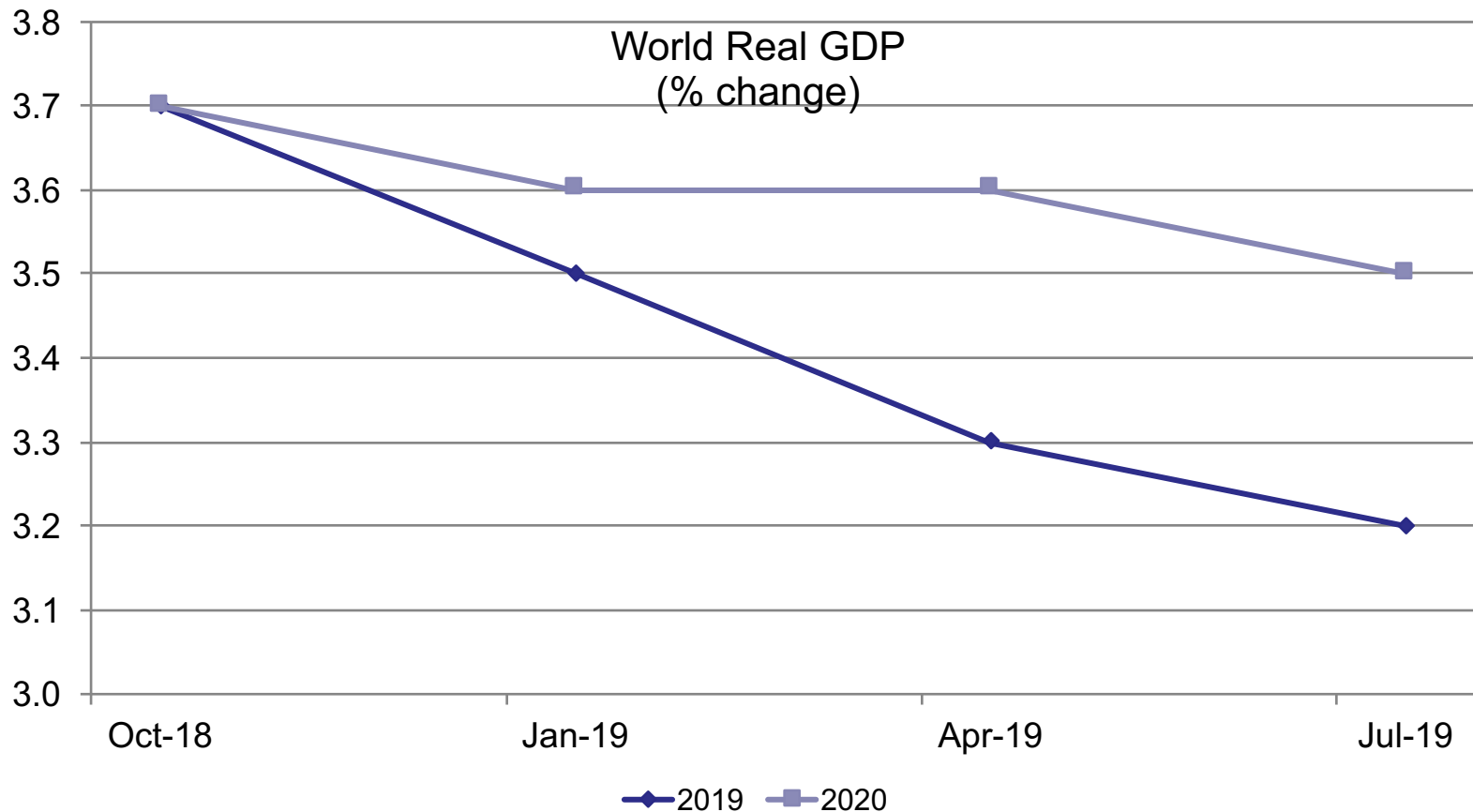


Canada/US Economic Outlook

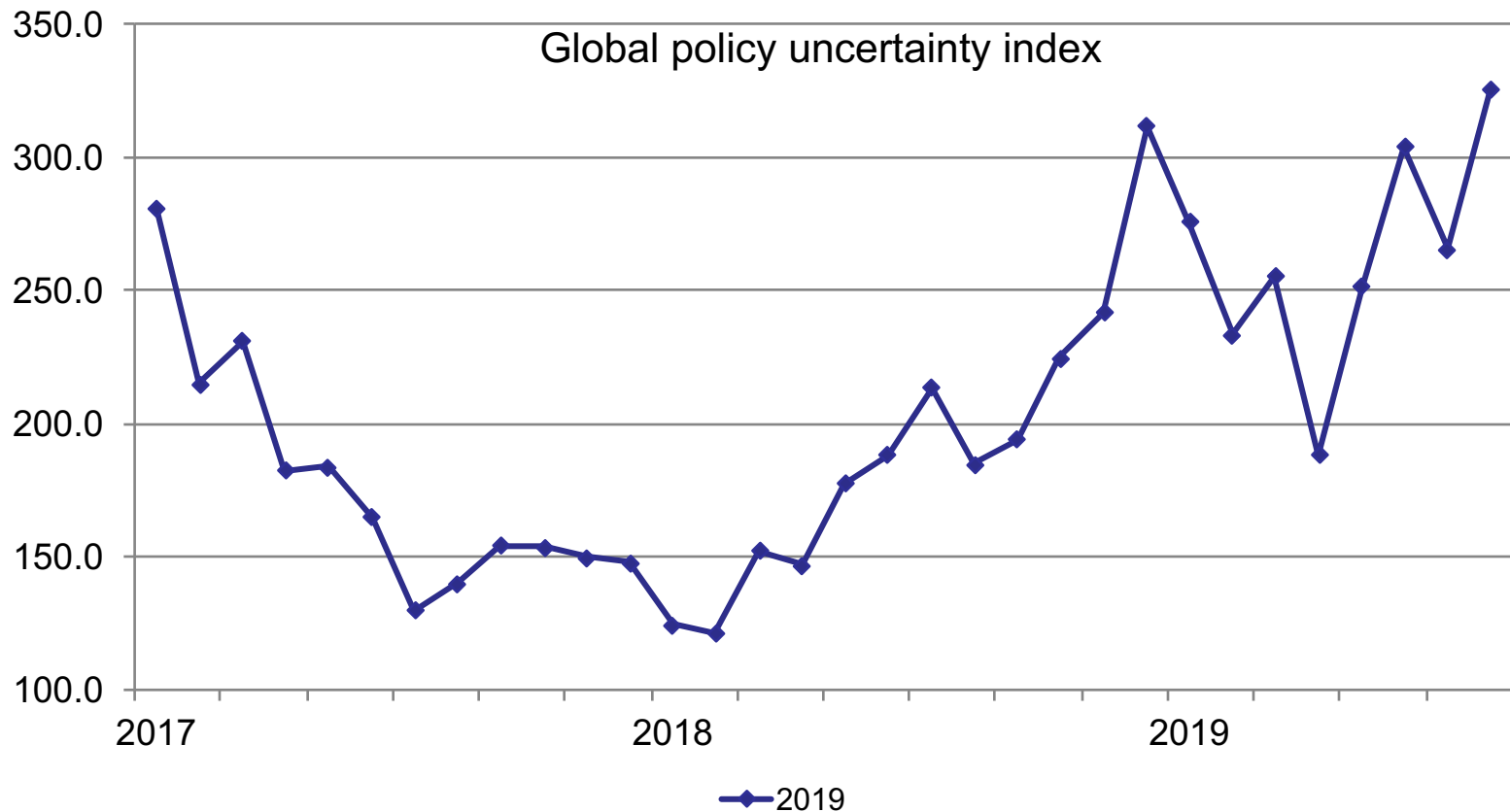
Department of Finance and Treasury Board
October 2, 2019

