

WEEKLY NEWSLETTER

Markets react to the Federal Reserve

HIGHLIGHTS

- ▶ The Federal Reserve finally calls for a second rate hike!
- ▶ United States: The holiday season begins with weak retail sales growth.
- ▶ Housing starts in the U.S. declined in November.
- ▶ United States: Industrial output impacted by weak demand for energy.
- ▶ Canada: Household debt levels keep rising.
- ▶ Canada: Surprise drop in manufacturing sales in October.

A LOOK AHEAD

- ▶ U.S. home resales set to fall in November.
- ▶ The services sector should rein in consumer spending growth in the United States.
- ▶ Canada: Real GDP growth by industry could remain almost flat in October.
- ▶ Canada: The total annual inflation rate should stay put at 1.5%.

FINANCIAL MARKETS

- ▶ The drop in gold prices is punishing Canada's stock market.
- ▶ U.S. 5-year bond yields reach a peak not seen in five years.
- ▶ The greenback takes flight on the Federal Reserve's decision.

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Key statistics of the week

UNITED STATES

- ▶ Twelve months after the first increase, the Federal Reserve's (Fed) leaders opted for a second key interest rate hike in this cycle. The Fed decided to raise the target range for the federal funds rate to 0.50% to 0.75%. Fed's leaders hinted that key rates would rise at a faster pace in 2017, with three increases of 25 basis points expected.
- ▶ Retail sales were up a scant 0.1% in November after rising 0.6% in October. Excluding automobiles and gas, sales rose 0.2%. The abnormally warm temperatures this fall seem to have held back advances in retail sales.
- ▶ Industrial output was down 0.4% in November. Manufacturing output declined 0.1%. Activity in the mining sector jumped by 1.1%. Energy output posted a new decline of 4.4%. This third consecutive decline—a total drop of 9.6% since August—is the result of a warmer fall.
- ▶ The regional manufacturing indexes improved in December, with the Philadelphia Fed soaring from 7.6 to 21.5, its highest level since November 2014 while the New York Fed's Empire index also surged ahead, from 1.5 to 9.0.
- ▶ The consumer price index (CPI) rose by 0.2% in November, weaker growth than the 0.4% advance recorded in October. Gas prices, up by 2.7%, were once again one of the main drivers. Food prices were stagnant again this month. Excluding food and energy, the core CPI was up by 0.2%, the sharpest increase since August. Clothing prices fell by 0.5%. The annual change in the total CPI ramped up from 1.6% to 1.7%, while core inflation remained at 2.1%.
- ▶ After rebounding 27.3% in October, housing starts suffered an 18.7% decline in November, thereby dropping their annualized level to 1,090,000 units compared with the cyclical peak of 1,340,000 reached in October (the highest level since July 2007). Building permits were down 4.7%, to 1,201,000 units.
- ▶ The leading indicator rose 0.1% in October after rising 0.2% in September. Hours worked and the interest rate spreads were the main drivers behind this increase.

