

## **RBC predicts economy will fall into a recession later this year due to coronavirus impact, drop in oil**

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Royal Bank is predicting Canada will fall into a recession later this year as the economy is weighed down by the impact of COVID-19 and the plunge in oil prices.

The bank is predicting Canada's economy will grow at an annualized pace of 0.8 per cent in the first quarter, but then contract in the second and third quarters of the year.

RBC is forecasting an annualized decline of 2.5 per cent in the second quarter and 0.8 per cent in the third quarter.

Its forecast is based on an assumption that the impact of the virus will run its course by the end of the first half of the year, but an economic recovery will be prevented by persistent low oil prices.

RBC expects the economy will pick up in the fourth quarter.

The Bank of Canada cut its key interest target by half a percentage point last week in response to COVID-19 outbreak.