

WEEKLY NEWSLETTER

Omicron Has Opposite Effect on Jobs in the United States and Canada

MUSINGS OF THE WEEK

- ▶ Do central banks still look through higher oil prices?

KEY STATISTICS OF THE WEEK

- ▶ United States churns out amazing 467,000 jobs gains.
- ▶ United States: The ISM indexes dipped in January.
- ▶ Canada: Real GDP posted another strong performance in November.
- ▶ Canada: 200,100 jobs lost in January.

A LOOK AHEAD

- ▶ U.S. inflation is expected to keep climbing.
- ▶ Canada: The trade balance could deteriorate somewhat in December.

FINANCIAL MARKETS

- ▶ Optimism has returned to the markets, but volatility is not far away.
- ▶ The 10-year yield exceeded 1.90% in the United States and is nearing it in Canada.
- ▶ The euro has rebounded strongly in anticipation of future changes in the European Central Bank's monetary policy.

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Musings of the Week

Do Central Banks Still Look through Higher Oil Prices?

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

This week, North American central banks were probably relieved they recently retired the transitory inflation narrative. The price of a barrel of WTI crude has skyrocketed 40% over the past two months. This week, it topped US\$90 for the first time since 2014. Its spectacular rise has been driven largely by a slower-than-expected supply response to higher prices. It's also been fuelled by a post-Omicron increase in mobility that is leading demand to recover.

In the United States, gasoline prices are up 41% from a year ago, again challenging the assumption that energy inflation will subside rapidly. Just last week, the Bank of Canada (BoC) upgraded its 2022 inflation forecast from 3.4% to 4.2% but it assumed oil prices would remain steady at US\$85. If they ran the numbers today, they'd have to upgrade their inflation forecast again.

Meanwhile, the Bank of England (BoE) is now expecting U.K. inflation to peak at 7.25% in April. Three quarters of this upward revision is due to higher projected goods and energy prices. If that scenario pans out, it implies more pressure on real incomes and spending. As a result, the BoE downgraded its real GDP growth forecast, expecting the economy to move from slight excess demand to slight excess capacity over the next year.

In our view, this week's moves by the BoE exemplifies today's central bank reaction functions. Central banks seldom raise rates while issuing a forecast showing a deteriorating output gap. But not only did the BoE raise rates this week, it was just one vote shy of hiking them 50 basis points. Anyone wondering if stagflation might be giving central bankers pause about liftoff got their answer: rates are simply too low right now. That's why we believe the Fed will raise rates at each of its next three meetings in March, May and June, while the BoC will make the move at its next two meetings in March and April.

Today's weak Canadian job numbers don't really change our thinking on this, especially given what BoC Governor Tiff Macklem said this week. When asked whether inflation from lingering supply constraints might call for a more tolerant approach, Macklem clearly seemed to favour reducing demand even if supply issues persist. He cited the higher cost of reining in prices if long-term inflation expectations become de-anchored.

Central banks' emphasis on inflation expectations explains why they're now less likely to dismiss high energy prices. When

inflation is persistently high and labour markets are tight, there's less room for that kind of nitpicking.

But while there's a clear case for getting monetary policy off its emergency settings, we can't lose sight of the dangers of overdoing it and short-circuiting the recovery. That's especially true in places like Canada, where prolonged accommodation has resulted in the buildup of significant financial vulnerabilities. So after these two opening rate hikes, we expect the BoC to quickly settle on a familiar, gradual normalization path.

Key Statistics of the Week

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

UNITED STATES

- ▶ The establishment survey reported 467,000 net hires in January, following gains of 510,000 jobs in December (revised up from 199,000) and 647,000 in November (revised up from 249,000). Construction shed 5,000 jobs, whereas manufacturing saw 13,000 hires. There were 440,000 new jobs in private sector services, following a similar gain of 441,000 jobs in December. Weekly hours worked fell from 34.7 to 34.5, the lowest since the first wave of the pandemic in April 2020. January's results came with an annual revision of data. The revision boosted (+217,000) the job gains recorded in 2021 from 6,448,000 to 6,665,000.
- ▶ The jobless rate ticked up slightly from 3.9% in December to 4.0% in January. This is the first increase in since June 2021.
- ▶ In January, the ISM manufacturing index dipped slightly from 58.8 to 57.6, its lowest level since November 2020. Five out of the ten components decreased, including order backlog (-6.4 points), new orders (-3.1 points) and current production (-1.6 points). Despite the small 0.3-point drop, supplier deliveries remain extremely high at 64.6. The price component jumped once again to reach 76.1.
- ▶ The ISM services index pulled back 2.4 points last month, going from 62.3 to 59.9, its lowest level since February 2021. Seven of the ten components fell. Export orders (-15.6 points), new orders (-8.4 points) and order backlog (-4.9 points) posted the biggest declines.
- ▶ The number of new vehicles sold surged 20.0% in January after falling 3.8% in December. Annualized sales increased from 12,540,000 units in December to 15,042,000 last month. This is the highest level since June but still 10.4% below sales a year ago.
- ▶ Construction spending was up 0.2% in December, after gaining 0.6% in November. Residential construction advanced by 1.1%, while private non-residential construction stagnated (0.0%). Public construction dropped 1.6%.

