

WEEKLY NEWSLETTER

The Bank of Canada Halts Quantitative Easing and Signals Rate Increases in 2022

MUSINGS OF THE WEEK

- ▶ What's behind Quebec's quick economic rebound?

KEY STATISTICS OF THE WEEK

- ▶ United States: Economic growth has slowed.
- ▶ Unlike the other U.S. consumer confidence indexes, the Conference Board's rose in October.
- ▶ The Bank of Canada has ended quantitative easing and moved into the reinvestment phase while leaving key interest rates unchanged.
- ▶ Canada: A disappointing increase in real GDP by industry in August.

A LOOK AHEAD

- ▶ The Federal Reserve should announce that it will start trimming its bond purchases.
- ▶ United States: Job growth should prove better than September's.
- ▶ United States: The ISM indexes are expected to rise slightly.
- ▶ Canada: The merchandise trade balance could deteriorate slightly in September.
- ▶ Canada: Employment should continue to rise in October.

FINANCIAL MARKETS

- ▶ The stock market rebound has started to lose steam.
- ▶ Canadian bond yields saw a major adjustment.
- ▶ Both the Canadian dollar and the euro saw a temporary boost after the monetary policy meetings.

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Musings of the Week

What's behind Quebec's Quick Economic Rebound?

By H el ene B egin, Economist Senior

Like the rest of the world, Quebec saw its economy nearly grind to a halt in spring 2020 when public health measures were enacted to combat the first wave of COVID-19. The impacts were especially acute in Quebec, where the Great Lockdown shut down all non-essential businesses for months, including some residential construction sites. Last year, Quebec's real GDP plummeted 21.9% from its February peak to its April low, a bigger decline than in the rest of Canada (16.7%) and in Canada as a whole (17.7%).

Despite this shock, Quebec's economy enjoyed a faster recovery. Real GDP returned to its pre-pandemic level in March of this year, even before public health measures began to ease in May. To date, few industrialized economies have fully recovered. According to second quarter data, only the United States, South Korea, Australia, China, Turkey and Russia in the G20 have. Ontario and Canada have not. So why is Quebec outpacing its neighbours?

First, Quebec's industrial sector is highly diversified, with a number of industries that recovered quickly. Second, there has been strong global demand for natural resources, and Quebec has large mining, metallurgy, forestry and energy sectors. According to our [study](#), natural resources accounted for 10.1% of Quebec's GDP in 2020, as well as a large share of its jobs, investments and global exports. Together, these factors helped Quebec recover faster than the rest of Canada, which has been harder hit by global auto industry woes.

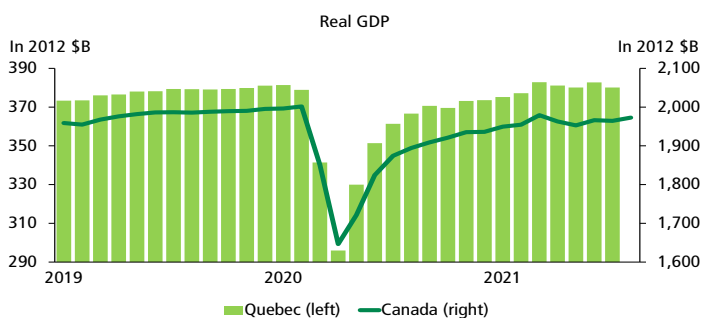
Canada's Quebec-based aerospace industry has been severely affected, however. Production plunged 15% in 2020 and is expected to decline another 6.5% this year (for details, see our [analysis](#)). But while aerospace accounts for about 10% of Quebec's manufacturing GDP, the province's manufacturing sector is highly diversified. As a result, Quebec's overall manufacturing production has almost completely recovered despite the challenges in the aerospace industry.

Meanwhile, Canada's economic recovery lags behind. The oil industry's slow recovery and supply chain bottlenecks in the auto industry are hitting provinces like Ontario and Alberta especially hard. Ontario's real GDP actually fell about 3.0% on an annualized basis in the second quarter, while Quebec posted a 3.4% gain. Without Quebec and Ontario, Canada's real GDP would have declined about 1.6% in the second quarter, delaying the country's full economic recovery. Second quarter results also reflected this spring's third wave, which was less severe in Quebec than in some provinces.

