

### DAILY POINTS

February 9, 2024 @ 7:00 EST

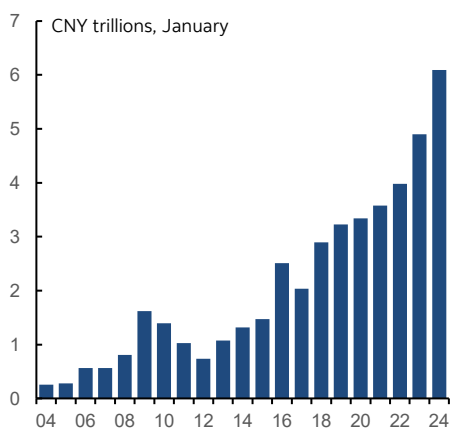
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Chart 1

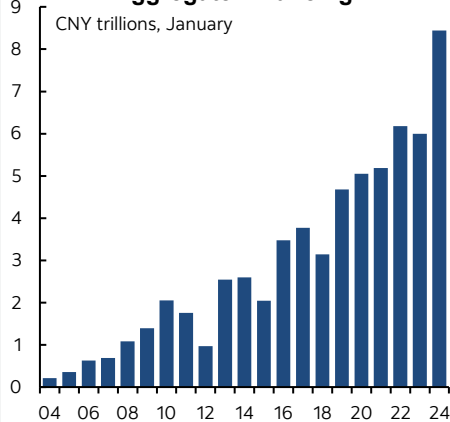
#### China's Year-to-Date New Yuan Loans



Sources: Scotiabank Economics, Bloomberg.

Chart 2

#### China's Year-to-Date Aggregate Financing



Sources: Scotiabank Economics, Bloomberg.

### On Deck for Friday, February 9

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	02-09	08:30	Employment (000s m/m)	Jan	20.0	15.0	0.1
CA	02-09	08:30	Unemployment Rate (%)	Jan	5.9	5.9	5.8
US	02-09	13:30	Fed's Logan Speaks in Moderated Q&A				

#### KEY POINTS:

- **Markets await US data wiggles**
- **Five years of US CPI revisions are on tap...**
- **...but the potential implications are likely exaggerated**
- **Canadian jobs set for update as the slowing narrative is overblown so far**
- **China's loan originations accelerated**
- **Peru's central bank cut, issues data dependent forward guidance**

I guess it's a further sign of the times that data revisions—yes, revisions!—would have markets somewhat on tenterhooks to end the week. It all sounds very much over hyped and over analyzed to me. Let's just see the numbers, watch markets potentially over react, and then settle back into assessing incremental risks that will ultimately guide the Fed. In my opinion, Governor Waller sounded a tad ridiculous upon making the fate of US monetary policy so dependent upon this morning's possible changes. Said revisions will compete against Canadian labour market readings in local markets. Chinese credit figures are being largely ignored in markets and Peru's markets will assess the BCRP's latest rate decision.

#### Chinese Loan Originations Accelerate, Growth in Outstandings Cools

China randomly released financing figures this morning. They showed the strongest start to the new year on record in terms of new originations, while growth in outstandings continued to slip. Chart 1 shows new yuan loans that were issued in January compared to all other prior Januarys. Chart 2 does likewise for aggregate financing that also includes FX loans, bonds, equities, trust loans and shadow banking products. Chart 3 depicts growth in outstanding balances of yuan-denominated loans and chart 4 shows growth in outstanding balances across all financing products.

#### Peru's Central Bank Cut, Emphasizes Uncertainty

Peru's central bank cut by 25bps last evening as widely expected. That extended the pattern of 25bps reductions for a cumulative 150bps of easing since cuts began in September. The central bank expects inflation "to be within that target in the next two

Chart 3

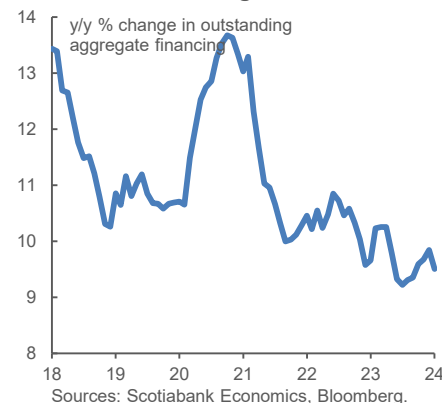
#### China's Loan Growth



Sources: Scotiabank Economics, Bloomberg.

