

Swiss National Bank surprises the markets

HIGHLIGHTS

- United States: Disappointing drop in retail sales in December.
- United States: Gas prices bring inflation down, boost confidence.
- U.S. industrial production edges down due to energy.
- Canada: Existing home sales pulled back in December.

A LOOK AHEAD

- Housing starts and resales are expected to edge up in the United States.
- Canada: Manufacturing, wholesaler and retailer sales could slide in November.
- Canada: Dropping gas prices will affect inflation.
- The Bank of Canada will leave its overnight rate at 1.00% and release its *Monetary Policy Report*.

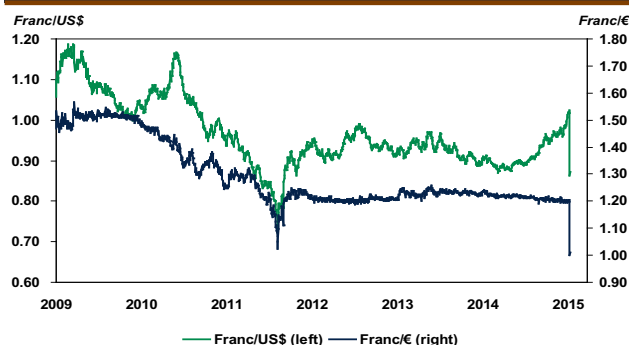
FINANCIAL MARKETS

- Unconvincing corporate results in the United States.
- The markets think the Bank of Canada could ease its monetary policy.
- The Swiss franc shot up after the Swiss National Bank abandoned exchange rate control.

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Graph of the week – The Swiss National Bank abandons its floor rate and makes the franc jump



Sources: Datastream and Desjardins, Economic Studies

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KEY STATISTICS OF THE WEEK

UNITED STATES

- Retail sales fell 0.9% in December. This pullback follows a 0.4% gain in November (revised from 0.7%). Auto sales contracted by 0.7% after jumping 1.6% in November. Gas stations saw their sales slow by 6.5% due to lower gas prices. Excluding autos and gas, sales were down 0.3% following a 0.6% gain in November. Aside from autos and gas, most retail categories have posted a decrease in sales.
- Consumer confidence improved again in January according to the preliminary version of the University of Michigan index, going from 93.6 to 98.2, its highest level since January 2004. This gain suggests that December's weak retail sales were only a passing phenomenon and that consumption will strengthen.
- Industrial output retreated 0.1% in December after surging 1.3% in November. Manufacturing output increased 0.3% on the heels of a 1.3% rise. Activity in the mining sector jumped 2.2%, while energy production tumbled 7.3% following November's 4.2% rise. The contraction in industrial output does not come as a surprise, given that December's unusually warm weather (after a fairly cold November) suggested a pullback in energy production. The tumble by energy output points to a substantial drop in consumption of services in December. Manufacturing continued to grow, despite a drop in the auto sector.
- The New York Fed's Empire index returned to positive territory in January, going from -1.23 to 9.95. However, the Philadelphia Fed index went from 24.3 to 6.3, its lowest point since February 2014.
- The consumer price index (CPI) fell 0.4% in December after declining 0.3% in November. Energy prices were down 4.7%, driven by the 9.4% decline in gas prices. The core index, which excludes food and energy, was steady after going up 0.1% in November. The total CPI's annual change retreated from 1.3% to 0.8%, while core inflation went from 1.7% to 1.6%. The drop in gas prices should take inflation into negative territory in the next few months.

