

## Economic growth disappoints in Canada

### HIGHLIGHTS

- 1% decline in U.S. real GDP.
- U.S. consumption pulls back in April.
- U.S. consumer confidence climbs again, according to the Conference Board index.
- Canada: Disappointing first-quarter real GDP growth.
- Canada: Corporate profits grow.

### A LOOK AHEAD

- The United States are expected to see more solid employment growth.
- United States: Further gains in the ISM indexes are anticipated.
- Canada: Employment should rebound in May.
- Canada: Labour productivity should remain practically unchanged.
- The Bank of Canada will keep the target for the overnight rate at 1.00%.

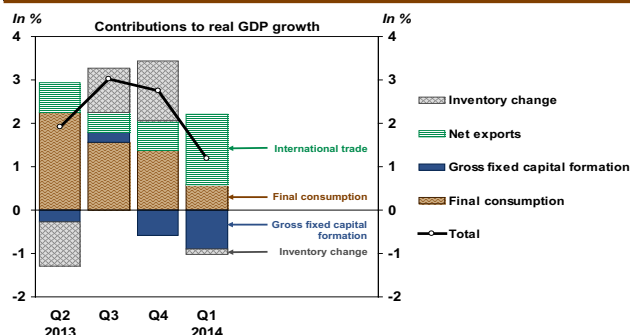
### FINANCIAL MARKETS

- A tougher week for Canadian stock markets.
- The U.S. 10-year yield hit its lowest point in nearly 11 months.
- The Canadian dollar has a hard time hanging onto its gains above US\$0.92.

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Graph of the week – Canadian growth was based on lower imports and consumption in Q1 2014



Sources: Statistics Canada and Desjardins, Economic Studies

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NOTE TO READERS: The letters K, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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## KEY STATISTICS OF THE WEEK

### UNITED STATES

- The second estimate of national accounts for the first quarter resulted in a downward revision from +0.1% to -1.0% of the annualized real GDP variation. This is the first contraction of real GDP since winter 2011. The revision of the change in final domestic demand is both smaller and positive, inching up to +1.6% from +1.5%. Real consumption was revised upward from 3.0% to 3.1%. For investment, the revisions are fairly mixed. Already a weak point in the first version of GDP, the change in inventory intensified its negative contribution to growth. From US\$111.7B at the end of 2013, inventories shifted to only US\$49B (instead of US\$87.4B). The blow to real GDP growth therefore doubled from -0.57 to -1.62 percentage points. The negative impact of real exports also sharpened.
- Real consumption fell 0.3% in April. This first drop since December 2013, and the largest since September 2009, comes after gains of 0.8% in March (revised from 0.7%) and 0.5% in February (revised from 0.4%). When we add in the 0.2% advance in the consumption expenditure deflator, nominal consumption edges down 0.1%, while the consensus expectation was for a slight increase. Real disposable income advanced 0.2% in April.
- The Conference Board confidence index rose from 81.7 to 83.0 in May, an increase that still leaves it below the results for March. The rise comes largely from the current situation component (+1.9 points), but the expectations component also made gains (+0.9 points). Results for questions pertaining to the job market situation were rather positive.
- Growth in home prices remains strong according to the S&P/Case-Shiller index, which progressed 1.2% in March after oscillating around 0.8% growth for four months. In the last year, the index is up 12.4%. Since the January 2012 low, prices have gone up 25.0%.
- New durable goods orders rose 0.8% in April after increasing 3.6% in March (revised from 2.6%). The gains largely come from the defence sector, as orders excluding this sector apparently dropped 0.8%. Besides computer products, electrical equipment and military aviation, most of the sectors on record posted decreases. The contraction in civil aviation was less pronounced than expected, retreating just 4.1%. New capital goods orders excluding aviation and defence dropped 1.2% after climbing 4.7% in March.

**Francis Généreux**  
Senior Economist

### CANADA

- Real GDP expanded by just 1.2% (annualized) in the first quarter of 2014, and domestic demand fell 0.3%. This is the first quarterly drop in domestic demand since the 2008–2009 recession. Exports fell 2.4%, while imports pulled back 7.2%. What's more, stockpiling ticked down from \$16.8B to \$16.3B, which translated into a small negative contribution to real GDP (-0.1%). In general, results for the economic accounts for the first quarter of 2014 are disappointing. Not only was real GDP growth sharply below expectations, but the distribution of growth among the components is discouraging. Without the decrease in imports, the first quarter would have instead ended with real GDP down 1.2%. These lower imports are themselves a reflection of the weakness of domestic demand.
- Canadian corporate operating profits grew 7.4% (quarterly annualized) in the first quarter of 2014, pushing the annual change up from 4.0% to 12.3%. The advance in earnings reflects growth in corporate operating profit margins, which reached their highest level in the first quarter of 2014 since this time series began in 1988. This robustness is fairly widespread, with most sectors posting margins that are sharply above their historical averages.
- Workers' average weekly earnings jumped 0.7% in March, taking the annual change to 3.1%. In real terms, annual wage growth is 1.7%, more than twice as high as the historical average. This is clearly good news for future movement in consumer spending.

