

# WEEKLY NEWSLETTER

## The markets get the year off to a quieter start

### HIGHLIGHTS

- ▶ U.S. retail sales: A disappointing end to the year.
- ▶ Canada: Business confidence is on the rise.

### A LOOK AHEAD

- ▶ United States: Colder weather probably made industrial production rebound.
- ▶ U.S. housing starts are expected to go up after November's tumble.
- ▶ Canada: The total annual inflation rate could edge up in December.
- ▶ The Bank of Canada will keep the target for the overnight rate at 0.50%.
- ▶ Canada: Manufacturing and retail sales should advance in November.

### FINANCIAL MARKETS

- ▶ The stock markets seem more hesitant.
- ▶ Bond yields retreat.
- ▶ The Canadian dollar climbs back to US\$0.76.

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## Key statistics of the week

### UNITED STATES

- ▶ Retail sales rose 0.6% in December after gaining 0.2% in November. Motor vehicle sales jumped 2.4%. Excluding automobiles, sales are only up by 0.2%. The value of gas station sales grew 2.0%. Excluding autos and gas, sales idled. Besides these two sectors, retail sales at nonstore retailers grew considerably. Grocery and clothing store sales stagnated. Sales slipped in department stores, electronics stores and food services.
- ▶ The National Federation of Independent Business's small business confidence index jumped in December, going from 98.4 to 105.8, its highest point since December 2004. This is also the biggest 1-month jump since the index was created in 1986. Most of the survey's other indexes are also showing good improvement, particularly in terms of expectations for sales and business growth.
- ▶ Following two strong monthly advances, consumer confidence stabilized in January according to the preliminary version of the University of Michigan index. It went from 98.2 in December 2016 to 98.1 in January 2017. The current situation index rose further, gaining 0.6 points, while the household expectations index posted an equivalent drop.
- ▶ Business inventories rose 0.7% in November, the strongest monthly increase since January 2013. The increase mainly comes from retail (+0.8%) and wholesale (+1.1%) trade. The change in inventories will likely make another positive contribution to real GDP growth in the fourth quarter. Prior to last summer's contribution, inventories had made negative contributions for five straight quarters.
- ▶ Consumer credit accelerated in November, gaining US\$24.5B on the heels of October's annualized US\$16.2B advance.

**Francis Généreux**, Senior economist

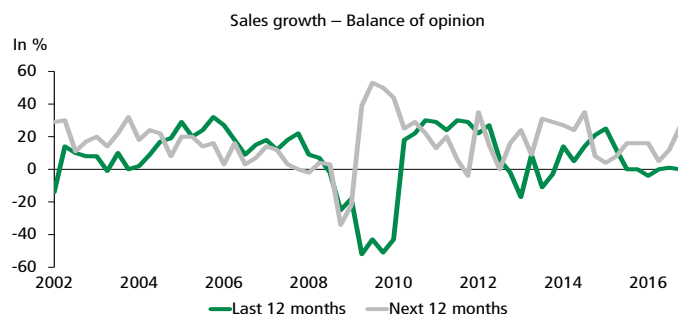
### CANADA

- ▶ According to the Bank of Canada survey, the business outlook has improved recently, especially for future sales growth. Caution is in order despite the better results, because the improvement in the outlook might not show up in the actual results. A case in point, although expectations have been accelerating somewhat since mid-2015, actual sales growth (over the last 12 months) has been very stable.
- ▶ Housing starts went back over the 200,000-unit mark in December, rising to 207,000. Throughout 2016, housing starts thus fluctuated within a fairly tight band, ranging from 175,400 to 219,400 units, attesting to some stability in residential construction. All in all, the average for 2016 is 197,912 units, similar to 2015's 195,535.

