

WEEKLY NEWSLETTER

Bond Yields Jump

HIGHLIGHTS

- ▶ United States: Retail sales slow in August.
- ▶ United States: Core inflation reached its highest point since September 2008.
- ▶ U.S. consumer confidence is up slightly in September.
- ▶ Canada: Household debt reaches a new high.

A LOOK AHEAD

- ▶ The Federal Reserve is expected to lower its key rates once again on Wednesday.
- ▶ United States: Housing starts should post strong growth.
- ▶ U.S. manufacturing output is expected to rise.
- ▶ Canada: The total annual inflation rate should stay around 2%.
- ▶ Canada: Manufacturing sales could still struggle in July, but retail sales are expected to improve.

FINANCIAL MARKETS

- ▶ Market optimism sets in as trade conflicts ease.
- ▶ U.S. 2-year and 10-year bond yields are up more than 20 basis points.
- ▶ The U.S. dollar is tending downward as optimism increases.

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Key Statistics of the Week

UNITED STATES

- ▶ Retail sales rose 0.4% in August, after gaining 0.8% in July. Motor vehicle sales were up 1.8% after June's 0.1% increase, marking the highest monthly increase in motor vehicle sales since March. The value of service station sales fell 0.9%. Excluding motor vehicles and gasoline, sales were up a mere 0.1%, after rising 0.9% in July. Aside from the auto sector, nonstore retailers (+1.6%) and renovation centres (+1.4%) saw the strongest growth. Significant declines occurred in food services (-1.2%), department stores (-1.1%), and clothing stores (-0.9%).
- ▶ The consumer price index (CPI) was up 0.1% in August after rising 0.3% in July. In contrast to July, energy prices, even that of gasoline, fell in August. In addition, food prices stagnated for the third time in a row. Core CPI, which excludes food and energy, rose 0.3% in August, just as it did in June and July. Used car prices, among other things, bounced back. Not since 2011 has the price of goods, excluding food and energy, posted such strong three-month growth. The annual variation in CPI fell from 1.8% to 1.7%. Core inflation rose from 2.2% to 2.4%, its highest level since September 2008.
- ▶ The University of Michigan consumer confidence index rose 2.2 points according to the September preliminary version. The index went from 89.8 (its lowest level since October 2016) to 92.0 (a little higher than in January). September's improvement is based somewhat more on consumer expectations (+2.5 points) than a perception of the current situation (+1.6 points).

Francis Généreux, Senior economist

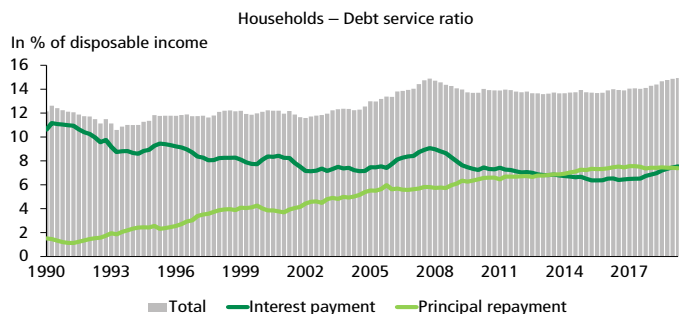
CANADA

- ▶ The household credit market debt to disposable income ratio rose to 174.05% in the second quarter, a historic peak for household indebtedness. As a proportion of disposable income, debt service (interest and principal payments) reached 14.93% in the second quarter. This is also at its highest point, historically. The recent drop in some mortgage rates and extended status quo on key interest rates should provide some respite in the coming quarters. However, the situation remains very fragile. Although it could take a while to materialize, what will happen with debt service and households' financial situation when interest rates eventually go up?
- ▶ At 226,639 units, the number of housing starts remained surprisingly high in August. Residential construction is clearly feeling the effects of the housing market's recovery. The trend based on a six-month moving average therefore increased to 218,998 units, its highest level in over a year.
- ▶ The industrial capacity utilization rate rose to 83.3% in the second quarter from 81.1% in the previous quarter. The biggest improvement came in the oil and gas extraction sector as production gradually returned to normal following the restrictions imposed by the Alberta government in early 2019.

