

The Federal Reserve signals an upcoming tightening

HIGHLIGHTS

- Federal Reserve: No rate increase yet, but the door is wide open.
- United States: Declines in housing starts and home resales.
- Canada: The total annual inflation rate slips from 1.3% to 1.1%.
- Canada: Retail sales falter in July.

A LOOK AHEAD

- A pullback in real consumption is expected in the United States.
- After a strong surge in August, the U.S. consumer confidence index could head down slightly.
- Canada: The rally in real GDP by industry should continue in July.

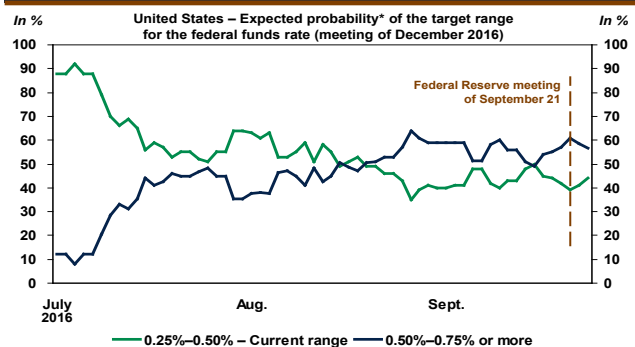
FINANCIAL MARKETS

- Rising oil prices boost the Canadian stock market.
- Long-term bond yields move closer to where they were at the beginning of the month.
- The scenario of a fast exit from the European Union by the United Kingdom resurfaces, driving the pound sterling below US\$1.30.

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Graph of the week – Markets price in higher policy rates in December, although prudently



* According to futures on federal funds, Bloomberg estimate.
Sources: Bloomberg and Desjardins, Economic Studies

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KEY STATISTICS OF THE WEEK

UNITED STATES

- The Federal Reserve (Fed) is now closer to a rate increase in the near future. The press release issued after the meeting, which ended on Wednesday, clearly states that the arguments in favour of more monetary tightening have gained ground. Moreover, in an unusual development, three dissenting votes were recorded on the decision not to budge at this meeting. Three regional Fed presidents (Kansas City's Esther George, Cleveland's Loretta Mester, and Boston's Eric Rosengren) voted to raise the top of the target range from 0.50% to 0.75% immediately. It remains to be seen whether economic conditions will be strong enough to support a decision to raise interest rates later this year, given that the Fed has a tendency to show extreme caution. Our scenarios call for solid real GDP growth in the second half of the year. The Fed will probably be able to go ahead, likely at the December 14 meeting... if the outcome of the election does not generate too much upheaval.
- Housing starts were down by 5.8% in August after a total gain of 7.5% in the previous two months. The annualized volume fell from 1,212,000 units in July (the highest since February) to 1,142,000. This pullback comes from both single-family homes (-6.0%) and multiple-unit buildings (-6.9%). Meanwhile, building permits held fairly steady with a 0.4% dip, from 1,144,000 to 1,139,000 units.
- Sales of existing homes dropped by 0.9% in August after a 3.4% contraction in July. That result was disappointing, since the consensus had been expecting a considerable increase. The annualized volume shrank from 5,380,000 units in July to 5,330,000 in August, the lowest level since February. The contraction came mainly from single-family homes (-12.3%), while condo resales soared by 10.5%.
- The leading indicator retreated by 0.2% in August, whereas stagnation had been expected. This downturn comes on the heels of two consecutive increases. The negative contributions came mainly from hours worked, the ISM index, unemployment insurance claims and building permits.

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CANADA

- The total consumer price index (CPI) fell 0.2% in August while the consensus forecast had expected a 0.1% increase for the month. Generally speaking, the seasonal price fluctuations were mostly in line with expectations. The fluctuations that are not related to seasonal effects were the real surprise. As such, the seasonally adjusted CPI dipped by 0.1% in August, a result that contrasts with the trend in recent months, which hovered closer to 0.2%. The drop in the total CPI nevertheless contributed to the decline in the annual total inflation rate. At 1.1% in August, this rate is much weaker than what the forecasts had called for. This confirms the Bank of Canada's concerns, as its leaders have mentioned recently that "the risks to the profile for inflation have tilted somewhat to the downside since July."
- The value of retail sales slipped by 0.1% in July, a slightly lower reading than expected. That limpness is largely due to the 3.0% drop in service station sales, thanks to lower gasoline prices. If we exclude service station sales and sales of automotive products, retail trade is up by 0.4%, which is pretty much in line with the trend of recent months. Expressed in real terms, lower gasoline prices have no impact, so total sales ticked up by 0.3%.
- Wholesale sales rose by 0.3% in July. Increases in automotive products and in machinery, equipment and supplies were counterbalanced by declines in building materials and supplies, along with personal and household items. Expressed in real terms, sales recorded practically zero growth during the month, while inventories shrank by 0.3%.

