

WEEKLY NEWSLETTER

Despite Improved Economic Conditions, the Bank of Canada Maintains the Status Quo

HIGHLIGHTS

- ▶ U.S. home sales fell in April.
- ▶ United States: Real GDP growth for the first quarter was revised upward to 1.2% from 0.7%.
- ▶ Canada: The Bank of Canada kept the target for the overnight rate at 0.50%.

A LOOK AHEAD

- ▶ United States: Once again, nearly 200,000 jobs are expected to be added in the United States.
- ▶ United States: The manufacturing ISM is expected to dip slightly.
- ▶ Canada: Real GDP growth of 0.4% is forecast for March.
- ▶ Canada: The first quarter could end with real GDP growth of 4.7%.
- ▶ Canada: Labour productivity could improve substantially in the first quarter.

FINANCIAL MARKETS

- ▶ Renewed optimism in equity markets.
- ▶ The Federal Reserve will trim its balance sheet very cautiously.
- ▶ The loonie benefits from the Bank of Canada's positive tone.

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Key Statistics of the Week

UNITED STATES

- ▶ Sales of new single-family dwellings fell 11.4% in April after rising by a total of 17.2% over the first three months of the year. On an annualized basis, they went from 642,000 units in March to 569,000 units in April. Sales seem to have declined in all regions, but the biggest drop came in the Western United States (-26.3%).
- ▶ Existing home sales tumbled 2.3% in April following March's 4.2% gain, going from 5,700,000 to 5,570,000 units on an annualized basis. The decline comes from both condo resales (-1.6%) and sales of single-family homes (-2.4%).
- ▶ After four consecutive monthly increases, for a total gain of 4.3%, new durable goods orders fell 0.7% in April. As expected, civil aviation made a negative contribution to the monthly change, declining 9.2%, but the military sector partially offset the bite. Auto orders went up 0.3% after declining for three straight months. Excluding transportation, April saw a drop of 0.4% following the previous month's 0.8% growth. As in March, new capital goods orders excluding defence and aviation stood still in April.
- ▶ Real GDP rose an annualized 1.2% in the first quarter of 2017, according to the preliminary estimate of the national accounts. That is an improvement from the advance estimate released in April, which showed an increase of just 0.7%. However, it is still slower than the 2.1% growth recorded in the final quarter of 2016. The upside change comes from slightly stronger consumption growth (from +0.3% to +0.6%), slightly livelier business investment, and a smaller decline in spending by states and municipalities.
- ▶ The final version of the University of Michigan consumer confidence index posted a slight drop from the preliminary version. The index went from 97.7 to 97.1, nearing March's 97.0.

Francis Généreux, Senior economist

CANADA

- ▶ Economic conditions improved substantially at the start of 2017, among other things thanks to lively domestic demand. Despite this good news, the Bank of Canada opted to maintain the status quo on its key interest rates. The decision is justified given that many uncertainties remain for the coming quarters.
- ▶ Wholesale sales increased 0.9% in March thanks primarily to substantial increases for food, beverage and tobacco product wholesalers, and building material wholesalers. Sales are up 10.2% in the last year, which is very high, historically speaking. In real terms, sales rose 0.6% while inventories fell 0.6%.

Benoit P. Durocher, Senior economist

CANADA

Wholesaling has been doing fairly well in recent months



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

The Bank of Canada Highlights the Canadian Economy's Progress

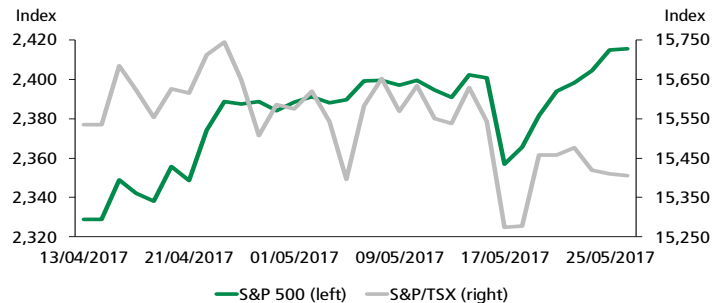
U.S. stock markets seem to have recovered from the upheaval at the White House. The S&P 500 posted gains in nearly every session, confidently crossing the 2,400 mark to set a new peak at 2,418 points on Thursday. The reporting season is winding up and, according to Bloomberg, earnings posted a spectacular jump of nearly 15% in the first quarter, with the energy sector in the lead. Ironically, the S&P 500's energy sector was one of the few sectors to record a drop this week. The 9-month extension to output rationing announced by the Organization of Petroleum Exporting Countries (OPEC) was followed by profit-taking on Thursday. Crude prices, which had hit US\$52 before the news, tumbled to around US\$49. Therefore, despite the good results posted by some banks, the Canadian stock market was unable to participate in the rising momentum in the United States; it stood still this week.

