

WEEKLY NEWSLETTER

U.S. Inflation Still Heating Up

MUSINGS OF THE WEEK

- ▶ Exodus to the suburbs won't turn into exodus to the United States.

KEY STATISTICS OF THE WEEK

- ▶ United States: Inflation surprises again in May.
- ▶ The Bank of Canada left its monetary policy unchanged.
- ▶ Canada: Household debt falls in the first quarter.
- ▶ Canada: The trade balance improved in April.

A LOOK AHEAD

- ▶ The Federal Reserve is likely to wait further before officially indicating that it plans to reduce bond purchases.
- ▶ A decline in U.S. retail sales is expected.
- ▶ United States: After the decline in April, housing starts are expected to rise in May.
- ▶ Canada: The total annual inflation rate should remain above the target range.
- ▶ Canada: Manufacturing and wholesale sales could decline in May.
- ▶ Canada: The number of housing starts should climb back to its trend of recent months.

FINANCIAL MARKETS

- ▶ The NASDAQ benefited from the drop in bond yields.
- ▶ The drop in bond yields accelerates against all odds.
- ▶ The U.S. dollar ended the week on a high note.

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Musings of the Week

Exodus to the Suburbs Won't Turn into Exodus to the United States

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

This week, we published an [Economic Viewpoint](#) discussing the Canadian real estate overheating experienced during the pandemic, and outlining our expectations for the future. Real estate overheating is obviously a delight for those who have been homeowners for some time, but it comes at the expense of access to homeownership, as shown by the [Desjardins Affordability Index](#). No wonder the ability to telecommute full-time during the pandemic prompted a rush for more affordable housing markets. However, skyrocketing prices in some of these cheaper markets quickly eroded their affordability advantage. Mortgage rates, which will continue to rise slowly, will also be a drag. Many potential first-time buyers will then run out of options, and some observers have gone as far as to suggest that Canada was at risk of a population exodus to the United States. After all, a typical house in Raleigh, North Carolina, costs a mere US\$333,000 according to Zillow.com, while the average price of a property exceeds C\$1M in Vancouver and Toronto.

Will the exodus to the suburbs morph into exodus to the United States? This is where care is needed, however. First, for a family in Toronto or Vancouver looking to access the residential real estate market, there is no need to flee to North Carolina. Why not Halifax, where the average price of a property is just over \$450,000, or Moncton, a real bargain at \$261,000? Workers in Toronto or Vancouver who have the ability to perform their work remotely on a permanent basis (at the wages of those cities, at that), don't need to flee the country to find more affordable properties to buy. But more fundamentally, it must be asked: if access to housing was such an important determinant of migration flows, would we not have seen a significant exodus in 2016 and 2017, when the annual variation in house prices exceeded 30% in the Vancouver and Toronto markets? By this same logic, New York, San Francisco, London and Paris would be ghost towns by now. Suffice to say that the problem of high cost would have been quickly resolved!

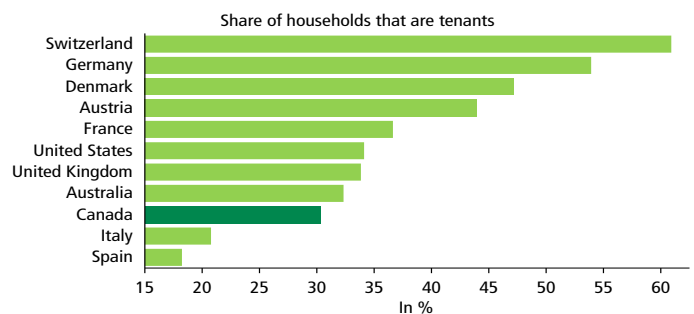
It's important not to confuse causalities: expensive cities are expensive because many people want to live there. It is not the cost of ownership that primarily dictates where people want to settle. A Statistics Canada [study](#) of the unemployed found that two-thirds would refuse to move if they received a job offer in another province, mostly citing family or social reasons. This means that even for a group in need (the unemployed), these ties are strong enough that the majority are not interested in moving to another province. Chances are the same is true of people in markets with high costs of living. Children at school, relatives to

be looked after, a well-established social and family network, these factors all have an impact on geographic mobility, and they get ignored when considering only financial parameters (e.g.: house prices, income, taxes, etc.).

