

WEEKLY NEWSLETTER

China and the United States Appear to Have Reached an Agreement

HIGHLIGHTS

- ▶ Not surprisingly, the Federal Reserve opts for the status quo.
- ▶ United States: Retail sales growth was weaker than expected.
- ▶ United States: Inflation is up in November.
- ▶ Canada: Household debt continues to rise.
- ▶ Canada: The industrial capacity utilization rate declined in the third quarter.

A LOOK AHEAD

- ▶ United States: Rebound expected in industrial production.
- ▶ U.S. housing starts should see further growth.
- ▶ United States: A fourth consecutive decline in the leading indicator?
- ▶ Canada: The total annual inflation rate is expected to climb from 1.9% to 2.1%.
- ▶ Canada: October could see higher manufacturing and retail sales.
- ▶ Canada: Wholesale sales are expected to struggle in October.

FINANCIAL MARKETS

- ▶ The U.S. stock market welcomes the latest news on international trade.
- ▶ Canadian bond yields returned towards the levels of the beginning of this week.
- ▶ The Canadian dollar climbed to nearly US\$0.76.

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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

- ▶ Wednesday, after three straight 25-point key rate cuts, the Federal Reserve (Fed) opted for the status quo. This is not surprising: the latest statements from Jerome Powell and Fed leaders indicated fairly clearly that they now want to keep an eye on how the situation evolves, and that the recent cuts are probably enough to deal with the challenges created by the upswing in trade tensions and weaker global growth. The new monetary policy forecasts from Fed leaders suggest that the status quo could prevail throughout 2020. Of the 17 forecasts included, only 4 expect a rate increase next year and none expect a decrease.
- ▶ Retail sales rose 0.2% in November after gaining 0.4% in October. Motor vehicle sales were up 0.5% after rising 1.0% in October. The value of service station sales climbed 0.7%. Excluding motor vehicles and gasoline, sales stagnated in November after October's 0.2% uptick. Sales were down in personal care stores, clothing stores, leisure goods stores, department stores and food services.
- ▶ The consumer price index (CPI) increased 0.3% in November after gaining 0.4% in October and stagnating in September. Part of the increase comes from the 0.8% rise in the price of energy, including a 1.1% jump in gas prices. Food prices posted a 0.1% gain. Excluding energy and food, the core CPI was up 0.2%, just like in October. Goods prices stood still after dropping for two straight months. Service prices increased 0.3%. The annual variation in the CPI advanced from 1.8% to 2.1%, the highest inflation rate since October 2018. Core inflation, which excludes food and energy, continued to hold at 2.3%.

Francis Généreux, Senior economist

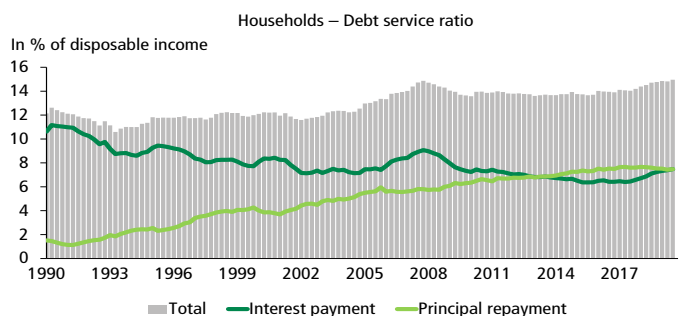
CANADA

- ▶ The seasonally adjusted version of household indebtedness (corresponding to the ratio of credit market debt to disposable income) inched up from 175.38% in the second quarter to 175.86% in the third. Indebtedness levels nonetheless remain below their record high of 178.52% reached in early 2017. The slight increase in indebtedness observed in the third quarter is due to debt rising slightly faster than income. Also, the pickup in the housing market caused mortgage debt to spike. The debt service ratio (corresponding to principal repayments and interest payments relative to disposable income) was also higher in the third quarter. At 14.96%, it is the highest it has been since this time series began in 1990, meaning that households have less financial flexibility.
- ▶ The number of housing starts was up slightly less than expected in November, increasing from 200,674 units to 201,318. Multi-unit housing starts in urban centres have also remained lower than the trend in recent months.
- ▶ In line with the drop in industrial production observed in the third quarter, the industrial capacity utilization rate pulled back during the period. At 81.7%, it lost 1.6 percentage points from the previous quarter. With the exception of construction, all other industrial sectors saw their utilization rate decrease.

