

WEEKLY NEWSLETTER

NEW! The *Weekly Newsletter* now has a section on page 2 titled “Musings of the Week”, in which our Chief Economist will offer a brief commentary on issues or developments that attract his attention. Enjoy the read!

The Pandemic Has Dashed Deflation Concerns

MUSINGS OF THE WEEK

- ▶ Perceptions on the balance inflation-related risks have taken a 180-degree turn and few worry about a Japanese-style deflation scenario.
- ▶ Nevertheless, the experience of Japan remains relevant because it reminds us of the dangers of excess.
- ▶ Such a scenario can be avoided in North America with government policies that successfully boost aggregate supply.

KEY STATISTICS OF THE WEEK

- ▶ United States: Predictable drop in household income.
- ▶ United States: New home sales declined in April.
- ▶ Statistics Canada released the most recent results of its quarterly *Canadian Survey on Business Conditions*.

A LOOK AHEAD

- ▶ After a disappointing April, hiring is expected to rebound in the United States.
- ▶ Canada: Real GDP by industry should climb sharply in March.
- ▶ Canada: The first quarter as a whole is expected to end with 6.6% growth in real GDP.
- ▶ Canada: The labour market could deteriorate further in April.

FINANCIAL MARKETS

- ▶ Brighter outlooks are driving stock markets higher.
- ▶ Bond yields are dropping despite investor optimism.
- ▶ The U.S. dollar stabilized after several weeks of decline.

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Musings of the Week

Anyone Still Afraid of Deflation?

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

One is hard-pressed to find anyone pronouncing the d-word these days. There has been a clear 180-degree shift in perceptions about inflation risks over the last year or so. The result of the unique reconfiguration of aggregate demand has been shortages popping up everywhere, from semiconductors, lumber, steel, used vehicles, single-family homes, and very importantly... workers. Given their forward-looking nature, markets have been anticipating the inflationary implications for some time. There are many indications that inflation expectations of consumers and businesses are moving higher as well, even though they are not yet at alarming levels.

No wonder nobody worries about a Japan-like scenario. Yet, that experience remains relevant because it is a reminder of the danger of excesses. In the 1980s, inflation averaged a healthy 2.5% in Japan. The environment that preceded Japan's Lost Decade was characterized by low rates, real estate frenzy and equity market speculation. The Bank of Japan initiated a hiking campaign in 1989 which led the housing and stock market bubbles to burst, triggering a recession and a lengthy stretch of deflation.

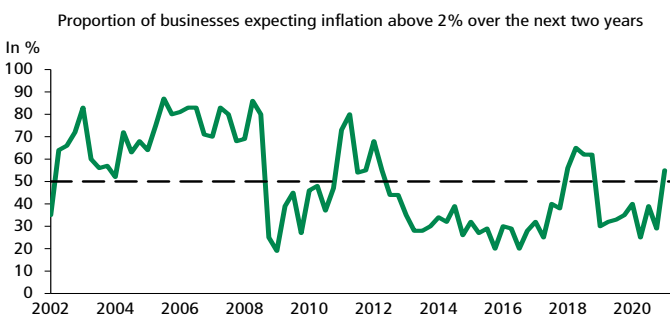
Could a similar scenario unfold in North America? Chances are small in the near term. However, in the longer term, the key ingredient for such a scenario would be a situation where the recently implemented fiscal stimulus measures ended up being heavily biased towards boosting demand, as opposed to supply. As a result, an overestimation of the path of aggregate supply by central banks would entail that the pickup in inflation and inflation expectations would prove sticky. Inflation would risk drifting further away from central bank targets. Given higher

inflation and asset market exuberance, central banks would proceed to normalize rates, but chances are that they would go about it very cautiously. Due to high leverage and rate sensitivity, that might be the appropriate course of action but in a more pessimistic scenario, that cautiousness would turn out to be a miscalculation and the overall policy dosage would remain too strong, pushing inflation expectations further higher, along with interest rates and debt servicing costs. Central banks would then get more heavy-handed in trying to rein in those pressures, and as was often seen in previous cycles, a tipping point would be reached, and a recession would be provoked. Such a scenario would be particularly painful for markets that have been accustomed to low interest rates and abundant liquidity in recent years. With high public debt and heavier debt servicing costs, governments would be more hesitant or able to offer the same kind of blanket income protection to households as they did during the pandemic. Therefore, the deleveraging that was averted in the pandemic crisis would play out in earnest. Monetary policy would rapidly return to an ultra-accommodative stance, but the deleveraging would diminish its effectiveness. Given the high indebtedness, particularly in Canada, the following cycle would turn out to be sluggish.

