NATIONAL BANK
FINANCIAL MARKETS
A division of National Bank of Canada

WEEKLY ECONOMIC WATCH

Economics and Strategy

September 2, 2016

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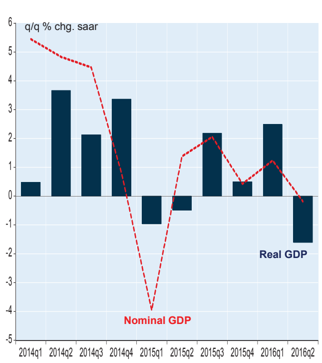
Week in review

Canada – **Real GDP** shrank an annualized 1.6% in the second quarter of 2016 after expanding an upwardly revised 2.5% the prior quarter. Trade was a major drag on the economy on account of slumping exports (-20% annualized, their worst retreat since the 2009 recession) and rising imports. Domestic demand was restrained by a further decline in business investment, moderation in consumption growth, and weak residential investment growth, all of which offset higher government spending. Poor sales resulted in inventory build-up, which made a significant contribution to growth. In nominal terms, GDP contracted an annualized 0.2%. Monthly GDP data by industry showed output sprang 0.6% (non-annualized) in June, thereby erasing the prior month's drop. There were gains in both the goods sector (+1.6%) and the services sector (+0.2%) in the month.

Canada: Economy contracted in the second quarter

Real and Nominal GDP



Contributions to real GDP

	2016Q2	2016Q1
GDP	**-1.6%**	**2.5%**
Consumption	1.2%	1.4%
Business investm.	-0.2%	-0.9%
Nonprofit sector	0.1%	0.0%
Residential investm.	0.1%	0.8%
Government	1.0%	0.5%
Domestic Demand	**2.2%**	**1.9%**
Exports	-5.4%	2.4%
Imports	-0.4%	-0.6%
Trade	**-5.8%**	**1.9%**
Inventories	**2.2%**	**-0.9%**
Stat.discrepancy	-0.1%	-0.3%

NBF Economics and Strategy (data via Statistics Canada)

Exporters were affected by two temporary factors in Q2: Alberta's wildfires interrupted southbound oil shipments and an inventory cull in the United States translated into softer demand for Canadian goods. However, these forces are now dissipating. Oil production is reportedly rising again and there are signs American manufacturers are rebuilding stocks. Consumption, too, is expected to bounce back in Q3. The reasons are twofold: a mounting savings rate and higher household income courtesy of the federal government's enhanced child benefit program, which went into effect in July. We are encouraged also by the increase in government outlays last quarter, which suggests the announced federal fiscal stimulus is already in gear. Consequently, while inventory accumulation could cramp future production, we still expect Canada's real GDP growth to rebound sharply in the third quarter.

The merchandise trade deficit narrowed to C$2.5 billion in July, the best in six months (from a revised C$4 billion deficit the prior month) as nominal exports jumped 3.5% while imports fell 0.1%. Export gains were broad-based, with the exception of energy. But even the latter was up sharply in volume terms, the price decline in the month hurting nominal energy exports. As a result, the energy trade surplus fell slightly to C$2.7 billion. The non-energy trade deficit narrowed to C$5.2 billion, also the best in six months. In real terms, Canada's exports surged 3.4% in July, while imports fell 1.1%. After registering the biggest quarterly dive since the Great recession, Canada's exports are now bouncing back sharply in the third quarter. Assuming no change in August and September, real exports are tracking gains of over 7% annualized in Q3, while imports are contracting. In other words, trade is set to be a major contributor to Canada's GDP growth in Q3. The improvement should not be surprising because temporary factors that hurt exporters in Q2, e.g. Alberta's wildfires interrupted southbound oil shipments and an inventory cull in the U.S. translated into softer demand for Canadian inputs, are now dissipating. What about investment spending? Real imports of electronics, as well as industrial machinery, fell again in July. That suggests the investment collapse may have extended to Q3. Regardless, based on the overall data, it seems real GDP growth for Canada should be above 3% annualized in Q3 after falling 1.6% annualized last quarter. At this point, our estimate for Q3 Canadian GDP growth is +3.4% annualized.

The **current account**—the broadest measure of trade—showed the deficit widened by C$3.3 billion to reach C$19.86 billion in Q2 (roughly 4% of GDP), its worst reading since 2010Q3. The trade deficit in goods continued to deteriorate while foreign investment in Canada remained robust in the second quarter.

Separately, **labour productivity** fell 0.3% unannualized in Q2 as real GDP fell 0.8%, faster than hours worked (-0.5%). Hourly compensation was up 0.4%, while unit labour costs jumped 0.7% unannualized.

United States – **Nonfarm payrolls** rose 151K in August, much weaker than the 180K expected by consensus.

WEEKLY ECONOMIC WATCH

Note that there were essentially no revision to prior months payrolls (-1K). In August, the private sector added 126K jobs with gains in services (+150K) being partially offset by a drop in the goods sector (-24K). The decline in goods sector employment was due to manufacturing, construction and mining registering losses. The private services sector job gains were driven by education/health (+39K), leisure/hospitality (+29K) and business services (+22K). Government added 25K positions. Average hourly earnings rose 0.1% m/m and were up 2.4% y/y (down two ticks from the prior month). The private sector employment diffusion index declined a bit to 58.0 from 62.4. The other US employment report, the household survey (similar methodology to Canada's LFS) showed 97K new jobs being created in August with gains in full-time (+409K) being partially offset by a drop part-time employment (-388K). Both participation rate (62.8%) and jobless rate (4.9%) remained unchanged in August. The US employment reports were weaker than expected. Moreover, hourly earnings decelerated in August and private employment showed its second weakest performance this year. However, we were impressed by the fact that full-time positions showed further massive gains in August. A September move by the **FOMC** is still possible, but unlikely. We would put odds of rate hike in September at no more than 40%. All things considered, we think the Fed will opt to wait a few more months before the next rate hike to confirm that the deceleration in the labor market is not worsening particularly given that ISM employment sub-indices are in contraction territory. That being said, we must get used to lower payroll employment as the labor market has almost fully recovered from the recent crisis and as demographics provide a headwind. If job creation remains at its current level and financial conditions remains healthy we see a compelling case for another Fed rate hike this year (**December**).

Trade deficit narrowed to $39.4bn in July from the prior month's revised deficit of $44.7 billion. The improvement in the trade balance was due to rising exports (+1.9%) and falling imports (-0.8%). In real terms, exports surged 2.9%, while imports were down 1.5%. The trade data was good with gains in real exports. The data is consistent with our view that the U.S. economy is set to set growth north of 3.5% annualized in Q3..

In July, **personal income** increased 0.4% while personal spending rose 0.3%, both matching consensus expectations. As a result, the savings rate climbed to 5.7%. In real terms, spending rose 0.3% while disposable income was up 0.4%. Consumption in the United States should remain decent in Q3 after registering an impressive performance the prior quarter. The PCE deflator was flat in the month, causing the year-on-year rate to slip one tick to 0.8%. The core PCE deflator was up 0.1%, which kept the annual core rate steady at 1.6%.

In August, **consumer confidence** firmed up, as reflected in a 4.4-point gain on the Conference Board measure, which reached 101.1, its best reading since September 2015. The present condition index rose 4.2 points to 123, a nine-year high. Although the expectations index also showed improvement by jumping 4.4 points to 86.4, it remained well below its pre-2007 recession long-term average of 95.2.

In June, the **S&P CoreLogic Case-Shiller National Home Price Index** inched up 0.2% m/m. However, the 20-city index retreated 0.07% on a seasonally adjusted basis, for a third monthly decline in a row. Based on the 20-city index, the annual home price inflation rate edged down to 5.1% from 5.2% a month ago.

In August, the **ISM Manufacturing Index** fell to 49.4 from 52.6 the prior month. Consensus was expecting a 52.1 print. Both the production and the new-orders sub-indices dropped significantly (from 55.4 to 49.6 and from 56.9 to 49.1, respectively). The fact that the new-orders sub-index dipped back below the 50-point threshold suggests that the manufacturing sector has yet to come to terms with the strong USD. Finally, the prices-paid index slid from 55.0 to 53.0 and the employment sub-index sagged from 49.4 to 48.3.

Factory orders rose 1.9% in July. The largest increase in 9 months followed declines of 1.8% in June and 1.2% in May. Orders for non-defense capital goods excluding aircraft increased 1.5%. Inventories edged up 0.1% in the month and shipments fell 0.2%. The inventories-to-shipments ratio was unchanged at 1.35% in July.

In July, **construction spending** was flat, disappointing consensus expectations for a 0.5% increase. However, June's growth figure was revised upward significantly from -0.6% to +0.9%. Greater spending in the residential sector (+0.4%) was offset by lower spending in the non-residential sector (-0.3%).

Unit labour cost growth in the second quarter was revised upward significantly from an initial 2.0% to 4.3%. The BEA also announced that wages and salaries grew by $92.6 billion instead of an originally reported $44.2 billion. Real hourly compensation rose at an annual rate of 1.1% in the quarter, revised from a previously reported decline of 1.1%. Nonfarm productivity decreased 0.6% following a one-tick downward revision.

World – In July, **Japan**'s retail sales rose 1.4% m/m. Industrial production was flat from the previous month.

