

WEEKLY NEWSLETTER

High Inflation in the United States Pushes Investors to Expect More Rate Hikes

MUSINGS OF THE WEEK

- ▶ Honk for investment.

KEY STATISTICS OF THE WEEK

- ▶ United States: Inflation continues to soar.
- ▶ U.S. consumer confidence drops again.
- ▶ Canada: The merchandise trade balance deteriorated in December.

A LOOK AHEAD

- ▶ United States: Retail sales have likely rebounded.
- ▶ United States: Housing starts and home resales are expected to decrease in January.
- ▶ Canada: The total annual inflation rate could rise again in January.
- ▶ Canada: Manufacturing sales should continue to climb in December.
- ▶ Canada: The spread of the Omicron variant may drive down December's retail sales.

FINANCIAL MARKETS

- ▶ Stock markets struggle, with more interest rate hikes expected.
- ▶ Bond yields keep rising relentlessly.
- ▶ Slight gains for the Canadian dollar after a few rather difficult weeks.

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Musings of the Week

Honk for Investment

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

January's US inflation reading came in even higher than our above-consensus forecast, and as a result, the next Federal Reserve (Fed) meeting, on March 16, will be nail-biting. Markets have moved to discount elevated odds of a 50-basis point rate hike. And on Thursday, St. Louis Fed President James Bullard added fuel to the fire by calling for a supersized rate hike this year.

There's no question the US economy is robust. GDP increased at a brisk 6.9% annualized pace in the fourth quarter. Almost twice as many jobs were created in January than even the most optimistic forecaster predicted. And with inflation at 7.5%, the idea that long-term inflation expectations will remain in check sounds increasingly like wishful thinking. But we continue to expect the Fed to raise interest rates by 25 basis points in March and hike at successive meetings rather than front-loading increases. An inter-meeting hike would be seen as an admission that the Fed was wrong to be behind the curve, possibly undermining the average inflation targeting principles it adopted in August 2020. An inter-meeting hike of 50 basis points would also do little to ease current inflationary pressures.

The minutes of the January 26 meeting will be released on Wednesday. At the press conference following that meeting, Fed Chair Jerome Powell wouldn't rule out a 50-basis point move, saying the central bank would remain nimble. We don't expect the minutes to show significant support for a 50-basis point hike, but markets will be watching for any deliberations on the matter.

Closer to home, the trucker protest that has spread to the Ambassador Bridge in Windsor has started to take an economic toll. It's yet another one of those "supply chain variants of concern" we were alluding to in a recent [Weekly Newsletter](#). As of writing, three large automakers and several auto parts' suppliers have slowed production as a result of the blockades. The bridge is estimated to handle roughly \$500M in trade daily. If the stalemate drags on, it would significantly affect trade and GDP. The 21-day rail blockade of February 2020 took a 2.3% bite out of rail transportation GDP, but aggregate GDP still expanded 0.2%. However, current blockades have more spillovers on the goods' supply chain compared to the February 2020 episode, which did not involve cross-border trade. With hard-hit services reopening this month following the Omicron wave, the effect of the blockades could be offset by positive forces elsewhere but we'll have to hope these blockades get resolved fairly quickly though.

And even then, there's no guarantee that current events won't have longer-lasting economic effects. Canada's reputation may suffer if global businesses start to see Canada as a less stable place to invest and operate in. Yet Bank of Canada Governor Tiff Macklem sounded optimistic about business investment prospects in his speech this week.

Tiff Macklem is right that investment intentions are currently high. But there's a reason his predecessor came to characterize investment in Canada as a "serial disappointment:" because businesses don't always follow through on their intentions. In recent years, they've been facing obstacles such as the lack of skilled workers, as well as political and geopolitical uncertainty.

A healthy level of investment per worker is needed for strong productivity growth. Absent that investment, Canada is effectively relying on demographic growth. Statistics Canada revealed this week that between 2016 and 2021, Canada's population grew at rates comparable to those of India and Mexico. That's part of the reason why housing currently makes up 48% of nominal business investment in Canada, compared to only 26% in the United States.

