WEEKLY NEWSLETTER

Bond Yields Jump after the Federal Reserve's Meeting

MUSINGS OF THE WEEK

- Investors may have to get used to the return of some volatility.

KEY STATISTICS OF THE WEEK

- Federal Reserve: Another step toward a tapering of asset purchases.
- United States: Housing starts and building permits make solid gains.
- Canada: Retail sales fell less than expected in July.

A LOOK AHEAD

- United States: A slight increase in ISM manufacturing is expected.
- Canada: Real GDP by industry should edge down in July.

FINANCIAL MARKETS

- The stock market declines halted after the Federal Reserve meeting.
- The Federal Reserve's signal of an upcoming reduction in asset purchases pushed bond yields up.
- The U.S. dollar got a boost from concerns over China.

CONTENTS

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Musings of the Week

Investors May Have to Get Used to the Return of Some Volatility

By Mathieu D'Anjou, CFA, Director and Deputy Chief Economist

The last few sessions have continued to be eventful for financial markets. At the beginning of the week, fears about the Chinese giant Evergrande Real Estate Group and nervousness about the Federal Reserve (Fed) meeting caused the stock markets to fall heavily, but an equally spectacular rebound followed from Wednesday. The stock market rally was also accompanied by a significant increase in bond yields. The next few weeks could remain volatile as the situation in China continues to be a concern and the timeline is very tight for the U.S. administration to avoid a federal government shutdown and succeed in suspending the debt ceiling again.

Beyond the one-off events that are currently moving markets, one might wonder whether it would not be normal for the period of almost uninterrupted stock market gains observed since April 2020 to gradually give way to slightly more jerky and unpredictable movements that more closely resemble the traditional evolution of indices.

It is important to remember that the current stock market surge was preceded by a particularly sharp correction when the pandemic broke out last year. A key decision by central banks, led by the Fed, was to do everything possible to avoid a full-blown financial crisis by injecting massive amounts of liquidity and even buying relatively risky securities like corporate bonds. Even though these purchases of riskier assets were limited, the message was clear that central banks were ready to play the role of a buyer of last resort to ensure the smooth functioning of financial markets. Central banks saw the maintenance of favorable financial conditions as essential to ensure a strong economic recovery and to limit downside risks to inflation.

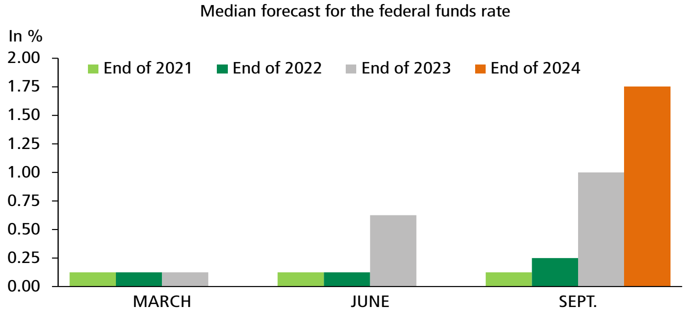
These central bank actions were very effective and contributed greatly to the dramatic recovery in economic activity and financial markets that followed the initial COVID-19 shock. The strong commitment of central banks to maintaining very favorable financial conditions, combined with unprecedented support from fiscal policies, allowed markets to ride out the subsequent waves of the health crisis almost without flinching. These factors also greatly helped companies weather the crisis and quickly regained profitability.

The actions of central banks and governments have been so effective that initial fears of economic depression have quickly disappeared and been gradually replaced by fears of overheating. While largely reflecting temporary factors, the surge in inflation has exceeded all expectations and upside risks now dominate in an environment of significant supply constraints and labor shortages. The dramatic surge in financial and real estate asset prices has also, once again, brought concerns about financial stability to the forefront. Against this backdrop, central banks have had to quickly adjust their rhetoric and, in many cases, have already begun to normalize their monetary policy. Even the Fed made it clear this week that it will soon begin to taper its asset purchases and its officials are signaling that a fairly rapid increase in policy rates will likely be necessary.

For central banks, maintaining favorable financial conditions will likely remain an important concern in the coming quarters. However, this concern must now be balanced with concerns about inflation and financial stability. The reaction function of central banks is thus becoming more complex and investors should be aware that they can no longer rely on such absolute support from central banks. This could bring back some volatility. Nonetheless, the risk of a major stock market correction in the short term still seems to be quite limited given the economic and financial context. The bond market, which until recently seemed to have ignored the evolution of central bank speeches, seems more vulnerable.

