

WEEKLY NEWSLETTER

The Federal Reserve Begins to Normalize Its Monetary Policy

MUSINGS OF THE WEEK

- ▶ Will the climate transition help jolt business investment in Canada?

KEY STATISTICS OF THE WEEK

- ▶ The Federal Reserve starts to taper its asset purchases.
- ▶ United States: Job growth improved in October.
- ▶ United States: Strong growth in the ISM services index, while the manufacturing index slips.
- ▶ United States: First monthly increase in new car sales since April.
- ▶ Canada: More modest employment growth in October.
- ▶ Canada: The merchandise trade balance improved slightly in September.

A LOOK AHEAD

- ▶ United States: Inflation likely hit a new cyclical peak in October.

FINANCIAL MARKETS

- ▶ The stock indexes keep breaking records.
- ▶ Calm is slowly returning to the Canadian bond market.
- ▶ The U.S. dollar benefited from the Federal Reserve decision and encouraging job figures.

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Musings of the Week

Will the Climate Transition Help Jolt Business Investment in Canada?

By Jimmy Jean, Vice-President, Chief Economist and Strategist

Despite the good intentions expressed at COP26 this week, Canada has its work cut out for it. According to federal government estimates, it emitted 730 million tons of CO₂ in 2019. Its interim goal is to cut emissions by 40% to 45% relative to 2005 levels by 2030. According to a [report](#) by Queen's University's Institute for Sustainable Finance (ISF), about 25% of this reduction will have to come from the oil and gas sector and another 25% from the transportation sector.

There are a number of scenarios in which Canada hits these targets, but they all have three things in common. First, Canada needs to use more clean energy like wind, solar, and hydroelectric, as well as less common power sources like small modular nuclear reactors, tidal power, and clean fuel like hydrogen and biofuels. Second, it needs to cut its fossil fuel consumption, which will be possible with the large-scale development and use of clean fuels. Third, it needs to boost its energy efficiency. It may not be as sexy as electric vehicles or hydrogen-powered aircraft, but buildings are the third biggest source of CO₂ emissions in the country.

If we're going to meet our 2030 goals, ISF researchers calculated we would need \$201B in investments by the end of the decade. That may seem like a lot, but it's not impossible. In fact, it's less than the \$290B the federal government estimates was spent on the pandemic. And unlike the pandemic, that money won't come primarily from the public sector. Environmental, social and governance (ESG) investing has taken off in recent years and will likely continue to gain momentum. Earlier this year, Bloomberg estimated that the world could have US\$53,000B in assets under management in ESG funds by 2025. So, there will be a lot of capital looking to invest in companies with sustainable business models that will either weather or thrive in the energy transition.

The announcement of the new International Sustainability Standards Board (ISSB) at COP26 is encouraging news. As the world moves toward ESG, there have been growing concerns about greenwashing, which arises when companies or investment funds vaunt their climate commitments without making complete, consistent and rigorous disclosures. To make matters more complicated, there's been an alphabet soup of disclosure standards around the world, making accurate comparisons difficult. That's where the ISSB will hopefully tidy things up. It will take many of these standards and create uniform principles. As a bonus for Canada, ISSB will be opening an office in Montreal.

Hopefully these developments will attract new investment in Canada's energy transition. As a matter of fact, any investment would be welcome. After all, we can't count on the energy sector to contribute much. Despite rising energy prices, the oil and gas sector expected to spend just \$22B on capital expenditures in 2021, 71% less than its record outlay in 2014. The sector accounted for nearly a third of Canada's private capital expenditures in 2014, but not even 10% in 2021. And despite the climate crisis, the investments needed to hit our targets are clearly not offsetting the reduced investments by the energy sector. In the second quarter, Canada's private non-residential investment was still 10% off pre-pandemic levels, while U.S. business investment had completely recovered. So it would be great if the news out of COP26 attracted new investments in Canada. It would not only help Canada meet its climate goals, but also spur economic growth in areas other than the residential or fossil fuel sectors.

