

WEEKLY NEWSLETTER

The Federal Reserve Lowers Rates for the Second Time

HIGHLIGHTS

- ▶ The Federal Reserve is continuing its mid-cycle adjustment.
- ▶ U.S. housing starts have bounced back strongly.
- ▶ United States: Industrial output is finally doing better.
- ▶ Canada: The total annual inflation rate fell from 2.0% to 1.9%.
- ▶ Canada: Existing home sales continued climbing.
- ▶ Canada: Retail sales were up slightly in July.

A LOOK AHEAD

- ▶ United States: New home sales are expected to rise.
- ▶ United States: Consumption seems to have slowed down in August.
- ▶ Canada: Wholesale sales might inch up in July.

FINANCIAL MARKETS

- ▶ The Canadian stock market posts gains.
- ▶ The spread between 10-year and 2-year U.S. bond yields narrowed.
- ▶ The rebound by oil prices did not give the Canadian dollar much help.

CONTENTS

Key Statistics of the Week	2	A Look Ahead	4	Tables	
<i>United States, Canada</i>		<i>United States, Canada, Overseas</i>		<i>Economic indicators</i>	8
Financial Markets.....	3	Economic Indicators of the Week	6	<i>Major financial indicators</i>	10

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Key Statistics of the Week

UNITED STATES

- ▶ It came as no surprise that the Fed leaders decided to continue the mid-cycle adjustment begun at the end of July with a second consecutive 25-basis-point reduction. The door has been left open to lower rates, but no movement is likely at the next meeting in October.
- ▶ Industrial output increased 0.6% in August following July's 0.1% decline. This is the strongest monthly growth in a year. Manufacturing output rose 0.4% following July's 0.1% pullback. The automobile sector contracted, but other industries like metallurgy and machinery did well. The mining sector was also up 1.4%, its best growth since April. Energy production only went up 0.6%.
- ▶ The New York Fed's Empire manufacturing index dropped from 4.8 to 2.0 in September. Apart from June's catastrophic -8.6 level, this is the lowest it has been since 2016. Employment-related components did better, however. The Philadelphia Fed's manufacturing index was also down, but not as much as the New York index; it dropped to 12.0 after reaching 16.8 in August.
- ▶ Housing starts leaped 12.3% in August after three monthly pullbacks in a row that amounted to a total decline of 4.3%. Annualized new construction numbers increased from 1,215,000 (revised from 1,191,000) to 1,364,000 units. That is the highest number of housing starts since June 2007. Construction of single-family homes went up 4.4%, while multi-unit housing construction soared 30.9%. Building permits were up 7.7%.
- ▶ Sales of existing homes rose 1.3% in August after gaining 2.5% in July. This is the first time since October and November 2017 that resales have recorded two monthly increases in a row. Sales went from 5,290,000 in June to 5,420,000 in July and 5,490,000 in August, the highest they have been since March 2018.
- ▶ The leading indicator stayed still in August after rising 0.4% in July. The positive contributions from building permits, credit conditions and hours worked were offset by drains from the ISM index, stock markets, jobless claims and the interest rate spread. The leading indicator's 6-month and 12-month changes slowed down.

Francis Généreux, Senior economist

CANADA

- ▶ The total consumer price index (CPI) slipped 0.1% in August. The total annual inflation rate fell from 2.0% to 1.9%. The average annual variation in the three benchmark indexes remained unchanged at 2.0%. While total inflation and the benchmark indexes continue to be close to the Bank of Canada median target (2%), rising prices are still not a major issue for the country. However, the situation could change in the coming months. The relative number of total CPI components with inflation above the target range (greater than 3%) increased to 35.9% in August. This is the highest level since April 2012, a reflection of stronger upward pressures on prices. In contrast, the proportion of components with inflation within the target range (between 1% and 3%) has decreased in recent months.
- ▶ In Canada, sales of existing homes continued to climb in August with a monthly increase of 1.4%. Sales have risen a total of 16.6% from their cyclical low last February. The average transaction price rose 0.7% in August, with a cumulative gain of 11.2% since February.
- ▶ Retail sales rose 0.4% in July. New automobile dealership sales were up 2.4%, making up some of the ground lost the month before. Excluding new automobiles, sales dipped -0.2%, which is rather disappointing. In real terms, total sales were nearly flat.
- ▶ Manufacturing sales fell 1.3% in July, below expectations. Sales were down in 11 of the main industries, accounting for 66.8% of sales in the entire manufacturing sector. In real terms, sales were down 1.6%. Meanwhile, inventories grew 0.2%, which will minimize the negative impact of the drop in sales on July's economic growth.

