

### DAILY POINTS

March 28, 2025 @ 8:00 EST

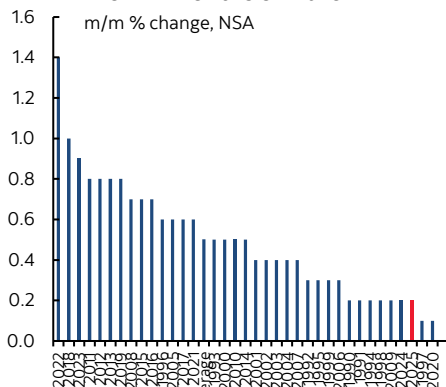
#### Contributors

##### Derek Holt

VP & Head of Capital Markets Economics  
Scotiabank Economics  
416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1

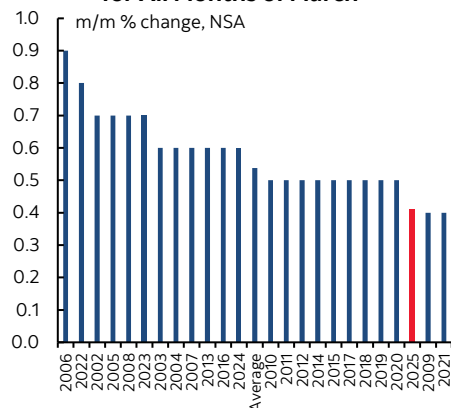
#### Comparing France CPI for All Months of March



Sources: Scotiabank Economics, INSEE National Statistics Office of France.

Chart 2

#### Comparing Spain Core CPI for All Months of March



Sources: Scotiabank Economics, INE.

#### On Deck for Friday, March 28

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	03-28	08:30	Real GDP (m/m)	Jan	0.4	0.3	0.2
US	03-28	08:30	PCE Deflator (m/m)	Feb	0.3	0.3	0.3
US	03-28	08:30	PCE Deflator (y/y)	Feb	2.5	2.5	2.5
US	03-28	08:30	PCE ex. Food & Energy (m/m)	Feb	0.3	0.3	0.3
US	03-28	08:30	PCE ex. Food & Energy (y/y)	Feb	2.7	2.7	2.6
US	03-28	08:30	Personal Spending (m/m)	Feb	0.5	0.5	-0.2
US	03-28	08:30	Personal Income (m/m)	Feb	0.2	0.4	0.9
US	03-28	12:15	Fed's Barr Gives Speech on Banking Policy				
US	03-28	15:45	Fed's Bostic Moderates Panel on Housing Finance				

of the country can't just sit back and leave it to Ontario to send troops. How un-Canadian.

- "we are all on the same page"
- "we will respond forcefully"

Overall, Carney reaffirmed that after next Wednesday's US announcements they will be able to have a fuller response. The overall tone was that of stay tuned, retaliation is forthcoming after further consultations, discussion, and seeing what unfolds next Wednesday. That could either be because they don't have agreement on how to respond yet, or it's a better negotiating strategy to wait until your opponent has fully revealed their hand. Playing to the latter interpretation was Carney's remark that it doesn't make sense to respond to developments in a rapid sequence versus responding once you see everything.

### ARTHUR LAFFER SLAMS TRUMP'S AUTO TARIFFS

I guess we can finally rule out Arthur Laffer—proponent of the maligned notion that tax cuts pay for themselves—as a candidate for Fed chair. Trump's hero economist just [slammed](#) his tariffs. Then again, I don't know any serious person even remotely trained in economics who supports tariffs. If this doesn't torpedo him, then his support for a carbon tax to fund a flat tax in the US would!

### SOFT EUROZONE INFLATION, MIXED SPENDING

French CPI increased 0.2% m/m (consensus 0.4%). Spanish CPI increased 0.1% m/m (consensus 0.4%) with core up 2% y/y (2.1% consensus). Both countries put in among the softest m/m seasonally unadjusted increases on record when comparing across like months of March (charts 1, 2). Germany and Italy report on Monday and the Eurozone tally arrives on Tuesday.

