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THE CEO EDGE

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How Fast is the Train Going? - Our Economic Outlook

Interview with [Jock Finlayson](#), Executive Vice President and Chief Policy Officer, [Business Council of British Columbia](#)

What is your view on the global economic outlook and what this means for Canada?

We are in a 'slow growth' world and I don't expect that to change for at least another year or two. Global economic growth should continue to hover ~3% vs. the 4-5% growth we saw for the half decade leading up to 2009.

The downshifting of GDP growth in China, now Canada's second largest export market and also the world's second biggest economy, is an important driver. In addition, other key emerging market economies, including Brazil, Russia, South Africa, Turkey and Argentina, are in or on the cusp of outright recessions, while the European Union continues to limp along with a feeble ~1% growth rate. All in all, it is not an inspiring picture.

Weaker global growth translates into sluggish global demand for commodities and lower commodity prices. Since resource-based products make up 50-60% of Canada's merchandise exports, this does not bode well for us. The worldwide commodity boom that Canada benefited from is now unfortunately very much behind us.

What are the prospects for the Canadian economy over the next 2-3 years?

The short answer is: a period of very modest growth. The collapse of oil prices, low prices for natural gas, uranium and both base and precious metals, and a less than buoyant global economy translate into a macro-economic environment that is not conducive to robust gains in output and employment here in Canada.



Nancy MacKay, PhD
Founder & CEO

CEO Breakfasts

Sept 23, 2015
SWO 7-9am

Accelerating Change

Panelists: Clement Chan (Executive Director, Columbia International College), Terry Davis (CEO, Home Hardware Stores Ltd.), Steve Fletcher (President, McKeil Marine Limited), Kurtis McBride (CEO, Miovision Technologies)

Co-hosted with Deloitte & CIBC

Sept 24, 2015
Vancouver 7-9am
Accelerating Change

Panelists: Jim Case

We are also coming off a long period of frothy housing market activity, which has left many Canadian households with heavy debt burdens. The current record level of household debt to income will crimp the growth of consumer spending going forward.

The main positive news for Canada is that the US economy is expected to pick up speed in 2015-2017, which should generate demand for our non-energy exports, including lumber products and building materials, machinery and equipment, and tradable services. Tourism in Canada will also benefit from an expanding US economy coupled with a low Canadian dollar.

Overall, I see the Canadian economy posting growth of perhaps 1.4% this year, rising to something closer to 2% in 2016 and 2017. Not bad, but nothing to get excited about.

What will be the impact of a sustained \$ 50-60 oil price on the Canadian economy?

Benchmark North American crude prices look set to remain below \$70 bbl. for some time. Lower oil prices are a key driver of Canada's modest growth outlook, not only because of lower energy exports in dollar terms, but also because the oil and gas industry is/will be sharply curtailing capital spending.

In the half decade or so prior to 2014, the Canadian energy sector accounted for more than one-third of total non-residential investment. Even with other industries investing more, the shutting off of the energy-related capital investment tap means that overall business fixed investment won't provide a net economic lift.

The "oil market recession" is also causing a fair amount of fiscal pain for some Canadian jurisdictions. The main oil producing provinces - Alberta, Newfoundland, and to a lesser extent Saskatchewan - have all seen a fall-off in revenues linked to slumping oil prices and dwindling energy-related capital investment. The federal government estimates that sagging oil markets have sliced its tax revenues by at least \$5-6 billion per year.

What can we expect in terms of interest rates, inflation, and the Canadian dollar over the next two years?

Given the very modest growth, inflation will stay anchored near 2% and rates are unlikely to rise. I don't expect the Canadian central bank to hike its policy rate until we are well into 2016 - perhaps even later. With the US economy growing faster than the Canadian economy in 2015-16, interest rates will move higher there before they do here, and the Canadian dollar may well lose further ground against the US greenback in the next 6-12 months.

I would not be surprised to see the Loonie trading at 75 cents US by early next year. That would actually deliver a small boost to GDP in Canada by making our exports more competitive within N.A. and slowing the growth of imports.

