Weekly Economic Watch

Economics and Strategy

December 11, 2020

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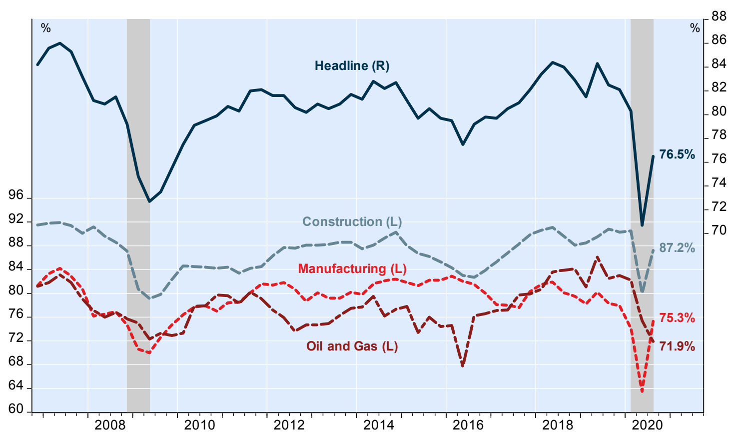
Week in review

CANADA: Consistent with the gradual re-opening of the economy, **capacity utilization** in the industrial sector bounced from an all-time low of 70.7% in Q2 to 76.5% in Q3. This was still significantly below the 82.1% level recorded before the pandemic struck (2019Q4). The quarterly gain was led by increases in construction (from 80.0% to 87.2%) and manufacturing (from 63.5% to 75.3%). Capacity utilization in oil and gas extraction, meanwhile, fell for a third straight quarter, dropping from 75.4% to a 4-year low of 71.9%. This subsector continues to suffer from weak global demand on account of the lockdown measures.

Canada: Capacity utilization bounced back in Q3, still depressed
Industrial capacity utilization rates. Last observation: 2020Q3



NBF Economics and Strategy (data via Statistics Canada)

As part of this week's monetary policy decision, the **Bank of Canada** opted to keep its main policy rate at the lower effective bound of 0.25%—a choice that came as no surprise to the markets. Once again, the Bank committed to keep the target for the overnight rate at the effective lower bound "until economic slack is absorbed so that the 2 percent inflation target is sustainably achieved". It added that it did not expect this to happen before well "into 2023", as laid out in the October MPR.

The BoC's QE program was kept at "at least $4 billion per week" in Government of Canada Bond purchases and it was specified in the statement that these would go on until "the recovery [was] well underway". This is in keeping with the announcement made at the October meeting to the effect that the QE program would be recalibrated by gradually reducing minimum total weekly bond purchases from $5 billion to $4 billion as purchases shifted to longer-maturity bonds under a terming out strategy.

Regarding the economy, according to the statement, the global and domestic outlooks were evolving by and large as anticipated in the October MPR, though it was noted that the surge in COVID-19 cases could weigh on growth in the first quarter. On the vaccine front, meanwhile, good news provided reassurance that the pandemic would eventually end and normal activity resume. That said, uncertainty remained regarding how fast the vaccine would be rolled out. While COVID-19 restrictions were likely to act as a headwind to recovery, the federal government's fiscal measures would help prop up business and household incomes. Where inflation is concerned, October data showed firmer price growth but the track remained in line with October's projections.

As we have argued recently, we believe that the QE program needs further recalibration and that the weekly run rate could be tapered further to at least $3 billion in purchases per week as soon as next quarter. At this still early stage in the economic recovery, we see the QE program possibly being fully wound down by early 2022.

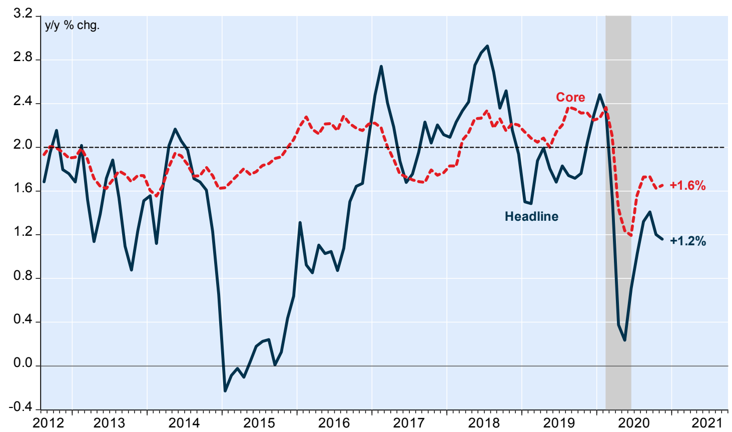
The day after the monetary policy decisions, **Bank of Canada Deputy Governor Paul Beaudry** delivered a speech titled "Our quantitative easing operations: Looking under the hood". As the title suggests, it focused on the Bank's QE program. In addition to going over the mechanics of how the Bank conducts its QE operations, Beaudry tried to dispel some of the negative connotations and misconceptions associated with the program (e.g., BoC is "printing money", BoC is financing government's debt, QE will cause high inflation). He conceded that while the size of the QE program was quite large and had resulted in a sharp run-up of its balance sheet, the amount of assets that the BoC held was still low by international standards (e.g., versus the Fed and the Bank of England).

Beaudry reiterated the Bank's commitment to continue QE until the recovery was "well underway", sticking to the language that has been used in Bank communications since the QE program was launched. However, he assured that the BoC would "not overuse QE and overshoot our 1 to 3 percent target range for inflation". He also touched on the Bank's "exit strategy" for QE, which he noted was tied to the Bank's inflation goals. The Bank could either: (a) reinvest maturing bonds into new ones, thus maintaining the stimulus level; (b) allow maturing bonds to run off; or (c) actively sell off assets from its balance sheet. While he did not commit to any of these approaches, he pointed out that, historically, other central banks had applied the first two options.

