

# WEEKLY NEWSLETTER

## Markets Worried as Tensions Rise in Ukraine

### MUSINGS OF THE WEEK

- ▶ Yet, there are some good news.

### KEY STATISTICS OF THE WEEK

- ▶ United States: Strong rebound in retail sales in January.
- ▶ United States: The demand for heating underpins industrial output.
- ▶ Housing starts in the United States fell, but the number of building permits issued as well as home resales rose.
- ▶ Canada: Inflation surges past 5%.
- ▶ Canada: Retailers closed 2021 with sales down.
- ▶ Canada: Manufacturing and wholesale sales increased in December.

### A LOOK AHEAD

- ▶ United States: Real consumption posted a strong rebound.

### FINANCIAL MARKETS

- ▶ Red alert on stock markets.
- ▶ The rise in bond yields takes a break.
- ▶ A quieter week for most exchange rates.

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# Musings of the Week

## Yet, There Are Some Good News

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

We've been talking about supply constraints for a while now, and there's been no shortage of other bad news as well. So this week we decided to focus on some rare good news: the significant easing of pandemic restrictions in Canada. Many provinces have announced plans to drop capacity limits, vaccine passports and telework mandates over the next few weeks. The federal government also announced that fully vaccinated travelers will no longer require PCR testing starting February 28.

If governments follow through on these promises, the February rebound we expect in GDP, hours worked and employment will likely be followed by a strong month of March. The end of telework mandates could be an important game changer. It should drive renewed demand at small businesses in large urban areas that depend on heavy foot traffic, as well as demand for transportation, catering, entertainment and accommodation.

But that demand will bump up against the issue of labour shortages, which were already constraining supply before Omicron hit. So when governments say high-contact businesses will be able to open at full capacity, that doesn't necessarily mean pre-pandemic capacity. And with businesses currently facing higher input costs for goods, labour, utilities and insurance, this means consumers have to brace for high prices.

As the saying goes, the best cure for high prices is high prices. That's because high prices dampen demand. Discretionary spending like eating out at a high-end restaurant tends to be more elastic, meaning it drops faster than other demand when prices go up. The vaccinated will return to fine dining because they miss it. The unvaccinated will presumably crave it even more. But sticker shock will likely drive many diners to seek out a better value, regardless of their vaccination status. Businesses that can meet that demand will gain market share. This is the other way high prices cure high prices: by rewarding increased efficiency gains and competitive offerings.

As currently calculated, the official Canadian consumer price index (CPI) does not account for shifts to consumption habits in real time because the spending basket weights are fixed. Patrons switching for a bit cheaper (yet still somewhat comparable) dining experiences is an example of what economic literature calls outlet substitution bias. The CPI omits the impact of this change in behaviour until the basket weights are updated, but in the meantime, substitution helps consumers mitigate rising prices. As a result, the CPI tends to overstate inflation. A similar bias exists for the consumption of goods, which is called the

commodity substitution bias. The [Bank of Canada](#) (BoC) used to estimate these two upward biases to be worth roughly 0.3 percentage points per year, although the period covered in their most recent work is somewhat dated (2005–2011). One can presume that these biases will be higher when inflation rises, as consumers have more of an incentive to shop around. The technology available to consumers today has dramatically increased their ability to do so.

Statistics Canada's move to update the CPI basket weights annually is helpful because it means that we should have a more precise measure of inflation by the time this update is performed, potentially towards mid-year. We may even obtain a hint beforehand, as Statistics Canada has been releasing a variable-weight CPI measure on an infrequent basis.

This won't be telling us that inflation is no longer worrying but since there is so much at stake, including for monetary policy, it is useful to have the most accurate read possible on the single most important economic variable of the day. If that means shifts in behaviour are somewhat helping consumers cope with inflation, and very importantly if we see other sources of relief (i.e., supply chains, energy, geopolitics), perhaps the BoC will be more confident that it won't need to be as "forceful" as Deputy Governor Tim Lane warned this week. Given the high footprint of rate-sensitive sectors like housing, that would be reassuring news.

# Key Statistics of the Week

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

## UNITED STATES

- ▶ Retail sales jumped 3.8% in January, following a 2.5% drop in December and a 0.7% gain in November. Automobile sales were up 5.7%, in January. The value of service station sales fell by 1.3%. Excluding autos and gas, sales were up 3.8% following a 3.2% drop in December. The main increases were driven by nonstore retailers (+14.5%), department stores (+9.2%) and furniture stores (+7.2%).
- ▶ Industrial production increased 1.4% in January following December's 0.1% decrease. Manufacturing output ticked up 0.2%, and the mining sector grew by 1.0%. Energy production jumped 9.9% after falling 1.8% in December.
- ▶ After a solid 9.2% gain in November followed by a timid 0.3% gain in December, housing starts suffered a 4.1% decline in January. The annualized level went from 1,708,000 units in December to 1,638,000 in January. The drop was largely due to colder temperatures. Single-family housing starts fell 5.6%, while multi-unit housing starts dropped 2.1%. Still, building permits were up 0.7%, the fourth increase in a row. In addition, the number of units under construction grew 1.4%, while completed units were down 5.2%.
- ▶ Sales of existing homes jumped 6.7% in January, after falling 3.8% in December. Annualized sales declined from 6,330,000 in November to 6,090,000 in December before bouncing back to hit 6,500,000 in January. It was the strongest resale month since January 2021.
- ▶ The first regional manufacturing indexes released in February included the Federal Reserve Bank of New York's Empire Index, which returned to positive territory by going from -0.7 in January to 3.1 in February. In contrast, the Federal Reserve Bank of Philadelphia's index declined from 23.2 in January to 16.0 in February.
- ▶ The Conference Board of Canada's leading indicator declined 0.3% in January, after gaining 0.7% in December, to record its first monthly decline since April 2020. Four of the index's ten components contributed negatively, with higher jobless claims taking the biggest bite.

