

WEEKLY COMMENTARY

Please note that there will be no release of the *Weekly Commentary* from December 23, 2024, to January 3, 2025, inclusive.

2024 Was In like a Lion and Out like a Lion

By Randall Bartlett, Senior Director of Canadian Economics

2024 was a year to remember, both in terms of what happened and what may happen in 2025 as a result. As such, our final commentary of the year seemed a good time to provide a retrospective with a hint of things to come.

The year started under the pall of an [affordability crisis](#). Inflation was high but falling. Interest rates were high, albeit stable. But as Canadians renewed their mortgages at higher rates, inflation stayed more elevated than many people were comfortable with. The impending wall of mortgage renewals starting next year could add to these woes, squeezing household budgets and holding back consumption.

[Rents were skyrocketing](#) too in 2024, in part because of generations-high population growth pushing demand way beyond supply. Unprecedented numbers of newcomers came to Canada, both permanent and non-permanent residents (NPRs). With affordability stretched, new arrivals took the lion's share of the blame. To contend with souring public sentiment, the [federal government planned](#) to reduce first NPRs and then permanent resident admissions as well. Those policy changes are just starting to bear fruit now, much to the chagrin of some business groups, as job vacancies remain stubbornly high in some industries.

With inflation slowing quickly early this year, and with [growth set to slow](#) on weak population gains ahead, upward pressure on prices should ease further in 2025. Hence the [Bank's decision](#) to cut the policy rate by 50 basis points at its December meeting, following the same sized cut in October and three prior cuts of 25 basis points each. After starting the month of June at 5.00%, the policy rate ended 2024 at 3.25%—the top end of the range the Bank of Canada believes the policy will land in over

the long term. And we expect it to fall further through 2025, reaching 2.25% by the end of the year.

Rounding out the big events impacting Canada in 2024 was the re-election of President Donald Trump and the Republican sweep of Congress. Throughout the election campaign, Trump touted tariffs as the solution to many of America's problems, affectionately referring to himself as "Tariff Man." And since the election, he has targeted Canada much more aggressively, escalating his threat of 10% across-the-board tariffs to 25% on Canada and Mexico specifically (although China could be hit even harder). If these more aggressive tariffs come to pass, [our analysis](#) suggests the Canadian economy could tip into recession as early as next year.

To combat these threats, the Government of Canada [announced](#) measures in its Fall Economic Statement 2024 to increase border security. However, this was overshadowed by the resignation of the Deputy Prime Minister and Finance Minister, Chrystia Freeland, and a deficit that ballooned to over \$60B dollars last year. That has increased uncertainty considerably around the future direction of domestic and foreign policy, as the down-on-their-luck Liberals are facing the same anti-incumbency mood that returned Trump to the White House. It's anyone's guess what's in store for the federal government in the new year. What's more certain is that there is a fixed election date in October 2025.

But this anti-incumbent sentiment wasn't just reserved for federal politics in 2024. Both the New Democratic Party in British Columbia and the Saskatchewan Party saw their majorities substantially reduced in their provincial legislatures. But they were both spared the fate of the New Brunswick Progressive

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Conservatives, who were shown the door as the provincial Liberal Party took the reins of a majority government. Bucking this trend were the Nova Scotia Progressive Conservatives, who returned to the provincial legislature with a larger majority. Speculation around an election in 2025 in Ontario suggests the same thing could happen there. While Quebec doesn't have to worry about elections until 2026, the province is legally required to table a plan next year to eliminate its record \$10.8B deficit over a five-year horizon. That alone could set the tone for the next elections, possibly making the economic [resilience](#) of 2024 a distant memory.

All told, 2024 was in like a lion and out like a lion. 2025 could be even more ferocious.

