



# ***Economic & Commodities Outlook***

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**Economics Society of Northern Alberta**

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**Marc Desormeaux, Senior Economist**

 [@ScotiaEconomics](https://twitter.com/ScotiaEconomics)  
[@marcdesormeaux](https://twitter.com/marcdesormeaux)

# Summary

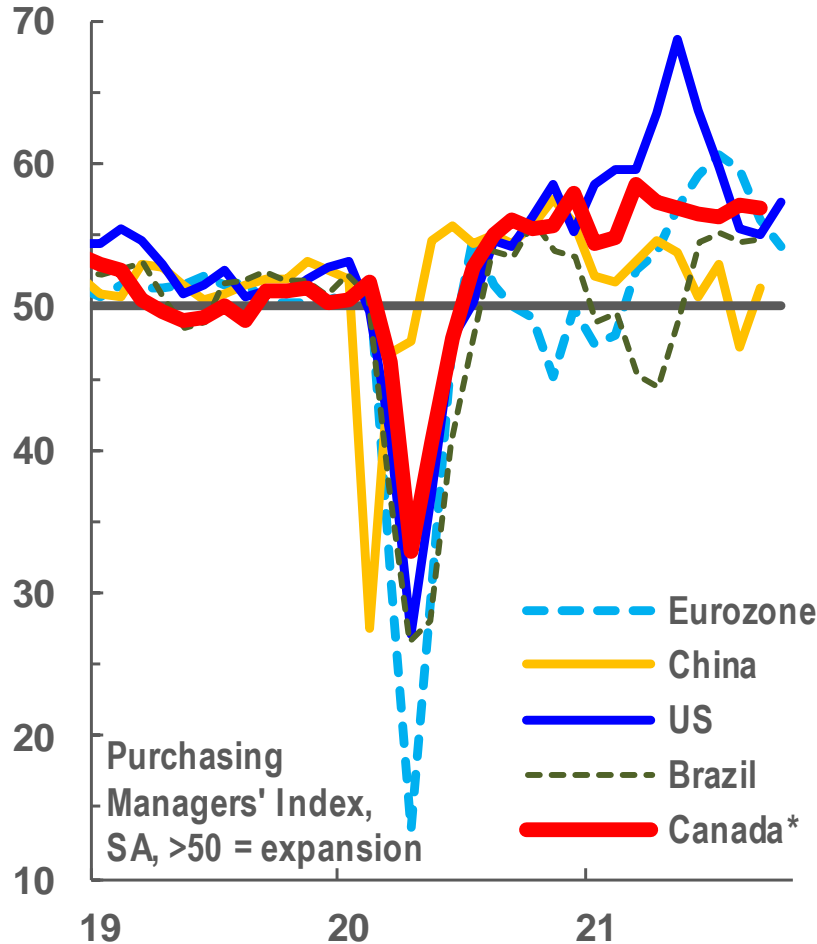
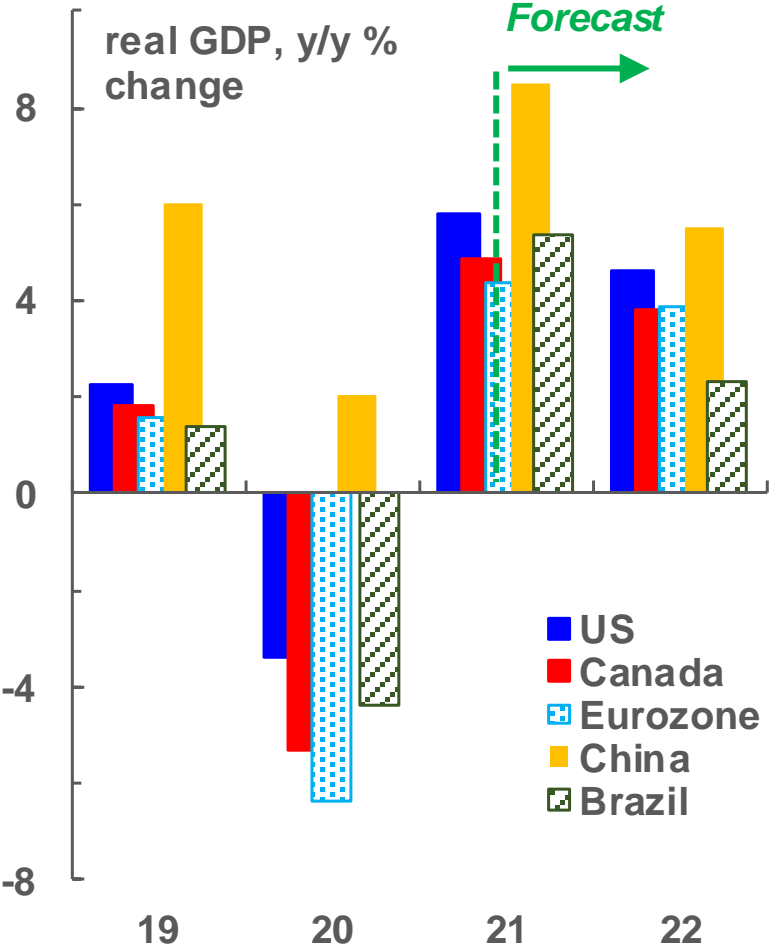
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- 1) Global economy still favourable, but supply chain challenges weighing on growth, creating inflation and labour shortages
- 2) Commodity price volatility likely in coming months
- 3) Oil and gas prices to be well-supported, but recent gains likely to ease as we progress through 2022