Benoit P. Durocher, Senior economist

CANADA

Debt service is very high



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

Optimism over the Trade Negotiations between China and the United States

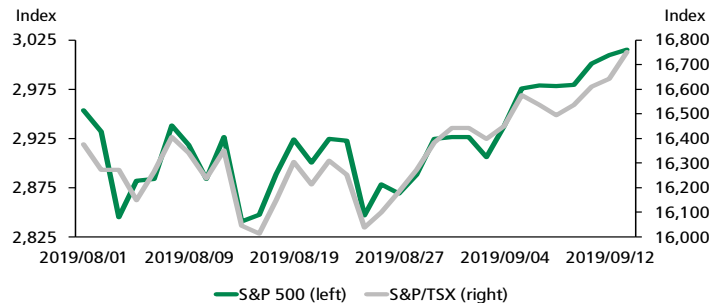
The trade dispute between China and the United States eased off in the second half of the week, with each side making concessions. Negotiations should begin again in October. The United States has postponed the next round of tariffs against China for two weeks and seems to be considering an interim agreement. China has also suspended some tariffs and has announced that it would start buying U.S. agricultural products again, including soybeans and pork. The markets have picked up in anticipation of a possible truce between the two superpowers. The spike in Apple shares on Wednesday, after the positive trade news and the announcement of new products, also boosted the U.S. market. On Friday morning, the S&P 500 index was up more than 1% over the week. The S&P/TSX index posted similar gains.

Bond yields have bounced back, with gains of more than 20 basis points in the United States in a number of cases. The monetary easing announced by the European Central Bank (ECB) on Thursday had only a temporary dampening effect on bond yields, as it was superseded by the warming of China-U.S. relations. The gap between 10-year and 2-year U.S. bond yields widened. On Friday morning, the 2-year yield was around 1.80%, while the 10-year yield was around 1.90%. Canadian yields followed the trend, but less markedly. At the time of writing, the 10-year yield was around 1.50%, getting closer to the 2-year yield which was hovering around 1.65%.

Rising optimism weakened the U.S. dollar against a number of other currencies. As a sign that trade tensions were relaxing, the Chinese exchange rate dipped below 7.10 yuan/US\$. The euro was a bit more volatile, dropping on Wednesday in advance of the ECB monetary policy decision. As expected, interest rates were lowered on Thursday and the asset purchasing program was reactivated. The ECB did hint, however, that those measures could spread over several years to ensure that inflation returned to its target in a sustainable way. That further devalued the euro on Thursday, although it bounced back quickly as trade tensions eased. The Canadian dollar reached US\$0.76 at the beginning of the week, and then edged down as yield gaps became less favourable.

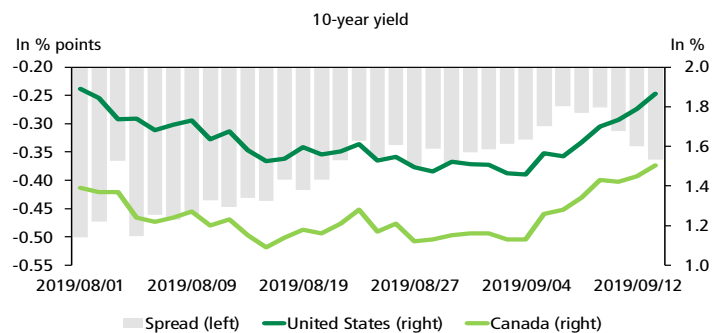
Hendrix Vachon, Senior Economist
Carine Bergevin-Chammah, Economist

GRAPH 1
Stock markets



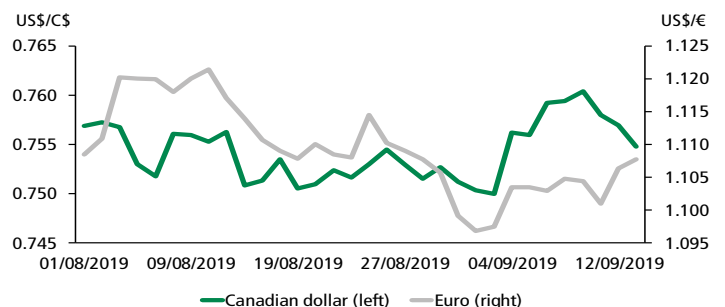
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

