

WEEKLY NEWSLETTER

The Hike in Oil Prices Helped the Canadian Stock Market and the Loonie

MUSINGS OF THE WEEK

- ▶ When markets challenge the Bank of Canada.

KEY STATISTICS OF THE WEEK

- ▶ United States: Inflation levels off.
- ▶ United States: Retail sales continue to climb.
- ▶ Canada: Manufacturing and wholesale sales increased in August.

A LOOK AHEAD

- ▶ The auto sector probably limited U.S. industrial production growth in August.
- ▶ United States: Housing starts and home resales are expected to increase.
- ▶ Canada: Inflation should continue to rise in September.
- ▶ Canada: The number of housing starts could still pull back.
- ▶ Canada: Retail sales should rebound in August.

FINANCIAL MARKETS

- ▶ North American stock market indexes are buoyed by financial results.
- ▶ Oil prices reach new highs.
- ▶ The Canadian dollar climbs to around US\$0.81.

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Musings of the Week

When Markets Challenge the Bank of Canada

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

Markets are overshooting in the repricing of the Bank of Canada's (BoC) normalization timeline. As a result, the Canadian front end has cheapened up dramatically since the beginning of the month. The reference 2-year yield jumped 11 basis points last Thursday, with the 0.5% November 2023 bond gaining benchmark status on that day, and as BoC Governor delivered a speech that was slightly biased to the hawkish side. This was followed by a 5 basis-point jump October 7, as the jobs report blew past expectations, and as of Friday morning, the 2-year yield had risen by another 7 basis points on the week, to reach 0.76%. It is thus a 25 basis-point increase since October 1st, and the Canada-US 2-year spread has widened 15 basis points over this period. Futures on bankers' acceptances have also cheapened markedly, a move that started about a month ago. The March 2022 contract has jumped by 16 basis points since September 8 and the market is discounting a hike with a high probability over this short horizon. In overnight index swap markets, a hike by the April 2022 meeting is discounted nearly in full and the market expects that the Bank will lift rates at least twice next year.

However, the market has been getting a bit carried away, in our view. The BoC has been clear that it would tie liftoff to the closure of the output gap. Either growth would need to overshoot versus its expectations (which was not the case in Q2), either the BoC would need to cut its potential growth estimates, from the 1.5% estimated for 2021 and 1.3% for 2022. With potential growth having averaged 1.8% from 2020 to 2018, these estimates were already fairly conservative. And the Bank of Canada's measure of inflation that is tied to the output gap was at only 1.8% in August, likely upholding the Bank's conviction on the existence of excess slack and therefore the temporary nature of inflationary pressures.

True, Governor Macklem has acknowledged more uncertainty on the mix of temporary vs persistent influences. On October 6, Macklem recognized that the Bank's margin of error on inflation had diminished, as inflation has overshoot its forecasts through most of the year. But there are still reasons to think the Bank will not yield to calls for a more aggressive approach. Federal pandemic supports will likely be getting phased out as some point in the next quarters and the lagged insolvency reaction this process might entail is still an important risk. Meanwhile, the Fed will itself still be tapering next spring and there is always the risk of a tantrum event during that process, which would tighten financial conditions in Canada as well. Remember that global real rates still have quite a long runway from the abnormally low levels they have maintained for most of the year. And there

is the case of housing, by far the most rate-sensitive segment of the economy, which has been cooling, and for which higher mortgage rates will constitute another headwind.

All this being said, with the lack of clarity over many critical inputs (i.e. the pandemic, the duration of the global supply shock, energy price pressures, the stockpile of savings, wages, etc.), it is far from inconceivable that the BoC ultimately moves a bit early into the broad guidance (i.e. second half of 2022) it has provided. But at this stage, we'd most likely be talking about a meeting or two ahead of our latest forecast of October 2022, and probably not two quarters. What we believe markets should also be pondering these days is whether the North American central bank decoupling currently priced in makes sense. The market sees roughly 50 basis points of extra tightening in Canada relative to the U.S. through the September 2023 horizon. Given the highly indebted Canadian consumer, this looks fairly questionable.

