

WEEKLY NEWSLETTER

Inflation Continues to Run Hot in the United States

MUSINGS OF THE WEEK

- ▶ As timeless as a Christmas movie.

KEY STATISTICS OF THE WEEK

- ▶ United States: Highest inflation in nearly 40 years!
- ▶ The Bank of Canada opted to keep the status quo in last Wednesday's decision.
- ▶ Canada: Household indebtedness edges up.

A LOOK AHEAD

- ▶ Federal Reserve expected to taper bond purchases faster.
- ▶ United States: Retail sales, industrial production and housing starts expected to rise again.
- ▶ Canada: October likely rung up higher manufacturing and wholesale sales.
- ▶ Canada: Total annual inflation likely stayed very high in November.
- ▶ Canada: Downtrend in housing starts expected to have continued in November.

FINANCIAL MARKETS

- ▶ Subsiding concerns over the Omicron variant lead to a strong rebound on the stock markets.
- ▶ Bond yields rise in the United States, but not in Canada.
- ▶ The U.S. dollar stabilizes.

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Musings of the Week

As Timeless as a Christmas Movie

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

Wednesday saw the Bank of Canada (BoC) reaffirming its October forward guidance contending that liftoff could begin during the April-September window, in line with its expectation for when the output gap will close. Governor Tiff Macklem warning that hikes were “getting closer” in the intermeeting period had given us the impression that a more substantive change would have been made to the forward guidance, particularly the segment holding that “considerable support” was necessary. As the statement observed, Canada’s growth momentum was strong in the fourth quarter, ahead of the British Columbia disruptions and the Omicron scare. Inflation has accelerated and the statement qualified the employment rate being “essentially” normalized. The housing market started cooling last spring, but we have seen a sales’ resurgence in the last two months, perhaps with the impulse of the last buyers scrambling to get ahead of rising borrowing costs.

True, the current wave of infections needs to be kept under the radar and more decisive answers are still awaited on Omicron (even if the preliminary evidence has been reassuring). But it would not have been inappropriate for the statement to do better justice to the idea that rate hikes are no longer distant and tweaking the “considerable support” language while keeping plenty of conditionality would have made been feasible. It is noteworthy that during the press conference following his Thursday speech, Deputy Governor Toni Gravelle was quoted as saying that Canada was enjoying robust growth and that the need for support was waning.

This should have been put into writing, in our view. Toni Gravelle indeed had an overall somewhat bullish/hawkish take on developments generally speaking. One example is in the way that he concluded his speech: “While we expect inflation to ease in the second half of next year, we are closely watching inflation expectations and labour costs to ensure that the forces pushing up prices do not become embedded in ongoing inflation. Rest assured that the Bank of Canada remains resolute in its commitment to keep inflation under control.” The comment echoes remarks from Governor Tiff Macklem made in October to the effect that there was more limited tolerance for inflation overshoots. The front end of the Canada yield curve rallied following this week’s communications, a sign that markets were also bracing for a language tweak. But then again, markets were discounting a January hike nearly in full, with five hikes priced in through 2022. Even the tweak we believed was plausible would not have supported such wild scenario.

Meanwhile the inflation mandate renewal announcement (or lack thereof) was a bit of a side show. The delay in an announcement that is typically made in November fueled speculation that the BoC might have had a surprise in store. After all, the Federal Reserve had also embarked on a more drawn-out mandate renewal process than expected, and it culminated with average-inflation targeting. But on Thursday, headlines (that were vetted by BoC spokespeople) indicated that the BoC would rather keep its inflation target unchanged, vindicating the consensus view.

Some had waged bets on the potential adoption of a dual mandate but this debate has surfaced at every mandate renewal deadline, only for the BoC to reaffirm its 2% inflation single mandate. This year, officials had already forewarned that the existential problem of neatly representing the state of the labour market in a single variable had not been solved. The wishes that have been formulated by central bankers for the job market (better inclusivity, representation and participation), have always been challenged by the fact that they do not possess the tools to properly tackle these problems. In truth, these are complicated issues even for the elected officials who do have more appropriate levers.

