

DAILY POINTS

April 18, 2024 @ 7:45 EST

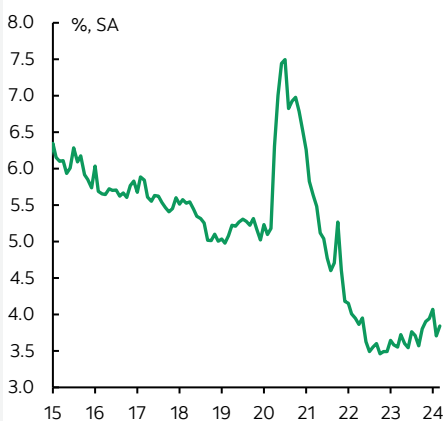
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Chart 1

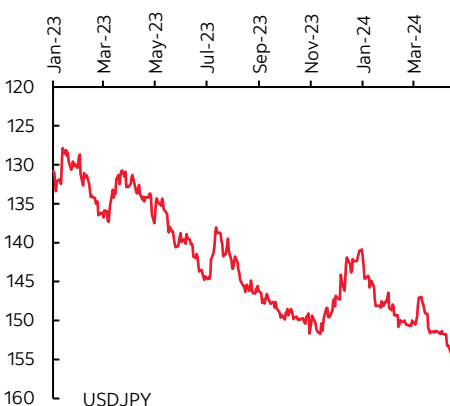
Australia's Unemployment Rate



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Chart 2

Rapid Depreciation of Japanese Yen



Sources: Scotiabank Economics, Bloomberg.

On Deck for Thursday, April 18

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	04-18	08:30	Initial Jobless Claims (000s)	Apr 13	215	215.0	211.0
US	04-18	08:30	Continuing Claims (000s)	Apr 06	1800	1818.0	1817.0
US	04-18	08:30	Philadelphia Fed Index	Apr	--	2.0	3.2
US	04-18	09:05	Fed's Bowman Gives Opening Remarks				
US	04-18	09:15	Fed's Williams Participates in Moderated Discussion				
US	04-18	09:15	Fed's Bowman Speaks at SIFMA Basel III Endgame Roundtable				
US	04-18	10:00	Existing Home Sales (mn a.r.)	Mar	4.0	4.2	4.4
US	04-18	10:00	Existing Home Sales (m/m)	Mar	-9.0	-4.1	9.5
US	04-18	10:00	Leading Indicators (m/m)	Mar	--	-0.1	0.1
US	04-18	11:00	Fed's Bostic Speaks in Fireside Chat on Economy				
US	04-18	12:00	Fed's Collins Travels to Connecticut				
US	04-18	17:45	Fed's Bostic Chats About Economy, Monetary Policy				

KEY POINTS:

- **Falling oil prices buoy bonds and equities**
- **Oil prices continue to slip, but will it last?**
- **FX markets post little reaction to G7, Asian jawboning**
- **Australia's job market stopped to take a breath**
- **US to update a handful of minor releases**
- **More Fed-speak on tap**

Stocks are mostly gaining across U.S. futures and European cash markets except for flat TSX futures and the Dax. Sovereign bonds were very slightly richer across US Treasuries and longer-dated EGBs but have since moved to being little changed. Gilts are outperforming except against most except Antipodean benchmarks following a soft-ish Australian jobs report. Weaker oil prices are somewhat helping perceptions of inflation risk, for now.

Antipodean Curves Outperform as Australian Jobs

Australia lost a small number of jobs last month (-6.6k) as a 28k rise in full-time jobs was offset by a 35k drop in part-time jobs. It's hardly a bad report in the wake of 118k jobs that were added the prior month, most of which were full-time! The result edged the unemployment rate a tick higher to 3.8% as the participation rate ticked lower to 66.6%. The UR has been slightly but steadily trending higher (chart 1). Australia's 2-year yield fell about 5bps post-data through the overnight session. A decent shot at an RBA rate cut starts to get priced by the August meeting but not even the final meeting of the year in December has a full quarter point rate cut priced.

Oil Prices Continue to Weaken

Oil continues to fall in the wake of yesterday morning's US crude oil inventories release that showed about double the pace of increase that was expected. Since then, WTI has slipped by about US\$2-3 which seems like an over-reaction. The perception that Middle East tensions have subsided is also weakening oil prices, until the next flare-up...

FX Markets Have Minimal Response to Jawboning

The possibility that the Fed might not cut at all this year has policy officials a tad spooked elsewhere. The strong dollar is the chief concern and, by corollary, their own weak currencies. The G7 statement that was issued yesterday ([here](#)) and the joint statement issued by the US, Japan and Korea ([here](#)) expressed concern about disorderly movements in markets with particularly emphasis upon the concern being expressed about the strong USD. The latter statement noted:

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“We will continue to cooperate to promote sustainable economic growth, financial stability, as well as orderly and well-functioning financial markets. We will also continue to consult closely on foreign exchange market developments in line with our existing G20 commitments, while acknowledging serious concerns of Japan and the Republic of Korea about the recent sharp depreciation of the Japanese yen and the Korean won.”