That said, Quebec will still face ups and downs. Case in point: it recently reported a 0.7% drop in real GDP in July. It's been a bumpy road since full recovery this spring, but Quebec's economic diversity will serve it well moving forward. Quebec is even on track to post the strongest real GDP growth of any Canadian province this year. But because its economy has fully recovered, its economic growth will slow in the coming quarters.

GRAPH

Quebec's economy recovered faster than Canada's as a whole



Sources: Institut de la statistique du Qu ebec, Statistics Canada and Desjardins, Economic Studies

Key Statistics of the Week

By Francis Généreux, Senior Economist, and Benoit P. Durocher, Senior Economist

UNITED STATES

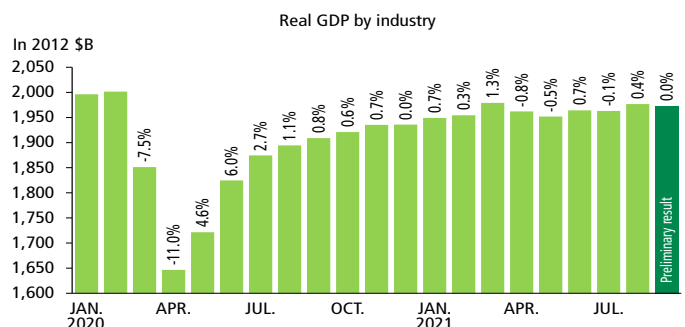
- ▶ U.S. real GDP rose an annualized 2.0% (0.5% non-annualized) between the second and third quarters of 2021 according to the advance estimate of national accounts. This follows annualized quarterly variations of 6.7% in the spring and 6.3% last winter. Real GDP is now 1.4% above its level at the end of 2019. Real consumption grew by only 1.6% annualized in the third quarter. Because of the automotive sector, consumption of durable goods fell 26.2%, the worst contraction since fall 2008.
- ▶ After declining for three straight months, the Conference Board's consumer confidence index improved in October. It gained 4.0 points, rising from 109.8 in September to 113.8 in October. This contrasts with the recent movements posted by other U.S. consumer confidence indexes.
- ▶ Sales of new single-family homes jumped 14.0% in September. The strongest monthly growth since July 2020, it took sales from 702,000 homes in August to 800,000 in September. However, this is below the levels seen from June 2020 to March 2021.
- ▶ Monthly growth in the S&P/Case-Shiller index in the 20 largest cities was 1.2% in August. This marks the weakest monthly increase since July 2020. The annual variation went from 20.0% to 19.7%, the first time it has slowed since June 2020.
- ▶ New durable goods orders fell less than anticipated September. They dipped just 0.4%, in spite of a 27.9% tumble in civil aviation orders. That was partially offset by a 103.4% gain in military aviation. Automotive sector orders fell 2.9%, for a 2.3% decline in the transportation sector. Excluding transportation, the gain is 0.4% instead.
- ▶ Households' real disposable income fell 1.6% in September after ticking down 0.2% in August. Last month's pullback was primarily due to the end of funding for the federal unemployment benefit enhancement programs.
- ▶ The employment cost index jumped 1.3% (non-annualized) in the third quarter after rising 0.7% in the spring, the biggest quarterly growth since winter 2001.

CANADA

- ▶ The Bank of Canada (BoC) announced Wednesday that it would keep its target for the overnight rate at its effective lower bound of 0.25%. The BoC also ended quantitative easing and entered the reinvestment phase, during which it will buy Government of Canada bonds only to replace bonds that are maturing. The BoC thinks excess production capacity could be absorbed by the second or third quarter of 2022. This forecast is in line with ours concerning the first key rate hike in Canada that we recently moved forward from October 2022 to July 2022.
- ▶ Real GDP by industry expanded 0.4% in August, shy of the preliminary result of +0.7%. The service sectors are up 0.6%, amid an ongoing recovery across a number of industries. For example, accommodation and food services climbed 7.0% during the month while the arts, entertainment and recreation sector added 6.4%. On the downside, goods-producing sectors eased 0.1% lower during the month. Significant declines were reported in crop production (-6.8%) and forestry and logging (-8.7%). According to Statistics Canada, preliminary results indicate that real GDP by industry remained virtually unchanged in September, and the third quarter as a whole is thought to have ended with a gain of 2.0% (at an annualized quarterly rate).