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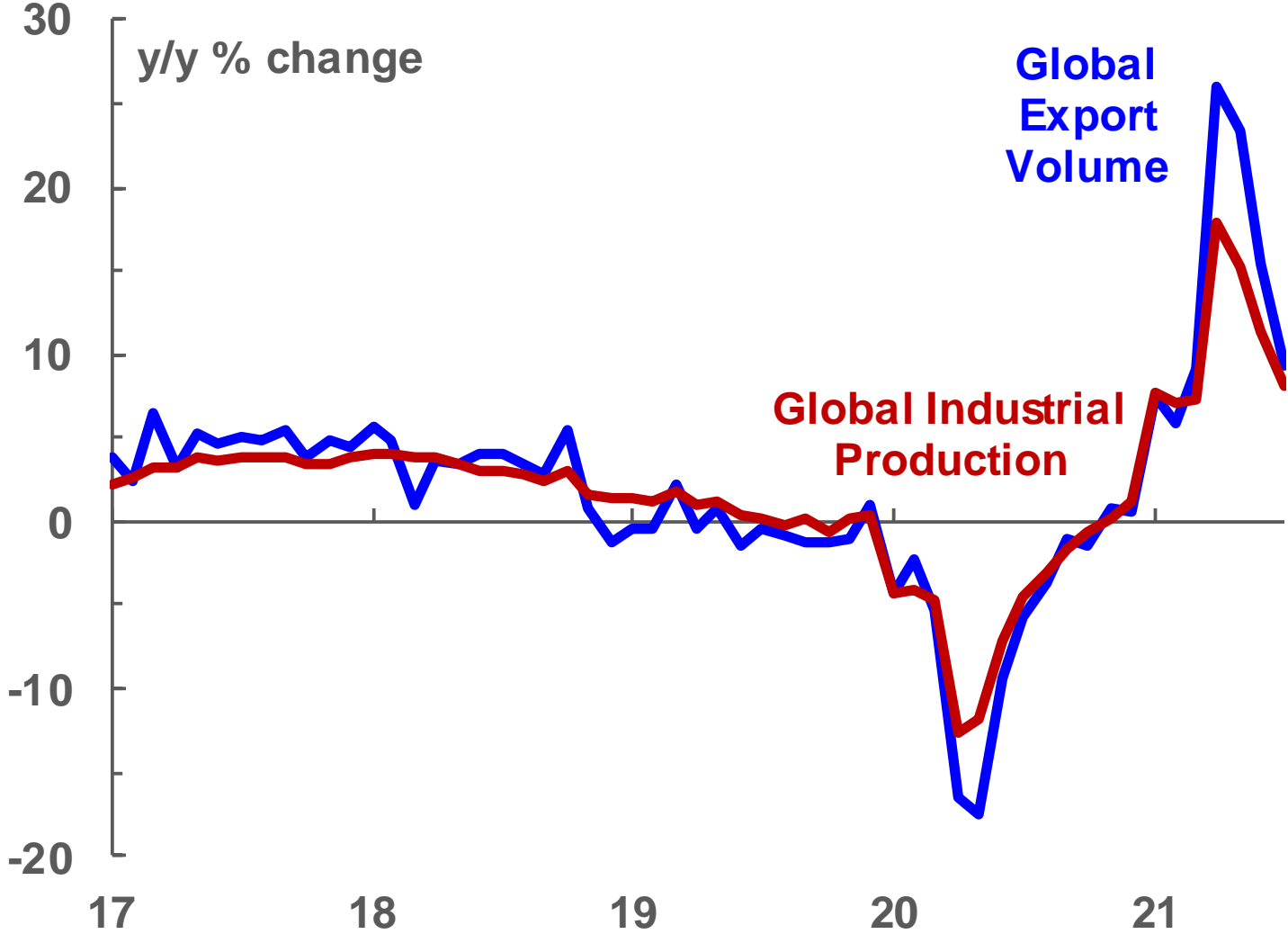
# 1. Global Economic Backdrop

# Global Outlook Still Favourable, but Growth Easing



\* Manufacturing only. Sources: Scotiabank Economics, BEA, IMF, IHS Markit, Statistics Canada.

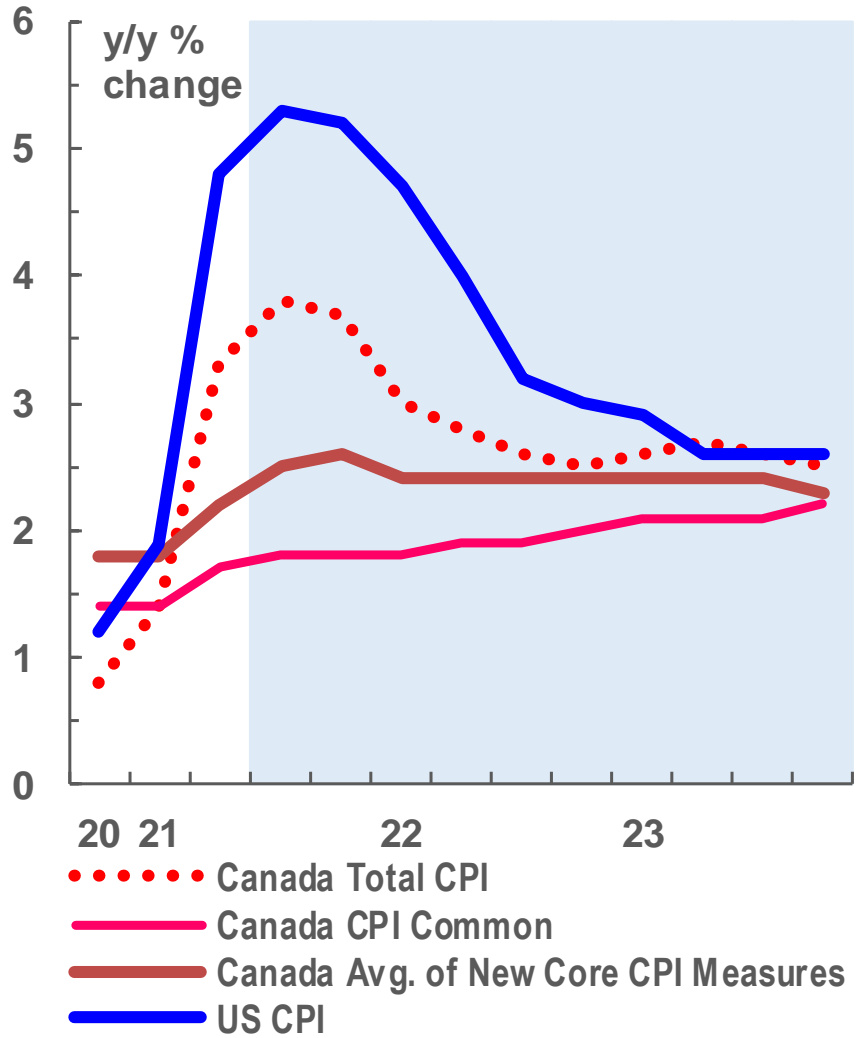
# Global Industrial Activity Also Easing



Sources: Scotiabank Economics, Netherlands Bureau for Economic Policy Analysis.

