

## ECONOMIC UPDATE

<b>CANADA</b>	<b>18Q2A</b>	<b>18Q3F</b>	<b>18Q4F</b>	<b>19Q1F</b>	<b>19Q2F</b>	<b>19Q3F</b>	<b>19Q4F</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Real GDP Growth (AR)	2.9	2.2	2.0	1.6	1.8	1.4	1.7	2.1	1.8	1.3
Real Final Domestic Demand (AR)	2.1	2.0	2.0	1.7	1.7	1.3	1.2	2.6	1.7	1.4
Household Consumption (AR)	2.6	1.5	2.1	1.6	1.6	1.4	1.3	2.1	1.7	1.5
All Items CPI Inflation (Y/Y)	2.3	2.9	2.6	2.2	2.0	1.8	2.0	2.4	2.0	1.9
Unemployment Rate (%)	5.9	6.0	5.9	5.9	5.8	5.8	5.8	5.9	5.8	6.1
<b>U.S.</b>	<b>18Q2A</b>	<b>18Q3F</b>	<b>18Q4F</b>	<b>19Q1F</b>	<b>19Q2F</b>	<b>19Q3F</b>	<b>19Q4F</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Real GDP Growth (AR)	4.2	3.2	1.9	1.8	2.0	2.0	1.6	2.8	2.2	1.4
Real Final Sales (AR)	5.3	2.2	1.9	1.8	2.1	2.0	1.7	2.9	2.2	1.4
All Items CPI Inflation (Y/Y)	2.7	2.7	2.8	2.6	2.5	2.5	2.3	2.6	2.5	2.0
Core CPI Inflation (Y/Y)	2.2	2.3	2.5	2.4	2.5	2.5	2.3	2.3	2.4	2.2
Unemployment Rate (%)	3.9	3.9	3.8	3.7	3.6	3.6	3.8	3.9	3.7	4.3

### CANADA

Given that we always expected a deal to materialize, the trade agreement with the US and Mexico doesn't change our outlook for the Canadian economy. The July GDP surprise was, however, enough to push our Q3 growth forecast above 2%, and raise 2018 tracking a tick to 2.1%. Still, we see growth cooling next year as households feel more of a pinch from higher rates, and business investment and exports struggle to gain significant traction.

### UNITED STATES

A stronger-than-expected showing from American consumers boosted our Q3 growth forecast to 3.2%. Solid job growth and fiscal stimulus continue to propel healthy household spending. However, pockets of weakness in housing suggest that higher interest rates are starting to slow growth. The impact of hurricane Florence on national growth should be relatively muted given that the affected regions account for a small share of the economy.

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