Benoit P. Durocher, Senior economist

Financial Markets

The Federal Reserve is Divided on its Monetary Policy Direction

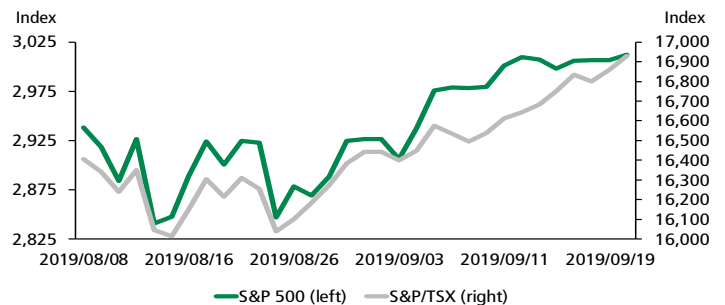
Market confidence was shaken early in the week when the attack on major oil infrastructures in Saudi Arabia pushed oil prices up. The U.S. stock market started the week downward in response to these events. It fell further on Wednesday when the Federal Reserve (Fed) statement was released: officials seem to disagree on the direction to set for monetary policy. The stock market quickly recouped its losses during Jerome Powell's press conference, as he mitigated the signal sent by the Fed's interest rates forecast. The stock market gains seemed poised to continue Thursday morning, but uncertainty took over later that day. At the time of writing, the S&P 500 index's performance for the week was nearly flat. The Canadian stock market was more buoyant, posting a gain of about 1.5%, supported in part by higher oil and gold prices.

U.S. bond yields headed down at the start of the week, then strengthened Wednesday in a context of greater uncertainty over an additional key rate cut in the United States in 2019. At the time of writing, bond yields were still lower than they were last Friday. The 2-year yield closed in on the 10-year yield; both were in the neighbourhood of 1.75%. Canadian yields also weakened, with the 2-year and 10-year yields settling at around 1.60% and 1.40% respectively on Friday morning. The disappointing retail sales numbers published in Canada on Friday played against Canadian yields.

The increase in oil prices at the start of the week did not have much impact on the Canadian dollar. The uncertainty created primarily played in favour of safe haven securities like the U.S. dollar, which rose against most currencies at the start of the week. The greenback's momentum waned on Tuesday, then returned at the end of the day on Wednesday with the Fed being seen as less dovish than anticipated. All in all, the U.S. dollar was poised to end the week with a slight gain. At close to US\$1.25, the pound sterling was doing better than average, buoyed by the hopes of avoiding a no-deal Brexit. The euro fell slightly, to around US\$1.10 on Friday. For its part, the Canadian dollar was holding over US\$0.75.

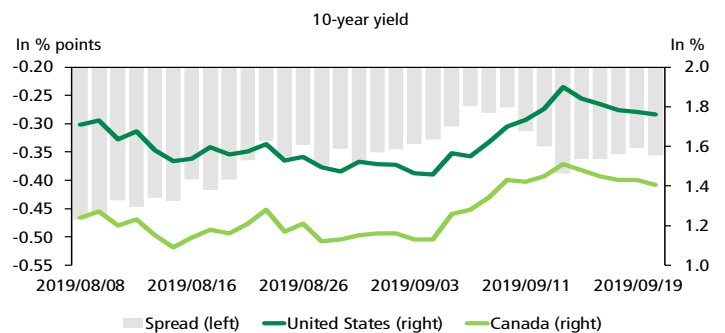
Hendrix Vachon, Senior Economist
Carine Bergevin-Chammah, Economist

