

Canadian Economy Likely Headed for Recession



Ottawa, July 3 (RHC)-- The Canadian economy is likely headed for recession in the second fiscal quarter of this year, according to two major banks. The U.S.-based Bank of America Merrill Lynch and Canadian-based Nomura Bank both released statements on Thursday, warning of a financial slump for the economy of Canada.

An economic recession is defined as two consecutive quarters of economic contraction. Canada's economic growth rate shrank 0.6 percent at an annualized rate in the first quarter of the 2015 fiscal year.

Canada is the 14th richest country in the world based on purchasing power parity (PPP). It is also the world's fifth biggest oil producer. The country, however, has been hard hit by a recent slump in global oil prices because of a glut in the global supply of crude.

Analysts say the downturn is also likely to hit the Canadian dollar, which could drop down to 70 cents on the U.S. dollar by the end of the year.

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