GRAPH

Federal Reserve officials are now signaling a relatively quick increase in policy rates



Sources: Federal Reserve and Desjardins, Economic Studies

Key Statistics of the Week

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

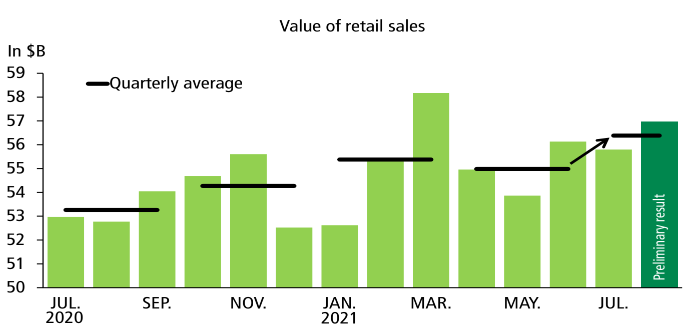
UNITED STATES

- For the first time since the onset of the pandemic, Federal Reserve (Fed) officials formalized in their statement that we could soon see a reduction in the level of monetary stimulus. However, this is highly dependent on how the economic and public health situations unfold. In the press conference, the Fed Chair pointed out that several members of the monetary policy committee believe that the conditions for beginning to reduce asset purchases have been met or are close to being met. In that sense, a tapering could be officially announced at the Fed's next meeting, which will end on November 3. Once begun, the tapering of purchases could be gradually implemented and end around mid-2022.
- After dropping 6.2% in July, housing starts rose 3.9% in August. Annualized housing starts seesawed from 1,657,000 units in June to 1,554,000 in July, then to 1,615,000 in August. The monthly increase stems exclusively from multi-unit housing, which jumped 21.6%, while new single-family home construction fell 2.8%. Building permits, meanwhile, rose 6.0%.
- Following a 2.2% increase in July, existing home sales fell 2.0% in August. Annualized sales dipped from 6,000,000 to 5,880,000 units. This decline moves the resale level further away from the cyclical peak of 6,730,000 reached nearly a year ago. The decline in August stems more from condominiums (-2.8%) than from single-family homes (-1.9%).
- Sales of new single-family homes rose 1.5% in August, following a strong 6.4% gain in July. This gain pushed annualized sales from a low of 685,000 in June to 729,000 in July, then to 740,000 in August. This is still 25.5% below last January's peak, however.
- The Conference Board's leading indicator rose 0.9% in August, following a 0.8% gain in July. Eight of the ten components increased. Jobless claims, the ISM manufacturing index and building permits made the largest contributions to the index's monthly growth.

CANADA

- The value of retail sales declined 0.6% in July, less than the 1.7% drop suggested by preliminary data. Two sectors mainly contributed to the decline. First, building material and garden equipment and supplies dealers saw a sharp drop (-7.3%) as a result of the housing market slowdown. Second, sales at food and beverage stores declined 3.4% as the easing of COVID-19 restrictions in restaurants and bars led to spending substitution. In terms of volume, retail sales fell 1.1% in July. Statistics Canada also reported that preliminary results for August showed a 2.1% increase in the value of sales for the month.

CANADA
Will retail sales rise in the third quarter?



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

China's Financial System Hits Turbulence

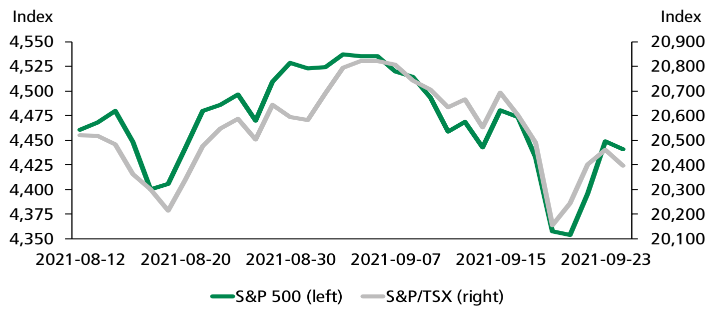
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The week started off very poorly for the stock markets due to a panic caused by the potential default of Evergrande Real Estate Group, one of China's largest real estate development companies. The Chinese stock markets tumbled on Monday, and the North American indexes were close on their heels, dropping more than 2%. However, investors regained confidence, driving the markets back up over the following days. The Federal Reserve (Fed) meeting on Wednesday was widely anticipated by investors. The announcement of an upcoming tapering of asset purchases, the date of which has yet to be determined, did not cause any upheaval. On the contrary, it seemed to reassure investors. The stock markets continued to rebound on Thursday but appeared hesitant on Friday morning, when Evergrande finally defaulted on a debt repayment. China also announced new restrictions on cryptos. For the week as a whole, the Dow Jones and the S&P 500 gained nearly 0.5%, while the NASDAQ and the S&P/TSX fell by around the same amount. The price of a barrel of WTI (West Texas Intermediate) also rose over the week, reaching US$73 due to production constraints.

