



What just happened? Where to next?

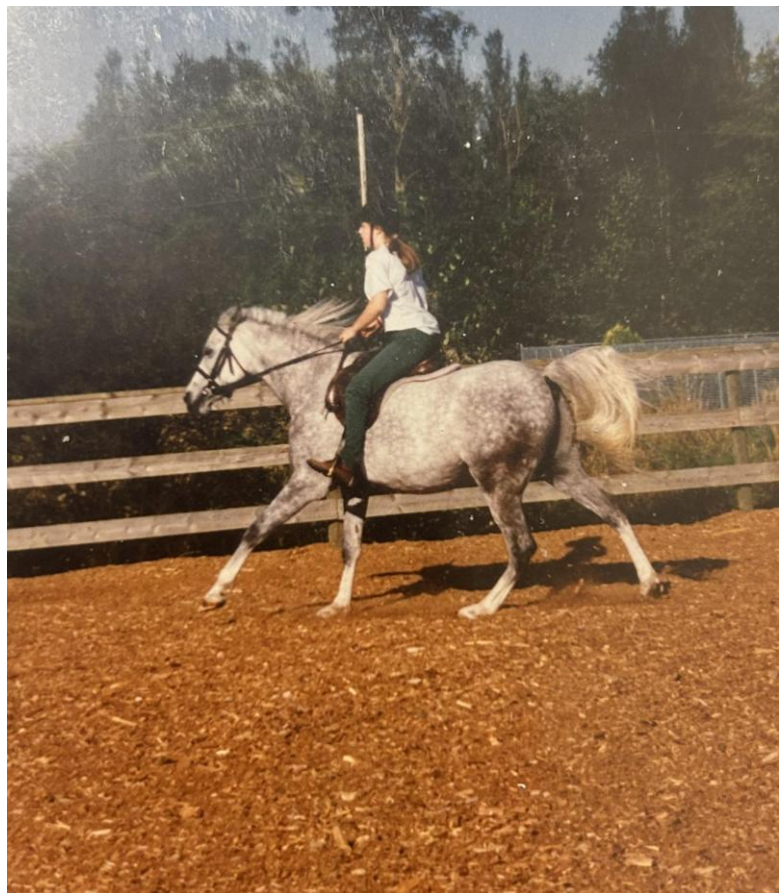
Mark Parsons, Chief Economist

Supply Chain Canada National Conference

Calgary, Alberta

June 12, 2025





Tariff wall

$$\Delta \tau_i = \frac{x_i - m_i}{\cancel{\varepsilon \cdot \varphi} \cdot m_i}$$

Change (Δ) in tariff rate (τ)

Trade deficit

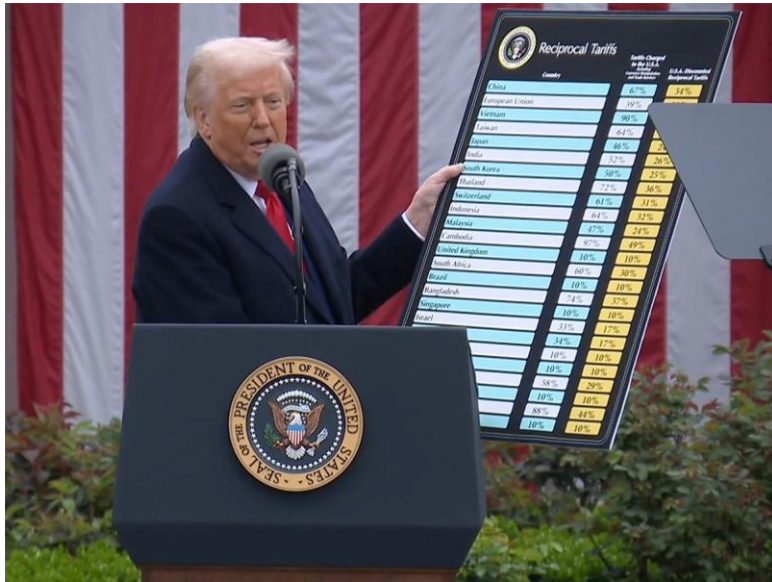
A country's total exports to the U.S.

A country's total imports from the U.S.

Extra symbols that don't affect the calculation

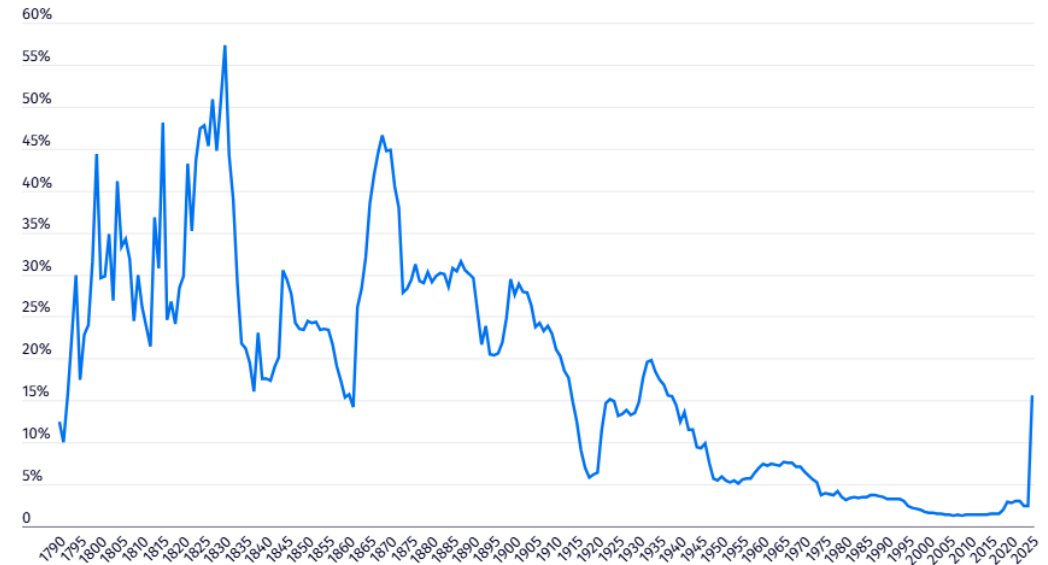
Defined as 1

Total imports



Average effective tariff rate in the U.S. ATB Economics

Through June 1, 2025, Customs duty revenue as a percentage of goods imports



The Budget Lab estimated the effects all US tariffs and foreign retaliation implemented in 2025 through June 1, including the effects of the higher 50% steel & aluminum tariffs announced May 30.

Source: The Budget Lab at Yale University and ATB Economics

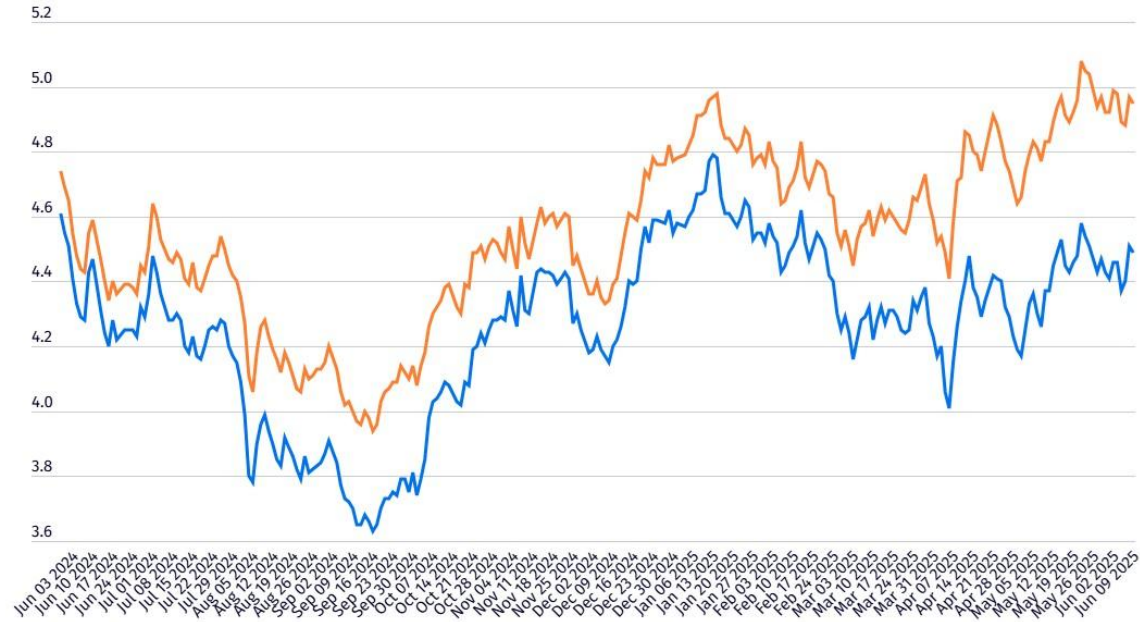
Keep your eye on the bond

Daily U.S. bond yields

At constant maturity, % per annum

ATB Economics

— 10-Year Treasury Note Yield — 30-Year Treasury Bond Yield



Source: U.S. Treasury/Haver Analytics and ATB Economics

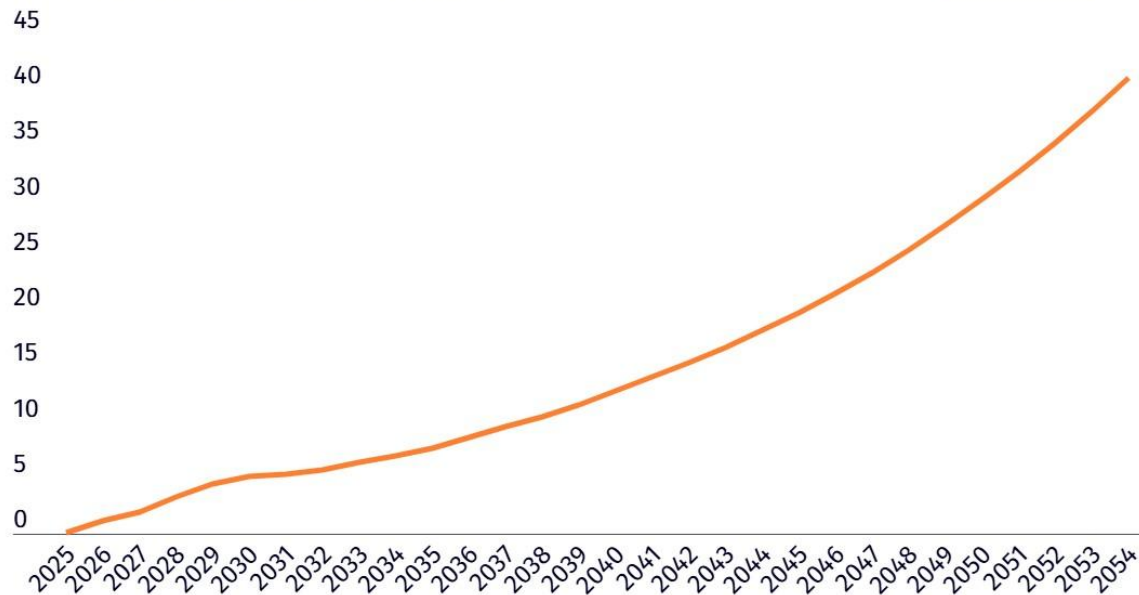


Return of the bond vigilantes?

Impact of Big Beautiful Budget Bill on U.S. Public Debt

% of GDP, Difference from Baseline

ATB Economics



Source: Budget Data Lab, Yale and ATB Economics



Tariff legal challenge



"I didn't start my company with the idea of, like, I'm going to sue the president of the United States some day,"

"That was not my goal in life. I just wanted to bring in really nice wine to sell to people that enjoyed them."