As a result, the BoC’s best contribution to a strong and equitable job market recovery is to allow for flexibility in the targeting of inflation, both in terms of deviation from the target and the time horizon for achieving the target. And that is pretty much how the BoC has been operating since at least the 2008–2009 recession. Has it worked? The fact that longer-term inflation expectations have remained solidly anchored even throughout this year’s inflation hysteria says a lot. And while the Canadian job market does have its share of challenges, it can at least be said that in many respects, it is in better shape than its U.S. counterpart. The BoC’s mandate might be old but it’s simple, familiar and good. Just like a Christmas movie classic.

Key Statistics of the Week

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

UNITED STATES

- ▶ The U.S. consumer price index (CPI) rose 0.8% in November, after going up 0.9% in October and 0.4% in September. Energy prices climbed 3.5% in November, after advancing 4.8% in October. Food prices increased 0.7% on the heels of two straight 0.9% gains. Excluding food and energy, the core CPI gained 0.5% in November, following increases of 0.6% in October and 0.2% in September. The annual variation in the total CPI accelerated from 6.2% in October to 6.8% in November. This is the strongest inflation since June 1982. Core inflation went from 4.6% to 4.9%, its highest point since June 1991.
- ▶ The University of Michigan consumer sentiment index reflected improved confidence south of the border, climbing from 67.4 in November to 70.4 according to preliminary data for December. The increase was stronger for the household expectations component (+4.3 points) than the current situation component (+1.0 point). Inflation expectations held firm in December.
- ▶ Last week, initial jobless claims plunged to their lowest level since September 1969, dropping from 227,000 the previous week to a mere 184,000. Again, seasonal adjustments were significant, as the unadjusted version reflects an increase of 63,680 claims for the same week.
- ▶ U.S. consumer credit lost momentum in October, advancing only US\$16.9B after climbing US\$27.8B in September. The slowdown originated a bit more from term credit, which saw gains narrow from US\$18.1B in September to US\$10.3B in October. Revolving credit (lines of credit and credit cards) also lost steam, with growth slipping from US\$9.8B to US\$6.6B.

CANADA

- ▶ The Bank of Canada maintained Wednesday its target for the overnight rate at the effective lower bound of 0.25%. While economic conditions are relatively good with solid job gains and real GDP growth, it would have been premature to move to the next stage of monetary policy normalization at this point, namely gradual key interest rate hikes. However, we could see the first rate hike in April. That's assuming concerns about COVID-19 ease and the Canadian economy continues to recover.
- ▶ Merchandise exports jumped 6.4% in October, with imports up 5.3%. The automotive and energy products sectors were standouts for both exports and imports. The international merchandise trade balance improved from \$1.4B to \$2.1B.
- ▶ Seasonally adjusted, household credit market debt increased 2.0% in the third quarter. Households' disposable income also grew during the quarter, rising 1.7%. As income rose less than debt, the household debt ratio increased during the quarter. The ratio of credit market debt to disposable income went from 176.72% to 177.15% (once seasonally adjusted).
- ▶ In spite of rising industrial production, industrial capacity utilization rate came in surprisingly lower in the third quarter, easing from 82.0% to 81.4%. Readings in construction, forestry and manufacturing were sharply lower. In transportation equipment manufacturing, the utilization rate tumbled 6.6 percentage points particularly as a result of supply snags in the automotive industry.