CANADA

- ▶ Real GDP by industry rose 0.6% in November, far exceeding Statistics Canada's advance estimate of a 0.3% uptick. November's reading brings real GDP by industry slightly above its pre-pandemic level. According to Statistics Canada, advanced information indicates that real GDP by industry was essentially unchanged in December and grew at an annualized rate of 6.6% in the fourth quarter. This means that the Canadian economy continued to demonstrate strong momentum in the second half of 2021. After growing at an annualized pace of 5.4% in the third quarter, it looks as though the economy grew even faster in the final three months of the year. And it managed to do so in the face of challenges like the flooding in British Columbia, which exacerbated supply chain issues.
- ▶ The labour market lost 200,100 jobs in January, far more than expected. The service sector saw the most job losses (-223,100), with accommodation and food services (-112,900) and information, culture and recreation (-48,400) especially hard hit. Unemployment rose half a point to 6.5%. Today's employment report was worse than expected, but January's job losses came as no surprise. We knew public health measures taken in response to the Omicron variant would be hard on the labour market. The provinces and sectors that lost the most jobs had the toughest restrictions. Beyond the sectoral and regional closures, the high contagiousness of the Omicron variant and the explosion in the number of cases have exacerbated the difficulties in the labor market. In January, 10% of the workforce was absent from the job due to illness or disability—the most since the start of the pandemic.

Financial Markets

A Positive, but Hectic Week on the Markets

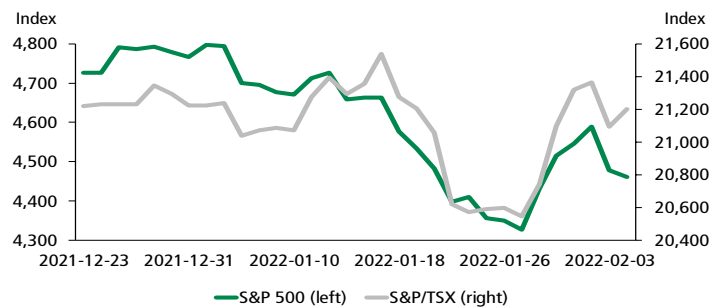
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The North American markets had rebounded strongly just before close last Friday, and optimism remained this week. The main indexes gained back some points from Monday to Wednesday, with volatility falling. However, Thursday was a reminder to investors that the markets are still very excitable. The U.S. indexes plummeted during the day, led by the NASDAQ, which lost over 3.7% after Meta Inc. (formerly Facebook) released disappointing results. Its shares fell more than 26%, a US\$230B loss of market capitalization, the greatest drop in value ever registered for a company in one day. At the time of writing on Friday morning, the markets still seemed hesitant despite positive U.S. employment figures. The NASDAQ was bouncing back, bringing its growth for the week back to about 2% compared to just over 1% for the Dow Jones and the S&P 500. The Canadian S&P/TSX index rose some 2.5%, taking advantage of energy prices.

On the bond markets, the week started off on a quiet note. However, yields picked up on Thursday and then soared in the United States on Friday morning after the employment figures were released. Yields rose by more than ten basis points for almost all U.S. maturities, while Canadian federal government bonds were up slightly below that range. Yields also rose significantly in Europe in anticipation of the European Central Bank (ECB) signalling a change to its monetary policy in March.

