

## WEEKLY NEWSLETTER

# Weak Inflation Raises the Odds of a Federal Reserve Key Rate Cut

### HIGHLIGHTS

- ▶ United States: Retail sales and industrial production saw solid increases in May.
- ▶ United States: Inflation slows again.
- ▶ Canada: The number of housing starts declines to its recent trend.

### A LOOK AHEAD

- ▶ Will the Federal Reserve open the door to an upcoming key rate cut?
- ▶ United States: A new increase in housing starts is expected.
- ▶ Canada: The total annual inflation rate could tick up slightly in May.
- ▶ Canada: Manufacturing and retail sales could post muted growth in April.

### FINANCIAL MARKETS

- ▶ Flat performance on the stock market.
- ▶ Modest U.S. inflation puts pressure on bond yields.
- ▶ U.S. dollar ends the week on a high note, bolstered by strong U.S. economic data.

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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

- ▶ Retail sales rose 0.5% in May, after gaining 0.3% in April (revised from -0.2%). Motor vehicle sales climbed 0.7%, while the value of service station sales rose 0.3%. Excluding motor vehicles and gas, sales were also up 0.5% after a 0.3% increase (revised from -0.3%). The strongest growth came from nonstore retailers (+1.4%), electronics stores (+1.1%), and leisure goods stores (+1.1%).
- ▶ Industrial production increased 0.4% in May after sliding 0.4% in April (revised from -0.5%). Manufacturing production gained 0.2%. Activity in the mining sector was up 0.1%. Energy production jumped 2.1% after falling 3.1% in April.
- ▶ The consumer price index (CPI) ticked up a scant 0.1% in May, the weakest increase since January. The weakness stems partly from the 0.6% pullback in energy prices. However, food prices were up 0.3% following a 0.1% drop in April. For the fourth consecutive month, the core CPI, which excludes energy and food, rose by only 0.1%. As was the case in March and April, prices for used cars fell once again, while clothing prices remained stagnant. This marks the fourth consecutive decline in the price of goods, excluding energy and food. On the services side (minus energy), the increase was 0.2%, the lowest since February. The annual variation in the CPI fell from 2.0% to 1.8%. Core inflation, which does not include food and energy, slid from 2.1% to 2.0%.
- ▶ The other price indexes also showed weaknesses in May. The production price index increased by 0.1%, the weakest advance since January. The export (-0.2%) and import (-0.3%) price indexes both declined in May, even if the impacts of oil are excluded.
- ▶ The University of Michigan consumer confidence index declined, according to the preliminary version for June. The index slipped from 100.0 to 97.9, which is still above the April level. The decline in June is due to lowered consumer expectations (-4.9 points), as confidence in the current situation improved slightly (+2.5 point).

Francis Généreux, Senior economist

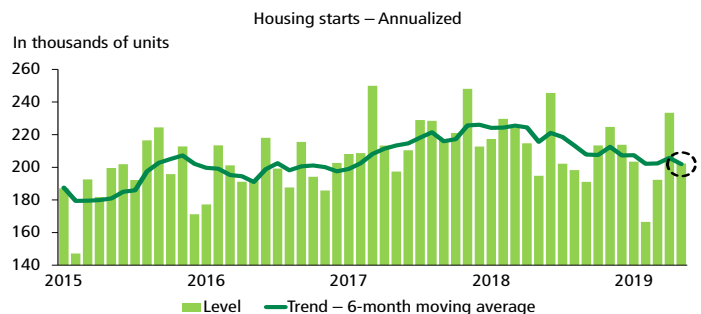
## CANADA

- ▶ As expected, the number of housing starts fell in May, from 233,410 to 202,337 units, a level more in keeping with the trend of recent months. Moreover, after reaching a historic peak in April, the number of housing starts for multi-unit housing in urban areas declined sharply in May.
- ▶ The value of building permits jumped in April with a monthly increase of 14.7%. The residential sector stands out, with a 24.5% rise. While the data on building permits are particularly volatile, this sharp increase is nevertheless encouraging, suggesting that residential construction is gaining strength.

