

# The Arms Race



Benjamin Tal

March 2021



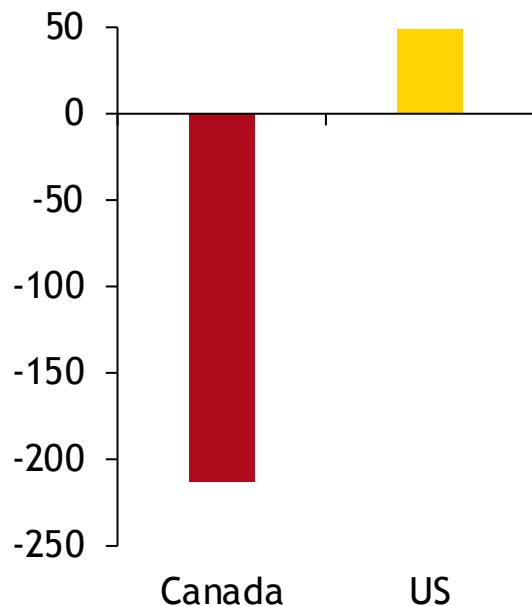
- How Bad is the winter ?
- How strong will the second half of the year be ?
- Any scarring ?



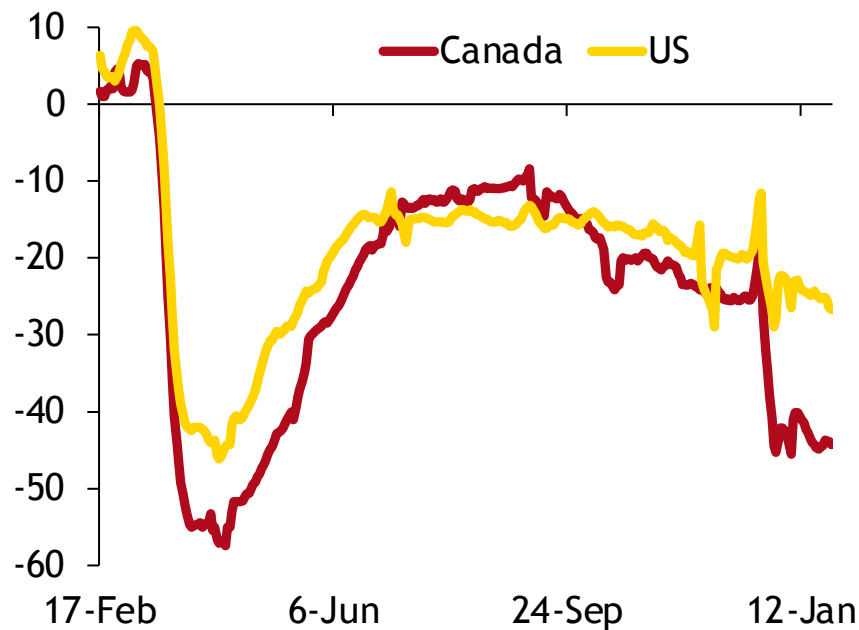


- Covid-19 plan
- Stimulus bill
- Tax Plan
- infrastructure
- Immigration
- Energy sector
- Trade Policy

January Employment  
Change (000s)



Retail & Recreation Mobility Index  
(% Chg. Since Start of Pandemic)