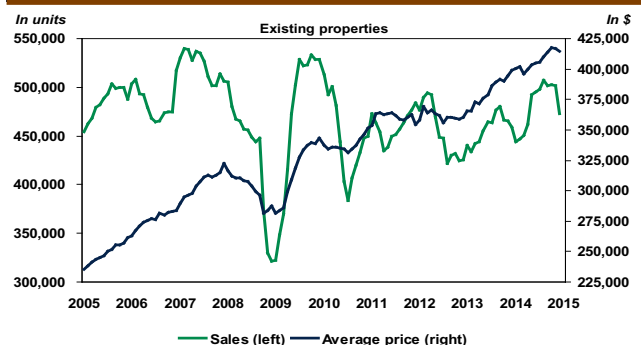
Francis Généreux
Senior Economist

CANADA

- According to the Bank of Canada's latest survey, business leaders remain confident, but the drop in oil prices is casting a pall over those working in the energy sector. Overall, the number of businesses expecting future sales growth to accelerate remains higher than those expecting a slower pace. Hiring intentions and investment plans are higher among manufacturers than respondents in other sectors, particularly those in resources.
- Existing home sales fell 5.8% in December, primarily due to a 21.4% decline in Alberta. This tumble could be one of the earliest concrete signs of the adverse impact of dropping oil prices. The average Canadian price of existing homes retreated 0.5% in December. For 2014 as a whole, however, sales rose an average of 5.1% in 2014, the fastest growth since 2009. Prices grew by an average of 6.7% in 2014. In general, we note that gains were much steeper in Western Canada and Ontario.

Benoit P. Durocher
Senior Economist

Canada – The housing market ends 2014 on a sour note



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

FINANCIAL MARKETS

The Swiss National Bank roils the markets

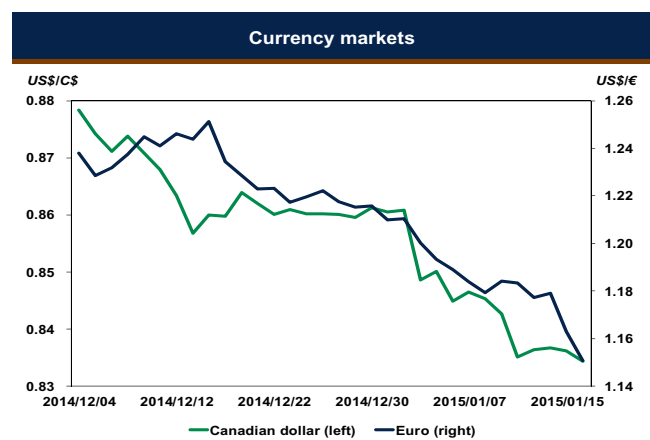
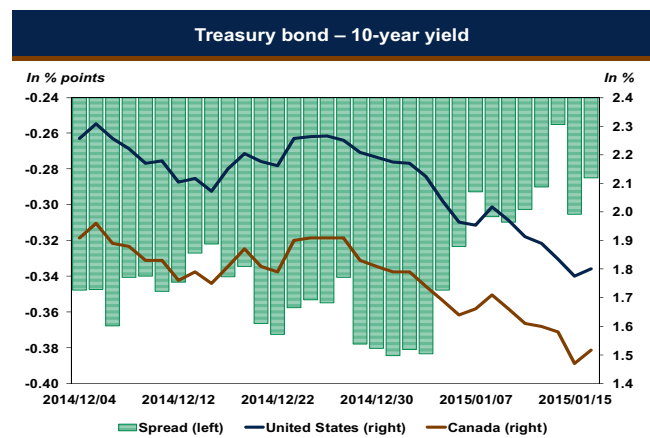
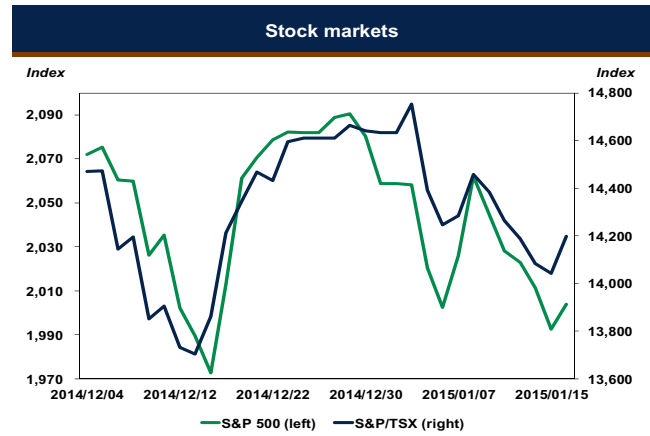
Far from fading, risk aversion surged this week, generating major losses in stock markets around the world. In the United States, corporate results were somewhat mixed; while most company profit announcements beat expectations, many companies' sales were disappointing. The S&P 500 was heading for a weekly loss of about 2.4%. The S&P/TSX posted a similar decline, even though oil prices stabilized between US\$45 and US\$50. Aside from Monday's heavy plunge, the Canadian stock index's energy component was fairly stable.

