

### DAILY POINTS

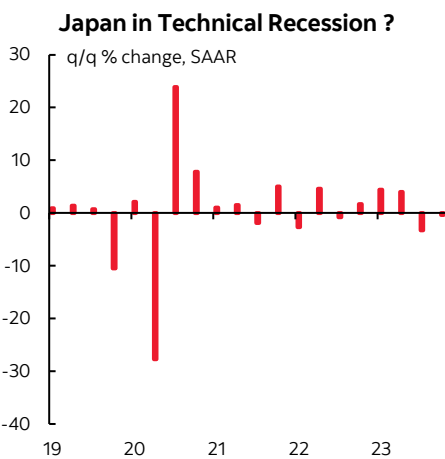
February 15, 2024 @ 7:35 EST

### Contributors

#### Derek Holt

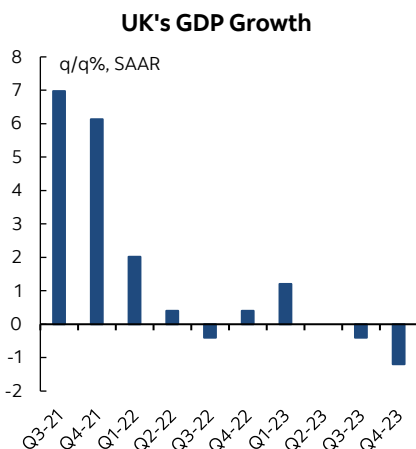
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Chart 1



Sources: Scotiabank Economics, Economic and Social Research Institute Japan.

Chart 2



Sources: Scotiabank Economics, UK Office for National Statistics.

### On Deck for Thursday, February 15

| Country | Date  | Time  | Indicator   | Period | BNS  | Consensus | Latest |
|---------|-------|-------|---|--------|------|-----------|--------|
| CA      | 02-15 | 08:15 | Housing Starts (000s a.r.)                                | Jan    | 200  | 235.0     | 249.3  |
| CA      | 02-15 | 08:30 | Manufacturing Shipments (m/m)                             | Dec    | -0.6 | -0.6      | 1.2    |
| US      | 02-15 | 08:30 | Empire State Manufacturing Index                          | Feb    | --   | -12.5     | -43.7  |
| US      | 02-15 | 08:30 | Export Prices (m/m)                                       | Jan    | --   | -0.1      | -0.9   |
| US      | 02-15 | 08:30 | Import Prices (m/m)                                       | Jan    | --   | 0.0       | 0.0    |
| US      | 02-15 | 08:30 | Initial Jobless Claims (000s)                             | Feb 10 | 220  | 220.0     | 218.0  |
| US      | 02-15 | 08:30 | Continuing Claims (000s)                                  | Feb 03 | 1880 | 1880.0    | 1871.0 |
| US      | 02-15 | 08:30 | Philadelphia Fed Index                                    | Feb    | --   | -8.1      | -10.6  |
| US      | 02-15 | 08:30 | Retail Sales (m/m)  | Jan    | -0.2 | -0.2      | 0.6    |
| US      | 02-15 | 08:30 | Retail Sales ex. Autos (m/m)                              | Jan    | 0.1  | 0.2       | 0.4    |
| US      | 02-15 | 09:15 | Capacity Utilization (%)                                  | Jan    | --   | 78.8      | 78.6   |
| US      | 02-15 | 09:15 | Industrial Production (m/m)                               | Jan    | 0.4  | 0.2       | 0.1    |
| US      | 02-15 | 10:00 | Business Inventories (m/m)                                | Dec    | --   | 0.4       | -0.1   |
| US      | 02-15 | 10:00 | NAHB Housing Market Index                                 | Feb    | --   | 46.0      | 44.0   |
| US      | 02-15 | 13:15 | Fed's Waller Gives Remarks on Dollar's International Role |        |      |           |        |
| US      | 02-15 | 16:00 | Total Net TIC Flows (US\$ bn)                             | Dec    | --   | --        | 260.2  |
| US      | 02-15 | 16:00 | Net Long-term TIC Flows (US\$ bn)                         | Dec    | --   | --        | 126.1  |
| US      | 02-15 | 19:00 | Fed's Bostic Speaks on Outlook, Policy                    |        |      |           |        |

### KEY POINTS:

- **Recessions? Meh. Why markets are walking it off**
- **Japan's economy barely slipped into technical recession**
- **The UK economy joined it**
- **Australian jobs were flat, failed to rebound**
- **Core US retail sales will inform Q1 momentum**
- **Canadian manufacturing sales expected to dip on price effects, starts on multiples**
- **Colombia's weak economy is poised for an update**

Markets are not really fussing over an onslaught of macro data and sensational headlines this morning. Bonds are catching a slight bid across US Ts and EGBs and with very small moves in gilts. The USD is very slightly softer as sterling underperforms. Equities are mostly up a touch across NA futures and most European benchmarks excluding London that's flat.

