Weekly Economic Watch

Economics and Strategy

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

April 12, 2024

By Alexandra Ducharme, Jocelyn Paquet et al.

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Week in review

CANADA: Once again, the Bank of Canada left its overnight rate target unchanged at 5.0%, a decision in line with a unanimous consensus. Regarding its balance sheet, the Bank asserted that it was "continuing its policy of quantitative tightening". According to the rate statement, inflation was "still too high" but price pressures had eased in recent months, having grown "more broad-based across goods and services", and core inflation was losing momentum. Still, shelter inflation was "very elevated". Going forward, members of the Governing Council will be looking for evidence that "this downward momentum is sustained" and will continue to focus on the supply/demand balance, inflation expectations, wage growth, and corporate pricing behaviour. The statement reiterated that the economy had moved into "excess supply" in the second half of 2023 but economic growth was expected to "pick up" in 2024 on strong population growth, a recovery in household spending, and marginal government spending. Business investment, too, was expected to "recover gradually". Demand for housing remained robust, which was leading to "strengthening" residential investment. On the labour front, they noted that a "broad range of indicators suggest[ed] that conditions continue[d] to ease". They also repeated their assessment from March regarding "recent signs that wage pressures [were] moderating". In the opening statement to the press conference, Bank Governor Tiff Macklem spoke to the conditions needed for cutting rates: "We are seeing what we need to see, but we need to see it for longer to be confident that progress toward price stability will be sustained."

The central bank also released the latest edition of its Monetary Policy Report (MPR), which lays out a significantly more robust growth trajectory in 2024 (from +0.8% to +1.5%) thanks to greater demand from the United States (i.e., sturdier exports), a more supportive fiscal backdrop, easing of financial conditions and, above all, stronger-than-expected population growth. Highlighting the importance of this last factor, the Bank of Canada noted that it was still forecasting negative per-capita GDP growth in 2024. Further down the forecast horizon, the BoC sees the economy expanding 2.2% next year (down from 2.4% in January's MPR) and 1.9% in 2026.

Despite a sizeable upgrade to the recent growth trajectory, the central bank believes that the economy remains in excess supply, estimating the output gap at between -0.5% and -1.5% in the first quarter. Reconciling these seemingly contradictory trends was a 0.4% upgrade to potential output this year. The BoC now pegs potential at 2.5%, reflecting stronger population growth. Excess supply was expected to remain moderate through 2024 and then slowly dissipate in 2025 and 2026 "as demand growth remains solid and supply growth moderates". The BoC then sees potential growth fading to 1.7% next year, a number consistent with the federal government's recently announced targets for non-permanent residents. With this revision more or less offsetting the one for 2024, the level of potential output remains roughly unchanged by the end of 2025.

The central bank also raised its estimate for the neutral nominal policy rate to between 2.25% and 3.25%, up 25 basis points from last year's assessment. The upgrade was made to reflect upward revisions to the U.S. neutral rate and stronger growth in trend labour input (read: population growth). "A fast-growing population increases the proportion of young borrowers relative to middle-aged and older savers, and this puts upward pressure on the neutral rate," the MPR indicated. At the press conference, Macklem admitted that the neutral rate was an input to their models but that it did not have much influence on setting policy in real time.

Regarding inflation, the near-term outlook was revised down reflecting softer-than-expected data in January and February. Specifically, Q1 inflation was downgraded from 3.2% to 2.8%, leading to a revision to the full-year projection from 2.8% to 2.6%. Ongoing excess supply was expected to help inflation return to target in 2025, although the BoC continued to flag the meaningful risk that it could adjust more slowly. Specifically, it pointed to sticky services prices and the recent increase in gasoline prices. On the other hand, it mentioned a looser labour market, early evidence of weaker wage growth, and goods deflation as factors that would likely contribute to bring inflation down.

BoC: Summary of Economic Projections	Latest	January MPR
Change in real GDP (%)		
2024	**1.5**	0.8
2025	**2.2**	2.4
2026	**1.9**	---
CPI inflation (y/y % chg.)		
2024	**2.6**	2.8
2025	**2.2**	2.2
2026	**2.1**	---
Range for potential output (%)		
2024	**2.1 - 2.8**	1.0 - 3.2
2025	**1.1 - 2.4**	1.0 - 3.2
2026	**0.9 - 2.2**	---

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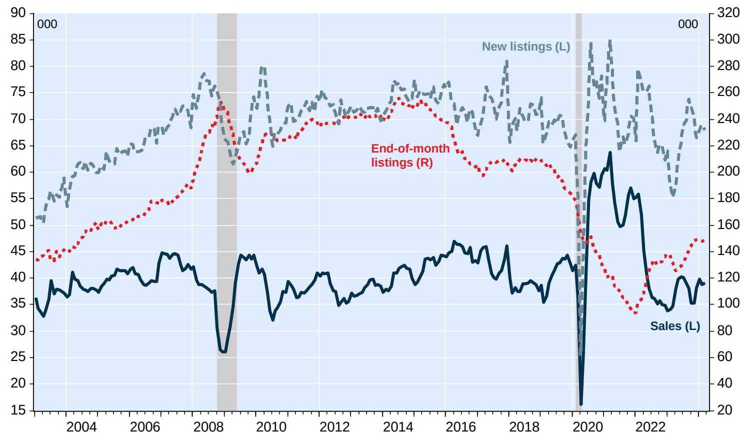
The first question of the press conference unsurprisingly pertained to the possibility of a rate cut at the next decision in June. Macklem agreed that this was “within the realm of possibilities”. Expanding on that thought, he explained: “If things evolved broadly in line with the outlook we’ve published today, we will be becoming more confident that we’re clearly on a path to 2% inflation and it will be appropriate to cut our interest rate.” Aside from progress on the inflation front, Macklem highlighted that many of the BoC’s indicators (e.g., corporate pricing behaviour, inflation expectations) were “moving in the right direction”. As for inflation risks, housing was one, but not the only one. They expect house prices to pick up but there is a risk of seeing prices climb faster than they expect. He was asked, also, about the inflation impact of a weaker loonie. Not surprisingly, he downplayed the influence that currency could have on setting monetary policy. As for the potential to “import” hotter U.S. inflation, Macklem indicated that he did not see this as likely even if “U.S. developments have an impact on Canada”.

Regarding the BoC’s upgraded economic outlook, Macklem noted that the main factor driving the revision was stronger population growth in the first half of the year. On the flip side, the central bank downgraded their outlook for population growth in the second half to reflect new government caps on non-permanent residents. However, by that time they see household spending and business investment rebounding. He did not care to comment on fiscal policy, but did stress that they took government spending plans as is and built these into their models. Accordingly, July’s MPR will incorporate the federal budget (to be tabled April 16). Overall, they expect choppiness in the GDP data ahead but, on average, see growth averaging 2% per quarter this year.

The Bank’s next decision is slated for June 5. The Summary of Deliberations for this week’s decision will be released April 24.

Home sales edged up 0.5% between February and March, a third monthly increase in four months in the wake of slightly more advantageous fixed mortgage interest rates. On a provincial level, increases were recorded in P.E.I. (+9.9%), Manitoba (+5.8%), Alberta (+3.6%), Quebec (+2.4%), Nova Scotia (+2.1%), and B.C. (+0.7%). On the other hand, decreases were observed in Ontario (-1.6%), Saskatchewan (-2.2%), Newfoundland (-8.0%), and New Brunswick (-8.7%). In the months ahead, strong demographic growth, low vacancy rates in the rental market and the openness for modest interest rate cuts by the Bank of Canada could help to support transaction levels. However, we are cautiously optimistic about a possible recovery in the housing market in the coming months. A great deal of uncertainty remains, including a potential further deterioration in the labour market for youth facing the worst affordability in decades.

