

DAILY POINTS

March 10, 2025 @ 7:40 EST

Contributors

Derek Holt

VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

On Deck for Monday, March 10

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	03-10	11:00	NY Fed 1-Yr Inflation Expectations	Feb	--	--	3.0

KEY POINTS:

- **Sloppy talk on the economy by the US administration is dragging equities lower**
- **Mark Carney crushes opponents, becomes new interim PM as widely expected**
- **Comparing early Canadian election platforms: Carney versus Poilievre**
- **Trump, Bessent and Lutnick should all have been more careful with their comments**
- **US administration continues to back off tariffs, delays tariffs on dairy, lumber...**
- **...but is committed to protecting coddled US steel companies as metals prices soar**
- **Norwegian inflation soars, roils local markets**
- **Mixed German macro data**
- **Global Week Ahead — A Break for March (reminder [here](#))**

Negative talk about the US economy by Trump and his Treasury Secretary are dragging down stocks. There is little else to consider by way of market-moving global developments. Norway's inflation rattled local markets, German data was mixed, and few should be surprised that Canada's Liberal Party chose Mark Carney to be interim PM. I offer a tentative loose comparison of election pledges.

Stocks are broadly lower with US futures leading the way with declines of about 1%. European cash markets are down by about ¼% to ¾%. Asian exchanges were mixed including a gain of ¼% in Seoul and a little more than that for the Nikkei to nearly a 2% drop by the Hang Seng and mild decline in Shanghai. Sovereign bonds are mostly dearer with a rally being led by US Ts. The dollar is weaker on a DXY basis as the yen and CHF pick up safe haven flows and the Euro and related crosses gain.

US ADMINISTRATION SIGNALS CONCERN ABOUT THE ECONOMY

There was one simple way of answering reporters' questions about recession risk and they all blew it.

Trump and Bessent could have given a stock answer in political-speak. Instead, they fanned the flames and in a way that has markets thinking that either the US administration is in disarray, and/or the administration is ok with the damage being caused by its policies at a very early stage. This includes totally irresponsible moves on tariffs that are sapping confidence to spend and invest, mass firings in the federal government alongside the inability to move fiscal plans forward and with the negative hit to the economy from immigration policy. Trump inherited a strong economy and will be made to own consequences of his administration's policies.

Trump said this in his usual ineloquent manner: "There is a period of transition, because what we're doing is very big, we're bringing wealth back to America, that's a big thing. There are always periods of...it takes a little time, it takes a little time, but I think it should be great for us, I mean I think it should be great."

This follows Treasury Secretary Bessent's comments on Friday after payrolls: "Look, there's going to be a natural adjustment as we move away from public spending to private spending. The market and the economy have just become hooked, and we've become addicted to this government spending, and there's going to be a detox period." The

March 10, 2025

private economy was actually performing very well before the new administration took over, Mr. Bessent; just have a look at consumption figures right up to Q4 as one example.

Commerce Secretary Lutnick was a smidge wiser than both of them but went too far with his claim “There’s going to be no recession in America.” Lutnick’s comments on economics are often not to be treated very seriously, but absent from all three officials’ comments was a rallying middle ground.

All of them should be vastly more careful with their chosen words. Once you start recession talk backed by their policy actions, developments can snowball rapidly from there and they can be hard to turn around.

For my two cents, I think the probability of a US recession has definitely shot higher but am not prepared to make such a call. Q1 GDP had several distortions, ranging from weather to LA fires, although policy instability is harming growth and confidence at a time when stock market valuations had been priced for perfection and then some.

US ADMINISTRATION DELAYS TARIFFS ON CANADA

In any event, we’re seeing the Trump administration back pedal from tariffs as it dawns upon them that this would harm the US economy. Ya think??! Gosh, what a revelation.

The US administration appears to be delaying tariffs on dairy and lumber from Canada until April 2nd. This is according to Commerce Secretary Lutnick and conflicts with Trump’s threat on Friday to impose them as soon as that day or shortly thereafter. We’ll see if they ever appear, and how broader negotiations toward a trade agreement may proceed. Lutnick reaffirmed that Wednesday is the day for US metals tariffs including against Canada, in which cash American consumers will simply have to pay more to coddled US steel companies and to the benefit of organized US labour in that sector.