Bond yields continue to dwindle. Thursday in particular saw a lot of upheaval subsequent to the Swiss National Bank's (SNB) surprise decision to drop its control over the Swiss franc. The resulting shock wave took the U.S. 2-year yield below the 0.50% mark for the first time in a month as a result of a slide of nine basis points during the session. The 10-year yield retreated to around 1.80%. In Canada, the Bank of Canada's (BoC) *Business Outlook Survey* revealed a drop in business leader optimism, particularly for oil companies. The Canadian 10-year yield set a new low of 1.46% on Thursday, and speculation about a BoC rate cut intensified in the markets.

In the foreign exchange market, the highlight was the SNB's abandonment of its control over the exchange rate. For several years, the SNB had been keeping the exchange rate from dropping below 1.20 franc/€; doing away with the threshold resulted in a significant surge by the franc, which was trading in the neighbourhood of 1 franc/€ or 0.86 francs/US\$ on Friday morning. The euro fell on the news, given that the SNB's old policy indirectly helped support it. The European currency was under US\$1.16 at time of writing. Another drop in oil prices trimmed about €1 from the Canadian dollar on Monday. The loonie rebounded briefly on Thursday and was trading below US\$0.8350 on Friday.

Jimmy Jean
Senior Economist

Hendrix Vachon
Senior Economist



A LOOK AHEAD



UNITED STATES

Wednesday Jan. 21 - 8:30

December	ann. rate
Consensus	1,040,000
Desjardins	1,040,000
November	1,028,000

Housing starts (December) – Housing starts fell 1.6% in November after two consecutive monthly increases. However, the slight change hides some major regional disparities, with the South dropping 19.5%, while the West jumped 28.1%. A gain is expected in December. Housing starts should be close to the 1,052,000 building permits issued in November. The construction sector also did a lot of hiring in December (although less in homebuilding). We expect starts to tick up a slight 1.2% to 1,040,000 units. The previous month's regional volatility could come back to haunt monthly growth in housing starts again, however. Building permits are expected to rise from 1,052,000 to 1,065,000 units. The NAHB homebuilder confidence index will be out on Tuesday.

Friday Jan. 23 - 10:00

December	ann. rate
Consensus	5,070,000
Desjardins	5,080,000
November	4,930,000

Existing home sales (December) – Existing home sales fell 6.1% in November, the worst monthly pullback since this market started to recover. December is expected to show a rebound, but not a big enough rebound to fully offset the previous month's weakness. Pending sales climbed 0.8% after retreating 1.2%, arguing for an upswing in resales in December. Existing home sales should hit 5,080,000 units.

Friday Jan. 23 - 10:00

December	m/m
Consensus	0.4%
Desjardins	0.5%
November	0.6%

Leading indicator (December) – The leading indicator advanced 0.6% in November, thanks to solid contributions from the stock market, ISM index and interest rate spreads. Rates should once again buoy December's growth in the leading indicator, and most other components will make slight positive contributions. It is expected to rise 0.5%.



CANADA

Tuesday Jan. 20 - 8:30

November	m/m
Consensus	-0.5%
Desjardins	-0.5%
October	-0.6%

Manufacturing sales (November) – The value of manufacturing sales could post a second straight pullback in November. Non-commodity merchandise exports fell 2.5% during the month, which includes a major drop in industrial machinery and equipment, as well as electronic and electrical equipment and parts. That said, auto production shot up in November in the United States, suggesting that this sector could gain a little ground here.

Wednesday Jan. 21 - 8:30

November	m/m
Consensus	0.0%
Desjardins	-0.3%
October	0.1%

Wholesaler sales (November) – After growing for several months, growth in wholesaler sales could edge down in November. For one thing, merchandise exports excluding commodities retreated substantially that month. For another, prices for several commodities and processed goods have come down.

