

WEEKLY NEWSLETTER

Janet Yellen's remarks point to a rise in key rates at the March meeting

HIGHLIGHTS

- ▶ United States: Retail sales and inflation ramp up while industrial output and housing starts suffer setbacks.
- ▶ Canada: Manufacturing sales post another stellar advance in December.

A LOOK AHEAD

- ▶ United States: After resales and new single-family homes both posted declines in December, home sales are expected to rise in January .
- ▶ Canada: The annual inflation rate could stay at 1.5%.
- ▶ Canada: Wholesale and retail sales in December should advance.

FINANCIAL MARKETS

- ▶ After a long sequence of gains, stock market investors cash in their profits.
- ▶ The markets factor in a greater probability of a rate increase in the United States.
- ▶ The greenback is unable to maintain its recent momentum.

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Key statistics of the week

UNITED STATES

- ▶ Retail sales were up 0.4% in January after ticking up 1.0% in December. Automobile sales slipped 1.4%, but the value of gas station sales advanced 2.3%. Excluding gas and automobiles, sales rose 0.7%. Food services as well as stores that sell recreational items, electronics stores, department stores and clothing boutiques also posted noteworthy gains.
- ▶ The consumer price index (CPI) surged 0.6% in January, its strongest monthly increase since February 2013. The increase stems mainly from energy prices, which advanced 4.0%. The core index, which excludes food and energy, was up 0.3%. The annual change in the total CPI rose from 2.1% to 2.5% and core inflation edged up from 2.2% to 2.3%.
- ▶ Industrial output declined 0.3% in January after rebounding 0.6% in December. Manufacturing output was up 0.2%. If not for the 2.9% decline in the automobile sector, manufacturing would have posted good growth of 0.5%. Activity in the mining sector rose by 2.8% while energy production fell 5.7%, after rising 5.1% in December. Warmer temperature is the reason for the pullback.
- ▶ The regional manufacturing indexes rebounded significantly in February. The Philadelphia Fed index rose from an already lofty 23.6 to 43.3—a peak not seen since January 1984. For its part, the New York Fed’s Empire manufacturing index soared from 6.5 to 18.7, its highest level since September 2014.
- ▶ Housing starts declined 2.6% in January after a sharp 11.3% increase in December. As such, the annualized level has slipped from 1,279,000 units in December to 1,246,000. Multi-unit housing is solely responsible for this decline, where housing starts tumbled by 7.9%. Housing starts for single-family homes were up 1.9%. Building permits jumped 4.6%, once again thanks to multi-unit housing (+23.5%).
- ▶ The leading indicator ticked up 0.6% in January following a 0.5% rise in December—the strongest monthly gain since December 2014. The interest rate spread, increase in building permits and drop in jobless claims were the main reasons for this increase.

Francis Généreux, Senior economist

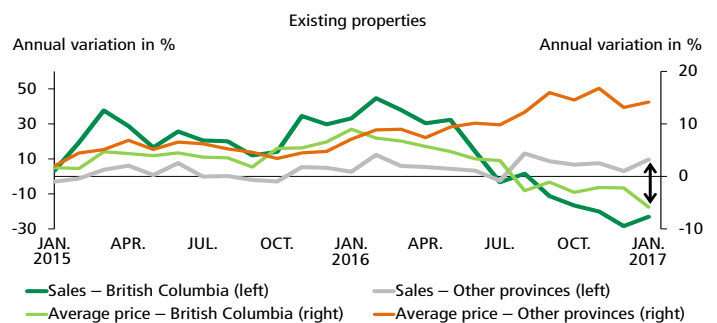
CANADA

- ▶ Manufacturing sales were up 2.3% in December, a result that clearly beat expectations. Recording a 4.1% increase, the automobile industry made a strong contribution to this growth. The petroleum and coal products sector also posted a sharp increase, with gains of 11.6% for the month, while the other sectors reported a 0.8% advance. Expressed in real terms, sales also rose 2.3% whereas inventories slid by 0.8%.
- ▶ Sales of existing properties were down 1.3% in January. Over a year, sales growth was only 1.9% compared with 10.7% last August. The bulk of this slowdown is in British Columbia, with sales down 23.0% over the last year, while sales in most other regions continue to rise at a fairly sustained pace. The average price for existing properties fell 0.3% in January 2017. The annual change slipped to merely 0.2%, compared with 16.9% in January 2016. British Columbia is also the source of the slowdown in price growth.

