

# Weekly Newsletter



**Desjardins**  
Economic Studies

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## Cooperation Week – October 16 to 22, 2016

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**October 21, 2016**

## The Bank of Canada does not rule out further easing

### HIGHLIGHTS

- United States: Surprising drop in housing starts, but resales jump.
- The Bank of Canada revises its economic forecasts downward.
- Canada: The total annual inflation rate climbs slowly.
- Canada: Retail sales post disappointing results.

### A LOOK AHEAD

- Real GDP in the United States expected to show greater growth in Q3.
- Canada: Wholesale sales expected to post another increase.

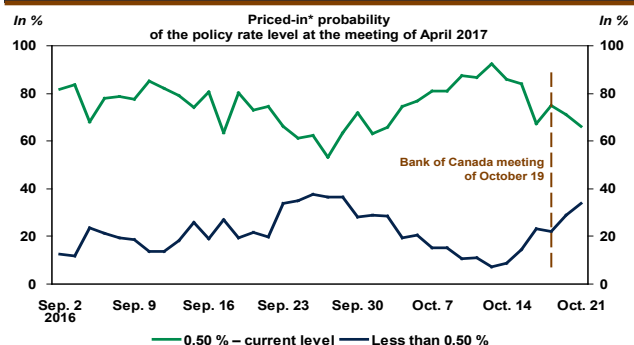
### FINANCIAL MARKETS

- More encouraging corporate results in the United States.
- The Bank of Canada considered cutting key rates at its meeting, leading bond yields lower.
- The Canadian dollar falls to US\$0.75 (C\$1.33/\$US).

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**Graph of the week – The debate heats up again on the possibility of a rate cut in Canada within six months**



\* According to overnight indexed swaps, Bloomberg estimate.  
Sources: Bloomberg and Desjardins, Economic Studies

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## KEY STATISTICS OF THE WEEK

### UNITED STATES

- Industrial production was up slightly by 0.1% in September, after a 0.5% contraction in August. Manufacturing output was up 0.2%, mostly from non-durable goods manufacturing. Activity in the mining sector was up 0.4%, while energy production declined 1.0%.
- The Philadelphia Fed manufacturing index dipped slightly in October; after reaching its highest level since February 2015 in September, the index fell from 12.8 in September to 9.7 in October. Almost all of the components improved, except those tied to prices. For its part, the New York Fed's Empire index fell deeper into negative territory, shifting from -2.0 in September to -6.8 in October.
- The consumer price index (CPI) was up 0.3% in September, its strongest growth since April. This increase is mainly due to energy prices, including a 5.8% jump in gas prices. Food prices once again stagnated; they have not grown since April. Excluding food and energy, the core CPI advanced by 0.1%, after a 0.3% gain in August. The 0.7% drop in clothing prices is worth noting. The annual change in the total CPI accelerated from 1.1% to 1.5%, while core inflation was trimmed from 2.3% to 2.2%.
- After declining by 5.8% in August, housing starts fell 9.0% in September. The annualized level declined from 1,150,000 to 1,047,000 units, the lowest level since March 2015. This decline was driven by a 38.9% contraction in multiple-unit buildings. Housing starts for single-family homes were up 8.1% instead. Building permits had an even better showing, with gains of 6.3% to reach 1,286,000 units, the highest level since November 2015.
- Existing home sales were up 3.2% in September, following declines of 1.5% in August and 3.4% in July. The annualized level rose from 5,300,000 to 5,470,000 units. This increase is solely due to single-family homes (+4.1%), while condo resales fell by 3.2%.
- The leading indicator was up 0.2% in September on the heels of an equivalent decline in August. Building permits contributed to this increase. The drop in jobless claims and the interest rate spread also provided considerable support.

