

DAILY POINTS

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Chart 1



Sources: Scotiabank Economics, National Bureau of Statistics of China.

On Deck for Thursday, September 26

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-26	08:30	Durable Goods Orders (m/m)	Aug P	-4.0	-2.7	9.8
US	09-26	08:30	Durable Goods Orders ex. Trans. (m/m)	Aug P	0.1	0.1	-0.2
US	09-26	08:30	GDP (q/q a.r.)	2Q T	2.9	2.9	3.0
US	09-26	08:30	GDP Deflator (q/q a.r.)	2Q T	--	2.5	2.5
US	09-26	08:30	Initial Jobless Claims (000s)	Sep 21	230	223.4	219.0
US	09-26	08:30	Continuing Claims (000s)	Sep 14	1855	1828.0	1829.0
US	09-26	09:10	Fed's Collins, Kugler Participate in Fireside Chat				
US	09-26	09:15	Fed's Bowman Speaks on Eco Outlook at Mid-Sized Bank Coalition				
US	09-26	09:20	Fed's Powell Gives Pre-Recorded Opening Remarks				
US	09-26	09:25	Fed's Williams Gives Remarks at Conference				
US	09-26	10:00	Pending Home Sales (m/m)	Aug	--	1.0	-5.5
US	09-26	10:30	Fed's Barr Gives Remarks at Conference				
US	09-26	10:30	Fed Governor Cook Joins Roundtable on AI and Workforce Develop				
US	09-26	13:00	Fed's Kashkari Hosts Fireside Chat with Michael Barr				
US	09-26	18:00	Fed Governor Cook Delivers Speech on AI and Labor Force				

KEY POINTS:

- **Equities surge as China offers vague pledges**
- **Chinese bonds sterilize some of the talk...**
- **...on supply concerns amid large fiscal deficits**
- **SNB cut 25bps as expected**
- **Banxico expected to cut 25bps today**
- **US to take a 3rd swing at Q2 GDP, PCE**
- **US to update durable goods orders, claims, pending home sales**

Global equities are rallying on the back of vague guidance from China. Chinese equities are leading the way with overnight gains of about 4%, but positive sentiment is spilling over elsewhere. China's curve is sterilizing some of the effects by steepening as longer dated yields rise on supply concerns in an already fiscally challenged economy (chart 1).

There isn't much meat on the bone in terms of what China did overnight as a Politburo meeting ended with commitment to do more to help stabilize the property sector and to offer further fiscal stimulus. China's fiscal position is already stretched, however, and we need specifics on the planned initiatives rather than just talk. Some highlights include efforts to discourage new supply of housing to halt declining prices which won't help growth in the short term, and modest cash handouts to a limited share of the poorest parts of the population.

SNB Cuts 25bps as Widely Expected

The Swiss National Bank cut its policy rate by another 25bps to 1%. That means a cumulative 75bps of cutting since March when it led other major market central banks in easing. Markets had been thinking it could have cut by more as pricing into the meeting was on the fence between -25bps and -50bps. Only one out of 32 shops in consensus thought that the SNB could upsize.

Why is the SNB cutting so aggressively if its policy rate is already so low? They are fighting currency strength as the Swiss franc has appreciated by about 8% to the USD since early May, outperforming almost all other majors.

Light US Data On Tap

There will be light data mainly focused on US GDP revisions (8:30amET); it's just the third swing at the Q2 estimates and will incorporate fuller data on the services sector, but

September 26, 2024

revisions to the 3% q/q SAAR growth estimate are expected to be small. There will also be a third estimate for core PCE inflation in Q2 that is expected to remain unchanged at 2.8% q/q SAAR.

The US will also update durable goods orders (8:30amET) that are expected to moderate after the roughly 10% m/m surge in July. Weekly initial claims (8:30amET) and pending home sales (10amET) are also due out.

