

### DAILY POINTS

April 4, 2024 @ 6:55 EST

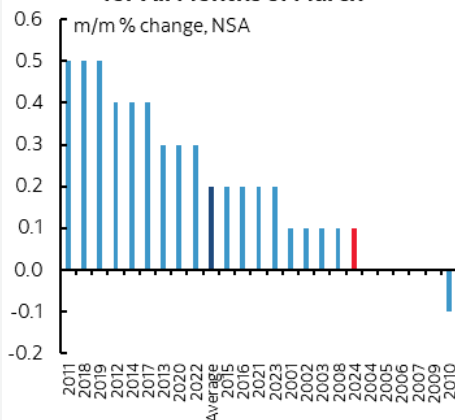
#### Contributors

##### Derek Holt

VP & Head of Capital Markets Economics  
Scotiabank Economics  
416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1

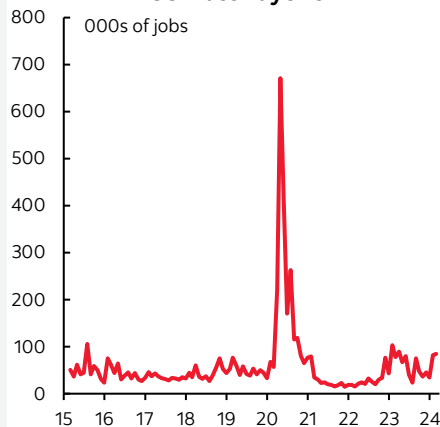
#### Comparing Swiss Core CPI for All Months of March



Sources: Scotiabank Economics, Eurostat.

Chart 2

#### US Mass Layoffs



Sources: Scotiabank Economics, Challenger, Gray & Christmas Inc.

#### On Deck for Thursday, April 4

| Country | Date  | Time  | Indicator                                      | Period | BNS  | Consensus | Latest |
|---------|-------|-------|--|--------|------|-----------|--------|
| CA      | 04-04 | 08:30 | Merchandise Trade Balance (C\$ bn)             | Feb    | --   | 0.7       | 0.5    |
| US      | 04-04 | 08:30 | Initial Jobless Claims (000s)                  | Mar 30 | 215  | 214.0     | 210.0  |
| US      | 04-04 | 08:30 | Continuing Claims (000s)                       | Mar 23 | 1810 | 1811.0    | 1819.0 |
| US      | 04-04 | 08:30 | Trade Balance (US\$ bn)                        | Feb    | --   | -67.6     | -67.4  |
| US      | 04-04 | 10:00 | Fed's Harker Participates in Fireside Chat     |        |      |           |        |
| US      | 04-04 | 12:15 | Fed's Barkin Speaks on Economic Outlook        |        |      |           |        |
| US      | 04-04 | 12:45 | Fed's Goolsbee Participates in Moderated Q&A   |        |      |           |        |
| US      | 04-04 | 14:00 | Fed's Mester Gives Remarks on Economic Outlook |        |      |           |        |
| US      | 04-04 | 14:00 | Fed's Kashkari Discusses US Economy            |        |      |           |        |
| US      | 04-04 | 19:20 | Fed's Musalem Gives Introductory Remarks       |        |      |           |        |
| US      | 04-04 | 19:30 | Fed's Kugler Speaks on Enriching Data          |        |      |           |        |

#### KEY POINTS:

- **Markets in a holding pattern before tomorrow's US, Canadian jobs**
- **Powell said nothing new on monetary policy yesterday...**
- **...but shoved back against mandate creep**
- **Soft Swiss core inflation heats up SNB cut bets**
- **US layoffs, claims on tap; watch for Good Friday distortions**
- **Canadian trade's contribution to growth to be updated**
- **More Fed-speak today**

Overnight developments were very light in terms of markets and macro developments. Weaker than expected Swiss CPI reinforced pricing for another SNB cut. Oil prices are flat so far this session. Curves are marked by slight underperformance by US Ts. Equities are mostly higher across global benchmarks.

#### Powell Said Nothing New

I don't see notable catalysts for this morning's market moves and didn't think Powell said anything new yesterday as his core message remained that they need more data to assess what's going on with inflation and can take their time before probably cutting later. That's entirely compatible with the -75bps in the dot plot and the clear skewness toward less in the distribution.