Benoit P. Durocher
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FINANCIAL MARKETS

The Federal Reserve is laying the groundwork

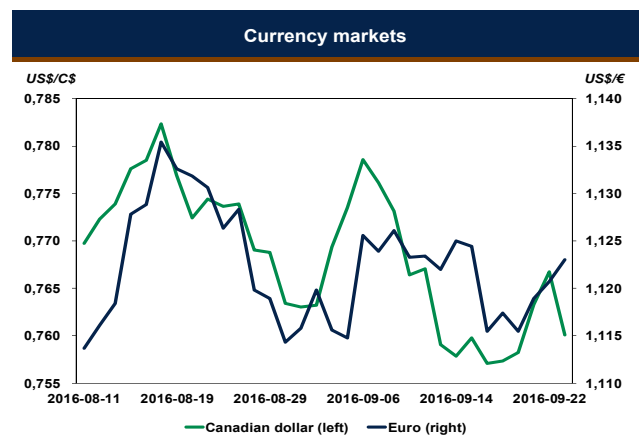
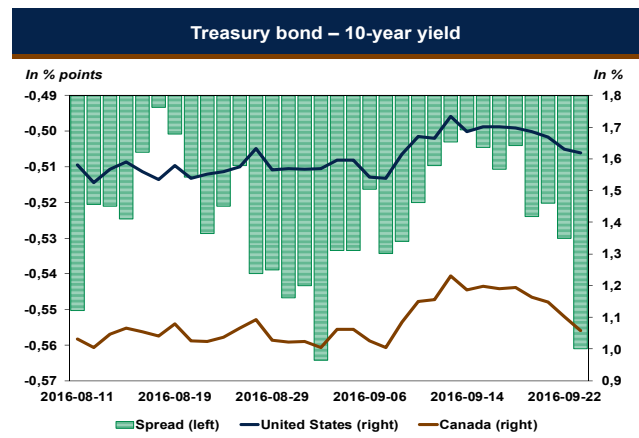
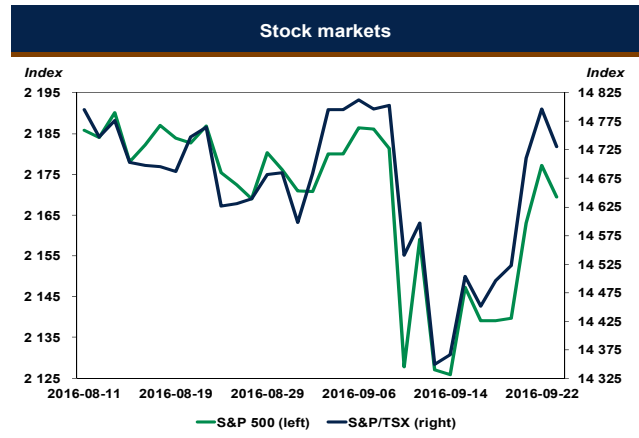
The first half of the week was uneventful for the stock markets. In the United States, the S&P 500 stayed within a very narrow range between 2,140 and 2,150 up until Wednesday. Program changes announced by the Bank of Japan (BoJ) had no major impact on the markets. The Federal Reserve (Fed) left its policy unchanged as expected, but continued to suggest monetary tightening by the end of this year. Stock markets reacted favourably, and the S&P 500 rose by 0.6% on Thursday before retreating slightly on Friday morning. As for the S&P/TSX, it was on its way to recording a weekly gain of 2.2% thanks to oil prices, which have logged six straight increases.