**Francis Généreux**  
Senior Economist

### CANADA

- Unsurprisingly, the status quo on key interest rates extant since September 2015 continued Wednesday morning, with the Bank of Canada (BoC) leaving the target for the overnight rate at 0.50%. The main focus was on the release of the *Monetary Policy Report*, containing the update to the BoC's outlook. As most analysts expected, the monetary authorities downgraded their outlooks for the Canadian economy. Clearly, there are still many large concerns over Canada's economic outlook. Under these circumstances, a key interest rate increase will be out of the question until at least the summer of 2018. On the other hand, while the monetary authorities seriously discussed the possibility of reducing key interest rates at their meeting this week, that may not be necessary if the BoC's scenario materializes, i.e., growth expected to be above potential in the next few quarters, and a total inflation rate that should slowly head up toward the mid-point target, 2%.
- The total consumer price index (CPI) was up 0.1% in September. The total annual inflation rate ticked up from 1.1% to 1.3%. For the third straight month, the monthly change in the total CPI was less than expected. However, the fluctuations associated with seasonal effects and price changes at the pump were fairly in line with forecasts. The problem stems mainly from the weakness of the underlying inflation trend, as illustrated in the seasonally adjusted version of the total CPI. This indicator shows average monthly growth of only 0.03% from July to September, compared to an average advance of 0.22% from March to June.
- Retail sales slipped 0.1% in August, while most forecasters were expecting a slight uptick for the month. A decline was recorded in automobile products and at several other retailers. Service station sales were up 0.5% however, due to a slight rise in gas prices. Expressed in real terms, total sales are down 0.3%.
- Manufacturing sales rose 0.9% in August, slightly ahead of expectations. Sales advanced in 15 of the 21 main industries, which represents about 69% of the manufacturing industry. Expressed in real terms, sales were up 1.2% while inventories were down 0.4%. Overall, manufacturing will make a positive contribution to economic growth in August.

**Benoit P. Durocher**  
Senior Economist

# FINANCIAL MARKETS

## The Bank of Canada signals that new easing could be in play

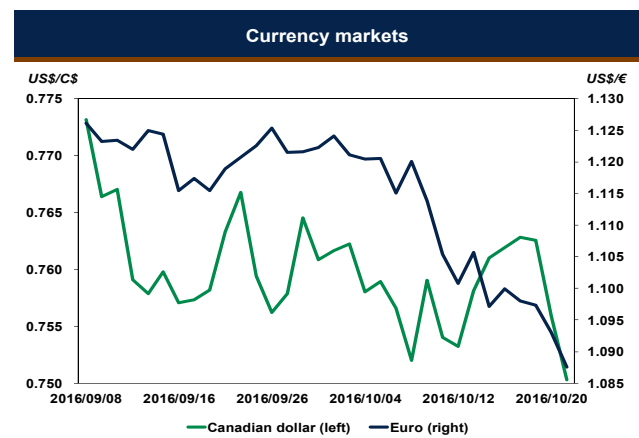
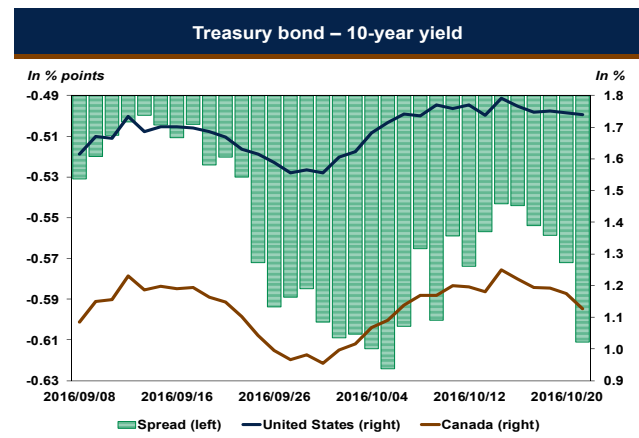
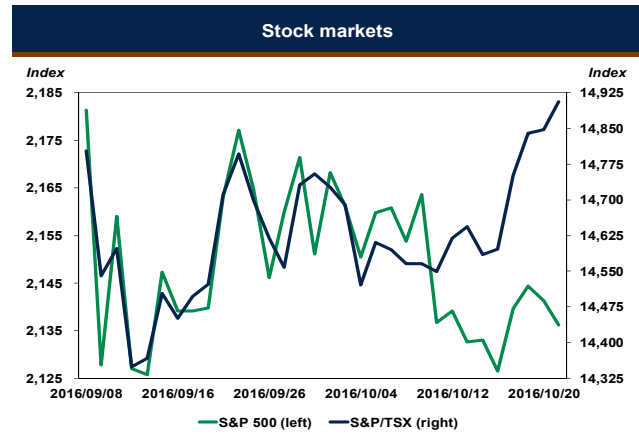
After getting off to a poor start last week, the season of corporate results had a few positive surprises in store in terms of profits. The S&P 500 experienced a few difficulties early in the week but was steady from Tuesday to Thursday. Friday's session began with a decline, however. In Europe, investors focused their attention on the European Central Bank's (ECB) decision. Statements made by Mario Draghi on the future of the quantitative easing program were reassuring, fuelling the Euro Stoxx index to a weekly gain of 1.1%. The materials and energy components supported Canada's stock market, which was poised to post a weekly gain of 1.8%.

