



Canada

Economic Indicators—Schedule and Forecasts  
June 25 – July 6, 2012

Ellis/Pumphrey/Husby

<b>2</b> Holiday	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b> Labor Force Survey (8:30) Employment (Change, Thous., SA) Feb -2.8 May 7.7 Mar 82.3 <b>Jun (f) 12.5</b> Apr 58.2 <b>Jun (c) 5.0</b>  Unemployment Rate (SA) Feb 7.4% May 7.3% Mar 7.2% <b>Jun (f) 7.3%</b> Apr 7.3% <b>Jun (c) 7.3%</b>  Building Permits (8:30) (M/M) (SA) Jan -11.4% Apr -5.2% Feb 7.7% <b>May (f) 3.0%</b> Mar 4.9% <b>May (c) -0.5%</b>  Ivey Purchasing Managers' Survey (10:00) (SA) Feb 66.5 May 60.5 Mar 63.5 <b>Jun (f) 52.0</b> Apr 52.7 <b>Jun (c) 57.5</b>
<b>9</b> Bank of Canada Senior Loan Officer Survey (10:30)  Bank of Canada Business Outlook Survey (10:30)	<b>10</b> Housing Starts (8:15) (Thousand, SAAR) Jan 201.1 Apr 244.8 Feb 204.9 May 211.4 Mar 214.8 <b>Jun (f) 205.0</b>	<b>11</b> International Trade (8:30) (Balance, C\$ Billion, SA) Dec 3.2 Mar 0.4 Jan 2.0 Apr -0.4 Feb 0.3 <b>May (f) -0.5</b>	<b>12</b>	<b>13</b>

M/M=month-over-month Y/Y=year-over-year  
f=forecast c=consensus p=preliminary  
r= revised

Recent History-Latest Results

<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b> Real GDP (8:30) (M/M) (SA) Nov -0.1% Feb -0.2% Dec 0.5% Mar 0.1% Jan 0.1% Apr 0.3%  Industrial Product Prices (8:30) (NSA) M/M Y/Y Feb 0.3% 1.7% Mar 0.3% 1.0% Apr unch 0.5% May unch 0.7%  Raw Materials Prices (8:30) (NSA) M/M Y/Y Feb -0.6% 1.3% Mar -1.6% -5.7% Apr -2.0% -13.6% May -1.0% -9.9%
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Key potential market-moving indicators and events include: the Labor Force Survey (Fri., July 6, 8:30 a.m.); Building Permits (Fri., July 6, 8:30 a.m.); Housing Starts (Tues., July 10, 8:15 a.m.); and International Trade (Wed., July 11, 8:30 a.m.).

The Labor Force Survey provides a timely-but-volatile read on the underlying economic backdrop. May data showed job additions slowing from the recent sizzling pace—although three-month averages show marked yet maintainable improvement. Building permits data have been noisy of late, but positive data is still a leading indicator for the business cycle.

Housing starts data likely show moderation from recent highs, however a building permits backlog will keep housing starts above their sustainable long-run pace. The International Trade Balance report likely will show another deficit, as global demand for Canadian exports wanes despite a weaker loonie.

Indicator	Forecast	Consensus	Analysis
Labor Force Survey, Employment (Change, SA)	+12,500	+5,000	Modest job additions show continued, sustainable labor market improvement.
Unemployment Rate (SA)	7.3%	7.3%	Holding steady as job gains are offset by rising participation.
Building Permits (M/M) (SA)	+3.0%	-0.5%	Residential permits still elevated on low interest rates, rising home prices.
Ivey Purchasing Managers' Survey (SA)	52.0	57.5	Purchasing activity softens on weaker prices, global slowdown.
Housing Starts (SAAR)	205,000 units		Low mortgage rates keep housing starts above projected long run level.
International Trade (Balance, SA)	-\$0.5 billion		Falling commodity prices outweigh weaker loonie.

### Post Mortem—Prior Week Results

**GDP gains on oil and gas extraction.** April real GDP increased by 0.3% m/m (Consensus: +0.2%; Decision Economics: +0.3%), posting its largest increase since December 2011. The economy has expanded by 2% from twelve months ago. The gains were largely due to a 2.7% increase in oil and gas extraction as the industry rebounded from supply chain and maintenance complications a month ago. Wholesale trade also posted a healthy gain, up 1.2% m/m—its fifth consecutive increase. Retail activity contracted by 0.8% in April, while manufacturing output declined by 0.3%. The retail result is particularly disappointing as the Bank of Canada (BoC) predicted domestic consumption to provide two-thirds of growth this year.

*The BoC projected in April that the economy would expand by 2.4% this year. However, there is some indication that the forecast will be revised downward in the July 18 Monetary Policy Report as the economy only grew at an annualized pace of 1.9% in Q1. This supports the DE view of 2% to 2.5% real GDP growth this year with risks tilted towards the downside on global headwinds.*

**Price indices (again!) signal widening margins for manufacturers, as Raw Materials prices decline on crude...**The Raw Materials Price Index (RMPI) posted its fourth consecutive monthly decline as crude oil prices fell 2.2% m/m. The RMPI dropped 1% m/m in May (Consensus: -2.2%; Decision Economics: -2.0%). Vegetables and metals prices also eased over the month, while wood (+2.1%) was the only commodity group to post a gain. The RMPI has fallen 9.9% over the past year. Crude oil prices have fallen 16.1% from a year ago, while metals have dropped 10% during that time.

**...while Industrial Products prices remain unchanged.** The Industrial Product Price Index (IPPI) was unchanged for the second month in a row (Consensus: +0.1%; Decision Economics: +0.2%). Motor vehicle (+1%) and wood (+1.7%) product price gains were offset by a 2.1% drop in petroleum and coal products. Gasoline prices fell for the first time in 2012, by 3.6%, in May while prices for many metal products also declined.