

WEATHERING THE STORM

Global Economic Outlook

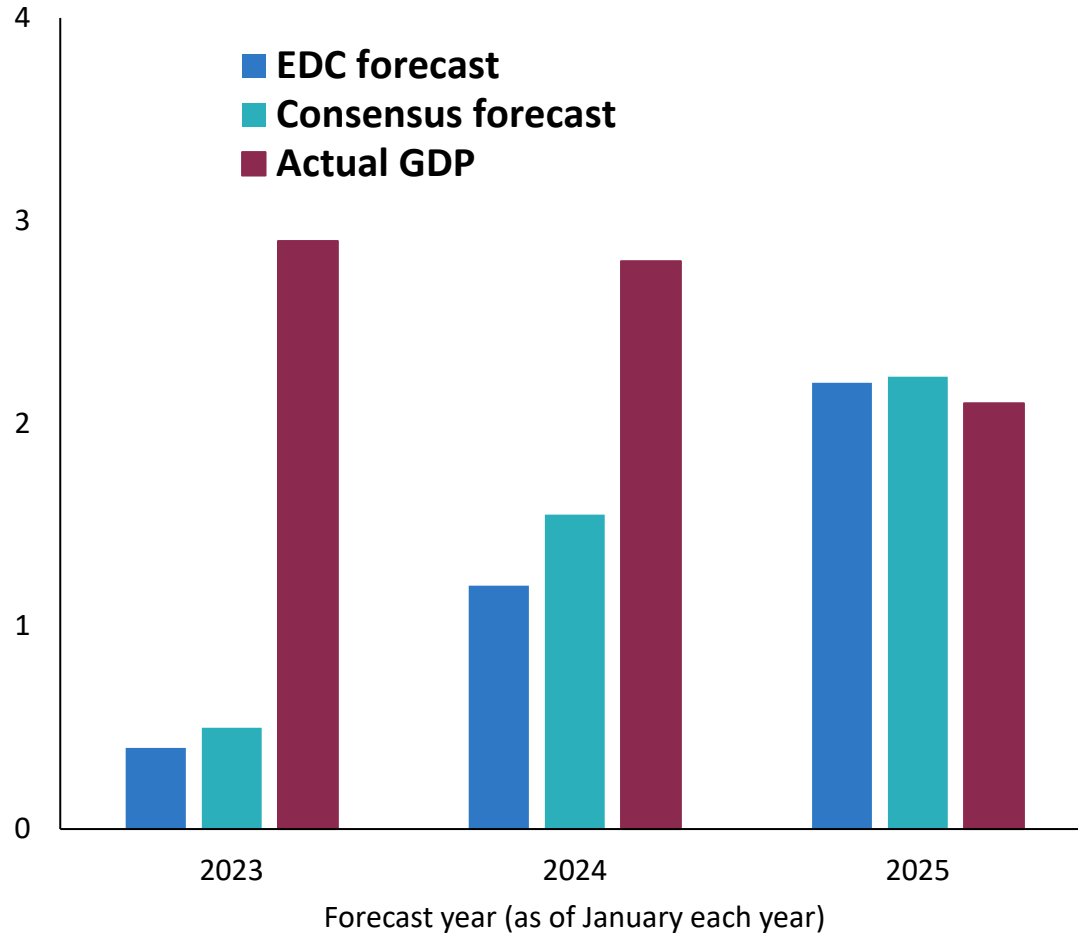
CANADIAN SOCIETY OF CUSTOMS BROKERS
2026 NATIONAL CONFERENCE

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Vice President & Chief Economist
EDC Economics

A broken clock is always eventually right

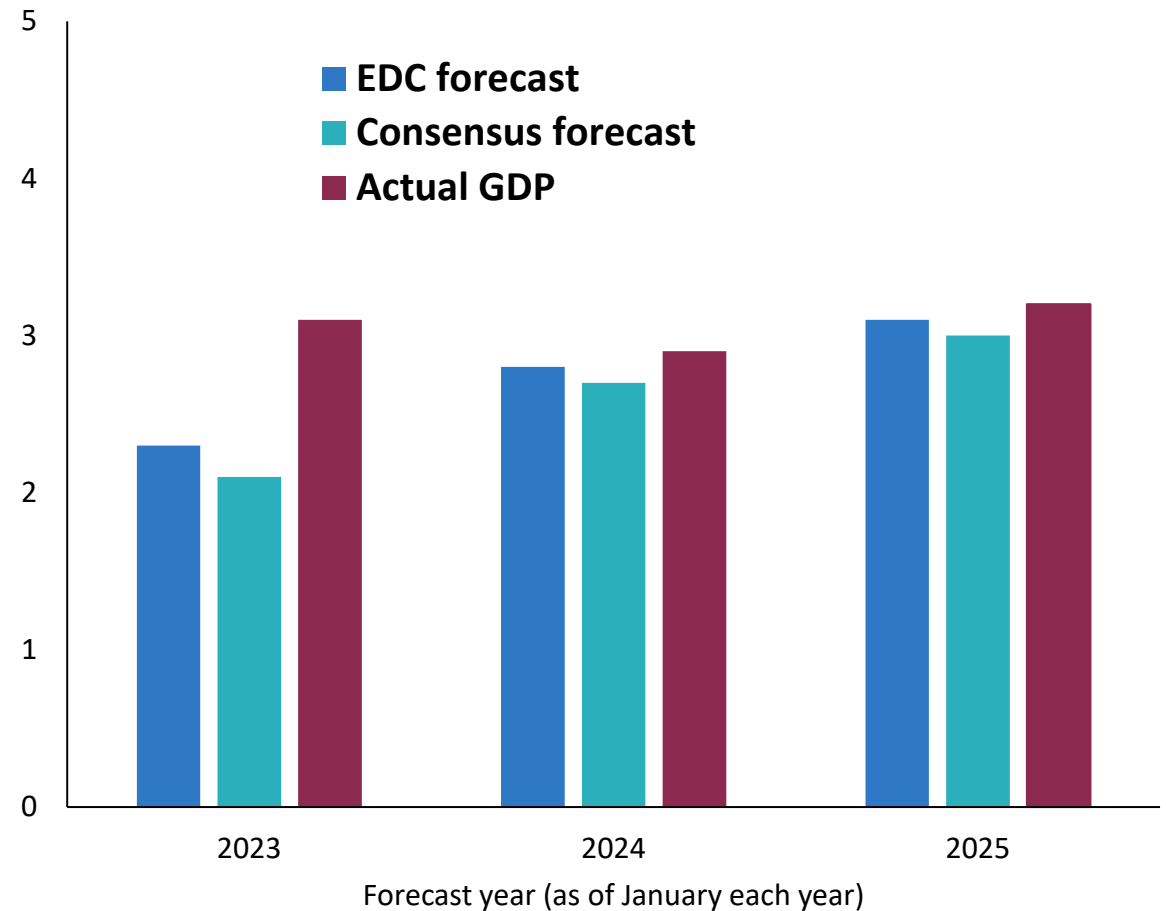
U.S. GDP forecast vs. actual results

Real GDP growth, Year-over-year percentage



World GDP forecast vs. actual results

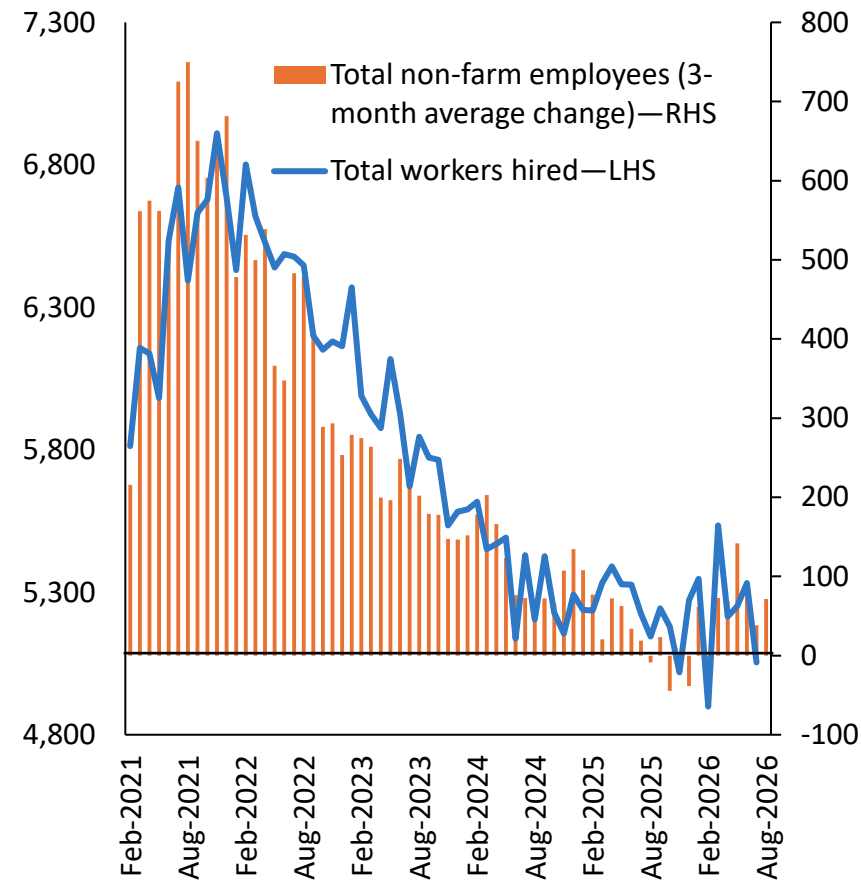
Real GDP growth, Year-over-year percentage



U.S. Consumer: Resilience personified

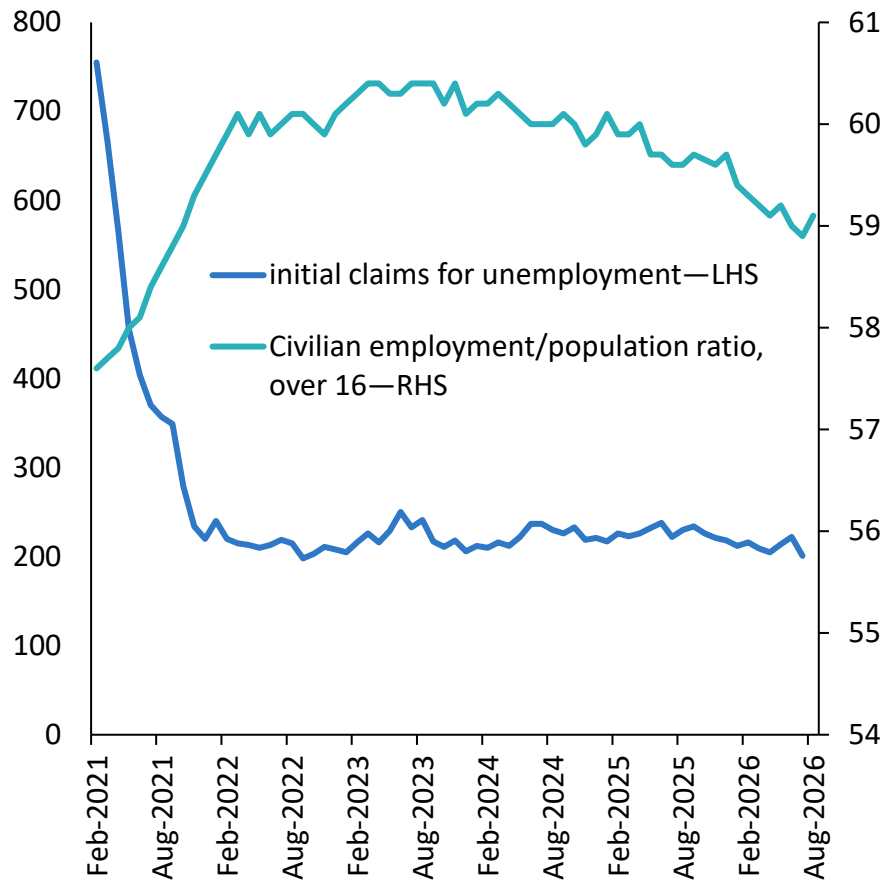
Low hire, low fire equilibrium

Seasonally adjusted in thousands



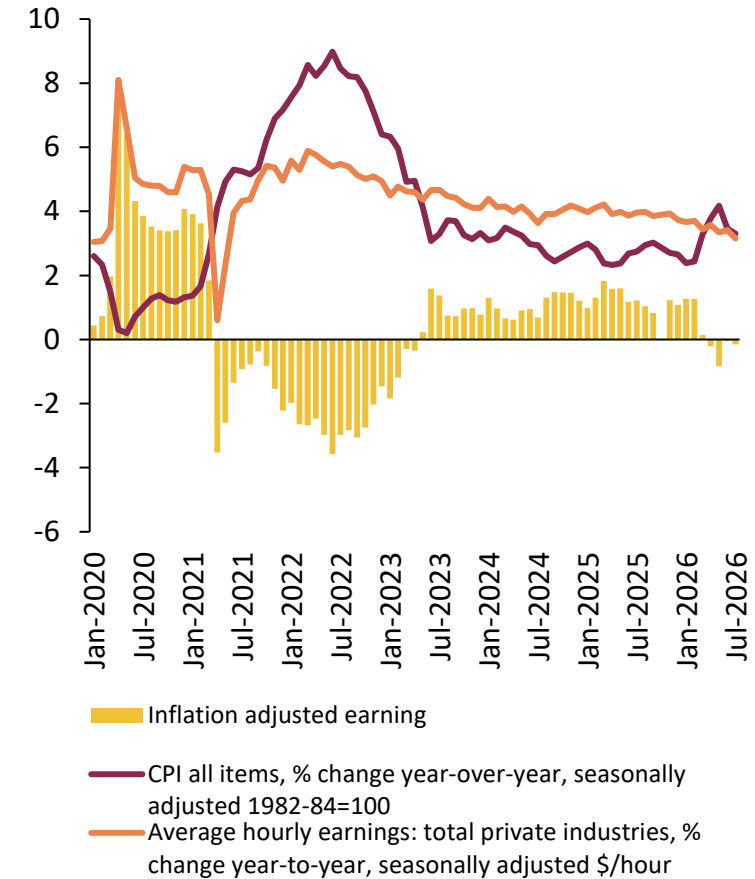
A new break-even rate of job creation?

