

WEEKLY COMMENTARY

Trust Issues

By Mirza Shaheryar Baig, Foreign Exchange Strategist

The United States Bureau of Labor Statistics (BLS) uses two surveys to assess labour market conditions: the establishment survey, which produces the monthly jobs numbers, and the household survey, which is used to calculate unemployment and participation rates.

The establishment [survey](#) draws on a sample of 121,000 businesses and government agencies. The respondents are expected to submit their data at the end of the month, and roughly two-thirds typically do so on time. The BLS keeps the window open for another two months and reports the late responses as revisions. As such, the **revisions reflect newly available information**, rather than inaccuracies in the original submissions.

In the July BLS jobs report, the two-month downward revision for May and June, at -258,000, was the largest since the pandemic.

Economists have highlighted several reasons for the large revisions: a) Many firms reported later than usual. Late responders are typically small businesses and local government agencies, thus conditions at small enterprises may be weaker than at large ones; b) rapidly changing tariffs, deportations and DOGE policies may have created genuine uncertainty about staffing decisions; c) falling response rates; and d) updated seasonal factors.

Given the above, accusing the BLS Commissioner of manipulating the data for political reasons is an extremely serious allegation. As the New York Times put it, “When President Trump didn’t

like the weak jobs numbers, he fired the person responsible for producing them.”

Has one of the most critical official statistics for monitoring the US economy become politicized, and thus unreliable? William Beach, former BLS Commissioner appointed during Trump’s first term, sought to dispel such concerns in a Bloomberg interview. He emphasized that the agency is staffed by “patriots” who are deeply committed to objectivity, assuring that the integrity of the data will remain intact.

Still, many market participants will be more skeptical. Alternative, non-official data sources could start to carry more weight in shaping market expectations than before. This poses a challenge for the Federal Reserve, given that the unemployment rate is a core element of its mandate. Communicating future policy decisions may become increasingly difficult, especially when the president simultaneously calls for lower interest rates while questioning data that signals labour market weakness.

Perhaps the biggest surprise is how little this has rattled financial markets. In most other countries, such developments would trigger a sharp steepening of the yield curve and a currency sell-off. Yet, US treasuries have behaved as if not much has happened. Our measure of term premia has increased marginally, but long-end yields have fallen overall, with markets pricing in a steady pace of rate cuts starting in September. The US dollar has also remained broadly stable. Clearly, investors continue to place strong faith in the credibility of US institutions, at least for now.

CONTENTS

Musing of the Week	1	What to Watch For	2	Economic Indicators.....	3
--------------------------	---	-------------------------	---	--------------------------	---

Jimmy Jean, Vice-President, Chief Economist and Strategist • Randall Bartlett, Deputy Chief Economist
 Benoit P. Durocher, Director and Principal Economist • Royce Mendes, Managing Director and Head of Macro Strategy
 Mirza Shaheryar Baig, Foreign Exchange Strategist • Marc-Antoine Dumont, Senior Economist • Tiago Figueiredo, Macro Strategist
 Francis Généreux, Principal Economist • Florence Jean-Jacobs, Principal Economist • Kari Norman, Economist • Sonny Scarfone, Principal Economist
 Oskar Stone, Analyst • LJ Valencia, Economic Analyst

Desjardins Economic Studies: 514-281-2336 or 1-866-866-7000, ext. 5552336 • desjardins.economics@desjardins.com • desjardins.com/economics

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively. **IMPORTANT:** This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. Data on prices and margins is provided for information purposes and may be modified at any time based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. Unless otherwise indicated, the opinions and forecasts contained herein are those of the document’s authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2025, Desjardins Group. All rights reserved.

What to Watch For

TUESDAY 12 August - 8:30

July	y/y
Consensus	2.8%
Desjardins	2.7%
June	2.7%

FRIDAY 15 August - 8:30

July	m/m
Consensus	0.5%
Desjardins	0.4%
June	0.6%

FRIDAY 15 August - 8:30

July	m/m
Consensus	0.0%
Desjardins	-0.2%
June	0.3%

FRIDAY 15 August - 8:30

July	
Consensus	62.1
Desjardins	62.0
June	61.7

FRIDAY 15 August - 8:30

June	m/m
Consensus	0.4%
Desjardins	0.4%
May	-0.9%

FRIDAY 15 August - 9:00

July	m/m
Consensus	n/a
Desjardins	4.5%
June	2.8%

UNITED STATES

Consumer price index (July) – US inflation is expected to have held steady at an annualized 2.7% in July, unchanged from the June figure. This stability would reflect a pullback in energy prices as housing and services prices continue to advance. Core inflation, which strips out volatile components like food and energy, may have inched up somewhat, but likely remained below the 3% threshold. It will be particularly interesting to see the inflation data for goods—which had already shown a modest uptick in June—as the trade war exerts upward pressure on prices.

Retail sales (July) – Retail sales likely edged up slightly in July, after a better-than-expected 0.6% uptick in June. The June rebound was supported by a rally in motor vehicle, building material and clothing store sales, as well as strong performances from online retailers and food services. We expect more sluggish growth of around 0.4% in July, due to an expected decline in durable goods sales and signs of cooling consumption.

Industrial production (July) – US industrial production probably slipped 0.2% in July after rising 0.3% in June. This decline would mostly be attributable to a slowdown in manufacturing activity, particularly in durable goods, and signs of weaker demand. Mining output and the active oil rig count could also drop, while utilities likely flatlined. Capacity utilization, which stood at 77.6% in June, possibly ticked slightly lower, reflecting a flagging industrial sector.