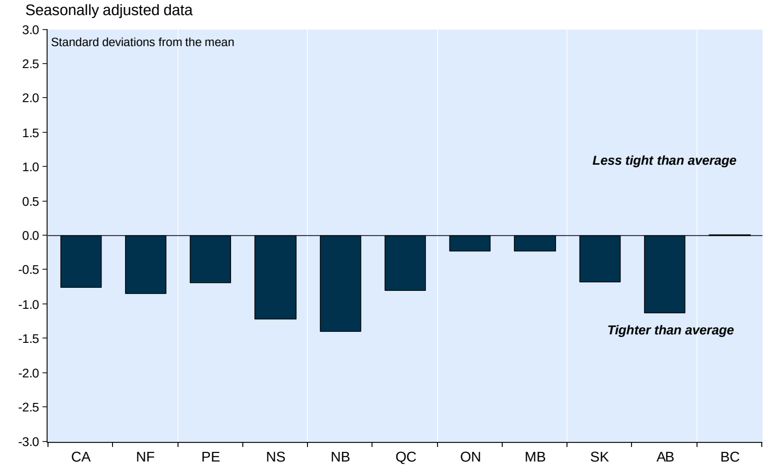
Canada: Home sales and listings
Seasonally adjusted. Last observation: March 2024



NBF Economics and Strategy (data via CREA)

On the supply side, new listings decreased 1.6% in March, a first decline in three months. Overall, active listings edged up 0.5% during the month, following stabilization the previous month. As a result, the number of months of inventory (active listings-to-sales) remained unchanged at 3.8 in March. Market conditions also remained stable during the month and were tighter than their historical average in every province, with B.C. the only exception where market conditions were balanced. On the price front, MLS Home Price Index (HPI) dipped 0.3% from February to March.

Canada: Active-listings-to-sales ratio
Seasonally adjusted data

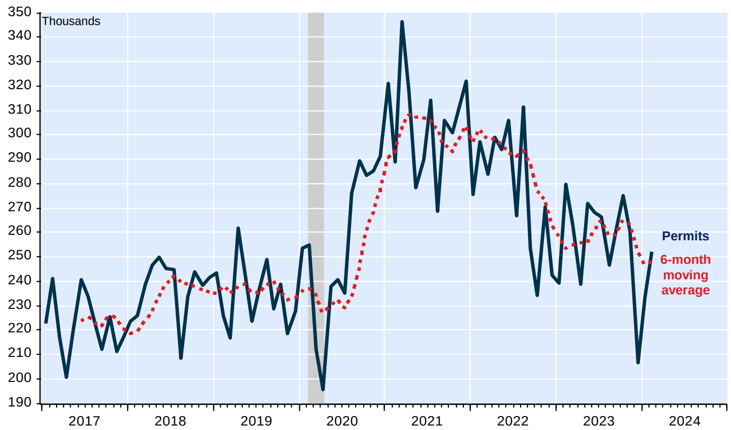


NBF Economics and Strategy (data via CREA)

On a year-over-year basis, home sales increased 1.7% compared to March last year. Sales were up the most in Alberta (+17.8%) and Quebec (+11.4%), while the strongest declines were observed in New Brunswick (-13.2%) and Nova Scotia (-10.9%). For the first quarter of 2024, cumulative sales were up 12.1% compared to the same period in 2023. Finally, the MLS HPI was up 0.7% compared to March 2023.

The number of residential building permits issued rose 8.1% in February to 251.7K (seasonally adjusted and annualized). The monthly increase was due to a 13.9% jump in the single-family segment (to 54.6K) and a 6.6% hike in the multi-family segment.

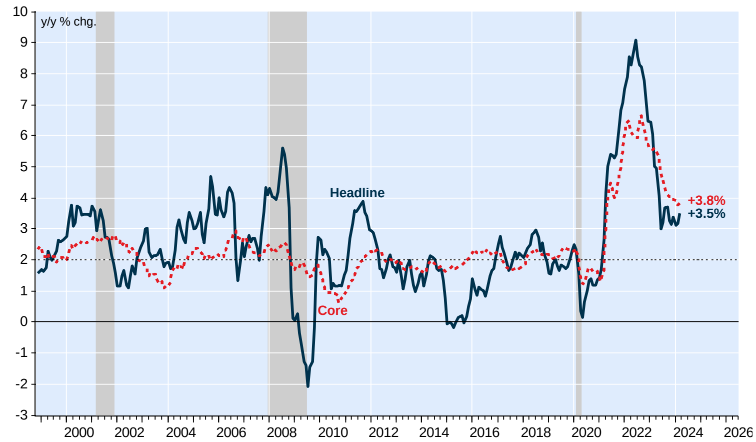
Canada: Despite February rebound, the trend in permits is declining
Building permits and 6-month moving average (Last data: February 2024)



NBF Economics and Strategy (data via Statistics Canada)

UNITED STATES: The Consumer Price Index rose 0.4% in March, one tick above the median economist forecast calling for a +0.3% print. This followed another 0.4% gain the prior month. Prices in the energy segment climbed 1.1% as gains for gasoline (+1.7%) and electricity (+0.9%) were only partially offset by a 1.3% decline for fuel oil. Prices in the utility gas services segment remained unchanged. The cost of food, meanwhile, edged up 0.1%, lifted by a 0.3% gain in the "food away from home" category. On a 12-month basis, food inflation was at 2.2%, near a three-year low. The core CPI, which excludes food and energy, also came in one tick stronger than expected, rising 0.4% for the third month in a row. Year on year, headline inflation came in at 3.5%, up from 3.2% the prior month and one tick above consensus expectations. This was the highest print recorded in six months. The 12-month core measure, meanwhile, stayed unchanged at 3.8% instead of cooling to 3.7% as per consensus.

U.S.: Inflation came in stronger than expected in March
Consumer Price Index

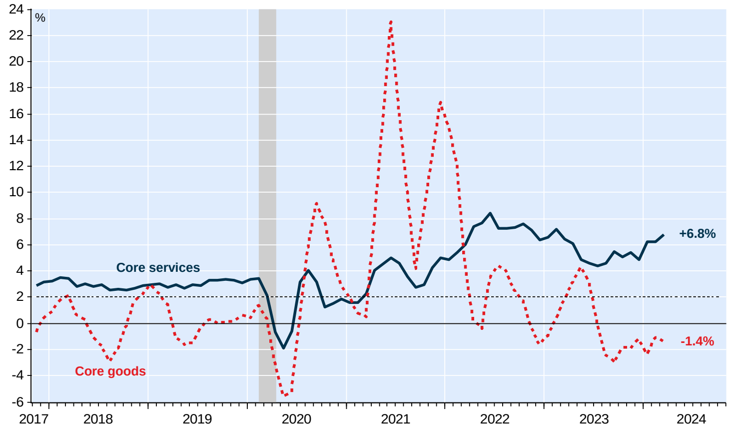


NBF Economics and Strategy (data via Bloomberg)

After recording a first increase in nine months in February (+0.1%), core goods fell back into deflation, cooling 0.2% m/m. This was the ninth decline in 10 months for this segment. Gains for apparel (+0.7%), tobacco/smoking products (+0.4%), and medical care commodities (+0.2%) failed to compensate for a steep drop in the used vehicles segment (-1.1%). New vehicles prices fell as well (-0.2%), albeit to a lesser extent. Though these two markets do not always move in lockstep, we do expect new vehicles prices to retreat over the next few months, albeit to a lesser degree. This should keep goods prices in a state of mild deflation for a few more months.

