

WEEKLY NEWSLETTER

Inflation Is Spreading in Canada, Reaching a Ten-Year High

MUSINGS OF THE WEEK

- ▶ Transitory inflation: Like a movie playing in slow motion.

KEY STATISTICS OF THE WEEK

- ▶ United States: Retail sales retreat in July, but motor vehicle production rebounds.
- ▶ U.S. housing starts fell in July.
- ▶ Canada: The total annual inflation rate increased more than expected in July.
- ▶ Canada: Existing home sales and housing starts are continuing to slow down.
- ▶ Canada: Retail sales rebounded in June.

A LOOK AHEAD

- ▶ United States: Slight drops in home sales are anticipated.
- ▶ U.S. real household consumption likely stagnated in July.

FINANCIAL MARKETS

- ▶ The stock markets had a tough week due to fears over the pandemic doing further harm to the economy.
- ▶ Bond yields tumbled despite signals from the Federal Reserve regarding upcoming changes to its monetary policy.
- ▶ The U.S. dollar got a boost from the increased concern on the markets.

CONTENTS

Musings of the Week.....	2	Financial Markets.....	4	Economic Indicators of the Week	7
Key Statistics of the Week	3	A Look Ahead	5	Tables: <i>Economic indicators</i>	9
<i>United States, Canada</i>		<i>United States, Canada, Overseas</i>		<i>Major financial indicators</i>	11

Musings of the Week

Transitory Inflation: Like a Movie Playing in Slow Motion

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

The moderation seen in Canadian inflation in June had given the hint that the 3.6% level reached in May might have constituted the peak of 2021. However, inflation surged in July, reaching 3.7%, the highest level in over a decade. The broadening of inflationary pressures is particularly notable: in July, components representing 50% of the consumer basket were up 3% or more, thus higher than the upper bound of the Bank of Canada's control range.

Earlier this year, it was mainly goods that were pushing up inflation. As early as March, goods inflation crossed the 3% mark, whereas the services sector, still hampered by the effects of lockdowns, saw inflation running at only 1.2%. Since then, not only has goods inflation accelerated further (to 5%), but services inflation has picked up, reaching 2.6% in July. The pickup in services inflation was to be expected considering that between 2010 and 2019 it had averaged 2.1%. The level at the beginning of the year was abnormally low. But the normalization in services is not accompanied by a normalization (downwards) in goods, such that just about everything is accelerating. Recall that goods inflation has averaged an anemic 1.3% over the past decade in Canada. The 5% level in July is therefore particularly high. In the United States, goods inflation averaged only 0.9% over the past decade, compared to a level of 9.2% in July.

With respect to the debate on the transitory nature of inflation, the issue will play out very much in goods, as this is where we see a wider deviation of inflation from its previous average. There has been a lot of talk about disruptions to supply chains, including the shortage of electronic chips used in auto manufacturing. In a previous [Economic Viewpoint](#), we discussed the sharp drop in U.S. auto inventories and the resulting pressure on vehicle prices, which is also being felt in Canada. Shortages have also affected many other goods such as wood, steel, paint, even Nike sneakers and pool chlorine, as the pandemic has put heavy strains on the just-in-time production models that global supply chains relied on.

Ultimately, the solution to these pressures is pretty simple: increased production. The case of lumber was a striking example, as the increase in mill production in response to attractive prices caused lumber prices to fall just as dramatically as they had increased. However, one should remain realistic because not all sectors are able to adjust as swiftly. For example, the construction of two major chip factories in the United States is encouraging, but many technology sector experts believe that the shortage will not be resolved until 2022, if not 2023. Several

automakers have reported significant output cuts in the coming months.

Nor is there any end in sight in some other manufacturing sectors. The rise of COVID-19 infections in several emerging countries is a concern at the moment. For example, Malaysia, a major exporter of electronics, is experiencing a marked increase in new cases, even though only 35% of its population is vaccinated. Cases have also risen in Vietnam, where barely 1% of the population is vaccinated. The word "transitional" is therefore very broad in the current context, and in many cases it still implies that patience will be required before production and deliveries can alleviate shortages.

