WEEKLY NEWSLETTER

Federal Reserve to Keep Inflation in Focus despite Some Weaker Indicators

MUSINGS OF THE WEEK

- New supply chain issues of concern.

KEY STATISTICS OF THE WEEK

- United States: Inflation hits 7%.
- United States: Retail sales slump in December.
- U.S. consumer confidence retreats in January.

A LOOK AHEAD

- United States: Housing starts likely higher in December, yet home resales expected to decline.
- Canada: Further gains in annual inflation possible.
- Canada: Higher manufacturing, wholesale and retail sales pegged for November.
- Canada: Potential decline in housing starts in December.

FINANCIAL MARKETS

- After digesting Omicron effect, stock markets are turning their focus to rate increases.
- The bond markets are preparing for rate increases.
- A tough week for the U.S. dollar.

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Musings of the Week

New Supply Chain Issues of Concern

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

This week's U.S. consumer price index (CPI) report once again showed that high inflation is largely concentrated in goods. There's still reason to believe that goods inflation will moderate. But you'd have to believe that commodity prices will remain in their recent range, supply chain disruptions will gradually ease, and inventories of durable goods and critical production inputs will recover.

The big difference between now and a year ago is that these assumptions no longer seem like safe bets in the near term. Like COVID-19, global supply chain issues have mutated into several variants. One of the latest sources of uncertainty is the lengths China will go to in order to contain the highly infectious Omicron variant. As of Wednesday, more than 20 million people in five Chinese cities were confined to their homes. In the worst-case scenario, we could see more cities locked down and factories and ports shuttered. That would mean more shortages and backlogs, ultimately fuelling higher costs and consumer prices. It would also mean a longer period of high inflation. Considering U.S. inflation hit 7% in December[1], that's not very reassuring.

On the services front, high business costs are also skewing inflation risks to the upside. There too Omicron is compounding the issues. One recent complication is Canada's vaccine mandate for U.S. truck drivers, which could spell shortages and delays domestically. Cost pressures could quickly be transmitted to CPI, especially with strong pricing-power sentiment currently; as per the Bank of Canada (BoC), in the third quarter of 2021, 37% of businesses expected to increase their prices significantly over a 12-month period, up from only 11% at the end of 2019.

The intensification of this kind of inflationary psychology would imply more persistence than expected but from there to an inflationary spiral, persistently laxist central banks is an ingredient that would need to be added to the mix. Instead, we have seen one Federal Reserve (Fed) official after the other tee up a March rate hike this week, and the market is in a completely different mindset than it was just a few months ago. Back in November, the market was surprised by the Fed's tapering announcement (although it had been our call). Also, the market was positioned for only two hikes through 2022. Quantitative tightening was virtually absent from the conversation. Today, that's closer to four hikes being priced in and there are even musings about a 50 basis-point initial hike. Meanwhile quantitative tightening in 2022 has rapidly become a consensus view.

Canada is in a slightly different place given the expected setback in employment and GDP resulting from recent restrictions in Ontario, Quebec and New Brunswick. We're shaving two tenths of a point off our Canadian GDP growth forecast for 2022. If the BoC does the same, it may have a hard time arguing that the output gap has closed. In early December, when the Omicron wave was still in its infancy, the BoC was arguing that the Canadian economy still needed considerable accommodation. This means that barring a major surprise in next Wednesday's CPI report, the roughly 50% probability of a January hike that's currently baked in looks a bit of a stretch to us.

That being said, we're seeing early signs that the Omicron wave is peaking and the reopening will lead to a rebound in demand. But if history repeats itself, supply will be slower to bounce back, adding further inflationary pressure. Our forecast update next week will include a higher projected peak for Canadian inflation in 2022. That's why we continue to expect the BoC to begin normalizing monetary policy this spring, with a total of three rate hikes this year. This would be line with the policy rate adjustments we expect from the Fed. But on balance sheet reduction—which Governor Macklem has signaled is also in the pipeline—the BoC would be wise to consider the cross-border impact of the Fed's quantitative tightening. We know it will nudge borrowing costs higher in Canada, but there's no guarantee that the pace of tightening will be suitable given Canada's unique circumstances.