The bond markets didn't immediately show a strong reaction following the Fed's announcement on Wednesday. However, yields were on a clear upward trend on Thursday and Friday, with 5-year yields being the most affected, climbing nearly 9 basis points in the United States and close to 14 basis points in Canada. Investors are taking the measure of the effects of the Fed's announced tapering of asset purchases and planned interest rate hikes.

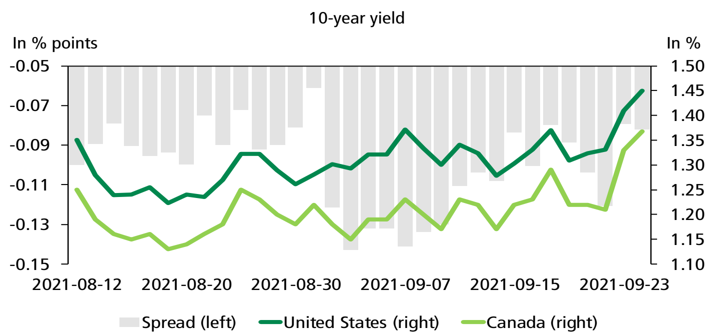
Concerns over Evergrande early in the week temporarily lifted the U.S. dollar. Another temporary rebound was seen after the Fed meeting. In the end, renewed concerns regarding Evergrande on Friday was accompanied by a further appreciation of the U.S. dollar. At the time of writing, the euro was trading at close to US$1.17. The pound was back down to under US$1.37. Due to a greater risk of financial instability in Asia, the yen failed to benefit from a safe-haven effect and depreciated to over ¥110.50/US$. The Canadian was harder hit on Monday but fared better after that, trading at over US$0.785 on Friday.

GRAPH 1
Stock markets



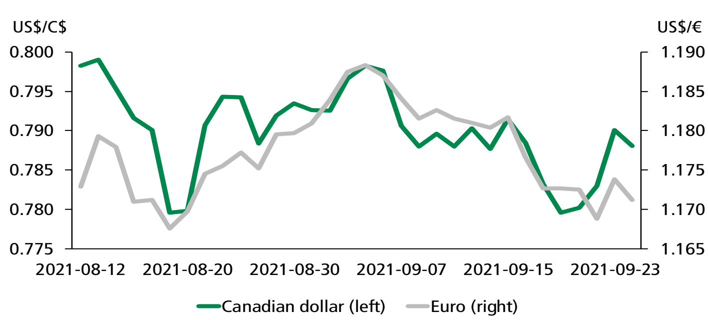
Sources: Datastream and Desjardins, Economic Studies

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

MONDAY September 27 - 8:30	
August	**m/m**
Consensus	0.7%
Desjardins	1.8%
July	**-0.1%**

New durable goods orders (August) – New durable goods orders were down 0.1% in July, due mainly to fewer aircraft orders, but we hope this sector will make a strong positive contribution in August. The monthly increase in Boeing orders is a positive sign. Motor vehicle orders should stagnate, however, after increasing strongly in July. Excluding transportation, the figures on industrial production point to a slowdown after July's 0.8% gain, although the solid reading of the ISM manufacturing index is a good sign. New orders other than for transportation should rise 0.3%, while total new orders could climb 1.8%.

TUESDAY September 28 - 9:00	
July	**y/y**
Consensus	20.00%
Desjardins	19.70%
June	**19.08%**

S&P/Case-Shiller home price index (July) – The annual variation of the S&P/Case-Shiller index for the 20 largest cities rose to 19.1% in June, the highest it has been since the index was created in 2000. Prices have not stopped going up and we expect a monthly increase of 1.3% in July, which would bring the annual variation up to 19.7%.