The good news is that this scenario can be averted. The key, however, will be limiting the scope of demand/supply imbalances, as well as financial market excesses. The best way is government policies focused on buttressing the supply side, which means items like redirecting displaced workers to high-productivity sectors, reducing labour force demographic disparities, boosting immigration, startups and business investment, and making judicious public investments. Encouragingly, governments are fully aware of these issues and many promising initiatives have recently been announced. Their success would not only allow to avoid a Japan-style scenario but would also help solve many existing imbalances.

CANADA

A majority of businesses expect inflation to be above 2%



Sources: Bank of Canada and Desjardins, Economic Studies

Key Statistics of the Week

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

UNITED STATES

- ▶ Real U.S. household consumption fell 0.1% in April, after a sharp 4.1% increase in March (revised from 3.6%). Real consumption of durable goods fell 0.9%, despite a 1.6% increase in the automobile sector. Real consumption of nondurable goods decreased 1.6%, with clothing down 3.6%. Real consumption of services increased 0.6%, while food services and energy consumption increased by more than 2%. Real disposable income tumbled 15.1% in April, after surging 22.7% in March.
- ▶ The Conference Board's U.S. consumer confidence index dipped slightly in May. The posted result of 117.2 is somewhat disappointing compared to April's level, which saw a sharp downward adjustment from 121.7 to 117.5. However, the lack of movement between April's adjusted version and May's result conceals a major difference between growth in the present consumer situation component (+12.4 points) and the consumer expectations component (-8.8 points).
- ▶ The 7.4% gain in sales of existing homes in March was followed by a 5.8% decline in April. Annualized sales went from 917,000 units in March (revised from 1,021,000) to 863,000 in April.
- ▶ The S&P/Case-Shiller index of existing home prices in the 20 largest cities continued to see growth in March, posting a monthly gain of 1.6%, its largest since May 2013. The annual variation went from 12.0% in February to 13.3% in March, the fastest increase since December 2013.
- ▶ New durable goods orders fell 1.3% in April after climbing 1.3% in March. The transportation sector plunged 6.7% due to a 6.2% drop in the motor vehicle sector, while the aviation sector saw growth of 8.0%. Orders excluding transportation rose 1.0%, following a 3.2% increase in March.
- ▶ The second estimate of the national accounts for the first quarter of 2021 pegged annualized real GDP growth at 6.4%, the same figure provided in its advance estimate. Annualized growth in consumption was adjusted upward (from 10.7% to 11.3%), but business investment was adjusted downward. Business inventories and net exports had an even more detrimental impact.

CANADA

- ▶ According to the establishment survey, the number of employees rose 1.5% in March, in line with our expectations. This translated into a gain of 245,800 jobs. Average weekly earnings fell 0.8% over the month, slowing down yearly growth from 8.5% to 7.4%.
- ▶ Statistics Canada released the results of the *Canadian Survey on Business Conditions*, which was conducted in April, at the height of the third wave of COVID-19. The survey collected information on the expectations of businesses regarding the future and the ongoing repercussions of the pandemic on businesses. In short, one third of businesses anticipated a decrease in their profitability, one quarter expected their sales to drop, one fifth foresaw an increase in prices and three quarters expected their number of employees to stay the same. Lastly, more than two thirds (68.5%) of businesses stated that they could continue to operate at their current level of income and expenses for 12 months or longer before considering a shutdown or bankruptcy.