After a strong surge earlier this month, long-term bond yields headed downward, flattening curves around the world. This was the case even in Japan, despite the BoJ's desire to trigger a trend in the other direction. In the United States, the 30-year yield recorded a weekly loss of nearly 10 basis points, reaching 2.35%. Despite the signals from the Fed, markets remained cautious, continuing to expect slightly better than even odds of a rate hike in December. In Canada, the 10-year yield dropped by 14 points on the week, returning to 1.06%. Among other factors, some disappointing inflation statistics increased the probability in investors' minds of monetary easing in this country.

The U.S. dollar depreciated after the Fed meeting since, after all, the markets had been expecting some probability of a surprise. The currency was probably also penalized by the downward revision of the Fed's forecasts regarding interest rates. At time of writing, the euro was on its way to wrap up the week at over US\$1.12. Standing below US\$1.30, the pound sterling struggled more on Friday when the scenario of a fast exit from the European Union by the United Kingdom resurfaced. The Canadian dollar verged on US\$0.77 on Thursday against a backdrop of a weak greenback and robust oil prices. However, poor inflation numbers hammered it on Friday, and it moved back to around US\$0.76 (C\$1.316/US\$).

Jimmy Jean
Senior Economist

Hendrix Vachon
Senior Economist



A LOOK AHEAD



UNITED STATES

Monday Sept. 26 - 10:00

August	ann. rate
Consensus	600,000
Desjardins	580,000
July	654,000

New home sales (August) – Sales of new, single-family homes have been on an upward trend for a few months now. That momentum clearly accelerated in August with a monthly increase of 12.4%. The annualized volume reached 654,000 units, the highest since October 2007. After a surge like that, a temporary pullback is likely. Sales could be curtailed by the issuance of a much smaller number of new building permits for single-family dwellings. We therefore expect sales of new, single-family homes to fall back to around 580,000 units. But the upward trend should not completely run out of steam, and residential investment should keep rising. As it happens, homebuilder confidence improved again in September.

Tuesday Sept. 27 - 9:00

July	y/y
Consensus	5.05%
Desjardins	5.10%
June	5.13%

S&P/Case-Shiller existing-home price index (July) – Prices of existing homes fell further in June, for a third consecutive monthly decline. Similar limp conditions also occurred in 2014 and in 2015. In both cases, another pullback was recorded in July. We therefore expect a downturn in the S&P/Case-Shiller index in July 2016. The annual change should dip from 5.13% to 5.10%. Seasonal variations poorly captured by the index suggest that resale prices will head up in subsequent months.

Tuesday Sept. 27 - 10:00

September	
Consensus	98.8
Desjardins	98.0
August	101.1

Conference Board consumer confidence index (September) – The Conference Board consumer confidence index leapt to 101.1 in August, its highest level since September 2015. But that reading contradicted some other confidence indexes, particularly the University of Michigan index which dipped slightly in August and then came to a standstill in September. After that performance by the Conference Board index, we do not expect another gain; we are even calling for a slight decline since the attacks in New York City and the political situation leading up to the elections could generate some disquiet among households. However, the decline will be moderated by the current low gasoline prices (they have barely budged in the past month), the strength of the job market (jobless claims are still very low) and the stock market's strong performance in the past week (it is keeping stable compared with last month). All things considered, we can expect the Conference Board index to come in at 98.0.

Wednesday Sept. 28 - 8:30

August	m/m
Consensus	-1.4%
Desjardins	-1.8%
July	4.4%

New durable goods orders (August) – The volatility of the aviation sector still has great influence over the monthly changes in new orders of durable goods: thanks to an 89.9% gain in civilian aircraft orders, total new orders spurted up by 4.4%. We expect a pullback for August, however, because orders at Boeing have declined. The abrupt weakness of the ISM index in August also presents a risk for orders excluding the transportation sector. On the other hand, climbing investments in the oil sector constitute a positive factor. Orders excluding transportation should slip by 0.2%, while total durable goods orders should post a pullback of 1.8%.

Friday Sept. 30 - 8:30

August	m/m
Consensus	0.2%
Desjardins	0.1%
July	0.3%

Consumer spending (August) – Supported by several factors, in particular the automobile sector, real consumption edged up by 0.3% in July. We expect a far more modest number for the month of August. Automobile sales lost ground, along with retail sales excluding cars and gasoline. But we do expect a better performance in the service sector, thanks to food services in particular. A 0.1% dip in real consumption is forecast. The personal consumption expenditures deflator probably ticked up by 0.2% in August, which means that nominal consumption will be up by 0.1%. Nominal personal income should rise by 0.2%.