Bond markets appear to have changed course. The 10-year yield in Germany reached 0.10% on Monday before retreating. It slipped back into negative territory by Thursday, after the meeting of the ECB. The 10-year yield in the United Kingdom was at only 1.05% by Friday, after flirting with 1.22% on Monday. U.S. yields declined on Monday and Tuesday, fluctuating at around 1.75% for the rest of the week. In Canada, short-term yields fell substantially as of Wednesday. Stephen Poloz, Governor of the Bank of Canada (BoC), suggested that a rate cut had in fact been discussed at its Wednesday meeting, which prompted a reaction. Disappointing data on inflation and retail sales consolidated the trend by Friday, such that the 2-year yield came close to falling below 0.50%.

The setbacks in some currencies made the greenback—which has been posting gains since the beginning of October—look good. Even if the ECB did not announce any new measures, the opening shown by Mario Draghi to extend the asset purchase program beyond March 2017 weighed on the euro, which fell to below US\$1.09. In Canada, the BoC's more pessimistic rhetoric on Wednesday and statements made by Stephen Poloz clipped the loonie's wings, which was trading at US\$0.75 by Friday. Disappointing Canadian data published on Friday also contributed to this decline. The pound did not post a new weekly decline, as the concerns expressed in previous weeks about the Brexit referendum failed to intensify.

**Jimmy Jean**  
Senior Economist

**Hendrix Vachon**  
Senior Economist



# A LOOK AHEAD



## UNITED STATES

### Tuesday Oct. 25 - 9:00

<b>August</b>	y/y
Consensus	5.10%
Desjardins	5.05%
<b>July</b>	<b>5.02%</b>

**S&P/Case-Shiller existing home price index (August)** – Home prices declined slightly in each of the last four months—a trend that occurs every year that seasonal adjustments fail to capture properly. As has been the case in previous years, we can expect home prices to tilt back into positive territory as of August. A 0.1% gain is expected, but the annual change should remain steady.

### Tuesday Oct. 25 - 10:00

<b>October</b>	
Consensus	101.0
Desjardins	102.4
<b>September</b>	<b>104.1</b>

**Conference Board consumer confidence index (October)** – In September, the Conference Board consumer confidence index reached its highest level since August 2007. We expect the reading to slip slightly in October, however. The pullback in the University of Michigan confidence index, last month's relatively moderate employment growth, rising gas prices and some anxiety about the upcoming elections argue in favour of a pause after two straight months of solid performance. We expect the index to slip to 102.4—still higher than the August reading.

### Wednesday Oct. 26 - 10:00

<b>September</b>	ann. rate
Consensus	602,000
Desjardins	599,000
<b>August</b>	<b>609,000</b>

**New home sales (September)** – Sales of new single-family homes remained lively. Even after the 7.6% drop in August, the level is still particularly higher than the consensus forecast. We do expect another decline in September. On one hand, building permits for single-family homes point to a much lower level of sales, around 550,000 units. However, the recent sales trend and solid performance of the builder confidence index suggest that the drop will remain moderate. We therefore expect a decline to 600,000 units.

### Thursday Oct. 27 - 8:30

<b>September</b>	m/m
Consensus	0.1%
Desjardins	-0.6%
<b>August</b>	<b>0.1%</b>

**New durable goods orders (September)** – New durable goods orders posted modest growth of 0.1% in August. This result was better than expected, as the civil aviation industry suggested a decline, not counting the 27% jump in military aircraft orders. We expect another dip in new durable goods orders for September, including a negative contribution from aviation and somewhat modest support from the automobile industry. Excluding transportation, a slight 0.4% gain is expected, to reflect the stronger performance of the ISM manufacturing index. Total durable goods orders should fall 0.6%.