Ultimately, the argument that at least some of the inflationary thrust is temporary still holds but it doesn't mean that there aren't factors that will be more persistent. In services, for instance, housing is a component to watch, as the federal government is banking on sustained demographic growth in Canada over the next few years. Labour shortages, if they result in accelerating wages, are also a potential driver of inflation. Through all of this, the most daunting scenario for central banks would be a de-anchoring of inflation expectations. But can just a few years of above-target inflation cause a very sharp shift in expectations? That still seems rather unlikely.

Key Statistics of the Week

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

UNITED STATES

- ▶ Retail sales dipped 1.1% in July after a 0.7% increase in June and a 1.4% decrease in May. Motor vehicle sales declined by 3.9% in July, the third consecutive drop. The value of service station sales rose 2.4%. Excluding motor vehicles and gasoline, sales dipped 0.7% following a 1.3% increase in June. Other than motor vehicles, the main decreases stem from nonstore retailers (-3.1%), clothing stores (-2.6%) and leisure goods stores (-1.9%).
- ▶ Industrial production grew 0.9% in July, following increases of 0.2% in June and 0.8% in May. Manufacturing output grew by 1.4% (thanks to an 11.2% jump in the automotive industry) and the mining sector saw an increase of 1.2%. Meanwhile, energy production plunged by 2.1%.
- ▶ After gaining 3.5% in June, housing starts declined 7.0% in July. This drop is much larger than the slight pullback forecast by the consensus. Annualized housing starts edged down from 1,650,000 units in June to 1,534,000 in July, the lowest figure since April. This level also represents a decrease of 11.1% from March's recent peak. There was a sharp decline in new construction in the northeastern United States (-49.3%). For their part, building permits rose 2.5% due to multi-unit housing (+12.2%), while permits for single-family homes were down 1.7% for a fifth decline in six months.
- ▶ The Federal Reserve Bank of Philadelphia's manufacturing index was relatively stable in August, going from 21.9 to 19.4. However, the Federal Reserve Bank of New York's Empire index dropped substantially from an all-time high of 43.0 to 18.3.
- ▶ The Conference Board's leading U.S. indicator was up 0.9% in July after gaining 0.5% in June and 1.2% in May. This time, the ISM index, credit conditions and the stock market made the strongest contributions to the leading indicator's monthly growth.
- ▶ Initial jobless claims fell from 377,000 to 348,000 last week, their lowest level since the beginning of the pandemic.

CANADA

- ▶ The consumer price index (CPI) rose 0.6% in July. The total annual inflation rate increased from 3.1% to 3.7%. The annual variation in the total CPI has just reached a peak not seen since May 2011. With a 30.9% increase over a year, gasoline prices continue to weigh heavily in the balance. In theory, this effect should gradually dissipate over the next few months. However, several other factors are also significantly contributing to higher price growth.
- ▶ The number of existing home sales dropped 3.5% in July. This is the fourth monthly drop in a row since reaching an all-time high in March. That said, sales are still relatively high, historically speaking. Moreover, prices remain high, with the home price index climbing to \$730,800 in July for Canada as a whole, a new record.
- ▶ Housing starts fell from 281,200 units in June to 272,176 in July, a 3.2% drop. The trend based on the 6-month moving average went from 293,085 to 286,620 units, the first monthly decrease since May 2020.
- ▶ With the easing of some public health measures in connection with the third wave of COVID-19, the value of retail sales bounced back as expected in June with a monthly increase of 4.2%. This spike could be short-lived, however, since Statistics Canada's preliminary data shows that sales dropped 1.7% in July.
- ▶ After two monthly drops in a row, the value of manufacturing sales climbed 2.1% in June. Sales were up in 13 of 21 industries. A large increase was observed for automotive product manufacturers (+15.4%) and sales of petroleum products (+5.2%). Excluding the latter, sales are up only 0.5%. In real terms, total sales grew 2.2%.
- ▶ Wholesale sales fell 0.8% in June, ending three consecutive monthly increases. Building materials and supplies wholesalers saw a steep decline (-5.4%), along with machinery, equipment and supplies wholesalers (-3.5%). The volume of wholesale sales dropped 1.4% in June.