Key Statistics of the Week

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

UNITED STATES

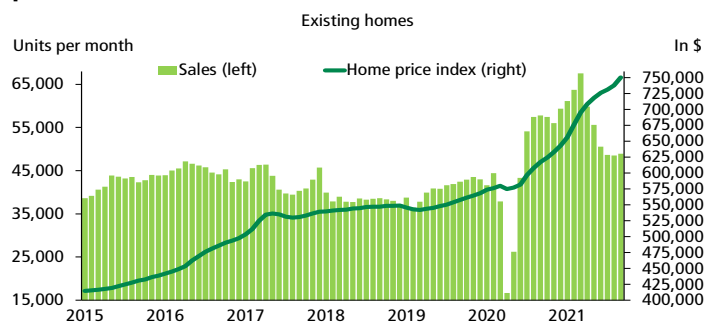
- ▶ The consumer price index (CPI) rose 0.4% in September after gaining 0.3% in August and 0.5% in July. Energy prices climbed 1.3% in September after gaining 2.0% in August. Food prices jumped 0.9% in September, the largest monthly uptick since April 2020. Excluding food and energy, core CPI edged up 0.2% in September, after gains of 0.1% in August and 0.3% in July. The annual variation in total CPI rose slightly from 5.3% to 5.4% in September. Core inflation was flat at 4.0%.
- ▶ The producer price index (PPI) recorded a 0.5% increase in September, a little less than expected, and a deceleration compared with the gains of 0.7% in August and 1.0% in July. The biggest surprise comes from the increase of only 0.2% in the index excluding food and energy. This marks the weakest monthly growth since December 2020. We are seeing a drop in transportation and warehousing costs.
- ▶ Retail sales grew 0.7% in September, after rising 0.9% in August and falling 1.6% in July. Auto sales were up by a surprising 0.5% in September after a 3.3% decline in August. The value of service station sales climbed 1.8% in September. Excluding motor vehicles and gasoline, sales advanced 0.7% after a strong gain of 2.1% in August.
- ▶ The New York Federal Reserve's Empire regional manufacturing index dropped from 30.7 in September to 19.8 in October. Despite the pullback, the level is still relatively high.
- ▶ U.S. consumer confidence deteriorated slightly, as seen in the University of Michigan index, which slipped from 72.8 in September to 71.4 in October, according to the preliminary version. The drop stems a little more from the current situation component (-2.2 points) than the consumer expectations component (-0.9 points).

CANADA

- ▶ The value of manufacturing sales climbed 0.5% in August, which was in keeping with preliminary data. Significant increases were noted in petroleum and coal products (+7.3%), chemicals (+6.3%) and primary metal manufacturing (+3.3%). However, these increases were partially offset by a drop in sales of wood products (-17.1%), motor vehicles (-8.7%) and motor vehicle parts (-10.5%). In real terms, total sales were up 0.6%, while inventories climbed 1.7%.
- ▶ Wholesale sales grew 0.3%, in line with the preliminary data. Significant increases were noted in the food, beverage and tobacco, miscellaneous, and building materials and supplies sectors. Total sales in constant dollars rose 0.3% in August.
- ▶ In Canada, the downtrend in existing home sales lost steam in September, with an increase of 0.9% for the month. This is the first monthly increase since last March's peak. Sales are still relatively high, historically speaking, and the downtrend may yet return in the months to come. The existing home price index continued to climb in September, posting a 1.7% monthly increase. Prices are up 21.5% from a year ago.

CANADA

The drop in existing home sales appears to be stabilizing while prices continue to increase



