

Seventh-Inning Stretch



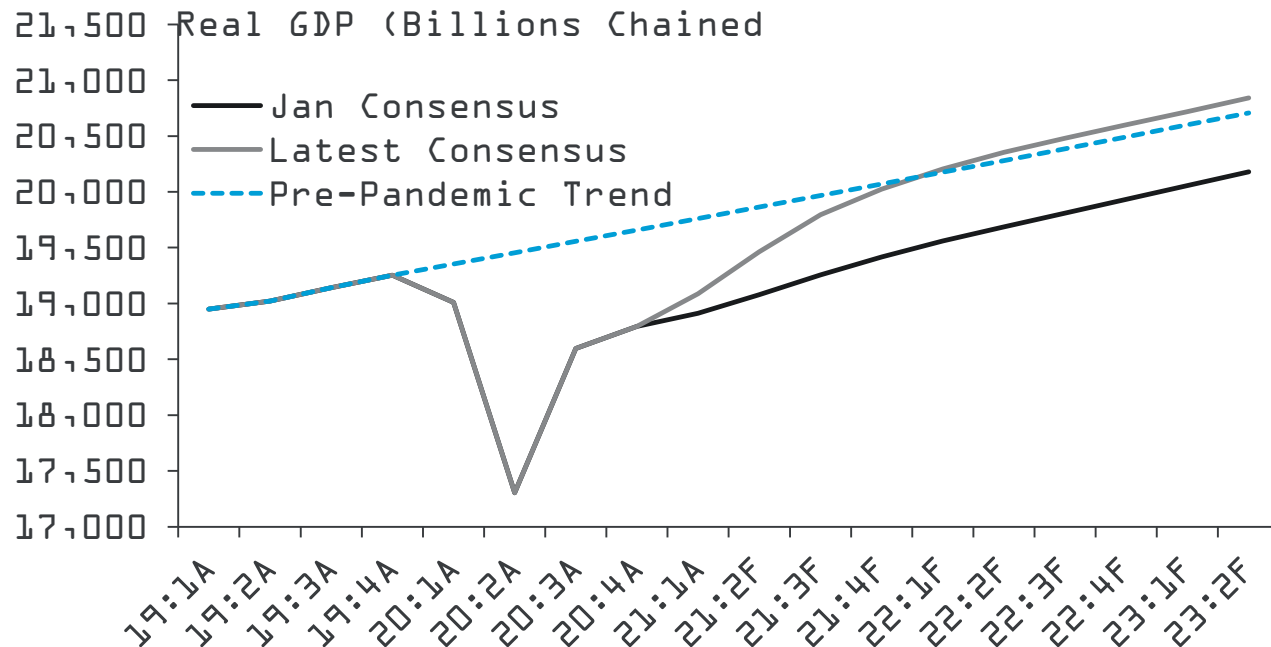
Benjamin Tal

July 2021



Consensus now forecast US GDP to rise above pre-pandemic trend

1

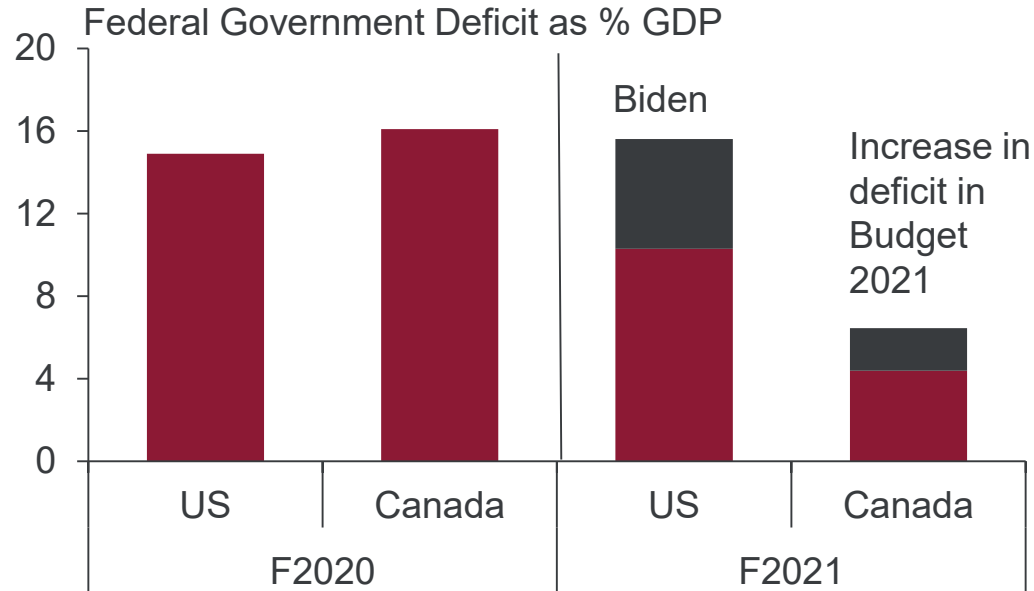


Source: BEA, Bloomberg, CIBC



US tops Canada in 2021 Stimulus - By a wide Margin

2

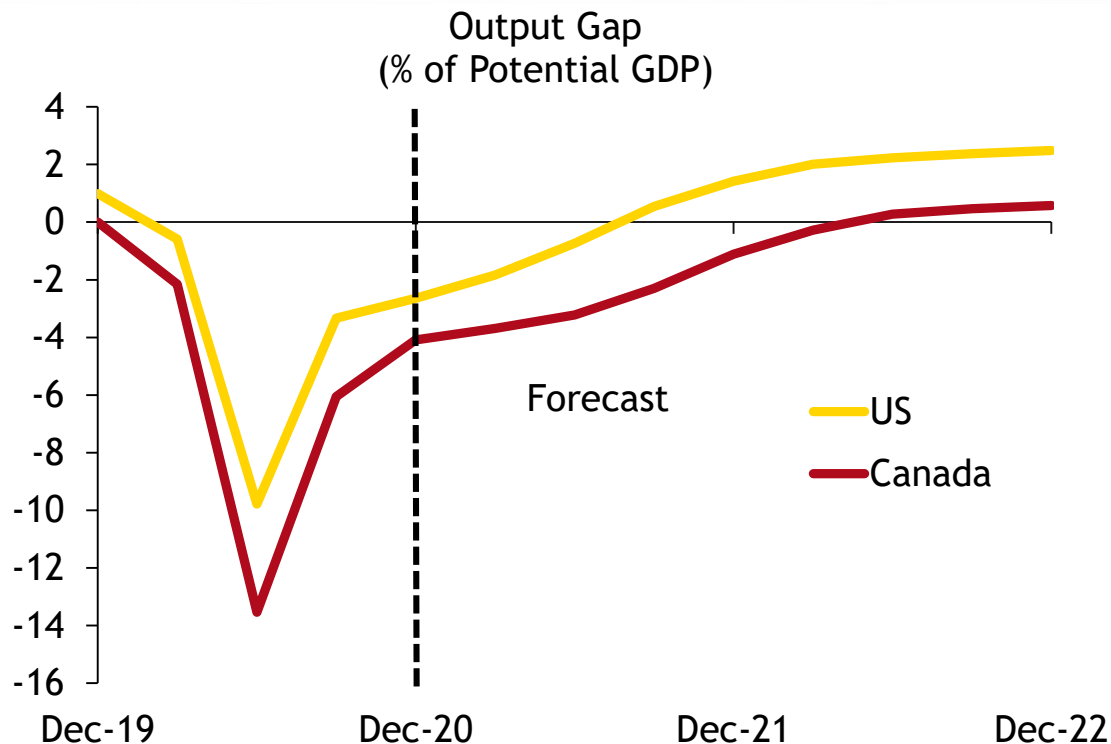


Source: Budget 2021, CBO, CIBC



