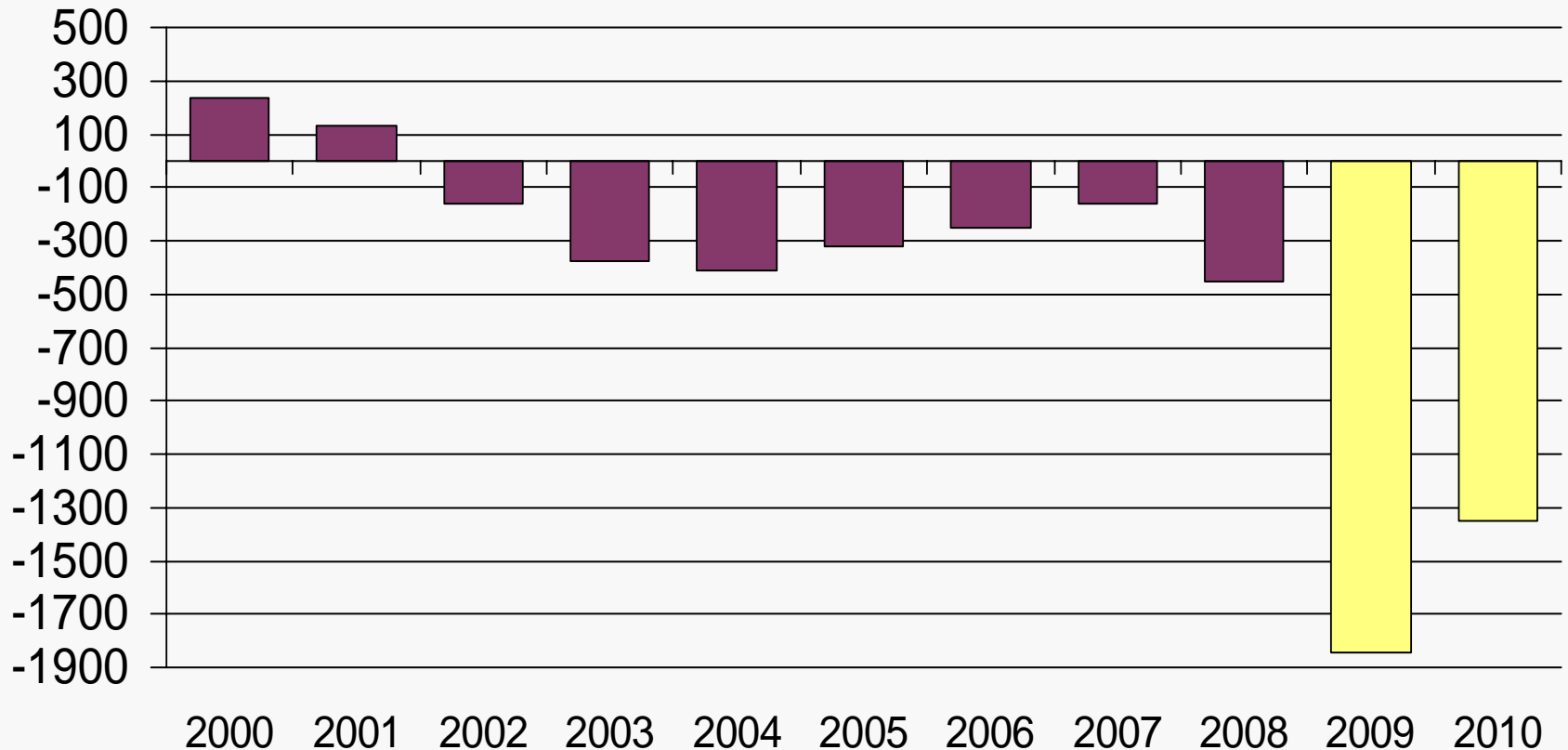
(per cent change, annualized)



Sources: BEA; CBoC



US Federal Deficit (Unified, \$billions)

