

# WEEKLY NEWSLETTER

## Markets Increasingly Expecting a Federal Reserve Rate Hike in June

### HIGHLIGHTS

- ▶ United States: The jobless rate reaches a new cyclical low.
- ▶ United States: The ISM manufacturing index declines while the ISM non-manufacturing index rebounds.
- ▶ Canada: The labour market shows modest job creation in April.
- ▶ Canada: The trade balance improves in March.

### A LOOK AHEAD

- ▶ United States: Retail sales poised for a stronger showing in April.
- ▶ Canada: Housing starts set to decline in April.

### FINANCIAL MARKETS

- ▶ Oil prices tumble for a third straight week.
- ▶ The markets are more convinced the Federal Reserve will raise its rates in June.
- ▶ The loonie drops below US\$0.73.

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# Key Statistics of the Week

## UNITED STATES

- ▶ The establishment survey shows that 211,000 net new hires were made in April, after the disappointing 79,000 jobs (downgraded from 98,000) created in March and February's tally of 232,000 new jobs (upgraded from 219,000). The construction industry added 5,000 new workers and manufacturing boosted its ranks by 6,000. The resources sector hired 10,000 net new workers. The private sector created 173,000 new positions, more than three times the 54,000 new hires in March.
- ▶ The unemployment rate ticked down from 4.5% to 4.4%—which is the bottom of the economic cycle of the mid-2000s last reached in May 2007.
- ▶ The average hourly wage gained 0.3% in April, after ticking up 0.1% in March (revised from 0.2%). Its annual change edged down from 2.6% to 2.5%.
- ▶ Unsurprisingly, the Federal Reserve (Fed) kept the target range for the federal fund rate between 0.75% and 1.00%. The Fed was not ready to immediately open the door to a rate hike in June.
- ▶ The ISM manufacturing index fell in April, from 57.2 to 54.8, its lowest level in 2017. Six of the ten sub-indexes declined, with new orders (-7.0 points) posting the steepest drop. The ISM non-manufacturing index tracked a reverse path, rising from 55.2 to 57.5.
- ▶ After plummeting 9.8% in the first three months of the year, new automobile sales recorded their first monthly increase of the year, with a 1.8% gain—far short of consensus expectations.
- ▶ Real consumption advanced 0.3% in March, after declining 0.3% in January and 0.1% in February. A large portion of this growth stems from a rebound in the consumption of services tied to heating.
- ▶ Construction spending was trimmed by 0.2% in March after the 1.8% jump in February. A 1.2% gain was recorded on the residential side, while private non-residential construction declined 1.3%. Public construction was down 0.9%.

**Francis Généreux**, Senior economist

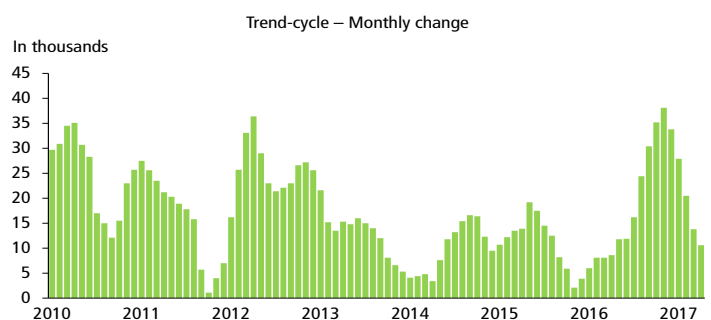
## CANADA

- ▶ The labour market created 3,200 jobs in April, a result that is relatively consistent with expectations. April's lacklustre employment growth, combined with the weaker growth recorded in February and March, helped slow the trend substantially. The unemployment rate went from 6.7% to 6.5% as 45,500 people left the labour force. In and of themselves, April's results do not change our perception of Canada's economy. Nonetheless, they spotlight a risk that is looming over most of the economic indicators. The drop in employment in business services, services to buildings and dwellings, and other support services, as well as in accommodation and food services is no doubt partly due to the fact that some seasonal activities are lagging behind as a result of the poor weather in central Canada that month. This is an indicator of the volatility we could see in the results of some indicators this spring.
- ▶ Merchandise exports were up 3.8% in March. The uptrend in imports continued, with a 1.7% gain. Export volumes were up 0.8% (quarterly annualized) in Q1 overall, while import volumes jumped 14.1%. As such, the international balance of trade in goods expressed in real terms went from +\$9.0B in 2007 dollars in the fourth quarter to +\$5.4B in 2007 dollars in the first quarter. This deterioration in the balance of trade in goods in the Q1 2017 will make for a negative contribution to the change in real GDP for the period.

