Weekly Economic Watch
Economics and Strategy

NATIONAL BANK OF CANADA FINANCIAL MARKETS

November 3, 2023

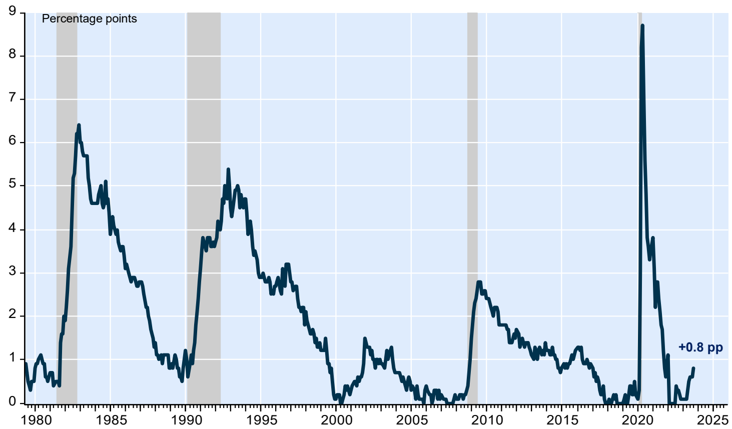
By Kyle Dahms, Jocelyn Paquet et al.

Table of Contents

Week in review

CANADA: **Employment** increased 18K in October, below consensus expectations for a 25K increase. Meanwhile, the participation rate remained unchanged at 65.6%. As a result, the unemployment rate increased two ticks to 5.7%, one tick above consensus expectations.

Canada: Rapid increase in the unemployment rate
Increase in unemployment rate from trough (percentage points)

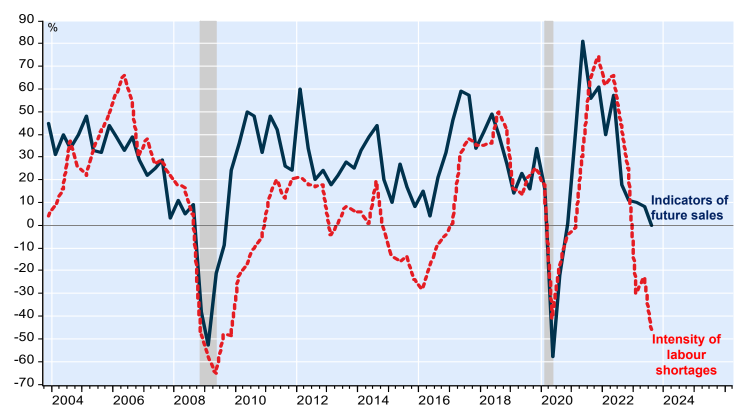


NBF Economics and Strategy (data via Statistics Canada)

The increase in employment stemmed exclusively from part-time jobs (+21K), while full-time positions were down (-3K). Employment in the private sector was steady in the month (+0.2K), while it increased in the public (+19K) sector. Self-employment, meanwhile, was down slightly (-2K). October's job increase came from both the services (+10K) and the goods sectors (+8K). On the services side, the largest increases were registered in information/culture (+21K), health care (+9K), public administration (+6K) and professional services (+5K). Meanwhile, there were declines in the trade (-22K), finance (-8K), accommodation/food services (-6K) and business services (-3K) sectors. On the goods side, the increase stemmed mainly from the construction (+23K) sector. Employment in agriculture also registered an increase (+4K), while headcounts in forestry/fishing/mining (+1K) were essentially unchanged. Meanwhile, employment in manufacturing (-19K) and utilities (-2K) was down. Regionally, there were job gains in Alberta (+38K), while employment was down in Québec (-22K), Ontario (-14K) and British Columbia (-4K). Hours worked were unchanged in October following a -0.2% decrease in September. Wage inflation was 5.0% on a year-over-year basis in October (down from 5.3% in September).

While the population continues to grow at a breakneck pace, hiring simply isn't keeping up. As a result, the unemployment rate has been rising sharply since last April, and now stands at 5.7%. Since its cyclical low of 4.9%, the unemployment rate has thus risen by 8 tenths. Since the 1980s, an increase of this scale has not been seen outside of a recession and the bursting of the tech bubble in 2001. Extremely restrictive monetary policy has dampened demand to such an extent that companies no longer perceive a labour shortage, if various surveys are to be believed. This is reflected in private sector hiring, which has stagnated in recent months. The details of the report are not particularly reassuring, with the public sector being the only segment to generate jobs in October. Moreover, full-time employment is treading water, while hours worked are stagnating. Given the downward trend in profits in Canada over the last four quarters, and the gloomy sales outlook, it's a safe bet that the profitability issue is likely to push the unemployment rate even higher over the next 12 months.

Canada: Firms report less labour shortages as they anticipate lower sales
Intensity of labour shortages and indicators of future sales*, balance of opinion

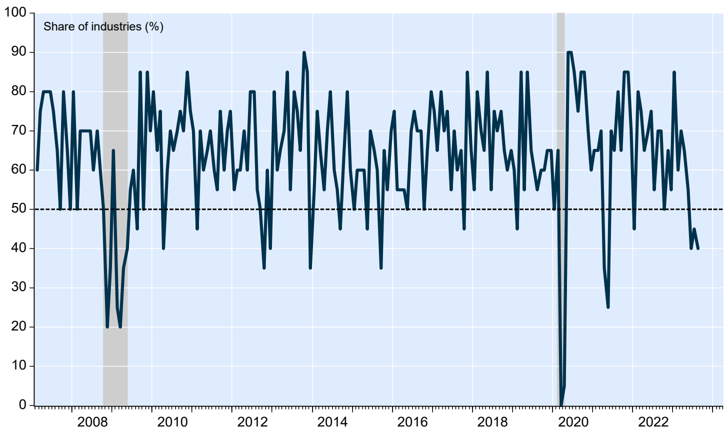


*Compared with 12 months ago, have your recent indicators of future sales (order books, advance bookings, sales inquiries, etc.) improved, deteriorated or remained the same?
NBF Economics and Strategy (data via Bank of Canada)

After standing still in July, **real GDP** remained essentially unchanged in August. Consensus expectations were calling for a 0.1% increase. A 0.2% decrease in production in the goods-producing industries was offset by a 0.1% increase on the services sector. On the goods side, declines in agriculture (-3.2%), utilities (-1.0%), and manufacturing (-0.6%) were only partially counterbalanced by a gain in the mining, quarrying, and oil and gas extraction industry (+1.2%). Output in construction, meanwhile, held level. On the services side, gains in wholesale trade (+3.2%), transportation (+0.8%), finance and insurance (+0.4%), and public administration (+0.2%) more than offset declines in retail trade (-0.7%) and management (-2.9%). Overall, the industrial diffusion was tepid, with only 8 of the 20 categories seeing an increase. Industrial production was flat in the month.

Finally, Statistics Canada's preliminary estimate showed that GDP stayed put budge in September.

