

# Canada: Weekly Notes

Key events for the week of June 28 – July 2 2010

## Economic diary – Canada

Date		Last	Median	HSBC	Impact	Comments
Jun 29	Industrial Product Price Index – May (8:30)	0.3%		1.1%	Minor	▶ CAD weakened significantly in May, dropping approximately 3.3% vs. USDs which we believe will add as much as 0.8ppt onto the index. By category, metals are a mixed bag with non ferrous product prices lower vs. steel products that saw stronger pricing metrics. Lumber and related products saw higher prices as supplies remain tight. Petroleum and coal products another mixed bag as crude prices tumbled on the back of market risk aversion. Passenger car prices expected to have recovered a good bulk of last months -1.1% decline.
	Raw Materials Price Index – May (8:30)	1.7%		-0.5%	Minor	▶ Mineral fuel prices were on the decline in May as were vegetable prices. This is contrasted by higher prices for food on the hoof as herd sizes declined. Lumber prices track higher as producers having cut back on capacity have a better handle on supply. Non-ferrous metal prices are higher but ferrous and non-metallic metal prices are off. For May, we are forecasting raw material prices to have gained 0.3%/m/m
Jun 30	GDP M/M – Apr (8:30)	0.6%		0.1%	Major	▶ Canada entered into the first quarter of 2010 like a lion, but is exiting like a lamb. April GDP is set to see a significant slowing in momentum. Average monthly growth in the first quarter was running at around 0.5%/m/m. Kicking off the second quarter, we are forecasting April GDP at a mediocre 0.1%/m/m. Absent is the significant boost afforded by a robust contribution coming out of the manufacturing and resource sectors. Construction is still there, chugging along. The employment report for the month showed the ranks of construction workers swelled by nearly 25,000 laborers. Utilities are also forecast to have been fired up. Despite areas of softness, overall the goods producing sector actually looks pretty good, growing at 0.47% in April. The service sector however proves to be a bit of an albatross.  ▶ On the whole, we are looking for the service sector to have contracted in April by -0.1%/m/m, following March's rise of 0.3%/m/m. Dragging down the service sector is expected to be a rather significant decline in retail sales. Accommodation and food services also softer. For the most part, most categories are only expected to see very incremental gains or incremental declines. On the upside, financial services (FIREs) is expected to have continued to provide a decent contribution to growth in keeping with previous monthly trends.
July 1	Canada Day Holiday					▶ Markets closed.

Source: HSBC Canada

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