A growing population does help strengthen aggregate demand, as well as the supply of labour. But capacity also needs to grow through the increased supply of capital in order to keep inflationary pressures at bay. Canada's stock of non-residential capital has been growing at a steadily slowing pace in recent years. To reverse that trend, Canada should be working at attracting business investment rather than deterring it. That's why we could have done without the embarrassing global headlines recently.

Key Statistics of the Week

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

UNITED STATES

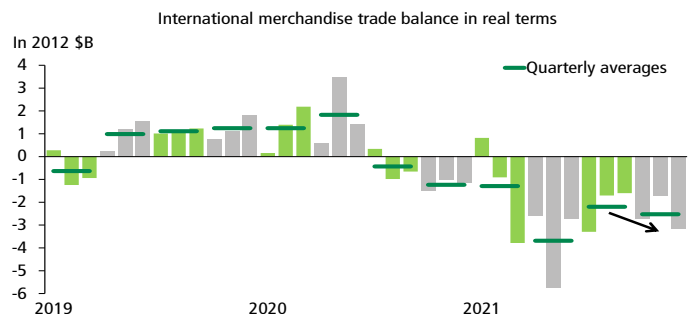
- ▶ The consumer price index (CPI) rose 0.6% in January after posting a similar increase in December and a 0.7% gain in November. Energy prices jumped 0.9% in January, matching December's spike. Food prices were also up 0.9% after rising 0.5% the month before. Core CPI, which strips out food and energy prices, rose 0.6%—the same increase as in December and higher than November's 0.5% gain. The all items index rose 7.5% for the 12 months ending January, the largest increase since February 1982 and up from 7.0% in December. Core inflation rose from 5.5% to 6.0%, the biggest 12-month change since August 1982.
- ▶ U.S. consumer confidence deteriorated further in February, with the University of Michigan consumer confidence index going from 67.2 in January to 61.7, according to the preliminary February version. This is its lowest level since October 2011. In terms of components, there was a sharper contraction in consumer expectations (-6.7 points) than current economic conditions (-3.5 points). The University of Michigan reports that the decline is driven by weakening personal financial prospects, largely due to rising inflation.
- ▶ U.S. consumer credit lost momentum in December, advancing only US\$18.9B after climbing US\$38.8B in November. This slowdown was due primarily to revolving credit (lines of credit and credit cards), whose growth dropped from US\$19.3B in November to just US\$2.1B in December. Nonrevolving credit slowed significantly less, from US\$19.5B in November to US\$16.8B in December.
- ▶ The U.S. balance of trade in goods and services eroded slightly in December, with the deficit moving from -US\$79.3B in November to -US\$80.7B in December, slightly below the historic deficit of -US\$80.8B recorded in September. Exports were up 1.5% while imports grew 1.6%.

CANADA

- ▶ The value of merchandise exports fell 0.9% in December, while the value of imports increased 3.7%. The balance therefore went from a surplus of \$2.5B in November to a slight deficit of \$137.0M in December. For the fourth quarter as a whole, the volume of exports increased by 10.6% (annualized), while imports were up 13.2%. The balance of trade in goods expressed in real terms therefore went from -\$6.60B in 2012 dollars in the third quarter to -\$7.58B in 2012 dollars in the fourth quarter. This suggests that international trade's contribution to the variation in real GDP will be slightly negative in the fourth quarter.

