

## After panicking, the markets regrouped

### HIGHLIGHTS

- U.S. consumer confidence posts astonishing growth in October.
- Larger-than-expected drop in retail sales in the United States.
- United States: Industrial production and housing starts rebound in September.
- Canada: The total annual inflation rate went from 2.1% to 2.0%.
- Canada: Manufacturing sales tumbled in August.

### A LOOK AHEAD

- U.S. new home sales are expected to retreat, while resales should remain stable.
- United States: Inflation probably stayed at 1.7% in September.
- Canada: Wholesaler and retailer sales could decrease in August.
- The Bank of Canada will leave its overnight rate at 1.00% and release its *Monetary Policy Report*.

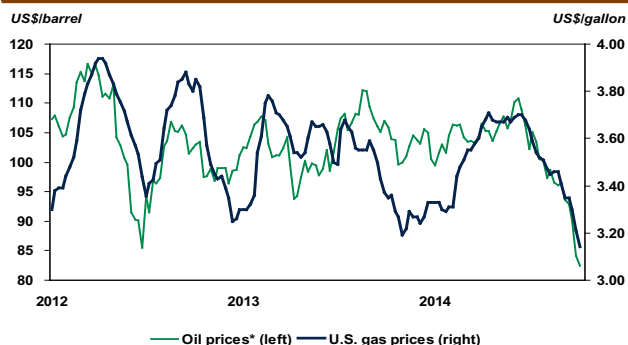
### FINANCIAL MARKETS

- The stock markets had one of their worst weeks of the year.
- U.S. 10-year yields fell below 2.0%, an astonishing drop.
- The Canadian dollar hit its lowest point in five years, US\$0.8784 (CAN\$1.1384/US\$) mid-week.

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**Graph of the week – Oil and gas prices fell to their lowest points in years**



\* Average of Brent and West Texas Intermediate oil prices  
Sources: Datastream 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

- Retail sales fell 0.3% in September following a 0.6% gain in August, marking the first drop since January. Most retail categories have posted a decrease in sales. Excluding autos and gas, sales declined 0.1%.
- Against all expectations, the University of Michigan confidence index is showing an increase for October. The preliminary version puts the index at 86.4, up from September's final version, 84.6. Given the stock market's weakness since mid-September (even before this week's debacle), the geopolitical situation and fears about Ebola, a drop in confidence was expected. Falling gas prices and the job market's good performance seem to have more than offset these negatives. The University of Michigan index is now at its highest point since July 2007.
- After dipping 0.2% in August, industrial production jumped 1.0% in September, its best monthly growth since May 2010. The gains were fairly widespread. The manufacturing sector advanced 0.5%, despite a new drop by the automotive sector. The mining sector rose 1.8%, while energy supplier production recorded unusual 3.9% growth. The industrial capacity utilization rate went from 78.7% to 79.3%, its highest point since May 2008.
- The regional manufacturing indexes sent contradictory signals in October. On one hand, the New York Fed's Empire index fell from 27.54 to just 6.17. On the other hand, the Philadelphia Fed index posted a much smaller contraction, going from 22.5 to 20.7.
- Housing starts went from an annualized 957,000 units in August to 1,017,000 in September. This 6.3% increase follows a 12.8% slide in August and growth of 20.8% in July. The recent volatility in housing starts comes mainly from multi-unit dwellings. Their 18.5% rise is behind September's gain, as progress by single-family dwellings was smaller (+1.1%). Building permits went up 1.5%, going from 1,003,000 units to 1,018,000 units.
- The federal government's budget balance stands at -US\$483B at the end of the 2014 fiscal year, which ended in September. This is a marked improvement from the deficits of \$680B in 2013 and \$1,087B in 2012. Annual spending rose 1.4%, while revenue jumped 8.9%.