**Benoit P. Durocher**, Senior economist

### CANADA

#### The business outlook for future sales growth improves



Sources: Bank of Canada and Desjardins, Economic Studies

# Financial markets

## A cautious start to the year for the markets

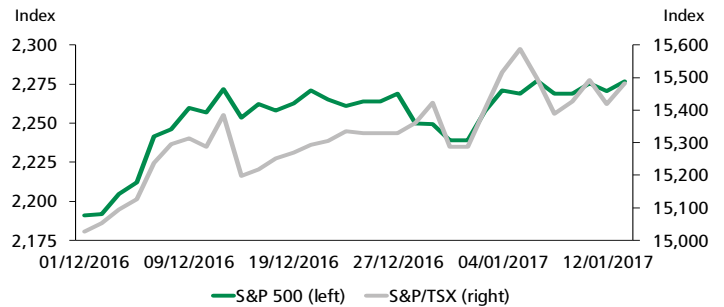
The highly positive sentiment that appeared after the U.S. election has abated in early 2017. Investors seem to be waiting for more concrete developments that would justify the major movements seen in the last few months. In this context, all eyes are on Donald Trump. His press conference on Wednesday disappointed some observers, since he did not say much about tax cuts, deregulation or infrastructure spending. The exchanges also seemed hesitant to move too much before the reporting season gets underway. In the end, the first bank results, published Friday, got a fairly good reception from investors and, at the time of writing, the S&P 500 had climbed very close to its historic peak, set on January 6.

While the stock markets seemed to be in consolidation mode, the pullback by yields has been clearer in recent weeks. After hitting 2.60% in mid-December, the U.S. 10-year yield fell to almost 2.30% in Thursday's session. Despite fairly encouraging economic data and positive remarks from several Federal Reserve leaders, investors remain sceptical about the possibility of another key rate increase in March. However, comments from Janet Yellen and the release of relatively positive economic statistics and corporate results pushed bond yields up on Friday morning.

Following the trend for yields, the greenback has fallen against several currencies since the start of the year. Local factors also helped some currencies. The euro went back to US\$1.06, boosted by faster inflation in the euro zone and other statistics that were better than forecast. The Canadian dollar rose to US\$0.76, also buoyed by favourable economic numbers. The peso and pound sterling are two of the few currencies against which the greenback has appreciated recently. Penalized by fears over the Trump administration's future policies, Mexico's exchange rate hit a new peak at 22 pesos/US\$. The pound continues to be hurt by the uncertainty over Brexit.

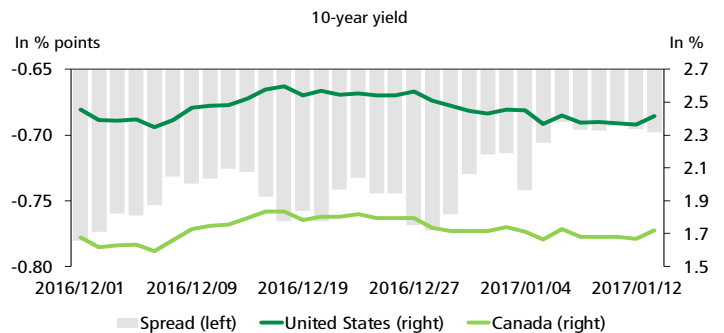
**Mathieu D'Anjou, CFA**, Senior economist  
**Hendrix Vachon**, Senior economist

**GRAPH 1**  
**Stock markets**



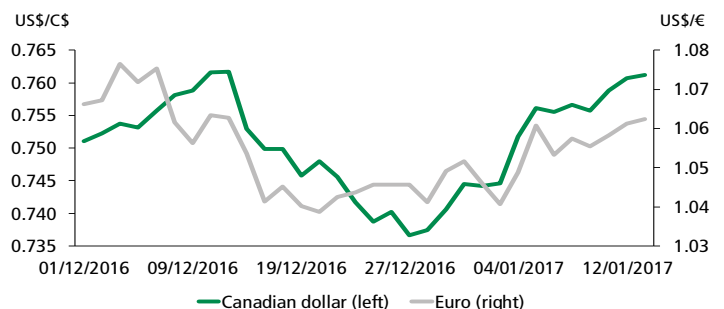
Sources: Datastream and Desjardins, Economic Studies

**GRAPH 2**  
**Treasury bond**



Sources: Datastream and Desjardins, Economic Studies

**GRAPH 3**  
**Currency markets**



Sources: Datastream and Desjardins, Economic Studies

# A look ahead

## WEDNESDAY January 18 - 8:30

<b>December</b>	<b>m/m</b>
Consensus	0.3%
Desjardins	0.3%
<b>November</b>	<b>0.2%</b>

## WEDNESDAY January 18 - 9:15

<b>December</b>	<b>m/m</b>
Consensus	0.6%
Desjardins	0.6%
<b>November</b>	<b>-0.4%</b>

## THURSDAY January 19 - 8:30

<b>December</b>	<b>ann. rate</b>
Consensus	1,190,000
Desjardins	1,200,000
<b>November</b>	<b>1,090,000</b>

