

**NAFTA: ECONOMIC FORECASTS****DECEMBER 7, 2015****ALBERTO CALVA // ACUS CONSULTING Ltd**

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This is our report regarding the economic forecasts for the Nafta Area and some of its major trading partners for 2015 and 2017. Forecasts and comments regarding five issues are presented: Gross Domestic Product (GDP), Inflation (Consumers' Price Index), Interest Annual Rates (T'Bills 3 months), Exchange Rates for five currencies, and Unemployment Rates. All figures here presented are an average of several sources. Our sources for the tables of figures were the documents released by the economic analysis areas of four banks (BMO, RBC, Scotiabank, TD), information from the forecasts of the OECD, European Commission and some figures from the Chicago Mercantile Exchange (CME) and the monthly poll published by Banxico. Historical figures are taken from our own files.

**Gross Domestic Product (GDP) growth rate**

	2013 actual	2014 actual	2015 estimated	2016 forecast	2017 forecast
Canada	2.2%	2.5%	1.2%	2.1%	2.2%
USA	2.2%	2.4%	2.5%	2.6%	2.4%
Mexico	1.4%	2.1%	2.4%	2.9%	3.3%
United Kingdom	2.2%	2.9%	2.5%	2.3%	2.1%
Euro Area	-0.3%	0.9%	1.5%	1.8%	1.8%

**Inflation (Consumers' Price Index)**

	2013 actual	2014 actual	2015 estimated	2016 forecast	2017 forecast
Canada	1.2%	1.5%	1.2%	2.0%	2.1%
USA	1.5%	0.8%	0.4%	1.9%	2.3%
Mexico	3.8%	4.1%	2.7%	3.7%	3.5%
United Kingdom	2.0%	0.5%	0.1%	1.5%	1.9%
Euro Area	0.9%	-0.2%	0.1%	1.2%	1.5%

**Interest Annual Rate (T'Bills 3 months) yearly average**

	2013 actual	2014 actual	2015 estimated	2016 forecast	2017 forecast
Canada	1.0%	0.9%	0.5%	0.6%	1.2%
USA	0.3%	0.1%	0.2%	1.0%	1.7%
Mexico	3.8%	3.1%	3.2%	4.0%	4.6%
United Kingdom	0.5%	0.5%	0.6%	1.0%	1.9%

**Exchange Rates yearly average**

	2013 actual	2014 actual	2015 estimated	2016 forecast	2017 forecast
CAD/USD (**)	1.030	1.105	1.315	1.338	1.293
MXN/USD (**)	12.77	13.29	16.41	16.51	16.72
USD/GBP (*)	1.567	1.646	1.546	1.553	1.559
USD/EUR (*)	1.328	1.299	1.109	1.079	1.095

(\*) USD needed to buy one GBP or EUR. (\*\*) CAD or MXN needed to buy one USD

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**Unemployment Rates yearly average**

	2013 actual	2014 actual	2015 estimated	2016 forecast	2017 forecast
Canada	7.1%	6.9%	6.9%	6.8%	6.6%
USA	7.4%	6.2%	5.3%	4.8%	4.6%
Mexico	4.9%	4.8%	4.5%	4.4%	4.6%
United Kingdom	7.5%	6.2%	5.5%	5.5%	5.5%
Euro Area	12.0%	11.6%	11.0%	10.6%	10.2%

The changes in the forecasted figures based on periodic surveys mean that the environment is constantly changing and that we cannot base our planning process on a constant scenario. It is necessary to permanently monitor the changing trends of the different economic variables. Planning is a non-stop process and not a one-time event at the beginning or end of each year. In this page we can see the change in the figures for the last months.

When supporting clients in financial planning and long term project evaluations, the change in the economic figures can imply a complete change in the attractiveness of a project or a business.

About Acus Consulting. This firm supports companies, organizations and government agencies in financial and strategic analysis, investment project evaluations, financial planning and decision making. It is based in Toronto.

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