Francis Généreux, Senior economist

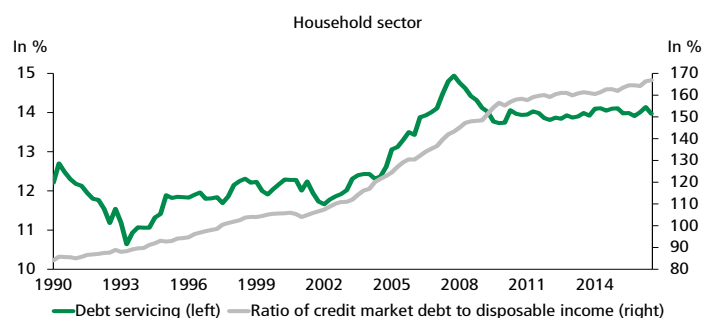
CANADA

- ▶ Household debt levels continued to rise in the third quarter. The ratio of credit market debt to disposable income rose to 166.86%, a new historical record. The average interest rate for household debt continued to fall however, such that debt servicing (principal and interest payments) remained almost stable.
- ▶ While most forecasters expected manufacturing sales to rise slightly in October, the data released by Statistics Canada show a drop of 0.8% instead. Expressed in real terms, sales declined 1.7% while inventories fell by 0.7%. The manufacturing sector should therefore stifle economic growth in October.
- ▶ Sales of existing properties were down 5.3% in November across Canada, with declines noted in almost every province. We will have to wait to see the next few months' results to see if this marks the start of a downtrend in response to the new federal measures to limit mortgage credit. The average existing property price was up 2.3% for the month. Its annual change shifted from 5.8% from 7.3%.

Benoit P. Durocher, Senior economist

CANADA

The household debt ratio reached a new peak in the summer of 2016



Sources: Statistics Canada and Desjardins, Economic Studies

Financial markets

The Federal Reserve surprises the markets by signaling an additional rate hike next year

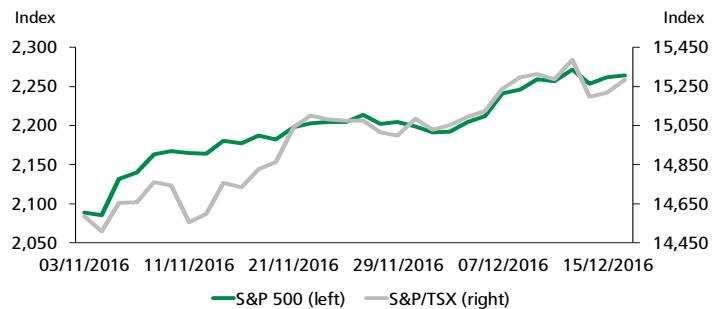
As expected, the Federal Reserve (Fed) proceeded to raise the key rates for the second time since the crisis. In a move that surprised the markets, the median of the forecasts submitted by Fed officials suggests that three increases may be justified in 2017, compared with the two increases that were previously predicted. The vigorous upward response in bond yields and the U.S. dollar seemed to shake equities. The S&P 500 declined by 0.8% for the session but recouped a good share of its losses the next day, buoyed by encouraging data. It was on track to record a slight uptick for the week. The S&P/TSX in Canada had a more difficult week. The Fed's announcement weighed heavily on gold prices, which hit the materials sector.

In lifting its expected tightening path, the Fed consolidated the uptrend in bond yields. The U.S. 10-year yield jumped by almost 10 basis points during the Wednesday session alone. It rose to 2.64% before retreating to slightly below 2.60% by Friday. The 5-year yield had a stronger response, breaking past 2.00% for the first time since 2011. Canadian yields were pushed higher, with the 5-year yield rising more than 12 basis points for the week. The 10-year yield was up nine basis points, ending the week at around 1.82%. Futures contracts in Canada are now positioned for some tightening in the fall of 2017. Investors do not seem bothered by the preoccupations expressed by the Bank of Canada, which has reassessed higher the risk of a sharp correction in house prices.

The U.S. dollar rose sharply after the Fed's meeting. The currency tracked the trend seen in interest rates and the DXY index of the U.S. effective exchange rate reached a peak not seen since December 2002. In its wake, the euro lost a little more than two cents, to US\$1.04. The pound sterling fell to the same degree, to about US\$1.24. For its part, Japan's exchange rate rose to ¥118/US\$. Canada's currency started the week strong, rising just above US\$0.76, supported by the price of a barrel of oil at close to US\$54. The drop in crude prices and widening interest rate spreads between Canada and the United States pushed the loonie back to below US\$0.75 (C\$1.33/US\$).