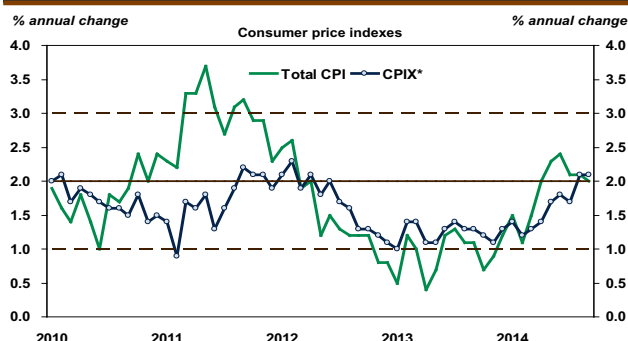
**Francis Généreux**  
Senior Economist

### CANADA

- The total consumer price index (CPI) rose 0.1% in September. The total annual inflation rate fell from 2.1% to 2.0%. The Bank of Canada's core index (CPIX), which excludes eight volatile components, advanced 0.2% for the month. Its annual change remained at 2.1%. September's results for the CPI are completely in line with our forecast. Seasonal effects dragged total CPI down 0.1%, with the decrease in fresh vegetables and gas largely offset by an increase in clothing prices. Therefore, seasonally adjusted total CPI posted 0.2% growth. This result more accurately reflects the trend than did the weaker fluctuations recorded in July and August.
- Manufacturing sales fell 3.3% in August, the first monthly drop in 2014. Although sharper than anticipated, August's decline by manufacturing sales does not come as a surprise. Growth in previous months had been extraordinary and even overly fast, with a gain of 2.9% in July (revised upwards from the initial estimate of 2.5%), among other things.
- Sales of existing homes fell 1.4% in September. This is their first monthly retreat since January 2014. The drop mainly occurred in Ontario and the Prairies. However, average price for existing homes continued to rise, going up 1.1% over the month. Over a year, the average price is up 5.9%.

**Benoit P. Durocher**  
Senior Economist

#### Inflation has been stable around the median for several months



\* Bank of Canada core index.  
Sources: Statistica Canada and Desjardins, Economic Studies

# FINANCIAL MARKETS

## A wave of panic on the markets

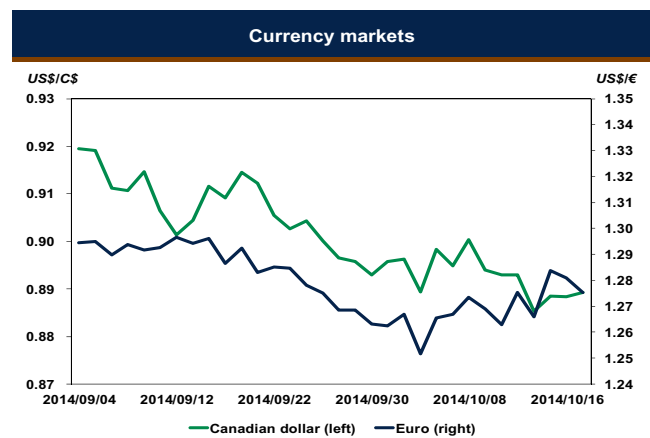
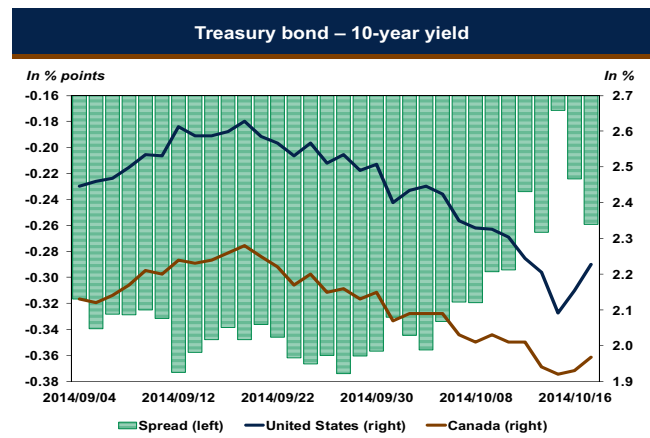
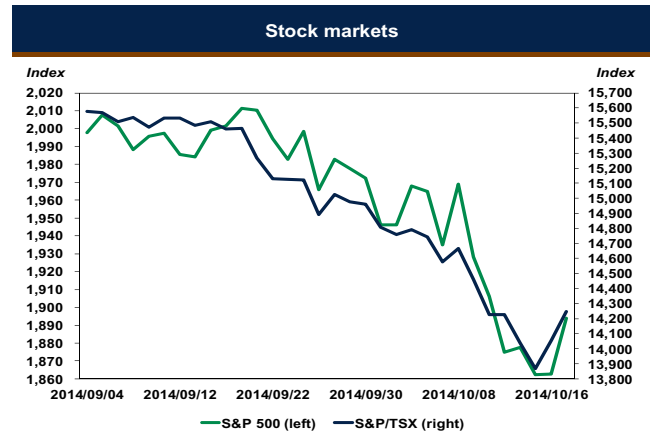
Volatility rose to new peaks, fuelled by disappointing consumption in the United States, falling confidence in Germany, and political tensions in Greece. The S&P 500 hit a 1,820-point low on Wednesday, nearly 10% below its most recent peak reached September 19. More reassuring economic data, satisfactory business results from U.S. banks and some dovish remarks from Federal Reserve (Fed) leaders led to some consolidation near the end of the week. Canada's stock market was once again among the hardest hit worldwide, dragged down by the steep drop in oil prices from Tuesday to Thursday morning. After temporarily dipping below US\$80, West Texas Intermediate oil prices recovered, climbing above \$83 on Friday morning, which gave a boost to the S&P/TSX.

