

WEEKLY NEWSLETTER

The Labour Market Disappoints Again in May

MUSINGS OF THE WEEK

- ▶ Is the Bank of Canada really more eager to normalize than the Federal Reserve?

KEY STATISTICS OF THE WEEK

- ▶ United States: Job creation picked up in May, but is still disappointing.
- ▶ United States: May brings a slight rise in the manufacturing ISM, but the services ISM hits a new high.
- ▶ The recovery of the Canadian economy continued in the first quarter.
- ▶ Canada: Employment pulled back again in May.

A LOOK AHEAD

- ▶ United States: The annual variation in the consumer price index should increase further.
- ▶ The Bank of Canada is expected to opt for the status quo again.
- ▶ Canada: The merchandise trade balance should remain virtually unchanged in April.
- ▶ Canada: The industrial capacity utilization rate could improve further in the first quarter.

FINANCIAL MARKETS

- ▶ The Canadian stock market and oil continue to do well.
- ▶ Bond yields drop on employment figures.
- ▶ The U.S. dollar rebounds temporarily on Thursday.

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Musings of the Week

Is the Bank of Canada Really More Eager to Normalize than the Federal Reserve?

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

The Bank of Canada (BoC) will make its policy announcement next Wednesday, after it drew international attention at its April meeting when it kickstarted the tapering of its asset purchases and opened the door to initial hikes as soon as the second half of 2022. While the BoC was among the first central banks to make these gestures, it has since found a bit of company, with the Reserve Bank of New Zealand following suit in late May by signalling potential hikes as early as mid-2022. A growing number of Federal Reserve (Fed) officials are ready to begin tapering deliberations in upcoming meetings. However, we suspect that the BoC will continue to be perceived as a hawkish front-runner among advanced central banks. As it stands, markets are pricing better-than-even odds that the BoC begins its tightening cycle about a year from now. This strikes us as premature in light of recent communications, especially those that relate to the job market's recovery.

The May edition of the *Labour Force Survey* has depicted another setback, with many provinces tightening their public health restriction measures. Disparities remain significant, with employment among women aged between 25 and 54 still 1.4% below its pre-pandemic level, whereas it is 0.6% above for men in the same age group. The severe restrictions have also delayed the employment recovery for the youth, with employment among workers aged between 15 and 24 years old 11.1% below the pre-pandemic level, which compares to a shortfall of only 0.4% for those aged 25 and over. Disparities remain glaring when looking at employment by wage brackets; employment for occupations in the bottom quartile of the hourly wage distribution remains down more than 10% relative to February 2020. In fact, workers in low-income occupations now comprise only 51% of employment, compared to 57% in February 2020.

These variables have been emphasized by the BoC in recent communications. In a speech in early May, Governor Tiff Macklem reframed the BoC's forward guidance in terms of achieving a "complete recovery", which he described as healthy job market conditions for most affected individuals (low-wage earners, women, youth, racialized individuals). Tiff Macklem has also stressed his view that one needed to look at job market indicators at a more granular level given the divergences caused or exacerbated by the pandemic. Thus, the "diversity and inclusion" content within the BoC's rhetoric is not dramatically different from what we have heard out of the Fed; recall that the new monetary policy framework it adopted in August 2020 spelled out that "maximum employment is a

broad-based and inclusive goal" and Chair Jerome Powell has consistently referred to the "wide range of indicators" being monitored to assess progress towards that goal.

The persistent perception of a somewhat more hawkish BoC relative to the Fed is causing some undesirable effects. The Canadian dollar hit a six-year high against the greenback this week and while the divergent expectations for each central bank's liftoff timing is only one factor, it is not helping. Markets appear to be pricing an earlier liftoff in Canada in part as a result of the BoC initiating the unwind of its quantitative easing (QE) program far in advance of the Fed. We do not share this view, given the similarity of the reaction-function signals sent by both central banks and the fact that the decision to begin the unwind of Canada's QE program early also had some market-functioning underpinnings; the BoC's heavy footprint has caused some frictions in the Canadian bond market, an issue that has been much less problematic in the U.S. Treasury market given its size.