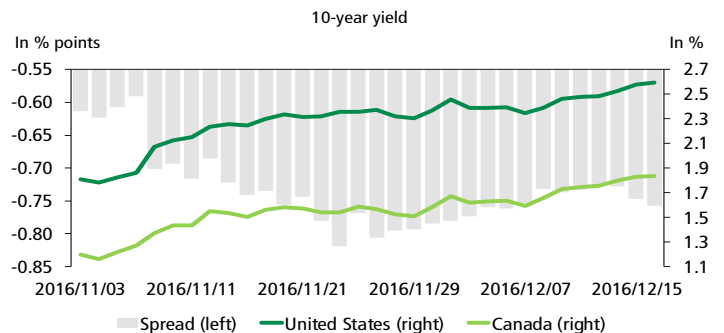
Jimmy Jean, CFA, Senior economist
Hendrix Vachon, Senior economist

GRAPH 1
Stock markets



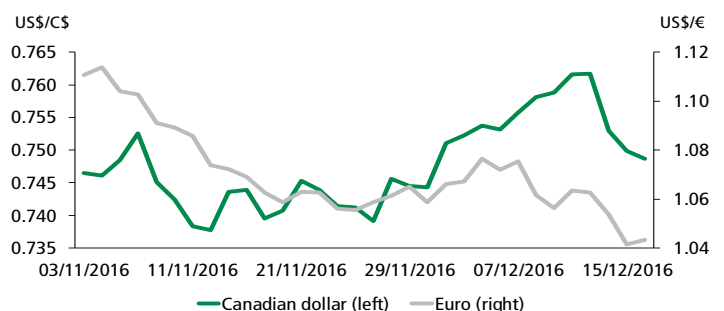
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Treasury bond



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A look ahead

WEDNESDAY December 21 - 10:00

November	ann. rate
Consensus	5,500,000
Desjardins	5,400,000
October	5,600,000

THURSDAY December 22 - 8:30

November	m/m
Consensus	-3.8%
Desjardins	-6.2%
October	4.6%

THURSDAY December 22 - 8:30

November	m/m
Consensus	0.5%
Desjardins	0.2%
October	0.3%

THURSDAY December 22 - 10:00

November	m/m
Consensus	0.2%
Desjardins	0.0%
October	0.1%

FRIDAY December 23 - 10:00

November	ann. rate
Consensus	575,000
Desjardins	570,000
October	563,000

THURSDAY December 22 - 8:30

November	m/m
Consensus	-0.2%
Desjardins	-0.1%
October	0.2%

UNITED STATES

Existing home sales (November) – Thanks to a 2.0% gain, existing home sales in October reached their highest level since February 2007. We now expect resales to take a temporary breather after this showing, as the level of pending sales suggests. We also noticed a slight weakness in mortgage loan applications for a purchase at the start of the month, which have since recovered. Existing home sales should go to 5,400,000 units.

New durable goods orders (November) – New durable goods orders soared by 4.6% in October. The aviation sector is primarily behind this sharpest monthly growth in a year—this same sector will make a significant downward contribution in November. As such, after soaring by 81.7%, aircraft orders should plunge by almost 60%. A negative result is also expected in the automobile sector given the production pullback recorded last month. Excluding transportation, a slight 0.1% uptick is expected. While the ISM index has perked up in recent months, manufacturing output in November was disappointing. All told, durable goods orders probably declined by 6.2% in November.

Consumer spending (November) – Advances in real consumption were disappointing in October, with only a 0.1% gain despite the solid performance of retail sales. We do not expect better in November. On one hand, retail sales clearly slowed last month. On the other, the plunge in energy production in November points to another dramatic drop in the consumption of electricity and gas, all due to the abnormally warm weather seen across the country. As a result, service consumption should be negative despite the expected recovery in food services. We therefore expect real consumption to be flat. Consumption expressed in current dollars should benefit from the expected 0.2% rise in the consumer expenditure deflator. Nominal personal income should increase by 0.3%.

Leading indicator (November) – After rising 0.4% in September, advances in the leading indicator slowed to 0.2% in October. We expect the pace to slow once again in November. The anticipated positive contributions from interest rate spreads, the stock market and rising consumer confidence should be offset by a bite in the hours worked and a drop in building permits. As a result, the leading indicator is expected to be flat.

