

July 28, 2015

Statement from the C.D. Howe Institute's Business Cycle Council

Toronto, July 28 – The C.D. Howe Institute's Business Cycle Council met in Toronto on July 22, 2015, to review recent and historical Canadian economic indicators.

The Business Cycle Council is the arbiter of business cycle dates in Canada. The council (<https://www.cdhowe.org/council/business-cycle-council>) is comprised of eminent economists active in the field, and acts as a conduit for research aimed at developing a deeper understanding of how the economy evolves and to provide guidance to policymakers. Members of the Business Cycle Council participate in their personal capacities, and the views collectively expressed do not represent those of any institution or client. The July 22nd meeting was chaired by Finn Poschmann, Vice-President, Policy Analysis, at the C.D. Howe Institute.

The council defines a recession as a pronounced, pervasive and persistent decline in aggregate economic activity. In deciding on the occurrence and timing of a turning point in the business cycle, the council looks at three dimensions: duration, amplitude, and scope – or how widespread a downturn or upturn might be. The council does not impose preset conditions with respect to those factors, because they need to be judged together and because the economy's structure and its measurement change over time.

The council reviewed recent data for output as measured by gross domestic product (GDP), for employment, and measures of sectoral activity. The council noted weak GDP data in the first four months of 2015, primarily associated with low oil prices and falling investment in the energy and some other resource sectors; it further noted resilience in labour markets, as reflected by employment data at the national level (Table 1).

The Business Cycle Council therefore determined that as of July 22, data did not provide evidence that Canada had entered an economic downturn. The council may review its position in fall 2015.

The council also reviewed its prior chronology for business cycle turning points, in light of some revised data, and reaffirmed the dates it previously had assigned (<https://www.cdhowe.org/c-d-howe-institute-business-cycle-council-issues-authoritative-dates-for-the-2008-2009-recession/19382>).

The Council wishes to thank Jeremy Kronick, Senior Policy Analyst at the C.D. Howe Institute, for his background briefing note and data assembly.

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Table 1: 2013Q4-2015Q2 Business Cycle Indicators

Quartered	Real GDP		Real GDP per capita		Employment	Employment Rate
	Quarterly	2-Quarter Total	Quarterly	2-Quarter Total		
	Percent change, quarter over quarter					
2013 : Q4	0.7	1.4	0.3	0.6	0.2	61.6
2014 : Q1	0.3	1.0	0.2	0.5	0.2	61.6
2014 : Q2	0.9	1.2	0.6	0.8	0.0	61.4
2014 : Q3	0.7	1.6	0.4	1.0	0.2	61.3
2014 : Q4	0.6	1.3	0.2	0.6	0.4	61.4
2015 : Q1	-0.2	0.4	-0.3	-0.1	0.2	61.4
2015 : Q2					0.2	61.3

Note: GDP growth rates are the average of the rates for expenditure-based GDP and for value added by industry, which is why Q1 2015 is reported as minus 0.2 percent, while Statistics Canada reports minus 0.1 percent. Two-quarter totals refer to the six months preceding the end of the quarter indicated.

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Members of the C.D. Howe Institute Business Cycle Council

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Craig R. Alexander, Former Senior Vice President & Chief Economist, TD Bank Group.

Steven Ambler, Professor, Université du Québec à Montréal.

Paul Beaudry, Professor, Economics, University of British Columbia.

Philip Cross, Former Chief Economic Analyst, Statistics Canada.

Stephen Gordon, Professor, Laval University.

Eric Lascelles, Chief Economist, RBC Global Asset Management.

Stéfane Marion, Vice President & Chief Economist, National Bank Financial.

Angelo Melino, Professor of Economics, University of Toronto.

Douglas Porter, Chief Economist, BMO Capital Markets.

Finn Poschmann, Vice President, Policy Analysis, C.D. Howe Institute.

Angela Redish, Provost and Vice President Academic (pro tem), University of British Columbia.*

Gregor Smith, Douglas D. Purvis Professor of Economics, Queen's University.

* Not in attendance, July 22, 2015.

