



# Forecast Update

July 4, 2018

Economics (416) 594-7355

## INTEREST & EXCHANGE RATE FORECAST

END OF PERIOD:	2018		2018		2019		
	3-Jul	Sep	Dec	Mar	Jun	Sep	Dec
<b>CDA</b> Overnight target rate	1.25	1.50	1.50	1.75	1.75	2.00	2.00
98-Day Treasury Bills	1.24	1.45	1.45	1.75	1.70	1.95	2.00
2-Year Gov't Bond	1.91	2.05	2.05	2.10	2.10	2.20	2.25
10-Year Gov't Bond	2.19	2.50	2.55	2.65	2.70	2.65	2.60
30-Year Gov't Bond	2.22	2.45	2.75	2.85	2.85	2.90	3.05
<b>U.S.</b> Federal Funds Rate	1.875	2.125	2.375	2.375	2.625	2.625	2.875
91-Day Treasury Bills	1.98	2.05	2.25	2.35	2.55	2.65	2.80
2-Year Gov't Note	2.55	2.60	2.75	2.75	2.80	2.80	2.85
10-Year Gov't Note	2.86	2.95	3.05	3.20	3.30	3.25	3.15
30-Year Gov't Bond	2.98	3.25	3.45	3.50	3.50	3.55	3.60
Canada - US T-Bill Spread	-0.74	-0.60	-0.80	-0.60	-0.85	-0.70	-0.80
Canada - US 10-Year Bond Spread	-0.67	-0.45	-0.50	-0.55	-0.60	-0.60	-0.55
Canada Yield Curve (10-Year — 2-Year)	0.28	0.45	0.50	0.55	0.60	0.45	0.35
US Yield Curve (10-Year — 2-Year)	0.31	0.35	0.30	0.45	0.50	0.45	0.30
<b>EXCHANGE RATES</b>							
CADUSD	0.76	0.75	0.75	0.76	0.78	0.76	0.77
USDCAD	1.32	1.33	1.34	1.31	1.28	1.31	1.30
USDJPY	111	112	110	108	106	104	104
EURUSD	1.16	1.17	1.19	1.21	1.23	1.25	1.28
GBPUSD	1.32	1.31	1.32	1.36	1.38	1.42	1.47
AUDUSD	0.74	0.76	0.79	0.81	0.82	0.84	0.85
USDCHF	0.99	0.98	0.97	0.96	0.95	0.94	0.94
USDBRL	3.90	3.70	3.55	3.50	3.45	3.50	3.55
USDMXN	19.6	19.4	18.9	18.5	18.1	18.4	18.0



## US FORECAST DETAIL

(real % change, SAAR, unless otherwise noted)

	18:1F	18:2F	18:3F	18:4F	19:1F	19:2F	19:3F	19:4F	2017A	2018F	2019F
<b>GDP At Market Prices (\$Bn)</b>	19,960	20,313	20,577	20,816	20,994	21,172	21,379	21,588	19,391	20,417	21,283
% change	4.2	7.3	5.3	4.7	3.5	3.4	4.0	4.0	4.1	5.3	4.2
<b>Real GDP (\$2009 Bn)</b>	17,372	17,549	17,663	17,754	17,814	17,889	17,965	18,034	17,096	17,585	17,925
% change	2.0	4.1	2.6	2.1	1.3	1.7	1.7	1.5	2.3	2.9	1.9
<b>Final Sales</b>	2.0	4.1	2.6	2.0	1.3	1.7	1.7	1.6	2.4	2.8	1.9
<b>Personal Consumption</b>	0.9	3.0	3.1	2.4	1.4	1.3	1.2	1.6	2.8	2.5	1.9
<b>Total Govt. Expenditures</b>	1.3	2.1	2.2	2.2	0.5	0.8	1.0	0.6	0.1	1.7	1.2
<b>Residential Investment</b>	-1.1	3.5	3.3	2.8	1.2	2.0	1.7	1.1	1.8	2.1	2.1
<b>Business Fixed Investment</b>	10.4	7.7	9.4	6.3	2.7	4.4	4.0	3.4	4.7	7.9	5.0
<b>Inventory Change (\$2009 Bn)</b>	13.9	15.2	16.0	19.1	19.0	17.2	16.2	14.2	15.2	16.1	16.7
<b>Exports</b>	3.6	3.7	3.2	2.8	2.3	2.6	3.0	2.3	3.4	4.0	2.7
<b>Imports</b>	3.2	0.1	10.4	8.1	2.6	2.1	1.7	2.7	4.0	5.2	4.2
<b>GDP Deflator</b>	2.2	3.0	2.6	2.6	2.1	1.7	2.2	2.4	1.8	2.4	2.3
<b>CPI (yr/yr % chg)</b>	2.2	2.7	2.9	2.9	2.7	2.6	2.4	2.4	2.1	2.7	2.5
<b>Core CPI (yr/yr % chg)</b>	1.9	2.2	2.4	2.5	2.3	2.4	2.4	2.4	1.8	2.3	2.4
<b>Unemployment Rate (%)</b>	4.1	3.8	3.6	3.5	3.5	3.4	3.4	3.4	4.4	3.8	3.4
<b>Housing Starts (AR, K)</b>	1,317	1,327	1,335	1,323	1,352	1,360	1,368	1,376	1,208	1,326	1,364



