

December 21, 2006

## Weekly indicators

- **United States** –The current account deficit rose to \$225.6 billion during the third quarter, compared to \$217.1 billion the quarter before. The bulk of the increase is due to rising oil prices (the U.S. is a net importer). On an annualized basis, the deficit now represents close to 7% of U.S. GDP. Housing starts rebounded by 6.7% in November, to 1.54 million units on an annualized basis. However the value of construction permits issued fell for the tenth straight month. The construction sector will need to slow significantly before inventories of newly built homes can come back down to reasonable levels. Producer prices rose substantially in November as measured by both the total and the core (which excludes food and energy) indexes. Nevertheless, the Producer Price Index can show some degree of inflation before it begins to be a source of worry for consumer prices.
- **Canada** – After two consecutive down months, the total CPI rose by 0.2% in November. On a year-over-year basis, total inflation has remained below the 2% level for a third consecutive month. Core inflation, the Bank of Canada's reference index, (which excludes eight of the more volatile components and the impact of indirect taxes), fell slightly to 2.2% in November from 2.3% the previous month. Even though core inflation remained somewhat high in November, the report's underlying details are somewhat timid and inflation does not currently constitute a menace. As a result, the Bank of Canada should concentrate soon on slower than expected economic growth.

Following the subject of the week, you'll find the trends in the principal North American and global indicators. The last page presents a calendar on indicators which are to be published next week.

### Special edition: Outlook 2007

This week, the economic letter highlights the Economic and Strategy Group's 2007 forecasts.

For more details, readers can consult the following documents:

- The « Economic and Financial Outlook 2007 » will be available on the National Bank website at: [www.nbc.ca/economicoutlook](http://www.nbc.ca/economicoutlook).
- A pre-recorded Web-cast presentation of the « Economic and Financial Outlook 2007 » will also be on the National Bank website at:

<http://events.startcast.com/events/64/B0053>.

The Economic and Strategy Group team wishes you:

**HAPPY HOLIDAYS!**

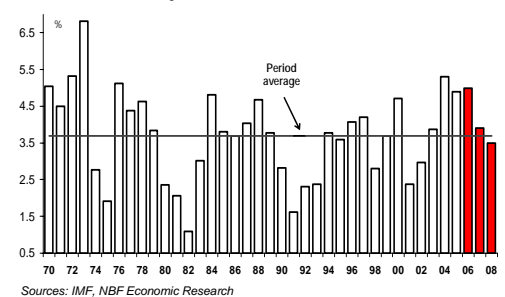
*P.S. PLEASE NOTE THAT PUBLICATION OF THE WEEKLY ECONOMIC LETTER WILL PAUSE DURING THE HOLIDAYS AND WILL RESUME ON JANUARY 12, 2007.*

## Economic summary: A slower pace in 2007!

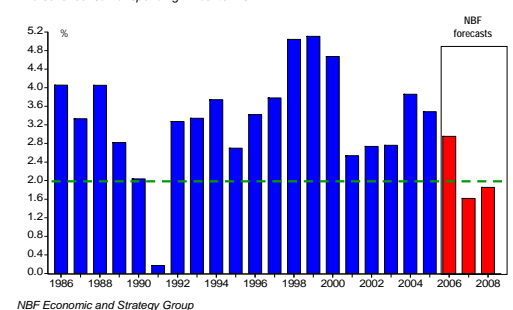
Global GDP grew about 5% in 2006 for a third straight year – the best three-year run in more than 35 years. That said, a deceleration is expected in 2007 (3.9 %).

- **Rising economies such as China's and India's** expanded by 10% in 2006, a very fast pace. The two Asian giants, whose populations account for a third of the world's people, have been industrializing rapidly under the impetus of freer world trade and globalized financial markets.
- **Euro-zone** growth accelerated to 2.3% in 2006 from 1.5% in 2005, giving the euro a substantial lift against other major currencies. At this point all indicators point to a continuation of this expansion and consequently to further tightening by the European Central Bank.
- In the **United States**, despite a sharp correction under way in housing, high household confidence supported respectable growth of more than 3% in 2006. Strong productivity gains and very low inflation expectations will probably allow the Federal Reserve to start easing this year in order to soft-land the U.S. economy. But record inventories of unsold homes suggest a further correction of housing prices that will crimp consumer spending.
- In **Canada**, very robust domestic demand has offset substantial drag from foreign trade and supported moderate GDP growth of about 2.8%. The country-wide average conceals wide disparities between oil-producing regions and the manufacturing-heavy central provinces, gaps that could widen further in 2007. We expect the two largest provinces to trail the others with growth of 1.6% (Ontario) and 1.8% (Quebec).
- **Interest rates:** Canadian households will get good news in 2007 in the form of about 100 basis points worth of cuts in the Bank of Canada's policy rate. Canadian businesses will benefit since these cuts should bring the loonie into the 85-86 cent range, which in turn will make Canadian products more competitive in international markets. However the currency drop will represent just a brief pause in a secular uptrend, which should bring the loonie to parity with the greenback by the end of the decade.

**World economic growth: a slowdown is coming**  
Annual real world economic growth



**Weakest consumer spending growth in 15 years**  
Personal consumer spending in real terms

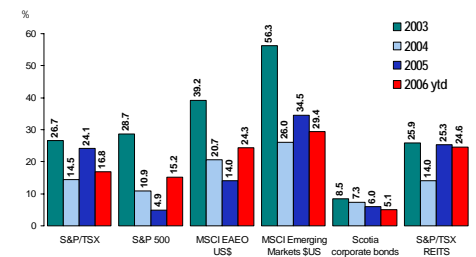


## Capital markets summary: Rising headwinds in 2007?

- **Canadian investors** have enjoyed another vintage year. Most asset classes have finished in the money for a fourth straight year despite rate hikes by most of the world's central banks. Profits have been generally impressive on both sides of the border, often coming in well above the expectations of Wall Street and Bay Street analysts.
- **Low volatility** in capital markets led to further declines in risk premiums for most financial instruments in 2006. The widely followed Dow Jones index has had no major correction (10% or more) in more than 1400 days, the longest such run in four decades and more.
- If that isn't Nirvana, what is? Yet despite the optimism now breezing through the world's bourses, **caution is in order for 2007**. Canadian equities have delivered exceptional returns since 2002, well above those of U.S. equities despite lower growth of productivity and population in Canada (more below).
- Among the non-negligible **risks** are the possibilities of deterioration in Mid-east geopolitics and of an abrupt correction of trade imbalances, via resurgent U.S. protectionism in the wake of the midterm elections.

### Financial markets: generalized positive returns

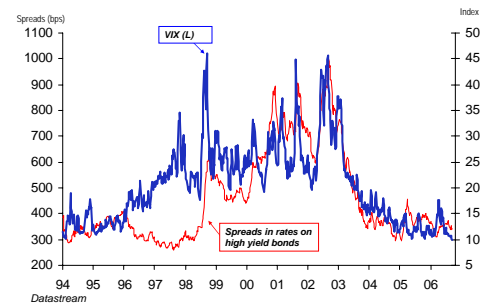
Total returns expressed in local currencies