Global outlook increasingly fragile



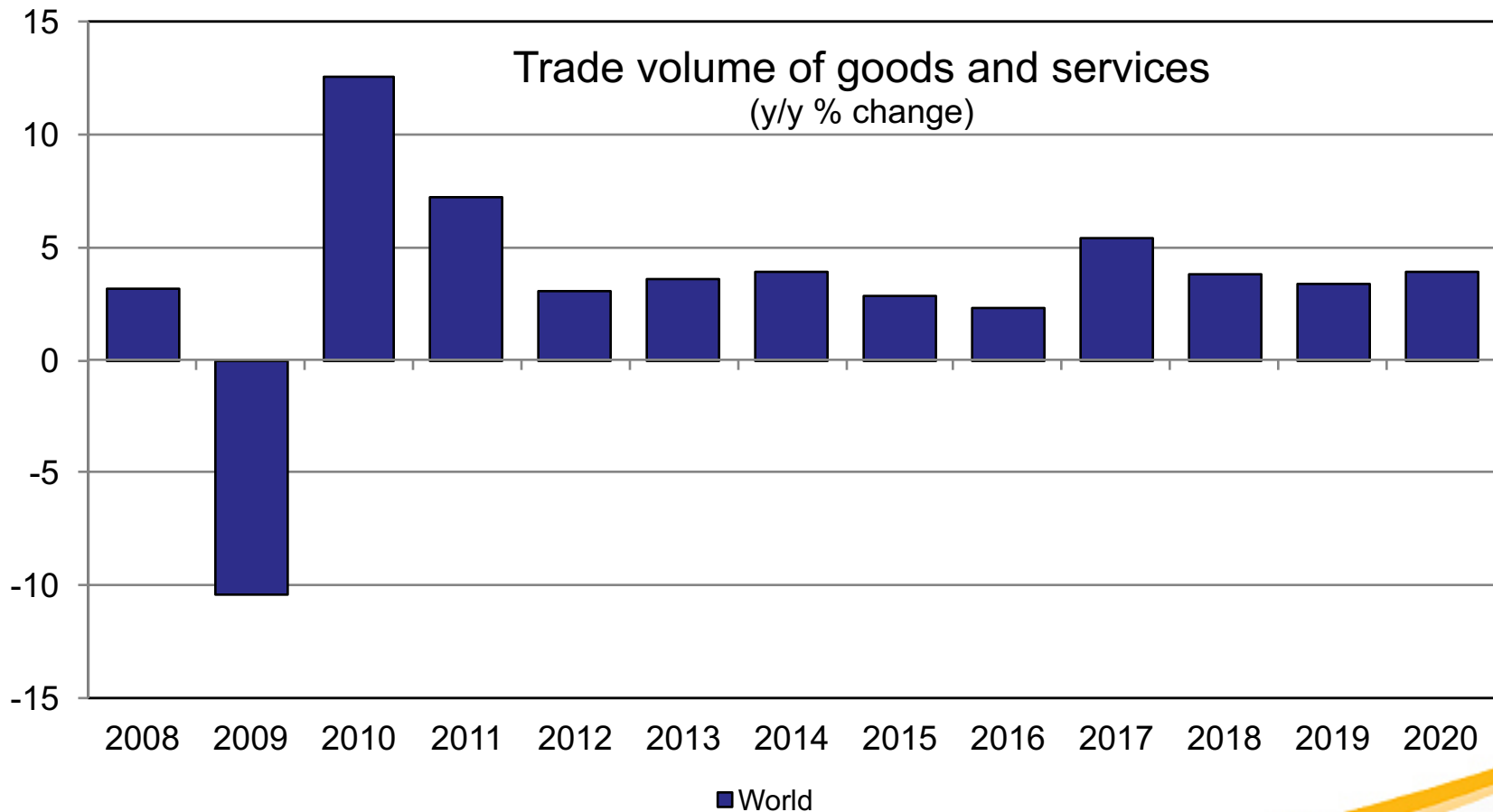
Source: International Monetary Fund

Policy uncertainty contributing to growth prospects



Source: International Monetary Fund

Growth in trade volume slowing

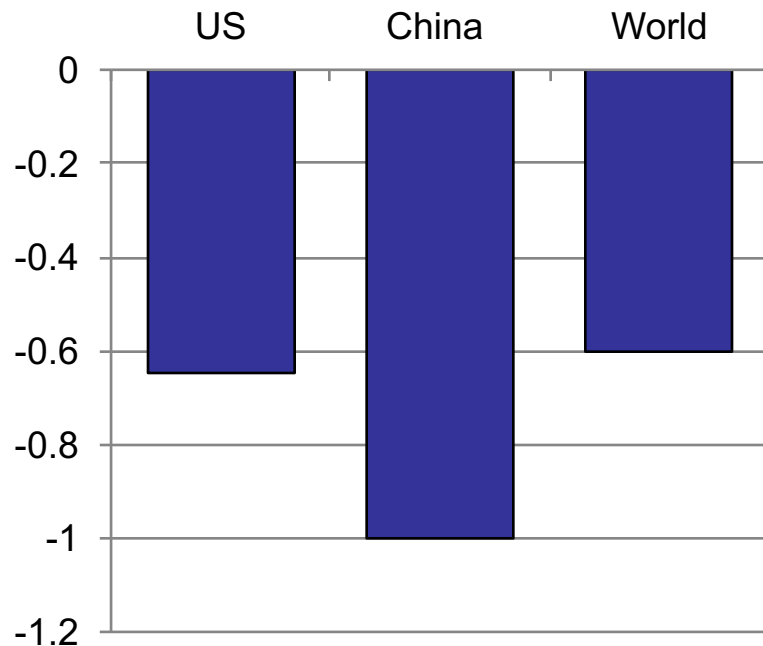


Source: International Monetary Fund

Growth prospects will be limited by US – China tariffs

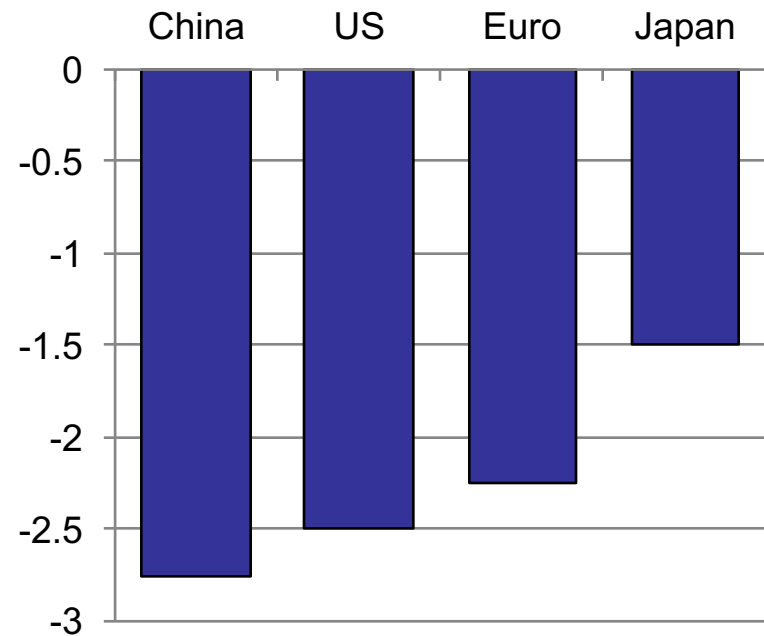
Impact on GDP by 2021-22

% point difference



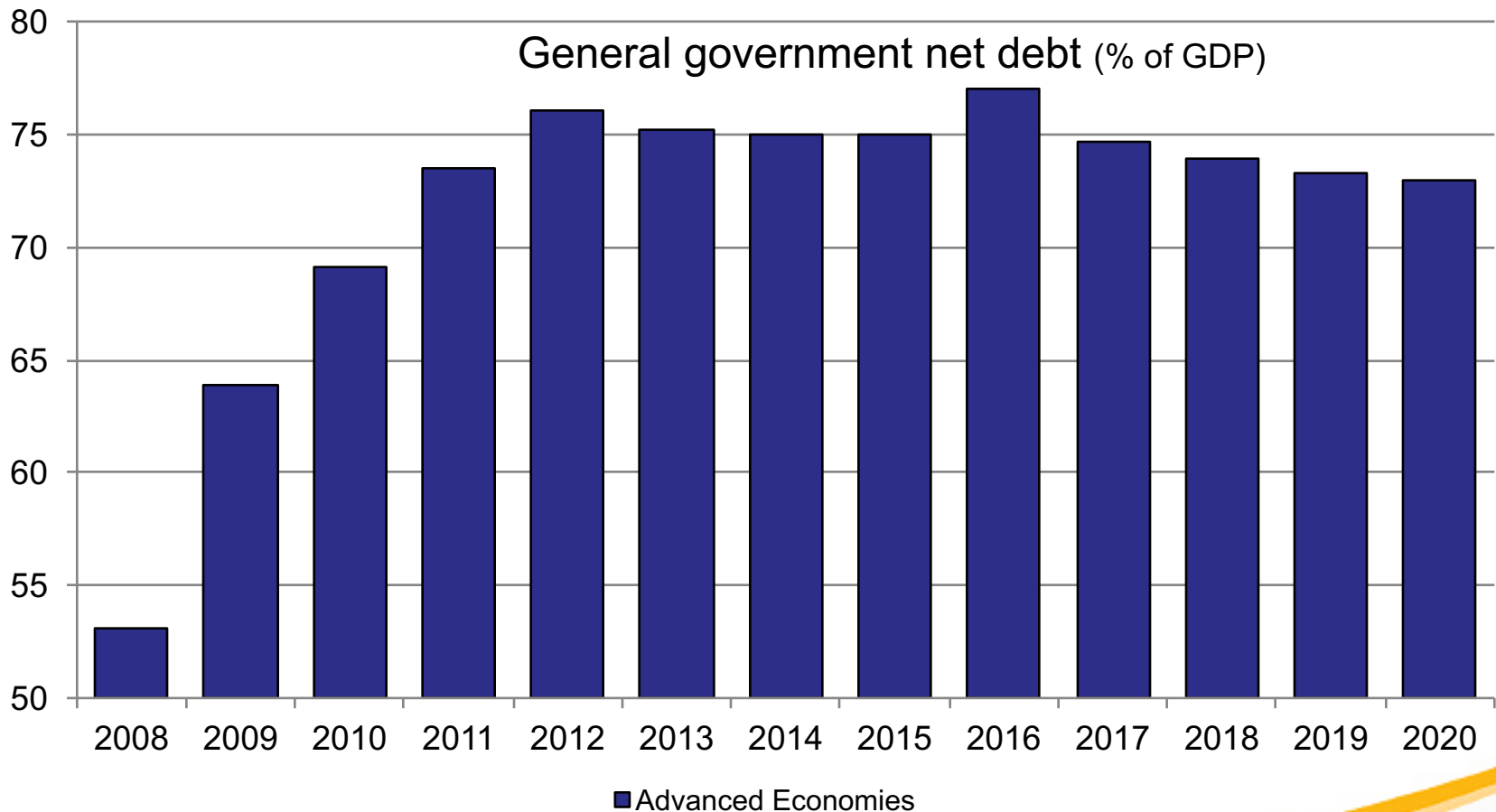
Impact on business investment by 2021-22