Key Statistics of the Week

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

UNITED STATES

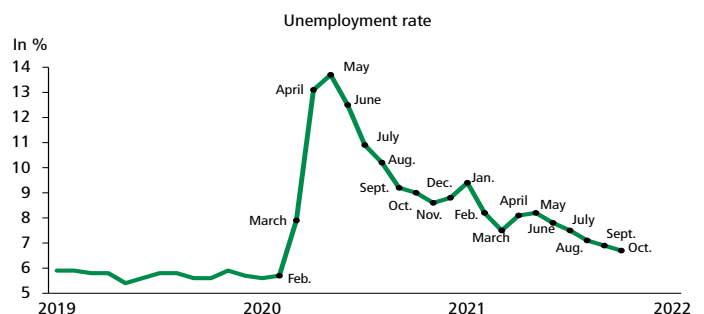
- ▶ The Federal Reserve (Fed) decided Wednesday to begin reducing the monthly pace of its net asset purchases by US\$10B for Treasury securities and US\$5B for agency mortgage-backed securities. The Committee judges that similar reductions in the pace of net asset purchases will likely be appropriate each month. During the press conference, the Fed Chair pointed out that the decision did not imply any direct signal on the interest rate policy and that the conditions for the Fed to raise its key rates are stricter than for the asset purchase tapering.
- ▶ According to the establishment survey, that there were 531,000 net hires in October, following gains of 312,000 in September (revised from 194,000) and 483,000 in August (revised from 366,000). In manufacturing, 60,000 jobs were created, thanks to an increase of 27,700 jobs in the automobile sector. There were 44,000 net hires in construction. Private sector services saw 496,000 new jobs created. The unemployment rate edged down from 4.8% in September to 4.6% in October.
- ▶ After climbing for two straight months, the ISM manufacturing index slipped in October, losing 0.3 of a point to move from 61.1 to 60.8. Manufacturers are still reporting major supply problems.
- ▶ The ISM services index rose sharply in October, gaining 4.8 points to reach 66.7. This is the highest it has been since its creation in 1997.
- ▶ The number of cars sold increased in October for the first time since April. However, the 6.3% gain follows a total decline of 33.3%. Annualized sales therefore rose from 12,215,000 units in September to 12,989,000 last month.
- ▶ The balance of trade in goods and services worsened in September. The deficit moved from -US\$72.8B in August to -US\$80.9B in September, a new record. Exports slumped 3.0%, while imports climbed 0.6%.
- ▶ Construction spending retreated 0.5% in September, after edging up 0.1% in August. This is the first monthly decline since February. Residential construction fell 0.4%. Private non-residential construction contracted 0.6%, while public construction dipped 0.7%.

CANADA

- ▶ Employment growth continued in October, adding 31,200 jobs. Increases in some sectors, particularly in wholesale and retail trade (+80,500 jobs), were partly offset by cuts in several other sectors, including accommodation and food services (-27,000 jobs). The unemployment rate dropped from 6.9% to 6.7%.
- ▶ The September results for merchandise trade were mildly disappointing, as exports and imports lost ground during the month. Since the decline in imports was higher than in exports, the merchandise trade balance improved marginally in September. Clearly, supply problems continue to hinder trade, particularly in the motor vehicle industry. That said, the balance sheet for the third quarter as a whole is more positive. Exports in real terms rose 2.3%, while imports fell 1.8%.

