

GLOBAL ECONOMICS CLOSING POINTS

December 7, 2020 @ 16:50 EST

KEY POINTS:

- Sovereign curves flatten to start the week
- Brexit talks in a state of suspended animation
- US to pass continuing resolution to delay shutdown risk
- Chile's CB stays on hold as expected
- Will European ZEW confidence register vaccine optimism?
- Global charts tracking COVID-19

TODAY'S NORTH AMERICAN MARKETS

A lot of talk, tweets and high drama went nowhere in Brexit negotiations today. Again. Talks are transitioning toward the leader level as UK PM Johnson and EC President Ursula von der Leyen will meet in coming days and ahead of the EU Leaders meetings on Thursday and Friday.

On this side of the pond, US Senate Majority Leader McConnell said that the Senate will pass a one-week stopgap funding bill tomorrow that postpones risk of a shutdown to next week as they continue to negotiate a funding agreement alongside a stimulus agreement as explained in the Global Week Ahead (here).

- The S&P500 fell by about ¼% with the Nasdaq closing up by ½%. Toronto and London bucked the selling with small gains while the rest of Europe sagged by between ¼% and ½%.
- Sovereign bond curves bull flattened during the risk-off moves. US and Canadian 10s rallied about 3–4bps. The whole gilts curve shifted down by 4– 7bps in a flattening move. EGB 10s rallied 2–3bps.
- Oil slipped by about 1% as gold gained about 1%.
- The USD was little changed as gainers offset depreciating crosses led by sterling and the Mexican peso with the euro and CAD little changed.

Chile's central bank unanimously agreed to keep its policy rate unchanged at 0.5% for "much of the two-year monetary policy horizon" while maintaining bank bond holdings at around US\$8 billion for the next six months while reinvesting coupons. See the accompanying statement here. The more interesting development today was the move by Chile to roll back reopening plans to phase 2 for the region including the capital city of Santiago.

OVERNIGHT MARKETS

There is exceptionally little on the overnight docket through to tomorrow's calendar. Tape bombs on US stimulus/funding talks and Brexit negotiations may pose random risk.

The EC ZEW investor expectations survey (5amET) kicks off another month's round of sentiment surveys (IFO, PMIs next week). It had already plunged by about 20 points in the last reading that was released on November 10th due to

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rising covid-19 cases. The survey was released only one day after Pfizer's vaccine trial announcement and production plans followed by Moderna's and then Astra's. Therefore, if most of the sample period was skewed to before positive vaccine news then it's possible we might get a better reading for the expectations component.

TOMORROW'S NORTH AMERICAN MARKETS

There are no US or Canadian releases on tap tomorrow.

The usual weekly suite of global COVID-19 case charts is provided on the ensuing pages. In general, US and Canadian cases continue to trend upward, multiple European countries have seen cases decline, Latin America is mixed and Asia-Pacific countries trade off declining trends in India and Philippines against rising cases in Japan, South Korea, Indonesia and Malaysia.

