
PBO releases updated scenario analysis of COVID-19 pandemic and oil price shocks

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April 30, 2020, OTTAWA – The Parliamentary Budget Officer (PBO) today released an updated scenario analysis of the COVID-19 pandemic and oil price shocks to help parliamentarians gauge the potential impacts on the Canadian economy and the Government's finances.

The PBO report [Scenario Analysis Update: COVID-19 Pandemic and Oil Price Shocks](#) presents a revised economic scenario and incorporates new federal measures announced up to and including April 24, as well as updated estimates of previously announced measures.

It is important to note that this analysis provides a plausible illustrative scenario for the Canadian economy and the Government's finances—it is not a forecast.

"Given the magnitude and rapid pace of recent developments, we wanted to provide parliamentarians with timely, non-partisan analysis to help them gauge the potential economic and fiscal impacts," said Yves Giroux, PBO. "Our latest scenario analysis incorporates new economic data and assumptions, as well as new federal spending announcements and estimates."

The PBO's updated economic scenario assumes real GDP in Canada to decline by 12 per cent in 2020, which would be the worst on record since the series started in 1961. Under this scenario, the budget deficit would increase to \$252.1 billion in 2020-21. Relative to the size of the Canadian economy, the deficit would be 12.7 per cent of GDP and the federal debt-to-GDP ratio would rise to 48.4 per cent of GDP in 2020-21.

"To date, budgetary measures announced by the Government are intended to be temporary. Once the budgetary measures expire and the economy recovers, the federal debt-to-GDP ratio should stabilize," adds Mr. Giroux. "But if some of the measures are extended or made permanent, the federal debt ratio will keep rising."

The latest fiscal results include \$146.0 billion in federal budgetary measures that have been announced as of April 24 based on [Finance Canada and PBO cost estimates](#).

The PBO's scenario analysis will be updated as more data and information become available.

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