



Migration nation

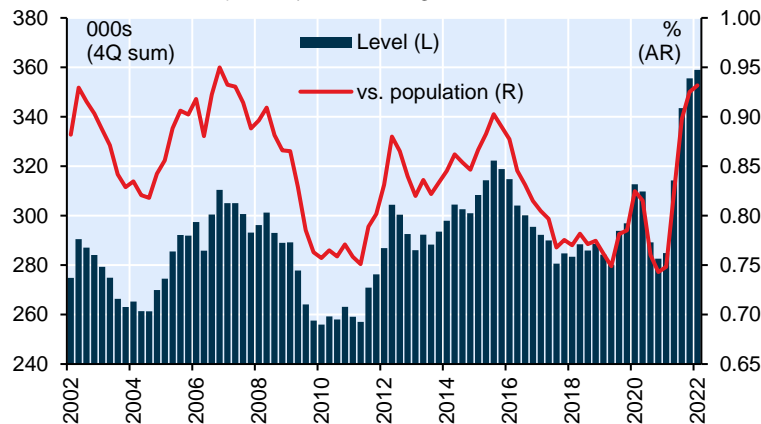
By Warren Lovely & Daren King

Inter-provincial migration doesn't traditionally reside at the tippy top of the list of socio-economic releases investors hang on. Even within the sub-category of demographics, the to-ing and fro-ing of Canadians from one province to another generally stands in the long shadow of international immigration, where the country's small 'I' liberal-ness is by now well appreciated. But when one's economic reality is coloured (clouded?) by aging populations, worker shortages and a housing affordability crisis, it pays to understand where human capital is coming from and going to. And that's where inter-provincial migration flows get interesting. In absolute terms, Canadians are moving around more than at any time in the past 40 years. Some 360,000 re-located in the four quarters up to April 1st, equivalent to nearly 1% of national population. Ours has become a 'migration nation' with important implications for regional economic and financial outlooks.

Inter-provincial migration is a zero-sum game, creating notional winners and losers. Place all four Atlantic provinces (along with British Columbia and Alberta) in the former category. Each of New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island has seen material in-migration, attracting people from a clear majority of their peers. That contributes to fast(er) population growth out East. PEI has ranked first in growth since 2016. And with Nova Scotia recently climbing into second place, the two fastest-growing provinces are in Atlantic Canada for the first time in at least seventy years. There's generally no single lure in a given destination; nor is there often a singular impetus for picking up stakes. Whatever the reason(s), in-migration adds fuel to local economies, helping to redress worker shortages even if it means having to find more homes for a growing influx of people. The related boost to growth is a positive for government revenue, perhaps easing longer-term sustainability pressures tied to population aging. That makes these data more relevant than some might think.

Chart 1: Canadians aren't shy to move around

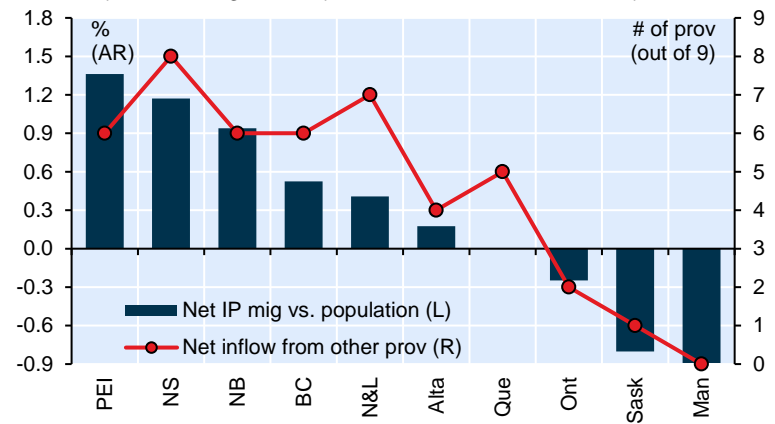
Canada total one-way inter-provincial migration



Source: NBF, StatCan

Chart 2: More & more drawn to Atlantic Canada

Net inter-provincial migration & positive inflow counts (vs. other provinces)

