

WEEKLY NEWSLETTER

Inflation Stabilizes in the United States, but Rises Further in Canada

MUSINGS OF THE WEEK

- ▶ Tapering signal: it's time to put things in writing.

KEY STATISTICS OF THE WEEK

- ▶ United States: Rise in prices eases slightly.
- ▶ United States: Solid rebound in sales excluding motor vehicles.
- ▶ Canada: The total annual inflation rate climbed to 4.1% in August.
- ▶ Canada: The slowdown in the housing market continued in August, with housing starts and existing home sales both down.
- ▶ Canada: Manufacturing and wholesale sales fell sharply in July.

A LOOK AHEAD

- ▶ The Federal Reserve may finally announce a reduction in its asset purchases.
- ▶ United States: Slight drops in home sales are anticipated.
- ▶ Canada: Retail sales are expected to drop in July.

FINANCIAL MARKETS

- ▶ Stock markets unable to rebound.
- ▶ Canadian bond yields up slightly, buoyed by higher inflation.
- ▶ The U.S. dollar continues to climb against several other currencies.

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Musings of the Week

Tapering Signal: It's Time to Put Things in Writing

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

The Federal Reserve (Fed) will make its policy announcement next Wednesday and markets will have their eyes on whether the statement contains a first official tapering signal. A number of reasons make us think that the odds are very high. First, a now large chorus of FOMC (Federal Open Market Committee) officials have expressed the view that tapering should begin this year. Fed Chair Jerome Powell admitted to being part of that group in his Jackson Hole address on August 27. Other members of the Fed's senior leadership, such as Richard Clarida and John Williams, have made similar remarks in recent weeks.

Second, the fact that they've been comfortable pointing towards dialing down QE despite the raging Delta variant speaks volume as to their faith in the economy's ability to withstand pandemic shocks but it also says a lot about their level of comfort with current inflation dynamics. Not that the base case assumption of transitory pressures no longer holds. This week's consumer price index (CPI) report reinforced the transitory thesis, with unexpected declines in many categories that had been previously boosted by reopening-related demand. Moreover, inflation has been heavily skewed upward by a narrow subset of outliers. A glance at the spectrum of alternative inflation indicators shows that headline CPI is at the top end of this range. The Federal Reserve Bank of Cleveland's median CPI, which controls for outliers, runs at 2.4% although this measure has been accelerating too since the beginning of the year. That is probably one of the reasons the minutes from the July meeting showed some officials remaining nervous about the upside risks to inflation, particularly those stemming from supply disruptions and labour shortages.

The latter issue is going to be a bit of a wildcard in upcoming jobs reports because the end of federal pandemic unemployment benefits this month should theoretically incentivize workers to apply on the many job openings (10,934,000 as of August). This would help make up for the disappointing August payrolls' report. However, previous instances of ending federal benefits had inconclusive effects on employment, whereas benefit cuts are guaranteed to dent personal income. Will this stop the Fed? We believe it's unlikely since this issue is mostly related to pandemic policy exit and broadly speaking, U.S. households still have plenty of liquidity to fuel consumption.

A third consideration is the timing; with the consensus among Fed officials having shifted towards a taper move this year, there aren't many meetings left if the Fed wants to follow through on its pledge to send a signal well ahead of time. With

two other meetings this year beyond the one of next week (in November and December), the Fed has three possibilities. The first one would be making a signal at the meeting of September and begin tapering in November. The second option would be delaying the process by one meeting (i.e., signal in November, begin in December). A third approach would see the Fed sending a signal in September, skip November and start tapering in December.

The third strategy would be the one offering the earliest warning, but it could create confusion and volatility at the November meeting, especially if market participants were to interpret the September signal as implying a November move. Meanwhile, the second option (no September signal) could be interpreted as a skittish Fed and lead at least some participants to question whether tapering would begin at all in 2021. This would leave room for volatility whenever the Fed would introduce its signal.