**Benoit P. Durocher**  
Senior Economist

# FINANCIAL MARKETS

## The bond rally seems to be running out of steam

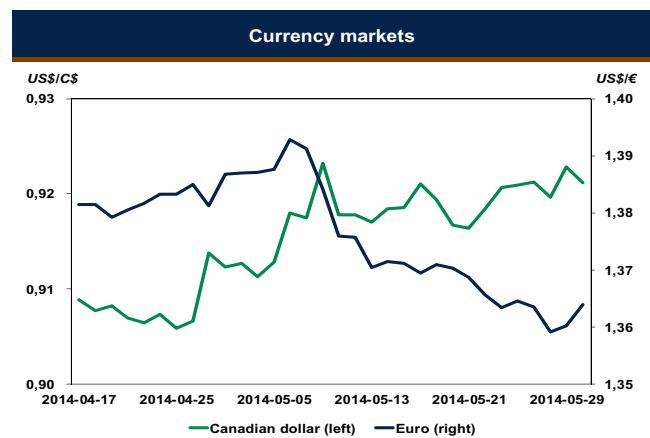
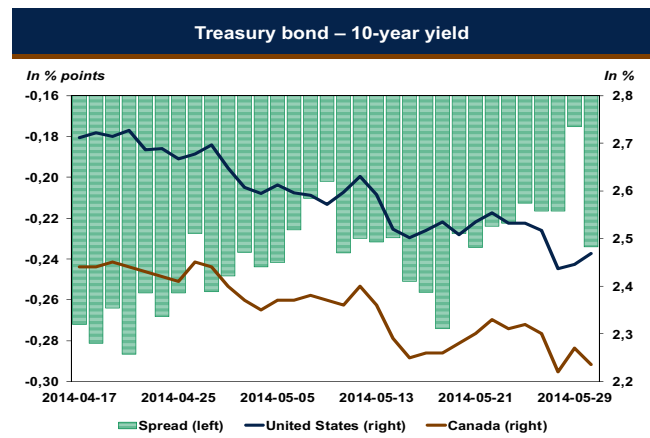
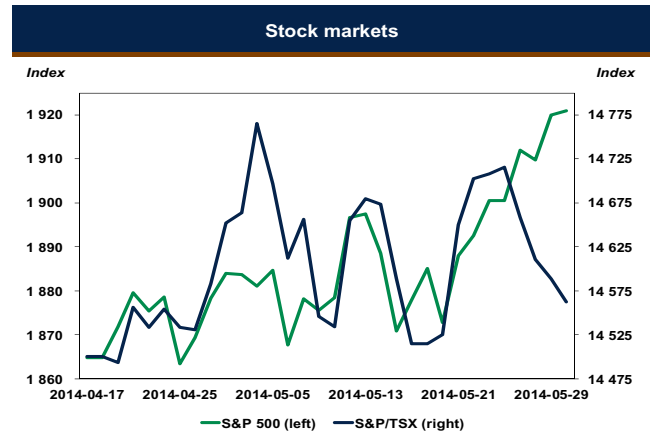
Coming back after the Memorial Day weekend in the United States, stock markets resumed their uptrend with little fanfare, and the S&P 500 is now comfortably above the 1,900-point mark. Tuesday, the surprise upswing in durable goods orders was welcomed by investors, while the larger-than-anticipated downgrade to U.S. economic growth in the first quarter did not seem to bother markets at all on Thursday. Canada's stock market, though, experienced some difficulties, posting three consecutive drops from Tuesday onward. The results published by financial institutions were mixed, and mining corporation shares had some problems, as gold prices plummeted.

Bonds took off in the middle of the week, with U.S. 10-year yields falling to 2.40% on Thursday morning before turning around and climbing back to around 2.48% on Friday. The initial drop was all the more spectacular because it did not seem to be triggered by any specific economic event or central bank action. On Thursday, despite the bigger-than-expected downgrade to U.S. GDP, yields posted a slight increase, which continued on Friday on the release of encouraging manufacturing data. Canadian bonds fell into step with the U.S. trend over most of the week, and the spread for 10-year yields remained relatively stable until Friday. However, spreads narrowed a bit after the release of figures on economic growth that were weaker than expected.

The dip in bond yields in the United States reined in the greenback's appreciation, which had benefited from good figures at the start of the week. The euro remains under pressure due to expectations of monetary easing. The weekly session was a bit tougher on the pound, which fell below US\$1.68. Attention was focused less on eventual monetary firming in the United Kingdom and more on the widespread drop in bond yields. The Canadian dollar had a good session on Thursday following strong wage growth in Canada, but disappointing economic growth offset some of the recent gains made above US\$0.92.

**Jimmy Jean**  
Senior Economist

**Hendrix Vachon**  
Senior Economist



# A LOOK AHEAD



## UNITED STATES

### Monday June 2 - 10:00

|              |             |
|--------------|-------------|
| <b>May</b>   |             |
| Consensus    | 55.5        |
| Desjardins   | 56.0        |
| <b>April</b> | <b>54.9</b> |

**ISM manufacturing index (May)** – In April, the ISM manufacturing index continued its climb from February and March. It has gone from 51.8 to 54.9 over three months, which is still lower than what it was in December 2013. Another advance is expected in May. The regional manufacturing indexes, including the New York Fed’s Empire index, point to further gains in the national index. A marked rise in the new orders component of the ISM manufacturing index would be especially welcome. The manufacturing ISM is expected to go to 56.0.

### Wednesday June 4 - 8:30

|              |              |
|--------------|--------------|
| <b>April</b> | US\$B        |
| Consensus    | -40.6        |
| Desjardins   | -41.7        |
| <b>March</b> | <b>-40.4</b> |

**Trade balance (April)** – The trade balance improved in March with, among other things, strong 2.1% growth in nominal exports, its best performance since June 2013. However, imports also went up 1.1%. We expect the trade balance to erode slightly in April. Firstly, price changes were much more negative for exports (-1.0%) than imports (-0.4%), which will help rein in net nominal exports. Secondly, after March’s rise in real exports, a slight contraction is expected, while imports should remain stable. All in all, the trade balance should go to -US\$41.7B.

### Wednesday June 4 - 10:00

|              |             |
|--------------|-------------|
| <b>May</b>   |             |
| Consensus    | 55.5        |
| Desjardins   | 55.5        |
| <b>April</b> | <b>55.2</b> |

**ISM non-manufacturing index (May)** – The non-manufacturing ISM grew a bit more than expected in April, going from 53.1 to 55.2. This is its biggest monthly increase since July 2013. The current production and new orders sub-indexes did especially well, going to 60.9 and 58.2 respectively; in both cases, these are their highest points since August 2013. Despite the magnitude of April’s gains, another rise is expected for May. However, this growth will be more modest, taking the index from 55.2 to 55.5.

