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TD Economics: Spending in a Time of Uncertainty



In a budget intended to help Canada compete on a global stage during the energy transition, the government unveiled \$67 billion in net new spending over the 5-year forecast horizon. About one-third was accounted for by the previously announced increase in health transfers, with the remainder focused on clean energy investment, dental care, and measures that were cited to address affordability in a high inflation environment. There will not be a return to fiscal balance. The deficit is expected to rise to \$40 billion (1.4% of GDP) in the upcoming fiscal year, before shrinking but holding in the red at \$14 billion (0.4%) by fiscal 2027-28. Accordingly, the debt-to-GDP ratio is slated to rise initially before heading lower to just below 40% by the end of the 5-year projection. The government's forecast is based on cautious near-term economic assumptions, but fiscal projections remain vulnerable should the economy hit a deeper recession or stagnate into 2024.

Thanks to a weaker economic outlook over the near term and increased spending commitments, the budget deficit has widened by nearly \$10 billion (bn) in fiscal 2023-24. The deficit is estimated to be \$40 bn, or 1.4% of GDP, up from 1.1% of GDP in the Fall Economic Statement (FES) back in November 2022. The government unveiled \$67 billion in new spending measures on priorities in a budget titled "A Made-In-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future". As expected, the key focus included support for the climate change transition, healthcare, and improving affordability.

Given the higher deficit, the Federal debt-to-GDP ratio rises in the 2023-24 fiscal year, before resuming its downward trajectory. At 39.9% in 2027-28, it is notably above the 37.3% estimated only a handful of months ago in the FES. It also remains above the 30% threshold of the prior business cycle.

The main risk to this budget is the potential for a significant economic slowdown that could put government finances on an unsustainable path. But, it's hard to argue given that a portion of the new spending was already known and supportive of health transfers to provinces, while roughly one-third of spending initiatives are intended to address Canada's competitiveness during the climate change transition. On the margin, some initiatives could work at odds with the Bank of Canada's (BoC) attempt to bring down inflationary pressures.

Source: <https://economics.td.com/canadian-federal-budget>

Quick and sustainable kitchen hacks



(NC) Trying to eat quality food on a budget with a busy schedule can seem like an impossible feat. From grocery shopping to food prep, clean-up and waste, here are some tips to make the process easier and more economical.

Meal plan and prep

Plan three to four core meals for the week and shop according to their recipes. Try to have the key ingredients overlap so that you are using what you buy. In addition to these meals, make a plan for using up the leftovers. They can simply be reheated or try turning last night's dinner into something new such as a casserole, taco toppings or quesadillas.

Embrace the single pot

One-pot meals aren't just simple and delicious, they also reduce energy use on the stove, in the oven and during clean-up. Get creative with stews, soups and curries.

Shop local and in-season

In-season local produce is not only exceptionally fresh and tasty, it's also available more and more in local stores. Buy in bulk when possible and consider canning or preserving so that you can enjoy them all year round.

Freeze the leftovers

When buying and cooking in bulk, freeze the leftovers and extras to save time, energy and money while retaining the foods' natural colour, flavour and nutritional value.

Pick ugly and lonely produce

Oftentimes fruits and vegetables are thrown away because they are oddly shaped or their colour is not quite "right," yet they still taste delicious. Because of this, some stores will offer discounts on these fruits and vegetables, so take advantage of the savings.

Best before dates

Many foods remain good to eat past their best before dates. Check the smell and feel of the food before tossing because these dates typically refer to taste and overall quality, not

safety.

Compost what you can

Composting kitchen waste recycles nutrients back into the soil. Instead of throwing your kitchen scraps in the garbage, switch them over to a compost bin.

When it comes to our food, Canadian farmers and agricultural businesses are working hard to ensure quality is maintained while protecting our land, air and water for future generations. Learn more about food and environmental stewardship at Canada.ca/Taste-the-Commitment.

www.newscanada.com

Have mortgage questions? I'm here to help you!

Please feel free to contact me with any questions you may have. It would be a pleasure to assist you or any one of your friends or family members!

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