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

Financial Markets

Corporate Earnings Season Revives Market Optimism

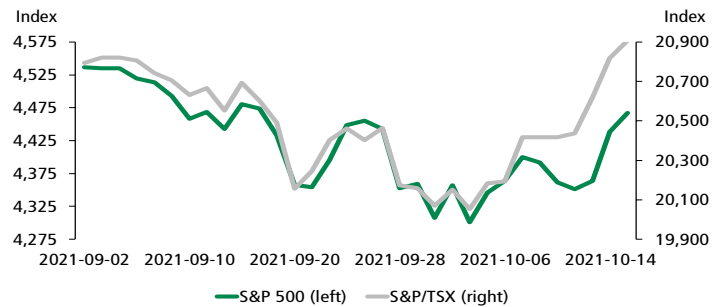
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The corporate earnings season got off to a good start this week with the U.S. banking sector posting strong financial results. Financial markets were still volatile at the start of the week, but investors' concern over inflation gave way to optimism despite a slightly higher than expected U.S. inflation rate published on Wednesday. Investors then turned their attention to the solid financial results posted by the banking sector, as well as the strong U.S. retail sales numbers published Friday morning. At the time of writing, the NASDAQ, S&P 500 and the S&P/TSX gained roughly 2%, whereas the Dow Jones was up by around 1.5% over the week. Oil prices also reached new highs this week, as they were driven upward by strong anticipated demand for fossil fuel. The price for a barrel of WTI (West Texas Intermediate) was above US\$82 on Friday, which also contributed to the gains of the Canadian stock market index.

The release of U.S. inflation figures and the Federal Reserve (Fed) minutes on Wednesday amplified the flattening of the bond yield curve that began earlier this week. Investors are anticipating higher rates in the medium term, which added a few points to 2- and 5-year maturities, while long-term yields were down, pointing to a less favourable outlook for the economy in the long run.

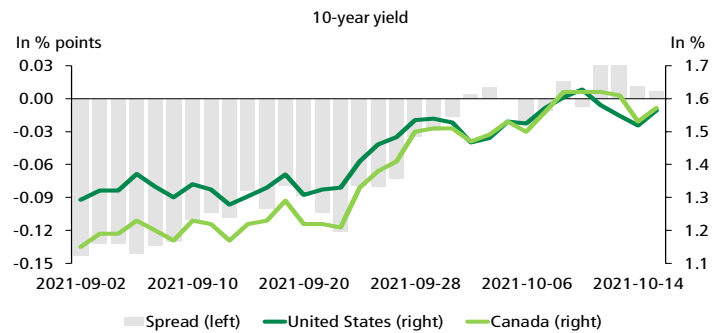
Following a strong start to the week, the U.S. dollar depreciated with lower long-term interest rates. The euro climbed to roughly US\$1.16. The rise in the pound sterling was more marked as strong economic numbers were published in the United Kingdom and signs of inflationary pressures are mounting. The pound was worth around US\$1.375 on Friday morning. The yen had a more difficult week, reaching 114 yen/US\$. Monetary tightening expectations remain very low in Japan. The Canadian dollar continues to benefit from favourable movements in interest rates and oil prices. It is now hovering around US\$0.81.

GRAPH 1
Stock markets



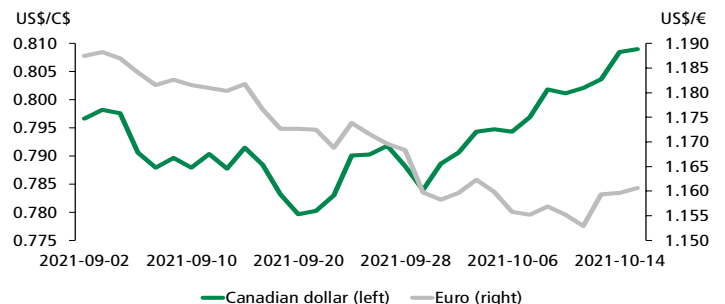
Sources: Datastream and Desjardins, Economic Studies