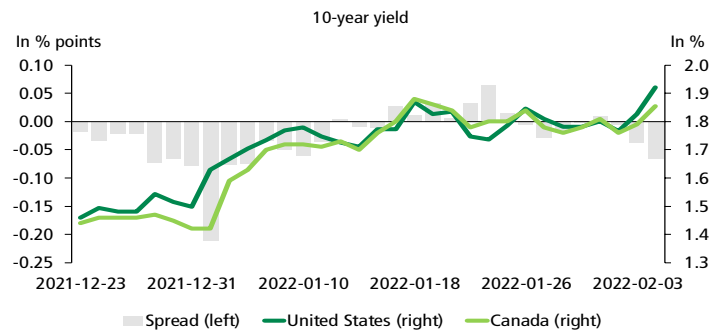
The effective DXY U.S. dollar exchange rate index was down for most of the week, but edged up on Friday in reaction to the positive U.S. employment figures. The euro appreciated considerably this week. Investors were expecting a change in tone from the ECB at its monetary policy meeting on Thursday. In the end, its communiqué did not change much, but President Christine Lagarde reiterated that the risks of inflation are rising. The markets now expect the ECB to signal changes to its monetary policy more clearly in March when it updates its forecasts. Despite oil selling at over US\$90 a barrel, the Canadian dollar did not keep its gains this week, dropping in value on Friday in reaction to disappointing Canadian employment figures.

GRAPH 1
Stock markets



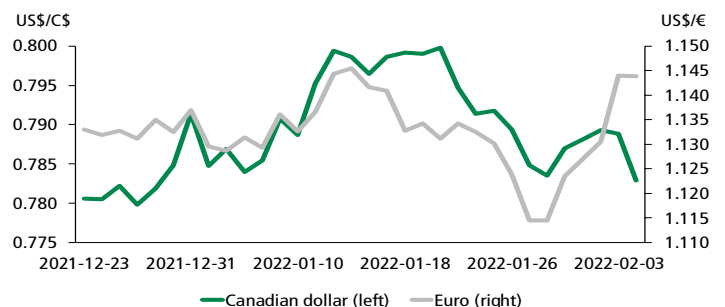
Sources: Datastream and Desjardins, Economic Studies

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

THURSDAY February 10 - 8:30

January	m/m
Consensus	0.5%
Desjardins	0.5%
December	0.5%

FRIDAY February 11 - 10:00

February	
Consensus	67.5
Desjardins	66.5
January	67.2

TUESDAY February 8 - 8:30

December	\$B
Consensus	2.45
Desjardins	2.97
November	3.13

FRIDAY February 11 - 2:00

Q4 2021	q/q
Consensus	1.1%
Q3 2021	1.1%

UNITED STATES

Consumer price index (December) – Inflation remains robust in the United States. December’s 7.0% was the highest rate since June 1982. The consumer price index (CPI) likely continued its lofty ascent in January. Further contributions are expected from energy (after December’s drop in gasoline prices) and food. Not including food and gasoline, core CPI is expected to climb 0.5% in January, just shy of the 0.6% gain in December. Supply-side constraints have not yet eased and strong price pressures persist on a number of goods. All told, we peg the monthly variation in total inflation at 0.5% as well. That would push the annual variation from 7.0% to 7.4%, a peak not seen since February 1982. Core inflation is expected to gather pace from 5.5% to 6.0%, which would mark the highest rate since August 1982.

University of Michigan consumer confidence index (February – preliminary) – January saw the University of Michigan confidence index fall once again, settling at 67.2, its lowest level since 2011. A further decline is likely in the cards for February. Inflationary fears, havoc wrought by the Omicron variant, tensions with Russia over Ukraine, the decrease of the main stock markets in recent weeks and higher year-to-date gas prices all point to a souring in household sentiment. We expect the University of Michigan confidence index to ease to 66.5.

CANADA


International merchandise trade (December) – Expressed in Canadian dollars and adjusted for seasonal fluctuations, the commodity price index was down 1% in December. Lower energy prices were largely offset by rising prices for other commodities, including forest products. Motor vehicle production was also lower, slipping 1.3% south of the border for the month, suggesting a slight pullback in trade between Canada and the United States in the industry. In addition, the adverse effects of transportation bottlenecks due to flooding in British Columbia likely continued in December. Ultimately, with December’s total exports expected to grow at a slightly slower pace than imports, the trade balance for the month could deteriorate somewhat.


OVERSEAS

United Kingdom: Real GDP (Q4) – After very strong 5.4% (non-annualized) growth in the spring, British real GDP climbed a robust 1.1% in the third quarter. Another gain is expected in the fourth quarter of 2021. Monthly GDP gains from October and November translate into a carryover of 1.1%. However, the variation in quarterly real GDP may reflect more sluggish growth. The United Kingdom has been hard hit by the Omicron variant, with some indicators, such as December’s 3.7% monthly drop in retail sales, pointing to a possible contraction in monthly GDP, which could put a damper on quarterly GDP growth.

