

WEEKLY NEWSLETTER

The Bank of Canada Shows More Concern

HIGHLIGHTS

- ▶ United States: The leading indicator is even more bogged down.
- ▶ Home resales are up more than anticipated in the United States.
- ▶ The Bank of Canada left the target for the overnight rate at 1.75% but is showing more concern over the Canadian economy's recent difficulties.
- ▶ Canada: Total annual inflation rate stayed at 2.2% in December.
- ▶ Canada: Manufacturing and wholesale sales lost ground in November, while retail sales went up.

A LOOK AHEAD

- ▶ The Federal Reserve should opt for the status quo.
- ▶ United States: Real GDP is expected to rise by about 2%.
- ▶ United States: A further drop in new durable goods orders is expected.
- ▶ Canada: Real GDP by industry should be anemic for November.

FINANCIAL MARKETS

- ▶ Stock markets end in decline due to concern related to the coronavirus.
- ▶ Canadian bond yields plunge.
- ▶ The Canadian dollar depreciated on the caution displayed by the Bank of Canada on Wednesday.

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Key Statistics of the Week

UNITED STATES

- ▶ Sales of existing homes increased 3.6% in December after declining 1.7% in November, going from 5,350,000 to 5,540,000 units. For 2019 as a whole, resales stand at 5,340,000 units, the same as in 2018. December's gain primarily came in sales of condominiums (+10.7%), while single-family homes were up 2.7%. The Midwest was the only place where sales declined in December.
- ▶ The Conference Board's leading indicator fell 0.3% in December, after rising 0.1% (revised from 0.0%) in November. This was the fourth drop in five months. The 3-month annualized variation fell from -1.1% to -1.4%, while the 6-month went from -0.2% to -0.7%. Three of the leading indicator's ten components came in negative in December: the ISM manufacturing index, jobless claims and building permits.

Francis Généreux, Senior economist

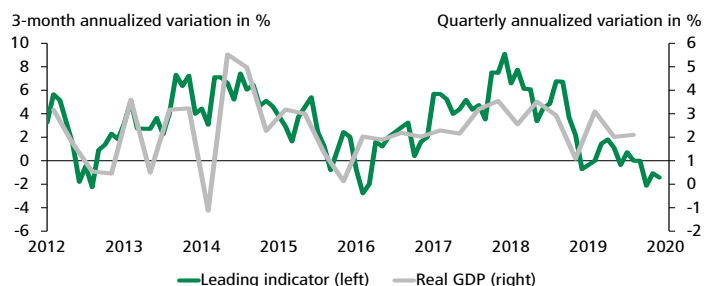
CANADA

- ▶ As anticipated, the target for the overnight rate remained at 1.75% at last Wednesday's Bank of Canada (BoC) meeting. That being said, the monetary authorities showed more concern than anticipated over the slowdown in the Canadian economy. Note that economic conditions deteriorated substantially in the final months of 2019. The key to how monetary policy will evolve in the coming months will therefore be the temporary nature of these difficulties. The BoC is indicating that it could cut its key interest rates if these difficulties were to persist or even worsen. However, this kind of action will not be needed, in our opinion.
- ▶ After dropping 1.1% in October, the value of retail sales rebounded in November, gaining 0.9%. In addition, there were major increases in automotive products, building materials and gardening equipment, as well as in food products. In real terms, total sales are up 0.7% for the month.
- ▶ The consumer price index (CPI) hardly changed last December. Once again, air transportation prices were very volatile, posting a monthly increase of 23.4% in December. The annual variation in total CPI remained at 2.2% in December. For 2019 as a whole, the total annual inflation rate for Canada was 1.9%.
- ▶ The volume of manufacturing sales (-0.8%) and wholesale sales (-0.9%) fell substantially in November. In both cases, the declines were offset by an increase in real inventories. All in all, these two industries should have virtually no impact on November's production.

