

# WEEKLY NEWSLETTER

## Rising Bond Yields Affect the Stock Market

### HIGHLIGHTS

- ▶ United States: Consumption bounced back in January thanks to the relief plan passed at the end of 2020.
- ▶ U.S. consumer confidence improved, according to the Conference Board index.
- ▶ Sales of new single-family homes in the United States picked up in January.
- ▶ Canada: The investment outlook is more positive for 2021.

### A LOOK AHEAD

- ▶ United States: Job creation is expected to rebound in February.
- ▶ United States: ISM index dips are anticipated.
- ▶ Canada: Real GDP growth should slow down in December, yielding a gain of around 7.5% (annualized) for the fourth quarter of 2020 as a whole.
- ▶ Canada: Labour productivity could drop further in the fourth quarter of 2020.
- ▶ Canada: The merchandise trade balance could see a slight improvement in January.

### FINANCIAL MARKETS

- ▶ The stock markets retreated in the face of higher bond yields.
- ▶ The increase was steeper for 5-year bond yields.
- ▶ The Canadian dollar temporarily exceeded US\$0.80.

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# Key Statistics of the Week

## UNITED STATES

- ▶ U.S. real personal consumption increased 2.0% in January after dropping 0.8% in December and 0.6% in November. Real disposable personal income jumped 11.0% in January. The household savings rate went from 13.4% in December to 20.5% in January. One year ago, it was at 7.6%.
- ▶ U.S. real GDP was upgraded slightly for the fourth quarter of 2020. Quarterly annualized growth ticked up from 4.0% to 4.1%. Growth in real consumption was downgraded slightly, but gains in business investment and inventories were a bit stronger.
- ▶ According to the Conference Board index, U.S. consumer confidence improved this month. The index went from 88.9 in January to 91.3 in February. The increase stemmed solely from the present situation component (+6.5%), while the expectations component was down (-0.4%).
- ▶ New durable goods orders rose more than anticipated in January, posting a monthly gain of 3.4%, following a 1.2% increase in December. The transportation sector grew 7.8% thanks to an unexpected surge of 389.9% in civil aviation orders. Excluding transportation, orders were up 1.4%.
- ▶ Sales of new single-family homes increased 4.3% in January after gaining 5.5% in December. These two consecutive increases did not wipe out the weak sales in the second half of 2020, and the 923,000 single-family home sales posted in January are still below the recent peak of 979,000 reached last July.
- ▶ The S&P/Case-Shiller index of existing home prices in the 20 largest cities saw rapid growth in December, posting a monthly variation of 1.2%. The annual change went from 9.2% to 10.1%, the strongest growth since April 2014.
- ▶ The Conference Board's leading indicator was up 0.5% in January after gaining 0.4% in December. As anticipated, the index was boosted by the increase in building permits, which contributed 0.3 percentage points to its growth. Hours worked, the ISM manufacturing index and interest rate spreads also had a positive impact.

Francis Généreux, Senior economist

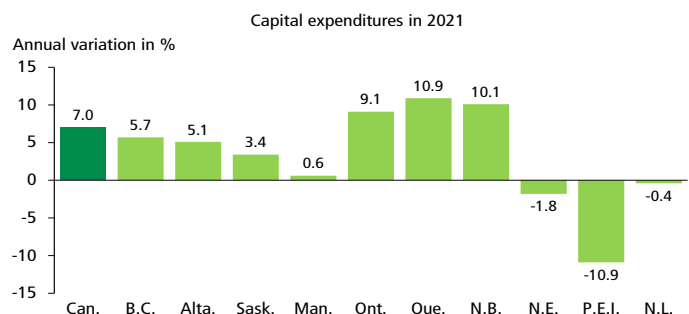
## CANADA

- ▶ This morning Statistics Canada released the results of its annual investment outlook survey conducted from September 2020 to January 2021. Capital expenditures of businesses and public and private organizations should rise 7.0% in 2021. According to the preliminary results, 2020 closed with a decline of 9.2%. However, there are mixed signals between sectors. On the one hand, much less investment is expected in the industries that were hit hard by health measures such as accommodation and food services (-26.6%). On the other hand, there should be a sharp rise in some other industries such as public services (+16.8%), manufacturing (+11.3%) and professional, scientific and technical services (+11.3%). Among the provinces, Quebec stands out with a forecast increase of 10.9% in 2021. A 9.1% increase is expected in Ontario.

