

Unexpected decline in Canadian key interest rates

HIGHLIGHTS

- U.S. housing starts rose more than expected in December.
- The Bank of Canada cut its key interest rates.
- Canada: Gas prices drag inflation down.
- Canada: Manufacturing and wholesaler sales fell.
- Canada: Retail sales went up.

A LOOK AHEAD

- U.S. real GDP should post further solid growth, although not as fast as in the second and third quarters.
- Few expectations for the Federal Reserve meeting.
- United States: New home sales are forecast to rise.
- Canada: Real GDP should retreat in November.

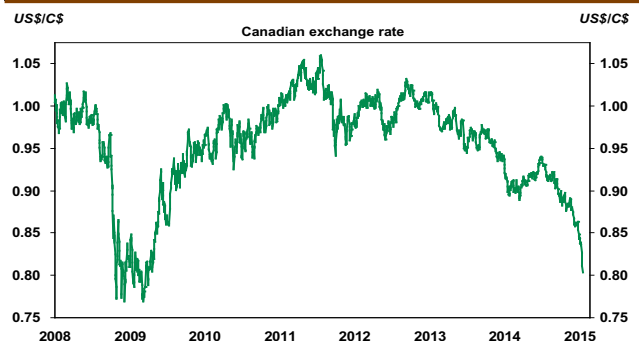
FINANCIAL MARKETS

- The stock markets welcome the moves made by central banks.
- The Canadian 2-year yield drops sharply.
- The Canadian dollar reaches US\$0.80.

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Graph of the week – The Bank of Canada's rate cut drives the loonie to US\$80



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

- Housing starts went from an annualized 1,043,000 units in November (revised from 1,028,000) to 1,089,000 units in December. Boosted by last month's unusually mild weather, the 4.4% rise is not enough to wipe out December's pullback and take starts to October's 1,092,000-unit level. The gain mainly comes from single-family dwellings (+7.2%). Housing starts fell 4.2% in multi-unit housing. Building permits declined 1.9% in December, going from 1,052,000 units to 1,032,000 units, pointing to another dip in housing starts in January. For 2014 as a whole, housing starts hit 1,004,000 units, rising from 2013's 930,000 units. The NAHB index of homebuilder confidence ticked down in January from 58 to 57, which is still quite high.
- Existing home sales rose 2.4% in December, after tumbling 6.3% in November. This takes resales from 4,920,000 to 5,040,000 units, which is still lower than in October. Single-family dwellings gained 3.5%, while condos pulled back 5.0%. The inventory of homes on the market fell 11.1%.
- December's leading indicator was up 0.5% in December, on the heels of November's 0.4% gain. Except for building permits, all components had a hand in the index's monthly rise, with the biggest contributions coming from the interest rate spread, credit conditions and weekly jobless claims.

Francis Généreux
Senior Economist

CANADA

- The Bank of Canada (BoC) delivered a big surprise on Wednesday when it cut the target for the overnight rate by 25 basis points, taking it from 1.00% to 0.75%. To justify the cut, the monetary authorities point to the recent plunge in oil prices, which will negatively affect Canada's growth and trend inflation. The BoC also trimmed its economic outlook for Canada. Real GDP growth could be around 1.5% in the first half of 2015, then firm up in the second half of the year. On average, the BoC is calling for real GDP growth of 2.1% in 2015 and 2.4% in 2016, a scenario that is fairly consistent with our latest projections.
- The total consumer price index (CPI) declined 0.7% in December. As expected, plunging gas prices had a big hand in the total CPI's monthly drop. Moreover, the seasonal adjustments are usually fairly negative in December, with declines in clothing prices, among other things. The change in the CPI from December 2013 to December 2014 is 1.5%, while the equivalent metric was 2.0% in November. The BoC's core index (CPIX), which leaves out the volatile components, edged down 0.3% in December. Over a year, it went from 2.1% to 2.2%.
- Manufacturing sales dropped 1.4% in November, twice as much as anticipated. The slide is fairly broad-based in terms of geography and industry sectors. Given the number of positive factors bolstering manufacturing, this is a disappointing result, especially as it follows October's 1.1% decline.
- With most forecasters expecting a slight dip, retail sales rose 0.4% in November. This is an astonishing increase, given the big slide in gas prices that month and the drop in auto sales. That being said, increasingly, holiday purchases are being moved up, which may have helped boost November's sales. In exchange, December's sales may prove disappointing.
- As expected, wholesaler sales fell 0.3% in November, with sizable drops coming in construction materials and supplies wholesalers, and machinery, equipment and supplies wholesalers. This could be considered as one of the first signs of the adverse impact of dropping energy prices. However, that does not seem to be the case, as Alberta and Saskatchewan posted substantial increases for the month.

