

# 2021: A year of economic recovery

March 2021

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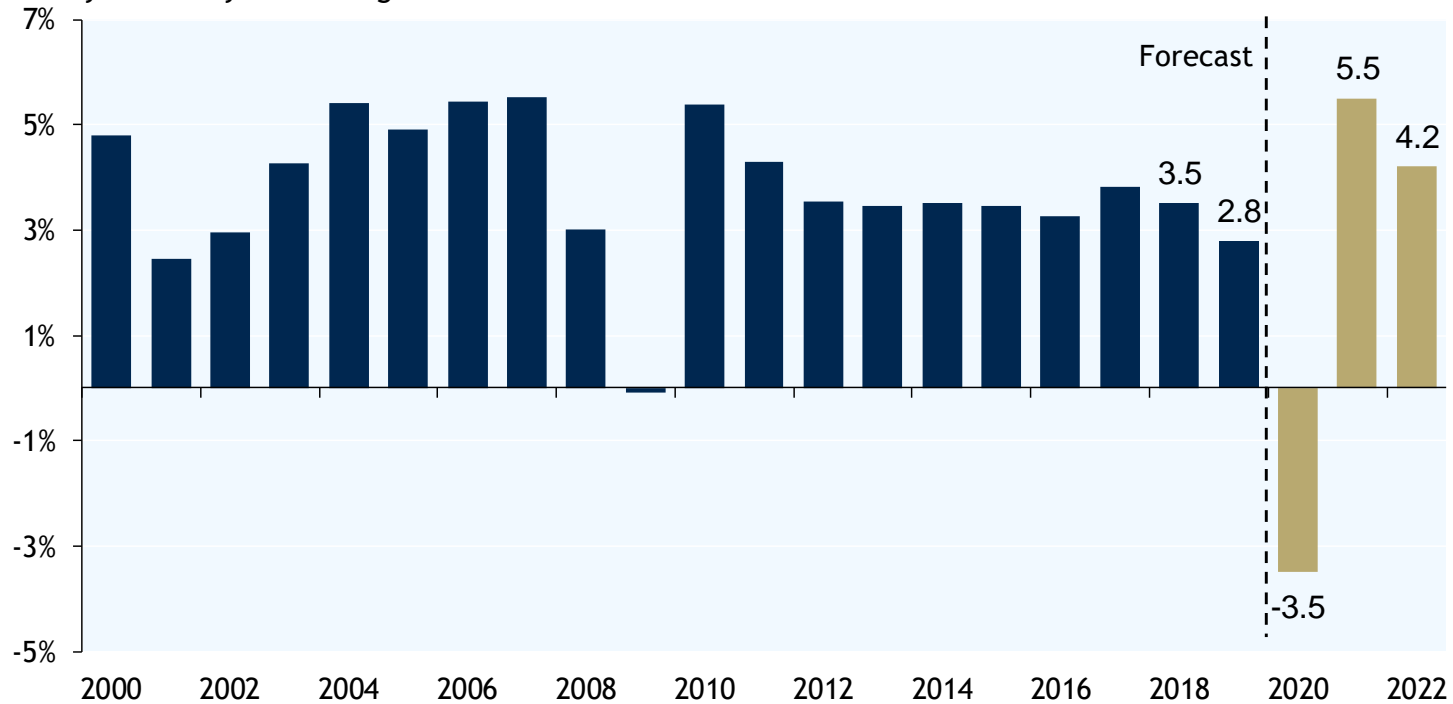
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# Vaccinations and policy support to drive growth in 2021

