

# WEEKLY NEWSLETTER

## Worst Weekly Market Drop since the Financial Crisis

### HIGHLIGHTS

- ▶ United States: New home sales jumped to their highest level since 2007.
- ▶ Canada: Real GDP growth was virtually at a standstill in the fourth quarter of 2019.
- ▶ Canada: The investment outlook remains modest for 2020.

### A LOOK AHEAD

- ▶ United States: The ISM manufacturing index could dip slightly, whereas the non-manufacturing index should edge up further... but beware of the effects of the coronavirus.
- ▶ United States: Hires are expected to slow after strong growth in January.
- ▶ The Bank of Canada should again opt for the status quo despite a more uncertain climate.
- ▶ Canada: Employment growth could be more modest in February.
- ▶ Canada: The trade balance should deteriorate somewhat in January.

### FINANCIAL MARKETS

- ▶ Spread of coronavirus outside China fuels a stock market correction.
- ▶ Bond yields tumble as investors focus on aggressive monetary easing.
- ▶ Key rate cut expectations penalize the U.S. dollar.

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# Key Statistics of the Week

## UNITED STATES

- ▶ Real consumption increased 0.1% in January, the same pace as in December. Durable goods consumption inched up 0.5%, buoyed by a 1.5% gain in the automobile industry. Non-durable goods consumption was down 0.2%, while consumption of services was up 0.1%. Real personal disposable income jumped 0.5% after dropping 0.1% in December. The total consumption expenditure deflator rose 0.1%, just like the deflator that excludes food and energy. The total deflator's annual variation accelerated from 1.5% to 1.7%, while the core deflator's rose from 1.5% to 1.6%.
- ▶ According to the Conference Board index, consumer confidence improved slightly in February, rising 0.3 of a point from 130.4 (revised from 131.6) to 130.7. The current situation component lost 8.8 points, whereas the expectations component climbed 6.4 points.
- ▶ New durable goods orders dropped 0.2% in January, after leaping 2.9% in December. This decrease was despite a 346.2% gain in the civil aviation sector. Military aviation, meanwhile, was down 19.6%, and auto sector orders retreated 0.8%. Excluding transportation, new orders rose 0.9%, their best growth since April 2018.
- ▶ Sales of new single-family homes jumped 7.9% in January to 764,000 units (annualized). This is the strongest monthly growth since June 2019 and, especially, the highest number of sales since July 2007. The increase comes mainly from the Western United States.
- ▶ The S&P/Case-Shiller index of existing home prices in the 20 largest cities rose 0.4% in December, growth that is slightly slower than the two successive 0.5% gains in October and November. The annual variation went from 2.5% to 2.9%, the highest since January 2019.
- ▶ The preliminary estimate of the national accounts for the fourth quarter of 2019 left annualized real GDP growth at 2.1%.

Francis Généreux, Senior economist

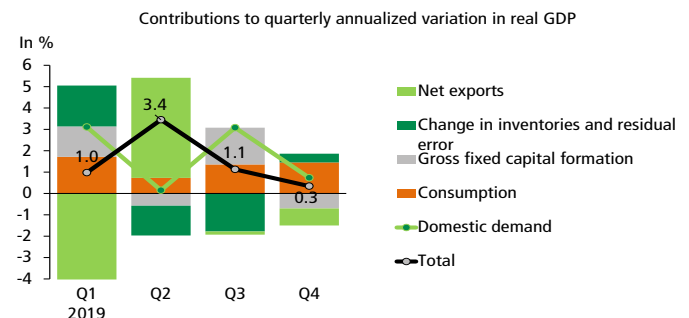
## CANADA

- ▶ Real GDP rose a scant 0.3% (annualized) in Q4 of 2019, in line with expectations. The Canadian economy faced a number of disruptions in the fourth quarter of 2019. That said, it still managed to maintain some strength. Consumer spending continued to rise, thanks in part to sustained income growth. The uptrend in the housing market also continued across the country. All eyes are now focused on the first quarter of 2020. A number of disruptions will still be present, however.
- ▶ According to Statistics Canada's annual survey, capital spending on non-residential construction and machinery and equipment is expected to increase by 2.8% in 2020 to \$275.5B. Excluding capital spending by governments, the investment outlook for businesses is 2.9% in 2020, slightly higher than in 2019 (+2.1%). Quebec should stand out in 2020, with a 9.1% increase in business investment.
- ▶ Wholesale sales increased 0.9% in December, putting an end to two consecutive months of steep declines. Sales were particularly high for motor vehicle wholesalers (+3.0%). In real terms, sales are up 0.8%, while inventories rose 0.3%.

