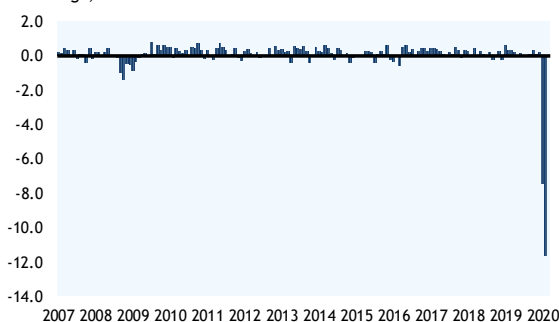


## Overview and highlights

### Real GDP

% change, month-over-month



Source: Statistics Canada

▲ Canada GDP fell (an unprecedented) 11.6% in April, but recovery began in May

▲ Employment jumped by 953 thousand in June - still down 1.8 million from February

▲ May retail sales grew 18.7% from April, and preliminary estimate points to further growth (24.5%) in June

▲ Total housing starts up to 212k in June

▲ Exports increased 6.7% in May, imports fell further (-3.9%), and the net deficit narrowed to \$0.7 billion

▲ CPI was up +0.7% from a year ago from -0.4% in May

## CURRENT TRENDS UPDATE – CANADA

Update - July 22, 2020

### Canada GDP plunged 11.6% in April

Latest available: April

Release date: June 30, 2020

All industry-groups posted declines in April as a full month of virus containment measures took its toll. Manufacturing and construction output both fell more than 20%, as did retail trade. Health care and social assistance fell another 10%, education output fell 9%. Still, the largest 2-month declines were, unsurprisingly, in accommodation & food services and arts, entertainment and recreation which fell 64% and 56%, respectively, over March and April combined. Statistics Canada estimated that GDP increased 3% in May. That would retrace less than 15% of the March/April declines, but containment measures have continued to ease and early reports on June have looked significantly less -bad.

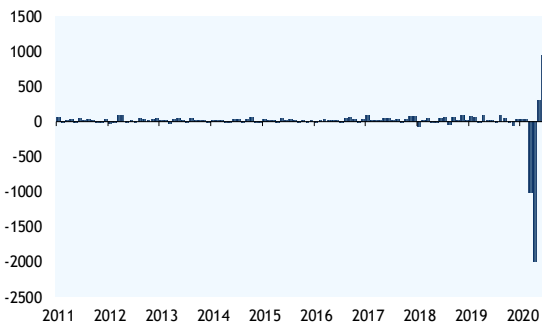
### Economy at a glance

	% change from		
	Latest month	Previous month	Year ago
Real GDP	Apr	-11.6	-17.1
Industrial production	Apr	-16.2	-22.8
Employment	Jun	5.8	-8.5
Unemployment rate*	Jun	12.3	5.6
Manufacturing			
Production	Apr	-22.5	-29.4
Employment	Jun	5.4	-8.1
Shipments	May	10.7	-31.6
New orders	May	9.4	-36.3
Inventories	May	-1.5	-3.3
Retail sales	May	18.7	-18.4
Car sales	May	109.2	-47.0
Housing starts (000s)*	Jun	211.6	243.9
Exports	May	6.7	-34.1
Imports	May	-3.9	-32.6
Trade balance (\$billions)*	May	-0.7	0.1
Consumer prices	Jun	0.8	0.7

\* Levels are shown for the latest period and the same period a year earlier.

