

The most important chart(s) in Canada: Redux

By Warren Lovely & Daren King

Before we start, an acknowledgement: There is a lot vying for your attention in Canada these days. There's an unfolding political drama in the nation's capital alongside fresh fiscal pronouncements to mull over. And there's never a shortage of important economic releases to parse. On the data front, we've no interest in minimizing Canada's fresh CPI report, which our colleagues nicely covered [here](#). But there was a separate release from StatCan today that warrants as much scrutiny: Canada's latest quarterly population estimates (as of October 1st).

Indeed, the visual representation of population growth might just be one of the most important charts in Canada these days. After all, has heretofore-outsized population growth not affected (or is infected?) almost every aspect of Canada's social/economic/financial/political fabric? Seems so.

So, what do fresh demographic data tell us? For starters, Canada's population—now estimated at 41.5 million—is continuing to grow. As of October 1st, an additional 950,000 were calling Canada home than was the case a year earlier. That 12-month growth, at 2.3%, still looks pretty brisk by international standards. For instance, Canada's most natural yardstick, the U.S., has population growth closer to 0.5% year-on-year.

Vitally, however, you can find *some* evidence that efforts to put Canadian population growth on a more sustainable (and absorbable) path are bearing fruit.

Witness the more controlled quarter-over-quarter change in the national headcount. In absolute terms, population increased by 177K in the last quarter, a noted comedown vs. the peak level of 430K registered little more than a year ago. In percentage terms, the latest quarterly gain (1.7% annualized) was the slowest since spring 2022.

To absolutely no surprise, the catalyst for this moderation in population growth is the non-permanent resident or NPR category. (It was this NPR category that accounted for disproportionate population gains in recent

years and thus the most obvious area to focus containment efforts.) Net NPR immigration was still technically positive in the latest quarter, but likely not for much longer. Our own seasonal adjustment of the NSA data suggests the nation-wide total for NPRs turned net negative last quarter. (Provincially, Ontario NPRs are already negative on a NSA basis, with a bit more regional colour below.)

StatCan data show permanent (i.e., non-NPR) immigration continuing apace. At least for now. Note, however, that Canada has been so far out-of-balance demographically speaking, that the feds now concede that permanent immigration needs to cool too.

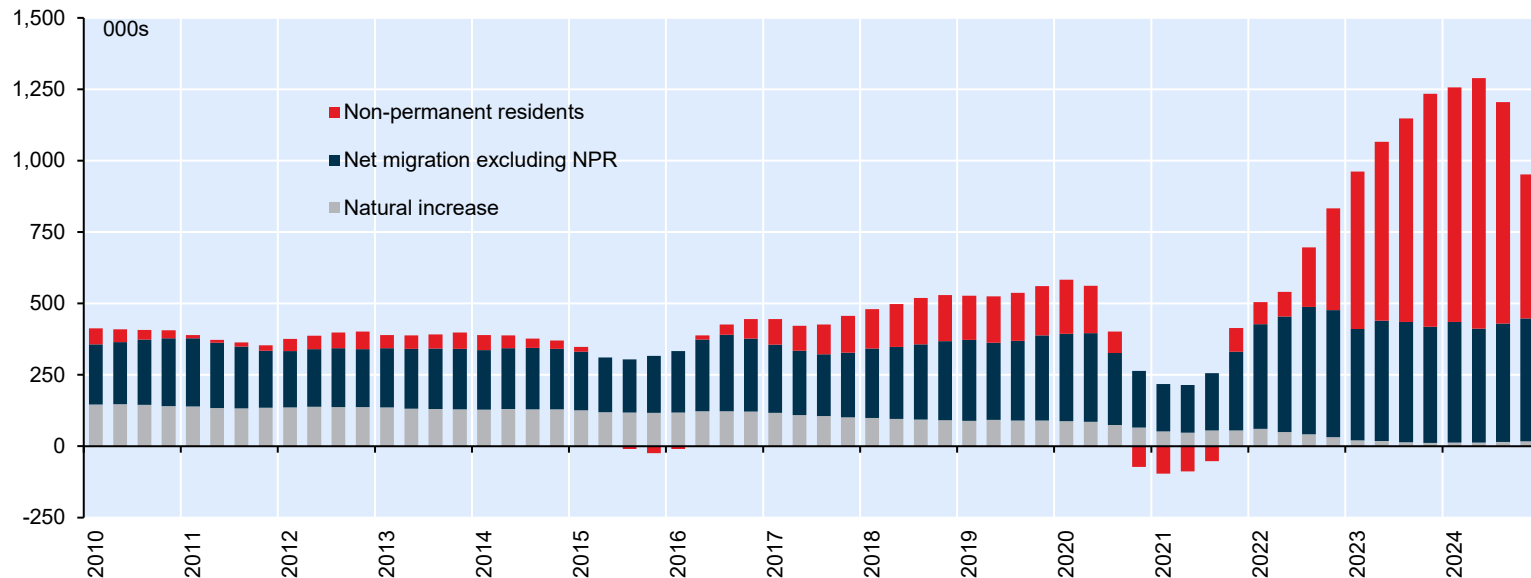
To be sure, there remains plenty of uncertainty attached to population projections, making these quarterly estimates of great significance going forward. These data will colour expectations on jobs, growth and monetary policy neutrality, among other things.