Wednesday Jan. 21 - 10:00

January	
Consensus	1.00%
Desjardins	1.00%
December 3	1.00%

Bank of Canada meeting (January) – In all likelihood, Bank of Canada (BoC) leaders will announce a 28th consecutive status quo on key interest rates at next Wednesday's meeting. In fact, the focus will primarily be on the release of the *Monetary Policy Report*, which will feature the monetary authorities' new economic projections. Among other things, it will be interesting to see how much impact the BoC thinks the drop in energy prices will have on Canada's economic growth. We can expect their real GDP growth outlooks to be trimmed, especially for 2015.

Consumer price index (December) – On average, the price of regular gas fell 11.4% in December, according to the weekly surveys at the pump. On its own, the component will therefore generate a 0.5% drop in the total consumer price index (CPI) for the month. Added to this is the change in prices stemming from seasonal fluctuations, which is usually around -0.4% for December. On the other hand, much of the sales usually recorded in December, particularly clothing, seem to have moved up to November this year. Under these circumstances, the seasonal drop in prices should be smaller. All in all, the total CPI could slide 0.6% in December. The total annual inflation rate could therefore go from 2.0% to 1.6%. Naturally, the core index will be unaffected by the drop in gas prices. Its annual change should stay just above 2%.

Retail sales (November) – November's steep drop in gas prices will take a bite out of the value of service station sales. In addition, motor vehicle prices fell about 0.6% and the interim data indicates that the number of new motor vehicles sold declined 2.8% in November. Clearly, the value of auto dealer sales could retreat substantially. That being said, sales in other sectors should remain fairly good, especially as the drop in gas prices is giving consumers additional financial leeway. All in all, the value of retail sales could therefore retreat 0.4%.



OVERSEAS

China: Real GDP (Q4) – China's economy slowed nearly constantly throughout 2014. Last summer, the real GDP grew an annualized 7.3%, the slowest growth since the first quarter of 2009. The consensus is calling for another decline, which would put growth at just 7.2%. Such a quarterly result would take real GDP growth for 2014 as a whole to 7.4%.

Euro zone: European Central Bank meeting (January) – Indications are that the European Central Bank (ECB) will finally announce a sovereign bond purchasing program at its meeting on January 22. Having repeatedly pledged to take action if the risks of persisting, overly weak inflation were to rise, the ECB has to respond to the spectacular drop in oil prices. The plunge pulled the inflation rate into negative territory in December, and there is nothing to suggest it will climb back to the plus side for the next several months. The ECB also will not want to disappoint investors just a few days before a major election in Greece. The most likely scenario is for the ECB to announce about €500B (US\$590B) in purchases of well-rated sovereign bonds, which would exclude the riskiest securities, like Greece's. However, the purchasing program's details might not be announced at the January meeting. Among the indicators to be released during the week in the euro zone, Friday will see the publication of the preliminary version of January's PMI indexes.

