

WEEKLY NEWSLETTER

Inflation Continues to Climb in Canada

MUSINGS OF THE WEEK

- ▶ Tightening is already under way.

KEY STATISTICS OF THE WEEK

- ▶ Drop in U.S. industrial production in September.
- ▶ United States: Housing starts fell, but home resales posted a strong increase.
- ▶ Canada: The total annual inflation rate increased to 4.4% in September.
- ▶ Canada: The downtrend in housing starts continued in September.
- ▶ Canada: Retail sales rebounded in August.

A LOOK AHEAD

- ▶ United States: More modest real GDP growth is expected.
- ▶ The Bank of Canada could announce a further reduction in the weekly purchases under its quantitative easing program at this week's meeting.
- ▶ Canada: Real GDP is expected to rebound in August.

FINANCIAL MARKETS

- ▶ The Dow Jones, S&P 500 and S&P/TSX are back to their lofty heights.
- ▶ Bond yields jump as markets anticipate more persistent inflation.
- ▶ The Canadian dollar rose above US\$0.81 on a few occasions during the week.

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Musings of the Week

Tightening Is Already under Way

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

Portfolio managers, market participants and prominent CEOs updated their monetary policy outlooks for Canada earlier this month. A number of Canadian economic forecasters followed suit this week. We waded into the debate ourselves, moving up our projected liftoff date from October to July of next year.¹ We now expect two hikes in 2022, followed by three more in 2023. These tweaks were prompted by a number of observations.

First, Canada has successfully managed the Delta wave over the past several months. The Delta variant was 1,000 times more infectious than the original strand. But thanks to one of the highest vaccination rates in the G7, Canada as a whole didn't see an exponential rise in infections. Second, inflation has continued to defy expectations. Much was made of inflation hitting 4.4%, its highest level since 2003. Less noticed was that monthly consumer price index growth exceeded the median consensus forecast for the fifth time in the last six months. While we've likely hit peak inflation, handles on future prints will nonetheless remain uncomfortably high, fuelling further speculation that persistent factors are now in the driver's seat. Third, the Bank of Canada's (BoC) latest *Business Outlook Survey* (BOS) found that Canadian businesses are brimming with optimism. The BOS indicator hit a record high, and the report showed a marked increase in short-term inflation expectations.

This sets the stage for an interesting BoC meeting on October 28. If inflation wasn't largely being driven by supply-side shocks, the debate might have been about whether to hike 25, 50 or 100 basis points. But to avoid making a policy mistake, central banks need to figure out whether supply or demand is behind today's inflation. In an upcoming *Economic Viewpoint*, we'll dust off the old supply and demand curves from our undergraduate days to illustrate the point. But suffice it to say that monetary policy has little direct influence on the supply side of the economy. Aggressively hiking rates will not solve the logistical nightmare of global shipping, it won't fill dealership lots and it won't address the skills mismatch in the labour market. Rapid tightening would basically just intensify the current housing slowdown and cool demand for rate-sensitive consumer goods. If supply disruptions do prove temporary, shortages could turn into surpluses and inflation could turn into deflation.

Moreover, the BoC needs to take into account upcoming changes in emergency fiscal and health policies. One could argue that these policies bear more responsibility for today's supply-demand distortion than monetary policy. This week, Finance Minister Freeland announced that the Canada Recovery Benefit will be ending and that support programs for businesses will be available only to the tourism, hospitality, and a few other hard-hit businesses. It's unclear how these changes will affect business insolvency rates in the months ahead. In the worst-case scenario, they could cause a spike in bankruptcies and permanent job losses as businesses are taken off life support. Meanwhile on the health policy front, the reopening encourages the reallocation of consumer spending budgets toward services, which can be expected to ease some of the inflationary pressure in goods down the road, particularly since pent-up demand for goods has likely been met.

So, the BoC still has the latitude to watch how these dynamics play out, especially now that markets are taking matters into their own hands. Without the BoC even blinking, the 5-year yield, one of the most influential rates in Canada's financial ecosystem, is up nearly 47 basis points since early September. We expect it to rise by about 30 more basis points by the time the BoC finally hikes rates, meaning tightening is already under way. Which begs the question why many appear to feel that the BoC should be in a rush.

