

Canadian, US and Financial market forecast tables

December 2023

Economic forecast detail — Canada

Real growth in the economy

Quarter-over-quarter annualized % change unless otherwise indicated

	Forecast												Forecast			
	2023				2024				2025				2022	2023F	2024F	2025F
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Household Consumption	5.3	-0.1	0.1	2.0	0.4	1.1	2.2	2.5	2.5	2.7	2.6	2.7	5.1	2.1	1.1	2.4
Durables	6.0	-2.9	4.0	2.5	0.5	1.3	2.5	3.5	3.0	3.2	2.0	2.5	-1.8	2.6	1.7	2.8
Semi-Durables	15.8	0.2	-10.8	3.0	0.0	0.5	1.4	2.3	2.5	2.8	2.0	2.7	7.5	2.6	-0.5	2.2
Non-durables	-1.5	1.1	-1.6	1.2	0.3	0.9	1.5	2.3	2.4	2.6	3.2	2.6	-0.3	-0.6	0.7	2.3
Services	6.9	-0.1	1.4	2.1	0.4	1.3	2.6	2.5	2.4	2.6	2.6	2.7	9.1	3.2	1.4	2.4
NPISH consumption	9.8	10.6	4.6	2.0	0.4	1.1	2.2	2.5	2.5	2.7	2.6	2.7	5.1	6.0	2.3	2.4
Government expenditures	0.1	1.4	7.3	3.0	1.3	2.2	2.7	3.3	4.0	2.0	3.6	4.0	3.2	1.8	2.8	3.2
Government fixed investment	10.5	-0.9	2.4	2.8	1.5	2.0	1.0	0.0	2.6	2.6	2.8	2.6	4.2	4.4	1.6	1.9
Residential investment	-12.6	-4.2	8.3	5.0	-4.0	0.0	1.5	3.0	3.9	4.0	4.2	5.0	-12.1	-9.6	1.0	3.3
Non-residential investment	4.2	13.9	-10.1	-6.5	-2.8	1.2	2.5	2.9	4.0	4.3	4.0	4.3	4.0	0.8	-1.8	3.5
Non-residential structures	6.3	11.3	-7.7	-6.3	-3.0	2.0	3.0	3.2	4.6	5.6	5.0	5.0	6.7	4.8	-1.4	4.2
Machinery & equipment	0.4	18.8	-14.4	-6.9	-2.5	-0.1	1.5	2.5	3.0	2.0	2.3	3.0	-0.3	-5.8	-2.5	2.2
Intellectual property	8.4	-1.2	-1.4	1.0	2.0	0.0	2.1	2.2	2.8	3.2	3.6	4.0	6.0	1.6	0.8	2.6
Final domestic demand	2.9	1.2	1.3	1.7	0.0	1.3	2.2	2.7	3.1	2.8	3.1	3.3	2.8	1.1	1.2	2.7
Exports	12.1	5.1	-5.1	5.0	2.0	3.5	3.0	1.8	1.0	1.0	2.0	2.0	3.2	4.9	2.2	1.7
Imports	4.0	4.4	-0.6	-1.0	3.8	2.5	4.0	3.5	4.0	3.0	4.0	2.6	7.6	0.9	2.1	3.5
Inventories (change in \$b)	31.8	31.2	25.4	1.0	6.0	4.7	4.0	4.5	4.0	4.1	5.0	4.0	55.3	22.4	4.8	4.3
Real gross domestic product	2.5	1.4	-1.1	-0.5	0.3	1.4	1.8	2.2	2.0	2.1	2.6	2.9	3.8	1.0	0.5	2.1