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 October 18 - 9:15

September	m/m
Consensus	0.2%
Desjardins	0.0%
August	0.4%

TUESDAY October 19 - 8:30

September	
Consensus	1,610,000
Desjardins	1,635,000
August	1,615,000

THURSDAY October 21 - 10:00

September	m/m
Consensus	0.5%
Desjardins	0.4%
August	0.9%

THURSDAY Octobre 21 - 10:00

September	
Consensus	6,000,000
Desjardins	6,250,000
August	5,880,000

MONDAY October 18 - 8:15

September	In thousands
Consensus	256.5
Desjardins	258.0
August	260.2

WEDNESDAY October 20 - 8:30

September	m/m
Consensus	0.1%
Desjardins	0.1%
August	0.2%

UNITED STATES

Industrial production (September) – Industrial production saw 0.4% growth in August after gaining 0.8% in July. August performance was hampered by Hurricane Ida in the southern and eastern United States at the tail end of the month. The storm likely had other adverse consequences in early September, but the situation has had time to normalize since then. The shortage of electronic parts in the motor vehicle sector probably had a more significant effect in September. Hours worked among automakers fell 4.8% in September, and we expect a steep drop in production in this sector. The rest of the manufacturing sector likely performed better, as signalled by the high level of the current production component of the ISM manufacturing index. We expect a 0.1% increase in manufacturing production, despite the decline in the motor vehicle sector. A decrease in energy production is anticipated, but so is a return to growth in the mining sector after the 0.6% slump in August. The bottom line is that industrial production should stagnate.

Housing starts (September) – After a 6.3% plunge in July, housing starts recovered some of the ground lost with a 3.9% increase in August. Another gain is expected for September. The very high number of building permits issued points in this direction. Material supply issues seem to be causing construction delays at this time, but this is impacting finishing more than housing starts. Residential construction jobs were up in September as well, with an additional 2,200 workers. We expect housing starts to hit 1,635,000 units.

Leading indicator (September) – The leading indicator continued its strong uptrend in August with a monthly gain of 0.9%. We expect weaker growth in September, however. The substantial contribution from unemployment claims in August will give way to more modest support. The ISM manufacturing index should play the biggest part in the leading indicator's monthly contribution. However, negative contributions are expected to come from hours worked, consumer confidence and building permits. In short, a 0.4% gain in the leading indicator is anticipated for September.

Existing home sales (September) – Home resales fell 2.0% in August after increasing a total of 3.8% over the previous two months. Existing home sales should rebound well in September, as signalled by the 8.1% rise in pending sales the previous month. An upswing in mortgage applications in anticipation of a purchase has also been noted. Lastly, regional data signal an increase from August as well. All in all, we expect existing home sales to move up to 6,250,000 units.

CANADA

Housing starts (September) – The housing market should continue to normalize in September, which will foster another slight reduction in the number of housing starts. Despite the pullback, new construction numbers will nevertheless stay relatively high from a historical standpoint.

Consumer price index (September) – Prices at the pump put gas down just 0.7% in September, which will barely make a dent in the monthly variation in the total CPI. Seasonal adjustments are usually negative in September, around -0.2%, mainly as a result of the drop in fresh fruit and vegetable prices as crops start to come on the market. Taking the uptrend in other components into account, the monthly variation in the total CPI could be slightly positive in September. Total annual inflation could increase from 4.1% to 4.3%.

FRIDAY October 22 - 8:30

August	m/m
Consensus	1.9%
Desjardins	2.1%
July	-0.6%

SUNDAY October 17 - 22:00

Q3	y/y
Consensus	5.0%
Q2	7.9%

FRIDAY October 22 - 4:00

October	m/m
Consensus	55.2
September	56.2

Retail sales (August) – According to Statistics Canada’s interim figures, retail sales were up 2.1% in August. Preliminary results show, however, that motor vehicle sales fell around 10% during the month. Clearly, sales advanced at a steady pace in many other sectors. Moreover, after seasonal adjustments, gasoline prices rose approximately 2.5%, which should boost the value of service station sales.


OVERSEAS


China: real GDP (third quarter) – Quarterly growth in China’s real GDP accelerated significantly between the first (0.4% non-annualized) and the second (1.3%) quarters. It would be surprising for growth to be even faster in the third quarter. Many economic indicators slowed during the summer, including retail sales and industrial production. That said, Chinese exports continued to do well. Nevertheless, we expect real GDP growth to slow in terms of both the quarterly and the annual variation.

Eurozone: PMI index (October – preliminary) – The composite PMI index for Europe dropped quite sharply in September from 59.0 to 56.2. This is likely due to service sector fears related to the Delta variant and the supply, cost and labour constraints affecting the manufacturing sector. Services could see an improvement in their situation, but the manufacturing challenges may not be going anywhere, hampering a possible rebound in Europe’s composite PMI index.

