

# World economy thrown off course Canada in uncharted waters

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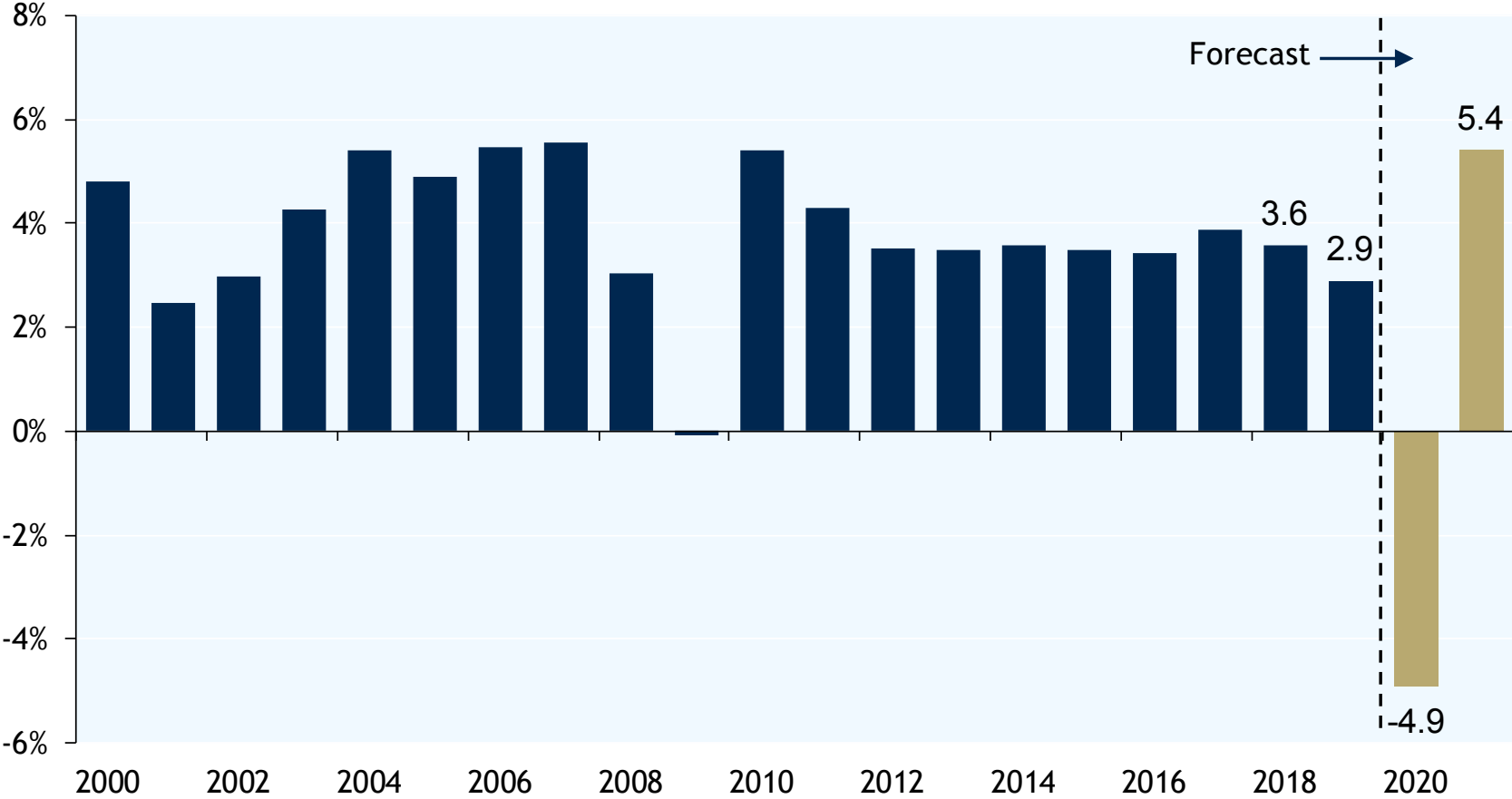
***August 2020***



