

WEEKLY NEWSLETTER

Employment confirms an imminent U.S. key rate increase

HIGHLIGHTS

- ▶ United States: Further good employment growth.
- ▶ Canada: The trade balance improved slightly in January.
- ▶ Canadian labour productivity rose further at the end of 2016.
- ▶ Canada: The job market advanced again in February.

A LOOK AHEAD

- ▶ The Federal Reserve should proceed with another key rate increase.
- ▶ U.S. retail sales should show modest growth for February.
- ▶ United States: Another month of much warmer than normal weather should have a negative impact on industrial output.
- ▶ Canada: Manufacturing sales could record slower growth in January.

FINANCIAL MARKETS

- ▶ Oil prices plunge.
- ▶ U.S. 10-year yields hit 2.60%.
- ▶ The Canadian dollar drops below US\$0.74.

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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Key statistics of the week

UNITED STATES

- ▶ The establishment survey shows 235,000 net hires for February, on the heels of gains of 238,000 hires in January (revised from 227,000) and 155,000 in December (revised from 157,000). Construction added 58,000 jobs, with manufacturing adding 28,000. Private sector services grew by 132,000 jobs, fewer than January's 167,000.
- ▶ The jobless rate went from 4.8% to 4.7%, where it was last December.
- ▶ Average hourly wages rose 0.2% in February, following an identical increase in January (revised from 0.1%). Its annual change stayed at 2.8% (January's unrevised result was 2.5%).
- ▶ Already down in December, U.S. consumer credit slowed again in January. After posting a strong US\$25.2B gain in November, it fell to US\$14.2B at the end of 2016, then dropped to just US\$8.8B in the first month of 2017, the weakest monthly growth since December 2015. For term loans, the gain was fairly stable (from US\$11.2B to US\$12.6B); the drop comes entirely from renewable credit, which went from an increase of US\$3.6B to a contraction of US\$3.8B.
- ▶ As suggested by the preliminary numbers on the trade in goods, the U.S. goods and services trade balance eroded substantially in January, going from -US\$44.3B in November to -US\$48.5B, the biggest deficit since March 2012. Nominal exports rose 0.6%, while imports advanced 2.3%. This deterioration suggests that net exports could make a negative contribution to real GDP in the first quarter of 2017.

Francis Généreux, Senior economist

CANADA

- ▶ The labour market added 15,300 jobs in February. Canadian employment growth remains surprising. Following the strong growth seen in recent months, most forecasters had expected employment growth to pause somewhat in February. Clearly, that is not what happened. The labour market has created a total of 254,300 jobs over the last seven months. We have not seen employment surge this much in this little time since spring 2007. Canada's overall unemployment rate goes from 6.8% to 6.6%.
- ▶ The value of exports increased 0.5% in January, mainly due to a major gain in automotive products. The value of imports fell 0.3% over the month. This means the trade balance improved slightly, from \$0.45B to \$0.81B. In real terms, exports increased 0.8% while imports grew 1.1%. The volume of the trade balance went from \$2.7B in 2007 dollars to \$2.6B in 2007 dollars.
- ▶ Canadian labour productivity increased 0.4% in Q4 2016. Total earnings for hours worked went up by a substantial 1.0%. As the increase was stronger than productivity growth, unit labour costs increased 0.7%. That said, to get a complete picture of Canadian businesses' international competitiveness, we also have to factor in the movement by the exchange rate. As the loonie dropped in the fourth quarter, Canadian businesses' unit labour costs expressed in U.S. dollars fell 1.5%.
- ▶ Housing starts remained relatively high in February, at 210,200 units, with the drop in multi-unit housing offset by an increase in single-family dwellings in urban areas.
- ▶ The industrial capacity utilization rate went from 81.6% in the third quarter to 82.2% in the fourth quarter, closing in on its historic average (83.1%), and showing that the country's excess capacity is gradually being absorbed.