% point difference



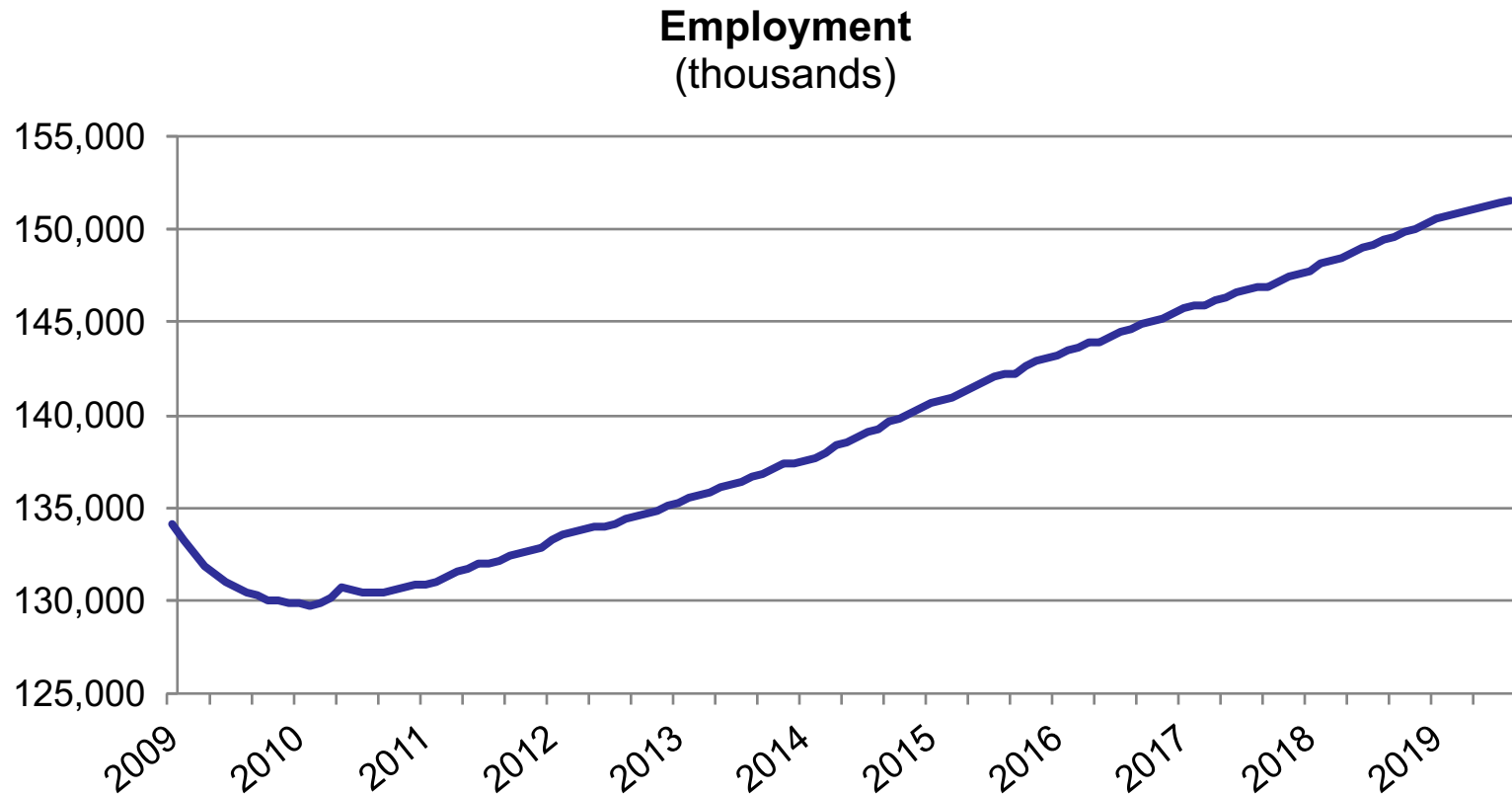
Source: OECD

Government debt levels may limit ability to introduce stimulus



Source: International Monetary Fund

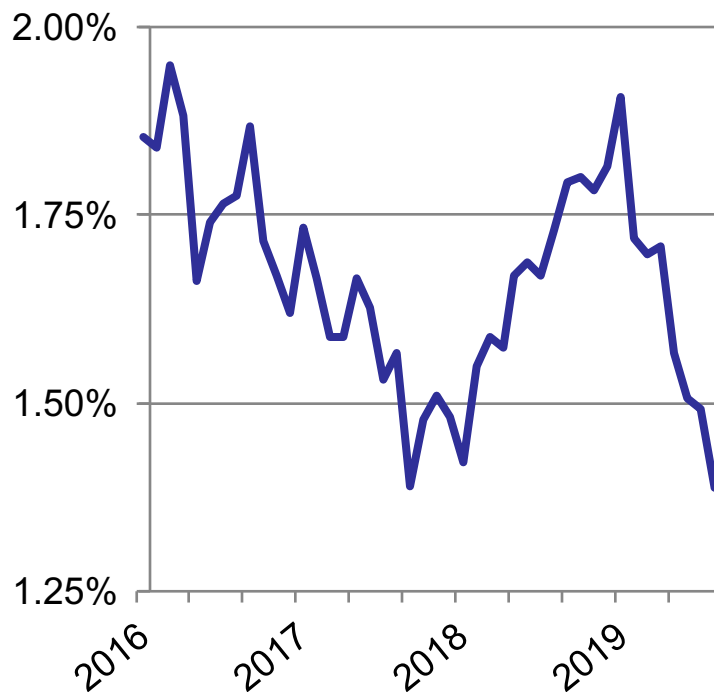
Decade long expansion in U.S. labour market...



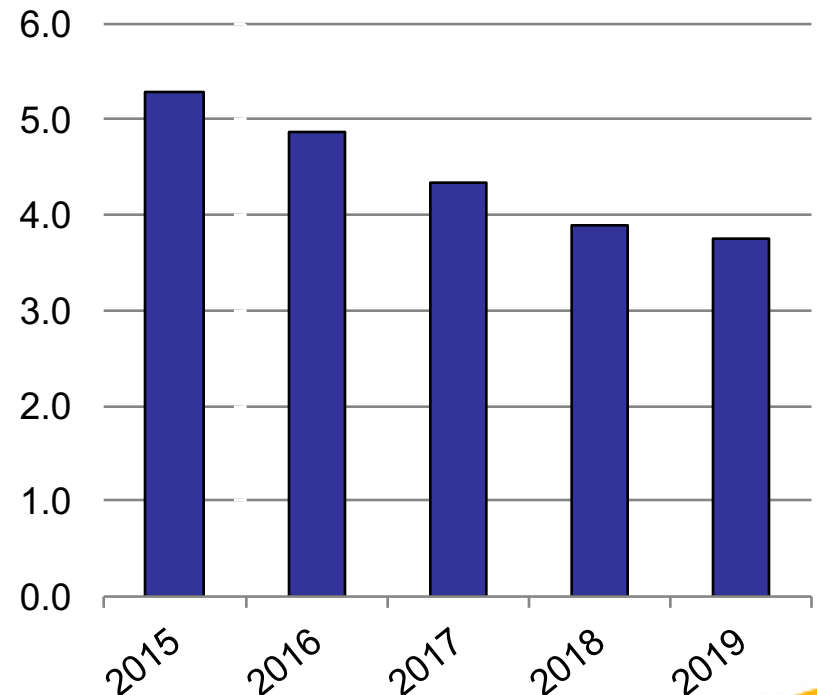
Source: Bureau of Labour Statistics

...but may be approaching full employment

Employment
(y/y % change)



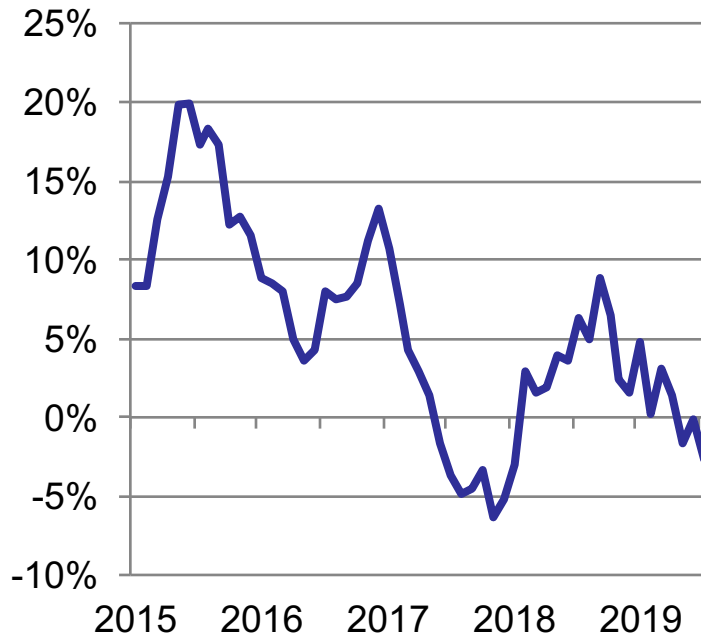
Unemployment Rate
(%)