Eurozone inflation expectations were unchanged with the 1-year measure holding at 2.6% and the 3-year gauge staying at 2.4% (chart 3).

UK retail sales beat expectations. February's sales volumes were up by 1% m/m (-0.4% consensus) with sales ex-gas also up 1% (-0.5% consensus).

French consumer spending fell -0.1% m/m after dropping by -0.6% m/m the prior month and four times in the past five months.

### YEN LIFTED BY JAPANESE INFLATION

Japanese inflation was stronger than expected and that drove a stronger yen. Tokyo CPI in March was up by 2.9% y/y (2.7% consensus) with CPI ex-food and energy up 2.2% (1.9% consensus). Core CPI in m/m SAAR terms was among the hottest readings in a while (chart 4).

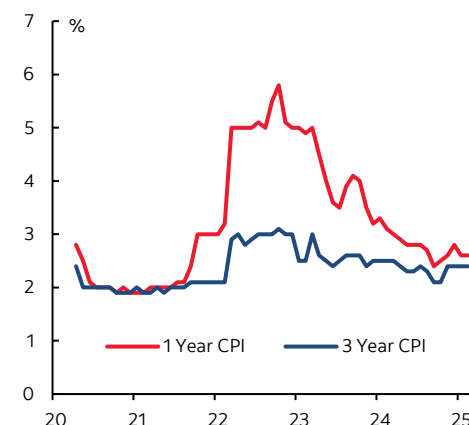
### THE CANADIAN ECONOMY THAT WAS

Canadian GDP for January and February (8:30amET) will be reported this morning, though they are statistical artefacts in the context of Trump's trade belligerence. January will be about revisions to the 'flash' guidance Statcan provided at the end of February when they said growth was 0.3% m/m. I went a touch higher at 0.4% because the strength in trade figures after that flash indicates broader activity than other indicators suggest and because of the spillover effects of ending the Canada Post strike just before the holidays.

February GDP is dicier in that most of the limited readings we have available so far suggest risk of contraction. That itself could reverse in March as the steep drop in hours worked during February due to weather gives way to a rebound (chart 5). What lies beyond March will nevertheless be key as trade wars bite.

Chart 3

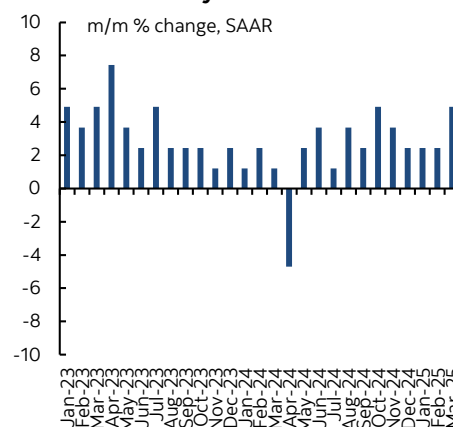
#### ECB Measure of Inflation Expectations



Sources: Scotiabank Economics, ECB.

Chart 4

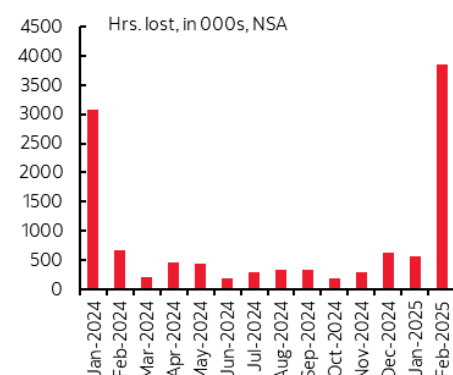
#### Tokyo Core CPI



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

Chart 5

#### Canadian Economy Hours Lost Due to Weather



Sources: Scotiabank Economics, Statistics Canada.