Financial Markets

Fears over the Omicron Variant Ease

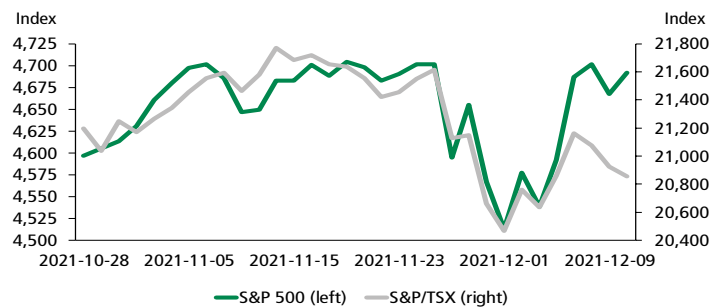
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Calm was restored on the stock markets this week as concerns over the effects of the new Omicron variant eased. Anthony Fauci, the U.S. government's leading public health advisor, said on Monday that preliminary data on the severity of the virus was encouraging. The Pfizer-BioNTech consortium also announced that a third dose of its COVID-19 vaccine as a booster shot had a neutralizing effect on the variant. These news gave a major boost to the main stock market indexes early in the week, but the rebound was still persisting on Friday morning despite a further rise in inflation in the United States. At the time of writing, the NASDAQ, the S&P 500 and the Dow Jones had all gained 3% to 4% over the week. The Canadian S&P/TSX index had seen a more modest increase of around 2%. Oil prices also bounced back due to the improved outlook for global demand, with the price of a barrel of WTI (West Texas Intermediate) standing at US\$72.

Bond market movements mainly reflected the optimism over the Omicron variant. Yields on U.S. bonds of 2-year and over all climbed at least 10 basis points this week. Canadian yields initially followed suit but fell to close to last Friday's levels after the Bank of Canada meeting. The institution maintained its forward guidance unchanged regarding possible rate hikes in the second and third quarters of 2022.

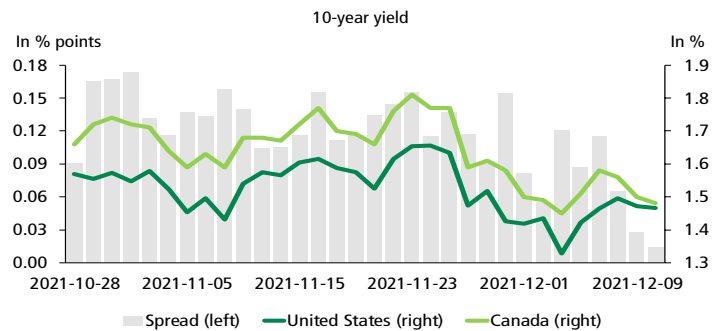
The U.S. dollar was fairly stable on average over the week. While renewed investor optimism was a drag on the U.S. currency, the greenback benefited from improved prospects for faster monetary tightening in the United States. At the time of writing, the euro was trading at about US\$1.13. The pound was holding above US\$1.32. The Canadian dollar fared much better than most other currencies. Thanks to the rebound for oil and lower uncertainties, it climbed back to nearly US\$0.79.

GRAPH 1
Stock markets



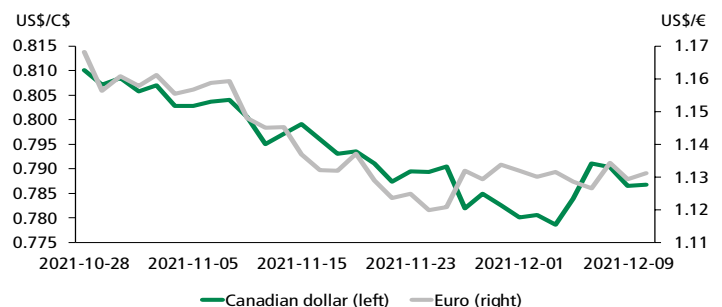
Sources: Datastream and Desjardins, Economic Studies

