

# Economic Outlook: The... Weird... Return of Risk?

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## To the left, or the right?

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### Ch-ch-ch-changes:

Taiwan, U.S.

Russia, India, South Africa, Mexico

European parliament

France, U.K., Canada

### Outcomes/consequences:

Geopolitical tensions

Return of trade wars

### Policy uncertainty

# It's getting hot in here

## United States



## Race for the White House:

Trump/Vance

Harris/Walz

## Budget deficit to rise...

... Regardless of who wins

*"The world order has never been under such a threat since before WWII."*

Guy Platten, Secretary General, International Chamber of Shipping



# Protectionism? Or the planet?



## Tariffs on Chinese EVs:

100% (U.S., Canada)

~50% (EU)

## China: Anti-dumping investigations:

Brandy, pork, dairy (EU)

Canola (Canada)

## Going through the backdoor?

U.S. tariffs on steel (25%) and aluminum (10%)  
not melted or poured from Mexico

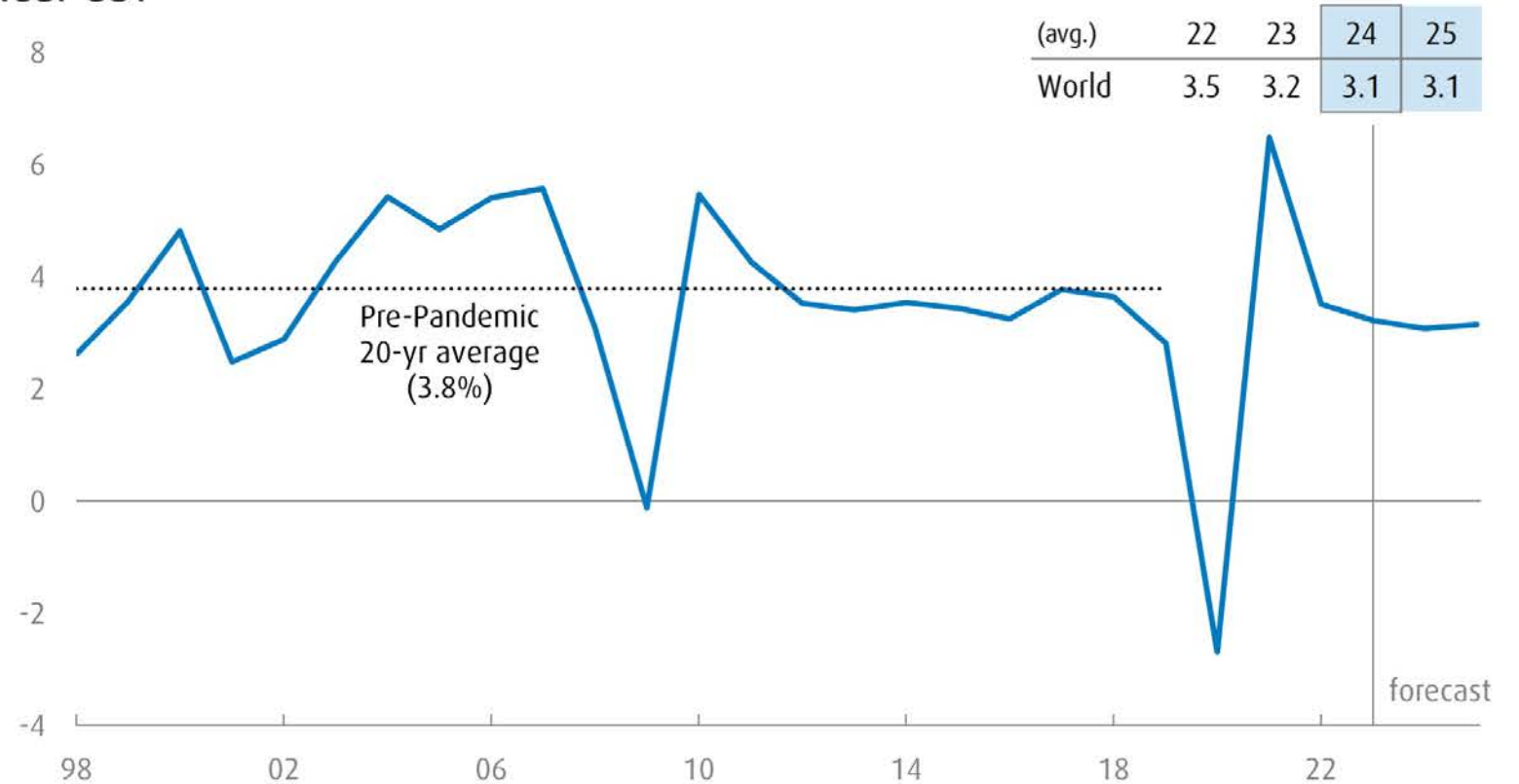
*"Ring around the country"* – Donald Trump

