

DAILY POINTS

November 20, 2024 @ 7:15 EST

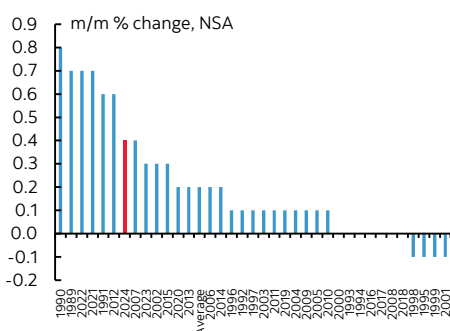
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Chart 1

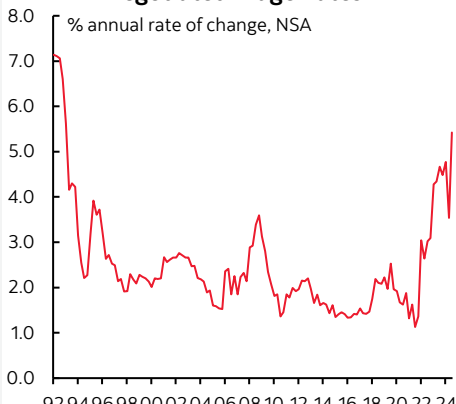
Comparing UK Core CPI for All Months of October



Sources: Scotiabank Economics, UK Office for National Statistics.

Chart 2

ECB's Indicator of Negotiated Wage Rates



Sources: Scotiabank Economics, European Central Bank (ECB).

On Deck for Wednesday, November 20

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11/20	07:00	MBA Mortgage Applications (w/w)	Nov/15	--	--	1.7
US	11/20	10:00	Fed's Barr				
US	11/20	11:00	Fed's Cook				
US	11/20	12:15	Fed's Bowman				
US	11/20	16:00	Fed's Collins				

KEY POINTS:

- **USD broadly strengthening on light developments**
- **Eurozone negotiated wages rise by most since 1993...**
- **...but narrowly—and maybe temporarily—driven by Germany**
- **UK core CPI accelerates, trimming BoE rate cut pricing ahead of BoE-speak**
- **Inflation undershoots on eve of SARB's decision**
- **BI holds with an ongoing eye on the rupiah**
- **Fed– and ECB-speak on tap, US & Canada auctions**
- **Nvidia releases in the after-market**

There is little movement across global asset classes other than currencies where the dollar is broadly stronger this morning. European curves are slightly cheaper following strong Eurozone wage gains and UK core CPI. South Africa's curve is outperforming post-CPI and Indonesia's curve is underperforming after BI held. Stocks are slightly higher across N.A. futures and European cash markets. There is only Fed– and ECB-speak on tap into the N.A. session as well auctions of Canada 10s and US 20s, plus Nvidia releases quarterly earnings after the close today.

UK Core CPI Trims BoE Rate Cut Pricing

UK core CPI was up by more than expected for the month of October. The reading landed at 0.4% m/m NSA which was double the average for like months of October in history (chart 1). That drove the y/y core inflation rate up a tick to 3.3% (3.1% consensus). Headline inflation was up by 0.6% m/m (0.5% consensus) as Ofgem raised the regulated energy price cap by about 10%. It's the core acceleration that is driving markets especially after the glimmer of hope the prior month when core CPI was among the weakest months of September on record. BoE's Ramsden speaks later today (11amET).

As a result, while December was already priced for no action by the BoE before the data, February's pricing was shaved by a few points to under 20bps of a quarter point cut.

Spike in Eurozone Negotiated Wage Gains Shaken Off

The ECB's negotiated wages indicator for 2024Q3 accelerated sharply to 5.4% y/y (chart 2). That follows a brief deceleration the prior quarter and takes negotiated wage growth up by the fastest pace since 1993Q1. The biggest driver was Germany where negotiated wages were up by 8.8% y/y as we learned yesterday morning. The concentration of the gain on Germany that was already known and guidance from the Bundesbank that it is unlikely to persist led to little reaction in ECB pricing. Markets are priced for more than a full quarter point cut on December 12th.

We'll see what ECB officials think about the figures when Guindos (1pmET), Stournaras (1:30pmET) and Makhoulf (2pmET) speak.

