

WEEKLY NEWSLETTER

Falling ISM Indexes Are Fuelling Fears about the U.S. Economy

HIGHLIGHTS

- ▶ United States: The jobless rate at just 3.5%!
- ▶ United States: The ISM indexes dipped in September.
- ▶ Canada's real GDP by industry held steady in July.
- ▶ Canada's trade balance improved in August.

A LOOK AHEAD

- ▶ United States: A 0.1% increase in the consumer price index is expected.
- ▶ Canada: After strong job creation in August, hiring may have slowed in September.

FINANCIAL MARKETS

- ▶ The continued U.S. economic slowdown is dragging down stock markets.
- ▶ Expectations of monetary easing in the United States are rising.
- ▶ The Canadian dollar has depreciated slightly to close to US\$0.75.

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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

- ▶ The establishment survey indicates that 136,000 new jobs were created in September, following gains of 168,000 (revised from 130,000) in August and 166,000 (revised from 159,000) in July. The construction sector added 7,000 new jobs, but there were 2,000 net layoffs in manufacturing. There were 109,000 net hires in private sector services, i.e., fewer than the 121,000 recorded in August. The jobless rate fell to 3.5%, the lowest level since December 1969. The average hourly wage in the private sector was flat in September. Its annual variation slowed from 3.2% to 2.9%, the slowest pace since July 2018.
- ▶ The ISM manufacturing index fell from 49.1 to 47.8 in September. This sixth monthly consecutive drop brought it to its lowest level since June 2009. Six of its ten sub-indices declined. The declines stem from inventories (-3.0 points), export orders (-2.3 points) and current production (-2.2 points). The employment sub-index fell 1.1 points.
- ▶ The ISM non-manufacturing index also dropped 3.8 points from 56.4 to 52.6, the lowest it has been since August 2016. Seven of the ten components were down, including new orders (-6.6 points) and current production (-6.3 points).
- ▶ Sales of new automobiles rose in September, going from 16,970,000 to 17,190,000 units. That marks the first time since September and October 2018 that automobile sales have risen two months in a row.
- ▶ Construction spending was up 0.1% in August, the same as July. Residential construction increased 0.9%, but private non-residential construction dropped 1.0%, including a 2.8% plunge in the commercial sector. Public construction showed a 0.4% gain. Compared to July 2018, construction spending was down 1.9%.
- ▶ The balance of trade in goods and services worsened slightly in August, with the deficit going from US\$54.0B in July to US\$54.9B. Nominal exports were up 0.2% and imports grew 0.5%.

Francis Généreux, Senior economist

CANADA

- ▶ Real GDP by industry held steady in July following a 0.2% gain in June. A 0.7% drop in goods production was offset by a 0.3% rise in services. The worst decline for goods was in mining and oil extraction, down 3.5% after gaining only 0.4% in June. Construction also dipped 0.7% and manufacturing slid 0.1% after a 1.3% loss in June. On the services side, wholesale trade was up 1.1% while retail edged up only 0.1%.
- ▶ After two bad months, merchandise export values leaped 1.8% in August, due mainly to energy products but with contributions from machinery, metallurgy and aviation as well. The automobile sector was down 2.3% however. Imports were up 1.0% for the month. That improved the trade balance, which shrank from -\$1,382M to -\$955M.
- ▶ The industrial product price index rose 0.2% in August after a drop of 0.3% in July. A 2.8% downturn in the prices of energy products and oil partially offset the 0.7% increase in the other components. The raw materials price index slumped 1.8% in August after a 1.3% jump in July.