CANADA

Unemployment rate continues to fall



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

The Federal Reserve Meeting Did Not Cause Much of a Stir on the Markets

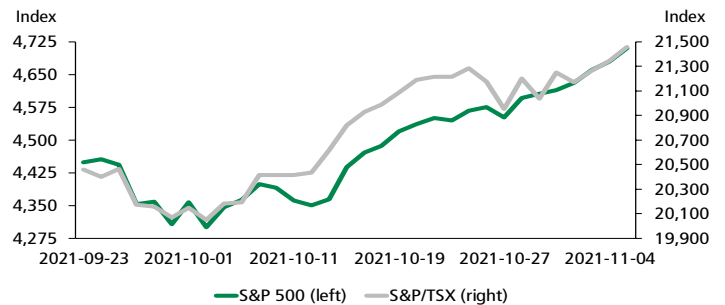
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The stock markets kept climbing to new heights this week. Wednesday's meeting of the Federal Reserve (Fed) did not make waves, despite the announcement of a first reduction in asset purchases in November. The markets seem to have anticipated the Fed's decision, and investors were also satisfied by hints as to the pace of future reductions. Attention will now turn to the signals about the timing of the first key rate hikes. Investors were also encouraged by the strong U.S. job figures released on Friday, which was lifting indexes up at the time of writing these lines. Weekly gains were around 2% for the Dow Jones, S&P 500 and S&P/TSX, while the NASDAQ rose more than 3%. On the other hand, oil prices dropped during a week marked by the meeting of the Organization of the Petroleum Exporting Countries and its partners (OPEC+). Although OPEC+ has not upped its production plans, the WTI (West Texas Intermediate) price per barrel has fallen back below the US\$80 bar.

Bond markets were apparently searching for directions in a week marked by the Fed meeting. The meeting itself did not cause much of a stir, although the U.S. yields rose a few basis points during the day. The yields went back down during the week, however, especially in Canada, where last week's drastic increases gave way to a more moderate positioning by investors. Yields on maturities of 2-year and more fell by at least 7 basis points in Canada.

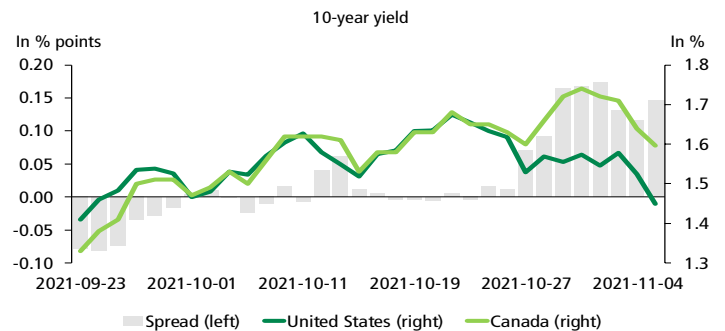
On the currency market, the week was a good one for the U.S. dollar. The Fed decision gave it a boost, as did the encouraging job figures from the United States. Added to that is the fact that some currencies, including the euro and the pound, lost out when the central banks appeared less eager to raise interest rates than expected. The Bank of England has postponed the likely start of its interest rate hikes for a few months, and the President of the European Central Bank has indicated that there is not much chance of a first hike in 2022. The Canadian dollar also fell slightly against the U.S. dollar, but stayed above the US\$0.80 bar.

GRAPH 1
Stock markets



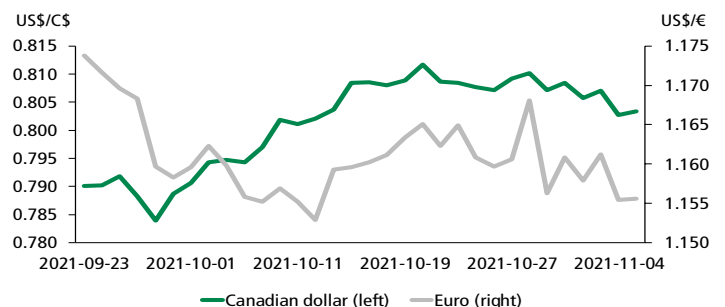
Sources: Datastream and Desjardins, Economic Studies

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

WEDNESDAY November 10 - 8:30

October	m/m
Consensus	0.5%
Desjardins	0.5%
September	0.4%

FRIDAY November 12 - 10:00

November	m/m
Consensus	72.3
Desjardins	70.0
October	71.7

THURSDAY November 11 - 2:00

Q3 2021	q/q
Consensus	1.5%
Q2 2021	5.5%

FRIDAY November 12 - 5:00

September	m/m
Consensus	-0.5%
August	-1.6%

UNITED STATES

Consumer price index (October) – The consumer price index (CPI) monthly variation sped up slightly in September, mainly due to a sharp rise in food prices. In October the monthly CPI will be driven up mainly by higher energy prices. The price of gas at the pumps rose 3.6% last month, while they tend to decline during the months of October. That means seasonal adjustments will exacerbate energy's positive contribution. We also expect healthy growth in food prices, although it will not be as high as September's 0.9%. Not including food and gas, core CPI is expected to rise 0.3% in September after a 0.2% gain in September and a rather modest 0.1% increase in August. The annual variation of total CPI should reach 5.8%, a new cyclical peak. Core inflation should also speed up, going from 4.0% to 4.3%, but still shy of last June's rate.

