

## WEEKLY NEWSLETTER

# Canada's real GDP blasted past expectations at the end of 2016

### HIGHLIGHTS

- ▶ United States: Another increase for the ISM indexes.
- ▶ Consumption weaker than expected in the United States in January.
- ▶ Canada: Real GDP up 2.6% in the fourth quarter.
- ▶ The Bank of Canada opts once again to stay put on key interest rates.

### A LOOK AHEAD

- ▶ The job market in the United States expected to post another solid increase in February.
- ▶ Canada: The trade balance could slightly decrease in January.
- ▶ Canada: Labour productivity should show improvement in Q4.
- ▶ Canada: The labour market is likely to underperform in February.

### FINANCIAL MARKETS

- ▶ The S&P 500 cracks 2,400 points, while the S&P/TSX racks up losses.
- ▶ The markets are now persuaded that the Federal Reserve will hike its rate on March 15.
- ▶ The U.S. dollar takes flight in line with expectations on monetary firming in the United States.

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# Key statistics of the week

## UNITED STATES

- ▶ The S&P/Case-Shiller index of existing home prices in 20 major cities was up 0.9% in December on the heels of a 0.8% rise in November. The annual change in this index increased from 5.2% to 5.6%.
- ▶ After taking a break in January, the Conference Board consumer confidence index was trending upward again in February, rising from 111.6 to 114.8, its highest level since July 2001.
- ▶ As expected, the ISM manufacturing index continued to climb in February, from 56.0 to 57.7, its highest level since August 2014. Seven of the 10 sub-indexes advanced, with new orders (+4.7 points) and pending orders (+7.5 points) posting the biggest increases. For its part, the ISM non-manufacturing index also ticked up considerably, from 56.5 to 57.6, a peak not reached since October 2015.
- ▶ After tumbling 4.6% in January, new automobile sales declined once again in February, by 0.1% this time.
- ▶ Weekly jobless claims fell by only 223,000 for the week ending February 25, the lowest level since March 1973.
- ▶ Real consumption declined 0.3% in January after ticking up 0.1% in December. Spending on non-durable goods stagnated and declined 0.8% for durable goods. The drop in demand for heating pushed services down by 0.2%.
- ▶ New orders for durable goods jumped by 1.8% in January. Aerospace, which rocketed 66.3%, is behind this thrust. Excluding transportation, new orders slipped instead by 0.2%.
- ▶ Construction spending was down 1.0% in January after rising 0.1% in December. Residential construction gained 0.3% while private non-residential construction was flat. Public construction tumbled by 5.0%.

**Francis Généreux**, Senior economist

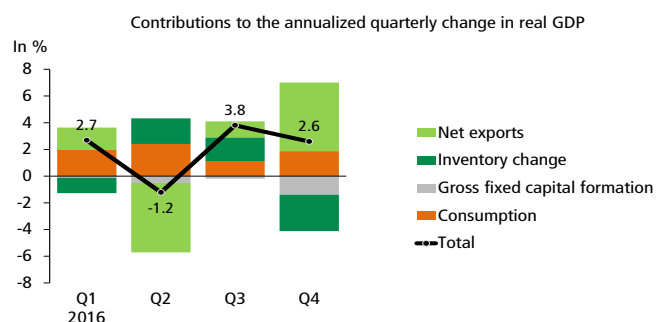
## CANADA

- ▶ While the consensus forecast called for a 2.0% gain, real GDP growth exceeded expectations in the fourth quarter with a 2.6% gain. That said, the overall picture for the Canadian economy is pretty much as expected. Household consumption expenditures continued to rise, the housing market has not yet slowed down, and non-residential investment was heavily affected by the return to normal after the third-quarter disruptions associated with the import of a module for the Hebron oil project. These disruptions are also clearly the source of the sharp decline in imports in the fourth quarter.
- ▶ That the Bank of Canada (BoC) opted once again to maintain the status quo on its key interest rates comes as no surprise. Even if the monetary authorities indicated that economic growth was somewhat stronger in the fourth quarter of 2016, they continue to stress the fact that the surplus production capacity in Canada remains high. Moreover, the BoC does not seem overly concerned about the recent increase in total inflation, which rose above its median target in January after spending several months at fairly weak levels. What's more, the three new tools to measure core inflation are fairly stable.
- ▶ The current account balance improved significantly in the fourth quarter of 2016, falling from -\$19.7B to -\$10.7B. The positive impacts of rising prices for oil and other commodities are mainly behind this increase in the value of exports.