## CANADA

- ▶ The consumer price index rose 0.9% in January. Inflation jumped 5.1% on a year-over-year basis in January, up from 4.8% in December. Inflation rose faster than expected again in January. Seasonal price growth was stronger than in previous years, but there's still considerable upward pressure on prices.
- ▶ The value of retail sales slid 1.8% in December. Core retail sales, which excludes motor vehicle and auto parts dealers as well as service stations, were down 2.4% during the month. In real terms, total sales grew 2.5%. According to Statistics Canada's preliminary results, the value of retail sales increased 2.4% in January.
- ▶ The value of manufacturing sales rose 0.7% in December, consistent with Statistics Canada's preliminary data. The performance of industries manufacturing plastic and rubber, metal or wood products, or motor vehicles was particularly stellar.
- ▶ Wholesale sales advanced 0.6% in December, beating the preliminary data. The increases posted in the automotive products as well as machinery, equipment and supplies sectors were partly offset by the decreases in food, beverage and tobacco as well as miscellaneous products.
- ▶ The downtrend in housing starts continued in January with 230,754 units compared to 238,405 in December. The bulk of the decrease was seen in multi-unit housing in urban areas. Ontario, Saskatchewan, Alberta and British Columbia were hit especially hard by January's pullback.
- ▶ After a slight pullback in December, existing property sales posted a 1.0% gain, returning to positive territory in January. Still, the number of transactions over one year plunged 10.7%. The property price index rose 2.9% during the month, resulting in a variation over one year of 28.0%.

# Financial Markets

## The Crisis in Ukraine Sends Stock Markets Tumbling Further

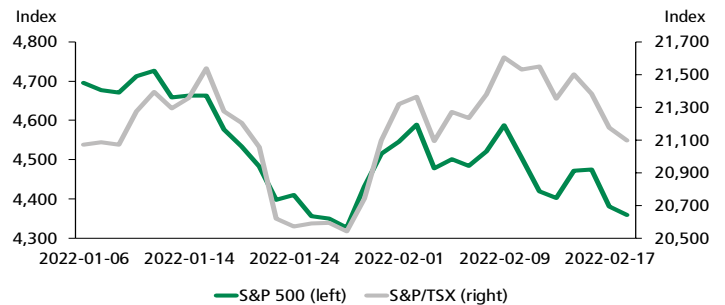
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Financial markets have continued to be volatile for another week. This time, however, it is mainly the geopolitical tensions between Ukraine, Russia and the North Atlantic Treaty Organization (NATO) that are drawing investors' attention. Earlier this week, the Russian government had announced the withdrawal of its troops from the Ukrainian border despite failed negotiations with NATO. However, a significant beefing up of Russian positions was observed just a few hours later, which brought volatility back to the markets. A military action could lead to the imposition of major economic sanctions by the United States and its allies. It could also jeopardize the Russian supply of oil and natural gas. Fuelled by these fears, the stock markets plunged during the day Thursday and then again Friday morning. The North American indexes were all down more than 1% for the week at the time of writing. Despite the geopolitical tensions in Europe, a barrel of WTI (West Texas Intermediate) dropped by close to US\$3 this week due to progress in negotiations to end the sanctions on Iranian oil.

Contrary to what was recently observed, the rise in interest rates has received less attention. North American bond yields nevertheless gained a few points at the start of the week. They then fell Thursday and Friday on the bad news in Ukraine. Bond yields were on track to end the week slightly below last Friday's level in the United States and a few basis points above in Canada.

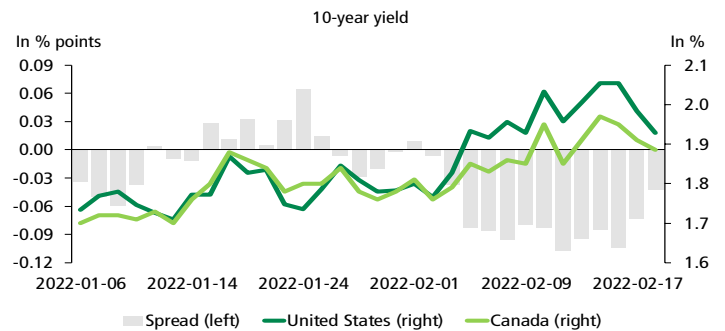
The foreign exchange market remained fairly quiet compared to previous weeks. On average, the U.S. dollar depreciated slightly during the first half of the week, but then regained some ground. At the time of writing, the euro was trading at close to US\$1.135, not very far from where it had closed the week before. The Swiss franc nevertheless seemed to profit from a slight safe haven effect, appreciating against the euro and U.S. dollar. The Canadian dollar appreciated slightly until Wednesday, to then lose its gains and end the week at around US\$0.785.