University of Michigan consumer confidence index (November – preliminary) – The University of Michigan confidence index slid from 72.8 to 71.7 in October, which is still higher than August's low of 70.3. The University of Michigan index is expected to dip again in November. Other confidence indicators continued to decline. The weekly Langer index was lower compared to the beginning of October (despite an increase in the last week) and the TIPP index lost more points in November. That said, October's rise in the Conference Board confidence index may presage higher results for Michigan. The stock market's good performance since mid-October is also an encouraging sign. However, rising consumer prices including gas, coupled with ever-growing consumer concerns about inflation could have a dampening effect, as could dissatisfaction with federal policies. All in all, the University of Michigan confidence index could drop further, possibly to 70.0.


OVERSEAS


United Kingdom: Monthly GDP (Q3) – The U.K.'s real GDP posted very strong quarterly growth in the spring, the best in the G20, although it slowed down later. Factoring in the figures from July and August, the carry-over from monthly real GDP growth stands at 1.3%. All the U.K. PMI indexes remained high, but transportation problems probably started chipping away at growth in September. In its *Monetary Policy Report* released Wednesday, the Bank of England estimates that the country's real GDP growth reached 1.5% in the third quarter.

Euro zone: Industrial production (September) – Euro zone's industrial production is still going up and down. After a 1.4% gain in July it fell 1.6% in August, the worst monthly drop since April 2020. The euro zone's manufacturing PMI has been declining since the end of the spring, although it is still very high. Another reduction of euro zone's industrial production seems likely in September, however, after the release of figures showing a 1.1% decline in Germany's industrial production and a 1.3% decline in that of France.

Economic Indicators

Week of November 8 to 12, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 8	9:00	Speech of a Federal Reserve Vice Chair, R. Clarida				
	10:30	Speech of the Federal Reserve Chair, J. Powell				
	12:00	Speech of a Federal Reserve Governor, M. Bowman				
	12:00	Speech of the Federal Reserve Bank of Philadelphia President, P. Harker				
	13:50	Speech of the Federal Reserve Bank of Chicago President, C. Evans				
TUESDAY 9	8:30	Producer price index				
		Total (m/m)	Oct.	0.6%	0.8%	0.5%
		Excluding food and energy (m/m)	Oct.	0.5%	0.4%	0.2%
	9:00	Speech of the Federal Reserve Chair, J. Powell				
	9:00	Speech of the Federal Reserve Bank of St. Louis President, J. Bullard				
	11:35	Speech of the Federal Reserve Bank of San Francisco President, M. Daly				
13:30	Speech of the Federal Reserve Bank of Minneapolis President, N. Kashkari					
WEDNESDAY 10	8:30	Initial unemployment claims	Nov. 1-5	265,000	265,000	269,000
	8:30	Consumer price index				
		Total (m/m)	Oct.	0.5%	0.5%	0.4%
		Excluding food and energy (m/m)	Oct.	0.4%	0.3%	0.2%
		Total (y/y)	Oct.	5.8%	5.8%	5.4%
		Excluding food and energy (y/y)	Oct.	4.3%	4.3%	4.0%
	10:00	Wholesale inventories – final (m/m)	Sept.	1.1%	1.1%	1.1%
14:00	Federal budget (US\$B)	Oct.	n/a	n/a	-284.1	
THURSDAY 11	---	Markets closed (Veterans Day)				
FRIDAY 12	10:00	Michigan's consumer sentiment index – preliminary	Nov.	72.3	70.0	71.7
	12:10	Speech of the Federal Reserve Bank of New York President, J. Williams				
CANADA						
MONDAY 8	---	---				
TUESDAY 9	17:45	Speech of the Bank of Canada Governor, T. Macklem				
WEDNESDAY 10	---	---				
THURSDAY 11	---	Markets closed (Remembrance Day)				
FRIDAY 12	10:30	Release of the Bank of Canada <i>Senior Loan Officer Survey</i>				