TUESDAY September 17 - 9:15

August	m/m
Consensus	0.2%
Desjardins	0.1%
July	-0.2%

WEDNESDAY September 18 - 8:30

August	ann. rate
Consensus	1,250,000
Desjardins	1,275,000
July	1,191,000

WEDNESDAY September 18 - 14:00

September	
Consensus	2.00%
Desjardins	2.00%
July 31	2.25%

THURSDAY September 19 - 10:00

August	m/m
Consensus	0.1%
Desjardins	-0.2%
July	0.5%

THURSDAY September 19 - 10:00

August	ann. rate
Consensus	5,370,000
Desjardins	5,380,000
July	5,420,000

UNITED STATES

Industrial production (August) – Industrial production fell 0.2% in July, the fourth monthly decline since the beginning of the year. Output, which is one of the four indicators of a recession used by the National Bureau of Economic Research, dropped 1.1% after peaking in December. However, the figures are expected to show an increase in August, in manufacturing in particular, as the hike in hours worked during the month suggests. Manufacturing output is forecast to gain 0.5%. Still, the drop in the ISM during the month, in particular its component associated with current output, points to a certain downward risk in this forecast. Industrial production as a whole should be weaker than manufacturing. Energy production and the resource sector are both expected to be down. Overall, industrial production should increase of only 0.1%.

Housing starts (August) – Housing starts declined 4.0% in July, the third monthly decrease in a row. However, August's results should cut short this series of declines. The number of building permits issued in July, the creation of 7,000 jobs in residential construction in August, and the recent trend in new home sales suggest that housing starts have improved. They should hit 1,275,000 units in August.

Federal Reserve meeting (September) – At the end of July, the leaders of the Federal Reserve (Fed) decided to cut key rates for the first time since 2008. As Fed Chair Jerome Powell indicated, this cut should not be seen as the start of a long series of cuts, but rather as part of a mid-cycle adjustment. This adjustment should continue at the September 18 meeting, when another 25-point reduction is anticipated. Moreover, the futures market fully expects this downward shift to happen. A rapid rise in core inflation may cause some of the Fed's decision-makers to think twice, but other, weaker indicators, especially the ISM manufacturing and private-sector employment indexes, provide the latitude needed to continue adjusting rates down. As for what comes next, we will have to rely on the statement and new forecasts to be released and on Jerome Powell's press conference.

Leading indicator (August) – In July the leading indicator was up 0.5%, posting its strongest monthly growth since September 2018. This gain was mostly supported by the hike in building permits, the drop in jobless claims and the stock market gains. However, these three components are expected to contribute negatively to the monthly variation in the leading indicator for August. The ISM index and the interest rate spread will also take a bite out of the leading indicator. The leading indicator is expected to fall 0.2%. This decline should lead to the three-month, six-month and one-year variations slowing down a little.

Existing home sales (August) – Down 1.3% in June, home resales jumped 2.5% in July. This is only the third monthly increase since the beginning of the year. Compared to January's low, July's level of 5,420,000 units represents a 10.0% gain. However, we anticipate a decline in August, as suggested by the 2.5% decrease in pending home sales. We expect existing home sales to drop back to 5,380,000 units. Still, other indicators suggest that the downward trend should quickly reverse as a result of the mortgage rate cuts.

TUESDAY September 17 - 8:30

July	m/m
Consensus	-0.2%
Desjardins	-0.2%
June	-1.2%

WEDNESDAY September 18 - 8:30

August	m/m
Consensus	-0.2%
Desjardins	0.0%
July	0.5%

FRIDAY September 20 - 8:30

July	m/m
Consensus	0.6%
Desjardins	0.8%
June	0.0%

THURSDAY September 19 - 7:00

September	
Consensus	0.75%
Desjardins	0.75%
August 1	0.75%

CANADA

Manufacturing sales (July) – With sales already down 1.2% in June, July is expected to be another difficult month for manufacturers. Additionally, merchandise exports fell 0.9%, with a 6.7% drop in energy products. This is expected to negatively impact the sales figures for a number of manufacturers. What's more, the Canadian manufacturer confidence index, IHS Markit Canada Manufacturing PMI, deteriorated in recent months, dropping below the 50 mark, which corresponds to a contraction in the manufacturing sector.