Benoit P. Durocher, Senior economist

UNITED STATES

The leading indicator points to a slowdown in the U.S. economy



Sources: Conference Board, Bureau of Economic Analysis and Desjardins, Economic Studies

Financial Markets

Markets Expect a Key Rate Cut in Canada

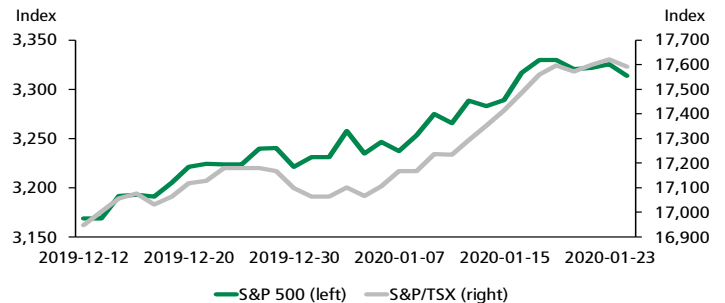
Renewed concern in the markets and mixed corporate results curbed the stock market's advance, particularly in the United States. Donald Trump made new threats about U.S. tariffs on European vehicles at the World Economic Forum in Davos. The spread of the coronavirus has also been worrying investors which are starting to compare the current situation with SARS in 2003. In the end, the S&P 500 index was poised to end the week down over 0.5%. The Canadian stock market recorded a smaller decrease. The Bank of Canada's (BoC) more dovish tone on Wednesday and increase in gold prices provided support to the S&P/TSX index.

Greater risk aversion fanned demand for U.S. bonds, prompting a drop in bond yields over the week. On Friday morning, U.S. 2-year and 10-year yields were at 1.50% and 1.70%, respectively. Bond yields dropped more steeply in Canada, as the BoC seemed more open to eventual monetary easing if the situation proved gloomier than anticipated. The curve is also slightly more negative in Canada. The 2-year and 10-year yield are now at about 1.50% and 1.35% respectively.

The U.S. dollar capitalized on the anxiety surrounding the coronavirus, as well as the euro and Canadian dollar depreciation triggered by the caution shown by the European Central Bank (ECB) and BoC. The Canadian dollar fell back to almost US\$0.76 on Wednesday, as markets' expectations increased for an upcoming key rate cut in Canada. Thursday, it was the euro's turn to depreciate with the ECB clearly seeming to be looking for new ways to support the economy. The common currency's slide intensified on Friday, and the euro closed in on US\$1.10 in response to some disappointments from the European PMI indexes. The pound sterling did a little better this week, climbing to US\$1.31. The currency's rebound primarily came on Wednesday after an indicator was released showing a surge in business confidence in the United Kingdom.

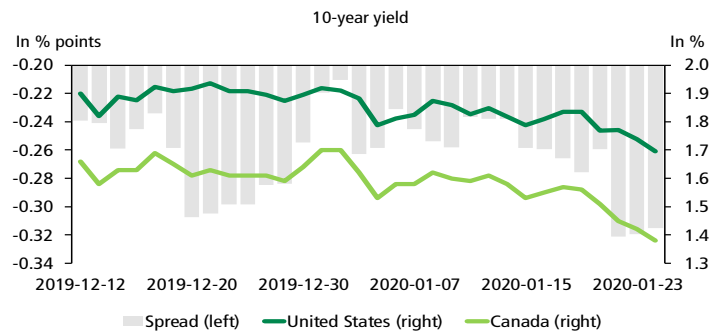
Hendrix Vachon, Senior Economist
Carine Bergevin-Chammah, Economist

GRAPH 1
Stock markets



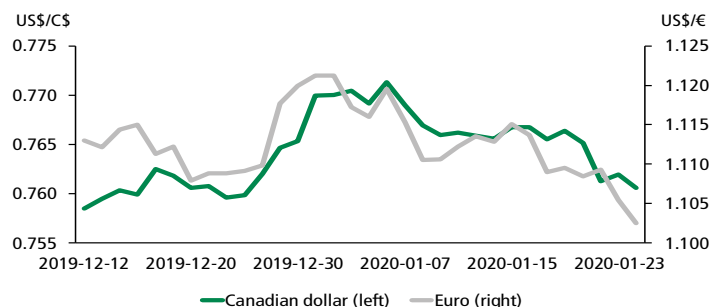
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