Benoit P. Durocher, Senior economist

CANADA

Debt service hit a new high in the third quarter of 2019



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

Markets Buoyed by Easing of Trade Tensions

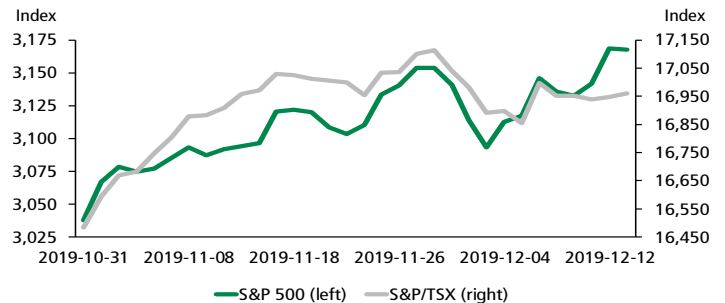
The U.S. stock market was rather calm at the start of the week. It then surged on Thursday after rumours spread that a preliminary deal between China and the United States was within reach. Still, a tweet by the U.S. president on Friday morning temporarily sowed doubt, but China confirmed that an agreement had indeed been reached. The official announcement confirmed the cancellation of tariffs scheduled for December 15 and the easing of certain tariffs currently in effect. The initial rumours had been counting on a deeper reduction on the US\$360B in imported goods from China. The outcome of Brexit in the United Kingdom now appears clearer after the election of Boris Johnson and a Conservative majority, which also served to buoy the stock market. At the time of writing, the S&P 500 was posting a weekly gain of close to 1%. The Canadian stock market seesawed this week. On Friday morning, the S&P/TSX was close to the previous week's levels.

U.S. bond yields had risen significantly after the trade tensions eased on Thursday, only to see all of the gains wiped out on Friday morning as some uncertainty persisted. The 2-year and 10-year yields were around 1.60% and 1.85% respectively at the time of writing. Canadian yields also fell under the pressure on Friday. At the time of writing, the 2-year yield was hovering around 1.65% and the 10-year yield around 1.60%.

The U.S. dollar fell against several currencies as the risks associated with the trade tensions began to lessen. The yen, which had been benefiting from the safe-haven effect, is among some of the currencies that fell against the greenback. The Chinese yuan also appreciated as a result of the reduced trade tensions. It dropped at around the psychological barrier of 7.00 yuan/US\$. Greater clarity on the Brexit front helped raise the pound and the euro. These two currencies were trading at US\$1.33 and US\$1.11 respectively on Friday morning. The Canadian dollar benefited mostly from the progress made on the new trade agreement between Canada, the United States and Mexico. It was close to US\$0.76 at the time of writing.

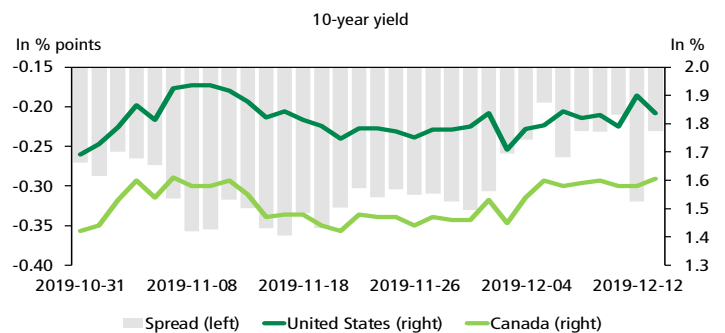
Hendrix Vachon, Senior Economist
Carine Bergevin-Chammah, Economist

GRAPH 1
Stock markets



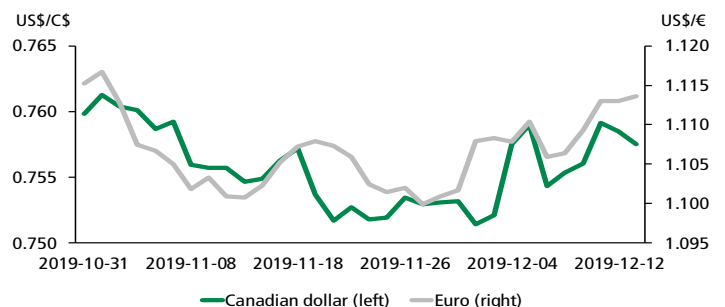
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