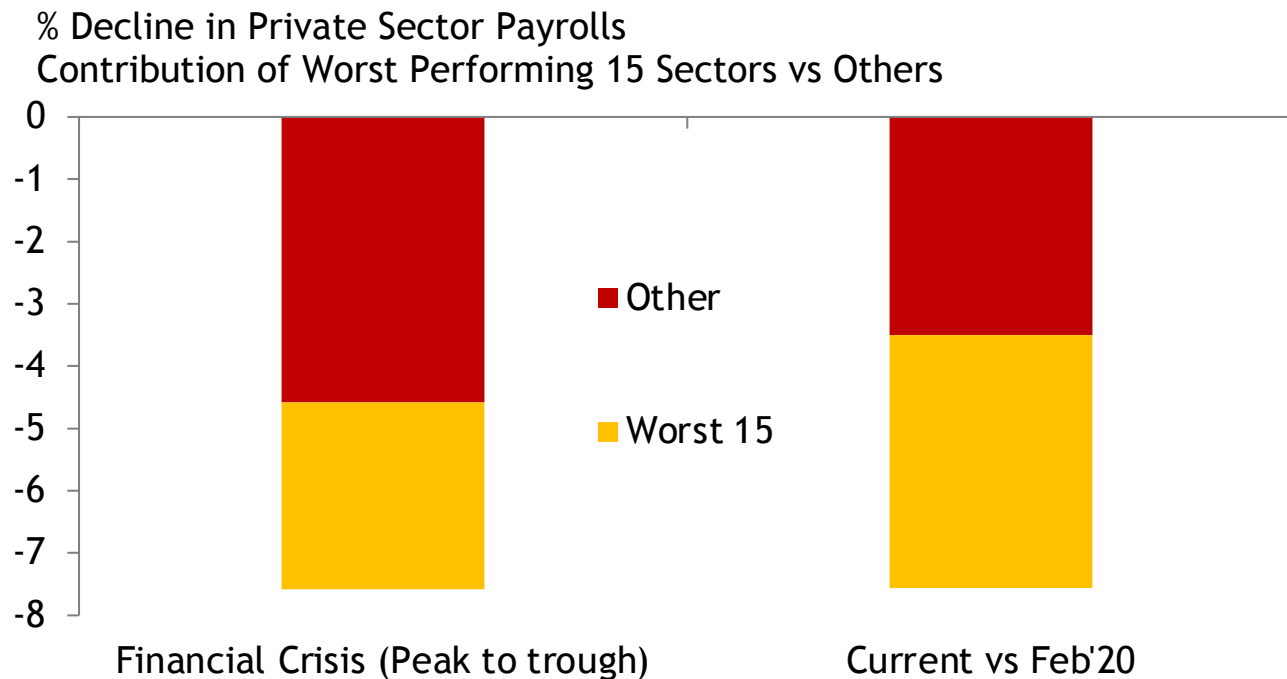
# Canada: Vaccine R-R-R-ROLL-OUT

4



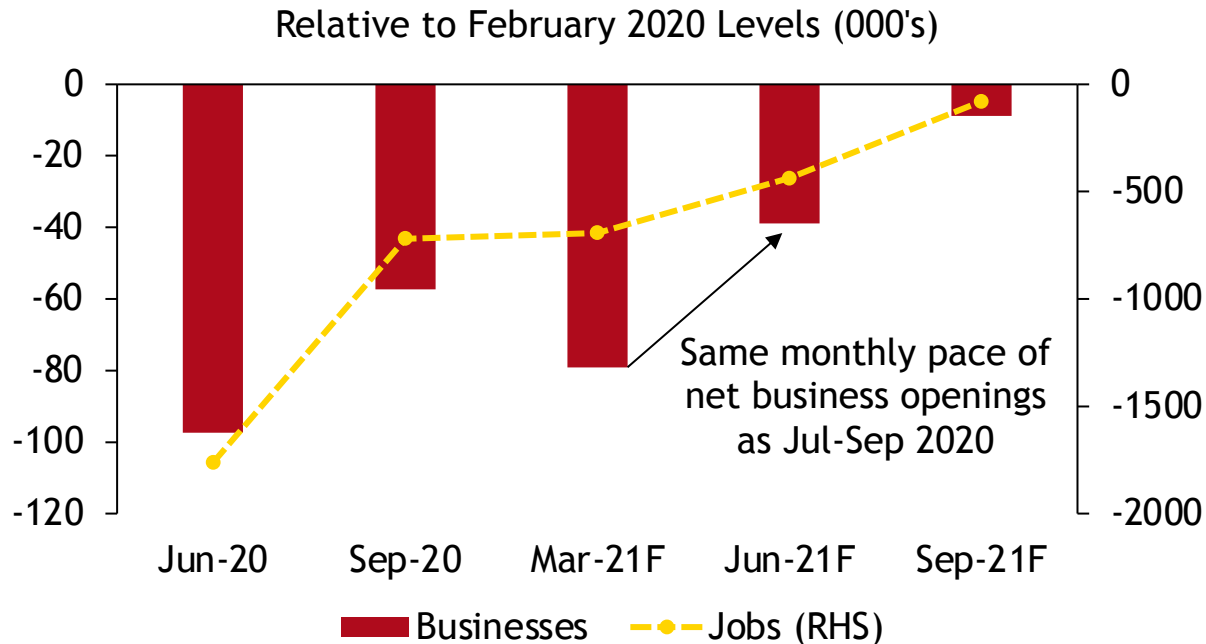
# Very Deep But Relatively Narrow

5



# Service Biz Recover Fast

6

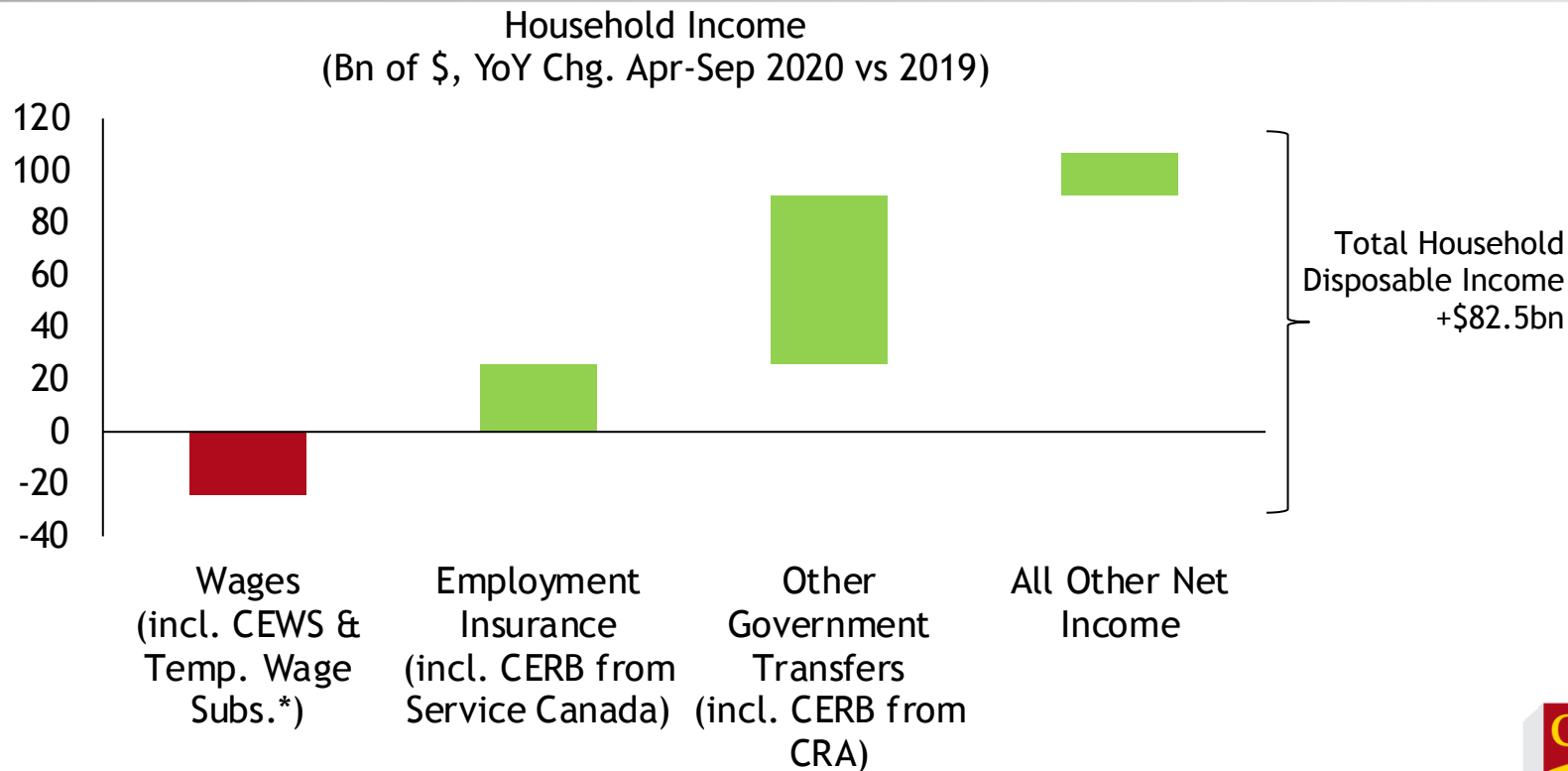


Source: Statistics Canada, CIBC



# Incomes Well Supported

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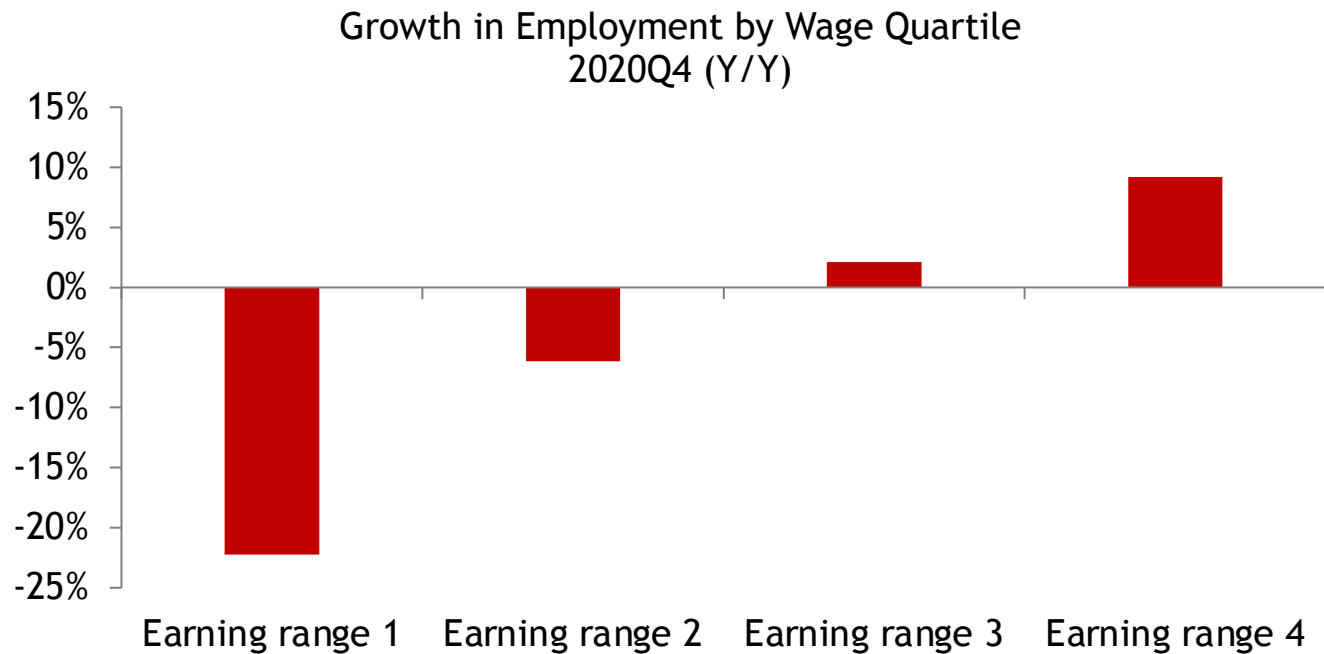


