ON DECK FOR MONDAY, NOVEMBER 2

Country	Date	Time	Event	Period	BNS	Consensus	Latest
US	11/02	10:00	Construction Spending (m/m)	Sep	0.7	1.0	1.4
US	11/02	10:00	ISM Manufacturing Index	Oct	56.5	56.0	55.4

CONTACTS

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KEY POINTS:

- **Strong risk-on seems fine with a possible Biden win**
- **UK shutdown & Brexit progress ding sterling, raise FTSE**
- **PMI Monday showed China's PMIs little changed...**
- **...and Eurozone PMIs revised slightly higher...**
- **...but will US ISM-mfrg follow the regionals higher...**
- **...with Canada's manufacturing PMI following suit?**
- **Weekly global covid-19 charts**

As a reminder, please see the Global Week Ahead: A Blue Sweep (*) here. The main risks this week are focused upon the following:

- US election
- CBs: Fed, BoE, RBA, Norges, Negara
- Jobs: US, Canada, NZ
- PMIs: US, China, Canada, Italy, Spain, India
- CPI: LatAm, Asia-Pacific

INTERNATIONAL

Markets will generally be passing time until we start to get a firmer feel for the US election outcome with the Fed, BoE and North American jobs reports due out later in the week. Risk appetite is holding up quite well thus far and also despite negative weekend covid-19 developments. The UK's decision to join others with month-long shutdowns in an attempt to contain the virus involves shutting all non-essential shops plus restaurants and bars. It may be partly offset in terms of risk sentiment by possible progress in Brexit talks and the thorny issue of access rights to British waters. Otherwise, it's PMI Monday ahead of the US election fracas.

Also offered is the regular Monday update of covid-19 case trends for the US including regions within, Canada including its individual provinces, and countries throughout Europe, Asia, Latin America and the Middle East.

- Stocks are convincingly moving higher. US equity futures are up by between ¾% and 1 ½% across the exchanges. TSX futures are up by over ¾%. European cash markets are all up by 1–2% after Asian markets rallied overnight.

- Oil is now flat after having slipped earlier this morning. The effects of covid-19 restrictions and a positive production shock out of Libya are driving volatility.

- Sovereign curves are a little richer across the anglo markets including a 3bps rally across the gilts curve, mild bull flattening in US Treasuries and slight underperformance in Canadas relative to Treasuries.
- The USD is little changed on balance as the Mexican peso and sterling lead decliners while CAD and the A$/NZ$ lead appreciating crosses and the euro is flat.

China's overall batch of purchasing managers' indices were little changed. Friday night's state composite PMI landed at 55.3 (55.1 prior) which counts as unchanged in my books given it's a sentiment gauge produced by the state. The state's manufacturing PMI was also unchanged at 51.4 (51.5 prior) and the non-manufacturing PMI was little changed at 53.6 (50 prior). Then last evening, the private manufacturing PMI increased to 53.6 (53.0 prior) for marginal improvement.

The Eurozone manufacturing PMI was revised up four tenths to 54.8. This was because Spain improved to 52.5 (50.8 prior) in its first round of estimates and so did Italy (53.8, 53.2 prior). France and Germany were both revised up a touch.

The UK manufacturing PMI was revised up four tenths to 53.7.

UNITED STATES

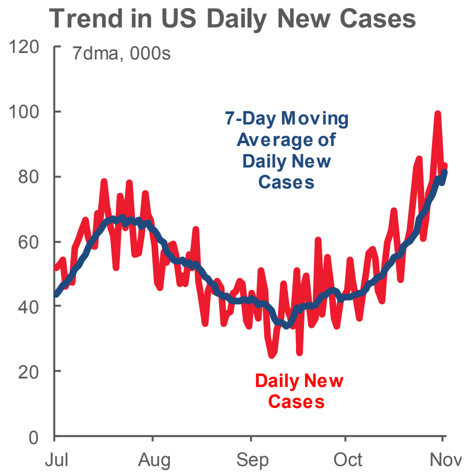
US markets are just passing time ahead of the US election. **A mild distraction arrives at 10amET in the form of the US ISM manufacturing gauge for October.** I went with a rise to 56.5 (55.4 prior) with consensus at 55.8. The regional surveys would support an improvement.