Benoit P. Durocher, Senior economist

## CANADA

### Quebec could post the highest increase in investments in 2021



Sources: Statistics Canada and Desjardins, Economic Studies

# Financial Markets

## Inflation Fears Are Mounting and Penalizing the Markets

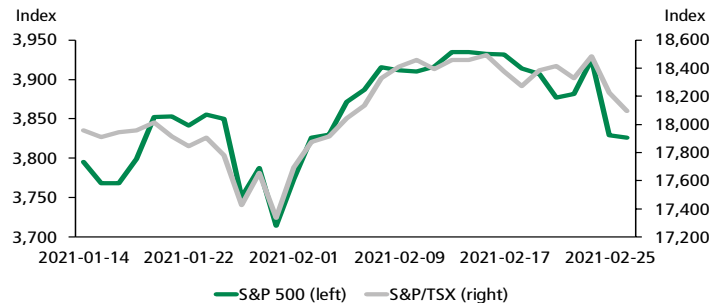
The bond markets stole the show this week with sudden increases in yields, greatly worrying investors. The markets seem to be banking on the U.S. economy recovering quickly by the end of the year, whereas the Federal Reserve (Fed) is staying true to its highly interventionist approach, and choosing to focus on the job market's tough situation. Strong economic growth fuelled by government spending and an expansionary monetary policy suggest a rapid return of inflation, making low-yield bonds much less attractive. The increase in bond yields penalized risky asset classes, especially highly valued tech stocks, but overall, all the North American indexes took a hit this week. At the time of writing, the Dow Jones had lost a little over 1%, the S&P 500 and S&P/TSX had dropped over 2%, and the NASDAQ was down 5%. The price of gold also retreated in the past weeks, under pressure from higher bond yields. The price of a barrel of WTI (West Texas Intermediate) oil was up a little over 2%, boosted by a better economic outlook and supply constraints.

The bond markets experienced violent swings, especially Thursday, with the U.S. 5-year yield soaring almost 18 basis points. While U.S. markets appeared to have regained their calm on Friday morning, in Canada, yields continued to climb. The Canadian 5-year yield posted an impressive surge of 35 basis points for the week, exceeding momentarily the 1% mark, compared with a gain of about 23 basis points in the United States.

There was also a lot of movement on the currency market this week, with the Canadian dollar temporarily passing the US\$0.80 mark on Thursday. At the time of writing, it was back at US\$0.79. Many currencies appreciated against the U.S. dollar. The euro temporarily rose above US\$1.22, while the pound hit US\$1.42. The U.S. dollar appeared in better shape on Friday, but it was clear that it is being buffeted by headwinds. The outlook for a stronger economic rebound in the United States is helping the greenback, but investors are at the same time assessing the risk of higher inflation, especially if the Fed stays the course with its ultra-accommodative monetary policy.

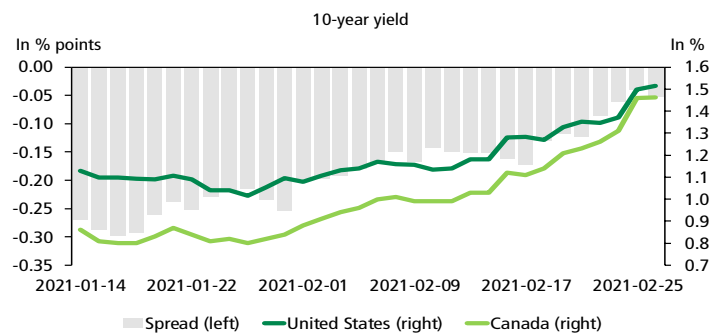
**Hendrix Vachon**, Senior Economist  
**Lorenzo Tessier-Moreau**, Senior Economist

**GRAPH 1**  
**Stock markets**



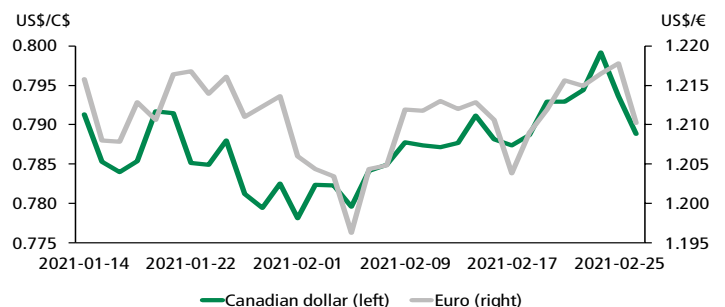
Sources: Datastream and Desjardins, Economic Studies

**GRAPH 2**  
**Bond markets**



Sources: Datastream and Desjardins, Economic Studies

**GRAPH 3**  
**Currency markets**



Sources: Datastream and Desjardins, Economic Studies

# A Look Ahead

## MONDAY March 1 - 10:00

### February

|            |      |
|------------|------|
| Consensus  | 58.6 |
| Desjardins | 57.8 |

### January

**58.7**

## WEDNESDAY March 3 - 10:00

### February

|            |      |
|------------|------|
| Consensus  | 58.6 |
| Desjardins | 58.1 |

### January

**58.7**

## FRIDAY March 5 - 8:30

### February

|            |         |
|------------|---------|
| Consensus  | 150,000 |
| Desjardins | 300,000 |

### January

**49,000**

## TUESDAY March 2 - 8:30

### December

**m/m**

|            |      |
|------------|------|
| Consensus  | 0.1% |
| Desjardins | 0.3% |

### November

**0.7%**

## TUESDAY March 2 - 8:30

### Q4 2020

**ann. rate**

|            |      |
|------------|------|
| Consensus  | 7.2% |
| Desjardins | 7.5% |

### Q3 2020

**40.5%**

## UNITED STATES

**ISM manufacturing index (February)** – After climbing 2.8 points in December, the ISM manufacturing index fell 1.8 points in January. It went from its cyclical peak of 60.5 to 58.7, which is still very high. Another decrease is expected for February. That is the indication from the regional manufacturing indexes released up to now. A large part of the United States was struck by bad weather in mid-February, and the sudden storms in Texas could have a negative impact on some ISM components, particularly the energy sector. That said, the effect on delivery schedules (which were down in January) could partially shore up the index. Pressure on prices could still be significant. The ISM manufacturing index is expected to go down to 57.8, but it could go even lower.

