

2021: a year of economic recovery

Soft start to be followed by a healthy rebound

March 2021

Carrie Freestone
Economist

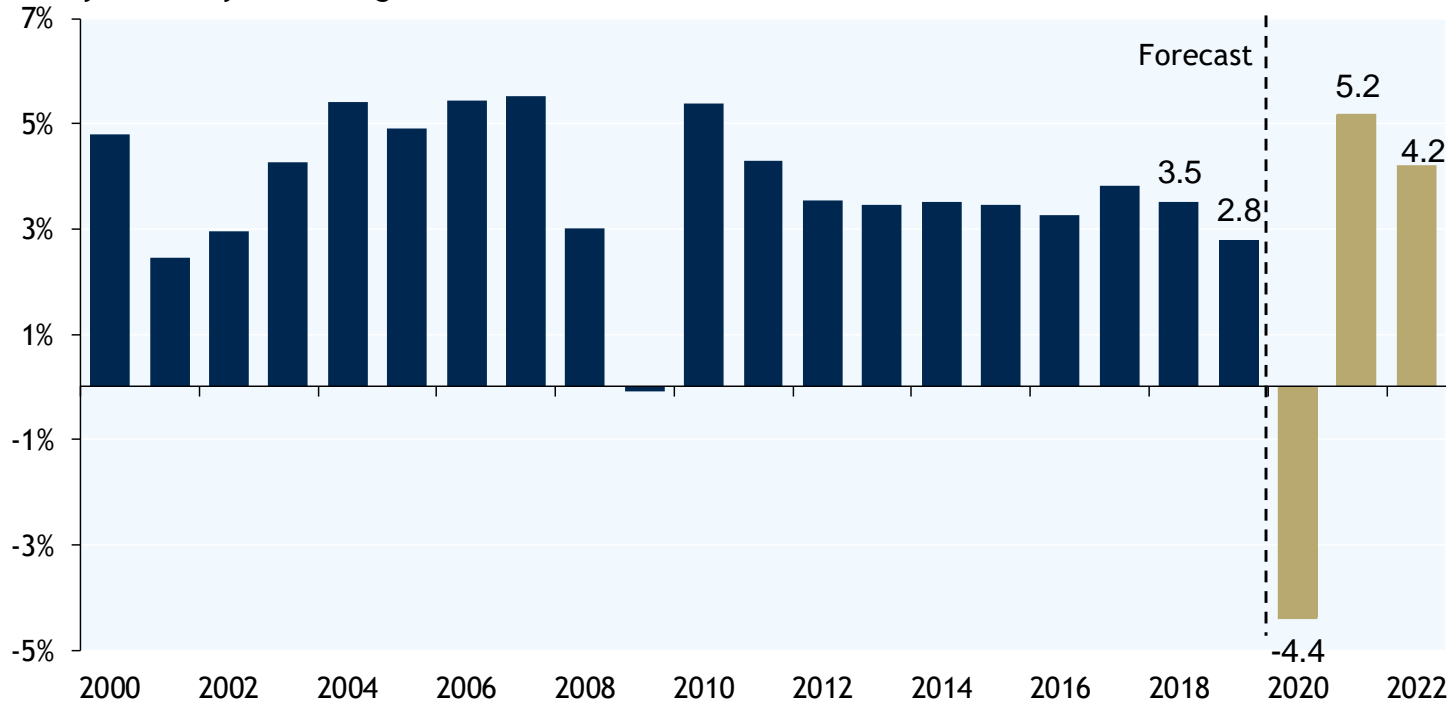
(416) 974-6930 carrie.freestone@rbc.com



Vaccinations and policy support to drive growth in 2021

Global GDP growth

year-over-year % change

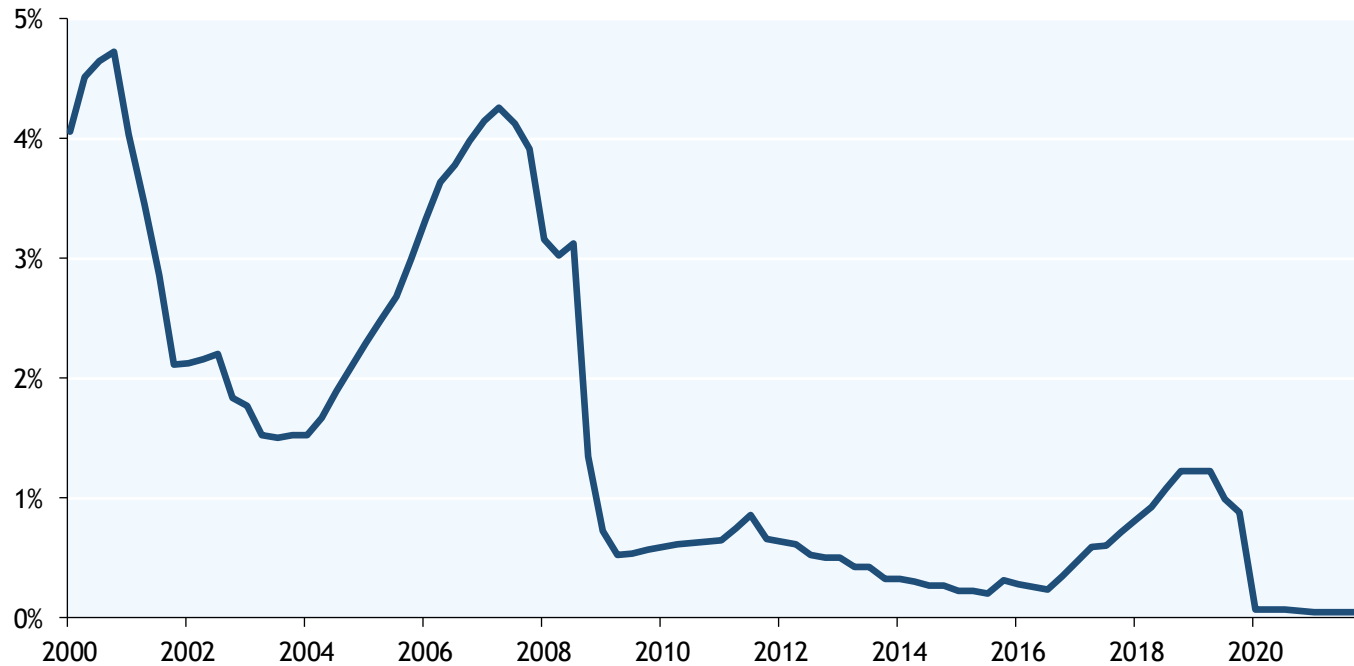


Source: IMF, RBC Economics

Interest rates will remain very low

Advanced economies policy rate

end of period