University of Michigan consumer sentiment index (August – preliminary) – The University of Michigan consumer sentiment index likely stayed almost unchanged at around 62.0 in August, a five-month high. This stability reflects resilient economic conditions, but also persistent consumer uncertainty about the outlook for personal finances. Year-ahead inflation expectations decreased to 4.4%, while long-run inflation expectations fell to 3.6%, which could help boost consumer sentiment. However, this level of confidence is below the historical average, indicating that households remained concerned about economic and geopolitical risks.


CANADA


Manufacturing sales (June) – On manufacturing sales, we anticipate an increase of 0.4% in June, in line with Statistics Canada's flash estimate. Higher sales of energy and food products influenced this uptick. In real terms, manufacturing sales appear to have decreased by roughly 0.2%, as seasonally adjusted industrial product prices rose modestly (0.6%).

Existing home sales (July) – We think the housing market grew 4.5% month-over-month in July, making this the fourth straight month of positive sales growth. Despite lingering uncertainty from the ongoing trade war, a buyer's market in Canada's two largest cities could have seemed an opportunity too good to pass up. Indeed, the Toronto Regional Real Estate Board announced that seasonally adjusted sales increased in July by 13% month-over-month. Early year-over-year figures from local real estate boards noted Quebec's sales were up 12%.

Economic Indicators

Week of August 11 to 15, 2025

Date	Time	Indicator	Period	Consensus		Previous reading
UNITED STATES						
MONDAY 11	---	---				
TUESDAY 12	8:30	Consumer price index				
		Total (m/m)	July	0.2%	0.2%	0.3%
		Excluding food and energy (m/m)	July	0.3%	0.2%	0.2%
		Total (y/y)	July	2.8%	2.7%	2.7%
		Excluding food and energy (y/y)	July	3.0%	2.9%	2.9%
WEDNESDAY 13	---	---				
THURSDAY 14	8:30	Initial unemployment claims	August 4–8	323,286	323,286	322,561
	8:30	Producer price index				
		Total (m/m)	July	0.2%	0.1%	0.0%
		Excluding food and energy (m/m)	July	0.2%	0.2%	0.0%
	14:00	Federal budget (US\$B)	July	n/a	n/a	27.0
FRIDAY 15	8:30	Empire State Manufacturing Index	August	-1.0	-2.0	5.5
	8:30	Export prices (m/m)	July	0.0%	0.0%	0.5%
	8:30	Import prices (m/m)	July	0.0%	0.0%	0.1%
	8:30	Retail sales				
		Total (m/m)	July	0.5%	0.4%	0.6%
		Excluding automobiles (m/m)	July	0.3%	0.2%	0.5%
	9:15	Industrial production (m/m)	July	0.0%	-0.2%	0.3%
	9:15	Production capacity utilization rate	July	77.6%	77.4%	77.6%
	10:00	University of Michigan consumer sentiment index – prel.	August	62.1	62.0	61.7
	10:00	Business inventories (m/m)	June	0.2%	0.2%	0.0%
	16:00	Net foreign securities purchases (US\$B)	June	n/a	n/a	-259.4
CANADA						
MONDAY 11	---	---				
TUESDAY 12	8:30	Building permits (m/m)	June	n/a	-4.0%	12.0%
WEDNESDAY 13	---	---				
THURSDAY 14	---	---				
FRIDAY 15	8:30	Wholesale sales (m/m)	June	n/a	0.7%	0.1%
	8:30	Manufacturing sales (m/m)	June	0.4%	0.4%	-0.9%
	9:00	Existing home sales (m/m)	July	n/a	4.5%	2.8%

Note: Each week, Desjardins Economic Studies takes part 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 month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Daylight Time (GMT -4 hours).  Desjardins Economic Studies forecast.

Economic Indicators

Week of August 11 to 15, 2025

Country	Time	Indicator	Period	Consensus		Previous reading		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 11								
Italy	4:00	Trade balance (€M)	June	n/a		6,163		
Italy	4:00	Consumer price index – final	July	-1.0%	1.7%	0.4%	1.7%	
TUESDAY 12								
Germany	---	Current account (€B)	June	n/a		9.6		
United Kingdom	2:00	ILO unemployment rate	June	4.7%		4.7%		
Germany	5:00	ZEW Current Conditions Survey	August	39.5		52.7		
Germany	5:00	ZEW Expectations Survey	August	-67.0		-59.5		
Japan	19:50	Producer price index	July	0.2%	2.5%	-0.2%	2.9%	
WEDNESDAY 13								
Germany	2:00	Consumer price index – final	July	0.3%	2.0%	0.3%	2.0%	
THURSDAY 14								
United Kingdom	2:00	Monthly GDP	June	0.2%		-0.1%		
United Kingdom	2:00	Real GDP – preliminary	Q2	0.1%	1.0%	0.7%	1.3%	
United Kingdom	2:00	Industrial production	June	0.5%	-0.1%	-0.9%	-0.3%	
France	2:45	Consumer price index – final	July	0.2%	1.0%	0.2%	1.0%	
Eurozone	5:00	Net change in employment – preliminary	Q2	n/a	n/a	0.1%	1.4%	
Eurozone	5:00	Real GDP – second estimate	Q2	0.1%	1.4%	0.1%	1.4%	
Eurozone	5:00	Industrial production	June	-0.1%	1.8%	0.2%	0.7%	
Japan	19:50	Real GDP – preliminary	Q2	0.3%		0.0%		
China	22:00	Industrial production	July	6.0%		6.8%		
China	22:00	Retail sales	July	4.6%		4.8%		
FRIDAY 15								
Japan	0:30	Industrial production – final	June	n/a	n/a	1.7%	4.0%	

Note: Unlike release times for US and Canadian economic data, release times for overseas economic data are approximate. Publication dates are provided for information only. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Daylight Time (GMT -4 hours).