### Friday June 6 - 8:30

|              |                |
|--------------|----------------|
| <b>May</b>   |                |
| Consensus    | 219,000        |
| Desjardins   | 230,000        |
| <b>April</b> | <b>288,000</b> |

**Job creation according to the establishment survey (May)** – Hires were lively in April. The 288,000-job gain is the job market’s best performance since January 2012. Another solid rise, although not quite as strong, is expected for May. There were fewer jobless claims in May than in April. May’s results for employment from the Conference Board’s consumer confidence survey were largely positive. We therefore expect 230,000 hires. After falling from 6.7% to 6.3% in April, the jobless rate should return to 6.5%.



## CANADA

### Wednesday June 4 - 8:30

|              |             |
|--------------|-------------|
| <b>April</b> | \$B         |
| Consensus    | 0.10        |
| Desjardins   | 0.30        |
| <b>March</b> | <b>0.08</b> |

**International merchandise trade (April)** – Once seasonally adjusted and expressed in Canadian dollars, commodity prices hardly moved in April. That being said, the value of merchandise exports could benefit from improved U.S. demand, after the considerable difficulties prompted by the harsh winter in the last few months. For imports, slow growth is expected, in keeping with relatively modest domestic demand growth. All in all, the international merchandise trade balance could improve slightly in April.

**Bank of Canada meeting (June)** – In all likelihood, Canada’s monetary authorities will again keep the target for the overnight rate at 1.00% at their meeting next week. As no *Monetary Policy Report* will be published, we should not expect any major changes to Bank of Canada (BoC) remarks. All the same, BoC leaders could note that inflation has risen faster than anticipated. That being said, the monetary authorities will continue to show a lot of caution, given the many uncertainties still surrounding Canada’s economic outlooks.

**Labour productivity (Q1)** – The number of private-sector jobs remained practically unchanged for the first quarter of 2014. Despite this, the total number of hours worked effectively rose 0.5% during that time. This rise is close to the increase observed in private-sector production, such that labour productivity should not change much at all during the period.

**Labour force survey (May)** – Canada’s labour market underperformed in April, losing 28,900 jobs. True to its reputation as a volatile economic indicator, employment should bounce back in May, given the moderate economic growth currently observed in the country. At first glance, the unemployment rate should stay at 6.9%. However, the participation rate might increase slightly, which could make the unemployment rate tick up.



## OVERSEAS

**United Kingdom: Bank of England meeting (June)** – The Bank of England (BoE) will not make any changes to its monetary policy at its June meeting. Although Britain’s economy continues to perform well, all of the BoE leaders decided in May that it would be appropriate to wait for an additional drop in excess capacity before initiating monetary firming. However, it will be interesting to read the minutes for this meeting, published on June 18, as in May, some members of the monetary policy committee seemed to be ready to contemplate monetary firming.

**Euro zone: European Central Bank meeting (June)** – The European Central Bank (ECB) should finally go into action on June 5. At the press conference following May’s meeting, President Mario Draghi declared that there was a consensus among ECB leaders to act in June, once the new outlooks for economic growth and inflation had been reviewed. The most recent data available did not suggest that the forecasts will be more optimistic. In addition to lowering its primary key rate, the ECB could opt for a securities purchasing program, a negative deposit rate, or more targeted efforts to increase credit. May’s revised inflation figures and April’s jobless rate will be released Tuesday. The second estimate for Q1’s real GDP (with details on demand components) will be out on Wednesday, while retail sales for April will be released Thursday.

### Wednesday June 4 - 10:00

|                 |              |
|-----------------|--------------|
| <b>June</b>     |              |
| Consensus       | 1.00%        |
| Desjardins      | 1.00%        |
| <b>April 16</b> | <b>1.00%</b> |

### Friday June 6 - 8:30

|                |             |
|----------------|-------------|
| <b>Q1 2014</b> | q/q         |
| Consensus      | n/a         |
| Desjardins     | 0.0%        |
| <b>Q4 2013</b> | <b>1.0%</b> |

### Friday June 6 - 8:30

|              |                |
|--------------|----------------|
| <b>May</b>   |                |
| Consensus    | 21,500         |
| Desjardins   | 30,000         |
| <b>April</b> | <b>-28,900</b> |

### Thursday June 5 - 7:00


|              |              |
|--------------|--------------|
| <b>June</b>  |              |
| Consensus    | 0.50%        |
| Desjardins   | 0.50%        |
| <b>May 8</b> | <b>0.50%</b> |

### Thursday June 5 - 7:45

|              |              |
|--------------|--------------|
| <b>June</b>  |              |
| Consensus    | 0.10%        |
| Desjardins   | 0.10%        |
| <b>May 8</b> | <b>0.25%</b> |

