Weekly Economic Watch

Economics and Strategy

NATIONAL BANK OF CANADA FINANCIAL MARKETS

July 4, 2025

By Kyle Dahms & Jocelyn Paquet et al.

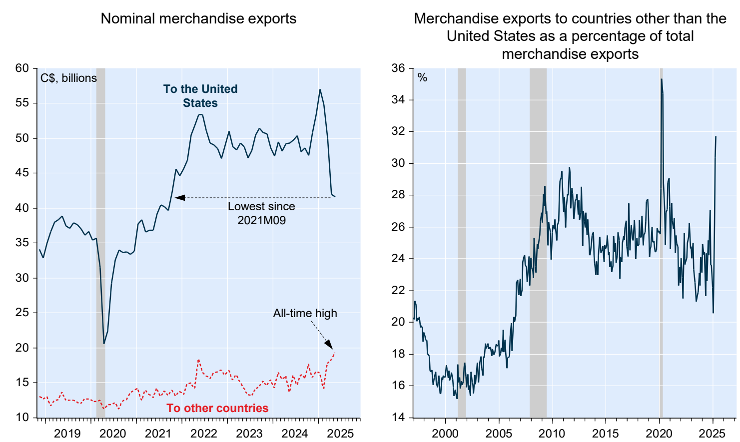
Table of contents

Week in review

Canada: Canada's **merchandise trade deficit** narrowed from an all-time high of C$7.60 billion in April (initially estimated at C$7.14 billion) to C$5.86 billion in May. Economists expected a C$5.98 billion shortfall. Nominal exports rose 1.1% while nominal imports fell 1.6%. On the exports side, 7 of the 11 industries covered saw increases, led by metal/non-metallic mineral products (+15.1%), aircraft/transportation equipment (+5.6%) and consumer goods (+2.6%). On the flip side, exports of energy products fell by 5.6%. Turning to imports, where large declines in the metal/non-metallic mineral products (-16.8%) and motor vehicle/parts (-5.3%) categories were only partially offset by a 4.3% gain for consumer goods. Canada's energy surplus with the world narrowed from C$9.3 billion to a 46-month low of C$8.7 billion, while the non-energy deficit shrank from C$16.9 billion to C$14.6 billion. The trade surplus with the United States moved from a 52-month low of C$3.1 billion to C$3.2 billion. The services trade deficit, for its part, expanded from C$0.4 billion to C$0.8 billion, which means that the total trade deficit (goods + services) moved from C$8.0 billion to C$6.6 billion. In real terms, merchandise exports increased 0.7%, while imports retraced 0.6%.

After reaching an all-time high in April due to tariffs imposed by the U.S. administration, Canada's merchandise trade deficit narrowed slightly in May. However, this was not due to a rebound in trade with our southern neighbours. In fact, shipments to the United States declined for the fourth consecutive month in May and now sit 27.1% below the historic high reached back in January (C$41.5 billion versus C$56.9 billion).

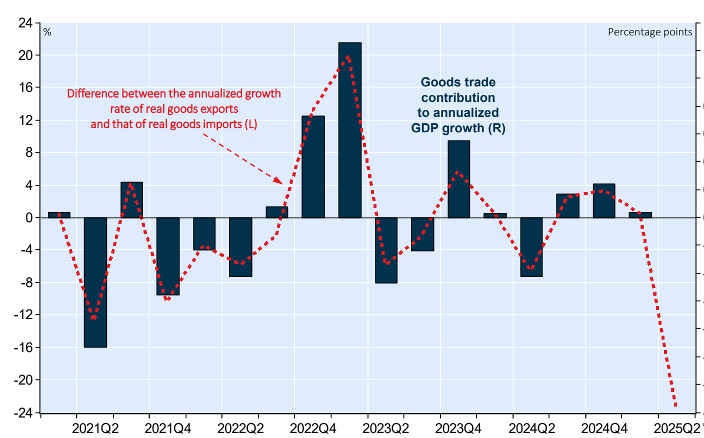
Canada: The rush to find alternative exports markets



NBC Economics and Strategy (data via Statistics Canada)

Exports to other countries, meanwhile, rose by 5.7% m/m in May, a development that Statistics Canada attributed largely to a surge in shipments of physical gold to Great Britain. (In fact, total gold exports reached a record high of C$5.9 billion in May.) Whatever its cause, this increase allowed exports to non-U.S. countries to reach a new all-time high of C$19.3 billion, a development that highlights Canada's efforts to find new export markets. This figure represented 31.7% of our total exports, the highest percentage ever recorded outside of the early months of the pandemic. Another noteworthy point in the report was the narrowing of the energy surplus. The latter fell to its lowest level in nearly four years in May, partly due to lower prices, but also to a decline in export volumes. These have indeed fallen by 9.2% since December. With one month of data still to come, trade in goods looks likely to weigh heavily on GDP growth in the second quarter, with real exports (-33.9% annualized) tracking a much more substantial decrease than real imports (-10.6%).