U.S. 10-year yields fell below 2.0% on Wednesday, something that had seemed highly unlikely until recently. Yields suddenly slid to 1.86% on Wednesday, before bouncing back. Renewed optimism at the end of the week, however, gave a boost to yields across all maturities, with 10-year yields nearing 2.20% at the time of writing. Canadian bonds fared more poorly than U.S. bonds, excluding two-year maturities, as the gloomy international climate and disappointing Canadian manufacturing figures helped to fuel speculation about a future key rate cut in Canada.

The U.S. dollar lost a bit of ground this week, especially on Wednesday when U.S. indicators disappointed. Despite some renewed fears about European sovereign debt, the euro hardly stumbled and climbed close to US\$1.28. The pound sterling had a more difficult start to the week, due to a steeper drop than expected in inflation, arguing for a delay to monetary firming in the United Kingdom. The pound did recover, rising to US\$1.61. Hurt by falling oil prices, the Canadian dollar hit a five-year low, at US\$0.8784. It then recovered somewhat, going close to US\$0.89.

**Jimmy Jean**  
Senior Economist

**Hendrix Vachon**  
Senior Economist



# A LOOK AHEAD



## UNITED STATES

### Tuesday October 21 - 10:00

<b>September</b>	ann. rate
Consensus	5,100,000
Desjardins	5,050,000
<b>August</b>	<b>5,050,000</b>

**Existing home sales (September)** – After rising for four straight months for a total gain of 12%, existing home sales fell 1.8% in August. The 1.0% slide by pending sales does not point to a quick turnaround by resales. What’s more, mortgage applications in view of a purchase were stable in September. We therefore expect existing home sales to stagnate, remaining at 5,050,000 units.

### Wednesday October 22 - 8:30

<b>September</b>	m/m
Consensus	0.0%
Desjardins	0.1%
<b>August</b>	<b>-0.2%</b>

**Consumer price index (September)** – The 0.2% drop by the total consumer price index (CPI) in August was a bit more pronounced than expected. Combined with a stagnating core index, which excludes food and energy, this suggests that inflation is much less of a threat to the United States than was feared last spring, when the total CPI and core CPI were both tending to accelerate. We expect prices to return to growth in September, but the rise will be modest. Gas prices slid further last month, and the contraction posted was almost twice (-2.1%) the usual for September in the United States (-1.1%). Energy prices should therefore contribute negatively to monthly CPI growth. While food and housing prices should offset this effect, the total gain should not exceed 0.1%. The core index should also edge up 0.1%. Total inflation should remain at 1.7%, but core inflation should creep from 1.7% to 1.8%.

### Thursday October 23 - 10:00

<b>September</b>	m/m
Consensus	0.7%
Desjardins	0.6%
<b>August</b>	<b>0.2%</b>

**Leading indicator (September)** – After July’s strong 1.1% rise, growth by the leading indicator slowed in August, with a gain of 0.2%. The biggest positive contributions came from the ISM index, credit conditions and the spread between bond yields and key rates. However, these upside factors were offset by negative contributions from jobless claims and building permits. These two components were up in September, which should lead to better growth by the leading indicator. We are expecting an increase of 0.6%.