Benoit P. Durocher, Senior economist

## CANADA

### Housing starts declined back to their trend



Sources: Canada Mortgage and Housing Corporation and Desjardins, Economic Studies

# Financial Markets

## Weakness in Chinese Industrial Production Spreads Concern

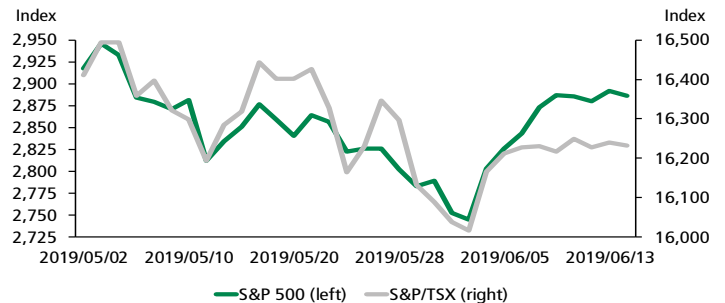
The U.S. stock market began the week on a positive note as tariffs announced for Mexico were cancelled at the end of last Friday. The rest of the week was calm, with the S&P 500 remaining essentially around the same level as Monday. Negative sentiment returned Friday as China posted disappointing industrial production data. There was better news regarding U.S. retail sales and industrial production, but this was not enough to revive market optimism. Ultimately, the S&P 500 was not headed for a significant weekly gain. A rebound of the Canadian stock market on Tuesday morning in reaction to good news about commodities soon dissipated as trade tensions and low oil prices continued to exert pressure on Canadian assets. The S&P/TSX index also started the day on the downside Friday morning, but picked up some steam later to post a slightly better weekly performance than in the United States.

U.S. bond yields staged a comeback on Monday and Tuesday as tensions with Mexico dissipated. However, they quickly erased their gains as inflation in the United States remained weak and fears about the global economy continued to weigh. The solid data from the United States Friday morning allowed bond yields to make up some of their earlier losses. The 2-year and 10-year yields were around 1.85% and 2.10% respectively on Friday morning. Canadian yields followed a similar trend, but with a slightly more pronounced weekly loss. At the time of writing, the 2-year yield was around 1.40% and the 10-year yield was around 1.45%.

The Mexican peso started the week on the rise, reflecting the Trump administration's turnaround on Mexican tariffs. Later in the week, it was Europe's turn to be faced with tariff threats, which penalized the euro against the U.S. dollar. The greenback fared relatively well over the week, recouping some of its recent losses. The Friday session was particularly favourable to the U.S. currency, which was sustained by concerns over a Chinese slowdown and solid economic data released in the United States. At the time of writing, the euro was trading below US\$1.13. The Canadian dollar dipped below US\$0.75.

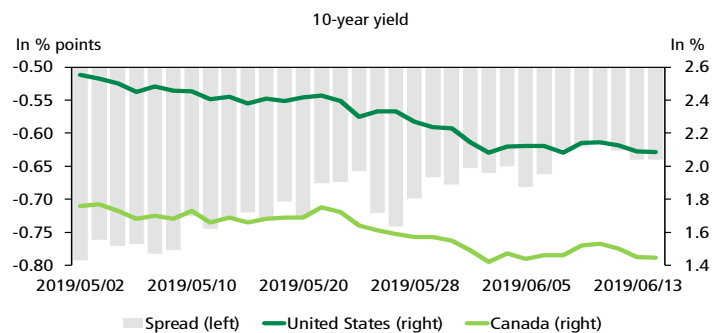
**Hendrix Vachon**, Senior Economist  
**Carine Bergevin-Chammah**, Economist

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



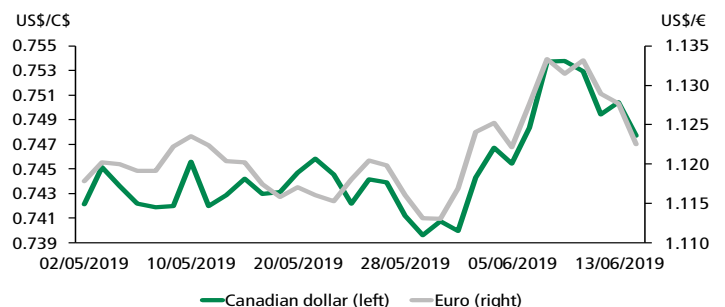
Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