MONDAY January 27 - 10:00

December	ann. rate
Consensus	731,000
Desjardins	714,000
November	719,000

TUESDAY January 28 - 8:30

December	m/m
Consensus	0.9%
Desjardins	-2.2%
November	-2.1%

TUESDAY January 28 - 9:00

November	y/y
Consensus	2.4%
Desjardins	2.3%
October	2.2%

TUESDAY January 28 - 10:00

January	
Consensus	128.0
Desjardins	128.0
December	126.5

WEDNESDAY January 29 - 14:00

January	
Consensus	1.75%
Desjardins	1.75%
December 11	1.75%

THURSDAY January 30 - 8:30

Q4 2019 - 1 st est.	ann. rate
Consensus	2.2%
Desjardins	2.0%
Q3 2019 - 3rd est.	2.1%

UNITED STATES

New home sales (December) – Down 2.7% in October, new home sales rose 1.3% in November. However, this momentum probably did not persist in December. This is signalled by the 0.5% drop in building permits for single-family homes for that month. Homebuilder confidence and the upswing in loans in view of a purchase, however, are sending more positive signals. All in all, we are expecting a very modest decline, with single-family home sales likely going to 714,000 units.

New durable goods orders (December) – New orders for durable goods fell 2.1% in November, a much weaker result than anticipated. This time, the pullback primarily comes from a 72.9% tumble in military aviation orders. Although a December rebound is anticipated there, new orders are still expected to decline. The main reason for the new decline would be civil aviation orders, especially with the problems at Boeing, which resulted in there being almost no orders in December. After the November rebound that followed the end of the General Motors (GM) strike, automobile orders likely retreated. The “transportation” component should be negative. Excluding transportation, we expect stagnation consistent with the manufacturing ISM’s weakness. All in all, new durable goods orders should post a decline of 0.8%.

S&P/Case-Shiller index of existing home prices (November) – Growth in home prices is improving a little in the United States. After a few months of negative variations or smaller growth than the year before, the S&P/Case-Shiller index is now starting to tone up a little. An advance of 0.3% is expected for November, which would be better than the 0.2% increase recorded in November 2018. This would take the annual change from 2.2% to 2.3%.

Conference Board consumer confidence index (January) – After shooting up in July, the Conference Board’s consumer confidence fell in four of the last five months of 2019, including a modest 0.3-point downtick in December. However, an increase is expected for January. The stock market got the year off to a very good start, and the risks associated with the Iran crisis have moderated. Gas prices also fell recently. It is probably too early to worry about the epidemic that has begun in China having a real impact on U.S. household confidence. For its part, the University of Michigan index edged down in January, while the Bloomberg weekly index and TIPP index improved. The bottom line is that we can expect the Conference Board index to rise to 128.0.

Federal Reserve meeting (January) – At December’s meeting, Federal Reserve (Fed) leaders were fairly happy with where the key rates were. After three successive cuts, they have been at 1.75% since the October 30 meeting. Although the monetary policy committee’s makeup has changed given the turnover among regional members, we do not expect the Fed to move away from December’s opinion. If it stands pat, monetary policy should remain unchanged. The futures market is fully pricing in a status quo. Whether the Fed will announce changes to the securities purchases it makes to normalize the money market remains to be seen.

Real GDP (Q4 – advance estimate) – Quarterly annualized real GDP growth was fairly stable in the second (+2.0%) and third (+2.1%) quarters of 2019. We expect a similar result for the year’s final quarter. Some components probably evolved very differently last fall than in previous quarters. Real consumption should post a gain of just 1.6% following two performances above 3%. We are also expecting a solid increase in residential investment. Non-residential business investment likely declined again. A negative contribution from business inventories is also expected. Foreign trade should make a substantial contribution to growth, with imports falling more than exports. Lastly, modest growth in public spending is expected. All in all, annualized real GDP growth of 2.0% is anticipated.

FRIDAY January 31 - 8:30

November	m/m
Consensus	n/a
Desjardins	0.0%
October	-0.1%

THURSDAY January 30 - 7:00

January	
Consensus	0.75%
Desjardins	0.75%
December 19	0.75%

THURSDAY January 30
FRIDAY January 31 - 5:00

Q4 2019 - 1st est.	q/q
Consensus	0.2%
Q3 2019	0.2%

CANADA

Real GDP by industry (November) – After ticking down 0.1% in October, growth in real GDP by industry could be anemic again in November. Some indicators fell over the month, such as the volume of manufacturing and wholesaler sales. These declines were, however, offset by an increase in inventories, which will limit the negative impact on production. That being said, the number of hours worked fell 0.3% in November, with a 1.2% pullback in the goods sector. The number of hours worked in the service sector increased 0.1%. All in all, our estimates indicate that the monthly variation in real GDP by industry could be flat for November. The balance of risks associated with the forecast is tilted to the downside.