### Friday October 24 - 8:30

<b>September</b>	ann. rate
Consensus	470,000
Desjardins	450,000
<b>August</b>	<b>504,000</b>

**New home sales (September)** – Sales of new single-family dwellings have been especially volatile in recent months. After falling 8.5% in June and edging up 1.8% in July, they jumped 18% in August, the biggest monthly growth since January 1992. After this kind of spike, we can obviously expect some pullback in September. The number of building permits for single-family homes suggests a return to 450,000 units, which is still above the average for previous months. Given the recent volatility, however, a more dramatic contraction is not out of the question.



## CANADA

### Monday October 20 - 8:30

<b>August</b>	m/m
Consensus	-0.3%
Desjardins	-0.6%
<b>July</b>	<b>-0.3%</b>

**Wholesale trade (August)** – After slowing a little in July, wholesaler sales could retreat again in August. Not only did merchandise exports excluding commodities fall 1.4% in August, but preliminary data also shows a 1.7% drop by the number of new cars sold. Under these conditions, August’s wholesale sales are expected to decrease around 0.6%.

**Retail sales (August)** – Once seasonally adjusted, goods prices fell 0.4% in August, including a considerable drop by gas prices. This should bring down the value of retail sales, especially for service stations. Moreover, preliminary data points to a 1.7% decrease in the number of new cars sold. That being said, conditions remain rather favourable for retail trade overall. Household confidence is holding just above its historic average, and income growth is fairly good. Sales excluding automobiles and gas could therefore advance slightly in August.

**Bank of Canada meeting** – Despite some encouraging signs, especially from international trade, many uncertainties continue to loom over Canada's economic outlook. Under these conditions, it is clear that the Bank of Canada (BoC) will again leave its key rate unchanged. Next Wednesday, the BoC will also release its *Monetary Policy Report*, unveiling its latest projections. Since Canada's real GDP rose more than the BoC expected in Q2, the monetary authorities could slightly upgrade their forecast for 2014 as a whole. However, this should not be a substantial change. Inflation's results for the second quarter were a bit lower than the BoC projected. The increases expected in coming quarters, however, are in line with our most recent forecasts. In light of this, it would be surprising if the monetary authorities changed their inflation expectations dramatically.



## OVERSEAS

**Euro zone: PMI index (October)** – Fears about Europe's economy are growing. The PMI indexes have been soft lately, particularly in Germany, indicating that growth, which was already weak, is slowing again. Another drop by the PMI indexes in October, especially if they fall below 50, would heighten concern and increase the likelihood of a third contraction by the Eurozone economy. The flash version of Eurozone's consumer confidence index, as well as an array of French business confidence indicators, will be released on Thursday.

**China: Real GDP (third quarter)** – Quarterly real GDP growth accelerated this spring, but the spike seems temporary. On one hand, net exports seem to have performed well over the summer, but other indicators have deteriorated further, such as industrial production. Electricity production even suggests a substantial slowdown. The consensus expects weaker annual and quarterly real GDP growth.

**United Kingdom: Real GDP (third quarter)** – Britain's real GDP continued to advance strongly this spring, with a non-annualized gain of 0.9%. Further good growth is expected for the third quarter, but several indicators suggest that the pace was a little slower.

<b>Wednesday October 22 - 8:30</b>	
<b>August</b>	m/m
Consensus	-0.1%
Desjardins	-0.3%
<b>July</b>	<b>-0.1%</b>

<b>Wednesday Oct. 22 - 10:00</b>	
<b>October</b>	
Consensus	1.00%
Desjardins	1.00%
<b>September</b>	<b>1.00%</b>


<b>Thursday October 23 - 8:30</b>	
<b>October</b>	
Consensus	51.5
<b>September</b>	<b>52.0</b>

<b>Monday October 20 - 22:00</b>	
<b>Q3 2014</b>	y/y
Consensus	7.2%
<b>Q2 2014</b>	<b>7.5%</b>

<b>Friday October 24 - 4:30</b>	
<b>Q3</b>	q/q
Consensus	0.7%
<b>Q2</b>	<b>0.9%</b>

