

WEEKLY NEWSLETTER

China Responds to U.S. Tariffs

HIGHLIGHTS

- ▶ United States: Existing home sales rise, while new home sales drop.
- ▶ Canada: The total inflation rate holds at 2.0%.
- ▶ Canada: Retail sales remained unchanged in June.

A LOOK AHEAD

- ▶ United States: Aviation should help new durable goods orders.
- ▶ United States: Consumption likely saw strong growth in July.
- ▶ Canada: Real GDP by industry should continue its upward trajectory in June.
- ▶ Canada: The second quarter as a whole should end with real GDP growth of around 3.2%.

FINANCIAL MARKETS

- ▶ Stock markets slump after the escalation in the trade war.
- ▶ Fears of a recession keep bond yields low.
- ▶ The Canadian dollar falls close to US\$0.75.

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Key Statistics of the Week

UNITED STATES

- ▶ Sales of existing homes rose 2.5% in July after falling 1.3% in June. Sales increased from 5,290,000 in June to 5,420,000 in July, up 0.6% from the level seen a year ago. Last month's hike stemmed solely from the resale of single-family homes, which climbed 2.8%, whereas multi-unit housing resale stagnated.
- ▶ Sales of new, single-family homes plunged 12.8% in July after soaring 20.9% (revised strongly upward from +7.0%) in June. What really stands out is June's revised result, not July's new data. The preliminary data for June had put the annualized level of sales at 646,000; once revised, it showed 728,000 units (a new cyclical peak and the highest level since June 2007). As a result, despite its size, the drop recorded in July brings the level of sales fairly close to what the consensus had called for based on the preliminary result.
- ▶ The leading indicator jumped 0.5% in July after falling 0.1% in June (revised from -0.3%). This stronger monthly growth since September 2018 was largely the result of a higher number of building permits and a lower number of jobless claims. The stock market, credit conditions and consumer confidence also contributed positively to the leading indicator's growth. The leading indicator's 3-month and 6-month variations also improved.

Francis Généreux, Senior economist

CANADA

- ▶ The total consumer price index (CPI) rose 0.5% in July. Forecaster consensus expected instead a gain of only 0.2%. Two factors contributed the most to faster-than-anticipated growth in consumer prices in July. On the one hand, the price of tablets and smartphones soared 42.5% in July, adding 0.1% to the monthly variation in total CPI. On the other hand, the month of July usually ends with seasonal fluctuations around -0.1%. This year, the variation in prices due to seasonal effects was +0.1%. The total annual inflation rate stayed at 2.0%.
- ▶ As forecast, retailers encountered some difficulties in June as the value of their sales remained unchanged. However, excluding car dealerships and automotive parts, sales rose 0.9%, a rather satisfactory outcome. In terms of volume, total sales were up 0.4%.
- ▶ Manufacturing sales fell 1.2% in June. Sales were down in 16 of the 21 main industries, accounting for 68% of the entire manufacturing sector. Still, the primary reason for the drop was the reduction of some prices. In real terms, sales declined 0.2% only, while inventories pulled back 0.4%. Therefore, the manufacturing sector's negative impact on economic growth for June will not be as severe as it seemed at first glance.
- ▶ Wholesale sales rose 0.6% in June, as expected. In real terms, sales were also up 0.6%, while inventories jumped 1.5%. Consequently, wholesalers should contribute positively to the monthly variation in real GDP by industry in June.

