

November 12, 2004

FOCUS

A WEEKLY FINANCIAL DIGEST

- Fed Lifts Rates; More to Come as Markets Eye Dec. 14 FOMC
- U.S. Stock Markets Near Multi-Year Highs
- Relief At Last: Oil Retreat Continues, Now \$47/bbl
- U.S. Dollar Vulnerable; Euro Hits Record High, C\$ Close to 84¢

INSIDE

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GOOD NEWS

New House Prices eased to +5.8% y/y (Sep.)



CANADA

Retail Sales ex. Autos +0.9% (Oct.)

Redbook +0.2% (Nov. 6 wk)

Business Sales +0.3% (Sep.)

Trade Deficit narrowed to \$51.6 bln (Sep.)

Budget Deficit narrowed to \$57.3 bln (Oct.)

U. of Michigan Consumer Sentiment
+3.8 pts to 95.5 (Nov. P)



USA

Germany—Trade Surplus widened to €12.0 bln (Sep.)

France—Trade Deficit tapered to €0.8 bln (Sep.)

France—Industrial Production
+3.2% (Sep.)—manufacturing +4.0%

Italy—Real GDP +0.4% q/q (Q3 P)

Italy—Industrial Production +0.5% (Sep.)

U.K.—Trade Deficit narrowed to £4.5 bln (Sep.)



EUROPE

M2 + CDs +2.1% y/y (Oct.)

Corporate Goods Prices sped up to +1.9% y/y (Oct.)



JAPAN

Industrial Production eased to +15.7% y/y (Oct.)—gradual slowing

M2 slowed to +13.5% y/y (Oct.)

Consumer Prices +4.3% y/y (Oct.)—slowest in six months

Trade Surplus widened to \$7.1 bln (Oct.)



CHINA

BAD NEWS

Trade Surplus unexpectedly narrowed to \$5.1 bln (Sep.)

Housing Starts -5.4% to 225,000 a.r. (Oct.)

Conference Board's Consumer Confidence Index -2.6 pts to 120.4 (Oct.)

FOMC raises Fed funds rate 25 bps to 2%

Import Prices +1.5% (Oct.)—
but -0.2% ex. oil

Initial Claims +2,000 to 333,000 (Nov. 6 wk)—but better than expected

Eurozone—Real GDP +0.3% q/q (Q3 P)—
below expected

Germany—Real GDP +0.1% q/q (Q3 P)

Germany—ZEW Survey -17.4 pts to 13.9 (Nov.)—lowest in nearly two years

France—Real GDP +0.1% q/q (Q3 P)

U.K.—Producer Prices (output)
+3.5% y/y (Oct.)—fastest gain in nine years

Real GDP +0.3% a.r. (Q3 P)—disappointing

Bank Lending -2.7% y/y (Oct.)

Machinery Orders -1.9% (Sep.)

Producer Prices +8.4% y/y (Oct.)

Indications of stronger growth and a move toward price stability are good news for the economy

U.S. Growing, But is Everyone Else Slowing?

10:45 a.m.

After last week's deep dive, the U.S. dollar managed to stabilize somewhat on a slate of supportive factors. For instance, U.S. equity markets maintained their upbeat post-election mood, with the S&P 500 hitting a three-year high and the Dow climbing back into positive territory on a year-to-date basis. Both halves of the twin deficits showed some faint signs of improvement in the latest month, with the trade gap narrowing more than expected in September to US\$51.6 billion and the 12-month cumulative budget deficit easing to \$400 billion. The FOMC raised rates by 25 basis points as universally expected to 2%, and gave no indication that they plan to take a break in the rate-hike march. And, finally, overseas economic news was downright disappointing, with each of Japan, Germany, and France reporting meagre GDP growth in Q3 of just 0.1% (not annualized).

Of course, one point for the legion of dollar bears is that the greenback did not improve on that wave of good news for the currency. The dollar was essentially unchanged against the euro this week at \$1.29, while the yen was a bit softer at ¥106, and the Canadian dollar steadied at 83.5 cents (\$1.197/US\$). Treasury yields nudged a bit higher though, as crude oil prices fell further and most indicators suggest that the U.S. economy has held up to the earlier spike in energy costs. Retail sales eked out a 0.2% gain in the face of sky-high gasoline prices in October as ex-auto, ex-gasoline sales churned ahead 0.5%. Over the past three months, the underlying trend in sales has maintained a 6% annualized growth rate, well above the 2% pace of core inflation. And the consumer does not appear in any danger of sagging soon, with employment regaining momentum and confidence bouncing back after the disruption-free election. The University of Michigan consumer sentiment survey reported a 3.8 point jump in early November to 95.5 from October's average level. The bounce in confidence and the solid tone in the retail sales figures augur well for the all-important holiday shopping season.

