



Weekly Economic Indicators - U.S. and Canada

For the week of November 23, 2009 (Market calls are as of November 19, 2009)

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Monday November 23

U.S. Economic Data and Events

Time	Release		RBC Call	Market Call	Prior Read
8:30	Chicago Fed Nat Activity Index	OCT	n/a	n/a	-0.81
10:00	Existing Home Sales	OCT	5.61M	5.70M	5.57M
10:00	Existing Home Sales MoM	OCT	n/a	2.3%	9.4%
13:00	2-Year Note Auction				

Canadian Economic Data and Events

Time	Release		RBC Call	Market Call	Prior Read
8:30	Retail Sales MoM	SEP	0.5%	n/a	0.8%
8:30	Retail Sales Less Autos MoM	SEP	0.5%	n/a	0.5%

Retail sales in August rose a solid 0.8% helped by gains in both the new motor vehicle and the gasoline station components. For September, the preliminary indicators suggest that support for these areas will continue though with the gains slightly more moderate resulting in an overall increase of 0.5%. The earlier-reported rise in unit auto sales is consistent with an increase in sales of new motor vehicles of 0.8%, which is slower than the 2.2% jump in August. Similarly, a (seasonally-adjusted) increase in gasoline prices suggests that service station sales will rise 2.2% in September though this is down from the 3.9% increase recorded in August. Sales, excluding these two components, are forecast to pick up, with an increase of 0.2% expected following flat sales activity in August that will temper the slowing in overall sales growth.

Tuesday November 24

U.S. Economic Data and Events

Time	Release		RBC Call	Market Call	Prior Read
8:30	GDP QoQ (Annualized)	3Q S	2.6%	3.1%	3.5%
8:30	Personal Consumption	3Q S	3.1%	n/a	3.4%
8:30	GDP Price Index	3Q S	n/a	0.8%	0.8%
8:30	Core PCE QoQ	3Q S	n/a	1.4%	1.4%
9:00	S&P/CaseShiller Home Price Ind	SEP	n/a	n/a	146
9:00	S&P/CS Composite-20 YoY	SEP	n/a	-9.2%	-11.3%
9:00	S&P/Case-Shiller US HPI	3Q	n/a	n/a	132.6
9:00	S&P/Case-Shiller US HPI YOY%	3Q	n/a	n/a	-14.9%
10:00	Consumer Confidence	NOV	47.0	47.0	47.7
10:00	Richmond Fed Manufact. Index	NOV	n/a	n/a	7
10:00	House Price Index MoM	SEP	n/a	0.2%	-0.3%
10:00	House Price Purchase Index QoQ	3Q	n/a	n/a	-0.7%
13:00	5-Year Note Auction				

14:00	Minutes of Nov. 4 FOMC Meeting				
17:00	ABC Consumer Confidence	22-Nov		n/a	n/a

Recent monthly releases all seem to be pointing to a downward revision to Q3 GDP growth to 2.6% from the advance estimate of 3.5%. The September trade report indicated a much larger deterioration in net exports in the month than was assumed in the advance report which is forecast to lower Q3 GDP growth by 0.4 percentage points (pp). As well, the September construction spending numbers imply much weaker business spending on non-residential structures that is expected to take off an additional 0.2 pp. The downward revision to September retail sales imply a further 0.2 pp reduction while the September business inventories suggest a further 0.1 pp hit to GDP growth.

Canadian Economic Data and Events

Time	Release	RBC Call	Market Call	Prior Read
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No releases scheduled.

Wednesday November 25

U.S. Economic Data and Events

Time	Release	RBC Call	Market Call	Prior Read	
7:00	MBA Mortgage Applications	20-Nov	n/a	n/a	-2.5%
8:30	Personal Income	OCT	0.2%	0.2%	0.0%
8:30	Personal Spending	OCT	0.7%	0.5%	-0.5%
8:30	PCE Deflator (YoY)	OCT	0.0%	n/a	-0.5%
8:30	PCE Core (MoM)	OCT	0.1%	0.1%	0.1%
8:30	PCE Core (YoY)	OCT	1.3%	1.3%	1.3%
8:30	Durable Goods Orders	OCT	0.1%	0.5%	1.4%
8:30	Durables Ex Transportation	OCT	0.5%	0.9%	1.2%
8:30	Initial Jobless Claims	21-Nov	475K	n/a	505K
8:30	Continuing Claims	14-Nov	n/a	n/a	5611K
10:00	U. of Michigan Confidence	NOV F	67.0	67.0	66.0
10:00	New Home Sales	OCT	400K	413K	402K
10:00	New Home Sales MoM	OCT	n/a	2.7%	-3.6%
13:00	7-Year Note Auction				

We are assuming personal spending rose 0.7% in October following a 0.5% drop in September. This swing in the growth rate is consistent with the pattern of retail sales activity with October's 1.4% rise following a 2.3% drop in September. The addition of the more stable consumer spending on services in the PCE number tends to produce smaller movements in the personal spending aggregate. (The decline in September retail sales represents a downward revision relative to a previously-reported drop of 1.5% that suggests the risk of a downward revision to September PCE growth.) The rebound in activity in October largely reflects a recovery in spending on motor vehicles in that month after the ending of the auto rebates in September that sent sales activity plummeting. Nominal PCE in October is also expected to be helped by a rise in sales at service stations with receipts boosted by higher gasoline prices (on a seasonally-adjusted basis). Income growth will provide only modest support to spending, as we forecast only a 0.2% monthly gain, though this will represent an improvement from unchanged incomes in September. The October payroll employment report showed a modest easing in the pace of job declines in the month though the bigger factor in the improvement in income growth was the 0.3% rise in average hourly earnings after a 0.1% gain in September.

Canadian Economic Data and Events

Time	Release	RBC Call	Market Call	Prior Read
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No releases scheduled.

Thursday November 26

U.S. Economic Data and Events

Time	Release	RBC Call	Market Call	Prior Read
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Thanksgiving Day Holiday

Canadian Economic Data and Events

Time	Release	RBC Call	Market Call	Prior Read
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No releases scheduled.

Friday November 27

U.S. Economic Data and Events

<u>Time</u>	<u>Release</u>	<u>RBC Call</u>	<u>Market Call</u>	<u>Prior Read</u>
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No releases scheduled.

Canadian Economic Data and Events

<u>Time</u>	<u>Release</u>	<u>RBC Call</u>	<u>Market Call</u>	<u>Prior Read</u>
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8:30	Current Account (BOP)	3Q	-\$13.1B	n/a	-\$11.2B
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The earlier-released merchandise trade numbers from July through September point to a \$2.4B deterioration in the trade balance in Q3 relative to Q2. Though merchandise exports managed to rise an annualized 11.8% in the quarter, this was more than offset by an even greater 23.4% jump in imports. We are assuming some offset from a \$0.5B improvement in the balance on investment income reversing half of the sizeable \$1.0B deterioration in the second quarter.