In other words, markets are taking in stride the splashy headlines that are full of recession talk. Maybe that's because it's backward-looking data. Or maybe it's because they were primed to expect readings that aren't great but basically lean toward soft landings so far. Or perhaps it's because real recessions need more than just a couple of small negatives, while alternative definitions of recession that also consider job markets are not really saying the same thing. Heck, for that matter, it could all be because markets are more focused upon central bank mandates that are driven by watching prices and wages.

Whatever the reason(s), the UK and Japan barely met one definition of recession overnight. More of the focus is likely to be upon the US consumer a little later this morning.

Japan's economy barely slipped into technical recession with GDP down by -0.4% q/q SAAR in Q4 after a downwardly revised print of -3.3% in Q3 (from -2.9% previously). Weakness was genuine as consumer spending fell by -0.2% q/q SA nonannualized after a -0.3% prior contraction. Business spending also fell -0.1% q/q SA after a -0.6% drop. Inventories were a neutral contribution. So were exports that only added 0.2 ppts to GDP growth in weighted terms.

The UK economy also slipped into technical recession with GDP down by -0.3% q/q SA following a prior -0.1% contraction. Here too the weakness was genuine as consumer

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spending slipped by -0.1% q/q SA following a larger -0.9% q/q prior drop. Exports slid by -2.9% q/q—marking the fourth consecutive decline in a picture that has been challenged since the 2016 Brexit vote.

The UK economy also ended Q4 on a weak note that suggests Q1 is set up for a repeat. December GDP was down -0.1% m/m as services shrank -0.1% along with construction at -0.5%, while industrial output was up 0.6%.

Australian jobs were flat in January (+0.5k m/m) following a decline of 63k the prior month. The details were a little better as full-time employment was up by 11k following a prior loss of 109k. That was offset by a drop of about 11k part-time jobs.

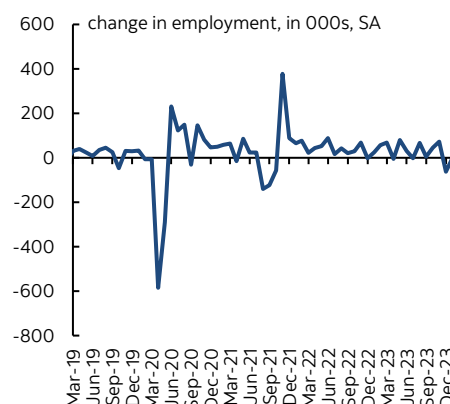
The main focus into the N.A. session will be upon US retail sales for January (8:30amET) that are expected to be on the soft side following December's gain. Key will be core sales ex-autos and gas that are more difficult to observe relative to the expected drag effect from lower auto sales following December's surge. Other US releases will include the Empire (8:30amET) and Philly (8:30amET) manufacturing gauges plus weekly jobless claims (8:30amET) and industrial output (9:15amET).

Canadian manufacturing sales during December are expected to dip on price effects but watch volumes (8:30amET). Housing starts will probably dip (8:15amET) as permits for new dwellings fell sharply and volatile multiples starts pull back from December's surge.

Colombia's economy is expected to contract again after barely staying on the plus side in Q3 and contracting by 1% q/q SA in Q2 (11amET).

### Chart 3

## Australian Jobs



Sources: Scotiabank Economics, Australian Bureau of Statistics.

