



BANK OF CANADA
BANQUE DU CANADA

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Talking to Canadians: How real-world insights shape monetary policy

Introduction

Thank you for the kind introduction, Bill. And thank you for inviting me to speak before you today.

It's always a pleasure to be in Toronto. This is where I did my undergraduate and master's degrees, just north of here at the University of Toronto. I have fond memories of spending days in the Buttery—and occasional trips to the Brunswick House and the Duke of York. But I digress.

I really appreciate the opportunity to deliver the annual Laidler Lecture in honour of David Laidler and his many contributions to economic thinking. He has left an indelible mark on North American—and specifically, Canadian—monetary policy. This legacy includes writing two award-winning books with Bill Robson.

Speaking of which, I'm delighted to be here at the C.D. Howe Institute. The Institute has long been a resource for the Bank of Canada, thanks to its nationally acclaimed writing about economic policy. I've also enjoyed partnering with your organization on workshops to debate and research important economic issues.

As you know, yesterday was one of the Bank's eight fixed interest rate announcement dates. So my talk here is timely.

In yesterday's decision, Governing Council maintained the policy interest rate at 2.75%.

Here's the context in which we took this decision.

The trade conflict initiated by the United States remains the biggest headwind facing the economy. Uncertainty remains high.

The Canadian economy is softer, but not sharply weaker.

And we've seen some firmness in recent inflation data.

I would like to thank Sarah Miller, Joshua Slive and Lena Suchanek for their help in preparing this speech.

These themes are broadly in line with what the Institute's Monetary Policy Council mentioned last week when it called on the Bank to cut its policy interest rate by 25 basis points.

In taking yesterday's decision, we of course looked at traditional sources of data from Statistics Canada. The agency's reports on issues like inflation, jobs and housing are critical to understanding recent economic conditions. But while those data give a good view of the forest—they're not necessarily providing as clear a sightline to the trees. We want to be able to see both.

So today I want to discuss how we are discovering new insights relevant to our policy-making. This includes our use of non-traditional data and surveys, as well as engaging in important outreach activities with Canadians.

In the book *To Kill a Mockingbird*, Atticus Finch says, "You never really understand a person until you consider things from [their] point of view." This is true. The conversations my colleagues and I have with both individuals and businesses help us see beyond the data—and consider their points of view.

Expanding our information gathering

As I said earlier, traditional macroeconomic data paint a high-level picture. They report on whole segments of the economy. Sometimes that means we don't see how economic conditions are affecting different households and businesses.

Not only that, but traditional data tend to look backward—they measure what has already happened. They work best at helping us forecast and explain things we have previously experienced.

The Bank's surveys and consultations with Canadians give us a snapshot of their spending and investment intentions. We learn more about their expectations for inflation and economic activity. The results are crucial to our deliberations.

When we expand the kinds of information we consider in our decisions, we gain a more complete view of how raising or lowering the policy rate affects consumers and businesses across the country.

Simply put, this broader range of information helps us make better decisions.

Just as importantly, connecting with Canadians helps build trust and credibility with those we serve. When people have trust in the Bank as an institution—and see that we have their best interests top-of-mind—it creates an environment that supports the effective transmission of monetary policy.

This is because when Canadians expect that we will follow through on our commitments, it greases the wheels for our actions to have their intended effect. And that, of course, is to achieve price stability, which in the long term promotes the economic and financial welfare of our country and its citizens.

Non-traditional sources of data

Now, I'd like to dive into some specific ways the Bank has broadened its sources of information over the years. I'll start with why we use some non-traditional sources of data.

Our experiences during the COVID-19 pandemic provide a good example.

Before the pandemic, we certainly didn't have data or models to grapple with a worldwide health crisis that would cost lives and livelihoods. Then, in March 2020, economies around the world came to a grinding halt. Moreover, the situation was evolving very quickly.

Let's consider what was happening with travel and dining out. Demand for services like restaurants, flights and hotels was the first to fall off.