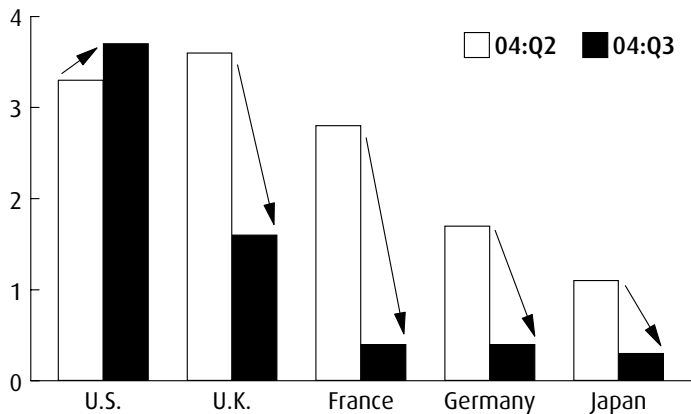
The downside of the resilient U.S. consumer is that it makes it all the more likely that the Fed will continue to grind short-term rates higher. The press release after this week's FOMC meeting actually sounded a bit more hawkish than earlier missives, as the Fed noted that activity was "*growing at a moderate pace despite the rise in energy prices*", and that "*labor market conditions have improved*". The other issue with U.S. domestic demand staying on track is that this will continue to pull in imports at a rapid clip, and make it that much more difficult to rein in the U.S. trade deficit. Compounding those difficulties is the fact that overseas demand appears to be stalling, which could undercut U.S. exports and heighten risks of a further slide in the dollar. While the broad-based softness in Q3 GDP in Europe and Japan can be partly attributed to the dampening impact of high oil prices, there is little indication that spending in these economies is poised for a near-term rebound.

At the same time, signs continue to pile up that growth in China is gliding to a soft landing. Consumer price inflation eased back below the 5% threshold in October to 4.3% y/y, even though producer prices jumped 8.4% y/y in the same month. Meantime, industrial production (15.7% y/y) and M2 growth (13.5% y/y) both continue to gradually lose momentum from overheated growth rates. While more moderate growth will be a relief to policymakers, it will also dampen spending on China's imports, keeping the bilateral trade gap with the U.S. at very wide levels. The U.S. reported a trade deficit of \$15.5 billion with China in September, and that country alone has accounted for roughly a quarter of the entire U.S. trade shortfall over the past year.

A slowdown in China would also take some of the heat out of commodity prices, and there are already signs that many resource prices are cracking. The Bank of Canada's index of non-energy commodity prices has dropped more than 7% from its late-August peak. This has dug into Canadian exports, which are now down three months in a row, with volumes also falling in each of those months. Despite these clear warning signs, the Canadian dollar continues to probe new 12-year highs, and the Bank of Canada continues to sound hawkish.

Global Economy Out of Sync

Real GDP (q/q % chng : annualized)



Canada's New Golden Age? A Reality Check

Douglas Porter and David Watt, Senior Economists

The surge in the Canadian dollar to a 12-year high has set off a wave of economic chest-pounding: Canada is the only G7 country with public sector finances in the black, and its government debt-to-GDP ratio is now the lowest in the G7. While the U.S. struggles with its outsized trade deficit, Canada's current account surplus will be almost 3% of GDP this year. Canadian inflation is near the low end of the industrial world spectrum, and GDP growth is poised to move to the top of the G7 ladder next year. Even the unemployment rate is close to its lowest level in 30 years. Overall, this certainly seems like a new Golden Age for Canada's economy. However, Canada's performance is far from blemish-free. Here is a sampling of some of the most serious medium-term threats:

1) Manufacturing is just beginning to adjust to the soaring Canadian dollar. Changes in the exchange rate take two years to fully affect the economy.

