

## WEEKLY NEWSLETTER

# Another disappointing quarter for the U.S. economy

### HIGHLIGHTS

- ▶ United States: Another quarter of modest real GDP growth wraps up a disappointing year.
- ▶ United States: Existing home sales edged down in December, while new home sales pulled back more sharply.
- ▶ Canada: Weak growth by wholesale trade.

### A LOOK AHEAD

- ▶ United States: The manufacturing ISM is forecast to rise again in January.
- ▶ U.S. household confidence could pause after rising sharply for two months.
- ▶ Following December's rate increase, a status quo is anticipated for the Federal Reserve.
- ▶ United States: Job creation could be faster than in December, but keep an eye on the revisions.
- ▶ Canada: Real GDP by industry should start to rise again in November.

### FINANCIAL MARKETS

- ▶ The Dow Jones index manages to cross 20,000 points.
- ▶ Canadian long-term yields jump in response to the green light given to the Keystone XL project.
- ▶ The Canadian dollar goes back above US\$0.76.

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# Key statistics of the week

## UNITED STATES

- ▶ Real GDP rose an annualized 1.9% in the fourth quarter of 2016, according to the advance estimate of national accounts, slowing from last summer's 3.5% gain. Final domestic demand increased 2.5%. Business investment rose 4.2%. Inventory movement went from US\$7.1B to US\$48.7B, making a 1.00 percentage point contribution to real GDP growth. Foreign trade made a negative contribution to growth, taking a 1.70-point bite. Real exports declined 4.3%, while imports jumped 8.3%. Government expenditures increased by just 1.2% last fall. For 2016 as a whole, real GDP grew 1.6%, coming in below 2015's 2.6% growth.
- ▶ Existing home sales fell 2.8% in December, after rising 1.4% in November. They are back at an annualized 5,490,000 units, where they were in September. The decline comes from both condo resales (-10.3%) and sales of single-family homes (-1.8%).
- ▶ Sales of single-family homes tumbled 10.4% in December after gaining 4.7% in November. The biggest drop since March 2015 takes annualized sales to 536,000, their lowest point since February 2016.
- ▶ New orders were expected to rebound following November's 4.8% tumble. Instead, they declined further, this time by 0.4%. As expected, civil aviation and the auto sector made positive contributions, but these were completely offset by a 63.9% tumble by military aviation orders. Excluding transportation, an increase of 0.5% was posted following November's 1.0% advance. New capital goods orders excluding defence and aviation rose 0.8%, a third straight increase.
- ▶ December's leading indicator was up 0.5% on the heels of November's 0.1% gain. This is the strongest monthly gain since April. The main contributions came from the interest rate spread, stock market, improved consumer confidence and the rise by the ISM index.

**Francis Généreux**, Senior economist

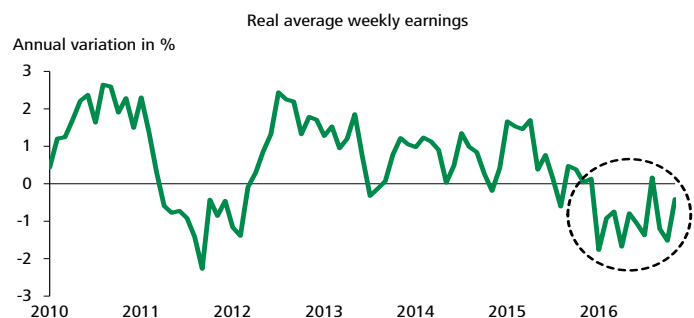
## CANADA

- ▶ Wholesale trade only edged up 0.2% in November, with the drop in automobiles and parts (-5.8%) offsetting the increases in most other sectors. Excluding automotive products, sales are up 1.6% for the month. In real terms, sales fell 0.1% while inventories were essentially flat.
- ▶ According to the business survey, the number of employees rose 0.2% in November, with 25,300 jobs created. In comparison, the household survey showed a gain of 41,300 jobs for the month once the self-employed were excluded. The annual change in average weekly earnings remains at a very low 0.8%. In real terms, annual growth by earnings is in negative territory (-0.4%), attesting to some erosion in employees' buying power.