TUESDAY September 28 - 10:00	
September	
Consensus	115.0
Desjardins	115.0
August	**113.8**

Conference Board consumer confidence index (September) – The Conference Board confidence index lost a total of 15.1 points in July and August. Before that it was getting back to pre-pandemic levels, but then it sank to its lowest since February. Like the University of Michigan index, which also fell over the summer but then rose slightly according to September's preliminary figures, we can expect the Conference Board index to improve slightly. However, the difficulties the markets have had in recent weeks and the September drops in the weekly Langer index and the monthly TIPP index all point to another decline.

FRIDAY October 1 - 8:30	
August	**m/m**
Consensus	0.6%
Desjardins	0.5%
July	**0.3%**

Consumer spending (August) – Real consumption dipped 0.1% in July after an 0,5% gain in June. We expect it to pick up in August despite the anticipated drop in motor vehicle sales; the number of new vehicles sold plunged 10.7% last month. However, the solid performance of retail sales in August indicates strong growth in the consumption of non-durable goods. On the services side, food services probably stagnated after several months of recovery, but the unusually hot weather should push the demand for energy up. Bottom line: real consumption should go up 0.3%. The consumer expenditure deflator should be up 0.3% for the month, which, taking into account the decimals, would bring the monthly variation of nominal expenditures to 0.5%.

FRIDAY October 1 - 10:00	
September	**m/m**
Consensus	59.5
Desjardins	60.9
August	**59.9**

ISM manufacturing index (September) – ISM manufacturing gained 0.4 points in August after losing 1.7 points in June and July. Even though it is below its recent peak of 64.7 in March, the ISM manufacturing index is still relatively high, signalling that the manufacturing sector is continuing to recover. It should be up again in September, based on the recent performances of regional manufacturing indexes. The ISM manufacturing index should go to 60.9.

CANADA

FRIDAY October 1 - 8:30

July	m/m
Consensus	-0.2%
Desjardins	-0.1%
June	**0.7%**

Real GDP by industry (July) – According to Statistics Canada's preliminary results, July should close with real GDP by industry down about 0.4%. However, our estimates indicate that the drop in real GDP by industry could be less pronounced than the preliminary results indicate, around -0.1%. For example, the number of hours worked jumped 1.3% in July. Significant gains were noted in finance, insurance, real estate and leasing as well as accommodation and food services.

OVERSEAS

DURING THE WEEK

Japan: Economic indicators – A number of major indicators for August will be released in Japan this week. On Wednesday evening we will get the figures for retail sales and industrial production. While July brought nice monthly growth (+1.1%) for sales, output suffered a contraction of 1.5%. The unemployment rate will be released on Thursday evening, as will the Tankan large for sales index.

WEDNESDAY September 29 - 5:00
September

Euro zone: Confidence indicators (September) – After a net positive trend in spring and the beginning of summer, most of the indexes fell in August, although not too badly. The signals for September are mixed. The preliminary version of the consumer confidence index showed modest improvement, but the PMI indexes declined.

Economic Indicators

Week of September 27 to October 1, 2021

UNITED STATES

Day	Hour	Indicator	Period	Consensus		Previous data
MONDAY 27	8:00	Speech of the Chicago Fed President, C. Evans				
	8:30	Durable goods orders (m/m)	Aug.	0.7%	1.8%	-0.1%
	12:00	Speech of the New York Fed President, J. Williams				
	12:15	Speech of a Federal Reserve Governor, L. Brainard				
TUESDAY 28	8:30	Goods trade balance – preliminary (US$B)	Aug.	-87.3	-88.3	-86.4
	8:30	Retail inventories (m/m)	Aug.	0.7%	n/a	0.4%
	8:30	Wholesale inventories – preliminary (m/m)	Aug.	0.9%	n/a	0.6%
	9:00	S&P/Case-Shiller home price index (y/y)	July	20.00%	19.70%	19.08%
	10:00	Consumer confidence	Sept.	115.0	115.0	113.8
	10:00	Speech of the Federal Reserve Chair, J. Powell				
	15:00	Speech of the Atlanta Fed President, R. Bostic				
	19:00	Speech of the St. Louis Fed President, J. Bullard				
WEDNESDAY 29	10:00	Pending home sales (m/m)	Aug.	1.1%	n/a	-1.8%
	11:45	Speech of the Federal Reserve Chair, J. Powell				
THURSDAY 30	8:30	Initial unemployment claims	Sept. 20-24	325,000	340,000	351,000
	8:30	Real GDP (ann. rate)	Q2t	6.6%	6.6%	6.6%
	9:45	Chicago PMI index	Sept.	65.0	64.0	66.8
FRIDAY 1	---	Total vehicle sales (ann. rate)	Sept.	13,400,000	13,500,000	13,060,000
	8:30	Personal income (m/m)	Aug.	0.2%	0.2%	1.1%
	8:30	Personal consumption expenditures (m/m)	Aug.	0.6%	0.5%	0.3%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	Aug.	0.3%	0.3%	0.4%
		Excluding food and energy (m/m)	Aug.	0.2%	0.2%	0.3%
		Total (y/y)	Aug.	4.1%	4.1%	4.2%
		Excluding food and energy (y/y)	Aug.	3.5%	3.4%	3.6%
	10:00	Construction spending (m/m)	Aug.	0.3%	0.5%	0.3%
	10:00	Michigan's consumer sentiment index – final	Sept.	71.0	71.0	71.0
	10:00	ISM manufacturing index	Sept.	59.5	60.9	59.9
	11:00	Speech of the Philadelphia Fed President, P. Harker				
	13:00	Speech of the Cleveland Fed President, L. Mester				