**Benoit P. Durocher**, Senior economist

## CANADA

**The trend for employment has dropped to a more sustainable level**



Sources: Statistics Canada and Desjardins, Economic Studies

# Financial Markets

## Oil plunges to around US\$45, a 5-month low

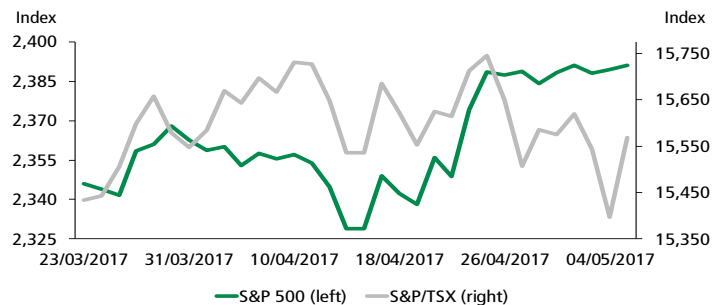
European stock markets benefited from new momentum associated with France's presidential election. The surveys labelled Emmanuel Macron the hands down winner in Wednesday's debate. According to the average of the surveys compiled by Bloomberg, Emmanuel Macron would get 62% of the support in the second round, to be held on Sunday. It has been an unremarkable week for the S&P 500, which hovered close to 2,400 points without managing to go above this level. For its part, the S&P/TSX continues to face challenges. After last week's fears about Home Capital and Donald Trump's hostility towards Canada, commodity prices plunged this week, triggering heavy losses in the energy and materials sectors.

U.S. bond yields climbed slowly this week. The Federal Reserve (Fed) did not seem overly concerned about the poor GDP results for the first quarter. Given this attitude, investors priced in a June rate increase with more conviction. As it had been expected, April's rebound in employment did not get a lot of reaction from the market. Canadian yields did not follow U.S. yields upwards. On Thursday, Bank of Canada Governor Stephen Poloz signalled that the surge in U.S. protectionism was now another item on the list of factors limiting Canadian exports. The slightly weaker job creation data that came out on Friday was another element keeping Canadian yields well anchored.

The rise in monetary firming expectations for the Fed's June meeting did not result in a widespread rise by the U.S. dollar. The DXY U.S. exchange rate index even ticked down over the week. This primarily reflects the strength of the major European currencies. Among others, the euro closed in on US\$1.10, as a lot of hope seems to be emerging over Emmanuel Macron's likely victory in the French presidential election. The greenback did go up against the yen, the Canadian and Australian dollars, and several emerging nation currencies. As for the loonie, oil's drop to US\$45/barrel helped drag it below US\$0.73.

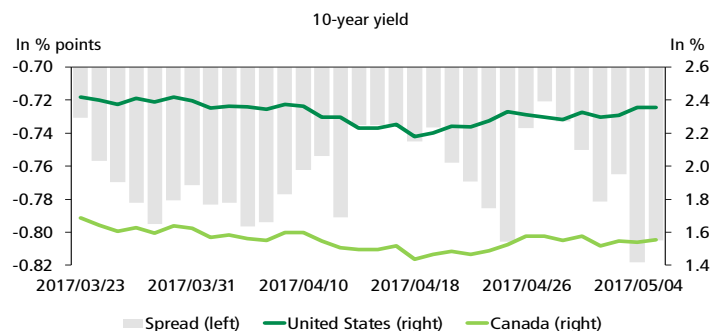
**Jimmy Jean, CFA**, Senior economist  
**Hendrix Vachon**, Senior economist