Financial Markets

Worries Grow Over the Delta Variant

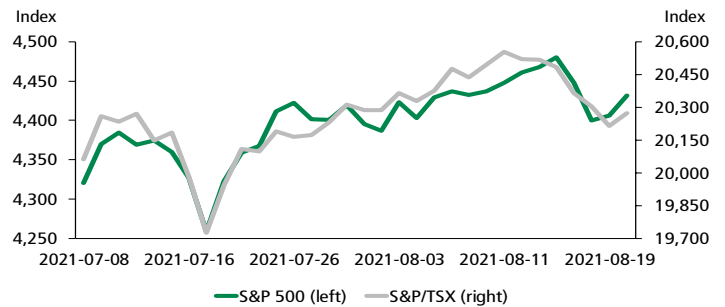
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

The U.S. stock markets have been hesitant in the last few weeks due to the spread of the Delta variant. The public health situation has worsened in several U.S. states and elsewhere in the world, fuelling fears of new restrictions and weakened demand in sectors where physical distancing is difficult. Inflation is also a source of concern, with an annual rate hovering at around 5% for three months running in the United States. This could eventually encourage the Federal Reserve (Fed) to reduce the level of monetary stimulus more quickly, potentially boosting bond yields, which would make equity assets less attractive. Despite a rebound on Friday, most major stock indexes posted losses of nearly 1% for the week. Another sign of serious concerns over upcoming demand, a barrel of WTI (West Texas Intermediate) oil stood at around US\$63 on Friday, compared with US\$75 a few weeks ago.

Even Fed Chair Jerome Powell admitted that the recent drop in long-term bond yields is difficult to explain. Along with several other Fed officials, he has started to send clearer signals that we can expect a tapering of quantitative easing by the end of the year. In spite of everything, concerns over the pandemic and economic growth sent long-term bond yields plummeting this week. At the time of writing, the U.S. 10-year yield stood at 1.26%, with its Canadian counterpart at 1.14%.

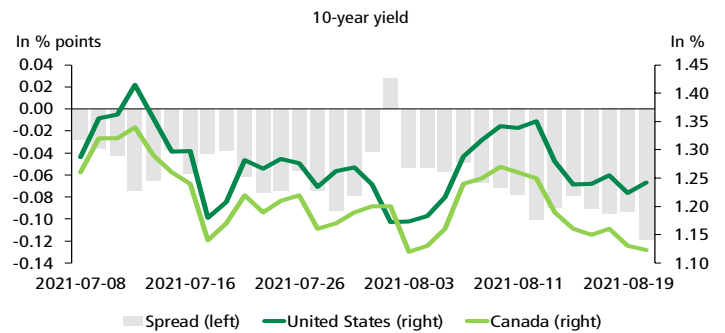
The U.S. dollar has maintained an upward trend all summer. This is in line with adjusted expectations regarding the Fed's future actions, but more recently, it is the heightened concern over the economy and increased demand for safe-haven that mostly support the greenback. This week, the U.S. dollar effective exchange rate index (DXY) hit its highest level since November 2020. In its wake, the euro fell to below US\$1.17 and the pound slipped to less than US\$1.37. The Canadian dollar is also on a clear downswing, sitting at below US\$0.78. Its recent depreciation was amplified by the drop in commodity prices.

