Weekly Economic Watch
Economics and Strategy

NATIONAL BANK OF CANADA FINANCIAL MARKETS

May 17, 2024

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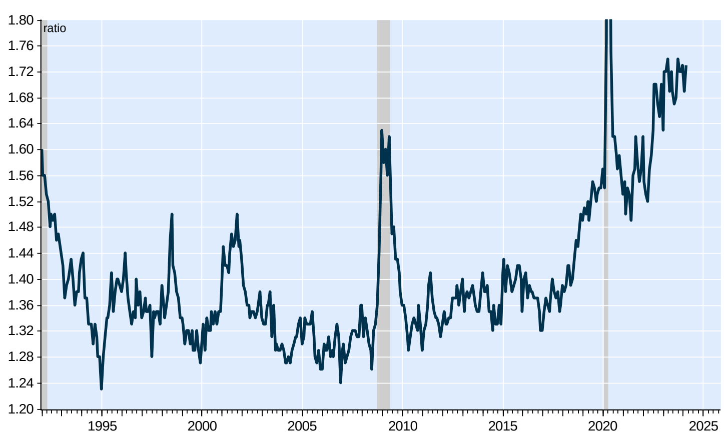
Table of contents

Week in review

Canada: **Manufacturing sales** were down 2.1% in March. Economists were expecting a 2.9% drop. Shipments in the non-durable segment fell 2.9% on declines for petroleum/coal products (-8.0%) and food products (-1.4%). Sales of durable goods cooled as well (-1.4%), albeit to a lesser extent, as a 2.9% gain in the machinery category was more than offset by a 5.0% decrease for transportation equipment. The latter was driven by a 7.9% pullback in the motor vehicles subsegment, something Statistics Canada attributed to "ongoing retooling at several major auto assembly plants in Ontario".

As manufacturing sales increased and inventory levels remained unchanged in March, the inventory-to-sales ratio rose four ticks to 1.73, one of the highest ratios ever recorded.

Canada: Inventories remain very elevated versus historical standards
Inventory-to-sales ratio in manufacturing sector



NBF Economics and Strategy (data via Statistics Canada)

With the price effect removed, total factory sales contracted 2.0% in March, while inventories edged down 0.2%. In Q1 as a whole, sales volumes were down 0.6% annualized on declines in the primary metals (-22.9%) and motor vehicles (-16.1%) categories.

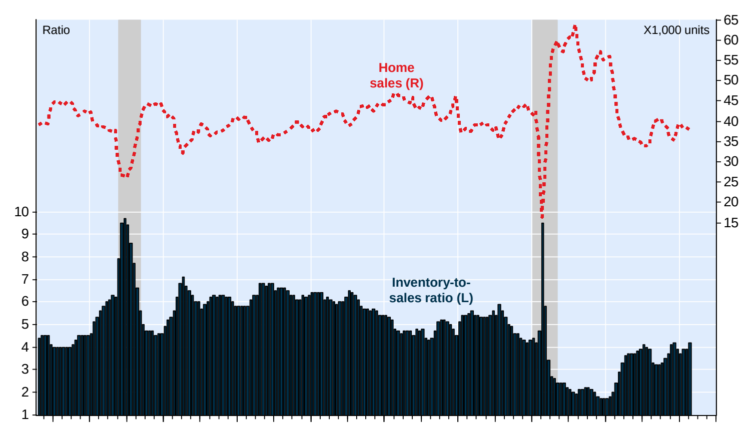
Housing starts slipped 2.0K in April to a three-month low of 240.2K (seasonally adjusted and annualized), a result roughly in line with consensus expectations. Urban starts edged down 0.2K (to 220.1K) on a 1.2K decline in the multi-family segment (to 178.5K). Alternatively, ground breaking in the single-family segment crept up 0.9K (to 41.7K). At the provincial level, total starts fell in Quebec (-6.7K to a five-month low of 39.9K) and British Columbia (-6.0K to 54.8K) but rose in Alberta (+5.8K to 45.9K) and Manitoba (+2.7K to 8.2K).

Despite strong political will to tackle the housing shortage and numerous announcements aimed at stimulating construction, the current interest rate environment is likely to keep weighing on homebuilders. In this context, we see starts stagnating at around 240K for the rest of the year, a level above the historical trend but still insufficient to resolve the supply-demand imbalance.

The number of **residential building permits** issued fell 3.6% m/m in March to 252.1K (seasonally adjusted and annualized) on declines in both the single-family segment (-7.0% to 50.8K) and the multi-family segment (-2.7% to 201.3K). On a quarterly basis, building applications crept up 0.6% in Q1, lifted by a 2.9% gain in the multi-family category. The number of permits issued for the construction of single-family units, meanwhile, retraced 7.7%.

Existing home sales retreated for the second month in a row in April, sliding 1.7% m/m in seasonally adjusted terms to a five-month low of 37,745. The sharpest declines were seen in Nova Scotia (-6.3%), Alberta (-4.5%), Manitoba (-4.1%) and Ontario (-2.9%), while the steepest gain occurred in New Brunswick (+12.7%). New listings, meanwhile, rose 2.8% m/m countrywide. Combined with lower sales figures, this translated into a 5.8% increase in active listings, which at now equivalent to 4.2 months of sales, up from 3.9 the prior month and the joint-highest since the initial pandemic lockdown. Overall, market conditions loosened during the month but remained tighter than their historical average in most provinces. They were balanced in Manitoba and British Columbia, and softer than average in Ontario.

Canada: Sales still sluggish, allowing inventories to recover
Existing-home sales and months of inventory (ratio of active listing to sales).



NBF Economics and Strategy (data via CREA)

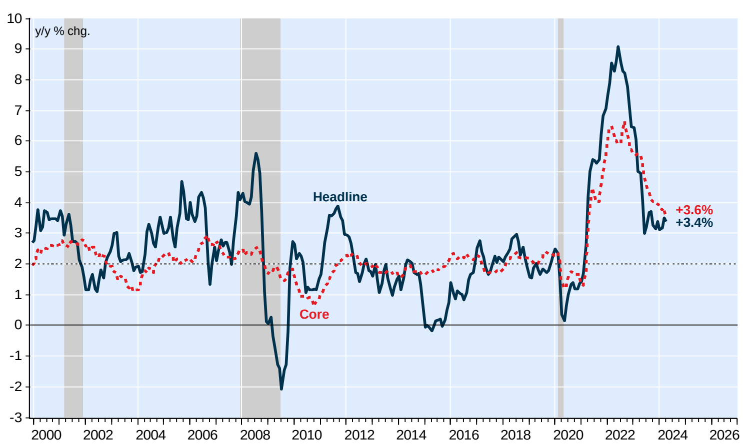
Following growth in the previous two months in the wake of a slight upturn in the real estate market activity during the winter, the **Teranet–National Bank Composite National House Price Index™** remained unchanged on a seasonally adjusted basis from March to April. This stabilization comes as resale market activity remains sluggish in the spring, with first-time homebuyers possibly on the sidelines awaiting interest rate cuts from the Bank of Canada by summer. Seven of the 11 markets in the composite index were up during the month, led by Edmonton (+2.3%), Montreal (+1.9%) and Calgary (+1.9%). Conversely, declines occurred in Halifax (-0.7%), Toronto (-1.2%), Victoria (-1.9%) and Quebec City (-2.1%). On a 12-month basis, the composite index rose by 5.7% on strong increases in Calgary (+16.0%), Edmonton (+9.4%), Quebec City (+7.4%), Vancouver (+7.0%), and Montreal (+6.1%). Prices increases were weaker than the national average in Victoria (+2.2%), Toronto (+3.5%), Winnipeg (+3.7%), Hamilton (+3.8%), Halifax (+4.8%), and Ottawa-Gatineau (+5.5%).