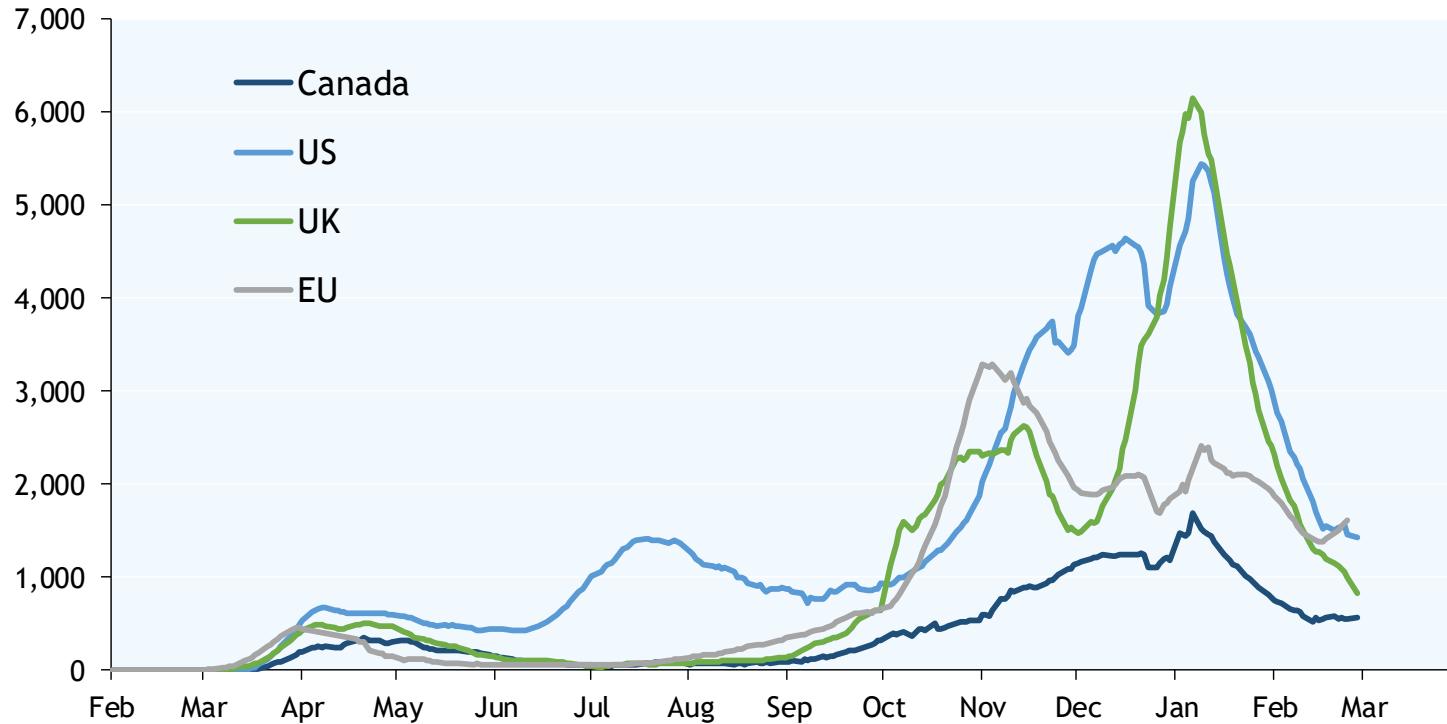


Source: Haver, RBC Economics

Case counts ease after second wave surge

Confirmed COVID-19 cases

7-day increase in cases per million population

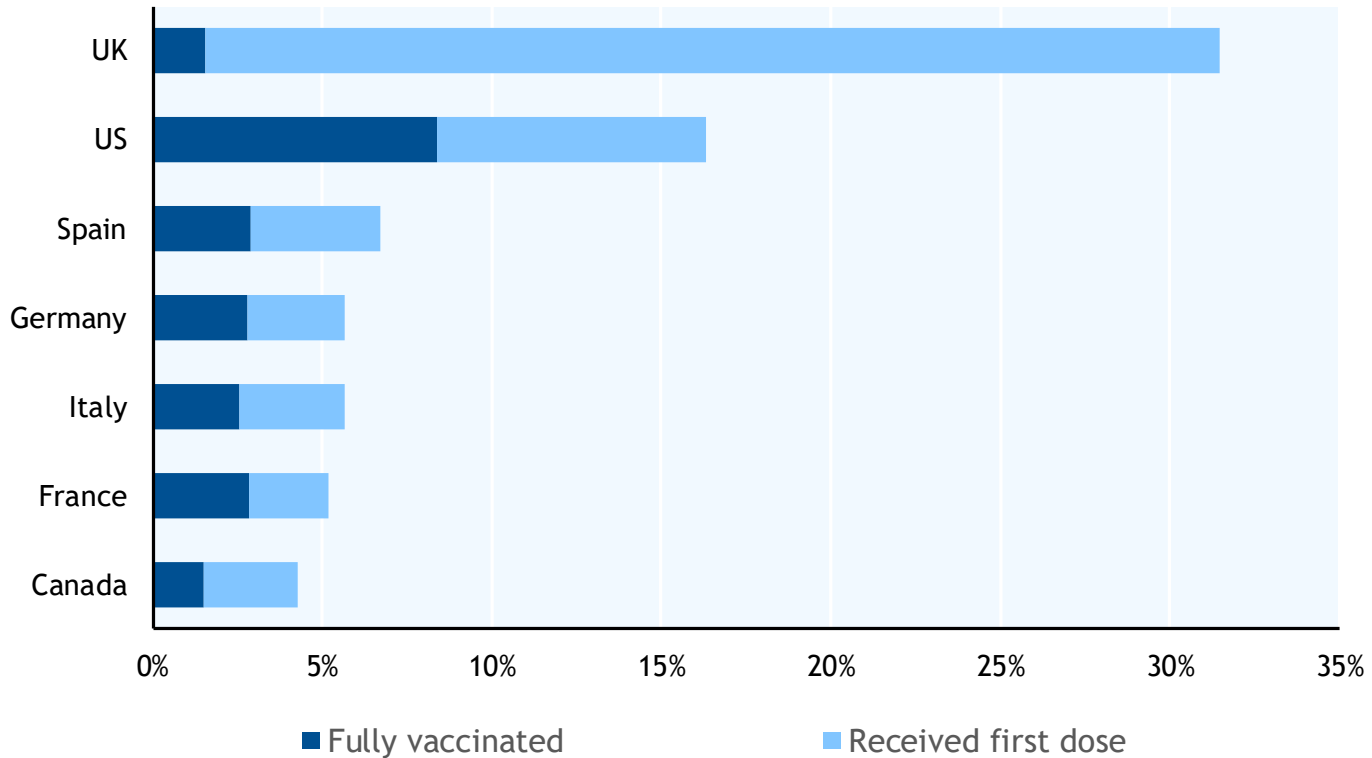


Source: Johns Hopkins University, RBC Economics

Vaccinations picking up, Canada behind

UK and US off to early vaccine lead

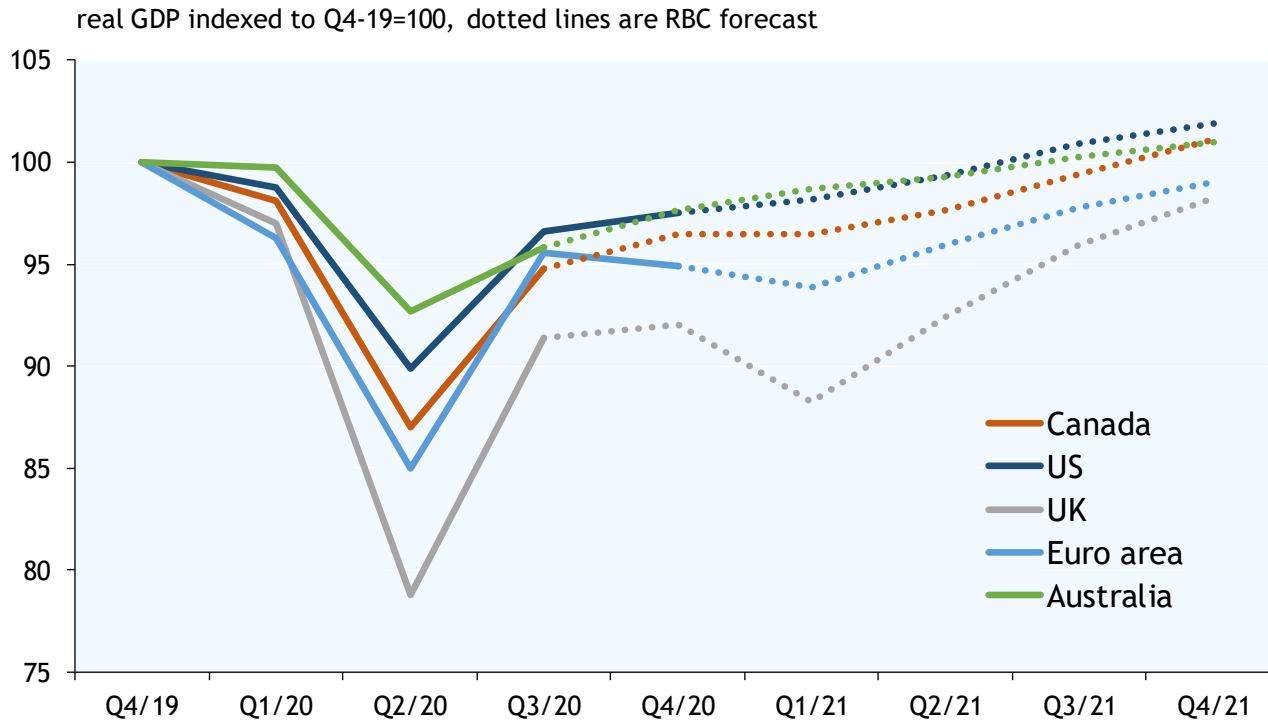
share of population vaccinated as of March 4th, 2021