Factory payrolls could be poised for a major adjustment—the ratio of U.S. to Canadian manufacturing jobs has dropped to just a little over 6:1, largely thanks to years of a cheap Canadian dollar (*Chart 1*). The ratio may ultimately return to 9:1.

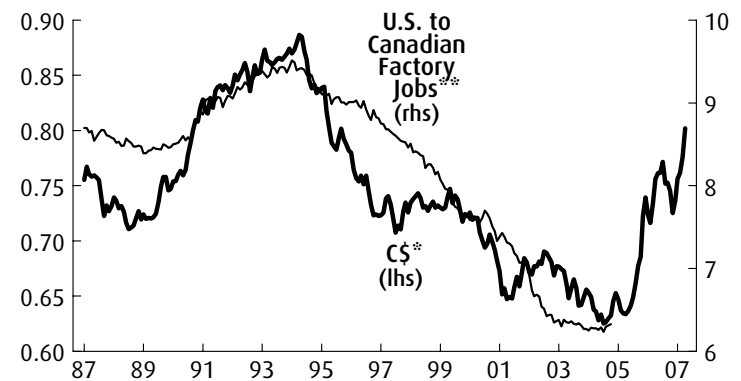
2) The **current account surplus** is poised to narrow dramatically. The loonie is back to fair value on a purchasing power parity basis. The massive undervaluation of the Canadian dollar from the mid-1990s onward drove the current account surplus higher (*Chart 2*). Payback time is upon us.

3) Canada's dismal **productivity performance** has been well documented. Since 1987, average annual growth in productivity has been 1.4%, compared to the U.S.'s 2.4% (*Chart 3*). Discouragingly, just as Canada has lost the competitive advantage of a cheap currency, the productivity gap has widened sharply again.

4) The personal **tax gap** between Canada and the U.S. has moved back near to its historical peak, reversing the modest narrowing at the end of the last decade (*Chart 3*). Finance Minister Goodale is only talking about targeted tax relief for low-income workers. Canada's relatively high tax regime is a big factor behind the woeful productivity performance.

Chart 1

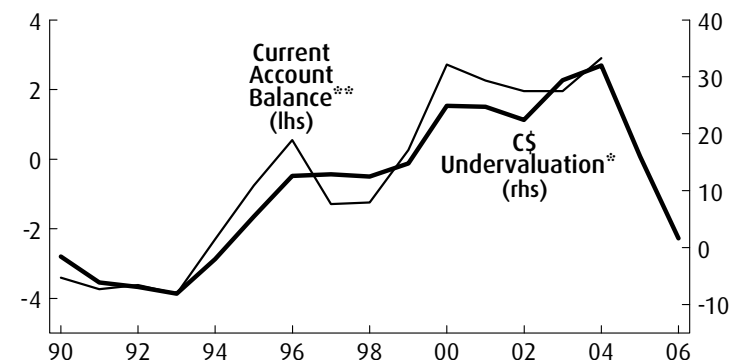
Canadian Manufacturing: Reckoning Ahead?



* (US cents : 30-mnth lag) ** (ratio)

Chart 2

Canada's Current Account Surplus Is Cresting



* (percent below its purchasing power parity measure : moved forward 2 years) ** (percent of GDP)

5) The furor over the proposed purchase of Noranda by China Minmetals has obscured the fact that direct investment inflows into Canada have slowed to a trickle in recent years. Meantime, Canadian firms are investing abroad at a record pace. Canada's **net direct investment outflow** over the past year was \$55 billion (over 4% of GDP). It is not unusual for a mature economy to have net FDI outflows, but Canada has a serious imbalance.

6) Canada's success at balancing its books has unleashed a wide variety of new spending pressures. Total real **government spending** has risen at a 3.5% annual rate over the past five years, the fastest sustained growth rates in the past 25 years (*Chart 4*). Spending discipline at the federal level could break down amid the current minority government situation. The risk is that hefty spending commitments are locked in at the top of the cycle.

7) Canada has not faced a full-fledged recession in 13 years, an extraordinarily long reprieve. Government finances and **household balance sheets** have not been seriously stress-tested by a downturn since the early 1990s. While government finances are in stronger shape, consumer debt levels are at record highs and are vulnerable to either a rise in unemployment or a steep hike in borrowing costs.

8) **U.S. home and auto sales** have both enjoyed an extended period of strength, courtesy of persistently low interest rates. However, both sectors face softer conditions ahead, given an absence of pent-up demand and amid rising interest rates. The Canadian economy is closely tied to both of these industries, and would be sideswiped by a downturn in either.