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 December 15 - 8:30

November	m/m
Consensus	0.8%
Desjardins	1.0%
October	1.7%

WEDNESDAY December 15 - 14:00

December	
Consensus	0.25%
Desjardins	0.25%
November 3	0.25%

THURSDAY December 16 - 8:30

November	ann. rate
Consensus	1,568,000
Desjardins	1,590,000
October	1,520,000

THURSDAY December 16 - 9:15

November	m/m
Consensus	0.7%
Desjardins	0.9%
October	1.6%

WEDNESDAY December 15 - 8:15

November	ann. rate
Consensus	233,000
Desjardins	233,000
October	236,554

UNITED STATES

Retail sales (November) – Retail sales provided an upside surprise in October with a strong 1.7% gain, the best monthly uptick since March. More upbeat growth is expected for November, albeit a tad less brisk. New motor vehicle sales were down slightly, but overall price effects and a move toward pricier models should drive further monthly gains in retail sales. Gasoline prices continued to climb last month, with another sharp rise in service station sales anticipated. The picture is not as clear for other retailers. Preliminary card transaction data shows strong growth in durable goods, but a slowdown in clothing. Food services are expected to gain momentum after stagnating in October. Overall, total retail sales could rise 1.0%, while sales excluding motor vehicles and service stations are expected to advance 0.8%.

Federal Reserve meeting (December) – At the November meeting, Federal Reserve (Fed) officials began to wind down their bond-buying policy. Since then, inflation data and the prospect of more sustained price pressures seem to have given the Fed pause, likely prompting leaders to rein in bond purchases faster. We expect the monthly taper to increase from US\$15B to US\$30B by January. Under this assumption, quantitative policy would end in mid-March rather than June. Inflation and key rate forecasts from Fed officials are also hotly anticipated, with hawkish adjustments to forecasts likely in the cards.

Housing starts (November) – Housing starts marked a second consecutive monthly contraction in October, ebbing 0.7% after retreating 2.7% in September. Better performance is anticipated for November, despite the persistent supply constraints on the construction sector. Job creation data in residential construction was fairly positive with 4,200 workers added in November. Building permits rebounded in October, after declining in September, and remains much higher than housing starts. We see housing starts hitting 1,590,000 units.

Industrial production (November) – In July, industrial production scored its highest monthly growth since March. The 1.6% gain came on the heels of a 1.3% pullback in September. A large part of the October gain was fuelled by the automotive sector, which soared 11.0%. We expect this factor to be much less prevalent in November. That's the message from the 0.4% rise in hours worked in the automotive sector last month after a 6.9% jump in October. Fortunately, the other sectors are expected to fair relatively well, with a higher increase in hours worked in the rest of the manufacturing sector and the ISM holding its ground nicely. We see the mining sector building on the 4.2% gain in October, and an increase in energy production is also expected. All told, growth of 0.9% in industrial production is anticipated.

CANADA

Housing starts (November) – The downtrend in housing starts is likely to continue with a slight dip in November. Affordability has waned in recent quarters on sharply higher prices, which is conducive to cooling in the housing market.

WEDNESDAY December 15 - 8:30

November	m/m
Consensus	0.2%
Desjardins	0.2%
October	0.7%

Consumer price index (November) – Prices at the pump saw a mere 0.8% rise in November, which will have virtually no impact on the monthly variation in the total consumer price index (CPI). Seasonal price fluctuations are usually around -0.3% in November, mainly due to lower prices for clothing and recreation. That should rein in total CPI growth for the month. Ultimately, we are expecting a monthly variation of about 0.2% in November. As a result, the total annual inflation rate is expected to remain unchanged at 4.7%.

WEDNESDAY December 15 - 8:30

October	m/m
Consensus	4.1%
Desjardins	4.1%
September	-3.0%

Manufacturing sales (October) – The manufacturing sector is still roiled by volatility. According to Statistics Canada interim figures, manufacturing sales were up 4.1% in October after pulling back 3.0% in September. As suggested by October's 27.2% surge in automotive product exports, the sector was a key driver of manufacturing sales for the month.

THURSDAY December 16 - 8:30

October	m/m
Consensus	1.4%
Desjardins	1.4%
September	1.0%

Wholesale sales (October) – Statistics Canada interim figures pointed to a 1.4% rise in wholesale sales in October. Declines in agriculture and food products, beverages and tobacco should be offset by gains in other sectors. The automotive products and building materials and supplies sectors could see substantial growth.