All this being said, as it stands, younger buyers may have to accept waiting longer before they can become owners. And when they finally get the chance to own a home, they will have to devote a significantly larger share of their budget to it. In some cities, such as Toronto, it is likely that more and more households will need to give up on the dream of ever becoming owners. Not that this is a tragedy; in some countries like Germany or Switzerland being a tenant is a perfectly acceptable standard, but the North American culture generally promotes the opposite. Canadian households' run-up in indebtedness is testament as to how willing they are to sacrifice other expenses in order to be homeowners. Deteriorating affordability could eventually force a shift in mentality but so far, the dominant mindset has rather been fear of missing out.

GRAPH

Renting a home is commonplace in many countries



Sources: Organisation for Economic Co-operation and Development and Desjardins, Economic Studies

Key Statistics of the Week

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

UNITED STATES

- ▶ The consumer price index (CPI) rose 0.6% in May, after advancing 0.8% in April. Energy prices were flat in May. As in April, food prices climbed 0.4% in May. Excluding food and energy, core CPI was up 0.7% in May, after a 0.9% gain in April. Over the past two months, used car and truck prices as well as airline fares have together fuelled 45% of the increase in the total CPI. The annual variation in total CPI increased from 2.6% in March to 4.2% in April and 5.0% in May, a record since August 2008. Inflation excluding food and energy rose from just 1.6% in March to 3.0% in April and 3.8% in May, a peak since June 1992.
- ▶ The University of Michigan's consumer confidence index rose to 86.4 in the preliminary June version from 82.9 in May. Most of the increase came from household expectations, whose index rose 5.0 points to its highest level since February 2020. The current situation component of the index rose by 1.2 points. After strong increases in recent months, 1-year and 5-year inflation expectations fell slightly in June, but remain relatively high.
- ▶ For the second consecutive month, consumer credit growth was US\$18.6B in April, which is a fairly strong pace. Once again, the monthly increase came exclusively from nonrevolving credit (+US\$20.6B), whereas revolving credit (cards and lines of credit) fell again (-US\$2.0B). Over the past year, nonrevolving credit has increased by 4.9%, while lines of credit and credit cards have decreased by 5.5%.
- ▶ In the United States, the trade balance in goods and services improved in April, from an all-time high of -US\$75.0B in March to -US\$68.9B in April. This level is unquestionably higher than it was in January and in 2020. The monthly increase in April masks a lull in trade, however. Exports rose 1.1%, following a 7.5% increase in March, while imports fell 1.4% in April, following a 7.1% jump in March.
- ▶ Initial jobless claims fell again last week, to 376,000 from 385,000.

CANADA

- ▶ As anticipated, the Bank of Canada (BoC) made no changes to its monetary policy. On Wednesday it announced that the target for the overnight rate would remain at its effective lower bound of 0.25%. Quantitative easing (QE) program continues at its current pace of at least \$3B per week. Note that a reduction in weekly purchases on the financial markets, from \$4B to \$3B, had been announced at the previous meeting. It would have been far too hasty to announce another reduction in purchases in June.
- ▶ The value of merchandise exports fell 1.0% in April. Several sectors struggled during the month, but the automotive products industry stood out with a drop of 18.1%. Clearly, the upheaval triggered by supply problems for certain parts is still being felt. Imports recorded a drop of 4.7% in April. The auto industry also played an important role in this decline. Moreover, weak demand, as certain health measures were put in place to counter the third wave of the pandemic, likely also contributed to the drop in imports during the month. In the end, the trade balance improved, from -\$1.35B to +\$0.59B.
- ▶ After seasonal adjustments, the ratio of household credit market debt to disposable income fell to 172.25% in the first quarter of 2021, compared to 174.00% in the previous quarter. This improvement is due to an increase of the debt on the credit market (+1.3%) that was lower than that for disposable income (+2.3%). Mortgage credit rose steadily (+1.7%), but consumer credit growth remained anaemic (+0.2%) while restrictive health measures were in place to combat the second wave of COVID-19. Moreover, disposable income continues to benefit from the labour market recovery, which is helping to boost employee earnings while government transfers again increased.
- ▶ As expected, industrial capacity utilization continued to rise in the first quarter, reaching 81.7%, up from 79.7% in the previous quarter. With the exception of manufacturing and electricity generation and distribution, all other sectors showed an increase for the period.