9) With China's robust growth and the U.S. rebound, most commodity prices have soared. Past **commodity cycles** suggest that the current boom is planting the seeds of its own eventual demise, as supply ramps up. A steeper-than-expected slowdown in China is a key risk for commodities, and thus the Canadian economy.

10) Inflation fighters' big test: after more than a decade of disinflationary pressures, **inflation-targeting** central banks—including the Bank of Canada—face a real test from rising global inflationary pressures.

Bottom Line: The loonie may go higher yet, but this threatens to expose and/or aggravate many of Canada's underlying economic problems.

Chart 3

**The Productivity and Tax Gaps
Canada minus U.S. (4-qtr m.a.)**

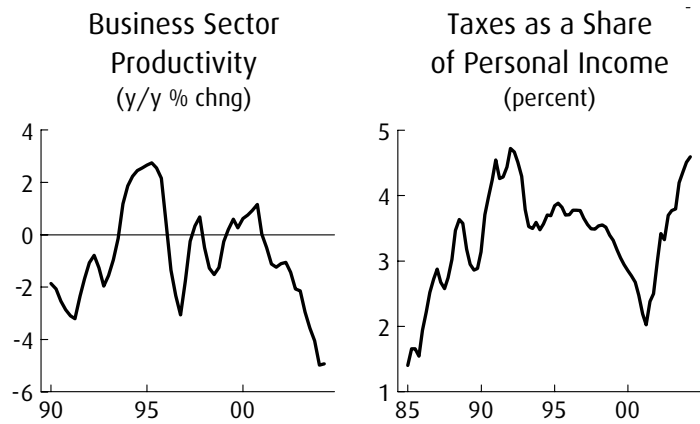
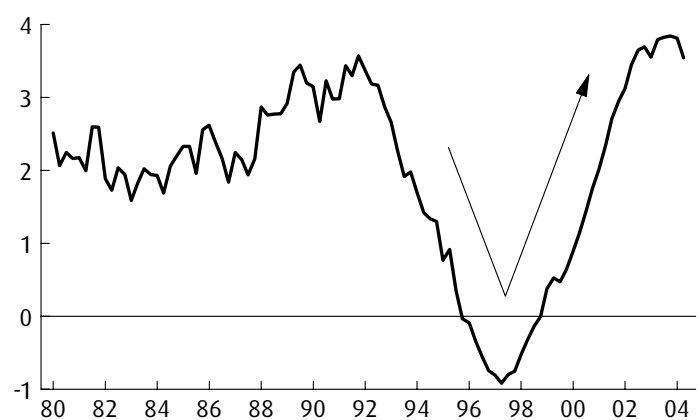


Chart 4

**Real Government Spending—Resurgent
(5-yr % chng a.r.)**



How Sweet It Is for the Loonie

Light sweet crude continued to grab headlines in October as it shattered record after record, topping out just above \$55/bbl. Combined with Canada's \$9.1 bln FY03/04 budget surplus and stronger-than-expected job gains, the loonie managed to puncture the 80 cent barrier and set a 12-year high last month.

Meanwhile, worries over the mounting U.S. twin deficits continued to grease the greenback's slide. The weakness in the US\$ has favoured Canadian investors who have chosen to stay close to home.

Canadian large caps are now the best performing asset on a year-to-date basis and have outperformed the field by a significant margin. On a currency-adjusted basis most global equity markets, except for the U.K., are struggling to stay in the black.

And to top it off, Canadian assets are now among the top performers in their respective classes even before currency adjustments. The strength of the loonie makes C\$-denominated assets just a little sweeter than the rest.

