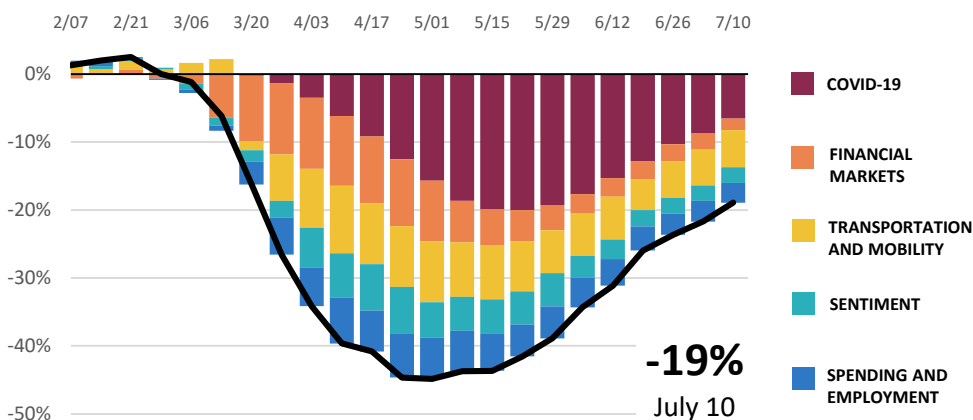


THE CANADIAN ECONOMIC RECOVERY TRACKER

AS OF 10 JULY 2020

After an unprecedented drop in global economic activity due to the COVID-19 pandemic and subsequent containment measures, Canada's economy has begun to recover. Social distancing restrictions are gradually easing as the number of new COVID-19 cases is declining. Despite these improvements, EDC's *Canadian Economic Recovery Tracker (CERT)* suggests that, as of July 10, aggregate economic activity remains 19% below pre-COVID-19 levels.



RECOVERY UNDERWAY

Since bottoming out at 45% below pre-COVID-19 levels at the end of April, the Canadian economy is beginning to recover.

Through May and June, the overall trend has been positive. The number of new **COVID-19 cases** continues to steadily decline. **Financial markets** have largely normalized with volatility down and oil prices near their January-averages. **Transportation and mobility** improved in early-May, but has since levelled off. **Sentiment** has improved, driven by a pickup in manufacturing orders and consumer confidence. Finally, **employment and spending** data show 2.4 million of the 5.5 million Canadians negatively affected by the COVID-19 shock are now back working their regular hours, while spending is increasing.

If the current recovery path were to continue, the CERT projects Canadian economic activity would return to pre-COVID-19 levels by September.

Although the *CERT* is projecting a full recovery by early September, some of the hardest-hit parts of the economy, such as air travel and restaurants, are likely to remain subdued and prolong the recovery. Furthermore, while COVID-19 case growth has steadily declined in Canada, the risk of a new wave of infections remains, as has occurred in other jurisdictions.

THE INDEX

The *Canadian Economic Recovery Tracker (CERT)* from the EDC Economics team tracks Canadian economic activity by combining the performance of a variety of high-frequency indicators.

EDC CAN HELP

We understand that these are challenging times for Canadian companies, whether you sell domestically or internationally. That's why we're partnering with Canadian financial institutions to help Canadian businesses deal with the COVID-19 pandemic.

For more information, visit [EDC.ca](https://www.edc.ca)