Friday Jan. 23 - 8:30

December	m/m
Consensus	-0.6%
Desjardins	-0.6%
November	-0.4%

Friday Jan. 23 - 8:30

November	m/m
Consensus	-0.2%
Desjardins	-0.4%
October	0.0%

Monday Jan. 19 - 21:00


Q4 2014	y/y
Consensus	7.2%
Q3 2014	7.3%


Thursday Jan. 22 - 7:45

January	
Consensus	0.05%
Desjardins	0.05%
December 4	0.05%

ECONOMIC INDICATORS


Week of January 19 to 23, 2015

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 19						
	---	---				
TUESDAY 20						
	10:00	NAHB housing market index	Jan.	57	n/a	57
WEDNESDAY 21						
	8:30	Housing starts (ann. rate)	Dec.	1,040,000	1,040,000	1,028,000
	8:30	Building permits (ann. rate)	Dec.	1,051,000	1,065,000	1,052,000
THURSDAY 22						
	8:30	Initial unemployment claims	Jan. 12-16	300,000	300,000	316,000
FRIDAY 23						
	10:00	Leading indicator (m/m)	Dec.	0.4%	0.5%	0.6%
	10:00	Existing home sales (ann. rate)	Dec.	5,070,000	5,080,000	4,930,000
CANADA						
MONDAY 19						
	8:30	International transactions in securities (\$B)	Nov.	n/a	-2.00	9.53
TUESDAY 20						
	8:30	Manufacturing sales (m/m)	Nov.	-0.5%	-0.5%	-0.6%
WEDNESDAY 21						
	8:30	Wholesale sales (m/m)	Nov.	0.0%	-0.3%	0.1%
	8:30	Wholesale inventories (m/m)	Nov.	n/a	0.4%	1.2%
	10:00	Bank of Canada meeting	Jan.	1.00%	1.00%	1.00%
	10:00	Release of the Bank of Canada <i>Monetary Policy Report</i>				
THURSDAY 22						
	---	---				
FRIDAY 23						
	8:30	Consumer price index				
		Total (m/m)	Dec.	-0.6%	-0.6%	-0.4%
		Excluding 8 most volatile (m/m)	Dec.	-0.4%	-0.3%	-0.2%
		Total (y/y)	Dec.	1.6%	1.6%	2.0%
		Excluding 8 most volatile (y/y)	Dec.	2.2%	2.3%	2.1%
	8:30	Retail sales				
		Total (m/m)	Nov.	-0.2%	-0.4%	0.0%
		Excluding automobiles (m/m)	Nov.	0.1%	-0.0%	0.2%

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 Eastern Standard Time (GMT - 5 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

ECONOMIC INDICATORS

Week of January 19 to 23, 2015

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
 OVERSEAS								
DIMANCHE 18								
Japan	23:30	Industrial production – final	Nov.	n/a	n/a	-0.6%	-3.8%	
LUNDI 19								
Japan	0:00	Consumer confidence	Dec.	38.5		37.7		
Euro zone	4:00	Current account (€B)	Nov.	n/a		20.5		
Euro zone	5:00	Construction	Nov.	n/a	n/a	1.3%	1.4%	
China	21:00	Real GDP	Q4	1.8%	7.2%	1.9%	7.3%	
China	21:00	Industrial production	Dec.		7.4%		7.2%	
China	21:00	Retail sales	Dec.		11.8%		11.7%	
MARDI 20								
Germany	2:00	Producer price index	Dec.	-0.4%	-1.4%	0.0%	-0.9%	
Italy	4:00	Trade balance (€M)	Nov.	n/a		5,397		
Germany	5:00	ZEW survey – Current situation	Jan.	13.0		10.0		
Germany	5:00	ZEW survey – Expectations	Jan.	40.0		34.9		
Japan	23:30	All industry activity index	Nov.	0.0%		-0.1%		
MERCREDI 21								
Brazil	---	Bank of Brazil meeting	Jan.	12.25%		11.75%		
Japan	---	Bank of Japan meeting	Dec.					
Japan	0:00	Leading indicator – final	Nov.	n/a		103.8		
Japan	0:00	Coincident indicator – final	Nov.	n/a		108.9		
United Kingdom	4:30	Minutes of the Bank of England meeting						
United Kingdom	4:30	ILO unemployment rate	Nov.	5.9%		6.0%		
JEUDI 22								
Italy	4:00	Factory orders	Nov.	0.4%	-0.6%	0.1%	-0.2%	
Italy	5:00	Retail sales	Nov.	0.1%	-0.9%	0.0%	-0.8%	
Euro zone	7:45	European Central Bank meeting	Jan.	0.05%		0.05%		
Euro zone	10:00	Consumer confidence – preliminary	Jan.	-10.5		-10.9		
Japan	20:35	PMI manufacturing index – preliminary	Jan.	n/a		52.0		
VENDREDI 23								
France	2:45	Business confidence	Jan.	95		94		
France	2:45	Production outlook	Jan.	n/a		-16		
France	3:00	PMI composite index – preliminary	Jan.	50.1		49.7		
France	3:00	PMI manufacturing index – preliminary	Jan.	48.0		47.5		
France	3:00	PMI services index – preliminary	Jan.	50.9		50.6		
Germany	3:30	PMI composite index – preliminary	Jan.	52.4		52.0		
Germany	3:30	PMI manufacturing index – preliminary	Jan.	51.7		51.2		
Germany	3:30	PMI services index – preliminary	Jan.	52.5		52.1		
Euro zone	4:00	PMI composite index – preliminary	Jan.	51.7		51.4		
Euro zone	4:00	PMI manufacturing index – preliminary	Jan.	51.0		50.6		
Euro zone	4:00	PMI services index – preliminary	Jan.	52.0		51.6		
United Kingdom	4:30	Retail sales	Dec.	-0.7%	3.4%	1.7%	6.9%	