And we, as Canadians, have to be willing to take the good with the bad (or vice versa as the case may be). The population boom we went through in recent years temporarily (and in the end artificially) arrested the aging process, the nation's median age having fallen in each of the past three years. That's no small consideration for provincial governments bearing primary constitutional responsibility for health care. And while slower (perhaps even outright negative) population growth may allow housing supply to catch up to underlying demand, it could lay bare some of the fundamental economic and fiscal challenges we face as Canadians. You may think of this as a necessary demographic detox.

Mind you, not all regions are apt to feel this equally. Indeed, when it comes to the latest population tallies, note that Alberta's outperforming regional economy is pulling in net interprovincial in-migration from other parts of the country. It suggests less of a comedown for this province, with NBC's detailed provincial economic forecast available [here](#).

Chart 1: The leading edge of a needed comedown in Canadian population growth

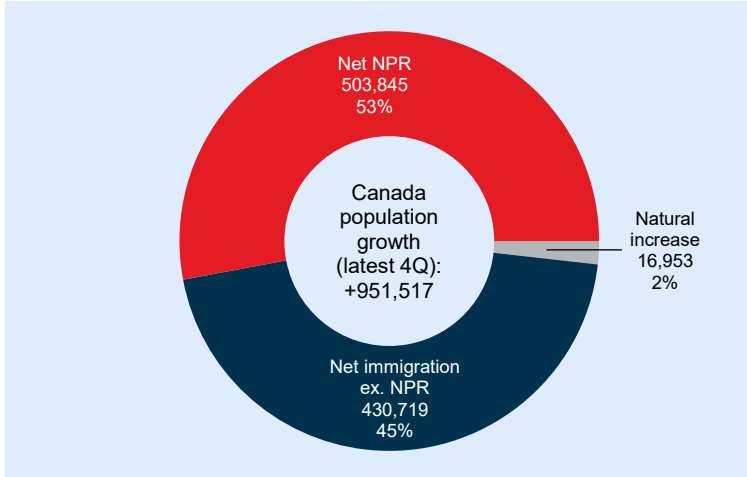
Components of Canada population growth: 4-quarter moving sum



Source: NBC, StatCan | Note: Latest data point refers to 1-Oct-24

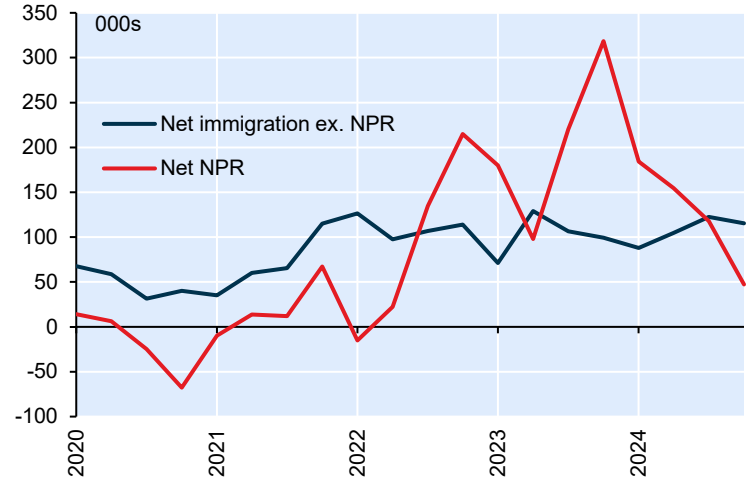


Chart 2: Where is population growth coming from?
Share of Canada population growth: Latest 4 quarters (to 1-Oct-24)



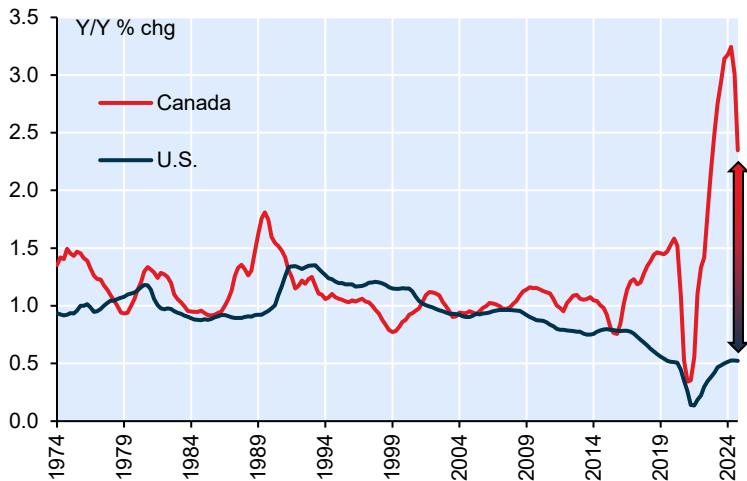
Source: NBC, StatCan

Chart 3: NPR component adjusting (with more to come)
Quarterly change in Canada international immigration: Permanent vs. NPR