## WEDNESDAY January 18 - 10:00

<b>January</b>	
Consensus	0.50%
Desjardins	0.50%
<b>December 7</b>	<b>0.50%</b>

## THURSDAY January 19 - 8:30

<b>November</b>	<b>m/m</b>
Consensus	0.9%
Desjardins	0.6%
<b>October</b>	<b>-0.8%</b>

## UNITED STATES

**Consumer price index (December)** – The consumer price index (CPI) posted monthly increases of 0.3% in September and 0.4% in October, followed by a more subdued increase of 0.2% in November. A slightly bigger gain is expected for December, mainly due to energy prices. The rise by oil prices triggered a 3.6% increase in gas prices at the pump. This effect will also be exacerbated by the seasonal adjustment process, as gas prices tend to fall in the last month of the year. Energy prices should therefore contribute 0.2 percentage points to monthly CPI growth. The rest should come from the increase in core inflation, which excludes food and energy; it should go up 0.2% thanks to shelter prices in particular. The total CPI should go up 0.3%. Total inflation should go from 1.7% to 2.1%. Core inflation should stay at 2.1%.

**Industrial production (December)** – Industrial production went back into negative territory in November following October's slim 0.1% gain. The 0.4% decline was the worst since March 2016. Manufacturing retreated 0.1% because of the auto sector, but the main factor behind the contraction in industrial output was the 4.4% tumble in energy production. However, December is expected to put an end to the 3-month run of drops in energy production that resulted from the unusually warm weather. In the last month of 2016, in contrast, the weather was colder than normal. We should therefore see a positive impact from heating demand and the monthly change in energy production should be close to 3.0%. With the ongoing improvement in the oil sector, mining output should post another increase, this time 0.7%. Without actually rebounding, manufacturing should post slight growth, in line with the ISM index's better level. Industrial output should record a total gain of 0.6%. The industrial capacity utilization rate should go from 75.0% to 75.4%. The New York Fed (Monday) and Philly Fed (Thursday) regional manufacturing indexes will come out next week, giving us the first information on how strong manufacturing is in the first month of 2017.

**Housing starts (December)** – The 18.7% tumble by November's housing starts, the worst drop since February 2015, seems bad, but we have to remember it comes on the heels of a 27.4% gain in October. November's level, an annualized 1,090,000 units, is still below the average achieved so far in 2016. We are now expecting a slight rebound in December. The level of building permits (1,212,000 after revision) suggests such growth. Strong homebuilder confidence—the index hit its highest point since July 2005 in December—also suggests an improvement in residential construction. We therefore expect housing starts to head back toward 1,200,000 units in December.

## CANADA

**Bank of Canada meeting (January)** – The monetary authorities should once again opt for the status quo on key interest rates at next week's meeting. The economic results have been satisfactory in the last few weeks, particularly for the labour market, but sizable uncertainties persist. The *Monetary Policy Report*, containing the Bank of Canada's (BoC) latest projections, will be released at the same time. It should feature few changes, as the Canadian economy's recent movement has been essentially in line with the projections set out in last October's report. That being said, it will be interesting to hear the BoC's first analysis of movement by the new reference indexes for inflation.

**Manufacturing sales (November)** – The value of manufacturing sales should go back into positive territory in November after October's poor performance. Among other things, the increase in merchandise exports in several sectors should favour growth by manufacturing sales.

**FRIDAY January 20 - 8:30**

<b>November</b>	<b>m/m</b>
Consensus	0.5%
Desjardins	0.9%
<b>October</b>	<b>1.1%</b>

**FRIDAY January 20 - 8:30**

<b>December</b>	<b>m/m</b>
Consensus	0.1%
Desjardins	-0.1%
<b>November</b>	<b>-0.4%</b>

**THURSDAY January 19 - 7:45**

<b>January</b>	
Consensus	0.00%
Desjardins	0.00%
<b>December 8</b>	<b>0.00%</b>

**THURSDAY January 19 - 21:00**

<b>Q4 2016</b>	<b>y/y</b>
Consensus	6.7%
<b>Q3 2016</b>	<b>6.7%</b>

**Retail sales (November)** – According to the preliminary figures, the number of new motor vehicles sold jumped 14.8% in November. Even though auto prices edged down over the month, we can expect the value of new auto dealer sales to go up substantially. However, gas prices retreated in November following the seasonal adjustments, which will lower the value of service station sales. If we factor in the uptrend for other components, November should end with another solid increase in retail sales.

