

# WEEKLY NEWSLETTER

Please note that there will be no release of the *Weekly Newsletter* from December 20, 2021 to January 7, 2022 inclusive.

## Central Banks Set the Table for 2022

### MUSINGS OF THE WEEK

- ▶ Lessons learned in 2021.

### KEY STATISTICS OF THE WEEK

- ▶ The Federal Reserve doubles the taper pace and signals key rate hikes in 2022.
- ▶ United States: Modest growth in retail sales.
- ▶ U.S. housing jump in November.
- ▶ Canada: November total annual inflation steady at 4.7%.
- ▶ Canada: Housing starts and existing home sales rose in November.

### A LOOK AHEAD

- ▶ United States: Home sales are expected to post increases for November.
- ▶ U.S. personal consumption expenditure deflator expected to reach highest level since July 1982.
- ▶ Higher U.S. employment growth expected for December.
- ▶ Canada: Decent growth in real GDP by industry pegged for October.
- ▶ Canada: Labour market may take breather in December.

### FINANCIAL MARKETS

- ▶ Stock markets are hit by Omicron and the Federal Reserve's change in tone.
- ▶ Bond rates plunged despite signals of more key interest rate hikes.
- ▶ European currencies rebounded briefly following the release of inflation figures and announcements by central banks.

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# Musings of the Week

## Lessons Learned in 2021

By Jimmy Jean, Vice-President, Chief Economist and Strategist

This morning we released our retrospective [summary](#) for 2021, and in this last weekly comment of the year, we look at four lessons we learned over the past 12 months.

### **Lesson 1: GDP fluctuations are largely dictated by supply.**

This probably isn't a permanent state of affairs, but it will likely continue in 2022. Canadian GDP growth shocked analysts with a negative second quarter reading largely driven by auto plant shutdowns in Ontario. Meanwhile U.S. GDP disappointed in both the second and third quarters due to supply chain issues. But once these snarls clear up, we expect to see a catch-up effect. In Canada, the forecast in our year-ahead [outlook](#), assumes that this will happen in the middle quarters of 2022. It's one reason we expect another year of above-potential GDP growth. But this assumes no major upstream supply disruptions in manufacturing-intensive countries, and it remains to be seen whether the Omicron variant has the capability to upend global industrial production.

### **Lesson 2: In a pandemic, inflation is a different animal.**

In an [Economic Viewpoint](#) back in April, we noted how surging business costs were raising the risk of inflation settling at higher-than-expected levels once base-year effects would be out of the picture. To say this risk has materialized would be an understatement. Back in December 2020, the Bloomberg consensus forecast saw U.S. inflation finishing 2021 at 2.0%. It's currently on track to hit 6.6% for the fourth quarter. One of the big lessons has been the limits of a purely macro approach to inflation forecasting in the face of multiple supply shocks. While it could be argued that bottom-up analysis is more suitable given the circumstances, even sector experts have had a hard time predicting the dynamics shaping cost pressures in their spaces. The pandemic has certainly been a learning experience for everyone.

**Lesson 3: Hawkishness is back in style.** At the end of 2020, the Bank of Canada (BoC) thought vaccinations wouldn't be widespread until 2022, and its forward guidance held that rates would remain floored until 2023. Fast forward a year, and the BoC is warning rate hikes are just around the corner. In its mandate renewal document, it stressed that its willingness to tolerate higher inflation when there's slack in the labour market isn't an endorsement of today's persistently high inflation. The Bank of England went further this week, dismissing Omicron concerns and announcing a first rate hike. It also expressed concerns that further delays might de-anchor inflation expectations. In the United States, the median FOMC

expectation moved to three rate hikes in 2022, surprising markets. To be sure, central banks are still professing to be taking a gradualist approach. But as we [wrote](#) recently, stubbornly easy financial conditions are raising the risk of central banks taking a more forceful tack, especially if they feel the threat of an inflationary spiral is rising.

### **Lesson 4: The COVID-19 new normal is probably here.**

At the beginning of this year, there was great optimism that vaccines would bring a return to normal. As of this writing, new cases are exploding in Europe, Ontario and Quebec. The risk of a new variant causing new headaches has materialized but we don't yet know how much pain it will inflict. On the upside, hospitalizations aren't yet growing exponentially like they did during the initial waves, and death rates are near pandemic lows. But these observations were also made at the onset of some of the most recent waves, only for things to take a turn for the worse. This being said, if vaccines and the various new treatments being rolled out do prove effective against severe outcomes, it is fair to assume that this will become the new normal and that we will be more confident collectively looking through the ebbs and flows of COVID-19 infections rather than futilely wishing for the disappearance of the virus.