Benoit P. Durocher, Senior economist

## CANADA

### Real GDP growth was virtually at a standstill in the fourth quarter of 2019



Sources: Statistics Canada and Desjardins, Economic Studies

# Financial Markets

## Major Decline in Stock Markets and Bond Yields

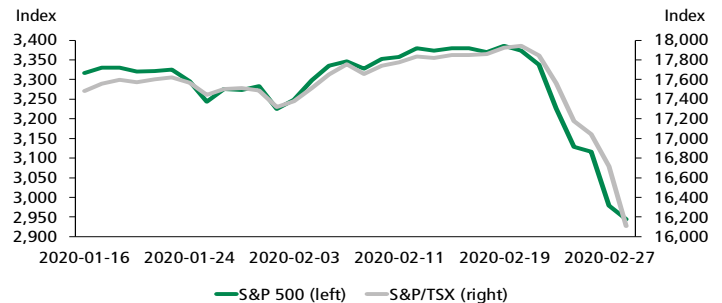
Stock markets experienced their worst week since the financial crisis of 2008. Hopes that the coronavirus outbreak would be confined to China had already been shaken the previous week by the increase in cases in Japan and Korea. The appearance of numerous cases in Iran and Italy over the weekend forced investors to position themselves for a much more painful scenario. The complacency that seemed to characterize stock markets since the beginning of the year suddenly disappeared, and the indexes fell heavily throughout the week. Industrial commodity prices were also impacted by this wave of panic, and the price of WTI (*West Texas Intermediate*) oil fell below US\$45 a barrel. At the time of writing, the S&P 500 and the S&P/TSX were posting weekly declines of about 13% and 10%, respectively.

The drop in bond yields was just as significant as the pullback in stock markets. Yields for 10- and 30-year U.S. federal bonds closed at a new all-time low on Thursday, and the decline continued on Friday morning. Short-term yields also fell as investors positioned themselves for aggressive monetary easing, especially from the Federal Reserve (Fed). Investors are now expecting a cut of about 100 basis points in U.S. key rates by the end of 2020. For now, central bankers seem to want to limit these expectations, but market pressure is getting stronger.

The greenback's bullish trend ended this week. Although the level of concern continues to rise, it is now the effect of lower interest rate expectations that seems to be getting the better of the greenback. The broader wiggle room available to the Fed suggests that the United States could order greater easing, especially compared to the euro zone or Japan. In this environment, the euro gained nearly two cents for the week. It is now close to US\$1.10, despite the increase in coronavirus cases in Italy and other European countries. Japan's exchange rate has fallen back below 109 yen/US\$. The U.S. dollar remained strong against most currencies of emerging markets and commodity-dependent countries. The Canadian dollar dropped below US\$0.75.

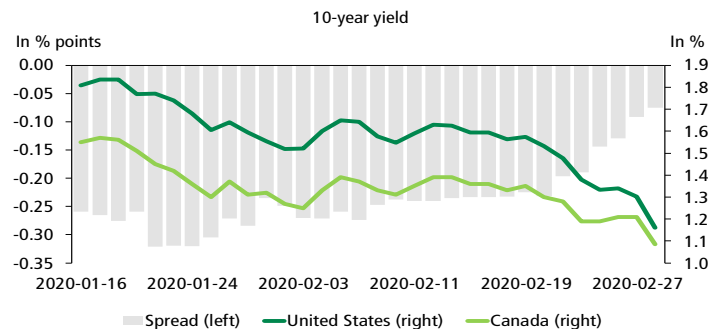
**Mathieu D'Anjou, CFA**, Deputy Chief Economist  
**Hendrix Vachon**, Senior Economist