# World economy in midst of sharp downturn

## Global GDP growth

year-over-year % change

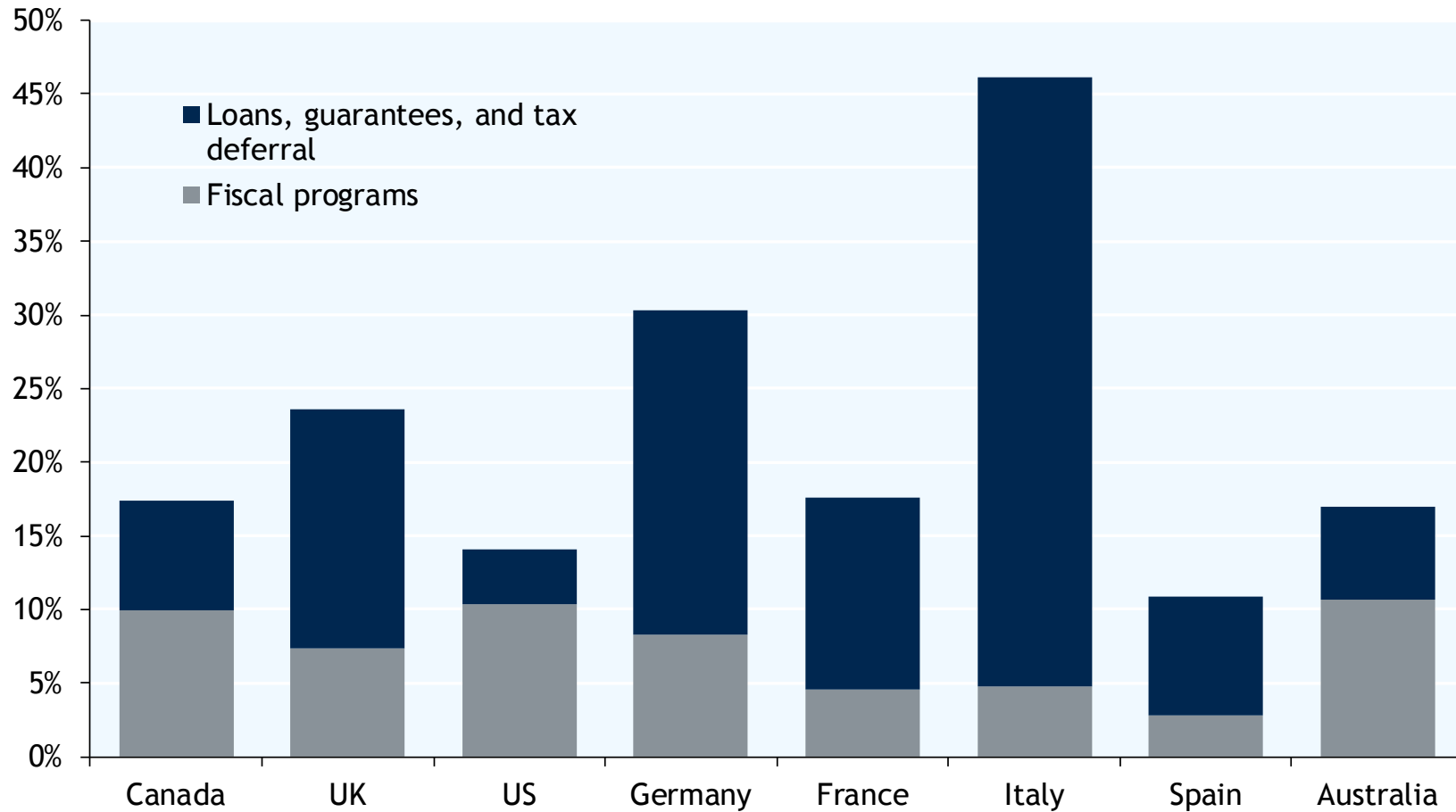


Source: IMF, RBC Economics

# Governments are providing record levels of support

## COVID-19 total government measures

share of GDP

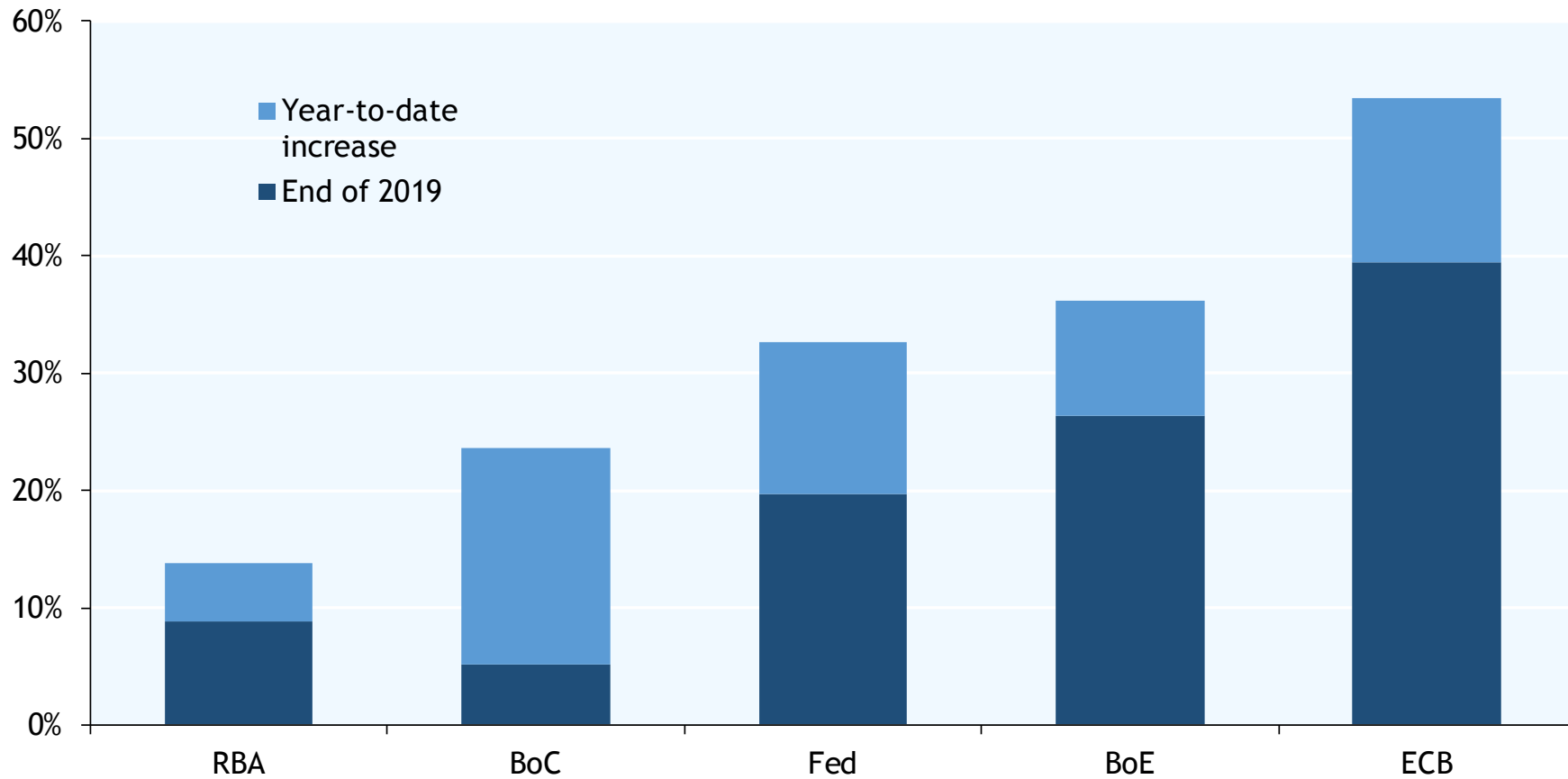


Source: RBC Economics