Seasonally adjusted,
LHS: in thousands, RHS: Percentage



Inflation-adjusted wages

Percentage

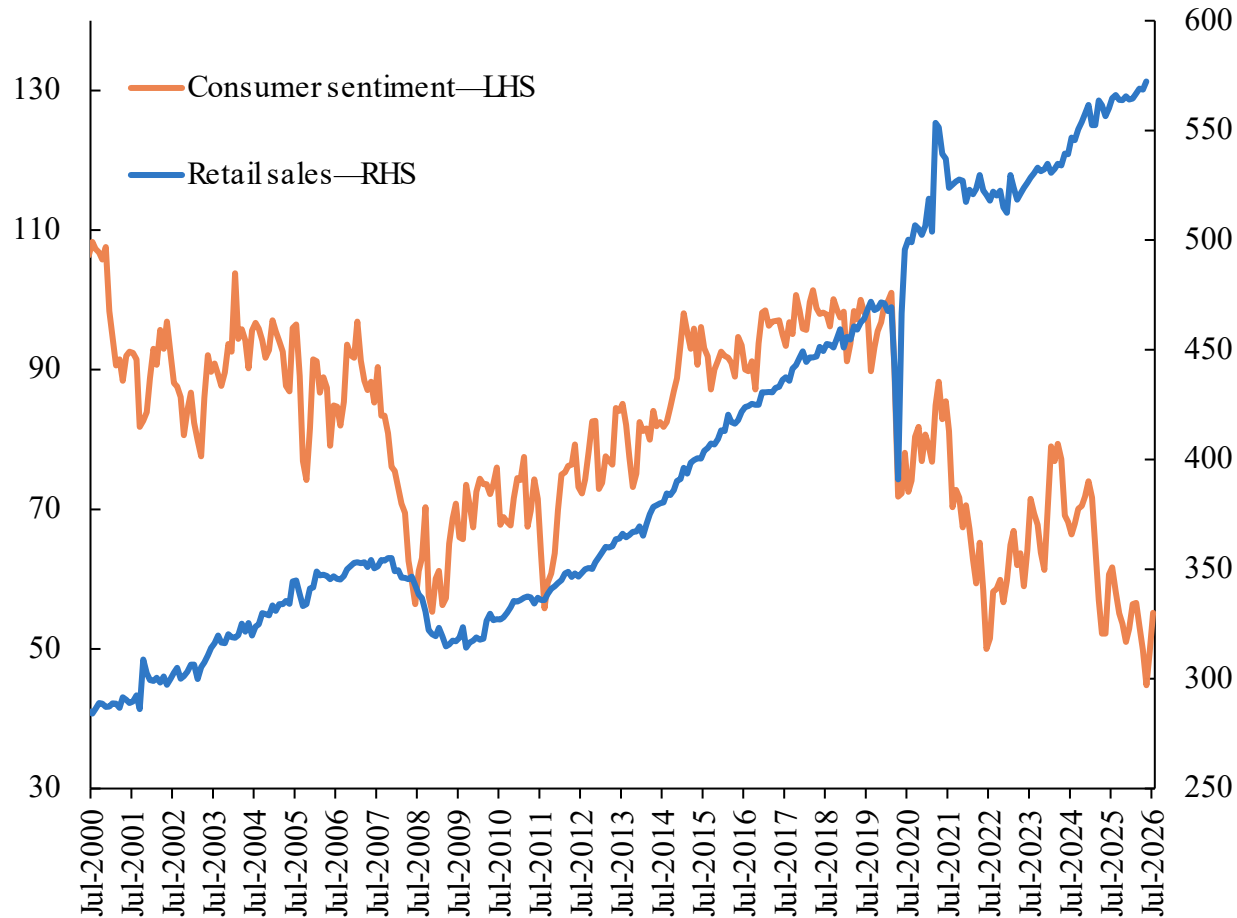


Shop 'Till You Drop: U.S. consumer still spending

Robust retail sales despite consumer sentiment declines

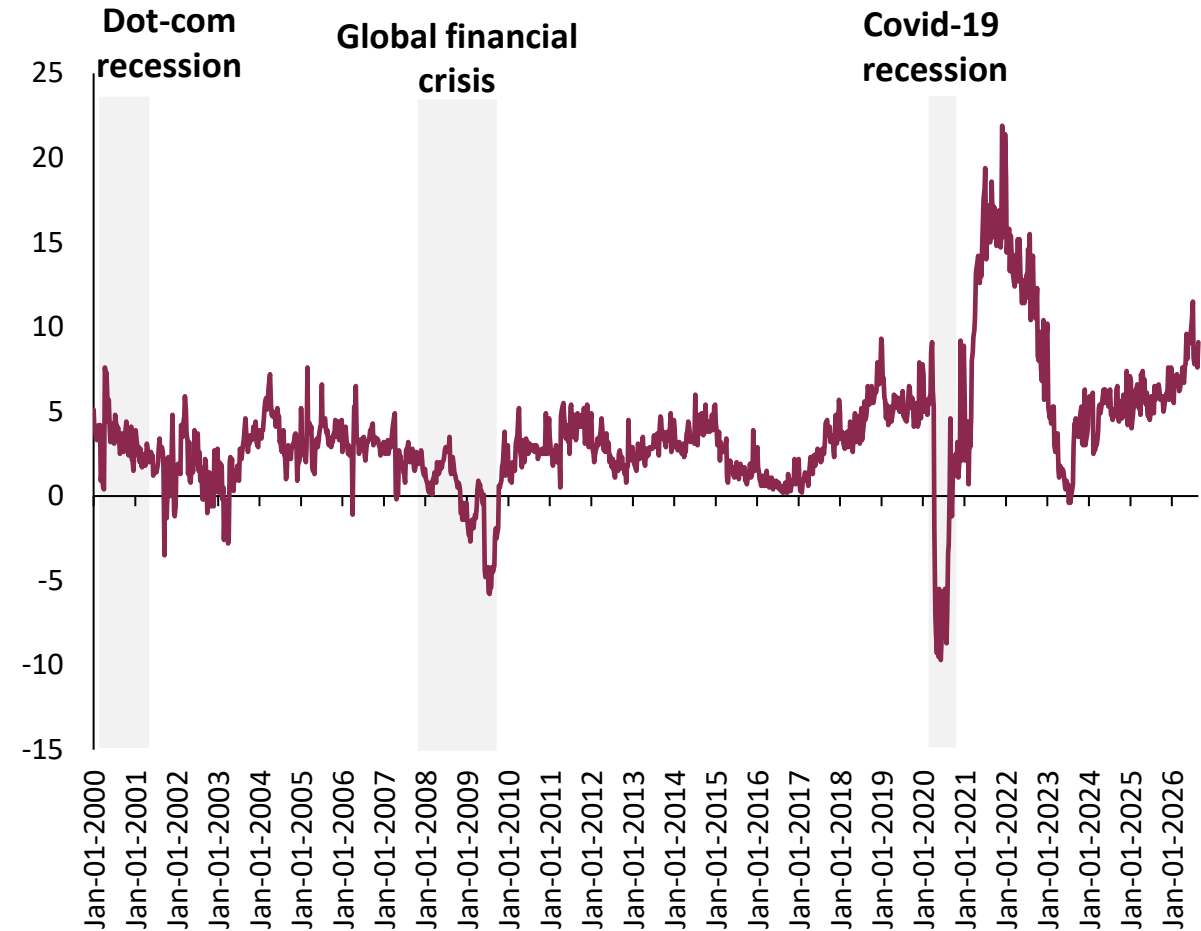
LHS: University of Michigan Consumer Sentiment Index (1966=100)

RHS: Retail sales (seasonally adjusted, real 2017 U.S. dollars)



Same store sales

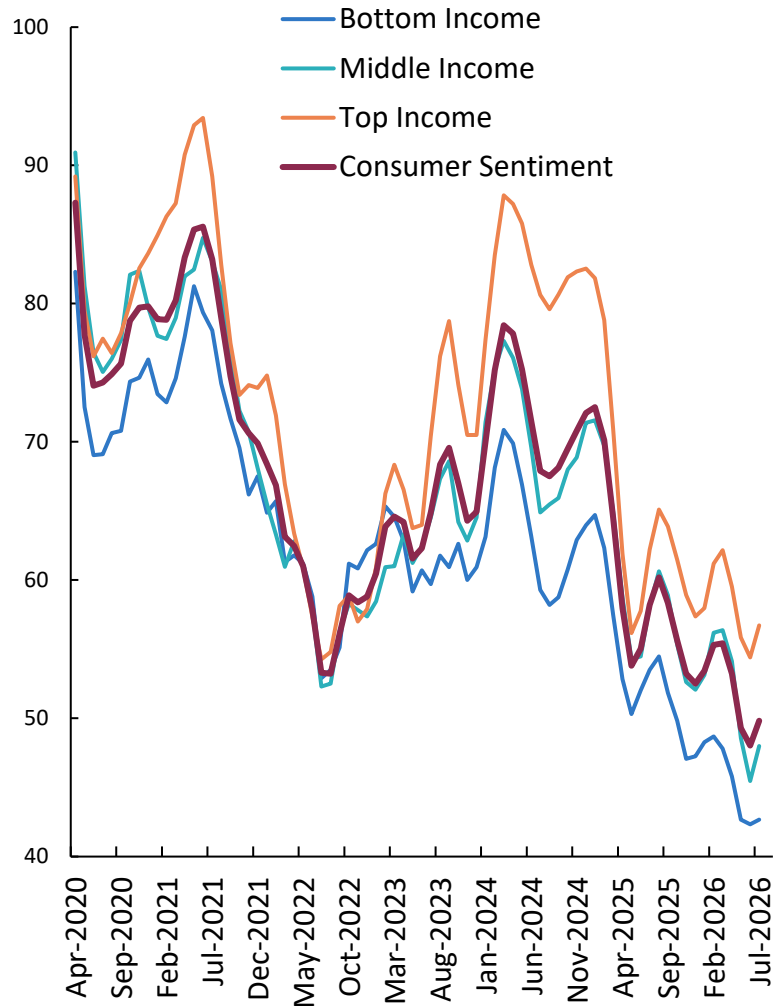
Not seasonally adjusted, year-over-year, percentage change



Why the Long Face? Consumer sentiment explained

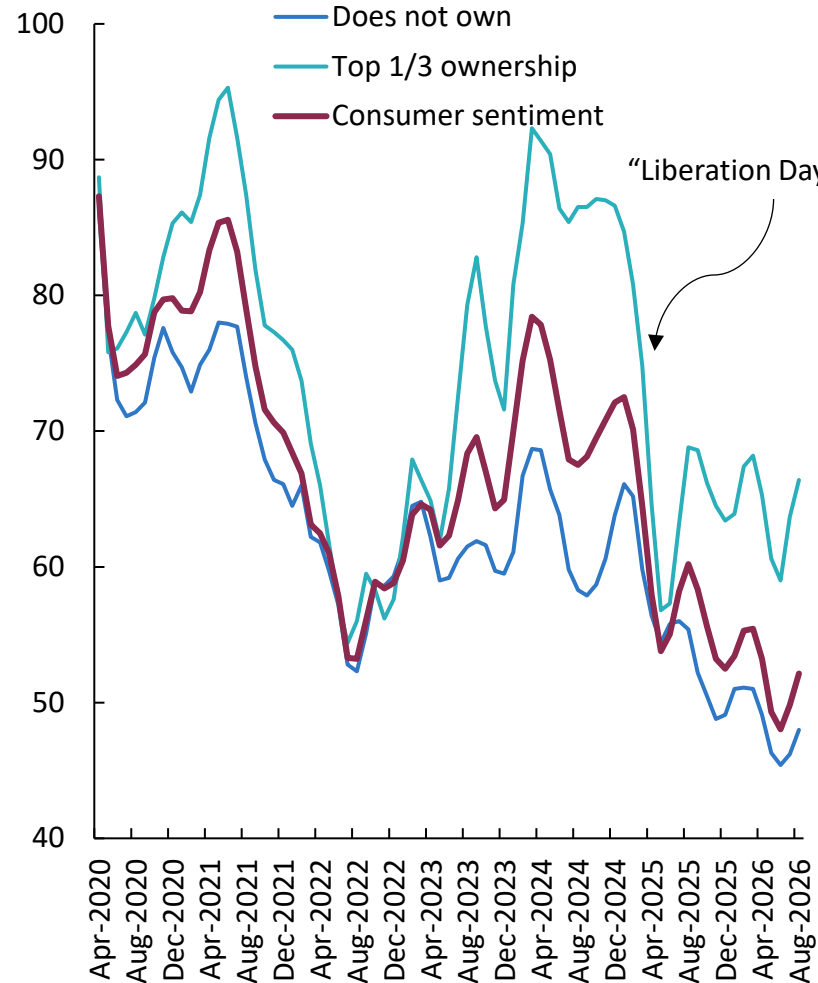
Consumer sentiment by income groups

University of Michigan: Consumer Sentiment (Not seasonally adjusted, Q1-66=100), in Billions of U.S. dollars, 3-month moving average



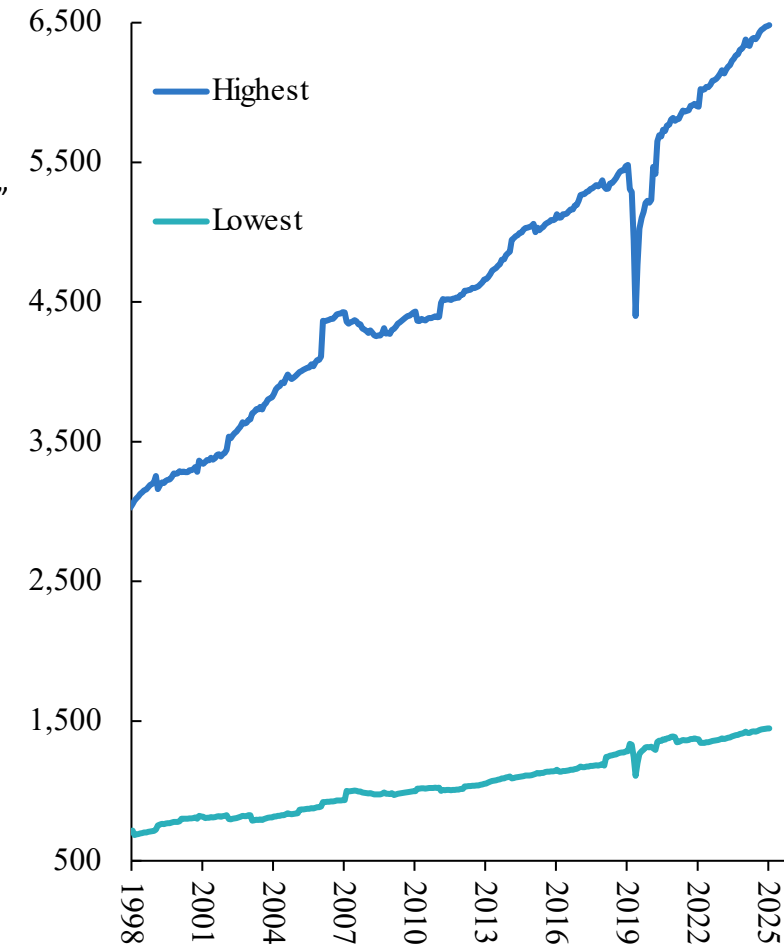
Consumer sentiment by stock ownership

University of Michigan: Consumer Sentiment (Not seasonally adjusted, Q1-66=100), 3-month moving average



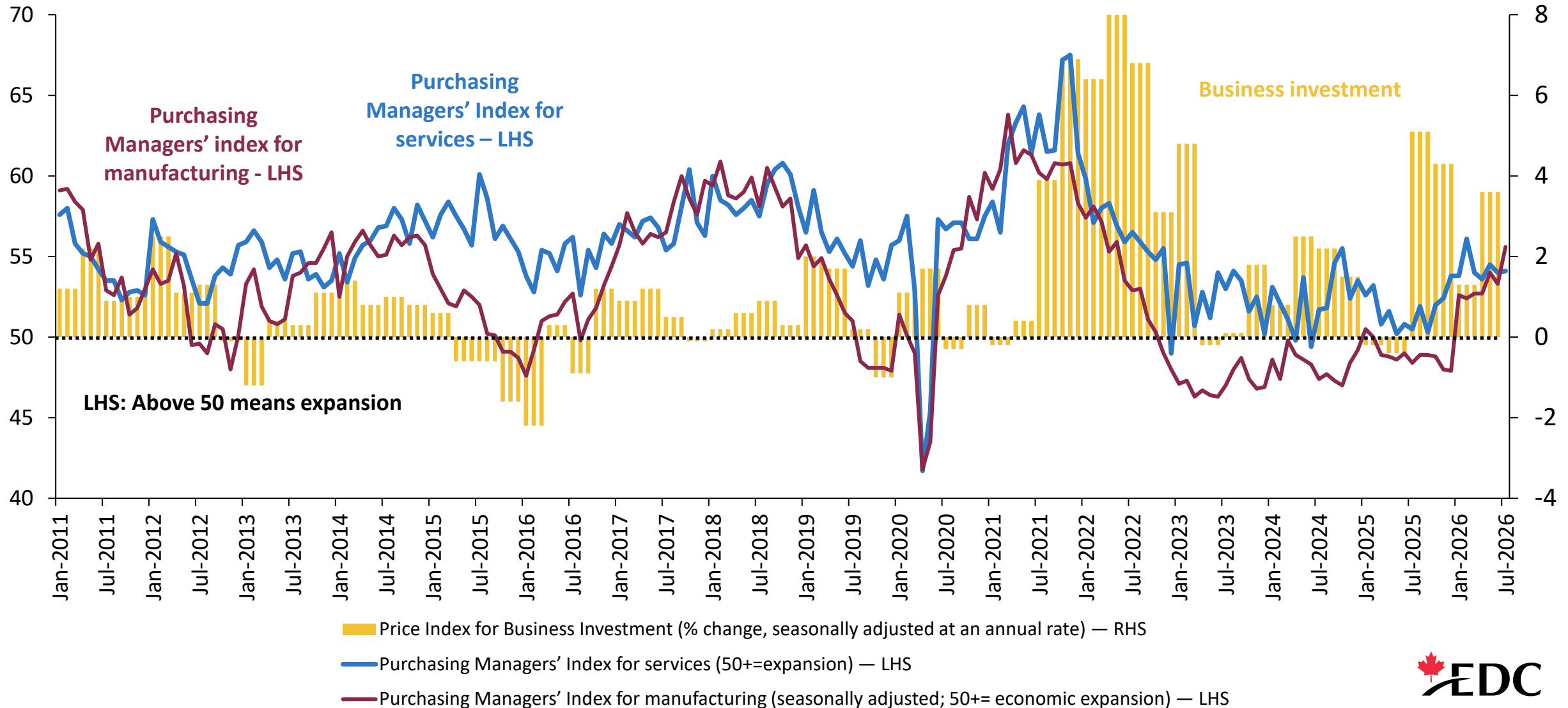
Top 20% account for ~60% of spending

LHS: Consumer expenditure by income (real U.S. dollars, in billions, seasonally adjusted at annual



Do Businesses Look Worried?