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



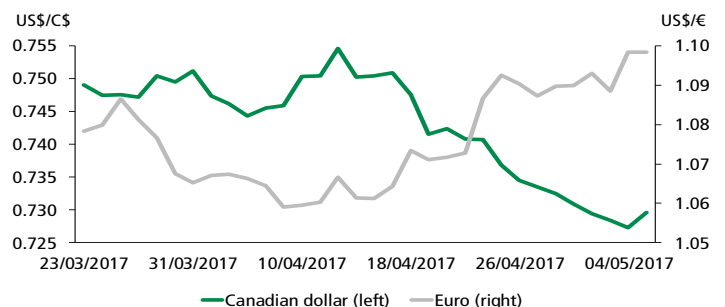
Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

# A Look Ahead

**FRIDAY May 12 - 8:30**

<b>April</b>	<b>m/m</b>
Consensus	0.2%
Desjardins	0.3%
<b>March</b>	<b>-0.3%</b>

**FRIDAY May 12 - 8:30**

<b>April</b>	<b>m/m</b>
Consensus	0.6%
Desjardins	0.6%
<b>March</b>	<b>-0.2%</b>

**FRIDAY May 12 - 10:00**

<b>May</b>	
Consensus	97.0
Desjardins	95.0
<b>April</b>	<b>97.0</b>

**MONDAY May 8 - 8:15**

<b>April</b>	<b>ann. rate</b>
Consensus	220,000
Desjardins	208,000
<b>March</b>	<b>253,700</b>

**THURSDAY May 11 - 7:00**

<b>May</b>	
Consensus	0.25%
Desjardins	0.25%
<b>March 16</b>	<b>0.25%</b>

## UNITED STATES

**Consumer price index (April)** – The monthly change in the consumer price index (CPI) was a surprise, with the CPI sliding in March. A drop in the CPI had not been seen since February 2016; this pullback was supported by energy prices. We expect this component to make a positive contribution to the CPI in April, however. Prices at the pump were up 4.3% in April compared with the average in March—almost triple the increase we usually see at this time of the year. Seasonal adjustments will therefore exert more upward pressure on prices. Excluding energy and food, we can expect growth of 0.2% after the surprising 0.1% drop in March. We expect monthly growth in housing to return to its trend after a slowdown in March. The total CPI should rise by 0.3%, while the annual change should slip from 2.4% to 2.3%. Core inflation should remain at 2.0%.

**Retail sales (April)** – Retail sales growth has been fairly modest for the past few months, and the 0.2% decline in sales for March was particularly disappointing. We do however expect a better advance in April. While softer than anticipated, new automobile sales still advanced, which should be reflected in the data for retail sales. In addition, the increase in gas prices will help inflate the value of service station sales, and by extension, total sales. Excluding automobiles and gas, we can expect food services to rebound after the 0.6% drop in March, probably due to the raging snowstorm that occurred mid-month. Excluding automobiles and gas, sales growth of 0.3% is expected, alongside a 0.6% advance for total retail sales.

**University of Michigan consumer confidence index (May – preliminary)** – Consumer confidence was stable between March and April according to the final April version of the University of Michigan index. That said, other indexes showed fairly steep declines, especially the Conference Board index, as did the TIPP and Gallup indexes. As such, we can expect the Michigan index to mirror this trend in May. On the other hand, the weekly reading of the index compiled by Bloomberg has been stable in recent weeks. Among the factors that could influence confidence, rising gas prices in the second half of April could have dampened the mood in households, but this could also be offset by solid stock market advances in the same period. The signals are not crystal clear. We are therefore calling for the University of Michigan index to show a modest pullback, from 96.9 to 95.0.

## CANADA


**Housing starts (April)** – At 253,700 units, housing starts reached an exceptionally high level in March. It would be surprising if starts managed to keep up this pace for a second consecutive month; a decline in housing starts is expected in April. What's more, the number of starts for multi-unit housing in urban areas rose to levels that are too high in March, compared to its trend in recent months.


## OVERSEAS

**United Kingdom: Meeting of the Bank of England (May)** – The Bank of England (BoE) should once again stay on the sidelines at its next monetary policy meeting. Underlying inflation and economic growth have both waned recently, which should help ease concerns about future price advances expressed by some BoE leaders. It would in fact be surprising if the BoE changed its monetary policy in the middle of an election campaign in the United Kingdom.

