Provincial Issuers Update

Summary

Cooling of global CPI inflation, subsequent broadening of the global monetary easing cycle and soft economic landing scenario have created a favourable environment for the Canadian provincial issuers.

Provincial bond market has been featuring spread resilience despite higher-than-usual borrowing programs.

Tilt of primary market issuance on the international markets is driven by larger borrowing programs and increasing activity by pension funds in the SSAs space.

The economic outlook is notably subject to shifts to economic, trade and fiscal policies after the presidential elections, and resulting implications in terms of US Treasuries supply.

Quebec: Maintaining strong credit ratings despite a large budget deficit, with a focus on addressing fiscal issues in the 2025 budget and investing in the EV supply chain.

Ontario: Strong financial stability with potential risks related to population changes and a challenging housing market.

British Columbia: Advancing LNG projects and bond issuance ahead of October elections.

Alberta: Upgraded credit rating due to fiscal discipline, strong liquidity, and international funding diversification.

Saskatchewan: Increasing international debt issuance and a favourable mix of natural resources.

Manitoba: Economic stability with low unemployment and low inflation, alongside growing interest in critical mining.

Newfoundland & Labrador: Stable financial outlook with opportunities in green hydrogen projects.

Nova Scotia: Strong economic momentum with potential in green hydrogen projects.

New Brunswick: Credit rating has improved, with positive outlooks from S&P and Moody's, despite weak GDP growth, driven by the government's strong fiscal management and reduced debt-to-GDP ratio.

Prince Edward Island: Maintaining strong tourism and population growth, credit agencies hold a positive outlook despite relatively low ratings.

Quebec: Short-Term Budgetary Slippage, Turnaround Feasible and Imperative

Despite Quebec's Budget 2024 proposal of $11B deficit for FY2024–25, or $7.3B net of forecast allowance and debt-reduction transfers, credit rating agencies have maintained the province's long-term ratings (S&P: AA, Fitch: AA-, Moody's: Aa2). Credit rating agencies expect the Quebec government to announce measures, in the 2025 budget, to address what the S&P Global Rating agency called a short-term "fiscal slippage." This slippage led to a brief market reaction post-budget, with Quebec-Ontario 10-year spread widening from -2 basis points (bps) to ~+4 bps, then improving to ~+2 bps during the summer. In our view, the maintenance of the long-term objective of reducing the public debt burden—viewed positively by credit agencies—has prevented a considerable and sustainable widening of Quebec's credit spread over Ontario. Investors expect Quebec to maintain its long-term debt-reduction goals, and the government is expected to present a credible plan to restore budgetary balance in Budget 2025.

In our opinion, the Quebec government has the fiscal capacity to turn things around. For instance, the Quebec government will notably review its 277 different taxes and budgetary expenditures costing $60B annually. The late June publication by the Quebec Finance Department, showing a deterioration of the FY2023–24 deficit, did not affect Quebec's relative market pricing versus Ontario (deficit of $5.4B before the transfer to the Generations Fund). In its annual rating review, the S&P Global Rating agency notes the well-established borrowing programs in the US and Europe. Quebec's ability to issue nearly half of its FY2024–25 bond program, so far, outside Canada, including a €1.25B 15-year Euro benchmark deal in mid-July and a $2B 10-year US bond in late August, underscores its strong global diversification.

One key topic for investors relates to public investments in the EV supply chain and their long-term implications for financial sustainability. In a new report released earlier this summer, the Parliamentary Budget Officer (PBO) provided valuable details regarding government support for the $7B Northvolt battery factory, which will be built on the south shore of Montréal. Sixty percent of Quebec's $3.4B financial support is conditional on the level of production and 40% is tied to the upfront construction phase and other purposes. The risk exposure of the Ontario government differs. Ontario's support for Stellantis-LGES and Volkswagen EV projects, 90% of financial backing is tied to the level of production, with less unconditional financial support (10%) relative to Quebec. The other angle worth addressing relates to Quebec and Ontario spreads relative to the benchmark GoCs: the federal government is taking more risk in the EV transition with close to 60% of total support offered to companies, compared to 40% for Canadian Provinces.