Business confidence up, and investment still strong

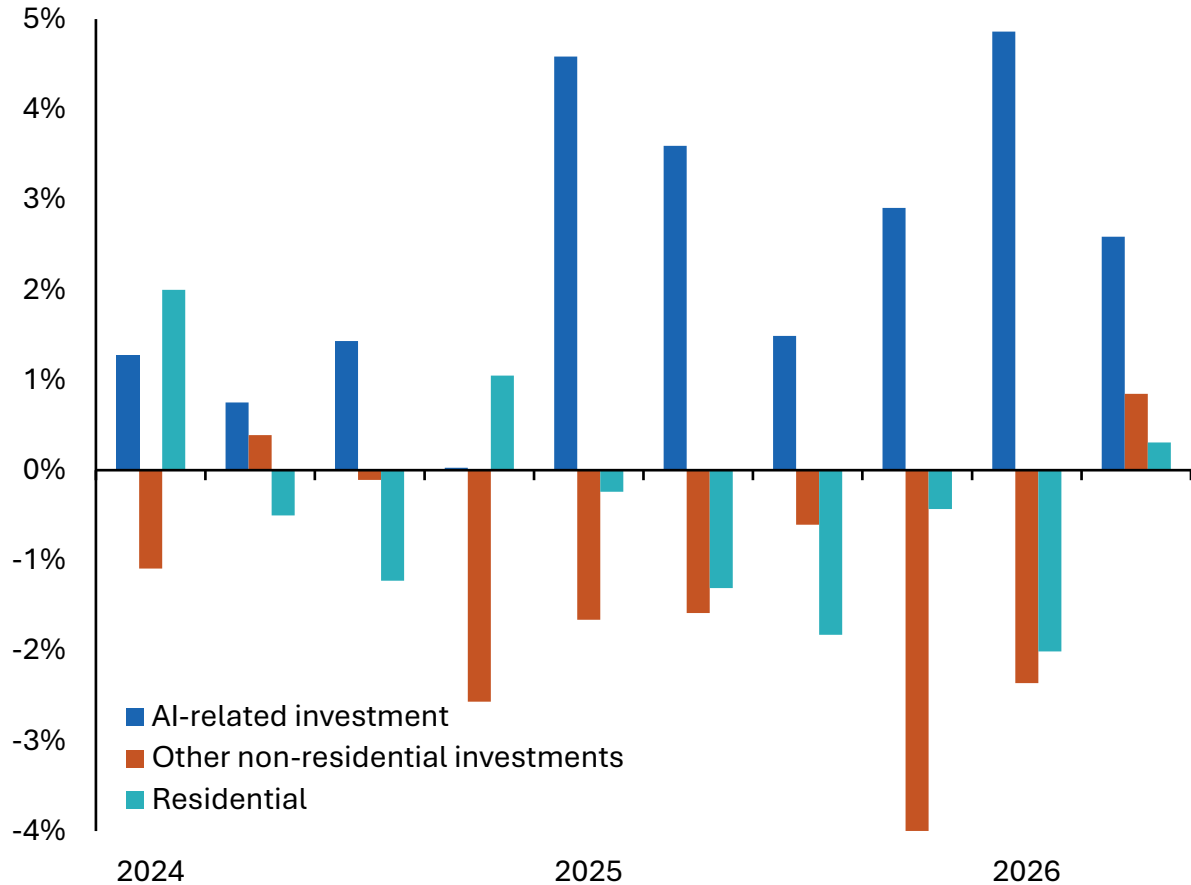


Sources: Haver Analytics

Boom, Bust, or Bubble?

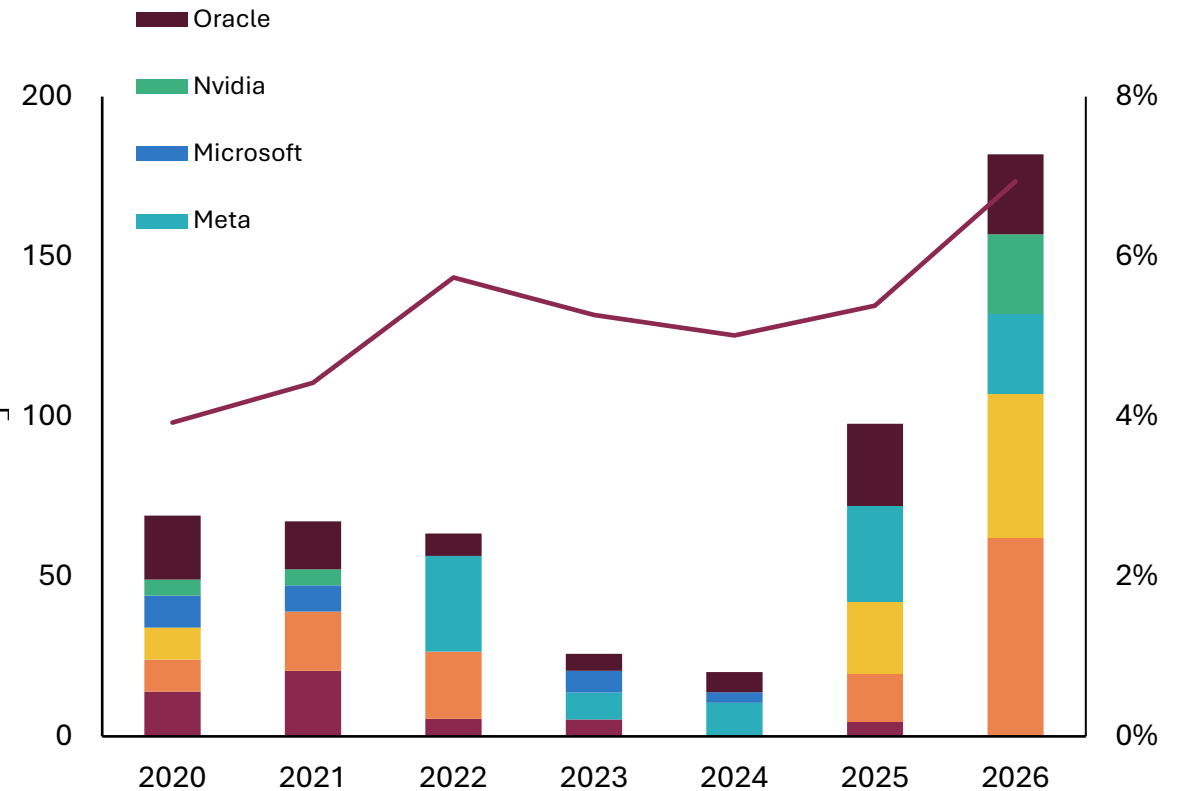
U.S. investment growth increasingly concentrated in AI-related assets

Quarter-on-quarter growth in U.S. private fixed investment (%)



Hyperscaler issuance tops US\$150B, capturing a growing share of the U.S. bond market

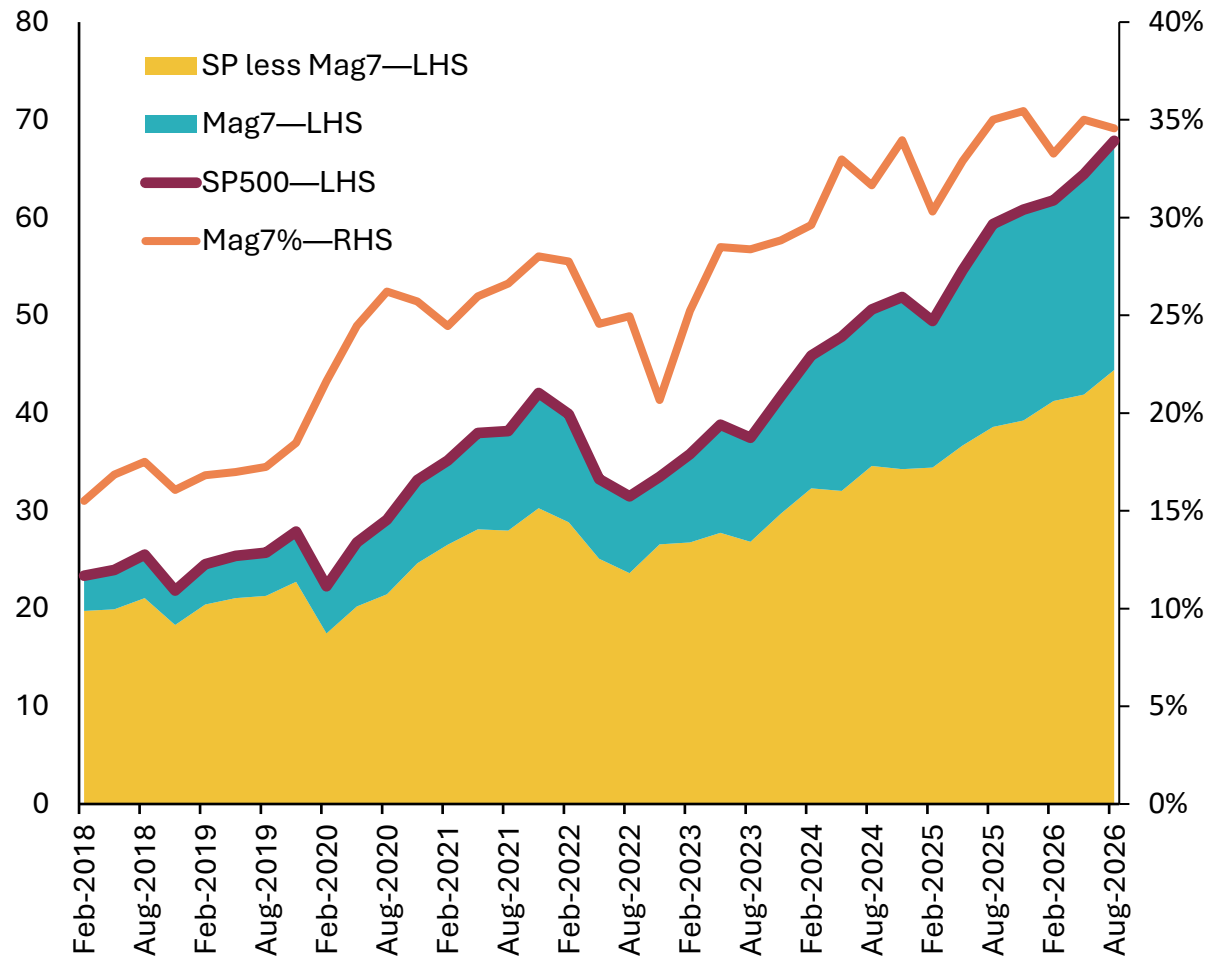
LHS: US\$ billions



Speculative excess vs. necessary overbuild

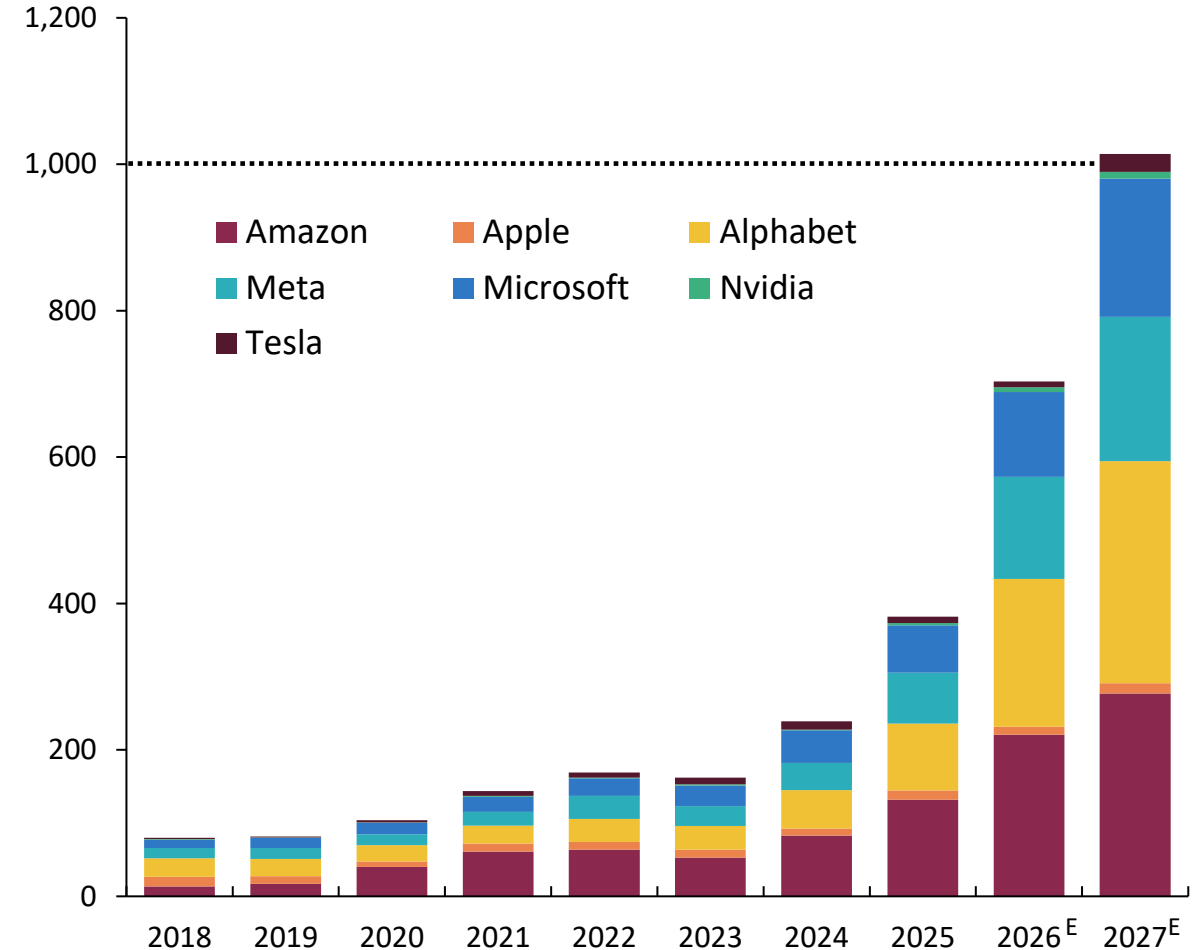
Mag-7 drives ~35% of returns in the S&P 500

