

# Weekly economic review

Sébastien Mc Mahon, CFA

01/19/18



INVESTED IN YOU.

# A look at this week's markets

At the close on Thursday



## Canadian Bonds (total return)

		<i>Year-to-date</i>
FTSE TMX Universe	-0.06%	-0.68%
FTSE TMX Long Corps	0.17%	-1.16%
	0.03%	-0.31%

## Equities (total return)

S&P/TSX	-0.13%	0.54%
S&P 500	0.43% (0.1% CAD)	4.73% (3.46% CAD)
EAFE	0.74% (0.41% CAD)	4.44% (3.17% CAD)
MSCI Emerging	1.60% (1.27% CAD)	5.96% (4.67% CAD)

## Other (WTD change)

			<i>Year-to-date</i>
Oil (WTI)	63.95 \$	-0.54%	5.84%
USD/CAD	0.8053 \$	0.33%	1.23%
Gold	1 327.03 \$	-0.79%	1.86%

# What caught our eye this week

---

- ▶ Canada:
  - ▶ Bank of Canada goes ahead with another rate hike

# Bank of Canada:

## Strong domestic economy, NAFTA remains the top concern



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

	2016	2017	2018	2019
Consumption	1.3 (1.4)	2.1 (2.1)	1.6 (1.3)	0.9 (1.0)
Housing	0.3 (0.2)	0.2 (0.2)	0.1 (0.0)	-0.1 (-0.2)
Government	0.7 (0.5)	0.5 (0.4)	0.4 (0.4)	0.2 (0.2)
Business fixed investment	-1.1 (-1.0)	0.2 (0.2)	0.4 (0.4)	0.3 (0.3)
<b>Subtotal: final domestic demand</b>	1.1 (1.1)	3.0 (2.9)	2.5 (2.1)	1.3 (1.3)
Exports	0.3 (0.4)	0.3 (0.5)	0.6 (0.6)	0.9 (0.8)
Imports	0.3 (0.2)	-1.1 (-1.0)	-0.6 (-0.5)	-0.6 (-0.6)
<b>Subtotal: net exports</b>	0.6 (0.6)	-0.8 (-0.5)	0.0 (0.1)	0.3 (0.2)
Inventories	-0.2 (-0.3)	0.8 (0.7)	-0.3 (-0.1)	0.0 (0.0)
<b>GDP</b>	1.4 (1.5)	3.0 (3.1)	2.2 (2.1)	1.6 (1.5)
<b>Memo items (percentage change)</b>				
Range for potential output	1.1-1.5 ( 1.1-1.5 )	1.0-1.6 ( 1.0-1.6 )	1.1-1.7 ( 1.1-1.7 )	1.1-1.9 ( 1.1-1.9 )
Real gross domestic income (GDI)	0.8 (0.8)	3.9 (4.0)	2.4 (2.3)	1.7 (1.6)
CPI inflation	1.4 (1.4)	1.6 (1.5)	2.0 (1.7)	2.1 (2.1)

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

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

# What we'll be watching next week

- ▶ Canada:
  - ▶ Wholesale trade sales (last month : +1.5% MoM in October)
  - ▶ Retail sales (last month: +1.5% MoM in October)
  - ▶ CPI inflation (last month: +2.1% MoM in November)
- ▶ U.S.:
  - ▶ New home sales (consensus: lower at 675K in December)
  - ▶ Revision to Q4 GDP growth (consensus: lower at 2.9%)
  - ▶ Durable goods orders (consensus: stable at +0.9% in December)



## To contact us

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

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