Benoit P. Durocher
Senior Economist

FINANCIAL MARKETS

Central banks continue to surprise

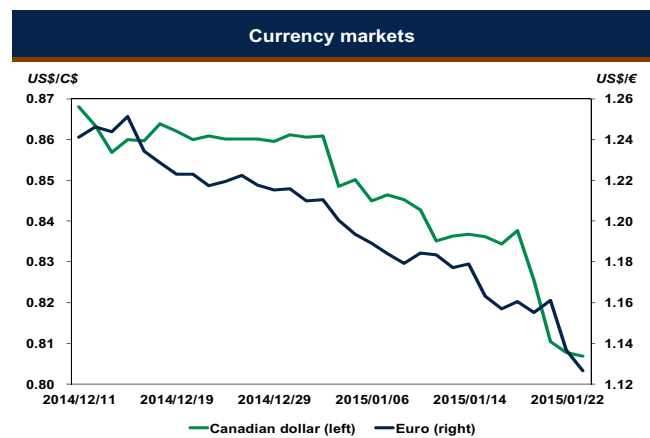
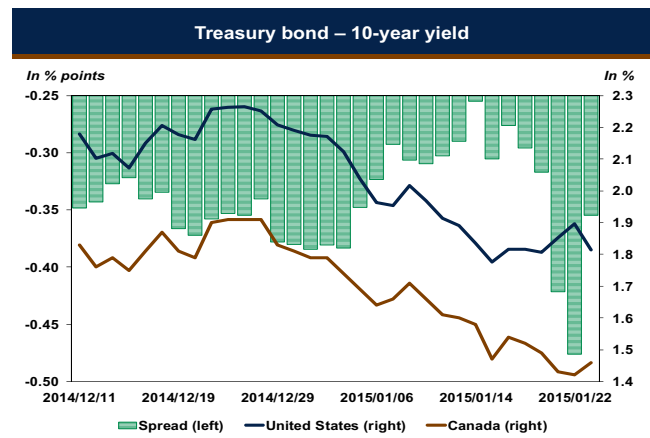
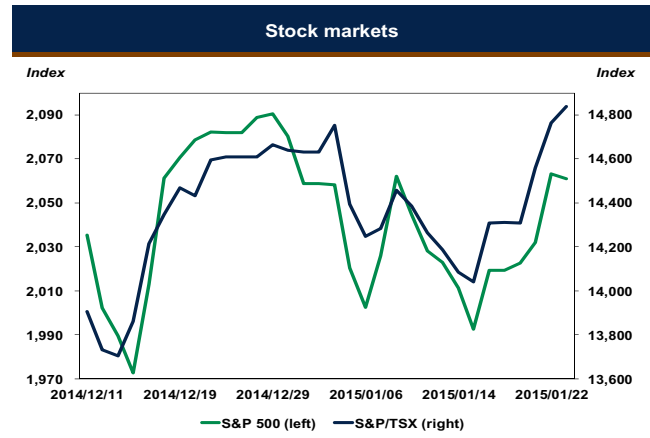
It was quite a hectic week in the markets, with the Bank of Canada (BoC) and European Central Bank (ECB) astounding investors: the BoC announced a cut to its overnight rate, while the ECB unveiled a weightier asset purchasing program than anticipated. Stock markets in countries where monetary stimulus measures were announced posted solid gains. The main indexes in Germany, France, Italy and Spain were nearly all showing weekly rises above 5% Friday morning. The S&P/TSX was showing a 3.5% rise, with major gains in materials, health care and energy. After peaking at 23.4 points on January 15, the VIX/S&P volatility index plunged to around 16 points on Friday.