OVERSEAS


United Kingdom: Bank of England meeting (January) – The Bank of England (BoE) could opt to lower its main key rate to 0.50%. Governor Mark Carney seemed more open to this possibility at the start of the year. Disappointing numbers in the United Kingdom, including weaker than anticipated inflation, then bolstered the scenario's credibility. Brexit remains a major source of concern as the terms of the future relationship with the European Union must now be negotiated, which could be difficult. This monetary policy meeting will also mark the end of Mark Carney's reign at the BoE. Announcing a rate cut now could take a little pressure off his replacement, who will come on board in March just ahead of the next monetary policy meeting.


Japan: Economic indicators – A number of major indicators for December will be released on Thursday evening. These include retail sales, industrial production, housing starts and the unemployment rate. They will make it possible to hone the real GDP forecasts for the fourth quarter, to be published in mid-February.

Euro zone: Real GDP (Q4 – advance estimate) – Real GDP growth no doubt remained relatively slow in the euro zone in the final quarter of 2019, similar to last summer's. Some indicators have stabilized in the last few months but, on balance, the results continue to be mixed. The details on GDP components and growth by country will not be available. For 2019 as a whole, real GDP likely grew 1.2%. Among the other indicators to be published, confidence indicators for the month of January will be available Thursday.

Economic Indicators

Week of January 27 to 31, 2020

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 27	10:00	New home sales (ann. rate)	Dec.	731,000	714,000	719,000
TUESDAY 28	8:30	Durable goods orders (m/m)	Dec.	0.9%	-2.2%	-2.1%
	9:00	S&P/Case-Shiller home price index (y/y)	Nov.	2.4%	2.3%	2.2%
	10:00	Consumer confidence	Jan.	128.0	128.0	126.5
WEDNESDAY 29	8:30	Goods trade balance – preliminary (US\$B)	Dec.	-65.5	-66.4	-63.2
	8:30	Retail inventories – preliminary (m/m)	Dec.	n/a	n/a	-0.8%
	8:30	Wholesale inventories – preliminary (m/m)	Dec.	n/a	n/a	-0.1%
	10:00	Pending home sales (m/m)	Dec.	0.7%	n/a	1.2%
	14:00	Federal Reserve meeting	Jan.	1.75%	1.75%	1.75%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 30	8:30	Initial unemployment claims	Jan. 20-24	214,000	213,000	211,000
	8:30	Real GDP (ann. rate)	Q4f	2.2%	2.0%	2.1%
FRIDAY 31	8:30	Employment cost index (q/q)	Q4	0.7%	0.7%	0.7%
	8:30	Personal income (m/m)	Dec.	0.3%	0.4%	0.5%
	8:30	Personal consumption expenditures (m/m)	Dec.	0.3%	0.2%	0.4%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Dec.	0.2%	0.2%	0.2%
		Excluding food and energy (m/m)	Dec.	0.1%	0.1%	0.1%
		Total (y/y)	Dec.	1.6%	1.6%	1.5%
		Excluding food and energy (y/y)	Dec.	1.6%	1.5%	1.6%
	10:00	Michigan's consumer sentiment index – final	Jan.	99.1	99.1	99.1
CANADA						
MONDAY 27	---	---				
TUESDAY 28	---	---				
WEDNESDAY 29	---	---				
THURSDAY 30	8:30	Average weekly earnings (y/y)	Nov.	n/a	3.3%	3.3%
	8:30	Number of salaried employees (m/m)	Nov.	n/a	-0.2%	0.1%
	15:15	Speech of a Bank of Canada Deputy Governor, P. Beaudry				
FRIDAY 31	8:30	Industrial product price index (m/m)	Dec.	n/a	-0.1%	0.1%
	8:30	Raw materials price index (m/m)	Dec.	n/a	0.9%	1.5%
	8:30	Real GDP by industry (m/m)	Nov.	n/a	0.0%	-0.1%

