WEEKLY NEWSLETTER

Bank of Canada's Rate Hike Overshadowed By War and Oil Prices

MUSINGS OF THE WEEK

- Why measuring the impact of higher interest rates will be a challenge.

KEY STATISTICS OF THE WEEK

- United States: Strong job creation continues.
- United States: The ISM manufacturing index rose in February, while the service index fell.
- The Bank of Canada announced its first key rate increase.
- Canada: Real GDP showed robust growth in the fourth quarter.

A LOOK AHEAD

- Inflation is expected to rise again in the United States.
- Canada: The labour market should rebound in February.

FINANCIAL MARKETS

- Global stock markets plummet, but the S&P/TSX holds steady owing to commodity prices.
- Bond markets benefit from demand for safe assets.
- The U.S. dollar benefits again from its safe haven status.

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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.

Musings of the Week

Why Measuring the Impact of Higher Interest Rates Will Be a Challenge

By Royce Mendes, Managing Director and Head of Macro Strategy

It's only been a few days since the Bank of Canada (BoC) raised rates, so it's way too early to tell how the economy is reacting. That said, figuring out how much the economy is responding might remain a challenge for some time.

The BoC says that it takes between 18 and 24 months for any change in monetary policy to take full effect. But some sectors tend to feel the pinch earlier. Staff at the central bank found that the housing market and durable goods sales are the first components of GDP to respond meaningfully to rate increases. Since any effects on the housing market or goods spending will reverberate through the Canadian economy now more than ever.

While household debt as a share of disposable income in Canada is largely in line with pre-pandemic levels, that masks the differences across debt components. Canadians have paid down credit card and personal loan debt but added residential mortgage debt. Housing also represents a much larger share of economic activity than it did before the pandemic. That means the economy is more leveraged to housing and more reliant on it for GDP.

Over the past two years, economic activity has also been heavily tilted towards household spending on interest rate sensitive items such as furniture, electronics and appliances. However, even though housing and durable goods spending will be especially hard hit by higher rates, it still won't be easy to measure the impacts of higher rates.

Canadians have been spending more time and money at home primarily as a result of the pandemic. But with COVID-19 in retreat, Canadians were poised to spend less on housing and associated goods and more on dining out and vacations whether rates went up this year or not.

As the economy emerges from the pandemic, these crosscurrents will make it more challenging for the BoC to evaluate what exactly is driving movements. Central bankers will be asking themselves whether housing markets and household spending on durable goods are slowing because of their rate hikes or simply because Canadians are returning to their old work and life patterns.

Other indicators will be similarly limited, but using headline inflation to gauge the effects of monetary tightening will be especially fraught this year. Inflation readings are always a poor metric for assessing the impacts of monetary policy adjustments given that they're a lagging indicator. However, over the course of 2022, inflation is likely to slow as supply constraints gradually ease and oil prices decline, not because of higher interest rates. In other words, lower inflation shouldn't be a reason to stop hiking rates. Indeed, as the economy continues to heal from the pandemic, underlying inflationary pressures will continue to heat up beneath the surface even as headline inflation settles down. The BoC needs to be focused on that homegrown inflation.

So don't be surprised if monetary policymakers continue raising rates even if growth in so-called interest rate sensitive parts of the economy slows or headline inflation cools. The typical metrics for measuring the impact of monetary policy will be less useful during this unique tightening cycle. Policymakers will therefore need to proceed with caution.

As a result, after raising rates again in April, expect central bankers to give themselves more time between further rate increases during the remainder of this year. Our forecast even includes an extended pause in 2023 for the BoC to gauge how much more monetary tightening the economy can handle.