However, the real question is whether continued weakness in the goods segment will be sufficient to compensate for the persistence of inflationary pressures on the services side. Until now the answer has been "no" and March's report did not suggest this was about to change. Core services prices continued to advance at a healthy clip in the month and were tracking a 6.8% annualized gain over the past three months, the steepest in more than a year. On a monthly basis, prices in the ex-energy services segment moved up 0.5% on increases for shelter (+0.4%), medical care services (+0.6%), and transportation services (+1.5%). This last category was boosted by gains for motor vehicle maintenance (+1.7%) and motor vehicle insurance (+2.6%). Airline fares retraced 0.4%.

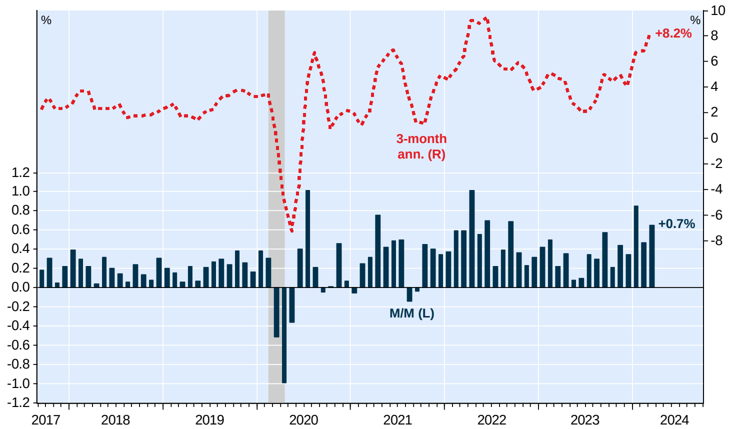
U.S.: Core services inflation accelerating
Consumer Price Index, core services/goods indices (excluding food and energy), 3-month annualized change



NBF Economics and Strategy (data from Bloomberg)

What really caught our attention in the report is the 0.7% increase in the price of core services ex-shelter, a measure cited by the Fed as a good indicator of underlying price pressures. On a three-month annualized basis, this index is tracking an 8.2% gain, which is of course incompatible with the attainment of the central bank's target.

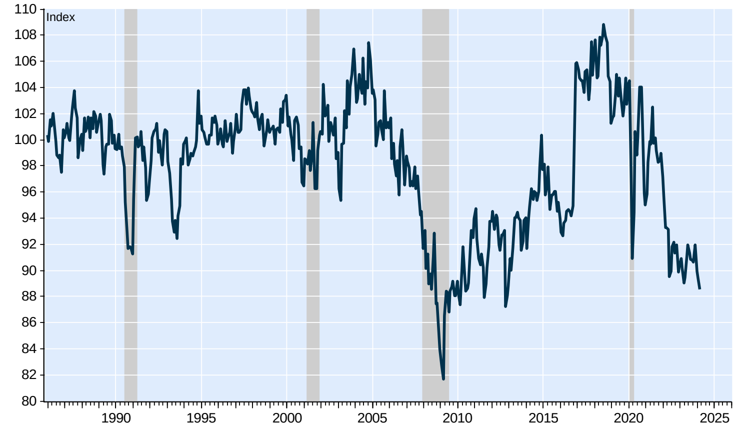
U.S.: Ex-housing services inflation is gathering momentum
Consumer Price Index, core services excluding housing



NBF Economics and Strategy (data via Bloomberg)

The NFIB Small Business Optimism Index fell for the seventh time in eight months in March, slipping 0.9 point to 88.5, the indicator's lowest mark since November 2012.

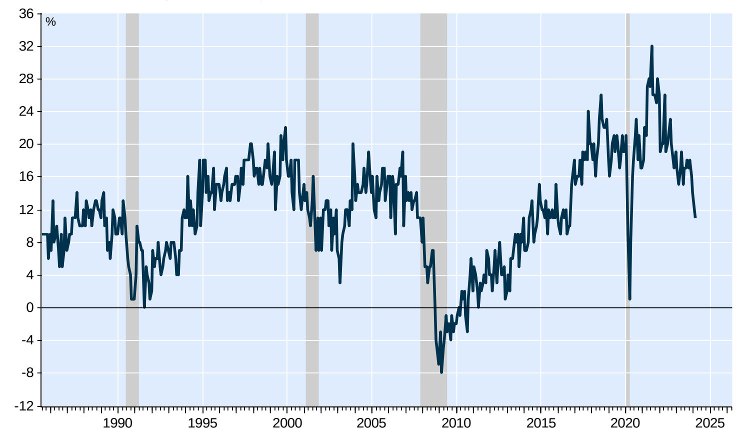
United States: Small business confidence at an 11-year low
NFIB Small Business Optimism Index



NBF Economics and Strategy (data via Bloomberg)

Net sales expectations deteriorated from -10% to -18% and the net percentage of firms that expected the economic situation to improve remained historically low (from -39% to -36%). Also noteworthy, 8% of firms cited poor sales as their biggest problem, the highest percentage in 36 months. Moreover, only 4% of firms reported that they felt now was a good time to expand their business. Consequent with the slowdown, hiring intentions slid from 12% to 11.0%, the lowest level since October 2016, excluding the pandemic.

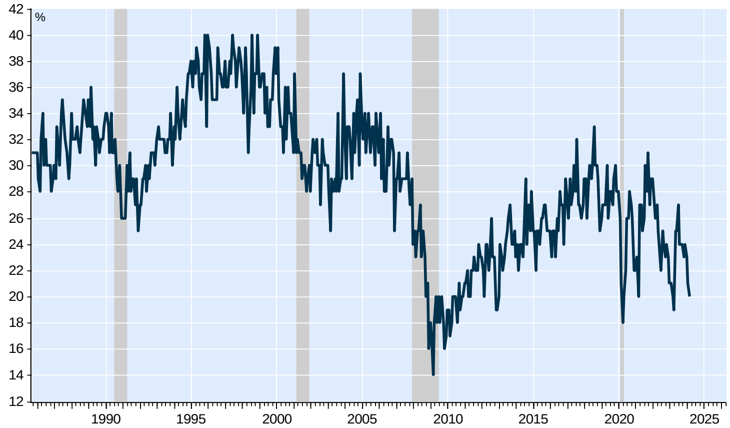
United States: Labour demand easing
Net % of polled businesses planning to increase payrolls in next three months, NFIB Small Business Optimism Survey



NBF Economics and Strategy (data via Bloomberg)

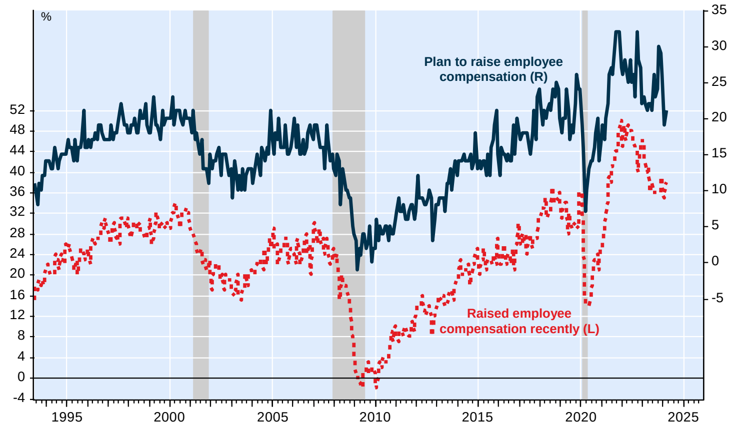
Consistent with this deteriorated outlook, only 20% of polled businesses planned any capital outlays in the next three months, a percentage well below the long-term average for this indicator.