¹ For more details on the subject, see: [Expecting Central Bank Liftoff to Come a Bit Earlier](#), Desjardins, Economic Studies, *Economic & Financial Outlook*, Octobre 21, 2021, 7 p.

Key Statistics of the Week

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

UNITED STATES

- ▶ Housing starts fell 1.6% in September after gaining 1.2% in August and declining 5.7% in July. Annualized housing starts edged down from 1,680,000 units in August to 1,555,000 in September, their lowest since April. The monthly decrease stems exclusively from multi-unit housing, which pulled back 5.1%, while new single-family home construction was flat. The drop was more drastic for building permits, down 7.7% in September, their worst monthly decline since February.
- ▶ Existing home sales jumped 7.0% in September, the largest monthly increase in a year. Annualized sales reached 6,290,000 units, their highest level since January. September's gain owes more to single-family homes (+7.7%) than condos (+1.4%).
- ▶ Industrial production decreased 1.3% in September on the heels of August's modest 0.1% decline. This is the first time since March and April 2020 that industrial production has fallen for two months in a row. Manufacturing output contracted 0.7% in September, a drop caused in part by a 7.2% decrease in auto sector production. Excluding automobiles, industrial production was down 0.3%. Petrochemicals also posted a major drop. In addition, mining activity saw a 2.3% decrease, while energy production was down 3.6%. Hurricane Ida was a key factor in all these drops, and accounted for about half of the total decrease in industrial production.
- ▶ The Conference Board's leading indicator rose 0.2% in September, following a 0.8% gain in August, for the smallest monthly increase since February. Six of the ten components rose, with the largest increases coming from manufacturing ISM and the interest rate spread. The biggest drain was from the drop in building permits.

CANADA

- ▶ The consumer price index was up 0.2% in September. Total annual inflation climbed from 4.1% to 4.4%, marking the highest inflation rate since February 2003. Inflationary pressures remain numerous, with many imbalances between supply and demand, mainly due to supply chain disruptions. That said, our estimates show that the annual inflation rate reached a cyclical peak in September and could start to decline slowly in the coming months. Despite this encouraging prognosis, the risks of inflation continuing to rise in the coming months or remaining at its peak for longer are quite high.
- ▶ The downtrend in housing starts continued in September with 251,151 units versus 262,754 the previous month. Ontario, Alberta and British Columbia account for most of the decrease. All the market segments decreased during the month, from single-family homes and multi-unit housing in urban centres to housing in rural areas.
- ▶ Retail sales are still volatile. As expected, retail sales rose 2.1% in August, bumped up by large increases in food and beverage stores, service stations, and clothing and accessories stores. That said, preliminary data for September show that sales plunged 1.9% during the month. With such volatility, let's keep in mind that retail sales have been trending up for several months, and that recovery is ongoing in this sector.

Financial Markets

Upbeat Corporate Earnings News Powers Stock Markets to New Records

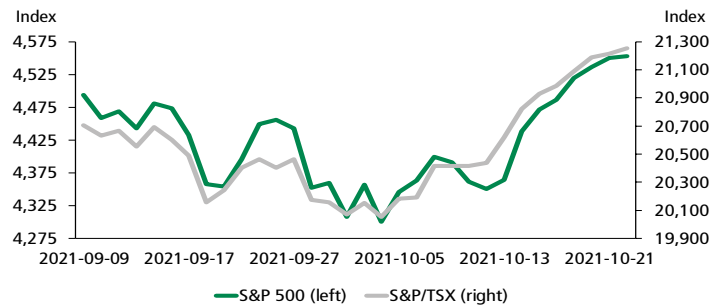
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Third-quarter earnings reports have clearly left investors applauding. North American stock markets returned to strong gains this week, with the Dow Jones, S&P 500 and S&P/TSX breaking new records. And yet interest rates on long-term bonds jumped, which could have penalized some of the more speculative stocks, as we saw earlier this summer. On the contrary, upbeat earnings reports from several large tech firms drove the NASDAQ up nearly 1.5% for the week. Inflation seems to be a growing concern for investors, and equities are seen as a sound way to protect their returns. At the time of writing, the U.S. indexes were all posting weekly gains of over 1.0%. The price of oil continued to gather momentum through Thursday, topping out at US\$86 for a barrel of WTI (West Texas Intermediate) crude, only to moderate closer to the US\$83 mark.

