

# WEEKLY NEWSLETTER

## The Federal Reserve and Bank of Canada Prepare to Raise Rates in March

### MUSINGS OF THE WEEK

- ▶ A transitory tale you can believe.

### KEY STATISTICS OF THE WEEK

- ▶ The Federal Reserve is signalling that rate hikes are imminent.
- ▶ United States: Real GDP ended 2021 on a high note.
- ▶ The Bank of Canada left the target for the overnight rate at 0.25% while indicating that hikes will be introduced over the next few quarters.

### A LOOK AHEAD

- ▶ United States: More strong job creation expected in January.
- ▶ United States: ISM indexes expected to drop slightly.
- ▶ Canada: The Omicron wave should cause employment to fall.
- ▶ Canada: Real GDP by industry probably continued to climb in November.

### FINANCIAL MARKETS

- ▶ Stock markets down after highly volatile week.
- ▶ Bond yields rise in United States and fall in Canada after central bank meetings.
- ▶ U.S. dollar soars after Federal Reserve meeting.

#### CONTENTS

|                                  |   |  |   |  |    |
|----------------------------------|---|--|---|--|----|
| Musings of the Week.....         | 2 | Financial Markets.....                 | 4 | Economic Indicators of the Week .....    | 7  |
| Key Statistics of the Week ..... | 3 | A Look Ahead .....                     | 5 | Tables: <i>Economic indicators</i> ..... | 9  |
| <i>United States, Canada</i>     |   | <i>United States, Canada, Overseas</i> |   | <i>Major financial indicators</i> .....  | 11 |

# Musings of the Week

## A Transitory Tale You Can Believe

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

This week's Bank of Canada (BoC) decision to hold interest rates steady was consistent with our forecast, but surprised many investors and forecasters. The BoC's next move will probably be much less controversial. Most forecasters now agree the BoC will begin raising rates at its next meeting on March 2. It has removed its exceptional forward guidance, warning Canadians it will be taking a series of steps to get inflation back on target. We believe this means four rate hikes are on tap for 2022. Like the Federal Reserve (Fed), the BoC will likely start to roll down its balance sheet this year, which may significantly tighten financial conditions. This is needed to rein in high inflation, but the BoC shouldn't overdo it either.

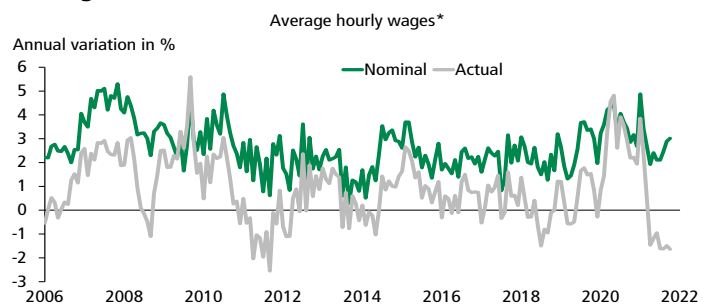
We suspected that the Omicron wave would weigh heavily on the BoC's decision. After all, we expect the next employment report to show heavy job losses and fewer hours worked. This week, the Canadian Federation of Independent Business (CFIB) reported a whopping 8-point drop in SME business sentiment in January. While hospitalizations are on the decline and many provinces have announced they're relaxing restrictions, all the BoC could say was it's "hopeful" this wave will be short-lived but it's still uncertain. The new Omicron BA.2 subvariant has already been detected in over 40 countries, and scientists are worried it could be stealthier and more contagious than its parent variant. It's clear the pandemic won't end until we find a way to prevent the emergence of new variants, so the BoC's caution isn't unwarranted. Last year's hasty February reopening led to even tougher springtime lockdowns in some provinces, and there's no guarantee we won't see a repeat of that this year.

Emergency monetary policy won't stop the virus, but it was kind for the BoC to at least warn pandemic-weary Canadians that higher interest rates are on the horizon. The good news? Once Omicron is behind us, the Canadian job market should bounce back as it has after previous waves. Canada is one of the few countries where the labour market participation rate has fully recovered. In the United States, large swaths of older workers have retired early and exited the job market, inhibiting a rebound in participation. But Canada has seen solid gains in job market participation, particularly among prime-aged workers. Even the job vacancy rate started to decline in the last quarter of 2021, though it remains high. And while Canadian wage growth has remained surprisingly in check, it's probably only a matter of time before acute labour shortages and competition for talent compel businesses to increase compensation. According to the BoC's *Canadian Survey of Consumer Expectations*, workers estimated their probability of leaving for another job at 19.3%

on average, the highest level since at least 2015. And as the population ages, some older workers will retire, creating more job vacancies. These positions will be hard to fill with a normalized participation rate. Add to that minimum wage hikes in most provinces this year, and you can see why today's moderate real wage growth is only transitory.

### CANADA

#### The decline in real wages clashes with the context of high labour shortages



\* Fixed-weighted measure.

