



Webinar

# 2025 Economic and Labour Outlook

With the Conference Board  
of Canada

January 30, 2025



# TODAY'S 60-MIN ENGLISH SESSION

- **Introductions**
- **2025 Economic and Labour Outlook**
- **Q&A session**

Hosted by Lisa Ursano (she/her)  
UKG Canada



>>French session available on February 6

# OUR WEBINAR EXPERIENCE INCLUDES YOU

 Q&A for questions for our speakers

 Participate in **polls**

 Live **closed captioning** is available 

---

 **This session is being recorded.**  
The recording will be sent to you after the event.

 After the event, you'll receive a **copy of the slide deck** and some additional resources by email.





The Promise of UKG  
Our Purpose Is People.

We're on a mission to inspire every organization to become a great place to work through **technology built *for all***.

**Only HCM provider named a Leader**  
*by all major analysts and peer review sites.*

## Top-Rated Service

Highlighted for high customer satisfaction

# Gartner®

### Top-Rated

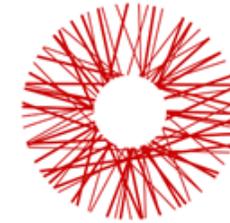
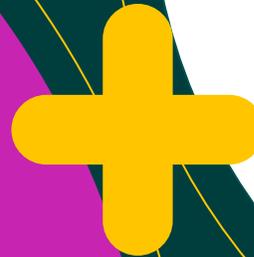
Gartner Critical Capabilities for Cloud HCM Suites

### Leader

Gartner Magic Quadrant for Cloud HCM Suites

### Best-in-Class

Highest-performing WFM and HR service delivery vendor



NUCLEUS  
RESEARCH

# FORRESTER®



*and more...*

# UKG

## Take care of your workforce through an unmatched focus on people



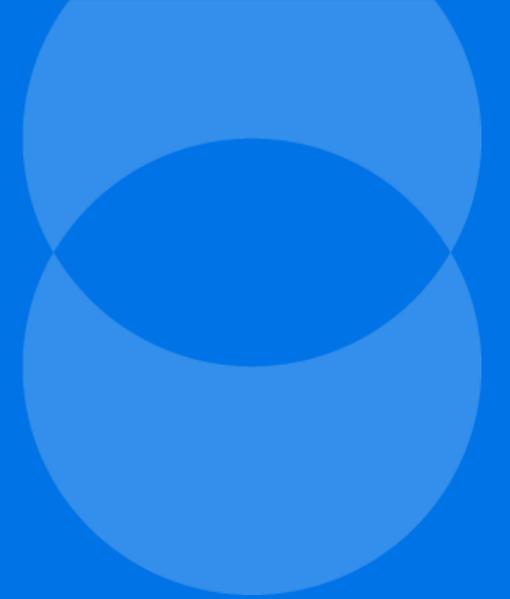
# Guest Speaker



**Pedro Antunes**

Chief Economist

**The Conference  
Board of Canada**



# Steering Through Uncertainty

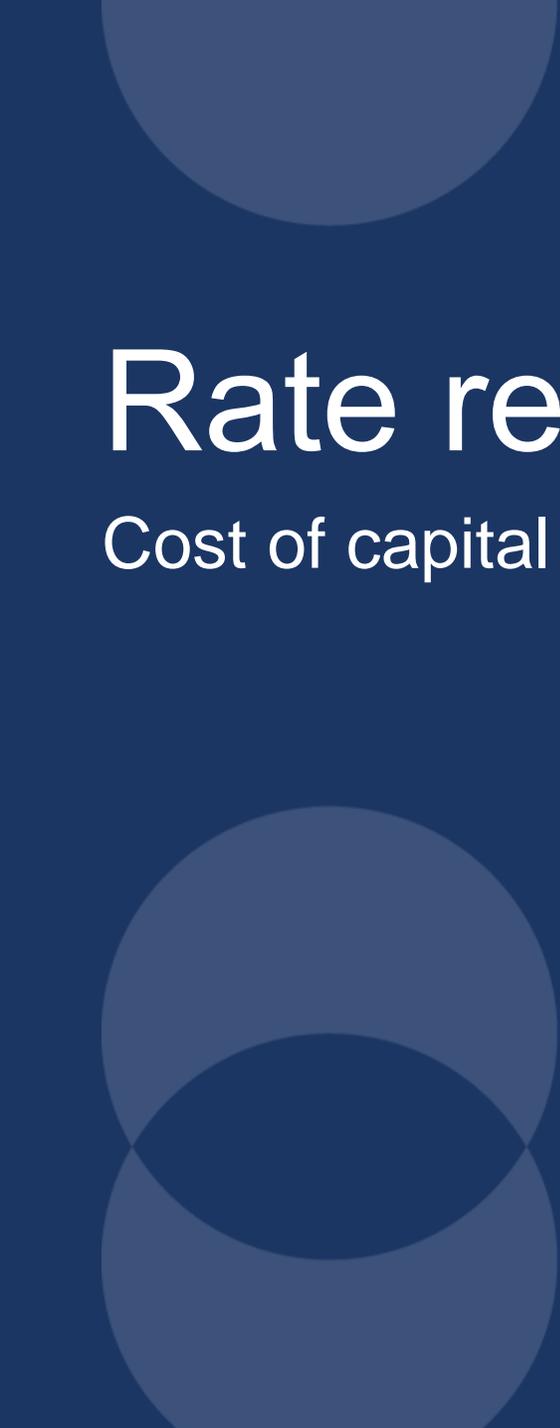
2025 Canadian Economic and Labour Outlook

Pedro Antunes, Chief Economist

# What we'll discuss today

- Global soft landing and interest rate relief
- Canada's economic outlook
- Demographic change—implications for employers
- US protectionism, industrial policy and other risks
- Questions/discussion



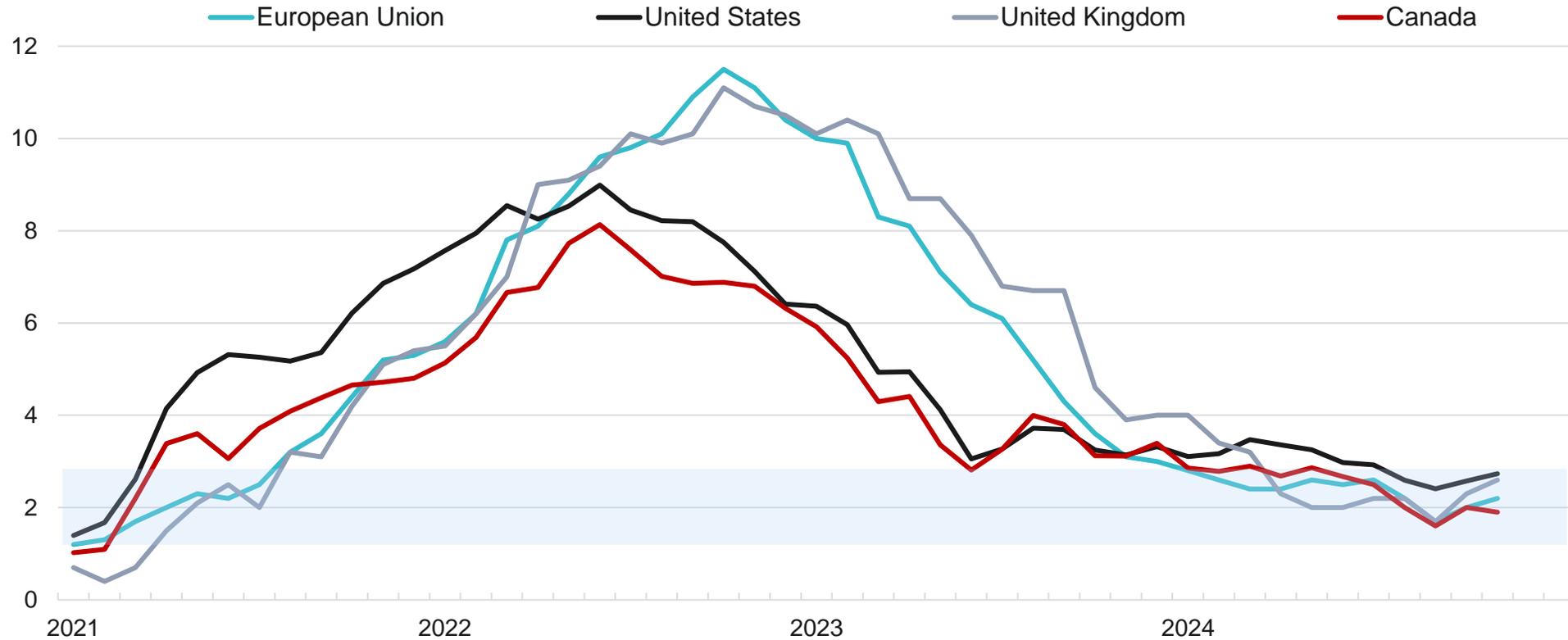


# Rate relief is here but...

Cost of capital is no longer free

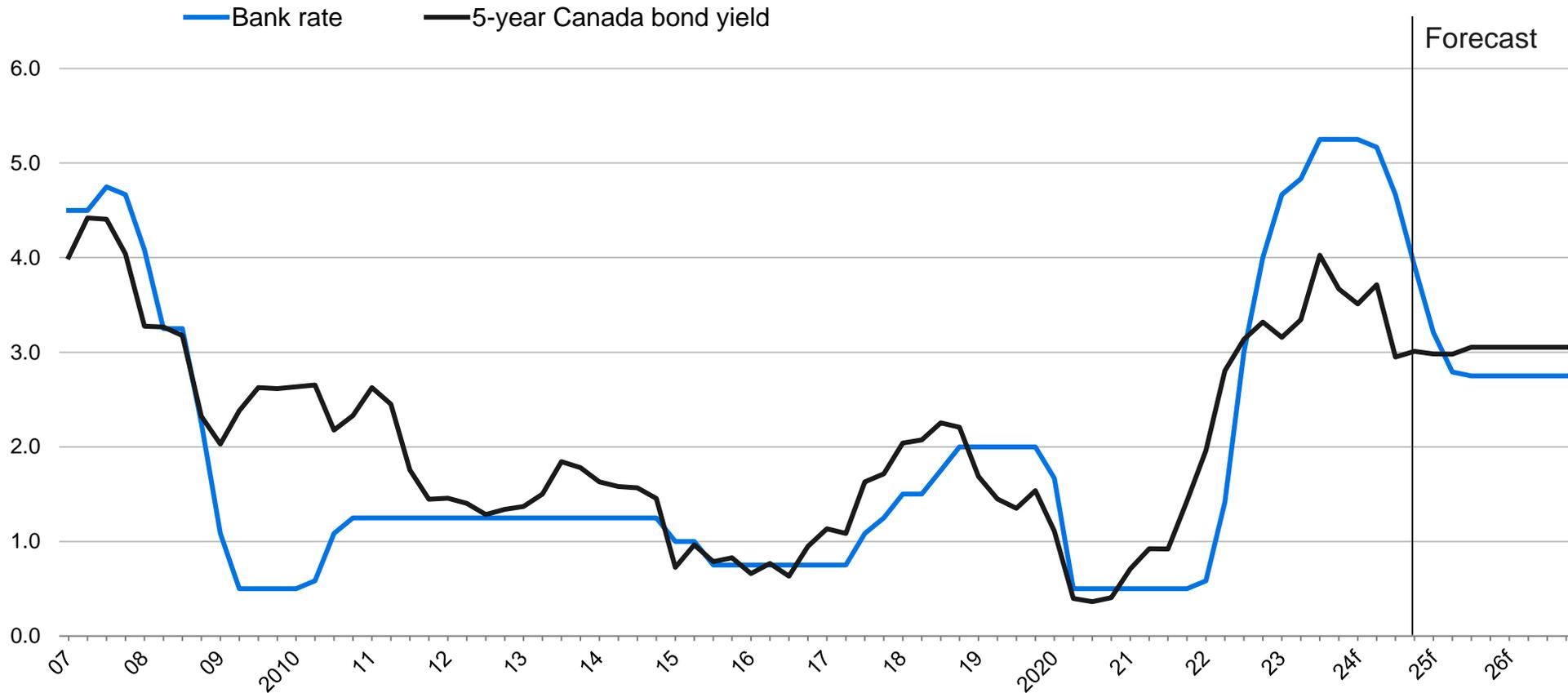
# Inflation within target

(CPI inflation by region, per cent)



Sources: Statistics Canada; Haver; UK Office for National Statistics; Eurostat.

