

DAILY POINTS

January 30, 2024 @ 7:00 EST

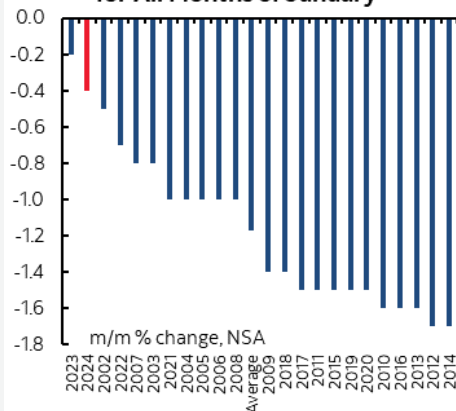
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Chart 1

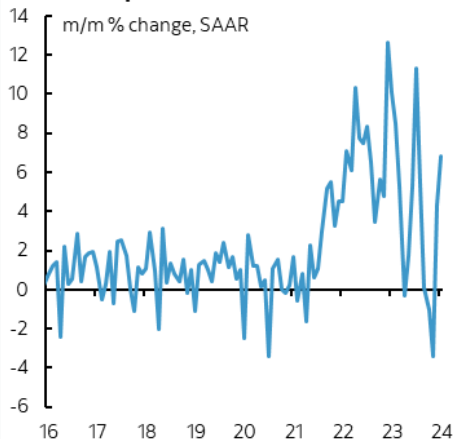
Comparing Spain Core CPI for All Months of January



Sources: Scotiabank Economics, INE.

Chart 2

Spanish Core Inflation



Sources: Scotiabank Economics, INE, Haver.

On Deck for Tuesday, January 30

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	01-30	09:00	S&P/Case-Shiller Home Price Index (m/m)	Nov	0.6	0.5	0.6
US	01-30	09:00	S&P/Case-Shiller Home Price Index (y/y)	Nov	6.0	5.8	4.9
US	01-30	10:00	Consumer Confidence Index	Jan	114	114.3	110.7
US	01-30	10:00	JOLTS Job Openings (000s)	Dec	--	8750.0	8790.0

KEY POINTS:

- **EGBs underperform after a warning shot on Eurozone inflation**
- **Spanish core CPI was unusually hot**
- **US Treasuries stabilize after Treasury's lighter debt issuance projection**
- **Eurozone barely escapes a technical recession**
- **Mexico's economy cooled as 2024 ended**
- **US consumer confidence, JOLTS on tap**
- **Big tech earnings arrive in the after-market**

There is little follow through from yesterday's lighter than expected US Treasury borrowing estimates. US Treasuries are little changed and so are US equity futures. EGBs, however, are slightly underperforming as market pricing for a cut at the ECB's April meeting was shaved by a couple of basis points. Macro data is playing a modest role and primarily on the heels of Spain's hotter than expected core inflation numbers. US data could be impactful later this morning and then there is significant earnings risk in the after market. Oil prices are flat and lying in wait to see if Biden retaliates against the attack on a base in Jordan by Iran and its proxy states.

Yesterday's US Q1 marketable borrowing estimate of US\$760B was \$55B lower than previously announced last October because of upside surprises to fiscal flows. The Q2 marketable borrowing estimate stands at \$202B. Treasury is signalling a desired Treasury cash balance held at the Fed of US\$750B throughout 2024H1. It currently stands at US\$830B, ergo, less debt issuance is required than previously thought back in October when they projected a materially lower cash balance by now. More details will be announced on January 31st. Treasuries responded positively late yesterday afternoon following the 3pmET release.

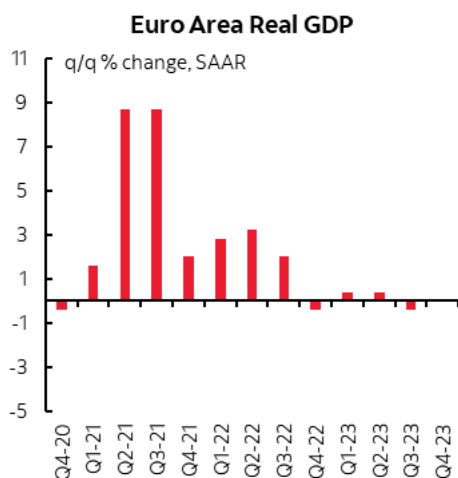
Here's a quick rundown of the two main bits of European data:

- Spanish inflation kicked off the march to Thursday's Eurozone CPI reading by landing hotter than expected. Spanish core CPI (ex-energy and unprocessed food) was 3.6% y/y (3.3% consensus, 3.8% prior) and -0.4% m/m NSA. The month-over-month seasonally unadjusted drop of -0.4% was stronger than a normal month of January when that measure commonly falls by over 1% in like months of January over history (chart 1). Chart 2 shows our seasonal adjustment of the data at an annualized rate. If other countries follow suit, then the Eurozone core add-up could be the second in a row to end the prior pattern of weaker than seasonally normal changes.
- It's hardly much to cheer about, but the Eurozone barely avoided the technical definition of a recession. Eurozone Q4 GDP was flat against consensus expectations for a -0.1% q/q SA print following the -0.1% q/q SA drop in Q3 (chart 3). The small surprise was anticipated by a significant minority. Spain (0.6% q/q SA, consensus 0.2) and Italy (0.2% q/q SA (0% consensus) drove the slight beat. Germany (-0.3% q/q SA) and France (0%) were as expected.

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Mexico's economy slowed by more than expected (0.1% q/q SA, 0.4% consensus). See chart 4. Then the focus is going to be upon US consumer confidence and JOLTS vacancies followed by tech earnings in the after-market (Microsoft, Alphabet, AMD etc).

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4



Sources: Scotiabank Economics, INEGI, Bloomberg.

Fixed Income	Government Yield Curves (%):												Central Banks	
U.S. CANADA GERMANY JAPAN U.K. 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		
	4.32	4.32	4.37	3.98	3.98	4.04	4.06	4.07	4.13	4.29	4.31	4.36	Canada - BoC	5.00
	4.02	4.02	4.04	3.51	3.51	3.53	3.45	3.45	3.47	3.39	3.39	3.41	US - Fed	5.50
	2.51	2.57	2.71	2.15	2.13	2.27	2.25	2.24	2.35	2.48	2.47	2.54		
	0.06	0.06	0.04	0.30	0.30	0.27	0.72	0.72	0.67	1.82	1.84	1.76		
	4.29	4.27	4.38	3.80	3.81	3.93	3.86	3.88	3.99	4.50	4.51	4.58	England - BoE	5.25
	Spreads vs. U.S. (bps):													
	-30	-30	-33	-46	-47	-51	-61	-63	-66	-90	-92	-95	Euro zone - ECB	4.50
	-180	-175	-166	-183	-186	-177	-181	-184	-178	-181	-184	-183	Japan - BoJ	-0.10
-426	-426	-433	-368	-368	-377	-334	-335	-346	-247	-248	-260			
-3	-5	0	-18	-18	-11	-20	-20	-14	21	19	22			
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					
	21200	74.8		0.4	1.3	1.2	3.1							
	38333	224.0		0.6	0.9	1.7	13.7	New Zealand - RBNZ	5.50					
	4928	37.0		0.8	1.6	3.3	22.7							
	15628	172.7		1.1	1.7	4.1	37.2	Next Meeting Date						
	16972	30.2		0.2	2.1	1.3	12.2	Canada - BoC	Mar 06, 2024					
	7670	37.3		0.5	2.5	-0.8	-1.5	US - Fed	Jan 31, 2024					
	36066	38.9		0.1	-1.2	7.8	31.5	England - BoE	Feb 01, 2024					
	15703	-373.8		-2.3	2.3	-7.9	-28.8	Euro zone - ECB	Mar 07, 2024					
	7677	35.7		0.5	3.9	1.8	8.4	Japan - BoJ	Mar 19, 2024					
Commodities	Level						% change:							
WTI Crude Natural Gas Gold Silver CRB Index	76.82	0.04		0.1	3.3	7.2	-1.4	Mexico - Banxico	Feb 08, 2024					
	2.08	0.02		1.1	-15.3	-17.4	-22.5	Australia - RBA	Feb 05, 2024					
	2034.22	1.00		0.0	0.2	-1.4	5.8	New Zealand - RBNZ	Feb 27, 2024					
	23.01	0.09		0.4	3.6	-3.3	-3.0							
	270.88	-2.69		-1.0	1.5	2.7	-1.3							
Currencies	Level						% change:							
USDCAD EURUSD USDJPY AUDUSD GBPUSD USDCHF	1.3415	0.0001		0.0	-0.3	1.3	0.2							
	1.0842	0.0009		0.1	-0.1	-1.8	-0.1							
	147.40	-0.1000		-0.1	-0.6	4.6	13.0							
	0.6594	-0.0017		-0.3	0.2	-3.2	-6.6							
	1.2680	-0.0029		-0.2	-0.1	-0.4	2.7							
0.8629	0.0016		0.2	-0.8	2.6	-6.7								

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