TUESDAY December 17 - 8:30

November	ann. rate
Consensus	1,340,000
Desjardins	1,365,000
October	1,314,000

TUESDAY December 17 - 9:15

November	m/m
Consensus	0.9%
Desjardins	0.7%
October	-0.8%

THURSDAY December 19 - 10:00

November	m/m
Consensus	0.1%
Desjardins	-0.1%
October	-0.1%

THURSDAY December 19 - 10:00

November	m/m
Consensus	5,440,000
Desjardins	5,410,000
October	5,460,000

FRIDAY December 20 - 10:00

November	m/m
Consensus	0.4%
Desjardins	0.4%
October	0.3%

TUESDAY December 17 - 8:30

October	m/m
Consensus	n/a
Desjardins	0.5%
September	-0.2%

WEDNESDAY December 18 - 8:30

November	m/m
Consensus	n/a
Desjardins	-0.2%
October	0.3%

UNITED STATES

Housing starts (November) – Housing starts posted strong growth of 3.6% in October, with another increase expected for November, as indicated by October’s building permits, which reached their highest level since May 2007. The solid reading of the homebuilder confidence index is also a good sign. However, weak job creation in residential construction in November is less favorable, however. Housing starts should reach 1,365,000 units in November.

Industrial production (November) – After two months of being severely affected by the strike at General Motors (GM), we now expect automobile production to rebound more than 10% in November. Growth in the rest of the manufacturing sector should be more modest, although it seems to be on a slightly positive track, judging by the ISM index and hours worked. Manufacturing should increase overall by 0.9%. The energy sector should also bounce back after its 2.6% drop in October, but the mining sector should decline. Overall, industrial production should be up 0.7%.

Leading indicator (November) – The Conference Board’s leading indicator dropped in August, September and October, suggesting a somewhat negative trend. Furthermore, another decrease is expected for November. New negative contributions from the ISM index, the forecast decline in building permits and jobless claims all point to the leading indicator dropping a further 0.1%.

Existing home sales (November) – Down 2.5% in September, home resales were up 1.9% in October. Another decline is forecast for November, however. Pending home sales fell 1.7% in October. Mortgage applications in view of a purchase also slowed in late October and early November (then rebounded). All in all, existing home sales are expected to fall to 5,410,000 units, a 0.9% decline.

Consumer spending (November) – In October, real consumption posted its weakest monthly growth since February. One reason for this poor showing was the decline in motor vehicle sales. However, they should start bouncing back in November. Real consumption of non-durable goods and services should also improve, although modestly, judging from the rather disappointing retail sales in November. Real consumption is expected to climb to 0.2%. Growth should be 0.4% in current dollars. The consumer expenditure deflator is expected to rise by 0.2%. Its annual variation should tick up from 1.3% to 1.5% while the core deflator, which excludes food and energy, should remain steady at 1.6%.

CANADA

Manufacturing sales (October) – Manufacturing sales should be back in the black in October. International merchandise trade figures show increased activity in several sectors, including oil. Those positive results could be offset, however, by difficulties in the automotive industry (still feeling the negative effects of the U.S. employee strike at GM) as well as a decline in machinery (with the pendulum swinging back after September’s strong increase).

Consumer price index (November) – Gas prices at the pump dropped 2.7% in November. This will reduce the monthly variation in the total consumer price index (CPI) by about 0.1%. Seasonal effects on the monthly variation are usually around -0.2% in November. If we take the slight uptick in the other components into account, the total CPI could fall 0.2% in November. The total annual inflation rate is expected to rise from 1.9% to 2.1%.

