

DAILY POINTS

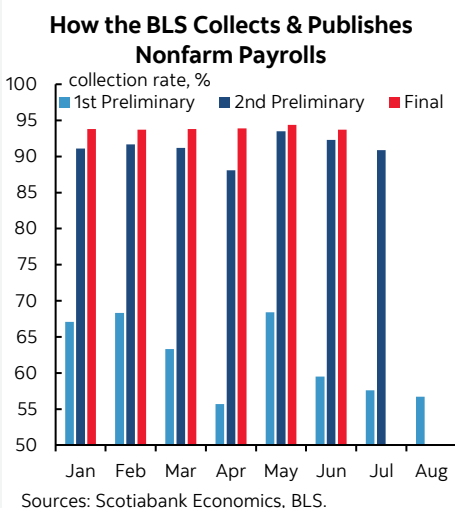
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Contributors

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Chart 1



On Deck for Thursday, November 20

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	11-20	08:30	IPPI (m/m)	Oct	--	0.3	0.8
CA	11-20	08:30	Raw Materials Price Index (m/m)	Oct	--	0.6	1.7
US	11-20	08:30	Initial Jobless Claims (000s)	Nov 15	--	227.0	232.0
US	11-20	08:30	Continuing Claims (000s)	Nov 08	--	1950.0	1957.0
US	11-20	08:30	Philadelphia Fed Index	Nov	--	1.0	-12.8
US	11-20	08:30	Average Hourly Earnings (m/m)	Sep	0.3	0.3	0.3
US	11-20	08:30	Average Hourly Earnings (y/y)	Sep	3.4	3.7	3.7
US	11-20	08:30	Average Weekly Hours	Sep	--	34.2	34.2
US	11-20	08:30	Nonfarm Employment Report (000s m/m)	Sep	-20	52.0	22.0
US	11-20	08:30	Unemployment Rate (%)	Sep	4.2	4.3	4.3
US	11-20	08:30	Household Employment Report (000s m/m)	Sep	--	--	288.0
US	11-20	08:45	Fed's Hammack Delivers Opening Remarks				
US	11-20	09:30	Fed's Barr in Discussion on Artificial Intelligence				
US	11-20	10:00	Existing Home Sales (mn a.r.)	Oct	4.05	4.1	4.1
US	11-20	10:00	Existing Home Sales (m/m)	Oct	-0.2	0.5	1.5
US	11-20	10:00	Leading Indicators (m/m)	Oct	--	--	-0.5
US	11-20	11:00	Fed's Cook Speaks on Financial Stability at Georgetown Univ				
US	11-20	12:40	Fed's Goolsbee Speaks in Moderated Discussion in Indianapolis				
US	11-20	18:15	Fed's Miran Speaks at American Investment Council				
US	11-20	18:45	Fed's Paulson Speaks on Economic Outlook				

KEY POINTS:

- Tech earnings buoy equities ahead of nonfarm
- Nonfarm payrolls due today, December's FOMC decision could depend on it...
- ...given the Fed's ridiculously extreme data dependence
- FOMC reactions will follow payrolls
- Why markets largely ignored the FOMC minutes
- JGB selling pressure driven by BoJ comments, fiscal stimulus plans
- US jobless claims will be lost behind payrolls
- US home sales likely to be flat
- SARB likely to cut

Stocks are broadly higher as Nvidia's earnings blew threw expectations across all key measures from earnings to revenues to guidance. US equity futures are up by over 1% with European cash markets performing similarly. Sovereign bonds are a touch cheaper across most major benchmarks and the dollar is mixed. All of this could spin on a dime at 8:30amET.

NONFARM PAYROLLS COULD BE QUICKLY FADED

I'm so sick of writing about expectations for September's nonfarm payrolls. Let's just get it over with and onto others. Yesterday morning's [note](#) summarized several notes since September regarding expectations for nonfarm payrolls (8:30amET). The massive +/-136k 90% confidence band is not done justice by the tight range within a boring consensus that is under-sampled this time, but I have nothing further to add to expectations. Let's just see the numbers and move on. One issue is whether having had much more time for this report could raise the initial data collection rate relative to the final collection rate and hence lower subsequent revision risk (chart 1).

In any event, the payrolls reports that may matter much more will be the November and December ones that the BLS guides will not be simultaneously available until December 19th—and hence nine days after the next scheduled FOMC decision.

WHY MARKETS IGNORED FOMC MINUTES

Screaming across terminals yesterday afternoon was the headline that “many” FOMC participants did not support a rate cut in December. Here’s the main quote:

"Many participants suggested that, under their economic outlooks, it would likely be appropriate to keep the target range unchanged for the rest of the year. "

And markets yawned. Why?

- one caution is that the minutes are not vote-weighted and therefore the ‘many’—not a majority—who are opposed to easing overstates the opposition to easing. By my reading, the members who will vote in December are mostly on board with cutting with the main exceptions being a pair of regional Presidents (Boston’s Collins, KC’s Schmid) and with Chicago’s Goolsbee on the fence. Whatever happens, there is likely to be a number of dissenting voices once again.
- Markets likely realized how extremely data dependent the FOMC is. Conditions could turn on a dime here. This is the problem with such ridiculous near-term data dependency. The Fed is paid to forecast. Mandated to forecast. Required to have a view about the future. Employs zillions of people and massive resources precisely to be able to forecast. But shut the government for a month or so and they stick their collective heads in the sand because they want the latest data for what happened to last month or the month before. In my view, this is a sign of weakness at the top.

And you can bet your bottom dollar that the White House read the minutes too. Trump’s pledge to likely announce a nomination for Fed Chair before Christmas just got an added boost. Maybe he does so before the December 9th–10th meeting. Then it would matter less whatever Powell says in his presser if the shadow chair is basically saying to stop listening to Powell. Given Trump’s behaviour, he could put out a TS post on his choice at any moment especially since he already says he has made up his mind.