Consumer price index (August) – According to prices at the pump, the average price of regular gas dropped 4.3% on average in August. This will lead to a contribution of about -0.14% to the monthly variation in the total consumer price index (CPI). A large part of this drop can nonetheless be attributed to seasonal adjustments already accounted for. Under these circumstances, total CPI may remain practically unchanged in August. Its annual variation may also stay at 2.0%.


Retail sales (July) – The preliminary data paint a rather positive picture of retail sales in July. After seasonal adjustments, gas prices were up 2.7%, which is expected to increase the value of service station sales. The number of new motor vehicles sold in July also advanced 3.7%, thereby putting an end to several months of weakness. If we take into account the upward trend of the other components, all of the ingredients are therefore in place to ensure that retail sales rise significantly in July.


OVERSEAS

United Kingdom: Bank of England meeting (September) – Although many of the central banks, like the Fed and the European Central Bank, are in easing mode, the Bank of England (BoE) is expected to stay the course in September. Brexit is generating a lot of uncertainty as to which direction the economy and inflation will take in the United Kingdom. Depending on the scenario, rate cuts may be required, or the opposite may also happen should inflation quickly jump if tariff barriers with the rest of Europe are reinstated. Consequently, the BoE is better off not moving hastily either way. Among the economic indicators, the inflation figures for August will be released on Wednesday. The annual variation in the total consumer price index was 2.1% in July. Retail sales for August will be released on Thursday. They had gone up 0.3% in July, but a drop is expected.

Economic Indicators

Week of September 16 to 20, 2019

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 16	8:30	Empire manufacturing index	Sept.	4.0	8.0	4.8
TUESDAY 17	9:15	Industrial production (m/m)	Aug.	0.2%	0.1%	-0.2%
	9:15	Production capacity utilization rates	Aug.	77.6%	77.5%	77.5%
	10:00	NAHB housing market index	Sept.	66	n/a	66
	16:00	Net foreign security purchases (US\$B)	July	n/a	n/a	99.1
WEDNESDAY 18	8:30	Housing starts (ann. rate)	Aug.	1,250,000	1,275,000	1,191,000
	8:30	Building permits (ann. rate)	Aug.	1,307,000	1,300,000	1,336,000
	14:00	Federal Reserve meeting	Sept.	2.00%	2.00%	2.25%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 19	8:30	Initial unemployment claims	Sept. 9-13	215,000	212,000	204,000
	8:30	Current account (US\$B)	Q2	-125.7	-135.0	-130.4
	8:30	Philadelphia Fed index	Sept.	11.0	8.0	16.8
	10:00	Leading indicator (m/m)	Aug.	0.1%	-0.2%	0.5%
	10:00	Existing home sales (ann. rate)	Aug.	5,370,000	5,380,000	5,420,000
FRIDAY 20	---	---				
CANADA						
MONDAY 16	8:30	International transactions in securities (\$B)	July	n/a	5.00	-3.98
	9:00	Existing home sales	Aug.			
TUESDAY 17	8:30	Manufacturing sales (m/m)	July	-0.2%	-0.2%	-1.2%
WEDNESDAY 18	8:30	Consumer price index				
		Total (m/m)	Aug.	-0.2%	0.0%	0.5%
		Excluding food and energy (m/m)	Aug.	n/a	0.0%	0.4%
		Total (y/y)	Aug.	2.0%	2.0%	2.0%
	Excluding food and energy (y/y)	Aug.	n/a	2.2%	2.2%	
THURSDAY 19	---	---				
FRIDAY 20	8:30	Retail sales				
		Total (m/m)	July	0.6%	0.8%	0.0%
		Excluding automobiles (m/m)	July	0.4%	0.6%	0.9%