Financial Markets

Investors Show Little Concern over Record Inflation in the United States

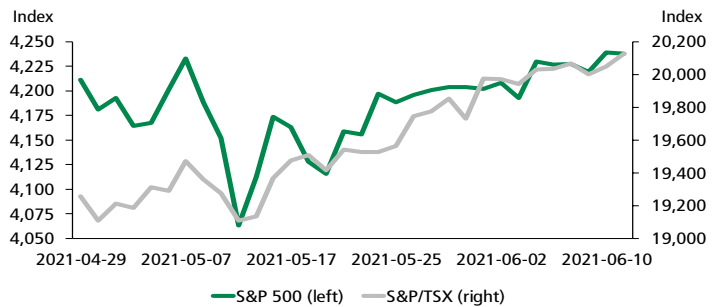
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The week was fairly quiet in terms of economic news, with the exception of the release of May's inflation numbers in the United States on Thursday. Faced with an inflation rate climbing to its highest rate since 2008, investors reacted counter-intuitively. They seem to be accepting the idea that the current surge in inflation is mainly due to transitory effects and that it will resolve itself in the next few months. Bond yields were down at the end of the day on Thursday, which was a boon to the NASDAQ, given how sensitive its securities are to interest rates. The results were mixed for the North American stock markets over the week. Tech stocks were up, bringing the NASDAQ's weekly gain to over 1.5% on Friday morning, while the S&P 500 gained less than 0.5% and the Dow Jones lost nearly 1%. The Canadian S&P/TSX advanced cautiously toward new records, gaining less than 0.5% over the week. Oil prices had another fairly good week, breaking through the US\$70 mark for a barrel of WTI (West Texas Intermediate).

Investors on the bond markets seem confident that inflation won't push the Federal Reserve to take precipitated measures. U.S. and Canadian government bond yields were down at the start of the week following last Friday's release of disappointing U.S. job figures. The Bank of Canada's meeting on Wednesday offered little new information and failed to reverse the downward trend. In the end, 10-year yields were headed for drops of more than 10 basis points over the week in the United States and 7 points in Canada.

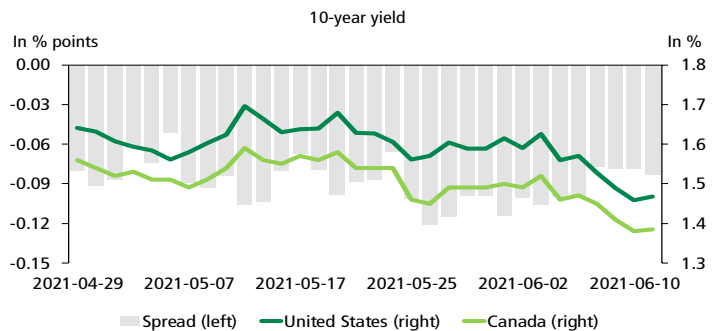
The effective U.S. dollar exchange rate index was fairly stable for most of the week. U.S. inflation figures didn't do much harm to the greenback, which was posting gains against most other currencies on Friday morning. The European Central Bank remained cautious following its monetary policy meeting, keeping the euro from gaining new momentum. At the time of writing, the European currency had fallen back to nearly US\$1.21. The Canadian dollar also depreciated against the U.S. dollar despite high oil prices, trading at close to US\$0.825 on Friday morning.

GRAPH 1
Stock markets



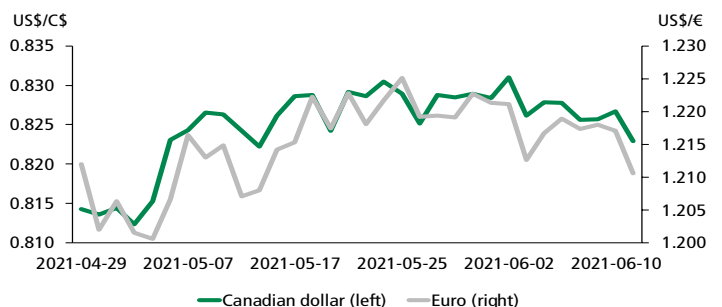
Sources: Datastream and Desjardins, Economic Studies

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 June 15 - 8:30

May	m/m
Consensus	-0.6%
Desjardins	-0.9%
April	0.0%

TUESDAY June 15 - 9:15

May	m/m
Consensus	0.6%
Desjardins	0.8%
April	0.5%

WEDNESDAY June 16 - 8:30

May	ann. rate
Consensus	1,635,000
Desjardins	1,680,000
April	1,569,000

WEDNESDAY June 16 - 14:00

June	
Consensus	0.25%
Desjardins	0.25%
April 28	0.25%

UNITED STATES

Retail sales (May) – After soaring 10.7% in March, retail sales held steady at a high level in April. stimulated in particular by the individual federal assistance cheques of US\$1,400. A downtick is forecast for May, however. Several factors point to a decline in sales. First, the number of new motor vehicles sold last month was down 9.5%. Second, several confidence indexes dropped slightly during May. Some preliminary indications suggest new declines in sales in categories that had expanded strongly in March but shrank back in April. The relaxing and, in some cases, the lifting of health measures led to more scope for many services, which could limit the growth of goods spending going forward. All in all, a 0.9% reduction in total retail sales and a 0.2% drop in sales not including motor vehicles and service stations are expected.