Inflation Undershoots on Eve of SARB's Decision

South African inflation weakened on the eve of SARB's expected rate cut tomorrow. Headline CPI fell -0.1% m/m (+0.1% consensus) and the y/y rate dropped a full percentage

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point to 2.8% (3% consensus). Core inflation was up 0.2% on consensus and decelerated by two-tenths to 3.9% y/y, also on consensus. SARB is expected to cut by 25bps tomorrow as the whole yield curve shifted lower by 6–9bps post-data.

BI Holds in Defence of the Rupiah

Bank Indonesia left its policy rate unchanged at 6% as most had expected and retained a focus upon rupiah stability.

Nothing Material Out of N.A.

Fed officials will natter on with Barr (10amET), Cook (11amET), Bowman (12:15pmET) and Collins (4pmET) on tap but it's hard to imagine what they may say that's new. Canada auctions 10s at noon ET today and the US auctions 20s at 1pmET.

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		
	4.30	4.28	4.29	4.29	4.26	4.31	4.43	4.40	4.45	4.61	4.58	4.64	Canada - BoC	3.75
	3.24	3.21	3.17	3.19	3.16	3.14	3.37	3.33	3.31	3.42	3.38	3.32	US - Fed	4.75
	2.17	2.14	2.17	2.21	2.17	2.22	2.38	2.34	2.39	2.58	2.54	2.57	England - BoE	4.75
	0.56	0.56	0.53	0.72	0.71	0.69	1.08	1.07	1.05	2.29	2.30	2.29		
	4.44	4.41	4.49	4.36	4.32	4.41	4.50	4.44	4.52	4.94	4.87	4.91		
Spreads vs. U.S. (bps):														
CANADA	-106	-107	-111	-109	-111	-116	-106	-107	-114	-119	-120	-132	Euro zone - ECB	3.40
GERMANY	-213	-214	-212	-208	-209	-209	-205	-206	-206	-204	-204	-206	Japan - BoJ	-0.10
JAPAN	-374	-372	-376	-357	-356	-362	-335	-333	-340	-232	-229	-235		
U.K.	14	13	20	8	6	10	7	4	7	32	29	27	Mexico - Banxico	10.25
Equities	Level						% change:							
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	25011	33.8					0.1	0.4	0.8	23.5			Australia - RBA	4.35
Dow 30	43269	-120.7					-0.3	-1.5	-0.0	23.1			New Zealand - RBNZ	4.75
S&P 500	5917	23.4					0.4	-1.1	0.9	30.1				
Nasdaq	18987	195.7					1.0	-1.5	2.7	32.9				
DAX	19123	63.0					0.3	0.6	-2.7	20.3				
FTSE	8098	-1.0					-0.0	0.8	-3.1	8.0				
Nikkei	38352	-62.1					-0.2	-1.0	-1.6	14.9			Canada - BoC	Dec 11, 2024
Hang Seng	19705	41.3					0.2	-0.6	-5.3	10.8			US - Fed	Dec 18, 2024
CAC	7243	13.5					0.2	0.4	-4.9	-0.1			England - BoE	Dec 19, 2024
Commodities	Level						% change:							
WTI Crude	69.80	0.41					0.6	2.0	0.8	-10.1			Euro zone - ECB	Dec 12, 2024
Natural Gas	3.10	0.11					3.5	4.0	37.4	7.7			Japan - BoJ	Dec 19, 2024
Gold	2628.95	-3.13					-0.1	2.2	17.9	32.9			Mexico - Banxico	Dec 19, 2024
Silver	31.29	0.55					1.8	2.9	-2.6	30.4			Australia - RBA	Dec 09, 2024
CRB Index	285.10	1.09					0.4	2.0	2.0	3.1			New Zealand - RBNZ	Nov 26, 2024
Currencies	Level						% change:							
USDCAD	1.3990	0.0034					0.2	-0.1	1.1	1.9				
EURUSD	1.0555	-0.0041					-0.4	-0.1	-2.4	-3.5				
USDJPY	155.84	1.1800					0.8	0.2	3.3	5.0				
AUDUSD	0.6504	-0.0028					-0.4	0.3	-2.3	-0.8				
GBPUSD	1.2670	-0.0012					-0.1	-0.3	-2.4	1.3				
USDCHF	0.8854	0.0030					0.3	-0.0	2.2	0.0				

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