US Will Eliminate Economic Slack Ahead of Canada

3

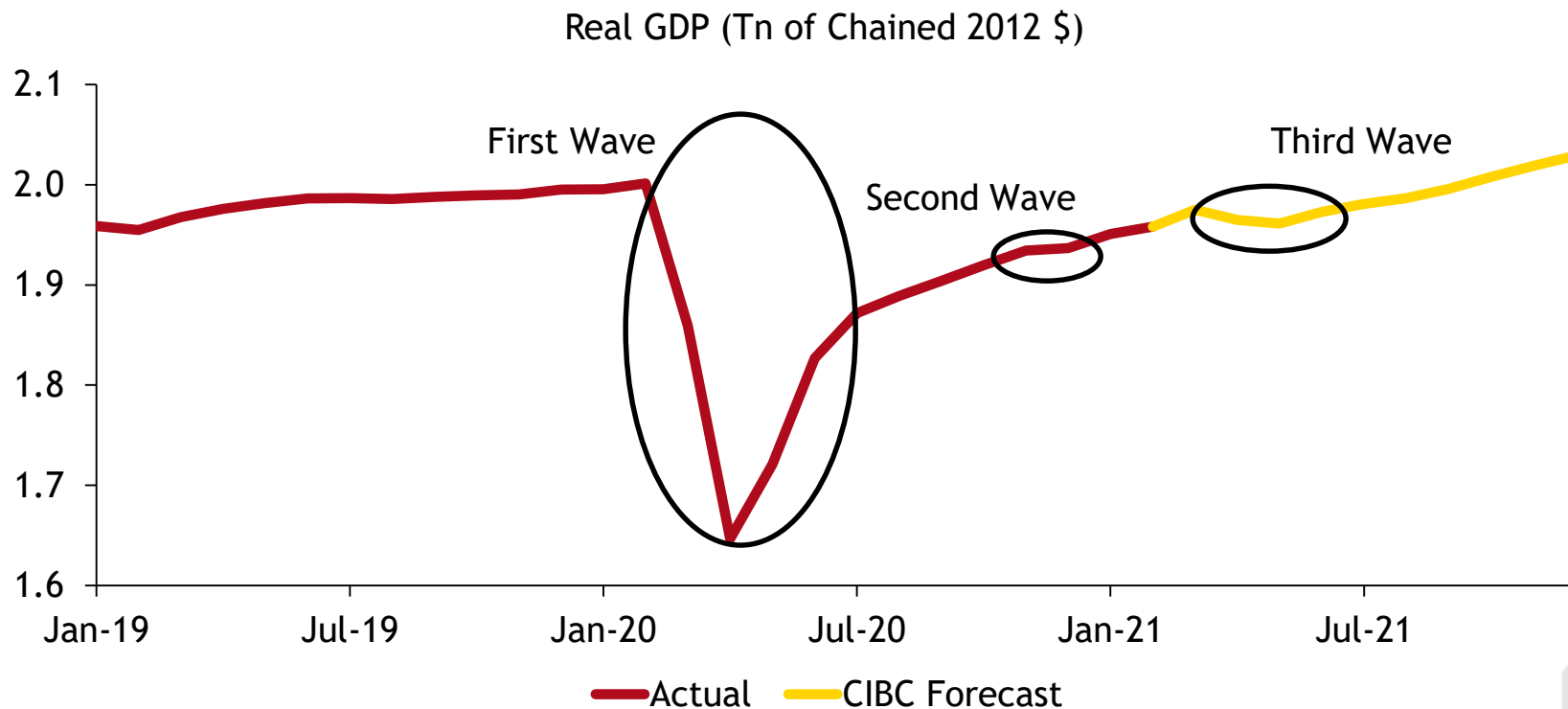


Source: BoC, StatCan, BEA, CBO, CIBC



Subsequent Waves Less Destructive to Canadian Economy

4

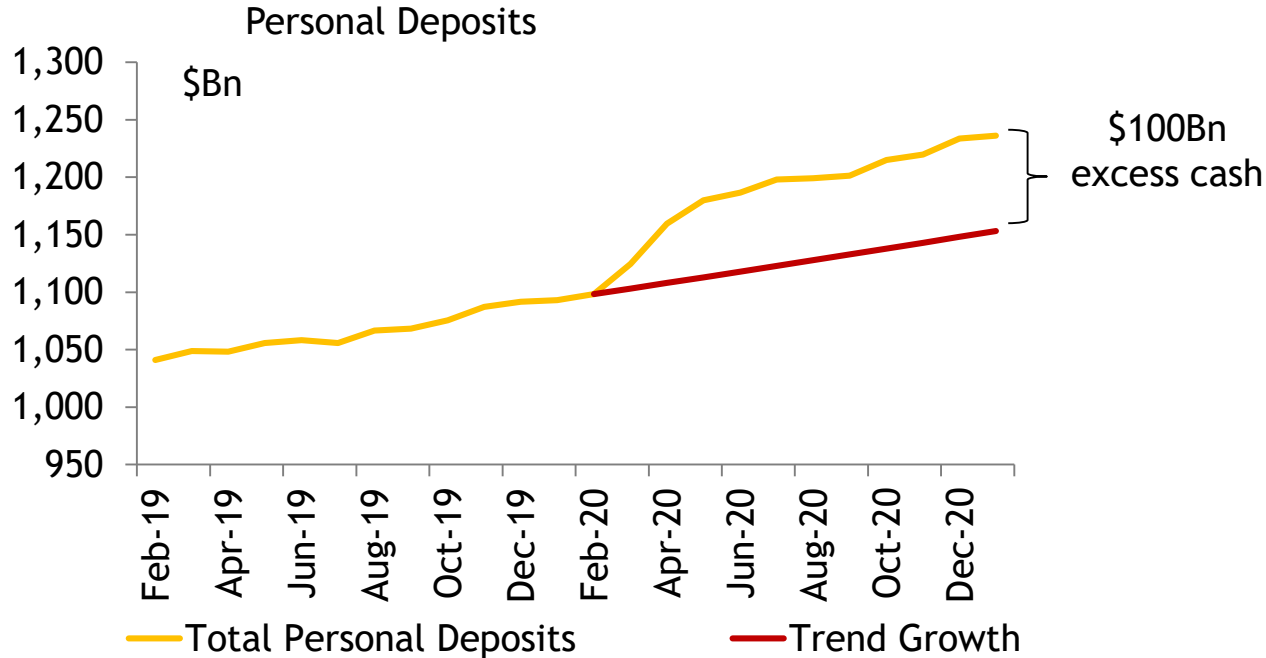


Source: Statistics Canada, CIBC



Households are Sitting on Excess Cash

5

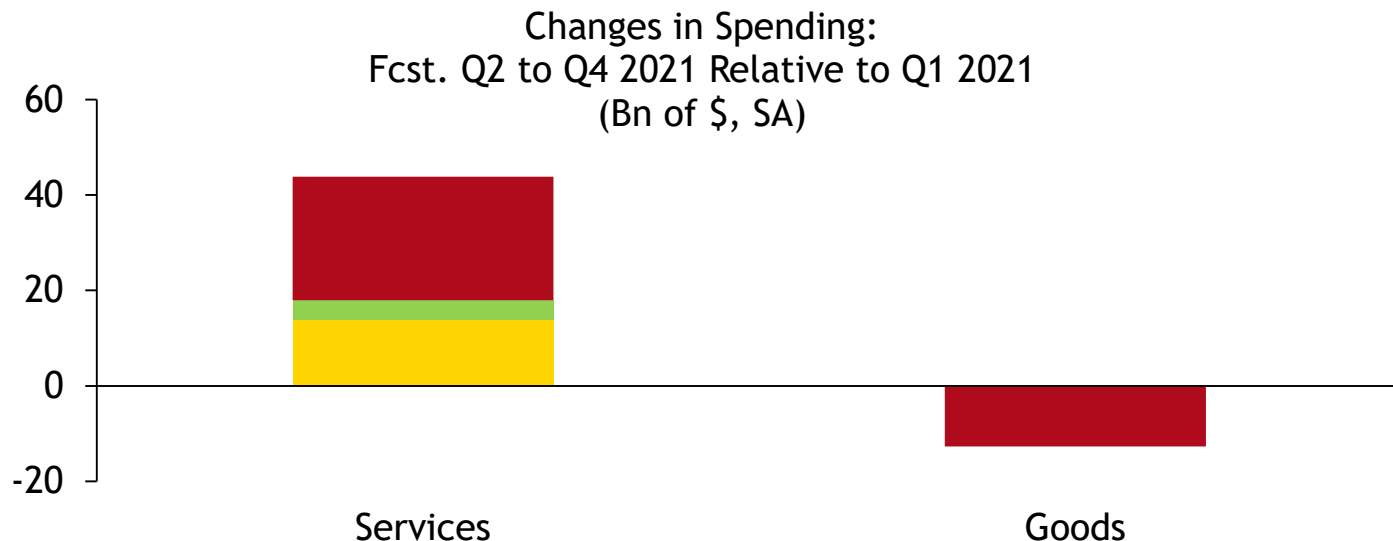


Source: OSFI, Bank of Canada, CIBC