THURSDAY December 19 - 8:30

October	m/m
Consensus	n/a
Desjardins	-0.4%
September	1.0%

FRIDAY December 20 - 8:30

October	m/m
Consensus	n/a
Desjardins	0.6%
September	-0.1%

MONDAY December 16 - 4:00

December	
Consensus	50.7
November	50.6

THURSDAY December 19 - 7:00

December	
Consensus	0.75%
Desjardins	0.75%
November 7	0.75%

Wholesale sales (October) – Wholesale sales should decrease slightly in October. International merchandise trade figures also suggest that September’s jump in wholesale sales of machinery, equipment and supplies will be followed by a drop in October. Lower exports of agricultural products are also a bad sign for wholesalers in that industry. Lastly, the difficulties that wholesalers of automotive products have been experiencing in recent months should continue.

Retail sales (October) – According to preliminary data, the number of new motor vehicles sold rose 5% in October, which should boost sales at car dealerships. After seasonal adjustments, gas prices were also up 1.5% in October, which will likely jumpstart service station sales. Although the trend for other sales is still relatively weak, total retail sales should rise 0.6% in October.


OVERSEAS


Euro zone: PMI indexes (December – preliminary) – Europe’s PMI indexes have stabilized in recent months. However, they are still very low, suggesting that the economy is only growing slightly. The manufacturing index is still stuck in negative territory, and services declined further in November. December’s results will show us whether the European economy is getting better or continuing to worsen. Among the other indicators, the euro zone’s trade balance will be released on Tuesday, followed by the preliminary version of the consumer confidence index on Friday. The German ifo business confidence indexes will come out on Wednesday.

United Kingdom: Bank of England meeting (December) – With Brexit to be confirmed by the end of January, the British economy may need some help from the Bank of England (BoE). Uncertainty will remain until we know the details of the new trade agreement between the United Kingdom and the European Union. Negotiations for the agreement will be held in 2020. On the other hand, the BoE may well opt for the status quo when it meets in December, giving itself time to analyze the situation properly. We think interest rates are more likely to drop at the start of the new year. Economic indicators to be released include November’s inflation results, due to come out Wednesday. The annual variation in the total consumer price index was only 1.5% in October. Retail sales figures for November will be released on Thursday. They dropped 0.1% in October.

Economic Indicators

Week of December 16 to 20, 2019

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 16	8:30	Empire manufacturing index	Dec.	4.3	5.0	2.9
	10:00	NAHB housing market index	Dec.	70	n/a	70
TUESDAY 17	8:30	Housing starts (ann. rate)	Nov.	1,340,000	1,365,000	1,314,000
	8:30	Building permits (ann. rate)	Nov.	1,405,000	1,395,000	1,461,000
	9:15	Industrial production (m/m)	Nov.	0.9%	0.7%	-0.8%
	9:15	Production capacity utilization rates	Nov.	77.4%	77.1%	76.7%
WEDNESDAY 18	12:40	Speech of the Chicago Fed President, C. Evans				
THURSDAY 19	8:30	Initial unemployment claims	Dec. 9-13	225,000	215,000	252,000
	8:30	Current account (US\$B)	Q3	-122.1	-129.2	-128.2
	8:30	Philadelphia Fed index	Dec.	8.0	7.5	10.4
	10:00	Leading indicator (m/m)	Nov.	0.1%	-0.1%	-0.1%
	10:00	Existing home sales (ann. rate)	Nov.	5,440,000	5,410,000	5,460,000
FRIDAY 20	8:30	Real GDP (ann. rate)	Q3t	2.1%	2.1%	2.1%
	10:00	Personal income (m/m)	Nov.	0.3%	0.3%	0.0%
	10:00	Personal consumption expenditures (m/m)	Nov.	0.4%	0.4%	0.3%
	10:00	Personal consumption expenditures deflator				
		Total (m/m)	Nov.	0.2%	0.2%	0.2%
		Excluding food and energy (m/m)	Nov.	0.1%	0.2%	0.1%
		Total (y/y)	Nov.	1.4%	1.5%	1.3%
		Excluding food and energy (y/y)	Nov.	1.5%	1.6%	1.6%
	10:00	Michigan's consumer sentiment index – final	Dec.	99.2	99.2	99.2
CANADA						
MONDAY 16	8:30	International transactions in securities (\$B)	Oct.	n/a	-2.00	4.76
	9:00	Existing home sales	Nov.			
TUESDAY 17	8:30	Manufacturing sales (m/m)	Oct.	n/a	0.5%	-0.2%
WEDNESDAY 18	8:30	Consumer price index				
		Total (m/m)	Nov.	n/a	-0.2%	0.3%
		Excluding food and energy (m/m)	Nov.	n/a	-0.2%	0.5%
		Total (y/y)	Nov.	n/a	2.1%	1.9%
	Excluding food and energy (m/m)	Nov.	n/a	2.1%	2.0%	
THURSDAY 19	8:30	Average weekly earnings (y/y)	Oct.	n/a	3.6%	4.0%
	8:30	Number of salaried employees (m/m)	Oct.	n/a	0.2%	-0.2%
	8:30	Wholesale sales (m/m)	Oct.	n/a	-0.4%	1.0%
	8:30	Wholesale inventories (m/m)	Oct.	n/a	0.3%	-0.7%
FRIDAY 20	8:30	New housing price index (m/m)	Oct.	n/a	0.1%	0.2%
	8:30	Retail sales				
		Total (m/m)	Oct.	n/a	0.6%	-0.1%
	Excluding automobiles (m/m)	Oct.	n/a	0.3%	0.2%	