What to Watch For

TUESDAY December 23 - 10:00

December

Consensus	113.0
Desjardins	111.5

November **111.7**

TUESDAY December 24 - 10:00

November

ann. rate

Consensus	663,000
Desjardins	700,000

October **610,000**

TUESDAY December 31 - 9:00

October

y/y

Consensus	n/a
Desjardins	4.10%

September **4.57%**

FRIDAY January 3 - 10:00

December

Consensus	48.5
Desjardins	48.5

November **48.4**

TUESDAY January 7 - 10:00

December

Consensus	n/a
Desjardins	53.0

November **52.1**

FRIDAY January 10 - 8:30

December

Consensus	n/a
Desjardins	140,000

November **227,000**

UNITED STATES

Conference Board Consumer Confidence Index (December) – In November, post-election euphoria lifted consumer sentiment as measured by the Conference Board to its highest level since July 2023. The soaring stock market, rebounding job market and falling gasoline prices also helped boost consumer confidence. In 2016, after Donald Trump won his first presidential election, the resulting surge in confidence lasted into December. But we expect sentiment to level off this month. On the one hand, gasoline prices continued to slide and interest rates dropped slightly. But the stock market’s performance has been more uneven so far in December, and unemployment claims have climbed at the beginning of the month. We expect the Conference Board index to edge down to 111.5.

New home sales (November) – In October, new single-family home sales posted their biggest monthly decline (-17.3%) since July 2013. Home sales fell to their lowest level since November 2022. Most of this slump may be due to the hurricanes that hit the southern United States, where sales plunged 27.7%. Sales probably recovered somewhat in November as the weather more or less returned to normal. That said, the number of unsold new single-family homes is still rising, which suggests any improvement could remain rather slow. Single-family building permits, the NAHB home builder confidence index and online searches for new homes all suggest the rebound will be rather modest and home sales won’t return to cyclical peaks for any length of time, at least not right away. We expect new single-family home sales to have grown to around 700,000 units on an annualized basis in November.

S&P/Case-Shiller home price index (October) – Monthly growth in resale prices cooled somewhat in September, sliding from 0.3% to 0.2%. This was also the smallest gain since January 2024. Of the 20 cities in the index, Miami and Los Angeles posted price declines in September. Nationwide growth probably remained at 0.2 % in October. This monthly gain would bring year-over-year growth closer to 4%.

ISM Manufacturing index (December) – In November, the ISM Manufacturing index climbed to its highest level since June. Although the total index remained below 50, the strength of the improvement can be explained by increases in production-related components and in new orders (which even rose above 50). We expect the index to have stalled in December. The few monthly manufacturing indicators published so far this month have been fairly mixed. The comments from respondents in various industries published in the report will reveal whether the upcoming Trump administration’s policies are already changing the outlook for the manufacturing sector.

ISM Services index (December) – In October, the ISM Services index rose to its highest level since the summer of 2022, then slid back down in November. The election’s impact on services was nowhere near as positive as it was on manufacturing. The only services component that improved much was imports, possibly in response to fears of higher tariffs under the Trump administration. The regional indexes published up to this point in December have also been mixed, but the gains in some consumer confidence indexes are more promising.

Change in nonfarm payrolls (December) – After October’s hardships, the job market bounced back in November with 227,000 net hires. Since some of this growth was due to a rebound after the hurricanes and the Boeing strike, we expect a more modest increase in December. The uptick in unemployment claims early this month also suggests improvement will be limited. We therefore expect around 140,000 jobs will be added in December. Upcoming unemployment claims numbers and Conference Board confidence index data on how easy it is to find a job will help us refine this forecast before the next jobs report is published on January 10. We’ll be keeping an eye on average

hourly wage growth, which remains quite high. We'll also need to watch the household survey, which has been much less positive so far in 2024. In addition, the annual revision of the household survey will be released along with the December figures, while the revision of the establishment survey will be published in February.

CANADA

TUESDAY December 23 - 8:30

October	m/m
Consensus	n/a
Desjardins	0.1%
September	0.1%

Real GDP by industry (October) – We anticipate monthly real GDP by industry grew by 0.1% m/m in October, in line with Statistics Canada's flash estimate. [Strength in home sales](#) and [housing starts](#) likely drove up growth in real estate transactions and construction. Manufacturing probably provided some tailwind, as motor vehicle production is expected to have ramped up at the beginning of Q4. [The October Labour Force Survey](#) showed job gains. In contrast, weak numbers in resource extraction and wholesale trade likely put downward pressure on headline growth. In addition, worker strikes at Montreal, Atlantic and Gulf Coast ports probably put a drag on transportation services this month. Looking ahead to the November real GDP release, we expect Statistics Canada's flash estimate will show that growth accelerated to 0.2% m/m.