## Global GDP growth

year-over-year % change

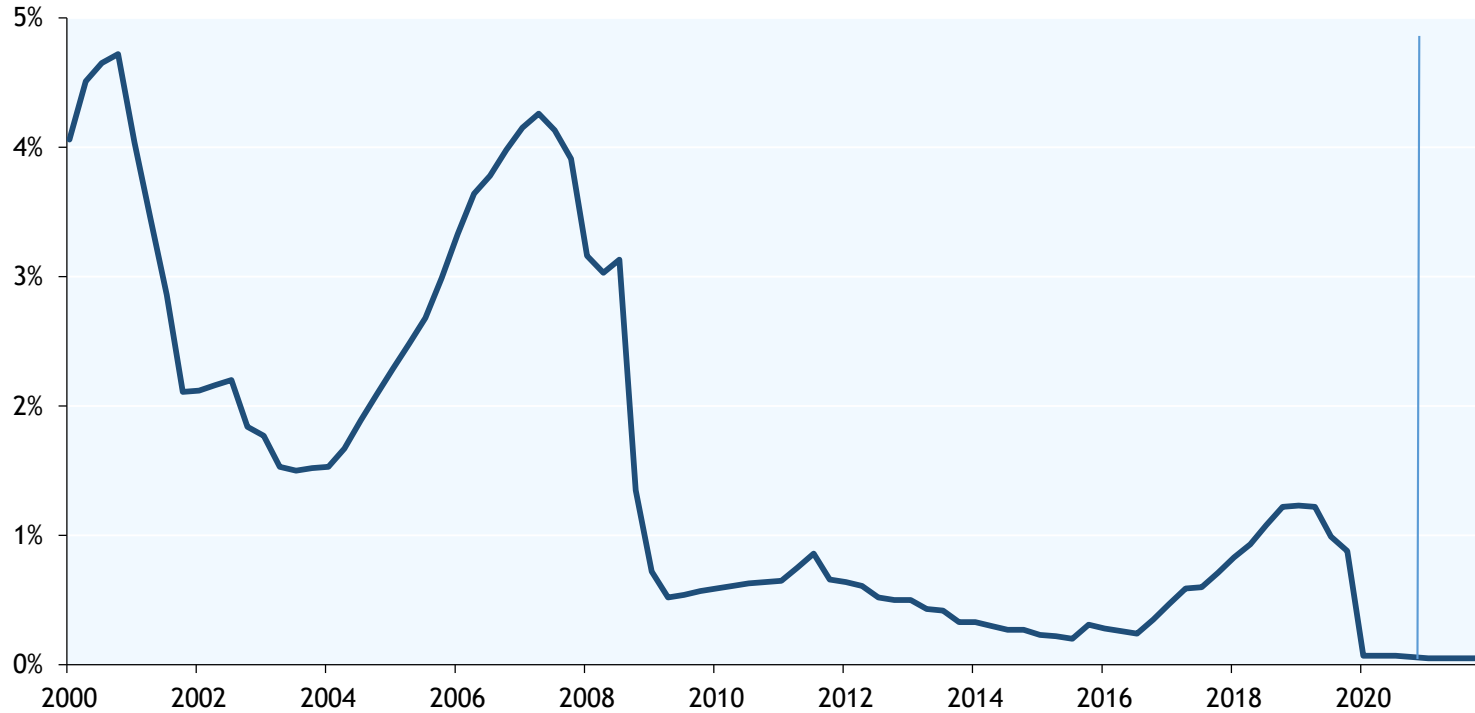


Source: IMF, RBC Economics

# Interest rates will remain very low

## Advanced economies policy rate

end of period

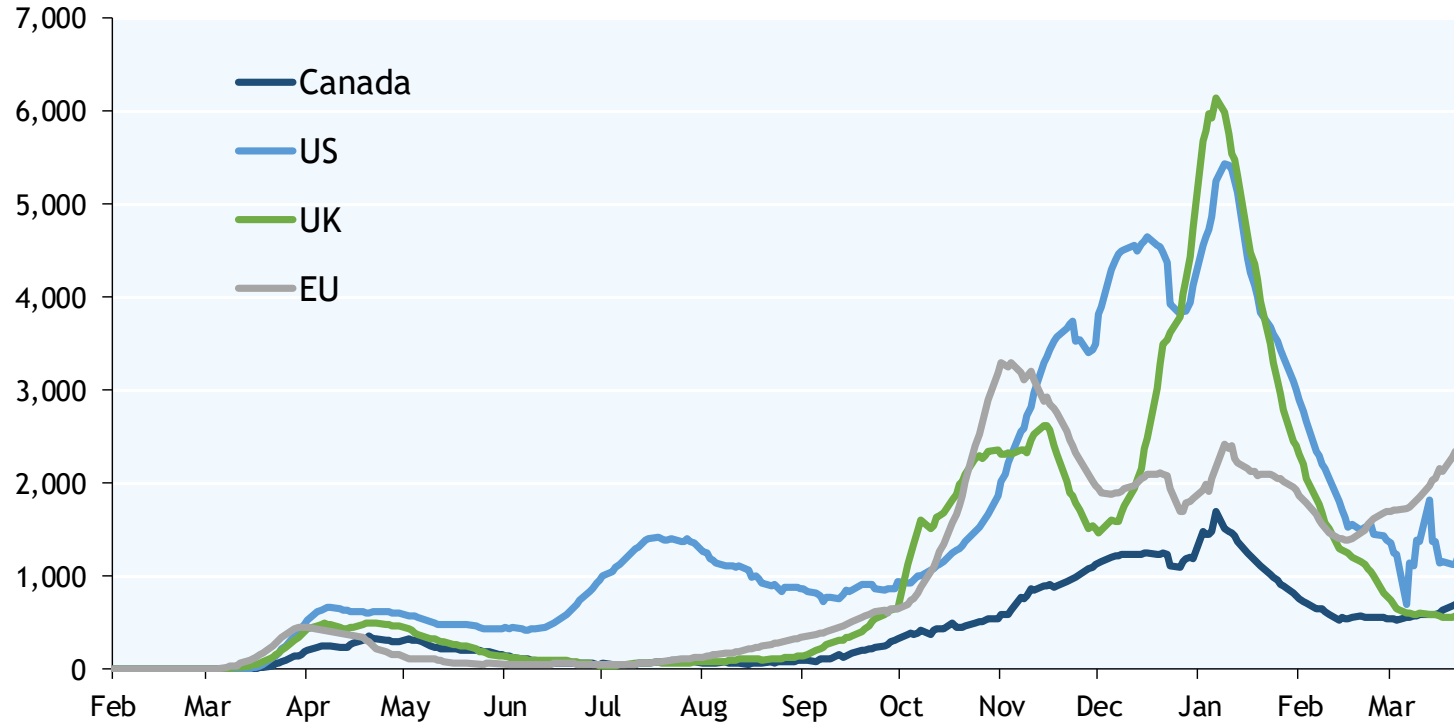


Source: Haver, RBC Economics

# Case counts ease after second wave surge

## Confirmed COVID-19 cases

7-day increase in cases per million population

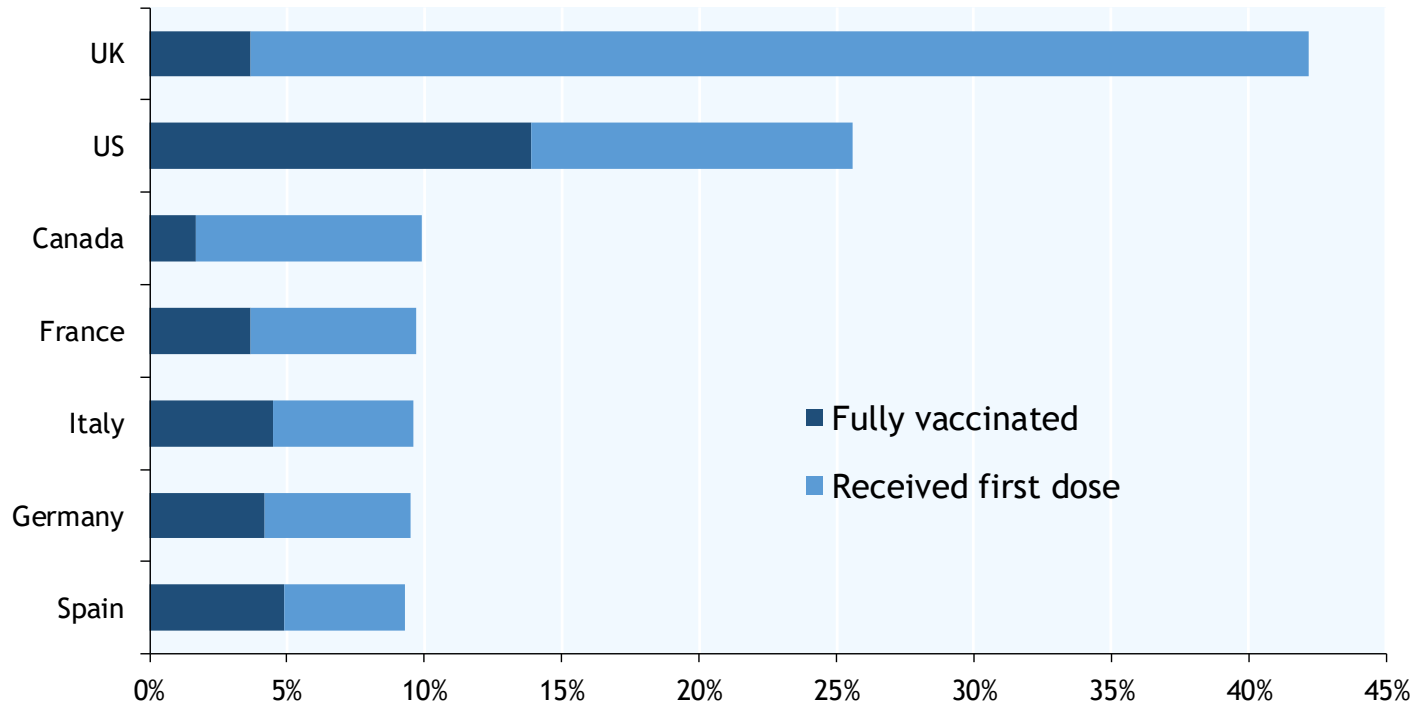


Source: Johns Hopkins University, RBC Economics

# Vaccinations picking up, Canada behind

## UK and US off to early vaccine lead

share of population vaccinated as of mid-February



