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Monthly Indicators

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Not Just A Spike

Over the next five years, crude prices will almost double, averaging close to $77/bbl and reaching as much as $100/bbl by 2010. That's over twice the previous 6-year high (1980-1985) following the second OPEC oil shock, when crude, in today's dollars, averaged the equivalent of $65/bbl. Tomorrow's price hikes won't be triggered by sudden supply disruptions like the Arab oil boycott of 1973 or the Iranian Revolution in 1979. Instead, they will follow from the inevitable collision between surging global crude demand and accelerating depletion of conventional crude supply. By 2010, prices will have to take out nearly 9 million barrels a day from world oil consumption—no mean feat for a world that has never been more thirsty for oil.

As in the 1970s and early 1980s, energy will once again come to dominate both the economy and financial markets. But there are likely to be some fundamental differences. On the economic front, the impact of surging crude prices is likely to be far more deflationary than inflationary. During the 1970s, surging fuel costs were the catalyst for a huge outbreak of wage-price inflation, as workers futilely tried to protect the purchasing power of their incomes through ever-escalating wage demands. But that was in a world where most workers in G-7 economies were protected by huge trade barriers against competition from cheap offshore labour. In today's world, where production and jobs can easily be shifted to low-wage economies, North American wages will have to eat energy price increases, and in the process, stomach the loss of purchasing power that comes along with it.

Hence the implications for monetary policy couldn't be more different than the ones posed by the OPEC shocks. Instead of draining the system of liquidity to starve out wage-price inflation, the primary concern of monetary policy in oil-importing economies like the US will be to support economic growth. Offsetting the massive terms of trade effect, and its taxing implications for both American consumers and American businesses, will require a much more accommodative posture than today's Federal Reserve Board has so far acknowledged.

On the financial market front, energy stocks will become almost as dominant in equity markets as tech stocks were in the last decade. As oil prices continue to rise, energy stock valuations, already characterized by some as a bubble, should follow a similar trajectory to the one they charted in the 1970s. Between 1973 and 1979, the oil and gas index of the TSX more than doubled. While long-term oil price expectations embedded in the oil strip curve have moved up sharply over the last three months, long-dated contract prices for 2010 still show oil prices at only $50/bbl, half of what they are likely to be trading at by the end of the decade (see pages 6-9).

The first two oil shocks were transitory, as political events encouraged oil producers to seize full sovereignty over their resources and temporarily restrict supply. This time around there won't be any tap that some appeased mullah or sheik can suddenly turn back on.

MARKET CALL

- 4% plus first-quarter US GDP growth brings an additional Fed tightening to our forecast. The Fed should hike rates 25 bps in each of its next three meetings. But it's extremely doubtful whether the Fed will continue to hike beyond that timeframe when steadily rising crude prices begin to slow both US and global economic growth. We expect to see little damage to the long end of the Treasuries curve from well anticipated Fed rate hikes as tightening energy markets begins to weigh on investors' longer-term growth expectations.

- Stronger near-term US growth should carry through to the Canadian economy, with a better-than-expected first-half performance taking away any near-term Bank of Canada rate cut. Nevertheless, an overvalued loonie and a negative real trade balance will keep the Bank of Canada firmly anchored to the sidelines. The absence of expected rate hikes should open up considerable rally room at the long end of the Canada yield curve over the next twelve months.

- The greenback is being pulled up by Fed hikes and pulled down by monthly trade numbers. Unfortunately, there aren't enough Fed rate hikes left to offset ballooning US trade and current account deficits, particularly if oil heads above $60/bbl next year. A further weakening in the US dollar against the euro and yen seems inevitable. However, the C$ should be retreating later this year against the greenback, when saddled with as much as 100 bps of negative carry in the bills market.

INTEREST & FOREIGN EXCHANGE RATES

				2005		2006	
END OF PERIOD:		**5-Apr**	**June**	**Sep.**	**Dec.**	**June**	**Dec.**
CDA	Call loan (mid-point of range)	2.50	2.50	2.50	2.50	2.50	2.50
	98-Day Treasury Bills	2.52	2.50	2.45	2.40	2.40	2.45
	Chartered Bank Prime	4.25	4.25	4.25	4.25	4.25	4.25
	2-Year Gov't Bond (3% 06/07)	3.26	3.40	3.25	3.00	3.00	3.00
	10-Year Gov't Bond (5% 06/14)	4.31	4.20	4.15	4.10	4.00	3.80
	30-Year Gov't Bond (5.75% 06/33)	4.72	4.60	4.55	4.40	4.30	4.00
U.S.	Federal Funds Target	2.75	3.25	3.50	3.50	3.50	3.50
	91-Day Treasury Bills	2.74	3.25	3.45	3.40	3.40	3.40
	2-Year Gov't Note (3.75% 03/07)	3.73	4.00	4.10	4.05	4.00	3.90
	10-Year Gov't Note (4% 02/15)	4.47	4.40	4.35	4.30	4.30	4.30
	30-Year Gov't Bond (5.375% 02/31)	4.75	4.65	4.60	4.55	4.55	4.50
Canada - US T-Bill Spread		-0.22	-0.75	-1.00	-1.00	-1.00	-0.95
Canada - US 10-Year Bond Spread		-0.16	-0.20	-0.20	-0.20	-0.30	-0.50
Canada Yield Curve (30-Year — 2-Year)		1.46	1.20	1.30	1.40	1.30	1.00
US Yield Curve (30-Year — 2-Year)		1.02	0.65	0.50	0.50	0.55	0.60
EXCHANGE RATES	— (US¢/C$)	82.0	82.0	84.0	76.9	75.2	77.5
	— (C$/US$)	1.220	1.220	1.190	1.300	1.330	1.290
	— (Yen/US$)	108	107	104	100	95	94
	— (US$/euro)	1.28	1.30	1.37	1.36	1.38	1.39
	— (US$/pound)	1.88	1.88	1.90	1.92	1.91	1.91
	— (US¢/A$)	76.7	78.5	80.0	75.0	73.0	72.0

STRATEGY AND EARNINGS OUTLOOK

- Tougher Fed language and an up-tick in recent US core inflation readings have temporarily derailed the rally in financial leverage. Reminiscent of last spring, however, today's rate jitters are likely to prove short-lived. An earlier-than-expected end to the Fed's tightening program should help set the stage for a second-half rally in financial markets. Given fading rate fears, we believe the interest-levered trust market will provide superior returns of 15-20% for the year as a whole, clawing its way back from March's setback.