Ontario: Entrenched Solid Credit Ratings, Favouring the Domestic Market

As we noted in our March Budget 2024 write-up, Queen's Park is the home of financial stability and resilience. Fitch, unsurprisingly, affirmed Ontario's AA-credit rating last May, notably labelling Ontario "stronger" for revenue adjustability, expenditure adjustability and liquidity features. In June, the S&P Global Rating agency made note of manageable deficits and debt sustainability and affirmed its A+ long-term rating. Since credit agencies released their annual review, Ontario has been consistently and successfully reopening their June 2034 and long December 2055 benchmarks. Ontario launched a new 10-year December 2034 mid-August, including the latest issuance at a spread of +73.5bps relative to the federal benchmark. Ontario has been favouring the domestic market more than other issuers so far, in FY 2024–25.

The First Quarter Update released in mid-August falls in the category "No news is good news." The FY2024–25 deficit of $9.8B, total expenses and total revenues are on track with Budget 2024. Our revisited economic forecasts anticipate a rebound in auto production in 2025, boosting real GDP growth after a subpar year. One big question surrounds the timing and extent of the net reduction of non-permanent residents (NPR), as planned by the federal government. In the July Monetary Policy Report, the Bank of Canada reveals the uncertain path of net NPR flows, going forward, using as a base case, higher population growth than implied by the federal government's new targets. If this federal government's objective is achieved through the limitation of international students and temporary foreign workers, Statistics Canada's new population scenarios suggest Ontario (along with B.C.) should experience the largest deceleration in population growth in 2025–26 (0.6% per year) compared to 2024 (2.7%). Such a steep moderation—not incorporated in Budget 2024—would inevitably soften the tax base and could also ease pressures on program spending. The good news is that Ontario benefits from "stronger" expenditure adjustability, according to Fitch. In other words, the province has the flexibility to adjust to growth-demand pressures.

Another hot topic in Ontario relates to housing market conditions. New condominium sales in the Greater Toronto and Hamilton area are nearly 70% lower than the 10-year average. Given the elevated cost of carrying a new mortgage, above $3000 per month, it will require more than a cumulative 100 bps reduction by the BoC to revive demand in our view. Active listings on the resale market have surged, according to the Toronto Regional Real Estate Board, driven by investors desire to sell in response to the steep refinancing shock. Softness in sales combined with the moderate decline in the GTA home price index from a year ago, point to a reduction in the land transfer tax for the province. Instead, Budget 2024 projects a mild increase in land transfer tax in FY2024–25, to $3.9B. The risk severity is judged as mild since land transfer tax represents less than

3% of own-source revenues for Ontario (compared to 8% in British Columbia).

British Columbia: LNG Forges Ahead, General Elections in October

Earlier this summer, the British Columbia (B.C.) Wildfire Service initially reported a calmer wildfire season relative to the historical average, but new wildfires emerged in July and August. The related wildfire costs are expected to be less than the $1 billion spent in FY2023–24. LNG expansion continues to offset the challenging consolidation of the forestry industry. Major, multi-billion dollar private-led projects garner attention from the investment community and B.C. wins many of them: a positive final investment decision was taken by the Pembina Pipeline Corporation and the Haisla Nation relative to the LNG Cedar project announced. Completion of the Cedar project is expected in 2027. The project is poised to generate, in our view, a modest new source of non-renewable resource revenue over time. Cedar is the third LNG project in B.C. to go ahead after the Woodfibre and LNG Canada projects. The likelihood of seeing a fourth or fifth LNG project is still good, but odds have decreased slightly due to a few global studies pointing to a substantial increase in global LNG supply between 2026 and 2030. In our view, B.C. has the potential to match Malaysia in terms of LNG export capacity over time but not Qatar or the US.