CANADA

Balance of trade in goods eroded slightly in the fourth quarter of 2021



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

The U.S. 10-Year Yield Has Gone Over 2%

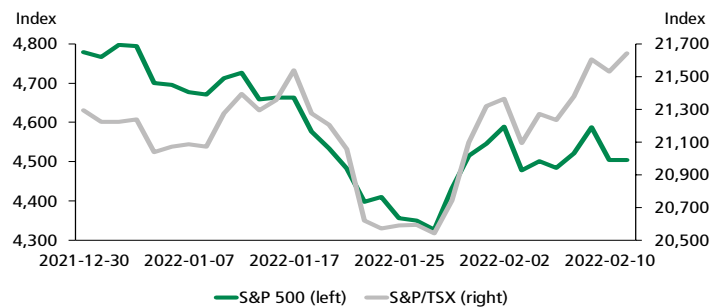
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The North American markets gained points at the beginning of the week, buoyed by upbeat financial results released by several companies. There was, however, much anticipation on markets over the January U.S. inflation figures. When those figures came out on Thursday, exceeding expectations again, bond markets quickly fell. Expectations of rate hikes kept increasing throughout the day, also fueled by remarks from some Federal Reserve officials. The stock markets took a beating during that same session but got back on track Friday morning just before falling back again. The NASDAQ, S&P 500 and Dow Jones U.S. indexes were on track to end the week slightly in the red. Less affected by anticipations of U.S. rate hikes, the Canadian S&P/TSX index had gained some 1.5% over the week at time of writing. The WTI (West Texas Intermediate) price per barrel seems to have stabilized just over US\$90, posting a slight decline compared to last Friday.

On the bond markets, investors who were expecting a respite in U.S. inflation were bitterly disappointed. Consumer prices kept rising at a fast pace in January, indicating that several key rate increases would be needed in order to regain control. The 3-month to 5-year yields saw the greatest moves, with increases of up to 20 basis points for the week in the United States. The yields also rose in Canada, but less drastically.

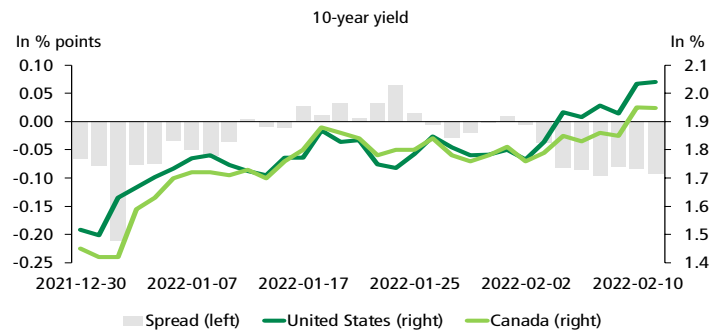
That volatility on the stock and bond markets was not reflected in significant adjustments to foreign exchange rates. The U.S. dollar was up slightly, but not across the board. The Canadian dollar managed to gain a few points during the week, getting closer to US\$0.79. The euro was down, however, after benefitting from higher interest rate expectations last week. Before the European Parliament's Committee on Economic and Monetary Affairs on Monday, Christine Lagarde tried to put the lid back on. With the exception of a temporary rebound on Thursday, the euro depreciated slightly throughout the week, and was trading at close to US\$1.14 on Friday morning.

GRAPH 1
Stock markets



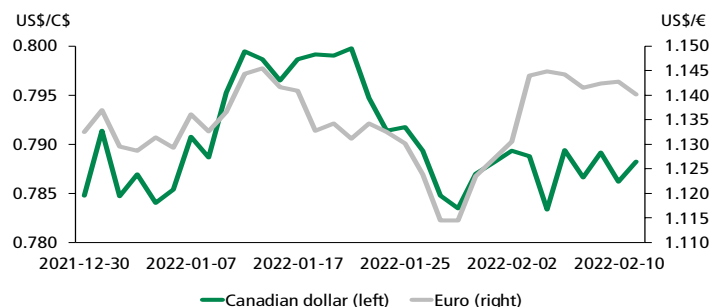
Sources: Datastream and Desjardins, Economic Studies

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

WEDNESDAY February 16 - 8:30

January	m/m
Consensus	1.8%
Desjardins	2.7%
December	-1.9%

WEDNESDAY February 16 - 9:15

January	m/m
Consensus	0.4%
Desjardins	0.5%
December	-0.1%

THURSDAY February 17 - 8:30

January	ann. rate
Consensus	1,700,000
Desjardins	1,675,000
December	1,702,000

FRIDAY February 18 - 10:00

January	m/m
Consensus	0.2%
Desjardins	-1.0%
December	0.8%

FRIDAY February 18 - 10:00

January	ann. rate
Consensus	6,100,000
Desjardins	6,150,000
December	6,180,000

UNITED STATES

Retail sales (January) – Retail sales tumbled a considerable 1.9% in December but are pegged to bounce back in January despite lacklustre readings on consumer confidence indexes and the Omicron variant effects. The 61,400 retail job gains in the first month of the year are already an encouraging sign. As are new vehicle sales, with a 20.0% jump in units moved for January. In addition, preliminary card transaction data points to robust growth across a number of categories, including online shopping, electronic goods, grocery stores and general merchandise stores. On the flipside, a further decline is expected in the food services sector, but downside risk is tempered by the sector's 108,200 job gains. Overall, total retail sales could rise 2.7%, while sales excluding motor vehicles and gasoline stations are expected to advance 2.3%.