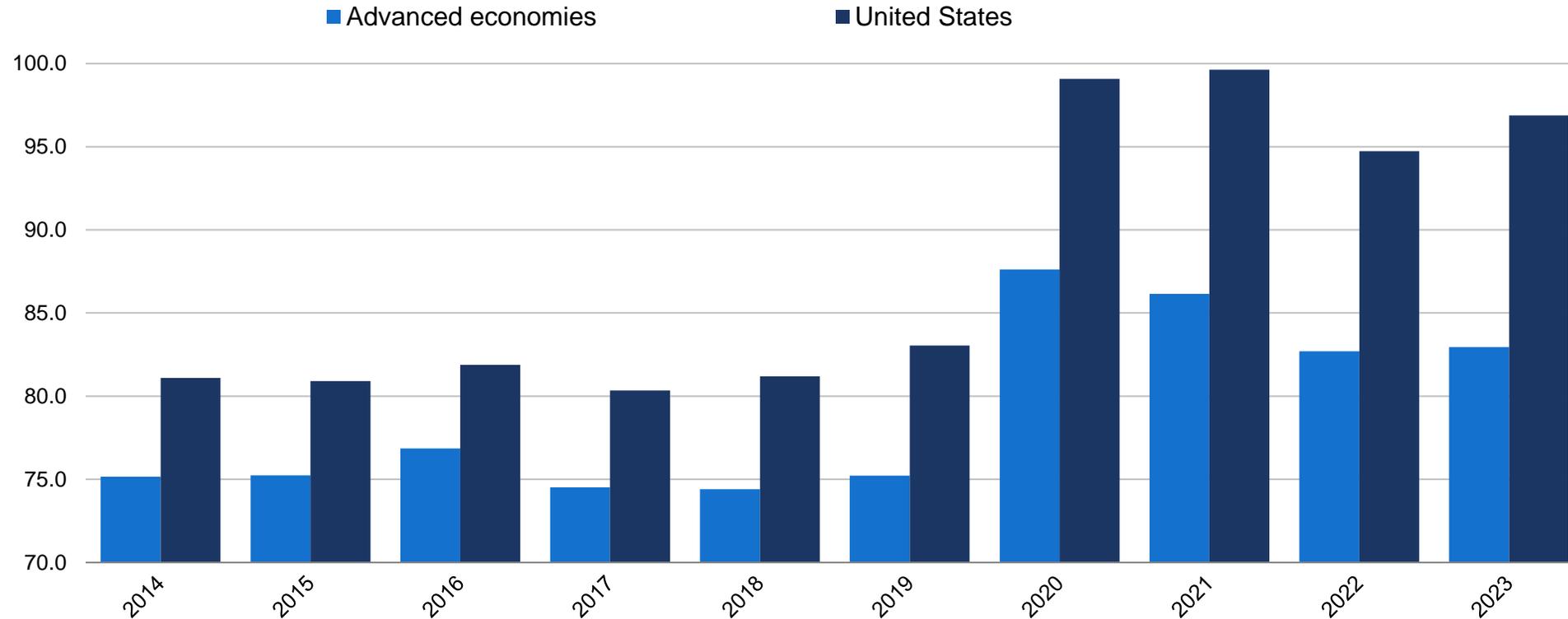
# Central banks lower rates but long yields stay high



Sources: Statistics Canada; The Conference Board of Canada.

# Sovereign debt ratcheted up

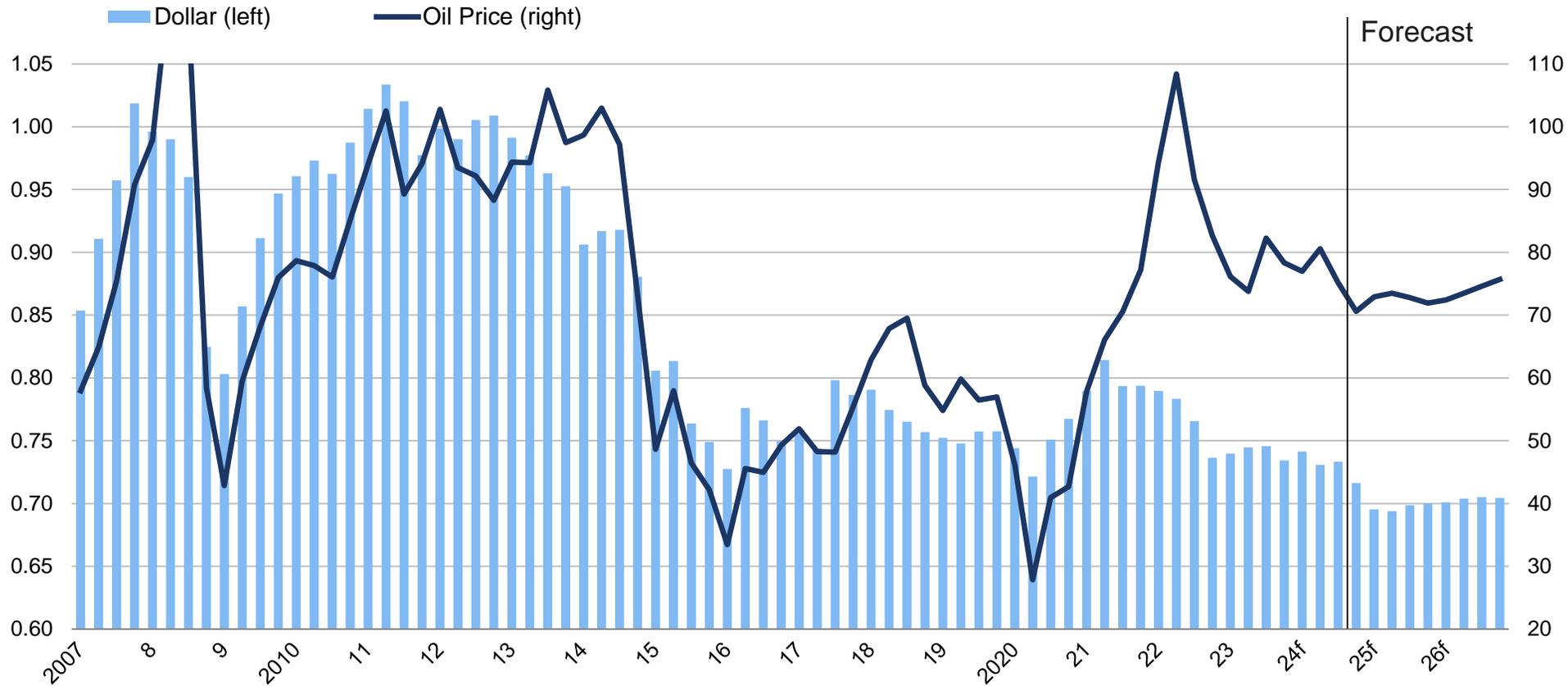
(General government net debt, per cent of GDP)



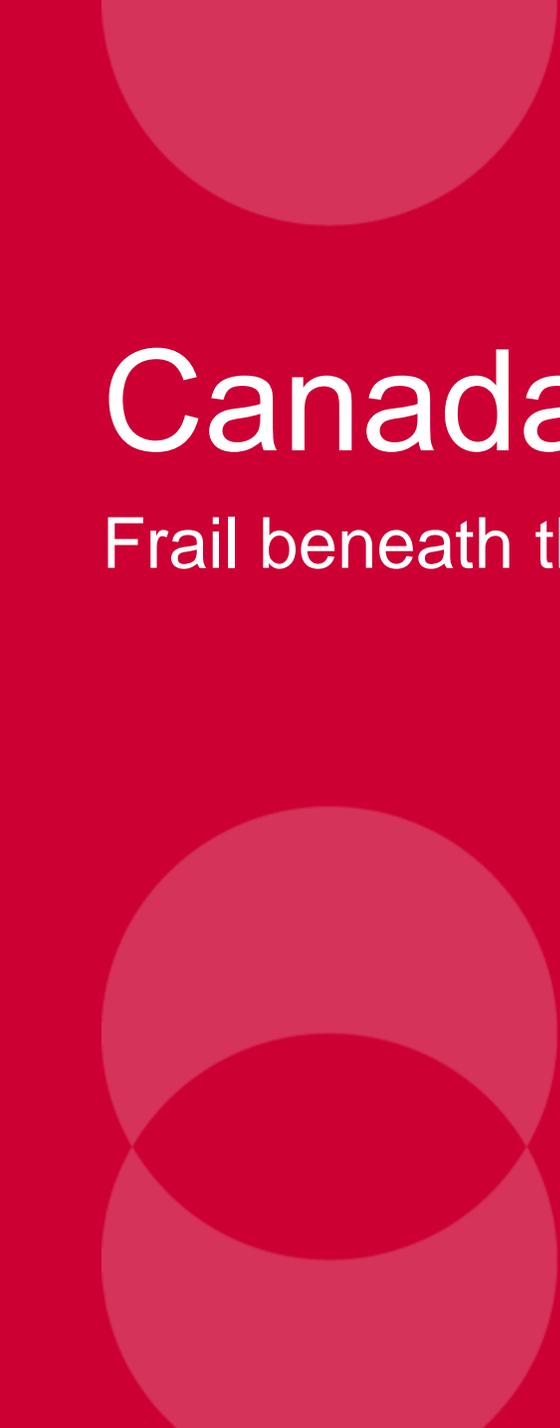
Source: International Monetary Fund, World Economic Outlook Database.

# Loonie's disconnect

(West Texas Intermediate crude price \$US, \$US/\$C)



Sources: U.S. Energy Information Administration; Statistics Canada; The Conference Board of Canada.