**GRAPH 1**  
Stock markets



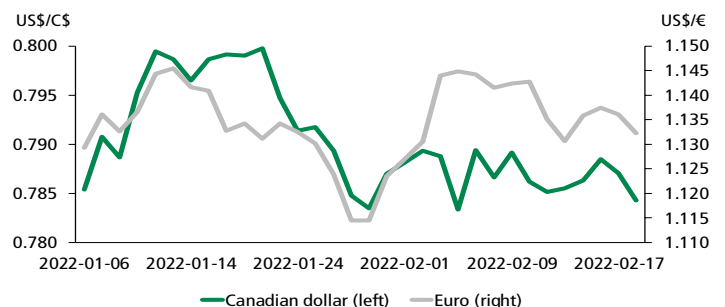
Sources: Datastream and Desjardins, Economic Studies

**GRAPH 2**  
Bond markets



Sources: Datastream and Desjardins, Economic Studies

**GRAPH 3**  
Currency markets



Sources: Datastream and Desjardins, Economic Studies

# A Look Ahead

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

## TUESDAY February 22 - 9:00

|                 |               |
|-----------------|---------------|
| <b>December</b> | <b>y/y</b>    |
| Consensus       | 18.15%        |
| Desjardins      | 17.80%        |
| <b>November</b> | <b>18.29%</b> |

## TUESDAY February 22 - 10:00

|                 |              |
|-----------------|--------------|
| <b>February</b> |              |
| Consensus       | 110.0        |
| Desjardins      | 108.5        |
| <b>January</b>  | <b>113.8</b> |

## THURSDAY February 24 - 10:00

|                 |                  |
|-----------------|------------------|
| <b>January</b>  | <b>ann. rate</b> |
| Consensus       | 807,000          |
| Desjardins      | 870,000          |
| <b>December</b> | <b>811,000</b>   |

## FRIDAY February 25 - 8:30

|                 |              |
|-----------------|--------------|
| <b>January</b>  | <b>m/m</b>   |
| Consensus       | 0.9%         |
| Desjardins      | 3.7%         |
| <b>December</b> | <b>-0.7%</b> |

## FRIDAY February 25 - 8:30

|                 |              |
|-----------------|--------------|
| <b>January</b>  | <b>m/m</b>   |
| Consensus       | 1.5%         |
| Desjardins      | 2.1%         |
| <b>December</b> | <b>-0.6%</b> |

## UNITED STATES

**S&P/Case-Shiller index of existing home prices (December)** – After slowing down somewhat in September and October, growth in the S&P/Case-Shiller index for the 20 largest cities picked up again in November with a monthly gain of 1.2%. A 1.0% increase is expected for December, which is still very high. This would take the annual variation from 18.3% to 17.8%.

**Conference Board consumer confidence index (February)** – After rebounding temporarily in December, consumer confidence slumped again in January according to the Conference Board index. However, it remains above the levels reached earlier in 2021, while other indexes, such as the University of Michigan, recently hit a more than ten-year low. The Conference Board index is also likely to fall further in February. Although the Omicron wave is easing, fears surrounding the situation in Ukraine, high inflation, high gas prices and widespread discontent with the Biden administration are further eroding U.S. household sentiment. The Michigan and TIPP indexes were also down in February. We expect the Conference Board index to pull back to 108.5.

**Sales of new homes (January)** – Sales of new homes posted a second consecutive monthly gain of close to 12% in December. These gains drove up annualized sales from 649,000 units in October to 725,000 in November and then 811,000 in December, the highest they have been since March 2021. Another gain is expected for January. The 6.8% growth in building permits for single-family homes in January is particularly noteworthy. Builder confidence is still high. Sales should therefore rise to 870,000 units.

**New durable goods orders (January)** – After solid growth of 3.2% in November, new durable goods orders slipped 0.7% in December. These fluctuations are largely due to the aviation sector. The seesawing seems to have carried through into early 2022. We therefore expect aviation to make another major positive contribution to new orders in January, for a monthly gain of 10.0% for transportation as a whole. Excluding transportation, a 1.0% increase is anticipated. All in all, new orders should post a 3.7% jump.

**Consumer spending (January)** – Consumer spending had a difficult end to 2021, with decreases in real consumption of 0.2% in November and 1.0% in December. Fortunately, a sharp spike is expected in January, despite the effects of the Omicron wave and declines in a number of consumer confidence indexes. First, a 20.0% monthly rise in the number of new vehicles sold in January was observed. Second, retail sales were very strong at the very start of 2022 with a leap of 3.8%, excluding motor vehicles and gas. Third, services consumption will be amplified by strong heating demand due to a fairly cold January after a warm December. A drop in food services will, however, minimize this positive effect on services. Bottom line: real consumption should see a 1.6% gain. The consumer expenditure deflator should tick up 0.5%, which will boost nominal consumption. The deflator should reach an annual variation of 6.0%, which would be the highest rate since February 1982.

FRIDAY February 25 - 8:30

**CANADA**

**Capital and Repair Expenditures Survey (2022)** – On Friday, Statistics Canada will release the findings of its annual survey of business investment intentions for 2022. Hopes are high, as another survey conducted by the Bank of Canada shows that a large proportion of businesses plan to increase their spending on machinery and equipment over the next 12 months. With labour shortages and heavy pressure on production capacities, higher business investment is becoming more and more of a necessity. It remains to be seen to what extent the many persisting uncertainties will curb businesses' enthusiasm.

MONDAY February 21 - 4:00

**February**

Consensus


52.9


**January****52.3****OVERSEAS**

**Euro zone: PMI index (February – preliminary)** – In January, the euro zone's composite PMI index continued the downward trend it had started in December after a temporary increase in November. The index therefore hit 52.3, quite a bit lower than the cyclical peak of 60.2 six months earlier. The waning COVID-19 wave caused by the Omicron variant and the lifting of many public health restrictions should be favourable factors for businesses in February. However, supply chain issues and higher commodity and transportation costs remain in place and could limit improvement in PMI indexes.

