

ON DECK FOR WEDNESDAY, OCTOBER 21

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10/21	07:00	MBA Mortgage Applications (w/w)	Oct 16	--	--	4.6
CA	10/21	08:30	Core CPI - Common (y/y)	Sep	--	1.5	1.5
CA	10/21	08:30	Core CPI - Median (y/y)	Sep	--	1.9	1.9
CA	10/21	08:30	Core CPI - Trim (y/y)	Sep	--	1.7	1.7
CA	10/21	08:30	CPI, All items (m/m)	Sep	-0.1	-0.1	-0.1
CA	10/21	08:30	CPI, All items (y/y)	Sep	0.5	0.5	0.1
CA	10/21	08:30	CPI, All items (index)	Sep	--	136.9	137.0
CA	10/21	08:30	Retail Sales (m/m)	Aug	1.1	1.1	0.6
CA	10/21	08:30	Retail Sales ex. Autos (m/m)	Aug	0.8	0.9	-0.4
US	10/21	10:00	Fed's Mester Speaks on Monetary Policy				
US	10/21	12:00	Fed's Kashkari Discusses Constitutional Amendment				
US	10/21	12:00	Fed's Kaplan Speaks in Houston				
US	10/21	13:00	Fed's Barkin Takes Part in Panel Discussion				
US	10/21	13:00	Fed's Quarles on Panel About Financial Stability				
US	10/21	14:00	US Fed Releases Beige Book				
US	10/22	16:45	Fed's Bullard Discusses US Economy				

KEY POINTS:

- CAD underperforming ahead of election risk, data
- Sterling rises on possible resumption of Brexit talks
- US stimulus talks grind on
- CDN retail sales: focus on September guidance
- CDN CPI: is core still rising?
- UK CPI climbs in line with expectations

INTERNATIONAL

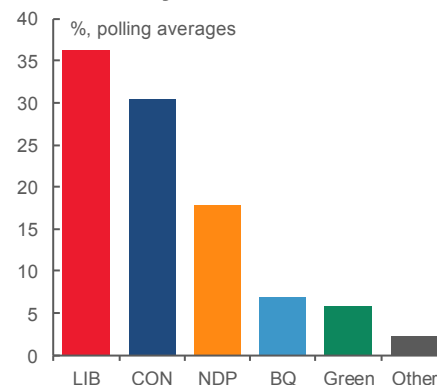
Canada's confidence vote that might determine election risk and ongoing US fiscal stimulus negotiations will be the main focal points today. UK inflation was in line with expectations. Canada will update inflation and retail sales with guidance that will close out Q3 tracking on both measures. Risk appetite is mixed to start off.

- North American equity futures are pushing slightly lower by ¼% on average and with European cash markets slipping by about -1% across the exchanges.
- The USD is depreciating against all major crosses with sterling leading on signs that Brexit talks may resume following Barnier's appeal to respect British sovereignty, and CAD is relatively underperforming ahead of a confidence vote and data.
- Sovereign debt curves are steepening across the US, UK and Canada with 10s up by 1–3bps while Italian 10 year spreads widen a touch over bunds and French bonds.
- Oil is down by almost 2%. Gold is up by ¾%.

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Chart 1

Federal Polling Numbers Ahead of Today's Confidence Vote


Note: As of October 20th, 2020.
Sources: Scotiabank Economics, CBC Poll Tracker.

UK CPI climbed to 0.5% y/y (0.6% consensus, 0.2% prior) with core CPI rising to 1.3% y/y (1.3% consensus, 0.9% prior). The prior month's distorting effects of a targeted VAT tax reduction and the end of meal rebates combined with less downward pressure on airfare to drive this.

CANADA

Canada's confidence vote is scheduled for approximately 3:15pmET. Recall that the opposition Conservatives have led a push to establish a probe into the government's pandemic responses including the WE Charity scandal. The Liberal minority government has taken the highly unusual step of making it a matter of confidence in the government; the government is seeking to quash public inquiries into WE Charity and pandemic responses by threatening an election call that opposition parties may not be prepared to fight and with an eye on the current polls (chart 1). Barring a deal with the NDP, election risk hangs in the air. An election would have to be held within 36 to 50 days after dropping the writ which would mean an election would be held sometime between November 26th and December 10th.