In April, S&P Global Ratings downgraded B.C.'s long-term credit rating from AA to AA- after the NDP proposed running large, structural deficits over the next three years in Budget 2024. This AA- rating puts B.C. at the same rating scale level as Quebec, Alberta and Nova Scotia. Only Saskatchewan has a higher credit rating from S&P, at AA. Two out of four credit agencies, namely Moody's and S&P, currently have a negative outlook. After adjusting the relative pricing of B.C.'s credit, post-budget, the bond market should start to wonder if these big deficits will materialize. Indeed, the gap between the provincial NDP and the provincial Conservative Party has been narrowing swiftly, according to the latest polls, ahead of the October 19th general election. The race is expected to be essentially between these two parties since the B.C. United party ended its election campaign in late August. B.C.'s bond issuance program for FY2024–25 is already 80% complete, with the province issuing more bonds in international markets than in previous years, including deals in Australia, the U.K., the US, and Europe.

Alberta: Tight Spending Behaviour Contributes to Credit Upgrade

Global sovereign credit quality has been improved, with credit upgrades outpacing downgrades in 2023 and continuing into 2024. In June, Fitch raised the Province of Alberta's long-term rating from AA- to AA. This rating places Alberta between Quebec and Ontario (both at AA-) and British Columbia (at AA+). Fitch attributed the upgrade to rapid debt reduction, adherence to spending restraint and strong liquidity, including a US$12B commercial paper program and C$2.4B in domestic notes and T-bills. Combined with the issuance of only one domestic deal out of four (the remaining to the US, Euro and Australian markets), this credit upgrade led Alberta-Ontario's credit spread to tighten by a few bps.

Otherwise, our 2024–25 economic forecasts are a notch above the 2024 budget assumptions. In fact, this ongoing outperformance translated into very solid results, according to the First Quarter Update released late August. The surplus estimate for FY 2024-25 jumps to $2.9B, thanks essentially to higher non-renewable resource revenues. Oil production surged before the long-awaited Trans Mountain pipeline came online last spring. However, a major setback occurred in July when a catastrophic wildfire destroyed a material part of the city of Jasper, with approximately one third of the structures lost. Slightly more than a quarter of the $2B contingency set aside, $573M, will be used for wildfire-related emergency assistance.

Alberta also accounted for about 56% of all private-sector job creation, nationwide, over the past year. The influx of Canadians from B.C. and Ontario, seeking more affordable housing, has driven housing starts to heights not seen since WTI oil prices hovered around US$100 per barrel in 2011–12.

Saskatchewan: International Issuance Push, Favourable Mix of Natural Resources

The province plans to increase its debt issuance internationally, targeting a quarter of total outstanding debt. One step in this direction was the issuance of an inaugural EUR 1.25B 10-year benchmark last spring, priced at mid-swaps +49 bps. So far, about two thirds of Saskatchewan's issuance in FY2024–25 has been funded through international markets.

Credit agencies all affirmed their current ratings during the summer (S&P: AA, DBRS: AA low, Fitch: AA). Notably, Saskatchewan holds S&P's highest subnational rating in Canada. In their assessment, Fitch and DBRS cite the cyclical nature of natural resource sectors including oil, agriculture, potash, and uranium. In our view, these natural resource markets on the global scene are favourable.

The province plans to reap benefits over time from the critical mining transition after boosting the tax credit for mineral exploration in 2023. Additionally, construction of Phase 1 of the Jansen potash project hit the halfway mark this summer and is on track to start production in 2026, generating new potash revenues. The World Bank fertilizer price index also stabilized in Q2 2024 after falling in Q1, supporting the moderate decline in potash prices assumed in Budget 2024.

In addition, Kazakhstan, the top global producer of uranium, surprisingly increased its tax on extraction for a second consecutive year, adding uncertainty to future supply globally. Combined with the broader global support for nuclear energy, this development should further enhance Saskatchewan's economic profile. Uranium exports to the European market already soared in 2023, particularly in Germany, as the region is dealing with a severe energy crunch.