Statistics Canada produces monthly data on sales at bars and restaurants that are helpful in normal times. But at the start of the pandemic, the backward-looking figures didn't reflect the rapidly deteriorating situation. So the Bank turned to more frequently published data—such as restaurant reservations, flight bookings and credit card transactions—to assess consumers' real-time spending patterns.

Another useful source of non-traditional data in the spring of 2020 were job postings from websites like Indeed. These data showed us the demand for new workers by firms across the country, nicely complementing data from Statistics Canada's Labour Force Survey. The Labour Force Survey told us what had happened with employment in the previous month, while more real-time data gave us a glimpse of what businesses expected for future hiring.

And today, in the face of a global trade conflict, we've continued to use—and even expand our reliance on—non-traditional data. For instance, we are looking at different metrics to round out our analysis of tariff implications. These include the number of trucks crossing the border, and the volume of ships entering and leaving ports in both Canada and the United States.

It will surprise no one here to learn that the numbers aren't encouraging. As one example, the number of trucks crossing the border both to and from the United States dropped sharply in April.

This type of information is invaluable in times of great economic uncertainty—like we're in today.

Surveying Canadians

Now on to another important tool: surveys.

Like other central banks, the Bank conducts a number of surveys with the financial sector.¹ The results provide us with information on important issues like lending conditions as well as the demand for and supply of credit. We also gain important insights on risks and resiliency in the financial system. And we talk to financial market professionals to hear their views on where the economy and inflation are headed.

But today, in talking about surveys, I want to focus more on how our regional offices inform our monetary policy deliberations by reaching out to households and businesses.

¹ For examples, see the [Senior Loan Officer Survey](#), the [Financial System Survey](#) and the [Market Participants Survey](#).

Since the late 1990s, the Bank has been expanding its reach into the diverse regions that make up this great country. This work has included opening regional offices, and surveying businesses and consumers about their economic views. Our regional staff are well positioned to strengthen our ties with key local stakeholders such as industry, government, educational institutions and community organizations.

Currently, the Bank's regional offices conduct three key macroeconomic surveys: the Business Outlook Survey, the Business Leaders' Pulse and the Canadian Survey of Consumer Expectations.^{2, 3, 4}

I'll go over each one in greater detail in a moment. But overall, surveys like these accomplish three main goals.

First, they help inform our outlooks for the economy and inflation. We hear from individuals and businesses about how they're feeling—a measure of their current levels of confidence. We also ask what they expect to happen to prices and their own spending in the future.

This gives the Bank forward-looking views on economic activity, demand, capacity pressures and inflation. That makes surveys particularly helpful in providing early indications of how the economy is reacting during times of great uncertainty, like the current trade conflict.

Surveys also shine a light on trends that may be simmering beneath the surface. They help us understand behavioural changes that don't always show up in aggregated data reports—at least not immediately.

Finally, these surveys help us gather a wide range of views on how current economic conditions are playing out in communities across Canada.

Our national economy is made up of diverse regional economies. Economic conditions may differ across regions, and regions may respond differently to broad-based upswings and downturns.⁵ Survey data give us a clearer view of the differences in how households and businesses are experiencing the economy.

Let me now turn to each of the surveys.

The Business Outlook Survey—or BOS for short—is a quarterly survey of businesses across the country. It has existed since 1997, which provides us a rich, long dataset for comparisons.

Staff in our regional offices meet with local business leaders to discuss their views on the economy. We ask about their expectations for sales and demand, as well as their investment intentions. We probe their views about labour

² See the Bank's website for details about the [Business Outlook Survey](#).

³ For more, see T. Chernis, C. D'Souza, K. MacLean, T. Reader, J. Slive and F. Suvankulov, "[The Business Leaders' Pulse—An Online Business Survey](#)," Bank of Canada Discussion Paper No. 2022-14 (June 2022).