Benoit P. Durocher, Senior economist

CANADA

The housing market slowdown is mostly felt in British Columbia



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

Financial markets

Markets adjust to hints from the Federal Reserve

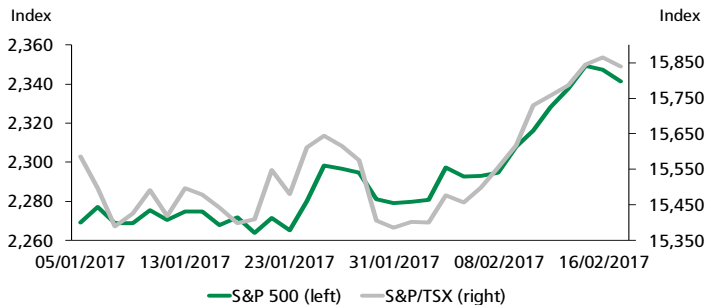
The S&P 500 maintained its upward momentum for most of the week. After seven straight sessions of positive gains, U.S. stock markets beat a retreat as of Thursday, despite particularly strong economic data on manufacturing activity, retail sales and inflation. Canada's stock market sequence extended beyond that of the S&P 500, posting eight consecutive gains. Oil prices kept within a fairly tight band, and the reassuring statements made by U.S. President Donald Trump about Canada seemed to support Canadian investors' confidence. The S&P/TSX retreated somewhat nonetheless by Friday morning.

In her testimony in front of the U.S. Congress, Federal Reserve (Fed) Chair Janet Yellen mentioned that an increase in key interest rates would be justifiable if the signals on inflation and the job market were deemed sufficiently encouraging. The expected probability of a rate increase at the March 15 meeting rose from 26% last week to 44% on Wednesday, before settling at 34% on Friday. U.S. bond yields tracked a similar path, with the 10-year yield starting the week at 2.42% and rising to 2.52% by Wednesday, before retreating to 2.42% on Friday morning, in step with the stock market declines. The drop in Canadian yields was less drastic as the week progressed, pushing up the spreads.

The U.S. dollar continued its ascent in the first half of the week, buoyed by the possibility of a rate increase at the Fed's next meeting in March. The greenback was nevertheless unable to maintain this momentum, once again losing the ground it had recovered. The U.S. dollar seems to have been penalized by profit taking and the uncertainty surrounding future decisions to be made by the Trump administration. The euro shifted somewhat above US\$1.05 on Wednesday to close to US\$1.07 on Thursday. The release of the minutes of the European Central Bank, which intends to uphold current easing measures, did not hurt the euro. Much like oil prices, the loonie was fairly stable, fluctuating between US\$0.76 and US\$0.77. The reassuring statements made by President Trump towards Canada kept the loonie afloat in spite of the greenback's strength.

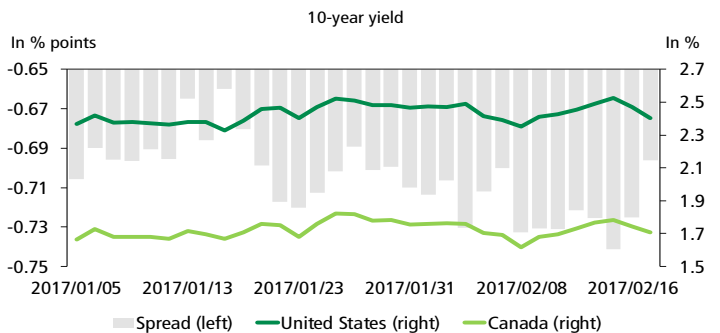
Jimmy Jean, CFA, Senior economist
Hendrix Vachon, Senior economist