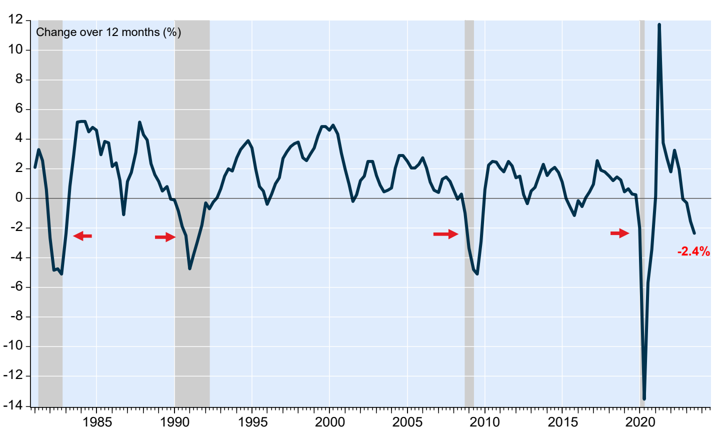
Canada: Worst diffusion since COVID shutdowns
Share of industries with positive real GDP growth



NBF Economics and Strategy (data via Statistics Canada)

Economic growth fell short of the consensus economist forecast for the fifth consecutive month in August. While there were some temporary factors to blame, such as the drought in Western Canada that affected agricultural activity, other sectors also showed signs of deterioration. Weakness was particularly evident in the manufacturing and retail sales sectors, both of which contracted for a third straight month. However, the slowdown was not confined to these two sectors, as evidenced by the diffusion index, which remained at historically low levels for the past three months. Including the preliminary estimate for September, the economy essentially stagnated for a second consecutive quarter (-0.1% annualized). This is a particularly weak showing in the light of soaring population growth. The sluggishness of the Canadian economy becomes all the more apparent when the demographic boom is factored in. In Q3, GDP per capita plunged 2.4% year on year, the first time this has ever occurred outside of a recession.

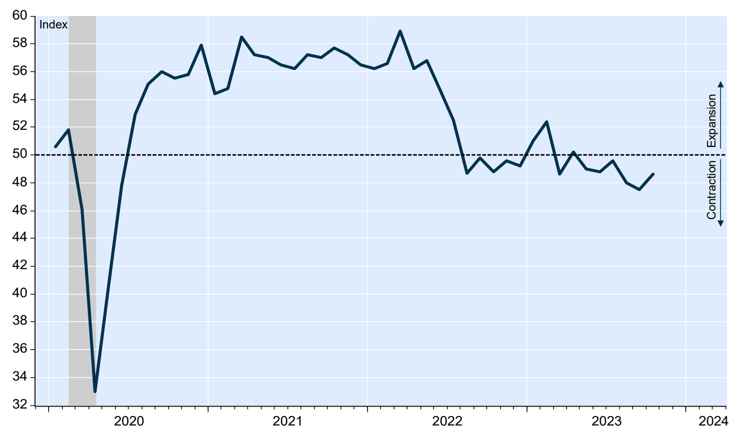
Canada: GDP per capita down 2.4% year on year
Year-on-year change in real GDP per capita



NBF Economics and Strategy (Statistics Canada data)

The **S&P Global Manufacturing PMI** rose from 47.5 in September to 48.6 in October, signaling a less substantial deterioration in operating conditions at Canadian factories. The latest result comes after the lowest print in over three years. It also marked the sixth sub-50 result recorded in as many months, a sequence that testifies to recent weakness in the manufacturing sector. An element also witnessed in the aforementioned GDP report. This performance was on the back of softer contractions in factory output and new orders. Given lower demand for product, manufacturers were tepid on both purchasing and employment decisions. Buying activity contracted for a 15th month with a tendency to use pre-existing stock and drawing down inventory. Staffing for its part fell for a sixth month although it was negligible. Firms noted a difficulty in recruiting suitable workers. Input inflation accelerated for a fifth consecutive month reaching a 6-month high, with polled managers noted that fuel prices were behind a large portion of price increases. To protect their margins, firms raised output charges in lockstep. All told, the S&P Global report stated that confidence sank to its lowest level since May 2020 with reduced hope for an improvement in conditions.

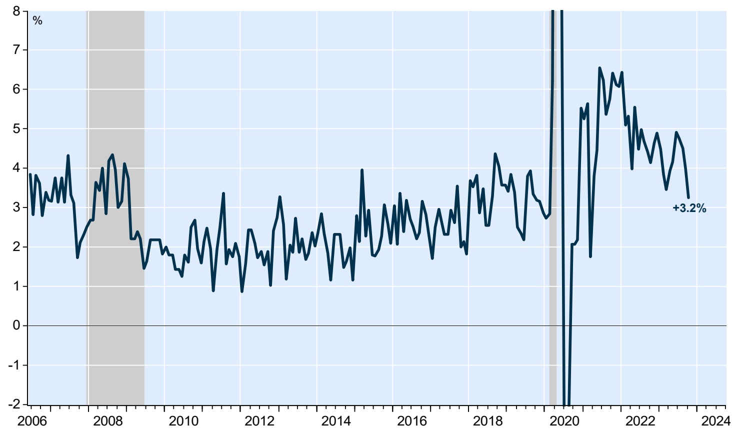
Canada: Manufacturing PMI remains in contraction territory
S&P Global Manufacturing PMI. Last observation: October 2023



NBF Economics and Strategy (data via Refinitiv)

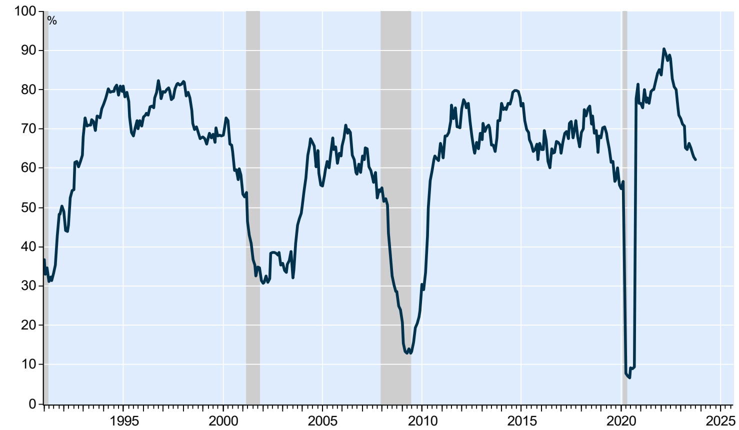
UNITED STATES: Nonfarm payrolls rose 150K in October, below the median economist forecast calling for a +180K print. This negative surprise was compounded by a -101K cumulative revision to the previous months' data. Employment in the goods sector fell 11K as a 23K gain in the construction segment was more than offset by a 35K drop for manufacturing, the largest observed in two-and-a-half years. Payrolls in the mining/logging segment rose only marginally (+1K). Jobs in services-producing industries, for their part, expanded 110K, with notable increases for health/social assistance (+77K), leisure/hospitality (+19K) and professional/business services (+15K). Alternatively, cuts were observed in the transportation/warehousing (-12K), information (-9K) and financial activities (-2K) categories. The temporary help services category, meanwhile, saw payrolls increase for the first time in 10 months. In all, just 99K jobs were created in the private sector (the least in four months), compared with 51K in the public sector, the latter split unevenly between local/state (+48K) and federal (+3K) administrations. Average hourly earnings rose 4.1% in October, down from 4.3% in September but still one tick above consensus expectations. Month on month, earnings progressed 0.2%.