**Benoit P. Durocher**, Senior economist

## CANADA

### Employees' buying power continues to worsen



Sources: Statistics Canada and Desjardins, Economic Studies

# Financial markets

## Donald Trump goes from tweets to presidential orders

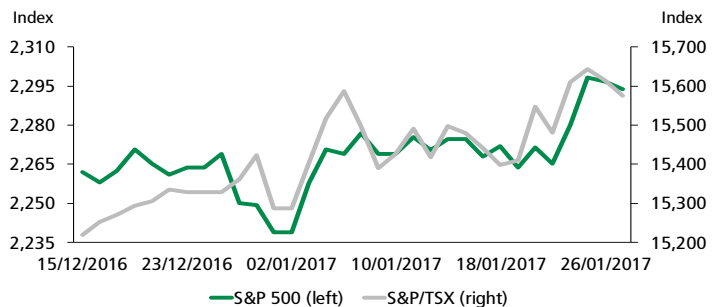
After casting around with no clear direction in the first three weeks of the year, stock markets shot up this week. This finally allowed the Dow Jones index to cross the psychological 20,000-point mark, after a failed attempt last December 6. For its part, the S&P 500 index closed in on 2,300 points. The string of Donald Trump's executive orders at the start of the week sent optimism up again. Although it is subject to as yet unspecified conditions, the green light for the Keystone XL pipeline was favourable to energy sector equities. Materials led the way, however, especially stocks associated with the construction sector. The S&P/TSX also set a new record, hitting 15,674 points on Thursday, helped by Keystone XL and a slight increase in the price of oil. The fact that the gains were fairly widespread suggests, however, that they were mainly influenced by the general optimism.

Volatility persisted in the bond market. The U.S. 10-year yield stayed within a fairly wide band of 2.38% to 2.56%. It was just below 2.50% on Friday morning. On Monday, yields went down in response to the United States' official withdrawal from the Trans-Pacific Partnership and Donald Trump's threats regarding the North American Free Trade Agreement (NAFTA). The Keystone XL announcement led yields to rebound the very next day. However, this trend halted on Thursday against the backdrop of rising tensions between the United States and Mexico. Canadian short-term yields essentially stayed with the trend for U.S. yields, but the 10-year and 30-year yields tended to rise more quickly, suggesting some degree of optimism about the longer-term outlook for Canadian growth after the Keystone XL announcement.

The U.S. dollar capitalized on the upswing in bond yields, allowing it to wipe out some of its previous losses. The Canadian dollar gained nearly a cent on Tuesday after the Keystone XL announcement. The pound was also busy early in the week. It went back to US\$1.26, helped by the greater clarity over what comes next for Brexit and economic numbers that are still beating expectations. The euro was fairly stable from Monday to Wednesday. It lost over half a cent on Thursday and was trading at around US\$1.07 at the time of writing.

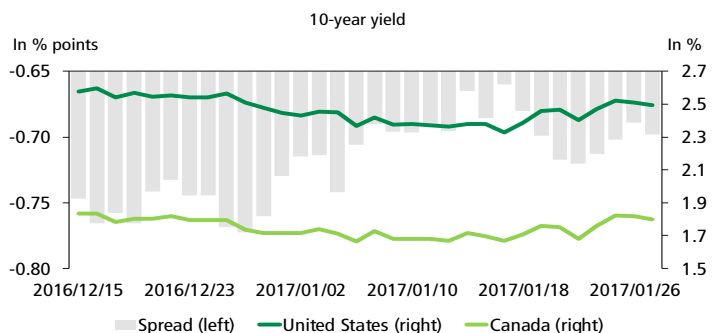
**Jimmy Jean, CFA**, Senior economist  
**Hendrix Vachon**, Senior economist