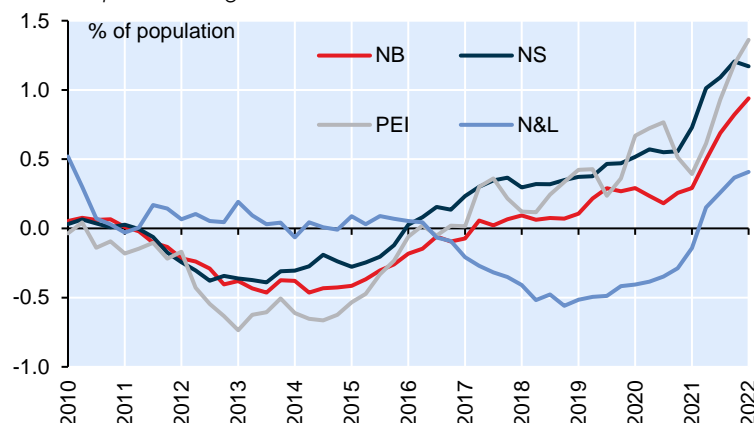


Source: NBF, StatCan | Note: Sorted by net IP migration relative to population

In the past year, one-way inter-provincial (IP) migration totaled 359,000. Although shy of annualized international immigration, that's the largest IP movement of people since 1982 and represents nearly 1% of national population. Nationally, net IP migration must total zero, but of the provinces attracting net inflows, Atlantic Canada remains very well represented. Net IP migration is positive for each of the four Atlantic Canada provinces, having gathered momentum since COVID hit. Proportionately, Manitoba and Saskatchewan were losing the most people in the four quarters to 2022:Q1.

Chart 3: In-migration spurs population growth out East

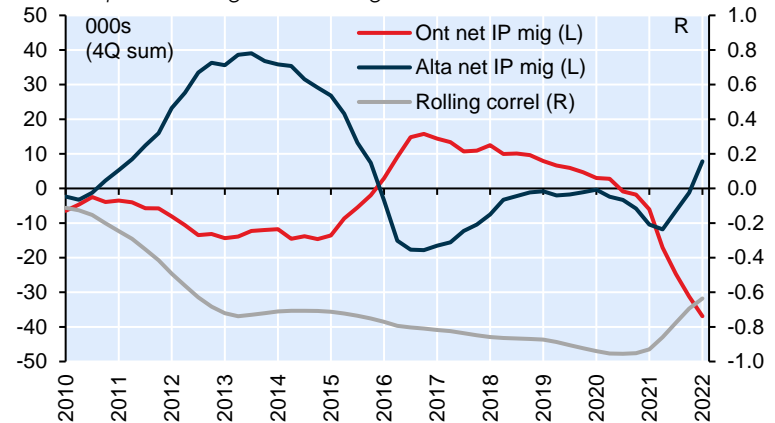
Net inter-provincial migration: Atlantic Canada



Source: NBF, StatCan

Chart 4: Alberta attracts, while Ontario net loses people

Net inter-provincial migration & rolling correlation: Ontario vs. Alberta



Source: NBF, StatCan | Note: Ontario-Alberta correlation based on rolling 40Q/10Y

How to explain the Atlantic Canada influx? In a pandemic era characterized by work-from-anywhere, residing near the major economic hubs in Central Canada may be less of a requirement. Meantime, local economies have provided opportunity in their own right, jobs having been relatively plentiful out East. Your housing dollar certainly goes further—a non-trivial advantage given today's housing affordability concerns. (The seafood is fantastic too.) So while the pandemic may have sparked the move to Atlantic Canada, net inflows from the rest of the country look increasingly sustainable. Elsewhere, lofty commodity prices mean Alberta has got its economic mojo back, with that province once again pulling in people from the rest of the country. It's a different picture in Ontario...

Table: Detailing the 'to' & 'from' of Canada's net inter-provincial migration
Net inter-provincial migration: Province of destination (columns) vs. province of origin (rows)