U.S.: Wage growth moving closer to its pre-pandemic level
Average hourly earnings, three month annualized gain



NBF Economics and Strategy (data via Bloomberg)

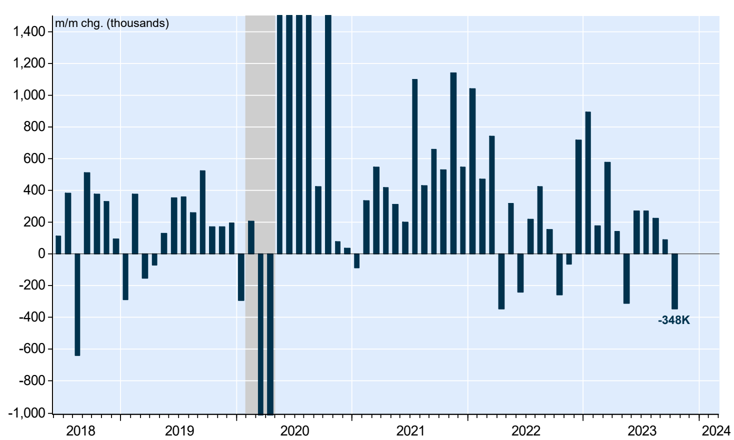
U.S.: Job creation becoming less diffuse
Employment diffusion index (6-month)



NBF Economics and Strategy (data via Bloomberg)

Released at the same time, the **household survey** (similar in methodology to Canada's LFS) painted an even less upbeat picture of the situation prevailing in the labour market, with a reported 348K drop in employment, the biggest recorded since the early days of the pandemic. This sizeable decline, combined with a slight decrease in the participation rate (from 62.8% to 62.7%), translated into a one-tick increase in the unemployment rate to a 21-month high of 3.9%. Full-time employment rose 326K, while the ranks of part-timers cratered 670K.

U.S.: Household survey shows biggest job losses since the pandemic
Employment



NBF Economics and Strategy (data via Bloomberg)

Once again, employment gains were concentrated in just a few client-facing industries; health/social assistance performed especially well. But elsewhere, gains were much more modest, as demonstrated by a decline in the diffusion index from 61.4% to 52.0%, the lowest print recorded since the early days of the pandemic. The less volatile 6-month diffusion index (from 62.8% to 62.6%) also slid to a post-pandemic low.

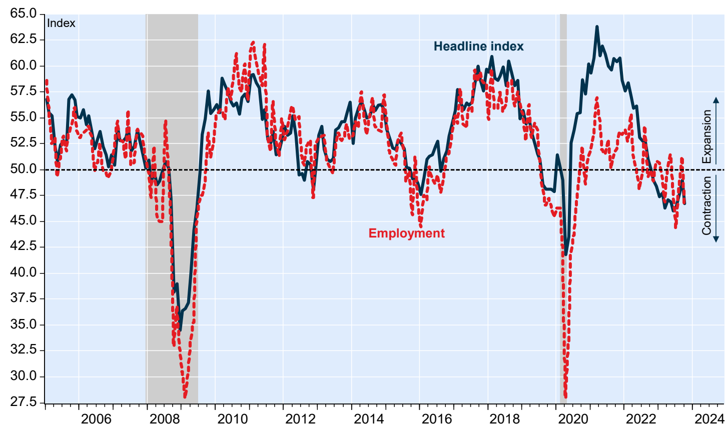
In a highly anticipated decision, the **FOMC** voted to leave the target range for the federal funds rate unchanged at 5.25% to 5.50%. Meanwhile, the Fed will continue to reduce its holdings of Treasuries and MBS pursuant to its pre-existing program and subject to monthly caps for both Treasuries ($60 billion/month) and agency MBS ($35 billion/month). Once again, there were no dissenters in this week's policy decision.

The statement's short economic assessment contained a few changes, however. The economy was deemed to have expanded at "a strong pace" instead of characterizing the growth rate as "solid". In September, job gains were said to have "slowed in recent months" whereas job gains were now deemed to "have moderated". The rest of the economic assessments were copy-and-paste: The unemployment rate "remained low", job gains "remain`[ed]` strong", and inflation "remain[ed] elevated". Finally, they added that tighter financial conditions (in addition to credit conditions) were expected to weigh on the economy. Presumably, that was a nod to the repricing in long-term interest rates that has occurred in recent weeks and months.

Meanwhile, no changes were made to the forward-looking segment of the statement: "In determining the <u>extent of additional policy firming</u> that may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments."

The **ISM Manufacturing PMI** sank deeper into contraction territory in October. This came after three consecutive months of increases and marked an entire year below the 50-point level. At 46.7, the headline index came in below consensus expectations calling for a 49.0 print. Production stabilized (from 52.5 to 50.4) while new orders continued to shrink, doing so at a faster pace than in the prior month (from 49.2 to 45.5). Foreign demand remained somewhat weak, but the contraction was less pronounced than in September (from 47.4 to 49.4). Still, the employment sub-index did not bode well for demand: U.S. factories returned to trend and subtracted workers in the month (from 51.2 to 46.8).

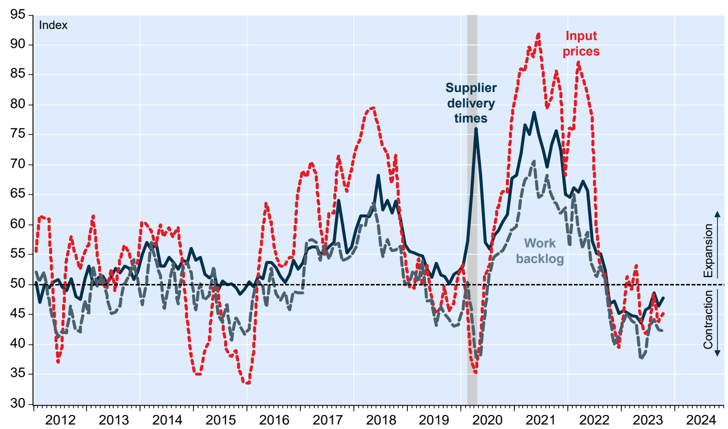
U.S.: Manufacturing sector and employment are still shrinking
ISM Manufacturing PMI (October)



NBF Economics and Strategy (data via Refinitiv)

Signs of supply chain improvements were not as visible in the report as both input prices (from 43.8 to 45.1) and supplier delivery times (from 46.4 to 47.7) drew closer to the 50-point mark separating expansion from contraction. This, combined with slightly worse demand conditions, allowed unfilled orders to improve slightly, as evidenced by a decrease in work backlogs (from 42.4 to 42.2).

United States: Supply chain improved further in October
ISM Manufacturing PMI

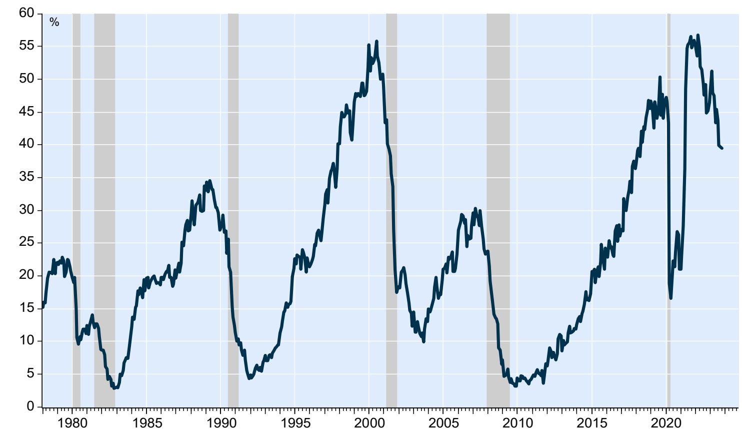


NBF Economics and Strategy (data via Refinitiv)

Of the six largest manufacturing industries surveyed, only food, beverage, and tobacco products reported growth in October.

