

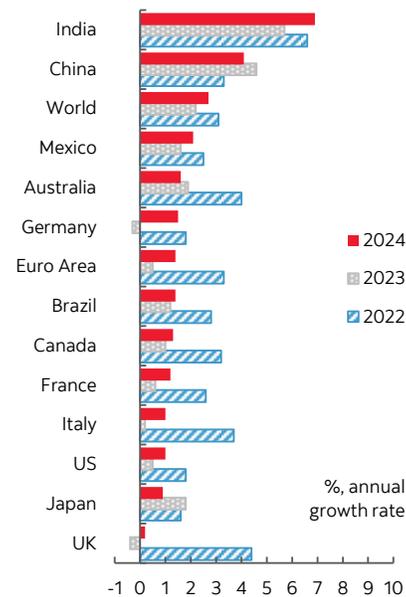
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Chart 1

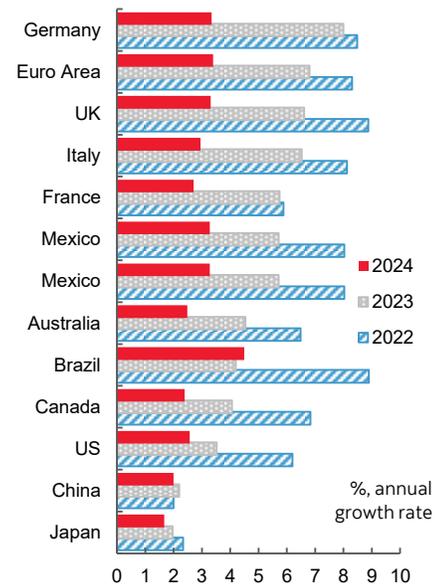
OECD October 2022 Economic Outlook: Real GDP Forecast



Sources: Scotiabank Economics, OECD.

Chart 2

OECD October 2022 Economic Outlook: Inflation Forecast



Sources: Scotiabank Economics, OECD.

| On Deck for Tuesday, November 22 | | | | | | | | | |
|----------------------------------|-------|-------|---|--------|------|-----------|--------|--|--|
| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest | | |
| CA | 11-22 | 08:30 | Retail Sales (m/m) | Sep | -0.4 | -0.5 | 0.7 | | |
| CA | 11-22 | 08:30 | Retail Sales ex. Autos (m/m) | Sep | -- | -0.6 | 0.7 | | |
| US | 11-22 | 10:00 | Richmond Fed Manufacturing Index | Nov | -- | -8.0 | -10.0 | | |
| US | 11-22 | 11:00 | Fed's Mester Discusses Wages and Inflation | | | | | | |
| CA | 11-22 | 11:45 | Bank of Canada's Carolyn Rogers Speaks on Financial Stability | | | | | | |
| US | 11-22 | 14:15 | Fed's George Takes Part in Policy Panel | | | | | | |
| US | 11-22 | 14:45 | Fed's Bullard Discusses Heterogeneity in Macroeconomics | | | | | | |

KEY POINTS:

- Mild risk-on sentiment with oil settling down after rumour-driven volatility
- OECD updates to consensus, long inflation battle still lies ahead
- CDN retail sales updates for September and October
- BoC SDG Rogers likely to offer low market risk
- Fed's 3 hawks will probably just repeat prior remarks

Mild risk-on sentiment is lifting equities across N.A. futures and European cash markets. Tokyo moved higher with the Nikkei 225 up over ½%, but HK fell 1.3% and Shenzhen lost 1.3% partly on policy risks as Xi Jinping's 'common prosperity' drive resurfaced through executive pay cuts and tech fines. Oil is stabilizing after yesterday's rumour-driven volatility that made no sense by positing that amid declining oil prices the Saudis would want to promote a faster increase in production; absent a rumour, start one I suppose. Sovereign yields are mixed as the US Treasuries and Canada curves push lower by 2–4bps across most maturities versus mild cheapening in Europe. The USD is broadly softer as part of the risk-on sentiment.

OECD forecasts were revised this morning ([here](#)) and the freshening brings the group in line with consensus since its last update on September 26th. They expect the world economy to grow by 3.1% this year and 2.2%

next year which is basically stall speed and the weakest growth since the early 1980s excluding crisis years like 2009 and 2020. See chart 1 for growth. For inflation forecasts (chart 2), the notable thing is that they forecast the Fed and BoC being unable to hit their 2% inflation targets until 2024 while the ECB and BoE won't do so even by then.

BoC SDG Rogers will take part in a fireside chat on risks to financial stability (11:45amET). I'm not expecting anything new out of this. Watch for repeated warnings on households mixed in with mitigating factors and how the financial system is strong. No press. Tomorrow's parliamentary testimony by Macklem and Rogers may incrementally add to BoC insights. Or not.

Canada updates both September and October retail sales estimates (8:30amET). Be careful with gasoline price effects and cognizant of the fact that retail in Canada doesn't capture any services spending. September's initial nominal 'flash' estimate of -0.5% m/m may be revised. The fact that lower gas prices were likely among the drivers could mean

something different in terms of sales volumes and breadth as details get filled in. October's initial flash estimate will be offered for the first time. A caveat toward the prelim October reading is that it's a nominal estimate that will be impacted by higher gasoline sales and when combined with the absence of detail we might have to wait until the fuller report in order to tell what happened anyway.