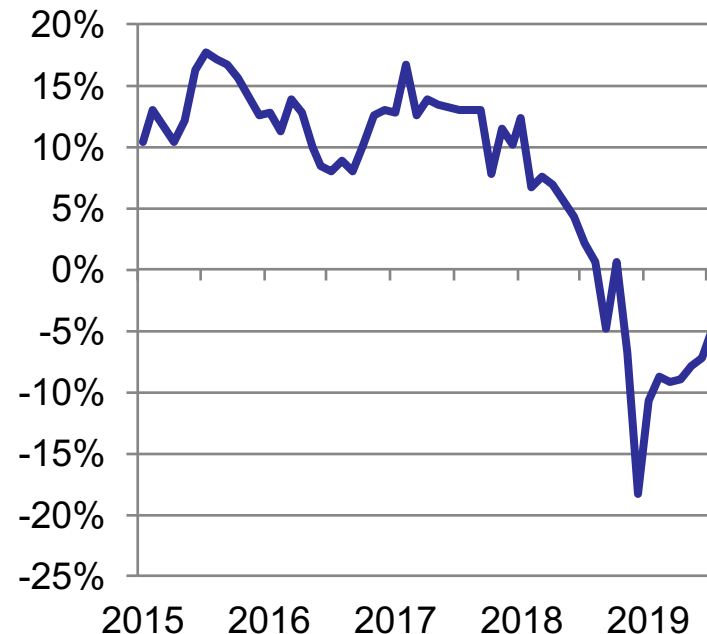
Source: Bureau of Labour Statistics

Construction activity slowing down

**Non-residential
construction put in place**
(y/y % change)

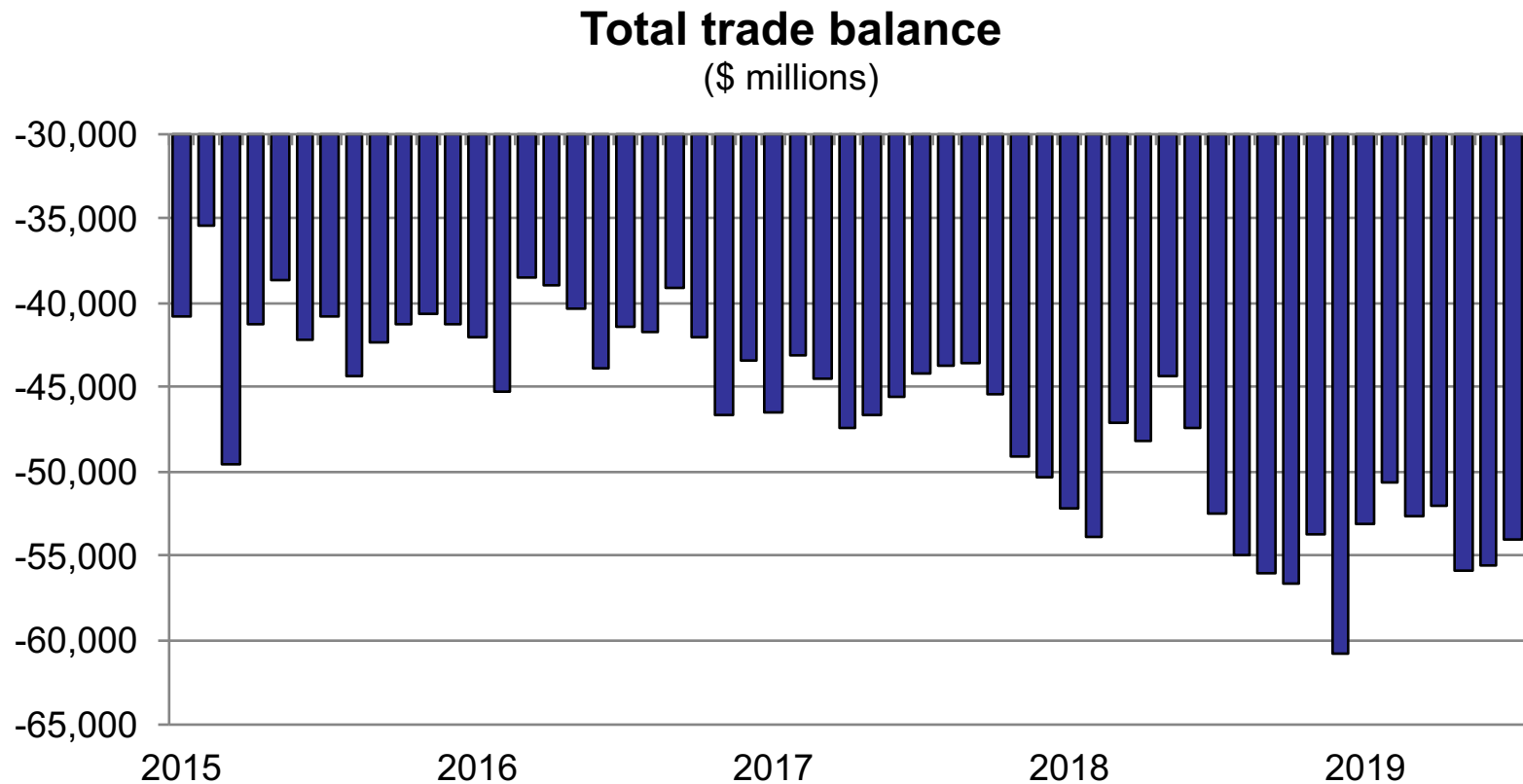


**Residential construction
put in place**
(y/y % change)



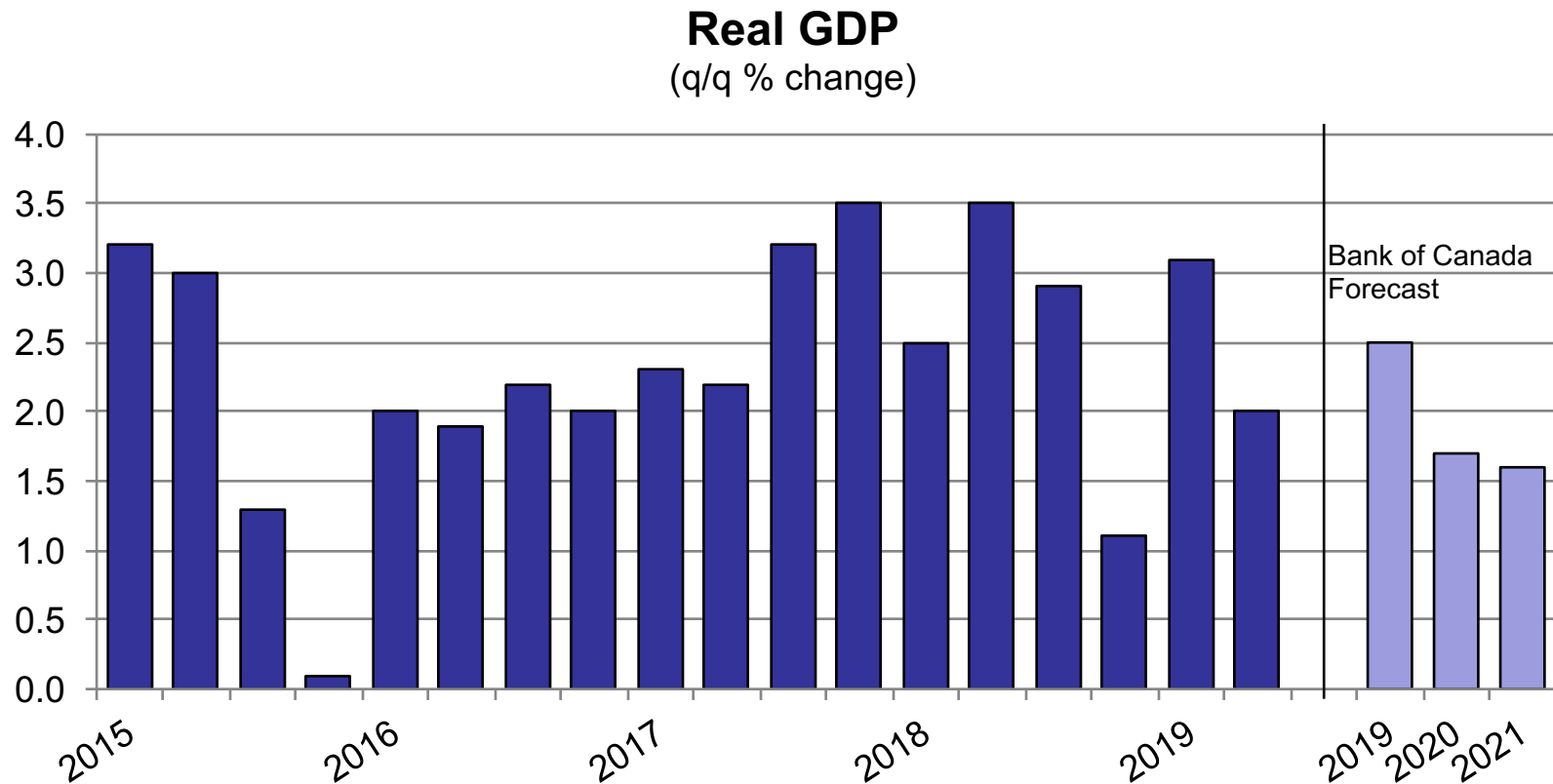
Source: U.S. Census Bureau

Shrinking trade deficits not in evidence



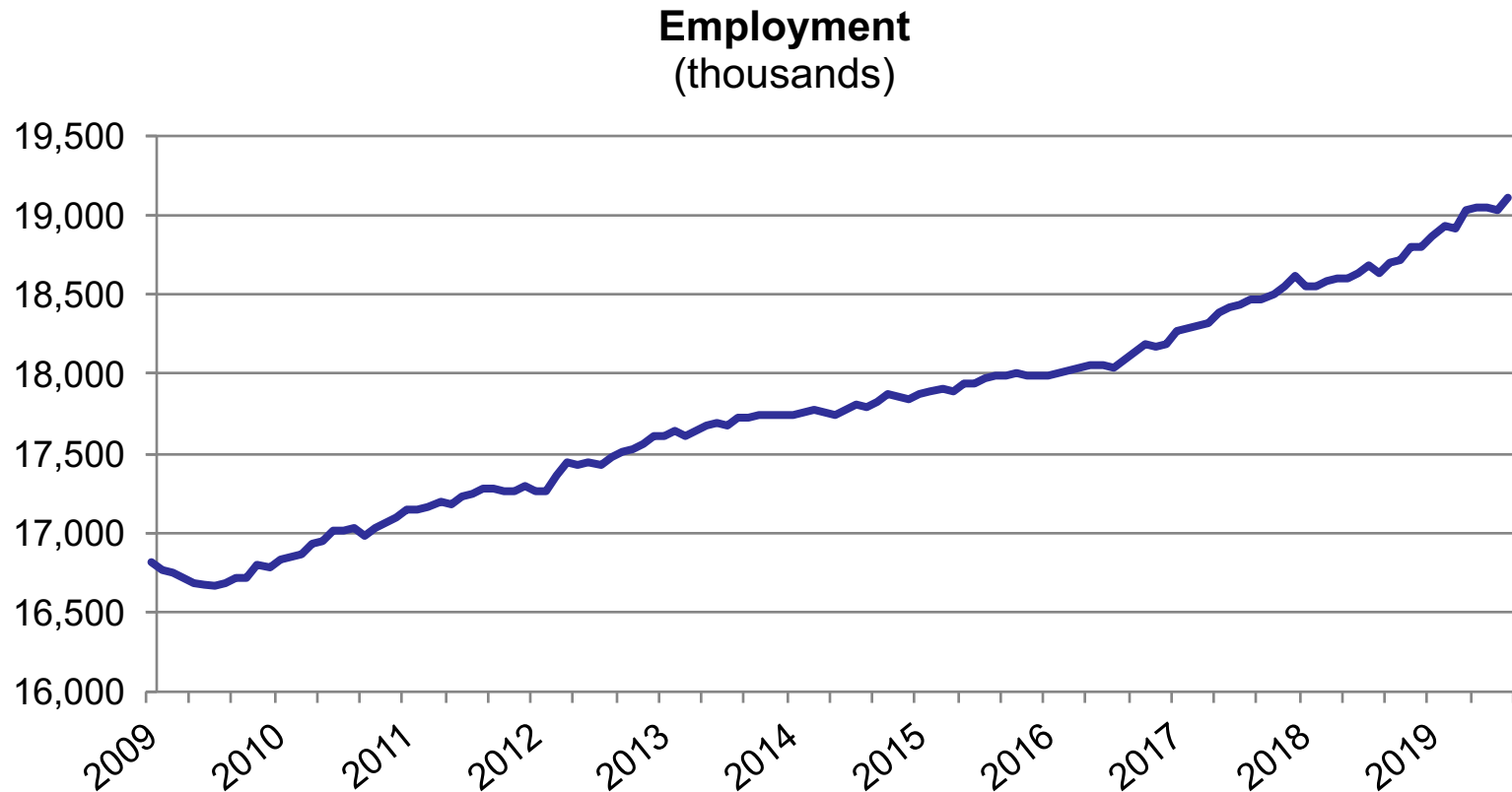
