

DAILY POINTS

January 18, 2024 @ 7:15 EST

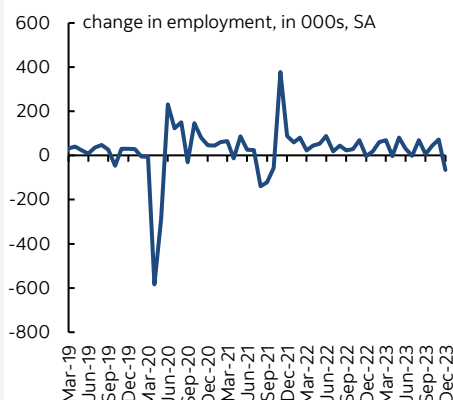
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Chart 1

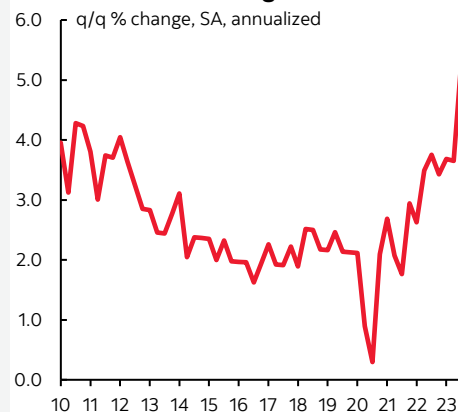
Australian Jobs



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Chart 2

Australia's Wage Growth



Sources: Scotiabank Economics, Australian Bureau of Statistics.

On Deck for Thursday, January 18

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	01-18	07:30	Fed's Bostic Speaks on Economic Outlook				
US	01-18	08:30	Building Permits (000s a.r.)	Dec	--	1476.0	1467.0
US	01-18	08:30	Housing Starts (000s a.r.)	Dec	1440	1425.0	1560.0
US	01-18	08:30	Housing Starts (m/m)	Dec	-7.7	-8.7	14.8
US	01-18	08:30	Initial Jobless Claims (000s)	Jan 13	205	205.0	202.0
US	01-18	08:30	Continuing Claims (000s)	Jan 06	1840	1842.5	1834.0
US	01-18	08:30	Philadelphia Fed Index	Jan	--	-6.7	-12.8
US	01-18	11:30	Fed's Bostic Speaks on Economic Outlook				

KEY POINTS:

- **Markets consolidate large moves amid light developments**
- **Australia lost jobs and why markets didn't much care**
- **Light US data and Fed-speak on tap**

In theory it should be a quieter session in the absence of major calendar-based risks. Some Fed-speak and light US data is on tap along with another Lagarde appearance at 10:15amET. Markets are consolidating the large moves that have driven yields higher, the dollar stronger and equities lower of late and taking a bit of a breather from all of that. Next week's batch of developments might be the next macro catalyst for moves as the ECB, BoJ, and BoC offer updates alongside US GDP, heavy earnings and other macro data.

Australia lost 65k jobs last month and markets didn't really care (chart 1). Didn't see that, walk it off was the market reaction. Australian 2s still sold off with the yield rising by about 5bps overnight in sympathy to the global bond market sell off. The rise would have been maybe 3bps more if not for the jobs headline. The A\$ depreciated to the USD for a few minutes and then quickly shook that off to wind up very slightly firmer on the session. Pricing for individual RBA meetings was minimally impacted.

The drop in Australian jobs was entirely driven by full-time employment (-107k) that fell by the greatest amount since May 2020 when the pandemic was first breaking out. Part-time jobs were up by 41k. Hours worked fell 0.5% m/m as a result and total hours worked are back at February levels. The Australian Bureau of Statistics seemed to imply that the weakness has to be taken in the context of unusual strength over the prior two months relative to seasonal norms. Adverse weather in parts of the country might have been a distorting influence, in which case a rebound may lie ahead if so.

It could be that markets ignored the jobs data as they are more focused upon price signals, like Q4 CPI measures on January 30th and the next Q4 update to soaring wage growth that will arrive on February 20th (chart 2).

A trio of US releases are on tap at 8:30amET and one to watch in particular could be the Philly gauge after Empire measure tanked (-43.7 from -14.5). That signalled panic from the 200 respondents in New York state who fill out the survey and are the remaining 200 that haven't already packed up shop to manufacture somewhere else. US housing starts for December and weekly jobless claims arrive at the same time. The Fed's Bostic is about to deliver his annual outlook as this note is being sent.