**Consumer price index (December)** – According to preliminary figures, the average price of regular gas went up 5.9% in Canada in December; this should trigger a monthly increase of 0.23% in the total consumer price index (CPI). However, this upside contribution will be offset by the negative seasonal fluctuations at this time of year. All in all, the total CPI could retreat 0.1% in December. Its annual change should go from 1.2% to 1.6%.


**OVERSEAS**


**Euro zone: European Central Bank meeting (January)** – In December, the European Central Bank (ECB) announced that it was extending its securities purchasing program. It would be surprising for it to make another major announcement so soon. It will still be interesting to study the ECB's official statement on the latest economic developments, including the increase in the euro zone's inflation rate. New information on the future conduct of monetary policy could also come from the press conference that follows the release of the ECB's statement. Among the indicators that are coming out next week, Monday will bring us the trade balance for November. December's final version of the consumer price index will come out on Wednesday. The flash version put inflation at 1.1%.

**China: Real GDP (Q4)** – China's real GDP growth stabilized in 2016 after slowing steadily in 2015. The annual change in real GDP was 6.7% in the first three quarters of the year. The consensus expects a repeat performance for the fall. A quarterly result like that would put real GDP growth at 6.7% for 2016 as a whole, following growth of 6.9% in 2015. However, the quarterly and annual results frequently do not line up.

# Economic indicators

## Week of January 16 to 20, 2017

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 16</b>	---	---				
<b>TUESDAY 17</b>	8:30	Empire manufacturing index	Jan.	8.4	7.5	9.0
	8:45	Speech of the New York Fed President, W. Dudley				
	18:00	Speech of the San Francisco Fed President, J. Williams				
<b>WEDNESDAY 18</b>	8:30	Consumer price index				
		Total (m/m)	Dec.	0.3%	0.3%	0.2%
		Excluding food and energy (m/m)	Dec.	0.2%	0.2%	0.2%
		Total (y/y)	Dec.	2.1%	2.1%	1.7%
		Excluding food and energy (y/y)	Dec.	2.2%	2.1%	2.1%
	9:15	Industrial production (m/m)	Dec.	0.6%	0.6%	-0.4%
	9:15	Production capacity utilization rates	Dec.	75.4%	75.4%	75.0%
	10:00	NAHB housing market index	Jan.	69	n/a	70
	11:00	Speech of the Minneapolis Fed President, N. Kashkari				
	15:00	Speech of the Federal Reserve Chairman, J. Yellen				
	16:00	Net foreign security purchases (US\$B)	Nov.	n/a	n/a	9.4
<b>THURSDAY 19</b>	8:30	Initial unemployment claims	Jan. 9-13	252,000	254,000	247,000
	8:30	Philadelphia Fed index	Jan.	16.0	12.5	19.7
	8:30	Housing starts (ann. rate)	Dec.	1,190,000	1,200,000	1,090,000
	8:30	Building permits (ann. rate)	Dec.	1,220,000	1,175,000	1,212,000
	20:00	Speech of the Federal Reserve Chairman, J. Yellen				
<b>FRIDAY 20</b>	9:00	Speech of the Philadelphia Fed President, P. Harker				
	12:00	Inauguration Day: D. Trump becomes President of the United States				
<b>CANADA</b>						
<b>MONDAY 16</b>	9:00	Existing home sales	Dec.			
<b>TUESDAY 17</b>	---					
<b>WEDNESDAY 18</b>	10:00	Bank of Canada meeting	Jan.	0.50%	0.50%	0.50%
	10:00	Release of the Bank of Canada <i>Monetary Policy Report</i>				
<b>THURSDAY 19</b>	8:30	International transactions in securities (\$B)	Nov.	n/a	16.25	15.75
	8:30	Manufacturing sales (m/m)	Nov.	0.9%	0.6%	-0.8%
<b>FRIDAY 20</b>	8:30	Consumer price index				
		Total (m/m)	Dec.	0.1%	-0.1%	-0.4%
		Excluding food and energy (m/m)	Dec.	n/a	-0.4%	-0.4%
		Total (y/y)	Dec.	1.8%	1.6%	1.2%
		Excluding food and energy (y/y)	Dec.	n/a	1.8%	1.7%
	8:30	Retail sales				
		Total (m/m)	Nov.	0.5%	0.9%	1.1%
		Excluding automobiles (m/m)	Nov.	0.2%	0.1%	1.4%