CANADA

Real GDP by industry (July) – The return to normal in oil production in the Fort McMurray area was not fully accomplished in June; therefore July should also show strong growth in unconventional oil production. According to our estimates, that industry alone could generate a 0.4% increase in real GDP in July. If we also take into account the slight upward trend in the other industries, July could end up recording growth of around 0.5%.

Industrial product price index (August) – When expressed in Canadian dollars, the Bank of Canada's commodity price index was down by 1.3% in August. We should therefore expect another significant downturn in the raw materials price index compiled by Statistics Canada during the month. As was the case for the June data, that will curb growth in the industrial product price index. In these conditions, a slight uptick in industrial product prices is expected in July.


OVERSEAS

Euro zone: Economic indicators – Among the indicators to be released in the euro zone this week, Thursday will bring us several confidence indexes for the month of September. Early signs, while not terribly convincing, are pointing toward possible improvement. The preliminary version of the consumer confidence index showed a slight upturn, from -8.5 in August to -8.2 in September. The euro zone composite PMI index fell slightly according to the preliminary version for September, but we note a significant gain in the PMI manufacturing index. Monday will bring us the German IFO indexes of corporate business confidence for September; they had declined in recent months. The euro zone's unemployment rate for August will be released on Friday; it has been holding firm at 10.1% since April. The first estimate of inflation in September will also be made public on Friday; the annual change in the all-items consumer price index in August was 0.2%.

Friday Sept. 30 - 8:30

July	m/m
Consensus	n/a
Desjardins	0.5%
June	0.6%


Friday Sept. 30 - 8:30


August	m/m
Consensus	n/a
Desjardins	0.3%
July	0.2%

During the week

ECONOMIC INDICATORS


Week of September 26 to 30, 2016

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 26						
	10:00	New home sales (ann. rate)	Aug.	600,000	580,000	654,000
	13:30	Speech of the Dallas Fed President, R. Kaplan				
TUESDAY 27						
	9:00	S&P/Case-Shiller home price index (y/y)	July	5.05%	5.10%	5.13%
	10:00	Consumer confidence	Sept.	98.8	98.0	101.1
WEDNESDAY 28						
	8:30	Durable goods orders (m/m)	Aug.	-1.4%	-1.8%	4.4%
	10:00	Speech of the Federal Reserve Chairman, J. Yellen				
	16:35	Speech of the Cleveland Fed President, L. Mester				
THURSDAY 29						
	5:00	Speech of the Philadelphia Fed President, P. Harker				
	8:30	Initial unemployment claims	Sept. 19-23	260,000	260,000	252,000
	8:30	Real GDP (ann. rate)	Q2t	1.3%	1.3%	1.1%
	8:30	Wholesale inventories (m/m)	Aug.	0.0%	n/a	0.0%
	8:50	Speech of the Atlanta Fed President, D. Lockhart				
	10:00	Pending home sales (m/m)	Aug.	-0.1%	n/a	1.3%
	14:00	Speech of the Minneapolis Fed President, N. Kashkari				
	16:00	Speech of the Federal Reserve Chairman, J. Yellen				
FRIDAY 30						
	8:30	Personal income (m/m)	Aug.	0.2%	0.2%	0.4%
	8:30	Personal consumption expenditures (m/m)	Aug.	0.2%	0.1%	0.3%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Aug.	0.2%	0.2%	0.0%
		Excluding food and energy (m/m)	Aug.	0.2%	0.2%	0.1%
		Total (y/y)	Aug.	0.9%	1.0%	0.8%
		Excluding food and energy (y/y)	Aug.	1.7%	1.7%	1.6%
	9:45	Chicago PMI index	Sept.	52.0	52.5	51.5
	10:00	Michigan's consumer sentiment index – final	Sept.	90.0	89.8	89.8
CANADA						
MONDAY 26						
	19:00	Speech of the Bank of Canada Governor, S. Poloz				
TUESDAY 27						
	---	---				
WEDNESDAY 28						
	---	---				
THURSDAY 29						
	---	---				
FRIDAY 30						
	8:30	Real GDP by industry (m/m)	July	n/a	0.5%	0.6%
	8:30	Industrial product price index (m/m)	Aug.	n/a	0.3%	0.2%
	8:30	Raw materials price index (m/m)	Aug.	n/a	-1.0%	-2.7%