[1] For more details, see: [United States: Inflation Hits 7%](), Desjardins, Economic Studies, *Economic News*, January 12, 2022, 1 p.

Key Statistics of the Week

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

UNITED STATES

- The consumer price index (CPI) rose 0.5% in December after advancing 0.8% in November and 0.9% October. Energy prices fell 0.4% after rising 3.5% in November, the first monthly decline since May 2021. Food prices were up 0.5% after a 0,7 % increase in November. The index for all items less food and energy rose 0.6% on the month after advancing 0.5% in November and 0.6% in October. The all items index rose 7.0% for the 12 months ending December, the largest increase since June 1982 and up from 6.8% in November. Core inflation was up from 4.9% to 5.5%, the biggest advance since February 1991.

- Retail sales tumbled 1.9% in December after rising 0.2% in November and 1.8% in October. Despite the weak monthly reading, retail sales were up 19.4% for the year after increasing 0.2% in 2020. Motor vehicle sales dipped 0.4% in December. Gasoline station receipts fell 0.7%. Excluding motor vehicles and gasoline, sales were down 2.5% after slipping 0.1% in November. Lower sales were led by nonstore retailers (-8.7%), department stores (-7.0%) and furniture stores (-5.5%).

- Industrial production declined 0.1% in December after rising 0.7% in November (revised upward from 0.5%). Manufacturing output dipped 0.3% and energy production fell 1.5%. Mining production was up 2.0%.

- U.S. consumer confidence deteriorated, according to the University of Michigan index, which slipped from 70.6 in December to 68.8 in its preliminary January reading. In terms of components, there was a shaper contraction in consumer expectations (-2.4 points) than current economic conditions (-1.0 point). The wave of COVID-19 cases related to the Omicron variant is probably not unrelated to the souring in household sentiment. In addition, five-year inflation expectations climbed from 2.9% to 3.1%, the highest rate since March 2011.

CANADA

- This week, Statistics Canada updated its new freight rail services price index, a monthly index that measures the price changes for delivering a carload of a certain commodity and of a specific weight, over a specific distance. In December, the index continued to climb, lifting the annual variation to 8.8%. Intermodal and metals and minerals traffic was particularly affected by this upswing. Naturally, rail transportation was severely disrupted by the fall floods in British Columbia, with effects likely still being felt.

CANADA
Rail transportation costs spike in recent months

Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

Tough Beginning for the Year, with Inflation in Focus

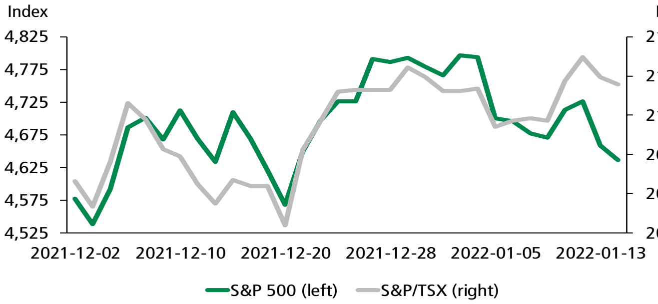
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Despite many disruptions, 2021 ended with the North American markets posting significant gains (26.9% for the S&P 500 and 21.7% for the S&P/TSX). The markets even left behind concerns about the Omicron variant, triggering a rally during the final days of the year. Overseas markets posted more modest gains (8.8% for the MSCI EAFE index), dragged down by Asian and emerging market securities. In contrast, 2022 began the year on a low note as investors worried mostly about inflation and monetary policies. A sector rotation has started in equities, penalizing speculative stocks in favour of companies paying better dividends today. The Federal Reserve's (Fed) messages are signalling the end of "easy money" in 2022, with a higher interest rates environment, which will slow the growth in the value of financial assets and credit. After two difficult weeks, U.S. indexes were still down on Friday, leading to a weekly pullback of around 1%. Yet the outlook for economic growth remains positive as shown by the sharp rise in oil prices and some commodities since the beginning of the year. This helped the Canadian S&P/TSX index gain about 1% on the week.

