

ON DECK FOR MONDAY, MAY 3

Country	Date	Time	Event	Period	BNS	Consensus	Latest
US	05-03	10:00	Construction Spending (m/m)	Mar	1.9	1.7	-0.8
US	05-03	10:00	ISM Manufacturing Index	Apr	67.0	65.0	64.7
US	05-03		Total Vehicle Sales (mn a.r.)	Apr	18.0	17.6	17.8
US	05-03	14:20	Fed Chair Powell Speaks on Community Development				

KEY POINTS:

- Risk-on sentiment with the focus on the US economy
- UK, Japan shut for holidays
- German consumers storm back
- Will US ISM-mfrg post another gain?
- US construction spending likely advanced on higher home construction
- US vehicle sales could rise to ~18 million rate
- Canada's manufacturing PMI on tap
- Most regions post improvements in COVID-19 case tracking

Please see the Global Week Ahead [here](#). Please also ask your Scotia sales rep for a copy of this week's edition of the accompanying slide deck. Key risks on tap this week include:

- Jobs: US, Canada, NZ
- CBs: BoE, RBA, Norges, Brazil, Negara, BoT, Turkey
- PMIs: US, Canada, China, India, Italy, Spain, Mexico, Brazil
- Inflation across LatAm, Asia-Pacific
- How jobs markets affect the BoC versus Fed dynamic
- Assessing BoE taper risk

INTERNATIONAL

We're going to be counting on North American markets to keep it lively with London out for a bank holiday and Tokyo shut for Golden Week. Significant US calendar-based risk might help. Overnight calendars and markets were pretty quiet.

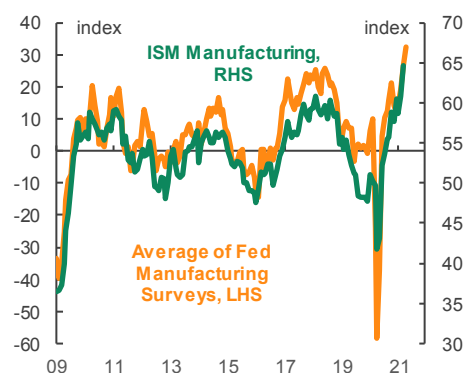
- Stocks started off tepidly this morning but gained momentum as North American accounts popped in. US & Canadian futures are up by about ½% and European bourses up by between ½% and 1%.
- Sovereign curves are a little volatile so far but with mild cheapening toward long-ends in Europe and N.A.
- The USD is very slightly softer on balance.

In case anyone is still doubting the willingness of consumers to spend, Germany offers the latest counter point after bullish readings from the US, UK and Canada and even Japan. Retail sales volumes soared by 7.7% m/m (3.0% consensus).

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Chart 1

Regional Surveys Point to Another Solid ISM-Mfg Report


Sources: Scotiabank Economics, Federal Reserve System, ISM.

Germans took one look at their pandemic-hollowed closets and threadbare PJs and drove spending on clothing and shoes up by 118% m/m. Yes 118%, following a prior month gain of 18%. Then they looked at the couch they've been spending a lot more time on than usual and popped furniture spending 45% higher m/m following a prior 15% jump. IT-related spending was also up by about 23% following a prior 18% jump.

The Eurozone manufacturing PMI was revised a touch softer to 62.9 (from 63.3) for April after France and Germany were revised a bit lower and Spain and Italy combined to come in slightly softer than expected.

UNITED STATES

The US calendar will be fairly active today. ISM manufacturing (10amET) should rise further for the month of April after regional surveys generally pointed higher (chart 1). They underrepresent the transportation sector and so this afternoon's vehicle sales might reinforce any upside given advance indications they likely increased. Watch the employment subindex for nonfarm risk notwithstanding the small role played by manufacturing. Also watch the prices paid print and supply chain anecdotes given that prices paid are rising at the fastest rate since 2008.

US construction spending should also jump higher for March in part given that we know housing starts were up by over 19% m/m.

