

DAILY POINTS

March 24, 2025 @ 7:55 EST

Contributors

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Chart 1

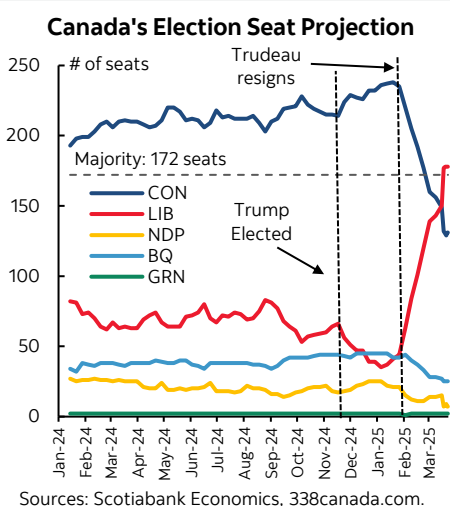
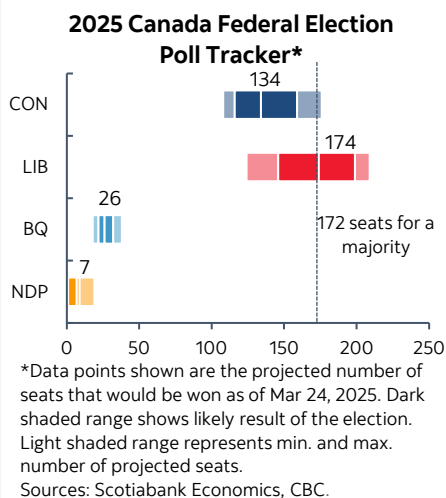


Chart 2



On Deck for Monday, March 24

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	03-24	09:45	S&P Global US Manufacturing PMI	Mar P	--	51.8	52.7
US	03-24	09:45	S&P Global US Services PMI	Mar P	--	51.0	51.0
US	03-24	09:45	S&P Global US Composite PMI	Mar P	--	51.3	51.6
US	03-24	13:45	Fed's Bostic on Bloomberg TV				
US	03-24	15:10	Fed's Barr Speaks on Small Business Lending				

KEY POINTS:

- **Markets start the week with positive risk sentiment...**
- **...amid speculation toward exactly how foolish Trump's tariffs will be...**
- **...and divergent global growth signals in updated PMIs**
- **Canada's election trackers are pointing to a slim Liberal majority...**
- **...as billions fly out the door**
- **Global Week Ahead highlights**

The week is starting off with a positive bias across risk assets. The dollar is broadly softer along with the underperforming yen and CHF. An exception is the Turkish lira that is weakening after Erdogan jailed his main rival. Stocks are broadly higher and led by US equity futures that are around 1%+ higher with TSX futures not far behind while Europe underperforms. US Treasury and Canadian yields are gently higher ahead of US PMIs later this morning while gilts are outperforming other global benchmarks a touch.

The reasons are unclear. There may be some speculation around the degree of foolishness of US tariff actions pledged for April 2nd amid reports that they could be less extreme than feared. Given how chaotic this US administration has been behaving I wouldn't have any confidence in this speculation as trade turmoil is likely to persist. Global PMIs were updated but revealed mixed results with the US pending. Canada's election call was well telegraphed long in advance and so it is being shaken off by domestic markets.

CANADA ELECTION, TENS OF BILLIONS FLYING OUT THE DOOR

Canada's election will be held on Monday April 28th. Interim PM Carney called it yesterday. The 37 days is the shortest election campaign allowed in Canada. You could reason that a short campaign is to capitalize upon Liberal momentum, or maybe it's because of a desire to have a mandate to address growth challenges and Trump's protectionism.

Billions continue to be spent by the interim government before it obtains a fresh mandate which makes a pivot toward newfound fiscal prudence with less spending on distributional policies difficult to believe. This weekend brought a multi-billion-dollar expansion of publicly funded dental care for those without existing benefits and who pass means tests. This follows last week's pledge to cancel the GST on new home purchases under \$1 million for first time buyers that may offer a first mover advantage before resetting prices higher. It also follows the commitment to build a high-speed rail line from Toronto to Montreal that will cost tens of billions.

The Liberals also pledged to cut the lowest tax bracket by 1% that, stunningly, includes 22 million folks, or just over half of Canada's population. Mind you, income doesn't always speak to assets.

Weekend tracking sites show the Liberals are in reach of a majority government. The site 338canada.com shows the Liberals on track to win 178 seats in parliament for a six-seat majority (chart 1). The Conservatives—who held onto majority tracking until recent weeks—are on track for 131 seats followed by the BQ at 25 and the left leaning NDP at 7 and Greens at 2.

