

Canadian economy seen growing 3.1% this year but slowdown ahead: Conference Board

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The Conference Board of Canada says it expects the economy to grow by 3.1 per cent this year, but cautioned growth will slow over the second half and into next year.

Growth is forecast to slow to two per cent in 2018 due to slower consumer spending and a decline in residential investment.

Matthew Stewart, the board's director for national forecasting, says the Canadian economy is performing well above potential and is on track to outperform most other developed economies by a sizable margin

The Conference Board outlook follows a forecast by the OECD earlier this week that predicted the Canadian economy would grow by 3.2 per cent this year, the fastest pace in the G7, but slow to 2.3 per cent next year.

The Conference Board says an improved labour market has boosted consumer optimism and supported consumption in the first half of the year.

However, it noted that with debt levels near-record highs, consumer spending will need to be better aligned with income growth going forward, while cooling home prices will contribute to slower consumer spending.