There were few other overnight developments aside from the now customary missile flinging across various theaters. The maligned, self-admiring Davos set sounds utterly confused about what to do next after their past finger-wagging policy advice got us into this mess of heavy government debt issuance, too-low-for-too-long policies, high inflation and geopolitical messes in the first place. The mere act of attending signals detachment from reality on mainstreet. Enjoy the canapés and the views, paid for by shareholders and taxpayers, as the dearth of fresh ideas won't be the satisfying part.

Fixed Income	Government Yield Curves (%):												Central Banks		
U.S. CANADA GERMANY JAPAN U.K.	2-YEAR			5-YEAR			10-YEAR			30-YEAR			Current Rate		
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Canada - BoC	5.00	
	4.32	4.36	4.25	3.99	4.03	3.88	4.08	4.10	3.97	4.30	4.31	4.17			
	4.01	4.04	3.83	3.48	3.51	3.31	3.42	3.44	3.24	3.34	3.36	3.18			
	2.66	2.70	2.63	2.22	2.24	2.15	2.30	2.32	2.24	2.48	2.47	2.43			
U.S.	0.03	0.03	0.02	0.24	0.21	0.18	0.65	0.62	0.60	1.72	1.62	1.58	US - Fed	5.50	
U.K.	4.30	4.38	4.26	3.83	3.91	3.76	3.91	3.99	3.84	4.57	4.64	4.44	England - BoE	5.25	
Spreads vs. U.S. (bps):														Euro zone - ECB	4.50
CANADA	-31	-32	-42	-51	-52	-57	-66	-66	-73	-95	-95	-99			
GERMANY	-166	-166	-162	-177	-179	-173	-178	-179	-173	-182	-184	-175			
JAPAN	-429	-434	-423	-375	-382	-370	-342	-349	-336	-258	-269	-259			
U.K.	-1	2	1	-16	-12	-12	-16	-12	-12	27	33	27	Japan - BoJ	-0.10	
Equities	Level						% change:						Mexico - Banxico	11.25	
S&P/TSX Dow 30 S&P 500 Nasdaq DAX FTSE Nikkei Hang Seng CAC	Last			Change			1 Day	1-wk	1-mo	1-yr			Australia - RBA	4.35	
	20695			-253.1			-1.2	-1.4	0.4	1.6			New Zealand - RBNZ	5.50	
	37267			-94.5			-0.3	-0.7	-0.1	11.9			Next Meeting Date		
	4739			-26.8			-0.6	-0.4	-0.0	20.6			Canada - BoC	Jan 24, 2024	
	14856			-88.7			-0.6	-0.0	-0.3	35.6			US - Fed	Jan 31, 2024	
	16535			103.4			0.6	-0.1	-0.7	8.9			England - BoE	Feb 01, 2024	
	7460			13.3			0.2	-1.5	-2.0	-4.7			Euro zone - ECB	Jan 25, 2024	
	35466			-11.6			-0.0	1.2	8.3	32.4			Japan - BoJ	Jan 23, 2024	
	15392			114.9			0.8	-5.6	-7.4	-29.0			Mexico - Banxico	Feb 08, 2024	
	7380			61.7			0.8	-0.1	-2.5	4.2			Australia - RBA	Feb 05, 2024	
Commodities	Level						% change:						New Zealand - RBNZ	Feb 27, 2024	
WTI Crude	72.78			0.22			0.3	2.0	0.4	-8.4					
Natural Gas	2.90			0.03			1.0	-4.6	15.8	-12.4					
Gold	2015.45			9.21			0.5	-0.7	-0.6	5.8					
Silver	22.81			-0.25			-1.1	-0.7	-5.7	-5.4					
CRB Index	263.05			-1.25			-0.5	-0.6	-1.1	-4.7					
Currencies	Level						% change:								
USDCAD	1.3487			-0.0019			-0.1	0.7	0.7	-0.0			Mexico - Banxico	Feb 08, 2024	
EURUSD	1.0888			0.0005			0.0	-0.8	-0.3	0.9			Australia - RBA	Feb 05, 2024	
USDJPY	147.78			-0.3800			-0.3	1.7	3.5	14.6			New Zealand - RBNZ	Feb 27, 2024	
AUDUSD	0.6573			0.0021			0.3	-1.7	-2.0	-5.3					
GBPUSD	1.2688			0.0012			0.1	-0.6	0.3	2.8					
USDCHF	0.8650			0.0006			0.1	1.5	-0.2	-5.6					

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