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 September 26 to 30, 2016

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
 OVERSEAS								
MONDAY 26								
Japan	1:00	Leading indicator – final	July	n/a		100.0		
Japan	1:00	Coincident indicator – final	July	n/a		112.8		
Germany	4:00	Ifo survey – Business climate	Sept.	106.3		106.2		
Germany	4:00	Ifo survey – Current situation	Sept.	113.0		112.8		
Germany	4:00	Ifo survey – Expectations	Sept.	100.2		100.1		
Italy	4:00	Retail sales	July	0.0%	0.3%	0.2%		0.8%
TUESDAY 27								
Euro zone	4:00	Money supply M3	Aug.		4.9%			4.8%
WEDNESDAY 28								
Japan	1:00	Small business confidence	Sept.	47.0		46.3		
Germany	2:00	Consumer confidence	Oct.	10.0		10.2		
France	2:45	Consumer confidence	Sept.	97		97		
Italy	4:00	Consumer confidence	Sept.	109.0		109.2		
Italy	4:00	Economic confidence	Sept.	n/a		99.4		
Japan	19:50	Retail sales	Aug.	-0.8%	-1.7%	1.4%		-0.2%
THURSDAY 29								
Euro zone	5:00	Business climate	Sept.	0.05		0.02		
Euro zone	5:00	Consumer confidence – final	Sept.	-8.2		-8.2		
Euro zone	5:00	Industrial confidence	Sept.	-4.2		-4.4		
Euro zone	5:00	Services confidence	Sept.	10.0		10.0		
Euro zone	5:00	Economic confidence	Sept.	103.5		103.5		
Germany	8:00	Consumer price index – preliminary	Sept.	0.0%	0.6%	0.0%		0.4%
Mexico	14:00	Bank of Mexico meeting	Sept.	4.25%		4.25%		
United Kingdom	19:01	Consumer confidence	Sept.	-5		-7		
Japan	19:30	Workers' household spending	Aug.		-2.2%			-0.5%
Japan	19:30	Consumer price index	Aug.		-0.5%			-0.4%
Japan	19:30	Consumer price index – Tokyo	Sept.		-0.5%			-0.5%
Japan	19:30	Unemployment rate	Aug.	3.0%		3.0%		
Japan	19:50	Industrial production – preliminary	Aug.	0.5%	3.4%	0.4%		-4.2%
FRIDAY 30								
Japan	0:00	Vehicle production	Aug.		n/a			-4.1%
Japan	1:00	Housing starts	Aug.		7.2%			8.9%
United Kingdom	2:00	Nationwide house prices	Sept.	0.3%	5.0%	0.6%		5.6%
Germany	2:00	Retail sales	Aug.	-0.2%	1.8%	1.7%		-1.5%
France	2:45	Personal consumption expenditures	Aug.	0.5%	0.9%	-0.2%		0.5%
France	2:45	Consumer price index – preliminary	Sept.	-0.3%	0.4%	0.3%		0.2%
Italy	4:00	Unemployment rate	Aug.	11.4%		11.4%		
United Kingdom	4:30	Current account (£B)	Q2	-30.6		-32.6		
United Kingdom	4:30	Index of services	July	0.1%		0.2%		
United Kingdom	4:30	Real GDP – final	Q2	0.6%	2.2%	0.6%		2.2%
Euro zone	5:00	Consumer price index – estimate	Sept.		0.4%			0.2%
Euro zone	5:00	Unemployment rate	Aug.	10.0%		10.1%		
Italy	5:00	Consumer price index – preliminary	Sept.	-0.3%	0.1%	0.2%		-0.1%
China	21:00	PMI manufacturing index	Sept.	50.5		50.4		
China	21:00	PMI non-manufacturing index	Sept.	n/a		53.5		