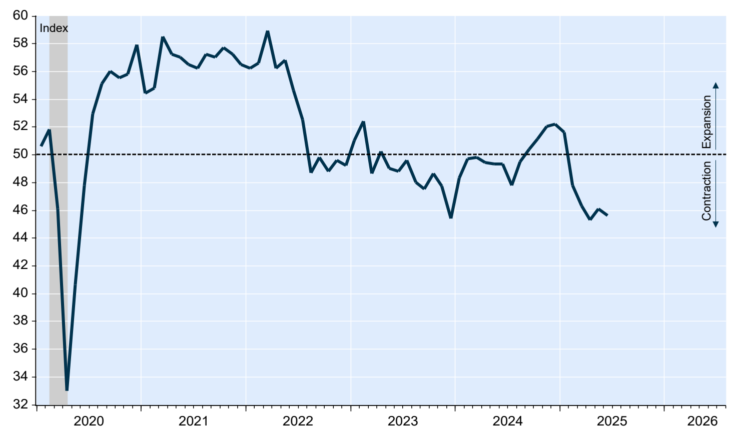
Canada: Merchandise trade to weigh heavily on Q2 GDP growth
Real exports/imports of goods vs. goods trade contribution to GDP



*With one month of data still to come
NBC Economics and Strategy (data via Statistics Canada)

The S&P Global Canada Manufacturing PMI fell in June to 45.6, down from 46.1 in May, marking the fifth consecutive month in contraction territory. Output and new orders declined sharply, with production volumes falling at the steepest rate since early 2020. Tariffs remained a dominant drag on demand, pricing, and supply chains, particularly affecting international sales, which dropped at one of the fastest rates in survey history. S&P Global highlighted continued job losses, with employment falling for the fifth straight month due to redundancies and non-replacement of staff. Purchasing activity and inventories were also cut back significantly, as firms faced ongoing uncertainty around trade policy and tariffs. While business sentiment improved to its highest level since January, it remained below the historical average, reflecting persistent concerns over trade relations with the U.S. Inflationary pressures eased slightly but remained elevated, driven largely by tariff-related input cost increases and supply delays. Firms responded by raising their selling prices again in June. “No wonder firms therefore remained circumspect in their purchasing and inventory management decisions during June,” the report noted, as backlogs of work fell sharply and capacity pressures remained minimal.

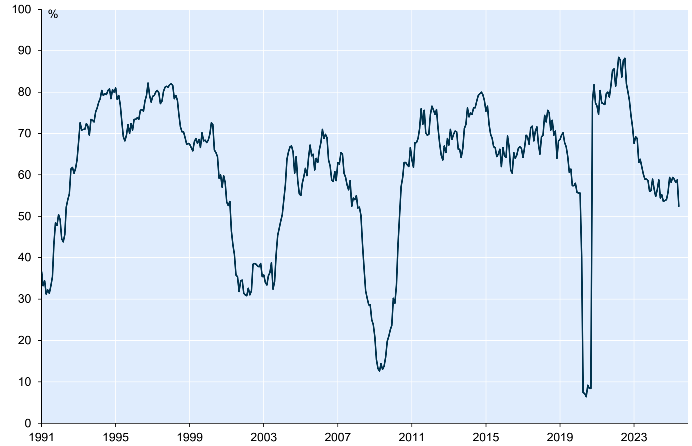
Canada: Manufacturing remains in the doldrums
S&P Global Manufacturing PMI. Last observation: June 2025



NBC Economics and Strategy (data via Refinitiv)

United States: **Nonfarm payrolls** rose 147K in June, well above the 106K Bloomberg consensus forecast and up from a revised 144K increase in May. This upside surprise came alongside a 5K upwards revision to the prior month, bringing the two-month payroll net revision to 16K. Employment in the goods sector rose 6K with a positive contribution from construction (+15K) and a negative contribution from manufacturing (-7K). Jobs in service-producing industries grew by 68K, with big contributions from education and health services (+51K) and leisure and hospitality (+20K). All other industries registered relatively small changes (+/- 10K). Of the headline job growth, 74K jobs were created in the private sector while employment in the public sector grew by 73K. Public sector employment was fueled by state governments (+47K) and local governments (+33K), slightly offset by the federal government (-7K). Average hourly earnings increased 3.7% Y/Y in June, slightly below consensus (3.8%) and down from 3.8% in May. That’s the smallest since July last year, which printed 3.6%. Month-over-month, hourly earnings advanced 0.2%, below consensus estimates of 0.3% and the 0.4% print in May. Average weekly hours fell from 34.3 in May to 34.2 in June, below expectations of 34.3.

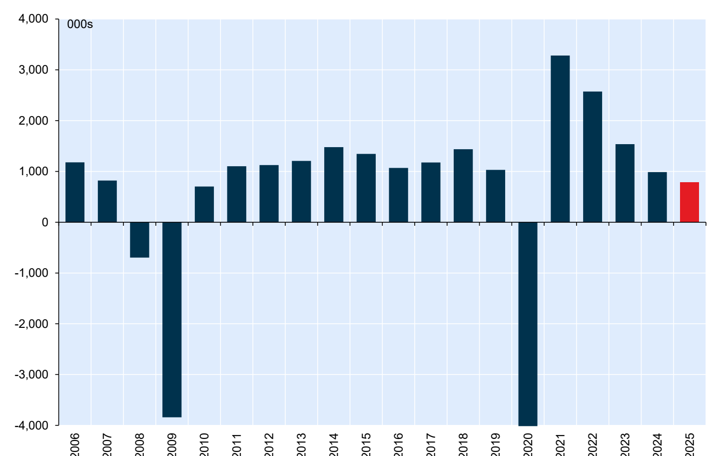
The breadth of employment growth is uninspiring
6-month employment diffusion index (share of industries with employment increasing)



Source: NBC, Bloomberg

Employment per the **household survey** (similar in methodology to Canada's LFS) increased 93K, after a 696K decrease in May. Full-time employment was up 437K (after slipping 623K in May) while there were 367K fewer part-timers. While that’s a healthier full-time reading, it still leaves the three-month tally at only 142K. A gain to employment combined with a slight decrease in the participation rate (62.3% in June from 62.4% in May) allowed the unemployment rate to decrease to 4.1% from 4.2% in May.