THURSDAY December 16 - 7:00

December	
Consensus	0.10%
Desjardins	0.10%
November 4	0.10%

OVERSEAS

United Kingdom: Bank of England meeting (December) – In November, the Bank of England signalled its intention to begin raising interest rates in the coming months. While possible, a December start seems unlikely due to uncertainty sparked by recent pandemic developments. We continue to expect an initial rate hike in February with the release of the new monetary policy report.


THURSDAY December 16 - 7:45


December	
Consensus	0.00%
Desjardins	0.00%
October 28	0.00%

Euro zone: European Central Bank meeting (December) – The European Central Bank (ECB) could unveil more details on the next stages of its asset purchase programs. The updated economic forecast is likely to show inflation tracking higher in the next few quarters yet remaining under control over the medium term. In our view, it's still too early for any ECB guidance on plans to begin raising key rates.

Economic Indicators

Week of December 13 to 17, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 13 --- ---						
TUESDAY 14 8:30 Producer price index						
		Total (m/m)	Nov.	0.5%	0.5%	0.6%
		Excluding food and energy (m/m)	Nov.	0.4%	0.4%	0.4%
WEDNESDAY 15 8:30 Empire manufacturing index						
	8:30	Export prices (m/m)	Nov.	0.4%	0.5%	1.5%
	8:30	Import prices (m/m)	Nov.	0.7%	0.5%	1.2%
	8:30	Retail sales				
		Total (m/m)	Nov.	0.8%	1.0%	1.7%
		Excluding automobiles (m/m)	Nov.	0.9%	1.1%	1.7%
	10:00	NAHB housing market index	Dec.	84	n/a	83
	10:00	Business inventories (m/m)	Oct.	1.0%	1.2%	0.7%
	14:00	Federal Reserve meeting	Dec.	0.25%	0.25%	0.25%
	14:30	Speech of the Federal Reserve Chair, J. Powell				
	16:00	Net foreign security purchases (US\$B)	Oct.	n/a	n/a	26.3
THURSDAY 16 8:30 Initial unemployment claims						
	8:30	Philadelphia Fed index	Dec. 6-10	200,000	205,000	184,000
	8:30	Housing starts (ann. rate)	Dec.	29.0	30.0	39.0
	8:30	Building permits (ann. rate)	Nov.	1,568,000	1,590,000	1,520,000
	8:30	Building permits (ann. rate)	Nov.	1,660,000	1,635,000	1,653,000
	9:15	Industrial production (m/m)	Nov.	0.7%	0.9%	1.6%
	9:15	Production capacity utilization rates	Nov.	76.8%	77.1%	76.4%
FRIDAY 17 --- ---						
CANADA						
MONDAY 13 --- ---						
TUESDAY 14 16:00 Federal Government's 2021 Economic and Fiscal Update						
WEDNESDAY 15 8:15 Housing starts (ann. rate)						
	8:30	Consumer price index	Nov.	233,000	233,000	236,554
		Total (m/m)	Nov.	0.2%	0.2%	0.7%
		Excluding food and energy (m/m)	Nov.	n/a	-0.1%	0.4%
		Total (y/y)	Nov.	4.7%	4.7%	4.7%
		Excluding food and energy (y/y)	Nov.	n/a	3.0%	3.2%
	8:30	Manufacturing sales (m/m)	Oct.	4.1%	4.1%	-3.0%
	9:00	Existing home sales	Nov.			
	12:00	Speech of the Bank of Canada Governor, T. Macklem				
THURSDAY 16 8:30 Wholesale sales (m/m)						
	8:30	Wholesale inventories (m/m)	Oct.	1.4%	1.4%	1.0%
			Oct.	n/a	0.7%	1.4%
FRIDAY 17 8:30 International transactions in securities (\$B)						
			Oct.	n/a	17.00	20.02

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 December 13 to 17, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 13								

