

WEEKLY NEWSLETTER

Inflation Hits 30-Year High in Canada

MUSINGS OF THE WEEK

- ▶ Goods are expensive, but talk is still cheap.

KEY STATISTICS OF THE WEEK

- ▶ Rise in U.S. housing starts continues in December.
- ▶ United States: Surge in new jobless claims.
- ▶ Canada: Annual inflation rate hits 4.8% in December.
- ▶ Canada: Housing starts back down to trend.
- ▶ Canada: Manufacturing, wholesale and retail sales rose in September.

A LOOK AHEAD

- ▶ The Federal Reserve is expected to prepare the ground for a key rate hike in March.
- ▶ U.S. real GDP growth likely picked up slightly in the fourth quarter of 2021.
- ▶ The Bank of Canada is expected to leave its key interest rates unchanged while opening the door to an increase in March.

FINANCIAL MARKETS

- ▶ U.S. stock markets continue to plunge.
- ▶ Bond yields continued to climb at the start of the week.
- ▶ The U.S. dollar is up slightly, helped by market jitters.

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Musings of the Week

Goods Are Expensive, but Talk Is Still Cheap

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

When the Bank of Canada (BoC) ended its quantitative easing program in October, it laid out what's in store for interest rates. Noting that the economy still required considerable accommodation and that liftoff wouldn't happen while there was still slack in the economy, the BoC guessed that it would be appropriate to begin the process anywhere between April and October. Just three months later, markets and many forecasters are saying the mid-point of that window is six months too late, and that the BoC should move next week. While a January hike is an appreciable risk, we like to think that the BoC will use next week's meeting to tee up a March start to its rate hike campaign.

The BoC debate is of course directly tied to current inflation dynamics, which have sparked heated exchanges on Parliament Hill as well. The loudest voice by far has been Conservative MP Pierre Poilievre, who claims that the federal government's pandemic spending is largely to blame for the spike in inflation. The truth is more complicated because soaring inflation is also due to easy monetary policy, distorted consumption patterns, labour shortages and global supply chain bottlenecks.

But Canadian conservative rhetoric also echoes right-wing talking points in the United States, where Republicans are slamming Democrats for their "reckless spending." A plurality of voters might be sympathetic to this view. This week a Gallup survey showed that at the end of 2021, only 42% of respondents identified as Democrats (or Democratic-leaning) versus 47% who identified as Republicans (or Republican-leaning). This is a huge shift from the beginning of the year, when 49% identified as Democrats and only 40% identified as Republicans. It's the biggest advantage in party affiliation Republicans have enjoyed since 1991.

And this shift occurred despite strong wage growth, falling unemployment and a return to near-normal levels of activity in most U.S. states. While there's more to this disenchantment than inflation, cost of living increases are notorious mood killers. The University of Michigan's consumer confidence index is near its post-pandemic low. In recent months, much of the weakness has come from low-income households, who are especially vulnerable to high inflation. For many low-income earners, accelerating wage growth hasn't kept up with inflation. This has likely contributed to Joe Biden's approval rating plummeting from 57% to 43% after just one year in office. Of all presidents since World War II, only Donald Trump had worse numbers at this

point with just 38.4% approval. Simply put, things aren't looking good for Democrats in next fall's midterms.

What we haven't heard from critics, however, is how they would slow inflation. Yes, they'd probably promise to cut spending. But it's doubtful that would have much of an incremental effect, as falling deficits already make fiscal policy restrictive. Tax increases would be a sure fire way to make fiscal policy more tightening, but tax increases are of course sacrilege to conservatives. The more constructive way governments of all political stripes can help, however, is with a strong focus on boosting the supply side of the economy via stronger productivity growth. Too bad that concept doesn't resonate as well with voters.