GRAPH 1
Stock markets



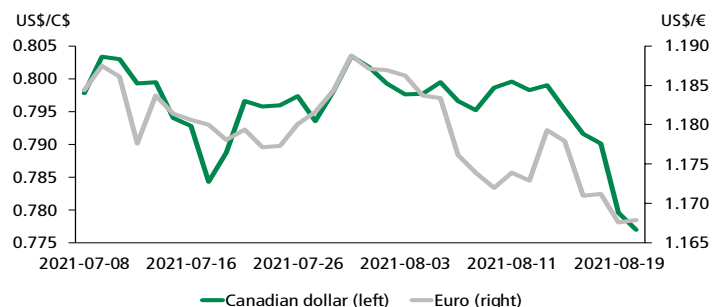
Sources: Datastream and Desjardins, Economic Studies

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

MONDAY August 23 - 10:00

July	ann. rate
Consensus	5,830,000
Desjardins	5,800,000
June	5,860,000

TUESDAY August 24 - 10:00

July	ann. rate
Consensus	700,000
Desjardins	670,000
June	676,000

WEDNESDAY August 25 - 8:30

July	m/m
Consensus	-0.2%
Desjardins	-0.3%
June	0.9%

FRIDAY August 27 - 8:30

July	m/m
Consensus	0.4%
Desjardins	0.4%
June	1.0%

THURSDAY August 26 - 8:30

June	m/m
Consensus	n/a
Desjardins	1.5%
May	-1.6%

UNITED STATES

Sales of existing homes (July) – Resales were up 1.4% in June, the first gain after five months in a row when sales plunged a total of 13.2%. They are, however, expected to slide back down again in July. That is what the 1.9% contraction in pending sales of existing homes for June is suggesting. Mortgage applications in view of purchase also continued to drop in July, although regional information signals a certain stability, indicating that the national decline in resales will be modest. All in all, we expect existing home sales to reach 5,800,000 units.

New home sales (July) – Sales of new single-family homes have fallen sharply in recent months. June's loss of 6.6% followed those of 7.8% in May and 10.1% in April, making the sales 31.9% lower than last January's peak of 993,000 units. The spike in the prices of materials (which has calmed down now) and homes seems to have curbed the market. We expect relative stability in July, with the 1.7% reduction in building permits for single-family homes signalling a slight decline in the number of sales. Sales of new single-family homes are forecast to reach 670,000 units.

New durable goods orders (July) – New durable goods orders rose 0.9% in June after a substantial 3.2% gain in May. A large part of that June increase came from the transportation sector, which was up 2.0%. However, it is expected to drop in July because aircraft orders may be down after their 15.7% surge in June. A likely gain in motor vehicle orders could partially offset that downtrend. Not including transportation, a 1.1% gain is anticipated in connection with the "new orders" component of the ISM manufacturing index, which is still high, and the good showing in manufacturing output. Overall, we expect a modest 0.3% decrease in new durable goods orders.

Consumer spending (July) – After dropping 0.6% in May, real consumption rose 0.5% in June, mainly due to a recovery in services. We expect real consumption to stagnate in July, however. The picture is less rosy on the goods side. The number of new motor vehicles sold was down for the third month in a row, by 4.1% this time. July's retail sales also indicate lower spending on other durable and non-durable goods. The increase in food services (+1.7% according to retail sales) indicates that spending on services will rise sharply and offset lower spending on goods. The consumer expenditure deflator should be up 0.4% for the month, which would also bring the monthly variation of nominal expenditures to 0.4%. Personal income should remain stable, but disposable income should be enhanced by lower taxes on families.

CANADA

Number of salaried employees (June) – The gradual easing of health restrictions to counter the third COVID-19 wave should boost the number of salaried workers in June according to the business survey. Bear in mind that the household survey has already shown a 1.9% increase for the month (not including farm and independent workers), a gain of 295,500 jobs.

MONDAY August 23 - 4:00

August

Consensus


59.6


July**60.2****OVERSEAS**

Euro zone: PMI indexes (August – preliminary) – The reopening of the European economy was reflected in the rising PMI indexes, which signalled the acceleration of real GDP in the second quarter. Summer got off to a good start with the European composite index reaching 60.2 in July, an 15-year high. It now remains to be seen whether the level will remain that high in August or whether fears of the spread of the Delta variant will affect the PMI indexes negatively. If they stay very high, it will augur well for economic growth in the third quarter.