CANADA

Day	Hour	Indicator	Period	Consensus		Previous data
MONDAY 27	---	---				
TUESDAY 28	8:30	Average weekly earnings (y/y)	July	n/a	1.3%	0.7%
	8:30	Number of salaried employees (m/m)	July	n/a	0.5%	1.3%
WEDNESDAY 29	8:30	Industrial product price index (m/m)	Aug.	-0.3%	-0.3%	-0.4%
	8:30	Raw materials price index (m/m)	Aug.	-1.5%	-1.5%	2.2%
THURSDAY 30	---	Bond markets closed (Reconciliation Day)				
FRIDAY 1	8:30	Real GDP by industry (m/m)	July	-0.2%	-0.1%	0.7%

NOTE: Desjardins, Economic Studies are involved every week in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. The times shown are Daylight Saving Time (GMT - 4 hours). Forecast of Desjardins, Economic Studies of the Desjardins Group.

Economic Indicators

Week of September 27 to October 1, 2021

Country	Hour	Indicator	Period	Consensus m/m (q/q)	Consensus y/y	Previous data m/m (q/q)	Previous data y/y
OVERSEAS							
DURING THE WEEK							
United Kingdom	---	Nationwide house prices	Sept.	0.6%	10.7%	2.1%	11.0%
MONDAY 27							
Japan	1:00	Leading indicator – final	July	n/a		104.1	
Japan	1:00	Coincident indicator – final	July	n/a		94.5	
Euro zone	4:00	Money supply M3	Aug.		7.7%		7.6%
TUESDAY 28							
Germany	2:00	Consumer confidence	Oct.	-1.6		-1.2	
France	2:45	Consumer confidence	Sept.	100		99	
WEDNESDAY 29							
Euro zone	5:00	Consumer confidence – final	Sept.	n/a		-4.0	
Euro zone	5:00	Industrial confidence	Sept.	12.5		13.7	
Euro zone	5:00	Services confidence	Sept.	16.4		16.8	
Euro zone	5:00	Economic confidence	Sept.	116.9		117.5	
Japan	19:50	Industrial production – preliminary	Aug.	-0.5%	12.1%	-1.5%	11.6%
Japan	19:50	Retail sales	Aug.	-1.8%	-1.3%	1.1%	2.4%
China	21:00	PMI manufacturing index	Sept.	50.2		50.1	
China	21:00	PMI non-manufacturing index	Sept.	50.8		47.5	
THURSDAY 30							
Japan	1:00	Housing starts	Aug.		9.5%		9.9%
United Kingdom	2:00	Current account (£B)	Q2	-15.7		-12.8	
United Kingdom	2:00	Real GDP – final	Q2	4.8%	22.2%	4.8%	22.2%
France	2:45	Personal consumption expenditures	Aug.	0.0%	-5.9%	-2.2%	-4.6%
France	2:45	Consumer price index – preliminary	Sept.	-0.1%	2.2%	0.6%	1.9%
Italy	4:00	Unemployment rate	Aug.	9.2%		9.3%	
Euro zone	5:00	Unemployment rate	Aug.	7.5%		7.6%	
Italy	5:00	Consumer price index – preliminary	Sept.	-0.3%	2.4%	0.5%	2.1%
Germany	8:00	Consumer price index – preliminary	Sept.	0.1%	4.2%	0.0%	3.9%
Mexico	14:00	Bank of Mexico meeting	Sept.	4.75%		4.50%	
Japan	19:30	Unemployment rate	Aug.	2.9%		2.8%	
Japan	19:50	Tankan large manufacturers index	Q3	13		14	
Japan	20:30	PMI manufacturing index – final	Sept.	n/a		51.2	
FRIDAY 1							
Japan	1:00	Consumer confidence	Sept.	38.0		36.7	
Japan	1:00	Vehicle sales	Sept.		n/a		4.4%
Germany	2:00	Retail sales	Aug.	1.5%	1.8%	-5.1%	-0.3%
Italy	3:45	PMI manufacturing index	Sept.	59.5		60.9	
France	3:50	PMI manufacturing index – final	Sept.	55.2		55.2	
Germany	3:55	PMI manufacturing index – final	Sept.	58.5		58.5	
Euro zone	4:00	PMI manufacturing index – final	Sept.	58.7		58.7	
United Kingdom	4:30	PMI manufacturing index – final	Sept.	56.3		56.3	
Euro zone	5:00	Consumer price index – preliminary	Sept.	0.5%	3.3%	0.4%	3.0%