New home sales (November) – Since reaching their cyclical peak in July, the highest level since January 2008, new home sales are trending downward, with a decline of 1.9% in October. The month of November is expected to show almost no change. In October, the level of sales had returned a compatible level with building permits for single-family homes. This indicator rose a scant 0.5% in November. However, the situation could improve in December based on the jump in the homebuilders' confidence index which reached its highest level since the summer of 2005, after a flat reading in November.

CANADA

Consumer price index (November) – Based on the weekly surveys at the pump, gas prices fell by approximately 4% in November, which will therefore trim about 0.15% from the monthly change in the total consumer price index (CPI). Seasonal price fluctuations were slightly negative across the board in November. Even if price trends are slightly positive, the downside factors should win out and the total CPI is expected to come in slightly lower in November. The total annual inflation rate should remain at 1.5%.

THURSDAY December 22 - 8:30

October	m/m
Consensus	0.3%
Desjardins	0.1%
September	0.6%

FRIDAY December 23 - 8:30


October	m/m
Consensus	0.0%
Desjardins	0.0%
September	0.3%


Retail sales (October) – On a seasonally adjusted basis, gas prices shot up 5.8% in October, which should boost the value of gas station sales. However, this support will be largely offset by the downside effects of motor vehicle prices and a drop in the preliminary data on new car sales. Even if we account for the slight advances in the other components, total retail sales are expected to show a tepid rise for the month.

Real GDP by industry (October) – Due to the holiday season, the data on real GDP by industry will be released a little earlier in the month and some of the figures we usually use for our forecasts are still unavailable. That said, the results for October that have come in are not very good. Moreover, the number of hours worked fell by 0.2% for the month due to a 0.6% drop in the goods sector. The volume of manufacturing sales declined by 1.7% in October. In such conditions, real GDP advances by industry are likely to be anemic for the month.

Economic indicators

Week of December 19 to 23, 2016

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 19	---	---				
TUESDAY 20	---	---				
WEDNESDAY 21	10:00	Existing home sales (ann. rate)	Nov.	5,500,000	5,400,000	5,600,000
THURSDAY 22	8:30	Initial unemployment claims	Dec. 12-16	260,000	259,000	254,000
	8:30	Durable goods orders (m/m)	Nov.	-3.8%	-6.2%	4.6%
	8:30	Real GDP (ann. rate)	Q3t	3.3%	3.2%	3.2%
	10:00	Leading indicator (m/m)	Nov.	0.2%	0.0%	0.1%
	10:00	Personal income (m/m)	Nov.	0.3%	0.3%	0.6%
	10:00	Personal consumption expenditures (m/m)	Nov.	0.5%	0.2%	0.3%
	10:00	Personal consumption expenditures deflator				
		Total (m/m)	Nov.	0.2%	0.2%	0.2%
		Excluding food and energy (m/m)	Nov.	0.1%	0.1%	0.1%
		Total (y/y)	Nov.	1.5%	1.5%	1.4%
		Excluding food and energy (y/y)	Nov.	1.7%	1.7%	1.7%
FRIDAY 23	10:00	Michigan's consumer sentiment index – final	Dec.	98.2	98.0	98.0
	10:00	New home sales (ann. rate)	Nov.	575,000	570,000	563,000
CANADA						
MONDAY 19	---	---				
TUESDAY 20	8:30	Wholesale sales (m/m)	Oct.	0.6%	0.5%	-1.2%
	8:30	Wholesale inventories (m/m)	Oct.	n/a	0.2%	0.2%
WEDNESDAY 21	---	---				
THURSDAY 22	8:30	Consumer price index				
		Total (m/m)	Nov.	-0.2%	-0.1%	0.2%
		Excluding food and energy (m/m)	Nov.	n/a	0.0%	0.2%
		Total (y/y)	Nov.	1.4%	1.5%	1.5%
		Excluding food and energy (y/y)	Nov.	n/a	2.1%	1.9%
	8:30	Average weekly earnings (y/y)	Oct.	n/a	0.1%	0.4%
	8:30	Number of salaried employees (m/m)	Oct.	n/a	0.1%	0.4%
	8:30	Retail sales				
		Total (m/m)	Oct.	0.3%	0.1%	0.6%
		Excluding automobiles (m/m)	Oct.	0.7%	0.8%	0.0%
FRIDAY 23	8:30	Real GDP by industry (m/m)	Oct.	0.0%	0.0%	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. The times shown are Eastern Standard Time (GMT - 5 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic indicators