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 Eastern Standard Time (GMT - 5 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 Q3	16,206	5.0	2.7	2.2	2.3	1.6	2.5
Consumption (2009 \$B)	2014 Q3	11,000	3.2	2.7	2.4	1.8	2.3	1.9
Government spending (2009 \$B)	2014 Q3	2,912	4.4	0.3	-2.0	-1.4	-3.0	0.1
Residential investment (2009 \$B)	2014 Q3	499.6	3.3	-0.7	11.9	13.5	0.5	-2.5
Non-residential investment (2009 \$B)	2014 Q3	2,145	8.9	7.6	3.0	7.2	7.7	2.5
Business inventory change (2009 \$B) (1)	2014 Q3	82.2	---	---	63.6	57.1	37.6	58.2
Exports (2009 \$B)	2014 Q3	2,104	4.6	3.8	3.0	3.3	6.9	11.9
Imports (2009 \$B)	2014 Q3	2,535	-0.9	3.4	1.1	2.3	5.5	12.7
Final domestic demand (2009 \$B)	2014 Q3	16,535	4.1	2.7	1.9	2.1	1.7	1.5
GDP deflator (2009 = 100)	2014 Q3	108.6	1.4	1.6	1.5	1.8	2.1	1.2
Labor productivity (2009 = 100)	2014 Q3	106.7	2.3	1.0	0.9	1.0	0.1	3.3
Unit labor cost (2009 = 100)	2014 Q3	103.9	-1.0	1.2	0.3	1.7	2.1	-1.3
Employment cost index (Dec. 2005 = 100)	2014 Q3	122.2	2.7	2.3	1.9	1.8	2.0	1.9
Current account balance (\$B) (1)	2014 Q3	-100.3	---	---	-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)	Nov.	105.5	0.6	1.9	3.6	6.1
ISM manufacturing index (1)	Dec.	55.5	58.7	56.6	55.3	56.5
ISM non-manufacturing index (1)	Dec.	56.2	59.3	58.6	56.0	53.0
Cons. confidence Conf. Board (1985 = 100) (1)	Dec.	92.6	91.0	89.0	86.4	77.5
Cons. confidence Michigan (1966 = 100) (1)	Jan.*	98.2	93.6	86.9	81.8	81.2
Personal consumption expenditure (2009 \$B)	Nov.	11,140	0.7	1.1	2.1	2.8
Disposable personal income (2009 \$B)	Nov.	12,068	0.5	0.8	1.4	2.9
Consumer credit (\$B)	Nov.	3,298	0.4	1.4	3.2	7.0
Retail sales (\$M)	Dec.*	442,931	-0.9	-0.2	0.6	3.2
Excluding automobiles (\$M)	Dec.*	351,856	-1.0	-0.7	-0.1	1.9
Industrial production (2007 = 100)	Dec.*	106.5	-0.1	1.2	2.3	4.9
Production capacity utilization rate (%) (1)	Dec.*	79.7	80.0	79.5	79.2	78.5
New machinery orders (\$M)	Nov.	492,736	-0.7	-1.9	-1.0	-1.0
New durable good orders (\$M)	Nov.	241,556	-0.9	-1.4	1.4	0.0
Business inventories (\$B)	Nov.*	1,764	0.2	0.7	1.6	4.4
Housing starts (K) (1)	Nov.	1,028	1,045	963.0	984.0	1,105
Building permits (K) (1)	Nov.	1,052	1,092	1,003	1,005	1,037
New home sales (K) (1)	Nov.	438.0	445.0	448.0	458.0	445.0
Existing home sales (K) (1)	Nov.	4,930	5,250	5,050	4,910	4,830
Construction spending (\$B)	Nov.	975.0	-0.3	1.4	0.2	2.4
Commercial surplus (\$M) (1)	Nov.	-39,001	-42,249	-40,031	-43,562	-35,972
Nonfarm employment (K) (2)	Dec.	140,347	252.0	866.0	1,583	2,952
Unemployment rate (%) (1)	Dec.	5.6	5.8	5.9	6.1	6.7
Consumer price (1982-1984 = 100)	Dec.*	236.1	-0.4	-0.6	-0.6	0.7
Excluding food and energy	Dec.*	239.3	0.0	0.3	0.5	1.6
Personal cons. expenditure deflator (2009 = 100)	Nov.	109.0	-0.2	-0.1	0.2	1.2
Excluding food and energy	Nov.	108.1	0.0	0.3	0.6	1.4
Producer price (1982 = 100)	Dec.*	196.7	-1.3	-2.2	-2.8	-0.7
Excluding food and energy	Dec.*	190.0	0.3	0.4	0.7	1.8
Export prices (2000 = 100)	Dec.*	128.1	-1.2	-2.9	-3.7	-3.2
Import prices (2000 = 100)	Dec.*	130.2	-2.5	-5.6	-7.3	-5.5

