Scotiabank

GLOBAL ECONOMICS

DAILY POINTS

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On Deck for Tuesday, November 24th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-24	09:00	S&P/Case-Shiller Home Price Index (m/m)	Sep	0.3	0.2	0.3
US	11-24	09:00	S&P/Case-Shiller Home Price Index (y/y)	Sep	2.9	2.7	2.7
US	11-24	10:00	Consumer Confidence Index	Nov	92.5	92.4	91.7
US	11-24	10:00	Richmond Fed Manufacturing Index	Nov	--	-2.0	-2.0
CA	11-24	12:25	BoC Governor Tiff Macklem Speaks at Economic Club of Canada				

KEY POINTS:

- **Equities are consolidating yesterday's powerful rally…**
- **…as valuations remain high, more oversight lies ahead**
- **Will BoC's Macklem make or break December pricing?**
- **US to refresh consumer confidence and lesser gauges…**
- **…ahead of tomorrow's more consequential pre-holiday data dump**
- **Japan PMIs slow, joining global trend ex-Germany…**
- **…that itself posted another soft-data gain**

Markets are consolidating yesterday's powerful snapback rally in equities. That's hardly surprising, given the nearly 5% gain in the S&P500 and 6½% Nasdaq rise. Futures are down by almost 1% and about 1¾% for the S&P and Nasdaq respectively. Just as Asian equities lagged by a day when they sold off on Monday, they lagged by a day in rallying strongly overnight and they'll lag tonight if today is a down session.

Yesterday's rally was roughly 50–50 between pre- and post-headlines on the reinstatement of Nvidia's CEO. What got revealed was a combination of the value attached to being a national champion with explicit support from the administration over and above other legitimate concerns such as high valuations across the tech space, coming Congressional oversight, national security, internal culture that may affect the Board and some in senior management, and sundry other concerns about the intervention.

Sovereign bonds are rallying by single digits with US Ts leading via about a 5bps drop across 2s through 10s, alongside smaller rallies across Europe. CGBs are rallying but underperforming US Ts. The dollar is mixed. Oil prices are little changed this morning.

WILL BOC'S MACKLEM MAKE OR BREAK DECEMBER PRICING?

Governor Macklem's speech will be available at 12:25pmET today when the embargoed release to journalists ends. It's going to be titled "Outlook for the Canadian economy and the challenges facing monetary policy." There will be moderated Q&A after he begins speaking at about 12:40pmET and it will be followed by a press conference at 2pmET. It's the last formal communication before the BoC's pre-decision blackout begins next Wednesday. He will speak again on December 15th which questions what he'll have to say that's new by then.

Markets are presently pricing about 75% odds of a hike on December 9th. If Macklem has something to say that would influence expectations, then now's his last chance to do so.

I would expect the tone to be generally hawkish. Deputy Governor Gravelle warned last week that "we're seeing the spillover spread" in reference to the impact of higher commodity prices moving into core inflation.

This staff piece was released just this past week. It argues that even when it is uncertain whether a supply shock's effects on inflation are temporary or longer-lived, there is little cost to front-running a rate response even if the effects turn out to be transitory. The cost to waiting too long may exceed being too forceful too early.

Spillover? And you're more worried about being too late than too early? Sounds like hike talk to me from a consistency of communications standpoint that builds upon the BoC's bias shift that began in September.

We'll probably hear the usual cautions about not being on a pre-set course, taking each decision one at a time, and proceeding carefully. What do you expect, saying 'hey, we figure it'll be fun to proceed recklessly.' The aim of BoC communications is to assert control over markets where it can, rather than getting pushed.

Also see my weekly for why I don't think the BoC should be concerned about recent softness in the labour market a) because they're focused on forward-looking inflation risk, and b) because of what's driving that recent job market weakness.

US RELEASES TO BE A WARM-UP FOR TOMORROW'S ONSLAUGHT

Pre-holiday cramming of macro reports begins today and culminates in tomorrow's more consequential download when PCE, spending and incomes, GDP revisions, durable goods orders, new home sales and the Fed's Beige Book all get released.

US consumer confidence (10amET) will be the main release for today. ADP's weekly private payrolls (8:15amET) and repeat sale home prices for September (9amET) will be accompanied by the Richmond Fed's manufacturing index (10amET).

