

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	-0.21%	0.18%
FTSE TMX Long	-0.40%	0.45%
Corps	-0.10%	0.14%

Equities (total return)

S&P/TSX	3.37%	4.12%
S&P 500	2.59% (1.53% CAD)	3.65% (0.6% CAD)
EAFE (in USD)	2.94% (1.88% CAD)	3.95% (0.89% CAD)
MSCI Emerging (in USD)	3.51% (2.44% CAD)	3.44% (0.4% CAD)

Other (WTD change)

			<i>Year-to-date</i>
Oil (WTI)	52.59 \$	9.65%	15.81%
USD/CAD	0.7555 \$	1.04%	3.03%
Gold	1 286.65 \$	0.05%	0.32%

What caught our eye this week

- **Canada:**
 - Bank of Canada on the sidelines... for now
- **U.S.:**
 - CPI

Bank of Canada: Status quo

Table 2: Contributions to average annual real GDP growth

Percentage points**

	2017	2018	2019	2020
Consumption	2.0 (1.9)	1.3 (1.3)	1.0 (1.2)	1.0 (1.1)
Housing	0.2 (0.2)	-0.1 (-0.1)	-0.1 (0.1)	0.1 (0.0)
Government	0.7 (0.6)	0.7 (0.6)	0.2 (0.3)	0.4 (0.4)
Business fixed investment	0.3 (0.3)	0.5 (0.7)	0.2 (0.4)	0.4 (0.3)
<i>Subtotal: final domestic demand</i>	3.2 (3.1)	2.4 (2.5)	1.3 (2.0)	1.9 (1.8)
Exports	0.4 (0.3)	1.0 (0.9)	1.0 (0.9)	0.8 (0.7)
Imports	-1.4 (-1.2)	-1.1 (-1.1)	-0.5 (-0.6)	-0.6 (-0.6)
<i>Subtotal: net exports</i>	-1.1 (-0.9)	-0.1 (-0.2)	0.5 (0.3)	0.2 (0.1)
Inventories	0.8 (0.8)	-0.3 (-0.2)	-0.1 (-0.2)	0.0 (0.0)
GDP	3.0 (3.0)	2.0 (2.1)	1.7 (2.1)	2.1 (1.9)
Memo items (percentage change)				
Range for potential output	1.4–2.0 (1.4–2.0)	1.5–2.1 (1.5–2.1)	1.4–2.2 (1.4–2.2)	1.3–2.3 (1.3–2.3)
Real gross domestic income (GDI)	4.1 (4.0)	2.2 (2.3)	0.9 (2.0)	2.2 (2.0)
CPI inflation	1.6 (1.6)	2.3 (2.4)	1.7 (2.0)	2.0 (2.0)

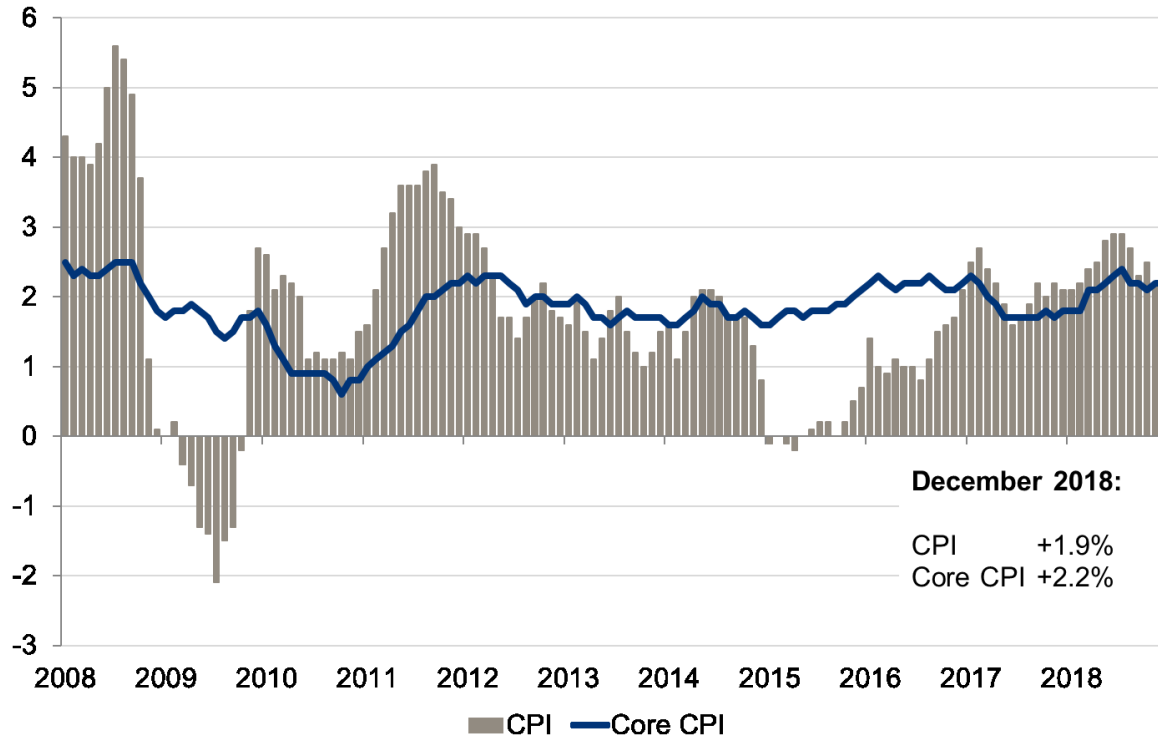
* Numbers in parentheses are from the projection in the previous Report.

† Numbers may not add to total because of rounding.

U.S.: CPI not pressuring the Fed

U.S.: CPI close to target

Annual growth, %



What we'll be watching next week

- **Canada:**

- CPI Inflation (last month: +1.7% YoY in November)
- Core CPI Inflation (last month: +1.9% YoY in November)

- **U.S.:**

- New Home Sales (consensus: higher at 567K in November)
- Durable Goods Orders (last month: +0.8% MoM in October)
- Retail Sales (consensus: +0.3% MoM in December)

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