Sources: Statistics Canada and Desjardins, Economic Studies

# Key Statistics of the Week

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

## UNITED STATES

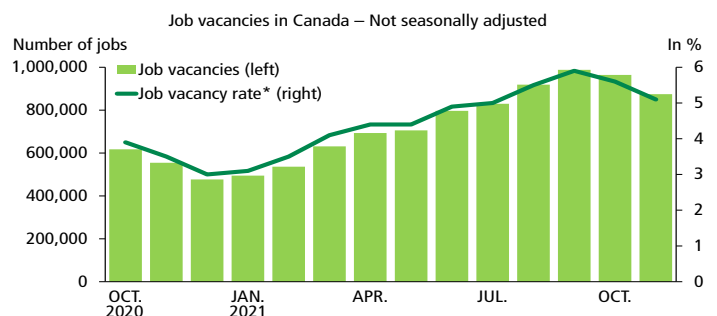
- ▶ The Federal Reserve (Fed) decided to keep the target range for the federal funds rate at 0.00% to 0.25%. With inflation well above 2% and a strong labor market, the Fed expects it will soon be appropriate to raise the target range for the federal funds rate. The Fed decided to continue to reduce the monthly pace of its net asset purchases, bringing them to an end in early March.
- ▶ According to the advance estimate released by the U.S. Bureau of Economic Analysis, real GDP increased at an annualized rate of 6.9% in the fourth quarter of 2021. This came on the heels of annualized gains of 2.3% in the third quarter and 6.7% in the second quarter. For the year, real GDP was up 5.7% after falling 3.4% in 2020—the biggest annual increase since 1984.
- ▶ In December, households' real disposable income fell 0.2% for the third month in a row. On the other hand, real consumption decreased 1.0%, its biggest decline since February. The consumer expenditure deflator rose 0.4% in December, and its annual variation edged higher from 5.7% to 5.8%, its highest point since July 1982.
- ▶ The Conference Board's consumer confidence index edged lower in January, although its decline was not as dramatic as that of other confidence indexes. The index went from 115.2 in December to 113.8 in January. This decline stems mainly from the household expectations component.
- ▶ After surging 3.2% in November, new durable goods orders fell 0.9% in December, mostly due to aircraft orders, which plunged 13.5% in December. Motor vehicle orders were up 1.4%. Excluding transportation, new orders rose 0.4% after a 1.1% uptick in November.
- ▶ Sales of new single-family homes jumped 11.9% in December, following on November's 11.7% gain. These two major jumps pushed sales to 811,000 units, the highest level since March 2021.
- ▶ After two months of 1.0% growth, the S&P/Case-Shiller index of existing home prices in the 20 largest cities advanced in November to reach a monthly variation of 1.2%. Still, the annual variation went from 18.5% in October to 18.3% in November.

## CANADA

- ▶ As we expected, last Wednesday, the Bank of Canada (BoC) opted to stick with the status quo on its monetary policy for now. Still, both the BoC's statement and its *Monetary Policy Report* have cleared the way for key rate hikes to begin as early as the next meeting in March. With inflation up significantly, keeping the target for the overnight rate at its effective lower bound is getting harder and harder to justify. Therefore, the withdrawal of the BoC's forward guidance is the first step before the key rate rises. The hike expected for March will probably be the first of many in the coming quarters to gradually bring the target for the overnight rate back to its neutral level, which would be between 1.75% and 2.75% according to the BoC.
- ▶ In November, the number of job vacancies in Canada was down for the second month in a row, slipping from 964,310 to 874,695. As a result, the job vacancy rate (the number of job vacancies relative to the total number of jobs) went from 5.6% to 5.1%, with significant declines noted in the finance, insurance, retail, accommodation and food services sectors. With a rate of 5.9%, Quebec remains the province with the highest number of job vacancies.

## CANADA

### November saw job vacancies down slightly



\* Corresponds to the number of job vacancies relative to all (vacant and occupied) jobs.  
Sources: Statistics Canada and Desjardins, Economic Studies

# Financial Markets

## Financial Market Setbacks Continue

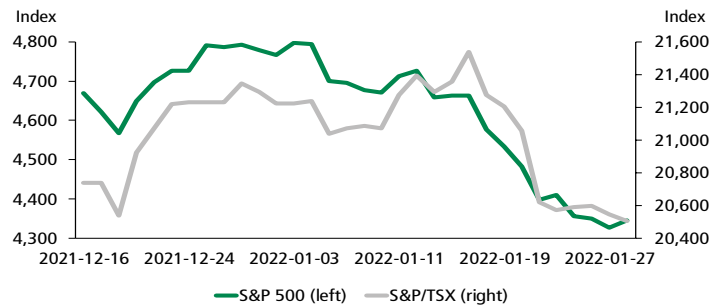
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The week was rife with expectations and trepidations on the Markets, with rising geopolitical tensions in Ukraine and U.S. and Canadian central bank meetings that took place Wednesday. Volatility remained high all week, as stock markets continue to take a drubbing. We can take some solace, however, from strong buyer activity in equity markets. Twice this week, Markets saw sharp intraday declines, only to snap back before closing. Yet, the downbeat sentiment ultimately prevailed. Even if North American indexes were still looking for direction on Friday morning, they all remained in the red for the week. The S&P/TSX and Dow Jones were down about 1%. The S&P 500 and the NASDAQ fell over 2% and 4%, respectively. Geopolitical tensions in Ukraine lifted oil prices to new heights. A barrel of WTI (West Texas Intermediate) was hovering at about US\$88 on Friday morning.

Bond yields continued to rise in the United States, particularly on the short-term end of the curve. Multiple rate hikes are now clearly signalled by the Federal Reserve (Fed), with a first one in March. The tone chosen by Jerome Powell at the press conference also pointed to a more hawkish approach to controlling inflation going forward. Canadian bond yields were more stable during the week. They lost a few basis points after the Bank of Canada (BoC) surprised most investors by keeping its key rate unchanged. However, a rate hike in March appears highly likely.