Bond yields rebounded strongly with the Fed now taking a harder stance in its messages. Government bond yields regained more than 25 basis points since the start of the year on most long-term maturities in the United States and Canada. Shorter term rates are also starting to climb as the first key rate increases are getting closer.

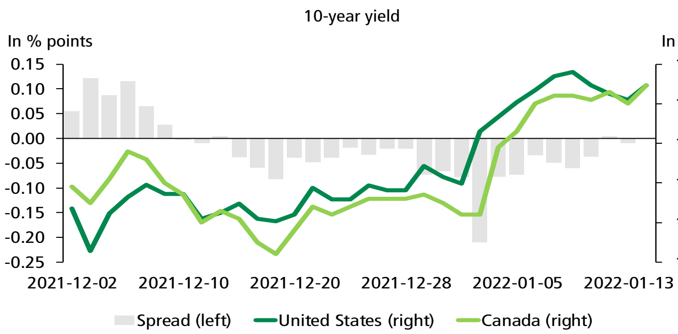
The U.S. dollar depreciated against most currencies this week. Investors seem to believe that much of the monetary tightening in the United States has already been discounted. They are now adapting based on expectations that other countries will signal more monetary tightening. There are also concerns about the value of U.S. assets. The risk of corrections relating to the expected monetary tightening is encouraging some investors to sell U.S. assets to invest in other currencies. The rise in oil prices and other commodities has also helped currencies like the Canadian dollar, which climbed back near US$0.80.

GRAPH 1
Stock markets



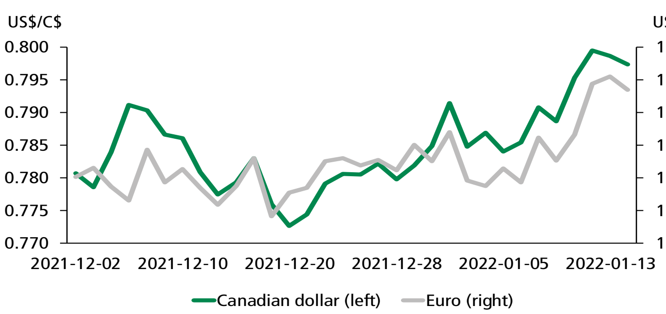
Sources: Datastream and Desjardins, Economic Studies

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

WEDNESDAY January 19 - 8:30	
December	**ann. rate**
Consensus	1,650,000
Desjardins	1,690,000
November	**1,679,000**

Housing starts (December) – After falling in both September and October, housing starts made a strong 11.8% rebound in November, reaching their highest level since last March. Another increase is expected for December. Job creation in the residential construction sector was rather modest, but the unusually warm weather in December seems to have bolstered housing starts and could upset seasonal adjustments. The number of building permits in November (1,717,000) is also a positive sign, although supply problems could dampen growth in the construction sector. We see housing starts hitting 1,690,000 units.

THURSDAY January 20 - 10:00	
December	**ann. rate**
Consensus	6,420,000
Desjardins	6,350,000
November	**6,460,000**

Sales of existing homes (December) – Home resales were up for the third time in a row in November. They have gained a total of 9.9% over three months, but a downtick is forecast for December as signalled by the 2.2% drop in pending sales the previous month. Some regional data even showed a marked decline. Mortgage applications in view of a purchase did rise at the very end of November, only to fall again. We expect existing home sales to reach 6,350,000 units.

FRIDAY January 21 - 10:00	
December	**m/m**
Consensus	0.8%
Desjardins	0.8%
November	**1.1%**

Leading indicator (December) – The leading indicator's monthly growth sped up in November with an increase of 1.1%, the highest it has been since May. It should go on rising strongly in December, although not quite so fast. Jobless claims, which were still dropping at the end of last year, will make another good contribution. The leading indicator is expected to rise 0.8%.