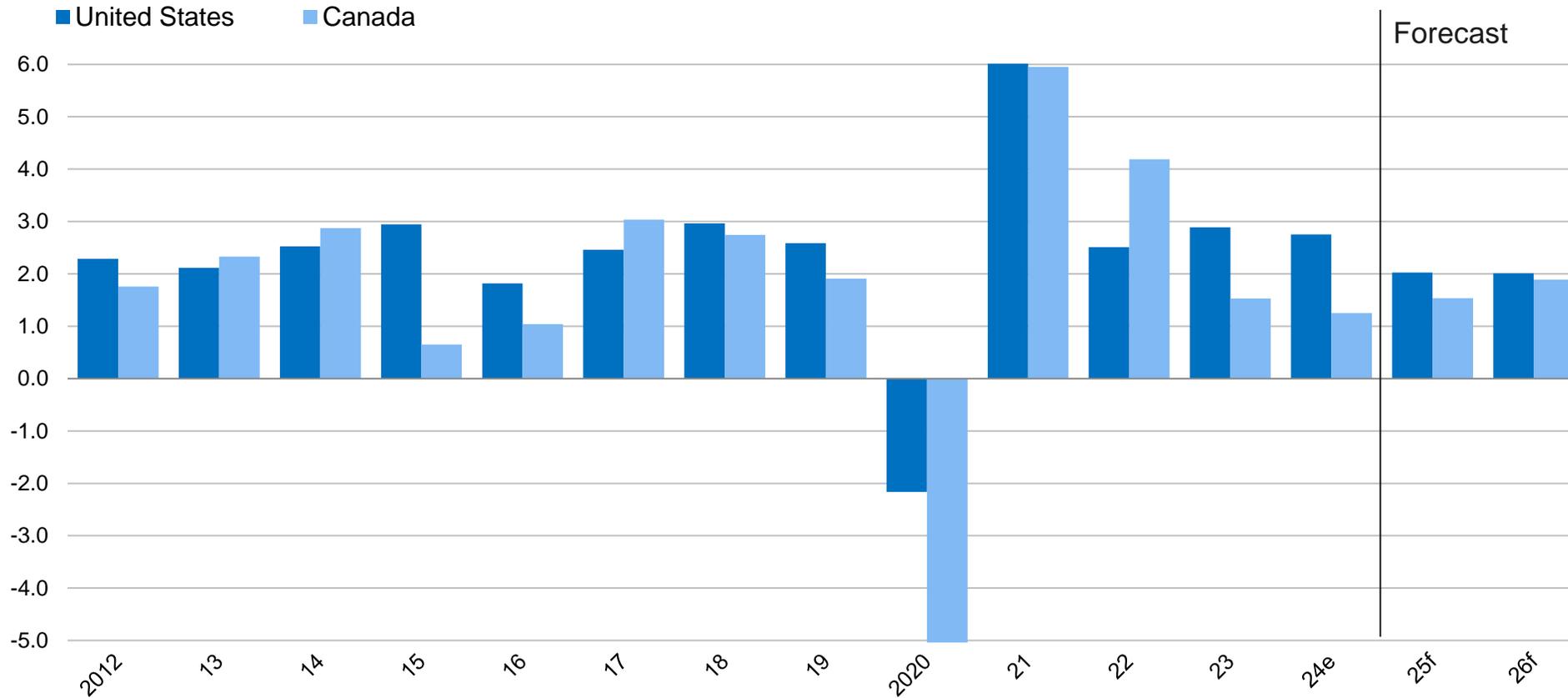


# Canada's Outlook

Frail beneath the surface

# A tale of two economies

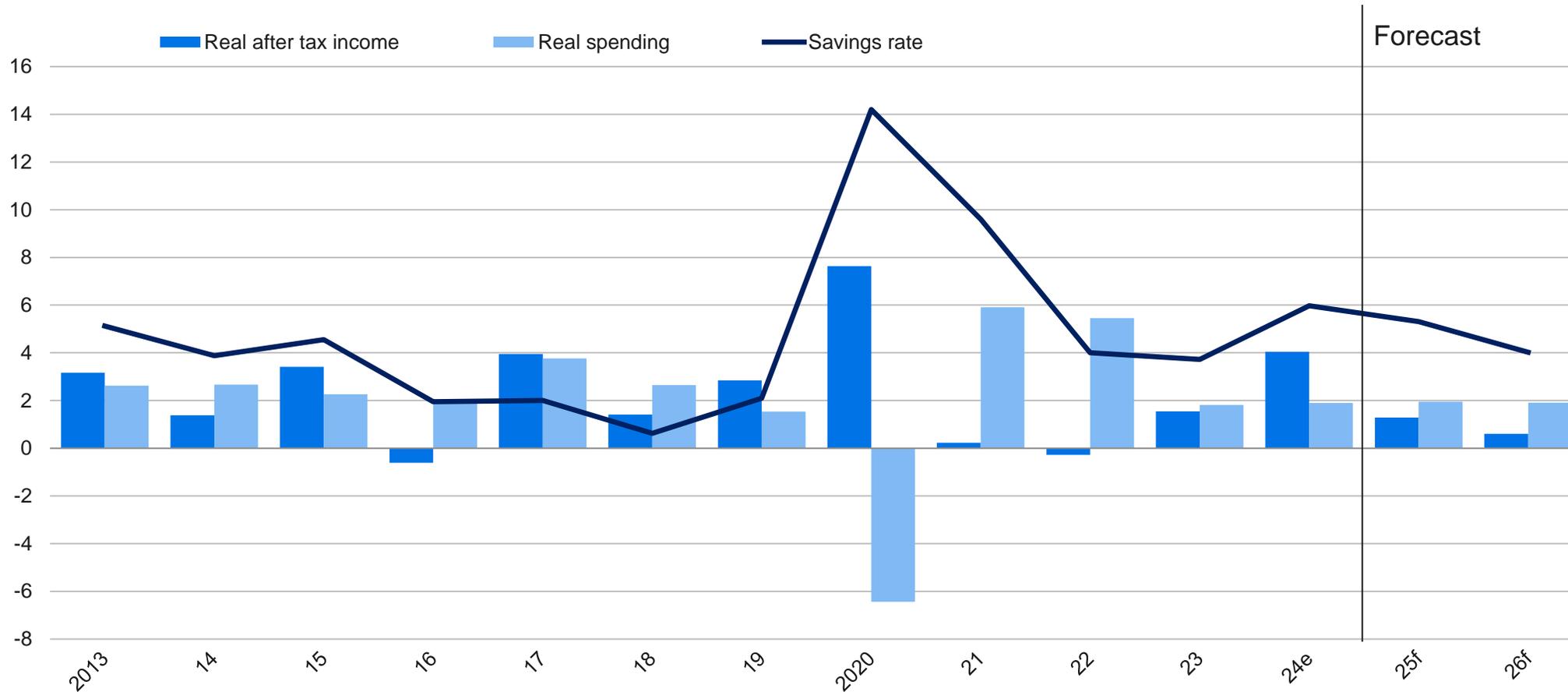
(real GDP, per cent change)



Sources: Statistics Canada; Bureau of Economic Analysis; The Conference Board of Canada.

# Household savings remain high

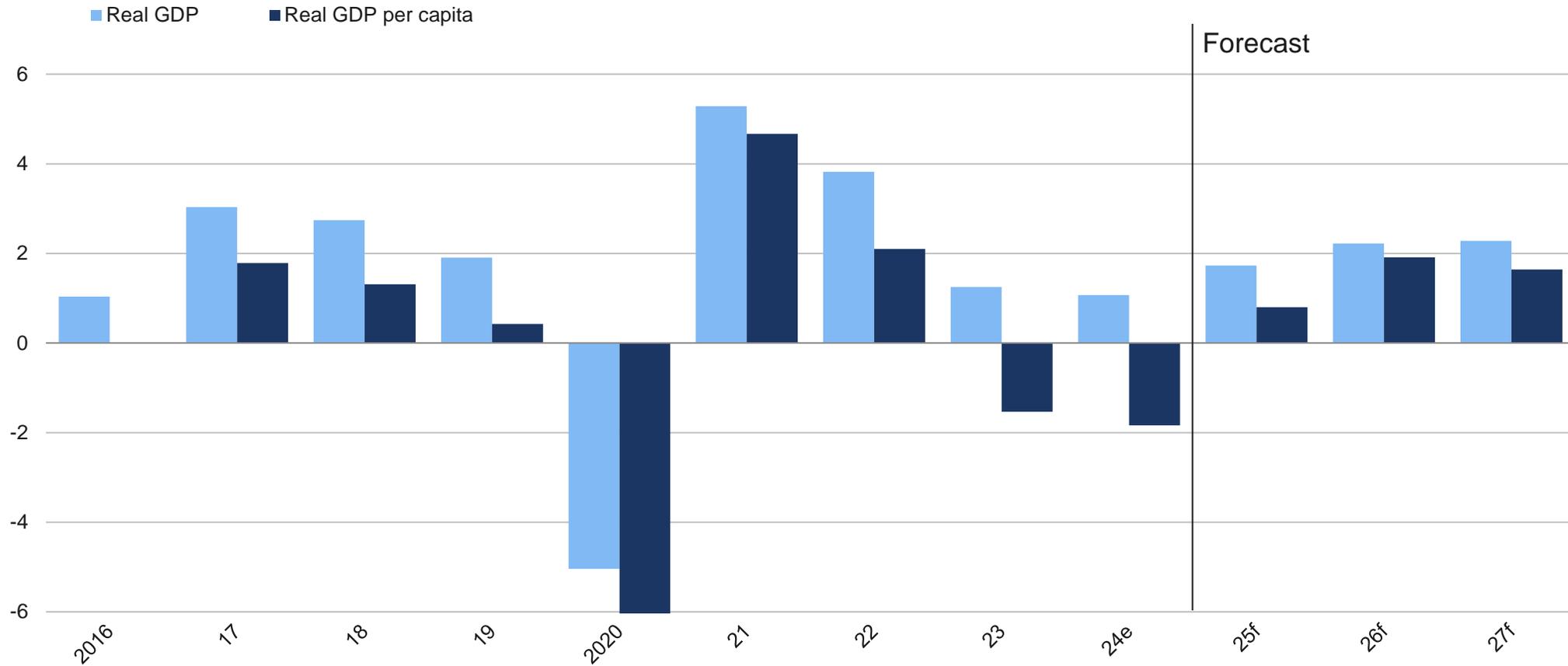
(per cent change, per cent [savings rate])



Sources: Statistics Canada; The Conference Board of Canada.

# Population growth masks the underlying weakness

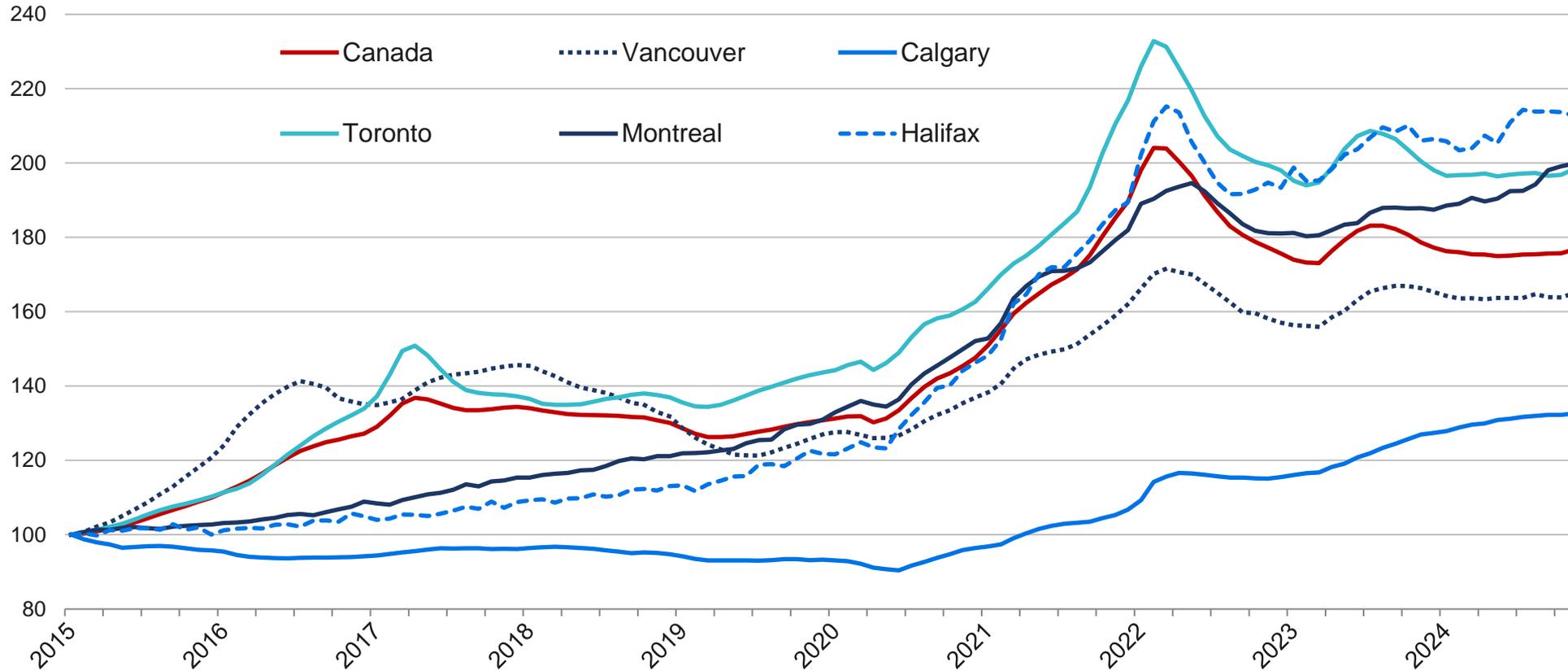
(Canada's real GDP and real GDP per capita, per cent change)



Sources: Statistics Canada; The Conference Board of Canada.

# Home prices bolstered through the pandemic

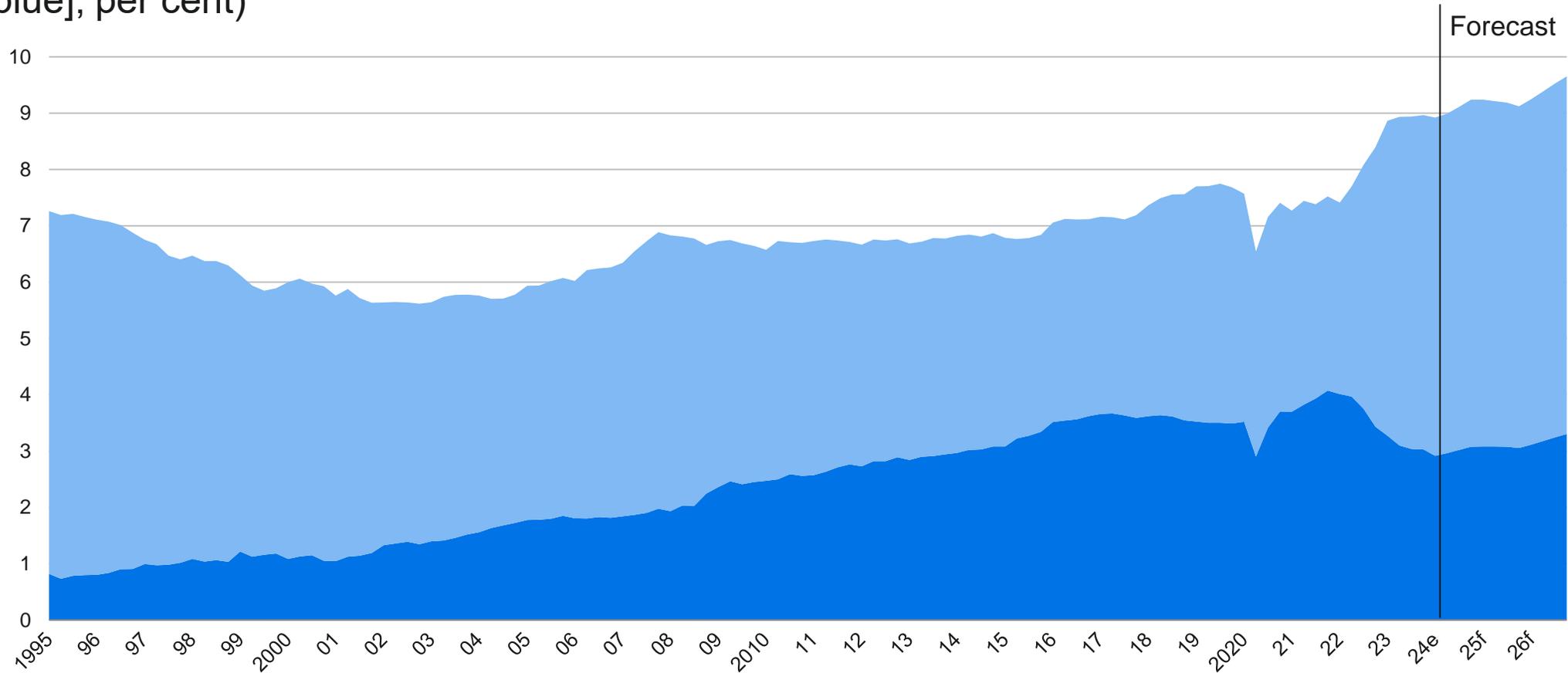
(MLS HPI; January 2015 =100; seasonally adjusted; monthly to November 2024)