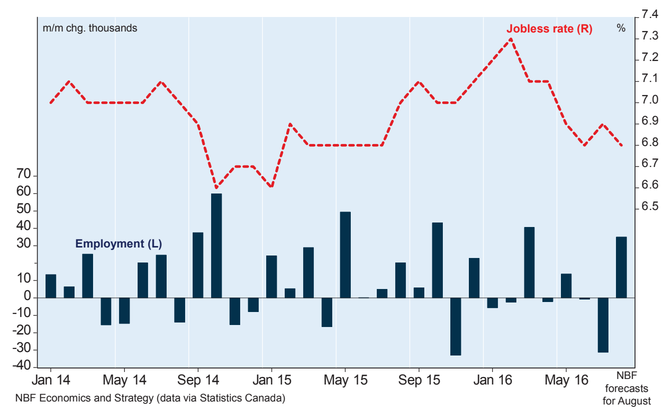
In the **euro area**, business and consumer surveys showed economic sentiment weakened slightly in August, as the indicator lost 1.1 points to 103.5. The unemployment rate was steady at 10.1% in July. The inflation flash estimate for August indicated that headline inflation (0.2 y/y) failed to accelerate. Core CPI notched down one tick from 0.9% y/y in July to 0.8% y/y in August.

What we'll be watching

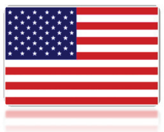
In Canada, the **Labour Force Survey** results for August will be released on Friday. The reported sharp decline in employment the prior month came as a bit of a shock. Full-time employment has reportedly fallen 112K since June, the biggest two-month drop since the 2009 recession. Is the employment situation as disastrous as what's depicted by the LFS? Highly unlikely in our view. True, economic growth was soft in the first half of the year. But there were temporary factors at play such as Alberta's wildfires and destocking in the U.S. (which affected Canada's exports), both of which are expected to reverse in the current quarter. And since employment creation and real GDP growth are contemporaneously correlated, one could expect the pace of job creation to pick up in Q3. So, statistical correction aside, economic fundamentals point to an improvement in the labour market. Accordingly, we're calling for a 35K increase in employment in August, which will more than make up for the prior month's slump. The jobless rate could fall back to 6.8% as a result. Looking at provinces, Ontario and Quebec should see better job creation particularly after the prior month's inexplicable slump in the education and trade sectors respectively. **Housing starts** could fall to roughly 185K in August. Indeed, the drop in residential building permit applications at the end of last quarter to the lowest since 2012, suggest a moderation in starts in Q3. The **Bank of Canada** will likely refrain from providing more stimulus at its meeting on Wednesday. Economic growth, while disappointing in the first half of 2016, was not far from the BoC's projections in last July's Monetary Policy Report. In any case, the central bank expects a sharp subsequent rebound aided in part by fiscal stimulus from the federal government. Moreover, with the Fed set to tighten policy, Canada is expected to get a lift through the loonie's depreciation. So, the central bank may want to keep dry the little powder it has left as insurance against an unexpected future shock to the economy.

	Previous	NBF forecasts
LFS employment (August m/m chg.)	-31K	**35K**
Unemployment rate (August)	6.9%	**6.8%**
Housing starts (August, saar)	195K	**185K**
Bank of Canada overnight rate	0.50%	**0.50%**

Canada: Employment rebound in August?
Employment and unemployment rate according to Labour Force Survey



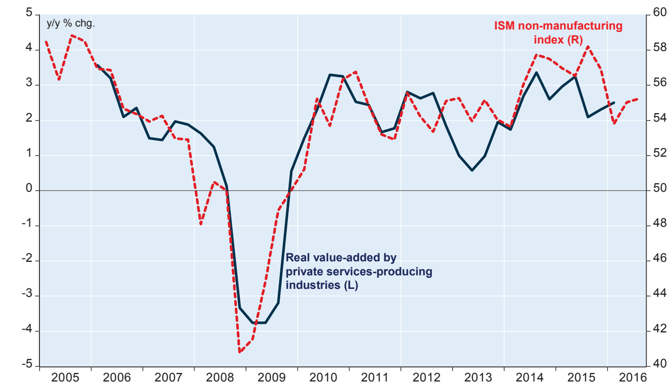
What we'll be watching



In the U.S., a holiday-shortened week will feature the **ISM non-manufacturing index** for August. Markit's services PMI suggested a moderation in the pace of growth in the services sector and, accordingly, we expect the non-manufacturing ISM to fall slightly, albeit remaining comfortably in expansion mode. On Wednesday, the Fed's **Beige book** will give latest information about the state of the economy.

	Previous	NBF forecast
ISM non-manufacturing (August)	55.5	**55.0**

U.S.: Services sector likely remained in expansion mode in August
Real value-added by private services-producing industries versus ISM non-manufacturing index



NBF Economics and Strategy (data via BEA, Datastream)

Elsewhere around the world, all eyes will be on the European Central Bank's statement and press conference on Thursday. It's unclear what new staff projections will show. But based on ongoing mediocre growth and low inflation, more ECB stimulus can be expected, perhaps via an enhanced asset purchase program and targeted loans. The Eurozone's retail sales for July will be published on Monday. In China, the G-20 meeting will garner attention. But August data on trade and inflation, both at the consumer and producer levels, will also be available.

WEEKLY ECONOMIC WATCH

Economic calendar - Canada & U.S.

NATIONAL BANK FINANCIAL MARKETS
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Economic releases & events

Day	Time	Country	Release	Period	Previous	Consensus Estimate	NBF Estimate
Monday Sep 5							
Tuesday Sep 6	9:45	US	Markit US Services PMI	Aug F	50.9	51.1	
	10:00	US	ISM Non-Manf. Composite	Aug	55.5	55.3	55.0
Wednesday Sep 7	7:00	US	MBA Mortgage Applications	Sep-02	2.80%	--	
	10:00	CA	Bank of Canada Rate Decision	Sep-07	0.50%	0.50%	0.50%
	10:00	CA	Ivey Purchasing Managers Index SA	Aug	57.0	--	
Thursday Sep 8	8:30	CA	New Housing Price Index MoM	Jul	0.10%	--	
	8:30	CA	Capacity Utilization Rate	2Q	81.40%	--	
	8:30	CA	New Housing Price Index YoY	Jul	2.50%	--	
	8:30	US	Initial Jobless Claims	Sep-03	263k	--	
	8:30	CA	Building Permits MoM	Jul	-5.50%	--	
	15:00	US	Consumer Credit	Jul	$12.320b	$15.100b	
Friday Sep 9	8:15	CA	Housing Starts	Aug	198.4k	--	185k
	8:30	CA	Unemployment Rate	Aug	6.90%	--	6.80%
	8:30	CA	Net Change in Employment	Aug	-31.2k	--	35.0k
	10:00	US	Wholesale Trade Sales MoM	Jul	1.90%	0.20%	

Earnings announcements

Day	Company	Time	Qtr	Cons. EPS
Monday Sep 5				
Tuesday Sep 6	Hudson's Bay Co	Aft-mkt	Q2 2017	-0.60
Wednesday Sep 7	Hewlett Packard Enterprise Co	Aft-mkt	Q3 2016	0.45
Thursday Sep 8	Descartes Systems Group Inc/The	Bef-mkt	Q2 2017	0.22
	Dominion Diamond Corp	Aft-mkt	Q2 2017	-0.14
	Enghouse Systems Ltd	Aft-mkt	Q3 2016	0.36
	Transcontinental Inc	0:00	Q3 2016	0.55
	North West Co Inc/The	0:00	Q2 2017	0.40
Friday Sep 9	BRP Inc/CA	6:00	Q2 2017	-0.09
	Kroger Co/The	10:00	Q2 2017	0.45

Source: Bloomberg

Annex - Economic tables

TABLE 1 - NORTH AMERICAN FINANCIAL INDICATORS

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Level	Monthly Growth (%) Past Month	Prev. Month	Month Before	Annualized Growth Average of the last 3 Mos.	6 Mos.	Since 12 Mos.	Year-to-date (3) ref.	prec.
UNITED STATES											
MONETARY AGGREGATES			($Billions)								
M1		July 2016	3228	-0.1	0.2	1.5	11.5	8.1	6.4	6.0	8.1
M2		July 2016	12892	0.6	0.6	0.6	7.9	7.5	7.1	6.5	5.8
CREDIT MEASURES											
Consumer Credit		June 2016	3634	0.3	0.5	0.5	6.2	5.4	5.8	6.3	6.9
Mortgage (Banks)	*	July 2016	4026	0.7	0.5	0.7	7.1	7.4	7.1	6.6	3.8
Business	*	July 2016	2064	0.4	0.3	0.7	8.9	11.2	9.5	10.0	11.8
CANADA											
MONETARY AGGREGATES											
M2+ gross	*	June 2016	1813	0.4	0.6	0.6	6.3	6.2	6.6	6.1	4.4
Personal Deposits (Banks) (2)	*	July 2016	892						7.6	6.8	3.4
CREDIT MEASURES											
Consumer	*	June 2016	556	0.3	0.4	0.4	3.7	2.3	2.7	2.5	3.1
Mortgages	*	June 2016	1396	0.5	0.4	0.4	5.2	6.2	6.2	6.3	5.5
Short - Term Business Loans	*	May 2016	499	0.6	1.4	-0.1	9.4	10.3	11.5	11.4	9.1
Business (S.T. + L.T.)	*	July 2016	1801	1.0	0.6	0.5	5.5	4.4	5.3	5.4	8.4
Private (Consumer+Business)	*	June 2016	3736	0.5	0.5	0.3	4.1	4.7	5.0	5.3	6.5
Gov. of Canada securities outstanding	*	July 2016	688	1.7	-1.0	1.3	9.4	2.8	3.9	3.9	-0.4