# Full-scale approach by central banks

## Central bank balance sheets

share of GDP

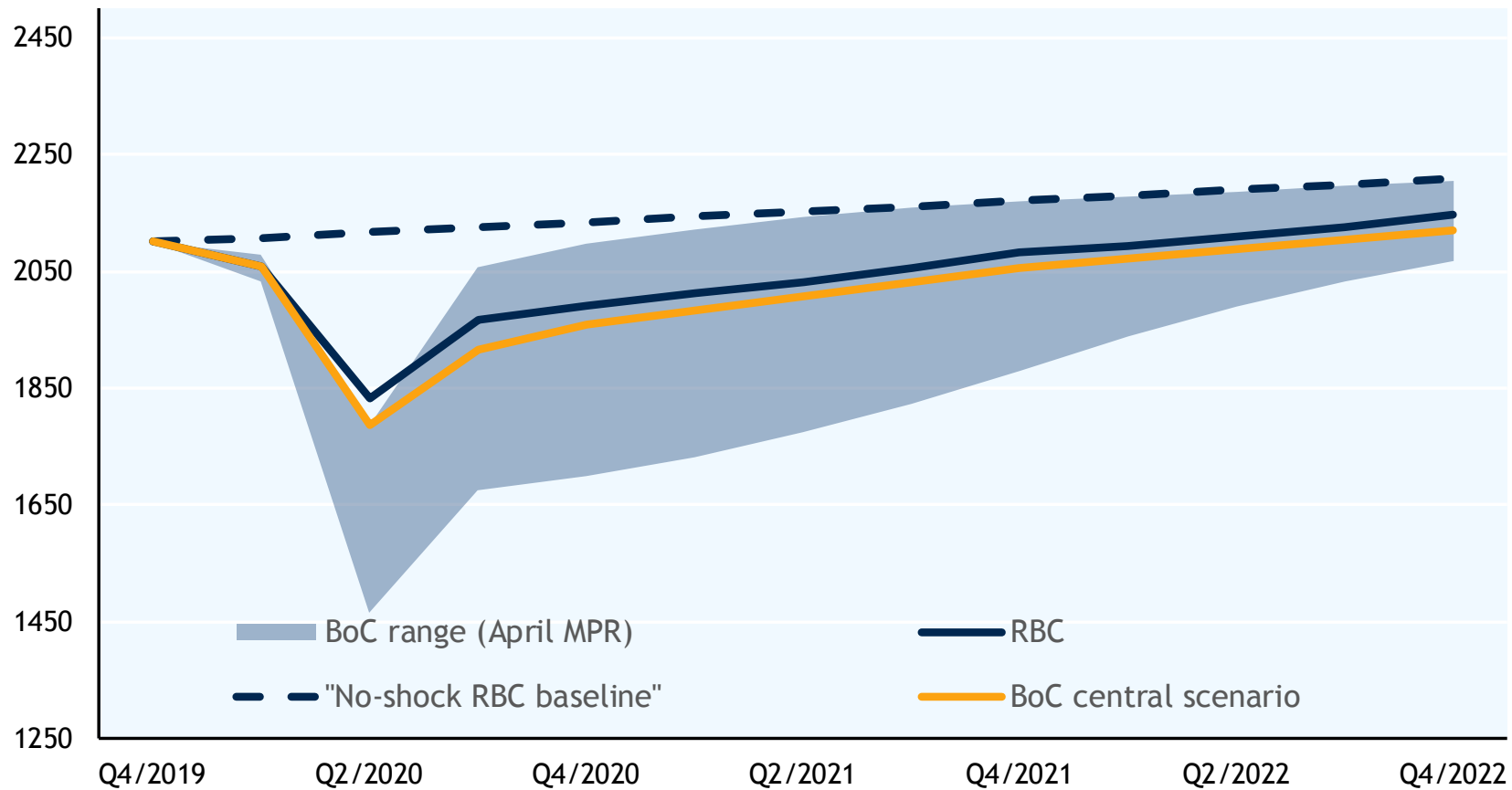


Source: Haver, RBC Economics

# Canada will be challenged to return to pre-virus levels

## RBC vs. BoC Real GDP Scenarios

GDP, billions of C\$ 2012

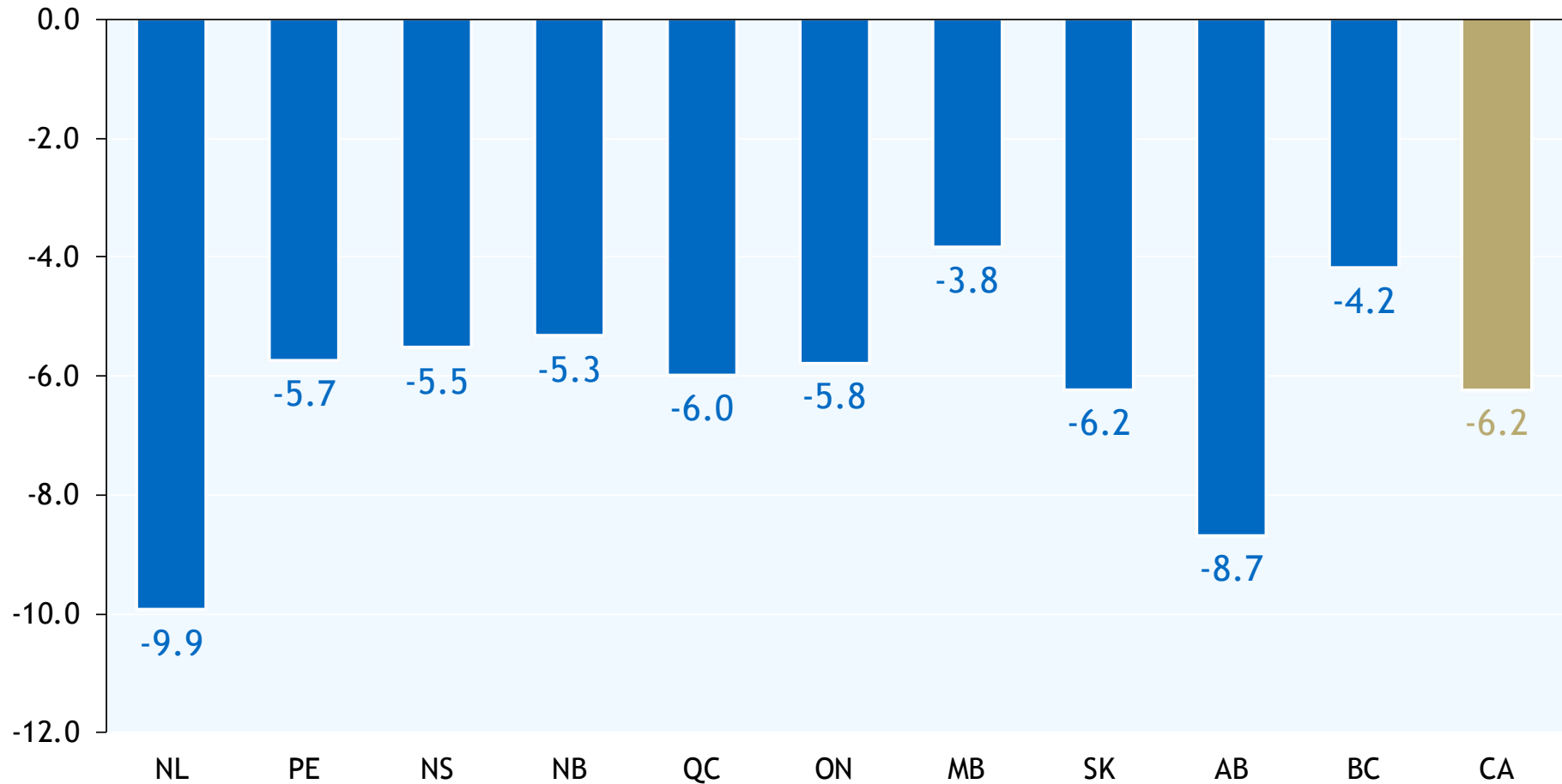