Canada will update CPI for September and retail sales for August this morning (8:30amET).

We already have guidance from StatsCan on retail sales (+1.1% m/m). We will also get the preliminary estimate for September which will be the main new information.

CPI is expected to climb by 0.5% y/y (0.1% prior) and to slip in NSA terms by 0.1% m/m. The main drivers are base effects and usual seasonality, as gas prices offered little change this month.

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		
	0.15	0.14	0.14	0.35	0.34	0.30	0.81	0.79	0.73	1.61	1.59	1.51	Canada - BoC	0.25
	0.24	0.23	0.24	0.37	0.36	0.35	0.62	0.60	0.58	1.22	1.21	1.17	US - Fed	0.25
	-0.78	-0.78	-0.75	-0.80	-0.80	-0.76	-0.60	-0.61	-0.58	-0.19	-0.20	-0.16	England - BoE	0.10
	-0.13	-0.13	-0.13	-0.10	-0.11	-0.10	0.04	0.02	0.03	0.63	0.61	0.64		
	-0.06	-0.07	-0.05	-0.07	-0.08	-0.06	0.22	0.19	0.22	0.78	0.74	0.77		
	Spreads vs. U.S. (bps):													
	9	9	10	2	3	4	-19	-18	-15	-39	-39	-33	Euro zone - ECB	0.00
	-92	-93	-89	-115	-114	-107	-141	-139	-131	-180	-179	-167	Japan - BoJ	-0.10
-27	-28	-27	-45	-45	-40	-77	-76	-69	-98	-98	-86			
-21	-21	-19	-42	-42	-36	-59	-60	-51	-83	-85	-74			
Equities	Level						% change:						Mexico - Banxico	4.25
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				
	16273	-0.8					-0.0	-1.1	1.8	-0.9	Australia - RBA	0.25		
	28309	113.4					0.4	-1.3	4.3	5.5				
	3443	16.2					0.5	-2.0	4.9	14.5	New Zealand - RBNZ	0.25		
	11516	37.6					0.3	-2.9	6.8	41.1				
	12628	-109.3					-0.9	-3.1	0.7	-0.9				
	5827	-62.6					-1.1	-1.8	0.4	-18.7				
	23639	72.4					0.3	0.1	1.2	4.8	Canada - BoC	Oct 28, 2020		
	24754	184.9					0.8	0.4	3.4	-7.4	US - Fed	Nov 05, 2020		
	4883	-46.4					-0.9	-1.2	1.9	-13.6				
Commodities	Level						% change:							
WTI Crude Natural Gas Gold Silver CRB Index	41.01	-0.69					-1.7	-0.1	4.3	-23.1	England - BoE	Nov 05, 2020		
	2.98	0.06					2.2	12.9	62.2	33.0				
	1916.09	9.15					0.5	0.8	0.2	29.1	Euro zone - ECB	Oct 29, 2020		
	24.63	-0.21					-0.8	-1.2	-9.0	41.3				
	152.33	0.71					0.5	1.3	3.0	-12.8	Japan - BoJ	Oct 29, 2020		
Currencies	Level						% change:							
USDCAD EURUSD USDJPY AUDUSD GBPUSD USDCHF	1.3114	-0.0015					-0.1	-0.2	-1.5	0.2	Mexico - Banxico	Nov 12, 2020		
	1.1852	0.0030					0.3	0.9	0.7	6.3				
	104.89	-0.6100					-0.6	-0.3	0.2	-3.4	Australia - RBA	Nov 02, 2020		
	0.7081	0.0033					0.5	-1.1	-2.0	3.1				
	1.3049	0.0101					0.8	0.3	1.8	0.7	New Zealand - RBNZ	Nov 10, 2020		
	0.9040	-0.0031					-0.3	-1.1	-1.1	-8.3				

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