Industrial production (May) – Taking the annual revision published on May 28 into account, industrial output increased 0.5% in April after a strong hike of 2.2% in March. Another increase is expected for May. The motor vehicle sector, which put a heavy brake on manufacturing output in recent months, seems to have picked up nicely. It recorded 24,800 hires in May. The high ISM manufacturing level is also a good sign for the rest of the manufacturing sector. Hours worked last month also indicate healthy growth of energy and mining output. We expect gains of 0.8% for both the whole manufacturing sector and for total industrial output.

Housing starts (May) – Housing starts unexpectedly plummeted 9.5% in April, although that came on the heels of a 19.8% spike in March. That said, April's level of 1,569,000 is lower than at the beginning of the year. An improvement is expected in May. Building permits remained high in April with 1,733,000 units, and 4,400 jobs were created in residential construction in the last month. The drop in new home sales in April and the constraints related to construction costs are not so encouraging, though. All in all, housing starts should hit 1,680,000 units.

Meeting of the Federal Reserve (June) – The Federal Reserve (Fed) remained very cautious at its recent monetary policy meetings, and up to now its leaders have not seemed inclined to deviate from the policy that has been in place since the pandemic started. The statement to be released on Wednesday and the new economic forecasts that go with it should nevertheless reflect the positive outlook of the U.S. economy. It will no doubt be hard to ignore the recent acceleration of consumer prices, but the Fed could emphasize the fewer-than-expected hirings in April and May and point out that the country still has to make up 7,629,000 jobs to get back to pre-pandemic levels. Recent statements from some regional Fed presidents indicate that talks about an eventual reduction of bond purchases may start during the meeting, but we do not expect any official signals on that score. Still, it will be interesting to see whether the interest rate forecasts for 2022, 2023 and 2024 show some participants to be in a greater hurry than they were in March. Fed Chair Jerome Powell will no doubt have to answer questions about an eventual normalization of monetary policy at his post-meeting press briefing.

THURSDAY June 17 - 10:00

May	m/m
Consensus	1.2%
Desjardins	1.5%
April	1.6%

MONDAY June 14 - 8:30

April	m/m
Consensus	n/a
Desjardins	-1.1%
March	3.5%

TUESDAY June 15 - 8:15

May	ann. rate
Consensus	n/a
Desjardins	280,000
April	268,600

WEDNESDAY June 16 - 8:30

May	m/m
Consensus	n/a
Desjardins	0.4%
April	0.5%

WEDNESDAY June 16 - 8:30

April	m/m
Consensus	n/a
Desjardins	-0.8%
March	2.8%

MONDAY June 14 - 5:00

April	m/m
Consensus	0.4%
March	0.1%

Leading indicator (May) – The leading indicator rose 1.6% in April, its strongest increase since July 2020, with another strong gain expected for May. The main contribution should come from the decrease in jobless claims. The manufacturing ISM and the interest rate spread will also make positive contributions to the leading indicator. We expect it to increase 1.5%.

CANADA

Manufacturing sales (April) – The manufacturing sector has been seesawing for some months, with decreases succeeding increases. Statistics Canada's interim figures indicate that manufacturing sales could slip 1.1% in April after rebounding 3.5% in March. The sharp drop in exports of motor vehicle products during the month indicates significant ongoing problems for that industry.

Housing starts (May) – After beating its all-time record with 334,759 units in March, the number of housing starts dropped to 268,631 units in April. However, the low April level is no doubt mitigated by the fact that some of April's housing starts were actually brought in March. Those swings should lessen in May, and housing starts growth should get closer to the trend, around 280,000 units.

Consumer price index (May) – According to prices at the pump, gas prices were up about 3.5% in May, which should lead to a contribution of about +0.1% to the monthly variation in the total consumer price index (CPI). Seasonal price fluctuations are usually around +0.1% in May. Taking the uptrend in other components into account, an increase of about 0.4% is expected for total CPI in May. Total annual inflation could rise from 3.4% to 3.5%. That significant increase in the annual inflation rate is due to base effects, comparing gas prices to the very low levels a year ago.