In trillions of U.S. dollars



Mag-7 capital expenditures expected to reach trillion-dollar-mark in 2027

In billions of U.S. dollars



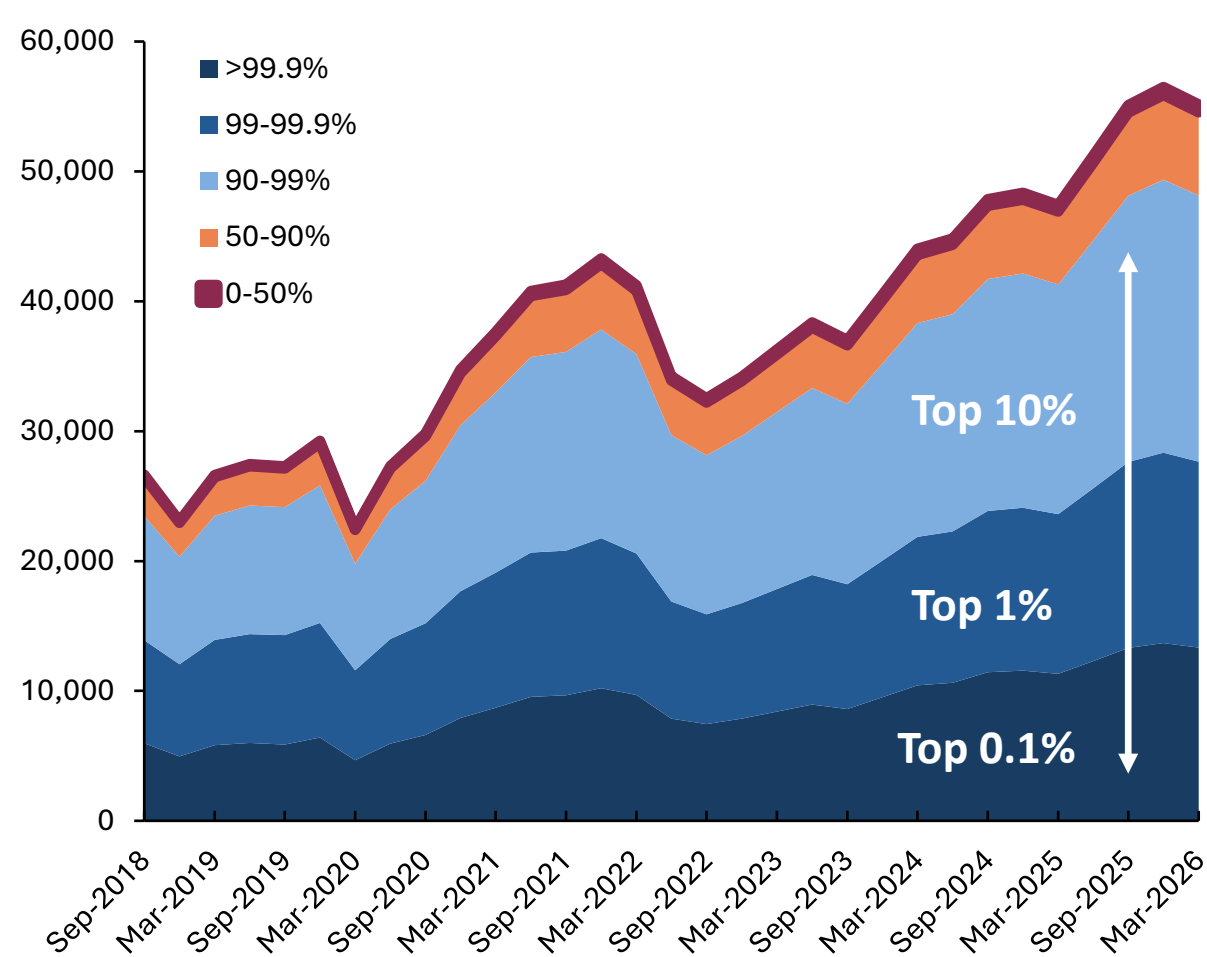
Source: Bloomberg

Note: 2026 estimates based on analyst consensus. Mag-7 refers to the Magnificent 7, a group of seven major technology companies that have driven significant stock market growth over the past decade. E = estimated capex

Wealth Transfer: From labor to the owners of compute

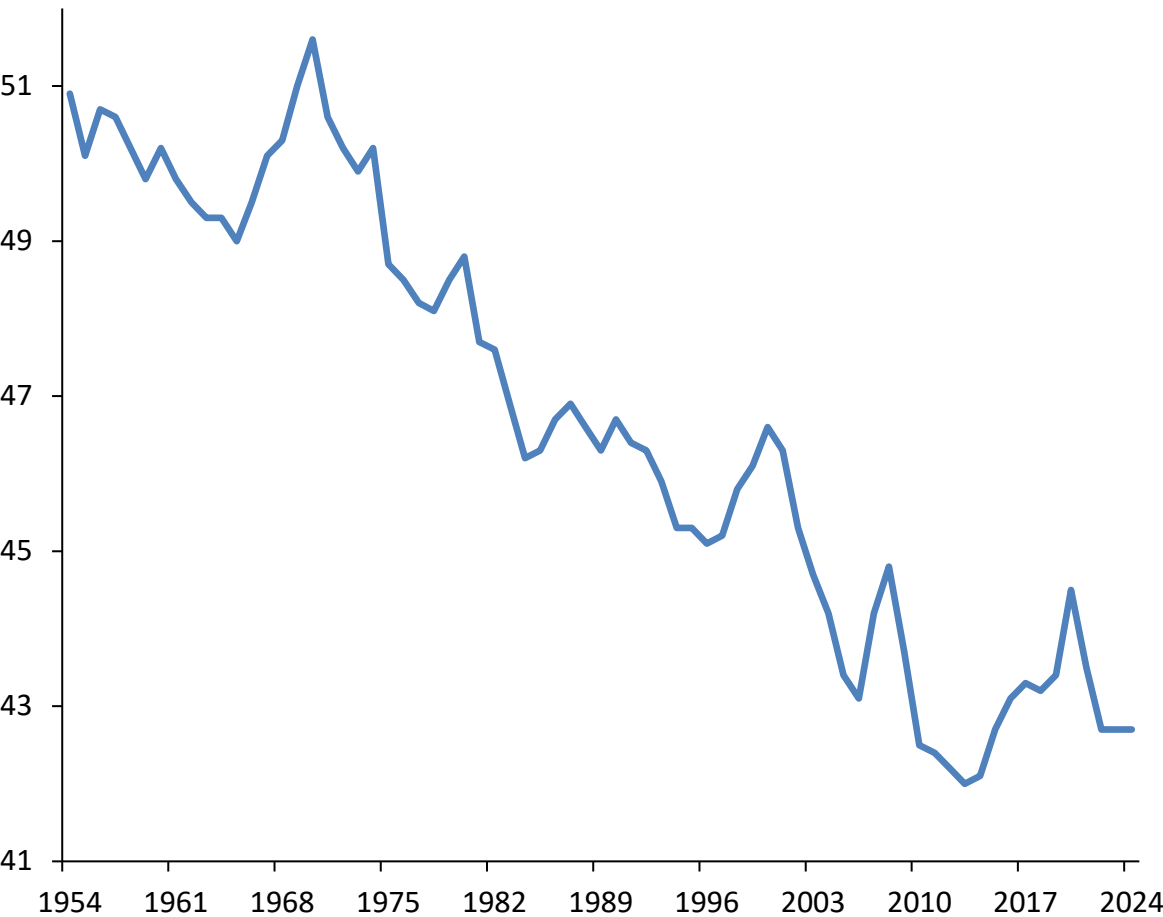
Corporate equities and mutual funds, share of ownership by wealth group

Percentage



U.S. labour's declining share of overall national income

Percent, annual, not seasonally adjusted

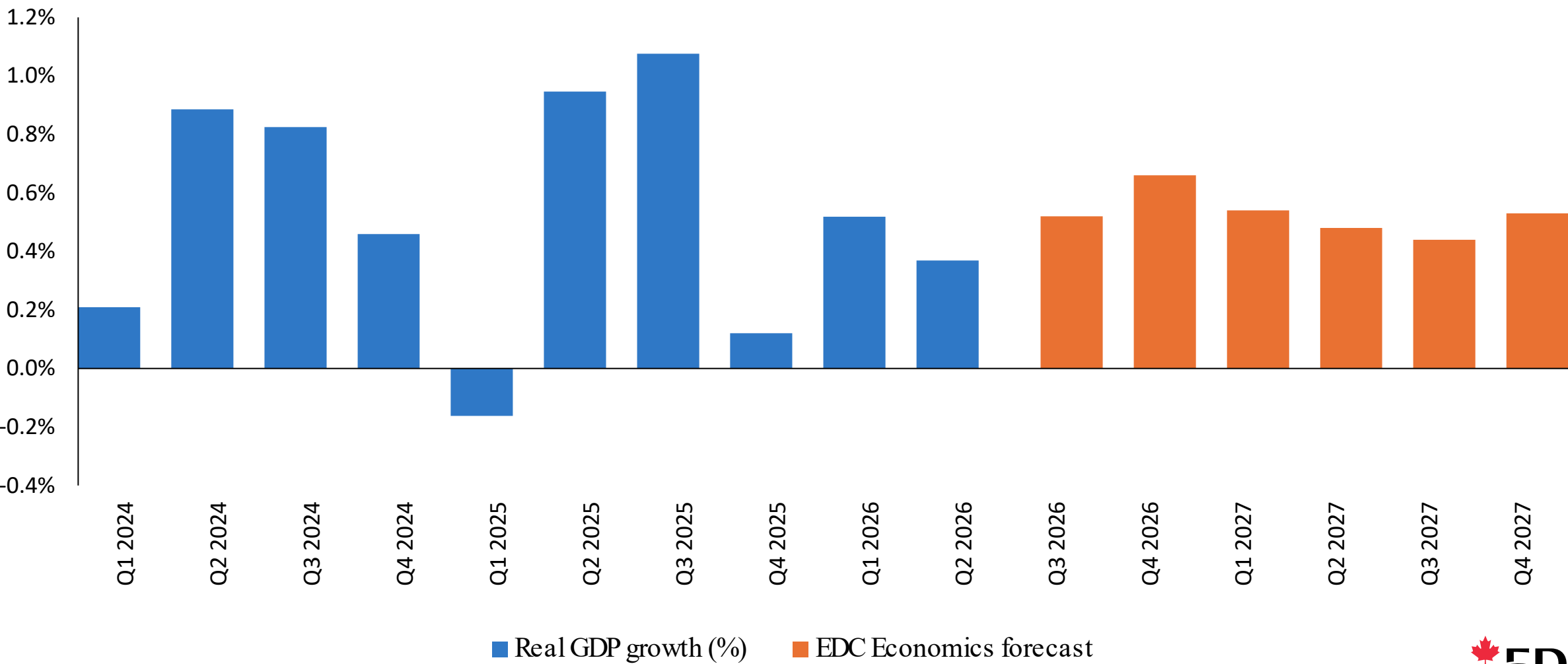


Sources: Haver Analytics, Bloomberg

U.S. Outlook at a glance

Real GDP growth

Quarterly, percentage



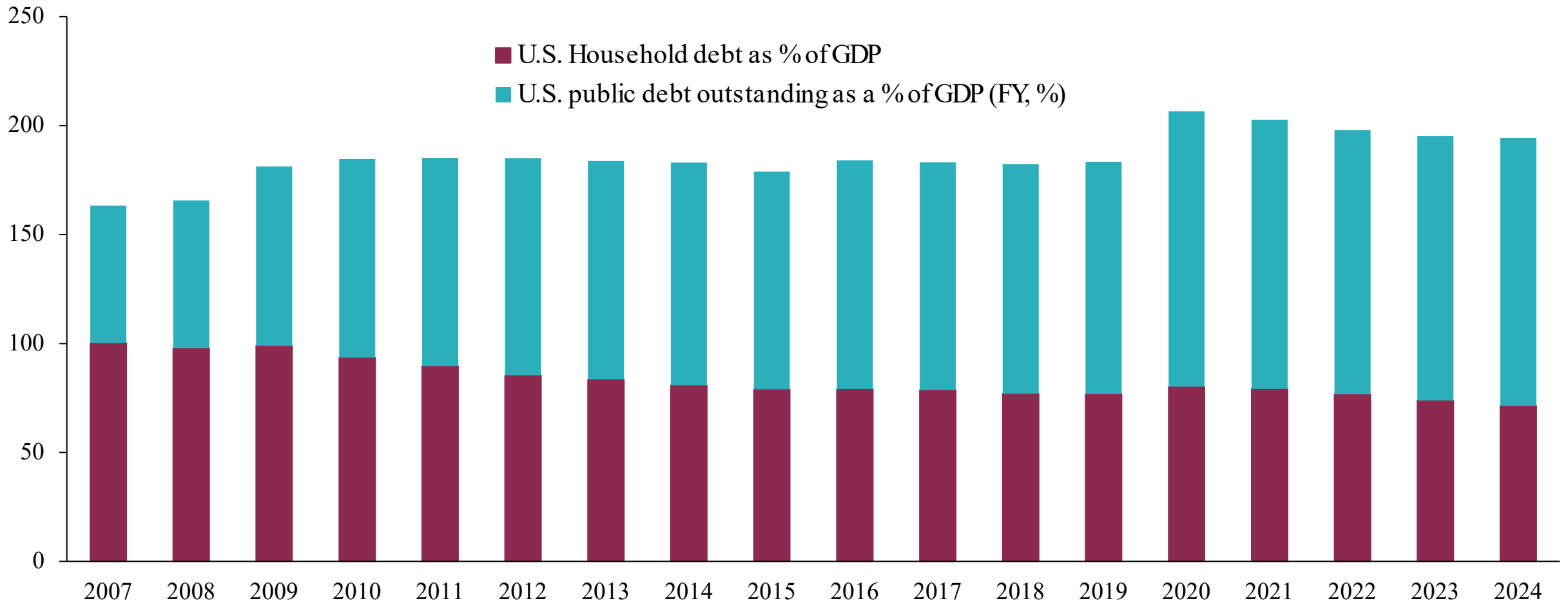
Sources: Haver Analytics, EDC Economics forecast as of September 2026



