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**FINANCIAL MARKETS**

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# ECONOMIC NEWS

Economics and Strategy

May 10, 2016

## Nominal investments to decline 4.4% in 2016 according to survey

**2016 (Intentions): -4.4%**  
**2015 (preliminary): -7.2%**

**FACTS:** According to a Statistics Canada survey conducted from October 2015 to January 2016, private and public sectors together plan non-residential investments of \$241.6 billion in 2016, \$11.0 billion (-4.4%) less than in 2015. In the oil and gas industry, investments plans are for a decline of \$13.0 billion or -26.3% (conventional: -\$7.5 billion, non-conventional: -\$5.5 billion). Manufacturers expect to spend \$2.1 billion less (-10.9%) mostly due to motor vehicles and parts (-\$1.0 billion) and primary metals (-\$0.7 billion). Oil and gas and manufacturing mostly explain the decline in private sector investments (-\$16.2 billion or -9.3%) partially offset by an increase in the public sector (\$5.2 billion or +6.5%). On a regional basis, nominal investments are expected to be down in six provinces out of 10 including the three oil-dependent provinces (Alberta -11.9%, Saskatchewan -17.7% and Newfoundland and Labrador -10.0%), New Brunswick (-7.3%), BC (-3.7%) and Ontario (-0.1%). Investments are expected to be up in Nova Scotia (16.6%), Prince Edward Island (16.2%), Quebec (7.1%) and Manitoba (3.4%).

**OPINION:** The decline in oil and gas investments in 2016 is by no means a surprise. However, the overall decline in other private industries, notably manufacturing, may come as a disappointment to many. Still, it should be noted that the decline in motor vehicles and parts comes after investments peaked at the beginning of 2015, which allowed the industry to increase markedly its exports to the U.S. afterwards. Apart from that industry, investments are set to increase in Ontario. In Quebec, slightly more than a third of the intended investment increase is generated by the private sector, which would increase investments for the first time in four years. Outside oil and gas, investments could come out larger than the survey indicates due to the appreciation of the Canadian dollar since the survey was conducted (lowers the price of imported machinery and equipment) and to the federal budget, which was not known at survey time.

**Marc Pinsonneault**

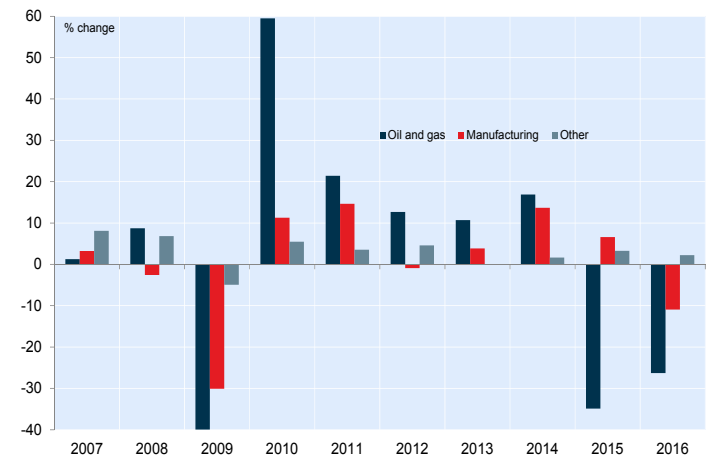
### Canada: Investments intentions 2016 By Industry

	\$B	Var.
<b>Private sector</b>	<b>157.4</b>	<b>-9.3%</b>
Mining, oil & gas, quarrying	47.4	-23.2%
Manufacturing	17.0	-10.9%
Transportation & warehousing	22.2	7.3%
Other	70.8	-1.8%
<b>Public sector</b>	<b>84.1</b>	<b>6.5%</b>
Utilities	22.5	9.9%
Public administrations	32.6	4.9%
Transportation & warehousing	8.5	11.6%
Education	9.4	9.5%
Health care and social assistance	6.9	-2.1%
Other	4.3	1.8%
<b>Total</b>	<b>241.6</b>	<b>-4.4%</b>

NBF Economics and Strategy (data from Statistics Canada)

### Canada: Nominal investments

Yearly increase (2015: preliminary, 2016: Intended)



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