

### DAILY POINTS

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Chart 1

#### Small Businesses Planning Price Hikes



Sources: Scotiabank Economics, NFIB.

#### On Deck for Tuesday, November 14

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-14	08:30	CPI (m/m)	Oct	0.1	0.1	0.4
US	11-14	08:30	CPI (y/y)	Oct	3.3	3.3	3.7
US	11-14	08:30	CPI (index)	Oct	--	307.9	307.8
US	11-14	08:30	CPI ex. Food & Energy (m/m)	Oct	0.3	0.3	0.3
US	11-14	08:30	CPI ex. Food & Energy (y/y)	Oct	4.1	4.1	4.1
US	11-14	08:30	Fed's Barkin Speaks on Economic Outlook				
US	11-14	10:00	Fed's Barr Testifies on Oversight of Financial Regulators				
US	11-14	11:00	Fed's Mester Delivers Opening Remarks				
US	11-14	12:45	Fed's Goolsbee Speaks on Economy and Monetary Policy				
US	11-14		Fed's Philip Jefferson and SNB's Thomas Jordan Speak in Zurich				

#### KEY POINTS:

- **Markets await US CPI**
- **The net share of US small businesses planning price hikes hits highest in a year**
- **The US House *might* vote on a funding resolution today to avert a shutdown**
- **UK wage growth slows to a crawl as payrolls pick up**
- **Speculation toward Chinese housing stimulus**
- **German monthly surveys start off on a positive note**

Today's prime focal points include US CPI for October, a possible House vote to avert a shutdown if plans survive some mischief making, speculation that China may introduce housing stimulus and very mixed UK labour market readings.

Markets are so far in a slightly constructive mood with mild gains across US equity futures and European equity cash markets notably ex-London and ex-Toronto. Sovereign curves have a slight bid to them and mostly across longer maturities. The dollar is slightly softer on a DXY basis primarily against the euro. Oil prices are little changed.

This will be the first of two US CPI prints (8:30amET) before the December 13<sup>th</sup> FOMC decisions, the other one arriving the day before. There is a large clustering of estimates for core CPI around 0.3% m/m SA with headline at 0.1% m/m as gasoline prices are expected to weigh on the latter. The core estimate may be little more than extrapolative in nature following two months of 0.3% gains after a milder summertime patch. Fed funds futures are pricing no moves at the December and January meetings and the decisions may come down to the batch of data between now and then on jobs and inflation.

US small business plans to raise prices continue to creep higher in the US. The NFIB's survey results for October showed that a net 33% of small businesses (emphasize 'net') are planning to raise prices over the next three months on a seasonally adjusted basis. That's the highest reading since last November and the trend is pointed upward going into the peak holiday shopping season (chart 1).

Grossly dysfunctional US politics is back on the radar. A possible House vote on a two-step continuing resolution to fund the government into the new year is expected sometime later today but may not occur if procedural matters thwart the effort. The continuing resolution would fund parts of the government until January 19<sup>th</sup> and other parts until February 2<sup>nd</sup> with nothing on funding for wars in Israel and Ukraine. The aim is to avoid a government shutdown when current funding expires on Friday. The mischievous minority in the GOP is seeking to derail the agreement because it doesn't include spending cuts and stricter immigration controls. Some among the Dems don't like the two-step feature and absence of war funding. Most probably get that a government shutdown into an election year would be political suicide and particularly for the GOP.

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A Bloomberg piece is referencing anonymous folks who are saying that a modest amount of low-cost financing to a segment of the Chinese housing market is in the works. At about US\$140B this isn't shock-and-awe material and the stimulus is aimed at funding on more generous terms that ultimately relies upon buyers taking the bait.

UK job growth picked up a little last month and that added a slight bid to sterling that ignored a sharp deceleration in wage growth. 33k payroll positions were added in October for the second consecutive monthly gain of a similar magnitude following two mild declines (consensus is not meaningful). Jobless claims landed at about 18k and are stuck in a largely sideways trend with mild volatility dating back to late 2022. Wage growth ex-bonuses eased sharply to about 2% m/m SAAR following three months of 6% m/m SAAR gains while marking the coolest gain since May 2021 (chart 2). Real wage growth is back in negative territory for the first time since March using headline CPI (chart 3).

Germany's ZEW investor sentiment gauge surprised a bit higher by posting the first meaningful gain since early this year after a series of largely sideways moves following the earlier decline. It's the first of the three main monthly sentiment gauges and may send a positive signal ahead of next week's PMI and IFO business confidence gauges.

The second swing at Eurozone Q3 GDP was left unrevised at -0.1% q/q this morning. Jobs were up by 0.3% q/q in Q3. Not much to see there on either count.