The wind definitely seems to have shifted in the bond markets, with 5-year and 10-year rates surging more than 15 basis points in the United States and Canada. Increases were also recorded on shorter maturities. With inflation proving more persistent than expected, it is looking increasingly likely that key rate hikes will be announced in 2022. The Canadian money market has priced in three hikes of 25 basis points by September 2022.

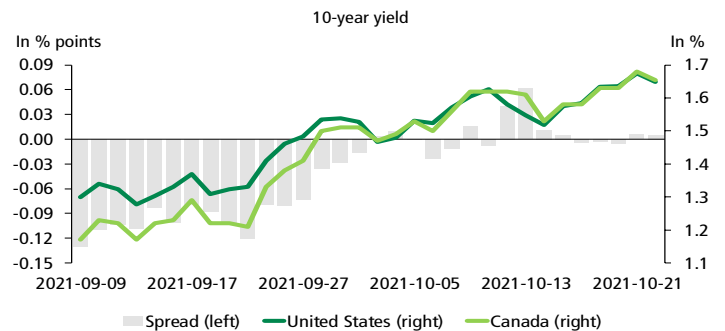
The U.S. dollar lost some of its shine this week. Inflation fears are also spreading to Europe, which has prompted adjusted monetary policy expectations in the region, providing a boost to certain currencies. The euro climbed to nearly US\$1.165. The Governor of the Bank of England has sent a pretty clear signal that he may announce an interest rate hike in the near future. This helped the pound rebound to US\$1.38 earlier this week. The Canadian dollar was supported by oil prices and expectations of monetary tightening, trading above US\$0.81 on a few occasions during the week.

GRAPH 1
Stock markets



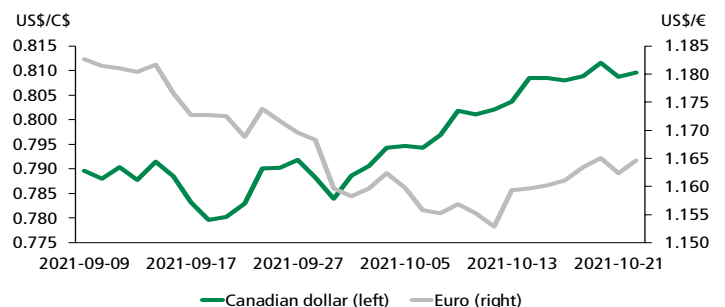
Sources: Datastream and Desjardins, Economic Studies

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

TUESDAY October 26 - 9:00

August	y/y
Consensus	20.10%
Desjardins	20.10%
July	19.95%

TUESDAY October 26 - 10:00

October	
Consensus	108.0
Desjardins	101.0
September	109.3

TUESDAY October 26 - 10:00

September	ann. rate
Consensus	758,000
Desjardins	720,000
August	740,000

WEDNESDAY October 27 - 8:30

September	m/m
Consensus	-1.0%
Desjardins	-4.0%
August	1.8%

THURSDAY October 28 - 8:30

Q3 2021 - 1st est.	ann. rate
Consensus	2.4%
Desjardins	3.8%
Q2 2021	6.7%

WEDNESDAY October 27 - 10:00

October	
Consensus	0.25%
Desjardins	0.25%
September 8	0.25%

UNITED STATES

S&P/Case-Shiller index of existing home prices (August) – The S&P/Case-Shiller index for the 20 largest cities continued its upward trend in July. Its annual variation reached an all-time high of 19.9%. We expect a monthly increase of 1.4% in August, which would push the annual variation above 20%.

New home sales (September) – For the first time since January and December, new home sales saw a second consecutive monthly increase in August. This short run may have ended in September, however, as suggested by the 0.9% decline in building permits for single-family homes that same month.