GRAPH 1
Stock markets



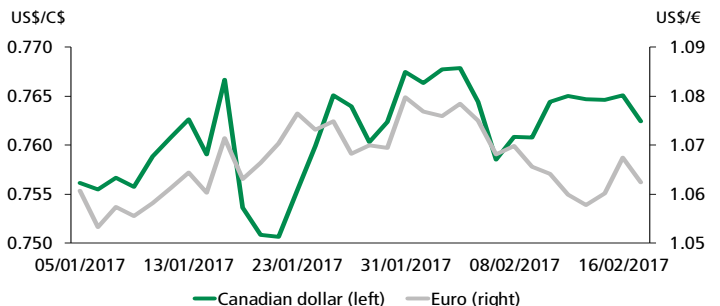
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A look ahead

WEDNESDAY February 22 - 10:00

| January | ann. rate |
|-----------------|------------------|
| Consensus | 5,540,000 |
| Desjardins | 5,590,000 |
| December | 5,490,000 |

FRIDAY February 24 - 10:00

| January | ann. rate |
|-----------------|----------------|
| Consensus | 575,000 |
| Desjardins | 575,000 |
| December | 536,000 |

MONDAY February 20 - 8:30

| December | m/m |
|-----------------|-------------|
| Consensus | n/a |
| Desjardins | 0.4% |
| November | 0.2% |

WEDNESDAY February 22 - 8:30

| December | m/m |
|-----------------|-------------|
| Consensus | 0.0% |
| Desjardins | 0.6% |
| November | 0.2% |

FRIDAY February 24 - 8:30

| January | m/m |
|-----------------|--------------|
| Consensus | 0.3% |
| Desjardins | 0.2% |
| December | -0.2% |

TUESDAY February 21 - 4:00

| | |
|-----------------|-------------|
| February | |
| Consensus | 55.0 |
| January | 55.2 |

UNITED STATES

Existing home sales (January) – After three consecutive monthly increases, resales fell 2.8% in December, pushing existing homes sales from a cyclical peak of 5,650,000 units to 5,490,000. We expect a slight increase in January however, given the 1.6% rise in pending home sales for December. Growth of just under 2% is expected for existing home sales, meaning that January's level was below November's.

New home sales (January) – New home sales tumbled 10.4% in December. This monthly drop, the sharpest since March 2013, was much steeper than the slight pullback the consensus expected. We do however anticipate a rebound as of January. Building permits for single-family homes remain at a level that points to a sales recovery, despite the 2.7% drop in the first month of the year. What's more, the builder confidence index is still particularly high. As for mortgage applications in view of a purchase, they have recently started to tick up despite the interest rate hike. All told, new home sales should climb back to 575,000 units. This increase—more than 7%—would wipe out a large part of the previous month's retreat.

CANADA

Wholesale trade (December) – Wholesalers' sales should continue to grow at a moderate pace in December. The strong growth in manufacturing sales in the automobile industry points to a positive contribution by this sector to the monthly change in wholesalers' sales for December. That said, this support could be offset by the more disappointing results for building materials and supplies, as well as machinery, equipment and supplies.

Retail sales (December) – Once seasonally adjusted, the prices of goods were up 0.7% in December, including a 5.8% jump in gas prices. This will inflate the value of retail sales for the month, especially at service stations. According to the preliminary data however, automobile sales were almost unchanged in December. What remains to be seen is the extent to which the growing popularity of gift cards will hold back retail sales growth in December, in exchange for faster growth in early 2017. In the end, moderate growth is expected for retail sales in the last month of 2016.


Consumer price index (January) – Based on the surveys at the pump, gas prices rose 5.0% on average in January. This increase should boost the monthly change in the total consumer price (CPI) by 0.2%. Seasonal price changes are usually fairly weak in January. If we take the slight uptrend in prices into account, our forecast calls for a 0.2% increase in the total CPI for January. The annual inflation rate could stay put at 1.5%.