Benoit P. Durocher, Senior economist

Financial markets

Long stretch of bond yield increases in the United States

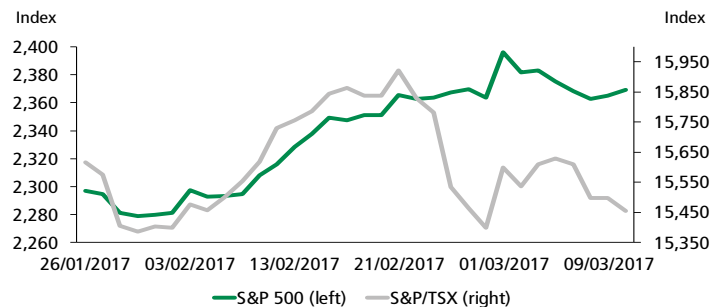
It was a tougher week for stock markets, especially energy securities. The MSCI World Energy Index is off 1.5% since the start of the month. One of the week's highlights was the rapid decline in oil prices on Wednesday and Thursday. Oil dropped below the US\$50/barrel mark for the first time since December, with investors reacting to the rise in crude stockpiles in the United States. Weekly inventories hit their highest point since 1982. This of course affected the Canadian stock market. Although the mood was improving on Friday morning after the North American job data came out, the S&P/TSX was heading for a weekly loss of 0.4%.

The looming U.S. rate increase is not a friendly environment for bonds. On Thursday, the U.S. 10-year yield posted a ninth consecutive rising session, something not seen since 2012. It was at 2.59% on Friday morning after the employment numbers came out. Yields also went up substantially in Europe this week with the European Central Bank's (ECB) President taking a more optimistic tone. Emmanuel Macron's advance in France's electoral polls also helped the movement. In Canada, yields followed a path similar to U.S. yields: higher. The 2-year spread narrowed slightly on Friday after another report on Canadian job creation beat expectations.

The U.S. dollar maintained its momentum of recent weeks. Its best session came on Wednesday, after the figures for the ADP employment survey were released. However, much of the week's gains were wiped out Thursday and Friday. During Thursday's session, it was mainly the euro that gained ground against the greenback. The common currency got some support from the ECB President's remarks. Friday, the euro kept on an upward trajectory, with rumours intimating that the ECB might raise rates before the end of its asset purchases. On Friday, the greenback's retreat was primarily due to the lukewarm reception given to the other figures on U.S. employment, which were not quite as good as Wednesday's. The Canadian dollar dropped below US\$0.74 on Thursday, in tandem with the slide in oil prices. However, the loonie was up slightly on Friday morning.

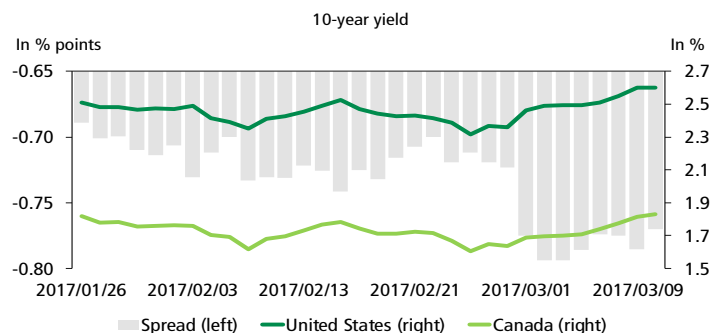
Jimmy Jean, CFA, Senior economist
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GRAPH 1
Stock markets



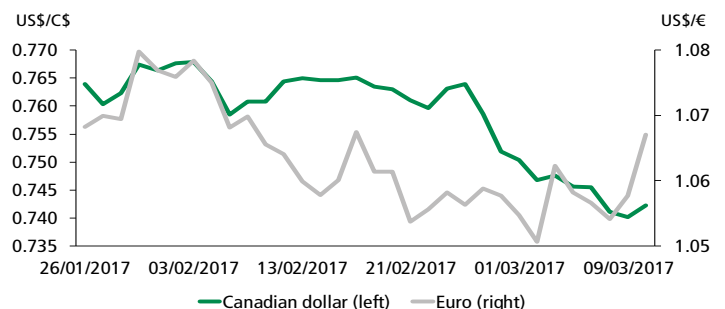
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A look ahead

