

By Kyle Dahms, Jocelyn Paquet et al.

### Table of contents

|  |          |
|--|----------|
| <b>Week in review</b> .....                        | <b>1</b> |
| Canada .....                                       | 1        |
| United States .....                                | 2        |
| World .....  | 2        |
| <b>What we'll be watching</b> .....                | <b>3</b> |
| In the U.S. ....                                   | 3        |
| In Canada .....                                    | 3        |
| Elsewhere in the world .....                       | 3        |
| <b>Economic Calendar – Canada &amp; U.S.</b> ..... | <b>4</b> |
| <b>Data Update – Table 1</b> .....                 | <b>5</b> |
| <b>Data Update – Table 2</b> .....                 | <b>6</b> |

### Week in review

**Canada:** Canadian employment increased 90K in April, a better performance than consensus expectations for a 20K increase. Meanwhile, the participation rate rose to 65.4% while population grew 112K. As a result, the unemployment rate remained unchanged at 6.1%, one tick lower than consensus expectations. The increase in employment is the result of a rise in both part-time (+50K) and full-time positions (+40K).

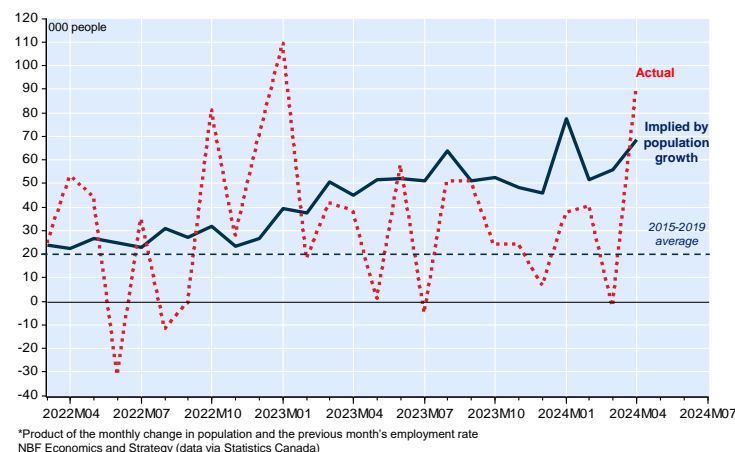
The increase in employment stemmed mostly from the private sector (+50K). There were also gains in the public sector (+26K) and in the number of self-employed people (+15K). April's variation in employment was positive in the services sector (+100K), while employment in goods (-10K) was down. On the goods side, increases in forestry (+8K) and manufacturing (+3K) were more than offset by declines in construction (-11K), agriculture (-5K) and utilities (-5K). On the services side, the largest gains were registered in professional/scientific services (+26K), accommodation/food services (+24K), health care/social assistance (+17K), information/culture (+10K) and business/building (+10K). Education (-5K), meanwhile, registered a small decline.

Regionally, there were job gains in Ontario (+25K), British Columbia (+23K), Québec (+19K) and Alberta (+11K). Hours worked were up 0.8% in April following a 0.3% decrease in March. Wage inflation was 4.8% on a year-over-year basis in April (down from 5.0% in March).

Canadian employment recorded its strongest increase in 15 months in April, widely surpassing consensus expectations. But the big surprise in this report was the demographic surge, as the population aged 15 and over rose by 112K, the second-highest increase on record. It is therefore important to adjust our labour market evaluation standards in this highly atypical context. At the current rate of population growth, the labour market needs to generate 60K jobs to maintain the employment rate. By this criterion, job creation in April was good, but no more.

### Canada: Job creation is above the pace implied by population

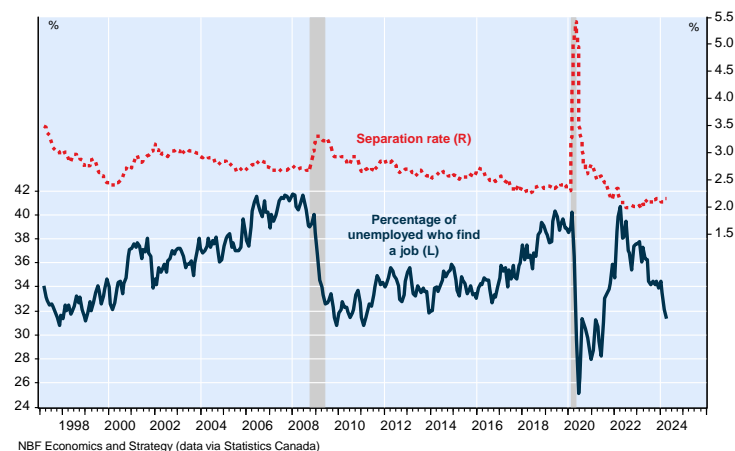
Actual job creation and job creation implied by population growth\*



Moreover, despite this seemingly exceptional gain, the unemployment rate remained essentially unchanged, meaning that the labour market did not tighten in April after cooling off since the start of the monetary tightening cycle (unemployment rate is up 1.3 percentage points (pp) since July 2022). For the time being, the easing of the labour market is characterized by the difficulty of individuals to enter the Canadian job market, as evidenced by the sharp rise in the unemployment rate for young people and recent immigrants. The deterioration is particularly acute in Toronto as shown by the unemployment rate reaching 7.9%, up 2.3 pp from recent trough. Back at the national level, the percentage of unemployed people finding work is currently at its lowest level in over a decade excluding the pandemic. For the time being, layoffs are limited, as the separation rate remains very low on a historical basis.