# But Supply Chain Issues Lead to Inflation

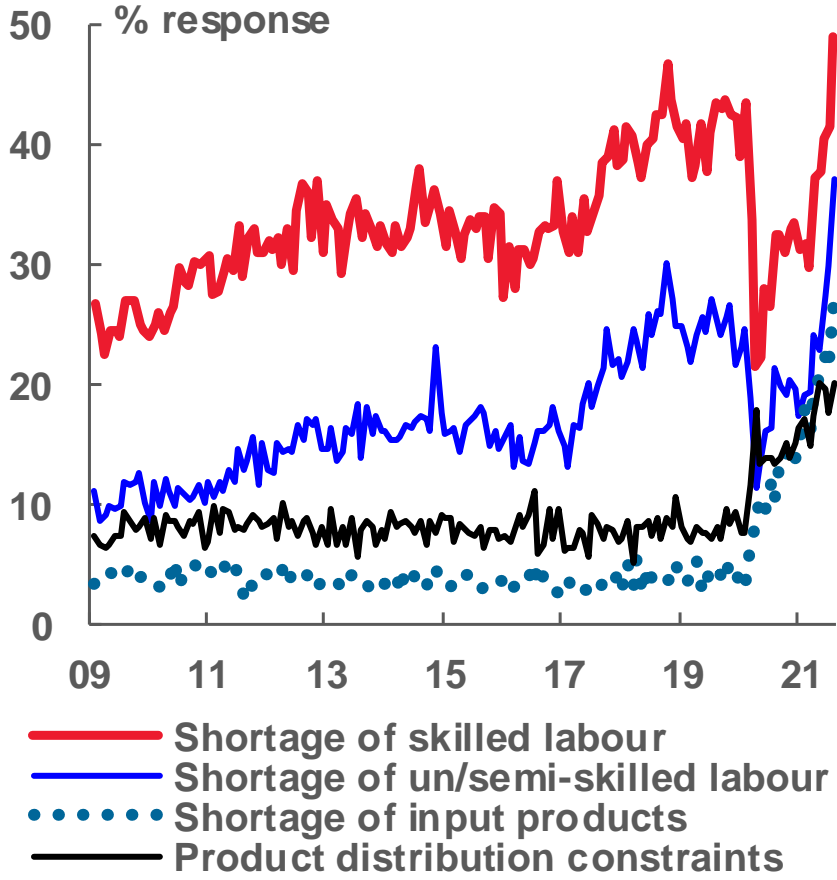
## Rock-Bottom US Manufacturing & Trade Inventory-to-Sales Ratio



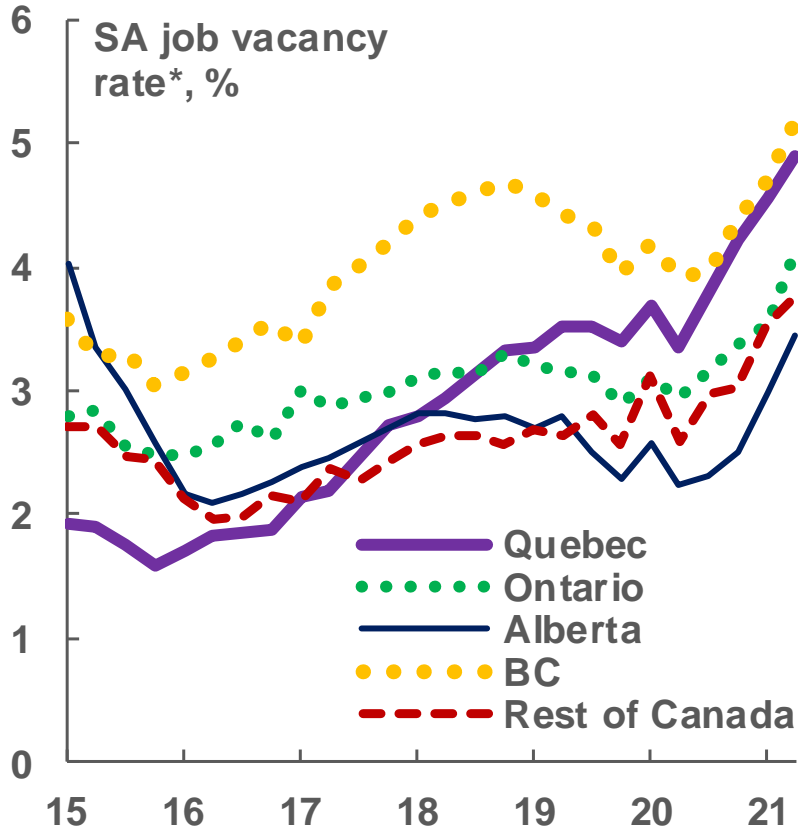
Sources: Scotiabank Economics, Statistics Canada.

# Labour Shortages Emerging

## Limitations on Growth



## Canadian Labour Shortages Most Acute in Quebec, BC



\* Seasonal adjustment by Scotiabank Economics. Sources: Scotiabank Economics, Statistics Canada, CFIB.