WEDNESDAY March 15 - 8:30

February	m/m
Consensus	0.0%
Desjardins	0.0%
January	0.6%

WEDNESDAY March 15 - 8:30

February	m/m
Consensus	0.1%
Desjardins	0.2%
January	0.4%

WEDNESDAY March 15 - 14:00

March	
Consensus	1.00%
Desjardins	1.00%
February 1st	0.75%

THURSDAY March 16 - 8:30

February	ann. rate
Consensus	1,262,000
Desjardins	1,280,000
January	1,246,000

FRIDAY March 17 - 9:15

February	m/m
Consensus	0.2%
Desjardins	0.3%
January	-0.3%

UNITED STATES

Consumer price index (February) – The consumer price index (CPI) posted a surprise 0.6% increase in January, the strongest since February 2013. After such a jump, the monthly change in the total CPI should be stable in February. One reason for the lull could be energy prices, which increased 4.0% in January. Gas prices at the pump fell 2.6% last month; they usually tend to go up 0.9% in February. We expect the core CPI, which excludes food and energy, to increase by a monthly 0.2%, as in January. Because of a base effect, total inflation should accelerate from 2.5% to 2.7%. However, core inflation could slow, going from 2.3% to 2.2%.

Retail sales (February) – Retail sales advanced 0.4% in January despite a major drop in auto sales. Excluding motor vehicles, sales rose 0.8%; however, the rise got support from price growth, especially at service stations. We expect retail sales to show modest growth in February. The auto sector should only edge up. The drop in gas prices should negatively impact the value of service station sales. The particularly warm weather during the month should favour food services, however. We expect a 0.4% gain by sales excluding autos and gas, but the 26,000 retail jobs lost in February imply a downside risk to this forecast. Total retail sales should post a 0.2% increase.

Federal Reserve meeting (March) – In the statement released after they met on February 1st (when they decided to stand pat on rates), Federal Reserve (Fed) leaders did not really leave the door open for a key rate increase as of March. Some economic indicators have done well, however, particularly the job market and confidence; this good performance seems to have changed the situation. Since then, the Fed's communications have suggested that the third rate increase of the cycle was imminent. Following the increases in December 2015 and December 2016, the target for the federal funds rate should go up 25 basis points on March 15. The futures markets were sceptical about this eventuality just a month ago, but they now have it fully priced in. The remarks Fed Chair Janet Yellen makes at her press conference, the statement that will be published, and new forecasts from Fed leaders will tell us more about the monetary policy trajectory the Fed is contemplating for the rest of the year.

Housing starts (February) – Following months of heavy volatility, the monthly change in housing starts was smaller in January, with a drop of 2.5%. We expect an almost identical increase for February, particularly as January's revised building permits—1,293,000 units—suggest an increase of that magnitude. The homebuilder confidence index edged down in February, although it remains quite high. Housing starts could go from 1,246,000 to 1,280,000 units.

Industrial production (February) – Industrial output retreated again in January. The drop mainly came from energy production, which fell 5.7% due to the unusually warm weather, after rising 5.1% in December. For its part, manufacturing output advanced 0.2%, while mining sector activity jumped 2.8%. The weather remained quite warm in February; this should trigger another pullback by heating demand and therefore energy production. Mining should continue to advance thanks to the improvement in the oil sector, although the gain should be slightly smaller than January's. As for manufacturing, the ISM index's recent performance augurs very well. 28,000 jobs were created in manufacturing, the best result since the summer of 2013, and hours worked have increased, both of which are very good signs. Manufacturing output could therefore go up 0.6%. All in all, industrial output should increase 0.3% and the industrial capacity utilization rate should go from 75.3% to 75.4%. The New York Fed (Wednesday) and Philadelphia Fed (Thursday) regional manufacturing indexes come out next week, giving us the first information on how strong manufacturing is in March. These two indexes were very high in February.

FRIDAY March 17 - 10:00

March	
Consensus	97.0
Desjardins	97.5
February	96.3

FRIDAY March 17 - 10:00

February	m/m
Consensus	0.4%
Desjardins	0.7%
January	0.6%

FRIDAY March 17 - 8:30

January	m/m
Consensus	-0.5%
Desjardins	0.6%
December	2.3%

TUESDAY March 14 - 6:00

January	m/m
Consensus	1.4%
December	-1.6%

THURSDAY March 16 - 8:00

March	
Consensus	0.25%
Desjardins	0.25%
February 2nd	0.25%

University of Michigan consumer confidence index (March – preliminary) – The University of Michigan confidence index fell in February, but remains high. It is expected to edge up in March. The Conference Board index moved up in February, and the Bloomberg weekly confidence index has gone up in the last two weeks. Another positive factor is the job market, given the 235,000 jobs created in March, and the recent weakness in jobless claims. However, the stock market's rise has lost momentum since mid-February, and gas prices have been ticking up for the last month. The gain should be modest, and the University of Michigan index could go from 96.3 to 97.5.