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	2015	2014	2013	2012
Gross domestic product (2009 \$B)	2016 Q2	16,570	1.1	1.2	2.6	2.4	1.7	2.2
Consumption (2009 \$B)	2016 Q2	11,487	4.4	2.7	3.2	2.9	1.5	1.5
Government spending (2009 \$B)	2016 Q2	2,902	-1.5	0.7	1.8	-0.9	-2.9	-1.9
Residential investment (2009 \$B)	2016 Q2	588.8	-7.7	5.7	11.7	3.5	11.9	13.5
Non-residential investment (2009 \$B)	2016 Q2	2,175	-0.9	-1.0	2.1	6.0	3.5	9.0
Business inventory change (2009 \$B) (1)	2016 Q2	-12.4	---	---	84.0	57.7	78.7	54.7
Exports (2009 \$B)	2016 Q2	2,108	1.2	-1.3	0.1	4.3	3.5	3.4
Imports (2009 \$B)	2016 Q2	2,670	0.3	0.4	4.6	4.4	1.1	2.2
Final domestic demand (2009 \$B)	2016 Q2	17,134	2.2	2.0	3.1	2.6	1.2	1.9
GDP deflator (2009 = 100)	2016 Q2	111.3	2.3	1.2	1.1	1.8	1.6	1.8
Labor productivity (2009 = 100)	2016 Q2	106.0	-0.8	-0.4	0.9	0.8	0.4	0.9
Unit labor cost (2009 = 100)	2016 Q2	110.1	4.3	2.6	2.0	2.0	0.9	1.7
Employment cost index (Dec. 2005 = 100)	2016 Q2	126.7	2.2	2.3	2.1	2.0	1.9	1.9
Current account balance (\$B) (1)	2016 Q2	-119.9	---	---	-463.0	-392.1	-366.4	-446.5

* New statistic in comparison with last week.

(1) Statistics representing the level during the period.

United States: Monthly economic indicators

	Ref. month	Level	Variation (%)			
			-1 month	-3 months	-6 months	-1 year
Leading indicator (2010 = 100)	Aug.*	124.1	-0.2	0.6	0.9	1.1
ISM manufacturing index (1)	Aug.	49.4	52.6	51.3	49.5	51.0
ISM non-manufacturing index (1)	Aug.	51.4	55.5	52.9	53.4	58.3
Cons. confidence Conf. Board (1985 = 100) (1)	Aug.	101.1	96.7	92.4	94.0	101.3
Cons. confidence Michigan (1966 = 100) (1)	Sept.	89.8	89.8	93.5	91.0	87.2
Personal consumption expenditure (2009 \$B)	July	11,565	0.3	0.9	1.9	3.0
Disposable personal income (2009 \$B)	July	12,706	0.4	0.8	1.3	2.7
Consumer credit (\$B)	July	3,661	0.5	1.5	3.2	6.0
Retail sales (\$M)	Aug.	456,321	-0.3	0.5	1.6	1.9
Excluding automobiles (\$M)	Aug.	363,459	-0.1	0.3	1.9	2.0
Industrial production (2007 = 100)	Aug.	104.4	-0.5	0.7	-0.0	-1.1
Production capacity utilization rate (%) (1)	Aug.	75.5	75.9	75.1	75.6	76.7
New machinery orders (\$M)	July	454,759	1.9	-1.1	0.4	-3.5
New durable good orders (\$M)	July	228,621	4.4	-3.0	-1.4	-3.4
Business inventories (\$B)	July	1,813	-0.0	0.3	0.7	0.5
Housing starts (K) (1)	Aug.*	1,142	1,212	1,128	1,213	1,132
Building permits (K) (1)	Aug.*	1,139	1,144	1,136	1,162	1,166
New home sales (K) (1)	July	654.0	582.0	570.0	526.0	498.0
Existing home sales (K) (1)	Aug.*	5,330	5,380	5,510	5,070	5,290
Construction spending (\$B)	July	1,153	-0.0	0.9	0.7	1.5
Commercial surplus (\$M) (1)	July	-39,474	-44,655	-38,596	-43,027	-39,900
Nonfarm employment (K) (2)	Aug.	144,598	151.0	697.0	1,051	2,447
Unemployment rate (%) (1)	Aug.	4.9	4.9	4.7	4.9	5.1
Consumer price (1982-1984 = 100)	Aug.	240.3	0.2	0.4	1.1	1.1
Excluding food and energy	Aug.	248.3	0.3	0.5	1.0	2.3
Personal cons. expenditure deflator (2009 = 100)	July	110.7	0.0	0.3	0.6	0.8
Excluding food and energy	July	111.4	0.1	0.3	0.8	1.6
Producer price (2009 = 100)	Aug.	110.3	0.0	0.2	0.5	0.0
Excluding food and energy	Aug.	110.2	0.1	0.2	0.4	1.0
Export prices (2000 = 100)	Aug.	120.1	-0.8	0.1	1.6	-2.4
Import prices (2000 = 100)	Aug.	120.5	-0.2	0.5	2.8	-2.2