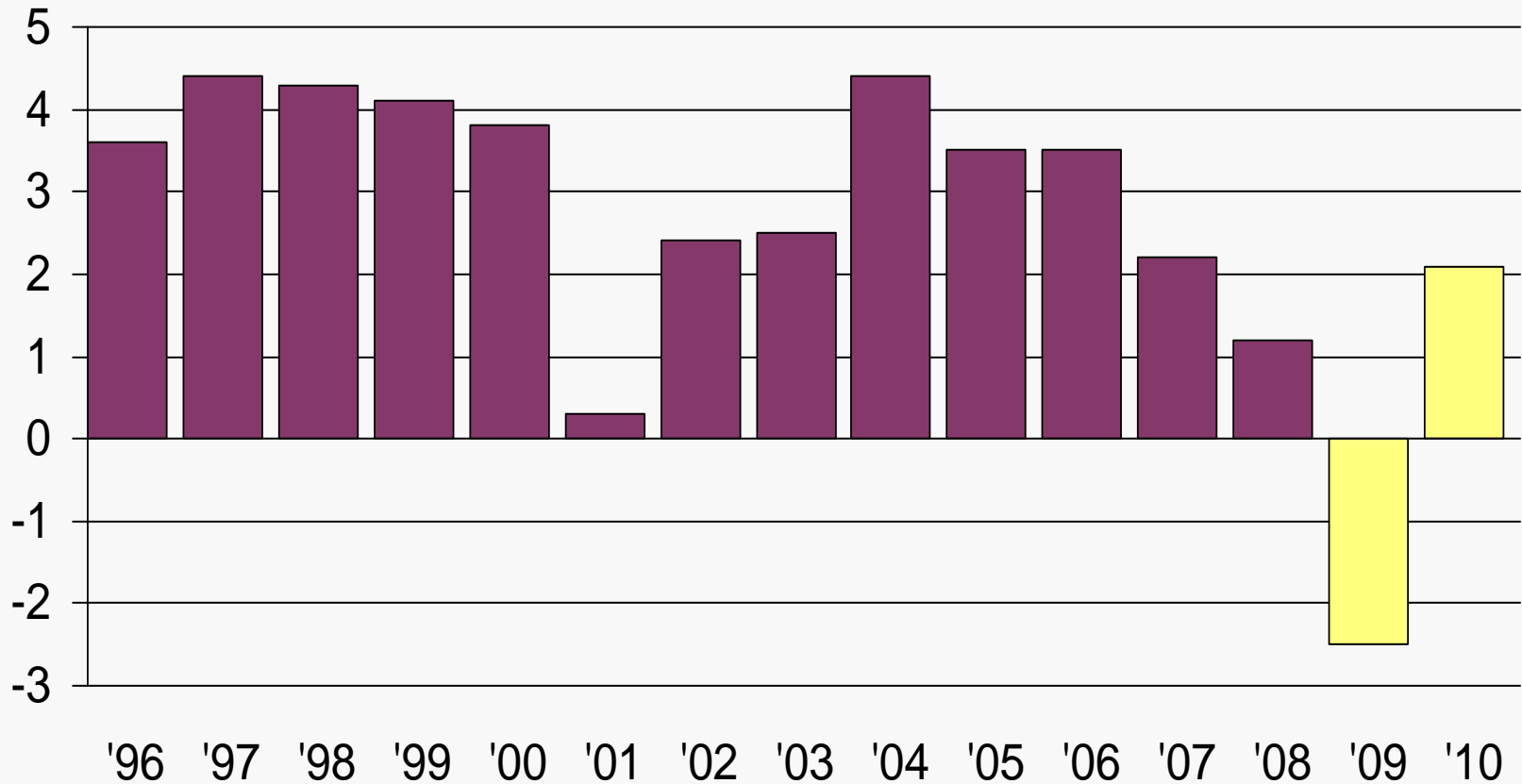


Sources: BEA; Moody's Economy.com





U.S. Real GDP (per cent change)

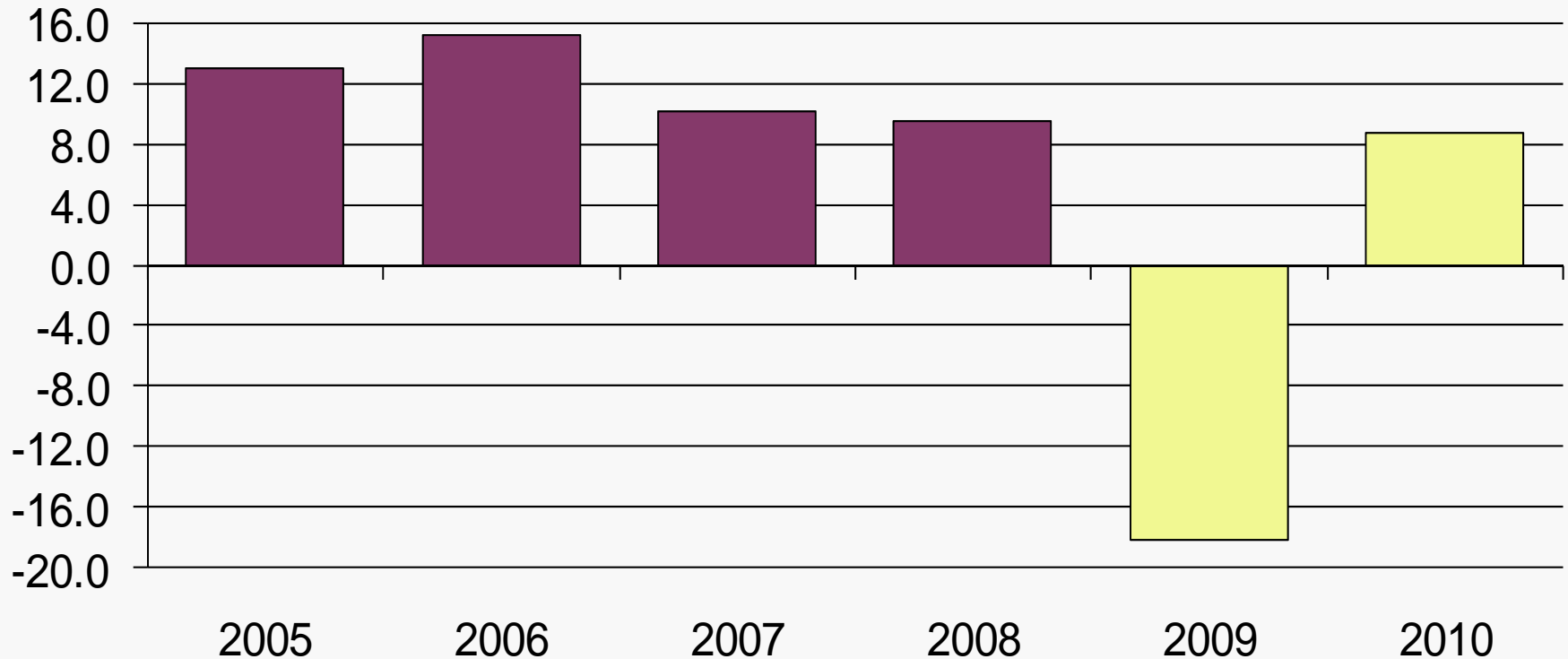


Sources: BEA; CBoC



Mexican Export Growth

(per cent change)