Finally, addressing different economic scenarios, Beaudry stated that the Bank could recalibrate its QE program to deliver more stimulus if downside risks materialized. It could also introduce a yield curve control framework or reassess the effective lower bound to a smaller but still positive rate. Alternatively, if upside risks became reality, the Bank could move to withdraw stimulus being delivered through the QE program, presumably by slowing the pace of weekly purchases.

UNITED STATES: The **Consumer Price Index** rose 0.2% in November after holding steady the month before. The result overshot consensus expectations for a 0.1% print. Energy prices overall were up 0.4% m/m as lower gasoline prices (-0.4%) were more than offset by higher prices for electricity (+0.5%), gas (+3.1%) and fuel oil (+3.6%). The cost of food, meanwhile, sagged 0.1% on softness in the "food at home" segment (-0.3%). The core CPI, which excludes food and energy, climbed 0.2%. Prices for ex-energy services were up 0.2%, boosted by decent gains for motor vehicle insurance (+1.1%) and airline fares (+3.5%). Also, prices for core goods edged up 0.1% as gains for apparel (+0.9%), household supplies (+0.9%), alcoholic beverages (+0.4%) and tobacco products (+0.3%) were only partially offset by declines for used vehicles (-1.3%) and medical care commodities (-0.3%). Year on year, headline inflation clocked in at 1.2%, the same as it did in October. Core inflation, too, was unchanged, pegging in at 1.6%.

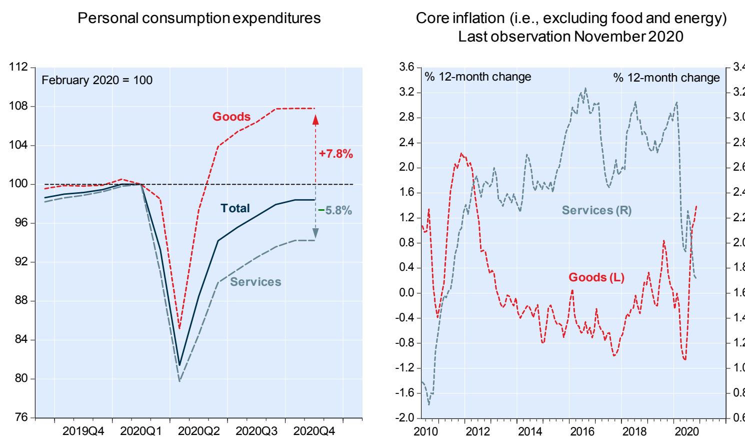
U.S.: Core inflation resilient in November despite COVID-19 surge
Consumer Price Index



NBF Economics and Strategy (data via Refinitiv)

The November CPI report came in slightly stronger than expected as airfares were buoyed by increased demand in the days leading up to Thanksgiving. Inflation pressure elsewhere remained relatively subdued as the high number of new COVID-19 cases continued to restrict activity in the country. Until the pandemic is brought under control, economic recovery will remain at half-throttle: The goods sector will outperform the services sector, which is more heavily impacted by social distancing measures. The shift in consumer spending to goods will likely continue to affect inflation data. In November, core inflation for goods registered its largest increase since 2012, while core inflation for services recorded its smallest increase in more than nine years (see chart below). We expect prices in the services category to recover rather quickly once vaccines become available to the general public (late Q1/early Q2?). However, goods prices might not return to their pre-pandemic trend. Recent PMI reports suggest that the manufacturing sector is struggling with supply chain disruptions, a development exerting upward pressure on input/output prices. A broader re-opening of the economy would only exacerbate these problems. The U.S. dollar's depreciation is another factor that might support goods prices going forward.

United States: Atypical consumer behaviour reflected in CPI data



NBF Economics and Strategy (data from Refinitiv)

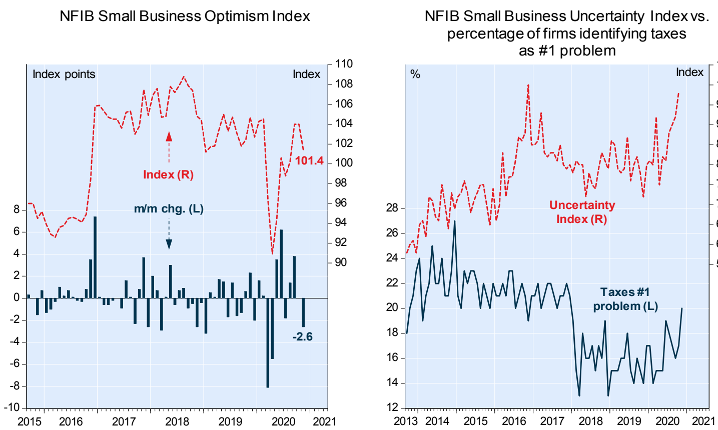
Again in November, the **Producer Price Index** (PPI) for final demand advanced 0.1% on a monthly basis after gaining 0.3% in October. Goods prices rose 0.4% on increases for both food (+0.5%) and energy (+1.2%). Prices in the services category were flat month on month. The core PPI, which excludes food and energy, climbed just 0.1%. Year over year, the headline PPI gained three ticks to 0.8%. Excluding food and energy, it also advanced three ticks to 1.4%.

The **University of Michigan Consumer Sentiment Index** surprised on the upside in December, rising 4.5 points to 81.4. Consensus expectations were for a 76.0 print. The improvement stemmed in part from a 4.2-point gain in the expectations sub-index to 74.7, the latter likely boosted by positive vaccine news. The current conditions tracker also rose, from 87.0 to 91.8, and that despite rising Covid-19 caseloads across the country. The result of the presidential election continued to affect the result of the survey. While sentiment among Democrats registered its biggest gain since April 2012 (from 73.6 to 86.3), it continued to slip among Republicans (from 83.7 to a 4-year low of 80.3).