Economic Indicators

Week of August 23 to 27, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 23						
	10:00	Existing home sales (ann. rate)	July	5,830,000	5,800,000	5,860,000
TUESDAY 24						
	10:00	New home sales (ann. rate)	July	700,000	670,000	676,000
WEDNESDAY 25						
	8:30	Durable goods orders (m/m)	July	-0.2%	-0.3%	0.9%
THURSDAY 26						
	8:30	Initial unemployment claims	Aug. 16-20	350,000	350,000	348,000
	8:30	Real GDP (ann. rate)	Q2s	6.7%	6.5%	6.5%
FRIDAY 27						
	8:30	Personal income (m/m)	July	0.1%	0.0%	0.1%
	8:30	Personal consumption expenditures (m/m)	July	0.4%	0.4%	1.0%
	8:30	Personal consumption expenditures deflator				
		Total (m/m)	July	0.4%	0.4%	0.5%
		Excluding food and energy (m/m)	July	0.3%	0.3%	0.4%
		Total (y/y)	July	4.1%	4.1%	4.0%
		Excluding food and energy (y/y)	July	3.6%	3.5%	3.5%
	8:30	Goods trade balance – preliminary (US\$B)	July	-90.5	-90.8	-91.2
	8:30	Retail inventories (m/m)	July	n/a	n/a	0.3%
	8:30	Wholesale inventories – preliminary (m/m)	July	1.0%	n/a	1.1%
	10:00	Michigan's consumer sentiment index – final	Aug.	71.0	70.2	70.2
CANADA						
MONDAY 23						
	---	---				
TUESDAY 24						
	---	---				
WEDNESDAY 25						
	---	---				
THURSDAY 26						
	8:30	Average weekly earnings (y/y)	June	n/a	2.4%	-0.1%
	8:30	Number of salaried employees (m/m)	June	n/a	1.5%	-1.6%
FRIDAY 27						
	8:30	Industrial product price index (m/m)	July	n/a	0.1%	0.0%
	8:30	Raw materials price index (m/m)	July	n/a	-0.7%	3.9%

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

Economic Indicators

Week of August 23 to 27, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 22								
Japan	20:30	PMI composite index – preliminary	Aug.	n/a		48.8		
Japan	20:30	PMI manufacturing index – preliminary	Aug.	n/a		53.0		
Japan	20:30	PMI services index – preliminary	Aug.	n/a		47.4		
MONDAY 23								
France	3:15	PMI composite index – preliminary	Aug.	56.1		56.6		
France	3:15	PMI manufacturing index – preliminary	Aug.	57.2		58.0		
France	3:15	PMI services index – preliminary	Aug.	56.3		56.8		
Germany	3:30	PMI composite index – preliminary	Aug.	62.0		62.4		
Germany	3:30	PMI manufacturing index – preliminary	Aug.	65.0		65.9		
Germany	3:30	PMI services index – preliminary	Aug.	61.0		61.8		
Euro zone	4:00	PMI composite index – preliminary	Aug.	59.6		60.2		
Euro zone	4:00	PMI manufacturing index – preliminary	Aug.	62.0		62.8		
Euro zone	4:00	PMI services index – preliminary	Aug.	59.5		59.8		
United Kingdom	4:30	PMI composite index – preliminary	Aug.	58.7		59.2		
United Kingdom	4:30	PMI manufacturing index – preliminary	Aug.	59.5		60.4		
United Kingdom	4:30	PMI services index – preliminary	Aug.	59.1		59.6		
Euro zone	10:00	Consumer confidence – preliminary	Aug.	-4.9		-4.4		
TUESDAY 24								
Germany	2:00	Real GDP – final	Q2	1.5%	9.2%	1.5%	9.2%	
WEDNESDAY 25								
South Korea	---	Bank of Korea meeting	Aug.	0.50%		0.50%		
Japan	1:00	Leading indicator – final	June	n/a		104.1		
Japan	1:00	Coincident indicator – final	June	n/a		94.0		
Germany	4:00	Ifo survey – Business climate	Aug.	100.3		100.8		
Germany	4:00	Ifo survey – Current situation	Aug.	100.8		100.4		
Germany	4:00	Ifo survey – Expectations	Aug.	100.0		101.2		
THURSDAY 26								
Germany	2:00	Consumer confidence	Sept.	-0.5		-0.3		
France	2:45	Business confidence	Aug.	112		113		
France	2:45	Production outlook	Aug.	n/a		20		
Euro zone	4:00	Money supply M3	July		7.6%		8.3%	
Japan	19:30	Consumer price index – Tokyo	Aug.		-0.4%		-0.1%	
FRIDAY 27								
France	2:45	Consumer confidence	Aug.	100		101		
Italy	4:00	Consumer confidence	Aug.	116.3		116.6		
Italy	4:00	Economic confidence	Aug.	n/a		116.3		