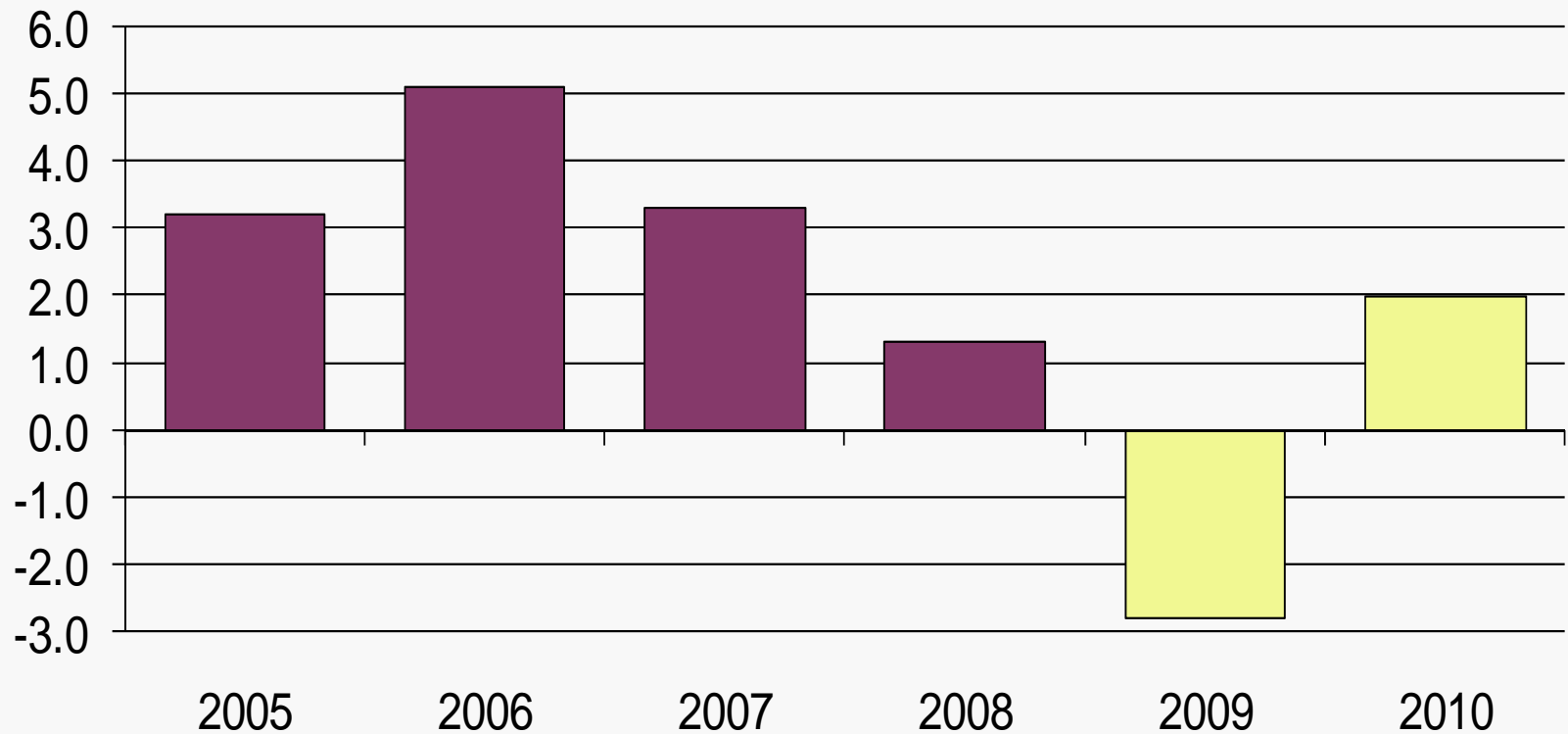


Source: Consensus Economics.



Mexican Real GDP Growth

(per cent change)



Source: Consensus Economics.





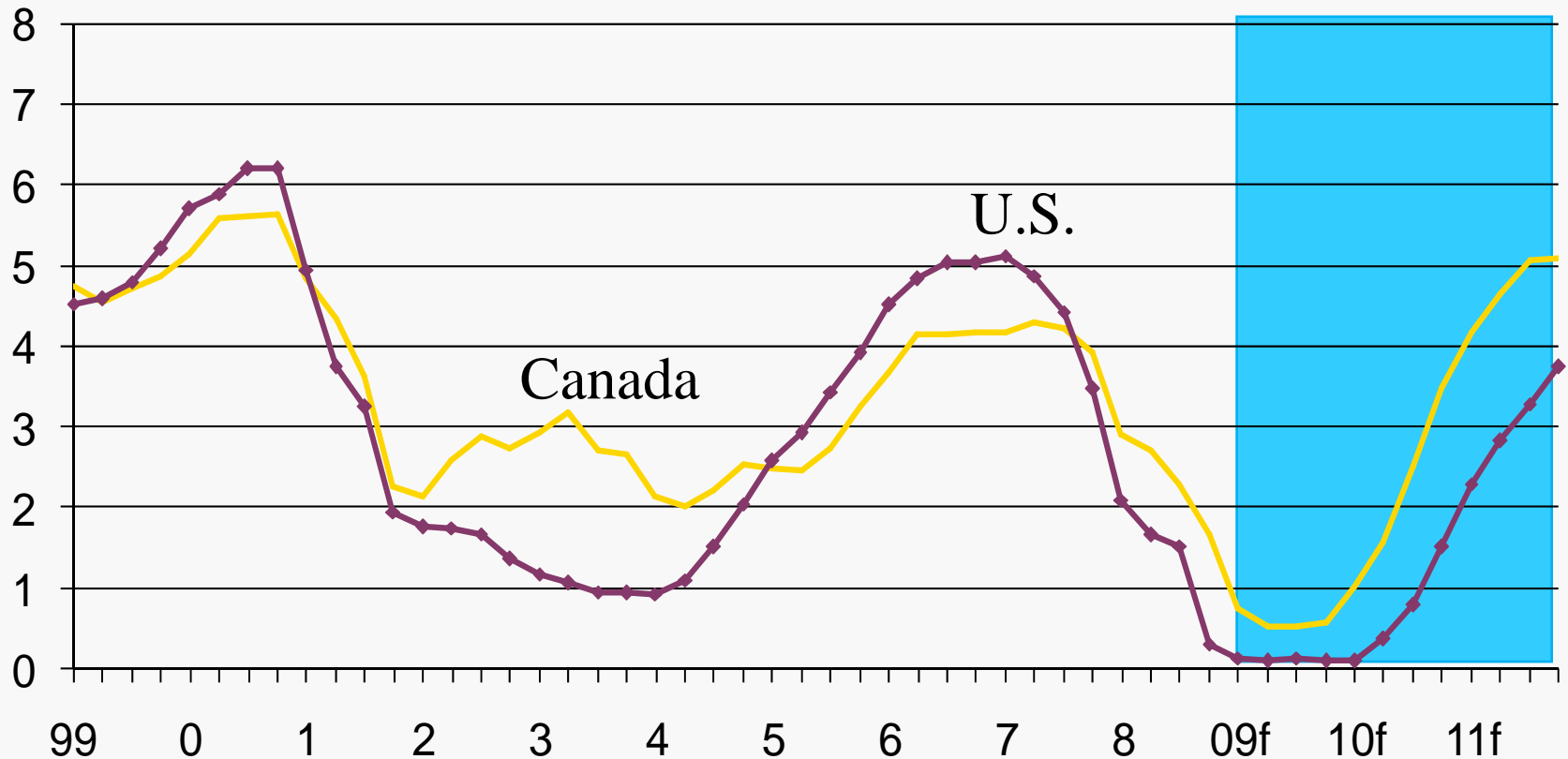
Canadian Outlook

- Canada dragged down by global recession and sharp drop in commodity prices
- Fiscal stimulus packages in Canada and the United States will eventually pull us out of recession
- Employment will decline throughout 2009 and the unemployment rate will peak at just below 9.5 per cent in mid-2010
- A recovery is in store for 2010, with real GDP growth rebounding to 2.5 per cent