Key Statistics of the Week

By Francis Généreux, Senior Economist, and Benoit P. Durocher, Senior Economist

UNITED STATES

- According to February's establishment survey, the U.S. economy added 678,000 jobs last month. This comes after it added 481,000 in January and 588,000 in December, upward revisions from 467,000 and 510,000 jobs, respectively. 60,000 jobs were created in construction and 36,000 in manufacturing. The private service sector posted a 549,000 job gain, bigger than January's increase of 424,000.
- The unemployment rate edged down from 4.0% in January to 3.8% in February, a pandemic-era low.
- After three monthly declines in a row, the ISM manufacturing index climbed in February from 57.6 to 58.6. Seven of the ten indicators advanced, with backlog of orders (+8.6 points), new orders (+3.8 points) and new export orders (+3.4 points) up substantially. Delivery times edged up again (+1.5 points) and remain extremely high at 66.1. It seems that the supply chain disruptions are still having an impact.
- The ISM services index pulled back in February from 59.9 to 56.5, its lowest level in a year and further and further away from its historic high of 68.4 reached last November. Three of the ten indicators have fallen: new orders (-5.6 points), business activity (-4.8 points) and employment (-3.8 points). Backlog of orders, prices, and supplier deliveries increased, indicating that the lack of supply is also affecting the services sectors.
- The number of new motor vehicles sold dropped 6.4% in February after soaring 19.9% in January. Annualized sales went from 15,034,000 units in January (the highest since June 2021) to 14,071,000 last month.
- Construction spending jumped 1.3% in January after a 0.8% (revised from 0.2%) increase in December. Residential construction also advanced 1.3%, whereas private non-residential construction gained 1.8%. Public construction posted a 0.6% gain.

CANADA

- The Bank of Canada (BoC) announced Wednesday an increase in the target overnight rate from 0.25% to 0.50%. This interest rate hike was widely expected. The target for the overnight rate has been at its effective lower bound of 0.25% since the start of the pandemic in March 2020, and it was becoming increasingly difficult to justify that degree of monetary easing. The economic recovery is well underway, with real GDP surpassing its pre-pandemic level last fall. Inflation has been picking up speed since early last year. The consumer price index rose 5.1% on a year-over-year basis in January, well above the 3% upper limit of the BoC's target range. The BoC will need to make additional rate hikes over the coming months to normalize monetary policy.
- Real GDP grew at an annual rate of 6.7% in the fourth quarter of 2021. The economy grew 4.6% in 2021. Overall, fourth quarter GDP numbers were in line with expectations. However, residential building construction made a surprising rebound, breaking the downward trend we've seen in the housing market since spring of 2021. The strength of non-residential business investment is also good news and is consistent with relatively high intentions.
- As forecast, real GDP by industry remained practically unchanged in December. Statistics Canada's preliminary data indicate an increase of roughly 0.2% in January. It looks as though the Canadian economy held up much better than expected during the Omicron wave. Given this strong start, first quarter GDP should come in higher than initially expected. But there's still a lot of uncertainty about the coming months. For example, the conflict in Ukraine could exacerbate supply chain disruptions.
- Those who were hoping for productivity to improve to offset the labour shortage will be disappointed. The fourth quarter ended with labour productivity down 0.5%. The productivity in accommodation and food services sector declined significantly even if the number of jobs to be filled is high.

Financial Markets

Intensified Fighting in Ukraine Keeps Investors on Alert

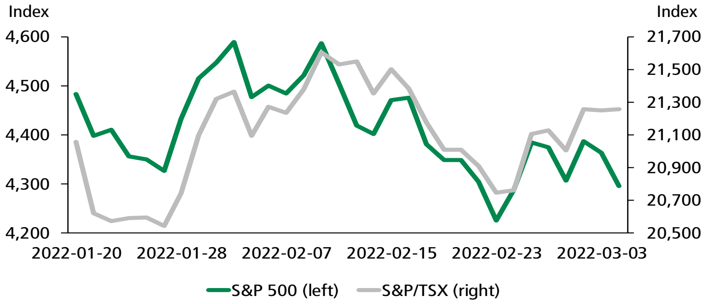
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The Ukrainian crisis continued to make headlines this week, keeping North American and global financial markets highly volatile. Many new economic sanctions have been imposed on Russia, such as the ban of Russian banks from the SWIFT communication system for interbank transactions and a ban on the Russian central bank financial exchanges. Russian stock markets were definitely hardest hit, but the repercussions have been felt elsewhere. On the ground in Ukraine, Russian forces are facing stiff resistance, which is leading to an intensification in their attacks. This deterioration in the situation could bring even more severe sanctions and raises the risk of a more direct intervention by the NATO (North Atlantic Treaty Organization). The price of oil jumped at the beginning of the week, reaching US$113 for a barrel of WTI (West Texas Intermediate) by Friday. U.S. stock indexes lost around 2% for the week and continued to slide at the time of writing. A rare exception, the Canadian S&P/TSX index benefited from commodity prices and was up around 1% for the week.