Victor Schwartz, Owner VOS Selections

Photo credit:

[Victor Schwartz didn't go looking for a fight with Trump, but now, he's the face of the war on tariffs | CBC News](#)



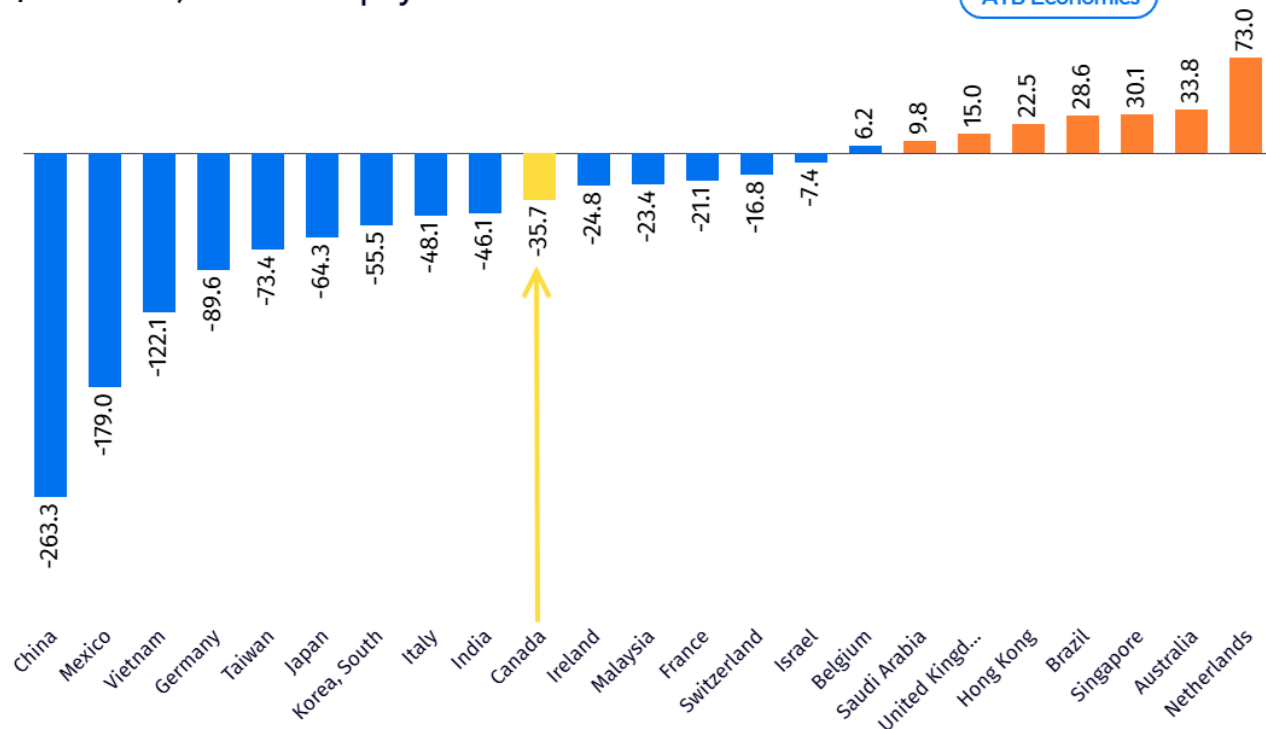
Photo credit: Fortune, June 7
Chris Unger—Zuffa LLC via Getty Images

Canada - U.S. trade: Looks balanced to me

U.S. goods and services trade balance in 2024

\$US billion, balance of payments basis

ATB Economics



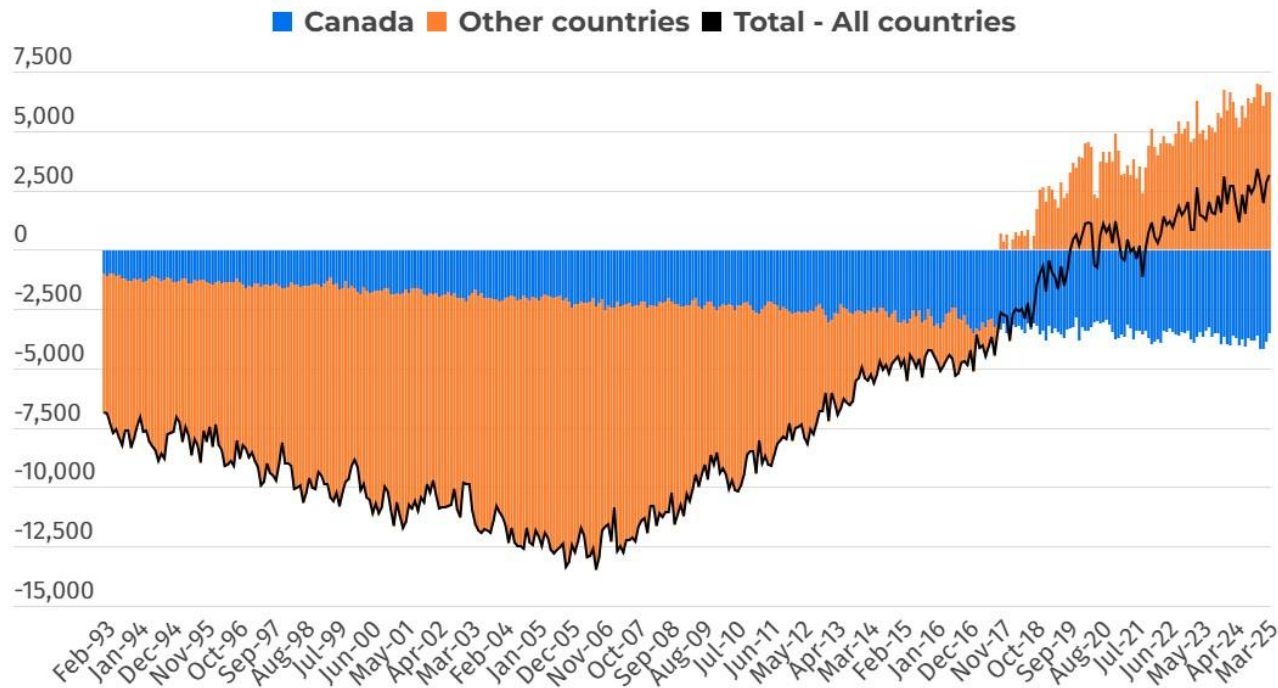
Source: U.S. Census Bureau and ATB Economics

Enabling U.S. energy exports

U.S. Net Exports of Crude Oil and Petroleum Products

Thousand barrels per day

ATB Economics



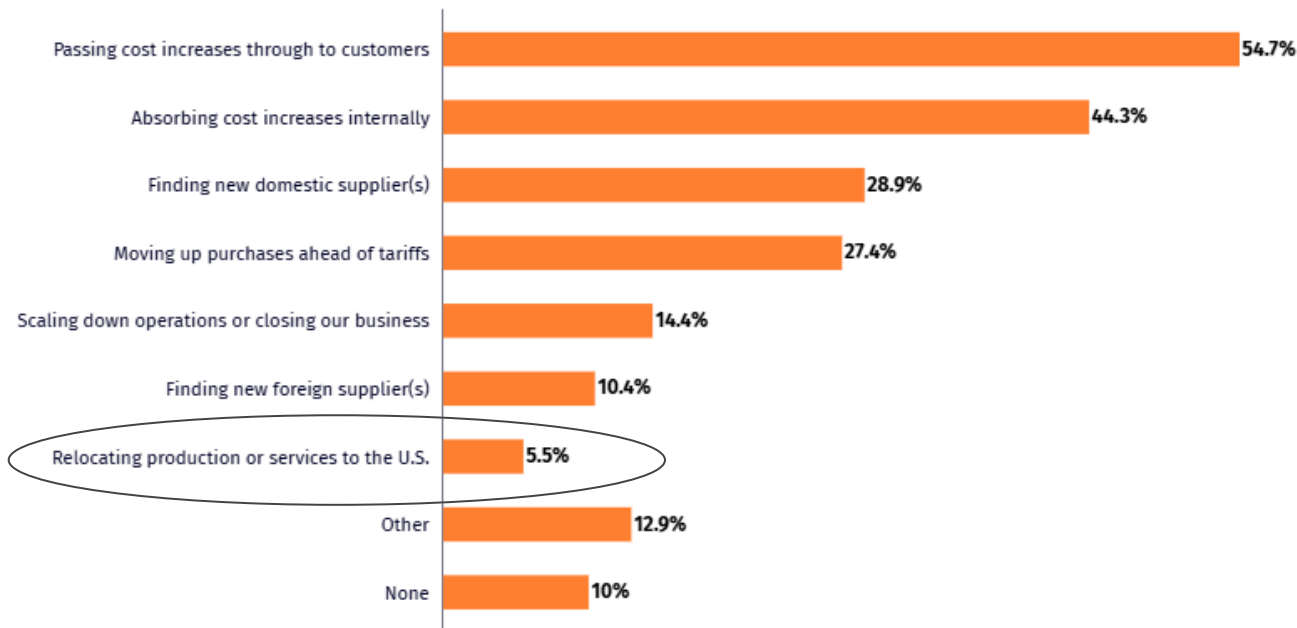
Source: U.S. EIA and ATB Economics



Reshoring jobs - not so fast

Responding to tariffs, Texas Business Survey

What actions, if any, are you taking (or planning to take) in response to higher tariffs? Please select all that apply.



Data were collected April 15–23, 2025 from 356 Texas business executives. There were 201 responses to this question as it was only posed to those who answered “Yes, negative impact” to “Do you expect higher tariffs to impact your business this year?”

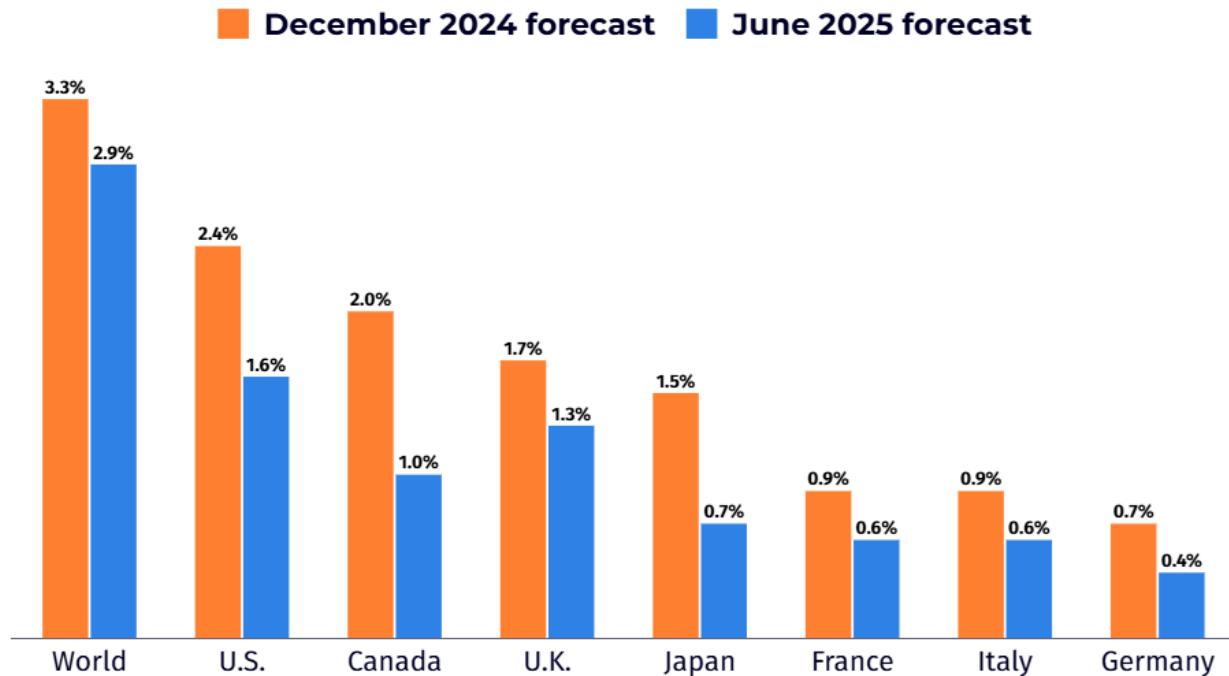
Source: Federal Reserve Bank of Dallas, Texas Business Outlook Survey and ATB Economics