What is to be debated is whether the USD is too strong relative to other currencies and how to define disorderly movements. As the Fed gets pushed out with the possibility of no easing this year, the USD has significant wind in its sails alongside the uncertainty into the US election. Whether Asian governments can really do much about it on a sustainable basis is the other key question and I doubt it. The won appreciated overnight while the yen posted little reaction in the wake of its massive depreciation to date.

Minor Developments into the North American Open

A few minor US releases are on tap into the U.S. session including the Philly Fed's measure for April that feeds into ISM-manufacturing expectations (8:30amET), weekly initial jobless claims (8:30amET) and existing home sales for March (10amET). Several Fed-speakers will also offer remarks throughout the morning. Canada goes quiet. Tomorrow will also present a quiet N.A. calendar.

As for N.A. earnings, there will be 11 S&P500 companies releasing today but with few notable names.

Fixed Income	Government Yield Curves (%):												Central Banks	
U.S. CANADA GERMANY JAPAN U.K. 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		
	4.94	4.93	4.96	4.61	4.62	4.63	4.58	4.59	4.59	4.70	4.70	4.68	Canada - BoC	5.00
	4.19	4.19	4.25	3.72	3.73	3.78	3.69	3.70	3.73	3.62	3.62	3.61	US - Fed	5.50
	2.96	2.94	2.96	2.48	2.48	2.48	2.47	2.47	2.46	2.60	2.60	2.59	England - BoE	5.25
	0.27	0.28	0.27	0.48	0.49	0.50	0.87	0.88	0.87	1.92	1.95	1.95		
	4.45	4.46	4.40	4.15	4.19	4.10	4.24	4.26	4.20	4.68	4.69	4.68		
	Spreads vs. U.S. (bps):													
	-74	-74	-72	-89	-89	-85	-89	-89	-86	-108	-108	-107	Euro zone - ECB	4.50
	-197	-199	-200	-213	-214	-216	-211	-212	-213	-209	-210	-209	Japan - BoJ	-0.10
-466	-465	-470	-414	-412	-414	-371	-371	-372	-277	-275	-273			
-49	-47	-56	-46	-43	-53	-34	-33	-39	-2	-1	-0	Mexico - Banxico	11.00	
Equities	Level						% change:							
	Last	Change		1 Day		1-wk		1-mo		1-yr				
S&P/TSX	21656	13.2		0.1		-2.4		-0.8		4.7		Australia - RBA	4.35	
Dow 30	37753	-45.7		-0.1		-1.8		-2.7		11.1		New Zealand - RBNZ	5.50	
S&P 500	5022	-29.2		-0.6		-2.7		-2.5		20.9		Next Meeting Date		
Nasdaq	15683	-181.9		-1.1		-3.0		-2.6		29.0		Canada - BoC	Jun 05, 2024	
DAX	17764	-6.2		-0.0		-1.1		-0.9		11.8		US - Fed	May 01, 2024	
FTSE	7859	10.8		0.1		-0.8		1.8		-0.6		England - BoE	May 09, 2024	
Nikkei	38080	117.9		0.3		-3.5		-4.8		33.1		Euro zone - ECB	Jun 06, 2024	
Hang Seng	16386	134.0		0.8		-4.1		-0.9		-19.5		Japan - BoJ	'A Field Not Applica	
CAC	8005	23.8		0.3		-0.2		-1.8		6.3				
Commodities	Level						% change:							
WTI Crude	82.16	-0.53		-0.6		-3.4		-0.7		1.6		Mexico - Banxico	May 09, 2024	
Natural Gas	1.75	0.04		2.4		-0.6		2.9		-25.9		Australia - RBA	May 07, 2024	
Gold	2382.34	21.32		0.9		0.4		10.3		18.8		New Zealand - RBNZ	May 21, 2024	
Silver	28.47	0.22		0.8		1.4		12.9		12.1				
CRB Index	294.44	-2.40		-0.8		-1.1		2.5		5.6				
Currencies	Level						% change:							
USDCAD	1.3755	-0.0018		-0.1		0.5		1.6		2.7				
EURUSD	1.0673	0.0000		0.0		-0.5		-1.8		-2.7				
USDJPY	154.46	0.0700		0.0		0.8		3.6		15.2				
AUDUSD	0.6443	0.0008		0.1		-1.5		-1.8		-4.2				
GBPUSD	1.2469	0.0015		0.1		-0.7		-2.0		0.4				
USDCHF	0.9087	-0.0021		-0.2		-0.1		2.4		1.4				

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