

# WEEKLY NEWSLETTER

## Worrisome New Surge in Inflation

### MUSINGS OF THE WEEK

- ▶ Inflation changes everything.

### KEY STATISTICS OF THE WEEK

- ▶ United States: Inflation at its highest since 1990!
- ▶ The University of Michigan's U.S. Consumer Confidence Index has fallen to its lowest level in a decade.

### A LOOK AHEAD

- ▶ United States: U.S. retail sales likely to fall, but industrial production and housing starts could rebound.
- ▶ Canada: Retail and wholesale sales expected to decline in September.
- ▶ Canada: The total annual inflation rate to remain very high in October.
- ▶ Canada: The downtrend in housing starts poised to continue in October.

### FINANCIAL MARKETS

- ▶ Stock market momentum quashed by inflation.
- ▶ Bond yields rising sharply again.
- ▶ U.S. dollar surges on inflation figures.

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## Musings of the Week

### Inflation Changes Everything

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

This week's U.S. CPI report sent shockwaves through the markets. The 6.2% reading wasn't just higher than our estimate, it was higher than the most bullish forecast in Bloomberg's survey of 52 global economists. And the headline number wasn't the only stunner. So too was the breadth of the price surges. The Cleveland Fed's median CPI estimate hit a record 0.57% month-over-month, and its trimmed mean measure came in at a record 0.71%. As we discussed in a recent [Economic Viewpoint](#), prices for components accounting for close to 40% of the US CPI basket are growing at a 4% pace or hotter. The Fed has said it will be patient, especially now that it's using average inflation targeting, which allows for moderate overshoots. But it has been mum on the time window it's using to calculate that average. Assuming it's a three-year period, the average inflation measure would be 2.3%. It would be 2.3% with a 5-year period, too. So no matter how you slice it, the Fed's inflation objectives have been met.

Pressure is therefore building on the Fed to respond faster than it said it would. The way this has translated into the yield curve has been via a strong flattening push. At the time of writing, the yield spread between 30- and 5-year U.S. Treasury bonds had dipped below 70 basis points. Six months ago, it was north of 150. The curve usually peaks ahead of a Fed tightening cycle, but in prior expansion cycles it peaked at much higher levels. The closely watched 10-year to 2-year curve peaked at nearly 275 basis points in the 2000s cycle and at 291 basis points in the 2010s cycle.

Unless the curve steepens again dramatically soon, we may have already seen the peak last March at a mere 158 basis points. This is because markets are expecting a low terminal Federal funds rate for this cycle. Fed funds futures are pricing in just six rate hikes over the next three years. Another reason is that real yields remain at rock bottom. The surge in inflation expectations has driven real yields lower, mitigating the impact on nominal yields. In the long end of the curve, the nominal yield has risen by a meagre 25 basis points over the last year.

But low nominal yields also imply that financial conditions remain stubbornly easy. In a recent [op-ed](#), former New York Fed President Bill Dudley argued that markets are likely underpricing terminal rates, predicting that if inflation remains persistently high, the Fed may want to speed up rate hikes to tighten financial conditions.

We doubt this will happen if inflation finally starts to moderate. But if Bill Dudley is right and this scenario does come to pass, the market may think the Fed is making a policy mistake that will drive the economy into recession. That could push real yields even lower, further flattening the curve. And pushed far enough, the curve could invert—a recession red flag. This could happen fast since we're much closer to an inverted curve now than we were in prior cycles.

In the last cycle, the inverted curve was arguably meaningless since the Fed was holding rates below neutral. But that wouldn't be the case in Dudley's hawkish scenario. Even if a dovish new chair is appointed, they'll still need to step in to safeguard the Fed's credibility if inflation keeps blowing past expectations. And if that happens, markets would be right to wonder how long the current cycle will last. Needless to say, a lot depends on the future course of inflation.

