

# Weekly economic review

Sébastien Mc Mahon, CFA

04 / 13 / 2017





# A look at this week's markets

*At the close on Wednesday*

## Canadian Bonds (total return)

		<b><i>Year-to-date</i></b>
FTSE TMX Universe	0.48%	2.13%
FTSE TMX Long	0.98%	3.82%
Corps	0.45%	2.65%

## Equities (total return)

S&P/TSX	-0.11%	3.14%
S&P 500	-0.43% (-1.14% CAD)	5.35% (4.37% CAD)
EAFE	0.34% (-0.37% CAD)	6.90% (5.9% CAD)
MSCI Emerging	-0.35% (-1.06% CAD)	11.13% (10.09% CAD)

## Other (WTD change)

			<b><i>Year-to-date</i></b>
Oil (WTI)	53.11 \$	1.67%	-1.14%
USD/CAD	0.7518 \$	0.71%	0.94%
Gold	1 286.78 \$	2.57%	12.14%

- **Canada:**
  - The Bank of Canada keeps its leading rate unchanged, but remains cautious

**Table 2: Contributions to average annual real GDP growth**  
Percentage points<sup>a, b</sup>

	2016	2017	2018	2019
Consumption	1.3 (1.3)	1.4 (1.3)	1.2 (1.3)	1.1
Housing	0.2 (0.2)	0.3 (-0.1)	0.0 (0.1)	-0.2
Government	0.5 (0.5)	0.6 (0.9)	0.2 (0.0)	0.1
Business fixed investment	-1.0 (-0.9)	-0.2 (-0.1)	0.4 (0.4)	0.4
<b>Subtotal: Final domestic demand</b>	1.0 (1.1)	2.1 (2.0)	1.8 (1.8)	1.4
Exports	0.4 (0.3)	0.6 (0.7)	0.9 (1.0)	0.9
Imports	0.3 (0.4)	-0.4 (-0.7)	-0.8 (-0.7)	-0.5
<b>Subtotal: Net exports</b>	0.7 (0.7)	0.2 (0.0)	0.1 (0.3)	0.4
Inventories	-0.3 (-0.5)	0.3 (0.1)	0.0 (0.0)	0.0
<b>GDP</b>	1.4 (1.3)	2.6 (2.1)	1.9 (2.1)	1.8
<b>Memo items (percentage change):</b>				
Range for potential output	1.1–1.5 (1.2–1.8)	1.0–1.6 (1.0–2.0)	1.1–1.7 (0.9–2.1)	1.1–1.9
Real gross domestic income (GDI)	0.7 (0.3)	3.6 (2.3)	1.6 (2.1)	1.6
CPI inflation	1.4 (1.4)	1.9 (1.8)	2.0 (1.9)	2.1

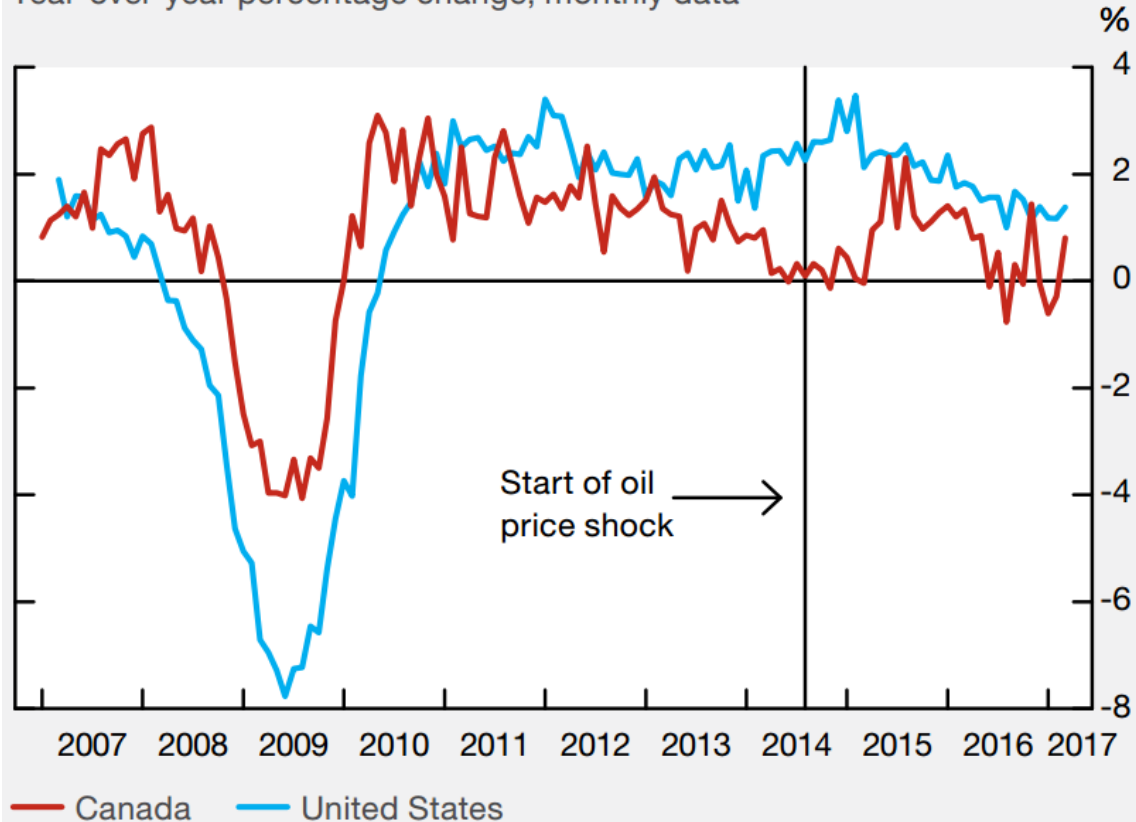
a. Numbers in parentheses are from the projection in the previous Report.

b. Numbers may not add to total because of rounding.

# The Bank of Canada is worried about the labour market

**Chart 4-B: Growth in total hours worked in Canada is weak relative to the United States**

Year-over-year percentage change, monthly data



Sources: Statistics Canada, US Bureau of Labor Statistics via Haver Analytics and Bank of Canada calculations

Last observation: March 2017

# What we'll be watching next week

---

- **Canada:**
  - Existing home sales (last month: +5.2% MoM in February)
  - CPI Inflation (last month: +2.0% YoY in February)
- **U.S.:**
  - Housing starts (consensus: lower at 1260K in March)
  - Building permits (consensus : lower at 1253K in March)
  - Industrial production (consensus : +0.5% MoM in March)
  - Existing home sales (consensus: + 1.3% MoM in March)



# To contact us

[economics@ia.ca](mailto:economics@ia.ca)

[www.ia.ca/economy](http://www.ia.ca/economy)