# Key Statistics of the Week

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

## UNITED STATES

- ▶ The Federal Reserve (Fed) decided to taper its net asset purchases by US\$20B for Treasury securities and US\$10B for mortgage securities. This is double the declines announced in November, which were US\$10B and US\$5B, respectively. In addition, the key rate forecasts show a much earlier tightening of U.S. monetary policy. Fed officials now anticipate three key rate hikes in 2022. Three further hikes would then follow in 2023 with two more in 2024.
- ▶ Retail sales rose 0.3% in November, following gains of 1.8% in October and 0.7% in September. Motor vehicle sales declined 0.1%. The value of service station sales rose 1.7%. Excluding cars and gasoline, sales rose 0.2%, after going up 1.6% in October.
- ▶ Industrial production climbed 0.5% in November following October's 1.7% gain and September's 1.0% decline. Manufacturing production rose 0.7%, owing in part to a 2.2% rise in the automotive sector, which surged a total of 12.5% over two months. The mining sector was up 0.7%, while energy output fell 0.8%.
- ▶ The first regional manufacturing indexes released for December were a mixed bag. The Federal Reserve Bank of New York's Empire State index remains very high, rising from 30.9 to 31.9. The Federal Reserve Bank of Philadelphia's manufacturing index tumbled sharply from 39.0 to 15.4, a trough for the year.
- ▶ Housing starts jumped 11.8% in November, following a 4.5% decline in the previous two months. Annualized sales climbed from 1,502,000 units in October to 1,679,000 in November, the highest level since March. Gains were quite similar for single-family homes (+11.3%) and multi-unit housing (+12.1%). There was also a 3.6% uptick in building permits, from 1,653,000 to 1,712,000 units. Housing units under construction reached 1,486,000 units, a record peak dating back to December 1973.

## CANADA

- ▶ The consumer price index (CPI) rose 0.2% in November. The total annual inflation rate stayed at 4.7%. Inflation is far above the Bank of Canada's target range of 1% to 3%. Nevertheless, the 0.3% increase in the seasonally adjusted version between October and November is encouraging. This was the lowest monthly increase since June.
- ▶ After five monthly declines in a row, housing starts roared back in November, rising from 238,366 to 301,279 units. Most provinces saw growth but Ontario was a standout with housing starts rising to 130,108 units, just shy of the last March's historic high of 130,970 units.
- ▶ Existing home sales were also part of the housing market recovery, notching a third consecutive monthly gain, with a 0.6% uptick in November. Unsurprisingly, the property price index continued its lofty ascent, with a current nationwide reading of \$790,600.
- ▶ Manufacturing sales surged 4.7% in October, consistent with preliminary data. Motor vehicles (+61.0%) and motor vehicle parts (+23.1%) saw stellar growth after some difficult months. Excluding these two sectors, sales were up 1.7%. In real terms, sales climbed 3.1%, while inventories remained virtually the same.
- ▶ Wholesale sales advanced 1.4% in October, exactly as predicted by preliminary data. In particular, the motor vehicle and parts sector jumped 7.1%. The gain across the other sectors stood at 0.5%.

# Financial Markets

## Turmoil Continued on the Stock Markets after the Federal Reserve Meeting

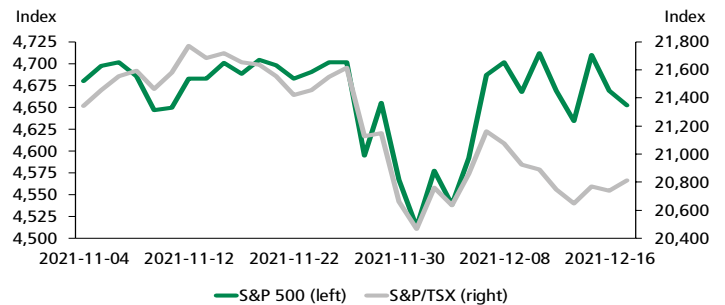
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

It was another trying week for the stock markets with concerns over the Omicron variant in the background. The stock markets were down at the start of the week as investors anticipated the Federal Reserve (Fed) meeting on Wednesday. Despite an important shift by the Fed, including a faster tapering of asset purchases and a clear signal that interest rate hikes should be expected in 2022, the stock markets reacted fairly well on Wednesday. However, indexes fell back into the red on Thursday and Friday as investors digested the Fed's change in direction and Omicron's explosive growth around the world. The NASDAQ's highly valued tech stocks, seen as more vulnerable to interest rate hikes, were the hardest hit. At the time of writing, the Dow Jones and the S&P/TSX were both down more than 1%, while the S&P 500 and the NASDAQ had dropped 2% and 4%, respectively. Oil prices were hovering close to last week's level.

Bond market investors appeared much more worried about pandemic developments than the interest rate hikes signalled by the Fed and other central banks. Yields on 5-year and 10-year government bonds were down nearly 10 basis points in the United States and fell 15 basis points in Canada. However, shorter maturities, which are more influenced by key rates, proved to be more stable.

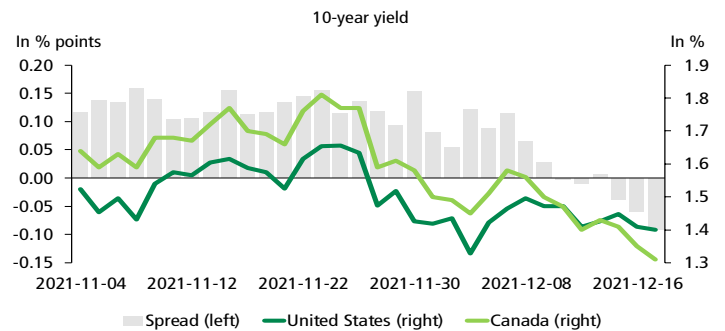
Higher inflation rates in Europe and monetary policy changes by several central banks gave a temporary boost to the pound and the euro. The Bank of England announced its first interest rate hike, while the European Central Bank will reduce its asset purchases. The pound rose above US \$1.335 and the euro climbed to US\$1.135 on Thursday. However, renewed concerns over the Omicron variant on Friday favoured the U.S. dollar as a safe-haven currency. As a result, the pound and the euro fell below US\$1.33 and US\$1.13, respectively. The Canadian dollar was up briefly midweek. However, it was trading at below US\$0.78 at the time of writing, down from last week.