INTEREST AND EXCHANGE RATES

		Reference Thursday	Last day	1 week ago	2 w. ago	Average of last Thursdays 13 w.	26 w.	52 w.	13 w. ago	26 w. ago	52 w. ago
UNITED STATES											
INTEREST RATES											
Federal Funds Target Rate	*	1 Sept 16	0.50	0.50	0.50	0.50	0.50	0.43	0.50	0.50	0.25
Prime Rate	*	1 Sept 16	3.50	3.50	3.50	3.50	3.50	3.43	3.50	3.50	3.25
3-month Treasury Bills	*	1 Sept 16	0.33	0.33	0.29	0.29	0.27	0.22	0.28	0.27	0.02
2-year Bonds	*	1 Sept 16	0.79	0.78	0.70	0.70	0.76	0.78	0.89	0.86	0.67
5-year Bonds	*	1 Sept 16	1.18	1.17	1.11	1.11	1.21	1.34	1.36	1.35	1.48
10-year Bonds	*	1 Sept 16	1.57	1.58	1.53	1.56	1.69	1.89	1.81	1.83	2.16
30-year Bonds	*	1 Sept 16	2.23	2.26	2.26	2.30	2.47	2.68	2.59	2.66	2.94
Corp. High-yield (BofA ML Master II)	*	1 Sept 16	6.98	6.76	6.78	7.15	7.67	8.13	7.67	8.94	7.51
Corp. Invest. Grade (BofA ML Corp. BBB)	*	1 Sept 16	3.30	3.29	3.28	3.40	3.62	3.95	3.73	4.35	4.09
Spread											
Corp. High-yield - Treas. 10y.	*	1 Sept 16	5.41	5.19	5.25	5.60	5.98	6.24	5.86	7.11	5.35
Corp. Invest. grade - Treas. 10y.	*	1 Sept 16	1.73	1.71	1.74	1.84	1.93	2.06	1.91	2.52	1.93
Treasuries 30y. - 3-m. T.B.	*	1 Sept 16	1.90	1.93	1.97	2.02	2.20	2.46	2.31	2.39	2.92
EXCHANGE RATE											
FED Broad (Jan 97 = 100)	*	26 Aug 16	120.63	120.59	120.74	121.25	120.99	121.37	121.94	123.60	119.70
CANADA											
INTEREST RATES											
Prime Rate	*	1 Sept 16	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Target overnight rate	*	1 Sept 16	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
30-day commercial paper	*	1 Sept 16	0.88	0.87	0.88	0.87	0.89	0.86	0.88	0.86	0.75
3-month Treasury Bills	*	1 Sept 16	0.51	0.50	0.50	0.50	0.50	0.47	0.52	0.46	0.37
1-year Treasury Bills	*	1 Sept 16	0.56	0.52	0.52	0.54	0.55	0.52	0.60	0.52	0.42
5-year Bonds	*	1 Sept 16	0.64	0.70	0.66	0.62	0.68	0.72	0.72	0.72	0.74
10-year Bonds	*	1 Sept 16	1.00	1.07	1.04	1.08	1.19	1.30	1.30	1.25	1.45
30-year Bonds	*	1 Sept 16	1.62	1.67	1.66	1.70	1.85	2.01	1.95	2.05	2.21
SPREADS											
Prime - 30d. Commercial paper	*	1 Sept 16	1.82	1.83	1.82	1.83	1.81	1.84	1.82	1.84	1.95
Long Term - Short Term	*	1 Sept 16	1.11	1.17	1.16	1.20	1.35	1.54	1.43	1.59	1.84
CANADA UNITED STATES SPREADS											
3-month T-Bills	*	1 Sept 16	0.18	0.17	0.21	0.21	0.23	0.25	0.24	0.19	0.35
Long Term Bonds	*	1 Sept 16	-0.61	-0.59	-0.60	-0.60	-0.61	-0.67	-0.64	-0.61	-0.73
EXCHANGE RATE											
US$ /CDN$ (GTIS)	*	1 Sept 16	0.7632	0.7739	0.7824	0.7724	0.7716	0.7555	0.7635	0.7462	0.7590
Trade-weighted (1990=100) G-10	*	1 Sept 16	89.1	90.0	91.0	90.0	90.0	88.4	89.0	87.7	89.2

STOCK INDICES

		Reference Thursday	Level	Monthly Growth (%) Past Month	Prev. Month	Month Before	Growth Over (%) 3 Months	6 Months	1 Year	Year-to-date ref.	prec.
Dow Jones (U.S.)	*	1 Sept 16	18419.3	0.1	2.5	0.9	3.5	9.2	14.7	3.0	-9.7
S&P 500 (U.S.)	*	1 Sept 16	2170.9	0.0	3.2	0.2	3.4	9.7	13.4	3.2	-6.8
NASDAQ (U.S.)	*	1 Sept 16	5227.2	0.8	6.6	-1.8	5.6	11.5	12.8	1.4	-1.9
S&P/TSX (Can.)	*	1 Sept 16	14683.9	0.7	3.7	0.0	4.4	13.1	8.9	7.7	-7.8

* Update (1) Commercial Banks (2) Not seasonnally adjusted (3) compared to same period of the preceeding year, unless otherwise stated
Source: Datastream

Annex - Economic tables

TABLE 2 - UNITED STATES ECONOMIC INDICATORS

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Monthly Growth (%) Past Month	Prev. Month	Month Before	Annualized Growth (%) Average of the last 3 Mos.	6 Mos.	12 Mos.	Since 12 Mos.	Year-to-date (9) ref.	prec.
Index of 12 Leading Indicators		July 2016	0.4	0.3	-0.2	2.1	0.7	2.2	1.2	1.5	5.1
Consumer Confidence Index (1985=100)	*	Aug 2016	101.1	96.7	97.4	98.4	96.4	96.7	101.3	96.3	98.1
I.S.M. Manufacturing Index (level)	*	Aug 2016	49.4	52.6	53.2	51.7	51.5	50.2	51.0	50.9	52.5
- Non-manufacturing (level)		July 2016	59.3	59.5	55.1	58.0	58.4	58.9	63.4	57.7	60.9
DOMESTIC DEMAND											
Sales new autos & light trucks (000,000)	*	Aug 2016	17.0	17.9	16.7	17.2	17.2	17.5	17.8	17.3	17.1
Retail Sales		July 2016	0.0	0.8	0.2	5.8	2.4	2.4	2.3	2.6	2.5
- Motor vehicle		July 2016	1.1	0.5	-0.3	4.0	-0.9	4.2	2.4	2.7	7.0
- Other		July 2016	-0.3	0.9	0.3	6.3	3.3	1.9	2.2	2.6	2.2
Consumer Spending: Total ($ current)	*	July 2016	0.3	0.5	0.3	-7.4	0.2	2.5	-6.8	2.0	3.8
Total ($ constant)	*	July 2016	0.3	0.4	0.2	4.3	2.8	2.7	3.0	2.6	3.5
Personal Income	*	July 2016	0.4	0.3	0.3	4.7	2.7	3.6	3.3	3.4	4.7
Personal Savings Rate (3)	*	July 2016	5.7	5.5	5.8	5.7	5.8	5.9	5.8	5.9	5.7
New Orders		June 2016	-1.5	-1.2	1.8	3.8	-3.3	-5.2	-5.6	-3.2	-5.5
- Non-Defence Capital Goods exc. Aircraft		July 2016	1.6	0.5	-0.6	-1.1	-6.3	-4.2	-4.9	-4.3	-2.5
Unfilled Orders		June 2016	-0.1	-0.9	0.0	-0.8	-1.4	-2.3	-2.1	-1.9	4.8
Business Inventories		June 2016	0.2	0.2	0.1	2.1	0.3	1.5	0.5	1.0	2.8
Inventories / Shipments Businesses		June 2016	1.39	1.40	1.40	1.40	1.40	1.40	1.37	1.40	1.37
Manufacturers' Shipments		June 2016	0.7	0.1	0.4	2.9	-3.7	-4.2	-3.5	-3.4	-3.8
Manufacturers' Inventories		June 2016	-0.1	-0.1	-0.1	-1.7	-3.4	-2.5	-3.7	-3.0	0.0
Inventories / Shipments Manuf.		June 2016	1.35	1.36	1.36	1.36	1.36	1.36	1.35	1.36	1.36
Housing Starts (000) (1)		July 2016	1211	1186	1128	1175	1168	1155	1147	1162	1082
New Home Sales, single-family		July 2016	12.4	1.7	0.4	50.6	30.4	10.0	31.3	12.0	20.0
Existing Home Sales, s.f. & condos		July 2016	-3.2	1.1	1.5	16.3	3.4	3.9	-1.6	3.6	7.8
PRODUCTION											
Industrial Production		July 2016	0.7	0.4	-0.2	1.4	-1.5	-1.1	-0.5	-1.2	1.2
- Consumer Goods		July 2016	0.6	0.5	-0.4	2.7	0.6	1.0	0.7	0.8	1.5
- Hitech goods		July 2016	1.0	0.3	1.0	8.8	5.0	1.9	5.7	3.2	3.6
EXTERNAL AND FISCAL BALANCES											
Exports	*	July 2016	1.9	0.8	-0.1	7.0	-2.4	-5.7	-2.0	-4.8	-3.4
Imports	*	July 2016	-0.8	1.9	1.5	9.1	-2.9	-4.5	-1.8	-4.0	-2.6
Merch. Trade Balance ($ billions)	*	July 2016	-39.5	-44.7	-42.0	-42.0	-41.2	-41.7	-39.9	-41.4	-41.5
Real merchandise trade balance	*	July 2016	-58.3	-64.5	-60.9	-61.2	-60.1	-60.4	-56.8	-60.3	-58.4
Federal budget balance last 12 months (2)		July 2016	-487.2	-523.6	-479.3				-488.4	-298.1	-288.9
INFLATION AND COSTS											
Consumer Prices		July 2016	0.0	0.2	0.2	2.6	0.9	0.7	0.8	1.0	0.0
- Excluding Food and Energy		July 2016	0.1	0.2	0.2	2.0	2.4	2.1	2.2	2.2	1.7
PCE Deflator exc. Food and Energy	*	July 2016	0.1	0.1	0.2	1.6	1.8	1.5	1.6	1.6	1.4
Producer price index for final demand		July 2016	-0.4	0.5	0.4	2.7	0.3	-0.5	-0.2	0.0	-0.7
Average Hourly Earnings (4)	*	Aug 2016						2.4	2.5	2.5	2.0
Industrial Capacity Utilization Rate		July 2016	75.9	75.4	75.1	75.5	75.3	75.7	76.7	75.4	77.1
Median Price, Single-Family Homes (5)		July 2016	-1.5	4.0	3.6	46.8	10.7	5.8	5.4	5.4	7.3
LABOUR MARKET											
New Jobs (000) (6)	*	Aug 2016	151	275	271	232	175	204	2447	1452	1749
- Manufacturing (000)	*	Aug 2016	-14	6	8	0	-7	-3	-37	-39	24
- Services (000)	*	Aug 2016	175	264	276	238	189	201	2409	1530	1679
Average weekly hours (6)	*	Aug 2016	-0.3	0.5	0.2	1.9	1.0	1.8	1.4	1.8	2.3
Civilian Unemployment Rate (7)	*	Aug 2016	4.9	4.9	4.9	4.9	4.9	4.9	5.1	4.9	5.4