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



Sources: Datastream and Desjardins, Economic Studies

# A Look Ahead

## TUESDAY June 18 - 8:30

May	ann. rate
Consensus	1,240,000
Desjardins	1,265,000
<b>April</b>	<b>1,235,000</b>

## WEDNESDAY June 19 - 14:00

June	
Consensus	2.50%
Desjardins	2.50%
<b>May 1</b>	<b>2.50%</b>

## THURSDAY June 20 - 10:00

May	m/m
Consensus	0.1%
Desjardins	0.0%
<b>April</b>	<b>0.2%</b>

## FRIDAY June 21 - 10:00

May	m/m
Consensus	5,270,000
Desjardins	5,250,000
<b>April</b>	<b>5,190,000</b>

## TUESDAY June 18 - 8:30

April	m/m
Consensus	0.4%
Desjardins	0.4%
<b>March</b>	<b>2.1%</b>

## UNITED STATES

**Housing starts (May)** – Housing starts rose 5.7% in April after a 1.7% gain in March. This was the first time since the summer of 2018 that new home construction had recorded two monthly hikes in a row. A third increase is expected in May. The number of building permits issued in recent months should raise the number of housing starts. Homebuilder confidence continued to improve in May. Still, sales of new, detached homes fell after a strong start to the year, and the number of jobs in housing construction dipped slightly in May. We are still expecting housing starts to reach 1,265,000 units in April but, based on previous results, the risk to this forecast is tilted to the downside.

**Federal Reserve meeting (June)** – Various quarters are pressuring the Federal Reserve (Fed) to ease its monetary policy. President Donald Trump has been criticizing the Fed's policy as being too restrictive for his taste. The markets then got in on the game, and the drop in bond yields coupled with the stock market rebound reflect investor expectations of a possible rate decrease. In fact, 19.7% of the Fed funds futures market now expects rates to fall by June 26, and 85.6% by July. Furthermore, the release of specific indicators for May, such as the disappointing number of hires and low price indexes, is adding to the pressure to reduce rates. In addition, the financial markets are nervous about the trade tensions. The meeting on Wednesday may be too early for key rates to change. But the Fed's leaders, through the statement, their new forecasts and Jerome Powell's press conference, could open the door wide to a decrease in rates as early as the July 31 meeting.

**Leading indicator (April)** – The leading indicator gained 0.2% in April after rising 0.3% in March. We expect no change in May. The positive contributions of consumer confidence and credit conditions should take the sting out of the bites from the stock market, hours worked and, possibly, building permits. It is worth noting that, for the first time since January 2008, the spread between 10-year bonds and the federal funds rate will not contribute positively (the contribution should be nil). The forecast stagnation of the leading indicator is expected to cause the 3-month and 6-month variations to slow down somewhat.

**Existing home sales (April)** – For the fifth time in six months, home resales fell in April. Yet, at -0.4%, the drop was fairly modest. An improvement is expected for May, as suggested by pending home sales, which, despite the pullback in April, remain at a level compatible with higher sales. Furthermore, mortgage applications in anticipation of a purchase were especially high at the beginning of the month. All in all, we expect existing home sales to edge up to 5,250,000 units.

## CANADA

**Manufacturing sales (April)** – After an exceptional gain in March, manufacturing sales were expected to increase at a more modest pace in April. Moreover, the results for merchandise exports suggest that the automobile products sector could decline during the month. The major increase in energy products in recent months should also stabilize.

