

Weekly economic review

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A look at this week's markets

At the close on Thursday

• Canadian bonds (total return)		<i>Year-to-date</i>
• FTSE TMX Universe	-0.12%	+1.57%
• FTSE TMX Long	-0.41%	+1.17%
• Corps	-0.09%	+1.67%
• Equities (total return)		
• S&P/TSX	-0.74%	+2.69%
• S&P 500	+0.82% (-0.59% CAD)	+3.40% (+9.75 % CAD)
• EAFE	+1.64% (+0.21% CAD)	+8.49% (+15.16% CAD)
• MSCI Emerging	-0.55% (-1.94% CAD)	+2.14% (+8.42% CAD)
• Other (WTD change)		<i>Year-to-date</i>
• Oil (WTI)	60.77 \$ (+2.77%)	+14.08%
• USD/CAD	0.8121 \$ (+1.41%)	-6.15%

What caught our eye this week

- **Canada:**
 - The Bank of Canada puts its focus back on household debt
- **U.S.:**
 - Retail sales rebounded in May

Canada: Is household debt a major risk?

Table 2: Characteristics of indebted households, by province

	Ratio of debt to gross income (%)	Average income per household	Average debt per household	Households with ratio of debt to gross income > 250 (%)	Households with DSR ^a ≥ 40 (%)	Households with financial assets ^b < 1 month of debt payments (%)
British Columbia	138.1	\$82,442	\$113,846	23.0	6.3	8.8
Alberta	148.3	\$103,265	\$153,170	23.0	6.6	12.6
Saskatchewan and Manitoba	100.5	\$82,686	\$83,080	14.0	5.2	9.6
Ontario	127.6	\$85,607	\$109,225	19.1	5.1	10.8
Quebec	101.3	\$72,082	\$73,035	11.3	3.9	9.0
Atlantic provinces	105.1	\$69,129	\$72,628	10.0	4.2	16.3

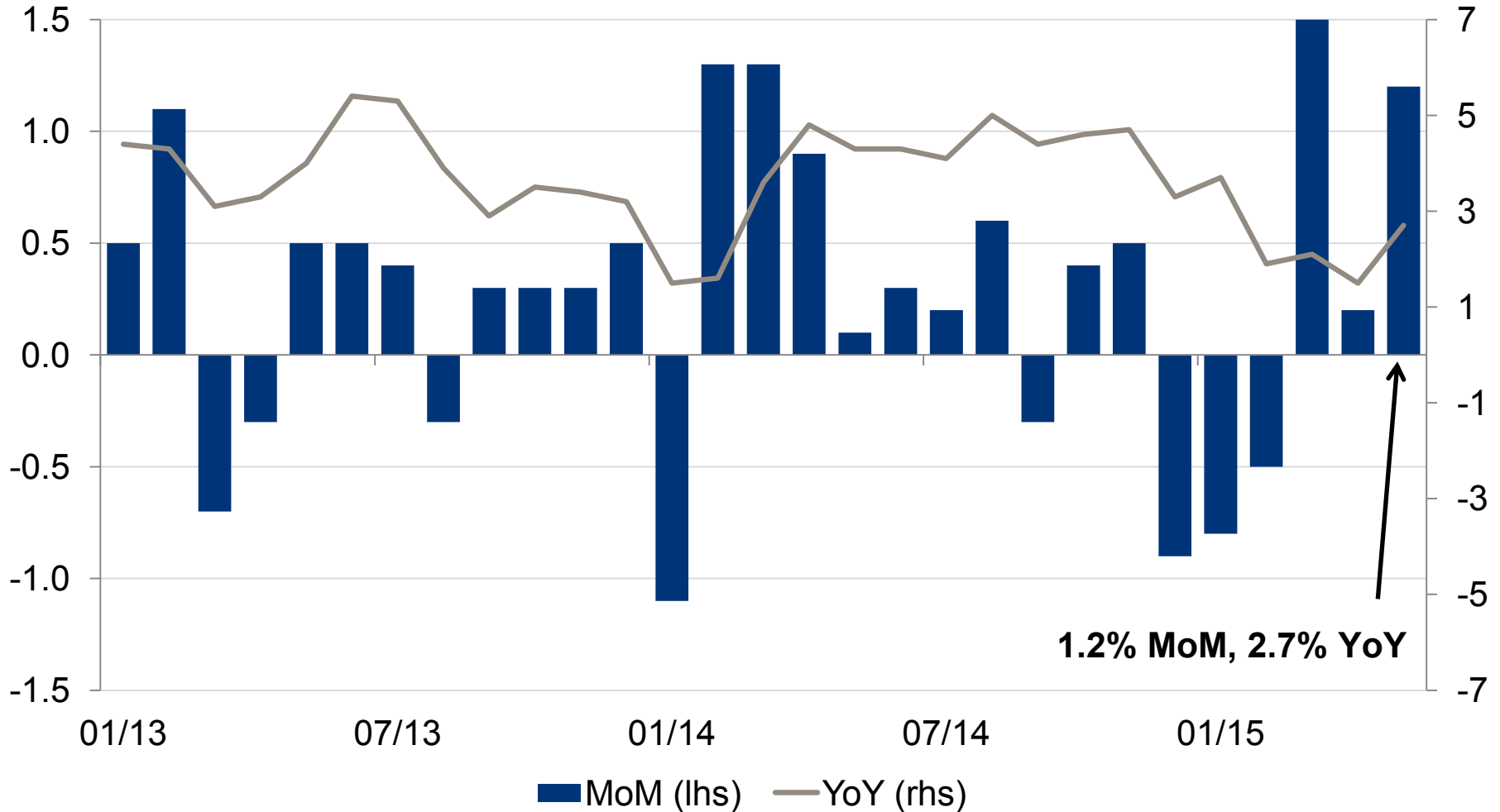
a. The debt-service ratio (DSR) is measured as the ratio of a household's yearly debt payments (principal and interest) to that household's gross income.

b. Financial assets include chequing and savings accounts (tax-free savings accounts included), guaranteed investment certificates and other guaranteed investments, stocks, bonds, income trusts, and mutual funds and other investment funds. It excludes group pensions.

Source: Ipsos Reid, 2014 Canadian Financial Monitor

U.S.: Retail sales rebounding in Q2

Monthly (lhs) and yearly (rhs) growth rates, %



What we'll be watching next week

- **Canada:**
 - CPI inflation (last month: +0.8% YoY)
- **U.S.:**
 - FOMC meeting
 - CPI inflation (consensus: 0.0% YoY, up from -0.2%)



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