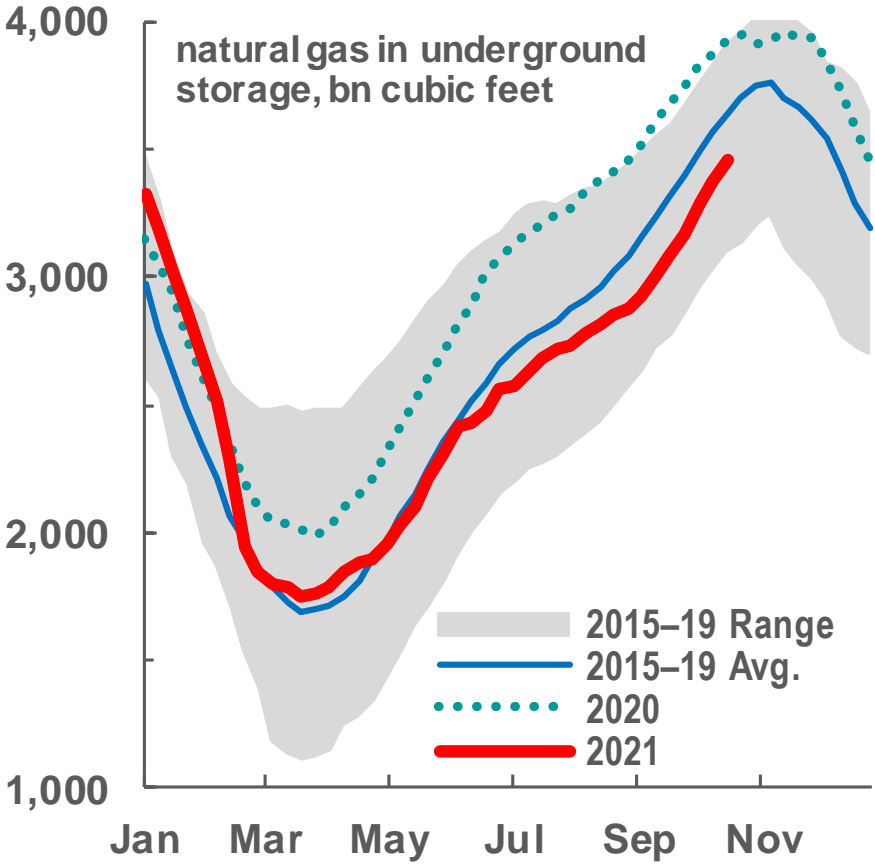
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## 2. Commodity Prices