**GRAPH 1**  
Stock markets



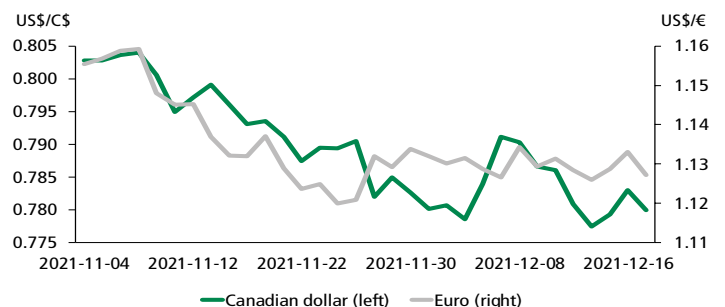
Sources: Datastream and Desjardins, Economic Studies

**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 December 20 - 10:00

<b>November</b>	<b>m/m</b>
Consensus	0.9%
Desjardins	1.2%
<b>October</b>	<b>0.9%</b>

## WEDNESDAY December 22 - 10:00

<b>December</b>	
Consensus	110.3
Desjardins	112.0
<b>November</b>	<b>109.5</b>

## WEDNESDAY December 22 - 10:00

<b>November</b>	<b>ann. rate</b>
Consensus	6,550,000
Desjardins	6,560,000
<b>October</b>	<b>6,340,000</b>

## THURSDAY December 23 - 8:30

<b>November</b>	<b>m/m</b>
Consensus	0.5%
Desjardins	0.9%
<b>October</b>	<b>1.3%</b>

## THURSDAY December 23 - 10:00

<b>November</b>	<b>ann. rate</b>
Consensus	770,000
Desjardins	775,000
<b>October</b>	<b>745,000</b>

## TUESDAY December 28 - 9:00

<b>October</b>	<b>y/y</b>
Consensus	n/a
Desjardins	18.50%
<b>September</b>	<b>19.05%</b>

## UNITED STATES

**Leading indicator (November)** – Monthly growth in the leading indicator gathered momentum in October with a gain of 0.9% following a mere 0.1% uptick in September. We anticipate an even stronger monthly rise for November, with the biggest boost from jobless claims once again. We're expecting a monthly gain of 1.2% in the leading indicator.

**Conference Board consumer confidence index (December)** – In November, the Conference Board confidence index fell for the fourth time in five months, settling 19.4 points off its June high. However, household sentiment appears to have shifted in recent weeks. The weekly Langer index has improved since the doldrums of late October. The University of Michigan (+3.0 points) and TIPP (+4.5 points) indexes gained ground in December. The Conference Board index is expected to follow suit despite Omicron variant concerns.

**Existing home sales (November)** – After a very strong 7.0% increase in September, growth in existing home sales eased in October with a gain of 0.8%. We anticipate a much stronger rise for November, as signalled by the 7.5% surge in pending sales for the previous month and some regional readings. November also marked strong growth in mortgage applications in view of a purchase. We expect existing home sales to come in at 6,560,000 units.

**Consumer spending (November)** – Real consumption growth surprised with a 0.7% uptick in October as prices jumped sharply. However, retail sales saw modest advances in November, while new vehicle sales were down. Combined with a sharp rise in the consumer price index, real consumption of goods can be expected to advance slightly or even retreat. That being said, better growth is expected in the services sector. We see a 0.4% gain in real consumption. The personal consumption expenditure deflator is expected to climb 0.6%, which should boost both personal income (+0.7%) and nominal consumption (+0.9%). The annual variation in the deflator is poised to rise from 5.0% to 5.6%, which would be the highest since July 1982.

**New home sales (November)** – New home sales were up 0.4% in October after jumping 7.1% in September. Further sales growth is expected in November, as signalled by the rise in building permits for single-family homes (2.7% in November, after a 3.7% gain in October). Builders' confidence is also very high. We see sales coming in at 775,000 units.

**S&P/Case-Shiller existing home price index (October)** – The S&P/Case-Shiller index for the 20 largest cities was up 1.0% in September. While high, it's still the slowest growth since July 2020. A similar gain is expected for October. We see the annual variation reflecting a slowdown from 19.1% to 18.5%.

**TUESDAY January 4 - 10:00**
**December**

Consensus	60.3
Desjardins	59.9

**November 61.1**
**THURSDAY January 6 - 10:00**
**December**

Consensus	66.9
Desjardins	68.8

**November 69.1**
**FRIDAY January 7 - 8:30**
**December**

Consensus	475,000
Desjardins	350,000

**November 210,000**
**TUESDAY December 21 - 8:30**
**October**

Consensus	m/m
Desjardins	1.0%

**September -0.6%**
**THURSDAY December 23 - 8:30**
**October**

Consensus	m/m
Desjardins	0.8%

**September 0.1%**
**THURSDAY January 6 - 8:30**
**November**

Consensus	\$B
Desjardins	n/a

**October 3.00**
**2.09**

**ISM manufacturing index (December)** – In November, the ISM manufacturing index recouped the ground lost in October, returning to a level of 61.1. It has remained very stable since the spring, hovering near 60.0, which is still high. December's regional indicators published so far signal a slight decline to 59.9, which would not buck the trend. The publication of other regional indicators by the first week of January will bring this estimate into sharper focus.

