

WEEKLY NEWSLETTER

September Ends with Stock Market Pullback

MUSINGS OF THE WEEK

- ▶ The default clock is ticking in the United States.

KEY STATISTICS OF THE WEEK

- ▶ U.S. consumer confidence deteriorates further in September.
- ▶ United States: Manufacturing ISM climbs in September.
- ▶ United States: The end of federal funding for special unemployment benefit programs sends the number of beneficiaries tumbling.
- ▶ Canada: Real GDP by industry edged down in July.

A LOOK AHEAD

- ▶ United States: Job growth should improve in September after disappointing August results.
- ▶ Canada: Labour market recovery should continue in September.
- ▶ Canada: The merchandise trade balance could deteriorate slightly in August.

FINANCIAL MARKETS

- ▶ The S&P 500 sheds close to 3%.
- ▶ The U.S. 10-year yield went back above 1.50%.
- ▶ Increased market volatility boosts the greenback.

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Musings of the Week

The Default Clock Is Ticking in the United States

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

For more than 18 months now, we've been saying the pandemic is the biggest threat to the economy. Well, that narrative has changed thanks to the recent showdown over the U.S. debt ceiling. Unfortunately, that's the only plus side to this stalemate. If Congress doesn't reach a deal to raise the debt ceiling in the next few weeks, the United States could default on its financial obligations for the first time in its history. The debt ceiling system that limits the government's ability to borrow was introduced by Congress in 1917. Usually, Congress includes a provision to raise the debt ceiling in budget legislation. It can also pass a separate measure to raise the debt ceiling or suspend it, as it did in August 2019. But in recent years, the debt ceiling has become a political cudgel wielded by the fiscally conservative Republicans. When the United States hit the debt ceiling in 2011 and 2013, the Treasury Department had to take extraordinary measures to meet its obligations as Republicans and Democrats hammered out a last-minute deal.

Just over 10 years later, the United States is in the same predicament despite Democrats controlling both chambers of Congress. The debt ceiling is tied to the two centrepieces of the Biden administration's economic agenda—the US\$1,200B infrastructure bill the Senate passed in August, and the 10-year, US\$3,500B spending bill containing a wide array of progressive items partially paid for with higher taxes. The House is expected to take up the latter measure soon and send it to the Senate. But while there's bipartisan support for the infrastructure bill, the same can't be said of the spending bill. It faces opposition from virtually all Republicans, and even some moderate Senate Democrats who balk at the price tag. Democrats have the slimmest of majorities in the Senate. That means they'll need to use the budget reconciliation process to pass the bill with a simple majority rather than 60 votes. They will also need unanimous support from Senate Democrats. Given the opposition from moderate Democrats in the Senate, some progressive House members are threatening to vote against the infrastructure bill. If things go wrong, the Biden administration's entire economic agenda could fall apart in the coming weeks.

How is this related to the debt ceiling? In theory, it shouldn't be. Democrats can pass a separate bill to suspend the debt ceiling, which is exactly what the House did this week. However, Senate Republicans have already said no one on their side of the aisle will support the measure, so that strategy is dead in the water. And introducing a new budget reconciliation bill would be a long, drawn-out process. Democrats could try to add a provision to the spending bill to raise the debt ceiling, but they'd

have to reach a compromise that satisfies both the conservative and progressive wings of their party. However, such negotiations could be lengthy, and Treasury Secretary Janet Yellen has warned that the government could run out of money by October 18 if the debt ceiling isn't raised. The Bipartisan Policy Center projected that the so called X Date would arrive sometime between October 15 and November 4.

In short, the outcome of the latest debt ceiling standoff is highly uncertain. And though there are ways to raise or suspend the debt ceiling, constitutional scholars are divided over their legality, and such measures have never seriously been considered. Meanwhile, markets could fixate on the debt ceiling issue over the coming weeks. In 2013, we saw an inversion of the yield curve in the money market as the deadline approached. This hasn't happened yet, suggesting investors think a default is unlikely in the short term. If the government did default, the Fed has tools it could use to try to mitigate the impacts on the financial system. But make no mistake, a default would be uncharted territory. Jerome Powell said the consequences would be devastating, and Janet Yellen raised the spectre of a financial crisis and economic recession. So while the debt ceiling showdown may be a distraction from the pandemic, it's drama we could do without.