The first approach appears to us as the most straightforward. While not a strict rule, the Fed generally prefers major policy shifts to be accompanied by a fresh set of forecasts and the September meeting offers that opportunity. Moreover, the tapering decision is not based on the whims of the very latest data but is determined by Fed's evaluation of how the economy meets the standard of "substantial progress". Jerome Powell has made clear that, at least on inflation, that standard has been achieved. True, hiring has disappointed but Jerome Powell could always point to strong labour demand as a reason to feel confident about the job market's prospects. As even the Fed confesses to be less confident about the end game for inflation, now is not the time to be waiting for perfection.

Key Statistics of the Week

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

UNITED STATES

- ▶ The consumer price index (CPI) rose 0.3% in August, after gaining 0.5% in July and 0.9% in June. Energy prices climbed 2.0% in August, after advancing 1.6% in July. Food prices were up 0.4% in August. Excluding food and energy, core CPI edged up only 0.1% in August, after gains of 0.3% in July and 0.9% in June. The annual variation in total CPI slipped from 5.4% to 5.3% in August. The slowdown in core inflation was sharper, pulling back from 4.3% to 4.0%.
- ▶ Retail sales were up 0.7% in August, following a 1.8% decline (revised from -1.1%) in July. Motor vehicle sales fell 3.6% in August, after a 4.6% decline in July, marking a fourth consecutive drop. The value of service station sales rose 0.2% in August. Excluding motor vehicles and gas, sales jumped 2.0%, following a 1.4% contraction in July.
- ▶ Industrial production grew 0.4% in August, following increases of 0.8% in July and 0.5% in June. Manufacturing output ticked up 0.2%, and the mining sector dipped 0.6%. Both sectors were affected by hurricane Ida at the very end of the month. Meanwhile, energy production jumped 3.3% due to unseasonably warm weather.
- ▶ Regional manufacturing indexes posted sharp increases in September. The Federal Reserve Bank of Philadelphia's index rose from 19.4 to 30.7, while the Federal Reserve Bank of New York's Empire State index shot up from 18.3 to 34.3.
- ▶ U.S. consumer confidence improved slightly, as seen in the University of Michigan index, which ticked up from 70.3 in August to 71.0, according to September's preliminary version. However, this is still well below the 81.2 posted in July.

CANADA

- ▶ The consumer price index (CPI) was up 0.2% in August. The total annual inflation rate climbed from 3.7% to 4.1%, marking the highest inflation rate in about 18 years. The acceleration in price growth is becoming increasingly widespread. Based on our estimates, 54.2% of total CPI basket components saw annual price growth above the Bank of Canada's upper target (3%) in August.
- ▶ The number of housing starts declined from 270,744 units in July to 260,239 in August. The bulk of the decrease was seen in multi-unit housing in urban areas. Clearly, the normalization of the housing market is still being felt in residential construction. That said, despite the decreases in the last few months, the total number of housing starts is still high, historically speaking.
- ▶ The normalization of the housing market also impacted existing home sales, which continued to follow a downward trend in August. The posted 0.5% decrease was the fifth consecutive monthly decline. For now, prices continue to go up, as seen in the 0.9% increase in the existing home price index between July and August.
- ▶ Manufacturing sales declined 1.5% in July, which was in keeping with preliminary data. The largest decreases were in the following industries: wood products (-21.8%), aerospace products and parts (-19.0%), miscellaneous manufacturing (-12.1%) and petroleum and coal products (-2.3%). In real terms, sales fell 1.7% while inventories rose 1.1%. The combined effect on economic growth for July will be virtually nil.
- ▶ Wholesale sales dropped 2.1% in July, which was in keeping with preliminary data. The majority of the decrease came from the building materials and supplies sector, which was down 12.4% over the month due to a drop in lumber prices. The other sectors remained virtually unchanged in July. In real terms, sales fell 2.4% while inventories ticked up 0.2%.