Industrial production (January) – After two months of strong growth in October (+1.2%) and November (+0.7%), industrial production eased 0.1% in December. An increase is expected for January, however. The automotive sector, which fell 1.3% in December, is expected to perform better, as evidenced by the rise in hours worked in the sector. However, the rest of manufacturers likely faced more of a headwind, with a total gain of only 0.2% expected for the entire manufacturing sector, after an equivalent drop in December. January's unfavourable weather likely hurt the mining industry, which may take a hit after December's monthly gain of 2.0%. Conversely, the chilly weather in January (after an abnormally warm December) probably boosted demand for heating, with strong growth in energy production anticipated. All told, growth of 0.5% in industrial production is expected.

Housing starts (January) – After a very strong 8.1% surge in November, housing starts grew more modestly in December, adding 1.4% for the month. That being said, a downtick is forecast for January, despite very high building permit levels in December. The weather probably reined in housing starts with abundant precipitation and frosty conditions in the U.S. East and Midwest. Construction also logged a decline in hours worked, likely steepened by Omicron variant effects on labour availability. The persistent overhang of supply snags on construction also remains an issue. Overall, we see housing starts hitting 1,675,000 units.

Leading indicator (January) – Monthly growth in the leading indicator was 0.8% in December, its strongest gain since July 2021. However, one of the key growth drivers, unemployment insurance claims, is expected to be detrimental to January's monthly variation in the leading indicator. This is compounded by sagging consumer confidence, stock market declines and an anticipated drop in building permits. These factors would result in 1.0% contraction in the leading indicator, set to mark its first decline since April 2020.

Existing home sales (January) – December saw resales notch their first monthly dip since August. Yet, the 4.6% monthly pullback came on the heels of a total 10.2% gain over the previous three months. Another downtick is expected for the first month of 2022, as signalled by the 3.8% slide in pending sales the month before. Some regional data also point to a pullback. In total, we expect existing home sales in excess of 6,150,000 units.

TUESDAY February 15 - 8:15

January	ann. rate
Consensus	252,000
Desjardins	245,000
December	236,100

WEDNESDAY February 16 - 8:30

January	m/m
Consensus	0.6%
Desjardins	0.7%
December	-0.1%

WEDNESDAY February 16 - 8:30

December	m/m
Consensus	0.0%
Desjardins	0.0%
November	3.5%

WEDNESDAY February 16 - 8:30

December	m/m
Consensus	0.7%
Desjardins	0.8%
November	2.6%

FRIDAY February 18 - 8:30

December	m/m
Consensus	-2.1%
Desjardins	-2.1%
November	0.7%

MONDAY February 14 - 18:50

Q4 2021	q/q
Consensus	1.5%
Q3 2021	-0.9%

CANADA

Housing starts (January) – While housing starts have been trending downward since the spring of 2021, some volatility in monthly results has been noted. December was a case in point, with housing starts taking a drastic tumble to 236,100 units. In these conditions, a slight rebound is possible in January, with housing starts moving closer to their trend of recent months.

Consumer price index (January) – Average prices at the pumps climbed 4.5% in January, with a +0.1% contribution to the monthly variation in the total consumer price index (CPI) anticipated. Seasonal price fluctuations typically account for around +0.2% in January, fuelled mainly by rising food prices, as a range of fresh imported products fill store shelves at this time of year. As in recent months, contributions from the other components will remain fairly high due to persistent imbalances in supply and demand. Ultimately, we expect a monthly variation of about +0.7% in January, with the total annual inflation rate poised to climb from 4.8% to 5.0%.