Economic Indicators

Week of February 7 to 11, 2022

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 7						
	15:00	Consumer credit (US\$B)	Dec.	23.400	34.000	39.991
TUESDAY 8						
	8:30	Trade balance – Goods and services (US\$B)	Dec.	-83.0	-81.8	-80.2
WEDNESDAY 9						
	10:00	Wholesale inventories – final (m/m)	Dec.	2.0%	2.1%	2.1%
	10:30	Speech of a Federal Reserve Governor, M. Bowman				
	12:00	Speech of the Federal Reserve Bank of Cleveland President, L. Mester				
THURSDAY 10						
	8:30	Initial unemployment claims	Jan. 31-Feb. 4	235,000	230,000	238,000
	8:30	Consumer price index				
		Total (m/m)	Jan.	0.5%	0.5%	0.5%
		Excluding food and energy (m/m)	Jan.	0.5%	0.5%	0.6%
		Total (y/y)	Jan.	7.3%	7.4%	7.0%
		Excluding food and energy (y/y)	Jan.	5.9%	6.0%	5.5%
	14:00	Federal budget (US\$B)	Jan.	n/a	n/a	-162.8
FRIDAY 11						
	10:00	Michigan's consumer sentiment index – preliminary	Feb.	67.5	66.5	67.2
CANADA						
MONDAY 7						
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TUESDAY 8						
	8:30	International trade (\$B)	Dec.	2.45	2.97	3.13
WEDNESDAY 9						
	12:00	Speech of the Bank of Canada Governor, T. Macklem				
THURSDAY 10						
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FRIDAY 11						
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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 7 to 11, 2022

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 7								
Japan	0:00	Leading indicator – preliminary	Dec.	103.7		103.2		
Japan	0:00	Coincident indicator – preliminary	Dec.	92.6		92.8		
Germany	2:00	Industrial production	Dec.	0.5%	-3.7%	-0.2%	-2.4%	
Japan	18:50	Current account (¥B)	Dec.	1,120.1		1,369.5		
TUESDAY 8								
France	2:45	Trade balance (€M)	Dec.	n/a		-9,727		
France	2:45	Current account (€B)	Dec.	n/a		-3.6		
Italy	4:00	Retail sales	Dec.	-0.2%	n/a	-0.4%	12.5%	
India	23:30	Reserve Bank of India meeting	Feb.	4.00%		4.00%		
WEDNESDAY 9								
Germany	2:00	Trade balance (€B)	Dec.	11.0		12.0		
Germany	2:00	Current account (€B)	Dec.	20.0		18.9		
Italy	4:00	Industrial production	Dec.	-0.9%	4.6%	1.9%	6.3%	
Japan	18:50	Producer price index	Jan.	0.4%	8.2%	-0.2%	8.5%	
THURSDAY 10								
Sweden	3:30	Bank of Sweden meeting	Feb.	0.00%		0.00%		
Mexico	14:00	Bank of Mexico meeting	Feb.	6.00%		5.50%		
FRIDAY 11								
United Kingdom	2:00	Trade balance (£M)	Dec.	-400		626		
United Kingdom	2:00	Construction	Dec.	-0.9%	7.5%	3.5%	6.8%	
United Kingdom	2:00	Index of services	Dec.	-0.7%		0.7%		
United Kingdom	2:00	Monthly GDP	Dec.	-0.5%		0.9%		
United Kingdom	2:00	Real GDP – preliminary	Q4	1.1%	6.4%	1.1%	6.8%	
United Kingdom	2:00	Industrial production	Dec.	0.1%	0.6%	1.0%	0.1%	
Germany	2:00	Consumer price index – final	Jan.	0.4%	4.9%	0.4%	4.9%	
Russia	5:30	Bank of Russia meeting	Feb.	9.50%		8.50%		