**Benoit P. Durocher**, Senior economist

## CANADA

### Growth remained fairly strong in Q4 2016



Sources: Statistics Canada and Desjardins, Economic Studies

# Financial markets

## Federal Reserve leaders influence market expectations

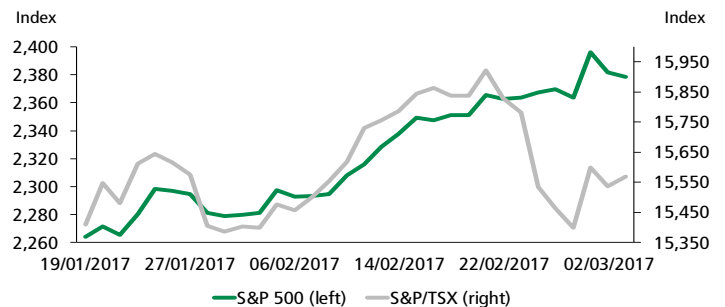
After a fairly quiet start to the week, the global stock markets advanced significantly on Wednesday. Even if U.S. president Donald Trump's speech on Tuesday evening provided few new details on his economic policy, his more measured tone pleased the markets. As a result, the S&P 500 soared to 2,400 points on Wednesday, only to retreat slightly afterwards, settling at 2,380 Friday morning. Canada's stock market continued to grapple with difficulties, with six declines in seven sessions. The drop in oil prices on Thursday was particularly punishing.

The Federal Reserve's (Fed) leaders emphasized the possibility of a rate hike. On Tuesday, William Dudley, the influential Chair of the New York Fed, joined several of his colleagues in expressing his optimism on the economy, indicating that a rate hike could take place in a near future. Investors reacted sharply, factoring in a more than 90% probability that an increase will be ordered at the March 15 meeting. The move reverberated on 2- and 5-year yields, which posted respective weekly advances of 17 and 23 basis points on Friday morning. In Canada, despite the better-than-expected data on growth, the cautious tone in the Bank of Canada (BoC) statement released Wednesday convinced investors that it would not be adjusting its monetary policy anytime soon. The 2-year yield in Canada posted little growth over the week.

The greenback took full advantage of the change in monetary firming expectations in the United States. The euro fell back to US\$1.05 during the week, but was up by about 50 cents by Friday morning. This rebound was consistent with a pause in the greenback's widespread appreciation. Europe's currency also seems to have benefited from the rise by inflation in the euro zone. The week was more difficult for the pound, which was closing in on US\$1.22 on Friday. The concerns related to Brexit are starting to be felt again. Canada's loonie was not spared from the general trend, falling by almost two cents to US\$0.745. The very cautious tone of the BoC punished the Canadian dollar. The solid data on real GDP growth in Canada was not enough to turn the tide.

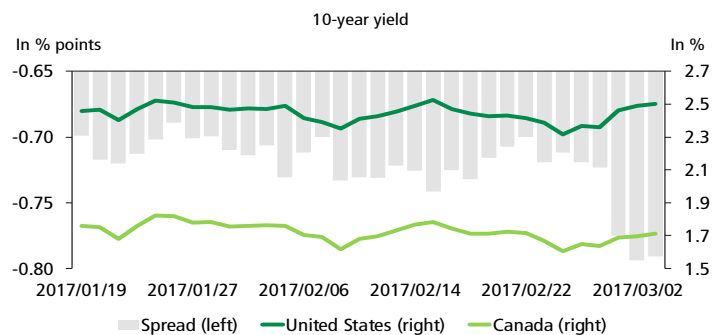
**Jimmy Jean, CFA**, Senior economist  
**Hendrix Vachon**, Senior economist