Leading indicator (February) – The leading indicator has been on a very good trend in the last few months. It gained 0.5% in December, then climbed 0.6% in January, its biggest increase since December 2014. We expect another solid advance for February. This time, the major upside contributions will come from the drop in jobless claims, the interest rate spread and the ISM index. We therefore expect the leading indicator to go up 0.7%.

CANADA

Manufacturing sales (January) – Manufacturing sales could show slower growth in January after two months of strong advances. Among other things, the data on merchandise exports suggests that the energy product, machinery and aerospace product sectors could struggle that month. In contrast, automotive products should post another substantial increase.


OVERSEAS


Euro zone: Industrial production (January) – Euroland's industrial output wrapped up 2016 on a sour note with a retreat of 1.6% in December. A better performance is expected for January, however. The 2.8% gain by German output in the first month of the year certainly points in that direction. The PMI manufacturing indexes are doing well, another positive factor. Among the other data from the euro zone, the numbers on fourth quarter employment will be out Wednesday. On Thursday, we will get the final version of the consumer price index; the flash version showed inflation at 2.0%. Euroland's trade balance for January will be released Friday.

United Kingdom: Bank of England meeting (March) – No changes are expected in British monetary policy on Thursday. The £60B asset purchasing program announced last summer after the Brexit referendum has now been completed and the Bank of England will likely want to wait for new financial strains to materialize before announcing additional measures. Moreover, inflation has risen in recent months and the economy is still performing fairly well.

Economic indicators

Week of March 13 to 17, 2017

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 13	---	---				
TUESDAY 14	8:30	Producer price index				
		Total (m/m)	Feb.	0.1%	0.1%	0.6%
		Excluding food and energy (m/m)	Feb.	0.2%	0.1%	0.4%
WEDNESDAY 15	8:30	Consumer price index				
		Total (m/m)	Feb.	0.0%	0.0%	0.6%
		Excluding food and energy (m/m)	Feb.	0.2%	0.2%	0.3%
		Total (y/y)	Feb.	2.7%	2.7%	2.5%
		Excluding food and energy (y/y)	Feb.	2.2%	2.2%	2.3%
	8:30	Empire manufacturing index	March	15.0	14.0	18.7
	8:30	Retail sales				
		Total (m/m)	Feb.	0.1%	0.2%	0.4%
		Excluding automobiles (m/m)	Feb.	0.1%	0.2%	0.8%
	10:00	NAHB housing market index	March	65	n/a	65
	10:00	Business inventories (m/m)	Jan.	0.3%	0.3%	0.4%
	14:00	Federal Reserve meeting	March	1.00%	1.00%	0.75%
	16:00	Net foreign security purchases (US\$B)	Jan.	n/a	n/a	-12.9
THURSDAY 16	8:30	Initial unemployment claims	March 6-10	245,000	238,000	243,000
	8:30	Philadelphia Fed index	March	30.0	18.0	43.3
	8:30	Housing starts (ann. rate)	Feb.	1,262,000	1,280,000	1,246,000
	8:30	Building permits (ann. rate)	Feb.	1,260,000	1,235,000	1,293,000
FRIDAY 17	9:15	Industrial production (m/m)	Feb.	0.2%	0.3%	-0.3%
	9:15	Production capacity utilization rates	Feb.	75.5%	75.4%	75.3%
	10:00	Leading indicator (m/m)	Feb.	0.4%	0.7%	0.6%
	10:00	Michigan's consumer sentiment index – preliminary	March	97.0	97.5	96.3
CANADA						
MONDAY 13	---	---				
TUESDAY 14	---	---				
WEDNESDAY 15	9:00	Existing home sales	Feb.			
THURSDAY 16	8:30	International transactions in securities (\$B)	Jan.	n/a	12.0	10.2
FRIDAY 17	8:30	Manufacturing sales (m/m)	Jan.	-0.5%	0.6%	2.3%

Note: Desjardins, Economic Studies are involved every week in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. The times shown are Daylight Saving Time (GMT - 4 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic indicators