\*Government wage support programs represented 10.4% and 5.5% of wages in the second and third quarter, respectively

Source: Statistics Canada, CIBC





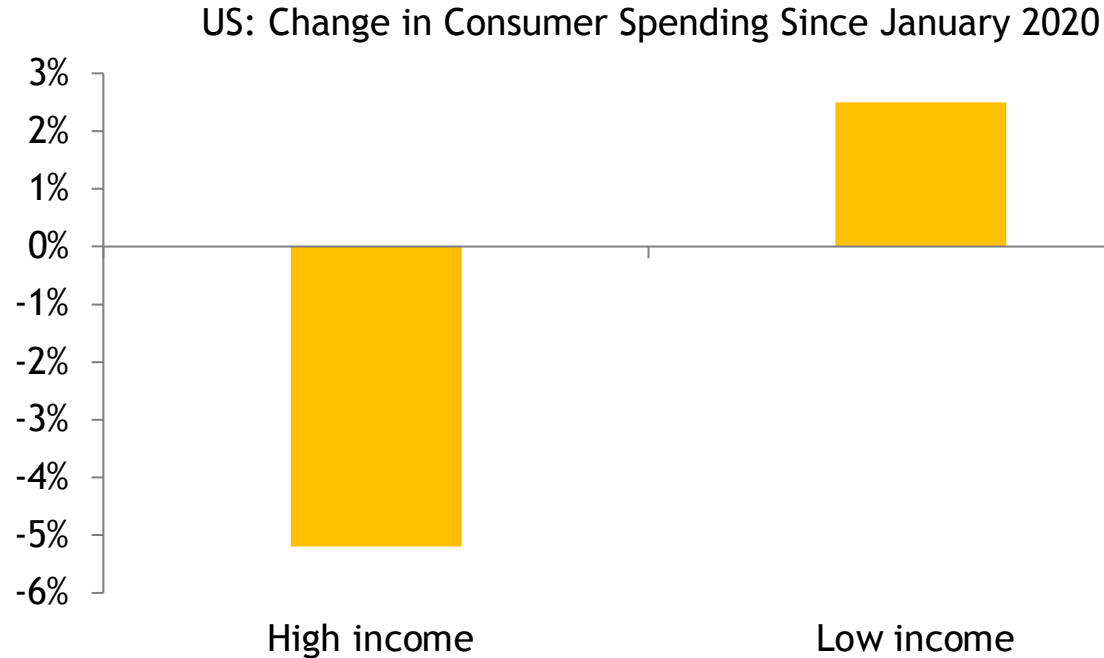


Source: Statistics Canada, CIBC



# Spending Declined Mostly Among High-Income Households

9

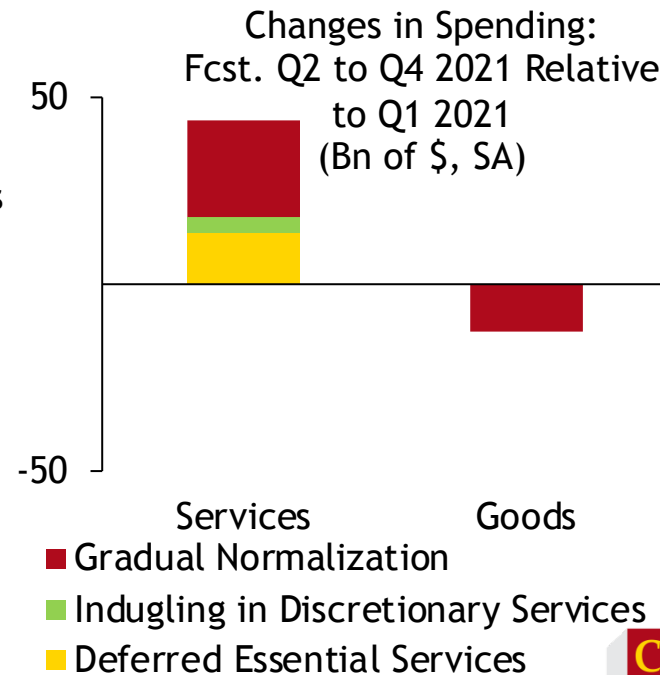
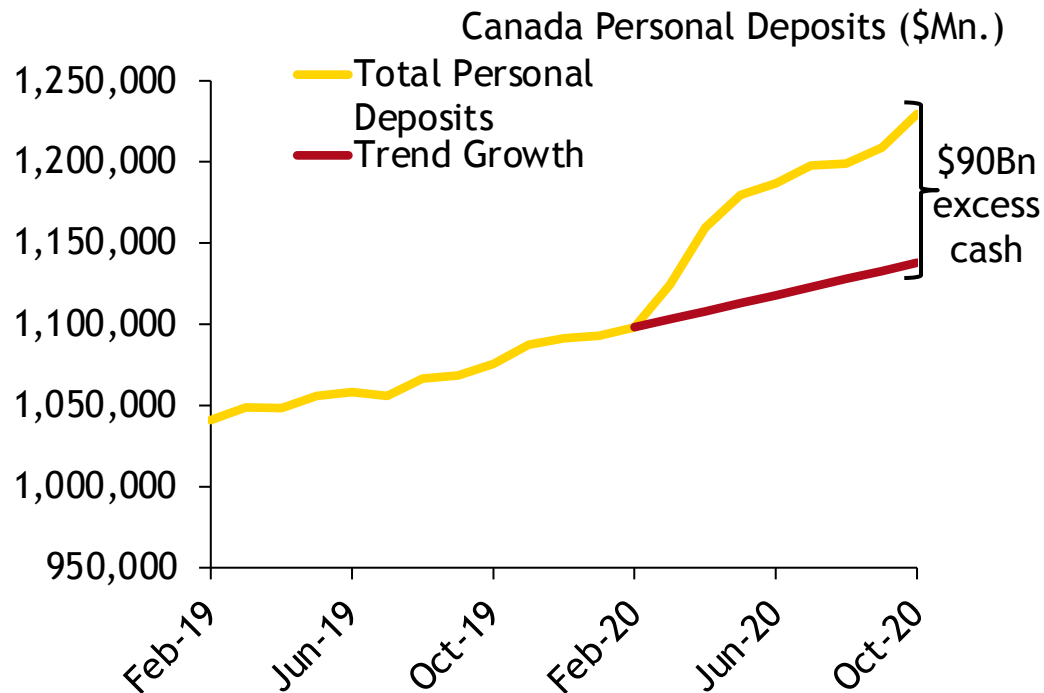


Source: Opportunity Insight, Harvard University, CIBC



# Canadians are Sitting On a Boatload of Cash (L) Set to Flood into Services in Q2-Q4 (R)

10



Source: OSFI, CIBC



## **inflation**

*noun*

/ɪnˈfleɪʃn/

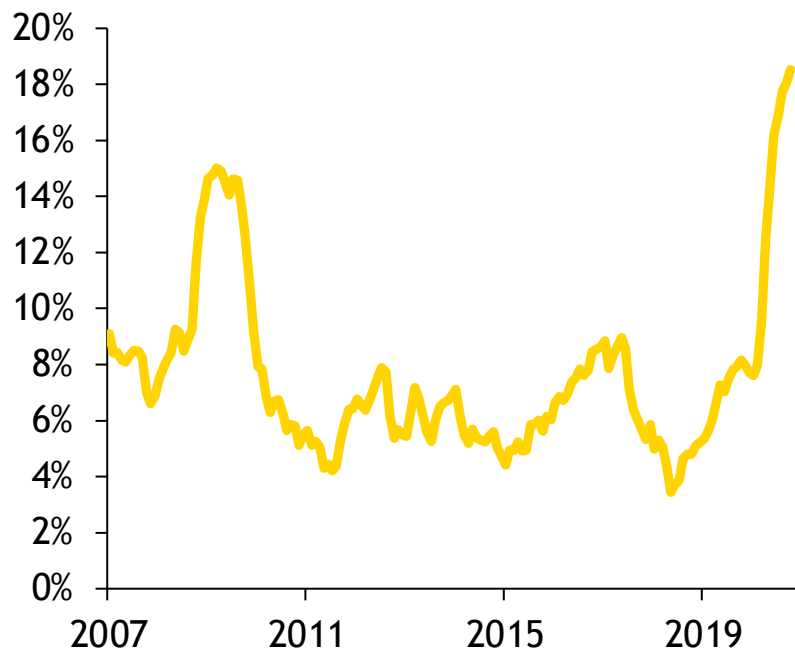
[uncountable]

