

DAILY POINTS

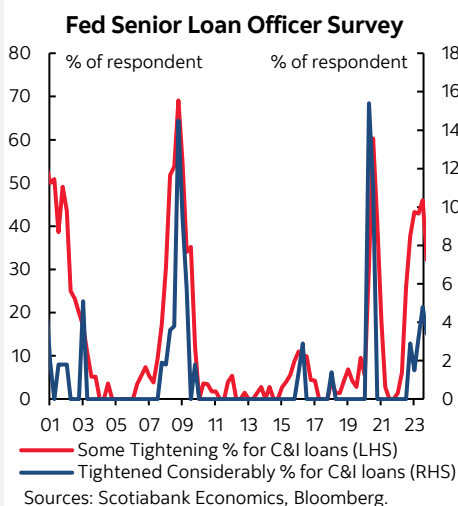
February 5, 2024 @ 6:30 EST

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Chart 1



On Deck for Monday, February 5

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	02-05	10:00	ISM Non-Manufacturing Composite	Jan	51.5	52.0	50.5
US	02-05	14:00	Fed's Bostic Gives Welcoming Remarks				
US	02-05	14:00	Senior Loan Officer Opinion Survey on Bank Lending Practices				

KEY POINTS:

- **Markets extend post-payrolls reaction**
- **Powell's stale interview merely reinforced pre-payrolls guidance**
- **Will US ISM-services repeat January's post-payrolls surprise?**
- **Will SLOS explain why the FOMC dropped reference to tighter credit?**
- **Canada will update wage settlements today**
- **Canada extended its xenophobic, scapegoating ban on foreign home buyers**
- **Light Fed-speak**
- **Global Week Ahead reminder [here](#)**

Markets are extending Friday's post-payrolls effects. US Ts are bear flattening with 2s about 7bps cheaper for a cumulative 20bps repricing to pre-payrolls. May FOMC cut pricing continues to be scaled back by an extra few bps this morning and by a cumulative 13bps post-payrolls; Q1 GDP arrives 6 days before the May 1st decision so if GDP tracking continues to be very strong then it would make for awkward optics to a) cut in May, or b) set up a June cut at the May meeting.

EGBs and gilts are selling off by a little less than the US. The dollar is broadly stronger. Equities are a little lower across NA futures and mixed in Europe. Asia-Pacific markets took down the new information for the first time with Chinese stocks falling by 1% (Shanghai, SOE-dominated) to 4% (Shenzhen) as pushed out Fed cuts tie the PBOC's hands somewhat via the yuan. Asia-Pacific bonds are generally underperforming.

Fed Chair Powell's CBS interview (full transcript [here](#)) was stale on arrival last night and offered nothing new. It was stale because it was pre-recorded the day before Friday's blockbuster payrolls and wages report including revisions that poured cold water on Powell's narrative that the labour market is coming back into balance (recap [here](#)). Powell reiterated that a cut by March is unlikely, warned against easing too soon, and said that FOMC forecasts for easing probability hadn't materially changed since the December 'dot plot.'

The US will release the January edition of the ISM-services report. Most expect improvement but ISM can surprise and that could be material to markets this morning. Recall the market reaction back on January 5th when payrolls were stronger than consensus expectations, but then ISM landed 90 minutes later and drove US front-end yields lower. The context is different today given the magnitude of the payrolls beat and the directness of Fed-speak against nearer term easing that have combined to push out Fed pricing.

The Fed's Senior Loan Officer Opinion Survey will be released this afternoon (2pmET) and will further update credit conditions. The last update was in October and hence toward the peak of the bond market sell off. Did it improve and offer justification for dropping reference in the FOMC statement to 'tighter financial and credit conditions for households and businesses'?

Canada will update wage settlements and the numbers are expected to be strong (time TBD). Canada will also update little-watched PMIs for January (9:30amET)

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Canada extended its ban on buyers of Canadian home by two years to January 2027 in an announcement made by FinMin Freeland yesterday. It's a purely xenophobic measure aimed at politically scapegoating foreign buyers that were an immaterial share of home purchases. It is designed to politically blame foreign buyers for what is instead the total mismanagement of Canadian housing and immigration policy. Besides, ultra loose immigration policy including abuse of the temporary category particularly via international students resulted in finding other ways of funnelling money from outside of Canada into local housing.

There will also be light Fed-speak from Chicago's Goolsbee (10amET) and Atlanta's Bostic (2pmET).

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			
	4.43	4.37	4.32	4.05	3.98	3.98	4.08	4.02	4.07	4.26	4.22	4.31					
	4.06	3.94	4.05	3.48	3.35	3.57	3.38	3.27	3.52	3.29	3.20	3.48					
	2.59	2.57	2.57	2.20	2.17	2.13	2.27	2.24	2.24	2.49	2.44	2.47					
	0.11	0.09	0.06	0.33	0.29	0.30	0.73	0.67	0.72	1.79	1.76	1.84					
	4.47	4.42	4.27	3.96	3.91	3.81	3.96	3.92	3.88	4.58	4.55	4.51					
CANADA GERMANY JAPAN U.K.	Spreads vs. U.S. (bps):												Euro zone - ECB	4.50			
	-37	-43	-27	-57	-63	-41	-70	-75	-55	-97	-102	-84					
	-184	-180	-175	-185	-182	-186	-180	-178	-184	-177	-178	-184					
	-432	-428	-426	-372	-370	-368	-335	-335	-335	-247	-247	-248					
	4	6	-5	-9	-7	-18	-12	-10	-20	33	33	19					
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							
	21085	-34.1					-0.2	-0.2	0.7	1.6							
	38654	134.6					0.3	1.4	3.2	13.9							
	4959	52.4					1.1	1.4	5.6	19.9							
	15629	267.3					1.7	1.1	7.6	30.2							
	16957	39.0					0.2	0.1	2.2	9.6							
	7645	29.7					0.4	0.2	-0.6	-3.2							
	36354	196.1					0.5	0.9	8.9	32.2							
	15510	-23.5					-0.2	-3.5	-6.2	-28.4							
CAC	7598	5.6					0.1	-0.6	2.4	5.0							
Commodities	Level						% change:						England - BoE	Mar 21, 2024			
WTI Crude Natural Gas Gold Silver CRB Index	71.75	-0.53					-0.7	-6.6	-2.8	-2.2							
	2.10	0.02					0.8	-15.8	-27.5	-13.0							
	2025.85	-13.91					-0.7	-0.4	-1.0	8.6							
	23.23	0.56					2.5	1.4	-3.0	-4.9							
	267.74	-1.97					-0.7	-2.1	0.7	0.6							
	Currencies	Level						% change:							Euro zone - ECB	Mar 07, 2024	
	USDCAD EURUSD USDJPY AUDUSD GBPUSD USDCHF	1.3485	0.0022					0.2	0.5	0.9	0.3						
1.0752		-0.0036					-0.3	-0.7	-1.7	0.2							
148.37		-0.0100					-0.0	0.6	2.6	11.8							
0.6504		-0.0008					-0.1	-1.6	-3.1	-5.5							
1.2580		-0.0051					-0.4	-1.0	-1.1	4.7							
0.8695		0.0027					0.3	1.0	2.3	-6.3							
New Zealand - RBNZ													Feb 27, 2024				

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