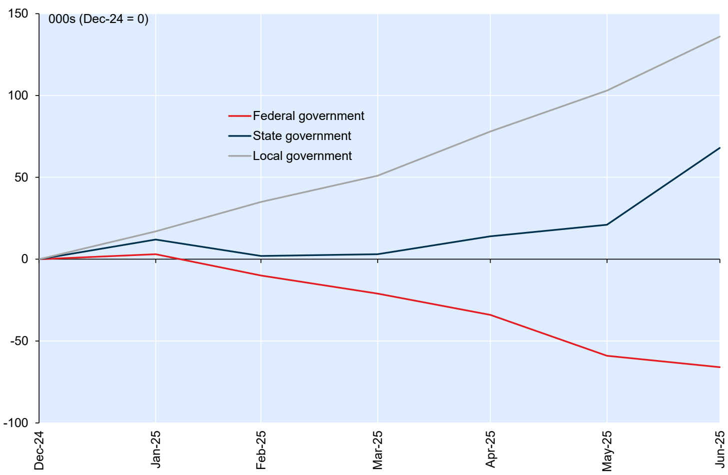
Hiring is clearly slowing, with YTD gains the weakest since 2010
YTD (January – June) hiring in the U.S. since 2006



Source: NBC, Bloomberg | Note: Axis truncated at -4 million for readability. Employment declines in 2020 were much sharper.

The June U.S. jobs report revealed a significant divergence between the ADP and non-farm payroll figures, with ADP showing a loss of 33K jobs while non-farm payrolls rose by 147K, surpassing expectations. This discrepancy casts further doubt on the reliability of the ADP report. While job growth beat consensus for the fourth straight month, prior months saw only modest upward revisions. Encouragingly for the Fed, the unemployment rate and broader U-6 measure both declined, despite a further drop in labor force participation—possibly linked to reduced immigration. However, private sector hiring was weak, with just 74K jobs added, and gains were largely driven by state and local government hiring. Employment growth remained concentrated in less cyclical sectors like education and health, while broader job diffusion was below historical norms. Overall, job creation in the first half of 2025 was the slowest (excluding 2020) since 2010. Rising continuing claims also suggest persistent labor market slack. The stronger-than-expected report likely rules out a July Fed rate cut, though markets still anticipate a September move—albeit with less certainty than previously priced in.

State and local government hiring is making up for federal job losses
Change in government employment in 2025

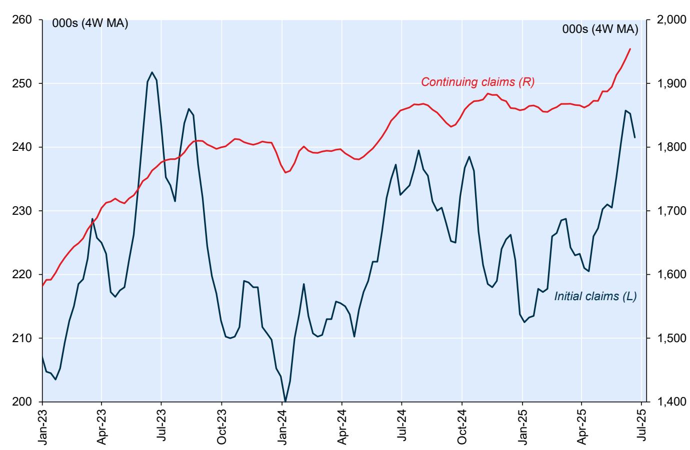


Source: NBC, Bloomberg

In other employment data, the **JOLTS report** showed an increase in job openings during the month of May, from 7,395K to 7,769K, a print that clocked in higher than the median consensus estimate. Additionally, the layoffs rate ticked down one point from 1.1% to 1.0%, and the quits rate rose from 2.0% to 2.1%.

Initial jobless claims fell from 237K to 233K in the week to June 28. **Continuing claims**, for their part, saw no change at 1,964K in the week to June 21.

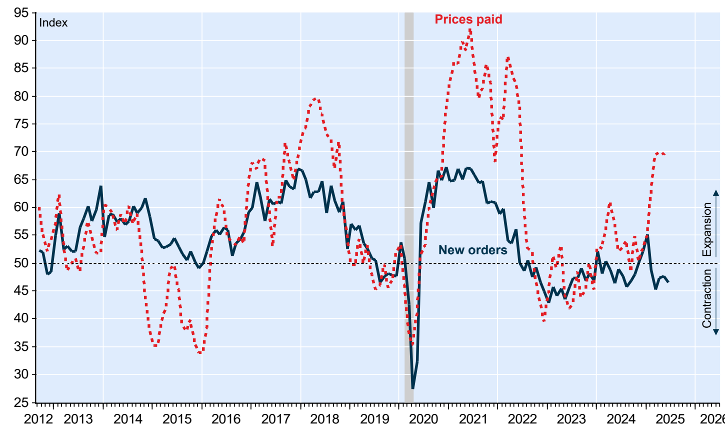
It's a low hiring and low firing environment
Initial and continuing jobless claims since 2023 (4-week moving average)