Bond yields were down considerably along the entire curve in the United States and Canada. This is mainly due to a flight to safety movement in a highly uncertain context marked by a deterioration to the economic growth outlook. However, the Ukrainian crisis could have a mostly inflationary effects in the short-term, which will require central banks to raise key rates. The 25 basis points increase in the Bank of Canada overnight rate had very little impact on the markets.

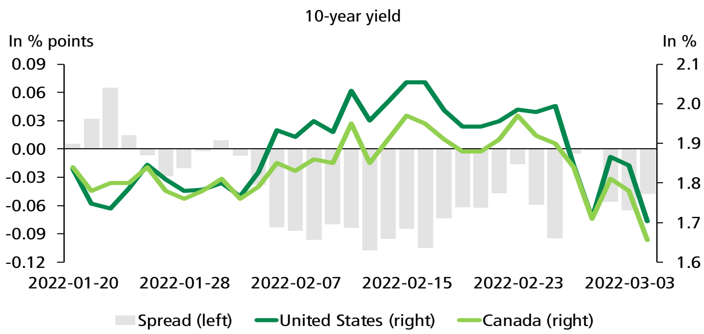
The U.S. dollar appreciated again this week, particularly against many European currencies. The euro is now worth around US$1.09 and the pound sterling, less than US$1.32. The new sanctions against Russia, including limitations on transactions with the Russian central bank, sank the rouble. It now takes about 120 roubles to buy one U.S. dollar, compared to 75 roubles at the beginning of the year. Benefiting from a safe haven effect, the Swiss franc was up slightly at the beginning of the week. The Canadian dollar remained fairly stable at close to US$0.785. On the one hand, the uncertainty is hurting the Canadian currency, but on the other, the high price of many commodities is propping it up.

GRAPH 1
Stock markets



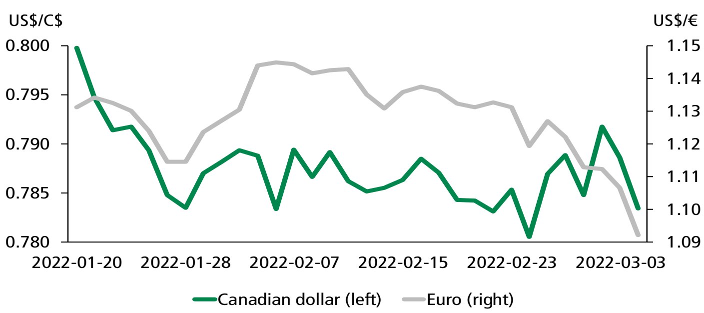
Sources: Datastream and Desjardins, Economic Studies

GRAPH 2
Bond markets



Sources: Datastream and Desjardins, Economic Studies

GRAPH 3
Currency markets



Sources: Datastream and Desjardins, Economic Studies

A Look Ahead

By Francis Généreux, Senior Economist, and Benoit P. Durocher, Senior Economist

UNITED STATES

THURSDAY March 10 - 8:30

February	m/m
Consensus	0.8%
Desjardins	0.8%
January	**0.6%**

Consumer price index (February) – Inflation continues to accelerate in the United States. The annual variation in the consumer price index (CPI) reached 7.5% in January, its highest rate since February 1982. Another increase is expected for February. Energy prices should in particular make a strong contribution to total CPI monthly variation. The price of gas at the pump jumped 5.7% last month, whereas it has rather tended to decrease in February. That means seasonal adjustments will exacerbate the rise in gas prices. Food prices are expected to see another sharp increase after gaining 0.8% in January. Excluding food and energy, core CPI is expected to climb 0.5% in February, the average for the past six months. Supply-side constraints have not yet eased, while strong price pressures persist on a number of goods. All in all, we peg the monthly variation in total CPI at 0.8%. That would push the annual variation up from 7.5% to 7.9%, a peak not seen since January 1982. Core inflation is also expected to gather pace from 6.0% to 6.4%, which would mark the highest rate since August 1982.