Other indicators

Year-over-year % change unless otherwise indicated

Business and labour

Productivity	-1.8	-1.6	-1.9	-1.8	-1.1	-0.9	-0.3	0.4	0.4	0.3	0.4	0.6	-0.8	-1.8	-0.5	0.4
Pre-tax corporate profits	-12.7	-26.6	-22.4	-15.1	-5.1	2.0	0.1	2.1	2.5	1.9	0.3	-0.9	14.7	-19.5	-0.3	0.9
Unemployment rate (%)*	5.0	5.2	5.5	5.9	6.3	6.6	6.6	6.5	6.4	6.4	6.3	6.2	5.3	5.4	6.5	6.3
Inflation																
Headline CPI	5.1	3.5	3.7	3.0	2.6	2.2	1.6	1.6	1.5	1.5	1.5	1.5	6.8	3.8	2.0	1.5
CPI ex. food and energy	4.8	4.0	3.4	3.4	3.3	2.9	2.6	1.9	1.9	1.8	1.9	1.8	5.0	3.9	2.7	1.8
External trade																
Current account balance (\$b)*	-27.1	-29.3	-12.9	0.1	-7.1	-5.1	-3.3	-2.4	-12.7	-20.4	-28.4	-31.1	-10.3	-17.3	-4.5	-23.2
% of GDP*	-1.0	-1.0	-0.4	0.0	-0.2	-0.2	-0.1	-0.1	-0.4	-0.7	-0.9	-1.0	-0.4	-0.6	-0.2	-0.8
Housing starts (000s)*	223	249	259	258	254	256	262	268	276	286	293	293	262	247	260	287
Motor vehicle sales (mill., saar)*	1.67	1.71	1.74	1.75	1.75	1.76	1.77	1.78	1.79	1.81	1.82	1.83	1.56	1.72	1.76	1.81

*Period average

Source: Statistics Canada, RBC Economics

Economic forecast detail — United States

Real growth in the economy

Quarter-over-quarter annualized % change unless otherwise indicated

	Forecast												Forecast			
	2023			2024				2025				2022	2023F	2024F	2025F	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Consumer spending	3.8	0.8	3.6	1.9	0.2	-1.8	1.4	1.4	1.7	2.1	1.8	2.0	2.5	2.2	0.8	1.5
Durables	14.0	-0.3	6.8	2.0	0.0	-1.8	0.8	2.0	1.9	2.0	1.0	2.0	-0.3	4.1	1.1	1.5
Non-durables	0.5	0.9	3.5	1.5	0.1	-1.0	1.5	2.1	2.4	2.0	1.6	2.1	0.6	0.7	0.9	1.8
Services	3.1	1.0	0.5	2.0	0.5	-2.0	1.8	1.1	6.3	2.2	2.0	1.9	3.7	2.4	0.7	1.4
Government spending	4.8	3.3	5.5	2.4	2.0	0.7	2.0	2.0	1.8	1.5	1.0	2.0	-0.9	3.9	2.3	1.6
Residential investment	-5.3	-2.2	6.2	0.3	0.0	-0.5	1.0	2.5	3.0	3.8	4.6	4.0	-9.0	-10.8	0.9	2.8
Non-residential investment	5.7	7.4	1.3	1.5	-1.7	-2.4	0.9	2.0	2.6	2.8	3.5	3.0	5.2	4.3	0.2	2.1
Non-residential structures	30.3	16.1	6.9	-1.0	-2.0	-4.0	1.0	3.8	3.0	2.0	4.0	5.0	-2.1	11.9	0.6	2.5
Equipment & software	-4.1	7.7	-3.5	2.4	0.0	-4.0	1.0	2.0	3.0	1.0	3.8	4.2	5.2	0.1	-0.1	1.9
Intellectual property	3.8	2.7	2.8	2.0	-3.0	0.0	0.8	1.5	2.0	4.8	3.0	4.0	9.1	4.5	0.3	2.4
Final domestic demand	3.8	2.0	3.7	1.9	0.3	-1.3	1.5	1.7	1.9	2.2	2.0	2.4	1.7	2.2	1.0	1.7
Exports	6.8	-9.3	6.0	5.7	1.0	0.0	2.0	1.0	2.0	1.0	1.5	2.0	7.0	2.7	1.7	1.4
Imports	1.3	-7.6	5.2	4.4	3.0	-1.0	4.0	3.0	2.5	4.0	2.5	4.0	8.6	-1.4	2.2	2.9
Inventories (change in \$b)	27.2	14.9	83.9	30.0	30.0	45.0	35.0	35.0	30.0	30.0	40.0	42.0	128.1	39.0	36.2	35.5
Real gross domestic product	2.2	2.1	5.2	1.0	0.0	-1.0	1.0	1.5	1.8	1.9	2.1	2.2	1.9	2.4	1.0	1.5