Wholesale sales (April) – According to Statistics Canada's interim figures, wholesale sales were down 0.8% in April. Motor vehicle and parts wholesalers could still be in difficulty as the supply problems for some parts continue.


OVERSEAS

Euro zone: Industrial production (April) – After a good second half of the year that allowed it to recover most of the losses of March and April 2020, European industrial output expanded more slowly in 2021. It was up 0.9% in January, down 1.2% in February, then back up by only 0.1% in March. The April figures for some countries give a bit of a mixed picture. Industrial output fell 1.0% in Germany and 0.1% in France, but in Italy it made an astonishing leap of 1.8%. In light of those results, the consensus expects a modest variation in Europe's industrial output in April. However, the satisfactory progress of the PMI manufacturing indexes suggests that a more robust trend should soon be restored.

Economic Indicators

Week of June 14 to 18, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 14 --- ---						
TUESDAY 15						
	8:30	Producer price index				
		Total (m/m)	May	0.5%	0.4%	0.6%
		Excluding food and energy (m/m)	May	0.5%	0.6%	0.7%
	8:30	Empire manufacturing index	June	22.0	20.0	24.3
	8:30	Retail sales				
		Total (m/m)	May	-0.6%	-0.9%	0.0%
		Excluding automobiles (m/m)	May	0.5%	-0.1%	-0.8%
	9:15	Industrial production (m/m)	May	0.6%	0.8%	0.5%
	9:15	Production capacity utilization rates	May	75.0%	75.0%	74.6%
	10:00	NAHB housing market index	June	83	n/a	83
	10:00	Business inventories (m/m)	April	-0.1%	-0.1%	0.3%
	16:00	Net foreign security purchases (US\$B)	April	n/a	n/a	262.2
WEDNESDAY 16						
	8:30	Housing starts (ann. rate)	May	1,635,000	1,680,000	1,569,000
	8:30	Building permits (ann. rate)	May	1,730,000	1,730,000	1,733,000
	8:30	Export prices (m/m)	May	0.7%	1.0%	0.8%
	8:30	Import prices (m/m)	May	0.8%	1.0%	0.7%
	14:00	Federal Reserve meeting	June	0.25%	0.25%	0.25%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 17						
	8:30	Initial unemployment claims	June 7-11	360,000	365,000	376,000
	8:30	Philadelphia Fed index	June	30.5	25.0	31.5
	10:00	Leading indicator (m/m)	May	1.2%	1.5%	1.6%
FRIDAY 18 --- ---						
CANADA						
MONDAY 14						
	8:30	Manufacturing sales (m/m)	April	n/a	-1.1%	3.5%
TUESDAY 15						
	8:15	Housing starts (ann. rate)	May	n/a	280,000	268,600
	9:00	Existing home sales	May			
WEDNESDAY 16						
	8:30	Consumer price index				
		Total (m/m)	May	n/a	0.4%	0.5%
		Excluding food and energy (m/m)	May	n/a	0.2%	0.6%
		Total (y/y)	May	n/a	3.5%	3.4%
		Excluding food and energy (y/y)	May	n/a	2.2%	1.8%
	8:30	Wholesale sales (m/m)	April	n/a	-0.8%	2.8%
	8:30	Wholesale inventories (m/m)	April	n/a	0.2%	0.7%
THURSDAY 17						
	8:30	International transactions in securities (\$B)	April	n/a	10.00	3.25
FRIDAY 18						
	8:30	New housing price index (m/m)	May	n/a	1.0%	n/a

Note: Desjardins, Economic Studies are involved every week in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. The times shown are Daylight Saving Time (GMT - 4 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic Indicators