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 Eastern Standard Time (GMT - 5 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic Indicators

Week of December 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	21:00	Industrial production	Nov.		5.0%		4.7%	
China	21:00	Retail sales	Nov.		7.6%		7.2%	
MONDAY 16								
France	3:00	PMI composite index – preliminary	Dec.	52.0		52.1		
France	3:00	PMI manufacturing index – preliminary	Dec.	51.5		51.7		
France	3:00	PMI services index – preliminary	Dec.	52.1		52.2		
Germany	3:30	PMI composite index – preliminary	Dec.	49.9		49.4		
Germany	3:30	PMI manufacturing index – preliminary	Dec.	44.6		44.1		
Germany	3:30	PMI services index – preliminary	Dec.	52.0		51.7		
Euro zone	4:00	PMI composite index – preliminary	Dec.	50.7		50.6		
Euro zone	4:00	PMI manufacturing index – preliminary	Dec.	47.3		46.9		
Euro zone	4:00	PMI services index – preliminary	Dec.	52.0		51.9		
United Kingdom	4:30	PMI composite index – preliminary	Dec.	49.5		49.3		
United Kingdom	4:30	PMI manufacturing index – preliminary	Dec.	49.2		48.9		
United Kingdom	4:30	PMI services index – preliminary	Dec.	49.5		49.3		
TUESDAY 17								
United Kingdom	4:30	ILO unemployment rate	Oct.	3.9%		3.8%		
Euro zone	5:00	Trade balance (€B)	Oct.	n/a		18.3		
Japan	18:50	Trade balance (¥B)	Nov.	-57.0		-347		
WEDNESDAY 18								
Japan	---	Bank of Japan meeting	Dec.	-0.10%		-0.10%		
Germany	4:00	Ifo survey – Business climate	Dec.	95.5		95.0		
Germany	4:00	Ifo survey – Current situation	Dec.	98.1		97.9		
Germany	4:00	Ifo survey – Expectations	Dec.	92.9		92.1		
United Kingdom	4:30	Consumer price index	Nov.	0.2%	1.4%	-0.2%	1.5%	
Euro zone	5:00	Consumer price index	Nov.	-0.3%	1.0%	-0.3%	0.7%	
THURSDAY 19								
Sweden	3:30	Bank of Sweden meeting	Dec.	0.00%		-0.25%		
Norway	4:00	Bank of Norway meeting	Dec.	1.50%		1.50%		
United Kingdom	4:30	Retail sales	Nov.	0.2%	2.3%	-0.1%	3.1%	
United Kingdom	7:00	Bank of England meeting	Dec.	0.75%		0.75%		
Mexico	14:00	Bank of Mexico meeting	Dec.	7.25%		7.50%		
Japan	18:30	Consumer price index	Nov.		0.5%		0.2%	
United Kingdom	19:01	Consumer confidence	Dec.	-14		-14		
FRIDAY 20								
France	2:45	Personal consumption expenditures	Nov.	0.2%	0.1%	0.2%	-0.2%	
United Kingdom	4:30	Current account (€B)	Q3	-15.5		-25.2		
United Kingdom	4:30	Real GDP – final	Q3	0.3%	1.0%	0.3%	1.0%	
Euro zone	10:00	Consumer confidence – preliminary	Dec.	-7.1		-7.2		

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 Eastern Standard Time (GMT - 5 hours).