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



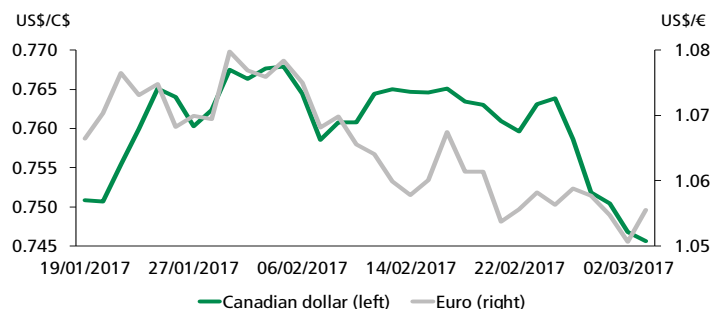
Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

# A look ahead

**TUESDAY March 7 - 8:30**

<b>January</b>	<b>US\$B</b>
Consensus	-47.2
Desjardins	-49.0
<b>December</b>	<b>-44.3</b>

**FRIDAY March 10 - 8:30**

<b>February</b>	
Consensus	185,000
Desjardins	205,000
<b>January</b>	<b>227,000</b>

**TUESDAY March 7 - 8:30**

<b>January</b>	<b>\$B</b>
Consensus	0.75
Desjardins	0.79
<b>December</b>	<b>0.92</b>

**WEDNESDAY March 8 - 8:15**

<b>February</b>	<b>ann. rate</b>
Consensus	200,000
Desjardins	200,000
<b>January</b>	<b>207,410</b>

**WEDNESDAY March 8 - 8:30**

<b>Q4 2016</b>	<b>q/q</b>
Consensus	0.4%
Desjardins	0.6%
<b>Q3 2016</b>	<b>1.2%</b>

**THURSDAY March 9 - 8:30**

<b>Q4 2016</b>	
Consensus	82.5%
Desjardins	82.1%
<b>Q3 2016</b>	<b>81.9%</b>

**UNITED STATES**

**Trade balance (January)** – After two months of declines, the U.S. trade balance improved somewhat in December, with the deficit going from -US\$45.7B to -US\$44.3B. We now expect the trade balance to show a sharp decline in January. The preliminary trade data on goods show that exports shrank 0.3% while imports jumped 2.3%. The deficit should therefore rise from -US\$44.3B to -US\$49.0B—the worst trade balance since March 2012. If things do not improve in the next few months, this could translate into a significant negative contribution to real GDP growth in Q1 2017.

**Job creation according to the establishment survey (February)** – Job creation in January was surprising, with 227,000 new positions gained while the consensus was calling for some 175,000 new jobs. Another solid result is expected for February. Weak jobless claims and strong readings from the main consumer and business confidence indexes point to another month of strong hiring, with slightly more than 200,000 new jobs expected. However, a major winter snowstorm on the east coast the week the survey on jobs took place could disrupt the data. The jobless rate for February should fall back to 4.7%.

**CANADA**

**International merchandise trade (January)** – Once seasonally adjusted and expressed in Canadian dollars, prices for energy products jumped 4.2% in January; this should inflate the value of energy exports. In contrast, other commodity exports should be affected by the 1.2% drop in their prices. If we account for the slight increase expected in several other major industries, the total value of merchandise exports might show a slight increase in January. Imports are also expected to advance slightly during the month, such that the trade balance may not show any big movement.

**Housing starts (February)** – After reaching a relatively high level in December and January, the number of housing starts could fall slightly in February and move closer to its 6-month trend, or about 200,000 units. However, it remains to be seen if the measures introduced last fall to limit mortgage credit will have more of an effect.

**Labour productivity (Q4)** – According to the results for the economic accounts, real business output was up 0.7% in the fourth quarter of 2016. Since the number of hours worked for the period increased by a scant 0.1%, a worker productivity gain is expected. And since the average weekly earnings also rose by 0.7% in the fourth quarter, unit labour costs could stay flat for the period.

**Industrial capacity utilization rate (Q4)** – Industrial output was up 0.9% in the fourth quarter of 2016. What's more, mining, oil and gas extraction posted significant advances. Construction also reported increased activity. However, the warmer temperatures last fall hurt manufacturing and public utilities.

