

## The debate intensifies within the Federal Reserve

### HIGHLIGHTS

- Solid rise by housing starts and the resale market in the United States.
- United States: Inflation decelerates a bit.
- Canada: The total annual inflation rate edged down in July.
- Canada: Retailer and wholesaler sales advanced in June.

### A LOOK AHEAD

- U.S. consumer confidence could tumble.
- United States: The aviation sector should contribute to a sharp rise in new durable goods orders.
- United States: New home sales are expected to jump.
- U.S. real GDP growth for the second quarter should be slightly downgraded.
- Canada: Real GDP by industry should tick up in June.
- Canada: The second quarter as a whole should end with a 2.5% gain by real GDP.

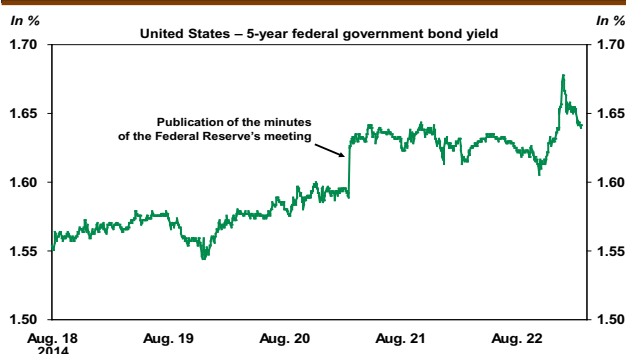
### FINANCIAL MARKETS

- The S&P 500 closes in on 2,000 points.
- Geopolitical concerns curb the upward momentum of 10-year yields.
- The U.S. dollar maintains its uptrend from the last few weeks.

### CONTENTS

Key statistics of the week.....	2
United States and Canada	
Financial markets.....	3
A look ahead .....	4
United States, Canada and Overseas	
Economic indicators of the week .....	6
Tables	
Economic indicators – United States .....	8
Economic indicators – Canada .....	9
Major financial indicators .....	10

**Graph of the week – The hawkish tone of the Federal Reserve's minutes triggered an upward reaction in short-term yields**



Sources: Bloomberg and Desjardins, Economic Studies

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## KEY STATISTICS OF THE WEEK

### UNITED STATES

- After accelerating this spring, inflation slowed this summer. The monthly change in the consumer price index (CPI) went from 0.4% in May to 0.3% in June, then to just 0.1% in July. This takes its annual change from 2.1% in May and June to 2.0% in July. Some of July's slowdown by prices is caused by energy costs. Prices for used vehicles have also dropped, and the rise by clothing prices is moderating. The core CPI, which excludes food and energy, rose just 0.1%, as in June; excluding housing, it fell for the first time in a year. Core inflation went from 2.0% to 1.9%.
- Housing starts climbed 15.7% in July. This is its highest monthly increase since November 2013, bringing the number of housing starts to an annualized 1,093,000 units. This is the fourth month with more than one million housing starts over the last year. The gain mainly stems from multi-unit housing (+33.0%), but the 8.3% growth by single-family homes is also encouraging. Building permits rose 8.1% to 1,052,000 units. The rise by the NAHB homebuilder confidence index, which went from 53 in July to 55 in August, suggests that housing starts should continue to do well.
- Existing home sales advanced 2.4% in July, going from 5,030,000 to 5,150,000 units. The gain stems largely from single-family dwellings and southern United States. However, resales remain below levels reached last year.
- The leading indicator rose 0.9% in July after moving up 0.6% in June (revised from 0.3%). This growth is due to the drop by weekly jobless claims, the rise by building permits and interest rate spread. The annual change of the leading indicator is growing at its fastest pace since September 2010.
- The Philadelphia Federal Reserve's manufacturing index went from 23.9 to 28.0 between July and August, its highest point since March 2011. Several components have moved down, though they are still high, including new orders (from 34.2 to 14.7) and shipments (from 34.2 to 16.5).