The bond markets were watching the minutes of the Federal Reserve (Fed) meeting, specifically the discussions about the strategy for trimming the balance sheet. On that topic, officials prefer a very gradual, telegraphed runoff approach. The U.S. curve flattened after the news, suggesting that investors were expecting a slightly less conservative approach. In Canada, the Bank of Canada's (BoC) statement was more optimistic, particularly concerning adjustments surrounding the oil shock and the evolution of investment. Canada-U.S. short-term yield spreads narrowed, but markets are still in position for an increase only in the spring of 2018.

After the previous week's retreat, the U.S. dollar did not show a clear trend in the latest sessions. In general, the euro stayed above US\$1.12 before edging slightly below that level on Friday morning. The pound tumbled to around US\$1.28 after the release of a survey indicating that the Conservatives' lead in voting intentions for the June 8 election had narrowed substantially. In the middle of the week, the Canadian dollar capitalized on positive remarks from the BoC, going to US\$0.747 (C\$1.339/US\$). However, oil's sharp retreat wiped out some of the gains after that.

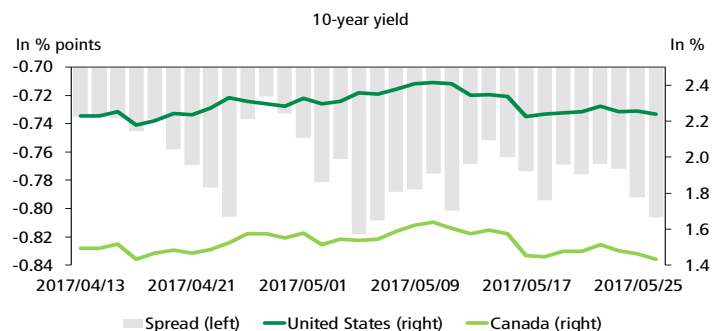
Mathieu D'Anjou, CFA, Senior economist
Jimmy Jean, CFA, Senior economist

GRAPH 1
Stock markets



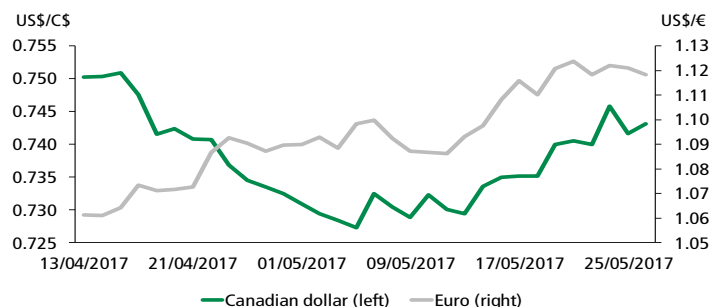
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

TUESDAY May 30 - 8:30

| | |
|--------------|-------------|
| April | m/m |
| Consensus | 0.4% |
| Desjardins | 0.5% |
| March | 0.0% |

TUESDAY May 30 - 9:00

| | |
|-----------------|--------------|
| March | y/y |
| Consensus | 5.60% |
| Desjardins | 5.55% |
| February | 5.85% |

TUESDAY May 30 - 10:00

| | |
|--------------|--------------|
| May | |
| Consensus | 119.9 |
| Desjardins | 120.0 |
| April | 120.3 |

THURSDAY June 1st - 10:00

| | |
|--------------|-------------|
| May | |
| Consensus | 54.9 |
| Desjardins | 54.6 |
| April | 54.8 |

FRIDAY June 2nd - 8:30

| | |
|--------------|----------------|
| May | |
| Consensus | 180,000 |
| Desjardins | 202,000 |
| April | 211,000 |

TUESDAY May 30 - 8:30

| | |
|----------------|--------------|
| Q1 2017 | \$B |
| Consensus | -11.4 |
| Desjardins | -11.8 |
| Q4 2016 | -10.7 |

UNITED STATES

Consumer spending (April) – The March 0.3% growth in real consumption marked a return to positive ground after two successive months of decline in household spending. We are expecting a 0.3% increase in real terms for the month of April. Sales of automobiles and other durable goods should boost growth. We are also expecting greater consumption of services, as is shown by the progress of energy production. The forecast 0.1% increase of the price index will bring the monthly change in nominal consumption up to 0.5%. Nominal personal income should rise by 0.4%.