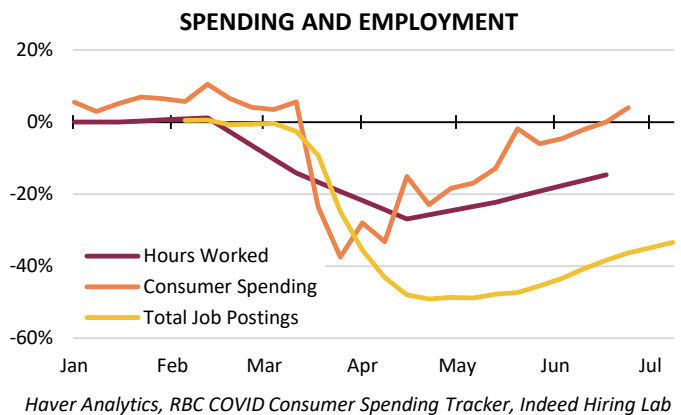
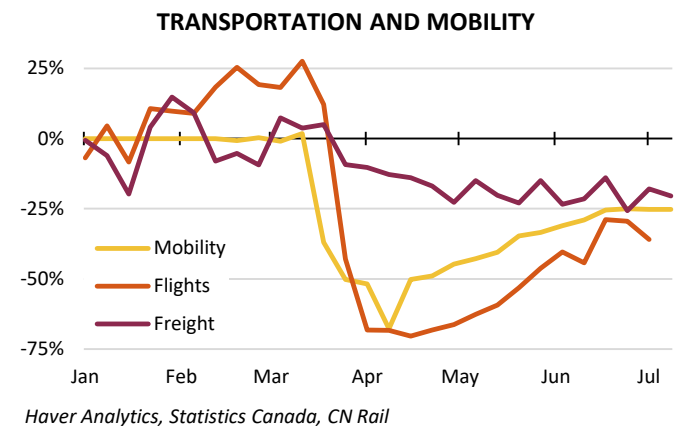
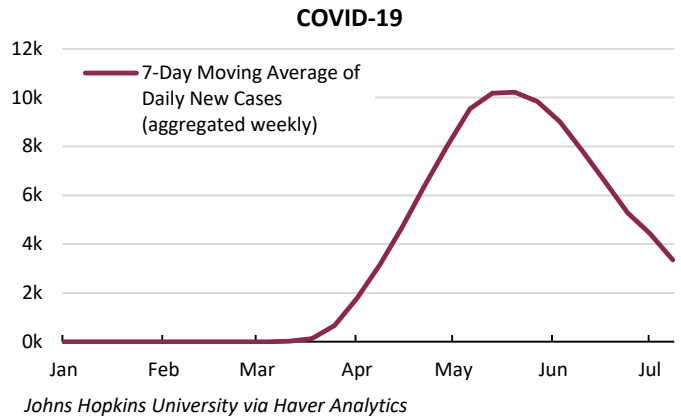
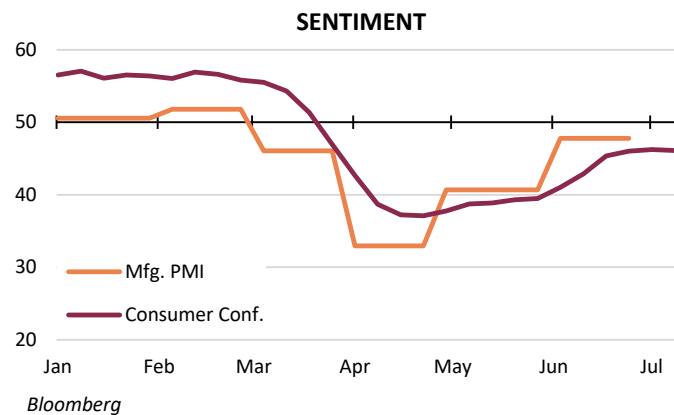
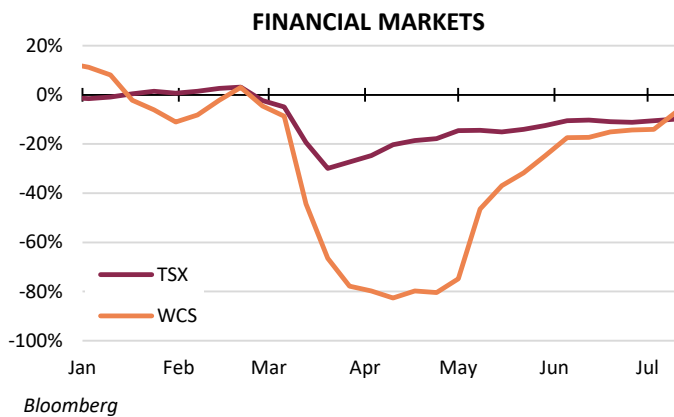
THE TRACKER

HOW WE CALCULATE OUR TRACKER

The Canadian Economic Recovery Tracker (CERT) from EDC Economics tracks overall economic activity in Canada, by combining 11 high-frequency indicators. Most indicators are compared to a chosen pre-COVID-19 baseline, usually their average values in January 2020.