FRIDAY March 11 - 10:00

March	m/m
Consensus	62.5
Desjardins	60.0
February	**62.8**

University of Michigan consumer confidence index (March – preliminary) – The University of Michigan confidence index slid further in February, dropping 18.4 points since the end of summer 2021 and hitting in February its lowest point since October 2011. One might have thought that household sentiment would be positively affected with the Omicron wave fizzling out. This is without factoring in the Ukrainian crisis and, especially, its consequences for energy prices. The spike in the price of oil and, in turn, gas may further undermine consumer confidence. The weakness in stock markets is also another transmission channel of the Ukrainian crisis to U.S. households. All of that is in addition to the existing concerns about inflation. The University of Michigan index is therefore expected to drop further, possibly to 60.0.

CANADA

TUESDAY March 8 - 8:30

January	$B
Consensus	1.06
Desjardins	0.61
December	**-0.14**

International merchandise trade (January) – Expressed in Canadian dollars and seasonally adjusted, the commodity price index was up around 10% in January. Energy prices spiked, as did forest product prices. That should boost merchandise export values for the month. However, U.S. data suggest that production of automotive products slipped in January, which should be reflected in Canada–U.S. trade for this industry. It remains to be seen how much the Omicron variant will have affected international trade activity in January. Ultimately, with total exports expected to grow at a slightly faster pace than imports, the trade balance could improve somewhat.

FRIDAY March 11 - 8:30

February	
Consensus	125,000
Desjardins	180,000
January	**-200,100**

Labour Force Survey (February) – January saw a loss of 200,100 positions as a result of public health measures implemented to fight the Omicron variant and high absenteeism due to the spread of infections. However, the labour market situation should normalize as of February. Not only have public health measures been gradually relaxed, but the epidemiological situation has quickly improved. Under the circumstances, a gain of 180,000 jobs is expected for February, which could bring the unemployment rate down from 6.5% to 6.3%.

FRIDAY March 11 - 8:30

Q4 2021	
Consensus	81.9%
Desjardins	81.2%
Q3 2021	**81.4%**

Industrial capacity utilization rate (Q4) – Industrial production posted a quarterly annualized gain of 7.0% in the fourth quarter, which in principle would support an increase in the industrial capacity utilization rate. However, production capacity rose significantly during the quarter, as reflected in the 8.7% jump in business investments in non-residential buildings, machinery and equipment. At the end of the day, the industrial capacity utilization rate could decline slightly in the fourth quarter.

FRIDAY March 11 - 2:00

January	m/m
Consensus	0.2%
December	**-0.2%**

OVERSEAS

United Kingdom: Monthly GDP (January) – British monthly GDP fell 0.2% in December due to the COVID-19 wave caused by the Omicron variant. Despite this monthly pullback, quarterly real GDP managed to climb 1.0% (non-annualized) in the fourth quarter of 2021, the same growth rate as last summer. Monthly GDP growth is expected to return in January, with the 1.0% gain in retail sales pointing in this direction.