CANADA

MONDAY January 17 - 8:30	
November	**m/m**
Consensus	1.6%
Desjardins	3.1%
October	**4.3%**

Manufacturing sales (November) – The value of manufacturing sales rose again in November. Interim figures from Statistics Canada indicate a 3.1% increase for the month, largely due to higher sales in the primary metals, transportation materials and petroleum and coal products industries.

TUESDAY January 18 - 8:15	
December	**ann. rate**
Consensus	280,000
Desjardins	280,000
November	**301,300**

Housing starts (December) – The number of housing starts rose considerably in November, going from 238,366 to 301,279 units. Considering the previous downtrend, however, it would be astonishing if housing starts stayed that high in December. Some shrinkage is likely in the circumstances.

WEDNESDAY January 19 - 8:30	
December	**m/m**
Consensus	-0.1%
Desjardins	-0.1%
November	**0.2%**

Consumer price index (December) – According to prices at the pump, gasoline prices were down an average of 4.1% in December, which is expected to contribute -0.1% to the monthly variation in the total consumer price index (CPI). Seasonal price fluctuations are usually around -0.5% in December, mainly due to reduced prices for clothing and recreation. That should rein in total CPI growth for the month. We expect a monthly variation of about -0.1% in December. The total annual inflation rate could climb from 4.7% to 4.8%.

WEDNESDAY January 19 - 8:30	
November	**m/m**
Consensus	n/a
Desjardins	2.7%
October	**1.4%**

Wholesale sales (November) – Wholesale sales were up 2.7% in November according to Statistics Canada's interim figures. All sectors expanded throughout the month, with the exception of agricultural products. Particularly high growth was seen in the construction equipment and supplies and motor vehicle products sectors.

FRIDAY January 21 - 8:30	
November	**m/m**
Consensus	1.2%
Desjardins	1.2%
October	**1.6%**

Retail sales (November) – Statistics Canada's interim figures pointed to a rise of around 1.2% in retail sales in November. Preliminary results show motor vehicle sales slightly down for the month, while the other sectors enjoyed strong growth in November. Note that prices of seasonally adjusted goods continued to rise in November with growth of about 0.6% for the month, which will inflate the value of retail sales.

OVERSEAS

SUNDAY January 16 - 21:00	
Q4 2021	**y/y**
Consensus	3.3%
Q3 2021	**4.9%**

China: Real GDP (Q4) – After a swift recovery starting in 2020, China's economy showed signs of slowing down in 2021. Non-annualized quarterly real GDP growth was only 0.2% in the first and third quarters, preceding and following a spring gain of 1.2%. In 2019, average quarterly gains stood at 1.4%. The 4.9% annual variation posted in the third quarter was also relatively low. It now remains to be seen whether the last quarter of 2021 was any better, and especially whether the slowdown will continue through 2022.

Economic Indicators

Week of January 17 to 21, 2022

UNITED STATES

Day	Hour	Indicator	Period	Consensus		Previous data
MONDAY 17	---	Markets closed (Martin Luther King, Jr. Day)				
TUESDAY 18	8:30	Empire manufacturing index	Jan.	25.5	25.0	31.9
	10:00	NAHB housing market index	Jan.	84	n/a	84
	16:00	Net foreign security purchases (US$B)	Nov.	n/a	n/a	7.1
WEDNESDAY 19	8:30	Housing starts (ann. rate)	Dec.	1,650,000	1,690,000	1,679,000
	8:30	Building permits (ann. rate)	Dec.	1,703,000	1,715,000	1,717,000
THURSDAY 20	8:30	Initial unemployment claims	Jan. 10-14	205,000	225,000	230,000
	8:30	Philadelphia Fed index	Jan.	21.0	20.0	15.4
	10:00	Existing home sales (ann. rate)	Dec.	6,420,000	6,350,000	6,460,000
FRIDAY 21	10:00	Leading indicator (m/m)	Dec.	0.8%	0.8%	1.1%