**Francis Généreux**  
Senior Economist

### CANADA

- The total consumer price index (CPI) fell 0.2% from June to July. The total annual inflation rate tumbled from 2.4% to 2.1%. The Bank of Canada's core index (CPIX) slipped 0.1% from June to July. Its annual change stands at 1.7% from 1.8% in June. Seasonally adjusted total CPI edged down 0.08% in July. This is a much lower change than the trend of recent months (around +0.25%). This divergence is largely due to a one-off drop in certain components, particularly in transportation. July saw motor vehicle prices experience the strongest monthly decrease in nearly two years. Seasonal fluctuations also intensified total CPI's monthly contraction in July. There were sharper-than-normal price drops in women's clothing due to seasonal effects.
- Retail sales rose 1.1% in June, growth that is much faster than the consensus forecast. In real terms, sales went up 0.5% for the month. The second quarter as a whole should therefore end with annualized quarterly gains of 7.0%, which is a definite rebound from the modest growth posted during the previous quarter. This raises hopes of a return to positive territory for domestic demand in the second quarter.
- Wholesale sales rose 0.6% in June, in line with expectations. Decreases in the motor vehicle and auto part sector (-2.4%), as well as in personal and household items (-0.7%) were offset by increases in the other sectors of activity. In real terms, sales rose 0.7% while inventories grew 1.2%.

**Benoit P. Durocher**  
Senior Economist

# FINANCIAL MARKETS

## The U.S. dollar is boosted by solid U.S. data

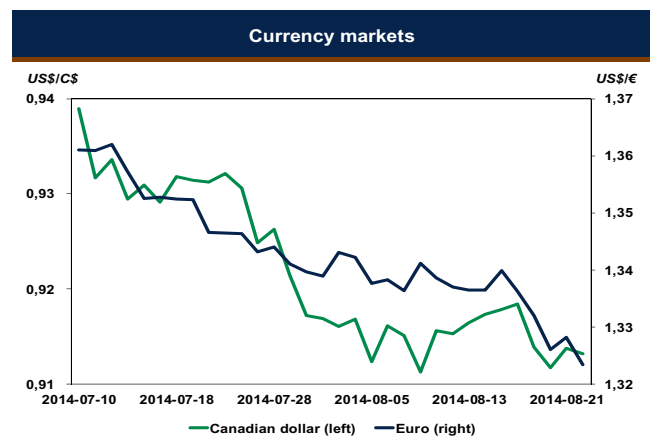
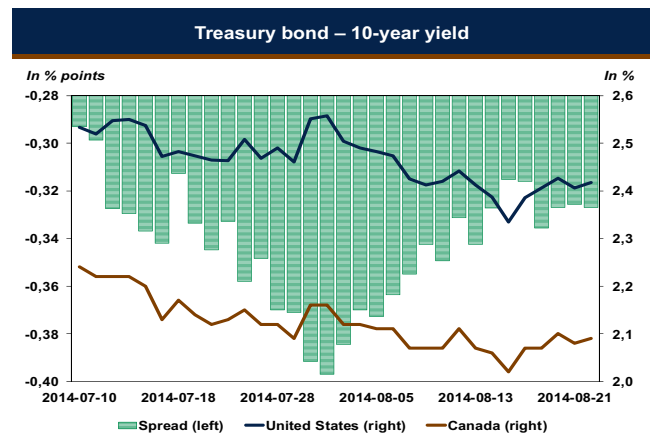
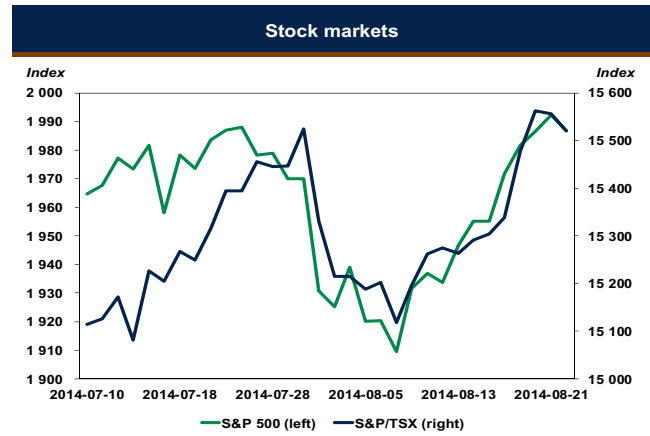
Stock markets posted gains during the first four sessions of the week, and the S&P 500 stood just a few points short of 2,000 points on Friday morning. Early in the week, stock markets welcomed short-lived improvements to the Ukraine and Iraq situations. Economic news for the United States was positive, especially from the real estate sector. On Wednesday, investors were surprised by the hawkish tone of the minutes of the July Federal Reserve (Fed) meeting. The stock markets ticked down, but quickly recouped the losses, encouraged by the leaders' more optimistic tone. Canada's market advanced in the wake of U.S. stocks, despite the continued slide in oil prices.