# Economic Indicators

## Week of February 21 to 25, 2022

| Day                  | Hour  | Indicator  | Period     | Consensus |  | Previous data |
|----------------------|-------|--|------------|-----------|---|---------------|
| <b>UNITED STATES</b> |       |  |            |           |   |               |
| <b>MONDAY 21</b>     | ---   | Markets closed (President's Day)                                     |            |           |   |               |
|                      | 11:15 | Speech of a Federal Reserve Governor, M. Bowman                      |            |           |   |               |
| <b>TUESDAY 22</b>    | 9:00  | S&P/Case-Shiller home price index (y/y)                              | Dec.       | 18.15%    | 17.80%  | 18.29%        |
|                      | 10:00 | Consumer confidence  | Feb.       | 110.0     | 108.5   | 113.8         |
|                      | 15:30 | Speech of the Federal Reserve Bank of Atlanta President, R. Bostic   |            |           |   |               |
| <b>WEDNESDAY 23</b>  | ---   | ---  |            |           |   |               |
| <b>THURSDAY 24</b>   | 8:30  | Initial unemployment claims  | Feb. 14-18 | 235,000   | 235,000   | 248,000       |
|                      | 8:30  | Real GDP (ann. rate)   | Q4s        | 7.0%      | 6.9%  | 6.9%          |
|                      | 9:00  | Speech of the Federal Reserve Bank of Richmond President, T. Barkin  |            |           |   |               |
|                      | 10:00 | New home sales (ann. rate)   | Jan.       | 807,000   | 870,000   | 811,000       |
|                      | 11:10 | Speech of the Federal Reserve Bank of Atlanta President, R. Bostic   |            |           |   |               |
|                      | 12:00 | Speech of the Federal Reserve Bank of Cleveland President, L. Mester |            |           |   |               |
|                      | 20:00 | Speech of a Federal Reserve Governor, C. Waller                      |            |           |   |               |
| <b>FRIDAY 25</b>     | 8:30  | Durable goods orders (m/m)   | Jan.       | 0.9%      | 3.7%  | -0.7%         |
|                      | 8:30  | Personal income (m/m)  | Jan.       | -0.4%     | -0.4%   | 0.3%          |
|                      | 8:30  | Personal consumption expenditures (m/m)                              | Jan.       | 1.5%      | 2.1%  | -0.6%         |
|                      | 8:30  | Personal consumption expenditures deflator                           |            |           |   |               |
|                      |       | Total (m/m)  | Jan.       | 0.6%      | 0.5%  | 0.4%          |
|                      |       | Excluding food and energy (m/m)                                      | Jan.       | 0.5%      | 0.4%  | 0.5%          |
|                      |       | Total (y/y)  | Jan.       | 6.0%      | 6.0%  | 5.8%          |
|                      |       | Excluding food and energy (y/y)                                      | Jan.       | 5.2%      | 5.1%  | 4.9%          |
|                      | 10:00 | Michigan's consumer sentiment index – final                          | Feb.       | 61.7      | 61.7  | 61.7          |
|                      | 10:00 | Pending home sales (m/m)   | Jan.       | -1.0%     | n/a   | -3.8%         |
| <b>CANADA</b>        |       |  |            |           |   |               |
| <b>MONDAY 21</b>     | ---   | Markets closed (Family Day, except for Quebec)                       |            |           |   |               |
| <b>TUESDAY 22</b>    | ---   | ---  |            |           |   |               |
| <b>WEDNESDAY 23</b>  | ---   | ---  |            |           |   |               |
| <b>THURSDAY 24</b>   | 8:30  | Average weekly earnings (y/y)  | Dec.       | n/a       | 1.9%  | 1.9%          |
|                      | 8:30  | Number of salaried employees (m/m)                                   | Dec.       | n/a       | 0.3%  | 0.2%          |
| <b>FRIDAY 25</b>     | 8:30  | Capital and Repair Expenditures Survey (2022)                        |            |           |   |               |