Spending On Services Will Swamp Pullback on Goods Purchases*

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- Deferred Essential Services
- Gradual Normalization

- Indulging in Discretionary Services

Source: Statistics Canada, CIBC

* Gradual normalization assumes consumption of services reaches pre-pandemic levels in 2022, while declines in goods spending take it almost back to pre-pandemic levels late in 2021. Indulging in services assumes a faster path back for some discretionary services than gradual normalization. Deferred essential services assumes much of the spending missed is recouped over-and-above normalization.



inflation

noun

/ɪnˈfleɪʃn/

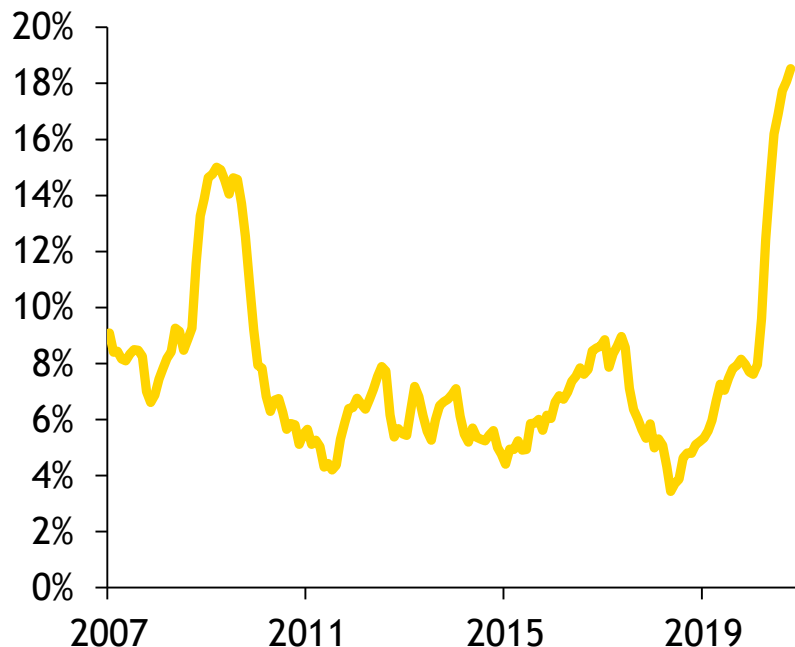
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a general increase in the prices of services and goods in a particular country, resulting in a fall in the value of money; the rate at which this happens; *the fight against rising inflation; to control/curb inflation; to reduce/bring down inflation; a high/low rate of inflation; an inflation rate of 3%; Salary increases must be in line with inflation; Inflation is currently running at 3%; rapid/runaway/galloping inflation;*