The opportunity was missed to ask Powell questions like how he views the large run-up in oil prices from the standpoint of opportunity to US oil producers versus inflation risk, particularly given somewhat of a rise in some measures of inflation expectations.

Beyond that, the rest of Powell's short speech just pushed back against mandate creep by telling everyone to stop pressuring the Fed to get involved in determining climate policy, immigration policy, fiscal policy etc. Good for him! His message was that they have enough on their plate and it's up to elected officials and others to manage the rest. Frankly, given the rather glaring imperfections in how the Fed conducts monetary policy, I wouldn't want them touching the rest anyway!! It was mildly amusing that he delivered this message before Stanford's 'Business, Government and Society Forum' at its business school that emphasizes a need to focus upon all manner of considerations beyond the business of running a business to its students.

#### SNB Cut Pricing Heats Up Post-CPI

The Swiss franc depreciated and is the weakest performer to the dollar this morning in the wake of CPI for March. Core inflation landed at just 0.09% m/m NSA which was weaker than a typical month of March (chart 1). That put a little more downward pressure on the y/y rate to 1% from 1.1% previously. Contract pricing for the next SNB meeting on June 20<sup>th</sup> added a few basis points and is mostly toward another quarter point cut. The overall curve richened by 2-3bps across maturities.

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## A Pair of US job market Readings

Watch Challenger job cuts (7:30amET) as they have moved up to about 85k per month of late which is still compatible with significant job gains (chart 2). The March reading will help to inform whether the past couple of months increased because of seasonal firings at the beginning of new fiscal years that are not adequately controlled for using standard SAs in light of the pandemic-related hiring binge. We'll also see if firings were marginally lower because of the earlier GF/Easter holiday and these numbers are not seasonally adjusted.

Weekly claims will fall between nonfarm reference periods and offer no material information to tomorrow's nonfarm call (8:30amET). Having said that, it's for last week, and so be careful with any potential mischief from the Easter Bunny! Again, Good Friday landed earlier than normal and so that could mess with SA factors by artificially depressing claims given one day less to file them.

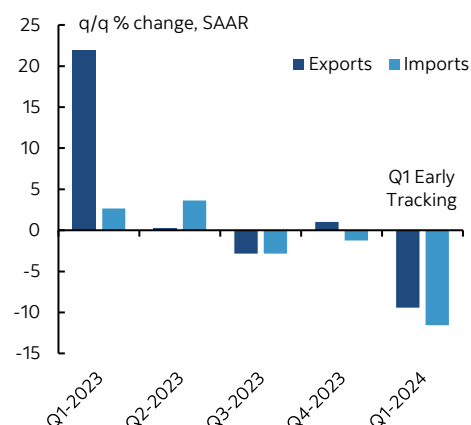
## Canadian and US trade

February's Canadian readings could help to further inform Q1 GDP growth tracking (8:30amET). Net trade is tracking a modest contribution to growth (chart 3), but not for great reasons as import volumes are tracking a slightly bigger decline than export volumes (ie: a net reduction of the import leakage effect from GDP). That's only based on January and Q4 and so February figures will add to our understanding.

The US trade figures (8:30amET) won't matter much since we already know that the merchandise deficit widened a little to -US\$91.8 from \$90.5 billion (barring big revisions) to which a usually stable services balance is added. Fed-speak will continue to drone on. I'm hopeful that some of the regional presidents will push the arguments more than Powell did today. We'll hear from Philly's Harker, Richmond's Barkin, Chicago's Goolsbee, Cleveland's Mester and Minneapolis President Kashkari all between about 10am–2pmET.

Chart 3

### Canadian Trade Volumes



Sources: Scotiabank Economics, Statistics Canada.