Other indicators

Year-over-year % change unless otherwise indicated

Business and labour																
Productivity	-0.5	1.2	2.5	1.9	1.9	0.8	-0.2	0.0	0.1	0.4	0.6	0.7	-1.9	1.3	0.6	0.5
Pre-tax corporate profits	4.6	-2.7	-0.7	1.6	3.9	2.7	-0.4	-0.7	0.0	1.5	1.9	1.9	9.8	0.6	1.3	1.3
Unemployment rate (%)*	3.5	3.6	3.7	3.8	4.0	4.4	4.5	4.5	4.4	4.3	4.3	4.2	3.7	3.6	4.4	4.3
Inflation																
Headline CPI	5.8	4.0	3.5	3.1	2.7	2.6	2.3	2.3	2.3	2.2	2.0	1.8	8.0	4.1	2.5	2.1
CPI ex. food and energy	5.6	5.2	4.4	3.9	3.3	2.7	2.6	2.4	2.4	2.3	2.3	2.3	6.2	4.8	2.7	2.3
External trade																
Current account balance (\$b)*	-857.9	-848.4	-838.5	-841.1	-857.6	-848.4	-871.9	-894.3	-900.5	-926.2	-936.4	-958.0	-971.6	-846.5	-868.1	-930.3
% of GDP*	-3.2	-3.2	-3.0	-3.0	-3.1	-3.0	-3.1	-3.1	-3.1	-3.2	-3.2	-3.2	-3.8	-3.1	-3.1	-3.2
Housing starts (000s)*	1385	1450	1367	1366	1373	1383	1395	1410	1421	1433	1446	1458	1551	1392	1390	1440
Motor vehicle sales (millions, saar)*	15.0	15.8	15.6	13.9	14.2	13.9	14.0	14.3	14.2	14.5	14.6	14.9	13.8	15.1	14.1	14.5