Financial Markets

More Optimism, More Inflation, but Quite Stable Interest Rates

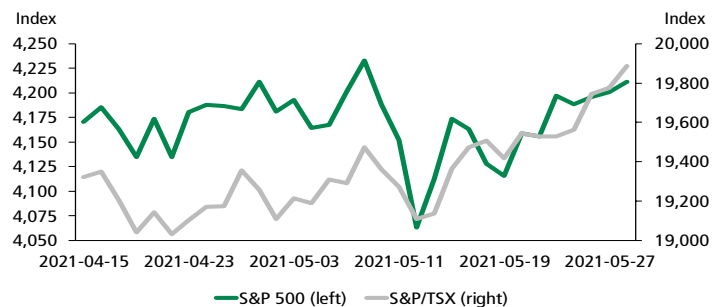
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Investors seem to have regained confidence this week, which led to gains on North American markets; volatility was also markedly weaker. The results of a major job market survey and the drop in new jobless claims in the United States seem to be reassuring the markets that employment recovery is underway. This greater optimism also boosted the price of oil, which jumped at the beginning of the week. The possible increase in the supply from Iran also seemed to be less of a concern. North American stock market indexes posted daily gains almost all week, especially the Canadian S&P/TSX index, which benefited from higher oil prices and solid earnings from the banking sector. At the time of writing on Friday morning, the S&P/TSX and the NASDAQ were both heading toward a weekly gain of close to 2%, while the S&P 500 had gained 1.5% and the Dow Jones 1.0%. WTI (West Texas Intermediate) oil was trading at US\$67 a barrel, up 8% over the week.

The bond markets did not react much to the renewed optimism. Ten-year government bond yields continued their downward movement at the beginning of the week, then regained a few points later on. Overall, U.S. 10-year bond yields were heading for a weekly drop of around 3 basis points on Friday morning. The drop was a little more pronounced in Canada, where 10-year bond yields were losing a little over 5 basis points.

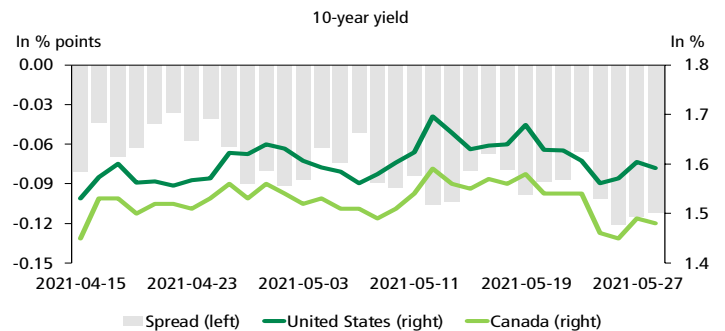
After several weeks of mainly trending down, the greenback showed more strength. New job market data were rather encouraging for the U.S. economy, which may have helped the U.S. dollar. At the same time, it would have made more sense if bond yields had increased in parallel. The higher inflation numbers released on Friday in the United States allowed many currencies to recoup some ground lost in previous days. At the time of writing, the euro was trading below US\$1.22, down slightly for the week. The Canadian dollar fared a little better, with no change for the week.

GRAPH 1
Stock markets



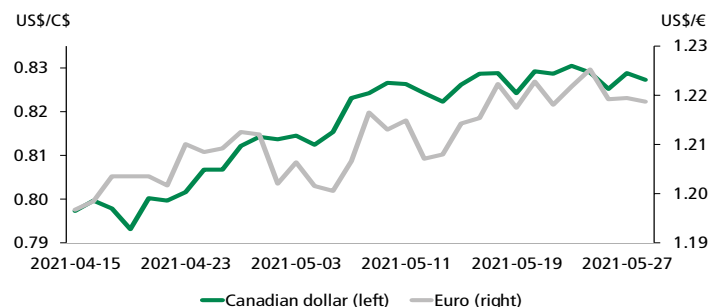
Sources: Datastream and Desjardins, Economic Studies

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

TUESDAY June 1 - 10:00

May

Consensus	60.9
Desjardins	60.0

April 60.7

THURSDAY June 3 - 10:00

May

Consensus	63.0
Desjardins	62.7

April 62.7

FRIDAY June 4 - 8:30

May

Consensus	671,000
Desjardins	1,000,000

April 266,000

MONDAY May 31 - 8:30

Q1 2021 \$B

Consensus	2.40
Desjardins	2.79

Q4 2020 -7.26

TUESDAY June 1 - 8:30

March m/m

Consensus	1.1%
Desjardins	0.9%

February 0.4%

UNITED STATES

ISM manufacturing index (May) – After gaining a total of 6.0 points in February and March, the ISM manufacturing index fell 4.0 points in April. Another, smaller decrease is expected for May. That's what most of the regional manufacturing indexes released so far are signalling for April. The 60.0 mark, which it may reach, is still extremely high.