Bottom line, we do not believe the BoC's earlier taper should be seen as indicative of a different reaction function than the Fed on interest rates. One way the BoC might wish to drive this point home (and perhaps help take some wind out of the loonie's sails) is by stressing how its guidance states the second half of 2022 as the earliest point where liftoff is in play, and is not intended to be a guarantee that it will happen at that time. Deputy Governor Timothy Lane's speech on June 10 will be a good opportunity for the BoC to emphasize this point.

Key Statistics of the Week

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

UNITED STATES

- ▶ The establishment survey indicates that there were 559,000 net hires in May, following gains of 278,000 in April (revised from 266,000) and 785,000 in March (revised from 770,000). Manufacturing created 23,000 jobs, but there were 20,000 net layoffs in construction. Private-sector services created 489,000 jobs. The jobless rate decreased from 6.1% in April to 5.8% in May. This is its lowest rate since the beginning of the pandemic. The labour force nevertheless decreased by 53,000 people and the participation rate slipped from 61.7% in April to 61.6% in May.
- ▶ The ISM manufacturing index increased 0.5 point in May from 60.7 to 61.2. This is still lower than the cyclical peak of 64.7 reached in March. The main gains come from manufacturer stocks, new orders and supplier deliveries. This last component and order backlogs reached their highest level ever. After several months of sharp increases, the component related to prices dipped slightly (-1.6 point), but is still extremely high at 88.0. Manufacturers are still reporting extensive supply problems and labour shortages.
- ▶ The ISM services increased by 1.3 points in the past month, from 62.7 in April to 64.0 in May. This is its highest level since it was introduced in 1997. However, the index signals that supply, cost and labour constraints are also a real headache for non-manufacturing businesses.
- ▶ Construction spending rose 0.2% in April after gaining 1.0% in March (revised from 0.2%). Residential construction climbed 1.0%. Private non-residential construction, however, declined 0.5% and public construction slid 0.6%.
- ▶ After a total increase of 18.0% in March and April, motor vehicle sales were down 9.5% in May. As a result, annualized sales went from 18,771,000 units in April to 16,988,000 in May. Constraints in the availability of some models and higher prices seem to have affected the sales volume.
- ▶ Initial jobless claims continued to decline during the week ending May 29 from 405,000 the previous week to 385,000.

CANADA

- ▶ Real GDP climbed 1.4% between the fourth quarter of 2020 and the first quarter of 2021, equivalent to a quarterly annualized gain of 5.6%. As expected, the Canadian economy has been fairly successful in withstanding the restrictions implemented at the beginning of 2021 to combat the second wave of the pandemic. Consumer spending even increased by 2.7% in the first quarter, an unexpected gain given the circumstances. A large proportion of the increase in real GDP is due to residential investment, while existing home sales and housing starts reached record levels. Excluding residential investment's contribution, real GDP growth would have been just 2.1% in the first quarter.
- ▶ Real GDP by industry climbed 1.1% in March. This is the 11th monthly increase in a row. Statistics Canada's preliminary results indicate that real GDP by industry fell around 0.8% in April. Clearly, the negative effects of the third wave will take a bigger toll on the Canadian economy. This is difficult to avoid since the most populous province, Ontario, is at the centre of the difficulties.
- ▶ The labour market lost 68,000 jobs in May after shedding 207,100 positions in April. The unemployment rate rose from 8.1% to 8.2%. As expected, some of the jobs lost as a result of the third wave of the pandemic had not been accounted for in the April survey. That said, the recent difficulties in the labour market will be temporary. The reopening of certain sectors in a number of regions, such as food services and leisure, should foster a rebound in employment starting in June.
- ▶ The current account balance improved substantially in the first quarter, going from -\$5.3B to +\$1.2B. This means that the current account balance returned to positive territory for the first time since the third quarter of 2008. This rise is due to a steep increase in commodity prices and an improvement in the balance of trade in goods and services.
- ▶ Labour productivity slipped 1.7% in the first quarter. This deterioration is due to an increase in production lower than the increase in total hours worked during the period. Unit labour costs remained practically the same for a second consecutive quarter due to lower earnings.