**ISM services index (February)** – The ISM services index soared in January although several factors indicated a decline, including the restrictive health measures that were still in effect in some regions. Fewer COVID-19 cases and the reopening of some services, especially in New York and California, could push the ISM services index back up in February. But here again, the bad weather that hit several regions in mid-month, particularly Texas, could affect the ISM services index. That said, variations in regional indicators and confidence indexes are giving off mixed signals. We nevertheless expect a slight drop in the ISM services index, which could go down to 58.1, which is still very high.

**Job creation according to the establishment survey (February)** – Job creation was very close to expectations in January, with a modest gain of 49,000. We expect much more robust growth for February. A lower number of jobless claims since mid-January points in that direction. The job-related components of the Conference Board consumer confidence index also rose in February. The reopening of some services after COVID-19 cases declined should translate into higher job figures. The harsh weather should not have a major effect on this sector, because the severe cold and the storms started just after the reference week, which must include the 12th of the month. We expect 300,000 new jobs in February. The jobless rate should stay at 6.3%, but an unexpected shakeup in the labour force could make it move more.

## CANADA

**Real GDP by industry (December)** – The growth of real GDP by industry should slow down in December due to the second wave of COVID-19 and new, ramped up health measures. According to Statistics Canada's preliminary results, December should close with a growth of real GDP by industry of around 0.3%. Note that it had risen 0.7% in November.

**Real GDP (Q4)** – After an exceptional rebound in the third quarter of 2020, the growth pace of the Canadian economy flattened out in the fourth. Real GDP by industry rose 0.4% in October, followed by a 0.7% gain in November. Factoring in the 0.3% increase expected for December, the fourth quarter should close with an annualized real GDP growth rate of about 7.5%. The growth of domestic demand should slow significantly due to a more uncertain backdrop featuring a less pronounced increase in consumer spending and a downtick in non-residential business investment, both caused by the second wave of the pandemic.

**THURSDAY March 4 - 8:30**

|                |               |
|----------------|---------------|
| <b>Q4 2020</b> | <b>q/q</b>    |
| Consensus      | n/a           |
| Desjardins     | -1.8%         |
| <b>Q3 2020</b> | <b>-10.3%</b> |

**FRIDAY March 5 - 8:30**

|                 |              |
|-----------------|--------------|
| <b>January</b>  | <b>\$B</b>   |
| Consensus       | -1.40        |
| Desjardins      | -1.04        |
| <b>December</b> | <b>-1.67</b> |

**THURSDAY March 4 - 5:00**

|                 |             |
|-----------------|-------------|
| <b>January</b>  | <b>m/m</b>  |
| Consensus       | -1.3%       |
| <b>December</b> | <b>2.0%</b> |

**Labour productivity (Q4)** – According to the preliminary results, business output was up 2.0% in the fourth quarter of 2020, but the number of hours worked in the private sectors rose 3.8%. In such conditions, worker productivity should decline by about 1.8% in the fourth quarter. Lower productivity will push labour unit costs up.


**International merchandise trade (January)** – Commodity prices rose again in January, especially energy. That points to a fairly strong demand, which should boost the value of Canadian commodity exports. That said, some of the other sectors may be in difficulty due to restrictive health measures. U.S. industrial output figures indicate a slump in the motor vehicle industry. The health measures should also have an impact on domestic demand, dragging imports down. In the end, the trade balance should show a slight improvement in January.


**OVERSEAS**

**Euro zone: Retail sales (January)** – European retail sales are fluctuating at the mercy of the COVID-19 waves and the health measures aimed at curbing them. The tightening of restrictions in some European countries in the fall led to a 5.7% drop in retail sales in November. Sales then rose 2.0% in December as things calmed down around the holiday season. However, a new slump is expected at the start of the year. France's consumption fell 4.6% in January. The figures out of Germany to be released on Tuesday will help paint a more accurate picture of what is to come.