ISM services index (May) – The ISM services index dropped back 1.0 point in April after jumping 8.4 points in March. At 62.7, the index remains exceptionally high. Little is expected to change in May. The regional indexes and household confidence indicators for May all point to stagnation. That being said, the continued easing of public health measures in many states is a positive risk. The ISM services index is expected to remain unchanged at 62.7.

Job creation according to the establishment survey (May) – The number of net hires was particularly disappointing in April, with 266,000 barely representing a quarter of the consensus expectations. However, we expect a substantial rebound for May. The services sector, especially recreational products, hotels and food services, should see solid growth as the public health measures are dialled back. Another positive development is the improvement in the employment-related components of the Conference Board's survey. New unemployment insurance claims were also down significantly. Bottom line: we can expect 1,000,000 new jobs in May. The unemployment rate, which went from 6.0% in March to 6.1% in April, should resume its downward trend barring no major rise in the labour force.

CANADA

Current account (Q1) – The value of goods exports increased 8.2% in the first quarter, while imports grew a mere 0.6%. The merchandise trade balance therefore increased \$10.7B during the quarter. This is the biggest quarterly increase for the merchandise trade balance since it was first recorded in 1981. There is no doubt that this will have an impact on the current account balance, which is also expected to improve considerably in the first quarter. In fact, our estimates indicate that the current account balance could return to positive territory. This would be the first time since the third quarter of 2008. Still, it's worth noting that a major portion of this increase is due to the hike in commodity prices. The trade balance increase expressed in real terms is therefore much lower, which will reduce its impact on economic growth.

Real GDP by industry (March) – According to Statistics Canada's preliminary results, March should close with real GDP by industry up approximately 0.9%. We feel that the risks concerning this preliminary estimate are actually higher. Most of the economic indicators saw very strong growth during the month, as shown by the increased sales volumes that manufacturers (+2.3%), wholesalers (+1.9%) and retailers (+3.2%) recorded. Moreover, the number of hours worked jumped 2.0% in March. That being said, the hours worked fell 2.7% in April, which suggests that the preliminary result for real GDP by industry for April could be negative. Statistics Canada is expected to confirm this projection on Tuesday.

TUESDAY June 1 - 8:30

Q1 2021	ann. rate
Consensus	6.8%
Desjardins	6.6%
Q4 2020	9.6%

FRIDAY June 4 - 8:30

May	m/m
Consensus	-20,300
Desjardins	-15,000
April	-207,100

FRIDAY June 4 - 8:30

Q1 2021	m/m
Consensus	n/a
Desjardins	-0.9%
Q4 2020	-2.0%

DURING THE WEEK
FRIDAY June 4 - 5:00

April	m/m
Consensus	-1.3%
March	2.7%

Real GDP (Q1) – Despite the second wave of COVID-19, the Canadian economy demonstrated significant resilience in the first quarter of 2021. Real GDP by industry rose 0.7% in January, followed by a 0.4% gain in February. Factoring in the 0.9% increase expected for March, the first quarter should close with an annualized real GDP growth rate of about 6.6%. Domestic demand is expected to grow more slowly due to the obstacles hampering consumer spending as a result of the public health measures. On the other hand, the strength of the housing market should still lead to higher residential investment. Furthermore, all indications are that international trade will contribute significantly to economic growth thanks to exports exceeding imports.

Labour Force Survey (May) – The introduction of new public health measures to combat the third wave of COVID-19 saw 207,100 jobs lost in April. Since the data were gathered during the week of April 11 to 17, the job losses recorded in the latter half of April were not yet accounted for. Even if the situation stabilized in May, all signs suggest that the survey conducted between May 9 and 15 will show that more jobs were lost. The unemployment rate is expected to edge up from 8.1% to 8.2%.

Labour productivity (Q1) – Since the output figures for the first quarter won't be released until Tuesday, it's difficult to accurately say how productivity changed during the period. However, the preliminary figures seem to indicate that business sector output increased 1.7% in the first quarter. On the other hand, the number of hours worked rose 2.6%. Under these circumstances, labour productivity should decline by about 0.9% in the first quarter. Lower productivity combined with the 1.9% increase in average weekly earnings should result in unit labour costs rising roughly 2.8%.


OVERSEAS


Japan: Economic indicators – Several major indicators for April will be released this week. For example, retail sales and industrial output will be released on Sunday evening, while housing starts are expected for early Monday morning. These figures will help to determine whether the Japanese economy got off to a strong start in the second quarter of 2021 after real GDP fell 5.1% annualized in the first quarter.