NATIONAL ACCOUNTS AND OTHER QUARTERLY INDICATORS		Annualized Growth Rates Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q2 2015	2014	2013	2012
Real GDP Chained 2009 dollars		1.1	0.8	0.9	2.0	2.6	2.0	2.4	2.2	2.3
Consumption		4.4	1.6	2.3	2.7	2.9	2.4	3.2	2.9	1.5
Residential Construction		-7.7	7.8	11.5	12.6	14.8	13.4	11.7	3.5	11.9
Business Investment		-0.9	-3.4	-3.3	3.9	1.6	1.3	2.1	6.0	3.5
Government Spending		-1.5	1.6	1.0	1.9	3.2	2.6	1.8	-0.9	-2.9
Exports		1.2	-0.7	-2.7	-2.8	2.8	-5.8	0.1	4.3	3.5
Imports		0.3	-0.6	0.7	1.1	2.9	5.6	4.6	4.4	1.1
Change in Inventories (1) (2)		-12.4	40.7	56.9	70.9	93.8	114.4	84.0	57.7	78.7
GDP Deflator		2.3	0.5	0.9	1.2	2.2	0.0	1.1	1.8	1.6
Personal Disposable Income		2.3	2.1	3.0	3.3	3.9	2.0	3.5	3.5	-1.4
		Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2014	2013	2012
Labour Productivity (4)	*	-0.6	-0.6	-2.4	2.0	1.2	1.1	0.9	0.8	0.3
Unit Labor Costs (4)	*	4.3	-0.3	5.7	0.8	3.6	0.7	2.0	2.0	1.0
		Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	2014	2013	2012
Current Account (current $)		-498.7	-453.6	-492.4	-447.6	-458.2	-430.9	-463.0	-392.1	-366.4
as a % of GDP		-2.7	-2.5	-2.7	-2.5	-2.6	-2.4	-2.6	-2.3	-2.2
		Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2014	2013	2012
Corporate Profits (8)		-4.7	14.1	-22.3	-3.2	-11.4	-6.8	-3.0	5.9	1.7
as a % of GDP		10.9	11.1	10.8	11.6	11.7	12.2	11.6	12.0	12.5

* Update
Source: Datastream
(1) Annual Rate
(2) $ Billions
(3) Personal Savings as a % of Personal Disposable Income
(4) Nonfarm Business
(5) Existing Homes Sold
(6) Non-Farm Payroll Survey
(7) Household Survey
(8) Current $ and before taxes
(9) Compated to same period of the preceeding year, unless otherwise stated

Annex - Economic tables

TABLE 3 - CANADIAN ECONOMIC INDICATORS

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Monthly Growth (%) Past Month	Prev. Month	Month Before	Annualized Growth (%) Average of the last 3 Mos.	6 Mos.	12 Mos.	Since 12 Mos.	Year-to-date (6) ref.	prec.
CFIB Business Barometer ®		Aug 2016	3.7	-3.9	3.0	19.6	5.2	-7.5	5.5	-4.9	-7.3
DOMESTIC DEMAND											
Retail Sales ($ current)		June 2016	-0.1	0.0	0.8	1.5	3.4	3.2	2.7	4.5	1.4
- Motor vehicle and parts dealers		June 2016	2.0	-2.4	-0.6	-11.3	5.6	8.1	6.0	9.7	4.6
- Other		June 2016	-0.8	0.8	1.3	6.3	2.7	1.6	1.6	2.8	0.7
Retail Sales ($ constant)		June 2016	-0.3	-0.2	0.0	-2.3	3.0	1.9	1.7	2.9	1.5
Manufacturer's Shipments ($ current)		June 2016	0.8	-1.0	0.9	-5.8	-2.9	-0.7	-1.9	0.3	-1.4
New Orders		June 2016	1.3	0.4	7.6	14.8	-2.4	-2.0	4.4	-0.7	-5.1
- Durables		June 2016	2.1	0.7	13.3	22.4	0.4	0.0	12.4	1.3	-3.8
Unfilled Orders		June 2016	1.6	1.3	0.6	-2.8	-10.3	-1.9	-3.4	-8.1	11.7
Manufacturer's Inventories		June 2016	-0.2	-0.2	-0.6	-5.1	-4.8	1.0	-2.3	-1.0	0.9
Inventories / Shipments Ratio		June 2016	1.40	1.42	1.41	1.41	1.41	1.41	1.41	1.41	1.43
Manufacturer's Shipments ($ constant)		June 2016	0.5	-2.4	1.3	-4.6	0.8	-0.4	-1.0	1.1	0.1
Housing Starts (000) (1)		July 2016	195.0	218.3	186.4	199.9	201.4	201.0	190.7	197.4	184.8
Number of existing homes sold (MLS)		July 2016	-1.3	-1.0	-1.7	-1.7	10.5	7.2	4.6	9.0	6.0
PRODUCTION											
Real Domestic Product	*	June 2016	0.6	-0.6	0.1	-1.2	1.0	1.0	1.1	1.3	1.1
- Manufacturing	*	June 2016	1.8	-2.5	0.4	-4.8	0.2	0.3	0.9	0.8	0.9
- Construction	*	June 2016	-0.4	-0.8	-0.1	-2.9	-2.6	-5.0	-3.3	-3.8	-2.3
Services	*	June 2016	0.2	0.2	0.2	2.0	2.4	2.1	2.3	2.3	2.2
EXTERNAL, FISCAL AND EXCHANGE BALANCES											
Exports	*	July 2016	3.4	0.1	-0.8	-2.1	-11.2	-1.7	-7.0	-2.5	-0.7
Imports	*	July 2016	-0.1	0.8	-0.5	0.6	-4.4	1.1	-2.6	-0.2	5.5
- Capital Goods	*	July 2016	-2.6	-1.7	-4.4	-12.0	-5.8	1.8	-8.4	-1.6	9.2
Merch. Trade Balance ($ millions)	*	July 2016	-2,488	-3,966	-3,636	-3,363	-3,214	-2,449	-479	-2,853	-1,863
Change in Official Reserves		July 2016	-617	-777	376	-339	287	494	5,923	3,151	6,540
Level (US$): $82.9 billion										Fiscal year	
Fed. budget balance last 12 months ($ billions)	*	June 2016	-8.0	-5.8	-3.8				8.9	-1.0	5.0
INFLATION AND COSTS											
Consumer Prices		July 2016	-0.2	0.2	0.4	3.7	2.1	1.4	1.3	1.5	1.0
- Excluding Food and Energy		July 2016	-0.1	0.1	0.4	3.1	2.7	1.8	2.1	1.9	1.9
- Core inflation (4)		July 2016	0.0	0.0	0.3	2.6	2.7	2.1	2.1	2.1	2.3
Average Hourly Earnings (2)		July 2016						2.8	1.8	2.6	2.5
Price of New Housing icluding land		June 2016	0.1	0.7	0.3	3.8	2.3	1.8	2.5	2.1	1.2
Avg. Price of Existing Homes Sold (MLS)		July 2016	-0.6	-0.3	-0.1	-2.6	15.1	11.8	10.6	13.8	7.8
Industrial Prices (1992=100)	*	July 2016	0.2	0.7	1.2	4.8	-2.2	-0.6	-1.3	-0.9	-1.3
LABOUR MARKET											
Labour Force		July 2016	-0.1	-0.1	-0.1	-0.8	0.4	1.0	0.5	0.9	0.6
Job creation (000)		July 2016	-31.2	-0.7	13.8	-6.0	3.0	5.9	71.4	12.4	96.4
- Manufacturing		July 2016	5.6	-12.9	12.2	1.6	-6.0	-1.6	-18.8	-46.8	9.4
- Services		July 2016	-26.9	45.5	-5.2	4.5	13.1	10.5	126.1	98.3	144.6
- Full Time		July 2016	-71.4	-40.1	60.6	-17.0	-11.7	-2.8	-33.1	-64.3	116.2
- Part Time		July 2016	40.2	39.4	-46.8	10.9	14.7	8.7	104.5	76.7	-19.8
Unemployment Rate		July 2016	6.9	6.8	6.9	6.9	7.0	7.0	6.8	7.0	6.8