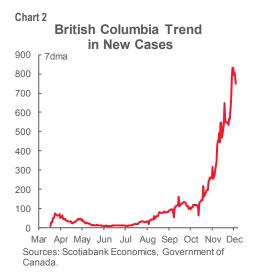
Fixed Income	Government Yield Curves (%):												Central Banks	
	2-YEAR			5-YEAR			10-YEAR			30-YEAR			Current Rate	
	Last	1-day	<u>1-wk</u>	Last	<u>1-day</u>	<u>1-wk</u>	Last	1-day	<u>1-wk</u>	Last	<u>1-day</u>	<u>1-wk</u>		
U.S.	0.14	0.15	0.15	0.39	0.42	0.36	0.93	0.97	0.84	1.68	1.74	1.57	Canada - BoC	0.25
CANADA	0.28	0.28	0.25	0.49	0.50	0.43	0.77	0.79	0.67	1.31	1.34	1.16		
GERMANY	-0.76	-0.75	-0.74	-0.78	-0.75	-0.75	-0.58	-0.55	-0.57	-0.16	-0.12	-0.17	US - Fed	0.25
JAPAN	-0.13	-0.12	-0.12	-0.11	-0.11	-0.09	0.02	0.02	0.03	0.65	0.66	0.65		
U.K.	-0.08	-0.04	-0.02	-0.03	0.02	0.01	0.28	0.35	0.31	0.85	0.92	0.85	England - BoE	0.10
	Spreads vs. U.S. (bps):													
CANADA	14	13	10	10	8	7	-16	-17	-17	-37	-40	-40	Euro zone - ECB	0.00
GERMANY	-90	-90	-89	-117	-117	-111	-151	-151	-141	-184	-186	-173		
JAPAN	-27	-27	-27	-50	-52	-46	-90	-94	-81	-103	-108	-92	Japan - BoJ	-0.10
U.K.	-22	-19	-17	-42	-39	-35	-64	-62	-54	-83	-81	-72		
Equities			Le	•			% ch			ange:			Mexico - Banxico	4.25
	<u>Last</u>			<u>Change</u>		1 Day	<u>1-</u>		<u>1-mo</u>		yr			
S&P/TSX	17582			61.4		0.4		.3	8.0		.4	Australia - RBA	0.10	
Dow 30	30070			-148.5		-0.5		.5	6.2	7.				
S&P 500	3692			-7.2			-0.2	1		5.2	17.4		New Zealand - RBNZ	0.25
Nasdaq	12520			55.7			0.4		.6	5.3	44			
DAX	13271			-28.0			-0.2		.2		6.3 0.8		Next Meeting	g Date
FTSE	6555			5.2			0.1		.6	10.9 -9.5				
Nikkei	26547			-203.8			-0.8 -1.2	0		9.1			Canada - BoC	Dec 09, 2020
Hang Seng		26507			-329.1				.6	3.1		.0		
CAC	5573				-35.8			-0.6 1.0			12.3 -5.1		US - Fed	Dec 16, 2020
Commodities			Le	vel				% change:					<u> </u> <u>.</u> _	
WTI Crude	45.69			-0.57			-1.2 0.8			23.0 -22.8		England - BoE	Dec 17, 2020	
Natural Gas	2.43			-0.15			-5.7	-1		-15.9				
Gold	1864.18			25.32			1.4		.9	-4.5	27		Euro zone - ECB	Dec 10, 2020
Silver	24.23			0.06			0.2		.7	1.0	41		l	
CRB Index		158.95		-0.94			-0.6 -0.7			7.6	-12	2.3	Japan - BoJ	Dec 18, 2020
Currencies		1 0001	Le	vel	0.001=		% change:						<u> </u>	
USDCAD	1.2801			0.0017			0.1	-1.5 -1.6					Mexico - Banxico	Dec 17, 2020
EURUSD	1.2109				-0.0012		-0.1 -0.1		.5	2.5		.4	l .	
USDJPY	104.03				-0.1400				.3	-1.3		.2	Australia - RBA	Feb 01, 2021
AUDUSD	0.7420				-0.0005				.0	1.9		.7	l	-
GBPUSD		1.3371			-0.0070		-0.5		.4	1.6		.7	New Zealand - RBNZ	Feb 23, 2021
USDCHF	0.8910			-0.0012			-0.1	-2	.0	-2.4	-9	.8		

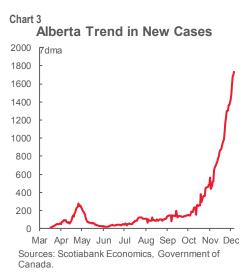


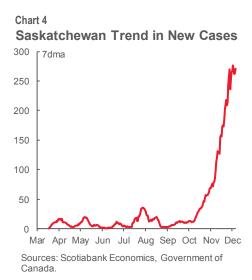


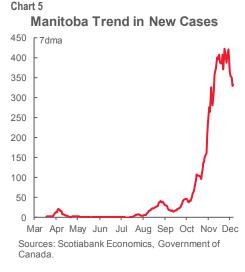
Chart 1 Canadian Trend in New Cases 7000 daily new cases 6000 7-Day Rolling Average Mar Apr May Jun Jul Aug Sep Oct Nov Dec Sources: Scotiabank Economics, Government of