Debt Transfer: From households to government

U.S. public debt and U.S. household debt

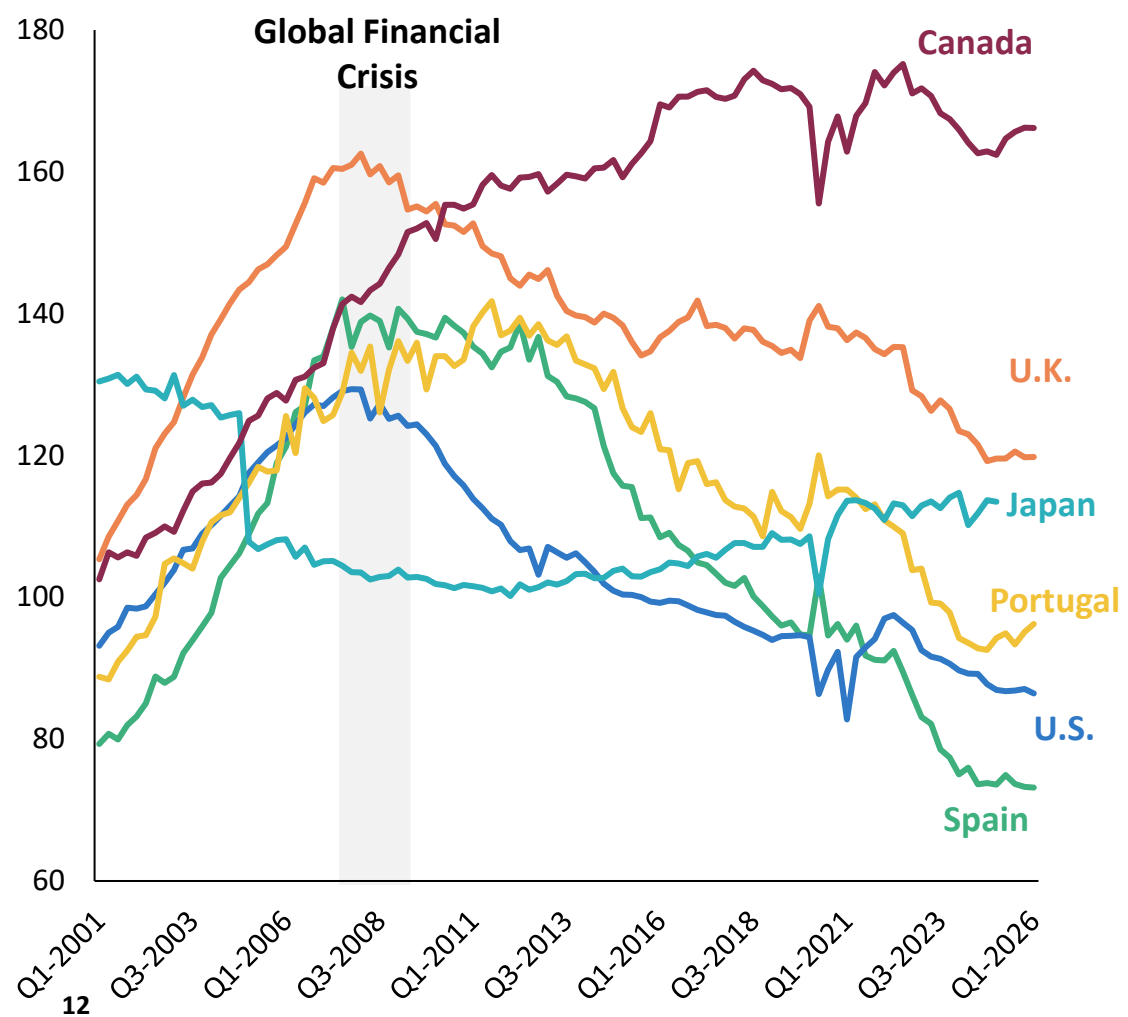
Percentage



Canadian Household Debt: A critical structural headwind

Household debt as share of disposable income

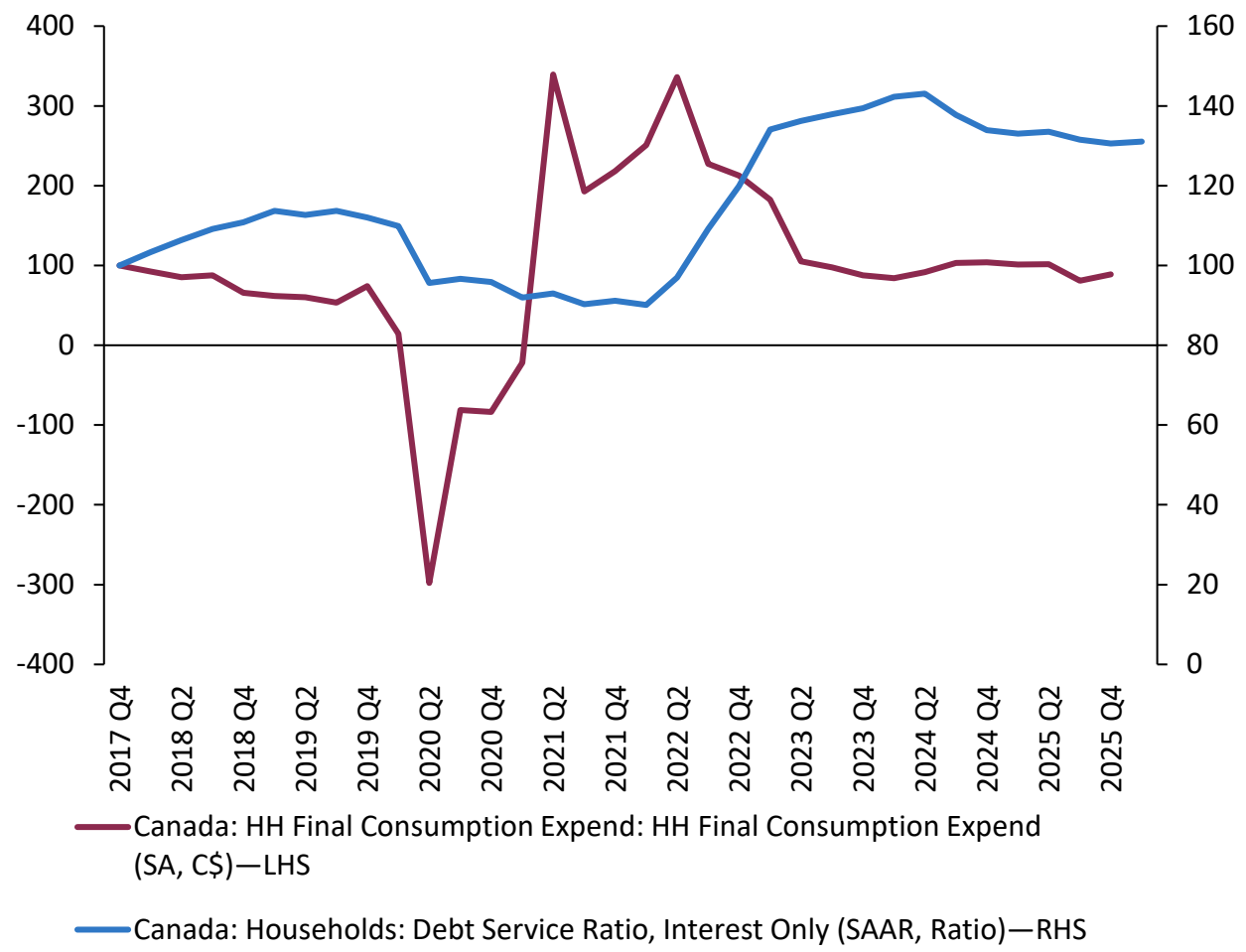
Percentage (%)



Sources: Haver Analytics, EDC Economics

Canadians' interest payments curb spending

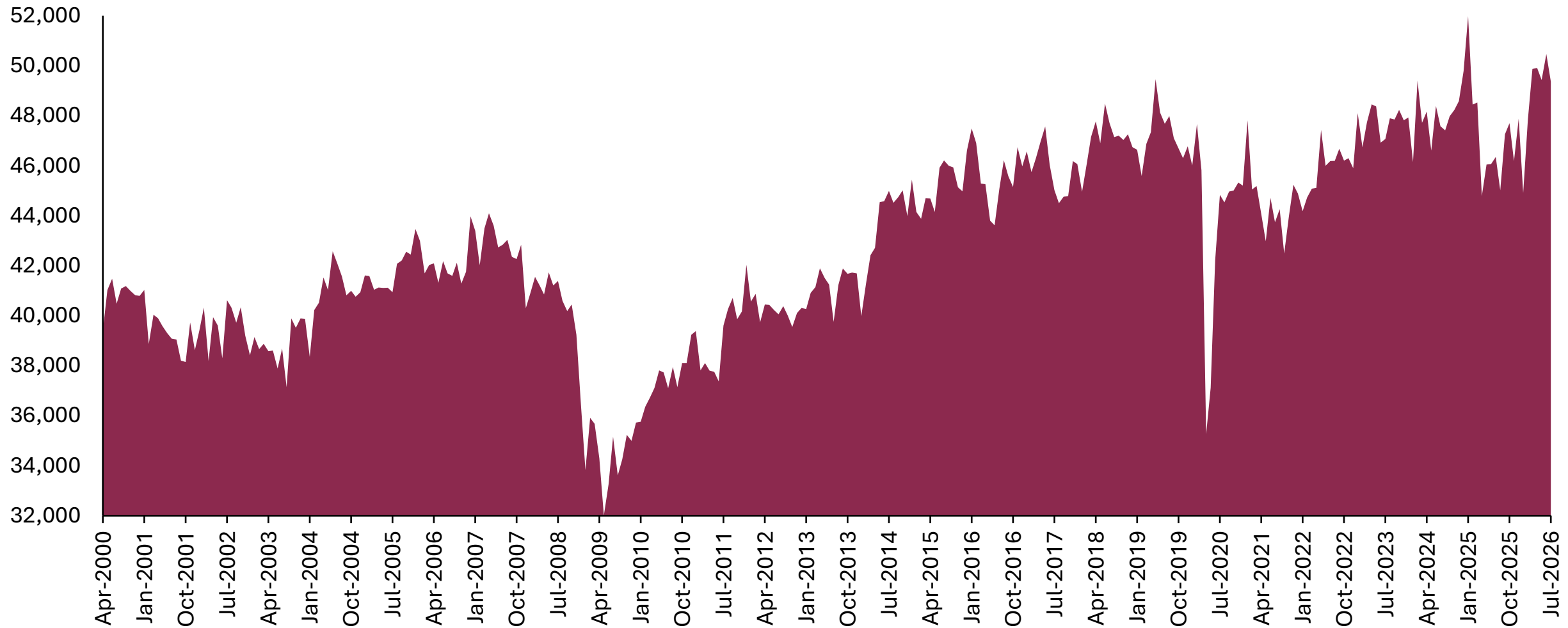
Normalized to 2017-Q4 =100, LHS: Consumer spending, seasonally adjusted, Canadian dollars RHS: Debt-service ratio, seasonally adjusted at annual rate



Tariff Impact in Perspective

Canada export volumes

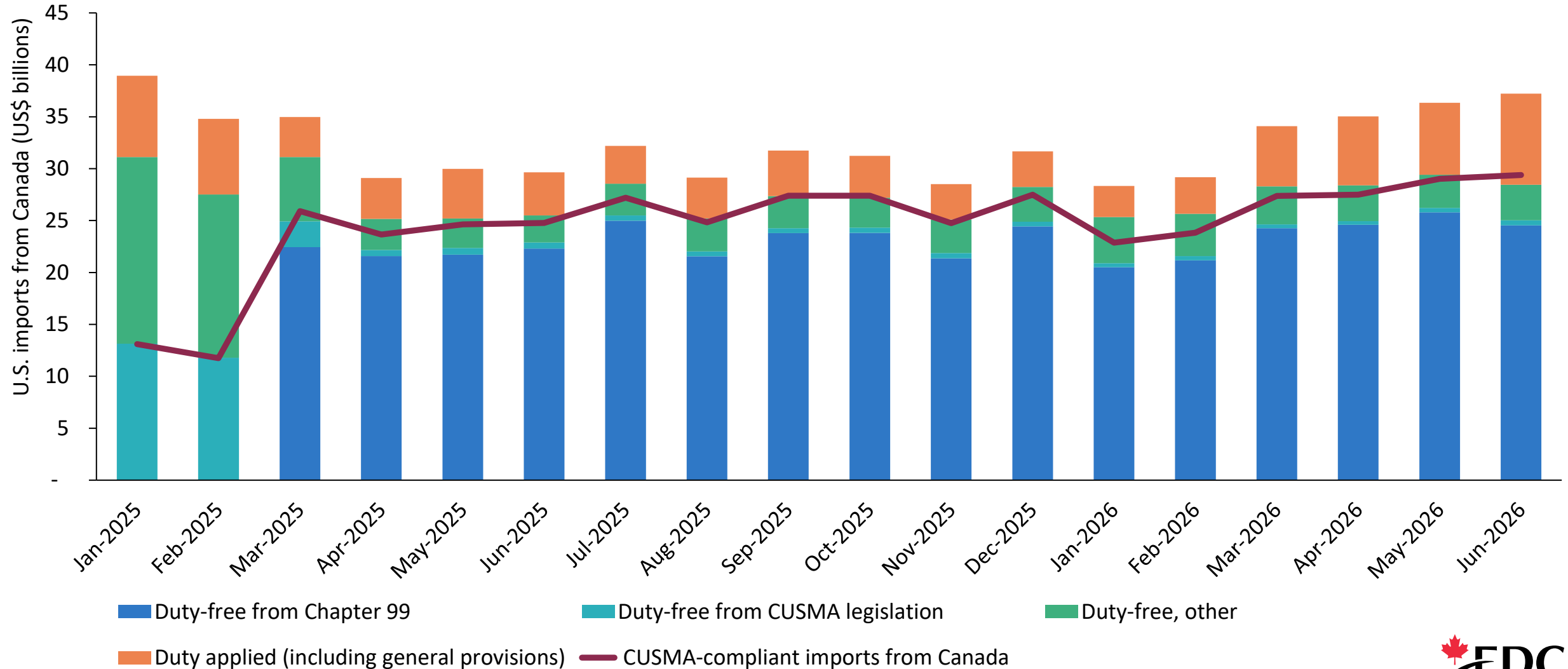
Seasonally adjusted, millions of Canadian chained dollars



CUSMA To The Rescue

U.S. imports from Canada, by rate provision and by CUSMA compliance

U.S. Imports from Canada, billions of U.S. dollars

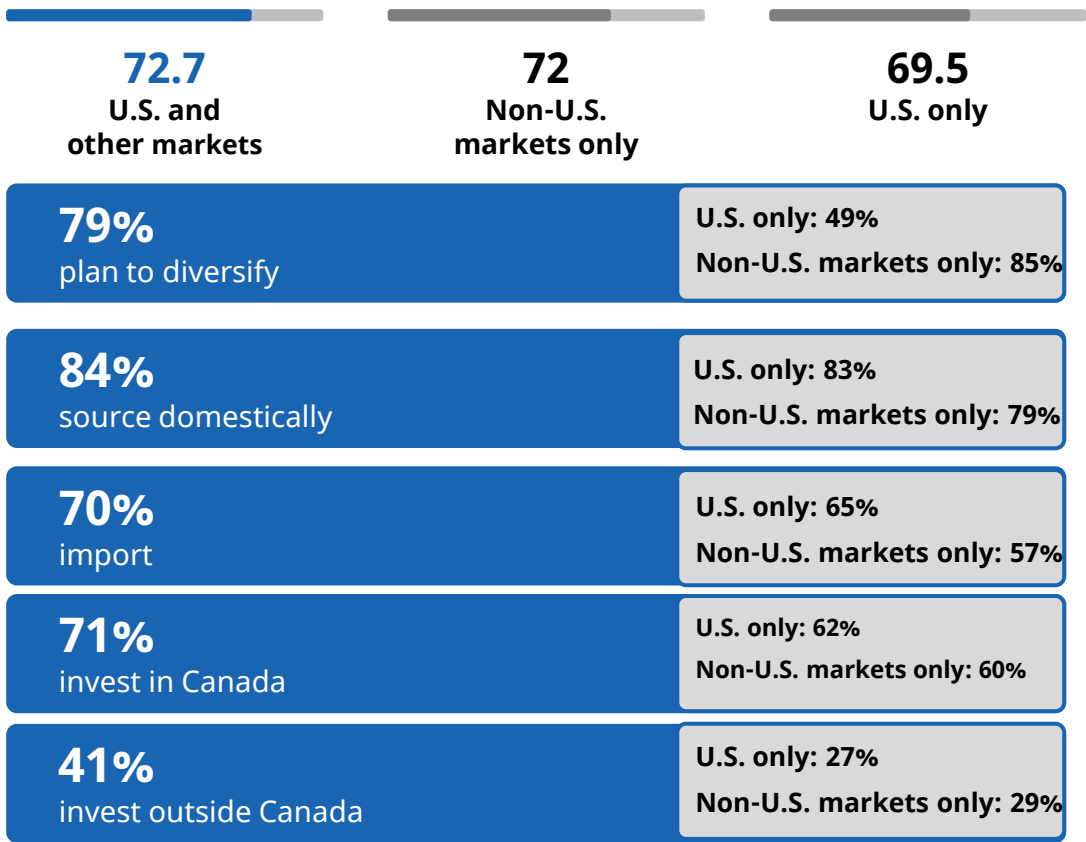


Canadian Businesses Also Used Other Tactics

The top actions exporters are taking in response to U.S. tariffs (EDC mid-year 2026 Trade Confidence Index)