Growth downgrade

OECD economic forecast for 2025

G7 countries and global economy

ATB Economics



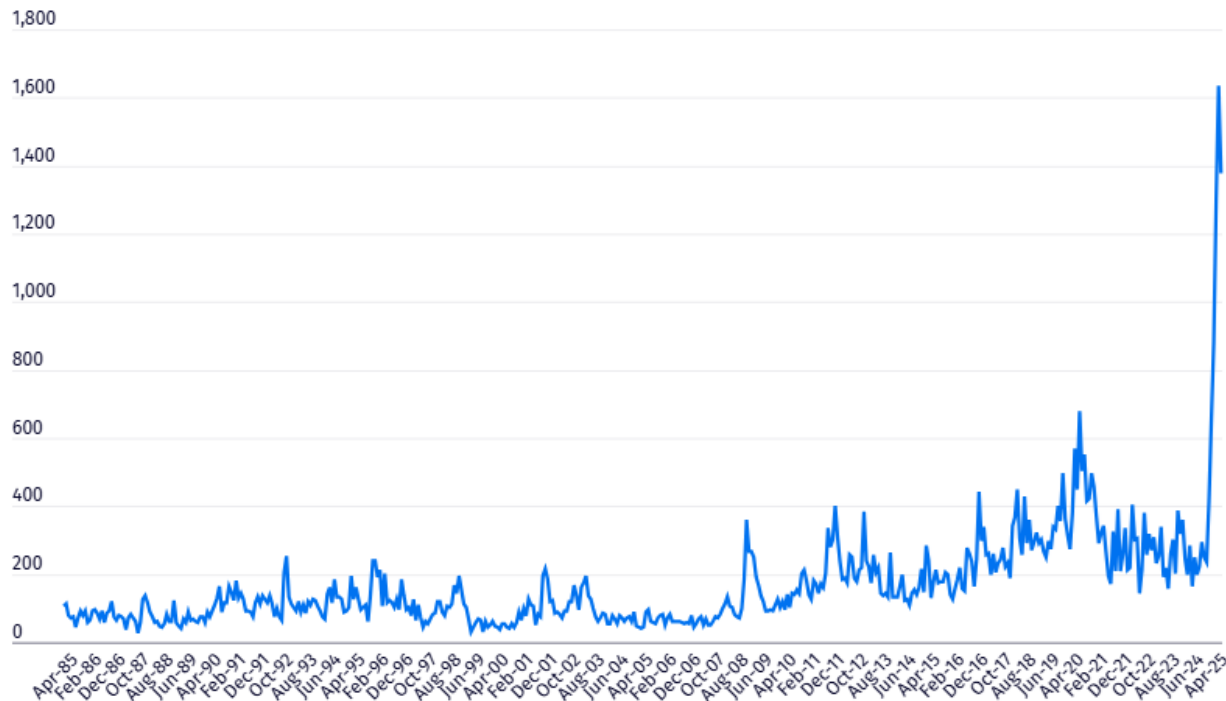
Source: OECD Economic Outlook December 4, 2024 and June 3, 2025 and ATB Economics

Uncertainty overdrive

Economic Policy Uncertainty Index

ATB Economics

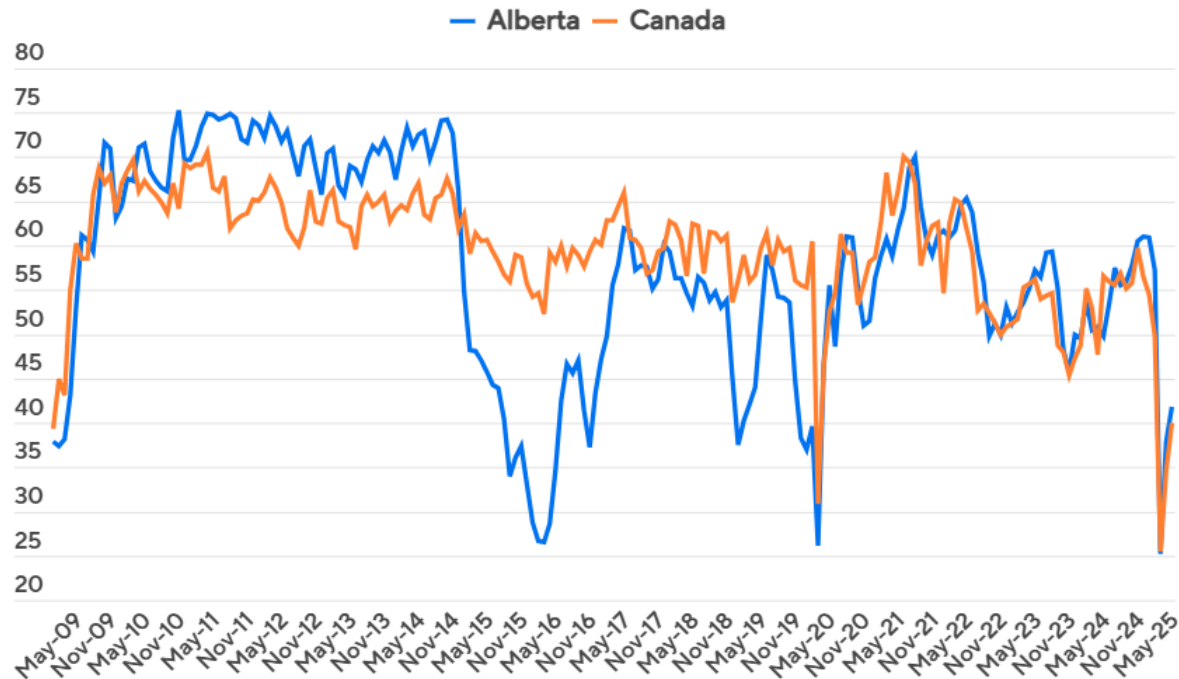
Canada, monthly, not seasonally adjusted



Source: Baker, Scott R., Bloom, Nick and Davis, Stephen J., Economic Policy Uncertainty Index for Canada, retrieved from FRED, Federal Reserve Bank of St. Louis; ATB Economics

Small business confidence: CFIB Business Barometer 12-month outlook

ATB Economics



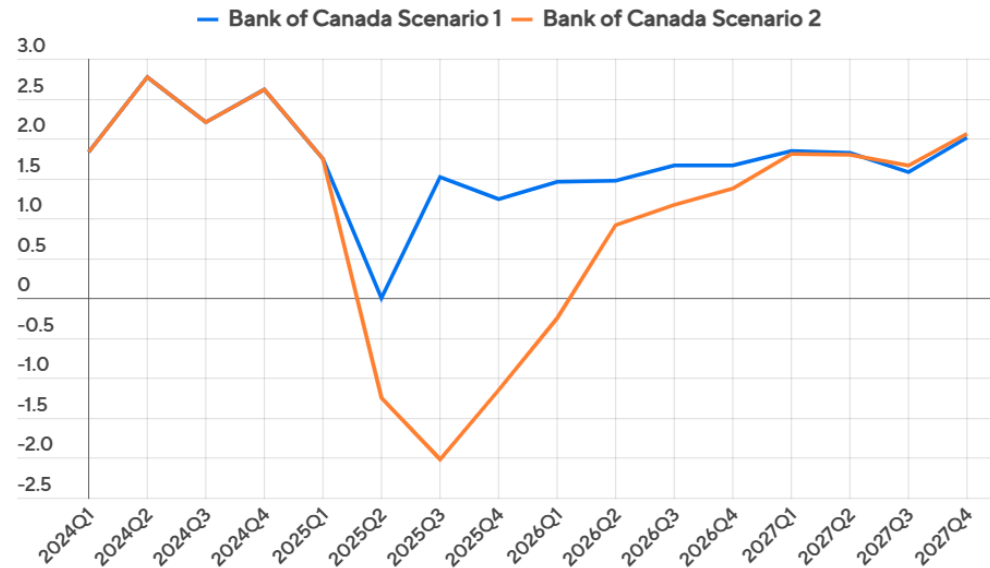
Source: Canadian Federation of Independent Business, Business Barometer® Data Table

Choose your scenario

Economic growth in Canada

% change in real GDP from previous quarter

ATB Economics



Source: Bank of Canada, Monetary Policy Report, April 2025 and ATB Economics



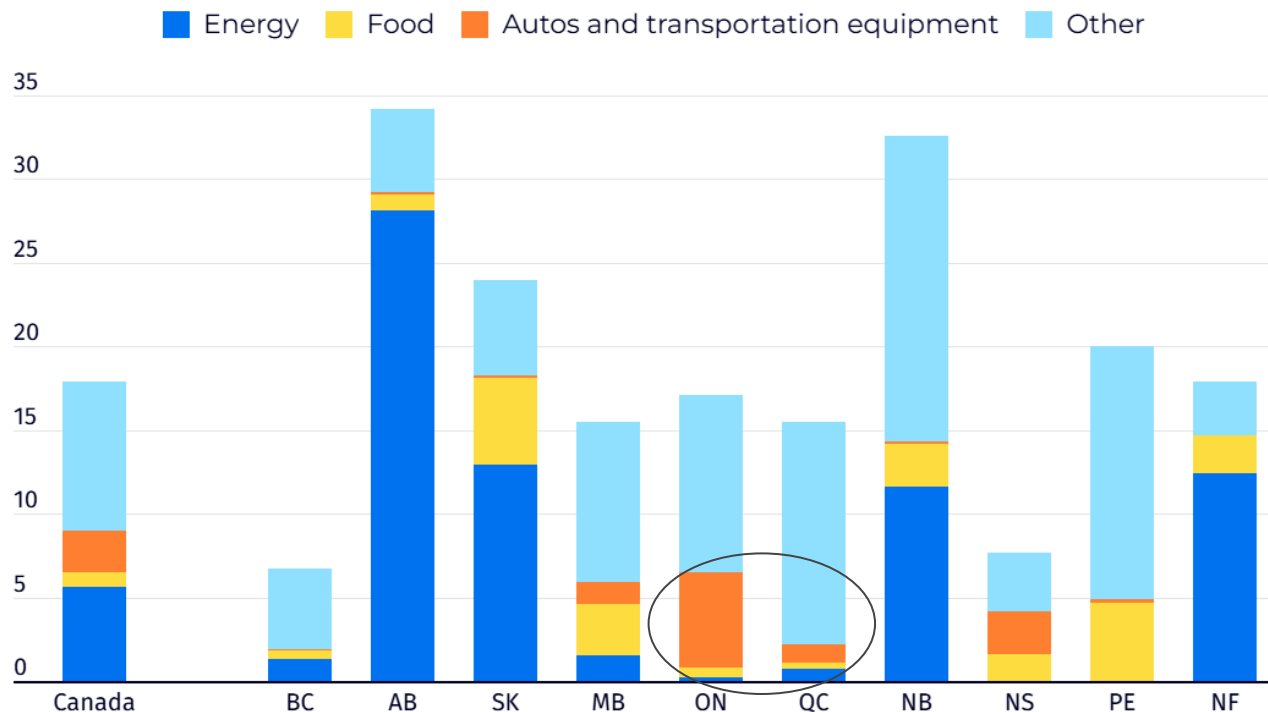
“Pervasive uncertainty makes it unusually challenging to project GDP growth and inflation in Canada and globally.”

Bank of Canada
April 16, 2025

What's your (tariff) exposure?