Bond yields trended up until Thursday, especially short-term maturities, with U.S. 2- and 5-year yields showing gains of eight and nine basis points respectively. The hawkish Fed minutes had a catalysing effect on short-term yields on Wednesday. They continued to rise on Friday, after Janet Yellen's remarks at the Jackson Hole conference. The climb in 10-year yields was limited, due to new tension in Ukraine. Canadian bonds fared better than their U.S. counterparts. On Friday, they did not react much to Canada's inflation figures, which were weaker than expected.

The U.S. dollar reacted more sharply to the good U.S. data and the Fed's signals. The greenback's appeal was also magnified by disappointments elsewhere in the world, especially the euro zone. The common currency hit an 11-month low on Friday, at US\$1.322. In the United Kingdom, lower-than-expected inflation hurt the pound considerably; it is now oscillating below US\$1.66. The yen was also affected by the U.S. dollar's surge. Japan's exchange rate hit ¥104/US\$ this week. The Canadian dollar also moved down, though less dramatically than the other major currencies. It is holding above US\$0.91 on Friday, as solid retail sale figures from Canada have inflation's pullback.

**Jimmy Jean**  
Senior Economist

**Hendrix Vachon**  
Senior Economist



# A LOOK AHEAD



## UNITED STATES

### Monday August 25 - 10:00

<b>July</b>	ann. rate
Consensus	426,000
Desjardins	445,000
<b>June</b>	<b>406,000</b>

**New home sales (July)** – The publication of June’s new home sales was a source of considerable disappointment in July. In addition to the 8.1% drop recorded in June, May’s figures were revised downwards, erasing the jump announced previously. However, we expect sales of new single-family dwellings to climb in July. Building permits issued for single-family dwellings rose 4.1% between May and July. Sales of existing single-family dwellings increased 2.7% last month, and we expect new home sales to reach 445,000 units in July.

### Tuesday August 26 - 8:30

<b>July</b>	m/m
Consensus	7.0%
Desjardins	6.9%
<b>June</b>	<b>0.7%</b>

**New durable goods orders (July)** – New durable goods orders were mixed in June, with slightly weaker gains than expected, at 0.7%, although capital goods orders did well. We expect more good results in July, thanks to the volatile aviation sector, among others. Boeing’s orders were very strong in July. The solid performance by the ISM manufacturing index, especially for new orders, suggests another fairly good advance by orders excluding transportation (a 0.8% rise is expected). The 1.7% gain by durable goods manufacturing in July is also a positive sign. We expect a 6.9% increase for new durable goods orders.

### Tuesday August 26 - 9:00

<b>June</b>	y/y
Consensus	8.2%
Desjardins	8.3%
<b>May</b>	<b>9.3%</b>

**S&P/Case-Shiller index of existing home prices (June)** – For the first time since January 2012, home prices fell in May according to the S&P/Case-Shiller index. This reversal echoes the poorer performances by several other housing market indicators since fall 2013. After this decrease, we expect prices to stagnate in June, and the index’s annual change should go from 9.3% to 8.3%.

