



## 5 Minutes for Business

### A Look Ahead at the Global Economy in 2015

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What an exciting year for business! The Canadian Chamber of Commerce just published its [Crystal Ball – Outlook 2015 Report](#), and big changes are coming to the global economy. Canada performed well last year, but there are vulnerabilities just over the horizon, from highly indebted consumers to worries about our housing market and now weaker oil prices. But, there are also big opportunities as the U.S. economy is accelerating into a booming recovery while the weak loonie is boosting our exports.

Around the world, we've been seeing signs of weakness even after last year's dismal results. Emerging markets, which used to be the engines of global growth, have slowed and are much more vulnerable than in the past. Brazil is struggling with stagnation, Russia is in a deep recession and even mighty China was forced to lower interest rates to prop up its bubbly housing market and reduce financing costs for business.

Across the Atlantic, the euro crisis is back, as disappointing growth combined with mild deflation. The 18 countries of the euro zone will see growth of around 1% in 2015. And, there are risks to even this gloomy scenario as a radical leftist Syriza party is leading the polls in Greece and could form the next government on January 25. European governments may find themselves in a showdown with a Greek prime minister demanding debt relief and an end to austerity. Markets will be troubled by renewed fears of a euro break-up, even though that remains unlikely.

There is really only one major economy that is picking up strength. Fortunately, it's the world's largest, the United States of America, with 20% of global GDP. The U.S. economy grew a staggering 5% in the third quarter of 2014 thanks to a resurgent consumer and astonishing strength in the corporate sector.

Unemployment in the U.S. is down to just 5.8% and wages are rising.

The big question for 2015 is whether the U.S. economic resurgence can pull other markets along with it, like a huge locomotive dragging the global economy forward. We think it can, and that's why we're optimistic that global growth can accelerate to 4.1% in 2015 from 3.3% in 2014. The second big question for 2015: Is Canada ready?

Exports to the U.S. rose 12% last year in spite of weak energy prices. Some of the fastest growing sectors were auto parts, lumber, aircraft, plastics, medicines and machinery. With a rip-roaring U.S. economy and a weaker loonie, the growth could be even better this year. That's why many Canadian companies may have to scramble to build the capacity, in terms of investment and human capital, to keep growing.

The main challenge for our economy is that, in order to maintain a healthy rate of growth, we have to shift away from domestic consumption, as consumers put their credit cards away, and focus more on exports and business investment. Oil prices are likely to remain weak through 2015, and the Bank of Canada warned that this could subtract 0.3% from GDP growth.

This means Canada's manufacturing, technology and service sectors will need to shift into high gear. Risks abound, but there are so many opportunities, and 2015 will be an exciting year for Canadian business. Are you ready?

The full report is available here: [Looking into the Crystal Ball: Economic, Political and Technology Outlook 2015](#)

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