Francis Généreux, Senior economist

Financial Markets

The Markets Are Worried about the State of the U.S. Economy

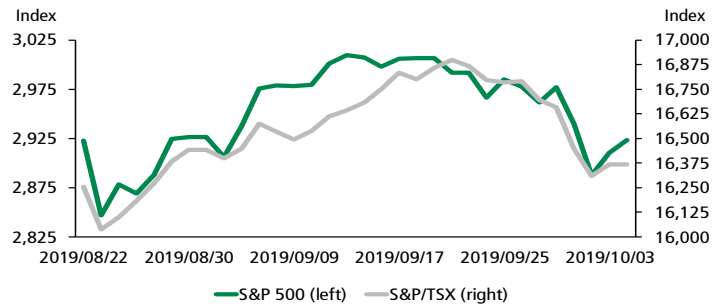
Apprehension increased this week after the release of disappointing economic data in the United States, adding to the political uncertainty already pervading the country. The ISM manufacturing index dropped lower into contraction territory in September, reaching a 10-year low, which fuelled Tuesday's stock market slide. The movement continued Wednesday. On Thursday, it was the non-manufacturing ISM's turn to disappoint. Nevertheless, stock markets rallied on news that the Federal Reserve (Fed) could cut its key rates further. There were fears that the job numbers released Friday morning could disappoint, but that did not materialize in the end, helping to stabilize the markets. All in all, the S&P 500 index shed close to 1% over the week Friday morning. The Canadian stock market index posted a larger weekly loss, as anxiety also took hold in Canada, where a decline in the monthly GDP was narrowly avoided according to the data released for August.

U.S. yields weakened considerably, particularly Tuesday and Thursday. Risk aversion, driven by unfavourable U.S. data, and higher expectations of monetary policy easing clearly contributed to this downward shift in bond yields. On Friday morning, the 2-year and 10-year yields were around 1.40% and 1.50%, respectively. In Canada, bond yields posted slightly smaller declines. The 2-year yield was around 1.40% at the time of writing and the 10-year yield, about 1.25%.

The U.S. dollar started the week up, but quickly lost its gains due to concerns surrounding the U.S. economy and the increased likelihood of tougher action from the Fed. On the other side of the Atlantic, economic data were more encouraging, as the unemployment rate is continuing to decrease and retail sales are bouncing back. The euro was trading at close to US\$1.10 Friday morning. At close to US\$1.23, the pound sterling was more stable over the week, reacting to sometimes reassuring, sometimes worrisome signals about Brexit. Concerns about the U.S. and Canadian economies penalized the Canadian dollar, which briefly fell below US\$0.75. The drop in commodity prices also hurt the loonie.

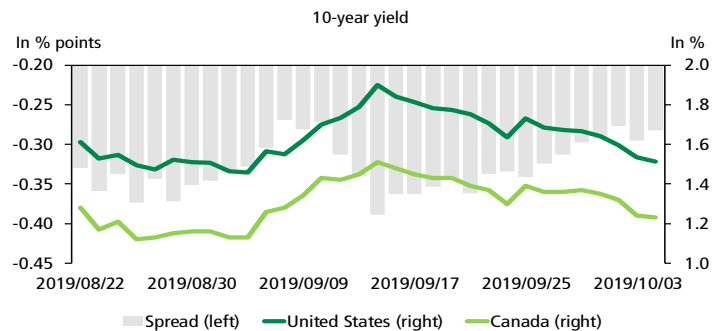
Hendrix Vachon, Senior Economist
Carine Bergevin-Chammah, Economist

GRAPH 1
Stock markets



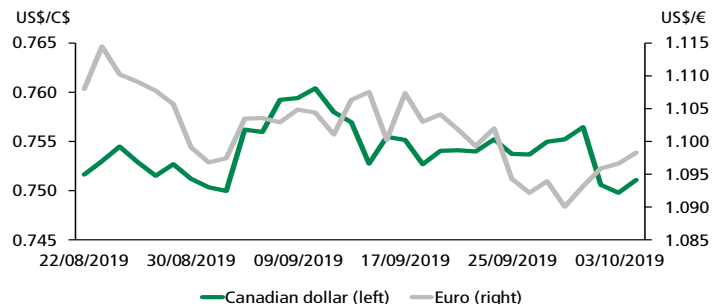
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