S&P/Case-Shiller home price index (March) – The monthly change in the S&P/Case-Shiller index slowed a bit in February, reaching 0.7% after three consecutive months of 0.9% increases, but we expect it to pick up again in March as it has so often done. In March 2016 an increase of 1.3% followed one of only 0.5% in February. However, the annual change in the S&P/Case-Shiller index should slow down from 5.9% to 5.6%.

Conference Board consumer confidence index (May) – The upturn in the Conference Board consumer confidence index since the fall of 2016 seems to have stopped. It fell by 4.6 points, the largest monthly decline since November 2015, although that did come on the heels of a total increase of 24.1 points in the five previous months. We expect little movement in the Conference Board index in May. The stock exchange has gone up again since mid-April. Oil prices have been fairly stable for some weeks. On the other hand, concerns about the Trump administration rose again, particularly after the FBI director was fired. Other confidence indices sent mixed messages in May. We predict that the Conference Board confidence index will stay around 120.0.

ISM manufacturing index (May) – The ISM manufacturing index registered two monthly declines in a row for the first time since the summer of 2016. A drop of 0.5 points in March was followed by a more pronounced one of 2.4 points in April. We expect it to go down further in May. That is what the movements of most regional manufacturers' indices suggest, although the drop could be slight, putting the index at 54.6.

Job creation according to the establishment survey (May) – The March job creation disappointment was short lived. Hiring bounced back from a mere 79,000 in March to 211,000 in April, and we expect more good results in May. The new drop in weekly jobless claims points to further growth of about 200,000 jobs, although we hope to be able to fine tune that forecast in a few days as we get data on household confidence and ISM indices. The jobless rate for May should stay the same as for April, i.e. 4.4%.

CANADA

Current account (Q1) – According to the results of international merchandise trade, the value of exports went up 1.7% during the first quarter of 2017, while imports were up 2.6%. That pushed the trade balance down by about \$1.1B. The current account deficit should get worse in the first quarter.

WEDNESDAY May 31 - 8:30

| | |
|-----------------|-------------|
| March | m/m |
| Consensus | 0.3% |
| Desjardins | 0.4% |
| February | 0.0% |

WEDNESDAY May 31 - 8:30

| | |
|-----------------|-------------|
| March | q/q |
| Consensus | 4.3% |
| Desjardins | 4.7% |
| February | 2.6% |

FRIDAY June 2 - 8:30

| | |
|----------------|-------------|
| Q1 2017 | q/q |
| Consensus | n/a |
| Desjardins | 1.5% |
| Q4 2016 | 0.4% |

FRIDAY June 2 - 8:30

| | |
|--------------|--------------|
| April | G\$ |
| Consensus | -0.03 |
| Desjardins | -0.30 |
| March | -0.14 |

DURING THE WEEK
DURING THE WEEK

Real GDP by industry (March) – Generally speaking, the economic indicators were quite positive for March. Sales volumes for manufacturers, retailers and wholesalers increased during that month. The number of housing starts went up to 252,305 units, way above the trend in recent months. The number of hours worked increased by 0.9% in the goods sectors and 1.2% in the service sectors, which suggests a significant increase in production. That means the real GDP by industry could rise by 0.4% in March, slightly higher than originally forecast.

Real GDP (Q1) – After a 2.6% increase in the last quarter of 2016, economic growth should speed up significantly in the first quarter of 2017. Given the forecast increase of 0.4% for real GDP by industry in March, the gain of 0.6% noted in January and the practically zero growth in February, the entire first quarter of 2017 could wind up with real GDP growth of 4.7% (at an annualized quarterly pace). To all appearances the trade balance went down during the winter, which will have a negative effect on the real GDP, but that will be greatly offset by a positive change in inventories and a strong increase in internal demand. The 8.0% increase in the volume of retail sales during the first quarter points to much more robust household consumer spending to come.