Benoit P. Durocher, Senior economist

Financial Markets

Heightening Trade Tensions Shake Up the Markets

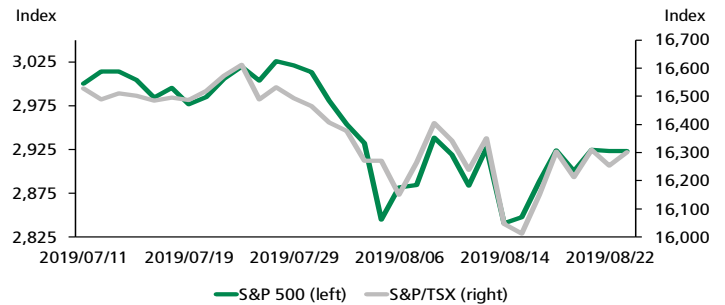
After a tumultuous summer, the U.S. stock market stayed relatively calm this week following a sudden jump on Monday's opening bell. This trend continued up until Friday morning when China announced it would be imposing tariffs on US\$75B in U.S. goods in response to the new U.S. tariffs. President Donald Trump's comments afterward brought fears that the trade war could deepen even further. Stock prices reacted negatively with the S&P 500 index posting a weekly loss of about 0.8% at the time of writing. The Canadian stock market was also shaken by concerns over international trade. On Friday morning, the S&P/TSX index was plunging, erasing the gains made over Monday's session.

Fears of a global economic recession and anticipation that the central banks would intervene helped keep bond yields at low levels. In the United States, the 10-year yield briefly dropped below the 2-year yield for the first time since the last recession. Both were sitting at around 1.50% at the time of writing. In Canada, the spread between the 10-year and the 2-year yields has been negative since the end of July. The 2-year yield is now around 1.45% and the 10-year yield around 1.25%.

The currency markets displayed less volatility this week. The U.S. dollar effective exchange rate index (DXY) rose very little. The pound sterling was one of the few currencies to record an appreciable gain against the greenback. The British exchange rate surpassed US\$1.22 on Thursday, as the discussions between Emmanuel Macron and Boris Johnson nourished the hope of a new agreement to avoid a Hard Brexit. The possibility of the European Central Bank intervening soon and the new uncertainty relating to the collapse of the coalition government in Italy kept up the pressure on the euro, which settled below US\$1.11. The better-than-expected data on inflation and sales in Canada were not enough to prevent the loonie from depreciating slightly. It is currently trading near US\$0.75.

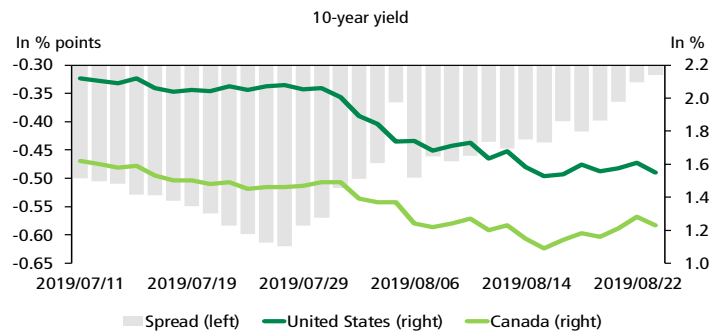
Hendrix Vachon, Senior Economist
Carine Bergevin-Chammah, Economist

GRAPH 1
Stock markets



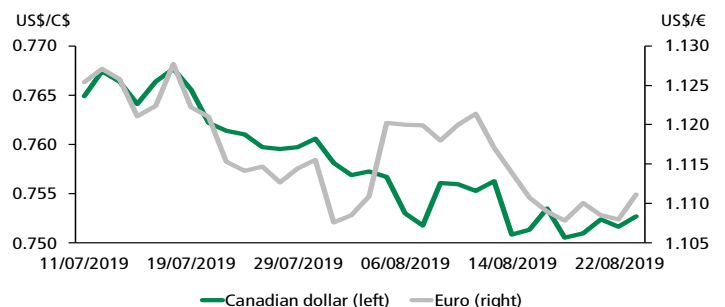
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

MONDAY August 26 - 8:30

July	m/m
Consensus	1.1%
Desjardins	3.7%
June	1.9%

TUESDAY August 27 - 9:00

June	y/y
Consensus	2.3%
Desjardins	2.3%
May	2.4%

TUESDAY August 27 - 10:00

August	
Consensus	130.0
Desjardins	130.0
July	135.7

FRIDAY August 30 - 8:30

July	m/m
Consensus	0.5%
Desjardins	0.6%
June	0.3%

FRIDAY August 30 - 8:30

June	m/m
Consensus	0.1%
Desjardins	0.1%
May	0.2%

UNITED STATES

New durable goods orders (July) – New orders were up 1.9% in June, the best monthly gain since August 2018. The transportation sector played a major role in this growth. This should be the case once again in July, as orders received at Boeing climbed, suggesting aircraft orders were up sharply. For new orders excluding transportation, the 1.0% gain in June may be hard to sustain given the level of the ISM manufacturing index. The index's "new orders" component and production in some manufacturing sectors point to orders excluding transportation declining at least 0.3%. On the whole, total durable goods orders should post a strong 3.7% gain.