TUESDAY 14								
United Kingdom	2:00	ILO unemployment rate	Oct.	4.2%		4.3%		
Euro zone	5:00	Industrial production	Oct.	1.2%	3.2%	-0.2%	5.2%	
China	21:00	Industrial production	Nov.		3.8%		3.5%	
China	21:00	Retail sales	Nov.		4.8%		4.9%	
WEDNESDAY 15								
United Kingdom	2:00	Consumer price index	Nov.	0.4%	4.7%	1.1%	4.2%	
France	2:45	Consumer price index – final	Nov.	0.4%	2.8%	0.4%	2.8%	
Japan	18:50	Trade balance (¥B)	Nov.	-320.8		-444.7		
THURSDAY 16								
Japan	---	Bank of Japan meeting	Dec.	-0.10%		-0.10%		
France	2:45	Business confidence	Dec.	113		114		
France	2:45	Production outlook	Dec.	n/a		20		
France	3:15	PMI composite index – preliminary	Dec.	55.2		56.1		
France	3:15	PMI manufacturing index – preliminary	Dec.	55.4		55.9		
France	3:15	PMI services index – preliminary	Dec.	56.0		57.4		
Germany	3:30	PMI composite index – preliminary	Dec.	51.2		52.2		
Germany	3:30	PMI manufacturing index – preliminary	Dec.	57.0		57.4		
Germany	3:30	PMI services index – preliminary	Dec.	51.0		52.7		
Switzerland	3:30	Swiss National Bank meeting	Dec.	-0.75%		-0.75%		
Euro zone	4:00	PMI composite index – preliminary	Dec.	54.2		55.4		
Euro zone	4:00	PMI manufacturing index – preliminary	Dec.	57.9		58.4		
Euro zone	4:00	PMI services index – preliminary	Dec.	54.0		55.9		
Norway	4:00	Bank of Norway meeting	Dec.	0.50%		0.25%		
United Kingdom	4:30	PMI composite index – preliminary	Dec.	56.4		57.6		
United Kingdom	4:30	PMI manufacturing index – preliminary	Dec.	57.6		58.1		
United Kingdom	4:30	PMI services index – preliminary	Dec.	56.8		58.5		
Euro zone	5:00	Trade balance (€B)	Oct.	5.8		6.1		
United Kingdom	7:00	Bank of England meeting	Dec.	0.10%		0.10%		
Euro zone	7:45	European Central Bank meeting	Dec.	0.00%		0.00%		
Mexico	14:00	Bank of Mexico meeting	Dec.	5.25%		5.00%		
United Kingdom	19:01	Consumer confidence	Dec.	-17		-14		
FRIDAY 17								
United Kingdom	2:00	Retail sales	Nov.	0.8%	4.2%	0.8%	-1.3%	
Germany	4:00	Ifo survey – Business climate	Dec.	95.2		96.5		
Germany	4:00	Ifo survey – Current situation	Dec.	97.5		99.0		
Germany	4:00	Ifo survey – Expectations	Dec.	93.5		94.2		
Euro zone	5:00	Construction	Oct.	n/a	n/a	0.9%	1.5%	
Euro zone	5:00	Consumer price index – final	Nov.	0.5%	4.9%	0.5%	4.9%	
Russia	5:30	Bank of Russia meeting	Dec.	8.50%		7.50%		