### Tuesday August 26 - 10:00

<b>August</b>	
Consensus	88.8
Desjardins	88.0
<b>July</b>	<b>90.9</b>

**Conference Board consumer confidence index (June)** – Household sentiment continues to send mixed signals. In July, the Conference Board index hit its highest point since October 2007, though other indicators are less conclusive. The University of Michigan index was already down in July, and continued to pull back in August, according to its preliminary version. The weekly index compiled by Bloomberg has been standing still since June. Although rising tension in Iraq and within the United States has been a potential threat to household confidence for some weeks now, the stock market recouped its end of July losses over the last two weeks. All in all, the Conference Board index should post a retreat, bringing it to 88.0.

### Thursday August 28 - 8:30

<b>Q2 2014 – 2<sup>nd</sup> est.</b>	ann. rate
Consensus	3.9%
Desjardins	3.8%
<b>Q2 2014 – 1<sup>st</sup> est.</b>	<b>4.0%</b>

**Real GDP (Q1 – second estimate)** – As announced in the first estimate, the second quarter’s real GDP growth outstripped expectations. All the same, slight downward revision is expected for the second estimate. On one hand, net exports and construction are doing better than the Bureau of Economic Analysis believed in late July. However, inventories and consumption could make less positive contributions. Real GDP’s annualized quarterly change should therefore go from 4.0% to 3.8%.

### Friday August 29 - 8:30

<b>July</b>	m/m
Consensus	0.2%
Desjardins	0.0%
<b>June</b>	<b>0.4%</b>

**Consumer spending (July)** – Real consumption seems to have been slightly negative in July. The disappointing weakness in retail sales (just +0.1% excluding car dealers, service stations and renovation centres) is pointing in that direction, as is the 2.7% decrease in the number of new motor vehicles sold. Consumption of durable goods should be negative and offset by an increase in non-durable goods consumption. However, the 3.4% slide by electricity production in July, caused by lower temperatures than normal, suggests that real consumption of services fell. Real consumption should thus tick down 0.1%. As the consumer expenditure deflator is also expected to have risen 0.1% over the same time, the monthly change in nominal consumption should be flat.


**CANADA**

**Current account (Q2)** – The value of merchandise exports rose 3.3% during the second quarter, similar to growth by imports (+3.2%). Under these conditions, the current account balance for goods should remain practically unchanged in the second quarter. A slight improvement to the total current account balance is still expected, due to the anticipated decrease in the services deficit.

**Real GDP by industry (June)** – In general, the economic indicators for June were fairly modest. For example, manufacturing and wholesaler sales went up 0.2% and 0.7% respectively. What's more, the number of hours worked fell 1.0% in the service sector, pointing to very limited growth by production in many of these sectors. However, hours worked in the goods sector posted their fastest monthly growth in 10 months. All in all, real GDP by industry should rise by about 0.1% in June.

**Real GDP (Q2)** – Real GDP by industry edged up 0.1% in April and 0.4% in May. If we factor in the 0.1% rise expected for June, the second quarter as a whole should end with quarterly annualized real GDP growth of 2.5%. International trade should play a major role in this rise, given the substantial increase by exports. Domestic demand should also accelerate somewhat, after dropping 0.3% in the first quarter of 2014. In all likelihood, inventories will rein in real GDP growth in the second quarter, as the sharp rise by exports led to some destocking.

**Industrial product price index (July)** – The Bank of Canada commodity price index, expressed in Canadian dollars, fell 3.2% in July, largely due to a marked slide by energy. The Statistics Canada raw materials price index should therefore also plummet over the month. This will open the door to another monthly drop by the industrial product price index, which pulled back for the third straight quarter in June.


**OVERSEAS**

**Euro zone: Economic indicators** – The European Commission will release several confidence indicators on Thursday. Though hardly catastrophic, the latest figures have often been disappointing. An upswing in confidence would raise hopes of better economic growth in the second semester of 2014. July's jobless rate for the euro zone as a whole will come out on Friday. It is currently on a slight downtrend. The flash estimate of August's inflation will also be released Friday; the change in the price index is expected to slow again. Germany's IFO indexes of corporate confidence will be out on Monday.