### Canada: It's getting harder for the unemployed to find work

Percentage of unemployed who find a job and separation rate, 3-month moving averages



As for the private sector rebound, we remain skeptical about its sustainability. Goods-producing industries posted contractions in April, which is not surprising given the labour hoarding that occurred in 2023 in many of these sectors. With more than 50% of SMEs indicating that they are concerned about their sales, we doubt that there will be a sustained upturn in corporate hiring in the months ahead.



The **Bank of Canada's Financial Stability Report (FSR)** for 2024, formerly known as the Financial System Review, serves as a comprehensive analysis of risks to the financial system and actions being taken to mitigate these risks. Far from being alarmist, the report released this week does acknowledge various factors that could have a negative bearing on financial stability.

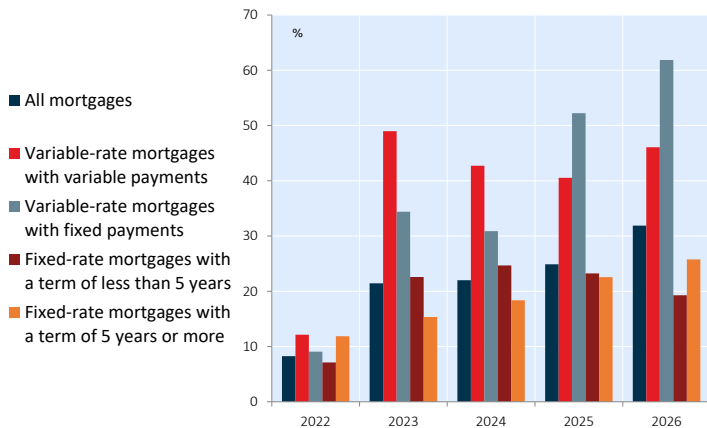
According to the FSR, the global economic and financial environment has improved, and this is helping manage adjustments to higher interest rates and volatility. Despite not having fully returned to pre-hike levels, bond market volatility and liquidity have improved, and corporate bond markets remain robust. Enhanced oversight and supervision of risky exposures have reduced the risk of destabilizing shocks. This said, uncertainty persists, particularly regarding geopolitical tensions and the timing and extent of potential interest rate cuts.

The Canadian financial system is deemed resilient, with key players having adapted proactively to higher interest rates. Household credit demand has decreased, and excess liquid assets accumulated during the pandemic are being maintained. Variable-rate mortgage borrowers are making pre-emptive payments, while banks remain well-capitalized and have provisions for losses. Although wholesale funding costs are high, bank spreads have compressed, and asset managers have improved liquidity risk management.

The report highlights two primary risks: debt serviceability and asset valuations. While households have adjusted to higher rates, some segments show signs of stress, particularly non-mortgage borrowers. Mortgage arrears remain low but could increase with gradual renewals, impacting debt service burdens. Asset valuations are stretched, posing risks, especially if interest rate expectations change or government debt issuance increases term premiums. Commercial real estate (CRE) valuations are under pressure and liquidity events could amplify stress on the financial system.

**Canada: Mortgage renewals will experience a payment shock**

Median percentage increase in mortgage payment at renewal compared at origination



NBF Economics and Strategy (data via Bank of Canada Financial Stability Report)

\*Note: The mortgage rates used to calculate results are based on market expectations as at April 25, 2024. Increases are estimated on the stock of mortgages outstanding in February 2022.

In the report, the BoC emphasized the notion of financial system interconnectedness, whereby acute banking stress could affect healthy institutions and large-scale liquidity events could create broader stress. Debt serviceability is a key concern in a high-interest-rate environment, given Canada's high household indebtedness. While the FSR seems less alarmed about mortgage market conditions, non-mortgage credit trends are concerning. Asset valuations, particularly in equities and credit spreads, are lofty but not surprisingly so.

Against this background, the FSR nonetheless underscored the system's resilience, noting its capacity to manage elevated rates and market volatility. However, Canada's economy is struggling for traction, and maintaining overtly restrictive monetary policy could exacerbate financial system risks.

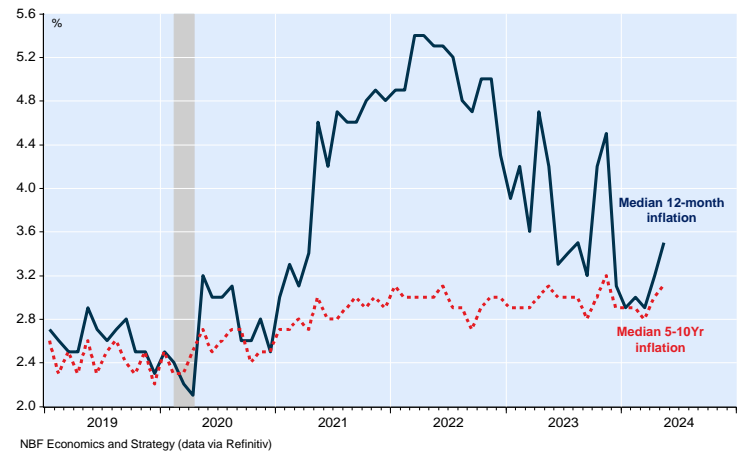
Improved sentiment hinges on expectations of interest rate relief, supported by factors like a growing output gap and weakening labour market conditions.