Economic Indicators

Week of March 7 to 11, 2022

Day	Hour	Indicator	Period	Consensus	Desjardins forecast	Previous data
UNITED STATES						
MONDAY 7						
	15:00	Consumer credit (US$B)	Jan.	24.000	25.000	18.898
TUESDAY 8						
	8:30	Trade balance – Goods and services (US$B)	Jan.	-87.4	-87.5	-80.7
	10:00	Wholesale inventories – final (m/m)	Jan.	0.8%	0.8%	0.8%
WEDNESDAY 9						
	---	---				
THURSDAY 10						
	8:30	Initial unemployment claims	Feb. 28-March 4	218,000	220,000	215,000
	8:30	Consumer price index				
		Total (m/m)	Feb.	0.8%	0.8%	0.6%
		Excluding food and energy (m/m)	Feb.	0.5%	0.5%	0.6%
		Total (y/y)	Feb.	7.9%	7.9%	7.5%
		Excluding food and energy (y/y)	Feb.	6.4%	6.4%	6.0%
	14:00	Federal budget (US$B)	Feb.	n/a	n/a	-310.9
FRIDAY 11						
	10:00	Michigan's consumer sentiment index – preliminary	March	62.5	60.0	62.8
CANADA						
MONDAY 7						
	---	---				
TUESDAY 8						
	8:30	International trade ($B)	Jan.	1.06	0.61	-0.14
WEDNESDAY 9						
	---	---				
THURSDAY 10						
	---	---				
FRIDAY 11						
	8:30	Net change in employment	Feb.	125,000	180,000	-200,100
	8:30	Unemployment rate	Feb.	6.3%	6.3%	6.5%
	8:30	National balance sheet	Q4			
	8:30	Industrial capacity utilization rate	Q4	81.9%	81.2%	81.4%

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 7 to 11, 2022

Country	Hour	Indicator	Period	Consensus m/m (q/q)	Consensus y/y	Previous data m/m (q/q)	Previous data y/y
OVERSEAS							
MONDAY 7							
Germany	2:00	Factory orders	Jan.	1.0%	5.8%	2.8%	5.5%
Germany	2:00	Retail sales	Jan.	1.9%	9.5%	-5.5%	0.0%
Japan	18:50	Current account (¥B)	Jan.	332.5		787.5	
TUESDAY 8							
Japan	0:00	Leading indicator – preliminary	Jan.	103.6		104.8	
Japan	0:00	Coincident indicator – preliminary	Jan.	92.3		92.7	
Germany	2:00	Industrial production	Jan.	0.5%	-1.7%	-0.3%	-4.1%
Italy	4:00	Retail sales	Jan.	n/a	n/a	0.9%	9.4%
Euro zone	5:00	Net change in employment – final	Q4	n/a	n/a	0.5%	2.1%
Euro zone	5:00	Real GDP – final	Q4	0.3%	4.6%	0.3%	4.6%
Japan	18:50	Real GDP – final	Q4	1.4%		1.3%	
China	20:30	Consumer price index	Feb.		0.9%		0.9%
China	20:30	Producer price index	Feb.		8.6%		9.1%
WEDNESDAY 9							
Italy	4:00	Industrial production	Jan.	-0.5%	3.3%	-1.0%	4.4%
Japan	18:50	Producer price index	Feb.	0.6%	8.6%	0.6%	8.6%
THURSDAY 10							
Euro zone	7:45	European Central Bank meeting	March	0.00%		0.00%	
FRIDAY 11							
United Kingdom	2:00	Trade balance (£M)	Jan.	-2,400		-2,337	
United Kingdom	2:00	Construction	Jan.	0.2%	8.9%	2.0%	7.4%
United Kingdom	2:00	Index of services	Jan.	0.2%		-0.5%	
United Kingdom	2:00	Monthly GDP	Jan.	0.2%		-0.2%	
United Kingdom	2:00	Industrial production	Jan.	0.2%	1.9%	0.3%	0.4%
Germany	2:00	Consumer price index – final	Feb.	0.9%	5.1%	0.9%	5.1%

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. The times shown are Eastern Standard Time (GMT - 5 hours).