# Economic Indicators

## Week of March 1 to 5, 2021

| Day                  | Hour  | Indicator  | Period     | Consensus  |  | Previous data |
|----------------------|-------|--|------------|------------|---|---------------|
| <b>UNITED STATES</b> |       |  |            |            |   |               |
| <b>MONDAY 1</b>      | 9:00  | Speech of the New York Fed President, J. Williams    |            |            |   |               |
|                      | 9:05  | Speech of a Federal Reserve Governor, L. Brainard    |            |            |   |               |
|                      | 10:00 | Construction spending (m/m)                          | Jan.       | 0.8%       | 0.6%  | 1.0%          |
|                      | 10:00 | ISM manufacturing index                              | Feb.       | 58.6       | 57.8  | 58.7          |
|                      | 14:00 | Speech of the Atlanta Fed President, R. Bostic       |            |            |   |               |
|                      | 14:00 | Speech of the Minneapolis Fed President, N. Kashkari |            |            |   |               |
|                      | 14:00 | Speech of the Cleveland Fed President, L. Mester     |            |            |   |               |
| <b>TUESDAY 2</b>     | ---   | Total vehicle sales (ann. rate)                      | Feb.       | 16,400,000 | 16,000,000  | 16,630,000    |
|                      | 13:00 | Speech of a Federal Reserve Governor, L. Brainard    |            |            |   |               |
|                      | 14:00 | Speech of the San Francisco Fed President, M. Daly   |            |            |   |               |
| <b>WEDNESDAY 3</b>   | 10:00 | ISM services index                                   | Feb.       | 58.6       | 58.1  | 58.7          |
|                      | 10:00 | Speech of the Philadelphia Fed President, P. Harker  |            |            |   |               |
|                      | 13:00 | Speech of the Chicago Fed President, C. Evans        |            |            |   |               |
|                      | 14:00 | Release of the <i>Beige Book</i>                     |            |            |   |               |
| <b>THURSDAY 4</b>    | 8:30  | Initial unemployment claims                          | Feb. 22-26 | 793,000    | 725,000   | 730,000       |
|                      | 8:30  | Nonfarm productivity – final (ann. rate)             | Q4         | -4.8%      | -4.8%   | -4.8%         |
|                      | 8:30  | Unit labor costs – final (ann. rate)                 | Q4         | 6.8%       | 6.8%  | 6.8%          |
|                      | 10:00 | Factory orders (m/m)                                 | Jan.       | 1.3%       | 2.1%  | 1.1%          |
|                      | 12:05 | Speech of the Federal Reserve Chair, J. Powell       |            |            |   |               |
| <b>FRIDAY 5</b>      | 8:30  | Trade balance – Goods and services (US\$B)           | Jan.       | -67.5      | -67.6   | -66.6         |
|                      | 8:30  | Change in nonfarm payrolls                           | Feb.       | 150,000    | 300,000   | 49,000        |
|                      | 8:30  | Unemployment rate                                    | Feb.       | 6.4%       | 6.3%  | 6.3%          |
|                      | 8:30  | Weekly worked hours                                  | Feb.       | 34.9       | 35.0  | 35.0          |
|                      | 8:30  | Average hourly earnings (m/m)                        | Feb.       | 0.2%       | 0.1%  | 0.2%          |
|                      | 15:00 | Consumer credit (US\$B)                              | Jan.       | 12.000     | 2.000   | 9.734         |
| <b>CANADA</b>        |       |  |            |            |   |               |
| <b>MONDAY 1</b>      | 8:30  | Current account balance (\$B)                        | Q4         | -7.00      | -7.00   | -7.53         |
| <b>TUESDAY 2</b>     | 8:30  | Real GDP by industry (m/m)                           | Dec.       | 0.1%       | 0.3%  | 0.7%          |
|                      | 8:30  | Real GDP (ann. rate)                                 | Q4         | 7.2%       | 7.5%  | 40.5%         |
| <b>WEDNESDAY 3</b>   | 8:30  | Building permits (m/m)                               | Jan.       | 1.0%       | 17.0%   | -4.1%         |
| <b>THURSDAY 4</b>    | 8:30  | Labour productivity (q/q)                            | Q4         | n/a        | -1.8%   | -10.3%        |
|                      | 8:30  | Unit labour costs (q/q)                              | Q4         | n/a        | 1.6%  | -1.5%         |
| <b>FRIDAY 5</b>      | 8:30  | International trade (\$B)                            | Jan.       | -1.40      | -1.04   | -1.67         |
|                      | 8:30  | PMI-Ivey index                                       | Feb.       | n/a        | 49.0  | 48.4          |