Key Statistics of the Week

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

UNITED STATES

- ▶ For the first time in 2021, housing starts posted three consecutive monthly gains, up 1.4% in December, following increases of 0.1% in October and 8.1% in November. Annualized housing starts climbed from 1,678,000 units in November to 1,702,000 in December, the highest since March. Last month's gain was driven by a 13.7% surge in multi-unit housing, while single-family homes fell 2.3%. Building permits jumped 9.1%, to their highest level since January 2021. There was also a 2.3% rise in construction in progress, while completed units were down 8.7%. This reflects the effect of supply and labour issues that also weigh on housing sector activity.
- ▶ Sales of existing homes fell 4.6% in December. However, this pullback follows a total increase of 10.2% over the past three months. Annualized sales declined from 6,480,000 in November to 6,180,000 in December.
- ▶ The first regional manufacturing indexes released for January were headed in different directions. The Federal Reserve Bank of New York's Empire index took an astonishing tumble from 31.9 in December to a mere -0.70 in January. This is the first negative reading since June 2020, pointing to a deterioration in manufacturing. Meanwhile, the Federal Reserve Bank of Philadelphia's index rose from 15.4 in December to 23.2 in January.
- ▶ The Conference Board's leading indicator advanced 0.8% in December on the heels of a 0.7% gain in November (revised down from 1.1%). Eight of the index's ten components contributed positively, led by jobless claims.
- ▶ Initial jobless claims increased sharply for the week ending January 15, rising from 231,000 (already up from a low of 188,000 at the beginning of December) to 286,000, the highest point since mid-October.

CANADA

- ▶ The consumer price index (CPI) fell 0.1% in December, in line with expectations. At 4.8%, it's higher than it's been since September 1991. Strong price growth is broad-based, with about 59% of CPI basket components up more than 3% on a year-over-year basis. That means supply and demand imbalances are still being felt across the economy.
- ▶ After rising unexpectedly in November, housing starts fell to 236,106 units in December, continuing their recent downward trend. But even with the recent backslide, housing starts are still at historically high levels, reflecting a strong housing market.
- ▶ Existing home sales inched up 0.2% in December. The existing home price index climbed 2.5% on the month and 26.6% for the year. Sales were up 21.0% in 2021, the biggest jump since 1996. The average existing home price index rose 22.2% in 2021.
- ▶ Value of retail sales climbed 0.7% in November, just shy of expectations. However, the bulk of the increase resulted from higher prices. Expressed in real terms, sales were up only 0.2%.
- ▶ Value of manufacturing sales climbed 2.6% in November. In total, 18 of the 21 main industries reported growth. The primary metal, petroleum and coal product, non-metallic mineral product and food manufacturing industries were standouts.
- ▶ Wholesale sales were up 3.5% in November with gains across most sectors, indicating that November's severe flooding and transportation disruptions in British Columbia had little impact.

Financial Markets

Cold Front on the Financial Markets

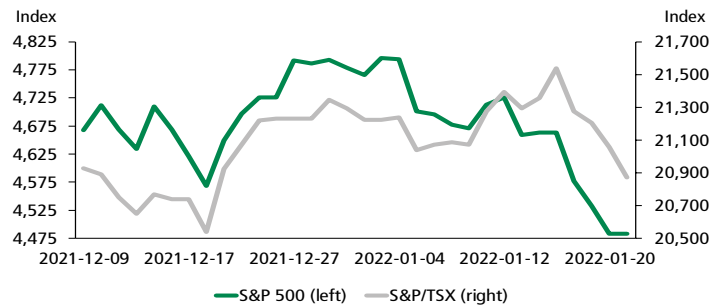
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

This is the third week in a row in which markets have been gripped by volatility and a sense of pessimism. Bond yields continue to rise due to expectations of key rate hikes and concerns about inflation, which is hurting the main indexes. With almost two years with key rates at their lower bound, marked by some exuberance on the financial markets, the monetary tightening announced for 2022 is beginning to feel like playtime is over. The earnings season has started off rather well, but even higher profits may not be enough to justify the valuations of many companies at a time when the cost of money is high. On Friday morning, U.S. stock market indexes Dow Jones and S&P 500 were down more than 4% on the week, while the NASDAQ was pulling back just over 5%. The Canadian S&P/TSX index was also in retreat, but only by a little more than 2%, after benefiting from commodity and oil price increases. A barrel of WTI (West Texas Intermediate) surpassed its previous peak of October, reaching US\$87 during the week, with new threats to production capacity in the Middle East.