Labour productivity (Q1) – Even though the March figures are not yet available, it looks as though the enterprise sector's production increased about 1.2% during the entire first quarter. Since the number of hours worked in the private sectors declined by 0.3% during that time, labour productivity should have gone up about 1.5%. Salaries probably rose much more slowly, and that should push down the unit cost of labour in the first quarter.

International merchandise trade (April) – Seasonally adjusted and expressed in Canadian dollars, energy prices declined by 3.5% in April, while the prices of other commodities went up 1.4%. Overall, that will have a negative effect on the value of Canadian exports. On the other hand, the data on U.S. industrial production indicates greater activity in the auto industry, which will be good for Canadian exports. In the final analysis, we can expect a slight increase in the value of exports for the month of April. The vitality of internal demand should push up imports at a faster pace than exports, and that could lead to a deterioration in the trade balance.


OVERSEAS


Euro zone: Economic indicators – On Tuesday several confidence indices for the month of May will be among the indicators to be published in the euro zone next week. The first signs are quite positive, albeit modest. On the one hand, the preliminary version of the consumer confidence index posted a slight improvement, from -3.6 to -3.3. On the other hand, the Euroland composite PMI index stayed relatively stable according to preliminary estimates for May. The advance estimate of inflation for March will be published on Wednesday. The annual change in the total consumer price index was 1.9% in April.

Japan: Economic indicators – Several monthly indicators for April will be published in Japan next week. Retail sales will be published on Monday evening. They went up 0.2% in March, but a modest drop is now expected. Monday evening will also reveal the unemployment rate. Industrial production and housing starts for April will come out on Tuesday evening. Industrial production is expected to rebound after the 1.9% decline posted in March.

Economic Indicators

Week of May 29 to June 2nd, 2017

| Day | Hour | Indicator | Period | Consensus |  | Previous data |
|----------------------|-------|--|-----------|------------|---|---------------|
| UNITED STATES | | | | | | |
| MONDAY 29 | --- | Markets closed (Memorial Day) | | | | |
| TUESDAY 30 | 8:30 | Personal income (m/m) | April | 0.4% | 0.4% | 0.2% |
| | 8:30 | Personal consumption expenditures (m/m) | April | 0.4% | 0.5% | 0.0% |
| | 8:30 | Personal consumption expenditures deflator | | | | |
| | | Total (m/m) | April | 0.2% | 0.1% | -0.2% |
| | | Excluding food and energy (m/m) | April | 0.1% | 0.1% | -0.1% |
| | | Total (y/y) | April | 1.7% | 1.6% | 1.8% |
| | | Excluding food and energy (y/y) | April | 1.5% | 1.5% | 1.6% |
| | 9:00 | S&P/Case-Shiller home price index (y/y) | March | 5.60% | 5.55% | 5.85% |
| | 10:00 | Consumer confidence | May | 119.9 | 120.0 | 120.3 |
| WEDNESDAY 31 | 10:00 | Pending home sales (m/m) | April | 1.0% | n/a | -0.8% |
| | 14:00 | Release of the <i>Beige Book</i> | | | | |
| THURSDAY 1 | 8:30 | Initial unemployment claims | May 22-26 | 239,000 | 238,000 | 234,000 |
| | 8:30 | Nonfarm productivity – final (ann. rate) | Q1 | -0.6% | 0.1% | -0.6% |
| | 8:30 | Unit labor costs – final (ann. rate) | Q1 | 3.0% | 2.4% | 3.0% |
| | 10:00 | Construction spending (m/m) | April | 0.5% | 0.2% | -0.2% |
| | 10:00 | ISM manufacturing index | May | 54.9 | 54.6 | 54.8 |
| | --- | Total vehicle sales (ann. rate) | May | 17,000,000 | 16,790,000 | 16,810,000 |
| FRIDAY 2 | 8:30 | Change in nonfarm payrolls | May | 180,000 | 202,000 | 211,000 |
| | 8:30 | Unemployment rate | May | 4.4% | 4.4% | 4.4% |
| | 8:30 | Weekly worked hours | May | 34.4 | 34.4 | 34.4 |
| | 8:30 | Average weekly earnings (m/m) | May | 0.3% | 0.2% | 0.3% |
| | 8:30 | Trade balance – Goods and services (US\$B) | April | -44.0 | -46.5 | -43.7 |
| CANADA | | | | | | |
| MONDAY 29 | --- | --- | | | | |
| TUESDAY 30 | 8:30 | Current account balance (\$B) | Q1 | -11.4 | -11.8 | -10.7 |
| | 8:30 | Industrial product price index (m/m) | April | n/a | 0.6% | 0.8% |
| | 8:30 | Raw materials price index (m/m) | April | n/a | 3.0% | -1.6% |
| WEDNESDAY 31 | 8:30 | Real GDP by industry (m/m) | March | 0.3% | 0.4% | 0.0% |
| | 8:30 | Real GDP (q/q) | Q1 | 4.3% | 4.7% | 2.6% |
| THURSDAY 1 | --- | --- | | | | |
| FRIDAY 2 | 8:30 | International trade (\$B) | April | -0.03 | -0.30 | -0.14 |
| | 8:30 | Labour productivity (q/q) | Q1 | n/a | 1.5% | 0.4% |
| | 8:30 | Unit labour costs (q/q) | Q1 | n/a | -0.9% | 0.7% |