Light US developments are on tap. The Richmond Fed's manufacturing gauge (10amET) will be a tie-breaker of sorts after the Empire gauge improved but the Philly Fed measure deteriorated while the KC Fed's measure held little changed. More Fed-speak is on tap but I don't expect anything new from the trio of hawks. Mester (11amET) will probably repeat her remarks that were offered yesterday afternoon before the close with no incremental effects. George (2:15pmET) is likely to repeat her remark from November 10th that the Fed "has more work to do" and more measured hikes are preferred. Bullard (2:45pmET) is likely to repeat his preference for a terminal rate peak of 5% or slightly higher after his presentation last week.

| 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. | 4.51 | 4.56 | 4.34 | 3.95 | 4.02 | 3.90 | 3.80 | 3.83 | 3.77 | 3.89 | 3.90 | 3.96 | Canada - BoC | 3.75 |
| CANADA | 3.93 | 3.94 | 3.84 | 3.30 | 3.32 | 3.30 | 3.06 | 3.08 | 3.12 | 3.13 | 3.14 | 3.22 | US - Fed | 4.00 |
| GERMANY | 2.12 | 2.10 | 2.17 | 1.99 | 1.97 | 2.07 | 2.01 | 1.99 | 2.11 | 1.92 | 1.91 | 2.05 | England - BoE | 3.00 |
| JAPAN | -0.02 | -0.02 | -0.05 | 0.09 | 0.09 | 0.07 | 0.25 | 0.25 | 0.25 | 1.46 | 1.44 | 1.46 | Euro zone - ECB | 2.00 |
| U.K. | 3.20 | 3.19 | 3.10 | 3.28 | 3.27 | 3.31 | 3.19 | 3.19 | 3.30 | 3.33 | 3.31 | 3.47 | Japan - BoJ | -0.10 |
| Spreads vs. U.S. (bps): | | | | | | | | | | | | | | |
| CANADA | -58 | -62 | -50 | -65 | -71 | -60 | -74 | -75 | -65 | -76 | -76 | -75 | Mexico - Banxico | 10.00 |
| GERMANY | -239 | -246 | -217 | -196 | -205 | -183 | -179 | -184 | -166 | -197 | -199 | -191 | Australia - RBA | 2.85 |
| JAPAN | -453 | -457 | -439 | -386 | -393 | -383 | -355 | -358 | -353 | -243 | -246 | -250 | New Zealand - RBNZ | 3.50 |
| U.K. | -131 | -137 | -124 | -67 | -75 | -58 | -60 | -64 | -48 | -56 | -59 | -49 | Next Meeting Date | |
| Equities | Level | | | | | | % change: | | | | | | | |
| | Last | Change | | 1 Day | | 1-wk | | 1-mo | | 1-yr | | | | |
| S&P/TSX | 19977 | -3.8 | | -0.0 | | -0.1 | | 5.9 | | -6.7 | | Canada - BoC | | Dec 07, 2022 |
| Dow 30 | 33700 | -45.4 | | -0.1 | | 0.5 | | 8.4 | | -5.4 | | US - Fed | | Dec 14, 2022 |
| S&P 500 | 3950 | -15.4 | | -0.4 | | -0.2 | | 5.3 | | -15.7 | | England - BoE | | Dec 15, 2022 |
| Nasdaq | 11025 | -121.5 | | -1.1 | | -1.5 | | 1.5 | | -30.5 | | Euro zone - ECB | | Dec 15, 2022 |
| DAX | 14400 | 20.5 | | 0.1 | | 0.2 | | 13.1 | | -10.6 | | Japan - BoJ | | Dec 20, 2022 |
| FTSE | 7422 | 45.0 | | 0.6 | | 0.7 | | 6.5 | | 2.3 | | Mexico - Banxico | | Dec 15, 2022 |
| Nikkei | 28116 | 171.0 | | 0.6 | | 0.4 | | 4.6 | | -5.6 | | Australia - RBA | | Dec 05, 2022 |
| Hang Seng | 17424 | -231.5 | | -1.3 | | -5.0 | | 7.5 | | -29.3 | | New Zealand - RBNZ | | Nov 22, 2022 |
| CAC | 6635 | 0.9 | | 0.0 | | -0.1 | | 9.9 | | -6.6 | | | | |
| Commodities | Level | | | | | | % change: | | | | | | | |
| WTI Crude | 81.11 | 1.07 | | 1.3 | | -6.7 | | -4.6 | | 5.7 | | England - BoE | | Dec 15, 2022 |
| Natural Gas | 6.61 | -0.17 | | -2.5 | | 9.5 | | 33.2 | | 38.0 | | Euro zone - ECB | | Dec 15, 2022 |
| Gold | 1746.94 | 8.89 | | 0.5 | | -1.8 | | 5.4 | | -3.2 | | Japan - BoJ | | Dec 20, 2022 |
| Silver | 20.64 | -0.46 | | -2.2 | | -3.9 | | 12.3 | | -16.7 | | Mexico - Banxico | | Dec 15, 2022 |
| CRB Index | 276.52 | 0.12 | | 0.0 | | -2.0 | | 1.5 | | 17.5 | | Australia - RBA | | Dec 05, 2022 |
| Currencies | Level | | | | | | % change: | | | | | | | |
| USDCAD | 1.3396 | -0.0052 | | -0.4 | | 0.9 | | -2.3 | | 5.5 | | New Zealand - RBNZ | | Nov 22, 2022 |
| EURUSD | 1.0262 | 0.0020 | | 0.2 | | -0.8 | | 3.9 | | -8.7 | | | | |
| USDJPY | 141.34 | -0.8000 | | -0.6 | | 1.5 | | -5.1 | | 23.0 | | Australia - RBA | | Dec 05, 2022 |
| AUDUSD | 0.6641 | 0.0036 | | 0.5 | | -1.7 | | 5.2 | | -8.1 | | | | |
| GBPUSD | 1.1880 | 0.0057 | | 0.5 | | 0.1 | | 5.3 | | -11.3 | | | | |
| USDCHF | 0.9551 | -0.0034 | | -0.4 | | 1.2 | | -4.6 | | 2.4 | | | | |

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