

ON DECK FOR MONDAY, APRIL 6

Country	Date	Time	Event	Period	BNS	Consensus	Latest
CA	04/06	10:00	Business Outlook Future Sales	1Q	--	--	11.0

KEY POINTS:

- Risk-on driven by some combination of stimulus, rebound hopes
- Volatile COVID-19 tracking is a poor foundation for rallying
- Oil slips on Russian-Saudi breakdown
- BoC BOS survey won't capture full COVID-19 and OPEC+ shocks
- CDN week ahead: sector/province stimulus, unemployment
- German factory orders dip ahead of bigger declines
- US quiet today; week ahead focused on COVID-19 curve, stalled 'phase 4', stale calendar risk
- Global Week Ahead

Please see the Global Week Ahead—Support is on the Way ([here](#)). Key risks this week will include the ones listed below, but with the OPEC+ call cancelled for today and otherwise in limbo. Whether or not COVID-19 curves are flattening is key, but premature especially in the US. Chart 1 shows those curves for select economies. Implementation of central bank and fiscal measures will continue while global stimulus announcements should be entering a somewhat calmer period. In the US, stimulus efforts will likely focus upon loose talk of a 'phase 4' package, but this appears to have lost momentum in terms of agreement on priorities and timing. In Canada, the focus will be upon regional and industry assistance as soon as early this week unless further delayed, plus what is likely to be a terrible jobs report. Elsewhere, disinflation evidence across Asia, the US and LatAm will inform early effects of the COVID-19 shock on margins.

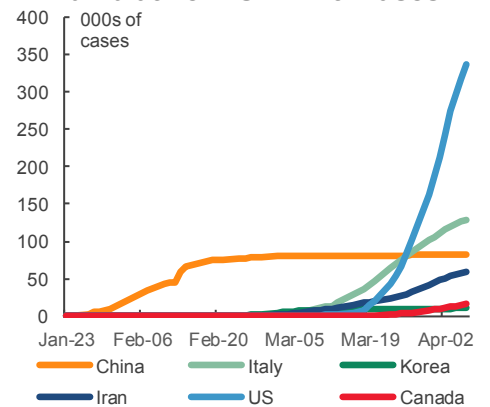
- OPEC+ call
- COVID-19 curves
- CDN jobs
- FOMC minutes
- CDN industry/regional stimulus
- CBs: RBA, Korea
- Inflation: US, China, Thailand, Philippines...
- ...Colombia, Chile, Mexico, Brazil
- US macro
- Asia macro
- European macro
- BoC's BOS

INTERNATIONAL

Stocks may be rallying on a wing and a prayer with numerous media stories pinning hopes on the COVID-19 case count and diminishing death rates and hence containment measures might ease. Assuming there is something other

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Cumulative COVID-19 Cases


Sources: Scotiabank Economics, Johns Hopkins University.

German Factories Still Losing Momentum


Sources: Scotiabank Economics, Bloomberg.

than journalists having to write something down to fill their quotas, this is based upon attempts to pump up volatile figures across a few countries. The surge in US deaths still lies ahead and they are volatile figures elsewhere. I'd prefer a narrative that suggested stocks are rallying because of stimulus and the ongoing expectation that a rebound eventually lies ahead, but not today or this week or next. OPEC+ dysfunction isn't helping things as the Russians and Saudis remain at odds with no talks in sight after today's call wound up being cancelled.

- US equity futures are up by about 3½% across all exchanges with the TSX rallying by a similar amount. European exchanges are up by between about 2–5% (London the lowest, the Dax leading) after Asian equities rallied by 2% in Hong Kong and 4% in Seoul and Tokyo. Mainland China's markets were closed for the annual Tomb Sweeping Day when Chinese people pay respect to their ancestors.
- Oil prices are lower with Brent and WTI both down by about a buck as OPEC+ negotiations have stalled. According to the Kremlin, Russian President Putin is not presently scheduled to speak with the Saudis on production curtailments. Gold is gaining by over 1% to US\$1642/oz.
- Sovereign bond yields are broadly higher with the US Treasuries curve bear steepening. The gilts curve is higher by 2–3bps across maturities. 10 year EGBs are slightly mixed with Italian and Spanish yields a touch lower over cheaper bunds.
- The USD is little changed overall as it gains ground over the yen and Mexican peso with the Euro flat but is losing ground to the A\$/NZ\$, CAD, and sterling.

