

### DAILY POINTS

April 30, 2024 @ 6:50 EST

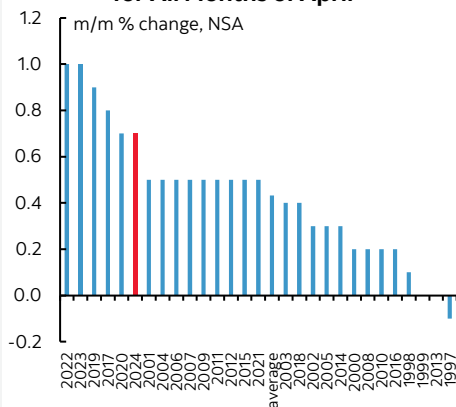
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Chart 1

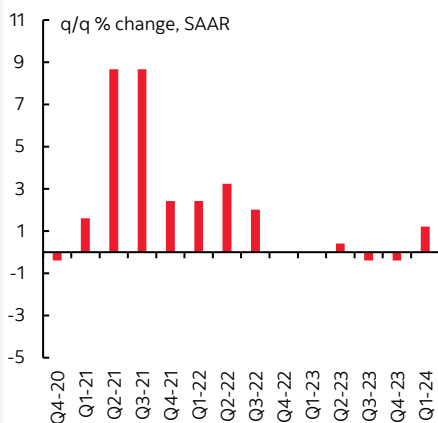
#### Comparing Eurozone Core CPI for All Months of April



Sources: Scotiabank Economics, Bloomberg.

Chart 2

#### Euro Area Real GDP



Sources: Scotiabank Economics, Bloomberg.

#### On Deck for Tuesday, April 30

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04-30	08:30	Real GDP (m/m)	Feb	0.4	0.3	0.6
US	04-30	08:30	Employment Cost Index (q/q)	1Q	1.0	1.0	0.9
US	04-30	09:00	S&P/Case-Shiller Home Price Index (m/m)	Feb	0.1	0.1	0.1
US	04-30	09:00	S&P/Case-Shiller Home Price Index (y/y)	Feb	--	6.7	6.6
US	04-30	09:45	Chicago PMI	Apr	--	45.0	41.4
US	04-30	10:00	Consumer Confidence Index	Apr	104.0	104.0	104.7

#### KEY POINTS:

- **Macro risk heats up alongside month-end rebalancing**
- **Canada's economy in focus with GDP estimates**
- **US labour costs are probably still growing strongly**
- **US consumer confidence still range-bound?**
- **Mexico's economy is expected to post no growth**
- **Eurozone core CPI was among the hotter months of April on record**
- **The Eurozone's slight technical recession came to an end in Q1**
- **China's PMIs weaken, prompting policy jawboning by officials**
- **BanRep expected to cut again**
- **Yen shakes off intervention, resumes weakening**

Macro drivers heat up alongside month-end rebalancing as the FOMC begins its two-day meeting. Stocks and bonds both have a mild cheapening bias across countries and benchmarks. The USD is gaining against most majors except the euro and MXN. The yen resumed weakening overnight and is approaching 157 as some of the effects of the prior night's apparent intervention—seemingly confirmed by BoJ data this morning—were shaken off.

I wouldn't say that overnight macro releases significantly affected market sentiment, but we'll see if that rings true into a round of releases across N.A. and with BanRep on tap.

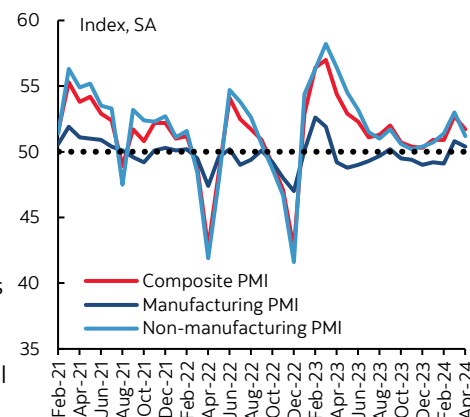
Eurozone core CPI was up by 0.7% m/m NSA in April. That is the fifth strongest reading for a month of April over time (chart 1) which indicates persistent pressure, but was neither here nor there in terms of having little impact on markets or pricing for the June ECB meeting. Year-over-year core CPI ebbed to 2.7% (2.6% consensus, 2.9% prior).

Eurozone GDP growth slightly beat expectations at 0.3% q/q SA nonannualized in Q1. That barely ended the slight technical recession that had been marked by back-to-back -0.1% q/q SA declines over the prior two quarters (chart 2). There are preliminary signs that better momentum into Q2 may be in store as German retail sales volumes and French nominal consumer spending beat expectations for March which offers positive hand-off effects to Q2.