**GRAPH 1**  
**Stock markets**



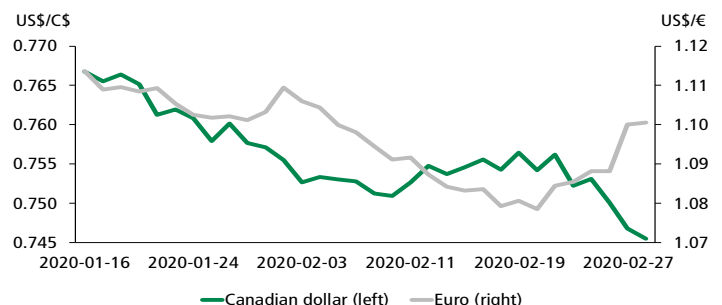
Sources: Datastream and Desjardins, Economic Studies

**GRAPH 2**  
**Bond markets**



Sources: Datastream and Desjardins, Economic Studies

**GRAPH 3**  
**Currency markets**



Sources: Datastream and Desjardins, Economic Studies

# A Look Ahead

## MONDAY March 2 - 10:00

### February

Consensus	50.8
Desjardins	50.4

**January** **50.9**

## WEDNESDAY March 4 - 10:00

### February

Consensus	55.5
Desjardins	57.0

**January** **55.5**

## FRIDAY March 6 - 8:30

### February

Consensus	175,000
Desjardins	155,000

**January** **225,000**

## WEDNESDAY March 4 - 8:30

### Q4 2019

Consensus	q/q
Desjardins	n/a

**Q3 2019** **0.2%**

## WEDNESDAY March 4 - 10:00

### March

Consensus	1.75%
Desjardins	1.75%

**January 22** **1.75%**

## FRIDAY March 6 - 8:30

### January

Consensus	\$B
Desjardins	n/a

**December** **-0.37**

## UNITED STATES

**ISM manufacturing index (February)** – After five months below the 50 mark and a low of 47.8 in December, the ISM manufacturing index jumped 3.1 points in January to 50.9. It should not stray too far from this level in February. Some manufacturing indexes, such as the Philadelphia Federal Reserve index and the New York Federal Reserve's Empire index, continued to improve significantly during the month. However, others, like the Richmond Federal Reserve index, saw much less positive movements. We therefore expect the ISM manufacturing index to go to 50.4. Nevertheless, it remains to be seen whether the recent bad news regarding the coronavirus, especially its faster spread to countries other than China, will have a bigger, more negative effect than what the indexes published earlier in the month suggest.

**ISM non-manufacturing index (February)** – The ISM non-manufacturing index hit 55.5 in January, its highest point since August. This is also the first time since late summer 2018 that it has gone up for two months in a row. Another increase is expected for February. This is what the improvement in many regional indicators and consumer confidence indexes suggests. The ISM non-manufacturing index could go to 57.0. However, it too faces a real risk of major impacts stemming from fears tied to the coronavirus, especially in the tourism industry.

**Job creation according to the establishment survey (February)** – The hiring boom in January was astonishing. The gain of 255,000 new jobs was much higher than the 165,000 forecast by the consensus. However, more modest job market growth is expected in February. The employment component of the Conference Board consumer confidence index fell sharply during the month. Jobless claims remained fairly stable, however. We will know more as the ISM indexes are released during the week, but we do expect 155,000 jobs to be created. The jobless rate should stay put at 3.6%. Expected growth of 0.2% in the average hourly wage should bring its annual variation down from 3.1% to 2.9%.

## CANADA

**Labour productivity (Q4)** – Worker productivity is expected to remain sluggish in the fourth quarter. Production in the business sector rose just 0.1% during the quarter. The number of hours worked, however, dropped 0.1%, paving the way for a slight uptick in productivity. Since workers' earnings jumped significantly, unit labour costs should increase about 0.7%.