The dizzying rise in bond yields that began at the start of the year continued during the first half of the week before a fall back. At its highest, the rise in government bond yields was more than 10 basis points over the entire bond yield curves in the United States and Canada. The 3-month U.S. Treasury bond yield continued to climb and the upward trend has even been on the 1-month yields in Canada. Investors are increasingly expecting the first key rate hike to happen next week.

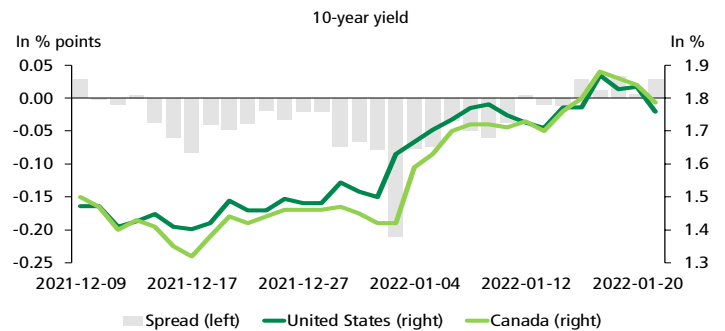
Financial market concerns are working in favour of safe-haven currencies like the U.S. dollar, yen and Swiss franc. After a difficult start to the year, the effective U.S. exchange rate DXY index rose but without recovering all the ground it lost in recent weeks. The euro dropped back below US\$1.14. The pound sterling lost even more ground after starting the week near US\$1.37 and ending it below US\$1.36. Although oil prices rose, the Canadian dollar failed to keep further gains. At the time of writing, it was still trading at nearly US\$0.80, much the same as last Friday.

GRAPH 1
Stock markets



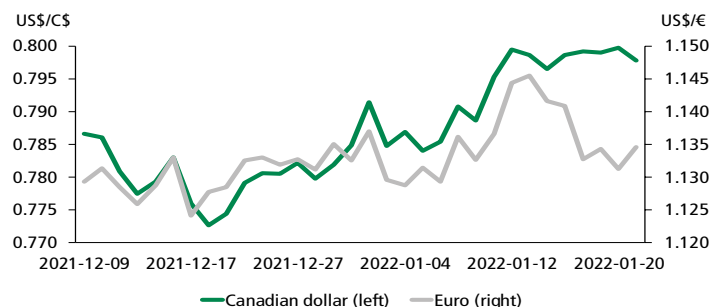
Sources: Datastream and Desjardins, Economic Studies

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 January 25 - 9:00

November	y/y
Consensus	18.20%
Desjardins	17.80%
October	18.41%

TUESDAY January 25 - 10:00

January	
Consensus	112.0
Desjardins	110.0
December	115.8

WEDNESDAY January 26 - 10:00

December	ann. rate
Consensus	765,000
Desjardins	765,000
November	744,000

WEDNESDAY January 26 - 14:00

January	
Consensus	0.25%
Desjardins	0.25%
December 15	0.25%

THURSDAY January 27 - 8:30

Q4 2021 - 1st est.	ann. rate
Consensus	5.3%
Desjardins	4.9%
Q3 2021 - 3rd est.	2.3%

THURSDAY January 27 - 8:30

December	m/m
Consensus	-0.5%
Desjardins	-1.1%
November	2.6%

UNITED STATES

S&P/Case-Shiller 20-city composite home price index (November) – The S&P/Case-Shiller index for the 20 biggest cities continues to climb at a fast rate, but monthly increases have started to moderate. October saw 0.9% growth after 14 consecutive months of increases of more than 1%. Another 0.9% increase is expected in November, which would take the annual variation from 18.4% to 17.8%. It's increasingly clear that a slowdown began after the 20.0% high reached last July.