Interest Rates (90-Day T-Bill)

Quarterly 1999–11

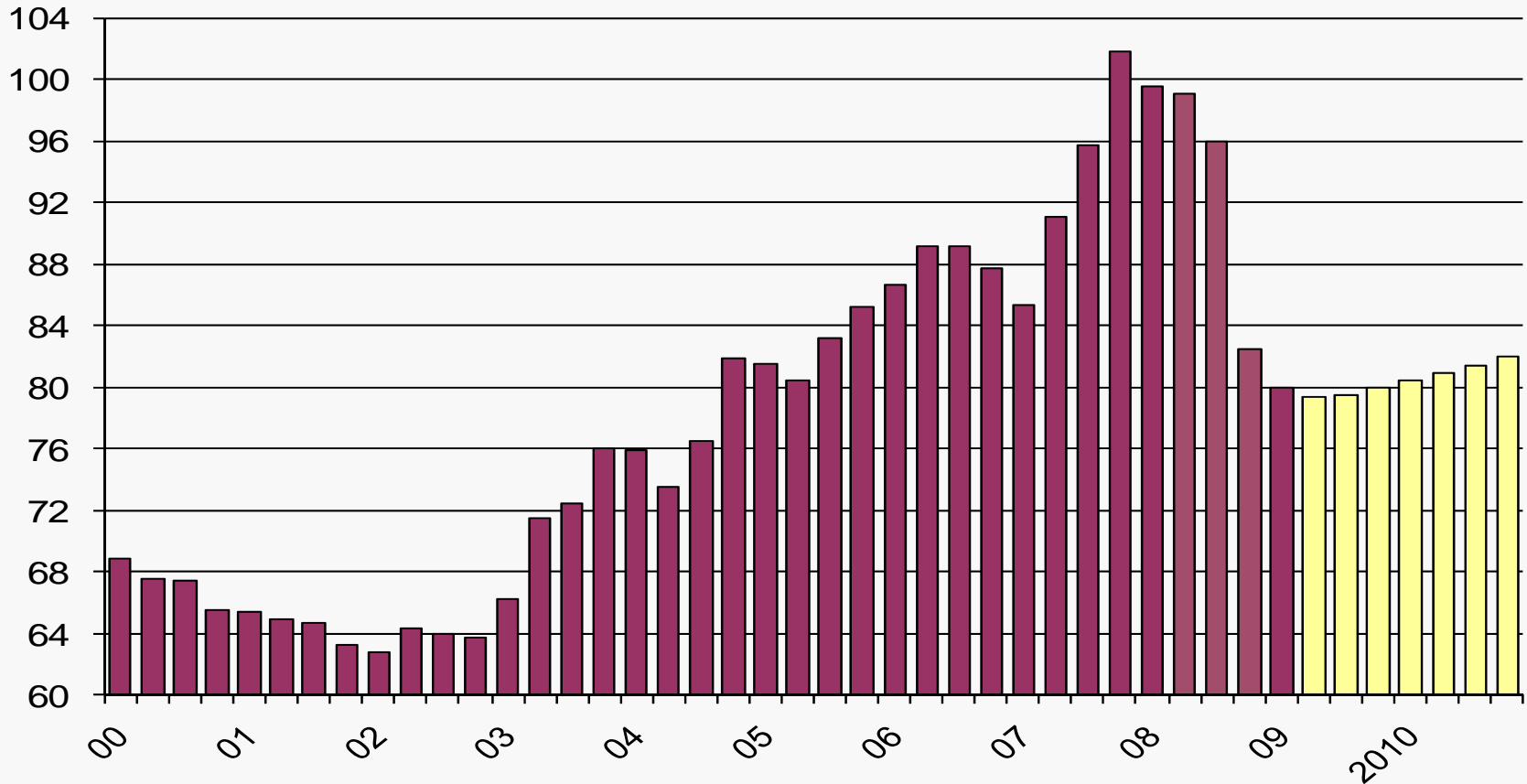


Sources: The Conference Board of Canada; BEA; Statistics Canada.