Canadian short-term yields reacted sharply to the BoC's announcement. Friday's nearly 30 basis point tumble in the 2-year yield was the biggest drop posted since October 2008, at the peak of the financial crisis. The yield was at 54 basis points Friday morning, just 3 basis points higher than the U.S. yield for this term. On the other hand, at 1.50% and 2.05% respectively, the 10- and 30-year yields were close to where they were at the start of the week. Thirty-year yields plummeted in Europe on Thursday, when the ECB announced that its purchases would include long-term bonds. The news even affected U.S. 30-year yields which, unlike the rest of the curve, posted a weekly decline.

The U.S. dollar capitalized on weakness in several currencies. The BoC's surprise decision naturally shook up the loonie, which hit a new cyclical low on Friday morning at US\$0.8033. The ECB also generated some currency volatility after it confirmed the purchase of sovereign bonds. The euro lost about three cents on Thursday and was trading below US\$1.13 on Friday morning. For the European common currency, this low dates back to 2003. Britain's pound slid along with the euro, but not as far, settling in at around US\$1.50 at the time of writing. Earlier in the week, the release of the minutes of the last Bank of England meeting revealed that none of the committee's members now want an interest rate increase.

Jimmy Jean
Senior Economist

Hendrix Vachon
Senior Economist



A LOOK AHEAD



UNITED STATES

Tuesday Jan. 27 - 8:30

December	m/m
Consensus	0.5%
Desjardins	0.3%
November	-0.7%

New durable goods orders (December) – New durable goods orders disappointed again in November, with total orders down 0.7% and orders excluding transportation off 0.4%. December is expected to show modest growth. Although down this month, the ISM indexes are at relatively good levels, which is not compatible with ongoing monthly pullbacks. Ex-transportation, new orders are forecast to rise 0.5%. In transportation, we expect aircraft orders to be somewhat stable, while auto sector orders should tick down. The forecast for total monthly growth is 0.3%.

Tuesday Jan. 27 - 9:00

November	y/y
Consensus	4.32%
Desjardins	4.00%
October	4.50%

S&P/Case-Shiller index of existing home prices (November) – After sliding for four straight months and posting a 0.2% uptick in September, the S&P/Case-Shiller index jumped 0.7% in October, its best monthly growth since March. November is expected to show another gain, although somewhat slower, at 0.4%. The index's annual change should continue to lose speed, dropping from 4.5% to 4.0%.

Tuesday Jan. 27 - 10:00

December	ann. rate
Consensus	450,000
Desjardins	462,000
November	438,000

New home sales (December) – New home sales have been highly volatile for several quarters, including two steep drops in October (-2.2%) and November (-1.6%). If we look at the 4.5% gain in building permit applications for single-family homes, a rise can be expected in December. The NAHB index of homebuilder confidence has improved, which also suggests there will be more transactions. December's new home sales should reach 462,000 units, which would be their highest point since mid-2008.

Tuesday Jan. 27 - 10:00

January	
Consensus	95.0
Desjardins	94.5
December	92.6

Conference Board consumer confidence index (January) – After trimming 3.1 points in November, the consumer confidence index recovered in December, going from 9.1 to 92.6, which is still lower than it was at the end of the summer. Confidence is forecast to improve again in January, in line with the big gain by the University of Michigan confidence index. Gas prices continue to slide and the national average is now less than US\$2/gallon. Job market data remains good. The stock market is one of the only dark spots in the picture, as the main indexes are still below where they were at the end of December. The Conference Board index should gain nearly two points, going to 94.5, which would be its highest point since October 2007.

Wednesday Jan. 28 - 14:00

January	
Consensus	0.25%
Desjardins	0.25%
December 17	0.25%

Federal Reserve meeting (January) – Although several central banks have made waves in the last few weeks, there are few expectations for this Federal Reserve (Fed) meeting. At the meeting in mid-December, Janet Yellen and her colleagues looked for patience in establishing monetary policy. Quantitative purchases wrapped up several months ago and it may be next fall before we see the first key rate increase. The Fed's statement should mention strong economic growth and the positive spinoffs dropping gas prices should create. It should also take into account the job market's solid performance. However, it could raise some concerns about inflation, which is being pulled down by low energy prices. All in all, few changes are expected and patience remains the watchword. Note that the new year brings with it some changes in the regional members of the monetary policy committee; the committee's makeup will apparently be more dovish in 2015 than 2014.