CANADA

Day	Hour	Indicator	Period	Consensus		Previous data
MONDAY 17	8:30	International transactions in securities ($B)	Nov.	n/a	20.00	23.92
	8:30	Manufacturing sales (m/m)	Nov.	1.6%	3.1%	4.3%
	9:00	Existing home sales	Dec.			
	10:30	Release of the Bank of Canada *Business Outlook Survey*				
TUESDAY 18	8:15	Housing starts (ann. rate)	Dec.	280,000	280,000	301,300
WEDNESDAY 19	8:30	Consumer price index				
		Total (m/m)	Dec.	-0.1%	-0.1%	0.2%
		Excluding food and energy (m/m)	Dec.	n/a	-0.3%	0.0%
		Total (y/y)	Dec.	4.8%	4.8%	4.7%
		Excluding food and energy (y/y)	Dec.	n/a	3.1%	3.1%
	8:30	Wholesale sales (m/m)	Nov.	n/a	2.7%	1.4%
	8:30	Wholesale inventories (m/m)	Nov.	n/a	0.8%	1.1%
THURSDAY 20	---	---				
FRIDAY 21	8:30	New housing price index (m/m)	Dec.	n/a	0.7%	0.8%
	8:30	Retail sales				
		Total (m/m)	Nov.	1.2%	1.2%	1.6%
		Excluding automobiles (m/m)	Nov.	n/a	1.8%	1.3%

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 January 17 to 21, 2022

Country	Hour	Indicator	Period	Consensus m/m (q/q)	Consensus y/y	Previous data m/m (q/q)	Previous data y/y
OVERSEAS							
SUNDAY 16							
China	21:00	Real GDP	Q4	1.2%	3.3%	0.2%	4.9%
China	21:00	Industrial production	Dec.		3.7%		3.8%
China	21:00	Retail sales	Dec.		3.8%		3.9%
Japan	23:30	Tertiary industry activity index	Nov.	1.0%		1.5%	
MONDAY 17							
Japan	23:30	Industrial production – final	Nov.	n/a	n/a	7.2%	5.4%
TUESDAY 18							
Japan	---	Bank of Japan meeting	Jan.	-0.10%		-0.10%	
United Kingdom	2:00	ILO unemployment rate	Nov.	4.2%		4.2%	
Italy	4:00	Trade balance (€M)	Nov.	n/a		3,888	
Germany	5:00	ZEW survey – Current situation	Jan.	-9.0		-7.4	
Germany	5:00	ZEW survey – Expectations	Jan.	32.0		29.9	
WEDNESDAY 19							
United Kingdom	2:00	Consumer price index	Dec.	0.3%	5.2%	0.7%	5.1%
United Kingdom	2:00	Producer price index	Dec.	0.6%	9.4%	0.9%	9.1%
Germany	2:00	Consumer price index – final	Dec.	0.5%	5.3%	0.5%	5.3%
Euro zone	4:00	Current account (€B)	Nov.	n/a		18.1	
Italy	4:30	Current account (€M)	Nov.	n/a		5,513	
Euro zone	5:00	Construction	Nov.	n/a	n/a	1.6%	4.4%
Japan	18:50	Trade balance (¥B)	Dec.	-726.3		-486.8	
THURSDAY 20							
Germany	2:00	Producer price index	Dec.	0.7%	19.1%	0.8%	19.2%
France	2:45	Business confidence	Jan.	109		110	
France	2:45	Production outlook	Jan.	20		21	
Norway	4:00	Bank of Norway meeting	Jan.	0.50%		0.50%	
Euro zone	5:00	Consumer price index – final	Dec.	0.4%	5.0%	0.4%	4.9%
Japan	18:30	Consumer price index	Dec.		0.9%		0.6%
United Kingdom	19:01	Consumer confidence	Jan.	-15		-15	
FRIDAY 21							
United Kingdom	2:00	Retail sales	Dec.	-0.6%	3.4%	1.4%	4.7%
Euro zone	10:00	Consumer confidence – preliminary	Jan.	-9.0		-8.3	