- Our year-end target of 10,000 for the TSX implies in comparison only modest upside for the equity market as a whole. Energy stocks however continue to trade at a 10-15% discount relative to earnings and cash flow, in the face of ingrained skepticism over the sustainability of high crude prices. Our year-end target of 2600 for the TSX energy index warrants keeping that sector our top overweight. Telecommunications stocks also remain promising, and financials could show another leg-up down the road, once rising energy prices and a cooling economy handcuff the Fed. Conversely, we remain wary of the materials sector (gold and uranium excepted) as well as the industrial sector. These segments carry downside risk to a weakening of non-energy commodity markets and factory activity, as well as the overvalued C$, in a number of cases.

Table 1

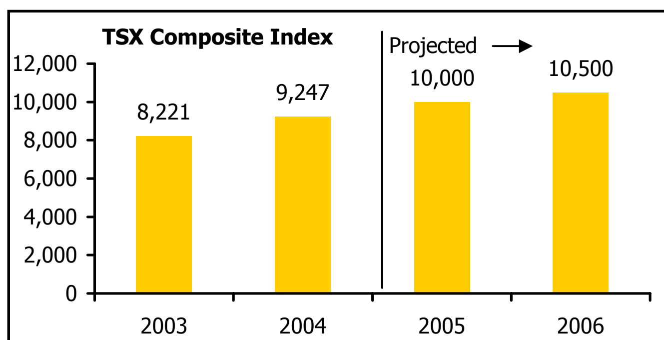
ASSET MIX (%)	Benchmark	Strategy Recommendation
Stocks	49	49
Bonds	**38**	**40**
Income Trusts	**4**	**7**
Cash	9	4
GICS SECTOR EQUITIES (%)		
Consumer Discretionary	6.3	4.3
Consumer Staples	4.1	4.1
Energy	**21.1**	**26.1**
Financials	32.2	32.2
Healthcare	1.5	1.5
Industrials	5.9	4.4
Info Tech	5.9	3.9
Materials	16.3	15.3
Telecom	**5.3**	**6.8**
Utilities	1.4	1.4

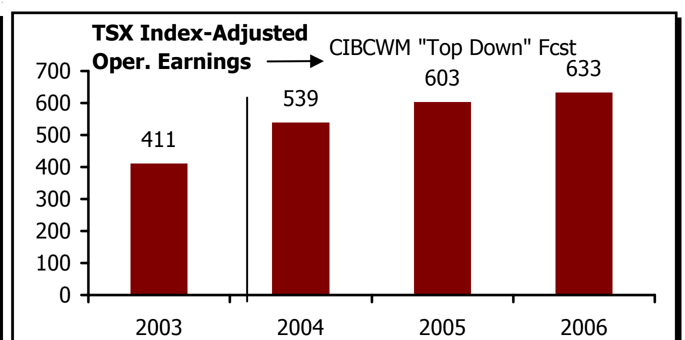
Table 2

TSX - Earnings Outlook & Forward PE

	Operating Earnings (% chg)		4-qtr Fwd PE	
	2004	2005	Latest	Last 10 yrs.
Energy	17.4	32.0	11.9	13.0
Materials	303.7	0.9	19.1	27.5
Industrial	11.6	0.6	18.9	15.6
Consumer Discretionary	30.3	-3.2	22.8	18.6
Consumer Staples	10.7	5.4	18.7	17.0
Health Care	26.9	5.1	23.6	49.7
Financials	18.6	5.8	14.5	10.9
Info Tech	24.0	59.0	30.7	32.3
Telecommunications	22.7	14.0	14.6	34.7
Utilities	2.6	8.8	15.6	13.9
TSX Composite	**31.2**	**11.9**	**15.9**	**17.9**

na=not available/meaningful, due to negative year-earlier value





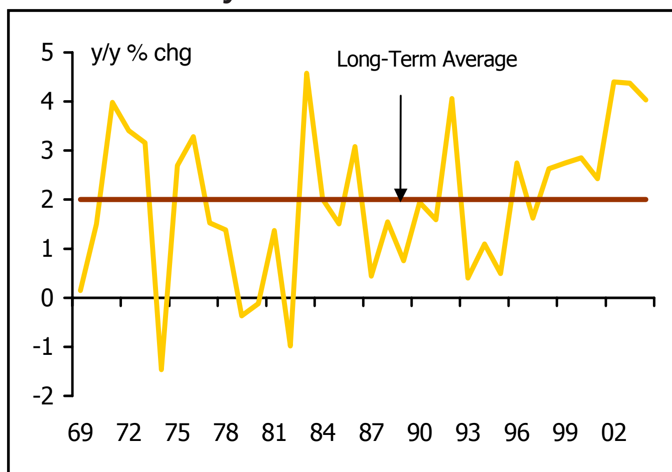
The Game is Not Over For US Productivity Growth

Benjamin Tal and Leslie Preston

Is the gig up for US productivity growth? If so, and productivity growth reverts to its long-term average (Chart 1), then inflation has lost one of its most reliable protectors. Since the 2001 recession, productivity growth has ploughed ahead, unfazed by September 11th, the tech bust, corporate accounting scandals, the war in Iraq and rising oil prices. Output per hour worked has risen by a cumulative 16%—double the average pace seen in the previous 5 cycles, helping to keep unit labour costs low and inflation at bay.

Chart 1

US Productivity — How Low Will It Go?