Financial Markets

Investors Remain on Edge

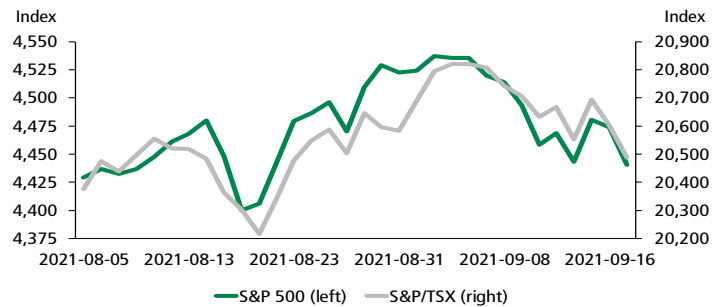
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Stock market investors have struggled to overcome their fears, and volatility has remained high this week. North American indexes plunged on Monday and Tuesday, followed by a strong rebound on Wednesday. The respite was short-lived, however, with markets falling again on Thursday, despite surprise good news about U.S. retail sales. The worries do not appear to stem from either the outlook about economic growth or about a resurgence in COVID-19 cases. Bond yields and oil prices were actually up this week, signalling that investors continue to believe in the recovery and eventual increases in key rates. Despite the announcement of a lower-than-expected inflation rate in the United States, investors continue to perceive the risk that it could be more persistent and force central banks to take faster action. At the time of writing, on Friday, the main indexes were down. The S&P 500, S&P/TSX and NASDAQ posted contractions of nearly 0.5% over the week, while the Dow Jones remained steady compared to last Friday.

Long-term government bond yields rose this week, especially on Friday morning. The increases in the 5-year and 10-year yields were respectively 7 basis points and 4 basis points in the United States. The increase was a little steeper in Canada, where the publication of an inflation rate of over 4% surprised markets. The 5-year and 10-year yields climbed respectively more than 8 basis points and 6 basis points.

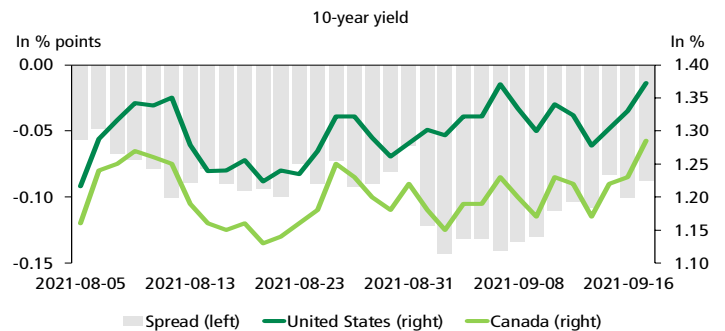
The U.S. dollar benefited from good economic data in the United States and from increasing expectations of monetary tightening. The increase in the value of the U.S. dollar was especially visible in comparison with European currencies such as the euro and pound sterling. Friday morning, those two currencies were at their lowest since late August, at around US\$1.175 for the euro and US\$1.375 for the pound. The Canadian dollar has remained more stable against the U.S. dollar. Higher inflation in Canada suggests that interest rate increases will eventually be necessary, and the rise in oil prices to nearly US\$72 per WTI (West Texas Intermediate) barrel is helping support the loonie.

GRAPH 1
Stock markets



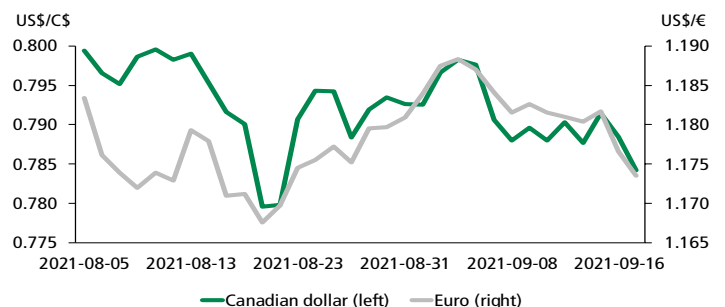
Sources: Datastream and Desjardins, Economic Studies

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 September 21 - 8:30

August	ann. rate
Consensus	1,550,000
Desjardins	1,595,000
July	1,534,000

WEDNESDAY September 22 - 10:00

August	ann. rate
Consensus	5,870,000
Desjardins	5,875,000
July	5,990,000

WEDNESDAY September 22 - 14:00

September	
Consensus	0.25%
Desjardins	0.25%
July 28	0.25%

THURSDAY September 23 - 10:00

August	m/m
Consensus	0.5%
Desjardins	0.9%
July	0.9%

FRIDAY September 24 - 10:00

August	ann. rate
Consensus	706,000
Desjardins	700,000
July	708,000

UNITED STATES

Housing starts (August) – Housing starts unexpectedly plummeted 7.0% in July, almost wiping out the gains of the two previous months. The number of housing starts in July, 1,534,000 units, was 11.1% below the peak reached in March 2021. We do expect a gain in August, however. Building permits are much higher than the number of housing starts, so a catchup is likely. That said, the number of employees in residential construction remained stable in August (after a total of 13,500 jobs were created in the three previous months). Housing starts should hit 1,595,000 units.