Financial Markets

Employment Figures Make Investors Smile

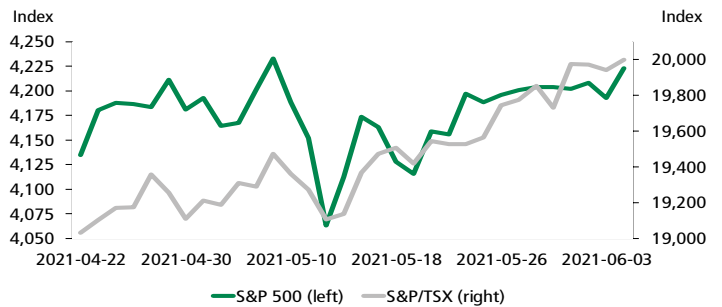
By Mathieu D'Anjou, CFA, Deputy Chief Economist, and Hendrix Vachon, Senior Economist

Investors seemed hesitant all week as they awaited employment figures, while Federal Reserve (Fed) officials' unanimous decision to continue with their quantitative monetary policy seemed to be crumbling further. The issue of inflation remained front and centre as the ISM indexes and the *Beige Book* point to significant difficulties for businesses in procuring from suppliers and finding workers. Oil prices also continued to rise on the heels of a strong demand outlook and the decision by the Organization of the Petroleum Exporting Countries and its partners (OPEC+) to stick to previous agreements. In this context, the decent, but still lower-than-expected job growth in the United States was well received by the stock markets and allowed the main U.S. indexes to be slightly higher for the week on Friday morning. The Canadian stock market continued to perform better and was headed for a weekly gain of about 1% at the time of writing.

The issue of inflation and the openness of some Fed officials to start the debate on reducing quantitative easing put some upward pressure on bond yields for most of the week. However, lower-than-expected job creation seemed to reassure the bond market that a change in Fed policy was not imminent, and bond yields fell sharply on Friday morning. While employment figures also disappointed in Canada, Canadian bond yields also dropped on Friday.

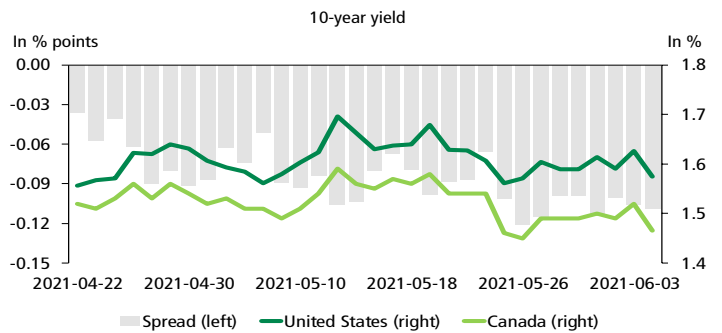
Though quite stable at the start of the week, the U.S. dollar showed more strength during Thursday's session. It was helped by new encouraging indicators for the U.S. economy, the rise in bond yields and expectations that the Fed could adjust its monetary policy. Friday's session, however, saw the greenback erase most of the previous day's gains. The euro, which had dropped to nearly US\$1.21 on Thursday, was back closer to US\$1.22 at the time of writing. A similar trajectory was observed for the pound, which fell below US\$1.41 on Thursday only to rise back near US\$1.42 on Friday. Affected by disappointing employment figures in Canada, the Canadian dollar did not recover as quickly on Friday. It remains nevertheless at around US\$0.83.