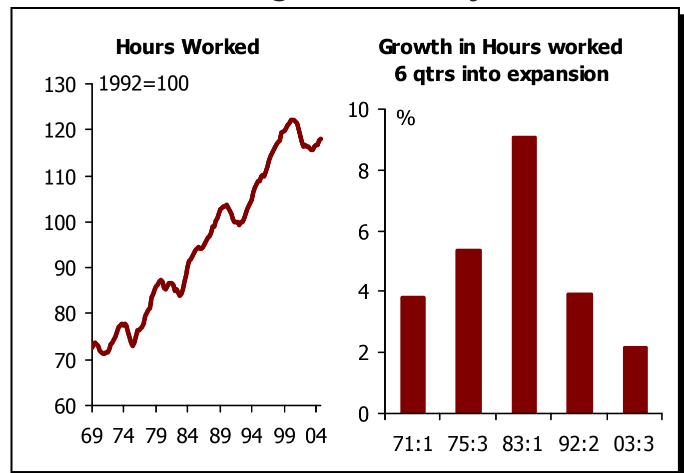
But, in the fourth quarter of 2004 US productivity growth slowed to 2.1% (annualized)—almost half the pace seen in the past three years. That productivity weariness reflects nothing more than normal cyclical behaviour, as hours worked catches up to rising output. But, once the cyclical dust settles, it will become apparent that the past decade has seen a secular rise in the pace of productivity growth, which probably added half a percentage point to the economy's speed limit—or how fast the economy can grow before risking higher inflation.

Productivity's Rise Not Due to Usual Suspects

On the surface there is nothing surprising about productivity's resilient performance since it was achieved during the most anemic labour market recovery on record (Chart 2). When companies don't hire, they tend to squeeze more and more output out of their existing labour force. So what economists see as rising productivity, workers simply see as shorter lunch breaks.

Chart 2

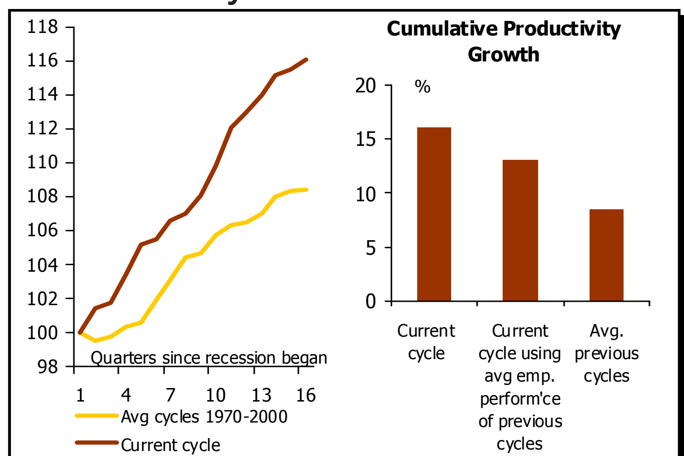
Hours Worked Lags Previous Cycles



That may be true, but even when we adjust for the excess job slashing during the last cycle by applying the average labour market performance of past cycles to the current recovery, we find that the "slave labour" phenomenon explains only 40% of the productivity gap (Chart 3). Even if employment growth miraculously catches up with the pace seen in previous cycles, it would not be sufficient to bring productivity down to its long-term average of 2%.

Chart 3

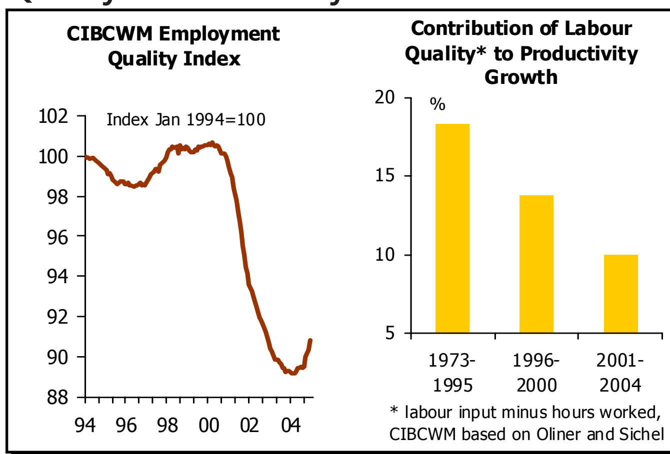
US Productivity — More Than Slave Labour



If slave labour isn't the secret to the productivity conundrum, perhaps the economy's mix of jobs is now of a higher quality? Higher quality jobs, which usually means higher wages, should be more productive. But our previous research indicates that the quality of employment in the US has *fallen* over the past four years, and it is now 10% below its 2000 level. This is consistent with a large body of research, which shows that labour quality's contribution to productivity growth has fallen during the past cycle[1] (Chart 4).

Chart 4

Diminishing Contribution of Employment Quality to Productivity Growth



If it's not labour that has been responsible for sustaining productivity growth, it must be capital, right? Not so fast. After accounting for half the increase in productivity during 1995-2000 tech boom, capital deepening (more and better capital) has seen its contribution to overall productivity growth cut in half (Chart 5). This reflects the slowing pace of growth in the ratio of capital to labour, but more importantly it is a testimony to the fact that IT is increasingly becoming just another commodity, a business necessity, but insufficient to ensure a competitive advantage.

IT Revolution's Second Wave is the Mastermind

Productivity growth results not only from new technology but also from new business organizations around that technology. And that's where US productivity is getting its second wind. Over the past four years, multi-factor productivity (MFP)—a measure that among others captures that managerial effectiveness—is taking over from capital deepening as the chief source of productivity growth (Chart 6). In fact, between 2002 and 2004 MFP accounted for all the acceleration in productivity growth—suggesting that the way companies use technology is becoming more important than the technology itself. This process is only in its infancy and is likely to be long-lasting.

While the heady 4%-plus productivity readings are not the norm, we are seeing a secular change in productivity growth towards 2.5% and possibly higher. Not only does a higher average rate of productivity growth make inflation pressures less threatening, it puts current economic growth only a half-point faster than its speed limit, requiring far more limited Fed hikes than are currently priced in.