NATIONAL ACCOUNTS AND OTHER QUARTERLY INDICATORS		Annualized Growth Rates Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015	2014	2013
GDP Chained (2007) $	*	-1.6	2.5	0.5	2.2	-0.5	-1.0	1.1	2.5	2.2
Household consumption	*	2.2	2.4	1.8	2.3	2.3	-0.1	1.9	2.6	2.4
Business Investments, non-res., mach. & equip.	*	-1.9	-8.1	-12.5	-11.4	-15.5	-23.2	-10.6	0.0	2.5
-Machinery and Equipment	*	1.9	-0.7	-8.1	-6.7	-15.7	-5.1	-2.4	1.0	-6.7
Residential Construction	*	1.2	11.3	1.8	2.6	0.1	6.6	3.8	2.5	-0.4
Government Expenditures	*	4.2	2.7	0.4	0.6	2.8	4.7	1.7	0.3	0.3
Government Fixed Capital Formation	*	2.7	-1.3	-4.0	-1.6	-0.6	1.9	2.5	4.0	-6.4
Final Domestic Demand	*	2.2	1.8	-0.3	0.3	-0.1	-2.2	0.3	1.6	1.3
Exports	*	-16.7	8.0	-1.5	9.0	1.2	0.9	3.4	5.3	2.8
Imports	*	1.1	1.6	-7.0	-2.8	-1.8	0.9	0.3	1.8	1.5
Change in Inventories, chained (2007) $ (5)	*	0.5	-9.0	-5.6	-0.2	6.8	14.6	3.9	9.9	15.5
Real Disposible Income	*	4.6	3.4	1.1	-2.6	7.4	0.8	2.6	1.2	3.4
Personal savings Rate	*	4.2	4.1	4.2	4.3	5.2	4.8	4.6	4.2	5.4
GDP Price Deflator	*	1.4	-1.4	0.0	0.0	1.8	-3.2	-0.5	1.7	1.6
Corporate Profits (nominal)	*	-33.0	-2.7	-19.1	-5.1	-2.6	-44.1	-15.8	7.0	0.8
as a % of GDP	*	9.8	10.9	11.0	11.6	11.8	11.9	11.6	13.8	13.5
Indust. Capacity Utilization Rate	*	n.a.	81.4	80.9	81.2	80.1	81.4	80.9	82.1	80.8
Labour Productivity, Business Sector	*	-1.3	1.4	-0.1	0.6	-3.9	-2.7	-0.4	2.5	1.3
Unit Labour Cost, Business Sector	*	3.0	-1.9	3.5	-1.5	2.2	5.7	1.9	1.1	1.6
		Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015	2014	2013
Current Account (current $) (5)	*	-79.4	-66.4	-62.8	-61.8	-58.0	-67.9	-62.6	-44.9	-59.7
as a % of GDP	*	-4.0	-3.3	-3.2	-3.1	-2.9	-3.4	-3.2	-2.3	-3.0

Sources: Datasteam and Canadian Real Estate Association

* Update

(1) Annual Rate
(2) Not Seasonally Adjusted
(3) Current and before taxes
(4) C.P.I. excluding the 8 most volatile components and the effect of indirect taxes
(5) Annual rate, $ billions
(6) Compared to same period of the preceeding year, unless otherwise stated

Annex - Economic tables

TABLE 4 - PROVINCIAL ECONOMIC INDICATORS

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Monthly Growth (%) Past Month	Monthly Growth (%) Prev. Month	Monthly Growth (%) Month Before	Annualized Growth (%) Average of the last 3 Mos.	Annualized Growth (%) Average of the last 6 Mos.	Annualized Growth (%) Average of the last 12 Mos.	Since 12 Mos.	Year-to-date (3) ref.	Year-to-date (3) prec.
QUEBEC											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	-0.8	0.9	0.1	0.7	5.0	2.9	3.5	4.5	-0.1
Manufacturing Shipments		June 2016	0.2	0.2	1.5	-5.3	-7.3	-2.2	-6.5	-3.0	0.5
Housing Starts (000) (2)		July 2016	32.5	38.2	38.6	36.4	36.6	38.5	42.0	36.5	33.7
Number of existing homes sold (MLS)		July 2016	1.1	0.0	0.1	6.7	5.3	5.4	6.6	6.2	5.6
Wages and Salaries	*	June 2016	0.5	0.7	-1.2	1.1	3.6	2.2	2.9	2.6	2.4
Value of merchandise exports (1)	*	July 2016						-0.6	-7.8	-3.4	11.5
CFIB Business Barometer ®		Aug 2016	1.3	4.1	1.9	6.3	10.2	5.7	13.3	9.4	-3.4
PRICES											
Consumer Price Index (1)		July 2016	-0.3	-0.2	0.2	1.2	1.4	0.9	0.2	0.8	1.1
Average Hourly Earnings (1)		July 2016						3.0	2.3	3.0	1.5
Price of New Housing inc. Land (1)		June 2016	0.0	0.0	0.0	0.4	0.8	0.5	0.8	0.7	0.0
Avg. Price of Existing Homes Sold (MLS)		July 2016	-0.8	0.5	1.1	4.7	1.6	2.2	2.4	2.5	1.2
LABOR MARKET											
Job creation (000)		July 2016	-4.0	-11.2	21.6	2.1	0.1	0.8	10.0	-2.8	35.8
Unemployment rate		July 2016	7.0	7.0	7.1	7.0	7.3	7.5	7.7	7.3	7.6
Participation rate		July 2016	64.1	64.2	64.5	64.2	64.4	64.6	64.8	64.4	64.8
ONTARIO											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	0.0	-0.1	0.3	-0.6	3.8	5.3	3.3	6.0	3.9
Manufacturing Shipments		June 2016	1.4	-1.6	0.1	-12.3	1.7	4.8	4.0	6.5	0.5
Housing Starts (000) (2)		July 2016	75.4	87.9	69.8	77.7	78.1	78.0	51.3	76.0	60.3
Number of existing homes sold (MLS)		July 2016	-0.5	0.2	-0.1	9.9	11.6	8.0	7.4	8.3	11.0
Wages and Salaries	*	June 2016	0.6	0.2	0.2	4.4	4.1	3.9	4.3	3.9	3.9
Value of merchandise exports (1)	*	July 2016						9.5	-7.7	7.5	10.1
CFIB Business Barometer ®		Aug 2016	2.4	-0.5	-6.6	-0.3	3.5	-4.6	2.3	-2.9	-1.3
PRICES											
Consumer Price Index (1)		July 2016	-0.1	0.2	0.4	4.2	2.8	1.5	1.5	1.8	1.3
Average Hourly Earnings (1)		July 2016						3.2	1.4	3.0	2.8
Price of New Housing inc. Land (1)		June 2016	0.4	1.4	0.5	7.7	4.0	3.5	4.9	4.0	2.0
Avg. Price of Existing Homes Sold (MLS)		July 2016	0.7	1.4	1.4	14.7	17.4	10.5	13.6	12.4	7.4
LABOR MARKET											
Job creation (000)		July 2016	-36.1	-4.2	21.6	-6.2	-3.2	2.0	23.9	0.5	61.1
Unemployment rate		July 2016	6.4	6.4	6.6	6.5	6.7	6.7	6.5	6.7	6.7
Participation rate		July 2016	64.6	65.0	65.2	64.9	65.1	65.2	65.2	65.2	65.2
NEWFOUNDLAND & LABRADOR											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	0.6	1.0	0.9	5.5	2.4	1.5	1.6	2.9	0.2
Manufacturing Shipments		June 2016	-0.1	-7.6	1.3	8.9	-35.7	-11.9	-32.7	-22.2	-9.6
Housing Starts (000) (2)		July 2016	1.4	1.4	1.6	1.5	1.4	1.6	1.8	1.7	1.9
Number of existing homes sold (MLS)		July 2016	-11.1	7.8	-8.2	-1.8	7.2	2.7	-10.2	1.7	3.6
Wages and Salaries	*	June 2016	0.9	-1.4	0.6	3.0	-0.9	1.1	-0.4	-0.2	3.7
Value of merchandise exports (1)	*	July 2016						-16.9	19.8	-17.3	-37.1
CFIB Business Barometer ®		Aug 2016	-24.4	9.3	2.5	-12.8	-45.4	-13.8	-33.7	-17.3	-14.7
PRICES											
Consumer Price Index (1)		July 2016	0.9	1.1	0.5	8.3	3.4	1.5	3.4	2.1	0.2
Average Hourly Earnings (1)		July 2016						-1.4	-1.6	-1.1	-1.1
Price of New Housing inc. Land (1)		June 2016	0.0	0.1	0.0	-0.1	0.2	0.4	0.5	0.4	0.1
Avg. Price of Existing Homes Sold (MLS)		July 2016	-5.9	6.3	-2.2	-7.0	-9.4	-4.3	-7.3	-7.1	-4.5
LABOR MARKET											
Job creation (000)		July 2016	-5.0	-1.8	1.6	-1.7	0.3	-0.4	-4.3	-0.8	-1.3
Unemployment		July 2016	12.8	12.0	11.7	12.2	12.7	13.1	11.9	12.9	12.6
Participation rate		July 2016	59.8	60.6	60.9	60.4	60.5	60.9	60.6	60.6	61.0
PRINCE EDWARD ISLAND											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	0.2	0.6	0.9	8.5	6.8	4.6	4.5	6.6	2.1
Manufacturing Shipments		June 2016	-12.9	1.2	1.4	-22.8	-12.8	-1.5	-16.0	-2.1	3.9
Housing Starts (000) (2)		July 2016	0.4	0.3	1.0	0.6	0.5	0.6	0.5	0.5	0.4
Number of existing homes sold (MLS)		July 2016	-6.8	-5.9	7.5	29.5	34.6	27.8	13.9	25.7	13.5
Wages and Salaries	*	June 2016	0.6	0.4	-0.1	3.4	2.1	4.5	3.9	4.2	2.4
Value of merchandise exports (1)	*	July 2016						7.3	8.0	1.8	19.0
CFIB Business Barometer ®		Aug 2016	2.5	1.1	-9.3	4.5	24.4	-1.4	4.7	-2.8	19.1
PRICES											
Consumer Price Index (1)		July 2016	-0.5	0.3	0.2	3.5	2.2	0.6	0.6	1.1	-0.9
Average Hourly Earnings (1)		July 2016						1.2	2.8	0.7	2.6
Price of New Housing inc. Land (1)		June 2016	0.0	-0.4	0.1	0.9	1.3	0.2	-0.1	0.2	0.0
Avg. Price of Existing Homes Sold (MLS)		July 2016	-6.1	11.3	-2.4	13.7	21.4	2.6	5.4	6.6	1.2
LABOR MARKET											
Job creation (000)		July 2016	0.0	-0.4	0.7	0.1	-0.2	-0.1	-1.0	-1.4	-0.9
Unemployment		July 2016	9.6	11.0	10.4	10.3	10.8	10.3	11.3	10.6	10.8
Participation rate		July 2016	64.7	65.8	65.8	65.4	65.8	66.4	67.4	65.8	67.9