S&P/Case-Shiller price index of existing homes (June) – The S&P/Case-Shiller index rose a mere 0.1% in May, which was better than April's stagnation, but still low. The slow advances seen in recent months resulted in the index's annual variation continuing to slow down, falling from 6.6% in early 2018 to only 2.4% in May of this year. This trend should continue in June. A new monthly increase of 0.1% is expected, which should result in an annual variation of 2.3%.

Conference Board consumer confidence index (August) – Consumer confidence appears to have improved considerably in July based on the index's 11.4-point gain. The index reached 135.7, its highest level since November. Still, indications for the month of August are much less rosy. The stock market tumbled at the beginning of the month due to the new tariffs announced by the Trump administration. Fears of an imminent recession have intensified, fuelled by some signals sent by the financial markets. In addition, the other confidence indexes (Michigan, Bloomberg and TIPP) generally fell in August. Nonetheless, jobless claims remain low, and gasoline prices have dropped in recent weeks. Bottom line: we expect the Conference Board index to slip to 130.0, which is still higher than June's level.

Consumer spending (July) – The monthly variation in real consumption slowed somewhat in June. However, a rebound is expected as of July as suggested by retail sales for the same month, with earnings higher than anticipated. Furthermore, food services sales and the 3.1% gain in energy output point to solid growth on the services side. Still, the variation in motor vehicle sales is expected to be negative. All in all, we expect a 0.4% increase in real consumption. Growth should be 0.6% in current dollars. The consumer expenditure deflator should go up 0.3%. The deflator's annual variation should go from 1.4% to 1.5% while the core deflator, which excludes food and energy, should remain steady at 1.6%.

CANADA

Real GDP by industry (June) – Results stemming from the various economic indicators were rather mixed in June. For example, manufacturers and retailers struggled somewhat, whereas wholesalers posted a strong advance. The number of total hours worked in the Canadian economy rose 0.7% in June thanks to a 0.8% gain in services. On the other hand, drilling remained practically unchanged in June, signalling that the energy sector had plateaued somewhat. Under these circumstances, real GDP by industry should maintain its upward trajectory in June, but at a slightly slower pace than in recent months.

FRIDAY August 30 - 8:30

Q2 2019	ann. rate
Consensus	3.0%
Desjardins	3.2%
Q1 2019	0.4%

DURING THE WEEK
THURSDAY August 29 - 5:00
August

Real GDP (Q2) – The expected 0.1% rise in real GDP by industry in June will follow an increase of 0.3% in April and 0.2% in May. These results indicate that the entire second quarter should wrap up with real GDP growth of around 3.2% (quarterly annualized). This projection is higher than the Bank of Canada’s most recent forecast, which anticipated an increase of only 2.3%. Moreover, the international trade sector’s contribution to the quarterly variation in real GDP should be very positive due to a major increase in exports (thanks to the rebound in the energy sector) and a decrease in imports. Domestic demand should remain in positive territory, but its growth will be much lower than the rebound seen in the previous quarter. Investments are expected to run into some problems as the uncertainties associated with global trade went up a notch.


OVERSEAS


Japan: Economic indicators – Several major indicators for July will be released starting on the evening of Thursday, August 29. They will include: retail sales (which were flat in June), industrial output (which had tumbled 3.3%), the unemployment rate, housing starts as well as inflation in the Tokyo region for August. The Japanese economy performed better than expected in the spring, and July’s data will show how the third quarter started.

