

DAILY POINTS

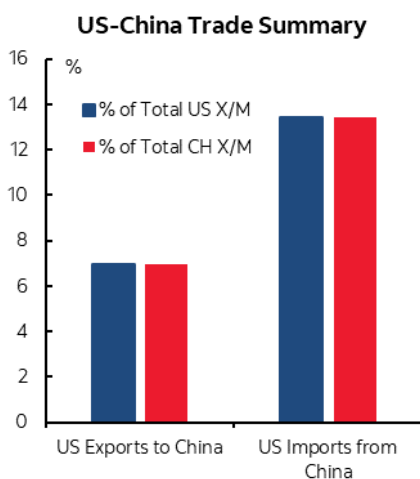
April 4, 2025 @ 7:10 EST

Contributors

Derek Holt

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

Chart 1



Sources: Scotiabank Economics, WTO.

On Deck for Friday, April 4

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04-04	08:30	Employment (000s m/m)	Mar	25.0	10.0	1.1
CA	04-04	08:30	Unemployment Rate (%)	Mar	6.5	6.7	6.6
US	04-04	08:30	Average Hourly Earnings (m/m)	Mar	0.3	0.3	0.3
US	04-04	08:30	Average Hourly Earnings (y/y)	Mar	4.0	4.0	4.0
US	04-04	08:30	Average Weekly Hours	Mar	--	34.2	34.1
US	04-04	08:30	Nonfarm Employment Report (000s m/m)	Mar	175	140.0	151.0
US	04-04	08:30	Unemployment Rate (%)	Mar	4.0	4.1	4.1
US	04-04	08:30	Household Employment Report (000s m/m)	Mar	--	--	-588.0
US	04-04	11:25	Fed's Powell Speaks on Economic Outlook				
US	04-04	12:00	Fed's Barr Speaks on AI and Banking				
US	04-04	12:45	Fed's Waller Speaks on Payments				

KEY POINTS:

- **Sharp risk-off sentiment as China retaliates**
- **China announces tariffs, critical minerals restrictions, company restrictions**
- **Where will Chair Powell land in balancing risks to growth, jobs and inflation?**
- **Nonfarm payrolls preview, but who cares**
- **Ditto for Canadian jobs**
- **Otherwise light overnight releases**

Markets continue to mourn the economy we used to know. Trump lit the trail of gun powder and we have no idea where it's leading and how many times it may branch off. Stocks are under pressure yet again as the Trump tariffs continue to destroy wealth and as China imposed massive retaliatory moves against the US. So far, US and Canadian equity futures are down by nearly 3%+ and falling and European cash markets are down by between 4–7%. US equity wealth has dropped by about US\$7 trillion and counting in about six weeks. US economic policy from the dark ages including tariffs and broader US policy uncertainty are proving to be the ultimate wealth killers.

Sovereign bonds are rallying hard. Multiple global benchmarks across US Treasuries, gilts and EGBs are down double digits including 19 big ones in US 2s. It's unclear that the dollar is back as the CHF and yen are outperforming again while the euro is holding its own. Oil prices are down another 6%+ and gold has clawed its way back from earlier losses overnight to post a small gain following the China headlines.

CHINA RETALIATES

China announced a 34% tariff on imports of US goods, export controls on rare earth minerals, an import ban on some targeted items like poultry and sorghum, added 11 US companies to a list of unreliable entities, and threw 16 US companies on a restricted list for 'dual-use' items that are goods, software, and technology that can be used for both civilian and military applications. Chart 1 shows the bilateral goods trade figures.

Otherwise, there was very little by way of new developments overnight other than stale data. Light data showcased weak German factory orders, softer than expected Swedish inflation for Riksbank followers, and weak Asian inflation readings for March. In all cases, the narrative has been reset by tariffs.

CHAIR POWELL'S SPEECH MAY BE KEY

This is when a leader shines. Hopefully. Chair Powell's speech on the economic outlook arrives at 11:25amET and hence after payrolls. He's got to sound much more cautious toward the outlook. But cautious how so?

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It's obvious this is all very bad for US and world growth. No Nobel prizes to be had there. The uncertainty factor alone is resulting in investors and c-suites aggressively pulling in their horns.

But key is what does he say about dual mandate pressures. Yes, the outlook for payrolls beyond this morning's backward look is to the downside, but nonfarm breakevens are moving lower with tighter immigration policy. My bias is toward much more inflation for longer and that will make him at least somewhat balanced. Key is where he positions the pendulum between growth and employment downsides, versus inflation upsides all the while aware of the fact that emboldening Trump's severely misguided trade policies would be the granddaddy of all moral hazard issues.

A pair of other BoG members will also speak after Powell including Barr (12pmET) and Waller (12:45pmET). Waller may be most likely to offer narrative twists.