# ECONOMIC INDICATORS


## Week of June 2 to 6, 2014

| Day                  | Hour  | Indicator  | Period    | Consensus  |  | Previous data |
|----------------------|-------|--|-----------|------------|---|---------------|
| <b>UNITED STATES</b> |       |  |           |            |   |               |
| <b>MONDAY 2</b>      | 3:00  | Speech of the Chicago Fed President, C. Evans            |           |            |   |               |
|                      | 10:00 | ISM manufacturing index                                  | May       | 55.5       | 56.0  | 54.9          |
|                      | 10:00 | Construction spending (m/m)                              | April     | 0.7%       | 0.8%  | 0.2%          |
| <b>TUESDAY 3</b>     | ---   | Total vehicle sales (ann. rate)                          | May       | 16,100,000 | 16,000,000  | 15,980,000    |
|                      | 10:00 | Factory orders (m/m)                                     | April     | 0.5%       | 0.4%  | 1.1%          |
| <b>WEDNESDAY 4</b>   | 8:30  | Trade balance – Goods and services (US\$B)               | April     | -40.6      | -41.7   | -40.4         |
|                      | 8:30  | Nonfarm productivity – final (ann. rate)                 | Q1        | -2.6%      | -3.1%   | -1.7%         |
|                      | 8:30  | Unit labor costs – final (ann. rate)                     | Q1        | 4.8%       | 5.5%  | 4.2%          |
|                      | 10:00 | ISM non-manufacturing index                              | May       | 55.5       | 55.5  | 55.2          |
|                      | 14:00 | Release of the Beige Book                                |           |            |   |               |
| <b>THURSDAY 5</b>    | 8:30  | Initial unemployment claims                              | May 26-31 | 313,000    | 308,000   | 300,000       |
|                      | 13:30 | Speech of the Minneapolis Fed President, N. Kocherlakota |           |            |   |               |
| <b>FRIDAY 6</b>      | 8:30  | Change in nonfarm payrolls                               | May       | 219,000    | 230,000   | 288,000       |
|                      | 8:30  | Unemployment rate  | May       | 6.4%       | 6.5%  | 6.3%          |
|                      | 8:30  | Average weekly earnings (m/m)                            | May       | 0.2%       | 0.2%  | 0.0%          |
|                      | 8:30  | Weekly worked hours                                      | May       | 34.5       | 34.5  | 34.5          |
|                      | 15:00 | Consumer credit (US\$B)                                  | April     | 16.00      | 18.50   | 17.53         |




## CANADA

|                    |       |                              |       |        |        |         |
|--------------------|-------|------------------------------|-------|--------|--------|---------|
| <b>MONDAY 2</b>    | ---   | ---                          |       |        |        |         |
| <b>TUESDAY 3</b>   | ---   | ---                          |       |        |        |         |
| <b>WEDNESDAY 4</b> | 8:15  | International reserves (\$B) | May   | n/a    | 77.8   | 77.3    |
|                    | 8:30  | International trade (\$B)    | April | 0.10   | 0.30   | 0.08    |
|                    | 10:00 | Bank of Canada meeting       | June  | 1.00%  | 1.00%  | 1.00%   |
|                    | 16:00 | Quebec's Budget 2014-2015    |       |        |        |         |
| <b>THURSDAY 5</b>  | 8:30  | Building permits (m/m)       | April | 4.0%   | 5.0%   | -3.0%   |
|                    | 10:00 | PMI-Ivey index               | May   | 57.2   | 54.8   | 54.1    |
| <b>FRIDAY 6</b>    | 8:30  | Labour productivity (q/q)    | Q1    | n/a    | 0.0%   | 1.0%    |
|                    | 8:30  | Unit labour costs (q/q)      | Q1    | n/a    | 0.5%   | 0.4%    |
|                    | 8:30  | Net change in employment     | May   | 21,500 | 30,000 | -28,900 |
|                    | 8:30  | Unemployment rate            | May   | 6.9%   | 6.9%   | 6.9%    |

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. (SA): Seasonally adjusted, (NSA): Non seasonally adjusted. The times shown are Daylight Saving Time (GMT - 4 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