Source: Bank of Canada, RBC Economics

# Hit from pandemic was broad based

## Provincial real GDP forecast

Annual % change in provincial real GDP, 2020

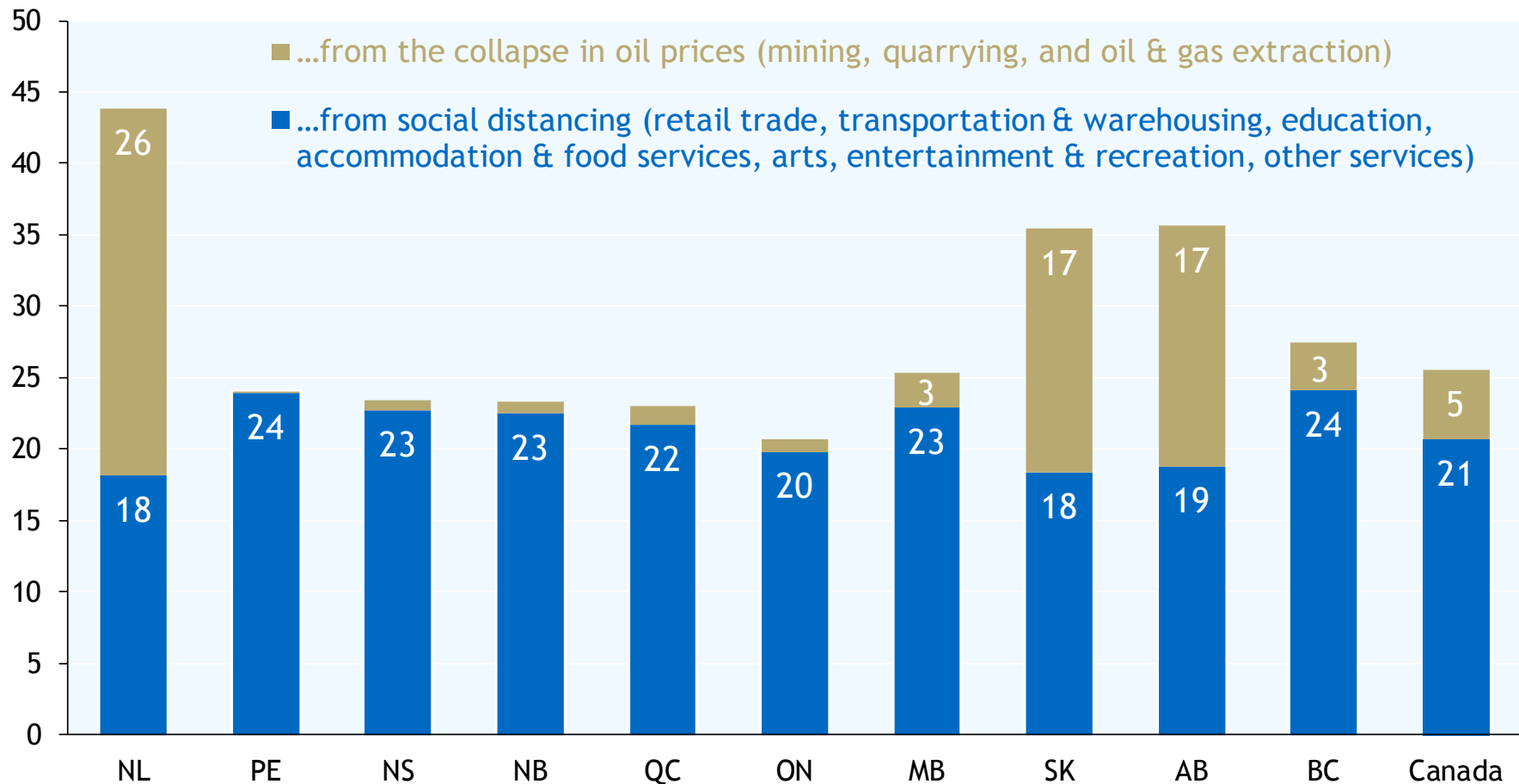


Source: Statistics Canada, RBC Economics

# Oil-producers face pressures above COVID-19 impact

## Industries most at risk...

Share of GDP (%)