⁴ See the Bank's website for details about the [Canadian Survey of Consumer Expectations](#).

⁵ For more, see D. Amirault, M. Verstraete and S. Miller, "[Canada's regional economies](#)," *The Economy, Plain and Simple* (June 2023).

shortages, as well as hiring and wages. And we ask for their outlooks on costs and pricing, as well as economy-wide inflation. This gives us a broad range of perspectives about how businesses view the economy.

For example, the results of the BOS for the fourth quarter of 2021 helped us better understand how the COVID-19 pandemic was affecting firms.⁶ For the first time since the start of the pandemic, we saw that businesses were planning to pass along cost increases stemming from supply chain pressures. They had concluded that customers understood these pressures and were willing to accept price increases.

More recently, firms told us that uncertainty about tariffs has been affecting them in multiple ways. These impacts include weaker demand from their business customers that would be directly affected by tariffs.

Now on to the Business Leaders' Pulse, or BLP for short. This is our newest survey, created in 2021. It's a short monthly online questionnaire to assess firms' expectations for growth in sales and employment. It also asks about perceived risks to their business outlook, and poses other topical questions.

The BLP provides a flexible and nimble pulse of evolving situations. It complements the BOS with timely feedback from firms about the effects of rapid changes in the economy.

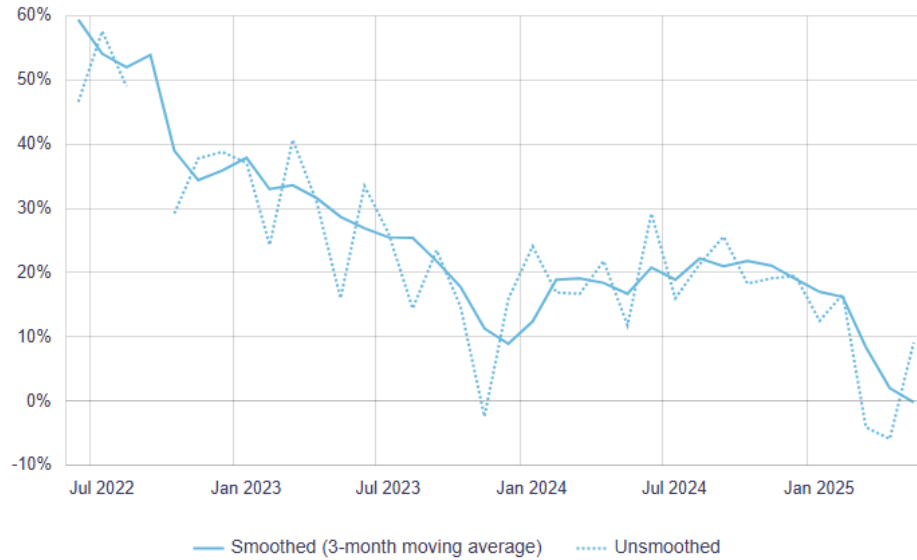
And the BLP has been very helpful in monitoring effects from the situation south of the border. For example, businesses were reporting an increase in both uncertainty and inflation expectations as early as November 2024. In December, we also began noting a decline in business sentiment—even before the new US administration was sworn in.

This downward trend continued through the first quarter (**Chart 1**). Firms have reported that they are delaying or entirely cutting their plans to invest and hire. Sales expectations among exporters have also fallen considerably in recent months (**Chart 2**).

⁶ See Bank of Canada, [Business Outlook Survey—Fourth Quarter of 2021](#) (January 2022).

Chart 1: Business sentiment fell through the first quarter

Excluding normal seasonal patterns, how would you rate current business conditions for your firm? (double-weighted balance of opinion*)



* Percentage of firms reporting positive sentiment minus the percentage reporting negative sentiment. Responses of very good business conditions and very poor business conditions are given twice the weight of responses of good business conditions and poor business conditions. The range of potential outcomes of this double-weighted balance of opinion is -200% to 200%.