Merchandise exports to the U.S. in 2024 % of nominal GDP

ATB Economics



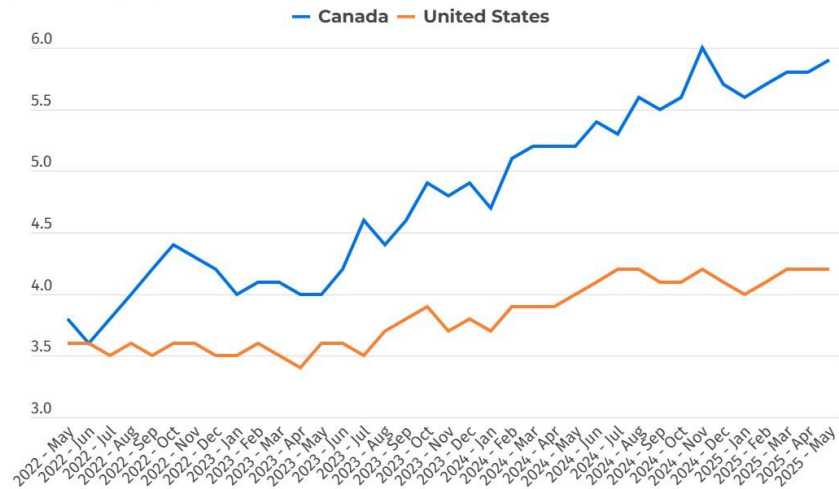
Source: Statistics Canada Table 12-10-0175-01, 36-10-0104, The Conference Board of Canada and ATB Economics

Bank of Canada: Why wait?

Comparable unemployment rates

%, seasonally adjusted

ATB Economics

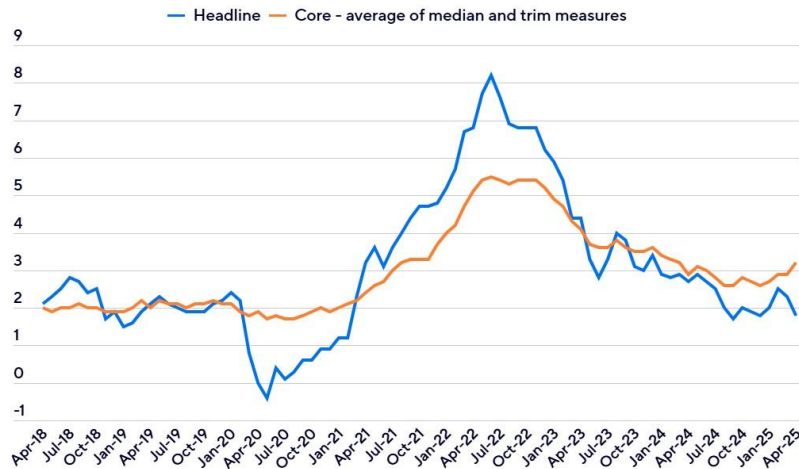


Source: Haver Analytics and ATB Economics

Inflation in Canada

Year-over-year % change in the monthly Consumer Price Index

ATB Economics

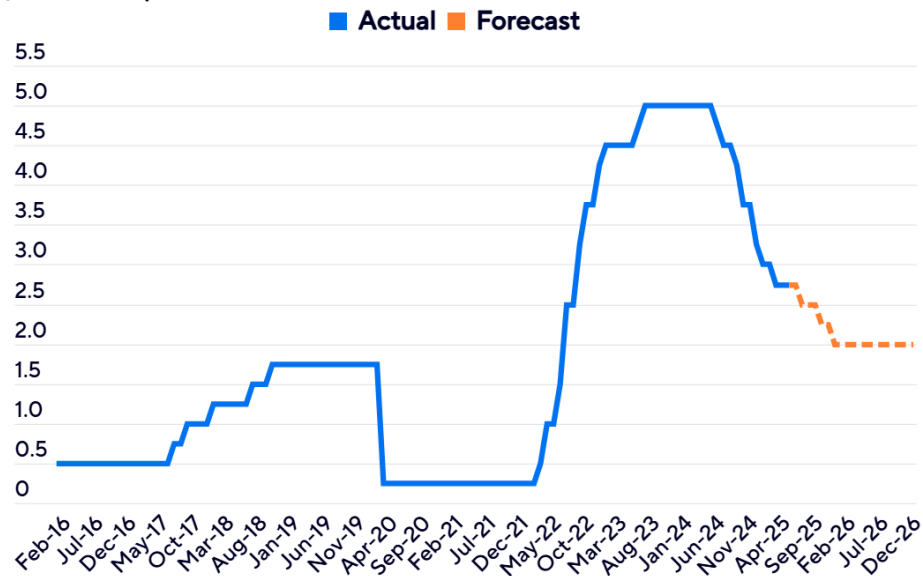


Source: Statistics Canada Table 18-10-0006 and ATB Economics

Central bank not to the rescue

Bank of Canada policy interest rate

%, end of period



Assumes 25-basis point cuts in July 2025, October 2025 and December 2025.

Source: Bank of Canada/Haver Analytics and ATB Economics



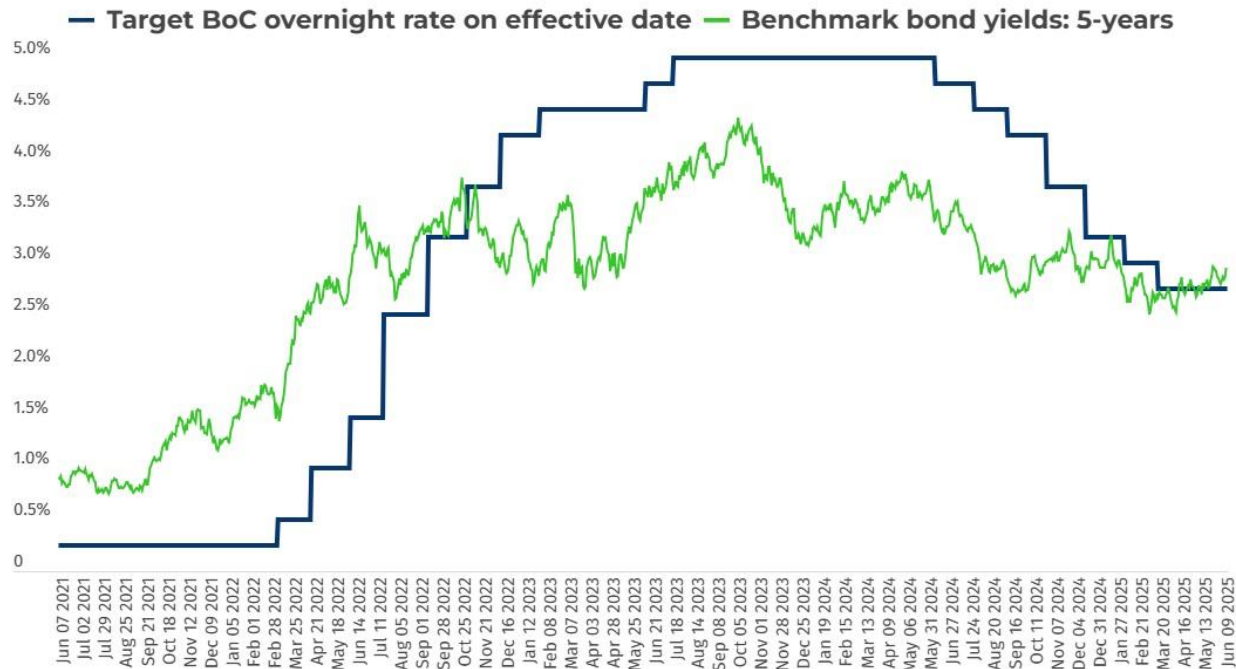
“Monetary policy cannot resolve trade uncertainty or offset the impacts of a trade war.”

Bank of Canada
April 16, 2025

Lower and higher

Bond yields and the policy interest rate in Canada

ATB Economics

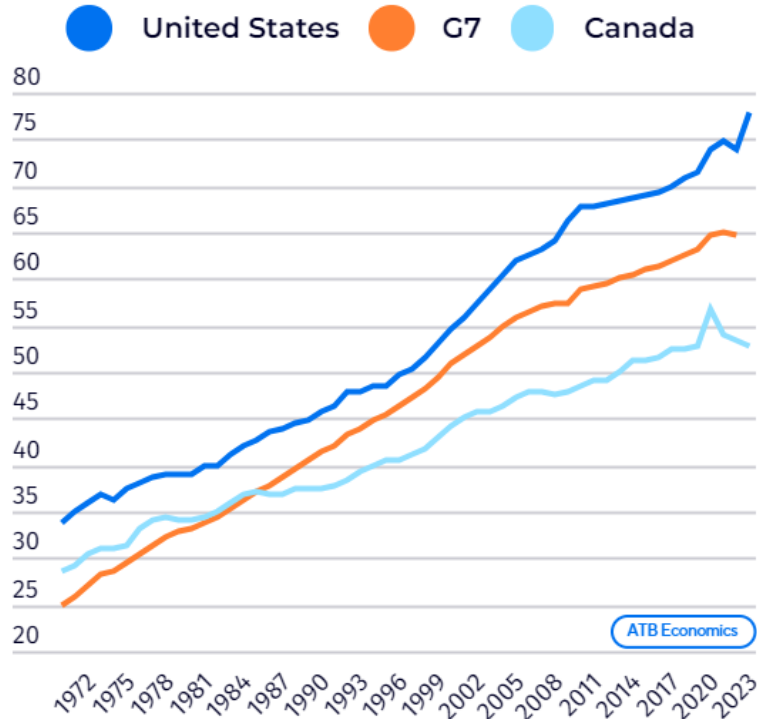


Source: Bank of Canada/Haver Analytics and ATB Economics

Before Trump 2.0 - Productivity crisis

Productivity in Canada, the U.S. and the G7

GDP per hour worked, USD, constant prices, 2015 PPP



PPP=Purchasing power parity; G7 figure for 2023 not available
Source: OECD Data Explorer and ATB Economics



“ I’m saying that it’s an emergency—it’s time to break the glass. I’ve used some pretty grim statistics to support my point.”

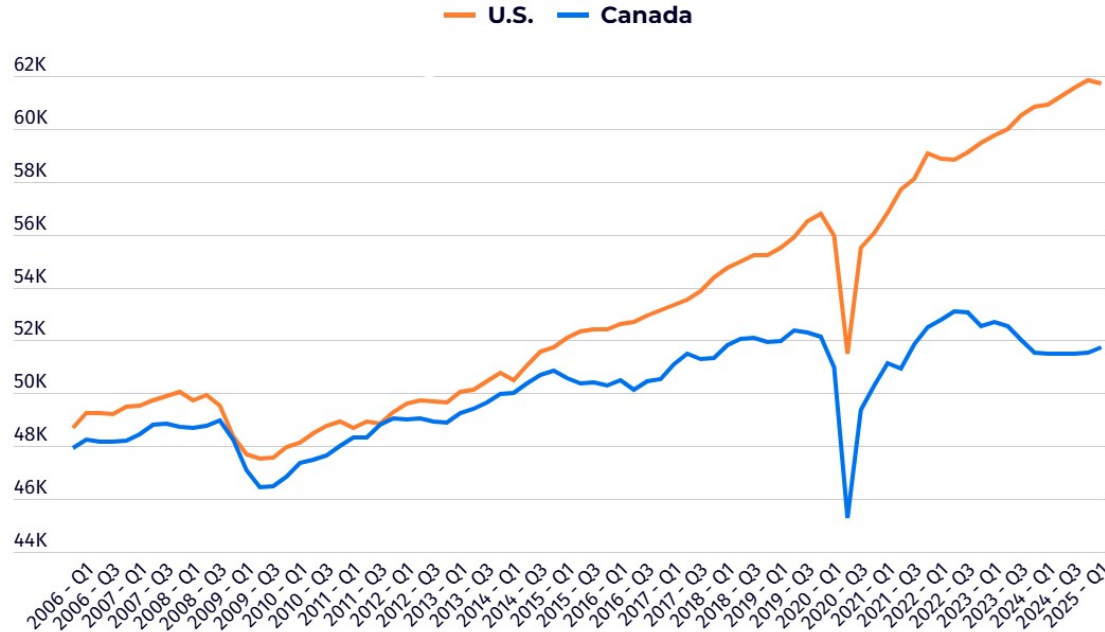
Carolyn Rogers,
Senior Deputy Governor of the Bank of
Canada
March 26, 2024