Week of December 19 to 23, 2016

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 18								
Japan	18:50	Trade balance (¥B)	Nov.	590.5		474.3		
MONDAY 19								
Japan	---	Bank of Japan meeting	Dec.	-0.10%		-0.10%		
Germany	4:00	IFO survey – Business climate	Dec.	110.6		110.4		
Germany	4:00	IFO survey – Current situation	Dec.	115.9		115.6		
Germany	4:00	IFO survey – Expectations	Dec.	105.6		105.5		
Euro zone	5:00	Construction	Oct.	n/a	n/a	-0.9%	1.8%	
Euro zone	5:00	Labour costs	Q3		n/a		1.0%	
Australia	19:30	Minutes of the Reserve Bank of Australia December meeting						
TUESDAY 20								
Germany	2:00	Producer price index	Nov.	0.1%	-0.2%	0.7%	-0.4%	
Euro zone	4:00	Current account (€B)	Oct.	n/a		25.3		
Italy	4:30	Current account (€M)	Oct.	n/a		2,810		
Japan	23:30	All industry activity index	Oct.	0.1%		0.2%		
WEDNESDAY 21								
Sweden	3:30	Bank of Sweden meeting	Dec.	-0.50%		-0.50%		
Euro zone	10:00	Consumer confidence – preliminary	Dec.	-6.0		-6.1		
United Kingdom	19:01	Consumer confidence	Dec.	-8		-8		
THURSDAY 22								
Italy	4:00	Factory orders	Oct.	0.5%	2.9%	-6.8%	2.6%	
Italy	5:00	Retail sales	Oct.	0.3%	-1.0%	-0.6%	-1.4%	
FRIDAY 23								
Germany	2:00	Consumer confidence	Jan.	9.9		9.8		
France	2:45	Personal consumption expenditures	Nov.	0.0%	2.4%	0.9%	1.5%	
France	2:45	Real GDP – final	Q3	0.2%	1.1%	0.2%	1.1%	
United Kingdom	4:30	Current account (€B)	Q3	-28.0		-28.7		
United Kingdom	4:30	Index of services	Oct.	0.2%		0.2%		
United Kingdom	4:30	Real GDP – final	Q3	0.5%	2.3%	0.5%	2.3%	

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. 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	2015	2014	2013
Gross domestic product (2009 \$B)	2016 Q3	16,713	3.2	1.6	2.6	2.4	1.7
Consumption (2009 \$B)	2016 Q3	11,564	2.8	2.7	3.2	2.9	1.5
Government spending (2009 \$B)	2016 Q3	2,903	0.2	0.3	1.8	-0.9	-2.9
Residential investment (2009 \$B)	2016 Q3	582.1	-4.4	1.5	11.7	3.5	11.9
Non-residential investment (2009 \$B)	2016 Q3	2,186	0.1	-1.4	2.1	6.0	3.5
Business inventory change (2009 \$B) ¹	2016 Q3	7.6	---	---	84.0	57.7	78.7
Exports (2009 \$B)	2016 Q3	2,163	10.1	2.0	0.1	4.3	3.5
Imports (2009 \$B)	2016 Q3	2,684	2.1	0.6	4.6	4.4	1.1
Final domestic demand (2009 \$B)	2016 Q3	17,214	1.7	1.7	3.1	2.6	1.2
GDP deflator (2009 = 100)	2016 Q3	111.7	1.4	1.3	1.1	1.8	1.6
Labor productivity (2009 = 100)	2016 Q3	106.9	3.1	-0.1	0.9	0.8	0.4
Unit labor cost (2009 = 100)	2016 Q3	110.7	0.7	3.0	2.0	2.0	0.9
Employment cost index (Dec. 2005 = 100)	2016 Q3	127.4	2.2	2.2	2.1	2.0	1.9
Current account balance (\$B) ¹	2016 Q3*	-113.0	---	---	-463.0	-392.1	-366.4

¹ Statistics representing the level during the period; * New statistic in comparison with last week.