Conference Board consumer confidence index (October) – The Conference Board confidence index lost a total of 19.6 points since its last gain in June. This new trend is likely not over, with a further erosion in household sentiment seemingly taking place in October. That is what most of the other confidence indexes like the University of Michigan, TIPP and Langer weekly are signalling.

New durable goods orders (September) – New durable goods orders were up 1.8% in August owing mainly to a 77.9% spike in civil aviation. However, this sector should contribute to a drop in orders in September, which is what the decline in Boeing orders is signalling. The motor vehicle sector also likely saw its new orders fall, as indicated by industrial production in September. The situation should be more favourable if transportation is excluded, and we anticipate a 0.6% gain due mainly to the strong performance of the ISM manufacturing index. Weighed down by transportation, however, total new orders should post a 4.0% decrease.

Real GDP (Q3 – advance estimate) – Real GDP increase by 6.7% in the second quarter according to the final estimate of the national accounts. Slower growth is feared for the third quarter. Consumption will be heavily impacted by the drop in motor vehicle sales, and durable goods consumption is expected to plunge close to 30% (annualized). Investment in equipment will also be affected by problems in the motor vehicle sector. Another quarter of destocking by businesses is anticipated. However, the fact that the decline in inventories should be much less drastic than in the second quarter should contribute positively to real GDP growth. All in all, an annualized increase of 3.8% is expected.

CANADA

Bank of Canada meeting (October) – After reducing the weekly purchase amount of its quantitative easing program twice, the Bank of Canada (BoC) could announce a further reduction at its meeting next week, bringing its net bond purchases close to zero. In so doing, the BoC would move into a reinvestment phase of buying new securities only to replace those that are maturing, thus maintaining its bond holdings at the same level. This change is justified by the recovery in the Canadian economy, which is going well, and especially by the mounting fears surrounding inflation. The *Monetary Policy Report* should, however, include a downgrade in BoC forecasts for Canada's

FRIDAY October 29 - 8:30

August	m/m
Consensus	0.7%
Desjardins	0.8%
July	-0.1%

DURING THE WEEK
September
THURSDAY October 28 - 7:45

October	
Consensus	0.00%
Desjardins	0.00%
September 9	0.00%

FRIDAY October 29 - 5:00

Q3 2021	q/q
Consensus	2.1%
Q2 2021	2.2%

real GDP due to the difficulties associated with the third wave of the pandemic. That said, the monetary authorities should be confident in the Canadian economy's continued recovery. Under the circumstances, even if inflation is higher than expected, the BoC should keep its target for the overnight rate at 0.25% during its meeting next week.

Real GDP by industry (August) – According to Statistics Canada's preliminary results, August should close with real GDP by industry up about 0.7%. However, our estimates indicate that the rebound could be a little stronger than the preliminary results indicate, around 0.8%. Manufacturing, wholesale and retail sales all rose during the month.

OVERSEAS


Japan: Economic indicators (September) – A number of indicators for September will be released in Japan this week. On Wednesday evening we will get the figures for retail sales, which are expected to have performed much better compared to the 4.1% drop in August. Industrial production will come out Thursday evening, just like the unemployment rate and housing starts.


Euro zone: European Central Bank meeting (October) – There will likely be no official monetary policy announcement in the euro zone next week. It will nonetheless be interesting to take the pulse of the European Central Bank (ECB) regarding inflationary risks. If it is not in the official press release published after the meeting, then perhaps Christine Lagarde will clarify her view on inflation during her press conference. She will surely also have to answer questions about the continuation of ECB purchase programs.

Euro zone: Real GDP (Q3 – advance estimate) – After two consecutive quarters of declines, Europe's real GDP gained 2.2% in the spring as a result of the reopening of large swathes of the economy after the second and third waves of COVID-19. Further strong, but more modest growth is expected for the third quarter. This will be the first time since spring and summer 2019 that the euro zone's economy will post two straight quarters of gains.

