

DAILY POINTS

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Chart 1

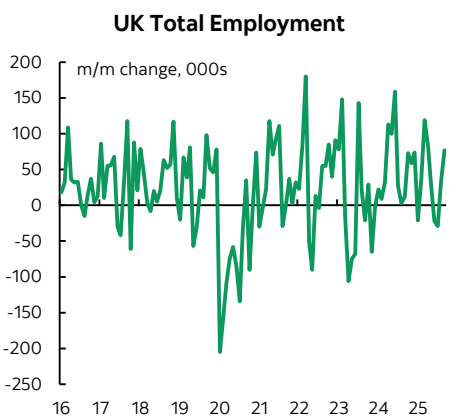
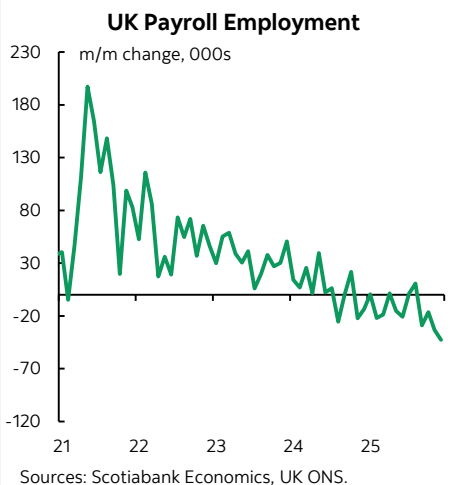


Chart 2



On Deck for Tuesday, January 20th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	01/20	08:15	ADP Weekly Employment Change	Dec 27	--	--	11.8
CA	01/20	10:30	PM Carney at Davos				

KEY POINTS:

- ‘Liberation Day’ redux?
- Stocks, bonds and the dollar fall...
- ...as Japanese election campaign stokes deepening concern over finances...
- ...and Trump escalates tensions with Europe including another tariff threat
- Possible SCOTUS tariff decision: embolden, embarrass or neither?
- PM Carney to speak at Davos this morning, Trump tomorrow
- UK markets shook off job market updates

Prices for stocks and bonds are falling and the USD is out of favour. This is a smaller scale version of the ‘Liberation Day’ revolt; instigator take note! The prime catalysts appear to combine fears of lax Japanese fiscal policy and associated debt issuance, plus rising US and European tensions that are being driven by Trump as both sides escalate tensions over Greenland.

The result is that sovereign debt curves are bear steepening as the long ends across major markets are getting pummelled. 30-year yields are up by 27bps in Japan which, through carry, is associated with a 6–9bps sell off in 30s across Europe, the US and Canada. US equity futures are down by 1½% to 2% with TSX futures down by half as much and European cash equities are falling by up to 1¾%. The dollar is broadly softer.

What’s up? Commodities. Gold in particular, as the yellow metal gains another US\$60/oz to a new nominal record of US\$4,730. Oil is also slightly firmer by about 1%.

JAPANESE FISCAL AND MONETARY POLICY FEARS

What’s also up is market pricing for Bank of Japan action this year. OIS markets have raised pricing for full-year BoJ rate hikes to 51bps from Friday’s 44bps and from around 35bps a week or two ago. Markets are expecting the Bank of Japan to sterilize some of the increasing signs of a pivot toward more expansionary Japanese fiscal policy should PM Takaichi win the election she called yesterday for February 8th.

PM Takaichi remarked overnight that she would suspend the consumption tax on food for two years as “my strong desire.” On how to pay for it, she remarked that it would be through “a review of all expenditures and revenues, including subsidies, special tax breaks and nontax revenues, without issuing special government bonds.” Markets declared phooey on that, in favour of assuming that Takaichi would print more bonds. Why? Takaichi has a reputation—based upon her past stances—as a disciple of the late, former PM Abe and is known for her views in favour of lax fiscal policy. If she is not careful, then further upward pressure on the Japanese 30-year yield that has climbed by 85bps since November could see voters revolt and her campaign go down in flames.