United States: The **Consumer Price Index** rose 0.3% in April, one tick short of the median economist forecast calling for a +0.4% print. This followed a 0.4% gain the prior month. Prices in the energy segment were up 1.1% as gains for gasoline (+2.8%) and fuel oil (+0.9%) were only partially offset by a 2.9% drop in the utility gas services category. The cost of food was unchanged month on month.

The core CPI, which excludes food and energy, rose 0.3%, in line with consensus expectations. The price of core goods dipped 0.1% on declines for new vehicles (-0.4%) and used ones (-1.4%), which were compensated for in part by higher prices for apparel (+1.2%), medical care commodities (+0.4%), and alcoholic beverages (+0.1%). Prices in the ex-energy services segment, for their part, advanced 0.4% on increases for shelter (+0.4%), medical care services (+0.4%), and transportation services (+0.9%), this last category driven by a 1.8% increase for motor vehicle insurance. Airline fares retraced 0.8%.

Year on year, headline inflation came in at 3.4%, down from 3.5% the prior month and in line with consensus expectations. The 12-month core measure, meanwhile, eased from 3.8% to a three-year low of 3.6%. This, too, was in line with consensus expectations.

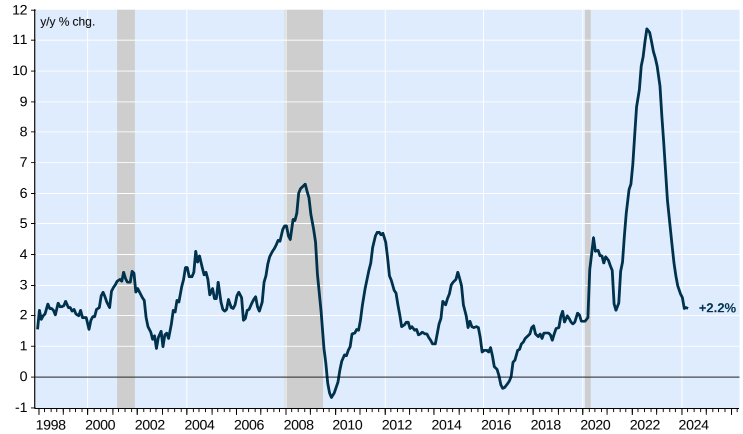
United States: Inflation roughly in line with expectations in April
Consumer Price Index



NBF Economics and Strategy (data via Bloomberg)

The consumer price index report came in a tad weaker than anticipated in April. Although the 12-month data were in line with consensus, the headline index registered a monthly change one-tenth below the median economist forecast. The surprise was partly due to a significant drop in the price of piped gas services, which limited gains in the energy segment. Food prices, also, acted as a drag on the headline print, as they failed to advance for the first time in a year. On a 12-month basis, prices in this segment were up just 2.2%, their smallest progression in almost three years.

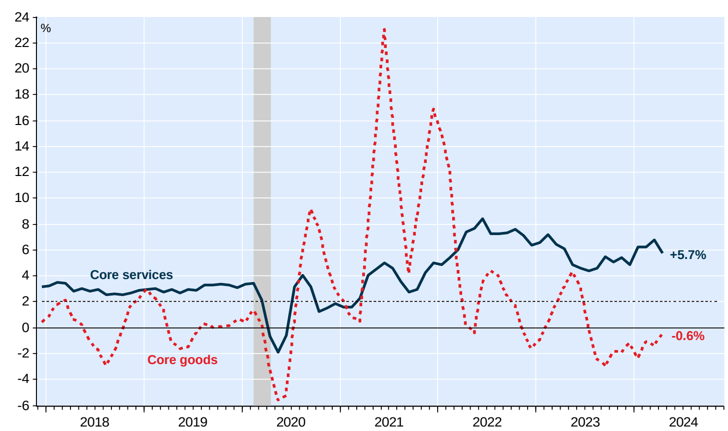
United States: Food inflation near three-year low
Consumer Price Index, food component



NBF Economics and Strategy (data via Bloomberg)

The core goods segment registered the tenth decline in 11 months, but this was more than offset by resilient price pressures in the core services grouping. Prices in the shelter category rose at the slowest pace in six months, but this was more or less expected given the weakness in home prices/rents observed last year and the fact that price movements in the housing sector are reflected in the CPI with a considerable lag.

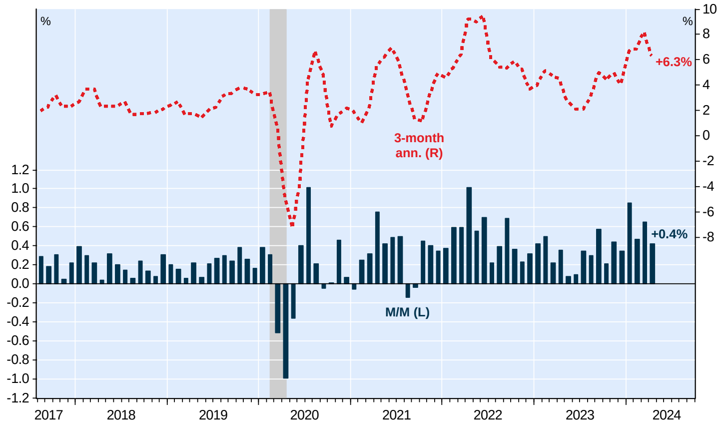
United States: Core goods weakness offset by sticky services inflation
Consumer Price Index, core services/goods indices (excluding food and energy), 3-month annualized change



NBF Economics and Strategy (data from Bloomberg)

The problem is that, even excluding shelter, the cost of core services still increased 0.4% in April and was tracking a 6.3% annualized gain over the past three months, a pace inconsistent with the attainment of the Fed's inflation target over the long term.

United States: Ex-housing services inflation still too high
Consumer Price Index, core services excluding housing

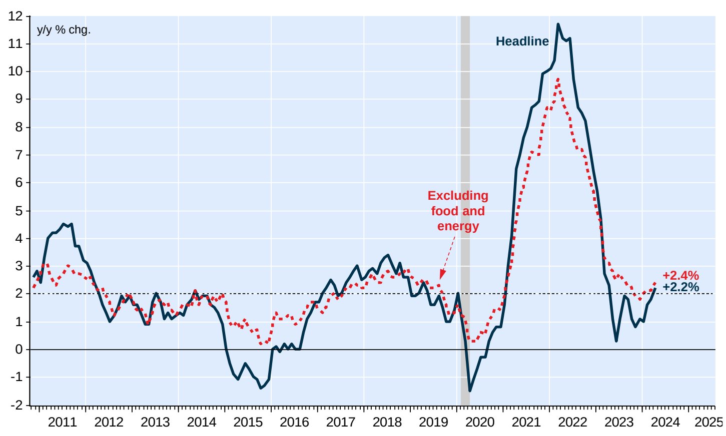


NBF Economics and Strategy (data via Bloomberg)

How will today's report influence monetary policy? Speaking to the annual general meeting of the Foreign Bankers' Association this week, Fed Chair Jerome Powell indicated that his confidence in slowing inflation was "not as high as before". The latest CPI data will probably not be enough to fully restore that confidence. At most, they will reassure markets that rate cuts this year remain the baseline scenario for the Fed, which is better than nothing. However, continuously strong gains in the core services ex-housing ought to keep the Fed on the sidelines for a few more months.

The **Producer Price Index** for final demand climbed 0.5% m/m in April, two ticks more than the +0.3% print anticipated by economists. The upside surprise was compensated for in part by a downward revision to the prior month's result, from +0.2% to -0.1%. Goods prices rose 0.4% in April, as a 2.0% gain in the energy segment was only partially offset by a 0.7% decline in food prices. The services index, for its part, jumped 0.6%, the most in nine months. The core PPI, which excludes food and energy, advanced at the fastest clip in nine months as well, progressing 0.5% on a monthly basis. Year over year, the headline PPI went from 1.8% to a one-year high of 2.2%. Excluding food and energy, it jumped from 2.1% to 2.4%, one tick above the median economist forecast.