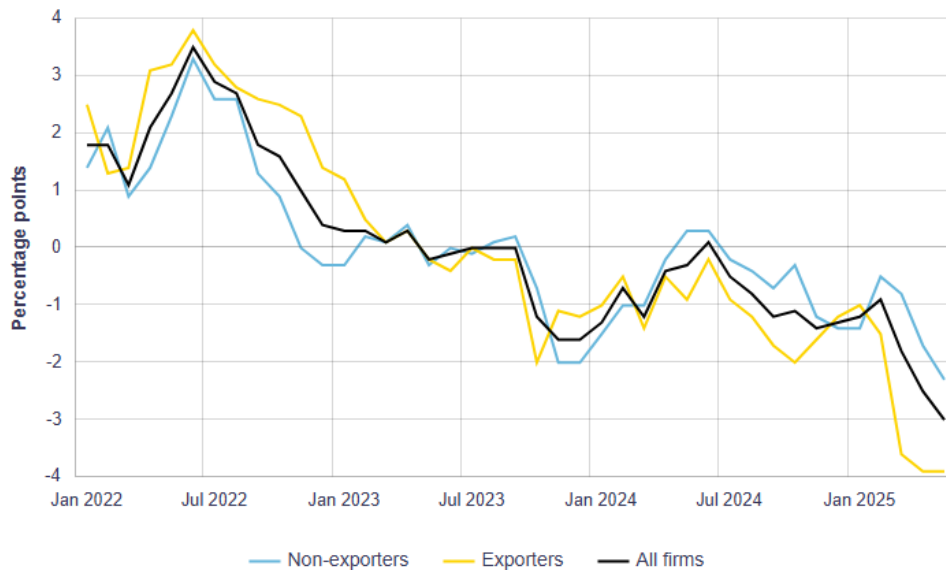
Note: This question was not asked in September 2022.

Source: Business Leaders' Pulse

Last updated: May 31, 2025

Chart 2: Sales expectations have softened, especially for exporters

Expected sales growth next 12 months, relative to historical average



Note: The historical average is taken from January 2022 through May 2025.

Source: Business Leaders' Pulse

Last updated: May 31, 2025

The final survey I'd like to highlight is the Canadian Survey of Consumer Expectations, or CSCE. This is a quarterly survey that measures households' views about their job prospects and financial health, as well as their expectations for inflation. We also ask about current issues of interest to the Bank. The results are parsed out by characteristics like age, geography, income and education.

During and immediately after the pandemic, the CSCE was helpful in giving the Bank a clearer look at differences in spending and saving patterns across households. When it came to individuals, the pandemic—and subsequent increases in inflation and interest rates—affected different segments of the population very differently. I spoke about this at the University of Regina in the autumn of 2023, a speech I encourage you to read.⁷

More recently, in the first quarter of 2025, results from the CSCE highlighted an emerging “Buy Canadian” movement that could reduce Canadian imports from the United States.