OVERSEAS

Euro zone: PMI indexes (February) – Euroland's composite PMI index started 2017 as it had ended 2016—at 54.4. This level points to fairly good growth in the euro zone, a reflection of the annualized 2.0% gain in real GDP in Q4 2016. The reading for the PMI index in particular perked up considerably in January. New increases in February would obviously be good news for Euroland's economy. Among other indicators, the Euroland consumer confidence index will be released on Monday, while the German IFO index of corporate confidence will be made public on Wednesday.

Economic indicators

Week of February 20 to 24, 2017

| Day | Hour | Indicator | Period | Consensus |  | Previous data |
|----------------------|-------|------------------------------------------------------|------------|-----------|-------------------------------------------------------------------------------------|---------------|
| UNITED STATES | | | | | | |
| MONDAY 20 | | | | | | |
| | --- | Markets closed (President's Day) | | | | |
| TUESDAY 21 | | | | | | |
| | 8:50 | Speech of the Minneapolis Fed President, N. Kashkari | | | | |
| | 12:00 | Speech of the Philadelphia Fed President, P. Harker | | | | |
| WEDNESDAY 22 | | | | | | |
| | 10:00 | Existing home sales (ann. rate) | Jan. | 5,540,000 | 5,590,000 | 5,490,000 |
| | 13:00 | Speech of a Federal Reserve Governor, J. Powell | | | | |
| | 14:00 | Release of FOMC minutes | | | | |
| THURSDAY 23 | | | | | | |
| | 8:30 | Initial unemployment claims | Feb. 13-17 | 240,000 | 244,000 | 239,000 |
| | 8:35 | Speech of the Atlanta Fed President, D. Lockhart | | | | |
| FRIDAY 24 | | | | | | |
| | 10:00 | Michigan's consumer sentiment index – final | Feb. | 96.0 | 95.7 | 95.7 |
| | 10:00 | New home sales (ann. rate) | Jan. | 575,000 | 575,000 | 536,000 |
| CANADA | | | | | | |
| MONDAY 20 | | | | | | |
| | 8:30 | Wholesale sales (m/m) | Dec. | n/a | 0.4% | 0.2% |
| | 8:30 | Wholesale inventories (m/m) | Dec. | n/a | 0.1% | 0.2% |
| TUESDAY 21 | | | | | | |
| | --- | --- | | | | |
| WEDNESDAY 22 | | | | | | |
| | 8:30 | Retail sales | | | | |
| | | Total (m/m) | Dec. | 0.0% | 0.6% | 0.2% |
| | | Excluding automobiles (m/m) | Dec. | 0.8% | 0.8% | 0.1% |
| THURSDAY 23 | | | | | | |
| | --- | --- | | | | |
| FRIDAY 24 | | | | | | |
| | 8:30 | Consumer price index | | | | |
| | | Total (m/m) | Jan. | 0.3% | 0.2% | -0.2% |
| | | Excluding 8 most volatile (m/m) | Jan. | n/a | -0.1% | -0.4% |
| | | Total (y/y) | Jan. | 1.6% | 1.5% | 1.5% |
| | | Excluding 8 most volatile (y/y) | Jan. | n/a | 1.5% | 1.8% |