All in all, while risks persist, the financial system is deemed resilient, but ongoing vigilance and appropriate policy responses are necessary to navigate uncertainties and sustain stability. The report makes an argument for less restrictive monetary policy to support economic recovery while mitigating financial system vulnerabilities.

**United States:** The **University of Michigan Consumer Sentiment index** tumbled from 77.2 in April to 67.4 in May, its lowest reading in 6 months. The deterioration of sentiment was due to a worse assessment of both longer-term perspectives (from 76.0 to 66.5) and current conditions (from 79.0 to 68.8). Twelve-month inflation expectations rose from 3.2% to 3.5%, while 5/10-year expectations increased from 3.0% to 3.1%.

**United-States: Inflation expectations jumped up in May**

University of Michigan Consumer Sentiment Survey: Median inflation expectations



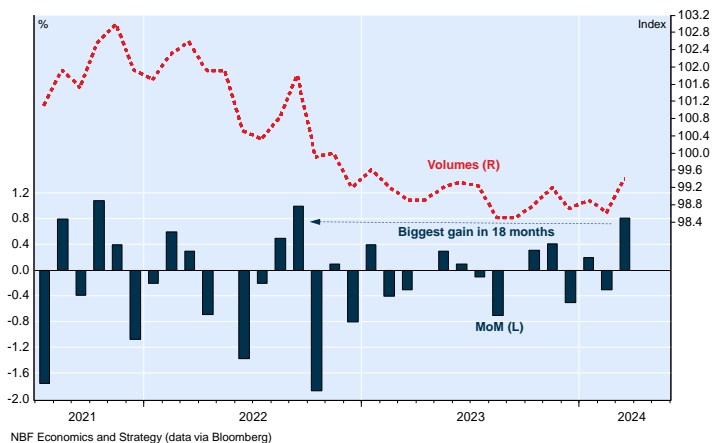
NBF Economics and Strategy (data via Refinitiv)

In the week to May 4, **initial jobless claims** sprang to an eight-month high of 231K from an upwardly revised level of 209K. Continuing claims, for their part, jumped from 1,765K to 1,785K.

**World: Eurozone retail sales** surged 0.8% in March after declining 0.3% the month before. Consensus expectations were for a 0.6% increase. This was their strongest advance in 18 months and the first time since September 2022 that retail sales progressed on an annual basis. A recovery in consumer spending is a welcome sign after a bout of economic weakness in the face of elevated interest rates. The improvement in retail spending should not necessarily delay potential action on the monetary policy front seeing how inflation has cooled and overall growth perspectives remain moderate.

**Eurozone: Growth spurt driven in part by consumer spending**

Retail sales volumes



NBF Economics and Strategy (data via Bloomberg)



## What we'll be watching

**In the U.S.**, the publication of April's **CPI** report will attract a lot of attention. The energy component is likely to have had a positive impact on the headline index given the rise in gasoline prices during the month. This, combined with a decent gain in shelter costs, should result in a 0.3% increase in headline prices. If we're right, the year-on-year rate could move down one tick to 3.4%. The increase in core prices could have been similar in size to that of the headline index, as subdued gains in the core goods segment were likely more than offset by stronger progressions on the services side. A 0.3% monthly gain should allow the annual core rate to come down two ticks to 3.6%, its lowest level in three years. April's **retail sales** report will also be watched closely. Motor vehicles and parts dealers could have contributed positively to the headline figure judging by an increase in auto sales during the month, but this may have been partly offset by a steep decline in the non-store retailer category. All told, retail sales could have increased 0.3%. Ex-auto outlays could have been a tad weaker, advancing 0.2% month on month. **Industrial production** could have stayed virtually unchanged in April, hampered by a stagnation in the manufacturing segment. We'll also get an update on the state of the housing market with the release of May's **NAHB Index** and April's **housing starts**. If recent data on residential permits is any guide, the latter could have jumped to 1,435K (seasonally adjusted and annualized), led by an increase in the multi-family segment. The first clues on the state of the manufacturing sector in May will be available with the publication of the **Empire State Manufacturing Index** and the **Philly Fed Business Outlook Survey**. The **NFIB's Small Business Optimism Index** for the month of April will also be published. Several Fed officials are scheduled to give speeches, notably Neel Kashkari (Wednesday), Loretta Mester (Thursday) and Raphael Bostic (Thursday). More importantly, **Fed Chairman Jerome Powell** will speak on Tuesday at a special event organized by Netherland's Foreign Bankers' Association.

|  | Previous | NBF forecasts |
|--|----------|---------------|
| <b>Wed:</b> CPI (April, y/y/ chg.)                   | 3.5%     | 3.4%          |
| Core CPI (April, y/y/ chg.)                          | 3.8%     | 3.6%          |
| Retail sales (April, m/m chg.)                       | 0.7%     | 0.3%          |
| Ex-autos retail sales (April, m/m chg.)              | 1.1%     | 0.2%          |
| <b>Thur:</b> Industrial production (April, m/m chg.) | 0.4%     | 0.0%          |
| Housing starts (April, saar)                         | 1,321K   | 1,435K        |