TRUMP ESCALATES TENSIONS WITH EUROPE

President Trump banged out 10 posts on his own social media platform overnight. Topics ranged from a belligerent picture of him planting a US flag on Greenland’s soil, to unethically sharing a text from French President Macron, to attacks on Fed Governor Cook and protesters in Minnesota, to criticizing UK PM Starmer for his decision on a military base.

Among the threats was “I’ll put a 200% tariff on his wines and champagnes and he’ll join” in an attack on Macron’s decision to boycott Trump’s ‘Board of Peace’ of which Trump would be acting chairman in an effort to undermine the UN and other collective agencies while including folks like Putin and Lukashenko. Why is Canada among the ones saying yes??

SCOTUS DRAMA RETURNS

Not this again. They love us. They love us not. Maybe we will, maybe we won’t. What’s it to ya.

At or shortly after 10amET we’ll find out if this is tariff day, or if the pre-announced Opinion Day is focused upon other cases. I’m expecting it to be a waste of time unless SCOTUS really wants to either embolden or embarrass Trump the day before his Davos rant. Embolden, and critics of SCOTUS independence will howl. Embarrass, and Trump will scream. Either way, SCOTUS’s timing would probably invite rebukes, so maybe it’s best to keep teasing and to keep procrastinating while reminding us over and over of the frailties of the American judicial system.

[Polymarket](#) continues to put less than 30% odds that SCOTUS rules in favour of Trump on tariffs.

The SCOTUS hearing concerning Federal Reserve Governor Lisa Cook is tomorrow. Fed Chair Powell will attend and drew scorn from Treasury Secretary Bessent for this decision.

UK JOB MARKET PUTS IN MIXED PERFORMANCE; MARKETS IGNORED

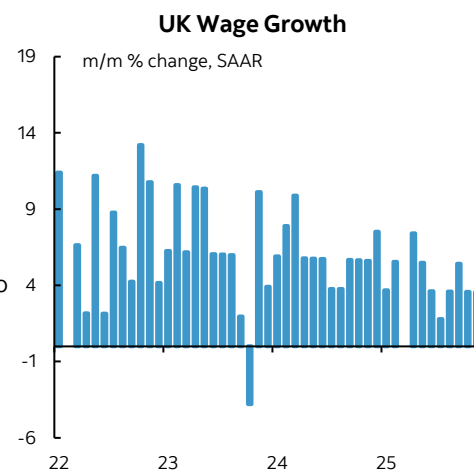
UK job market readings were largely ignored in the context of bigger global considerations this morning. That’s also because the releases followed last week’s solid activity readings but precede tomorrow’s UK CPI. Here’s the rundown of the figures for what it’s worth.

- total employment was up by 77k in November (chart 1). It lags and has performed a better over time—posting steady trend gains since 2021—because of employment at employers without formal payrolls, namely smaller businesses.
- payrolls fell for the fourth straight month, this time by another 42½ thousand positions in December (chart 2). Payrolls are down by 223k since the July 2024 peak.
- wage growth held steady at 3½% m/m SAAR (chart 3).
- job vacancies edged up a bit to 734,000 in December (chart 4).
- jobless claims were 18k in December but the prior month was revised down by about 23k to -3.3k.

DAVOS BRINGS CARNEY TODAY, TRUMP TOMORROW

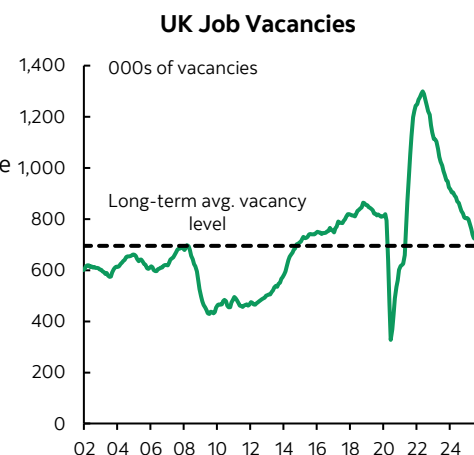
The World Economic Forum at Davos commenced last evening with a boring concert and boring introductory speeches. Canadian PM Carney speaks this morning at 10:30amET; I hope the Europeans cheer. Trump has to wait until tomorrow to lash out at everyone—judging by his past speeches and ongoing tone—and it may be interesting to see what kind of reception he gets. The heavily European audience might well just walk out, given his threats. The fuller WEF Agenda is [here](#).