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 February 20 to 24, 2017

| Country | Hour | Indicator | Period | Consensus | | Previous data | | |
|--------------------|-------|---------------------------------------|--------|-----------|-------|---------------|------|--|
| | | | | m/m (q/q) | y/y | m/m (q/q) | y/y | |
| OVERSEAS | | | | | | | | |
| DIMANCHE 19 | | | | | | | | |
| Japan | 18:50 | Trade balance (¥B) | Jan. | 275.5 | | 356.7 | | |
| LUNDI 20 | | | | | | | | |
| Germany | 2:00 | Producer price index | Jan. | 0.3% | 2.0% | 0.4% | 1.0% | |
| Euro zone | 10:00 | Consumer confidence – preliminary | Feb. | -4.9 | | -4.9 | | |
| Japan | 23:30 | All industry activity index | Dec. | -0.2% | | 0.3% | | |
| MARDI 21 | | | | | | | | |
| France | 2:45 | Consumer price index – final | Jan. | -0.2% | 1.4% | -0.2% | 1.4% | |
| France | 3:00 | PMI composite index – preliminary | Feb. | 53.8 | | 54.1 | | |
| France | 3:00 | PMI manufacturing index – preliminary | Feb. | 53.5 | | 53.6 | | |
| France | 3:00 | PMI services index – preliminary | Feb. | 53.9 | | 54.1 | | |
| Germany | 3:30 | PMI composite index – preliminary | Feb. | 54.8 | | 54.8 | | |
| Germany | 3:30 | PMI manufacturing index – preliminary | Feb. | 56.0 | | 56.4 | | |
| Germany | 3:30 | PMI services index – preliminary | Feb. | 53.6 | | 53.4 | | |
| Euro zone | 4:00 | PMI composite index – preliminary | Feb. | 54.4 | | 54.4 | | |
| Euro zone | 4:00 | PMI manufacturing index – preliminary | Feb. | 55.0 | | 55.2 | | |
| Euro zone | 4:00 | PMI services index – preliminary | Feb. | 53.8 | | 53.7 | | |
| MERCREDI 22 | | | | | | | | |
| Brazil | --- | Bank of Brazil meeting | Feb. | 12.25% | | 13.00% | | |
| Germany | 4:00 | IFO survey – Business climate | Feb. | 109.7 | | 109.8 | | |
| Germany | 4:00 | IFO survey – Current situation | Feb. | 116.6 | | 116.9 | | |
| Germany | 4:00 | IFO survey – Expectations | Feb. | 103.0 | | 103.2 | | |
| United Kingdom | 4:30 | Index of services | Dec. | 0.1% | | 0.3% | | |
| United Kingdom | 4:30 | Real GDP – preliminary | Q4 | 0.6% | 2.2% | 0.6% | 2.2% | |
| Euro zone | 5:00 | Consumer price index | Jan. | -0.8% | 1.8% | 0.5% | 1.8% | |
| JEUDI 23 | | | | | | | | |
| South Korea | --- | Bank of Korea meeting | Feb. | 1.25% | | 1.25% | | |
| Japan | 0:00 | Leading indicator – final | Dec. | n/a | | 105.2 | | |
| Japan | 0:00 | Coincident indicator – final | Dec. | n/a | | 115.2 | | |
| Germany | 2:00 | Consumer confidence | March | 10.1 | | 10.2 | | |
| Germany | 2:00 | Real GDP – final | Q4 | 0.4% | 1.7% | 0.4% | 1.7% | |
| France | 2:45 | Business confidence | Feb. | 104 | | 104 | | |
| France | 2:45 | Production outlook | Feb. | n/a | | 8 | | |
| Italy | 4:00 | Retail sales | Dec. | 0.2% | 0.9% | -0.7% | 0.8% | |
| Mexico | 10:00 | Minutes of the Bank of Mexico meeting | | | | | | |
| VENDREDI 24 | | | | | | | | |
| France | 2:45 | Consumer confidence | Feb. | 100 | | 100 | | |
| Italy | 4:00 | Factory orders | Dec. | n/a | -0.8% | 1.5% | 0.1% | |
| Italy | 5:00 | Consumer confidence | Feb. | 108.8 | | 108.8 | | |
| Italy | 5:00 | Economic confidence | Feb. | n/a | | 102.5 | | |