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) ¹	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) 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	Jan.*	57.6	58.8	60.8	59.9	59.4
ISM non-manufacturing index ¹	Jan.*	59.9	62.3	66.7	64.1	58.5
Cons. confidence Conference Board (1985 = 100) ¹	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)	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)	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)	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.	1,885	1,717	1,586	1,594	1,758
New home sales (k) ¹	Dec.	811.0	725.0	725.0	683.0	943.0
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	Jan.*	149,629	467.0	1,624	3,242	6,612
Unemployment rate (%) ¹	Jan.*	4.0	3.9	4.6	5.4	6.4
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)	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)	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	8.3	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) 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)	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)	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)	Dec.*	11,156	-1.9	9.1	8.4	19.9
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	Jan.*	19,176	-200.1	11.4	49.4	74.2
Unemployment rate (%) ¹	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) ²	Nov.	16,970	37.2	89.9	152.2	86.8
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)	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

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		
	Feb. 4	Jan. 28	-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	0.22	0.19	0.10	0.05	0.06	0.03	0.24	0.05	0.01
Treasury bonds – 2 years	1.30	1.16	0.79	0.37	0.19	0.11	1.30	0.34	0.11
– 5 years	1.77	1.61	1.50	1.04	0.75	0.46	1.77	0.96	0.45
– 10 years	1.92	1.78	1.77	1.45	1.29	1.17	1.92	1.50	1.13
– 30 years	2.22	2.08	2.12	1.89	1.93	1.97	2.48	2.08	1.68
S&P 500 index (level)	4,461	4,432	4,677	4,698	4,437	3,887	4,797	4,347	3,768
DJIA index (level)	34,857	34,725	36,232	36,328	35,209	31,148	36,800	34,498	30,924
Gold price (US\$/ounce)	1,805	1,785	1,792	1,810	1,764	1,808	1,906	1,795	1,682
CRB index (level)	259.99	252.85	237.90	235.00	214.49	181.39	259.99	216.08	183.55
WTI oil (US\$/barrel)	92.54	88.20	78.90	81.27	68.25	56.83	92.54	71.15	57.71
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	0.28	0.29	0.20	0.14	0.17	0.06	0.47	0.13	0.00
Treasury bonds – 2 years	1.36	1.25	1.07	0.92	0.48	0.20	1.36	0.58	0.19
– 5 years	1.71	1.63	1.50	1.36	0.88	0.48	1.71	1.06	0.48
– 10 years	1.85	1.76	1.72	1.59	1.24	1.00	1.88	1.45	0.99
– 30 years	2.10	2.00	1.97	1.96	1.75	1.59	2.19	1.91	1.58
<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	0.06	0.10	0.10	0.09	0.11	0.03	0.30	0.08	-0.06
Treasury bonds – 2 years	0.05	0.09	0.28	0.55	0.29	0.09	0.62	0.24	0.05
– 5 years	-0.06	0.02	0.00	0.32	0.13	0.02	0.33	0.10	-0.11
– 10 years	-0.07	-0.02	-0.05	0.14	-0.05	-0.17	0.17	-0.05	-0.21
– 30 years	-0.11	-0.08	-0.15	0.07	-0.18	-0.38	0.18	-0.17	-0.45
S&P/TSX index (level)	21,200	20,742	21,084	21,456	20,475	18,136	21,769	20,148	18,060
Exchange rate (C\$/US\$)	1.2773	1.2764	1.2646	1.2456	1.2554	1.2753	1.2943	1.2526	1.2034
Exchange rate (C\$/€)	1.4614	1.4225	1.4367	1.4408	1.4765	1.5360	1.5410	1.4712	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\$/€)	1.1439	1.1145	1.1361	1.1568	1.1762	1.2044	1.2252	1.1748	1.1145
<u>United Kingdom</u>									
BoE – Base rate	0.50	0.25	0.25	0.10	0.10	0.10	0.50	0.12	0.10
Bonds – 10 years	1.40	1.25	1.18	0.85	0.70	0.51	1.40	0.85	0.48
FTSE index (level)	7,506	7,466	7,485	7,304	7,123	6,489	7,611	7,085	6,483
Exchange rate (US\$/£)	1.3529	1.3406	1.3589	1.3497	1.3873	1.3735	1.4212	1.3749	1.3208
<u>Germany</u>									
Bonds – 10 years	0.20	-0.08	-0.07	-0.28	-0.50	-0.47	0.20	-0.28	-0.54
DAX index (level)	15,094	15,319	15,948	16,054	15,761	14,057	16,272	15,394	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)	27,440	26,717	28,479	29,612	27,820	28,779	30,670	28,809	26,170
Exchange rate (US\$/¥)	115.26	115.26	115.57	113.42	110.27	105.38	116.16	110.92	104.59

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.