Source: U.S. Census Bureau

Economic slowdown on the horizon?



Source: U.S. Census Bureau / Bank of Canada Forecast

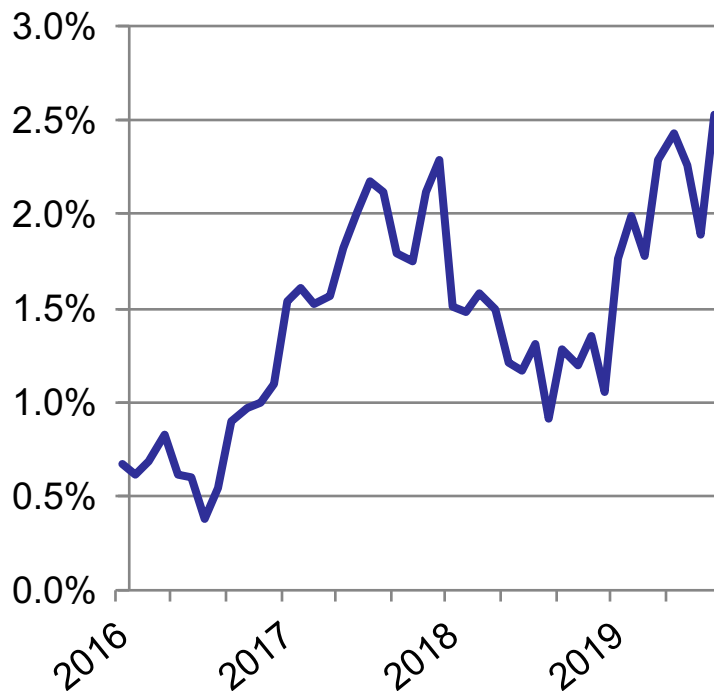
Canadian job market has had an extended expansion too...



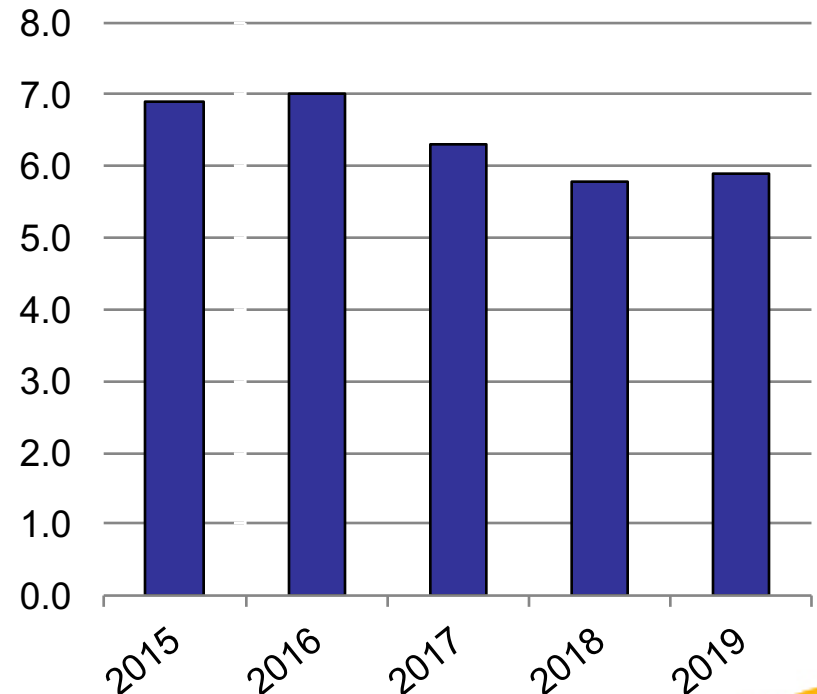
Source: Bureau of Labour Statistics

...and may have some room for continued growth

Employment
(y/y % change)



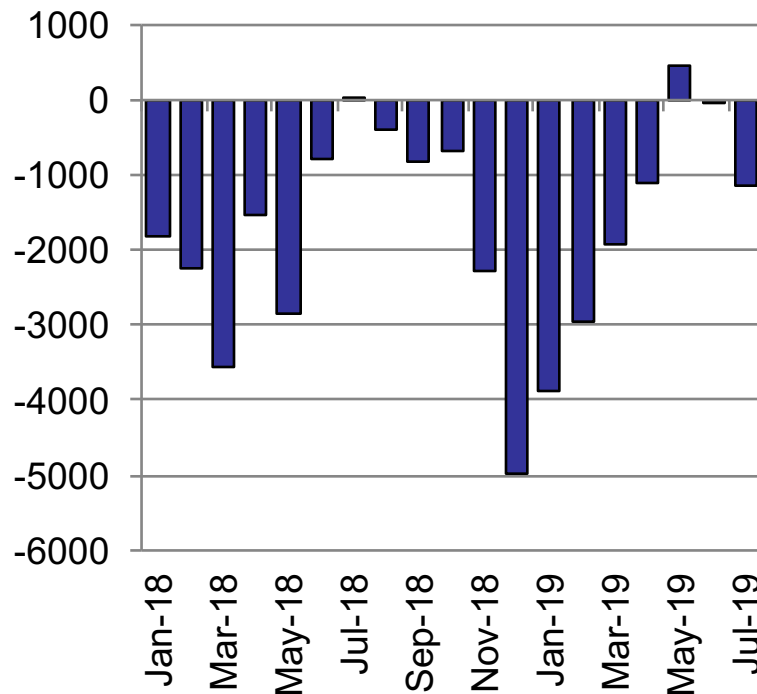
Unemployment Rate
(%)