Euro zone: Retail sales (January) – After an exceedingly difficult start to 2021 due to the public health measures implemented to combat the second wave of COVID-19, Euroland retail sales recovered in February and March to advance 7.0% overall. The third wave of COVID-19 in early spring probably broke the momentum, with sales expected to plunge as a result. For example, the data show that consumption in France plummeted 8.3% in April. German retail sales figures, which are scheduled to be released on Wednesday, are also expected to be lower. However, the increase in the confidence indexes and the easing of the public health measures in particular in recent weeks should boost sales starting in May.

Economic Indicators

Week of May 31 to June 4, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 31	---	Markets closed (Memorial Day)				
TUESDAY 1	10:00	Construction spending (m/m)	April	0.5%	0.0%	0.2%
	10:00	ISM manufacturing index	May	60.9	60.0	60.7
	14:00	Speech of a Federal Reserve Governor, L. Brainard				
WEDNESDAY 2	---	Total vehicle sales (ann. rate)	May	17,600,000	17,000,000	18,510,000
	14:00	Release of the <i>Beige Book</i>				
	14:00	Speech of the Philadelphia Fed President, P. Harker				
THURSDAY 3	8:30	Initial unemployment claims	May 24-28	395,000	395,000	406,000
	8:30	Nonfarm productivity – final (ann. rate)	Q1	5.6%	5.6%	5.4%
	8:30	Unit labor costs – final (ann. rate)	Q1	-0.4%	-0.5%	-0.3%
	10:00	ISM services index	May	63.0	62.7	62.7
	13:00	Speech of the Dallas Fed President, R. Kaplan				
	15:05	Speech of a Federal Reserve Vice Chair, R. Quarles				
FRIDAY 4	7:00	Speech of the Federal Reserve Chair, J. Powell				
	8:30	Change in nonfarm payrolls	May	671,000	1,000,000	266,000
	8:30	Unemployment rate	May	5.9%	5.9%	6.1%
	8:30	Weekly worked hours	May	34.9	34.8	35.0
	8:30	Average hourly earnings (m/m)	May	0.2%	0.2%	0.7%
	10:00	Factory orders (m/m)	April	-0.1%	-0.5%	1.1%
CANADA						
MONDAY 31	8:30	Current account balance (\$B)	Q1	2.40	2.79	-7.26
	8:30	Industrial product price index (m/m)	April	n/a	1.7%	1.6%
	8:30	Raw materials price index (m/m)	April	n/a	2.4%	2.3%
TUESDAY 1	8:30	Real GDP by industry (m/m)	March	1.1%	0.9%	0.4%
	8:30	Real GDP (ann. rate)	Q1	6.8%	6.6%	9.6%
WEDNESDAY 2	8:30	Building permits (m/m)	April	n/a	4.0%	5.7%
THURSDAY 3	---	---				
FRIDAY 4	8:30	Net change in employment	May	-20,300	-15,000	-207,100
	8:30	Unemployment rate	May	8.2%	8.2%	8.1%
	8:30	Labour productivity (q/q)	Q1	n/a	-0.9%	-2.0%
	8:30	Unit labour costs (q/q)	Q1	n/a	2.8%	0.0%
	10:00	PMI-Ivey index	May	n/a	65.0	60.6