Datastream

### Have capital markets become too complacent?

Rate spreads on high yield bonds vs. the VIX Index



Datastream

## Main economic indicators

## UNITED STATES & CANADA

Annual % change (unless otherwise indicated)	2004	2005	2006f	2007f	2008f
<b>UNITED STATES</b>					
Gross domestic product (\$2000)	3.9	3.2	<b>3.3</b>	<b>1.9</b>	<b>2.0</b>
Employment	1.0	1.8	<b>1.8</b>	<b>0.8</b>	<b>0.5</b>
Unemployment rate (%)	5.5	5.1	<b>4.6</b>	<b>5.1</b>	<b>5.6</b>
Inflation rate	2.7	3.1	<b>3.1</b>	<b>1.6</b>	<b>1.7</b>
Before-tax profits	19.1	12.5	<b>21.3</b>	<b>-3.7</b>	<b>-6.3</b>
<b>Demand components in real terms</b>					
Consumer spending	3.9	3.5	<b>3.1</b>	<b>1.6</b>	<b>1.5</b>
Business investment	5.9	6.8	<b>8.0</b>	<b>5.9</b>	<b>4.0</b>
Public spending	1.9	0.9	<b>2.1</b>	<b>2.5</b>	<b>2.9</b>
Exports	9.2	6.8	<b>8.7</b>	<b>6.4</b>	<b>6.0</b>
Imports	10.8	6.1	<b>6.3</b>	<b>2.3</b>	<b>2.6</b>
<b>Financial sectors</b>					
Target fed funds rate (%) year-end	2.25	2.25	<b>5.25</b>	<b>3.50</b>	<b>3.25</b>
10-year bonds (%) year-end	4.22	4.39	<b>4.54</b>	<b>4.00</b>	<b>4.00</b>
Yen / U.S. dollar, annual average	108	110	<b>116</b>	<b>112</b>	<b>101</b>
U.S. dollar / euro, annual average	1.24	1.24	<b>1.25</b>	<b>1.38</b>	<b>1.40</b>
<b>CANADA</b>					
Gross domestic product (\$1997)	3.3	2.9	<b>2.8</b>	<b>2.2</b>	<b>2.5</b>
Employment	1.8	1.4	<b>1.9</b>	<b>1.2</b>	<b>1.1</b>
Unemployment rate (%)	7.2	6.8	<b>6.3</b>	<b>6.4</b>	<b>6.6</b>
Housing starts (thousands of units)	233	225	<b>228</b>	<b>208</b>	<b>192</b>
Inflation rate	1.8	2.2	<b>2.0</b>	<b>1.5</b>	<b>1.4</b>
Before-tax profits	18.3	10.6	<b>4.4</b>	<b>-8.9</b>	<b>-14.5</b>
Current account balance (\$ billion)	27.6	31.8	<b>24.0</b>	<b>12.0</b>	<b>9.0</b>
<b>Demand components in real terms</b>					
Consumer spending	3.3	3.9	<b>3.8</b>	<b>3.1</b>	<b>2.8</b>
Business investment	9.1	9.4	<b>8.4</b>	<b>9.7</b>	<b>10.5</b>
Public spending	3.1	3.3	<b>3.8</b>	<b>3.1</b>	<b>2.9</b>
Exports	5.2	2.1	<b>1.4</b>	<b>1.2</b>	<b>0.5</b>
Imports	8.2	7.1	<b>5.3</b>	<b>4.1</b>	<b>3.1</b>
<b>Financial sectors</b>					
Target overnight rate (%) year-end	2.75	2.75	<b>4.25</b>	<b>3.50</b>	<b>3.25</b>
10-year bonds (%) year-end	4.66	4.30	<b>4.00</b>	<b>3.90</b>	<b>3.80</b>
Canadian dollar (in U.S. cents) annual average	71.4	76.8	<b>88.0</b>	<b>86.4</b>	<b>90.9</b>

f: forecast NBC Economic Research

# Main economic indicators

## PROVINCES

% growth	2004	2005	2006f	2007f	2008f
<b>REAL GDP</b>					
Newfoundland & Labrador	-0.9	0.4	<b>3.0</b>	<b>5.5</b>	<b>0.5</b>
Prince Edward Island	3.2	2.1	<b>1.9</b>	<b>1.5</b>	<b>2.0</b>
Nova Scotia	0.8	1.6	<b>2.5</b>	<b>2.1</b>	<b>1.9</b>
New Brunswick	2.6	0.3	<b>2.4</b>	<b>2.5</b>	<b>2.2</b>
Quebec	2.7	2.2	<b>1.8</b>	<b>1.8</b>	<b>2.1</b>
Ontario	3.2	2.8	<b>1.6</b>	<b>1.6</b>	<b>2.0</b>
Manitoba	2.5	2.7	<b>3.6</b>	<b>2.9</b>	<b>2.9</b>
Saskatchewan	3.3	3.1	<b>2.5</b>	<b>2.9</b>	<b>2.7</b>
Alberta	5.4	4.6	<b>7.0</b>	<b>4.0</b>	<b>4.0</b>
British Columbia	4.6	3.7	<b>4.0</b>	<b>3.3</b>	<b>3.0</b>

% growth	2004	2005	2006f	2007f	2008f
<b>EMPLOYMENT</b>					
Newfoundland & Labrador	1.0	-0.1	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Prince Edward Island	1.3	2.0	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>
Nova Scotia	2.6	0.2	<b>-0.3</b>	<b>0.5</b>	<b>0.5</b>
New Brunswick	2.1	0.1	<b>1.6</b>	<b>0.5</b>	<b>0.3</b>
Quebec	1.5	1.0	<b>1.2</b>	<b>0.8</b>	<b>0.8</b>
Ontario	1.7	1.3	<b>1.4</b>	<b>0.8</b>	<b>0.9</b>
Manitoba	1.1	0.6	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>
Saskatchewan	0.8	0.8	<b>1.3</b>	<b>0.9</b>	<b>0.8</b>
Alberta	2.4	1.5	<b>4.5</b>	<b>3.5</b>	<b>2.6</b>
British Columbia	2.4	3.3	<b>2.9</b>	<b>1.7</b>	<b>1.6</b>

Thousands	2004	2005	2006f	2007f	2008f
<b>HOUSING STARTS</b>					
Newfoundland & Labrador	2.9	2.5	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>
Prince Edward Island	0.9	0.9	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>
Nova Scotia	4.7	4.8	<b>5.3</b>	<b>4.9</b>	<b>4.3</b>
New Brunswick	3.9	4.0	<b>4.2</b>	<b>3.9</b>	<b>3.6</b>
Quebec	58.4	50.9	<b>47.0</b>	<b>42.0</b>	<b>37.0</b>
Ontario	85.1	78.8	<b>74.4</b>	<b>67.0</b>	<b>63.0</b>
Manitoba	4.4	4.7	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>
Saskatchewan	3.8	3.4	<b>3.6</b>	<b>3.6</b>	<b>3.5</b>
Alberta	36.3	40.8	<b>49.0</b>	<b>45.6</b>	<b>42.2</b>
British Columbia	32.9	34.7	<b>36.3</b>	<b>33.2</b>	<b>30.7</b>