China's state purchasing managers' indices fell in April (chart 3). The composite reading slipped by a full point to 51.7 which signals slower overall economic growth. Most of that

Chart 3

#### Chinese State PMI



Sources: Scotiabank Economics, China Federation of Logistics & Purchasing.

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was due to a deceleration in the non-manufacturing PMI (51.2, 53 prior). Manufacturing continued to hover just above contraction at 50.4, down four-tenths.

China's Politburo—Chaired by President Xi Jinping—jawboned policy easing options with some interpretations seeing it as teeing up monetary easing using the policy rate and required reserves. That seems a stretch if the Fed is going nowhere as monetary easing by China could destabilize the yuan.

There will be elevated data risk into the N.A. session:

1. Mexico updates Q1 GDP that is expected to post no growth after barely staying positive in Q4 (8amET).
2. Canada updates GDP with potential revisions to Statcan's earlier 0.4% m/m SA flash guidance for February and a first glimpse at the estimate for March (8:30amET). See my Global Week Ahead article for more on this and other readings.
3. The US employment cost index is expected to extend the streak of relatively warm readings with another gain of around 1% q/q SA (8:30amET).
4. US consumer confidence is due for an April update (10amET). Repeat sale home prices probably posted another slight gain (9amET).
5. Colombia's central bank is unanimously expected to cut by another 50bps (2pmET).

Also watch earnings with key being Amazon in the after-market.

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.	4.98	4.98	4.93	4.66	4.65	4.63	4.63	4.61	4.60	4.75	4.73	4.73	Canada - BoC	5.00
CANADA	4.30	4.32	4.26	3.81	3.85	3.79	3.75	3.82	3.75	3.63	3.69	3.66	US - Fed	5.50
GERMANY	2.99	2.96	2.93	2.58	2.55	2.51	2.56	2.53	2.50	2.69	2.66	2.65	England - BoE	5.25
JAPAN	0.29	0.29	0.29	0.48	0.48	0.50	0.88	0.89	0.89	1.95	1.94	1.95		
U.K.	4.48	4.45	4.35	4.23	4.20	4.12	4.32	4.29	4.24	4.77	4.75	4.72		
	Spreads vs. U.S. (bps):													
CANADA	-68	-66	-68	-85	-79	-84	-88	-80	-85	-112	-104	-107	Euro zone - ECB	4.50
GERMANY	-199	-202	-201	-208	-210	-212	-207	-208	-210	-206	-207	-208	Japan - BoJ	-0.10
JAPAN	-469	-468	-464	-418	-416	-413	-375	-372	-371	-280	-279	-277		
U.K.	-50	-52	-58	-43	-44	-51	-31	-32	-36	2	1	-1	Mexico - Banxico	11.00
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	22012			42.4			0.2	0.6	-0.7	6.7			Australia - RBA	4.35
Dow 30	38386			146.4			0.4	0.4	-3.6	12.6			New Zealand - RBNZ	5.50
S&P 500	5116			16.2			0.3	2.1	-2.6	22.7			Next Meeting Date	
Nasdaq	15983			55.2			0.3	3.4	-2.4	30.7			Canada - BoC	Jun 05, 2024
DAX	18054			-64.6			-0.4	-0.5	-2.4	13.4			US - Fed	May 01, 2024
FTSE	8192			44.7			0.5	1.8	3.0	4.1			England - BoE	May 09, 2024
Nikkei	38406			470.9			1.2	2.6	-4.9	33.1			Euro zone - ECB	Jun 06, 2024
Hang Seng	17763			16.1			0.1	5.6	7.4	-10.7			Japan - BoJ	June 14, 2024
CAC	8056			-9.1			-0.1	-0.6	-1.8	7.5			Mexico - Banxico	May 09, 2024
Commodities	Level						% change:							
WTI Crude	82.92			0.29			0.4	-0.5	-0.3	8.0			Australia - RBA	May 07, 2024
Natural Gas	2.08			0.05			2.3	14.6	17.8	-13.9			New Zealand - RBNZ	May 21, 2024
Gold	2315.64			-20.02			-0.9	-0.3	3.8	16.4				
Silver	27.38			-0.25			-0.9	-1.3	11.6	10.6				
CRB Index	295.30			-1.54			-0.5	-0.9	1.7	10.1				
Currencies	Level						% change:							
USDCAD	1.3685			0.0024			0.2	0.2	0.8	1.0				
EURUSD	1.0728			0.0007			0.1	0.3	-0.1	-2.3				
USDJPY	156.91			0.5600			0.4	1.3	3.5	14.1				
AUDUSD	0.6532			-0.0035			-0.5	0.7	0.7	-1.5				
GBPUSD	1.2543			-0.0020			-0.2	0.8	-0.1	0.4				
USDCHF	0.9115			0.0011			0.1	-0.1	0.8	1.8				

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