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;*

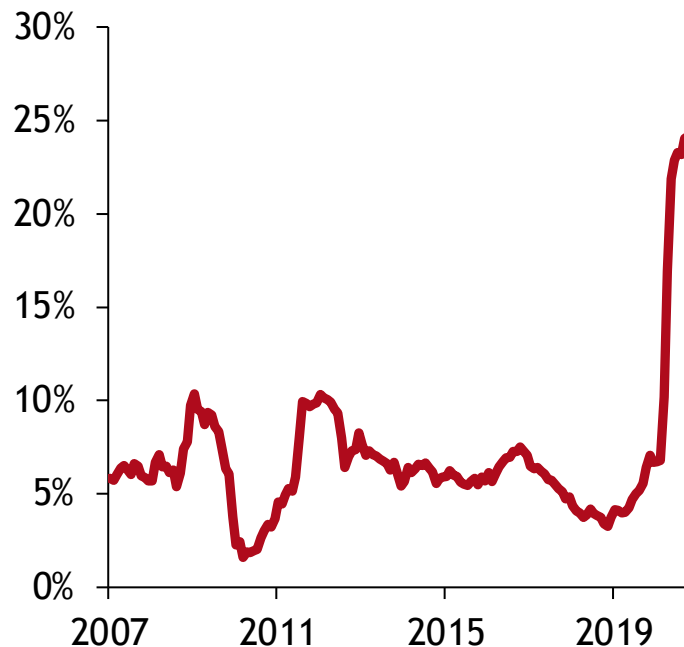
# Remember When We Watched Money Supply Data?