United States: Investment intentions remain depressed
Net percentage of polled business planning capital investment in the next few months, NFIB Small Business Optimism Index



NBF Economics and Strategy (data via Bloomberg)

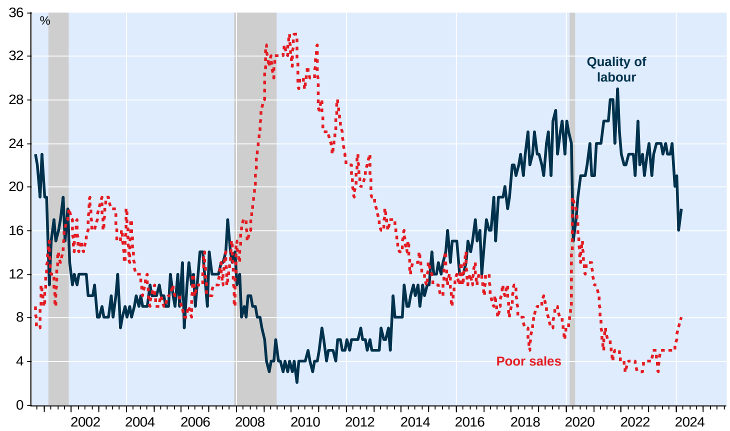
United States: Employee compensation increases set to moderate
Businesses that raised compensation in past 3-6 months and those planning to do so in coming months



NBF Economics and Strategy (data via Refinitiv)

Although hiring continued to be limited by the difficulty of finding good candidates, the share of businesses that reported not being able to fill one or more vacant positions stayed at its lowest level since January 2021 (37%). It is not clear to us why companies still sought to fill these job postings given the current sales/earnings backdrop. Moreover, only 18% of firms cited quality of available workers as their most important problem, while 8% cited poor sales.

United States: More quality workers available for employers
Share of firms claiming their most important problem is quality of available workers/poor sales, NFIB Small Business Optimism Survey

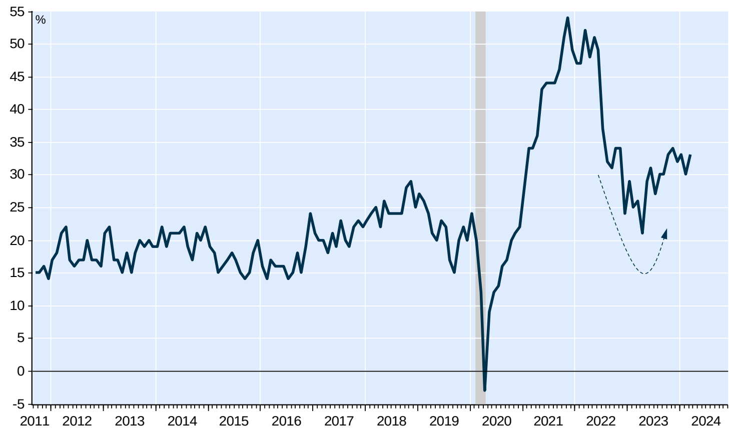


NBF Economics and Strategy (data via Refinitiv)

What's more, 38% of polled businesses reported sweetening employee compensation in the past three to six months in a bid to attract qualified workers. However, only 21% expected to do so in the coming months, more than the 19% share registered the month before but still well below this indicator's pre-pandemic level.

Inflationary pressures seemed to be picking up. Indeed, 28% of businesses indicated they had raised their prices recently, and the share of businesses planning to do so in the near future rose to 33%, still far above this indicator's pre-pandemic level (≈20%).

United States: Is the inflation genie really back in the bottle?
Net percentage of polled businesses planning to raise prices in the next few months, NFIB Small Business Optimism Survey



NBF Economics and Strategy (data via Refinitiv)

The Federal Reserve published the minutes of the FOMC two-day policy meeting concluded March 20. Recall that the meeting focused largely on updates to the dot plot. Ultimately, FOMC participants collectively signalled that 75 basis points of easing was the most likely outcome in 2024 (with the distribution skewed to fewer cuts). Also, inflation forecasts at the meeting hardly budged from December and Fed Chair Jerome Powell noted in the presser that recent inflation data did not "change the story". Of course, the plausibility of this assessment took a hit this week after another hotter-than-expected CPI report. Finally, Powell affirmed that the balance sheet outlook was discussed in detail at the meeting. Against this backdrop, here are some of the key quotes on various topics:

Inflation and the economy:

- Debate on Jan/Feb data: "Some participants noted that the recent increases in inflation had been relatively broad based and therefore should not be discounted as merely statistical aberrations. However, a few participants noted that residual seasonality could have affected the inflation readings at the start of the year."
- Labour market loosening to ease services inflation: "A few participants remarked that they expected core non-housing services inflation to decline as the labor market continued to move into better balance and wage growth moderated further."
- Where is the shelter relief?: "Participants [...] commented on the uncertainty regarding when and by how much lower readings for rent growth on new leases would pass through to [housing services inflation]."
- Cannot rely on softer goods prices forever: "Several participants noted that the disinflationary pressure for core goods that had resulted from the receding of supply chain bottlenecks was likely to moderate."
- Consumers becoming more price sensitive? "Some participants reported that business contacts had indicated that they were less able to pass on price increases or that consumers were becoming more sensitive to price changes."
- Risks to consumption ahead: "Many participants pointed to indicators such as higher credit card balances, greater use of buy-now-pay-later programs, or rising delinquency rates on some types of consumer loans as evidence that the finances of some lower- and moderate-income households might be coming under pressure; these developments were seen by these participants as a downside risk to the outlook for consumption spending."
- Business outlook reasonably solid: "Reports from business contacts in some industries and Districts conveyed increased optimism about the outlook, while contacts in a couple of other Districts reported only a steady or stable pace of economic activity."
- Labour market data mixed: "[Labour market] conditions generally remained tight." At the same time, "[p]articipants cited a variety of indicators that suggested some easing in labor market conditions, including declining job vacancies, a lower quits rate, and a reduced ratio of job openings to unemployed workers."

The Fed's balance sheet:

- Slow, steady QT the preferred approach: "Participants broadly assessed it would be appropriate to take a cautious approach to further runoff."
- Slowdown appropriate "fairly soon": "The vast majority of participants thus judged it would be prudent to begin slowing the pace of runoff fairly soon."
- Slower QT does NOT mean less QT: "The decision to slow the pace of runoff does not mean that the balance sheet will ultimately shrink by less than it would otherwise."
- Halve UST caps, leave MBS caps unchanged: "Participants generally favored reducing the monthly pace of runoff by roughly half from the recent overall pace [...] participants saw little need to adjust [the MBS] cap."

The policy interest rate:

- Cutting confidence not yet met: "Participants generally noted their uncertainty about the persistence of high inflation and expressed the view that recent data had not increased their confidence that inflation was moving sustainably down to 2 percent."
- Cuts are widely expected this year: "Almost all participants judged that it would be appropriate to move policy to a less restrictive stance at some point this year if the economy evolved broadly as they expected."
- Policy well positioned for any scenario: "Participants agreed that monetary policy remained well positioned to respond to evolving economic conditions and risks to the outlook, including the possibility of maintaining the current restrictive policy stance for longer should the disinflation process slow, or reducing policy restraint in the event of an unexpected weakening in labor market conditions."