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CBC's election tracker shows similar prospects with the Liberals possibly winning a two-seat majority with 174 seats—and the Conservatives at 134 followed by the BQ at 26 and the NDP at 7 (chart 2). Frankly in my opinion the CBC has been consistently offering market leading coverage of trade-related policy developments and the election.

Liberals have an apparent lock on everything from Ontario eastward, maybe Manitoba as well, but that's looking closer. Conservatives are in the lead in BC, Alberta and SK and so much so that it's looking like it's hardly worth Liberal campaigning in Alberta—or meeting its Premier's demands. Alberta's leader is also in hot water over what appears to be a case of encouraging foreign interference in Canada's election.

GLOBAL PMIS

The monthly parade of global purchasing managers' indices revealed divergent growth prospects across the global economy as growth picked up in the UK and Australia, held unchanged in the Eurozone and India, and worsened in Japan. Service and manufacturing trends are shown in charts 3 and 4.

- The Eurozone composite PMI was essentially unchanged given the sampling noise for soft data (50.4, 50.2 prior). Ditto for the services PMI (50.4, 50.6 prior) as manufacturing contracted at a bit of a slower pace (48.7, 47.6 prior).
- The UK composite PMI gained 1.5 points to 52 as the expansion picked up the pace and was led by services (53.2, 51 prior) while manufacturing contracted at a quicker pace (44.6, 46.9 prior).
- Australia's composite PMI climbed seven-tenths to 51.3 in this month's reading. Both services (51.2 from 50.8) and manufacturing (52.6 from 50.4) drove the improvement.
- Japan's composite PMI fell by 3.5 points to 48.5 and hence into contraction territory. Services drove most of the deterioration (49.5, 53.7 prior) and manufacturing also slipped (48.3, 49 prior).
- India's composite PMI was essentially unchanged and continues to signal solid growth (58.6, 58.8 prior) as a pick-up in manufacturing (57.6, 56.3 prior) was offset by a deceleration in services (57.7, 59 prior).

Light N.A. Calendar

US S&P PMIs (9:45amET) are on tap along with some central bank speak from the BoE (Governor Bailey 2pmET) and Federal Reserve with Atlanta's Bostic (1:45pmET) and Governor Barr (3:10pmET) speaking.

GLOBAL WEEK AHEAD HIGHLIGHTS

In lieu of a full Global Week Ahead I'll offer the following snippets of key expected developments.

Canada

Other than election watch, Friday's GDP numbers will be the main event, but backward-looking data may not matter much amid forward-looking risks like tariffs and the Canadian election. GDP for January was guided to be up 0.3% in Statcan's preliminary assessment and will be finalized with upside risk (Scotia 0.4%). The first glimpse at February GDP will be provided and is likely to be weak given limited tracking such as a drop in hours worked.

The provincial budget season continues to drone on this week. Quebec's budget is out tomorrow. The picture is likely to be weaker than portrayed in its mid-year update last Fall given obvious developments. By necessity, provinces are releasing before the Federal Budget comes out some time well after the Canadian election but that could carry important consequences for the provinces.

Chart 3

Global Services PMIs

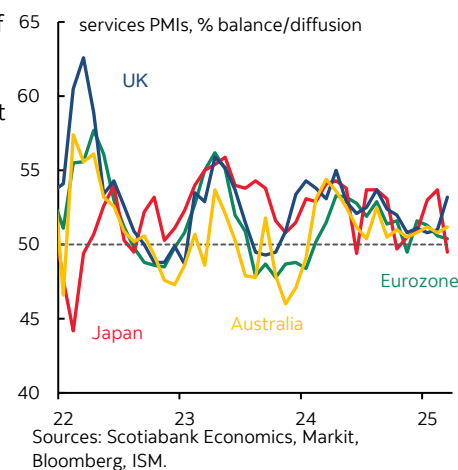
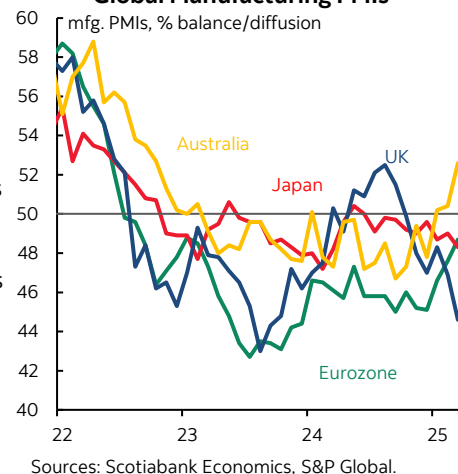


Chart 4

Global Manufacturing PMIs



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United States

This should be a lighter week for US watchers with the main focus on Friday's core PCE print for February that is expected to be up 0.3% m/m with a slim but slightly fatter tail bias toward 0.4% versus 0.2%. Core CPI was up 0.23% m/m, while accounting for the differential weights in PCE versus CPI is a neutral influence and the details to the producer price report indicate another tenth contribution to core PCE. Uncertainty around seasonal adjustments and nowcast estimates suggest some caution.

