**PESTEL (ECONOMIC ENVIRONMENT)**

As per the observation from the indications of Trading Economics of Canada, I believe Canada is in going towards the contraction stage of economy. I reviewed **GDP, Prices, Labour, Money and trade** as the five indicators. The GDP increase is 0.8% from a long period of time and the expansion in economy is 3.3% which is very less as compared to the expectations that were 4.4% (as per tradingeconimcs.com). So, overall economy is not expanding well on the basis of economy. Moving further to Labour, the unemployment rate has increased from 4.9 to 5.4% which means the economy is going down. Talking about Prices, there are mixed views like according to inflation as it has decreased, the economy should go up but at the same time the export prices have decreased and the import prices have increased which affects the economy. Going forward towards Money, interest rates have increased from 2.5% to 3.25% and as per my knowledge the increase in interest rate leads to the depression in economy because the people borrows less as they will get high rate of interest on the borrowed money. Also, the money supply M0, M1 and M2 have decreased in July as compared to June. This shows that economy is in the state of moving down that is contraction. Moreover, on the basis of trade, the balance of trade has decreased from 4881 to 4052 million CAD and there is decrease in exports as well which means less items are exported and less income is generated by exports. So, indirectly it affects the economy of Canada.

At last, by reviewing all these five economic factors which are *GDP, Prices, Labour, Money and trade,* I come to the conclusion that Canadian economy is on the path towards contraction phase of the business cycle.

Sources: Trading Economics- Canada Indicators (https://tradingeconomics.com/canada/indicators)