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



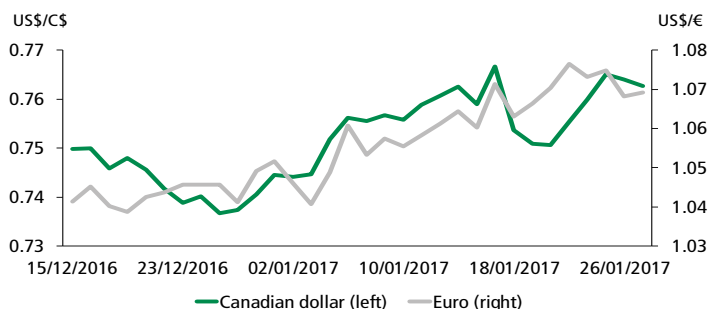
Sources: Datastream and Desjardins, Economic Studies

**GRAPH 2**  
**Bond markets**



Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

# A look ahead

## TUESDAY January 31 - 9:00

<b>November</b>	<b>y/y</b>
Consensus	5.00%
Desjardins	4.90%
<b>October</b>	<b>5.10%</b>

## TUESDAY January 31 - 10:00

<b>January</b>	
Consensus	112.8
Desjardins	113.0
<b>December</b>	<b>113.7</b>

## WEDNESDAY February 1 - 10:00

<b>January</b>	
Consensus	55.0
Desjardins	55.2
<b>December</b>	<b>54.5</b>

## WEDNESDAY February 1 - 14:00

<b>February</b>	
Consensus	0.75%
Desjardins	0.75%
<b>December 14</b>	<b>0.75%</b>

## FRIDAY February 3 - 8:30

<b>January</b>	
Consensus	175,000
Desjardins	165,000
<b>December</b>	<b>156,000</b>

## FRIDAY February 3 - 10:00

<b>January</b>	
Consensus	57.0
Desjardins	56.5
<b>December</b>	<b>56.6</b>

## MONDAY January 30 - 8:30

<b>November</b>	<b>m/m</b>
Consensus	0.3%
Desjardins	0.3%
<b>October</b>	<b>-0.3%</b>

## UNITED STATES

**S&P/Case-Shiller index of existing home prices (November)** – In October, home prices posted their strongest growth since March, with a monthly gain of 0.6%. We expect a similar increase in November which will slow the S&P/Case-Shiller's annual change from 5.1% to 4.9%.

**Conference Board consumer confidence index (January)** – Consumer confidence has been trending up since the November 8 election. The Conference Board index jumped 8.6 points in November, then gained another 4.3 points in December, going to its highest point since August 2001. After growth like this, we now expect the index to pause in January, as the University of Michigan confidence index did, going from 98.2 to 98.1. The stock market has continued to advance since the start of the year, gaining about 2.5% but, on the other hand, gas prices have gone up somewhat since last month. We expect the Conference Board index edge back to 113.0.

**ISM manufacturing index (January)** – The manufacturing ISM has been on a solidly positive trend since the end of last summer. In August, it was still below the 50 mark. Four straight monthly increases later, it hit 54.5 in December. We expect another advance for January, as most regional manufacturing indexes are suggesting. We expect the ISM manufacturing index to go to 55.2.

**Federal Reserve meeting (February)** – Federal Reserve (Fed) leaders finally moved on a second key rate increase in this cycle at their December meeting. Following that decision, it would be very surprising for the Fed to make any changes to its policy at the meeting ending February 1, especially as this meeting will not include a press conference by Janet Yellen, and will not come with any new economic forecasts. There could be a few adjustments to the statement, however. Also, the makeup of the monetary policy committee will change with the rotation of regional members and some analysts expect the Fed's 2017 incarnation to be a little more dovish than 2016's.

**Job creation according to the establishment survey (January)** – While household and business confidence is up and jobless claims have been lower lately, job creation does not seem to have as much momentum. Moreover, December's hires came in below expectations, at 156,000. We expect slightly better growth for January, with 165,000 hires. However, this forecast is subject to the establishment survey's annual revision, which will come out at the same time as January's results. The preliminary estimate for the revised level of employment for March 2016 suggests 150,000 fewer jobs. The jobless rate should stay at 4.7% for January 2017.