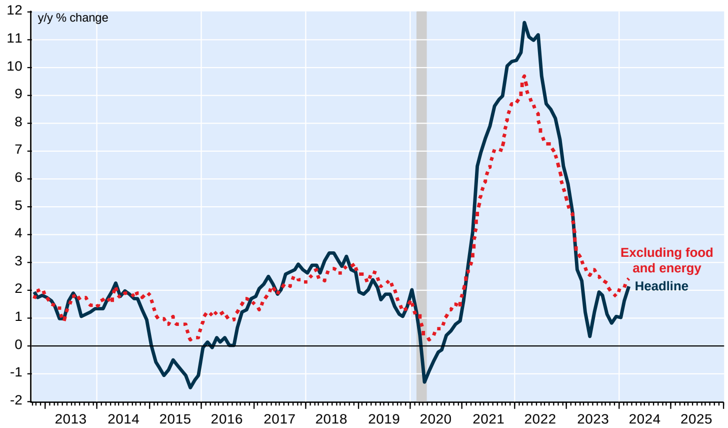
We're reading these fresh minutes through the lens of this week's CPI report, which once again recast the rate outlook. Had the meeting been held this week, we would surely be looking at a dot plot shifted up at least 25 basis points. Moreover, rather than leave their forecast for PCE inflation unchanged, participants would have been more likely to show a bit more stickiness in their inflation outlook. In any case, the Fed's current stance leaves them with the flexibility to hold their policy rate here as long as needed. Still, there's an apparent desire to begin the process of normalizing rates, particularly from Powell. While recent data may push back the timing for the first cut, we still expect policymakers to begin easing this year. Although recent labour market data has been strong, policymakers are likely to be sensitive to any meaningful softening in labour market conditions.

In addition to marginal insight into the Fed's thinking on inflation and the rate outlook, the minutes offered more details on the FOMC's plans for the balance sheet. It appears highly likely that the run-off pace will be reduced at one of the next couple of meetings, with Treasury run-off set to be cut in half. Still, there is nothing to suggest that QT will cease altogether anytime soon. If anything, the Fed's slow and steady approach may allow them to reduce the balance by more than they would with QT operating at a faster pace. At least that was the argument advanced by Powell last month.

The next Fed decision is set for May 1st.

The Producer Price Index for final demand advanced 0.2% m/m in March, one tick less than anticipated by economists. Goods prices declined 0.1% on a decrease for energy (-1.6%) and an increase in food (+0.8%). Prices in the services category, for their part, rose 0.3%, as they did in February. The core PPI, which excludes food and energy, also rose 0.2% on a monthly basis. Year on year, the headline PPI sprang from 1.6% to 2.1%. Excluding food and energy, it climbed to 2.4%, one tick above the median economist forecast.

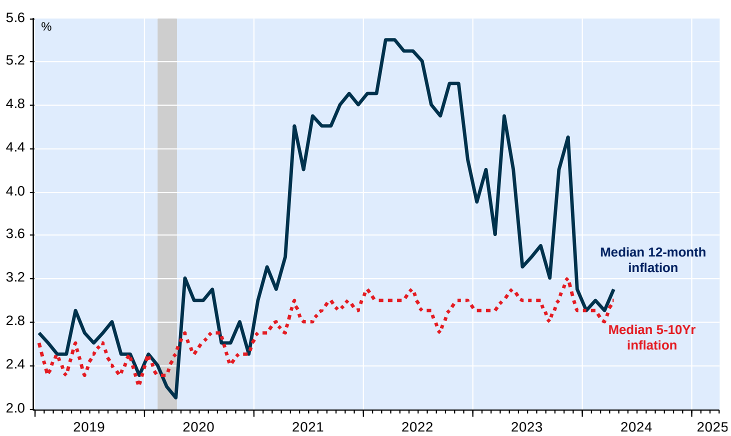
United States: Producer price index accelerates in February
Annual change in the producer price index



NBF Economics and Strategy (data via Refinitiv)

The University of Michigan Consumer Sentiment index edged down from 79.4 in March to 77.9 in April. The deterioration of sentiment was due to a worse assessment of both longer-term perspectives (from 77.4 to 77.0) and current conditions (from 82.5 to 79.3). Twelve-month inflation expectations rose from 2.9% to 3.1%, while 5/10-year expectations increased from 2.8% to 3.0%.

United-States: Inflation expectations ticked up in Avril
University of Michigan Consumer Sentiment Survey: Median inflation expectations



NBF Economics and Strategy (data via Refinitiv)

The sub-index tracking whether consumers consider now to be a good time to buy a home declined from 50.0 to 45.0, an historically low level.

The Import Price Index (IPI) progressed 0.4% in March, one tick above consensus expectations. The headline print was positively affected by a 6.0% jump in the price of petroleum imports. Excluding this category, import prices remained unchanged in the month. On a 12-month basis, the headline IPI rose 0.4%, up from the -0.9% annual decline registered in February. The less volatile ex-petroleum gauge moved from -0.9% to -0.2%.

Initial jobless claims fell from 222K to 211K in the week to April 6. Continued claims, for their part, rose from 1,789K to 1,817K.

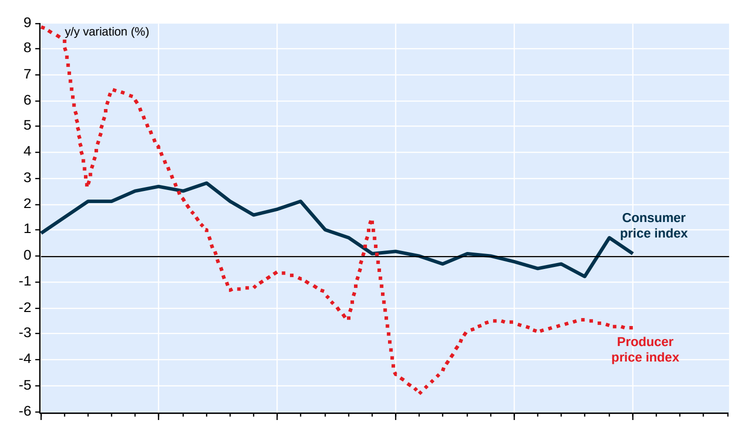
WORLD: The European Central Bank kept its policy rates unchanged following Thursday's monetary policy meeting. The ECB's main refinancing rate held steady at an all time high of 4.50% while the marginal lending facility rate and the deposit facility rate stayed put at 4.75% and 4.00%, respectively.

The statement released jointly with the rate announcement mentioned that since the last meeting, the economy "remained weak" and inflation "has continued to fall". On the labour market, while "the unemployment rate is at its lowest level since the start of the euro", some loosening seemed to appear as "employers [are] posting fewer job vacancies". In that context, the central bank indicated that "if our updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission were to further increase our confidence that inflation is converging to our target in a sustained manner, it would be appropriate to reduce the current level of monetary policy restriction". Still, the bank reiterated it is following a "data-dependent" approach without "pre-committing" to a moment for a first rate cut.

At the press conference following the announcement, ECB President Christine Lagarde said that "a few members felt sufficiently confident on the basis of the limited data that we received in April and agreed to rally to the consensus of a very large majority of the governors, who were comfortable with the need to reinforce confidence when receiving a lot more data in June". Regarding the upside surprise to inflation in the U.S., President Lagarde insisted the ECB is "not Fed dependent".

In China, the 12-month rate of the consumer price index slid from 0.7% to 0.1% in March. The core CPI, for its part, fell from 1.2% to 0.6%. Still on a year-on-year basis, the producer price index eked down from -2.7% to -2.8%, a result that continues to signal acute factory-gate deflation.

China: Consumer prices moderate, producer prices remain in deflation
12-month variation in the PPI and the CPI



NBF Economics and Strategy (data via Refinitiv)

What we'll be watching

IN THE U.S., March's retail sales data will attract a lot of attention. Motor vehicles and parts dealers could have contributed negatively to the headline figure judging by a decrease in auto sales during the month, but this may have been offset by an expansion in gasoline station receipts, the latter reflecting higher pump prices. All told, retail sales could have increased 0.3%. Ex-auto outlays could have been stronger, advancing 0.5% month on month. In other news, industrial production could have moved up 0.4% in March, helped by a decent increase in output in the manufacturing sector. We'll also get an update on the state of the housing market with the release of April's NAHB Index and March's housing starts. If recent data on residential permits is any guide, the latter could have eased to 1,500K (seasonally adjusted and annualized), led by a decrease in the single-family segment. Existing home sales could have cooled too (to 4,250K), hampered by an increase in borrowing costs. The first clues on the state of the manufacturing sector in April will be available with the publication of the Empire State Manufacturing Index and the Philly Fed Business Outlook Survey. Several Fed officials are scheduled to give speeches, notably Mary Daly (Monday), Philip Jefferson (Tuesday), Loretta Mester (Wednesday), John Williams (Thursday) and Raphael Bostic (Thursday). The latest version of the central bank's Beige book will also be released.