### Friday Oct. 28 - 8:30

<b>Q3 2016 - 1<sup>st</sup> est.</b>	ann. rate
Consensus	2.5%
Desjardins	2.6%
<b>Q2 2016</b>	<b>1.4%</b>

**Real GDP (Q3 – first estimate)** – We expect the results for Q3 to show greater growth than the disappointing results seen thus far in 2016. After posting gains of only 0.8% last winter and 1.4% in the spring, real GDP growth should settle at 2.6%—a result that is still less than that expected just a few weeks ago. Consumption was the main growth driver, especially on the services side. A drop in the consumption of non-durable goods is expected, a first since the end of 2012. Investment should show some acceleration thanks to non-residential construction. Inventories hindered real GDP last spring, but the summer months are expected to bring a slight positive contribution. The external sector should also lend some support to growth. A decline in government spending is expected.


**CANADA**

**Wholesale trade (August)** – Wholesale sales could post five consecutive months of growth in August, with an advance of about 0.6%. Rising exports for the month hint at an increase in foreign demand, and advances in Canadians' consumer spending remain fairly sustained. In addition, wholesale sales of machines, materials and supplies may have another good month while the adverse effects of falling energy prices are increasingly becoming things of the past.


**OVERSEAS**

**Euro zone: Economic indicators** – Several important economic indicators will be published in the euro zone next week. The preliminary versions of the PMI indexes for October will be released on Monday. The Euroland composite index declined in the two previous months. The German IFO corporate confidence indexes for October will be released on Tuesday. These indexes posted an encouraging increase in September after several months of declines. Several Euroland confidence indicators will be published on Friday; they show an uptick in September following their sluggish trend. The preliminary version of the October consumer confidence index posted another modest improvement. Lastly, the first version of France's Q3 real GDP will also be released on Friday. France's economy had suffered a contraction last spring.

**United Kingdom: Real GDP (Q3)** – Up to now the worst concerns expressed following the Brexit referendum in June had not materialized, and the economic indicators in Britain generally performed better than expected this summer. It remains to be seen if this will hold for the Q3 real GDP. After posting non-annualized growth of 0.7% last spring—the strongest in the G7—a slowdown is nevertheless expected, with some indexes pointing to a gain closer to 0.3%.

**Monday Oct. 24 - 8:30**


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

**During the week****Thursday Oct. 27 - 4:30**

<b>Q3 2016</b>	q/q
Consensus	0.3%
<b>Q2 2016</b>	<b>0.7%</b>

# ECONOMIC INDICATORS


## Week of October 24 to 28, 2016

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 24</b>						
	9:05	Speech of the St. Louis Fed President, J. Bullard				
	13:30	Speech of the Chicago Fed President, C. Evans				
<b>TUESDAY 25</b>						
	9:00	S&P/Case-Shiller home price index (y/y)	Aug.	5.10%	5.05%	5.02%
	10:00	Consumer confidence	Oct.	101.0	102.4	104.1
	13:20	Speech of the Atlanta Fed President, D. Lockhart				
<b>WEDNESDAY 26</b>						
	8:30	Wholesale inventories (m/m)	Sept.	0.1%	n/a	-0.2%
	10:00	New home sales (ann. rate)	Sept.	602,000	599,000	609,000
<b>THURSDAY 27</b>						
	8:30	Initial unemployment claims	Oct. 17-21	255,000	260,000	260,000
	8:30	Durable goods orders (m/m)	Sept.	0.1%	-0.6%	0.1%
	10:00	Pending home sales (m/m)	Sept.	1.2%	n/a	-2.4%
<b>FRIDAY 28</b>						
	8:30	Employment cost index (q/q)	Q3	0.6%	0.6%	0.6%
	8:30	Real GDP (ann. rate)	Q3f	2.5%	2.6%	1.4%
	10:00	Michigan's consumer sentiment index – final	Oct.	88.1	87.9	87.9




## CANADA

<b>MONDAY 24</b>						
	8:30	Wholesale sales (m/m)	Aug.	0.6%	0.6%	0.3%
	8:30	Wholesale inventories (m/m)	Aug.	n/a	-0.1%	0.0%
<b>TUESDAY 25</b>						
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<b>WEDNESDAY 26</b>						
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<b>THURSDAY 27</b>						
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<b>FRIDAY 28</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 24 to 28, 2016