GRAPH 1
Stock markets



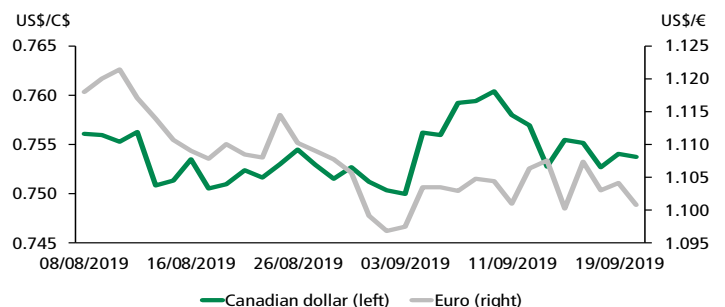
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

TUESDAY September 24 - 9:00

July	y/y
Consensus	2.2%
Desjardins	2.1%
June	2.1%

TUESDAY September 24 - 10:00

September	
Consensus	133.0
Desjardins	130.5
August	135.1

WEDNESDAY Sept. 25 - 10:00

August	ann. rate
Consensus	656,000
Desjardins	665,000
July	635,000

FRIDAY September 27 - 8:30

August	m/m
Consensus	-1.2%
Desjardins	-0.7%
July	2.0%

FRIDAY September 27 - 8:30

August	m/m
Consensus	0.2%
Desjardins	0.2%
July	0.6%

MONDAY September 23 - 8:30

July	m/m
Consensus	0.0%
Desjardins	0.1%
June	0.6%

UNITED STATES

S&P/Case-Shiller index of existing home prices (July) – The S&P/Case-Shiller index continued to slow in June, stagnating after two consecutive monthly increases of 0.1%. This slowdown can also be seen in the index's annual variation, which was just 2.1% in June, compared to 6.3% a year earlier. Another zero monthly variation is expected in July, with annual growth holding at 2.1%.

Conference Board consumer confidence index (September) – The Conference Board consumer confidence index is showing much more resilience than other leading monthly indexes. In August, it slid 0.7 points, while the University of Michigan index lost 8.6. The question now is whether this strength will continue in September. On the one hand, the Michigan index has remained fairly low and the TIPP index, in turn, has plummeted. On the other hand, the stock market has performed well since mid-August, gas prices are relatively low and jobless claims are almost back to their recent lows. In addition, the Bloomberg weekly consumer confidence index has stayed fairly high. All in all, a modest decline in the Conference Board index to 130.5 can be expected.

New home sales (August) – After a 20.9% spike in June, sales of new single-family homes slumped 12.8% in July. The level is nonetheless fairly high versus the trend observed in previous quarters, and a 14% gain has been noted since the October 2018 low. We expect another increase in August. Both the number of single-family home building permits and the recent performance of the NAHB builder confidence index suggest a rise in new home sales. They should reach 665,000 units.

New durable goods orders (August) – In July, new orders saw their strongest growth since August 2018 with a 2.0% increase. This advance is attributable to the aviation sector, which experienced a 44.2% jump. However, this same sector is expected to contribute negatively to growth in August based on the results posted by Boeing, which had only six new aircraft on order that month. For new orders excluding transportation, the signals are mixed. On the one hand, industrial production performed fairly well in August in a number of sectors. On the other hand, the ISM manufacturing index dropped considerably, as did its new orders component, which fell below the 50 mark for the first time since 2015. Orders excluding transportation are expected to stagnate. All in all, new durable goods orders should decrease 0.7%.

Consumer spending (August) – The monthly variation in real consumption was relatively high in June, with a 0.4% gain. Growth was likely more subdued in July. On the one hand, retail sales slowed, suggesting more sluggish growth in goods. Motor vehicle sales should provide some support, however. On the other hand, the tumble in food services spending and weak energy production point to anemic consumption of services. All in all, we expect a mere 0.1% increase in real consumption. Growth should be 0.2% in current dollars. The consumer expenditure deflator should go up 0.1%. The deflator's annual variation should remain at 1.4% while the core deflator, which excludes food and energy, should ramp up to 1.8%.