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 November 8 to 12, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
DURING THE WEEK								
China	---	Trade balance (US\$B)	Oct.	64.03		66.76		
MONDAY 8								
Japan	0:00	Leading indicator – preliminary	Sept.	99.8		101.3		
Japan	0:00	Coincident indicator – preliminary	Sept.	87.9		91.3		
Japan	18:50	Current account (¥B)	Sept.	847.2		1,042.6		
TUESDAY 9								
Germany	2:00	Trade balance (€B)	Sept.	16.0		10.7		
Germany	2:00	Current account (€B)	Sept.	17.0		11.8		
France	2:45	Trade balance (€M)	Sept.	-7,100		-6,669		
France	2:45	Current account (€B)	Sept.	n/a		-1.3		
Germany	5:00	ZEW survey – Current situation	Nov.	18.3		21.6		
Germany	5:00	ZEW survey – Expectations	Nov.	20.3		22.3		
China	20:30	Consumer price index	Oct.		1.4%		0.7%	
China	20:30	Producer price index	Oct.		12.5%		10.7%	
WEDNESDAY 10								
Germany	2:00	Consumer price index – final	Oct.	0.5%	4.5%	0.5%	4.5%	
Italy	4:00	Industrial production	Sept.	-0.1%	4.0%	-0.2%	0.0%	
Japan	18:50	Producer price index	Oct.	0.4%	6.9%	0.3%	6.3%	
THURSDAY 11								
United Kingdom	2:00	Trade balance (€M)	Sept.	-3,256		-3,716		
United Kingdom	2:00	Construction	Sept.	0.2%	6.9%	-0.2%	10.1%	
United Kingdom	2:00	Index of services	Sept.	0.5%		0.3%		
United Kingdom	2:00	Monthly GDP	Sept.	0.4%		0.4%		
United Kingdom	2:00	Real GDP – preliminary	Q3	1.5%	6.8%	5.5%	23.6%	
United Kingdom	2:00	Industrial production	Sept.	0.2%	3.1%	0.8%	3.7%	
Mexico	14:00	Bank of Mexico meeting	Nov.	5.00%		4.75%		
FRIDAY 12								
Euro zone	5:00	Industrial production	Sept.	-0.5%	4.1%	-1.6%	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	2020	2019	2018
Gross domestic product (2012 \$B)	2021 Q3	19,465	2.0	4.9	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q3	13,719	1.6	7.0	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q3	3,380	0.8	0.6	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q3	694.2	-7.7	5.5	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q3	2,886	1.8	9.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q3	-77.7	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q3	2,289	-2.5	5.7	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q3	3,601	6.0	13.0	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q3	20,678	1.0	6.0	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3	119.2	5.7	4.6	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q3*	111.3	-5.0	-0.5	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q3*	120.9	8.3	4.8	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q3	146.6	5.4	3.7	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)	Sept.	117.5	0.2	1.8	5.4	9.3
ISM manufacturing index ¹	Oct.*	60.8	61.1	59.5	60.7	58.8
ISM non-manufacturing index ¹	Oct.*	66.7	61.9	64.1	62.7	56.2
Cons. confidence Conference Board (1985 = 100) ¹	Oct.	113.8	109.8	125.1	117.5	101.4
Personal consumption expenditure (2012 \$B)	Sept.	13,773	0.3	0.6	1.1	6.2
Disposable personal income (2012 \$B)	Sept.	15,335	-1.6	-1.2	-19.8	-2.0
Consumer credit (\$B)	Aug.	4,347	0.3	1.6	3.4	4.8
Retail sales (\$M)	Sept.	625,416	0.7	0.0	0.4	13.9
<i>Excluding automobiles (\$M)</i>	Sept.	502,615	0.8	1.9	3.1	15.6
Industrial production (2012 = 100)	Sept.	100.0	-1.3	-0.4	0.9	4.6
Production capacity utilization rate (%) ¹	Sept.	75.2	76.2	75.6	74.8	72.1
New machinery orders (\$M)	Sept.*	515,892	0.2	1.9	5.7	14.9
New durable good orders (\$M)	Sept.	261,433	-0.3	1.5	4.8	15.3
Business inventories (\$B)	Aug.	2,084	0.6	2.1	3.0	7.4
Housing starts (k) ¹	Sept.	1,555	1,580	1,657	1,725	1,448
Building permits (k) ¹	Sept.	1,586	1,721	1,594	1,755	1,589
New home sales (k) ¹	Sept.	800.0	702.0	683.0	873.0	971.0
Existing home sales (k) ¹	Sept.	6,290	5,880	5,870	6,010	6,440
Commercial surplus (\$M) ¹	Sept.*	-80,934	-72,813	-73,230	-72,222	-62,625
Nonfarm employment (k) ²	Oct.*	148,319	531.0	1,326	3,993	5,774
Unemployment rate (%) ¹	Oct.*	4.6	4.8	5.4	6.1	6.9
Consumer price (1982–1984 = 100)	Sept.	274.1	0.4	1.2	3.5	5.4
<i>Excluding food and energy</i>	Sept.	280.0	0.2	0.7	3.2	4.0
Personal cons. expenditure deflator (2012 = 100)	Sept.	116.6	0.3	1.1	2.7	4.4
<i>Excluding food and energy</i>	Sept.	118.3	0.2	0.8	2.5	3.6
Producer price (2009 = 100)	Sept.	128.9	0.5	2.3	4.8	8.6
Export prices (2000 = 100)	Sept.	142.8	0.1	1.6	6.3	16.3
Import prices (2000 = 100)	Sept.	134.7	0.4	0.4	3.7	9.2