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

UNITED STATES
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$B)	2021 Q2	19,358	6.5	12.2	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q2	13,659	11.8	16.2	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q2	3,378	-1.5	0.0	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q2	712.1	-9.8	21.7	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q2	2,865	8.0	13.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q2	-165.9	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q2	2,296	6.0	18.2	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q2	3,555	7.8	30.8	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q2	20,621	7.9	12.9	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q2	117.5	6.0	4.0	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q2	112.7	2.3	1.9	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q2	118.5	1.0	0.1	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q2	144.7	2.8	2.8	2.6	2.8	2.8
Current account balance (\$B) ¹	2021 Q1	-195.7	---	---	-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)	July*	116.0	0.9	2.7	5.4	10.6
ISM manufacturing index ¹	July	59.5	60.6	60.7	58.7	53.7
ISM non-manufacturing index ¹	July	64.1	60.1	62.7	58.7	56.6
Cons. confidence Conference Board (1985 = 100) ¹	July	129.1	128.9	117.5	87.1	91.7
Personal consumption expenditure (2012 \$B)	June	13,676	0.5	0.4	6.6	9.2
Disposable personal income (2012 \$B)	June	15,569	-0.5	-19.0	1.1	-3.0
Consumer credit (\$B)	June	4,319	0.9	2.2	3.2	4.2
Retail sales (\$M)	July*	617,719	-1.1	-1.8	7.2	15.8
<i>Excluding automobiles (\$M)</i>	July*	490,987	-0.4	0.7	7.6	15.8
Industrial production (2012 = 100)	July*	101.1	0.9	2.0	1.7	6.6
Production capacity utilization rate (%) ¹	July*	76.1	75.4	74.7	75.0	71.5
New machinery orders (\$M)	June	505,974	1.5	3.7	8.0	22.3
New durable good orders (\$M)	June	257,860	0.9	3.4	8.6	29.4
Business inventories (\$B)	June*	2,057	0.8	1.5	2.9	6.6
Housing starts (k) ¹	July*	1,534	1,650	1,514	1,625	1,497
Building permits (k) ¹	July*	1,635	1,594	1,733	1,883	1,542
New home sales (k) ¹	June	676.0	724.0	873.0	943.0	839.0
Existing home sales (k) ¹	June	5,860	5,780	6,010	6,650	4,770
Commercial surplus (\$M) ¹	June	-75,749	-70,994	-75,025	-65,802	-50,675
Nonfarm employment (k) ²	July	146,821	943.0	2,495	4,085	7,255
Unemployment rate (%) ¹	July	5.4	5.9	6.1	6.3	10.2
Consumer price (1982-1984 = 100)	July	272.3	0.5	2.0	3.8	5.3
<i>Excluding food and energy</i>	July	279.1	0.3	2.0	3.3	4.2
Personal cons. expenditure deflator (2012 = 100)	June	115.3	0.5	1.6	2.8	4.0
<i>Excluding food and energy</i>	June	117.3	0.4	1.6	2.4	3.5
Producer price (2009 = 100)	July	127.3	1.0	2.8	5.0	7.7
Export prices (2000 = 100)	July	142.4	1.3	4.8	10.5	17.2
Import prices (2000 = 100)	July	134.6	0.3	2.7	6.4	10.2