Euro zone: Confidence indicators (August) – Most of the confidence indexes for August will be released on Thursday. In almost all instances, they continued to show signs in recent months of the deterioration that began in 2018. However, the consumer confidence index remained steady and even improved in July. However, it fell again in August according to its preliminary version. Moreover, the modest gain in the PMI indexes in August is, nonetheless, a positive sign for business confidence indexes.

Economic Indicators

Week of August 26 to 30, 2019

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 26	8:30	Durable goods orders (m/m)	July	1.1%	3.7%	1.9%
TUESDAY 27	9:00	S&P/Case-Shiller home price index (y/y)	June	2.3%	2.3%	2.4%
	10:00	Consumer confidence	Aug.	130.0	130.0	135.7
WEDNESDAY 28	12:20	Speech of the Richmond Fed President, T. Barkin				
	17:30	Speech of the San Francisco Fed President, M. Daly				
THURSDAY 29	8:30	Initial unemployment claims	Aug. 19-23	215,000	213,000	209,000
	8:30	Real GDP (ann. rate)	Q2s	2.0%	2.1%	2.1%
	8:30	Goods trade balance – preliminary (US\$B)	July	-74.3	-73.9	-74.2
	8:30	Retail inventories – preliminary (m/m)	July	n/a	n/a	-0.3%
	8:30	Wholesale inventories – preliminary (m/m)	July	0.2%	n/a	0.0%
	10:00	Pending home sales (m/m)	July	0.0%	n/a	2.8%
FRIDAY 30	8:30	Personal income (m/m)	July	0.3%	0.4%	0.4%
	8:30	Personal consumption expenditures (m/m)	July	0.5%	0.6%	0.3%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	July	0.2%	0.3%	0.1%
		Excluding food and energy (m/m)	July	0.2%	0.2%	0.2%
		Total (y/y)	July	1.4%	1.5%	1.4%
		Excluding food and energy (m/m)	July	1.6%	1.6%	1.6%
	8:30	Chicago PMI index	Aug.	48.0	50.0	44.4
	10:30	Michigan's consumer sentiment index – final	Aug.	92.5	92.1	92.1
CANADA						
MONDAY 26	---	---				
TUESDAY 27	---	---				
WEDNESDAY 28	---	---				
THURSDAY 29	8:30	Current account balance (\$B)	Q2	-9.70	-9.45	-17.35
	8:30	Average weekly earnings (y/y)	June	n/a	3.0%	3.4%
	8:30	Number of salaried employees (m/m)	June	n/a	0.1%	0.2%
FRIDAY 30	8:30	Industrial product price index (m/m)	July	0.4%	0.4%	-1.4%
	8:30	Raw materials price index (m/m)	July	1.5%	1.5%	-5.9%
	8:30	Real GDP by industry (m/m)	June	0.1%	0.1%	0.2%
	8:30	Real GDP (ann. rate)	Q2	3.0%	3.2%	0.4%