Economic Indicators

Week of October 18 to 22, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 18	9:15	Industrial production (m/m)	Sept.	0.2%	0.0%	0.4%
	9:15	Production capacity utilization rates	Sept.	76.5%	76.4%	76.4%
	10:00	NAHB housing market index	Oct.	75	n/a	76
	16:00	Net foreign security purchases (US\$B)	Aug.	n/a	n/a	2.0
TUESDAY 19	8:30	Housing starts (ann. rate)	Sept.	1,610,000	1,635,000	1,615,000
	8:30	Building permits (ann. rate)	Sept.	1,675,000	1,690,000	1,721,000
WEDNESDAY 20	12:00	Speech of the Atlanta Fed President, R. Bostic				
	12:00	Speech of the Chicago Fed President, C. Evans				
	12:00	Speech of the Minneapolis Fed President, N. Kashkari				
	12:00	Speech of the St. Louis Fed President, J. Bullard				
	14:00	Release of the <i>Beige Book</i>				
THURSDAY 21	8:30	Initial unemployment claims	Oct. 11-15	302,000	303,000	293,000
	8:30	Philadelphia Fed index	Oct.	24.5	20.0	30.7
	10:00	Leading indicator (m/m)	Sept.	0.5%	0.4%	0.9%
	10:00	Existing home sales (ann. rate)	Sept.	6,000,000	6,250,000	5,880,000
FRIDAY 22	---	---				
CANADA						
MONDAY 18	8:15	Housing starts (ann. rate)	Sept.	256,500	258,000	260,200
	8:30	International transactions in securities (\$B)	Aug.	n/a		14.19
	10:30	Release of the Bank of Canada <i>Business Outlook Survey</i>				
	11:40	Speech of a Bank of Canada Deputy Governor, T. Lane				
TUESDAY 19	---	---				
WEDNESDAY 20	8:30	Consumer price index				
		Total (m/m)	Sept.	0.1%	0.1%	0.2%
		Excluding food and energy (m/m)	Sept.	0.1%	0.0%	0.2%
		Total (y/y)	Sept.	4.3%	4.3%	4.1%
	Excluding food and energy (y/y)	Sept.	n/a	3.1%	3.0%	
THURSDAY 21	8:30	New housing price index (m/m)	Sept.	n/a	0.5%	0.7%
FRIDAY 22	8:30	Retail sales				
		Total (m/m)	Aug.	1.9%	2.1%	-0.6%
	Excluding automobiles (m/m)	Aug.	2.4%	5.5%	-1.0%	

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 Daylight Saving Time (GMT - 4 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic Indicators

Week of October 18 to 22, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 17								
China	22:00	Real GDP	Q3	0.4%	5.0%	1.3%	7.9%	
China	22:00	Industrial production	Sept.		3.8%		5.3%	
China	22:00	Retail sales	Sept.		3.5%		2.5%	
MONDAY 18								
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TUESDAY 19								
Euro zone	5:00	Construction	Aug.	n/a	n/a	0.1%	3.3%	
Japan	19:50	Trade balance (¥B)	Sept.	586.4		-271.8		
WEDNESDAY 20								
United Kingdom	2:00	Consumer price index	Sept.	0.3%	3.2%	0.7%	3.2%	
United Kingdom	2:00	Producer price index	Sept.	0.7%	7.0%	0.7%	5.9%	
Germany	2:00	Producer price index	Sept.	1.1%	12.8%	1.5%	12.0%	
Euro zone	4:00	Current account (€B)	Aug.	n/a		21.6		
Italy	4:30	Current account (€M)	Aug.	n/a		7,947		
Euro zone	5:00	Consumer price index – final	Sept.	0.5%	3.4%	0.5%	3.0%	
THURSDAY 21								
France	2:45	Business confidence	Oct.	109		111		
France	2:45	Production outlook	Oct.	n/a		23		
Euro zone	10:00	Consumer confidence – preliminary	Oct.	-5.0		-4.0		
United Kingdom	19:01	Consumer confidence	Oct.	-16		-13		
Japan	19:30	Consumer price index	Sept.		0.2%		-0.4%	
Japan	20:30	PMI composite index – preliminary	Oct.	n/a		n/a		
Japan	20:30	PMI manufacturing index – preliminary	Oct.	n/a		51.5		
Japan	20:30	PMI services index – preliminary	Oct.	n/a		n/a		
FRIDAY 22								
United Kingdom	2:00	Retail sales	Sept.	0.6%	-0.4%	-0.9%	0.0%	
France	3:15	PMI composite index – preliminary	Oct.					
France	3:15	PMI manufacturing index – preliminary	Oct.	54.0		55.0		
France	3:15	PMI services index – preliminary	Oct.	55.5		56.2		
Germany	3:30	PMI composite index – preliminary	Oct.	54.9		55.3		
Germany	3:30	PMI manufacturing index – preliminary	Oct.	57.0		58.4		
Germany	3:30	PMI services index – preliminary	Oct.	55.2		56.2		
Euro zone	4:00	PMI composite index – preliminary	Oct.	55.2		56.2		
Euro zone	4:00	PMI manufacturing index – preliminary	Oct.	57.0		58.6		
Euro zone	4:00	PMI services index – preliminary	Oct.	55.4		56.4		
United Kingdom	4:30	PMI composite index – preliminary	Oct.	54.0		54.9		
United Kingdom	4:30	PMI manufacturing index – preliminary	Oct.	55.8		57.1		
United Kingdom	4:30	PMI services index – preliminary	Oct.	54.5		55.4		
Russia	6:30	Bank of Russia meeting	Oct.	7.00%		6.75%		