**ISM non-manufacturing index (October)** – In December, the non-manufacturing ISM returned to September's 56.6. This threshold is fairly encouraging for growth, but the index was higher in early fall 2015. Like the consumer confidence indexes, we expect the ISM non-manufacturing index to remain relatively stable in January.

## CANADA

**Real GDP by industry (November)** – Some of November's data were disappointing. For example, the volume of manufacturing sales rose 1.2% for the month, but this contribution was almost completely offset by a 0.7% drop in inventories. The volume of wholesaler sales also fell 0.1%. That being said, better results were also noted during the month. The volume of retail sales increased 0.7%. Hours worked in the entire Canadian economy also grew 1.0%. If we factor in the likelihood of a rebound by output in some sectors after October's struggles, the outlook is, all in all, fairly good for November.

**TUESDAY January 31 - 5:00**
**Q4 2016** **q/q**

Consensus 0.4%

**Q3 2016** **0.3%**
**THURSDAY February 2 - 7:00**
**February**

Consensus 0.25%

Desjardins 0.25%


**December 15** **0.25%**
**OVERSEAS**


**Euro zone: Real GDP (Q4)** – Euroland’s economy posted similar growth in the second and third quarters of 2016. The two monthly 0.3% (non-annualized) gains are, however, slower than the 0.5% increases posted at the end of 2015 and in the first quarter of 2016. Some signs suggest that, for the final quarter, growth will be between these results, with 0.4% growth anticipated. This would put 2016’s annual real GDP growth at 1.6%, below 2015’s 1.9%.

**United Kingdom: Bank of England meeting (February)** – Many risks are looming over Britain’s economy and the ongoing process leading up to Brexit has its own share of uncertainties. For now, however, the British economy remains resilient. This, combined with a surge in inflation, prompted the Bank of England (BoE) to substantially alter its stance, taking a more neutral position on upcoming key rate movements. We therefore expect a key rate status quo for February. It also seems to be too early for the BoE to announce another extension to its securities purchasing program.

# Economic indicators

## Week of January 30 to February 3, 2017

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 30</b>	8:30	Personal income (m/m)	Dec.	0.4%	0.4%	0.0%
	8:30	Personal consumption expenditures (m/m)	Dec.	0.5%	0.6%	0.2%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Dec.	0.2%	0.2%	0.0%
		Excluding food and energy (m/m)	Dec.	0.1%	0.2%	0.0%
		Total (y/y)	Dec.	1.7%	1.7%	1.4%
		Excluding food and energy (y/y)	Dec.	1.7%	1.8%	1.6%
	10:00	Pending home sales (m/m)	Dec.	1.2%	n/a	-2.5%
<b>TUESDAY 31</b>	9:00	S&P/Case-Shiller home price index (y/y)	Nov.	5.00%	4.90%	5.10%
	9:45	Chicago PMI index	Jan.	55.0	54.0	53.9
	10:00	Consumer confidence	Jan.	112.8	113.0	113.7
<b>WEDNESDAY 1</b>	10:00	Construction spending (m/m)	Dec.	0.2%	0.3%	0.9%
	10:00	ISM manufacturing index	Jan.	55.0	55.2	54.5
	14:00	Federal Reserve meeting	Feb.	0.75%	0.75%	0.75%
<b>THURSDAY 2</b>	---	Total vehicle sales (ann. rate)	Jan.	17,600,000	17,000,000	18,290,000
	8:30	Initial unemployment claims	Jan. 23-27	250,000	250,000	259,000
	8:30	Nonfarm productivity – preliminary (ann. rate)	Q4	0.9%	0.9%	3.1%
	8:30	Unit labor costs – preliminary (ann. rate)	Q4	2.2%	2.6%	0.7%
<b>FRIDAY 3</b>	8:30	Change in nonfarm payrolls	Jan.	175,000	165,000	156,000
	8:30	Unemployment rate	Jan.	4.7%	4.7%	4.7%
	8:30	Weekly worked hours	Jan.	34.3	34.3	34.3
	8:30	Average weekly earnings (m/m)	Jan.	0.3%	0.2%	0.4%
	9:15	Speech of the Chicago Fed President, C. Evans				
	10:00	ISM non-manufacturing index	Jan.	57.0	56.5	56.6
	10:00	Factory orders (m/m)	Dec.	1.1%	0.1%	-2.4%
<b>CANADA</b>						
<b>MONDAY 30</b>	---	---				
<b>TUESDAY 31</b>	8:30	Real GDP by industry (m/m)	Nov.	0.3%	0.3%	-0.3%
	8:30	Industrial product price index (m/m)	Dec.	0.6%	0.6%	0.3%
	8:30	Raw materials price index (m/m)	Dec.	3.8%	2.5%	-2.0%
<b>WEDNESDAY 1</b>	---	---				
<b>THURSDAY 2</b>	---	---				
<b>FRIDAY 3</b>	---	---				

