

DAILY POINTS

February 2, 2024 @ 7:30 EST

Contributors

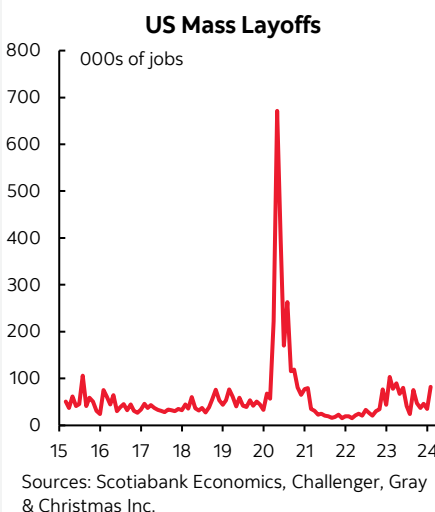
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Chart 1



Chart 2



On Deck for Friday, February 2

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	02-02	08:30	Average Hourly Earnings (m/m)	Jan	0.4	0.3	0.4
US	02-02	08:30	Average Hourly Earnings (y/y)	Jan	4.2	4.1	4.1
US	02-02	08:30	Average Weekly Hours	Jan	--	34.3	34.3
US	02-02	08:30	Nonfarm Employment Report (000s m/m)	Jan	220	185.0	216.0
US	02-02	08:30	Unemployment Rate (%)	Jan	3.7	3.8	3.7
US	02-02	08:30	Household Employment Report (000s m/m)	Jan	--	--	-683.0
US	02-02	10:00	Factory Orders (m/m)	Dec	0.4	0.2	2.6
US	02-02	10:00	U. of Michigan Consumer Sentiment	Jan F	--	78.9	78.8

KEY POINTS:

- **Tech earnings buoy risk sentiment...**
- **...as markets await nonfarm payrolls and wages**
- **Why US nonfarm payrolls face even more uncertainty than usual**
- **Tentative evidence is confirming my bullish Canadian housing narrative...**
- **...that is part of the narrative that portrays cut pricing to be offside**

US tech earnings are supporting risk appetite ahead of nonfarm payrolls and wages. There was nothing else by way of material developments overnight. Canadian housing developments are flagged below.

Here is a preview of the establishment (aka Current Employment Statistics) and household (aka Current Population Survey) surveys of US job market conditions for January (8:30amET). The normal elevated uncertainty having to do with high statistical noise at the best of times is going to be even greater this time.

Consensus median: 185k

Consensus mean: 196k

Scotia: 220k

Range: Most are within 140k – 240k which is well within statistical noise bands

Whisper number: 213k

Std dev: 41k

90% confidence interval: +/-130k (ergo noisy!)

Wages: 0.3% m/m SA // Scotia 0.4% m/m

UR: 3.8% // Scotia 3.7% from 3.7%

Watch for annual benchmark revisions that adjust SA factors for payrolls. Watch for fresh population estimates that could drive revisions to the companion household survey from which the UR is derived. Control for potential weather effects.

As for what we can piece together from other advance labour market readings, here's the list:

- Consumers said jobs were materially more plentiful in January as the jobs plentiful reading within the Conf Board's consumer confidence gauge jumped by 5.1 points to its highest reading since last June.
- JOLTS job vacancies increased in December. They are well off the peak, but still well above pre-pandemic levels (chart 1).
- The NFIB small business measure of jobs hard to fill fell a point to its lowest since January 2021. The NFIB's hiring plans index fell two points to its weakest since May 2020.

- ADP private payrolls were up by just 107k. Lots of head fakes in terms of the relationship to nonfarm private payrolls.
- Challenger layoffs increased to 82k in January from 35k but they are not seasonally adjusted (chart 2). The same thing happened at the start of last year. What I think is happening is that companies hired so many workers out of the pandemic and then as they reported full year earnings and conducted performance reviews they've been engaged in greater than normal culling of the workforce at the start of each year. I would caution against declaring a trend.
- Initial jobless claims were little changed between the December and January nonfarm reference periods (the pay period including the 12th).