Wholesale sales (December) – According to Statistics Canada interim figures, wholesalers' December sales were basically flat in dollar terms. Increases in farm products, and personal and household goods were likely offset by declines in food, beverage and tobacco products. However, inventories may continue to rise as wholesalers strive to adjust to supply chain bottlenecks.

Manufacturing sales (December) – Manufacturing sales values appear to have continued their ascent with December's 0.8% gain per Statistics Canada interim figures. Top sales performers included rubber and plastic products, fabricated metal products and motor vehicles.


Retail sales (December) – Statistics Canada interim figures pointed to a drop of around 2.1% in December retail sales values. In contrast, the preliminary data reflected a sharp rise in motor vehicle sales for the month. However, with the drop in prices at the pumps recorded during the month, gasoline stations likely rung up lower sales values. In all likelihood, activity across a host of other sectors was greatly impeded by the spread of the Omicron variant.


OVERSEAS

Japan: Real GDP (Q4) – To date, Japan has seen only a single quarter of growth in 2021. Real GDP contracted 0.7% in the first quarter, expanded 0.4% in the second and pulled back 0.9% in the third. The consensus is for another whipsaw result in the fourth quarter of 2021, with decent autumn growth in Japanese real GDP. This is also supported by the quarterly performance of a slate of indicators, including retail sales, industrial production and net exports.

Economic Indicators

Week of February 14 to 18, 2022

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 14	---	---				
TUESDAY 15	8:30	Empire manufacturing index	Feb.	12.3	12.5	-0.7
	8:30	Producer price index				
		Total (m/m)	Jan.	0.5%	0.5%	0.2%
		Excluding food and energy (m/m)	Jan.	0.4%	0.5%	0.5%
	16:00	Net foreign security purchases (US\$B)	Dec.	n/a	n/a	137.4
WEDNESDAY 16	8:30	Export prices (m/m)	Jan.	1.1%	1.7%	-1.8%
	8:30	Import prices (m/m)	Jan.	1.3%	1.5%	-0.2%
	8:30	Retail sales				
		Total (m/m)	Jan.	1.8%	2.7%	-1.9%
		Excluding automobiles (m/m)	Jan.	1.0%	2.1%	-2.3%
	9:15	Industrial production (m/m)	Jan.	0.4%	0.5%	-0.1%
	9:15	Production capacity utilization rates	Jan.	76.8%	76.9%	76.5%
	10:00	NAHB housing market index	Feb.	83	n/a	83
	10:00	Business inventories (m/m)	Dec.	2.1%	2.1%	1.3%
	14:00	Minutes of the Federal Reserve meeting				
THURSDAY 17	8:30	Initial unemployment claims	Feb. 7-11	220,000	219,000	223,000
	8:30	Philadelphia Fed index	Feb.	20.4	18.0	23.2
	8:30	Housing starts (ann. rate)	Jan.	1,700,000	1,675,000	1,702,000
	8:30	Building permits (ann. rate)	Jan.	1,750,000	1,735,000	1,873,000
FRIDAY 18	10:00	Leading indicator (m/m)	Jan.	0.2%	-1.0%	0.8%
	10:00	Existing home sales (ann. rate)	Jan.	6,100,000	6,150,000	6,180,000
CANADA						
MONDAY 14	---	---				
TUESDAY 15	8:15	Housing starts (ann. rate)	Jan.	252,000	245,000	236,100
	9:00	Existing home sales	Jan.			
WEDNESDAY 16	8:30	Consumer price index				
		Total (m/m)	Jan.	0.6%	0.7%	-0.1%
		Excluding food and energy (m/m)	Jan.	n/a	0.5%	-0.1%
		Total (y/y)	Jan.	4.8%	5.0%	4.8%
		Excluding food and energy (y/y)	Jan.	n/a	3.5%	3.4%
	8:30	Wholesale sales (m/m)	Dec.	0.0%	0.0%	3.5%
	8:30	Wholesale inventories (m/m)	Dec.	n/a	1.0%	4.3%
	8:30	Manufacturing sales (m/m)	Dec.	0.7%	0.8%	2.6%
THURSDAY 17	8:30	International transactions in securities (\$B)	Dec.	n/a	15.00	30.15
FRIDAY 18	8:30	New housing price index (m/m)	Jan.	n/a	0.4%	0.2%
	8:30	Retail sales				
		Total (m/m)	Dec.	-2.1%	-2.1%	0.7%
		Excluding automobiles (m/m)	Dec.	n/a	-3.9%	1.1%