[1]*See for example: "The Productivity and Jobs Connection: The Long and the Short Run of It" FRBSF Economic Letter July 2004.*

Chart 5

Capital Deepening — Not As Important As It Used To Be

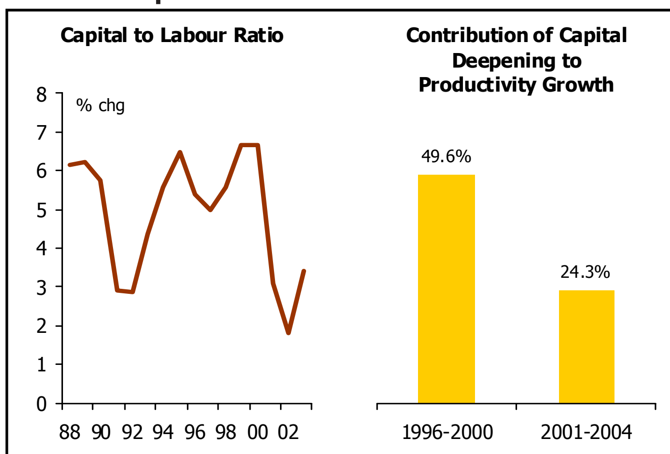
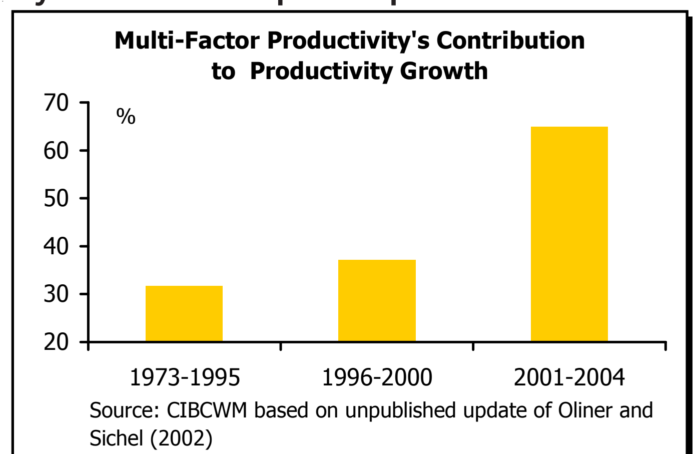


Chart 6

Bulk of Productivity Growth Not Explained by Labour and Capital Improvements



Crude Prices Will Almost Double Over Next Five Years

Jeff Rubin and Peter Buchanan

Many oil "experts" were sure 2004's high oil prices and hot demand growth was just an aberration. While the flattening of the futures curve suggests markets are now boosting their expectations for longer-term prices, they may still have a long way to go. Accelerating global demand concurrent with accelerating global depletion points to much higher energy prices over the next five years. In fact, the trajectory of future price hikes may even challenge the very nature of backwardation in the oil strip curve (Chart 1).

On the demand front, the International Energy Agency (IEA) has just upped its forecast for global crude demand this year by almost half a percentage point to 2.2%. This marks the third time the energy watchdog has changed its views of late. And last month's revision is by far the single largest so far (Chart 2). Chances are that the IEA will once again have to ratchet up its estimate before the year is done, with global demand likely to grow by at least 2.5%.

While demand forecasts are ratcheting up, those of supply growth are moving in the other direction. Among those are last year's stunning reserve downgrades by a number of major oil firms, and cloudy prospects for the world's top producers of crude. Saudi Arabia, traditionally the backstop of global supply, is already experiencing rising water rates in its mother lode Ghawar field, an early indicator of depletion that has already resulted in falling production levels in neighbouring Oman. And Russian production, which has accounted for three-quarters of non-OPEC oil growth in the past five years, seems to have recently peaked out.

Faster Demand Growth Likely to Continue

For 25 years global crude demand grew at a stable 1% average, in large measure because the bulk of that demand came from a handful of highly industrialized economies whose energy intensity had been falling since the OPEC shocks of the 1970s. Suddenly that all started to change about five years ago with the massive movement of industrial production from high wage countries to emerging industrial giants like China. Not only is China much less energy efficient than the economies most of that production was exiting from, but also the rapid rise in Chinese incomes has spearheaded a huge increase in their domestic energy consumption. As a result, world crude demand grew by 3.4% last year—the strongest pace in nearly 30 years and over three times the average pace of the past 25 years. China single-handedly accounted for almost 40% of the global increase. Yet, per capita oil consumption in China, already the world's second largest importer of