Before Trump 2.0 - Growing sideways

GDP per capita

SAAR, 2010 US\$ Prices & Exchange Rates

ATB Economics



Source: U.S. BEA/Statistics Canada/Haver Analytics and ATB Economics



Missing ingredients

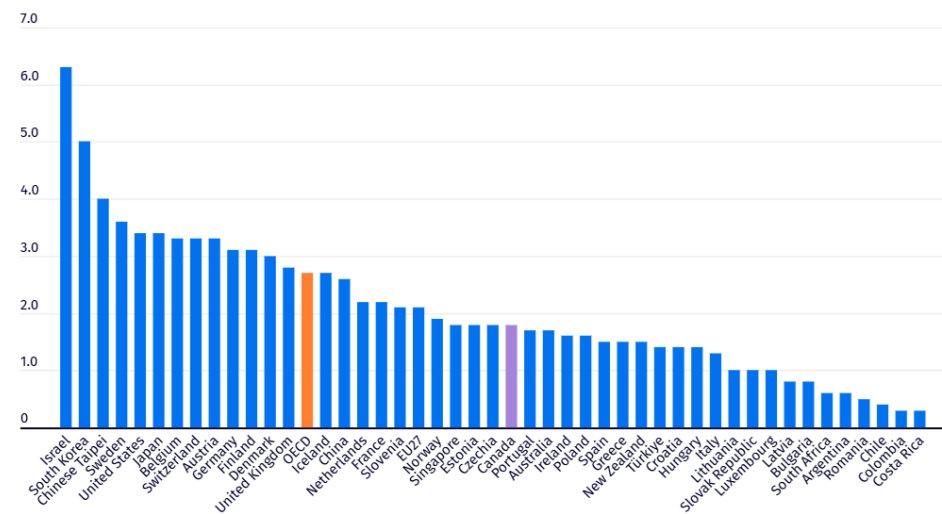
Real business investment* per capita in Canada

\$2017 thousands, Quarterly, Seasonally Adjusted at Annual Rate



*Private investment in non-residential structures, machinery and equipment and intellectual property. Last data point is Q1 2025. Source: Statistics Canada and ATB Economics

Gross domestic expenditures on R&D as a percentage of GDP, 2023 (or latest year available)



Source: OECD and ATB Economics

“It's me, hi. I'm the
problem, it's me.”

—**“Anti-Hero”** by Taylor
Swift



Wake-up call



“B.C. fast-tracking 18 resource projects to reduce reliance on United States”

[CBC, February 5](#)



“Ontario, Manitoba agree to boost interprovincial trade, facing U.S. tariff crunch” [CBC, May 14](#)



“Quebec’s openness to pipeline projects a ‘massive breakthrough’”

[CTV, May 19](#)

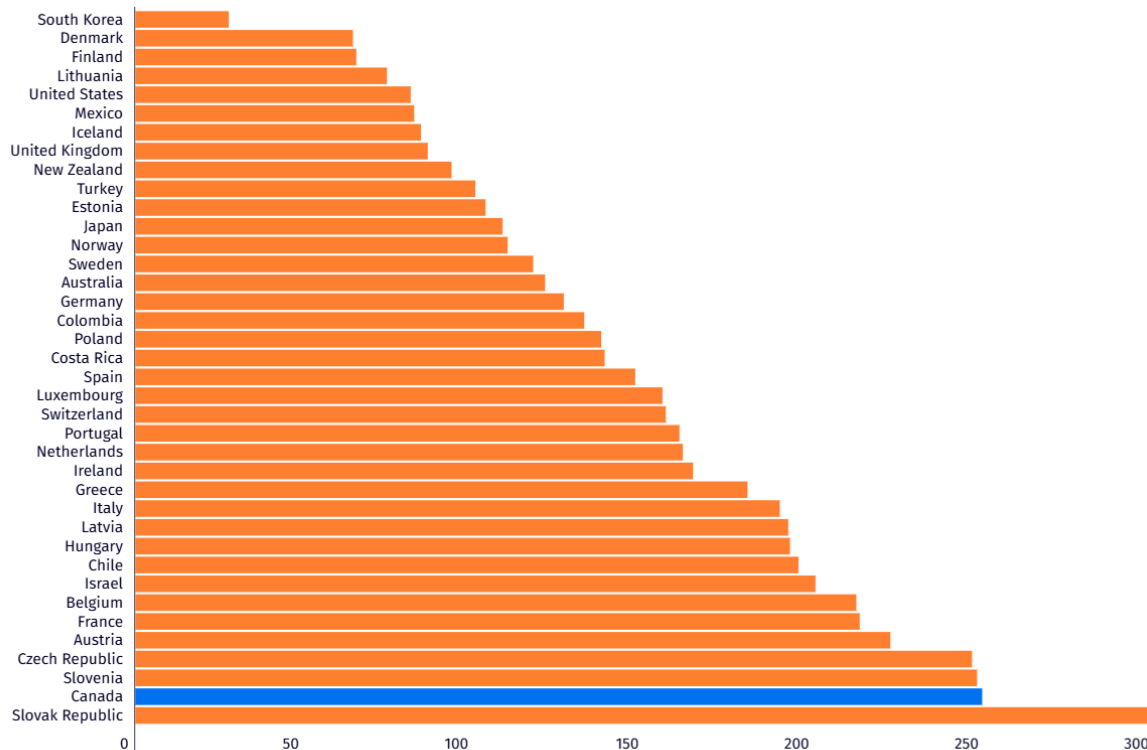
Hunting for easter eggs



Moving faster

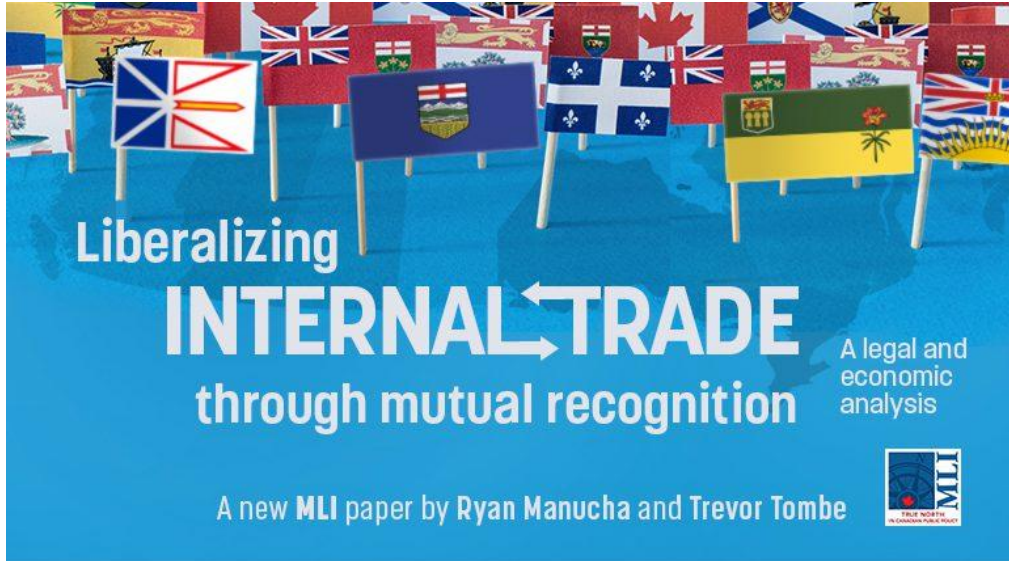
Time to obtain a general construction permit, OECD countries, 2019

Time in days



Source: World Bank and ATB Economics

Inside our borders



**“That's just free money lying there
on the sidewalk and everybody's
refusing to pick it up”**

Stephen Poloz,
Governor of the Bank of Canada
January 9, 2020



Photo credit: Calgary Herald, May 24 (Chris Varcoe)



Photo credit: Calgary Herald, May 24 (Chris Varcoe)

“This is basic economics:
comparative advantage.
We’re better at energy,
forestry and mining than most
of the world”

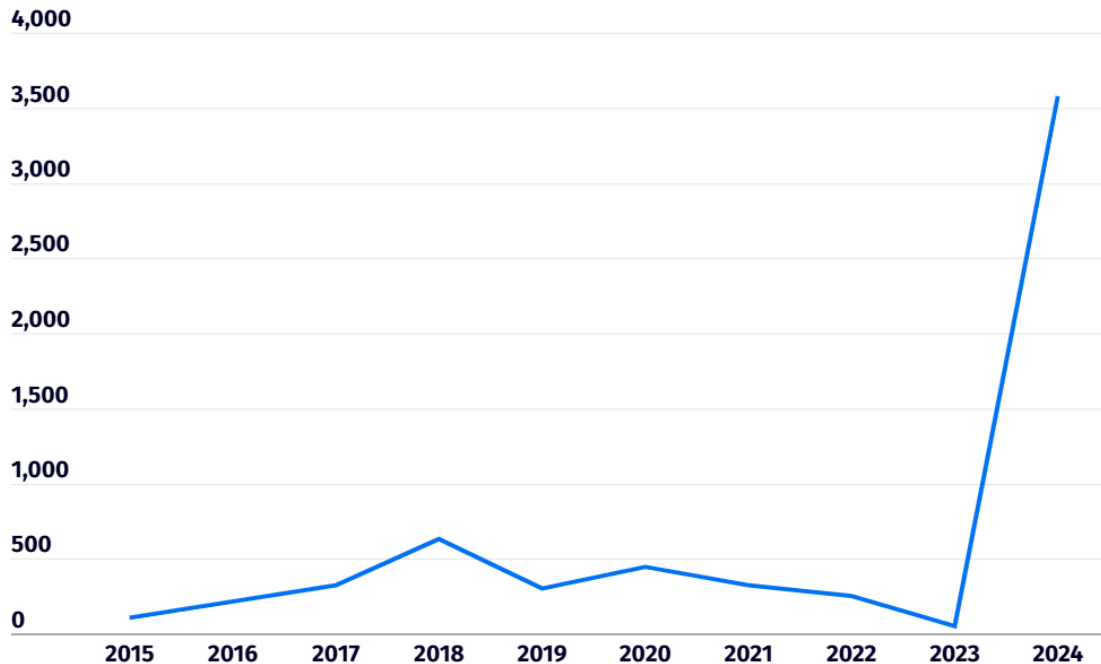
Minister Tim Hodgson
Calgary, Alberta
May 23, 2025

'Build baby build'

Canadian exports of crude oil to Asia

ATB Economics

\$ million



HS Code 2709 (crude oil)