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

# Canada: ready for lift-off

## Real GDP growth: Canada

Year to Year % change

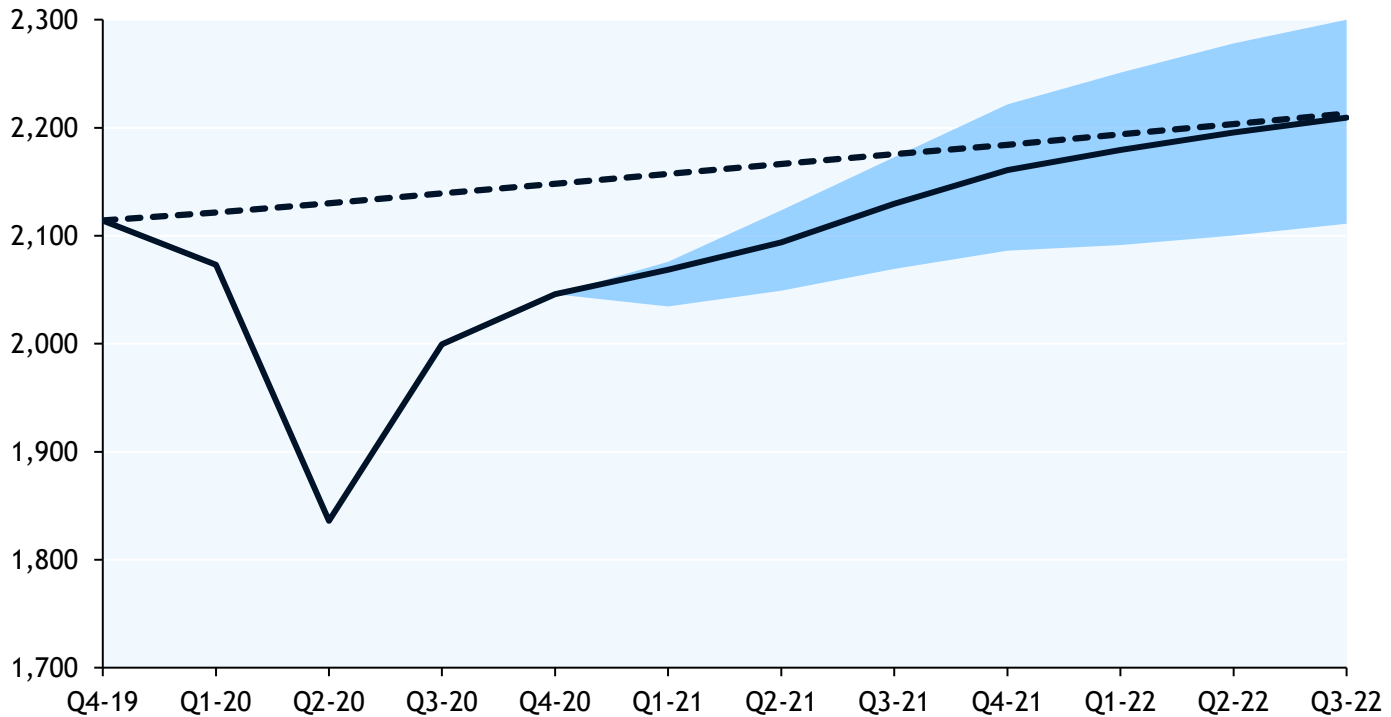


Source: Statistics Canada, RBC Economics

# Economy to recover pandemic losses by year end

## RBC vs. Bloomberg consensus Canadian real GDP projections

billions of chained 2012 C\$



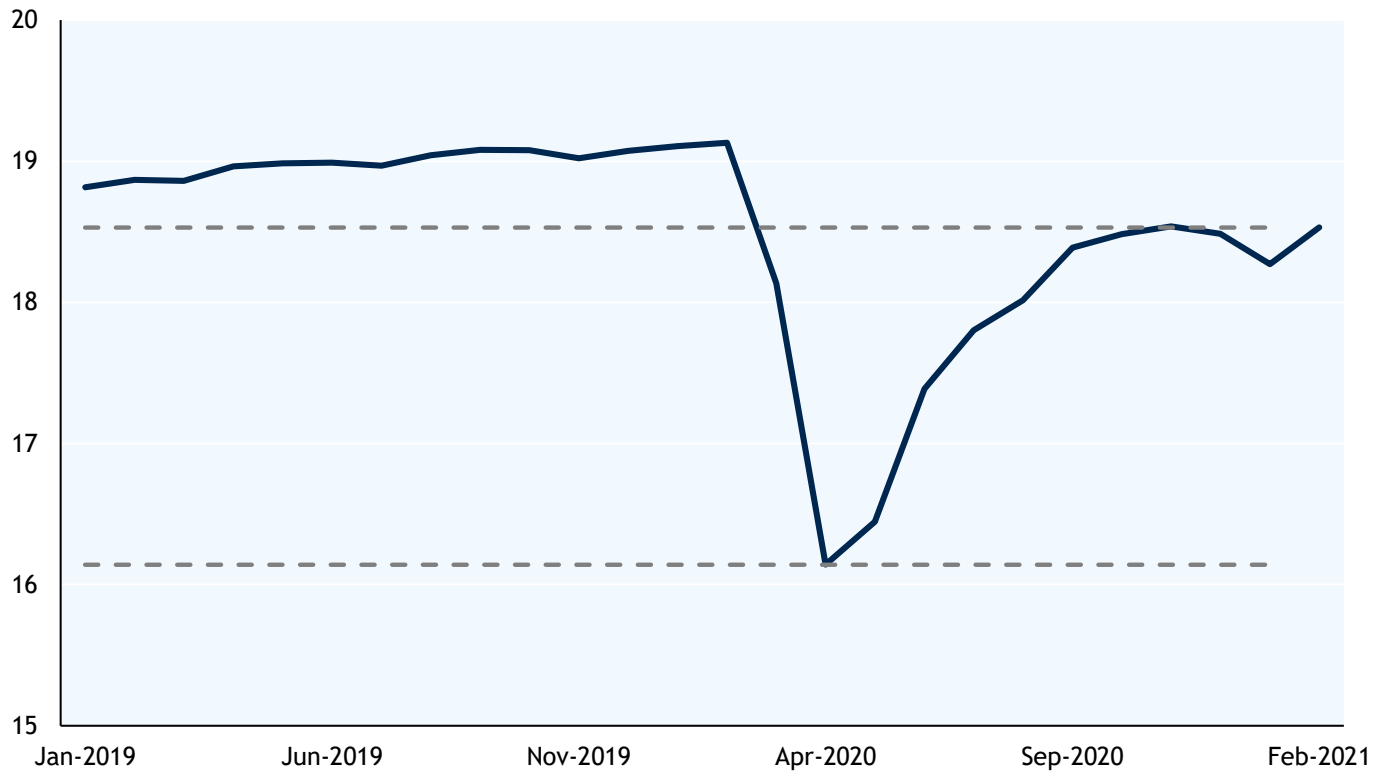
Source: Bloomberg, RBC Economics



# Jobs will be slower to come back...

## 3 million jobs lost, 2.3 million jobs recovered

Employment, millions, SA



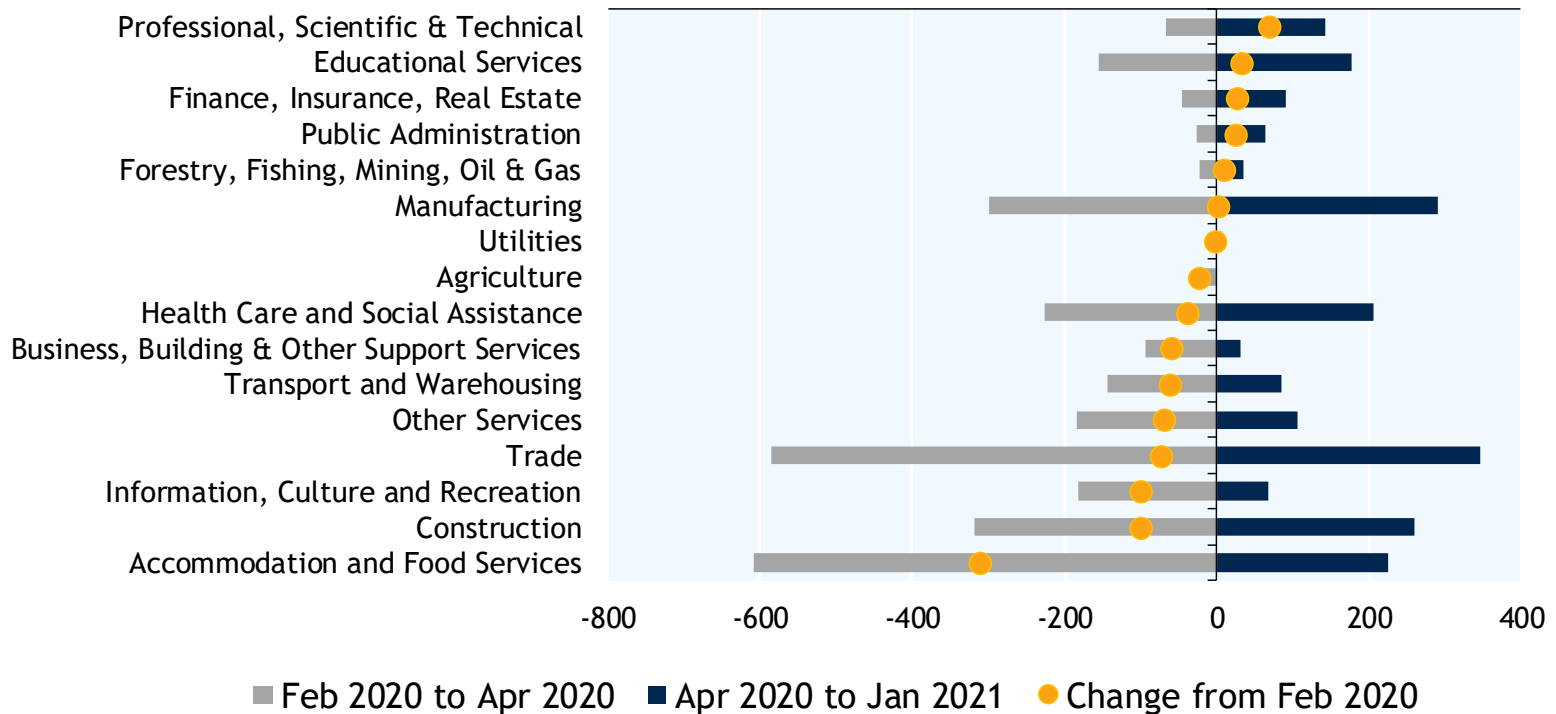
Source: Statistics Canada, RBC Economics