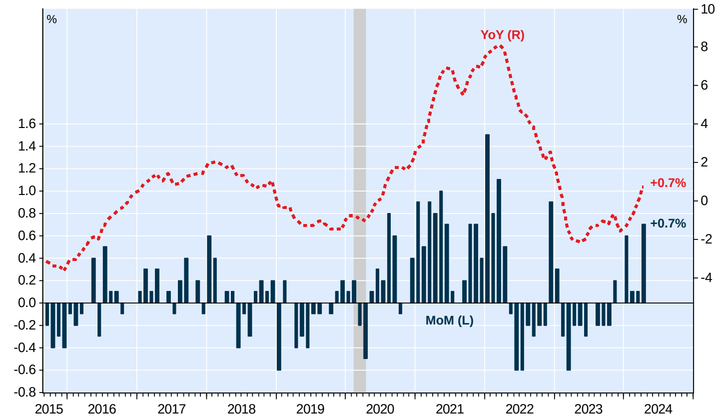
United States: Upstream inflation rising again
Producer Price Index. Last observation: April 2024



NBF Economics and Strategy (data via Bloomberg)

The **Import Price Index** (IPI) shot up 0.9% in April, three times as much as the median economist forecast calling for a +0.3% print. Adding to the upside surprise, the prior month's result was revised from +0.4% to +0.6%. The headline print was positively affected by a 2.9% jump in the price of petroleum imports. Excluding this category, import prices still advanced 0.7%, the most in 16 months. On a 12-month basis, the headline IPI sprang from 0.4% to a 16-month high of 1.1%. The less volatile ex-petroleum gauge moved from -0.2% to 0.7%, its highest mark since 2023M01.

United States: Sharpest rise in ex-petroleum import prices in 16 months
Import Price Index. Last observation: April 2024

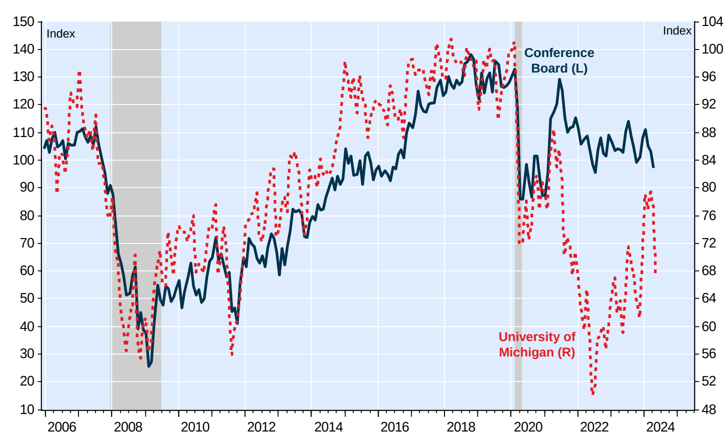


NBF Economics and Strategy (data via Bloomberg)

Retail sales were flat in April instead of expanding 0.4% as per consensus. Adding to the disappointment, the prior month's result was revised down from +0.7% to +0.6%. Sales of motor vehicles and parts contributed negatively to the headline print in April, as they contracted 0.8%. Without autos, outlays inched up 0.2%, as gains for gasoline stations (+3.1%), clothing (+1.6%) and electronics (+1.5%) were almost completely offset by declines for non-store retailers (-1.2%), sporting goods (-0.9%), and health/personal care (-0.6%). Sales in the month were up in 6 of the 13 categories surveyed. Core sales (i.e., sales excluding food services, auto dealers, building materials, and gasoline stations), which are used to calculate GDP, decreased 0.3%, instead of gaining 0.1% as per the median economist forecast.

Though we would do well not to draw too many conclusions from just one month of data, April's disappointing retail sales numbers could signal a slowdown in consumption spending in the United States after several quarters of outperformances. Various surveys have suggested this. These include the Fed's Beige Book, the most recent iteration of which pointed to a heightened consumer sensitivity to prices, and the Conference Board and University of Michigan consumer confidence indices, which remain well below their pre-pandemic levels and have surprised on the downside recently.

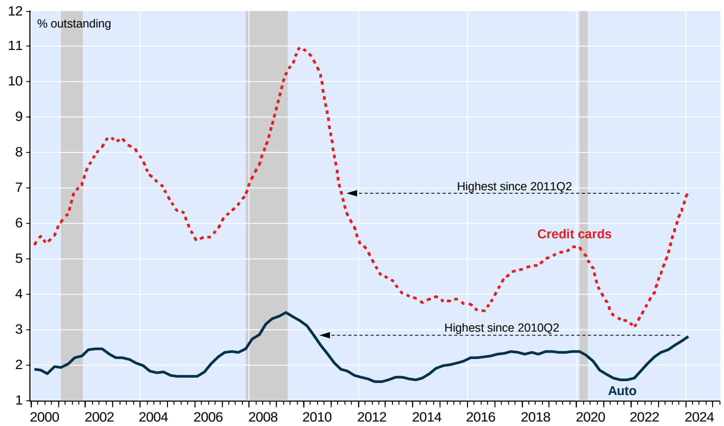
U.S.: Consumer confidence indices still far below pre-pandemic levels
Conference Board Consumer Confidence Index vs. University of Michigan Consumer Sentiment Index



NBF Economics and Strategy (data via Bloomberg)

Hard data point, also, to mounting financial stress among U.S. households. For example, stats on household debt released this week showed delinquency rates for auto and credit-card loans were up sharply.

United States: Debt servicing growing harder for consumers
Percentage of auto/credit card loans transitioning into serious delinquency (90+ days)



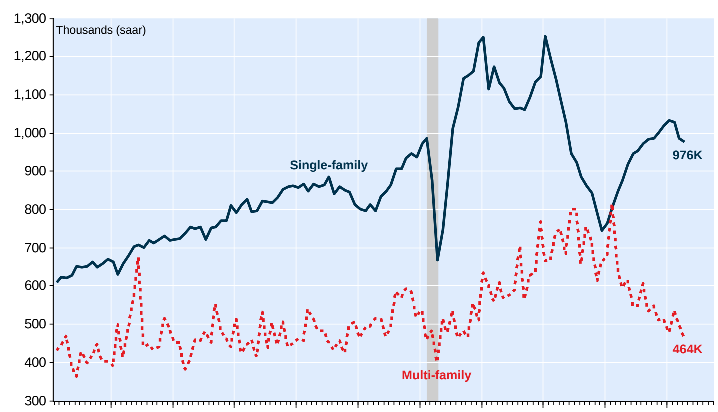
NBF Economics and Strategy (data via Refinitiv)

To us, these indicators continue to suggest that household spending–and, therefore, GDP growth–will decelerate significantly in the second half of the year.

After sinking to a post-pandemic low of 1,287K in March (seasonally adjusted and annualized), **housing starts** recovered somewhat in April, rebounding 5.7% to 1,360K, but came in far below the 1,421K result expected by consensus. The monthly improvement stemmed entirely from a 30.6% gain in the multi-family segment (to 329K). Ground breaking in the single-family segment, meanwhile, slid 0.4% to 1,031K. Despite the increase in starts in April, the total number of homes currently under construction continued to decrease, slipping from 1,620K to a two-year low of 1,611K.

Building permits, for their part, cooled 3.0% to a 16-month low of 1,440K, pulled down by a 7.4% decline in the multi-family segment to a 42-month low of 464K. Applications to build single-family units retraced as well, albeit to a lesser extent (-0.8% to 976K).