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 March 1 to 5, 2021

| Country            | Hour  | Indicator                          | Period | Consensus |       | Previous data |       |  |
|--------------------|-------|------------------------------------|--------|-----------|-------|---------------|-------|--|
|                    |       |                                    |        | m/m (q/q) | y/y   | m/m (q/q)     | y/y   |  |
| <b>OVERSEAS</b>    |       |                                    |        |           |       |               |       |  |
| <b>SUNDAY 28</b>   |       |                                    |        |           |       |               |       |  |
| China              | 2:00  | PMI manufacturing index            | Feb.   | 51.0      |       | 51.3          |       |  |
| China              | 2:00  | PMI non-manufacturing index        | Feb.   | 52.0      |       | 52.4          |       |  |
| <b>MONDAY 1</b>    |       |                                    |        |           |       |               |       |  |
| Italy              | 3:45  | PMI manufacturing index            | Feb.   | 56.8      |       | 55.1          |       |  |
| France             | 3:50  | PMI manufacturing index – final    | Feb.   | 55.0      |       | 55.0          |       |  |
| Germany            | 3:55  | PMI manufacturing index – final    | Feb.   | 60.6      |       | 60.6          |       |  |
| Euro zone          | 4:00  | PMI manufacturing index – final    | Feb.   | 57.7      |       | 57.7          |       |  |
| United Kingdom     | 4:30  | PMI manufacturing index – final    | Feb.   | 54.9      |       | 54.9          |       |  |
| Italy              | 5:00  | Consumer price index – preliminary | Feb.   | n/a       | 0.6%  | 0.5%          | 0.2%  |  |
| Germany            | 8:00  | Consumer price index – preliminary | Feb.   | 0.5%      | 1.2%  | 0.8%          | 1.0%  |  |
| Japan              | 18:30 | Unemployment rate                  | Jan.   | 3.0%      |       | 2.9%          |       |  |
| Australia          | 22:30 | Reserve Bank of Australia meeting  | March  | 0.10%     |       | 0.10%         |       |  |
| <b>TUESDAY 2</b>   |       |                                    |        |           |       |               |       |  |
| United Kingdom     | 2:00  | Nationwide house prices            | Feb.   | -0.4%     | 5.5%  | -0.3%         | 6.4%  |  |
| Germany            | 2:00  | Retail sales                       | Jan.   | 0.5%      | 1.4%  | -9.6%         | 1.5%  |  |
| Euro zone          | 5:00  | Consumer price index – preliminary | Feb.   | 0.2%      | 1.0%  | 0.2%          | 0.9%  |  |
| <b>WEDNESDAY 3</b> |       |                                    |        |           |       |               |       |  |
| Italy              | 3:45  | PMI composite index                | Feb.   | 49.3      |       | 47.2          |       |  |
| Italy              | 3:45  | PMI services index                 | Feb.   | 45.0      |       | 44.7          |       |  |
| France             | 3:50  | PMI composite index – final        | Feb.   | 45.2      |       | 45.2          |       |  |
| France             | 3:50  | PMI services index – final         | Feb.   | 43.6      |       | 43.6          |       |  |
| Germany            | 3:55  | PMI composite index – final        | Feb.   | 51.3      |       | 51.3          |       |  |
| Germany            | 3:55  | PMI services index – final         | Feb.   | 45.9      |       | 45.9          |       |  |
| Euro zone          | 4:00  | PMI composite index – final        | Feb.   | 48.1      |       | 48.1          |       |  |
| Euro zone          | 4:00  | PMI services index – final         | Feb.   | 44.7      |       | 44.7          |       |  |
| Italy              | 4:00  | Real GDP – final                   | Q4     | -2.0%     | -6.6% | -2.0%         | -6.6% |  |
| United Kingdom     | 4:30  | PMI composite index – final        | Feb.   | 49.8      |       | 49.8          |       |  |
| United Kingdom     | 4:30  | PMI services index – final         | Feb.   | 49.7      |       | 49.7          |       |  |
| Euro zone          | 5:00  | Producer price index               | Jan.   | 1.0%      | -0.3% | 0.8%          | -1.1% |  |
| <b>THURSDAY 4</b>  |       |                                    |        |           |       |               |       |  |
| Japan              | 0:00  | Consumer confidence                | Feb.   | 29.7      |       | 29.6          |       |  |
| United Kingdom     | 4:30  | PMI construction index             | Feb.   | 51.0      |       | 49.2          |       |  |
| Euro zone          | 5:00  | Unemployment rate                  | Jan.   | 8.3%      |       | 8.3%          |       |  |
| Euro zone          | 5:00  | Retail sales                       | Jan.   | -1.3%     | -1.0% | 2.0%          | 0.6%  |  |
| <b>FRIDAY 5</b>    |       |                                    |        |           |       |               |       |  |
| Germany            | 2:00  | Factory orders                     | Jan.   | 0.8%      | 1.5%  | -1.9%         | 6.4%  |  |
| France             | 2:45  | Trade balance (€M)                 | Jan.   | n/a       |       | -3,392        |       |  |
| France             | 2:45  | Current account (€B)               | Jan.   | n/a       |       | -1.2          |       |  |
| Italy              | 4:00  | Retail sales                       | Jan.   | -0.5%     | n/a   | 2.5%          | -3.1% |  |

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

**UNITED STATES**
**Quarterly economic indicators**

|   | REF. QUART. | LEVEL  | VARIATION (%) |        | ANNUAL VARIATION (%) |        |        |
|---|-------------|--------|---------------|--------|----------------------|--------|--------|
|   |             |        | Quart. ann.   | 1 year | 2020                 | 2019   | 2018   |
| Gross domestic product (2012 \$B)                 | 2020 Q4     | 18,784 | 4.1           | -2.4   | -3.5                 | 2.2    | 3.0    |
| Consumption (2012 \$B)                            | 2020 Q4     | 13,000 | 2.4           | -2.6   | -3.9                 | 2.4    | 2.7    |
| Government spending (2012 \$B)                    | 2020 Q4     | 3,318  | -1.1          | -0.6   | 1.1                  | 2.3    | 1.8    |
| Residential investment (2012 \$B)                 | 2020 Q4     | 696.8  | 35.8          | 14.1   | 6.0                  | -1.7   | -0.6   |
| Non-residential investment (2012 \$B)             | 2020 Q4     | 2,748  | 14.0          | -1.2   | -4.0                 | 2.9    | 6.9    |
| Business inventory change (2012 \$B) <sup>1</sup> | 2020 Q4     | 48.0   | ---           | ---    | -80.9                | 48.5   | 53.4   |
| Exports (2012 \$B)                                | 2020 Q4     | 2,276  | 21.8          | -11.0  | -13.0                | -0.1   | 3.0    |
| Imports (2012 \$B)                                | 2020 Q4     | 3,399  | 29.6          | -0.6   | -9.3                 | 1.1    | 4.1    |
| Final domestic demand (2012 \$B)                  | 2020 Q4     | 19,778 | 4.4           | -1.5   | -2.7                 | 2.3    | 3.0    |
| GDP deflator (2012 = 100)                         | 2020 Q4     | 114.4  | 2.1           | 1.3    | 1.2                  | 1.8    | 2.4    |
| Labor productivity (2012 = 100)                   | 2020 Q4     | 111.1  | -4.8          | 2.5    | 2.6                  | 1.7    | 1.4    |
| Unit labor cost (2012 = 100)                      | 2020 Q4     | 117.6  | 6.8           | 5.2    | 4.3                  | 1.9    | 1.9    |
| Employment cost index (Dec. 2005 = 100)           | 2020 Q4     | 142.4  | 2.9           | 2.5    | 2.6                  | 2.7    | 2.8    |
| Current account balance (\$B) <sup>1</sup>        | 2020 Q3     | -178.5 | ---           | ---    | -480.2               | -449.7 | -365.3 |