| Fixed Income   | Government Yield Curves (%): |       |      |         |       |           |         |       |      |         |                  |                    | Central Banks   |      |
|--|------------------------------|-------|------|---------|-------|-----------|---------|-------|------|---------|------------------|--------------------|-----------------|------|
| U.S.<br>CANADA<br>GERMANY<br>JAPAN<br>U.K.<br><br>CANADA<br>GERMANY<br>JAPAN<br>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               |                 |      |
|  | 4.57                         | 4.58  | 4.46 | 4.22    | 4.24  | 4.12      | 4.24    | 4.26  | 4.16 | 4.42    | 4.44             | 4.35               | Canada - BoC    | 5.00 |
|  | 4.23                         | 4.25  | 4.19 | 3.67    | 3.69  | 3.65      | 3.54    | 3.55  | 3.55 | 3.41    | 3.42             | 3.43               | US - Fed        | 5.50 |
|  | 2.74                         | 2.73  | 2.66 | 2.31    | 2.30  | 2.28      | 2.34    | 2.34  | 2.35 | 2.50    | 2.51             | 2.57               | England - BoE   | 5.25 |
|  | 0.14                         | 0.14  | 0.10 | 0.34    | 0.36  | 0.31      | 0.73    | 0.75  | 0.71 | 1.81    | 1.81             | 1.78               |                 |      |
|  | 4.57                         | 4.58  | 4.55 | 4.05    | 4.06  | 4.05      | 4.03    | 4.04  | 4.05 | 4.59    | 4.58             | 4.61               |                 |      |
|  | Spreads vs. U.S. (bps):      |       |      |         |       |           |         |       |      |         |                  |                    |                 |      |
|  | -33                          | -33   | -27  | -55     | -55   | -47       | -70     | -70   | -61  | -101    | -102             | -92                | Euro zone - ECB | 4.50 |
| -183   | -185                         | -180  | -191 | -194    | -183  | -190      | -192    | -180  | -192 | -193    | -179             | Japan - BoJ        | -0.10           |      |
| -443   | -444                         | -436  | -388 | -388    | -381  | -351      | -350    | -345  | -262 | -263    | -258             |                    |                 |      |
| 0  | -0                           | 10    | -18  | -18     | -7    | -21       | -21     | -10   | 17   | 14      | 25               |                    |                 |      |
| Equities   | Level                        |       |      |         |       | % change: |         |       |      |         | Mexico - Banxico |                    | 11.25           |      |
|  | Last                         |       |      | Change  |       | 1 Day     | 1-wk    | 1-mo  |      | 1-yr    |                  |                    |                 |      |
| S&P/TSX  | 21084                        |       |      | 194.3   |       | 0.9       | 0.8     | 0.1   |      | 1.8     |                  | Australia - RBA    | 4.35            |      |
| Dow 30   | 38594                        |       |      | 170.0   |       | 0.4       | -0.3    | 2.7   |      | 13.1    |                  |                    |                 |      |
| S&P 500  | 5006                         |       |      | 5.7     |       | 0.1       | 0.2     | 4.7   |      | 20.7    |                  | New Zealand - RBNZ | 5.50            |      |
| Nasdaq   | 15815                        |       |      | -43.7   |       | -0.3      | 0.1     | 5.6   |      | 31.0    |                  |                    |                 |      |
| DAX  | 17052                        |       |      | 106.3   |       | 0.6       | 0.5     | 2.6   |      | 10.0    |                  |                    |                 |      |
| FTSE   | 7610                         |       |      | 41.4    |       | 0.5       | 0.2     | 0.2   |      | -4.9    |                  |                    |                 |      |
| Nikkei   | 38158                        |       |      | 454.6   |       | 1.2       | 5.6     | 7.1   |      | 37.8    |                  | Canada - BoC       | Mar 06, 2024    |      |
| Hang Seng  | 15945                        |       |      | 65.3    |       | 0.4       | -1.2    | 0.5   |      | -24.0   |                  |                    |                 |      |
| CAC  | 7745                         |       |      | 67.4    |       | 0.9       | 1.0     | 4.5   |      | 6.1     |                  | US - Fed           | Mar 20, 2024    |      |
| Commodities  | Level                        |       |      |         |       | % change: |         |       |      |         |                  |                    |                 |      |
| WTI Crude  | 77.64                        |       |      | 1.00    |       | 1.3       | 1.9     | 6.8   |      | -1.2    |                  | England - BoE      | Mar 21, 2024    |      |
| Natural Gas  | 1.60                         |       |      | -0.01   |       | -0.6      | -16.6   | -51.7 |      | -35.3   |                  |                    |                 |      |
| Gold   | 2000.35                      |       |      | 8.02    |       | 0.4       | -1.7    | -2.7  |      | 9.0     |                  | Euro zone - ECB    | Mar 07, 2024    |      |
| Silver   | 22.09                        |       |      | -0.79   |       | -3.4      | -0.9    | -4.2  |      | 1.7     |                  |                    |                 |      |
| CRB Index  | 270.19                       |       |      | -2.86   |       | -1.0      | -1.2    | 2.2   |      | -0.1    |                  | Japan - BoJ        | Mar 19, 2024    |      |
| Currencies   | Level                        |       |      |         |       | % change: |         |       |      |         |                  |                    |                 |      |
| USDCAD   | 1.3503                       |       |      | -0.0041 |       | -0.3      | 0.3     | 0.6   |      | 0.8     |                  | Mexico - Banxico   | Mar 21, 2024    |      |
| EURUSD   | 1.0759                       |       |      | 0.0032  |       | 0.3       | -0.2    | -1.7  |      | 0.7     |                  |                    |                 |      |
| USDJPY   | 150.12                       |       |      | -0.4600 |       | -0.3      | 0.5     | 3.0   |      | 11.9    |                  | Australia - RBA    | Mar 18, 2024    |      |
| AUDUSD   | 0.6514                       |       |      | 0.0023  |       | 0.4       | 0.3     | -2.2  |      | -5.6    |                  |                    |                 |      |
| GBPUSD   | 1.2580                       |       |      | 0.0014  |       | 0.1       | -0.3    | -1.2  |      | 4.6     |                  | New Zealand - RBNZ | Feb 27, 2024    |      |
| USDCHF   | 0.8804                       |       |      | -0.0056 |       | -0.6      | 0.8     | 2.9   |      | -4.7    |                  |                    |                 |      |

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