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
 <b>OVERSEAS</b>								
<b>SUNDAY 23</b>								
Japan	19:50	Trade balance (¥B)	Sept.	211.0		408.4		
<b>MONDAY 24</b>								
France	3:00	PMI composite index – preliminary	Oct.	52.8		52.7		
France	3:00	PMI manufacturing index – preliminary	Oct.	50.0		49.7		
France	3:00	PMI services index – preliminary	Oct.	53.0		53.3		
Germany	3:30	PMI composite index – preliminary	Oct.	53.3		52.8		
Germany	3:30	PMI manufacturing index – preliminary	Oct.	54.3		54.3		
Germany	3:30	PMI services index – preliminary	Oct.	51.5		50.9		
Euro zone	4:00	PMI composite index – preliminary	Oct.	52.9		52.6		
Euro zone	4:00	PMI manufacturing index – preliminary	Oct.	52.7		52.6		
Euro zone	4:00	PMI services index – preliminary	Oct.	52.4		52.2		
<b>TUESDAY 25</b>								
France	2:45	Business confidence	Oct.	102		102		
France	2:45	Production outlook	Oct.	8		7		
Germany	4:00	IFO survey – Business climate	Oct.	109.6		109.5		
Germany	4:00	IFO survey – Current situation	Oct.	114.9		114.7		
Germany	4:00	IFO survey – Expectations	Oct.	104.6		104.5		
Brazil	6:30	Minutes of the Bank of Brazil meeting						
<b>WEDNESDAY 26</b>								
Japan	1:00	Small business confidence	Oct.	n/a		47.7		
Germany	2:00	Consumer confidence	Nov.	10.0		10.0		
France	2:45	Consumer confidence	Oct.	98		97		
Italy	4:00	Retail sales	Aug.	0.4%	0.7%	-0.3%	-0.2%	
<b>THURSDAY 27</b>								
Sweden	3:30	Bank of Sweden meeting	Oct.	-0.50%		-0.50%		
Euro zone	4:00	Money supply M3	Sept.		5.1%		5.1%	
Norway	4:00	Bank of Norway meeting	Oct.	0.50%		0.50%		
United Kingdom	4:30	Index of services	Aug.	0.1%		0.4%		
United Kingdom	4:30	Real GDP – preliminary	Q3	0.3%	2.1%	0.7%	2.1%	
Japan	19:30	Workers' household spending	Sept.		-2.7%		-4.6%	
Japan	19:30	Consumer price index	Sept.		-0.5%		-0.5%	
Japan	19:30	Consumer price index – Tokyo	Oct.		-0.4%		-0.5%	
Japan	19:30	Unemployment rate	Sept.	3.1%		3.1%		
<b>FRIDAY 28</b>								
France	1:30	Real GDP – preliminary	Q3	0.3%	1.2%	-0.1%	1.3%	
France	2:45	Personal consumption expenditures	Sept.	0.3%	1.2%	0.7%	1.0%	
France	2:45	Consumer price index – preliminary	Oct.	0.2%	0.5%	-0.2%	0.4%	
Euro zone	5:00	Business climate	Oct.	0.46		0.45		
Euro zone	5:00	Consumer confidence – final	Oct.	-8.0		-8.0		
Euro zone	5:00	Industrial confidence	Oct.	-1.6		-1.7		
Euro zone	5:00	Services confidence	Oct.	10.0		10.0		
Euro zone	5:00	Economic confidence	Oct.	104.8		104.9		
Russia	6:30	Bank of Russia meeting	Oct.	10.00%		10.00%		
Germany	8:00	Consumer price index – preliminary	Oct.	0.1%	0.8%	0.1%	0.7%	