# Global growth faces more challenges

Global (% chng)

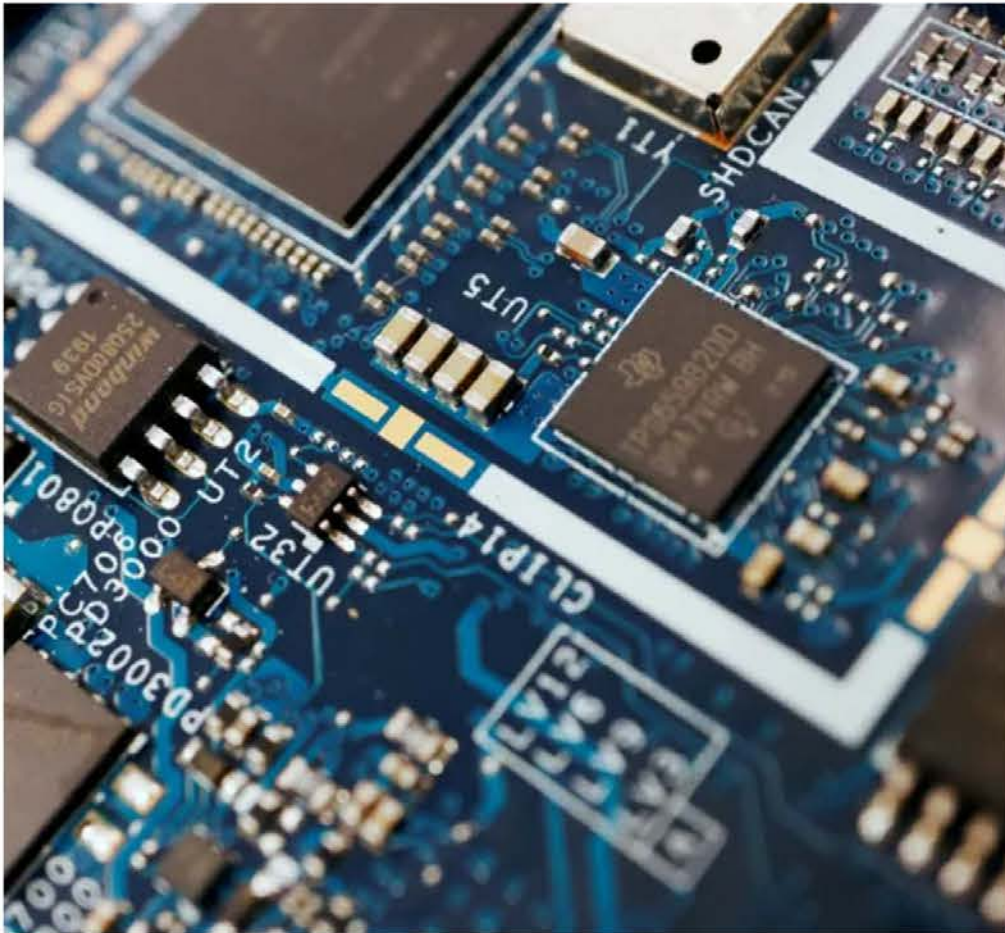


## Real GDP



Risks: Trade (protectionism, war)

# Global focus on AI, clean tech



## Chip security:

U.S. (TSMC, Samsung, Micron, INTC)

China (TSMC, INTC, gallium, germanium, rare earth minerals)

Europe (TSMC, INTC, SiliconBox)

## Costs:

Environmental (electricity demand)

Where is it produced?