# Key Statistics of the Week

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

## UNITED STATES

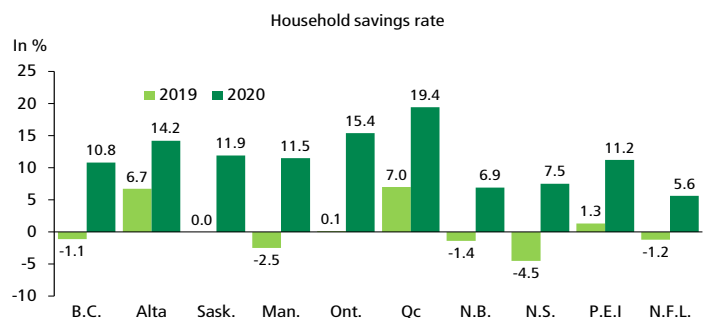
- ▶ The consumer price index (CPI) rose 0.9% in October, after gaining 0.4% in September and 0.3% in August. Energy prices climbed 4.8% in October, after advancing 1.3% in September. Food prices experienced a second consecutive increase of 0.9% in October. Excluding food and energy, core CPI gained 0.6% in October, after increasing 0.2% in September and 0.1% in August. The annual variation in total CPI rose from 5.4% in September to 6.2% in October. This is the highest inflation since October 1990. Core inflation went from 4.0% to 4.6%, its highest level since August 1991.
- ▶ The producer price index (PPI) climbed 0.6% in October. That's up a bit from 0.5% in September, but it still represents a slowdown from the 0.8% average over the previous six months. The index excluding food and energy rose 0.4%, again slower than in the spring and summer. The annual variation in the total PPI held high at 8.6%, while core inflation, which excludes food and energy, eased from 6.8% to 6.7%.
- ▶ U.S. consumer confidence continued to deteriorate, according to the University of Michigan's index, which slipped from 71.7 in October to 66.8 in the preliminary November reading. This is the lowest level since November 2011. In terms of index components, the drop was driven more by current (-4.5 points) than expected personal finances (-5.1 points). Consumers' short-term inflationary expectations have clearly increased, but medium-term inflationary expectations remained fairly stable.
- ▶ Initial unemployment claims continued trending downward during the week ending November 6, dropping from 271,000 the previous week to 267,000. The number of unemployment claimants continued to tumble, totalling 2,565,853 at the end of October, down sharply from 12,106,727 at the end of August.

## CANADA

- ▶ Statistics Canada released the 2020 provincial economic accounts results on Tuesday. In general, the real GDP numbers in each of the provinces are quite similar to the data for real GDP by industry already available. All provinces saw production contract in 2020, with Alberta remaining the most impacted province with a 7.9% decline. Note also that there has been a surge in the savings rate nationwide due to the pandemic. Quebec remains the province with the highest savings rate, at an average of 19.4% in 2020.

## CANADA

### Quebec remains the province with the highest savings rate in Canada



Sources: Statistics Canada and Desjardins, Economic Studies

# Financial Markets

## Inflation Sends Markets into Turmoil Again

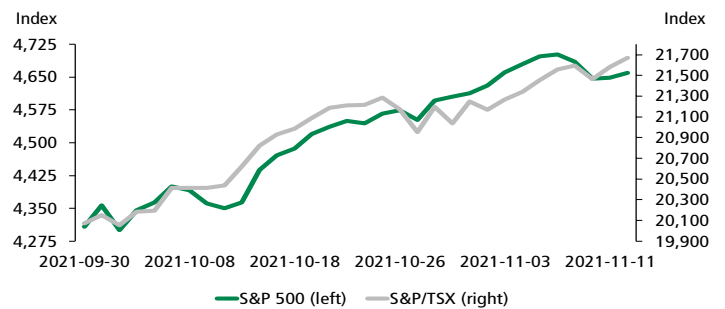
By Hendrix Vachon, Senior Economist, and Lorenzo Tessier-Moreau, Senior Economist

Inflation was on the spotlight this week, and thrill seekers were not disappointed. After some gains Monday as a result of the agreement on the U.S. government's infrastructure plan, stock indexes were already in the red Tuesday ahead of the release of U.S. inflation figures. The data published Wednesday fully justified this caution, as a new price surge pushed inflation to its highest level in 30 years. Bond yields jumped, which penalized equities, particularly more speculative stocks. The main U.S. indexes were on track to gain back a few points Friday, but were nonetheless headed for a losing week. The S&P 500 and the Dow Jones lost about 1%, whereas the NASDAQ was down closer to 2%. The Canadian stock market fared better, with a weekly gain of around 1% for the S&P/TSX. The price of oil soared briefly, in part because of the announcement of the infrastructure plan, but it fell back closer to last week's level following the release of inflation figures.