<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.*      | 110.3   | 0.5           | 1.8       | 5.1       | -1.5    |
| ISM manufacturing index <sup>1</sup>                        | Jan.       | 58.7    | 60.5          | 58.8      | 53.7      | 51.1    |
| ISM non-manufacturing index <sup>1</sup>                    | Jan.       | 58.7    | 57.7          | 56.2      | 56.6      | 55.9    |
| Cons. confidence Conference Board (1985 = 100) <sup>1</sup> | Feb.*      | 91.3    | 88.9          | 92.9      | 86.3      | 132.6   |
| Personal consumption expenditure (2012 \$B)                 | Jan.*      | 13,167  | 2.0           | 0.6       | 2.9       | -1.9    |
| Disposable personal income (2012 \$B)                       | Jan.*      | 17,079  | 11.0          | 9.7       | 5.4       | 13.3    |
| Consumer credit (\$B)                                       | Dec.       | 4,184   | 0.2           | 0.7       | 1.1       | 0.1     |
| Retail sales (\$M)  | Jan.       | 568,215 | 5.3           | 2.9       | 6.0       | 7.4     |
| <i>Excluding automobiles (\$M)</i>                          | Jan.       | 449,379 | 5.9           | 2.8       | 5.5       | 6.1     |
| Industrial production (2012 = 100)                          | Jan.       | 107.2   | 0.9           | 3.1       | 5.2       | -1.8    |
| Production capacity utilization rate (%) <sup>1</sup>       | Jan.       | 75.6    | 74.9          | 73.3      | 71.8      | 76.9    |
| New machinery orders (\$M)                                  | Dec.       | 493,548 | 1.1           | 3.7       | 12.6      | -0.8    |
| New durable good orders (\$M)                               | Jan.*      | 256,578 | 3.4           | 6.0       | 10.6      | 6.3     |
| Business inventories (\$B)                                  | Dec.       | 1,972   | 0.6           | 1.9       | 3.1       | -2.6    |
| Housing starts (k) <sup>1</sup>                             | Jan.       | 1,580   | 1,680         | 1,530     | 1,487     | 1,617   |
| Building permits (k) <sup>1</sup>                           | Jan.       | 1,886   | 1,704         | 1,544     | 1,483     | 1,536   |
| New home sales (k) <sup>1</sup>                             | Jan.*      | 923.0   | 885.0         | 965.0     | 979.0     | 774.0   |
| Existing home sales (k) <sup>1</sup>                        | Jan.       | 6,690   | 6,650         | 6,730     | 5,900     | 5,410   |
| Commercial surplus (\$M) <sup>1</sup>                       | Dec.       | -66,613 | -69,005       | -62,728   | -51,850   | -45,676 |
| Nonfarm employment (k) <sup>2</sup>                         | Jan.       | 142,631 | 49.0          | 86.0      | 3,065     | -9,603  |
| Unemployment rate (%) <sup>1</sup>                          | Jan.       | 6.3     | 6.7           | 6.9       | 10.2      | 3.5     |
| Consumer price (1982-1984 = 100)                            | Jan.       | 262.2   | 0.3           | 0.7       | 1.4       | 1.4     |
| <i>Excluding food and energy</i>                            | Jan.       | 270.0   | 0.0           | 0.3       | 0.9       | 1.4     |
| Personal cons. expenditure deflator (2012 = 100)            | Jan.*      | 112.5   | 0.3           | 0.7       | 1.2       | 1.5     |
| <i>Excluding food and energy</i>                            | Jan.*      | 114.7   | 0.3           | 0.6       | 1.1       | 1.5     |
| Producer price (2009 = 100)                                 | Jan.       | 121.3   | 1.3           | 1.7       | 2.6       | 1.8     |
| Export prices (2000 = 100)                                  | Jan.       | 128.7   | 2.5           | 4.6       | 5.9       | 2.3     |
| Import prices (2000 = 100)                                  | Jan.       | 126.3   | 1.4           | 2.4       | 3.4       | 0.9     |

<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 | 2019                 | 2018    | 2017    |
| Gross domestic product (2012 \$M)                     | 2020 Q3     | 2,003,084 | 40.5          | -5.2   | 1.9                  | 2.4     | 3.0     |
| Household consumption (2012 \$M)                      | 2020 Q3     | 1,133,623 | 62.8          | -4.5   | 1.6                  | 2.5     | 3.8     |
| Government consumption (2012 \$M)                     | 2020 Q3     | 425,273   | 13.5          | 0.0    | 2.0                  | 2.9     | 2.1     |
| Residential investment (2012 \$M)                     | 2020 Q3     | 157,232   | 187.3         | 9.5    | -0.2                 | -1.7    | 2.3     |
| Non-residential investment (2012 \$M)                 | 2020 Q3     | 158,297   | 25.8          | -14.8  | 1.1                  | 3.1     | 1.9     |
| Business inventory change (2012 \$M) <sup>1</sup>     | 2020 Q3     | -35,960   | ---           | ---    | 18,766               | 15,486  | 19,200  |
| Exports (2012 \$M)                                    | 2020 Q3     | 613,818   | 71.8          | -9.7   | 1.3                  | 3.7     | 1.4     |
| Imports (2012 \$M)                                    | 2020 Q3     | 605,869   | 113.7         | -9.9   | 0.4                  | 3.4     | 4.6     |
| Final domestic demand (2012 \$M)                      | 2020 Q3     | 2,023,141 | 50.8          | -3.2   | 1.4                  | 2.5     | 3.3     |
| GDP deflator (2012 = 100)                             | 2020 Q3     | 111.6     | 10.7          | 1.5    | 1.7                  | 1.8     | 2.5     |
| Labour productivity (2012 = 100)                      | 2020 Q3     | 111.8     | -35.2         | 4.0    | 0.7                  | 0.4     | 2.0     |
| Unit labour cost (2012 = 100)                         | 2020 Q3     | 115.0     | -5.9          | 4.3    | 2.9                  | 2.8     | 0.7     |
| Current account balance (\$M) <sup>1</sup>            | 2020 Q3     | -7,528    | ---           | ---    | -47,384              | -52,224 | -59,999 |
| Production capacity utilization rate (%) <sup>1</sup> | 2020 Q3     | 76.5      | ---           | ---    | 82.6                 | 83.7    | 80.8    |
| Disposable personal income (\$M)                      | 2020 Q3     | 1,416,188 | -12.0         | 10.6   | 3.8                  | 3.1     | 5.0     |
| Corporate net operating surplus (\$M)                 | 2020 Q3     | 285,368   | 182.9         | -1.8   | 0.6                  | 3.8     | 19.3    |