## CANADA FORECAST DETAIL

(real % change, SAAR, unless otherwise noted)

	<b>18:1A</b>	<b>18:2F</b>	<b>18:3F</b>	<b>18:4F</b>	<b>19:1F</b>	<b>19:2F</b>	<b>19:3F</b>	<b>19:4F</b>	<b>2017F</b>	<b>2018F</b>	<b>2019F</b>
<b>GDP At Market Prices (\$Bn)</b>	2,194	2,220	2,245	2,271	2,290	2,310	2,329	2,352	2,145	2,233	2,320
% change	2.6	4.8	4.6	4.7	3.4	3.5	3.3	4.0	5.4	4.1	3.9
<b>Real GDP (\$2007 Bn)</b>	1,877	1,889	1,898	1,907	1,914	1,921	1,926	1,934	1,856	1,893	1,924
% change	1.3	2.4	2.0	1.9	1.4	1.5	1.2	1.6	3.0	2.0	1.6
<b>Final Domestic Demand</b>	2.1	2.5	2.3	1.9	1.6	1.2	1.1	1.1	3.0	2.8	1.6
<b>Household Consumption</b>	1.1	2.2	2.6	2.2	1.7	1.3	1.2	1.0	3.5	2.2	1.8
<b>Total Govt. Expenditures</b>	3.3	2.8	1.8	1.6	1.7	1.8	1.4	1.4	2.6	3.1	1.7
<b>Residential Construction</b>	-7.2	1.9	2.3	1.0	-3.0	-4.4	-5.0	-3.0	2.9	1.1	-1.8
<b>Business Fixed Investment*</b>	11.0	3.8	1.5	1.8	3.6	2.8	3.3	3.0	2.5	6.3	2.8
<b>Inventory Change (\$2007 Bn)</b>	15.3	12.9	10.4	9.4	7.2	7.1	6.8	6.6	13.9	12.0	6.9
<b>Exports</b>	1.7	3.4	2.9	3.0	3.9	3.4	3.0	3.9	1.1	1.4	3.4
<b>Imports</b>	4.9	1.9	1.9	2.3	2.9	2.5	2.3	2.1	3.6	3.8	2.4
<b>GDP Deflator</b>	1.4	2.3	2.5	2.7	2.0	2.0	2.1	2.4	2.3	2.1	2.2
<b>CPI (yr/yr % chg)</b>	2.1	2.3	2.4	2.2	1.9	1.9	2.0	2.2	1.6	2.3	2.0
<b>Unemployment Rate (%)</b>	5.8	5.8	5.8	5.7	5.7	5.8	5.7	5.7	6.3	5.8	5.7
<b>Employment Change (K)</b>	3	28	49	55	45	43	43	56	337	216	185
<b>Goods Trade Balance (AR, \$bn)</b>	-35.9	-33.1	-31.7	-29.4	-28.3	-27.3	-27.7	-27.7	-24.0	-32.5	-27.8
<b>Housing Starts (AR, K)</b>	223	203	194	194	186	178	173	174	220	204	178