f: forecast NBC Economic Research

**TABLE 1 - NORTH AMERICAN FINANCIAL INDICATORS**

December 21, 2006

Growth Rates Unless Otherwise Indicated	Reference Period	Level	Monthly Growth (%)			Annualized Growth			Cumulated since beginning of year	
			Past	Prev.	Month	Average of the last		Since	ref.	prec.
			Month	Month	Before	3 Mos.	6 Mos.	12 Mos.		
<b>UNITED STATES</b>										
<u>MONETARY AGGREGATES</u>										
		(\$Billions)								
M1	Nov 2006	1368	-0.1	0.8	-0.9	-1.9	-1.9	-0.5	0.3	2.2
M2	Nov 2006	6977	0.5	0.9	0.2	5.5	4.2	5.1	4.7	4.4
<u>CREDIT MEASURES</u>										
Consumer Credit	Oct 2006	2378	-0.1	0.2	0.6	5.4	5.2	4.2	4.0	5.2
Mortgage (Banks)	* Nov 2006	3282	0.2	4.5	0.6	17.2	13.4	13.8	12.6	14.4
Business	* Nov 2006	1184	0.4	1.0	0.2	12.4	15.7	14.6	13.8	10.2
<b>CANADA</b>										
<u>MONETARY AGGREGATES</u>										
M2+	Sep 2006	975	0.7	0.4	0.8	8.2	6.9	6.4	5.3	4.6
Personal Deposits (Banks) (2)	Oct 2006	443						6.8	5.1	3.7
<u>CREDIT MEASURES</u>										
Consumer	Sep 2006	325	0.9	0.6	0.4	7.7	9.0	9.5	10.9	12.0
Mortgages	Sep 2006	708	1.0	0.6	0.9	10.1	10.8	10.8	10.8	10.1
Short - Term Business Loans	Oct 2006	315	0.5	1.1	0.7	10.0	10.9	12.4	12.5	6.7
Business (S.T. + L.T.)	Oct 2006	1067	0.0	0.6	0.6	5.3	4.9	5.1	6.0	6.3
Private (Consumer+Business)	Sep 2006	2099	0.8	0.6	0.5	7.2	7.5	7.9	8.4	8.3
Federal Debt	* Nov 2006	417	2.5	0.1	0.1	2.6	-2.6	-0.6	-2.3	-2.2
<b>INTEREST AND EXCHANGE RATES</b>										
	Reference Thursday	Last day	1 week ago	2 w. ago	Average of last Thursdays			13 w. ago	26 w. ago	52 w. ago
					13 w.	26 w.	52 w.			
<b>UNITED STATES</b>										
<u>INTEREST RATES</u>										
Federal Funds Target Rate	* 20 Dec	5.25	5.25	5.25	5.25	5.24	4.94	5.25	5.00	4.25
Prime Rate	* 20 Dec	8.25	8.25	8.25	8.25	8.24	7.94	8.25	8.00	7.25
3-month Treasury Bills	* 20 Dec	4.84	4.81	4.86	4.89	4.91	4.71	4.80	4.72	3.88
2-year Bonds	* 20 Dec	4.72	4.71	4.58	4.74	4.86	4.81	4.82	5.18	4.43
5-year Bonds	* 20 Dec	4.57	4.55	4.44	4.59	4.74	4.74	4.70	5.13	4.45
10-year Bonds	* 20 Dec	4.60	4.58	4.48	4.62	4.78	4.79	4.73	5.15	4.49
30-year Bonds	* 20 Dec	4.72	4.69	4.60	4.73	4.89	4.88	4.85	5.19	4.67
Corporate High-yield (Lehman)	* 20 Dec	7.73	7.73	7.69	7.94	8.19	8.19	8.22	8.65	8.24
Corporate Invest. Grade (Lehman)	* 20 Dec	5.65	5.63	5.53	5.69	5.87	5.84	5.83	6.29	5.50
<u>SPREADS</u>										
Corp. High-yield - Treas. 10y.	* 20 Dec	3.13	3.15	3.21	3.32	3.41	3.40	3.49	3.50	3.75
Corp. Invest. grade - Treas. 10y.	* 20 Dec	1.05	1.05	1.05	1.07	1.09	1.06	1.10	1.14	1.01
Treasuries 30y. - 3-m. T.B.	* 20 Dec	-0.12	-0.12	-0.26	-0.16	-0.02	0.18	0.05	0.47	0.79
<u>EXCHANGE RATE</u>										
Major currencies, traded-weighted	* 20 Dec	81.08	81.15	81.59	81.77	81.77	82.71	82.04	81.45	86.04
<b>CANADA</b>										
<u>INTEREST RATES</u>										
Prime Rate	* 20 Dec	6.00	6.00	6.00	6.00	6.00	5.75	6.00	6.00	5.00
Target overnight rate	* 20 Dec	4.25	4.25	4.25	4.25	4.25	4.00	4.25	4.25	3.25
30-day commercial paper	* 20 Dec	4.31	4.32	4.30	4.31	4.32	4.09	4.31	4.35	3.33
3-month Treasury Bills	* 20 Dec	4.16	4.17	4.15	4.17	4.17	4.00	4.16	4.26	3.36
1-year Treasury Bills	* 20 Dec	4.15	4.14	4.03	4.14	4.23	4.16	4.16	4.48	3.86
5-year Bonds	* 20 Dec	3.93	3.87	3.80	3.92	4.06	4.10	3.98	4.42	3.92
10-year Bonds	* 20 Dec	4.03	3.97	3.91	4.01	4.16	4.21	4.08	4.52	4.03
30-year Bonds	* 20 Dec	4.09	4.04	3.99	4.09	4.24	4.27	4.16	4.55	4.12
<u>SPREADS</u>										
Prime - 30d. Commercial paper	* 20 Dec	1.69	1.68	1.70	1.69	1.68	1.66	1.69	1.65	1.67
Long Term - Short Term	* 20 Dec	-0.07	-0.13	-0.16	-0.08	0.07	0.27	0.00	0.29	0.76
<u>CANADA UNITED STATES SPREADS</u>										
3-month T-Bills	* 20 Dec	-0.68	-0.64	-0.71	-0.72	-0.74	-0.71	-0.64	-0.46	-0.52
Long Term Bonds	* 20 Dec	-0.64	-0.65	-0.61	-0.64	-0.65	-0.61	-0.69	-0.64	-0.55
<u>EXCHANGE RATE</u>										
US\$/CDN\$ (GTIS)	* 20 Dec	0.8706	0.8646	0.8712	0.8802	0.8859	0.8819	0.8865	0.9025	0.8579
Trade-weighted (1990=100) G-10	* 20 Dec	100.2	99.3	99.9	101.4	102.1	101.9	102.3	104.2	99.2
<b>STOCK INDICES</b>										
	Reference Thursday	Level	Monthly Growth (%)			Growth Over (%)			Since beginning of year	
			Past	Prev.	Month	Average of the last		Since	ref.	prec.
			Month	Month	Before	3 Months	6 Months	1 Year		
Dow Jones (U.S.)	* 20 Dec	12463.9	1.2	2.6	3.4	7.3	13.6	15.3	15.3	1.4
S&P 500 (U.S.)	* 20 Dec	1423.5	1.6	2.3	3.3	7.4	14.8	13.0	13.0	5.4
NASDAQ (U.S.)	* 20 Dec	2427.6	-1.0	4.7	4.0	7.8	15.2	9.2	9.2	4.4
S&P/TSX (Can.)	* 20 Dec	12783.0	3.0	3.2	3.4	9.9	16.3	14.3	14.3	21.8