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 September 16 to 20, 2019

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 15								
China	22:00	Industrial production	Aug.		5.2%		4.8%	
China	22:00	Retail sales	Aug.		7.9%		7.6%	
MONDAY 16								
---	---	---						
TUESDAY 17								
Germany	5:00	ZEW survey – Current situation	Sept.		-15.0		-13.5	
Germany	5:00	ZEW survey – Expectations	Sept.		-37.8		-44.1	
Japan	19:50	Trade balance (¥B)	Aug.		-156.2		-126.8	
WEDNESDAY 18								
Japan	---	Bank of Japan meeting	Sept.		-0.10%		-0.10%	
Brazil	---	Bank of Brazil meeting	Sept.		5.50%		6.00%	
United Kingdom	4:30	Consumer price index	Aug.		0.5%	1.9%	0.0%	2.1%
United Kingdom	4:30	Producer price index	Aug.		0.1%	1.7%	0.3%	1.8%
Euro zone	5:00	Construction	July		n/a	n/a	0.0%	1.0%
Euro zone	5:00	Consumer price index	Aug.		0.2%	1.0%	-0.5%	1.0%
Italy	5:00	Trade balance (€M)	July		n/a		5,728	
THURSDAY 19								
Japan	0:30	All industry activity index	July		n/a		-0.8%	
Switzerland	3:30	Swiss National Bank meeting	Sept.		-0.75%		-0.75%	
Norway	4:00	Bank of Norway meeting	Sept.		1.25%		1.25%	
Euro zone	4:00	Current account (€B)	July		n/a		18.4	
Italy	4:00	Current account (€M)	July		n/a		5,047	
United Kingdom	4:30	Retail sales	Aug.		-0.1%	2.7%	0.2%	3.3%
United Kingdom	7:00	Bank of England meeting	Sept.		0.75%		0.75%	
Japan	19:30	Consumer price index	Aug.			0.3%		0.5%
FRIDAY 20								
Germany	2:00	Producer price index	Aug.		-0.2%	0.6%	0.1%	1.1%
France	2:45	Wages – final	Q2		0.5%		0.5%	
Euro zone	10:00	Consumer confidence – preliminary	Sept.		-7.1		-7.1	

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	19,023	2.0	2.3	2.9	2.4	1.6
Consumption (2009 \$B)	2019 Q2	13,253	4.7	2.7	3.0	2.6	2.7
Government spending (2009 \$B)	2019 Q2	3,294	4.5	2.2	1.7	0.7	1.8
Residential investment (2009 \$B)	2019 Q2	587.1	-2.9	-3.2	-1.5	3.5	6.5
Non-residential investment (2009 \$B)	2019 Q2	2,761	-0.6	2.6	6.4	4.4	0.7
Business inventory change (2009 \$B) ¹	2019 Q2	69.0	---	---	48.1	31.7	23.0
Exports (2009 \$B)	2019 Q2	2,516	-5.8	-1.7	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	19,882	3.6	2.4	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	112.0	2.6	2.6	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	Aug.	49.1	51.2	52.1	54.2	60.8
ISM non-manufacturing index ¹	Aug.	56.4	53.7	56.9	59.7	58.8
Cons. confidence Conference Board (1985 = 100) ¹	Aug.	135.1	135.8	131.3	131.4	134.7
Personal consumption expenditure (2009 \$B)	July	13,347	0.4	1.0	2.0	2.7
Disposable personal income (2009 \$B)	July	15,020	0.1	0.6	1.3	3.0
Consumer credit (\$B)	July*	4,123	0.6	1.3	2.4	5.2
Retail sales (\$M)	Aug.*	526,057	0.4	1.5	4.3	4.1
<i>Excluding automobiles (\$M)</i>	Aug.*	419,891	0.0	1.3	3.8	3.5
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)	July	500,278	1.4	0.6	-0.3	0.4
New durable good orders (\$M)	July	250,181	2.0	1.4	-2.3	0.9
Business inventories (\$B)	July*	2,043	0.4	0.6	1.6	4.8
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	July	-53,989	-55,508	-51,979	-53,141	-52,442
Nonfarm employment (k) ²	Aug.	151,541	130.0	467.0	898.0	2,074
Unemployment rate (%) ¹	Aug.	3.7	3.7	3.6	3.8	3.8
Consumer price (1982-1984 = 100)	Aug.*	256.3	0.1	0.4	1.3	1.8
<i>Excluding food and energy</i>	Aug.*	264.2	0.3	0.8	1.2	2.4
Personal cons. expenditure deflator (2009 = 100)	July	109.8	0.2	0.4	1.0	1.4
<i>Excluding food and energy</i>	July	111.8	0.2	0.5	0.9	1.6
Producer price (2009 = 100)	Aug.*	118.6	0.1	0.3	1.2	1.8
Export prices (2000 = 100)	Aug.*	125.5	-0.6	-0.9	-0.5	-1.4
Import prices (2000 = 100)	Aug.*	125.1	-0.5	-1.5	-0.6	-2.0