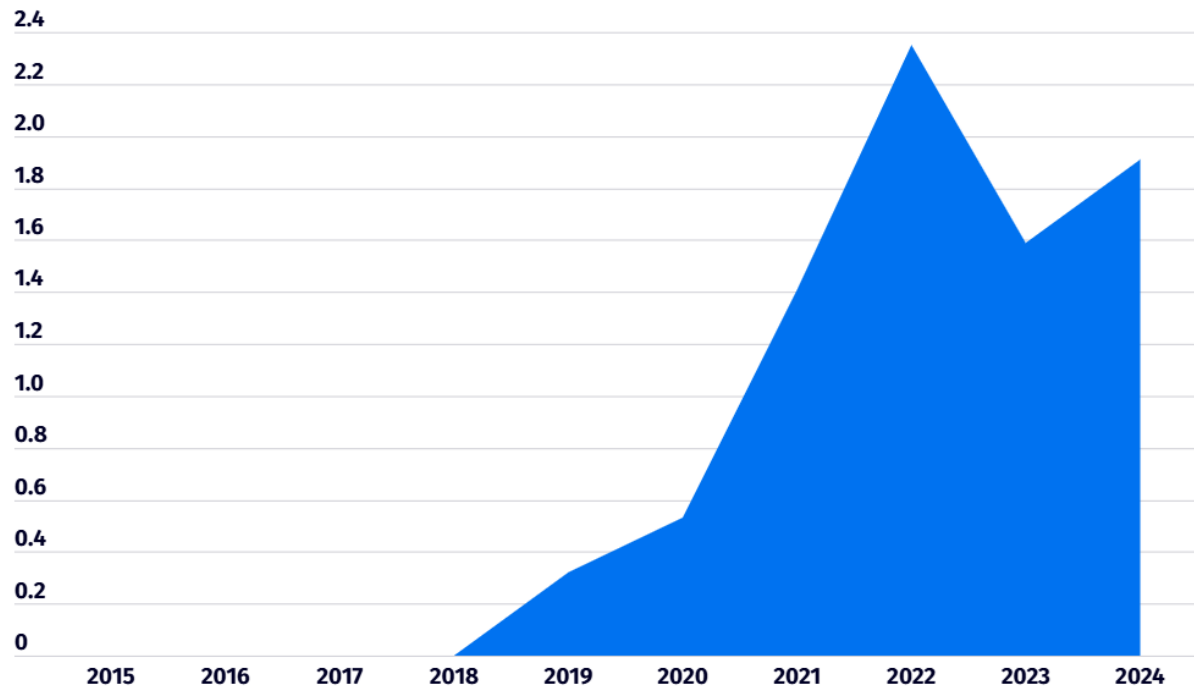
Source: Trade Data Online and ATB Economics



'Build baby build'

Canadian liquified petroleum gas (LPG) exports to Asia \$ billion

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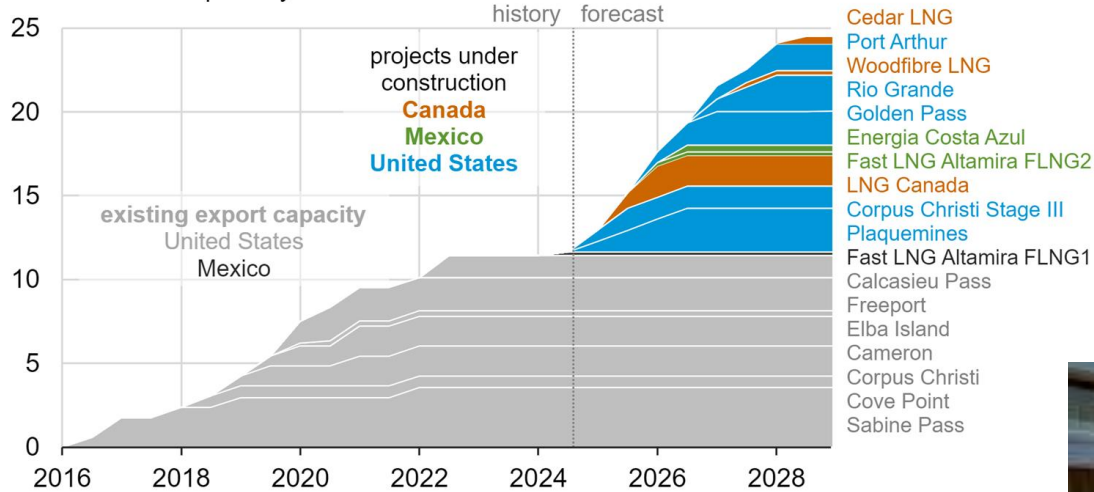
Source: Trade Data Online and ATB Economics



'Energy superpower' promises

North America liquefied natural gas export capacity by project (2016–2028)

billion cubic feet per day



Gateway to the North



Image Source: Arctic Gateway Group
<https://www.arcticgateway.com/port-of-churchill>

Ring of Fire



Ontario to make Ring of Fire a special economic zone 'as quickly as possible': Ford

Financial Post, June 6 (photo)

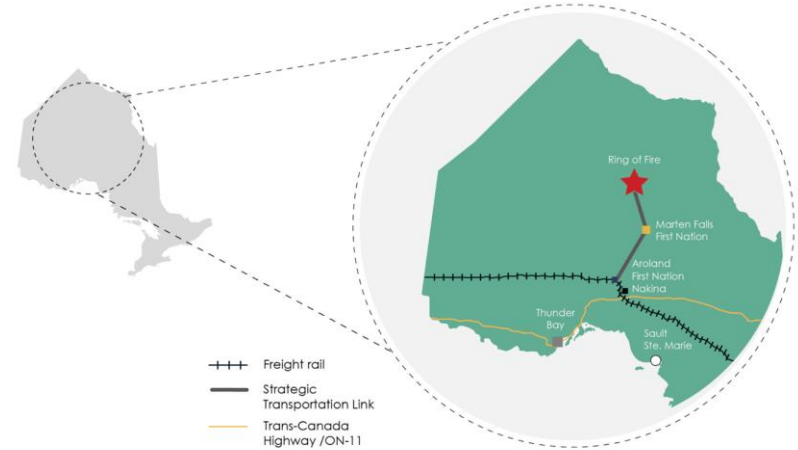


Image Source: OREA

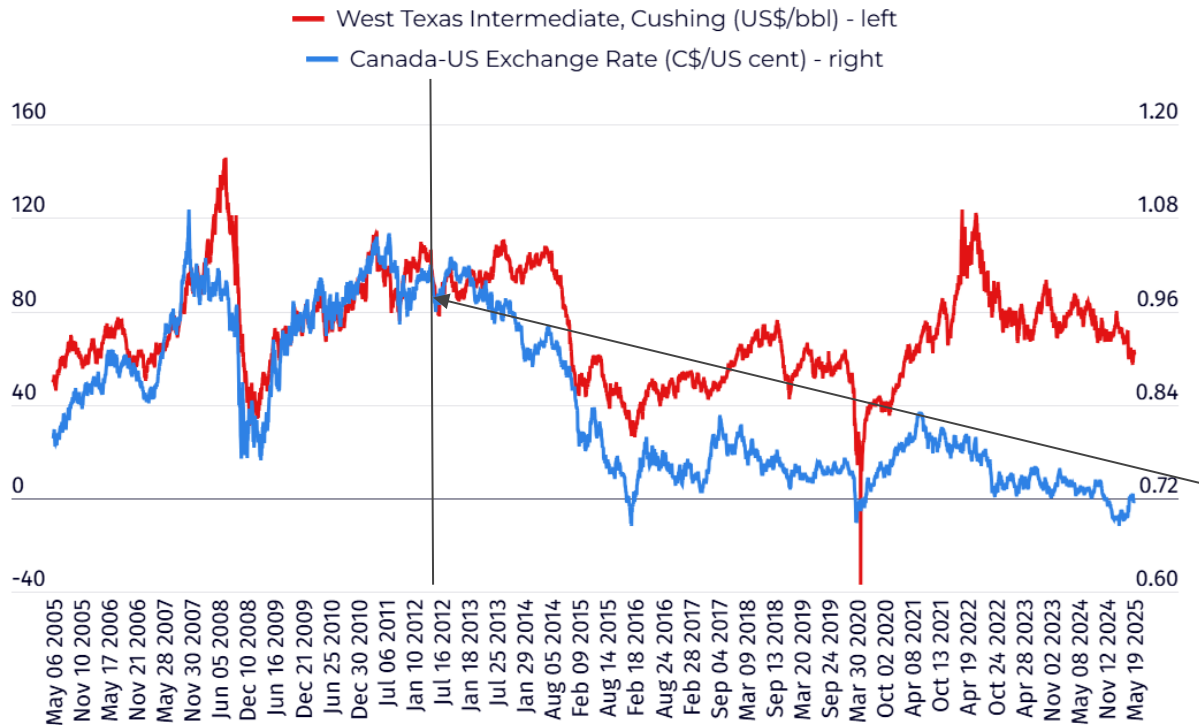
<https://top10projects.ca/project/a-strategic-transportation-link-to-ontarios-ring-of-fire/>

Dutch disease?

Oil prices and exchange rate

Daily

ATB Economics



“While the tidiness of the [**Dutch Disease**] argument is appealing and making commodities the scapegoat is tempting, the diagnosis is overly simplistic and, in the end, **wrong**”

Mark Carney,
Governor of the Bank of Canada
Spruce Meadows Calgary,
September 7, 2012

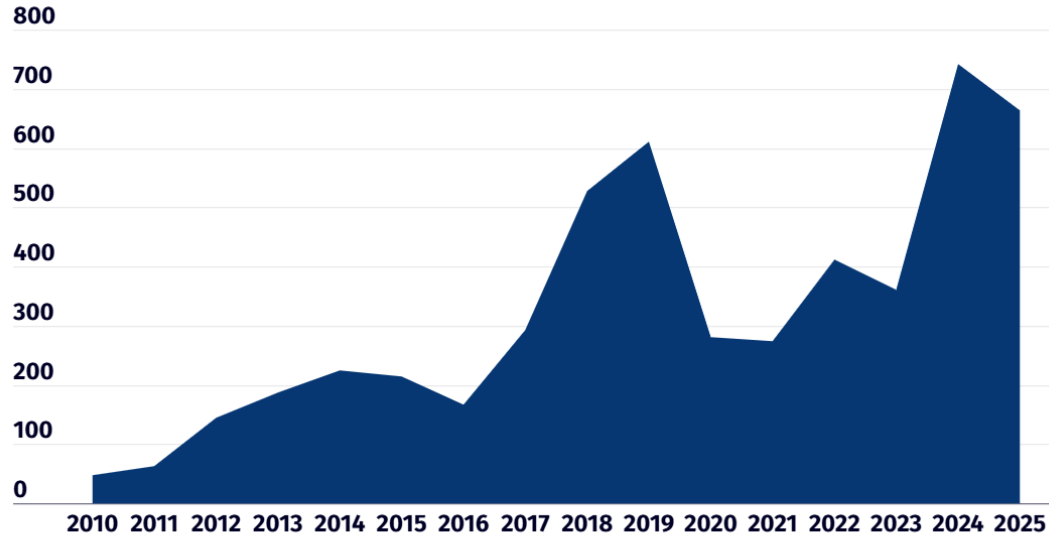
Agri-food superpower

Capital spending in Alberta

\$ million

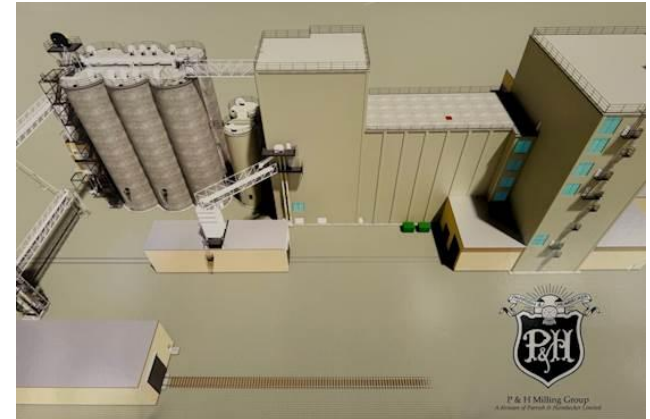
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■ Food manufacturing*



*NAICS code 311; 2023 (revised), 2024 (preliminary) and 2025 (intentions)