Inflation drove up long-term bond yields Wednesday. Although the entire curve was lifted, yields with maturities from 2 to 5 years were posting the highest increases, gaining more than 15 basis points in the United States. The increase was more moderate for Canadian yields, which rose 10 basis points for 2- to 5-year maturities.

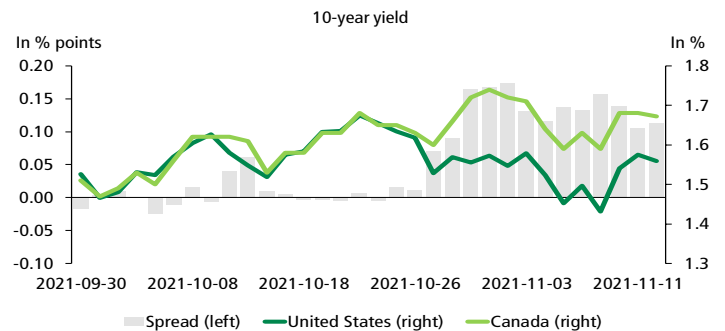
The U.S. dollar appreciated considerably after inflation figures in the United States were released. The greenback seems to profit from speculation on faster monetary tightening by the Fed and a higher risk of economic and financial disruptions in the coming quarters. The euro is now trading below US\$1.15, a first since summer 2020. The pound sterling fell below US\$1.34 during the week. It was back above that mark Friday. Not immune to the strength of the U.S. dollar, the loonie dropped below US\$0.80. A rare exception, the yen appreciated temporarily during the week, which is consistent with increased investor demand for safe havens.

**GRAPH 1**  
Stock markets



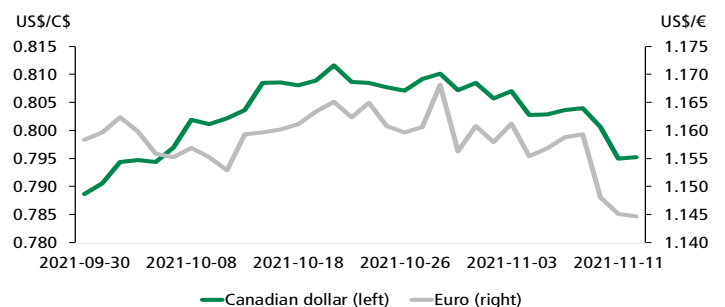
Sources: Datastream and Desjardins, Economic Studies

**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 November 16 - 8:30

October	m/m
Consensus	1.1%
Desjardins	-0.1%
<b>September</b>	<b>0.7%</b>

## TUESDAY November 16 - 9:15

October	m/m
Consensus	0.9%
Desjardins	0.7%
<b>September</b>	<b>-1.3%</b>

## WEDNESDAY November 17 - 8:30

October	
Consensus	1,580,000
Desjardins	1,580,000
<b>September</b>	<b>1,555,000</b>

## THURSDAY November 18 - 10:00

October	m/m
Consensus	0.8%
Desjardins	0.9%
<b>September</b>	<b>0.2%</b>

## MONDAY November 15 - 8:30

September	m/m
Consensus	1.1%
Desjardins	1.1%
<b>August</b>	<b>0.3%</b>

## MONDAY November 15 - 8:30

Septembre	m/m
Consensus	1.1%
Desjardins	-3.2%
<b>August</b>	<b>0.5%</b>

## UNITED STATES

**Retail sales (October)** – Retail sales growth readings have been fairly decent lately with gains of 0.9% in August and 0.7% in September. However, a more modest uptick, or even a slight decline, is anticipated for October. This time, the automotive industry will not be to blame for the decline, as the number of new vehicles sold climbed 6.3% last month. However, there has been a noticeable slowdown in card transactions in a number of other sectors, particularly in durable goods, including furniture, electronics and renovation centres. On the other hand, the value of service station sales is expected to increase sharply on the back of rising gasoline prices (which may have put a damper on other sectors). Overall, total retail sales could ease 0.1%, while sales excluding motor vehicles and service stations are expected to fall 0.7%.