## Canadian employment by industry

change in employment, monthly data, thousands

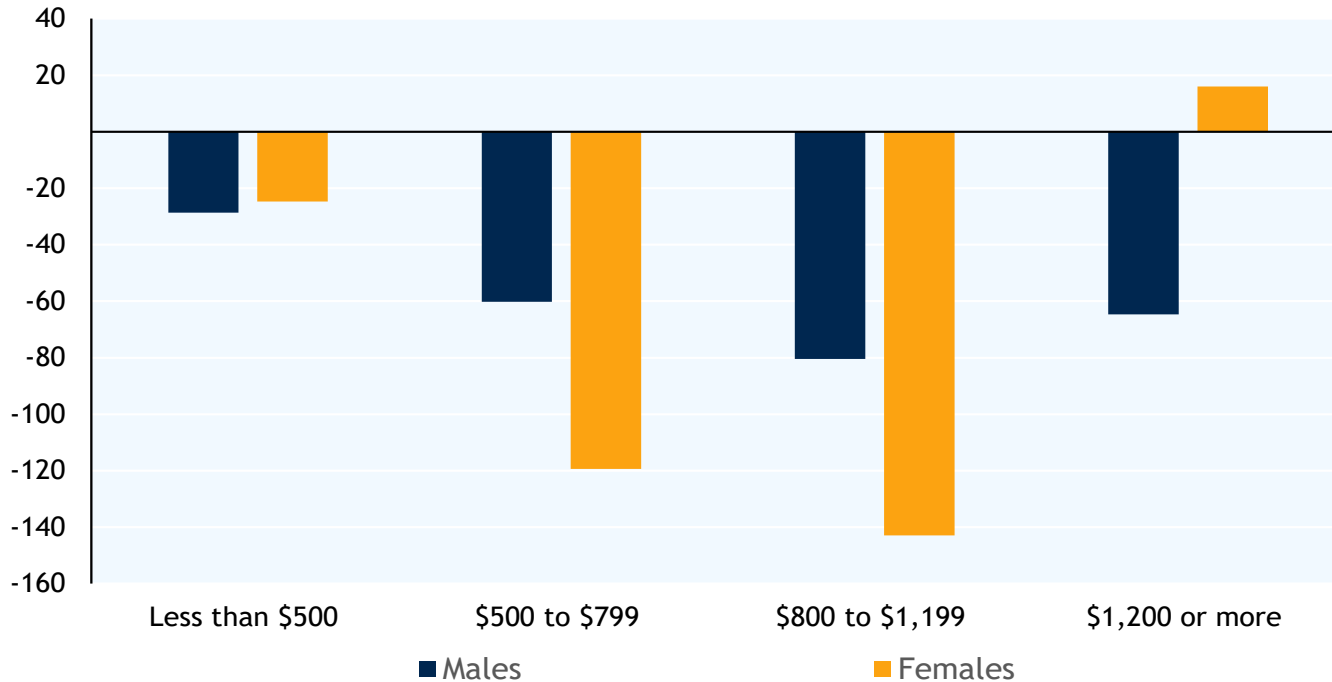


Source: Statistics Canada, RBC Economics

# Women account for a large share of jobs yet to be recovered...

## Pandemic hit lower-earning women harder

Change in employment (Feb '20- Feb '21), employees aged 25-54 who work full time ( $\geq 30$  hours/week), thousands