Conference Board's index of consumer confidence (January) – Consumer confidence bounced back in December according to the Conference Board's index, which went from 111.9 in November to 115.8 in December, its highest point since July. However, January is expected to post a decline. The tide may be slowly turning when it comes to Omicron, but U.S. households were affected as shown by the drop in other confidence indicators like the Langer (formerly Bloomberg) weekly index, the TIPP index and, to a lesser extent, the University of Michigan index. We expect the Conference Board index to pull back to 110.0.

New home sales (December) – In November, sales of new homes recorded their biggest monthly increase since July 2020. The 12.4% gain drove up annualized sales to 744,000 units, their highest level since April, with another gain expected for December. The 2.0% increase in building permits for single-family dwellings in December for a total gain of 8.4% over the last three months of 2021 is especially noteworthy. Builder confidence improved slightly in December and remains high. Sales should therefore reach 765,000 units.

Federal Reserve meeting (December) – The Federal Reserve's (Fed) officials are increasingly setting their sights on inflation, creating a sense that hikes are just around the corner. Still, it would be surprising to see the first increase as early as the January 26 meeting. Instead, expectations are that the Fed (in its statement to be published) and the chair (in his press conference) will be laying the groundwork for a hike in March. That meeting will include the Fed's latest forecasts, contrary to the January meeting. For now, they are more likely to indicate that monthly securities purchases will have ended by the time the March meeting rolls around.

Real GDP (Q4 – initial estimate) – Real GDP grew modestly in the third quarter, gaining 2.3% annualized after averaging 6.5% during the first two quarters of 2021. The carryover in real consumption for the fourth quarter will be good, thanks to October's gain and in spite of December's anticipated weakness (the monthly consumption and personal income figures will be released on Friday). So, we expect to see the variation in real consumption annualized quarterly go from 2% in the summer to more than 3% in the fall. Business and residential investments should also be up. Businesses restocking after watching their inventories plunge for three quarters in a row should also contribute positively to real GDP growth. All in all, an annualized increase of 4.9% is expected. Real GDP for all of 2021 is expected to gain 5.5%.

New durable goods orders (December) – New orders for durable goods jumped 2.6% in November after growing a modest 0.1% in October and shrinking 0.4% in September. However, new orders, especially those relating to transportation, are forecast to drop in December. Auto manufacturing was down in December 2021 as were orders for Boeing aircraft. Consequently, orders relating to transportation should decrease roughly 5.5% (after increasing 6.5% the previous month). Excluding transportation, a 0.8% gain is anticipated. All in all, new durable goods orders should post a 1.1% decline.

WEDNESDAY January 26 - 10:00
January

Consensus 0.25%

Desjardins 0.25%

December 8 0.25%
MONDAY January 24 - 4:00
January

Consensus 52.6

December 53.3
CANADA


Bank of Canada meeting (January) – With inflation climbing to heights not seen in nearly 30 years, the pressure is mounting on the Bank of Canada (BoC) to begin raising its key rate. A rate hike as early as next week can't be ruled out, but we believe that the monetary authorities will sit tight a little longer before announcing the first increase of the target for the overnight rate in March. The *Monetary Policy Report* (MPR), which will be published Wednesday, is expected to set the stage. Until now, the BoC has not been overly keen to raise its key rate, so it will have to tweak its message. Also, it's still not entirely clear what impact the Omicron wave will have. The MPR should provide more information as well as present the BoC's updated economic forecasts.


OVERSEAS

Euro zone: PMI indexes (January – preliminary) – After a modest, albeit temporary, increase in November, the Euroland PMI composite index continued its descent in December, falling to 53.3 from a high of 60.2 in July last year. Omicron's negative impact on production, supply chain problems and rising commodity prices, including energy, are all causing the PMI indexes, and economic growth in general, to decline. January's PMI index data will tell us a little more about the situation at the beginning of 2022. Among the other indicators released this week, real GDP fourth-quarter figures for France and Germany, expected on Friday, will be interesting to see.