March 28, 2025

## US CORE INFLATION IS ONLY ABOUT PASSING THE TIME

One of two readings of the Fed's preferred inflation gauges arrives this morning on the path to the next decision on May 7<sup>th</sup> (8:30amET). Forward-looking risks and uncertainties are dominating the FOMC's pause mindset, so treat today as a cause for market volatility and little else.

I went with 0.3% m/m for February's core PCE reading. Take core CPI on the generous side of 0.2% m/m to start. Then consider that there is no material weighting and methodological difference when converting to PCE this time. Then add about 0.1 given what we learned about the PPI numbers. Uncertainty around seasonal adjustments and nowcast estimates suggest some caution.

The US also reports February figures for incomes and spending (8:30amET).

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		
	3.98	3.99	3.95	4.06	4.09	4.00	4.32	4.36	4.25	4.68	4.72	4.59	Canada - BoC	2.75
	2.53	2.55	2.50	2.70	2.72	2.65	3.06	3.09	2.99	3.31	3.34	3.24	US - Fed	4.50
	2.04	2.07	2.13	2.34	2.37	2.40	2.73	2.77	2.77	3.09	3.13	3.10	England - BoE	4.50
	0.87	0.89	0.85	1.15	1.18	1.13	1.54	1.59	1.52	2.54	2.59	2.60		
	4.23	4.27	4.27	4.34	4.39	4.35	4.72	4.78	4.71	5.31	5.37	5.31		
	Spreads vs. U.S. (bps):													
	-145	-144	-145	-137	-136	-135	-127	-127	-125	-137	-138	-135	Euro zone - ECB	2.65
	-194	-192	-182	-173	-172	-160	-159	-159	-148	-159	-159	-149	Japan - BoJ	0.50
-311	-311	-310	-291	-290	-288	-278	-277	-272	-214	-214	-199			
25	28	31	27	30	34	40	42	46	63	65	72	Mexico - Banxico	9.00	
Equities	Level						% change:							
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	25161	0.0					0.0	0.4	-0.9	13.5			Australia - RBA	4.10
Dow 30	42300	-155.1					-0.4	0.8	-3.5	6.3			New Zealand - RBNZ	3.75
S&P 500	5693	-18.9					-0.3	0.5	-4.4	8.4				
Nasdaq	17804	-95.0					-0.5	0.6	-5.5	8.7				
DAX	22576	-102.6					-0.5	-1.4	0.1	22.1				
FTSE	8684	18.2					0.2	0.4	-1.4	9.2				
Nikkei	37120	-679.6					-1.8	-1.5	-0.1	-8.0			Canada - BoC	Apr 16, 2025
Hang Seng	23427	-152.2					-0.6	-1.1	2.1	41.6			US - Fed	May 07, 2025
CAC	7957	-33.3					-0.4	-1.1	-1.9	-3.0				
Commodities	Level						% change:							
WTI Crude	69.87	-0.05					-0.1	2.3	0.2	-16.0			England - BoE	May 08, 2025
Natural Gas	3.85	-0.08					-2.0	-3.3	0.4	118.3			Euro zone - ECB	Apr 17, 2025
Gold	3076.38	19.09					0.6	1.8	38.0	38.0			Japan - BoJ	May 01, 2025
Silver	34.11	0.35					1.0	2.4	7.5	39.1				
CRB Index	307.05	-0.04					-0.0	-0.1	1.7	5.8				
Currencies	Level						% change:							
USDCAD	1.4321	0.0016					0.1	-0.2	-1.0	5.8			Mexico - Banxico	May 15, 2025
EURUSD	1.0772	-0.0029					-0.3	-0.4	3.8	-0.2			Australia - RBA	Mar 31, 2025
USDJPY	150.80	-0.2500					-0.2	1.0	0.1	-0.4			New Zealand - RBNZ	Apr 08, 2025
AUDUSD	0.6293	-0.0012					-0.2	0.3	1.4	-3.4				
GBPUSD	1.2929	-0.0020					-0.2	0.1	2.8	2.4				
USDCHF	0.8830	0.0013					0.1	0.0	-2.2	-2.1				

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.