**FRIDAY March 10 - 8:30**
**February**

Consensus	-2,500
Desjardins	-18,000

**January 48,300**
**THURSDAY March 9 - 7:45**
**March**

Consensus	0.00%
Desjardins	0.00%

**January 19 0.00%**


**Labour Force Survey (February)** – For the past six months, Canada’s labour market has churned out an average of 39,800 new jobs per month. Close to 94,000 jobs were created in Canada in December and January alone. This advance is clearly too high, even if economic growth has been fairly solid since mid-2016. In such conditions, the probabilities that the labour market will underperform in February are quite high. We therefore expect a loss of 18,000 jobs. The unemployment rate could remain at 6.8%.


**OVERSEAS**

**Euro zone: European Central Bank meeting (March)** – No monetary policy changes are expected in the euro zone. It will still be interesting to see if the statement released by the European Central Bank (ECB) contains any changes after the release of recent economic data that generally beat expectations. The ECB could assess that the risks hovering over the economy and inflation are more balanced than they were previously, but at the same time, this will not be enough to signal the early end of the easing measures currently in place. Among the indicators to be released next week, the final version of the Q4 2016 national accounts for the euro zone will be published on Tuesday. We will then find out how each component contributed to the 0.4% uptick in real GDP growth at the end of 2016. January’s data on industrial output in Germany (Wednesday) and France (Friday) will also be released.

# Economic indicators

## Week of March 6 to 10, 2017

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 6</b>	10:00	Factory orders (m/m)	Jan.	1.0%	1.0%	1.3%
	15:00	Speech of the Minneapolis Fed President, N. Kashkari				
<b>TUESDAY 7</b>	8:30	Trade balance – Goods and services (US\$B)	Jan.	-47.2	-49.0	-44.3
	15:00	Consumer credit (US\$B)	Jan.	17.5	11.0	14.2
<b>WEDNESDAY 8</b>	8:30	Nonfarm productivity – final (ann. rate)	Q4	1.5%	1.5%	1.3%
	8:30	Unit labor costs – final (ann. rate)	Q4	1.6%	1.5%	1.7%
	10:00	Wholesale inventories – final (m/m)	Jan.	n/a	-0.1%	-0.1%
<b>THURSDAY 9</b>	8:30	Initial unemployment claims	Feb. 27-March 3	238,000	240,000	223,000
	8:30	Export prices (m/m)	Feb.	n/a	0.2%	0.1%
	8:30	Import prices (m/m)	Feb.	0.1%	0.3%	0.4%
<b>FRIDAY 10</b>	8:30	Change in nonfarm payrolls	Feb.	185,000	205,000	227,000
	8:30	Unemployment rate	Feb.	4.7%	4.7%	4.8%
	8:30	Weekly worked hours	Feb.	34.4	34.3	34.4
	8:30	Average weekly earnings (m/m)	Feb.	0.3%	0.3%	0.1%
	14:00	Monthly Budget Statement	Feb.	-151.0	n/a	51.3
<b>CANADA</b>						
<b>MONDAY 6</b>	---	---				
<b>TUESDAY 7</b>	8:30	International trade (\$B)	Jan.	0.75	0.79	0.92
	10:00	PMI-Ivey index	Feb.	n/a	56.0	57.2
<b>WEDNESDAY 8</b>	8:15	Housing starts (ann. rate)	Feb.	200,000	200,000	207,410
	8:30	Labour productivity (q/q)	Q4	0.4%	0.6%	1.2%
	8:30	Unit labour costs (q/q)	Q4	n/a	0.1%	-0.7%
	8:30	Building permits (m/m)	Jan.	2.0%	2.0%	-6.6%
<b>THURSDAY 9</b>	8:30	Industrial capacity utilization rate	Q4	82.5%	82.1%	81.9 %
<b>FRIDAY 10</b>	8:30	Net change in employment	Feb.	-2,500	-18,000	48,300
	8:30	Unemployment rate	Feb.	6.8%	6.8%	6.8%