GRAPH 1
Stock markets



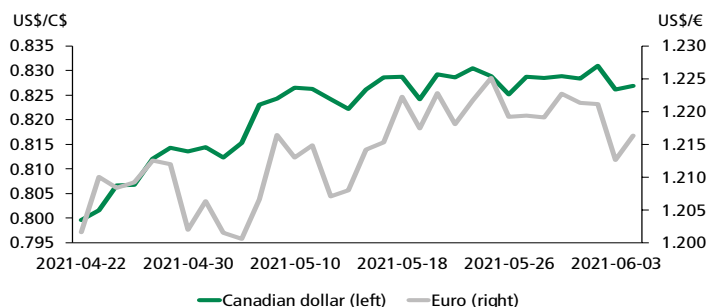
Sources: Datastream and Desjardins, Economic Studies

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

THURSDAY June 10 - 8:30

May	m/m
Consensus	0.4%
Desjardins	0.3%
April	0.8%

FRIDAY June 11 - 10:00

June	
Consensus	84.0
Desjardins	85.0
May	82.9

TUESDAY June 8 - 8:30

April	\$B
Consensus	-0.60
Desjardins	-1.01
March	-1.14

WEDNESDAY June 9 - 10:00

June	
Consensus	0.25%
Desjardins	0.25%
April 21	0.25%

FRIDAY June 11 - 8:30

Q1 2021	q/q
Consensus	80.5%
Desjardins	80.5%
Q4 2020	79.2%

UNITED STATES

Consumer price index (May) – The consumer price index (CPI) jumped 0.8% in April, its strongest monthly growth since June 2009. Unlike the fairly substantial gains made in previous months, April's increase did not stem from energy prices. Energy prices declined 0.1% in April, and this component is expected to dip again in May, as gas prices rose less than usually seen during the month of May. Food prices are expected to rise 0.3% following April's 0.4% gain (the biggest since June 2020). Excluding food and gas, the increase forecast for May is much smaller than April's 0.9% gain, which was the biggest since September 1981. The components that contributed the most to the jump (used cars, transportation services) could rise again, but should not go up as much as the previous month. The core index, which excludes food and energy, is expected to advance 0.3%, as is the total CPI. The annual variations should accelerate again, going from 4.2% to 4.5% for total inflation and 3.0% to 3.3% for core inflation.

University of Michigan consumer confidence index (June – preliminary) – After advancing well in March and April, U.S. household confidence ran into a few problems in May. The main indexes declined, including the University of Michigan index, which shed 5.4 points last month. It is expected to be start rising again as of June. The monthly TIPP index advanced in June after dipping in May. Also, the weekly Langer index improved in the final week of May. The stock market is up substantially since the middle of last month. All in all, the University of Michigan index is expected to improve; it should go to 85.0, which is still below April's level.

CANADA

International merchandise trade (April) – After surging for several months, commodity prices stabilized in April. Seasonally adjusted and expressed in Canadian dollars, the commodity price index only rose 0.5% in April. The rise by prices excluding energy (+6.8%) was almost completely offset by a drop in energy prices (-2.7%). The impact on the value of exports will therefore be mitigated. For automotive products, supply issues still seem to be with us in April, as shown by the 4.5% drop in the industry's production in the United States that month. This suggests that Canadian auto sector exports and imports could decline in April. For other imports, the uptrend in domestic demand should once again favour growth for the month. Overall, the merchandise trade balance should improve slightly in April.

Bank of Canada meeting (June) – We can expect a total status quo from the monetary authorities at the end of next week's meeting. Despite a number of encouraging signs, particularly on the vaccination front, many uncertainties persist. Among other things, the adverse impact of the public health measures to combat the pandemic's third wave are currently hitting the results for the economic indicators. With the recent decline in cases across the country, and the lockdown gradually being lifted, these difficulties will probably be temporary.