**In Canada**, a housing market update will be provided with the release of April data on **existing home sales** and **housing starts**. Judging by residential permits data published up to now, the latter could have edged down to 240.0K (seasonally adjusted and annualized), led by a slight decline in the multi-family segment. The week will also feature the release of March's **manufacturing sales**, which could have contracted 2.8% m/m on sizeable decreases for transportation equipment and petroleum/coal. March's **wholesale trade sales** numbers will also be published alongside **building permits** data for the same month.

|   | Previous | NBF forecasts |
|---|----------|---------------|
| <b>Wed:</b> Manufacturing sales (March, m/m chg.) | 0.7%     | -2.8%         |
| Housing starts (April, saar)                      | 242.2K   | 240.0K        |

**Elsewhere in the world**, the week will be highlighted by the release of Q1's **GDP** data in Japan. March's **industrial production** report will also be published in the eurozone. A host of April indicators will be available in China including **industrial production**, **new home prices** and the **jobless rate**.



Economic Calendar – Canada & U.S.

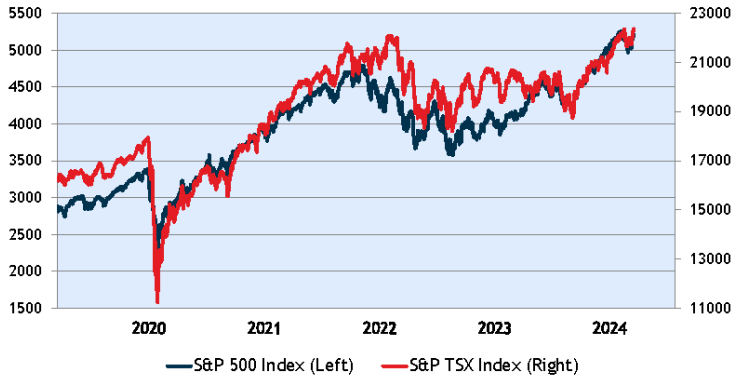
| Economic releases & events |      |                           |                               |        |          |                    | Earnings announcements         |                               |         |       |           |
|----------------------------|------|---------------------------|-------------------------------|--------|----------|--------------------|--------------------------------|-------------------------------|---------|-------|-----------|
|                            | Time | Country                   | Release                       | Period | Previous | Consensus Estimate | NBF Estimate                   | Company                       | Time    | Qtr   | Cons. EPS |
| Monday<br>May 13           | 8:30 | CA                        | Building Permits MoM          | Mar    | 9.30%    | -5.00%             |                                | Emera Inc                     | Bef-mkt | Q1 24 | 0.81      |
|                            |      |                           |                               |        |          |                    | K92 Mining Inc                 | Bef-mkt                       | Q1 24   | 0.03  |           |
|                            |      |                           |                               |        |          |                    | Premium Brands Holdings Corp   | Bef-mkt                       | Q1 24   | 0.52  |           |
| Tuesday<br>May 14          | 6:00 | US                        | NFIB Small Business Optimism  | Apr    | 88.5     | 88.1               |                                | Hudbay Minerals Inc           | Bef-mkt | Q1 24 | 0.04      |
|                            | 8:30 | US                        | PPI Final Demand MoM          | Apr    | 0.20%    | 0.30%              |                                | Hydro One Ltd                 | Bef-mkt | Q1 24 | 0.49      |
|                            | 8:30 | US                        | PPI Ex Food and Energy MoM    | Apr    | 0.20%    | 0.20%              |                                | Centerra Gold Inc             | Bef-mkt | Q1 24 | 0.13      |
|                            | 8:30 | US                        | PPI Final Demand YoY          | Apr    | 2.10%    | 2.20%              |                                | Keyera Corp                   | Bef-mkt | Q1 24 | 0.54      |
|                            | 8:30 | US                        | PPI Ex Food and Energy YoY    | Apr    | 2.40%    | 2.30%              |                                | MAG Silver Corp               | 0:00    | Q1 24 | 0.13      |
|                            |      |                           |                               |        |          |                    | Mattr Corp                     | Aft-mkt                       | Q1 24   | 0.19  |           |
|                            |      |                           |                               |        |          |                    | Element Fleet Management Corp  | Aft-mkt                       | Q1 24   | 0.31  |           |
|                            |      |                           |                               |        |          |                    | Superior Plus Corp             | Aft-mkt                       | Q1 24   | 0.54  |           |
|                            |      |                           |                               |        |          |                    | H&R Real Estate Investment Tru | Aft-mkt                       | Q1 24   | 0.29  |           |
|                            |      |                           |                               |        |          |                    | SilverCrest Metals Inc         | Aft-mkt                       | Q1 24   | 0.13  |           |
|                            |      |                           |                               |        |          |                    | NorthWest Healthcare Propertie | Aft-mkt                       | Q1 24   | 0.11  |           |