NONFARM PREVIEW

Oh but nonfarm payrolls and Canadian jobs are coming due. Bwah! Talk about missing the forest for the trees if anyone thinks March numbers will settle much of anything. See my Global Week Ahead for fuller perspectives.

March payrolls and related figures arrive at 8:30amET. This is one of two payrolls reports before the May 7th FOMC. It's just on the heels of massive US tariffs and retaliatory moves by China, Canada, and with Europe waiting in the wings. It's just before Powell speaks. Treat accordingly!

Consensus: 140k

Scotia: 175k (I'm ranked 5th of 75)

Range: 80k – 200k (most within 110–180k)

Whisper number: 120k

Std dev: 24.8k

90% confidence band: +/-130k

UR: 4.1% unchanged / Scotia 4.0%

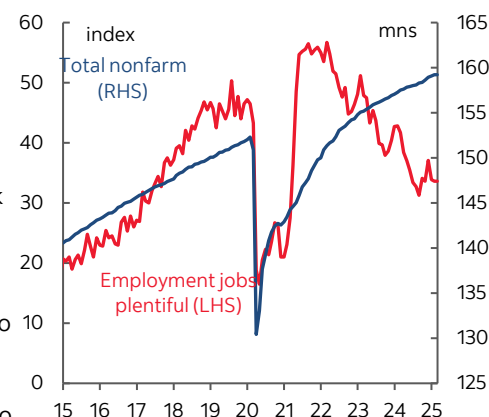
Wages: 0.3% m/m SA

Rationale:

- Some say weather will give a lift. That's possible imo for the household survey, not so much for the payrolls report. The measures of how jobs were impacted by weather differ sharply in the two reports. A weather-induced rebound in household employment more than the LF is the theory behind the dip in the UR derived from the household survey.
- it's likely too soon for federal government jobs to be a big drag. Maybe some, but most of that is ahead, and hiring by state and local governments has been strong and may continue to be an offset for now.
- There were about 20k striking workers through the whole February nonfarm reference period and then only 5k through the March reference period. This should be a modest return to payrolls.
- March is a normal seasonal up-month for hiring. The SA factor is expected to be quite weak and tamp that down.
- on tariffs, it's likely too early to see much of an effect to the lagging consequences. They could perversely buoy hiring in the short-term through tariff front-running and hesitation to invest which tilts the capital-labour ratio toward labour.
- As for advance indicators, they're mixed and it would be irresponsible to read too much into them as nonfarm predictors. Here they are:

Chart 2

Job Availability and Nonfarm



Sources: Scotiabank Economics, Bloomberg.

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- consumer confidence jobs plentiful was stable. Take little comfort in that (chart 2), but recognize that it is shifting down year after year (chart 3).
- initial jobless claims between reference periods were stable to slightly lower.
- ADP was 155k but offers a poor track record for initial ADP prints versus initial private nonfarm prints.
- ISM-services-employment fell 7.7 points to 46.2 and into contraction. Having said that, ISM-services has indicated contracting payrolls with sub-50 readings on the employment subindex 7 times in the 11 months since the start of last year and yet payrolls have never once declined. You figure out a pattern in chart 4.
- ISM-mfrg-employment fell to 44.7 from 47.6
- JOLTS slipped to 7.568 million in February from 7.762. I wish I had a nickel every time someone told me that mattered and it didn't.
- Challenger job cuts soared to 275k in March from 172k. They were heavily skewed toward federal government layoffs, but that is unlikely to translate into nonfarm at this point. Many layoffs are deferred, or packages will take some time to show up as payroll declines.

CANADIAN JOBS PREVIEW

Canada's Labour Force Survey for March arrives at 8:30amET. Irrrrrrrelevant! Whether or not it sparks market wiggles, it doesn't matter amid intensifying forward-looking risks to the whole global economy.

Consensus: 10k

Scotia: 25k (I'm ranked 1st of 12)

Range: -20k to +25k (most within about 10–20k)

Whisper number: n/a

Std dev: 10.9k

95% confidence band: +/-57k

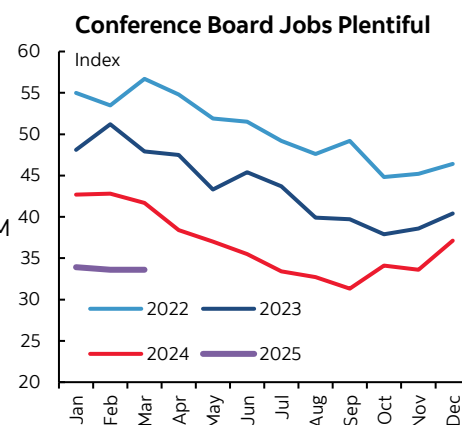
UR: 6.7% from 6.6% / Scotia 6.5%

Wages: 0.3% m/m SA

Some rationale:

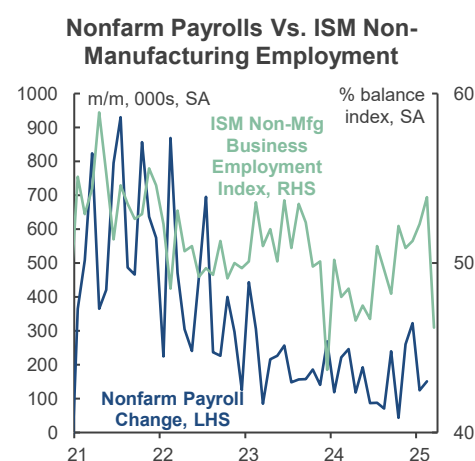
- This is the last set of job market readings before the BoC's April 16th decision.
- Weather might lift Canadian jobs. This was a worse than recently normal February. Lost hours due to weather soared. Jobs during the reference week also probably paid a price in some categories.
- There are precious few advance signals to go by in Canada. The CFIC indicates that hiring plans among small businesses over the next 3–4 months have cooled but that doesn't necessarily impact March. 'Indeed' job postings have recently trended a little lower.
- March is a normal seasonal up-month for jobs, but the SA factors for March have been the lowest on record in recent years when comparing like months of March.
- Tariff front loading might lift employment in the short-term.

Chart 3



Sources: Scotiabank Economics, Conference Board.

Chart 4



Sources: Scotiabank Economics, ISM, BLS.

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		
	3.50	3.68	3.91	3.55	3.73	3.98	3.88	4.03	4.25	4.36	4.47	4.63	Canada - BoC	2.75
	2.26	2.40	2.49	2.39	2.54	2.65	2.78	2.93	3.01	3.12	3.24	3.27	US - Fed	4.50
	1.77	1.95	2.02	2.07	2.23	2.32	2.50	2.65	2.73	2.88	3.04	3.10		
	0.64	0.77	0.87	0.85	1.00	1.15	1.22	1.37	1.54	2.31	2.42	2.54	England - BoE	4.50
	3.90	4.01	4.20	3.98	4.09	4.30	4.39	4.52	4.69	5.06	5.18	5.29		
CANADA GERMANY JAPAN U.K.	Spreads vs. U.S. (bps):													
	-124	-129	-142	-116	-118	-133	-110	-110	-124	-124	-124	-135	Euro zone - ECB	2.65
	-173	-174	-189	-148	-149	-166	-138	-138	-152	-147	-143	-153	Japan - BoJ	0.50
	-286	-292	-304	-270	-272	-283	-266	-266	-271	-205	-205	-209		
Equities	Level						% change:						Mexico - Banxico	9.00
S&P/TSX Dow 30 S&P 500 Nasdaq DAX FTSE Nikkei Hang Seng CAC	Last			Change			1 Day	1-wk	1-mo	1-yr				
	24336			-971.4			-3.8	-3.3	-1.0	10.4			Australia - RBA	4.10
	40546			-1679.4			-4.0	-4.1	-4.6	5.0				
	5397			-274.5			-4.8	-5.2	-6.6	4.8			New Zealand - RBNZ	3.75
	16551			-1050.4			-6.0	-7.0	-9.5	3.1			Next Meeting Date	
	20619			-1097.9			-5.1	-8.2	-7.6	12.0				
	8143			-332.2			-3.9	-6.0	-7.0	2.1				
	33781			-955.3			-2.8	-9.0	-9.5	-15.1			Canada - BoC	Apr 16, 2025
	22850			-352.7			-1.5	-3.1	-5.7	36.6			US - Fed	May 07, 2025
	7283			-316.2			-4.2	-8.0	-9.5	-10.7				
Commodities	Level						% change:							
WTI Crude Natural Gas Gold Silver CRB Index	62.32			-4.63			-6.9	-10.1	-8.7	-28.0			England - BoE	May 08, 2025
	4.11			-0.02			-0.6	1.2	-5.4	131.9				
	3134.33			18.99			0.6	1.6	40.6	36.8			Euro zone - ECB	Apr 17, 2025
	32.48			-1.40			-4.1	-4.8	3.0	23.7				
	303.55			-10.01			-3.2	-1.1	0.8	2.4			Japan - BoJ	May 01, 2025
Currencies	Level						% change:							
USDCAD EURUSD USDJPY AUDUSD GBPUSD USDCHF	1.4172			0.0075			0.5	-1.0	-1.5	4.6			Mexico - Banxico	May 15, 2025
	1.1043			-0.0009			-0.1	2.0	3.9	1.9				
	144.67			-1.3900			-1.0	-3.5	-3.4	-4.4			Australia - RBA	May 20, 2025
	0.6113			-0.0216			-3.4	-2.8	-2.5	-7.2				
	1.3017			-0.0083			-0.6	0.6	1.7	3.0			New Zealand - RBNZ	Apr 08, 2025
	0.8484			-0.0108			-1.3	-3.7	-4.6	-5.9				

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