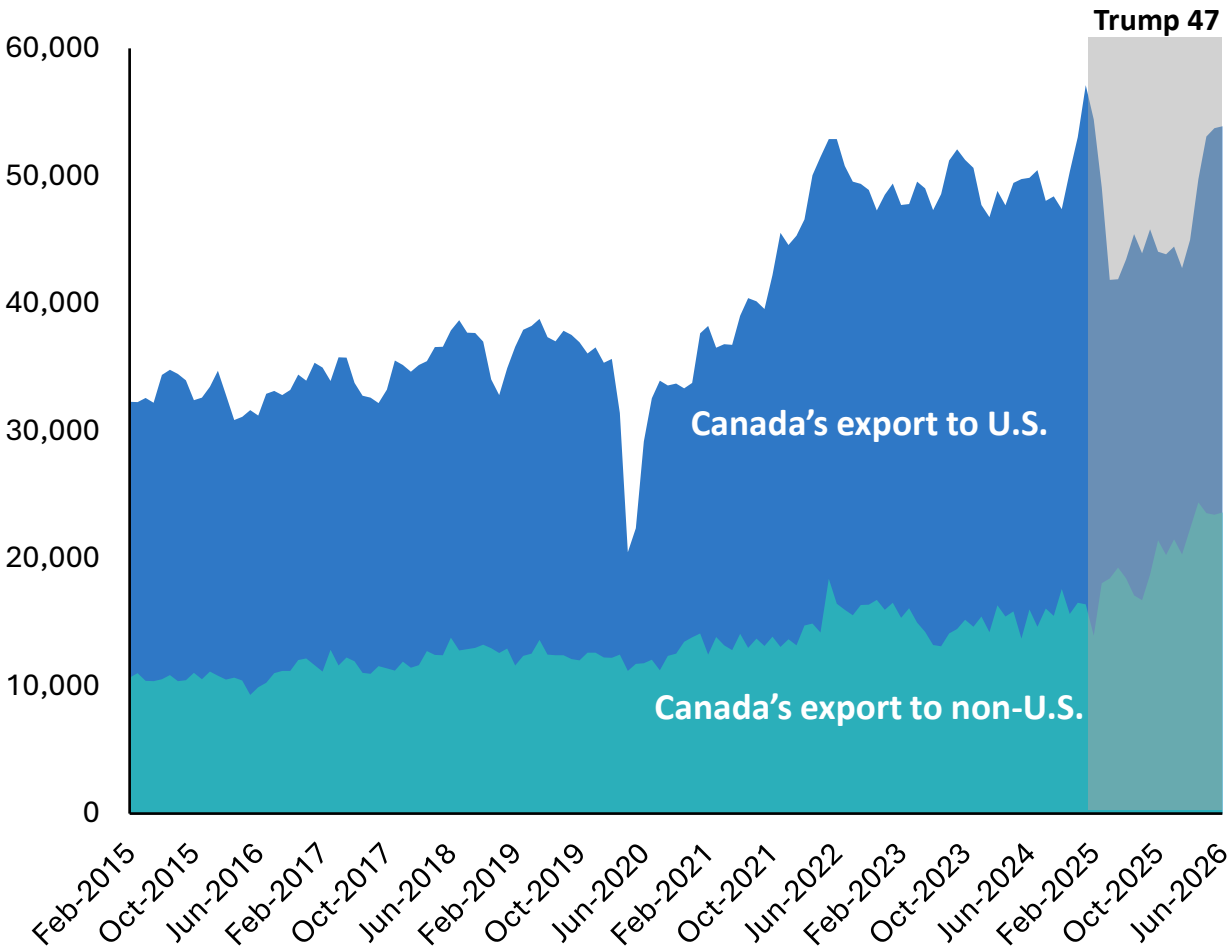
% of exporting respondents

Exporters active in the U.S. and other markets demonstrate higher trade confidence and broader trade engagement.



Diversification offsetting some of the impacts

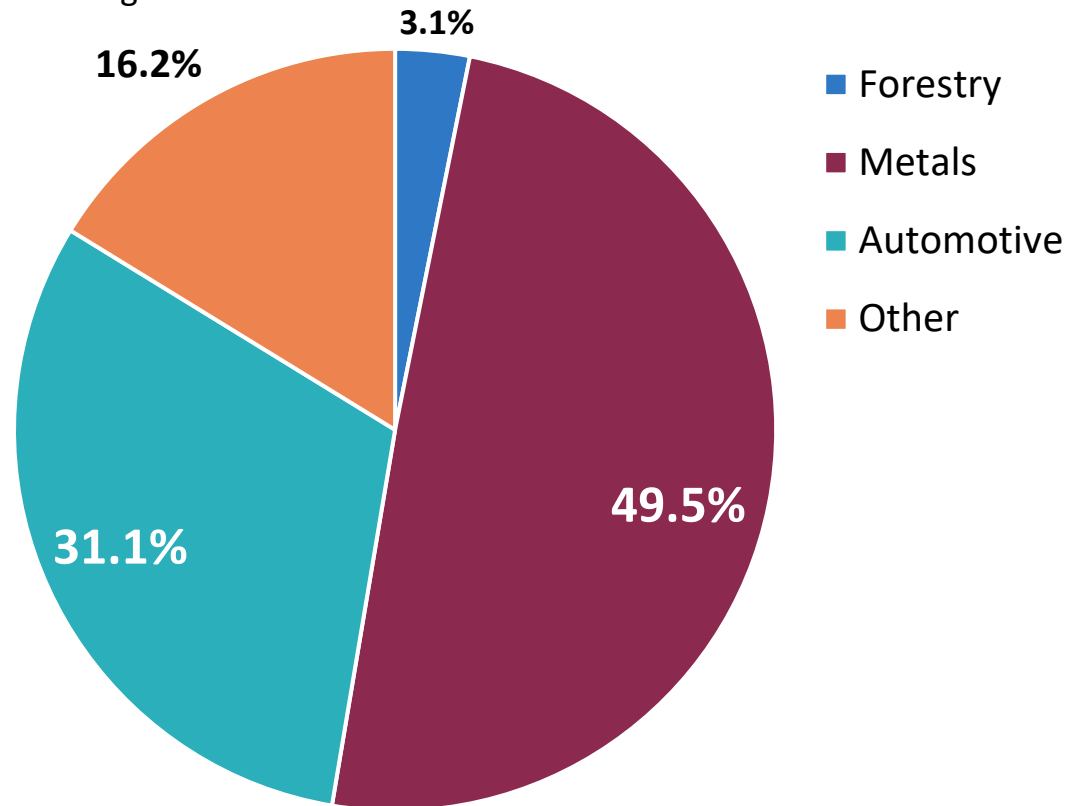
Merchandise exports, seasonally adjusted, in millions of Canadian dollars



Notwithstanding Resilience, Things Have Changed...

Sectors, by share of total import duties paid in 2026 YTD

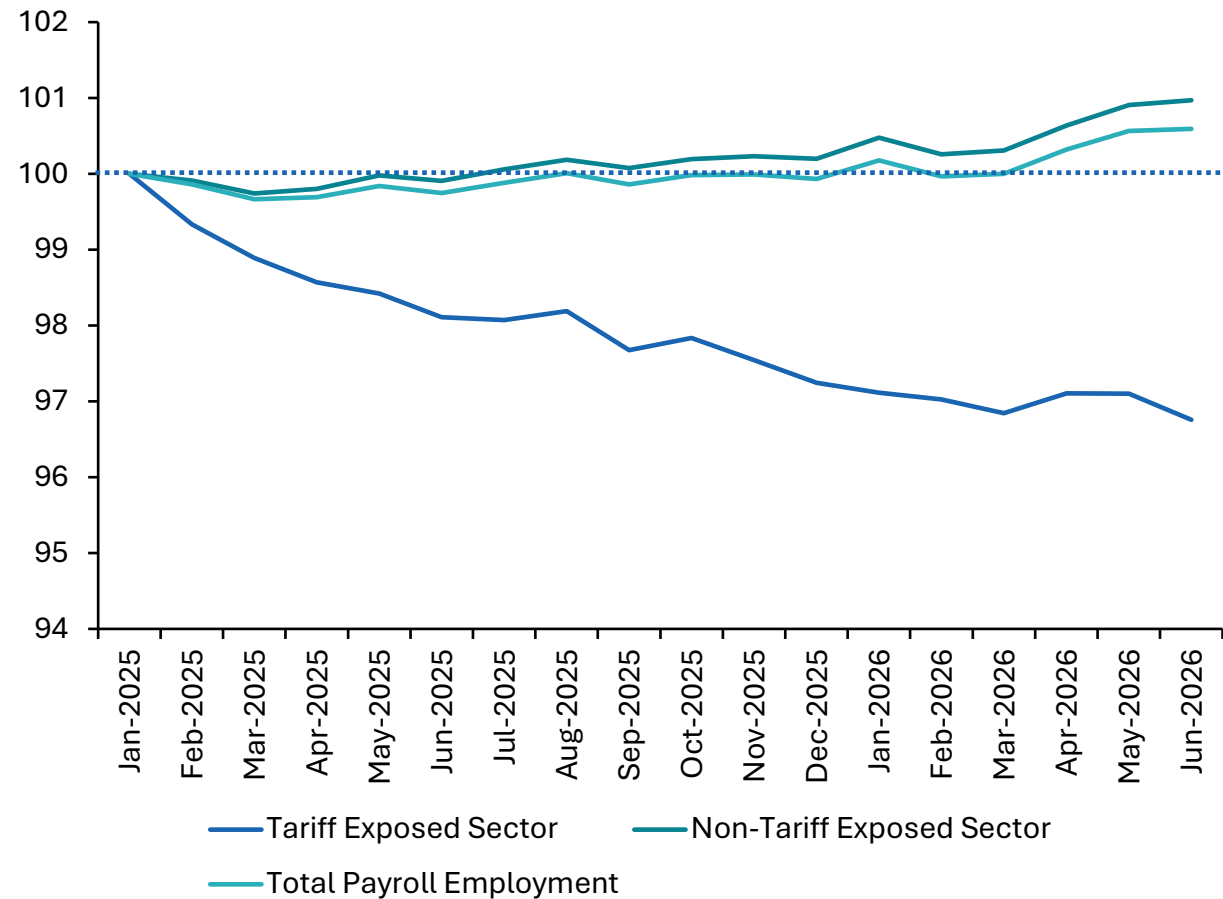
Percentage



Note: Forestry is represented by HS-2 codes 44, 47, and 48; metals by HS-2 codes 25-28 and 71-83; and automotive by HS-2 code 87. These HS-2 codes provide a high-level representation of each sector and may not capture all products associated with the sector.

Employment has declined in tariff-exposed sectors

Employment, Jan-2025 = 100

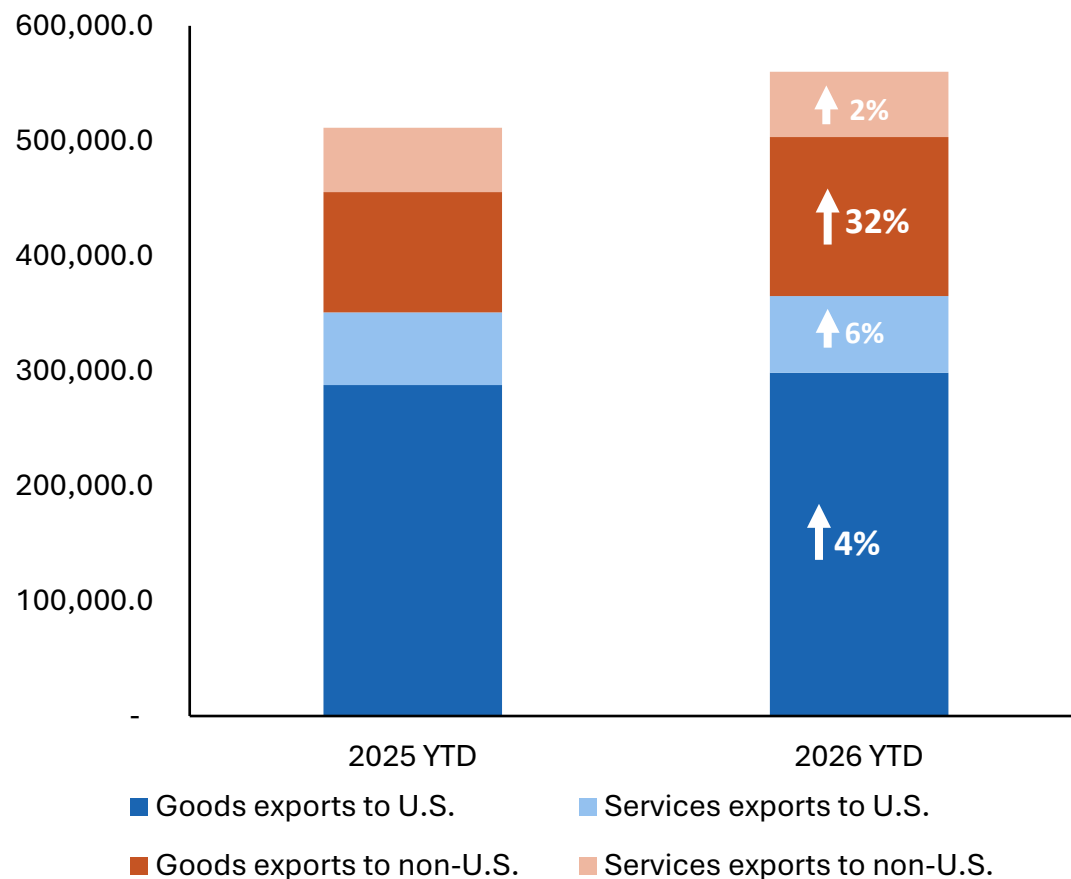


Sources: U.S. Census Bureau data, EDC Economics, Haver Analytics

...But Also for the Better

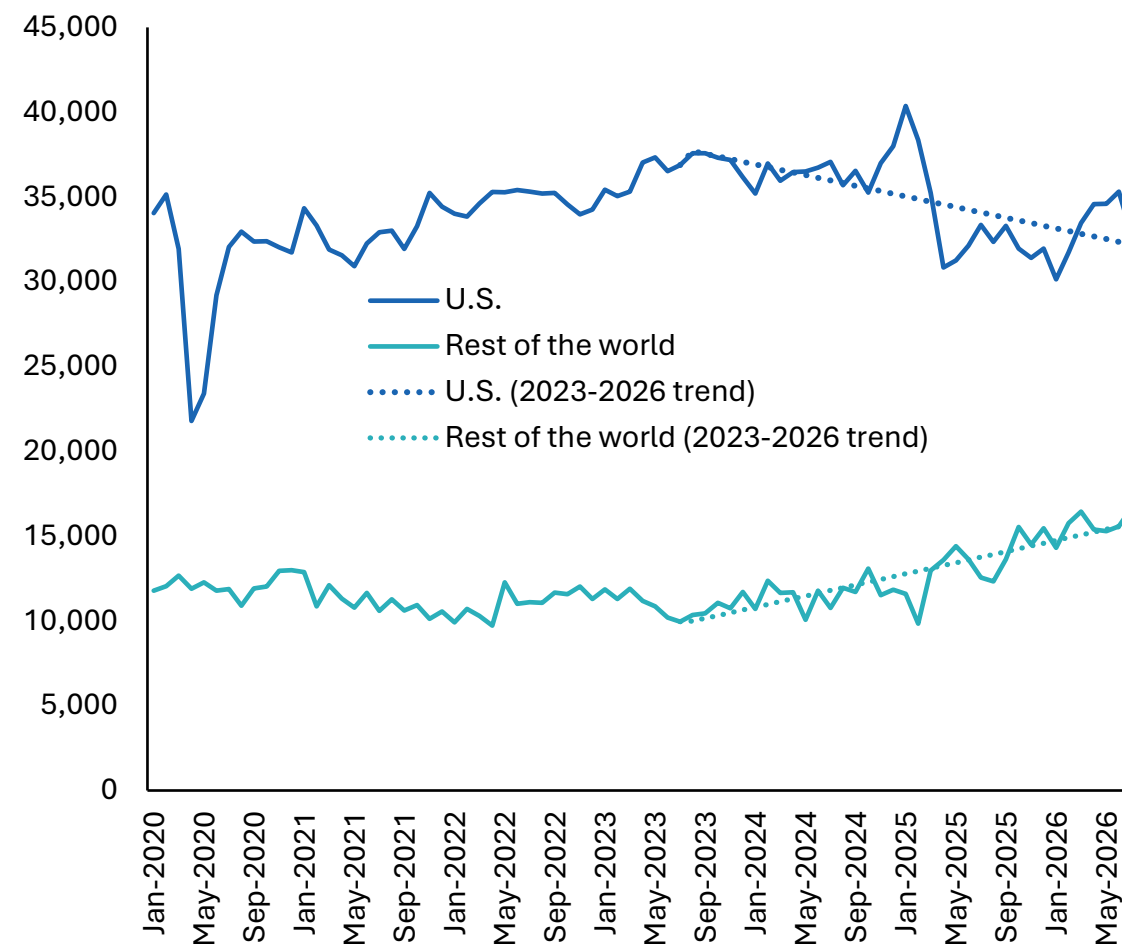
Canada's year-to-date exports to non-U.S. markets increased by 35%