* 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	2015	2014	2013	2012
Gross domestic product (2007 \$M)	2016 Q2	1,776,171	-1.6	0.9	1.1	2.5	2.2	1.7
Household consumption (2007 \$M)	2016 Q2	1,017,654	2.2	2.2	1.9	2.6	2.4	1.9
Government consumption (2007 \$M)	2016 Q2	352,554	4.2	2.0	1.7	0.3	0.3	0.7
Residential investment (2007 \$M)	2016 Q2	125,607	1.2	4.2	3.8	2.5	-0.4	5.6
Non-residential investment (2007 \$M)	2016 Q2	160,090	-1.9	-8.6	-10.6	0.0	2.5	8.6
Business inventory change (2007 \$M) (1)	2016 Q2	502	---	---	3,907	9,869	15,476	6,159
Exports (2007 \$M)	2016 Q2	563,045	-16.7	-0.9	3.4	5.3	2.8	2.6
Imports (2007 \$M)	2016 Q2	567,146	1.1	-1.8	0.3	1.8	1.5	3.6
Final domestic demand (2007 \$M)	2016 Q2	1,771,861	2.2	1.0	0.3	1.6	1.3	2.4
GDP deflator (2007 = 100)	2016 Q2	112.4	1.4	0.0	-0.5	1.7	1.6	1.3
Labour productivity (2007 = 100)	2016 Q2	106.0	-1.3	0.2	-0.4	2.5	1.3	-0.4
Unit labour cost (2007 = 100)	2016 Q2	116.5	3.0	0.8	1.9	1.1	1.6	3.2
Current account balance (\$M) (1)	2016 Q2	-19,862	---	---	-62,631	-44,894	-59,665	-65,680
Production capacity utilization rate (%) (1)	2016 Q2	80.0	---	---	80.9	82.1	80.8	81.0
Disposable personal income (\$M)	2016 Q2	1,150,424	4.6	2.7	3.7	3.0	4.8	4.1
Corporate net operating surplus (2007 \$M)	2016 Q2	196,272	-33.0	-15.9	-15.8	7.0	0.8	-5.3

* 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)	June	1,665,234	0.6	0.1	0.3	1.1
Industrial production (2007 \$M)	June	345,814	2.5	-1.2	-2.4	-1.3
Manufacturing sales (\$M)	July	50,672	0.1	0.4	-3.5	-2.6
Housing starts (K) (1)	Aug.	182.4	194.6	186.6	217.1	214.0
Building permits (\$M)	July	6,470	0.8	-6.5	1.1	-10.0
Retail sales (\$M)	July*	44,139	-0.1	-0.1	0.4	2.3
Excluding automobiles (\$M)	July*	33,125	-0.1	0.1	1.6	1.7
Wholesale trade sales (\$M)	July*	56,533	0.3	2.9	0.2	3.3
Commercial surplus (\$M) (1)	July	-2,488	-3,966	-3,534	-686.3	-478.7
Exports (\$M)	July	42,703	3.4	2.7	-7.2	-7.0
Imports (\$M)	July	45,191	-0.1	0.2	-3.2	-2.6
Employment (K) (2)	Aug.	18,050	26.2	-1.9	7.8	6.4
Unemployment rate (%) (1)	Aug.	7.0	6.9	6.9	7.3	7.0
Average weekly earnings (\$)	June	958.1	0.4	-0.0	-0.2	0.5
Number of salaried employees (K) (2)	June	15,956	52.7	28.5	13.3	15.8
Consumer price (2002 = 100)	Aug.*	128.7	-0.2	-0.1	1.3	1.1
Excluding food and energy	Aug.*	123.8	0.0	0.0	1.2	1.9
Excluding 8 volatile items	Aug.*	128.6	0.0	0.0	1.2	1.8
Industrial product price (2002 = 100)	July	110.2	0.2	2.1	0.0	-1.3
Raw materials price (2002 = 100)	July	91.4	-2.7	6.2	12.6	-5.7
Money supply M1+ (\$M)	July	858,868	1.7	2.7	4.3	8.4