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 March 6 to 10, 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 5</b>								
China	---	Trade balance (US\$B)	Feb.	25.50		51.35		
<b>MONDAY 6</b>								
Australia	22:30	Reserve Bank of Australia meeting	March	1.50%		1.50%		
<b>TUESDAY 7</b>								
Germany	2:00	Factory orders	Jan.	-2.5%	4.3%	5.2%	8.1%	
Euro zone	5:00	Real GDP – final	Q4	0.4%	1.7%	0.4%	1.7%	
Japan	18:50	Current account (¥B)	Jan.	1 438.2		1,669.2		
Japan	18:50	Real GDP – final	Q4	0.4%		0.2%		
<b>WEDNESDAY 8</b>								
Japan	0:00	Leading indicator – preliminary	Jan.	105.4		104.8		
Japan	0:00	Coincident indicator – preliminary	Jan.	114.3		114.8		
Germany	2:00	Industrial production	Jan.	2.7%	-0.6%	-3.0%	-0.7%	
France	2:45	Trade balance (€M)	Jan.	-3,650		-3,421		
France	2:45	Current account (€B)	Jan.	n/a		-1.1		
China	20:30	Consumer price index	Feb.		1.8%		2.5%	
China	20:30	Producer price index	Feb.		7.5%		6.9%	
<b>THURSDAY 9</b>								
France	1:30	Non-farm payrolls – final	Q4	0.4%		0.4%		
Euro zone	7:45	European Central Bank meeting	March	0.00%		0.00%		
<b>FRIDAY 10</b>								
Germany	2:00	Trade balance (€B)	Jan.	18.0		18.7		
Germany	2:00	Current account (€B)	Jan.	16.0		24.0		
France	2:45	Industrial production	Jan.	0.5%	0.4%	-0.9%	1.3%	
United Kingdom	4:30	Trade balance (€M)	Jan.	-3,100		-3,304		
United Kingdom	4:30	Construction	Jan.	-0.4%	0.2%	1.8%	0.6%	
United Kingdom	4:30	Industrial production	Jan.	-0.5%	3.2%	1.1%	4.3%	

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	2016	2015	2014
Gross domestic product (2009 \$B)	2016 Q4	16,804	1.9	1.9	1.6	2.6	2.4
Consumption (2009 \$B)	2016 Q4	11,655	3.0	3.0	2.7	3.2	2.9
Government spending (2009 \$B)	2016 Q4	2,909	0.3	0.2	0.8	1.8	-0.9
Residential investment (2009 \$B)	2016 Q4	596.0	9.6	1.1	4.9	11.7	3.5
Non-residential investment (2009 \$B)	2016 Q4	2,200	1.3	0.0	-0.5	2.1	6.0
Business inventory change (2009 \$B) <sup>1</sup>	2016 Q4	46.2	---	---	21.1	84.0	57.7
Exports (2009 \$B)	2016 Q4	2,140	-4.0	1.6	0.4	0.1	4.3
Imports (2009 \$B)	2016 Q4	2,740	8.5	2.5	1.1	4.6	4.4
Final domestic demand (2009 \$B)	2016 Q4	17,340	2.6	2.1	2.1	3.1	2.6
GDP deflator (2009 = 100)	2016 Q4	112.2	2.0	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) <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)	Jan.	125.5	0.6	1.3	1.6	2.5
ISM manufacturing index <sup>1</sup>	Feb.*	57.7	56.0	53.5	49.4	49.7
ISM non-manufacturing index <sup>1</sup>	Feb.*	57.6	56.5	56.2	51.7	54.3
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	Feb.*	114.8	111.6	109.4	101.8	94.0
Personal consumption expenditure (2009 \$B)	Jan.*	11,658	-0.3	0.3	0.9	2.8
Disposable personal income (2009 \$B)	Jan.*	12,799	-0.2	0.1	0.6	2.0
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 (%) <sup>1</sup>	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)	Jan.*	230,354	1.8	-3.8	1.5	-0.6
Business inventories (\$B)	Dec.	1,836	0.4	1.0	1.2	2.0
Housing starts (k) <sup>1</sup>	Jan.	1,246	1,279	1,320	1,218	1,128
Building permits (k) <sup>1</sup>	Jan.	1,293	1,228	1,260	1,144	1,188
New home sales (k) <sup>1</sup>	Jan.	555.0	535.0	568.0	622.0	526.0
Existing home sales (k) <sup>1</sup>	Jan.	5,690	5,510	5,530	5,330	5,480
Commercial surplus (\$M) <sup>1</sup>	Dec.	-44,262	-45,730	-36,516	-45,070	-41,487
Nonfarm employment (k) <sup>2</sup>	Jan.	145,554	227.0	548.0	1,097	2,343
Unemployment rate (%) <sup>1</sup>	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)	Jan.*	112.1	0.4	0.7	1.2	1.9
<i>Excluding food and energy</i>	Jan.*	112.4	0.3	0.5	0.9	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