Existing home sales (August) – With a gain of 2.0% in July, home resales posted their best monthly growth since November 2020. It is also the first time since December and January that we have seen higher home resales for two months in a row, although they will likely slide back down in August. That is what the 3.7% contraction in pending sales of existing homes for the past two months is suggesting. Mortgage applications in view of a purchase were also down in August. Lastly, regional data also signal a decrease compared to July. All in all, we expect existing home sales to reach 5,875,000 units.

Meeting of the Federal Reserve (September) – Federal Reserve (Fed) officials have been hinting since the end of spring that they would eventually start reducing securities purchases. We could well see an announcement about that after Wednesday's meeting, although the actual reduction would start later, possibly in November. The statement that will be released on Wednesday, the new economic forecasts that come with it and Jerome Powell's press conference should all reveal the Fed's reasons for this change in monetary policy. Improving economic conditions and the extent of inflationary pressures are bound to be central to those reasons.

Leading indicator (August) – The leading indicator posted an 0.9% increase in July, mainly due to the higher ISM manufacturing and a positive contribution from the financial components. Another 0.9% uptick is expected for August. This time, a drop in jobless claims will give the leading indicator its strongest boost.

New home sales (August) – Sales of new single-family homes rose 1.0% in July, their first monthly increase since March, although a rather paltry one compared to the 28.7% drop between the January peak and the month of June. For the moment we expect a slight decrease of new single-family homes in August, but the housing starts numbers to be released on Tuesday will give us a better picture. In the meantime, August saw a decline in the component of the homebuilder confidence index that is related to sales of new single-family homes.

THURSDAY September 23 - 8:30

July	m/m
Consensus	-1.2%
Desjardins	-1.7%
June	4.2%

THURSDAY September 23 - 4:00

September	
Consensus	58.5
August	59.0

THURSDAY September 23 - 7:00

September	
Consensus	0.10%
Desjardins	0.10%
August 5	0.10%

CANADA

Retail sales (July) – According to Statistics Canada’s interim figures, retail sales were down 1.7% in July. Those figures also show that motor vehicle sales plunged some 11% in July. It is clear that the supply problems in the motor vehicle industry are far from over. Gas prices were up 2.5% after seasonal adjustments, however, and that should increase the value of service station sales. Sales not including motor vehicles and gas may edge down this month after shooting up 4.6% the month before.


OVERSEAS


Euro zone: PMI indexes (September – preliminary) – The composite PMI for Europe dipped from its cyclical peak of 60.2 to 59.0 in August, which is still very high. The drop in the PMI manufacturing was more marked (-1.4 point) than that of the PMI services (-0.8 point), indicating that it is not so much due to the effect of the most recent COVID-19 wave, but rather to the supply problems that are affecting manufacturers in several countries. If the composite PMI stays high in September, it will augur well for Europe’s real GDP growth in the third quarter. On Wednesday it will also be interesting to see whether the consumer confidence index in the euro zone went up in September.

United Kingdom: Meeting of the Bank of England (September) – We do not expect any changes in the Bank of England’s (BoE) position from August. Inflation continues to rise in the United Kingdom, but that should not unduly concern the BoE, which was already expecting that overall price growth would reach around 4% in the coming months. Moreover, the BoE is already signalling that its securities purchase policy will end soon, and its economic forecasts for the next few years already include some interest rate hikes. Among the U.K. indicators to be released this week will be the PMI preliminary indexes for September on Thursday.