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2021	2020	2019
Gross domestic product (2012 $B)	2021 Q4	19,811	7.0	5.6	5.7	-3.4	2.3
Consumption (2012 $B)	2021 Q4	13,837	3.1	7.0	7.9	-3.8	2.2
Government spending (2012 $B)	2021 Q4	3,360	-2.6	0.1	0.5	2.5	2.2
Residential investment (2012 $B)	2021 Q4	696.0	1.0	-1.7	9.1	6.8	-0.9
Non-residential investment (2012 $B)	2021 Q4	2,907	3.1	6.6	7.4	-5.3	4.3
Business inventory change (2012 $B)[1]	2021 Q4	171.2	---	---	-38.1	-42.3	75.1
Exports (2012 $B)	2021 Q4	2,397	23.6	5.2	4.6	-13.6	-0.1
Imports (2012 $B)	2021 Q4	3,738	17.6	9.6	14.0	-8.9	1.2
Final domestic demand (2012 $B)	2021 Q4	20,795	2.0	5.4	6.6	-2.5	2.4
GDP deflator (2012 = 100)	2021 Q4	121.3	7.1	5.9	4.2	1.3	1.8
Labor productivity (2012 = 100)	2021 Q4	113.1	6.6	1.9	1.8	2.4	2.1
Unit labor cost (2012 = 100)	2021 Q4	123.3	0.9	3.5	3.4	4.5	1.8
Employment cost index (Dec. 2005 = 100)	2021 Q4	148.1	4.2	4.0	3.3	2.6	2.8
Current account balance ($B)[1]	2021 Q3	-214.8	---	---	-616.1	-472.1	-438.2

[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)	Jan.	119.6	-0.3	1.1	2.6	8.6
ISM manufacturing index[1]	Feb.*	58.6	57.6	60.6	59.7	60.9
ISM non-manufacturing index[1]	Feb.*	56.5	59.9	68.4	62.2	55.9
Cons. confidence Conference Board (1985 = 100)[1]	Feb.	110.5	111.1	111.9	115.2	95.2
Personal consumption expenditure (2012 $B)	Jan.	13,919	1.5	0.1	1.9	5.4
Disposable personal income (2012 $B)	Jan.	15,310	-0.5	-0.9	-2.7	-9.9
Consumer credit ($B)	Dec.	4,431	0.4	1.7	2.9	5.9
Retail sales ($M)	Jan.	649,776	3.8	1.8	5.6	13.0
Excluding automobiles ($M)	*Jan.*	*517,269*	*3.3*	*1.1*	*5.8*	*13.4*
Industrial production (2012 = 100)	Jan.	103.5	1.4	2.2	2.3	4.1
Production capacity utilization rate (%)[1]	Jan.	77.6	76.6	76.1	76.2	75.0
New machinery orders ($M)	Jan.*	544,224	1.4	4.0	6.8	13.6
New durable good orders ($M)	Jan.	277,572	1.6	6.1	7.2	14.2
Business inventories ($B)	Dec.	2,207	2.1	4.9	7.2	10.5
Housing starts (k)[1]	Jan.	1,638	1,708	1,552	1,562	1,625
Building permits (k)[1]	Jan.	1,895	1,885	1,653	1,630	1,883
New home sales (k)[1]	Jan.	801.0	839.0	667.0	704.0	993.0
Existing home sales (k)[1]	Jan.	6,500	6,090	6,190	6,030	6,650
Commercial surplus ($M)[1]	Dec.	-80,731	-79,331	-80,814	-72,314	-65,802
Nonfarm employment (k)[2]	Feb.*	150,399	678.0	1,747	3,495	6,672
Unemployment rate (%)[1]	Feb.*	3.8	4.0	4.2	5.2	6.2
Consumer price (1982–1984 = 100)	Jan.	281.9	0.6	1.9	3.6	7.5
Excluding food and energy	*Jan.*	*286.4*	*0.6*	*1.7*	*2.7*	*6.0*
Personal cons. expenditure deflator (2012 = 100)	Jan.	119.4	0.6	1.7	3.1	6.1
Excluding food and energy	*Jan.*	*120.7*	*0.5*	*1.5*	*2.6*	*5.2*
Producer price (2009 = 100)	Jan.	133.0	0.9	2.3	4.3	9.7
Export prices (2000 = 100)	Jan.	148.3	2.9	1.9	4.4	15.1
Import prices (2000 = 100)	Jan.	140.1	2.0	2.3	4.1	10.8