Source: ourworldindata.org, covid19tracker.ca, RBC Economics

Growth will accelerate as threat of virus spread diminishes

Economic recoveries will gather steam as 2021 progresses



Source: StatCan, BEA, ONS, EuroStat, ABS, RBC Economics

Canada: getting ready for lift-off

Real GDP growth: Canada

Year to Year % change

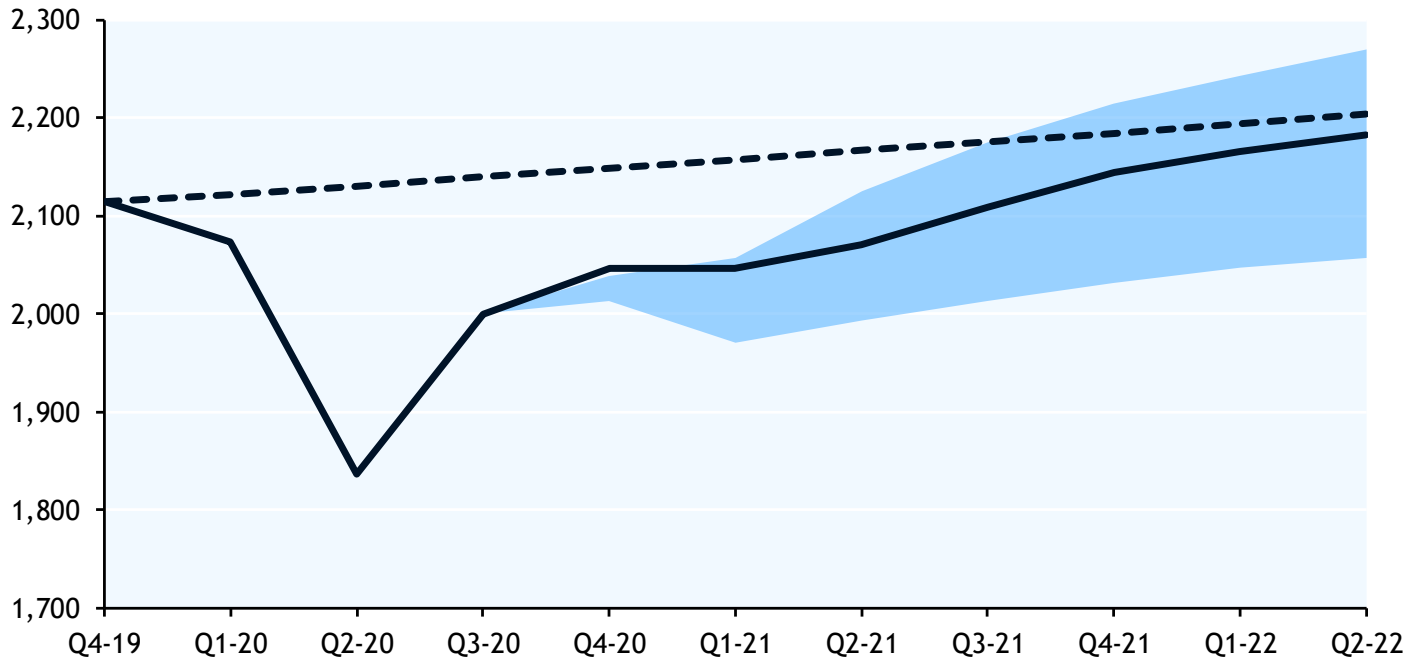


Source: Statistics Canada, RBC Economics

Economy to recover pandemic losses by year end

RBC vs. Bloomberg consensus Canadian real GDP projections

billions of chained 2012 C\$

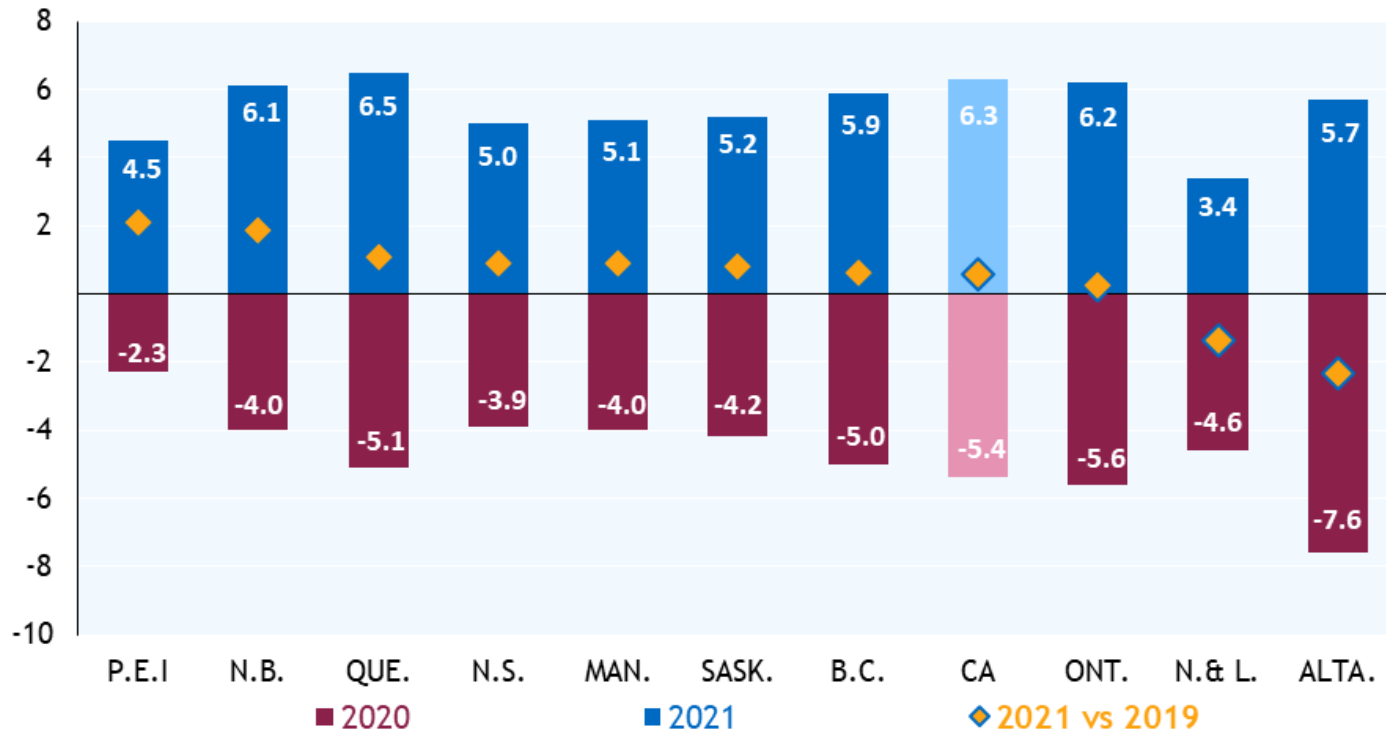


Source: Bloomberg, RBC Economics

8 out of 10 provinces to recover this year

All but two provinces to fully reverse 2020 contraction this year

Real GDP, annual % change (2020 and 2021) and % change from 2019 to 2021