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 January 16 to 20, 2017

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>SUNDAY 15</b>								
Japan	18:50	Machinery orders	Nov.	-1.4%	8.1%	4.1%	-5.6%	
Japan	18:50	Producer price index	Dec.	0.4%	-1.4%	0.4%	-2.2%	
Japan	23:30	Tertiary industry activity index	Nov.	0.2%		0.2%		
<b>MONDAY 16</b>								
Euro zone	5:00	Trade balance (€B)	Nov.	20.8		19.7		
Japan	23:30	Industrial production – final	Nov.	n/a	n/a	1.5%	4.6%	
<b>TUESDAY 17</b>								
Italy	4:00	Trade balance (€M)	Nov.	n/a		4,299		
United Kingdom	4:30	Consumer price index	Dec.	0.3%	1.4%	0.2%	1.2%	
United Kingdom	4:30	Producer price index	Dec.	0.4%	2.9%	0.0%	2.3%	
Germany	5:00	ZEW survey – Economic sentiment	Jan.	18.4		13.8		
Germany	5:00	ZEW survey – Current situation	Jan.	65.0		63.5		
<b>WEDNESDAY 18</b>								
Germany	2:00	Consumer price index – final	Dec.	0.7%	1.7%	0.7%	1.7%	
United Kingdom	4:30	ILO unemployment rate	Nov.	4.8%		4.8%		
Euro zone	5:00	Construction	Nov.	n/a	n/a	0.8%	2.2%	
Euro zone	5:00	Consumer price index	Dec.	0.5%	1.1%	-0.1%	1.1%	
<b>THURSDAY 19</b>								
Euro zone	4:00	Current account (€B)	Nov.	n/a		28.4		
Italy	4:30	Current account (€M)	Nov.	n/a		6,086		
Euro zone	7:45	European Central Bank meeting	Jan.	0.00%		0.00%		
China	21:00	Real GDP	Q4	1.7%	6.7%	1.8%	6.7%	
China	21:00	Industrial production	Dec.		6.1%		6.2%	
China	21:00	Retail sales	Dec.		10.7%		10.8%	
<b>FRIDAY 20</b>								
Germany	2:00	Producer price index	Dec.	0.4%	1.0%	0.3%	0.1%	
United Kingdom	4:30	Retail sales	Dec.	-0.1%	7.2%	0.2%	5.9%	

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. 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	16,727	3.5	1.7	2.6	2.4	1.7
Consumption (2009 \$B)	2016 Q3	11,569	3.0	2.8	3.2	2.9	1.5
Government spending (2009 \$B)	2016 Q3	2,906	0.8	0.4	1.8	-0.9	-2.9
Residential investment (2009 \$B)	2016 Q3	582.5	-4.1	1.5	11.7	3.5	11.9
Non-residential investment (2009 \$B)	2016 Q3	2,193	1.4	-1.1	2.1	6.0	3.5
Business inventory change (2009 \$B) <sup>1</sup>	2016 Q3	7.1	---	---	84.0	57.7	78.7
Exports (2009 \$B)	2016 Q3	2,162	10.0	2.0	0.1	4.3	3.5
Imports (2009 \$B)	2016 Q3	2,684	2.2	0.6	4.6	4.4	1.1
Final domestic demand (2009 \$B)	2016 Q3	17,230	2.1	1.8	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) <sup>1</sup>	2016 Q3	-113.0	---	---	-463.0	-392.1	-366.4