One virtue of a flexible exchange rate regime like the one we have in Canada is that it helps the economy adjust to exogenous shocks. The Canadian dollar has behaved exactly as one would expect it to when

(CEO, Travelers Financial), Bhawnesh Mathur (CEO, Creation Technologies), David Minnett (President, Amica Mature Lifestyles), John Simmons (CEO, Carmanah)

Co-hosted with Fasken Martineau

Sept 29, 2015 Toronto 7-9am How to Achieve Exponential and Transformational Growth

Panelists: Paul Allison (Chairman & CEO, Raymond James Ltd.), Eric Berke (Co-Founder & Managing Partner, TorQuest Partners), Bob Fitzgerald (CEO, SCM Insurance Services), Dave Friesema (CEO, Sleep Country Canada)

*Co-hosted with
Raymond James Ltd. &
TorQuest Partners*

[Email Nancy for details](#)

CEO Awards & Summits Save the Dates

**Tuesday Nov 3, 2015
Vancouver, evening
BC CEO Awards Gala**
Join us to celebrate the 2015 BC CEO Award Winners:

Paul Hollands, A&W
Tamara Vrooman,
Vancity
John Nicola, Nicola
Wealth Management
Edward Wright, CRH
Medical Corporation
Krista Thompson,
Covenant House
Vancouver

[Tickets & Information](#)

*Co-hosted with
Business in Vancouver*

Monday Feb 1, 2016

faced with a declining price for the country's number one export: it has lost value. The only things that would push the Loonie higher in the next year or two are a sizable jump in oil prices or a considerably stronger global economy. Neither looks likely at this juncture.

Meet our newest Forum Chairs

[Tom Dutta](#), Vancouver - With more than 30 years experience helping build and grow companies in Canada and the U.S., Tom has previously served as a CEO, COO and Board Chair in five different sectors, and benefited greatly from his own CEO peer group. Tom now enjoys helping transform organizational teams, teaching them "why they do what they do" and is globally certified to teach the People Code Assessment.

[Don Holmstrom](#), Vancouver - A CA by trade, Don has spent the past 25 years acquiring companies and managing business integration and strategy as a CFO, COO and CEO of several companies. Don works with entrepreneurial companies helping owners drive growth and operational performance. Don has also been a participant in a CEO peer mentoring group for over a decade - "I cannot tell you how invaluable this experience has been for me professionally and personally - helping other CEO's have this same experience is something I am very passionate about."

[Erin Sills](#), Vancouver - An accomplished leader in organization development, Erin works with CEOs and executives to align leadership, business strategy and culture. She is certified to administer Myers Briggs, EQ In Action Profile, The Leadership Circle 360, Prosci Change Management and the Barrett Values Centre Cultural Transformation Tools.

New CEO Forum Chair opportunities

MackKay CEO Forums has now grown to over 500 CEOs and top executives, participating in over 46 different forums located in key markets across Canada. Our peer network continues to strengthen as it grows. We will continue to add new forums to meet demand, but we must first identify and partner with new Forum Chairs.

We are actively recruiting new CEO Forum Chairs based in Vancouver, Edmonton, Calgary, Toronto, South Western Ontario and Montreal. Please pass on this [opportunity](#) to leading CEO advisors, coaches and consultants in your network.

CEO and Executive Forum Fitness

Toronto 12noon-late evening Waterstone Most Admired Corporate Cultures CEO Summit and Most Admired CEO Awards Gala

This is an exclusive opportunity for MackKay CEO Forums members! More information regarding registration will be available in the fall.

*Co-hosted with
Waterstone*

Tues April 12, 2016 Toronto 7am-late evening Best Managed Companies Symposium and Gala

An exclusive opportunity for MackKay CEO Forums members to attend the 1-day CEO Summit or Executive Summit, and the Gala event. More information regarding registration will be available in the fall.

Co-hosted with Deloitte

Contact [Jane Matthews](#) for more details.

Challenge!

Challenge your peer group, make some changes, live longer and accelerate your performance with our popular [fitness challenge](#), led by Dr. Larry Ohlhauser, author of *The Healthy CEO*.

Contact your Forum Chair or [Larry](#) for details.