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 February 21 to 25, 2022

| Country             | Hour  | Indicator                             | Period | Consensus |       | Previous data |       |  |
|---------------------|-------|---------------------------------------|--------|-----------|-------|---------------|-------|--|
|                     |       |                                       |        | m/m (q/q) | y/y   | m/m (q/q)     | y/y   |  |
| <b>OVERSEAS</b>     |       |                                       |        |           |       |               |       |  |
| <b>MONDAY 21</b>    |       |                                       |        |           |       |               |       |  |
| France              | 3:15  | PMI composite index – preliminary     | Feb.   | 53.0      |       | 52.7          |       |  |
| France              | 3:15  | PMI manufacturing index – preliminary | Feb.   | 55.5      |       | 55.5          |       |  |
| France              | 3:15  | PMI services index – preliminary      | Feb.   | 54.0      |       | 53.1          |       |  |
| Germany             | 3:30  | PMI composite index – preliminary     | Feb.   | 54.5      |       | 53.8          |       |  |
| Germany             | 3:30  | PMI manufacturing index – preliminary | Feb.   | 59.8      |       | 59.8          |       |  |
| Germany             | 3:30  | PMI services index – preliminary      | Feb.   | 53.1      |       | 52.2          |       |  |
| Euro zone           | 4:00  | PMI composite index – preliminary     | Feb.   | 52.9      |       | 52.3          |       |  |
| Euro zone           | 4:00  | PMI manufacturing index – preliminary | Feb.   | 58.7      |       | 58.7          |       |  |
| Euro zone           | 4:00  | PMI services index – preliminary      | Feb.   | 52.1      |       | 51.1          |       |  |
| United Kingdom      | 4:30  | PMI composite index – preliminary     | Feb.   | 55.3      |       | 54.2          |       |  |
| United Kingdom      | 4:30  | PMI manufacturing index – preliminary | Feb.   | 57.0      |       | 57.3          |       |  |
| United Kingdom      | 4:30  | PMI services index – preliminary      | Feb.   | 55.5      |       | 54.1          |       |  |
| <b>TUESDAY 22</b>   |       |                                       |        |           |       |               |       |  |
| Germany             | 4:00  | Ifo survey – Business climate         | Feb.   | 96.5      |       | 95.7          |       |  |
| Germany             | 4:00  | Ifo survey – Current situation        | Feb.   | 96.5      |       | 96.1          |       |  |
| Germany             | 4:00  | Ifo survey – Expectations             | Feb.   | 96.1      |       | 95.2          |       |  |
| New Zealand         | 20:00 | Reserve Bank of New Zealand meeting   | Feb.   | 1.00%     |       | 0.75%         |       |  |
| <b>WEDNESDAY 23</b> |       |                                       |        |           |       |               |       |  |
| South Korea         | ---   | Bank of Korea meeting                 | Feb.   | 1.25%     |       | 1.25%         |       |  |
| Germany             | 2:00  | Consumer confidence                   | March  | -6.3      |       | -6.7          |       |  |
| France              | 2:45  | Business confidence                   | Feb.   | 108       |       | 107           |       |  |
| France              | 2:45  | Production outlook                    | Feb.   | n/a       |       | 13            |       |  |
| Euro zone           | 5:00  | Consumer price index – final          | Jan.   | 0.3%      | 5.1%  | 0.3%          | 5.0%  |  |
| <b>THURSDAY 24</b>  |       |                                       |        |           |       |               |       |  |
| France              | 2:45  | Consumer confidence                   | Feb.   | 100       |       | 99            |       |  |
| Japan               | 18:30 | Consumer price index – Tokyo          | Feb.   |           | 0.7%  |               | 0.5%  |  |
| United Kingdom      | 19:01 | Consumer confidence                   | Feb.   | -17       |       | -19           |       |  |
| <b>FRIDAY 25</b>    |       |                                       |        |           |       |               |       |  |
| Germany             | 2:00  | Real GDP – final                      | Q4     | -0.7%     | 1.4%  | -0.7%         | 1.4%  |  |
| France              | 2:45  | Personal consumption expenditures     | Jan.   | -0.8%     | -1.5% | 0.2%          | -5.1% |  |
| France              | 2:45  | Consumer price index – preliminary    | Feb.   | n/a       | n/a   | 0.3%          | 2.9%  |  |
| France              | 2:45  | Real GDP – final                      | Q4     | 0.7%      | 5.4%  | 0.7%          | 5.4%  |  |
| Euro zone           | 4:00  | Money supply M3                       | Jan.   |           | 6.7%  |               | 6.9%  |  |
| Italy               | 4:00  | Consumer confidence                   | Feb.   | 114.4     |       | 114.2         |       |  |
| Italy               | 4:00  | Economic confidence                   | Feb.   | n/a       |       | 105.4         |       |  |
| Euro zone           | 5:00  | Consumer confidence – final           | Feb.   | n/a       |       | -8.8          |       |  |
| Euro zone           | 5:00  | Industrial confidence                 | Feb.   | 14.1      |       | 13.9          |       |  |
| Euro zone           | 5:00  | Services confidence                   | Feb.   | 10.2      |       | 9.1           |       |  |
| Euro zone           | 5:00  | Economic confidence                   | Feb.   | 113.0     |       | 112.7         |       |  |

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 | 2021                 | 2020   | 2019   |
| Gross domestic product (2012 \$B)                 | 2021 Q4     | 19,806 | 6.9           | 5.5    | 5.7                  | -3.4   | 2.3    |
| Consumption (2012 \$B)                            | 2021 Q4     | 13,843 | 3.3           | 7.1    | 7.9                  | -3.8   | 2.2    |
| Government spending (2012 \$B)                    | 2021 Q4     | 3,357  | -2.9          | 0.0    | 0.5                  | 2.5    | 2.2    |
| Residential investment (2012 \$B)                 | 2021 Q4     | 692.8  | -0.8          | -2.2   | 9.0                  | 6.8    | -0.9   |
| Non-residential investment (2012 \$B)             | 2021 Q4     | 2,899  | 2.0           | 6.4    | 7.3                  | -5.3   | 4.3    |
| Business inventory change (2012 \$B) <sup>1</sup> | 2021 Q4     | 173.5  | ---           | ---    | -37.5                | -42.3  | 75.1   |
| Exports (2012 \$B)                                | 2021 Q4     | 2,401  | 24.5          | 5.3    | 4.6                  | -13.6  | -0.1   |
| Imports (2012 \$B)                                | 2021 Q4     | 3,739  | 17.7          | 9.6    | 14.0                 | -8.9   | 1.2    |
| Final domestic demand (2012 \$B)                  | 2021 Q4     | 20,787 | 1.9           | 5.3    | 6.5                  | -2.5   | 2.4    |
| GDP deflator (2012 = 100)                         | 2021 Q4     | 121.3  | 6.9           | 5.8    | 4.2                  | 1.3    | 1.8    |
| Labor productivity (2012 = 100)                   | 2021 Q4     | 113.1  | 6.6           | 2.0    | 1.8                  | 2.4    | 2.0    |
| Unit labor cost (2012 = 100)                      | 2021 Q4     | 122.7  | 0.3           | 3.1    | 3.2                  | 4.5    | 1.8    |
| Employment cost index (Dec. 2005 = 100)           | 2021 Q4     | 148.1  | 4.2           | 4.0    | 3.3                  | 2.6    | 2.8    |
| Current account balance (\$B) <sup>1</sup>        | 2021 Q3     | -214.8 | ---           | ---    | -616.1               | -472.1 | -438.2 |

<sup>1</sup> Statistics representing the level during the period; \* New statistic in comparison with last week.