Real GDP (Q4 – first estimate) – After a disappointing first quarter of 2014, real GDP has since been stronger than expected. Another solid rise is forecasted, but not as outstanding as the 4.6% and 5.0% growth posted last spring and summer. Consumption should grow quite swiftly (3.3%), although expectations there have fallen since the release of December’s retail sales and energy production. Investment should dip from the 8.9% gain posted in the third quarter. Exports are expected to grow slightly faster than imports, but the labour dispute in ports on the U.S. West Coast could throw a monkey wrench into this forecast. Business inventories should make a slight negative contribution, and government spending is forecast to decline due to a pullback in federal military spending. All in all, annualized real GDP growth is expected to be 2.9%, which would put the annual gain for 2014 at 2.4%.


CANADA

Real GDP by industry (November) – Real GDP growth by industry outstripped the forecasts in October, gaining 0.3%. The situation seems to have reversed in November, however, with most of the economic indicators down during the month. Among other things, the number of hours worked retreated 0.5% due to a major decline in the service sector. Under these conditions, real GDP by industry should slide about 0.1% in November.


OVERSEAS

Euro zone: Economic indicators – Several Euroland confidence indexes will be released Thursday. Most indicators eroded in December. January’s flash version of the Euroland consumer confidence index is encouraging, however. The first estimate of January’s annual change in the consumer price index will come out on Friday. Inflation dropped to -0.2% in December. The unemployment rate for November will also be published Friday. It has been at 11.5% since August. Germany’s IFO index for January will be out Monday; it has been edging up since October.

Japan: Economic indicators – Several indicators for December will be out Wednesday in Japan, including retail sales, industrial production, the jobless rate and consumer price indexes. They will help see whether the fourth quarter’s real GDP—to be published in mid-February—confirms that the recession that prevailed in Q2 and Q3 is over.

United Kingdom: Real GDP (Q4) – Britain’s economic growth has been fairly strong for some time, and should remain so in the results for Q4 of 2014. However, the consensus expects slightly less lively growth than the better than 0.7% gains (not annualized) recorded last spring and summer. An increase of 0.6% would take 2014’s annual growth to 2.6%.

Friday Jan. 30 - 8:30

Q4 2014 - 1st est.	ann. rate
Consensus	3.1%
Desjardins	2.9%
Q3 2014	5.0%

Friday Jan. 30 - 8:30


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

During the week**During the week****Tuesday Jan. 27 - 4:30**

Q4 2014	q/q
Consensus	0.6%
Q3 2014	0.7%

ECONOMIC INDICATORS


Week of January 26 to 30, 2015

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 26						
	---	---				
TUESDAY 27						
	8:30	Durable goods orders (m/m)	Dec.	0.5%	0.3%	-0.7%
	9:00	S&P/Case-Shiller home price index (y/y)	Nov.	4.32%	4.00%	4.50%
	10:00	Consumer confidence	Jan.	95.0	94.5	92.6
	10:00	New home sales (ann. rate)	Dec.	450,000	462,000	438,000
WEDNESDAY 28						
	14:00	Federal Reserve meeting	Jan.	0.25%	0.25%	0.25%
THURSDAY 29						
	8:30	Initial unemployment claims	Jan. 19-23	300,000	302,000	307,000
	10:00	Pending home sales (m/m)	Dec.	0.5%	n/a	0.8%
FRIDAY 30						
	8:30	Employment cost index (q/q)	Q4	0.6%	0.6%	0.7%
	8:30	Real GDP (ann. rate)	Q4f	3.1%	2.9%	5.0%
	9:45	Chicago PMI index	Jan.	58.0	57.5	58.3
	10:00	Michigan's consumer sentiment index – final	Jan.	98.2	98.2	98.2




CANADA

MONDAY 26						
	---	---				
TUESDAY 27						
	---	---				
WEDNESDAY 28						
	---	---				
THURSDAY 29						
	8:30	Average weekly earnings (y/y)	Nov.	n/a	2.5%	2.8%
	8:30	Number of salaried employees (m/m)	Nov.	n/a	-0.1%	0.1%
FRIDAY 30						
	8:30	Real GDP by industry (m/m)	Nov.	-0.1%	-0.1%	0.3%