US construction spending for September is also on tap and is expected to record a sizeable rise driven by strong housing markets but also a weak jumping off point for nonresidential investment (10amET)

CANADA

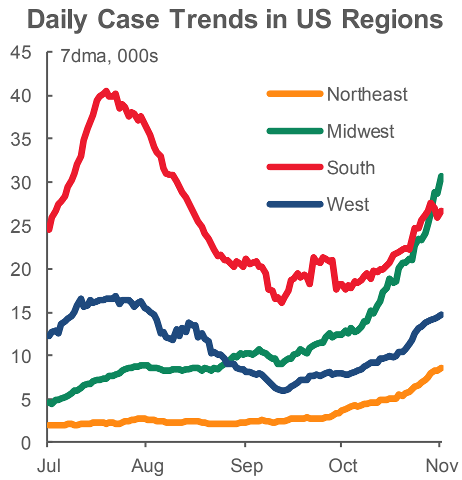
Canada's Markit manufacturing PMI for October is due out at 9:30amET. There is no consensus for this measure. The main focal points in Canadian markets this week will include spillover from the US election and Friday's jobs report.

Chart 1



Sources: Scotiabank Economics, Bloomberg.

Chart 2



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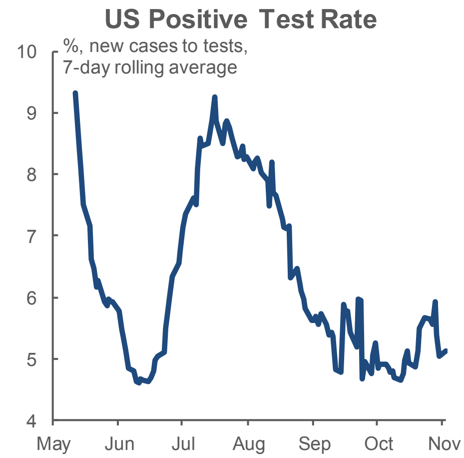

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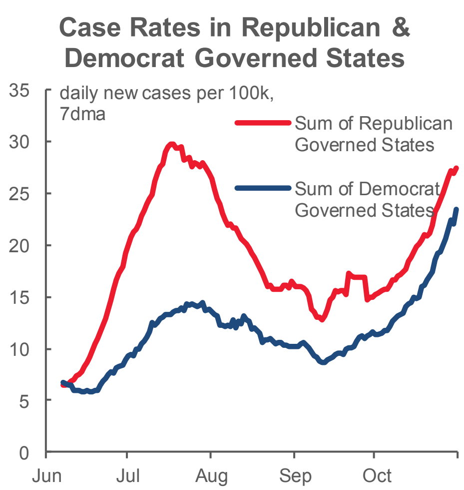

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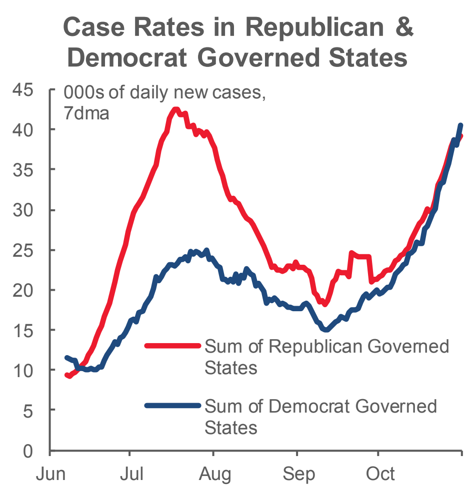

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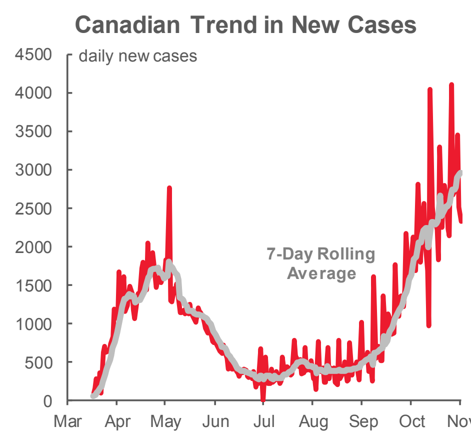

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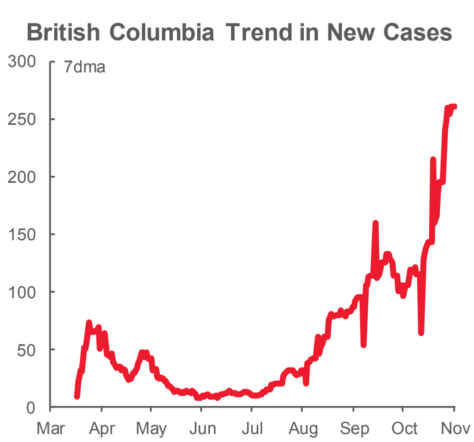