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 January 27 to 31, 2020

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
DURING THE WEEK								
United Kingdom	---	Nationwide house prices	Jan.	0.2%	1.5%	0.1%	1.4%	
MONDAY 27								
Germany	4:00	Ifo survey – Business climate	Jan.	97.0		96.3		
Germany	4:00	Ifo survey – Current situation	Jan.	99.1		98.8		
Germany	4:00	Ifo survey – Expectations	Jan.	94.8		93.8		
TUESDAY 28								
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WEDNESDAY 29								
Japan	0:00	Consumer confidence	Jan.	39.5		39.1		
Germany	2:00	Consumer confidence	Feb.	9.6		9.6		
France	2:45	Consumer confidence	Jan.	102		102		
Euro zone	4:00	Money supply M3	Dec.		5.5%		5.6%	
Italy	4:00	Consumer confidence	Jan.	110.5		110.8		
Italy	4:00	Economic confidence	Jan.	n/a		100.7		
THURSDAY 30								
Italy	4:00	Unemployment rate	Dec.	9.7%		9.7%		
Euro zone	5:00	Business climate	Jan.	-0.20		-0.25		
Euro zone	5:00	Consumer confidence – final	Jan.	n/a		-8.1		
Euro zone	5:00	Industrial confidence	Jan.	-8.8		-9.3		
Euro zone	5:00	Services confidence	Jan.	11.3		11.4		
Euro zone	5:00	Economic confidence	Jan.	101.8		101.5		
Euro zone	5:00	Unemployment rate	Dec.	7.5%		7.5%		
United Kingdom	7:00	Bank of England meeting	Jan.	0.75%		0.75%		
Germany	8:00	Consumer price index – preliminary	Jan.	-0.6%	1.7%	0.5%	1.5%	
Japan	18:30	Consumer price index – Tokyo	Jan.		0.7%		0.9%	
Japan	18:30	Unemployment rate	Dec.	2.3%		2.2%		
Japan	18:50	Industrial production – preliminary	Dec.	0.7%	-3.6%	-1.0%	-8.2%	
Japan	18:50	Retail sales	Dec.	1.2%	-1.7%	4.5%	-2.1%	
United Kingdom	19:01	Consumer confidence	Jan.	-9		-11		
China	20:00	PMI manufacturing index	Jan.	50.0		50.2		
China	20:00	PMI non-manufacturing index	Jan.	53.0		53.5		
FRIDAY 31								
Japan	0:00	Housing starts	Dec.		-11.8%		-12.7%	
France	1:30	Real GDP – preliminary	Q4	0.2%	1.2%	0.3%	1.4%	
Germany	2:00	Retail sales	Dec.	-0.5%	4.5%	2.1%	2.8%	
France	2:45	Personal consumption expenditures	Dec.	0.0%	1.5%	0.1%	0.2%	
France	2:45	Consumer price index – preliminary	Jan.	-0.5%	1.5%	0.4%	1.5%	
Italy	4:00	Real GDP – preliminary	Q4	0.1%	0.3%	0.1%	0.3%	
Euro zone	5:00	Consumer price index – estimate	Jan.	-0.9%	1.4%	0.3%	1.3%	
Euro zone	5:00	Real GDP – preliminary	Q4	0.2%	1.1%	0.2%	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 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	19,121	2.1	2.1	2.9	2.4	1.6
Consumption (2012 \$B)	2019 Q3	13,353	3.1	2.6	3.0	2.6	2.7
Government spending (2012 \$B)	2019 Q3	3,310	1.7	2.2	1.7	0.7	1.8
Residential investment (2012 \$B)	2019 Q3	593.7	4.6	-1.1	-1.5	3.5	6.5
Non-residential investment (2012 \$B)	2019 Q3	2,743	-2.3	1.4	6.4	4.4	0.7
Business inventory change (2012 \$B) ¹	2019 Q3	69.4	---	---	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	3,514	1.8	0.9	4.4	4.7	2.0
Final domestic demand (2012 \$B)	2019 Q3	19,989	2.2	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 Q3	-124.1	---	---	-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)	Dec.*	111.2	-0.3	-0.4	-0.4	0.1
ISM manufacturing index ¹	Dec.	47.2	48.1	47.8	51.7	54.3
ISM non-manufacturing index ¹	Dec.	55.0	53.9	52.6	55.1	58.0
Cons. confidence Conference Board (1985 = 100) ¹	Dec.	126.5	126.8	126.3	124.3	126.6
Personal consumption expenditure (2012 \$B)	Nov.	13,431	0.3	0.6	1.3	2.4
Disposable personal income (2012 \$B)	Nov.	15,134	0.4	0.5	1.4	3.1
Consumer credit (\$B)	Nov.	4,176	0.3	1.0	2.2	4.5
Retail sales (\$M)	Dec.	529,606	0.3	0.9	1.8	5.8
<i>Excluding automobiles (\$M)</i>	Dec.	422,967	0.7	0.8	1.7	6.3
Industrial production (2012 = 100)	Dec.	109.4	-0.3	0.0	0.1	-1.0
Production capacity utilization rate (%) ¹	Dec.	77.0	77.4	77.4	77.7	79.5
New machinery orders (\$M)	Nov.	493,029	-0.7	-1.3	0.5	-1.5
New durable good orders (\$M)	Nov.	242,247	-2.1	-3.4	0.5	-3.8
Business inventories (\$B)	Nov.	2,037	-0.2	-0.2	0.1	2.8
Housing starts (k) ¹	Dec.	1,608	1,375	1,266	1,233	1,142
Building permits (k) ¹	Dec.	1,416	1,474	1,391	1,232	1,339
New home sales (k) ¹	Nov.	719.0	710.0	708.0	598.0	615.0
Existing home sales (k) ¹	Dec.*	5,540	5,350	5,360	5,290	5,000
Commercial surplus (\$M) ¹	Nov.	-43,086	-46,939	-53,544	-54,394	-53,647
Nonfarm employment (k) ²	Dec.	152,383	145.0	553.0	1,131	2,108
Unemployment rate (%) ¹	Dec.	3.5	3.5	3.5	3.7	3.9
Consumer price (1982-1984 = 100)	Dec.	258.5	0.2	0.8	1.3	2.3
<i>Excluding food and energy</i>	Dec.	265.9	0.1	0.5	1.2	2.2
Personal cons. expenditure deflator (2012 = 100)	Nov.	110.4	0.2	0.4	0.8	1.5
<i>Excluding food and energy</i>	Nov.	112.4	0.1	0.3	0.9	1.6
Producer price (2009 = 100)	Dec.	118.8	0.1	0.5	0.5	1.3
Export prices (2000 = 100)	Dec.	125.2	-0.2	0.1	-0.6	-0.7
Import prices (2000 = 100)	Dec.	125.0	0.3	0.0	-0.5	0.5