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 Q2	2,085,470	3.7	1.6	1.9	3.0	1.1
Household consumption (2007 \$M)	2019 Q2	1,177,341	0.5	1.4	2.1	3.6	2.1
Government consumption (2007 \$M)	2019 Q2	424,534	2.5	2.1	2.9	2.1	1.8
Residential investment (2007 \$M)	2019 Q2	136,894	5.5	-3.2	-1.5	2.4	3.5
Non-residential investment (2007 \$M)	2019 Q2	178,965	-16.2	-6.5	1.9	2.5	-9.9
Business inventory change (2007 \$M) ¹	2019 Q2	14,022	---	---	12,738	17,582	2,291
Exports (2007 \$M)	2019 Q2	677,396	13.4	2.6	3.2	1.1	1.3
Imports (2007 \$M)	2019 Q2	662,654	-4.0	-1.4	2.9	4.2	0.0
Final domestic demand (2007 \$M)	2019 Q2	2,055,180	-0.7	0.3	2.0	3.1	0.6
GDP deflator (2007 = 100)	2019 Q2	110.2	4.5	1.9	1.7	2.5	0.8
Labour productivity (2007 = 100)	2019 Q2	106.3	0.8	0.3	-0.3	1.9	0.3
Unit labour cost (2007 = 100)	2019 Q2	108.8	2.8	2.8	2.3	0.8	-1.6
Current account balance (\$M) ¹	2019 Q2	-6,384	---	---	-58,522	-60,130	-64,882
Production capacity utilization rate (%) ¹	2019 Q2*	83.3	---	---	83.0	81.6	79.2
Disposable personal income (\$M)	2019 Q2	1,271,464	5.1	3.6	3.8	4.5	0.3
Corporate net operating surplus (2007 \$M)	2019 Q2	290,264	28.7	1.0	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)	June	1,969,135	0.2	0.8	1.3	1.5
Industrial production (2007 \$M)	June	404,569	-0.7	0.5	0.7	0.1
Manufacturing sales (\$M)	June	58,016	-1.2	-0.3	2.9	0.1
Housing starts (k) ¹	Aug.*	226.6	222.5	197.0	166.2	198.3
Building permits (\$M)	July*	8,348	3.0	-11.9	0.4	0.7
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	July	-1,124	-54.7	-1,107	-3,891	9.7
<i>Exports (\$M)</i>	July	49,764	-0.9	-1.9	3.6	-2.9
<i>Imports (\$M)</i>	July	50,888	1.2	-1.8	-2.0	-0.7
Employment (k) ²	Aug.	19,112	81.1	18.2	30.3	39.3
Unemployment rate (%) ¹	Aug.	5.7	5.7	5.4	5.8	6.0
Average weekly earnings (\$)	June	1,026	-0.5	1.1	1.7	2.5
Number of salaried employees (k) ²	June	16,926	-10.7	12.2	27.3	25.2
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)	July	117.3	-0.3	-1.8	0.5	-1.7
Raw materials price (2002 = 100)	July	106.2	1.2	-7.2	3.8	-9.0
Money supply M1+ (\$M)	July	1,039,508	1.3	2.4	3.6	6.0