In millions of Canadian dollars, quarterly, YTD captures Q1 and Q2



Real goods exports to rest of the world is trending higher

Estimates, in millions of CAD dollars

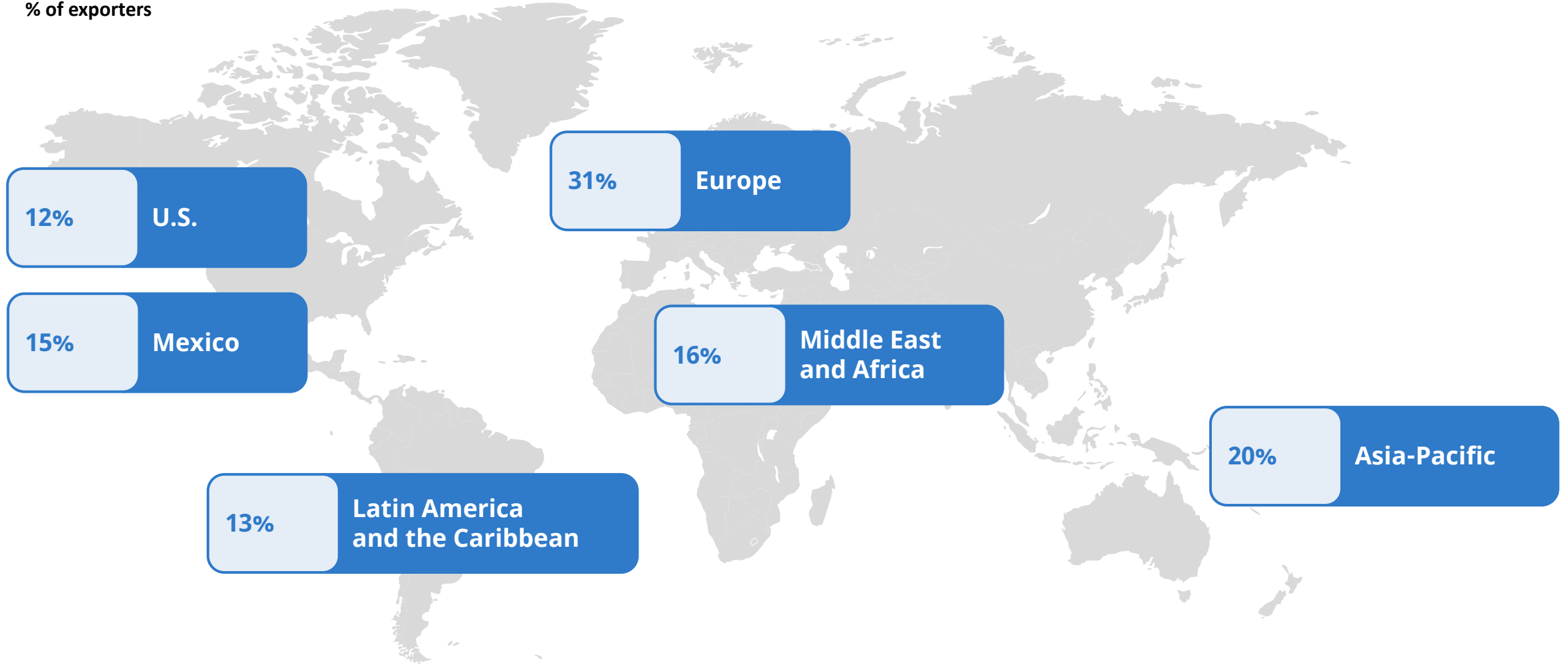


Source: Haver Analytics, EDC Economics

EDC Trade Confidence Index

TOP PLANNED EXPORT REGIONS IN THE NEXT TWO YEARS

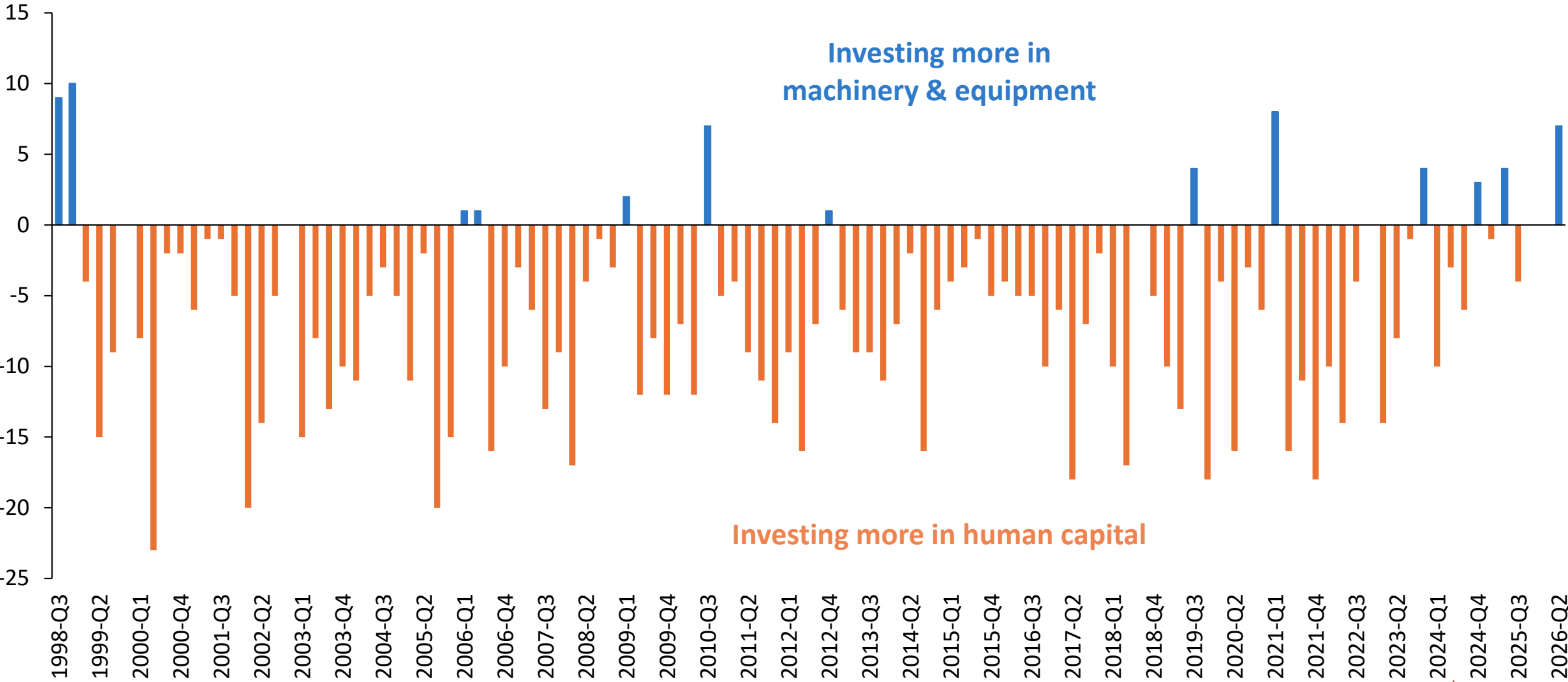
% of exporters



Canada's “Investment Culture”

Corporate investment plans

Balance of opinion



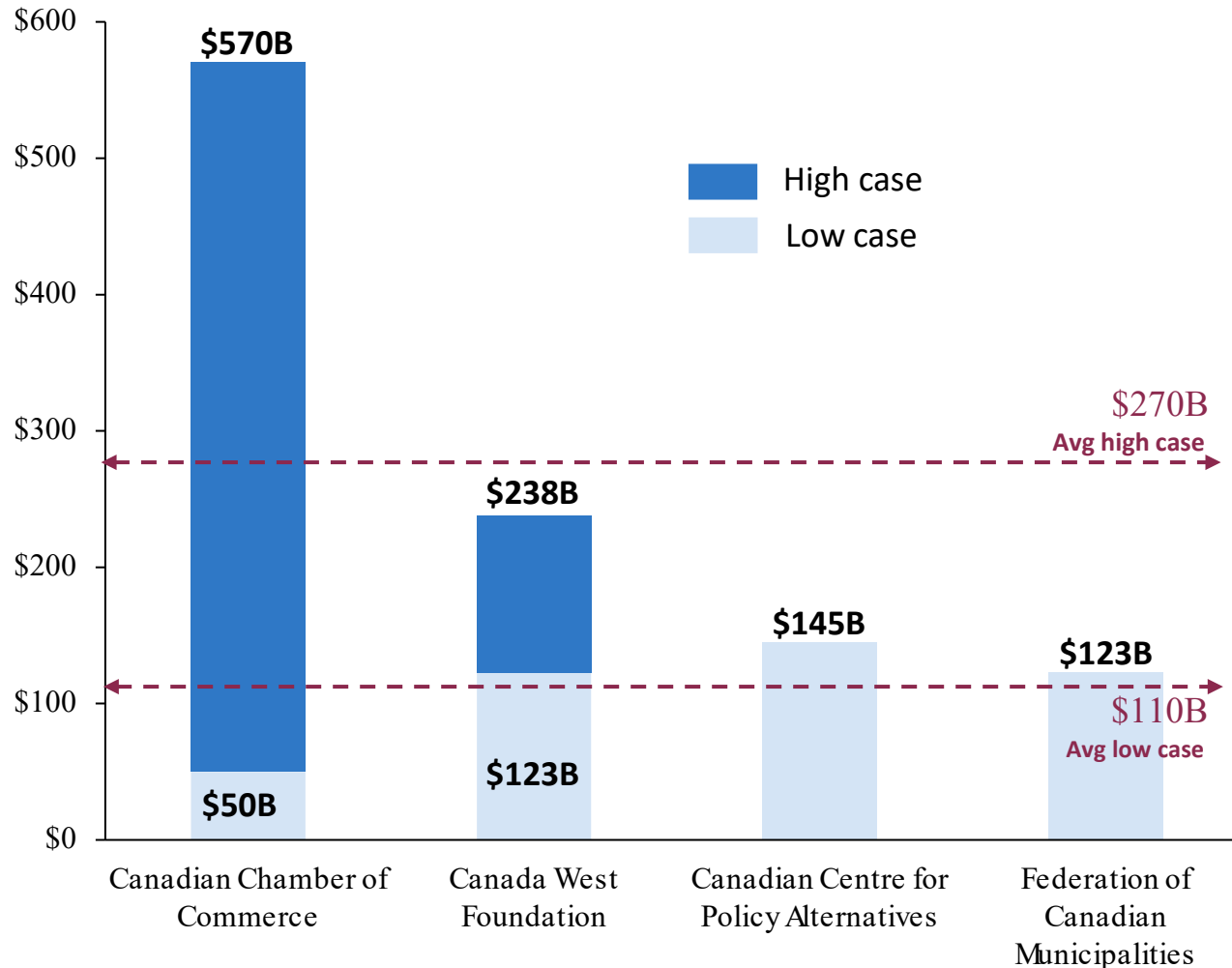
Source: Bank of Canada, Haver Analytics



Bridge Economy: Trade-enabling infrastructure needs

Estimates of Canadian infrastructure needs

In billions of Canadian dollars



Source: EDC Market Research, EDC Economics, Canadian Chamber of Commerce, Canada West Foundation, Canadian Centre of Policy Alternatives, Federation of Canadian Municipalities,

Canadian international merchandise trade by mode of transport, 2019-2026

Note: This analysis doesn't cover pipelines, which are notable parts of trade-enabling infrastructure.



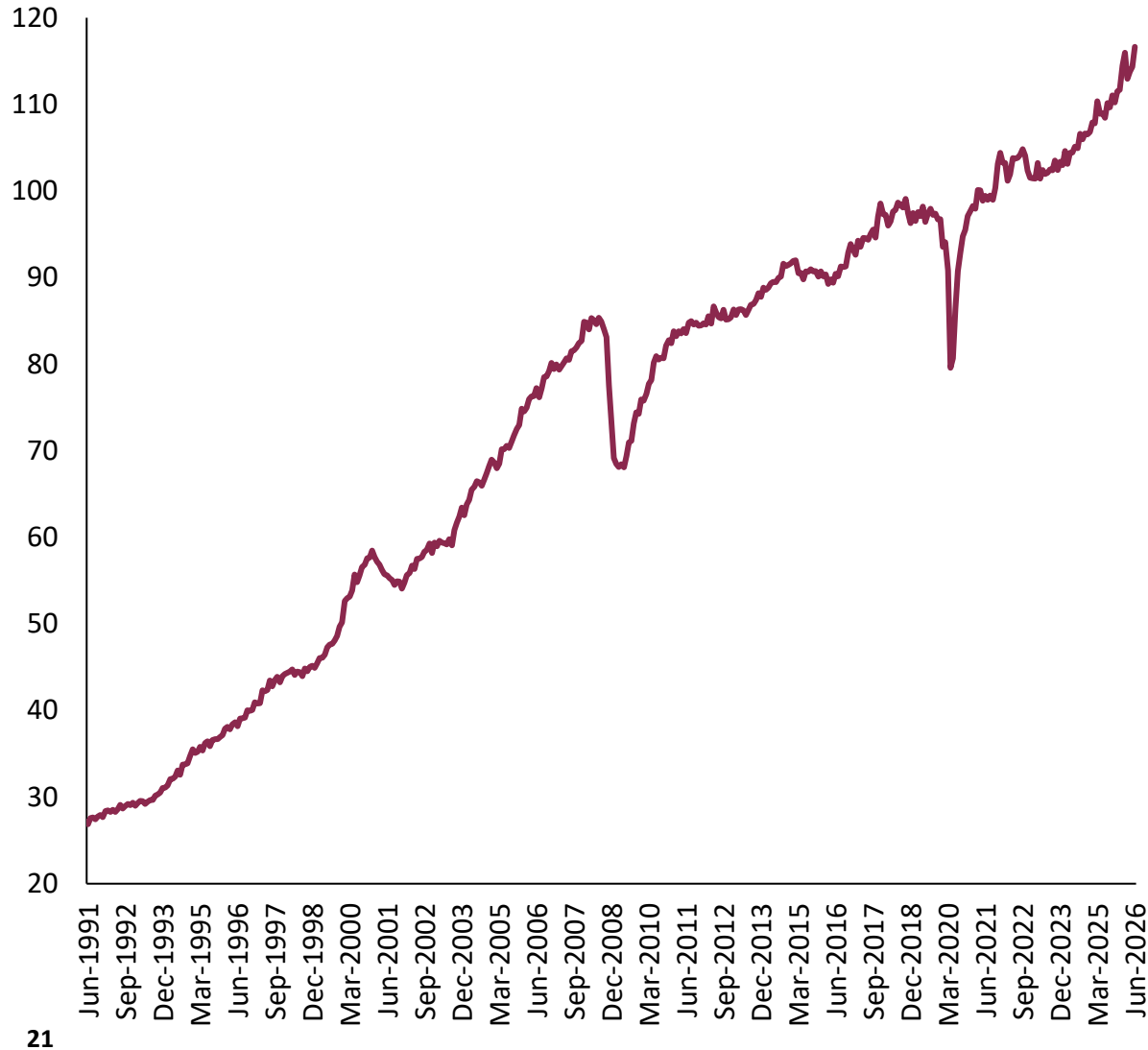
Source: Statistics Canada, Table 12-10-0177-01