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.

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)	Oct.	1,975,404	-0.1	0.1	0.7	1.2
Industrial production (2012 \$M)	Oct.	394,782	-0.8	-0.7	-2.0	-2.7
Manufacturing sales (\$M)	Nov.*	57,021	-0.6	-0.9	-2.9	-0.1
Housing starts (k) ¹	Dec.	197.3	204.3	221.5	243.9	214.8
Building permits (\$M)	Nov.	8,072	-2.4	-9.6	-3.5	-2.7
Retail sales (\$M)	Nov.*	51,479	0.9	-0.1	0.3	1.9
<i>Excluding automobiles (\$M)</i>	Nov.*	37,510	0.2	-0.3	0.2	1.3
Wholesale trade sales (\$M)	Nov.*	63,229	-1.2	-1.6	-1.0	0.6
Commercial surplus (\$M) ¹	Nov.	-1,089	-1,607	-1,448	299.6	-2,163
<i>Exports (\$M)</i>	Nov.	48,695	-1.4	-3.1	-7.3	1.9
<i>Imports (\$M)</i>	Nov.	49,784	-2.4	-3.7	-4.7	-0.3
Employment (k) ²	Dec.	19,127	35.2	-12.6	12.1	26.7
Unemployment rate (%) ¹	Dec.	5.6	5.9	5.5	5.5	5.6
Average weekly earnings (\$)	Oct.	1,042	0.2	1.2	2.2	3.3
Number of salaried employees (k) ²	Oct.	17,034	13.6	4.1	20.8	23.0
Consumer price (2002 = 100)	Dec.*	136.4	0.0	0.1	0.1	2.2
<i>Excluding food and energy</i>	Dec.*	130.8	-0.2	0.0	0.0	1.8
<i>Excluding 8 volatile items</i>	Dec.*	134.0	-0.4	-0.3	-0.1	1.7
Industrial product price (2010 = 100)	Nov.	117.5	0.1	0.0	-1.6	-0.4
Raw materials price (2010 = 100)	Nov.	103.7	1.5	-0.6	-7.0	9.3
Money supply M1+ (\$M)	Nov.	1,075,046	0.7	2.3	5.3	7.3

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.