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	---	---	77.4	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)	Aug.	1,972,761	0.4	1.0	0.9	4.1
Industrial production (2012 \$M)	Aug.	387,430	0.5	1.6	1.2	5.5
Manufacturing sales (\$M)	Aug.	60,312	0.5	3.2	6.5	14.9
Housing starts (k) ¹	Sept.	251.2	262.8	279.1	333.3	209.0
Building permits (\$M)	Sept.*	10,140	4.3	-1.5	-8.6	4.9
Retail sales (\$M)	Aug.	57,211	2.1	6.0	3.4	8.4
<i>Excluding automobiles (\$M)</i>	Aug.	42,250	2.8	7.1	3.6	8.2
Wholesale trade sales (\$M)	Aug.	70,266	0.3	-2.8	1.8	7.3
Commercial surplus (\$M) ¹	Sept.*	1,858	1,508.7	2,258	-1,322	-3,762
<i>Exports (\$M)</i>	Sept.*	53,000	-2.3	-0.7	4.5	15.7
<i>Imports (\$M)</i>	Sept.*	51,142	-3.0	0.0	-1.7	3.1
Employment (k) ²	Oct.*	19,162	31.2	92.8	89.2	56.6
Unemployment rate (%) ¹	Oct.*	6.7	6.9	7.5	8.1	9.0
Average weekly earnings (\$)	Aug.	1,138	0.7	0.2	0.3	2.6
Number of salaried employees (k) ²	Aug.	16,679	59.7	207.4	130.2	101.8
Consumer price (2002 = 100)	Sept.	142.9	0.2	1.1	2.4	4.4
<i>Excluding food and energy</i>	Sept.	136.2	0.2	0.9	2.1	3.3
<i>Excluding 8 volatile items</i>	Sept.	140.7	0.3	1.1	2.3	3.7
Industrial product price (2010 = 100)	Sept.	115.8	1.0	0.6	6.0	14.9
Raw materials price (2010 = 100)	Sept.	126.8	2.5	1.6	10.1	31.9
Money supply M1+ (\$M)	Aug.	1,580,843	1.0	3.3	9.3	18.5

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.