Industrial capacity utilization rate (Q1) – Industrial production continued to rise in the first quarter of 2021, increasing a quarterly annualized 6.6%. However, production capacity seems to have edged down over the quarter, as shown by the 10.2% drop in investments in machinery and equipment during the quarter. Under these conditions, the industrial capacity utilization rate should increase again in the first quarter of 2021.

THURSDAY June 10 - 7:45

June	
Consensus	0.00%
Desjardins	0.00%
April 22	0.00%

FRIDAY June 11 - 2:00

April	m/m
Consensus	2.4%
March	2.1%


OVERSEAS


Euro zone: European Central Bank meeting (June) – New forecasts for economic growth and inflation will be released at the end of this monetary policy meeting. The tone will likely be a little more optimistic, given the pandemic’s favourable evolution and the start of another re-opening. The European Central Bank (ECB) could take this as an opportunity to provide indications about potentially adjusting the pace of its asset purchases, which was intensified a few months ago. Bond yields fell again at the end of May, which also takes some of the pressure off the ECB to maintain a faster pace on asset purchases. Among the indicators to be released next week in the euro zone, on Tuesday, we will get the final version of Euroland’s national accounts for the first quarter, with the details on how the components of real GDP have evolved. Also on Tuesday, April’s results for Germany’s industrial production will be released; French and Italian industrial production for that month will be published Thursday.

United Kingdom: Monthly GDP (April) – In the first quarter of 2021, real GDP posted a non-annualized quarterly decline of 1.5%, despite March’s 2.1% monthly GDP growth. The momentum that started in March probably continued in April. We already know that retail sales jumped 9.2% that month. The consensus is therefore expecting strong monthly GDP growth. This would yield a very positive carryover for the U.K.’s real GDP growth in the second quarter of 2021.

Economic Indicators

Week of June 7 to 11, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 7						
	15:00	Consumer credit (US\$B)	April	22.000	18.000	25.841
TUESDAY 8						
	8:30	Trade balance – Goods and services (US\$B)	April	-69.0	-68.6	-74.4
WEDNESDAY 9						
	10:00	Wholesale inventories – final (m/m)	April	0.8%	0.8%	0.8%
THURSDAY 10						
	8:30	Initial unemployment claims	May 31-June 4	370,000	374,000	385,000
	8:30	Consumer price index				
		Total (m/m)	May	0.4%	0.3%	0.8%
		Excluding food and energy (m/m)	May	0.4%	0.3%	0.9%
		Total (y/y)	May	4.7%	4.5%	4.2%
		Excluding food and energy (y/y)	May	3.4%	3.3%	3.0%
	14:00	Federal budget (US\$B)	May	n/a	n/a	-225.6
FRIDAY 11						
	10:00	Michigan's consumer sentiment index – preliminary	June	84.0	85.0	82.9
CANADA						
MONDAY 7						
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TUESDAY 8						
	8:30	International trade (\$B)	April	-0.60	-1.01	-1.14
WEDNESDAY 9						
	10:00	Bank of Canada meeting	June	0.25%	0.25%	0.25%
THURSDAY 10						
	13:00	Speech of a Bank of Canada Deputy Governor, T. Lane				
FRIDAY 11						
	8:30	National balance sheet	Q1			
	8:30	Industrial capacity utilization rate	Q1	80.5%	80.5%	79.2%