**Bank of Canada meeting (March)** – The Canadian economy is currently going through a rougher patch, as evidenced by the sluggish growth in real GDP in the fourth quarter. The situation also remains fragile in early 2020 with the interruptions in rail transportation and the coronavirus (COVID-19). However, the extent of the negative consequences for Canada's economy is still uncertain. Under the circumstances, the Bank of Canada (BdC) should not depart from its status quo now in a context of high debt with sustained growth in the housing market. We will have to keep a close eye on the comments accompanying Wednesday's decision to determine how the BdC is open to potential easing of the monetary conditions.

**International merchandise trade (January)** – Seasonally adjusted and expressed in Canadian dollars, commodity prices plunged in January, particularly in the energy sector. This will negatively affect the value of merchandise exports during the month. However, U.S. industrial production data indicate a 2.4% increase in the auto industry, which could reflect positively on Canada's international trade. We will now have to see to what extent the early adverse effects associated with the coronavirus will impact Canadian exports and imports, particularly with China. The bottom line is

**FRIDAY March 6 - 8:30**
**February**

Consensus n/a

Desjardins 12,000

**January 34,500**
**WEDNESDAY March 4 - 5:00**
**January**
**m/m**

Consensus n/a

**December -1.6%**

that the value of exports could lose ground in January, paving the way for a deterioration in the trade balance.


**Labour Force Survey (February)** – After two months of fairly robust growth, employment should advance at a more modest pace in February. Moreover, the interruptions in rail transportation and the coronavirus might have prompted some businesses to be more cautious in their hiring. The unemployment rate could inch up from 5.5% to 5.6% due to a slight increase in the participation rate toward its trend of recent months.


**OVERSEAS**

**Euro zone: Retail sales (December)** – After quite decent growth in November, euro zone retail sales fell 1.6% in December. This is the worst monthly decrease since 2011. It will be good to see consumption pick up again in early 2020, before the effects of fears surrounding the coronavirus set in. The 1.1% monthly decline in consumer spending in France is not a good omen. Data from Germany to be released at the beginning of the week will also provide more information.

# Economic Indicators

## Week of March 2 to 6, 2020

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 2</b>	10:00	Construction spending (m/m)	Jan.	0.7%	0.3%	-0.2%
	10:00	ISM manufacturing index	Feb.	50.8	50.4	50.9
<b>TUESDAY 3</b>	---	Total vehicle sales (ann. rate)	Feb.	16,800,000	16,500,000	16,840,000
	14:50	Speech of the Cleveland Fed President, L. Mester				
	18:30	Speech of the Chicago Fed President, C. Evans				
<b>WEDNESDAY 4</b>	10:00	ISM non-manufacturing index	Feb.	55.5	57.0	55.5
	14:00	Release of the <i>Beige Book</i>				
<b>THURSDAY 5</b>	8:30	Initial unemployment claims	Feb. 24-28		215,000	219,000
	8:30	Nonfarm productivity – final (ann. rate)	Q4	1.3%	1.3%	1.4%
	8:30	Unit labor costs – final (ann. rate)	Q4	1.4%	1.5%	1.4%
	10:00	Factory orders (m/m)	Jan.	-0.1%	0.1%	1.8%
<b>FRIDAY 6</b>	8:30	Trade balance – Goods and services (US\$B)	Jan.	-47.9	-45.7	-48.9
	8:30	Change in nonfarm payrolls	Feb.	175,000	155,000	225,000
	8:30	Unemployment rate	Feb.	3.6%	3.6%	3.6%
	8:30	Weekly worked hours	Feb.	n/a	34.3	34.3
	8:30	Average hourly earnings (m/m)	Feb.	0.3%	0.2%	0.2%
	9:20	Speech of the Chicago Fed President, C. Evans				
	10:00	Wholesale inventories – final (m/m)	Jan.		-0.2%	-0.2%
	11:20	Speech of the St. Louis Fed President, J. Bullard				
	15:00	Consumer credit (US\$B)	Jan.	17.000	17.000	22.055
15:30	Speech of the Kansas City Fed President, E. George					
<b>CANADA</b>						
<b>MONDAY 2</b>	---	---				
<b>TUESDAY 3</b>	---	---				
<b>WEDNESDAY 4</b>	8:30	Labour productivity (q/q)	Q4	n/a	0.2%	0.2%
	8:30	Unit labour costs (q/q)	Q4	n/a	0.7%	1.0%
	10:00	Bank of Canada meeting	March	1.75%	1.75%	1.75%
<b>THURSDAY 5</b>	12:45	Speech of the Bank of Canada Governor, S. Poloz				
<b>FRIDAY 6</b>	8:30	International trade (\$B)	Jan.	n/a	-0.67	-0.37
	8:30	Net change in employment	Feb.	n/a	12,000	34,500
	8:30	Unemployment rate	Feb.	n/a	5.6%	5.5%
	10:00	PMI-Ivey index	Feb.	n/a	54.0	57.3