\* Update

(1) Commercial Banks

(2) Not seasonally adjusted

**TABLE 2 - UNITED STATES ECONOMIC INDICATORS**

December 21, 2006

Growth Rates Unless Otherwise Indicated	Reference Period	Monthly Growth (%)			Annualized Growth (%)			Since 12 Mos.	Cumulated since beginning of year	
		Past	Prev.	Month	Average of the last				ref.	prec.
		Month	Month	Before	3 Mos.	6 Mos.	12 Mos.			
Index of 12 Leading Indicators	Oct 2006	0.2	0.4	-0.3	-0.2	-1.0	1.6	1.0	1.5	2.4
Consumer Confidence Index (1985=100)	Nov 2006	102.9	105.1	105.9	104.6	104.4	105.2	98.3	105.3	99.9
I.S.M. Manufacturing Index (level)	Nov 2006	49.5	51.2	52.9	51.2	52.8	54.2	57.3	54.1	55.5
- Non-manufacturing (level)	Nov 2006	58.9	57.1	52.9	56.3	56.3	58.3	59.3	58.0	60.1
<b>DOMESTIC DEMAND</b>										
Sales autos & light trucks (000,000)	Nov 2006	16.0	16.2	16.6	16.3	16.4	16.6	16.1	16.5	17.0
Retail Sales	Nov 2006	1.0	-0.1	-0.6	0.7	3.4	6.4	5.6	6.5	7.3
- Motor vehicle	Nov 2006	0.9	1.0	0.9	12.7	0.9	1.8	6.4	2.1	4.0
- Other	Nov 2006	1.1	-0.3	-1.0	-2.2	4.0	7.7	5.3	7.7	33.5
Consumer Spending: Total (\$ current)	Oct 2006	0.2	-0.2	0.1	3.0	6.1	6.1	5.0	6.1	6.6
Total (\$ constant)	Oct 2006	0.4	0.2	-0.1	2.0	3.0	3.1	3.5	3.1	3.6
Personal Income	Oct 2006	0.4	0.5	0.5	6.1	5.1	6.1	5.8	6.5	5.5
Personal Savings Rate (3)	Oct 2006	-0.6	-0.7	-1.3	-0.9	-1.2	-0.8	-0.3	-0.9	-0.4
New Orders	Oct 2006	-4.7	1.7	-0.3	-3.2	3.0	7.1	0.6	6.5	8.2
- Non-Defence Capital Goods	Oct 2006	-15.5	24.6	-2.0	34.5	-0.6	16.2	8.6	12.8	18.4
Unfilled Orders	Oct 2006	1.2	4.1	0.5	21.7	19.0	19.2	21.9	20.0	6.6
Business Inventories	Oct 2006	0.4	0.3	0.6	7.0	8.5	5.5	7.3	5.8	6.0
Inventories / Shipments Businesses	Oct 2006	1.31	1.30	1.27	1.29	1.28	1.27	1.26	1.27	1.29
Manufacturers' Shipments	Oct 2006	0.1	-4.2	0.8	-8.2	3.2	5.8	1.0	5.6	7.1
Manufacturers' Inventories	Oct 2006	0.4	0.6	0.6	8.0	8.5	4.8	7.1	5.0	6.6
Inventories / Shipments Manuf.	Oct 2006	1.23	1.23	1.17	1.21	1.19	1.17	1.16	1.18	1.18
Housing Starts (000) (1)	* Nov 2006	1588	1488	1724	1600	1675	1851	2131	1837	2080
New Home Sales	Oct 2006	-3.2	3.7	2.1	-14.0	-20.4	-14.0	-25.4	-17.2	7.3
Existing Home Sales	Oct 2006	1.3	-1.5	0.0	-16.0	-11.9	-6.4	-11.0	-7.5	5.5
<b>PRODUCTION</b>										
Industrial Production	Nov 2006	0.2	0.0	-0.4	-0.2	4.2	4.2	3.8	4.2	3.2
- Consumer Goods	Nov 2006	0.3	-0.4	-0.3	-1.2	1.9	1.4	1.2	1.3	2.8
- Hitech goods	Nov 2006	2.2	1.8	3.1	33.1	28.8	27.2	25.6	27.0	17.1
<b>EXTERNAL AND FISCAL BALANCES</b>										
Exports	Oct 2006	0.2	0.5	2.3	11.4	14.1	12.7	13.8	13.1	10.6
Imports	Oct 2006	-2.7	-1.9	2.0	3.1	10.1	11.8	4.2	11.7	13.2
Merch. Trade Balance (\$ billions)	Oct 2006	-58.9	-64.3	-68.5	-63.9	-64.8	-64.3	-66.6	-64.3	-58.9
Federal budget balance last 12 months (2)	Nov 2006	-242.8	-250.2	-248.2				-332.4	-253.7	-329.0
<b>INFLATION AND COSTS</b>										
Consumer Prices	Nov 2006	0.0	-0.5	-0.5	-2.0	2.8	3.3	2.0	3.3	3.4
- Excluding Food and Energy	Nov 2006	0.0	0.1	0.2	2.2	3.0	2.5	2.6	2.5	2.2
PCE Deflator exc. Food and Energy	Oct 2006	0.2	0.2	0.3	2.4	2.5	2.2	2.4	2.2	2.1
Industrial Prices, Finished Goods	* Nov 2006	2.0	-1.6	-1.3	-6.3	0.7	3.3	0.9	3.1	4.8
Average Hourly Earnings (4)	Nov 2006	0.2	0.4	0.2	3.5	4.1	3.7	4.1	3.8	2.7
Industrial Capacity Utilization Rate	Nov 2006	81.8	81.8	82.0	81.9	82.1	81.8	80.7	81.8	80.1
Median Price, Single-Family Homes (5)	Oct 2006	0.1	-1.3	-3.0	-12.7	5.0	4.6	-3.4	3.2	13.0
<b>LABOUR MARKET</b>										
New Jobs (000) (6)	Nov 2006	132	79	203	138	150	149	1787	1642	1836
- Manufacturing (000)	Nov 2006	-15	-44	-9	-23	-12	-4	-50	-58	-80
- Services (000)	Nov 2006	172	141	211	175	165	145	1734	1607	1588
Average weekly hours (6)	Nov 2006	0.1	0.3	0.1	1.1	1.9	2.4	2.0	2.4	2.4
Civilian Unemployment Rate (7)	Nov 2006	4.5	4.4	4.6	4.5	4.6	4.7	5.0	4.6	5.1

NATIONAL ACCOUNTS AND OTHER QUARTERLY INDICATORS	Annualized Growth Rates								
	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q3 2005	2005	2004	2003
GDP Chained 2000 dollars	* 2.0	2.6	5.6	1.8	4.2	3.3	3.2	3.9	2.5
Consumption	* 2.8	2.6	4.8	0.8	3.9	4.2	3.5	3.9	2.8
Residential Construction	* -18.6	-11.1	-0.3	-1.0	7.1	19.9	8.6	9.9	8.4
Business Investment	* 10.0	4.4	13.7	5.2	5.9	5.1	6.8	5.9	1.0
- Machinery and Equipment	* 7.7	-1.4	15.6	2.8	11.0	7.9	8.9	7.2	2.8
Government Spending	* 1.7	0.8	4.9	-1.1	3.4	1.1	0.9	1.9	2.5
Exports	* 6.8	6.2	14.0	9.6	3.2	9.4	6.8	9.2	1.3
Imports	* 5.6	1.4	9.1	13.2	2.5	1.4	6.1	10.8	4.1
Change in Inventories (1) (2)	* 55.4	53.7	41.2	43.5	-12.7	-7.4	19.6	53.3	14.3
GDP Deflator	* 1.9	3.3	3.3	3.3	3.3	2.5	3.0	2.8	2.1
Personal Disposable Income	* 4.1	-1.5	4.6	5.5	-0.6	0.5	1.2	3.6	2.2
Labour Productivity	0.2	1.2	4.3	-0.1	4.4	2.3	2.5	1.9	4.7
Unit Labor Costs (4)	2.3	-2.4	9.0	3.0	3.3	-0.7	2.0	0.6	0.3
Current Account (current \$) as a % of GDP	* -902.2	-868.5	-852.8	-892.4	-733.7	-773.0	-791.5	-665.3	-527.5
Corporate Profits (8) as a % of GDP	* 16.4	5.9	60.8	46.6	-20.9	7.1	12.5	19.1	12.1