NOTE: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. The times shown are Daylight Saving Time (GMT - 4 hours).

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 $B)	2021 Q2	19,361	6.6	12.2	-3.4	2.3	2.9
Consumption (2012 $B)	2021 Q2	13,660	11.9	16.2	-3.8	2.2	2.9
Government spending (2012 $B)	2021 Q2	3,375	-1.9	-0.1	2.5	2.2	1.4
Residential investment (2012 $B)	2021 Q2	708.7	-11.5	21.2	6.8	-0.9	-0.6
Non-residential investment (2012 $B)	2021 Q2	2,873	9.3	13.3	-5.3	4.3	6.4
Business inventory change (2012 $B)[1]	2021 Q2	-169.4	---	---	-42.3	75.1	65.7
Exports (2012 $B)	2021 Q2	2,299	6.6	18.3	-13.6	-0.1	2.8
Imports (2012 $B)	2021 Q2	3,546	6.7	30.5	-8.9	1.2	4.1
Final domestic demand (2012 $B)	2021 Q2	20,622	7.9	12.9	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q2	117.5	6.1	4.1	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q2	112.7	2.1	1.8	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q2	118.6	1.3	0.2	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q2	144.7	2.8	2.8	2.6	2.8	2.8
Current account balance ($B)[1]	2021 Q2*	-190.3	---	---	-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)	Aug.*	117.1	0.9	2.4	6.4	10.0
ISM manufacturing index[1]	Aug.	59.9	59.5	61.2	60.8	55.6
ISM non-manufacturing index[1]	Aug.	61.7	64.1	64.0	55.3	57.2
Cons. confidence Conference Board (1985 = 100)[1]	Aug.	113.8	125.1	120.0	95.2	86.3
Personal consumption expenditure (2012 $B)	July	13,667	-0.1	-0.1	3.5	7.6
Disposable personal income (2012 $B)	July	15,580	0.7	-3.0	-8.3	-3.5
Consumer credit ($B)	July	4,331	0.4	2.1	3.5	4.2
Retail sales ($M)	Aug.	618,676	0.7	-0.2	10.5	15.1
Excluding automobiles ($M)	*Aug.*	*497,178*	*1.8*	*2.5*	*11.9*	*16.2*
Industrial production (2012 = 100)	Aug.	101.6	0.4	1.7	5.4	5.9
Production capacity utilization rate (%)[1]	Aug.	76.4	76.2	75.2	72.7	72.3
New machinery orders ($M)	July	508,062	0.4	4.2	6.0	15.9
New durable good orders ($M)	July	257,409	-0.1	3.9	5.9	17.7
Business inventories ($B)	July	2,069	0.5	2.0	3.0	7.2
Housing starts (k)[1]	Aug.*	1,615	1,554	1,594	1,447	1,376
Building permits (k)[1]	Aug.*	1,721	1,630	1,683	1,726	1,522
New home sales (k)[1]	Aug.*	740.0	729.0	733.0	823.0	977.0
Existing home sales (k)[1]	Aug.*	5,880	6,000	5,780	6,240	5,970
Commercial surplus ($M)[1]	July	-70,051	-73,230	-66,659	-65,696	-60,743
Nonfarm employment (k)[2]	Aug.	147,190	235.0	2,250	3,918	6,041
Unemployment rate (%)[1]	Aug.	5.2	5.4	5.8	6.2	8.4
Consumer price (1982–1984 = 100)	Aug.	273.0	0.3	1.7	3.7	5.2
Excluding food and energy	*Aug.*	*279.3*	*0.1*	*1.3*	*3.3*	*4.0*
Personal cons. expenditure deflator (2012 = 100)	July	115.9	0.4	1.5	2.9	4.2
Excluding food and energy	*July*	*117.7*	*0.3*	*1.4*	*2.6*	*3.6*
Producer price (2009 = 100)	Aug.	128.2	0.7	2.7	5.1	8.3
Export prices (2000 = 100)	Aug.	142.6	0.4	2.6	8.9	16.8
Import prices (2000 = 100)	Aug.	134.3	-0.3	1.1	4.9	9.0