The **NFIB Small Business Optimism Index** cooled from 104.0 in October to 101.4 in November. The net percentage of polled firms that expected the economic situation to improve dropped from 27% to an eight-month low of 8%. This was not really surprising in light of the surge in COVID-19 cases across the country and the toughening of social distancing measures in some states. Capital spending intentions, meanwhile, stayed roughly the same (from 27% to 26%), as did the share of respondents expecting higher sales going forward (from 11% to 10%). On a more positive note, the ratio of businesses planning to hire in the coming months increased from 18% to 21%.

Confidence eased in November as uncertainty continued to mount. The raging epidemic and doubts surrounding the next round of fiscal stimulus ranked high on the list of small-business concerns, but the outcome of the presidential election seemed to have a bearing on sentiment as well. To be sure, the percentage of firms that identified taxes as their main problem hit a 35-month high of 20% after rising steadily ever since Joe Biden took a comfortable lead in the polls. (Recall that this percentage had fallen sharply after President Trump's tax reforms were introduced.) This could reflect growing fears among U.S. firms over President-Elect Biden's fiscal agenda.

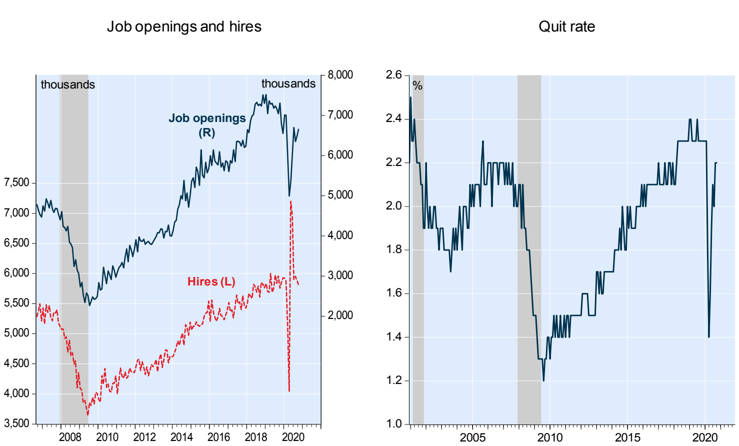
United States: Small business mood soured on COVID-19 case surge



NBF Economics and Strategy (Source: NFIB via Refinitiv and Bloomberg)

The **Job Openings and Labor Turnover Survey** (JOLTS) showed that positions waiting to be filled rose from 6,494K in September to 6,652K in October after plunging to a six-year low of 4,996K back in April. Despite this gain, job openings remained down roughly 5.0% on their pre-pandemic level. Gains in the sectors of health care/social assistance (+122K), manufacturing (+33K), real estate/leasing (+22K), education (+19K) and accommodation (+14K) were offset only in part by declines in the sectors of transportation (-34K) and finance/insurance (-29K). October's survey also showed 5,812K hires, down slightly from 5,886K the prior month and the lowest that they have been in six months. There were 5,107K separations reported, 1,680K of which were layoffs or discharges. The quit rate (number of voluntary separations/total employment), for its part, stayed put at 2.2%, a level just two ticks below this indicator's pre-pandemic peak. The rebound in quits is encouraging in that it may reflect growing confidence among employees and stiffer competition among employers.

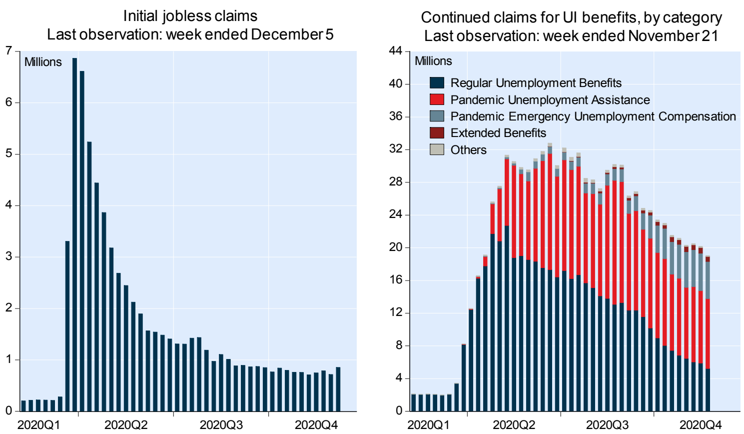
United States: Job openings stabilizing after plunging



NBF Economics and Strategy (Source: U.S. Department of Labor via Refinitiv)

Initial jobless claims totaled 853K in the week ended December, up from 716K the week before and the most since mid-September. This steep increase was undoubtedly linked to the sharp jump in COVID-19 cases in the country. **Continued claims**, meanwhile, sprang from 5,527K to 5,757K in the week to November 28, marking the first increase for this indicator since August. We must add to this the 14 million people who received benefits in the week ended November 21 through emergency programs introduced during the pandemic (Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation). Without an agreement in Congress to extend them, these programs will expire on December 31 and leave several million Americans without unemployment support.

United States: Initial jobless claims highest since August



NBF Economics and Strategy (data via Refinitiv and Bloomberg)

WORLD: The **European Central Bank** kept its main refinancing rate unchanged at 0.00% this week. Its marginal lending rate and its deposit facility rate were also left untouched at 0.25% and -0.50%, respectively. However, the ECB announced it would increase the size of its Pandemic Emergency Purchase Program (PEPP) by €500 billion to €1.85 trillion and extend it until at least March 2022 (the program was previously scheduled to run until at least next June). At the press conference following the meeting of the ECB Governing Council, ECB President Christine Lagarde stated that the full amount of the PEPP "need not be used in full" if the economy recovered quickly from the pandemic but added that the program could be expanded if required. Proceeds from these purchases would be reinvested until at least the end of 2023.

The ECB also decided to extend its targeted long-term refinancing operations (TLTROs) scheme 12 more months to June 2022. Under this program, banks that meet certain lending criteria can borrow from the ECB at an interest rate equal to the deposit rate minus 0.5% (i.e., presently -1.0%).