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. 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) ¹ | 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 Q4 | 107.4 | 1.5 | 1.0 | 0.2 | 0.9 | 0.8 |
| Unit labor cost (2009 = 100) | 2016 Q4 | 111.1 | 1.7 | 1.9 | 2.6 | 2.0 | 2.0 |
| Employment cost index (Dec. 2005 = 100) | 2016 Q4 | 128.0 | 1.9 | 2.2 | 2.2 | 2.1 | 2.0 |
| 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) | Jan.* | 125.5 | 0.6 | 1.3 | 1.6 | 2.5 |
| ISM manufacturing index ¹ | Jan. | 56.0 | 54.5 | 52.0 | 52.3 | 48.6 |
| ISM non-manufacturing index ¹ | Jan. | 56.5 | 56.6 | 54.6 | 54.9 | 54.0 |
| Cons. confidence Conference Board (1985 = 100) ¹ | Jan. | 111.8 | 113.3 | 100.8 | 96.7 | 97.8 |
| Personal consumption expenditure (2009 \$B) | Dec. | 11,672 | 0.3 | 0.6 | 1.3 | 2.8 |
| Disposable personal income (2009 \$B) | Dec. | 12,791 | 0.1 | 0.4 | 0.9 | 2.1 |
| Consumer credit (\$B) | Dec. | 3,763 | 0.4 | 1.5 | 3.3 | 6.4 |
| Retail sales (\$M) | Jan.* | 472,142 | 0.4 | 1.5 | 3.1 | 5.6 |
| <i>Excluding automobiles (\$M)</i> | Jan.* | 374,207 | 0.8 | 1.5 | 2.8 | 5.3 |
| Industrial production (2007 = 100) | Jan.* | 104.6 | -0.3 | 0.1 | 0.0 | 0.0 |
| Production capacity utilization rate (%) ¹ | Jan.* | 75.3 | 75.6 | 75.5 | 75.6 | 75.7 |
| New machinery orders (\$M) | Dec. | 464,868 | 1.3 | 1.7 | 4.2 | 3.6 |
| New durable good orders (\$M) | Dec. | 227,108 | -0.5 | -0.5 | 3.7 | 1.7 |
| Business inventories (\$B) | Dec.* | 1,836 | 0.4 | 1.0 | 1.2 | 2.0 |
| Housing starts (k) ¹ | Jan.* | 1,246 | 1,279 | 1,320 | 1,218 | 1,128 |
| Building permits (k) ¹ | Jan.* | 1,285 | 1,228 | 1,260 | 1,144 | 1,188 |
| New home sales (k) ¹ | Dec. | 536.0 | 598.0 | 568.0 | 558.0 | 538.0 |
| Existing home sales (k) ¹ | Dec. | 5,490 | 5,650 | 5,490 | 5,570 | 5,450 |
| Commercial surplus (\$M) ¹ | Dec. | -44,262 | -45,730 | -36,516 | -45,070 | -41,487 |
| Nonfarm employment (k) ² | Jan. | 145,554 | 227.0 | 548.0 | 1,097 | 2,343 |
| Unemployment rate (%) ¹ | Jan. | 4.8 | 4.7 | 4.8 | 4.9 | 4.9 |
| Consumer price (1982-1984 = 100) | Jan.* | 244.2 | 0.6 | 1.0 | 1.8 | 2.5 |
| <i>Excluding food and energy</i> | Jan.* | 250.8 | 0.3 | 0.7 | 1.2 | 2.3 |
| Personal cons. expenditure deflator (2009 = 100) | Dec. | 111.7 | 0.2 | 0.5 | 0.9 | 1.6 |
| <i>Excluding food and energy</i> | Dec. | 112.1 | 0.1 | 0.3 | 0.7 | 1.7 |
| Producer price (2009 = 100) | Jan.* | 111.9 | 0.6 | 1.3 | 1.3 | 1.7 |
| Export prices (2000 = 100) | Jan. | 121.4 | 0.1 | 0.6 | 0.2 | 2.3 |
| Import prices (2000 = 100) | Jan. | 122.2 | 0.4 | 0.8 | 1.2 | 3.7 |