**Industrial production (October)** – After a slight 0.1% downtick in August, U.S. industrial production logged a more dramatic pullback of 1.3% in September. Both monthly contractions resulted in part from Hurricane Ida and automotive industry supply woes. These two factors were likely less significant in October. Hours worked were up 7.5% in the automotive industry last month, pointing to decent production growth. Performance likely improved in the rest of the manufacturing sector after a 0.3% dip in September. In that respect, the “current production” component of the ISM manufacturing index remains relatively high. Although another drop in energy production is anticipated, a return to growth may be in cards in the mining sector. All told, growth of 0.7% in industrial production is expected.

**Housing starts (October)** – Housing starts fell 1.6% in September after gaining 1.2% in August and declining 5.7% in July. A rebound, albeit relatively modest, is expected for October. The construction industry remains constrained by supply problems. In addition, job creation in residential construction was positive, yet moderate, with a gain of 1,800 workers in October. Building permit levels were down in September, but remained higher than housing starts. There was also strong growth in new home sales, which is an upbeat sign for new construction. Housing starts should hit 1,580,000 units.

**Leading indicator (October)** – Monthly growth in the leading indicator slowed in September with a gain of 0.2%, compared with an average of 1.1% over the previous six months. We expect faster growth in October, however. The decline in jobless claims will provide the biggest boost. We are expecting a monthly gain of 0.9% in the leading indicator.

## CANADA

**Wholesale sales (September)** – According to Statistics Canada’s interim figures, wholesale sales were up 1.1% in September. Negative readings in farm and automotive products as well as building materials and supplies are expected to be offset by upticks in other sectors. The machinery, equipment and supplies sector could see especially sustained growth during the month.

**Manufacturing sales (September)** – Manufacturing sales could experience their sharpest monthly drop in September since the recovery began in the spring of 2020. According to Statistics Canada’s preliminary data, manufacturing sales were down 3.2% during the month. This decline resulted primarily from lower sales in the transportation equipment industry, which still seems to be very hard hit by supply problems. Note that automotive product exports tumbled 17.9% in September.

**TUESDAY November 16 - 8:15**

<b>October</b>	<b>In thousands</b>
Consensus	255.0
Desjardins	245.0
<b>September</b>	<b>251.2</b>

**WEDNESDAY November 17 - 8:30**

<b>October</b>	<b>m/m</b>
Consensus	0.6%
Desjardins	0.5%
<b>September</b>	<b>0.2%</b>

**FRIDAY November 19 - 8:30**

<b>September</b>	<b>m/m</b>
Consensus	-1.9%
Desjardins	-1.9%
<b>August</b>	<b>2.1%</b>

**SUNDAY November 14 - 18:50**

<b>Q3 2021</b>	<b>q/q</b>
Consensus	-0.2%
<b>Q2 2021</b>	<b>0.5%</b>

**Housing starts (October)** – The downside trend in residential construction is poised to continue in October, supporting another slight slip in housing starts. Despite this new decrease, housing starts will still be at fairly high levels historically.

**Consumer price index (October)** – Prices at the pump climbed an average 4.5% in October, whose positive effect on the monthly variation in the total CPI will be considerable. Typically, seasonal price fluctuations are practically flat in October. Factoring in the upside trend of the other components, affected in particular by a wide range of imbalances between supply and demand, the monthly variation in the total CPI could stand at around 0.5% in October. The total annual inflation rate could stay at 4.4%.


**Retail sales (September)** – According to Statistics Canada’s interim figures, retail sales contracted 1.9% in September, wiping out most of August’s gains. That being said, preliminary results show that motor vehicle sales were down around 3% for the month. The other sectors are generally thought to have eked out slight gains in September.


**OVERSEAS**

**Japan: real GDP (Q3)** – Japan’s real GDP crept up 0.5% (non-annualized) in Q2 2021, owing primarily to a slight rebound after a 1.1% decline in Q1. More sluggish or even potentially negative growth is expected for Q3. The summer rang in higher retail sales, but also a downturn in industrial production. It is also difficult to assess the real effect of the Tokyo Olympics in these COVID-19 times.