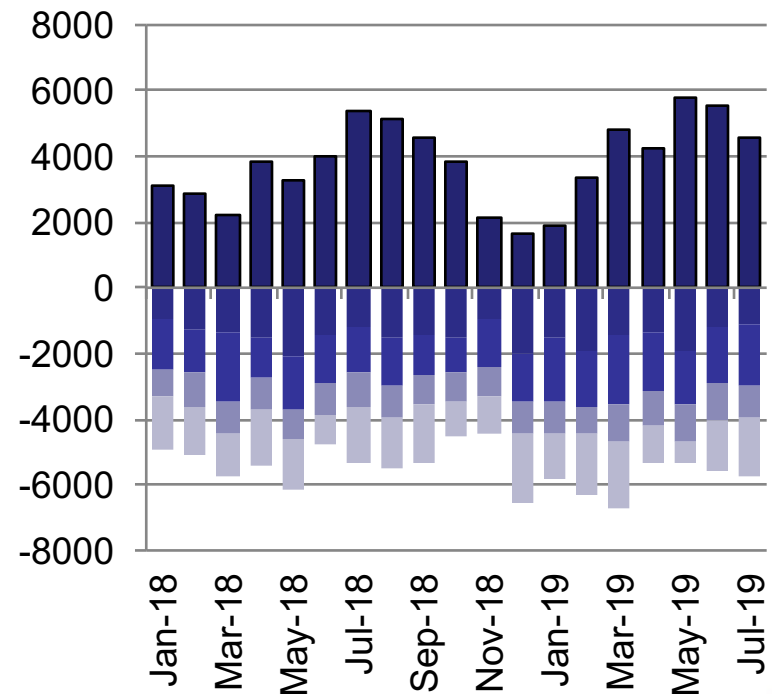
Source: Bureau of Labour Statistics

Trade with US limits trade deficit in Canada

Trade balance - goods
(\$ millions)



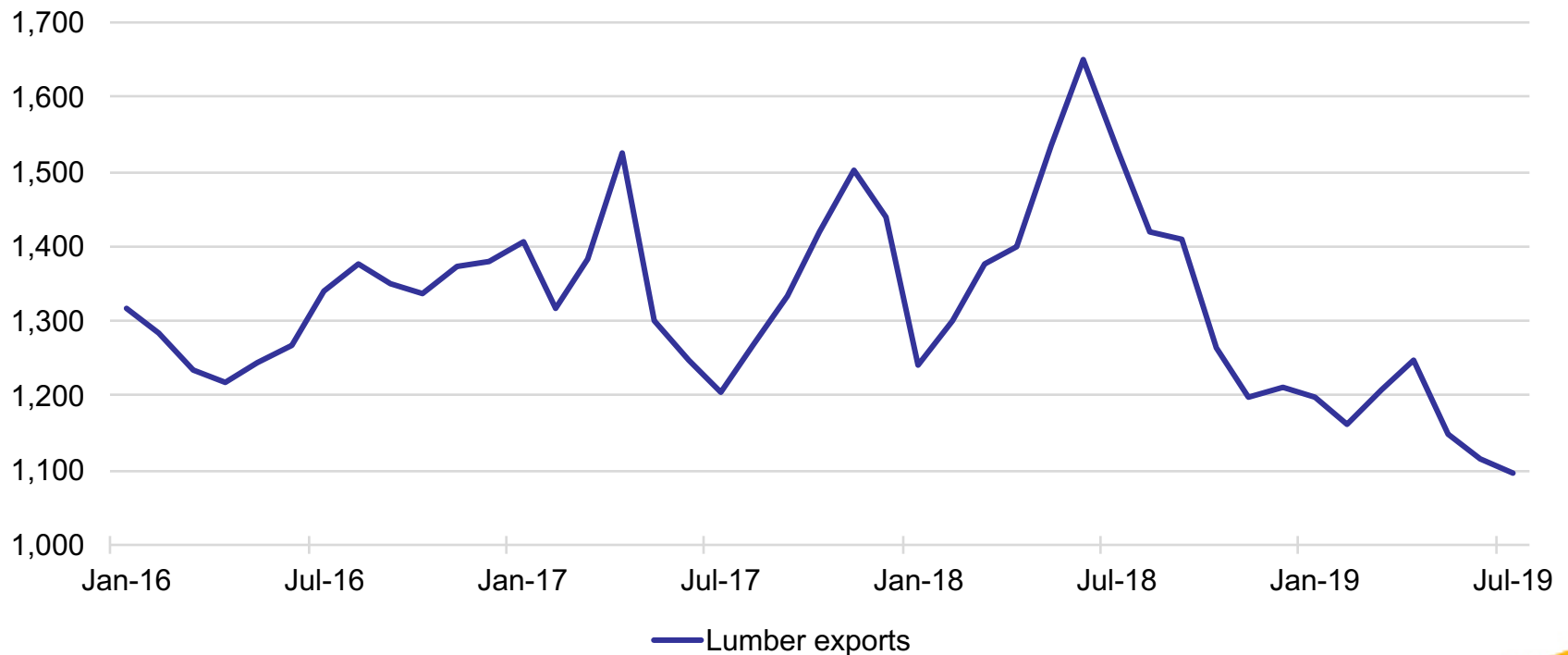
Trade balance - goods
(\$ millions)



Source: Statistics Canada

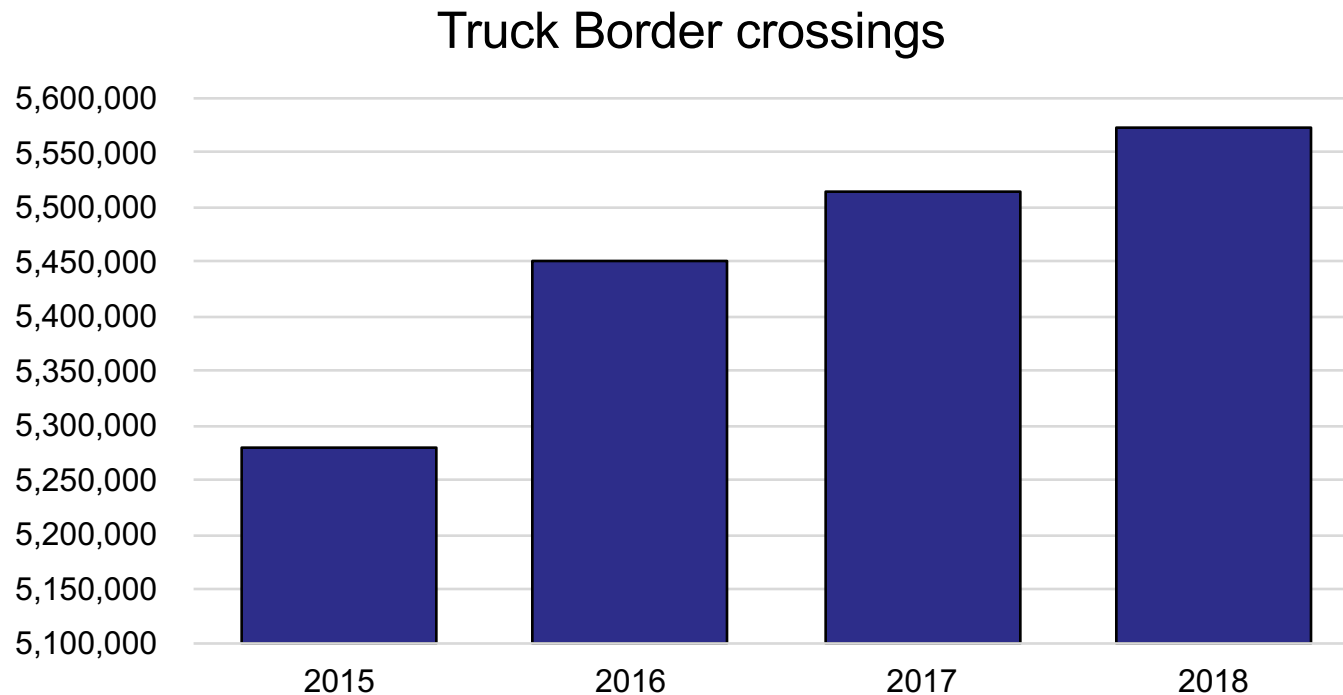
Canadian forest sector showing signs of weakness

Lumber exports
(x \$1,000,000)