*Period average

Source: Bureau of Economic Analysis, RBC Economics

Financial market forecast detail

Interest rates—North America

% , end of period

	Forecast												Forecast			
	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	2022	2023F	2024F	2025F
Canada																
Overnight	4.50	4.75	5.00	5.00	5.00	4.75	4.50	4.00	3.50	3.00	3.00	3.00	4.25	5.00	4.00	3.00
Three-month	4.34	4.90	5.07	5.00	4.95	4.85	4.35	3.85	3.35	3.00	3.00	3.00	4.23	5.00	3.85	3.00
Two-year	3.74	4.58	4.87	4.30	4.20	3.85	3.60	3.40	3.30	3.20	3.10	3.10	4.06	4.30	3.40	3.10
Five-year	3.02	3.68	4.25	3.65	3.60	3.40	3.35	3.30	3.30	3.25	3.20	3.20	3.41	3.65	3.30	3.20
10-year	2.90	3.26	4.03	3.55	3.65	3.50	3.40	3.35	3.35	3.30	3.30	3.30	3.30	3.55	3.35	3.30
30-year	3.02	3.09	3.81	3.40	3.65	3.60	3.60	3.55	3.50	3.45	3.40	3.40	3.28	3.40	3.55	3.40
Yield curve (10s-2s)	-84	-132	-84	-75	-55	-35	-20	-5	5	10	20	20	-76	-75	-5	20.00
United States																
Fed funds*	4.88	5.13	5.38	5.38	5.38	5.13	4.63	4.13	3.88	3.63	3.38	3.38	4.38	5.38	4.13	3.38
Three-month	4.85	5.43	5.55	5.30	5.28	4.98	4.48	3.98	3.75	3.55	3.30	3.30	4.42	5.30	3.98	3.30
Two-year	4.06	4.87	5.03	4.80	4.55	4.05	3.70	3.40	3.20	3.10	3.12	3.16	4.41	4.80	3.40	3.16
Five-year	3.60	4.13	4.60	4.35	4.20	3.85	3.65	3.50	3.40	3.35	3.36	3.39	3.99	4.35	3.50	3.39
10-year	3.48	3.81	4.59	4.30	4.40	4.20	4.05	3.95	3.90	3.85	3.80	3.85	3.88	4.30	3.95	3.85
30-year	3.67	3.85	4.73	4.40	4.50	4.35	4.30	4.25	4.20	4.15	4.10	4.15	3.97	4.40	4.25	4.15
Yield curve (10s-2s)	-58	-106	-44	-50	-15	15	35	55	70	75	68	69	-53	-50	55	69
Yield spreads																
Three-month T-bills	-0.51	-0.53	-0.48	-0.30	-0.33	-0.13	-0.13	-0.13	-0.40	-0.55	-0.30	-0.30	-0.19	-0.30	-0.13	-0.30
Two-year	-0.32	-0.29	-0.16	-0.50	-0.35	-0.20	-0.10	0.00	0.10	0.10	-0.02	-0.06	-0.35	-0.50	0.00	-0.06
Five-year	-0.58	-0.45	-0.35	-0.70	-0.60	-0.45	-0.30	-0.20	-0.10	-0.10	-0.16	-0.19	-0.58	-0.70	-0.20	-0.19
10-year	-0.58	-0.55	-0.56	-0.75	-0.75	-0.70	-0.65	-0.60	-0.55	-0.55	-0.50	-0.55	-0.58	-0.75	-0.60	-0.55
30-year	-0.65	-0.76	-0.92	-1.00	-0.85	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.75	-0.69	-1.00	-0.70	-0.75

Note: Interest Rates are end of period rates. * Midpoint of 25 basis point range

Interest rates—International

% , end of period

	Forecast												Forecast			
	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	2022F	2023F	2024F	2025F
United Kingdom																
Bank Rate	4.25	5.00	5.25	5.25	5.25	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.50	5.25	5.25	3.50
Two-year	3.42	5.27	4.91	4.75	4.95	4.90	4.75	4.50	4.25	3.90	3.70	3.50	3.71	4.75	4.50	3.50
Five-year	3.33	4.66	4.53	4.25	4.35	4.10	4.00	3.80	3.70	3.60	3.55	3.50	3.62	4.25	3.80	3.50
10-year	3.47	4.39	4.46	4.25	4.40	4.30	4.25	4.25	4.10	3.90	3.80	3.75	3.67	4.25	4.25	3.75
30-year	3.82	4.42	4.92	4.75	4.90	4.75	4.75	4.75	4.50	4.25	4.00	3.85	3.95	4.75	4.75	3.85
Euro Area																
Deposit rate	3.00	3.50	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.00	2.75	2.50	2.00	4.00	4.00	2.50
Two-year	2.66	3.27	3.20	3.00	3.25	3.15	3.00	2.75	2.50	2.30	2.10	2.00	2.76	3.00	2.75	2.00
Five-year	2.30	2.58	2.79	2.50	3.00	2.85	2.75	2.60	2.40	2.30	2.20	2.10	2.58	2.50	2.60	2.10
10-year	2.28	2.39	2.85	2.65	3.15	3.00	2.90	2.90	2.75	2.65	2.60	2.55	2.57	2.65	2.90	2.55
30-year	2.35	2.38	3.05	2.80	3.25	3.10	3.00	3.00	2.85	2.70	2.60	2.55	2.46	2.80	3.00	2.55
Australia																
Cash target rate	3.60	4.10	4.10	4.35	4.60	4.60	4.60	4.60					3.10	4.35	4.60	
Two-year	2.97	4.18	4.11	4.10	4.00	3.85	3.75	3.70					3.41	4.10	3.70	
10-year	3.30	4.03	4.48	4.50	4.55	4.40	4.30	4.15					4.05	4.50	4.15	
New Zealand																
Cash target rate	4.75	5.50	5.50	5.50	5.50	5.00	4.50	4.00					4.25	5.50	4.00	
Two-year	5.01	5.46	5.69	5.20	5.00	4.80	4.30	3.80					5.36	5.20	3.80	
10-year	4.27	4.46	5.13	5.05	4.80	4.60	4.40	4.25					4.78	5.05	4.25	