# Economic Indicators

## Week of November 15 to 19, 2021

Day	Hour	Indicator	Period	Consensus		Previous data
<b>UNITED STATES</b>						
<b>MONDAY 15</b>	8:30	Empire manufacturing index	Nov.	21.1	25.0	19.8
<b>TUESDAY 16</b>	8:30	Export prices (m/m)	Oct.	0.8%	1.2%	0.1%
	8:30	Import prices (m/m)	Oct.	1.0%	1.0%	0.4%
	8:30	Retail sales				
		Total (m/m)	Oct.	1.1%	-0.1%	0.7%
		Excluding automobiles (m/m)	Oct.	1.0%	-0.3%	0.8%
	9:15	Industrial production (m/m)	Oct.	0.9%	0.7%	-1.3%
	9:15	Production capacity utilization rates	Oct.	75.9%	75.8%	75.2%
	10:00	NAHB housing market index	Nov.	80	n/a	80
	10:00	Business inventories (m/m)	Sept.	0.6%	0.7%	0.6%
16:00	Net foreign security purchases (US\$B)	Sept.	n/a	n/a	79.3	
<b>WEDNESDAY 17</b>	8:30	Housing starts (ann. rate)	Oct.	1,580,000	1,580,000	1,555,000
	8:30	Building permits (ann. rate)	Oct.	1,630,000	1,600,000	1,586,000
<b>THURSDAY 18</b>	8:30	Initial unemployment claims	Nov. 8-12	260,000	265,000	267,000
	8:30	Philadelphia Fed index	Nov.	24.0	25.0	23.8
	10:00	Leading indicator (m/m)	Oct.	0.8%	0.9%	0.2%
<b>FRIDAY 19</b>	---	---				
<b>CANADA</b>						
<b>MONDAY 15</b>	8:30	Wholesale sales (m/m)	Sept.	1.1%	1.1%	0.3%
	8:30	Wholesale inventories (m/m)	Sept.	n/a	0.5%	1.7%
	8:30	Manufacturing sales (m/m)	Sept.	-3.1%	-3.2%	0.5%
	9:00	Existing home sales	Oct.			
<b>TUESDAY 16</b>	8:15	Housing starts (ann. rate)	Oct.	255,000	245,000	251,200
	13:00	Speech of a Bank of Canada Deputy Governor, L. Schembri				
<b>WEDNESDAY 17</b>	8:30	Consumer price index				
		Total (m/m)	Oct.	0.6%	0.5%	0.2%
		Excluding food and energy (m/m)	Oct.	n/a	0.4%	0.2%
		Total (y/y)	Oct.	4.5%	4.4%	4.4%
	Excluding food and energy (y/y)	Oct.	n/a	3.2%	n/a	
<b>THURSDAY 18</b>	8:30	International transactions in securities (\$B)	Sept.	n/a	12.00	26.30
<b>FRIDAY 19</b>	8:30	New housing price index (m/m)	Oct.	n/a	0.4%	n/a
	8:30	Retail sales				
		Total (m/m)	Sept.	-1.9%	-1.9%	2.1%
	Excluding automobiles (m/m)	Sept.	-0.8%	0.8%	2.8%	

Note: Desjardins, Economic Studies are involved every week in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. The times shown are Eastern Standard Time (GMT - 5 hours).  Forecast of Desjardins, Economic Studies of the Desjardins Group.