The **Conference Board Consumer Confidence Index** slid from 104.3 in September to 102.6 in October. Longer-term expectations deteriorated for a third straight month. The sub-index tracking sentiment towards the next six months fell 0.8 point to 75.6 as a larger share of respondents had a negative opinion of future business conditions (from 18.7% to 20.2%) and employment (from 18.9% to 19.0%). These dimmer prospects also translated into a drop in the share of respondents who expected their income to increase (from 17.9% to 15.6%). Proportionally fewer respondents planned to buy a home (from 5.5% to 5.3%), a car (from 11.7% to 10.6%) or major appliances (from 47.0% to 45.9%) in October. Consumer inflation was expected to stand at 5.9% for the next 12 months, up two ticks from the prior month, which had registered as the lowest level since November 2020. Consumer assessment of the current situation deteriorated (146.2 to 143.1). The share of respondents who deemed jobs plentiful at present sagged from 39.7% to 39.4%.

U.S.: The labour market is easing up
Share of respondents saying jobs are currently plentiful, Conference Board's Consumer Confidence Survey



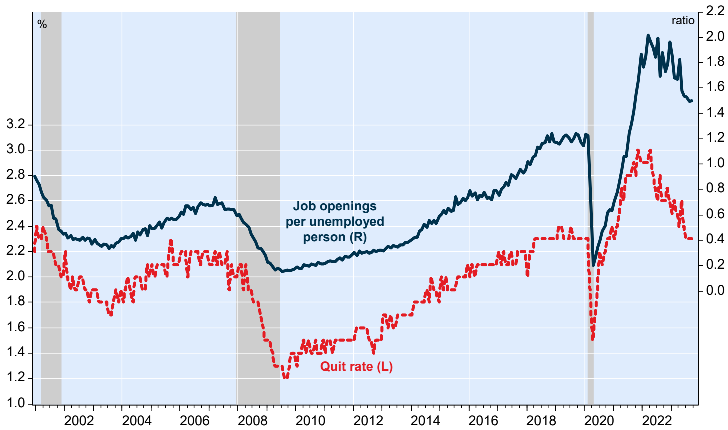
NBF Economics and Strategy (data via Bloomberg)

The **S&P CoreLogic Case-Shiller 20-City Home Price Index** rose for the sixth consecutive month in August, climbing 1.0% m/m to an all-time high. Price increases were observed in thirteen of the markets covered, led by Miami (+1.2%), Las Vegas (+1.1%), Detroit (+0.8%), Atlanta (+0.8%), Charlotte (+0.80%), and Phoenix (+0.7). Year on year, prices were up 2.6% at the national level, a second increase after five months of decline. Although demand remains weak on the real estate market, very tight supply, combined with a strong labour market, is likely to keep pushing prices up in the coming months. That said, we expect only modest gains from now to the end of the year, as purchasing power continues to suffer from elevated borrowing costs.

Construction spending advanced 0.4% in September after progressing an upwardly revised 1.0% the prior month (initially estimated at +0.5%). The monthly gain reflected increases in both the private sector (+0.4%) and the public sector (+0.4%). In the former, spending on residential projects increased 0.6%, while outlays on non-residential structures were up 0.1%. Following a decent handoff from the previous quarter, Q3 construction growth was running at a solid pace.

The **Job Openings and Labor Turnover Survey** (JOLTS) showed that the number of positions waiting to be filled rose from 9,497K in August (initially estimated at 9,610K) to a multi-month high of 9,553K in September. As this was not offset by an increase in the number of people looking for a job, the ratio of job offers to unemployed persons stayed at 1.5, its lowest point since September 2021 but still well above this indicator's pre-pandemic level (≈1.20-1.25). The monthly increase in job offers was led by leisure and hospitality (+181K), financial activities (+94K), trade, transportation and utilities (+88K), and construction (+56K). Alternatively, job postings decreased in other services (-124K), professional and business services (-105K), and government (-81K), among others.

U.S.: The quit rate held steady in September
Job openings per unemployed person vs. quit rate (number of voluntary separations/total employment)

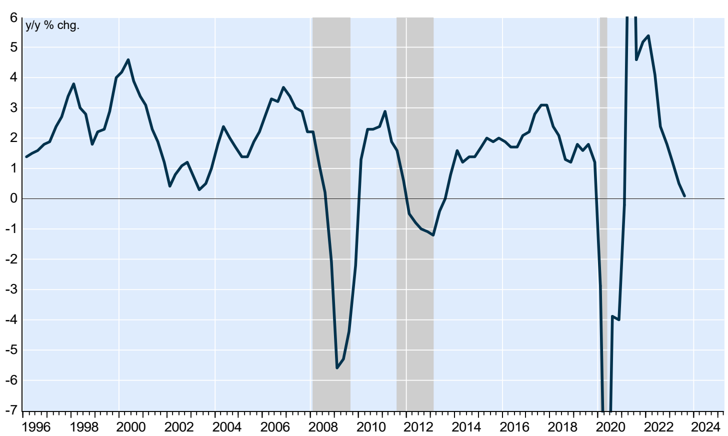


NBF Economics and Strategy (data via Refinitiv)

Initial jobless claims increased from 212K to 217K in the week to October 28. **Continued claims**, for their part, shot up from 1,783K to 1,818K.

WORLD: After expanding 0.2% in non-annualized terms in Q2, the **European economy** took a turn for the worse in Q3 and shrunk 0.1%. This result was weaker than the median economist forecast calling for zero growth. Decent growth in Spain (+0.3%) was partially offset by a 0.1% retreat in Germany and stagnation in Italy. France's GDP, meanwhile, progressed 0.1%. On a 12-month basis, Eurozone GDP was up just 0.1%, the weakest result recorded since 2021Q1. The outlook continues to be pretty bleak for the Eurozone, where the effects of monetary tightening on economic activity will continue to intensify over the coming months. Credit conditions have already tightened significantly and should keep doing so going forward, squeezing households and businesses alike. This supports our view that the Eurozone will slip into recession by the end of the year.

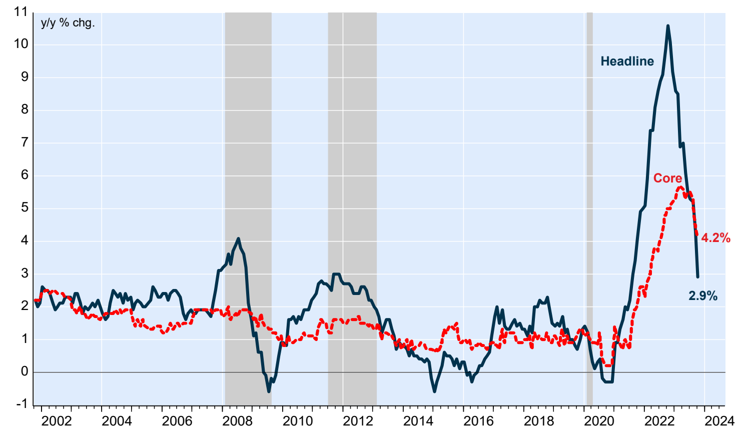
Eurozone: The economy has stalled over the past 12 months
Change in real GDP



NBF Economics and Strategy (data via Bloomberg)

Still in the Eurozone, the **flash estimate for the Consumer Price Index** showed that prices rose 2.9% y/y in October, down from the 4.3% y/y the prior month and two ticks below consensus expectations. It was also the lowest figure recorded in more than two years. Energy prices sank 11.7% y/y, but this was offset by a 7.5% gain in the food, alcohol and tobacco segment. The core CPI, which excludes these four items, fell from 4.5% to 4.2%, in line with consensus expectations.