An updated set of economic forecasts, too, was published following the meeting. It showed sizeable downward revisions to GDP growth in 2021 being offset by stronger figures in both 2020 and 2022. The central bank's inflation projections were revised downward a touch.

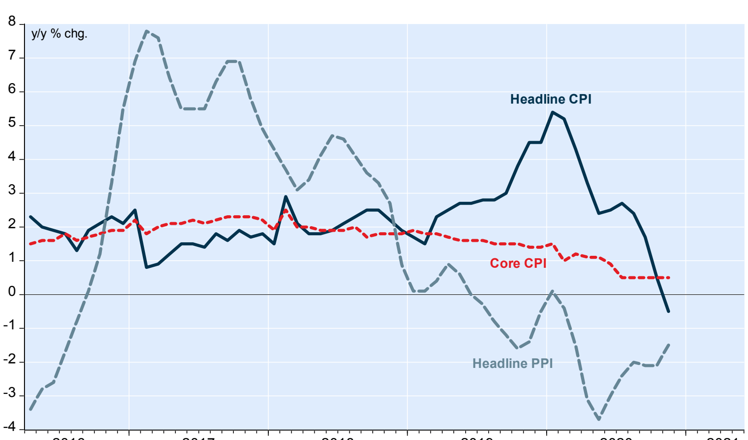
ECB: Summary of Economic Projections	Latest baseline	September projections
Median change in real GDP (%)		
2020	**-7.3**	-8.0
2021	**3.9**	5.0
2022	**4.2**	3.2
2023	**2.1**	---
Median unemployment rate (%)		
2020	**8.0**	8.5
2021	**9.3**	9.5
2022	**8.2**	8.8
2023	**7.5**	---
Median HICP (%)		
2020	**0.2**	0.3
2021	**1.0**	1.0
2022	**1.1**	1.3
2023	**1.4**	---

NBF Economics and Strategy (Source: European Central Bank)

The tone of the press conference was mixed. While Lagarde's introductory statement highlighted concerns about the near-term impact of the pandemic, she nonetheless asserted that the central bank had "reasons to believe that by the end of 2021 we will have achieved sufficient herd immunity so that ... the economy will begin to function under more normal circumstances".

In **China,** the **Consumer Price Index** slipped 0.5% in November from a year earlier, marking the biggest pullback in 11 years. The easing of price pressures stemmed in large part from a decline in the food category, where prices dropped 2.0% on a 12-month basis. Just a few months earlier, prices had soared 11.2% y/y in August. Pork prices, in particular, had doubled in the wake of an African swine flu outbreak last year. In November, however, they were deep in deflation territory at -12.5%. Excluding food and energy, inflation remained tepid at 0.5% y/y, a sign that household demand continued to be sluggish. Finally, the headline PPI gauge came in at -1.5% y/y.

China: PBOC likely to look through weak inflation data
Selected measures of price inflation



NBF Economics and Strategy (data via Refinitiv)

A prolonged period of deflation does not seem to be in the cards at the moment, as downward price pressure is concentrated in only a few categories and the economy is recovering nicely from the COVID-19 shock. Consequently, we believe that the People's Bank of China (PBOC) will look through current inflation data and that it will resist the urge to inject more stimulus and, instead, stay the course in its effort to reduce credit/debt growth.

What we'll be watching next week

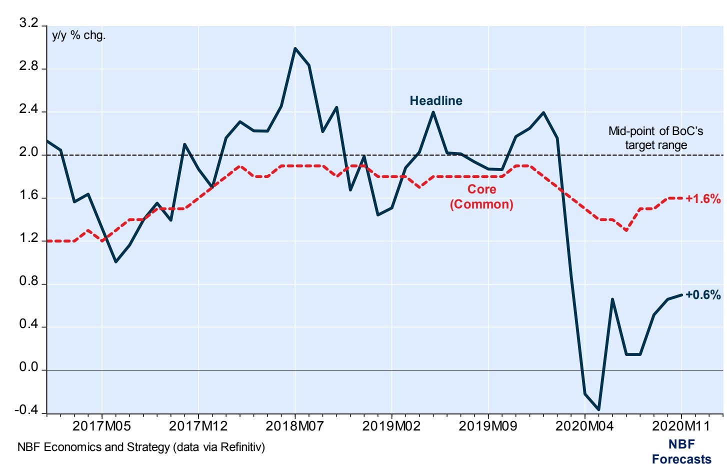
IN THE U.S., the highlight of the week will be the central bank's **monetary policy meeting**. With benchmark rates down to what many policymakers see as the effective-lower bound, we don't expect any changes on that front. The big question is whether the Fed will tweak its asset purchase program. In the wake of November's disappointing employment report, some analysts suggested the Fed might use next week's meeting as an opportunity to shift QE toward the longer end of the yield curve, thereby providing more stimulus to the economy. We do not expect such a move from the Fed. Recent communications suggested the central bank still viewed its QE program as providing substantial support to the economic recovery. Although the rise in COVID-19 cases could temporarily slow the rebound, positive announcements about vaccines point to more solid growth in the second half of 2021. It's not clear that the economy will require more stimulus in this context, especially if Congress can come to an agreement for a new fiscal stimulus. The Federal Reserve Board members' latest economic projections will also be available following the meeting. The release of November's **retail sales** data will also be watched closely. Vehicle sales and gasoline prices edged down during the month, hinting at weak contributions from auto dealers and gasoline stations. The expansion might have slowed in other categories too, as government benefits became less generous and pent-up demand started to ease. In our opinion, headline outlays could have increased just 0.1% m/m. Excluding autos, sales could have progressed a more convincing 0.4%. Still in November, the recovery in **industrial production** could have continued, helped by an expansion in the manufacturing sector. Mining output may also have contributed positively, reflecting a rebound in oil production. The week will provide some important information about the state of the housing market with the publication of November's **building permits** and **housing starts**. The latter could have stayed roughly stable at 1,530K, as builders continued to make up for the time lost during lockdown. December's iteration of the **NAHB Housing Market Index** will also be released. The first clues on the state of the manufacturing sector in December will be available with the publication of the **Empire State Manufacturing Index**, the **Philly Fed Manufacturing Business Outlook Survey** and **Markit**'s **Manufacturing PMI**.