**WEDNESDAY June 19 - 8:30**

<b>May</b>	<b>m/m</b>
Consensus	0.1%
Desjardins	0.3%
<b>April</b>	<b>0.4%</b>

**FRIDAY June 21 - 8:30**

<b>April</b>	<b>m/m</b>
Consensus	0.2%
Desjardins	0.3%
<b>March</b>	<b>1.1%</b>

**THURSDAY 20 - 7:00**

<b>June</b>	
Consensus	0.75%
Desjardins	0.75%
<b>May 2</b>	<b>0.75%</b>

**FRIDAY June 21 - 4:00**

<b>June</b>	<b>m/m</b>
Consensus	52.0
<b>May</b>	<b>51.8</b>

**Consumer price index (May)** – Based on weekly readings, the price of gasoline rose 1.2% on average in May, clearly not as high as in previous months. Therefore, gasoline’s contribution to the monthly variation in the total consumer price index (CPI) should be virtually nil. Seasonal price fluctuations are usually up around +0.2% in May. Under these circumstances, the monthly variation in total CPI could be close to 0.3%. The total annual inflation rate could rise from 2.0% to 2.2%.

**Retail sales (April)** – After being adjusted for seasonal fluctuations, the prices of goods saw virtually no change in April, with higher gasoline prices offset by a decrease in the other components. Furthermore, the preliminary data show that motor vehicle sales may have hit a snag during the month. Given these circumstances, the growth in retail sales should be fairly limited in April.


**OVERSEAS**


**United Kingdom: Bank of England meeting (June)** – British monetary policy should remain unchanged following the Bank of England’s meeting next week. After a solid economic performance at the beginning of the year, the United Kingdom risks encountering more problems in the future quarters as a result of the uncertainty surrounding Brexit and the precarious international situation. However, it may still be too early to count on interest rates falling. Among the economic indicators, the inflation figures for May will be released on Wednesday. The annual variation in the total consumer price index was 2.0% in April. Retail sales for May will be released on Thursday. They had declined 0.2% in April, and another decline is expected.

**Euro zone: PMI indexes (June – preliminary)** – The euro zone’s PMI composite index has stabilized since early 2019. It is important to remember that it fell throughout 2018. The manufacturing sector (47.7 in May) continues to trend down, but services are providing some solid support (52.9 in May). The data for June will provide more information on the health of the Euroland economy in Q2. The indicators to be released during the week include the trade balance for April on Tuesday and the June preliminary version of the consumer confidence index on Thursday evening.

# Economic Indicators

## Week of June 17 to 21<sup>st</sup>, 2019

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 17</b>	8:30	Empire manufacturing index	June	10.5	13.0	17.8
	10:00	NAHB housing market index	June	67	n/a	66
	16:00	Net foreign security purchases (US\$B)	April	n/a	n/a	-28.4
<b>TUESDAY 18</b>	8:30	Housing starts (ann. rate)	May	1,240,000	1,265,000	1,235,000
	8:30	Building permits (ann. rate)	May	1,293,000	1,275,000	1,296,000
<b>WEDNESDAY 19</b>	14:00	Federal Reserve meeting	June	2.50%	2.50%	2.50%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
<b>THURSDAY 20</b>	8:30	Initial unemployment claims	June 10-14	220,000	220,000	222,000
	8:30	Current account (US\$B)	Q1	-125.0	-127.0	-134.4
	8:30	Philadelphia Fed index	June	12.0	13.0	16.6
	10:00	Leading indicator (m/m)	May	0.1%	0.0%	0.2%
<b>FRIDAY 21</b>	10:00	Existing home sales (ann. rate)	May	5,270,000	5,250,000	5,190,000
	12:00	Speech of a Federal Reserve Governor, L. Brainard				
	12:00	Speech of the Cleveland Fed President, L. Mester				
	15:00	Speech of the San Francisco Fed President, M. Daly				
<b>CANADA</b>						
<b>MONDAY 17</b>	8:30	International transactions in securities (\$B)	April	n/a	5.00	-1.49
<b>TUESDAY 18</b>	8:30	Manufacturing sales (m/m)	April	0.4%	0.4%	2.1%
<b>WEDNESDAY 19</b>	8:30	Consumer price index				
		Total (m/m)	May	0.1%	0.3%	0.4%
		Excluding food and energy (m/m)	May	n/a	0.1%	0.1%
		Total (y/y)	May	2.1%	2.2%	2.0%
		Excluding food and energy (y/y)	May	n/a	2.1%	2.0%
<b>THURSDAY 20</b>	---	---				
<b>FRIDAY 21</b>	8:30	Retail sales				
		Total (m/m)	April	0.2%	0.3%	1.1%
		Excluding automobiles (m/m)	April	0.4%	0.4%	1.7%