Similar to the *Recovery Tracker* from Oxford Economics, the *CERT* is comprised of equally-weighted sub-indices. The overall index is constructed to a value of zero before the COVID-19 crisis. As additional, relevant indicators become available, we will update our approach to ensure high accuracy.

For more details, see our methodology report.



THE TRACKER

THE INDICATORS

Our tracker uses the indicators described below. Each sub-index consists of equally-weighted indicators. Note that due to data availability and/or seasonality, the calculation methods for the indices differ.

The implied recovery date assumes the continuation of a simple linear trend, which extrapolates forward the recovery from each series' troughs to their current values. This is one way to illustrate the current pace of the recovery. However, we caution that, so long as consumers and workers remain fearful of contracting the virus, the pace of improvement for several indicators, and the overall economy, may slow in the future, resulting in a slower return to pre-COVID-19 levels.

CATEGORY	INDICATOR	PEAK	TROUGH	PEAK TO TROUGH CHANGE	CURRENT VALUE	IMPLIED RECOVERY DATE	NOTES
COVID-19 CASES	Seven-day moving average of new cases	10,216 May 22	-	-	3,357 July 10	Mid-August	Daily, from Haver Analytics. Aggregated weekly.
FINANCIAL MARKETS	TSX Composite Index	17,893 Feb 21	12,158 Mar 20	-32%	15,635 July 10	Late-August	Weekly averages, from Bloomberg. Percent change versus January average of 17,346.
	WCS Spot Price (USD)	38.99 Jan 3	6.11 Apr 10	-84%	32.58 Jul 10	Late-July	Weekly averages, from Bloomberg. Percent change versus January average of 35.
TRANSPORTATION AND MOBILITY	Google Mobility	+2% Mar 13	-68% Apr 10	-	-25% July 10	Late-August	Daily, from Haver Analytics. Average of all sub-indices, excluding parks and residential.
	Flights	60,803 Mar 6	14,105 Apr 10	-77%	30,514 July 3	Late-August	Weekly, from Statistics Canada. Number of domestic and international flights compared to January-average of 49,654.
	Freight	15% Jan 24	-26% June 19	-	-20% July 10	-	Weekly, from CN Rail. Year-on-year changes in millions of total CN revenue ton-miles. Too much fluctuation to forecast.
SENTIMENT	Manufacturing PMI ¹	52 Feb	33 Apr	-36%	48 June	-	Monthly, from Haver Analytics. IHS Markit Mfg PMI. Percent change from 50.
	Consumer Confidence	57 Jan 10	37 Apr 24	-35%	46 July 10	Late-September	Weekly, from Bloomberg. <i>Bloomberg-Nanos Canadian Confidence Index</i> . Percent change versus January of 57.
SPENDING AND EMPLOYMENT	Actual Hours Worked (Millions)	632.4 Feb	457.0 Apr	-28%	533.5 June	Late-August	Monthly, from Statistics Canada. Data based on a reference week. Linearly interpolated.
	Indeed Job Postings	+1% Feb 14	-49% Apr 24	-	-33% July 10	Early-December	Weekly, from the Indeed Hiring Lab. Year-on-year changes in trend. (link) . ²
	RBC Consumer Spending	+10% Feb 14	-37% Mar 27	-	+4% June 26	Recovered	Weekly, from RBC's <i>Consumer Spending Tracker</i> . Year-on-year changes (link) . ³
CANADIAN ECONOMIC RECOVERY INDEX		+2% Feb 21	-45% Apr 24	-	-19% July 10	September	Overall index projects a return to normal around the beginning of September.

¹ The PMI represents a change in month-to-month future expectations. Therefore, a return to peak levels doesn't represent a return to peak manufacturing activity, which is why the implied recovery isn't reported. ² We thank Brendon Bernard of Indeed Hiring Lab for sharing this data. ³ We thank Colin Guldemann of RBC for sharing this data.



LOOKING FOR MORE?

EDC Economics has more trackers to help you stay on top of global developments. See our [Global Financial Markets](#) dashboard and [The Commodity Tracker](#) for more.

ABOUT THIS REPORT

This report was created by Mohammed Rajpar and directed by Stephen Tapp of the Economic Research and Analysis Department.

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