* 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 (%)		
	Sep. 23	Sep. 16	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	0.50	0.50	0.50	0.50	0.50	0.25	0.50	0.45	0.25
Treasury bill – 3 months	0.17	0.29	0.33	0.26	0.29	-0.01	0.37	0.24	-0.02
Treasury bonds – 2 years	0.77	0.78	0.84	0.65	0.89	0.64	1.08	0.79	0.54
– 5 years	1.17	1.21	1.25	1.07	1.37	1.45	1.75	1.32	0.94
– 10 years	1.62	1.70	1.63	1.58	1.89	2.17	2.35	1.86	1.36
– 30 years	2.34	2.45	2.29	2.43	2.67	2.96	3.11	2.64	2.11
S&P 500 index	2,169	2,139	2,169	2,037	2,036	1,931	2,190	2,057	1,829
DJIA index	18,329	18,124	18,395	17,401	17,516	16,315	18,636	17,544	15,660
Gold price (US\$/ounce)	1,338	1,311	1,334	1,314	1,221	1,144	1,369	1,217	1,052
CRB index	183.63	180.78	186.11	188.69	172.18	195.71	202.69	180.17	155.01
WTI oil (US\$/barrel)	45.03	43.04	47.64	46.70	38.14	45.55	51.23	41.41	26.19
Canada									
Overnight – target	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Treasury bill – 3 months	0.54	0.51	0.52	0.50	0.45	0.43	0.56	0.48	0.32
Treasury bonds – 2 years	0.53	0.58	0.61	0.54	0.57	0.54	0.70	0.54	0.29
– 5 years	0.64	0.74	0.73	0.63	0.73	0.86	1.03	0.72	0.48
– 10 years	1.06	1.19	1.09	1.16	1.27	1.53	1.72	1.28	0.97
– 30 years	1.71	1.82	1.69	1.80	2.05	2.27	2.42	1.98	1.55
Spread with the U.S. rate (% points)									
Overnight – target	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.05	0.00
Treasury bill – 3 months	0.37	0.22	0.19	0.24	0.16	0.44	0.45	0.24	0.06
Treasury bonds – 2 years	-0.24	-0.19	-0.23	-0.10	-0.32	-0.10	-0.03	-0.25	-0.64
– 5 years	-0.53	-0.47	-0.52	-0.44	-0.64	-0.59	-0.38	-0.60	-1.00
– 10 years	-0.56	-0.51	-0.54	-0.41	-0.62	-0.64	-0.31	-0.58	-0.90
– 30 years	-0.63	-0.63	-0.60	-0.63	-0.61	-0.69	-0.52	-0.66	-0.88
S&P/TSX index	14,731	14,451	14,640	13,892	13,358	13,379	14,813	13,649	11,843
Exchange rate (C\$/US\$)	1.3156	1.3209	1.3003	1.3006	1.3275	1.3337	1.4579	1.3233	0.7601
Exchange rate (C\$/€)	1.4772	1.4735	1.4561	1.4459	1.4823	1.4930	1.5903	1.4697	0.8536
Overseas									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.02	0.00
BoE – Base rate	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.46	0.25
BoJ – Overnight rate	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	-0.02	-0.10
Germany: Bonds – 10 years	-0.08	-0.06	-0.15	-0.06	0.18	0.65	0.70	0.23	-0.19
U.K.: Bonds – 10 years	0.73	0.87	0.64	1.22	1.46	1.84	2.05	1.42	0.61
Euro: Exchange rate (US\$/€)	1.1230	1.1155	1.1198	1.1117	1.1166	1.1195	1.1532	1.1111	1.0565
U.K.: Exchange rate (US\$/£)	1.2967	1.3002	1.3139	1.3680	1.4143	1.5182	1.5478	1.4276	1.2880

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.