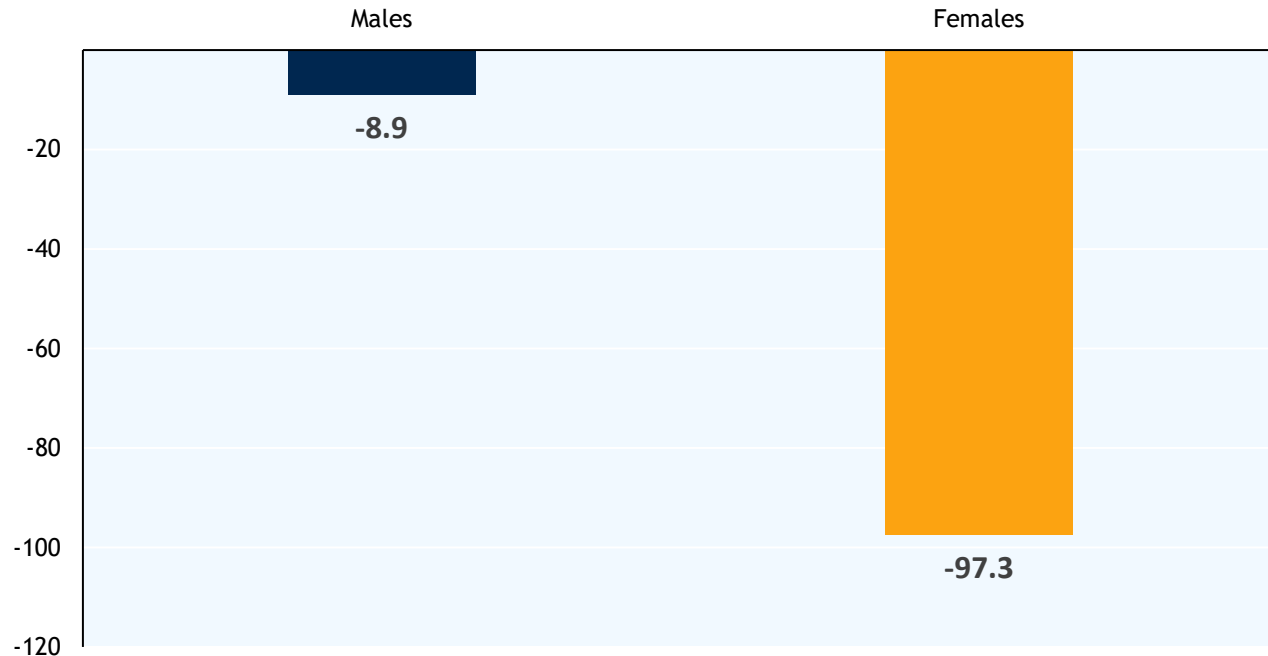


Source: Statistics Canada, RBC Economics

# ...and some have left workforce completely

## 10 times more women than men have fallen out of the labour force since February 2020

Women and men, ages 20+, thousands

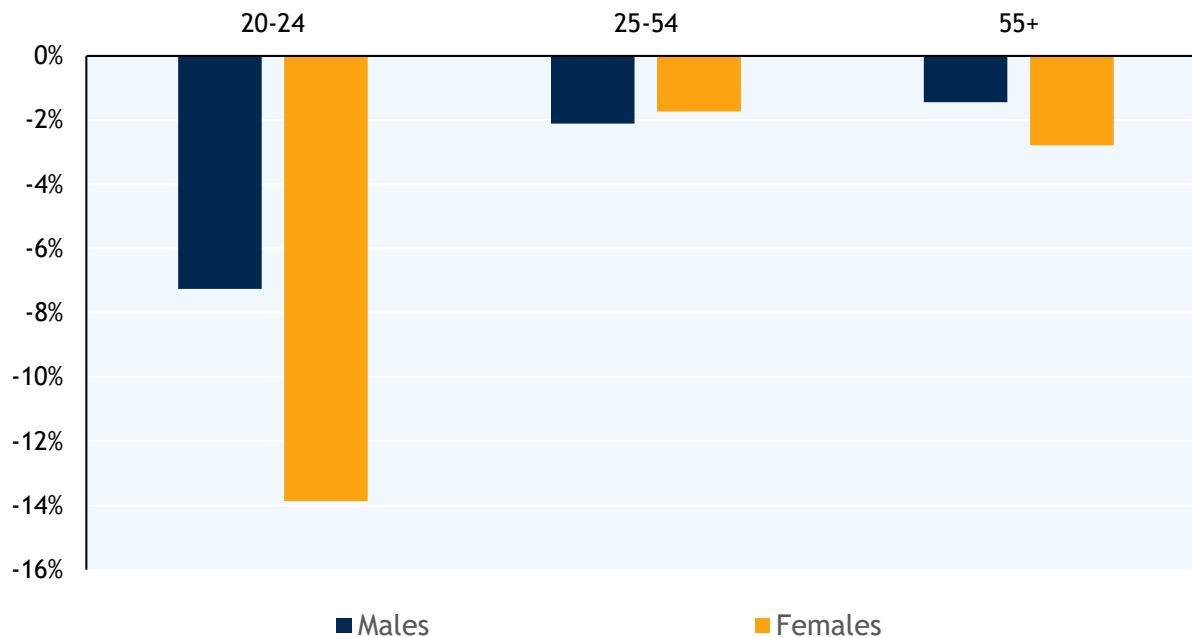


Source: Statistics Canada, RBC Economics

# Younger women and mothers have been hit hard

## Youngest women were most affected by job losses

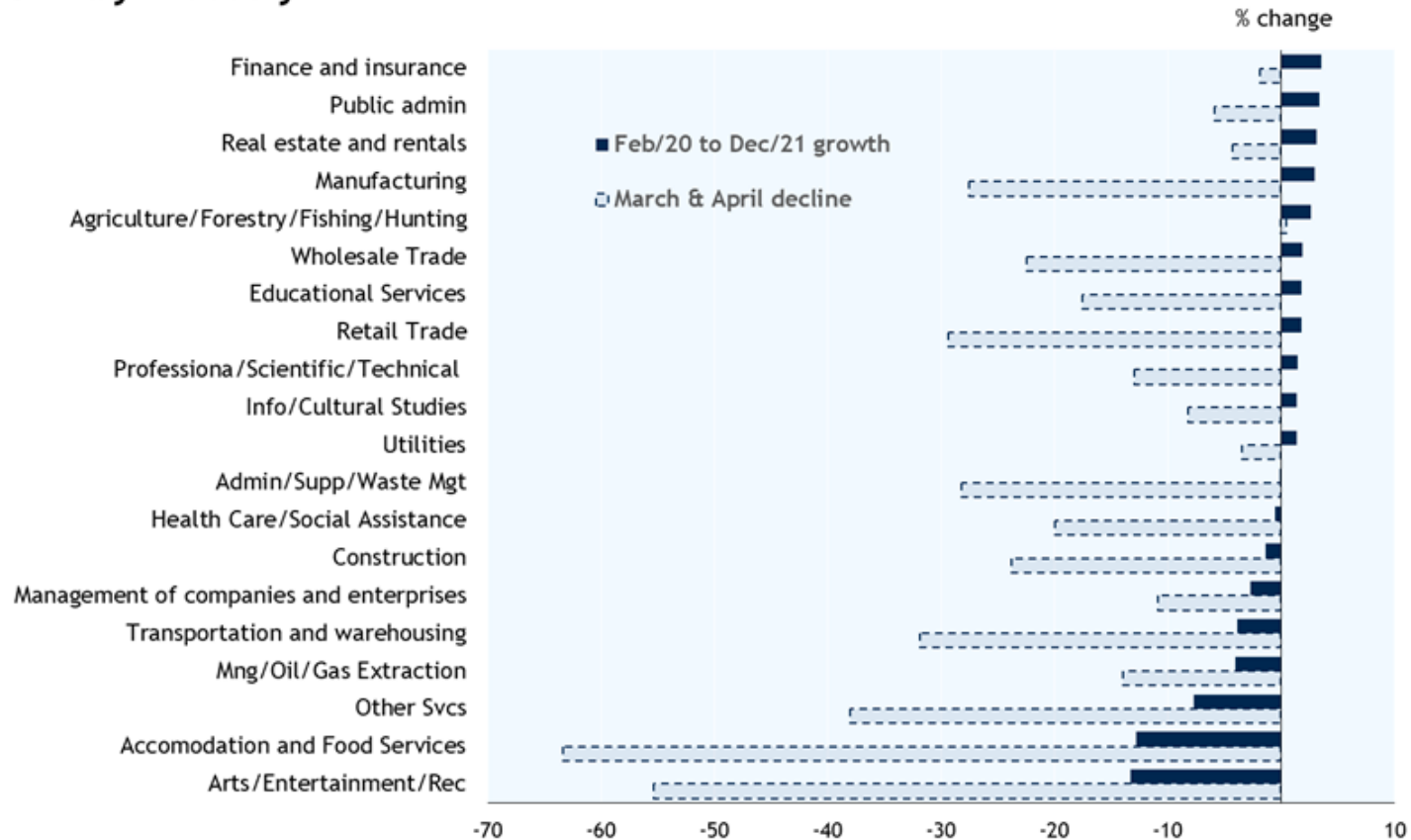