**Thursday August 28 - 8:30**

<b>Q2 2014</b>	\$B
Consensus	-11.7
Desjardins	-12.0
<b>Q1 2014</b>	<b>-12.4</b>

**Friday August 29 - 8:30**

<b>June</b>	m/m
Consensus	0.2%
Desjardins	0.1%
<b>May</b>	<b>0.4%</b>

**Friday August 29 - 8:30**

<b>Q2 2014</b>	ann. rate
Consensus	2.7%
Desjardins	2.5%
<b>Q1 2014</b>	<b>1.2%</b>



**Friday August 29 - 8:30**

<b>July</b>	m/m
Consensus	-0.1%
Desjardins	-0.3%
<b>June</b>	<b>-0.1%</b>

**During the week**


# ECONOMIC INDICATORS

## Week of August 25 to 29, 2014

Day	Hour	Indicator	Period	Consensus		Previous data
 <b>UNITED STATES</b>						
<b>MONDAY 25</b>	10:00	New home sales (ann. rate)	July	426,000	445,000	406,000
<b>TUESDAY 26</b>	8:30	Durable goods orders (m/m)	July	7.0%	6.9%	0.7%
	9:00	S&P/Case-Shiller home price index (y/y)	June	8.2%	8.3%	9.3%
	10:00	Consumer confidence	August	88.8	88.0	90.9
<b>WEDNESDAY 27</b>	---	---				
<b>THURSDAY 28</b>	8:30	Initial unemployment claims	August 18-22	300,000	304,000	298,000
	8:30	Real GDP (ann. rate)	Q2s	3.9%	3.8%	4.0%
	10:00	Pending home sales (m/m)	July	0.5%	n/a	-1.1%
<b>FRIDAY 29</b>	8:30	Personal income (m/m)	July	0.3%	0.4%	0.4%
	8:30	Personal consumption expenditures (m/m)	July	0.2%	0.0%	0.4%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	July	0.1%	0.1%	0.2%
		Excluding food and energy (m/m)	July	0.2%	0.1%	0.1%
		Total (y/y)	July	1.6%	1.6%	1.6%
		Excluding food and energy (y/y)	July	1.5%	1.5%	1.5%
	9:45	Chicago PMI index	August	56.2	57.0	52.6
	9:55	Michigan's consumer sentiment index – final	August	80.2	79.2	79.2


 **CANADA**

<b>MONDAY 25</b>	---	---				
<b>TUESDAY 26</b>	---	Quarterly financial statistics for enterprises	Q2			
<b>WEDNESDAY 27</b>	---	---				
<b>THURSDAY 28</b>	8:30	Current account balance (\$B)	Q2	-11.7	-12.0	-12.4
	8:30	Average weekly earnings (y/y)	June	n/a	3.2%	2.6%
	8:30	Number of salaried employees (m/m)	June	n/a	-0.1%	0.3%
<b>FRIDAY 29</b>	8:30	Real GDP by industry (m/m)	June	0.2%	0.1%	0.4%
	8:30	Real GDP (ann. rate)	Q2	2.7%	2.5%	1.2%
	8:30	Industrial product price index (m/m)	July	-0.1%	-0.3%	-0.1%
	8:30	Raw materials price index (m/m)	July	-1.8%	-3.0%	1.1%