Key Statistics of the Week

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

UNITED STATES

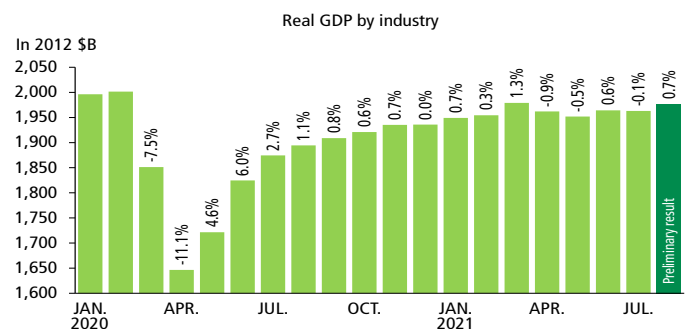
- ▶ For the first time since fall 2019, the Conference Board consumer confidence index fell for three months in a row. The index lost 5.9 points in September, decreasing from 115.2 in August to 109.3 the following month, its lowest level since February. The total decline since June stands at 19.6 points.
- ▶ U.S. real household consumption rose 0.4% in August after dropping 0.5% in July. Real consumption of durable goods decreased 1.3%, but this was offset by a 1.7% gain in non-durable goods and a 0.3% increase in services.
- ▶ The ISM manufacturing index gained 1.2 of a point last month, moving from 59.9 in August to 61.1 in September. Six of the ten components were up, particularly supplier deliveries (+3.9 points).
- ▶ Construction spending was at a standstill in August after gaining 0.3% in July. Residential construction climbed 0.4%. Private non-residential construction was down 1.0%. Public construction increased 0.5%.
- ▶ The S&P/Case-Shiller index in the 20 largest cities saw monthly growth of 1.6% in July. The annual variation rose from 19.1% in June to 19.9% in July, a new peak.
- ▶ As expected, new durable goods orders jumped 1.8% in August after gaining 0.5% in July (revised from -0.1%). The gain came primarily from the aviation sector, where civil orders surged 77.9%. Excluding transportation, the gain is just 0.2%, the weakest growth since February.
- ▶ The final national accounts estimate for the second quarter of 2021 pegs annualized real GDP growth at 6.6%, slightly above the 6.5% posted in the advance estimate and the 6.6% in the preliminary estimate.
- ▶ Initial jobless claims were up during the week ending September 25, rising to 362,000 from 351,000 the week before. During the week ending September 11, 6,489,619 fewer people made continuing claims to pandemic programs, a consequence of the end of federal funding.

CANADA

- ▶ Real GDP by industry fell 0.1% in July, in line with our forecast. June's gain was revised to +0.6% instead of +0.7% as initially estimated. Only 7 of the 20 main industries retreated in July. Agriculture, forestry, and hunting and fishing fell 5.5% while utilities were down 4.9%. Wholesaling (-1.9%) and retail trade (-1.1%) also dropped significantly. Statistics Canada's preliminary results indicate that real GDP by industry gained 0.7% in August. With the real GDP increase in June and the one expected in August by the preliminary result, it is surprising to see that real GDP had lost ground in July. This slide can be largely explained by temporary factors. For example, difficult weather conditions, with a drought in western Canada, contributed to a sharp drop in crop production. In contrast, cooler than normal temperatures in central and eastern Canada drove down the need for air conditioning and reined in utilities' output.

CANADA

Canada's economy should continue to recover in August



Sources: Statistics Canada and Desjardins, Economic Studies

Financial Markets

Rising Bond Yields Punish Stock Markets

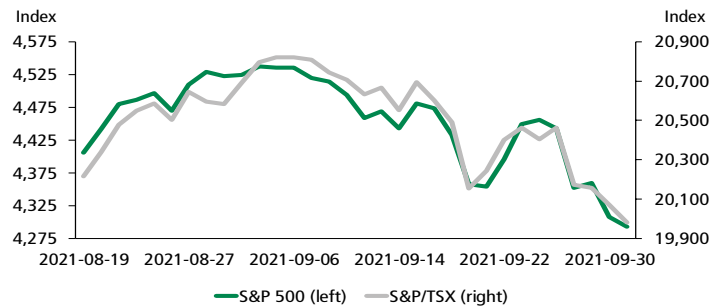
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

September ended on a negative note with another week of declines for the stock markets. Bond yields rose early in the week, which hurt technology stocks the most. While the COVID-19 pandemic situation is improving, risks are mounting elsewhere, including threats to the stability of China’s financial system and the reduction of U.S. government fiscal support. It’s also becoming increasingly clear that higher interest rates will be needed to counter inflation, which will hurt speculative stocks. Indices failed to rebound Friday morning, despite the signing of an agreement on U.S. government funding late Thursday night. The NASDAQ was down more than 4%, while the S&P 500 was down 3% for the week. The S&P/TSX and Dow Jones indices, which have less exposure to the technology sector, were down about 2%. The price of a barrel of WTI (West Texas Intermediate) was hovering around US\$75 at the time of writing.