Total Returns on Selected Global Assets—October

Currency and Asset Class	Local Currency		Canadian Dollars	
	Month Ago	Dec. 2003	Month Ago	Dec. 2003
	(% change since)			
Canadian Dollar Assets				
T-Bills	0.2	1.8	0.2	1.8
Bonds	1.1	5.2	1.1	5.2
Equities				
Large Cap Stocks	3.1	9.9	3.1	9.9
Small Cap Stocks	-0.1	2.6	-0.1	2.6
U.S. Dollar Assets				
T-Bills	0.1	0.8	-3.5	-4.9
Bonds	0.8	4.1	-2.8	-1.8
Equities				
Large Cap Stocks	1.6	3.1	-2.1	-2.7
Small Cap Stocks	1.9	4.8	-1.8	-1.1
Gold	2.4	2.0	-1.3	-3.8
U.K. Sterling Assets				
T-Bills	0.3	3.4	-2.1	0.0
Bonds	1.0	4.7	-1.4	1.3
Equities	1.2	6.3	-1.3	2.8
Japanese Yen Assets				
T-Bills	0.0	-0.1	0.2	-4.8
Bonds	0.0	0.7	0.2	-4.0
Equities	-1.1	4.2	-1.0	-0.7
German Euro Assets				
T-Bills	0.2	1.7	-1.2	-3.1
Bonds	0.9	5.6	-0.5	0.6
Equities	1.6	0.4	0.2	-4.3

Sources: Global Equities Morgan Stanley Capital International
 Global Bonds J.P. Morgan Chase & Co.
 Small Cap Canadian Stocks BMO Nesbitt Burns Equity Research

	2004				2005				Annual		
	I	II	III	IV	I	II	III	IV	2004	2005	2006
CANADA											
Real GDP (q/q % chng : ar)	3.0	4.3	3.6 ↓	3.2	3.1	3.4	2.8	2.9	3.0	3.3	2.8
Consumer Price Index (y/y % chng)	0.9	2.2	2.0	2.3	2.7	2.4	2.4	2.0	1.8	2.4	2.0
Unemployment Rate (%)	7.4	7.2	7.1	7.1	7.1	7.0	7.0	6.9	7.2	7.0	7.0
Housing Starts (000s : ar)	226	233	237	214 ↑	210	195	200	195	227	200	185
Current Account Balance (\$blns : ar)	33.0	41.7	35.6 ↓	32.8 ↓	30.6 ↓	28.3 ↓	26.2 ↓	24.4 ↓	35.8 ↓	27.4 ↓	18.2 ↓

Interest Rates

(average for the quarter : %)

Overnight Rate	2.47	2.03	2.07	2.50	2.83	3.25	3.50	3.75	2.27	3.33	4.00
3-month Treasury Bill	2.21	1.98	2.15	2.77	3.15	3.35	3.75	3.95	2.28	3.55	4.30
10-year Bond	4.43	4.77	4.66	4.65	4.90	5.15	5.25	5.25	4.63	5.14	5.30

Canada/U.S. Interest Rate Spreads

(average for the quarter : bps)

90-day	128	89	64	62	45	35	25	25	86	33	30
10-year	41	17	36	52	50	45	35	25	37	39	16

UNITED STATES

Real GDP (q/q % chng : ar)	4.5	3.3	3.7	3.1	2.9	3.8	3.5	3.1	4.4	3.3	3.1
Consumer Price Index (y/y % chng)	1.8	2.8	2.7	3.2	2.9	2.3	2.4	2.2	2.6	2.4	2.2
Unemployment Rate (%)	5.6	5.6	5.5	5.4	5.3	5.3	5.2	5.2	5.5	5.2	5.0
Housing Starts (mlns : ar)	1.94	1.92	1.97	1.83	1.80	1.77	1.71	1.72	1.91	1.75	1.68
Current Account Balance (\$blns : ar)	-589	-665	-687	-681	-686	-685	-684	-676	-656	-683	-655

Interest Rates

(average for the quarter : %)

Fed Funds Target Rate	1.00	1.00	1.42	1.89	2.25	2.67	3.25	3.50	1.33	2.92	3.75
3-month Treasury Bill	0.93	1.10	1.51	2.15	2.70	3.00	3.50	3.70	1.42	3.23	4.00
10-year Note	4.02	4.60	4.30	4.13	4.40	4.70	4.90	5.00	4.26	4.75	5.14

Exchange Rates

(average for the quarter)

US¢/C\$	75.9	73.6	76.5	82.6 ↑	85.0 ↑	86.4 ↑	86.5 ↑	86.1 ↑	77.1 ↑	86.0 ↑	85.2 ↑
C\$/US\$	1.318	1.360	1.308	1.212	1.176	1.157	1.156	1.161	1.299	1.163	1.173
¥/US\$	107	110	110	107	105	103	101	102	108	103	103
US\$/Euro	1.25	1.20	1.22	1.27	1.30	1.32	1.34	1.33	1.24	1.32	1.28
US\$/£	1.84	1.81	1.82	1.83	1.85	1.86	1.87	1.86	1.82	1.86	1.79