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 August 25 to 29, 2014

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
 <b>OVERSEAS</b>								
<b>MONDAY 25</b>								
Germany	4:00	IFO survey – Business climate	August	107.0		108.0		
Germany	4:00	IFO survey – Current situation	August	112.0		112.9		
Germany	4:00	IFO survey – Expectations	August	102.1		103.4		
<b>TUESDAY 26</b>								
Japan	1:00	Small business confidence	August	49.5		48.7		
<b>WEDNESDAY 27</b>								
France	2:45	Business confidence	August	93		93		
France	2:45	Production outlook	August	n/a		-18		
Italy	4:00	Consumer confidence	August	104.0		104.6		
<b>THURSDAY 28</b>								
Germany	2:00	Consumer confidence	Sept.	8.9		9.0		
Germany	3:55	Unemployment rate	August	6.7%		6.7%		
Euro zone	4:00	Money supply M3	July		1.5%		1.5%	
Italy	4:00	Retail sales	June	-0.5%	-0.6%	-0.7%	-0.5%	
Euro zone	5:00	Business climate	August	0.10		0.17		
Euro zone	5:00	Consumer confidence – final	August	-10.0		-10.0		
Euro zone	5:00	Industrial confidence	August	-4.5		-3.8		
Euro zone	5:00	Services confidence	August	3.5		3.6		
Euro zone	5:00	Economic confidence	August	101.5		102.2		
Italy	5:00	Business confidence	August	99.2		99.7		
Italy	5:00	Economic confidence	August	n/a		90.9		
Germany	8:00	Consumer price index – preliminary	August	0.0%	0.8%	0.3%	0.8%	
United-Kingdom	19:05	Consumer confidence	August	-1		-2		
Japan	19:30	Workers' household spending	July		-2.9%		-3.0%	
Japan	19:30	Consumer price index	July		3.4%		3.6%	
Japan	19:30	Consumer price index – Tokyo	August		2.7%		2.8%	
Japan	19:30	Unemployment rate	July	3.7%		3.7%		
Japan	19:50	Industrial production – preliminary	July	1.3%	-0.1%	-3.4%	3.1%	
Japan	19:50	Retail sales	July	0.3%	-0.1%	0.5%	-0.6%	
<b>FRIDAY 29</b>								
Japan	0:00	Vehicle production	July		n/a		6.6%	
Japan	1:00	Housing starts	July		-10.4%		-9.5%	
United Kingdom	2:00	Nationwide house prices	August	0.1%	10.2%	0.1%	10.6%	
Germany	2:00	Retail sales	August	0.1%	1.5%	1.3%	0.4%	
France	2:45	Producer price index	July	0.0%	0.4%	0.0%	0.4%	
Italy	4:00	Unemployment rate – preliminary	July	12.3%		12.3%		
Euro zone	5:00	Consumer price index – estimate	August		0.3%		0.4%	
Euro zone	5:00	Unemployment rate	July	11.5%		11.5%		
Italy	6:00	Real GDP – final	Q2	-0.2%	-0.3%	-0.2%	-0.3%	

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 Q2*	15,986	3.9	2.4	2.2	2.3	1.6	2.5
Consumption (2009 \$B)	2014 Q2*	10,911	2.5	2.3	2.4	1.8	2.3	1.9
Government spending (2009 \$B)	2014 Q2*	2,880	1.6	-0.7	-2.0	-1.4	-3.0	0.1
Residential investment (2009 \$B)	2014 Q2*	494.2	7.5	0.9	11.9	13.5	0.5	-2.5
Non-residential investment (2009 \$B)	2014 Q2*	2,079	5.5	5.7	3.0	7.2	7.7	2.5
Business inventory change (2009 \$B) (1)	2014 Q2*	93.4	---	---	63.6	57.1	37.6	58.2
Exports (2009 \$B)	2014 Q2*	2,073	9.5	3.5	3.0	3.3	6.9	11.9
Imports (2009 \$B)	2014 Q2*	2,544	11.7	3.9	1.1	2.3	5.5	12.7
Final domestic demand (2009 \$B)	2014 Q2*	16,345	2.8	2.1	1.9	2.1	1.7	1.5
GDP deflator (2009 = 100)	2014 Q2*	108.2	2.0	1.6	1.5	1.8	2.1	1.2
Labor productivity (2009 = 100)	2014 Q2*	106.0	2.5	1.2	0.9	1.0	0.1	3.3
Unit labor cost (2009 = 100)	2014 Q2*	105.3	0.6	1.9	0.3	1.7	2.1	-1.3
Employment cost index (Dec. 2005 = 100)	2014 Q2*	121.4	3.0	2.1	1.9	1.8	2.0	1.9
Current account balance (\$B) (1)	2014 Q1	-111.2	---	---	-400.3	-460.8	-459.3	-443.9

