



## Economics

Avery Shenfeld  
(416) 594-7356  
[avery.shenfeld@cibc.com](mailto:avery.shenfeld@cibc.com)

Benjamin Tal  
(416) 956-3698  
[benjamin.tal@cibc.com](mailto:benjamin.tal@cibc.com)

Andrew Grantham  
(416) 956-3219  
[andrew.grantham@cibc.com](mailto:andrew.grantham@cibc.com)

Royce Mendes  
(416) 594-7354  
[royce.mendes@cibc.com](mailto:royce.mendes@cibc.com)

Katherine Judge  
(416) 956-6527  
[katherine.judge@cibc.com](mailto:katherine.judge@cibc.com)

<http://economics.cibccm.com>

# THE WEEK AHEAD

February 22-26, 2021

## Age Before Beauty

by Avery Shenfeld

With the vast majority of Canadians as yet unvaccinated, governments are facing some critical decisions over public health measures. While we won't weigh into that controversy directly, the phrase "against medical advice" is usually one that is worth paying heed to.

But another expression, "age before beauty", could be the best guide for a second key decision that will have a bearing on how quickly we can restart economic activity: who should be vaccinated next now that we are nearly done with long term care facilities and the most vulnerable caregivers.

There are advocates, all having some merit, for essential workers, migrant workers, prisoners, educators, Olympic athletes, the disabled and others to be the top of the list. But we find the case made by Harvard epidemiologist Marc Lipsitch to be the most persuasive: vaccinate the elderly first, starting with those over 80 and working your way down in five year increments, and ignoring these other criteria until those over 60 are covered. The recommendations from Canada's advisory committee comes close but doesn't quite do that, while US states are all over the map in their prioritization plans.

Why the elderly? Because in studies on mortality and hospitalization rates, age is overwhelmingly the dominant explanatory variable. Other factors, including obesity, race, and some pre-existing conditions do matter, but not as much as the number on one's birth certificate.

The picture from Ontario clearly tells that story: those over 60 have accounted for nearly 96% of Covid-19 deaths, while

representing only 21% of known cases (likely overstated since the young are more likely to be less symptomatic). Since the desire to contain deaths, and keep hospital ICUs from overflowing, are the foremost constraints on how much economic activity we can allow, getting everyone over 60 vaccinated quickly is essential.

That will of course still leave the virus circulating among the young, who are often less able to isolate themselves. So we might not reach "herd immunity" as quickly if young essential workers are vaccinated later. But Lipsitch and others' modelling suggests that aiming for herd immunity by vaccinating those with more contacts is a much slower route to ending the death and hospitalization toll.

For those under 60 who have to leave their houses for work, other forms of protection should be the immediate priority. That includes adequate spacing and ventilation, ramping up rapid testing at workplaces to identify outbreaks more quickly, and isolating those who are positive and their close contacts. Rapid testing is still an underutilized tool.

Let's face it. The young are also showing their greater willingness to trade off their risk of infection in order to see their friends or participate in daily economic life. That will only increase if their parents and grandparents are protected. Vaccinate the elderly, provide rapid testing, masks, spacing and ventilation for those out in the workplace, and we'll be on a faster path to opening the economy with the full thumbs up from our doctors.



Week Ahead Calendar And Forecast

CANADA		UNITED STATES		
		CIBC	Consensus	Prior
Monday February 22				
Tuesday February 23	Government Bond Purchase Program (GBPP): 5-YR BoC TERM REPO OPERATION (182 days): \$3B BoC TERM REPO OPERATION (532 days): \$6B			
Wednesday February 24	Speaker: 12:30 PM Tiff Macklem (Governor) Government Bond Purchase Program (GBPP): 2-YR AUCTION: 3-YR CANADAS \$6B			
Thursday February 25	Government Bond Purchase Program (GBPP): 30-YR AUCTION: 30-YR CANADAS \$3B  8:30 AM PAYROLL EMPLOYMENT, EARNINGS & HRS (Dec)			
Friday February 26	Government Bond Purchase Program (GBPP): 10-YR  8:30 AM INDUSTRIAL PROD. PRICES M/M RAW MATERIALS M/M			