NOTE: In contrast to the situation in Canada and the United States, disclosure of overseas economic fi gures 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	19,479	2.3	4.9	-3.4	2.3	2.9
Consumption (2012 $B)	2021 Q3	13,732	2.0	7.1	-3.8	2.2	2.9
Government spending (2012 $B)	2021 Q3	3,382	0.9	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	2,885	1.7	9.0	-5.3	4.3	6.4
Business inventory change (2012 $B)[1]	2021 Q3	-66.8	---	---	-42.3	75.1	65.7
Exports (2012 $B)	2021 Q3	2,273	-5.3	4.9	-13.6	-0.1	2.8
Imports (2012 $B)	2021 Q3	3,590	4.7	12.6	-8.9	1.2	4.1
Final domestic demand (2012 $B)	2021 Q3	20,692	1.3	6.1	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3	119.3	6.0	4.6	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q3	111.3	-5.2	-0.6	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q3	122.7	9.6	6.3	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q3	146.6	5.4	3.7	2.6	2.8	2.8
Current account balance ($B)[1]	2021 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)	Nov.	119.9	1.1	2.2	4.6	9.8
ISM manufacturing index[1]	Dec.	58.7	61.1	61.1	60.6	60.5
ISM non-manufacturing index[1]	Dec.	62.0	69.1	61.9	60.1	57.7
Cons. confidence Conference Board (1985 = 100)[1]	Dec.	115.8	111.9	109.8	128.9	87.1
Personal consumption expenditure (2012 $B)	Nov.	13,897	0.0	1.0	2.1	7.4
Disposable personal income (2012 $B)	Nov.	15,374	-0.2	-2.2	-1.9	0.0
Consumer credit ($B)	Nov.*	4,415	0.9	1.9	3.3	5.8
Retail sales ($M)	Dec.*	626,833	-1.9	0.0	0.2	16.9
Excluding automobiles ($M)	*Dec.**	*500,566*	*-2.3*	*-0.4*	*1.5*	*18.8*
Industrial production (2012 = 100)	Dec.*	101.9	-0.1	1.9	1.4	3.7
Production capacity utilization rate (%)[1]	Dec.*	76.5	76.6	75.2	75.7	74.1
New machinery orders ($M)	Nov.	531,836	1.6	3.3	6.7	15.5
New durable good orders ($M)	Nov.	268,425	2.6	2.3	5.0	14.8
Business inventories ($B)	Nov.*	2,158	1.3	3.4	5.8	8.7
Housing starts (k)[1]	Nov.	1,679	1,502	1,573	1,594	1,551
Building permits (k)[1]	Nov.	1,717	1,653	1,721	1,683	1,696
New home sales (k)[1]	Nov.	744.0	662.0	668.0	733.0	865.0
Existing home sales (k)[1]	Nov.	6,460	6,340	5,880	5,780	6,590
Commercial surplus ($M)[1]	Nov.	-80,172	-67,158	-73,195	-67,975	-67,307
Nonfarm employment (k)[2]	Dec.	148,951	199.0	1,096	3,049	6,448
Unemployment rate (%)[1]	Dec.	3.9	4.2	4.7	5.9	6.7
Consumer price (1982–1984 = 100)	Dec.*	280.2	0.5	2.2	3.4	7.1
Excluding food and energy	*Dec.**	*284.8*	*0.6*	*1.7*	*2.4*	*5.5*
Personal cons. expenditure deflator (2012 = 100)	Nov.	118.2	0.6	1.6	3.0	5.7
Excluding food and energy	*Nov.*	*119.5*	*0.5*	*1.2*	*2.3*	*4.7*
Producer price (2009 = 100)	Dec.*	131.5	0.2	1.8	4.0	9.8
Export prices (2000 = 100)	Dec.*	143.9	-1.8	0.8	2.3	14.7
Import prices (2000 = 100)	Dec.*	137.5	-0.2	1.9	2.5	10.4

[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.

