

# Canada: Weekly Notes

## Key events for the week of May 3 - 7 2010

### Economic diary – Canada

Date		Last	Median	HSBC	Impact	Comments
May 6	Building Permits – Mar (8:30)	-0.5%		1.0%	Minor	<p>February's building permits report was led lower by a -28.3%/m plunge in the dollar value of multi-family permits which dovetailed nicely with a -15%/m drop in March condo starts. The decline in multi-family housing starts (condos) marked a return to more trend-like levels of builder activity. On that basis, while we are expecting to see a 2.9%/m pick up in March residential permits, led by the multi-family category, we do not expect to see a full recovery from February's -7.5%/m drop. For non-residential permits, we are pencilling in a decline of -1.8% on the back of weaker commercial intentions, which is going to limit the rise in total builder permits to 1.0%/m.</p> <p>In general, the combination of higher interest rates in the near term, changes in the metrics used for determining mortgage affordability and changes to the tax structure are all coming together to create what we feel is a point of inflection for the housing market. In turn, this is expected to suppress building intentions in the second half of 2010.</p>
	IVEY PMI – Apr (10:00)	57.8		54.0	Med	<p>Some moderation in the headline purchaser index is expected and incorporated into our forecast. Historically, and in a number that is not adjusted for seasonal variances, history has a role to play, it is typical to see April's survey experience some pull back from the typically strong seasonal reading on the March number set. While our forecast for 54.0 is still indicative of expanding behavior, the reading is still back of the historical norms for this time of year.</p>
May 7	Net Change in Employment – Apr (7:00)	17.9K	20.0K	10.0K	Major	<p>The goods producing sector continues to driving the boat. We are forecasting a pick up of 24,000 jobs coming out of the goods producing sector, led by gains in agriculture, manufacturing, construction and extraction industries. Service sector employment is forecast to have declined by (-14,000) positions, led lower by declines in the accommodation and food services as the impact of the Olympics fades. The profile of the jobs forecast is in keeping with the theme of economic recovery. Having borne the brunt of the economic recession, the goods producing sectors of the economy are expected to lead the recovery. Between September 2008 and August 2009, the goods sector shed a whopping 392,000 positions. By contrast, employment in the services sector over the same period actually increased by a marginal amount.</p>
	Unemployment Rate – Apr (7:00)	8.2%	8.2%	8.3%	Major	<p>Our forecast for the unemployment rate to rise to 8.3% is predicated on the participation rate remaining unchanged at 67.0%. The net gain in jobs of just 10,000 is not sufficient enough to fully offset the natural growth in the labor force of around 22,000.</p>

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# Disclosure appendix

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