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 29 to June 2nd, 2017

| Country | Hour | Indicator | Period | Consensus | | Previous data | | |
|---------------------|-------|-------------------------------------|--------|-----------|--------|---------------|--------|--|
| | | | | m/m (q/q) | y/y | m/m (q/q) | y/y | |
| OVERSEAS | | | | | | | | |
| MONDAY 29 | | | | | | | | |
| Euro zone | 4:00 | Money supply M3 | April | | 5.2% | | 5.3% | |
| Japan | 19:30 | Household spending | April | | -0.7% | | -1.3% | |
| Japan | 19:30 | Unemployment rate | April | 2.8% | | 2.8% | | |
| Japan | 19:50 | Retail sales | April | -0.1% | 2.2% | 0.2% | 2.1% | |
| TUESDAY 30 | | | | | | | | |
| France | 2:45 | Consumer confidence | May | | 101 | | 100 | |
| France | 2:45 | Personal consumption expenditures | April | 0.8% | 0.6% | -0.4% | -1.0% | |
| France | 2:45 | Real GDP – preliminary | Q1 | 0.3% | 0.8% | 0.3% | 0.8% | |
| Euro zone | 5:00 | Business climate | May | | 1.11 | | 1.09 | |
| Euro zone | 5:00 | Consumer confidence – final | May | | -3.3 | | -3.3 | |
| Euro zone | 5:00 | Industrial confidence | May | | 3.1 | | 2.6 | |
| Euro zone | 5:00 | Services confidence | May | | 14.1 | | 14.2 | |
| Euro zone | 5:00 | Economic confidence | May | | 110.0 | | 109.6 | |
| Germany | 8:00 | Consumer price index – preliminary | May | -0.1% | 1.6% | 0.0% | 2.0% | |
| United Kingdom | 19:01 | Consumer confidence | May | | n/a | | -7 | |
| Japan | 19:50 | Industrial production – preliminary | April | 4.1% | 6.0% | -1.9% | 3.5% | |
| China | 21:00 | PMI manufacturing index | May | | 51.0 | | 51.2 | |
| China | 21:00 | PMI non-manufacturing index | May | | n/a | | 54.0 | |
| WEDNESDAY 31 | | | | | | | | |
| Brazil | --- | Bank of Brazil meeting | May | | 10.25% | | 11.25% | |
| Japan | 1:00 | Small business confidence | May | | n/a | | 48.6 | |
| Japan | 1:00 | Housing starts | April | | | -1.5% | 0.2% | |
| Germany | 2:00 | Retail sales | April | 0.4% | 2.2% | 0.1% | 2.3% | |
| France | 2:45 | Consumer price index – preliminary | May | 0.1% | 0.9% | 0.1% | 1.2% | |
| Euro zone | 5:00 | Consumer price index – estimate | May | | | 1.5% | 1.9% | |
| Euro zone | 5:00 | Unemployment rate | April | | 9.4% | | 9.5% | |
| THURSDAY 1 | | | | | | | | |
| Japan | 1:00 | Consumer confidence | May | | 43.5 | | 43.2 | |
| United Kingdom | 2:00 | Nationwide house prices | May | 0.2% | 2.5% | -0.4% | 2.6% | |
| Italy | 3:45 | PMI manufacturing index | May | | 56.1 | | 56.2 | |
| France | 3:50 | PMI manufacturing index – final | May | | 54.0 | | 54.0 | |
| Germany | 3:55 | PMI manufacturing index – final | May | | 59.4 | | 59.4 | |
| Euro zone | 4:00 | PMI manufacturing index – final | May | | 57.0 | | 57.0 | |
| Italy | 4:00 | Real GDP – final | Q1 | 0.2% | 0.8% | 0.2% | 0.8% | |
| United Kingdom | 4:30 | PMI manufacturing index | May | | 56.5 | | 57.3 | |
| FRIDAY 2 | | | | | | | | |
| United Kingdom | 4:30 | PMI construction index | May | | 52.6 | | 53.1 | |
| Euro zone | 5:00 | Producer price index | April | 0.2% | 4.5% | -0.3% | 3.9% | |