On a totally different note, I'm hearing of more and more bullish Canadian housing facts that play to my narrative that the BoC is going to be caught flat footed into the Spring market once again. On the heels of an 8.7% m/m SA jump in Canadian existing home sales in December that was the hottest gain since last April's surge, the tentative evidence is pointing toward a continuation of strong momentum.

1. I'm hearing multiple anecdotes of soaring mortgage applications across the street and desks.
2. Calgary home sales during January sound like they were strong, pushing months supply down to 1.3 months nearing 2006 lows ([here](#)). 1.3 months!! Vancouver and Toronto should be out next week.
3. Check out the bidding frenzy that occurred at [this](#) pretty average home, albeit distorted by a list-low sales tactic.

As for the drivers? This has nothing to do with a Spring or mid-year rate cut that's not gonna happen anyway. This is about mismanaged and grossly excessive immigration, lean supply, 1st time buyers amassing bigger down payments to capitalize upon slightly cheaper prices, ripping wages, a strong job market, seasonal demand, and better household finances than often portrayed.

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		
	4.23	4.20	4.35	3.82	3.81	4.04	3.87	3.88	4.14	4.10	4.12	4.37	Canada - BoC	5.00
	3.94	3.94	4.05	3.34	3.35	3.57	3.24	3.27	3.52	3.17	3.20	3.48		
	2.49	2.46	2.63	2.08	2.05	2.20	2.15	2.15	2.30	2.36	2.37	2.51	US - Fed	5.50
	0.09	0.09	0.05	0.29	0.29	0.30	0.67	0.71	0.72	1.76	1.80	1.82		
	4.30	4.23	4.35	3.77	3.70	3.89	3.79	3.75	3.96	4.44	4.41	4.59	England - BoE	5.25
CANADA GERMANY JAPAN U.K.	Spreads vs. U.S. (bps):													
	-29	-27	-30	-48	-46	-46	-63	-61	-62	-93	-92	-89	Euro zone - ECB	4.50
	-174	-175	-172	-175	-176	-184	-172	-173	-184	-174	-175	-186		
	-414	-412	-430	-354	-352	-373	-320	-318	-342	-234	-232	-255	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		
	21119			97.3			0.5	0.1			1.2	1.8	Australia - RBA	4.35
	38520			369.5			1.0	1.2			2.1	13.1		
	4906			60.5			1.2	0.2			3.4	17.4	New Zealand - RBNZ	5.50
	15362			197.6			1.3	-1.0			4.0	25.9		
	16991			132.4			0.8	0.2			1.3	9.6		
	7652			29.9			0.4	0.2			-0.9	-2.1		
	36158			146.6			0.4	1.1			8.3	31.4	Canada - BoC	Mar 06, 2024
	15534			-32.6			-0.2	-2.6			-6.1	-28.3		
	7637			48.5			0.6	0.0			1.4	6.6	US - Fed	Mar 20, 2024
Commodities	Level						% change:							
WTI Crude	73.99			0.17			0.2	-5.2		5.1		-2.5	England - BoE	Mar 21, 2024
Natural Gas	2.07			0.02			1.0	-23.7		-19.4		-15.7		
Gold	2055.66			0.67			0.0	1.8		-0.2		7.5	Euro zone - ECB	Mar 07, 2024
Silver	22.67			-0.42			-1.8	-0.9		-4.7		-3.5		
CRB Index	269.71			-2.70			-1.0	-1.0		2.7		-0.7	Japan - BoJ	Mar 19, 2024
Currencies	Level						% change:							
USDCAD	1.3379			-0.0007			-0.1	-0.6		0.4		0.5	Mexico - Banxico	Feb 08, 2024
EURUSD	1.0883			0.0011			0.1	0.3		-0.5		-0.2		
USDJPY	146.54			0.1100			0.1	-1.1		3.2		13.9	Australia - RBA	Feb 05, 2024
AUDUSD	0.6604			0.0032			0.5	0.4		-2.3		-6.7		
GBPUSD	1.2757			0.0013			0.1	0.4		1.1		4.4	New Zealand - RBNZ	Feb 27, 2024
USDCHF	0.8561			-0.0017			-0.2	-0.9		0.7		-6.3		

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