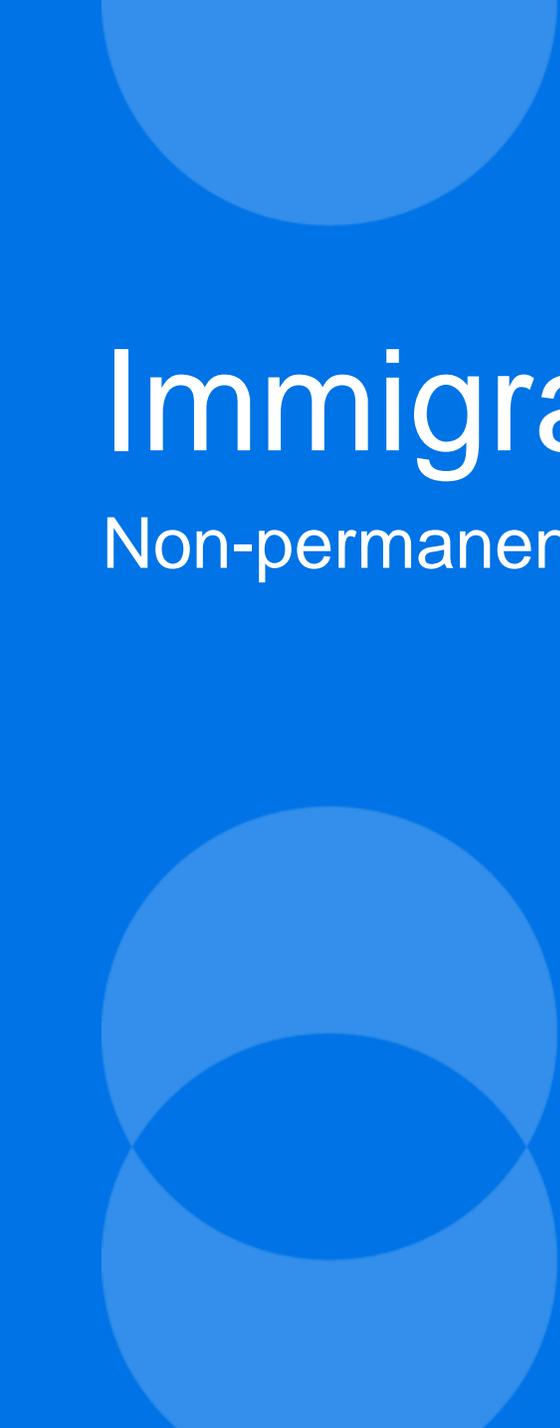
Source: Canadian Real Estate Association.

# Total household mortgage servicing still to peak

(Canada's debt service as a share of disposable income, interest [light blue] and principal [dark blue], per cent)



Sources: Statistics Canada; The Conference Board of Canada.

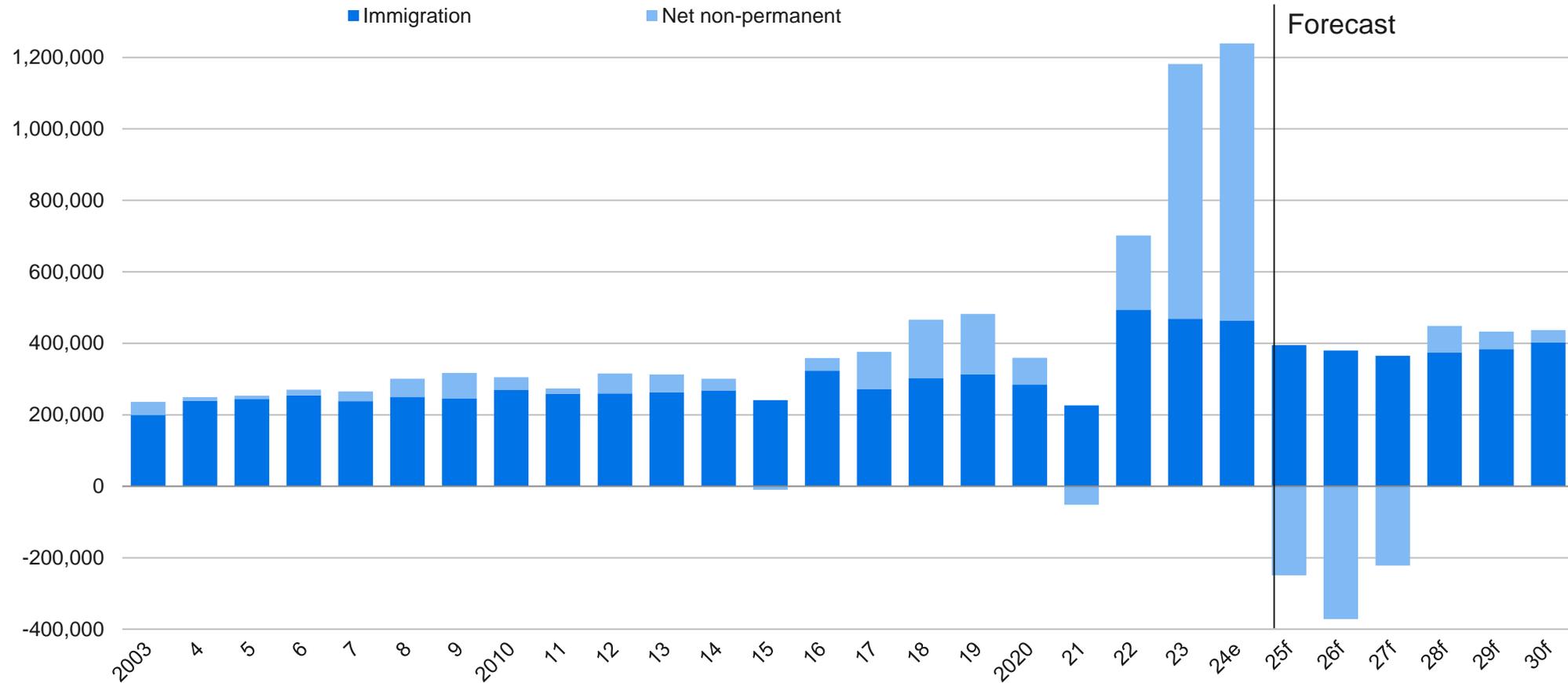


# Immigration policy

Non-permanent resident outflows will pressure employers

# Massive swing in NPR stream if we're to hit target

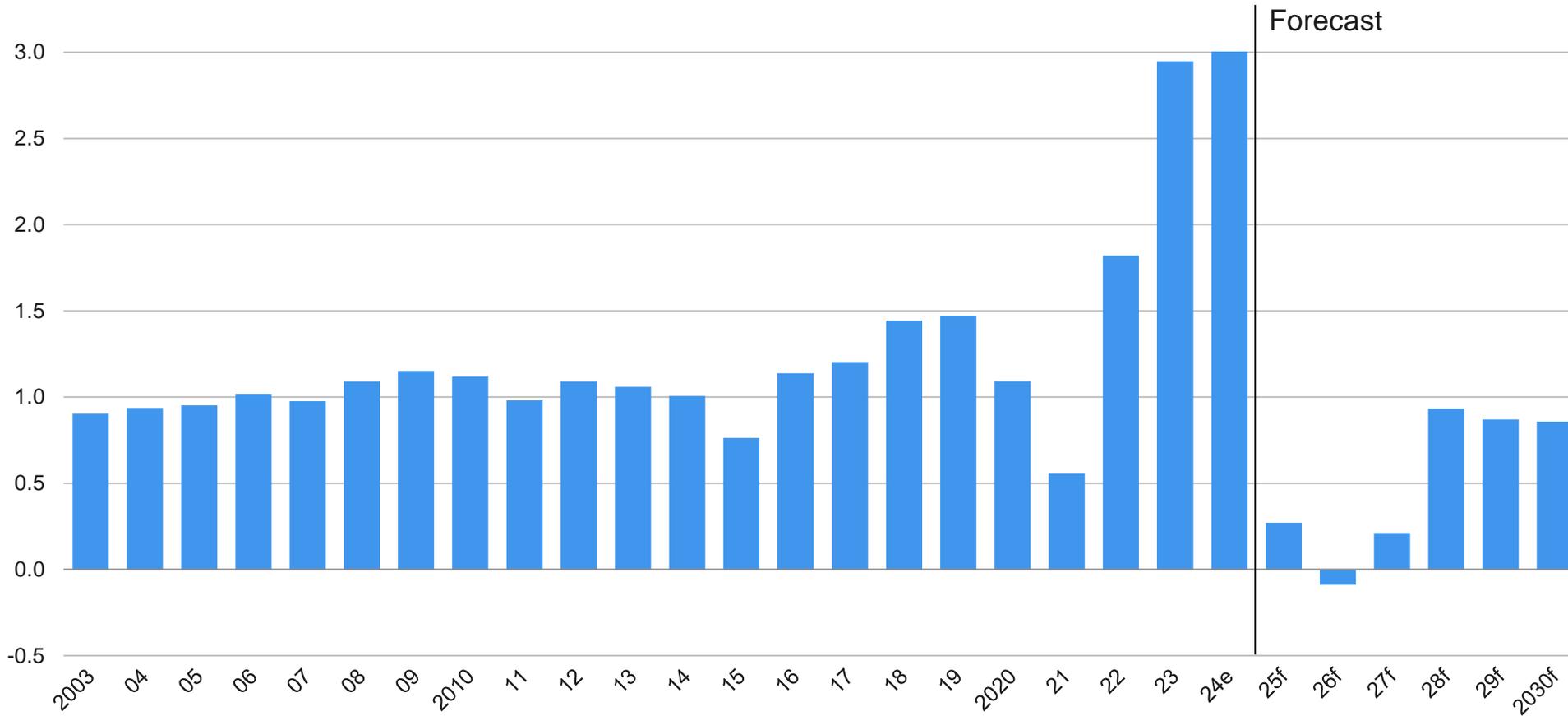
(immigration and net non-permanent resident inflows to Canada)



Sources: Statistics Canada; The Conference Board of Canada.

# ...leading to a drastic change in population growth

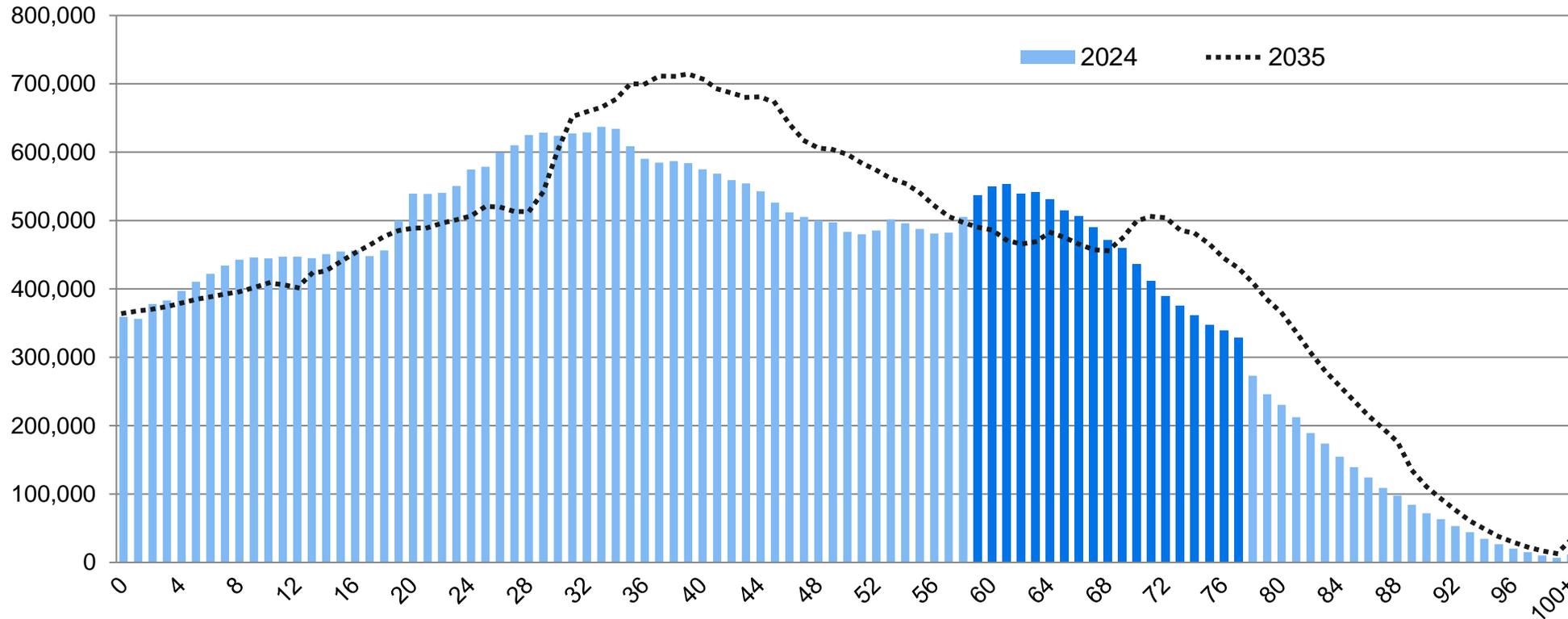
(annual population growth, per cent change)



Sources: Statistics Canada; The Conference Board of Canada.