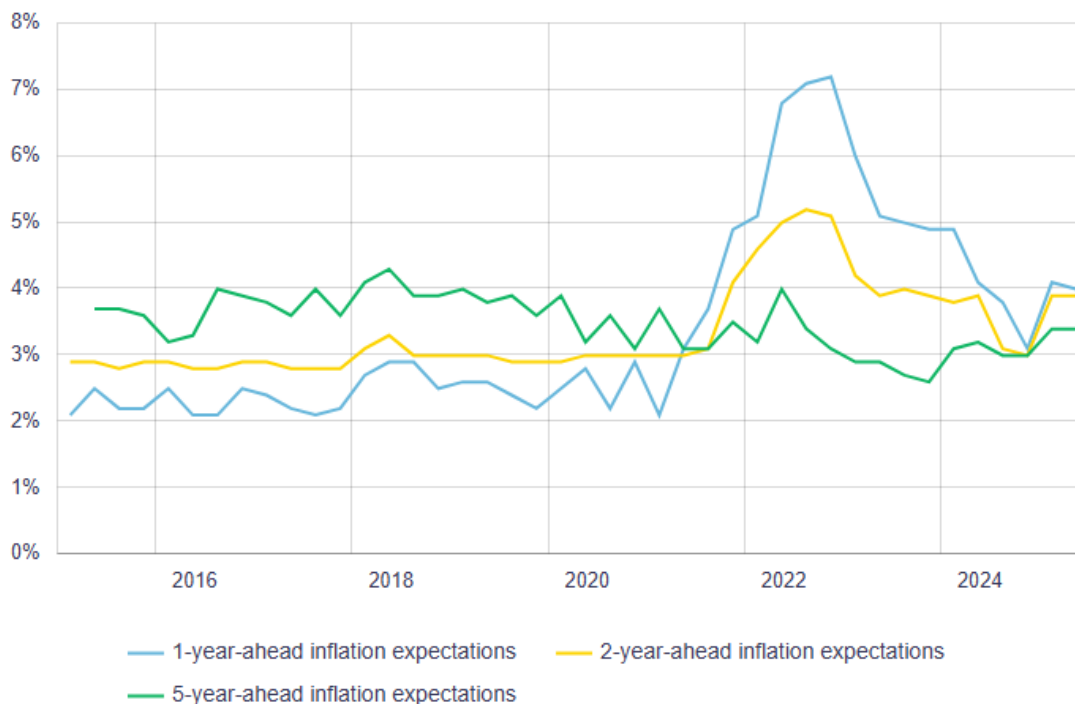
The CSCE has allowed us to see how trade tensions with the United States are having a more pronounced impact on some Canadians. People working in sectors that rely on exports to the United States are increasingly concerned about their job security. They say they're more likely to reduce spending on durables—such as furniture and appliances—and on non-essentials like restaurant meals and vacations.

And tariff policies could impact the prices consumers face. Indeed, with all the talk about tariffs, consumers' inflation expectations over the next year or two have recently increased (**Chart 3**).

⁷ S. Kozicki, “[Household differences and monetary policy](#),” (speech delivered to the University of Regina, Regina, Saskatchewan, September 19, 2023).

Chart 3: Consumers' inflation expectations increased earlier this year

Inflation expectations for each horizon: What do you expect the rate of inflation (deflation) to be? (Interpolated median)



Special regional consultations

I'll turn now to consultations that fall outside of the Bank's normal survey schedule, and that are driven largely by pressing issues of the day.

For many years now, the Governor and other senior Bank officials have met regularly with leaders in different sectors. Most recently, members of Governing Council spoke with representatives from the auto sector, as well as other manufacturers and exporters. We wanted to hear first-hand how the trade conflict is affecting businesses in these sectors today and their outlook for the future.

The Bank is also holding special consultations across the country to supplement traditional datasets and our standard surveys.

As an example, I'll take you back to the interest rate decision in March 2025.

We were operating in an environment that was truly chaotic. Governing Council wanted to know more about how the economy was being affected by uncertainty around both US trade policy and Canadian countermeasures.

We relied heavily on the results of our three standard surveys to inform our interest rate decision. And we supplemented these results with additional information from businesses and industry associations that were particularly affected by trade tensions. This would not have been possible without the strong relationships our regional staff have developed and nurtured over the years.

We also considered information coming in from such consultations for our rate decision yesterday. I'll give you a glimpse of what we heard.

Overall, firms believed that their worst-case tariff scenarios were much less likely to materialize than they reported earlier this year. While uncertainty remains high, there was less talk of catastrophic outcomes. But firms have now started seeing concrete impacts on their performance, and they're finding it challenging to formulate their outlooks.

Most businesses expect activity to weaken in the near-term, which puts jobs at risk. In addition, firms spoke about their costs increasing, which likely means they will need to raise prices at some point.