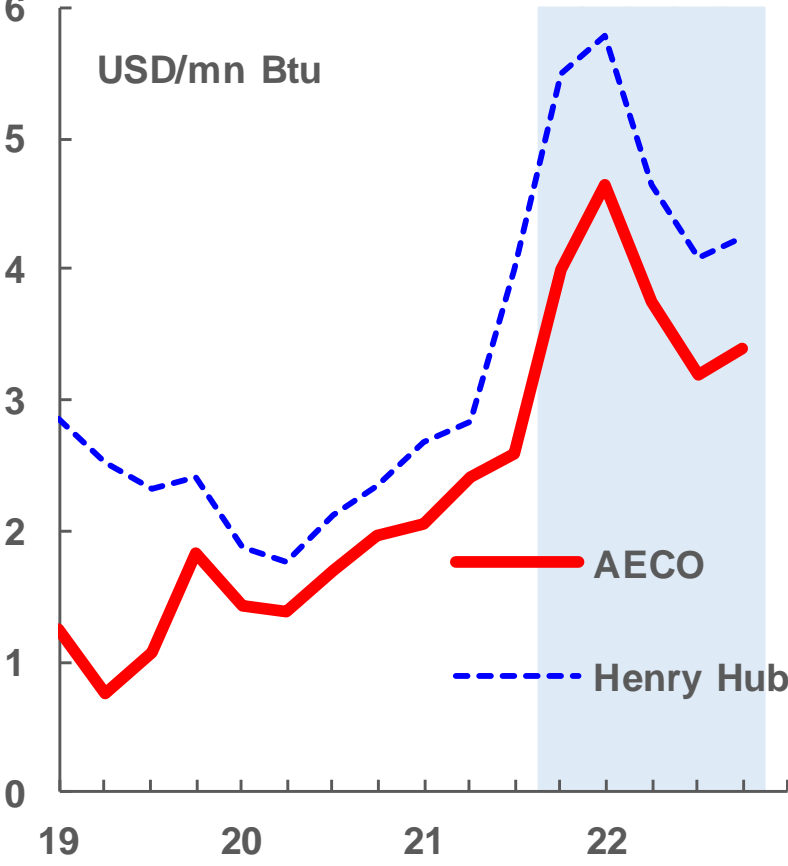


# Natural Gas: Global Crunch Tightens American Market

### Tight Natural Gas Inventories in Lower-48 US States

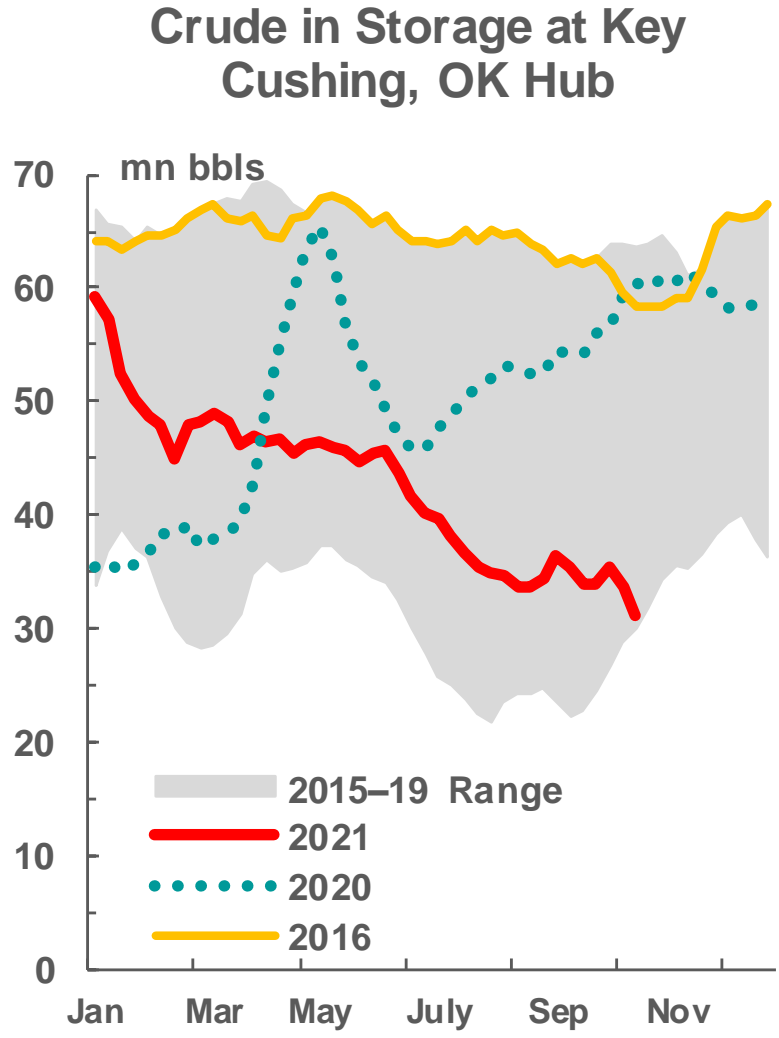
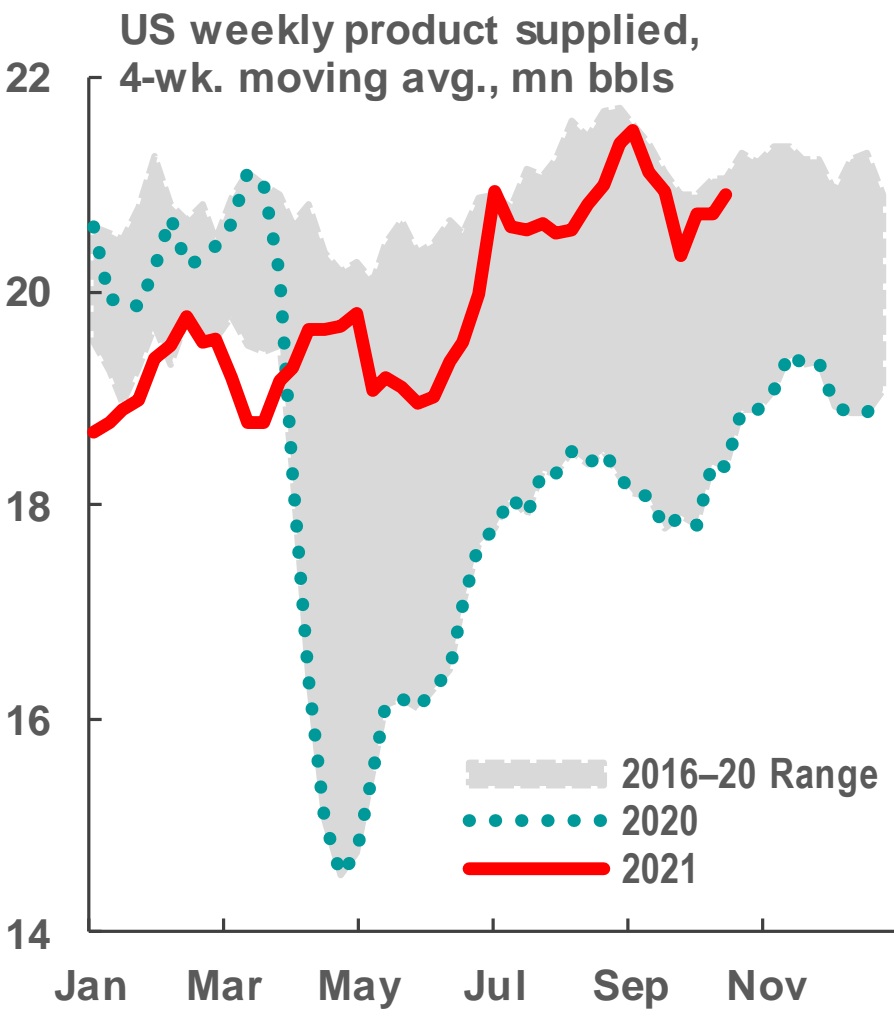


### North American Natural Gas Benchmarks to Spike Near-Term



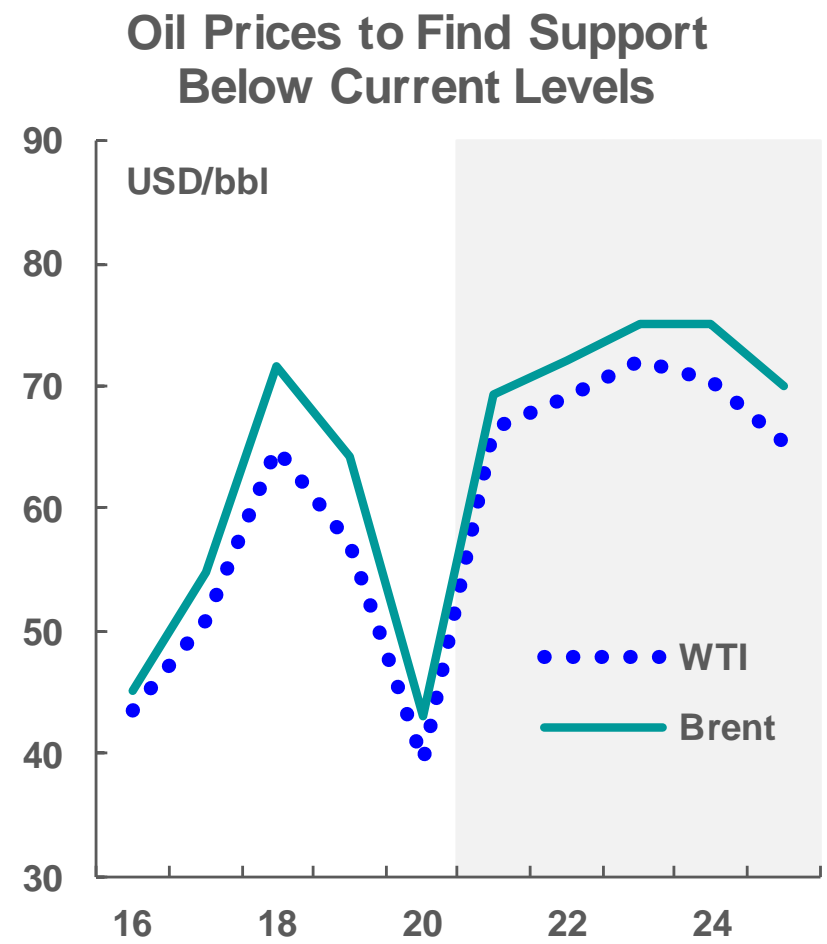
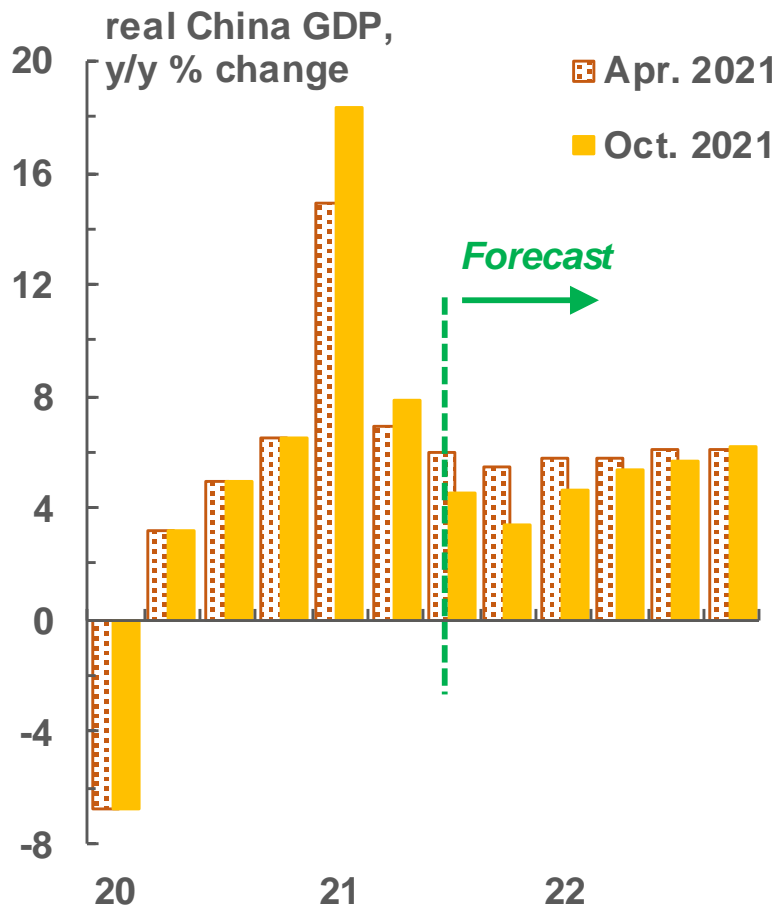
Sources: Scotiabank Economics, Bloomberg, EIA.