# Economic Indicators

## Week of May 8 to 12, 2017

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 8</b>	8:35	Speech of the St. Louis Fed President, J. Bullard				
	8:45	Speech of the Cleveland Fed President, L. Mester				
<b>TUESDAY 9</b>	9:00	Speech of the Minneapolis Fed President, N. Kashkari				
	10:00	Wholesale inventories – final (m/m)	March	-0.1%	-0.1%	-0.1%
	13:00	Speech of the Boston Fed President, E. Rosengren				
	16:15	Speech of the Dallas Fed President, R. Kaplan				
<b>WEDNESDAY 10</b>	8:30	Export prices (m/m)	April	0.2%	0.4%	0.2%
	8:30	Import prices (m/m)	April	0.2%	0.5%	-0.2%
	12:00	Speech of the Boston Fed President, E. Rosengren				
	14:00	Federal budget (US\$B)	April	n/a	n/a	-176.2
<b>THURSDAY 11</b>	6:25	Speech of the New York Fed President, W. Dudley				
	8:30	Initial unemployment claims	May 1-5	245,000	242,000	238,000
	8:30	Producer price index				
		Total (m/m)	April	0.2%	0.3%	-0.1%
	Excluding food and energy (m/m)	April	0.2%	0.3%	0.0%	
<b>FRIDAY 12</b>	8:30	Consumer price index				
		Total (m/m)	April	0.2%	0.3%	-0.3%
		Excluding food and energy (m/m)	April	0.2%	0.2%	-0.1%
		Total (y/y)	April	2.3%	2.3%	2.4%
		Excluding food and energy (y/y)	April	2.0%	2.0%	2.0%
	8:30	Retail sales				
		Total (m/m)	April	0.6%	0.6%	-0.2%
		Excluding automobiles (m/m)	April	0.5%	0.5%	0.0%
	9:00	Speech of the Chicago Fed President, C. Evans				
	10:00	Michigan's consumer sentiment index – preliminary	May	97.0	95.0	97.0
10:00	Business inventories (m/m)	March	0.1%	0.1%	0.3%	
12:30	Speech of the Philadelphia Fed President, P. Harker					
<b>CANADA</b>						
<b>MONDAY 8</b>	8:15	Housing starts (ann. rate)	April	220,000	208,000	253,700
<b>TUESDAY 9</b>	8:30	Building permits (m/m)	March	n/a	3.0%	-2.5%
<b>WEDNESDAY 10</b>	---	---				
<b>THURSDAY 11</b>	8:30	New housing price index (m/m)	March	n/a	0.2%	0.4%
	10:30	Release of the <i>Bank of Canada Review</i>				
<b>FRIDAY 12</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 Daylight Saving Time (GMT - 4 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