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) | Nov. | 1,688,143 | 0.4 | 0.6 | 1.9 | 1.6 |
| Industrial production (2007 \$M) | Nov. | 354,550 | 0.9 | 0.7 | 6.3 | 1.4 |
| Manufacturing sales (\$M) | Dec.* | 53,462 | 2.3 | 3.9 | 5.3 | 4.1 |
| Housing starts (k) ¹ | Jan. | 207.4 | 206.3 | 195.6 | 195.7 | 175.4 |
| Building permits (\$M) | Dec. | 7,168 | -6.6 | 1.9 | 11.6 | 1.4 |
| 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) ¹ | Dec. | 922.8 | 1,013 | -4,250 | -4,007 | -918.4 |
| <i>Exports (\$M)</i> | Dec. | 46,440 | 0.8 | 6.8 | 12.2 | 3.4 |
| <i>Imports (\$M)</i> | Dec. | 45,518 | 1.0 | -4.6 | 0.3 | -0.7 |
| Employment (k) ² | Jan. | 18,273 | 48.3 | 30.7 | 39.8 | 23.0 |
| Unemployment rate (%) ¹ | Jan. | 6.8 | 6.9 | 7.0 | 7.0 | 7.2 |
| Average weekly earnings (\$) | Nov. | 960.6 | 0.8 | 0.3 | 0.7 | 0.8 |
| Number of salaried employees (k) ² | 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) | Dec. | 112.1 | 0.4 | 1.4 | 1.8 | 2.2 |
| Raw materials price (2002 = 100) | Dec. | 98.2 | 6.5 | 8.1 | 4.5 | 17.2 |
| Money supply M1+ (\$M) | Dec. | 893,093 | 0.6 | 2.2 | 5.8 | 9.6 |