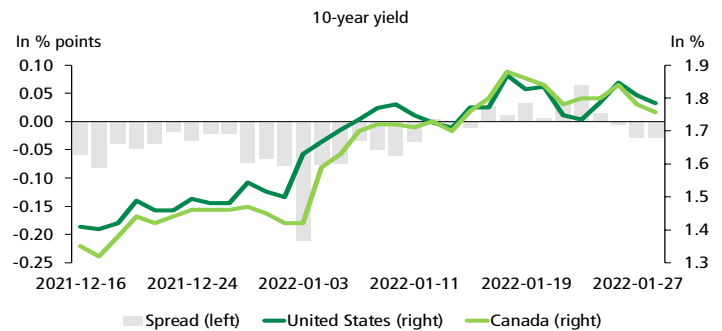
The U.S. dollar continued to gain traction as markets remained palpably jittery. The Fed's more hawkish tone also provided a strong boost. The yen and Swiss franc were down against the greenback, even if they are considered safe haven currencies in times of financial volatility. The euro fell back below US\$1.12, and the pound sterling slipped under US\$1.34. It will be interesting to see how European currencies react to monetary policy meetings in Europe next week. Despite not suffering too much from the BoC's Wednesday morning status quo decision, the Canadian dollar did not hold up against the sheer strength of the U.S. dollar, it is currently trading at just over US\$0.78.

**GRAPH 1**  
Stock markets



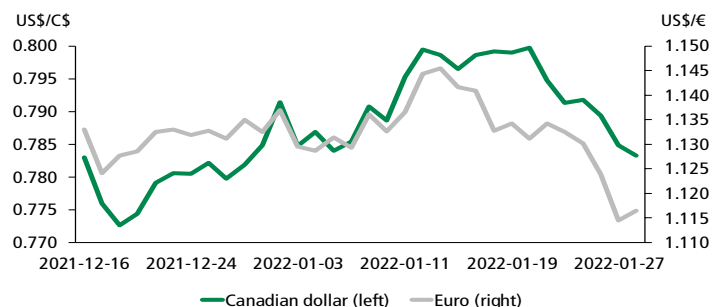
Sources: Datastream and Desjardins, Economic Studies

**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

## TUESDAY February 1 - 10:00

### January

|                 |             |
|-----------------|-------------|
| Consensus       | 57.6        |
| Desjardins      | 56.8        |
| <b>December</b> | <b>58.7</b> |

## THURSDAY February 3 - 10:00

### January

|                 |             |
|-----------------|-------------|
| Consensus       | 59.5        |
| Desjardins      | 61.4        |
| <b>December</b> | <b>62.0</b> |

## FRIDAY February 4 - 8:30

### January

|                 |                |
|-----------------|----------------|
| Consensus       | 175,000        |
| Desjardins      | 200,000        |
| <b>December</b> | <b>199,000</b> |

## TUESDAY February 1 - 8:30

### November

|                |             |
|----------------|-------------|
| Consensus      | m/m         |
| Desjardins     | 0.3%        |
| <b>October</b> | <b>0.8%</b> |

## FRIDAY February 4 - 8:30

### January

|                 |               |
|-----------------|---------------|
| Consensus       | -100,000      |
| Desjardins      | -75,000       |
| <b>December</b> | <b>54,700</b> |

## UNITED STATES

**ISM manufacturing index (January)** – The ISM manufacturing index was down 2.4 points in December, its lowest level since January 2021. The components that pulled back in particular in December included supplier deliveries (-7.3 points) and prices (-14.3 points). These declines are a clear sign that the supply chain problems are slowly easing, so it will be interesting to see if this trend continued in January. Also, the ISM manufacturing index is expected to fall again in January 2022. The regional indicators for January released to date are indicating a drop to 56.8.

**ISM services index (January)** – After reaching the historic peak of 69.1 in November, the ISM services index plummeted in December. Still, at 62.0, it remains very high and continues to signal strong growth in services. Another decrease is forecast for January. Non-manufacturing regional indicators released to date for January as well as household confidence indexes point to another downturn, albeit a more modest one than December's.

**Job creation according to establishment (January)** – Job creation continued to disappoint in December, with only 199,000 jobs created, even though the consensus forecast double that number. It may be relatively low once again in January, with the considerable rise in jobless claims between mid-December and mid-January pointing in this direction. However, the Christmas holidays tend to muddle changes to this variable. Additionally, the effect of Omicron on the availability of workers as well as winter storms in some regions probably limited the number of jobs and the hours worked. All in all, we expect 200,000 new jobs. Keep in mind that January's figures will be released together with the establishment survey annual revision, and that may change things. The jobless rate should stay at 3.9%.

## CANADA

**Real GDP by industry (November)** – According to Statistics Canada's preliminary results, November should close with real GDP by industry up about 0.3%. However, our estimates indicate that growth could be around 0.4%, slightly higher than the preliminary results. Moreover, January saw manufacturer and wholesaler sales and inventories jump, housing starts rebound considerably and the number of hours worked rise 0.4%.

**Labour force survey (January)** – The introduction of new public health measures to fight the Omicron variant will negatively impact some sectors, especially in Ontario and Quebec. Therefore, retailing, food services, accommodation, culture and recreation could all see employment decline significantly in January. The upward trend in most of the other sectors is not expected to be enough to offset the losses caused by the public health measures. In the end, approximately 75,000 jobs are expected to disappear, which may cause the unemployment rate to edge up from 6.0% to 6.1%.