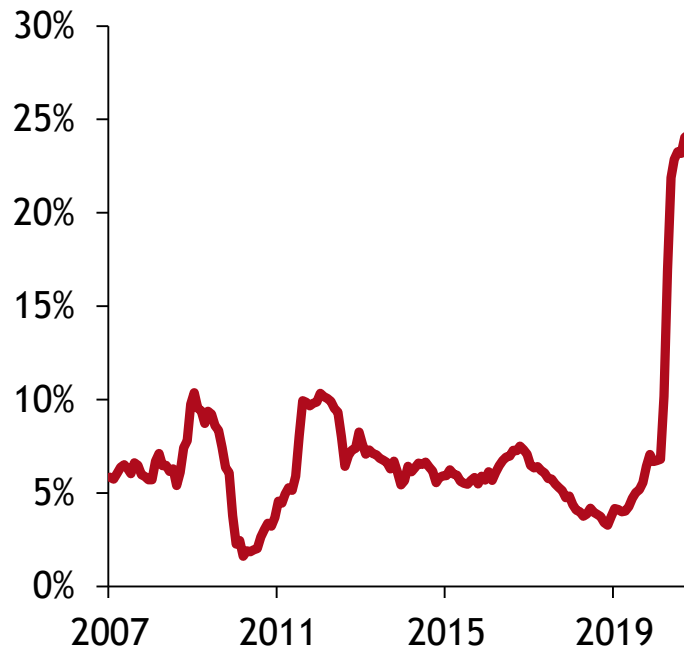
Money Makes the World go Round...

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Canada M2 Money Supply (Y/Y% Chg.)



US M2 Money Supply (Y/Y% Chg.)