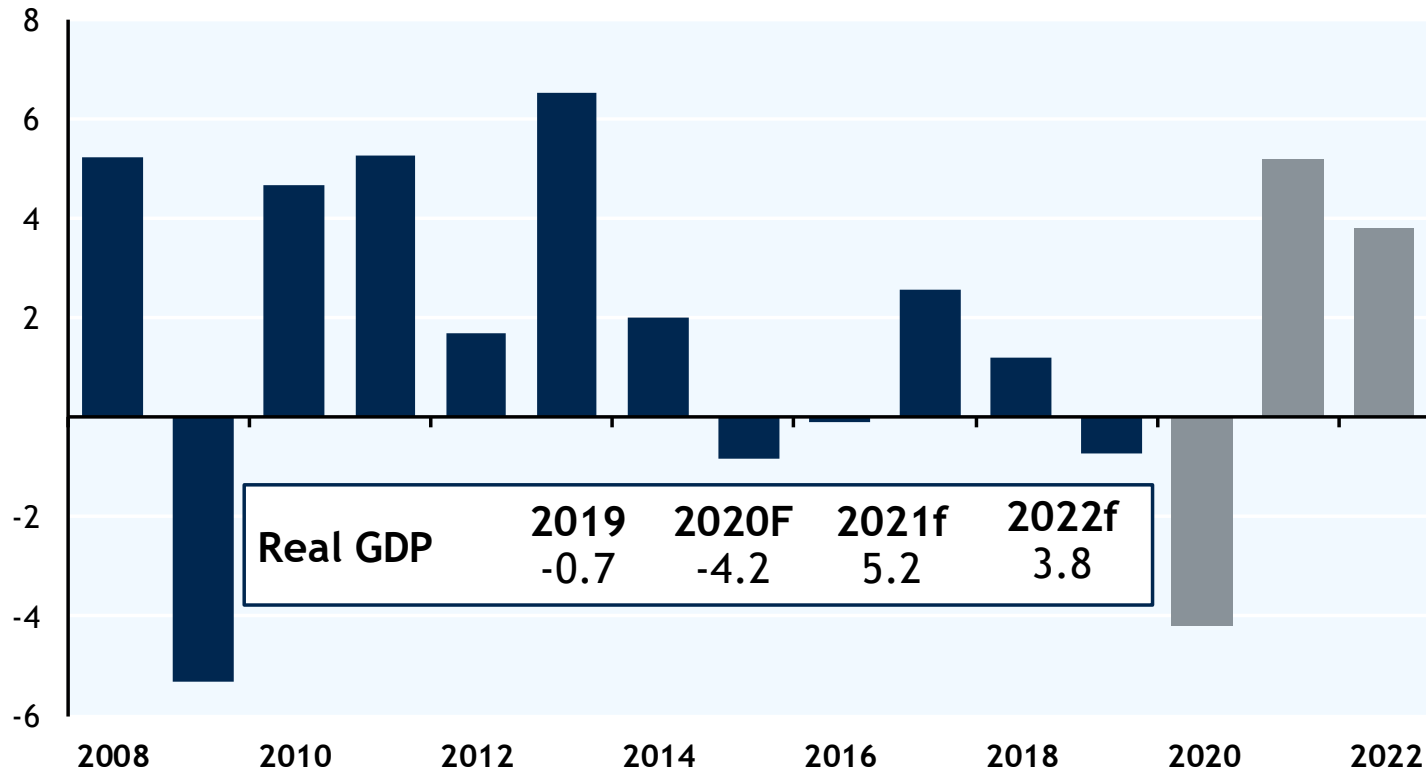


Source: Statistics Canada, RBC Economics

Saskatchewan to fully recover in 2021

Real GDP Growth: Saskatchewan

Year to year % change

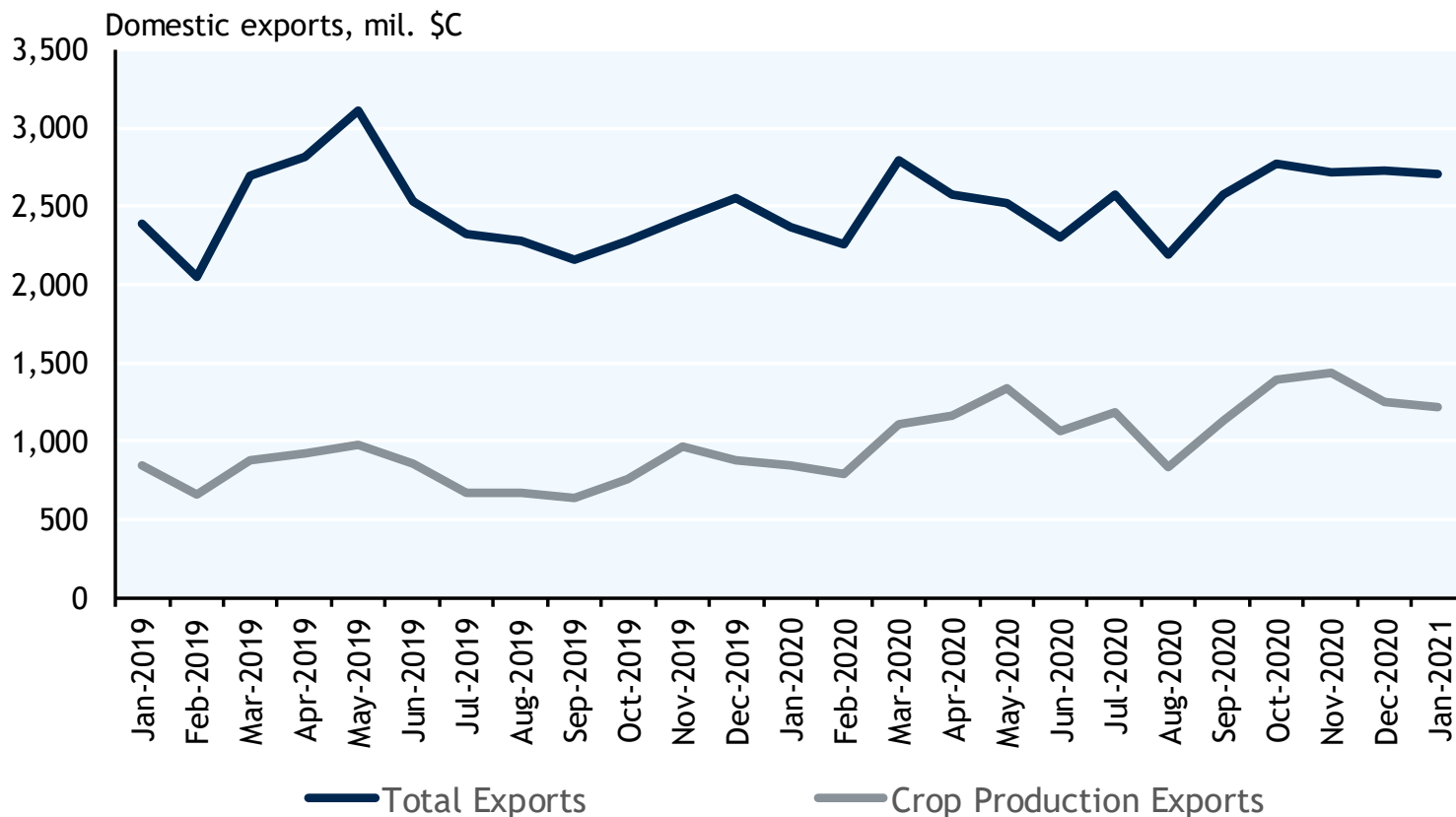


Source: Statistics Canada, RBC Economics



Saskatchewan to fully recover in 2021

SK exports increased during the pandemic

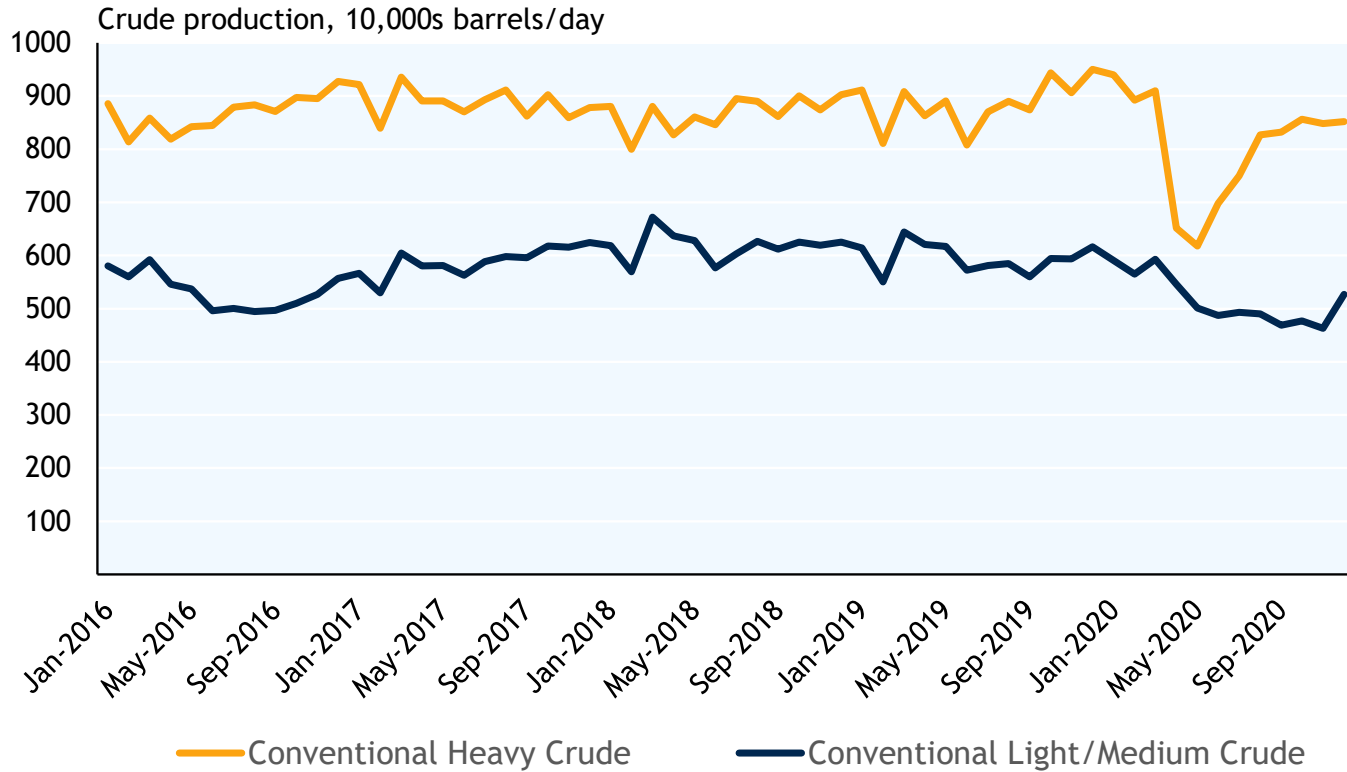


Source: Statistics Canada, RBC Economics Research



Crude production to slowly pick up

Crude production picking up in Saskatchewan

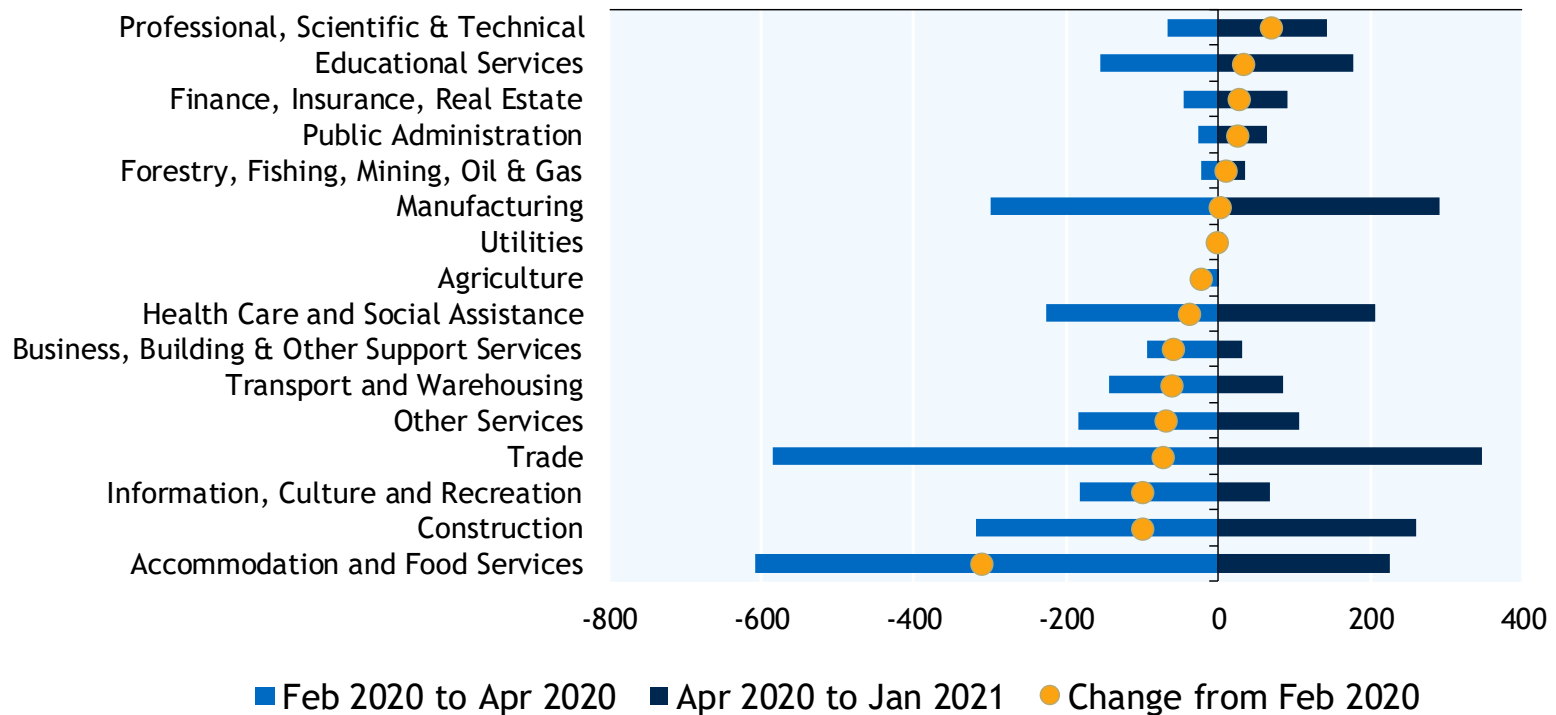


Source: Statistics Canada, RBC Economics

Job losses concentrated in services-sector

Canadian employment by industry

change in employment, monthly data, thousands



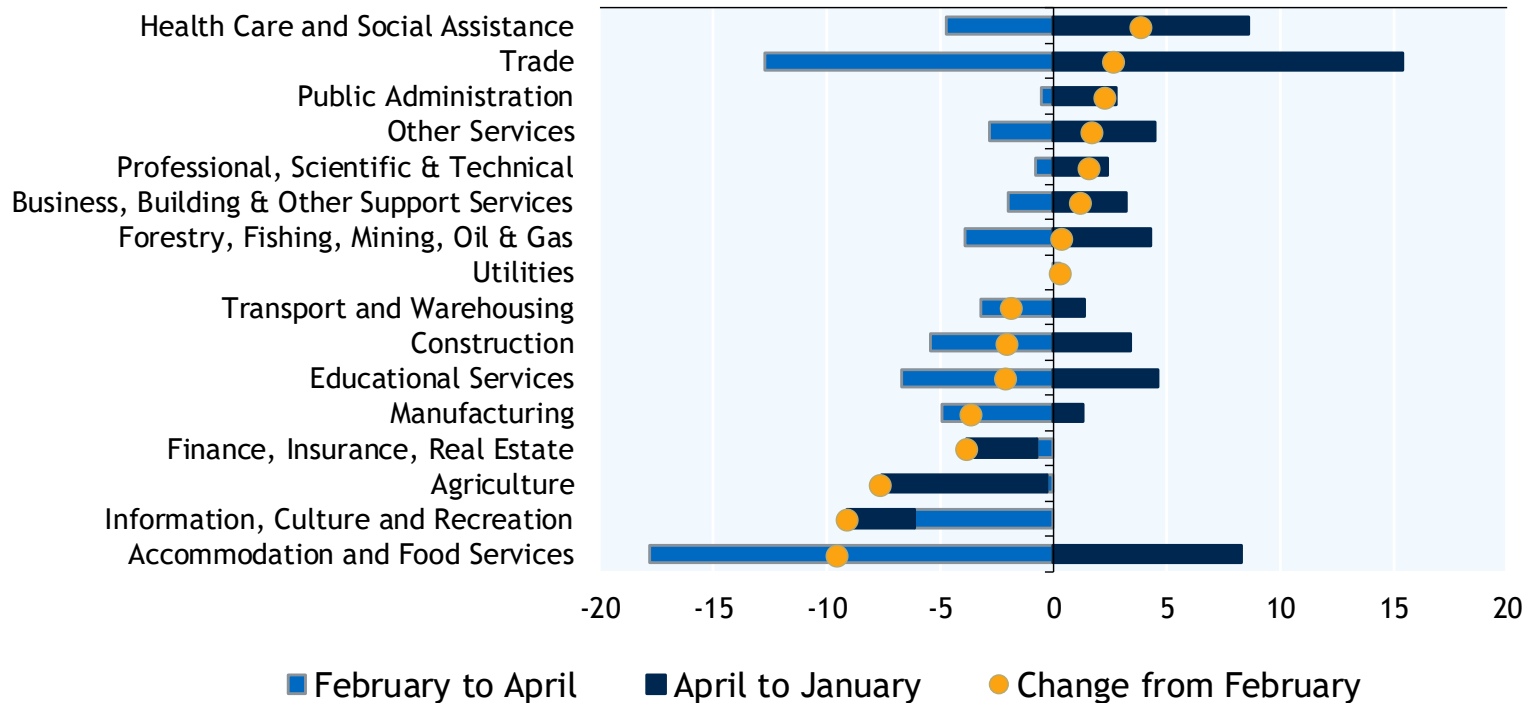
Source: Statistics Canada, RBC Economics