Economic Indicators

Week of January 24 to 28, 2022

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 24 --- ---						
TUESDAY 25						
	9:00	S&P/Case-Shiller home price index (y/y)	Nov.	18.20%	17.80%	18.41%
	10:00	Consumer confidence	Jan.	112.0	110.0	115.8
WEDNESDAY 26						
	8:30	Goods trade balance – preliminary (US\$B)	Dec.	-96.0	-98.6	-98.0
	8:30	Retail inventories (m/m)	Dec.	n/a	n/a	2.0%
	8:30	Wholesale inventories – preliminary (m/m)	Dec.	1.3%	n/a	1.4%
	10:00	New home sales (ann. rate)	Dec.	765,000	765,000	744,000
	14:00	Federal Reserve meeting	Jan.	0.25%	0.25%	0.25%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 27						
	8:30	Initial unemployment claims	Jan. 17-21	258,000	255,000	286,000
	8:30	Real GDP (ann. rate)	Q4f	5.3%	4.9%	2.3%
	8:30	Durable goods orders (m/m)	Dec.	-0.5%	-1.1%	2.6%
	10:00	Pending home sales (m/m)	Dec.	-0.3%	n/a	-2.2%
FRIDAY 28						
	8:30	Employment cost index (q/q)	Q4	1.2%	1.1%	1.3%
	8:30	Personal income (m/m)	Dec.	0.5%	0.5%	0.4%
	8:30	Personal consumption expenditures (m/m)	Dec.	-0.5%	-0.7%	0.6%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Dec.	0.4%	0.4%	0.6%
		Excluding food and energy (m/m)	Dec.	0.5%	0.4%	0.5%
		Total (y/y)	Dec.	5.8%	5.7%	5.7%
		Excluding food and energy (y/y)	Dec.	4.8%	4.8%	4.7%
	10:00	Michigan's consumer sentiment index – final	Jan.	68.8	68.8	68.8
CANADA						
MONDAY 24 --- ---						
TUESDAY 25 --- ---						
WEDNESDAY 26						
	10:00	Bank of Canada meeting	Jan.	0.25%	0.25%	0.25%
	10:00	Release of the Bank of Canada <i>Monetary Policy Report</i>				
THURSDAY 27						
	8:30	Average weekly earnings (y/y)	Nov.	n/a	2.5%	2.7%
	8:30	Number of salaried employees (m/m)	Nov.	n/a	0.7%	0.8%
FRIDAY 28 --- ---						

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 24 to 28, 2022

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 23								
Japan	19:30	PMI composite index – preliminary	Jan.	n/a		52.5		
Japan	19:30	PMI manufacturing index – preliminary	Jan.	n/a		54.3		
Japan	19:30	PMI services index – preliminary	Jan.	n/a		52.1		
MONDAY 24								
France	3:15	PMI composite index – preliminary	Jan.	54.7		55.8		
France	3:15	PMI manufacturing index – preliminary	Jan.	55.3		55.6		
France	3:15	PMI services index – preliminary	Jan.	55.3		57.0		
Germany	3:30	PMI composite index – preliminary	Jan.	49.4		49.9		
Germany	3:30	PMI manufacturing index – preliminary	Jan.	57.0		57.4		
Germany	3:30	PMI services index – preliminary	Jan.	48.0		48.7		
Euro zone	4:00	PMI composite index – preliminary	Jan.	52.6		53.3		
Euro zone	4:00	PMI manufacturing index – preliminary	Jan.	57.5		58.0		
Euro zone	4:00	PMI services index – preliminary	Jan.	52.0		53.1		
United Kingdom	4:30	PMI composite index – preliminary	Jan.	54.0		53.6		
United Kingdom	4:30	PMI manufacturing index – preliminary	Jan.	57.6		57.9		
United Kingdom	4:30	PMI services index – preliminary	Jan.	54.0		53.6		
TUESDAY 25								
Germany	4:00	Ifo survey – Business climate	Jan.	94.2		94.7		
Germany	4:00	Ifo survey – Current situation	Jan.	95.9		96.9		
Germany	4:00	Ifo survey – Expectations	Jan.	92.9		92.6		
WEDNESDAY 26								
France	2:45	Consumer confidence	Jan.	99		100		
THURSDAY 27								
Germany	2:00	Consumer confidence	Feb.	-8.2		-6.8		
FRIDAY 28								
France	1:30	Personal consumption expenditures	Dec.	0.0%	-5.2%	0.8%	14.8%	
France	1:30	Real GDP – preliminary	Q4	0.5%	4.9%	3.0%	3.3%	
Euro zone	4:00	Money supply M3	Dec.		6.8%		7.3%	
Germany	4:00	Real GDP – preliminary	Q4	-0.2%	1.8%	1.7%	2.5%	
Italy	4:00	Consumer confidence	Jan.	116.3		117.7		
Euro zone	5:00	Consumer confidence – final	Jan.	n/a		-8.5		
Euro zone	5:00	Industrial confidence	Jan.	15.0		14.9		
Euro zone	5:00	Services confidence	Jan.	9.9		11.2		
Euro zone	5:00	Economic confidence	Jan.	114.5		115.3		
Japan	18:30	Consumer price index – Tokyo	Jan.		0.5%		0.8%	
SATURDAY 29								
China	20:00	PMI manufacturing index	Jan.	49.7		50.3		
China	20:00	PMI non-manufacturing index	Jan.	49.8		52.7		