CANADA

Canada's economy may hit a slump in September



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

Shock Waves Felt on the Canadian Bond Market

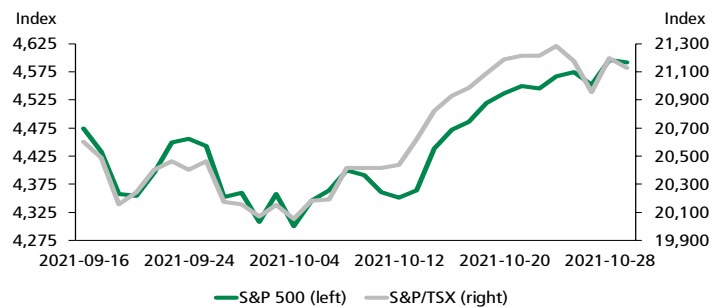
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The stock market rebound lost a bit of steam this week after a few disappointments cast a shadow over economic and financial outlooks. Wednesday's figures on U.S. GDP growth in the third quarter were disappointing, while global tech giants Apple Inc. and Amazon Inc. released financial results that were below expectations. This dragged down the NASDAQ on Friday after a very strong start to the week. North of the border, the change in tone by the Bank of Canada (BoC) and the outlook for faster key rate hikes in 2022 upset the stock and bond markets. At the time of writing, the main U.S. indexes were down for the day but were still in positive territory for the week. Meanwhile, the Canadian S&P/TSX index was down around 0.5% for the week. The rebound in oil prices also slowed following the release of U.S. inventories. A barrel of WTI (West Texas Intermediate) was hovering around US\$82.50 on Friday.

The bond markets had a crazy week, particularly in Canada, where the 2-year bond yield jumped more than 35 basis points following the BoC's announcement. It eventually stabilized, posting an increase of about 18 basis points for the week. Longer-term yields showed less movement under the influence of their U.S. counterparts, which posted decreases. For the week, U.S. 10-year and 30-year yields lost 5 basis points and 10 basis points, respectively.

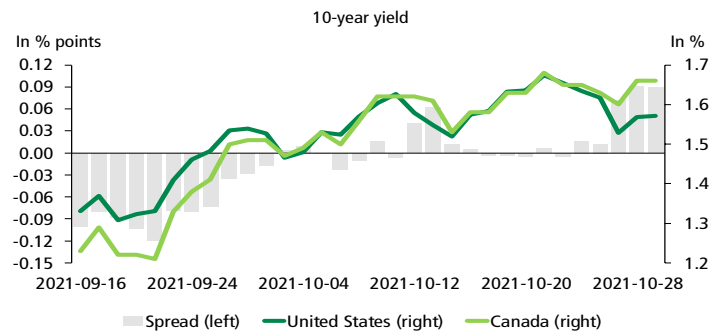
The Canadian dollar momentarily exceeded US\$0.81 on Wednesday following the BoC meeting and expectations of faster monetary tightening. However, downgraded expectations and Canada's disappointing economic growth later erased the loonie's gains. The euro also saw a temporary boost on Thursday after the European Central Bank meeting, climbing to nearly US\$1.17. Christine Lagarde surprised investors at her press conference by indicating that the major asset purchase program would likely end in March. At the time of writing, the euro was back down to around US\$1.16, as investors remained cautious about the timing of rate hikes in the euro zone.

GRAPH 1
Stock markets



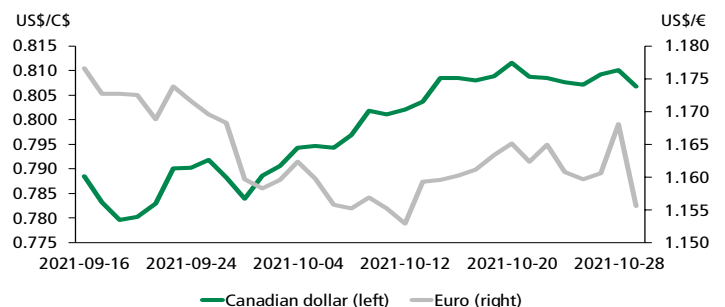
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

By Francis Généreux, Senior Economist, and Benoit P. Durocher, Senior Economist

MONDAY November 1 - 10:00

October

Consensus	60.3
Desjardins	61.9

September **61.1**

WEDNESDAY November 3 - 10:00

October

Consensus	61.8
Desjardins	62.5

September **61.9**

WEDNESDAY November 3 - 14:00

November

Consensus	0.25%
Desjardins	0.25%

September 22 **0.25%**

FRIDAY November 5 - 8:30

October

Consensus	400,000
Desjardins	350,000

September **194,000**

THURSDAY November 4 - 8:30

September

Consensus	\$B 1.76
Desjardins	1.76

August **1.94**

UNITED STATES

ISM manufacturing index (October) – The ISM manufacturing index rose for the second straight month in September, gaining 1.2 of a point and getting slightly closer to the cyclical peak of 64.7 it had reached in March. Another gain is expected for October based on the recent performance of regional manufacturing indexes. The ISM manufacturing index should move to 61.9.