Chart 1
Flattening of Oil Futures Strip

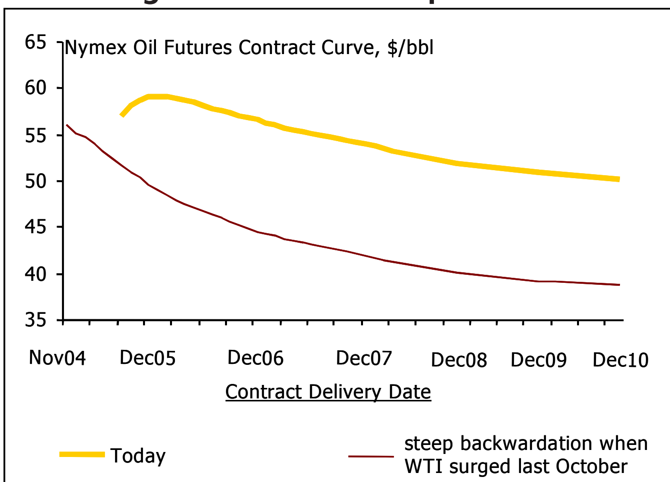


Chart 2
Revisions to IEA Demand Forecasts

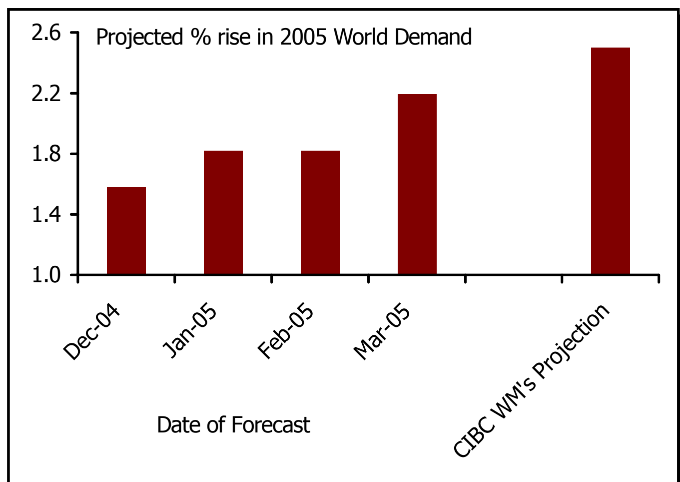


Chart 3
China's Oil Demand Will Grow Rapidly Over Next Five Years

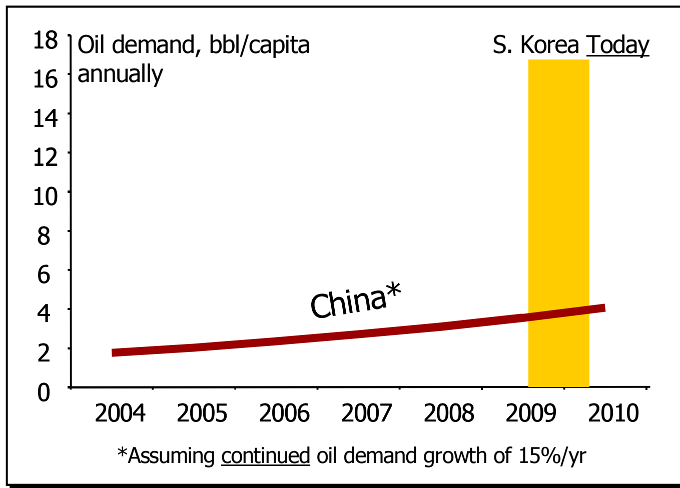
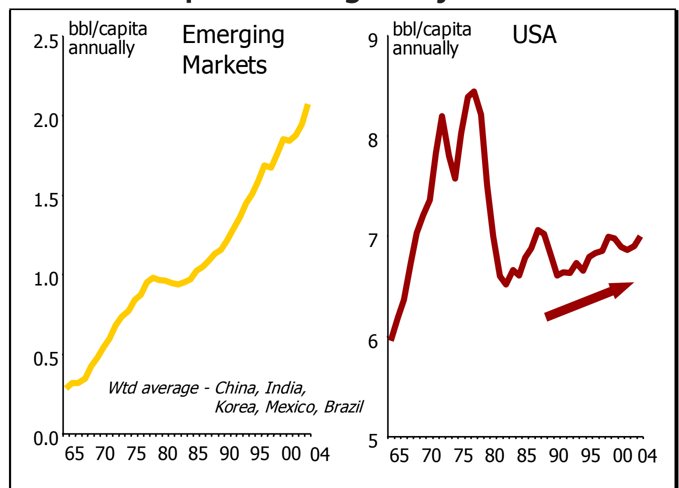


Chart 4
Oil Consumption Rising Everywhere



crude these days, is still in its infancy, just an eighth of South Korea's level (Chart 3). Even if China's consumption grows at 15% a year for the next five years, fully matching 2004's increase, it would still only be a quarter of Korea's present energy consumption per capita. But China isn't the sole reason oil demand is on the rise. Oil use is also rising explosively in other developing countries like India, which saw a 5% increase last year. Next to China, oil demand in the rest of developing Asia is growing at the fastest rate of any region in the world.

And demand may not even moderate in the world's largest oil consuming economy, the US. American crude consumption per capita has been rising steadily since 1990 and shows no signs of abatement (see Chart 4 and *Occasional Report #51: Is the US Economy Really Less Vulnerable to Energy Prices*). While that economy is certainly more energy efficient than it was thirty years ago, the increase in efficiency has been more than surpassed by the increase in energy usage. For example, the improvements in fuel economy for autos have been eclipsed by the increase in miles driven, while energy efficiency improvements in air conditioning and heating have been dwarfed by increases in home size.

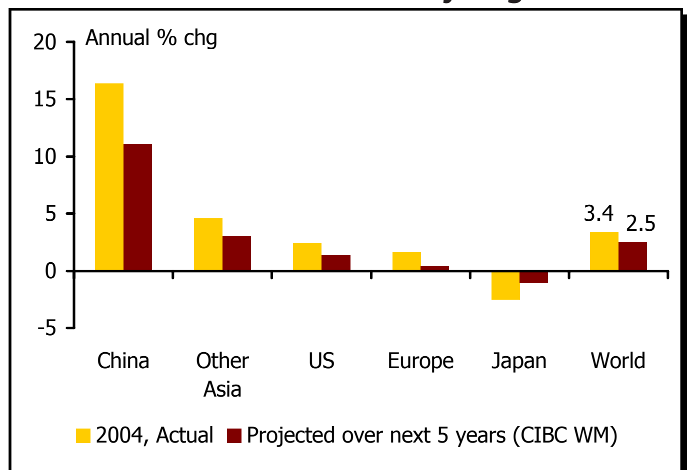
Exploding crude demand from rapidly industrializing Asian economies has permanently ratcheted up global crude demand growth. Even if energy demand growth slows in the US and Europe, and actually declines in Japan, world crude demand is unlikely to grow by less than 2.5% per year (Chart 5) without significant increases in crude prices.

The implications of current growth may soon become staggering relative to available supply growth. From a current base of just over 84 million barrels a day, global crude consumption would grow as briskly as it did before the OPEC shocks, with demand reaching almost 96 million barrels a day by 2010. Unfortunately, supply is unlikely to be able to keep pace. To the extent that it cannot, prices must ultimately ration demand.