Sources: Datastream and Canadian Real estate Association

* Update (1) Not Seasonally Adjusted (2) Annual Rate (3) Compared to sdame priod of the preceeding year, unless otherwise stated

Annex - Economic tables

TABLE 4 - PROVINCIAL ECONOMIC INDICATORS (Continues from page A4)

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Monthly Growth (%) Past Month	Prev. Month	Month Before	Annualized Growth (%) Average of the last 3 Mos.	6 Mos.	12 Mos.	Since 12 Mos.	Year-to-date (3) ref.	prec.
NOVA SCOTIA											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	-0.8	0.1	0.4	0.4	1.5	3.1	0.5	5.2	-2.3
Manufacturing Shipments		June 2016	-2.3	5.4	-2.1	3.6	-7.6	7.1	0.7	4.5	3.8
Housing Starts (000) (2)		July 2016	4.3	5.0	4.7	4.6	3.8	3.3	6.0	3.5	4.4
Number of existing homes sold (MLS)		July 2016	-3.2	-2.6	-1.0	-13.9	9.6	2.3	1.2	3.8	4.7
Wages and Salaries	*	June 2016	1.1	-0.8	-0.3	0.0	1.7	2.5	2.0	2.1	1.6
Value of merchandise exports (1)	*	July 2016						7.2	-8.3	0.1	-7.7
CFIB Business Barometer ®		Aug 2016	6.6	-4.9	-3.8	-22.6	-14.1	2.5	-5.2	-1.3	10.9
PRICES											
Consumer Price Index (1)		July 2016	-0.5	0.2	0.5	4.1	2.2	0.9	0.8	1.1	0.3
Average Hourly Earnings (1)		July 2016						0.5	3.3	1.7	1.9
Price of New Housing inc. Land (1)		June 2016	0.0	0.1	0.0	0.2	-0.1	0.4	-0.2	0.1	0.8
LABOR MARKET											
Job creation (000)		July 2016	-1.4	0.6	-3.6	-1.5	0.3	-0.3	-3.9	-0.6	-1.9
Unemployment		July 2016	8.4	8.2	8.3	8.3	8.6	8.5	8.2	8.6	8.7
Participation rate		July 2016	61.6	61.7	61.7	61.7	62.0	62.1	62.2	61.9	62.4
NEW BRUNSWICK											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	1.8	-1.3	3.3	5.0	2.4	5.2	3.8	6.7	1.0
Manufacturing Shipments		June 2016	-4.1	-6.3	7.6	4.7	0.9	-12.9	-16.7	-11.3	-5.0
Housing Starts (000) (2)		July 2016	1.5	1.6	2.9	2.0	1.6	1.9	2.4	1.6	1.7
Number of existing homes sold (MLS)		July 2016	1.2	2.4	4.3	61.5	-10.3	5.4	5.8	5.1	7.1
Wages and Salaries	*	June 2016	0.1	0.4	0.1	4.5	3.1	3.5	4.7	3.6	2.5
Value of merchandise exports (1)	*	July 2016						-17.6	-9.7	-19.0	-0.5
CFIB Business Barometer ®		Aug 2016	-0.5	-2.5	13.8	69.2	-4.0	-2.5	3.2	-2.3	4.3
PRICES											
Consumer Price Index (1)		July 2016	0.7	0.3	0.3	5.4	3.2	1.4	2.5	1.9	0.4
Average Hourly Earnings (1)		July 2016						0.3	1.1	0.2	4.8
Price of New Housing inc. Land (1)		June 2016	0.0	0.0	0.0	0.0	-0.1	0.3	0.1	0.4	-0.5
Avg. Price of Existing Homes Sold (MLS)		July 2016	0.3	-0.9	2.1	16.9	1.2	0.2	-2.4	0.5	-1.5
LABOR MARKET											
Job creation (000)		July 2016	5.0	1.2	-0.9	1.8	0.5	0.6	6.7	1.8	-3.5
Unemployment		July 2016	9.7	10.3	9.9	10.0	9.9	9.5	11.0	9.8	10.3
Participation rate		July 2016	63.0	62.5	62.0	62.5	62.2	62.2	62.9	62.2	63.0
MANITOBA											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	-0.2	0.8	-1.0	-3.8	5.7	4.6	4.7	6.7	0.3
Manufacturing Shipments		June 2016	-0.2	-4.4	2.0	-12.3	-1.2	-0.3	-2.0	0.9	-1.6
Housing Starts (000) (2)		July 2016	8.0	5.2	5.7	6.3	5.3	5.4	8.7	5.3	5.6
Number of existing homes sold (MLS)		July 2016	1.8	-0.4	-5.1	-9.5	9.2	5.2	4.7	6.4	0.5
Wages and Salaries	*	June 2016	0.6	-0.5	0.2	0.6	1.8	3.0	1.9	2.6	3.2
Value of merchandise exports (1)	*	July 2016						2.9	2.6	0.7	-0.4
CFIB Business Barometer ®		Aug 2016	-0.6	-2.4	0.1	9.5	-18.0	-1.2	4.2	-1.1	-7.7
PRICES											
Consumer Price Index (1)		July 2016	-0.8	0.9	0.6	5.8	1.6	1.6	1.5	1.5	0.9
Average Hourly Earnings (1)		July 2016						3.7	2.2	3.1	2.7
Price of New Housing inc. Land (1)		June 2016	0.2	0.2	0.1	2.2	1.5	1.6	1.5	1.7	0.8
Avg. Price of Existing Homes Sold (MLS)		July 2016	-0.1	1.6	0.2	0.4	3.7	1.8	0.6	2.3	1.5
LABOR MARKET											
Job creation (000)		July 2016	0.2	0.0	2.9	1.0	1.3	0.3	4.2	2.3	-2.7
Unemployment		July 2016	6.2	6.1	5.9	6.1	6.1	5.9	5.6	6.1	5.6
Participation rate		July 2016	67.8	67.9	67.7	67.8	67.8	67.9	67.8	67.7	68.4
SASKATCHEWAN											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	2.1	-0.5	1.0	4.8	3.4	-1.1	2.7	1.1	-3.7
Manufacturing Shipments		June 2016	4.3	3.1	0.9	11.0	1.7	-7.1	2.9	-2.0	-11.5
Housing Starts (000) (2)		July 2016	6.0	4.7	3.6	4.8	4.7	4.8	5.4	4.7	5.3
Number of existing homes sold (MLS)		July 2016	2.8	-3.0	-2.8	-11.1	-12.7	-7.9	-6.6	-5.9	-11.1
Wages and Salaries	*	June 2016	0.4	-0.5	0.3	-0.5	-0.2	0.5	0.2	-0.1	2.9
Value of merchandise exports (1)	*	July 2016						-16.6	-17.9	-23.1	-7.1
CFIB Business Barometer ®		Aug 2016	7.4	-6.6	6.5	42.7	-17.1	-5.9	-11.2	-3.0	-18.3
PRICES											
Consumer Price Index (1)		July 2016	-0.4	0.5	0.3	3.3	1.7	1.5	1.1	1.4	1.5
Average Hourly Earnings (1)		July 2016						2.8	2.8	3.1	2.6
Price of New Housing inc. Land (1)		June 2016	-0.1	-0.1	-0.2	-2.3	-2.0	-1.3	-1.7	-1.6	-0.5
Avg. Price of Existing Homes Sold (MLS)		July 2016	1.4	0.9	-0.1	4.8	-1.0	-1.5	-0.8	-1.5	0.1
LABOR MARKET											
Job creation (000)		July 2016	-0.5	1.0	2.2	0.9	-0.6	0.0	0.1	-5.7	-5.4
Unemployment		July 2016	6.3	6.1	6.0	6.1	6.1	5.8	5.2	6.1	4.8
Participation rate		July 2016	69.9	69.9	69.7	69.8	69.8	70.1	69.7	69.8	69.9