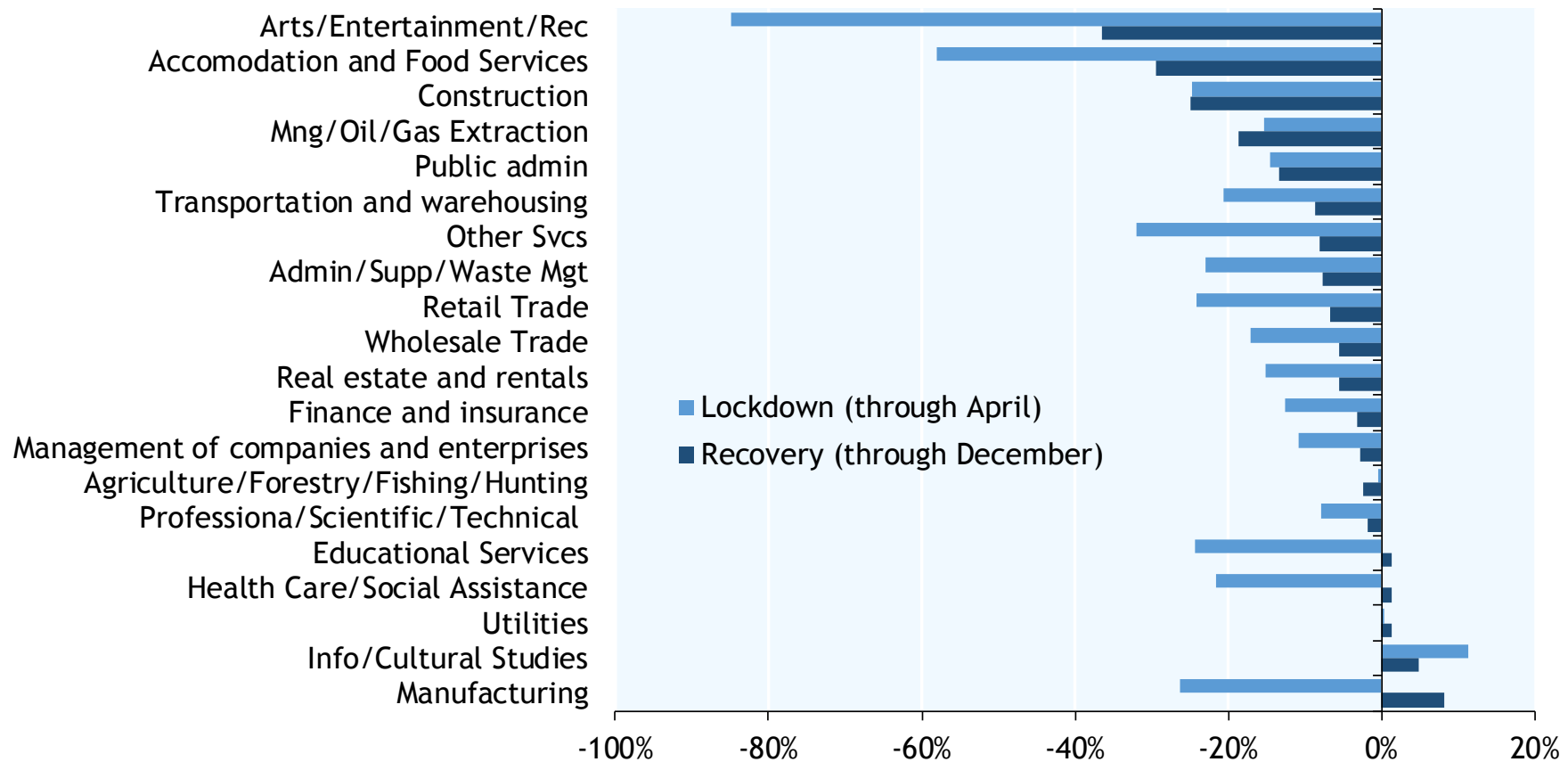


Source: Statistics Canada, RBC Economics

# Few industries will recover lost output in 2020

## Projected GDP by industry

percent change vs. February 2020



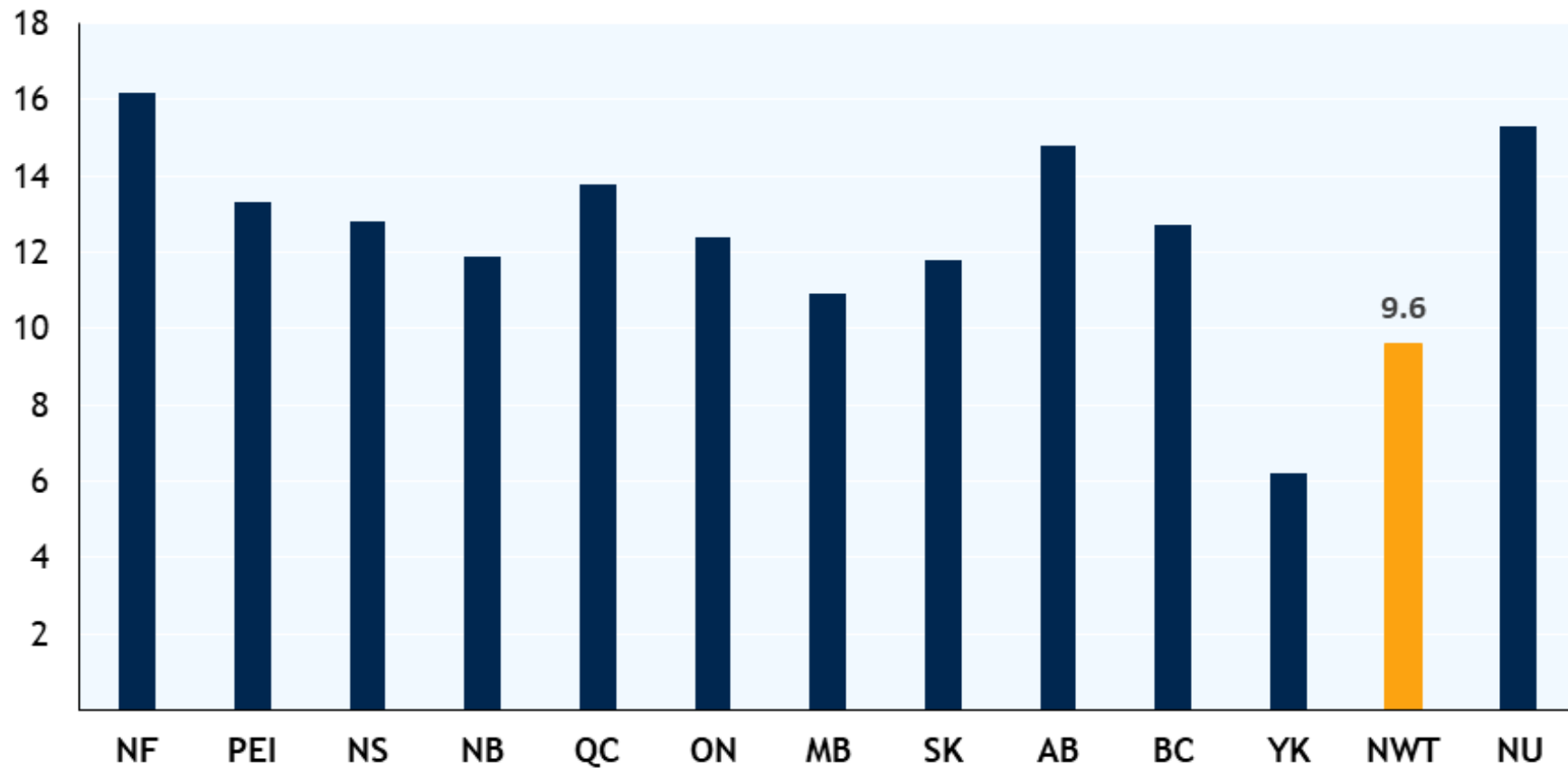
Source: RBC Economics



# Unemployment rates are higher than before pandemic

## Unemployment Rate

Unemployment rate, %, as of June 2020

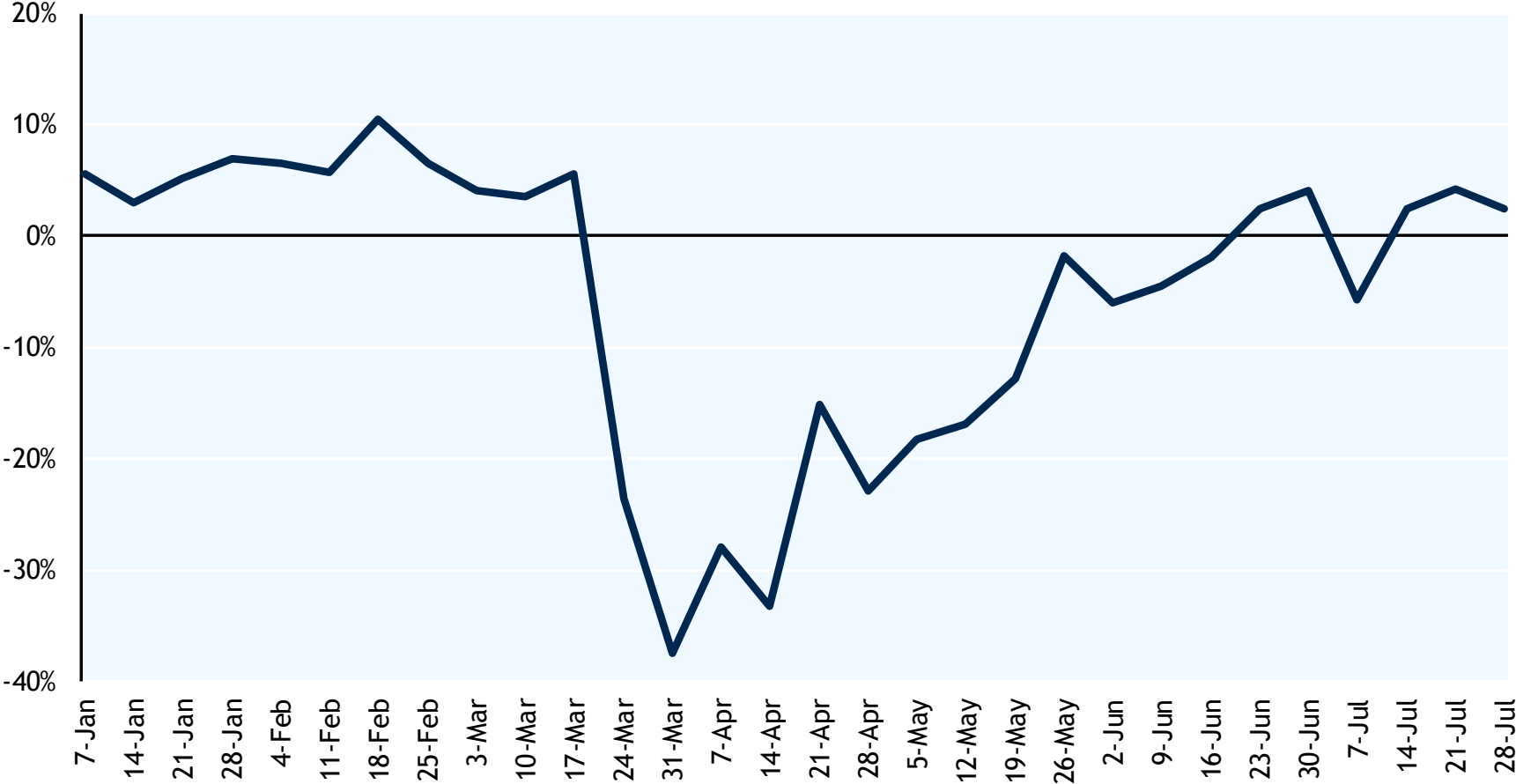


Source: Statistics Canada, RBC Economics