Change (old jobs, new jobs)

## Protectionist instincts revived



# China's "about 5%" target sounds ambitious

China (50+ = expansion)

## Composite PMI



Global effort to be more green... but from China?

## Challenges:

- Labour force (#s and age)
- Property sector
- Global protectionism

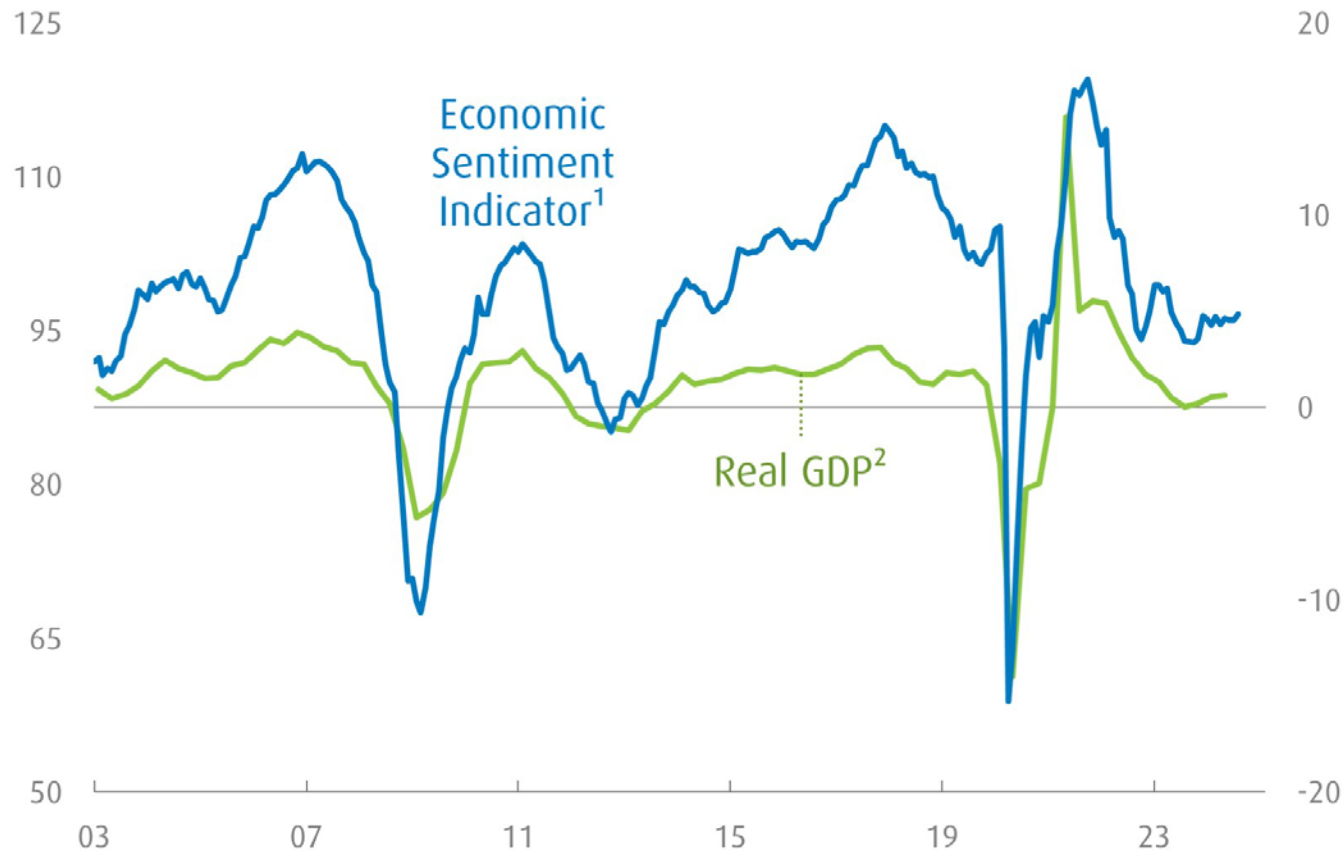
## Focus on the "New Three":