Outlook

Growth outlook

% change, quarter-over-quarter in real GDP

Growth outlook

% change, quarter-over-quarter in real GDP

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	2022F	2023F	2024F	2025F
Canada*	2.5	1.4	-1.1	-0.5	0.3	1.4	1.8	2.2	2.0	2.1	2.6	2.9	3.8	1.0	0.5	2.1
United States*	2.2	2.1	5.2	1.0	0.0	-1.0	1.0	1.5	1.8	1.9	2.1	2.2	1.9	2.4	1.0	1.5
United Kingdom	0.3	0.2	0.0	-0.1	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.3	4.3	0.5	0.2	1.1
Euro Area	0.1	0.1	-0.1	-0.1	0.0	0.1	0.2	0.3	0.3	0.4	0.4	0.4	3.4	0.5	0.2	1.2
Australia	0.5	0.4	0.3	0.2	0.5	0.5	0.5	0.4	0.0	0.0	0.0	0.0	3.8	2.0	1.2	

*Seasonally adjusted annualized rates

Inflation outlook

% change, year-over-year

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	2022F	2023F	2024F	2025F
Canada	5.1	3.5	3.7	3.0	2.6	2.2	1.6	1.6	1.5	1.5	1.5	1.5	6.8	3.8	2.0	1.5
United States	5.8	4.0	3.5	3.1	2.7	2.6	2.3	2.3	2.3	2.2	2.0	1.8	8.0	4.1	2.5	2.1
United Kingdom	10.2	8.4	6.7	4.5	4.3	2.8	2.9	2.7	2.2	1.7	1.9	1.8	9.1	7.5	3.2	1.9
Euro Area	8.0	6.2	5.0	2.8	2.6	2.5	2.1	2.3	2.2	2.1	2.1	2.1	8.4	5.5	2.4	2.1
Australia	7.0	6.0	5.4	4.4	4.0	4.1	3.6	3.4					6.6	5.7	3.8	

Exchange rates

End of period

	Forecast									Forecast					
	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	2022	2023F	2024F
AUD/USD	0.67	0.67	0.65	0.62	0.61	0.60	0.61	0.62					0.68	0.62	0.62
USD/CAD	1.35	1.32	1.35	1.38	1.39	1.39	1.35	1.31					1.35	1.38	1.31
EUR/USD	1.09	1.09	1.06	1.04	1.03	1.02	1.05	1.08					1.07	1.04	1.08
USD/JPY	133	144	149	150	152	154	150	145					132	150	145
USD/CHF	0.92	0.90	0.89	0.91	0.91	0.92	0.89	0.86					0.92	0.91	0.86
GBP/USD	1.24	1.27	1.22	1.17	1.13	1.11	1.15	1.20					1.21	1.17	1.20

Note: Exchange rates are expressed in units per USD, with the exception of the euro, GBP and AUD which are expressed in USD per local currency unit.

Source: Reuters, RBC Economics forecasts

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