% change in employment by age group, Feb '20- Feb '21



Source: Statistics Canada, RBC Economics

# The uneven recovery will continue

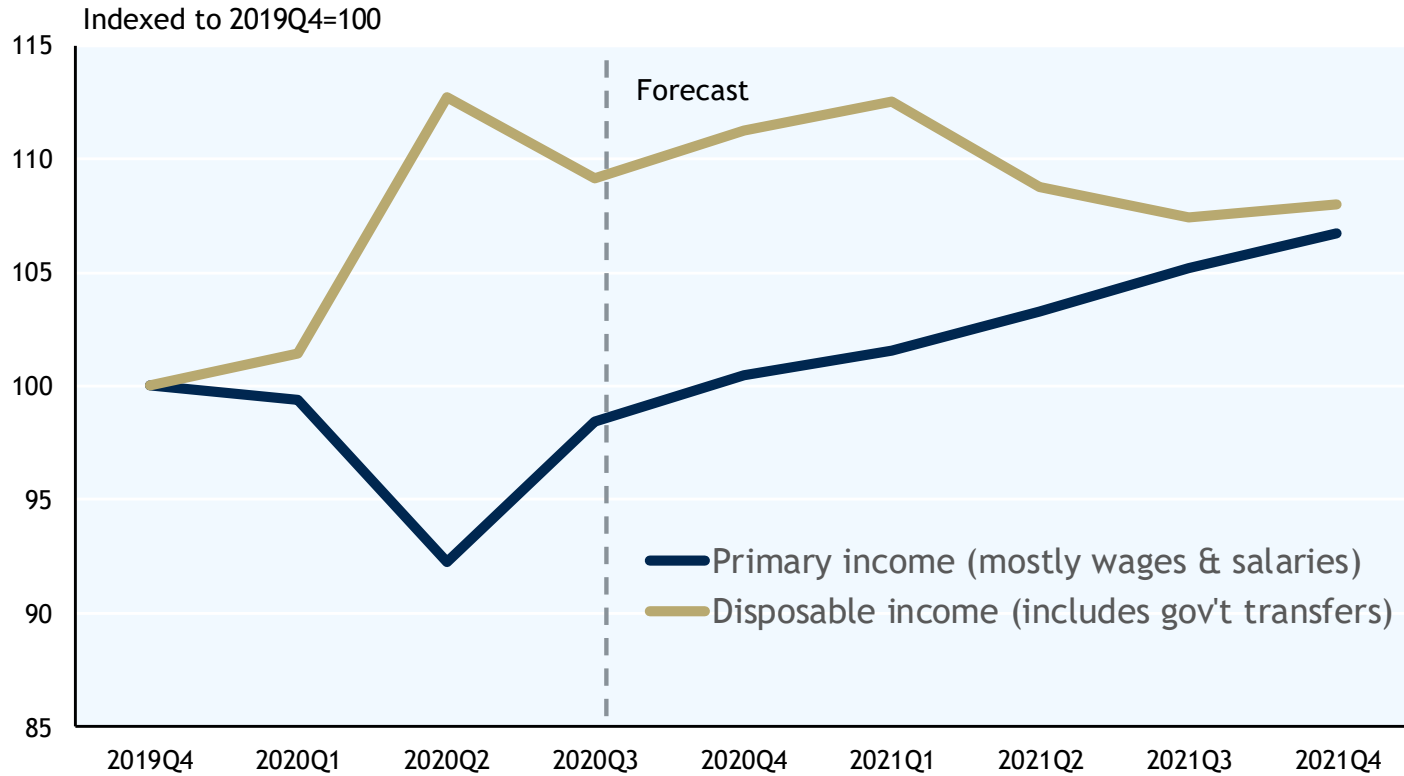
## GDP by industry



Source: Statistics Canada, RBC Economics Research

# Government support has been large

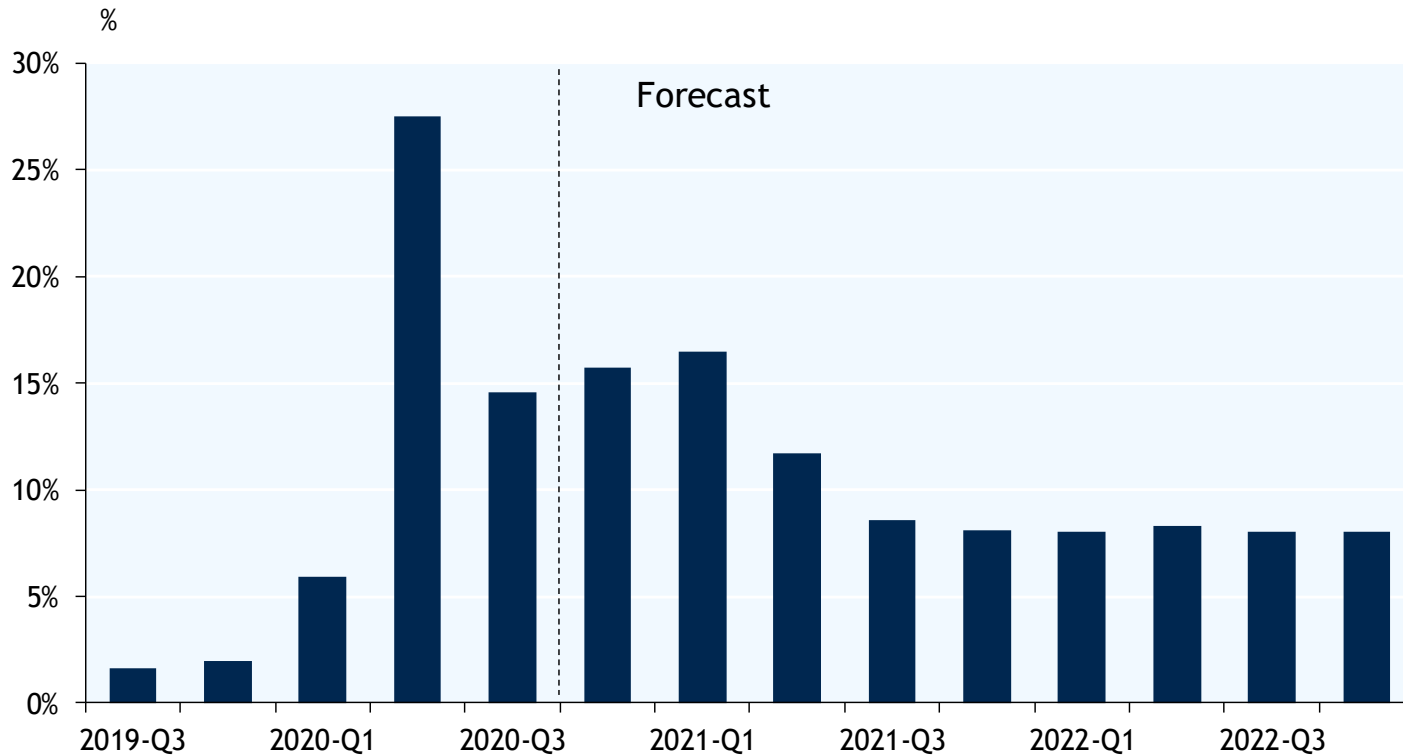
## Canada Primary vs Disposable Household Income