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. The times shown are Eastern Standard Time (GMT - 5 hours).

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$B)	2021 Q3	19,479	2.3	4.9	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q3	13,732	2.0	7.1	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q3	3,382	0.9	0.6	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q3	694.2	-7.7	5.5	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q3	2,885	1.7	9.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q3	-66.8	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q3	2,273	-5.3	4.9	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q3	3,590	4.7	12.6	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q3	20,692	1.3	6.1	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3	119.3	6.0	4.6	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q3	111.3	-5.2	-0.6	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q3	122.7	9.6	6.3	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q3	146.6	5.4	3.7	2.6	2.8	2.8
Current account balance (\$B) ¹	2021 Q3	-214.8	---	---	-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)	Dec.*	120.8	0.8	2.1	4.0	10.2
ISM manufacturing index ¹	Dec.	58.8	60.6	60.5	60.9	60.5
ISM non-manufacturing index ¹	Dec.	62.3	68.4	62.6	60.7	57.8
Cons. confidence Conference Board (1985 = 100) ¹	Dec.	115.8	111.9	109.8	128.9	87.1
Personal consumption expenditure (2012 \$B)	Nov.	13,897	0.0	1.0	2.1	7.4
Disposable personal income (2012 \$B)	Nov.	15,374	-0.2	-2.2	-1.9	0.0
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 (%) ¹	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)	Nov.	268,425	2.6	2.3	5.0	14.8
Business inventories (\$B)	Nov.	2,158	1.3	3.4	5.8	8.7
Housing starts (k) ¹	Dec.*	1,702	1,678	1,550	1,657	1,661
Building permits (k) ¹	Dec.*	1,873	1,717	1,586	1,594	1,758
New home sales (k) ¹	Nov.	744.0	662.0	668.0	733.0	865.0
Existing home sales (k) ¹	Dec.*	6,180	6,480	6,290	5,870	6,650
Commercial surplus (\$M) ¹	Nov.	-80,172	-67,158	-73,195	-67,975	-67,307
Nonfarm employment (k) ²	Dec.	148,951	199.0	1,096	3,049	6,448
Unemployment rate (%) ¹	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)	Nov.	118.2	0.6	1.6	3.0	5.7
<i>Excluding food and energy</i>	Nov.	119.5	0.5	1.2	2.3	4.7
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

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 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) ¹	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) ¹	2021 Q3	1,369	---	---	-39,415	-47,041	-53,141
Production capacity utilization rate (%) ¹	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