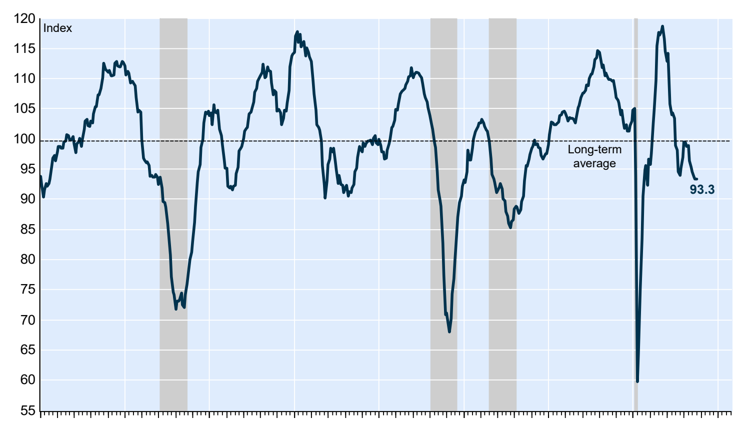
Eurozone: Energy prices drive headline inflation lower, core also improved
Harmonized Index of Consumer Prices



NBF Economics and Strategy (data via Bloomberg)

The **European Commission**'s **Economic Sentiment Index** fell for the sixth month in a row in October, dipping 0.1 point to a post-pandemic low of 93.3. Sentiment deteriorated in three of the five categories surveyed: retail (from -5.7 to -7.8), manufacturing (from -8.9 to -9.3), and consumers (from -17.8 to -17.9). These declines were compensated for in part by small gains in services (from 4.1 to 4.5) and construction (from -6.0 to -5.9). At the national level, declines in France (from 96.4 to 93.5) and Italy (from 97.8 to 96.9) were only partially offset by gains in Spain (from 99.1 to 100.3) and Germany (from 89.1 to 89.6).

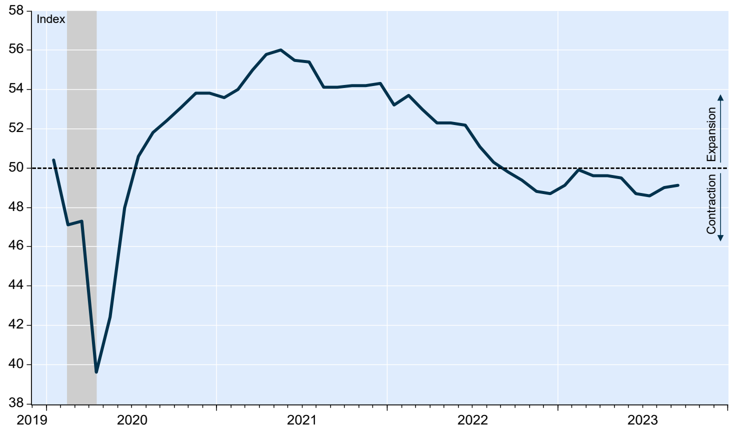
Eurozone: Economic sentiment sinks to post-pandemic low
European Commission's Economic Sentiment index. Last observation: October 2023



NBF Economics and Strategy (data via Refinitiv)

The **JPMorgan World Manufacturing PMI** ticked down to 48.8 in October, marking the fourteenth consecutive monthly contraction for the sector. This is the longest sequence of deterioration in over 20 years. Output (from 49.8 to 48.9), new orders (from 48.4 to 48.6), and new export orders (from 47.6 to 47.5) all continued to decline, with only new orders doing so at slower pace than in the previous month. These subdued demand conditions resulted in caution by manufacturers. That reluctance underpinned staffing cuts with employment losses at the worst since August 2020. October also marked a third consecutive month of price growth, with both input prices (from 52.7 to 53.1) and output prices (51.7 to 51.5) in inflation territory. Of the 29 nations covered by the survey, only 6 saw operating conditions improve in October, led by India, Russia, and Mexico. Alternatively, conditions deteriorated sharply in Germany, Austria, and the Czech Republic.

World: Global factory activity contracted for over a year
JPMorgan/Markit Global Manufacturing PMI. Last observation: October 2023



NBF Economics and Strategy (data via Refinitiv)

No longer able to ignore the fact that inflation has been above target for 18 months, the **Bank of Japan** decided to make changes to its monetary policy following its meeting this week. The overnight interest rate remained unchanged at -0.1%, but the yield curve control policy was relaxed for the second time in three months. The central bank abandoned its pledge to resort to asset purchases to keep 10-year government bond yields in the target range of -1.0% to 1.0% and said that this band would now be regarded merely as "a reference". This decision was made to prevent the "large side effects" associated with the capping of long-term interest rates, notably on the currency market. The Bank of Japan also published its latest economic forecasts. These showed a significant upward revision to the inflation projection for fiscal year 2024 (from 1.9% to 2.8%), which suggests that further policy changes could be announced in the coming months. The central bank may even consider abandoning its negative interest rate policy.

BoJ: Summary of Economic Projections

	Latest	July projections
Change in real GDP (%)		
Fiscal 2023	**2.0**	1.3
Fiscal 2024	**1.0**	1.2
Fiscal 2025	**1.0**	1.0
CPI all items less fresh food (%)		
Fiscal 2023	**2.8**	2.5
Fiscal 2024	**2.8**	1.9
Fiscal 2025	**1.7**	1.6

NBF Economics and Strategy

Still in **Japan, the jobless rate** slid one tick to 2.6% in September, in line with the median economist forecast. The job-to-applicant ratio remained stable at 1.29, as expected by the consensus.

What we'll be watching

IN CANADA, we'll get September's **international merchandise trade** data. Higher commodity prices could have helped boost exports during the month, but this gain may have been partially offset by the continued rebound in imports (the latter are yet to fully recovery from the strike that took place in July at British Columbia port facilities). Based on these assumptions, we expect the trade surplus to widen to C$1.00 billion. A housing market update will also be provided with the release of September's **building permits**. On the central bank's trail, the **Bank of Canada** will publish the **summary of deliberations** by the Governing Council for the policy decision that was announced on October 25. A speech by **Senior Deputy Governor Carolyn Rogers** is scheduled for Thursday.

		Previous	NBF forecasts
Tues:	Merchandise trade balance (September)	C$0.72B	**C$1.00**

IN THE U.S., a very quiet week will still be marked the publication of a few indicators for September, notably **consumer credit** and the **trade balance**. The October iteration of the **Consumer Sentiment Index** (University of Michigan) will also be released. Several **Fed officials** are scheduled to give speeches, notably Jeffrey Schmid (Tuesday), Lorie Logan (Tuesday and Friday), and Raphael Bostic (Thursday and Friday). **Chairman Jerome Powell**, for his part, will participate on Thursday in a panel discussion on monetary policy challenges at the IMF's annual research conference.

ELSEWHERE IN THE WORLD, we'll keep an eye on the release of several October indicators in China, notably **foreign reserves**, **aggregate financing**, the **trade balance** and, more importantly, the **consumer price index**. We'll also get September's **retail sales** data for the eurozone.

Economic Calendar – Canada & U.S.