UNITED STATES
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Leading indicator (2010 = 100)	Oct.	124.5	0.1	0.2	0.7	1.1
ISM manufacturing index ¹	Nov.	53.2	51.9	49.4	51.3	48.4
ISM non-manufacturing index ¹	Nov.	57.2	54.8	51.4	52.9	56.6
Cons. confidence Conference Board (1985 = 100) ¹	Nov.	107.1	100.8	101.8	92.4	92.6
Personal consumption expenditure (2009 \$B)	Oct.	11,603	0.1	0.4	1.3	2.8
Disposable personal income (2009 \$B)	Oct.	12,794	0.4	0.6	1.4	2.7
Consumer credit (\$B)	Oct.	3,727	0.4	1.8	3.4	6.1
Retail sales (\$M)	Nov.*	465,513	0.1	1.7	2.5	3.8
<i>Excluding automobiles (\$M)</i>	Nov.*	369,731	0.2	1.7	2.0	3.9
Industrial production (2007 = 100)	Nov.*	103.9	-0.4	-0.6	0.2	-0.6
Production capacity utilization rate (%) ¹	Nov.*	75.0	75.4	75.6	75.1	75.7
New machinery orders (\$M)	Oct.	469,419	2.7	3.8	2.1	1.3
New durable good orders (\$M)	Oct.	238,759	4.6	5.2	1.3	1.8
Business inventories (\$B)	Oct.*	1,813	-0.2	0.0	0.3	0.4
Housing starts (k) ¹	Nov.*	1,090	1,340	1,164	1,128	1,171
Building permits (k) ¹	Nov.*	1,201	1,260	1,152	1,136	1,286
New home sales (k) ¹	Oct.	563.0	574.0	622.0	570.0	478.0
Existing home sales (k) ¹	Oct.	5,600	5,490	5,380	5,430	5,290
Commercial surplus (\$M) ¹	Oct.	-42,601	-36,166	-39,626	-38,191	-41,600
Nonfarm employment (k) ²	Nov.	145,128	178.0	528.0	1,227	2,253
Unemployment rate (%) ¹	Nov.	4.6	4.9	4.9	4.7	5.0
Consumer price (1982-1984 = 100)	Nov.*	242.3	0.2	0.9	1.2	1.7
<i>Excluding food and energy</i>	Nov.*	249.4	0.2	0.4	0.9	2.1
Personal cons. expenditure deflator (2009 = 100)	Oct.	111.4	0.2	0.6	0.9	1.4
<i>Excluding food and energy</i>	Oct.	111.9	0.1	0.4	0.8	1.7
Producer price (2009 = 100)	Nov.*	111.0	0.4	0.6	0.8	1.2
Export prices (2000 = 100)	Nov.*	120.7	-0.1	0.5	0.6	-0.3
Import prices (2000 = 100)	Nov.*	120.7	-0.3	0.2	0.7	-0.1

¹ Statistic shows the level of the month of the column; ² Statistic shows the variation since the reference month; * New statistic in comparison with last week.