Exchange Rate 2000–10

U.S. cents per Canadian dollar

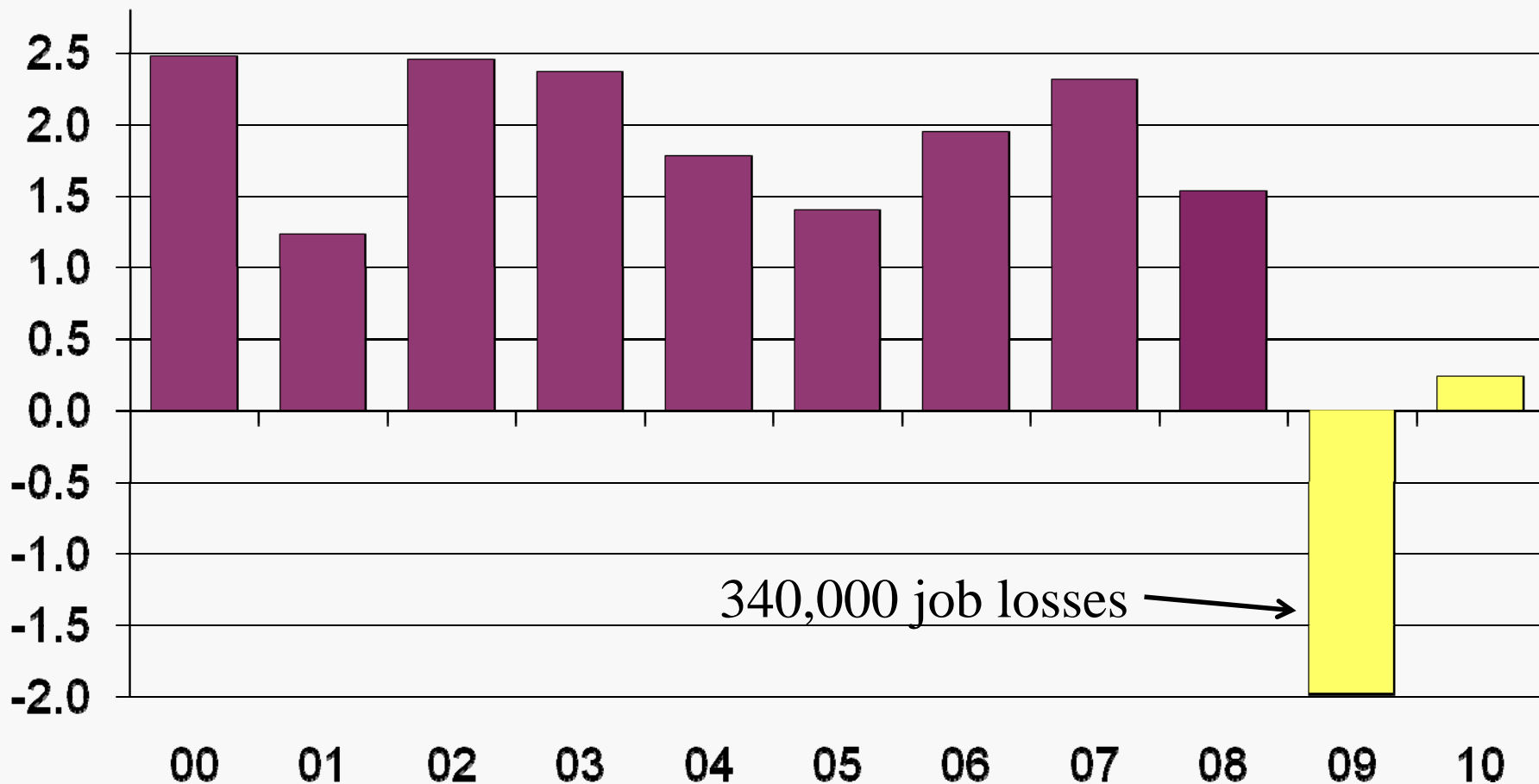


Sources: The Conference Board of Canada; Statistics Canada.



Employment Growth

Canada, 2000–10



Sources: The Conference Board of Canada; Statistics Canada.



Index of Consumer Confidence, Canada

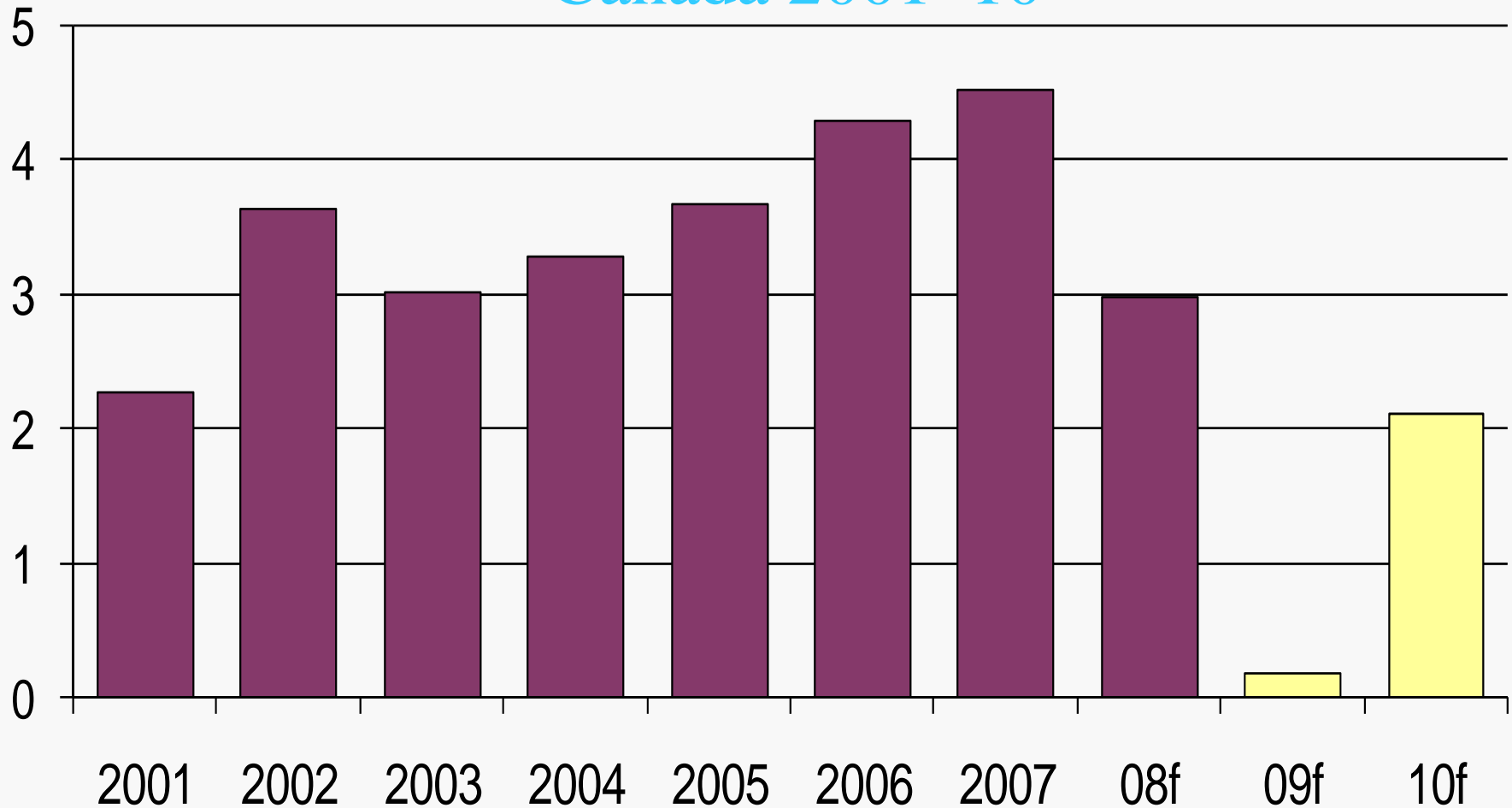
Jan 2003–May 09 (2002 =100)



Source: The Conference Board of Canada.



