

DAILY POINTS

December 19, 2023 @ 6:25 EST

Contributors

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Chart 1

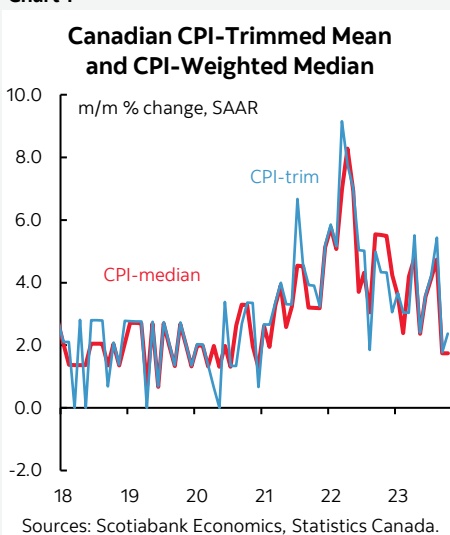
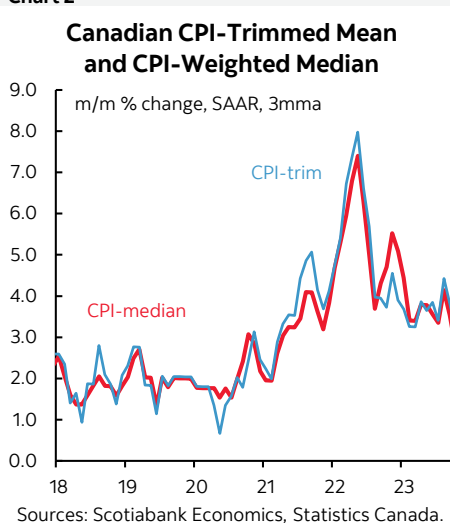


Chart 2



On Deck for Tuesday, December 19

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	12-19	08:30	Core CPI - Median (y/y)	Nov	--	3.3	3.6
CA	12-19	08:30	Core CPI - Trim (y/y)	Nov	--	3.3	3.5
CA	12-19	08:30	CPI, All items (m/m)	Nov	-0.2	-0.2	0.1
CA	12-19	08:30	CPI, All items (y/y)	Nov	2.8	2.8	3.1
CA	12-19	08:30	CPI, All items (index)	Nov	--	--	158.6
CA	12-19	08:30	IPPI (m/m)	Nov	--	-0.7	-1.0
CA	12-19	08:30	Raw Materials Price Index (m/m)	Nov	--	-3.5	-2.5
US	12-19	08:30	Building Permits (000s a.r.)	Nov	--	1460.0	1498.0
US	12-19	08:30	Housing Starts (000s a.r.)	Nov	1395	1360.0	1372.0
US	12-19	08:30	Housing Starts (m/m)	Nov	1.7	-0.9	1.9
CA	12-19	08:30	Core CPI - Common (y/y)	Nov	--	--	4.2
US	12-19	12:30	Fed's Bostic Speaks on US economy, business outlook				

KEY POINTS:

- **Mild relief rally after BoJ stands pat**
- **Yen dips as BoJ's Ueda reinforces need for ongoing stimulus**
- **RBA minutes drive higher Australian yields**
- **BoC's Macklem merely stated the (mostly) obvious**
- **Canadian CPI might spark some market noise, but it will be a mere placeholder**
- **BanRep's decision is a close call**
- **Chile's central bank is expected to continue easing**
- **Mild Fed-speak on tap**

Global sovereign bonds are slightly richer following the BoJ's decision to stand pat. Equities are little changed with a slightly positive bias and the dollar is flat on a DXY basis. Australia's curve is cheapening as rate cut pricing gets reined in following hawkish sounding minutes. Canadian inflation and a pair of LatAm central banks are on tap.

The BoJ left all policy measures unchanged and continued to lean in favour of applying ongoing stimulus. The yen depreciated and JGBs bull flattened in the aftermath because markets were partially pricing a more hawkish outcome with the possibility of ending negative rates.

Headlines on the BoC late yesterday afternoon were much ado about absolutely nothing. All that Governor Macklem said was "I think it is sometime in 2024" in response to a baited question on when the BoC might begin to cut rates. That's hardly shocking to anyone who has been following the central bank. It doesn't say as early as markets are pricing. This was a snippet of an interview that is being used to tease BoC observers all week until its release on Friday at 6pmET.

Australia's curve cheapened by about 5bps across maturities after RBA minutes indicated that a hike was considered at the December 4th meeting while continuing to guide that any future moves will remain data dependent instead of a more concrete signal that hikes are over. Key was guidance that the central bank thinks inflation will only fall back to the upper end of the 2–3% inflation target by mid-2025.

Regional markets may be influenced by Canadian CPI and a pair of LatAm central bank decisions. Brief highlights follow and see my Global Week Ahead for more as part of your reading.

Canadian inflation during November (8:30amET) is expected to be soft in headline terms (-0.2% m/m NSA, +0.1% m/m SA) but key will be the trimmed mean and weighted median measures in m/m SAAR terms. These measures have recently cooled (chart 1) while the smoothed 3-month moving average remains significantly above the BoC's 2% headline target (chart 2). Any surprises may feed market noise but the BoC just made it extra clear

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for folks that there is a very high bar for data to matter to their policy rate decisions for a long while yet.