\* Update

(1) Annual Rate

(2) \$ Billions

(3) Personal Savings as a % of Personal Disposable Income

(4) Non-Farm Private Sector, Unadjusted for Inflation

(5) Existing Homes Sold

(6) Non-Farm Payroll Survey

(7) Household Survey

(8) Current \$ and before taxes

**TABLE 3 - CANADIAN ECONOMIC INDICATORS**

December 21, 2006

Growth Rates Unless Otherwise Indicated	Reference Period	Monthly Growth (%)			Annualized Growth (%)			Since 12 Mos.	Cumulated since beginning of year	
		Past	Prev.	Month	Average of the last				ref.	prec.
		Month	Month	Before	3 Mos.	6 Mos.	12 Mos.			
Index of Leading Indicators (Stat. Can.)	* Nov 2006	0.5	0.3	0.4	4.7	5.3	5.3	5.4	5.3	5.1
<b>DOMESTIC DEMAND</b>										
New motor vehicle sales (000)	Oct 2006	136.3	138.6	143.9	139.6	138.4	137.6	1651.4	1378.8	1357.8
Retail Sales (\$ current)	* Oct 2006	-0.7	-1.2	0.8	2.5	6.3	6.3	5.7	6.4	6.4
- Automobile Dealers	* Oct 2006	0.1	-2.4	3.2	20.2	4.5	3.7	8.6	3.2	5.9
- Other	* Oct 2006	-0.7	-0.9	0.3	-0.7	6.2	6.6	4.5	6.6	19.2
Retail Sales (\$ constant)	Oct 2006	-0.5	0.1	0.8	4.3	5.6	5.1	6.1	5.2	4.5
Manufacturer's Shipments (\$ current)	Oct 2006	-0.1	-3.2	-0.9	-7.4	-2.2	0.2	-5.2	-0.5	0.2
New Orders	Oct 2006	0.6	-2.3	-2.7	-9.9	-2.6	-1.1	-6.1	-2.1	1.3
- Durables	Oct 2006	2.1	-1.1	-4.3	-13.7	-5.7	-3.1	-6.6	-4.4	0.1
Unfilled Orders	Oct 2006	0.2	-0.7	-1.7	-6.6	-4.8	6.4	-2.6	4.1	11.9
Manufacturer's Inventories	Oct 2006	0.3	0.5	0.1	4.7	2.3	2.1	2.2	1.7	0.3
Inventories / Shipments Ratio	Oct 2006	1.33	1.32	1.28	1.31	1.29	1.28	1.23	1.28	1.25
Manufacturer's Shipments (\$ constant)	Oct 2006	-0.6	-1.5	0.1	-6.6	-5.4	-0.9	-4.9	-1.5	-0.3
Housing Starts (000) (1)	* Nov 2006	224.9	223.2	209.0	219.0	223.9	230.8	229.1	230.7	223.6
<b>PRODUCTION</b>										
Real Domestic Product	* Oct 2006	0.0	-0.4	0.3	0.7	1.4	2.8	1.6	2.7	2.7
- Manufacturing	* Oct 2006	-0.8	-1.8	-0.4	-7.0	-4.4	-0.2	-4.2	-0.7	0.4
- Construction	* Oct 2006	0.2	0.0	0.5	1.9	2.1	6.5	4.1	6.4	5.5
Services	* Oct 2006	0.0	0.0	0.4	2.0	3.1	3.4	3.1	3.5	3.2
<b>FOREIGN SECTOR</b>										
Exports	Oct 2006	-1.7	-1.5	0.5	0.0	-3.8	3.7	-6.5	1.8	4.0
Imports	Oct 2006	0.4	-3.1	-0.5	0.7	4.7	4.7	2.1	3.9	6.3
- Capital Goods	Oct 2006	1.2	-1.2	1.1	7.5	3.1	4.3	1.2	3.0	18.7
Merch. Trade Balance (\$ millions)	Oct 2006	3,778	4,541	4,072	4,130	4,156	4,911	7,032	4,547	5,139
Change in Official Reserves	Oct 2006	-374	164	-542	-251	-12	119	1,429	2,625	1,803
Level (US\$):		35,643								
<b>INFLATION AND COSTS</b>										
Consumer Prices	* Nov 2006	0.2	-0.2	-0.5	-1.9	1.5	2.1	1.4	2.0	2.2
- Excluding Food and Energy	* Nov 2006	0.2	0.1	0.6	3.2	1.4	1.5	1.5	1.5	1.4
- Core inflation (4)	* Nov 2006	0.3	0.1	0.5	3.6	2.3	1.9	2.2	1.9	1.6
Average Hourly Earnings (2)	Nov 2006	0.5	0.2	1.5	8.5	1.2	3.4	3.0	3.4	3.1
Price of New Housing	Oct 2006	0.2	0.5	1.5	13.1	13.8	8.9	11.4	9.5	4.9
Industrial Prices (1992=100)	Oct 2006	-0.1	-1.5	-0.6	-2.2	4.1	2.3	1.2	2.2	1.2
<b>LABOUR MARKET</b>										
Labour Force	Nov 2006	0.3	0.0	0.0	0.9	1.6	1.4	1.6	1.4	0.9
Job creation (000)	Nov 2006	22.4	50.5	16.2	29.7	10.5	22.9	274.5	283.2	263.4
- Manufacturing	Nov 2006	13.2	-15.2	19.3	5.8	-5.2	-6.0	-72.0	-69.4	-93.7
- Services	Nov 2006	2.9	41.1	-1.5	14.2	12.8	23.8	285.8	292.6	265.4
- Full Time	Nov 2006	22.4	50.5	16.2	29.7	10.5	22.9	274.5	283.2	263.4
- Part Time	Nov 2006	40.5	-17.1	31.4	18.3	4.6	0.8	9.6	42.1	0.2
Unemployment Rate	Nov 2006	6.3	6.2	6.4	6.3	6.3	6.4	6.4	6.3	6.8
<b>NATIONAL ACCOUNTS AND OTHER</b>										
<b>QUARTERLY INDICATORS</b>										
		Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	2005	2004	2003
GDP Chained (1997) \$		1.7	2.0	3.8	2.6	3.2	3.4	2.9	3.3	1.8
Consumption		4.2	3.8	4.8	3.6	2.6	3.4	3.9	3.3	3.0
Business Investments		7.0	5.4	8.1	11.4	12.3	3.4	9.4	9.1	7.0
- Machinery and Equipment		8.9	7.4	7.9	10.8	13.4	1.3	10.5	10.3	7.9
Residential Construction		-8.2	-4.8	14.2	0.0	5.5	6.4	3.2	7.8	6.0
Government Expenditures		0.7	4.9	3.3	4.4	3.0	2.6	2.7	3.0	3.5
Final Domestic Demand		2.8	3.6	5.6	4.7	4.1	3.5	4.3	4.2	3.8
Exports		3.6	-1.7	-3.8	6.4	8.5	-1.8	2.1	5.2	-2.4
Imports		4.1	8.6	-2.0	12.7	11.2	-3.7	7.1	8.2	4.5
Change in Inventories (1)		15.3	18.6	11.5	14.9	15.0	14.4	15.5	9.7	8.7
Current Account (current \$) (1)		20.3	18.7	42.0	52.1	32.4	23.6	31.8	27.6	14.1
as a % of GDP		1.4	1.3	2.9	3.7	2.3	1.7	2.3	2.1	1.2
Real Disposable Income		5.3	-3.6	12.6	3.9	3.5	2.7	2.5	3.1	2.3
Savings Rate		1.5	1.2	3.1	1.3	1.3	1.0	1.2	2.6	2.8
GDP Price Deflator		0.7	-0.3	0.0	5.5	7.0	2.4	3.2	3.0	3.3
Corporate Profits (nominal)		11.2	2.6	-13.3	23.6	20.2	11.1	10.6	18.3	7.1
as a % of GDP		14.0	13.7	13.7	14.3	13.9	13.6	13.8	13.3	11.9
Indust. Capacity Utilization Rate		84.2	85.1	86.3	86.4	86.1	85.3	85.7	85.4	83.8
Labour Productivity, Business Sector		-0.3	-1.0	1.7	1.4	3.9	2.1	2.1	0.4	0.0
Unit Labour Cost, Business Sector		3.9	0.0	1.4	2.1	5.1	2.9	2.2	1.9	2.4

\* Update

(1) Annual Rate, \$ billions

(2) Not Seasonally Adjusted

(3) Current and before taxes

(4) C.P.I. excluding the 8 most volatile components and the effect of indirect taxes

