



## Canadian economy making progress, Governor Poloz says

**WHITEHORSE, YUKON** — The Canadian economy is making progress in adjusting to low oil prices and recovering from the global financial crisis, Bank of Canada Governor Stephen S. Poloz said today.

In a speech to the Yukon Chamber of Commerce, Governor Poloz gave a progress report for the economy since the Bank's last forecast in April. He reviewed the outlook in light of key risks the Bank had identified earlier, as well as the impact of the wildfires in Alberta that led to the evacuation of Fort McMurray and affected oil sands production.

While the energy industry continues to struggle, there are signs of strength in non-energy exports, even though the data have been volatile in recent months, Governor Poloz said. The past depreciation of the Canadian dollar is supporting exports, including tourism, the Governor added. "Several categories are encouraging," he said. "Many export sectors are operating near their capacity limits, which augurs well for future investment and job creation."

Governor Poloz also said Canadian households are remaining resilient, particularly outside resource-producing areas. Low interest rates and a solid job market have helped sustain consumer spending. "Data from the first quarter show that consumption, including big-ticket items such as motor vehicle sales and housing, has remained strong," he said.

The Governor also elaborated on the Bank's estimate of the economic effect of the devastating Alberta wildfires, which saw almost 90,000 people evacuated from Fort McMurray. With residents returning and some companies moving to restart production, the Bank now estimates the wildfires will reduce annualized growth in the second quarter by about 1.00 to 1.25 percentage points. This will be followed by a sizable rebound due to the restoration of oil output and the beginning of reconstruction efforts. Such a growth profile could yield average growth over the two quarters quite close to that set out in the Bank's forecast in April, the Governor said.

Both domestic and external risks remain. "Continued patience is required, but we have the right to be optimistic," the Governor said. "There is a resilience and flexibility among Canadians that gives me confidence that we will get through these adjustments and our economy will return to natural, self-sustaining growth."