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 Q2	19,368	6.7	12.2	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q2	13,666	12.0	16.2	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q2	3,374	-2.0	-0.1	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q2	708.2	-11.7	21.1	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q2	2,873	9.2	13.3	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q2	-168.5	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q2	2,304	7.6	18.6	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q2	3,549	7.1	30.6	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q2	20,625	8.0	12.9	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q2	117.5	6.1	4.1	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 Q2	144.7	2.8	2.8	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)	Aug.	117.1	0.9	2.4	6.4	10.0
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	Sept.	109.3	115.2	128.9	114.9	101.3
Personal consumption expenditure (2012 \$B)	Aug.	13,691	0.4	0.5	5.1	7.0
Disposable personal income (2012 \$B)	Aug.	15,584	-0.3	-0.1	0.2	0.2
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)	Aug.	101.6	0.4	1.7	5.4	5.9
Production capacity utilization rate (%) ¹	Aug.	76.4	76.2	75.2	72.7	72.3
New machinery orders (\$M)	Aug.	515,721	1.2	3.4	7.2	16.0
New durable good orders (\$M)	Aug.	263,576	1.8	3.1	7.0	18.2
Business inventories (\$B)	Aug.	2,084	0.6	2.1	3.0	7.4
Housing starts (k) ¹	Aug.	1,615	1,554	1,594	1,447	1,376
Building permits (k) ¹	Aug.	1,721	1,630	1,683	1,726	1,522
New home sales (k) ¹	Aug.	740.0	729.0	733.0	823.0	977.0
Existing home sales (k) ¹	Aug.	5,880	6,000	5,780	6,240	5,970
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)	Aug.	116.3	0.4	1.3	3.0	4.3
<i>Excluding food and energy</i>	Aug.	118.1	0.3	1.1	2.8	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)	July	1,962,988	-0.1	0.0	0.7	4.7
Industrial production (2012 \$M)	July	384,479	-1.1	0.2	-1.2	4.5
Manufacturing sales (\$M)	Aug.	60,312	0.5	3.2	6.5	14.9
Housing starts (k) ¹	Aug.	260.2	270.7	284.6	272.9	261.5
Building permits (\$M)	Aug.	9,664	-2.1	0.6	-6.9	16.9
Retail sales (\$M)	July	55,798	-0.6	1.5	6.0	5.3
<i>Excluding automobiles (\$M)</i>	July	40,870	-1.0	1.9	5.0	5.2
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 (\$)	July	1,133	1.0	0.5	0.1	1.8
Number of salaried employees (k) ²	July	16,614	324.8	102.0	128.8	123.5
Consumer price (2002 = 100)	Aug.	142.6	0.2	1.1	2.7	4.1
<i>Excluding food and energy</i>	Aug.	135.9	0.2	1.0	2.1	3.0
<i>Excluding 8 volatile items</i>	Aug.	140.3	0.2	1.1	2.3	3.5
Industrial product price (2010 = 100)	Aug.	114.4	-0.3	-0.3	6.5	14.3
Raw materials price (2010 = 100)	Aug.	124.6	-2.4	3.7	10.5	27.7
Money supply M1+ (\$M)	July	1,565,089	1.3	4.5	10.8	19.8