**TABLE 4 - REGIONAL ECONOMIC INDICATORS**

December 21, 2006

Growth Rates Unless Otherwise Indicated	Reference Period	Monthly Growth (%)			Annualized Growth (%)			Cumulated since beginning of year		
		Past	Prev.	Month	Average of the last			Since	ref.	prec.
		Month	Month	Before	3 Mos.	6 Mos.	12 Mos.	12 Mos.		
<b>QUEBEC</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-1.3	-1.1	0.3	0.5	5.7	4.5	4.5	4.5	6.3
Manufacturing Shipments	Oct 2006	1.2	0.3	-2.0	-1.0	3.2	3.2	2.4	3.0	0.4
Housing Starts (000) (2)	Nov 2006	47.5	52.8	43.6	48.0	46.7	47.7	49.8	47.6	51.0
Wages and Salaries	Sep 2006	-0.2	0.8	-0.2	3.2	3.4	4.3	3.1	4.2	3.7
<u>PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.2	0.0	-0.6	-2.3	0.8	1.8	1.0	1.8	2.3
Average Hourly Earnings (1)	Nov 2006						2.4	1.0	2.5	2.5
Price of New Housing (Mtl.)	Oct 2006	0.3	0.2	0.5	3.4	4.7	4.1	4.2	4.2	5.3
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	-2.4	7.2	10.9	5.2	3.8	3.0	36.5	27.1	54.2
Unemployment rate	Nov 2006	8.0	7.7	8.0	7.9	8.0	8.1	8.0	8.1	8.3
Participation rate	Nov 2006	65.5	65.4	65.6	65.5	65.5	65.5	65.5	65.5	65.5
<b>ONTARIO</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-0.6	-1.7	1.1	2.6	2.9	4.1	3.1	4.0	5.0
Manufactures' Shipments	Oct 2006	-0.4	-4.6	-0.1	-9.9	-5.7	-3.9	-9.6	-4.6	-1.7
Housing Starts (000) (2)	Nov 2006	68.4	70.9	64.2	67.8	71.7	76.2	80.4	75.5	77.7
Wages and Salaries	Sep 2006	0.4	0.5	-0.1	3.5	3.8	5.0	4.1	4.7	4.4
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.2	-0.1	-0.6	-2.3	0.6	1.9	1.1	1.8	2.2
Average Hourly Earnings (1)	Nov 2006						3.2	2.4	3.1	3.1
Price of New Housing (Tor.)	Oct 2006	-0.1	0.0	0.4	3.2	3.9	3.9	3.0	3.9	4.6
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	19.1	-1.8	-13.9	1.1	-2.7	4.8	57.8	71.2	103.7
Unemployment	Nov 2006	6.4	6.4	6.6	6.5	6.4	6.3	6.1	6.3	6.6
Participation rate	Nov 2006	67.6	67.4	67.7	67.6	67.7	67.7	67.7	67.7	68.0
<b>NEWFOUNDLAND &amp; LABRADOR</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	0.0	-0.6	0.2	1.2	0.7	2.1	1.0	2.2	2.5
Manufactures' Shipments	Oct 2006	7.1	-11.4	13.2	-3.7	-17.7	-8.1	-15.3	-10.5	-9.9
Housing Starts (000) (2)	Nov 2006	1.9	1.8	2.7	2.1	2.3	2.3	2.2	2.3	2.6
Wages and Salaries	Sep 2006	0.3	0.5	0.1	3.1	5.1	4.3	4.7	4.4	4.7
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.2	-0.8	-1.0	-4.6	1.8	1.9	0.9	1.9	2.7
Average Hourly Earnings (1)	Nov 2006						3.5	1.2	3.4	4.1
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	-0.2	2.0	1.7	1.2	0.5	0.2	2.0	8.3	1.8
Unemployment	Nov 2006	13.7	14.2	14.1	14.0	14.4	15.0	14.8	15.0	15.2
Participation rate	Nov 2006	59.5	59.9	59.2	59.5	59.2	59.0	59.4	59.1	58.8
<b>PRINCE EDWARD ISLAND</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-0.7	-0.3	1.0	1.2	-1.5	4.0	4.5	3.8	2.8
Manufactures' Shipments	Oct 2006	2.6	0.6	21.8	102.4	22.7	4.4	28.4	4.4	-1.7
Housing Starts (000) (2)	Nov 2006	0.5	0.6	0.4	0.5	0.7	0.9	0.8	0.8	0.9
Wages and Salaries	Sep 2006	0.8	1.0	-0.6	2.1	3.1	3.1	2.5	2.7	4.6
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.3	-0.8	-1.1	-4.9	1.4	2.3	0.3	2.3	3.2
Average Hourly Earnings (1)	Nov 2006						1.7	5.9	1.9	0.6
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	0.8	-0.7	0.1	0.1	-0.2	0.0	-0.1	0.0	0.0
Unemployment	Nov 2006	11.2	11.1	10.8	11.0	11.0	10.9	10.7	10.9	10.9
Participation rate	Nov 2006	68.7	67.8	68.3	68.3	68.3	68.7	68.7	68.7	68.6
<b>NOVA SCOTIA</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-0.3	-0.8	0.7	5.0	4.0	6.6	6.6	6.8	2.7
Manufactures' Shipments	Oct 2006	6.4	-7.0	-2.7	-17.8	-4.5	-4.5	-7.5	-5.6	1.6
Housing Starts (000) (2)	Nov 2006	5.6	4.1	4.2	4.6	4.5	5.3	5.5	5.4	4.7
Wages and Salaries	Sep 2006	0.2	1.1	0.0	6.7	4.2	4.5	4.6	4.2	4.3
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.2	-0.5	-0.7	-3.2	1.7	2.2	1.1	2.2	2.8
Average Hourly Earnings (1)	Nov 2006						2.7	3.0	2.5	2.7
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	3.0	1.6	2.3	2.3	-0.1	0.1	1.7	2.7	-1.0
Unemployment	Nov 2006	7.4	8.2	7.7	7.8	8.0	8.1	8.3	8.0	8.4
Participation rate	Nov 2006	62.8	62.9	62.4	62.7	62.7	63.0	63.3	62.9	63.6

* Update	(1) Not Seasonally Adjusted	(2) Annual Rate
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**TABLE 4 - REGIONAL ECONOMIC INDICATORS (Continues from page A4)**