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	16,583	1.4	1.3	2.6	2.4	1.7	2.2
Consumption (2009 \$B)	2016 Q2	11,485	4.3	2.7	3.2	2.9	1.5	1.5
Government spending (2009 \$B)	2016 Q2	2,901	-1.7	0.7	1.8	-0.9	-2.9	-1.9
Residential investment (2009 \$B)	2016 Q2	588.7	-7.8	5.7	11.7	3.5	11.9	13.5
Non-residential investment (2009 \$B)	2016 Q2	2,185	1.0	-0.5	2.1	6.0	3.5	9.0
Business inventory change (2009 \$B) (1)	2016 Q2	-9.5	---	---	84.0	57.7	78.7	54.7
Exports (2009 \$B)	2016 Q2	2,111	1.8	-1.1	0.1	4.3	3.5	3.4
Imports (2009 \$B)	2016 Q2	2,670	0.2	0.3	4.6	4.4	1.1	2.2
Final domestic demand (2009 \$B)	2016 Q2	17,140	2.4	2.1	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)	Sept.*	124.4	0.2	0.6	1.1	1.5
ISM manufacturing index (1)	Sept.	51.5	49.4	53.2	51.8	50.0
ISM non-manufacturing index (1)	Sept.	57.1	51.4	56.5	54.5	56.7
Cons. confidence Conf. Board (1985 = 100) (1)	Sept.	104.1	101.8	97.4	96.1	102.6
Cons. confidence Michigan (1966 = 100) (1)	Oct.	87.9	91.2	90.0	89.0	90.0
Personal consumption expenditure (2009 \$B)	Aug.	11,549	-0.1	0.6	1.5	2.6
Disposable personal income (2009 \$B)	Aug.	12,697	0.1	0.6	1.2	2.4
Consumer credit (\$B)	Aug.	3,687	0.7	1.6	3.5	6.3
Retail sales (\$M)	Sept.	459,821	0.6	0.5	2.7	2.7
Excluding automobiles (\$M)	Sept.	365,138	0.5	-0.0	1.9	2.7
Industrial production (2007 = 100)	Sept.*	104.2	0.1	0.0	0.8	-1.0
Production capacity utilization rate (%) (1)	Sept.*	75.4	75.3	75.4	74.9	76.4
New machinery orders (\$M)	Aug.	453,135	0.2	-0.3	2.0	-1.6
New durable good orders (\$M)	Aug.	227,257	0.1	-0.7	1.4	-1.1
Business inventories (\$B)	Aug.	1,817	0.2	0.4	1.0	0.7
Housing starts (K) (1)	Sept.*	1,047	1,150	1,195	1,113	1,189
Building permits (K) (1)	Sept.*	1,225	1,152	1,153	1,077	1,129
New home sales (K) (1)	Aug.	609.0	659.0	566.0	525.0	505.0
Existing home sales (K) (1)	Sept.*	5,470	5,300	5,570	5,360	5,440
Construction spending (\$B)	Aug.	1,142	-0.7	-0.1	-1.3	-0.3
Commercial surplus (\$M) (1)	Aug.	-40,725	-39,547	-41,997	-45,259	-44,639
Nonfarm employment (K) (2)	Sept.	144,747	156.0	575.0	1,014	2,447
Unemployment rate (%) (1)	Sept.	5.0	4.9	4.9	5.0	5.1
Consumer price (1982-1984 = 100)	Sept.*	241.0	0.3	0.5	1.3	1.5
Excluding food and energy	Sept.*	248.6	0.1	0.5	1.0	2.2
Personal cons. expenditure deflator (2009 = 100)	Aug.	110.9	0.1	0.3	0.9	1.0
Excluding food and energy	Aug.	111.6	0.2	0.4	0.8	1.7
Producer price (2009 = 100)	Sept.	110.6	0.3	-0.1	1.0	0.7
Excluding food and energy	Sept.	110.4	0.2	0.0	0.6	1.2
Export prices (2000 = 100)	Sept.	120.5	0.3	-0.3	2.0	-1.5
Import prices (2000 = 100)	Sept.	120.6	0.1	-0.1	2.5	-1.1

\* 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.



## 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	502.0	---	---	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)	July	1,674,354	0.5	0.5	0.3	1.3
Industrial production (2007 \$M)	July	352,811	1.6	0.7	-1.5	-0.7
Manufacturing sales (\$M)	Aug.*	51,124	0.9	1.7	1.6	-1.0
Housing starts (K) (1)	Sept.	219.3	184.1	219.5	202.4	233.3
Building permits (\$M)	Aug.	7,331	10.4	8.2	-0.6	-2.2
Retail sales (\$M)	Aug.*	43,984	-0.1	-0.4	-0.5	1.6
Excluding automobiles (\$M)	Aug.*	33,062	-0.0	-0.8	1.0	1.5
Wholesale trade sales (\$M)	July	56,533	0.3	2.9	0.2	3.3
Commercial surplus (\$M) (1)	Aug.	-1,939	-2,185	-3,673	-2,636	-2,356
Exports (\$M)	Aug.	43,409	0.6	5.3	1.3	-2.5
Imports (\$M)	Aug.	45,349	0.0	1.0	-0.3	-3.3
Employment (K) (2)	Sept.	18,117	67.2	20.7	12.2	11.6
Unemployment rate (%) (1)	Sept.	7.0	7.0	6.8	7.1	7.1
Average weekly earnings (\$)	July	954.6	-0.2	0.1	0.4	0.1
Number of salaried employees (K) (2)	July	15,973	-1.6	25.5	21.4	15.0
Consumer price (2002 = 100)	Sept.*	128.8	0.1	-0.2	0.7	1.3
Excluding food and energy	Sept.*	124.3	0.4	0.3	1.0	2.0
Excluding 8 volatile items	Sept.*	128.9	0.2	0.2	0.7	1.8
Industrial product price (2002 = 100)	Aug.	109.8	-0.5	0.5	0.5	-1.3
Raw materials price (2002 = 100)	Aug.	90.9	-0.7	-1.3	11.3	0.6
Money supply M1+ (\$M)	Aug.	861,909	0.4	2.3	4.0	7.9

\* 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.