FRIDAY January 10 - 8:30

December	
Consensus	n/a
Desjardins	25,000
November	50,500

Net change in employment (December) – The Canadian economy likely added 25K new jobs in December. The major development in November was the sharp increase in the participation rate. It's possible that a portion of that increase was unwound this month. Expect labour supply to continue to outpace demand, but only marginally, and as such, the unemployment rate to remain unchanged at 6.8%. Population growth should continue to slow due to federal policies aimed at curtailing population growth. All of this should bring the labour market into better balance as 2025 progresses. Outside of the headline unemployment figure, unemployment rates for those ages 25 to 54 have continued to rise. That's a worrying sign, as that cohort has the greatest exposure to mortgages and tends to spend the most on average.

OVERSEAS

TUESDAY December 30 - 20:30

December	
Consensus	n/a
November	50.8

China: Composite PMI (December) – China's composite PMI flatlined in November, while the manufacturing index advanced 0.2 points and the non-manufacturing index retreated 0.2 points. Once again, this is in line with our view of a stronger external sector and a domestic economy that's still struggling with a sluggish property market. But Chinese PMIs, industrial production and retail sales have all improved since the summer. Annual growth in retail sales fell from 4.9% in October to 3.0% in November, but that's due to a base effect, since growth 12 months ago was particularly robust (10.3%). The December data will tell us more about the strength of economic growth in the fourth quarter.


TUESDAY January 7 - 5:00

December	y/y
Consensus	n/a
November	2.2%

Eurozone: Consumer price index (December – preliminary) – Inflation in the eurozone has accelerated slightly over the past few months. It climbed from a cyclical low of 1.7% in September to 2.2% in November (the flash estimate was actually 2.3%). As long as the monthly gain in December doesn't turn out to be unusually high, we can expect annual price growth to start ticking back down. The European Central Bank believes inflation will cool again in 2025, so more rate cuts are likely. That said, there are still some persistent upside risks, such as fairly high wage inflation.


Economic Indicators

Week of December 23 to 27, 2024

Day	Time	Indicator	Period	Consensus		Previous reading
UNITED STATES						
MONDAY 23	10:00	Consumer confidence	Dec.	113.0	111.5	111.7
TUESDAY 24	8:30	Durable goods orders (m/m)	Nov.	-0.3%	0.6%	0.3%
	10:00	New home sales (ann. rate)	Nov.	663,000	700,000	610,000
WEDNESDAY 25	---	Markets closed (Christmas Day)				
THURSDAY 26	8:30	Initial unemployment claims	Dec. 16–20	n/a	220,000	220,000
FRIDAY 27	8:30	Goods trade balance – preliminary (US\$B)	Nov.	-101.1	-101.3	-99.1
	8:30	Retail inventories (m/m)	Nov.	n/a	n/a	0.2%
	8:30	Wholesale inventories – preliminary (m/m)	Nov.	n/a	n/a	0.1%

CANADA

MONDAY 23	8:30	Industrial product price index (m/m)	Nov.	n/a	1.0%	1.2%
	8:30	Raw materials price index (m/m)	Nov.	n/a	0.6%	3.8%
	8:30	Real GDP by industry (m/m)	Oct.	n/a	0.1%	0.1%
TUESDAY 24	---	---				
WEDNESDAY 25	---	Markets closed (Christmas Day)				
THURSDAY 26	---	Markets closed (Boxing Day)				
FRIDAY 27	---	---				

Note: Each week, Desjardins Economic Studies takes part in the Bloomberg survey for Canada and the United States. Approximately 15 economists are consulted for the Canadian survey and a hundred or so for the United States. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Following the quarter, the abbreviations f, s and t correspond to first estimate, second estimate and third estimate respectively. Times shown are Eastern Standard Time (GMT -5 hours).  Desjardins Economic Studies forecast.