# Consumer spending was up in July from a year earlier

## COVID consumer spending tracker

Year over year change in debit & credit card spending

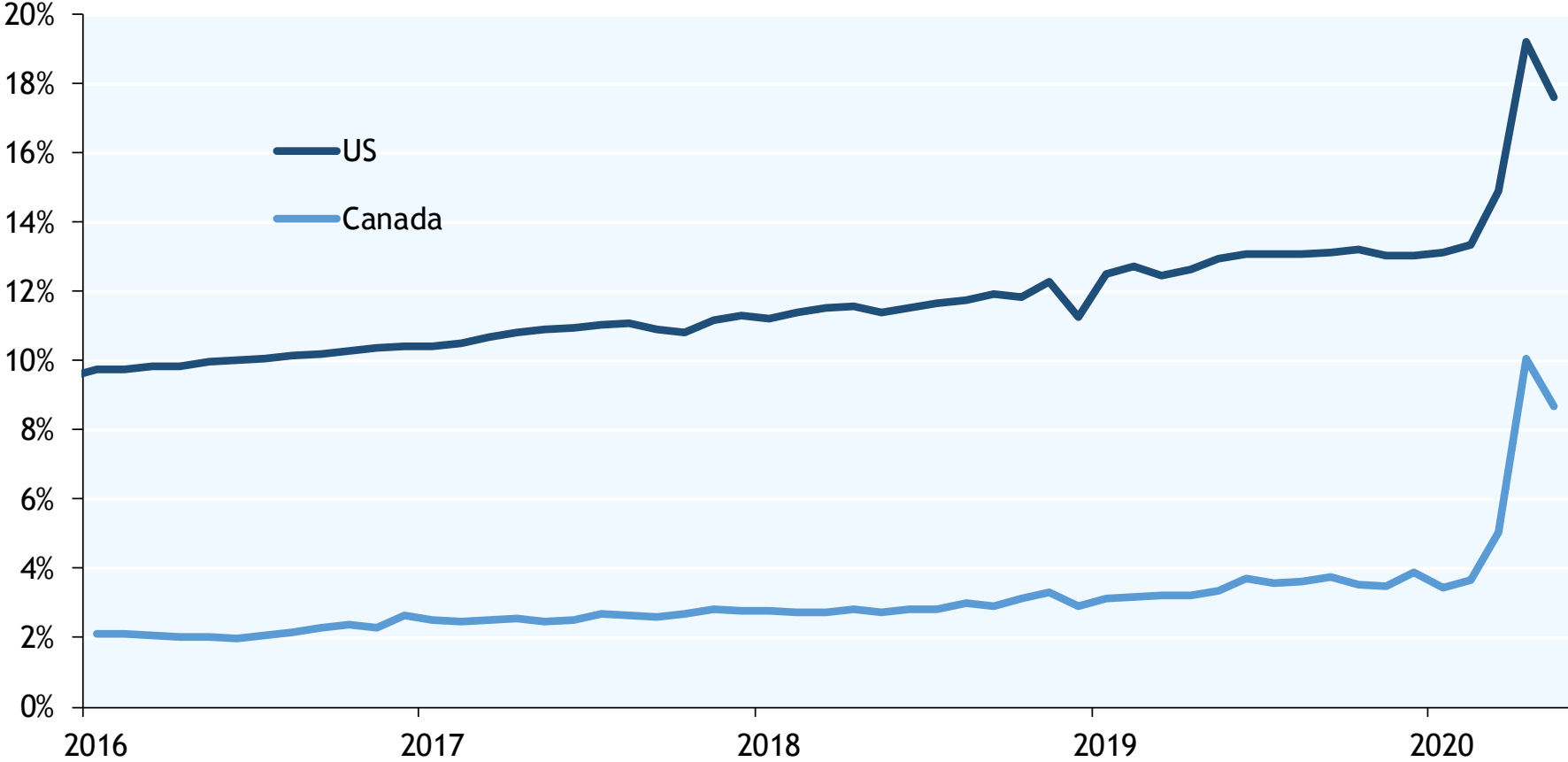


Source: RBC Economics, RBC Data & Analytics

# E-commerce share rising in a digital economy

## E-commerce share of retail

share of retail sales, seasonally adjusted

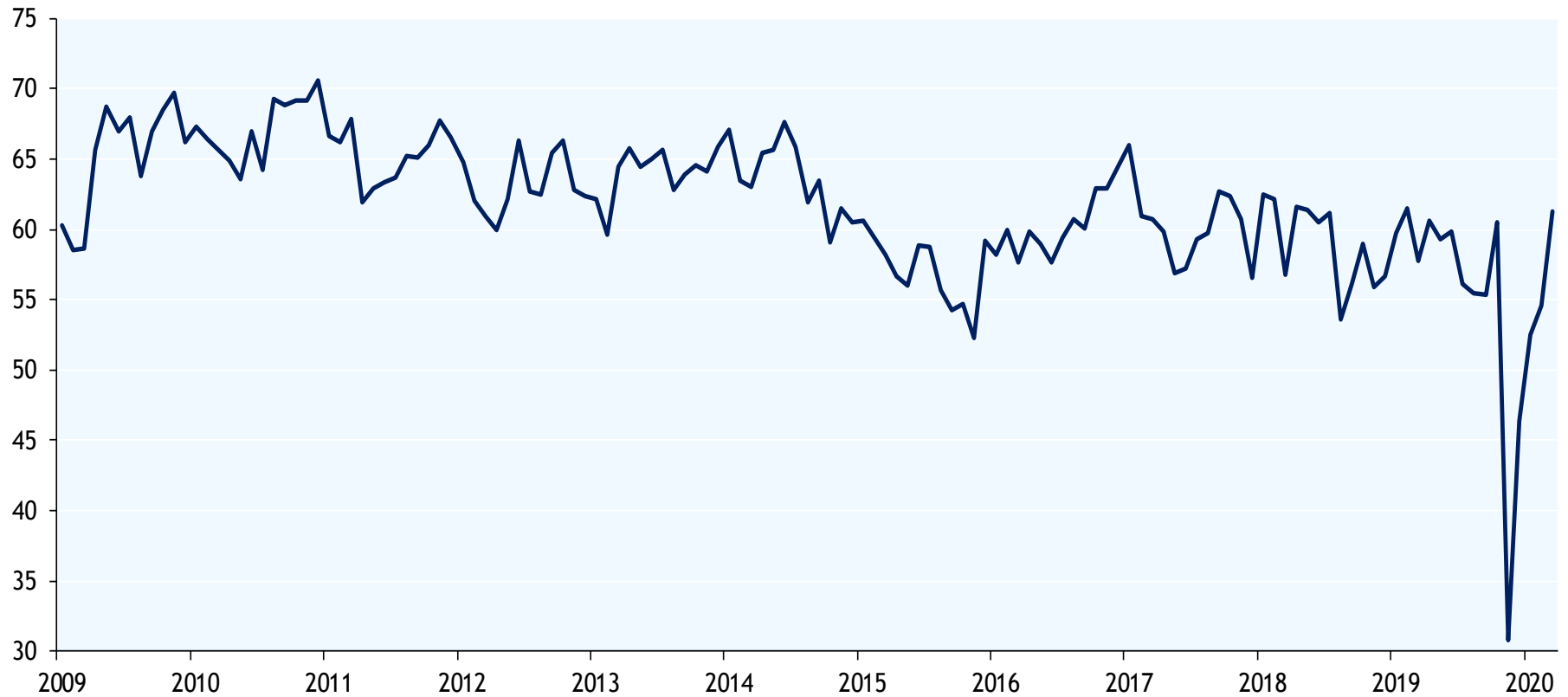


Source: Statistics Canada, Census Bureau, RBC Economics