Note: Blocked areas represent BMO Nesbitt Burns forecasts

Up and down arrows indicate changes to the forecast ↑ ↓

**UNITED STATES****Producer & Consumer Prices—October**

Rising energy prices will be a dominant theme. In October, crude oil prices surged 15.6%, fueling gains in gasoline (7.0%), diesel (11.3%) and heating oil (18.5%). Not to be outdone, natural gas prices soared 25%. As a result, we look for the headline PPI to rise 0.7% and its CPI counterpart to increase 0.5%. All should be quieter on the core inflation front. In September, the core PPI and core CPI registered surprising 0.3% gains, mostly due to new car prices in the PPI and hotel rates in the CPI. These special factors are unlikely to persist, and we look for the core measures to slow in unison to 0.1%.

Industrial Production & Capacity Utilization—October

Aggregate factory hours worked dropped 0.3% in October. However, productivity growth and output gains outside the manufacturing sector were likely offsetting factors, resulting in unchanged industrial production during the month. (Note that factory output is more than 82% of the industrial total.) In turn, the capacity utilization rate should slip a notch to 77.1% from 77.2% in September. The factory sector has been cooling as businesses become a bit more cautious about capex and inventory building.

Building Permits & Housing Starts—October

We looked for mixed data from the residential construction sector in October. Permits are expected to continue their saw-tooth pattern, dropping 0.7% to 1.98 mln units at an annual rate. Housing starts, however, are expected to increase 2.1% to 1.94 mln units, still playing catch-up to the more rapid pace of permits in prior months. Mortgage interest rates stabilized during the month, after drifting down some 15 and 55 bps (depending on the type and term selected) during the July-September period, so this support seems to be dwindling. However, rebuilding in hurricane-affected areas should provide a boost.

	Our Forecast	Consensus Call	Prior Period
PPI (Oct.)	+0.7%	+0.6%	+0.1%
—ex Food & Energy	+0.1%	+0.1%	+0.3%
CPI (Oct.)	+0.5%	+0.4%	+0.2%
—ex Food & Energy	+0.1%	+0.1%	+0.3%
Housing Starts (Oct.)	1.94 mln a.r.	1.96 mln a.r.	1.90 mln a.r.
Building Permits (Oct.)	1.98 mln a.r.	2.00 mln a.r.	2.00 mln a.r.
Industrial Production (Oct.)	unch	+0.4%	+0.2%

**CANADA****Speakers' Corner**

Talking heads will get their fair share of attention early in the week. First up, Bank of Canada Senior Deputy Governor Jenkins will have the opportunity to nuance the official view on the impact of the rampaging C\$ on the Canadian economy. In light of the weak September trade report and the recent pullback in commodity prices and crude oil, a note of caution might creep into the discussion. Of broader interest will be Finance Minister Goodale's Economic and Fiscal Update on Tuesday. After a FY03/04 surplus of \$9.1 billion that blew past the projected \$1.9 billion, many a sceptical eye will be trained on the updated numbers for the current fiscal year. Presently, the Feds foresee a surplus of \$4 billion (\$3 billion for the contingency reserve and a \$1 billion prudence factor). Given the unexpected strength of the Canadian economy owing to the surge in exports through mid-2004, better budget numbers are likely to be reported. A surplus of between \$5 and \$10 billion is anticipated. As well, watch for an announcement that EI premiums are to be trimmed further, with the possibility of other minor tax measures.

Manufacturing Shipments and Wholesale Trade—September

As if the soft September trade report wasn't bad enough, the 2.1% drop in the volume of exports in the month bodes ill for manufacturing shipments and wholesale trade. With exports of motor vehicles and parts, and energy products down, a drop in shipments of 0.7% in September could well be on the conservative side. The same thing goes for wholesale trade, which rarely escapes unscathed from a sharp drop in export volumes. As well, real exports have fallen for three straight months, magnifying the downside risks to these releases.