|                            |      |                           |                               |        |          |                    | Peyto Exploration & Developmen | Aft-mkt                       | Q1 24   | 0.50  |           |
| Wednesday<br>May 15        | 7:00 | US                        | MBA Mortgage Applications     | May-10 | 2.60%    | --                 |                                | Seabridge Gold Inc            | 0:00    | Q1 24 | 0.00      |
|                            | 8:15 | CA                        | Housing Starts                | Apr    | 242.2k   | 240.0k             | 240.0k                         | Boralex Inc                   | 0:00    | Q1 24 | 0.50      |
|                            | 8:30 | CA                        | Manufacturing Sales MoM       | Mar    | 0.70%    | -2.80%             | -2.80%                         | SNC-Lavalin Group Inc         | Bef-mkt | Q1 24 | 0.44      |
|                            | 8:30 | US                        | Empire Manufacturing          | May    | -14.3    | -10.3              |                                | Boyd Group Services Inc       | Bef-mkt | Q1 24 | 0.71      |
|                            | 8:30 | US                        | CPI MoM                       | Apr    | 0.40%    | 0.40%              | 0.30%                          | Birchcliff Energy Ltd         | Aft-mkt | Q1 24 | -0.01     |
|                            | 8:30 | US                        | CPI Ex Food and Energy MoM    | Apr    | 0.40%    | 0.30%              | 0.30%                          | Northland Power Inc           | Aft-mkt | Q1 24 | 0.62      |
|                            | 8:30 | US                        | CPI YoY                       | Apr    | 3.50%    | 3.40%              | 3.40%                          | Africa Oil Corp               | Aft-mkt | Q1 24 | 0.05      |
|                            | 8:30 | US                        | CPI Ex Food and Energy YoY    | Apr    | 3.80%    | 3.60%              | 3.60%                          | Cisco Systems Inc             | Aft-mkt | Q3 24 | 0.82      |
|                            | 8:30 | US                        | Retail Sales Advance MoM      | Apr    | 0.70%    | 0.40%              | 0.30%                          |                               |         |       |           |
|                            | 8:30 | US                        | Retail Sales Ex Auto MoM      | Apr    | 1.10%    | 0.20%              | 0.20%                          |                               |         |       |           |
| 9:00                       | CA   | Existing Home Sales MoM   | Apr                           | 0.50%  | --       |                    |                                |                               |         |       |           |
| 10:00                      | US   | NAHB Housing Market Index | May                           | 51.0   | 51.0     |                    |                                |                               |         |       |           |
| Thursday<br>May 16         | 8:30 | US                        | Initial Jobless Claims        | May-11 | 231k     | 219k               |                                | Lightspeed Commerce Inc       | Bef-mkt | Q4 24 | 0.06      |
|                            | 8:30 | US                        | Housing Starts                | Apr    | 1321k    | 1435k              | 1435k                          | Canada Goose Holdings Inc     | Bef-mkt | Q4 24 | 0.07      |
|                            | 8:30 | US                        | Housing Starts MoM            | Apr    | -14.70%  | 8.60%              | 8.60%                          | ATS Corp                      | Bef-mkt | Q4 24 | 0.57      |
|                            | 8:30 | US                        | Building Permits MoM          | Apr    | -4.30%   | 1.60%              | 0.90%                          | Walmart Inc                   | 07:00   | Q1 25 | 0.53      |
|                            | 8:30 | US                        | Building Permits              | Apr    | 1458k    | 1490k              | 1480k                          | Deere & Co                    | Bef-mkt | Q2 24 | 7.89      |
|                            | 9:15 | US                        | Industrial Production MoM     | Apr    | 0.40%    | 0.20%              | 0.00%                          | Copart Inc                    | 16:00   | Q3 24 | 0.39      |
|                            | 9:15 | US                        | Capacity Utilization          | Apr    | 78.40%   | 78.40%             |                                | Take-Two Interactive Software | Aft-mkt | Q4 24 | 0.08      |
|                            |      |                           |                               |        |          |                    |                                | Applied Materials Inc         | Aft-mkt | Q2 24 | 1.98      |
| Friday<br>May 17           | 8:30 | CA                        | Int'l Securities Transactions | Mar    | -8.78b   | --                 |                                |                               |         |       |           |