ISM services index (October) – The ISM services index was also up in September. However, the increase from 61.7 to 61.9 was smaller than that of the ISM manufacturing index. We anticipate another increase for October. That is what a number of the regional non-manufacturing indexes signalled, whereas the consumer confidence indicators released to date for October offer more mixed results. The ISM services index is expected to reach 62.5.

Federal Reserve meeting (November) – During the September meeting, the Federal Reserve (Fed) opened the door a little wider to a forthcoming tapering of bond purchases. A formal announcement is expected at Wednesday's meeting. The Fed should signal that it will begin to reduce its purchases, which until now have totalled US\$120B per month. The decrease should be US\$15B per month, ending in mid-2022. Jerome Powell could signal at the press conference that despite rising inflation, the Fed does not expect to raise its key rates until the bond purchasing policy has ended.

Job creation according to the establishment survey (October) – Job creation in the United States has disappointed over the past two months. Monthly gains were just 366,000 in August and 194,000 in September, a marked contrast with the 889,000 average of the previous three months. These successive disappointments make it hard to believe that October will see a strong rebound in hires as the trend seems slower now. That said, unemployment claims have decreased significantly over the past month, from 351,000 in mid-September to 291,000 in mid-October. In addition, the Conference Board's consumer confidence index shows that the components linked to employment are at a healthy level. Lastly, the end of federal funding for special unemployment benefit programs is expected to sooner or later have a positive impact on both the labour force (still down in September) and workers' willingness to get hired. All in all, a gain of 350,000 workers is anticipated for October, but the risk of surprise is great. Unless there is a larger-than-anticipated jump in the labour force, the jobless rate should fall further from 4.8% to 4.7%.

CANADA

International merchandise trade (September) – When expressed in Canadian dollars and adjusted for seasonal fluctuations, the commodity price index was up 2.2% in September, which should raise the value of exports. However, motor vehicle production dropped about 7% south of the border during the month, which suggests that trade between Canada and the United States declined in this industry. The bottom line is that total exports should nevertheless edge up in September. Imports should also ramp up, however, meaning that the trade balance could deteriorate somewhat during the month.

FRIDAY November 5 - 8:30
October

Consensus 32,500

Desjardins 60,000

September 157,100
THURSDAY November 4 - 8:00
November

Consensus 0.10%

Desjardins 0.10%

September 23 0.10%
FRIDAY November 5 - 6:00
September

Consensus 0.3%

August 0.3%

Labour Force Survey (October) – The labour market saw a strong surge in employment in September, regaining all the jobs lost during the pandemic. With the attainment of this major milestone, employment growth is expected to moderate somewhat in the months to come. Moreover, the labour shortages noted in some sectors could put the brakes on hires. Under the circumstances, a gain of roughly 60,000 jobs is expected for October. The unemployment rate could fall from 6.9% to 6.8%.


OVERSEAS


United Kingdom: Bank of England meeting (November) – Next week’s meeting will be interesting. The Governor of the Bank of England (BoE) recently stated that he will not want to see inflation above the target for very long. He also mentioned that the end of the asset purchase program was not a condition that needed to be met before rates started to be raised again. The markets had a strong reaction, even expecting a potential interest rate hike at the November meeting. These expectations have eased somewhat over the past few days, but the scenario calling for a first increase early in 2022 is still credible. The update on the BoE’s inflation forecasts could provide more guidance in this regard.

Euro zone: Retail sales (September) – After a steep drop of 2.6% in July (which nonetheless came on the heels of sharp increases in May and June), retail sales in the euro zone climbed a modest 0.3% in August. Another gain likely occurred in September. Some confidence indicators have shown improvement over the past few months. However, consumption in France declined 0.2% in September. Germany’s retail sales will be available Monday morning.