Economic Indicators


Week of December 23 to 27, 2024

Country	Time	Indicator	Period	Consensus		Previous reading		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
MONDAY 23								
United Kingdom	2:00	Current account (€B)	Q3	n/a		-28.4		
United Kingdom	2:00	Real GDP – final	Q3	0.1%	1.0%	0.1%	1.0%	
TUESDAY 24								
---	---	---						
WEDNESDAY 25								
Japan	0:00	Leading index – final	Oct.	n/a		108.6		
Japan	0:00	Coincident index – final	Oct.	n/a		116.5		
THURSDAY 26								
Japan	0:00	Housing starts	Nov.		0.1%			-2.9%
Japan	18:30	Tokyo Consumer Price Index	Nov.		2.9%			2.6%
Japan	18:30	Unemployment rate	Nov.	2.5%		2.5%		
Japan	18:50	Industrial production – preliminary	Nov.	-3.5%	-3.6%	2.8%	1.4%	
Japan	18:50	Retail sales	Nov.	0.6%	1.7%	-0.2%	1.3%	
FRIDAY 27								
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Note: Unlike release times for US and Canadian economic data, release times for overseas economic data are approximate. Publication dates are provided for information only. The abbreviations m/m, q/q and y/y correspond to month-over-month, quarter-over-quarter and year-over-year change respectively. Times shown are Eastern Standard Time (GMT -5 hours).


Economic Indicators

Week of December 30, 2024, to January 3, 2025

Day	Time	Indicator	Period	Consensus		Previous reading
UNITED STATES						
MONDAY 30	9:45	Chicago PMI	Dec.	n/a	44.0	40.2
	10:00	Pending home sales (m/m)	Nov.	1.0%	n/a	2.0%
TUESDAY 31	9:00	S&P/Case-Shiller home price index (y/y)	Oct.	n/a	4.10%	4.57%
WEDNESDAY 1	---	Markets closed (New Year's Day)				
THURSDAY 2	8:30	Initial unemployment claims	Dec. 23–27	n/a	n/a	n/a
	10:00	Construction spending (m/m)	Nov.	n/a	0.1%	0.4%
FRIDAY 3	---	Total vehicle sales (ann. rate)	Dec.	n/a	16,500,000	16,500,000
	10:00	ISM Manufacturing index	Dec.	48.5	48.5	48.4
	11:00	Speech by Federal Reserve Bank of Richmond President T. Barkin				

CANADA

MONDAY 30	---	---
TUESDAY 31	---	---
WEDNESDAY 1	---	Markets closed (New Year's Day)
THURSDAY 2	---	---
FRIDAY 3	---	---

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Economic Indicators


Week of December 30, 2024, to January 3, 2025


Country	Time	Indicator	Period	Consensus		Previous reading		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 29								
Japan	19:30	Manufacturing PMI – final	Dec.	n/a		49.5		
MONDAY 30								
China	20:30	Composite PMI	Dec.	n/a		50.8		
China	20:30	Manufacturing PMI	Dec.	50.3		50.3		
China	20:30	Non-manufacturing PMI	Dec.	50.2		50.0		
TUESDAY 31								
---	---	---						
WEDNESDAY 1								
---	---	---						
THURSDAY 2								
United Kingdom	---	Nationwide house prices	Dec.	n/a	n/a	1.2%	3.7%	
Italy	3:45	Manufacturing PMI	Dec.	n/a		44.5		
France	3:50	Manufacturing PMI – final	Dec.	n/a		41.9		
Germany	3:55	Manufacturing PMI – final	Dec.	42.5		42.5		
Eurozone	4:00	Manufacturing PMI – final	Dec.	n/a		45.2		
Eurozone	4:00	M3 money supply	Nov.	3.4%		3.4%		
United Kingdom	4:30	Manufacturing PMI – final	Dec.	n/a		47.3		
FRIDAY 3								
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Economic Indicators