CANADA
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 $M)	2021 Q3	2,093,927	5.4	4.0	-5.2	1.9	2.8
Household consumption (2012 $M)	2021 Q3	1,189,996	17.9	5.0	-6.2	1.4	2.6
Government consumption (2012 $M)	2021 Q3	445,787	-0.7	3.9	0.0	1.7	3.2
Residential investment (2012 $M)	2021 Q3	158,802	-31.3	0.3	4.3	-0.2	-1.1
Non-residential investment (2012 $M)	2021 Q3	165,988	-0.9	2.3	-12.1	2.5	3.5
Business inventory change (2012 $M)[1]	2021 Q3	-8,290	---	---	-18,720	18,377	16,610
Exports (2012 $M)	2021 Q3	619,913	8.0	-1.1	-9.7	2.3	3.8
Imports (2012 $M)	2021 Q3	637,383	-2.3	3.8	-10.8	0.4	3.3
Final domestic demand (2012 $M)	2021 Q3	2,111,754	5.4	3.9	-4.1	1.2	2.7
GDP deflator (2012 = 100)	2021 Q3	119.6	3.1	7.7	0.7	1.5	1.7
Labour productivity (2012 = 100)	2021 Q3	109.0	-5.9	-5.4	8.5	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q3	120.6	7.7	6.2	3.0	2.9	3.1
Current account balance ($M)[1]	2021 Q3	1,369	---	---	-39,415	-47,041	-53,141
Production capacity utilization rate (%)[1]	2021 Q3	81.4	---	---	77.5	81.9	83.2
Disposable personal income ($M)	2021 Q3	1,471,864	7.2	5.1	8.9	4.8	3.0
Corporate net operating surplus ($M)	2021 Q3	356,068	-23.9	12.6	-1.9	-0.6	4.8

[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)	Oct.	2,002,454	0.8	1.7	2.4	3.8
Industrial production (2012 $M)	Oct.	394,243	1.5	2.1	3.8	5.9
Manufacturing sales ($M)	Oct.	61,205	4.3	2.4	4.7	13.3
Housing starts (k)[1]	Nov.	301.3	238.4	261.6	284.6	262.0
Building permits ($M)	Nov.	11,192	6.8	13.7	16.5	15.5
Retail sales ($M)	Oct.	57,608	1.6	2.8	4.8	5.3
Excluding automobiles ($M)	*Oct.*	*42,690*	*1.3*	*3.8*	*6.4*	*6.2*
Wholesale trade sales ($M)	Oct.	72,488	1.4	3.4	1.0	8.4
Commercial surplus ($M)[1]	Nov.	3,133	2,264	932.3	-1,975	-3,402
Exports ($M)	*Nov.*	*58,572*	*3.8*	*8.4*	*18.2*	*25.1*
Imports ($M)	*Nov.*	*55,439*	*2.4*	*4.4*	*7.6*	*10.4*
Employment (k)[2]	Dec.	19,371	54.7	79.9	96.8	73.8
Unemployment rate (%)[1]	Dec.	5.9	6.0	6.9	7.8	8.8
Average weekly earnings ($)	Oct.	1,134	-0.1	0.3	0.5	2.7
Number of salaried employees (k)[2]	Oct.	16,934	131.7	104.7	104.3	77.8
Consumer price (2002 = 100)	Nov.	144.2	0.2	1.1	2.3	4.7
Excluding food and energy	*Nov.*	*136.8*	*0.0*	*0.7*	*1.6*	*3.1*
Excluding 8 volatile items	*Nov.*	*141.5*	*0.0*	*0.9*	*1.9*	*3.6*
Industrial product price (2010 = 100)	Nov.	118.7	0.8	3.6	3.4	18.1
Raw materials price (2010 = 100)	Nov.	132.0	-1.0	6.1	9.9	36.2
Money supply M1+ ($M)	Oct.	1,582,776	0.2	1.1	5.7	15.2

[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.