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 June 17 to 21<sup>st</sup>, 2019

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>MONDAY 17</b>								
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<b>TUESDAY 18</b>								
Germany	2:00	Producer price index	May	0.2%	2.2%	0.5%	2.5%	
Euro zone	5:00	Trade balance (€B)	April	16.3		17.9		
Euro zone	5:00	Consumer price index	May	0.2%	1.2%	0.7%	1.2%	
Germany	5:00	ZEW survey – Current situation	June	6.1		8.2		
Germany	5:00	ZEW survey – Expectations	June	-5.8		-2.1		
Japan	19:50	Trade balance (¥B)	May	-806.9		-110.9		
<b>WEDNESDAY 19</b>								
Japan	---	Bank of Japan meeting	June	-0.10%		-0.10%		
Brazil	---	Bank of Brazil meeting	June	6.50%		6.50%		
Euro zone	4:00	Current account (€B)	April	n/a		24.7		
Italy	4:00	Trade balance (€M)	April	n/a		4,625		
Italy	4:00	Current account (€M)	April	n/a		4,040		
United Kingdom	4:30	Consumer price index	May	0.3%	2.0%	0.6%	2.1%	
United Kingdom	4:30	Producer price index	May	0.2%	1.8%	0.3%	2.1%	
Euro zone	5:00	Construction	April	n/a	n/a	-0.3%	6.3%	
<b>THURSDAY 20</b>								
Japan	1:30	All industry activity index	April	0.7%		-0.4%		
Norway	4:00	Bank of Norway meeting	June	1.25%		1.00%		
United Kingdom	4:30	Retail sales	May	-0.5%	2.7%	0.0%	5.2%	
United Kingdom	7:00	Bank of England meeting	June	0.75%		0.75%		
Euro zone	10:00	Consumer confidence – preliminary	June	-6.5		-6.5		
Japan	19:30	Consumer price index	May		0.7%		0.9%	
Japan	20:30	PMI manufacturing index – preliminary	June	n/a		49.8		
<b>FRIDAY 21</b>								
France	2:45	Wages – final	Q1	0.7%		0.7%		
France	3:15	PMI composite index – preliminary	June	51.4		51.2		
France	3:15	PMI manufacturing index – preliminary	June	50.9		50.6		
France	3:15	PMI services index – preliminary	June	51.6		51.5		
Germany	3:30	PMI composite index – preliminary	June	52.5		52.6		
Germany	3:30	PMI manufacturing index – preliminary	June	44.6		44.3		
Germany	3:30	PMI services index – preliminary	June	55.3		55.4		
Euro zone	4:00	PMI composite index – preliminary	June	52.0		51.8		
Euro zone	4:00	PMI manufacturing index – preliminary	June	48.0		47.7		
Euro zone	4:00	PMI services index – preliminary	June	53.0		52.9		