Week of January 6 to 10, 2025

Day	Time	Indicator	Period	Consensus		Previous reading
UNITED STATES						
MONDAY 6	10:00	Factory orders (m/m)	Nov.	n/a	n/a	0.2%
TUESDAY 7	8:00	Speech by Federal Reserve Bank of Richmond President T. Barkin				
	8:30	Trade balance – goods and services (US\$B)	Nov.	n/a	n/a	-73.8
	10:00	ISM Services index	Dec.	n/a	53.0	52.1
WEDNESDAY 8	14:00	Release of the Federal Reserve's meeting minutes				
	15:00	Consumer credit (US\$B)	Nov.	n/a	3.000	19.239
THURSDAY 9	8:30	Initial unemployment claims	Dec. 30–Jan. 3	n/a	n/a	n/a
	12:40	Speech by Federal Reserve Bank of Richmond President T. Barkin				
FRIDAY 10	8:30	Change in nonfarm payrolls	Dec.	n/a	140,000	227,000
	8:30	Unemployment rate	Dec.	n/a	4.2%	4.2%
	8:30	Average weekly hours	Dec.	n/a	34.3	34.3
	8:30	Average hourly earnings (m/m)	Dec.	n/a	0.3%	0.4%
	10:00	University of Michigan consumer sentiment index – prel.	Jan.	n/a	n/a	n/a
CANADA						
MONDAY 6	---	---				
TUESDAY 7	8:30	Trade balance (\$B)	Nov.	n/a	-0.60	-0.92
WEDNESDAY 8	---	---				
THURSDAY 9	---	---				
FRIDAY 10	8:30	Net change in employment	Dec.	n/a	25,000	50,500
	8:30	Unemployment rate	Dec.	n/a	6.8%	6.8%
	8:30	Building permits (m/m)	Nov.	n/a	1.7%	-3.1%

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Economic Indicators

Week of January 6 to 10, 2025

Country	Time	Indicator	Period	Consensus		Previous reading		
				m/m (q/q)	y/y	m/m (q/q)	y/y	
OVERSEAS								
SUNDAY 5								
Japan	19:30	Composite PMI – final	Dec.	n/a		50.8		
Japan	19:30	Services PMI – final	Dec.	n/a		51.4		
MONDAY 6								
Italy	3:45	Composite PMI	Dec.	n/a		47.7		
Italy	3:45	Services PMI	Dec.	n/a		49.2		
Germany	3:55	Composite PMI – final	Dec.	n/a		47.8		
Germany	3:55	Services PMI – final	Dec.	n/a		51.0		
France	3:50	Composite PMI – final	Dec.	n/a		46.7		
France	3:50	Services PMI – final	Dec.	n/a		48.2		
Eurozone	4:00	Composite PMI – final	Dec.	n/a		49.5		
Eurozone	4:00	Services PMI – final	Dec.	n/a		51.4		
United Kingdom	4:30	Composite PMI – final	Dec.	n/a		50.5		
United Kingdom	4:30	Services PMI – final	Dec.	n/a		51.4		
Germany	8:00	Consumer price index – preliminary	Dec.	n/a	n/a	-0.2%	2.2%	
TUESDAY 7								
France	2:45	Consumer price index – preliminary	Dec.	n/a	n/a	-0.1%	1.3%	
Italy	4:00	Unemployment rate	Nov.	n/a		5.8%		
Eurozone	5:00	Consumer price index – preliminary	Dec.	n/a	n/a	-0.3%	2.2%	
Eurozone	5:00	Unemployment rate	Nov.	n/a		6.3%		
Italy	5:00	Consumer price index – preliminary	Dec.	n/a	n/a	0.0%	1.4%	
WEDNESDAY 8								
Japan	0:00	Consumer confidence	Dec.	n/a		36.4		
Germany	2:00	Factory orders	Nov.	n/a	n/a	-1.5%	5.7%	
France	2:45	Trade balance (€M)	Nov.	n/a		-7,666		
France	2:45	Current account (€B)	Dec.	n/a		-2.6		
France	2:45	Consumer confidence	Dec.	n/a		-90		
Eurozone	5:00	Consumer confidence – final	Dec.	n/a		n/a		
Eurozone	5:00	Industrial confidence	Dec.	n/a		-11.1		
Eurozone	5:00	Services confidence	Dec.	n/a		5.3		
Eurozone	5:00	Economic confidence	Dec.	n/a		95.8		
Eurozone	5:00	Producer price index	Nov.	n/a	n/a	0.4%	-3.2%	
THURSDAY 9								
Germany	2:00	Trade balance (€B)	Nov.	n/a		13.4		
Germany	2:00	Industrial production	Nov.	n/a	n/a	-1.0%	-4.5%	
Eurozone	5:00	Retail sales	Nov.	n/a	n/a	-0.5%	1.9%	
FRIDAY 10								
France	2:45	Personal consumption expenditures	Nov.	n/a	n/a	-0.4%	0.4%	
France	2:45	Industrial production	Nov.	n/a	n/a	-0.1%	-0.6%	

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