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

CANADA
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$M)	2021 Q1	2,077,771	5.6	0.3	-5.3	1.9	2.4
Household consumption (2012 \$M)	2021 Q1	1,148,288	2.7	-1.9	-6.0	1.6	2.5
Government consumption (2012 \$M)	2021 Q1	440,315	6.2	3.7	-0.3	2.0	2.9
Residential investment (2012 \$M)	2021 Q1	178,493	43.3	26.5	4.1	-0.2	-1.7
Non-residential investment (2012 \$M)	2021 Q1	156,424	-2.7	-13.5	-13.6	1.1	3.1
Business inventory change (2012 \$M) ¹	2021 Q1	-8,463	---	---	-15,937	18,766	15,486
Exports (2012 \$M)	2021 Q1	631,947	6.0	-3.0	-10.0	1.3	3.7
Imports (2012 \$M)	2021 Q1	634,951	4.3	-2.8	-11.2	0.4	3.4
Final domestic demand (2012 \$M)	2021 Q1	2,083,799	6.4	0.9	-4.3	1.4	2.5
GDP deflator (2012 = 100)	2021 Q1	116.2	12.2	6.0	0.7	1.7	1.8
Labour productivity (2012 = 100)	2021 Q1	110.0	-6.7	-2.1	8.1	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q1	114.0	0.4	2.0	3.1	2.9	3.1
Current account balance (\$M) ¹	2021 Q1	1,184	---	---	-40,087	-47,384	-52,224
Production capacity utilization rate (%) ¹	2021 Q1	81.7	---	---	77.6	82.6	83.7
Disposable personal income (\$M)	2021 Q1	1,435,000	9.5	9.1	10.4	3.8	3.1
Corporate net operating surplus (\$M)	2021 Q1	376,556	95.6	45.1	-4.0	0.6	3.8

¹ Statistics representing the level during the period; * New statistic in comparison with last week.

CANADA
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Gross domestic product (2012 \$M)	May	1,971,479	-0.3	0.6	1.8	14.6
Industrial production (2012 \$M)	May	389,659	0.2	1.3	2.8	16.4
Manufacturing sales (\$M)	June*	59,234	2.1	-0.2	8.0	20.0
Housing starts (k) ¹	July*	272.2	281.2	274.9	311.0	245.1
Building permits (\$M)	June	10,288	6.9	-7.2	10.6	24.1
Retail sales (\$M)	June*	56,161	4.2	-3.5	6.9	6.2
<i>Excluding automobiles (\$M)</i>	June*	41,279	4.7	-4.6	6.3	5.8
Wholesale trade sales (\$M)	June*	71,530	-0.8	0.4	6.5	14.7
Commercial surplus (\$M) ¹	June	3,231	-1,576	-1,344	-1,867	-1,585
<i>Exports (\$M)</i>	June	53,762	8.7	6.1	13.1	30.0
<i>Imports (\$M)</i>	June	50,531	-1.0	-2.8	2.3	17.6
Employment (k) ²	July	18,884	94.0	85.6	102.0	90.1
Unemployment rate (%) ¹	July	7.5	7.8	8.1	9.4	10.9
Average weekly earnings (\$)	May	1,138	0.9	0.4	2.6	-0.1
Number of salaried employees (k) ²	May	16,050	-257.5	50.7	20.2	194.5
Consumer price (2002 = 100)	July*	142.3	0.6	1.4	3.0	3.7
<i>Excluding food and energy</i>	July*	135.6	0.4	1.0	2.1	2.8
<i>Excluding 8 volatile items</i>	July*	140.0	0.6	1.3	2.4	3.3
Industrial product price (2010 = 100)	June	114.5	0.0	4.9	12.1	16.8
Raw materials price (2010 = 100)	June	124.8	3.9	8.3	24.4	38.1
Money supply M1+ (\$M)	June*	1,552,301	1.1	6.0	11.6	21.1