Economic releases & events

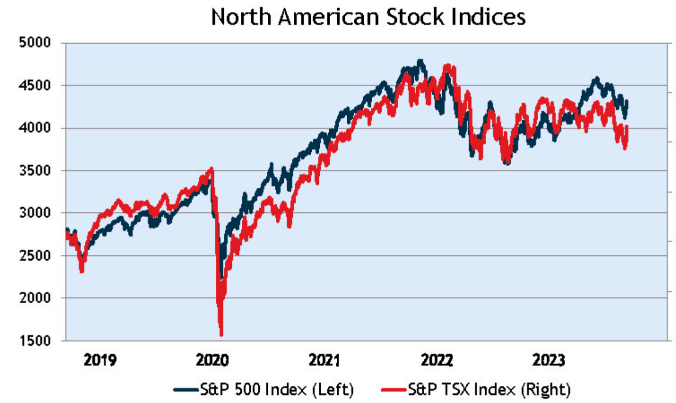
Day	Time	Country	Release	Period	Previous	Consensus Estimate	NBF Estimate
Monday Nov 6	10:00	CA	Ivey Purchasing Managers Index SA	Oct	53.10	--	
Tuesday Nov 7	8:30	CA	Int'l Merchandise Trade	Sep	0.72b	0.95b	1.00b
	8:30	US	Trade Balance	Sep	-$58.3b	-$60.5b	
	15:00	US	Consumer Credit	Sep	-$15.628b	$10.000b	
Wednesday Nov 8	7:00	US	MBA Mortgage Applications	Nov-03	-2.10%	--	
	8:30	CA	Building Permits MoM	Sep	3.40%	1.10%	
	10:00	US	Wholesale Trade Sales MoM	Sep	1.80%	--	
Thursday Nov 9	8:30	US	Initial Jobless Claims	Nov-04	217k	218k	
Friday Nov 10	10:00	US	U. of Mich. Sentiment	Nov P	63.8	64.0	

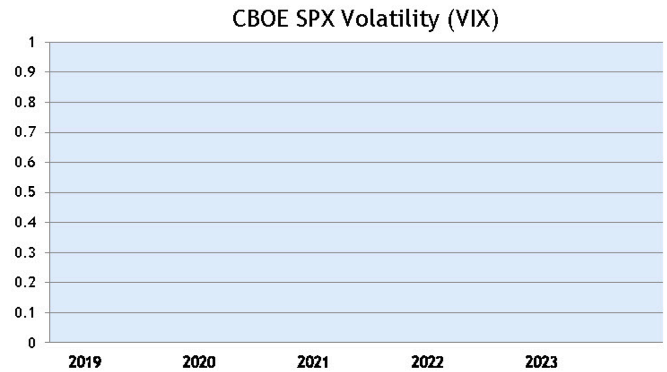
Earnings announcements

Day	Company	Time	Qtr	Cons. EPS
Monday Nov 6	Ivanhoe Mines Ltd	Bef-mkt	Q3 23	0.11
	Brookfield Asset Management Lt	07:00	Q3 23	0.32
	Element Fleet Management Corp	Aft-mkt	Q3 23	0.31
	CT Real Estate Investment Trus	Aft-mkt	Q3 23	0.33
	Finning International Inc	Aft-mkt	Q3 23	1.00
	MEG Energy Corp	Aft-mkt	Q3 23	0.86
	Sandstorm Gold Ltd	Aft-mkt	Q3 23	0.01
	Diamondback Energy Inc	Aft-mkt	Q3 23	5.03
	Realty Income Corp	Aft-mkt	Q3 23	1.02
	Coterra Energy Inc	Aft-mkt	Q3 23	0.44
	Vertex Pharmaceuticals Inc	Aft-mkt	Q3 23	3.94
	NXP Semiconductors NV	Aft-mkt	Q3 23	3.62
Tuesday Nov 7	Stella-Jones Inc	Bef-mkt	Q3 23	1.33
	TransAlta Corp	Bef-mkt	Q3 23	0.44
	Cargojet Inc	Bef-mkt	Q3 23	0.70
	Pan American Silver Corp	Aft-mkt	Q3 23	0.08
	Boardwalk Real Estate Investme	Aft-mkt	Q3 23	0.94
	Dundee Precious Metals Inc	Aft-mkt	Q3 23	0.24
	Killam Apartment Real Estate I	Aft-mkt	Q3 23	0.32
	Dream Industrial Real Estate I	Aft-mkt	Q3 23	0.25
	Superior Plus Corp	Aft-mkt	Q3 23	-0.26
	goeasy Ltd	Aft-mkt	Q3 23	3.46
	Intact Financial Corp	Aft-mkt	Q3 23	1.34
	iA Financial Corp Inc	17:00	Q3 23	2.38
Wednesday Nov 8	Peyto Exploration & Developmen	Bef-mkt	Q3 23	0.36
	TC Energy Corp	Bef-mkt	Q3 23	0.98
	ATS Corp	Bef-mkt	Q2 24	0.65
	Hydro One Ltd	Bef-mkt	Q3 23	0.56
	CGI Inc	Bef-mkt	Q4 23	1.77
	Kinross Gold Corp	Aft-mkt	Q3 23	0.10
	Great-West Lifeco Inc	Aft-mkt	Q3 23	0.97
	Manulife Financial Corp	Aft-mkt	Q3 23	0.83
	WSP Global Inc	Aft-mkt	Q3 23	1.90
	Keyera Corp	Aft-mkt	Q3 23	0.53
	Russel Metals Inc	17:00	Q3 23	0.94
	Suncor Energy Inc	22:00	Q3 23	1.39
Thursday Nov 9	Canadian Tire Corp Ltd	06:00	Q3 23	3.35
	Rogers Communications Inc	Bef-mkt	Q3 23	1.09
	CI Financial Corp	Bef-mkt	Q3 23	0.81
	Quebecor Inc	Bef-mkt	Q3 23	0.78
	Boralex Inc	07:00	Q3 23	-0.14
	Brookfield Corp	10:00	Q3 23	0.39
	Chartwell Retirement Residence	Aft-mkt	Q3 23	0.00
	Stantec Inc	Aft-mkt	Q3 23	0.98
	IAMGOLD Corp	Aft-mkt	Q3 23	-0.02
	Saputo Inc	Aft-mkt	Q2 24	0.43
	Altus Group Ltd/Canada	Aft-mkt	Q3 23	0.48
	Definity Financial Corp	Aft-mkt	Q3 23	0.13
Friday Nov 10	CAE Inc	0:00	Q2 24	0.21
	SNC-Lavalin Group Inc	Bef-mkt	Q3 23	0.38
	Algonquin Power & Utilities Co	Bef-mkt	Q3 23	0.12
	Emera Inc	Bef-mkt	Q3 23	0.74
	MAG Silver Corp	Bef-mkt	Q3 23	0.16
	Lithium Americas Argentina Cor	0:00	Q3 23	-0.06
	Onex Corp	Bef-mkt	Q3 23	0.00
	Boyd Group Services Inc	Bef-mkt	Q3 23	1.12
	Filo Corp	Aft-mkt	Q3 23	-0.18