CANADA

Wholesale sales (July) – Merchandise exports struggled again in July, retreating 0.9%. This is expected to have a negative effect on the sales of a number of wholesalers during the month. In addition, lower business investment should result in a decrease in machinery, equipment and supply sales. That said, the recent pickup in the housing market could begin to stimulate some types of sales. The bottom line is that wholesale sales should see virtually no increase in July.

MONDAY September 23 - 8:30


July	m/m
Consensus	52.0
June	51.9


OVERSEAS

Euro zone: PMI index (September – preliminary) – Although still low, the euro zone’s PMI indexes nonetheless appeared more stable in recent months. This contrasts with the steep decline observed throughout 2018. The manufacturing PMI index continues to be firmly anchored below the 50 mark, but the services sector is providing some support. The data for September will tell us if this stabilization continued. The main confidence indexes in the euro zone will be released Friday. They too have been more stable over the past few months. Germany’s Ifo indexes, to be published Tuesday, were recently more negative, and further underperformance would suggest that the German industry is not faring any better.

Economic Indicators

Week of September 23 to 27, 2019

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 23	9:50	Speech of the New York Fed President, J. Williams				
	13:00	Speech of the St. Louis Fed President, J. Bullard				
TUESDAY 24	9:00	S&P/Case-Shiller home price index (y/y)	July	2.2%	2.1%	2.1%
	10:00	Consumer confidence	Sept.	133.8	130.5	135.1
WEDNESDAY 25	8:00	Speech of the Chicago Fed President, C. Evans				
	10:00	New home sales (ann. rate)	Aug.	656,000	665,000	635,000
	19:00	Speech of the Dallas Fed President, R. Kaplan				
THURSDAY 26	8:30	Initial unemployment claims	Sept. 16-20	211,000	212,000	208,000
	8:30	Goods trade balance – preliminary (US\$B)	Aug.	-73.4	-75.7	-72.3
	8:30	Real GDP (ann. rate)	Q2t	2.0%	2.0%	2.0%
	8:30	Retail inventories – preliminary (m/m)	Aug.	n/d	n/d	0.8%
	8:30	Wholesale inventories – preliminary (m/m)	Aug.	0.2%	n/d	0.2%
	9:30	Speech of the Dallas Fed President, R. Kaplan				
	10:00	Pending home sales (m/m)	Aug.	1.0%	n/d	-2.5%
	10:00	Speech of the St. Louis Fed President, J. Bullard				
	14:00	Speech of the Minneapolis Fed President, N. Kashkari				
	FRIDAY 27	8:30	Durable goods orders (m/m)	Aug.	-1.2%	-0.7%
8:30		Personal income (m/m)	Aug.	0.3%	0.3%	0.1%
8:30		Personal consumption expenditures (m/m)	Aug.	0.2%	0.2%	0.6%
8:30		Personal consumption expenditures deflator				
		Total (m/m)	Aug.	0.1%	0.1%	0.2%
		Excluding food and energy (m/m)	Aug.	0.2%	0.2%	0.2%
		Total (y/y)	Aug.	1.4%	1.4%	1.4%
		Excluding food and energy (y/y)	Aug.	1.8%	1.8%	1.6%
10:00		Michigan's consumer sentiment index – final	Sept.	92.1	92.0	92.0
12:00		Speech of the Philadelphia Fed President, P. Harker				
CANADA						
MONDAY 23	8:30	Wholesale sales (m/m)	July	0.0%	0.1%	0.6%
	8:30	Wholesale inventories (m/m)	July	n/a	0.5%	1.5%
TUESDAY 24	---	---				
WEDNESDAY 25	---	---				
THURSDAY 26	8:30	Average weekly earnings (y/y)	July	n/a	2.7%	2.5%
	8:30	Number of salaried employees (m/m)	July	n/a	0.2%	-0.1%
FRIDAY 27	---	---				

