

**ON DECK FOR TUESDAY, OCTOBER 12**

Country	Date	Time	Event	Period	BNS	Consensus	Latest
US	10-12	10:00	JOLTS Job Openings (000s)	Aug	--	10,925	10,934
US	10-12	11:15	Fed's Clarida Speaks at IIF Annual Meeting				
US	10-12	12:30	Fed's Bostic Speaks on Inflation at Peterson Institute				
US	10-12	18:00	Fed's Barkin Interviewed for an NPR Podcast				

**KEY POINTS:**

- Treasuries bear-flatten ahead of the Fed's take on jobs
- Fed's Clarida to give post-nonfarm outlook talk
- Canada's curve cheapens again post-jobs
- A poor start to the monthly round of German surveys
- Gilts, sterling ignore UK employment figures
- IMF to catch up on forecasts
- Global Week Ahead

Please see the Global Week Ahead—The Symbiotic Earnings-Inflation Relationship [here](#) as well as the distributed slide deck.

## Key topics:

- US earnings season
- Will US inflation bounce back?
- FOMC minutes likely to reinforce tapering...
- ...along with a heavy Fed speaker line-up
- US retail sales downside
- Chile's central bank expected to hike
- Jobs: UK, Australia, South Korea
- China trade, financing
- Bank of Korea likely to hold
- Other Inflation: China, India, Norway, Sweden

Treasuries are bear flattening a bit with the 2-year yield up 3bps and 10s slightly richer after payrolls and ahead of CPI and earnings this week that all starts on Wednesday. Canada's curve is following through on Friday's jobs data with further cheapening across maturities (recap [here](#)). Gilts are richer with yields down ~2bps across the curve following yesterday's jump higher after hawkish BoE remarks over the weekend. Stocks are mixed with N.A. futures little changed to slightly negative and European cash markets down about ½% across most exchanges. This follows weakness in the Asian overnight session with major exchanges down by ¾% to about 1½%. The dollar is little changed.

US markets return after Treasuries were shut for Columbus Day (stocks were open) and will focus on post-nonfarm Fed-speak with irrelevant data (JOLTS August 10amET). Vice Chair Clarida speaks on the US economic outlook and monetary policy at 11:15amET. He's likely to reaffirm that the Fed is on track to announce tapering at the November meeting after the barely good enough US jobs report. We'll also hear from Atlanta President Bostic (12:30pmET) and Richmond's Barkin (6pmET).

**CONTACTS**

Derek Holt, VP & Head of Capital Markets Economics  
 416.863.7707  
 Scotiabank Economics  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1

**UK: ILO Unemployment Rate**


Sources: Scotiabank Economics, UK ONS.

Canada returns in food shock today following the Thanksgiving holiday and will be fairly quiet throughout the week with just minor releases due out toward the end of the week.

Sterling and gilts largely ignored UK job market readings this morning in part because they were in the ballpark of expectations and because of forward looking concern over how the job market will respond to the end of the furlough program starting with figures from October onward. UK employment rose by slightly less than expected in August, but not by a meaningful amount. It was up by 235k on a 3 month ago basis (250k consensus). Jobless claims for September fell another 51k and the prior month was revised to a better decline of 88k (from -59k). That dropped the unemployment rate in August to 4.5% which remains about ½% above the pre-pandemic rate (chart 1).

German investor sentiment fell a little more than expected in October. The forward-looking expectations component dipped 4.2 points to its weakest since April 2020 and has fallen every month since May. This is a soft start as the first of the survey-based pieces of evidence on the German economy ahead of PMIs on October 22<sup>nd</sup> and the IFO business confidence measure on the 25<sup>th</sup>.

The IMF updates lagging forecasts at 9amET today. Big deal. Consensus-driven and committee-driven, they are usually the last to get the memo on the outlook.

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.	0.35	0.32	0.29	1.07	1.06	0.97	1.60	1.61	1.53	2.13	2.17	2.10	Canada - BoC	0.25
CANADA	0.69	0.63	0.58	1.21	1.14	1.07	1.63	1.56	1.47	2.09	2.04	1.95	US - Fed	0.25
GERMANY	-0.68	-0.67	-0.70	-0.51	-0.50	-0.55	-0.13	-0.12	-0.19	0.35	0.36	0.29	England - BoE	0.10
JAPAN	-0.11	-0.09	-0.11	-0.08	-0.07	-0.08	0.09	0.09	0.06	0.70	0.70	0.68		
U.K.	0.58	0.60	0.45	0.79	0.81	0.68	1.18	1.19	1.08	1.50	1.52	1.45		
	Spreads vs. U.S. (bps):													
CANADA	34	31	29	14	8	9	3	-5	-6	-5	-13	-14	Euro zone - ECB	0.00
GERMANY	-103	-99	-98	-158	-156	-153	-172	-173	-172	-178	-181	-181	Japan - BoJ	-0.10
JAPAN	-45	-41	-39	-115	-113	-106	-150	-152	-147	-144	-147	-142		
U.K.	23	28	17	-28	-25	-29	-42	-43	-44	-63	-65	-65	Mexico - Banxico	4.75
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo			1-yr		
S&P/TSX	20416			0.1			0.0	1.3	-1.1			23.3	Australia - RBA	0.10
Dow 30	34496			-250.2			-0.7	1.5	-0.3			19.6	New Zealand - RBNZ	0.50
S&P 500	4361			-30.2			-0.7	1.4	-2.2			23.4		
Nasdaq	14486			-93.3			-0.6	1.6	-4.2			22.0		
DAX	15155			-44.3			-0.3	-0.3	-2.9			15.3		
FTSE	7117			-29.8			-0.4	0.6	1.3			18.6		
Nikkei	28231			-267.6			-0.9	1.5	-7.1			19.8	Canada - BoC	Oct 27, 2021
Hang Seng	24963			-362.5			-1.4	3.6	-4.7			1.3	US - Fed	Nov 03, 2021
CAC	6541			-29.6			-0.5	-0.5	-1.8			31.4		
Commodities	Level						% change:							
WTI Crude	80.75			0.23			0.3	2.3	15.8			104.8	England - BoE	Nov 04, 2021
Natural Gas	5.26			-0.09			-1.7	-16.7	6.4			82.4	Euro zone - ECB	Oct 28, 2021
Gold	1762.15			8.00			0.5	0.1	-1.4			-8.4	Japan - BoJ	Oct 28, 2021
Silver	22.52			-0.03			-0.1	0.9	-6.3			-7.4		
CRB Index	236.35			0.93			0.4	1.4	7.2			55.8		
Currencies	Level						% change:							
USDCAD	1.2453			-0.0030			-0.2	-1.0	-1.5			-5.0	Mexico - Banxico	Nov 11, 2021
EURUSD	1.1553			0.0001			0.0	-0.4	-2.2			-2.2	Australia - RBA	Nov 01, 2021
USDJPY	113.36			0.0500			0.0	1.7	3.1			7.6		
AUDUSD	0.7381			0.0030			0.4	1.2	0.2			2.4		
GBPUSD	1.3616			0.0021			0.2	-0.1	-1.6			4.2	New Zealand - RBNZ	Nov 23, 2021
USDCHF	0.9284			0.0007			0.1	0.0	0.7			2.1		

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

<sup>TM</sup> Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.