Limited Supply Growth to Lag Demand

As noted in January *Monthly Indicators*, there is growing concern that future supply will not be able to respond to that pace of demand growth. The 5-6 year timeline for bringing a major new supply project on stream means that the trajectory for oil supplies through decade-end is largely defined by 50-60 major

Chart 5
World Oil Demand Growth by Region

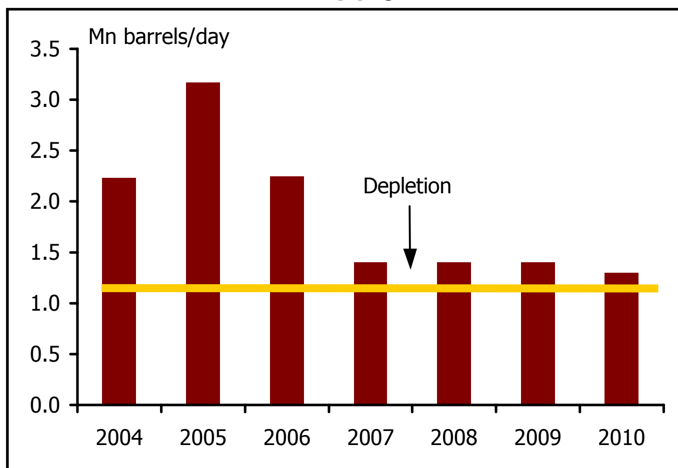


projects at various stages of the planning and development process. A survey of such projects suggests that beyond this year's estimated 3 million barrels a day of production increase, the supply cushion is getting perilously small. As the oil market is finally beginning to recognize, OPEC spare capacity effectively sits at a record low of little more than one million barrels per day. The world is losing just over a million barrels a day of production from depletion every year. Net of depletion, global crude supply is unlikely to get above 85 million barrels a day this year, leaving a scant 1 million barrels a day of spare capacity in the system.

And contrary to conventional wisdom, the oil market is poised to get much tighter, not slacker over the next four years. In fact, surveying the production schedules for new supply sources, 2005 is slated to be the biggest single year over the next four. Additions to gross supply fall off markedly in 2006, even more in subsequent years (Chart 6). Only about 300 thousand barrels of net new supply are likely to come on stream annually from 2006 through the end of the decade, as the new capacity added by major new projects does little more than offset declining production from mature fields. Global production is unlikely to get beyond 87 million barrels a day by the decade's end. Limited planned additions to new net supply suggest, moreover, that 2.5% trend demand growth in oil will run up against a supply barrier as early as 2007.

Chart 6

Additions to Gross Supply



Obviously, prices will have to rise to keep demand within the available supply constraint. Keeping a million barrels a day of reserve capacity in the system, demand must be constrained by the supply barrier. Next year, prices will have to take out over one million barrels of crude demand per day. But this figure rises rapidly in 2007 and 2008 as net supply growth tapers off (Table 1) due to the fall-off in mega-projects coming on stream. In 2007, demand must be cut by almost 3 million barrels a day, while in 2008 some 5 million barrels a day must be cut from trend demand. The demand cuts continue to rise, reaching 9 million bbl/day from trend by 2010.

Further Large Price Increases Needed to Balance Market

How much prices have to rise to achieve those demand cuts depends on the price elasticity of demand for crude. Unfortunately, in the short-run there is very low price elasticity, meaning that it takes relatively large price increases to dampen demand. As a rough guide to estimating the price needed to confine demand to available supply, we have used an elasticity of 0.15 for global oil use. (That figure is derived by weighting US Department of Energy estimates of demand in major oil consuming regions by each region's share of global oil demand.) A 0.15 elasticity means that a 10% rise in crude prices lowers crude demand by only 1.5% taking today's roughly $55/bbl price as the benchmark, crude prices must

Table 1

Needed Demand Cuts to Meet Supply Growth Constraints

Mn barrels/day	***2003***	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***	***2010***
World Oil Demand (assuming 2.5% trend growth)	79.7	82.5	84.6	86.7	88.8	91.1	93.3	95.7
Maximum Supply*	81.4	82.5	84.6	85.7	86.0	86.3	86.6	86.8
Required Reduction in Demand	-	-	-	1.0	2.8	4.8	6.7	8.9
Price Needed to Adjust Demand to Supply ($/bbl)	31	41	55	61	70	80	90	101

** Global capacity less 1 mn bbl/day minimum supply cushion*

rise to an average $61/bbl next year and to an average of $70/bbl by 2007 to achieve the needed demand cuts from trend (Chart 7). As those cuts begin to mushroom after 2007, so too must the price hikes required to bring them about. Crude prices need to rise to an average $80/bbl in 2008 and continue to rise to $101/bbl by 2010 (Chart 8).

In constant dollars, those prices would represent the highest the world has paid for oil since the second OPEC oil shock, some forty years ago. In today's dollars, oil prices peaked at around $90/bbl back in 1980. (It was actually about $40/bbl in the current dollars of the time). While prices are not expected to reach that level until 2010, the projected path of price increases nevertheless closely proxies the real cost of oil seen during the oil crises of the 1970s (Chart 8).

Under our price targets demand tapers off markedly with global consumption growing at only an average 1% pace, roughly half of the trend growth we see now. Beyond 2010, the supply picture opens up again and no doubt $100/bbl oil will trigger accelerated development of tar sands and other non-conventional sources of crude supply. Since those are high cost supplies they may provide little moderating effect on price. Only the discovery and development of new conventional supply "elephants" would bring real price relief. Whether such discoveries will be made remains to be seen. But in the words of Matt Simmons, a noted oil commentator—"When it comes to oil exploration, you don't leave the easiest for the last".

Chart 7

Rising Prices Will Ration Increasingly Scarce Supply

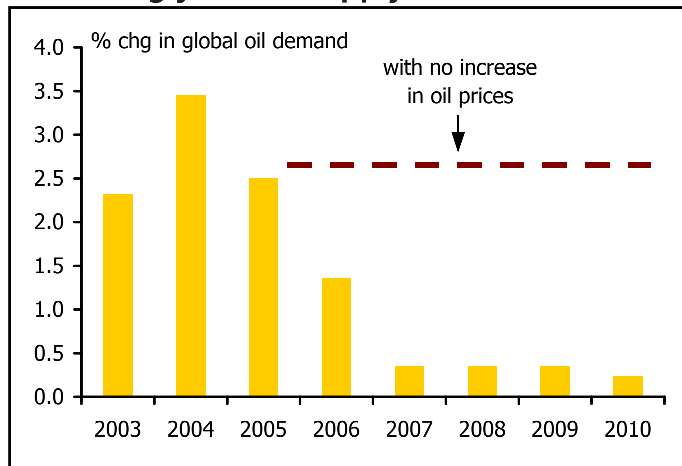
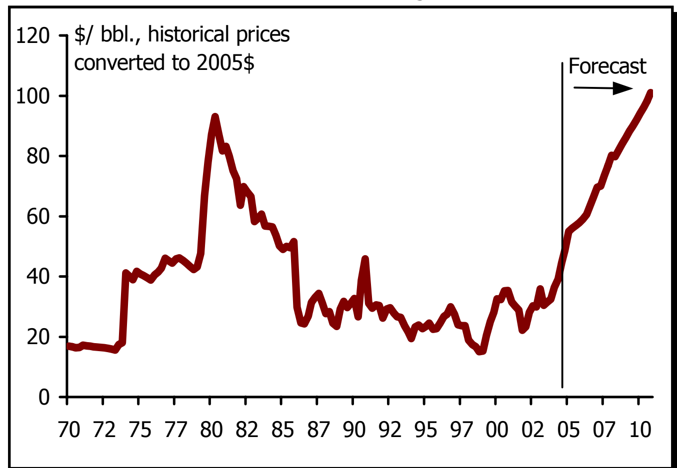