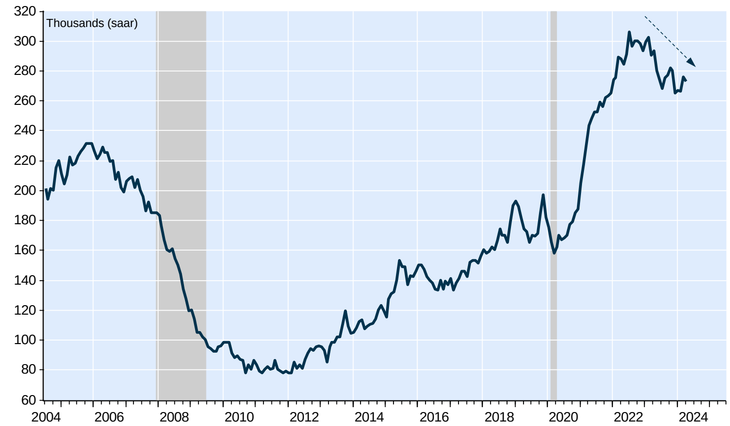
United States: Multi-family permits sink to post-pandemic low
Private housing authorized by building permits



NBF Economics and Strategy (data via Bloomberg)

Although it remained high on a historical basis, the number of authorized residential projects for which construction had not yet begun fell from 276K in March to 273K in April. The decline suggests that capacity pressures are easing in the real estate sector, allowing builders to tend to reduce bloated work backlogs.

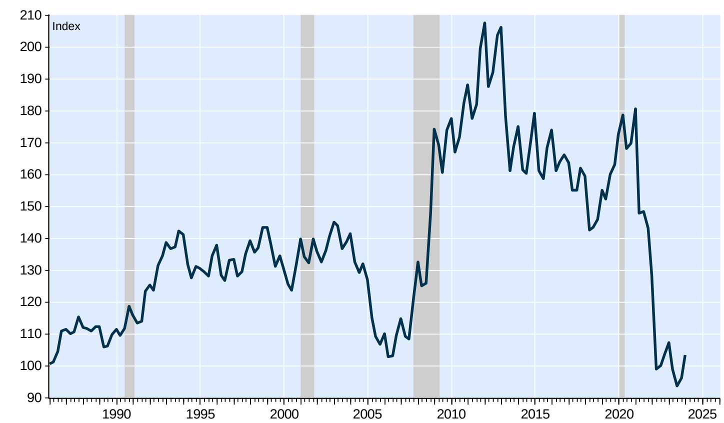
U.S.: Easing capacity pressures allowing builders to tackle backlogs
New privately owned housing units authorized but not yet started



NBF Economics and Strategy (data via Bloomberg)

Disappointing starts/permits data in April hint at a certain lack of vigour in the residential sector, but understandably so. Interest rates remain very high by the standards of recent years, making for one of the least affordable real estate markets in history.

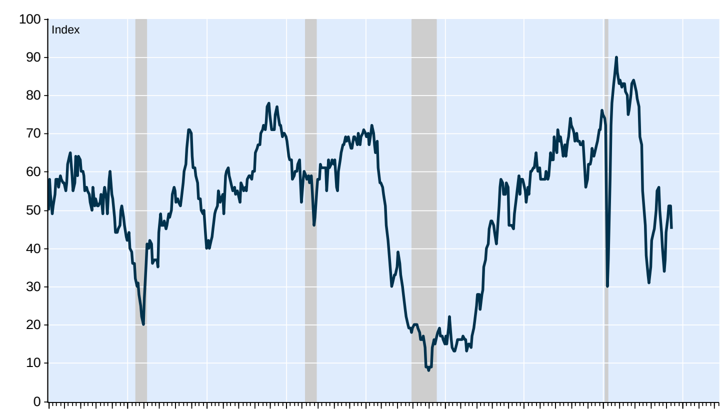
United States: Worst affordability in 40 years keeping lid on demand
National Association of Realtors' Home Affordability Index



NBF Economics and Strategy (data via Bloomberg)

It is hardly surprising, then, that homebuilder confidence remains very weak.

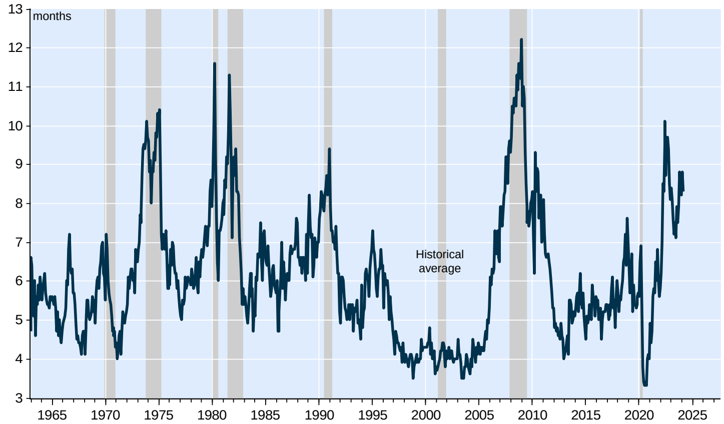
United States: Homebuilder confidence still below long-term average
National Association of Home Builders Market Index



NBF Economics and Strategy (data via Bloomberg)

High interest rates affect more than just demand, however. Combined with rising labour and material costs, they also render many development plans economically unviable, which explains why builders are reluctant to take on new projects. High inventories on the new-home market are another hindrance.

United States: High new-home inventories limiting new construction
New homes available on market expressed as multiple of monthly sales



NBF Economics and Strategy (data via Bloomberg)

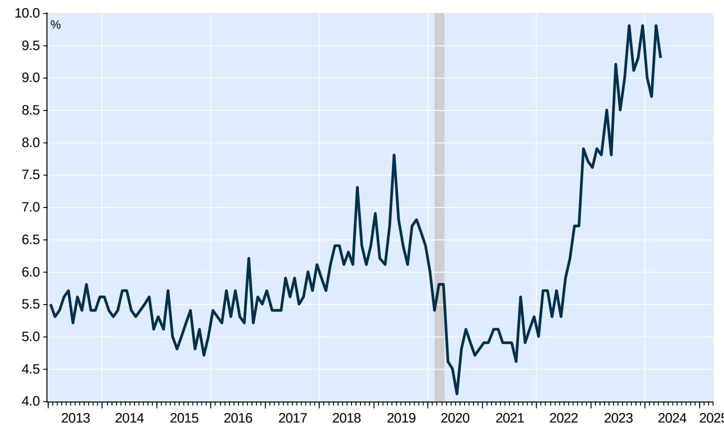
All is not doom and gloom in the residential sector, however, as there are good reasons to be cautiously optimistic. Strong population growth is certainly one of them. Lack of supply on the resale market, which leaves potential buyers little choice but to turn to the new-home market, is another. But despite these tailwinds, we do not foresee any meaningful rebound in residential construction until the Fed decides to ease monetary policy. This is unlikely to happen before the second half of the year.

Industrial production held steady in April instead of rising 0.1% as per consensus. Compounding this miss was a sizeable downward revision to the prior month's result, from +0.4% to +0.1%. Manufacturing output fell 0.3% on a 2.0% decline in the motor vehicles/parts segment. Excluding autos, factory output decreased a more subdued 0.1%. Among the main subcategories, petroleum/coal products (-4.4%), electrical equipment (-1.9%), and wood products (-1.6%) were the biggest losers, while primary metals (+1.0%), aerospace products (+0.9%), and food/beverages (+0.9%) registered healthy gains. Utilities output expanded 2.8%, but this was partially offset by a 0.6% contraction in the mining segment.

Capacity utilization in the industrial sector slipped from 78.5% to 78.4%. In the manufacturing sector, it slid from 77.2% to 76.9%.