Job losses in SK mimic national trends

SK employment by industry

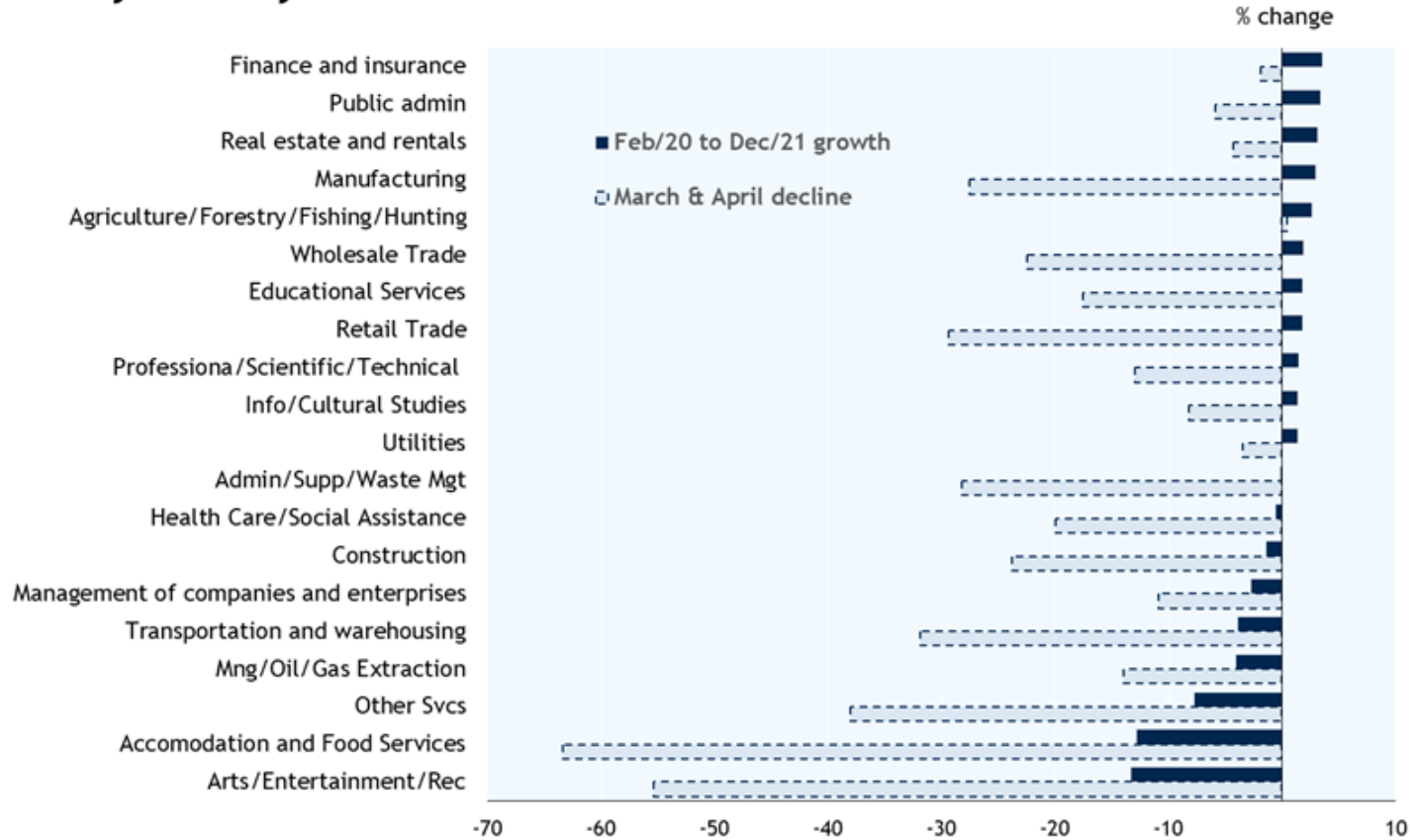
change in employment, monthly data, thousands



Source: Statistics Canada, RBC Economics

Uneven recovery will continue

GDP by industry

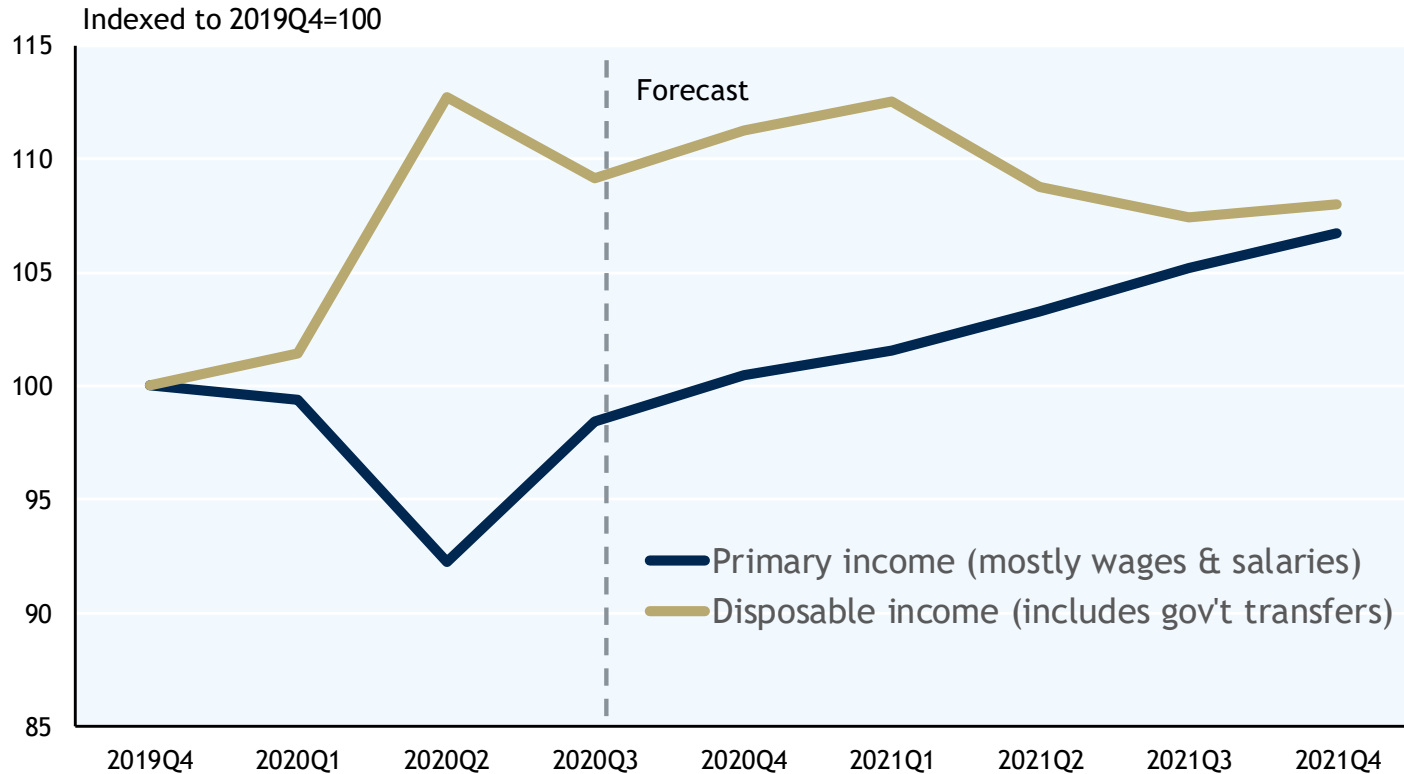


Source: Statistics Canada, RBC Economics Research



Government support exceeded lost wages

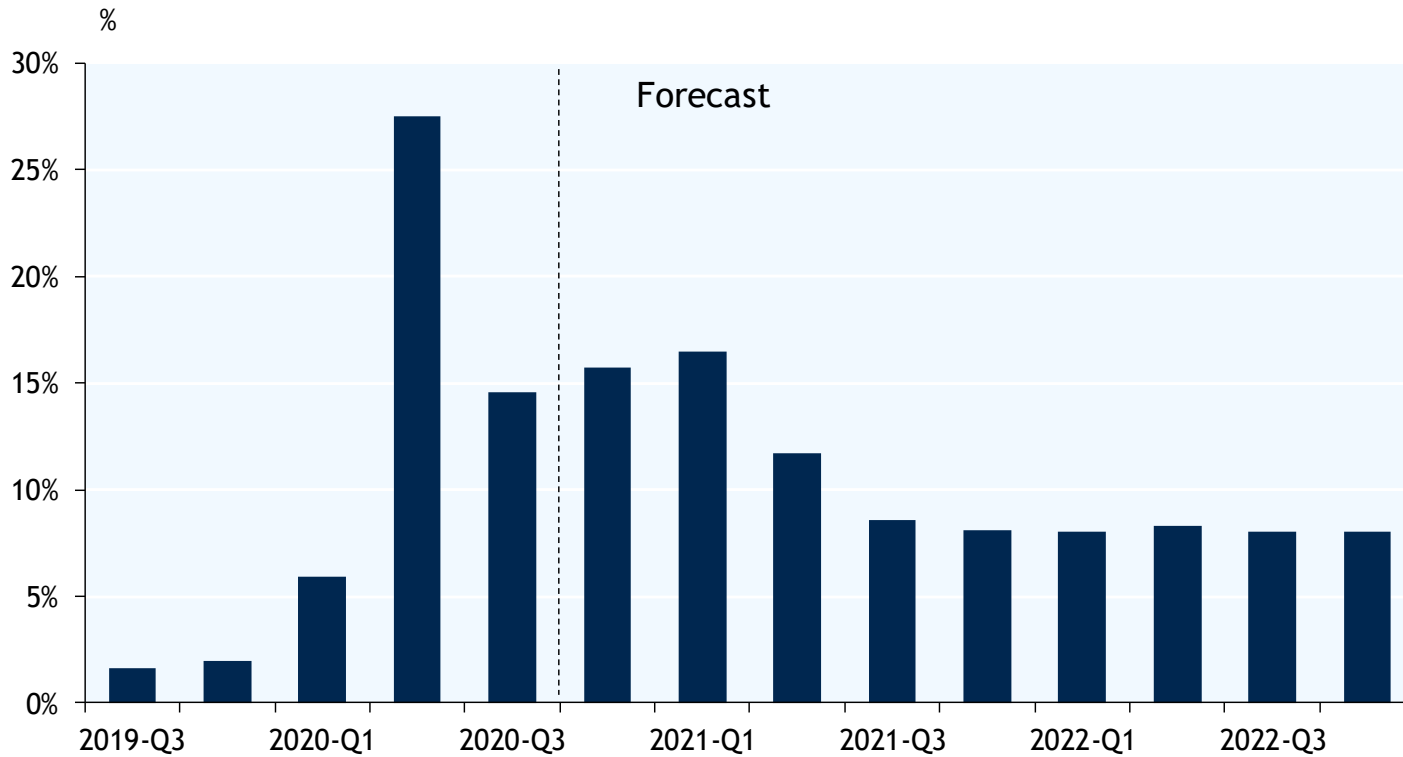
Canada Primary vs Disposable Household Income