Chart 8

West Texas Will Top $100 by Decade's End



It should be noted that the projections do not take into account the possibility of a global recession and the subsequent feedback of recession to global crude demand. Past evidence shows that cyclical swings in demand can overwhelm any year-to-year change in supply growth. While a recession is certainly plausible over the next five years, particularly in light of how high crude prices will otherwise rise, it would serve as only a temporary diversion from rising energy prices. Throw in a year of flat global demand like we saw during the 2001 recession, and we would at most buy one to two years of price relief before global demand would quickly return to trend growth and an inevitable collision with supply constraints.

ECONOMIC UPDATE

CANADA	04Q4A	05Q1F	05Q2F	05Q3F	05Q4F	2004A	2005F	2006F
Real GDP Growth (AR)	1.7	3.2	2.8	2.1	2.7	2.8	2.7	2.8
Real Final Domestic Demand (AR)	4.4	4.2	3.5	3.2	3.7	3.8	3.7	3.6
All Items CPI Inflation (Y/Y)	2.3	2.1	2.3	2.4	2.4	1.8	2.3	2.2
Core CPI Inflation (Y/Y)	1.6	1.7	1.7	1.7	1.6	1.6	1.7	1.7
Unemployment Rate (%)	7.1	7.0	7.1	7.2	7.2	7.2	7.1	7.2
Merchandise Trade Balance (C$ Bn)	61.9	57.4	61.4	56.5	53.8	67.2	57.3	49.0
U.S.								
Real GDP Growth (AR)	3.8	4.2	3.6	3.1	3.1	4.4	3.7	3.2
Real Final Sales (AR)	3.2	3.9	3.9	3.1	3.3	4.0	3.7	3.2
All Items CPI Inflation (Y/Y)	3.3	3.1	2.8	2.8	3.1	2.7	2.9	2.5
Core CPI Inflation (Y/Y)	2.1	2.3	2.3	2.4	2.4	1.8	2.4	2.3
Unemployment Rate (%)	5.4	5.3	5.3	5.4	5.4	5.5	5.3	5.4

CANADA

- We've raised our outlook for Q2 growth to 2.8% reflecting the lift from strong US demand. However, for the seventh time in eight quarters, Canadian growth looks to trail the US in Q1, with that relative underperformance extending through the balance of 2005. We expect growth to taper off in the third quarter as a result of weakening job creation and employment quality. We expect joblessness to edge higher and wage growth to remain tepid, consistent with an economy failing to live up to its 3% non-inflationary potential this year.

UNITED STATES

- We've raised our first-half call on momentum in consumer and capital spending, but have taken an offsetting bite out of second-half growth in response to a somewhat less favourable interest rate projection and an emerging drag from energy prices. A $5/bbl increase in our annual average for crude oil (to $55/bbl) will show up in a longer period of elevated headline CPI data, but the absence of wage inflation will prevent that from trickling much into core prices.

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CANADA RELEASE AND EVENT DATES

April 2005

MONDAY 28

MONEY SUPPLY M-2

	M	Y
DEC	0.9	6.3
JAN	0.9	6.8
FEB	0.7	6.8

TUESDAY 29

WEDNESDAY 30

INDUSTRIAL PRICES

8:30 AM

	M (NSA)	Y
DEC	0.1	3.6
JAN	0.6	3.3
FEB	1.1	2.3

THURSDAY 31

GDP AT BASIC PRICES

8:30 AM (1997$)

	GDP M	INDUST. PROD. M
NOV	0.3	0.2
DEC	0.2	0.4
JAN	0.2	0.3

FRIDAY 1

MONDAY 4

BoC Business Outlook Survey @ 10:30 AM ET

TUESDAY 5

INTERNATIONAL RESERVES

8:15 AM

	M CHANGE	$BN LEVEL
JAN	0.123	34.6
FEB	0.971	35.6
MAR		

WEDNESDAY 6

BUILDING PERMITS

8:30 AM

	(RES)	(NON-RES)
DEC	3.3	-8.8
JAN	-6.8	-18.8
FEB		

IVEY PURCHASING MANAGERS' INDEX

10:00 AM

THURSDAY 7

FRIDAY 8

LABOUR FORCE SURVEY

7:00 AM

	EMPLOY (HOUSE) M	EMPLOY (HOUSE) Y	UNEMP RATE %	AVG HRLY EARN Y
JAN	0.0	1.4	7.0	3.0
FEB	0.2	1.5	7.0	2.5
MAR				

HOUSING STARTS

8:15 AM

	000's (AR) TOTAL	SINGLES
JAN	204.0	94
FEB	214.8	92
MAR		

MONDAY 11

TUESDAY 12

MERCHANDISE TRADE

8:30 AM

	$MN M	12 MO. BALANCE
DEC	5,209	67,234
JAN	4,006	66,261
FEB		

Bank of Canada Interest Rate Announcement

WEDNESDAY 13

Alberta Budget

THURSDAY 14

Bank of Canada Monetary Policy Report

FRIDAY 15

SURVEY OF MANUFACTURING

8:30 AM

	SHIPMENTS M	Y
DEC	-0.3	9.5
JAN	3.0	12.5
FEB		

MONDAY 18

CAR & TRUCK SALES

8:30 AM 000's (AR)