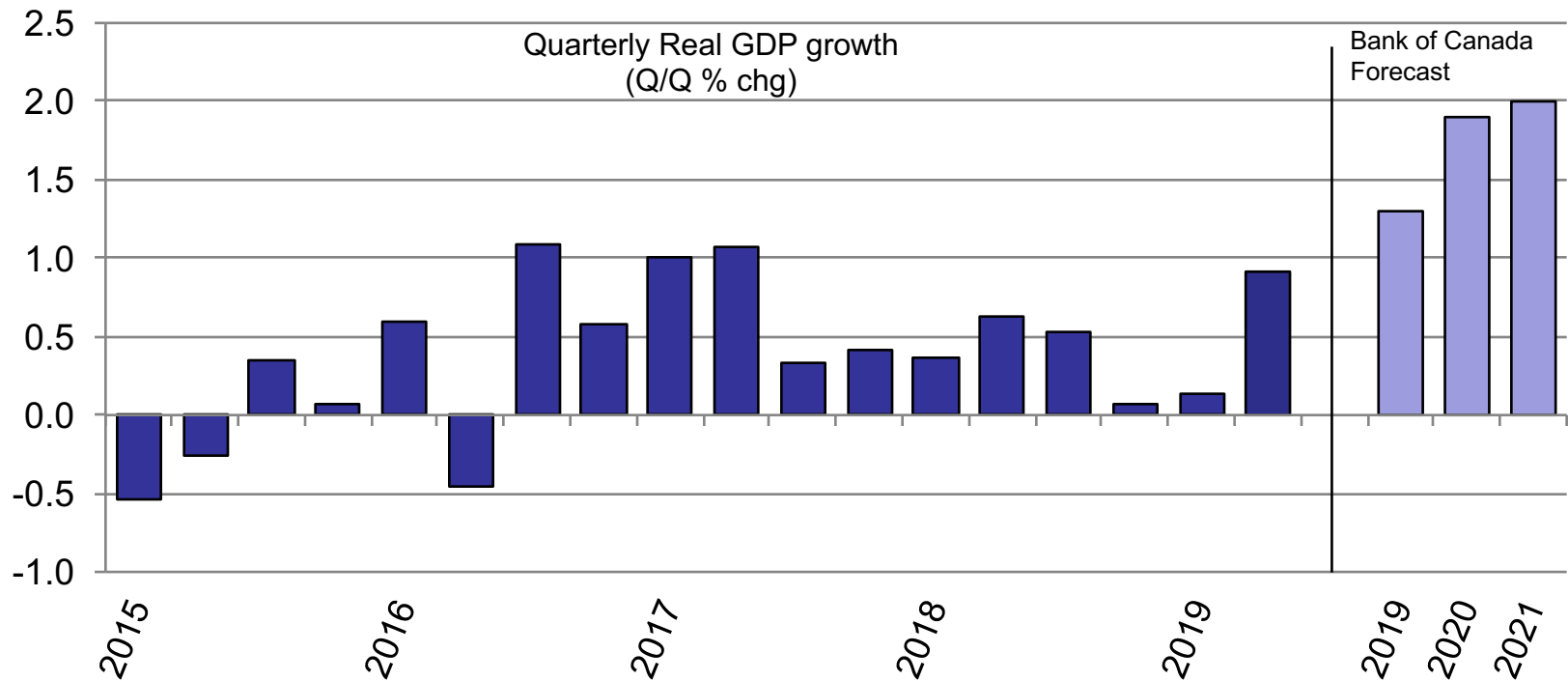
Source: Statistics Canada

Land border plays an important economic link between CA/US



Source: Statistics Canada

Modest improvement in Canadian growth forecast



Source: Statistics Canada

Weaker growth expected amidst rising uncertainty

- Widespread trade uncertainty
 - US-China trade war
 - Brexit
 - USMCA
 - Softwood lumber
- Influence of ongoing trade tensions:
 - Slower trade growth
 - Uncertain investment climate
 - Weaker Real GDP growth
- Fundamentals of CA/US economies remain sound
- Limited monetary and fiscal policy room to fight a downturn

Questions?



US / Canada 2018 International Trade: Eastern Region

EASTERN BORDER TRANSPORTATION COALITION

Susi Derrah

Executive Director, EBTC

October 2019

20

**Role of EBTC:
improve flow
of people &
goods
across the
Canada /
U.S. border**

Improve physical border infrastructure,
Reduce processing times,
Expand border pre-clearance programs,
Support new screening technology & new concepts for future borders.

U.S. / Canada Trade: Total 2018 (US \$ Billions)

**Total US/Canada
Trade:**

\$617 B

EBTC Share:

\$408 B

**66% of Total
US/Canada
Trade**

U.S. / Canada Trade: Surface 2018 (US \$ Billions)

**Total Surface
Trade:**

\$449 B

EBTC Share:

\$349 B

**78% of
US/Canada
Surface Trade**

U.S. / Canada Trade: Truck 2018 (US \$ Billions)

**Total
U.S./Canada
Trade by Truck:
\$349B**

**EBTC
U.S./Canada
Trade by Truck:
\$282B**

**81% of Total
U.S./Canada
Truck Traffic**

U.S. / Canada Trade: Rail 2018 (US \$ Billions)

**Total
U.S./Canada
Trade by Rail:
\$100B**

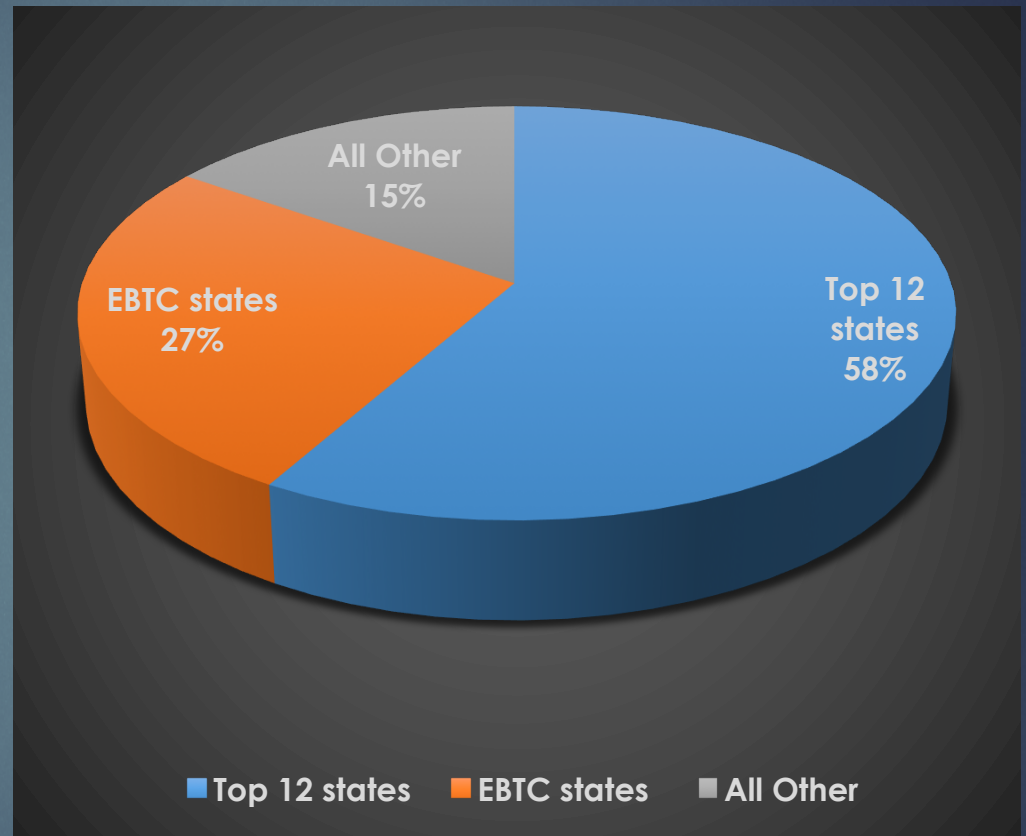
**EBTC
U.S./Canada
Trade by Rail:
\$67B**