# US Oil: Fuel Demand, Limited Gas Supplies Shrink Inventories Now...



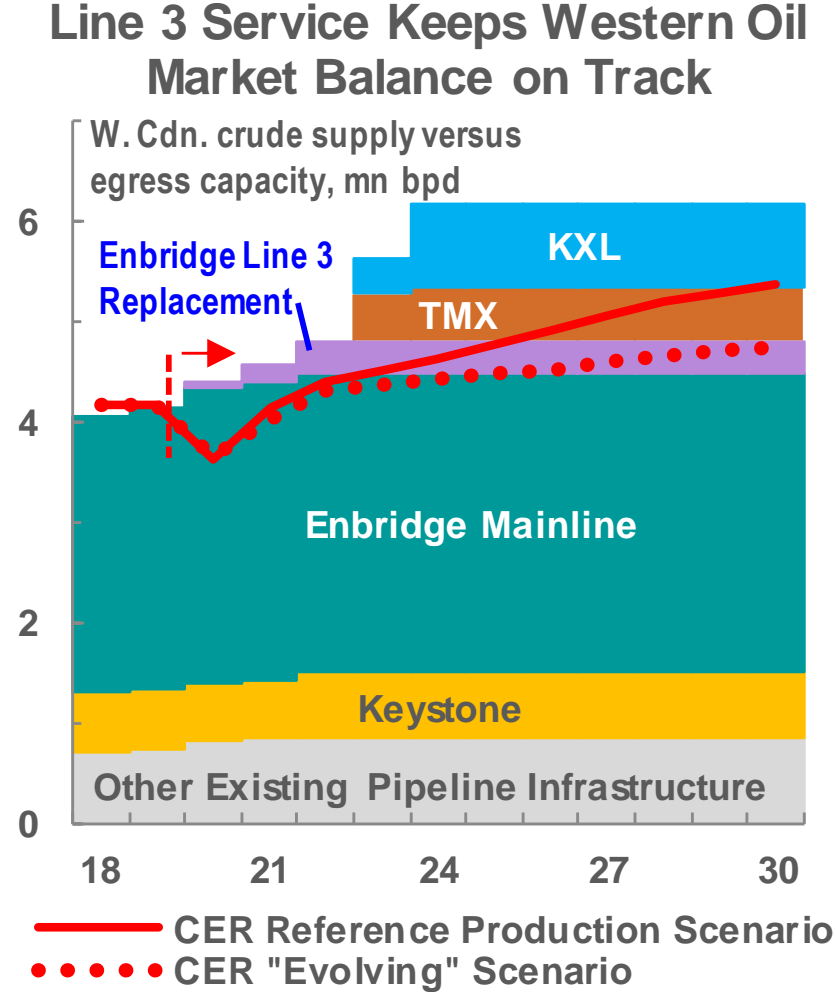
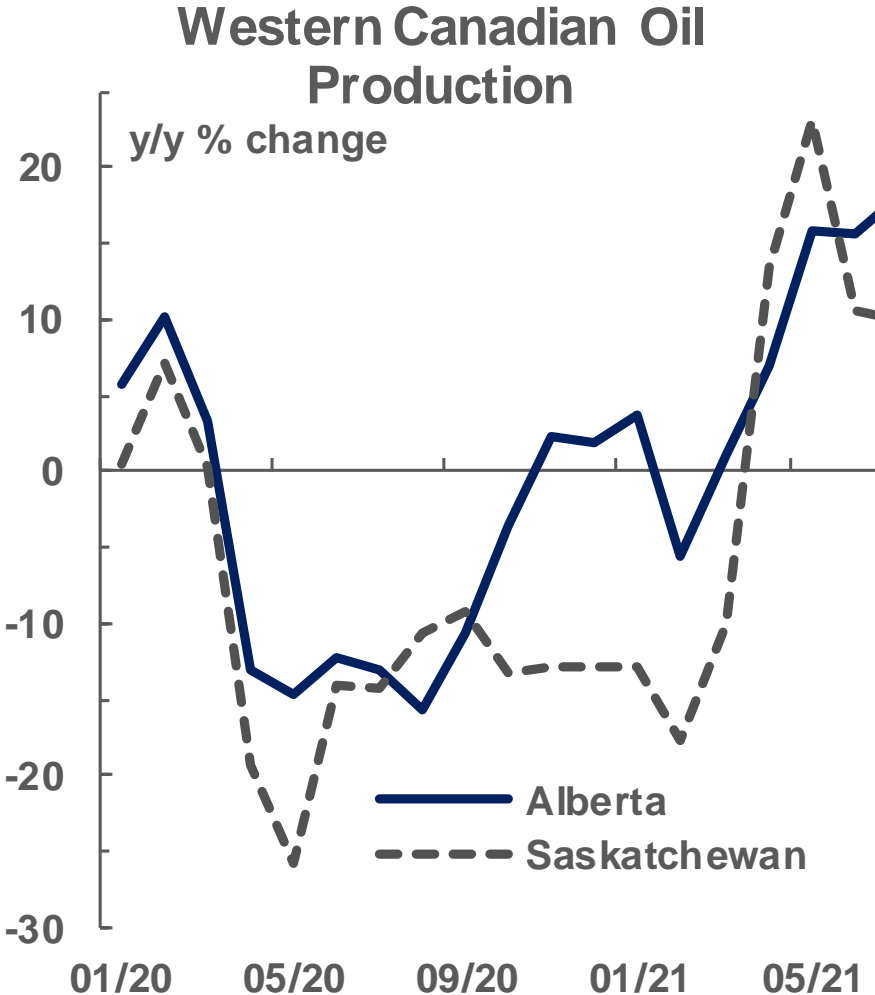
Sources: Scotiabank Economics, EIA.