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 30 to February 3, 2017

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>MONDAY 30</b>								
Euro zone	5:00	Business climate	Jan.	0.80		0.79		
Euro zone	5:00	Consumer confidence – final	Jan.	-4.9		-4.9		
Euro zone	5:00	Industrial confidence	Jan.	0.2		0.1		
Euro zone	5:00	Services confidence	Jan.	12.7		12.9		
Euro zone	5:00	Economic confidence	Jan.	107.8		107.8		
Germany	8:00	Consumer price index – preliminary	Jan.	-0.5%	2.0%	0.7%	1.7%	
Japan	18:30	Unemployment rate	Dec.	3.1%		3.1%		
Japan	18:50	Industrial production – preliminary	Dec.	0.3%	3.0%	1.5%	4.6%	
United Kingdom	19:01	Consumer confidence	Jan.	-8		-7		
<b>TUESDAY 31</b>								
Japan	0:00	Small business confidence	Jan.	n/a		48.8		
Japan	0:00	Housing starts	Dec.		8.4%		6.7%	
France	1:30	Real GDP – preliminary	Q4	0.4%	1.1%	0.2%	1.0%	
Germany	2:00	Retail sales	Dec.	0.6%	0.5%	-1.8%	3.2%	
France	2:45	Personal consumption expenditures	Dec.	0.2%	2.1%	0.4%	3.3%	
France	2:45	Consumer price index – preliminary	Jan.	-0.5%	1.0%	0.3%	0.6%	
Euro zone	5:00	Consumer price index – estimate	Jan.		1.5%		1.1%	
Euro zone	5:00	Real GDP – preliminary	Q4	0.4%	1.7%	0.3%	1.7%	
Euro zone	5:00	Unemployment rate	Dec.	9.8%		9.8%		
China	20:00	PMI manufacturing index	Jan.	51.2		51.4		
China	20:00	PMI non-manufacturing index	Jan.	n/a		54.5		
<b>WEDNESDAY 1</b>								
France	3:50	PMI composite index – final	Jan.	53.8		53.8		
France	3:50	PMI manufacturing index – final	Jan.	53.4		53.4		
France	3:50	PMI services index – final	Jan.	53.9		53.9		
Germany	3:55	PMI composite index – final	Jan.	54.7		54.7		
Germany	3:55	PMI manufacturing index – final	Jan.	56.5		56.5		
Germany	3:55	PMI services index – final	Jan.	53.2		53.2		
Euro zone	4:00	PMI manufacturing index – final	Jan.	55.1		55.1		
United Kingdom	4:30	PMI manufacturing index	Jan.	55.9		56.1		
<b>THURSDAY 2</b>								
United Kingdom	4:30	PMI construction index	Jan.	53.8		54.2		
United Kingdom	7:00	Release of the Bank of England <i>Inflation Report</i>						
United Kingdom	7:00	Bank of England meeting	Feb.	0.25%		0.25%		
<b>FRIDAY 3</b>								
Euro zone	4:00	PMI composite index – final	Jan.	54.3		54.3		
Euro zone	4:00	PMI services index – final	Jan.	53.6		53.6		
United Kingdom	4:30	PMI composite index	Jan.	56.0		56.7		
United Kingdom	4:30	PMI services index	Jan.	55.8		56.2		
Euro zone	5:00	Retail sales	Dec.	0.3%	1.8%	-0.4%	2.3%	
Russia	5:30	Bank of Russia meeting	Feb.	10.00%		10.00%		