CANADA’S NEW INTERIM PRIME MINISTER

While there is no market reaction this morning, Canada’s election call took one step closer to becoming reality. Mark Carney will take over the reins as PM at some point probably this week once PM Trudeau officially resigns and once the Governor General asks Carney to form a new administration that will include selecting a fresh cabinet. He might call an election at any point and perhaps set in motion an April election. In the end, it wasn’t even a contest, as Carney took 85.9% of the vote on the first ballot yesterday.

I’m sure it will change when an election is upon us, but I’ve included a table comparing the election platforms of Canada’s new PM Mark Carney and Conservative Leader Pierre Poilievre. Key for both will be to stand firm against the US administration’s foolish trade policies and to hope Canada can then navigate toward more constructive policy options. For instance, tax cuts in a trade war would likely be hoarded with little effect in my opinion.

MIXED GERMAN DATA

German macro data was mixed for the month of....January. The lagging numbers don’t speak to forward risks of course, but fwiw industrial output was up 2% m/m and exports were down 2.5% m/m and imports gained by 1.2%. Most of this is continuing the seesaw pattern.

NORGES BANK EXPECTATIONS TRIMMED POST-CPI

A large upside surprise by Norway’s CPI reading slammed Norwegian markets. Norway’s rates curve gets the prize for worst performer this morning with yields up by double digits in bear flattener fashion, while the krone is the class leader thanks to a 1% appreciation to the USD. CPI was up by 1.4% m/m (0.5% consensus) with underlying CPI doubling expectations at 1% m/m. February is normally an up-month for the seasonally unadjusted readings, but the underlying CPI measure’s m/m gain was among the hottest on record.

Pricing for the March 27th Norges decision was scaled back by about 5bps post-data to about 16bps. None of the next four meetings are fully priced for a 25bps cut, though they get closer by June.

There is nothing material on deck in N.A. today with just the NY Fed’s 1-year inflation expectations measure for February due out (11amET).

Comparing Early Election Platforms		
Economic Policy	Mark Carney	Pierre Poilievre
Taxes	Cut middle-class taxes & boost the incomes of young Canadians	Bring it Home Tax Cut - biggest & most patriotic tax cut
Capital Gains Tax	Scrap	Scrap
Carbon Pricing	Will immediately remove the consumer carbon tax and replace it with incentives to reward people for greener choices. Have big polluters pay Canadians to make their green choices while paying their fair share for emissions.	Axe the tax
Spending	Boost defense spending to 2% of GDP by 2030 Spend less in government but keep new programs - dental care & child care etc. Invests more	Noncommittal on social programs like child care, dental care, & pharmacare. Work toward meeting Canada's NATO spending commitment. Will cut bureaucracy, consultants, and corporate welfare
Housing	Boost Construction of New Homes & lower building costs	Removing sales tax on new homes, sparking the construction of 30,000 extra homes per year, creating more jobs for trades workers. Removing all red tape on housing construction.
Business Incentives	-	Bring it Home Tax Cut that will lower taxes on energy, work, homebuilding, investment and making stuff in Canada as well as 20% less paperwork by simplifying tax rules
Energy Sector	Supports the concept of a west-east oil pipeline. Accelerate approvals for such pipelines and for clean energy. Become the most reliable supplier of critical minerals.	Repeal the unconstitutional No-New Pipelines Law C-69 within 60 days. Replace this with a law that protects nature and approves projects within a year. Immediately green-light all federal permits for harvesting critical minerals. Supports a national West-to -East pipeline.
Fiscal Discipline	Run a deficit "to invest & grow" and balance its operational spending over the course of three years	Impose a dollar for dollar law to require we match new spending with real savings.
Jobs	Shrinking Civil service	Cut Federal Public Service Jobs.
Immigration	Cap immigration until it can be returned to its sustainable pre-pandemic trend	Supports economic immigration but tying admission targets to the housing supply. Reforms to the Temp Foreign Worker Program
US Tariffs	Supports dollar-for-dollar retaliatory tariffs	Supports dollar-for-dollar retaliatory tariffs
Interprovincial Trade Barriers	Quickly convene the country's premiers to work on the issue in the service of making "one economy here, not 13."	Aims to unite Premiers within 30 days to simplify the Canada Free Trade Agreement and enable professionals, including immigrant doctors and nurses, to work anywhere in Canada, reducing health care wait times. Will offer Free Trade Bonus as an incentive.