THURSDAY October 10 - 8:30

| | |
|------------------|-------------|
| September | m/m |
| Consensus | 0.1% |
| Desjardins | 0.1% |
| August | 0.1% |

FRIDAY October 11 - 10:00

| | |
|------------------|-------------|
| October | |
| Consensus | 92.0 |
| Desjardins | 89.5 |
| September | 93.2 |

TUESDAY October 8 - 8:15

| | |
|------------------|------------------|
| September | ann. rate |
| Consensus | 217,500 |
| Desjardins | 230,000 |
| August | 226,600 |

FRIDAY October 11 - 8:30

| | |
|------------------|---------------|
| September | |
| Consensus | 7,900 |
| Desjardins | 15,000 |
| August | 81,100 |

THURSDAY October 10 - 4:30

| | |
|---------------|-------------|
| August | m/m |
| Consensus | 0.0% |
| July | 0.3% |

UNITED STATES

Consumer price index (September) – After a fairly strong 0.3% jump in July, the consumer price index (CPI) slowed down in August, rising only 0.1%. This slower pace is mainly due to energy, particularly the 3.5% drop in gas prices. We expect further declines in gas, with prices at the pump down by 1.3%. This decrease will be exacerbated by the seasonal adjustments, although gas prices tend to go up in September. Total CPI should therefore rise a meagre 0.1%. The core CPI, which does not include food and energy, increased by 0.3% three months in a row from June to August, probably reflecting the effect of past tariff increases. A 0.2% increase is expected for September. The most recent tariff hikes against China should show up in the CPI later, but there is an upward risk in the very short term. The annual variation in total CPI should edge up from 1.7% to 1.8%, while core inflation should remain steady at 2.4%.

University of Michigan consumer confidence index (October – preliminary) – The University of Michigan confidence index was up slightly (+3.4 points) in September after an abrupt plunge in August (-8.6 points). That is quite low compared to the recent trend. Indications for October are rather mixed. On the one hand, September's uptick in the Michigan index points to a positive thrust toward the end of the month that could continue into October. The Bloomberg weekly confidence index has also remained stable in the past few weeks; it did not fall like the other indexes. Moreover, gas prices are relatively low. On the other hand, there is increasing concern over the strength of the U.S. economy. Job creation once again slowed last month, and the markets have plummeted 4.2% from their mid-September peak. All in all, we expect the University of Michigan index to drop, wiping out its September gains.

CANADA

Housing starts (September) – After a slump lasting several months, housing starts appear to have been climbing since June. It should be noted that many favourable factors have come together to stimulate residential construction again, including a reduction in some mortgage rates. In those circumstances, the number of housing starts should remain fairly high in September.


Labour Force Survey (September) – The labour market has been active for some months, and there is no reason to believe the upward trend will not continue. However, following the addition of 81,100 new positions in August, the pace may slow in September. We are therefore expecting some 15,000 jobs to be created. The unemployment rate should stay put at 5.7%.


OVERSEAS

United Kingdom: Monthly real GDP (August) – In July the U.K.'s monthly GDP had risen its highest since January. The 0.4% gain followed a 0.1% slide in June, a 0.3% gain in May and a 0.4% drop in April. Further growth in August would point to good quarterly GDP progress in the third quarter, which would be welcome after the annualized 0.9% contraction in the spring.