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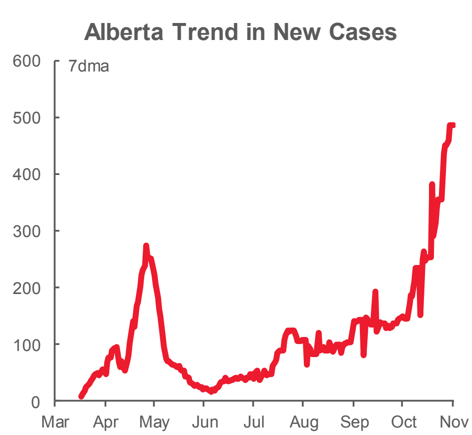

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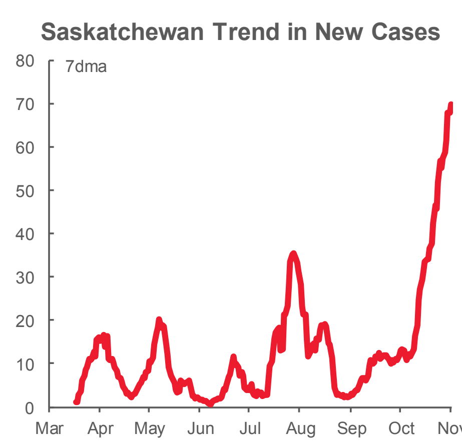

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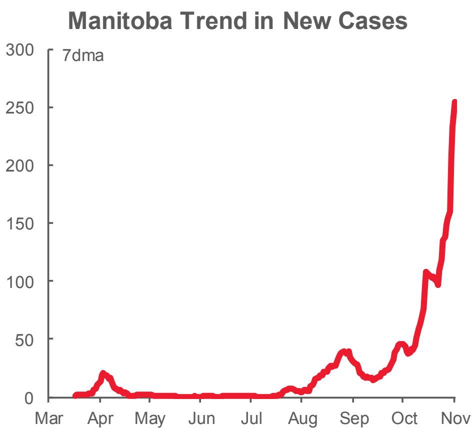

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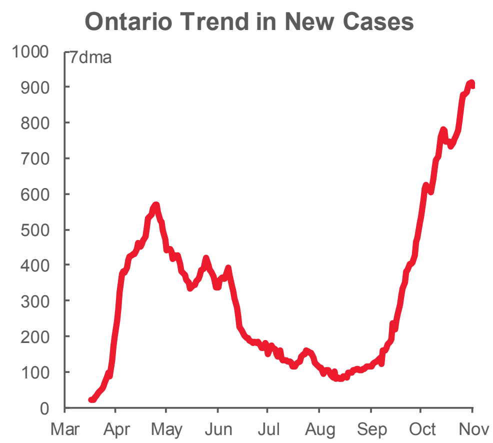

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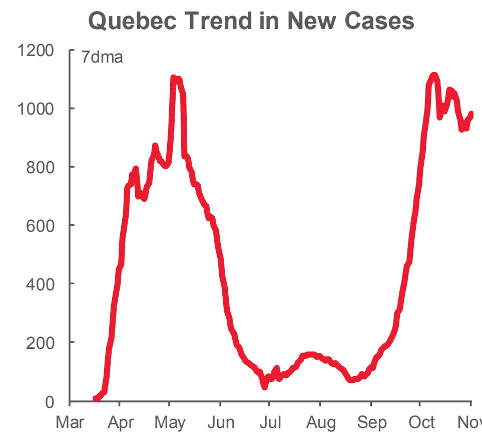

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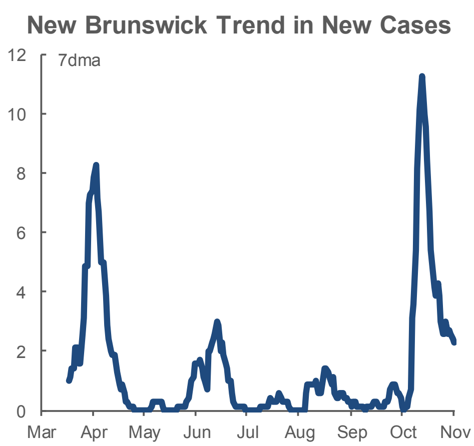