**ISM services index (December)** – The ISM services index once again beat its previous all-time high, reaching 69.1 in November. The few regional non-manufacturing indicators released so far for December show a slight decline. That being said, household confidence seems to be on the mend. Additional data is forthcoming and will provide a clearer picture. There's also a risk of a spreading Omicron variant dampening business in services during the last weeks of December.

**Job creation according to the establishment survey (December)** – Job creation disappointed in November with only 210,000 net hires. That's less than half of the average job gains over the past three months. We expect December's numbers to be better. The decline in jobless claims also supports this outlook. However, seasonal effects could bring some element of risk. Based on the information now available, we peg the gain at about 350,000 jobs. After its November decline (driven by outstanding employment performance in the household survey), the unemployment rate could be back up to 4.3%.

**CANADA**

**Retail sales (October)** – Statistics Canada interim figures for October pointed to a rise of around 1% in retail sales. Preliminary results show motor vehicle sales down around 2% for the month. The other sectors are generally thought to have enjoyed strong growth in November. Note that prices of seasonally adjusted goods continued to rise in October, with growth of about 0.7% for the month, which will inflate the value of retail sales.

**Real GDP by industry (October)** – According to Statistics Canada preliminary results, real GDP by industry was up by around 0.8% in October. Economic indicators generally posted more decent results for the month. In addition, manufacturers' and wholesalers' sales advanced during the month, and preliminary data indicates a gain of around 1% in retail sales. The number of hours worked also climbed higher, adding 1.0% in October.

**International merchandise trade (November)** – November flooding in British Columbia wrought havoc on goods movements between Western and Eastern Canada, with significant impacts on international trade in the offing for the month. In dollar terms, British Columbia's international imports typically exceed its exports. This suggests imports will suffer more from flooding-related issues. As a result, while both exports and imports are expected to sharply contract in November, the trade balance could improve due to a steeper decline on the import side. However, the extent of this improvement is difficult to estimate with any precision.



**FRIDAY January 7 - 8:30**

<b>December</b>	<b>m/m</b>
Consensus	n/a
Desjardins	25,000
<b>November</b>	<b>153,700</b>

**Labour force survey (December)** – November’s results handily outstripped expectations with 153,700 jobs created and a drop in the jobless rate from 6.7% to 6.0%. On the heels of such strong performance, a certain lull in December is to be expected, with much more modest employment growth. Keep in mind that the labour shortages seen in some sectors could rein in hires. In addition, December results may also be harder hit by the adverse effects of British Columbia flooding. Ultimately, a gain of roughly 25,000 jobs is expected for December. The unemployment rate could stay put at 6.0%.

**DURING THE WEEK**
**November**
**OVERSEAS**

**Japan: Economic indicators (November)** – A trifecta of key November indicators will be out in Japan in the last week of December. Retail sales, up 1.1% in October, will be released on Sunday, December 26. Unemployment rate and industrial production data will be published on Monday, December 27.


**FRIDAY January 7 - 5:00**


<b>December</b>	<b>y/y</b>
Consensus	4.7%
<b>November</b>	<b>4.9%</b>

**Euro zone: Consumer price index (December – preliminary)** – As in North America, inflation is also surging in the euro zone. The 4.9% annual variation in November was the highest since euro zone aggregate data began in 1996. December’s results will tell us whether the uptrend is still gaining steam.

# Economic Indicators

## Week of December 20 to 24, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 20</b>	10:00	Leading indicator (m/m)	Nov.	0.9%	1.2%	0.9%
<b>TUESDAY 21</b>	8:30	Current account (US\$B)	Q3	-206.2	-202.5	-190.3
<b>WEDNESDAY 22</b>	8:30	Real GDP (ann. rate)	Q3t	2.1%	2.1%	2.1%
	10:00	Consumer confidence	Dec.	110.3	112.0	109.5
	10:00	Existing home sales (ann. rate)	Nov.	6,550,000	6,560,000	6,340,000
<b>THURSDAY 23</b>	8:30	Initial unemployment claims	Dec. 13-17	200,000	210,000	206,000
	8:30	Durable goods orders (m/m)	Nov.	1.8%	1.0%	-0.4%
	8:30	Personal income (m/m)	Nov.	0.5%	0.7%	0.5%
	8:30	Personal consumption expenditures (m/m)	Nov.	0.5%	0.9%	1.3%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Nov.	0.6%	0.6%	0.6%
		Excluding food and energy (m/m)	Nov.	0.4%	0.4%	0.4%
		Total (y/y)	Nov.	5.7%	5.6%	5.0%
		Excluding food and energy (y/y)	Nov.	4.5%	4.5%	4.1%
	10:00	Michigan's consumer sentiment index – final	Dec.	70.4	70.4	70.4
10:00	New home sales (ann. rate)	Nov.	770,000	775,000	745,000	
<b>FRIDAY 24</b>	---	Markets closed (Christmas Day)				
<b>CANADA</b>						
<b>MONDAY 20</b>	---	---				
<b>TUESDAY 21</b>	8:30	New housing price index (m/m)	Nov.	n/a	0.8%	0.9%
	8:30	Retail sales				
		Total (m/m)	Oct.	1.0%	1.0%	-0.6%
	Excluding automobiles (m/m)	Oct.	1.3%	2.2%	-0.2%	
<b>WEDNESDAY 22</b>	---	---				
<b>THURSDAY 23</b>	8:30	Real GDP by industry (m/m)	Oct.	0.8%	0.8%	0.1%
	8:30	Average weekly earnings (y/y)	Oct.	n/a	3.3%	2.6%
	8:30	Number of salaried employees (m/m)	Oct.	n/a	0.5%	0.5%
<b>FRIDAY 24</b>	---	Markets closed (Christmas Day)				

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 Eastern Standard Time (GMT - 5 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.



