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# Weekly Economic Review



# This week's markets

*At the close, on Wednesday*



## ▶ Canadian bonds

- ▶ FTSE TMX Universe: +0.25%
- ▶ FTSE TMX Long: +0.49%
- ▶ Corps: +0.19%

## ▶ Equities (total return)

- ▶ S&P/TSX: +0.73%
- ▶ S&P 500: +1.08% (+1.10% in CAD)
- ▶ EAFE: -0.05% (+0.03% in CAD)
- ▶ MSCI-Emerging: -0.06% (-0.42% in CAD)

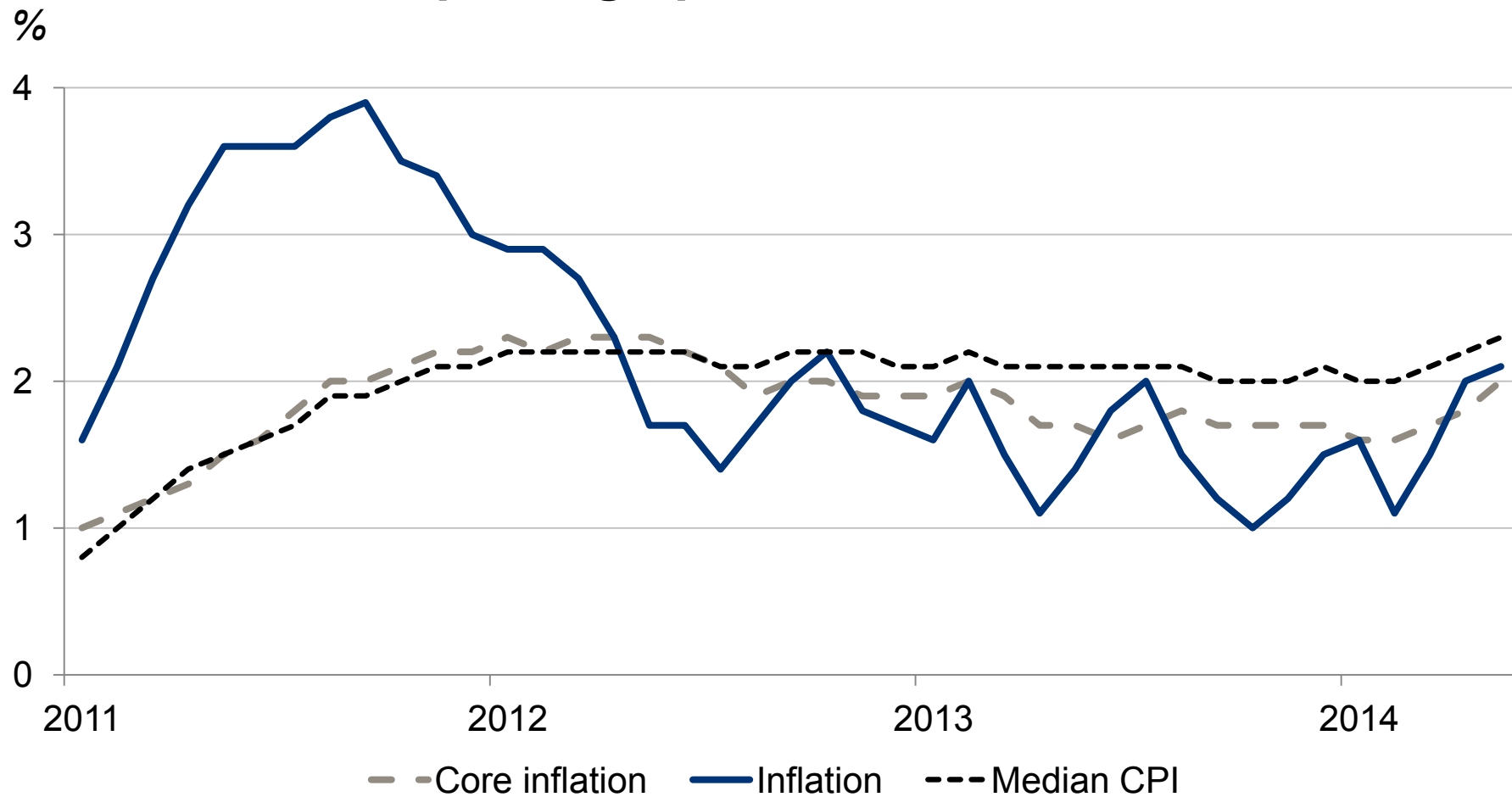
What caught our eye this week

- ▶ U.S.:
  - ▶ Inflation back above the Fed's target...
  - ▶ ... but that does not impress the FOMC committee



# U.S.: Inflation is broadly settling in

## U.S.: Inflation is picking up





# U.S.: FOMC unimpressed by inflation, but more optimistic about economic prospects



## Economic projections of FOMC members, June 2014

Variable	Central tendency <sup>1</sup>			
	2014	2015	2016	Longer run
Change in real GDP . . . . .	2.1 to 2.3	3.0 to 3.2	2.5 to 3.0	2.1 to 2.3
March projection . . . . .	2.8 to 3.0	3.0 to 3.2	2.5 to 3.0	2.2 to 2.3
Unemployment rate . . . . .	6.0 to 6.1	5.4 to 5.7	5.1 to 5.5	5.2 to 5.5
March projection . . . . .	6.1 to 6.3	5.6 to 5.9	5.2 to 5.6	5.2 to 5.6
PCE inflation . . . . .	1.5 to 1.7	1.5 to 2.0	1.6 to 2.0	2.0
March projection . . . . .	1.5 to 1.6	1.5 to 2.0	1.7 to 2.0	2.0
Core PCE inflation <sup>3</sup> . . . . .	1.5 to 1.6	1.6 to 2.0	1.7 to 2.0	
March projection . . . . .	1.4 to 1.6	1.7 to 2.0	1.8 to 2.0	



# What we'll be watching next week

- ▶ U.S.:
  - ▶ Case Shiller home price index (consensus: down to +11.8%)
  - ▶ PCE deflator (consensus: up to 1.6% YoY)
  - ▶ Durable goods orders (consensus: down -0.3%)

# To contact us

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