

ECONOMIC UPDATE

CANADA	17Q4A	18Q1A	18Q2F	18Q3F	18Q4F	19Q1F	19Q2F	2017F	2018F	2019F
Real GDP Growth (AR)	1.7	1.3	2.4	2.0	1.9	1.4	1.5	3.0	2.0	1.6
Real Final Domestic Demand (AR)	4.1	2.1	2.5	2.3	1.9	1.6	1.2	3.0	2.8	1.6
Household Consumption (AR)	2.2	1.1	2.2	2.6	2.2	1.7	1.3	3.5	2.2	1.8
All Items CPI Inflation (Y/Y)	1.8	2.1	2.3	2.4	2.2	1.9	1.9	1.6	2.3	2.0
Unemployment Rate (%)	6.0	5.8	5.8	5.8	5.7	5.7	5.8	6.3	5.8	5.7
U.S.	17Q4A	18Q1A	18Q2F	18Q3F	18Q4F	19Q1F	19Q2F	2017A	2018F	2019F
Real GDP Growth (AR)	2.9	2.0	4.1	2.6	2.1	1.3	1.7	2.3	2.9	1.9
Real Final Sales (AR)	3.4	2.0	4.1	2.6	2.0	1.3	1.7	2.4	2.8	1.9
All Items CPI Inflation (Y/Y)	2.1	2.2	2.7	2.9	2.9	2.7	2.6	2.1	2.7	2.5
Core CPI Inflation (Y/Y)	1.8	1.9	2.2	2.4	2.5	2.3	2.4	1.8	2.3	2.4
Unemployment Rate (%)	4.1	4.1	3.8	3.6	3.5	3.5	3.4	4.4	3.8	3.4

CANADA

In Canada, the latest monthly GDP print was enough to keep the economy tracking a 2.4% growth rate over the second quarter, a solid rebound from the subdued reading in Q1. However, the pace is set to cool over the second half as housing and consumption feel the effects of tighter financial conditions and business investment is muted by trade uncertainty. Outside of higher gas prices, inflation hasn't looked particularly strong. But ex-energy prices should firm as tightness in the labour market leads to higher wages.

UNITED STATES

Tailwinds from tax cuts and additional government spending now have the US economy looking like it exceeded a 4% growth rate in Q2. While the remainder of the year won't look as hot, expected strength in business capital spending will be enough to propel 2018 just under 3% growth. The rise in headline inflation hasn't been mirrored in core measures as gasoline prices have done much of the work, support that will fade in 2019.

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