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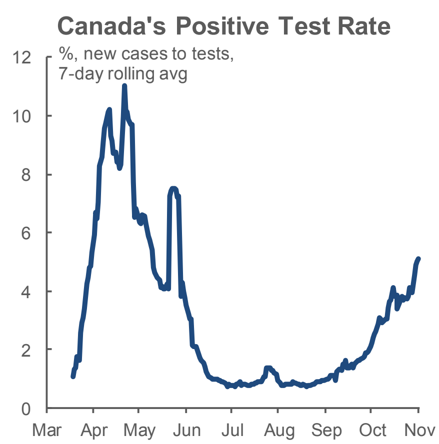

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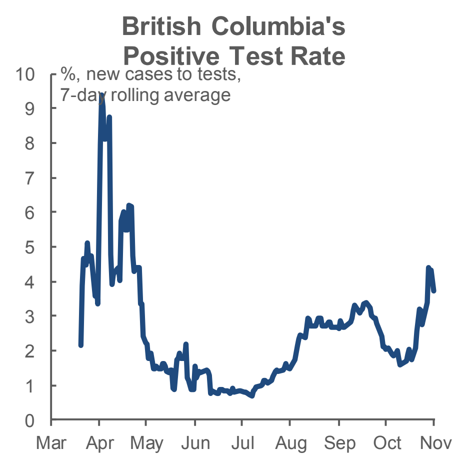

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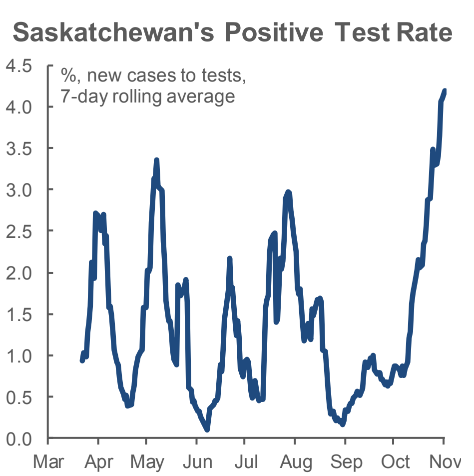

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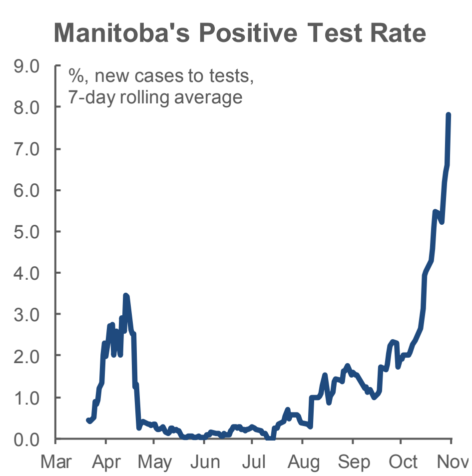

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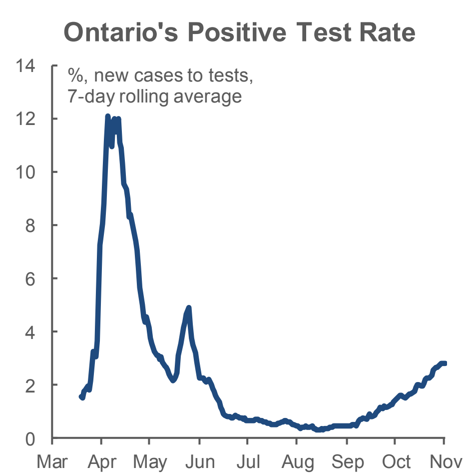

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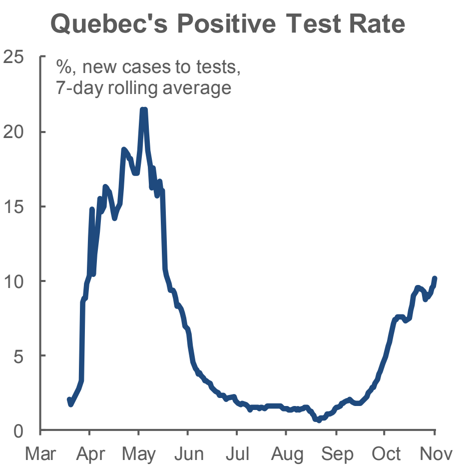