# Economic Indicators

## Week of November 15 to 19, 2021

Country	Hour	Indicator	Period	Consensus		Previous data		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
<b>OVERSEAS</b>								
<b>SUNDAY 14</b>								
Japan	18:50	Real GDP – preliminary	Q3	-0.2%		0.5%		
China	21:00	Industrial production	Oct.		3.0%		3.1%	
China	21:00	Retail sales	Oct.		3.7%		4.4%	
Japan	23:30	Industrial production – final	Sept.	n/a	n/a	-5.4%	-2.3%	
<b>MONDAY 15</b>								
Euro zone	5:00	Trade balance (€B)	Sept.	11.5		11.1		
Japan	23:30	Tertiary industry activity index	Sept.	0.8%		-1.7%		
<b>TUESDAY 16</b>								
United Kingdom	2:00	ILO unemployment rate	Sept.	4.4%		4.5%		
France	2:45	Consumer price index – final	Oct.	0.4%	2.6%	0.4%	2.6%	
Euro zone	5:00	Net change in employment – preliminary	Q3	n/a	n/a	0.7%	1.8%	
Euro zone	5:00	Real GDP – preliminary	Q3	2.2%	3.7%	2.2%	3.7%	
Japan	18:50	Trade balance (¥B)	Oct.	-609.2		-624.8		
<b>WEDNESDAY 17</b>								
United Kingdom	2:00	Consumer price index	Oct.	0.8%	3.9%	0.3%	3.1%	
United Kingdom	2:00	Producer price index	Oct.	0.7%	7.3%	0.5%	6.7%	
Italy	4:00	Trade balance (€M)	Sept.	n/a		1,316		
Euro zone	5:00	Construction	Sept.	n/a	n/a	-1.3%	-1.6%	
Euro zone	5:00	Consumer price index – final	Oct.	0.8%	4.1%	0.8%	3.4%	
<b>THURSDAY 18</b>								
Japan	18:30	Consumer price index	Oct.		0.1%		0.2%	
United Kingdom	19:01	Consumer confidence	Nov.	-18		-17		
<b>FRIDAY 19</b>								
France	1:30	ILO unemployment rate	Q3	7.9%		8.0%		
United Kingdom	2:00	Retail sales	Oct.	0.5%	-2.0%	-0.2%	-1.3%	
Germany	2:00	Producer price index	Oct.	1.7%	16.3%	2.3%	14.2%	
Euro zone	4:00	Current account (€B)	Sept.	n/a		13.4		
Italy	4:30	Current account (€M)	Sept.	n/a		5,031		

Note: In contrast to the situation in Canada and the United States, disclosure of overseas economic figures is much more approximate. The day of publication is therefore shown for information purposes only. The abbreviations m/m, q/q and y/y correspond to monthly, quarterly and yearly variation respectively. The times shown are Eastern Standard Time (GMT - 5 hours).



**UNITED STATES**
**Quarterly economic indicators**

	REF. QUART.	LEVEL	VARIATION (%)		ANNUAL VARIATION (%)		
			Quart. ann.	1 year	2020	2019	2018
Gross domestic product (2012 \$B)	2021 Q3	19,465	2.0	4.9	-3.4	2.3	2.9
Consumption (2012 \$B)	2021 Q3	13,719	1.6	7.0	-3.8	2.2	2.9
Government spending (2012 \$B)	2021 Q3	3,380	0.8	0.6	2.5	2.2	1.4
Residential investment (2012 \$B)	2021 Q3	694.2	-7.7	5.5	6.8	-0.9	-0.6
Non-residential investment (2012 \$B)	2021 Q3	2,886	1.8	9.0	-5.3	4.3	6.4
Business inventory change (2012 \$B) <sup>1</sup>	2021 Q3	-77.7	---	---	-42.3	75.1	65.7
Exports (2012 \$B)	2021 Q3	2,289	-2.5	5.7	-13.6	-0.1	2.8
Imports (2012 \$B)	2021 Q3	3,601	6.0	13.0	-8.9	1.2	4.1
Final domestic demand (2012 \$B)	2021 Q3	20,678	1.0	6.0	-2.5	2.4	3.0
GDP deflator (2012 = 100)	2021 Q3	119.2	5.7	4.6	1.3	1.8	2.4
Labor productivity (2012 = 100)	2021 Q3	111.3	-5.0	-0.5	2.4	2.0	1.5
Unit labor cost (2012 = 100)	2021 Q3	120.9	8.3	4.8	4.5	1.8	1.9
Employment cost index (Dec. 2005 = 100)	2021 Q3	146.6	5.4	3.7	2.6	2.8	2.8
Current account balance (\$B) <sup>1</sup>	2021 Q2	-190.3	---	---	-616.1	-472.1	-438.2