UNITED STATES		UNITED STATES		
		CIBC	Consensus	Prior
8:30 AM	CHICAGO FED NAT ACTIVITY INDEX	(Jan)	(M)	0.52
10:00 AM	LEADING INDICATORS M/M	(Jan)	(M)	0.30%
Speaker: 3:30 PM Michelle W Bowman (Governor) (Voter)				
CASH MGMT. 42-DAY \$30B				
AUCTION: 1-YR \$34B				
AUCTION: 2-YR \$60B				
9:00 AM	HOUSE PRICE INDEX M/M	(Dec)	(M)	1.00%
	S&P CORELOGIC CS Y/Y	(Dec)	(H)	9.08%
10:00 AM	CONF. BOARD CONSUMER CONFIDENCE	(Feb)	(H)	89.3
	RICHMOND FED MANUF. INDEX	(Feb)	(M)	14.0
Speaker: 10:00 AM Jerome H Powell (Chairman) (Voter)				
AUCTION: 5-YR \$61B				
AUCTION: 2-YR FRN \$26B				
7:00 AM	MBA-APPLICATIONS	(Feb 19)	(L)	-5.1%
10:00 AM	NEW HOME SALES SAAR	(Jan)	(M)	842K
	NEW HOME SALES M/M	(Jan)	(M)	1.6%
Speaker: 10:00 AM Jerome H Powell (Chairman) (Voter)				
Speaker: 10:30 AM Lael S Brainard (Governor) (Voter)				
Speaker: 1:00 PM Richard Clarida (Governor) (Voter)				
Speaker: 4:00 PM Richard Clarida (Governor) (Voter)				
AUCTION: 7-YR \$62B				
8:30 AM	INITIAL CLAIMS	(Feb 20)	(M)	861K
	CONTINUING CLAIMS	(Feb 13)	(L)	4494K
	DURABLE GOODS ORDERS M/M	(Jan P)	(H)	1.2%
	DURABLE GOODS ORDERS EX-TRANS M/M	(Jan P)	(H)	0.5%
	GDP (annualized)	(4Q S)	(H)	1.1%
	GDP DEFLATOR (annualized)	(4Q S)	(H)	4.0%
10:00 AM	PENDING HOME SALES M/M	(Jan)	(M)	2.0%
				-0.3%
Speaker: 8:30 AM Raphael W. Bostic (President, Atlanta) (Voter)				
Speaker: 10:30 AM James Bullard (President, St Louis) (Non-Voter)				
Speaker: 11:10 AM Randal Keth Quarles (Governor) (Voter)				
Speaker: 3:00 PM John C. Williams (Vice Chairman, New York) (Voter)				
8:30 AM	ADVANCE GOODS TRADE BALANCE	(Jan)	(M)	-\$82.5B
	WHOLESALE INVENTORIES M/M	(Jan P)	(L)	-\$83.0B
	PCE DEFLATOR Y/Y	(Jan)	(H)	0.3%
	PCE DEFLATOR Y/Y (core)	(Jan)	(H)	1.3%
	PERSONAL INCOME M/M	(Jan)	(H)	1.4%
	PERSONAL SPENDING M/M	(Jan)	(H)	1.3%
9:45 AM	CHICAGO PMI	(Feb)	(M)	63.8
10:00 AM	MICHIGAN CONSUMER SENTIMENT	(Feb F)	(H)	76.4
				76.2

Consensus Source: Bloomberg

H, M, L = High, Medium or Low Significance

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

## Week Ahead's Market Call

by Avery Shenfeld

In the **US**, the data will reflect something we already know: Americans got a huge lift to incomes from government stimulus payments in January, and rushed to spend a good chunk of that right away. The resilience of the goods side of the economy should also be captured in a decent gain in durable orders, tilted towards transportation. We have a some Fed speeches on tap, and it's worth watching whether this generally brighter news starts creeping into any slightly reduced dovishness at the central bank. Our bet is that for now they hide any enthusiasm, in order to lean against the climb we're seeing in bond yields, particularly until we see signs of a reacceleration in job gains.

In **Canada**, a light week for economic data will leave the spotlight on Bank of Canada Governor Macklem. Canada's recent data hasn't been as rosy as that stateside, and having raised their growth forecast in January, the Governor will want to balance that by emphasizing the long road still ahead in terms of closing the output gap. That communications strategy is going to be of particular importance if the Bank tapers its pace of bond purchases in April, as it will want to be loud and clear that it doesn't portend any advancing in the date at which rate hikes will be in the offing.