Economic Indicators

Week of October 7 to 11, 2019

| Day | Hour | Indicator | Period | Consensus |  | Previous data |
|----------------------|-------|--|-----------------|-----------|---|---------------|
| UNITED STATES | | | | | | |
| SUNDAY 6 | 18:45 | Speech of the Kansas City Fed President, E. George | | | | |
| MONDAY 7 | 15:00 | Consumer credit (US\$B) | Aug. | 14.850 | 12.000 | 23.294 |
| TUESDAY 8 | 8:30 | Producer price index | | | | |
| | | Total (m/m) | Sept. | 0.1% | 0.2% | 0.1% |
| | | Excluding food and energy (m/m) | Sept. | 0.2% | 0.2% | 0.3% |
| | 13:50 | Speech of the Federal Reserve Chair, J. Powell | | | | |
| WEDNESDAY 9 | 10:00 | Wholesale inventories – final (m/m) | Aug. | 0.4% | 0.4% | 0.4% |
| | 10:30 | Speech of the Federal Reserve Chair, J. Powell, and the Kansas City Fed President, E. George | | | | |
| | 14:00 | Minutes of the Federal Reserve meeting | | | | |
| THURSDAY 10 | 8:30 | Initial unemployment claims | Sept. 30-Oct. 4 | 215,000 | 217,000 | 219,000 |
| | 8:30 | Consumer price index | | | | |
| | | Total (m/m) | Sept. | 0.1% | 0.1% | 0.1% |
| | | Excluding food and energy (m/m) | Sept. | 0.2% | 0.2% | 0.3% |
| | | Total (y/y) | Sept. | 1.8% | 1.8% | 1.7% |
| | | Excluding food and energy (y/y) | Sept. | 2.4% | 2.4% | 2.4% |
| | 17:30 | Speech of the Cleveland Fed President, L. Mester | | | | |
| FRIDAY 11 | 8:30 | Export prices (m/m) | Sept. | 0.1% | 0.4% | -0.6% |
| | 8:30 | Import prices (m/m) | Sept. | 0.0% | 0.4% | -0.5% |
| | 10:00 | Michigan's consumer sentiment index – preliminary | Oct. | 92.0 | 89.5 | 93.2 |
| | 13:15 | Speech of the Boston Fed President, E. Rosengren | | | | |
| CANADA | | | | | | |
| MONDAY 7 | --- | --- | | | | |
| TUESDAY 8 | 8:15 | Housing starts (ann. rate) | Sept. | 217,500 | 230,000 | 226,600 |
| | 8:30 | Building permits (m/m) | Aug. | 1.2% | 1.2% | 3.0% |
| WEDNESDAY 9 | --- | --- | | | | |
| THURSDAY 10 | 8:30 | New housing price index (m/m) | Aug. | -0.1% | 0.0% | -0.1% |
| FRIDAY 11 | 8:30 | Net change in employment | Sept. | 7,900 | 15,000 | 81,100 |
| | 8:30 | Unemployment rate | Sept. | 5.7% | 5.7% | 5.7% |

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 October 7 to 11, 2019

| Country | Hour | Indicator | Period | Consensus | | Previous data | | |
|--------------------|-------|------------------------------------|--------|-----------|-------|---------------|-------|--|
| | | | | m/m (q/q) | y/y | m/m (q/q) | y/y | |
| OVERSEAS | | | | | | | | |
| MONDAY 7 | | | | | | | | |
| Japan | 1:00 | Leading indicator – preliminary | Aug. | 91.7 | | 93.7 | | |
| Japan | 1:00 | Coincident indicator – preliminary | Aug. | 99.4 | | 99.7 | | |
| Germany | 2:00 | Factory orders | Aug. | -0.4% | -6.8% | -2.7% | -5.6% | |
| Japan | 19:50 | Current account (¥B) | Aug. | 1,682.1 | | 1,647.1 | | |
| TUESDAY 8 | | | | | | | | |
| Germany | 2:00 | Industrial production | Aug. | -0.2% | -4.2% | -0.6% | -4.2% | |
| France | 2:45 | Trade balance (€B) | Aug. | n/a | | -4,607 | | |
| France | 2:45 | Current account (€B) | Aug. | n/a | | 0.2 | | |
| Italy | 4:00 | Retail sales | Aug. | 0.1% | 2.3% | -0.5% | 2.6% | |
| WEDNESDAY 9 | | | | | | | | |
| Japan | 19:50 | Producer price index | Sept. | 0.0% | -1.1% | -0.3% | -0.9% | |
| THURSDAY 10 | | | | | | | | |
| Germany | 2:00 | Trade balance (€B) | Aug. | 18.6 | | 21.4 | | |
| Germany | 2:00 | Current account (€B) | Aug. | 17.8 | | 22.1 | | |
| France | 2:45 | Industrial production | Aug. | 0.2% | 0.1% | 0.3% | -0.2% | |
| Italy | 4:00 | Industrial production | Aug. | 0.1% | -1.7% | -0.7% | -0.7% | |
| United Kingdom | 4:30 | Trade balance (£M) | Aug. | -1,050 | | -219 | | |
| United Kingdom | 4:30 | Construction | Aug. | -0.4% | -0.2% | 0.5% | 0.3% | |
| United Kingdom | 4:30 | Index of services | Aug. | 0.0% | | 0.3% | | |
| United Kingdom | 4:30 | Monthly GDP | Aug. | 0.0% | | 0.3% | | |
| United Kingdom | 4:30 | Industrial production | Aug. | 0.0% | -0.9% | 0.1% | -0.9% | |
| FRIDAY 11 | | | | | | | | |
| Germany | 2:00 | Consumer price index – final | Sept. | 0.0% | 1.2% | 0.0% | 1.2% | |