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	2016	2015	2014
Gross domestic product (2009 \$B)	2016 Q4*	16,805	1.9	1.9	1.6	2.6	2.4
Consumption (2009 \$B)	2016 Q4*	11,640	2.5	2.8	2.7	3.2	2.9
Government spending (2009 \$B)	2016 Q4*	2,915	1.2	0.5	0.9	1.8	-0.9
Residential investment (2009 \$B)	2016 Q4*	596.8	10.2	1.2	4.9	11.7	3.5
Non-residential investment (2009 \$B)	2016 Q4*	2,206	2.4	0.3	-0.4	2.1	6.0
Business inventory change (2009 \$B) <sup>1</sup>	2016 Q4*	48.7	---	---	21.8	84.0	57.7
Exports (2009 \$B)	2016 Q4*	2,138	-4.3	1.5	0.4	0.1	4.3
Imports (2009 \$B)	2016 Q4*	2,738	8.2	2.5	1.1	4.6	4.4
Final domestic demand (2009 \$B)	2016 Q4*	17,338	2.5	2.1	2.1	3.1	2.6
GDP deflator (2009 = 100)	2016 Q4*	112.2	2.1	1.6	1.3	1.1	1.8
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)	Dec.*	124.6	0.5	0.7	1.4	1.5
ISM manufacturing index <sup>1</sup>	Dec.	54.5	53.5	51.7	52.8	47.9
ISM non-manufacturing index <sup>1</sup>	Dec.	56.6	56.2	56.6	56.1	55.2
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)	Dec.	104.6	0.8	0.4	0.3	0.5
Production capacity utilization rate (%) <sup>1</sup>	Dec.	75.5	74.9	75.3	75.4	75.4
New machinery orders (\$M)	Nov.	458,329	-2.4	0.9	0.9	-0.3
New durable good orders (\$M)	Dec.*	227,018	-0.4	-0.5	3.6	1.6
Business inventories (\$B)	Nov.	1,827	0.7	0.6	1.0	1.5
Housing starts (k) <sup>1</sup>	Dec.	1,226	1,102	1,052	1,195	1,160
Building permits (k) <sup>1</sup>	Dec.	1,228	1,212	1,225	1,153	1,201
New home sales (k) <sup>1</sup>	Dec.*	536.0	598.0	568.0	558.0	538.0
Existing home sales (k) <sup>1</sup>	Dec.*	5,490	5,650	5,490	5,570	5,450
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)	Dec.	243.0	0.3	0.8	1.3	2.1
<i>Excluding food and energy</i>	Dec.	249.9	0.2	0.5	1.0	2.2
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)	Nov.	51,770	1.5	0.9	3.1	2.1
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)	Nov.	45,227	0.2	2.3	2.4	3.0
<i>Excluding automobiles (\$M)</i>	Nov.	33,811	0.1	1.8	1.5	3.4
Wholesale trade sales (\$M)	Nov.*	56,852	0.2	0.0	1.5	2.6
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 (\$)	Nov.*	960.6	0.8	0.3	0.7	0.8
Number of salaried employees (k) <sup>2</sup>	Nov.*	16,016	25.3	24.5	18.9	15.2
Consumer price (2002 = 100)	Dec.	128.4	-0.2	-0.3	-0.5	1.5
<i>Excluding food and energy</i>	Dec.	123.5	-0.4	-0.6	-0.3	1.8
<i>Excluding 8 volatile items</i>	Dec.	128.1	-0.3	-0.6	-0.4	1.6
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. 27	Jan. 20	-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	0.53	0.50
Treasury bill – 3 months	0.50	0.49	0.50	0.29	0.27	0.32	0.54	0.34	0.18