CANADA
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2015	2014	2013
Gross domestic product (2007 \$M)	2016 Q3	1,798,011	3.5	1.3	0.9	2.6	2.5
Household consumption (2007 \$M)	2016 Q3	1,027,663	2.6	2.2	1.9	2.8	2.6
Government consumption (2007 \$M)	2016 Q3	349,857	-1.2	1.8	1.5	0.8	-0.7
Residential investment (2007 \$M)	2016 Q3	123,527	-5.5	1.5	3.8	2.7	-0.3
Non-residential investment (2007 \$M)	2016 Q3	170,138	3.5	-5.2	-11.5	3.2	5.6
Business inventory change (2007 \$M) ¹	2016 Q3	4,591	---	---	3,861	9,392	14,830
Exports (2007 \$M)	2016 Q3	579,703	8.9	-0.3	3.4	5.8	2.7
Imports (2007 \$M)	2016 Q3	576,832	3.3	0.1	0.3	2.2	1.6
Final domestic demand (2007 \$M)	2016 Q3	1,782,710	0.9	1.1	0.3	1.9	1.6
GDP deflator (2007 = 100)	2016 Q3	113.1	2.5	0.6	-0.8	1.9	1.6
Labour productivity (2007 = 100)	2016 Q3	107.8	5.0	1.4	-0.6	2.7	1.5
Unit labour cost (2007 = 100)	2016 Q3	115.8	-2.7	0.6	2.6	0.8	1.2
Current account balance (\$M) ¹	2016 Q3	-18,299	---	---	-67,553	-48,207	-61,121
Production capacity utilization rate (%) ¹	2016 Q3	81.9	---	---	81.1	82.4	81.0
Disposable personal income (\$M)	2016 Q3	1,178,012	8.9	4.3	4.4	3.2	4.5
Corporate net operating surplus (2007 \$M)	2016 Q3	228,436	93.1	-1.5	-19.5	8.2	4.0

¹ Statistics representing the level during the period; * New statistic in comparison with last week.

CANADA
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Gross domestic product (2007 \$M)	Sept.	1,683,927	0.3	1.1	1.1	1.9
Industrial production (2007 \$M)	Sept.	355,829	1.2	4.2	2.6	2.7
Manufacturing sales (\$M)	Oct.*	50,995	-0.8	0.4	0.8	1.9
Housing starts (k) ¹	Nov.	184.0	192.3	183.6	187.0	212.3
Building permits (\$M)	Oct.	7,642	8.7	15.0	10.4	2.4
Retail sales (\$M)	Sept.	44,375	0.6	0.5	1.2	2.5
<i>Excluding automobiles (\$M)</i>	Sept.	33,138	0.0	0.0	1.5	2.1
Wholesale trade sales (\$M)	Sept.	56,029	-1.2	-0.4	2.2	2.8
Commercial surplus (\$M) ¹	Oct.	-1,130	-4,375	-2,274	-3,646	-2,267
<i>Exports (\$M)</i>	Oct.	43,576	0.5	1.1	4.9	1.3
<i>Imports (\$M)</i>	Oct.	44,706	-6.3	-1.5	-1.1	-1.3
Employment (k) ²	Nov.	18,171	10.7	40.6	19.3	15.3
Unemployment rate (%) ¹	Nov.	6.8	7.0	7.0	6.9	7.0
Average weekly earnings (\$)	Sept.	957.3	-0.1	0.1	-0.1	0.4
Number of salaried employees (k) ²	Sept.	16,008	65.2	11.1	23.0	18.1
Consumer price (2002 = 100)	Oct.	129.1	0.2	0.2	0.6	1.5
<i>Excluding food and energy</i>	Oct.	124.5	0.2	0.6	1.0	1.9
<i>Excluding 8 volatile items</i>	Oct.	129.1	0.2	0.4	0.7	1.7
Industrial product price (2002 = 100)	Oct.	111.2	0.7	0.7	3.1	0.8
Raw materials price (2002 = 100)	Oct.	93.8	3.3	2.5	8.9	1.5
Money supply M1+ (\$M)	Oct.	881,110	0.9	2.7	5.3	9.0

¹ Statistic shows the level of the month of the column; ² Statistic shows the variation since the reference month; * New statistic in comparison with last week.