# Economic Indicators

## Week of May 8 to 12, 2017

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>DURING THE WEEK</b>								
China	---	Trade balance (US\$B)	April	35.2		23.9		
<b>MONDAY 8</b>								
Japan	1:00	Consumer confidence	April	n/a		43.9		
Germany	2:00	Factory orders	March	0.7%	2.1%	3.4%	4.6%	
France	2:45	Trade balance (€M)	March	-6,000		-6,568		
France	2:45	Current account (€B)	March	n/a		-3.6		
France	2:45	Industrial production	March	1.1%	0.6%	-1.6%	-0.7%	
<b>TUESDAY 9</b>								
Germany	2:00	Trade balance (€B)	March	21.5		19.9		
Germany	2:00	Current account (€B)	March	26.5		20.4		
Germany	2:00	Industrial production	March	-0.7%	2.6%	2.2%	2.5%	
Italy	4:00	Retail sales	March	0.2%	0.7%	-0.3%	-1.0%	
China	21:30	Consumer price index	April		1.1%		0.9%	
China	21:30	Producer price index	April		6.7%		7.6%	
<b>WEDNESDAY 10</b>								
Japan	1:00	Leading indicator – preliminary	March	105.5		104.8		
Japan	1:00	Coincident indicator – preliminary	March	114.7		115.3		
Italy	4:00	Industrial production	March	0.3%	2.6%	1.0%	1.9%	
New Zealand	17:00	Reserve Bank of New Zealand meeting	May	1.75%		1.75%		
Japan	19:50	Merchandise trade balance (¥B)	March	798.8		1,076.8		
Japan	19:50	Current account (¥B)	March	1,731.9		2,210.9		
<b>THURSDAY 11</b>								
Euro zone	4:00	Release of the European Central Bank <i>Monthly Bulletin</i>						
United Kingdom	4:30	Trade balance (€M)	March	-3,000		-3,663		
United Kingdom	4:30	Construction	March	0.3%	2.9%	-1.7%	0.5%	
United Kingdom	4:30	Industrial production	March	-0.4%	1.9%	-0.7%	2.8%	
United Kingdom	7:00	Release of the Bank of England <i>Inflation Report</i>						
United Kingdom	7:00	Minutes of the Bank of England meeting	May	0.25%		0.25%		
<b>FRIDAY 12</b>								
Germany	2:00	Consumer price index – final	April	0.0%	2.0%	0.0%	2.0%	
Germany	2:00	Real GDP – preliminary	Q1	0.6%	1.7%	0.4%	1.7%	
France	2:45	Non-farm payrolls – preliminary	Q1	0.2%		0.4%		
France	2:45	Wages – preliminary	Q1	0.2%		0.1%		
Euro zone	5:00	Industrial production	March	0.3%	2.3%	-0.3%	1.2%	

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)	2017 Q1	16,842	0.7	1.9	1.6	2.6	2.4
Consumption (2009 \$B)	2017 Q1	11,680	0.3	2.8	2.7	3.2	2.9
Government spending (2009 \$B)	2017 Q1	2,895	-1.7	-0.6	0.8	1.8	-0.9
Residential investment (2009 \$B)	2017 Q1	615.4	13.7	2.4	4.9	11.7	3.5
Non-residential investment (2009 \$B)	2017 Q1	2,247	9.4	3.1	-0.5	2.1	6.0
Business inventory change (2009 \$B) <sup>1</sup>	2017 Q1	10.3	---	---	22.0	84.0	57.7
Exports (2009 \$B)	2017 Q1	2,168	5.8	3.1	0.4	0.1	4.3
Imports (2009 \$B)	2017 Q1	2,770	4.1	3.8	1.2	4.6	4.4
Final domestic demand (2009 \$B)	2017 Q1	17,417	1.5	2.2	2.1	3.1	2.6
GDP deflator (2009 = 100)	2017 Q1	112.9	2.3	2.0	1.3	1.1	1.8
Labor productivity (2009 = 100)	2017 Q1*	107.3	-0.7	1.0	0.3	0.9	0.8
Unit labor cost (2009 = 100)	2017 Q1*	111.9	3.0	2.8	2.6	2.0	2.0
Employment cost index (Dec. 2005 = 100)	2017 Q1	129.0	3.2	2.4	2.2	2.1	2.0
Current account balance (\$B) <sup>1</sup>	2016 Q4	-112.4	---	---	-481.2	-463.0	-392.1