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 | 16,862 | 1.2 | 2.0 | 1.6 | 2.6 | 2.4 |
| Consumption (2009 \$B) | 2017 Q1 | 11,689 | 0.6 | 2.8 | 2.7 | 3.2 | 2.9 |
| Government spending (2009 \$B) | 2017 Q1 | 2,899 | -1.1 | -0.5 | 0.8 | 1.8 | -0.9 |
| Residential investment (2009 \$B) | 2017 Q1 | 615.5 | 13.7 | 2.5 | 4.9 | 11.7 | 3.5 |
| Non-residential investment (2009 \$B) | 2017 Q1 | 2,257 | 11.4 | 3.6 | -0.5 | 2.1 | 6.0 |
| Business inventory change (2009 \$B) ¹ | 2017 Q1 | 4.3 | --- | --- | 22.0 | 84.0 | 57.7 |
| Exports (2009 \$B) | 2017 Q1 | 2,168 | 5.9 | 3.1 | 0.4 | 0.1 | 4.3 |
| Imports (2009 \$B) | 2017 Q1 | 2,768 | 3.8 | 3.7 | 1.2 | 4.6 | 4.4 |
| Final domestic demand (2009 \$B) | 2017 Q1 | 17,439 | 2.0 | 2.3 | 2.1 | 3.1 | 2.6 |
| GDP deflator (2009 = 100) | 2017 Q1 | 112.9 | 2.2 | 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) ¹ | 2016 Q4 | -112.4 | --- | --- | -481.2 | -463.0 | -392.1 |

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) | April | 126.9 | 0.3 | 1.1 | 2.4 | 3.2 |
| ISM manufacturing index ¹ | April | 54.8 | 57.2 | 56.0 | 52.0 | 50.7 |
| ISM non-manufacturing index ¹ | April | 57.5 | 55.2 | 56.5 | 54.6 | 55.7 |
| Cons. confidence Conference Board (1985 = 100) ¹ | 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) | March | 3,806 | 0.4 | 1.1 | 2.7 | 6.0 |
| Retail sales (\$M) | April | 474,948 | 0.4 | 0.3 | 1.8 | 4.5 |
| <i>Excluding automobiles (\$M)</i> | April | 377,805 | 0.3 | 0.7 | 2.3 | 4.5 |
| Industrial production (2007 = 100) | April | 105.1 | 1.0 | 1.6 | 1.9 | 2.2 |
| Production capacity utilization rate (%) ¹ | April | 76.7 | 76.1 | 75.8 | 75.7 | 75.6 |
| New machinery orders (\$M) | March | 467,673 | 0.5 | 1.7 | 4.5 | 6.3 |
| New durable good orders (\$M) | April* | 231,168 | -0.7 | 3.0 | -1.1 | 0.9 |
| Business inventories (\$B) | March | 1,841 | 0.2 | 0.8 | 1.8 | 2.6 |
| Housing starts (k) ¹ | April | 1,172 | 1,203 | 1,236 | 1,328 | 1,164 |
| Building permits (k) ¹ | April | 1,228 | 1,260 | 1,300 | 1,285 | 1,163 |
| New home sales (k) ¹ | April* | 569.0 | 642.0 | 599.0 | 577.0 | 566.0 |
| Existing home sales (k) ¹ | April* | 5,570 | 5,700 | 5,690 | 5,530 | 5,480 |
| Commercial surplus (\$M) ¹ | March | -43,706 | -43,760 | -44,259 | -36,026 | -37,259 |
| Nonfarm employment (k) ² | April | 146,063 | 211.0 | 522.0 | 1,057 | 2,237 |
| Unemployment rate (%) ¹ | April | 4.4 | 4.5 | 4.8 | 4.8 | 5.0 |
| Consumer price (1982-1984 = 100) | April | 244.2 | 0.2 | 0.0 | 1.0 | 2.2 |
| <i>Excluding food and energy</i> | April | 251.2 | 0.1 | 0.2 | 0.9 | 1.9 |
| 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) | April | 112.7 | 0.5 | 0.7 | 1.6 | 2.5 |
| Export prices (2000 = 100) | April | 122.3 | 0.2 | 0.6 | 1.3 | 3.0 |
| Import prices (2000 = 100) | April | 123.4 | 0.5 | 0.9 | 1.8 | 4.1 |