Source: Statistics Canada Table 34-10-0035-01 and ATB Economics

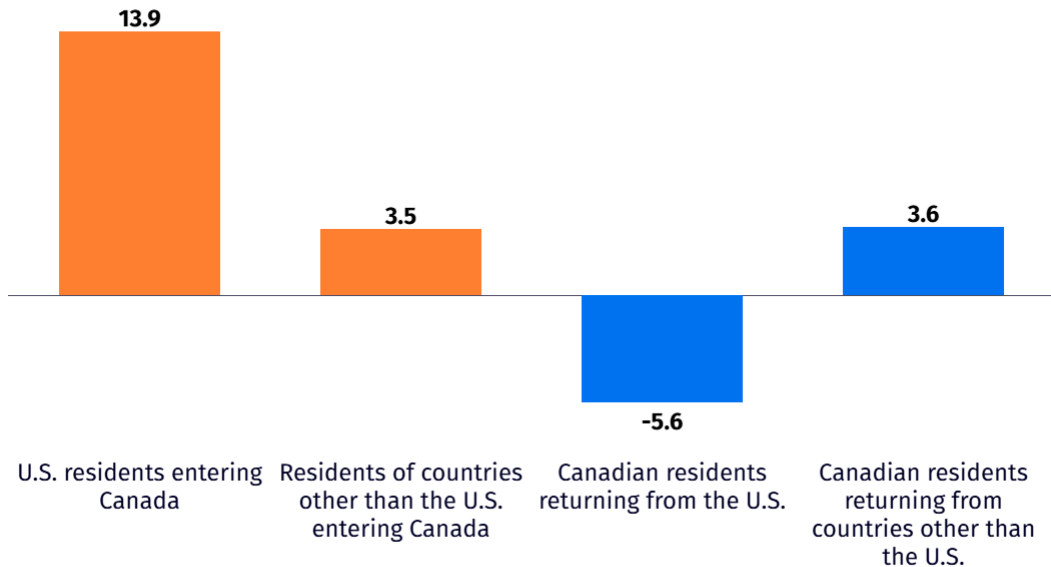


Staying close to home

International visits to and from Alberta*

Travel by air, Jan-Apr 2025 vs Jan-Apr 2024, % change

ATB Economics



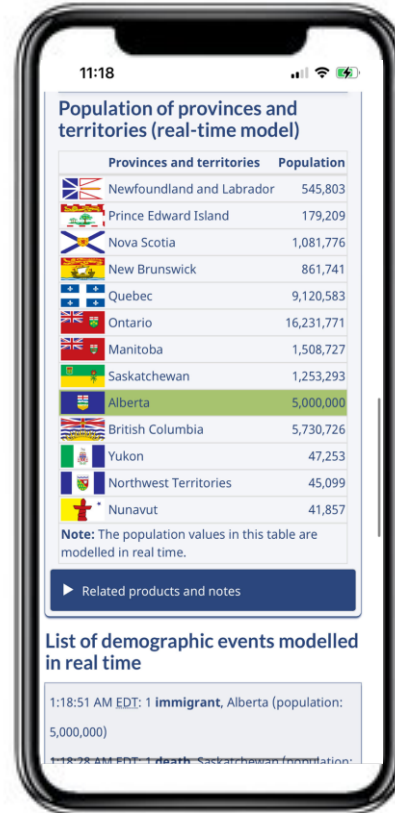
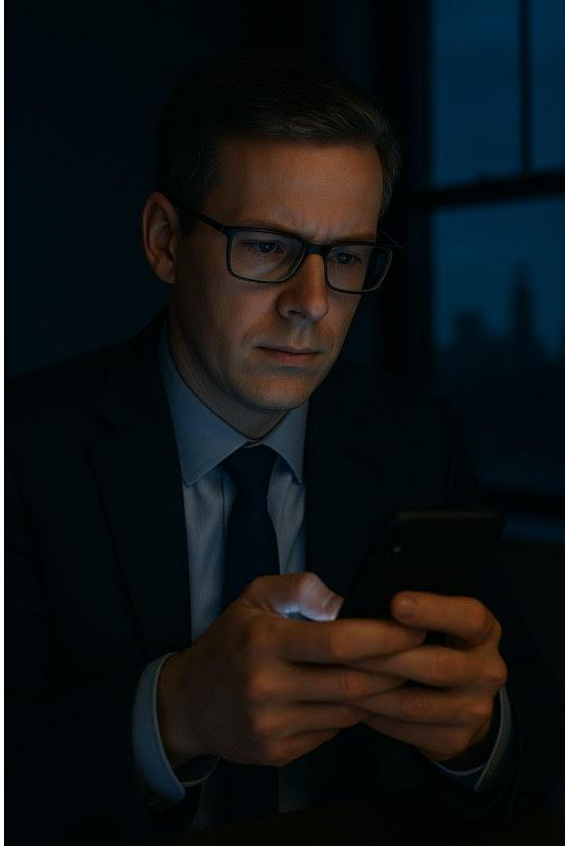
*Refers to daily flights in and out of Calgary and Edmonton international airports
Statistics Canada Table 24-10-0056-01 and ATB Economics



Photo credit: Thetravel.com

[As Canadians Protest Traveling to the U.S., Travel Agencies and Duty-Free Border Tourism Shops Face Economic Disaster](#)

Late night demographic adventures

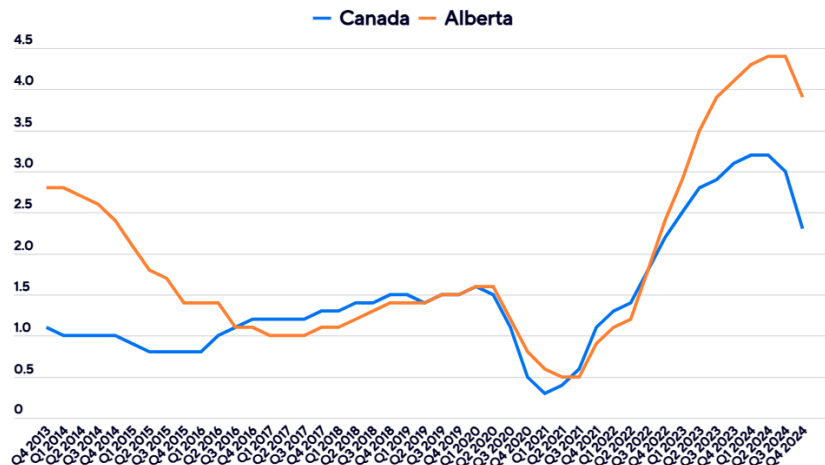


Population boom

Population growth

% change, year-over-year

ATB Economics



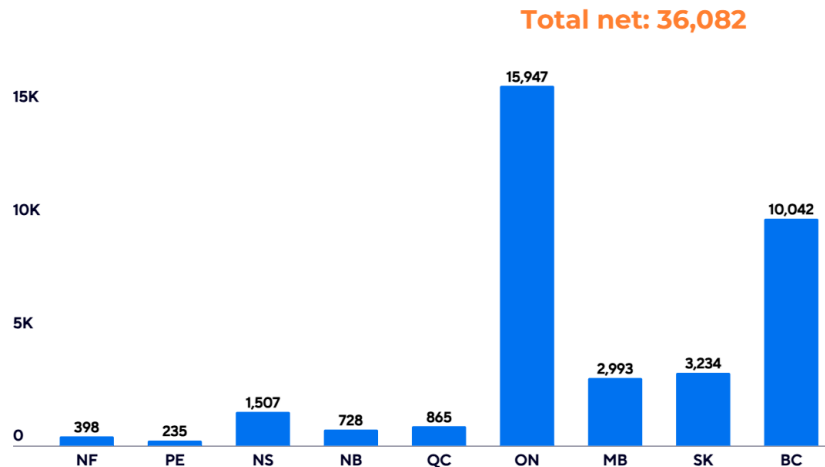
Q1=January 1; Q2=April 1; Q3=July 1; Q4=October 1

Source: Statistics Canada Table 17-10-0009-01 and ATB Economics

Net interprovincial migration to Alberta by province/territory of origin 2024

ATB Economics

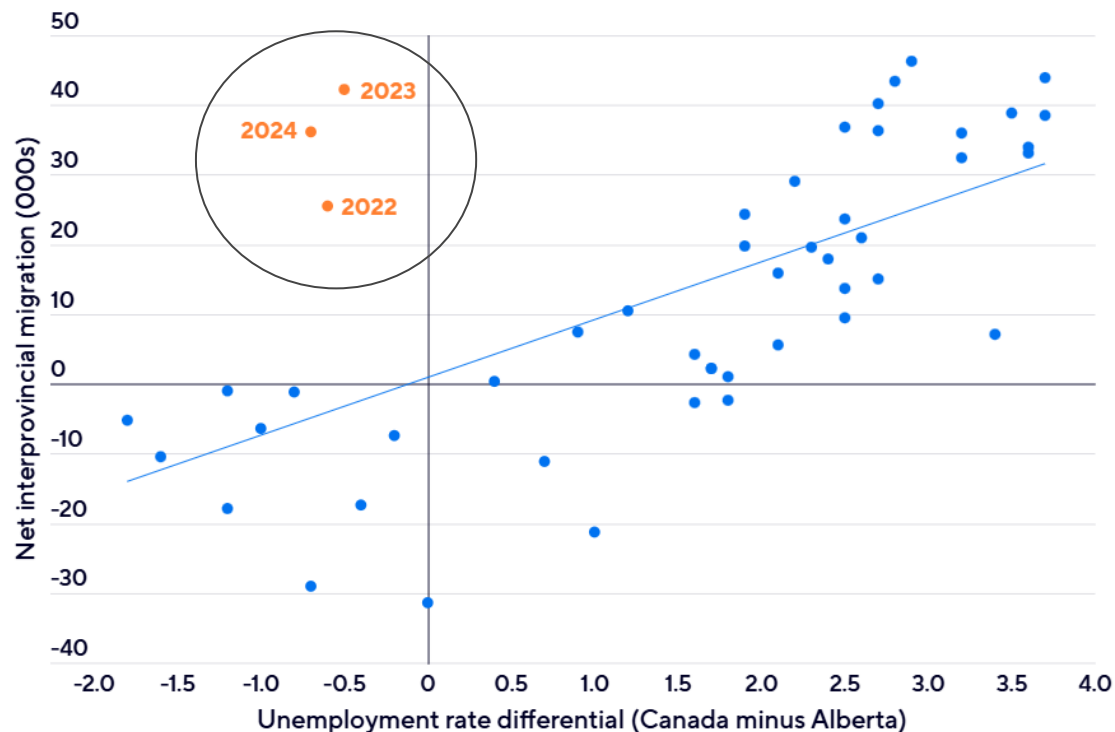
20K



Calendar year. Source: Statistics Canada Table 17-10-0045-01 and ATB Economics

Hmmm...

Annual net interprovincial migration to Alberta, 1976-2024



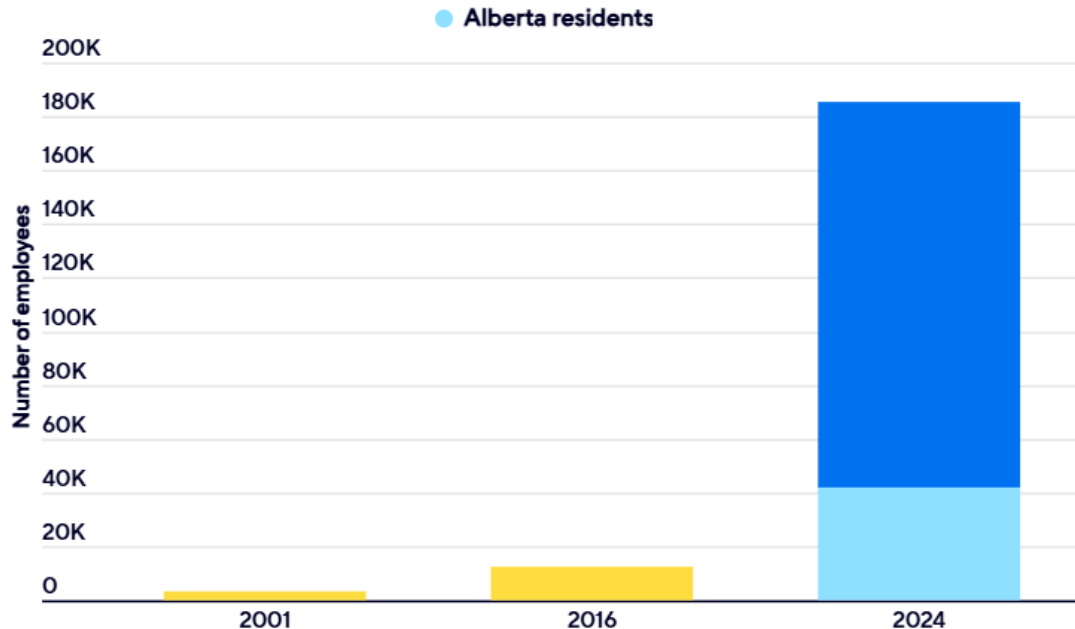
Unemployment rate = annual average; migration = calendar year.