- EVs
- Lithium-ion batteries
- Renewable energy (wind, solar)

## Tariffs aimed at green exports

# Europe... "exit, paralysis or integration"

## Euro Area



### Energy:

Ample storage

### Wars:

Russia/Ukraine, Middle East

China (EVs; steel)

### Long-run (tech, AI, green):

Green Deal Industrial Plan

EU Chips Act

U.K. National Semiconductor Strategy

Jobs? Green tech? China?

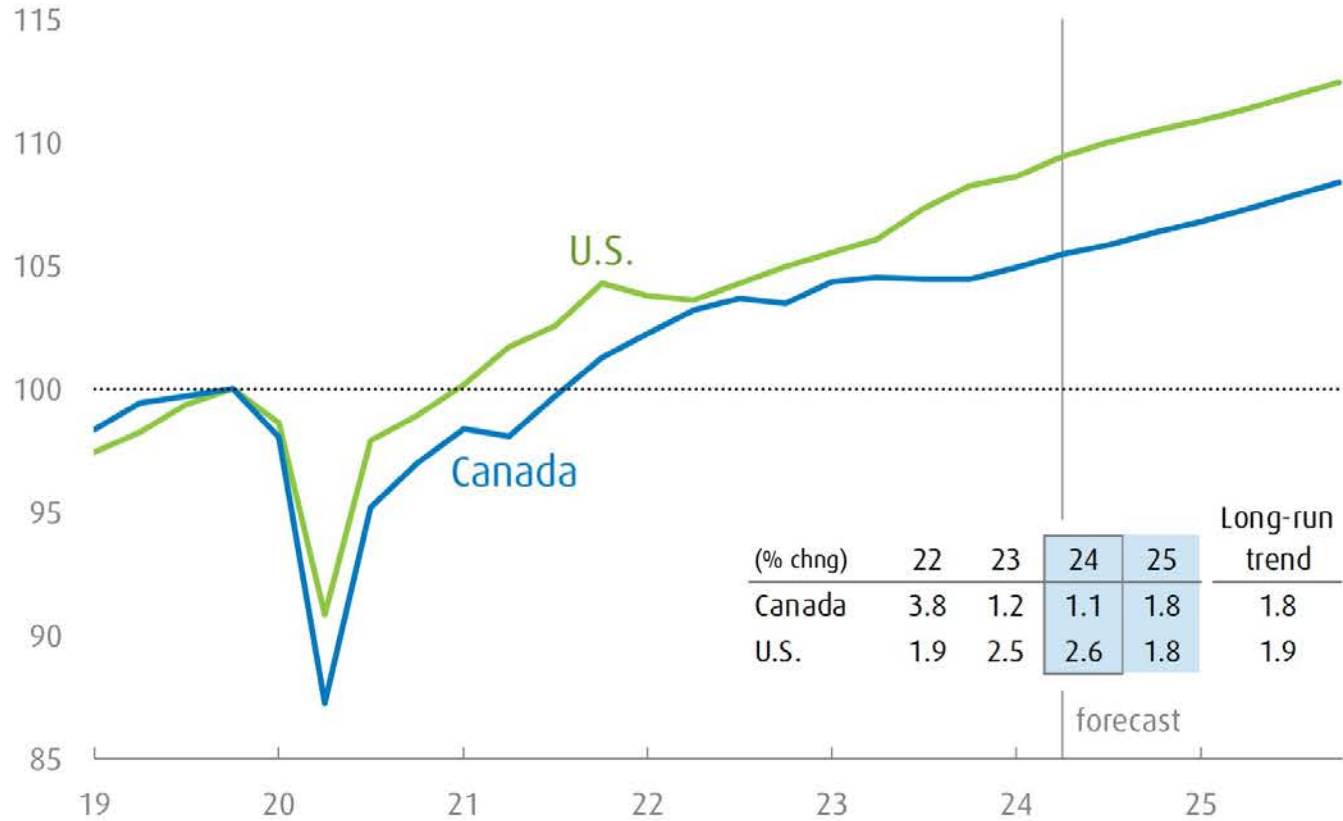
<sup>1</sup> (lhs : s.a. : long-term avg. = 100) • <sup>2</sup> (rhs : y/y % chng)