<sup>1</sup> 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)	Nov.	124.6	0.0	0.4	1.0	0.7
ISM manufacturing index <sup>1</sup>	Dec.*	54.7	53.2	51.5	53.2	48.0
ISM non-manufacturing index <sup>1</sup>	Dec.*	57.2	57.2	57.1	56.5	55.8
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	Dec.*	113.7	109.4	103.5	97.4	96.3
Personal consumption expenditure (2009 \$B)	Nov.	11,636	0.1	0.8	1.4	2.8
Disposable personal income (2009 \$B)	Nov.	12,762	-0.1	0.3	0.9	2.3
Consumer credit (\$B)	Nov.*	3,750	0.7	1.7	3.3	6.3
Retail sales (\$M)	Dec.*	469,092	0.6	1.5	2.6	4.1
<i>Excluding automobiles (\$M)</i>	Dec.*	370,393	0.2	1.1	1.4	3.4
Industrial production (2007 = 100)	Nov.	103.9	-0.4	-0.6	0.2	-0.6
Production capacity utilization rate (%) <sup>1</sup>	Nov.	75.0	75.4	75.6	75.1	75.7
New machinery orders (\$M)	Nov.*	458,329	-2.4	0.9	0.9	-0.3
New durable good orders (\$M)	Nov.	228,750	-4.5	0.6	0.0	-1.6
Business inventories (\$B)	Nov.*	1,827	0.7	0.6	1.0	1.5
Housing starts (k) <sup>1</sup>	Nov.	1,090	1,340	1,164	1,128	1,171
Building permits (k) <sup>1</sup>	Nov.	1,212	1,260	1,152	1,136	1,286
New home sales (k) <sup>1</sup>	Nov.*	592.0	563.0	559.0	566.0	508.0
Existing home sales (k) <sup>1</sup>	Nov.	5,610	5,570	5,300	5,510	4,860
Commercial surplus (\$M) <sup>1</sup>	Nov.*	-45,240	-42,360	-40,641	-41,835	-41,122
Nonfarm employment (k) <sup>2</sup>	Dec.*	145,303	156.0	495.0	1,131	2,157
Unemployment rate (%) <sup>1</sup>	Dec.*	4.7	4.6	4.9	4.9	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)	Nov.	111.5	0.0	0.5	0.8	1.4
<i>Excluding food and energy</i>	Nov.	111.9	0.0	0.2	0.7	1.6
Producer price (2009 = 100)	Dec.*	111.3	0.3	0.6	0.5	1.6
Export prices (2000 = 100)	Dec.*	121.1	0.3	0.5	0.2	1.1
Import prices (2000 = 100)	Dec.*	121.4	0.4	0.7	0.6	1.8

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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) <sup>1</sup>	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) <sup>1</sup>	2016 Q3	-18,299	---	---	-67,553	-48,207	-61,121
Production capacity utilization rate (%) <sup>1</sup>	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

<sup>1</sup> 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)	Oct.*	1,679,363	-0.3	0.4	0.8	1.5
Industrial production (2007 \$M)	Oct.*	350,268	-1.6	0.8	1.8	1.5
Manufacturing sales (\$M)	Oct.	50,995	-0.8	0.4	0.8	1.9
Housing starts (k) <sup>1</sup>	Dec.*	207.0	187.3	218.8	219.4	170.9
Building permits (\$M)	Nov.*	7,765	-0.1	5.3	14.6	18.3
Retail sales (\$M)	Oct.	45,047	1.1	2.1	2.0	3.8
<i>Excluding automobiles (\$M)</i>	Oct.	33,774	1.4	2.0	2.1	4.1
Wholesale trade sales (\$M)	Oct.	56,625	1.1	0.5	3.0	3.9
Commercial surplus (\$M) <sup>1</sup>	Nov.*	526.5	-1,024	-2,107	-3,726	-2,081
<i>Exports (\$M)</i>	Nov.*	45,614	4.3	4.4	10.3	5.2
<i>Imports (\$M)</i>	Nov.*	45,088	0.7	-1.6	0.1	-0.8
Employment (k) <sup>2</sup>	Dec.*	18,225	53.7	36.1	28.4	17.8
Unemployment rate (%) <sup>1</sup>	Dec.*	6.9	6.8	7.0	6.8	7.1
Average weekly earnings (\$)	Oct.	953.9	-0.1	0.1	0.1	0.0
Number of salaried employees (k) <sup>2</sup>	Oct.	15,973	-33.6	5.8	12.7	11.5
Consumer price (2002 = 100)	Nov.	128.6	-0.4	-0.1	-0.2	1.2
<i>Excluding food and energy</i>	Nov.	124.0	-0.4	0.2	0.2	1.7
<i>Excluding 8 volatile items</i>	Nov.	128.5	-0.5	-0.1	-0.1	1.5
Industrial product price (2002 = 100)	Nov.*	111.5	0.3	1.4	2.1	1.4
Raw materials price (2002 = 100)	Nov.*	91.9	-2.0	1.2	-0.2	4.1
Money supply M1+ (\$M)	Nov.*	887,462	0.6	2.8	5.3	9.2