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	19,469	2.1	4.9	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q3	13,724	1.7	7.0	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q3	3,381	0.9	0.6	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q3	693.1	-8.3	5.4	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q3	2,884	1.5	9.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q3	-73.2	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q3	2,286	-3.0	5.5	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q3	3,599	5.8	12.9	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q3	20,681	1.1	6.1	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3	119.2	5.9	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 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)	Oct.	118.3	0.9	1.6	4.6	9.3
ISM manufacturing index ¹	Nov.	61.1	60.8	59.9	61.2	57.7
ISM non-manufacturing index ¹	Nov.	69.1	66.7	61.7	64.0	56.8
Cons. confidence Conference Board (1985 = 100) ¹	Nov.	109.5	111.6	115.2	120.0	92.9
Personal consumption expenditure (2012 \$B)	Oct.	13,877	0.7	1.7	1.4	6.6
Disposable personal income (2012 \$B)	Oct.	15,425	-0.3	-2.0	-4.5	-0.9
Consumer credit (\$B)	Oct.*	4,381	0.4	1.3	3.3	5.2
Retail sales (\$M)	Oct.	638,189	1.7	3.7	1.5	16.3
Excluding automobiles (\$M)	Oct.	511,603	1.7	4.6	5.0	17.6
Industrial production (2012 = 100)	Oct.	101.6	1.6	0.3	2.4	5.1
Production capacity utilization rate (%) ¹	Oct.	76.4	75.2	76.2	74.8	72.9
New machinery orders (\$M)	Oct.	522,138	1.0	2.5	7.1	15.2
New durable good orders (\$M)	Oct.	260,285	-0.4	0.6	5.1	13.7
Business inventories (\$B)	Sept.	2,102	0.7	2.1	3.7	7.5
Housing starts (k) ¹	Oct.	1,520	1,530	1,562	1,514	1,514
Building permits (k) ¹	Oct.	1,653	1,586	1,630	1,733	1,595
New home sales (k) ¹	Oct.	745.0	742.0	704.0	796.0	969.0
Existing home sales (k) ¹	Oct.	6,340	6,290	6,000	5,850	6,730
Commercial surplus (\$M) ¹	Oct.*	-67,116	-81,435	-70,333	-66,151	-63,678
Nonfarm employment (k) ²	Nov.	148,611	210.0	1,135	3,671	5,802
Unemployment rate (%) ¹	Nov.	4.2	4.6	5.2	5.8	6.7
Consumer price (1982-1984 = 100)	Nov.*	278.9	0.8	2.1	3.8	6.9
Excluding food and energy	Nov.*	283.2	0.5	1.4	2.7	5.0
Personal cons. expenditure deflator (2012 = 100)	Oct.	117.4	0.6	1.4	2.9	5.0
Excluding food and energy	Oct.	118.8	0.4	1.0	2.4	4.1
Producer price (2009 = 100)	Oct.	129.7	0.6	1.9	4.4	8.6
Export prices (2000 = 100)	Oct.	145.2	1.5	2.2	6.8	18.0
Import prices (2000 = 100)	Oct.	136.5	1.2	1.4	4.1	10.7

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)	Sept.	1,982,395	0.1	1.0	0.3	3.4
Industrial production (2012 \$M)	Sept.	386,163	-0.6	-0.1	0.7	3.9
Manufacturing sales (\$M)	Sept.	58,460	-3.0	-3.1	-1.5	8.4
Housing starts (k) ¹	Oct.	236.6	249.9	273.5	274.9	227.3
Building permits (\$M)	Oct.	10,291	1.3	3.7	-6.9	17.9
Retail sales (\$M)	Sept.	56,643	-0.6	0.9	-2.6	4.8
<i>Excluding automobiles (\$M)</i>	Sept.	42,032	-0.2	1.7	-2.9	6.0
Wholesale trade sales (\$M)	Sept.	71,339	1.0	-0.1	0.1	7.7
Commercial surplus (\$M) ¹	Oct.*	2,093	1,858	662.2	430.4	-4,114
<i>Exports (\$M)</i>	Oct.*	56,183	6.0	4.0	11.4	21.0
<i>Imports (\$M)</i>	Oct.*	54,091	5.8	1.4	8.1	7.0
Employment (k) ²	Nov.	19,316	153.7	114.0	126.2	64.9
Unemployment rate (%) ¹	Nov.	6.0	6.7	7.1	8.2	8.6
Average weekly earnings (\$)	Sept.	1,137	0.2	1.3	1.4	2.6
Number of salaried employees (k) ²	Sept.	16,792	91.1	167.5	106.2	82.1
Consumer price (2002 = 100)	Oct.	143.9	0.7	1.1	2.6	4.7
<i>Excluding food and energy</i>	Oct.	136.8	0.4	0.9	1.9	3.2
<i>Excluding 8 volatile items</i>	Oct.	141.5	0.6	1.1	2.4	3.8
Industrial product price (2010 = 100)	Oct.	117.7	1.3	2.3	5.6	16.7
Raw materials price (2010 = 100)	Oct.	133.3	4.8	4.1	14.6	38.4
Money supply M1+ (\$M)	Sept.	1,580,057	0.0	2.3	7.9	16.7