		Previous	NBF forecasts
Mon:	Retail sales (March, m/m chg.)	0.6%	**0.3%**
	Ex-autos retail sales (March, m/m chg.)	0.3%	**0.5%**
Tues:	Industrial production (March, m/m chg.)	0.1%	**0.4%**
	Housing starts (March, saar)	1,521K	**1,500K**
Thur:	Existing home sales (March, saar)	4,380K	**4,250K**

IN CANADA, all eyes will be on the release of CPI data for the month of March. The increase in gasoline prices during the month may translate into a 0.7% gain for the headline index before seasonal adjustment. If we're right, the 12-month rate could rise from 2.8% to 3.0%. The evolution of the core measures preferred by the Bank of Canada could have been more encouraging, with the CPI-med moving from 3.1% to 3.0% and the CPI-trim staying unchanged at 3.2%. A housing market update will be provided with the release of March's housing starts. If recent data on residential permits is any guide, the latter could have edged down to 245.0K (seasonally adjusted and annualized), as a gain in the single-family segment was probably more than offset by a decline for multi-family units. The week will also feature the release of February's manufacturing sales, which could have expanded 0.7% on a sizeable gain the petroleum and coal products subsector. On the Bank of Canada trail, Governor Tiff Macklem is scheduled to take part in a fireside chat organized by the Wilson Center in Washington on Tuesday. Finally, the Government of Canada will present its budget on Tuesday.

		Previous	NBF forecasts
Mon:	Manufacturing sales (February, m/m chg.)	0.2%	**0.7%**
	Housing starts (March, saar)	253.5K	**245.0K**
Tues:	CPI (March, y/y chg.)	2.8%	**3.0%**
	CPI-median (March, y/y chg.)	3.1%	**3.0%**
	CPI-trim (March, y/y chg.)	3.2%	**3.2%**

ELSEWHERE IN THE WORLD, we'll get February's data on industrial production and the trade balance in the eurozone. March's Consumer Price Index will be available in Japan. An important data week in China will be highlighted by the release of Q1 GDP.

Economic Calendar – Canada & U.S.

Economic releases & events

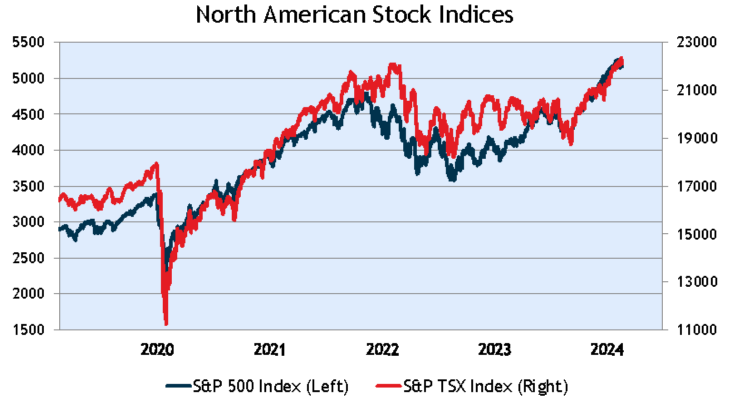
Day	Time	Country	Release	Period	Previous	Consensus Estimate	NBF Estimate
Monday Apr 15	8:15	CA	Housing Starts	Mar	253.5k	243.5k	
	8:30	CA	Manufacturing Sales MoM	Feb	0.20%	0.70%	
	8:30	US	Empire Manufacturing	Apr	-20.9	-7.0	
	8:30	US	Retail Sales Advance MoM	Mar	0.60%	0.40%	
	8:30	US	Retail Sales Ex Auto MoM	Mar	0.30%	0.50%	
	10:00	US	NAHB Housing Market Index	Apr	51.0	52.0	
Tuesday Apr 16	8:30	US	Building Permits MoM	Mar	1.90%	-0.30%	
	8:30	US	Building Permits	Mar	1518k	1520k	
	8:30	US	Housing Starts	Mar	1521k	1480k	
	8:30	US	Housing Starts MoM	Mar	10.70%	-2.70%	
	8:30	CA	CPI YoY	Mar	2.80%	2.90%	
	9:15	US	Industrial Production MoM	Mar	0.10%	0.40%	
	9:15	US	Capacity Utilization	Mar	78.30%	78.50%	
Wednesday Apr 17	7:00	US	MBA Mortgage Applications	Apr-12	0.10%	--	
	8:30	CA	Int'l Securities Transactions	Feb	8.88b	--	
	16:00	US	Total Net TIC Flows	Feb	-$8.8b	--	0.40%
							0.30%
							3.50%
							3.70%
							5.00%
Thursday Apr 18	8:30	US	Initial Jobless Claims	Apr-13	211k	215k	
	10:00	US	Existing Home Sales	Mar	4.38m	4.11m	
	10:00	US	Existing Home Sales MoM	Mar	9.50%	-6.30%	
Friday Apr 19							