Source: Statistics Canada, RBC Economics

Savings surged; some will be deployed in 2021

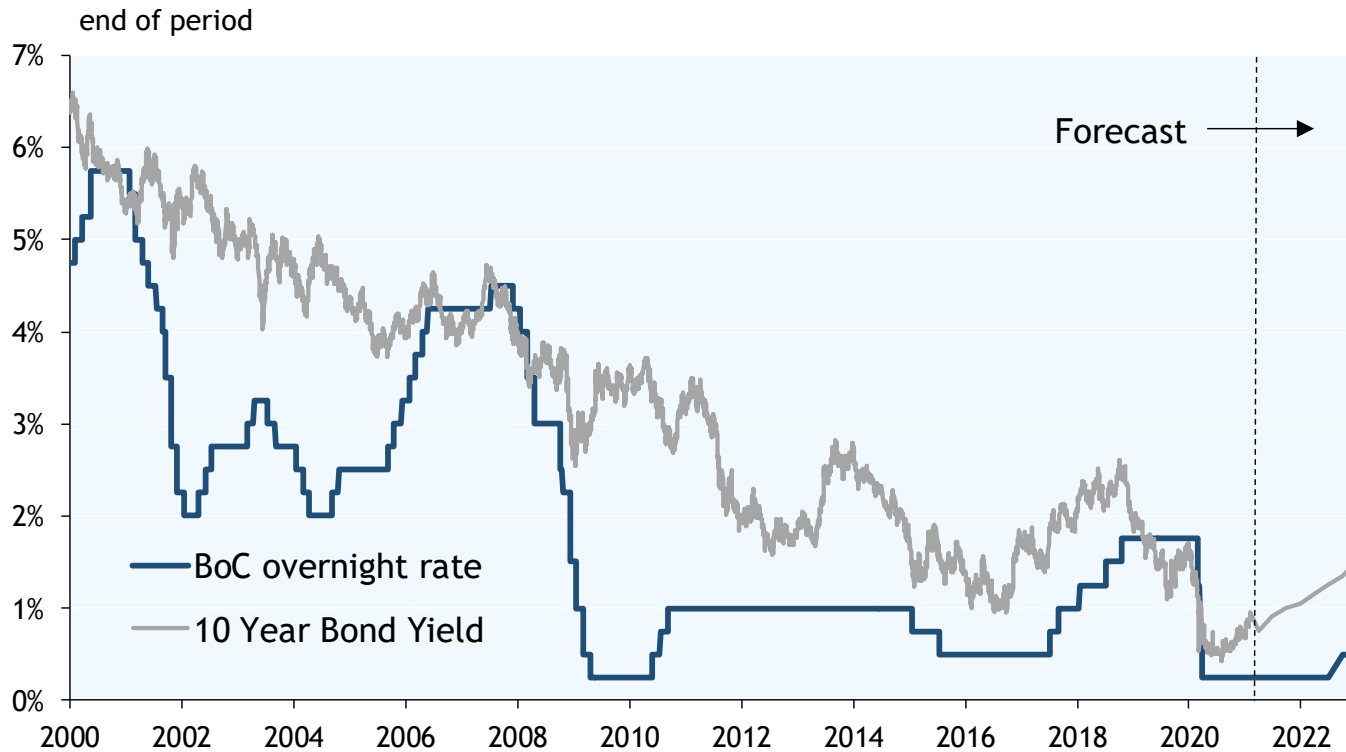
Canada Household Savings Rate



Source: Statistics Canada, RBC Economics

Monetary policy to remain supportive

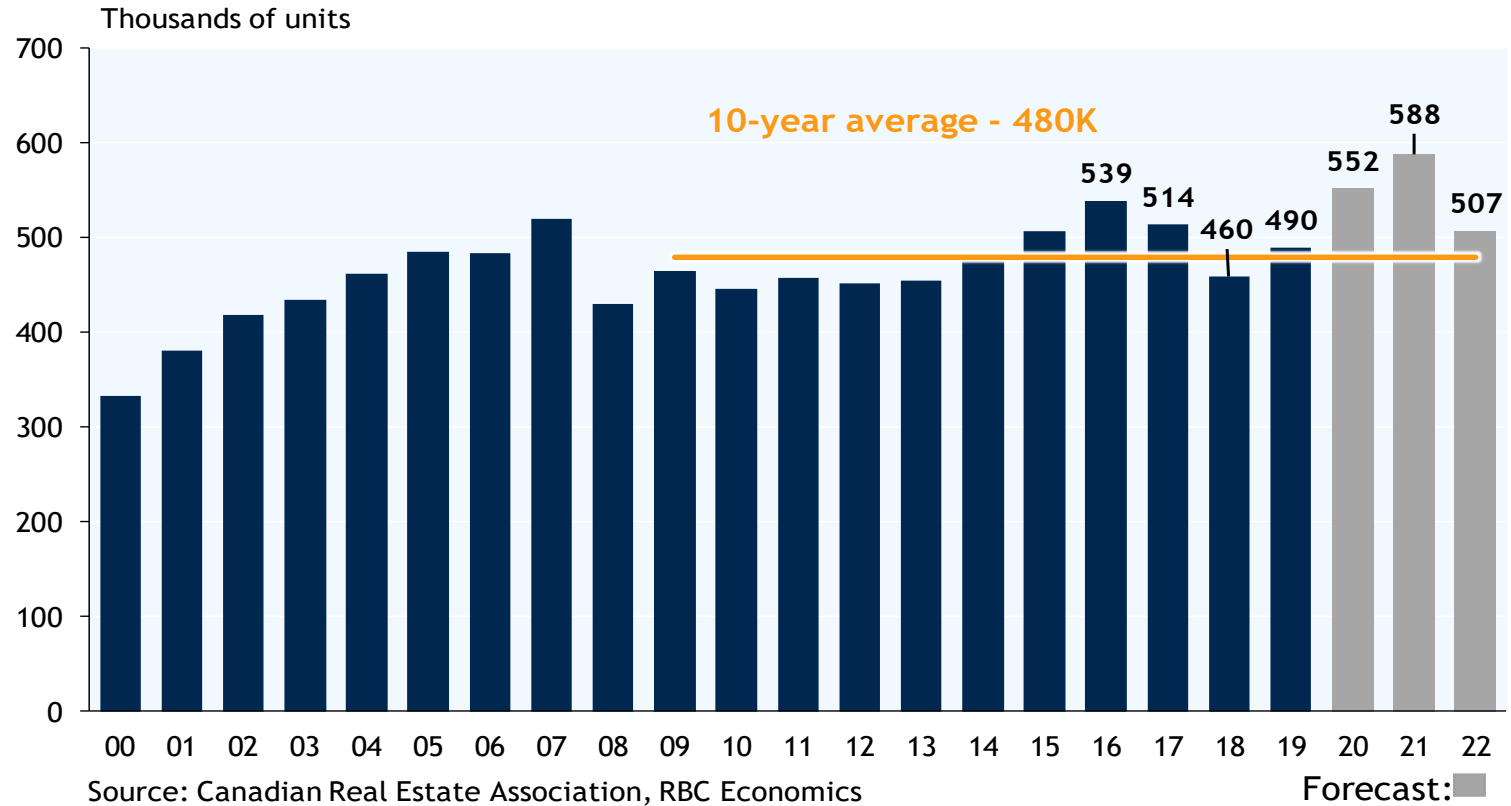
Interest rates: Canada



Source: BoC, RBC Economics

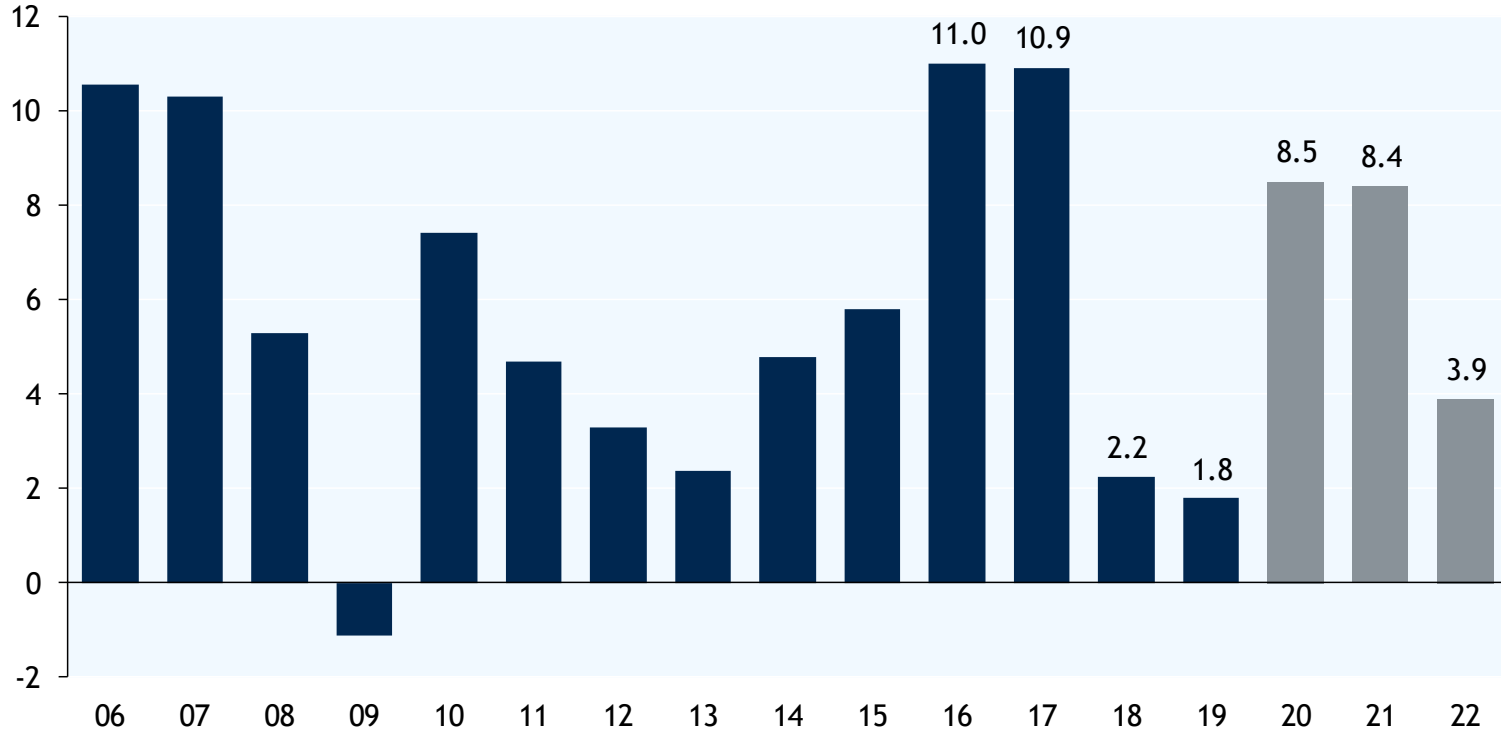
Housing markets recovered more quickly than expected