Chart 2

### UK Wage Growth

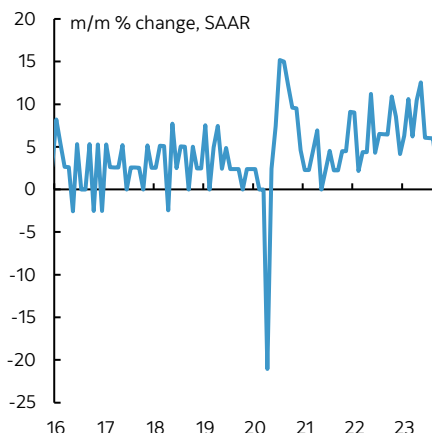
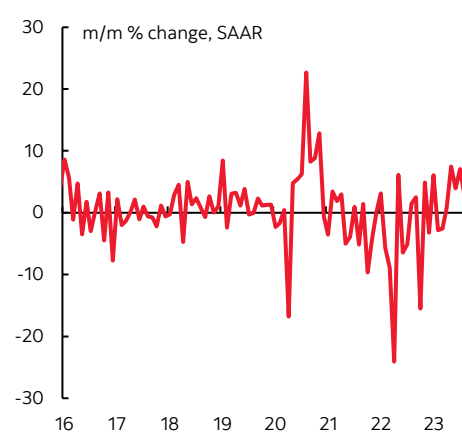


Chart 3

### UK Real Wage Growth



Sources: Scotiabank Economics, UK ONS.

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Fixed Income	Government Yield Curves (%):												Central Banks			
U.S. 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	Canada - BoC	5.00		
	5.03	5.04	4.92	4.65	4.66	4.54	4.62	4.64	4.57	4.73	4.76	4.73				
	4.59	4.58	4.38	3.96	3.94	3.79	3.85	3.85	3.74	3.63	3.64	3.57			US - Fed	5.50
	3.08	3.08	2.98	2.67	2.66	2.58	2.71	2.71	2.66	2.91	2.91	2.89				
	0.09	0.10	0.13	0.40	0.43	0.44	0.86	0.87	0.88	1.76	1.76	1.82				
	4.64	4.66	4.63	4.31	4.32	4.24	4.30	4.31	4.27	4.72	4.74	4.74				
	Spreads vs. U.S. (bps):													Euro zone - ECB	4.50	
	CANADA	-45	-46	-53	-69	-72	-75	-77	-79	-83	-110	-112	-116			
	GERMANY	-195	-196	-194	-198	-200	-196	-191	-193	-191	-183	-184	-183			Japan - BoJ
JAPAN	-494	-493	-479	-425	-423	-410	-376	-377	-368	-297	-299	-290				
U.K.	-39	-38	-29	-34	-34	-29	-32	-33	-30	-2	-2	1				
Equities	Level						% change:						Mexico - Banxico	11.25		
	Last		Change		1 Day		1-wk		1-mo		1-yr					
S&P/TSX	19709		54.7		0.3		-0.2		1.3		-1.1				Australia - RBA	4.35
Dow 30	34338		54.8		0.2		0.7		2.0		2.4					
S&P 500	4412		-3.7		-0.1		1.0		1.9		11.5					
Nasdaq	13768		-30.4		-0.2		1.8		2.7		23.0					
DAX	15399		53.9		0.4		1.6		1.4		7.6				Next Meeting Date	
FTSE	7390		-35.6		-0.5		-0.3		-2.8		0.1				Canada - BoC	Dec 06, 2023
Nikkei	32696		110.8		0.3		1.3		1.2		16.9					
Hang Seng	17397		-29.3		-0.2		-1.5		-2.3		-1.3					
CAC	7090		2.5		0.0		1.5		1.2		7.3					
Commodities	Level						% change:						England - BoE	Dec 14, 2023		
WTI Crude	78.17		-0.09		-0.1		1.0		-10.9		-9.0					
Natural Gas	3.19		-0.00		-0.2		1.7		-1.4		-46.2				Euro zone - ECB	Dec 14, 2023
Gold	1945.63		-1.29		-0.1		-1.2		0.7		9.8					
Silver	22.08		-0.42		-1.9		-4.9		-0.0		2.8					
CRB Index	277.63		4.26		1.6		-1.5		-2.2		-1.6					
Currencies	Level						% change:						Mexico - Banxico	Dec 14, 2023		
USDCAD	1.3839		0.0034		0.2		0.5		1.7		3.9					
EURUSD	1.0717		0.0019		0.2		0.2		1.5		3.8				Australia - RBA	Dec 04, 2023
USDJPY	151.73		0.0100		0.0		0.9		1.5		8.5					
AUDUSD	0.6367		-0.0010		-0.2		-1.1		0.4		-5.0					
GBPUSD	1.2279		0.0000		0.0		-0.2		0.5		4.4					
USDCHF	0.9026		0.0010		0.1		0.3		0.3		-4.3					

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