Economic Indicators

Week of November 1 to 5, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 1						
	10:00	Construction spending (m/m)	Sept.	0.5%	0.5%	0.0%
	10:00	ISM manufacturing index	Oct.	60.3	61.9	61.1
TUESDAY 2						
	---	Total vehicle sales (ann. rate)	Oct.	12,450,000	12,500,000	12,180,000
WEDNESDAY 3						
	10:00	ISM services index	Oct.	61.8	62.5	61.9
	10:00	Factory orders (m/m)	Sept.	-0.2%	-0.1%	1.2%
	14:00	Federal Reserve meeting	Nov.	0.25%	0.25%	0.25%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 4						
	8:30	Initial unemployment claims	Oct. 25-29	278,000	285,000	281,000
	8:30	Trade balance – Goods and services (US\$B)	Sept.	-75.0	-81.8	-73.3
	8:30	Nonfarm productivity – preliminary (ann. rate)	Q3	-1.6%	-3.2%	2.1%
	8:30	Unit labor costs – preliminary (ann. rate)	Q3	5.6%	6.9%	1.3%
FRIDAY 5						
	8:30	Change in nonfarm payrolls	Oct.	400,000	350,000	194,000
	8:30	Unemployment rate	Oct.	4.7%	4.7%	4.8%
	8:30	Weekly worked hours	Oct.	34.8	34.8	34.8
	8:30	Average hourly earnings (m/m)	Oct.	0.4%	0.3%	0.6%
	15:00	Consumer credit (US\$B)	Sept.	16.050	33.000	14.379
CANADA						
MONDAY 1						
	---	---				
TUESDAY 2						
	8:30	Building permits (m/m)	Sept.	2.9%	-1.5%	-2.1%
WEDNESDAY 3						
	---	---				
THURSDAY 4						
	8:30	International trade (\$B)	Sept.	1.76	1.76	1.94
FRIDAY 5						
	8:30	Net change in employment	Oct.	32,500	60,000	157,100
	8:30	Unemployment rate	Oct.	6.8%	6.8%	6.9%
	10:00	PMI-Ivey index	Oct.	n/a	69.5	70.4

NOTE: Desjardins, Economic Studies are involved every week in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. The times shown are Daylight Saving Time (GMT - 4 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic Indicators

Week of November 1 to 5, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 31								
Japan	20:30	PMI manufacturing index – final	Oct.	n/a		53.0		
MONDAY 1								
Japan	1:00	Vehicle sales	Oct.		n/a			-30.0%
Germany	3:00	Retail sales	Sept.	0.4%	1.8%	1.1%		0.4%
Euro zone	5:00	PMI manufacturing index – final	Oct.	58.5		58.5		
United Kingdom	5:30	PMI manufacturing index – final	Oct.	57.7		57.7		
Australia	23:30	Reserve Bank of Australia meeting	Nov.	0.10%		0.10%		
TUESDAY 2								
Italy	4:45	PMI manufacturing index	Oct.	59.5		59.7		
France	4:50	PMI manufacturing index – final	Oct.	53.5		53.5		
Germany	4:55	PMI manufacturing index – final	Oct.	58.2		58.2		
Japan	20:30	PMI composite index – final	Oct.	n/a		50.7		
Japan	20:30	PMI services index – final	Oct.	n/a		50.7		
WEDNESDAY 3								
United Kingdom	3:00	Nationwide house prices	Oct.	0.3%	9.2%	0.1%		10.0%
Italy	5:00	Unemployment rate	Sept.	9.3%		9.3%		
United Kingdom	5:30	PMI composite index – final	Oct.	56.8		56.8		
United Kingdom	5:30	PMI services index – final	Oct.	58.0		58.0		
Euro zone	6:00	Unemployment rate	Sept.	7.4%		7.5%		
THURSDAY 4								
Germany	3:00	Factory orders	Sept.	1.9%	11.5%	-7.7%		11.7%
Italy	4:45	PMI composite index	Oct.	55.8		56.6		
Italy	4:45	PMI services index	Oct.	54.5		55.5		
France	4:50	PMI composite index – final	Oct.	54.7		54.7		
France	4:50	PMI services index – final	Oct.	56.6		56.6		
Germany	4:55	PMI composite index – final	Oct.	52.0		52.0		
Germany	4:55	PMI services index – final	Oct.	52.4		52.4		
Euro zone	5:00	PMI composite index – final	Oct.	54.3		54.3		
Euro zone	5:00	PMI services index – final	Oct.	54.7		54.7		
Norway	5:00	Bank of Norway meeting	Nov.	0.25%		0.25%		
United Kingdom	5:30	PMI construction index	Oct.	52.0		52.6		
Euro zone	6:00	Producer price index	Sept.	2.3%	15.2%	1.1%		13.4%
United Kingdom	8:00	Bank of England meeting	Nov.	0.10%		0.10%		
FRIDAY 5								
Germany	3:00	Industrial production	Sept.	1.0%	1.5%	-4.0%		1.7%
France	3:45	Industrial production	Sept.	0.0%	2.5%	1.0%		3.9%
France	3:45	Wages – preliminary	Q3	0.5%		0.3%		
Italy	5:00	Retail sales	Sept.	0.2%	n/a	0.4%		1.9%
Euro zone	6:00	Retail sales	Sept.	0.3%	1.6%	0.3%		0.0%