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		
	Dec. 10	Dec. 3	-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	0.05	0.06	0.05	0.05	0.03	0.08	0.11	0.05	0.01
Treasury bonds – 2 years	0.65	0.54	0.49	0.20	0.15	0.12	0.65	0.22	0.11
– 5 years	1.23	1.12	1.23	0.81	0.75	0.36	1.33	0.80	0.34
– 10 years	1.47	1.33	1.57	1.34	1.46	0.89	1.75	1.41	0.89
– 30 years	1.86	1.68	1.96	1.93	2.15	1.63	2.48	2.04	1.63
S&P 500 index (level)	4,692	4,538	4,683	4,459	4,247	3,663	4,705	4,216	3,647
DJIA index (level)	35,816	34,580	36,100	34,608	34,480	30,046	36,432	33,727	29,862
Gold price (US\$/ounce)	1,784	1,775	1,862	1,794	1,882	1,846	1,947	1,803	1,682
CRB index (level)	225.36	220.64	237.09	220.43	212.25	161.25	241.18	205.47	162.24
WTI oil (US\$/barrel)	71.14	66.26	80.79	69.80	70.91	46.57	84.66	66.66	46.87
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	0.02	0.03	0.12	0.14	0.11	0.13	0.19	0.11	0.01
Treasury bonds – 2 years	0.97	1.01	0.98	0.41	0.31	0.25	1.14	0.44	0.15
– 5 years	1.34	1.34	1.45	0.83	0.82	0.44	1.58	0.90	0.39
– 10 years	1.48	1.45	1.67	1.23	1.38	0.71	1.81	1.32	0.67
– 30 years	1.81	1.74	2.03	1.80	1.94	1.27	2.19	1.83	1.21
<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	-0.03	-0.03	0.07	0.09	0.08	0.05	0.13	0.07	-0.05
Treasury bonds – 2 years	0.32	0.47	0.49	0.21	0.16	0.13	0.62	0.21	0.01
– 5 years	0.11	0.22	0.22	0.02	0.07	0.08	0.33	0.10	-0.04
– 10 years	0.01	0.12	0.10	-0.11	-0.08	-0.18	0.17	-0.08	-0.30
– 30 years	-0.05	0.06	0.07	-0.13	-0.21	-0.36	0.18	-0.22	-0.46
S&P/TSX index (level)	20,854	20,633	21,769	20,633	20,138	17,549	21,769	19,638	17,337
Exchange rate (C\$/US\$)	1.2710	1.2844	1.2544	1.2691	1.2157	1.2774	1.2908	1.2534	1.2034
Exchange rate (C\$/€)	1.4377	1.4533	1.4365	1.4994	1.4720	1.5473	1.5741	1.4888	1.4179
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\$/€)	1.1311	1.1315	1.1452	1.1815	1.2108	1.2113	1.2327	1.1878	1.1199
<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	0.74	0.75	0.91	0.76	0.75	0.19	1.20	0.73	0.20
FTSE index (level)	7,292	7,122	7,348	7,029	7,134	6,547	7,384	6,958	6,407
Exchange rate (US\$/£)	1.3259	1.3233	1.3415	1.3841	1.4108	1.3225	1.4212	1.3767	1.3211
<u>Germany</u>									
Bonds – 10 years	-0.35	-0.38	-0.25	-0.33	-0.27	-0.64	-0.09	-0.34	-0.62
DAX index (level)	15,623	15,170	16,094	15,610	15,693	13,114	16,251	15,094	13,223
<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)	28,438	28,030	29,610	30,382	28,949	26,653	30,670	28,742	26,436
Exchange rate (US\$/¥)	113.36	112.82	113.87	109.94	109.67	104.03	115.43	109.26	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.