<sup>1</sup> 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)	Sept.	117.5	0.2	1.8	5.4	9.3
ISM manufacturing index <sup>1</sup>	Oct.	60.8	61.1	59.5	60.7	58.8
ISM non-manufacturing index <sup>1</sup>	Oct.	66.7	61.9	64.1	62.7	56.2
Cons. confidence Conference Board (1985 = 100) <sup>1</sup>	Oct.	113.8	109.8	125.1	117.5	101.4
Personal consumption expenditure (2012 \$B)	Sept.	13,773	0.3	0.6	1.1	6.2
Disposable personal income (2012 \$B)	Sept.	15,335	-1.6	-1.2	-19.8	-2.0
Consumer credit (\$B)	Sept.*	4,367	0.7	1.4	3.4	4.9
Retail sales (\$M)	Sept.	625,416	0.7	0.0	0.4	13.9
<i>Excluding automobiles (\$M)</i>	Sept.	502,615	0.8	1.9	3.1	15.6
Industrial production (2012 = 100)	Sept.	100.0	-1.3	-0.4	0.9	4.6
Production capacity utilization rate (%) <sup>1</sup>	Sept.	75.2	76.2	75.6	74.8	72.1
New machinery orders (\$M)	Sept.	515,892	0.2	1.9	5.7	14.9
New durable good orders (\$M)	Sept.	261,433	-0.3	1.5	4.8	15.3
Business inventories (\$B)	Aug.	2,084	0.6	2.1	3.0	7.4
Housing starts (k) <sup>1</sup>	Sept.	1,555	1,580	1,657	1,725	1,448
Building permits (k) <sup>1</sup>	Sept.	1,586	1,721	1,594	1,755	1,589
New home sales (k) <sup>1</sup>	Sept.	800.0	702.0	683.0	873.0	971.0
Existing home sales (k) <sup>1</sup>	Sept.	6,290	5,880	5,870	6,010	6,440
Commercial surplus (\$M) <sup>1</sup>	Sept.	-80,934	-72,813	-73,230	-72,222	-62,625
Nonfarm employment (k) <sup>2</sup>	Oct.	148,319	531.0	1,326	3,993	5,774
Unemployment rate (%) <sup>1</sup>	Oct.	4.6	4.8	5.4	6.1	6.9
Consumer price (1982–1984 = 100)	Oct.*	276.7	0.9	1.6	3.7	6.2
<i>Excluding food and energy</i>	Oct.*	281.7	0.6	0.9	2.9	4.6
Personal cons. expenditure deflator (2012 = 100)	Sept.	116.6	0.3	1.1	2.7	4.4
<i>Excluding food and energy</i>	Sept.	118.3	0.2	0.8	2.5	3.6
Producer price (2009 = 100)	Oct.*	129.7	0.6	1.9	4.4	8.6
Export prices (2000 = 100)	Sept.	142.8	0.1	1.6	6.3	16.3
Import prices (2000 = 100)	Sept.	134.7	0.4	0.4	3.7	9.2

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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) <sup>1</sup>	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) <sup>1</sup>	2021 Q2	3,581	---	---	-40,087	-47,384	-52,224
Production capacity utilization rate (%) <sup>1</sup>	2021 Q2	82.0	---	---	77.4	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

<sup>1</sup> 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)	Aug.	1,972,761	0.4	1.0	0.9	4.1
Industrial production (2012 \$M)	Aug.	387,430	0.5	1.6	1.2	5.5
Manufacturing sales (\$M)	Aug.	60,312	0.5	3.2	6.5	14.9
Housing starts (k) <sup>1</sup>	Sept.	251.2	262.8	279.1	333.3	209.0
Building permits (\$M)	Sept.	10,140	4.3	-1.5	-8.6	4.9
Retail sales (\$M)	Aug.	57,211	2.1	6.0	3.4	8.4
Excluding automobiles (\$M)	Aug.	42,250	2.8	7.1	3.6	8.2
Wholesale trade sales (\$M)	Aug.	70,266	0.3	-2.8	1.8	7.3
Commercial surplus (\$M) <sup>1</sup>	Sept.	1,858	1,509	2,258	-1,322	-3,762
Exports (\$M)	Sept.	53,000	-2.3	-0.7	4.5	15.7
Imports (\$M)	Sept.	51,142	-3.0	0.0	-1.7	3.1
Employment (k) <sup>2</sup>	Oct.	19,162	31.2	92.8	89.2	56.6
Unemployment rate (%) <sup>1</sup>	Oct.	6.7	6.9	7.5	8.1	9.0
Average weekly earnings (\$)	Aug.	1,138	0.7	0.2	0.3	2.6
Number of salaried employees (k) <sup>2</sup>	Aug.	16,679	59.7	207.4	130.2	101.8
Consumer price (2002 = 100)	Sept.	142.9	0.2	1.1	2.4	4.4
Excluding food and energy	Sept.	136.2	0.2	0.9	2.1	3.3
Excluding 8 volatile items	Sept.	140.7	0.3	1.1	2.3	3.7
Industrial product price (2010 = 100)	Sept.	115.8	1.0	0.6	6.0	14.9
Raw materials price (2010 = 100)	Sept.	126.8	2.5	1.6	10.1	31.9
Money supply M1+ (\$M)	Aug.	1,580,843	1.0	3.3	9.3	18.5