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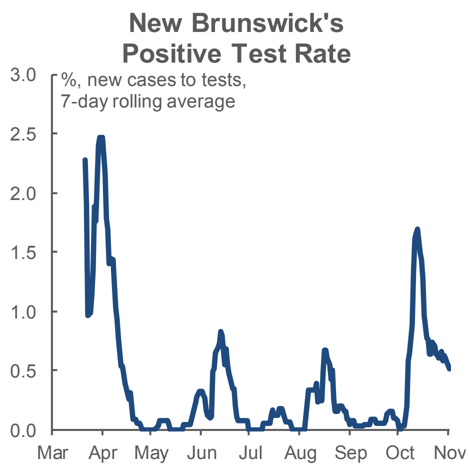

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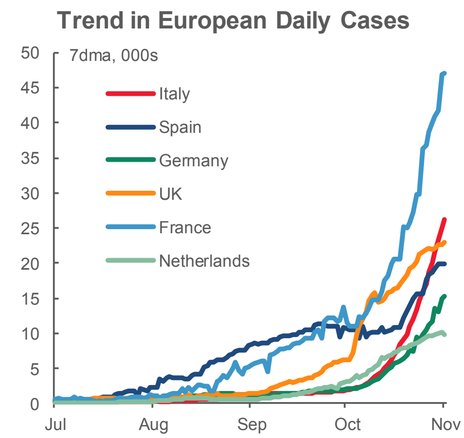

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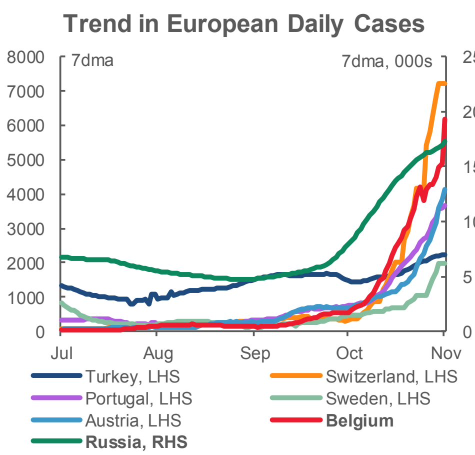

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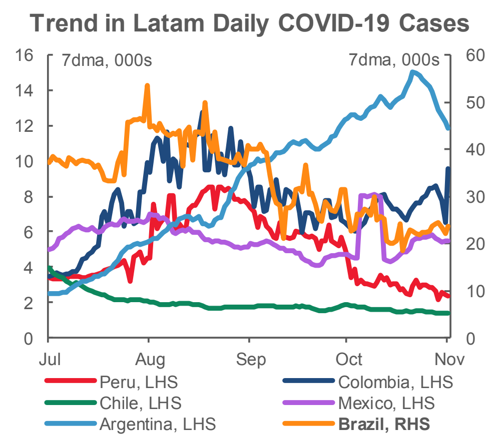

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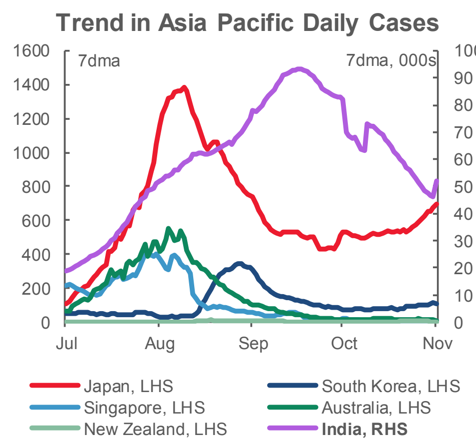

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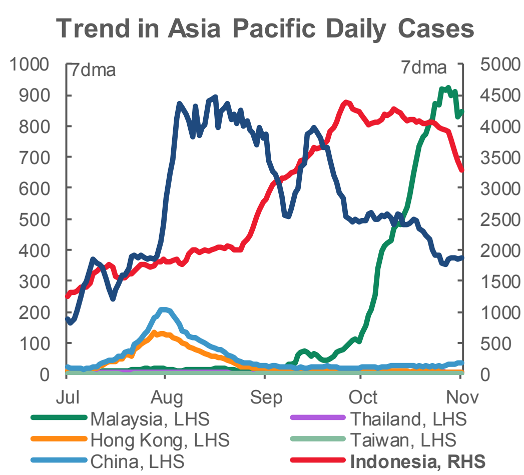