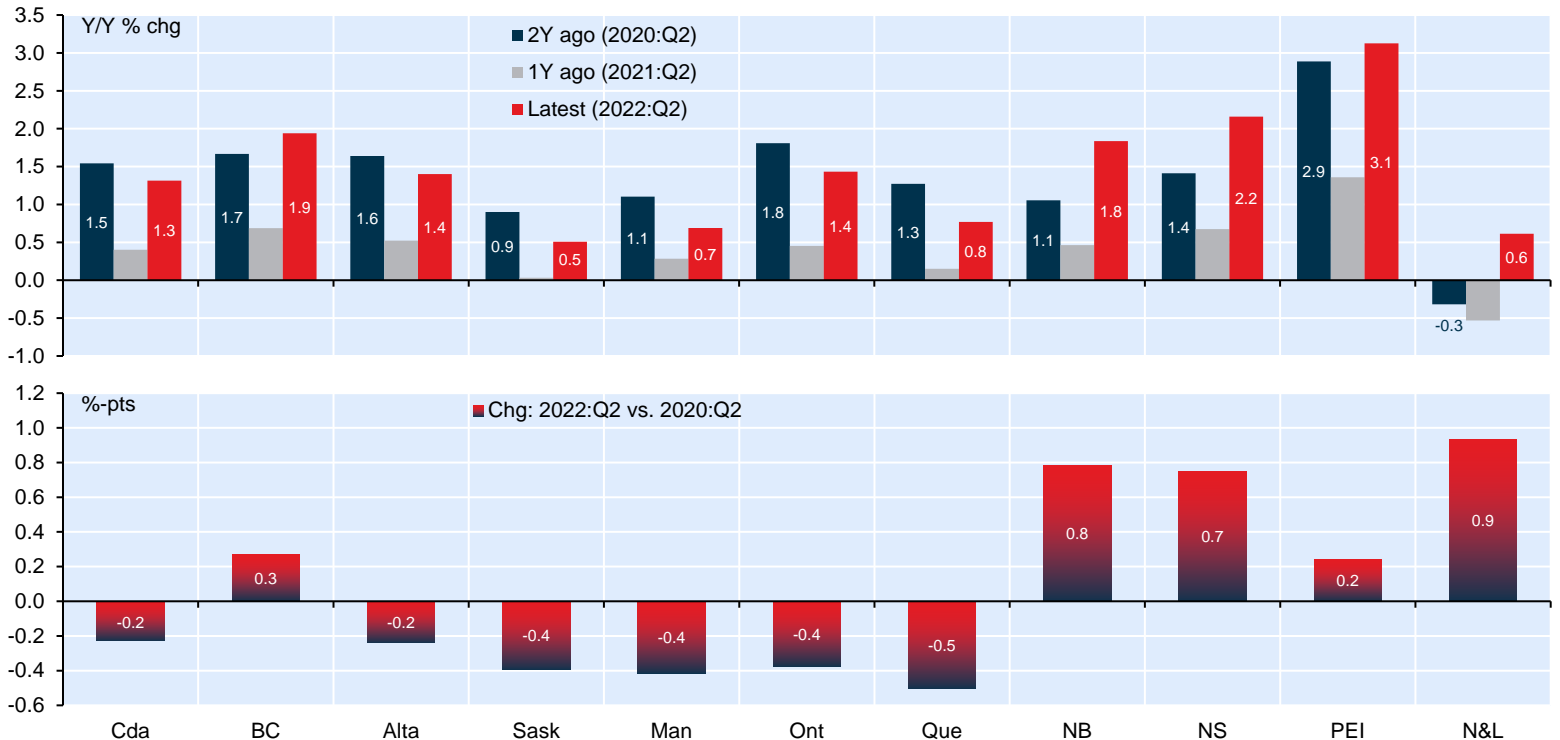
		Destination (+ve = net flow INTO province)										
4Q sum		N&L	PEI	NS	NB	Que	Ont	Man	Sask	Alta	BC	Terr
Origin (+ve = net flow FROM prov)	N&L	-	-49	-238	101	97	-1,696	-43	-19	-91	-79	-107
	PEI	49	-	64	-58	-127	-2,141	-5	-58	-136	87	81
	NS	238	-64	-	-545	-19	-8,757	-244	-193	-1,657	-355	-54
	NB	-101	58	545	-	584	-7,535	-277	-134	-375	-119	-80
	Que	-97	127	19	-584	-	-841	-422	-188	338	1,475	-39
	Ont	1,696	2,141	8,757	7,535	841	-	-2,303	-2,025	9,903	9,911	455
	Man	43	5	244	277	422	2,303	-	304	4,741	4,011	10
	Sask	19	58	193	134	188	2,025	-304	-	4,156	2,992	8
	Alta	91	136	1,657	375	-338	-9,903	-4,741	-4,156	-	9,279	-244
	BC	79	-87	355	119	-1,475	-9,911	-4,011	-2,992	-9,279	-	-249
	Terr	107	-81	54	80	39	-455	-10	-8	244	249	-
	Total	2,124	2,244	11,650	7,434	212	-36,911	-12,360	-9,469	7,844	27,451	-219
vs. pop	0.41%	1.36%	1.17%	0.94%	0.00%	-0.25%	-0.89%	-0.80%	0.18%	0.53%	-0.17%	
+ve prov	7	6	8	6	5	2	0	1	4	6	4	