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 June 7 to 11, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
DURING THE WEEK								
China	---	Trade balance (US\$B)	May	50.50		42.85		
MONDAY 7								
Japan	1:00	Leading indicator – preliminary	April	102.9		102.5		
Japan	1:00	Coincident indicator – preliminary	April	95.6		93.0		
Germany	2:00	Factory orders	April	0.6%	77.9%	3.0%	27.8%	
Japan	19:50	Current account (¥B)	April	1,490.0		1,696.5		
Japan	19:50	Real GDP – final	Q1	-1.2%		-1.3%		
TUESDAY 8								
Germany	2:00	Industrial production	April	0.5%	29.5%	2.5%	5.1%	
France	2:45	Trade balance (€M)	April	n/a		-6,067		
France	2:45	Current account (€B)	April	n/a		-2.9		
Italy	4:00	Retail sales	April	0.2%	n/a	-0.1%	22.9%	
Euro zone	5:00	Net change in employment – final	Q1	n/a	n/a	-0.3%	-2.1%	
Euro zone	5:00	Real GDP – final	Q1	-0.6%	-1.8%	-0.6%	-1.8%	
Germany	5:00	ZEW survey – Current situation	June	-27.0		-40.1		
Germany	5:00	ZEW survey – Expectations	June	86.0		84.4		
China	21:30	Consumer price index	May		1.6%		0.9%	
China	21:30	Producer price index	May		8.5%		6.8%	
WEDNESDAY 9								
Germany	2:00	Trade balance (€B)	April	15.7		20.5		
Germany	2:00	Current account (€B)	April	23.0		30.2		
Japan	19:50	Producer price index	May	0.5%	4.5%	0.7%	3.6%	
THURSDAY 10								
France	2:45	Industrial production	April	0.5%	44.9%	0.8%	13.7%	
Italy	4:00	Industrial production	April	0.3%	72.2%	-0.1%	37.7%	
Euro zone	7:45	European Central Bank meeting	June	0.00%		0.00%		
VENDREDI 11								
United Kingdom	2:00	Trade balance (€M)	April	-2,250		-1,966		
United Kingdom	2:00	Construction	April	1.0%	83.4%	5.8%	6.0%	
United Kingdom	2:00	Index of services	April	2.8%		1.9%		
United Kingdom	2:00	Monthly GDP	April	2.4%		2.1%		
United Kingdom	2:00	Industrial production	April	1.2%	30.5%	1.8%	3.6%	
Russia	6:30	Bank of Russia meeting	June	5.25%		5.00%		

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 Q1	19,088	6.4	0.4	-3.5	2.2	3.0
Consumption (2012 \$B)	2021 Q1	13,352	11.3	1.8	-3.9	2.4	2.7
Government spending (2012 \$B)	2021 Q1	3,367	5.8	0.6	1.1	2.3	1.8
Residential investment (2012 \$B)	2021 Q1	719.1	12.7	12.8	6.1	-1.7	-0.6
Non-residential investment (2012 \$B)	2021 Q1	2,813	10.8	2.9	-4.0	2.9	6.9
Business inventory change (2012 \$B) ¹	2021 Q1	-92.9	---	---	-77.4	48.5	53.4
Exports (2012 \$B)	2021 Q1	2,262	-2.9	-9.3	-12.9	-0.1	3.0
Imports (2012 \$B)	2021 Q1	3,456	6.7	5.3	-9.3	1.1	4.1
Final domestic demand (2012 \$B)	2021 Q1	20,267	10.3	2.2	-2.7	2.3	3.0
GDP deflator (2012 = 100)	2021 Q1	115.6	4.3	2.0	1.2	1.8	2.4
Labor productivity (2012 = 100)	2021 Q1	112.7	5.4	4.1	2.6	1.8	1.4
Unit labor cost (2012 = 100)	2021 Q1	119.1	1.7	4.1	4.3	1.9	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q1	143.7	3.7	2.7	2.6	2.8	2.8
Current account balance (\$B) ¹	2020 Q4	-188.5	---	---	-647.2	-480.2	-449.7