## Major financial indicators

	Previous data (%)						Last 52 weeks (%)		
	Oct. 21	Oct. 14	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
<b>United States</b>									
Federal funds – target	0.50	0.50	0.50	0.50	0.50	0.25	0.50	0.46	0.25
Treasury bill – 3 months	0.32	0.31	0.18	0.32	0.23	0.01	0.37	0.26	0.02
Treasury bonds – 2 years	0.83	0.84	0.75	0.71	0.83	0.67	1.08	0.81	0.56
– 5 years	1.25	1.28	1.16	1.12	1.36	1.42	1.75	1.31	0.94
– 10 years	1.74	1.79	1.61	1.57	1.89	2.09	2.35	1.83	1.36
– 30 years	2.48	2.55	2.34	2.29	2.70	2.90	3.11	2.61	2.11
S&P 500 index	2,136	2,133	2,165	2,175	2,092	2,075	2,190	2,069	1,829
DJIA index	18,067	18,138	18,261	18,571	18,004	17,647	18,636	17,643	15,660
Gold price (US\$/ounce)	1,267	1,253	1,340	1,321	1,242	1,163	1,369	1,227	1,052
CRB index	189.25	189.47	183.10	182.90	179.65	193.72	197.56	179.46	155.01
WTI oil (US\$/barrel)	50.67	50.35	44.36	43.41	42.76	43.91	51.59	41.63	26.19
<b>Canada</b>									
Overnight – target	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Treasury bill – 3 months	0.49	0.50	0.53	0.50	0.56	0.40	0.56	0.49	0.32
Treasury bonds – 2 years	0.51	0.62	0.52	0.56	0.68	0.53	0.70	0.54	0.29
– 5 years	0.64	0.78	0.62	0.64	0.89	0.85	1.03	0.71	0.48
– 10 years	1.13	1.25	1.04	1.10	1.52	1.51	1.72	1.25	0.95
– 30 years	1.79	1.87	1.70	1.73	2.08	2.30	2.42	1.95	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	0.04	0.00
Treasury bill – 3 months	0.17	0.19	0.35	0.18	0.33	0.39	0.38	0.22	0.06
Treasury bonds – 2 years	-0.31	-0.22	-0.23	-0.14	-0.15	-0.13	-0.06	-0.27	-0.64
– 5 years	-0.61	-0.50	-0.53	-0.47	-0.46	-0.57	-0.38	-0.60	-1.00
– 10 years	-0.61	-0.54	-0.57	-0.47	-0.37	-0.58	-0.31	-0.58	-0.90
– 30 years	-0.69	-0.69	-0.64	-0.56	-0.62	-0.60	-0.52	-0.66	-0.88
S&P/TSX index	14,906	14,585	14,698	14,601	13,874	13,954	14,906	13,725	11,843
Exchange rate (C\$/US\$)	1.3328	1.3140	1.3168	1.3126	1.2670	1.3165	1.4579	1.3239	0.7503
Exchange rate (C\$/€)	1.4497	1.4416	1.4782	1.4406	1.4233	1.4504	1.5903	1.4688	0.8160
<b>Overseas</b>									
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	0.45	0.25
BoJ – Overnight rate	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	-0.04	-0.10
Germany: Bonds – 10 years	0.00	-0.02	-0.15	-0.08	0.23	0.51	0.70	0.18	-0.22
U.K.: Bonds – 10 years	1.06	1.10	0.73	0.92	1.60	1.86	2.05	1.36	0.61
Euro: Exchange rate (US\$/€)	1.0876	1.0971	1.1226	1.0976	1.1234	1.1018	1.1532	1.1098	1.0565
U.K.: Exchange rate (US\$/£)	1.2201	1.2187	1.2974	1.3111	1.4403	1.5314	1.5429	1.4063	1.2123

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.