December 21, 2006

Growth Rates Unless Otherwise Indicated	Reference Period	Monthly Growth (%)			Annualized Growth (%)			Since 12 Mos.	Cumulated since beginning of year	
		Past	Prev.	Month	Average of the last				ref.	prec.
		Month	Month	Before	3 Mos.	6 Mos.	12 Mos.			
<b>NEW BRUNSWICK</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-1.1	-1.2	-0.3	-2.3	2.8	5.2	3.5	5.4	6.0
Manufactures' Shipments	Oct 2006	-10.6	-9.4	-9.6	-47.8	6.9	-0.4	-24.1	-0.8	6.4
Housing Starts (000) (2)	Nov 2006	3.8	3.8	4.7	4.1	4.4	4.2	3.5	4.3	3.9
Wages and Salaries	Sep 2006	0.2	1.3	-0.5	3.7	2.7	4.3	3.2	4.1	3.0
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.5	-0.9	-1.1	-5.6	-0.1	1.9	0.2	1.8	2.4
Average Hourly Earnings (1)	Nov 2006						3.9	3.8	3.9	2.6
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	-0.6	3.1	-0.6	0.6	-1.3	0.0	0.2	-3.2	-0.6
Unemployment	Nov 2006	8.5	8.1	8.9	8.5	8.6	8.9	9.4	8.8	9.7
Participation rate	Nov 2006	62.9	62.8	62.8	62.8	63.2	63.9	63.5	63.9	63.5
<b>MANITOBA</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-2.1	0.3	0.2	1.8	8.1	5.5	4.2	5.4	6.7
Manufactures' Shipments	Oct 2006	0.0	-0.5	-5.9	-3.5	4.6	2.8	6.5	3.4	-0.2
Housing Starts (000) (2)	Nov 2006	4.2	8.2	3.9	5.4	5.2	5.1	5.0	5.2	4.7
Wages and Salaries	Sep 2006	0.7	0.3	-0.1	4.4	4.4	4.2	4.5	4.3	4.9
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.1	0.1	-0.8	-2.3	2.7	1.9	1.7	2.0	2.8
Average Hourly Earnings (1)	Nov 2006						2.6	2.9	2.2	2.2
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	-0.9	0.0	-0.2	-0.4	-0.2	0.3	3.0	3.7	3.8
Unemployment	Nov 2006	4.6	4.2	4.4	4.4	4.3	4.3	4.1	4.3	4.8
Participation rate	Nov 2006	68.9	68.7	68.9	68.8	68.8	68.8	68.4	68.8	68.6
<b>SASKATCHEWAN</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-2.2	0.9	-0.6	0.0	8.0	5.7	6.2	5.7	8.2
Manufactures' Shipments	Oct 2006	4.2	-4.0	-2.5	-15.3	-8.2	9.1	-0.5	7.9	6.8
Housing Starts (000) (2)	Nov 2006	3.7	3.9	4.1	3.9	3.9	3.6	4.1	3.6	3.3
Wages and Salaries	Sep 2006	0.6	1.1	-0.3	4.0	5.6	7.2	6.7	6.8	5.9
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	-0.4	-0.2	-1.0	-3.2	2.2	2.0	1.3	2.1	2.3
Average Hourly Earnings (1)	Nov 2006						4.8	5.8	4.8	1.7
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	-0.6	3.0	7.0	3.1	2.2	1.6	18.7	20.0	-5.4
Unemployment	Nov 2006	3.9	3.9	4.3	4.0	4.5	4.8	5.2	4.8	5.1
Participation rate	Nov 2006	69.7	69.8	69.6	69.7	69.4	68.8	67.8	68.9	68.1
<b>ALBERTA</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-0.1	-1.3	1.5	6.6	16.6	16.3	15.8	16.7	12.1
Manufactures' Shipments	Oct 2006	-1.9	-4.1	-1.9	-2.6	0.6	11.0	-2.4	9.0	10.1
Housing Starts (000) (2)	Nov 2006	55.3	40.4	47.3	47.7	49.1	48.7	43.8	49.3	40.4
Wages and Salaries	Sep 2006	1.0	0.9	0.6	10.2	10.7	11.4	11.3	11.3	10.1
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.6	-1.0	0.2	2.0	5.1	3.7	3.7	3.8	2.1
Average Hourly Earnings (1)	Nov 2006						7.0	6.3	7.0	6.5
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	9.8	22.6	1.8	11.4	6.0	9.6	115.2	112.1	31.0
Unemployment	Nov 2006	3.1	3.0	3.5	3.2	3.5	3.5	4.2	3.4	3.9
Participation rate	Nov 2006	73.5	73.3	73.2	73.4	73.5	73.2	72.7	73.3	72.7
<b>BRITISH COLUMBIA</b>										
<u>DOMESTIC DEMAND AND REVENUE</u>										
Retail Sales	* Oct 2006	-0.1	-0.7	0.5	2.9	7.5	6.7	5.7	6.7	5.9
Manufactures' Shipments	Oct 2006	0.9	-0.9	3.4	3.1	-1.4	3.2	1.4	2.9	-4.1
Housing Starts (000) (2)	* Nov 2006	33.9	36.6	33.9	34.8	35.6	36.7	34.0	36.6	34.2
Wages and Salaries	Sep 2006	-0.3	1.1	-1.5	2.1	9.2	7.8	7.3	8.1	6.4
<u>INCOME AND PRICES</u>										
Consumer Price Index (1)	* Nov 2006	0.3	-0.1	-0.5	-1.1	2.6	1.7	1.5	1.7	2.0
Average Hourly Earnings (1)	Nov 2006						2.5	4.2	2.7	2.1
<u>LABOR MARKET</u>										
Job creation (000)	Nov 2006	-5.5	13.3	7.3	5.0	2.5	3.3	39.5	41.4	76.1
Unemployment	Nov 2006	4.9	4.6	4.8	4.8	4.7	4.7	4.9	4.7	5.9
Participation rate	Nov 2006	65.7	65.8	65.6	65.7	65.6	65.6	65.7	65.6	65.6

* Update	(1) Not Seasonally Adjusted	(2) Annual Rate
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**TABLE 5 - INTERNATIONAL ECONOMIC INDICATORS**

December 21, 2006

Growth Rates Unless Otherwise Indicated	Reference Period	Monthly Growth (%)			Annualized Growth (%)			Since 12 Mos.	Cumulated since beginning of year	
		Past Month	Prev. Month	Month Before	Average of the last	Since	ref.		prec.	
		3 Mos.	6 Mos.	12 Mos.	12 Mos.	12 Mos.	ref.		prec.	
OECD leading index	Oct 2006	0.2	0.3	0.1	1.4	1.8	3.1	2.9	3.2	1.1
<b>JAPAN</b>										
Retail Sales	Oct 2006	2.2	-1.6	-6.2	-12.6	-9.1	0.4	0.1	0.3	1.2
Industrial Production	Oct 2006	-2.1	10.9	-4.6	12.7	2.5	4.4	7.4	4.6	0.6
Exports	* Nov 2006	2.6	0.9	-0.5	12.0	12.3	15.4	13.2	15.3	6.6
Imports	* Nov 2006	-2.0	-3.2	3.1	12.4	9.5	19.7	8.7	18.9	15.2
Merchandise trade bal. (Billions of ¥)	* Nov 2006	991	709	458	719	712	658	668	666	723
Current account (Billions of ¥)	Oct 2006	2,020	1,409	1,605	1,678	1,647	1,649	1,740	1,619	1,486
Inflation (CPI)	Oct 2006	-0.3	-0.3	0.6	1.1	0.6	0.0	0.4	0.2	-0.5
Industrial Prices (1)	Nov 2006	-0.1	-0.4	0.3	1.7	3.7	3.0	2.7	3.1	1.6
Unemployment Rate	Oct 2006	4.1	4.2	4.1	4.1	4.1	4.2	4.5	4.1	4.4
		<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>	<b>Q4 2005</b>	<b>Q3 2005</b>	<b>Q2 2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Gross Domestic Product (Constant Yen)		0.8	1.1	2.7	2.1	2.8	3.2	1.9	2.7	1.5
<b>Euro-zone</b>										
Economic sentiment (index)	Nov 2006	110.3	110.4	109.3	110.0	109.2	106.6	100.2	107.1	98.1
Business climate (index)	Nov 2006	1.5	1.4	1.4	1.5	1.4	1.0	0.1	1.1	-0.1
Retail Sales	* Oct 2006	0.2	-0.8	0.6	1.8	1.7	1.4	1.1	1.4	1.4
Industrial Production	Oct 2006	0.0	-1.5	1.9	2.2	4.3	3.7	3.8	3.8	0.9
Exports	* Oct 2006	0.0	4.5	3.3	22.6	9.3	11.6	14.4	11.4	7.4
Imports	* Oct 2006	0.6	-1.7	2.5	11.1	9.5	15.9	11.4	15.2	12.7
Merch. Trade Bal. (Millions of euros)	* Oct 2006	1,711	2,418	-4,879	-250	-2,706	-4,052	-3,058	-1,507	2,071
Inflation (CPI)	Nov 2006	0.0	0.1	0.0	0.3	2.1	2.2	1.9	2.2	2.2
Industrial Prices (1)	Oct 2006	0.0	-0.5	0.1	1.5	5.4	5.2	4.0	5.3	4.1
Unemployment Rate	Oct 2006	7.7	7.8	7.8	7.8	7.8	8.0	8.5	7.9	8.6
		<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>	<b>Q4 2005</b>	<b>Q3 2005</b>	<b>Q2 2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Gross Domestic Product (Constant Euro)		2.1	4.0	3.4	1.4	2.6	1.5	1.4	1.7	0.8
<b>UNITED KINGDOM</b>										
Consumer Confidence Indicator	Nov 2006	-5	-4	-7	-5	-5	-5	-4	-5	-2
Retail Sales	Nov 2006	0.3	0.9	-0.5	2.3	4.6	3.1	3.2	3.0	1.7
Industrial Production	Oct 2006	-0.8	0.1	0.0	-0.8	0.5	-0.7	0.6	-0.3	-1.7
Exports (1)	Oct 2006	-0.6	-3.2	1.3	-39.2	-8.6	17.1	-3.3	17.8	10.3
Imports (1)	Oct 2006	-2.0	-3.1	1.3	-36.3	-5.7	19.0	0.9	19.5	10.3
Merchandise Trade Bal. (Millions of £)	Oct 2006	-6,326	-6,726	-6,928	-6,660	-6,833	-6,808	-7,210	-6,923	-5,548
Inflation (CPI harmonized) (1)	Nov 2006	0.2	0.2	0.1	2.2	3.4	2.2	2.7	2.3	2.1
Industrial Prices (1)	Nov 2006	0.0	-0.3	-0.3	-1.2	2.7	2.5	1.8	2.5	2.8
House prices	Nov 2006	1.7	1.8	1.2	16.7	7.5	8.2	10.9	8.5	5.3
		<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>	<b>Q4 2005</b>	<b>Q3 2005</b>	<b>Q2 2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Gross Domestic Product (Constant £)	*	2.8	3.0	2.9	2.7	2.0	2.7	1.9	3.3	2.7
<b>INTEREST AND EXCHANGE RATES</b>										
	Reference Thursday	Current Week	Prev. Week	Week Before	Average of last Thursdays			13 w. ago	26 w. ago	52 w. ago
					13 W.	26 W.	52 W.			
<b>JAPAN</b>										
Prime Rate	* 20-Dec-06	0.40	0.40	0.40	0.40	0.37	0.23	0.40	0.10	0.10
3-month Financing Bill Rate	* 20-Dec-06	0.42	0.46	0.47	0.39	0.37	0.23	0.34	0.29	0.00
- Spread with U.S.	* 20-Dec-06	-4.43	-4.35	-4.40	-4.50	-4.54	-4.48	-4.46	-4.43	-3.88
Yield on 10-year Gov't Bonds	* 20-Dec-06	1.62	1.61	1.64	1.69	1.75	1.73	1.67	1.84	1.52
- Spread with U.S.	* 20-Dec-06	-2.98	-2.97	-2.84	-2.92	-3.03	-3.06	-3.05	-3.31	-2.96
Exchange Rate (¥/U.S.\$)	* 20-Dec-06	118.4	117.5	115.3	117.7	117.0	116.4	117.4	114.8	117.4
<b>Euro Zone</b>										
3-month Treasury Bills	* 20-Dec-06	3.71	3.68	3.65	3.57	3.38	3.06	3.35	2.98	2.49
- Spread with U.S.	* 20-Dec-06	-1.13	-1.14	-1.21	-1.32	-1.53	-1.65	-1.45	-1.74	-1.39
Yield on 10-year Gov't Bonds	* 20-Dec-06	3.70	3.70	3.64	3.70	3.80	3.73	3.73	3.85	3.37
- Spread with U.S.	* 20-Dec-06	-0.90	-0.88	-0.84	-0.92	-0.99	-1.06	-1.00	-1.30	-1.12
Exchange Rate (U.S.\$/Euro)	* 20-Dec-06	1.32	1.32	1.33	1.29	1.28	1.25	1.27	1.27	1.18
(Yen/Euro)	* 20-Dec-06	156.00	155.34	152.66	151.21	149.58	145.75	148.70	145.22	139.18
(Euro / £)	* 20-Dec-06	1.49	1.49	1.48	1.49	1.48	1.47	1.49	1.46	1.47
<b>UNITED KINGDOM</b>										
Prime Rate	* 20-Dec-06	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
3-month Treasury Bills	* 20-Dec-06	5.06	5.06	5.06	4.97	4.88	4.73	4.89	4.67	4.56
- Spread with U.S.	* 20-Dec-06	0.22	0.25	0.20	0.08	-0.03	0.02	0.09	-0.05	0.68
Yield on 30-year Gov't Bonds	* 20-Dec-06	4.19	4.16	4.06	4.09	4.16	4.11	4.13	4.34	4.06
- Spread with U.S.	* 20-Dec-06	-0.54	-0.53	-0.54	-0.64	-0.73	-0.77	-0.71	-0.86	-0.61
Exchange Rate (U.S.\$ / £)	* 20-Dec-06	1.97	1.97	1.97	1.91	1.89	1.84	1.89	1.85	1.75
<b>STOCK INDICES</b>										
	Reference	Monthly Growth (%)			Growth Over (%)			Since beginning of year		
		Level	Month	Month	Before	3 Months	6 Months	1 Year	ref.	prec.
MSCI Eafe	* Dec 2006	269	3.5	3.3	3.4	10.6	21.6	22.4	22.4	14.5