# North America's slowdown has begun

(2019Q4 = 100)

## Real GDP



## U.S.:

- Savings
- Fixed-rate loans
- Oil & gas production
- Fiscal stimulus (business investment)

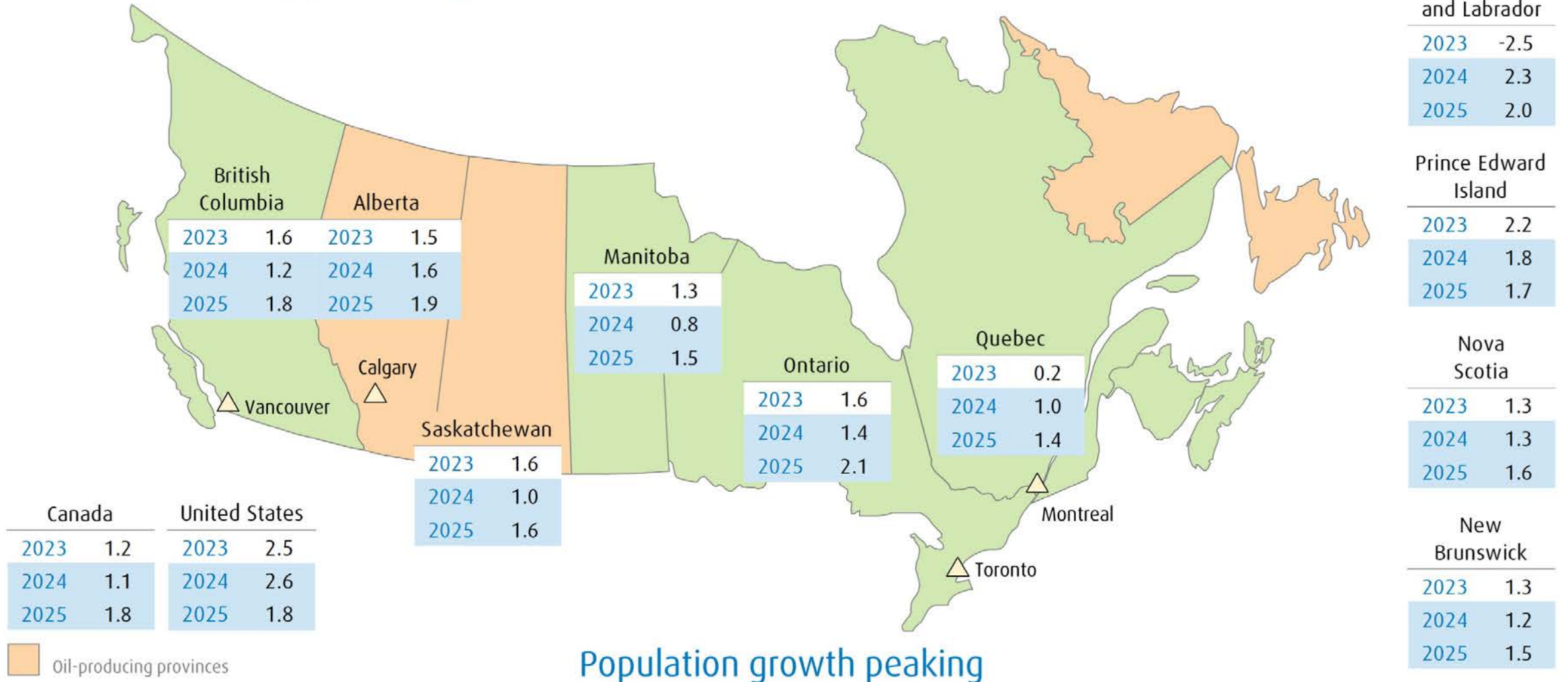
## Canada:

- Exports
- Housing (bottoming)
- Population

Less resilient

# Canada's regional picture

## Canada – Real GDP (avg. ann. % chng)



# Job market loosening

## Unemployment rate (percent)



	Current	Pre-COVID <sup>1</sup>
Spain	11.5	13.6
Greece	9.9	16.3
Sweden	8.3	7.8
France	7.5	7.8
Canada	6.6	5.7
Italy	6.5	9.5
Portugal	6.2	6.7
Ireland	4.3	4.8
U.S.	4.2	3.5
Australia	4.2	5.1
U.K.	4.1	4.1
Germany	3.4	3.3
Japan	2.7	2.4

Long-run... global demographic shift impacts hiring

<sup>1</sup> February 2020





# Strikes disruptive... to the economy and to wages

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## 2023:

UAW... Detroit 3

B.C. Ports, St. Lawrence Seaway

Vegas, Hollywood, Kaiser Permanente

## 2024:

UAW... focus on foreign-owned plants

France (public sector... Paris Olympics), Italy (trains)

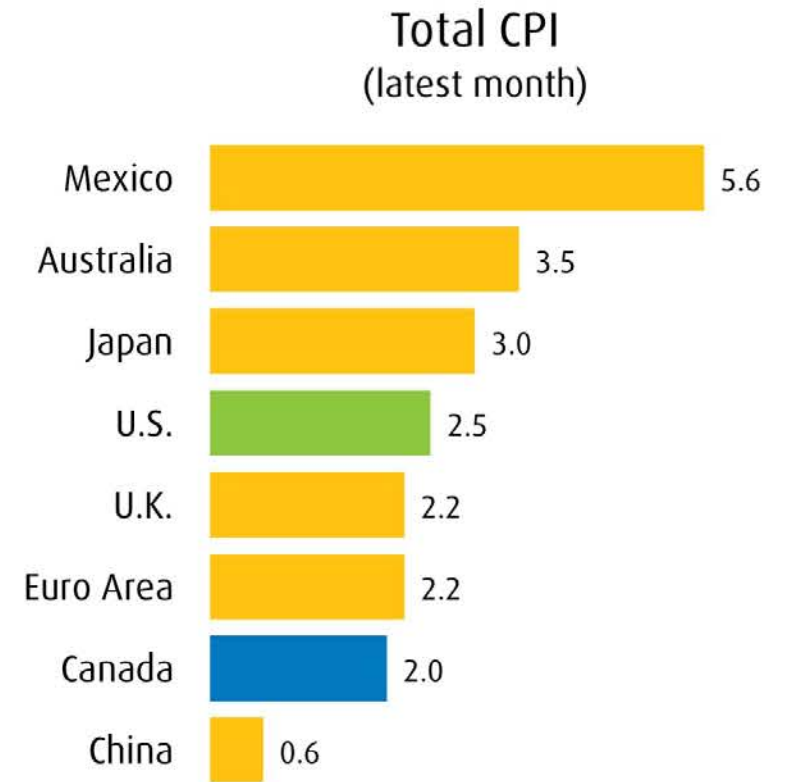
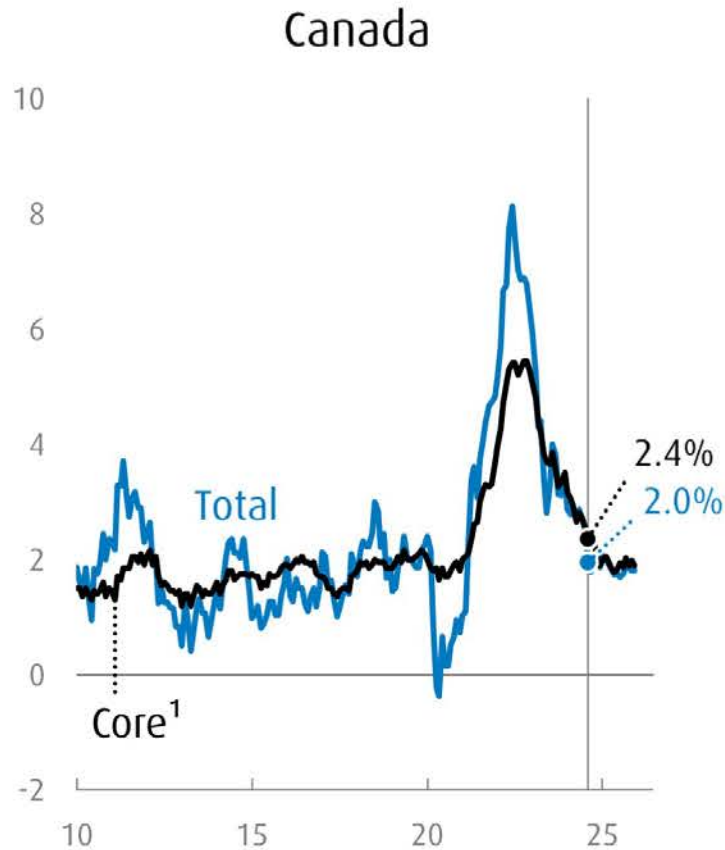
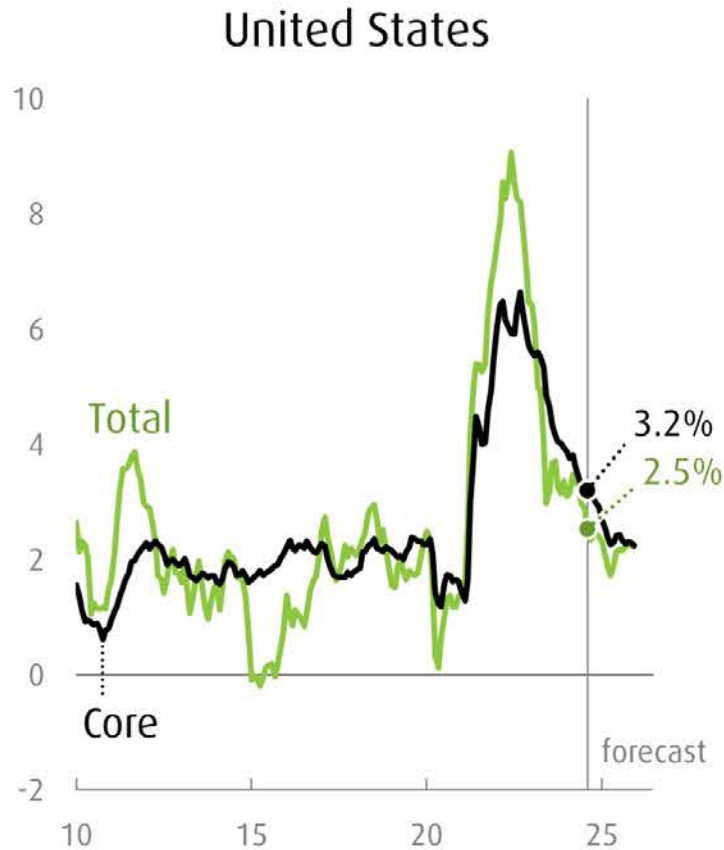
Samsung, ONS

Boeing

East Coast and Gulf dockworkers? (October 1)

# Central banks can breathe a little easier

Consumer price index (y/y % chng)



Fed turns its focus back to labour

<sup>1</sup> Average of two core inflation measures

# Most (not all) central banks are (or will be) easing (or tightening)

(% : as of September 19, 2024)