[1] Statistic shows the level of the month of the column; [2] Statistic shows the variation since the reference month; * New statistic in comparison with last week.

CANADA
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 $M)	2021 Q2	2,071,190	-1.1	12.7	-5.3	1.9	2.4
Household consumption (2012 $M)	2021 Q2	1,148,842	0.2	14.2	-6.0	1.6	2.5
Government consumption (2012 $M)	2021 Q2	447,597	6.1	10.0	-0.3	2.0	2.9
Residential investment (2012 $M)	2021 Q2	172,288	-12.4	42.3	4.1	-0.2	-1.7
Non-residential investment (2012 $M)	2021 Q2	159,670	12.1	7.7	-13.6	1.1	3.1
Business inventory change (2012 $M)[1]	2021 Q2	8,308	---	---	-15,937	18,766	15,486
Exports (2012 $M)	2021 Q2	602,785	-15.0	12.0	-10.0	1.3	3.7
Imports (2012 $M)	2021 Q2	634,610	-0.1	26.1	-11.2	0.4	3.4
Final domestic demand (2012 $M)	2021 Q2	2,087,592	0.7	14.4	-4.3	1.4	2.5
GDP deflator (2012 = 100)	2021 Q2	118.9	9.2	9.2	0.7	1.7	1.8
Labour productivity (2012 = 100)	2021 Q2	110.7	2.3	-12.6	8.1	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q2	117.1	11.1	1.1	3.1	2.9	3.1
Current account balance ($M)[1]	2021 Q2	3,581	---	---	-40,087	-47,384	-52,224
Production capacity utilization rate (%)[1]	2021 Q2	82.0	---	---	77.6	82.6	83.7
Disposable personal income ($M)	2021 Q2	1,463,752	9.2	-1.7	10.4	3.8	3.1
Corporate net operating surplus ($M)	2021 Q2	386,256	1.6	68.1	-4.0	0.6	3.8

[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)	June	1,970,194	0.7	-0.7	1.7	8.0
Industrial production (2012 $M)	June	387,884	1.7	0.2	1.9	9.3
Manufacturing sales ($M)	July	59,551	-1.5	1.9	4.3	12.2
Housing starts (k)[1]	Aug.	260.2	270.7	284.6	272.9	261.5
Building permits ($M)	July	9,897	-3.9	-10.4	-1.2	21.8
Retail sales ($M)	July*	55,798	-0.6	1.5	6.0	5.3
Excluding automobiles ($M)	*July**	*40,870*	*-1.0*	*1.9*	*5.0*	*5.2*
Wholesale trade sales ($M)	July	70,069	-2.1	-2.3	0.6	8.0
Commercial surplus ($M)[1]	July	778.1	2,562	476.3	1,476	-2,496
Exports ($M)	*July*	*53,749*	*0.6*	*6.4*	*4.4*	*17.0*
Imports ($M)	*July*	*52,971*	*4.2*	*5.8*	*6.0*	*9.4*
Employment (k)[2]	Aug.	18,974	90.2	138.3	73.8	79.8
Unemployment rate (%)[1]	Aug.	7.1	7.5	8.2	8.2	10.2
Average weekly earnings ($)	June	1,125	-1.0	0.3	0.8	0.7
Number of salaried employees (k)[2]	June	16,272	214.8	39.2	49.2	158.5
Consumer price (2002 = 100)	Aug.	142.6	0.2	1.1	2.7	4.1
Excluding food and energy	*Aug.*	*135.9*	*0.2*	*1.0*	*2.1*	*3.0*
Excluding 8 volatile items	*Aug.*	*140.3*	*0.2*	*1.1*	*2.3*	*3.5*
Industrial product price (2010 = 100)	July	114.4	-0.4	2.8	9.7	15.4
Raw materials price (2010 = 100)	July	127.4	2.2	9.5	20.4	37.7
Money supply M1+ ($M)	July	1,565,089	1.3	4.5	10.8	19.8

[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.