It was also an eventful week on the bond markets, with interest rates on long-term U.S. federal bonds starting the week higher as the 10-year rate passed the 1.50% mark for the first time since July. The rise was even more pronounced for Canadian bonds, with the 10-year rate jumping more than 10 basis points. Bond yields were down slightly Friday morning and both the U.S. and Canadian 10-year yields were back near 1.48%.

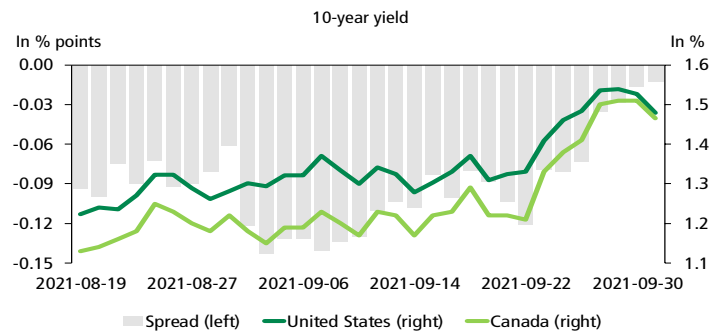
The increased volatility on the markets and the rise in U.S. bond yields benefited the U.S. dollar. The greenback’s strength was not widespread, however. The Canadian dollar was more resilient as oil remained high and Canadian bond yields also rose significantly. Surprisingly, China’s currency ended the week stronger than it started despite continued financial uncertainty in China. China’s monetary authorities are keeping a tight rein on the exchange rate. European currencies suffered significant declines. The euro fell from just over US\$1.17 at the start of the week to under US\$1.16 on Friday morning. The pound shifted in step and was trading below US\$1.36 at the time of writing.

GRAPH 1
Stock markets



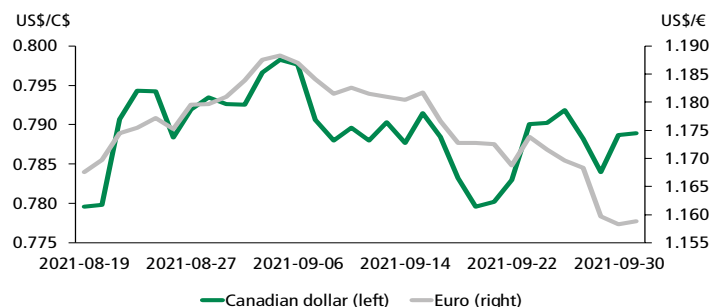
Sources: Datastream and Desjardins, Economic Studies

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 October 5 - 10:00

September

Consensus	59.9
Desjardins	60.4
August	61.7

FRIDAY October 8 - 8:30

September

Consensus	500,000
Desjardins	600,000
August	235,000

TUESDAY October 5 - 8:30

August

	\$B
Consensus	0.33
Desjardins	0.24
July	0.78

FRIDAY October 8 - 8:30

September

Consensus	60,000
Desjardins	75,000
August	90,200

WEDNESDAY October 6 - 5:00

August

	m/m
Consensus	1.0%
July	-2.3%

UNITED STATES

ISM services index (September) – Contrary to the ISM manufacturing, which rose slightly in August, the ISM services fell from 64.1 to 61.7. Despite the monthly decline, it's still extremely high, reflecting the ongoing recovery in sectors that were severely impacted by the health measures. That said, another downtick is forecast for September. That's what most of the regional non-manufacturing indexes signalled for September, as did some of the household confidence indicators released to date. The ISM services is expected to reach 60.4.