UNITED STATES, CANADA, OVERSEAS
Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	Jan. 24	Jan. 17	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	1.75	1.75	1.75	2.00	2.50	2.50	2.50	2.23	1.75
Treasury bill – 3 months	1.54	1.53	1.54	1.63	2.08	2.34	2.43	2.00	1.49
Treasury bonds – 2 years	1.50	1.57	1.59	1.65	1.88	2.60	2.60	1.91	1.39
– 5 years	1.52	1.63	1.67	1.64	1.86	2.59	2.58	1.89	1.32
– 10 years	1.70	1.84	1.87	1.80	2.08	2.75	2.76	2.08	1.46
– 30 years	2.14	2.30	2.31	2.29	2.60	3.06	3.12	2.52	1.93
S&P 500 index (level)	3,314	3,330	3,240	3,023	3,026	2,665	3,330	2,962	2,640
DJIA index (level)	29,097	29,348	28,645	26,958	27,192	24,737	29,348	26,727	24,528
Gold price (US\$/ounce)	1,572	1,557	1,513	1,509	1,419	1,299	1,572	1,412	1,268
CRB index (level)	176.07	182.89	187.18	178.37	177.16	180.68	189.66	179.57	167.89
WTI oil (US\$/barrel)	54.18	58.54	61.74	56.46	56.20	53.54	66.43	57.55	51.09
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	1.64	1.64	1.66	1.65	1.65	1.63	1.71	1.66	1.61
Treasury bonds – 2 years	1.50	1.64	1.66	1.66	1.47	1.88	1.87	1.57	1.29
– 5 years	1.40	1.58	1.62	1.57	1.39	1.89	1.88	1.51	1.13
– 10 years	1.38	1.57	1.59	1.54	1.46	1.97	1.96	1.56	1.09
– 30 years	1.51	1.68	1.66	1.66	1.73	2.19	2.20	1.76	1.30
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	0.00	0.00	0.00	-0.25	-0.75	-0.75	0.00	-0.48	-0.75
Treasury bill – 3 months	0.10	0.11	0.12	0.02	-0.43	-0.71	0.19	-0.34	-0.78
Treasury bonds – 2 years	0.00	0.07	0.07	0.01	-0.41	-0.72	0.13	-0.33	-0.85
– 5 years	-0.11	-0.05	-0.05	-0.07	-0.47	-0.70	0.00	-0.38	-0.81
– 10 years	-0.32	-0.27	-0.28	-0.26	-0.62	-0.78	-0.19	-0.52	-0.89
– 30 years	-0.63	-0.62	-0.65	-0.63	-0.87	-0.87	-0.52	-0.76	-1.02
S&P/TSX index (level)	17,591	17,559	17,168	16,404	16,531	15,366	17,622	16,492	15,379
Exchange rate (C\$/US\$)	1.3148	1.3064	1.3078	1.3060	1.3167	1.3219	1.3521	1.3248	1.2965
Exchange rate (C\$/€)	1.4495	1.4487	1.4617	1.4470	1.4650	1.5089	1.5199	1.4803	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\$/€)	1.1025	1.1090	1.1177	1.1080	1.1127	1.1415	1.1479	1.1174	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	0.56	0.63	0.76	0.66	0.69	1.31	1.31	0.83	0.32
FTSE index (level)	7,586	7,675	7,645	7,324	7,549	6,809	7,687	7,332	6,747
Exchange rate (US\$/£)	1.3068	1.3010	1.3078	1.2823	1.2383	1.3203	1.3339	1.2784	1.2037
<u>Germany</u>									
Bonds – 10 years	-0.34	-0.25	-0.26	-0.37	-0.42	0.14	0.19	-0.25	-0.72
DAX index (level)	13,577	13,526	13,337	12,895	12,420	11,282	13,577	12,300	10,907
<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)	23,827	24,041	23,838	22,800	21,658	20,774	24,084	21,937	20,261
Exchange rate (US\$/¥)	109.36	110.16	109.43	108.66	108.68	109.55	112.19	109.07	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.