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 | | |
|---------------------------------------------|---------|---------------|----------|-----------|-----------|---------|---------------|---------|--------|
| | Feb. 17 | Feb. 10 | -1 month | -3 months | -6 months | -1 year | Higher | Average | Lower |
| United States | | | | | | | | | |
| Federal funds – target | 0.75 | 0.75 | 0.75 | 0.50 | 0.50 | 0.50 | 0.75 | 0.55 | 0.50 |
| Treasury bill – 3 months | 0.52 | 0.54 | 0.49 | 0.43 | 0.29 | 0.30 | 0.54 | 0.35 | 0.18 |
| Treasury bonds – 2 years | 1.19 | 1.20 | 1.20 | 1.06 | 0.75 | 0.76 | 1.27 | 0.89 | 0.56 |
| – 5 years | 1.91 | 1.89 | 1.94 | 1.78 | 1.16 | 1.22 | 2.07 | 1.40 | 0.94 |
| – 10 years | 2.40 | 2.43 | 2.47 | 2.34 | 1.58 | 1.75 | 2.60 | 1.90 | 1.36 |
| – 30 years | 3.02 | 3.02 | 3.05 | 3.02 | 2.29 | 2.60 | 3.18 | 2.63 | 2.11 |
| S&P 500 index (level) | 2,341 | 2,316 | 2,271 | 2,182 | 2,184 | 1,918 | 2,349 | 2,146 | 1,921 |
| DJIA index (level) | 20,552 | 20,269 | 19,827 | 18,868 | 18,553 | 16,392 | 20,620 | 18,435 | 16,432 |
| Gold price (US\$/ounce) | 1,238 | 1,231 | 1,202 | 1,208 | 1,345 | 1,232 | 1,369 | 1,258 | 1,127 |
| CRB index (level) | 191.86 | 194.04 | 194.02 | 183.14 | 188.78 | 159.63 | 195.82 | 184.63 | 160.44 |
| WTI oil (US\$/barrel) | 53.10 | 53.84 | 52.33 | 45.69 | 48.48 | 29.59 | 54.01 | 46.26 | 30.35 |
| 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 | 0.46 | 0.44 | 0.50 | 0.49 | 0.46 | 0.56 | 0.49 | 0.42 |
| Treasury bonds – 2 years | 0.78 | 0.77 | 0.77 | 0.67 | 0.57 | 0.45 | 0.83 | 0.61 | 0.45 |
| – 5 years | 1.16 | 1.09 | 1.13 | 0.99 | 0.68 | 0.60 | 1.23 | 0.80 | 0.53 |
| – 10 years | 1.71 | 1.70 | 1.75 | 1.58 | 1.08 | 1.12 | 1.83 | 1.33 | 0.95 |
| – 30 years | 2.36 | 2.37 | 2.38 | 2.22 | 1.69 | 1.92 | 2.46 | 1.98 | 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 | -0.05 | -0.25 |
| Treasury bill – 3 months | -0.04 | -0.08 | -0.05 | 0.07 | 0.20 | 0.16 | 0.35 | 0.14 | -0.10 |
| Treasury bonds – 2 years | -0.41 | -0.43 | -0.43 | -0.39 | -0.18 | -0.31 | -0.06 | -0.27 | -0.48 |
| – 5 years | -0.74 | -0.80 | -0.81 | -0.79 | -0.48 | -0.62 | -0.38 | -0.61 | -0.89 |
| – 10 years | -0.70 | -0.73 | -0.72 | -0.76 | -0.50 | -0.63 | -0.31 | -0.58 | -0.82 |
| – 30 years | -0.67 | -0.65 | -0.67 | -0.80 | -0.60 | -0.68 | -0.52 | -0.66 | -0.88 |
| S&P/TSX index (level) | 15,840 | 15,729 | 15,548 | 14,864 | 14,687 | 12,813 | 15,864 | 14,470 | 12,740 |
| Exchange rate (C\$/US\$) | 1.3116 | 1.3082 | 1.3322 | 1.3501 | 1.2872 | 1.3767 | 1.3794 | 1.3103 | 0.7624 |
| Exchange rate (C\$/€) | 1.3936 | 1.3920 | 1.4259 | 1.4295 | 1.4579 | 1.5328 | 1.5201 | 1.4410 | 0.0000 |
| Overseas | | | | | | | | | |
| <u>Euro zone</u> | | | | | | | | | |
| ECB – Refinancing rate | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.05 | 0.05 | 0.00 | 0.00 |
| Exchange rate (US\$/€) | 1.0624 | 1.0641 | 1.0703 | 1.0588 | 1.1326 | 1.1135 | 1.1532 | 1.1024 | 1.0387 |
| <u>United Kingdom</u> | | | | | | | | | |
| BoE – Base rate | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.36 | 0.25 |
| Bonds – 10 years | 1.21 | 1.26 | 1.43 | 1.47 | 0.72 | 1.41 | 1.66 | 1.21 | 0.61 |
| FTSE index (level) | 7,293 | 7,259 | 7,198 | 6,776 | 6,859 | 5,950 | 7,338 | 6,655 | 5,867 |
| Exchange rate (US\$/£) | 1.2500 | 1.2492 | 1.2375 | 1.2346 | 1.3076 | 1.4407 | 1.4879 | 1.3280 | 1.2049 |
| <u>Germany</u> | | | | | | | | | |
| Bonds – 10 years | 0.30 | 0.32 | 0.42 | 0.20 | -0.10 | 0.20 | 0.49 | 0.09 | -0.22 |
| DAX index (level) | 11,739 | 11,667 | 11,630 | 10,665 | 10,544 | 9,388 | 11,849 | 10,476 | 9,168 |
| <u>Japan</u> | | | | | | | | | |
| BoJ – Overnight rate | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 |
| Nikkei index (level) | 19,235 | 19,379 | 19,138 | 17,967 | 16,546 | 15,967 | 19,594 | 17,221 | 14,952 |
| Exchange rate (US\$/¥) | 112.77 | 113.22 | 114.63 | 110.95 | 100.22 | 112.57 | 118.18 | 108.36 | 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.