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Weekly Economic Review



This week's markets

At the close, on Thursday



- ▶ Canadian bonds
 - ▶ FTSE TMX Universe: +0.27%
 - ▶ FTSE TMX Long: +0.53%
 - ▶ Corps: +0.21%

- ▶ Equities (total return)
 - ▶ S&P/TSX: -0.63%
 - ▶ S&P 500: -0.75% (-0.72% in CAD)
 - ▶ EAFE: -1.61% (-1.74% in CAD)
 - ▶ MSCI-Emerging: -0.43% (-0.81% in CAD)

What caught our eye this week

- ▶ Canada:
 - ▶ Unsustainable inflation...
 - ▶ ... and the devaluation of the loonie is giving results
- ▶ U.S.:
 - ▶ Impressive growth of 4% in Q2, and momentum building for H2

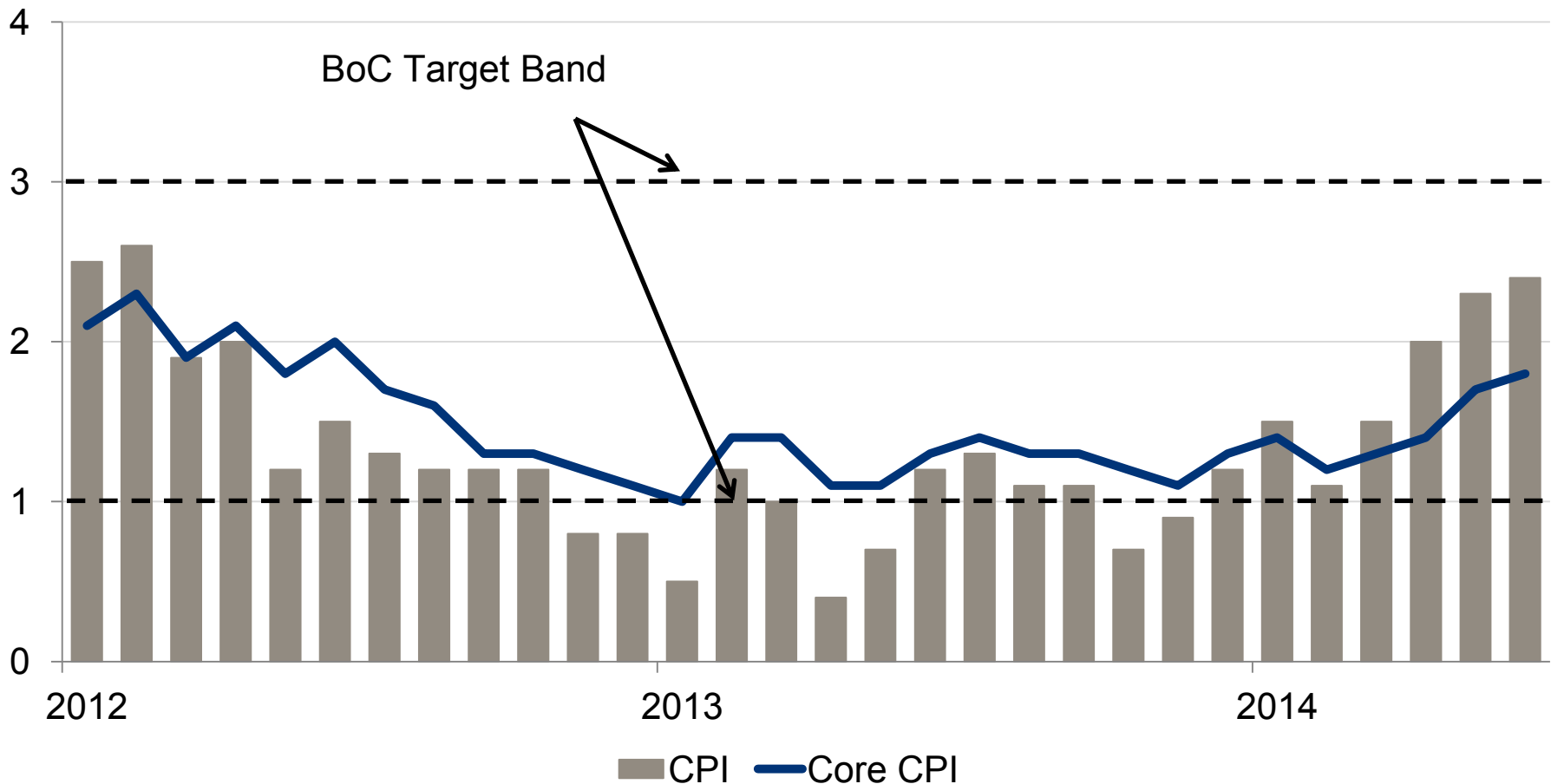


Canada: BoC unimpressed by accelerating inflation



Canada: Total and core inflation