* 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 Q3	1,754,476	2.8	2.6	2.0	1.9	3.0	3.4
Household consumption (2007 \$M)	2014 Q3	978,496	2.8	2.8	2.5	1.9	2.2	3.5
Government consumption (2007 \$M)	2014 Q3	348,758	-0.1	0.1	0.4	1.2	0.8	2.7
Residential investment (2007 \$M)	2014 Q3	117,323	12.5	4.1	-0.4	5.7	1.7	8.7
Non-residential investment (2007 \$M)	2014 Q3	193,178	0.5	-0.5	2.6	9.0	12.7	14.5
Business inventory change (2007 \$M) (1)	2014 Q3	647.0	---	---	12,368	7,437	10,911	-452.0
Exports (2007 \$M)	2014 Q3	560,579	6.9	7.4	2.0	2.6	4.6	6.9
Imports (2007 \$M)	2014 Q3	576,202	4.0	2.5	1.3	3.7	5.7	13.6
Final domestic demand (2007 \$M)	2014 Q3	1,758,934	2.8	1.8	1.5	2.5	2.5	5.0
GDP deflator (2007 = 100)	2014 Q3	113.5	1.8	2.0	1.3	1.6	3.4	2.7
Labour productivity (2007 = 100)	2014 Q3	107.4	0.4	3.2	1.1	0.0	1.4	1.8
Unit labour cost (2007 = 100)	2014 Q3	113.6	1.0	1.0	1.3	3.0	2.1	-0.4
Current account balance (\$M) (1)	2014 Q3	-8,401	---	---	-56,255	-59,911	-47,195	-58,419
Production capacity utilization rate (%) (1)	2014 Q3	83.4	---	---	81.2	81.5	80.6	78.5
Disposable personal income (\$M)	2014 Q3	1,125,660	4.3	4.0	3.8	4.2	4.5	3.7
Corporate net operating surplus (2007 \$M)	2014 Q3	286,104	11.6	10.3	-0.6	-4.2	15.4	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)	Oct.	1,650,855	0.3	0.7	1.7	2.3
Industrial production (2007 \$M)	Oct.	360,919	0.6	0.9	2.2	3.4
Manufacturing sales (\$M)	Oct.	52,727	-0.6	-1.8	3.5	5.7
Housing starts (K) (1)	Dec.	180.6	193.2	197.0	197.1	187.5
Building permits (\$M)	Nov.	6,585	-13.8	-1.0	-6.5	-2.7
Retail sales (\$M)	Oct.	42,849	0.0	0.6	2.6	4.9
Excluding automobiles (\$M)	Oct.	32,399	0.2	-0.0	1.2	3.3
Wholesale trade sales (\$M)	Oct.	54,163	0.1	1.9	5.3	7.5
Commercial surplus (\$M) (1)	Nov.	-644.3	-327.4	582.5	492.5	-1,442
Exports (\$M)	Nov.	43,261	-3.5	-3.4	-3.7	8.4
Imports (\$M)	Nov.	43,906	-2.7	-0.7	-1.2	6.2
Employment (K) (2)	Dec.	17,954	-4.3	9.4	22.2	15.5
Unemployment rate (%) (1)	Dec.	6.6	6.6	6.8	7.1	7.2
Average weekly earnings (\$)	Oct.	942.0	0.3	-0.0	1.1	2.8
Number of salaried employees (K) (2)	Oct.	15,641	14.6	14.5	27.7	12.6
Consumer price (2002 = 100)	Nov.	125.4	-0.4	-0.2	-0.3	2.0
Excluding food and energy	Nov.	119.8	-0.3	0.3	0.6	2.0
Excluding 8 volatile items	Nov.	124.1	-0.2	0.3	0.6	2.1
Industrial product price (2002 = 100)	Nov.	110.3	-0.4	-1.3	-1.2	1.9
Raw materials price (2002 = 100)	Nov.	106.2	-5.8	-11.6	-13.9	-4.0
Money supply M1+ (\$M)	Nov.	750,467	0.2	2.3	3.9	7.1