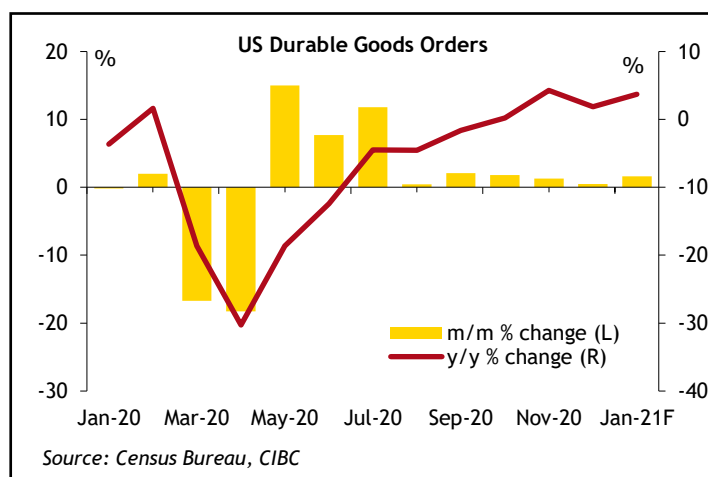
**There are no key Canadian numbers this week.**

**Week Ahead's Key US Number:****Durable Goods Orders—January**

(Thursday, 8:30 a.m.)

Katherine Judge (416) 956-6527

	CIBC	Mkt	Prior
Durable Goods Orders m/m	1.6%	1.5%	0.5%
Ex. Transportation m/m	0.5%	0.6%	1.1%



Goods-producing sectors of the economy have remained bright spots throughout the pandemic, and January likely extended that trend with continued growth in new orders of durable goods. The expected 1.6% growth in headline orders was likely bolstered by a rebound in defense and commercial aircraft orders that dropped off in December. The decline in the ISM's new orders sub-index suggests that orders excluding transportation could have seen a deceleration in monthly growth, to 0.5%, although that would still leave them up by 7% over the past year.

**Forecast Implications** — Although consumer spending gains later this year will be tilted towards services, durable goods should be supported by a cyclical improvement in capital goods demand in the medium term.

**Market Impact** — We are roughly in line with the consensus forecast which should limit market reaction.

**Other U.S. Releases:****Personal Income & Outlays—January**

(Friday, 8:30 am)

The sharp climb in retail sales in January likely prefaces an impressive 2.5% gain in total spending in January as the second wave reached an inflection point mid-month and spending on services could have avoided a decline. With states loosening social distancing measures in February, and additional fiscal stimulus on the way, spending on services should continue to recover ahead. The \$600 stimulus checks and resumption of unemployment benefit top-ups in early January could have underpinned a sharp 9.5% gain in total household income. Core PCE price pressures, the Fed's preferred measure of inflation, likely continued to trail CPI by a tick, decelerating to 1.3%.

**Advance Goods Trade Balance—January**

(Friday, 8:30 am)

Exports of soybeans to China could have gained momentum in January as the country failed to meet 2020 targets for agricultural purchases as outlined in the Phase I trade deal, and President Biden hasn't signaled that he intends to withdraw from it. A rise in inbound shipments of consumer goods could have boosted US imports. But when accounting for the stronger rise in export prices than import prices in January, the US trade deficit in goods could have been contained at close to its record wide level reached recently, at \$82.5 bn.

