

Canada's Economic Shifts: Interest Rates, Housing & Trade Dynamics in Focus

Canadian Economy · Answer Key · 15 Questions

1. According to RBC Economics, what is expected to reduce ownership costs and unlock pent-up demand in Canada's housing market in 2025?

- A) Increased government housing subsidies
- B) Lower interest rates**
- C) A surge in new housing construction
- D) Reduced property taxes

2. What was the projected annual average inflation rate for Canada in 2025, according to Statistics Canada?

- A) 2.4%
- B) 3.1%
- C) 0.61%**
- D) 1.5%

3. Which Canadian region emerged as a leader in real estate market growth in 2024, buoyed by economic diversification and population surge?

- A) Atlantic Canada
- B) British Columbia
- C) The Prairies (particularly Alberta)**
- D) Northern Canada

4. What was the projected federal deficit for Canada in 2025-2026, according to Budget 2025 projections?

- A) \$56.6 billion
- B) \$39.8 billion
- C) \$78.3 billion**
- D) \$40 billion

5. In 2025, Canada's trade deficit in goods and services widened significantly compared to 2024. What was the approximate value of this deficit in 2025?

- A) \$10.1 billion
- B) \$31.3 billion**
- C) \$7.2 billion
- D) \$15.5 billion

6. What significant change occurred in Canada's net direct investment position by the end of 2025, as reported by Statistics Canada?

- A) It increased for the first time since 2012.
- B) It remained unchanged.
- C) It dropped for the first time since 2012.**
- D) It doubled compared to the previous year.

7. The Bank of Canada's Monetary Policy Report projected inflation to return to target in which period?

- A) The second half of 2024
- B) Early 2025
- C) The second half of 2025**
- D) The first quarter of 2026

8. According to CREA, what was the projected national average home price increase in Canada for 2025?

- A) A decrease of 1.1%
- B) A modest increase of 2.8%
- C) A 3.2% increase**
- D) Prices were expected to remain flat.

9. Which sector experienced a notable increase in Canadian direct investment abroad in 2025, despite an overall slowdown?

- A) Energy and mining
- B) Finance and insurance**
- C) Manufacturing
- D) Trade and transportation

10. What was a significant factor contributing to the depreciation of the Canadian dollar in 2024 and early 2025, according to FocusEconomics?

- A) A sharp increase in oil prices
- B) The Bank of Canada's more aggressive rate cut cycle compared to the Fed**
- C) Stronger performance of the US dollar
- D) Reduced foreign direct investment

11. In 2025, Canada's merchandise trade surplus with the United States saw a decline. By how much did it decrease compared to 2024, as reported by Global Affairs Canada?

- A) It increased by approximately \$20 billion.
- B) It decreased by approximately \$20 billion.**
- C) It remained stable.
- D) It increased by approximately \$10 billion.

12. What is the primary driver mentioned for the increase in foreign direct investment into Canada in 2025, as reported by TD Economics?

- A) Government tax incentives for foreign investors
- B) Merger-and-acquisition activity**
- C) A significant depreciation of the Canadian dollar
- D) Increased global demand for Canadian natural resources

13. Which two core measures of inflation, watched by the Bank of Canada, remained firm and slightly above 3% year-over-year in September 2025, according to RBC Economics?

- A) CPI-average and CPI-full
- B) CPI-trim and CPI-median**
- C) CPI-core and CPI-core-common
- D) CPI-headline and CPI-excluding-food-and-energy

14. The Bank of Canada's decision on December 10, 2025, to hold the interest rate firm at 2.25% was based on the expectation that the policy rate was 'about the right level' to achieve what primary objective?

- A) Stimulate rapid economic growth
- B) Keep inflation close to 2% while aiding economic adjustment**
- C) Reduce the national debt significantly
- D) Boost the Canadian dollar's value

15. Which Canadian economic sectors are identified as having comparative advantages and are prioritized for strategic deployment of transformative technologies?

- A) Technology, finance, and tourism
- B) Manufacturing, automotive, and aerospace
- C) Agriculture, forestry, critical minerals, and energy**
- D) Healthcare, education, and retail