Source: NBF, StatCan | Note: Net inter-provincial migration to/from each province based on last four quarters (2021:Q2 to 2022:Q1); green denotes a net +ve flow, red a net -ve flow

... Ontario had lost people to 7 of the 9 other provinces in the year ending April 1st, the -37,000 4Q net inter-provincial outflow proving unprecedented. On the surface, it would be hard to blame the Ontario economy; witness the province's solid GDP recovery, a 5½% unemployment rate and surging levels of prime aged employment (>6% year-on-year). But perhaps housing is simply too dear/inaccessible for some, what with more affordable options available in the federation and given the more flexible working arrangements characterizing today's jobs market. To be clear, population growth is still positive in Ontario, owing to lofty international immigration levels and natural increase. But Ontario's IP outflows won't help redress the roughly 380,000 job vacancies last reported across the province. Elsewhere, Quebec's IP flows have moved into a more balanced position (slightly positive in fact). That itself is noteworthy, since Quebec had previously been net losing people to the rest of the country since the 1960s. Meanwhile, British Columbia remains something of an IP magnet, pulling in over 27,000 people from the rest of the country in the past year. Whether you're looking back over 10, 20 or even 50 years, no province has more consistently attracted positive net IP inflows than BC. Perhaps affordable housing isn't everything after all (at least up until now)?

Charts 5-6: Inter-provincial migration helps explain regional population growth, particularly in Atlantic Canada

Provincial population growth: TOP > Latest growth rate vs. prior year(s) | BOTTOM > Change in growth rate vs. 2 years ago



Source: NBF, StatCan

As noted, inter-provincial migration is but one component of a province's broader demographic story. Even in provinces suffering net IP outflows, local populations continue to grow, such is the forceful impact of international immigration (where quotas are growing). Nonetheless, the marginal impact of inter-provincial flows is increasingly evident, contributing to fast (or faster) population growth in Atlantic Canada and BC. PEI and NS lead the nation in year-over-year population growth, with NB not far behind. Meantime, net IP inflows have helped to arrest population declines on The Rock. More bodies mean fuel for local economic growth, which in turn bolsters the outlook for government revenue. Given that credit rating agencies have long flagged demographic pressures out East, the migration-fueled pick-up in population here is a most fundamental plus. It's a trend that could well have staying power, as a notional 'Atlantic Advantage' increasingly resonates with fellow Canadians.



Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Alexandra Ducharme

Economist
alexandra.ducharme@nbc.ca

Matthieu Arseneau

Deputy Chief Economist
matthieu.arseneau@nbc.ca

Daren King

Economist
daren.king@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Jocelyn Paquet

Economist
jocelyn.paquet@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich

Rates Strategist
taylor.schleich@nbc.ca

General

This Report was prepared by National Bank Financial, Inc. (NBF), (a Canadian investment dealer, member of IIROC), an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that NBF is permitted to provide this Report to you under relevant legislation and regulations.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial and National Bank of Canada Financial Inc.

Canadian Residents

NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent or underwriter for certain issuers mentioned herein and may receive remuneration for its services. As well NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

This Report is not considered a research product under Canadian law and regulation, and consequently is not governed by Canadian rules applicable to the publication and distribution of research Reports, including relevant restrictions or disclosures required to be included in research Reports.

UK Residents

This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorised and regulated by the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE.

NBF is not authorised by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

U.S. Residents

With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") which is regulated by the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation (SIPC), an affiliate of NBF, accepts responsibility for its contents, subject to any terms set out above. To make further inquiry related to this report, or to effect any transaction, United States residents should contact their NBCFI registered representative.

This report is not a research report and is intended for Major U.S. Institutional Investors only.

This report is not subject to U.S. independence and disclosure standards applicable to research reports.

HK Residents

With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to, those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc, is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.

Copyright

This Report may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of NBF.