My weekly will provide novel suggestions for how the FOMC can handle data uncertainty into year-end.

FOMC REACTIONS TO FOLLOW PAYROLLS

Cleveland’s Hammack (8:45amET), Governor Barr (9:30amET), Governor Cook (11amET), Chicago’s Goolsbee (12:40pmET) and Governor Miran (6:15pmET) are all scheduled to speak in nonfarm’s wake. Watch for their immediate reactions. There may be others chiming in.

OTHER US DATA

Weekly initial and continuing jobless claims will be refreshed at the same time as nonfarm payrolls which likely means they’ll take a distant back seat. Watch initial claims for guidance on job market pressures at the margin. Watch continuing for guidance on difficulties around reabsorbing laid off workers back into the workforce as the average duration of unemployment continues to rise. A caution is that I think we’ll get all weeks of data since the shutdown began when the 8:30amET numbers come out, but a) the DoL had said this might not be until the e.o.d. today, and b) there won’t be full individual news releases for each of the intervening weeks.

Existing home sales for October are likely to be flat based on little movement in pending home sales for an extended period (10amET).

OTHER INTERNATIONAL

JGBs cheapened overnight on two main developments. One was that a BoJ Board member—Junko Koeda—expressed openness to a rate hike next month. That’s not priced amid wider expectations for a hike in January. Next week’s Tokyo inflation gauge may further inform expectations. Two was a Bloomberg article about new PM Sanae Takaichi’s plans to apply about ¥18 trillion (about \$110B) of fiscal stimulus which exceeds prior plans under the previous administration. The curve bear steepened with the 2s yield up 3bps, the belly up 6–7bps and the long end up 3bps. In addition to JGB selling, the yen is among this morning’s weakest performers to the dollar. Should fiscal stimulus pick up, the BoJ’s confidence to hike may rise commensurately.

SARB is expected to cut by 25bps this morning (8amET) particularly after yesterday’s softer than expected South African CPI in m/m terms.

China left its 1- and 5-year Loan Prime Rates unchanged as universally expected.

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.	3.61	3.59	3.59	3.72	3.71	3.71	4.15	4.14	4.12	4.76	4.76	4.71	Canada - BoC	2.25
CANADA	2.50	2.49	2.45	2.83	2.82	2.74	3.26	3.25	3.14	3.71	3.70	3.58	US - Fed	4.00
GERMANY	2.03	2.02	2.03	2.31	2.29	2.29	2.73	2.71	2.69	3.35	3.33	3.28	England - BoE	4.00
JAPAN	0.96	0.93	0.93	1.33	1.27	1.25	1.82	1.77	1.70	3.39	3.35	3.20	Euro zone - ECB	2.15
U.K.	3.82	3.81	3.76	4.01	4.00	3.90	4.62	4.60	4.44	5.45	5.45	5.23	Japan - BoJ	0.50
Spreads vs. U.S. (bps):														
CANADA	-112	-110	-114	-90	-89	-97	-89	-89	-98	-105	-106	-113	Mexico - Banxico	7.25
GERMANY	-158	-157	-156	-141	-142	-141	-141	-143	-143	-141	-142	-143	Australia - RBA	3.60
JAPAN	-265	-266	-266	-240	-244	-246	-232	-236	-242	-137	-140	-152	New Zealand - RBNZ	2.50
U.K.	20	21	17	29	29	19	47	46	32	69	69	52	Next Meeting Date	
Equities	Level			Change			% change:							
	Last						1 Day	1-wk	1-mo	1-yr				
S&P/TSX	30278			242.0			0.8	-1.8	-0.5	20.9			Canada - BoC	Dec 10, 2025
Dow 30	46139			47.0			0.1	-4.4	-1.2	6.3			US - Fed	Dec 10, 2025
S&P 500	6642			24.8			0.4	-3.0	-1.4	12.3			England - BoE	Dec 18, 2025
Nasdaq	22564			131.4			0.6	-3.6	-1.9	19.0			Euro zone - ECB	Dec 18, 2025
DAX	23389			225.9			1.0	-2.7	-3.6	23.1			Japan - BoJ	Dec 19, 2025
FTSE	9557			49.4			0.5	-2.6	1.6	18.2			Mexico - Banxico	Dec 18, 2025
Nikkei	49824			1286.2			2.6	-2.8	1.3	29.9			Australia - RBA	Dec 08, 2025
Hang Seng	25836			4.9			0.0	-4.6	-0.1	31.1			New Zealand - RBNZ	Nov 25, 2025
CAC	8008			54.3			0.7	-2.7	-2.4	11.2				
Commodities	Level			Change			% change:							
WTI Crude	59.98			0.54			0.9	2.2	4.3	-12.9				
Natural Gas	4.52			-0.03			-0.6	-2.7	33.1	41.6				
Gold	4059.23			-18.75			-0.5	-2.7	-6.8	53.1				
Silver	52.20			1.90			3.8	1.3	-3.5	66.9				
CRB Index	299.24			-4.12			-1.4	-1.1	0.9	4.5				
Currencies	Level			Change			% change:							
USDCAD	1.4064			0.0014			0.1	0.2	0.2	0.6				
EURUSD	1.1515			-0.0023			-0.2	-1.0	-1.1	9.2				
USDJPY	157.53			0.3700			0.2	1.9	4.5	1.3				
AUDUSD	0.6474			-0.0004			-0.1	-0.8	-0.6	-0.5				
GBPUSD	1.3064			0.0005			0.0	-1.0	-2.5	3.3				
USDCHF	0.8071			0.0016			0.2	1.8	1.8	-8.7				

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