## Employment

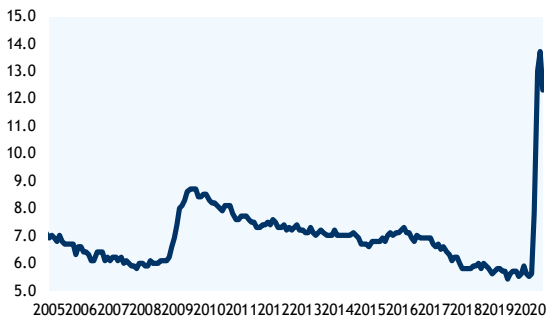
Change in thousands, month-over-month



Source: Statistics Canada

## Unemployment rate

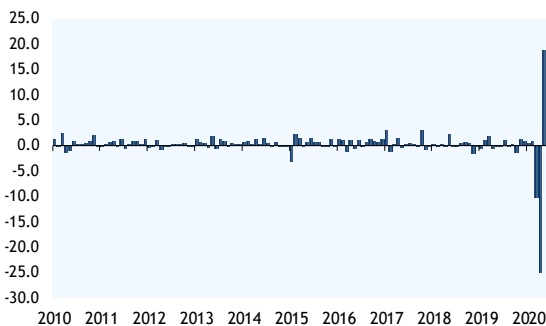
% of labour force



Source: Statistics Canada

## Retail sales

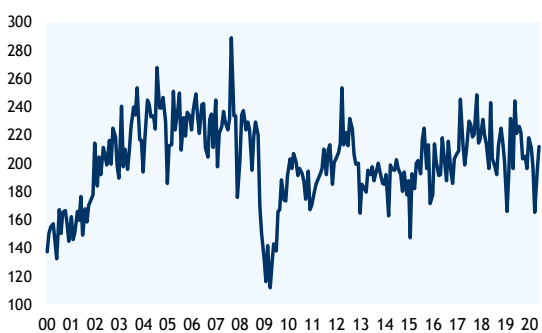
% change, month-over-month



Source: Statistics Canada

## Housing starts

Thousands



Source: Canadian Mortgage and Housing Corporation

## Surge in Canadian employment in June

Latest available: June

Release date: July 10, 2020

The June increase (953k) built on a 290k May gain, but the combined 2-month rise still only retraced about 40% of losses over March and April. The level of employment was still down 1.8 million from February in June. As-expected, further easing in virus containment measures left a more even split on job gains across goods and service-producing sectors. The unemployment rate fell sharply to 12.3% - clearly still an exceptionally high rate by historical comparison but better than the 13.7% May rate. The labour force participation rate rebounded to 63.8%.

## Canada retail sales bounced back in May/June

Latest available: May

Release date: July 21, 2020

Retail sales recorded a sharp 18.7% rise in May. Statistics Canada noted 23% of retailers remained closed during May, down from one-third in April. The rebound was wide-spread across almost all sub-categories, though led by motor vehicle and parts sales. Heightened demand for online purchases has pushed e-commerce sales to account for well over 8% of overall retail sales, compared to just 3% a year ago. Overall e-commerce sales remained elevated in May, up 112.7% year-over-year, and that's excluding sales made from foreign retailers.

## Canadian housing starts up again in June

Latest available: June

Release date: July 9, 2020

Canadian housing starts edged up to 212k in June, further rebounding from the trough of 165k in April and back to slightly above their (pre-shock) February level already. The 6-month rolling average of starts rose for the first time in seven months. Starts in Ontario more-than accounted for all of the month over month rise in June, up 36% from May to 78k. Building permits have remained resilient (221k units as of May) as well. New building activity appears to have been relatively resilient throughout the downturn - even the low-point in April wasn't as big a decline as a lot of other economic indicators for that month.

## Canada trade flows still down sharply in May

Latest available: May  
Release date: July 2, 2020

Trade flows in general remain sharply depressed relative to pre-shock levels. Motor vehicle exports increased 76.2% after declining 83% in April, but were still 74% below February levels. And energy exports rebounded 14.5% but mostly reflecting higher (but still low) oil prices in the month. Services exports fell another 2.6%. Imports of travel services unexpectedly bounced higher in May, but overall services imports were still down slightly. The data is consistent with other indicators that industrial activity bounced back in May albeit at a slower pace than the early reports of the firming in consumer spending activity.

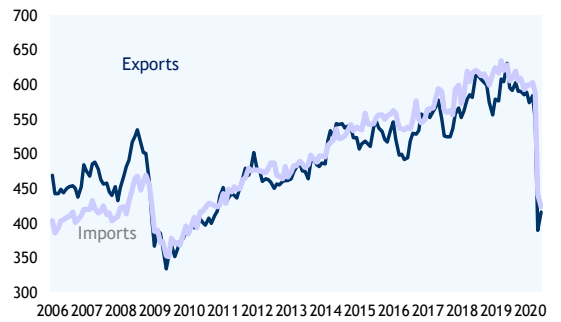
## Canadian CPI growth edged higher in June

Latest available: June  
Release date: July 22, 2020

A large chunk of the rise in the headline inflation rate came from a bounce-back in gasoline prices as oil prices continued to recover. Price growth for food continued to run substantially higher than overall inflation at +2.7% year-over-year, albeit down slightly from May's 3.1% rise. Beef prices surged a whopping 8.3% in June due to COVID-19-related processing plant closures. Mortgage costs also declined alongside falling interest rates. The economic downturn in April was exceptionally large - and virus spread in the still mean that the economy is likely to run well-below long-run capacity limits for the foreseeable future. That should ultimately keep underlying inflation pressures muted, and leave the Bank of Canada free to leave interest rates exceptionally low

### Merchandise trade

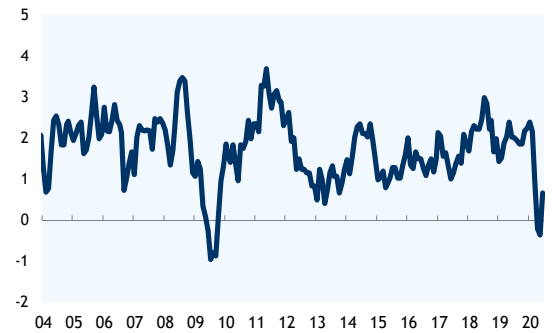
C\$ billions, annualized



Source: Statistics Canada

### Consumer price index

% change, year-over-year



Source: Statistics Canada

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