Fed Chair Powell speaks this afternoon (2:20pmET), but his topic is community development so pair that with the fact he just held a press conference last Wednesday and it's likely going to be a non-event.

Please see the updated charts showing global COVID-19 new cases per capita and the same thing for the Canadian provinces.

CANADA

Canada should be quiet with only Markit's manufacturing PMI for April due out (9:30amET). It has been cruising around cycle highs along with global manufacturing conditions in general. Friday's jobs report will be the main focus and estimates are all over the map ranging from +75k as one outlier to -350k+ at the other end of the outlier spectrum. I went with -150k and the median tally is -163k.

GLOBAL COVID-19 CASES

Please see the collection of global charts showing new COVID-19 cases per capita and charts for the Canadian provinces. We usually publish these once a week on Monday mornings to give a sense of smoothed trends. Note the improvements in Europe, the US, Canada, Latin America and the Middle East. India remains an extreme outlier. Cases remain high but may be showing early signs of plateauing in Malaysia, the Philippines and Thailand but this is very tentative. Across the Canadian provinces note the improvements in the biggest provinces of Ontario, Quebec and BC that nevertheless remain elevated, versus the exploding curves in Alberta and to a lesser degree Manitoba and Nova Scotia.

Chart 2

Trend in European Daily Cases

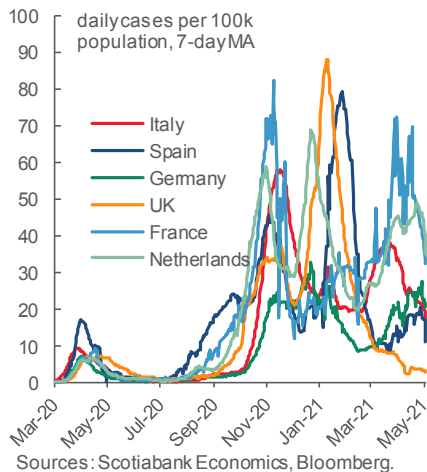


Chart 3

Trend in European Daily Cases

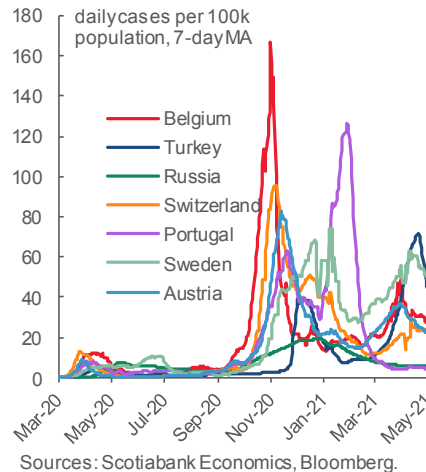


Chart 4

Trend in Latin American Daily Cases

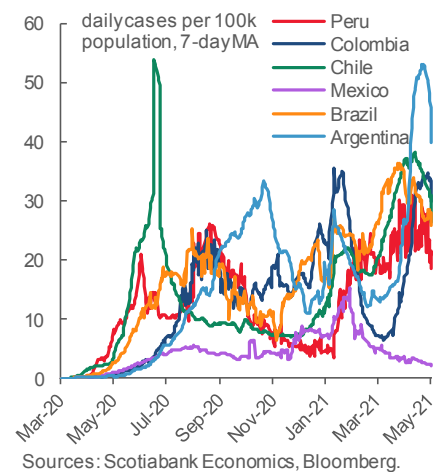


Chart 5

Trend in Asia Pacific Daily Cases

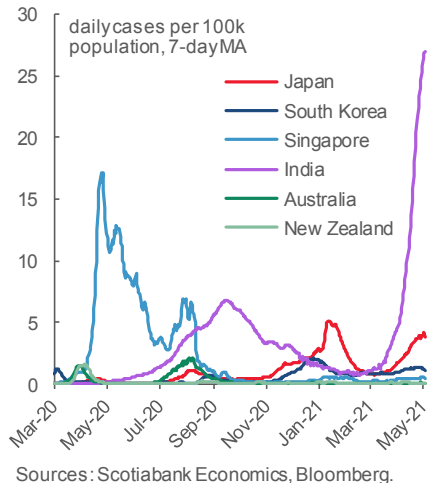


Chart 6

Trend in Asia Pacific Daily Cases

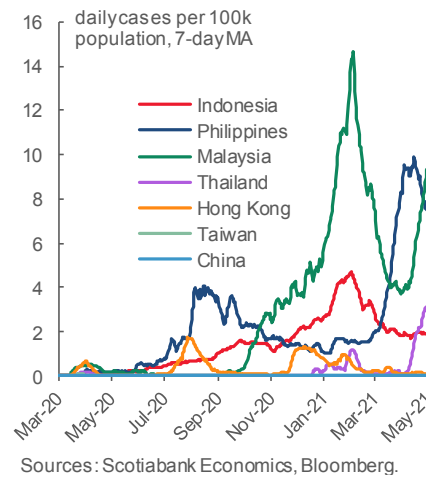


