

Canada's 2025 Economic Forecast: Interest Rate Shifts, Trade Tariffs, and More

Canadian Finance · Answer Key · 8 Questions

1. According to Bank of Canada projections in early 2025, what was the expected policy interest rate at the end of 2025 in Canada compared to the United States?

- A) 2.50% in Canada vs. 3.75% in the U.S.**
- B) 3.00% in Canada vs. 4.00% in the U.S.
- C) 2.75% in Canada vs. 3.50% in the U.S.
- D) 2.25% in Canada vs. 3.25% in the U.S.

2. In April 2025, Canada's headline Consumer Price Index (CPI) registered a year-on-year increase of 1.7%. What was a primary catalyst for this slowdown in price growth?

- A) A significant decline in energy prices due to the removal of the consumer carbon tax.**
- B) A sharp increase in the price of essential goods.
- C) A prolonged period of strong economic growth.
- D) Increased government spending on social programs.

3. What significant economic event was highlighted as a major source of uncertainty for Canada's economy in early 2025, potentially impacting growth and inflation?

- A) New U.S. trade policy and potential tariffs.**
- B) A sudden drop in global oil prices.
- C) A major technological breakthrough in renewable energy.
- D) An unexpected increase in domestic consumer demand.

4. For the full year 2024, how did the Canadian stock market perform relative to the U.S. market?

- A) The Canadian market was up a little over 22%, while the U.S. market was up just over 36%.**
- B) Both markets experienced similar gains of approximately 25%.
- C) The Canadian market outperformed the U.S. market with gains exceeding 30%.
- D) The U.S. market saw a slight decline, while the Canadian market remained flat.

5. What new regulatory framework for retail payment activities in Canada was set to come into force on November 1, 2024, requiring payment service providers to register with the Bank of Canada?

- A) The Retail Payment Activities Act (RPAA).**
- B) The Consumer Protection Act.
- C) The Financial Consumer Protection Act.
- D) The Open Banking Framework.

6. In 2024, which country was Canada's top trading partner, accounting for a substantial trade surplus for Canada?

- A) United States**
- B) China
- C) United Kingdom
- D) Mexico

7. As of January 2025, what was the Bank of Canada's target overnight interest rate, following a reduction of 2.00% since June 2024?

- A) 3.00%**
- B) 2.75%
- C) 3.25%
- D) 2.50%

8. In 2025, Canada's S&P/TSX Composite Index offered a dividend yield that was approximately how much compared to the S&P 500?

- A) More than double the dividend yield of the S&P 500.**
- B) Approximately the same as the dividend yield of the S&P 500.
- C) Half the dividend yield of the S&P 500.
- D) Slightly lower than the dividend yield of the S&P 500.