

## **Economic Update Speech October 2016**

The Council for Canada would like to update the Jamat on the outlook for the Canadian economy.

The Canadian economy contracted in the second quarter partly due to lower oil prices and other commodity exports.

While third quarter growth is expected to rebound, a number of global events will continue to create economic uncertainty, including how Britain will negotiate its exit from the European Union, the continued political and economic challenges in the European Union and China, and events in the United States including the upcoming election and prospects for rising interest rates.

In Canada, additional challenges are creating economic uncertainty including high household debt which is amongst the highest in the developed world, and rapidly rising housing prices, especially in Toronto and Vancouver. It remains to be seen what long-term effects the introduction of the new foreign buyer tax will have on the Vancouver housing market. In Alberta, low oil prices continue to negatively impact housing markets. The federal and provincial governments have responded to economic uncertainties by increasing spending for infrastructure projects and by continuing to keep interest rates at record low levels.

Technology advancements are beginning to change the way businesses operate and continue to threaten jobs. In Singapore, for example, the world's first trial of self-driving taxis was recently launched and, if successful, may lower the need for human taxi drivers worldwide. Knowledge workers are not immune to these trends.

During these times of economic uncertainty and technological change, consider taking the following steps:

1. Build up adequate savings: Keep at least 3-6 months of expenses in savings in case of job losses or other unforeseen events.
2. Reduce debt, if possible with any excess savings, especially if the interest cost on investments is higher than the returns. If seeking loans to finance business growth, ensure that the business can service interest costs should short-term interest rates rise in the future. Refrain from accumulating debt for weddings, baiyyahs or celebrations.

3. Reduce expenses wherever possible. Avoid the temptation to keep up with others, or to accumulate consumer goods for show.
4. Seek confidential support from the Jamati institutions or broader community if needed. The risk of alcoholism and drug addiction are higher with increased financial stress levels.
5. Consider asking: “Is my job going to exist in the next five years, and if not, what can I do about it today?” We live at a time when technology is rapidly changing and companies such as Uber, Airbnb and others are significantly disrupting traditional industries and displacing workers. As a result, continuous education is critical to adapting to changing times. Many universities are making course content available online free of charge.

Lastly, it is important to remember that during times of slow economic growth, there are higher risks of fraud and theft. If you are considering private investment opportunities, perform proper due diligence and have written agreements and exit strategies wherever possible.

Please contact members of the Economic Planning Board or visit [iiCanada.org](http://iiCanada.org) for information on language proficiency classes, finding and financing vocational training and skills upgrading, and other relevant programs, events and workshops. Thank you.