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	2018	2017	2016
Gross domestic product (2009 \$B)	2019 Q1	18,908	3.1	3.2	2.9	2.2	1.6
Consumption (2009 \$B)	2019 Q1	13,075	1.3	2.8	2.6	2.5	2.7
Government spending (2009 \$B)	2019 Q1	3,208	2.5	1.8	1.5	-0.1	1.4
Residential investment (2009 \$B)	2019 Q1	595.1	-3.5	-3.3	-0.3	3.3	6.5
Non-residential investment (2009 \$B)	2019 Q1	2,779	2.3	4.7	6.9	5.3	0.5
Business inventory change (2009 \$B) <sup>1</sup>	2019 Q1	125.5	---	---	45.0	22.5	23.4
Exports (2009 \$B)	2019 Q1	2,584	4.8	2.6	4.0	3.0	-0.1
Imports (2009 \$B)	2019 Q1	3,487	-2.5	2.0	4.5	4.6	1.9
Final domestic demand (2009 \$B)	2019 Q1	19,643	1.5	2.6	2.9	2.5	2.3
GDP deflator (2009 = 100)	2019 Q1	111.3	0.8	1.8	2.2	1.9	1.1
Labor productivity (2009 = 100)	2019 Q1	107.0	3.4	2.4	1.3	1.2	0.2
Unit labor cost (2009 = 100)	2019 Q1	108.7	-1.6	-0.8	1.2	2.2	0.9
Employment cost index (Dec. 2005 = 100)	2019 Q1	136.2	3.0	2.8	2.8	2.4	2.3
Current account balance (\$B) <sup>1</sup>	2018 Q4	-134.4	---	---	-488.5	-449.1	-432.9

<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)	April	112.1	0.2	0.6	0.6	2.6
ISM manufacturing index <sup>1</sup>	May	52.1	52.8	54.2	58.8	58.7
ISM non-manufacturing index <sup>1</sup>	May	56.9	55.5	59.7	60.4	58.9
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	May	134.1	129.2	131.4	136.4	128.8
Personal consumption expenditure (2009 \$B)	April	13,146	0.0	0.8	1.0	2.7
Disposable personal income (2009 \$B)	April	14,575	0.1	0.0	1.0	2.2
Consumer credit (\$B)	April*	4,070	0.4	1.1	2.4	5.3
Retail sales (\$M)	May*	519,020	0.5	2.6	1.5	3.2
<i>Excluding automobiles (\$M)</i>	May*	413,279	0.5	2.4	1.4	3.2
Industrial production (2007 = 100)	May*	109.6	0.4	0.1	-0.9	2.0
Production capacity utilization rate (%) <sup>1</sup>	May*	78.1	77.9	78.4	79.6	78.1
New machinery orders (\$M)	April	499,273	-0.8	-0.5	-0.8	1.0
New durable good orders (\$M)	April	248,594	-2.1	-2.9	-0.8	0.0
Business inventories (\$B)	April*	2,030	0.5	0.9	2.5	5.3
Housing starts (k) <sup>1</sup>	April	1,235	1,168	1,291	1,211	1,267
Building permits (k) <sup>1</sup>	April	1,290	1,288	1,317	1,265	1,364
New home sales (k) <sup>1</sup>	April	673.0	723.0	644.0	557.0	629.0
Existing home sales (k) <sup>1</sup>	April	5,190	5,210	4,930	5,220	5,430
Commercial surplus (\$M) <sup>1</sup>	April	-50,791	-51,906	-52,700	-56,692	-48,218
Nonfarm employment (k) <sup>2</sup>	May	151,095	75.0	452.0	1,047	2,350
Unemployment rate (%) <sup>1</sup>	May	3.6	3.6	3.8	3.7	3.8
Consumer price (1982-1984 = 100)	May*	255.2	0.1	0.8	0.9	1.8
<i>Excluding food and energy</i>	May*	262.0	0.1	0.4	0.9	2.0
Personal cons. expenditure deflator (2009 = 100)	April	109.5	0.3	0.6	0.6	1.5
<i>Excluding food and energy</i>	April	111.3	0.2	0.3	0.7	1.6
Producer price (2009 = 100)	May*	118.2	0.1	0.9	0.7	1.9
Export prices (2000 = 100)	May*	126.9	-0.2	0.6	0.0	-0.7
Import prices (2000 = 100)	May*	126.3	-0.3	0.3	0.1	-1.5