Source: Bloomberg

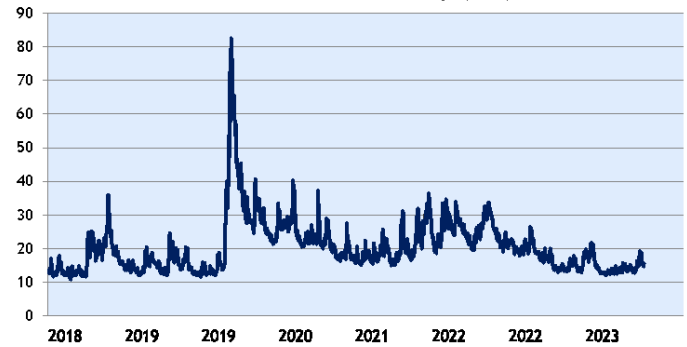


### Data Update – Table 1

#### North American Stock Indices



#### CBOE SPX Volatility (VIX)



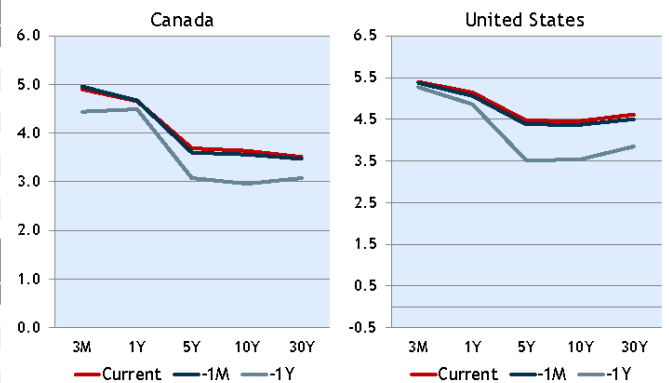
### Stock Indices

| Level                 | Total return performances (in C\$ / in local currency) |               |               |               |               |                | 10-year Hi / Low |                       |                       |
|-----------------------|--|---------------|---------------|---------------|---------------|----------------|------------------|-----------------------|-----------------------|
|                       | 1 week   | 1 month       | 3 months      | YTD           | 1 year        | 5 years (ann.) | Hi (Date)        | Low (Date)            |                       |
| <b>Canada</b>         |  |               |               |               |               |                |                  |                       |                       |
| S&P/TSX Composite     | 22375.8  | 2.5%          | 0.2%          | 7.4%          | 7.9%          | 12.3%          | 9.9%             | 22375.8 (9 May 2024)  | 11228.5 (23 Mar 2020) |
| <b>U.S.</b>           |  |               |               |               |               |                |                  |                       |                       |
| S&P 500 Composite     | 5214.1   | 2.9% / 3.0%   | 0.9% / 0.2%   | 5.9% / 4.1%   | 14.1% / 9.8%  | 31.4% / 28.6%  | 14.9% / 14.6%    | 5254.4 (28 Mar 2024)  | 1829.1 (11 Feb 2016)  |
| Dow Jones Industrials | 39387.8  | 3.0% / 3.1%   | 2.1% / 1.4%   | 4.1% / 2.3%   | 9.2% / 5.2%   | 22.5% / 19.8%  | 11.5% / 11.1%    | 39807.4 (28 Mar 2024) | 15660.2 (11 Feb 2016) |
| Nasdaq Composite      | 16346.3  | 3.1% / 3.2%   | 1.0% / 0.3%   | 4.2% / 2.4%   | 13.3% / 9.1%  | 38.3% / 35.3%  | 17.0% / 16.6%    | 16442.2 (11 Apr 2024) | 4069.3 (15 May 2014)  |
| <b>World</b>          |  |               |               |               |               |                |                  |                       |                       |
| Euro Stoxx 50         | 5054.4   | 4.5% / 3.8%   | 2.7% / 2.7%   | 10.7% / 8.9%  | 15.4% / 13.9% | 21.4% / 20.7%  | 11.4% / 11.9%    | 5083.4 (28 Mar 2024)  | 2385.8 (18 Mar 2020)  |
| FTSE100               | 8381.4   | 2.7% / 2.6%   | 5.5% / 6.1%   | 13.2% / 12.4% | 12.2% / 10.1% | 13.9% / 12.3%  | 6.5% / 7.0%      | 8381.4 (9 May 2024)   | 4993.9 (23 Mar 2020)  |
| TOPIX                 | 2713.5   | -1.6% / -0.6% | -3.3% / -1.5% | 4.6% / 7.1%   | 9.0% / 15.8%  | 17.4% / 32.3%  | 7.1% / 14.6%     | 2813.2 (22 Mar 2024)  | 1150.1 (21 May 2014)  |
| CSI 300               | 3664.6   | 1.8% / 1.7%   | 4.7% / 3.8%   | 10.4% / 9.0%  | 9.0% / 6.9%   | -8.6% / -6.7%  | 1.7% / 2.6%      | 5807.7 (10 Feb 2021)  | 2115.1 (19 May 2014)  |
| MSCI World            | 779.6  | 2.5% / 2.6%   | 1.0% / 0.3%   | 6.7% / 4.9%   | 12.2% / 8.1%  | 25.1% / 22.3%  | 11.6% / 11.3%    | 783.6 (29 Mar 2024)   | 353.4 (11 Feb 2016)   |
| MSCI Emerg. Markets   | 1063.5   | 1.0% / 1.1%   | 1.8% / 1.0%   | 9.5% / 7.6%   | 8.8% / 4.7%   | 14.1% / 11.6%  | 3.9% / 3.6%      | 1444.9 (17 Feb 2021)  | 688.5 (21 Jan 2016)   |
| MSCI EAFE             | 2332.0   | 2.2% / 2.3%   | 1.4% / 0.6%   | 8.2% / 6.4%   | 10.0% / 5.9%  | 14.8% / 12.4%  | 8.2% / 7.9%      | 2404.8 (6 Sep 2021)   | 1354.3 (23 Mar 2020)  |

### Canadian Bond Indices

| Refinitiv Indices   | Total return performances |         |       |        |                |
|---------------------|---------------------------|---------|-------|--------|----------------|
|                     | 1 week                    | 1 month | YTD   | 1 year | 5 years (ann.) |
| Overall Universe    | 0.9%                      | 0.1%    | -2.1% | 0.9%   | 0.0%           |
| Long Term Universe  | 1.9%                      | 0.0%    | -5.4% | -1.3%  | -1.9%          |
| Mid Term Universe   | 0.7%                      | -0.1%   | -1.7% | 0.3%   | 0.2%           |
| Short Term Universe | 0.2%                      | 0.2%    | 0.5%  | 3.3%   | 1.3%           |
| Federal Universe    | 0.7%                      | -0.1%   | -2.0% | -0.1%  | -0.6%          |
| Provincial Universe | 1.3%                      | 0.0%    | -3.3% | 0.0%   | -0.5%          |
| Corporate Universe  | 0.7%                      | 0.3%    | -0.2% | 4.3%   | 1.6%           |