**OVERSEAS**
**MONDAY January 31 - 5:00**

|                |             |
|----------------|-------------|
| <b>Q4 2021</b> | <b>q/q</b>  |
| Consensus      | 0.4%        |
| <b>Q3 2021</b> | <b>2.2%</b> |

**WEDNESDAY February 2 - 5:00**

|                 |             |
|-----------------|-------------|
| <b>January</b>  | <b>y/y</b>  |
| Consensus       | 4.4%        |
| <b>December</b> | <b>5.0%</b> |

**THURSDAY February 3 - 7:00**

|                    |              |
|--------------------|--------------|
| <b>February</b>    |              |
| Consensus          | 0.50%        |
| Desjardins         | 0.25%        |
| <b>December 16</b> | <b>0.25%</b> |

**THURSDAY February 3 - 7:45**

|                    |              |
|--------------------|--------------|
| <b>February</b>    |              |
| Consensus          | 0.00%        |
| Desjardins         | 0.00%        |
| <b>December 16</b> | <b>0.00%</b> |

**Euro zone: Real GDP (Q4 – preliminary)** – Real GDP in the euro zone saw strong growth in the second and third quarters of 2021. As a result, real GDP is only 0.3% below its level at the end of 2019. Another boost to growth could close this gap. Still, the variation in real GDP in Euroland could prove to be rather low at the end of 2021, when many countries had to reimpose public health rules with the arrival of the Omicron variant. Europe’s economy also had to deal with supply chain problems and major energy price hikes. We already know that real GDP in France posted a quarterly increase of 0.7% non annualized, whereas Germany’s fell 0.7%.

**Euro zone: Consumer price index (January – preliminary)** – Inflation continues to rise in the euro zone. December saw the annual variation in consumer prices reach 5.0%, its highest level since the data were first tracked in 1991. A large part of the increase was due to energy (with an annual variation of 25.9% in December), but other prices were also higher. The preliminary data for January will help determine whether the upward trend continued in early 2022.


**United Kingdom: Bank of England meeting (February)** – After introducing an initial hike in December, does the Bank of England (BoE) want to continue monetary tightening in February? Without a doubt, inflation remains high in the United Kingdom, and the updated *Monetary Policy Report* to be released may forecast higher inflation in the coming quarters. That said, the BoE is indicating that it will proceed slowly when it comes to raising its main key rate. We predict that it will remain on the sidelines during this meeting while signalling more hikes to come.


**Euro zone: European Central Bank meeting (February)** – To date, the European Central Bank (ECB) has remained more cautious than most of the other central banks and has not indicated whether it will begin raising interest rates in 2022. We don’t anticipate the tone to change significantly during this meeting on monetary policy. The ECB will probably wait to adjust its strategy, if necessary, until March when it updates its economic growth and inflation forecasts. Still, it will be interesting to see how comfortable the ECB and its chair will be as the inflationary pressures continue to rise in the euro zone, especially in Germany.



# Economic Indicators

## Week of January 31 to February 4, 2022

| Day                  | Hour  | Indicator  | Period     | Consensus  |  | Previous data |
|----------------------|-------|--|------------|------------|---|---------------|
| <b>UNITED STATES</b> |       |  |            |            |   |               |
| <b>MONDAY 31</b>     | 9:45  | Chicago PMI index  | Jan.       | 62.1       | 63.0  | 64.3          |
|                      | 11:30 | Speech of the Federal Reserve Bank of San Francisco President, M. Daly   |            |            |   |               |
| <b>TUESDAY 1</b>     | ---   | Total vehicle sales (ann. rate)  | Jan.       | 12,650,000 | 14,000,000  | 12,440,000    |
|                      | 10:00 | Construction spending (m/m)  | Dec.       | 0.6%       | 0.6%  | 0.4%          |
|                      | 10:00 | ISM manufacturing index  | Jan.       | 57.6       | 56.8  | 58.7          |
| <b>WEDNESDAY 2</b>   | ---   | ---  |            |            |   |               |
| <b>THURSDAY 3</b>    | 8:30  | Initial unemployment claims  | Jan. 24-28 | 250,000    | 245,000   | 260,000       |
|                      | 8:30  | Nonfarm productivity – preliminary (ann. rate)   | Q4         | 2.5%       | 4.7%  | -5.2%         |
|                      | 8:30  | Unit labor costs – preliminary (ann. rate)   | Q4         | 1.5%       | -0.2%   | 9.6%          |
|                      | 10:00 | ISM services index   | Jan.       | 59.5       | 61.4  | 62.0          |
|                      | 10:00 | Factory orders (m/m)   | Dec.       | 0.1%       | -0.2%   | 1.6%          |
|                      | 10:00 | Confirmation hearing for Federal Reserve Governor nominees S. Bloom Raskin, L. Cook and P. Jefferson before a Senate Committee |            |            |   |               |
| <b>FRIDAY 4</b>      | 8:30  | Change in nonfarm payrolls   | Jan.       | 175,000    | 200,000   | 199,000       |
|                      | 8:30  | Unemployment rate  | Jan.       | 3.9%       | 3.9%  | 3.9%          |
|                      | 8:30  | Weekly worked hours  | Jan.       | 34.7       | 34.5  | 34.7          |
|                      | 8:30  | Average hourly earnings (m/m)  | Jan.       | 0.5%       | 0.4%  | 0.6%          |
| <b>CANADA</b>        |       |  |            |            |   |               |
| <b>MONDAY 31</b>     | 8:30  | Industrial product price index (m/m)   | Dec.       | n/a        | 0.5%  | 0.8%          |
|                      | 8:30  | Raw materials price index (m/m)  | Dec.       | n/a        | 0.3%  | -1.0%         |
| <b>TUESDAY 1</b>     | 8:30  | Real GDP by industry (m/m)   | Nov.       | 0.3%       | 0.4%  | 0.8%          |
| <b>WEDNESDAY 2</b>   | 8:30  | Building permits (m/m)   | Dec.       | -0.1%      | -1.5%   | 6.8%          |
|                      | 10:00 | Speech of a Bank of Canada Deputy Governor, T. Gravelle  |            |            |   |               |
|                      | 15:00 | Speech of the Bank of Canada Governor, T. Macklem  |            |            |   |               |
| <b>THURSDAY 3</b>    | ---   | ---  |            |            |   |               |
| <b>FRIDAY 4</b>      | 8:30  | Net change in employment   | Jan.       | -100,000   | -75,000   | 78,600        |
|                      | 8:30  | Unemployment rate  | Jan.       | 6.2%       | 6.1%  | 6.0%          |
|                      | 10:00 | PMI-Ivey index   | Jan.       | n/a        | 45.0  | 45.0          |