Home resales: Canada



Home prices in Canada

Annual % change, composite



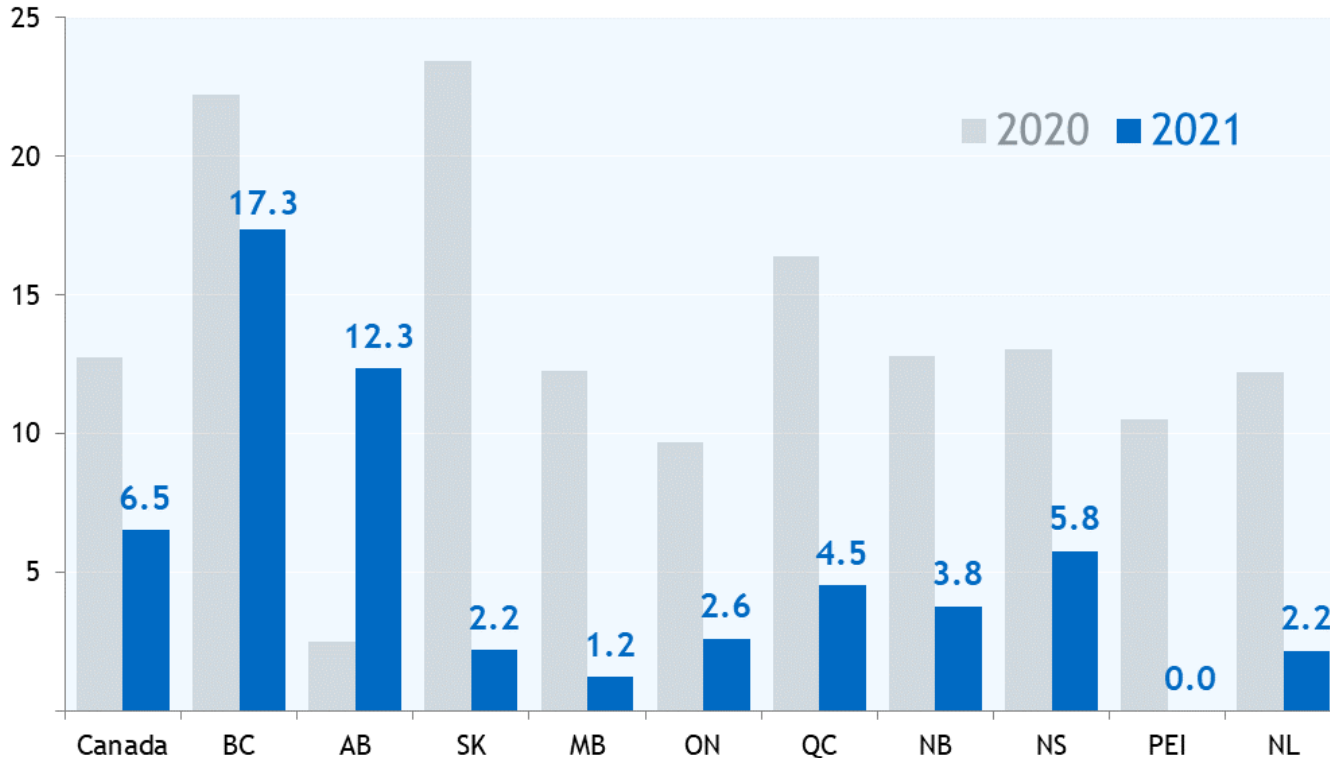
Source: RPS, RBC Economics

Forecast: ■

Almost all provinces seeing resale growth

Activity to grow in almost all provinces

Annual % change in home resales

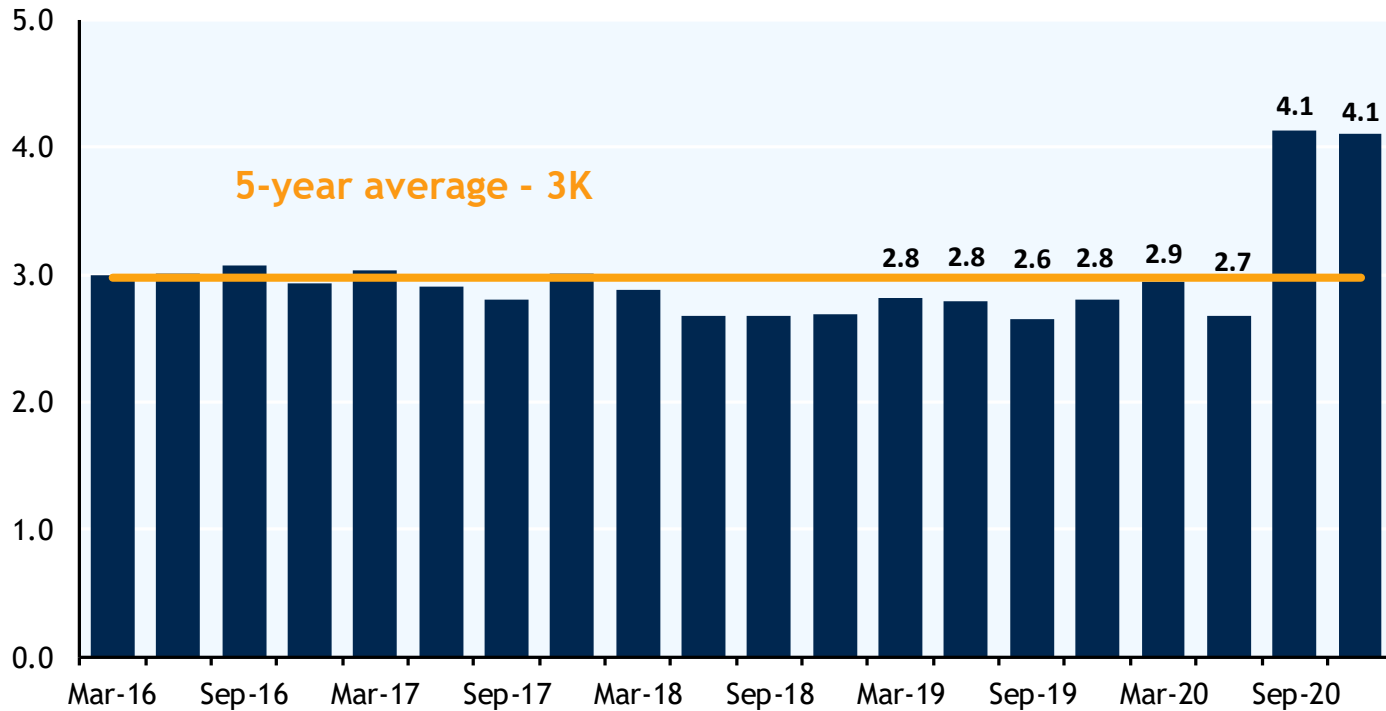


Source: Canadian Real Estate Association, RBC Economics



Home Resales: Saskatchewan

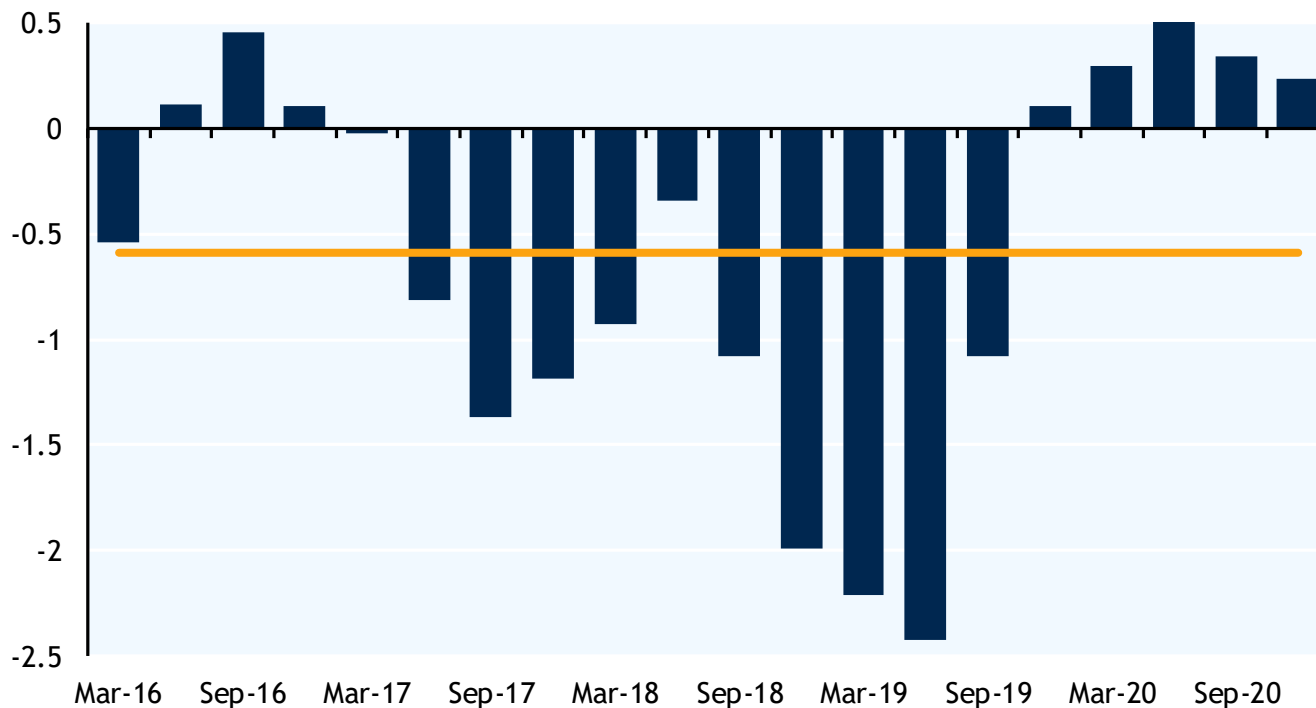
Thousands of units



Source: CREA, RBC Economics

Home Prices in Saskatchewan

Quarterly annualized % change



Source: Brookfield, RBC Economics

Home prices in SK still remain affordable

RBC Housing Affordability Measures - Saskatchewan

Ownership costs as % of median household income