**UNITED STATES**
**Monthly economic indicators**

|   | REF. MONTH | LEVEL   | VARIATION (%) |           |           |         |
|---|------------|---------|---------------|-----------|-----------|---------|
|   |            |         | -1 month      | -3 months | -6 months | -1 year |
| Leading indicator (2016 = 100)                              | Jan.*      | 119.6   | -0.3          | 1.1       | 2.6       | 8.6     |
| ISM manufacturing index <sup>1</sup>                        | Jan.       | 57.6    | 58.8          | 60.8      | 59.9      | 59.4    |
| ISM non-manufacturing index <sup>1</sup>                    | Jan.       | 59.9    | 62.3          | 66.7      | 64.1      | 58.5    |
| Cons. confidence Conference Board (1985 = 100) <sup>1</sup> | Jan.       | 113.8   | 115.2         | 111.6     | 125.1     | 87.1    |
| Personal consumption expenditure (2012 \$B)                 | Dec.       | 13,737  | -1.0          | -0.4      | 0.3       | 7.1     |
| Disposable personal income (2012 \$B)                       | Dec.       | 15,367  | -0.2          | -0.6      | -1.5      | -0.2    |
| Consumer credit (\$B)                                       | Dec.       | 4,431   | 0.4           | 1.7       | 2.9       | 5.9     |
| Retail sales (\$M)  | Jan.*      | 649,776 | 3.8           | 1.8       | 5.6       | 13.0    |
| <i>Excluding automobiles (\$M)</i>                          | Jan.*      | 517,269 | 3.3           | 1.1       | 5.8       | 13.4    |
| Industrial production (2012 = 100)                          | Jan.*      | 103.5   | 1.4           | 2.2       | 2.3       | 4.1     |
| Production capacity utilization rate (%) <sup>1</sup>       | Jan.*      | 77.6    | 76.6          | 76.1      | 76.2      | 75.0    |
| New machinery orders (\$M)                                  | Dec.       | 530,723 | -0.4          | 2.6       | 4.9       | 13.3    |
| New durable good orders (\$M)                               | Dec.       | 268,188 | -0.7          | 2.6       | 4.1       | 13.0    |
| Business inventories (\$B)                                  | Dec.*      | 2,207   | 2.1           | 4.9       | 7.2       | 10.5    |
| Housing starts (k) <sup>1</sup>                             | Jan.*      | 1,638   | 1,708         | 1,552     | 1,562     | 1,625   |
| Building permits (k) <sup>1</sup>                           | Jan.*      | 1,899   | 1,885         | 1,653     | 1,630     | 1,883   |
| New home sales (k) <sup>1</sup>                             | Dec.       | 811.0   | 725.0         | 725.0     | 683.0     | 943.0   |
| Existing home sales (k) <sup>1</sup>                        | Jan.*      | 6,500   | 6,090         | 6,190     | 6,030     | 6,650   |
| Commercial surplus (\$M) <sup>1</sup>                       | Dec.       | -80,731 | -79,331       | -80,814   | -72,314   | -65,802 |
| Nonfarm employment (k) <sup>2</sup>                         | Jan.       | 149,629 | 467.0         | 1,624     | 3,242     | 6,612   |
| Unemployment rate (%) <sup>1</sup>                          | Jan.       | 4.0     | 3.9           | 4.6       | 5.4       | 6.4     |
| Consumer price (1982-1984 = 100)                            | Jan.       | 281.9   | 0.6           | 1.9       | 3.6       | 7.5     |
| <i>Excluding food and energy</i>                            | Jan.       | 286.4   | 0.6           | 1.7       | 2.7       | 6.0     |
| Personal cons. expenditure deflator (2012 = 100)            | Dec.       | 118.7   | 0.4           | 1.7       | 2.9       | 5.8     |
| <i>Excluding food and energy</i>                            | Dec.       | 120.0   | 0.5           | 1.4       | 2.3       | 4.9     |
| Producer price (2009 = 100)                                 | Jan.*      | 133.0   | 0.9           | 2.3       | 4.3       | 9.7     |
| Export prices (2000 = 100)                                  | Jan.*      | 148.3   | 2.9           | 1.9       | 4.4       | 15.1    |
| Import prices (2000 = 100)                                  | Jan.*      | 140.1   | 2.0           | 2.3       | 4.1       | 10.8    |

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

**CANADA**
**Quarterly economic indicators**

|   | REF. QUART. | LEVEL     | VARIATION (%) |        | ANNUAL VARIATION (%) |         |         |
|---|-------------|-----------|---------------|--------|----------------------|---------|---------|
|   |             |           | Quart. ann.   | 1 year | 2020                 | 2019    | 2018    |
| Gross domestic product (2012 \$M)                     | 2021 Q3     | 2,093,927 | 5.4           | 4.0    | -5.2                 | 1.9     | 2.8     |
| Household consumption (2012 \$M)                      | 2021 Q3     | 1,189,996 | 17.9          | 5.0    | -6.2                 | 1.4     | 2.6     |
| Government consumption (2012 \$M)                     | 2021 Q3     | 445,787   | -0.7          | 3.9    | 0.0                  | 1.7     | 3.2     |
| Residential investment (2012 \$M)                     | 2021 Q3     | 158,802   | -31.3         | 0.3    | 4.3                  | -0.2    | -1.1    |
| Non-residential investment (2012 \$M)                 | 2021 Q3     | 165,988   | -0.9          | 2.3    | -12.1                | 2.5     | 3.5     |
| Business inventory change (2012 \$M) <sup>1</sup>     | 2021 Q3     | -8,290    | ---           | ---    | -18,720              | 18,377  | 16,610  |
| Exports (2012 \$M)                                    | 2021 Q3     | 619,913   | 8.0           | -1.1   | -9.7                 | 2.3     | 3.8     |
| Imports (2012 \$M)                                    | 2021 Q3     | 637,383   | -2.3          | 3.8    | -10.8                | 0.4     | 3.3     |
| Final domestic demand (2012 \$M)                      | 2021 Q3     | 2,111,754 | 5.4           | 3.9    | -4.1                 | 1.2     | 2.7     |
| GDP deflator (2012 = 100)                             | 2021 Q3     | 119.6     | 3.1           | 7.7    | 0.7                  | 1.5     | 1.7     |
| Labour productivity (2012 = 100)                      | 2021 Q3     | 109.0     | -5.9          | -5.4   | 8.3                  | 1.1     | 1.0     |
| Unit labour cost (2012 = 100)                         | 2021 Q3     | 120.6     | 7.7           | 6.2    | 3.7                  | 2.5     | 2.6     |
| Current account balance (\$M) <sup>1</sup>            | 2021 Q3     | 1,369     | ---           | ---    | -39,415              | -47,041 | -53,141 |
| Production capacity utilization rate (%) <sup>1</sup> | 2021 Q3     | 81.4      | ---           | ---    | 77.5                 | 81.9    | 83.2    |
| Disposable personal income (\$M)                      | 2021 Q3     | 1,471,864 | 7.2           | 5.1    | 8.9                  | 4.8     | 3.0     |
| Corporate net operating surplus (\$M)                 | 2021 Q3     | 356,068   | -23.9         | 12.6   | -1.9                 | -0.6    | 4.8     |