Real Consumer Spending Growth Canada 2001–10

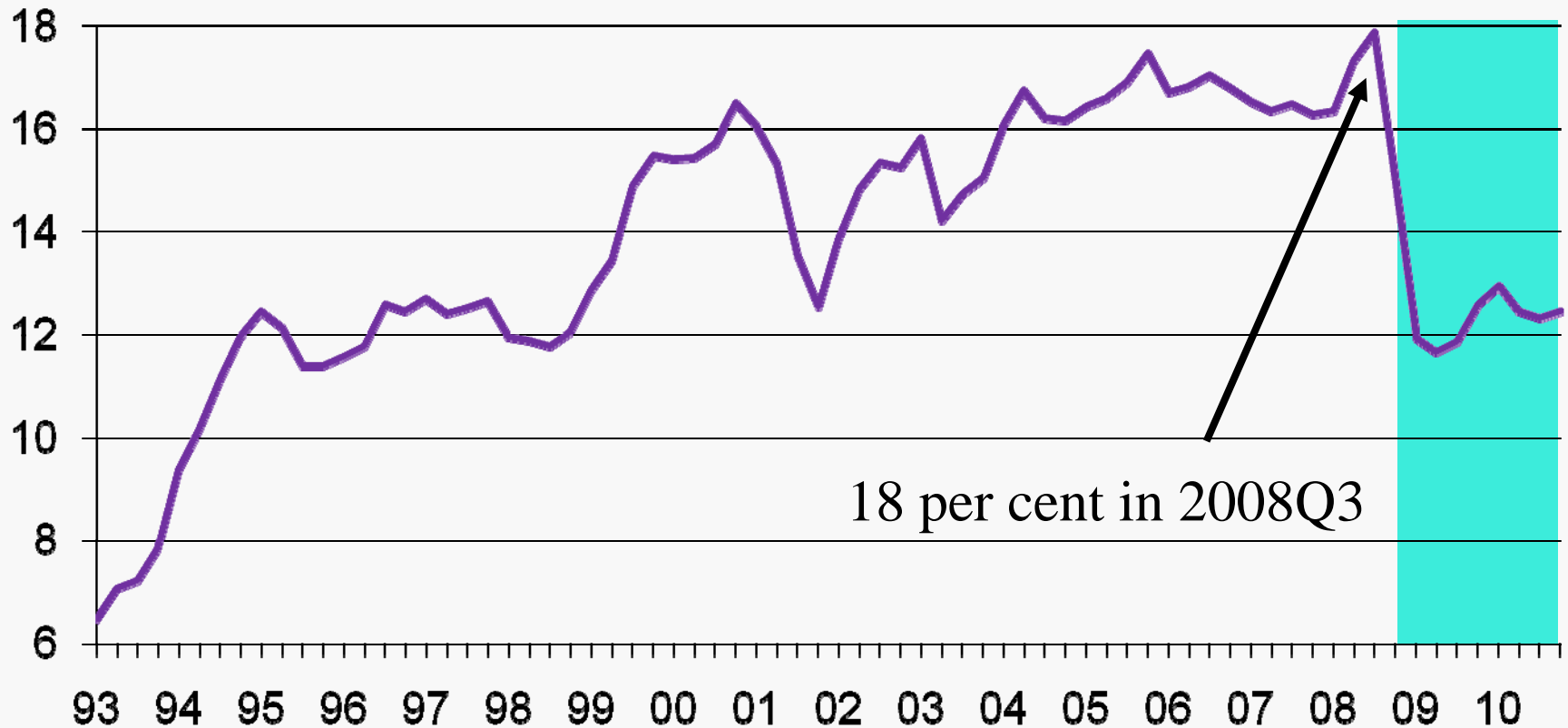


Sources: The Conference Board of Canada; Statistics Canada.



Pre-Tax Corporate Profits

(per cent share of net domestic income)

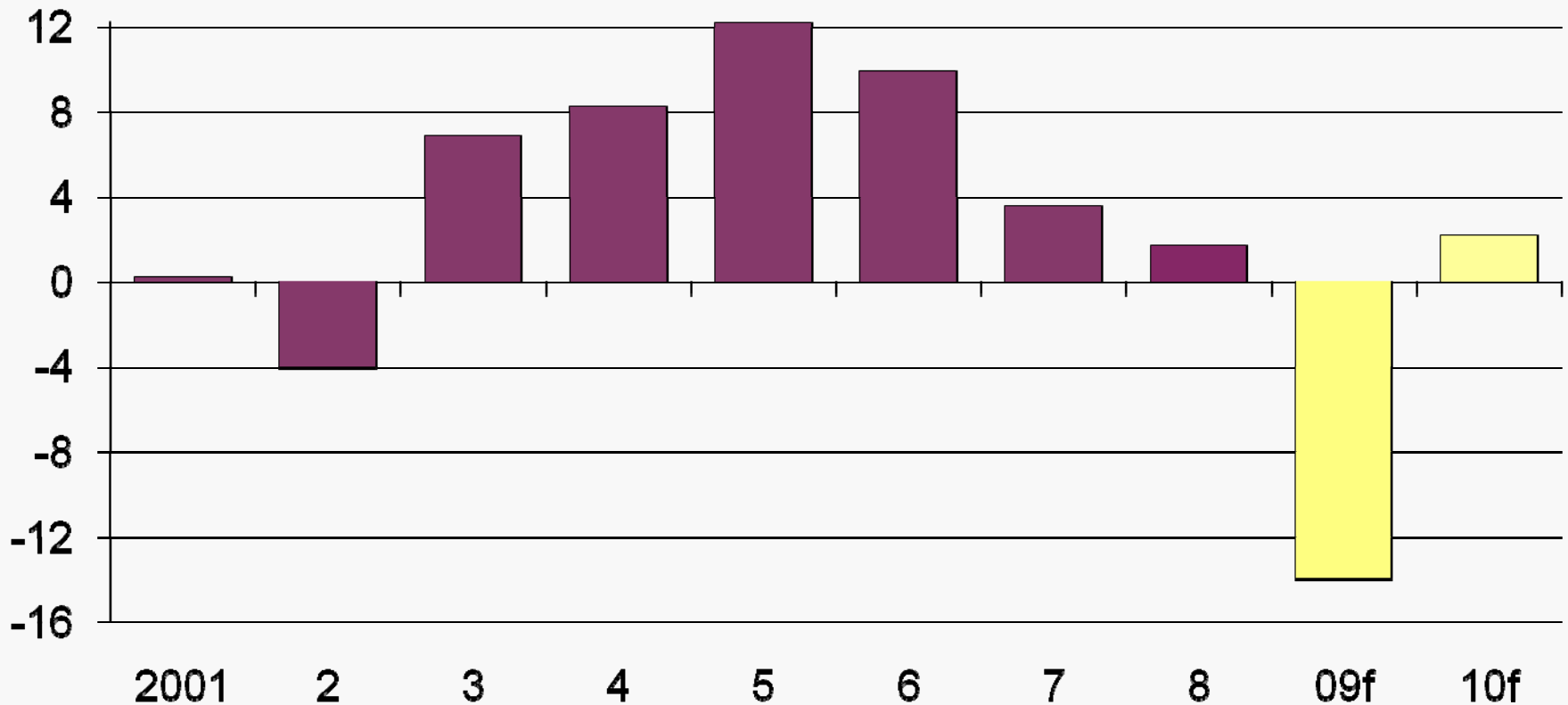


Sources: The Conference Board of Canada; Statistics Canada.