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 | 19,022 | 2.0 | 2.3 | 2.9 | 2.4 | 1.6 |
| Consumption (2009 \$B) | 2019 Q2 | 13,250 | 4.6 | 2.6 | 3.0 | 2.6 | 2.7 |
| Government spending (2009 \$B) | 2019 Q2 | 3,297 | 4.8 | 2.3 | 1.7 | 0.7 | 1.8 |
| Residential investment (2009 \$B) | 2019 Q2 | 587.0 | -3.0 | -3.2 | -1.5 | 3.5 | 6.5 |
| Non-residential investment (2009 \$B) | 2019 Q2 | 2,759 | -1.0 | 2.6 | 6.4 | 4.4 | 0.7 |
| Business inventory change (2009 \$B) ¹ | 2019 Q2 | 69.4 | --- | --- | 48.1 | 31.7 | 23.0 |
| Exports (2009 \$B) | 2019 Q2 | 2,517 | -5.7 | -1.7 | 3.0 | 3.5 | 0.0 |
| Imports (2009 \$B) | 2019 Q2 | 3,498 | 0.0 | 2.6 | 4.4 | 4.7 | 2.0 |
| Final domestic demand (2009 \$B) | 2019 Q2 | 19,879 | 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 | Sept.* | 47.8 | 49.1 | 51.7 | 55.3 | 59.5 |
| ISM non-manufacturing index ¹ | Sept.* | 52.6 | 56.4 | 55.1 | 56.1 | 60.8 |
| Cons. confidence Conference Board (1985 = 100) ¹ | Sept. | 125.1 | 134.2 | 124.3 | 124.2 | 135.3 |
| Personal consumption expenditure (2009 \$B) | Aug. | 13,332 | 0.1 | 0.6 | 2.1 | 2.3 |
| Disposable personal income (2009 \$B) | Aug. | 15,074 | 0.4 | 0.7 | 1.2 | 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 |
| Excluding automobiles (\$M) | 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) | Aug.* | 499,765 | -0.1 | 1.8 | 0.6 | -1.9 |
| New durable good orders (\$M) | Aug. | 250,740 | 0.2 | 4.1 | 0.5 | -3.0 |
| 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. | 1,425 | 1,317 | 1,299 | 1,287 | 1,267 |
| New home sales (k) ¹ | Aug. | 713.0 | 666.0 | 598.0 | 669.0 | 604.0 |
| Existing home sales (k) ¹ | Aug. | 5,490 | 5,420 | 5,360 | 5,480 | 5,350 |
| Commercial surplus (\$M) ¹ | Aug.* | -54,896 | -54,035 | -55,847 | -50,707 | -54,889 |
| Nonfarm employment (k) ² | Sept.* | 151,722 | 136.0 | 470.0 | 926.0 | 2,147 |
| Unemployment rate (%) ¹ | Sept.* | 3.5 | 3.7 | 3.7 | 3.8 | 3.7 |
| Consumer price (1982-1984 = 100) | Aug. | 256.3 | 0.1 | 0.4 | 1.3 | 1.8 |
| Excluding food and energy | Aug. | 264.2 | 0.3 | 0.8 | 1.2 | 2.4 |
| Personal cons. expenditure deflator (2009 = 100) | Aug. | 110.0 | 0.0 | 0.4 | 1.0 | 1.4 |
| Excluding food and energy | Aug. | 112.0 | 0.1 | 0.6 | 1.0 | 1.8 |
| 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) | July* | 1,970,466 | 0.0 | 0.4 | 1.1 | 1.3 |
| Industrial production (2007 \$M) | July* | 401,603 | -0.8 | -1.1 | -0.2 | -1.6 |
| 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) | July | 65,390 | 1.7 | 0.5 | 3.5 | 3.4 |
| Commercial surplus (\$M) ¹ | Aug.* | -955.3 | -1,382 | 461.1 | -2,920 | -400.7 |
| <i>Exports (\$M)</i> | Aug.* | 50,582 | 1.8 | -4.3 | 5.4 | -0.2 |
| <i>Imports (\$M)</i> | Aug.* | 51,537 | 1.0 | -1.6 | 1.2 | 0.9 |
| 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 (\$) | July | 1,027 | 0.5 | 0.7 | 1.6 | 2.7 |
| Number of salaried employees (k) ² | July | 17,015 | 75.4 | 35.2 | 28.8 | 32.1 |
| 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) | Aug.* | 117.5 | 0.2 | -1.6 | 0.3 | -1.0 |
| Raw materials price (2002 = 100) | Aug.* | 104.4 | -1.8 | -6.5 | -0.9 | -6.0 |
| Money supply M1+ (\$M) | Aug.* | 1,051,590 | 1.2 | 3.0 | 4.8 | 6.5 |