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 March 2 to 6, 2020

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>SUNDAY 1</b>								
Japan	19:30	PMI manufacturing index – final	Feb.	n/a		47.6		
<b>MONDAY 2</b>								
Germany	---	Retail sales	Jan.	1.0%	1.5%	-3.3%	0.8%	
Italy	3:45	PMI manufacturing index	Feb.	49.0		48.9		
France	3:50	PMI manufacturing index – final	Feb.	49.7		49.7		
Germany	3:55	PMI manufacturing index – final	Feb.	47.8		47.8		
Euro zone	4:00	PMI manufacturing index – final	Feb.	49.1		49.1		
United Kingdom	4:30	PMI manufacturing index – final	Feb.	51.9		51.9		
Australia	22:30	Reserve Bank of Australia meeting	March	0.75%		0.75%		
<b>TUESDAY 3</b>								
Japan	0:00	Consumer confidence	Feb.	38.3		39.1		
Italy	4:00	Unemployment rate	Jan.	9.8%		9.8%		
United Kingdom	4:30	PMI construction index	Feb.	49.0		48.4		
Euro zone	5:00	Consumer price index – preliminary	Feb.	0.2%	1.2%	-1.0%	1.4%	
Euro zone	5:00	Producer price index	Jan.	0.5%		0.0%	-0.7%	
Euro zone	5:00	Unemployment rate	Jan.	7.4%		7.4%		
Japan	19:30	PMI composite index – final	Feb.	n/a		47.0		
Japan	19:30	PMI services index – final	Feb.	n/a		46.7		
<b>WEDNESDAY 4</b>								
Italy	3:45	PMI composite index	Feb.	50.1		50.4		
Italy	3:45	PMI services index	Feb.	51.2		51.4		
France	3:50	PMI composite index – final	Feb.	51.9		51.9		
France	3:50	PMI services index – final	Feb.	52.6		52.6		
Germany	3:55	PMI composite index – final	Feb.	51.1		51.1		
Germany	3:55	PMI services index – final	Feb.	53.3		53.3		
Euro zone	4:00	PMI composite index – final	Feb.	51.6		51.6		
Euro zone	4:00	PMI services index – final	Feb.	52.8		52.8		
Italy	4:00	Real GDP – final	Q4	-0.3%	0.0%	-0.3%	0.0%	
United Kingdom	4:30	PMI composite index – final	Feb.	53.3		53.3		
United Kingdom	4:30	PMI services index – final	Feb.	53.2		53.3		
Euro zone	5:00	Retail sales	Jan.	0.6%	1.1%	-1.6%	1.3%	
<b>THURSDAY 5</b>								
---	---	---						
<b>FRIDAY 6</b>								
China	---	Trade balance (US\$B)	Feb.	n/a		n/a		
Germany	2:00	Factory orders	Jan.	1.2%	-5.4%	-2.1%	-8.7%	
France	2:45	Trade balance (€M)	Jan.	-4,805		-4,053		
France	2:45	Current account (€B)	Jan.	n/a		-0.6		