Week of March 13 to 17, 2017

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 12								
Japan	19:50	Machinery orders	Jan.	-0.1%	3.7%	6.7%	6.7%	
Japan	19:50	Producer price index	Feb.	0.2%	1.0%	0.6%	0.5%	
MONDAY 13								
Japan	0:30	Tertiary industry activity index	Jan.	0.1%		-0.4%		
Italy	5:00	Industrial production	Jan.	-0.7%	3.2%	1.4%	6.6%	
China	22:00	Industrial production	Feb.		6.2%		6.0%	
China	22:00	Retail sales	Feb.		10.6%		10.4%	
TUESDAY 14								
Germany	3:00	Consumer price index – final	Feb.	0.6%	2.2%	0.6%	2.2%	
Euro zone	6:00	Industrial production	Jan.	1.4%	0.9%	-1.6%	2.0%	
Germany	6:00	ZEW survey – Current situation	March	77.3		76.4		
Germany	6:00	ZEW survey – Expectations	March	13.0		10.4		
WEDNESDAY 15								
Japan	0:30	Industrial production – final	Jan.	n/a	n/a	-0.8%	3.2%	
France	3:45	Consumer price index – final	Feb.	0.1%	1.2%	0.1%	1.2%	
Italy	5:00	Retail sales	Jan.	0.1%	1.0%	5,798		
United Kingdom	5:30	ILO unemployment rate	Jan.	4.8%		4.8%		
Euro zone	6:00	Net change in employment	Q4	n/a	n/a	0.2%	1.2%	
THURSDAY 16								
Switzerland	4:30	Swiss National Bank meeting	March	-0.75%		-0.75%		
Norway	5:00	Bank of Norway meeting	March	0.50%		0.50%		
Euro zone	6:00	Consumer price index	Feb.	0.4%	2.0%	0.4%	2.0%	
United Kingdom	8:00	Bank of England meeting	March	0.25%		0.25%		
FRIDAY 17								
France	3:45	Wages – final	Q4	0.1%		0.1%		
Euro zone	6:00	Trade balance (€B)	Jan.	22.0		24.5		
Euro zone	6:00	Construction	Jan.	n/a	n/a	-0.2%	3.2%	

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 Daylight Saving Time (GMT - 4 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) ¹	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	0.3	0.9	0.8
Unit labor cost (2009 = 100)	2016 Q4	111.2	1.7	2.0	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	Feb.	57.7	56.0	53.5	49.4	49.7
ISM non-manufacturing index ¹	Feb.	57.6	56.5	56.2	51.7	54.3
Cons. confidence Conference Board (1985 = 100) ¹	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)	Jan.*	3,773	0.2	1.3	3.1	6.3
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)	Jan.*	470,202	1.2	0.1	3.9	3.8
New durable good orders (\$M)	Jan.	230,702	2.0	-3.7	1.7	-0.5
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.	1,293	1,228	1,260	1,144	1,188
New home sales (k) ¹	Jan.	555.0	535.0	568.0	622.0	526.0
Existing home sales (k) ¹	Jan.	5,690	5,510	5,530	5,330	5,480
Commercial surplus (\$M) ¹	Jan.*	-48,492	-44,259	-42,577	-39,691	-43,356
Nonfarm employment (k) ²	Feb.*	145,798	235.0	628.0	1,165	2,350
Unemployment rate (%) ¹	Feb.*	4.7	4.8	4.6	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)	Feb.*	121.9	0.3	0.9	1.5	3.1
Import prices (2000 = 100)	Feb.*	122.6	0.2	1.2	1.7	4.6

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.

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) ¹	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 Q4*	108.0	1.4	1.6	0.7	-0.5	2.6
Unit labour cost (2007 = 100)	2016 Q4*	116.4	2.7	0.6	0.9	2.2	0.9
Current account balance (\$M) ¹	2016 Q4	-10,726	---	---	-67,695	-67,553	-48,207
Production capacity utilization rate (%) ¹	2016 Q4*	82.2	---	---	81.0	80.8	82.4
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