* 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 (%)		
	Jan. 16	Jan. 9	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.02	0.02	0.04	0.02	0.02	0.05	0.08	0.03	0.01
Treasury bonds – 2 years	0.47	0.58	0.65	0.38	0.48	0.38	0.70	0.45	0.30
– 5 years	1.26	1.44	1.65	1.42	1.66	1.63	1.84	1.62	1.22
– 10 years	1.80	1.97	2.18	2.20	2.48	2.83	2.86	2.48	1.78
– 30 years	2.43	2.56	2.77	2.97	3.29	3.76	3.76	3.27	2.41
S&P 500 index	2,004	2,045	2,071	1,887	1,978	1,839	2,091	1,941	1,742
DJIA index	17,368	17,737	17,805	16,380	17,100	16,459	18,054	16,837	15,373
Gold price (US\$/ounce)	1,277	1,219	1,198	1,233	1,308	1,252	1,376	1,265	1,146
CRB index	222.49	225.57	240.29	272.64	297.42	278.41	312.93	285.67	219.70
WTI oil (US\$/barrel)	47.24	48.35	56.91	82.80	103.13	94.34	107.30	90.94	45.92
Canada									
Overnight – target	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Treasury bill – 3 months	0.91	0.92	0.90	0.88	0.94	0.89	0.96	0.91	0.81
Treasury bonds – 2 years	0.85	0.95	1.01	0.98	1.08	1.02	1.17	1.05	0.81
– 5 years	1.07	1.21	1.37	1.42	1.49	1.70	1.79	1.55	1.01
– 10 years	1.52	1.66	1.81	1.95	2.17	2.50	2.55	2.19	1.47
– 30 years	2.09	2.22	2.34	2.52	2.71	3.07	3.07	2.73	2.05
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	0.89	0.90	0.86	0.86	0.92	0.84	0.93	0.88	0.76
Treasury bonds – 2 years	0.39	0.37	0.36	0.60	0.60	0.64	0.73	0.60	0.31
– 5 years	-0.19	-0.23	-0.28	-0.00	-0.17	0.07	0.17	-0.07	-0.32
– 10 years	-0.29	-0.31	-0.37	-0.25	-0.31	-0.33	-0.17	-0.30	-0.40
– 30 years	-0.34	-0.34	-0.43	-0.45	-0.58	-0.69	-0.29	-0.55	-0.71
S&P/TSX index	14,197	14,385	14,468	14,228	15,267	13,888	15,658	14,669	13,486
Exchange rate (C\$/US\$)	1.1986	1.1868	1.1601	1.1278	1.0732	1.0962	1.1975	1.1081	0.8343
Exchange rate (C\$/€)	1.3784	1.4053	1.4186	1.4393	1.4514	1.4844	1.5545	1.4617	0.9601
Overseas									
ECB – Refinancing rate	0.05	0.05	0.05	0.05	0.15	0.25	0.25	0.15	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	0.46	0.48	0.59	0.82	1.16	1.76	1.75	1.16	0.42
U.K.: Bonds – 10 years	1.54	1.60	1.87	2.19	2.70	2.83	2.88	2.47	1.52
Euro: Exchange rate (US\$/€)	1.1508	1.1842	1.2229	1.2763	1.3525	1.3541	1.3934	1.3201	1.1508
U.K.: Exchange rate (US\$/£)	1.5116	1.5161	1.5632	1.6095	1.7088	1.6425	1.7166	1.6420	1.5089

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.