# Economic Indicators


## Week of December 20 to 24, 2021


Country	Hour	Indicator	Period	Consensus		Previous data	
				m/m (q/q)	y/y	m/m (q/q)	y/y
<b>OVERSEAS</b>							
<b>MONDAY 20</b>							
Euro zone	4:00	Current account (€B)	Oct.	n/a		18.7	
Italy	4:30	Current account (€M)	Oct.	n/a		4,681	
<b>TUESDAY 21</b>							
Germany	2:00	Consumer confidence	Jan.	-2.7		-1.6	
Euro zone	10:00	Consumer confidence – preliminary	Dec.	-8.1		-6.8	
<b>WEDNESDAY 22</b>							
United Kingdom	2:00	Current account (£B)	Q3	n/a		-8.6	
United Kingdom	2:00	Real GDP – final	Q3	1.3%	6.6%	1.3%	6.6%
<b>THURSDAY 23</b>							
Japan	0:00	Leading indicator – final	Oct.	n/a		102.1	
Japan	0:00	Coincident indicator – final	Oct.	n/a		89.9	
Italy	4:00	Consumer confidence	Dec.	116.3		117.5	
Italy	4:00	Economic confidence	Dec.	n/a		115.1	
Japan	18:30	Consumer price index	Nov.		0.5%		0.1%
<b>FRIDAY 24</b>							
Japan	0:00	Housing starts	Nov.		7.5%		10.4%

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 Eastern Standard Time (GMT - 5 hours).

# Economic Indicators

## Week of December 27 to 31, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 27</b>						
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<b>TUESDAY 28</b>						
	9:00	S&P/Case-Shiller home price index (y/y)	Oct.	n/a	18.50%	19.05%
<b>WEDNESDAY 29</b>						
	8:30	Goods trade balance – preliminary (US\$B)	Nov.	-85.5	-89.2	-82.9
	8:30	Retail inventories (m/m)	Nov.	n/a	n/a	0.1%
	8:30	Wholesale inventories – preliminary (m/m)	Nov.	n/a	n/a	2.3%
	10:00	Pending home sales (m/m)	Nov.	n/a	n/a	7.5%
<b>THURSDAY 30</b>						
	8:30	Initial unemployment claims	Dec. 20-24	n/a	n/a	n/a
	9:45	Chicago PMI index	Dec.	n/a	62.0	61.8
<b>FRIDAY 31</b>						
	---	---				
<b>CANADA</b>						
<b>MONDAY 27</b>						
	---	Markets closed (Christmas Day)				
<b>TUESDAY 28</b>						
	---	Markets closed (Boxing Day)				
<b>WEDNESDAY 29</b>						
	---	---				
<b>THURSDAY 30</b>						
	---	---				
<b>FRIDAY 31</b>						
	---	---				

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# Economic Indicators


## Week of December 27 to 31, 2021


Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>DURING THE WEEK</b>								
United Kingdom	---	Nationwide house prices	Dec.	n/a	n/a	0.9%	10.0%	
Germany	---	Retail sales	Nov.	-0.1%	-2.4%	-0.3%	-4.1%	
<b>SUNDAY 26</b>								
Japan	18:50	Retail sales	Nov.	n/a	n/a	0.9%	1.1%	
<b>MONDAY 27</b>								
Japan	18:30	Unemployment rate	Nov.	2.7%		2.7%		
Japan	18:50	Industrial production – preliminary	Nov.	4.4%	3.2%	1.8%	-4.1%	
<b>TUESDAY 28</b>								
---	---	---						
<b>WEDNESDAY 29</b>								
Euro zone	4:00	Money supply M3	Nov.		7.6%		7.7%	
<b>THURSDAY 30</b>								
China	20:00	PMI manufacturing index	Dec.	n/a		50.1		
China	20:00	PMI non-manufacturing index	Dec.	n/a		52.3		
<b>FRIDAY 31</b>								
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# Economic Indicators