\* 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)	July*	103.3	0.9	2.1	4.0	7.0
ISM manufacturing index (1)	July*	57.1	55.3	54.9	51.3	54.9
ISM non-manufacturing index (1)	July*	58.7	56.0	55.2	54.0	55.9
Cons. confidence Conf. Board (1985 = 100) (1)	July*	90.9	86.4	81.7	79.4	81.0
Cons. confidence Michigan (1966 = 100) (1)	Aug.*	79.2	81.8	81.9	81.6	82.1
Personal consumption expenditure (2009 \$B)	June*	10,929	0.2	0.2	0.9	2.3
Disposable personal income (2009 \$B)	June*	11,943	0.2	0.6	2.1	2.3
Consumer credit (\$B)	June*	3,211	0.5	2.0	3.7	6.7
Retail sales (\$M)	July*	439,802	0.0	0.7	3.7	3.7
Excluding automobiles (\$M)	July*	352,162	0.1	0.8	2.8	3.1
Industrial production (2007 = 100)	July*	104.4	0.4	1.2	3.0	5.0
Production capacity utilization rate (%) (1)	July*	79.2	79.1	79.0	78.1	77.5
New machinery orders (\$M)	June*	503,238	1.1	1.4	2.9	1.5
New durable good orders (\$M)	June*	242,370	1.7	1.7	5.5	-0.6
Business inventories (\$B)	June*	1,743	0.4	1.5	2.8	5.8
Housing starts (K) (1)	July*	1,093	945.0	1,063	897.0	898.0
Building permits (K) (1)	July*	1,052	973.0	1,059	939.0	977.0
New home sales (K) (1)	June*	406.0	442.0	403.0	442.0	459.0
Existing home sales (K) (1)	July*	5,150	5,030	4,660	4,620	5,380
Construction spending (\$B)	June*	950.2	-1.8	0.3	-1.1	5.5
Commercial surplus (\$M) (1)	June*	-41,538	-44,663	-44,176	-37,393	-36,552
Nonfarm employment (K) (2)	July*	139,004	209.0	736.0	1,465	2,570
Unemployment rate (%) (1)	July*	6.2	6.1	6.3	6.6	7.3
Consumer price (1982-1984 = 100)	July*	237.9	0.1	0.7	1.3	2.0
Excluding food and energy	July*	238.3	0.1	0.5	1.0	1.9
Personal cons. expenditure deflator (2009 = 100)	June*	109.0	0.2	0.7	1.0	1.6
Excluding food and energy	June*	107.6	0.1	0.5	0.9	1.5
Producer price (1982 = 100)	July*	202.4	0.1	0.8	1.7	2.9
Excluding food and energy	July*	188.8	0.1	0.4	0.6	1.9
Export prices (2000 = 100)	July*	133.1	0.0	-0.3	0.3	0.4
Import prices (2000 = 100)	July*	140.0	-0.2	0.2	1.2	0.8

\* 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)	2014 Q1	104.4	-0.2	2.2	1.0	-0.0	0.9	1.8
Unit labour cost (2007 = 100)	2014 Q1	113.9	1.9	1.1	1.4	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)	2014 Q1	82.5	---	---	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)	May*	1,622,918	0.4	0.7	0.8	2.3
Industrial production (2007 \$M)	May*	354,584	0.6	0.7	1.8	5.1
Manufacturing sales (\$M)	June*	51,960	0.6	2.1	4.3	6.9
Housing starts (K) (1)	July*	200.1	198.7	195.7	177.1	198.5
Building permits (\$M)	June*	7,991	13.5	33.8	24.1	20.1
Retail sales (\$M)	June*	42,578	1.1	3.3	5.2	5.9
Excluding automobiles (\$M)	June*	32,607	1.5	2.8	4.6	6.2
Wholesale trade sales (\$M)	June*	53,012	0.6	4.4	6.3	8.7
Commercial surplus (\$M) (1)	June*	1,860	576.3	1,131	-535.4	-21.4
Exports (\$M)	June*	45,203	1.1	2.6	10.2	13.4
Imports (\$M)	June*	43,344	-1.8	1.0	4.3	8.7
Employment (K) (2)	July*	17,862	41.7	19.4	10.9	13.1
Unemployment rate (%) (1)	July*	7.0	7.1	6.9	7.0	7.2
Average weekly earnings (\$)	May*	936.6	0.6	1.1	1.7	2.6
Number of salaried employees (K) (2)	May*	15,519	43.1	20.3	6.0	13.2
Consumer price (2002 = 100)	July*	125.7	-0.2	0.4	2.1	2.1
Excluding food and energy	July*	118.9	-0.2	0.1	1.4	1.5
Excluding 8 volatile items	July*	123.1	-0.1	0.3	1.5	1.7
Industrial product price (2002 = 100)	June*	111.7	-0.1	-0.8	2.5	3.0
Raw materials price (2002 = 100)	June*	124.4	1.1	0.8	10.4	9.2
Money supply M1+ (\$M)	June*	721,853	-0.1	0.0	2.2	7.0