# ECONOMIC INDICATORS


## Week of October 20 to 24, 2014

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 20</b>						
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<b>TUESDAY 21</b>						
	10:00	Existing home sales (ann. rate)	Sept.	5,100,000	5,050,000	5,050,000
<b>WEDNESDAY 22</b>						
	8:30	Consumer price index				
		Total (m/m)	Sept.	0.0%	0.1%	-0.2%
		Excluding food and energy (m/m)	Sept.	0.2%	0.1%	0.0%
		Total (y/y)	Sept.	1.6%	1.7%	1.7%
		Excluding food and energy (y/y)	Sept.	1.8%	1.8%	1.7%
<b>THURSDAY 23</b>						
	8:30	Initial unemployment claims	Oct. 13-17	285,000	290,000	264,000
	10:00	Leading indicator (m/m)	Sept.	0.7%	0.6%	0.2%
<b>FRIDAY 24</b>						
	10:00	New home sales (ann. rate)	Sept.	470,000	450,000	504,000



## CANADA


<b>MONDAY 20</b>						
	8:30	Wholesale sales (m/m)	August	-0.3%	-0.6%	-0.3%
	8:30	Wholesale inventories (m/m)	August	n/a	0.5%	1.0%
<b>TUESDAY 21</b>						
	---	---				
<b>WEDNESDAY 22</b>						
	8:30	Retail sales				
		Total (m/m)	August	-0.1%	-0.3%	-0.1%
		Excluding automobiles (m/m)	August	-0.3%	0.0%	-0.6%
	10:00	Bank of Canada meeting	Oct.	1.00%	1.00%	1.00%
	10:00	Release of the Bank of Canada <i>Monetary Policy Report</i>				
	15:30	Appearance by the Bank of Canada Governor, S. Poloz and of the Senior Deputy Governor, (C. Wilkins) before House of Commons Standing Committee				
<b>THURSDAY 23</b>						
	10:30	Appearance by the Bank of Canada Governor, S. Poloz and of the Senior Deputy Governor, (C. Wilkins) before Senate Standing Committee on Banking, Trade and Commerce				
<b>FRIDAY 24</b>						
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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 October 20 to 24, 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 20</b>								
Japan	1:00	Leading indicator – final	August	n/a		104.0		
Japan	1:00	Coincident indicator – final	August	n/a		108.5		
Germany	2:00	Producer price index	Sept.	0.0%	-1.0%	-0.1%	-0.8%	
Euro zone	4:00	Current account (€B)	August	n/a		18.7		
Italy	4:00	Factory orders	August	0.2%	n/a	-1.5%	-0.7%	
Australia	20:30	Minutes of the Reserve Bank of Australia October meeting						
China	22:00	Real GDP	Q3	1.8%	7.2%	2.0%	7.5%	
China	22:00	Industrial production	Sept.		7.5%		6.9%	
China	22:00	Retail sales	Sept.		11.7%		11.9%	
<b>TUESDAY 21</b>								
Japan	0:30	All industry activity index	August	-0.4%		-0.2%		
Japan	19:50	Merchandise trade balance (¥B)	Sept.	-911.4		-924.2		
<b>WEDNESDAY 22</b>								
United Kingdom	4:30	Minutes of the Bank of England meeting						
United Kingdom	4:30	Retail sales	Sept.	0.0%	3.4%	0.2%	4.5%	
Japan	21:35	PMI manufacturing index – preliminary	Oct.	52.0		51.7		
<b>THURSDAY 23</b>								
France	2:45	Business confidence	Oct.	91		91		
France	2:45	Production outlook	Oct.	n/a		-17		
France	3:00	PMI composite index – preliminary	Oct.	48.7		48.4		
France	3:00	PMI manufacturing index – preliminary	Oct.	48.5		48.8		
France	3:00	PMI services index – preliminary	Oct.	48.3		48.4		
Germany	3:30	PMI composite index – preliminary	Oct.	53.6		54.1		
Germany	3:30	PMI manufacturing index – preliminary	Oct.	49.5		49.9		
Germany	3:30	PMI services index – preliminary	Oct.	55.0		55.7		
Euro zone	4:00	PMI composite index – preliminary	Oct.	51.5		52.0		
Euro zone	4:00	PMI manufacturing index – preliminary	Oct.	49.9		50.3		
Euro zone	4:00	PMI services index – preliminary	Oct.	52.0		52.4		
Norway	4:00	Bank of Norway meeting	Oct.	1.50%		1.50%		
Euro zone	10:00	Consumer confidence – preliminary	Oct.	-12.0		-11.4		
<b>FRIDAY 24</b>								
Germany	2:00	Consumer confidence	Nov.	8.0		8.3		
Italy	4:00	Retail sales	August	n/a	n/a	-0.1%	-1.5%	
United Kingdom	4:30	Real GDP – preliminary	Q3	0.7%	3.0%	0.9%	3.2%	
United Kingdom	4:30	Index of services	August	0.3%		0.3%		
Italy	6:00	Consumer confidence	Oct.	101.3		102.0		