Canada









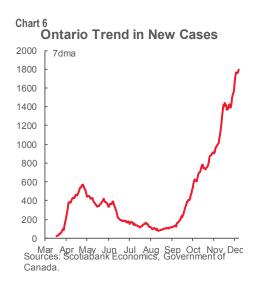
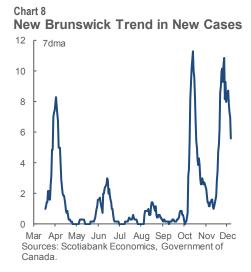
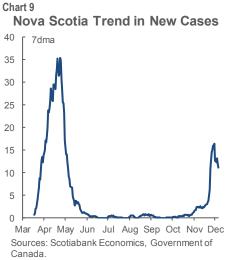


Chart 7
Quebec Trend in New Cases

1600
1400
1200
1000
800
600
400
200
Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Sources: Scotiabank Economics, Government of

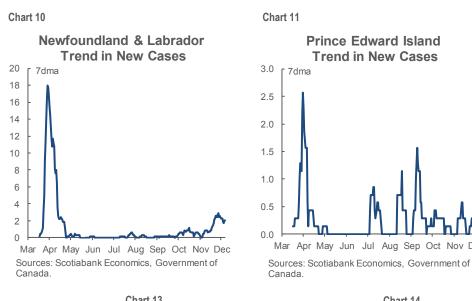
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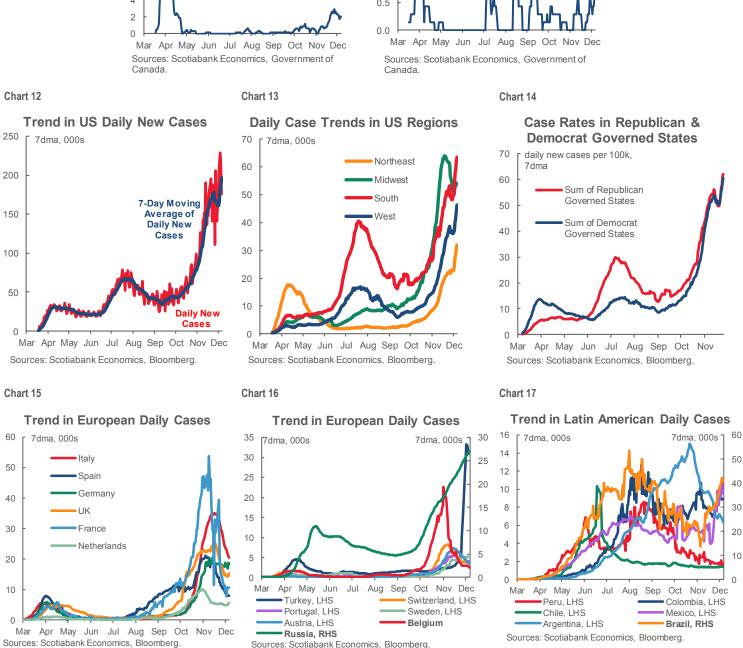




















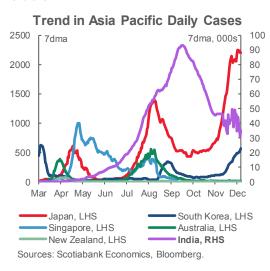
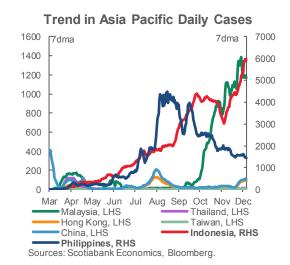


Chart 19





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