Source: Statistics Canada, RBC Economics

# Savings surged; some will be deployed in 2021

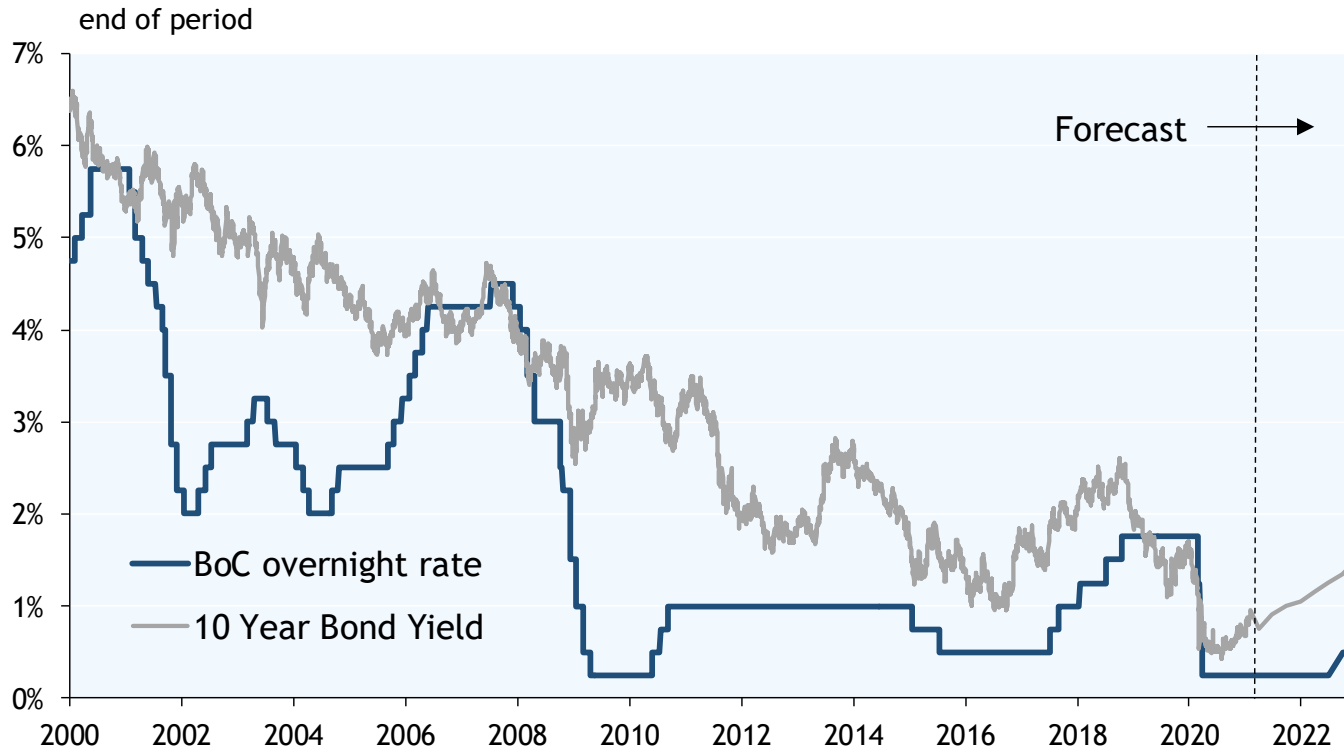
## Canada Household Savings Rate



Source: Statistics Canada, RBC Economics

# Monetary policy to remain supportive

## Interest rates: Canada



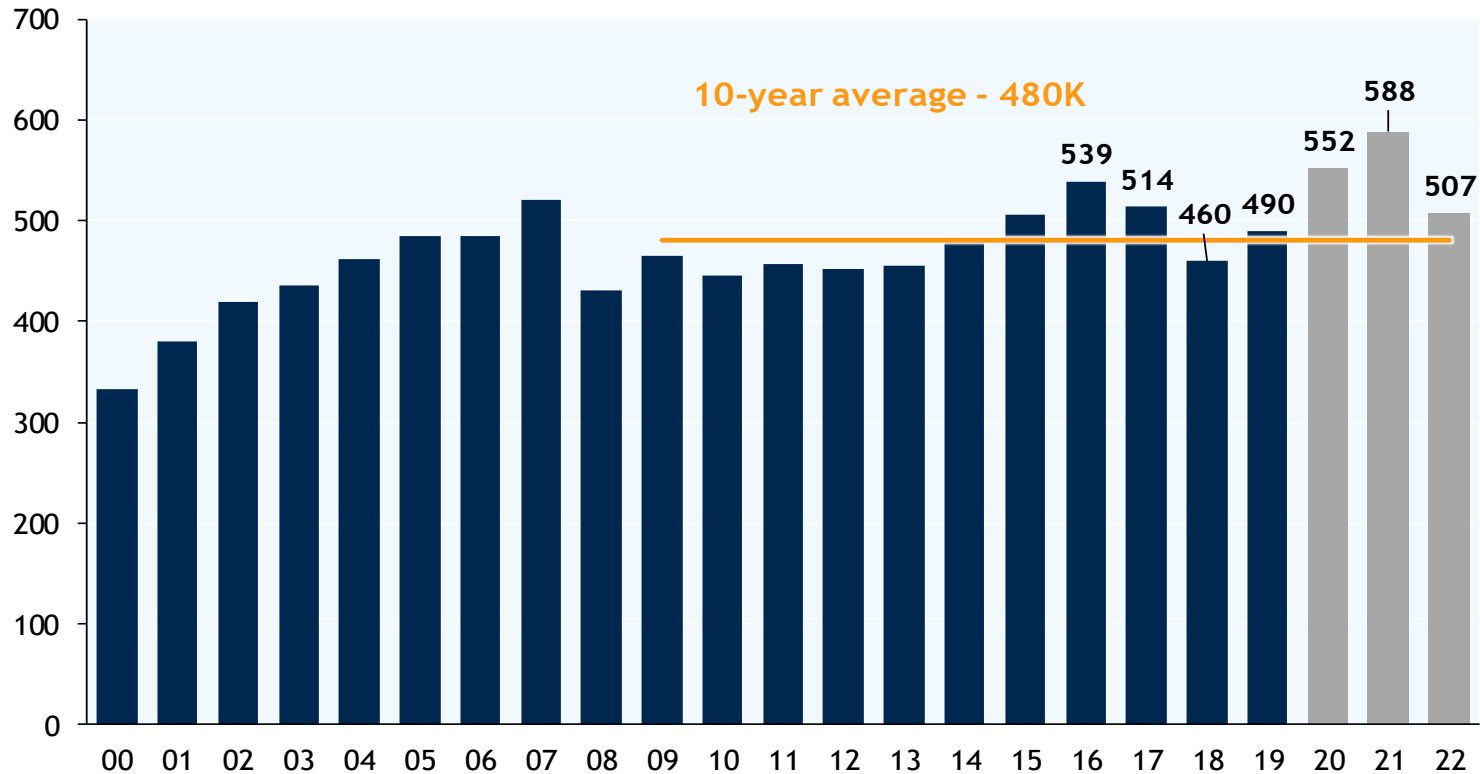
Source: BoC, RBC Economics



# Housing markets recovered more quickly than expected

## Home resales: Canada

Thousands of units



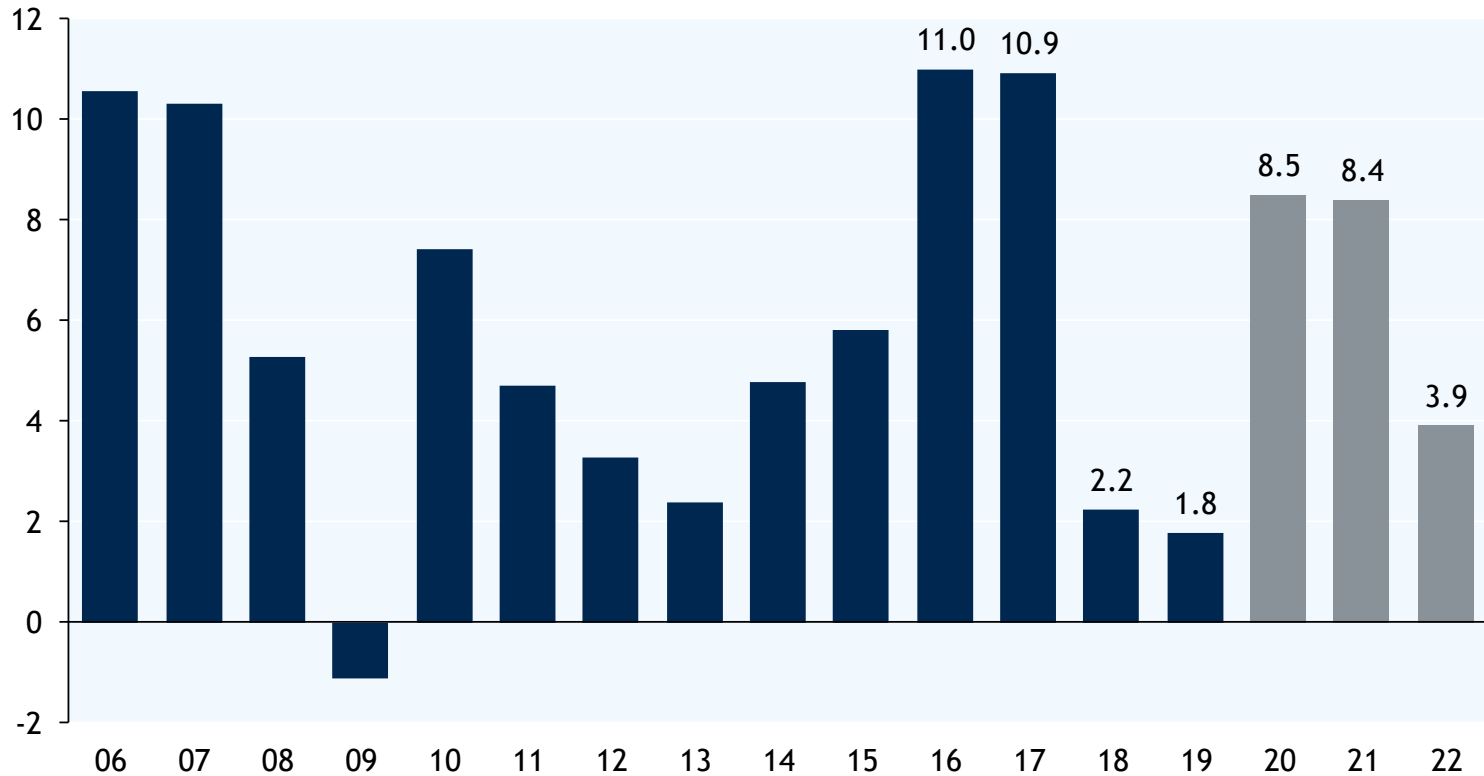
Source: Canadian Real Estate Association, RBC Economics