The **NFIB Small Business Optimism Index** rose for the first time this year in April, climbing from an 11-year low of 88.5 to a still-depressed 89.7. The net percentage of firms that expected the economic situation to improve moved down from -36% to -37%. Net sales expectations, on the other hand, rose from -18% to -12%, which may explain why hiring intentions moved up from 11% to 12%. Consistent with this slight improvement in outlook, the percentage of polled businesses that planned to make capital outlays in the next three months increased from 20% to 22%, a level still far below the long-term average for this indicator (≈29%). Perhaps this weak propensity to invest has to do with the fact that a net 9% of respondents expected credit conditions to deteriorate going forward. In fact, loans were already harder to access judging by the increase in interest paid on short-term loans reported by the NFIB over the past few months.

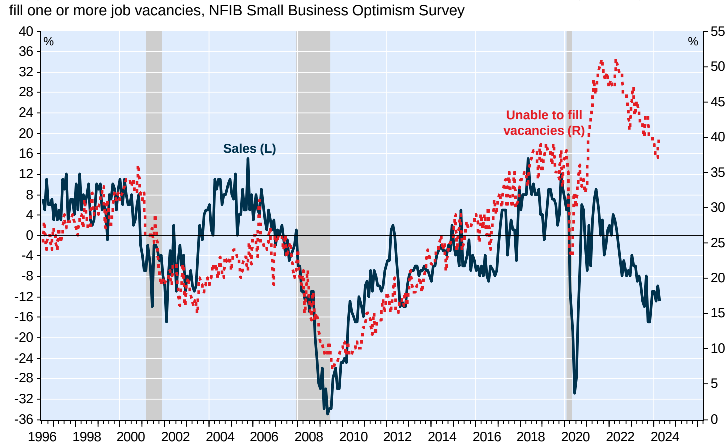
United States: Credit has become more expensive
Actual average interest rate paid on short-term loans, NFIB Small Business Optimism Survey



NBF Economics and Strategy (data via Bloomberg)

Hiring in April continued to be limited by difficulty finding good candidates: 40% of businesses reported not being able to fill one or more vacant positions. It is not clear to us why companies were still seeking to fill these job postings against the current sales backdrop.

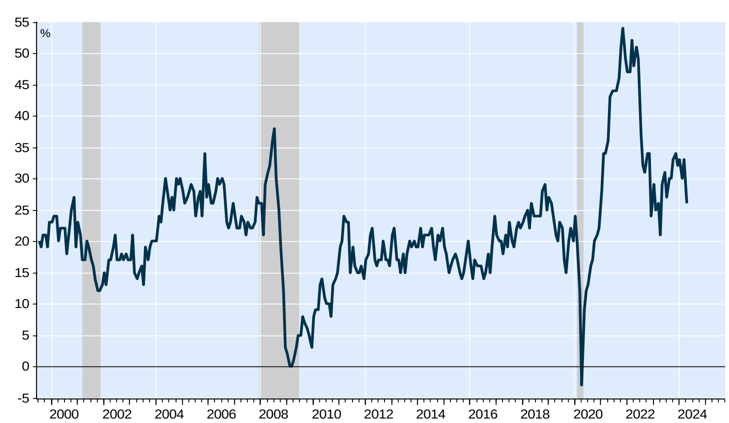
United States: Sales backdrop at odds with reported labour shortages
Net percentage of firms reporting increase in nominal sales over past three months vs. percentage unable to fill one or more job vacancies, NFIB Small Business Optimism Survey



NBF Economics and Strategy (data via Bloomberg)

Inflationary pressures were still palpable in the NFIB data but seemed to be losing some of their edge. Indeed, "only" 25% of businesses indicated they had raised their prices recently, down from 28% the prior month. The share of businesses planning to increase prices in the near future fell as well, dropping from 33% to a one-year low of 26%.

U.S.: Share of firms planning to up prices lowest in a year but still high
Net % of firms planning to increase selling prices in near future, NFIB Small Business Optimism Survey



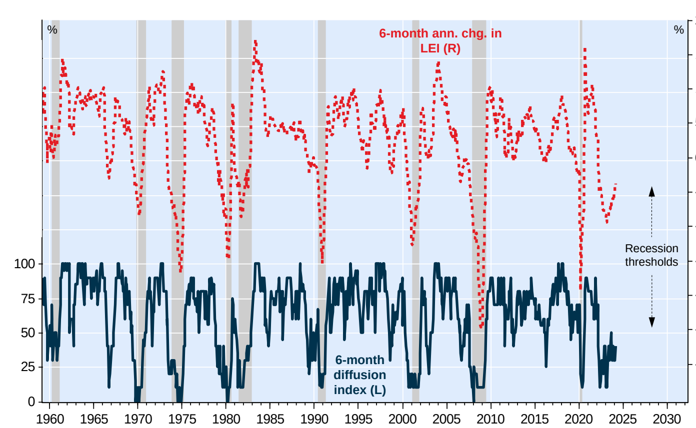
NBF Economics and Strategy (data via Bloomberg)

The **Empire State Manufacturing Index of general business conditions** cooled from -14.3 in April to -15.6 in May, a level consistent with a sharp deterioration in factory activity in New York State and surrounding areas. The shipments sub-index improved (from -14.4 to -1.2) but remained below the zero mark separating expansion from contraction for a third month running. Meanwhile, new orders continued to drop sharply (from -16.2 to -16.5). Consistent with lackluster demand, order books dwindled (from -10.1 to -8.1) and payrolls shrank (from -5.1 to -6.4) for a seventh consecutive month. Supply chain pressures continued to ease as evidenced by a further decline in the delivery times tracker (from -7.9 to -9.1). The input price index, for its part, moved back below its long-term average (≈30), slipping from 33.7 to 28.3. Completing a rather bleak report, business expectations for the next six months sagged to their lowest level in five months (from 16.7 to 14.5).

The **Philly Fed Manufacturing Business Outlook Index** declined as well, moving from 15.5 in April to 4.5 in May, but remained consistent with a modest expansion in factory activity. Both the shipments sub-index (from 19.1 to -1.2) and the new orders sub-index (from 12.2 to -7.9) moved back into contraction territory, while the employment gauge (from -10.7 to -7.9) signaled a seventh consecutive contraction in payrolls. Like the Empire survey, the Philly report signaled an easing of input price inflation, with the associated gauge sliding from 23.0 to 18.7. Finally, the index tracking future business activity slipped below its long-term moving average, moving from 34.3 to 32.4.

The Conference Board's **index of leading economic indicators** (LEI) fell 0.6 point in April to 101.8. Five of the ten underlying economic indicators contributed to the decline, led by average consumer expectations (-0.16 percentage points), ISM new orders (-0.14 pp) and interest rate spread (-0.10 pp). Historical analysis shows that an annualized drop of 3.5% in the LEI index over six months, coupled with a six-month diffusion index below 50%, is generally symptomatic of a pending recession. Both of these conditions were met in March: The LEI index fell 3.8% annualized over six months and the six-month diffusion index stood at 40%.

U.S.: Leading indicators signal slower economic growth ahead
Leading Economic Indicator and diffusion index. Last observation: April 2024

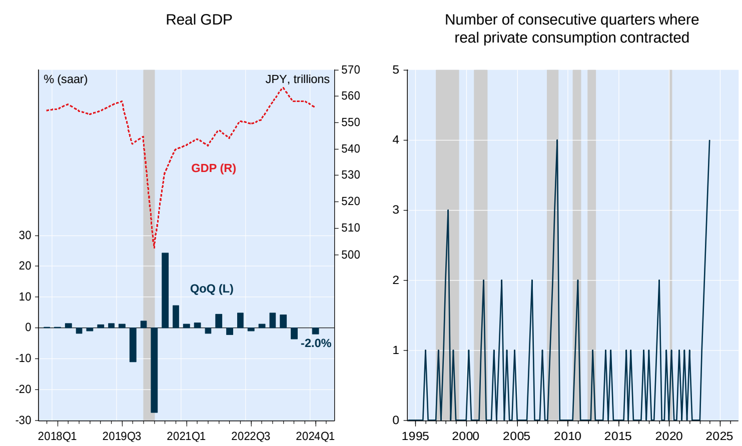


NBF Economics and Strategy (data via Bloomberg)

Initial jobless claims eased from 232K to 222K in the week to May 11. Continued claims, for their part, rose from 1,781K to 1,794K.