## Week of January 3 to 7, 2022

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 3</b>						
	10:00	Construction spending (m/m)	Nov.	n/a	0.9%	0.2%
<b>TUESDAY 4</b>						
	---	Total vehicle sales (ann. rate)	Dec.	n/a	13,500,000	12,860,000
	10:00	ISM manufacturing index	Dec.	60.3	59.9	61.1
<b>WEDNESDAY 5</b>						
	14:00	Minutes of the Federal Reserve meeting				
<b>THURSDAY 6</b>						
	8:30	Initial unemployment claims	Dec. 27-31	n/a	n/a	n/a
	8:30	Trade balance – Goods and services (US\$B)	Nov.	n/a	n/a	-67.1
	10:00	ISM services index	Dec.	66.9	68.8	69.1
	10:00	Factory orders (m/m)	Nov.	n/a	n/a	1.0%
<b>FRIDAY 7</b>						
	8:30	Change in nonfarm payrolls	Dec.	475,000	350,000	210,000
	8:30	Unemployment rate	Dec.	4.1%	4.3%	4.2%
	8:30	Weekly worked hours	Dec.	n/a	34.8	34.8
	8:30	Average hourly earnings (m/m)	Dec.	0.4%	0.3%	0.3%
	15:00	Consumer credit (US\$B)	Nov.	n/a	28,000	16,897
<b>CANADA</b>						
<b>MONDAY 3</b>						
	---	Markets closed (New Year's Day)				
<b>TUESDAY 4</b>						
	8:30	Industrial product price index (m/m)	Nov.	n/a	0.8%	1.3%
	8:30	Raw materials price index (m/m)	Nov.	n/a	2.0%	4.8%
<b>WEDNESDAY 5</b>						
	8:30	Building permits (m/m)	Nov.	n/a	4.0%	1.3%
<b>THURSDAY 6</b>						
	8:30	International trade (\$B)	Nov.	n/a	3.00	2.09
<b>FRIDAY 7</b>						
	8:30	Net change in employment	Dec.	n/a	25,000	153,700
	8:30	Unemployment rate	Dec.	n/a	6.0%	6.0%
	10:00	PMI-Ivey index	Dec.	n/a	60.0	61.2

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 Eastern Standard Time (GMT - 5 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

# Economic Indicators

## Week of January 3 to 7, 2022

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>MONDAY 3</b>								
Italy	3:45	PMI manufacturing index	Dec.	91.9		62.8		
France	3:50	PMI manufacturing index – final	Dec.	54.9		54.9		
Germany	3:55	PMI composite index – final	Dec.	50.0		50.0		
Germany	3:55	PMI manufacturing index – final	Dec.	57.9		57.9		
Germany	3:55	PMI services index – final	Dec.	48.4		48.4		
Euro zone	4:00	PMI manufacturing index – final	Dec.	58.0		58.0		
Japan	19:30	PMI manufacturing index – final	Dec.	n/a		54.2		
<b>TUESDAY 4</b>								
France	2:45	Consumer price index – preliminary	Dec.	0.3%	2.8%	0.4%	2.8%	
United Kingdom	4:30	PMI manufacturing index – final	Dec.	n/a		57.6		
<b>WEDNESDAY 5</b>								
France	2:45	Consumer confidence	Dec.	98		99		
Italy	3:45	PMI composite index	Dec.	n/a		57.6		
Italy	3:45	PMI services index	Dec.	54.0		55.9		
France	3:50	PMI composite index – final	Dec.	55.6		55.6		
France	3:50	PMI services index – final	Dec.	57.1		57.1		
Euro zone	4:00	PMI composite index – final	Dec.	53.4		53.4		
Euro zone	4:00	PMI services index – final	Dec.	53.3		53.3		
Japan	19:30	PMI composite index – final	Dec.	n/a		51.8		
Japan	19:30	PMI services index – final	Dec.	n/a		51.1		
<b>THURSDAY 6</b>								
Germany	2:00	Factory orders	Nov.	2.2%	-0.9%	-6.9%	-1.0%	
United Kingdom	4:30	PMI composite index – final	Dec.	52.0		53.2		
United Kingdom	4:30	PMI services index – final	Dec.	n/a		53.2		
Euro zone	5:00	Producer price index	Nov.	1.0%	22.8%	5.4%	21.9%	
Germany	8:00	Consumer price index – preliminary	Dec.	0.3%	5.0%	-0.2%	5.2%	
Japan	18:30	Consumer price index – Tokyo	Dec.		n/a		0.5%	
<b>FRIDAY 7</b>								
Germany	2:00	Trade balance (€B)	Nov.	12.9		12.8		
Germany	2:00	Current account (€B)	Nov.	17.0		15.4		
Germany	2:00	Industrial production	Nov.	1.0%	-0.6%	2.8%	-0.6%	
France	2:45	Trade balance (€M)	Nov.	n/a		7,513		
France	2:45	Personal consumption expenditures	Nov.	0.5%	n/a	-0.4%	-5.3%	
France	2:45	Industrial production	Nov.	0.4%	n/a	0.9%	-0.5%	
Euro zone	5:00	Industrial confidence	Dec.	13.9		14.1		
Euro zone	5:00	Services confidence	Dec.	17.0		18.4		
Euro zone	5:00	Economic confidence	Dec.	116.4		117.5		
Euro zone	5:00	Consumer price index – preliminary	Dec.	n/a	4.7%	0.4%	4.9%	
Euro zone	5:00	Retail sales	Nov.	-0.1%	5.6%	0.2%	1.4%	

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 Eastern Standard Time (GMT - 5 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	19,469	2.1	4.9	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q3	13,724	1.7	7.0	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q3	3,381	0.9	0.6	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q3	693.1	-8.3	5.4	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q3	2,884	1.5	9.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) <sup>1</sup>	2021 Q3	-73.2	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q3	2,286	-3.0	5.5	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q3	3,599	5.8	12.9	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q3	20,681	1.1	6.1	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3	119.2	5.9	4.6	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q3	111.3	-5.2	-0.6	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q3	122.7	9.6	6.3	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) <sup>1</sup>	2021 Q2	-190.3	---	---	-616.1	-472.1	-438.2