Manitoba: Sound Domestic Economic Fundamentals, Pivoting Towards Critical Mining

Referring to the old "misery index," developed during the stagflation era of the 1970s, Manitobans could be the happiest consumers in the country. Indeed, the province is home to both the second-lowest unemployment rate (5.7% in July) and the second-lowest CPI inflation figure (1.8% in July). The temporary cut to the provincial fuel works and is effective until the end of September.

Beyond the short-term business cycle, interest for the province's critical mining potential is growing. The Tanco lithium mine has been in operation since 2021 and the NDP government pushes forward with initiatives in this sector. Home to 29 critical minerals for the energy transition, the Manitoba government is receiving feedback from stakeholders to develop a new critical mineral strategy. Earlier this year, the Manitoba government provided modest financial support for 15 projects in the exploration phase. A report published by the International Energy Agency in May projected a favourable long-term demand outlook for lithium and other critical mining, driven by the EV market.

In May, S&P affirmed Manitoba's rating of A+. The province followed up a few days later with a US$1B, 10-year bond deal. The province has been also active on the Australian market with the issuance of a AUD600m bond. The last primary issuance transaction occurred in the second week of August with the reopening of the June 2034 bond, in line with the strategy cited in Budget 2024 of focusing on benchmark size issuance in 10-year and 30-year terms. Bond issuance activity is on par with the provincial average, with a completion rate of 71% of the FY2024–25 program.

Newfoundland & Labrador: Favourable Oil-Loonie Environment, Looking for Progress in Green Hydrogen Future

The loonie is no longer the petro-currency it once was, largely due to the surge in US shale output. Crude oil prices can be lofty even as the CAD/USD flies low: a big advantage for oil-rich provinces such as Newfoundland & Labrador (N&L). Brent oil prices, so far in FY2024–25, are approximately US$1 per barrel below the US$82 assumption used in Budget 2024, while the Canadian dollar is a notch softer. This implies N&L is on track to achieve its plan to cut the deficit by half in FY2024–25 ($152M) relative to the previous year. The $2.8B borrowing program is unlikely to be materially revised.

N&L made media headlines at the Council of the Federation in early July when premiers from all the provinces met. N&L got support from B.C. for its intent to launch a constitutional challenge about the federal equalization program. As N&L reveals in its press release of late May, the 100% inclusion rate of resource revenue, including the wind energy push in the province, to determine fiscal capacity must be reviewed. Also, N&L Premier Andrew Fury and Quebec Premier François Legault discussed the renewal of the Churchill Falls electricity deal. As cited in the *Montreal Gazette* on July 24th, the former said, "*The time has now come to see if there is room for an agreement*." Meanwhile, Hydro-Québec retained bids earlier this year to boost wind power capacity by 2027.

N&L's credit ratings, which are at the low-end of the provincial spectrum, were affirmed in July (DBRS: A, S&P: A). This raises the odds that the province will actively seek to issue more bonds, particularly given the lower-than-average completion of its bond issuance program so far in FY2024–25. In its rating review, S&P identified material growth of the green hydrogen sectors as an upside risk that could lead to a rating upgrade. In our view, for this to happen, developers in the green hydrogen industry will need to secure multiple long-term purchasing contracts from global buyers. Europe plans to import 10M tons of green hydrogen by 2030. New research from Radboud and Eindhoven Universities finds green hydrogen often leads to net reductions in greenhouse gases (GHGs). Furthermore, potential green hydrogen projects are awaiting environmental approval at the federal level. This is another crucial step before N&L can issue bonds at tighter spreads, closer to 100 bps, relative to the Canadian benchmark curve. In comparison to the reopening of its previous long bond benchmark earlier this spring, N&L's new 30-year benchmark, issued in late June, was priced at a moderately tighter spread relative to the Canadian curve and Ontario's long bond 2055.