\* Update

(1) Not Seasonally Adjusted

**TABLE 6 - COMMODITY PRICES**

December 21, 2006

	<u>Spot Price</u>		<u>Weekly Growth (%)</u>			<u>Annualized Growth (%)</u>			<u>Last Year</u>
	<u>Dec 20</u>	<u>Dec 13</u>	<u>Last Week</u>	<u>Prev. Week</u>	<u>Week Before</u>	<u>For the Last</u>			
						<u>13 W.</u>	<u>26 W.</u>	<u>52 W.</u>	
<b><u>CRB Index</u></b>									
Total	394.3	398.0	-0.9	-0.2	-0.9	36.3	11.9	14.6	344.0
Energy	565.0	550.6	2.6	-1.8	-1.3	26.2	-22.8	4.8	539.0
Grain	268.2	268.0	0.1	0.4	-3.0	164.9	67.7	41.3	189.8
Industrials	368.4	373.4	-1.3	-1.1	1.1	-20.5	-2.7	23.9	297.3
Livestock & Meat	292.5	288.5	1.4	-0.1	2.1	16.8	7.0	-1.9	298.1
Precious Metals	600.8	619.5	-3.0	-0.4	-0.5	27.3	13.0	30.6	459.9
<b><u>PRECIOUS METALS</u></b>									
Gold (\$/ounce) (AM fixing London)	623.40	629.00	-0.9	-1.2	-0.2	37.0	16.9	26.1	494.50
Platinum (\$/ounce) (AM fixing London)	1122.0	1110.0	1.1	-1.2	-2.7	-3.5	-8.4	18.0	951.0
Silver (\$/ounce) (Handy & Harman)	12.7	13.8	-8.2	0.5	0.4	70.3	49.5	52.6	8.3
Palladium (\$/ounce troy)	325.0	326.0	-0.3	0.0	2.2	24.0	12.1	31.6	247.0
<b><u>OTHER METALS (LME)</u></b>									
Aluminum (\$/tonne)	2,769	2,828	-2.1	1.9	4.7	87.1	33.0	23.9	2,234
Copper (\$/tonne)	6,435	6,710	-4.1	-3.3	0.6	-37.2	-12.1	40.6	4,576
Zinc (\$/tonne)	4,301	4,419	-2.7	-2.1	4.4	212.4	112.7	135.2	1,828
Nickel (\$/tonne)	34,525	34,153	1.1	-1.9	5.4	138.0	192.8	164.3	13,063
Lead (\$/tonne)	1,670	1,685	-0.9	-4.2	7.7	137.7	229.2	49.0	1,121
Uranium (Neuxco spot \$/lb U308)	72	65	10.8	1.6	0.0	240.6	156.0	100.0	36
<b><u>OTHER COMMODITIES</u></b>									
Oil (\$/barrel) 1-month future (West Texas Intermediate)	63.00	61.45	2.5	-1.3	-0.2	20.3	-19.2	7.5	58.61
Corn (¢/bushel) (Illinois #2)	350.5	345.5	1.4	0.4	-4.7	504.8	170.8	80.7	194.0
Soy beans (¢/bushel) (Illinois #1)	632.0	640.0	-1.3	1.4	-3.6	115.7	27.8	6.9	591.0
Pork (¢/lb)	79.0	82.0	-3.7	0.0	3.8	18.3	-33.7	5.3	75.0
Beef (\$/100 lbs) (CME)	100.1	100.8	-0.7	1.1	-0.1	-47.3	-19.1	-13.1	115.2
Woodpulp NBSK Metric ton delivered in U.S.	770	770	0.0	0.0	0.0	11.1	19.3	20.3	640
Natural Gas (mmbtu) Henry Hub future NYMEX	6.44	7.22	-10.9	-2.4	-4.6	215.1	-1.8	-52.6	13.58
Lumber 2X4	252	237	6.3	-4.8	0.0	-28.5	-29.9	-23.6	330

All prices are in US dollars

## United States & Canada

### The Week Ahead (December 26 – December 29)

#### US Indicators

Date	Time	Release	Month	Previous	<i>Estimate</i> Consensus	NBF
27-Dec	10:00	New home sales	November	1004 K	1020 K	990 K
28-Dec	10:00	Existing home sales	November	6.24 M	6.20 M	6.12 M

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