# ECONOMIC INDICATORS

## Week of June 2 to 6, 2014

| Country  | Hour  | Indicator                          | Period | Consensus |       | Previous data |     |        |
|--|-------|------------------------------------|--------|-----------|-------|---------------|-----|--------|
|  |       |                                    |        | m/m (q/q) | y/y   | m/m (q/q)     | y/y |        |
|  <b>OVERSEAS</b> |       |                                    |        |           |       |               |     |        |
| <b>SUNDAY 1</b>  |       |                                    |        |           |       |               |     |        |
| Japan  | 21:35 | PMI manufacturing index – final    | May    | n/a       |       | 49.9          |     |        |
| <b>MONDAY 2</b>  |       |                                    |        |           |       |               |     |        |
| Japan  | 1:00  | Vehicle sales                      | May    |           | n/a   |               |     | -11.4% |
| France   | 3:50  | PMI manufacturing index – final    | May    | 49.3      |       | 49.3          |     |        |
| Germany  | 3:55  | PMI manufacturing index – final    | May    | 52.9      |       | 52.9          |     |        |
| Euro zone  | 4:00  | PMI manufacturing index – final    | May    | 52.5      |       | 52.5          |     |        |
| United Kingdom   | 4:30  | PMI manufacturing index            | May    | 57.0      |       | 57.3          |     |        |
| Germany  | 8:00  | Consumer price index – preliminary | May    | 0.1%      | 1.1%  | -0.2%         |     | 1.3%   |
| China  | 21:00 | PMI non-manufacturing index        | May    | n/a       |       | 54.8          |     |        |
| <b>TUESDAY 3</b>   |       |                                    |        |           |       |               |     |        |
| Australia  | 0:30  | Reserve Bank of Australia meeting  | June   | 2.50%     |       | 2.50%         |     |        |
| Euro zone  | 5:00  | Unemployment rate                  | April  | 11.8%     |       | 11.8%         |     |        |
| Euro zone  | 5:00  | Consumer price index – estimate    | May    | 0.6%      |       | 0.7%          |     |        |
| United Kingdom   | 4:30  | PMI construction index             | May    | 61.0      |       | 60.8          |     |        |
| Japan  | 21:35 | PMI composite index                | May    | n/a       |       | 46.3          |     |        |
| Japan  | 21:35 | PMI services index                 | May    | n/a       |       | 46.4          |     |        |
| <b>WEDNESDAY 4</b>   |       |                                    |        |           |       |               |     |        |
| Italy  | 3:45  | PMI composite index                | May    | n/a       |       | 52.6          |     |        |
| Italy  | 3:45  | PMI services index                 | May    | 51.4      |       | 51.1          |     |        |
| France   | 3:50  | PMI composite index – final        | May    | 49.4      |       | 49.3          |     |        |
| France   | 3:50  | PMI services index – final         | May    | 49.2      |       | 49.2          |     |        |
| Germany  | 3:55  | PMI composite index – final        | May    | 56.1      |       | 56.1          |     |        |
| Germany  | 3:55  | PMI services index – final         | May    | 56.4      |       | 56.4          |     |        |
| Euro zone  | 4:00  | PMI services index – final         | May    | 53.5      |       | 53.5          |     |        |
| Euro zone  | 4:00  | PMI composite index – final        | May    | 53.9      |       | 53.9          |     |        |
| Italy  | 4:00  | Unemployment rate – preliminary    | April  | 12.8%     |       | 12.7%         |     |        |
| United Kingdom   | 4:30  | PMI composite index                | May    | 58.7      |       | 59.2          |     |        |
| United Kingdom   | 4:30  | PMI services index                 | May    | 58.2      |       | 58.7          |     |        |
| Euro zone  | 5:00  | Producer price index               | April  | -0.1%     | -1.2% | -0.2%         |     | -1.6%  |
| Euro zone  | 5:00  | Real GDP – preliminary             | Q1     | 0.2%      | 0.9%  | 0.2%          |     | 0.9%   |
| <b>THURSDAY 5</b>  |       |                                    |        |           |       |               |     |        |
| France   | 1:30  | ILO unemployment rate              | Q1     | 10.3      |       | 10.2          |     |        |
| Germany  | 2:00  | Factory orders                     | April  | 1.4%      | 4.6%  | -2.8%         |     | 1.5%   |
| Germany  | 3:30  | PMI construction index             | May    | n/a       |       | 49.7          |     |        |
| Euro zone  | 4:10  | PMI retail index                   | May    | n/a       |       | 51.2          |     |        |
| Germany  | 4:10  | PMI retail index                   | May    | n/a       |       | 53.1          |     |        |
| France   | 4:10  | PMI retail index                   | May    | n/a       |       | 50.3          |     |        |
| Italy  | 4:10  | PMI retail index                   | May    | n/a       |       | 49.5          |     |        |
| Euro zone  | 5:00  | Retail sales                       | April  | 0.0%      | 1.2%  | 0.3%          |     | 0.9%   |
| United Kingdom   | 7:00  | Bank of England meeting            | June   | 0.50%     |       | 0.50%         |     |        |
| Euro zone  | 7:45  | European Central Bank meeting      | June   | 0.10%     |       | 0.25%         |     |        |
| <b>FRIDAY 6</b>  |       |                                    |        |           |       |               |     |        |
| Japan  | 1:00  | Leading indicator – preliminary    | April  | 106.2     |       | 107.1         |     |        |
| Japan  | 1:00  | Coincident indicator – preliminary | April  | 110.8     |       | 114.5         |     |        |
| Germany  | 2:00  | Trade balance (€B)                 | April  | 15.1      |       | 16.4          |     |        |
| Germany  | 2:00  | Current account (€B)               | April  | 15.6      |       | 19.5          |     |        |
| Germany  | 2:00  | Industrial production              | April  | 0.4%      | 2.7%  | -0.5%         |     | 3.0%   |
| France   | 2:45  | Trade balance (€M)                 | April  | -5,000    |       | -4,937        |     |        |
| United Kingdom   | 4:30  | Trade balance (£M)                 | April  | -1,500    |       | -1,284        |     |        |
| Mexico   | 10:00 | Bank of Mexico meeting             | June   | 3.50%     |       | 3.50%         |     |        |

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. (SA): Seasonally adjusted, (NSA): Non seasonally adjusted. 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 | 2013                 | 2012   | 2011   | 2010   |
| Gross domestic product (2009 \$B)        | 2014 Q1     | 15,903 | -1.0          | 2.0    | 1.9                  | 2.8    | 1.8    | 2.5    |
| Consumption (2009 \$B)                   | 2014 Q1     | 10,914 | 3.1           | 2.5    | 2.0                  | 2.2    | 2.5    | 2.0    |
| Government spending (2009 \$B)           | 2014 Q1     | 2,863  | -0.8          | -1.5   | -2.2                 | -1.0   | -3.2   | 0.1    |
| Residential investment (2009 \$B)        | 2014 Q1     | 482.7  | -5.1          | 2.4    | 12.2                 | 12.9   | 0.5    | -2.5   |
| Non-residential investment (2009 \$B)    | 2014 Q1     | 2,015  | -1.6          | 3.4    | 2.7                  | 7.3    | 7.6    | 2.5    |
| Business inventory change (2009 \$B) (1) | 2014 Q1     | 49.0   | ---           | ---    | 81.6                 | 57.6   | 33.6   | 58.2   |
| Exports (2009 \$B)                       | 2014 Q1     | 2,032  | -6.0          | 3.7    | 2.7                  | 3.5    | 7.1    | 11.5   |
| Imports (2009 \$B)                       | 2014 Q1     | 2,451  | 0.8           | 2.9    | 1.4                  | 2.2    | 4.9    | 12.8   |
| Final domestic demand (2009 \$B)         | 2014 Q1     | 16,259 | 1.6           | 1.9    | 1.6                  | 2.4    | 1.8    | 1.5    |
| GDP deflator (2009 = 100)                | 2014 Q1     | 107.4  | 1.3           | 1.4    | 1.4                  | 1.7    | 2.0    | 1.2    |
| Labor productivity (2009 = 100)          | 2014 Q1     | 106.4  | -1.7          | 1.4    | 0.5                  | 1.5    | 0.5    | 3.3    |
| Unit labor cost (2009 = 100)             | 2014 Q1     | 103.9  | 4.2           | 0.9    | 1.1                  | 1.2    | 2.0    | -1.2   |
| Employment cost index (Dec. 2005 = 100)  | 2014 Q1     | 120.5  | 1.3           | 1.8    | 1.9                  | 1.8    | 2.0    | 1.9    |
| Current account balance (\$B) (1)        | 2013 Q4     | -81.1  | ---           | ---    | -379.3               | -440.4 | -457.7 | -449.5 |

\* New statistic in comparison with last week.