Nova Scotia: Solid Economic Momentum, Big Wind Potential for Energy Transition

Nova Scotia's (N.S.) short-term economic momentum is unambiguously solid, highlighted by above-average full-time job creation and a sharp increase in residential units under construction. However, the province faces higher challenges than others in surpassing upbeat economic assumptions laid out in Budget 2024. The odds of better-than-expected fiscal revenues appear low as FY2024–25 unfold.

N.S. credit rating stands in the middle of the provincial pack (S&P: AA; DBRS: A high; Moody's: Aa2). As mentioned in Budget 2024, high capital spending to support population growth, including the largest health care construction project in the province's history, will be a larger-than-usual driver of bond issuance for FY2024–25 and FY2025–26. N.S. has been favouring the issuance of long bonds in May and mid-June.

Strategically, like N&L, N.S.'s potential green hydrogen projects are favoured by the short shipping distance to Europe and the US markets. This proximity is particularly crucial when emissions from hydrogen transport are taken into the equation, according to the April World Economic Forum report. The N.S. government tabled its green hydrogen action plan last December.

New Brunswick — Improving Credit Rating, Positive Outlook from Credit Agencies

Population growth in New Brunswick (N.B.) has not significantly eased during the second quarter of 2024, in contrast to other Atlantic provinces. Real GDP growth is expected to remain weak, below the 1% mark this year. This is due to sluggish export growth and a lack of large-scale private projects. Last March, the S&P rating affirmed New Brunswick's A+ rating, citing the government's strong commitment to achieving solid fiscal results as a key reason for maintaining a positive outlook. As mentioned in our Budget 2024 write-up, the Progressive Conservative (PC) government has been running structural surpluses despite the province's below-average economic performance. The net debt-to-GDP figure dropped significantly, to 27%, similar to where B.C. is headed. In May, Moody's upgraded the province's long-term rating from Aa2 to Aa1 and kept a positive outlook. Two thirds of the FY2024–25 $1.7B bond program is completed, implying at least one additional issuance this FY. Two thirds of the $1.7 billion bond program for fiscal year 2024–25 has been completed, suggesting one additional issuance this fiscal year. The province issued $300 million in a new 10-year benchmark bond. This bond had a spread of +75 bps over the Government of Canada bonds and +6 bps over Ontario's 2034 bond.

Prince Edward Island — Manageable Deficit

Last March, the Prince Edward Island (P.E.I.) government proposed an $85 million deficit for fiscal year 2024–25. This is a familiar approach under Premier Dennis King's administration. The tourism industry remains strong. Population growth is the fourth highest in Canada, behind Alberta, Ontario, and British Columbia. Despite the growth, unemployment rose above 8% this summer, even with gains in full-time employment. In May, S&P reiterated its positive outlook for P.E.I., anticipating budgetary improvements over the next two years. However, P.E.I.'s A rating from S&P remains among the lowest of all the provinces. Meanwhile, Moody's affirmed its Aa2 rating for P.E.I. last July. This rating is surprisingly one notch above Ontario's Aa3 rating, which has a positive outlook.

Appendix

Provincial Economic Forecasts

Exhibit 1: Nominal GDP Growth (%)

	2021	2022	2023	2024	2025
Canada	13.4	11.8	2.6	3.7	4.7
Newfoundland & Labrador	18.5	6.8	-6.5	6.8	4.5
Prince Edward Island	14.9	9.3	5.2	4.7	3.6
Nova Scotia	10.0	7.1	4.3	4.1	3.6
New Brunswick	10.9	7.4	4.1	4.0	3.3
Quebec	11.6	8.4	3.7	3.8	3.4
Ontario	9.8	9.2	4.3	3.8	3.8
Manitoba	9.2	8.6	4.1	3.0	3.5
Saskatchewan	13.9	29.2	-0.3	4.6	3.5
Alberta	24.9	22.0	3.5	5.9	3.7
British Columbia	15.8	11.0	4.6	4.3	3.7