	Previous	NBF forecasts
Fed funds rate (upper bound)	0.25%	**0.25%**
Retail sales (November, m/m chg.)	0.3%	**0.1%**
Ex-autos retail sales (November, m/m chg.)	0.2%	**0.4%**
Industrial production (November, m/m chg.)	1.1%	**0.4%**
Housing starts (November, saar)	1,530K	**1,530K**

IN CANADA, a lot of attention will be on the release of November's **consumer price index**. We expect headline prices to have declined 0.1% in the month before seasonal adjustment on lower gasoline prices. Despite, this drop, the annual rate should remain unchanged at 0.7%. The 12-month rate of CPI-common should also stay put at 1.6%. October's **retail sales** report will be available on Friday. Auto sales cooled in the month, hinting at a weaker contribution to the headline print from vehicle dealers. Spending in other categories could also have eased slightly as pent-up demand accumulated during lockdowns continued to dry up. In our opinion, headline outlays could have stayed unchanged on a monthly basis. Ex-auto sales, meanwhile, may have edged up 0.1%. In other news, **manufacturing sales** may have improved 1.4% in October judging from previously-released data on factory goods exports. A housing market update will be provided by the release of several November indicators, notably the **Teranet-National Bank National Home Price Index™**, **CREA**'s **existing home sales**, and **housing starts**. If data on residential permits issued is any guide, the latter could have increased to 235K (seasonally adjusted and annualized), led by gains in Ontario. We'll also keep an eye on the release of November's **wholesale trade sales**.

	Previous	NBF forecasts
CPI (November, y/y chg.)	0.7%	**0.7%**
Core common CPI (November, y/y chg.)	1.6%	**1.6%**
Housing starts (November, saar)	214.9K	**235.0K**
Retail sales (October, m/m chg.)	1.1%	**0.0%**
Ex-autos retail sales (October, m/m chg.)	1.0%	**0.1%**
Manufacturing sales (October, m/m chg.)	1.5%	**1.4%**

Inflation steady in November?
Consumer price index



NBF Economics and Strategy (data via Refinitiv)

ELSEWHERE IN THE WORLD, **Markit**'s **Flash Composite PMI** for December will be available in both Japan and the eurozone. Still in the single currency area, we'll get October data on **industrial production** and the **trade balance**. The **Bank of Japan** will hold a monetary policy meeting. In China, several economic indicators for November will be available, notably **industrial production**, **retail sales** and **fixed asset investment**.

Economic Calendar – Canada & U.S

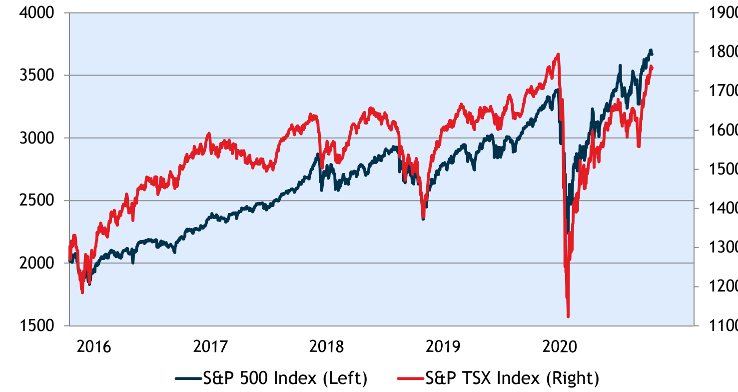
	Time	Country	Release	Period	Previous	Consensus Estimate	NBF Estimate
Monday Dec 14							
Tuesday Dec 15	8:15	CA	Housing Starts	Nov	214.9k	--	235.0k
	8:30	CA	Manufacturing Sales MoM	Oct	1.50%	--	1.40%
	8:30	US	Empire Manufacturing	Dec	6.3	6.9	
	9:00	CA	Existing Home Sales MoM	Nov	-0.70%	--	
	9:15	US	Industrial Production MoM	Nov	1.10%	0.30%	0.40%
	9:15	US	Capacity Utilization	Nov	72.80%	73.00%	
	16:00	US	Total Net TIC Flows	Oct	-$79.9b	--	
Wednesday Dec 16	7:00	US	MBA Mortgage Applications	Dec-11	-1.20%	--	
	8:30	CA	Wholesale Trade Sales MoM	Oct	0.90%	--	
	8:30	CA	Int'l Securities Transactions	Oct	4.46b	--	
	8:30	US	Retail Sales Advance MoM	Nov	0.30%	-0.20%	0.10%
	8:30	US	Retail Sales Ex Auto MoM	Nov	0.20%	0.20%	0.40%
	8:30	CA	CPI YoY	Nov	0.70%	--	0.70%
	8:30	CA	CPI Core- Common YoY%	Nov	1.60%	--	1.60%
	9:45	US	Markit US Manufacturing PMI	Dec P	56.7	56.0	
	9:45	US	Markit US Services PMI	Dec P	58.4	55.8	
	10:00	US	NAHB Housing Market Index	Dec	90.0	88.0	
	14:00	US	FOMC Rate Decision (Upper Bound)	Dec-16	0.25%	0.25%	0.25%
	14:00	US	FOMC Rate Decision (Lower Bound)	Dec-16	0.00%	0.00%	0.00%
Thursday Dec 17	8:30	CA	Teranet/National Bank HPI MoM	Nov	1.30%	--	
	8:30	US	Building Permits	Nov	1545k	1553k	1565k
	8:30	US	Building Permits MoM	Nov	0.00%	0.60%	1.40%
	8:30	CA	Teranet/National Bank HPI YoY	Nov	8.10%	--	
	8:30	US	Housing Starts	Nov	1530k	1530k	1530k
	8:30	US	Initial Jobless Claims	Dec-12	853k	780k	
	8:30	US	Housing Starts MoM	Nov	4.90%	0.00%	0.00%
Friday Dec 18	8:30	US	Current Account Balance	3Q	-$170.5b	-$190.0b	
	8:30	CA	Retail Sales MoM	Oct	1.10%	--	0.00%
	8:30	CA	Retail Sales Ex Auto MoM	Oct	1.00%	--	0.10%