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 31 to February 4, 2022

| Country            | Hour  | Indicator                           | Period | Consensus |       | Previous data |       |  |
|--------------------|-------|-------------------------------------|--------|-----------|-------|---------------|-------|--|
|                    |       |                                     |        | m/m (q/q) | y/y   | m/m (q/q)     | y/y   |  |
| <b>OVERSEAS</b>    |       |                                     |        |           |       |               |       |  |
| <b>SUNDAY 30</b>   |       |                                     |        |           |       |               |       |  |
| Japan              | 18:50 | Industrial production – preliminary | Dec.   | -0.6%     | 2.9%  | 7.0%          | 5.1%  |  |
| Japan              | 18:50 | Retail sales                        | Dec.   | 0.3%      | 2.8%  | 1.2%          | 1.9%  |  |
| <b>MONDAY 31</b>   |       |                                     |        |           |       |               |       |  |
| Japan              | 0:00  | Housing starts                      | Dec.   |           | 8.1%  |               | 3.7%  |  |
| Euro zone          | 5:00  | Real GDP – preliminary              | Q4     | 0.4%      | 4.6%  | 2.2%          | 3.9%  |  |
| Italy              | 5:00  | Real GDP – preliminary              | Q4     | 0.5%      | 6.2%  | 2.6%          | 3.9%  |  |
| Germany            | 8:00  | Consumer price index – preliminary  | Jan.   | -0.3%     | 4.3%  | 0.5%          | 5.3%  |  |
| Japan              | 18:30 | Unemployment rate                   | Dec.   | 2.8%      |       | 2.8%          |       |  |
| Australia          | 22:30 | Reserve Bank of Australia meeting   | Jan.   | 0.10%     |       | 0.10%         |       |  |
| <b>TUESDAY 1</b>   |       |                                     |        |           |       |               |       |  |
| United Kingdom     | 2:00  | Nationwide house prices             | Jan.   | 0.6%      | 10.9% | 1.0%          | 10.4% |  |
| Germany            | 2:00  | Retail sales                        | Dec.   | -1.4%     | 3.4%  | 0.6%          | -0.2% |  |
| France             | 2:45  | Consumer price index – preliminary  | Jan.   | -0.2%     | 2.5%  | 0.2%          | 2.8%  |  |
| France             | 3:50  | PMI manufacturing index – final     | Jan.   | 55.5      |       | 55.5          |       |  |
| Germany            | 3:55  | PMI manufacturing index – final     | Jan.   | 60.5      |       | 60.5          |       |  |
| Euro zone          | 4:00  | PMI manufacturing index – final     | Jan.   | 59.0      |       | 59.0          |       |  |
| Italy              | 4:00  | Unemployment rate                   | Dec.   | 9.2%      |       | 9.2%          |       |  |
| United Kingdom     | 4:30  | PMI manufacturing index – final     | Jan.   | 56.9      |       | 56.9          |       |  |
| Euro zone          | 5:00  | Unemployment rate                   | Dec.   | 7.1%      |       | 7.2%          |       |  |
| <b>WEDNESDAY 2</b> |       |                                     |        |           |       |               |       |  |
| Euro zone          | 5:00  | Consumer price index – preliminary  | Jan.   | -0.5%     | 4.4%  | 0.4%          | 5.0%  |  |
| Italy              | 5:00  | Consumer price index – preliminary  | Jan.   | 0.6%      | 3.8%  | 0.4%          | 3.9%  |  |
| Brazil             | 16:30 | Bank of Brazil meeting              | Feb.   | 10.75%    |       | 9.25%         |       |  |
| <b>THURSDAY 3</b>  |       |                                     |        |           |       |               |       |  |
| France             | 3:50  | PMI composite index – final         | Jan.   | 52.7      |       | 52.7          |       |  |
| France             | 3:50  | PMI services index – final          | Jan.   | 53.1      |       | 53.1          |       |  |
| Germany            | 3:55  | PMI composite index – final         | Jan.   | 54.3      |       | 54.3          |       |  |
| Germany            | 3:55  | PMI services index – final          | Jan.   | 52.2      |       | 52.2          |       |  |
| Euro zone          | 4:00  | PMI composite index – final         | Jan.   | 52.4      |       | 52.4          |       |  |
| Euro zone          | 4:00  | PMI services index – final          | Jan.   | 51.2      |       | 51.2          |       |  |
| United Kingdom     | 4:30  | PMI composite index – final         | Jan.   | 53.4      |       | 53.4          |       |  |
| United Kingdom     | 4:30  | PMI services index – final          | Jan.   | 53.3      |       | 53.3          |       |  |
| Euro zone          | 5:00  | Producer price index                | Dec.   | 2.4%      | 26.1% | 1.8%          | 23.7% |  |
| United Kingdom     | 7:00  | Bank of England meeting             | Feb.   | 0.50%     |       | 0.25%         |       |  |
| Euro zone          | 7:45  | European Central Bank meeting       | Feb.   | 0.00%     |       | 0.00%         |       |  |
| <b>FRIDAY 4</b>    |       |                                     |        |           |       |               |       |  |
| Germany            | 2:00  | Factory orders                      | Dec.   | -0.1%     | 3.0%  | 3.7%          | 1.3%  |  |
| France             | 2:45  | Industrial production               | Dec.   | 0.5%      | 0.6%  | -0.4%         | -0.5% |  |
| Euro zone          | 5:00  | Retail sales                        | Dec.   | -0.8%     | 5.0%  | 1.0%          | 7.8%  |  |