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		
	Aug. 20	Aug. 13	-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	0.01	0.04	0.10	0.13	0.06	0.01
Treasury bonds – 2 years	0.22	0.21	0.20	0.16	0.11	0.15	0.26	0.16	0.11
– 5 years	0.77	0.79	0.72	0.83	0.58	0.27	0.92	0.58	0.24
– 10 years	1.24	1.28	1.28	1.63	1.33	0.62	1.75	1.19	0.62
– 30 years	1.86	1.94	1.92	2.35	2.15	1.35	2.48	1.92	1.34
S&P 500 index (level)	4,431	4,468	4,412	4,156	3,907	3,397	4,480	3,890	3,237
DJIA index (level)	35,028	35,515	35,062	34,208	31,494	27,930	35,625	31,658	26,502
Gold price (US\$/ounce)	1,783	1,774	1,799	1,875	1,785	1,940	1,977	1,835	1,682
CRB index (level)	208.56	216.96	216.60	200.87	188.63	149.96	221.21	181.68	144.12
WTI oil (US\$/barrel)	63.19	68.42	72.27	62.06	60.49	42.19	75.38	55.98	35.61
Canada									
Overnight – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.18	0.16	0.17	0.09	0.09	0.15	0.19	0.11	0.05
Treasury bonds – 2 years	0.44	0.45	0.45	0.33	0.23	0.28	0.48	0.29	0.15
– 5 years	0.81	0.84	0.79	0.93	0.64	0.36	1.03	0.66	0.34
– 10 years	1.12	1.19	1.21	1.54	1.21	0.54	1.61	1.06	0.54
– 30 years	1.71	1.76	1.78	2.15	1.80	1.07	2.19	1.60	1.04
<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	0.13	0.10	0.12	0.08	0.05	0.05	0.13	0.05	-0.04
Treasury bonds – 2 years	0.22	0.24	0.25	0.17	0.12	0.13	0.29	0.13	0.01
– 5 years	0.04	0.05	0.07	0.10	0.06	0.09	0.21	0.08	-0.04
– 10 years	-0.12	-0.09	-0.07	-0.09	-0.12	-0.08	0.03	-0.13	-0.30
– 30 years	-0.15	-0.18	-0.14	-0.20	-0.35	-0.28	-0.09	-0.32	-0.46
S&P/TSX index (level)	20,274	20,518	20,188	19,527	18,384	16,518	20,554	18,306	15,581
Exchange rate (C\$/US\$)	1.2870	1.2515	1.2563	1.2068	1.2612	1.3177	1.3389	1.2701	1.2034
Exchange rate (C\$/€)	1.5030	1.4759	1.4790	1.4700	1.5284	1.5545	1.5741	1.5185	1.4619
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\$/€)	1.1679	1.1793	1.1773	1.2181	1.2119	1.1797	1.2327	1.1958	1.1632
<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	0.52	0.66	0.61	0.86	0.73	0.17	0.93	0.54	0.12
FTSE index (level)	7,086	7,219	7,028	7,018	6,624	6,002	7,220	6,616	5,577
Exchange rate (US\$/£)	1.3613	1.3865	1.3747	1.4150	1.4016	1.3090	1.4212	1.3614	1.2724
<u>Germany</u>									
Bonds – 10 years	-0.49	-0.51	-0.46	-0.13	-0.35	-0.54	-0.11	-0.43	-0.64
DAX index (level)	15,788	15,977	15,669	15,438	13,993	12,765	15,977	14,250	11,556
<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)	27,013	27,977	27,548	28,318	30,018	22,920	30,468	27,257	22,883
Exchange rate (US\$/¥)	109.81	109.59	110.56	108.96	105.45	105.80	111.52	107.03	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.