<sup>1</sup> Statistic shows the level of the month of the column; <sup>2</sup> 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		
	Nov. 12	Nov. 5	-1 month	-3 months	-6 months	-1 year	Higher	Average	Lower
<b>United States</b>									
Federal funds – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.05	0.05	0.05	0.06	0.01	0.09	0.11	0.05	0.01
Treasury bonds – 2 years	0.51	0.37	0.40	0.21	0.15	0.18	0.51	0.20	0.11
– 5 years	1.22	1.04	1.12	0.79	0.80	0.40	1.27	0.74	0.34
– 10 years	1.56	1.45	1.58	1.28	1.63	0.88	1.75	1.36	0.82
– 30 years	1.93	1.89	2.05	1.94	2.37	1.65	2.48	2.02	1.54
S&P 500 index (level)	4,659	4,698	4,471	4,468	4,174	3,585	4,702	4,138	3,558
DJIA index (level)	36,030	36,328	35,295	35,515	34,382	29,480	36,432	33,298	29,263
Gold price (US\$/ounce)	1,861	1,810	1,773	1,774	1,837	1,893	1,947	1,806	1,682
CRB index (level)	237.46	235.00	239.27	216.96	203.29	151.86	241.18	200.02	153.82
WTI oil (US\$/barrel)	81.02	81.27	82.43	68.42	65.37	39.95	84.66	64.40	41.16
<b>Canada</b>									
Overnight – target	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bill – 3 months	0.13	0.14	0.12	0.16	0.09	0.11	0.19	0.12	0.05
Treasury bonds – 2 years	1.00	0.92	0.76	0.45	0.32	0.27	1.08	0.38	0.15
– 5 years	1.47	1.36	1.23	0.84	0.94	0.46	1.50	0.83	0.39
– 10 years	1.67	1.59	1.58	1.19	1.55	0.73	1.74	1.26	0.66
– 30 years	2.03	1.96	1.99	1.76	2.18	1.28	2.19	1.77	1.17
<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	0.08	0.09	0.07	0.10	0.08	0.02	0.13	0.07	-0.04
Treasury bonds – 2 years	0.49	0.55	0.36	0.24	0.17	0.09	0.62	0.18	0.01
– 5 years	0.25	0.32	0.11	0.05	0.14	0.06	0.33	0.09	-0.04
– 10 years	0.11	0.14	0.00	-0.09	-0.08	-0.15	0.17	-0.10	-0.30
– 30 years	0.10	0.07	-0.06	-0.18	-0.19	-0.37	0.13	-0.25	-0.46
S&P/TSX index (level)	21,672	21,456	20,928	20,518	19,367	16,676	21,672	19,337	16,890
Exchange rate (C\$/US\$)	1.2575	1.2456	1.2368	1.2515	1.2104	1.3133	1.3104	1.2554	1.2034
Exchange rate (C\$/€)	1.4395	1.4408	1.4349	1.4759	1.4697	1.5542	1.5741	1.4979	1.4325
<b>Overseas</b>									
<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\$/€)	1.1447	1.1568	1.1602	1.1793	1.2142	1.1834	1.2327	1.1932	1.1447
<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	0.92	0.85	1.11	0.66	0.89	0.37	1.20	0.69	0.19
FTSE index (level)	7,346	7,304	7,234	7,219	7,044	6,316	7,384	6,896	6,266
Exchange rate (US\$/£)	1.3406	1.3497	1.3752	1.3865	1.4098	1.3188	1.4212	1.3767	1.3196
<u>Germany</u>									
Bonds – 10 years	-0.25	-0.28	-0.17	-0.51	-0.12	-0.55	-0.09	-0.36	-0.64
DAX index (level)	16,085	16,054	15,587	15,977	15,417	13,077	16,085	14,903	13,086
<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)	29,610	29,612	29,069	27,977	28,084	25,386	30,670	28,545	25,527
Exchange rate (US\$/¥)	113.90	113.42	114.22	109.59	109.36	104.64	114.38	108.51	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.