World: The **Japanese economy** failed to grow for a third consecutive quarter in Q1 as it contracted 2.0% annualized on broad-based declines. Private consumption, which makes up more than half of GDP, fell 2.7% in annualized terms. This marked a fourth consecutive drop for this indicator, making this the longest recorded negative streak since the Great recession. Business spending shrank as well (-3.2% annualized). Net exports shaved 1.4 percentage points from the headline growth figure, as exports retraced at a faster pace than imports did (-18.7% vs. -12.8% annualized). On the other hand, government spending and inventories contributed positively to growth in the three months to March. Price pressures proved more acute than expected in the quarter, as the GDP deflator came in at 3.6% y/y instead of the 3.3% projected by economists polled by Bloomberg.

Japan: Economy fails to grow for third consecutive quarter in Q1



NBF Economics and Strategy (data via Bloomberg)

What we'll be watching

In Canada, a 7% increase in gasoline prices in April could translate into an unadjusted gain of 0.4% in the **Consumer Price Index**. If we are right, annual CPI inflation could still fall from 2.9% to 2.6% thanks to a favorable base effect and the continued moderation in many other expenditure categories, notably food. As for core prices, a 0.2% seasonally-adjusted monthly increase could translate into an annual gain of 2.7% in the CPI-median (vs. 2.8% in March) and 2.9% in the CPI-trim (vs. 3.1%). The publication of March's **retail sales** will also attract a lot of attention. Judging from previously released data on auto sales, motor vehicles and parts dealers could have acted as a major drag on the headline figure, but this may have been offset by gains in other categories, notably gasoline stations. All told, total retail sales may have remained flat in the month. Ex-auto outlays could have been significantly stronger, advancing 1.0% on a monthly basis.

		Previous	NBF forecasts
Tues:	CPI (April, y/y chg.)	2.9%	**2.6%**
	CPI-median (April, y/y chg.)	2.8%	**2.7%**
	CPI-trim (April, y/y chg.)	3.1%	**2.9%**
Fri:	Retail sales (March, m/m chg.)	-0.1%	**0.0%**
	Ex-autos retail sales (March, m/m chg.)	-0.3%	**1.0%**

In the U.S., a housing market update will be provided with the publication of data on **new** and **existing home sales** for the month of April. Both should have recorded minor losses, reflecting a deterioration in borrowing costs during the month. The week will also feature the release of **durable goods orders** for April. Headline bookings could have contracted 1.9% in the month, reflecting a sharp decrease in civilian plane orders. Ex-transportation orders, for their part, could have crept up 0.1%. Some clues on the state of the private sector will be available with the release of **S&P Global Composite PMI** for the month of May. Several **Fed officials** are scheduled to give speeches, notably Michael Barr (Monday and Tuesday), Thomas Barkin (Tuesday), Christopher Waller (Tuesday) and John Williams (Tuesday and Friday). The central bank will also release the minutes of its April 30-May 1 meeting.

		Previous	NBF forecasts
Wed:	Existing home sales (April, saar)	4,190K	**4,150K**
Thur:	New home sales (April, saar)	693K	**670K**
Fri:	Durable goods orders (April, m/m chg.)	2.6%	**-1.9%**

Elsewhere in the world, the May iteration of **S&P Global**'s **Composite PMI** will be released in the eurozone and Japan. April's **Consumer Price Index** will also be available in Japan.

Economic Calendar – Canada & U.S.

Economic releases & events

Day	Time	Country	Release	Period	Previous	Consensus Estimate	NBF Estimate
Monday May 20							
Tuesday May 21	8:30	CA	CPI YoY	Apr	2.90%	2.70%	2.70%
Wednesday May 22	7:00	US	MBA Mortgage Applications	May-17	0.50%	--	
	10:00	US	Existing Home Sales	Apr	4.19m	4.19m	4.15m
	10:00	US	Existing Home Sales MoM	Apr	-4.30%	-0.10%	-1.00%
Thursday May 23	8:30	US	Chicago Fed Nat Activity Index	Apr	15.00%	--	
	8:30	US	Initial Jobless Claims	May-18	222k	220k	
	10:00	US	New Home Sales	Apr	693k	675k	670k
	10:00	US	New Home Sales MoM	Apr	8.80%	-2.60%	-3.30%
Friday May 24	8:30	CA	Retail Sales MoM	Mar	-0.10%	-0.10%	0.00%
	8:30	CA	Retail Sales Ex Auto MoM	Mar	-0.30%	--	1.00%
	8:30	US	Durable Goods Orders	Apr P	2.60%	-0.80%	-1.90%
	8:30	US	Durables Ex Transportation	Apr P	0.20%	0.10%	0.10%
	10:00	US	U. of Mich. Sentiment	May F	67.4	67.8	

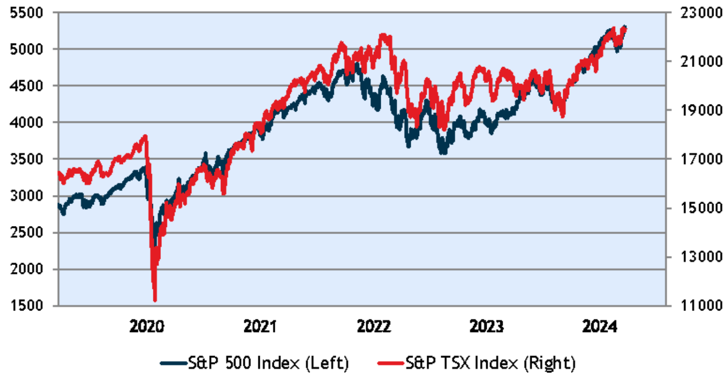
Earnings announcements

Day	Company	Time	Qtr	Cons. EPS
Monday May 20	Palo Alto Networks Inc	Aft-mkt	Q3 24	1.26
	Nordson Corp	Aft-mkt	Q2 24	2.31
	Keysight Technologies Inc	Aft-mkt	Q2 24	1.39
Tuesday May 21	AutoZone Inc	Bef-mkt	Q3 24	35.98
	Lowe's Cos Inc	Bef-mkt	Q1 25	2.95
Wednesday May 22	Target Corp	Bef-mkt	Q1 25	2.05
	Analog Devices Inc	07:00	Q2 24	1.27
	TJX Cos Inc/The	09:30	Q1 25	0.87
	Synopsys Inc	Aft-mkt	Q2 24	2.95
	NVIDIA Corp	Aft-mkt	Q1 25	5.54
Thursday May 23	Toronto-Dominion Bank/The	06:00	Q2 24	1.84
	Medtronic PLC	06:45	Q4 24	1.45
	Ralph Lauren Corp	08:00	Q4 24	1.66
	Ross Stores Inc	16:00	Q1 25	1.35
	Intuit Inc	Aft-mkt	Q3 24	9.37
	Deckers Outdoor Corp	Aft-mkt	Q4 24	2.81
Friday May 24	Autodesk Inc	0:00	Q1 25	1.74
	Dollar Tree Inc	0:00	Q1 25	1.43