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		
	Sep. 13	Sep. 6	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	2.25	2.25	2.25	2.50	2.50	2.00	2.50	2.40	2.00
Treasury bill – 3 months	1.94	1.92	1.83	2.15	2.40	2.12	2.43	2.26	1.83
Treasury bonds – 2 years	1.77	1.53	1.48	1.85	2.44	2.79	2.97	2.33	1.44
– 5 years	1.72	1.42	1.41	1.85	2.40	2.90	3.09	2.33	1.32
– 10 years	1.87	1.55	1.54	2.09	2.59	2.99	3.23	2.51	1.46
– 30 years	2.34	2.02	1.99	2.59	3.02	3.13	3.45	2.88	1.93
S&P 500 index (level)	3,015	2,979	2,889	2,887	2,822	2,905	3,026	2,810	2,351
DJIA index (level)	27,267	26,797	25,886	26,090	25,849	26,155	27,359	25,675	21,792
Gold price (US\$/ounce)	1,495	1,521	1,508	1,350	1,302	1,197	1,549	1,317	1,182
CRB index (level)	175.13	172.63	170.41	174.81	183.87	190.48	201.23	181.69	167.89
WTI oil (US\$/barrel)	55.15	56.52	54.87	52.51	58.52	68.99	76.41	58.03	44.41
Canada									
Overnight – target	1.75	1.75	1.75	1.75	1.75	1.50	1.75	1.72	1.50
Treasury bill – 3 months	1.62	1.61	1.64	1.67	1.64	1.52	1.73	1.65	1.50
Treasury bonds – 2 years	1.64	1.49	1.33	1.39	1.62	2.13	2.36	1.76	1.29
– 5 years	1.51	1.32	1.19	1.33	1.60	2.26	2.48	1.75	1.13
– 10 years	1.50	1.28	1.14	1.44	1.71	2.34	2.60	1.83	1.09
– 30 years	1.71	1.50	1.34	1.70	2.02	2.36	2.58	2.03	1.30
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.50	-0.50	-0.50	-0.75	-0.75	-0.50	-0.50	-0.67	-0.75
Treasury bill – 3 months	-0.32	-0.31	-0.19	-0.48	-0.76	-0.60	-0.19	-0.61	-0.80
Treasury bonds – 2 years	-0.14	-0.04	-0.15	-0.46	-0.82	-0.66	-0.03	-0.57	-0.85
– 5 years	-0.22	-0.10	-0.22	-0.52	-0.80	-0.64	-0.10	-0.58	-0.81
– 10 years	-0.36	-0.27	-0.40	-0.65	-0.88	-0.65	-0.27	-0.68	-0.89
– 30 years	-0.63	-0.52	-0.65	-0.89	-1.00	-0.77	-0.52	-0.85	-1.02
S&P/TSX index (level)	16,750	16,535	16,150	16,302	16,140	16,013	16,750	15,850	13,780
Exchange rate (C\$/US\$)	1.3249	1.3172	1.3272	1.3413	1.3336	1.3033	1.3639	1.3261	1.2812
Exchange rate (C\$/€)	1.4679	1.4527	1.4719	1.5035	1.5104	1.5158	1.5643	1.4995	1.4523
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\$/€)	1.1077	1.1029	1.1090	1.1209	1.1326	1.1631	1.1777	1.1308	1.0968
<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	0.76	0.43	0.46	0.85	1.22	1.43	1.72	1.10	0.32
FTSE index (level)	7,363	7,282	7,117	7,346	7,228	7,304	7,687	7,196	6,585
Exchange rate (US\$/£)	1.2455	1.2282	1.2151	1.2592	1.3291	1.3068	1.3339	1.2794	1.2037
<u>Germany</u>									
Bonds – 10 years	-0.45	-0.63	-0.68	-0.26	0.09	0.45	0.56	0.01	-0.72
DAX index (level)	12,478	12,192	11,563	12,096	11,686	12,124	12,630	11,694	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)	21,988	21,200	20,419	21,117	21,451	23,095	24,271	21,477	19,156
Exchange rate (US\$/¥)	108.10	106.92	106.38	108.57	111.47	112.06	114.54	110.26	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.