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)	April	113.3	1.6	2.8	4.7	17.0
ISM manufacturing index ¹	May*	61.2	60.7	60.8	57.7	43.1
ISM non-manufacturing index ¹	May*	64.0	62.7	55.3	56.8	45.4
Cons. confidence Conference Board (1985 = 100) ¹	May	117.2	117.5	95.2	92.9	85.9
Personal consumption expenditure (2012 \$B)	April	13,642	-0.1	2.7	4.2	24.0
Disposable personal income (2012 \$B)	April	16,521	-15.1	-4.2	5.6	-4.4
Consumer credit (\$B)	March	4,242	0.6	1.3	1.9	0.9
Retail sales (\$M)	April	619,923	0.0	7.5	12.7	51.2
<i>Excluding automobiles (\$M)</i>	April	480,438	-0.8	5.3	10.2	40.6
Industrial production (2012 = 100)	April	106.3	0.7	-0.5	2.3	16.5
Production capacity utilization rate (%) ¹	April	74.9	74.4	75.3	73.2	64.2
New machinery orders (\$M)	April*	485,156	-0.6	1.3	7.1	34.1
New durable good orders (\$M)	April	246,303	-1.3	1.3	7.6	52.2
Business inventories (\$B)	March	2,014	0.3	1.5	3.6	0.0
Housing starts (k) ¹	April	1,569	1,733	1,625	1,514	938.0
Building permits (k) ¹	April	1,733	1,755	1,883	1,595	1,094
New home sales (k) ¹	April	863.0	917.0	993.0	969.0	582.0
Existing home sales (k) ¹	April	5,850	6,010	6,660	6,730	4,370
Commercial surplus (\$M) ¹	March	-74,448	-70,518	-66,969	-63,224	-47,243
Nonfarm employment (k) ²	May*	144,894	559.0	1,622	2,085	11,900
Unemployment rate (%) ¹	May*	5.8	6.1	6.2	6.7	13.3
Consumer price (1982-1984 = 100)	April	266.8	0.8	1.8	2.4	4.2
<i>Excluding food and energy</i>	April	273.7	0.9	1.4	1.6	3.0
Personal cons. expenditure deflator (2012 = 100)	April	114.1	0.6	1.4	2.1	3.6
<i>Excluding food and energy</i>	April	116.0	0.7	1.2	1.7	3.1
Producer price (2009 = 100)	April	123.8	0.6	2.1	3.7	6.1
Export prices (2000 = 100)	April	135.2	0.8	4.9	9.9	14.4
Import prices (2000 = 100)	April	130.7	0.7	3.3	6.0	10.6

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	2020 Q4	79.2	---	---	77.2	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)	March*	1,979,920	1.1	2.1	3.7	6.6
Industrial production (2012 \$M)	March*	384,675	0.7	0.6	3.3	2.0
Manufacturing sales (\$M)	March	57,842	3.5	5.9	7.5	14.8
Housing starts (k) ¹	April	268.6	334.8	307.5	227.3	164.6
Building permits (\$M)	April*	11,107	-0.5	10.9	27.2	76.1
Retail sales (\$M)	March	57,609	3.6	9.7	6.6	23.7
<i>Excluding automobiles (\$M)</i>	March	42,827	4.3	10.3	8.1	13.4
Wholesale trade sales (\$M)	March	70,901	2.8	5.6	7.0	12.8
Commercial surplus (\$M) ¹	March	-1,140	1,421	-1,917	-3,769	-4,464
<i>Exports (\$M)</i>	March	50,618	0.3	6.5	10.5	14.4
<i>Imports (\$M)</i>	March	51,758	5.5	4.7	4.4	6.3
Employment (k) ²	May*	18,559	-68.0	9.3	3.6	176.3
Unemployment rate (%) ¹	May*	8.2	8.1	8.2	8.6	13.7
Average weekly earnings (\$)	March	1,125	-0.8	0.9	1.6	7.4
Number of salaried employees (k) ²	March	16,144	245.8	55.7	56.3	3.5
Consumer price (2002 = 100)	April	140.3	0.5	1.5	2.0	3.4
<i>Excluding food and energy</i>	April	134.2	0.6	1.1	1.3	1.8
<i>Excluding 8 volatile items</i>	April	138.2	0.5	1.1	1.4	2.3
Industrial product price (2010 = 100)	April*	110.9	1.6	6.3	9.9	14.3
Raw materials price (2010 = 100)	April*	116.5	1.0	10.1	21.0	56.4
Money supply M1+ (\$M)	March	1,460,600	1.1	5.1	7.9	28.0