Note: Other includes pipelines and other modes of transport

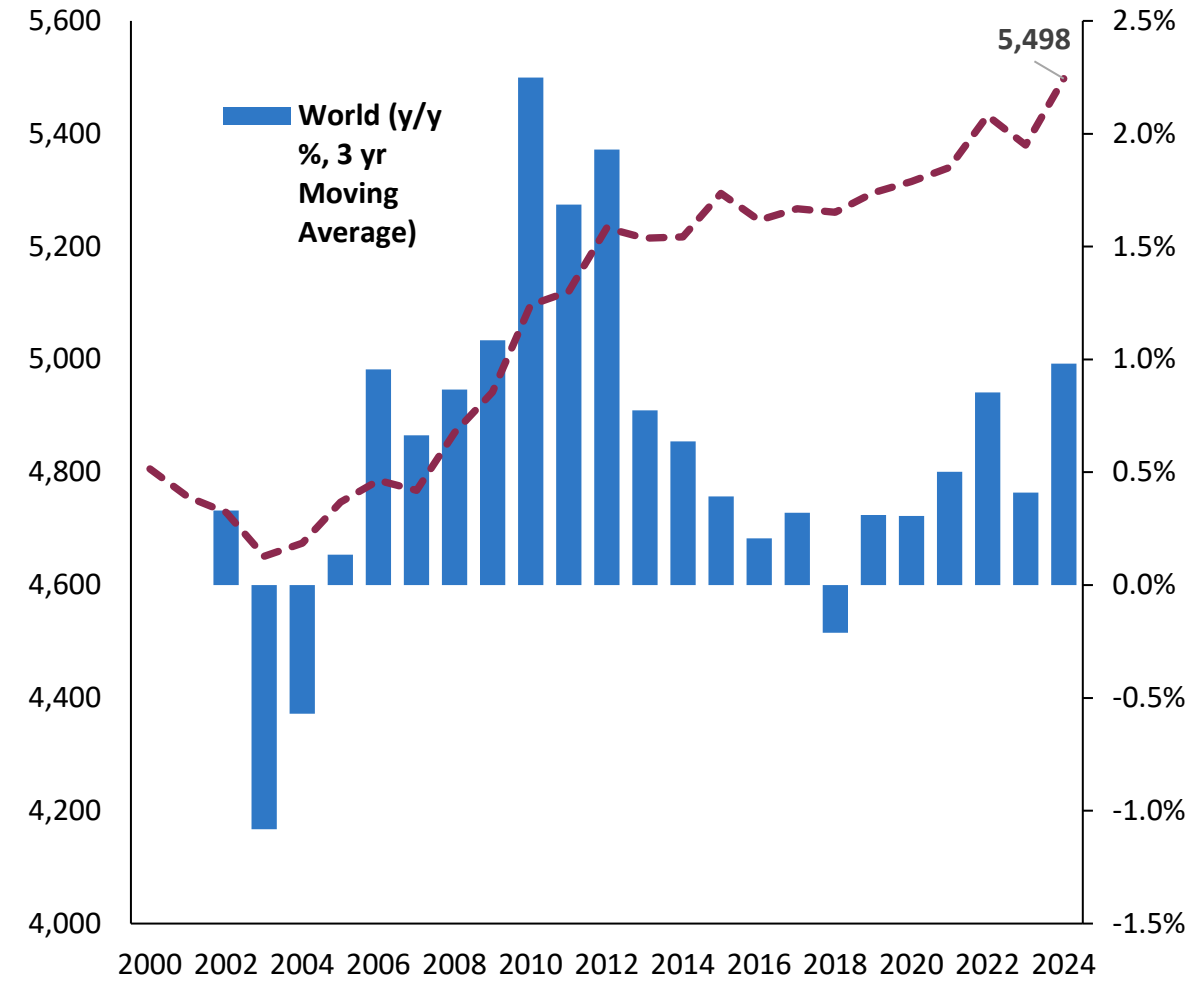
Unscrambling the Global Trade Omelette?

World trade volume

Seasonally adjusted, 2021=100



Trade weighted distance of imports world (kms)





Annual real GDP growth

Global Economic Outlook

(Annual % change)	2025	2026 ^F	2027 ^F	2028 ^F
Developed countries	1.9	1.7	1.8	1.8
Canada	1.9	1.0	1.7	2.2
United States	2.1	2.1	2.1	2.3
Eurozone	1.3	0.9	1.4	1.5
Germany	0.3	0.9	1.1	1.3
France	0.9	0.5	0.9	1.3
Developing countries	4.4	3.7	4.3	4.5
China	5	4.7	4.5	4.4
India	7.8	6.6	6.5	6.7
Brazil	2.6	2.0	1.5	1.9
Mexico	0.7	1.3	1.8	2.2
World	3.4	2.9	3.2	3.4

Currencies and interest rates

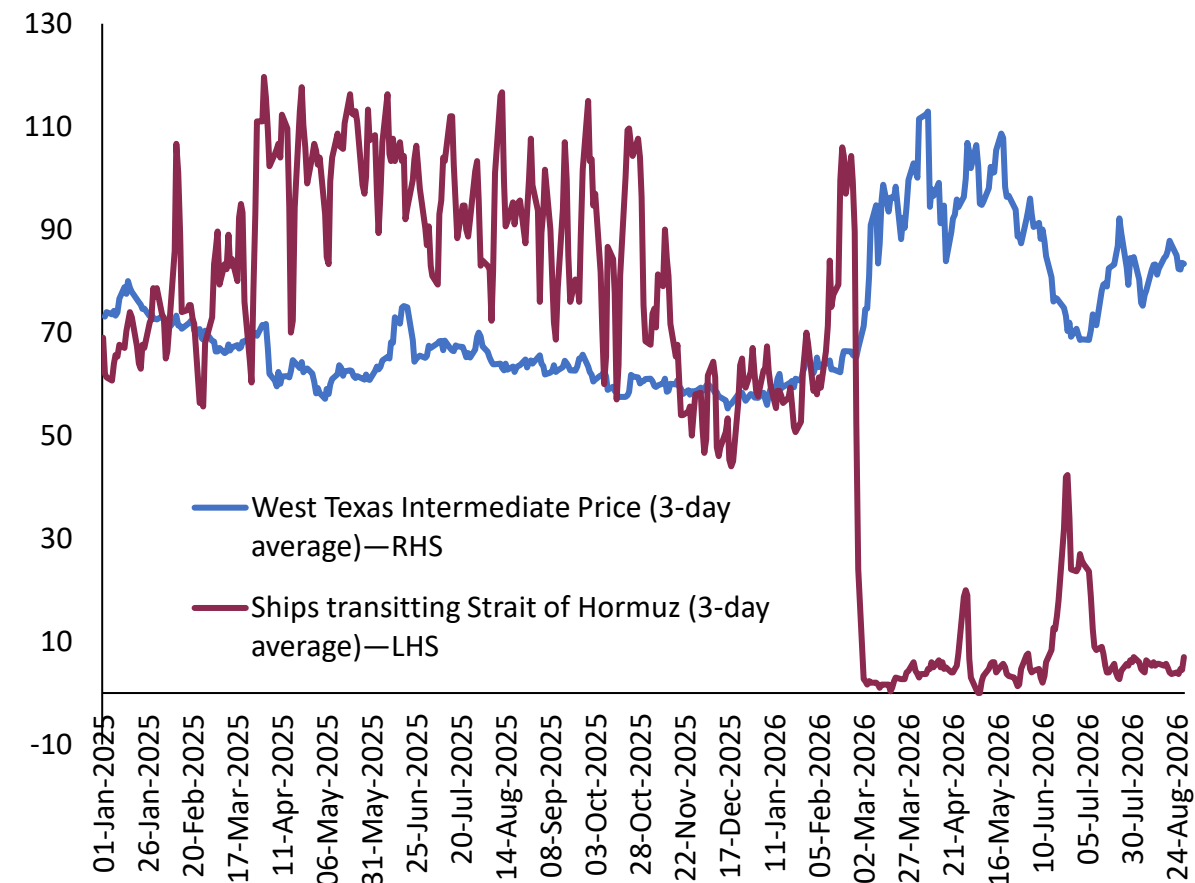
Global Economic Outlook		2025	2026 ^F	2027 ^F	2028 ^F
Currencies	Exchange rate				
U.S. dollar	US\$ per C\$	\$0.72	\$0.72	\$0.72	\$0.73
Euro	US\$ per EUR	\$1.13	\$1.16	\$1.16	\$1.18
Euro	C\$ per EUR	\$1.58	\$1.61	\$1.61	\$1.61
Interest rates, annual average					
Bank of Canada (Overnight target rate)		2.71	2.25	2.30	2.73
U.S. Federal Reserve (Fed funds target rate–mid-point)		4.25	3.64	4.07	3.82
European Central Bank (Policy interest rate)		2.41	2.36	2.61	2.17

Commodity prices

Global Economic Outlook	2025	2026 ^F	2027 ^F	2028 ^F
Brent Crude Spot, US\$/barrel (bbl)	\$69.1	\$91.0	\$84.8	\$71.5
West Texas Intermediate, US\$/bbl	\$64.8	\$85.7	\$81.9	\$67.5
Western Canada Select, US\$/bbl	\$53.9	\$68.5	\$66.1	\$53.5
Gold, US\$/troy ounce	\$3,435	\$4,486	\$4,328	\$4,606
Copper, US\$/tonne	\$9,938	\$13,633	\$13,996	\$13,709

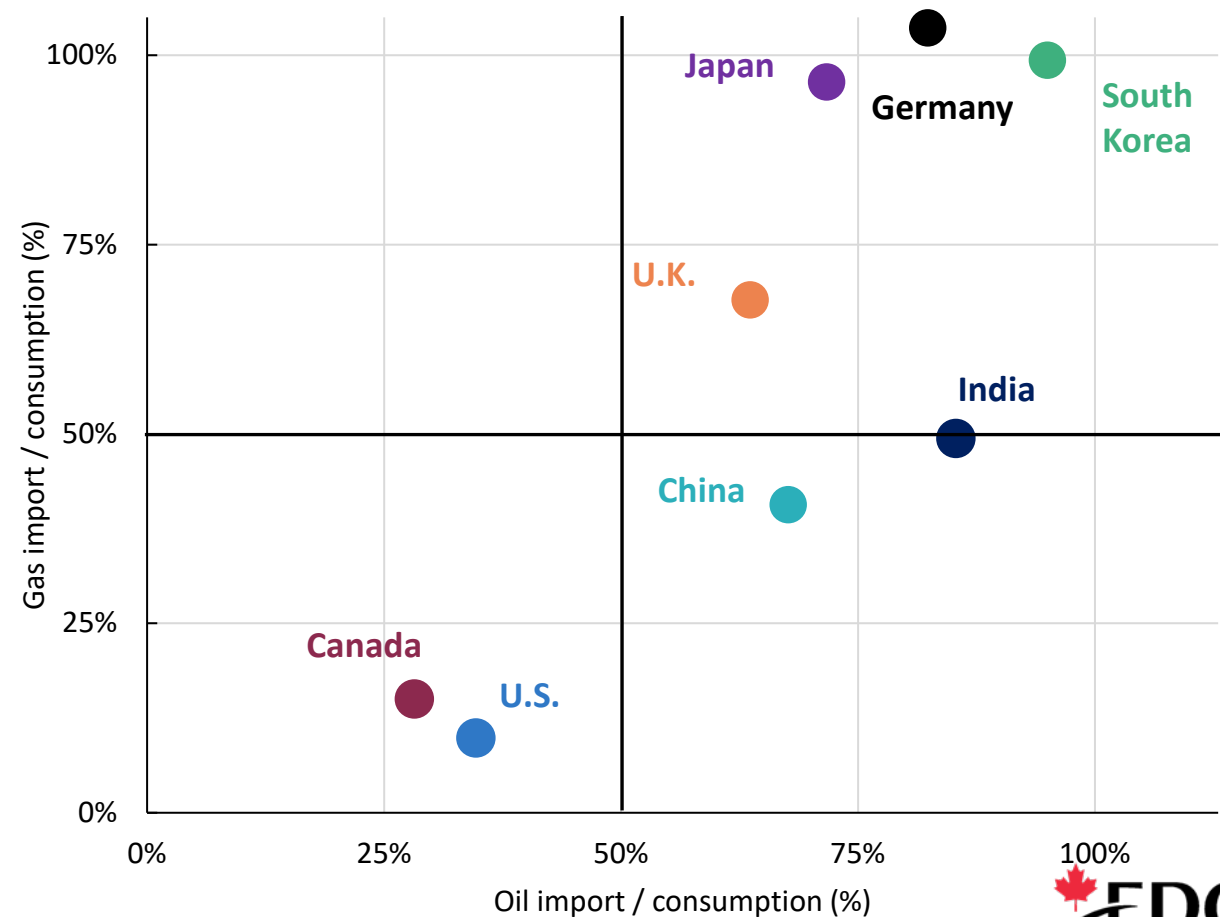
Energy shock re-emerges as the key global risk

Oil prices peak as Strait of Hormuz ship traffic drops



Energy dependent countries at higher risk amid conflict

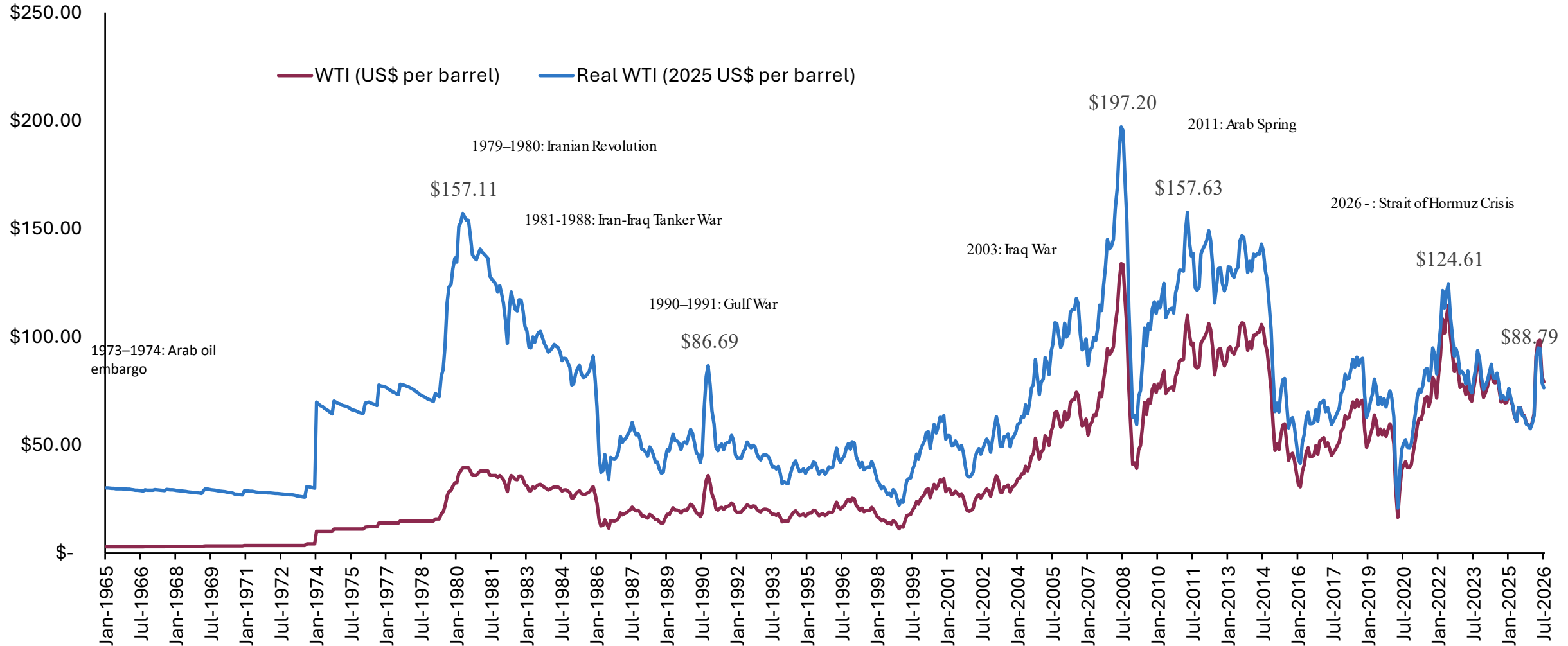
Percentage, dependency as of 2024



Middle East Conflicts and Global Oil Price Shocks

WTI real and nominal price per barrel

US\$ per barrel



Source: Haver Analytics, EDC Economics

Note: **Nominal WTI**: Oil price in current U.S. dollars, not adjusted for inflation.

27 **Real WTI**: Nominal price adjusted for inflation, showing oil's true purchasing-power value over time.

SHIFTING PATTERNS OF CONSUMPTION

G7 vs. Developing Asia GDP: Share of world total (in PPP)