Source: Statistics Canada and ATB Economics

Working remotely... from another province

Canadian employees working from home for an employer in another province

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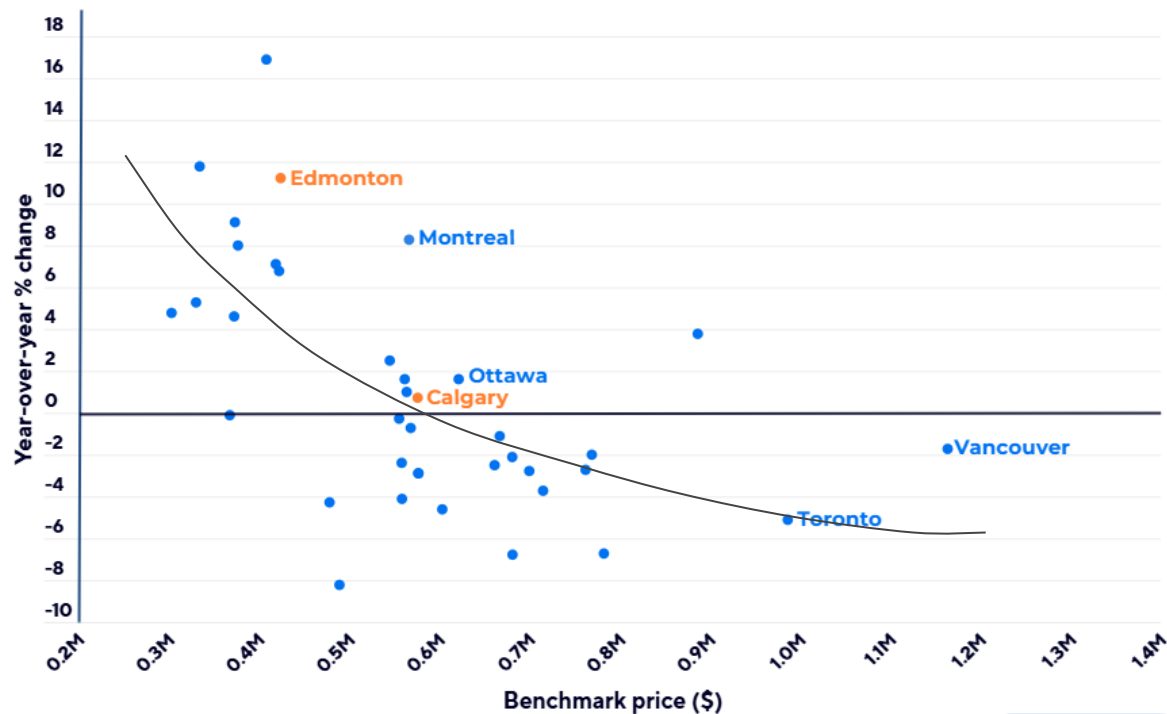


Source: Statistics Canada, 2022, "Working from home for an employer located in another province or territory" and Statistics Canada, 2024, special tabulation based on June 2022 Labour Force Survey. Universe: Employed population aged 15 to 69 living in the provinces who usually work most of their hours from home, excluding full-time members of the armed forces and people living on reserves.

Chasing affordability - Inside Canada

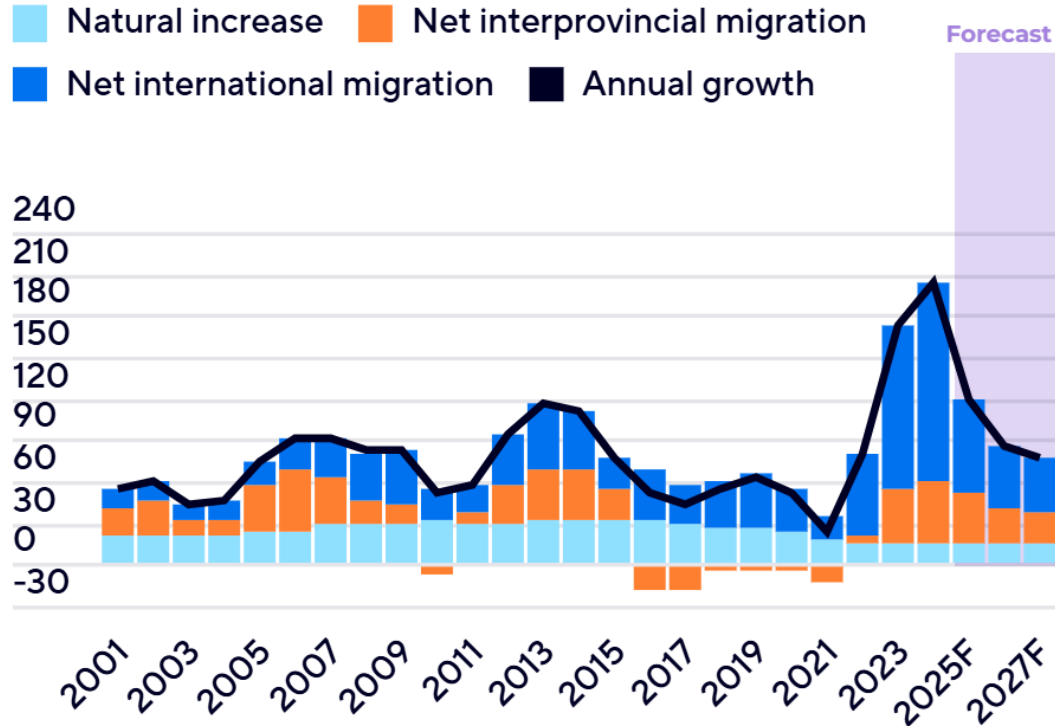
Home prices vs price growth by Canadian market, April 2025

MLS® HPI Composite Benchmark Price, seasonally adjusted



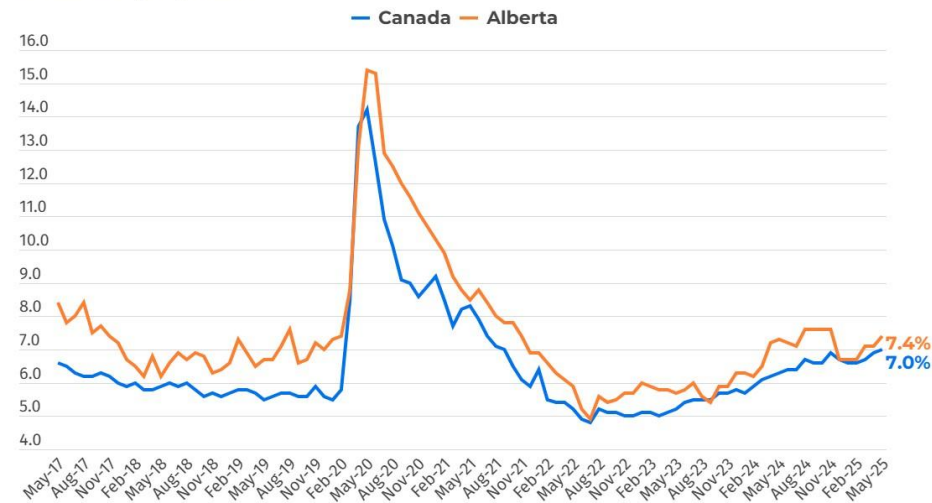
Demographic cooldown

Population growth in Alberta by source Thousands



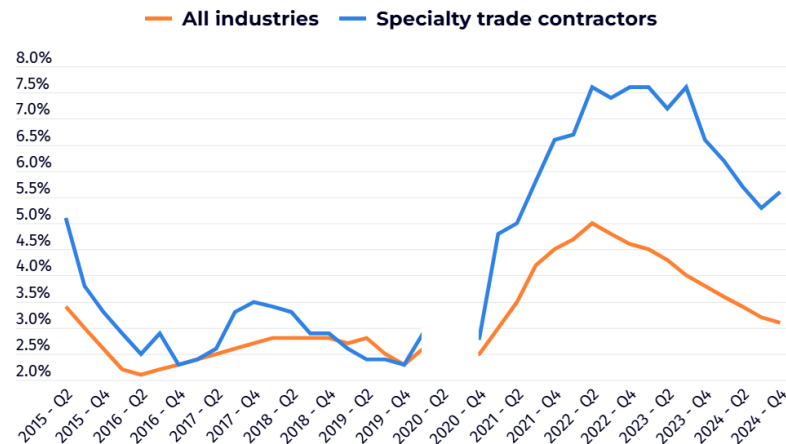
Matching people to jobs

Monthly unemployment rate %, seasonally adjusted



Source: Statistics Canada Table 14-10-0287-01 and ATB Economics

Job vacancy rate in Alberta Seasonally adjusted

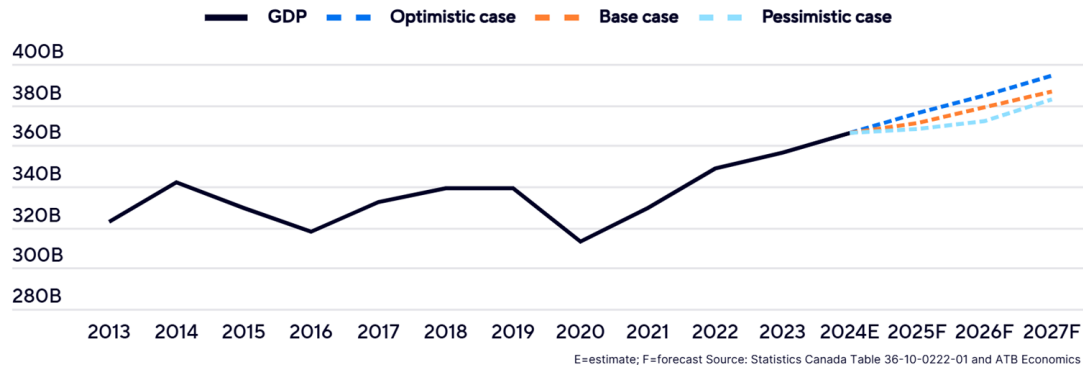


Note: Data during Q2 and Q3 2020 are not available. Seasonal adjustment by Haver Analytics.

Source: Statistics Canada/Haver Analytics and ATB Economics

Alberta: Finding a new groove

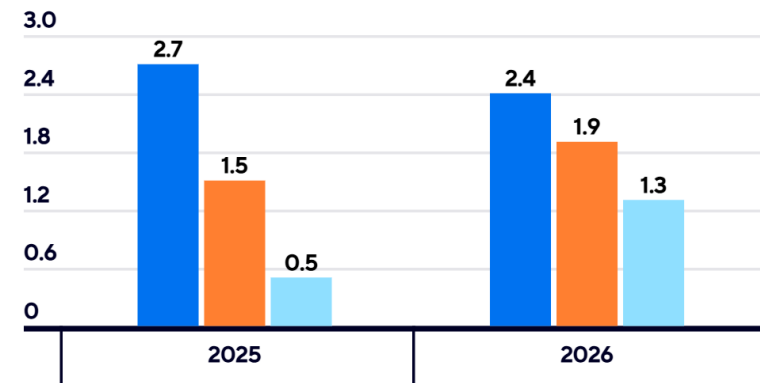
Annual real GDP in Alberta
Chained (2017) dollars



Alberta real GDP growth - tariff scenarios

Annual % change

Optimistic scenario Base case Pessimistic scenario



Source: ATB Economics



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<https://www.atb.com/economics>

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FOUR SEVEN

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