# Business optimism rebounds as economy starts to reopen

## Business barometer index

NSA, >50 = Stronger in the next year

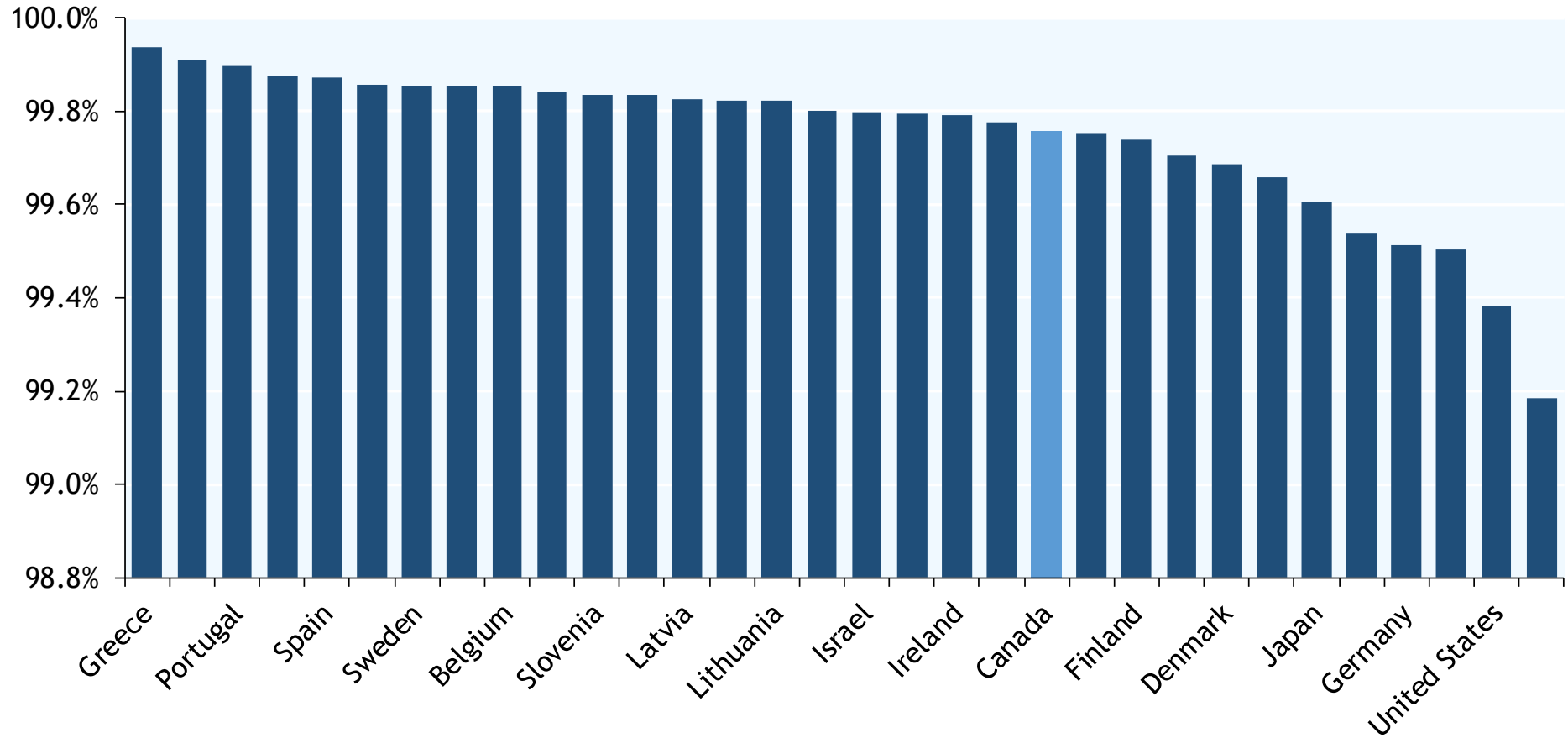


Source: Canadian Federation of Independent Business, RBC Economics

# Canada's economy is dominated by SMEs

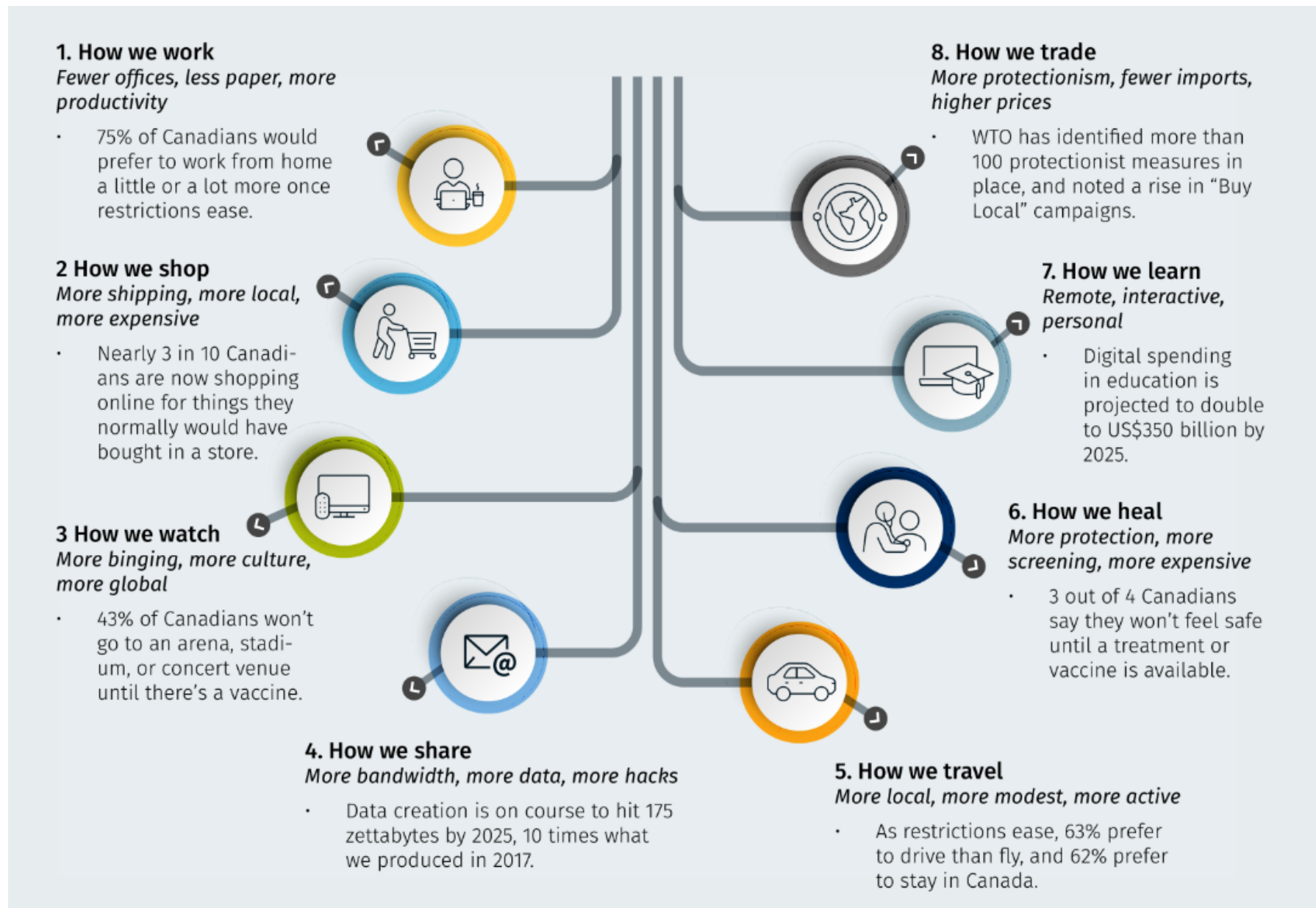
## SME share of businesses

enterprises with <250 employees as a share of total business sector ex finance and insurance  
2017 or latest available



Source: OECD, RBC Economics

# Pandemic kicked off or accelerated trends



# Policies needed to ensure small business survive and thrive

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- Streamline relief programs
- Invest in capacity for safe reopening
- Build digital networks
- Set new economic strategies to help scale
- Create a more strategic approach to globalization

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