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2018	2017	2016
Gross domestic product (2012 \$B)	2019 Q3	19,122	2.1	2.1	2.9	2.4	1.6
Consumption (2012 \$B)	2019 Q3	13,346	2.9	2.5	3.0	2.6	2.7
Government spending (2012 \$B)	2019 Q3	3,310	1.6	2.2	1.7	0.7	1.8
Residential investment (2012 \$B)	2019 Q3	594.3	5.1	-1.0	-1.5	3.5	6.5
Non-residential investment (2012 \$B)	2019 Q3	2,740	-2.7	1.3	6.4	4.4	0.7
Business inventory change (2012 \$B) ¹	2019 Q3	79.8	---	---	48.1	31.7	23.0
Exports (2012 \$B)	2019 Q3	2,523	0.9	0.2	3.0	3.5	0.0
Imports (2012 \$B)	2019 Q3	3,511	1.5	0.9	4.4	4.7	2.0
Final domestic demand (2012 \$B)	2019 Q3	19,979	2.0	2.2	3.0	2.5	2.4
GDP deflator (2012 = 100)	2019 Q3	112.7	1.8	1.7	2.4	1.9	1.0
Labor productivity (2012 = 100)	2019 Q3	107.5	-0.2	1.5	1.3	1.3	0.3
Unit labor cost (2012 = 100)	2019 Q3	112.0	2.5	2.2	1.8	2.1	0.8
Employment cost index (Dec. 2005 = 100)	2019 Q3	138.0	3.0	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 (2016 = 100)	Oct.	111.7	-0.1	-0.4	-0.1	0.3
ISM manufacturing index ¹	Nov.	48.1	48.3	49.1	52.1	58.8
ISM non-manufacturing index ¹	Nov.	53.9	54.7	56.4	56.9	60.4
Cons. confidence Conference Board (1985 = 100) ¹	Nov.	125.5	126.1	134.2	131.3	136.4
Personal consumption expenditure (2012 \$B)	Oct.	13,386	0.1	0.5	1.3	2.3
Disposable personal income (2012 \$B)	Oct.	15,066	-0.3	0.7	1.0	2.8
Consumer credit (\$B)	Oct.*	4,165	0.5	1.1	2.4	4.8
Retail sales (\$M)	Nov.*	527,994	0.2	0.2	1.9	3.3
<i>Excluding automobiles (\$M)</i>	Nov.*	421,214	0.1	0.2	1.6	3.0
Industrial production (2012 = 100)	Oct.	108.7	-0.8	-0.4	-0.3	-1.1
Production capacity utilization rate (%) ¹	Oct.	76.7	77.5	77.4	77.8	79.3
New machinery orders (\$M)	Oct.	496,962	0.3	-0.6	0.0	-1.2
New durable good orders (\$M)	Oct.	248,366	0.5	-0.8	0.7	-0.9
Business inventories (\$B)	Oct.*	2,043	0.2	0.1	0.6	3.1
Housing starts (k) ¹	Oct.	1,314	1,266	1,204	1,270	1,211
Building permits (k) ¹	Oct.	1,461	1,391	1,317	1,290	1,281
New home sales (k) ¹	Oct.	733.0	738.0	660.0	656.0	557.0
Existing home sales (k) ¹	Oct.	5,460	5,360	5,420	5,210	5,220
Commercial surplus (\$M) ¹	Oct.	-47,199	-51,100	-52,714	-51,028	-56,692
Nonfarm employment (k) ²	Nov.	152,252	266.0	615.0	1,178	2,204
Unemployment rate (%) ¹	Nov.	3.5	3.6	3.7	3.6	3.7
Consumer price (1982-1984 = 100)	Nov.*	257.9	0.3	0.6	1.1	2.0
<i>Excluding food and energy</i>	Nov.*	265.6	0.2	0.5	1.4	2.3
Personal cons. expenditure deflator (2012 = 100)	Oct.	110.1	0.2	0.2	0.7	1.3
<i>Excluding food and energy</i>	Oct.	112.2	0.1	0.3	0.8	1.6
Producer price (2009 = 100)	Nov.*	118.7	0.0	0.1	0.2	1.1
Export prices (2000 = 100)	Nov.*	125.3	0.2	-0.2	-1.1	-1.3
Import prices (2000 = 100)	Nov.*	124.6	0.2	-0.2	-1.9	-1.3