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. 15	Oct. 8	-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	0.04	0.05	0.04	0.05	0.02	0.11	0.11	0.05	0.01
Treasury bonds – 2 years	0.37	0.32	0.23	0.23	0.17	0.14	0.37	0.17	0.11
– 5 years	1.09	1.05	0.87	0.78	0.82	0.32	1.09	0.68	0.32
– 10 years	1.56	1.60	1.37	1.30	1.57	0.74	1.75	1.30	0.76
– 30 years	2.06	2.16	1.91	1.93	2.26	1.53	2.48	2.00	1.54
S&P 500 index (level)	4,467	4,391	4,433	4,327	4,185	3,484	4,537	4,048	3,270
DJIA index (level)	35,198	34,746	34,585	34,688	34,201	28,606	35,625	32,698	26,502
Gold price (US\$/ounce)	1,774	1,759	1,754	1,813	1,779	1,903	1,952	1,813	1,682
CRB index (level)	238.13	235.42	222.11	212.58	193.21	151.48	238.13	193.26	144.73
WTI oil (US\$/barrel)	82.17	79.50	72.05	71.79	61.13	40.73	82.17	61.05	35.61
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	0.12	0.12	0.12	0.17	0.09	0.09	0.19	0.11	0.05
Treasury bonds – 2 years	0.75	0.68	0.46	0.43	0.29	0.23	0.77	0.33	0.15
– 5 years	1.22	1.20	0.90	0.87	0.95	0.34	1.27	0.75	0.35
– 10 years	1.57	1.62	1.29	1.24	1.53	0.57	1.62	1.18	0.58
– 30 years	1.99	2.08	1.82	1.77	1.98	1.16	2.19	1.71	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	0.08	0.07	0.08	0.12	0.07	-0.02	0.13	0.06	-0.04
Treasury bonds – 2 years	0.37	0.36	0.23	0.20	0.12	0.09	0.40	0.15	0.01
– 5 years	0.13	0.15	0.03	0.09	0.13	0.02	0.21	0.07	-0.04
– 10 years	0.01	0.02	-0.08	-0.06	-0.04	-0.17	0.06	-0.12	-0.30
– 30 years	-0.07	-0.08	-0.09	-0.16	-0.28	-0.37	-0.02	-0.28	-0.46
S&P/TSX index (level)	20,909	20,416	20,490	19,986	19,351	16,439	20,909	18,945	15,581
Exchange rate (C\$/US\$)	1.2361	1.2471	1.2768	1.2613	1.2506	1.3189	1.3325	1.2611	1.2034
Exchange rate (C\$/€)	1.4346	1.4428	1.4973	1.4891	1.4988	1.5458	1.5741	1.5064	1.4343
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\$/€)	1.1606	1.1569	1.1727	1.1806	1.1985	1.1720	1.2327	1.1947	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	1.09	1.16	0.85	0.65	0.80	0.22	1.19	0.64	0.19
FTSE index (level)	7,229	7,096	6,964	7,008	7,020	5,920	7,229	6,791	5,577
Exchange rate (US\$/£)	1.3768	1.3613	1.3744	1.3774	1.3832	1.2916	1.4212	1.3723	1.2914
<u>Germany</u>									
Bonds – 10 years	-0.18	-0.15	-0.28	-0.40	-0.30	-0.62	-0.10	-0.40	-0.64
DAX index (level)	15,572	15,206	15,490	15,540	15,460	12,909	15,977	14,645	11,556
<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)	29,069	28,049	30,500	28,003	29,683	23,411	30,670	28,141	22,977
Exchange rate (US\$/¥)	114.10	112.24	109.98	110.10	108.79	105.42	114.10	107.81	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.