Sources: Datastream and Canadian Real estate Association

* Update (1) Not Seasonally Adjusted (2) Annual Rate (3) Compared to sdame priod of the preceeding year, unless otherwise stated

Annex - Economic tables

TABLE 4 - PROVINCIAL ECONOMIC INDICATORS *(Continues from page A5)*

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Monthly Growth (%) Past Month	Prev. Month	Month Before	Annualized Growth (%) Average of the last 3 Mos.	6 Mos.	12 Mos.	Since 12 Mos.	Year-to-date (3) ref.	prec.
ALBERTA											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	-0.4	-1.0	1.9	3.2	-3.3	-3.5	-2.5	-1.5	-3.8
Manufacturing Shipments		June 2016	1.8	-1.0	3.7	19.7	-15.6	-14.8	-12.1	-13.2	-11.3
Housing Starts (000) (2)		July 2016	25.8	24.1	22.0	24.0	24.2	28.4	34.7	24.1	39.7
Number of existing homes sold (MLS)		July 2016	0.8	3.3	-1.9	29.9	-9.5	-16.5	-11.3	-11.1	-20.4
Wages and Salaries	*	June 2016	0.4	-2.1	0.0	-7.1	-6.0	-4.3	-5.5	-5.3	2.0
Value of merchandise exports (1)	*	July 2016						-25.4	-27.9	-24.2	-21.9
CFIB Business Barometer ®		Aug 2016	-2.5	9.9	22.8	409.9	31.2	-36.2	12.8	-24.8	-34.6
PRICES											
Consumer Price Index (1)		July 2016	-0.5	0.5	0.4	3.6	1.2	1.5	0.7	1.4	0.8
Average Hourly Earnings (1)		July 2016						3.3	1.7	2.8	3.0
Price of New Housing inc. Land (1)		June 2016	-0.4	0.1	0.0	-0.7	-0.4	-0.3	-0.5	-0.4	1.6
Avg. Price of Existing Homes Sold (MLS)		July 2016	3.5	-0.7	0.5	8.4	1.1	-1.8	1.9	-0.8	-1.2
LABOR MARKET											
Job creation (000)		July 2016	-1.4	-1.9	-24.1	-9.1	-4.7	-4.1	-49.1	-37.9	-8.4
Unemployment		July 2016	8.6	7.9	7.8	8.1	7.8	7.3	6.2	7.7	5.6
Participation rate		July 2016	72.3	71.8	71.9	72.0	72.4	72.7	72.9	72.4	73.1
BRITISH COLUMBIA											
DOMESTIC DEMAND AND REVENUE											
Retail Sales		June 2016	0.2	-0.1	2.1	6.8	6.9	6.2	5.2	6.7	6.4
Manufacturing Shipments		June 2016	-0.4	1.1	-2.0	-0.1	3.1	0.3	1.5	1.2	4.4
Housing Starts (000) (2)		July 2016	39.6	49.9	36.5	42.0	45.1	38.4	37.7	43.6	31.7
Number of existing homes sold (MLS)		July 2016	-5.6	-5.8	-5.4	-33.0	26.8	25.4	8.6	27.6	21.9
Wages and Salaries	*	June 2016	0.2	-0.3	1.2	6.1	4.4	3.8	3.8	3.7	3.3
Value of merchandise exports		June 2016	-1.5	0.7	-1.9	-14.4	-0.1	-0.1	-5.1	-0.7	0.6
CFIB Business Barometer ®		Aug 2016	-1.2	-4.1	3.1	13.5	6.0	-8.0	2.3	-7.1	-2.6
PRICES											
Consumer Price Index (1)		July 2016	0.2	0.3	0.7	5.3	2.5	1.7	2.1	1.9	0.8
Average Hourly Earnings (1)		July 2016						1.9	2.7	1.1	2.8
Price of New Housing inc. Land (1)		June 2016	0.4	1.0	0.3	6.6	5.3	2.8	5.0	4.0	0.0
Avg. Price of Existing Homes Sold (MLS)		July 2016	-0.9	-1.8	-1.8	-16.4	13.1	15.8	10.2	17.3	10.4
LABOR MARKET											
Job creation (000)		July 2016	12.1	16.0	-8.4	6.6	9.3	7.1	84.7	57.0	23.8
Unemployment		July 2016	5.6	5.9	6.1	5.9	6.1	6.3	6.0	6.2	6.0
Participation rate		July 2016	64.4	64.4	64.2	64.3	64.4	64.2	63.3	64.3	63.0

Sources: Datastream, Canadian Real estate Association and BCStats

* Update (1) Not Seasonally Adjusted (2) Annual Rate (3) Compared to sdame priod of the preceeding year, unless otherwise stated

Annex - Economic tables

TABLE 5 - INTERNATIONAL ECONOMIC INDICATORS

September 2, 2016

Growth Rates Unless Otherwise Indicated		Reference Period	Monthly Growth (%) Past Month	Prev. Month	Month Before	Annualized Growth (%) Average of the last 3 Mos.	6 Mos.	12 Mos.	Since 12 Mos.	Year-to-date (2) ref.	prec.
OECD leading index	*	May 2016	0.0	0.0	0.0	-0.4	-0.7	-0.5	-0.7	-0.7	-0.1
JAPAN											
Consumer confidence - percenbtage (1)	*	Aug 2016	42.6	41.6	42.5	42.2	41.8	41.5	42.2	41.5	41.3
Retail Sales (1)	*	July 2016						-0.4	-0.2	-0.8	-0.7
Industrial Production, Volume Index	*	July 2016	0.0	2.3	-2.6	2.0	-2.6	-1.7	-0.5	-2.2	-1.5
Exports		July 2016	-1.8	1.6	-1.5	-7.5	-13.6	-6.6	-11.6	-9.6	8.0
Imports		July 2016	-1.6	0.5	1.0	-9.7	-23.9	-15.2	-20.5	-18.0	-6.5
Merchandise trade bal. (Billions of ¥)		June 2016	4,658	3,286	4,089	4,011	3,498	1,732	-517	20,988	-5,829
Current account (Billions of ¥)		June 2016	165	141	163	156	161	154	133	966	754
Inflation (CPI)		July 2016	-0.2	0.1	-0.1	-0.8	-0.4	0.0	-0.4	-0.2	1.3
Job offers to applicants ratio	*	July 2016	1.37	1.37	1.36	1.37	1.34	1.29	1.21	1.33	1.17
Unemployment Rate	*	July 2016	3.0	3.1	3.2	3.1	3.2	3.2	3.3	3.2	3.4
			Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015	2014	2013
Gross Domestic Product (Constant Yen)			0.2	2.0	-1.7	2.0	-1.7	4.9	0.6	-0.1	1.4
Euro-zone											
Volume Retail Sales		June 2016	0.0	0.4	0.2	0.5	1.6	2.4	1.6	1.8	2.7
Industrial Production exc. Construction		June 2016	0.6	-1.1	1.3	-1.6	1.3	1.7	0.4	1.1	1.9
Exports		June 2016	0.5	-1.7	0.4	-0.9	-1.6	0.9	-2.3	-1.5	6.5
Imports		June 2016	1.5	-1.5	0.0	-8.3	-5.0	-1.6	-5.1	-4.1	2.8
Merch. Trade Bal. (Millions of euros)		June 2016	23,415	24,598	25,293	24,435	24,855	23,316	21,692	138,382	117,168
Inflation (CPI)	*	Aug 2016	0.1	-0.6	0.2	0.3	1.1	0.1	0.2	0.0	0.0
Unemployment Rate	*	July 2016	10.1	10.1	10.1	10.1	10.2	10.4	10.8	10.2	11.1
			Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2013	2012	2011
Gross Domestic Product (Constant Euro)			1.1	2.2	1.7	1.3	1.5	2.2	-0.4	-0.7	0.0
UNITED KINGDOM											
Consumer Confidence (Diffusion index)	*	Aug 2016	-8	-9	-1	-6	-3	-1	3	-2	4
Retail Sales		July 2016	1.4	-0.9	1.0	7.5	4.9	4.4	5.9	4.7	4.5
Manufacturing, energy and mining output		June 2016	0.0	-0.6	2.2	8.7	1.5	1.1	1.6	1.0	1.4
Exports (1)		June 2016	4.0	-8.2	8.1	25.3	7.0	-3.1	-1.7	-1.2	-0.6
Imports (1)		June 2016	5.2	-2.9	3.0	16.8	7.2	0.4	8.2	3.3	0.4
Merchandise Trade Bal. (Millions of £)		June 2016	-12,409	-11,526	-10,447	-11,461	-11,099	-11,132	-11,435	-68,687	-60,082
Inflation (CPI harmonized) (1)		July 2016	-0.1	0.2	0.2	1.7	1.0	1.2	1.3	1.3	1.1
Producer price index, manufacturing (1)		July 2016	0.3	0.3	0.1	3.2	1.0	-1.0	0.3	-0.5	-1.7
House prices		July 2016	-0.9	1.2	0.9	6.5	6.9	9.2	7.8	9.0	8.4
Unemployment Rate (3-month mov. av.)		June 2016	4.9	4.9	5.0	4.9	5.0	5.1	5.6	5.0	5.6
			Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015	2014	2013
Gross Domestic Product (Constant £)			2.4	1.8	2.8	1.8	1.7	1.8	2.2	3.1	1.9