<sup>1</sup> 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)	Oct.	118.3	0.9	1.6	4.6	9.3
ISM manufacturing index <sup>1</sup>	Nov.	61.1	60.8	59.9	61.2	57.7
ISM non-manufacturing index <sup>1</sup>	Nov.	69.1	66.7	61.7	64.0	56.8
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	Nov.	109.5	111.6	115.2	120.0	92.9
Personal consumption expenditure (2012 \$B)	Oct.	13,877	0.7	1.7	1.4	6.6
Disposable personal income (2012 \$B)	Oct.	15,425	-0.3	-2.0	-4.5	-0.9
Consumer credit (\$B)	Oct.	4,381	0.4	1.3	3.3	5.2
Retail sales (\$M)	Nov.*	639,829	0.3	2.8	3.2	18.2
<i>Excluding automobiles (\$M)</i>	Nov.*	513,340	0.3	2.8	5.8	19.5
Industrial production (2012 = 100)	Nov.*	102.3	0.5	1.2	2.4	5.3
Production capacity utilization rate (%) <sup>1</sup>	Nov.*	76.8	76.5	76.1	75.3	73.3
New machinery orders (\$M)	Oct.	522,138	1.0	2.5	7.1	15.2
New durable good orders (\$M)	Oct.	260,285	-0.4	0.6	5.1	13.7
Business inventories (\$B)	Oct.*	2,127	1.2	2.7	4.9	7.8
Housing starts (k) <sup>1</sup>	Nov.*	1,679	1,502	1,573	1,594	1,551
Building permits (k) <sup>1</sup>	Nov.*	1,712	1,653	1,721	1,683	1,696
New home sales (k) <sup>1</sup>	Oct.	745.0	742.0	704.0	796.0	969.0
Existing home sales (k) <sup>1</sup>	Oct.	6,340	6,290	6,000	5,850	6,730
Commercial surplus (\$M) <sup>1</sup>	Oct.	-67,116	-81,435	-70,333	-66,151	-63,678
Nonfarm employment (k) <sup>2</sup>	Nov.	148,611	210.0	1,135	3,671	5,802
Unemployment rate (%) <sup>1</sup>	Nov.	4.2	4.6	5.2	5.8	6.7
Consumer price (1982-1984 = 100)	Nov.	278.9	0.8	2.1	3.8	6.9
<i>Excluding food and energy</i>	Nov.	283.2	0.5	1.4	2.7	5.0
Personal cons. expenditure deflator (2012 = 100)	Oct.	117.4	0.6	1.4	2.9	5.0
<i>Excluding food and energy</i>	Oct.	118.8	0.4	1.0	2.4	4.1
Producer price (2009 = 100)	Nov.*	131.0	0.8	2.1	4.5	9.7
Export prices (2000 = 100)	Nov.*	146.6	1.0	2.9	5.5	18.2
Import prices (2000 = 100)	Nov.*	137.8	0.7	2.6	3.8	11.7

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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 Q3	2,093,927	5.4	4.0	-5.2	1.9	2.8
Household consumption (2012 \$M)	2021 Q3	1,189,996	17.9	5.0	-6.2	1.4	2.6
Government consumption (2012 \$M)	2021 Q3	445,787	-0.7	3.9	0.0	1.7	3.2
Residential investment (2012 \$M)	2021 Q3	158,802	-31.3	0.3	4.3	-0.2	-1.1
Non-residential investment (2012 \$M)	2021 Q3	165,988	-0.9	2.3	-12.1	2.5	3.5
Business inventory change (2012 \$M) <sup>1</sup>	2021 Q3	-8,290	---	---	-18,720	18,377	16,610
Exports (2012 \$M)	2021 Q3	619,913	8.0	-1.1	-9.7	2.3	3.8
Imports (2012 \$M)	2021 Q3	637,383	-2.3	3.8	-10.8	0.4	3.3
Final domestic demand (2012 \$M)	2021 Q3	2,111,754	5.4	3.9	-4.1	1.2	2.7
GDP deflator (2012 = 100)	2021 Q3	119.6	3.1	7.7	0.7	1.5	1.7
Labour productivity (2012 = 100)	2021 Q3	109.0	-5.9	-5.4	8.5	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q3	120.6	7.7	6.2	3.0	2.9	3.1
Current account balance (\$M) <sup>1</sup>	2021 Q3	1,369	---	---	-39,415	-47,041	-53,141
Production capacity utilization rate (%) <sup>1</sup>	2021 Q3	81.4	---	---	77.5	81.9	83.2
Disposable personal income (\$M)	2021 Q3	1,471,864	7.2	5.1	8.9	4.8	3.0
Corporate net operating surplus (\$M)	2021 Q3	356,068	-23.9	12.6	-1.9	-0.6	4.8