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 February 14 to 18, 2022

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 14								
Japan	18:50	Real GDP – preliminary	Q4	1.5%		-0.9%		
Japan	23:30	Industrial production – final	Dec.	n/a	n/a	-1.0%	2.7%	
TUESDAY 15								
United Kingdom	2:00	ILO unemployment rate	Dec.	4.1%		4.1%		
Euro zone	5:00	Trade balance (€B)	Dec.	-4.7		-1.3		
Euro zone	5:00	Net change in employment – preliminary	Q4	n/a	n/a	0.9%	2.1%	
Euro zone	5:00	Real GDP – preliminary	Q4	0.3%	4.6%	0.3%	4.6%	
Germany	5:00	ZEW survey – Current situation	Feb.	-7.5		-10.2		
Germany	5:00	ZEW survey – Expectations	Feb.	55.0		51.7		
China	20:30	Consumer price index	Jan.		1.0%		1.5%	
China	20:30	Producer price index	Jan.		9.5%		10.3%	
Japan	23:30	Tertiary industry activity index	Dec.	0.3%		0.4%		
WEDNESDAY 16								
United Kingdom	2:00	Consumer price index	Jan.	-0.2%	5.4%	0.5%	5.4%	
United Kingdom	2:00	Producer price index	Jan.	0.6%	9.1%	0.3%	9.3%	
Euro zone	5:00	Industrial production	Dec.	0.3%	-0.4%	2.3%	-1.5%	
Japan	18:50	Trade balance (¥B)	Jan.	-398.3		-435.3		
THURSDAY 17								
Italy	4:00	Trade balance (€M)	Dec.	n/a		4,163		
Japan	18:30	Consumer price index	Jan.		0.6%		0.8%	
FRIDAY 18								
France	1:30	ILO unemployment rate	Q4	7.8%		8.1%		
United Kingdom	2:00	Retail sales	Jan.	0.9%	9.3%	-3.7%	-0.9%	
France	2:45	Consumer price index – final	Jan.	0.3%	2.9%	0.3%	2.9%	
Euro zone	4:00	Current account (€B)	Dec.	n/a		23.6		
Italy	4:30	Current account (€M)	Dec.	n/a		4,682		
Euro zone	5:00	Construction	Dec.	n/a	n/a	-0.2%	0.5%	
Euro zone	10:00	Consumer confidence – preliminary	Feb.	-8.0		-8.5		