Source: Bloomberg

Data Update



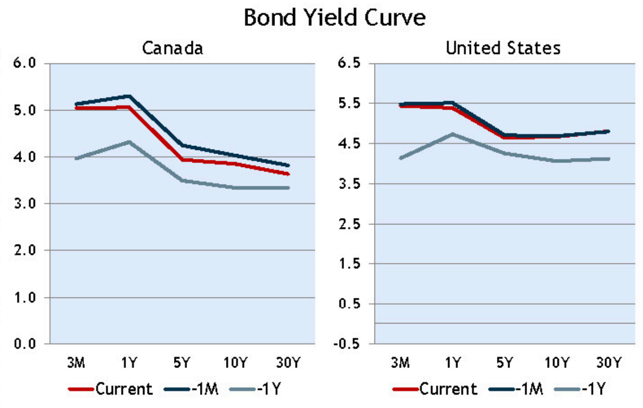


Stock Indices

	Level	Total return performances (in C$ / in local currency) 1 week	1 month	3 months	YTD	1 year	5 years (ann.)	10-year Hi / Low Hi (Date)	Low (Date)
Canada									
S&P/TSX Composite	19626.3	4.1%	2.6%	-2.1%	4.1%	5.2%	8.7%	22087.2 (29 Mar 2022)	11228.5 (23 Mar 2020)
U.S.									
S&P 500 Composite	4317.8	4.2% / 4.4%	1.7% / 0.8%	-0.8% / -4.0%	16.0% / 14.0%	18.2% / 16.8%	12.7% / 11.6%	4796.6 (3 Jan 2022)	1741.9 (3 Feb 2014)
Dow Jones Industrials	33839.1	3.0% / 3.2%	2.2% / 1.3%	-0.4% / -3.6%	5.7% / 3.9%	8.8% / 7.5%	9.4% / 8.3%	36799.7 (4 Jan 2022)	15372.8 (3 Feb 2014)
Nasdaq Composite	13294.2	5.4% / 5.6%	0.8% / -0.1%	-1.5% / -4.7%	30.1% / 27.9%	28.9% / 27.4%	14.7% / 13.6%	16057.4 (19 Nov 2021)	3857.3 (7 Nov 2013)
World									
Euro Stoxx 50	4169.6	3.6% / 3.1%	3.0% / 0.9%	-3.2% / -3.6%	14.8% / 13.4%	29.5% / 19.0%	8.2% / 8.6%	4471.3 (31 Jul 2023)	2385.8 (18 Mar 2020)
FTSE100	7446.5	1.4% / 1.3%	0.6% / -0.8%	-1.3% / -0.4%	6.4% / 3.3%	16.4% / 8.3%	4.6% / 4.9%	8014.3 (20 Feb 2023)	4993.9 (23 Mar 2020)
TOPIX	2322.4	4.1% / 4.4%	0.8% / 0.4%	0.3% / 1.8%	12.1% / 25.7%	21.5% / 22.8%	4.6% / 9.6%	2430.3 (19 Sep 2023)	1132.8 (14 Apr 2014)
CSI 300	3554.2	1.0% / 1.2%	-2.9% / -3.6%	-8.9% / -10.2%	-9.1% / -6.0%	-0.2% / -0.9%	3.6% / 3.8%	5807.7 (10 Feb 2021)	2087.0 (20 Mar 2014)
MSCI World	655.0	3.7% / 3.9%	1.2% / 0.3%	-1.7% / -4.9%	12.3% / 10.3%	17.3% / 15.9%	9.5% / 8.4%	758.9 (16 Nov 2021)	353.4 (11 Feb 2016)
MSCI Emerg. Markets	930.6	2.0% / 2.2%	-1.2% / -2.1%	-5.2% / -8.3%	1.6% / -0.1%	11.2% / 9.9%	2.5% / 1.5%	1444.9 (17 Feb 2021)	688.5 (21 Jan 2016)
MSCI EAFE	2006.1	3.1% / 3.3%	1.2% / 0.3%	-2.3% / -5.5%	8.2% / 6.3%	18.9% / 17.5%	6.0% / 5.0%	2404.8 (6 Sep 2021)	1354.3 (23 Mar 2020)

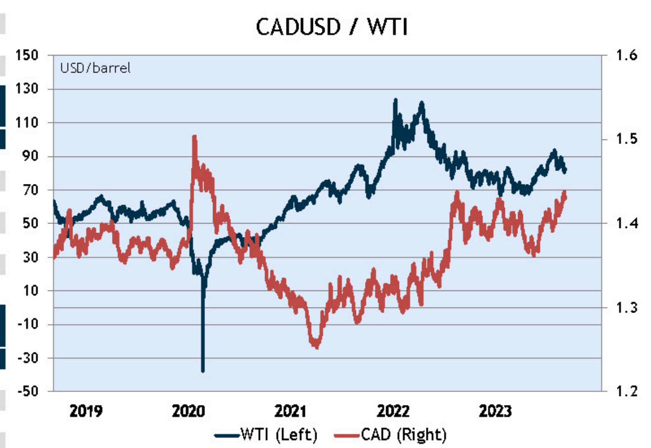
Canadian Bond Indices

	Total return performances 1 week	1 month	YTD	1 year	5 years (ann.)
Refinitiv Indices					
Overall Universe	1.2%	1.9%	-0.1%	1.6%	0.6%
Long Term Universe	2.1%	3.0%	-2.2%	0.5%	-0.8%
Mid Term Universe	1.2%	1.7%	-0.4%	0.9%	0.7%
Short Term Universe	0.4%	1.1%	2.0%	2.9%	1.4%
Federal Universe	1.0%	1.7%	-0.6%	0.5%	-0.1%
Provincial Universe	1.5%	2.4%	-0.8%	1.1%	0.3%
Corporate Universe	0.9%	1.5%	2.0%	4.3%	1.9%



Bond Yield Curve

	3 mths	1 year	5 years	10 years	30 years
Canada	5.04%	5.06%	3.95%	3.85%	3.64%
1 week chg (bps)	-6	-8	-18	-15	-12
1 month chg (bps)	-9	-24	-31	-18	-18
1 year chg (bps)	+107	+74	+45	+52	+29
U.S.	5.44%	5.39%	4.65%	4.67%	4.81%
1 week chg (bps)	-4	-3	-15	-17	-18
1 month chg (bps)	-4	-12	-7	-2	+1
1 year chg (bps)	+130	+66	+39	+61	+68



Currencies

	latest	1 week ago	1 month ago	January 1st	1 year ago
USDCAD	1.379	1.382	1.367	1.355	1.363
US cents per cad	0.725	0.724	0.732	0.738	0.734
EURCAD	1.464	1.457	1.435	1.446	1.345
EURUSD	1.062	1.054	1.050	1.067	0.987
USDJPY	150.5	150.3	149.8	131.9	147.1
GBPUSD	1.217	1.213	1.212	1.203	1.146
USDCNY	7.319	7.319	7.304	6.952	7.282

Commodities

	latest	1 week ago	1 month ago	January 1st	1 year ago
Oil - WTI ($/barrel)	82.46	83.21	88.82	80.26	90.00
Oil - Brent ($/barrel)	91.06	91.80	92.02	83.33	97.50
Gold ($/oz)	1983.85	1980.25	1830.35	1815.64	1647.53
CRB Metals (index)	773.9	773.9	773.9	773.9	773.9

Data Update

Jobs

	Unemployment rate		Employment change	
	Latest	12 months ago	Latest	12-month avg
Canada	5.7%	5.2%	17.5K	41.8K
Ontario	6.2%	5.7%	-14.3K	16.7K
Quebec	4.9%	4.1%	-22.1K	7.2K
British Columbia	5.4%	4.6%	-4.0K	4.2K
Alberta	5.8%	5.4%	37.7K	7.7K
United States	3.9%	3.7%	150.0K	243.1K
Eurozone	6.5%	6.7%	---	---
Japan	2.6%	2.6%	60.0K	16.7K

Inflation

	Y/Y Latest	3-mth ann.	Y/Y 6 months ago	Y/Y 1 year ago
Canada				
Headline CPI	3.8%	5.7%	4.3%	6.9%
Average core	4.0%	---	4.9%	4.8%
United States				
Headline PCE	3.4%	3.8%	4.4%	6.6%
Core PCE	3.7%	2.5%	4.8%	5.5%
Eurozone				
Headline CPI	2.9%	---	7.0%	10.6%
Core CPI	4.2%	---	5.6%	5.0%
Japan				
Headline CPI	3.0%	3.5%	3.3%	3.0%
Core CPI	2.7%	2.7%	3.2%	3.1%