Real Business Investment Growth

(Canada 2001–10)

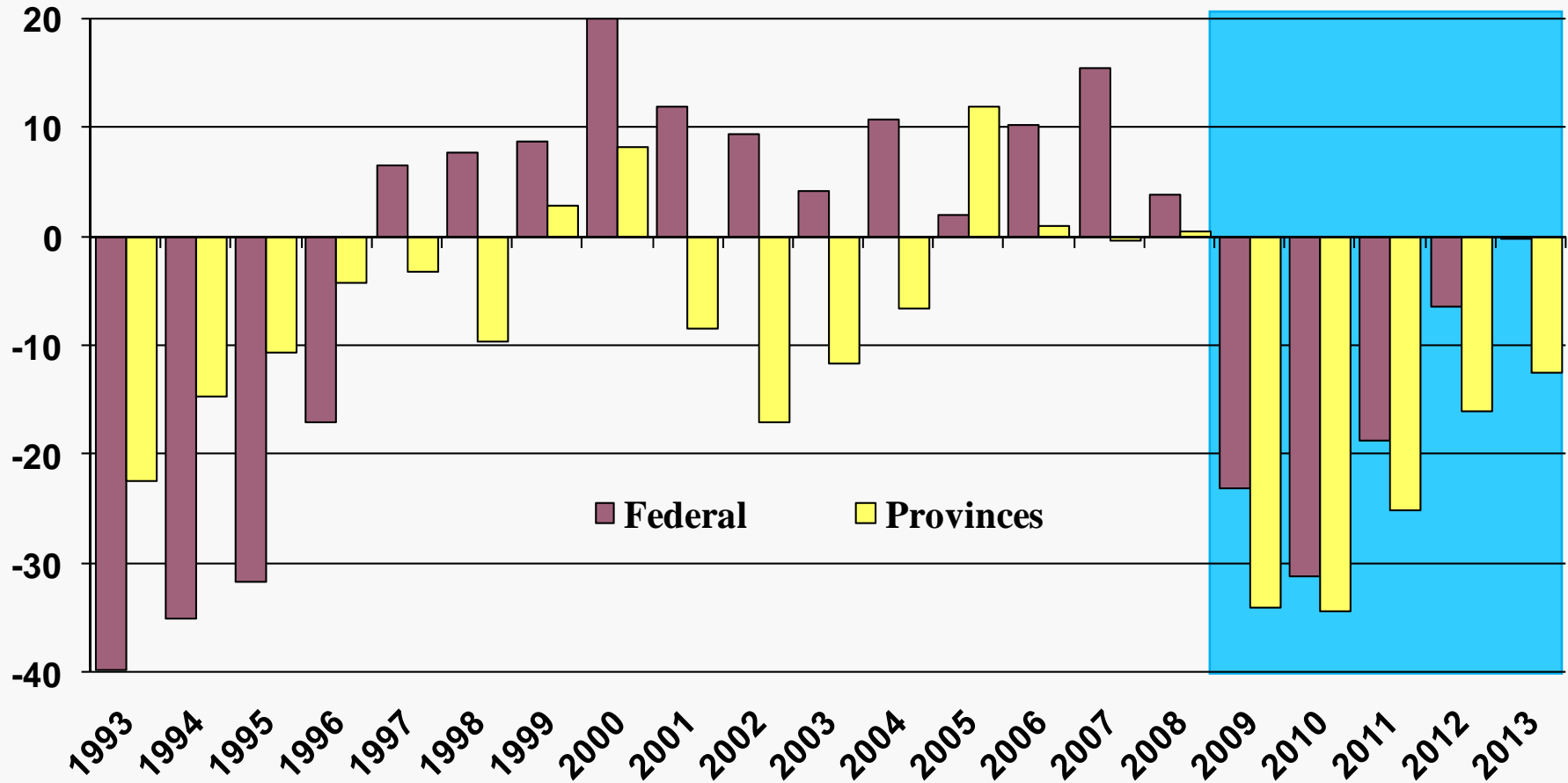


Sources: The Conference Board of Canada; Statistics Canada.



Federal and Regional Balances

National Accounts Basis (\$ billions)