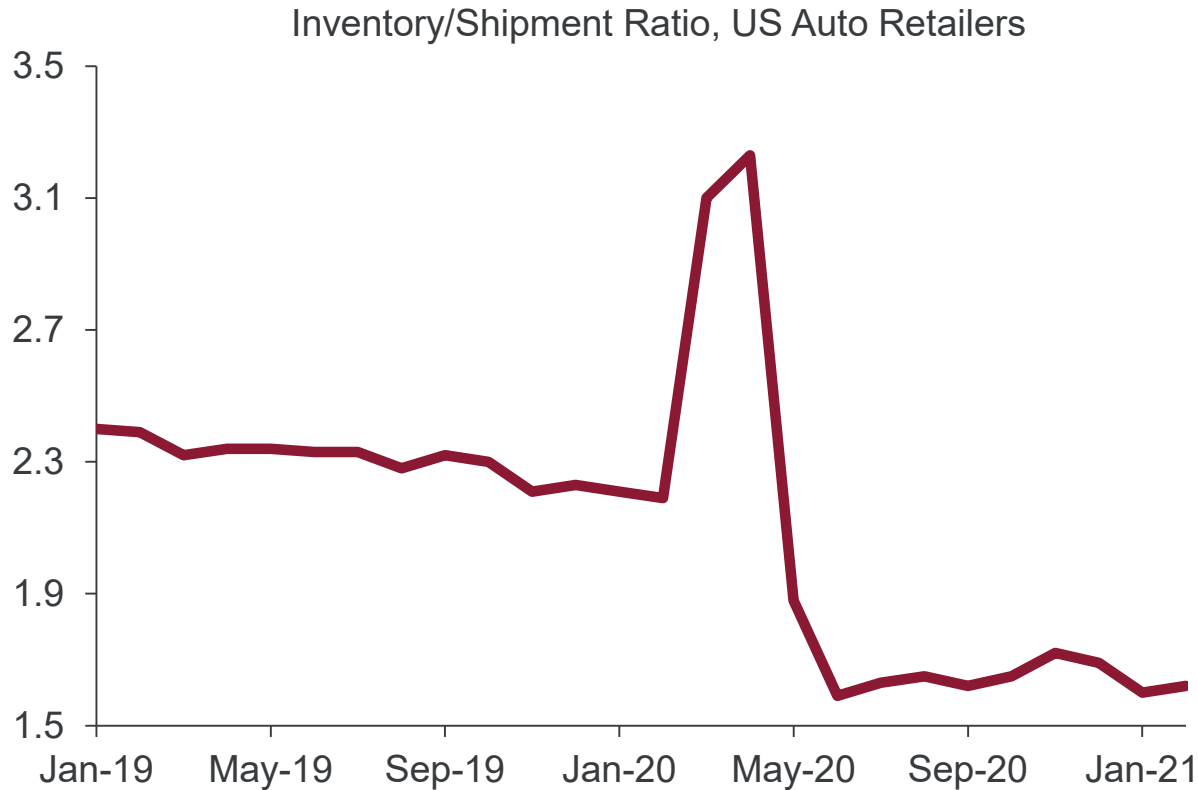


Source: FRB, BoC, CIBC



Supply Constraints Causing Growing Pains for Economies

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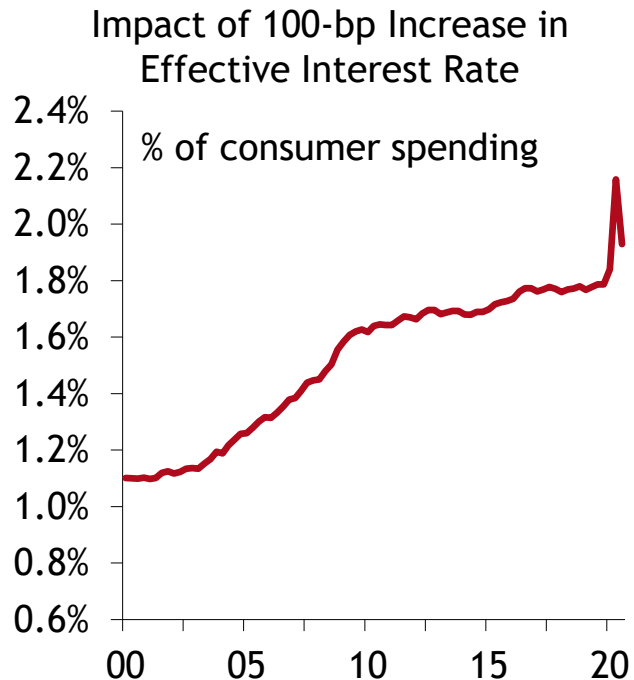
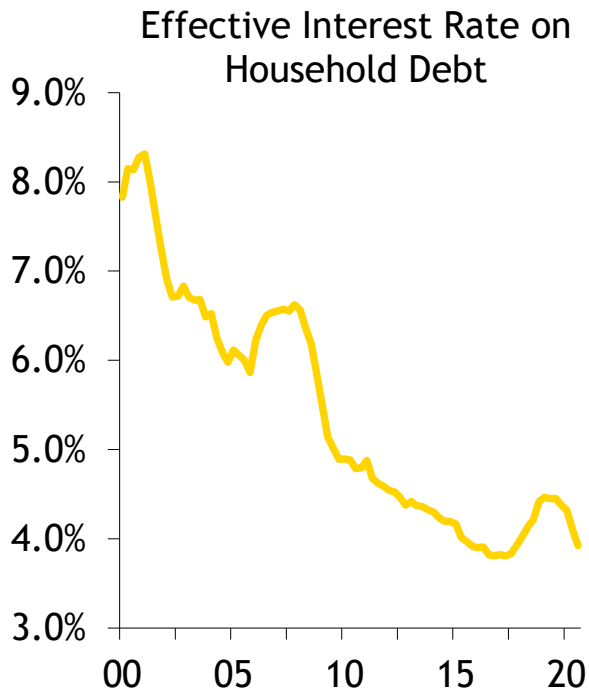


