























The Main Street Quarterly

Small business insights into the Canadian economy | 2024 Q1

Economic Forecasts, Canada

Table 1 – Key macroeconomic variables, historical and forecasted data, Canada, 2022-2024

 ANALYSIS STRATEGIES & ANALYTICS	History				Forecasts		Trends (2023 Q1-2024 Q2)
	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	
GDP by expenditure							
Level, chained \$B (2017)	2,349	2,352	2,349	2,355	2,368	2,374	
Q/Q annualized growth	2.6%	0.6%	-0.5%	1.0%	2.2%	1.1%	
YYY growth	1.8%	1.0%	0.5%	0.3%	0.8%	0.3%	
GDP by industry, business sector							
Level, chained \$B (2017)	1,779	1,782	1,775	1,782	1,792	1,797	
Q/Q annualized growth	2.4%	0.5%	-1.5%	1.5%	2.4%	1.0%	
YYY growth	1.8%	1.0%	0.0%	0.7%	0.7%	0.8%	
Retail sales							
Level, \$M	65,877	65,828	66,203	66,855	67,145	67,586	
Q/Q annualized growth	2.6%	-0.3%	2.3%	4.0%	1.7%	2.7%	
YYY growth	3.7%	0.7%	2.1%	2.1%	1.9%	2.7%	
CPI, total							
Level, index (2002 = 100)	155	156	156	159	160	160	
Q/Q annualized growth	2.6%	2.8%	4.3%	2.5%	1.2%	2.0%	
YYY growth	5.2%	3.5%	3.7%	3.2%	2.8%	2.6%	
CPI, excluding food and energy							
Level, index (2002 = 100)	146	147	148	149	150	151	
Q/Q annualized growth	3.6%	3.5%	3.1%	3.4%	1.7%	2.2%	
YYY growth	4.8%	4.0%	3.5%	3.4%	2.9%	2.6%	
Private investment							
Level, chained \$B (2017)	405	409	403	398	394	392	
Q/Q annualized growth	-4.4%	4.3%	-5.4%	-5.3%	-4.2%	-1.7%	
YYY growth	-8.5%	-4.5%	-3.3%	-2.8%	-2.7%	-4.2%	
Payroll Employment							
Level, k persons	17,908	17,965	18,064	18,041	18,112	18,161	
Q/Q annualized growth	3.3%	1.3%	2.2%	-0.5%	1.6%	1.1%	
YYY growth	4.2%	2.7%	2.4%	1.6%	1.1%	1.1%	

Source: Modelling and forecasts by AppEco using CFIB's monthly Business Barometer® data.

Note: Forecasts are based on weighted CFIB data. The interpretation of recent dynamics can differ from that of unweighted data.

Above expectations growth at the beginning of Q1 encourages soft rebound

Economic forecasts based on the most recent Monthly Business Barometer® data indicate that GDP growth rebounded to 2.2% in the first quarter of the year, supported by above-expectations GDP growth in January reflecting largely the end of strikes in the public sector. The pace should come down to 1.1% in the second quarter.

Retail sales grew by 1.7% in 2024 Q1 and further strength in nominal terms is expected in Q2 as GDP, employment, and prices continue to increase.

CPI inflation continued its downward trend in Q1, falling below the 3% mark at 2.8%. Excluding food and energy, inflation fell to 2.9%, and the decline is expected to persist in Q2. Evidently, more and more signals show that inflation is getting under control, which should motivate the Bank of Canada to lower rates in the near term.

Private investment contracted for the third consecutive quarter in Q1, and is expected to keep declining in Q2, albeit at a slower pace.

Total payroll employment increased by 1.6% in 2024 Q1 following a slight contraction at the end of 2023. Year-over-year, employment is expected to remain 1.1% higher over the first half of 2024.

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