

DAILY POINTS

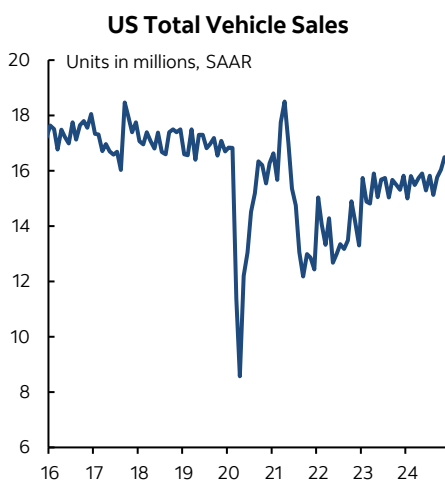
December 4, 2024 @ 7:20 EST

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Chart 1



Sources: Scotiabank Economics, Wards.

On Deck for Wednesday, December 4

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	12/04	07:00	MBA Mortgage Applications (w/w)	Nov/29	--	--	6.3
US	12/04	08:15	ADP Employment Report (000s m/m)	Nov	180	150.0	233.0
CA	12/04	08:30	Productivity (q/q a.r.)	3Q	-0.3	--	-0.2
US	12/04	10:00	Factory Orders (m/m)	Oct	0.2	0.2	-0.5
US	12/04	10:00	ISM Non-Manufacturing Composite	Nov	56.0	55.7	56.0
US	12/04	14:00	Fed's Beige Book				
US	12/04	08:45	Fed's Musalem				
US	12/04	09:00	Fed's Barkin				
US	12/04	01:40	Fed's Powell in moderated discussion				
US	12/04	18:00	Fed's Daly				

KEY POINTS:

- **France, Powell and data could make for a volatile market session**
- **France's government might fall this morning**
- **Fed Chair Powell could share his thinking about December's move**
- **Elevated US data risk with ISM-services, ADP on tap**
- **US vehicle sales will make a significant contribution to retail sales**
- **A pair of beats by Canadian banks**
- **Canada's pathetic productivity trend to continue**
- **A\$ underperforms after GDP miss**
- **Positive European PMI revisions**

This could be a lively session. France holds its confidence vote shortly after debate starts at 4pm Paris (10amET). There is a strong belief that Le Pen's National Rally and the French left will combine to vote down the government against Macron's pleas this morning to think of the national interest, or at least his own. Accordingly, it's unclear that most of the risk isn't already priced in French bond spreads.

Significant US macro data that can often be impactful to markets is also on tap and follows a strong indicator for US retail sales that arrived late yesterday. Canada's bank earnings season grinds on with a pair of beats. And the won is rebounding this morning after yesterday's plunge but likely continues to face high risk as impeachment calls swirl against President Yoon Suk Yeol following his truly odd imposition of martial law—for a few hours.

Overnight developments were fairly thin:

- The A\$ is underperforming and the Australian rates curve is outperforming after GDP missed. Q3 growth was 0.3% q/q SA nonannualized (0.5% consensus).
- The Eurozone composite PMI was revised slightly higher in November (48.3 instead of 48.1) after fresh PMIs from Spain and Italy and revisions to earlier PMIs from Germany and France.
- The UK composite PMI was also revised higher by six-tenths to 50.5 in November as the services PMI was revised up to show mild growth (50.8 instead of 50).

Fed-speak may be key and significant US macro reports are on tap:

- Fed Chair Powell speaks in a moderated discussion at 1:40pmET today. Watch for possible guidance on where he stands into the December 18th FOMC meeting. I suspect he'll place significant conditionality upon Friday's payrolls and next week's CPI. Markets are priced for about 18bps of a quarter point cut. Other Fed speakers haven't sounded very convincing including Governor Waller who "leans" toward a cut and San Fran's Daly last evening who indicated she thinks easing will continue even if there isn't a cut this month.

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- US vehicle sales will be a solid contributor to retail sales growth in November. At 16.5 million SAAR, vehicle sales volumes would add about 0.3–0.4 ppts to November retail sales. Sales were the highest since May 2021 (chart 1). 82% of vehicle sales last month were light trucks, extending America's love affair with them and potentially poised to get a massive jump in their fuel bills if Trump's tariffs go ahead against Canada.
- ADP private payrolls (8:15amET) are guessed to land at 150k (Scotia 180k). It's usually an unreliable indicator for nonfarm.
- ISM-services (10amET) are expected to continue the pattern of solid service sector growth with a reading in the mid-50s.
- Factory orders (10amET) won't matter after all that but after the mild gain in durables and upon incorporating estimates for nondurable goods orders they are expected to post a mild gain.
- There will also be light Fed communications including Richmond's Barkin (9amET), the Beige Book (2pmET), and San Fran's Daly (6pmET).