| Fixed Income | Government Yield Curves (%): |       |      |         |       |      |         |       |      |         |       |      | Central Banks      |              |
|--------------|------------------------------|-------|------|---------|-------|------|---------|-------|------|---------|-------|------|--------------------|--------------|
|              | 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 |                    |              |
| U.S.         | 4.68                         | 4.67  | 4.62 | 4.34    | 4.33  | 4.21 | 4.36    | 4.35  | 4.20 | 4.51    | 4.51  | 4.34 | Canada - BoC       | 5.00         |
| CANADA       | 4.22                         | 4.23  | 4.14 | 3.62    | 3.64  | 3.50 | 3.59    | 3.61  | 3.44 | 3.50    | 3.50  | 3.35 | US - Fed           | 5.50         |
| GERMANY      | 2.85                         | 2.85  | 2.85 | 2.37    | 2.38  | 2.32 | 2.38    | 2.40  | 2.30 | 2.55    | 2.57  | 2.46 | England - BoE      | 5.25         |
| JAPAN        | 0.20                         | 0.20  | 0.19 | 0.37    | 0.37  | 0.36 | 0.79    | 0.80  | 0.71 | 1.85    | 1.85  | 1.78 |                    |              |
| U.K.         | 4.17                         | 4.21  | 4.17 | 3.87    | 3.91  | 3.82 | 4.02    | 4.06  | 3.93 | 4.53    | 4.56  | 4.42 |                    |              |
| Equities     | Spreads vs. U.S. (bps):      |       |      |         |       |      |         |       |      |         |       |      | Next Meeting Date  |              |
|              | Last                         | 1-day | 1-wk | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk |                    |              |
| CANADA       | -46                          | -44   | -48  | -72     | -69   | -72  | -77     | -74   | -76  | -101    | -101  | -100 | Canada - BoC       | Apr 10, 2024 |
| GERMANY      | -183                         | -182  | -177 | -197    | -195  | -189 | -198    | -195  | -190 | -196    | -194  | -189 | US - Fed           | May 01, 2024 |
| JAPAN        | -448                         | -448  | -443 | -397    | -396  | -385 | -357    | -355  | -349 | -267    | -266  | -257 | England - BoE      | May 09, 2024 |
| U.K.         | -51                          | -46   | -45  | -47     | -42   | -39  | -34     | -29   | -27  | 2       | 5     | 8    | Euro zone - ECB    | Apr 11, 2024 |
| Commodities  | % change:                    |       |      |         |       |      |         |       |      |         |       |      | Japan - BoJ        |              |
|              | Last                         | 1-day | 1-wk | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk | Mexico - Banxico   |              |
| S&P/TSX      | 22112                        |       |      | 37.4    |       |      | 0.2     |       |      | 2.7     |       |      | Australia - RBA    |              |
| Dow 30       | 39127                        |       |      | -43.1   |       |      | -0.1    |       |      | 0.4     |       |      | New Zealand - RBNZ |              |
| S&P 500      | 5211                         |       |      | 5.7     |       |      | 0.1     |       |      | 1.6     |       |      |                    |              |
| Nasdaq       | 16277                        |       |      | 37.0    |       |      | 0.2     |       |      | 0.4     |       |      |                    |              |
| DAX          | 18380                        |       |      | 12.4    |       |      | 0.1     |       |      | 3.7     |       |      |                    |              |
| FTSE         | 7972                         |       |      | 34.8    |       |      | 0.4     |       |      | 4.3     |       |      |                    |              |
| Nikkei       | 39773                        |       |      | 321.3   |       |      | 0.8     |       |      | -0.8    |       |      |                    |              |
| Hang Seng    | 16725                        |       |      | -206.4  |       |      | -1.2    |       |      | 0.8     |       |      |                    |              |
| CAC          | 8155                         |       |      | 1.5     |       |      | 0.0     |       |      | 2.5     |       |      |                    |              |
| Currencies   | % change:                    |       |      |         |       |      |         |       |      |         |       |      | May 09, 2024       |              |
|              | Last                         | 1-day | 1-wk | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk | May 07, 2024       |              |
| USDCAD       | 1.3500                       |       |      | -0.0027 |       |      | -0.2    |       |      | -0.5    |       |      | Apr 09, 2024       |              |
| EURUSD       | 1.0860                       |       |      | 0.0024  |       |      | 0.2     |       |      | 0.0     |       |      |                    |              |
| USDJPY       | 151.71                       |       |      | 0.0100  |       |      | 0.0     |       |      | 0.8     |       |      |                    |              |
| AUDUSD       | 0.6610                       |       |      | 0.0045  |       |      | 0.7     |       |      | 1.5     |       |      |                    |              |
| GBPUSD       | 1.2662                       |       |      | 0.0010  |       |      | 0.1     |       |      | -0.2    |       |      |                    |              |
| USDCHF       | 0.9061                       |       |      | 0.0032  |       |      | 0.4     |       |      | 2.4     |       |      |                    |              |

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