<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	2016	2015	2014
Gross domestic product (2007 \$M)	2016 Q4*	1,811,213	2.6	1.9	1.4	0.9	2.6
Household consumption (2007 \$M)	2016 Q4*	1,034,553	2.6	2.4	2.2	1.9	2.8
Government consumption (2007 \$M)	2016 Q4*	351,614	2.1	2.3	2.0	1.5	0.8
Residential investment (2007 \$M)	2016 Q4*	125,127	4.8	2.4	2.9	3.8	2.7
Non-residential investment (2007 \$M)	2016 Q4*	160,851	-17.4	-7.0	-8.4	-11.5	3.2
Business inventory change (2007 \$M) <sup>1</sup>	2016 Q4*	-4,365	---	---	-1,038	3,861	9,392
Exports (2007 \$M)	2016 Q4*	582,790	1.3	0.8	1.1	3.4	5.8
Imports (2007 \$M)	2016 Q4*	559,480	-13.5	-1.3	-1.0	0.3	2.2
Final domestic demand (2007 \$M)	2016 Q4*	1,783,789	0.4	1.2	0.9	0.3	1.9
GDP deflator (2007 = 100)	2016 Q4*	114.2	4.3	1.9	0.6	-0.8	1.9
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 Q4*	-10,726	---	---	-67,695	-67,553	-48,207
Production capacity utilization rate (%) <sup>1</sup>	2016 Q3	81.9	---	---	81.1	82.4	81.0
Disposable personal income (\$M)	2016 Q4*	1,190,700	6.3	4.0	3.8	4.4	3.2
Corporate net operating surplus (2007 \$M)	2016 Q4*	239,580	28.8	12.0	-4.5	-19.5	8.2

<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)	Dec.*	1,697,857	0.3	0.6	1.8	2.0
Industrial production (2007 \$M)	Dec.*	358,516	0.4	0.5	4.8	2.5
Manufacturing sales (\$M)	Dec.	53,462	2.3	3.9	5.3	4.1
Housing starts (k) <sup>1</sup>	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)	Dec.	44,912	-0.5	0.8	1.7	4.3
<i>Excluding automobiles (\$M)</i>	Dec.	33,554	-0.3	0.9	1.3	4.4
Wholesale trade sales (\$M)	Dec.	57,343	0.7	2.4	1.9	2.5
Commercial surplus (\$M) <sup>1</sup>	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) <sup>2</sup>	Jan.	18,273	48.3	30.7	39.8	23.0
Unemployment rate (%) <sup>1</sup>	Jan.	6.8	6.9	7.0	7.0	7.2
Average weekly earnings (\$)	Dec.	971.0	1.0	1.7	1.5	1.2
Number of salaried employees (k) <sup>2</sup>	Dec.	16,082	39.2	25.2	17.9	17.2
Consumer price (2002 = 100)	Jan.	129.5	0.9	0.3	0.5	2.1
<i>Excluding food and energy</i>	Jan.	124.3	0.6	-0.2	0.4	2.2
<i>Excluding 8 volatile items</i>	Jan.	128.7	0.5	-0.3	0.1	1.7
Industrial product price (2002 = 100)	Jan.*	112.7	0.4	1.3	2.1	2.3
Raw materials price (2002 = 100)	Jan.*	99.9	1.7	6.7	9.2	23.0
Money supply M1+ (\$M)	Jan.*	904,578	1.1	2.7	5.2	10.2