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) | 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) | March | 53,854 | 1.0 | 0.5 | 4.7 | 8.2 |
| Housing starts (k) ¹ | April | 213.1 | 252.3 | 208.6 | 195.7 | 188.6 |
| Building permits (\$M) | March | 7,002 | -5.8 | -3.1 | 0.0 | 1.5 |
| Retail sales (\$M) | March | 48,290 | 0.7 | 2.9 | 4.6 | 6.9 |
| <i>Excluding automobiles (\$M)</i> | March | 35,261 | -0.2 | 2.1 | 3.4 | 5.7 |
| Wholesale trade sales (\$M) | March* | 60,221 | 0.9 | 3.0 | 6.8 | 10.2 |
| Commercial surplus (\$M) ¹ | 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) ² | April | 18,311 | 3.2 | 12.6 | 21.7 | 23.0 |
| Unemployment rate (%) ¹ | April | 6.5 | 6.7 | 6.8 | 7.0 | 7.1 |
| Average weekly earnings (\$) | March | 966.1 | 0.2 | -0.5 | 1.0 | 0.9 |
| Number of salaried employees (k) ² | March | 16,125 | 8.1 | 9.9 | 16.3 | 22.1 |
| Consumer price (2002 = 100) | April | 130.4 | 0.4 | 0.7 | 1.0 | 1.6 |
| <i>Excluding food and energy</i> | April | 125.2 | 0.0 | 0.7 | 0.6 | 1.5 |
| <i>Excluding 8 volatile items</i> | April | 129.6 | 0.0 | 0.7 | 0.4 | 1.1 |
| 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 |