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 | | |
|---|--------|---------------|----------|-----------|-----------|---------|---------------|---------|--------|
| | Oct. 4 | Sep. 27 | -1 month | -3 months | -6 months | -1 year | Higher | Average | Lower |
| United States | | | | | | | | | |
| Federal funds – target | 2.00 | 2.00 | 2.25 | 2.50 | 2.50 | 2.25 | 2.50 | 2.39 | 2.00 |
| Treasury bill – 3 months | 1.69 | 1.76 | 1.92 | 2.18 | 2.39 | 2.18 | 2.43 | 2.24 | 1.67 |
| Treasury bonds – 2 years | 1.40 | 1.67 | 1.53 | 1.87 | 2.35 | 2.89 | 2.97 | 2.26 | 1.39 |
| – 5 years | 1.34 | 1.55 | 1.42 | 1.84 | 2.30 | 3.07 | 3.09 | 2.25 | 1.32 |
| – 10 years | 1.51 | 1.67 | 1.55 | 2.04 | 2.50 | 3.23 | 3.23 | 2.43 | 1.46 |
| – 30 years | 2.01 | 2.12 | 2.02 | 2.55 | 2.91 | 3.40 | 3.45 | 2.81 | 1.93 |
| S&P 500 index (level) | 2,923 | 2,962 | 2,979 | 2,990 | 2,893 | 2,886 | 3,026 | 2,813 | 2,351 |
| DJIA index (level) | 26,338 | 26,820 | 26,797 | 26,922 | 26,425 | 26,447 | 27,359 | 25,691 | 21,792 |
| Gold price (US\$/ounce) | 1,507 | 1,492 | 1,521 | 1,395 | 1,292 | 1,202 | 1,549 | 1,334 | 1,186 |
| CRB index (level) | 173.39 | 175.72 | 172.63 | 180.78 | 187.69 | 199.04 | 200.37 | 180.61 | 167.89 |
| WTI oil (US\$/barrel) | 52.93 | 55.91 | 56.52 | 57.28 | 63.08 | 74.34 | 74.96 | 57.09 | 44.41 |
| Canada | | | | | | | | | |
| Overnight – target | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.50 | 1.75 | 1.74 | 1.50 |
| Treasury bill – 3 months | 1.63 | 1.65 | 1.61 | 1.66 | 1.67 | 1.60 | 1.73 | 1.66 | 1.54 |
| Treasury bonds – 2 years | 1.42 | 1.57 | 1.49 | 1.62 | 1.59 | 2.32 | 2.36 | 1.72 | 1.29 |
| – 5 years | 1.25 | 1.39 | 1.32 | 1.53 | 1.57 | 2.48 | 2.48 | 1.70 | 1.13 |
| – 10 years | 1.23 | 1.36 | 1.28 | 1.57 | 1.70 | 2.60 | 2.60 | 1.77 | 1.09 |
| – 30 years | 1.42 | 1.54 | 1.50 | 1.74 | 1.97 | 2.58 | 2.58 | 1.98 | 1.30 |