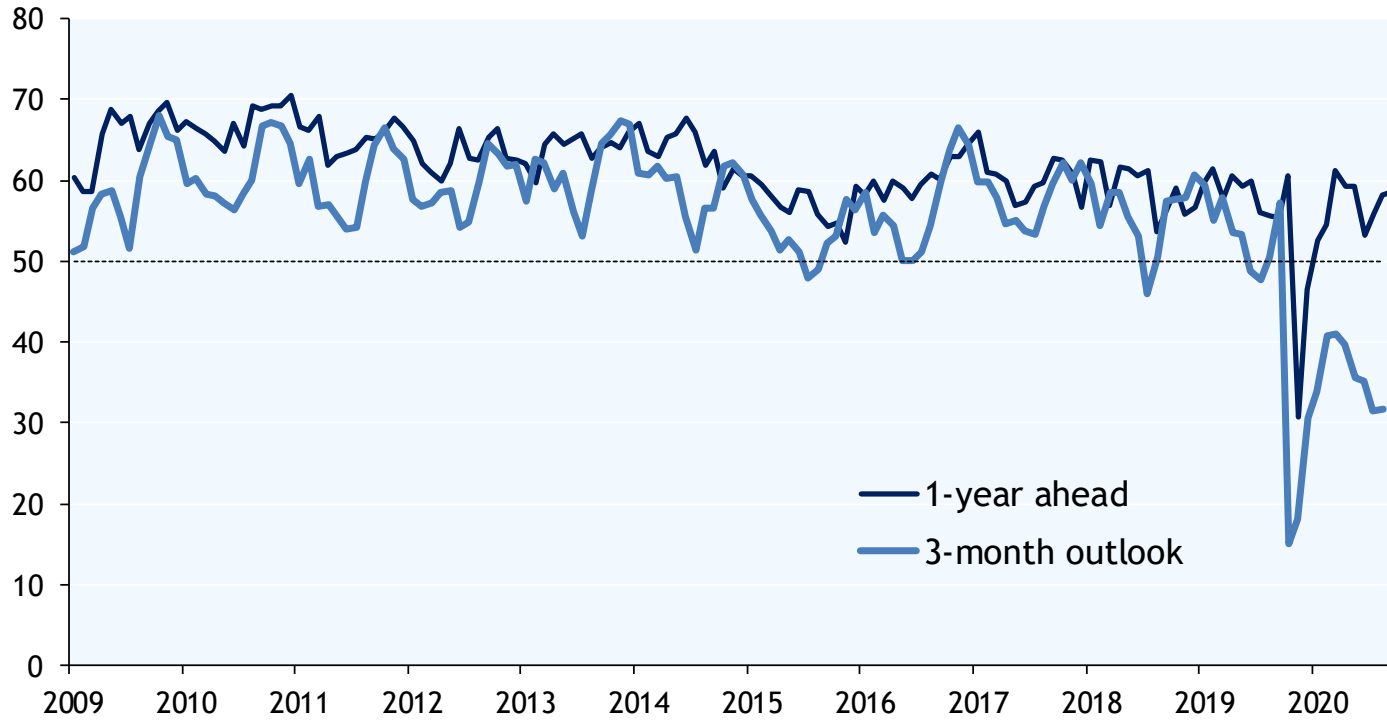


Source: Brookfield RPS, Royal LePage, Statistics Canada, Bank of Canada, RBC Economics Research

Businesses looking beyond rough patch

Business barometer index

NSA, >50 = Stronger

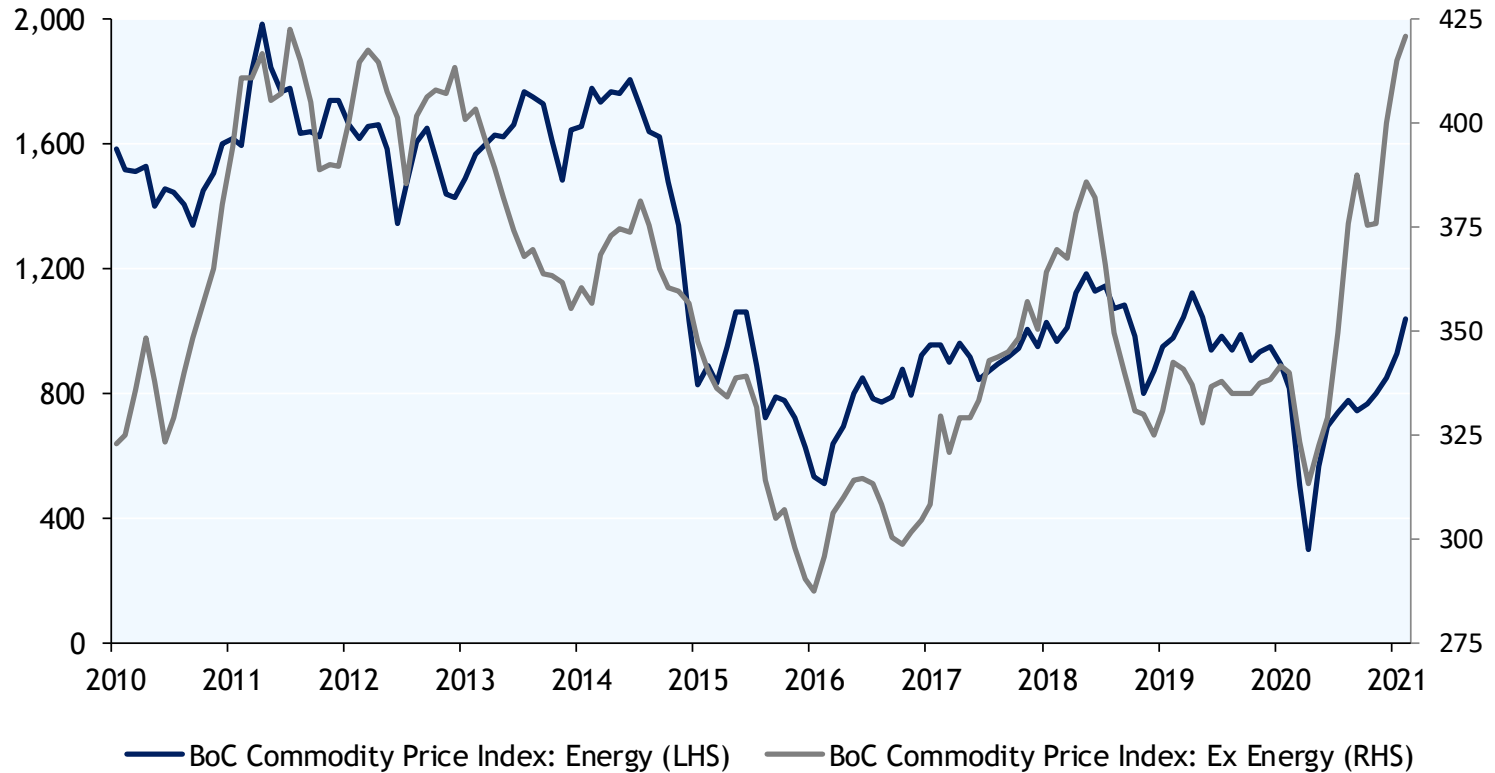


Source: Canadian Federation of Independent Business, RBC Economics

Commodity prices are recovering

Bank of Canada Commodity Price Index

Fisher index, NSA, Jan 1974 = 100

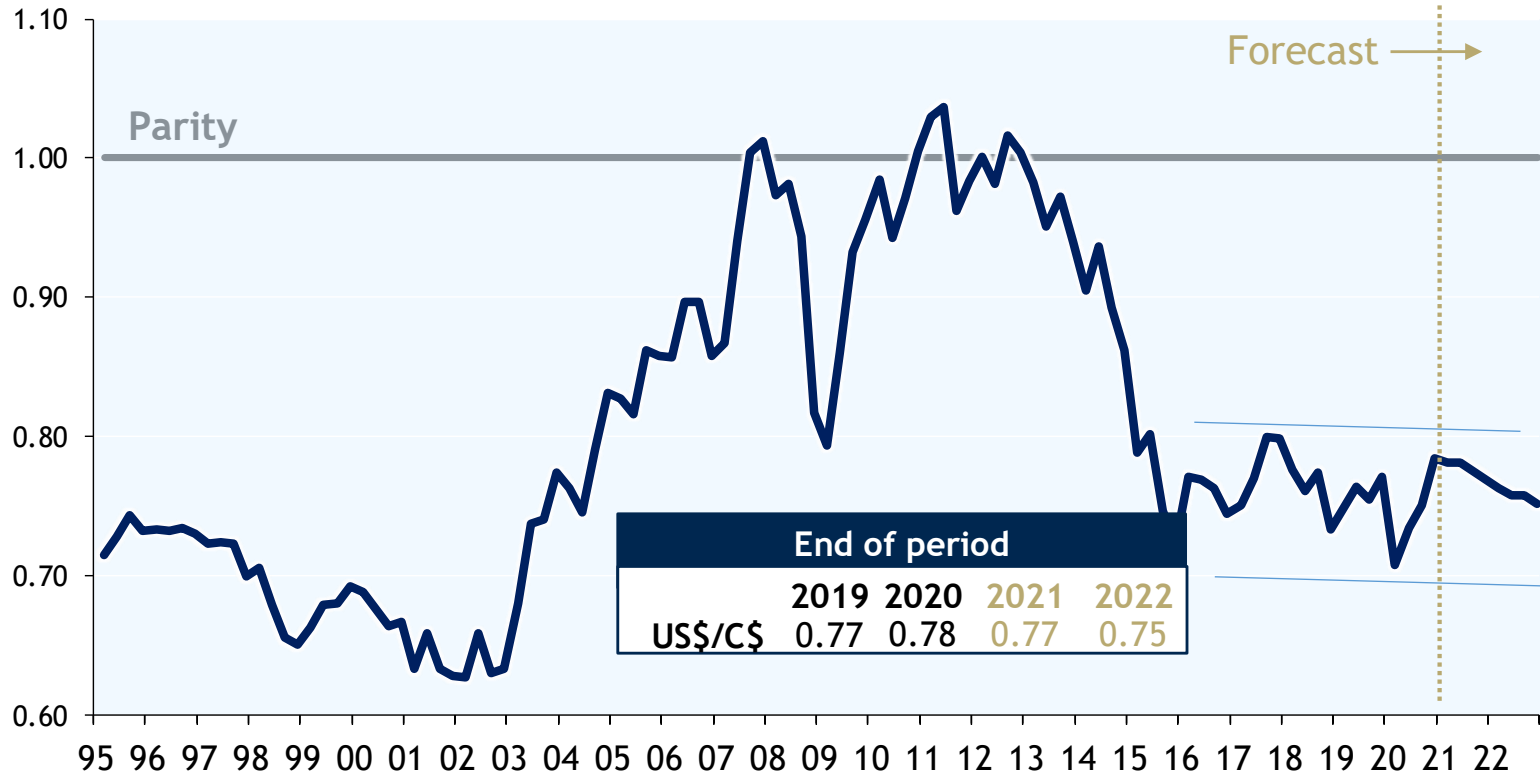


Source: BoC, RBC Economics

C\$ to hold in higher end of range

Canadian dollar

US\$/C\$



Source: Bank of Canada, RBC Economics

For more information please visit:
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