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)	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) ¹	Feb.*	210.2	208.9	187.5	183.7	218.6
Building permits (\$M)	Jan.*	7,616	5.4	-6.4	8.1	17.1
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) ¹	Jan.*	806.9	447.5	-1,285	-2,226	-1,004.2
<i>Exports (\$M)</i>	Jan.*	46,450	0.5	5.8	7.7	1.8
<i>Imports (\$M)</i>	Jan.*	45,644	-0.3	1.0	0.6	-2.1
Employment (k) ²	Feb.*	18,289	15.3	36.6	36.5	24.0
Unemployment rate (%) ¹	Feb.*	6.6	6.8	6.8	7.0	7.2
Average weekly earnings (\$)	Dec.	971.0	1.0	1.7	1.5	1.2
Number of salaried employees (k) ²	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

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		
	Mar. 10	Mar. 3	-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	0.56	0.50
Treasury bill – 3 months	0.74	0.70	0.54	0.53	0.34	0.32	0.75	0.37	0.18
Treasury bonds – 2 years	1.37	1.30	1.20	1.14	0.79	0.97	1.37	0.91	0.56
– 5 years	2.12	2.02	1.89	1.88	1.22	1.48	2.12	1.44	0.94
– 10 years	2.60	2.49	2.43	2.46	1.67	1.98	2.60	1.94	1.36
– 30 years	3.19	3.08	3.02	3.16	2.39	2.75	3.19	2.66	2.11
S&P 500 index (level)	2,369	2,383	2,316	2,260	2,128	2,022	2,396	2,169	2,001
DJIA index (level)	20,895	21,006	20,269	19,757	18,085	17,213	21,116	18,669	17,140
Gold price (US\$/ounce)	1,200	1,225	1,231	1,163	1,334	1,258	1,369	1,258	1,127
CRB index (level)	182.79	189.72	194.04	191.98	182.54	173.53	195.82	185.96	165.23
WTI oil (US\$/barrel)	49.02	53.33	53.84	51.51	45.88	38.51	54.48	47.32	35.72
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	0.49	0.46	0.48	0.50	0.47	0.56	0.49	0.42
Treasury bonds – 2 years	0.84	0.76	0.77	0.74	0.58	0.59	0.84	0.63	0.47
– 5 years	1.28	1.17	1.09	1.09	0.71	0.81	1.28	0.83	0.53
– 10 years	1.83	1.70	1.70	1.73	1.15	1.36	1.83	1.35	0.95
– 30 years	2.50	2.41	2.37	2.34	1.77	2.12	2.50	2.00	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	-0.06	-0.25
Treasury bill – 3 months	-0.26	-0.21	-0.08	-0.05	0.16	0.15	0.35	0.13	-0.26
Treasury bonds – 2 years	-0.53	-0.53	-0.43	-0.40	-0.21	-0.38	-0.06	-0.28	-0.55
– 5 years	-0.84	-0.85	-0.80	-0.80	-0.51	-0.67	-0.38	-0.62	-0.89
– 10 years	-0.77	-0.79	-0.73	-0.74	-0.52	-0.61	-0.31	-0.58	-0.82
– 30 years	-0.69	-0.68	-0.65	-0.81	-0.62	-0.63	-0.52	-0.66	-0.88
S&P/TSX index (level)	15,453	15,609	15,729	15,312	14,540	13,522	15,922	14,616	13,266
Exchange rate (C\$/US\$)	1.3472	1.3377	1.3082	1.3179	1.3048	1.3210	1.3575	1.3091	0.7423
Exchange rate (C\$/€)	1.4374	1.4210	1.3920	1.3920	1.4656	1.4733	1.4955	1.4421	1.3828
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\$/€)	1.0670	1.0623	1.0641	1.0562	1.1233	1.1153	1.1532	1.1000	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	1.24	1.11	1.26	1.44	0.87	1.58	1.66	1.20	0.61
FTSE index (level)	7,349	7,374	7,259	6,954	6,777	6,140	7,383	6,726	5,924
Exchange rate (US\$/£)	1.2159	1.2295	1.2492	1.2577	1.3267	1.4388	1.4879	1.3177	1.2049
<u>Germany</u>									
Bonds – 10 years	0.49	0.36	0.32	0.26	-0.05	0.28	0.49	0.10	-0.22
DAX index (level)	11,957	12,027	11,667	11,204	10,573	9,831	12,067	10,611	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)	19,605	19,469	19,379	18,996	16,966	16,939	19,605	17,386	14,952
Exchange rate (US\$/¥)	115.09	114.02	113.22	115.40	102.70	113.82	118.18	108.38	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.