# Oil: Near-Term Demand Outlook Uncertain



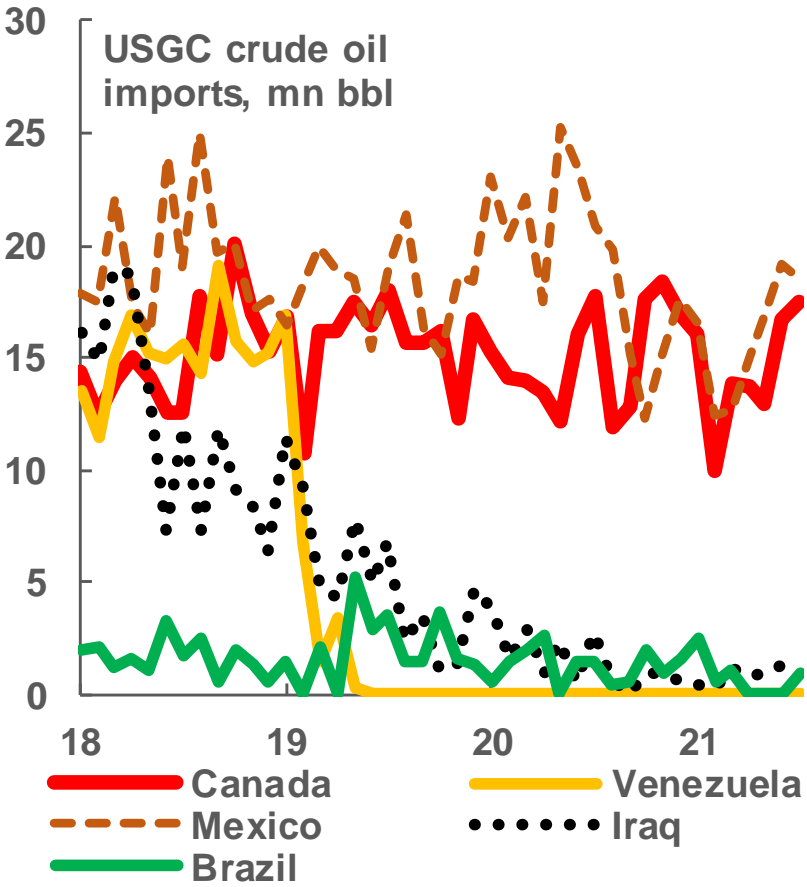
Sources: Scotiabank Economics, Bloomberg.

# Alberta Oil: Rising Oil Production and New Pipeline Capacity

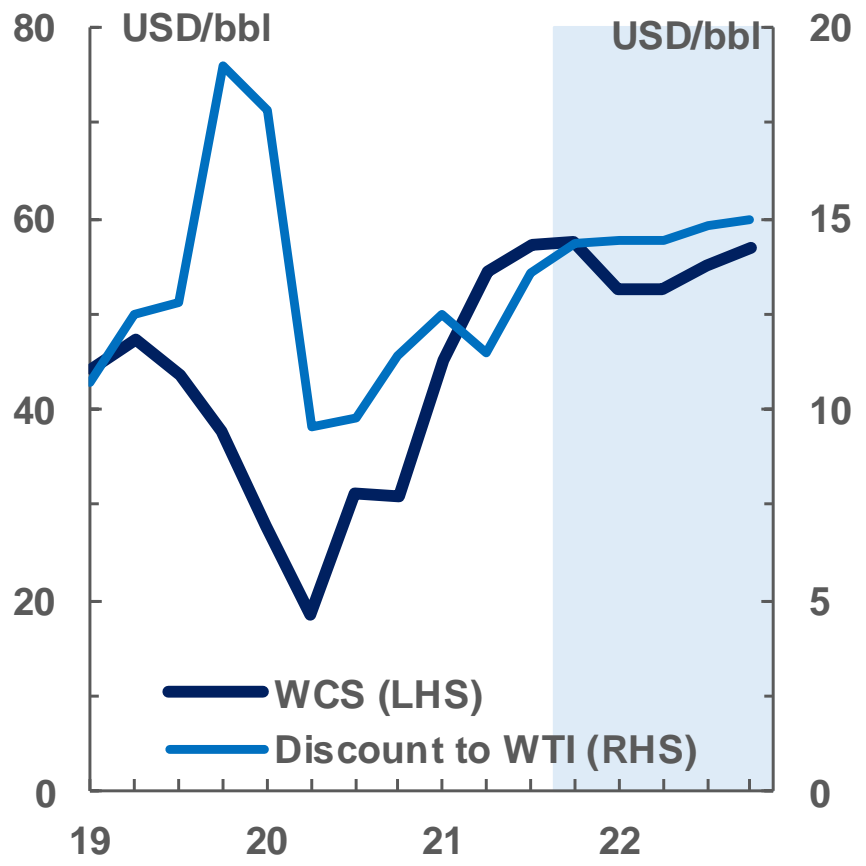


Sources: Scotiabank Economics, Canada Energy Regulator, Alberta Energy Regulator, Saskatchewan Ministry of Energy and Resources.