Source: Statistics Canada, CIBC



The Rising Effectiveness of Canadian Monetary Policy

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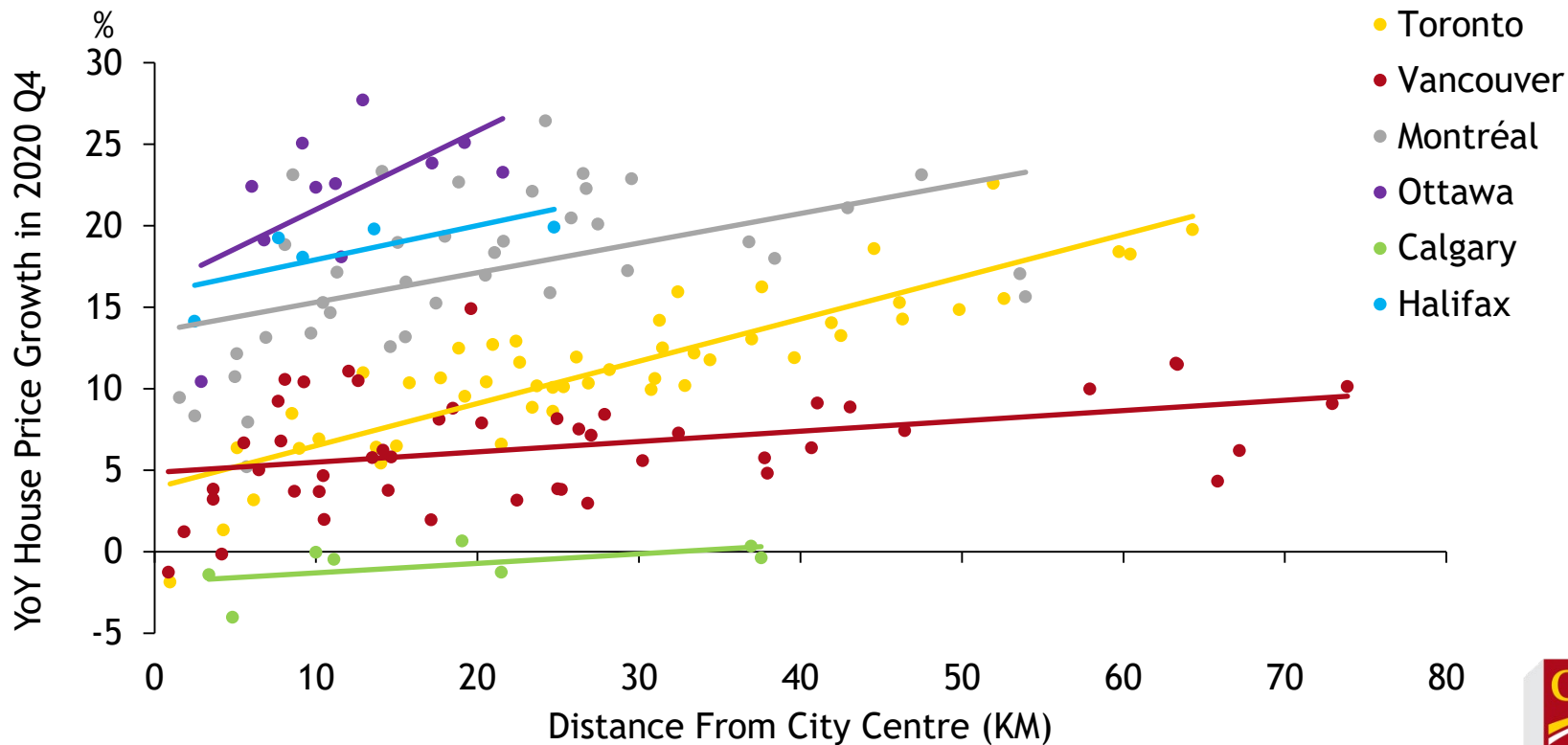


Source: Statistics Canada, Bank of Canada, CIBC



Not Commuting? Need Space? Buying in the 'Burbs

11



Source: Bank of Canada



Many Employees Should Expect To Head Back to Office

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