Governing Council considered this information with other data and analysis in deciding yesterday to keep our policy interest rate at 2.75%.

Governing Council outreach

For my final example, I'd like to talk now about an initiative that is near and dear to my heart.

Members of Governing Council have ramped up the number of regional visits we make to hear first-hand about local economic conditions in communities across the country. We're asking a lot of questions and listening to people's views and experiences.

Sometimes these regional meetings take place when a member of Governing Council is in a community for a public speech. Other times we will make a trip solely to meet with community members and local firms.

Last year, my colleagues and I embarked on 16 community visits with a combined total of about 100 roundtables, bilateral meetings and consultations. In addition to businesses, we met with a diverse range of individuals and groups across the country, including Indigenous Peoples, labour unions, public officials, business improvement associations and organizations that provide social services—to name just a few.

While I'm in Toronto, I'll be meeting with representatives from academia, a labour union and a shipping and transportation company. I will also be speaking with the head of a mentorship program for tech start-ups and a leader in biomedical engineering.

People I've met with across the country have left an indelible mark on my perspective as a member of the Bank's Governing Council.

Hearing first-hand from people and businesses gives me greater clarity of the depth and breadth of economic issues. Speaking face-to-face with people turns facts and figures into a more complete narrative of how the economy is evolving.

I've also heard things in my travels that foreshadowed what appeared later in hard datasets. For instance, when I was in Moncton earlier this year, firms told me that shipments to the United States were happening sooner than originally planned. They also reported an uptick in bringing shipments to Canada. This pointed to exporters and importers pulling forward shipments and building up inventories ahead of tariffs—which showed up later in official data.

These insights also help the Bank grasp the real-world issues that stretch beyond traditional data. When I met with representatives from Ottawa's information technology sector, I heard that the high cost of housing is making it difficult for

firms to attract new employees from out of town. Affordability also came up in my conversations with people working in the social services sector. They spoke about seeing increases in the number of people using food banks and experiencing homelessness.

Another benefit of doing outreach is that it allows you to connect the dots. If I hear something in the Fraser Valley and again here in Toronto, this may be a sign of an emerging national trend that's worth keeping an eye on.

But I want to stress that it's not just Governing Council members like me who are out collecting these insights. Our regional staff make important connections with individuals and businesses every day. They deserve huge kudos for their efforts in communities across the country.

What we hear really does help us understand how developments like pervasive trade uncertainty affect the economy. So if the Bank asks your organization to participate in a survey or an outreach activity, I encourage you to do so. We're grateful to those who are willing to take time out of their busy schedules to meet with us.

And lest I leave you with the impression that the benefits are one-sided, I certainly hope that those we meet with also come away from our conversations with a deeper understanding of how the Bank of Canada is working for them.

We know the last few years have been difficult. Many households and businesses faced significant hardships with inflation spiking higher than it had in decades. The elevated interest rates that were needed to bring inflation back to the Bank's 2% target also made borrowing more expensive.

In the end, the Bank's monetary policy actions restored price stability, and we have been able to lower our policy interest rate by 2.25 percentage points since last spring.

But Canadians once again face greater uncertainty about what the future will hold. It's important that people continue trusting us to be a steady hand in these turbulent times. Our outreach is an important part of earning—and maintaining—this trust.

Conclusion

It's time for me to wrap up.

Before I take your questions, I want to note that this year marks the Bank's 90th anniversary. For nine decades, we have promoted the economic and financial well-being of Canada and Canadians.

We don't always get everything right, but we are constantly learning and adapting. This is vitally important in today's highly uncertain environment when the situation sometimes feels like it's changing by the hour.

As we navigate this uncertainty, my colleagues and I will continue reaching out to those we serve. When Governing Council is better informed, we make better decisions—for you, and for all your fellow Canadians.

Thank you for taking the time today to hear more about our work at the Bank of Canada, and how your insights shape our thinking.

I look forward to answering any questions you may have.