Forecast: ■



## Home prices in Canada

Annual % change, composite

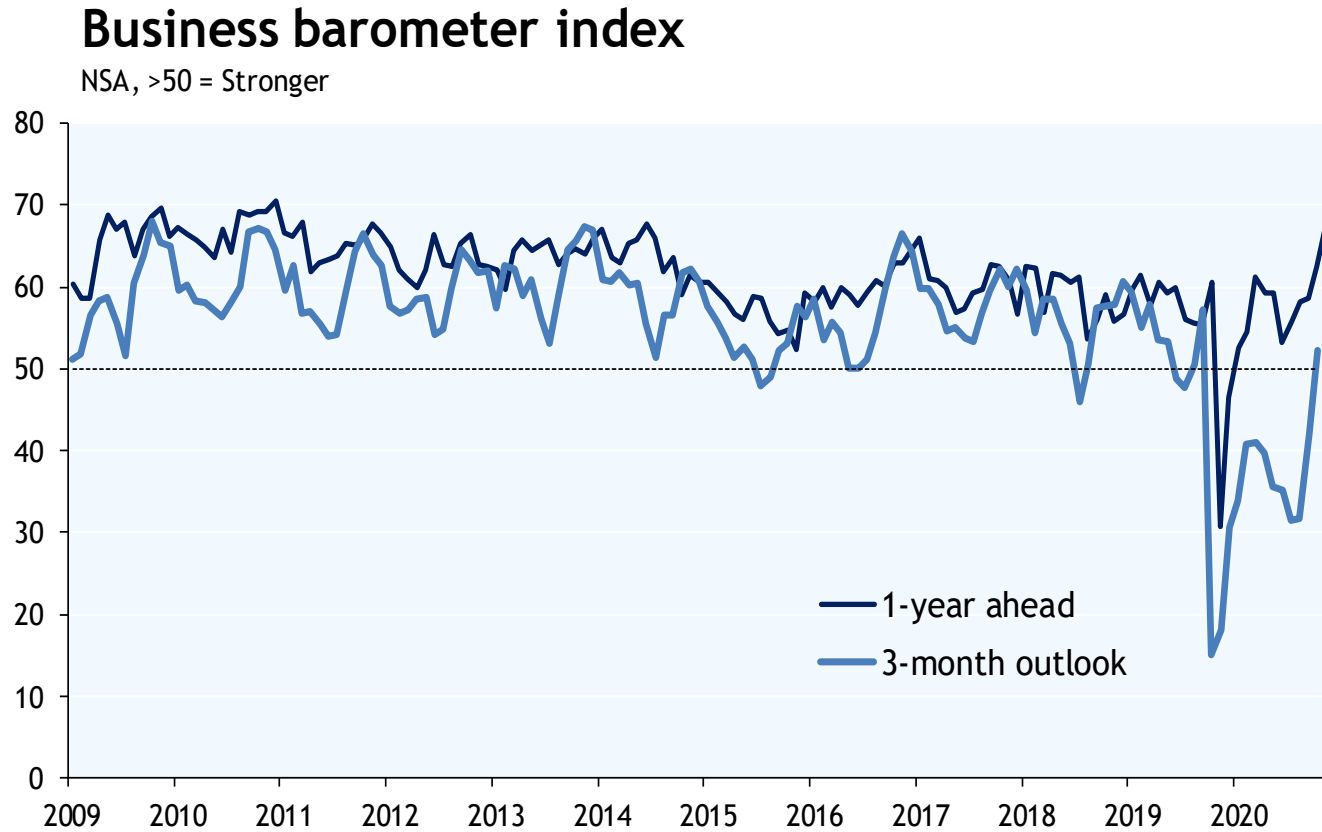


Source: RPS, RBC Economics

Forecast: ■



# Businesses are optimistic

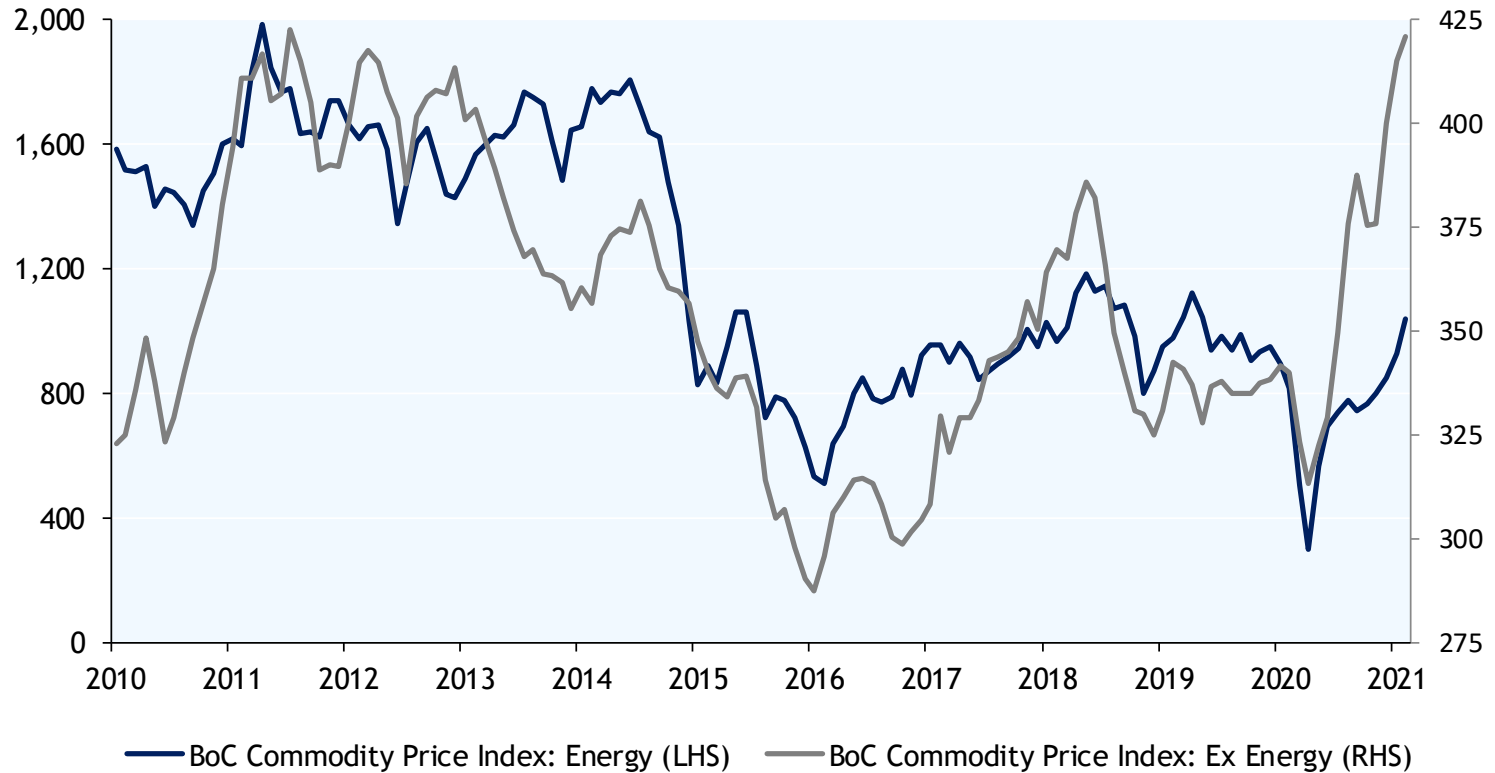


Source: Canadian Federation of Independent Business, RBC Economics

# Commodity prices are recovering

## Bank of Canada Commodity Price Index

Fisher index, NSA, Jan 1974 = 100

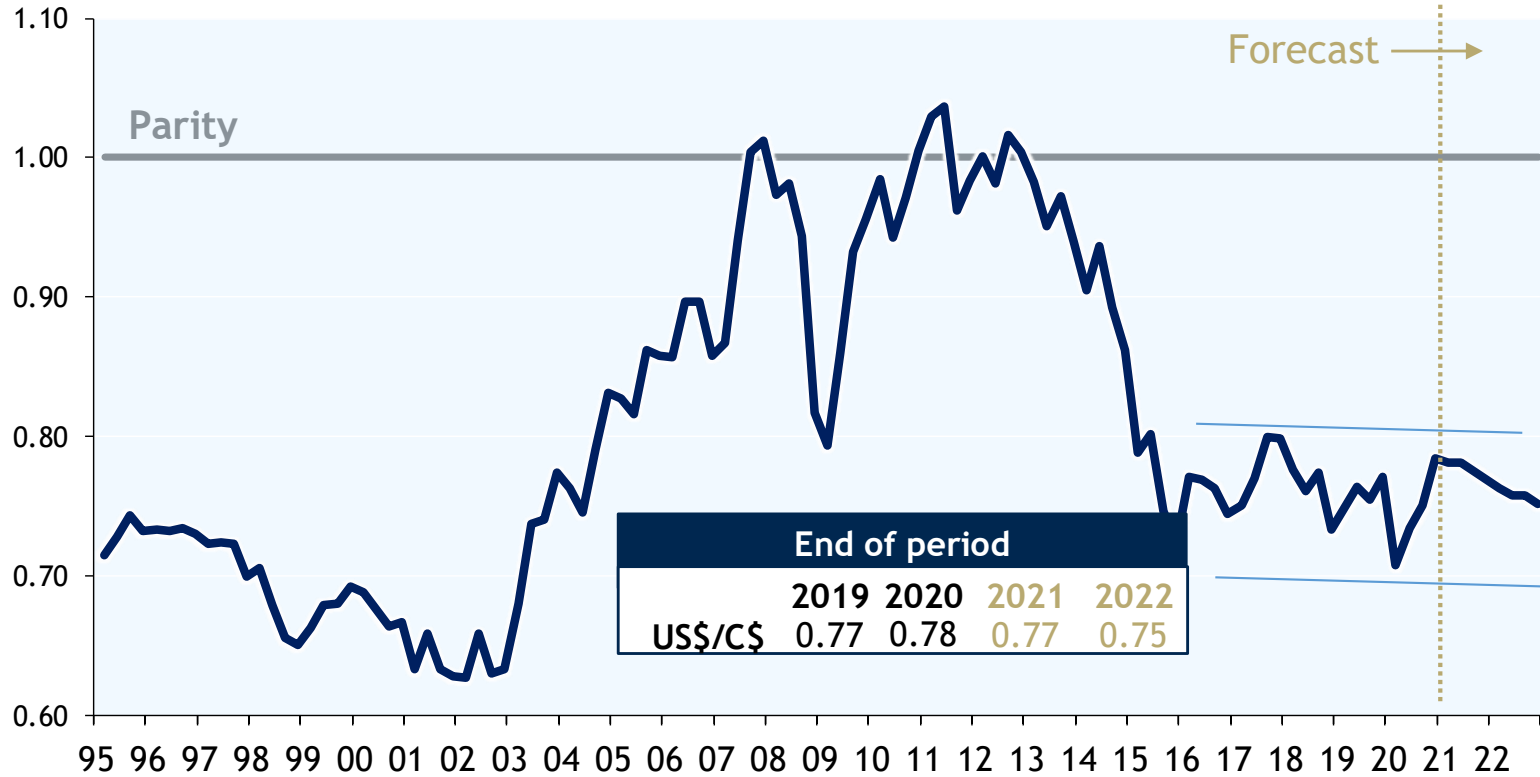


Source: BoC, RBC Economics

# C\$ to hold in higher end of range

## Canadian dollar

US\$/C\$

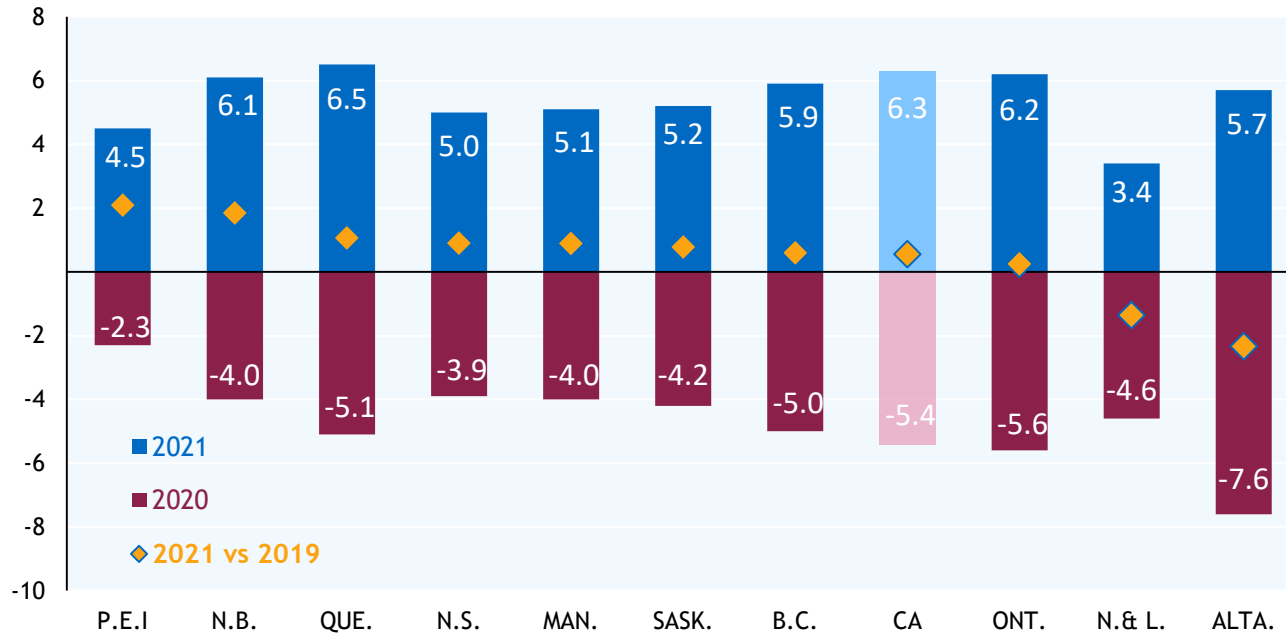


Source: Bank of Canada, RBC Economics

# Provinces headed for a strong 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

For more information please visit:  
[rbc.com/economics](https://www.rbc.com/economics)

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