**67% of
U.S./Canada
Rail Traffic**

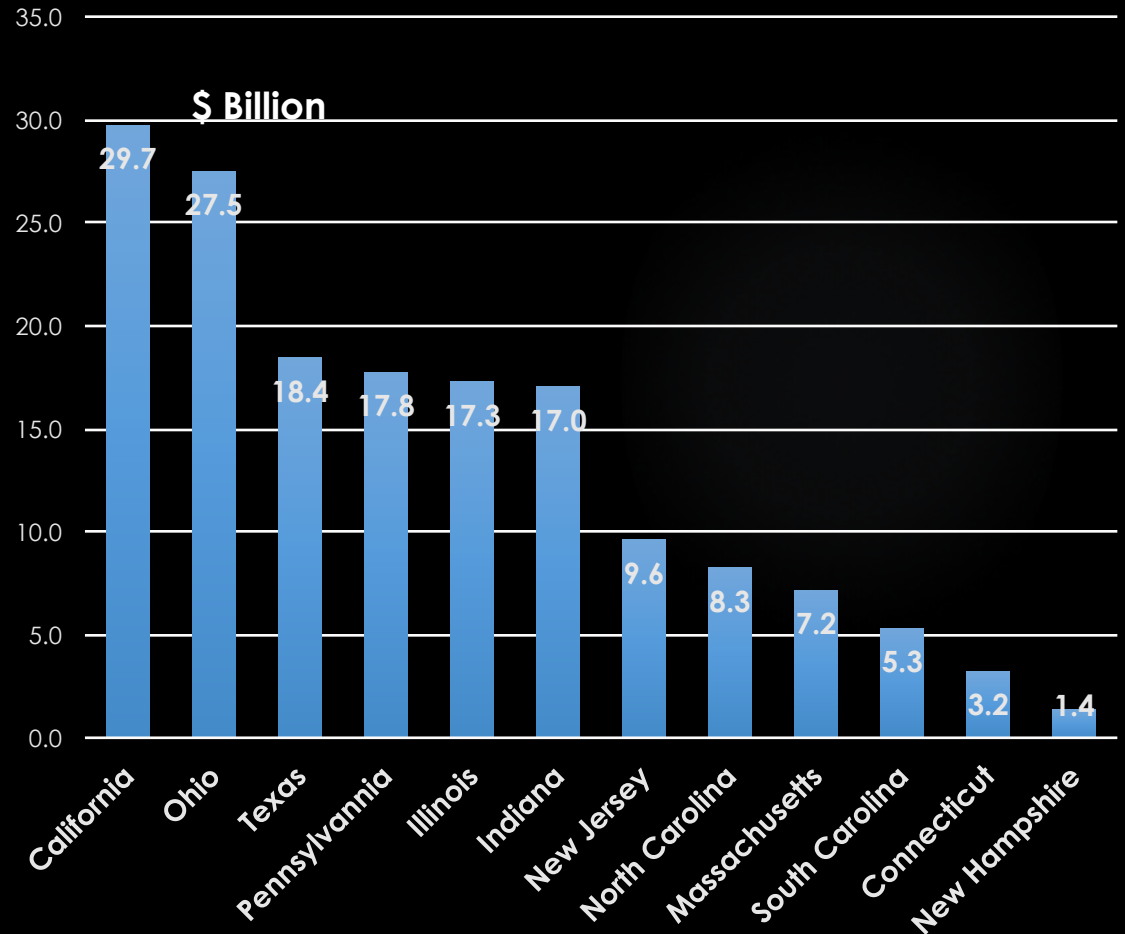
Origins of Trade – Eastern Border

2018

Origins of Surface Trade: Eastern Border Region



Surface
trade from
12 other U.S.
States relies
on Eastern
border Ports



Busiest Ports of Entry Northern Border

2018

Top Ports of Entry – Northern Border 2018

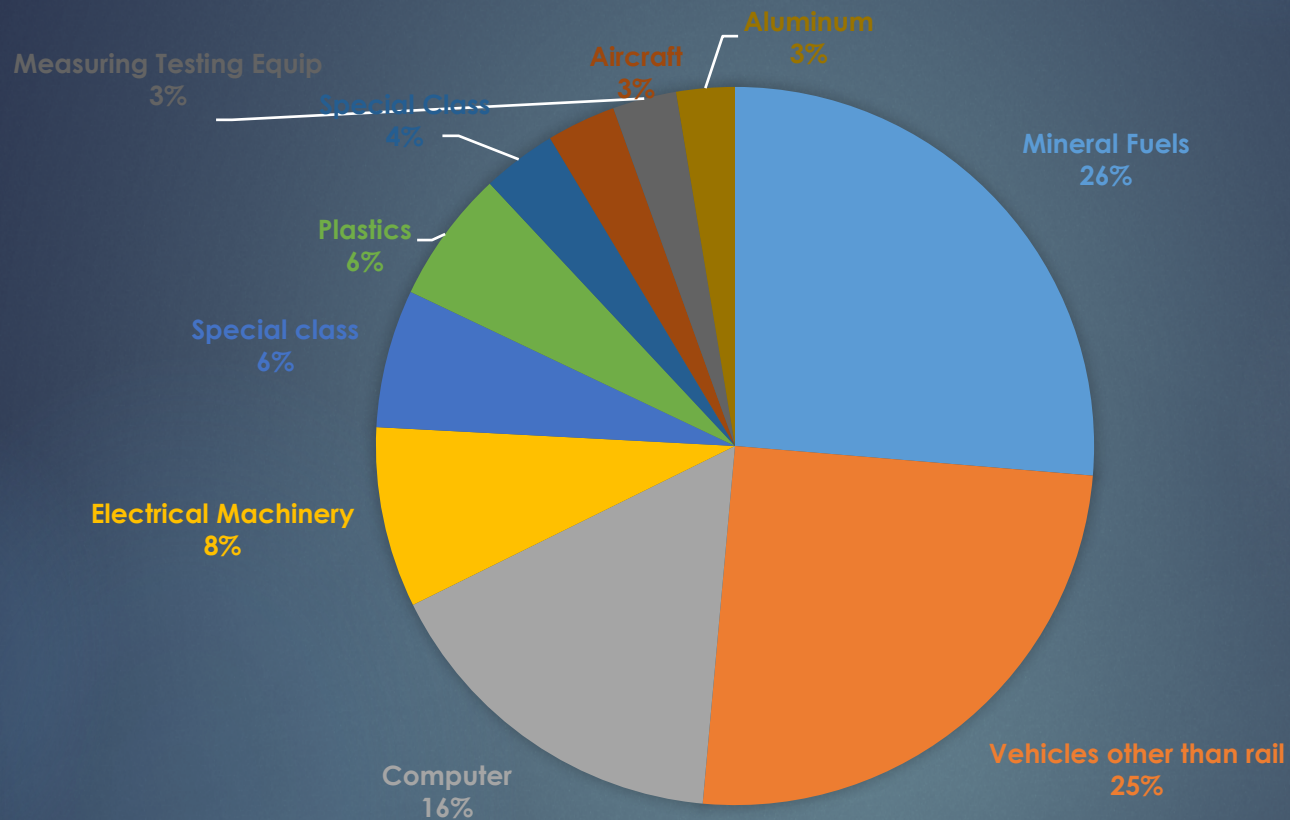
Surface Trade

\$ Billion

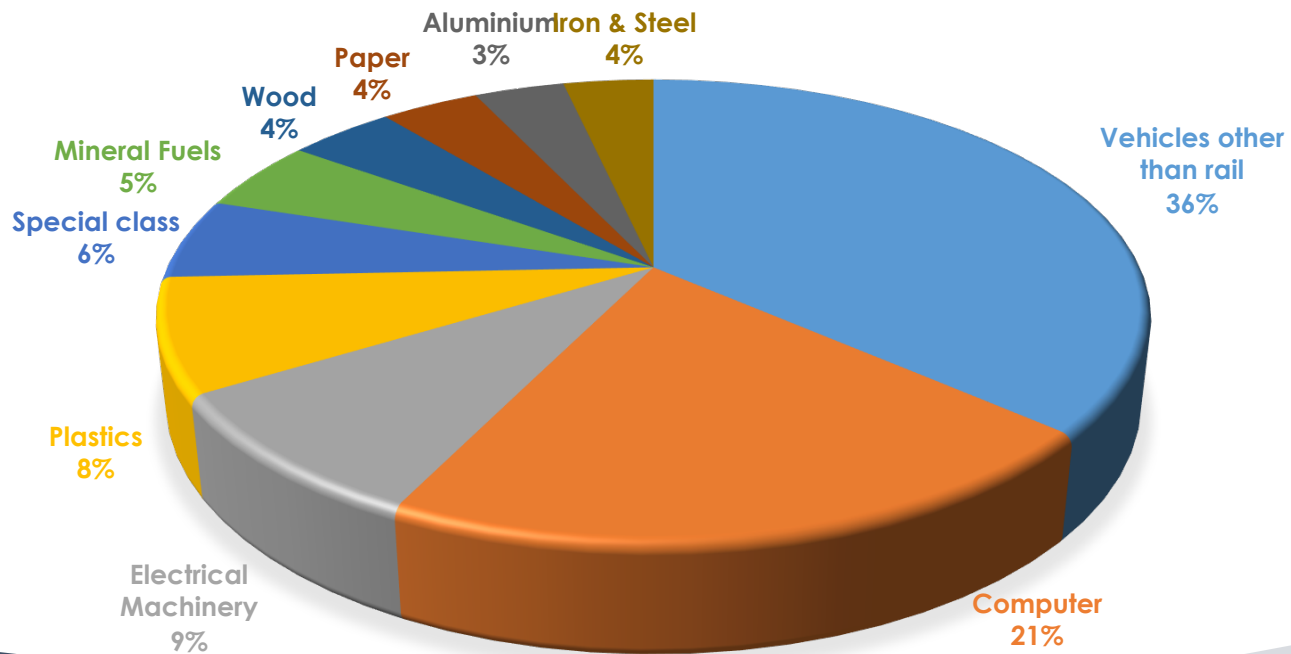
| | | | | | |
|----|---------------------|-------|-----|-----------------------|------|
| 1. | Detroit / Windsor | \$219 | 9. | Sweetgrass Montana | \$13 |
| 2. | Port Huron / Sarnia | 82 | 10. | Cleveland, Ohio | 8 |
| 3. | Buffalo / Fort Erie | 67 | 11. | Eastport Idaho | 7 |
| 4. | Pembina N.D. | 24 | 12. | Minneapolis, Minn | 5 |
| 5. | Champlain-Rouses Pt | 22 | 13. | Highgate / St. Armand | 5 |
| 6. | Blaine Washington | 22 | 14. | Houlton / Woodstock | 4 |
| 7. | Portal, N. D. | 17 | 15. | Calais / St.Stephen | 3 |
| 8. | Alexandria Bay | 15 | 16. | Sault Ste Marie | 3 |
| | | | 17. | Derbyline / Stanstead | 3 |

Top Commodities Eastern Border

2018



Top commodities traded 2018 – Total trade – Eastern Border



Top commodities traded 2018 – surface trade – Eastern Border



Thank you
Susi Derrah
Executive Director EBTC

OCTOBER 2, 2019