Treasury bonds – 2 years	1.22	1.20	1.17	0.87	0.66	0.79	1.27	0.86	0.56
– 5 years	1.96	1.94	1.92	1.33	1.03	1.33	2.07	1.37	0.94
– 10 years	2.50	2.47	2.45	1.84	1.46	1.93	2.60	1.86	1.36
– 30 years	3.08	3.05	3.06	2.62	2.18	2.76	3.18	2.61	2.11
S&P 500 index (level)	2,294	2,271	2,239	2,126	2,174	1,940	2,298	2,122	1,829
DJIA index (level)	20,084	19,827	19,763	18,161	18,432	16,466	20,101	18,202	15,660
Gold price (US\$/ounce)	1,189	1,202	1,157	1,270	1,349	1,117	1,369	1,256	1,127
CRB index (level)	192.83	194.02	192.51	189.21	181.01	166.75	195.82	182.77	155.01
WTI oil (US\$/barrel)	52.77	52.33	53.75	48.72	41.54	33.66	54.01	44.91	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	0.46	0.48	0.53	0.46	0.56	0.49	0.42
Treasury bonds – 2 years	0.80	0.77	0.75	0.57	0.54	0.42	0.83	0.59	0.35
– 5 years	1.15	1.13	1.12	0.72	0.60	0.67	1.23	0.77	0.48
– 10 years	1.80	1.75	1.72	1.23	1.03	1.22	1.83	1.29	0.95
– 30 years	2.44	2.38	2.31	1.89	1.64	2.04	2.46	1.95	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	-0.03	-0.25
Treasury bill – 3 months	-0.07	-0.05	-0.04	0.19	0.26	0.14	0.35	0.15	-0.10
Treasury bonds – 2 years	-0.42	-0.43	-0.43	-0.30	-0.12	-0.37	-0.06	-0.26	-0.48
– 5 years	-0.80	-0.81	-0.80	-0.61	-0.43	-0.66	-0.38	-0.60	-0.89
– 10 years	-0.70	-0.72	-0.73	-0.62	-0.43	-0.71	-0.31	-0.57	-0.82
– 30 years	-0.64	-0.67	-0.75	-0.73	-0.54	-0.72	-0.52	-0.66	-0.88
S&P/TSX index (level)	15,575	15,548	15,288	14,785	14,583	12,822	15,644	14,294	12,087
Exchange rate (C\$/US\$)	1.3111	1.3322	1.3433	1.3399	1.3030	1.3973	1.4053	1.3147	0.7627
Exchange rate (C\$/€)	1.4018	1.4259	1.4126	1.4721	1.4559	1.5142	1.5780	1.4494	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\$/€)	1.0692	1.0703	1.0516	1.0987	1.1174	1.0837	1.1532	1.1051	1.0387
<u>United Kingdom</u>									
BoE – Base rate	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.38	0.25
Bonds – 10 years	1.47	1.43	1.24	1.26	0.81	1.57	1.66	1.22	0.61
FTSE index (level)	7,184	7,198	7,143	6,996	6,724	6,084	7,338	6,576	5,537
Exchange rate (US\$/£)	1.2530	1.2375	1.2339	1.2185	1.3231	1.4248	1.4879	1.3391	1.2049
<u>Germany</u>									
Bonds – 10 years	0.46	0.42	0.11	0.09	-0.18	0.27	0.49	0.08	-0.22
DAX index (level)	11,814	11,630	11,481	10,696	10,338	9,798	11,849	10,336	8,753
<u>Japan</u>									
BoJ – Overnight rate	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	-0.09	-0.10
Nikkei index (level)	19,467	19,138	19,114	17,446	16,569	17,518	19,594	17,063	14,952
Exchange rate (US\$/¥)	115.11	114.63	116.90	104.71	102.07	121.06	120.99	108.49	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.