(1) Statistics representing the level during the period.

## United States: Monthly economic indicators

|  | Ref. month | Level   | Variation (%) |           |           |         |
|--|------------|---------|---------------|-----------|-----------|---------|
|  |            |         | -1 month      | -3 months | -6 months | -1 year |
| Leading indicator (2004 = 100)                   | April      | 101.4   | 0.4           | 1.9       | 2.9       | 5.8     |
| ISM manufacturing index (1)                      | April      | 54.9    | 53.7          | 51.3      | 56.6      | 50.0    |
| ISM non-manufacturing index (1)                  | April      | 55.2    | 53.1          | 54.0      | 55.1      | 53.8    |
| Cons. confidence Conf. Board (1985 = 100) (1)    | May*       | 83.0    | 81.7          | 78.3      | 72.0      | 74.3    |
| Cons. confidence Michigan (1966 = 100) (1)       | May        | 81.9    | 84.1          | 81.6      | 75.1      | 84.5    |
| Personal consumption expenditure (2009 \$B)      | April*     | 10,962  | -0.3          | 1.0       | 1.5       | 2.7     |
| Disposable personal income (2009 \$B)            | April*     | 11,828  | 0.2           | 0.8       | 0.9       | 2.0     |
| Consumer credit (\$B)                            | March      | 3,141   | 0.6           | 1.4       | 2.8       | 5.8     |
| Retail sales (\$M)                               | April      | 434,571 | 0.1           | 2.5       | 1.9       | 4.0     |
| Excluding automobiles (\$M)                      | April      | 347,487 | -0.0          | 1.5       | 1.2       | 2.7     |
| Industrial production (2007 = 100)               | April      | 102.7   | -0.6          | 1.4       | 1.9       | 3.5     |
| Production capacity utilization rate (%) (1)     | April      | 78.6    | 79.3          | 78.1      | 78.2      | 77.8    |
| New machinery orders (\$M)                       | March      | 493,437 | 0.9           | 0.9       | 0.7       | 5.5     |
| New durable good orders (\$M)                    | April*     | 239,947 | 0.8           | 7.1       | 3.8       | 7.1     |
| Business inventories (\$B)                       | March      | 1,717   | 0.4           | 1.3       | 2.9       | 4.7     |
| Housing starts (K) (1)                           | April      | 1,072   | 947.0         | 897.0     | 936.0     | 848.0   |
| Building permits (K) (1)                         | April      | 1,059   | 1,000         | 939.0     | 1,067     | 1,040   |
| New home sales (K) (1)                           | April      | 433.0   | 407.0         | 457.0     | 450.0     | 452.0   |
| Existing home sales (K) (1)                      | April      | 4,650   | 4,590         | 4,620     | 5,130     | 4,990   |
| Construction spending (\$B)                      | March      | 942.5   | 0.2           | -0.4      | 2.8       | 8.4     |
| Commercial surplus (\$M) (1)                     | March      | -40,378 | -41,874       | -38,975   | -43,434   | -36,562 |
| Nonfarm employment (K) (2)                       | April      | 138,252 | 288.0         | 713.0     | 1,215     | 2,367   |
| Unemployment rate (%) (1)                        | April      | 6.3     | 6.7           | 6.6       | 7.2       | 7.5     |
| Consumer price (1982-1984 = 100)                 | April      | 236.3   | 0.3           | 0.6       | 1.1       | 2.0     |
| Excluding food and energy                        | April      | 237.2   | 0.2           | 0.6       | 1.0       | 1.8     |
| Personal cons. expenditure deflator (2009 = 100) | April*     | 108.4   | 0.2           | 0.4       | 0.8       | 1.6     |
| Excluding food and energy                        | April*     | 107.1   | 0.2           | 0.4       | 0.7       | 1.4     |
| Producer price (1982 = 100)                      | April      | 200.8   | 0.7           | 1.0       | 1.8       | 3.1     |
| Excluding food and energy                        | April      | 188.1   | 0.3           | 0.5       | 1.5       | 1.8     |
| Export prices (2000 = 100)                       | April      | 133.7   | -1.0          | 0.8       | 1.6       | 0.1     |
| Import prices (2000 = 100)                       | April      | 139.8   | -0.4          | 1.1       | 0.6       | -0.3    |

\* New statistic in comparison with last week.

(1) Statistic shows the level of the month of the column; (2) Statistic shows the variation since the reference month.