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	2019	2018	2017
Gross domestic product (2012 \$B)	2019 Q4	19,220	2.1	2.3	2.3	2.9	2.4
Consumption (2012 \$B)	2019 Q4	13,410	1.7	2.6	2.6	3.0	2.6
Government spending (2012 \$B)	2019 Q4	3,332	2.6	3.0	2.3	1.7	0.7
Residential investment (2012 \$B)	2019 Q4	602.6	6.2	1.6	-1.5	-1.5	3.5
Non-residential investment (2012 \$B)	2019 Q4	2,726	-2.3	-0.3	2.1	6.4	4.4
Business inventory change (2012 \$B) <sup>1</sup>	2019 Q4	13.0	---	---	67.0	48.1	31.7
Exports (2012 \$B)	2019 Q4	2,536	2.0	0.3	0.0	3.0	3.5
Imports (2012 \$B)	2019 Q4	3,436	-8.6	-2.2	1.0	4.4	4.7
Final domestic demand (2012 \$B)	2019 Q4	20,063	1.5	2.3	2.3	3.0	2.5
GDP deflator (2012 = 100)	2019 Q4	113.0	1.3	1.6	1.8	2.4	1.9
Labor productivity (2012 = 100)	2019 Q4	107.9	1.4	1.8	1.7	1.3	1.3
Unit labor cost (2012 = 100)	2019 Q4	112.4	1.4	2.4	2.0	1.8	2.1
Employment cost index (Dec. 2005 = 100)	2019 Q4	138.9	2.6	2.7	2.8	2.8	2.4
Current account balance (\$B) <sup>1</sup>	2019 Q3	-124.1	---	---	-491.0	-439.6	-428.3

<sup>1</sup> 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)	Jan.	112.1	0.8	0.6	0.1	0.9
ISM manufacturing index <sup>1</sup>	Jan.	50.9	47.8	48.5	51.3	55.5
ISM non-manufacturing index <sup>1</sup>	Jan.	55.5	54.9	54.4	54.8	56.0
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	Feb.*	130.7	130.4	126.8	134.2	131.4
Personal consumption expenditure (2012 \$B)	Jan.*	13,444	0.1	0.4	0.9	2.7
Disposable personal income (2012 \$B)	Jan.*	15,155	0.5	0.7	1.4	2.2
Consumer credit (\$B)	Dec.	4,197	0.5	1.3	2.5	4.7
Retail sales (\$M)	Jan.	529,766	0.3	0.6	1.1	4.4
<i>Excluding automobiles (\$M)</i>	Jan.	423,282	0.3	0.8	0.9	4.0
Industrial production (2012 = 100)	Jan.	109.2	-0.3	0.2	0.1	-0.8
Production capacity utilization rate (%) <sup>1</sup>	Jan.	76.8	77.1	77.0	77.4	79.0
New machinery orders (\$M)	Dec.	499,327	1.8	0.8	1.2	-0.4
New durable good orders (\$M)	Jan.*	246,199	-0.2	-0.5	-1.6	-3.9
Business inventories (\$B)	Dec.	2,040	0.1	0.0	0.2	2.2
Housing starts (k) <sup>1</sup>	Jan.	1,567	1,626	1,340	1,204	1,291
Building permits (k) <sup>1</sup>	Jan.	1,550	1,420	1,461	1,317	1,316
New home sales (k) <sup>1</sup>	Jan.*	764.0	708.0	707.0	660.0	644.0
Existing home sales (k) <sup>1</sup>	Jan.	5,460	5,530	5,410	5,390	4,980
Commercial surplus (\$M) <sup>1</sup>	Dec.	-48,880	-43,691	-51,531	-54,117	-60,807
Nonfarm employment (k) <sup>2</sup>	Jan.	152,186	225.0	633.0	1,233	2,052
Unemployment rate (%) <sup>1</sup>	Jan.	3.6	3.5	3.6	3.7	4.0
Consumer price (1982–1984 = 100)	Jan.	258.8	0.1	0.6	1.1	2.5
<i>Excluding food and energy</i>	Jan.	266.5	0.2	0.6	1.1	2.3
Personal cons. expenditure deflator (2012 = 100)	Jan.*	110.6	0.1	0.4	0.6	1.7
<i>Excluding food and energy</i>	Jan.*	112.7	0.1	0.4	0.7	1.6
Producer price (2009 = 100)	Jan.	119.4	0.5	0.6	0.8	2.1
Export prices (2000 = 100)	Jan.	125.9	0.7	0.6	-0.2	0.5
Import prices (2000 = 100)	Jan.	125.0	0.0	0.4	-0.5	0.3