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)	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) ¹	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) ¹	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) ²	Dec.	19,371	54.7	79.9	96.8	73.8
Unemployment rate (%) ¹	Dec.	5.9	6.0	6.9	7.8	8.8
Average weekly earnings (\$)	Oct.	1,134	-0.1	0.3	0.5	2.7
Number of salaried employees (k) ²	Oct.	16,934	131.7	104.7	104.3	77.8
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

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		
	Jan. 21	Jan. 14	-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	0.16	0.13	0.08	0.06	0.05	0.08	0.18	0.05	0.01
Treasury bonds – 2 years	1.00	0.97	0.65	0.46	0.20	0.13	1.05	0.30	0.11
– 5 years	1.55	1.54	1.24	1.21	0.72	0.43	1.65	0.91	0.39
– 10 years	1.76	1.77	1.49	1.65	1.28	1.09	1.87	1.48	1.01
– 30 years	2.08	2.12	1.91	2.09	1.92	1.86	2.48	2.07	1.68
S&P 500 index (level)	4,483	4,663	4,726	4,545	4,412	3,841	4,797	4,323	3,714
DJIA index (level)	34,783	35,912	35,951	35,677	35,062	30,997	36,800	34,342	29,983
Gold price (US\$/ounce)	1,832	1,821	1,808	1,806	1,799	1,854	1,906	1,796	1,682
CRB index (level)	250.01	245.43	230.90	237.68	216.60	172.85	250.01	213.12	174.20
WTI oil (US\$/barrel)	84.99	83.82	73.79	84.66	72.27	52.25	86.96	69.83	52.18
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	0.45	0.27	0.16	0.12	0.17	0.06	0.47	0.13	0.00
Treasury bonds – 2 years	1.23	1.15	0.98	0.87	0.45	0.18	1.28	0.53	0.15
– 5 years	1.63	1.56	1.28	1.34	0.79	0.44	1.69	1.01	0.41
– 10 years	1.79	1.76	1.46	1.65	1.21	0.84	1.88	1.42	0.80
– 30 years	2.00	2.01	1.76	2.05	1.78	1.47	2.19	1.88	1.44
<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	0.29	0.14	0.08	0.06	0.12	-0.02	0.30	0.08	-0.06
Treasury bonds – 2 years	0.23	0.18	0.33	0.41	0.25	0.05	0.62	0.24	0.03
– 5 years	0.08	0.02	0.04	0.13	0.07	0.01	0.33	0.10	-0.11
– 10 years	0.03	-0.01	-0.03	0.00	-0.07	-0.25	0.17	-0.06	-0.25
– 30 years	-0.08	-0.11	-0.15	-0.04	-0.14	-0.39	0.18	-0.19	-0.45
S&P/TSX index (level)	20,870	21,358	21,230	21,216	20,188	17,846	21,769	20,028	17,337
Exchange rate (C\$/US\$)	1.2534	1.2555	1.2813	1.2369	1.2563	1.2737	1.2943	1.2530	1.2034
Exchange rate (C\$/€)	1.4224	1.4333	1.4502	1.4409	1.4790	1.5498	1.5554	1.4755	1.4145
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\$/€)	1.1346	1.1416	1.1319	1.1649	1.1773	1.2168	1.2252	1.1779	1.1199
<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	1.17	1.15	0.92	1.15	0.61	0.32	1.26	0.81	0.28
FTSE index (level)	7,488	7,543	7,372	7,205	7,028	6,695	7,611	7,048	6,407
Exchange rate (US\$/£)	1.3556	1.3675	1.3387	1.3753	1.3747	1.3686	1.4212	1.3757	1.3208
<u>Germany</u>									
Bonds – 10 years	-0.07	-0.09	-0.25	-0.09	-0.46	-0.54	-0.05	-0.30	-0.58
DAX index (level)	15,564	15,883	15,756	15,543	15,669	13,874	16,272	15,333	13,433
<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)	27,522	28,124	28,783	28,805	27,548	28,631	30,670	28,859	27,013
Exchange rate (US\$/¥)	113.71	114.22	114.43	113.48	110.56	103.79	116.16	110.53	103.62

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.