# Canada's population distribution

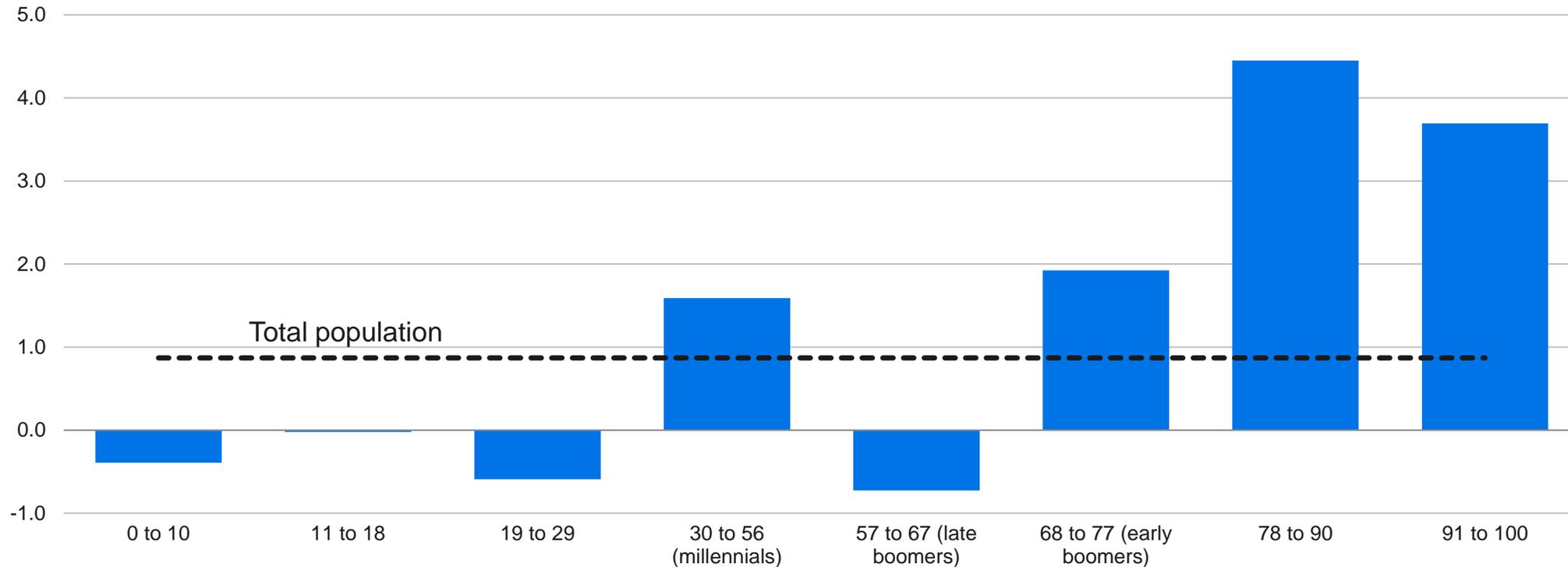
(population by age, 2024 and 2035)



Source: Statistics Canada; The Conference Board of Canada.

# Canada's population growth, selected cohorts

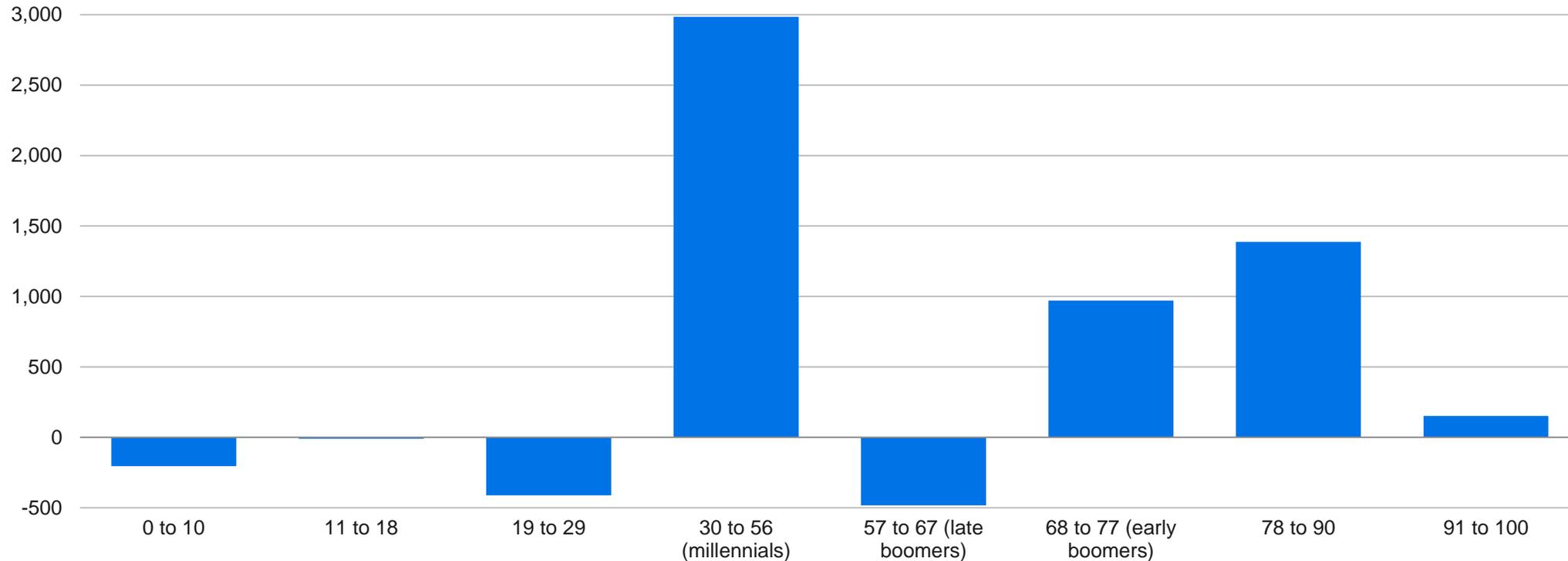
(average annual compound growth from 2024 to 2035)



Source: Statistics Canada; The Conference Board of Canada.

# Of the 4.4 million increase in Canada's population

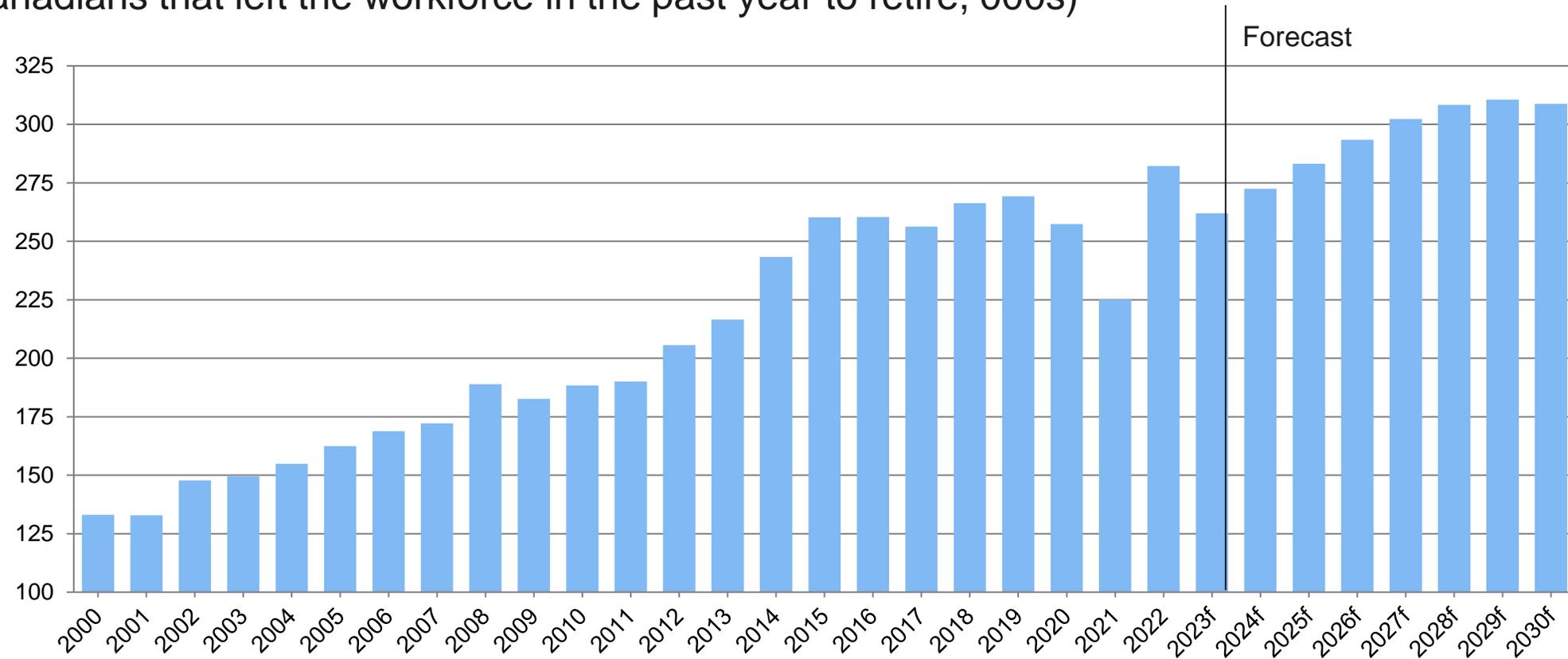
(increase in population between 2023 and 2035 by selected age cohorts, 000s)



Source: Statistics Canada; The Conference Board of Canada.

# Last of the Boomers retiring

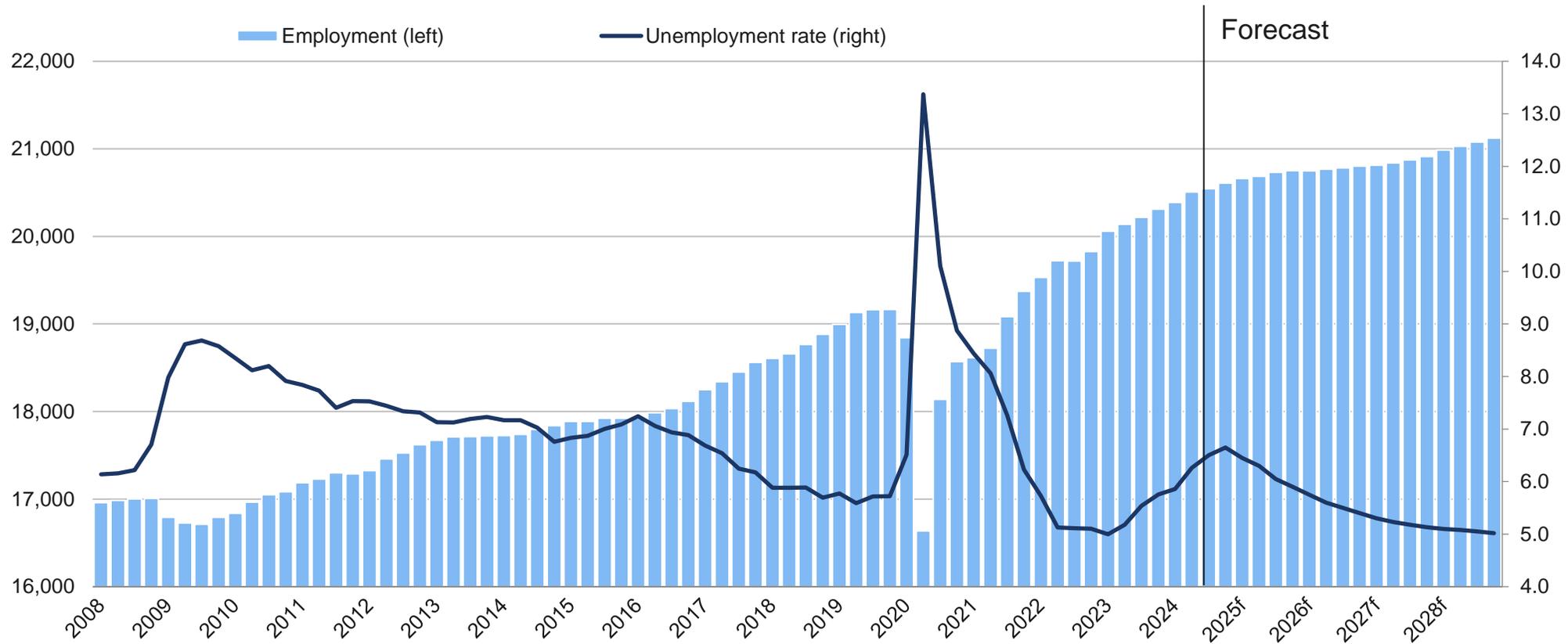
(Canadians that left the workforce in the past year to retire, 000s)



Source: Statistics Canada; The Conference Board of Canada.