12

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



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

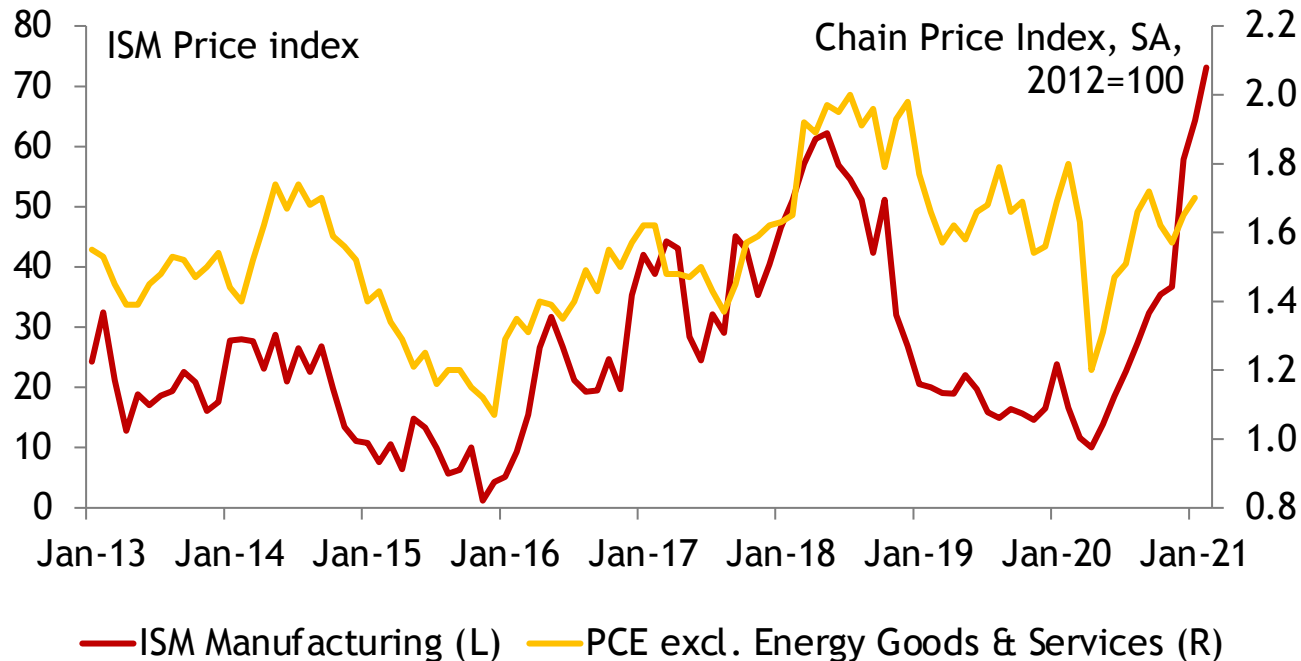


Source: FRB, BoC, CIBC



# Core inflation Likely to Rise in Coming Months

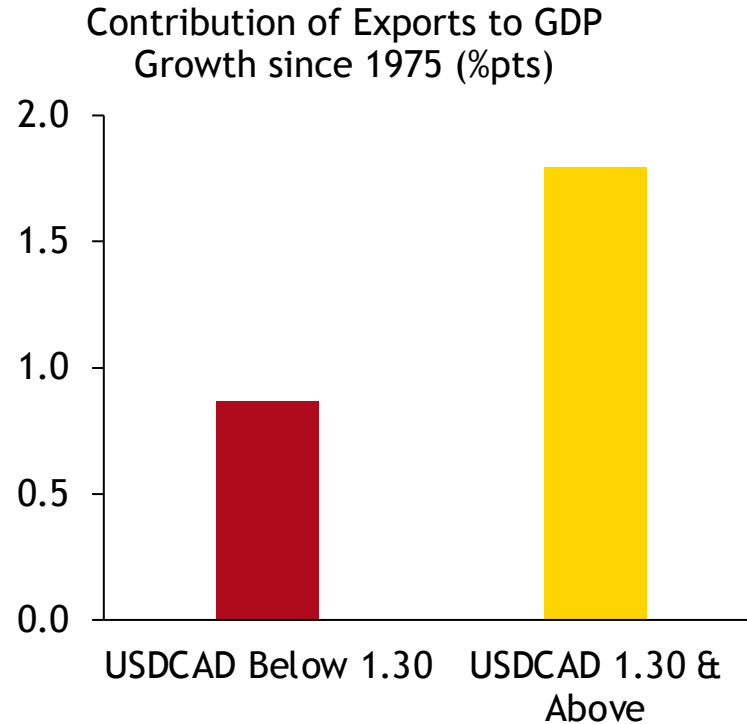
13



Source: Institute for Supply Management, BEA, CIBC







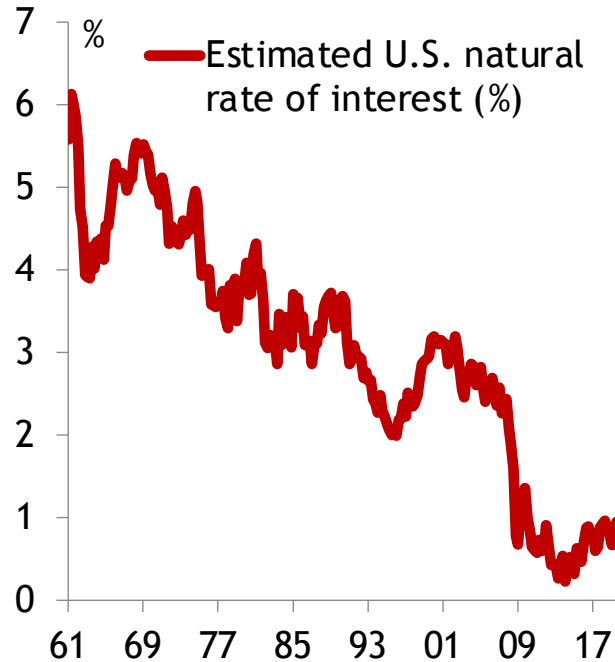
Source: Statistics Canada, CIBC



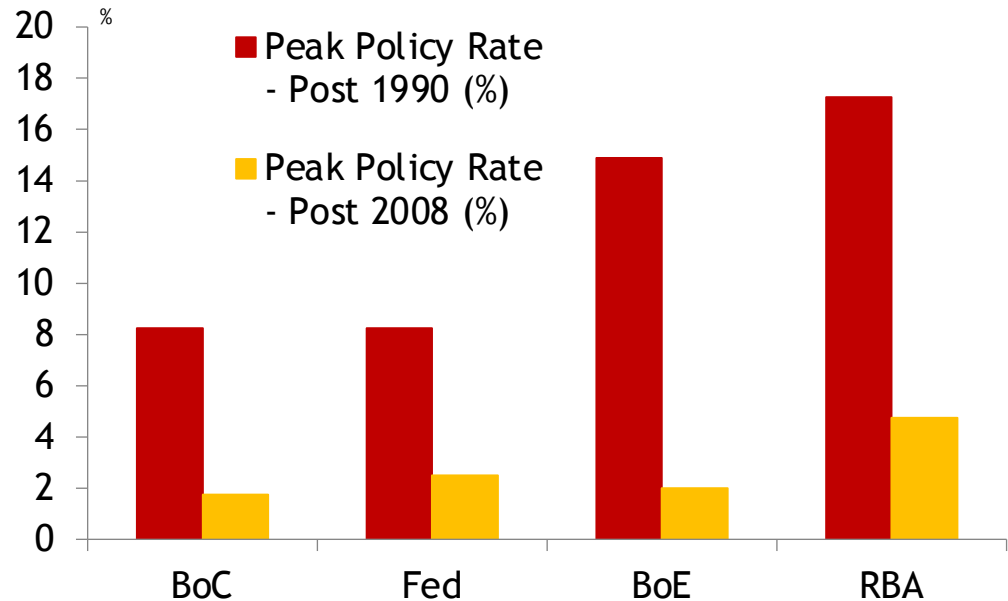


# Bond Sell Off Contained by Low Real Neutral Rate (L) Nominal Peak Policy Rates are Lower These Days (R)

16



Source: Federal Reserve, CIBC Capital Markets

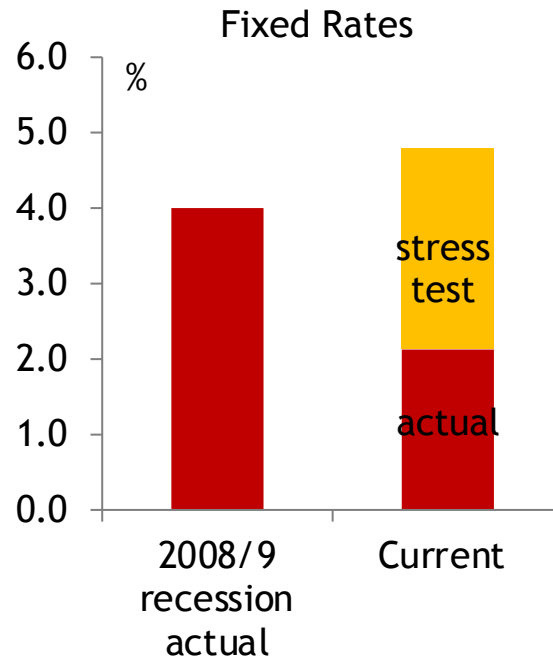
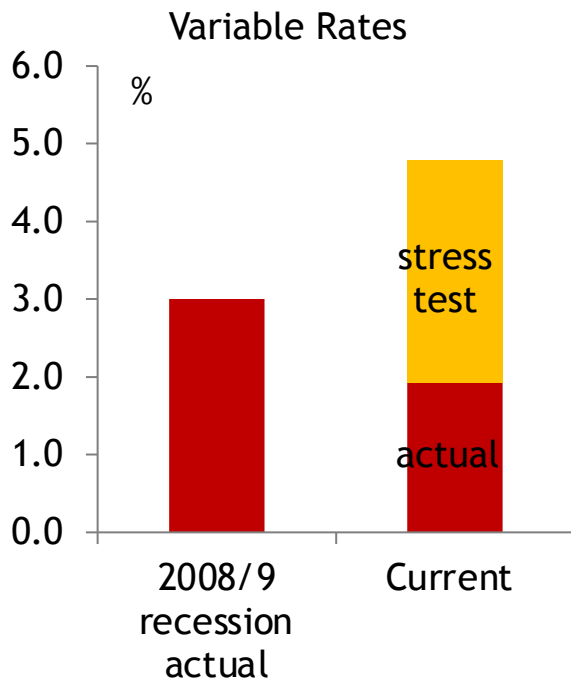


Source: Haver Analytics, CIBC Economics



# Current Stress Test Requirements Bring Qualifying Rates To Higher Levels Than Seen During 2009/09 Recession

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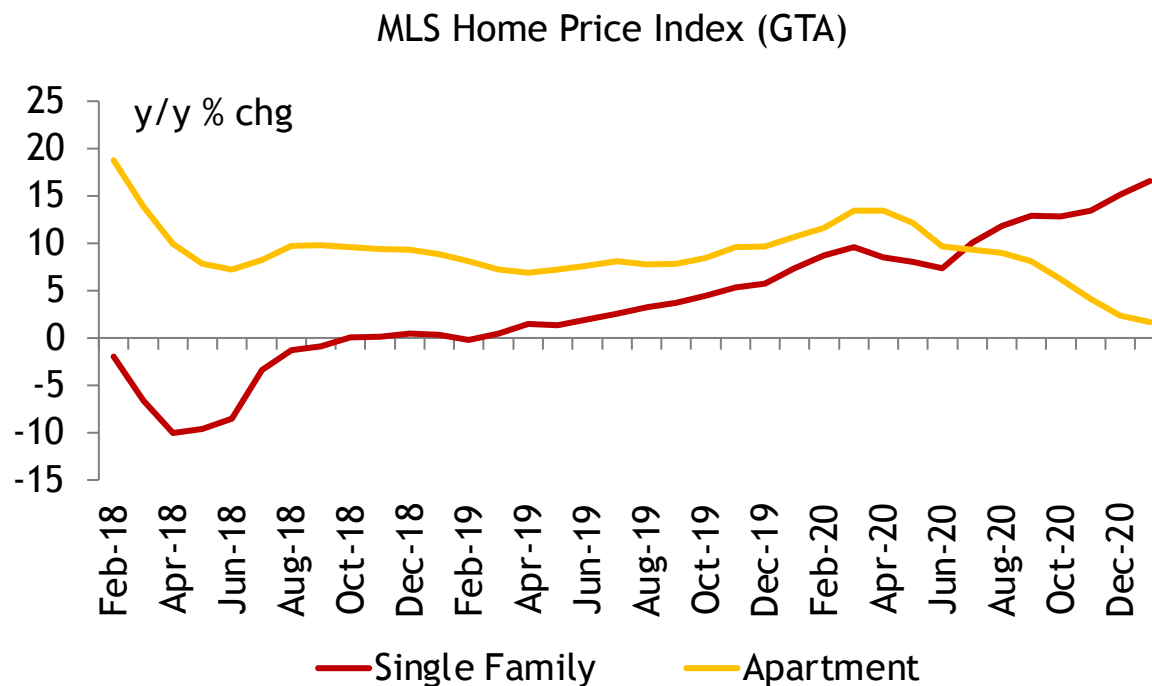