Source: NBC, Bloomberg

The **ISM Manufacturing PMI** edged up to 49.0 in June from 48.5 in May but remained in contraction territory for a fourth straight month. The report showed a mixed picture, with production rebounding into expansion (50.3) after a sharp drop in May, while new orders (46.4) and backlogs (44.3) contracted at faster rates. Employment weakened further to 45.0, as firms continued to manage headcount cautiously despite the pickup in output. Tariff-related pressures were again evident, with the Prices Paid Index rising to 69.7, its highest since early 2022, underscoring persistent cost inflation. Supplier delivery times remained slow, though delays eased slightly, suggesting some improvement in logistics bottlenecks. Inventories contracted at a slower pace, reflecting the tail end of pre-tariff stockpiling activity. External demand remained weak, though the New Export Orders Index improved to 46.3 from 40.1, and imports also rebounded modestly. Despite these gains, both remained in contraction territory, highlighting ongoing global trade headwinds. Of the 18 manufacturing industries surveyed, nine reported growth in June. Overall, the report pointed to a manufacturing sector still under pressure, with 46% of industry GDP contracting and a growing share (25%) in deep contraction.

U.S.: Stagflationary vibes
ISM Manufacturing Survey



NBC Economics and Strategy (data via Bloomberg)

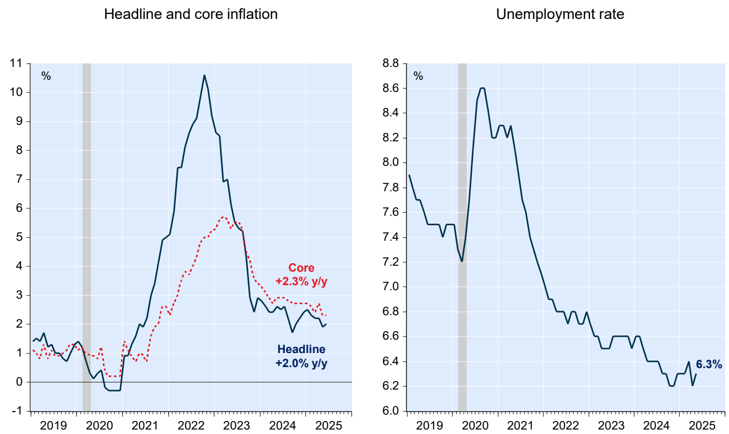
The U.S. trade balance deficit widened to $71.5 billion in May, up $11.3 billion from April's revised $60.3 billion. The deterioration was driven by a sharp $11.6 billion drop in exports, notably in industrial supplies and capital goods, while imports edged down slightly by $0.3 billion. The widening gap reflects ongoing shifts in global trade dynamics, with softer external demand and softer commodity prices weighing on export performance. Notably, the deficit with China narrowed significantly, while gaps with Mexico and Ireland widened, highlighting the uneven impact of evolving trade flows and policy shifts.

Travel services also contributed to the weaker trade picture, with both exports and imports of travel declining in May. U.S. travel exports, spending by foreign visitors in the U.S., fell by $0.3 billion, while travel imports, spending by U.S. residents abroad, declined by $0.2 billion. Shifting consumer behavior, or lingering effects of tighter immigration and visa policies could be impacting the figures.

World: **Inflation in the Eurozone** remains for the most part contained, despite the headline CPI rising 0.3% in the month of June. Year-over-year headline inflation came in at just 2.0%, up only slightly from 1.9% in May. Core inflation held steady at 2.3%, indicating that underlying price pressures were not far off target. Inflation expectations also eased, offering some reassurance to policymakers. The ECB's 1-year ahead inflation expectation fell from 3.1% to 2.8%, while the 3-year expectation declined from 2.5% to 2.4%. This softening in expectations suggests that inflation is becoming more anchored, aligning more closely with the ECB's 2% target.

Christine Lagarde's remarks at the ECB Forum in Sintra emphasized the need for vigilance in a world of more frequent supply shocks and structural shifts. While she acknowledged the progress made on inflation, she reiterated that the ECB must remain cautious, particularly as inflation expectations, though improving, are not yet fully aligned with the target.

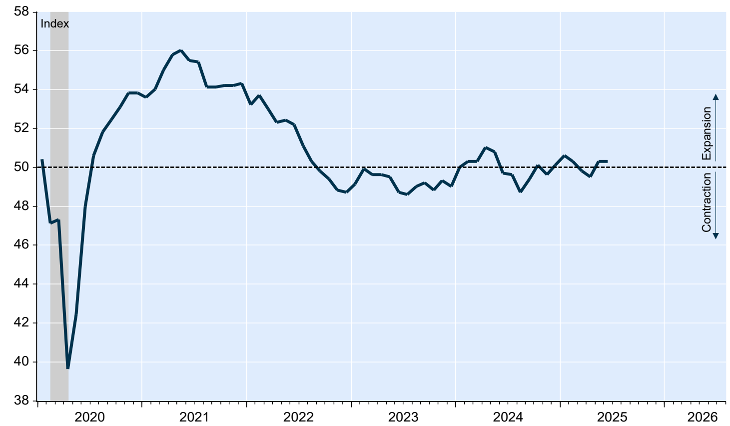
Eurozone: Inflation under control and labour markets holding



NBC Economics and Strategy (data via Datastream)

World: Manufacturing near the stall state

JP Morgan Manufacturing PMI. Last observation: June 2025



NBC Economics and Strategy (data via Refinitiv)

On the labor front in the **Eurozone, the unemployment rate** edged up to 6.3%, a one tick increase from the prior month. While this marks a slight deterioration, it remains a historically low level and does not yet signal broad-based labor market weakness.