Canada also releases minor reports with the focus still upon Friday's jobs report:

- Canada will release productivity figures this morning (8:30amET). Q3 is expected to extend the decline to seven out of the past eight quarterly readings.
- Canada also releases S&P's little watched PMIs for November later this morning (9:30amET).

The Canadian bank earnings continues with RBC beating estimates as EPS was C\$3.07 versus consensus at \$3.03. ROE also beat at 15.1% (14.6% consensus) and so did revenues (\$15.07B, \$14.79B consensus). National Bank also beat by a penny with EPS at C\$2.58 and raised its dividend.

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	3.75		
	4.19	4.18	4.23	4.13	4.11	4.14	4.25	4.23	4.26	4.43	4.40	4.44				
	3.08	3.07	3.21	3.00	2.98	3.11	3.14	3.12	3.24	3.19	3.17	3.27			US - Fed	4.75
	1.98	1.94	2.04	1.94	1.90	2.01	2.08	2.05	2.16	2.30	2.28	2.37				
	0.59	0.62	0.59	0.72	0.75	0.74	1.07	1.08	1.07	2.29	2.30	2.31			England - BoE	4.75
	4.26	4.23	4.31	4.13	4.10	4.18	4.28	4.24	4.30	4.80	4.77	4.79				
Spreads vs. U.S. (bps):													Euro zone - ECB	3.40		
CANADA	-111	-111	-102	-113	-113	-103	-111	-111	-102	-124	-123	-117				
GERMANY	-221	-224	-219	-219	-221	-213	-217	-217	-210	-214	-213	-207			Japan - BoJ	-0.10
JAPAN	-359	-356	-364	-341	-337	-340	-319	-314	-319	-214	-210	-213				
U.K.	7	4	8	-0	-2	4	2	2	3	37	37	35	Mexico - Banxico	10.25		
Equities	Level						% change:						Next Meeting Date			
	Last	Change			1 Day	1-wk	1-mo	1-yr								
S&P/TSX	25636	45.4			0.2	0.9	5.7	25.6	Australia - RBA	4.35						
Dow 30	44706	-76.5			-0.2	-0.1	7.0	23.5								
S&P 500	6050	2.7			0.0	1.0	5.9	32.4	New Zealand - RBNZ	4.25						
Nasdaq	19481	77.0			0.4	2.2	7.2	37.3								
DAX	20214	197.1			1.0	4.9	5.6	23.2	Next Meeting Date							
FTSE	8335	-24.0			-0.3	0.7	1.8	10.9								
Nikkei	39276	27.5			0.1	3.0	3.2	18.2	Canada - BoC	Dec 11, 2024						
Hang Seng	19742	-3.9			-0.0	0.7	-4.0	18.6								
CAC	7287	31.3			0.4	2.0	-1.2	-0.6	US - Fed	Dec 18, 2024						
Commodities	Level						% change:									
WTI Crude	69.92	-0.02			-0.0	1.7	-2.2	-4.3	England - BoE	Dec 19, 2024						
Natural Gas	3.00	-0.04			-1.3	-12.5	8.0	11.5								
Gold	2644.13	0.64			0.0	0.3	18.6	30.3	Euro zone - ECB	Dec 12, 2024						
Silver	30.91	0.45			1.5	1.2	-5.8	22.8								
CRB Index	285.98	1.43			0.5	-0.5	1.1	6.9	Japan - BoJ	Dec 19, 2024						
Currencies	Level						% change:									
USDCAD	1.4059	-0.0010			-0.1	0.2	1.1	3.9	Mexico - Banxico	Dec 19, 2024						
EURUSD	1.0502	-0.0007			-0.1	-0.6	-3.5	-3.1								
USDJPY	150.98	1.3800			0.9	-0.1	-0.8	2.6	Australia - RBA	Dec 09, 2024						
AUDUSD	0.6410	-0.0076			-1.2	-1.3	-2.7	-3.2								
GBPUUSD	1.2679	0.0006			0.0	-0.0	-2.1	0.4	New Zealand - RBNZ	Feb 18, 2025						
USDCHF	0.8863	0.0000			0.0	0.5	2.6	1.5								

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