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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	2019	2018	2017
Gross domestic product (2012 \$M)	2019 Q4*	2,100,493	0.3	1.5	1.6	2.0	3.2
Household consumption (2012 \$M)	2019 Q4*	1,187,371	2.0	1.7	1.6	2.2	3.7
Government consumption (2012 \$M)	2019 Q4*	428,371	1.3	1.5	2.1	3.0	2.3
Residential investment (2012 \$M)	2019 Q4*	142,288	1.1	4.2	-0.6	-1.6	2.2
Non-residential investment (2012 \$M)	2019 Q4*	182,374	-6.3	1.9	0.0	1.4	3.9
Business inventory change (2012 \$M) <sup>1</sup>	2019 Q4*	10,498	---	---	14,693	13,025	17,951
Exports (2012 \$M)	2019 Q4*	667,046	-5.1	0.0	1.2	3.1	1.4
Imports (2012 \$M)	2019 Q4*	661,345	-2.5	0.3	0.3	2.6	4.2
Final domestic demand (2012 \$M)	2019 Q4*	2,081,990	0.7	1.8	1.2	2.1	3.3
GDP deflator (2012 = 100)	2019 Q4*	111.3	4.1	3.3	1.9	1.9	2.4
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) <sup>1</sup>	2019 Q4*	-8,757	---	---	-45,388	-55,499	-60,193
Production capacity utilization rate (%) <sup>1</sup>	2019 Q3	81.7	---	---	83.0	81.5	79.1
Disposable personal income (\$M)	2019 Q4*	1,309,956	5.2	4.7	4.4	3.8	5.0
Corporate net operating surplus (\$M)	2019 Q4*	287,128	1.6	5.8	0.3	2.5	19.9

<sup>1</sup> 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)	Dec.*	1,985,301	0.3	0.3	0.5	1.9
Industrial production (2012 \$M)	Dec.*	396,531	0.5	-0.3	-1.5	-0.8
Manufacturing sales (\$M)	Dec.	56,412	-0.7	-1.7	-2.4	0.1
Housing starts (k) <sup>1</sup>	Jan.	213.2	195.9	203.8	221.0	202.0
Building permits (\$M)	Dec.	8,673	7.4	3.3	5.9	-1.8
Retail sales (\$M)	Dec.	51,648	0.0	0.1	0.7	2.4
Excluding automobiles (\$M)	Dec.	37,908	0.5	0.7	0.4	2.9
Wholesale trade sales (\$M)	Dec.*	63,885	0.9	-1.5	-0.5	1.5
Commercial surplus (\$M) <sup>1</sup>	Dec.	-369.5	-1,195	-1,235	-870.5	-4,953
Exports (\$M)	Dec.	49,321	1.9	-0.1	-0.5	6.4
Imports (\$M)	Dec.	49,690	0.2	-1.8	-1.5	-3.2
Employment (k) <sup>2</sup>	Jan.	19,159	34.5	2.5	20.2	22.3
Unemployment rate (%) <sup>1</sup>	Jan.	5.5	5.6	5.6	5.7	5.8
Average weekly earnings (\$)	Dec.*	1,042	0.2	0.3	2.0	3.4
Number of salaried employees (k) <sup>2</sup>	Dec.*	17,042	-0.4	7.0	17.0	23.3
Consumer price (2002 = 100)	Jan.	136.8	0.3	0.1	-0.1	2.4
Excluding food and energy	Jan.	131.0	0.2	-0.3	-0.2	1.9
Excluding 8 volatile items	Jan.	134.6	0.4	-0.2	0.1	1.8
Industrial product price (2010 = 100)	Jan.*	117.3	-0.3	-0.1	0.0	0.5
Raw materials price (2010 = 100)	Jan.*	104.0	-2.2	1.9	-2.1	1.7
Money supply M1+ (\$M)	Jan.*	1,084,413	0.0	1.6	4.2	8.2