<sup>1</sup> Statistics representing the level during the period; \* New statistic in comparison with last week.

**CANADA**
**Monthly economic indicators**

|   | REF. MONTH | LEVEL     | VARIATION (%) |           |           |         |
|---|------------|-----------|---------------|-----------|-----------|---------|
|   |            |           | -1 month      | -3 months | -6 months | -1 year |
| Gross domestic product (2012 \$M)             | Nov.       | 2,014,598 | 0.6           | 1.6       | 3.5       | 3.8     |
| Industrial production (2012 \$M)              | Nov.       | 393,755   | 0.0           | 1.1       | 3.9       | 3.6     |
| Manufacturing sales (\$M)                     | Dec.*      | 63,996    | 0.7           | 8.7       | 6.1       | 16.6    |
| Housing starts (k) <sup>1</sup>               | Jan.*      | 230.8     | 238.4         | 238.1     | 274.1     | 315.5   |
| Building permits (\$M)                        | Dec.       | 11,156    | -1.9          | 9.1       | 8.4       | 19.9    |
| Retail sales (\$M)                            | Dec.*      | 57,047    | -1.8          | 0.5       | 1.6       | 8.6     |
| <i>Excluding automobiles (\$M)</i>            | Dec.*      | 42,058    | -2.5          | -0.2      | 1.8       | 8.3     |
| Wholesale trade sales (\$M)                   | Dec.*      | 76,216    | 0.6           | 6.4       | 6.7       | 13.5    |
| Commercial surplus (\$M) <sup>1</sup>         | Dec.       | -137.4    | 2,466         | 1,123     | 1,922     | -2,088  |
| <i>Exports (\$M)</i>                          | Dec.       | 57,612    | -0.9          | 9.0       | 8.0       | 21.7    |
| <i>Imports (\$M)</i>                          | Dec.       | 57,749    | 3.7           | 11.6      | 12.3      | 16.8    |
| Employment (k) <sup>2</sup>                   | Jan.       | 19,176    | -200.1        | 11.4      | 49.4      | 74.2    |
| Unemployment rate (%) <sup>1</sup>            | Jan.       | 6.5       | 6.0           | 6.8       | 7.4       | 9.4     |
| Average weekly earnings (\$)                  | Nov.       | 1,131     | 0.1           | -0.3      | -0.4      | 1.9     |
| Number of salaried employees (k) <sup>2</sup> | Nov.       | 16,970    | 37.2          | 89.9      | 152.2     | 86.8    |
| Consumer price (2002 = 100)                   | Jan.*      | 145.3     | 0.9           | 1.0       | 2.1       | 5.1     |
| <i>Excluding food and energy</i>              | Jan.*      | 137.5     | 0.6           | 0.5       | 1.4       | 3.5     |
| <i>Excluding 8 volatile items</i>             | Jan.*      | 142.6     | 0.8           | 0.8       | 1.9       | 4.3     |
| Industrial product price (2010 = 100)         | Dec.       | 118.5     | 0.7           | 2.2       | 3.0       | 16.1    |
| Raw materials price (2010 = 100)              | Dec.       | 129.4     | -2.9          | 1.4       | 3.8       | 29.0    |
| Money supply M1+ (\$M)                        | Nov.       | 1,602,441 | 1.2           | 1.3       | 4.7       | 15.3    |