[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	2021	2020	2019
Gross domestic product (2012 $M)	2021 Q4*	2,125,350	6.7	3.3	4.6	-5.2	1.9
Household consumption (2012 $M)	2021 Q4*	1,195,840	1.0	5.2	5.2	-6.2	1.4
Government consumption (2012 $M)	2021 Q4*	446,939	2.2	2.4	4.9	0.0	1.7
Residential investment (2012 $M)	2021 Q4*	163,034	10.2	-0.8	15.4	4.3	-0.2
Non-residential investment (2012 $M)	2021 Q4*	174,797	8.7	6.5	2.3	-12.1	2.5
Business inventory change (2012 $M)[1]	2021 Q4*	9,913	---	---	-1,543	-18,720	18,377
Exports (2012 $M)	2021 Q4*	637,732	13.4	0.8	1.4	-9.7	2.3
Imports (2012 $M)	2021 Q4*	662,085	14.4	5.0	7.4	-10.8	0.4
Final domestic demand (2012 $M)	2021 Q4*	2,133,430	2.9	3.8	5.5	-4.1	1.2
GDP deflator (2012 = 100)	2021 Q4*	122.2	6.5	8.7	8.2	0.7	1.5
Labour productivity (2012 = 100)	2021 Q4*	107.1	-2.0	-4.8	-6.9	8.1	0.7
Unit labour cost (2012 = 100)	2021 Q4*	120.5	-0.6	6.0	4.5	3.7	2.5
Current account balance ($M)[1]	2021 Q4*	-797	---	---	1,552	-39,415	-47,041
Production capacity utilization rate (%)[1]	2021 Q3	81.4	---	---	77.5	81.9	83.2
Disposable personal income ($M)	2021 Q4*	1,425,156	-5.1	2.7	2.9	8.9	4.8
Corporate net operating surplus ($M)	2021 Q4*	378,524	25.0	14.6	32.7	-1.9	-0.6

[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)	Dec.*	2,016,976	0.0	1.5	2.8	3.9
Industrial production (2012 $M)	Dec.*	394,146	-0.3	1.4	1.8	3.0
Manufacturing sales ($M)	Dec.	63,996	0.7	8.7	6.1	16.6
Housing starts (k)[1]	Jan.	230.8	238.4	238.1	274.1	315.5
Building permits ($M)	Jan.*	10,117	-8.8	-4.3	1.9	1.0
Retail sales ($M)	Dec.	57,047	-1.8	0.5	1.6	8.6
Excluding automobiles ($M)	*Dec.*	*42,058*	*-2.5*	*-0.2*	*1.8*	*8.3*
Wholesale trade sales ($M)	Dec.	76,216	0.6	6.4	6.7	13.5
Commercial surplus ($M)[1]	Dec.	-137.4	2,466	1,123	1,922	-2,088
Exports ($M)	*Dec.*	*57,612*	*-0.9*	*9.0*	*8.0*	*21.7*
Imports ($M)	*Dec.*	*57,749*	*3.7*	*11.6*	*12.3*	*16.8*
Employment (k)[2]	Jan.	19,176	-200.1	11.4	49.4	74.2
Unemployment rate (%)[1]	Jan.	6.5	6.0	6.8	7.4	9.4
Average weekly earnings ($)	Dec.	1,135	0.4	-0.1	1.1	1.7
Number of salaried employees (k)[2]	Dec.	17,102	122.2	100.1	135.5	93.8
Consumer price (2002 = 100)	Jan.	145.3	0.9	1.0	2.1	5.1
Excluding food and energy	*Jan.*	*137.5*	*0.6*	*0.5*	*1.4*	*3.5*
Excluding 8 volatile items	*Jan.*	*142.6*	*0.8*	*0.8*	*1.9*	*4.3*
Industrial product price (2010 = 100)	Jan.*	121.9	3.0	3.7	6.0	16.9
Raw materials price (2010 = 100)	Jan.*	138.1	6.5	3.4	7.5	30.5
Money supply M1+ ($M)	Dec.	1,590,219	-0.8	0.6	2.9	14.4