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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		
	Feb. 28	Feb. 21	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
<b>United States</b>									
Federal funds – target	1.75	1.75	1.75	1.75	2.25	2.50	2.50	2.16	1.75
Treasury bill – 3 months	1.28	1.53	1.52	1.56	1.95	2.39	2.43	1.92	1.28
Treasury bonds – 2 years	0.92	1.35	1.34	1.63	1.53	2.55	2.54	1.80	0.92
– 5 years	0.95	1.32	1.33	1.64	1.40	2.55	2.53	1.78	0.95
– 10 years	1.16	1.48	1.52	1.79	1.51	2.76	2.72	1.96	1.16
– 30 years	1.67	1.92	2.01	2.20	1.97	3.12	3.09	2.43	1.67
S&P 500 index (level)	2,944	3,338	3,226	3,141	2,926	2,804	3,386	3,013	2,743
DJIA index (level)	25,057	28,992	28,256	28,051	26,403	26,026	29,551	27,020	24,815
Gold price (US\$/ounce)	1,590	1,642	1,587	1,462	1,529	1,304	1,674	1,439	1,268
CRB index (level)	159.54	174.65	170.31	176.66	170.36	181.50	189.66	178.60	159.54
WTI oil (US\$/barrel)	44.89	53.81	51.56	55.17	55.10	55.80	66.43	57.19	44.89
<b>Canada</b>									
Overnight – target	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Treasury bill – 3 months	1.56	1.63	1.64	1.65	1.62	1.67	1.71	1.65	1.56
Treasury bonds – 2 years	1.17	1.42	1.43	1.58	1.35	1.77	1.74	1.54	1.17
– 5 years	1.07	1.29	1.29	1.49	1.18	1.81	1.76	1.46	1.07
– 10 years	1.09	1.28	1.27	1.46	1.16	1.94	1.89	1.50	1.09
– 30 years	1.27	1.38	1.42	1.55	1.42	2.20	2.17	1.69	1.27
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	0.00	0.00	0.00	0.00	-0.50	-0.75	0.00	-0.41	-0.75
Treasury bill – 3 months	0.28	0.10	0.12	0.09	-0.33	-0.72	0.28	-0.26	-0.78
Treasury bonds – 2 years	0.25	0.07	0.09	-0.05	-0.18	-0.78	0.25	-0.26	-0.85
– 5 years	0.11	-0.03	-0.04	-0.15	-0.22	-0.74	0.11	-0.31	-0.81
– 10 years	-0.08	-0.20	-0.25	-0.33	-0.35	-0.82	-0.08	-0.46	-0.89
– 30 years	-0.40	-0.54	-0.59	-0.65	-0.55	-0.92	-0.40	-0.73	-1.02
S&P/TSX index (level)	16,107	17,844	17,318	17,040	16,442	16,068	17,944	16,661	15,996
Exchange rate (C\$/US\$)	1.3414	1.3224	1.3236	1.3277	1.3312	1.3296	1.3521	1.3254	1.2965
Exchange rate (C\$/€)	1.4761	1.4341	1.4684	1.4627	1.4631	1.5126	1.5199	1.4754	1.4286
<b>Overseas</b>									
<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\$/€)	1.1005	1.0845	1.1094	1.1017	1.0991	1.1377	1.1414	1.1132	1.0785
<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	0.57	0.52	0.70	0.40	1.30	1.28	0.77	0.32
FTSE index (level)	6,566	7,404	7,286	7,347	7,207	7,107	7,687	7,354	6,566
Exchange rate (US\$/£)	1.2779	1.2971	1.3201	1.2934	1.2158	1.3204	1.3339	1.2778	1.2037
<u>Germany</u>									
Bonds – 10 years	-0.61	-0.43	-0.47	-0.35	-0.71	0.19	0.16	-0.30	-0.72
DAX index (level)	11,890	13,579	12,982	13,236	11,939	11,602	13,789	12,495	11,347
<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)	21,143	23,387	23,205	23,294	20,704	21,603	24,084	22,147	20,261
Exchange rate (US\$/¥)	108.08	111.59	108.40	109.52	106.31	111.92	112.19	109.02	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.