Job creation according to the establishment survey (September) – After accelerating in June and July, job creation clearly slowed in August, when the monthly increase was 235,000, the lowest since January. We expect September's numbers to be better. Taken together, initial unemployment insurance claims from State and federal programs show a drop that should translate into new jobs. Moreover, the end of the federal increase to unemployment benefits after the first week of September may have been incentive enough for some people to return to work. Despite falling in September, the Conference Board's consumer confidence index shows that the components linked to employment are at a healthy level. All things considered, September should see an increase of 600,000 workers. It would come as no surprise if August's disappointing numbers were upgraded too. The unemployment rate should drop even farther from 5.2% to 5.1%.

CANADA

International merchandise trade (August) – When expressed in Canadian dollars and adjusted for seasonal fluctuations, the commodity price index was down 0.9% in August due to lower energy and commodity prices. Furthermore, forest product prices declined sharply once again (-13.8%) during the month. As for automotive products, the volatile situation in recent months stabilized in August as shown by almost no increased production in this industry in the United States during the month. Under these circumstances, the value of exports may decrease slightly during the month, while imports should continue to rise as domestic demand firms up. In the end, the trade balance should erode slightly for August.


Labour force survey (September) – The labour market's recovery is expected to continue at a more moderate pace in September. Even if there's still no full recovery, the labour shortage noted in certain sectors could increasingly become an obstacle to higher levels of employment. Under these circumstances, roughly 75,000 jobs are expected to be created in September, which is not too bad from a historical point of view. The unemployment rate could dip from 7.1% to 6.9%.


OVERSEAS

Euro zone: Retail sales (August) – After benefiting from the easing of the health measures in the spring, with a total 10.1% gain in May and June, Euroland retail sales suffered a 2.3% setback in July. August's figures will tell whether the decline was short-lived. The confidence indexes' shift downward between June and August is far from encouraging. Still, the data out of France and Germany suggest a hike of nearly 1%. Another disappointing performance could also mean that consumers are giving up on consuming goods (including retail sales) and turning more to services.

Economic Indicators

Week of October 4 to 8, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
UNITED STATES						
MONDAY 4						
	10:00	Factory orders (m/m)	Aug.	1.0%	1.1%	0.4%
	10:00	Speech of the St. Louis Fed President, J. Bullard				
TUESDAY 5						
	8:30	Trade balance – Goods and services (US\$B)	Aug.	-70.5	-67.4	-70.1
	10:00	ISM services index	Sept.	59.9	60.4	61.7
WEDNESDAY 6						
	---	---				
THURSDAY 7						
	8:30	Initial unemployment claims	Sept. 27-Oct. 1	345,000	348,000	362,000
	11:45	Speech of the Cleveland Fed President, L. Mester				
	15:00	Consumer credit (US\$B)	Aug.	17.250	22.000	17.004
FRIDAY 8						
	8:30	Change in nonfarm payrolls	Sept.	500,000	600,000	235,000
	8:30	Unemployment rate	Sept.	5.1%	5.1%	5.2%
	8:30	Weekly worked hours	Sept.	34.7	34.7	34.7
	8:30	Average hourly earnings (m/m)	Sept.	0.4%	0.4%	0.6%
	10:00	Wholesale inventories – final (m/m)	Aug.	1.2%	1.2%	1.2%
CANADA						
MONDAY 4						
	8:30	Building permits (m/m)	Aug.	3.4%	1.5%	-3.9%
TUESDAY 5						
	8:30	International trade (\$B)	Aug.	0.33	0.24	0.78
WEDNESDAY 6						
	---	---				
THURSDAY 7						
	10:00	PMI-Ivey index	Sept.	n/a	67.5	66.0
	12:00	Speech of the Bank of Canada Governor, T. Macklem				
FRIDAY 8						
	8:30	Net change in employment	Sept.	60,000	75,000	90,200
	8:30	Unemployment rate	Sept.	6.9%	6.9%	7.1%

