

DAILY POINTS

November 21, 2022 @ 6:50 EST

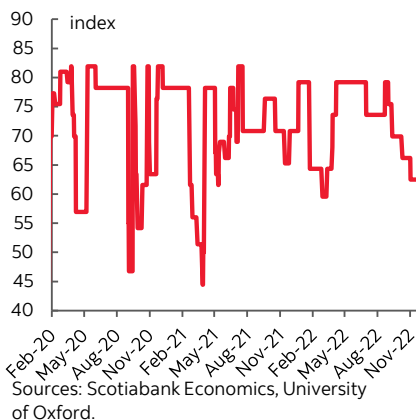
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Chart 1

China's COVID-19 Restrictions



On Deck for Monday, November 21

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-21	08:30	Chicago Fed National Activity Index	Oct	--	0.0	0.1
US	11-21	13:00	Fed's Daily Talk on Price Stability				

KEY POINTS:

- Risk off, as China's back—and not in a good way
- Lockdowns return to Chinese city
- PBoC keeps LPRs unchanged as expected
- German producer prices unexpectedly plunge...
- ...but solely due to energy prices
- Thai GDP beats, currency shakes it off
- Very light developments expected today
- Global Week Ahead reminder

Please see the Global Week Ahead—World Cuponomics ([here](#)) and the accompanying slide deck ([here](#)).

Key topics in this issue of the Global Week Ahead:

- This could be an earlier, stronger holiday shopping season...
- ...as buy early sentiment and World Cuponomics...
- ... combine with Black Friday, Cyber Monday
- The week's second half may be ripe for volatility trades
- FOMC minutes: in case you didn't hear them the first time
- BoC guidance may focus on stability, wages
- Canada's dubious international standing on wage pressures
- Will the RBNZ take a more hawkish turn?
- Bank of Korea likely to downshift
- Riksbank: hard to be more hawkish than markets
- PBoC likely to leave LPRs unchanged
- Turkey's rate cuts to keep fanning inflation
- PMIs are signalling a worldwide contraction
- US cap-ex investment still a bright spot?
- Canadian retail sales transition to the holiday season
- Light global inflation, GDP updates

Moving onto the day's developments, China is back, and not in a good way. Risk-off sentiment is driving the USD to be stronger against all major crosses. US and Canadian equity futures are down by ¼% to ¾%, European cash markets are slightly softer on average and Asian equities slipped with the Hang Seng's nearly 2% decline leading the way. Oil prices are a few dimes lower. Sovereign bond yields are little changed on balance.

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The culprit is that China's on and off COVID Zero sentiment is, well, off again. Following a recently declining trend in China's stringency index (chart 1), lockdowns returned to a city of 11 million that was thought to be easing. A spike in cases drove the reversal, with schools shutting as people were ordered to remain at home for five days as a mass testing program was unveiled. Three covid-19 deaths (yes three...) were registered in Beijing. One issue is uneven application of the National Health Commission's 20 measures that were announced last week and meant to guide more targeted restrictions. Clearly another is China's hypersensitivity to relatively small numbers of cases and its stubbornness toward embracing superior foreign vaccines.

Other overnight/weekend developments were very light. The People's Bank of China left its 1-year and 5-year Loan Prime Rates unchanged as expected. German producer prices unexpectedly fell by 4.2% m/m (+0.6% consensus) and that mattered for, oh, let's say maybe half an hour before 2-year bunds moved on. One reason for that may have been realization that there wasn't any breadth to the weakness outside of energy prices (-10.4% m/m); PPI ex-energy was up 0.4% m/m. Thailand's Q3 GDP beat expectations at 1.2% q/q (0.8% consensus) and absolutely nobody cared given China's issues.

Very little is on tap by way of calendar-based risk today. A minor US release—the Chicago Fed's National Activity Index for October (8:30amET)—and San Fran Fed President Daly (1pmET) are all that's on offer.

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.	4.52	4.54	4.39	4.01	4.01	3.99	3.83	3.83	3.86	3.91	3.93	4.04	Canada - BoC	3.75
CANADA	3.97	3.93	3.82	3.37	3.33	3.30	3.12	3.11	3.14	3.21	3.19	3.26	US - Fed	4.00
GERMANY	2.10	2.11	2.22	1.99	1.99	2.08	2.02	2.01	2.15	1.94	1.93	2.10	England - BoE	3.00
JAPAN	-0.02	-0.03	-0.06	0.09	0.09	0.06	0.25	0.25	0.24	1.44	1.41	1.50		
U.K.	3.22	3.18	3.16	3.32	3.30	3.36	3.25	3.24	3.37	3.39	3.39	3.50		
	Spreads vs. U.S. (bps):													
CANADA	-55	-61	-57	-65	-68	-69	-70	-72	-71	-70	-74	-78	Euro zone - ECB	2.00
GERMANY	-243	-243	-218	-203	-202	-191	-181	-182	-171	-197	-200	-194	Japan - BoJ	-0.10
JAPAN	-454	-456	-445	-392	-392	-393	-358	-358	-361	-247	-252	-254		
U.K.	-130	-136	-123	-70	-72	-63	-58	-59	-49	-52	-54	-54	Mexico - Banxico	10.00
Equities	Level						% change:							
	Last			Change			1 Day		1-wk		1-mo	1-yr		
S&P/TSX	19981			96.3			0.5		-0.6		5.9	-7.3	Australia - RBA	2.85
Dow 30	33746			199.4			0.6		-0.0		8.6	-5.2	New Zealand - RBNZ	3.50
S&P 500	3965			18.8			0.5		-0.7		5.7	-15.6		
Nasdaq	11146			1.1			0.0		-1.6		2.6	-30.6		
DAX	14332			-99.7			-0.7		0.1		12.6	-11.3		
FTSE	7379			-6.6			-0.1		-0.1		5.9	2.2		
Nikkei	27945			45.0			0.2		-0.1		3.9	-6.1		
Hang Seng	17656			-336.6			-1.9		0.2		8.9	-29.5		
CAC	6630			-14.2			-0.2		0.3		9.9	-6.8		
Commodities	Level						% change:							
WTI Crude	79.80			-0.28			-0.3		-7.1		-6.2	4.9	England - BoE	Dec 15, 2022
Natural Gas	6.27			-0.03			-0.5		5.7		26.4	23.8	Euro zone - ECB	Dec 15, 2022
Gold	1740.50			-10.18			-0.6		-1.7		5.0	-5.7	Japan - BoJ	Dec 20, 2022
Silver	21.10			0.02			0.1		-1.8		12.8	-15.5		
CRB Index	276.40			-1.20			-0.4		-2.0		1.5	17.6	Mexico - Banxico	Dec 15, 2022
Currencies	Level						% change:							
USDCAD	1.3422			0.0048			0.4		0.8		-1.6	5.7	Australia - RBA	Dec 05, 2022
EURUSD	1.0240			-0.0085			-0.8		-0.8		3.8	-8.9	New Zealand - RBNZ	Nov 22, 2022
USDJPY	141.74			1.3700			1.0		1.3		-4.0	23.4		
AUDUSD	0.6621			-0.0052			-0.8		-1.2		3.8	-8.4		
GBPUSD	1.1824			-0.0066			-0.6		0.6		4.6	-11.7		
USDCHF	0.9576			0.0029			0.3		1.5		-4.0	2.7		

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