Week of June 14 to 18, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 14								
Japan	0:30	Industrial production – final	April	n/a	n/a	2.5%	15.4%	
Euro zone	5:00	Industrial production	April	0.4%	37.4%	0.1%	10.9%	
TUESDAY 15								
Japan	0:30	Tertiary industry activity index	April	-0.5%		1.1%		
United Kingdom	2:00	ILO unemployment rate	April	4.7%		4.8%		
Germany	2:00	Consumer price index – final	May	0.5%	2.5%	0.5%	2.5%	
France	2:45	Consumer price index – final	May	0.3%	1.4%	0.3%	1.4%	
Euro zone	5:00	Trade balance (€B)	April	15.0		13.0		
Japan	19:50	Trade balance (¥B)	May	241.8		65.2		
China	22:00	Industrial production	May		9.2%		9.8%	
China	22:00	Retail sales	May		14.0%		17.7%	
WEDNESDAY 16								
United Kingdom	2:00	Consumer price index	May	0.3%	1.8%	0.6%	1.5%	
United Kingdom	2:00	Producer price index	May	0.4%	4.5%	0.4%	3.9%	
Brazil	17:30	Bank of Brazil meeting	June	4.25%		3.50%		
THURSDAY 17								
Switzerland	3:30	Swiss National Bank meeting	June	-0.75%		-0.75%		
Italy	4:00	Balance commerciale (M€)	April	n/a		5,190		
Norway	4:00	Bank of Norway meeting	June	0.00%		0.00%		
Euro zone	5:00	Construction	April	n/a	n/a	2.7%	18.3%	
Euro zone	5:00	Consumer price index – final	May	0.3%	2.0%	0.3%	1.6%	
Japan	19:30	Consumer price index	May		-0.2%		-0.4%	
FRIDAY 18								
Japan	---	Bank of Japan meeting	June	-0.10%		-0.10%		
United Kingdom	2:00	Retail sales	May	1.5%	28.9%	9.2%	42.4%	
Germany	2:00	Producer price index	May	0.7%	6.4%	0.8%	5.2%	
France	2:45	Wages – final	Q1	n/a		0.5%		
Euro zone	4:00	Current account (€B)	April	n/a		17.8		
Italy	4:30	Current account (¥B)	April	n/a		3,099		

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. The times shown are Daylight Saving Time (GMT - 4 hours).

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$B)	2021 Q1	19,088	6.4	0.4	-3.5	2.2	3.0
Consumption (2012 \$B)	2021 Q1	13,352	11.3	1.8	-3.9	2.4	2.7
Government spending (2012 \$B)	2021 Q1	3,367	5.8	0.6	1.1	2.3	1.8
Residential investment (2012 \$B)	2021 Q1	719.1	12.7	12.8	6.1	-1.7	-0.6
Non-residential investment (2012 \$B)	2021 Q1	2,813	10.8	2.9	-4.0	2.9	6.9
Business inventory change (2012 \$B) ¹	2021 Q1	-92.9	---	---	-77.4	48.5	53.4
Exports (2012 \$B)	2021 Q1	2,262	-2.9	-9.3	-12.9	-0.1	3.0
Imports (2012 \$B)	2021 Q1	3,456	6.7	5.3	-9.3	1.1	4.1
Final domestic demand (2012 \$B)	2021 Q1	20,267	10.3	2.2	-2.7	2.3	3.0
GDP deflator (2012 = 100)	2021 Q1	115.6	4.3	2.0	1.2	1.8	2.4
Labor productivity (2012 = 100)	2021 Q1	112.7	5.4	4.1	2.6	1.8	1.4
Unit labor cost (2012 = 100)	2021 Q1	119.1	1.7	4.1	4.3	1.9	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q1	143.7	3.7	2.7	2.6	2.8	2.8
Current account balance (\$B) ¹	2020 Q4	-188.5	---	---	-647.2	-480.2	-449.7

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)	April	113.3	1.6	2.8	4.7	17.0
ISM manufacturing index ¹	May	61.2	60.7	60.8	57.7	43.1
ISM non-manufacturing index ¹	May	64.0	62.7	55.3	56.8	45.4
Cons. confidence Conference Board (1985 = 100) ¹	May	117.2	117.5	95.2	92.9	85.9
Personal consumption expenditure (2012 \$B)	April	13,642	-0.1	2.7	4.2	24.0
Disposable personal income (2012 \$B)	April	16,521	-15.1	-4.2	5.6	-4.4
Consumer credit (\$B)	April*	4,237	0.4	1.3	1.7	2.4
Retail sales (\$M)	April	619,923	0.0	7.5	12.7	51.2
<i>Excluding automobiles (\$M)</i>	April	480,438	-0.8	5.3	10.2	40.6
Industrial production (2012 = 100)	April	99.0	0.5	-0.3	2.4	17.6
Production capacity utilization rate (%) ¹	April	74.6	74.2	74.9	72.9	63.4
New machinery orders (\$M)	April	485,156	-0.6	1.3	7.1	34.1
New durable good orders (\$M)	April	246,303	-1.3	1.3	7.6	52.2
Business inventories (\$B)	March	2,014	0.3	1.5	3.6	0.0
Housing starts (k) ¹	April	1,569	1,733	1,625	1,514	938.0
Building permits (k) ¹	April	1,733	1,755	1,883	1,595	1,094
New home sales (k) ¹	April	863.0	917.0	993.0	969.0	582.0
Existing home sales (k) ¹	April	5,850	6,010	6,660	6,730	4,370
Commercial surplus (\$M) ¹	April*	-68,899	-75,025	-67,092	-63,678	-52,959
Nonfarm employment (k) ²	May	144,894	559.0	1,622	2,085	11,900
Unemployment rate (%) ¹	May	5.8	6.1	6.2	6.7	13.3
Consumer price (1982-1984 = 100)	May*	268.6	0.6	2.0	2.9	4.9
<i>Excluding food and energy</i>	May*	275.7	0.7	2.0	2.2	3.8
Personal cons. expenditure deflator (2012 = 100)	April	114.1	0.6	1.4	2.1	3.6
<i>Excluding food and energy</i>	April	116.0	0.7	1.2	1.7	3.1
Producer price (2009 = 100)	April	123.8	0.6	2.1	3.7	6.1
Export prices (2000 = 100)	April	135.2	0.8	4.9	9.9	14.4
Import prices (2000 = 100)	April	130.7	0.7	3.3	6.0	10.6