Sources: Scotiabank Economics, Campaign websites, Media & Newspaper and various articles.

March 10, 2025

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.	3.95	4.00	3.95	4.02	4.09	3.96	4.24	4.30	4.16	4.55	4.60	4.45	Canada - BoC	3.00		
CANADA	2.56	2.59	2.48	2.64	2.69	2.53	2.98	3.03	2.83	3.22	3.26	3.07				
GERMANY	2.20	2.25	2.07	2.46	2.52	2.21	2.79	2.84	2.49	3.08	3.11	2.80	US - Fed	4.50		
JAPAN	0.88	0.85	0.83	1.16	1.12	1.05	1.58	1.52	1.41	2.61	2.53	2.37				
U.K.	4.18	4.20	4.21	4.26	4.28	4.25	4.62	4.64	4.56	5.18	5.21	5.13	England - BoE	4.50		
Spreads vs. U.S. (bps):																
CANADA	-139	-141	-147	-138	-140	-144	-126	-127	-132	-133	-134	-138	Euro zone - ECB	2.65		
GERMANY	-175	-175	-188	-156	-157	-175	-145	-147	-167	-146	-149	-165				
JAPAN	-307	-315	-312	-286	-296	-291	-267	-278	-274	-194	-207	-208	Japan - BoJ	0.50		
U.K.	23	20	26	24	20	29	37	33	40	64	61	68				
Equities	Level						% change:						Mexico - Banxico		9.50	
	Last			Change			1 Day		1-wk		1-mo		1-yr			
S&P/TSX	24759			174.7			0.7		-2.5		-3.5		13.9		Australia - RBA	4.10
Dow 30	42802			222.6			0.5		-2.4		-3.8		10.5			
S&P 500	5770			31.7			0.6		-3.1		-4.9		12.6		New Zealand - RBNZ	3.75
Nasdaq	18196			127.0			0.7		-3.5		-7.7		13.1			
DAX	22828			-180.7			-0.8		-1.4		4.2		28.1		Next Meeting Date	
FTSE	8646			-33.6			-0.4		-2.5		-1.4		12.9			
Nikkei	37028			141.1			0.4		-2.0		-4.6		-4.6		Canada - BoC	Mar 12, 2025
Hang Seng	23783			-447.8			-1.8		3.4		11.7		43.4			
CAC	8092			-28.9			-0.4		-1.3		1.1		0.8		US - Fed	Mar 19, 2025
Commodities	Level						% change:									
WTICrude	67.40			0.36			0.5		-1.4		-6.8		-13.6		England - BoE	Mar 20, 2025
Natural Gas	4.60			0.20			4.6		11.6		33.6		155.0			
Gold	2896.48			-12.62			-0.4		0.1		29.9		32.9		Euro zone - ECB	Apr 17, 2025
Silver	32.50			0.07			0.2		4.4		0.7		34.5			
CRB Index	303.04			1.97			0.7		0.4		-2.9		9.6		Japan - BoJ	Mar 19, 2025
Currencies	Level						% change:									
USDCAD	1.4377			0.0005			0.0		-0.7		0.4		6.6		Mexico - Banxico	Mar 27, 2025
EURUSD	1.0849			0.0016			0.1		3.5		5.3		-0.7			
USDJPY	146.97			-1.0700			-0.7		-1.7		-3.3		0.0		Australia - RBA	Mar 31, 2025
AUDUSD	0.6324			0.0019			0.3		1.6		0.7		-4.4			
GBPUSD	1.2919			-0.0001			-0.0		1.7		4.5		0.8		New Zealand - RBNZ	Apr 08, 2025
USDCHF	0.8771			-0.0028			-0.3		-2.2		-3.8		-0.0			

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.