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. The times shown are Daylight Saving Time (GMT - 4 hours).

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$B)	2021 Q3*	19,465	2.0	4.9	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q3*	13,719	1.6	7.0	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q3*	3,380	0.8	0.6	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q3*	694.2	-7.7	5.5	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q3*	2,886	1.8	9.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q3*	-77.7	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q3*	2,289	-2.5	5.7	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q3*	3,601	6.0	13.0	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q3*	20,678	1.0	6.0	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3*	119.2	5.7	4.6	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q2	112.7	2.1	1.8	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q2	118.6	1.3	0.2	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q3*	146.6	5.4	3.7	2.6	2.8	2.8
Current account balance (\$B) ¹	2021 Q2	-190.3	---	---	-616.1	-472.1	-438.2

¹ Statistics representing the level during the period; * New statistic in comparison with last week.

UNITED STATES
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Leading indicator (2016 = 100)	Sept.	117.5	0.2	1.8	5.4	9.3
ISM manufacturing index ¹	Sept.	61.1	59.9	60.6	64.7	55.7
ISM non-manufacturing index ¹	Sept.	61.9	61.7	60.1	63.7	57.2
Cons. confidence Conference Board (1985 = 100) ¹	Oct.*	113.8	109.8	125.1	117.5	101.4
Personal consumption expenditure (2012 \$B)	Sept.*	13,773	0.3	0.6	1.1	6.2
Disposable personal income (2012 \$B)	Sept.*	15,335	-1.6	-1.2	-19.8	-2.0
Consumer credit (\$B)	Aug.	4,347	0.3	1.6	3.4	4.8
Retail sales (\$M)	Sept.	625,416	0.7	0.0	0.4	13.9
<i>Excluding automobiles (\$M)</i>	Sept.	502,615	0.8	1.9	3.1	15.6
Industrial production (2012 = 100)	Sept.	100.0	-1.3	-0.4	0.9	4.6
Production capacity utilization rate (%) ¹	Sept.	75.2	76.2	75.6	74.8	72.1
New machinery orders (\$M)	Aug.	515,721	1.2	3.4	7.2	16.0
New durable good orders (\$M)	Sept.*	261,288	-0.4	1.4	4.7	15.3
Business inventories (\$B)	Aug.	2,084	0.6	2.1	3.0	7.4
Housing starts (k) ¹	Sept.	1,555	1,580	1,657	1,725	1,448
Building permits (k) ¹	Sept.	1,586	1,721	1,594	1,755	1,589
New home sales (k) ¹	Sept.*	800.0	702.0	683.0	873.0	971.0
Existing home sales (k) ¹	Sept.	6,290	5,880	5,870	6,010	6,440
Commercial surplus (\$M) ¹	Aug.	-73,252	-70,303	-68,538	-68,180	-63,733
Nonfarm employment (k) ²	Sept.	147,553	194.0	1,651	3,496	5,688
Unemployment rate (%) ¹	Sept.	4.8	5.2	5.9	6.0	7.8
Consumer price (1982-1984 = 100)	Sept.	274.1	0.4	1.2	3.5	5.4
<i>Excluding food and energy</i>	Sept.	280.0	0.2	0.7	3.2	4.0
Personal cons. expenditure deflator (2012 = 100)	Sept.*	116.6	0.3	1.1	2.7	4.4
<i>Excluding food and energy</i>	Sept.*	118.3	0.2	0.8	2.5	3.6
Producer price (2009 = 100)	Sept.	128.9	0.5	2.3	4.8	8.6
Export prices (2000 = 100)	Sept.	142.8	0.1	1.6	6.3	16.3
Import prices (2000 = 100)	Sept.	134.7	0.4	0.4	3.7	9.2

¹ Statistic shows the level of the month of the column; ² Statistic shows the variation since the reference month; * New statistic in comparison with last week.