Earnings announcements

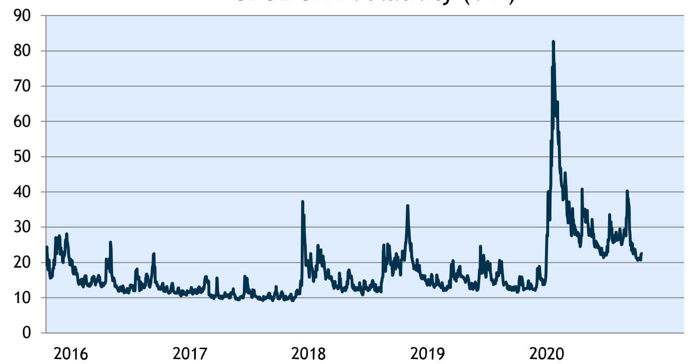
	Company	Time	Qtr	Cons. EPS
Monday Dec 14				
Tuesday Dec 15				
Wednesday Dec 16	Lennar Corp	Aft-mkt	Q4 20	2.37
Thursday Dec 17	BlackBerry Ltd	Aft-mkt	Q3 21	-0.01
	Accenture PLC	Bef-mkt	Q1 21	2.07
	General Mills Inc	Bef-mkt	Q2 21	0.97
	FedEx Corp	Aft-mkt	Q2 21	3.89
Friday Dec 18	Darden Restaurants Inc	Bef-mkt	Q2 21	0.73
	NIKE Inc	16:45	Q2 21	0.62

Source: Bloomberg

North American Stock Indices



CBOE SPX Volatility (VIX)



Stock Indices

	Level	Total return performances (in C$ / in local currency)						10-year Hi / Low	
		1 week	1 month	3 months	YTD	1 year	5 years (ann.)	Hi (Date)	Low (Date)
Canada									
S&P/TSX Composite	17593.3	1.2%	6.2%	9.6%	6.4%	7.3%	9.5%	17944.1 (20 Feb 2020)	11177.9 (4 Oct 2011)
U.S.									
S&P 500 Composite	3668.1	-1.2% / 0.1%	1.3% / 3.6%	6.6% / 10.3%	13.3% / 15.5%	14.6% / 19.3%	13.1% / 14.6%	3702.3 (8 Dec 2020)	1099.2 (3 Oct 2011)
Dow Jones Industrials	29999.3	-1.1% / 0.2%	0.0% / 2.3%	5.8% / 9.6%	5.5% / 7.5%	5.8% / 10.1%	12.5% / 14.0%	30218.3 (4 Dec 2020)	10655.3 (3 Oct 2011)
Nasdaq Composite	12405.8	-1.0% / 0.2%	5.0% / 7.5%	10.0% / 13.8%	36.8% / 39.5%	39.6% / 45.3%	19.4% / 21.0%	12582.8 (8 Dec 2020)	2335.8 (3 Oct 2011)
World									
Euro Stoxx 50	3522.3	-1.3% / 0.2%	2.6% / 2.4%	5.2% / 6.6%	2.3% / -3.4%	3.6% / -1.5%	5.8% / 5.0%	3865.2 (19 Feb 2020)	1995.0 (12 Sep 2011)
FTSE100	6599.8	-1.2% / 1.7%	2.9% / 5.1%	10.2% / 10.5%	-11.3% / -9.8%	-8.5% / -5.6%	1.6% / 5.7%	7877.5 (22 May 2018)	4944.4 (4 Oct 2011)
TOPIX	1776.2	-1.8% / 0.1%	2.9% / 4.5%	8.3% / 10.3%	7.8% / 5.6%	5.8% / 5.8%	7.1% / 5.3%	1911.1 (23 Jan 2018)	695.5 (4 Jun 2012)
CSI 300	4940.5	-3.3% / -2.3%	-1.7% / -0.2%	9.0% / 8.0%	28.5% / 23.1%	33.6% / 29.3%	6.9% / 8.7%	5353.8 (8 Jun 2015)	2087.0 (20 Mar 2014)
MSCI World	631.1	-0.8% / 0.4%	2.8% / 5.2%	8.3% / 12.1%	11.8% / 14.0%	13.4% / 18.0%	10.8% / 12.3%	633.8 (8 Dec 2020)	272.1 (4 Oct 2011)
MSCI Emerg. Markets	1255.0	0.0% / 1.3%	4.0% / 6.4%	12.0% / 16.0%	12.9% / 15.1%	17.8% / 22.6%	11.3% / 12.7%	1273.1 (26 Jan 2018)	688.5 (21 Jan 2016)
MSCI EAFE	2100.0	-1.0% / 0.2%	3.2% / 5.6%	7.5% / 11.2%	3.8% / 5.8%	4.7% / 8.9%	6.2% / 7.6%	2186.6 (25 Jan 2018)	1308.0 (4 Jun 2012)