# Job creation and unemployment on the rise

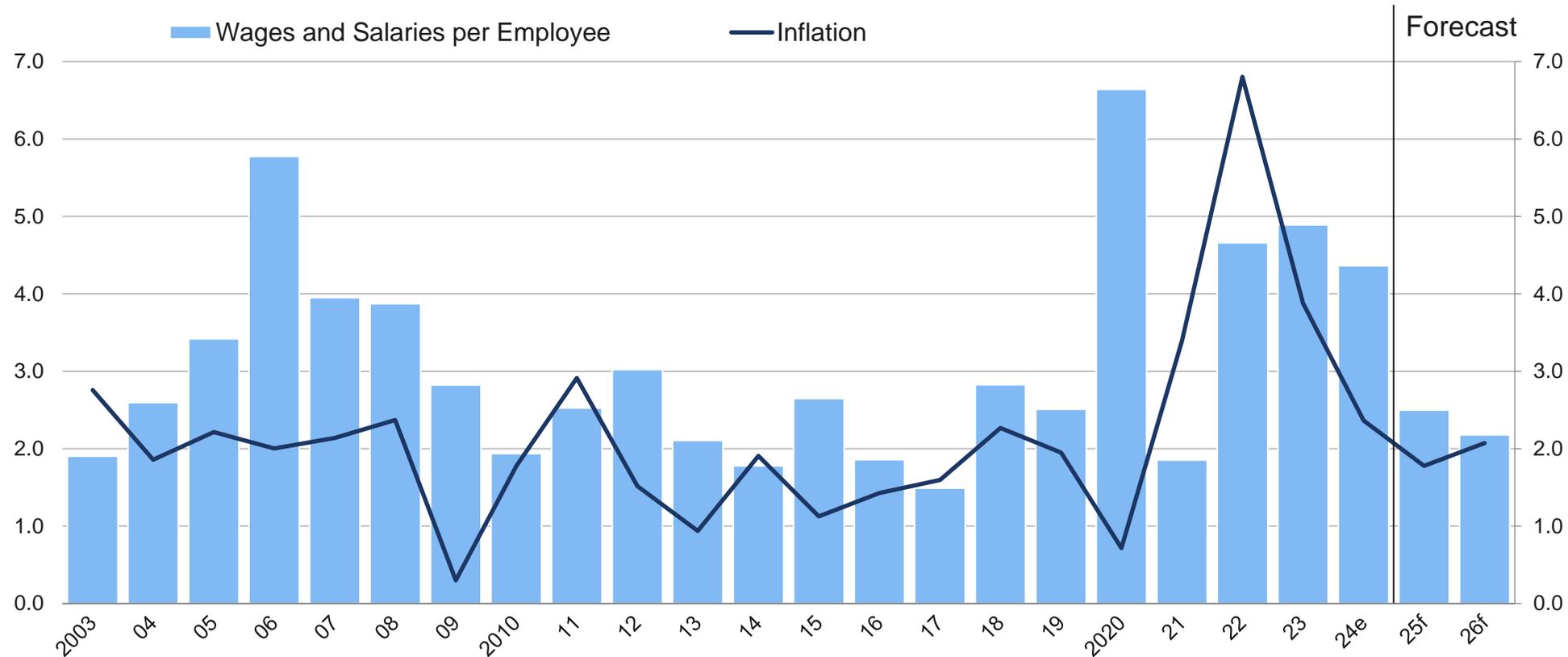
(Canada's employed, thousands, unemployment rate, per cent)



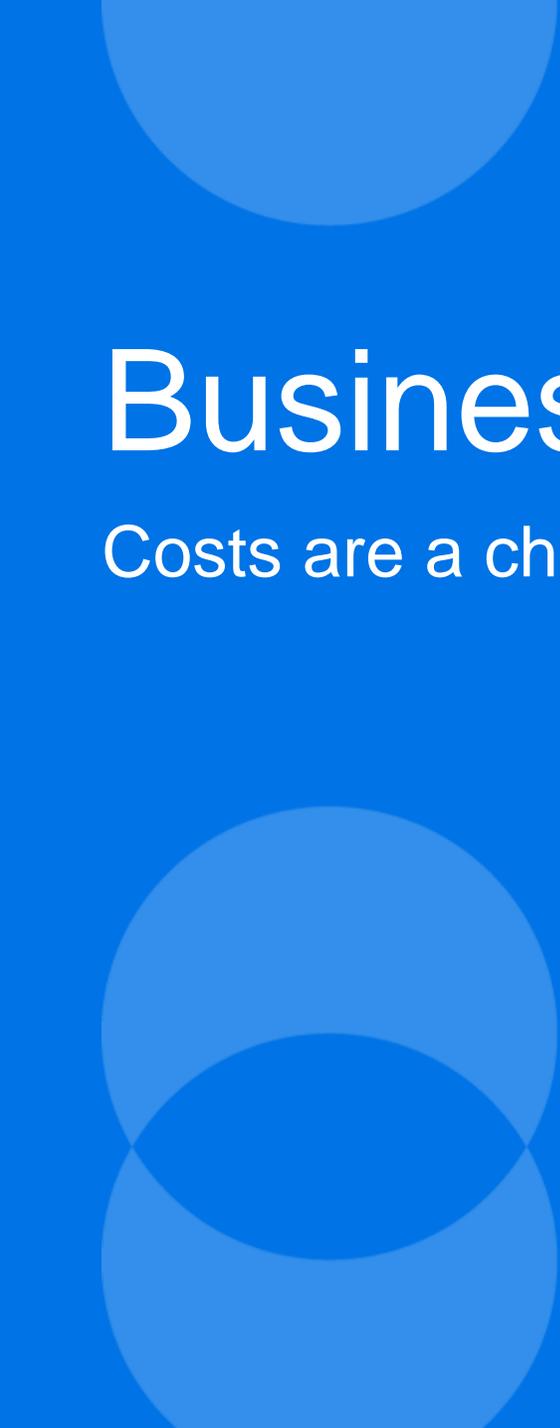
Sources: Statistics Canada; The Conference Board of Canada.

# Wages catching up to inflation

(per cent change in consumer prices and wages)



Sources: Statistics Canada; The Conference Board of Canada.

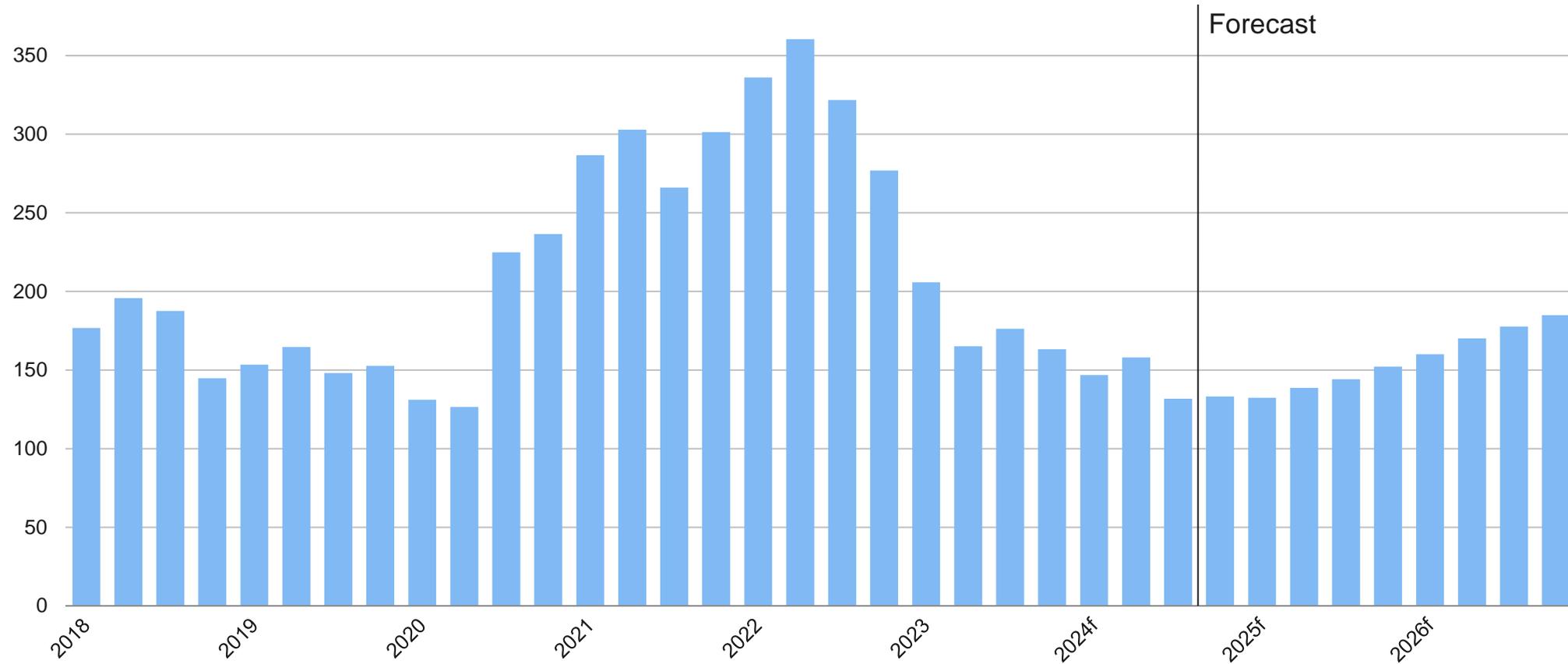


# Business Sector

Costs are a challenge

# Business costs weigh down profits

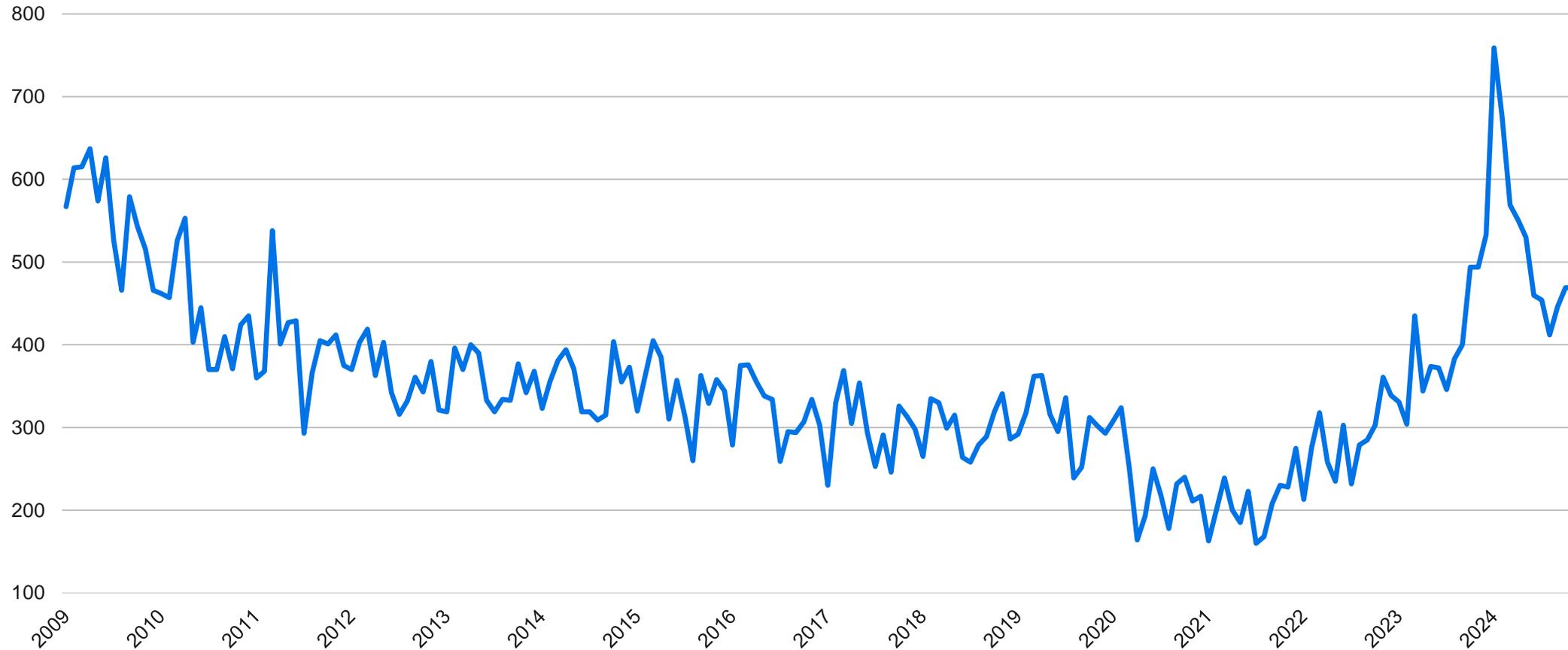
(corporate profits in Canada before taxes, \$ billions)



Sources: Statistics Canada; The Conference Board of Canada.