# CANADIAN RELEASE AND EVENT DATES February/March 2021



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>HOUSING STARTS</b> 15 8:15 AM 000's (AR) TOTAL SINGLES NOV 261 57 DEC 229 53 JAN 282 74  <b>SURVEY OF MANUFACTURING</b> 8:30 AM SHIPMENTS M Y OCT 0.2 -5.5 NOV -0.4 -4.7 DEC 0.9 -3.9	<b>INT'L TRANSACTIONS IN SECURITIES C\$BN, NET</b> 16 8:30 AM BONDS MONEY STOCKS TOT MARKET OCT 6.7 -0.4 0.6 6.9 NOV 6.2 1.1 4.5 11.8 DEC -8.7 6.9 6.9 5.1	<b>CPI</b> 17 8:30 AM M Y NOV 0.1 1.0 DEC -0.2 0.7 JAN 0.6 1.0	<b>ADP EMPLOYMENT SURVEY</b> 18 8:30 AM	<b>RETAIL TRADE</b> 19 8:30 AM (Current\$) M Y OCT -0.2 6.8 NOV 1.8 7.6 DEC -3.4 3.3
22	<b>Bank of Canada Governor Macklem speaks by videoconference at 12:30 PM ET</b> 23	24	<b>PAYROLL EMPLOYMENT, EARNINGS &amp; HOURS</b> 25 8:30 AM	<b>INDUSTRIAL PRICES</b> 26 8:30 AM M (NSA) Y NOV -0.5 0.5 DEC 1.5 1.8 JAN
1	<b>NATIONAL ACCTS</b> 2 8:30 AM REAL GDP PRICE DEFLECTOR %ch AR %ch AR 20:Q2 -38.1 -3.9 20:Q3 40.5 10.7 20:Q4  <b>GDP BY INDUSTRY</b> 8:30 AM (2002\$) GDP IND.PROD. M M OCT 0.4 -0.2 NOV 0.7 1.9 DEC	<b>BUILDING PERMITS (\$)</b> 3 8:30 AM M M (RES) (NON-RES) NOV 9.6 19.3 DEC -0.9 -10.8 JAN	<b>LABOUR PRODUCTIVITY</b> 4 8:30 AM	<b>MERCHANDISE TRADE</b> 5 8:30 AM \$MN 12 MO. BALANCE NOV -3,560 -34,866 DEC -1,665 -36,158 JAN  <b>IVEY PURCHASING MANAGERS' INDEX</b> 10:00 AM
8	9	<b>Bank of Canada Interest Rate Announcement</b> 10	<b>CANADA'S INTERNATIONAL INVESTMENT POSITION</b> 11 8:30 AM	<b>LABOUR FORCE SURVEY</b> 12 8:30 AM AVG EMPLOY UNEMP HRLY (HSHOLD) RATE EARN M Y % Y DEC -0.3 -3.1 8.8 5.4 JAN -1.2 -4.4 9.4 5.9 FEB  <b>CAPACITY UTILIZATION</b> 8:30 AM LEVEL (%) TOTAL MANUF. 20:Q2 70.7 63.5 20:Q3 76.5 75.3 20:Q4  <b>WHOLESALE TRADE</b> 8:30 AM
<b>HOUSING STARTS</b> 15 8:15 AM 000's (AR) TOTAL SINGLES DEC 229 53 JAN 282 74 FEB  <b>SURVEY OF MANUFACTURING</b> 8:30 AM SHIPMENTS M Y NOV -0.4 -4.7 DEC 0.9 -3.9 JAN	<b>INT'L TRANSACTIONS IN SECURITIES C\$BN, NET</b> 16 8:30 AM BONDS MONEY STOCKS TOT MARKET NOV 6.2 1.1 4.5 11.8 DEC -8.7 6.9 6.9 5.1 JAN	<b>CPI</b> 17 8:30 AM M Y DEC -0.2 0.7 JAN 0.6 1.0 FEB	18	<b>RETAIL TRADE</b> 19 8:30 AM (Current\$) M Y NOV 1.8 7.6 DEC -3.4 3.3 JAN

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets Inc. Dates are subject to change. Sources for historical data: Statistics Canada, CMHC, Human Resources Development Canada and the Bank of Canada.