Chart 3



Sources: Scotiabank Economics, UK ONS.

Chart 4



Sources: Scotiabank Economics, UK ONS

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		
	3.58	3.59	3.53	3.84	3.82	3.75	4.28	4.22	4.18	4.93	4.84	4.84	Canada - BoC	2.25
	2.55	2.53	2.56	2.95	2.91	2.93	3.43	3.38	3.41	3.88	3.82	3.86		
	2.08	2.08	2.09	2.46	2.44	2.40	2.89	2.84	2.85	3.52	3.46	3.45	US - Fed	3.75
	1.22	1.22	1.17	1.71	1.69	1.61	2.36	2.27	2.17	3.88	3.61	3.50		
	3.69	3.68	3.66	3.93	3.89	3.86	4.48	4.42	4.40	5.25	5.16	5.14	England - BoE	3.75
	Spreads vs. U.S. (bps):													
	-103	-105	-98	-90	-91	-82	-85	-84	-77	-104	-102	-98	Euro zone - ECB	2.15
	-150	-151	-144	-138	-138	-135	-140	-138	-133	-140	-138	-138		
-236	-237	-237	-213	-213	-214	-193	-196	-201	-105	-123	-133	Japan - BoJ	0.75	
11	9	12	9	7	10	20	19	22	32	32	30			
Equities	Level					% change:							Mexico - Banxico	7.00
	Last	Change				1 Day	1-wk	1-mo	1-yr					
S&P/TSX	33091	50.4				0.2	0.7	4.2	31.5				Australia - RBA	3.60
Dow 30	49359	-83.1				-0.2	-0.3	2.5	13.5					
S&P 500	6940	-4.5				-0.1	-0.4	1.5	15.7				New Zealand - RBNZ	2.25
Nasdaq	23515	-14.6				-0.1	-0.7	0.9	19.8					
DAX	24566	-392.7				-1.6	-3.4	1.1	17.0					
FTSE	10089	-106.3				-1.0	-0.5	1.9	18.4					
Nikkei	52991	-592.5				-1.1	-1.0	7.0	36.2				Canada - BoC	Jan 28, 2026
Hang Seng	26488	-76.4				-0.3	-1.3	3.1	32.9					
CAC	8017	-95.1				-1.2	-4.0	-1.6	3.7				US - Fed	Jan 28, 2026
Commodities	Level					% change:								
WTI Crude	60.06	0.62				1.0	0.9	6.0	-22.9				England - BoE	Feb 05, 2026
Natural Gas	3.75	0.65				20.9	10.1	-5.8	-4.9					
Gold	4727.66	56.77				1.2	3.1	9.0	74.6				Euro zone - ECB	Feb 05, 2026
Silver	93.01	2.21				2.4	10.6	41.4	203.6					
CRB Index	302.05	0.30				0.1	0.2	2.4	-2.9				Japan - BoJ	Jan 23, 2026
Currencies	Level					% change:								
USDCAD	1.3817	-0.0052				-0.4	-0.5	0.5	-3.4				Mexico - Banxico	Feb 05, 2026
EURUSD	1.1742	0.0096				0.8	0.9	-0.2	12.7					
USDJPY	157.70	-0.4100				-0.3	-0.9	0.4	1.3				Australia - RBA	Feb 02, 2026
AUDUSD	0.6737	0.0023				0.3	0.8	1.2	7.4					
GBPUSD	1.3461	0.0036				0.3	0.3	0.0	9.2				New Zealand - RBNZ	Feb 17, 2026
USDCHF	0.7887	-0.0088				-1.1	-1.5	-0.4	-13.0					

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