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	16,010	4.6	2.6	2.2	2.3	1.6	2.5
Consumption (2009 \$B)	2014 Q2	10,913	2.5	2.4	2.4	1.8	2.3	1.9
Government spending (2009 \$B)	2014 Q2	2,881	1.7	-0.7	-2.0	-1.4	-3.0	0.1
Residential investment (2009 \$B)	2014 Q2	495.6	8.8	1.2	11.9	13.5	0.5	-2.5
Non-residential investment (2009 \$B)	2014 Q2	2,100	9.7	6.8	3.0	7.2	7.7	2.5
Business inventory change (2009 \$B) (1)	2014 Q2	84.8	---	---	63.6	57.1	37.6	58.2
Exports (2009 \$B)	2014 Q2	2,081	11.0	3.9	3.0	3.3	6.9	11.9
Imports (2009 \$B)	2014 Q2	2,541	11.3	3.8	1.1	2.3	5.5	12.7
Final domestic demand (2009 \$B)	2014 Q2	16,369	3.4	2.3	1.9	2.1	1.7	1.5
GDP deflator (2009 = 100)	2014 Q2	108.3	2.1	1.7	1.5	1.8	2.1	1.2
Labor productivity (2009 = 100)	2014 Q2	106.0	2.3	1.1	0.9	1.0	0.1	3.3
Unit labor cost (2009 = 100)	2014 Q2	105.1	-0.1	1.7	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 Q2	-98.5	---	---	-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)	Aug.	103.8	0.2	2.0	3.9	6.8
ISM manufacturing index (1)	Sept.	56.6	59.0	55.3	53.7	56.0
ISM non-manufacturing index (1)	Sept.	58.6	59.6	56.0	53.1	54.5
Cons. confidence Conf. Board (1985 = 100) (1)	Sept.	86.0	93.4	86.4	83.9	80.2
Cons. confidence Michigan (1966 = 100) (1)	Oct.*	86.4	84.6	81.8	84.1	73.2
Personal consumption expenditure (2009 \$B)	Aug.	10,984	0.5	0.7	1.4	2.6
Disposable personal income (2009 \$B)	Aug.	12,020	0.3	0.7	1.8	2.7
Consumer credit (\$B)	Aug.	3,247	0.4	1.7	3.8	6.8
Retail sales (\$M)	Sept.*	442,689	-0.3	0.5	2.0	4.3
Excluding automobiles (\$M)	Sept.*	353,000	-0.2	0.2	1.7	3.1
Industrial production (2007 = 100)	Sept.*	105.1	1.0	1.1	1.9	4.3
Production capacity utilization rate (%) (1)	Sept.*	79.3	78.7	79.1	79.1	78.3
New machinery orders (\$M)	Aug.	502,007	-10.1	0.9	2.6	4.1
New durable good orders (\$M)	Aug.	244,759	-18.4	2.7	6.5	8.6
Business inventories (\$B)	Aug.*	1,752	0.2	0.9	2.4	5.7
Housing starts (K) (1)	Sept.*	1,017.0	957	909.0	950.0	863.0
Building permits (K) (1)	Sept.*	1,018	1,003	973	1,000	993.0
New home sales (K) (1)	Aug.	504.0	427.0	458.0	432.0	379.0
Existing home sales (K) (1)	Aug.	5,050	5,140	4,910	4,600	5,330
Construction spending (\$B)	Aug.	961.0	-0.8	-1.2	1.5	5.0
Commercial surplus (\$M) (1)	Aug.	-40,109	-40,321	-43,465	-42,230	-39,515
Nonfarm employment (K) (2)	Sept.	139,435	248.0	671.0	1,471	2,635
Unemployment rate (%) (1)	Sept.	5.9	6.1	6.1	6.7	7.2
Consumer price (1982-1984 = 100)	Aug.	237.4	-0.2	0.1	1.0	1.7
Excluding food and energy	Aug.	238.3	0.0	0.2	0.9	1.7
Personal cons. expenditure deflator (2009 = 100)	Aug.	109.1	-0.0	0.3	0.9	1.5
Excluding food and energy	Aug.	107.8	0.1	0.3	0.8	1.5
Producer price (1982 = 100)	Sept.*	201.1	-0.2	-0.5	0.7	2.1
Excluding food and energy	Sept.*	189.2	0.2	0.3	0.8	2.0
Export prices (2000 = 100)	Sept.	132.1	-0.2	-0.7	-2.1	-0.2
Import prices (2000 = 100)	Sept.	138.6	-0.5	-1.4	-1.4	-0.9