| <u>Spread with the U.S. rate (% points)</u> | | | | | | | | | |
| Overnight – target | -0.25 | -0.25 | -0.50 | -0.75 | -0.75 | -0.75 | -0.25 | -0.65 | -0.75 |
| Treasury bill – 3 months | -0.06 | -0.11 | -0.31 | -0.52 | -0.72 | -0.58 | -0.04 | -0.58 | -0.80 |
| Treasury bonds – 2 years | 0.01 | -0.10 | -0.04 | -0.25 | -0.76 | -0.57 | 0.02 | -0.54 | -0.85 |
| – 5 years | -0.09 | -0.16 | -0.10 | -0.31 | -0.73 | -0.59 | -0.09 | -0.55 | -0.81 |
| – 10 years | -0.28 | -0.31 | -0.27 | -0.47 | -0.80 | -0.63 | -0.27 | -0.66 | -0.89 |
| – 30 years | -0.59 | -0.58 | -0.52 | -0.81 | -0.94 | -0.82 | -0.52 | -0.84 | -1.02 |
| S&P/TSX index (level) | 16,370 | 16,694 | 16,535 | 16,542 | 16,396 | 15,946 | 16,900 | 15,882 | 13,780 |
| Exchange rate (C\$/US\$) | 1.3314 | 1.3246 | 1.3172 | 1.3077 | 1.3384 | 1.2937 | 1.3639 | 1.3281 | 1.2934 |
| Exchange rate (C\$/€) | 1.4623 | 1.4490 | 1.4527 | 1.4680 | 1.5011 | 1.4909 | 1.5643 | 1.4967 | 1.4433 |
| 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\$/€) | 1.0983 | 1.0939 | 1.1029 | 1.1226 | 1.1216 | 1.1524 | 1.1594 | 1.1270 | 1.0900 |
| <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 | 0.44 | 0.42 | 0.43 | 0.75 | 1.12 | 1.71 | 1.72 | 1.04 | 0.32 |
| FTSE index (level) | 7,130 | 7,426 | 7,282 | 7,553 | 7,447 | 7,319 | 7,687 | 7,188 | 6,585 |
| Exchange rate (US\$/£) | 1.2297 | 1.2289 | 1.2282 | 1.2525 | 1.3038 | 1.3124 | 1.3339 | 1.2753 | 1.2037 |
| <u>Germany</u> | | | | | | | | | |
| Bonds – 10 years | -0.59 | -0.58 | -0.63 | -0.36 | 0.00 | 0.56 | 0.55 | -0.05 | -0.72 |
| DAX index (level) | 11,958 | 12,381 | 12,192 | 12,569 | 12,010 | 12,112 | 12,630 | 11,693 | 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) | 21,410 | 21,879 | 21,200 | 21,746 | 21,808 | 23,784 | 23,784 | 21,364 | 19,156 |
| Exchange rate (US\$/¥) | 106.85 | 107.94 | 106.92 | 108.47 | 111.74 | 113.72 | 114.07 | 109.94 | 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.