Source: Bank of Canada, CIBC



# Low vs. High Rise: A Tale of Two Markets

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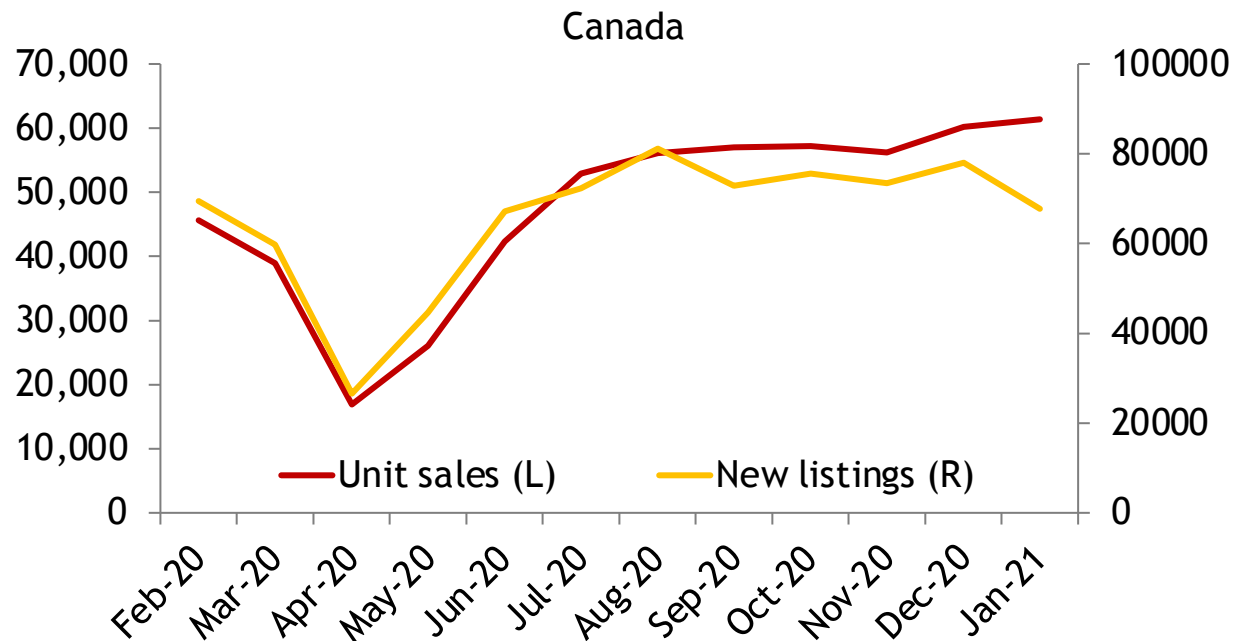


Source: CREA, CIBC



# Resale Housing Market: Limited New Listing

19



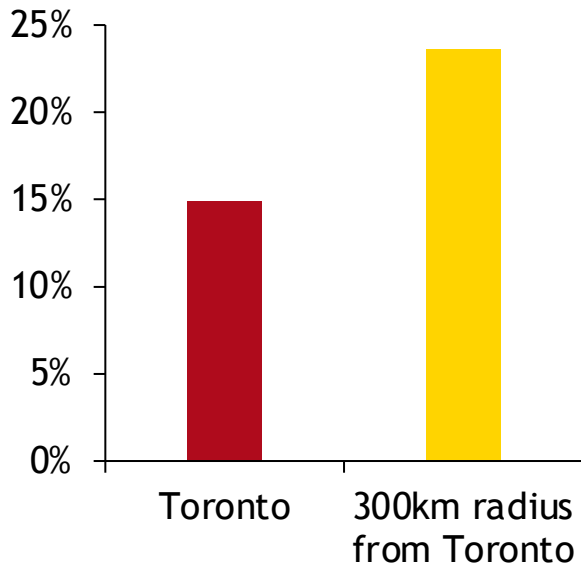
Source: CREA , CIBC



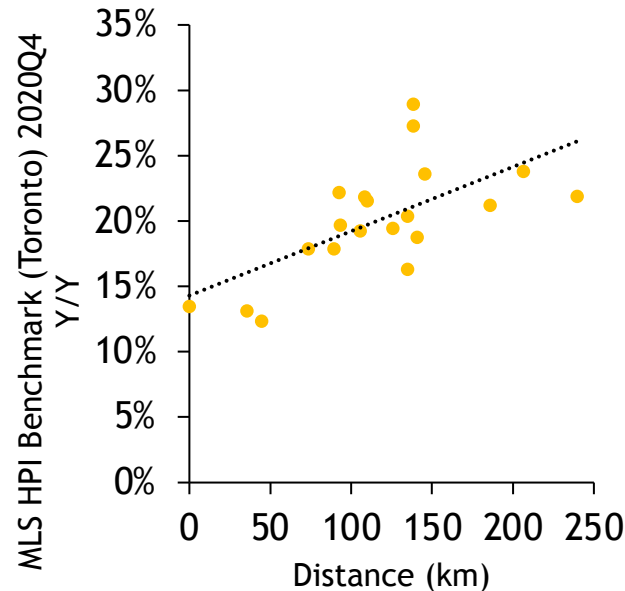
# House Price Inflation Outside of Toronto Has Risen Faster (L); With Houses Further Away Rising Most (R)

20

MLS HPI Benchmark Price,  
Single Family (Y/Y, Dec 2020)