Chart 7

Trend in Middle Eastern Daily Cases

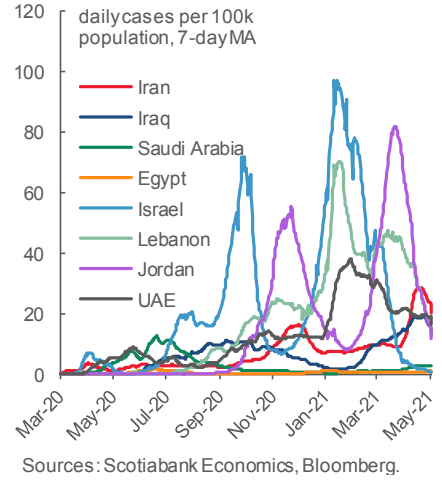


Chart 8

Canadian Trend in New Cases

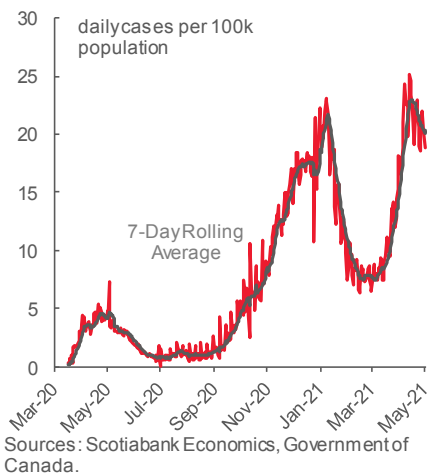


Chart 9

Trend in US Daily New Cases

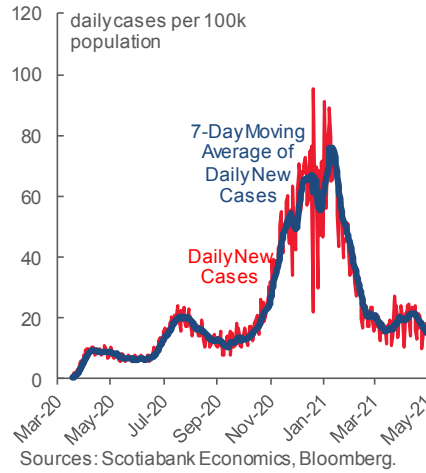


Chart 10

Daily Cases Trend in US Regions

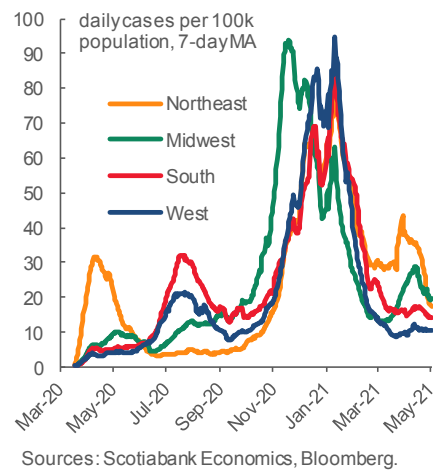
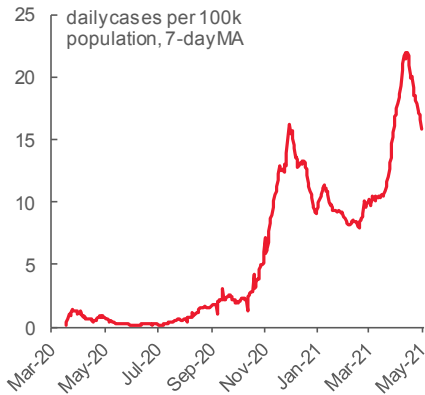


Chart 11

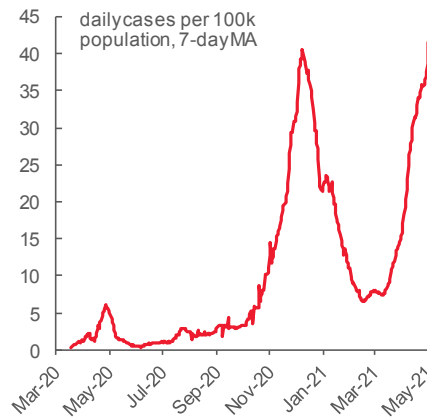
British Columbia Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 12

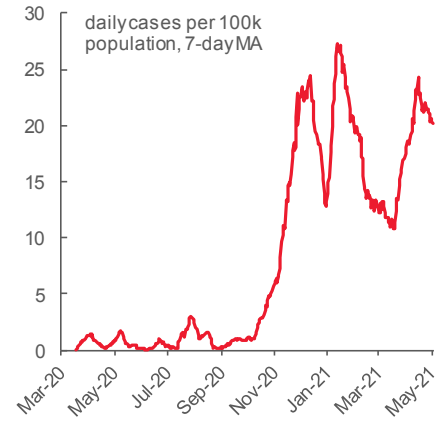
Alberta Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 13

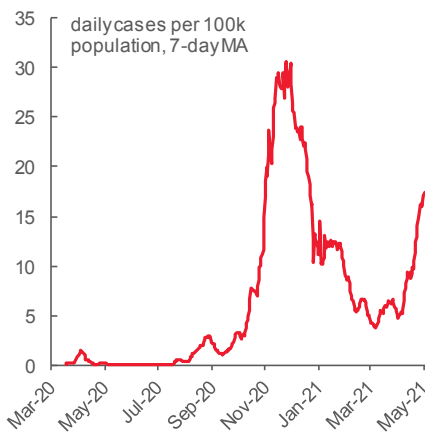
Saskatchewan Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 14

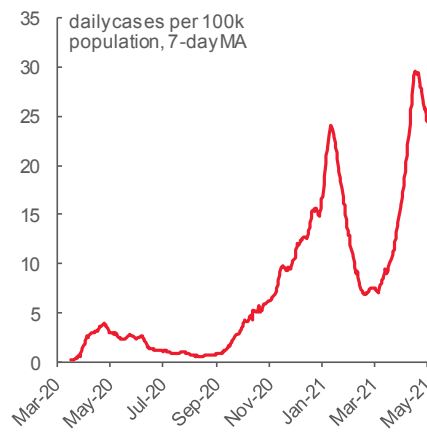
Manitoba Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 15

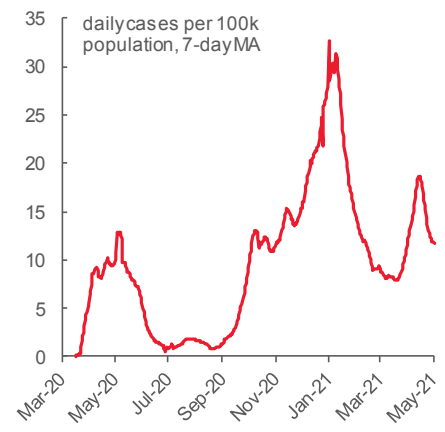
Ontario Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 16