**Limited Heavy Oil Availability in USGC Benefited WCS Pricing**

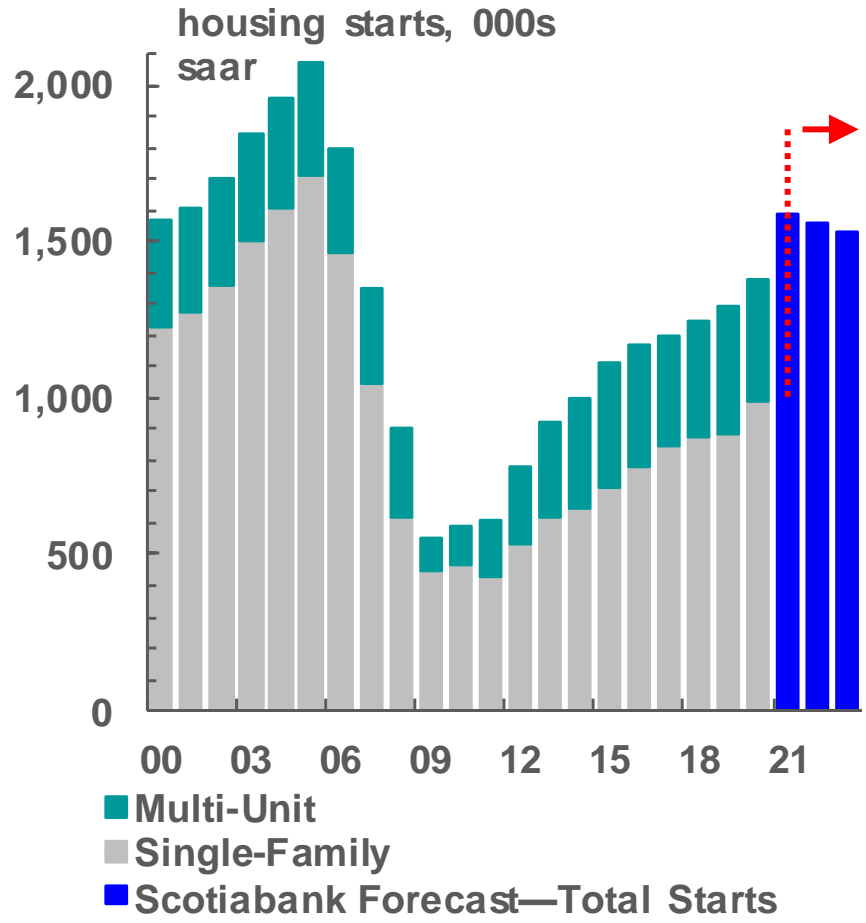
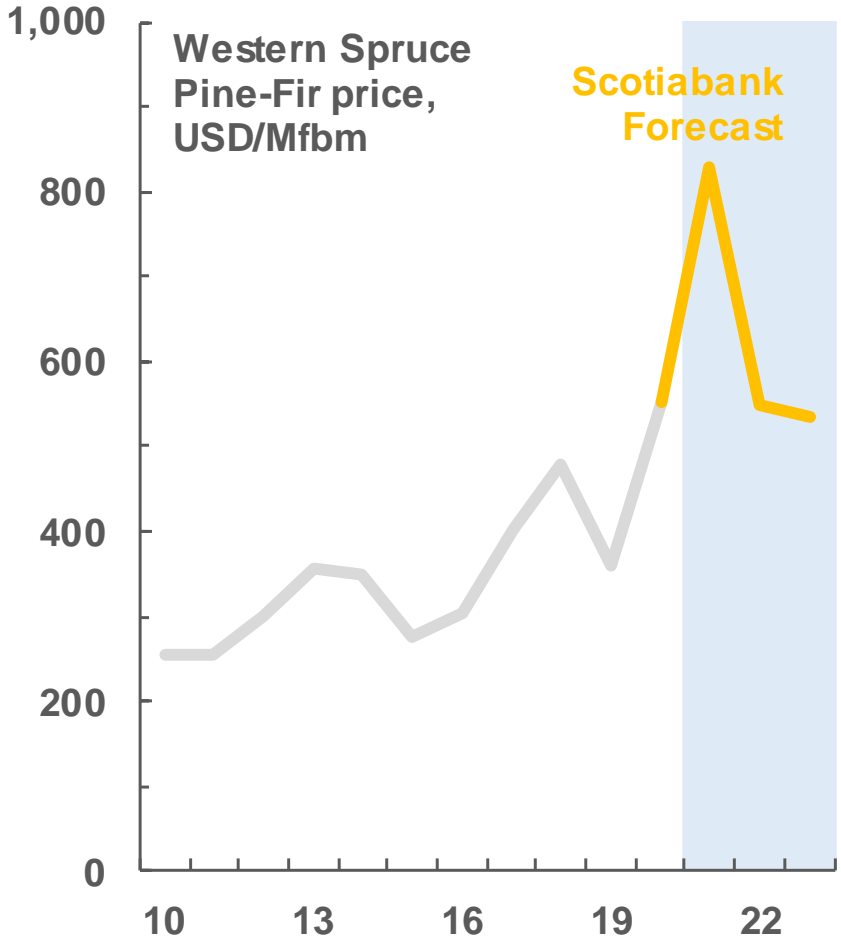


**WCS Forecasts**



Sources: Scotiabank Economics, Bloomberg, EIA.

# Lumber: US Housing Market to Anchor Demand for Canadian Wood



Sources: Scotiabank Economics, BEA, Random Lengths.

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**Marc Desormeaux**

Senior Economist

+1.416.866.4733

[marc.desormeaux@scotiabank.com](mailto:marc.desormeaux@scotiabank.com)

[@marcdesormeaux](https://www.linkedin.com/company/marc-desormeaux)

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[scotia.economics@scotiabank.com](mailto:scotia.economics@scotiabank.com)

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