

Canada: Leading indicators up 0.8% m/m

A rather unsatisfying data morsel amongst a dearth of data.

This week proving to be a veritable data drought for Canada. A sprinkle this morning with the release of the Canadian leading indicators number. A bottom tier number at the best of times that tends to draw scant attention from market participants. In February, leading indicators rose 0.8% m/m slightly back of the median at 0.9% but slightly ahead of our own forecast at 0.7% m/m.

January's number was revised lower, dropping from 0.9% to 0.7%. Still, the data out on January thus far is painting a picture of continued strength beyond what the downward revision to the (Jan) leading indicators may suggest. Both manufacturing and wholesale sales were wildly stronger than expected. And of course the Canadian economy pushed out a net gain of 43K jobs in January.

Of the LI constituents, the housing market continues to provide a decent bulk of the upside to the number set having risen by 1.7% in February which is feeding into the retail picture which continues to positively contribute to the index. Sales of furniture and appliances are up 1.2% m/m. The new orders category continues to jump around, rising 6.2% m/m in February following a -1.6% decline in January, rendering it the one wild card component of the report. Rising stocks, money supply, and the US LEI round out the picture.

On the down side, the average workweek (manufacturing) fell -0.8% m/m following declines in each of the previous three months. Working smarter instead of harder it would seem. Productivity jump by 1.4% q/q in the fourth quarter suggesting that all of Q4's 1.2% q/q rise in GDP came on the back of a productivity boomlet which at the end of the day represents the creation of real wealth.

Filling out the rest of the calendar for Canada this week, BoC Governor Carney to speak on Wednesday "Productive virtue in a wicked world" at 13:05 (ET) with press conference to follow at 14:10 (ET). Catchy title. How uncharacteristic of a central banker.

Disclosure appendix

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