	Our Forecast	Consensus Call	Prior Period
Mfg. Shipments (Sep.)	-0.7%	-0.1%	+0.8%
Wholesale Trade (Sep.)	-0.5%	n.a.	+0.7%

	Nov. 12*	Nov. 5	Change from: (basis points)		
			Week Ago	4 weeks ago	Dec. 31/03
Canadian Money Market					
Call Money	2.50	2.50	0	25	-25
Bank Rate	2.75	2.75	0	25	-25
Prime Rate	4.25	4.25	0	25	-25
U.S. Money Market					
Fed Funds (effective)	1.92	1.77	15	16	99
Primary Credit Rate	3.00	2.75	25	25	100
Prime Rate	5.00	4.75	25	25	100
3-Month Rates					
Canada	2.72	2.65	7	19	9
United States	2.07	2.00	7	39	115
Japan	0.00	0.00	0	0	0
Germany	2.17	2.16	1	2	5
United Kingdom	4.90	4.90	0	-1	86
Bond Markets					
10-year Bond					
Canada	4.52	4.56	-4	-11	-15
United States	4.21	4.18	3	7	-4
Japan	1.47	1.50	-3	-10	11
Germany	3.79	3.90	-11	-16	-50
United Kingdom	4.67	4.79	-12	-12	-13
Currencies					
				(% change)	
US¢/C\$	83.62	83.48	0.2	4.6	8.4
C\$/US\$	1.196	1.198	—	—	—
¥/US\$	105.76	105.59	0.2	-3.5	-1.5
US\$/Euro	1.2923	1.2962	-0.3	4.2	2.7
US\$/£	1.850	1.855	-0.3	3.1	3.6
US¢/A\$	76.74	76.30	0.6	4.5	2.1
Commodities					
CRB Futures Index	284.18	283.66	0.2	-1.2	11.3
Oil (latest contract)	47.48	49.61	-4.3	-10.9	46.0
Gold	436.05	433.55	0.6	3.1	4.9
Equities					
S&P/TSX Composite	8910	8869	0.5	1.1	8.4
S&P 500	1174	1166	0.7	4.6	5.6
Nasdaq	2064	2039	1.2	7.5	3.0
S&P/TSX 60	495	493	0.4	1.0	8.0
Nikkei	11020	11062	-0.4	-2.9	3.2
Frankfurt DAX	4144	4064	2.0	3.2	4.5
London FT100	4782	4740	0.9	1.8	6.8
France CAC40	3833	3781	1.4	2.5	7.7
Italy Milan MIB30	29845	29523	1.1	3.9	11.7

* as of 10:30 am



JAPAN

MONDAY NOVEMBER 15

Tokyo Department Store Sales
 Oct. -5.1% y/y
 Sep. -5.1% y/y



EUROZONE

ITALY

Consumer Price Index
 Oct. F (e) +0.4% +2.2% y/y
 Sep. +0.6% +2.2% y/y



U.K.

TUESDAY NOVEMBER 16

Leading Index
 Sep. F (e) 30.0
 Aug. 59.1

Bank of Japan Monetary Policy Meeting (November 16-17)

Consumer Price Index
 Oct. (e) +0.3% +1.2% y/y
 Sep. +0.1% +1.1% y/y



OTHER

CHINA

Foreign Direct Investment (ytd)*
 Oct. +21.0%
 Sep. +21.0%

MEXICO Real GDP
 Q3 (e) +4.0% y/y
 Q2 +3.9% y/y

WEDNESDAY NOVEMBER 17

EUROZONE

Consumer Price Index
 Oct. F (e) +0.3% +2.4% y/y
 Sep. +0.2% +2.1% y/y

Industrial Production
 Sep. (e) +0.5% +2.5% y/y
 Aug. -0.6% +1.5% y/y

Unemployment
 Oct. (e) -2,000
 Sep. -200

Jobless Rate
 Oct. (e) 2.7%
 Sep. 2.7%

Average Earnings (incl. Bonuses)
 Sep. (e) +3.9% y/y
 Aug. +3.9% y/y

Minutes from the BoE Monetary Policy Meeting

CHINA Retail Sales*
 Oct. (e) +13.3% y/y
 Sep. +14.0% y/y

THURSDAY NOVEMBER 18

GERMANY

Industrial Production*
 Sep. F (e) -1.2% +2.5% y/y
 Aug. -1.2% +3.5% y/y

Factory Orders*
 Sep. F (e) -0.2% +3.6% y/y
 Aug. -1.7% +5.8% y/y

Producer Price Index
 Oct. (e) +0.4% +2.7% y/y
 Sep. +0.2% +2.3% y/y

Retail Sales
 Oct. (e) unch +6.3% y/y
 Sep. +1.0% +6.9% y/y

Public Sector Net Cash Borrowing Requirement
 Oct. (e) -£1.6 bln
 Sep. +£10.8 bln