German factory orders fell 1.4% m/m in February (consensus -2.5%) and the prior month's large gain was revised slightly lower (4.8% instead of 5.5%). Orders for capital goods were hit especially hard (-3.4%). Like everything else, the big adjustment will come in subsequent months. That said, weakness had been evident well before the COVID-19 shock as US-instigated global trade wars took down the order book over the past couple of years (chart 2).

The Bank of Canada will update its Business Outlook Survey but it's unlikely to garner much—if any—attention—or at least it shouldn't. The Q1 survey period runs roughly over the back half of February and the first half of March and hence significantly predated much of the rise of the COVID-10 case count in Canada but especially the country's main export market stateside. The Canada Western Select oil price fell particularly hard after March 5th and hence well into the survey period. Markets don't need a survey to tell them that business plans have been tossed up in the air in the midst of a shutdown anyway, so this release is all about doing so because it was scheduled so why not stick to plans.

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.	0.25	0.23	0.23	0.42	0.39	0.41	0.64	0.60	0.73	1.26	1.21	1.34	Canada - BoC	0.25
CANADA	0.43	0.41	0.44	0.61	0.58	0.62	0.74	0.71	0.83	1.24	1.22	1.32	US - Fed	0.25
GERMANY	-0.65	-0.66	-0.68	-0.60	-0.61	-0.66	-0.42	-0.44	-0.49	-0.02	-0.05	-0.01	England - BoE	0.10
JAPAN	-0.11	-0.13	-0.14	-0.09	-0.11	-0.13	0.02	-0.01	0.02	0.44	0.40	0.42	Euro zone - ECB	0.00
U.K.	0.11	0.09	0.14	0.17	0.16	0.20	0.33	0.31	0.34	0.80	0.78	0.77	Japan - BoJ	-0.10
Spreads vs. U.S. (bps):														
	18	18	21	19	20	21	10	11	11	-1	1	-1		
CANADA	-90	-89	-91	-102	-100	-107	-106	-104	-122	-127	-126	-135	Mexico - Banxico	6.50
GERMANY	-36	-36	-37	-51	-50	-54	-62	-61	-71	-82	-82	-92	Australia - RBA	0.25
JAPAN	-14	-14	-9	-25	-23	-21	-31	-29	-39	-46	-43	-57	New Zealand - RBNZ	0.25
U.K.														
Equities	Level						% change:						Next Meeting Date	
	Last			Change	1 Day	1-wk	1-mo	1-yr						
S&P/TSX	12938			-159.5	-1.2	2.0	-20.0	-21.1						
Dow 30	21053			-360.9	-1.7	-2.7	-18.6	-20.3						
S&P 500	2489			-38.3	-1.5	-2.1	-16.3	-14.0						
Nasdaq	7373			-114.2	-1.5	-1.7	-14.0	-7.1						
DAX	9960			434.3	4.6	1.5	-13.7	-17.1						
FTSE	5524			108.2	2.0	-0.7	-14.5	-25.8						
Nikkei	18576			756.1	4.2	-2.7	-10.5	-14.8						
Hang Seng	23749			513.0	2.2	2.5	-9.2	-20.7						
CAC	4298			143.1	3.4	-1.8	-16.4	-21.5						
Commodities	Level						% change:							
			Change	1 Day	1-wk	1-mo	1-yr							
WTI Crude	27.39		-0.95	-3.4	36.3	-33.6	-56.6							
Natural Gas	1.68		0.06	3.5	-0.8	-1.8	-37.0							
Gold	1639.37		18.56	1.1	1.0	-2.1	26.9							
Silver	14.39		0.22	1.5	0.5	-14.4	-5.1							
CRB Index	127.72		-0.24	-0.2	5.0	-18.0	-32.0							
Currencies	Level						% change:							
			Change	1 Day	1-wk	1-mo	1-yr							
USDCAD	1.4154		-0.0051	-0.4	-0.1	5.5	6.3							
EURUSD	1.0792		-0.0009	-0.1	-2.3	-4.4	-4.2							
USDJPY	108.90		0.3500	0.3	1.1	3.3	-2.3							
AUDUSD	0.6067		0.0070	1.2	-1.7	-8.6	-14.9							
GBPUSD	1.2291		0.0022	0.2	-1.0	-5.8	-5.9							
USDCHE	0.9786		0.0013	0.1	2.1	4.3	-2.0							

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