UNITED STATES, CANADA, OVERSEAS
Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL		PREVIOUS DATA				LAST 52 WEEKS		
	Nov. 5	Oct. 29	-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	0.04	0.05	0.05	0.06	0.02	0.10	0.11	0.05	0.01
Treasury bonds – 2 years	0.39	0.46	0.32	0.19	0.14	0.16	0.47	0.19	0.11
– 5 years	1.05	1.18	1.05	0.75	0.76	0.36	1.21	0.72	0.34
– 10 years	1.45	1.56	1.60	1.29	1.58	0.82	1.75	1.35	0.82
– 30 years	1.88	1.94	2.16	1.93	2.28	1.60	2.48	2.02	1.54
S&P 500 index (level)	4,711	4,605	4,391	4,437	4,233	3,509	4,711	4,117	3,537
DJIA index (level)	36,394	35,820	34,746	35,209	34,778	28,323	36,394	33,166	29,080
Gold price (US\$/ounce)	1,811	1,777	1,759	1,764	1,835	1,952	1,947	1,807	1,682
CRB index (level)	233.45	237.70	235.42	214.49	206.96	147.70	241.18	198.40	151.25
WTI oil (US\$/barrel)	81.00	83.57	79.50	68.25	64.90	36.96	84.66	63.61	39.95
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	0.14	0.14	0.12	0.17	0.11	0.09	0.19	0.12	0.05
Treasury bonds – 2 years	0.93	1.08	0.68	0.48	0.29	0.26	1.08	0.37	0.15
– 5 years	1.36	1.50	1.20	0.88	0.87	0.40	1.50	0.81	0.39
– 10 years	1.60	1.72	1.62	1.24	1.49	0.64	1.74	1.24	0.66
– 30 years	1.96	2.02	2.08	1.75	2.07	1.22	2.19	1.76	1.17
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury bill – 3 months	0.10	0.09	0.07	0.11	0.09	-0.01	0.13	0.07	-0.04
Treasury bonds – 2 years	0.54	0.62	0.36	0.29	0.15	0.10	0.62	0.18	0.01
– 5 years	0.31	0.32	0.15	0.13	0.11	0.04	0.33	0.09	-0.04
– 10 years	0.15	0.16	0.02	-0.05	-0.09	-0.18	0.17	-0.11	-0.30
– 30 years	0.07	0.08	-0.08	-0.18	-0.21	-0.38	0.09	-0.26	-0.46
S&P/TSX index (level)	21,456	21,037	20,416	20,475	19,473	16,283	21,456	19,242	16,476
Exchange rate (C\$/US\$)	1.2447	1.2389	1.2471	1.2554	1.2132	1.3057	1.3141	1.2565	1.2034
Exchange rate (C\$/€)	1.4381	1.4325	1.4428	1.4765	1.4757	1.5504	1.5741	1.4999	1.4325
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\$/€)	1.1556	1.1563	1.1569	1.1762	1.2164	1.1874	1.2327	1.1937	1.1529
<u>United Kingdom</u>									
BoE – Base rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Bonds – 10 years	0.84	1.03	1.16	0.70	0.81	0.31	1.20	0.68	0.19
FTSE index (level)	7,309	7,238	7,096	7,123	7,130	5,910	7,309	6,876	6,186
Exchange rate (US\$/£)	1.3496	1.3693	1.3613	1.3873	1.3974	1.3158	1.4212	1.3762	1.3116
<u>Germany</u>									
Bonds – 10 years	-0.28	-0.10	-0.15	-0.50	-0.22	-0.62	-0.09	-0.37	-0.64
DAX index (level)	16,064	15,689	15,206	15,761	15,400	12,480	16,064	14,846	13,053
<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)	29,612	28,893	28,049	27,820	29,358	24,325	30,670	28,466	24,840
Exchange rate (US\$/¥)	113.44	114.02	112.24	110.27	108.62	103.36	114.38	108.35	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 exception of the current day where they were taken at 11:00 a.m.