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 August 26 to 30, 2019

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 26								
Germany	4:00	Ifo survey – Business climate	Aug.	95.1		95.7		
Germany	4:00	Ifo survey – Current situation	Aug.	98.9		99.4		
Germany	4:00	Ifo survey – Expectations	Aug.	91.8		92.2		
TUESDAY 27								
Germany	2:00	Real GDP – final	Q2	-0.1%	0.4%	-0.1%	0.4%	
France	2:45	Consumer confidence	Aug.	102		102		
France	2:45	Business confidence	Aug.	104		105		
France	2:45	Production outlook	Aug.	-1		0		
WEDNESDAY 28								
Germany	2:00	Consumer confidence	Sept.	9.6		9.7		
Euro zone	4:00	Money supply M3	July		4.7%		4.5%	
THURSDAY 29								
France	2:45	Personal consumption expenditures	July	0.4%	0.1%	-0.1%	-0.6%	
France	2:45	Real GDP – final	Q2	0.2%	1.3%	0.2%	1.3%	
Euro zone	5:00	Business climate	Aug.	-0.14		-0.12		
Euro zone	5:00	Consumer confidence – final	Aug.	-7.1		-7.1		
Euro zone	5:00	Industrial confidence	Aug.	-7.4		-7.4		
Euro zone	5:00	Services confidence	Aug.	10.6		10.6		
Euro zone	5:00	Economic confidence	Aug.	102.4		102.7		
Germany	8:00	Consumer price index – preliminary	Aug.	-0.1%	1.5%	0.5%	1.7%	
United Kingdom	19:01	Consumer confidence	Aug.	-11		-11		
Japan	19:30	Consumer price index – Tokyo	Aug.		0.6%		0.9%	
Japan	19:30	Unemployment rate	July	2.3%		2.3%		
Japan	19:50	Industrial production – preliminary	July	0.3%	-0.5%	-3.3%	-3.8%	
Japan	19:50	Retail sales	July	-0.9%	-0.6%	0.0%	0.5%	
South Korea	21:00	Bank of Korea meeting	Aug.	1.50%		1.50%		
FRIDAY 30								
Japan	1:00	Housing starts	July		-5.4%		0.3%	
Germany	2:00	Retail sales	July	-1.1%	2.6%	3.5%	-1.6%	
France	2:45	Consumer price index – preliminary	Aug.	0.4%	1.2%	-0.2%	1.1%	
Italy	4:00	Unemployment rate	July	9.6%		9.7%		
Euro zone	5:00	Consumer price index – estimate	Aug.		1.0%		1.1%	
Euro zone	5:00	Unemployment rate	July	7.5%		7.5%		
Italy	5:00	Consumer price index – preliminary	Aug.	0.3%	0.3%	0.1%	0.5%	
Italy	6:00	Real GDP – final	Q2	0.0%	0.0%	0.0%	0.0%	
China	21:00	PMI manufacturing index	Aug.	49.7		49.7		
China	21:00	PMI non-manufacturing index	Aug.	53.6		53.7		

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 Q2	19,024	2.1	2.3	2.9	2.4	1.6
Consumption (2009 \$B)	2019 Q2	13,241	4.3	2.6	3.0	2.6	2.7
Government spending (2009 \$B)	2019 Q2	3,298	5.0	2.4	1.7	0.7	1.8
Residential investment (2009 \$B)	2019 Q2	589.1	-1.5	-2.8	-1.5	3.5	6.5
Non-residential investment (2009 \$B)	2019 Q2	2,761	-0.6	2.7	6.4	4.4	0.7
Business inventory change (2009 \$B) ¹	2019 Q2	71.7	---	---	48.1	31.7	23.0
Exports (2009 \$B)	2019 Q2	2,520	-5.2	-1.5	3.0	3.5	0.0
Imports (2009 \$B)	2019 Q2	3,499	0.1	2.6	4.4	4.7	2.0
Final domestic demand (2009 \$B)	2019 Q2	19,877	3.5	2.3	3.0	2.5	2.4
GDP deflator (2009 = 100)	2019 Q2	112.2	2.4	1.8	2.4	1.9	1.0
Labor productivity (2009 = 100)	2019 Q2	107.5	2.3	1.8	1.3	1.3	0.3
Unit labor cost (2009 = 100)	2019 Q2	111.9	2.4	2.5	1.8	2.1	0.8
Employment cost index (Dec. 2005 = 100)	2019 Q2	137.0	2.4	2.8	2.8	2.4	2.3
Current account balance (\$B) ¹	2019 Q1	-130.4	---	---	-491.0	-439.6	-428.3