Banxico Expected to Cut

Our economists based in Mexico City expect the central bank to cut by 25bps today (3pmET). Out of 30 within Bloomberg's consensus, a minority of five forecasters think they could upsize to a 50bps cut. Banxico has already cut by 50bps before the Fed so there may not be a catch-up argument. The peso has been sharply depreciating since April 8th and since then has weakened by about 16% to the USD; it cratered today as part of the rush into the USD.

Furthermore, inflation is still running well above Banxico's 2% target at 5% y/y for headline CPI and 4% for core. Political developments have been influencing the currency and with that the risk of stoking imported inflation by doing anything that could unmoor the currency to a greater extent.

Canada Quiet

Canada will refresh lagging payrolls for July (8:30amET). The fresher and more complete Labour Force Survey two weeks from tomorrow covering September will garner much more attention.

September 26, 2024

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	4.25
	3.55	3.56	3.58	3.52	3.53	3.48	3.77	3.79	3.72	4.13	4.14	4.05		
	2.96	2.90	2.92	2.79	2.74	2.73	3.01	2.95	2.92	3.20	3.15	3.12		
	2.09	2.12	2.22	1.97	2.00	2.05	2.15	2.18	2.20	2.48	2.49	2.50		
0.35	0.35	0.39	0.47	0.47	0.50	0.83	0.82	0.85	2.09	2.05	2.06	US - Fed	5.00	
3.95	3.96	3.92	3.83	3.84	3.75	3.99	3.99	3.89	4.58	4.57	4.46	England - BoE	5.00	
CANADA GERMANY JAPAN U.K.	Spreads vs. U.S. (bps):												Euro zone - ECB	3.65
-59	-66	-66	-72	-79	-75	-76	-83	-79	-92	-99	-93			
-146	-144	-136	-155	-153	-143	-162	-161	-152	-164	-165	-155			
-320	-321	-320	-305	-306	-299	-294	-297	-286	-204	-210	-199			
40	40	34	32	31	26	22	20	18	45	43	41	Japan - BoJ	-0.10	
Equities	Level						% change:						Mexico - Banxico	10.75
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	23906	-46.3					-0.2	1.3	2.4	22.2				
Dow 30	41915	-293.5					-0.7	1.0	1.6	24.7				
S&P 500	5722	-10.7					-0.2	1.9	1.9	33.9				
Nasdaq	18082	7.7					0.0	2.9	2.0	38.4				
DAX	19109	190.8					1.0	0.6	2.6	25.3				
FTSE	8282	13.2					0.2	-0.6	-0.6	8.6				
Nikkei	38926	1055.4					2.8	7.0	2.1	20.5				
Hang Seng	19925	795.5					4.2	10.6	11.9	14.1				
CAC	7670	104.8					1.4	0.7	1.1	8.4				
Commodities	Level						% change:						Canada - BoC	Oct 23, 2024
WTICrude	68.66	-1.03					-1.5	-4.6	-11.3	-24.0				
Natural Gas	2.69	0.05					2.0	14.6	37.5	1.3				
Gold	2672.79	15.90					0.6	3.3	19.9	40.6				
Silver	31.85	0.97					3.1	4.1	8.2	35.2				
CRB Index	286.16	-1.43					-0.5	2.3	1.5	0.5				
Currencies	Level						% change:						US - Fed	Nov 07, 2024
USDCAD	1.3464	-0.0021					-0.2	-0.7	-0.2	-0.4				
EURUSD	1.1152	0.0019					0.2	-0.1	-0.1	5.5				
USDJPY	144.58	-0.1700					-0.1	1.4	0.0	-3.0				
AUDUSD	0.6879	0.0056					0.8	1.0	1.6	7.5				
GBPUSD	1.3376	0.0052					0.4	0.7	1.4	10.0				
USDCHF	0.8482	-0.0022					-0.3	0.0	0.1	-7.4	New Zealand - RBNZ	Oct 08, 2024		

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