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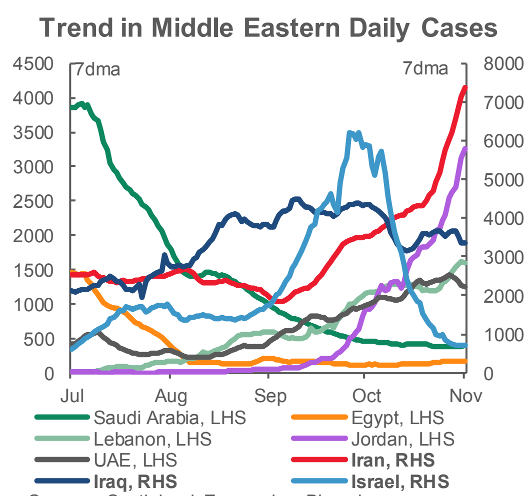

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Fixed Income — Government Yield Curves (%):

	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.	0.15	0.16	0.15	0.37	0.39	0.35	0.85	0.87	0.80	1.64	1.66	1.59
CANADA	0.26	0.26	0.24	0.40	0.40	0.38	0.65	0.66	0.63	1.24	1.25	1.21
GERMANY	-0.80	-0.79	-0.76	-0.82	-0.82	-0.77	-0.63	-0.63	-0.58	-0.22	-0.22	-0.16
JAPAN	-0.11	-0.12	-0.13	-0.08	-0.09	-0.09	0.05	0.04	0.04	0.65	0.65	0.65
U.K.	-0.07	-0.03	-0.03	-0.07	-0.04	-0.03	0.23	0.26	0.28	0.79	0.83	0.85
Spreads vs. U.S. (bps):												
CANADA	10	10	9	2	1	3	-20	-21	-18	-40	-41	-38
GERMANY	-95	-95	-91	-119	-121	-112	-147	-150	-138	-185	-188	-175
JAPAN	-26	-27	-28	-45	-48	-45	-80	-83	-77	-99	-101	-95
U.K.	-22	-19	-18	-44	-42	-38	-62	-61	-53	-85	-83	-74

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	15581	-90.1	-0.6	-3.1	-3.8	-6.1
Dow 30	26502	-157.5	-0.6	-6.5	-4.3	-3.1
S&P 500	3270	-40.2	-1.2	-5.6	-2.3	6.6
Nasdaq	10912	-274.0	-2.4	-5.5	-1.5	30.1
DAX	11773	216.3	1.9	-3.3	-7.2	-9.2
FTSE	5647	69.4	1.2	-2.5	-4.3	-22.7
Nikkei	23295	318.3	1.4	-0.8	1.2	1.9
Hang Seng	24460	352.6	1.5	-1.8	4.3	-9.7
CAC	4690	95.3	2.1	-2.6	-2.8	-18.6

Commodities	Level		% change:			
WTI Crude	35.69	-0.10	-0.3	-7.4	-3.7	-36.5
Natural Gas	3.26	-0.10	-2.8	7.8	33.7	20.1
Gold	1890.99	12.18	0.6	-0.6	-0.5	24.9
Silver	23.63	0.61	2.7	-4.6	-0.4	31.6
CRB Index	144.23	-0.50	-0.3	-3.5	0.1	-20.0

Currencies	Level		% change:			
USDCAD	1.3269	-0.0052	-0.4	0.4	-0.3	0.9
EURUSD	1.1641	-0.0006	-0.1	-1.4	-0.6	4.6
USDJPY	104.68	0.0200	0.0	-0.2	-0.6	-3.6
AUDUSD	0.7046	0.0018	0.3	-1.1	-1.6	2.4
GBPUSD	1.2929	-0.0018	-0.1	-0.7	-0.0	0.3
USDCHF	0.9190	0.0020	0.2	1.2	-0.2	-7.0

Central Banks

Current Rate	
Canada - BoC	0.25
US - Fed	0.25
England - BoE	0.10
Euro zone - ECB	0.00
Japan - BoJ	-0.10
Mexico - Banxico	4.25
Australia - RBA	0.25
New Zealand - RBNZ	0.25

Next Meeting Date	
Canada - BoC	Dec 09, 2020
US - Fed	Nov 05, 2020
England - BoE	Nov 05, 2020
Euro zone - ECB	Dec 10, 2020
Japan - BoJ	Dec 18, 2020
Mexico - Banxico	Nov 12, 2020
Australia - RBA	Nov 02, 2020
New Zealand - RBNZ	Nov 10, 2020