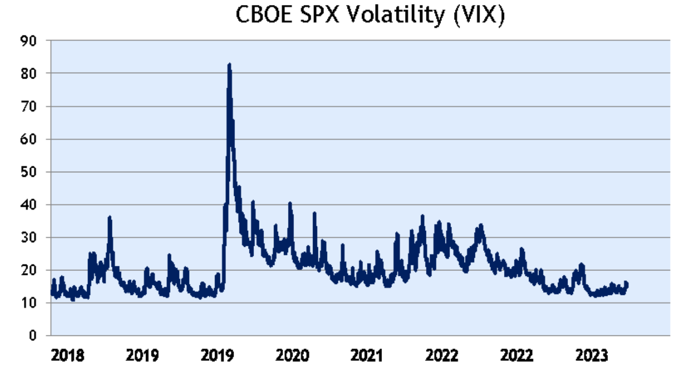
Earnings announcements

Day	Company	Time	Qtr	Cons. EPS
Monday Apr 15	M&T Bank Corp	Bef-mkt	Q1 24	3.10
	Charles Schwab Corp/The	Bef-mkt	Q1 24	0.74
	Goldman Sachs Group Inc/The	07:30	Q1 24	8.81
	EQB Inc	0:00	Q3 23	0.00
Tuesday Apr 16	Bank of New York Mellon Corp/T	06:30	Q1 24	1.19
	PNC Financial Services Group I	06:45	Q1 24	3.01
	Johnson & Johnson	06:45	Q1 24	2.65
	Bank of America Corp	06:45	Q1 24	0.77
	Northern Trust Corp	Bef-mkt	Q1 24	1.42
	UnitedHealth Group Inc	Bef-mkt	Q1 24	6.60
	Morgan Stanley	07:30	Q1 24	1.66
	United Airlines Holdings Inc	Aft-mkt	Q1 24	-0.57
	JB Hunt Transport Services Inc	Aft-mkt	Q1 24	1.53
	Omnicom Group Inc	Aft-mkt	Q1 24	1.55
Wednesday Apr 17	Prologis Inc	Bef-mkt	Q1 24	1.28
	Travelers Cos Inc/The	Bef-mkt	Q1 24	4.83
	Citizens Financial Group Inc	Bef-mkt	Q1 24	0.75
	US Bancorp	Bef-mkt	Q1 24	0.87
	Abbott Laboratories	Bef-mkt	Q1 24	0.95
	Crown Castle Inc	Aft-mkt	Q1 24	1.70
	Discover Financial Services	Aft-mkt	Q1 24	2.96
	CSX Corp	Aft-mkt	Q1 24	0.45
	Equifax Inc	Aft-mkt	Q1 24	1.43
	Kinder Morgan Inc	Aft-mkt	Q1 24	0.34
	Las Vegas Sands Corp	Aft-mkt	Q1 24	0.60
Thursday Apr 18	Elevance Health Inc	06:00	Q1 24	10.48
	Comerica Inc	Bef-mkt	Q1 24	1.12
	KeyCorp	Bef-mkt	Q1 24	0.23
	DR Horton Inc	Bef-mkt	Q2 24	3.07
	Marsh & McLennan Cos Inc	Bef-mkt	Q1 24	2.80
	Genuine Parts Co	Bef-mkt	Q1 24	2.16
	Blackstone Inc	Bef-mkt	Q1 24	0.97
	Snap-on Inc	Bef-mkt	Q1 24	4.64
	Netflix Inc	16:00	Q1 24	4.51
	Intuitive Surgical Inc	Aft-mkt	Q1 24	1.42
	PPG Industries Inc	Aft-mkt	Q1 24	1.85
Friday Apr 19	Fifth Third Bancorp	06:30	Q1 24	0.71
	Regions Financial Corp	Bef-mkt	Q1 24	0.45
	Procter & Gamble Co/The	Bef-mkt	Q3 24	1.41
	American Express Co	07:00	Q1 24	2.96
	Schlumberger NV	07:00	Q1 24	0.75
	Huntington Bancshares Inc/OH	08:00	Q1 24	0.25

Source: Bloomberg

Data Update – Table 1



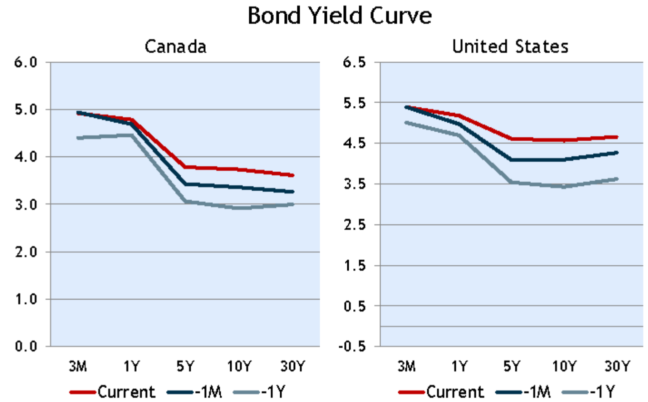


Stock Indices

	Level	Total return performances (in C$ / in local currency)						10-year Hi / Low	
		1 week	1 month	3 months	YTD	1 year	5 years (ann.)	Hi (Date)	Low (Date)
Canada									
S&P/TSX Composite	22110.1	0.3%	2.0%	6.6%	6.5%	11.9%	9.5%	22361.8 (9 Apr 2024)	11228.5 (23 Mar 2020)
U.S.									
S&P 500 Composite	5199.1	2.8% / 1.0%	3.4% / 1.7%	11.5% / 9.2%	13.9% / 9.4%	30.7% / 28.5%	15.0% / 14.4%	5254.4 (28 Mar 2024)	1829.1 (11 Feb 2016)
Dow Jones Industrials	38459.1	1.4% / -0.4%	1.0% / -0.7%	4.7% / 2.5%	6.7% / 2.6%	18.6% / 16.6%	10.9% / 10.4%	39807.4 (28 Mar 2024)	15660.2 (11 Feb 2016)
Nasdaq Composite	16442.2	4.2% / 2.5%	4.5% / 2.7%	12.4% / 10.0%	14.2% / 9.8%	40.1% / 37.7%	17.2% / 16.6%	16442.2 (11 Apr 2024)	4022.7 (14 Apr 2014)
World									
Euro Stoxx 50	4966.7	-1.7% / -1.9%	0.7% / 1.0%	12.3% / 12.4%	11.4% / 10.5%	18.1% / 18.4%	10.4% / 11.0%	5083.4 (28 Mar 2024)	2385.8 (18 Mar 2020)
FTSE100	7923.8	0.0% / -0.5%	3.1% / 3.7%	6.6% / 5.9%	6.1% / 3.8%	8.5% / 6.0%	4.8% / 5.2%	8014.3 (20 Feb 2023)	4993.9 (23 Mar 2020)
TOPIX	2747.0	1.2% / 0.6%	1.3% / 4.0%	8.7% / 11.7%	12.2% / 17.2%	25.0% / 41.1%	7.6% / 14.0%	2813.2 (22 Mar 2024)	1132.8 (14 Apr 2014)
CSI 300	3504.2	-0.1% / -1.8%	-1.4% / -2.4%	7.5% / 6.3%	4.1% / 2.1%	-15.2% / -12.4%	-1.4% / -0.5%	5807.7 (10 Feb 2021)	2115.1 (19 May 2014)
MSCI World	774.9	1.9% / 0.2%	2.8% / 1.0%	10.1% / 7.8%	11.5% / 7.2%	24.2% / 22.1%	11.3% / 10.8%	783.6 (29 Mar 2024)	353.4 (11 Feb 2016)
MSCI Emerg. Markets	1055.1	2.4% / 0.6%	3.7% / 1.9%	9.0% / 6.7%	7.9% / 3.7%	11.0% / 9.2%	2.8% / 2.3%	1444.9 (17 Feb 2021)	688.5 (21 Jan 2016)
MSCI EAFE	2297.6	-0.3% / -2.0%	0.7% / -0.9%	7.4% / 5.2%	7.9% / 3.7%	14.3% / 12.4%	7.5% / 7.0%	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	-1.1%	-2.2%	-3.2%	-0.3%	-0.1%
Long Term Universe	-2.0%	-4.6%	-7.3%	-3.7%	-2.0%
Mid Term Universe	-1.1%	-1.9%	-2.7%	-0.6%	0.1%
Short Term Universe	-0.4%	-0.4%	-0.1%	3.0%	1.3%
Federal Universe	-1.0%	-1.9%	-2.9%	-1.2%	-0.7%
Provincial Universe	-1.4%	-2.9%	-4.6%	-1.5%	-0.6%
Corporate Universe	-0.8%	-1.4%	-1.4%	3.5%	1.6%



Bond Yield Curve

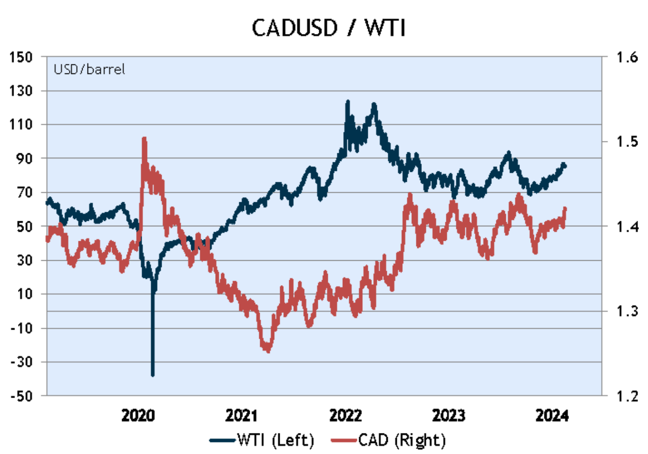
	3 mths	1 year	5 years	10 years	30 years
Canada	4.92%	4.79%	3.78%	3.73%	3.61%
1 week chg (bps)	-8	+9	+20	+18	+15
1 month chg (bps)	-2	+10	+36	+38	+35
1 year chg (bps)	+52	+33	+72	+82	+62
U.S.	5.39%	5.18%	4.61%	4.57%	4.66%
1 week chg (bps)	+5	+15	+33	+27	+20
1 month chg (bps)	-0	+21	+52	+47	+40
1 year chg (bps)	+38	+49	+107	+114	+104