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 (2012 \$M)	2019 Q3	2,099,200	1.3	1.7	2.0	3.2	1.0
Household consumption (2012 \$M)	2019 Q3	1,180,781	1.6	1.4	2.2	3.7	1.9
Government consumption (2012 \$M)	2019 Q3	427,558	0.8	2.1	3.0	2.3	1.8
Residential investment (2012 \$M)	2019 Q3	141,794	13.3	1.0	-1.6	2.2	3.9
Non-residential investment (2012 \$M)	2019 Q3	187,315	9.5	3.4	1.4	3.9	-12.3
Business inventory change (2012 \$M) ¹	2019 Q3	4,201	---	---	13,025	17,951	1,186
Exports (2012 \$M)	2019 Q3	679,068	-1.5	1.7	3.1	1.4	1.4
Imports (2012 \$M)	2019 Q3	666,684	0.1	0.8	2.6	4.2	0.1
Final domestic demand (2012 \$M)	2019 Q3	2,080,248	3.2	1.5	2.1	3.3	0.5
GDP deflator (2012 = 100)	2019 Q3	110.2	0.4	1.4	1.9	2.4	0.8
Labour productivity (2012 = 100)	2019 Q3	107.0	0.9	0.6	-0.2	2.2	0.1
Unit labour cost (2012 = 100)	2019 Q3	110.0	4.2	3.8	2.4	0.5	-1.4
Current account balance (\$M) ¹	2019 Q3	-9,855	---	---	-55,499	-60,193	-62,553
Production capacity utilization rate (%) ¹	2019 Q3*	81.7	---	---	83.0	81.5	79.1
Disposable personal income (\$M)	2019 Q3	1,298,848	3.8	5.1	3.8	5.0	0.3
Corporate net operating surplus (\$M)	2019 Q3	284,096	-18.9	-5.6	2.5	19.9	6.2

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 (2012 \$M)	Sept.	1,979,562	0.1	0.3	1.1	1.6
Industrial production (2012 \$M)	Sept.	398,386	-0.1	-1.0	-0.7	-2.0
Manufacturing sales (\$M)	Sept.	57,396	-0.2	-0.7	-1.3	-1.2
Housing starts (k) ¹	Nov.*	201.3	200.7	225.3	196.6	224.7
Building permits (\$M)	Oct.*	8,275	-1.5	-2.0	-12.7	1.1
Retail sales (\$M)	Sept.	51,579	-0.1	0.6	0.3	1.0
<i>Excluding automobiles (\$M)</i>	Sept.	37,827	0.2	0.2	0.6	0.8
Wholesale trade sales (\$M)	Sept.	65,094	1.0	1.3	1.7	4.0
Commercial surplus (\$M) ¹	Oct.	-1,079	-1,229	-1,299	-1,070	-808.8
<i>Exports (\$M)</i>	Oct.	49,913	0.8	1.0	-1.3	0.1
<i>Imports (\$M)</i>	Oct.	50,992	0.5	0.5	-1.2	0.6
Employment (k) ²	Nov.	19,092	-71.2	-6.4	5.9	24.4
Unemployment rate (%) ¹	Nov.	5.9	5.5	5.7	5.4	5.6
Average weekly earnings (\$)	Sept.	1,042	0.9	2.0	2.6	4.0
Number of salaried employees (k) ²	Sept.	17,004	-27.6	21.3	19.1	25.3
Consumer price (2002 = 100)	Oct.	136.6	0.3	-0.3	0.4	1.9
<i>Excluding food and energy</i>	Oct.	131.4	0.5	0.1	1.0	2.0
<i>Excluding 8 volatile items</i>	Oct.	134.9	0.4	0.3	1.0	1.9
Industrial product price (2010 = 100)	Oct.	117.5	0.1	0.2	-1.7	-1.3
Raw materials price (2010 = 100)	Oct.	102.3	-1.9	-3.7	-10.6	-5.0
Money supply M1+ (\$M)	Oct.	1,068,064	0.5	2.8	5.3	7.4