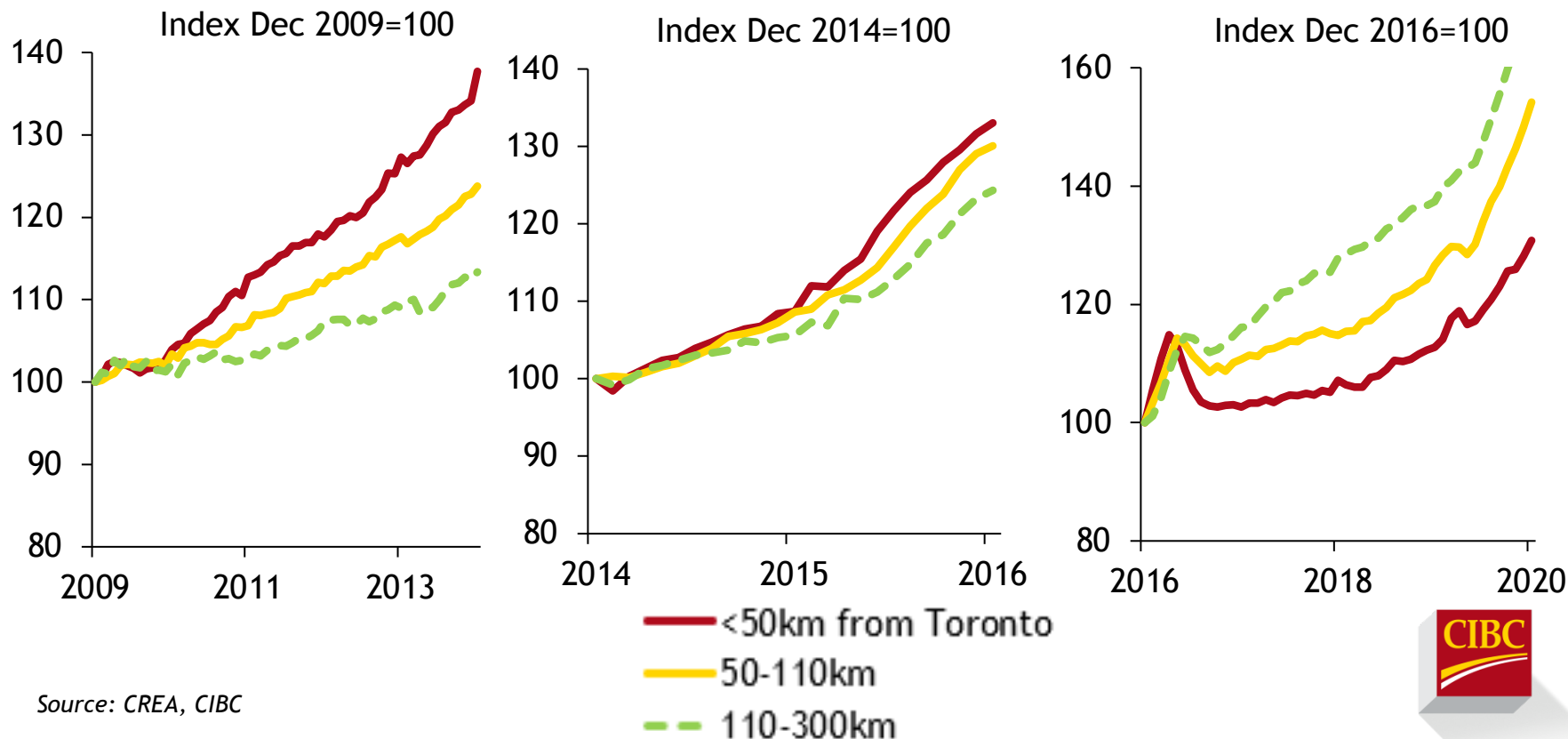


Price Change (Y/Y %) vs Distance  
From Toronto



# The Evolution of Relative Price Performance

21

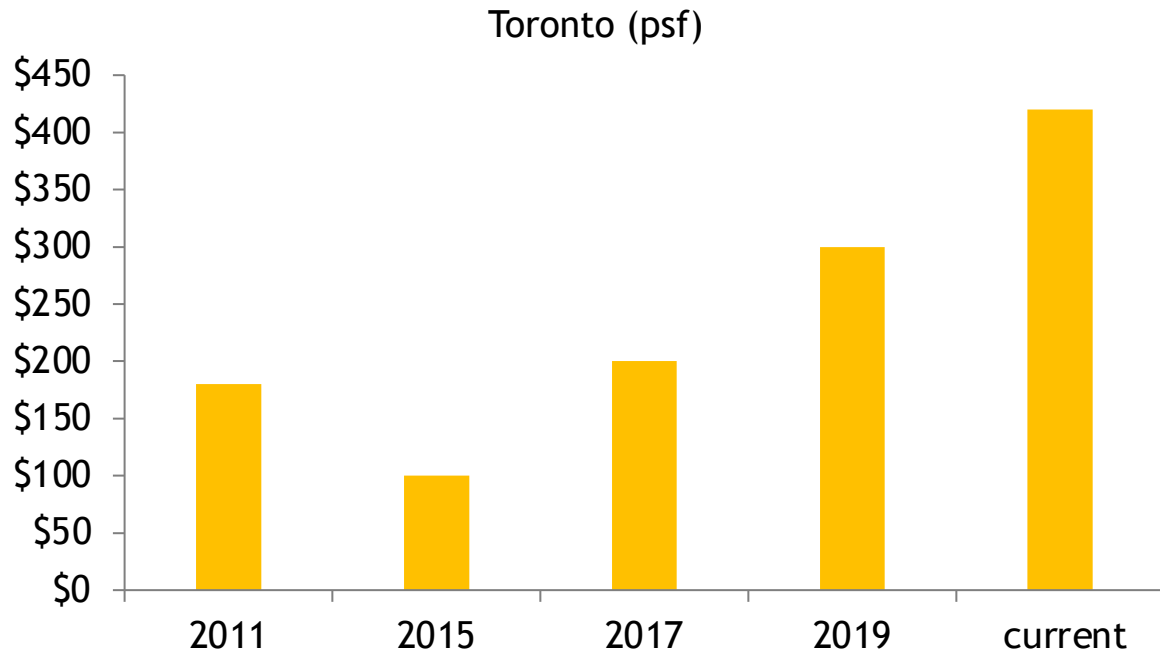


Source: CREA, CIBC



# Gap - New vs. Resale Condo Price

22



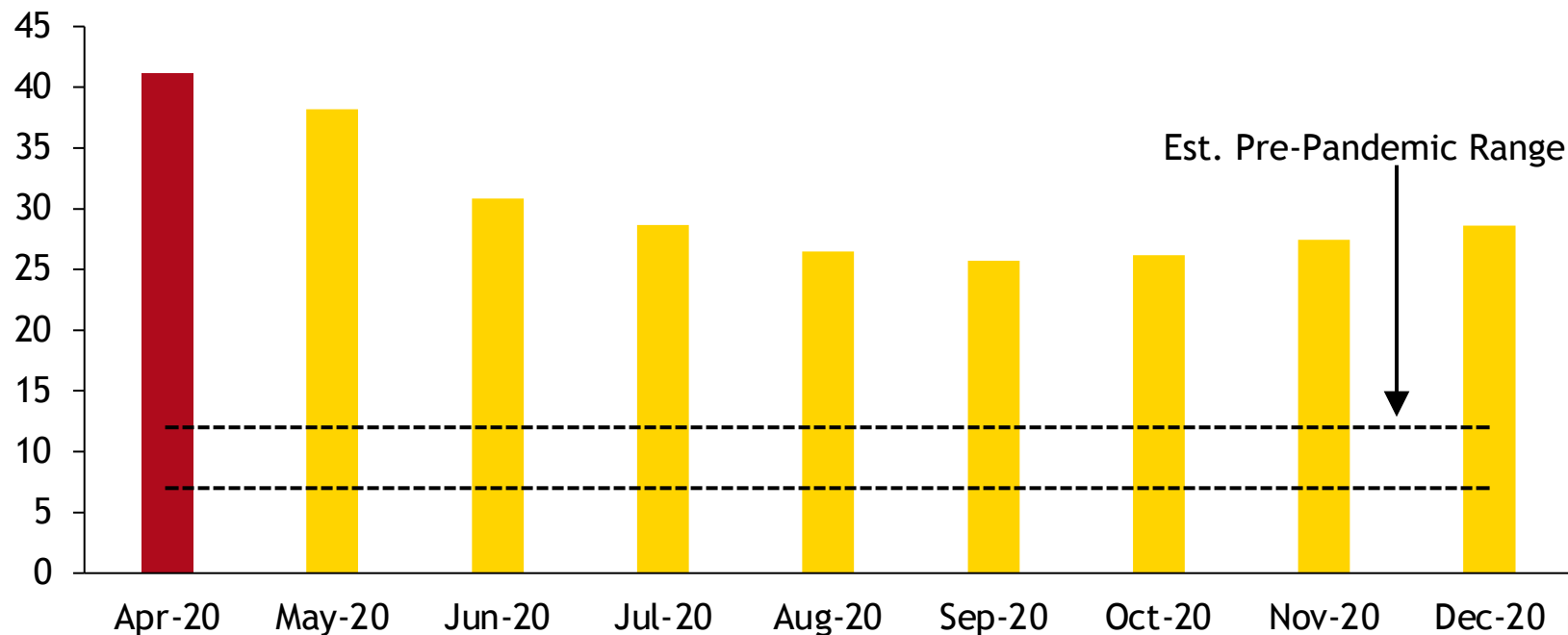
Source: Urbanation, CIBC



# Working From Home Prevalent At the Moment

23

Share of Workers Working From Home (%)