Source: Statistics Canada, LBS Economic Research and Strategy

Exhibit 2: Real GDP Growth (%)

	2021	2022	2023	2024	2025
Canada	5.3	3.8	1.2	1.0	1.5
Newfoundland & Labrador	1.0	-1.7	-2.5	2.6	2.2
Prince Edward Island	8.4	2.9	2.2	1.7	1.5
Nova Scotia	5.9	2.9	1.3	1.3	1.5
New Brunswick	5.3	1.1	1.3	1.1	1.2
Quebec	6.7	2.5	0.2	0.8	1.3
Ontario	5.4	3.9	1.2	1.0	1.7
Manitoba	1.3	3.3	1.3	0.9	1.4
Saskatchewan	-0.7	6.0	1.6	1.1	1.5
Alberta	4.6	5.0	2.0	1.9	1.8
British Columbia	7.1	3.8	1.6	1.0	1.5

Source: Statistics Canada, LBS Economic Research and Strategy

Exhibit 3: Unemployment Rate (%)

	2021	2022	2023	2024	2025
Canada	7.5	5.3	5.4	6.2	6.4
Newfoundland & Labrador	13.1	11.2	9.9	9.9	10.3
Prince Edward Island	9.9	7.5	7.4	7.5	7.7
Nova Scotia	8.6	6.6	6.3	6.5	6.5
New Brunswick	9.1	7.2	6.6	7.5	7.8
Quebec	6.1	4.3	4.4	5.3	5.5
Ontario	8.2	5.6	5.6	6.8	7.1
Manitoba	6.4	4.5	4.8	4.9	5.2
Saskatchewan	6.5	4.7	4.8	5.6	5.9
Alberta	8.5	5.8	5.9	7.0	7.4
British Columbia	6.5	4.6	5.2	5.3	5.5

Source: Statistics Canada, LBS Economic Research and Strategy

Exhibit 4: Employment (annual change in %)

	2021	2022	2023	2024	2025
Canada	5.0	4.0	2.4	1.8	1.2
Newfoundland & Labrador	3.6	4.3	1.8	2.8	0.9
Prince Edward Island	4.1	5.3	5.6	3.3	1.3
Nova Scotia	5.6	3.6	2.7	3.4	1.3
New Brunswick	3.2	2.7	3.3	2.4	1.1
Quebec	4.4	3.1	2.3	0.6	0.9
Ontario	5.2	4.6	2.4	1.2	1.5
Manitoba	3.7	3.2	2.5	1.9	1.1
Saskatchewan	2.6	3.5	1.8	1.7	1.2
Alberta	5.5	5.2	3.6	2.8	1.9
British Columbia	6.2	3.1	1.6	2.3	1.3

Source: Statistics Canada, LBS Economic Research and Strategy

Exhibit 5: CPI Inflation (%)

	2021	2022	2023	2024	2025
Canada	3.4	6.8	3.9	2.6	2.1
Newfoundland & Labrador	3.7	6.4	3.3	2.4	2.0
Prince Edward Island	5.1	8.9	2.9	2.4	2.1
Nova Scotia	4.1	7.5	4.0	2.7	2.1
New Brunswick	3.8	7.3	3.5	2.6	2.1
Quebec	3.8	6.7	4.5	2.9	2.1
Ontario	3.5	6.8	3.8	2.4	2.1
Manitoba	3.2	7.9	3.6	1.5	2.0
Saskatchewan	2.6	6.6	3.9	1.6	2.0
Alberta	3.2	6.5	3.3	2.9	2.1
British Columbia	2.8	6.9	4.0	2.6	2.1

Source: Statistics Canada, LBS Economic Research and Strategy

Exhibit 6: Housing Starts (000s of units)