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		
	June 4	May 28	-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	0.02	0.01	0.02	0.04	0.09	0.15	0.19	0.08	0.01
Treasury bonds – 2 years	0.15	0.14	0.14	0.15	0.16	0.22	0.23	0.15	0.11
– 5 years	0.79	0.78	0.76	0.78	0.42	0.48	0.92	0.48	0.19
– 10 years	1.58	1.59	1.58	1.55	0.97	0.90	1.75	1.04	0.51
– 30 years	2.26	2.29	2.28	2.29	1.73	1.68	2.48	1.78	1.19
S&P 500 index (level)	4,223	4,204	4,233	3,842	3,699	3,194	4,233	3,651	3,002
DJIA index (level)	34,734	34,529	34,778	31,496	30,218	27,111	34,778	29,940	25,016
Gold price (US\$/ounce)	1,894	1,895	1,835	1,696	1,834	1,681	2,053	1,845	1,682
CRB index (level)	208.95	205.70	206.96	193.45	159.89	138.98	209.28	166.77	134.32
WTI oil (US\$/barrel)	69.17	66.32	64.90	66.09	46.26	39.55	69.17	49.50	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	0.12	0.11	0.11	0.11	0.12	0.18	0.21	0.12	0.05
Treasury bonds – 2 years	0.31	0.32	0.29	0.29	0.28	0.35	0.33	0.26	0.15
– 5 years	0.88	0.92	0.87	0.90	0.50	0.52	1.03	0.55	0.30
– 10 years	1.47	1.49	1.49	1.50	0.80	0.73	1.61	0.90	0.43
– 30 years	1.99	2.06	2.07	1.88	1.34	1.31	2.19	1.43	0.89
<u>Spread with the U.S. rate (% points)</u>									
Overnight – target	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury bill – 3 months	0.10	0.10	0.09	0.07	0.03	0.03	0.11	0.04	-0.04
Treasury bonds – 2 years	0.17	0.18	0.15	0.14	0.12	0.13	0.18	0.11	0.01
– 5 years	0.09	0.14	0.11	0.12	0.08	0.04	0.21	0.07	-0.04
– 10 years	-0.11	-0.10	-0.09	-0.05	-0.17	-0.17	-0.04	-0.14	-0.30
– 30 years	-0.27	-0.23	-0.21	-0.41	-0.39	-0.37	-0.17	-0.35	-0.49
S&P/TSX index (level)	20,000	19,852	19,473	18,381	17,521	15,854	20,000	17,402	15,051
Exchange rate (C\$/US\$)	1.2093	1.2071	1.2132	1.2657	1.2783	1.3426	1.3690	1.2914	1.2034
Exchange rate (C\$/€)	1.4709	1.4715	1.4757	1.5085	1.5495	1.5153	1.5903	1.5333	1.4646
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\$/€)	1.2163	1.2191	1.2164	1.1918	1.2122	1.1286	1.2327	1.1880	1.1177
<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	0.79	0.84	0.81	0.78	0.37	0.30	0.93	0.42	0.04
FTSE index (level)	7,066	7,023	7,130	6,631	6,550	6,484	7,130	6,420	5,577
Exchange rate (US\$/£)	1.4171	1.4189	1.3974	1.3843	1.3440	1.2665	1.4212	1.3375	1.2299
<u>Germany</u>									
Bonds – 10 years	-0.21	-0.18	-0.22	-0.34	-0.54	-0.27	-0.11	-0.45	-0.64
DAX index (level)	15,698	15,520	15,400	13,921	13,299	12,848	15,698	13,609	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)	28,942	29,149	29,358	28,864	26,751	22,864	30,468	26,059	21,531
Exchange rate (US\$/¥)	109.53	109.83	108.62	108.36	104.16	109.59	110.73	106.30	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.