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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		
	Jan. 13	Jan. 6	-1 month	3 months	5 months	-1 year	Higher	Average	Lower
<b>United States</b>									
Federal funds – target	0.75	0.75	0.75	0.50	0.50	0.50	0.75	0.52	0.50
Treasury bill – 3 months	0.51	0.52	0.50	0.31	0.31	0.23	0.54	0.33	0.18
Treasury bonds – 2 years	1.21	1.22	1.26	0.84	0.70	0.88	1.27	0.84	0.56
– 5 years	1.92	1.92	2.06	1.28	1.14	1.46	2.07	1.35	0.94
– 10 years	2.42	2.42	2.60	1.79	1.59	2.04	2.60	1.85	1.36
– 30 years	3.01	3.00	3.18	2.55	2.30	2.82	3.18	2.60	2.11
S&P 500 index (level)	2,277	2,277	2,258	2,133	2,162	1,880	2,277	2,107	1,829
DJIA index (level)	19,913	19,964	19,843	18,138	18,517	15,988	19,975	18,053	15,660
Gold price (US\$/ounce)	1,194	1,174	1,132	1,253	1,328	1,090	1,369	1,253	1,086
CRB index (level)	194.33	193.54	191.43	189.47	188.86	159.94	195.82	181.53	155.01
WTI oil (US\$/barrel)	52.47	53.98	51.93	50.35	45.93	29.45	54.01	44.08	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	0.43	0.44	0.48	0.50	0.48	0.34	0.56	0.49	0.32
Treasury bonds – 2 years	0.80	0.77	0.82	0.62	0.57	0.29	0.83	0.58	0.29
– 5 years	1.13	1.13	1.22	0.78	0.65	0.56	1.23	0.75	0.48
– 10 years	1.72	1.73	1.83	1.25	1.08	1.15	1.83	1.27	0.95
– 30 years	2.32	2.32	2.42	1.87	1.71	1.98	2.42	1.94	1.55
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.25	-0.25	-0.25	0.00	0.00	0.00	0.00	-0.02	-0.25
Treasury bill – 3 months	-0.08	-0.08	-0.02	0.19	0.17	0.11	0.35	0.16	-0.08
Treasury bonds – 2 years	-0.41	-0.45	-0.44	-0.22	-0.14	-0.59	-0.06	-0.27	-0.60
– 5 years	-0.78	-0.79	-0.85	-0.50	-0.49	-0.90	-0.38	-0.60	-0.91
– 10 years	-0.70	-0.69	-0.77	-0.54	-0.51	-0.88	-0.31	-0.58	-0.88
– 30 years	-0.69	-0.69	-0.76	-0.69	-0.59	-0.83	-0.52	-0.67	-0.88
S&P/TSX index (level)	15,482	15,496	15,252	14,585	14,482	12,073	15,587	14,168	11,843
Exchange rate (C\$/US\$)	1.3137	1.3237	1.3336	1.3140	1.2971	1.4540	1.4579	1.3188	0.7612
Exchange rate (C\$/€)	1.3957	1.3942	1.3937	1.4416	1.4314	1.5873	1.5903	1.4548	0.0000
<b>Overseas</b>									
<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\$/€)	1.0624	1.0533	1.0451	1.0971	1.1036	1.0917	1.1532	1.1058	1.0387
<u>United Kingdom</u>									
BoE – Base rate	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.39	0.25
Bonds – 10 years	1.36	1.39	1.44	1.10	0.96	1.67	1.72	1.23	0.61
FTSE index (level)	7,325	7,210	7,012	7,014	6,669	5,804	7,325	6,525	5,537
Exchange rate (US\$/£)	1.2205	1.2287	1.2497	1.2187	1.3193	1.4258	1.4879	1.3462	1.2123
<u>Germany</u>									
Bonds – 10 years	0.34	0.22	0.22	-0.02	-0.06	0.47	0.48	0.08	-0.22
DAX index (level)	11,617	11,599	11,404	10,580	10,067	9,545	11,646	10,260	8,753
<u>Japan</u>									
BoJ – Overnight rate	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	-0.08	-0.10
Nikkei index (level)	19,287	19,454	19,401	16,856	16,498	17,147	19,594	16,980	14,952
Exchange rate (US\$/¥)	115.14	116.93	117.99	104.20	104.85	117.07	121.06	108.66	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.