<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	2018	2017	2016
Gross domestic product (2007 \$M)	2019 Q1	2,065,958	0.4	1.3	1.9	3.0	1.1
Household consumption (2007 \$M)	2019 Q1	1,177,409	3.5	1.9	2.1	3.6	2.1
Government consumption (2007 \$M)	2019 Q1	422,881	2.2	2.8	2.9	2.1	1.8
Residential investment (2007 \$M)	2019 Q1	134,295	-6.1	-5.1	-1.5	2.4	3.5
Non-residential investment (2007 \$M)	2019 Q1	186,689	13.5	-2.7	1.9	2.5	-9.9
Business inventory change (2007 \$M) <sup>1</sup>	2019 Q1	17,717	---	---	12,738	17,582	2,291
Exports (2007 \$M)	2019 Q1	654,871	-4.1	2.1	3.2	1.1	1.3
Imports (2007 \$M)	2019 Q1	667,941	7.7	0.9	2.9	4.2	0.0
Final domestic demand (2007 \$M)	2019 Q1	2,059,638	3.4	1.0	2.0	3.1	0.6
GDP deflator (2007 = 100)	2019 Q1	108.9	4.5	1.1	1.7	2.5	0.8
Labour productivity (2007 = 100)	2019 Q1	106.0	1.1	0.4	-0.3	1.9	0.3
Unit labour cost (2007 = 100)	2019 Q1	108.5	4.4	1.7	2.6	0.8	-1.6
Current account balance (\$M) <sup>1</sup>	2019 Q1	-17,347	---	---	-58,522	-60,130	-64,882
Production capacity utilization rate (%) <sup>1</sup>	2019 Q1	80.9	---	---	82.9	81.6	79.2
Disposable personal income (\$M)	2019 Q1	1,255,960	3.5	3.2	3.8	4.5	0.3
Corporate net operating surplus (2007 \$M)	2019 Q1	268,132	6.9	-4.4	0.5	20.1	6.4

<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)	March	1,955,388	0.5	0.5	0.5	1.4
Industrial production (2007 \$M)	March	402,538	0.8	0.3	-0.5	0.0
Manufacturing sales (\$M)	March	57,966	2.1	2.8	-0.2	2.0
Housing starts (k) <sup>1</sup>	May*	202.3	233.4	166.5	224.7	194.8
Building permits (\$M)	April*	9,332	14.7	12.2	14.0	18.3
Retail sales (\$M)	March	51,295	1.1	1.7	0.4	2.6
<i>Excluding automobiles (\$M)</i>	March	37,603	1.7	2.0	0.2	2.9
Wholesale trade sales (\$M)	March	64,122	1.4	1.9	2.4	2.8
Commercial surplus (\$M) <sup>1</sup>	April	-966.2	-2,336	-3,877	-686.8	-1,537
<i>Exports (\$M)</i>	April	50,700	1.3	5.5	1.5	3.5
<i>Imports (\$M)</i>	April	51,666	-1.4	-0.5	2.0	2.3
Employment (k) <sup>2</sup>	May	19,057	27.7	42.3	42.9	37.8
Unemployment rate (%) <sup>1</sup>	May	5.4	5.7	5.8	5.6	5.9
Average weekly earnings (\$)	March	1,016	0.8	0.8	1.4	1.9
Number of salaried employees (k) <sup>2</sup>	March	16,884	27.5	40.8	30.7	29.6
Consumer price (2002 = 100)	April	136.0	0.4	1.8	1.4	2.0
<i>Excluding food and energy</i>	April	130.1	0.1	1.2	1.0	2.0
<i>Excluding 8 volatile items</i>	April	133.5	0.0	1.0	0.8	1.5
Industrial product price (2002 = 100)	April	119.6	0.8	2.5	0.4	1.8
Raw materials price (2002 = 100)	April	114.4	5.6	11.8	6.2	3.2
Money supply M1+ (\$M)	April	1,013,044	0.8	1.2	1.8	3.9

