



Date: August 19, 2009

## Canadian Leading Indicators, July 2009 Results

Source: Statistics Canada

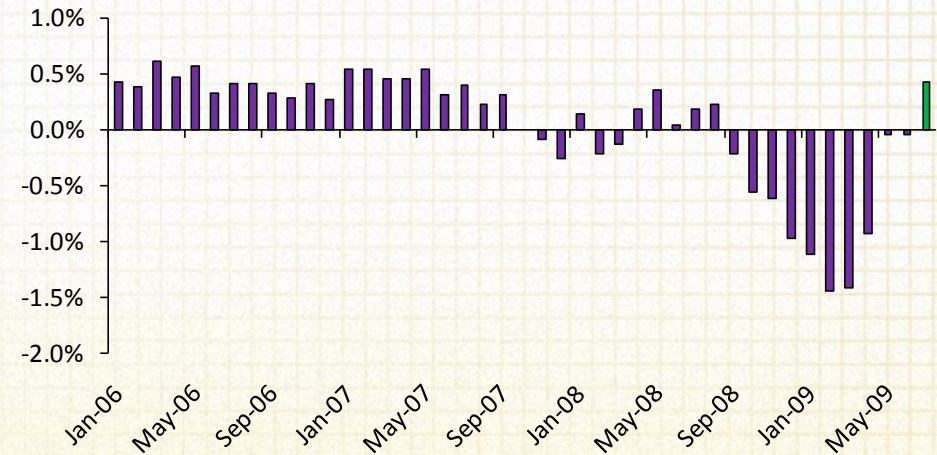
### Link to Release:

<http://www.statcan.gc.ca/daily-quotidien/090819/dq090819b-eng.htm>

**Summary:** Statistics Canada releases a series of leading indicators that can often point toward economic expansion or contraction a few months in advance. The table in this commentary summarizes these indicators. In July, the composite index of leading indicators increased by 0.4 per cent. This represented the first month of growth in eleven months. Notable leading indicators that pushed the composite index into positive territory were the housing sector, equity markets and consumer spending on durable goods.

**Analysis:** Many commentators, including the Bank of Canada, are calling for a return to economic growth in the second half of 2009 and even more so moving through 2010. The positive result for the composite index of leading indicators in July may be pointing in this direction. Growth in the housing sector, which we certainly experienced firsthand in the GTA during the spring and summer, and in discretionary consumer spending is certainly good news given that consumer spending is a key driver of overall economic growth in Canada. Growth in equity markets, if sustained, points to increased wealth for investors, but also the expectation that the value of Canadian corporations is expected to increase moving forward. Of course, one month of growth in the composite index following eleven months of contraction does not constitute a trend. It will be interesting to see if the march into positive territory continues.

### Canadian Composite Index of Leading Indicators Month-Over-Month Per Cent Change



Source: Statistics Canada

Leading Indicator	Month/Month % Change
Housing index (1992=100)	4.5%
Business and personal services employment ('000)	-0.2%
S&P/TSX stock price index (1975=1,000)	5.7%
Money supply, M1 (\$ millions, 1992)	0.7%
US Conference Board leading indicator (1992=100)	0.4%
Average workweek (hours)	0.3%
New orders, durables (\$ millions, 1992)	-5.9%
Shipments/inventories of finished goods	0.0%
Furniture and appliance sales (\$ millions, 1992)	-0.4%
Other durable goods sales (\$ millions, 1992)	2.1%
<b>Composite Index</b>	<b>0.4%</b>

Source: Statistics Canada