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 | | |
|---|--------|---------------|----------|-----------|-----------|---------|---------------|---------|--------|
| | May 26 | May 19 | -1 month | -3 months | -6 months | -1 year | Higher | Average | Lower |
| United States | | | | | | | | | |
| Federal funds – target | 1.00 | 1.00 | 1.00 | 0.75 | 0.50 | 0.50 | 1.00 | 0.66 | 0.50 |
| Treasury bill – 3 months | 0.92 | 0.90 | 0.79 | 0.51 | 0.48 | 0.31 | 0.92 | 0.49 | 0.18 |
| Treasury bonds – 2 years | 1.30 | 1.27 | 1.26 | 1.14 | 1.14 | 0.88 | 1.38 | 1.01 | 0.56 |
| – 5 years | 1.78 | 1.79 | 1.81 | 1.81 | 1.87 | 1.37 | 2.13 | 1.56 | 0.94 |
| – 10 years | 2.24 | 2.24 | 2.28 | 2.32 | 2.37 | 1.83 | 2.61 | 2.05 | 1.36 |
| – 30 years | 2.90 | 2.91 | 2.95 | 2.95 | 3.02 | 2.64 | 3.19 | 2.73 | 2.11 |
| S&P 500 index (level) | 2,416 | 2,382 | 2,384 | 2,367 | 2,213 | 2,099 | 2,416 | 2,234 | 2,001 |
| DJIA index (level) | 21,069 | 20,805 | 20,941 | 20,822 | 19,152 | 17,873 | 21,116 | 19,321 | 17,140 |
| Gold price (US\$/ounce) | 1,268 | 1,253 | 1,268 | 1,255 | 1,185 | 1,212 | 1,369 | 1,259 | 1,127 |
| CRB index (level) | 181.37 | 185.08 | 181.73 | 190.93 | 185.73 | 186.14 | 195.82 | 187.21 | 177.01 |
| WTI oil (US\$/barrel) | 49.08 | 50.32 | 49.31 | 53.99 | 46.72 | 49.36 | 54.48 | 48.77 | 39.50 |
| 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 | 0.51 | 0.51 | 0.52 | 0.47 | 0.51 | 0.53 | 0.56 | 0.50 | 0.42 |
| Treasury bonds – 2 years | 0.71 | 0.68 | 0.72 | 0.75 | 0.67 | 0.65 | 0.88 | 0.66 | 0.47 |
| – 5 years | 0.95 | 0.95 | 1.01 | 1.09 | 0.99 | 0.79 | 1.32 | 0.89 | 0.53 |
| – 10 years | 1.43 | 1.48 | 1.55 | 1.61 | 1.56 | 1.36 | 1.87 | 1.41 | 0.95 |
| – 30 years | 2.07 | 2.11 | 2.16 | 2.33 | 2.14 | 1.99 | 2.53 | 2.04 | 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 | -0.16 | -0.50 |
| Treasury bill – 3 months | -0.41 | -0.39 | -0.27 | -0.04 | 0.03 | 0.22 | 0.35 | 0.01 | -0.46 |
| Treasury bonds – 2 years | -0.58 | -0.59 | -0.54 | -0.39 | -0.47 | -0.23 | -0.06 | -0.35 | -0.63 |
| – 5 years | -0.83 | -0.84 | -0.80 | -0.72 | -0.88 | -0.58 | -0.38 | -0.67 | -0.89 |
| – 10 years | -0.81 | -0.77 | -0.73 | -0.71 | -0.81 | -0.48 | -0.35 | -0.64 | -0.82 |
| – 30 years | -0.84 | -0.80 | -0.79 | -0.63 | -0.88 | -0.65 | -0.52 | -0.69 | -0.88 |
| S&P/TSX index (level) | 15,405 | 15,458 | 15,586 | 15,533 | 15,075 | 14,105 | 15,922 | 15,014 | 13,690 |
| Exchange rate (C\$/US\$) | 1.3457 | 1.3514 | 1.3652 | 1.3091 | 1.3530 | 1.3019 | 1.3749 | 1.3206 | 0.7431 |
| Exchange rate (C\$/€) | 1.5049 | 1.5145 | 1.4877 | 1.3828 | 1.4324 | 1.4471 | 1.5180 | 1.4420 | 1.3828 |
| Overseas | | | | | | | | | |
| <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\$/€) | 1.1183 | 1.1207 | 1.0897 | 1.0563 | 1.0587 | 1.1115 | 1.1394 | 1.0902 | 1.0387 |
| <u>United Kingdom</u> | | | | | | | | | |
| BoE – Base rate | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.30 | 0.25 |
| Bonds – 10 years | 1.01 | 1.02 | 1.02 | 1.08 | 1.42 | 1.44 | 1.51 | 1.11 | 0.61 |
| FTSE index (level) | 7,552 | 7,471 | 7,204 | 7,244 | 6,841 | 6,271 | 7,552 | 6,967 | 5,924 |
| Exchange rate (US\$/£) | 1.2790 | 1.3036 | 1.2951 | 1.2468 | 1.2477 | 1.4625 | 1.4879 | 1.2818 | 1.2049 |
| <u>Germany</u> | | | | | | | | | |
| Bonds – 10 years | 0.33 | 0.37 | 0.32 | 0.19 | 0.16 | 0.14 | 0.49 | 0.13 | -0.22 |
| DAX index (level) | 12,605 | 12,639 | 12,438 | 11,804 | 10,699 | 10,286 | 12,807 | 11,109 | 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) | 19,687 | 19,591 | 19,197 | 19,284 | 18,381 | 16,835 | 19,962 | 17,938 | 14,952 |
| Exchange rate (US\$/¥) | 111.23 | 111.28 | 111.55 | 112.19 | 113.08 | 110.24 | 118.18 | 108.69 | 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.