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 26 to 30, 2015

Country	Hour	Indicator	Period	Consensus		Previous data	
				m/m (q/q)	y/y	m/m (q/q)	y/y
 OVERSEAS							
SUNDAY 25							
Japan	18:50	Merchandise trade balance (¥B)	Dec.	-743.1		-925.0	
MONDAY 26							
Germany	4:00	IFO survey – Business climate	Jan.	106.5		105.5	
Germany	4:00	IFO survey – Current situation	Jan.	110.8		110.0	
Germany	4:00	IFO survey – Expectations	Jan.	102.5		101.1	
TUESDAY 27							
Japan	0:00	Confiance des petites entreprises	Jan.	n/a		46.7	
United Kingdom	4:30	Index of services	Nov.	0.3%		0.3%	
United Kingdom	4:30	Real GDP – preliminary	Q4	0.6%	2.8%	0.7%	2.6%
WEDNESDAY 28							
Germany	2:00	Consumer confidence	Feb.	9.1		9.0	
France	2:45	Consumer confidence	Jan.	91		90	
New Zealand	15:00	Reserve Bank of New Zealand meeting	Jan.	3.50%		3.50%	
Japan	18:50	Retail sales	Dec.	0.3%	n/a	-0.2%	0.5%
THURSDAY 29							
Brazil	---	Minutes of the Bank of Brazil meeting					
United Kingdom	2:00	Nationwide house prices	Jan.	0.3%	6.6%	0.2%	7.2%
Germany	3:55	Unemployment rate	Jan.	6.5%		6.5%	
Euro zone	4:00	Money supply M3	Déc.		3.5%		3.1%
Euro zone	5:00	Business climate	Jan.	0.12		0.04	
Euro zone	5:00	Consumer confidence – final	Jan.	-8.5		-8.5	
Euro zone	5:00	Industrial confidence	Jan.	-4.5		-5.2	
Euro zone	5:00	Services confidence	Jan.	6.0		5.6	
Euro zone	5:00	Economic confidence	Jan.	101.6		100.7	
Italy	5:00	Consumer confidence	Jan.	100.0		99.7	
Italy	5:00	Business confidence	Jan.	98.0		97.5	
Italy	5:00	Economic confidence	Jan.	n/a		87.6	
Germany	8:00	Consumer price index – preliminary	Jan.	-0.8%	-0.1%	0.0%	0.2%
Mexico	14:00	Bank of Mexico meeting	Jan.	3.00%		3.00%	
Japan	18:30	Workers' household spending	Dec.		-2.3%		-2.5%
Japan	18:30	Consumer price index	Dec.		2.3%		2.4%
Japan	18:30	Consumer price index – Tokyo	Jan.		2.2%		2.1%
Japan	18:30	Unemployment rate	Dec.	3.5%		3.5%	
Japan	18:50	Industrial production – preliminary	Dec.	1.2%	0.3%	-0.5%	-3.7%
United Kingdom	19:05	Consumer confidence	Jan.	-2		-4	
Japan	23:00	Vehicle production	Dec.		n/a		-12.2%
FRIDAY 30							
Japan	0:00	Housing starts	Dec.		-14.8%		-14.3%
Germany	2:00	Retail sales	Dec.	0.3%	3.6%	1.0%	-0.8%
France	2:45	Personal consumption expenditures	Dec.	0.4%	-0.5%	0.4%	-1.1%
France	2:45	Producer price index	Dec.	n/a	n/a	-0.1%	-2.0%
Italy	4:00	Unemployment rate – preliminary	Dec.	13.5%		13.4%	
Euro zone	5:00	Consumer price index – estimate	Jan.		-0.5%		-0.2%
Euro zone	5:00	Unemployment rate	Dec.	11.5%		11.5%	
SATURDAY 31							
China	20:00	PMI manufacturing index	Jan.	50.2		50.1	
China	20:00	PMI non-manufacturing index	Jan.	n/a		54.1	