CANADA
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$M)	2021 Q2	2,071,190	-1.1	12.7	-5.3	1.9	2.4
Household consumption (2012 \$M)	2021 Q2	1,148,842	0.2	14.2	-6.0	1.6	2.5
Government consumption (2012 \$M)	2021 Q2	447,597	6.1	10.0	-0.3	2.0	2.9
Residential investment (2012 \$M)	2021 Q2	172,288	-12.4	42.3	4.1	-0.2	-1.7
Non-residential investment (2012 \$M)	2021 Q2	159,670	12.1	7.7	-13.6	1.1	3.1
Business inventory change (2012 \$M) ¹	2021 Q2	8,308	---	---	-15,937	18,766	15,486
Exports (2012 \$M)	2021 Q2	602,785	-15.0	12.0	-10.0	1.3	3.7
Imports (2012 \$M)	2021 Q2	634,610	-0.1	26.1	-11.2	0.4	3.4
Final domestic demand (2012 \$M)	2021 Q2	2,087,592	0.7	14.4	-4.3	1.4	2.5
GDP deflator (2012 = 100)	2021 Q2	118.9	9.2	9.2	0.7	1.7	1.8
Labour productivity (2012 = 100)	2021 Q2	110.7	2.3	-12.6	8.1	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q2	117.1	11.1	1.1	3.1	2.9	3.1
Current account balance (\$M) ¹	2021 Q2	3,581	---	---	-40,087	-47,384	-52,224
Production capacity utilization rate (%) ¹	2021 Q2	82.0	---	---	77.4	82.6	83.7
Disposable personal income (\$M)	2021 Q2	1,463,752	9.2	-1.7	10.4	3.8	3.1
Corporate net operating surplus (\$M)	2021 Q2	386,256	1.6	68.1	-4.0	0.6	3.8

¹ Statistics representing the level during the period; * New statistic in comparison with last week.

CANADA
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Gross domestic product (2012 \$M)	Aug.*	1,972,761	0.4	1.0	0.9	4.1
Industrial production (2012 \$M)	Aug.*	387,430	0.5	1.6	1.2	5.5
Manufacturing sales (\$M)	Aug.	60,312	0.5	3.2	6.5	14.9
Housing starts (k) ¹	Sept.	251.2	262.8	279.1	333.3	209.0
Building permits (\$M)	Aug.	9,664	-2.1	0.6	-6.9	16.9
Retail sales (\$M)	Aug.	57,211	2.1	6.0	3.4	8.4
<i>Excluding automobiles (\$M)</i>	Aug.	42,250	2.8	7.1	3.6	8.2
Wholesale trade sales (\$M)	Aug.	70,266	0.3	-2.8	1.8	7.3
Commercial surplus (\$M) ¹	Aug.	1,939	735.8	-1,561	1,396	-3,377
<i>Exports (\$M)</i>	Aug.	54,445	0.8	9.5	8.4	20.6
<i>Imports (\$M)</i>	Aug.	52,506	-1.4	2.4	7.5	8.2
Employment (k) ²	Sept.	19,131	157.1	113.8	49.5	61.9
Unemployment rate (%) ¹	Sept.	6.9	7.1	7.8	7.5	9.2
Average weekly earnings (\$)	Aug.*	1,138	0.7	0.2	0.3	2.6
Number of salaried employees (k) ²	Aug.*	16,679	59.7	207.4	130.2	101.8
Consumer price (2002 = 100)	Sept.	142.9	0.2	1.1	2.4	4.4
<i>Excluding food and energy</i>	Sept.	136.2	0.2	0.9	2.1	3.3
<i>Excluding 8 volatile items</i>	Sept.	140.7	0.3	1.1	2.3	3.7
Industrial product price (2010 = 100)	Sept.*	115.8	1.0	0.6	6.0	14.9
Raw materials price (2010 = 100)	Sept.*	126.8	2.5	1.6	10.1	31.9
Money supply M1+ (\$M)	Aug.	1,580,843	1.0	3.3	9.3	18.5

¹ Statistic shows the level of the month of the column; ² Statistic shows the variation since the reference month; * New statistic in comparison with last week.