Canadian Bond Indices

	Total return performances				
	1 week	1 month	YTD	1 year	5 years (ann.)
FTSE Indices					
Overall Universe	0.0%	0.7%	7.8%	7.5%	4.1%
Long Term Universe	-0.2%	1.4%	10.0%	9.5%	6.7%
Mid Term Universe	0.1%	0.7%	9.3%	8.9%	4.0%
Short Term Universe	0.0%	0.2%	5.0%	5.1%	2.3%
Federal Universe	0.0%	0.3%	6.8%	6.4%	2.7%
Provincial Universe	-0.1%	0.8%	8.4%	8.1%	5.0%
Municipal Universe	-0.1%	0.7%	8.8%	8.5%	5.2%
Corporate Universe	0.0%	1.3%	8.0%	8.1%	4.8%

Bond Yield Curve

	3 mths	1 year	5 years	10 years	30 years
Canada	0.13%	0.21%	0.47%	0.74%	1.28%
1 week chg (bps)	+1	0	+0	-0	+1
1 month chg (bps)	+4	+3	-2	-4	-6
1 year chg (bps)	-153	-154	-114	-87	-43
U.S.	0.08%	0.10%	0.38%	0.91%	1.64%
1 week chg (bps)	-0	-1	-2	-1	-3
1 month chg (bps)	-2	-3	-8	-6	-12
1 year chg (bps)	-149	-146	-130	-92	-62

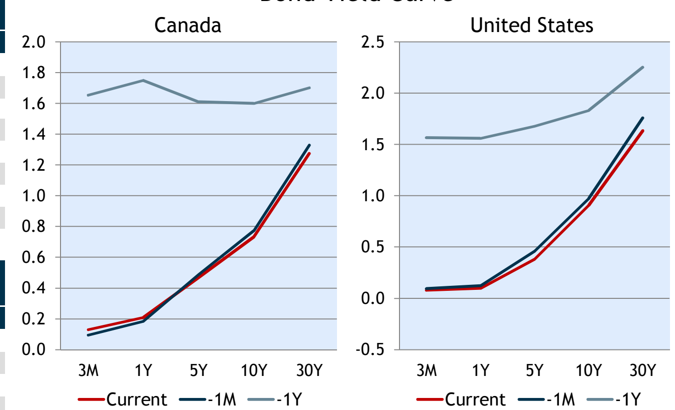
Currencies

	latest	1 week ago	1 month ago	January 1st	1 year ago
USDCAD	1.272	1.287	1.301	1.297	1.323
US cents per cad	0.786	0.777	0.768	0.771	0.756
EURCAD	1.543	1.565	1.538	1.456	1.468
EURUSD	1.213	1.216	1.182	1.123	1.109
USDJPY	104.4	103.8	105.2	108.7	108.7
GBPUSD	1.327	1.350	1.325	1.325	1.317
USDCNY	6.548	6.559	6.604	6.966	7.038

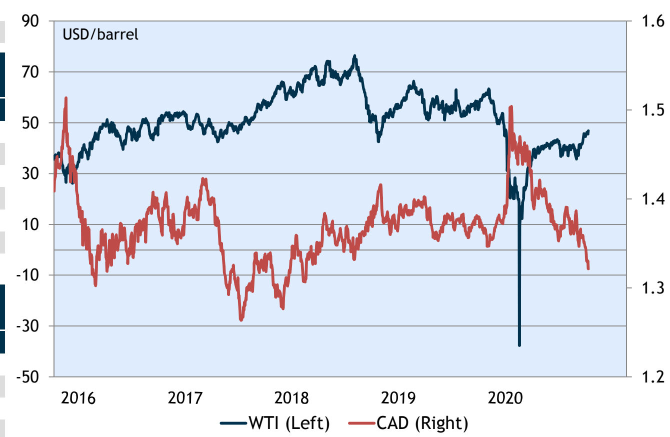
Commodities

	latest	1 week ago	1 month ago	January 1st	1 year ago
Oil - WTI ($/barrel)	46.78	45.64	41.36	61.06	59.24
Oil - Brent ($/barrel)	51.65	48.23	41.19	68.97	68.42
Gold ($/oz)	1834.44	1827.49	1884.61	1520.50	1463.30
CRB Metals (index)	0.0	0.0	0.0	0.0	0.0

Bond Yield Curve



CADUSD / WTI



Jobs

	Unemployment rate		Employment change	
	Latest	12 months ago	Latest	12-month avg
Canada	8.5%	5.9%	62.1K	-40.1K
Ontario	9.1%	5.5%	36.6K	-18.5K
Quebec	7.2%	5.6%	15.7K	-4.2K
British Columbia	7.1%	5.0%	23.9K	-3.9K
Alberta	11.1%	7.2%	-10.8K	-10.2K
United States	6.7%	3.5%	245.0K	-765.4K
Eurozone	8.4%	7.4%	---	---
Japan	3.1%	2.4%	30.0K	-78.3K

Inflation

	Y/Y Latest	3-mth ann.	Y/Y 6 months ago	Y/Y 1 year ago
Canada				
Headline CPI	0.7%	2.4%	-0.2%	1.9%
Average core	1.8%	---	1.7%	1.8%
United States				
Headline PCE	1.2%	1.9%	0.5%	1.4%
Core PCE	1.4%	2.0%	0.9%	1.7%
Eurozone				
Headline CPI	-0.3%	---	0.1%	1.0%
Core CPI	0.2%	---	0.9%	1.3%
Japan				
Headline CPI	-0.4%	-2.7%	0.1%	0.2%
Core CPI	-0.7%	-2.3%	-0.2%	0.4%

Housing Market

	Median home price	Mort. payment share of income / 12 months ago	House prices Y/Y chg.	Housing starts 3-month avg. / 10yr avg
Canada	$600,483	41.8% / 44.3%	8.1%	228.2K / 202.7K
Toronto	$922,652	57.3% / 59.1%	9.5%	43.8K / 38.1K
Vancouver	$1,053,878	71.3% / 78.0%	5.7%	22.1K / 22.1K
Montreal	$378,005	29.3% / 30.1%	13.2%	28.2K / 21.4K
Calgary	$426,980	25.5% / 28.3%	-2.3%	10.8K / 11.7K
United States	---	---	7.0%	1454.0K / 1057.7K