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		
	Dec. 13	Dec. 6	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	1.75	1.75	1.75	2.25	2.50	2.25	2.50	2.31	1.75
Treasury bill – 3 months	1.55	1.50	1.54	1.92	2.15	2.37	2.43	2.10	1.49
Treasury bonds – 2 years	1.61	1.64	1.62	1.81	1.85	2.73	2.70	2.02	1.39
– 5 years	1.66	1.68	1.65	1.76	1.85	2.73	2.70	1.99	1.32
– 10 years	1.84	1.84	1.84	1.90	2.09	2.89	2.86	2.18	1.46
– 30 years	2.26	2.28	2.31	2.38	2.59	3.14	3.12	2.61	1.93
S&P 500 index (level)	3,168	3,146	3,120	3,007	2,887	2,600	3,169	2,880	2,351
DJIA index (level)	28,079	28,015	28,005	27,220	26,090	24,101	28,164	26,131	21,792
Gold price (US\$/ounce)	1,473	1,460	1,467	1,493	1,350	1,239	1,549	1,383	1,243
CRB index (level)	183.90	181.19	181.00	174.79	174.81	180.31	189.66	178.56	167.89
WTI oil (US\$/barrel)	59.63	59.20	57.52	54.85	52.51	51.20	66.43	56.30	44.41
Canada									
Overnight – target	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Treasury bill – 3 months	1.65	1.65	1.71	1.62	1.67	1.64	1.71	1.65	1.60
Treasury bonds – 2 years	1.66	1.65	1.54	1.64	1.39	2.02	1.96	1.60	1.29
– 5 years	1.61	1.59	1.48	1.50	1.33	2.04	1.98	1.55	1.13
– 10 years	1.61	1.58	1.48	1.51	1.44	2.10	2.05	1.60	1.09
– 30 years	1.71	1.68	1.62	1.71	1.70	2.28	2.25	1.82	1.30
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	0.00	0.00	0.00	-0.50	-0.75	-0.50	0.00	-0.56	-0.75
Treasury bill – 3 months	0.10	0.15	0.17	-0.30	-0.48	-0.73	0.19	-0.44	-0.80
Treasury bonds – 2 years	0.06	0.01	-0.08	-0.17	-0.46	-0.71	0.11	-0.42	-0.85
– 5 years	-0.05	-0.09	-0.17	-0.26	-0.52	-0.69	0.00	-0.45	-0.81
– 10 years	-0.23	-0.26	-0.36	-0.39	-0.65	-0.79	-0.19	-0.57	-0.89
– 30 years	-0.55	-0.60	-0.69	-0.67	-0.89	-0.86	-0.52	-0.79	-1.02
S&P/TSX index (level)	16,959	16,997	17,028	16,682	16,302	14,595	17,115	16,187	13,780
Exchange rate (C\$/US\$)	1.3201	1.3257	1.3223	1.3285	1.3413	1.3384	1.3639	1.3287	1.3027
Exchange rate (C\$/€)	1.4701	1.4661	1.4614	1.4713	1.5035	1.5137	1.5643	1.4890	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\$/€)	1.1136	1.1059	1.1052	1.1075	1.1209	1.1310	1.1543	1.1206	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	0.80	0.76	0.73	0.68	0.85	1.24	1.35	0.89	0.32
FTSE index (level)	7,371	7,240	7,303	7,367	7,346	6,845	7,687	7,240	6,585
Exchange rate (US\$/£)	1.3344	1.3137	1.2901	1.2502	1.2592	1.2584	1.3344	1.2750	1.2037
<u>Germany</u>									
Bonds – 10 years	-0.28	-0.29	-0.33	-0.45	-0.26	0.25	0.26	-0.20	-0.72
DAX index (level)	13,287	13,167	13,242	12,469	12,096	10,866	13,289	12,005	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)	24,023	23,354	23,303	21,988	21,117	21,375	24,023	21,535	19,156
Exchange rate (US\$/¥)	109.26	108.61	108.75	108.09	108.57	113.39	112.83	109.11	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.