<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.       | 1,934,643 | 0.7           | 2.0       | 12.1      | -2.8    |
| Industrial production (2012 \$M)              | Nov.       | 378,417   | 1.9           | 3.2       | 13.4      | -5.1    |
| Manufacturing sales (\$M)                     | Dec.       | 54,185    | 0.9           | 0.7       | 8.5       | -3.9    |
| Housing starts (k) <sup>1</sup>               | Jan.       | 282.4     | 229.4         | 227.1     | 245.1     | 216.3   |
| Building permits (\$M)                        | Dec.       | 9,083     | -4.1          | -4.9      | 12.6      | 1.7     |
| Retail sales (\$M)                            | Dec.       | 53,378    | -3.4          | -1.8      | 1.9       | 3.3     |
| <i>Excluding automobiles (\$M)</i>            | Dec.       | 39,181    | -4.1          | -1.8      | 0.9       | 3.4     |
| Wholesale trade sales (\$M)                   | Dec.       | 66,502    | -1.3          | 0.6       | 6.8       | 4.8     |
| Commercial surplus (\$M) <sup>1</sup>         | Dec.       | -1,665    | -3,560        | -3,925    | -1,576    | -373.3  |
| <i>Exports (\$M)</i>                          | Dec.       | 47,318    | 1.5           | 3.6       | 14.5      | -4.1    |
| <i>Imports (\$M)</i>                          | Dec.       | 48,983    | -2.3          | -1.3      | 14.2      | -1.5    |
| Employment (k) <sup>2</sup>                   | Jan.       | 18,272    | -212.8        | -70.3     | 78.2      | -69.5   |
| Unemployment rate (%) <sup>1</sup>            | Jan.       | 9.4       | 8.8           | 9.0       | 10.9      | 5.6     |
| Average weekly earnings (\$)                  | Dec.*      | 1,112     | 0.2           | 0.3       | -0.5      | 6.4     |
| Number of salaried employees (k) <sup>2</sup> | Dec.*      | 15,981    | 44.2          | 56.6      | 269.0     | -89.8   |
| Consumer price (2002 = 100)                   | Jan.       | 138.2     | 0.6           | 0.5       | 0.7       | 1.0     |
| <i>Excluding food and energy</i>              | Jan.       | 132.8     | 0.5           | 0.2       | 0.7       | 1.4     |
| <i>Excluding 8 volatile items</i>             | Jan.       | 136.7     | 0.5           | 0.3       | 0.9       | 1.6     |
| Industrial product price (2010 = 100)         | Jan.*      | 104.0     | 2.0           | 3.2       | 4.9       | 4.0     |
| Raw materials price (2010 = 100)              | Jan.*      | 106.2     | 5.7           | 10.1      | 14.8      | 6.2     |
| Money supply M1+ (\$M)                        | Dec.*      | 1,392,808 | -0.2          | 2.5       | 9.2       | 28.9    |