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

**UNITED STATES, CANADA, OVERSEAS**
**Major financial indicators**

| IN % (EXPECTED IF INDICATED)                | ACTUAL  | PREVIOUS DATA |          |           |           |         | LAST 52 WEEKS |         |        |
|---|---------|---------------|----------|-----------|-----------|---------|---------------|---------|--------|
|   | Feb. 18 | Feb. 11       | -1 month | -3 months | -6 months | -1 year | Higher        | Average | Lower  |
| <b>United States</b>                        |         |               |          |           |           |         |               |         |        |
| Federal funds – target                      | 0.25    | 0.25          | 0.25     | 0.25      | 0.25      | 0.25    | 0.25          | 0.25    | 0.25   |
| Treasury bill – 3 months                    | 0.33    | 0.37          | 0.17     | 0.05      | 0.05      | 0.04    | 0.45          | 0.07    | 0.01   |
| Treasury bonds – 2 years                    | 1.47    | 1.52          | 1.00     | 0.48      | 0.22      | 0.11    | 1.59          | 0.39    | 0.12   |
| – 5 years                                   | 1.82    | 1.87          | 1.55     | 1.20      | 0.79      | 0.58    | 1.95          | 1.01    | 0.58   |
| – 10 years                                  | 1.93    | 1.96          | 1.75     | 1.53      | 1.24      | 1.33    | 2.05          | 1.53    | 1.17   |
| – 30 years                                  | 2.26    | 2.27          | 2.06     | 1.91      | 1.86      | 2.15    | 2.48          | 2.09    | 1.68   |
| S&P 500 index (level)                       | 4,360   | 4,419         | 4,398    | 4,698     | 4,442     | 3,907   | 4,797         | 4,368   | 3,768  |
| DJIA index (level)                          | 34,149  | 34,738        | 34,265   | 35,602    | 35,120    | 31,494  | 36,800        | 34,632  | 30,924 |
| Gold price (US\$/ounce)                     | 1,895   | 1,834         | 1,832    | 1,860     | 1,783     | 1,785   | 1,906         | 1,796   | 1,682  |
| CRB index (level)                           | 263.68  | 263.08        | 248.48   | 235.02    | 206.96    | 188.63  | 265.43        | 219.04  | 184.08 |
| WTI oil (US\$/barrel)                       | 91.58   | 93.10         | 86.79    | 75.94     | 63.50     | 60.49   | 95.46         | 72.40   | 57.71  |
| <b>Canada</b>                               |         |               |          |           |           |         |               |         |        |
| Overnight – target                          | 0.25    | 0.25          | 0.25     | 0.25      | 0.25      | 0.25    | 0.25          | 0.25    | 0.25   |
| Treasury bill – 3 months                    | 0.34    | 0.31          | 0.42     | 0.11      | 0.18      | 0.09    | 0.47          | 0.14    | 0.00   |
| Treasury bonds – 2 years                    | 1.49    | 1.46          | 1.24     | 0.97      | 0.44      | 0.23    | 1.55          | 0.63    | 0.22   |
| – 5 years                                   | 1.73    | 1.72          | 1.62     | 1.45      | 0.81      | 0.64    | 1.82          | 1.11    | 0.67   |
| – 10 years                                  | 1.89    | 1.85          | 1.78     | 1.66      | 1.14      | 1.21    | 1.97          | 1.49    | 1.12   |
| – 30 years                                  | 2.16    | 2.13          | 1.99     | 2.00      | 1.72      | 1.80    | 2.22          | 1.93    | 1.66   |
| <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                    | 0.01    | -0.06         | 0.25     | 0.06      | 0.13      | 0.05    | 0.30          | 0.08    | -0.11  |
| Treasury bonds – 2 years                    | 0.02    | -0.06         | 0.24     | 0.49      | 0.22      | 0.12    | 0.62          | 0.24    | -0.08  |
| – 5 years                                   | -0.09   | -0.15         | 0.07     | 0.25      | 0.02      | 0.06    | 0.33          | 0.10    | -0.15  |
| – 10 years                                  | -0.04   | -0.11         | 0.03     | 0.13      | -0.10     | -0.12   | 0.17          | -0.05   | -0.21  |
| – 30 years                                  | -0.10   | -0.14         | -0.07    | 0.09      | -0.14     | -0.35   | 0.18          | -0.17   | -0.45  |
| S&P/TSX index (level)                       | 21,098  | 21,549        | 20,621   | 21,555    | 20,339    | 18,384  | 21,769        | 20,263  | 18,060 |
| Exchange rate (C\$/US\$)                    | 1.2750  | 1.2737        | 1.2583   | 1.2640    | 1.2823    | 1.2612  | 1.2943        | 1.2527  | 1.2034 |
| Exchange rate (C\$/€)                       | 1.4434  | 1.4457        | 1.4272   | 1.4269    | 1.4999    | 1.5284  | 1.5386        | 1.4678  | 1.4145 |
| <b>Overseas</b>                             |         |               |          |           |           |         |               |         |        |
| <u>Euro zone</u>                            |         |               |          |           |           |         |               |         |        |
| ECB – Refinancing rate                      | 0.00    | 0.00          | 0.00     | 0.00      | 0.00      | 0.00    | 0.00          | 0.00    | 0.00   |
| Exchange rate (US\$/€)                      | 1.1323  | 1.1351        | 1.1342   | 1.1289    | 1.1697    | 1.2119  | 1.2252        | 1.1720  | 1.1145 |
| <u>United Kingdom</u>                       |         |               |          |           |           |         |               |         |        |
| BoE – Base rate                             | 0.50    | 0.50          | 0.25     | 0.10      | 0.10      | 0.10    | 0.50          | 0.14    | 0.10   |
| Bonds – 10 years                            | 1.38    | 1.55          | 1.17     | 0.88      | 0.62      | 0.73    | 1.59          | 0.89    | 0.58   |
| FTSE index (level)                          | 7,522   | 7,661         | 7,494    | 7,224     | 7,088     | 6,624   | 7,672         | 7,123   | 6,483  |
| Exchange rate (US\$/£)                      | 1.3582  | 1.3562        | 1.3556   | 1.3454    | 1.3623    | 1.4016  | 1.4212        | 1.3737  | 1.3208 |
| <u>Germany</u>                              |         |               |          |           |           |         |               |         |        |
| Bonds – 10 years                            | 0.20    | 0.26          | -0.10    | -0.34     | -0.54     | -0.35   | 0.28          | -0.26   | -0.54  |
| DAX index (level)                           | 15,043  | 15,425        | 15,604   | 16,160    | 15,808    | 13,993  | 16,272        | 15,444  | 13,786 |
| <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)                        | 27,122  | 27,696        | 27,522   | 29,746    | 27,013    | 30,018  | 30,670        | 28,711  | 26,170 |
| Exchange rate (US\$/¥)                      | 115.10  | 115.43        | 113.70   | 114.00    | 109.82    | 105.45  | 116.16        | 111.31  | 105.08 |

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.