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)	Dec.*	121.1	0.5	1.5	3.3	6.4
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)	Dec.*	1,089	1,043	1,028	909.0	1,034
Building permits (K) (1)	Dec.*	1,032	1,052	1,031	973.0	1,022
New home sales (K) (1)	Nov.	438.0	445.0	448.0	458.0	445.0
Existing home sales (K) (1)	Dec.*	5,040	4,920	5,180	5,030	4,870
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)	Nov.*	51,526	-1.4	-0.5	-0.5	2.6
Housing starts (K) (1)	Dec.	180.3	192.9	197.0	197.1	187.5
Building permits (\$M)	Nov.	6,585	-13.8	-1.0	-6.5	-2.7
Retail sales (\$M)	Nov.*	43,025	0.4	1.2	2.2	4.8
Excluding automobiles (\$M)	Nov.*	32,607	0.7	0.8	1.6	3.6
Wholesale trade sales (\$M)	Nov.*	54,035	-0.3	1.6	2.6	6.7
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)	Dec.*	124.5	-0.7	-1.0	-1.1	1.5
Excluding food and energy	Dec.*	119.3	-0.4	-0.3	0.2	1.9
Excluding 8 volatile items	Dec.*	123.7	-0.3	-0.2	0.4	2.2
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. 23	Jan. 16	-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	0.03	0.01	0.01	0.03	0.04	0.08	0.03	0.01
Treasury bonds – 2 years	0.50	0.48	0.69	0.39	0.49	0.35	0.70	0.46	0.30
– 5 years	1.33	1.29	1.74	1.50	1.67	1.57	1.84	1.61	1.22
– 10 years	1.81	1.82	2.25	2.27	2.47	2.74	2.81	2.47	1.78
– 30 years	2.39	2.44	2.81	3.05	3.24	3.65	3.73	3.25	2.39
S&P 500 index	2,061	2,019	2,089	1,965	1,978	1,790	2,091	1,945	1,742
DJIA index	17,783	17,512	18,054	16,805	16,961	15,879	18,054	16,864	15,373
Gold price (US\$/ounce)	1,290	1,275	1,194	1,231	1,299	1,267	1,376	1,266	1,146
CRB index	216.75	224.24	234.65	270.22	298.34	282.54	312.93	284.52	216.75
WTI oil (US\$/barrel)	45.93	48.49	54.59	81.27	105.23	96.66	107.30	90.00	45.92
Canada									
Overnight – target	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75
Treasury bill – 3 months	0.60	0.91	0.90	0.88	0.95	0.90	0.96	0.91	0.60
Treasury bonds – 2 years	0.54	0.88	1.06	1.00	1.08	0.97	1.17	1.04	0.54
– 5 years	0.80	1.10	1.44	1.50	1.47	1.59	1.79	1.54	0.80
– 10 years	1.46	1.54	1.91	2.02	2.12	2.40	2.55	2.17	1.42
– 30 years	2.02	2.11	2.44	2.56	2.67	2.97	3.07	2.71	2.02
Spread with the U.S. rate (% points)									
Overnight – target	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50
Treasury bill – 3 months	0.58	0.88	0.89	0.87	0.92	0.86	0.93	0.87	0.58
Treasury bonds – 2 years	0.04	0.40	0.37	0.61	0.59	0.62	0.73	0.59	0.03
– 5 years	-0.53	-0.19	-0.30	0.00	-0.20	0.02	0.17	-0.07	-0.53
– 10 years	-0.36	-0.28	-0.34	-0.25	-0.35	-0.34	-0.17	-0.30	-0.48
– 30 years	-0.37	-0.33	-0.37	-0.49	-0.57	-0.68	-0.29	-0.54	-0.70
S&P/TSX index	14,837	14,309	14,609	14,544	15,455	13,718	15,658	14,682	13,486
Exchange rate (C\$/US\$)	1.2395	1.1985	1.1627	1.1232	1.0813	1.1089	1.2381	1.1102	0.8068
Exchange rate (C\$/€)	1.3964	1.3865	1.4157	1.4231	1.4523	1.5166	1.5545	1.4596	0.9089
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	0.36	0.40	0.60	0.85	1.15	1.65	1.72	1.14	0.36
U.K.: Bonds – 10 years	1.48	1.54	1.88	2.23	2.69	2.78	2.88	2.44	1.48
Euro: Exchange rate (US\$/€)	1.1265	1.1570	1.2177	1.2671	1.3432	1.3678	1.3934	1.3160	1.1265
U.K.: Exchange rate (US\$/£)	1.5015	1.5151	1.5557	1.6091	1.6975	1.6484	1.7166	1.6392	1.5010

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.