MEXICO Jobless Rate
 Oct. 4.0%
 Sep. 4.0%

Reserve Bank of Australia releases Monthly Bulletin

FRIDAY NOVEMBER 19

BoJ Monetary Policy Report

FRANCE

Consumer Price Index
 Oct. F (e) +0.4% +2.3% y/y
 Sep. +0.1% +2.2% y/y

ITALY Industrial Orders
 Sep. (e) -0.6% +4.0% y/y
 Aug. unch +9.7% y/y

G20 Finance Ministers and Central Bankers meet in Berlin

CHINA Jobless Rate*
 Q3 4.3%
 Q2 4.3%

* date approximate

Bold = BMO Nesbitt Burns Forecast *Italics* = Consensus * date and time approximate



CANADA

MONDAY NOVEMBER 15

8:30 am Existing Home Sales
Oct. (e) -0.5%
 Sep. -0.2%

8:30 am Mfg. Shipments **Mfg. New Orders**
Sep. (e) -0.7% unch
Cons. -0.1% *n.a.*
 Aug. +0.8% -1.0%

8:30 am New Motor Vehicle Sales
Sep. (e) -3.0%
 Aug. -1.2%

7:30 pm BoC Senior Deputy Governor Paul Jenkins speaks in St. Catharines, Ontario

TUESDAY NOVEMBER 16

3:30 pm Finance Minister Ralph Goodale to deliver Economic and Fiscal Update

10:40 am 3, 6 & 12-month T-bill auction \$10.0 bln
 (New cash \$0.4 bln)

WEDNESDAY NOVEMBER 17

1:15 pm 5-year bond auction \$2.1 bln
 (New cash \$2.1 bln)

THURSDAY NOVEMBER 18

8:30 am International Securities Transactions
Sep. (e) +\$2.0 bln
 Aug. +\$0.9 bln

FRIDAY NOVEMBER 19

8:30 am Wholesale Trade
Sep. (e) -0.5%
 Aug. +0.7%



UNITED STATES

8:30 am Empire State Manufacturing Survey
Nov. (e) 20.7
Cons. 20.5
 Oct. 17.4

1:00 pm 3 & 6-month T-bill auction \$33.9 bln
 (New cash -\$2.1 bln)

8:30 am PPI **Ex. Food & Energy**
Oct. (e) +0.7% +0.1%
Cons. +0.6% +0.1%
 Sep. +0.1% +0.3%

8:55 am Redbook
Nov. 13
 Nov. 6 +0.2%

9:00 am Foreign Purchases of U.S. Securities
Sep.
 Aug. +\$59.0 bln

1:00 pm NAHB Housing Index
Nov. (e) 70
Cons. 70
 Oct. 72

8:30 am CPI **Ex. Food & Energy**
Oct. (e) +0.5% +0.1%
Cons. +0.4% +0.1%
 Sep. +0.2% +0.3%

8:30 am Housing Starts
Oct. (e) 1.94 mln a.r.
Cons. 1.96 mln a.r.
 Sep. 1.90 mln a.r.

8:30 am Building Permits
Oct. (e) 1.98 mln a.r.
Cons. 2.00 mln a.r.
 Sep. 2.00 mln a.r.

9:15 am Industrial Production **Capacity Utilization**
Oct. (e) unch 77.1%
Cons. +0.4% 77.4%
 Sep. +0.2% 77.2%

8:30 am Initial Claims
Nov. 13 (e) 336,000 (+3,000)
Cons. 330,000 (-3,000)
 Nov. 6 333,000 (+2,000)

10:00 am Leading Indicator
Oct. (e) -0.1%
Cons. -0.1%
 Sep. -0.1%

12:00 pm Philadelphia Fed Index
Nov. (e) 21.0
Cons. 23.5
 Oct. 28.5

2-year note auction announcement

10:30 am ECRI Leading Index
Nov. 12
 Nov. 5 132.3

8:30 am Fed Chairman Alan Greenspan participates in conference on Euro in Frankfurt

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