<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. 26 | Feb. 19       | -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      | 1.75    | 1.75          | 0.29    | 0.25   |
| Treasury bill – 3 months                    | 0.04    | 0.04          | 0.06     | 0.09      | 0.10      | 1.25    | 1.10          | 0.12    | -0.05  |
| Treasury bonds – 2 years                    | 0.16    | 0.11          | 0.12     | 0.16      | 0.14      | 0.91    | 0.86          | 0.18    | 0.11   |
| – 5 years                                   | 0.82    | 0.58          | 0.44     | 0.37      | 0.28      | 0.93    | 0.87          | 0.38    | 0.19   |
| – 10 years                                  | 1.51    | 1.33          | 1.09     | 0.83      | 0.72      | 1.15    | 1.51          | 0.80    | 0.50   |
| – 30 years                                  | 2.25    | 2.15          | 1.86     | 1.58      | 1.51      | 1.66    | 2.32          | 1.53    | 1.03   |
| S&P 500 index (level)                       | 3,826   | 3,907         | 3,714    | 3,638     | 3,508     | 2,954   | 3,935         | 3,308   | 2,237  |
| DJIA index (level)                          | 31,230  | 31,494        | 29,983   | 29,910    | 28,654    | 25,409  | 31,962        | 27,271  | 18,592 |
| Gold price (US\$/ounce)                     | 1,724   | 1,785         | 1,858    | 1,785     | 1,966     | 1,587   | 2,053         | 1,814   | 1,475  |
| CRB index (level)                           | 192.06  | 188.63        | 174.20   | 160.97    | 153.44    | 159.45  | 195.13        | 148.69  | 106.29 |
| WTI oil (US\$/barrel)                       | 62.35   | 60.49         | 52.18    | 45.51     | 42.97     | 44.76   | 63.18         | 39.44   | -37.63 |
| <b>Canada</b>                               |         |               |          |           |           |         |               |         |        |
| Overnight – target                          | 0.25    | 0.25          | 0.25     | 0.25      | 0.25      | 1.75    | 1.75          | 0.31    | 0.25   |
| Treasury bill – 3 months                    | 0.12    | 0.09          | 0.07     | 0.12      | 0.15      | 1.46    | 1.32          | 0.18    | 0.05   |
| Treasury bonds – 2 years                    | 0.36    | 0.23          | 0.15     | 0.25      | 0.28      | 1.14    | 1.17          | 0.29    | 0.15   |
| – 5 years                                   | 0.99    | 0.64          | 0.43     | 0.43      | 0.40      | 1.07    | 1.07          | 0.44    | 0.30   |
| – 10 years                                  | 1.46    | 1.21          | 0.84     | 0.67      | 0.64      | 1.12    | 1.46          | 0.68    | 0.43   |
| – 30 years                                  | 1.88    | 1.80          | 1.47     | 1.18      | 1.20      | 1.30    | 1.91          | 1.21    | 0.71   |
| <u>Spread with the U.S. rate (% points)</u> |         |               |          |           |           |         |               |         |        |
| Overnight – target                          | 0.00    | 0.00          | 0.00     | 0.00      | 0.00      | 0.00    | 0.50          | 0.02    | 0.00   |
| Treasury bill – 3 months                    | 0.08    | 0.05          | 0.01     | 0.03      | 0.05      | 0.21    | 0.53          | 0.06    | -0.04  |
| Treasury bonds – 2 years                    | 0.20    | 0.12          | 0.03     | 0.09      | 0.14      | 0.23    | 0.31          | 0.11    | 0.00   |
| – 5 years                                   | 0.17    | 0.06          | -0.01    | 0.06      | 0.12      | 0.14    | 0.29          | 0.07    | -0.15  |
| – 10 years                                  | -0.05   | -0.12         | -0.25    | -0.16     | -0.08     | -0.03   | 0.09          | -0.13   | -0.30  |
| – 30 years                                  | -0.36   | -0.35         | -0.39    | -0.40     | -0.31     | -0.36   | 0.06          | -0.31   | -0.49  |
| S&P/TSX index (level)                       | 18,097  | 18,384        | 17,337   | 17,397    | 16,706    | 16,263  | 18,493        | 16,109  | 11,228 |
| Exchange rate (C\$/US\$)                    | 1.2677  | 1.2612        | 1.2779   | 1.2992    | 1.3099    | 1.3399  | 1.4513        | 1.3336  | 1.2513 |
| Exchange rate (C\$/€)                       | 1.5345  | 1.5284        | 1.5509   | 1.5543    | 1.5594    | 1.4774  | 1.5903        | 1.5448  | 1.4835 |
| <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\$/€)                      | 1.2102  | 1.2119        | 1.2137   | 1.1964    | 1.1905    | 1.1027  | 1.2327        | 1.1599  | 1.0692 |
| <u>United Kingdom</u>                       |         |               |          |           |           |         |               |         |        |
| BoE – Base rate                             | 0.10    | 0.10          | 0.10     | 0.10      | 0.10      | 0.75    | 0.75          | 0.12    | 0.10   |
| Bonds – 10 years                            | 0.84    | 0.73          | 0.35     | 0.33      | 0.27      | 0.42    | 0.84          | 0.27    | 0.04   |
| FTSE index (level)                          | 6,493   | 6,624         | 6,407    | 6,368     | 5,964     | 6,581   | 6,873         | 6,140   | 4,994  |
| Exchange rate (US\$/£)                      | 1.3959  | 1.4016        | 1.3704   | 1.3316    | 1.3352    | 1.2821  | 1.4141        | 1.2954  | 1.1487 |
| <u>Germany</u>                              |         |               |          |           |           |         |               |         |        |
| Bonds – 10 years                            | -0.25   | -0.35         | -0.55    | -0.59     | -0.44     | -0.61   | -0.17         | -0.50   | -0.84  |
| DAX index (level)                           | 13,789  | 13,993        | 13,433   | 13,336    | 13,033    | 11,890  | 14,109        | 12,412  | 8,442  |
| <u>Japan</u>                                |         |               |          |           |           |         |               |         |        |
| BoJ – Main policy rate                      | -0.10   | -0.10         | -0.10    | -0.10     | -0.10     | -0.10   | -0.10         | -0.10   | -0.10  |
| Nikkei index (level)                        | 28,966  | 30,018        | 27,663   | 26,645    | 22,883    | 21,143  | 30,468        | 23,531  | 16,553 |
| Exchange rate (US\$/¥)                      | 106.66  | 105.45        | 104.70   | 104.12    | 105.36    | 108.09  | 111.23        | 105.94  | 102.36 |

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.