Otherwise, the US calendar will focus upon lighter readings such as consumer confidence (Tuesday) and the final revisions to Q4 GDP data that will incorporate fuller service sector estimates (Thursday). The Q4 numbers will also finalize core PCE estimates.

Latin America

Banxico's decision on Thursday is expected to deliver a 50bps cut the its overnight rate as the main event across LatAm markets.

Europe

CPI figures from the UK (Wednesday) and then France and Spain (Friday) will be the main developments. UK inflation is expected to hold at 3% y/y with core little changed at 3.6%. The French and Spanish figures will inform tracking ahead of the following week's Eurozone tally (next Tuesday) after Germany and Italy release the day before.

Norges Bank is expected to hold at 4.5% on Thursday

Asia-Pacific

A pair of CPI inflation reports from Australia (February, tomorrow night) and Japan's Tokyo gauge (March, Thursday) are the main entries in a light calendar.

Fixed Income	Government Yield Curves (%):												Central Banks		
U.S. CANADA GERMANY JAPAN U.K. CANADA GERMANY JAPAN U.K. Equities	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			
	3.99	3.95	4.05	4.06	4.00	4.09	4.30	4.25	4.30	4.63	4.59	4.59	Canada - BoC	2.75	
	2.54	2.50	2.54	2.69	2.65	2.69	3.04	2.99	3.01	3.28	3.24	3.25			
	2.15	2.13	2.19	2.42	2.40	2.47	2.78	2.77	2.82	3.13	3.10	3.12	US - Fed	4.50	
	0.87	0.85	0.81	1.14	1.13	1.11	1.55	1.52	1.51	2.61	2.60	2.61			
	4.24	4.27	4.19	4.32	4.35	4.29	4.70	4.71	4.64	5.30	5.31	5.22	England - BoE	4.50	
	Spreads vs. U.S. (bps):														
	-145	-145	-151	-137	-135	-141	-126	-125	-129	-135	-135	-134	Euro zone - ECB	2.65	
	-185	-182	-186	-164	-160	-162	-151	-148	-148	-150	-149	-148			
-312	-310	-323	-291	-288	-298	-275	-272	-279	-202	-199	-198	Japan - BoJ	0.50		
25	31	15	27	34	20	40	46	34	67	72	62				
Equities	Level						% change:						Mexico - Banxico	9.50	
	Last	Change			1 Day	1-wk	1-mo	1-yr							
S&P/TSX	24968	-91.8			-0.4	1.7	-0.7	13.6						Australia - RBA	4.10
Dow 30	41985	32.0			0.1	1.2	-3.4	6.4							
S&P 500	5668	4.7			0.1	0.5	-5.3	8.3						New Zealand - RBNZ	3.75
Nasdaq	17784	92.4			0.5	0.2	-7.8	8.2						Next Meeting Date	
DAX	23002	110.3			0.5	-0.7	2.6	26.3							
FTSE	8658	10.7			0.1	-0.3	-0.0	9.2							
Nikkei	37608	-68.6			-0.2	1.5	-1.6	-6.9						Canada - BoC	Apr 16, 2025
Hang Seng	23906	215.8			0.9	-1.0	3.8	45.1							
CAC	8059	16.3			0.2	-0.2	-0.4	-1.1						US - Fed	May 07, 2025
Commodities	Level						% change:								
WTI Crude	68.81	0.53			0.8	1.8	-2.7	-14.7						England - BoE	May 08, 2025
Natural Gas	3.96	-0.02			-0.5	-1.4	-0.8	138.8							
Gold	3025.70	3.55			0.1	0.8	35.7	39.7						Euro zone - ECB	Apr 17, 2025
Silver	33.18	-0.13			-0.4	-2.1	0.8	30.5							
CRB Index	305.77	-1.64			-0.5	1.0	-0.9	7.0						Japan - BoJ	May 01, 2025
Currencies	Level						% change:								
USDCAD	1.4321	-0.0028			-0.2	0.2	0.4	5.4						Mexico - Banxico	Mar 27, 2025
EURUSD	1.0838	0.0020			0.2	-0.8	3.5	0.0							
USDJPY	149.75	0.4300			0.3	0.4	0.0	-1.1						Australia - RBA	Mar 31, 2025
AUDUSD	0.6296	0.0023			0.4	-1.4	-0.9	-3.7							
GBPUSD	1.2953	0.0034			0.3	-0.3	2.6	2.5						New Zealand - RBNZ	Apr 08, 2025
USDCHF	0.8813	-0.0015			-0.2	0.0	-1.8	-2.0							

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