The S&P Global Caixin China Manufacturing PMI rose to 50.4 in June, up from 48.3 in May, signaling a return to growth in the sector. The improvement was driven by a modest rebound in production and new orders, supported by better trade conditions and promotional efforts. However, export demand remained weak, with new export orders declining for the third consecutive month, albeit at a slower pace. Despite the recovery in output and sales, employment continued to fall, as firms remained cautious amid cost-control efforts and softening business confidence. The backlog of work rose slightly due to reduced staffing levels. Price pressures eased further, with input costs falling for the fourth month in a row and output charges dropping at the fastest rate since January. Manufacturers passed on cost savings to clients, though rising logistics costs continued to push up export charges. Purchasing activity declined again, especially among consumer goods producers, while inventories of raw materials remained stable and finished goods stocks dipped slightly. Supplier delivery times lengthened for the fourth straight month, reflecting ongoing logistical delays.

The J.P. Morgan Global Manufacturing PMI rose to 50.3 in June, up from 49.5 in May, signaling a return to expansion for the first time in three months. The improvement was driven by rising output and stabilizing new orders, with production increasing across major economies including China, the U.S., and Japan. Employment continued to decline globally, but at the slowest pace in ten months. Sector-wise, output rose across consumer, intermediate, and investment goods, though growth was weakest in consumer goods. New orders expanded modestly, while export orders continued to decline, albeit at a slower rate. Business optimism remained subdued and unchanged from May, staying below the long-run average for the fifteenth consecutive month. Price pressures diverged globally: input and output price inflation accelerated in the U.S., while costs declined in China and the eurozone. Supply chain conditions showed marginal improvement, with delivery times stabilizing. Despite the modest rebound, global manufacturing employment and purchasing activity remained soft, reflecting cautious sentiment amid uneven global demand.

What we'll be watching

In Canada, the release of the **Labour Force Survey** will also be closely watched. At least 9,000 employees lost their jobs the month after The Bay stores permanently closed. This should result in a significant decline in the retail sector. However, these losses may have been offset by job creation in other sectors because the survey methodology continues to overestimate population and employment growth. In our opinion, a flat employment print should result in a one-tenth increase in the unemployment rate, to 7.1%, assuming the participation rate remains at 65.3%. An update on the real estate market will also be available with the publication of May data on **building permits**.

		Previous	NBF forecasts
Fri:	LFS employment (June, m/m chg.)	8.8K	**0.0K**
	Unemployment rate (June)	7.0%	**7.1%**

In the U.S., a very quiet week will be punctuated by the release of the June **NFIB Small Business Optimism Index** and May **consumer credit** data. A few **Fed officials** are scheduled to speak, notably Alberto Musalem (Thursday) and Mary Daly (Thursday). The central bank will also release the **minutes** of its June 17-18 meeting.

Elsewhere in the world, we'll keep on an eye on the release of May **retail sales** data in the eurozone. Several June data releases are also on the schedule in China, including **foreign reserves** and the **consumer price index**.

Economic Calendar – Canada & U.S.

Economic releases & events

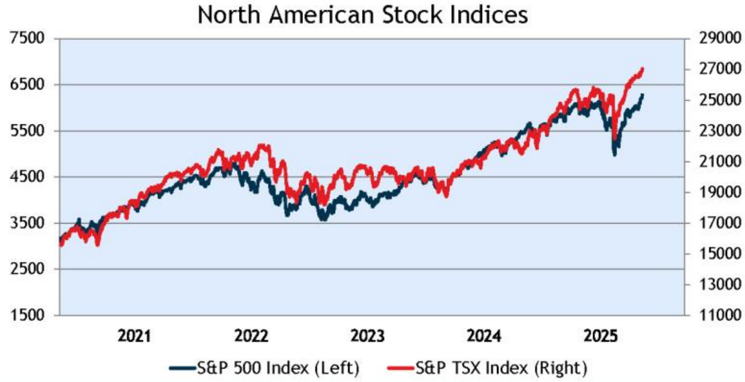
Day	Time	Country	Release	Period	Previous	Consensus Estimate	NBF Estimate
Monday Jul 7							
Tuesday Jul 8	6:00	US	NFIB Small Business Optimism	Jun	98.8	98.7	
	10:00	CA	Ivey Purchasing Managers Index SA	Jun	48.9	--	
	15:00	US	Consumer Credit	May	$17.873b	$10.500b	
Wednesday Jul 9	7:00	US	MBA Mortgage Applications	Jul-04	2.70%	--	
	10:00	US	Wholesale Trade Sales MoM	May	0.10%	0.20%	
Thursday Jul 10	8:30	US	Initial Jobless Claims	Jul-05	233k	--	
Friday Jul 11	8:30	CA	Net Change in Employment	Jun	8.8k	-3.0k	0.0k
	8:30	CA	Unemployment Rate	Jun	7.00%	7.10%	7.10%
	8:30	CA	Building Permits MoM	May	-6.60%	-2.50%	