Economic Indicators

Week of September 20 to 24, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 20	10:00	NAHB housing market index	Sept.	74	n/a	75
TUESDAY 21	8:30	Current account (US\$B)	Q2	-191.0	-199.1	-195.7
	8:30	Housing starts (ann. rate)	Aug.	1,550,000	1,595,000	1,534,000
	8:30	Building permits (ann. rate)	Aug.	1,600,000	1,630,000	1,630,000
WEDNESDAY 22	10:00	Existing home sales (ann. rate)	Aug.	5,870,000	5,875,000	5,990,000
	14:00	Federal Reserve meeting	Sept.	0.25%	0.25%	0.25%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 23	8:30	Initial unemployment claims	Sept. 13-17	320,000	325,000	332,000
	10:00	Leading indicator (m/m)	Aug.	0.5%	0.9%	0.9%
FRIDAY 24	8:45	Speech of the Cleveland Fed President, L. Mester				
	10:00	New home sales (ann. rate)	Aug.	706,000	700,000	708,000
	10:00	Speech of the Federal Reserve Chair, J. Powell				
	10:00	Speech of a Federal Reserve Vice Chair, R. Clarida				
	10:00	Speech of a Federal Reserve Governor, M. Bowman				
	10:05	Speech of the Kansas City Fed President, E. George				
SATURDAY 25	7:00	Speech of the New York Fed President, J. Williams				
CANADA						
MONDAY 20	---	2021 Federal Election				
TUESDAY 21	8:30	New housing price index (m/m)	Aug.	n/a	0.3%	0.4%
WEDNESDAY 22	---	---				
THURSDAY 23	8:30	Retail sales				
		Total (m/m)	July	-1.2%	-1.7%	4.2%
		Excluding automobiles (m/m)	July	-1.1%	-0.2%	4.7%
FRIDAY 24	---	---				

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 September 20 to 24, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 20								
Germany	2:00	Producer price index	Aug.	0.8%	11.1%	1.9%	10.4%	
TUESDAY 21								
Sweden	3:30	Bank of Sweden meeting	Sept.	0.00%		0.00%		
WEDNESDAY 22								
Japan	---	Bank of Japan meeting	Sept.	-0.10%		-0.10%		
Euro zone	10:00	Consumer confidence – preliminary	Sept.	-5.9		-5.3		
Brazil	17:00	Bank of Brazil meeting	Sept.	6.25%		5.25%		
THURSDAY 23								
France	2:45	Business confidence	Sept.	110		110		
France	2:45	Production outlook	Sept.	12		16		
France	3:15	PMI composite index – preliminary	Sept.	55.8		55.9		
France	3:15	PMI manufacturing index – preliminary	Sept.	57.0		57.5		
France	3:15	PMI services index – preliminary	Sept.	56.2		56.3		
Germany	3:30	PMI composite index – preliminary	Sept.	59.4		60.0		
Germany	3:30	PMI manufacturing index – preliminary	Sept.	61.4		62.6		
Germany	3:30	PMI services index – preliminary	Sept.	60.3		60.8		
Switzerland	3:30	Swiss National Bank meeting	Sept.	-0.75%		-0.75%		
Euro zone	4:00	PMI composite index – preliminary	Sept.	58.5		59.0		
Euro zone	4:00	PMI manufacturing index – preliminary	Sept.	60.4		61.4		
Euro zone	4:00	PMI services index – preliminary	Sept.	58.5		59.0		
Norway	4:00	Bank of Norway meeting	Sept.	0.25%		0.00%		
United Kingdom	4:30	PMI composite index – preliminary	Sept.	54.5		54.8		
United Kingdom	4:30	PMI manufacturing index – preliminary	Sept.	59.0		60.3		
United Kingdom	4:30	PMI services index – preliminary	Sept.	55.0		55.0		
United Kingdom	7:00	Bank of England meeting	Sept.	0.10%		0.10%		
United Kingdom	19:01	Consumer confidence	Sept.	-7		-8		
Japan	19:30	Consumer price index	Aug.		-0.3%		-0.3%	
Japan	20:30	PMI composite index – preliminary	Sept.	n/a		45.5		
Japan	20:30	PMI manufacturing index – preliminary	Sept.	n/a		52.7		
Japan	20:30	PMI services index – preliminary	Sept.	n/a		42.9		
FRIDAY 24								
Germany	4:00	Ifo survey – Business climate	Sept.	98.9		99.4		
Germany	4:00	Ifo survey – Current situation	Sept.	101.8		101.4		
Germany	4:00	Ifo survey – Expectations	Sept.	96.5		97.5		
Italy	4:00	Consumer confidence	Sept.	115.8		116.2		
Italy	4:00	Economic confidence	Sept.	n/a		114.2		