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

Economic Indicators

Week of October 4 to 8, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 4								
Japan	19:30	Consumer price index – Tokyo	Sept.		-0.1%		-0.4%	
Japan	20:30	PMI composite index – final	Sept.	n/a		47.7		
Japan	20:30	PMI services index – final	Sept.	n/a		47.4		
Australia	23:30	Reserve Bank of Australia meeting	Oct.	0.10%		0.10%		
TUESDAY 5								
France	2:45	Industrial production	Aug.	0.4%	3.4%	0.3%	4.0%	
Italy	3:45	PMI composite index	Sept.	57.7		59.1		
Italy	3:45	PMI services index	Sept.	56.5		58.0		
France	3:50	PMI composite index – final	Sept.	55.1		55.1		
France	3:50	PMI services index – final	Sept.	56.0		56.0		
Germany	3:55	PMI composite index – final	Sept.	55.3		55.3		
Germany	3:55	PMI services index – final	Sept.	56.0		56.0		
Euro zone	4:00	PMI composite index – final	Sept.	56.1		56.1		
Euro zone	4:00	PMI services index – final	Sept.	56.3		56.3		
United Kingdom	4:30	PMI composite index – final	Sept.	54.1		54.1		
United Kingdom	4:30	PMI services index – final	Sept.	54.6		54.6		
Euro zone	5:00	Producer price index	Aug.	1.3%	13.5%	2.3%	12.1%	
New Zealand	21:00	Reserve Bank of New Zealand meeting	Oct.	0.50%		0.25%		
WEDNESDAY 6								
Germany	2:00	Factory orders	Aug.	-1.9%	16.5%	3.4%	24.4%	
United Kingdom	4:30	PMI construction index	Sept.	54.0		55.2		
Euro zone	5:00	Retail sales	Aug.	1.0%	0.4%	-2.3%	3.1%	
THURSDAY 7								
Japan	1:00	Leading indicator – preliminary	Aug.	101.9		104.1		
Japan	1:00	Coincident indicator – preliminary	Aug.	91.5		94.4		
Germany	2:00	Industrial production	Aug.	-0.4%	5.0%	1.0%	5.7%	
France	2:45	Trade balance (€M)	Aug.	n/a		-6,957		
France	2:45	Current account (€B)	Aug.	n/a		-3.5		
Italy	4:00	Retail sales	Aug.	0.5%	2.0%	-0.4%	6.7%	
Japan	19:50	Current account (¥B)	Aug.	1,154.0		1,413.4		
FRIDAY 8								
India	0:30	Reserve Bank of India meeting	Oct.	4.00%		4.00%		
Germany	2:00	Trade balance (€B)	Aug.	15.0		18.1		
Germany	2:00	Current account (€B)	Aug.	18.2		17.6		

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	19,368	6.7	12.2	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q2	13,666	12.0	16.2	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q2	3,374	-2.0	-0.1	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q2	708.2	-11.7	21.1	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q2	2,873	9.2	13.3	-5.3	4.3	6.4
Business inventory change (2012 \$B) ¹	2021 Q2	-168.5	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q2	2,304	7.6	18.6	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q2	3,549	7.1	30.6	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q2	20,625	8.0	12.9	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q2	117.5	6.1	4.1	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q2	112.7	2.1	1.8	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q2	118.6	1.3	0.2	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 Q2	-190.3	---	---	-616.1	-472.1	-438.2

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

UNITED STATES
Monthly economic indicators

	REF. MONTH	LEVEL	VARIATION (%)			
			-1 month	-3 months	-6 months	-1 year
Leading indicator (2016 = 100)	Aug.	117.1	0.9	2.4	6.4	10.0
ISM manufacturing index ¹	Sept.*	61.1	59.9	60.6	64.7	55.7
ISM non-manufacturing index ¹	Aug.	61.7	64.1	64.0	55.3	57.2
Cons. confidence Conference Board (1985 = 100) ¹	Sept.*	109.3	115.2	128.9	114.9	101.3
Personal consumption expenditure (2012 \$B)	Aug.*	13,691	0.4	0.5	5.1	7.0
Disposable personal income (2012 \$B)	Aug.*	15,584	-0.3	-0.1	0.2	0.2
Consumer credit (\$B)	July	4,331	0.4	2.1	3.5	4.2
Retail sales (\$M)	Aug.	618,676	0.7	-0.2	10.5	15.1
<i>Excluding automobiles (\$M)</i>	Aug.	497,178	1.8	2.5	11.9	16.2
Industrial production (2012 = 100)	Aug.	101.6	0.4	1.7	5.4	5.9
Production capacity utilization rate (%) ¹	Aug.	76.4	76.2	75.2	72.7	72.3
New machinery orders (\$M)	July	508,062	0.4	4.2	6.0	15.9
New durable good orders (\$M)	Aug.*	263,490	1.8	3.1	7.0	18.1
Business inventories (\$B)	July	2,069	0.5	2.0	3.0	7.2
Housing starts (k) ¹	Aug.	1,615	1,554	1,594	1,447	1,376
Building permits (k) ¹	Aug.	1,721	1,630	1,683	1,726	1,522
New home sales (k) ¹	Aug.	740.0	729.0	733.0	823.0	977.0
Existing home sales (k) ¹	Aug.	5,880	6,000	5,780	6,240	5,970
Commercial surplus (\$M) ¹	July	-70,051	-73,230	-66,659	-65,696	-60,743
Nonfarm employment (k) ²	Aug.	147,190	235.0	2,250	3,918	6,041
Unemployment rate (%) ¹	Aug.	5.2	5.4	5.8	6.2	8.4
Consumer price (1982-1984 = 100)	Aug.	273.0	0.3	1.7	3.7	5.2
<i>Excluding food and energy</i>	Aug.	279.3	0.1	1.3	3.3	4.0
Personal cons. expenditure deflator (2012 = 100)	Aug.*	116.3	0.4	1.3	3.0	4.3
<i>Excluding food and energy</i>	Aug.*	118.1	0.3	1.1	2.8	3.6
Producer price (2009 = 100)	Aug.	128.2	0.7	2.7	5.1	8.3
Export prices (2000 = 100)	Aug.	142.6	0.4	2.6	8.9	16.8
Import prices (2000 = 100)	Aug.	134.3	-0.3	1.1	4.9	9.0