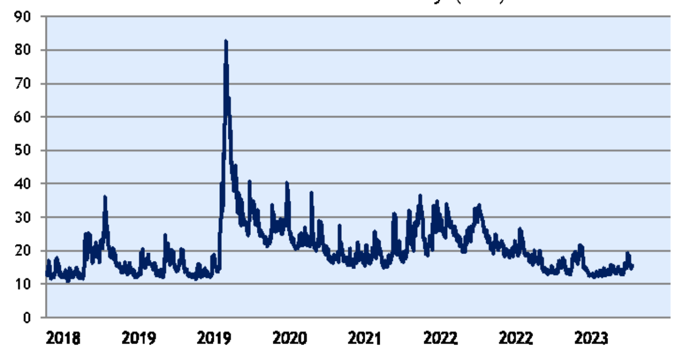
Source: Bloomberg

Data Update – Table 1

North American Stock Indices



CBOE SPX Volatility (VIX)



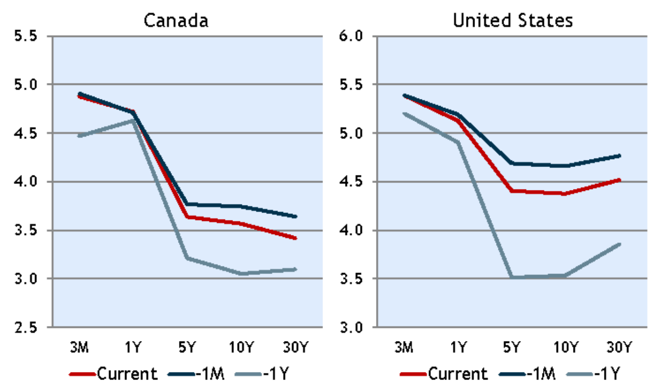
Stock Indices

	Level	Total return performances (in C$ / in local currency)						10-year Hi / Low	
		1 week	1 month	3 months	YTD	1 year	5 years (ann.)	Hi (Date)	Low (Date)
Canada									
S&P/TSX Composite	22299.8	-0.3%	3.3%	5.8%	7.6%	13.8%	9.6%	22375.8 (9 May 2024)	11228.5 (23 Mar 2020)
U.S.									
S&P 500 Composite	5297.1	1.1% / 1.7%	3.4% / 5.0%	7.2% / 6.2%	15.3% / 11.7%	32.5% / 30.9%	15.2% / 14.9%	5308.2 (15 May 2024)	1829.1 (11 Feb 2016)
Dow Jones Industrials	39869.4	0.8% / 1.3%	4.0% / 5.7%	4.7% / 3.7%	10.0% / 6.6%	24.9% / 23.4%	11.7% / 11.4%	39908.0 (15 May 2024)	15660.2 (11 Feb 2016)
Nasdaq Composite	16698.3	1.6% / 2.2%	3.7% / 5.3%	7.1% / 6.1%	15.2% / 11.6%	38.0% / 36.4%	17.5% / 17.1%	16742.4 (15 May 2024)	4096.9 (20 May 2014)
World									
Euro Stoxx 50	5072.4	0.9% / 0.6%	5.4% / 4.7%	10.5% / 8.4%	16.5% / 14.6%	22.8% / 21.4%	11.1% / 11.5%	5100.9 (15 May 2024)	2385.8 (18 Mar 2020)
FTSE100	8438.7	1.6% / 0.9%	8.7% / 8.5%	13.0% / 11.2%	14.0% / 11.1%	16.3% / 13.4%	6.8% / 6.7%	8445.8 (15 May 2024)	4993.9 (23 Mar 2020)
TOPIX	2737.5	0.5% / 0.9%	-0.5% / 1.5%	2.9% / 5.3%	9.5% / 16.8%	17.0% / 31.6%	7.6% / 15.0%	2813.2 (22 Mar 2024)	1150.1 (21 May 2014)
CSI 300	3640.4	-1.0% / -0.6%	2.6% / 3.9%	9.1% / 8.4%	7.9% / 6.3%	-8.3% / -6.1%	1.0% / 1.7%	5807.7 (10 Feb 2021)	2115.1 (19 May 2014)
MSCI World	794.1	1.4% / 2.0%	4.3% / 5.9%	7.6% / 6.6%	13.8% / 10.2%	26.6% / 25.2%	12.0% / 11.7%	794.1 (16 May 2024)	353.4 (11 Feb 2016)
MSCI Emerg. Markets	1098.6	2.8% / 3.4%	7.4% / 9.1%	10.0% / 9.0%	11.8% / 8.3%	17.0% / 15.7%	4.9% / 4.7%	1444.9 (17 Feb 2021)	688.5 (21 Jan 2016)
MSCI EAFE	2381.6	1.7% / 2.3%	5.3% / 7.0%	8.3% / 7.3%	11.9% / 8.4%	17.0% / 15.6%	8.5% / 8.2%	2404.8 (6 Sep 2021)	1354.3 (23 Mar 2020)

Canadian Bond Indices

	Total return performances				
	1 week	1 month	YTD	1 year	5 years (ann.)
Refinitiv Indices					
Overall Universe	0.6%	1.9%	-1.5%	2.0%	0.0%
Long Term Universe	1.3%	3.9%	-4.2%	0.2%	-1.8%
Mid Term Universe	0.4%	1.4%	-1.3%	1.5%	0.3%
Short Term Universe	0.2%	0.6%	0.6%	3.8%	1.3%
Federal Universe	0.5%	1.4%	-1.5%	0.9%	-0.6%
Provincial Universe	0.8%	2.5%	-2.5%	1.1%	-0.4%
Corporate Universe	0.5%	1.7%	0.2%	5.2%	1.7%

Bond Yield Curve



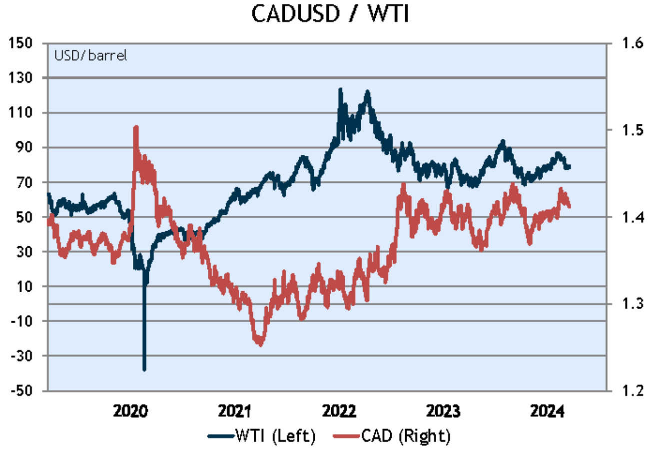
Bond Yield Curve

	3 mths	1 year	5 years	10 years	30 years
Canada	4.88%	4.72%	3.64%	3.57%	3.42%
1 week chg (bps)	-2	+6	-5	-7	-9
1 month chg (bps)	-3	+1	-13	-18	-22
1 year chg (bps)	+41	+9	+42	+51	+32
U.S.	5.39%	5.13%	4.41%	4.38%	4.52%
1 week chg (bps)	-1	-2	-6	-8	-10
1 month chg (bps)	-0	-6	-28	-28	-25
1 year chg (bps)	+18	+22	+89	+84	+66

Currencies

	latest	1 week ago	1 month ago	January 1st	1 year ago
USDCAD	1.362	1.369	1.383	1.319	1.346
US cents per cad	0.734	0.730	0.723	0.758	0.743
EURCAD	1.480	1.476	1.470	1.457	1.462
EURUSD	1.087	1.078	1.063	1.105	1.087
USDJPY	155.3	155.6	154.6	141.0	136.5
GBPUSD	1.267	1.251	1.244	1.275	1.250
USDCNY	7.219	7.226	7.239	7.092	6.964