Economic Indicators

Week of October 25 to 29, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 25	---	---				
TUESDAY 26	9:00	S&P/Case-Shiller home price index (y/y)	Aug.	20.10%	20.10%	19.95%
	10:00	Consumer confidence	Oct.	108.0	101.0	109.3
	10:00	New home sales (ann. rate)	Sept.	758,000	720,000	740,000
WEDNESDAY 27	8:30	Durable goods orders (m/m)	Sept.	-1.0%	-4.0%	1.8%
	8:30	Goods trade balance – preliminary (US\$B)	Sept.	-88.2	-88.1	-87.6
	8:30	Retail inventories (m/m)	Sept.	n/a	n/a	0.1%
	8:30	Wholesale inventories – preliminary (m/m)	Sept.	n/a	n/a	1.2%
THURSDAY 28	8:30	Initial unemployment claims	Oct. 18-22	294,000	290,000	290,000
	8:30	Real GDP (ann. rate)	Q3f	2.4%	3.8%	6.7%
	10:00	Pending home sales (m/m)	Sept.	1.0%	n/a	8.1%
FRIDAY 29	8:30	Employment cost index (q/q)	Q3	0.8%	0.8%	0.7%
	8:30	Personal income (m/m)	Sept.	-0.1%	-0.9%	0.2%
	8:30	Personal consumption expenditures (m/m)	Sept.	0.5%	0.6%	0.8%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Sept.	0.3%	0.3%	0.4%
		Excluding food and energy (m/m)	Sept.	0.2%	0.2%	0.3%
		Total (y/y)	Sept.	4.4%	4.4%	4.3%
		Excluding food and energy (y/y)	Sept.	3.7%	3.7%	3.6%
	9:45	Chicago PMI index	Oct.	63.1	61.0	64.7
	10:00	Michigan's consumer sentiment index – final	Oct.	71.4	71.4	71.4
CANADA						
MONDAY 25	---	---				
TUESDAY 26	---	---				
WEDNESDAY 27	10:00	Bank of Canada meeting	Oct.	0.25%	0.25%	0.25%
	10:00	Release of the Bank of Canada <i>Monetary Policy Report</i>				
THURSDAY 28	8:30	Average weekly earnings (y/y)	Aug.	n/a	2.6%	1.8%
	8:30	Number of salaried employees (m/m)	Aug.	n/a	0.7%	2.0%
FRIDAY 29	8:30	Industrial product price index (m/m)	Sept.	n/a	1.0%	-0.3%
	8:30	Raw materials price index (m/m)	Sept.	n/a	4.0%	-2.4%
	8:30	Real GDP by industry (m/m)	Aug.	0.7%	0.8%	-0.1%