# Businesses struggling

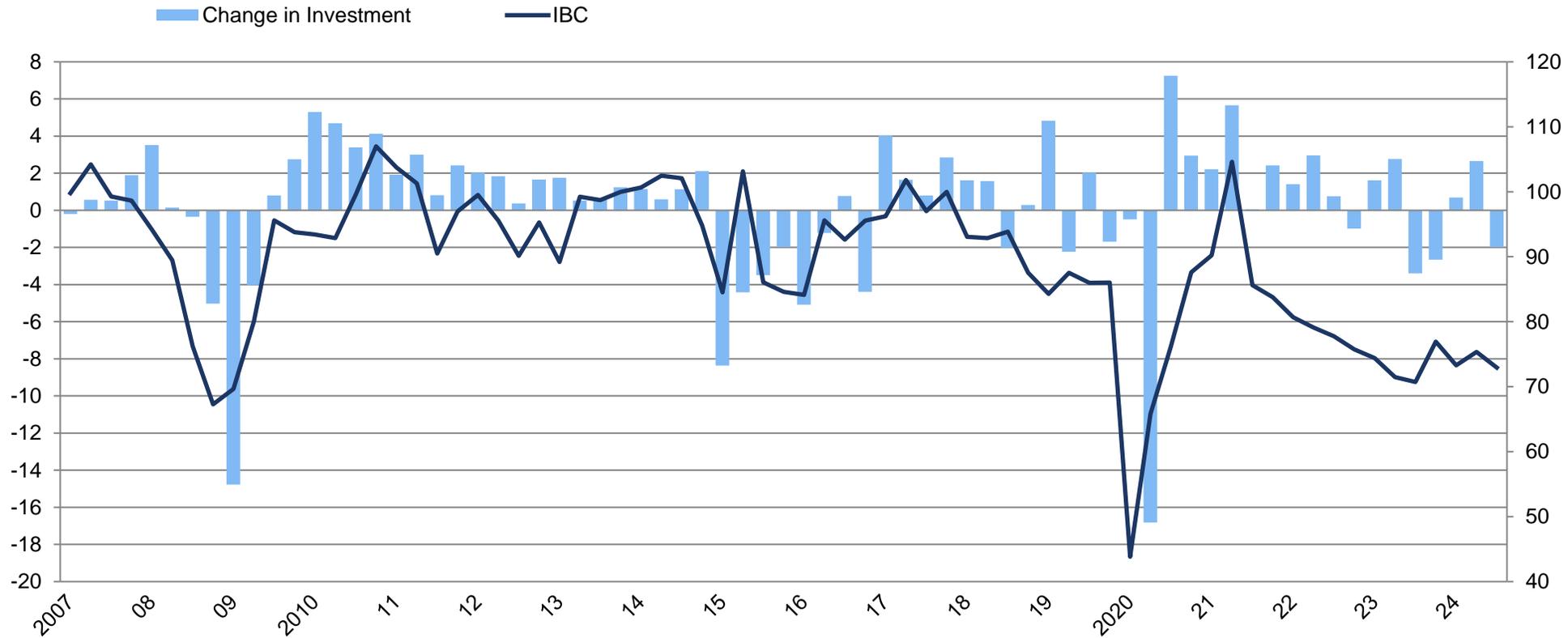
(business bankruptcies and proposals in Canada, monthly to November 2024)



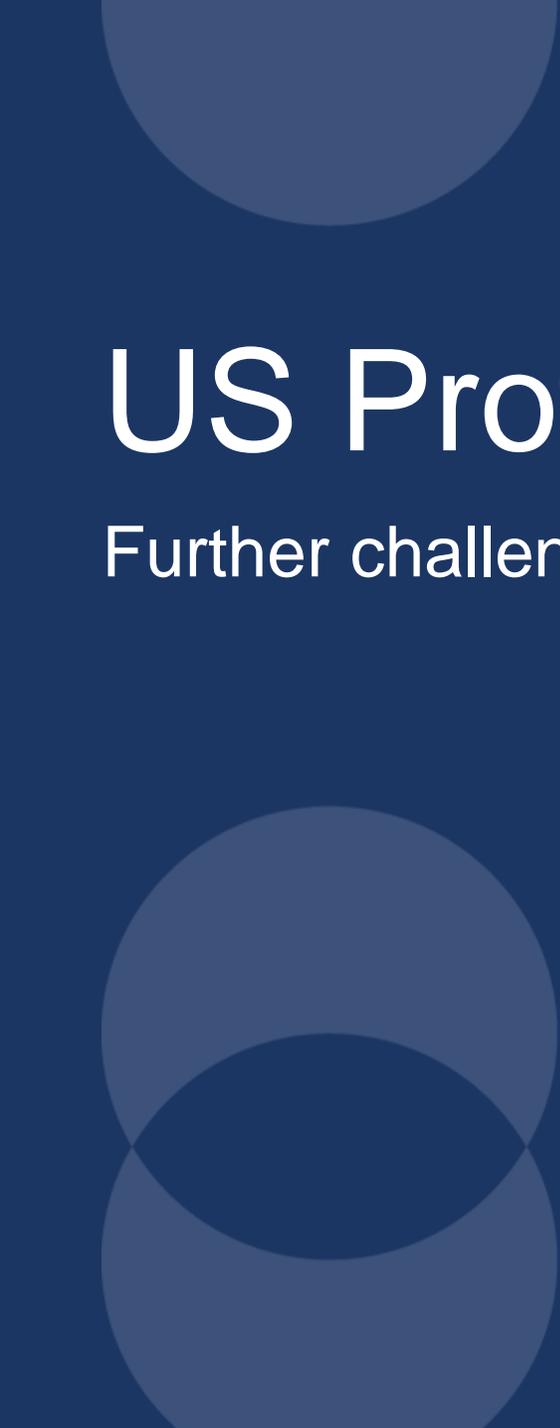
Source: Office of the Superintendent of Financial Institutions (OSFI).

# Index of business confidence

(Private plant & equipment investment [quarterly percentage change, left scale]; Index [2002=100, right scale])



Sources: The Conference Board of Canada; Statistics Canada.



# US Protectionism and Other Risks

Further challenge to our investment attractiveness

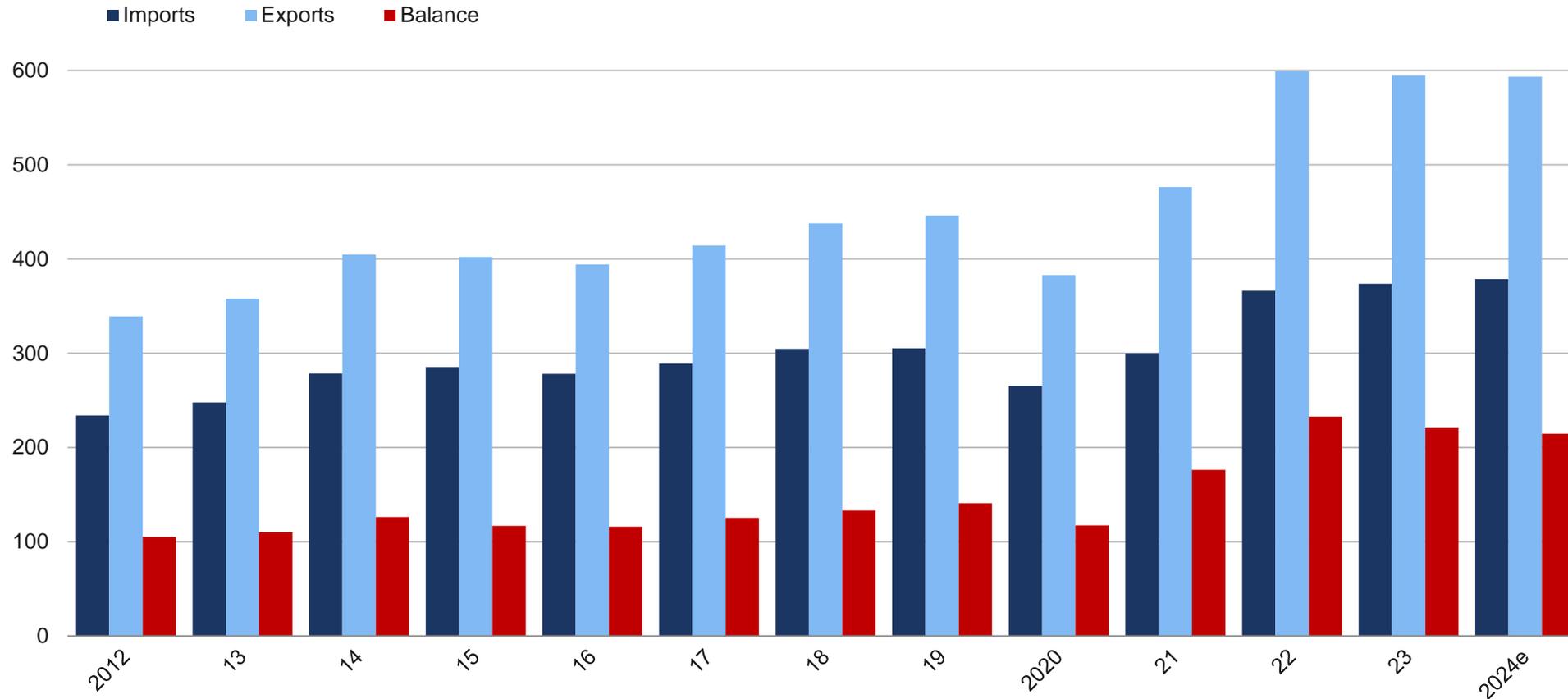
# Murphy's law of economics

*Economists have the least influence on policy where they know the most and are most agreed; they have the most influence on policy where they know the least and disagree most vehemently*

Alan S. Blinder

# Canada's trade surplus remains a contentious issue

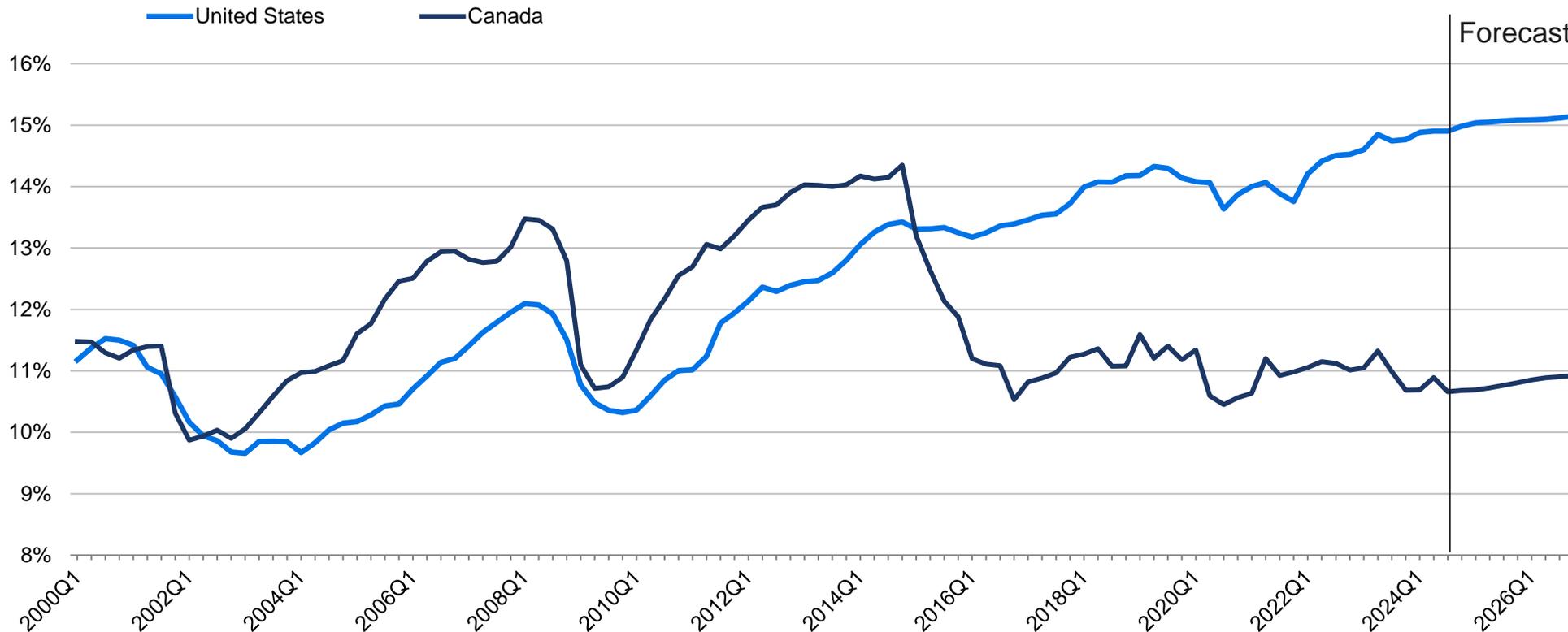
(Canada's merchandise trade with the United States, \$CAD billions)



Sources: Industry Canada Trade Data Online; The Conference Board of Canada.