INTEREST AND EXCHANGE RATES

		Reference Thursday	Current Week	Prev. Week	Week Before	Average of last Thurdays 13 W.	26 W.	52 W.	13 w. ago	26 w. ago	52 w. ago
JAPAN											
Prime Rate	*	1 Sept 16	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
3-month Financing Bill Rate	*	1 Sept 16	-0.26	-0.24	-0.24	-0.27	-0.27	-0.16	-0.25	-0.10	0.00
- Spread with U.S.	*	1 Sept 16	-0.59	-0.57	-0.53	-0.55	-0.54	-0.37	-0.53	-0.37	-0.02
Yield on 10-year Gov't Bonds	*	1 Sept 16	-0.05	-0.08	-0.08	-0.17	-0.12	0.06	-0.11	-0.03	0.38
- Spread with U.S.	*	1 Sept 16	-1.62	-1.66	-1.61	-1.72	-1.81	-1.83	-1.92	-1.86	-1.78
Exchange Rate (¥/U.S.$)	*	1 Sept 16	103.2	100.5	99.9	103.4	106.6	112.5	108.9	113.7	120.1
Euro Zone											
3-month Treasury Bills	*	1 Sept 16	-0.25	-0.25	-0.25	-0.25	-0.25	-0.18	-0.25	-0.21	-0.03
- Spread with U.S.	*	1 Sept 16	-0.58	-0.58	-0.54	-0.53	-0.52	-0.40	-0.53	-0.48	-0.05
Exchange Rate (U.S.$/Euro)	*	1 Sept 16	1.12	1.13	1.14	1.12	1.12	1.11	1.12	1.10	1.11
(Yen/Euro)	*	1 Sept 16	115.59	113.45	113.60	115.62	119.82	125.50	121.96	124.23	134.98
(Euro / £)	*	1 Sept 16	1.19	1.17	1.16	1.20	1.24	1.29	1.29	1.29	1.36
UNITED KINGDOM											
3-month Treasury Bills (tender)	*	1 Sept 16	0.22	0.22	0.23	0.34	0.39	0.43	0.43	0.47	0.45
- Spread with U.S.	*	1 Sept 16	-0.11	-0.11	-0.06	0.05	0.12	0.22	0.15	0.20	0.43
Yield on 30-year Gov't Bonds	*	1 Sept 16	1.28	1.27	1.30	1.62	1.96	2.24	2.15	2.33	2.55
- Spread with U.S.	*	1 Sept 16	-0.95	-0.99	-0.96	-0.68	-0.51	-0.44	-0.43	-0.34	-0.39
Exchange Rate (U.S.$ / £)	*	1 Sept 16	1.33	1.32	1.32	1.35	1.39	1.44	1.44	1.42	1.53

STOCK INDICES

		Reference	Level	Monthly Growth (%) Past Month	Prev. Month	Month Before	Growth Over (%) 3 Months	6 Months	1 Year	Since beginning of year ref.	prec.
MSCI Eafe	*	Sept 2016	225	3.4	7.0	-5.8	4.2	9.7	-0.2	-1.3	-6.9

* Update (1) Not Seasonally Adjusted (2) Compared to same period of the preceeding year, unless otherwise stated Source: Datastream

NATIONAL BANK FINANCIAL MARKETS
A division of National Bank of Canada

TABLE 6 - COMMODITY PRICES

September 2, 2016

	Spot Price		Weekly Growth (%)			Annualized Growth (%) For the Last			Last
	Sept 1	Aug 25	Last Week	Prev. Week	Week Before	13 W.	26 W.	52 W.	Year
INDICES THOMSON-REUTERS									
Total	413.2	418.7	-1.3	-1.6	1.2	-2.9	22.9	4.3	396.4
Energy	385.5	408.5	-5.6	0.5	7.5	-2.3	80.0	-5.8	409.3
Grain	269.8	273.8	-1.4	-3.9	2.8	-55.5	-9.5	-5.6	285.9
Industrials	344.1	344.1	0.0	-3.0	-2.5	18.4	14.0	-2.6	353.2
Livestock & Meat	300.9	298.2	0.9	-2.6	-1.6	-50.7	-35.4	-18.3	368.5
Precious Metals	857.5	859.9	-0.3	-4.6	-1.0	56.7	28.7	16.3	737.6
PRECIOUS METALS									
Gold ($/ounce) (AM fixing London)	1305.70	1324.50	-1.4	-1.7	0.2	33.2	10.5	15.5	1130.05
Platinum ($/ounce) (AM fixing London)	1051.0	1083.0	-3.0	-3.6	-4.3	35.6	26.1	3.9	1012.0
Silver ($/ounce) (Handy & Harman)	0.2	0.2	1.6	-6.2	-1.8	89.9	54.0	28.4	0.1
Palladium ($/ounce troy)	666.0	685.0	-2.8	-2.3	-1.1	134.8	61.5	13.8	585.0
OTHER METALS (LME)									
Aluminum ($/tonne)	1,596	1,631	-2.1	-2.3	1.7	19.1	-0.3	-0.8	1,610
Copper ($/tonne)	4,620	4,617	0.1	-3.7	-1.0	0.3	-9.8	-12.2	5,264
Zinc ($/tonne)	2,344	2,303	1.8	0.4	1.0	96.4	62.4	29.9	1,804
Nickel ($/tonne)	9,854	9,792	0.6	-4.9	-3.6	86.8	20.6	-1.2	9,976
Lead ($/tonne)	1,924	1,852	3.9	-1.7	3.3	59.4	8.9	12.8	1,706
Uranium (UxC-Ux U308 Spot $/pound)	25.25	25.75	-1.9	-1.0	0.0	-26.3	-38.3	-31.3	36.75
OTHER COMMODITIES									
Oil WTI ($/barrel) future (NYMEX)	43.16	47.33	-8.8	-1.8	10.9	-40.6	55.9	-7.7	46.75
Oil (Spead with WTI $/barrel) 1st future (West Canadian select - CME)	-14.20	-14.55	-2.4	0.0	1.4	109.7	9.0	6.8	-13.30
Corn (¢/bushel) (Illinois #2)	3.0	3.1	-1.9	-2.5	2.3	-66.8	-23.8	-10.1	3.4
Soy beans (¢/bushel) (Illinois #1)	9.2	9.9	-7.3	-3.6	2.9	-53.8	18.8	6.5	8.7
Pork (¢/lb)	128.2	128.2	0.0	-1.6	28.4	16.3	5.1	-24.5	169.7
Beef (Cattle feeder index) (CME)	143.0	147.3	-2.9	-0.5	0.2	-6.0	-18.9	-31.1	207.7
Soft Wood Pulp (HWWI) Index 2010 = 100	98	98	0.0	-0.1	0.1	3.3	4.6	-0.4	98
Natural Gas (mmbtu) Henry Hub future NYMEX	2.92	2.86	2.1	5.5	1.5	159.8	250.4	9.4	2.67
Lumber 2X4	309	317	-2.6	-1.1	-0.7	17.0	29.5	32.5	233
Iron ore ($/metric ton)	59	62	-4.9	0.8	1.7	80.1	25.1	4.5	56

All prices are in US dollars

Source: Datastream

WEEKLY ECONOMIC WATCH

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