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	$801,423	67.3% / 46.3%	0.7%	259.1K / 220.9K
Toronto	$1,254,833	93.1% / 63.5%	0.8%	56.1K / 39.7K
Vancouver	$1,377,514	102.1% / 71.5%	2.6%	30.8K / 25.0K
Montreal	$545,788	49.2% / 33.4%	-1.9%	19.8K / 23.0K
Calgary	$501,009	37.2% / 25.1%	5.1%	23.7K / 13.3K
United States	---	---	2.6%	1359.3K / 1288.2K

Manufacturing Sector

	Markit manufacturing PMI		Industrial production	
	Latest	6-month trend	3 mth ann chg	12-month chg
Canada	48.6	▼	-1.3%	-0.6%
United States	50.0	▼	5.3%	0.1%
Eurozone	43.0	▼	-2.6%	-5.4%
Japan	48.7	▼	-8.8%	-3.7%
China	49.5	▶	---	---

Central Banks

	Policy rate	12 months ago	Trend	Next announce
Bank of Canada	5.00%	3.75%	▲	12/06/23
Fed Reserve (upper bound)	5.50%	3.25%	▲	12/13/23

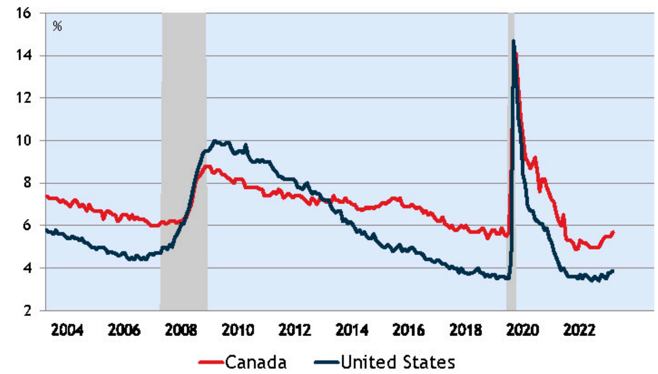
GDP Growth

	Q/Q ann Latest	Q/Q ann Previous	Y/Y Latest	Y/Y 6 months ago
Canada	-0.2% (Q2)	2.6% (Q1)	1.1%	2.1%
United States	4.9% (Q3)	2.1% (Q2)	2.9%	2.4%
Eurozone	-0.4% (Q3)	0.6% (Q2)	0.1%	0.5%
Japan	4.8% (Q2)	3.2% (Q1)	1.7%	1.9%

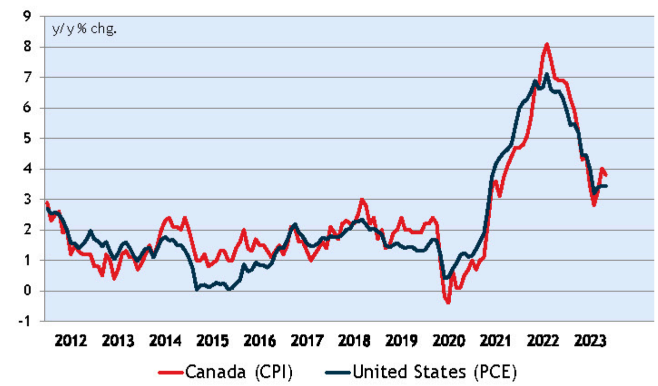
Contributions to real GDP growth - Canada

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
GDP	**-0.2**	**2.6**	**-0.1**	**2.3**
Consumption	0.1	2.6	0.6	0.2
Business Investment	0.9	0.6	-0.4	-0.1
Nonprofit Sector	0.1	0.1	0.0	0.0
Residential Investment	-0.7	-1.7	-0.8	-1.7
Government	0.5	-0.4	0.9	0.8
Final Domestic Demand	**1.0**	**1.3**	**0.2**	**-0.8**
Exports	0.1	3.4	0.7	3.7
Imports	-0.6	-0.3	4.5	0.8
Trade	**-0.5**	**3.1**	**5.3**	**4.5**
Inventories	-0.8	-1.5	-5.5	-1.4
Statistical discrepancy	0.1	-0.1	0.0	0.1

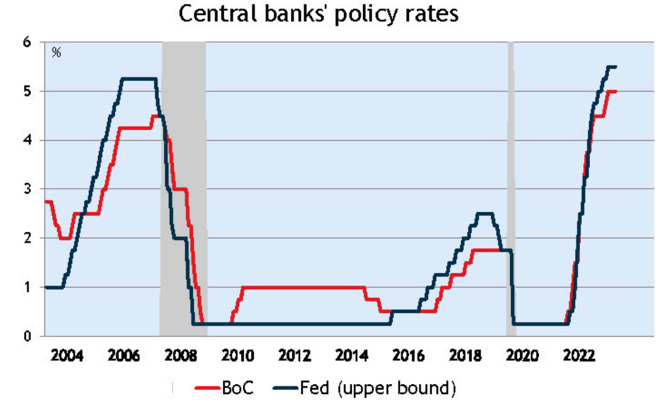
Unemployment rate



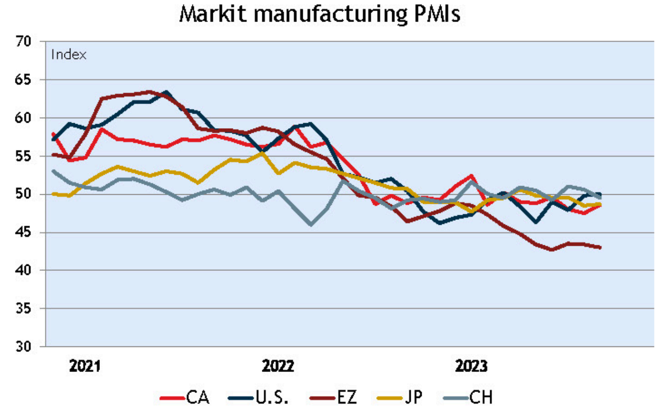
Headline inflation



Central banks' policy rates



Markit manufacturing PMIs



Economics and Strategy

Montreal Office
514-879-2529

Stéfane Marion
Chief Economist and Strategist
stefane.marion@nbc.ca

Matthieu Arseneau
Deputy Chief Economist
matthieu.arseneau@nbc.ca

Kyle Dahms
Economist
kyle.dahms@nbc.ca

Daren King, CFA
Economist
daren.king@nbc.ca

Jocelyn Paquet
Economist
jocelyn.paquet@nbc.ca

Alexandra Ducharme
Economist
alexandra.ducharme@nbc.ca

Angelo Katsoras
Geopolitical Analyst
angelo.katsoras@nbc.ca

Toronto Office
416-869-8598

Warren Lovely
Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich
Rates Strategist
taylor.Schleich@nbc.ca

UK Residents

This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorised and regulated by the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE.

NBF is not authorised by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

U.S. Residents

With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. (“NBCFI”) which is regulated by the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation (SIPC), an affiliate of NBF, accepts responsibility for its contents, subject to any terms set out above. To make further inquiry related to this report, or to effect any transaction, United States residents should contact their NBCFI registered representative.

This report is not a research report and is intended for Major U.S. Institutional Investors only.

This report is not subject to U.S. independence and disclosure standards applicable to research reports.

HK Residents

With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited (“NBCFMA”)which is licensed by the Securities and Futures Commission (“SFC”) to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to, those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong (“SFO”)). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates’ businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc, is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.