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	19,806	6.9	5.5	5.7	-3.4	2.3
Consumption (2012 \$B)	2021 Q4	13,843	3.3	7.1	7.9	-3.8	2.2
Government spending (2012 \$B)	2021 Q4	3,357	-2.9	0.0	0.5	2.5	2.2
Residential investment (2012 \$B)	2021 Q4	692.8	-0.8	-2.2	9.0	6.8	-0.9
Non-residential investment (2012 \$B)	2021 Q4	2,899	2.0	6.4	7.3	-5.3	4.3
Business inventory change (2012 \$B) ¹	2021 Q4	173.5	---	---	-37.5	-42.3	75.1
Exports (2012 \$B)	2021 Q4	2,401	24.5	5.3	4.6	-13.6	-0.1
Imports (2012 \$B)	2021 Q4	3,739	17.7	9.6	14.0	-8.9	1.2
Final domestic demand (2012 \$B)	2021 Q4	20,787	1.9	5.3	6.5	-2.5	2.4
GDP deflator (2012 = 100)	2021 Q4	121.3	6.9	5.8	4.2	1.3	1.8
Labor productivity (2012 = 100)	2021 Q4	113.1	6.6	2.0	1.8	2.4	2.0
Unit labor cost (2012 = 100)	2021 Q4	122.7	0.3	3.1	3.2	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)	Dec.	120.8	0.8	2.1	4.0	10.2
ISM manufacturing index ¹	Jan.	57.6	58.8	60.8	59.9	59.4
ISM non-manufacturing index ¹	Jan.	59.9	62.3	66.7	64.1	58.5
Cons. confidence Conference Board (1985 = 100) ¹	Jan.	113.8	115.2	111.6	125.1	87.1
Personal consumption expenditure (2012 \$B)	Dec.	13,737	-1.0	-0.4	0.3	7.1
Disposable personal income (2012 \$B)	Dec.	15,367	-0.2	-0.6	-1.5	-0.2
Consumer credit (\$B)	Dec.*	4,431	0.4	1.7	2.9	5.9
Retail sales (\$M)	Dec.	626,833	-1.9	0.0	0.2	16.9
<i>Excluding automobiles (\$M)</i>	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)	Dec.	530,723	-0.4	2.6	4.9	13.3
New durable good orders (\$M)	Dec.	268,188	-0.7	2.6	4.1	13.0
Business inventories (\$B)	Nov.	2,158	1.3	3.4	5.8	8.7
Housing starts (k) ¹	Dec.	1,702	1,678	1,550	1,657	1,661
Building permits (k) ¹	Dec.	1,885	1,717	1,586	1,594	1,758
New home sales (k) ¹	Dec.	811.0	725.0	725.0	683.0	943.0
Existing home sales (k) ¹	Dec.	6,180	6,480	6,290	5,870	6,650
Commercial surplus (\$M) ¹	Dec.*	-80,731	-79,331	-80,814	-72,314	-65,802
Nonfarm employment (k) ²	Jan.	149,629	467.0	1,624	3,242	6,612
Unemployment rate (%) ¹	Jan.	4.0	3.9	4.6	5.4	6.4
Consumer price (1982-1984 = 100)	Jan.*	281.9	0.6	1.9	3.6	7.5
<i>Excluding food and energy</i>	Jan.*	286.4	0.6	1.7	2.7	6.0
Personal cons. expenditure deflator (2012 = 100)	Dec.	118.7	0.4	1.7	2.9	5.8
<i>Excluding food and energy</i>	Dec.	120.0	0.5	1.4	2.3	4.9
Producer price (2009 = 100)	Dec.	131.6	0.3	1.9	4.2	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	8.3	1.1	1.0
Unit labour cost (2012 = 100)	2021 Q3	120.6	7.7	6.2	3.7	2.5	2.6
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)	Nov.	2,014,598	0.6	1.6	3.5	3.8
Industrial production (2012 \$M)	Nov.	393,755	0.0	1.1	3.9	3.6
Manufacturing sales (\$M)	Nov.	63,073	2.6	4.6	7.9	16.9
Housing starts (k) ¹	Dec.	236.1	303.8	251.0	278.3	233.0
Building permits (\$M)	Dec.	11,156	-1.9	9.1	8.4	19.9
Retail sales (\$M)	Nov.	58,080	0.7	1.9	7.6	4.4
<i>Excluding automobiles (\$M)</i>	Nov.	43,225	1.1	2.5	9.6	5.7
Wholesale trade sales (\$M)	Nov.	75,631	3.5	6.7	4.6	11.9
Commercial surplus (\$M) ¹	Dec.*	-137.4	2,466	1,123	1,922	-2,088
<i>Exports (\$M)</i>	Dec.*	57,612	-0.9	9.0	8.0	21.7
<i>Imports (\$M)</i>	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 (\$)	Nov.	1,131	0.1	-0.3	-0.4	1.9
Number of salaried employees (k) ²	Nov.	16,970	37.2	89.9	152.2	86.8
Consumer price (2002 = 100)	Dec.	144.0	-0.1	0.8	1.8	4.8
<i>Excluding food and energy</i>	Dec.	136.7	-0.1	0.4	1.3	3.4
<i>Excluding 8 volatile items</i>	Dec.	141.5	0.0	0.6	1.7	4.0
Industrial product price (2010 = 100)	Dec.	118.5	0.7	2.2	3.0	16.1
Raw materials price (2010 = 100)	Dec.	129.4	-2.9	1.4	3.8	29.0
Money supply M1+ (\$M)	Nov.	1,602,441	1.2	1.3	4.7	15.3