Earnings announcements

Day	Company	Time	Qtr	Cons. EPS
Monday Jul 7				
Tuesday Jul 8				
Wednesday Jul 9				
Thursday Jul 10	Richelieu Hardware Ltd	0:00	Q2 25	0.42
	Aritzia Inc	Aft-mkt	Q1 26	0.40
	Conagra Brands Inc	Bef-mkt	Q4 25	0.59
	Delta Air Lines Inc	Bef-mkt	Q2 25	2.07
Friday Jul 11				

Source: Bloomberg

Data Update – Table 1

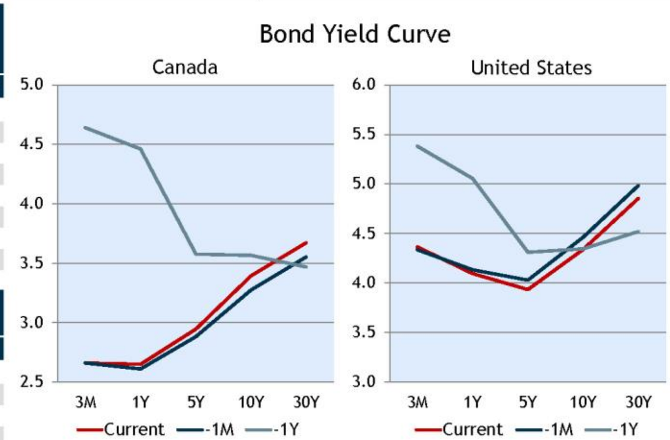


Stock Indices

	Level	Total return performances (in C$ / in local currency) 1 week	1 month	3 months	YTD	1 year	5 years (ann.)	10-year Hi / Low Hi (Date)	Low (Date)
Canada									
S&P/TSX Composite	27034.3	1.2%	2.6%	11.9%	10.9%	25.2%	15.1%	27034.3 (3 Jul 2025)	11228.5 (23 Mar 2020)
U.S.									
S&P 500 Composite	6279.4	1.9% / 2.3%	4.4% / 5.3%	12.9% / 16.8%	1.5% / 7.5%	14.5% / 15.0%	16.7% / 16.7%	6279.4 (3 Jul 2025)	1829.1 (11 Feb 2016)
Dow Jones Industrials	44828.5	3.0% / 3.4%	4.6% / 5.6%	7.4% / 11.1%	0.4% / 6.3%	15.7% / 16.1%	13.9% / 13.9%	45014.0 (4 Dec 2024)	15660.2 (11 Feb 2016)
Nasdaq Composite	20601.1	1.8% / 2.2%	5.3% / 6.3%	20.6% / 24.7%	1.1% / 7.1%	13.7% / 14.1%	16.0% / 16.0%	20601.1 (3 Jul 2025)	4266.8 (11 Feb 2016)
World									
Euro Stoxx 50	5343.1	1.9% / 1.9%	1.7% / -0.5%	9.0% / 6.7%	19.9% / 11.9%	20.3% / 11.0%	14.7% / 13.6%	5540.7 (3 Mar 2025)	2385.8 (18 Mar 2020)
FTSE100	8823.2	0.0% / 1.0%	0.6% / 0.6%	5.5% / 5.2%	13.5% / 10.3%	19.4% / 12.0%	13.6% / 11.5%	8884.9 (12 Jun 2025)	4993.9 (23 Mar 2020)
TOPIX	2829.0	0.1% / 1.0%	0.4% / 2.2%	7.0% / 10.4%	5.3% / 3.0%	11.9% / 1.0%	8.8% / 15.5%	2929.2 (11 Jul 2024)	1196.3 (12 Feb 2016)
CSI 300	3968.1	0.4% / 0.7%	3.3% / 3.9%	2.5% / 3.9%	-1.6% / 2.2%	19.8% / 18.3%	0.0% / 0.2%	5807.7 (10 Feb 2021)	2853.8 (28 Jan 2016)
MSCI World	926.5	1.5% / 1.9%	3.8% / 4.8%	11.7% / 15.5%	5.2% / 11.4%	15.8% / 16.2%	14.1% / 14.1%	926.5 (3 Jul 2025)	353.4 (11 Feb 2016)
MSCI Emerg. Markets	1237.0	0.6% / 1.0%	6.4% / 7.4%	9.7% / 13.5%	10.6% / 17.1%	16.3% / 16.7%	6.7% / 6.7%	1444.9 (17 Feb 2021)	688.5 (21 Jan 2016)
MSCI EAFE	2658.1	0.8% / 1.2%	1.3% / 2.2%	8.0% / 11.6%	13.4% / 20.1%	16.3% / 16.7%	11.5% / 11.4%	2658.1 (3 Jul 2025)	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	-0.2%	-0.2%	0.5%	5.2%	-0.9%
Long Term Universe	-0.3%	-0.9%	-2.0%	3.1%	-4.2%
Mid Term Universe	-0.2%	0.0%	1.7%	6.6%	-0.1%
Short Term Universe	-0.1%	0.1%	1.9%	5.9%	1.7%
Federal Universe	-0.3%	-0.4%	0.4%	4.2%	-1.4%
Provincial Universe	-0.1%	-0.3%	0.0%	4.7%	-1.9%
Corporate Universe	-0.1%	0.2%	1.7%	7.6%	1.4%