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 | 2021                 | 2020   | 2019   |
| Gross domestic product (2012 \$B)                 | 2021 Q4*    | 19,806 | 6.9           | 5.5    | 5.7                  | -3.4   | 2.3    |
| Consumption (2012 \$B)                            | 2021 Q4*    | 13,843 | 3.3           | 7.1    | 7.9                  | -3.8   | 2.2    |
| Government spending (2012 \$B)                    | 2021 Q4*    | 3,357  | -2.9          | 0.0    | 0.5                  | 2.5    | 2.2    |
| Residential investment (2012 \$B)                 | 2021 Q4*    | 692.8  | -0.8          | -2.2   | 9.0                  | 6.8    | -0.9   |
| Non-residential investment (2012 \$B)             | 2021 Q4*    | 2,899  | 2.0           | 6.4    | 7.3                  | -5.3   | 4.3    |
| Business inventory change (2012 \$B) <sup>1</sup> | 2021 Q4*    | 173.5  | ---           | ---    | -37.5                | -42.3  | 75.1   |
| Exports (2012 \$B)                                | 2021 Q4*    | 2,401  | 24.5          | 5.3    | 4.6                  | -13.6  | -0.1   |
| Imports (2012 \$B)                                | 2021 Q4*    | 3,739  | 17.7          | 9.6    | 14.0                 | -8.9   | 1.2    |
| Final domestic demand (2012 \$B)                  | 2021 Q4*    | 20,787 | 1.9           | 5.3    | 6.5                  | -2.5   | 2.4    |
| GDP deflator (2012 = 100)                         | 2021 Q4*    | 121.3  | 6.9           | 5.8    | 4.2                  | 1.3    | 1.8    |
| 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 Q4*    | 148.1  | 4.2           | 4.0    | 3.3                  | 2.6    | 2.8    |
| Current account balance (\$B) <sup>1</sup>        | 2021 Q3     | -214.8 | ---           | ---    | -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)                              | Dec.       | 120.8   | 0.8           | 2.1       | 4.0       | 10.2    |
| ISM manufacturing index <sup>1</sup>                        | Dec.       | 58.8    | 60.6          | 60.5      | 60.9      | 60.5    |
| ISM non-manufacturing index <sup>1</sup>                    | Dec.       | 62.3    | 68.4          | 62.6      | 60.7      | 57.8    |
| Cons. confidence Conference Board (1985 = 100) <sup>1</sup> | Jan.*      | 113.8   | 115.2         | 111.6     | 125.1     | 87.1    |
| Personal consumption expenditure (2012 \$B)                 | Dec.*      | 13,737  | -1.0          | -0.4      | 0.3       | 7.1     |
| Disposable personal income (2012 \$B)                       | Dec.*      | 15,367  | -0.2          | -0.6      | -1.5      | -0.2    |
| Consumer credit (\$B)                                       | Nov.       | 4,415   | 0.9           | 1.9       | 3.3       | 5.8     |
| Retail sales (\$M)  | Dec.       | 626,833 | -1.9          | 0.0       | 0.2       | 16.9    |
| <i>Excluding automobiles (\$M)</i>                          | Dec.       | 500,566 | -2.3          | -0.4      | 1.5       | 18.8    |
| Industrial production (2012 = 100)                          | Dec.       | 101.9   | -0.1          | 1.9       | 1.4       | 3.7     |
| Production capacity utilization rate (%) <sup>1</sup>       | Dec.       | 76.5    | 76.6          | 75.2      | 75.7      | 74.1    |
| New machinery orders (\$M)                                  | Nov.       | 531,836 | 1.6           | 3.3       | 6.7       | 15.5    |
| New durable good orders (\$M)                               | Dec.*      | 267,629 | -0.9          | 2.4       | 3.9       | 12.7    |
| Business inventories (\$B)                                  | Nov.       | 2,158   | 1.3           | 3.4       | 5.8       | 8.7     |
| Housing starts (k) <sup>1</sup>                             | Dec.       | 1,702   | 1,678         | 1,550     | 1,657     | 1,661   |
| Building permits (k) <sup>1</sup>                           | Dec.       | 1,885   | 1,717         | 1,586     | 1,594     | 1,758   |
| New home sales (k) <sup>1</sup>                             | Dec.*      | 811.0   | 725.0         | 725.0     | 683.0     | 943.0   |
| Existing home sales (k) <sup>1</sup>                        | Dec.       | 6,180   | 6,480         | 6,290     | 5,870     | 6,650   |
| Commercial surplus (\$M) <sup>1</sup>                       | Nov.       | -80,172 | -67,158       | -73,195   | -67,975   | -67,307 |
| Nonfarm employment (k) <sup>2</sup>                         | Dec.       | 148,951 | 199.0         | 1,096     | 3,049     | 6,448   |
| Unemployment rate (%) <sup>1</sup>                          | Dec.       | 3.9     | 4.2           | 4.7       | 5.9       | 6.7     |
| Consumer price (1982-1984 = 100)                            | Dec.       | 280.2   | 0.5           | 2.2       | 3.4       | 7.1     |
| <i>Excluding food and energy</i>                            | Dec.       | 284.8   | 0.6           | 1.7       | 2.4       | 5.5     |
| Personal cons. expenditure deflator (2012 = 100)            | Dec.*      | 118.7   | 0.4           | 1.7       | 2.9       | 5.8     |
| <i>Excluding food and energy</i>                            | Dec.*      | 120.0   | 0.5           | 1.4       | 2.3       | 4.9     |
| Producer price (2009 = 100)                                 | Dec.       | 131.5   | 0.2           | 1.8       | 4.0       | 9.8     |
| Export prices (2000 = 100)                                  | Dec.       | 143.9   | -1.8          | 0.8       | 2.3       | 14.7    |
| Import prices (2000 = 100)                                  | Dec.       | 137.5   | -0.2          | 1.9       | 2.5       | 10.4    |