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.

CANADA
Quarterly economic indicators

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$M)	2021 Q2	2,071,190	-1.1	12.7	-5.3	1.9	2.4
Household consumption (2012 \$M)	2021 Q2	1,148,842	0.2	14.2	-6.0	1.6	2.5
Government consumption (2012 \$M)	2021 Q2	447,597	6.1	10.0	-0.3	2.0	2.9
Residential investment (2012 \$M)	2021 Q2	172,288	-12.4	42.3	4.1	-0.2	-1.7
Non-residential investment (2012 \$M)	2021 Q2	159,670	12.1	7.7	-13.6	1.1	3.1
Business inventory change (2012 \$M) ¹	2021 Q2	8,308	---	---	-15,937	18,766	15,486
Exports (2012 \$M)	2021 Q2	602,785	-15.0	12.0	-10.0	1.3	3.7
Imports (2012 \$M)	2021 Q2	634,610	-0.1	26.1	-11.2	0.4	3.4
Final domestic demand (2012 \$M)	2021 Q2	2,087,592	0.7	14.4	-4.3	1.4	2.5
GDP deflator (2012 = 100)	2021 Q2	118.9	9.2	9.2	0.7	1.7	1.8
Labour productivity (2012 = 100)	2021 Q2	110.7	2.3	-12.6	8.1	1.0	0.6
Unit labour cost (2012 = 100)	2021 Q2	117.1	11.1	1.1	3.1	2.9	3.1
Current account balance (\$M) ¹	2021 Q2	3,581	---	---	-40,087	-47,384	-52,224
Production capacity utilization rate (%) ¹	2021 Q2	82.0	---	---	77.6	82.6	83.7
Disposable personal income (\$M)	2021 Q2	1,463,752	9.2	-1.7	10.4	3.8	3.1
Corporate net operating surplus (\$M)	2021 Q2	386,256	1.6	68.1	-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)	July*	1,962,988	-0.1	0.0	0.7	4.7
Industrial production (2012 \$M)	July*	384,479	-1.1	0.2	-1.2	4.5
Manufacturing sales (\$M)	July	59,551	-1.5	1.9	4.3	12.2
Housing starts (k) ¹	Aug.	260.2	270.7	284.6	272.9	261.5
Building permits (\$M)	July	9,897	-3.9	-10.4	-1.2	21.8
Retail sales (\$M)	July	55,798	-0.6	1.5	6.0	5.3
<i>Excluding automobiles (\$M)</i>	July	40,870	-1.0	1.9	5.0	5.2
Wholesale trade sales (\$M)	July	70,069	-2.1	-2.3	0.6	8.0
Commercial surplus (\$M) ¹	July	778.1	2,562	476.3	1,476	-2,496
<i>Exports (\$M)</i>	July	53,749	0.6	6.4	4.4	17.0
<i>Imports (\$M)</i>	July	52,971	4.2	5.8	6.0	9.4
Employment (k) ²	Aug.	18,974	90.2	138.3	73.8	79.8
Unemployment rate (%) ¹	Aug.	7.1	7.5	8.2	8.2	10.2
Average weekly earnings (\$)	July*	1,133	1.0	0.5	0.1	1.8
Number of salaried employees (k) ²	July*	16,614	324.8	102.0	128.8	123.5
Consumer price (2002 = 100)	Aug.	142.6	0.2	1.1	2.7	4.1
<i>Excluding food and energy</i>	Aug.	135.9	0.2	1.0	2.1	3.0
<i>Excluding 8 volatile items</i>	Aug.	140.3	0.2	1.1	2.3	3.5
Industrial product price (2010 = 100)	Aug.*	114.4	-0.3	-0.3	6.5	14.3
Raw materials price (2010 = 100)	Aug.*	124.6	-2.4	3.7	10.5	27.7
Money supply M1+ (\$M)	July	1,565,089	1.3	4.5	10.8	19.8