UNITED STATES, CANADA, OVERSEAS

Major financial indicators

IN % (EXPECTED IF INDICATED)	ACTUAL	PREVIOUS DATA					LAST 52 WEEKS		
	Jan. 14	Jan. 7	-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	0.11	0.10	0.05	0.05	0.05	0.09	0.13	0.05	0.01
Treasury bonds – 2 years	0.94	0.79	0.60	0.40	0.23	0.13	0.94	0.28	0.11
– 5 years	1.52	1.50	1.18	1.12	0.78	0.46	1.53	0.89	0.39
– 10 years	1.75	1.77	1.40	1.58	1.30	1.10	1.78	1.46	1.01
– 30 years	2.09	2.12	1.82	2.05	1.93	1.85	2.48	2.07	1.68
S&P 500 index (level)	4,637	4,677	4,621	4,471	4,327	3,768	4,797	4,309	3,714
DJIA index (level)	35,780	36,232	35,365	35,295	34,688	30,814	36,800	34,262	29,983
Gold price (US$/ounce)	1,821	1,792	1,803	1,773	1,813	1,825	1,906	1,796	1,682
CRB index (level)	242.90	237.90	225.14	239.27	212.58	175.25	245.19	211.69	172.85
WTI oil (US$/barrel)	82.89	78.90	70.86	82.43	71.79	52.24	84.66	69.20	52.18
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	0.26	0.20	0.05	0.12	0.17	0.05	0.26	0.12	0.00
Treasury bonds – 2 years	1.14	1.07	0.91	0.76	0.43	0.15	1.14	0.51	0.15
– 5 years	1.54	1.50	1.18	1.23	0.87	0.42	1.58	0.99	0.41
– 10 years	1.75	1.72	1.32	1.58	1.24	0.81	1.81	1.40	0.80
– 30 years	2.00	1.97	1.66	1.99	1.77	1.44	2.19	1.87	1.44
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	0.15	0.10	0.00	0.07	0.12	-0.04	0.15	0.07	-0.06
Treasury bonds – 2 years	0.20	0.28	0.31	0.36	0.20	0.02	0.62	0.23	0.02
– 5 years	0.03	0.00	0.00	0.11	0.09	-0.04	0.33	0.10	-0.11
– 10 years	0.00	-0.05	-0.08	0.00	-0.06	-0.29	0.17	-0.06	-0.30
– 30 years	-0.09	-0.15	-0.16	-0.06	-0.16	-0.41	0.18	-0.19	-0.45
S&P/TSX index (level)	21,257	21,084	20,739	20,928	19,986	17,909	21,769	19,965	17,337
Exchange rate (C$/US$)	1.2542	1.2646	1.2888	1.2368	1.2613	1.2735	1.2943	1.2533	1.2034
Exchange rate (C$/€)	1.4341	1.4367	1.4487	1.4349	1.4891	1.5383	1.5554	1.4778	1.4179
Overseas									
Euro zone									
ECB – Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange rate (US$/€)	1.1434	1.1361	1.1241	1.1602	1.1806	1.2080	1.2252	1.1794	1.1199
United Kingdom									
BoE – Base rate	0.25	0.25	0.25	0.10	0.10	0.10	0.25	0.11	0.10
Bonds – 10 years	1.14	1.18	0.76	1.11	0.65	0.31	1.20	0.80	0.28
FTSE index (level)	7,548	7,485	7,270	7,234	7,008	6,736	7,564	7,032	6,407
Exchange rate (US$/£)	1.3683	1.3589	1.3244	1.3752	1.3774	1.3588	1.4212	1.3758	1.3208
Germany									
Bonds – 10 years	-0.05	-0.07	-0.37	-0.17	-0.40	-0.57	-0.05	-0.31	-0.58
DAX index (level)	15,898	15,948	15,532	15,587	15,540	13,788	16,272	15,296	13,433
Japan									
BoJ – Main policy rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Nikkei index (level)	28,124	28,479	28,546	29,069	28,003	28,519	30,670	28,872	27,013
Exchange rate (US$/¥)	113.76	115.57	113.69	114.22	110.10	103.89	116.16	110.33	103.51

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.