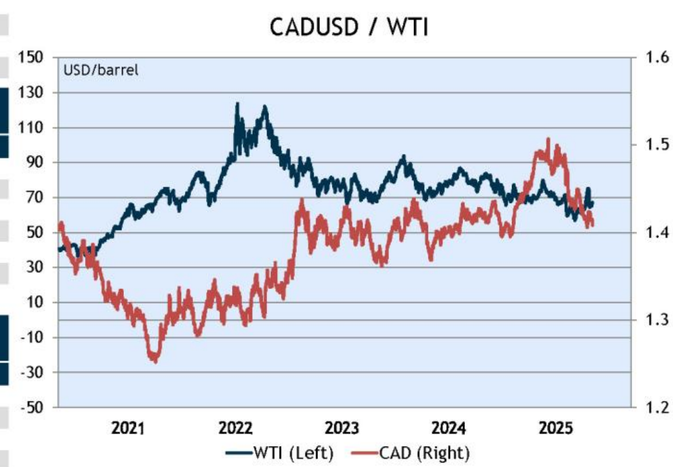


Bond Yield Curve

	3 mths	1 year	5 years	10 years	30 years
Canada	2.66%	2.65%	2.95%	3.39%	3.67%
1 week chg (bps)	-2	+2	+6	+5	+4
1 month chg (bps)	0	+4	+6	+12	+12
1 year chg (bps)	-198	-181	-63	-17	+20
U.S.	4.36%	4.09%	3.93%	4.34%	4.86%
1 week chg (bps)	+3	+12	+14	+10	+6
1 month chg (bps)	+3	-4	-10	-12	-13
1 year chg (bps)	-102	-96	-38	-1	+34

Currencies

	latest	1 week ago	1 month ago	January 1st	1 year ago
USDCAD	1.358	1.364	1.371	1.438	1.363
US cents per cad	0.736	0.733	0.730	0.695	0.734
EURCAD	1.596	1.597	1.562	1.489	1.473
EURUSD	1.175	1.171	1.139	1.036	1.080
USDJPY	145.1	144.4	143.8	157.2	161.4
GBPUSD	1.365	1.373	1.353	1.252	1.276
USDCNY	7.161	7.168	7.190	7.299	7.273



Commodities

	latest	1 week ago	1 month ago	January 1st	1 year ago
Oil - WTI ($/barrel)	67.00	65.24	63.41	71.72	83.88
Oil - Brent ($/barrel)	71.92	71.53	68.57	76.53	88.65
Gold ($/oz)	3327.54	3323.59	3349.15	2625.35	2363.24
CRB Metals (index)	0.0	0.0	773.9	773.9	773.9

Data Update – Table 2

Jobs

	Unemployment rate		Employment change	
	Latest	12 months ago	Latest	12-month avg
Canada	7.0%	6.3%	8.8K	23.3K
Ontario	7.9%	6.8%	3.4K	4.5K
Quebec	5.8%	5.1%	-17.0K	6.7K
British Columbia	6.4%	5.6%	13.0K	2.9K
Alberta	7.4%	7.3%	-1.7K	5.6K
United States	4.1%	4.1%	147.0K	150.8K
Eurozone	6.3%	6.4%	---	---
Japan	2.5%	2.6%	330.0K	60.0K

Inflation

	Y/Y Latest	3-mth ann.	Y/Y 6 months ago	Y/Y 1 year ago
Canada				
Headline CPI	1.7%	-0.2%	1.9%	2.9%
Average core	2.9%	---	2.4%	2.6%
United States				
Headline PCE	2.3%	1.1%	2.5%	2.6%
Core PCE	2.7%	1.7%	2.8%	2.7%
Eurozone				
Headline CPI	2.0%	---	2.4%	2.5%
Core CPI	2.3%	---	2.7%	2.9%
Japan				
Headline CPI	3.4%	2.9%	2.9%	2.9%
Core CPI	3.6%	5.6%	2.6%	2.6%

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%	-0.2%	258.3K / 230.2K
Toronto	$1,187,646	86.8% / 91.3%	-4.3%	28.6K / 39.7K
Vancouver	$1,252,361	99.7% / 102.5%	-1.9%	25.1K / 26.4K
Montreal	$509,957	43.9% / 46.2%	7.7%	26.0K / 23.4K
Calgary	$574,734	43.0% / 40.3%	4.4%	33.6K / 15.0K
United States	---	---	2.7%	1334.3K / 1350.5K

Manufacturing Sector

	Markit manufacturing PMI		Industrial production	
	Latest	6-month trend	3 mth ann chg	12-month chg
Canada	45.6	▼	-3.3%	0.6%
United States	52.9	▲	-1.6%	0.6%
Eurozone	49.5	▲	5.5%	0.8%
Japan	50.1	▲	-1.6%	-0.1%
China	50.4	▼	---	---

Central Banks

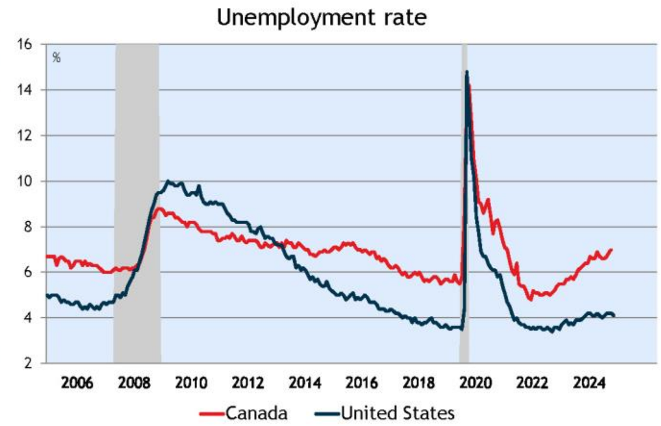
	Policy rate	12 months ago	Trend	Next announce
Bank of Canada	2.75%	4.75%	▼	7/30/25
Fed Reserve (upper bound)	4.50%	5.50%	▼	7/30/25