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		
	Oct. 1	Sep. 24	-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	0.03	0.03	0.05	0.05	0.02	0.09	0.12	0.05	0.01
Treasury bonds – 2 years	0.27	0.27	0.19	0.24	0.16	0.13	0.28	0.17	0.11
– 5 years	0.95	0.96	0.77	0.86	0.89	0.28	1.01	0.65	0.30
– 10 years	1.48	1.46	1.32	1.43	1.68	0.69	1.75	1.27	0.72
– 30 years	2.05	1.99	1.94	2.05	2.34	1.48	2.48	1.98	1.50
S&P 500 index (level)	4,293	4,455	4,535	4,352	4,020	3,348	4,537	4,013	3,270
DJIA index (level)	33,844	34,798	35,369	34,786	33,153	27,683	35,625	32,461	26,502
Gold price (US\$/ounce)	1,759	1,752	1,834	1,784	1,730	1,908	1,952	1,819	1,682
CRB index (level)	228.92	225.31	220.11	214.96	186.70	144.12	228.92	189.98	144.73
WTI oil (US\$/barrel)	74.80	74.06	69.37	75.36	59.16	36.90	75.60	59.52	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	0.12	0.15	0.14	0.09	0.12	0.19	0.11	0.05
Treasury bonds – 2 years	0.51	0.50	0.39	0.45	0.22	0.24	0.53	0.31	0.15
– 5 years	1.08	1.03	0.78	0.96	0.97	0.35	1.11	0.72	0.34
– 10 years	1.47	1.38	1.19	1.37	1.51	0.56	1.61	1.14	0.57
– 30 years	1.95	1.90	1.75	1.84	1.95	1.11	2.19	1.68	1.14
<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	0.09	0.10	0.09	0.07	0.03	0.13	0.06	-0.04
Treasury bonds – 2 years	0.24	0.23	0.20	0.22	0.06	0.11	0.29	0.14	0.01
– 5 years	0.14	0.07	0.01	0.10	0.08	0.07	0.21	0.07	-0.04
– 10 years	-0.01	-0.08	-0.13	-0.06	-0.17	-0.13	0.03	-0.13	-0.30
– 30 years	-0.10	-0.09	-0.19	-0.21	-0.39	-0.37	-0.08	-0.29	-0.46
S&P/TSX index (level)	19,982	20,403	20,821	20,226	18,990	16,199	20,821	18,791	15,581
Exchange rate (C\$/US\$)	1.2676	1.2655	1.2528	1.2321	1.2575	1.3309	1.3325	1.2638	1.2034
Exchange rate (C\$/€)	1.4690	1.4826	1.4887	1.4619	1.4793	1.5591	1.5741	1.5105	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\$/€)	1.1588	1.1716	1.1883	1.1865	1.1764	1.1715	1.2327	1.1954	1.1583
<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	1.01	0.92	0.72	0.74	0.83	0.30	1.02	0.60	0.19
FTSE index (level)	7,013	7,051	7,138	7,123	6,737	5,902	7,220	6,747	5,577
Exchange rate (US\$/£)	1.3538	1.3684	1.3867	1.3823	1.3831	1.2933	1.4212	1.3697	1.2879
<u>Germany</u>									
Bonds – 10 years	-0.23	-0.23	-0.36	-0.28	-0.36	-0.54	-0.11	-0.41	-0.64
DAX index (level)	15,123	15,532	15,781	15,650	15,107	12,689	15,977	14,558	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)	28,771	30,249	29,128	28,783	29,854	23,030	30,670	27,961	22,977
Exchange rate (US\$/¥)	110.98	110.74	109.75	111.06	110.73	105.35	111.97	107.54	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.