<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)             | Oct.       | 2,002,454 | 0.8           | 1.7       | 2.4       | 3.8     |
| Industrial production (2012 \$M)              | Oct.       | 394,243   | 1.5           | 2.1       | 3.8       | 5.9     |
| Manufacturing sales (\$M)                     | Nov.       | 63,073    | 2.6           | 4.6       | 7.9       | 16.9    |
| Housing starts (k) <sup>1</sup>               | Dec.       | 236.1     | 303.8         | 251.0     | 278.3     | 233.0   |
| Building permits (\$M)                        | Nov.       | 11,192    | 6.8           | 13.7      | 16.5      | 15.5    |
| Retail sales (\$M)                            | Nov.       | 58,080    | 0.7           | 1.9       | 7.6       | 4.4     |
| <i>Excluding automobiles (\$M)</i>            | Nov.       | 43,225    | 1.1           | 2.5       | 9.6       | 5.7     |
| Wholesale trade sales (\$M)                   | Nov.       | 75,631    | 3.5           | 6.7       | 4.6       | 11.9    |
| Commercial surplus (\$M) <sup>1</sup>         | Nov.       | 3,133     | 2,264         | 932.3     | -1,975    | -3,402  |
| <i>Exports (\$M)</i>                          | Nov.       | 58,572    | 3.8           | 8.4       | 18.2      | 25.1    |
| <i>Imports (\$M)</i>                          | Nov.       | 55,439    | 2.4           | 4.4       | 7.6       | 10.4    |
| Employment (k) <sup>2</sup>                   | Dec.       | 19,371    | 54.7          | 79.9      | 96.8      | 73.8    |
| Unemployment rate (%) <sup>1</sup>            | Dec.       | 5.9       | 6.0           | 6.9       | 7.8       | 8.8     |
| Average weekly earnings (\$)                  | Nov. *     | 1,131     | 0.1           | -0.3      | -0.4      | 1.9     |
| Number of salaried employees (k) <sup>2</sup> | Nov. *     | 16,970    | 37.2          | 89.9      | 152.2     | 86.8    |
| Consumer price (2002 = 100)                   | Dec.       | 144.0     | -0.1          | 0.8       | 1.8       | 4.8     |
| <i>Excluding food and energy</i>              | Dec.       | 136.7     | -0.1          | 0.4       | 1.3       | 3.4     |
| <i>Excluding 8 volatile items</i>             | Dec.       | 141.5     | 0.0           | 0.6       | 1.7       | 4.0     |
| Industrial product price (2010 = 100)         | Nov.       | 118.7     | 0.8           | 3.6       | 3.4       | 18.1    |
| Raw materials price (2010 = 100)              | Nov.       | 132.0     | -1.0          | 6.1       | 9.9       | 36.2    |
| Money supply M1+ (\$M)                        | Nov.       | 1,602,441 | 1.2           | 1.3       | 4.7       | 15.3    |