## Canada: Quarterly economic indicators

|  | Ref. quart. | Level     | Variation (%) |        | Annual variation (%) |         |         |         |
|--|-------------|-----------|---------------|--------|----------------------|---------|---------|---------|
|  |             |           | Quart. ann.   | 1 year | 2013                 | 2012    | 2011    | 2010    |
| Gross domestic product (2007 \$M)            | 2014 Q1*    | 1,717,239 | 1.2           | 2.2    | 2.0                  | 1.7     | 2.5     | 3.4     |
| Household consumption (2007 \$M)             | 2014 Q1*    | 959,211   | 1.2           | 2.6    | 2.4                  | 1.9     | 2.3     | 3.5     |
| Government consumption (2007 \$M)            | 2014 Q1*    | 348,180   | -0.5          | 0.1    | 0.6                  | 1.1     | 0.8     | 2.7     |
| Residential investment (2007 \$M)            | 2014 Q1*    | 110,767   | -6.3          | -0.5   | -0.3                 | 6.1     | 1.6     | 8.7     |
| Non-residential investment (2007 \$M)        | 2014 Q1*    | 182,887   | -2.0          | -0.9   | 1.3                  | 6.2     | 11.1    | 14.5    |
| Business inventory change (2007 \$M) (1)     | 2014 Q1*    | 16,275    | ---           | ---    | 11,927               | 6,831   | 7,440   | -452.0  |
| Exports (2007 \$M)                           | 2014 Q1*    | 519,989   | -2.4          | 1.7    | 2.2                  | 1.5     | 4.7     | 6.9     |
| Imports (2007 \$M)                           | 2014 Q1*    | 549,162   | -7.2          | -1.1   | 1.1                  | 3.1     | 5.7     | 13.6    |
| Final domestic demand (2007 \$M)             | 2014 Q1*    | 1,722,577 | -0.3          | 1.0    | 1.4                  | 2.3     | 2.4     | 5.0     |
| GDP deflator (2007 = 100)                    | 2014 Q1*    | 112.8     | 5.5           | 1.7    | 1.4                  | 1.7     | 3.2     | 2.7     |
| Labour productivity (2007 = 100)             | 2013 Q4     | 104.4     | 3.9           | 2.4    | 1.0                  | -0.0    | 0.9     | 1.8     |
| Unit labour cost (2007 = 100)                | 2013 Q4     | 113.3     | 1.8           | 0.5    | 1.3                  | 3.0     | 2.5     | -0.4    |
| Current account balance (\$M) (1)            | 2014 Q1*    | -12,386   | ---           | ---    | -60,288              | -62,215 | -48,467 | -58,419 |
| Production capacity utilization rate (%) (1) | 2013 Q4     | 82.0      | ---           | ---    | 81.3                 | 81.5    | 80.6    | 78.5    |
| Disposable personal income (\$M)             | 2014 Q1*    | 1,103,432 | 4.5           | 3.2    | 3.6                  | 3.9     | 4.6     | 3.7     |
| Corporate net operating surplus (2007 \$M)   | 2014 Q1*    | 258,688   | 25.2          | 6.8    | -1.7                 | -4.9    | 11.3    | 31.6    |

\* New statistic in comparison with last week.

(1) Statistics representing the level during the period.

## Canada: Monthly economic indicators

|                                       | Ref. month | Level     | Variation (%) |           |           |         |
|---------------------------------------|------------|-----------|---------------|-----------|-----------|---------|
|                                       |            |           | -1 month      | -3 months | -6 months | -1 year |
| Gross domestic product (2007 \$M)     | March*     | 1,614,054 | 0.1           | 0.7       | 0.9       | 2.1     |
| Industrial production (2007 \$M)      | March*     | 353,878   | 0.6           | 2.3       | 2.9       | 3.5     |
| Manufacturing sales (\$M)             | March      | 50,922    | 0.4           | 2.2       | 3.1       | 3.5     |
| Housing starts (K) (1)                | April      | 195.3     | 156.7         | 176.5     | 201.3     | 177.5   |
| Building permits (\$M)                | March      | 5,987     | -3.0          | -7.0      | -11.6     | -5.5    |
| Retail sales (\$M)                    | March      | 41,065    | -0.1          | 1.5       | 0.2       | 3.9     |
| Excluding automobiles (\$M)           | March      | 31,662    | 0.1           | 1.5       | 1.3       | 3.7     |
| Wholesale trade sales (\$M)           | March      | 50,454    | -0.4          | 1.2       | 0.9       | 2.9     |
| Commercial surplus (\$M) (1)          | March      | 79.3      | 846.9         | -591.5    | 263.3     | -398.5  |
| Exports (\$M)                         | March      | 42,703    | -1.4          | 4.2       | 3.3       | 7.3     |
| Imports (\$M)                         | March      | 42,623    | 0.4           | 2.5       | 3.8       | 6.1     |
| Employment (K) (2)                    | April      | 17,804    | -28.9         | 2.3       | 2.9       | 12.4    |
| Unemployment rate (%) (1)             | April      | 6.9       | 6.9           | 7.0       | 7.0       | 7.2     |
| Average weekly earnings (\$)          | March*     | 932.7     | 0.7           | 0.8       | 2.3       | 3.1     |
| Number of salaried employees (K) (2)  | March*     | 15,413    | -45.3         | -24.2     | -9.2      | 4.4     |
| Consumer price (2002 = 100)           | April      | 125.2     | 0.3           | 1.7       | 1.8       | 2.0     |
| Excluding food and energy             | April      | 118.8     | 0.2           | 1.3       | 0.8       | 1.4     |
| Excluding 8 volatile items            | April      | 122.7     | 0.2           | 1.2       | 0.9       | 1.4     |
| Industrial product price (2002 = 100) | April*     | 112.4     | -0.2          | 1.5       | 4.0       | 3.9     |
| Raw materials price (2002 = 100)      | April*     | 123.5     | 0.1           | 6.6       | 7.2       | 9.1     |
| Money supply M1+ (\$M)                | April      | 739,065   | -0.6          | 0.6       | 3.6       | 6.9     |

\* New statistic in comparison with last week.

(1) Statistic shows the level of the month of the column; (2) Statistic shows the variation since the reference month.