\* 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.



## Canada: Quarterly economic indicators

	Ref. quart.	Level	Variation (%)		Annual variation (%)			
			Quart. ann.	1 year	2013	2012	2011	2010
Gross domestic product (2007 \$M)	2014 Q2	1,729,324	3.1	2.5	2.0	1.7	2.5	3.4
Household consumption (2007 \$M)	2014 Q2	969,175	3.8	2.7	2.4	1.9	2.3	3.5
Government consumption (2007 \$M)	2014 Q2	349,594	1.4	0.3	0.6	1.1	0.8	2.7
Residential investment (2007 \$M)	2014 Q2	114,141	11.9	1.0	-0.3	6.1	1.6	8.7
Non-residential investment (2007 \$M)	2014 Q2	182,851	0.9	-0.6	1.3	6.2	11.1	14.5
Business inventory change (2007 \$M) (1)	2014 Q2	7,075	---	---	11,927	6,831	7,440	-452.0
Exports (2007 \$M)	2014 Q2	543,999	17.8	5.1	2.2	1.5	4.7	6.9
Imports (2007 \$M)	2014 Q2	566,394	11.1	1.4	1.1	3.1	5.7	13.6
Final domestic demand (2007 \$M)	2014 Q2	1,735,676	3.0	1.3	1.4	2.3	2.4	5.0
GDP deflator (2007 = 100)	2014 Q2	113.1	0.7	2.4	1.4	1.7	3.2	2.7
Labour productivity (2007 = 100)	2014 Q2	106.3	7.3	3.3	1.0	-0.0	0.9	1.8
Unit labour cost (2007 = 100)	2014 Q2	114.6	1.0	1.6	1.4	3.0	2.5	-0.4
Current account balance (\$M) (1)	2014 Q2	-11,871	---	---	-60,288	-62,215	-48,467	-58,419
Production capacity utilization rate (%) (1)	2014 Q2	82.7	---	---	81.2	81.5	80.6	78.5
Disposable personal income (\$M)	2014 Q2	1,111,816	2.3	3.9	3.6	3.9	4.6	3.7
Corporate net operating surplus (2007 \$M)	2014 Q2	263,088	6.3	12.1	-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)	July	1,630,242	0.0	0.9	1.5	2.5
Industrial production (2007 \$M)	July	355,802	-0.3	1.0	2.4	4.7
Manufacturing sales (\$M)	Aug.*	52,052	-3.3	0.5	2.5	6.1
Housing starts (K) (1)	Sept.	197.3	196.3	198.3	157.4	196.7
Building permits (\$M)	Aug.	6,652	-27.3	-5.6	7.8	2.4
Retail sales (\$M)	July	42,549	-0.1	1.9	4.1	5.0
Excluding automobiles (\$M)	July	32,377	-0.6	1.2	3.2	4.1
Wholesale trade sales (\$M)	July	52,894	-0.3	2.8	5.4	6.1
Commercial surplus (\$M) (1)	Aug.	-610	2,195	315.4	841.4	-659
Exports (\$M)	Aug.	44,189	-2.5	-1.0	1.9	9.1
Imports (\$M)	Aug.	44,799	3.9	1.0	5.4	8.8
Employment (K) (2)	Sept.	17,926	74.1	34.9	15.4	12.5
Unemployment rate (%) (1)	Sept.	6.8	7.0	7.1	6.9	6.9
Average weekly earnings (\$)	July	940.4	0.4	1.0	2.0	3.3
Number of salaried employees (K) (2)	July	15,605	42.3	43.2	20.5	16.3
Consumer price (2002 = 100)	Sept.*	125.8	0.1	-0.1	0.8	2.0
Excluding food and energy	Sept.*	119.7	0.3	0.5	0.9	1.9
Excluding 8 volatile items	Sept.*	124.0	0.2	0.6	1.2	2.1
Industrial product price (2002 = 100)	Aug.	111.6	0.2	0.0	-0.4	2.5
Raw materials price (2002 = 100)	Aug.	120.2	-2.2	-2.5	-2.0	-0.6
Money supply M1+ (\$M)	Aug.	733,515	1.1	1.5	2.7	7.3