<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 |         |        |
|---|---------|---------------|----------|-----------|-----------|---------|---------------|---------|--------|
|   | Jan. 28 | Jan. 21       | -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                    | 0.18    | 0.17          | 0.06     | 0.05      | 0.06      | 0.06    | 0.20          | 0.05    | 0.01   |
| Treasury bonds – 2 years                    | 1.17    | 1.00          | 0.66     | 0.46      | 0.17      | 0.12    | 1.17          | 0.32    | 0.11   |
| – 5 years                                   | 1.62    | 1.55          | 1.25     | 1.18      | 0.69      | 0.44    | 1.66          | 0.94    | 0.41   |
| – 10 years                                  | 1.79    | 1.75          | 1.50     | 1.56      | 1.24      | 1.09    | 1.87          | 1.49    | 1.08   |
| – 30 years                                  | 2.09    | 2.06          | 1.89     | 1.94      | 1.89      | 1.86    | 2.48          | 2.08    | 1.68   |
| S&P 500 index (level)                       | 4,346   | 4,398         | 4,766    | 4,605     | 4,395     | 3,714   | 4,797         | 4,334   | 3,768  |
| DJIA index (level)                          | 34,164  | 34,265        | 36,338   | 35,820    | 34,935    | 29,983  | 36,800        | 34,410  | 30,212 |
| Gold price (US\$/ounce)                     | 1,785   | 1,832         | 1,822    | 1,777     | 1,823     | 1,858   | 1,906         | 1,795   | 1,682  |
| CRB index (level)                           | 250.91  | 248.48        | 232.37   | 237.70    | 218.08    | 174.20  | 251.93        | 214.55  | 177.23 |
| WTI oil (US\$/barrel)                       | 87.62   | 86.79         | 75.21    | 83.57     | 73.93     | 52.18   | 88.30         | 70.50   | 53.53  |
| <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                    | 0.31    | 0.42          | 0.16     | 0.14      | 0.17      | 0.07    | 0.47          | 0.13    | 0.00   |
| Treasury bonds – 2 years                    | 1.25    | 1.24          | 0.95     | 1.08      | 0.45      | 0.15    | 1.28          | 0.56    | 0.15   |
| – 5 years                                   | 1.62    | 1.62          | 1.25     | 1.50      | 0.81      | 0.43    | 1.69          | 1.04    | 0.42   |
| – 10 years                                  | 1.76    | 1.78          | 1.42     | 1.72      | 1.20      | 0.84    | 1.88          | 1.44    | 0.88   |
| – 30 years                                  | 2.00    | 1.99          | 1.68     | 2.02      | 1.76      | 1.47    | 2.19          | 1.90    | 1.46   |
| <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                    | 0.13    | 0.25          | 0.10     | 0.09      | 0.11      | 0.01    | 0.30          | 0.08    | -0.06  |
| Treasury bonds – 2 years                    | 0.08    | 0.24          | 0.29     | 0.62      | 0.28      | 0.03    | 0.62          | 0.24    | 0.03   |
| – 5 years                                   | -0.01   | 0.07          | 0.00     | 0.32      | 0.12      | -0.01   | 0.33          | 0.10    | -0.11  |
| – 10 years                                  | -0.03   | 0.03          | -0.08    | 0.16      | -0.04     | -0.25   | 0.17          | -0.05   | -0.21  |
| – 30 years                                  | -0.09   | -0.07         | -0.21    | 0.08      | -0.13     | -0.39   | 0.18          | -0.18   | -0.45  |
| S&P/TSX index (level)                       | 20,504  | 20,621        | 21,223   | 21,037    | 20,288    | 17,337  | 21,769        | 20,084  | 17,692 |
| Exchange rate (C\$/US\$)                    | 1.2767  | 1.2583        | 1.2636   | 1.2389    | 1.2472    | 1.2779  | 1.2943        | 1.2528  | 1.2034 |
| Exchange rate (C\$/€)                       | 1.4252  | 1.4272        | 1.4367   | 1.4325    | 1.4806    | 1.5509  | 1.5498        | 1.4731  | 1.4145 |
| <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\$/€)                      | 1.1165  | 1.1342        | 1.1370   | 1.1563    | 1.1871    | 1.2137  | 1.2252        | 1.1761  | 1.1145 |
| <u>United Kingdom</u>                       |         |               |          |           |           |         |               |         |        |
| BoE – Base rate                             | 0.25    | 0.25          | 0.25     | 0.10      | 0.10      | 0.10    | 0.25          | 0.12    | 0.10   |
| Bonds – 10 years                            | 1.24    | 1.17          | 0.97     | 1.03      | 0.59      | 0.35    | 1.26          | 0.83    | 0.34   |
| FTSE index (level)                          | 7,451   | 7,494         | 7,385    | 7,238     | 7,032     | 6,407   | 7,611         | 7,065   | 6,466  |
| Exchange rate (US\$/£)                      | 1.3415  | 1.3556        | 1.3531   | 1.3693    | 1.3903    | 1.3704  | 1.4212        | 1.3752  | 1.3208 |
| <u>Germany</u>                              |         |               |          |           |           |         |               |         |        |
| Bonds – 10 years                            | -0.05   | -0.10         | -0.18    | -0.10     | -0.50     | -0.55   | -0.05         | -0.29   | -0.54  |
| DAX index (level)                           | 15,282  | 15,604        | 15,885   | 15,689    | 15,544    | 13,433  | 16,272        | 15,365  | 13,622 |
| <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)                        | 26,717  | 27,522        | 28,792   | 28,893    | 27,284    | 27,663  | 30,670        | 28,831  | 26,170 |
| Exchange rate (US\$/¥)                      | 115.16  | 113.70        | 115.10   | 114.02    | 109.72    | 104.70  | 116.16        | 110.73  | 104.59 |

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.