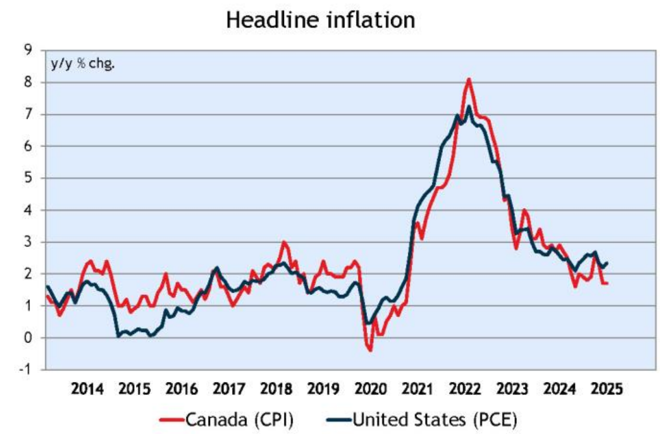
GDP Growth

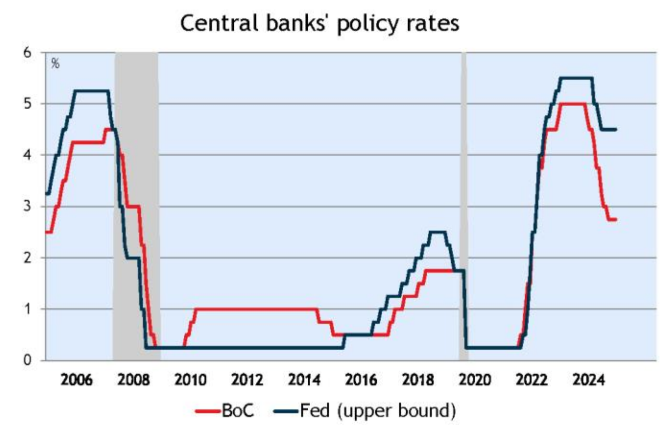
	Q/Q ann Latest	Q/Q ann Previous	Y/Y Latest	Y/Y 6 months ago
Canada	2.2% (Q1)	2.1% (Q4)	2.3%	2.3%
United States	-0.5% (Q1)	2.5% (Q4)	2.0%	2.5%
Eurozone	2.5% (Q1)	1.2% (Q4)	1.5%	1.2%
Japan	-0.2% (Q1)	2.3% (Q4)	1.7%	1.4%

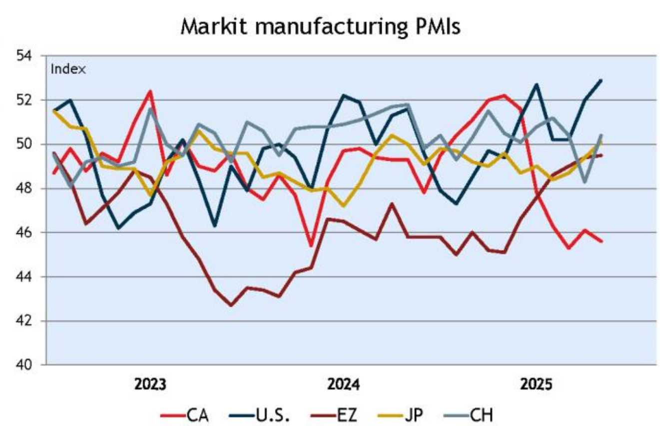
Contributions to real GDP growth - Canada

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
GDP	**2.2**	**2.1**	**2.4**	**2.5**
Consumption	0.6	2.6	2.3	0.9
Business Investment	0.3	0.5	-0.9	1.2
Nonprofit Sector	0.0	0.0	0.0	0.0
Residential Investment	-0.9	1.2	0.4	-0.7
Government	-0.2	0.8	1.3	1.4
Final Domestic Demand	**-0.1**	**5.1**	**3.2**	**2.8**
Exports	2.2	2.2	-0.2	-1.6
Imports	-1.4	-0.8	0.3	0.0
Trade	**0.7**	**1.4**	**0.1**	**-1.6**
Inventories	1.4	-4.4	-0.8	1.2
Statistical discrepancy	0.2	0.0	-0.1	0.1









Subscribe to our publications: NBC.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.

EU Residents

With respect to the distribution of this report in the member states of the European Union ("EU") and the European Economic Area ("EEA") by NBC Paris, the contents of this report are for information purposes only and do not constitute investment advice, investment research, financial analysis or other forms of general recommendation relating to transactions in financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("MiFID 2"). This report is intended only for professional investors and eligible counterparties within the meaning of MiFID 2 and its contents have not been reviewed or approved by any EU/EEA authority. NBC Paris is an investment firm authorised by the French Prudential Control and Resolution Authority __ ("ACPR") to provide investment services in France and has passported its investment services throughout the EU/EEA under the freedom to provide services and has its registered office at 8 avenue Percier, 75008 Paris, France. "NBC Financial Markets, a subsidiary of National Bank of Canada" is a trade name used by NBC Paris S.A.

NBF is not authorised to provide investment services in the EU/EEA.

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.