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 Q1	2,077,771	5.6	0.3	-5.3	1.9	2.4
Household consumption (2012 \$M)	2021 Q1	1,148,288	2.7	-1.9	-6.0	1.6	2.5
Government consumption (2012 \$M)	2021 Q1	440,315	6.2	3.7	-0.3	2.0	2.9
Residential investment (2012 \$M)	2021 Q1	178,493	43.3	26.5	4.1	-0.2	-1.7
Non-residential investment (2012 \$M)	2021 Q1	156,424	-2.7	-13.5	-13.6	1.1	3.1
Business inventory change (2012 \$M) ¹	2021 Q1	-8,463	---	---	-15,937	18,766	15,486
Exports (2012 \$M)	2021 Q1	631,947	6.0	-3.0	-10.0	1.3	3.7
Imports (2012 \$M)	2021 Q1	634,951	4.3	-2.8	-11.2	0.4	3.4
Final domestic demand (2012 \$M)	2021 Q1	2,083,799	6.4	0.9	-4.3	1.4	2.5
GDP deflator (2012 = 100)	2021 Q1	116.2	12.2	6.0	0.7	1.7	1.8
Labour productivity (2012 = 100)	2021 Q1	110.0	-6.7	-2.1	8.1	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q1	114.0	0.4	2.0	3.1	2.9	3.1
Current account balance (\$M) ¹	2021 Q1	1,184	---	---	-40,087	-47,384	-52,224
Production capacity utilization rate (%) ¹	2021 Q1*	81.7	---	---	77.6	82.6	83.7
Disposable personal income (\$M)	2021 Q1	1,435,000	9.5	9.1	10.4	3.8	3.1
Corporate net operating surplus (\$M)	2021 Q1	376,556	95.6	45.1	-4.0	0.6	3.8

¹ Statistics representing the level during the period; * New statistic in comparison with last week.

CANADA
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Gross domestic product (2012 \$M)	March	1,979,920	1.1	2.1	3.7	6.6
Industrial production (2012 \$M)	March	384,675	0.7	0.6	3.3	2.0
Manufacturing sales (\$M)	March	57,842	3.5	5.9	7.5	14.8
Housing starts (k) ¹	April	268.6	334.8	307.5	227.3	164.6
Building permits (\$M)	April	11,107	-0.5	10.9	27.2	76.1
Retail sales (\$M)	March	57,609	3.6	9.7	6.6	23.7
<i>Excluding automobiles (\$M)</i>	March	42,827	4.3	10.3	8.1	13.4
Wholesale trade sales (\$M)	March	70,901	2.8	5.6	7.0	12.8
Commercial surplus (\$M) ¹	April*	593.9	-1,347	1,224	-4,114	-5,447
<i>Exports (\$M)</i>	April*	50,207	-1.0	-2.4	8.1	58.8
<i>Imports (\$M)</i>	April*	49,613	-4.7	-1.2	-1.9	33.8
Employment (k) ²	May	18,559	-68.0	9.3	3.6	176.3
Unemployment rate (%) ¹	May	8.2	8.1	8.2	8.6	13.7
Average weekly earnings (\$)	March	1,125	-0.8	0.9	1.6	7.4
Number of salaried employees (k) ²	March	16,144	245.8	55.7	56.3	3.5
Consumer price (2002 = 100)	April	140.3	0.5	1.5	2.0	3.4
<i>Excluding food and energy</i>	April	134.2	0.6	1.1	1.3	1.8
<i>Excluding 8 volatile items</i>	April	138.2	0.5	1.1	1.4	2.3
Industrial product price (2010 = 100)	April	110.9	1.6	6.3	9.9	14.3
Raw materials price (2010 = 100)	April	116.5	1.0	10.1	21.0	56.4
Money supply M1+ (\$M)	March	1,460,600	1.1	5.1	7.9	28.0