	2021	2022	2023	2024	2025
Canada	271.2	261.8	240.3	245.1	251.5
Newfoundland & Labrador	1.0	1.4	1.0	1.2	1.0
Prince Edward Island	1.3	1.3	1.1	0.9	1.0
Nova Scotia	6.0	5.7	7.2	8.0	7.0
New Brunswick	3.8	4.7	4.5	4.7	4.6
Quebec	67.8	57.1	38.9	49.0	50.0
Ontario	99.6	96.1	89.3	80.0	87.0
Manitoba	8.0	8.1	7.1	6.0	7.0
Saskatchewan	4.2	4.2	4.6	3.3	3.9
Alberta	31.9	36.5	36.0	45.0	40.0
British Columbia	47.6	46.7	50.5	47.0	50.0

Source: CMHC, LBS Economic Research and Strategy

Exhibit 7: Canada & Provincial Financing Program

	2023 / 2024	2024 / 2025 Estimated	% Completed	Completed	% CAD	Remaining	Vs last week
Canada [1]	172.000	236.000	45.2%	106.602	76.5%	129.398	5.500
Alberta [2]	5.402	9.500	73.9%	7.024	25.3%	2.476	0.000
British Columbia [3]	14.388	24.183	80.4%	19.452	42.9%	4.731	0.000
Manitoba	5.200	6.193	71.2%	4.410	50.4%	1.783	0.000
New Brunswick	1.692	1.693	66.1%	1.119	100.0%	0.574	0.000
Newfoundland & Labrador	2.200	2.800	36.8%	1.032	100.0%	1.768	0.000
Nova Scotia	2.030	2.598	47.2%	1.226	100.0%	1.372	0.000
Ontario	33.600	37.500	68.3%	25.618	87.0%	11.882	0.749
Prince Edward Island	0.100	0.400	0.0%	0.000	100.0%	0.400	0.000
Québec [4]	21.460	36.476	91.0%	33.191	56.1%	3.285	3.437
Hydro-Québec [5]	5.000	5.000	86.4%	4.319	100.0%	0.681	0.492
Saskatchewan [2]	1.963	3.980	83.2%	3.311	41.5%	0.669	0.000
Total Provies	***93.035***	***130.323***	***77.3%***	***100.702***	***63.8%***	***29.621***	***4.678***
Total	***265.035***	***366.323***	***56.6%***	***207.304***	***71.9%***	***159.019***	***10.178***

1: Gross bond issuance in both Canadian and international markets. The amount completed in 2024/2025 are all transactions that settle after March 31st.

2: Excludes short-term financing.