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		
	Feb. 11	Feb. 4	-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	0.36	0.23	0.13	0.05	0.06	0.04	0.41	0.06	0.01
Treasury bonds – 2 years	1.57	1.33	0.97	0.49	0.21	0.11	1.57	0.36	0.11
– 5 years	1.95	1.78	1.54	1.23	0.79	0.48	1.95	0.99	0.48
– 10 years	2.04	1.93	1.77	1.57	1.28	1.18	2.04	1.52	1.17
– 30 years	2.34	2.23	2.12	1.96	1.94	2.01	2.48	2.09	1.68
S&P 500 index (level)	4,504	4,501	4,663	4,683	4,468	3,935	4,797	4,359	3,768
DJIA index (level)	35,302	35,090	35,912	36,100	35,515	31,458	36,800	34,575	30,924
Gold price (US\$/ounce)	1,833	1,804	1,821	1,862	1,774	1,827	1,906	1,795	1,682
CRB index (level)	261.58	261.29	245.43	237.09	216.96	185.29	262.13	217.56	184.08
WTI oil (US\$/barrel)	91.82	92.29	83.82	80.79	68.42	59.45	92.29	71.77	57.71
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	0.31	0.28	0.27	0.12	0.16	0.07	0.47	0.14	0.00
Treasury bonds – 2 years	1.50	1.36	1.15	0.98	0.45	0.19	1.50	0.60	0.19
– 5 years	1.81	1.71	1.56	1.45	0.84	0.49	1.81	1.08	0.49
– 10 years	1.95	1.85	1.76	1.67	1.19	1.03	1.95	1.47	1.03
– 30 years	2.21	2.10	2.01	2.03	1.76	1.63	2.21	1.92	1.63
<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	-0.05	0.05	0.14	0.07	0.10	0.03	0.30	0.08	-0.10
Treasury bonds – 2 years	-0.08	0.03	0.18	0.49	0.24	0.08	0.62	0.24	-0.08
– 5 years	-0.14	-0.07	0.02	0.22	0.05	0.01	0.33	0.10	-0.14
– 10 years	-0.09	-0.08	-0.01	0.10	-0.09	-0.15	0.17	-0.05	-0.21
– 30 years	-0.12	-0.13	-0.11	0.07	-0.18	-0.38	0.18	-0.17	-0.45
S&P/TSX index (level)	21,640	21,272	21,358	21,769	20,518	18,460	21,769	20,207	18,060
Exchange rate (C\$/US\$)	1.2687	1.2766	1.2555	1.2544	1.2515	1.2696	1.2943	1.2526	1.2034
Exchange rate (C\$/€)	1.4465	1.4615	1.4333	1.4365	1.4759	1.5388	1.5386	1.4695	1.4145
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\$/€)	1.1401	1.1448	1.1416	1.1452	1.1793	1.2120	1.2252	1.1735	1.1145
<u>United Kingdom</u>									
BoE – Base rate	0.50	0.50	0.25	0.10	0.10	0.10	0.50	0.13	0.10
Bonds – 10 years	1.54	1.41	1.15	0.91	0.66	0.54	1.54	0.87	0.58
FTSE index (level)	7,664	7,516	7,543	7,348	7,219	6,590	7,672	7,106	6,483
Exchange rate (US\$/£)	1.3602	1.3531	1.3675	1.3415	1.3865	1.3846	1.4212	1.3744	1.3208
<u>Germany</u>									
Bonds – 10 years	0.28	0.17	-0.09	-0.25	-0.51	-0.46	0.28	-0.27	-0.54
DAX index (level)	15,446	15,100	15,883	16,094	15,977	14,050	16,272	15,420	13,786
<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)	27,696	27,440	28,124	29,610	27,977	29,520	30,670	28,770	26,170
Exchange rate (US\$/¥)	115.90	115.22	114.22	113.87	109.59	104.95	116.16	111.13	105.08

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.