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

UNITED STATES, CANADA, OVERSEAS
Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	June 11	June 4	-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	0.02	0.02	0.01	0.04	0.08	0.16	0.18	0.08	0.01
Treasury bonds – 2 years	0.15	0.15	0.15	0.16	0.12	0.19	0.21	0.15	0.11
– 5 years	0.75	0.77	0.80	0.84	0.36	0.33	0.92	0.49	0.19
– 10 years	1.47	1.56	1.63	1.64	0.89	0.70	1.75	1.06	0.51
– 30 years	2.16	2.24	2.37	2.40	1.63	1.45	2.48	1.80	1.19
S&P 500 index (level)	4,238	4,230	4,174	3,943	3,663	3,041	4,239	3,672	3,009
DJIA index (level)	34,415	34,756	34,382	32,779	30,046	25,606	34,778	30,094	25,016
Gold price (US\$/ounce)	1,883	1,894	1,837	1,711	1,846	1,734	2,053	1,848	1,682
CRB index (level)	212.21	210.29	203.29	193.79	161.25	134.32	212.21	168.20	134.41
WTI oil (US\$/barrel)	70.93	69.62	65.37	65.61	46.57	36.26	70.93	50.12	35.61
Canada									
Overnight – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.11	0.12	0.09	0.11	0.13	0.18	0.21	0.12	0.05
Treasury bonds – 2 years	0.31	0.31	0.32	0.31	0.25	0.28	0.33	0.26	0.15
– 5 years	0.83	0.86	0.94	1.03	0.44	0.37	1.03	0.56	0.30
– 10 years	1.39	1.46	1.55	1.58	0.71	0.53	1.61	0.92	0.43
– 30 years	1.95	1.98	2.18	2.02	1.27	1.06	2.19	1.45	0.89
<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	0.09	0.10	0.08	0.07	0.05	0.02	0.11	0.04	-0.04
Treasury bonds – 2 years	0.16	0.16	0.17	0.15	0.13	0.09	0.18	0.11	0.01
– 5 years	0.08	0.09	0.14	0.19	0.08	0.04	0.21	0.07	-0.04
– 10 years	-0.08	-0.10	-0.08	-0.06	-0.18	-0.17	-0.04	-0.14	-0.30
– 30 years	-0.21	-0.26	-0.19	-0.38	-0.36	-0.39	-0.17	-0.35	-0.49
S&P/TSX index (level)	20,126	20,029	19,367	18,851	17,549	15,257	20,126	17,489	15,189
Exchange rate (C\$/US\$)	1.2152	1.2080	1.2104	1.2473	1.2774	1.3586	1.3690	1.2887	1.2034
Exchange rate (C\$/€)	1.4713	1.4697	1.4697	1.4910	1.5473	1.5292	1.5903	1.5322	1.4646
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\$/€)	1.2106	1.2167	1.2142	1.1954	1.2113	1.1256	1.2327	1.1897	1.1177
<u>United Kingdom</u>									
BoE – Base rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Bonds – 10 years	0.71	0.84	0.89	0.86	0.19	0.15	0.93	0.43	0.04
FTSE index (level)	7,133	7,069	7,044	6,761	6,547	6,105	7,133	6,436	5,577
Exchange rate (US\$/£)	1.4115	1.4156	1.4098	1.3925	1.3225	1.2542	1.4212	1.3403	1.2299
<u>Germany</u>									
Bonds – 10 years	-0.27	-0.21	-0.12	-0.33	-0.64	-0.44	-0.11	-0.45	-0.64
DAX index (level)	15,681	15,693	15,417	14,502	13,114	11,949	15,693	13,671	11,556
<u>Japan</u>									
BoJ – Main policy rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Nikkei index (level)	28,949	28,942	28,084	29,718	26,653	22,305	30,468	26,177	21,531
Exchange rate (US\$/¥)	109.79	109.51	109.36	109.02	104.03	107.36	110.73	106.34	102.74

CRB: Commodity Research Bureau; WTI: West Texas Intermediate; ECB: European Central Bank; BoE: Bank of England; BoJ: Bank of Japan
 Note: Data taken at markets closing, with the exception of the current day where they were taken at 11:00 a.m.