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 May 31 to June 4, 2021

Country	Hour	Indicator	Period	Consensus		Previous data	
				m/m (q/q)	y/y	m/m (q/q)	y/y
OVERSEAS							
SUNDAY 30							
Japan	19:50	Industrial production – preliminary	April	4.0%	17.0%	1.7%	3.4%
Japan	19:50	Retail sales	April	-1.5%	15.3%	1.2%	5.2%
China	21:00	PMI manufacturing index	May	51.2		51.1	
China	21:00	PMI non-manufacturing index	May	55.1		54.9	
MONDAY 31							
Japan	1:00	Consumer confidence	May	33.0		34.7	
Japan	1:00	Housing starts	April		5.0%		n/a
Euro zone	4:00	Money supply M3	April		9.6%		10.1%
Italy	5:00	Consumer price index – preliminary	May	0.1%	1.5%	0.4%	1.1%
Germany	8:00	Consumer price index – preliminary	May	0.3%	2.3%	0.7%	2.0%
TUESDAY 1							
Australia	0:30	Reserve Bank of Australia meeting	June	0.10%		0.10%	
United Kingdom	2:00	Nationwide house prices	May	0.8%	9.2%	2.1%	7.1%
Italy	3:45	PMI manufacturing index	May	62.1		60.7	
France	3:50	PMI manufacturing index – final	May	59.2		59.2	
Germany	3:55	PMI manufacturing index – final	May	64.0		64.0	
Euro zone	4:00	PMI manufacturing index – final	May	62.8		62.8	
Italy	4:00	Unemployment rate	April	10.1%		10.1%	
United Kingdom	4:30	PMI manufacturing index – final	May	66.1		66.1	
Euro zone	5:00	Consumer price index – preliminary	May	0.2%	1.9%	0.6%	1.6%
Euro zone	5:00	Unemployment rate	April	8.1%		8.1%	
Italy	5:00	Real GDP – final	Q1	-0.4%	-1.4%	-0.4%	-1.4%
WEDNESDAY 2							
Germany	2:00	Retail sales	April	-2.3%	10.2%	7.7%	11.0%
Euro zone	5:00	Producer price index	April	0.9%	7.3%	1.1%	4.3%
THURSDAY 3							
Italy	3:45	PMI composite index	May	55.7		51.2	
Italy	3:45	PMI services index	May	52.0		47.3	
France	3:50	PMI composite index – final	May	57.0		57.0	
France	3:50	PMI services index – final	May	56.6		56.6	
Germany	3:55	PMI composite index – final	May	56.2		56.2	
Germany	3:55	PMI services index – final	May	52.8		52.8	
Euro zone	4:00	PMI composite index – final	May	56.9		56.9	
Euro zone	4:00	PMI services index – final	May	55.1		55.1	
United Kingdom	4:30	PMI composite index – final	May	62.0		62.0	
United Kingdom	4:30	PMI services index – final	May	61.8		61.8	
FRIDAY 4							
India	0:30	Reserve Bank of India meeting	June	4.00%		4.00%	
Euro zone	5:00	Retail sales	April	-1.3%	25.3%	2.7%	12.0%