Manufacturing Sector

	Markit manufacturing PMI		Industrial production	
	Latest	6-month trend	3 mth ann chg	12-month chg
Canada	55.8	▲	22.1%	-7.1%
United States	56.7	▲	5.8%	-5.3%
Eurozone	53.8	▲	24.1%	-6.6%
Japan	49.0	▲	40.9%	-3.4%
China	54.9	▲	---	---

Central Banks

	Policy rate	12 months ago	Trend	Next announce
Bank of Canada	0.25%	1.75%	▼	01/20/2021
Fed Reserve (upper bound)	0.25%	1.75%	▼	12/16/2020

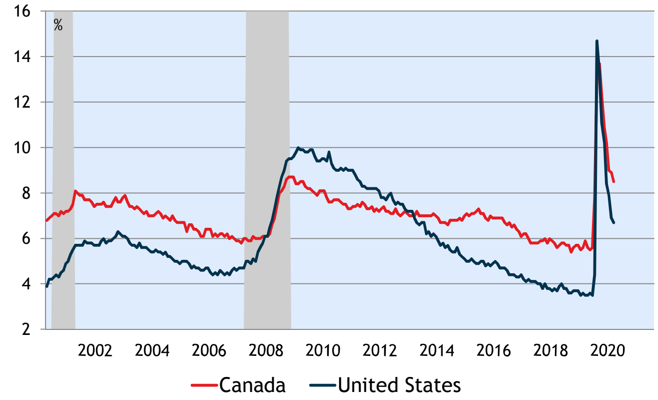
GDP Growth

	Q/Q ann Latest	Q/Q ann Previous	Y/Y Latest	Y/Y 6 months ago
Canada	40.5% (Q3)	-38.1% (Q2)	-5.2%	-12.5%
United States	33.1% (Q3)	-31.4% (Q2)	-2.9%	-9.0%
Eurozone	60.0% (Q3)	-39.2% (Q2)	-4.3%	-14.7%
Japan	22.9% (Q3)	-29.2% (Q2)	-5.7%	-10.3%

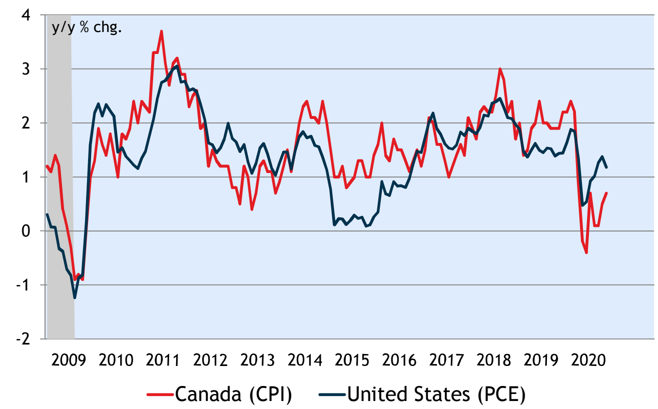
Contributions to real GDP growth - Canada

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
GDP	**40.5**	**-38.1**	**-7.3**	**0.4**
Consumption	31.5	-27.4	-5.8	1.1
Business Investment	2.5	-7.2	-0.2	-0.5
Nonprofit Sector	0.4	-0.8	0.0	0.0
Residential Investment	9.4	-4.6	-0.1	-0.2
Government	4.1	-3.4	-0.1	0.3
Final Domestic Demand	**47.8**	**-43.3**	**-6.2**	**0.7**
Exports	16.8	-20.8	-2.1	-1.4
Imports	-25.6	27.0	3.1	1.0
Trade	**-8.8**	**6.2**	**1.1**	**-0.4**
Inventories	-0.7	-5.9	-2.0	0.0
Statistical discrepancy	-0.6	0.1	-0.2	0.1

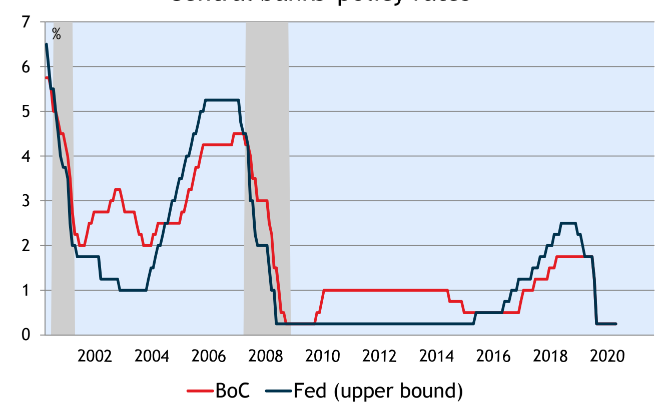
Unemployment rate



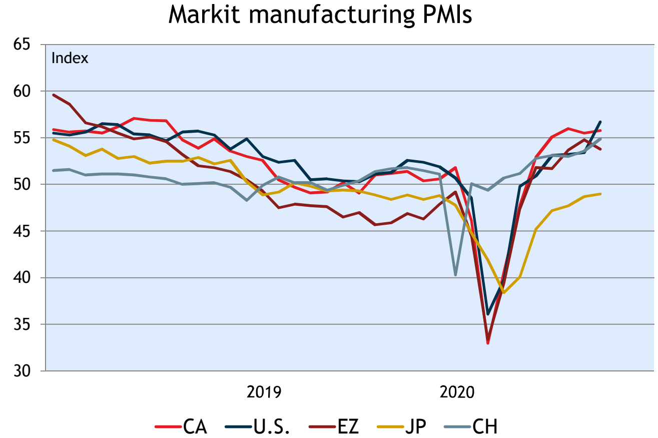
Headline inflation



Central banks' policy rates



Markit manufacturing PMIs



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