UNITED STATES, CANADA, OVERSEAS
Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	Oct. 29	Oct. 22	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.05	0.06	0.04	0.06	0.01	0.09	0.11	0.05	0.01
Treasury bonds – 2 years	0.51	0.46	0.27	0.17	0.16	0.16	0.51	0.19	0.11
– 5 years	1.21	1.21	0.92	0.69	0.84	0.38	1.21	0.71	0.32
– 10 years	1.57	1.65	1.47	1.24	1.63	0.86	1.75	1.33	0.77
– 30 years	1.94	2.09	2.04	1.89	2.30	1.64	2.48	2.01	1.54
S&P 500 index (level)	4,592	4,545	4,357	4,395	4,181	3,270	4,596	4,093	3,310
DJIA index (level)	35,796	35,677	34,326	34,935	33,875	26,502	35,796	33,006	26,925
Gold price (US\$/ounce)	1,777	1,806	1,756	1,823	1,770	1,881	1,952	1,809	1,682
CRB index (level)	238.47	237.68	230.38	218.08	199.76	144.73	241.18	196.70	145.91
WTI oil (US\$/barrel)	82.53	84.66	76.03	73.93	63.58	35.61	84.66	62.76	36.63
Canada									
Overnight – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.14	0.12	0.12	0.17	0.11	0.09	0.19	0.11	0.05
Treasury bonds – 2 years	1.05	0.87	0.51	0.45	0.30	0.26	1.07	0.35	0.15
– 5 years	1.46	1.34	1.07	0.81	0.93	0.40	1.46	0.79	0.38
– 10 years	1.66	1.65	1.47	1.20	1.54	0.66	1.68	1.22	0.61
– 30 years	1.93	2.05	1.96	1.76	2.08	1.25	2.19	1.74	1.17
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury bill – 3 months	0.09	0.06	0.08	0.11	0.10	0.00	0.13	0.06	-0.04
Treasury bonds – 2 years	0.53	0.41	0.24	0.28	0.14	0.10	0.61	0.17	0.01
– 5 years	0.24	0.13	0.15	0.12	0.09	0.02	0.28	0.08	-0.04
– 10 years	0.09	0.00	0.00	-0.04	-0.09	-0.20	0.09	-0.11	-0.30
– 30 years	-0.01	-0.04	-0.08	-0.13	-0.22	-0.39	-0.01	-0.27	-0.46
S&P/TSX index (level)	21,130	21,216	20,151	20,288	19,108	15,581	21,285	19,142	15,697
Exchange rate (C\$/US\$)	1.2396	1.2369	1.2649	1.2472	1.2291	1.3319	1.3218	1.2579	1.2034
Exchange rate (C\$/€)	1.4329	1.4409	1.4668	1.4806	1.4774	1.5515	1.5741	1.5019	1.4329
Overseas									
<u>Euro zone</u>									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange rate (US\$/€)	1.1556	1.1649	1.1596	1.1871	1.2020	1.1649	1.2327	1.1941	1.1529
<u>United Kingdom</u>									
BoE – Base rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Bonds – 10 years	1.05	1.15	1.00	0.59	0.87	0.30	1.20	0.67	0.19
FTSE index (level)	7,234	7,205	7,027	7,032	6,970	5,577	7,278	6,848	5,655
Exchange rate (US\$/£)	1.3692	1.3753	1.3547	1.3903	1.3816	1.2943	1.4212	1.3752	1.2914
<u>Germany</u>									
Bonds – 10 years	-0.09	-0.09	-0.22	-0.50	-0.24	-0.62	-0.09	-0.38	-0.64
DAX index (level)	15,659	15,543	15,156	15,544	15,136	11,556	15,977	14,775	11,788
<u>Japan</u>									
BoJ – Main policy rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Nikkei index (level)	28,893	28,805	28,771	27,284	28,813	22,977	30,670	28,353	23,295
Exchange rate (US\$/¥)	114.08	113.48	111.07	109.72	109.29	104.66	114.38	108.16	102.74

CRB: Commodity Research Bureau; WTI: West Texas Intermediate; ECB: European Central Bank; BoE: Bank of England; BoJ: Bank of Japan

Note: Data taken at markets closing, with the exception of the current day where they were taken at 11:00 a.m.