## Overnight rate



## 10-year bonds



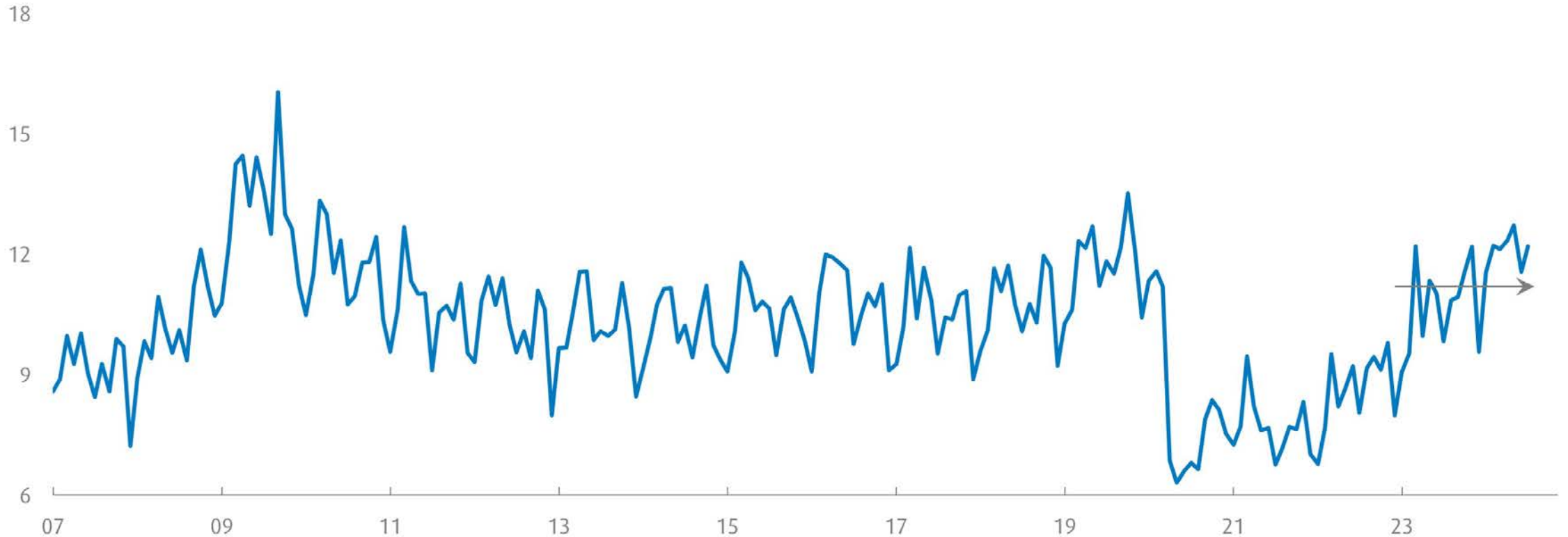
Gradual, taking time



# Insolvencies plateauing

Canada (n.s.a.: 000s)

Total insolvencies



## More influencers: Climate and wars... accidents



### Climate:

Reducing GHGs; Global warming versus \$\$\$

Apple (Poland) and Orange (Brazil) juice;  
Prosciutto (Italy), Rice (Japan)

### Wars:

Russia/Ukraine, Middle East (and beyond)

Made, or not, in Taiwan?

### Human error, technical issues, natural disasters

Ever Given, Baltimore bridge, Taiwan earthquake,  
St. Lawrence Seaway

# Greenback finally losing steam



	<b>CAD</b> (C\$/US\$)	<b>JPY</b> (¥/US\$)	<b>EUR</b> (US\$/€)	<b>GBP</b> (US\$/£)
Current	1.36	143	1.12	1.33
End-2024	1.39	140	1.11	1.31
End-2025	1.35	138	1.13	1.33
End-2026	1.32	136	1.13	1.33



# Risks

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Global protectionism

Climate change

Green infrastructure investment

Intensifying wars

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