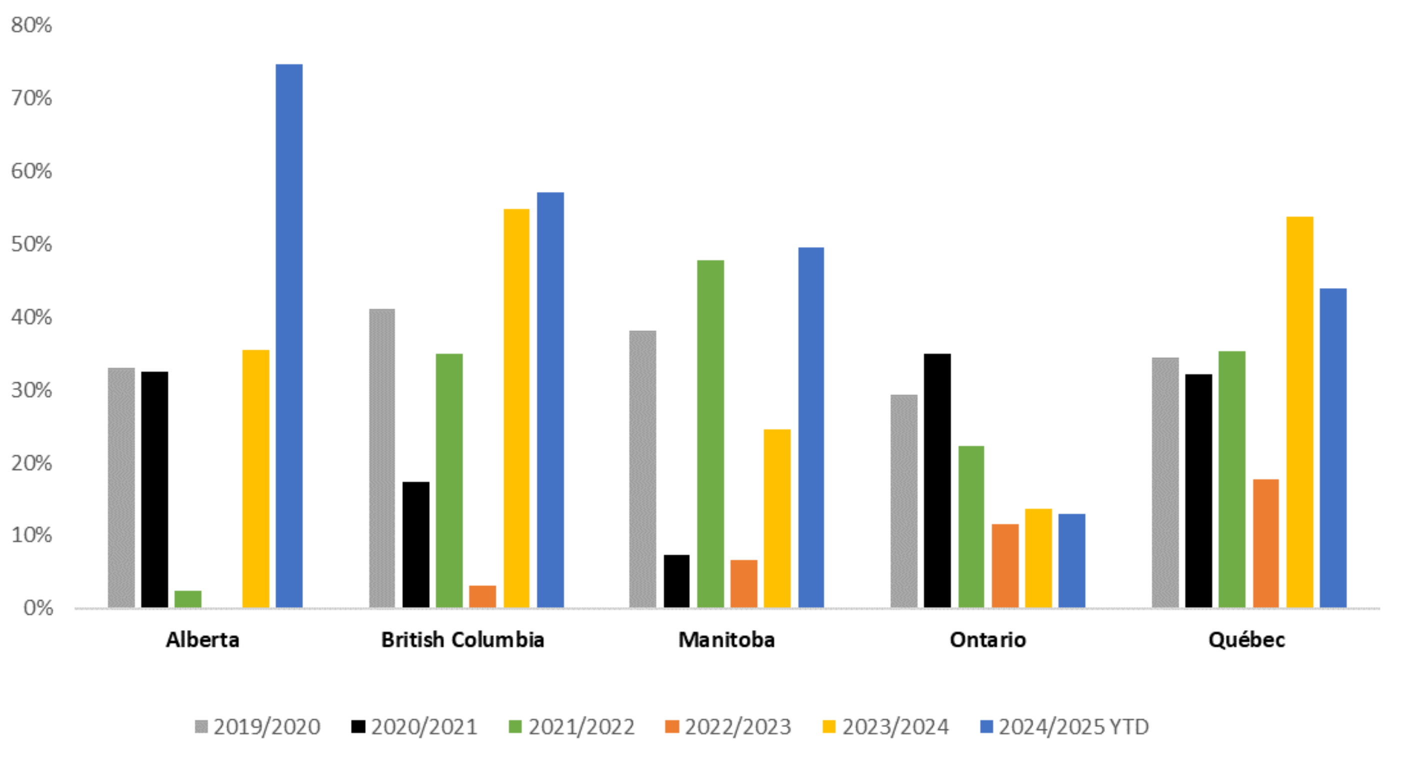
3: Excludes short-term and internal financing sources, matchbook and loan guarantees/SUCH sector (school, universities, colleges and health).

4: Including saving products and Immigrant investor Program amount completed, includes $5.9B pre-funding for 24/25 completed in fiscal year 23/24 after budget date.

5: Fiscal year end: December 31st, 2024.

Source: LBS Economic Research and Strategy

Exhibit 8: International Borrowing[1]



1: as a percentage of total borrowing

Source: LBS Economic Research and Strategy

We want to hear from you

Sales & Trading

Robert Sforza, CFA
Head of Distribution, Money Market & Repo
SforzaR@vmbl.ca | 514 350 2905

Etienne Bisaillon
Vice President, Trader
BisaillonE@vmbl.ca | 514 350 2905

Kacper Jurga
Vice President, Trader
JurgaK@vmbl.ca | 514 350 2905

Benoit Martineau
Vice President, Trader
MartineauB@vmbl.ca | 514 350 2907

Jean-Philippe St-Laurent
Vice President, Sales
StLaurentJP@vmbl.ca | 514 350 2904

Laura Chelaru
Vice President, Sales
ChelaruL@lb-securities.ca | 416 865 5811

Debt Capital Markets

Benoit Lalonde, CFA
Vice President & Head DCM
LalondeB@vmbl.ca | 514 350 2904

Massimo Morabito, CFA, FRM
Director, Debt Capital Markets
MorabitoM@vmbl.ca | 514 350 2904

Zakaria Hammama
Associate, Debt Capital Markets
HammamaZ@vmbl.ca | 514 350-2904

LBS Economics

Sébastien Lavoie
Chief Economist
LavoieS@vmbl.ca | 514 213 4571

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