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	19,361	6.6	12.2	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q2	13,660	11.9	16.2	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q2	3,375	-1.9	-0.1	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q2	708.7	-11.5	21.2	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q2	2,873	9.3	13.3	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q2	-169.4	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q2	2,299	6.6	18.3	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q2	3,546	6.7	30.5	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q2	20,622	7.9	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 Q1	-195.7	---	---	-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)	July	116.0	0.9	2.7	5.4	10.6
ISM manufacturing index ¹	Aug.	59.9	59.5	61.2	60.8	55.6
ISM non-manufacturing index ¹	Aug.	61.7	64.1	64.0	55.3	57.2
Cons. confidence Conference Board (1985 = 100) ¹	Aug.	113.8	125.1	120.0	95.2	86.3
Personal consumption expenditure (2012 \$B)	July	13,667	-0.1	-0.1	3.5	7.6
Disposable personal income (2012 \$B)	July	15,580	0.7	-3.0	-8.3	-3.5
Consumer credit (\$B)	July	4,331	0.4	2.1	3.5	4.2
Retail sales (\$M)	Aug.*	618,676	0.7	-0.2	10.5	15.1
<i>Excluding automobiles (\$M)</i>	Aug.*	497,178	1.8	2.5	11.9	16.2
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)	July	508,062	0.4	4.2	6.0	15.9
New durable good orders (\$M)	July	257,409	-0.1	3.9	5.9	17.7
Business inventories (\$B)	July*	2,069	0.5	2.0	3.0	7.2
Housing starts (k) ¹	July	1,534	1,650	1,514	1,625	1,497
Building permits (k) ¹	July	1,630	1,594	1,733	1,883	1,542
New home sales (k) ¹	July	708.0	701.0	796.0	993.0	972.0
Existing home sales (k) ¹	July	5,990	5,870	5,850	6,660	5,900
Commercial surplus (\$M) ¹	July	-70,051	-73,230	-66,659	-65,696	-60,743
Nonfarm employment (k) ²	Aug.	147,190	235.0	2,250	3,918	6,041
Unemployment rate (%) ¹	Aug.	5.2	5.4	5.8	6.2	8.4
Consumer price (1982-1984 = 100)	Aug.*	273.0	0.3	1.7	3.7	5.2
<i>Excluding food and energy</i>	Aug.*	279.3	0.1	1.3	3.3	4.0
Personal cons. expenditure deflator (2012 = 100)	July	115.9	0.4	1.5	2.9	4.2
<i>Excluding food and energy</i>	July	117.7	0.3	1.4	2.6	3.6
Producer price (2009 = 100)	Aug.	128.2	0.7	2.7	5.1	8.3
Export prices (2000 = 100)	Aug.*	142.6	0.4	2.6	8.9	16.8
Import prices (2000 = 100)	Aug.*	134.3	-0.3	1.1	4.9	9.0