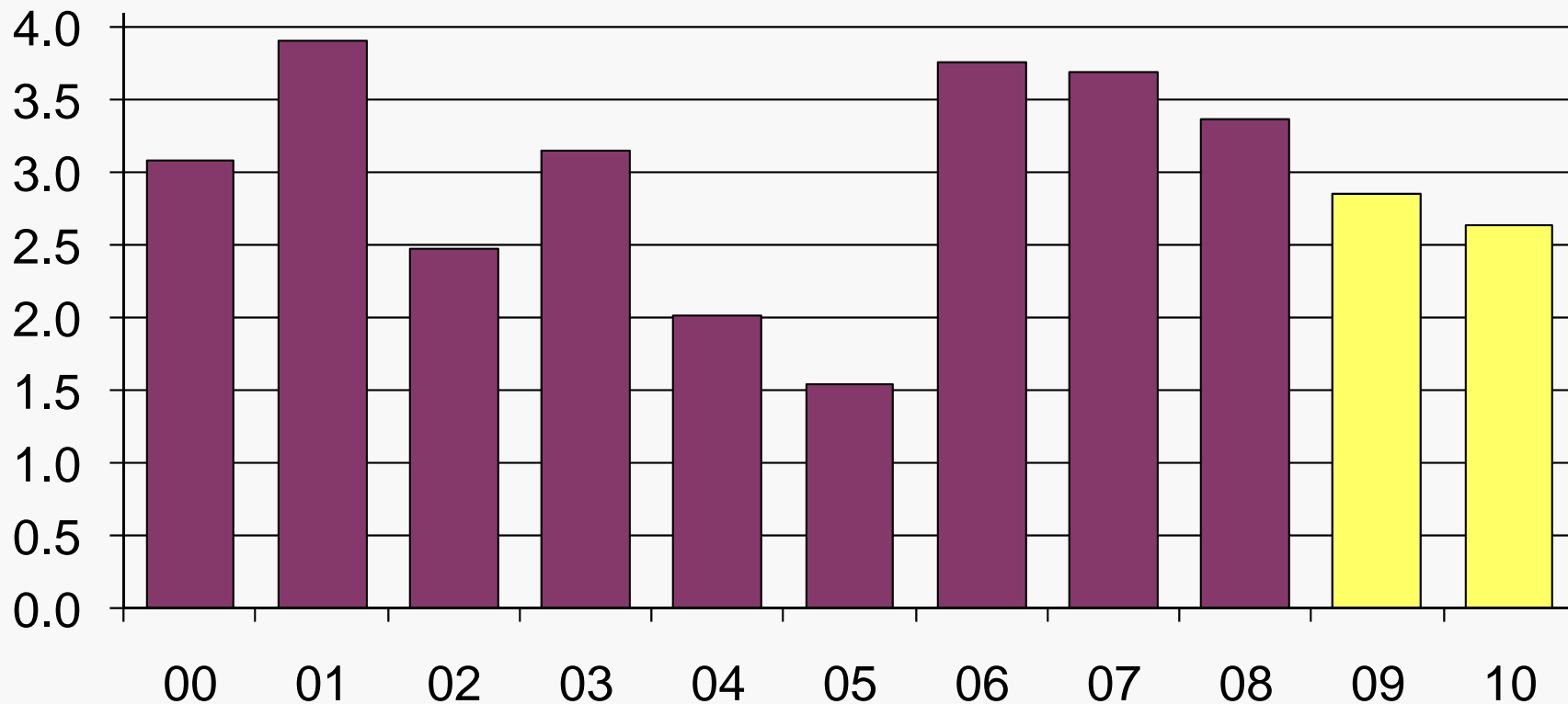


Sources: Statistics Canada; The Conference Board of Canada.



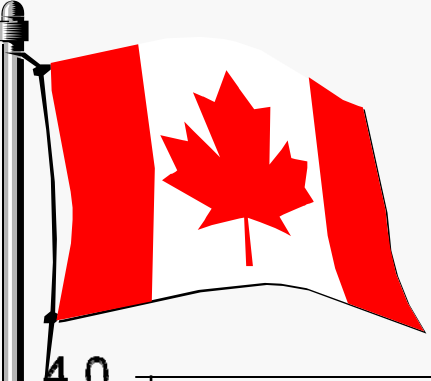
Real Government Spending on Goods and Services Canada

(per cent change, 2000–10)



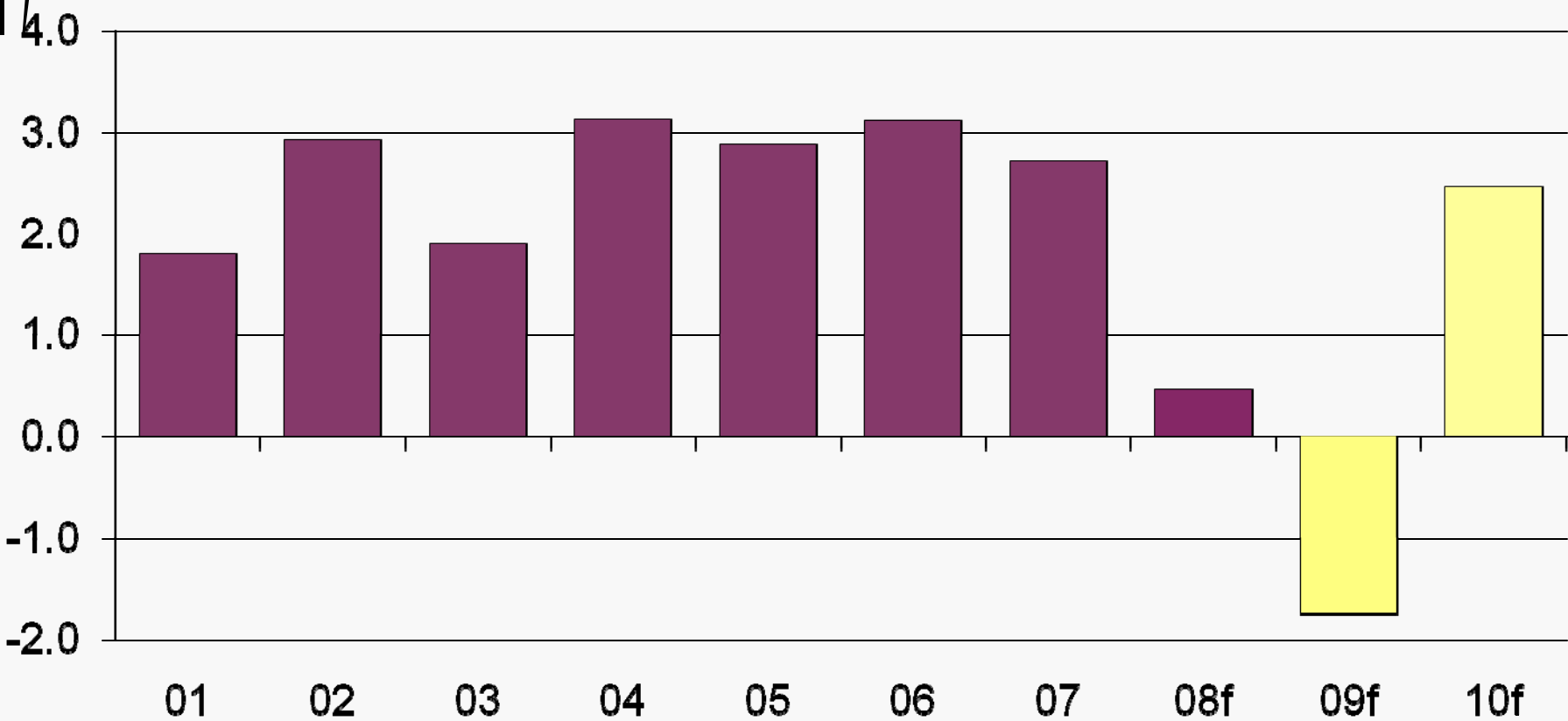
Sources: The Conference Board of Canada; Statistics Canada.





Real GDP Growth Rate

Canada 2001–09



Sources: The Conference Board of Canada; Statistics Canada.



Conclusion

- We are more than half-way through the financial mess and recession
- The recovery is not here yet – but it's on the horizon
- Unemployment rate will rise, even after the recovery
- Path back to balanced budget will be slow and could be especially painful for American taxpayers
- Mexico's economy is hurting due to its dependence on the U.S.



A hand is shown holding a crystal ball. Inside the crystal ball, a blurred image of a person is visible. The background is a blue-toned geometric pattern.

Visit us at

www.conferenceboard.ca