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)	July*	112.2	0.5	0.4	0.8	1.6
ISM manufacturing index ¹	July	51.2	51.7	52.8	56.6	58.4
ISM non-manufacturing index ¹	July	53.7	55.1	55.5	56.7	56.7
Cons. confidence Conference Board (1985 = 100) ¹	July	135.7	124.3	129.2	121.7	127.9
Personal consumption expenditure (2009 \$B)	June	13,270	0.2	0.8	2.1	2.5
Disposable personal income (2009 \$B)	June	15,007	0.3	0.6	1.3	3.3
Consumer credit (\$B)	June	4,102	0.4	1.2	2.3	5.3
Retail sales (\$M)	July	523,514	0.7	1.5	3.2	3.4
<i>Excluding automobiles (\$M)</i>	July	420,301	1.0	1.9	3.3	3.7
Industrial production (2007 = 100)	July	109.2	-0.2	0.2	-0.9	0.5
Production capacity utilization rate (%) ¹	July	77.5	77.8	77.7	79.0	78.8
New machinery orders (\$M)	June	493,817	0.6	-1.9	-1.5	-1.2
New durable good orders (\$M)	June	245,388	1.9	-3.3	-3.7	-1.9
Business inventories (\$B)	June	2,036	0.0	0.8	2.1	5.2
Housing starts (k) ¹	July	1,191	1,241	1,270	1,291	1,184
Building permits (k) ¹	July	1,317	1,232	1,290	1,316	1,316
New home sales (k) ¹	July*	635.0	728.0	656.0	644.0	609.0
Existing home sales (k) ¹	July*	5,420	5,290	5,210	4,930	5,390
Commercial surplus (\$M) ¹	June	-55,154	-55,344	-51,906	-60,807	-47,431
Nonfarm employment (k) ²	July	151,431	164.0	419.0	844.0	2,246
Unemployment rate (%) ¹	July	3.7	3.7	3.6	4.0	3.9
Consumer price (1982-1984 = 100)	July	256.2	0.3	0.5	1.4	1.8
<i>Excluding food and energy</i>	July	263.6	0.3	0.7	1.1	2.2
Personal cons. expenditure deflator (2009 = 100)	June	109.6	0.1	0.5	0.7	1.4
<i>Excluding food and energy</i>	June	111.6	0.2	0.6	0.7	1.6
Producer price (2009 = 100)	July	118.5	0.2	0.3	1.3	1.7
Export prices (2000 = 100)	July	126.2	0.2	-0.7	0.7	-0.9
Import prices (2000 = 100)	July	125.8	0.2	-0.8	1.0	-1.8

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	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) ¹	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) ¹	2019 Q1	-17,347	---	---	-58,522	-60,130	-64,882
Production capacity utilization rate (%) ¹	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

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)	May	1,965,486	0.2	1.1	0.9	1.4
Industrial production (2007 \$M)	May	408,115	0.4	2.5	0.9	1.7
Manufacturing sales (\$M)	June*	58,016	-1.2	-0.3	2.9	0.1
Housing starts (k) ¹	July	222.0	245.5	230.4	202.8	202.2
Building permits (\$M)	June	8,012	-3.7	-1.8	-9.3	-5.7
Retail sales (\$M)	June*	51,345	0.0	-0.1	1.8	1.0
<i>Excluding automobiles (\$M)</i>	June*	37,795	0.9	0.5	2.5	1.3
Wholesale trade sales (\$M)	June*	64,146	0.6	0.2	2.0	2.3
Commercial surplus (\$M) ¹	June	135.8	555.5	-1,991	-4,962	-777.7
<i>Exports (\$M)</i>	June	50,307	-5.1	-0.3	9.0	-0.9
<i>Imports (\$M)</i>	June	50,172	-4.3	-4.3	-1.9	-2.7
Employment (k) ²	July	19,030	-24.2	0.4	26.1	29.4
Unemployment rate (%) ¹	July	5.7	5.5	5.7	5.8	5.9
Average weekly earnings (\$)	May	1,031	1.1	2.2	2.0	3.4
Number of salaried employees (k) ²	May	16,942	32.6	28.5	28.2	29.4
Consumer price (2002 = 100)	July*	137.0	0.5	0.7	2.5	2.0
<i>Excluding food and energy</i>	July*	131.3	0.4	0.9	2.1	2.2
<i>Excluding 8 volatile items</i>	July*	134.5	0.3	0.7	1.7	2.0
Industrial product price (2002 = 100)	June	117.7	-1.4	-0.7	0.5	-1.7
Raw materials price (2002 = 100)	June	105.1	-5.9	-2.9	6.6	-9.2
Money supply M1+ (\$M)	June	1,026,561	0.4	2.0	1.8	4.9