### Bond Yield Curve



### Bond Yield Curve

|                   | 3 mths | 1 year | 5 years | 10 years | 30 years |
|-------------------|--------|--------|---------|----------|----------|
| <b>Canada</b>     | 4.90%  | 4.66%  | 3.69%   | 3.63%    | 3.51%    |
| 1 week chg (bps)  | -3     | -8     | -8      | -11      | -12      |
| 1 month chg (bps) | -6     | -1     | +9      | +8       | +4       |
| 1 year chg (bps)  | +46    | +17    | +61     | +68      | +43      |
| <b>U.S.</b>       | 5.39%  | 5.14%  | 4.47%   | 4.46%    | 4.62%    |
| 1 week chg (bps)  | +1     | -3     | -10     | -12      | -11      |
| 1 month chg (bps) | +2     | +9     | +9      | +9       | +12      |
| 1 year chg (bps)  | +12    | +28    | +96     | +93      | +76      |

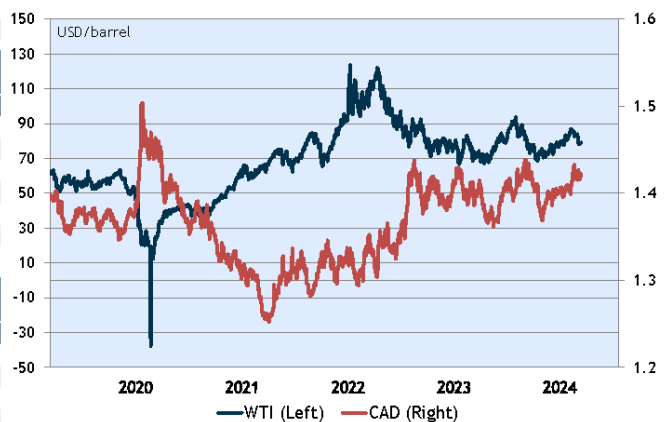
### Currencies

|                  | latest | 1 week ago | 1 month ago | January 1st | 1 year ago |
|------------------|--------|------------|-------------|-------------|------------|
| USDCAD           | 1.369  | 1.371      | 1.359       | 1.319       | 1.340      |
| US cents per cad | 0.730  | 0.729      | 0.736       | 0.758       | 0.747      |
| EURCAD           | 1.476  | 1.465      | 1.476       | 1.457       | 1.468      |
| EURUSD           | 1.078  | 1.069      | 1.086       | 1.105       | 1.096      |
| USDJPY           | 155.6  | 154.1      | 151.6       | 141.0       | 135.1      |
| GBPUSD           | 1.251  | 1.249      | 1.268       | 1.275       | 1.262      |
| USDCNY           | 7.226  | 7.242      | 7.234       | 7.092       | 6.927      |

### Commodities

|                         | latest  | 1 week ago | 1 month ago | January 1st | 1 year ago |
|-------------------------|---------|------------|-------------|-------------|------------|
| Oil - WTI (\$/barrel)   | 79.26   | 78.95      | 85.23       | 71.65       | 73.71      |
| Oil - Brent (\$/barrel) | 84.43   | 85.96      | 92.83       | 80.30       | 76.94      |
| Gold (\$/oz)            | 2336.76 | 2302.13    | 2346.17     | 2065.45     | 2026.14    |
| CRB Metals (index)      | 773.9   | 773.9      | 773.9       | 784.0       | 784.0      |

