

ON DECK FOR THURSDAY, NOVEMBER 5

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
US	11/05	08:30	Initial Jobless Claims (000s)	Oct 31	720	740	751
US	11/05	08:30	Continuing Claims (000s)	Oct 24	--	7350	7756
US	11/05	08:30	Productivity (q/q a.r.)	3Q P	--	5.2	10.1
US	11/05	08:30	Unit Labor Costs (q/q a.r.)	3Q P	--	-10.1	9.0
US	11/05	14:00	FOMC Interest Rate Meeting	Nov 5	0.25	0.25	0.25

CONTACTS

Derek Holt, VP & Head of Capital Markets Economics
 416.863.7707
 Scotiabank Economics
derek.holt@scotiabank.com

KEY POINTS:

- Markets continue to price 'blue light' scenario
- US election results still pending, updates expected by mid-day
- BoE expands gilt buying by more than expected
- US jobless claims hold unchanged
- Fed likely to stay out of the fray
- Ontario's budget today

INTERNATIONAL

Groundhog day continues in the US where we didn't really receive material new information to help determine the outcome of the US election. Markets continue to price the 'blue light' scenario. It's still technically up for grabs both for the Presidency and the Senate. The odds continue to tilt in Biden's favour but the Senate remains stuck at 48 a piece. Fulton County, Georgia is expected to make a further announcement by about 11amET this morning after Trump's lead in Georgia narrowed to about 18,500 votes overnight. Nevada's results are expected at about 12pmET. Philadelphia may update later this morning. Arizona is not expected to update until around 9pmET tonight. Market participants will continue to monitor rolling newsfeeds and announcements tracking vote counting in Pennsylvania, Georgia, Nevada and Arizona. President Trump is expected to make a 'major announcement' in Las Vegas but no time was provided.

Otherwise, there are low expectations for this afternoon's Fed meeting. Ontario's budget will be covered by Scotia's Marc Desormeaux.

- US Ts are slightly richer and mostly toward the long end that's down 2bps ahead of the Fed and in anticipation of election results. Canada's curve is performing similarly. Gilts are a touch cheaper across the curve post-BoE including toward the front-end that is still negative yielding.
- Stocks continue to rally with US S&P futures up just under 2%, the TSX up similarly and European cash markets up by over 1% across all bourses ex-London's ½% rise. Asian markets followed western markets higher overnight absent fresh regional catalysts.
- The USD is broadly depreciating, as it generally has been doing this week.
- Oil is off a dime or two as gold gains over 1%.

The Bank of England expanded its gilts purchases program by £150 billion to £895 billion. That's larger than expected but not particularly surprising given a general bias that £100 was a minimum bid to make it worth bothering. It was also in keeping with media reports late yesterday that £150–200 billion was being contemplated. Sterling depreciated right off the mark but is now a middle of the pack performer on a general down day for the greenback. Growth forecasts were also revised lower including a forecast 2% contraction in Q4. The BoE surprised no one by leaning against back-to-back contractions which should surprise no one at this point. Gilts came into the morning dearer by about 3–4bps in 10s and have since cheapened back toward yesterday's level.

German factory orders expanded at a slower than expected pace of 0.5% m/m in September (2% consensus) with only a part of this miss attributable to a modest upward revision to the prior month.

UNITED STATES

US weekly claims held at 751k last week which is essentially unchanged compared to the prior week's 758k. Another 538k decline in continuing claims is constructive. Nevertheless, we're between nonfarm reference periods with these numbers, soooo onto nonfarm tomorrow!

The Fed's latest statement arrives at 2pmET and will be followed by Chair Powell's press conference at 2:30pmET for up to about an hour. Given the election, it wouldn't surprise me if the presser was shorter. **The Fed is likely to stay out of the fray** with election results still unknown. Risks include adjusting QE terms (shift buying further out) and guidance (willing to do more). No forecasts or dots are due until next month.

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.	0.15	0.15	0.15	0.32	0.33	0.37	0.76	0.76	0.82	1.52	1.54	1.60	Canada - BoC	0.25
CANADA	0.26	0.25	0.25	0.38	0.38	0.38	0.61	0.61	0.63	1.18	1.19	1.21	US - Fed	0.25
GERMANY	-0.78	-0.79	-0.81	-0.80	-0.82	-0.83	-0.63	-0.64	-0.64	-0.22	-0.23	-0.22	England - BoE	0.10
JAPAN	-0.13	-0.11	-0.12	-0.11	-0.10	-0.10	0.02	0.04	0.03	0.61	0.64	0.63		
U.K.	-0.05	-0.07	-0.06	-0.05	-0.07	-0.07	0.23	0.21	0.22	0.80	0.76	0.77		
Spreads vs. U.S. (bps):														
	11	11	10	6	5	1	-15	-15	-20	-34	-35	-39		
CANADA	11	11	10	6	5	1	-15	-15	-20	-34	-35	-39	Euro zone - ECB	0.00
GERMANY	-93	-94	-96	-113	-115	-120	-139	-140	-146	-174	-177	-183	Japan - BoJ	-0.10
JAPAN	-27	-26	-27	-43	-43	-47	-74	-73	-79	-91	-90	-97		
U.K.	-20	-22	-21	-37	-40	-44	-53	-56	-60	-73	-78	-84	Mexico - Banxico	4.25
Equities	Level						% change:							
	Last	Change		1 Day		1-wk		1-mo		1-yr				
S&P/TSX	15999	59.6		0.4		2.1		-2.5		-4.1		Australia - RBA	0.10	
Dow 30	27848	367.6		1.3		5.0		-1.1		1.3		New Zealand - RBNZ	0.25	
S&P 500	3443	74.3		2.2		5.3		1.0		12.0				
Nasdaq	11591	430.2		3.9		5.3		2.3		37.4				
DAX	12510	186.1		1.5		7.9		-2.5		-4.9				
FTSE	5912	28.9		0.5		5.9		-0.5		-20.0				
Nikkei	24105	410.0		1.7		2.9		3.4		3.7		Canada - BoC	Dec 09, 2020	
Hang Seng	25696	809.8		3.3		4.5		8.1		-7.2		US - Fed	Nov 05, 2020	
CAC	4972	49.5		1.0		8.8		2.1		-15.0		England - BoE	Nov 05, 2020	
Commodities	Level						% change:							
	Last	Change		1 Day		1-wk		1-mo		1-yr				
WTI Crude	38.84	-0.31		-0.8		7.4		-1.0		-32.1		Euro zone - ECB	Dec 10, 2020	
Natural Gas	3.06	0.02		0.6		-7.2		17.1		7.0		Japan - BoJ	Dec 18, 2020	
Gold	1928.18	25.26		1.3		3.2		0.8		30.0				
Silver	23.98	-0.20		-0.8		0.2		0.5		31.8				
CRB Index	149.51	0.60		0.4		3.2		1.4		-17.9				
Currencies	Level						% change:							
	Last	Change		1 Day		1-wk		1-mo		1-yr				
USDCAD	1.3067	-0.0069		-0.5		-1.9		-1.5		-0.7		Mexico - Banxico	Nov 12, 2020	
EURUSD	1.1838	0.0112		1.0		1.4		0.5		6.9				
USDJPY	103.76	-0.7600		-0.7		-0.8		-1.9		-4.9		Australia - RBA	Nov 30, 2020	
AUDUSD	0.7235	0.0053		0.7		2.9		0.8		5.0				
GBPUSD	1.3079	0.0091		0.7		1.2		0.8		1.5		New Zealand - RBNZ	Nov 10, 2020	
USDCHF	0.9054	-0.0065		-0.7		-1.1		-1.1		-8.8				

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