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 25 to 29, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 25								
Germany	4:00	Ifo survey – Business climate	Oct.	98.0		98.8		
Germany	4:00	Ifo survey – Current situation	Oct.	99.4		100.4		
Germany	4:00	Ifo survey – Expectations	Oct.	96.5		97.3		
TUESDAY 26								
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WEDNESDAY 27								
Japan	---	Bank of Japan meeting	Oct.	-0.10%		-0.10%		
Germany	2:00	Consumer confidence	Nov.	-0.5		0.3		
France	2:45	Consumer confidence	Oct.	101		102		
Euro zone	4:00	Money supply M3	Sept.		7.5%		7.9%	
Brazil	17:30	Bank of Brazil meeting	Oct.	7.25%		6.25%		
Japan	19:50	Retail sales	Sept.	1.5%	-2.3%	-4.1%	-3.2%	
THURSDAY 28								
Italy	4:00	Consumer confidence	Oct.	118.5		119.6		
Italy	4:00	Economic confidence	Oct.	n/a		113.8		
Euro zone	5:00	Consumer confidence – final	Oct.	n/a		-4.8		
Euro zone	5:00	Industrial confidence	Oct.	13.0		14.1		
Euro zone	5:00	Services confidence	Oct.	14.6		15.1		
Euro zone	5:00	Economic confidence	Oct.	116.6		117.8		
Euro zone	7:45	European Central Bank meeting	Oct.	0.00%		0.00%		
Germany	8:00	Consumer price index – preliminary	Oct.	0.4%	4.4%	0.0%	4.1%	
Japan	19:30	Consumer price index – Tokyo	Oct.		0.4%		0.3%	
Japan	19:30	Unemployment rate	Sept.	2.8%		2.8%		
Japan	19:50	Industrial production – preliminary	Sept.	-2.5%	0.4%	-3.6%	8.8%	
FRIDAY 29								
Japan	1:00	Consumer confidence	Oct.	40.9		37.8		
Japan	1:00	Housing starts	Sept.		8.0%		7.5%	
France	1:30	Personal consumption expenditures	Sept.	0.4%	-1.7%	1.0%	-5.4%	
France	1:30	Real GDP – preliminary	Q3	2.3%	2.4%	1.1%	18.7%	
France	2:45	Consumer price index – preliminary	Oct.	0.3%	2.5%	-0.2%	2.2%	
Germany	4:00	Real GDP – preliminary	Q3	2.2%	2.4%	1.6%	9.8%	
Italy	4:00	Real GDP – preliminary	Q3	1.9%	3.0%	2.7%	17.3%	
Euro zone	5:00	Consumer price index – preliminary	Oct.	0.5%	3.7%	0.5%	3.4%	
Euro zone	5:00	Real GDP – preliminary	Q3	2.1%	3.5%	2.2%	14.3%	
Italy	5:00	Consumer price index – preliminary	Oct.	0.4%	2.9%	-0.1%	2.6%	
SATURDAY 30								
China	21:00	PMI manufacturing index	Oct.	49.7		49.6		
China	21:00	PMI non-manufacturing index	Oct.	n/a		53.2		

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)	Sept.*	117.5	0.2	1.8	5.4	9.3
ISM manufacturing index ¹	Sept.	61.1	59.9	60.6	64.7	55.7
ISM non-manufacturing index ¹	Sept.	61.9	61.7	60.1	63.7	57.2
Cons. confidence Conference Board (1985 = 100) ¹	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)	Sept.*	100.0	-1.3	-0.4	0.9	4.6
Production capacity utilization rate (%) ¹	Sept.*	75.2	76.2	75.6	74.8	72.1
New machinery orders (\$M)	Aug.	515,721	1.2	3.4	7.2	16.0
New durable good orders (\$M)	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	Sept.*	1,555	1,580	1,657	1,725	1,448
Building permits (k) ¹	Sept.*	1,589	1,721	1,594	1,755	1,589
New home sales (k) ¹	Aug.	740.0	729.0	733.0	823.0	977.0
Existing home sales (k) ¹	Sept.*	6,290	5,880	5,870	6,010	6,440
Commercial surplus (\$M) ¹	Aug.	-73,252	-70,303	-68,538	-68,180	-63,733
Nonfarm employment (k) ²	Sept.	147,553	194.0	1,651	3,496	5,688
Unemployment rate (%) ¹	Sept.	4.8	5.2	5.9	6.0	7.8
Consumer price (1982-1984 = 100)	Sept.	274.1	0.4	1.2	3.5	5.4
<i>Excluding food and energy</i>	Sept.	280.0	0.2	0.7	3.2	4.0
Personal cons. expenditure deflator (2012 = 100)	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	Sept.*	251.2	262.8	279.1	333.3	209.0
Building permits (\$M)	Aug.	9,664	-2.1	0.6	-6.9	16.9
Retail sales (\$M)	Aug.*	57,211	2.1	6.0	3.4	8.4
<i>Excluding automobiles (\$M)</i>	Aug.*	42,250	2.8	7.1	3.6	8.2
Wholesale trade sales (\$M)	Aug.	70,266	0.3	-2.8	1.8	7.3
Commercial surplus (\$M) ¹	Aug.	1,939	735.8	-1,561	1,396	-3,377
<i>Exports (\$M)</i>	Aug.	54,445	0.8	9.5	8.4	20.6
<i>Imports (\$M)</i>	Aug.	52,506	-1.4	2.4	7.5	8.2
Employment (k) ²	Sept.	19,131	157.1	113.8	49.5	61.9
Unemployment rate (%) ¹	Sept.	6.9	7.1	7.8	7.5	9.2
Average weekly earnings (\$)	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)	Sept.*	142.9	0.2	1.1	2.4	4.4
<i>Excluding food and energy</i>	Sept.*	136.2	0.2	0.9	2.1	3.3
<i>Excluding 8 volatile items</i>	Sept.*	140.7	0.3	1.1	2.3	3.7
Industrial product price (2010 = 100)	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)	Aug.*	1,580,843	1.0	3.3	9.3	18.5