\* 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 (%)		
	Aug. 22	Aug. 15	-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	0.02	0.03	0.03	0.04	0.05	0.03	0.14	0.04	0.00
Treasury bonds – 2 years	0.49	0.41	0.49	0.34	0.32	0.38	0.53	0.38	0.27
– 5 years	1.66	1.54	1.67	1.52	1.53	1.64	1.83	1.57	1.27
– 10 years	2.42	2.34	2.47	2.53	2.73	2.82	3.01	2.68	2.34
– 30 years	3.18	3.13	3.24	3.40	3.70	3.80	3.95	3.60	3.13
S&P 500 index	1,987	1,955	1,978	1,901	1,836	1,664	1,992	1,838	1,630
DJIA index	17,027	16,663	16,961	16,606	16,103	15,011	17,138	16,179	14,776
Gold price (US\$/ounce)	1,280	1,305	1,299	1,293	1,320	1,396	1,418	1,295	1,196
CRB index	288.53	289.93	298.34	308.26	301.58	290.79	312.93	293.35	272.29
WTI oil (US\$/barrel)	93.20	97.30	105.23	105.01	102.53	106.47	110.62	100.53	91.74
<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	0.94	0.95	0.95	0.92	0.86	0.99	1.00	0.92	0.81
Treasury bonds – 2 years	1.09	1.05	1.08	1.06	1.01	1.19	1.31	1.10	0.93
– 5 years	1.56	1.48	1.47	1.57	1.69	1.94	2.17	1.71	1.42
– 10 years	2.09	2.02	2.12	2.31	2.52	2.69	2.82	2.45	2.02
– 30 years	2.64	2.58	2.67	2.84	3.02	3.16	3.28	2.98	2.58
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	0.92	0.92	0.92	0.88	0.81	0.96	0.98	0.88	0.76
Treasury bonds – 2 years	0.61	0.64	0.59	0.72	0.69	0.81	0.92	0.72	0.57
– 5 years	-0.10	-0.06	-0.20	0.05	0.16	0.30	0.58	0.14	-0.24
– 10 years	-0.33	-0.32	-0.35	-0.22	-0.21	-0.13	-0.02	-0.23	-0.40
– 30 years	-0.54	-0.55	-0.57	-0.56	-0.68	-0.64	-0.48	-0.62	-0.72
S&P/TSX index	15,521	15,304	15,455	14,708	14,206	12,762	15,562	14,048	12,591
Exchange rate (C\$/US\$)	1.0951	1.0896	1.0813	1.0862	1.1111	1.0496	1.1241	1.0758	0.9132
Exchange rate (C\$/€)	1.4493	1.4599	1.4523	1.4809	1.5265	1.4045	1.5545	1.4648	1.2085
<b>Overseas</b>									
ECB – Refinancing rate	0.15	0.15	0.15	0.25	0.25	0.50	0.50	0.28	0.15
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	0.99	0.97	1.15	1.36	1.67	1.94	2.02	1.59	0.97
U.K.: Bonds – 10 years	2.41	2.47	2.69	2.64	2.79	2.89	3.07	2.75	2.41
Euro: Exchange rate (US\$/€)	1.3234	1.3399	1.3432	1.3634	1.3740	1.3382	1.3934	1.3614	1.3120
U.K.: Exchange rate (US\$/£)	1.6571	1.6697	1.6975	1.6833	1.6617	1.5568	1.7166	1.6515	1.5504

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.