	TOTAL	DOMESTIC BUILT CAR SALES
DEC	1,512	567
JAN	1,489	552
FEB		

INT'L TRANSACTIONS IN SECURITIES C$BN

8:30 AM

	NET BONDS	NET MONEY MARKET	NET STOCKS	NET TOTAL
DEC	-0.7	-0.4	5.0	3.8
JAN	0.6	1.2	0.0	1.8
FEB				

TUESDAY 19

LEADING INDICATOR

8:30 AM

WHOLESALE TRADE

8:30 AM

WAGE SETTLEMENTS

10:00 AM (%)

	PVT.	PUB.	TOT.
DEC	3.1	2.3	2.4
JAN	2.7	2.4	2.4
FEB			

WEDNESDAY 20

THURSDAY 21

RETAIL TRADE

8:30 AM (Current$)

	M	Y
DEC	-1.2	6.8
JAN	2.0	7.9
FEB		

FRIDAY 22

CONSUMER PRICE INDEX

7:00 AM

	M (NSA)	Y
JAN	-0.1	2.0
FEB	0.4	2.1
MAR		

MONEY SUPPLY M-2

	M	Y
JAN	0.9	6.8
FEB	0.7	6.8
MAR		

MONDAY 25

TUESDAY 26

WEDNESDAY 27

THURSDAY 28

INDUSTRIAL PRICES

8:30 AM

	M (NSA)	Y
JAN	0.6	3.3
FEB	1.1	2.3
MAR		

BUSINESS CONDITIONS SURVEY

8:30 AM

FRIDAY 29

GDP AT BASIC PRICES

8:30 AM (1997$)

	GDP M	INDUST. PROD. M
DEC	0.2	0.4
JAN	0.2	0.3
FEB		

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U.S. RELEASE AND EVENT DATES

April 2005

CIBC World Markets

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY

Monday 28

Tuesday 29

CONSUMER CONFIDENCE
10:00 AM

Wednesday 30

GDP

8:30 AM	(AR) REAL GDP	IMPLICIT DEFLATOR
04:Q3(F)	4.0	1.4
04:Q4(F)	3.8	2.3

CORPORATE PROFITS
8:30 AM

Thursday 31

PERS. INCOME & OUTLAYS

8:30 AM	INCOME	CONS	SAVING RATE
DEC	3.7	0.9	3.7
JAN	-2.5	0.1	0.8
FEB	0.3	0.5	0.6

FACTORY ORDERS

10:00 AM	M	Y
DEC	0.5	10.2
JAN	0.0	11.1
FEB	0.2	10.0

CHICAGO PMI
10:00 AM

Friday 1

EMPLOYMENT SITUATION

8:30 AM (000s)	NON-FARM PAYROLL M	CIV UNEMP RATE %	AVG HRLY EARN Y
JAN	124	5.2	2.7
FEB	243	5.4	2.6
MAR	110	5.2	2.6

ISM MANUFACTURING SURVEY (Formerly NAPM)

10:00 AM	COMP. INDEX	PRICES INDEX
JAN	56.4	69.0
FEB	55.3	65.5
MAR	55.2	73.0

MICHIGAN SENTIMENT (F)
9:45 AM

DOMESTIC AUTO SALES

Monday 4

Tuesday 5

Wednesday 6

Thursday 7

WHOLESALE TRADE
10:00 AM

CONSUMER CREDIT

Friday 8

Monday 11

Tuesday 12

GOODS & SERVICES BALANCE (BOP)

8:30 AM	GDS	SERV	TOT
DEC	-59.9	4.1	-55.7
JAN	-62.3	4.0	-58.3
FEB			

TREASURY BUDGET
2:00 PM

FOMC Minutes

Wednesday 13

RETAIL SALES

8:30 AM	M	Y
JAN	0.2	8.1
FEB	0.4	7.8
MAR		

Thursday 14

BUSINESS INVENTORIES
8:30 AM

MONEY SUPPLY M-2

4:30 PM	M	Y
JAN	0.2	5.7
FEB	0.2	5.2
MAR		

Friday 15

NET CAPITAL INFLOWS TICS
9:00 AM

CAPACITY UTIL/IND. PROD.

9:15 AM	LEV	M	Y
JAN	79.2	0.1	4.2
FEB	79.4	0.3	3.5
MAR			

MICHIGAN SENTIMENT (P)
9:45 AM

Monday 18

Tuesday 19

PRODUCER PRICE INDEX

8:30 AM	M (SA)	Y (NSA)
JAN	0.3	4.2
FEB	0.4	4.7
MAR		

HOUSING STARTS

8:30 AM	MIL (AR)	M
JAN	2.183	6.2
FEB	2.195	0.5
MAR		

Wednesday 20

CONSUMER PRICE INDEX

8:30 AM	M (SA)	Y (NSA)
JAN	0.1	3.0
FEB	0.4	3.0
MAR		

Beige Book

Thursday 21

LEADING INDICATOR
10:00 AM

PHILADELPHIA FED INDEX
12:00 PM

Friday 22

Monday 25

EXISTING HOME SALES
10:00 AM

Tuesday 26

NEW HOME SALES
10:00 AM

CONSUMER CONFIDENCE
10:00 AM

Wednesday 27

DURABLE GOODS ORDERS

8:30 AM	M	Y
JAN	-1.2	11.4
FEB	0.5	7.8
MAR		

Thursday 28

GDP

8:30 AM	(AR) REAL GDP	IMPLICIT DEFLATOR
04:Q3(F)	4.0	1.4
04:Q4(F)	3.8	2.3
05:Q1(A)		

Friday 29

PERS. INCOME & OUTLAYS

8:30 AM	INCOME	CONS	SAVING RATE
JAN	-2.5	0.1	0.8
FEB	0.3	0.5	0.6
MAR			

EMPLOYMENT COST INDEX

8:30 AM	TOTAL	WAGES & SALARY	BEN.
04:Q3	0.9	0.7	1.1
04:Q4	0.7	0.4	1.4
05:Q1			

MICHIGAN SENTIMENT (F)
9:45 AM

CHICAGO PMI
10:00 AM

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