CADUSD / WTI



Commodities

	latest	1 week ago	1 month ago	January 1st	1 year ago
Oil - WTI ($/barrel)	79.23	79.26	85.36	71.65	70.86
Oil - Brent ($/barrel)	83.59	84.43	92.44	80.30	76.62
Gold ($/oz)	2377.58	2336.76	2386.23	2065.45	1999.15
CRB Metals (index)	773.9	773.9	773.9	784.0	784.0

Data Update – Table 2

Jobs

	Unemployment rate		Employment change	
	Latest	12 months ago	Latest	12-month avg
Canada	6.1%	5.1%	90.4K	31.4K
Ontario	6.8%	5.1%	25.0K	7.6K
Quebec	5.1%	4.2%	19.2K	2.4K
British Columbia	5.0%	5.1%	23.4K	7.8K
Alberta	7.0%	5.9%	10.6K	7.7K
United States	3.9%	3.4%	175.0K	233.5K
Eurozone	6.5%	6.6%	---	---
Japan	2.6%	2.7%	-230.0K	22.5K

Inflation

	Y/Y Latest	3-mth ann.	Y/Y 6 months ago	Y/Y 1 year ago
Canada				
Headline CPI	2.9%	1.0%	3.8%	4.3%
Average core	2.9%	---	3.9%	3.8%
United States				
Headline PCE	2.7%	4.4%	3.4%	4.4%
Core PCE	2.8%	4.4%	3.6%	4.8%
Eurozone				
Headline CPI	2.4%	---	2.9%	7.0%
Core CPI	2.7%	---	4.2%	5.6%
Japan				
Headline CPI	2.7%	1.1%	3.0%	3.3%
Core CPI	2.6%	1.1%	2.7%	3.2%

Housing Market

	Median home price	Mort. payment share of income / 12 months ago	House prices Y/Y chg.	Housing starts 3-month avg. / 10yr avg
Canada	$780,258	63.4% / 66.1%	5.1%	247.5K / 223.8K
Toronto	$1,187,646	86.8% / 91.3%	4.7%	45.2K / 39.8K
Vancouver	$1,252,361	99.7% / 102.5%	4.4%	36.4K / 25.8K
Montreal	$509,957	43.9% / 46.2%	4.6%	11.4K / 22.8K
Calgary	$574,734	43.0% / 40.3%	14.0%	21.7K / 13.6K
United States	---	---	6.4%	1397.7K / 1314.3K

Manufacturing Sector

	Markit manufacturing PMI		Industrial production	
	Latest	6-month trend	3 mth ann chg	12-month chg
Canada	49.4	▲	-1.4%	-0.5%
United States	50.0	▶	3.8%	-0.4%
Eurozone	45.7	▲	-6.3%	-0.7%
Japan	49.6	▲	-12.0%	-3.1%
China	51.4	▲	---	---

Central Banks

	Policy rate	12 months ago	Trend	Next announce
Bank of Canada	5.00%	4.50%	▲	6/05/24
Fed Reserve (upper bound)	5.50%	5.25%	▲	6/12/24

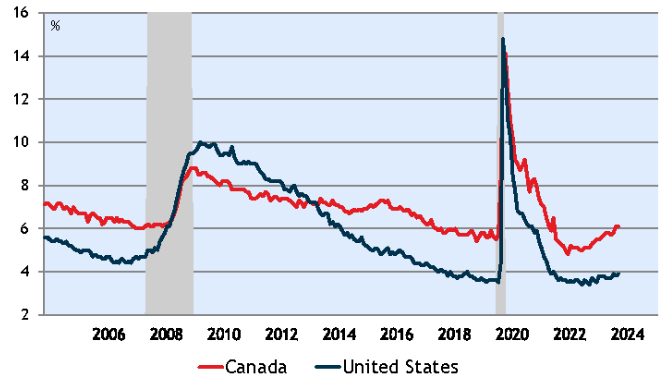
GDP Growth

	Q/Q ann Latest	Q/Q ann Previous	Y/Y Latest	Y/Y 6 months ago
Canada	1.0% (Q4)	-0.5% (Q3)	0.9%	0.5%
United States	1.6% (Q1)	3.4% (Q4)	3.0%	3.1%
Eurozone	1.3% (Q1)	-0.2% (Q4)	0.4%	0.1%
Japan	-2.0% (Q1)	0.0% (Q4)	-0.4%	1.3%

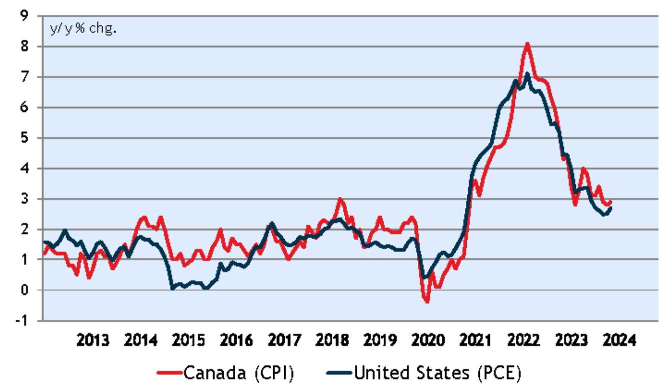
Contributions to real GDP growth - Canada

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
GDP	**1.0**	**-0.5**	**0.6**	**2.6**
Consumption	0.5	0.3	-0.4	2.2
Business Investment	-0.9	-1.7	1.1	0.3
Nonprofit Sector	0.0	0.1	0.0	0.0
Residential Investment	-0.1	0.6	-0.3	-1.2
Government	-0.3	1.5	-0.1	0.9
Final Domestic Demand	**-0.7**	**0.8**	**0.4**	**2.2**
Exports	1.8	-0.4	1.4	4.6
Imports	0.6	-0.4	-1.6	-1.3
Trade	**2.4**	**-0.8**	**-0.1**	**3.3**
Inventories	-0.5	-0.4	0.4	-2.9
Statistical discrepancy	-0.2	-0.1	0.0	0.1

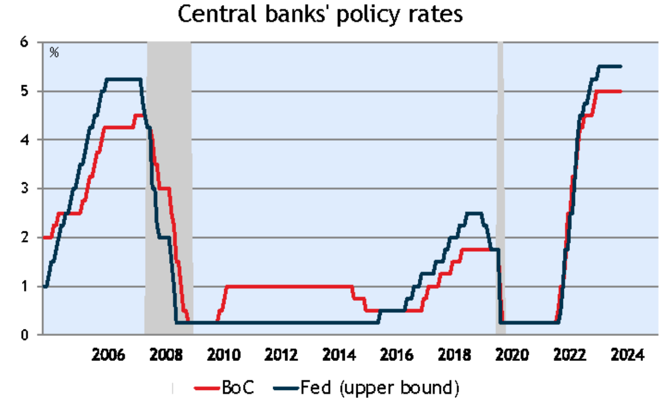
Unemployment rate



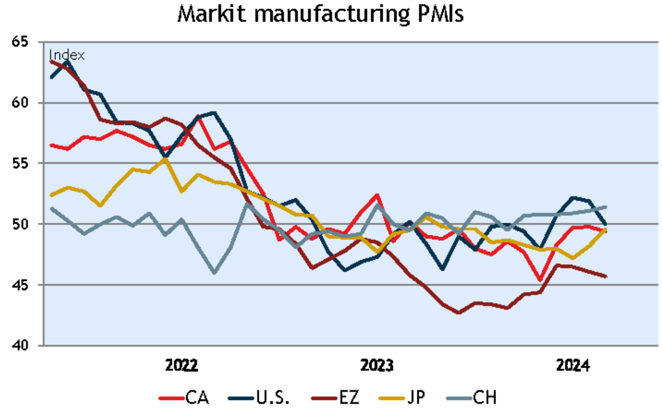
Headline inflation



Central banks' policy rates



Markit manufacturing PMIs



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