

Canada: Weekly Notes

Key events for the week of November 8-12, 2010

Economic diary – Canada

Date		Last	Median	HSBC	Impact	Comments
Nov 8	Housing Starts – Oct (8:15)	186.4K	180K	182K	Minor	<ul style="list-style-type: none"> ▶ By the numbers, we are forecasting October housing starts at 182K, led by a decline in multi family dwellings (from 99.6K to 95K) followed by a slight improvement in the single family starts (66K up from 63.6K). Rural starts at 21K vs. 23.2K). For the past three months, multi family starts have been running rather strong which is out of context with the overall state of the real estate environment which is characterized as moderating. ▶ Still, September's building permits number that reflected a 4% pick up in approved units for construction may point to some upside surprise for the housing starts number.
Nov 9	New Housing Price Index M/M – Sep (8:30)	0.1%		0.1%	Minor	<ul style="list-style-type: none"> ▶ Existing home prices are steady as supply and demand are rebalancing. On that basis, we are forecasting only a marginal pick up in new home prices in keeping with what was seen in August. If we are correct and new home prices are up 0.1%/m/m, on a year over year basis, prices will have risen by 2.6%.
Nov 10	Int'l Merchandise Trade – Sep (8:30)	-C\$1.3B	-C\$1.5B	-C\$1.6B	Med	<ul style="list-style-type: none"> ▶ Some rather fantastically strong gains in the export of copper ores (+197%), nickel ores (+81%) and consumer goods (27%) in August are not expected to be repeated in September. Instead, we are looking to see some significant moderation in these categories. So too will the temporary shut down of a major trans border pipeline crimp crude exports into the US. Natural gas exports have been under pressure due to burgeoning supplies of US shale gas and overall weaker pricing metrics. Cooler temperatures in September would have further challenged the picture on natural gas exports. In keeping with the view to a widening trade deficit in September, Canadian exports to China declined by 2.7%/m/m according to Chinese customs data. ▶ That said, despite our forecast for a widening trade deficit, exports will have still risen by nearly 13%/y/y. Indeed, export volumes have been steadily growing (14%/y/y as of August) since striking the low point in May 2009. Despite a challenging and often uncertain economic environment in the US, Canadian exports destined to the US are up 13.3%/y/y as of August.
Nov 11	Remembrance Day Holiday					<ul style="list-style-type: none"> ▶ Bank Holiday. Bond market closed. Equities open.

Source: HSBC Canada

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