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		
	Aug. 23	Aug. 16	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	2.25	2.25	2.50	2.50	2.50	2.00	2.50	2.38	2.00
Treasury bill – 3 months	1.95	1.83	2.08	2.30	2.41	2.05	2.43	2.27	1.83
Treasury bonds – 2 years	1.53	1.48	1.88	2.21	2.50	2.63	2.97	2.39	1.48
– 5 years	1.42	1.41	1.86	2.13	2.47	2.72	3.09	2.41	1.41
– 10 years	1.55	1.54	2.08	2.33	2.66	2.83	3.23	2.59	1.53
– 30 years	2.05	1.99	2.60	2.75	3.01	2.97	3.45	2.93	1.97
S&P 500 index (level)	2,923	2,889	3,026	2,826	2,793	2,875	3,026	2,807	2,351
DJIA index (level)	26,126	25,886	27,192	25,586	26,032	25,790	27,359	25,646	21,792
Gold price (US\$/ounce)	1,520	1,508	1,419	1,284	1,330	1,207	1,520	1,298	1,182
CRB index (level)	169.34	170.41	177.16	178.63	184.06	192.08	201.23	182.83	167.89
WTI oil (US\$/barrel)	54.48	54.87	56.20	58.43	57.08	69.82	76.41	58.80	44.41
Canada									
Overnight – target	1.75	1.75	1.75	1.75	1.75	1.50	1.75	1.71	1.50
Treasury bill – 3 months	1.63	1.64	1.65	1.69	1.67	1.52	1.73	1.65	1.49
Treasury bonds – 2 years	1.43	1.33	1.47	1.56	1.78	2.13	2.36	1.80	1.29
– 5 years	1.27	1.19	1.39	1.50	1.79	2.21	2.48	1.81	1.13
– 10 years	1.23	1.14	1.46	1.61	1.89	2.26	2.60	1.89	1.09
– 30 years	1.47	1.34	1.73	1.87	2.14	2.26	2.58	2.08	1.30
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.50	-0.50	-0.75	-0.75	-0.75	-0.50	-0.50	-0.67	-0.75
Treasury bill – 3 months	-0.32	-0.19	-0.43	-0.61	-0.74	-0.53	-0.19	-0.62	-0.80
Treasury bonds – 2 years	-0.10	-0.15	-0.41	-0.65	-0.72	-0.50	-0.10	-0.59	-0.85
– 5 years	-0.15	-0.22	-0.47	-0.63	-0.68	-0.51	-0.15	-0.60	-0.81
– 10 years	-0.32	-0.40	-0.62	-0.72	-0.77	-0.57	-0.32	-0.69	-0.89
– 30 years	-0.58	-0.65	-0.87	-0.88	-0.87	-0.71	-0.58	-0.86	-1.02
S&P/TSX index (level)	16,301	16,150	16,531	16,230	16,013	16,356	16,669	15,836	13,780
Exchange rate (C\$/US\$)	1.3286	1.3272	1.3167	1.3438	1.3137	1.3029	1.3639	1.3250	1.2812
Exchange rate (C\$/€)	1.4762	1.4719	1.4650	1.5057	1.4902	1.5144	1.5643	1.5027	1.4610
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\$/€)	1.1111	1.1090	1.1127	1.1205	1.1344	1.1623	1.1777	1.1342	1.1076
<u>United Kingdom</u>									
BoE – Base rate	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Bonds – 10 years	0.50	0.46	0.69	0.95	1.16	1.32	1.72	1.15	0.41
FTSE index (level)	7,165	7,117	7,549	7,278	7,179	7,577	7,687	7,205	6,585
Exchange rate (US\$/£)	1.2276	1.2151	1.2383	1.2714	1.3054	1.2845	1.3339	1.2835	1.2037
<u>Germany</u>									
Bonds – 10 years	-0.67	-0.68	-0.42	-0.12	0.10	0.35	0.56	0.07	-0.70
DAX index (level)	11,766	11,563	12,420	12,011	11,458	12,395	12,630	11,704	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)	20,711	20,419	21,658	21,117	21,426	22,602	24,271	21,577	19,156
Exchange rate (US\$/¥)	105.92	106.38	108.68	109.31	110.70	111.24	114.54	110.52	105.31

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.