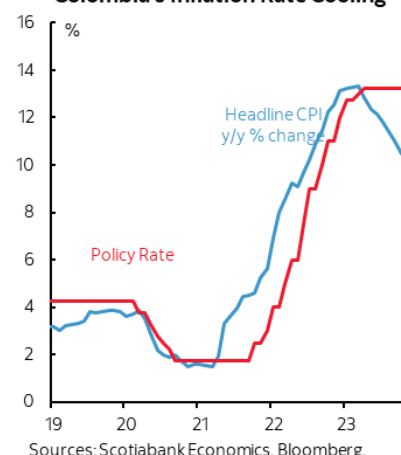
Most within consensus expect Chile's central bank to cut by 75bps to 8.25% but a significant minority expects -50bps (4pmET).

BanRep is a close call with just over half of consensus expecting -25bps and just under expecting no change (1pmET). A cut would commence the country's easing cycle with inflation still running hot at 10.2% y/y and 10.6% y/y for core (chart 3).

Also, while we've already heard from two of them, there is light Fed-speak today. Richmond Fed President Barkin votes in 2024 and speaks at 9:30amET so watch for his view on the timing and magnitude of easing. We're already heard views from Bostic (12:30pmET) and Goolsbee (6pmET). The US also updates housing starts for November this morning (8:30amET).

Chart 3

Colombia's Inflation Rate Cooling



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.	4.43	4.45	4.73	3.92	3.93	4.22	3.91	3.93	4.20	4.02	4.04	4.31	Canada - BoC	5.00
CANADA	4.00	3.95	4.20	3.29	3.24	3.54	3.17	3.12	3.41	2.97	2.92	3.21	US - Fed	5.50
GERMANY	2.53	2.55	2.71	2.02	2.05	2.21	2.04	2.08	2.23	2.24	2.28	2.40	England - BoE	5.25
JAPAN	0.08	0.09	0.07	0.25	0.30	0.31	0.63	0.68	0.72	1.56	1.61	1.73		
U.K.	4.30	4.32	4.53	3.73	3.75	4.04	3.68	3.70	3.97	4.16	4.18	4.47		
Spreads vs. U.S. (bps):														
CANADA	-44	-50	-53	-63	-69	-68	-74	-82	-79	-105	-113	-110	Euro zone - ECB	4.50
GERMANY	-190	-189	-202	-190	-188	-201	-187	-185	-198	-178	-177	-191	Japan - BoJ	-0.10
JAPAN	-436	-436	-466	-367	-364	-391	-328	-325	-348	-246	-243	-258		
U.K.	-13	-13	-20	-19	-18	-18	-23	-24	-23	14	13	17	Mexico - Banxico	11.25
Equities														
	Level			Change			% change:			% change:				
	Last	1-day	1-wk	1 Day	1-wk	1-mo	1 Day	1-wk	1-mo	1 Day	1-wk	1-mo		
S&P/TSX	20623			93.6			0.5	1.5	2.2	7.4				
Dow 30	37306			0.9			0.0	2.5	6.7	13.9				
S&P 500	4741			21.4			0.5	2.6	5.0	24.2				
Nasdaq	14905			91.3			0.6	3.3	5.5	41.3				
DAX	16711			60.5			0.4	-0.5	5.0	19.9				
FTSE	7614			-0.7			-0.0	0.9	1.5	3.4				
Nikkei	33219			460.4			1.4	1.1	-1.1	22.0				
Hang Seng	16505			-124.2			-0.7	0.8	-5.4	-14.7				
CAC	7567			-2.1			-0.0	0.3	4.6	16.9				
Commodities														
	Level			Change			% change:			% change:				
	Last	1-day	1-wk	1 Day	1-wk	1-mo	1 Day	1-wk	1-mo	1 Day	1-wk	1-mo		
WTI Crude	72.53			0.06			0.1	5.7	-4.4	-3.5				
Natural Gas	2.44			-0.07			-2.6	5.5	-17.7	-58.3				
Gold	2027.02			-0.17			-0.0	2.4	2.3	13.4				
Silver	23.94			-0.26			-1.1	4.4	-0.3	4.8				
CRB Index	265.90			0.84			0.3	1.6	-2.8	-1.7				
Currencies														
	Level			Change			% change:			% change:				
	Last	1-day	1-wk	1 Day	1-wk	1-mo	1 Day	1-wk	1-mo	1 Day	1-wk	1-mo		
USDCAD	1.3389			-0.0010			-0.1	-1.5	-2.4	-1.9				
EURUSD	1.0935			0.0011			0.1	1.3	-0.0	3.1				
USDJPY	144.70			1.9200			1.3	-0.5	-2.5	5.7				
AUDUSD	0.6733			0.0026			0.4	2.7	2.7	0.5				
GBPUSD	1.2701			0.0053			0.4	1.1	1.6	4.5				
USDCHF	0.8660			-0.0011			-0.1	-1.1	-2.1	-6.7				
Next Meeting Date														
Canada - BoC	Jan 24, 2024													
US - Fed	Jan 31, 2024													
England - BoE	Feb 01, 2024													
Euro zone - ECB	Jan 25, 2024													
Japan - BoJ	Dec 18, 2023													
Mexico - Banxico	Feb 08, 2024													
Australia - RBA	Feb 05, 2024													
New Zealand - RBNZ	Feb 27, 2024													

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