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	116.2	-0.3	1.6	3.8	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	April	60.7	64.7	58.7	58.8	41.7
ISM non-manufacturing index ¹	April	62.7	63.7	58.7	56.2	41.6
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)	March	486,580	1.1	3.9	8.4	20.8
New durable good orders (\$M)	April*	246,156	-1.3	1.2	7.6	52.1
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	April	144,308	266.0	1,572	1,763	14,147
Unemployment rate (%) ¹	April	6.1	6.0	6.3	6.9	14.8
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)	2020 Q4	2,045,925	9.6	-3.2	-5.4	1.9	2.4
Household consumption (2012 \$M)	2020 Q4	1,135,859	-0.4	-4.8	-6.1	1.6	2.5
Government consumption (2012 \$M)	2020 Q4	427,753	6.2	0.1	-1.1	2.0	2.9
Residential investment (2012 \$M)	2020 Q4	163,068	18.4	14.4	3.9	-0.2	-1.7
Non-residential investment (2012 \$M)	2020 Q4	158,899	4.2	-13.1	-13.1	1.1	3.1
Business inventory change (2012 \$M) ¹	2020 Q4	1,721	---	---	-15,533	18,766	15,486
Exports (2012 \$M)	2020 Q4	624,807	5.0	-7.1	-9.8	1.3	3.7
Imports (2012 \$M)	2020 Q4	627,163	10.8	-6.0	-11.3	0.4	3.4
Final domestic demand (2012 \$M)	2020 Q4	2,041,230	3.5	-2.5	-4.5	1.4	2.5
GDP deflator (2012 = 100)	2020 Q4	112.8	4.4	1.7	0.8	1.7	1.8
Labour productivity (2012 = 100)	2020 Q4	112.1	-7.7	3.8	8.8	1.0	0.6
Unit labour cost (2012 = 100)	2020 Q4	115.0	0.0	2.7	4.0	2.9	3.1
Current account balance (\$M) ¹	2020 Q4	-7,261	---	---	-42,673	-47,384	-52,224
Production capacity utilization rate (%) ¹	2020 Q4	79.2	---	---	77.2	82.6	83.7
Disposable personal income (\$M)	2020 Q4	1,397,720	-3.8	7.7	10.0	3.8	3.1
Corporate net operating surplus (\$M)	2020 Q4	303,500	-2.7	4.3	-6.1	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)	Feb.	1,958,342	0.4	1.2	3.7	-2.2
Industrial production (2012 \$M)	Feb.	383,527	-1.2	1.0	4.5	-3.9
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)	March	10,903	5.7	17.2	12.8	44.9
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	April	18,627	-207.1	118.4	24.0	207.1
Unemployment rate (%) ¹	April	8.1	7.5	9.4	9.0	13.1
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)	March	108.8	1.6	6.7	7.9	10.0
Raw materials price (2010 = 100)	March	115.3	2.3	15.0	20.0	34.7
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		
	May 28	May 21	-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	0.01	0.01	0.01	0.04	0.09	0.14	0.19	0.08	0.01
Treasury bonds – 2 years	0.14	0.16	0.16	0.15	0.16	0.17	0.23	0.15	0.11
– 5 years	0.80	0.83	0.84	0.77	0.37	0.31	0.92	0.47	0.19
– 10 years	1.59	1.63	1.63	1.45	0.83	0.63	1.75	1.03	0.51
– 30 years	2.27	2.35	2.30	2.19	1.58	1.39	2.48	1.77	1.19
S&P 500 index (level)	4,211	4,156	4,181	3,811	3,638	3,044	4,233	3,630	3,002
DJIA index (level)	34,591	34,208	33,875	30,932	29,910	25,383	34,778	29,778	25,016
Gold price (US\$/ounce)	1,894	1,875	1,770	1,727	1,785	1,732	2,053	1,842	1,681
CRB index (level)	206.70	200.87	199.76	190.43	160.97	132.24	207.96	165.37	132.35
WTI oil (US\$/barrel)	67.09	62.06	63.58	63.53	45.51	35.49	67.09	48.91	35.44
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	0.10	0.09	0.11	0.13	0.12	0.18	0.21	0.12	0.05
Treasury bonds – 2 years	0.32	0.33	0.30	0.30	0.25	0.28	0.35	0.26	0.15
– 5 years	0.90	0.93	0.93	0.88	0.43	0.39	1.03	0.54	0.30
– 10 years	1.48	1.54	1.54	1.35	0.67	0.53	1.61	0.88	0.43
– 30 years	2.03	2.15	2.08	1.76	1.18	1.11	2.19	1.42	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	0.09	0.08	0.10	0.09	0.03	0.04	0.10	0.04	-0.04
Treasury bonds – 2 years	0.18	0.17	0.14	0.15	0.09	0.11	0.18	0.11	0.01
– 5 years	0.10	0.10	0.09	0.11	0.06	0.08	0.21	0.07	-0.04
– 10 years	-0.11	-0.09	-0.09	-0.10	-0.16	-0.10	-0.04	-0.14	-0.30
– 30 years	-0.24	-0.20	-0.22	-0.43	-0.40	-0.28	-0.17	-0.35	-0.49
S&P/TSX index (level)	19,885	19,527	19,108	18,060	17,397	15,193	19,885	17,318	15,051
Exchange rate (C\$/US\$)	1.2088	1.2068	1.2291	1.2741	1.2992	1.3771	1.3690	1.2941	1.2041
Exchange rate (C\$/€)	1.4731	1.4700	1.4774	1.5386	1.5543	1.5284	1.5903	1.5341	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\$/€)	1.2187	1.2181	1.2020	1.2076	1.1964	1.1099	1.2327	1.1862	1.1135
<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	0.86	0.87	0.86	0.33	0.12	0.93	0.40	0.04
FTSE index (level)	7,033	7,018	6,970	6,483	6,368	6,077	7,130	6,405	5,577
Exchange rate (US\$/£)	1.4179	1.4150	1.3816	1.3934	1.3316	1.2346	1.4207	1.3345	1.2299
<u>Germany</u>									
Bonds – 10 years	-0.18	-0.13	-0.24	-0.29	-0.59	-0.45	-0.11	-0.45	-0.64
DAX index (level)	15,520	15,438	15,136	13,786	13,336	11,587	15,520	13,545	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)	29,149	28,318	28,813	28,966	26,645	21,878	30,468	25,936	21,531
Exchange rate (US\$/¥)	109.94	108.96	109.29	106.60	104.12	107.79	110.73	106.28	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.