Chart 4

#### China's Waning Total Financing Growth



Sources: Scotiabank Economics, Bloomberg.

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months.” Guidance indicated that inflation is expected to continue to point lower. Forward rate guidance noted “This decision does not necessarily imply a sequence of interest rate reductions” with emphasis upon data dependence.

### US CPI Revisions and the Fed

Annual revisions to the past five years of US CPI figures will be delivered this morning (8:30amET). The purpose is to re-estimate seasonal adjustment factors and hence seasonally adjusted m/m headline and core CPI from January 2019 to December 2023. I’ve seen a lot of ink splashed on trying to out-guess what the revisions may look like. That’s a waste of time imo given the extreme sensitivity to missing information and the BLS’s exact methodologies, so let’s just see the numbers.

Recall that a year ago, the revisions surprised by coming in a bit hotter than expected toward the end of 2022 (chart 5) and that somewhat spooked bonds and the Fed. Will this year’s revisions fundamentally alter the Fed’s course? I highly doubt it, regardless of how markets may or may not react today. A very strong US economy and job market plus rising global transportation costs are among the factors that are keeping the Fed cautious. So is whether core goods disinflation will continue to abate in next week’s CPI and subsequent reports, while core services inflation remains sticky.

Dallas Fed President Logan will have the opportunity to react to the revisions when she speaks at 1:30pmET.

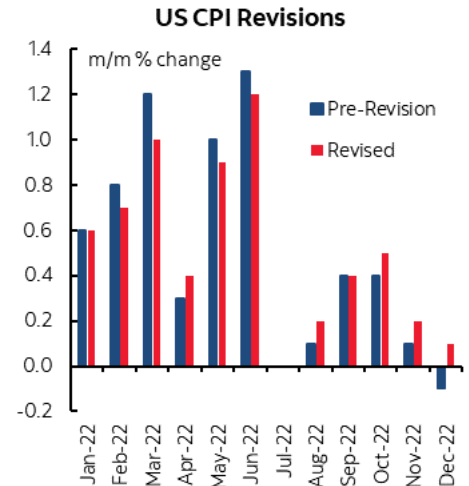
### Canada’s Slowing Job Growth Narrative Needs Stronger Evidence

Canada updates jobs, wages, hours worked and other labour force measures for January this morning (8:30amET). I went with +20k and a tick higher UR at 5.9%. Hours worked will probably gain as striking workers in Quebec returned to work (chart 6). That could be a plus for January GDP given GDP is an identity defined as hours times labour productivity.

Canada has a little more momentum into these figures than initially thought. Instead of flat employment in December, Statcan’s annual revisions to seasonal adjustments that were released on January 29th revised up that month to post a roughly 7k gain. That’s not much, but there is another reason to fade the view that Canada’s job market cooled in December. The initial print was only flat because of self-employed jobs that fell 18k as an offset to a similar rise in payrolls. Self-employed jobs are statistically noisier with a much higher standard deviation relative to the mean monthly change; in other words, it’s soft, statistically less reliable data. Taking this into consideration, it’s hard to argue that the job market has been materially cooling after strong gains were registered over prior months.

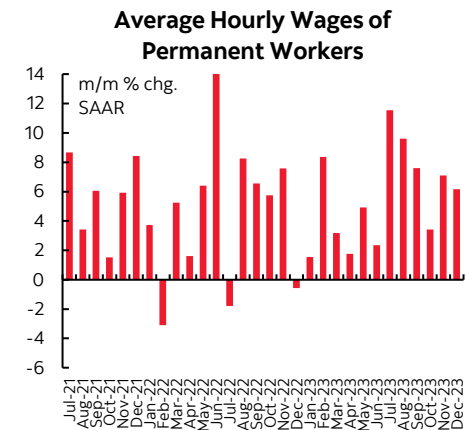
Other than jobs, wages may matter by more. Wages were up by 6.2% m/m SAAR in December (chart 7) and that popped the year-over-year rate up to 5.7% from 5%. One month isn’t something to overreact toward, but the trend has been undeniably hot and the momentum in wage settlements points to multi-year pressures as productivity tanks.