<sup>1</sup> 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)	Sept.	1,982,395	0.1	1.0	0.3	3.4
Industrial production (2012 \$M)	Sept.	386,163	-0.6	-0.1	0.7	3.9
Manufacturing sales (\$M)	Oct.*	61,205	4.3	2.4	4.7	13.3
Housing starts (k) <sup>1</sup>	Nov.*	301.3	238.4	261.6	284.6	262.0
Building permits (\$M)	Oct.	10,291	1.3	3.7	-6.9	17.9
Retail sales (\$M)	Sept.	56,643	-0.6	0.9	-2.6	4.8
<i>Excluding automobiles (\$M)</i>	Sept.	42,032	-0.2	1.7	-2.9	6.0
Wholesale trade sales (\$M)	Oct.*	72,488	1.4	3.4	1.0	8.4
Commercial surplus (\$M) <sup>1</sup>	Oct.	2,093	1,858	662.2	430.4	-4,114
<i>Exports (\$M)</i>	Oct.	56,183	6.0	4.0	11.4	21.0
<i>Imports (\$M)</i>	Oct.	54,091	5.8	1.4	8.1	7.0
Employment (k) <sup>2</sup>	Nov.	19,316	153.7	114.0	126.2	64.9
Unemployment rate (%) <sup>1</sup>	Nov.	6.0	6.7	7.1	8.2	8.6
Average weekly earnings (\$)	Sept.	1,137	0.2	1.3	1.4	2.6
Number of salaried employees (k) <sup>2</sup>	Sept.	16,792	91.1	167.5	106.2	82.1
Consumer price (2002 = 100)	Nov.*	144.2	0.2	1.1	2.3	4.7
<i>Excluding food and energy</i>	Nov.*	136.8	0.0	0.7	1.6	3.1
<i>Excluding 8 volatile items</i>	Nov.*	141.5	0.0	0.9	1.9	3.6
Industrial product price (2010 = 100)	Oct.	117.7	1.3	2.3	5.6	16.7
Raw materials price (2010 = 100)	Oct.	133.3	4.8	4.1	14.6	38.4
Money supply M1+ (\$M)	Sept.	1,580,057	0.0	2.3	7.9	16.7

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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		
	Dec. 17	Dec. 10	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
<b>United States</b>									
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	0.04	0.06	0.05	0.04	0.05	0.08	0.11	0.05	0.01
Treasury bonds – 2 years	0.63	0.62	0.48	0.23	0.25	0.13	0.65	0.23	0.11
– 5 years	1.17	1.25	1.20	0.87	0.89	0.38	1.33	0.82	0.34
– 10 years	1.40	1.47	1.53	1.37	1.45	0.95	1.75	1.42	0.91
– 30 years	1.83	1.89	1.91	1.91	2.03	1.70	2.48	2.05	1.64
S&P 500 index (level)	4,652	4,712	4,698	4,433	4,166	3,709	4,712	4,235	3,687
DJIA index (level)	35,661	35,971	35,602	34,585	33,290	30,179	36,432	33,835	29,983
Gold price (US\$/ounce)	1,803	1,785	1,860	1,754	1,776	1,884	1,947	1,802	1,682
CRB index (level)	227.24	225.91	235.02	222.11	205.86	166.45	241.18	206.66	163.61
WTI oil (US\$/barrel)	71.00	71.67	75.94	72.05	71.64	49.10	84.66	67.11	46.87
<b>Canada</b>									
Overnight – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.04	0.00	0.11	0.12	0.13	0.10	0.19	0.11	0.00
Treasury bonds – 2 years	0.89	0.97	0.97	0.46	0.45	0.24	1.14	0.45	0.15
– 5 years	1.16	1.31	1.45	0.90	0.97	0.45	1.58	0.92	0.39
– 10 years	1.31	1.47	1.66	1.29	1.37	0.74	1.81	1.34	0.67
– 30 years	1.67	1.81	2.00	1.82	1.81	1.29	2.19	1.83	1.21
<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	0.00	-0.06	0.06	0.08	0.08	0.02	0.13	0.06	-0.06
Treasury bonds – 2 years	0.26	0.35	0.49	0.23	0.20	0.11	0.62	0.22	0.01
– 5 years	0.00	0.06	0.25	0.03	0.08	0.07	0.33	0.10	-0.04
– 10 years	-0.09	0.00	0.13	-0.08	-0.08	-0.21	0.17	-0.08	-0.30
– 30 years	-0.16	-0.08	0.09	-0.09	-0.22	-0.41	0.18	-0.21	-0.46
S&P/TSX index (level)	20,812	20,891	21,555	20,490	20,000	17,535	21,769	19,700	17,337
Exchange rate (C\$/US\$)	1.2822	1.2722	1.2640	1.2768	1.2464	1.2785	1.2908	1.2536	1.2034
Exchange rate (C\$/€)	1.4453	1.4392	1.4269	1.4973	1.4785	1.5671	1.5741	1.4867	1.4179
<b>Overseas</b>									
<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\$/€)	1.1272	1.1313	1.1289	1.1727	1.1862	1.2257	1.2327	1.1861	1.1199
<u>United Kingdom</u>									
BoE – Base rate	0.25	0.10	0.10	0.10	0.10	0.10	0.25	0.10	0.10
Bonds – 10 years	0.77	0.74	0.88	0.85	0.79	0.26	1.20	0.74	0.20
FTSE index (level)	7,271	7,292	7,224	6,964	7,017	6,529	7,384	6,971	6,407
Exchange rate (US\$/£)	1.3266	1.3272	1.3454	1.3744	1.3811	1.3522	1.4212	1.3763	1.3211
<u>Germany</u>									
Bonds – 10 years	-0.37	-0.35	-0.34	-0.28	-0.25	-0.57	-0.09	-0.34	-0.60
DAX index (level)	15,546	15,623	16,160	15,490	15,448	13,631	16,251	15,134	13,246
<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)	28,546	28,438	29,746	30,500	28,964	26,763	30,670	28,778	26,436
Exchange rate (US\$/¥)	113.62	113.39	114.00	109.98	110.20	103.33	115.43	109.45	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.