\* M&E plus Non-Res Structures and Intellectual Property and NPISH



## PROVINCIAL FORECAST DETAIL

(real % change, SAAR, unless otherwise noted)

	Real GDP Y/Y % Chg			Nominal GDP Y/Y % Chg			Employment Y/Y % Chg			Unemployment Rate %			Housing Starts 000s Units			Consumer Price Index Y/Y % Chg		
	2017F	2018F	2019F	2017F	2018F	2019F	2017A	2018F	2019F	2017A	2018F	2019F	2017A	2018F	2019F	2017A	2018F	2019F
BC	3.3	2.5	1.7	5.4	4.5	3.6	3.7	1.2	0.9	5.1	4.7	4.7	43.5	39.0	31.0	2.1	2.6	2.1
Alta	3.8	1.9	2.1	7.5	4.5	5.6	1.0	1.3	1.1	7.8	6.7	6.3	29.3	33.0	32.0	1.5	2.4	2.0
Sask	2.3	2.1	1.8	5.8	4.7	5.1	-0.2	0.0	1.0	6.3	6.1	5.7	5.0	6.0	6.0	1.7	2.5	2.1
Man	2.9	1.9	1.8	5.0	3.7	3.8	1.7	0.5	0.8	5.4	5.5	5.3	7.6	7.0	7.0	1.6	2.4	2.0
Ont	2.9	2.1	1.5	5.0	4.1	3.5	1.8	1.1	1.1	6.0	5.6	5.5	80.2	72.0	64.0	1.7	2.3	2.1
Qué	3.0	2.3	1.5	5.1	4.1	3.5	2.2	1.3	0.9	6.1	5.5	5.4	46.3	40.0	31.0	1.1	1.8	1.8
NB	1.8	1.1	1.0	3.9	2.9	3.0	0.4	0.4	0.1	8.1	8.0	7.9	2.3	2.0	2.0	2.3	2.1	1.9
NS	1.7	1.2	0.9	3.8	3.0	2.9	0.6	0.1	0.0	8.4	8.2	8.2	4.0	3.0	3.0	1.1	2.1	1.9
PEI	2.4	1.7	0.8	4.5	3.5	2.8	3.1	1.2	0.5	9.8	9.6	9.1	1.0	0.8	0.5	1.8	2.3	2.1
N&L	-1.8	-0.9	1.5	1.6	1.7	4.4	-3.7	0.4	0.2	14.8	14.1	13.9	1.4	1.5	1.5	2.4	1.6	1.9
<b>Canada</b>	<b>3.0</b>	<b>2.0</b>	<b>1.6</b>	<b>5.4</b>	<b>4.1</b>	<b>3.9</b>	<b>1.9</b>	<b>1.1</b>	<b>1.0</b>	<b>6.3</b>	<b>5.8</b>	<b>5.7</b>	<b>220</b>	<b>204</b>	<b>178</b>	<b>1.6</b>	<b>2.3</b>	<b>2.0</b>

Sources: CIBC, Statistics Canada, CMHC



## COMMODITIES FORECAST DETAIL

		2017	2018 (f)	2019 (f)
Oil (WTI)	\$/bbl	51	65	67
Natural Gas (Henry)	\$/Mn Btu	3.02	2.80	2.90
Gold*	\$/troy oz	1303	1250	1225
Silver*	\$/troy oz	16.9	18.1	18.0
Iron Ore (62% Fe)	\$/mt	71	60	56
Copper	\$/lb	2.81	2.86	2.73
Aluminum	\$/lb	0.89	0.95	0.93
Nickel	\$/lb	4.73	4.73	4.69
Zinc	\$/lb	1.31	1.47	1.43
Lumber**	\$/'000 bd ft	385	500	465
Potash	\$/tonne	218	230	230

\* end of period, \*\*1st CME Futures

*NB: Above are CIBC Economics' Forecasts, which will differ from pricing assumptions made by CIBC Equity Research Analysts.*

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