<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		
	March 3	Feb. 24	-1 month	-3 months	-6 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	0.55	0.50
Treasury bill – 3 months	0.67	0.51	0.50	0.48	0.32	0.28	0.67	0.36	0.18
Treasury bonds – 2 years	1.14	1.14	1.22	1.12	0.80	0.89	1.32	0.90	0.56
– 5 years	2.05	1.81	1.94	1.85	1.19	1.38	2.07	1.43	0.94
– 10 years	2.50	2.32	2.49	2.39	1.60	1.88	2.60	1.93	1.36
– 30 years	3.09	2.95	3.11	3.06	2.27	2.70	3.18	2.65	2.11
S&P 500 index (level)	2,379	2,367	2,297	2,192	2,180	2,000	2,396	2,162	1,979
DJIA index (level)	20,971	20,822	20,071	19,170	18,492	17,007	21,116	18,594	16,964
Gold price (US\$/ounce)	1,225	1,255	1,218	1,175	1,319	1,271	1,369	1,259	1,127
CRB index (level)	189.22	190.93	193.20	191.69	179.99	168.55	195.82	185.69	165.23
WTI oil (US\$/barrel)	53.30	53.99	53.81	51.70	44.39	35.91	54.48	47.07	35.72
<b>Canada</b>									
Overnight – target	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Treasury bill – 3 months	0.49	0.47	0.47	0.48	0.51	0.47	0.56	0.49	0.42
Treasury bonds – 2 years	0.77	0.75	0.77	0.73	0.59	0.52	0.83	0.62	0.47
– 5 years	1.10	1.09	1.11	1.03	0.69	0.69	1.23	0.82	0.53
– 10 years	1.71	1.61	1.76	1.62	1.06	1.25	1.83	1.34	0.95
– 30 years	2.42	2.33	2.42	2.22	1.66	2.07	2.46	1.99	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	-0.18	-0.04	-0.03	0.00	0.19	0.19	0.35	0.13	-0.18
Treasury bonds – 2 years	-0.37	-0.39	-0.44	-0.38	-0.21	-0.37	-0.06	-0.28	-0.55
– 5 years	-0.95	-0.72	-0.82	-0.83	-0.50	-0.69	-0.38	-0.61	-0.95
– 10 years	-0.79	-0.71	-0.73	-0.77	-0.53	-0.63	-0.31	-0.58	-0.82
– 30 years	-0.67	-0.63	-0.69	-0.84	-0.61	-0.64	-0.52	-0.66	-0.88
S&P/TSX index (level)	15,568	15,533	15,476	15,053	14,796	13,213	15,922	14,575	13,266
Exchange rate (C\$/US\$)	1.3412	1.3091	1.3023	1.3294	1.2998	1.3315	1.3575	1.3089	0.7456
Exchange rate (C\$/€)	1.4156	1.3828	1.4044	1.4188	1.4501	1.4652	1.4955	1.4430	1.3828
<b>Overseas</b>									
<u>Euro zone</u>									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.00	0.00
Exchange rate (US\$/€)	1.0555	1.0563	1.0784	1.0673	1.1156	1.1004	1.1532	1.1009	1.0387
<u>United Kingdom</u>									
BoE – Base rate	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.35	0.25
Bonds – 10 years	1.19	1.08	1.35	1.38	0.73	1.49	1.66	1.20	0.61
FTSE index (level)	7,376	7,244	7,188	6,731	6,895	6,199	7,383	6,703	5,924
Exchange rate (US\$/£)	1.2496	1.2468	1.2488	1.2729	1.3293	1.4228	1.4879	1.3218	1.2049
<u>Germany</u>									
Bonds – 10 years	0.19	0.19	0.41	0.20	-0.10	0.24	0.49	0.09	-0.22
DAX index (level)	12,016	11,804	11,651	10,513	10,684	9,824	12,067	10,567	9,269
<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)	19,469	19,284	18,918	18,426	16,926	17,015	19,594	17,337	14,952
Exchange rate (US\$/¥)	114.49	112.19	112.71	113.58	103.99	113.76	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.