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 23 to 27, 2019

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 22								
Japan	20:30	PMI composite index	Sept.	n/d		51.9		
Japan	20:30	PMI manufacturing index – preliminary	Sept.	n/d		49.3		
Japan	20:30	PMI services index	Sept.	n/d		53.3		
MONDAY 23								
France	3:15	PMI composite index – preliminary	Sept.	52.6		52.9		
France	3:15	PMI manufacturing index – preliminary	Sept.	51.2		51.1		
France	3:15	PMI services index – preliminary	Sept.	53.2		53.4		
Germany	3:30	PMI composite index – preliminary	Sept.	51.5		51.7		
Germany	3:30	PMI manufacturing index – preliminary	Sept.	44.0		43.5		
Germany	3:30	PMI services index – preliminary	Sept.	54.3		54.8		
Euro zone	4:00	PMI composite index – preliminary	Sept.	52.0		51.9		
Euro zone	4:00	PMI manufacturing index – preliminary	Sept.	47.3		47.0		
Euro zone	4:00	PMI services index – preliminary	Sept.	53.2		53.5		
TUESDAY 24								
France	2:45	Business confidence	Sept.	105		105		
France	2:45	Production outlook	Sept.	3		2		
Germany	4:00	Ifo survey – Business climate	Sept.	94.5		94.3		
Germany	4:00	Ifo survey – Current situation	Sept.	97.0		97.3		
Germany	4:00	Ifo survey – Expectations	Sept.	92.0		91.3		
New Zealand	22:00	Reserve Bank of New Zealand meeting	Sept.	1.00%		1.00%		
WEDNESDAY 25								
Germany	2:00	Consumer confidence	Oct.	9.6		9.7		
France	2:45	Consumer confidence	Sept.	103		102		
THURSDAY 26								
Euro zone	4:00	Money supply M3	Aug.		5.1%		5.2%	
Mexico	14:00	Bank of Mexico meeting	Sept.	7.75%		8.00%		
United Kingdom	19:01	Consumer confidence	Sept.	-14		-14		
Japan	19:30	Consumer price index – Tokyo	Sept.		0.5%		0.6%	
FRIDAY 27								
France	2:45	Personal consumption expenditures	Aug.	0.3%	-0.1%	0.4%	0.1%	
France	2:45	Consumer price index – preliminary	Sept.	-0.2%	1.1%	0.5%	1.0%	
Italy	4:00	Consumer confidence	Sept.	112.4		111.9		
Italy	4:00	Economic confidence	Sept.	n/d		98.9		
Euro zone	5:00	Business climate	Sept.	0.12		0.11		
Euro zone	5:00	Consumer confidence – final	Sept.	n/d		-6.5%		
Euro zone	5:00	Industrial confidence	Sept.	-5.8%		-5.9		
Euro zone	5:00	Services confidence	Sept.	9.4		9.3		
Euro zone	5:00	Economic confidence	Sept.	103.0		103.1		