<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)	March	126.7	0.4	1.5	2.4	3.5
ISM manufacturing index <sup>1</sup>	April*	54.8	57.2	56.0	52.0	50.7
ISM non-manufacturing index <sup>1</sup>	April*	57.5	55.2	56.5	54.6	55.7
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	April	120.3	124.9	111.6	100.8	94.7
Personal consumption expenditure (2009 \$B)	March*	11,696	0.3	-0.1	0.8	2.8
Disposable personal income (2009 \$B)	March*	12,882	0.5	0.5	1.0	2.4
Consumer credit (\$B)	Feb.	3,792	0.4	1.1	2.8	6.3
Retail sales (\$M)	March	471,491	-0.2	0.1	1.7	4.6
<i>Excluding automobiles (\$M)</i>	March	375,298	0.0	1.1	2.2	4.6
Industrial production (2007 = 100)	March	104.1	0.5	0.3	1.1	1.5
Production capacity utilization rate (%) <sup>1</sup>	March	76.1	75.7	76.0	75.6	75.4
New machinery orders (\$M)	March*	478,185	0.2	2.9	4.7	5.8
New durable good orders (\$M)	March	239,439	0.9	5.8	4.9	4.8
Business inventories (\$B)	Feb.	1,840	0.3	1.0	1.7	2.8
Housing starts (k) <sup>1</sup>	March	1,215	1,303	1,275	1,052	1,113
Building permits (k) <sup>1</sup>	March	1,267	1,216	1,228	1,225	1,077
New home sales (k) <sup>1</sup>	March	621.0	587.0	551.0	568.0	537.0
Existing home sales (k) <sup>1</sup>	March	5,710	5,470	5,510	5,470	5,390
Commercial surplus (\$M) <sup>1</sup>	March*	-43,706	-43,760	-44,259	-36,026	-37,259
Nonfarm employment (k) <sup>2</sup>	April*	146,063	211.0	522.0	1,057	2,237
Unemployment rate (%) <sup>1</sup>	April*	4.4	4.5	4.8	4.8	5.0
Consumer price (1982–1984 = 100)	March	243.8	-0.3	0.4	1.1	2.4
<i>Excluding food and energy</i>	March	251.0	-0.1	0.4	0.9	2.0
Personal cons. expenditure deflator (2009 = 100)	March*	112.0	-0.2	0.3	0.8	1.8
<i>Excluding food and energy</i>	March*	112.5	-0.1	0.4	0.7	1.6
Producer price (2009 = 100)	March	112.1	-0.1	0.8	1.4	2.3
Export prices (2000 = 100)	March	122.3	0.2	0.8	1.5	3.6
Import prices (2000 = 100)	March	122.6	-0.2	0.8	1.7	4.2

<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.

**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 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) <sup>1</sup>	2016 Q4	-10,726	---	---	-67,695	-67,553	-48,207
Production capacity utilization rate (%) <sup>1</sup>	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

<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)	Feb.	1,710,741	0.0	1.0	1.7	2.5
Industrial production (2007 \$M)	Feb.	363,135	-0.4	1.6	3.0	3.9
Manufacturing sales (\$M)	Feb.	53,629	-0.2	2.4	4.5	6.8
Housing starts (k) <sup>1</sup>	March	253.2	214.2	207.4	218.8	203.5
Building permits (\$M)	Feb.	7,450	-2.5	-1.5	-0.6	3.9
Retail sales (\$M)	Feb.	47,763	-0.6	1.6	4.4	4.7
<i>Excluding automobiles (\$M)</i>	Feb.	35,291	-0.1	1.8	3.7	5.8
Wholesale trade sales (\$M)	Feb.	58,856	-0.2	3.1	3.6	6.6
Commercial surplus (\$M) <sup>1</sup>	March*	-134.7	-1,081	319	-4,258	-3,021
<i>Exports (\$M)</i>	March*	46,977	3.8	1.7	8.1	12.9
<i>Imports (\$M)</i>	March*	47,112	1.7	2.7	-1.2	5.6
Employment (k) <sup>2</sup>	April*	18,311	3.2	12.6	21.7	23.0
Unemployment rate (%) <sup>1</sup>	April*	6.5	6.7	6.8	7.0	7.1
Average weekly earnings (\$)	Feb.	967.6	0.1	0.6	1.0	1.5
Number of salaried employees (k) <sup>2</sup>	Feb.	16,137	64.5	31.8	29.9	25.4
Consumer price (2002 = 100)	March	129.9	0.2	1.2	0.9	1.6
<i>Excluding food and energy</i>	March	125.2	0.3	1.4	0.7	1.7
<i>Excluding 8 volatile items</i>	March	129.6	0.3	1.2	0.5	1.3
Industrial product price (2002 = 100)	March	114.0	0.8	1.7	3.2	5.1
Raw materials price (2002 = 100)	March	99.6	-1.6	1.5	9.8	16.6
Money supply M1+ (\$M)	March*	912,147	1.1	2.0	4.4	9.7

<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.