<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		
	June 14	June 7	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
<b>United States</b>									
Federal funds – target	2.50	2.50	2.50	2.50	2.25	2.00	2.50	2.30	2.00
Treasury bill – 3 months	2.18	2.23	2.34	2.40	2.37	1.90	2.43	2.25	1.89
Treasury bonds – 2 years	1.85	1.85	2.23	2.44	2.73	2.55	2.97	2.56	1.83
– 5 years	1.84	1.86	2.18	2.40	2.73	2.80	3.09	2.61	1.83
– 10 years	2.09	2.08	2.39	2.59	2.89	2.92	3.23	2.77	2.08
– 30 years	2.59	2.57	2.82	3.02	3.14	3.05	3.45	3.05	2.55
S&P 500 index (level)	2,887	2,873	2,860	2,822	2,600	2,780	2,946	2,778	2,351
DJIA index (level)	26,067	25,984	25,764	25,849	24,101	25,090	26,828	25,341	21,792
Gold price (US\$/ounce)	1,348	1,346	1,277	1,302	1,239	1,281	1,348	1,258	1,179
CRB index (level)	175.28	174.42	180.99	183.87	180.31	196.24	201.23	186.13	168.36
WTI oil (US\$/barrel)	52.73	53.95	62.77	58.51	51.26	65.01	77.41	61.41	44.48
<b>Canada</b>									
Overnight – target	1.75	1.75	1.75	1.75	1.75	1.25	1.75	1.65	1.25
Treasury bill – 3 months	1.66	1.66	1.68	1.64	1.64	1.22	1.73	1.59	1.18
Treasury bonds – 2 years	1.38	1.40	1.60	1.62	2.02	1.89	2.36	1.90	1.34
– 5 years	1.33	1.34	1.57	1.60	2.04	2.08	2.48	1.95	1.29
– 10 years	1.45	1.46	1.69	1.71	2.10	2.22	2.60	2.05	1.42
– 30 years	1.72	1.72	1.92	2.02	2.28	2.25	2.58	2.19	1.71
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.75	-0.75	-0.75	-0.75	-0.50	-0.75	-0.50	-0.66	-0.75
Treasury bill – 3 months	-0.52	-0.57	-0.66	-0.76	-0.73	-0.68	-0.48	-0.66	-0.80
Treasury bonds – 2 years	-0.47	-0.45	-0.63	-0.82	-0.71	-0.66	-0.43	-0.65	-0.85
– 5 years	-0.51	-0.52	-0.61	-0.80	-0.69	-0.72	-0.48	-0.66	-0.81
– 10 years	-0.64	-0.62	-0.70	-0.88	-0.79	-0.70	-0.57	-0.73	-0.89
– 30 years	-0.87	-0.85	-0.90	-1.00	-0.86	-0.80	-0.70	-0.86	-1.02
S&P/TSX index (level)	16,232	16,231	16,402	16,140	14,595	16,314	16,669	15,828	13,780
Exchange rate (C\$/US\$)	1.3374	1.3268	1.3457	1.3336	1.3384	1.3202	1.3639	1.3241	1.2812
Exchange rate (C\$/€)	1.5012	1.5036	1.5015	1.5104	1.5137	1.5326	1.5643	1.5119	1.4771
<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\$/€)	1.1225	1.1333	1.1158	1.1326	1.1310	1.1609	1.1777	1.1420	1.1131
<u>United Kingdom</u>									
BoE – Base rate	0.75	0.75	0.75	0.75	0.75	0.50	0.75	0.72	0.50
Bonds – 10 years	0.85	0.81	1.04	1.22	1.24	1.37	1.72	1.28	0.81
FTSE index (level)	7,353	7,332	7,349	7,228	6,845	7,634	7,777	7,248	6,585
Exchange rate (US\$/£)	1.2607	1.2736	1.2720	1.3291	1.2584	1.3286	1.3339	1.2964	1.2486
<u>Germany</u>									
Bonds – 10 years	-0.26	-0.26	-0.10	0.09	0.25	0.40	0.56	0.21	-0.26
DAX index (level)	12,095	12,045	12,239	11,686	10,866	13,011	12,860	11,774	10,382
<u>Japan</u>									
BoJ – Main policy rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Nikkei index (level)	21,117	20,885	21,250	21,451	21,375	22,852	24,271	21,800	19,156
Exchange rate (US\$/¥)	108.42	108.20	110.09	111.47	113.39	110.68	114.54	111.21	107.67

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.