[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

	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
IN % (EXPECTED IF INDICATED)	March 4	Feb. 25	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
United States									
Federal funds – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.29	0.33	0.23	0.06	0.05	0.04	0.45	0.08	0.01
Treasury bonds – 2 years	1.45	1.57	1.33	0.54	0.19	0.15	1.59	0.44	0.12
– 5 years	1.60	1.90	1.78	1.12	0.77	0.78	1.95	1.05	0.64
– 10 years	1.70	1.99	1.93	1.33	1.32	1.55	2.05	1.55	1.17
– 30 years	2.13	2.31	2.23	1.68	1.94	2.29	2.48	2.09	1.68
S&P 500 index (level)	4,296	4,385	4,501	4,538	4,535	3,842	4,797	4,387	3,821
DJIA index (level)	33,273	34,059	35,090	34,580	35,369	31,496	36,800	34,718	31,802
Gold price (US$/ounce)	1,958	1,887	1,804	1,775	1,834	1,696	1,958	1,803	1,682
CRB index (level)	289.20	264.44	261.29	220.64	220.11	193.45	289.20	222.23	184.08
WTI oil (US$/barrel)	112.39	92.19	92.29	66.26	69.37	66.09	112.39	73.80	57.71
Canada									
Overnight – target	0.50	0.25	0.25	0.25	0.25	0.25	0.50	0.25	0.25
Treasury bill – 3 months	0.57	0.38	0.28	0.03	0.15	0.11	0.59	0.16	0.00
Treasury bonds – 2 years	1.40	1.53	1.36	1.01	0.39	0.29	1.57	0.67	0.22
– 5 years	1.46	1.74	1.71	1.34	0.78	0.90	1.82	1.14	0.75
– 10 years	1.66	1.90	1.85	1.45	1.19	1.50	1.97	1.50	1.12
– 30 years	1.95	2.18	2.10	1.74	1.75	1.88	2.23	1.94	1.66
Spread with the U.S. rate (% points)									
Overnight – target	0.25	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00
Treasury bill – 3 months	0.28	0.05	0.05	-0.03	0.10	0.07	0.30	0.08	-0.11
Treasury bonds – 2 years	-0.05	-0.04	0.03	0.47	0.20	0.14	0.62	0.23	-0.08
– 5 years	-0.14	-0.16	-0.07	0.22	0.01	0.12	0.33	0.09	-0.16
– 10 years	-0.05	-0.09	-0.08	0.12	-0.13	-0.05	0.17	-0.05	-0.21
– 30 years	-0.18	-0.13	-0.13	0.06	-0.19	-0.41	0.18	-0.16	-0.45
S&P/TSX index (level)	21,255	21,106	21,272	20,633	20,821	18,381	21,769	20,368	18,458
Exchange rate (C$/US$)	1.2765	1.2708	1.2766	1.2844	1.2528	1.2657	1.2943	1.2531	1.2034
Exchange rate (C$/€)	1.3938	1.4320	1.4615	1.4533	1.4887	1.5085	1.5175	1.4638	1.3938
Overseas									
Euro zone									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange rate (US$/€)	1.0921	1.1269	1.1448	1.1315	1.1883	1.1918	1.2252	1.1686	1.0921
United Kingdom									
BoE – Base rate	0.50	0.50	0.50	0.10	0.10	0.10	0.50	0.15	0.10
Bonds – 10 years	1.20	1.46	1.41	0.75	0.72	0.78	1.59	0.91	0.58
FTSE index (level)	7,034	7,489	7,516	7,122	7,138	6,631	7,672	7,151	6,675
Exchange rate (US$/£)	1.3220	1.3407	1.3531	1.3233	1.3867	1.3843	1.4212	1.3716	1.3208
Germany									
Bonds – 10 years	-0.09	0.19	0.17	-0.38	-0.36	-0.34	0.28	-0.24	-0.54
DAX index (level)	13,170	14,567	15,100	15,170	15,781	13,921	16,272	15,453	13,170
Japan									
BoJ – Main policy rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Nikkei index (level)	25,985	26,477	27,440	28,030	29,128	28,864	30,670	28,592	25,971
Exchange rate (US$/¥)	114.82	115.58	115.22	112.82	109.75	108.36	116.16	111.64	107.93

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 exeption of the current day where they were taken at 11:00 a.m.