\* 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.

## Major financial indicators

	Previous data (%)						Last 52 weeks (%)		
	Oct. 17	Oct. 10	-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	0.01	0.02	0.02	0.03	0.04	0.09	0.04	0.01
Treasury bonds – 2 years	0.38	0.44	0.57	0.48	0.40	0.31	0.57	0.40	0.27
– 5 years	1.44	1.56	1.82	1.66	1.73	1.34	1.84	1.60	1.27
– 10 years	2.23	2.30	2.59	2.48	2.72	2.59	3.01	2.63	2.09
– 30 years	3.00	3.03	3.30	3.29	3.52	3.65	3.95	3.51	2.88
S&P 500 index	1,894	1,906	2,010	1,978	1,865	1,745	2,011	1,882	1,742
DJIA index	16,382	16,544	17,280	17,100	16,409	15,400	17,280	16,453	15,373
Gold price (US\$/ounce)	1,233	1,222	1,217	1,308	1,299	1,316	1,376	1,280	1,194
CRB index	272.64	275.60	279.40	297.42	311.46	286.92	312.93	292.29	271.31
WTI oil (US\$/barrel)	83.40	85.87	92.43	103.13	104.33	100.87	107.30	98.42	81.72
<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	0.86	0.89	0.92	0.94	0.93	0.92	0.96	0.91	0.81
Treasury bonds – 2 years	0.99	1.05	1.17	1.08	1.08	1.18	1.20	1.08	0.91
– 5 years	1.44	1.52	1.71	1.49	1.72	1.83	1.96	1.65	1.38
– 10 years	1.97	2.01	2.25	2.17	2.44	2.53	2.79	2.36	1.92
– 30 years	2.53	2.55	2.76	2.71	2.95	3.10	3.28	2.91	2.47
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	0.84	0.88	0.90	0.92	0.90	0.88	0.93	0.87	0.76
Treasury bonds – 2 years	0.61	0.61	0.60	0.60	0.68	0.87	0.89	0.68	0.56
– 5 years	-0.00	-0.04	-0.11	-0.17	-0.01	0.49	0.51	0.06	-0.24
– 10 years	-0.26	-0.29	-0.34	-0.31	-0.28	-0.06	-0.03	-0.26	-0.40
– 30 years	-0.47	-0.48	-0.54	-0.58	-0.57	-0.55	-0.41	-0.61	-0.72
S&P/TSX index	14,247	14,227	15,265	15,267	14,500	13,136	15,658	14,398	13,114
Exchange rate (C\$/US\$)	1.1246	1.1200	1.0963	1.0732	1.1017	1.0287	1.1296	1.0862	0.8892
Exchange rate (C\$/€)	1.4346	1.4143	1.4064	1.4514	1.5220	1.4077	1.5545	1.4692	1.1341
<b>Overseas</b>									
ECB – Refinancing rate	0.05	0.05	0.05	0.15	0.25	0.50	0.50	0.22	0.05
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	0.87	0.85	1.00	1.16	1.52	1.83	1.95	1.44	0.72
U.K.: Bonds – 10 years	2.20	2.22	2.55	2.70	2.67	2.71	3.07	2.68	1.98
Euro: Exchange rate (US\$/€)	1.2754	1.2628	1.2829	1.3525	1.3815	1.3685	1.3934	1.3527	1.2517
U.K.: Exchange rate (US\$/£)	1.6086	1.6078	1.6288	1.7088	1.6808	1.6168	1.7166	1.6571	1.5905

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.