



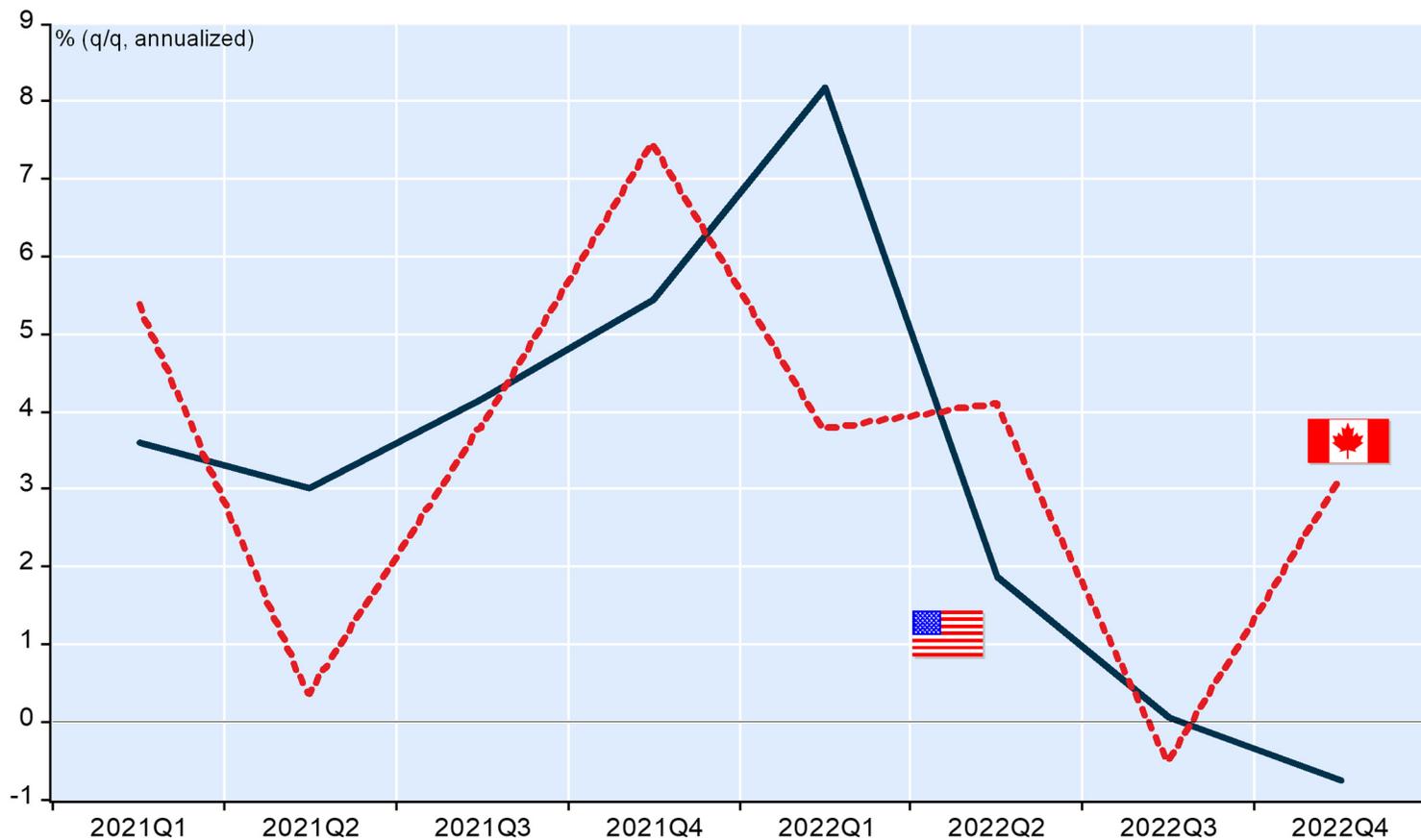
Canada Watch

By Stefane Marion

Although GDP came in much better than anticipated in Q3, currency markets were unnerved by the details of the report which showed final domestic demand retreating for the first time since 2021Q1. Is the Canadian economy starting to crumble and enter a recession? We don't think so. For one, consumer spending grew an unsustainable 9.5% in the second quarter, so a contraction in the third quarter was to be expected. For another, fears that a lull in full-time job creation in the third quarter would precipitate a further decline in consumption should be allayed by a significant rebound so far in Q4. As today's Hot Chart shows, this contrasts with the U.S. where full-time employment is already down close to 1% quarter-to-date.

Canada: Full-time employment rebounds in Q4

Full-time employment: Canada vs. the U.S. (as of November 2022)



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