## Major financial indicators

|                                      | Previous data (%) |        |          |           |           |         | Last 52 weeks (%) |         |        |
|--------------------------------------|-------------------|--------|----------|-----------|-----------|---------|-------------------|---------|--------|
|                                      | May 30            | May 23 | -1 month | -3 months | -6 months | -1 year | Higher            | Average | Lower  |
| <b>United States</b>                 |                   |        |          |           |           |         |                   |         |        |
| Federal funds – target               | 0.25              | 0.25   | 0.25     | 0.25      | 0.25      | 0.25    | 0.25              | 0.25    | 0.25   |
| Treasury bill – 3 months             | 0.03              | 0.04   | 0.02     | 0.05      | 0.06      | 0.04    | 0.14              | 0.05    | 0.00   |
| Treasury bonds – 2 years             | 0.37              | 0.34   | 0.43     | 0.30      | 0.27      | 0.30    | 0.51              | 0.35    | 0.26   |
| – 5 years                            | 1.54              | 1.52   | 1.68     | 1.49      | 1.35      | 1.04    | 1.83              | 1.50    | 1.01   |
| – 10 years                           | 2.47              | 2.53   | 2.59     | 2.66      | 2.76      | 2.16    | 3.01              | 2.68    | 2.07   |
| – 30 years                           | 3.32              | 3.40   | 3.37     | 3.59      | 3.83      | 3.31    | 3.95              | 3.66    | 3.23   |
| S&P 500 index                        | 1,921             | 1,901  | 1,881    | 1,859     | 1,806     | 1,631   | 1,921             | 1,768   | 1,573  |
| DJIA index                           | 16,676            | 16,606 | 16,513   | 16,322    | 16,086    | 15,116  | 16,715            | 15,806  | 14,660 |
| Gold price (US\$/ounce)              | 1,245             | 1,293  | 1,303    | 1,326     | 1,253     | 1,393   | 1,418             | 1,300   | 1,196  |
| CRB index                            | 305.59            | 308.26 | 307.14   | 302.43    | 274.88    | 281.85  | 312.19            | 289.81  | 272.29 |
| WTI oil (US\$/barrel)                | 102.71            | 105.01 | 100.09   | 102.88    | 92.54     | 91.93   | 110.62            | 100.53  | 91.35  |
| <b>Canada</b>                        |                   |        |          |           |           |         |                   |         |        |
| Overnight – target                   | 1.00              | 1.00   | 1.00     | 1.00      | 1.00      | 1.00    | 1.00              | 1.00    | 1.00   |
| Treasury bill – 3 months             | 0.93              | 0.92   | 0.94     | 0.84      | 0.94      | 1.01    | 1.03              | 0.94    | 0.81   |
| Treasury bonds – 2 years             | 1.04              | 1.06   | 1.07     | 1.00      | 1.10      | 1.08    | 1.31              | 1.11    | 0.93   |
| – 5 years                            | 1.52              | 1.57   | 1.63     | 1.63      | 1.73      | 1.48    | 2.17              | 1.76    | 1.45   |
| – 10 years                           | 2.24              | 2.31   | 2.35     | 2.43      | 2.56      | 2.07    | 2.82              | 2.50    | 2.04   |
| – 30 years                           | 2.77              | 2.84   | 2.88     | 2.94      | 3.15      | 2.63    | 3.28              | 3.03    | 2.60   |
| Spread with the U.S. rate (% points) |                   |        |          |           |           |         |                   |         |        |
| Overnight – target                   | 0.75              | 0.75   | 0.75     | 0.75      | 0.75      | 0.75    | 0.75              | 0.75    | 0.75   |
| Treasury bill – 3 months             | 0.90              | 0.88   | 0.92     | 0.79      | 0.88      | 0.97    | 0.99              | 0.89    | 0.76   |
| Treasury bonds – 2 years             | 0.67              | 0.72   | 0.64     | 0.70      | 0.83      | 0.78    | 0.92              | 0.76    | 0.61   |
| – 5 years                            | -0.02             | 0.05   | -0.05    | 0.14      | 0.38      | 0.44    | 0.58              | 0.26    | -0.05  |
| – 10 years                           | -0.23             | -0.22  | -0.24    | -0.23     | -0.20     | -0.09   | -0.00             | -0.18   | -0.37  |
| – 30 years                           | -0.55             | -0.56  | -0.49    | -0.65     | -0.68     | -0.68   | -0.48             | -0.63   | -0.74  |
| S&P/TSX index                        | 14,562            | 14,708 | 14,765   | 14,210    | 13,395    | 12,650  | 14,765            | 13,414  | 11,837 |
| Exchange rate (C\$/US\$)             | 1.0855            | 1.0862 | 1.0974   | 1.1066    | 1.0616    | 1.0378  | 1.1241            | 1.0654  | 0.9212 |
| Exchange rate (C\$/€)                | 1.4806            | 1.4809 | 1.5221   | 1.5273    | 1.4427    | 1.3490  | 1.5545            | 1.4431  | 1.2564 |
| <b>Overseas</b>                      |                   |        |          |           |           |         |                   |         |        |
| ECB – Refinancing rate               | 0.25              | 0.25   | 0.25     | 0.25      | 0.25      | 0.50    | 0.50              | 0.36    | 0.25   |
| BoE – Base rate                      | 0.50              | 0.50   | 0.50     | 0.50      | 0.50      | 0.50    | 0.50              | 0.50    | 0.50   |
| BoJ – Overnight rate                 | 0.10              | 0.10   | 0.10     | 0.10      | 0.10      | 0.10    | 0.10              | 0.10    | 0.10   |
| Germany: Bonds – 10 years            | 1.36              | 1.36   | 1.45     | 1.63      | 1.69      | 1.49    | 2.02              | 1.69    | 1.31   |
| U.K.: Bonds – 10 years               | 2.57              | 2.64   | 2.64     | 2.72      | 2.77      | 2.01    | 3.07              | 2.71    | 2.01   |
| Euro: Exchange rate (US\$/€)         | 1.3639            | 1.3634 | 1.3871   | 1.3803    | 1.3591    | 1.2999  | 1.3934            | 1.3540  | 1.2781 |
| U.K.: Exchange rate (US\$/£)         | 1.6768            | 1.6833 | 1.6867   | 1.6746    | 1.6368    | 1.5200  | 1.6978            | 1.6157  | 1.4867 |

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.