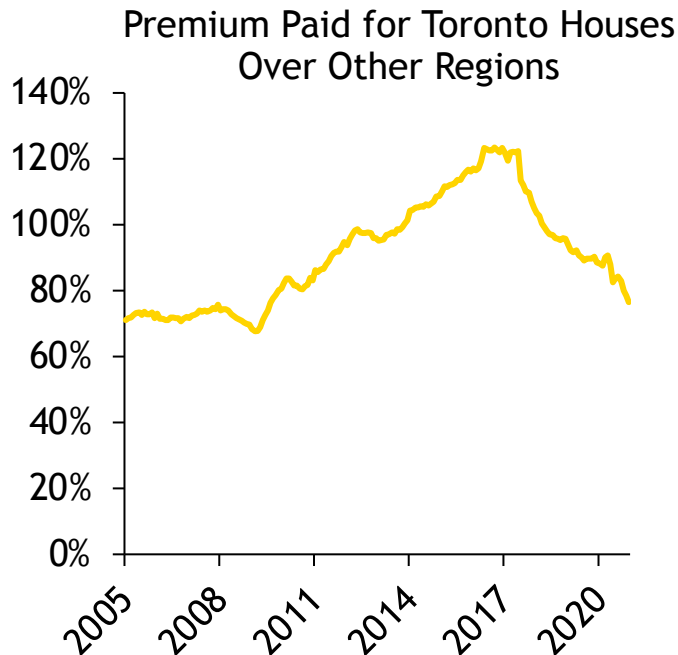
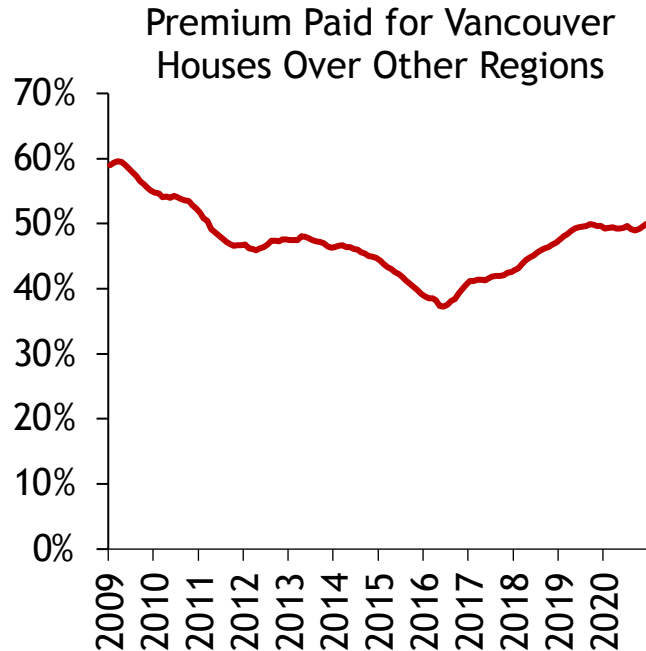
Source: Statistics Canada, CIBC





## Narrowing Gap Between Vancouver and Locales Further Away Reached Resistance in 2016 (L); Toronto Might Be Heading This Way (R)

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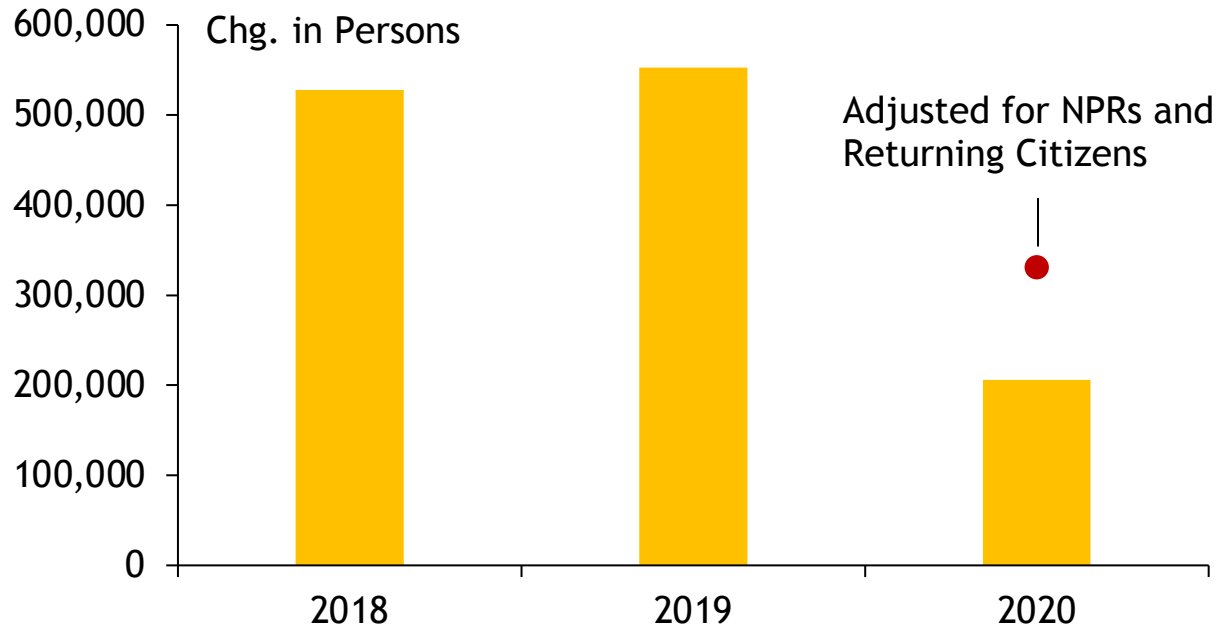


Source: CREA, CIBC



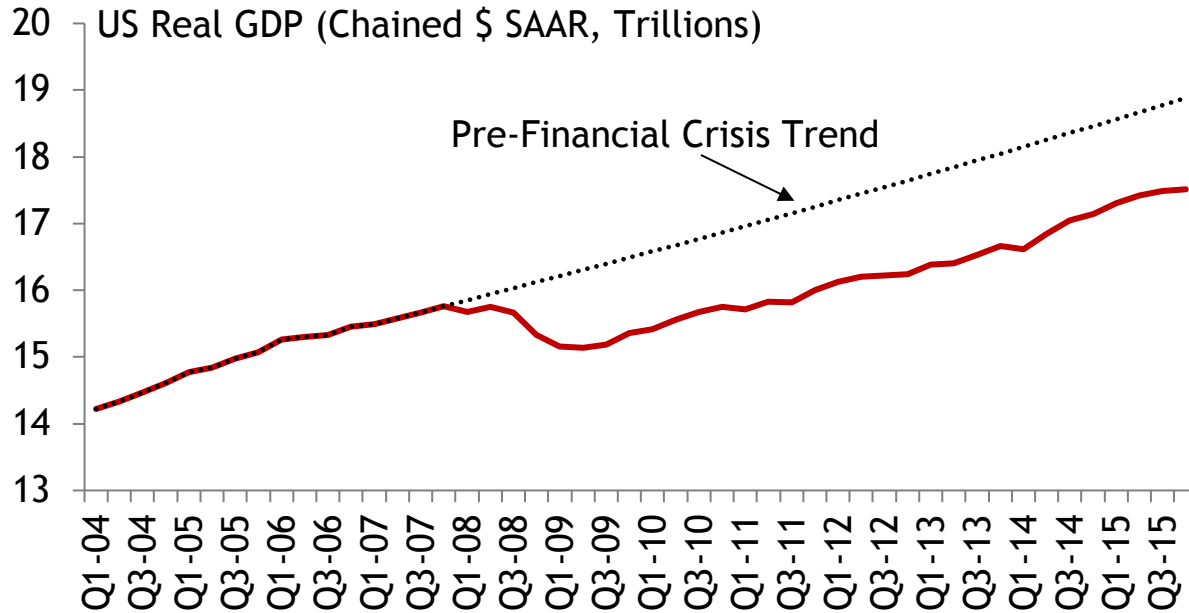
# Population Growth Numbers Not As Bad As Feared After Adjusting For Non-Permanent Residents and Returning Citizens

25



Source: Statistics Canada, CIBC





Source: BEA, CIBC

New York



London



Toronto



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