### CADUSD / WTI





Data Update – Table 2

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

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

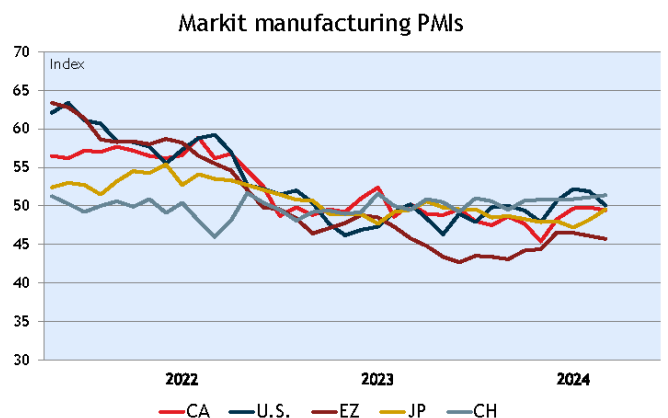
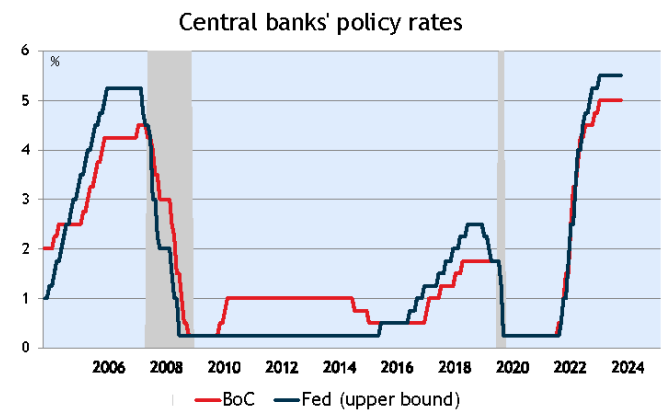
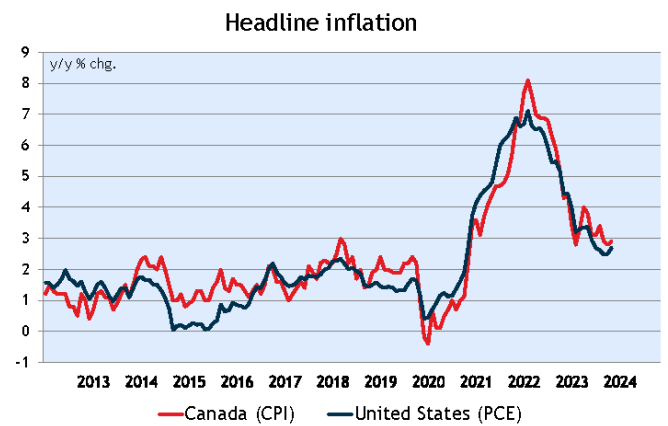
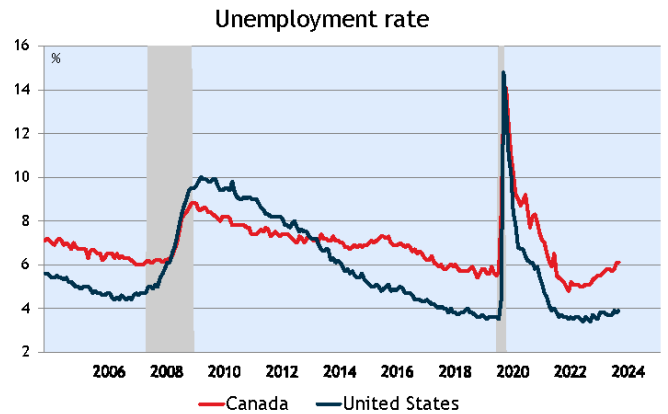
| Housing Market       |                   |   |              |   |
|----------------------|-------------------|---|--------------|---|
|                      | Median home price | Mort. payment share of income / 12 months ago | House prices |   |
|                      |                   |   | Y/Y chg.     | Housing starts 3-month avg. / 10yr avg. |
| <b>Canada</b>        | \$780,258         | 63.4% / 66.1%                                 | 4.5%         | 244.3K / 223.5K                         |
| Toronto              | \$1,187,646       | 86.8% / 91.3%                                 | 3.9%         | 49.2K / 39.8K                           |
| Vancouver            | \$1,252,361       | 99.7% / 102.5%                                | 4.3%         | 30.9K / 25.7K                           |
| Montreal             | \$509,957         | 43.9% / 46.2%                                 | 4.3%         | 11.8K / 22.8K                           |
| Calgary              | \$574,734         | 43.0% / 40.3%                                 | 11.6%        | 22.8K / 13.6K                           |
| <b>United States</b> | ---               | ---   | 6.4%         | 1415.0K / 1312.4K                       |

| Manufacturing Sector |                          |               |                       |              |
|----------------------|--------------------------|---------------|-----------------------|--------------|
|                      | Market manufacturing PMI |               | Industrial production |              |
|                      | Latest                   | 6-month trend | 3 mth ann chg         | 12-month chg |
| <b>Canada</b>        | 49.4                     | ▲             | -1.4%                 | -0.5%        |
| <b>United States</b> | 50.0                     | ▶             | 0.2%                  | 0.0%         |
| <b>Eurozone</b>      | 45.7                     | ▲             | -2.4%                 | -7.1%        |
| <b>Japan</b>         | 49.6                     | ▲             | -14.0%                | -3.6%        |
| <b>China</b>         | 51.4                     | ▲             | ---                   | ---          |

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

| GDP Growth           |           |            |        |              |
|----------------------|-----------|------------|--------|--------------|
|                      | Q/Q ann   |            | Y/Y    |              |
|                      | Latest    | Previous   | Latest | 6 months ago |
| <b>Canada</b>        | 1.0% (Q4) | -0.5% (Q3) | 0.9%   | 0.5%         |
| <b>United States</b> | 1.6% (Q1) | 3.4% (Q4)  | 3.0%   | 3.1%         |
| <b>Eurozone</b>      | 1.3% (Q1) | -0.2% (Q4) | 0.4%   | 0.1%         |
| <b>Japan</b>         | 0.4% (Q4) | -3.2% (Q3) | 1.3%   | 1.6%         |

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







**Subscribe to our publications: [NBF.EconomicsStrategy@nbc.ca](mailto:NBF.EconomicsStrategy@nbc.ca) – To contact us: 514-879-2529**

#### General

This Report was prepared by National Bank Financial, Inc. (NBF), (a Canadian investment dealer, member of CIRO), an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that NBF is permitted to provide this Report to you under relevant legislation and regulations.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial and National Bank of Canada Financial Inc.

#### Canadian Residents

NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent or underwriter for certain issuers mentioned herein and may receive remuneration for its services. As well NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

This Report is not considered a research product under Canadian law and regulation, and consequently is not governed by Canadian rules applicable to the publication and distribution of research Reports, including relevant restrictions or disclosures required to be included in research Reports.

#### 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.

#### Copyright

This Report may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of NBF.