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

UNITED STATES, CANADA, OVERSEAS
Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	Oct. 22	Oct. 15	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.05	0.05	0.03	0.05	0.03	0.10	0.11	0.05	0.01
Treasury bonds – 2 years	0.46	0.40	0.27	0.20	0.16	0.16	0.46	0.18	0.11
– 5 years	1.21	1.12	0.96	0.72	0.81	0.37	1.21	0.69	0.32
– 10 years	1.65	1.58	1.46	1.28	1.57	0.84	1.75	1.32	0.77
– 30 years	2.09	2.05	1.99	1.92	2.25	1.65	2.48	2.01	1.54
S&P 500 index (level)	4,553	4,471	4,455	4,412	4,180	3,465	4,553	4,069	3,270
DJIA index (level)	35,693	35,295	34,798	35,062	34,043	28,336	35,693	32,838	26,502
Gold price (US\$/ounce)	1,814	1,773	1,752	1,799	1,776	1,900	1,952	1,811	1,682
CRB index (level)	236.60	239.27	225.31	216.60	196.06	150.69	240.35	194.92	144.73
WTI oil (US\$/barrel)	82.84	82.43	74.06	72.27	62.14	39.67	83.57	61.87	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	0.86	0.76	0.50	0.45	0.32	0.24	0.86	0.34	0.15
– 5 years	1.35	1.23	1.03	0.79	0.93	0.38	1.35	0.77	0.36
– 10 years	1.65	1.58	1.38	1.21	1.51	0.64	1.68	1.20	0.59
– 30 years	2.04	1.99	1.90	1.78	2.05	1.24	2.19	1.73	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	0.07	0.07	0.09	0.12	0.06	-0.01	0.13	0.06	-0.04
Treasury bonds – 2 years	0.41	0.36	0.23	0.25	0.16	0.08	0.43	0.16	0.01
– 5 years	0.14	0.11	0.07	0.07	0.12	0.01	0.21	0.08	-0.04
– 10 years	0.00	0.00	-0.08	-0.07	-0.06	-0.20	0.06	-0.12	-0.30
– 30 years	-0.04	-0.06	-0.09	-0.14	-0.20	-0.41	-0.02	-0.28	-0.46
S&P/TSX index (level)	21,251	20,928	20,403	20,188	19,102	16,304	21,251	19,039	15,581
Exchange rate (C\$/US\$)	1.2352	1.2368	1.2655	1.2563	1.2476	1.3123	1.3325	1.2596	1.2034
Exchange rate (C\$/€)	1.4385	1.4349	1.4826	1.4790	1.5096	1.5565	1.5741	1.5042	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\$/€)	1.1646	1.1602	1.1716	1.1773	1.2100	1.1861	1.2327	1.1943	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	1.15	1.11	0.92	0.61	0.78	0.33	1.20	0.65	0.19
FTSE index (level)	7,230	7,234	7,051	7,028	6,939	5,860	7,234	6,818	5,577
Exchange rate (US\$/£)	1.3773	1.3752	1.3684	1.3747	1.3876	1.3042	1.4212	1.3737	1.2914
<u>Germany</u>									
Bonds – 10 years	-0.10	-0.17	-0.23	-0.46	-0.30	-0.57	-0.10	-0.39	-0.64
DAX index (level)	15,593	15,587	15,532	15,669	15,280	12,646	15,977	14,700	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)	28,805	29,069	30,249	27,548	29,021	23,517	30,670	28,246	22,977
Exchange rate (US\$/¥)	113.60	114.22	110.74	110.56	107.93	104.71	114.38	107.98	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.