LIGHT OVERNIGHT DEVELOPMENTS

Japan added its purchasing managers' indices to the prior day's releases when it refreshed its own for November overnight. The composite slipped by 0.6 points to 51.5, signalling slower overall economic expansion toward the 50-line that divides expansion from contraction. The driver was weaker growth in services (50.5, 51.7 prior) as manufacturing accelerated a touch (53.7, 53.3 prior). Japan's PMIs were generally consistent with evidence of slowing in the week's earlier global PMIs except for Germany.

Germany added more soft data with its IFO business confidence reading for November. It rose by 0.5 points to 90.6 as both the current assessment and expectations components increased. That rounds out improvements in each of the ZEW investor sentiment gauge and the composite PMI.

Fixed Income	Government Yield Curves (%):											
	2-YEAR			5-YEAR			10-YEAR			30-YEAR		
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk
U.S.	4.64	4.69	4.81	4.71	4.76	4.92	4.90	4.95	5.11	5.28	5.31	5.46
CANADA	3.19	3.21	3.31	3.39	3.41	3.54	3.65	3.69	3.82	4.01	4.04	4.15
GERMANY	3.05	3.07	3.13	3.10	3.12	3.20	3.27	3.29	3.38	3.64	3.66	3.74
JAPAN	1.79	1.84	1.87	2.13	2.19	2.26	2.73	2.80	2.88	3.96	3.99	4.05
U.K.	4.86	4.88	4.99	4.87	4.90	5.03	5.19	5.21	5.37	5.65	5.66	5.82
	Spreads vs. U.S. (bps):											
CANADA	-145	-148	-149	-132	-135	-137	-124	-126	-129	-127	-127	-131
GERMANY	-159	-163	-168	-161	-164	-172	-163	-166	-173	-164	-165	-172
JAPAN	-286	-285	-293	-258	-257	-266	-217	-215	-223	-132	-131	-141
U.K.	22	19	19	17	13	11	29	26	26	37	36	36

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	34082	892.3	2.7	-4.6	-4.8	11.4
Dow 30	49595	1448.0	3.0	-3.9	-5.0	6.8
S&P 500	7237	326.8	4.7	-2.4	-5.1	7.9
Nasdaq	24090	1471.8	6.5	-1.7	-7.2	5.3
DAX	25176	-160.9	-0.6	-3.3	-0.0	8.3
FTSE	10473	-7.8	-0.1	-2.0	-2.0	9.8
Nikkei	58645	2208.0	3.9	-1.7	-6.5	20.6
Hang Seng	22220	-164.1	-0.7	-5.5	-3.8	-13.6
CAC	8056	11.1	0.1	-2.0	3.5	1.2
Commodities	Level		% change:			
WTI Crude	80.21	0.04	0.0	-6.7	-22.3	36.3
Natural Gas	3.24	0.05	1.6	0.8	22.5	-28.9
Gold	3629.57	-5.01	-0.1	-5.7	-9.6	-12.3
Silver	42.33	-0.75	-1.7	-10.7	-21.6	-17.6
CRB Index	366.47	-3.29	-0.9	-3.5	-12.5	23.8
Currencies	Level		% change:			
USDCAD	1.4331	-0.0031	-0.2	0.2	2.3	1.6
EURUSD	1.0956	0.0053	0.5	-0.4	-2.0	-4.9
USDJPY	159.17	0.1500	0.1	-0.1	1.1	1.5
AUDUSD	0.6638	0.0010	0.2	-1.5	-5.4	2.7
GBPUSD	1.3087	0.0055	0.4	-0.9	-1.9	-0.1
USDCHF	0.8388	-0.0029	-0.3	-0.2	1.4	3.7

Central Banks	
Current Rate	
Canada - BoC	2.50
US - Fed	4.00
England - BoE	4.00
Euro zone - ECB	2.65
Japan - BoJ	1.25
Mexico - Banxico	6.25
Australia - RBA	4.85
New Zealand - RBNZ	2.75
Next Meeting Date	
Canada - BoC	Dec 09, 2026
US - Fed	Dec 09, 2026
England - BoE	Dec 17, 2026
Euro zone - ECB	Dec 17, 2026
Japan - BoJ	Dec 18, 2026
Mexico - Banxico	Dec 17, 2026
Australia - RBA	Dec 07, 2026
New Zealand - RBNZ	Dec 08, 2026

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