UNITED STATES, CANADA, OVERSEAS

Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	Sep. 24	Sep. 17	-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	0.03	0.04	0.05	0.06	0.02	0.10	0.12	0.06	0.01
Treasury bonds – 2 years	0.27	0.23	0.20	0.26	0.14	0.13	0.27	0.16	0.11
– 5 years	0.95	0.87	0.79	0.91	0.83	0.26	0.95	0.64	0.24
– 10 years	1.45	1.37	1.29	1.54	1.66	0.66	1.75	1.25	0.64
– 30 years	1.98	1.91	1.91	2.17	2.37	1.41	2.48	1.96	1.41
S&P 500 index (level)	4,441	4,433	4,509	4,281	3,975	3,298	4,537	3,994	3,270
DJIA index (level)	34,727	34,585	35,456	34,434	33,073	27,174	35,625	32,334	26,502
Gold price (US$/ounce)	1,752	1,754	1,808	1,781	1,733	1,862	1,952	1,821	1,682
CRB index (level)	223.99	222.11	219.18	210.42	187.73	148.36	225.46	188.41	144.12
WTI oil (US$/barrel)	73.64	72.05	68.85	74.20	58.51	40.10	75.38	58.82	35.61
Canada									
Overnight – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.12	0.12	0.18	0.14	0.09	0.14	0.19	0.11	0.05
Treasury bonds – 2 years	0.49	0.46	0.44	0.44	0.23	0.25	0.49	0.31	0.15
– 5 years	1.03	0.90	0.83	1.00	0.93	0.35	1.03	0.70	0.34
– 10 years	1.37	1.29	1.20	1.45	1.49	0.54	1.61	1.12	0.54
– 30 years	1.90	1.82	1.75	1.89	1.95	1.07	2.19	1.66	1.08
Spread with the U.S. rate (% points)									
Overnight – target	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury bill – 3 months	0.09	0.08	0.13	0.08	0.07	0.04	0.13	0.06	-0.04
Treasury bonds – 2 years	0.22	0.23	0.24	0.18	0.09	0.12	0.29	0.14	0.01
– 5 years	0.08	0.03	0.04	0.09	0.10	0.09	0.21	0.07	-0.04
– 10 years	-0.08	-0.08	-0.09	-0.09	-0.17	-0.12	0.03	-0.13	-0.30
– 30 years	-0.08	-0.09	-0.16	-0.28	-0.42	-0.34	-0.08	-0.30	-0.46
S&P/TSX index (level)	20,397	20,490	20,645	20,230	18,753	16,065	20,821	18,714	15,581
Exchange rate (C$/US$)	1.2689	1.2768	1.2628	1.2296	1.2578	1.3386	1.3389	1.2651	1.2034
Exchange rate (C$/€)	1.4861	1.4973	1.4895	1.4675	1.4840	1.5571	1.5741	1.5122	1.4619
Overseas									
Euro zone									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange rate (US$/€)	1.1712	1.1727	1.1795	1.1935	1.1798	1.1632	1.2327	1.1955	1.1642
United Kingdom									
BoE – Base rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Bonds – 10 years	0.93	0.85	0.68	0.81	0.79	0.15	0.93	0.59	0.14
FTSE index (level)	7,054	6,964	7,148	7,136	6,741	5,843	7,220	6,724	5,577
Exchange rate (US$/£)	1.3674	1.3744	1.3759	1.3879	1.3789	1.2748	1.4212	1.3684	1.2831
Germany									
Bonds – 10 years	-0.23	-0.28	-0.46	-0.20	-0.39	-0.52	-0.11	-0.42	-0.64
DAX index (level)	15,528	15,490	15,852	15,608	14,749	12,469	15,977	14,509	11,556
Japan									
BoJ – Main policy rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Nikkei index (level)	30,249	30,500	27,641	29,066	29,177	23,205	30,670	27,839	22,977
Exchange rate (US$/¥)	110.73	109.98	109.84	110.79	109.66	105.62	111.52	107.43	102.74

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.