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	---	---	77.6	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)	June	1,970,194	0.7	-0.7	1.7	8.0
Industrial production (2012 \$M)	June	387,884	1.7	0.2	1.9	9.3
Manufacturing sales (\$M)	July*	59,551	-1.5	1.9	4.3	12.2
Housing starts (k) ¹	Aug.*	260.2	270.7	284.6	272.9	261.5
Building permits (\$M)	July	9,897	-3.9	-10.4	-1.2	21.8
Retail sales (\$M)	June	56,161	4.2	-3.5	6.9	6.2
<i>Excluding automobiles (\$M)</i>	June	41,279	4.7	-4.6	6.3	5.8
Wholesale trade sales (\$M)	July*	70,069	-2.1	-2.3	0.6	8.0
Commercial surplus (\$M) ¹	July	778.1	2,562	476.3	1,476	-2,496
<i>Exports (\$M)</i>	July	53,749	0.6	6.4	4.4	17.0
<i>Imports (\$M)</i>	July	52,971	4.2	5.8	6.0	9.4
Employment (k) ²	Aug.	18,974	90.2	138.3	73.8	79.8
Unemployment rate (%) ¹	Aug.	7.1	7.5	8.2	8.2	10.2
Average weekly earnings (\$)	June	1,125	-1.0	0.3	0.8	0.7
Number of salaried employees (k) ²	June	16,272	214.8	39.2	49.2	158.5
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)	July	114.4	-0.4	2.8	9.7	15.4
Raw materials price (2010 = 100)	July	127.4	2.2	9.5	20.4	37.7
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		
	Sep. 17	Sep. 10	-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	0.03	0.05	0.05	0.05	0.01	0.10	0.12	0.06	0.01
Treasury bonds – 2 years	0.23	0.20	0.22	0.25	0.15	0.14	0.26	0.16	0.11
– 5 years	0.87	0.81	0.79	0.89	0.88	0.28	0.92	0.62	0.24
– 10 years	1.37	1.34	1.24	1.45	1.73	0.69	1.75	1.24	0.64
– 30 years	1.91	1.93	1.86	2.03	2.45	1.45	2.48	1.95	1.40
S&P 500 index (level)	4,440	4,459	4,442	4,166	3,913	3,319	4,537	3,972	3,237
DJIA index (level)	34,585	34,608	35,120	33,290	32,628	27,657	35,625	32,194	26,502
Gold price (US\$/ounce)	1,753	1,794	1,783	1,776	1,740	1,955	1,952	1,824	1,682
CRB index (level)	223.94	220.43	206.96	205.86	188.79	151.54	225.46	187.00	144.12
WTI oil (US\$/barrel)	71.81	69.80	63.50	71.64	60.01	41.11	75.38	58.20	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	0.13	0.14	0.18	0.13	0.09	0.15	0.19	0.11	0.05
Treasury bonds – 2 years	0.46	0.41	0.44	0.45	0.26	0.26	0.48	0.30	0.15
– 5 years	0.90	0.83	0.81	0.97	1.00	0.37	1.03	0.69	0.34
– 10 years	1.29	1.23	1.14	1.37	1.59	0.58	1.61	1.11	0.54
– 30 years	1.81	1.80	1.72	1.81	2.05	1.10	2.19	1.65	1.07
<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	0.10	0.09	0.13	0.08	0.08	0.05	0.13	0.06	-0.04
Treasury bonds – 2 years	0.23	0.21	0.22	0.20	0.11	0.12	0.29	0.14	0.01
– 5 years	0.03	0.02	0.02	0.08	0.12	0.09	0.21	0.07	-0.04
– 10 years	-0.09	-0.11	-0.10	-0.08	-0.14	-0.11	0.03	-0.13	-0.30
– 30 years	-0.10	-0.13	-0.14	-0.22	-0.40	-0.35	-0.09	-0.30	-0.46
S&P/TSX index (level)	20,487	20,633	20,339	20,000	18,854	16,199	20,821	18,631	15,581
Exchange rate (C\$/US\$)	1.2752	1.2691	1.2823	1.2464	1.2499	1.3206	1.3389	1.2662	1.2034
Exchange rate (C\$/€)	1.4963	1.4994	1.4999	1.4785	1.4879	1.5634	1.5741	1.5135	1.4619
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\$/€)	1.1735	1.1815	1.1697	1.1862	1.1904	1.1839	1.2327	1.1955	1.1632
<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	0.85	0.76	0.62	0.79	0.88	0.14	0.93	0.58	0.12
FTSE index (level)	6,962	7,029	7,088	7,017	6,709	6,007	7,220	6,702	5,577
Exchange rate (US\$/£)	1.3750	1.3841	1.3623	1.3811	1.3870	1.2917	1.4212	1.3667	1.2724
<u>Germany</u>									
Bonds – 10 years	-0.28	-0.33	-0.54	-0.25	-0.33	-0.48	-0.11	-0.42	-0.64
DAX index (level)	15,474	15,610	15,808	15,448	14,621	13,116	15,977	14,454	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)	30,500	30,382	27,013	28,964	29,792	23,360	30,670	27,710	22,977
Exchange rate (US\$/¥)	109.93	109.94	109.82	110.20	108.89	104.57	111.52	107.34	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.