# U.S. RELEASE AND EVENT DATES February/March 2021



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
15  <b>PRESIDENT'S DAY (HOLIDAY, observed) (Markets Closed)</b>	16  <b>NET CAPITAL INFLOWS TICS</b> 4:00 PM	17 <b>RETAIL SALES</b> 8:30 AM M Y NOV -1.3 3.8 DEC -1.0 2.5 JAN 5.3 7.4 <b>PPI</b> 8:30 AM M (SA) Y (SA) NOV 0.1 0.8 DEC 0.3 0.8 JAN 1.3 1.8 <b>CAPACITY UTIL./IND. PROD.</b> 9:15 AM LEV M Y NOV 73.9 0.9 -4.6 DEC 74.9 1.3 -3.2 JAN 75.6 0.9 -1.8 <b>BUSINESS INVENTORIES</b> 10:00 AM <b>FOMC Minutes</b> BOT (9:00) REDBOOK (8:55)	18  <b>HOUSING STARTS</b> 8:30 AM Mn. M/M NOV 1.553 1.5 DEC 1.680 8.2 JAN 1.580 -6.0  <b>PHILADELPHIA FED INDEX</b> 8:30 PM  <b>INITIAL JOBLESS CLAIMS (8:30)</b>	19  <b>EXISTING HOME SALES</b> 10:00 AM
22  <b>LEADING INDICATOR</b> 10:00 AM	23  <b>S&amp;P/CASE-SHILLER HOUSE PRICE INDEX</b> 9:00 AM  <b>CONSUMER CONFIDENCE</b> 10:00 AM  BOT (9:00) REDBOOK (8:55)	24  <b>NEW HOME SALES</b> 10:00 AM	25  <b>DURABLE GOODS ORDERS</b> 8:30 AM M Y NOV 1.2 4.1 DEC 0.2 1.4  <b>GDP</b> 8:30 AM (AR) REAL IMPLICIT GDP DEFLATOR 20:Q2 -31.4 -1.8 20:Q3 33.4 3.5 20:Q4(2nd)  <b>INITIAL JOBLESS CLAIMS (8:30)</b>	26  <b>ADV. TRADE IN INTERNATIONAL GOODS</b> 8:30 AM <b>PERS. INC &amp; OUT.</b> 8:30 AM SAVING INCOME CONS RATE M M AR NOV -1.3 -0.7 12.9 DEC 0.6 -0.2 13.7 JAN  <b>CHICAGO PMI</b> 9:45 AM <b>MICHIGAN SENTIMENT (F)</b> 10:00 AM
1  <b>ISM MFG SURVEY</b> 10:00 AM COMP. PRICES INDEX INDEX DEC 60.5 77.6 JAN 58.7 82.1 FEB	2  <b>LIGHT VEHICLES SALES MIL (AR)</b> Y DEC 16.229 -3.5 JAN 16.628 -1.5 FEB  BOT (9:00) REDBOOK (8:55)	3  <b>ADP SURVEY</b> 8:15 AM  <b>ISM NON-MFG SURVEY</b> 10:00 AM  <b>Beige Book</b>	4  <b>NON-FARM PRODUCTIVITY</b> 8:30 AM Q/Q (AR) Y/Y 20:Q2 10.6 2.9 20:Q3 5.1 4.2 20:Q4(F)  <b>FACTORY ORDERS</b> 10:00 AM M(SA) Y(NSA) NOV 1.3 -0.2 DEC 1.1 -0.8 JAN  <b>INITIAL JOBLESS CLAIMS (8:30)</b>	5  <b>EMPLOY. SITUATION</b> 8:30 AM NON- CIV AVG FARM UNEMP HRLY PAYROLL RATE EARN DEC -227 6.7 5.5 JAN 49 6.3 5.4 FEB  <b>GOODS &amp; SERV. BALANCE (BOP) \$B</b> 8:30 AM GDS SERV TOT NOV -87.0 18.0 -69.0 DEC -84.2 17.5 -66.6 JAN  <b>CONSUMER CREDIT</b> 3:00PM
8  <b>WHOLESALE TRADE</b> 10:00 AM	9  BOT (9:00) REDBOOK (8:55)	10  <b>CPI</b> 8:30 AM M(SA) Y (NSA) DEC 0.2 1.4 JAN 0.3 1.4 FEB  <b>TREASURY BUDGET</b> 2:00 PM	11  <b>INITIAL JOBLESS CLAIMS (8:30)</b>	12  <b>PPI</b> 8:30 AM M (SA) Y (SA) DEC 0.3 0.8 JAN 1.3 1.8 FEB  <b>MICHIGAN SENTIMENT (P)</b> 10:00 AM
15  <b>NET CAPITAL INFLOWS TICS</b> 4:00 PM	16  <b>RETAIL SALES</b> 8:30 AM M Y DEC -1.0 2.5 JAN 5.3 7.4 FEB  <b>CAPACITY UTIL./IND. PROD.</b> 9:15 AM LEV M Y DEC 74.9 1.3 -3.2 JAN 75.6 0.9 -1.8 FEB  <b>BUSINESS INVENTORIES</b> 10:00 AM  BOT (9:00) REDBOOK (8:55)	17  <b>HOUSING STARTS</b> 8:30 AM Mn. M/M DEC 1.680 8.2 JAN 1.580 -6.0 FEB  <b>FOMC Rate Decision</b> <b>Fed Chair Powell speaks @ 2:30 PM ET</b>	18  <b>PHILADELPHIA FED INDEX</b> 8:30 PM  <b>LEADING INDICATOR</b> 10:00 AM  <b>INITIAL JOBLESS CLAIMS (8:30)</b>	19

All data seasonally adjusted except where noted "NSA". M: per cent change from previous month. Q: per cent change from previous quarter at annual rates. Y: per cent change from year earlier. AR: Annual Rate. YTD: Year to date. Release dates are provided by sources outside CIBC World Markets Inc. Dates are subject to change. Sources for historical data: U.S. Department of Commerce, U.S. Department of Labor and U.S. Federal Reserve Board.

CIBC World Markets Inc., CIBC World Markets Corp., CIBC World Markets Plc., CIBC Australia Limited and certain other corporate banking and capital markets activities of Canadian Imperial Bank of Commerce operate under the brand name CIBC Capital Markets.

This report is issued and approved for distribution by (a) in Canada, CIBC World Markets Inc., a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund, (b) in the United Kingdom, CIBC World Markets plc, which is regulated by the Financial Services Authority, and (c) in Australia, CIBC Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC") and (d) in the United States either by (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. This document and any of the products and information contained herein are not intended for the use of private investors in the United Kingdom. Such investors will not be able to enter into agreements or purchase products mentioned herein from CIBC World Markets plc. The comments and views expressed in this document are meant for the general interests of wholesale clients of CIBC Australia Limited.

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

© 2021 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.