# Canada's investment in the doldrums

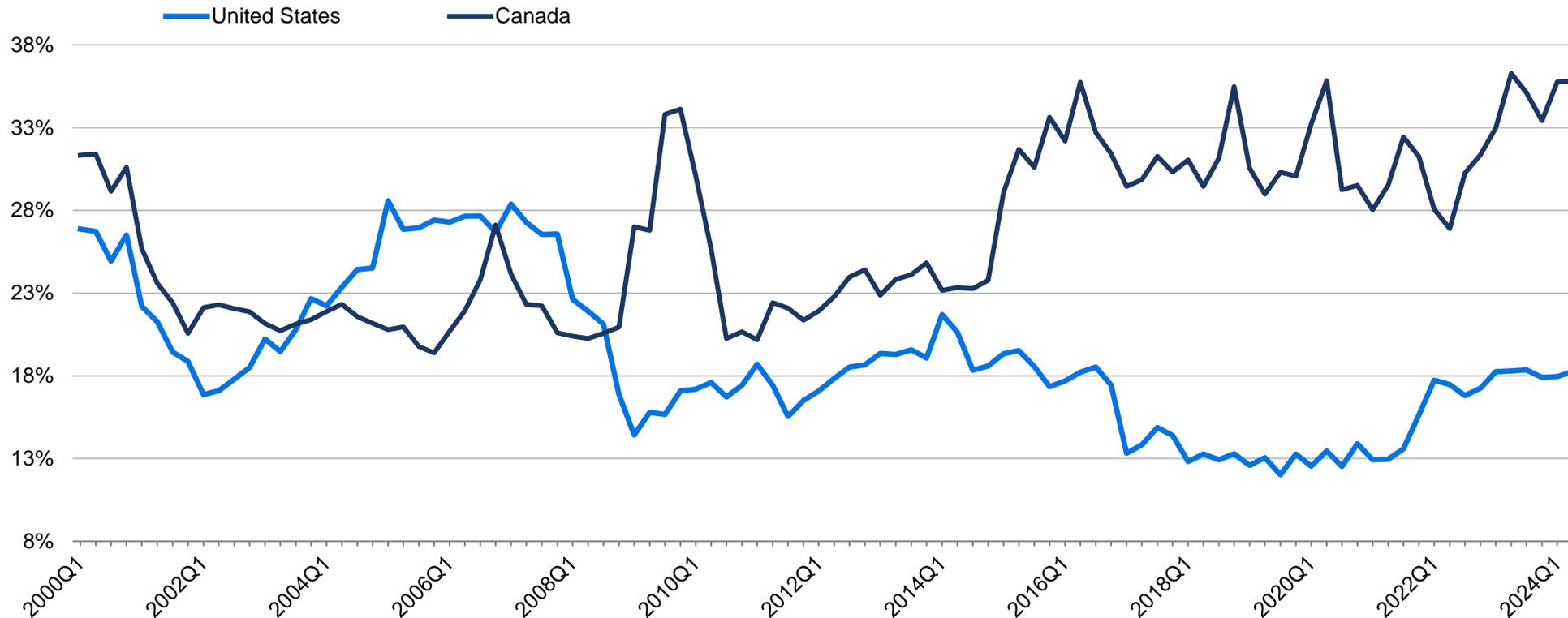
(real business investment as a share of GDP; per cent)



Sources: Statistics Canada; Bureau of Economic Analysis; The Conference Board of Canada.

# Tax competitiveness needs addressing

(corporate income tax as a share of corporate net operating surplus; per cent)



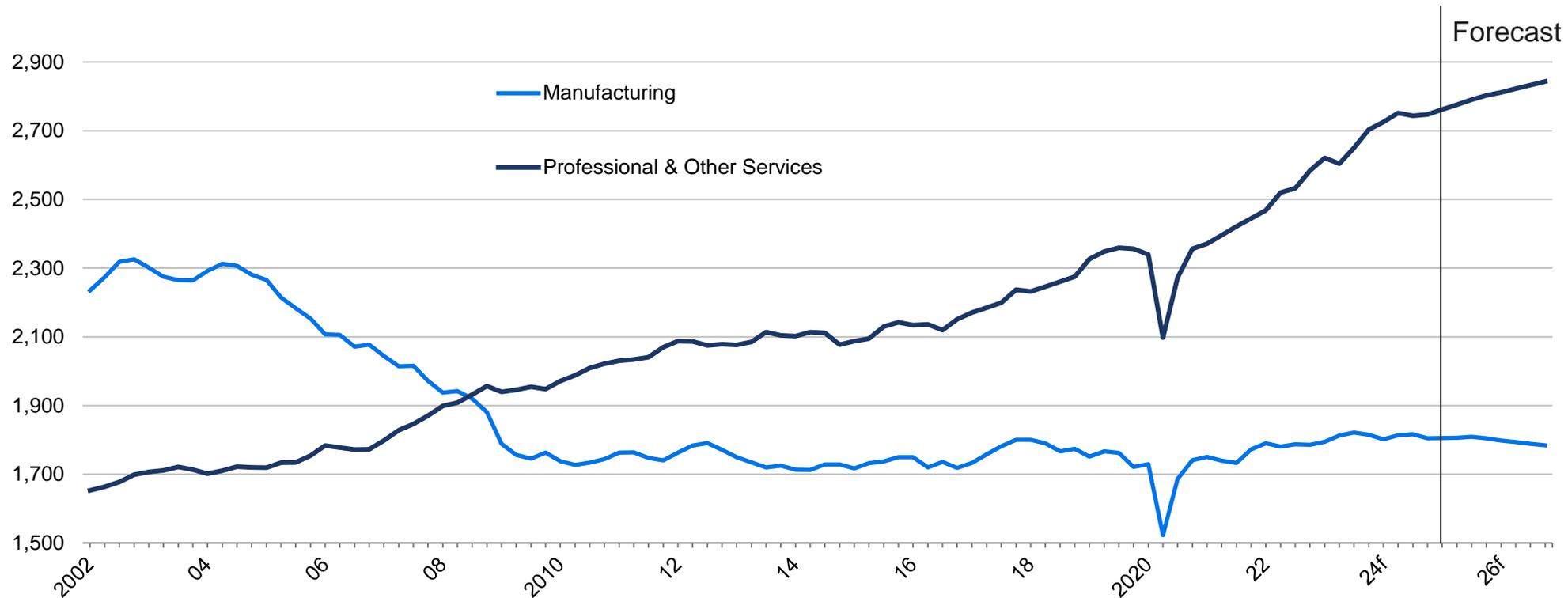
Sources: Statistics Canada; Bureau of Economic Analysis; The Conference Board of Canada.

# 1970s era industrial policy may be short lived

- To compete with the United States, we've opted for massive investments in battery plants:
  - VW \$7 billion plant with \$1.2 billion govt funding; \$13.2 billion in credits
  - Stellantis \$5 billion plant with \$1 billion govt funding; \$15 billion in credits
  - Northvolt \$7 billion plant with \$2.7 billion govt funding; \$4.6 billion in credits
- These may lead to downstream investments in critical minerals, but those investments might have occurred regardless of where plants are operating
- No guarantee about other supply-chain investments
- Federal economic update did the right thing, majority of new money targeted at boosting private investment in physical capital and R&D

# Our strength is the knowledge economy

(Private Employment, Key Sectors, 000s)



Sources: Statistics Canada; Bureau of Economic Analysis; The Conference Board of Canada.



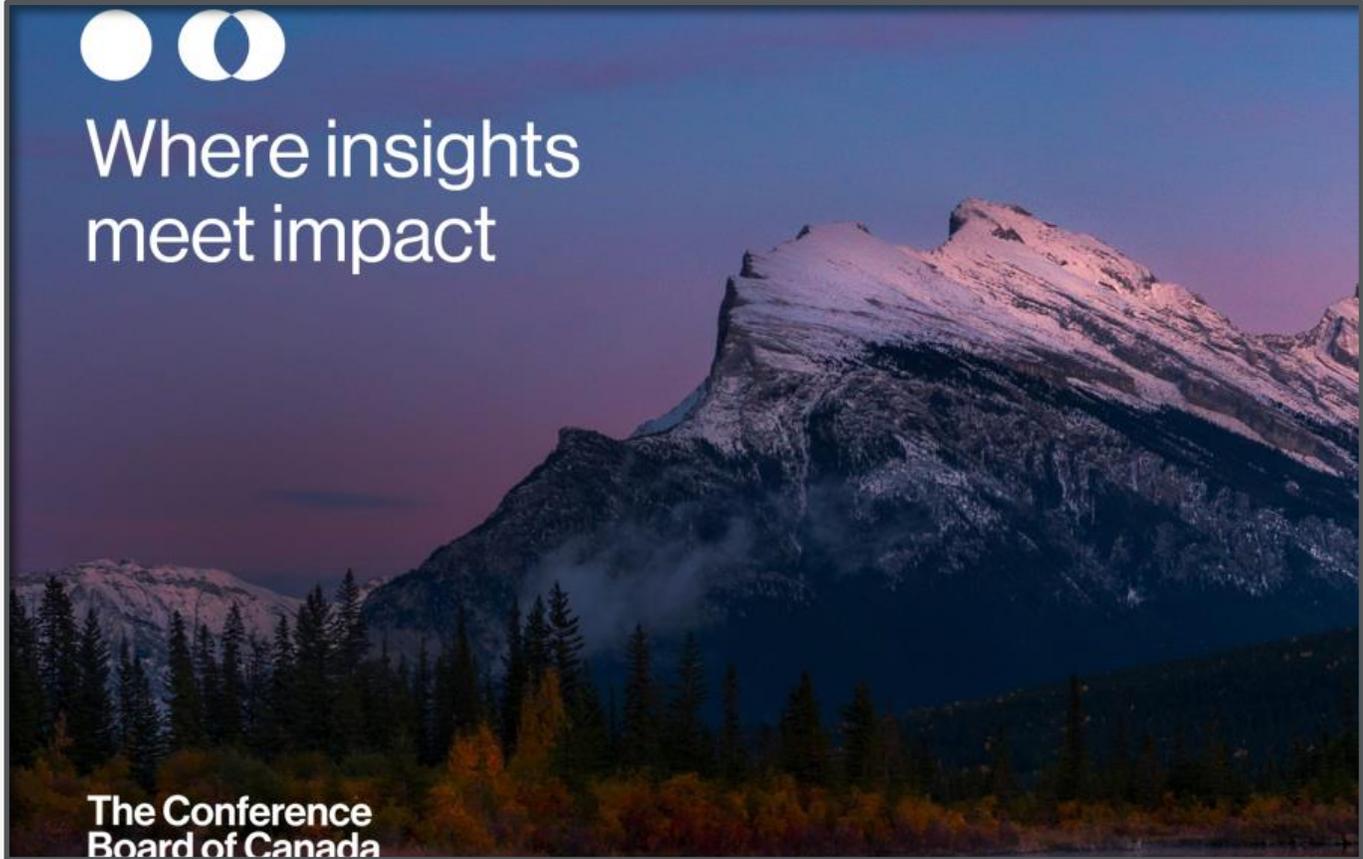
## The bottom line ...

- World growth is settling in at its trend pace as inflation realigns with central bank targets
- Our near-term outlook remains shaky—high interest rates are still taking a toll, and external risks are plentiful
- Population growth will slow markedly over the next few years if government targets are to be met
- Net NPR outflows and peaking retirements will quickly retighten the labour market
- Trump administration adds another layer to our challenges in attracting private investment

Thank you  
to our guest  
speaker,  
Pedro  
Antunes!



Where insights  
meet impact



The Conference  
Board of Canada

Visit [conferenceboard.ca](https://conferenceboard.ca)



üKG

Our purpose is people