Chart 5



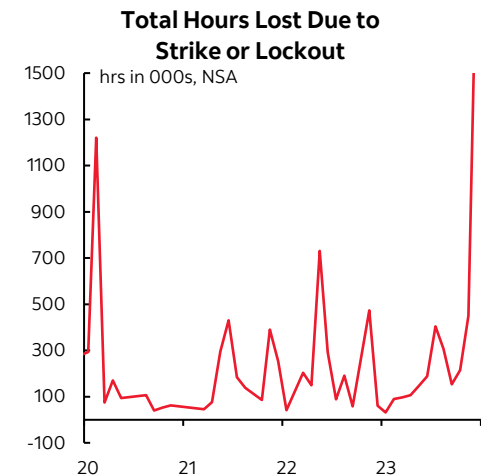
Sources: Scotiabank Economics, BLS.

Chart 6



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 7



Sources: Scotiabank Economics, Statistics Canada.

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
	4.47	4.46	4.37	4.13	4.12	3.98	4.16	4.16	4.02	4.36	4.35	4.22		
	4.20	4.19	4.06	3.67	3.65	3.48	3.57	3.55	3.38	3.45	3.43	3.28		
	2.68	2.66	2.57	2.30	2.28	2.17	2.35	2.35	2.24	2.55	2.57	2.44		
	0.11	0.10	0.09	0.33	0.31	0.29	0.73	0.71	0.67	1.80	1.78	1.76		
U.K.	4.55	4.55	4.42	4.05	4.05	3.91	4.04	4.05	3.92	4.59	4.61	4.55	England - BoE	5.25
Spreads vs. U.S. (bps):													Euro zone - ECB	4.50
CANADA	-27	-27	-31	-46	-47	-50	-59	-61	-65	-91	-92	-94		
GERMANY	-179	-180	-180	-183	-183	-182	-181	-180	-178	-181	-179	-178		
JAPAN	-436	-436	-428	-380	-381	-370	-344	-345	-335	-257	-258	-247		
U.K.	8	10	6	-7	-7	-7	-12	-10	-10	23	25	33		
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		
	20920	-49.5					-0.2	-0.9	-0.2	1.6				
	38726	49.0					0.1	0.5	3.2	14.9				
	4998	2.8					0.1	1.9	5.1	22.5				
	15794	37.1					0.2	2.8	6.3	34.0				
	16978	13.9					0.1	0.4	1.7	9.4				
	7599	3.6					0.0	-0.2	-1.1	-3.9				
	36897	34.1					0.1	2.0	9.3	33.8				
	15747	-131.5					-0.8	1.4	-2.7	-27.2				
	CAC	7657	-8.7					-0.1	0.9	3.1			6.5	
Commodities	Level						% change:						New Zealand - RBNZ	5.50
WTI Crude	76.19	-0.03					-0.0	5.4	5.5	-2.4				
Natural Gas	1.84	-0.08					-4.1	-11.5	-42.4	-24.3				
Gold	2031.74	-2.78					-0.1	-0.4	0.1	9.1				
Silver	22.35	0.06					0.3	-1.4	-2.2	-0.4				
CRB Index	273.57	3.22					1.2	1.4	3.4	1.1				
Currencies	Level						% change:						Next Meeting Date	
USDCAD	1.3453	-0.0005					-0.0	-0.1	0.5	-0.0	Mexico - Banxico	Mar 21, 2024		
EURUSD	1.0772	-0.0006					-0.1	-0.1	-1.5	0.3	Australia - RBA	Mar 18, 2024		
USDJPY	149.42	0.1000					0.1	0.7	3.4	13.5	New Zealand - RBNZ	Feb 27, 2024		
AUDUSD	0.6512	0.0020					0.3	0.0	-2.6	-6.1				
GBPUSD	1.2608	-0.0009					-0.1	-0.2	-0.8	4.0				
USDCHF	0.8755	0.0018					0.2	1.0	2.7	-5.1				

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