**UNITED STATES, CANADA, OVERSEAS**
**Major financial indicators**

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	May 5	April 28	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
<b>United States</b>									
Federal funds – target	1.00	1.00	1.00	0.75	0.50	0.50	1.00	0.63	0.50
Treasury bill – 3 months	0.89	0.79	0.81	0.50	0.37	0.19	0.89	0.45	0.18
Treasury bonds – 2 years	1.32	1.26	1.28	1.22	0.80	0.73	1.38	0.98	0.56
– 5 years	1.89	1.81	1.91	1.94	1.24	1.23	2.13	1.53	0.94
– 10 years	2.36	2.28	2.37	2.49	1.78	1.78	2.61	2.02	1.36
– 30 years	2.99	2.95	3.00	3.11	2.57	2.63	3.19	2.71	2.11
S&P 500 index (level)	2,391	2,384	2,356	2,297	2,085	2,057	2,396	2,215	2,001
DJIA index (level)	20,929	20,941	20,656	20,071	17,888	17,741	21,116	19,133	17,140
Gold price (US\$/ounce)	1,228	1,268	1,266	1,218	1,304	1,290	1,369	1,259	1,127
CRB index (level)	178.43	181.73	187.11	193.20	182.50	179.91	195.82	187.30	177.01
WTI oil (US\$/barrel)	46.59	49.31	52.25	53.81	44.07	44.58	54.48	48.69	39.50
<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	0.50	0.52	0.55	0.47	0.44	0.50	0.56	0.50	0.42
Treasury bonds – 2 years	0.68	0.72	0.76	0.77	0.52	0.56	0.88	0.65	0.47
– 5 years	1.00	1.01	1.12	1.11	0.67	0.73	1.32	0.88	0.53
– 10 years	1.55	1.55	1.60	1.76	1.16	1.35	1.87	1.40	0.95
– 30 years	2.16	2.16	2.26	2.42	1.82	1.99	2.53	2.03	1.55
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.50	-0.50	-0.50	-0.25	0.00	0.00	0.00	-0.13	-0.50
Treasury bill – 3 months	-0.39	-0.27	-0.26	-0.03	0.07	0.31	0.35	0.05	-0.39
Treasury bonds – 2 years	-0.64	-0.54	-0.52	-0.44	-0.28	-0.17	-0.06	-0.33	-0.64
– 5 years	-0.89	-0.80	-0.79	-0.82	-0.58	-0.50	-0.38	-0.66	-0.89
– 10 years	-0.81	-0.73	-0.78	-0.73	-0.62	-0.42	-0.35	-0.62	-0.82
– 30 years	-0.83	-0.79	-0.74	-0.69	-0.75	-0.64	-0.52	-0.68	-0.88
S&P/TSX index (level)	15,569	15,586	15,667	15,476	14,509	13,701	15,922	14,921	13,564
Exchange rate (C\$/US\$)	1.3706	1.3652	1.3406	1.3023	1.3404	1.2909	1.3749	1.3170	0.7296
Exchange rate (C\$/€)	1.5055	1.4877	1.4197	1.4044	1.4929	1.4723	1.5103	1.4397	1.3828
<b>Overseas</b>									
<u>Euro zone</u>									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange rate (US\$/€)	1.0984	1.0897	1.0590	1.0784	1.1138	1.1405	1.1427	1.0914	1.0387
<u>United Kingdom</u>									
BoE – Base rate	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.31	0.25
Bonds – 10 years	1.12	1.02	1.03	1.35	1.14	1.42	1.51	1.13	0.61
FTSE index (level)	7,288	7,204	7,349	7,188	6,693	6,126	7,430	6,892	5,924
Exchange rate (US\$/£)	1.2956	1.2951	1.2374	1.2488	1.2519	1.4431	1.4879	1.2909	1.2049
<u>Germany</u>									
Bonds – 10 years	0.42	0.32	0.23	0.41	0.06	0.15	0.49	0.12	-0.22
DAX index (level)	12,690	12,438	12,225	11,651	10,259	9,870	12,690	10,953	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)	19,446	19,197	18,665	18,918	16,905	16,107	19,634	17,754	14,952
Exchange rate (US\$/¥)	112.63	111.55	111.07	112.71	103.14	107.13	118.18	108.51	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.