UNITED STATES, CANADA, OVERSEAS
Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL		PREVIOUS DATA				LAST 52 WEEKS		
	Dec. 16	Dec. 9	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	0.75	0.50	0.50	0.50	0.50	0.50	0.75	0.50	0.50
Treasury bill – 3 months	0.50	0.53	0.43	0.29	0.26	0.19	0.54	0.31	0.16
Treasury bonds – 2 years	1.25	1.14	1.06	0.78	0.70	1.03	1.27	0.83	0.56
– 5 years	2.07	1.88	1.78	1.21	1.12	1.57	2.07	1.32	0.94
– 10 years	2.59	2.46	2.34	1.70	1.62	2.20	2.59	1.83	1.36
– 30 years	3.17	3.16	3.02	2.45	2.43	2.92	3.18	2.59	2.11
S&P 500 index (level)	2,264	2,260	2,182	2,139	2,071	2,006	2,272	2,086	1,829
DJIA index (level)	19,893	19,757	18,868	18,124	17,675	17,129	19,911	17,833	15,660
Gold price (US\$/ounce)	1,132	1,163	1,208	1,311	1,287	1,065	1,369	1,247	1,062
CRB index (level)	190.38	191.98	183.14	180.78	192.38	172.16	195.82	179.89	155.01
WTI oil (US\$/barrel)	51.70	51.51	45.69	43.04	48.00	34.72	52.99	42.69	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	0.48	0.48	0.50	0.51	0.51	0.48	0.56	0.49	0.32
Treasury bonds – 2 years	0.82	0.74	0.67	0.58	0.52	0.50	0.82	0.55	0.29
– 5 years	1.22	1.09	0.99	0.74	0.59	0.74	1.22	0.71	0.48
– 10 years	1.84	1.73	1.58	1.19	1.12	1.40	1.84	1.24	0.95
– 30 years	2.42	2.34	2.22	1.82	1.77	2.12	2.42	1.92	1.55
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.25
Treasury bill – 3 months	-0.02	-0.05	0.07	0.22	0.25	0.29	0.35	0.19	-0.05
Treasury bonds – 2 years	-0.42	-0.40	-0.39	-0.19	-0.19	-0.53	-0.06	-0.28	-0.64
– 5 years	-0.84	-0.80	-0.79	-0.47	-0.54	-0.83	-0.38	-0.60	-1.00
– 10 years	-0.76	-0.74	-0.76	-0.51	-0.50	-0.81	-0.31	-0.59	-0.90
– 30 years	-0.75	-0.81	-0.80	-0.63	-0.66	-0.80	-0.52	-0.68	-0.88
S&P/TSX index (level)	15,282	15,312	14,864	14,451	13,902	13,024	15,385	13,971	11,843
Exchange rate (C\$/US\$)	1.3356	1.3179	1.3501	1.3209	1.2895	1.3955	1.4579	1.3238	0.7487
Exchange rate (C\$/€)	1.3935	1.3920	1.4295	1.4735	1.4542	1.5166	1.5903	1.4646	0.0000
Overseas									
<u>Euro zone</u>									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.01	0.00
Exchange rate (US\$/€)	1.0434	1.0562	1.0588	1.1155	1.1277	1.0868	1.1532	1.1089	1.0414
<u>United Kingdom</u>									
BoE – Base rate	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.41	0.25
Bonds – 10 years	1.46	1.44	1.47	0.87	1.27	1.83	1.99	1.27	0.61
FTSE index (level)	7,010	6,954	6,776	6,710	6,021	6,052	7,098	6,443	5,537
Exchange rate (US\$/£)	1.2446	1.2577	1.2346	1.3002	1.4358	1.4895	1.4933	1.3646	1.2123
<u>Germany</u>									
Bonds – 10 years	0.33	0.26	0.20	-0.06	0.02	0.55	0.63	0.12	-0.22
DAX index (level)	11,426	11,204	10,665	10,276	9,631	10,608	11,426	10,169	8,753
<u>Japan</u>									
BoJ – Overnight rate	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	-0.07	-0.10
Nikkei index (level)	19,401	18,996	17,967	16,519	15,600	18,987	19,401	16,902	14,952
Exchange rate (US\$/¥)	117.89	115.40	110.95	102.30	104.13	121.22	121.19	108.86	99.89

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.