Currencies

	latest	1 week ago	1 month ago	January 1st	1 year ago
USDCAD	1.372	1.349	1.349	1.319	1.349
US cents per cad	0.729	0.741	0.741	0.758	0.741
EURCAD	1.469	1.466	1.474	1.457	1.472
EURUSD	1.071	1.087	1.093	1.105	1.091
USDJPY	153.3	151.7	146.9	141.0	133.5
GBPUSD	1.252	1.267	1.281	1.275	1.243
USDCNY	7.237	7.236	7.184	7.092	6.885

Commodities

	latest	1 week ago	1 month ago	January 1st	1 year ago
Oil - WTI ($/barrel)	85.02	86.59	77.93	71.65	81.53
Oil - Brent ($/barrel)	92.39	90.58	85.09	80.30	87.69
Gold ($/oz)	2339.12	2292.47	2184.65	2065.45	2004.39
CRB Metals (index)	773.9	773.9	773.9	784.0	784.0



Data Update – Table 2

Jobs

	Unemployment rate		Employment change	
	Latest	12 months ago	Latest	12-month avg
Canada	6.1%	5.1%	-2.2K	27.0K
Ontario	6.7%	5.3%	26.1K	7.2K
Quebec	5.0%	4.3%	-18.0K	2.0K
British Columbia	5.5%	4.6%	6.6K	6.3K
Alberta	6.3%	5.7%	-3.2K	6.9K
United States	3.8%	3.5%	303.0K	243.9K
Eurozone	6.5%	6.6%	---	---
Japan	2.6%	2.6%	220.0K	52.5K

Inflation

	Y/Y Latest	3-mth ann.	Y/Y 6 months ago	Y/Y 1 year ago
Canada				
Headline CPI	2.8%	1.3%	4.0%	5.2%
Average core	3.1%	---	4.2%	4.0%
United States				
Headline PCE	2.5%	3.4%	3.3%	5.2%
Core PCE	2.8%	3.5%	3.7%	4.8%
Eurozone				
Headline CPI	2.4%	---	4.3%	6.9%
Core CPI	2.9%	---	4.5%	5.7%
Japan				
Headline CPI	2.8%	0.4%	3.1%	3.3%
Core CPI	2.8%	1.1%	3.1%	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	$780,258	63.4% / 66.1%	3.9%	241.7K / 222.7K
Toronto	$1,187,646	86.8% / 91.3%	2.8%	41.0K / 39.6K
Vancouver	$1,252,361	99.7% / 102.5%	4.2%	30.6K / 25.5K
Montreal	$509,957	43.9% / 46.2%	4.5%	15.6K / 22.9K
Calgary	$574,734	43.0% / 40.3%	9.9%	21.6K / 13.6K
United States	---	---	6.0%	1487.0K / 1309.2K

Manufacturing Sector

	Markit manufacturing PMI		Industrial production	
	Latest	6-month trend	3 mth ann chg	12-month chg
Canada	49.8	▲	5.4%	0.5%
United States	51.9	▲	-2.6%	-0.2%
Eurozone	46.1	▲	-4.8%	-6.0%
Japan	48.2	▼	-22.5%	-6.8%
China	51.1	▲	---	---

Central Banks

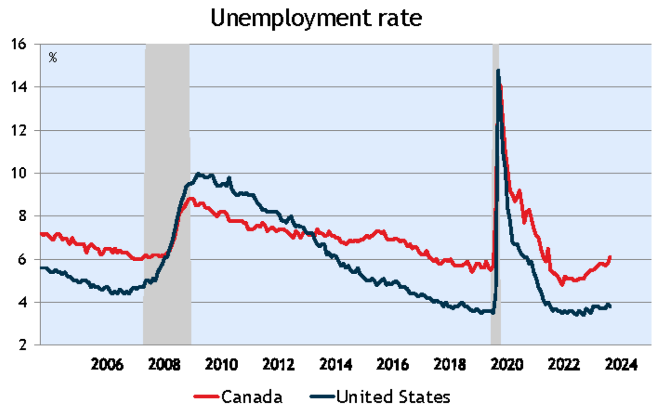
	Policy rate	12 months ago	Trend	Next announce
Bank of Canada	5.00%	4.50%	▲	6/5/2024
Fed Reserve (upper bound)	5.50%	5.00%	▲	5/1/2024

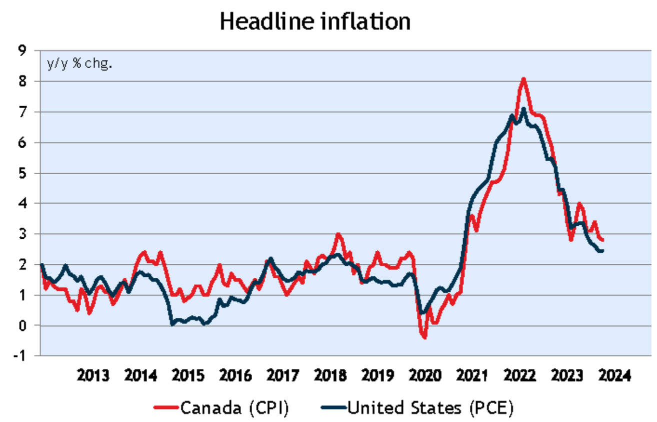
GDP Growth

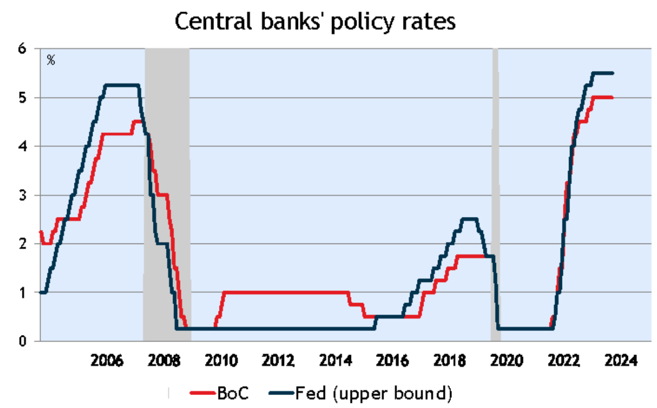
	Q/Q ann Latest	Q/Q ann Previous	Y/Y Latest	Y/Y 6 months ago
Canada	1.0% (Q4)	-0.5% (Q3)	0.9%	0.5%
United States	3.4% (Q4)	4.9% (Q3)	3.1%	2.9%
Eurozone	-0.2% (Q4)	-0.2% (Q3)	0.1%	0.1%
Japan	0.4% (Q4)	-3.2% (Q3)	1.3%	1.6%

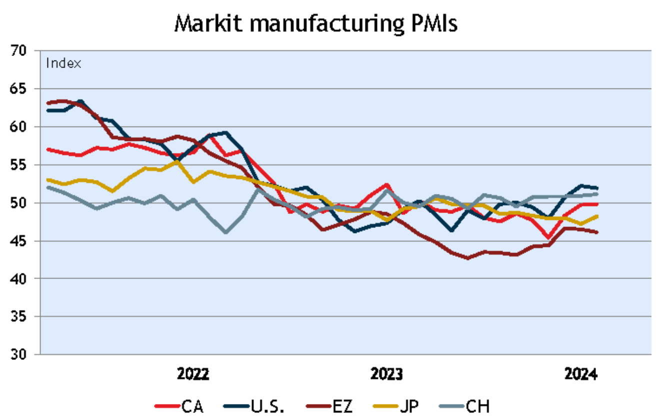
Contributions to real GDP growth - Canada

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









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

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