% YoY



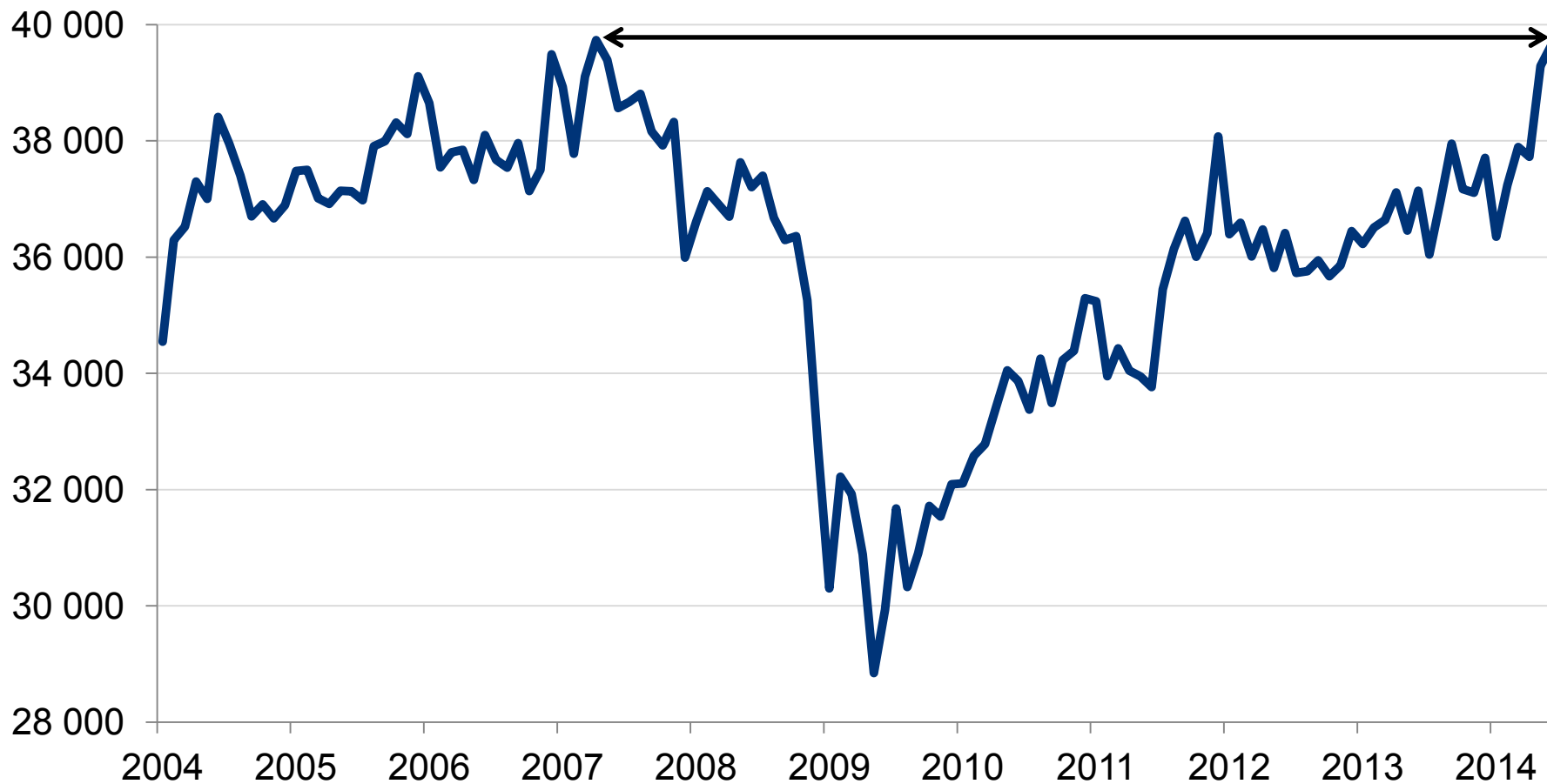


Canada: Real exports back to pre-recession peak



Canada: Real exports

Volume, 2007 chained dollars

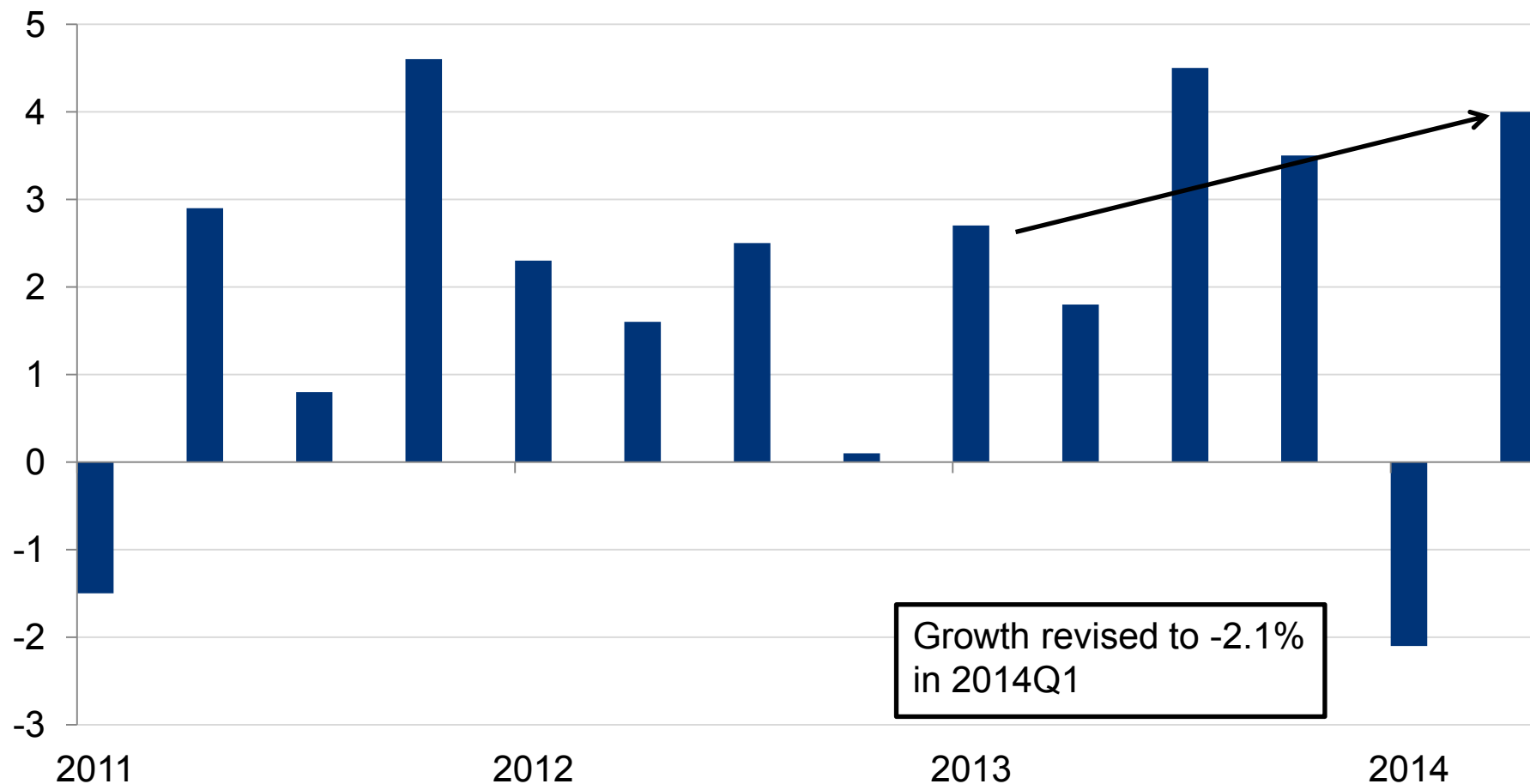




U.S.: 4% growth in Q2, beating expectations

U.S.: Q1 was an anomaly

Annualized quarterly growth, %

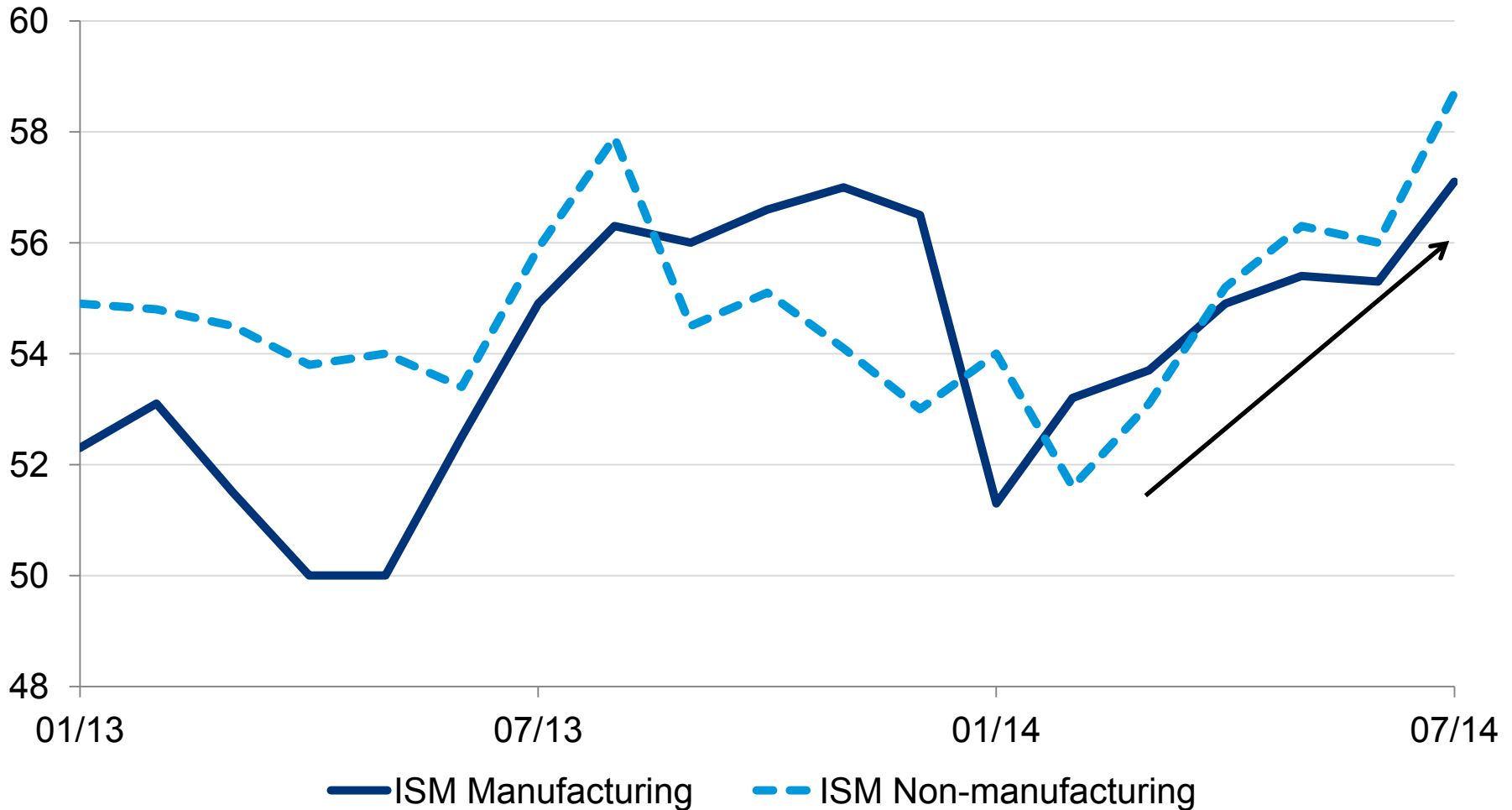




U.S.: Momentum carrying into second half of the year



U.S.: ISM indices



What we'll be watching next week

- ▶ Canada:
 - ▶ Teranet HPI (last month: +4.4% YoY)
- ▶ U.S.:
 - ▶ Retail sales (consensus: stable at +0.3% MoM)
- ▶ Europe:
 - ▶ Q2 GDP growth (last quarter: +0.2%)
- ▶ Japan:
 - ▶ Q2 GDP growth (consensus: -7.1%)

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