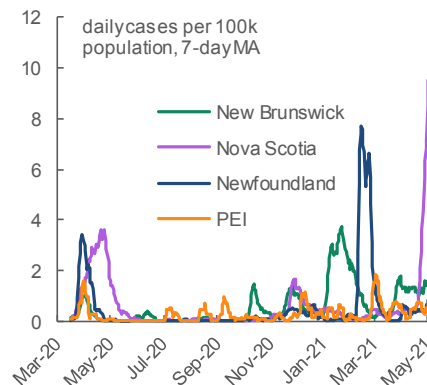
Quebec Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 17

Atlantic Provinces Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

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			
	0.16	0.16	0.17	0.86	0.85	0.83	1.64	1.63	1.57	2.31	2.30	2.24	Canada - BoC	0.25	
	0.31	0.30	0.32	0.95	0.93	0.94	1.55	1.54	1.53	2.08	2.08	2.07	US - Fed	0.25	
	-0.68	-0.68	-0.69	-0.57	-0.58	-0.60	-0.19	-0.20	-0.25	0.37	0.36	0.29			
	-0.12	-0.12	-0.13	-0.08	-0.08	-0.09	0.10	0.10	0.08	0.66	0.66	0.65	England - BoE	0.10	
	0.08	0.08	0.04	0.39	0.39	0.31	0.84	0.84	0.74	1.34	1.35	1.28			
	Spreads vs. U.S. (bps):														
	14	14	15	8	8	11	-9	-8	-4	-23	-22	-17	Euro zone - ECB	0.00	
	-84	-84	-86	-143	-142	-143	-183	-183	-182	-194	-194	-195	Japan - BoJ	-0.10	
-28	-28	-29	-94	-93	-92	-154	-153	-149	-165	-164	-159				
-8	-8	-13	-47	-46	-52	-80	-78	-82	-97	-95	-96				
Equities	Level						% change:						Mexico - Banxico	4.00	
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					
	19108				-147.6		-0.8	-0.3	0.6	30.7	Australia - RBA				0.10
	33875				-185.5		-0.5	-0.5	2.2	42.8					
	4181				-30.3		-0.7	0.0	4.0	47.7	New Zealand - RBNZ				0.25
	13963				-119.9		-0.9	-0.4	3.6	62.3					
	15235				98.9		0.7	-0.4	0.8	40.3					
	6970				8.3		0.1	0.5	3.5	20.9					
	28813				-241.3		-0.8	-1.3	-3.5	46.9					
	28358				-367.3		-1.3	-2.1	-2.0	20.1					
	6304				34.2		0.5	0.4	3.3	37.9					
Commodities	Level						% change:						Next Meeting Date		
WTI Crude Natural Gas Gold Silver CRB Index	63.78				0.20		0.3	3.0	3.8	222.4	Canada - BoC				Jun 09, 2021
	2.96				0.03		1.1	6.2	12.3	56.8	US - Fed				Jun 16, 2021
	1780.76				11.63		0.7	-0.0	3.0	4.7	England - BoE				May 06, 2021
	25.88				-0.41		-1.6	-1.0	6.3	68.7	Euro zone - ECB				Jun 10, 2021
	199.76				-0.91		-0.5	1.9	7.0	69.8	Japan - BoJ				Jun 18, 2021
Currencies	Level						% change:								
USDCAD EURUSD USDJPY AUDUSD GBPUSD USDCHF	1.2292				0.0005		0.0	-0.9	-1.9	-12.7	Mexico - Banxico		May 13, 2021		
	1.2053				0.0033		0.3	-0.3	2.0	10.5	Australia - RBA		May 04, 2021		
	109.46				0.1500		0.1	1.3	-0.7	2.5	New Zealand - RBNZ		May 25, 2021		
	0.7734				0.0018		0.2	-0.8	1.1	20.3					
	1.3876				0.0054		0.4	-0.2	-0.2	11.5					
0.9134				0.0003		0.0	-0.1	-2.5	-5.3						

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