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 Q2*	-128.2	---	---	-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)	Aug.*	112.1	0.0	0.4	0.5	1.1
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)	Aug.*	109.9	0.6	0.6	0.3	0.4
Production capacity utilization rate (%) ¹	Aug.*	77.9	77.5	77.8	78.5	79.3
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	Aug.*	1,364	1,215	1,264	1,149	1,279
Building permits (k) ¹	Aug.*	1,419	1,317	1,299	1,287	1,267
New home sales (k) ¹	July	635.0	728.0	656.0	644.0	609.0
Existing home sales (k) ¹	Aug.*	5,490	5,420	5,360	5,480	5,350
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)	July*	57,154	-1.3	-1.1	0.7	-1.9
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)	July*	51,479	0.4	0.0	2.4	1.2
<i>Excluding automobiles (\$M)</i>	July*	37,747	-0.1	0.3	2.9	0.5
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)	Aug.*	136.8	-0.1	0.1	1.7	1.9
<i>Excluding food and energy</i>	Aug.*	131.3	0.0	0.5	1.3	2.2
<i>Excluding 8 volatile items</i>	Aug.*	134.4	-0.1	0.2	1.0	1.9
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. 20	Sep. 13	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	2.00	2.25	2.25	2.50	2.50	2.00	2.50	2.40	2.00
Treasury bill – 3 months	1.91	1.92	1.93	2.07	2.41	2.14	2.43	2.25	1.83
Treasury bonds – 2 years	1.74	1.81	1.52	1.78	2.32	2.81	2.97	2.31	1.44
– 5 years	1.64	1.76	1.41	1.81	2.25	2.95	3.09	2.30	1.32
– 10 years	1.76	1.90	1.53	2.07	2.46	3.07	3.23	2.49	1.46
– 30 years	2.20	2.38	2.02	2.59	2.89	3.20	3.45	2.86	1.93
S&P 500 index (level)	3,012	3,007	2,847	2,950	2,801	2,930	3,026	2,811	2,351
DJIA index (level)	27,158	27,220	25,629	26,719	25,502	26,744	27,359	25,688	21,792
Gold price (US\$/ounce)	1,505	1,493	1,534	1,393	1,313	1,198	1,549	1,322	1,182
CRB index (level)	177.99	174.79	168.61	178.52	184.16	193.98	201.23	181.45	167.89
WTI oil (US\$/barrel)	58.70	54.85	54.10	57.28	58.89	71.90	76.41	57.81	44.41
Canada									
Overnight – target	1.75	1.75	1.75	1.75	1.75	1.50	1.75	1.73	1.50
Treasury bill – 3 months	1.63	1.62	1.63	1.67	1.64	1.51	1.73	1.65	1.51
Treasury bonds – 2 years	1.59	1.64	1.37	1.43	1.54	2.18	2.36	1.75	1.29
– 5 years	1.44	1.50	1.21	1.37	1.48	2.33	2.48	1.74	1.13
– 10 years	1.41	1.51	1.17	1.48	1.60	2.43	2.60	1.82	1.09
– 30 years	1.56	1.71	1.43	1.72	1.89	2.44	2.58	2.01	1.30
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	-0.25	-0.50	-0.50	-0.75	-0.75	-0.50	-0.25	-0.67	-0.75
Treasury bill – 3 months	-0.28	-0.30	-0.30	-0.40	-0.77	-0.63	-0.19	-0.60	-0.80
Treasury bonds – 2 years	-0.15	-0.17	-0.15	-0.35	-0.78	-0.63	-0.03	-0.56	-0.85
– 5 years	-0.21	-0.26	-0.20	-0.44	-0.77	-0.62	-0.10	-0.57	-0.81
– 10 years	-0.36	-0.39	-0.36	-0.59	-0.86	-0.64	-0.27	-0.67	-0.89
– 30 years	-0.64	-0.67	-0.59	-0.87	-1.00	-0.76	-0.52	-0.85	-1.02
S&P/TSX index (level)	16,930	16,682	16,038	16,525	16,089	16,224	16,930	15,863	13,780
Exchange rate (C\$/US\$)	1.3268	1.3285	1.3280	1.3223	1.3429	1.2915	1.3639	1.3268	1.2812
Exchange rate (C\$/€)	1.4606	1.4713	1.4800	1.5032	1.5194	1.5175	1.5643	1.4985	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\$/€)	1.1008	1.1075	1.1145	1.1368	1.1314	1.1750	1.1772	1.1295	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	0.63	0.68	0.50	0.85	1.01	1.46	1.72	1.08	0.32
FTSE index (level)	7,357	7,367	7,095	7,408	7,208	7,490	7,687	7,195	6,585
Exchange rate (US\$/£)	1.2497	1.2502	1.2279	1.2742	1.3212	1.3078	1.3339	1.2781	1.2037
<u>Germany</u>									
Bonds – 10 years	-0.52	-0.45	-0.67	-0.29	-0.02	0.46	0.56	-0.01	-0.72
DAX index (level)	12,468	12,469	11,612	12,340	11,364	12,431	12,630	11,697	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)	22,079	21,988	20,711	21,259	21,627	23,870	24,271	21,448	19,156
Exchange rate (US\$/¥)	107.88	108.09	105.41	107.32	109.93	112.58	114.54	110.18	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.