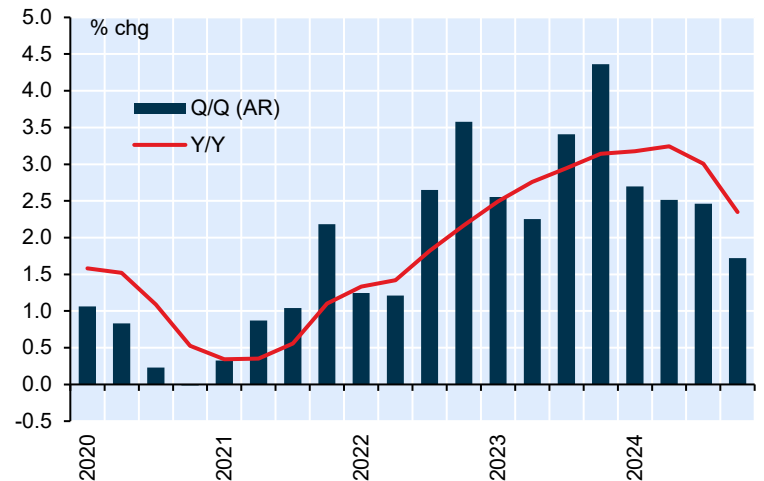
Source: NBC, StatCan | Note: Latest data point refers to 1-Oct-24

Chart 4: Another spin on Canada-U.S. divergence
Population growth: Canada vs. U.S.



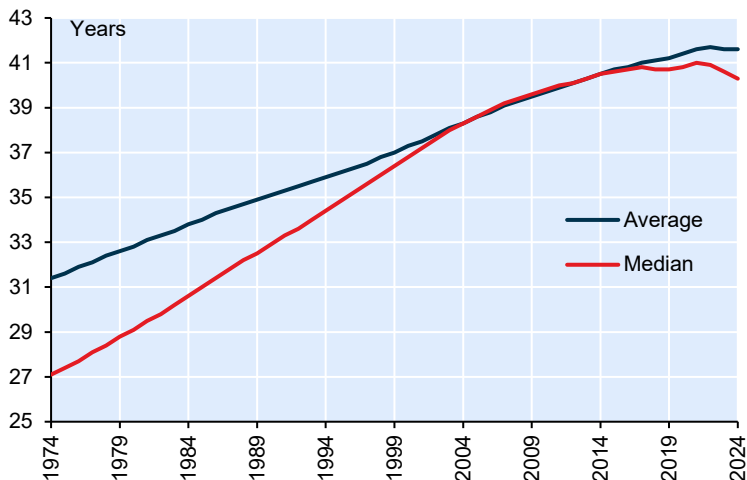
Source: NBC, StatCan, FRED

Chart 5: Needed slowing in population growth materializing
Canada population growth



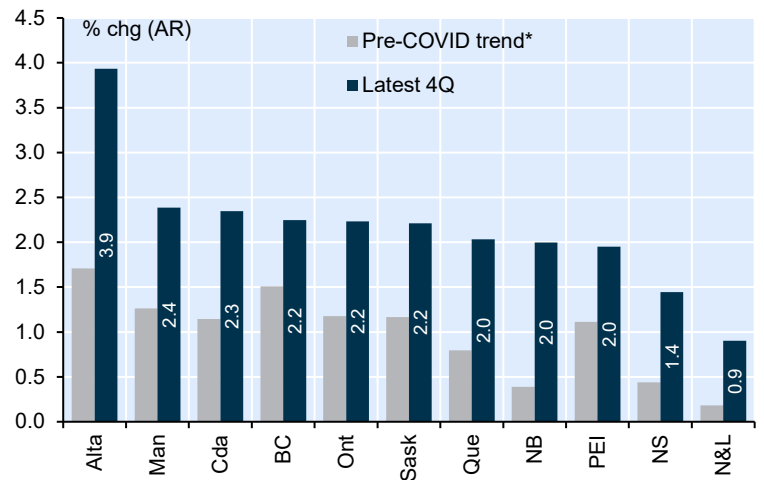
Source: NBC, StatCan

Chart 6: Earlier population boom arrested aging trend
Canada average & median age



Source: NBC, StatCan | Note: Based on annual population estimates

Chart 7: Alberta's outperforming economy drawing people in
Canada population growth by province: Latest vs. pre-COVID trend



Source: NBC, StatCan | Note: Pre-COVID trend refers to 10Y period spanning 2009-19



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