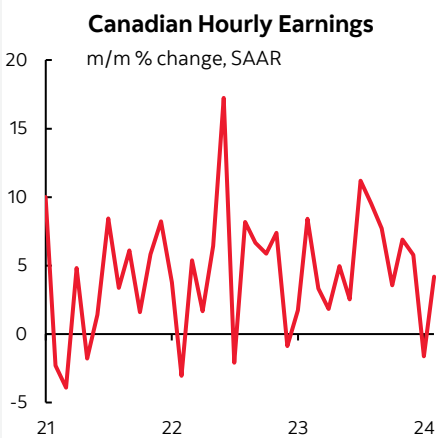


Contributors

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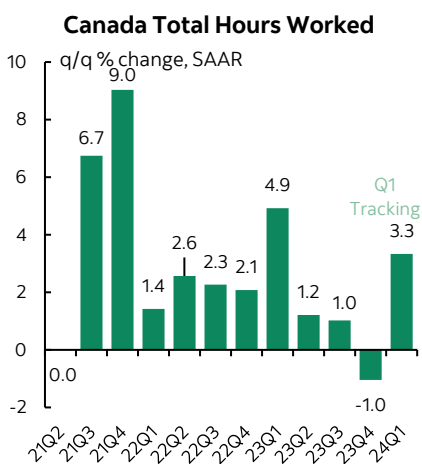
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Chart 1



Sources: Scotiabank Economics, Statistics Canada, Haver.

Chart 2



Sources: Scotiabank Economics, Statistics Canada.

On Deck for Friday, April 5

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04-05	08:30	Employment (000s m/m)	Mar	30.0	25.0	40.7
CA	04-05	08:30	Unemployment Rate (%)	Mar	5.8	5.9	5.8
US	04-05	08:30	Average Hourly Earnings (m/m)	Mar	0.3	0.3	0.1
US	04-05	08:30	Average Hourly Earnings (y/y)	Mar	4.1	4.1	4.3
US	04-05	08:30	Average Weekly Hours	Mar	--	34.3	34.3
US	04-05	08:30	Nonfarm Employment Report (000s m/m)	Mar	225	214.0	275.0
US	04-05	08:30	Unemployment Rate (%)	Mar	3.9	3.8	3.9
US	04-05	08:30	Household Employment Report (000s m/m)	Mar	--	--	-184.0
US	04-05	08:30	Fed's Collins Gives Opening Remarks				
US	04-05	09:15	Fed's Barkin Speaks on Economic Outlook				
US	04-05	11:00	Fed's Logan Speaks at Duke University				
US	04-05	12:30	Fed's Bowman Speaks on Risks in Monetary Policy				
US	04-05	15:00	Consumer Credit (US\$ bn m/m)	Feb	--	15.0	19.5

KEY POINTS:

- **Markets brace for N.A. jobs reports**
- **Nonfarm payrolls preview: it's not just about payrolls**
- **Chair Powell sounds far too optimistic on population growth**
- **Fed officials to weigh in post-payrolls**
- **Canadian jobs preview: the last pre-BoC reading**
- **RBI hawkishly held, German factory orders disappointed**

There was very little by way of notable macro developments overnight and the focus is squarely upon US and Canadian jobs this morning. The RBI held as expected and with a hawkish tone. German factory orders disappointed (+0.2% m/m, 0.7% consensus, -11.4% prior). We'll also get some post-nonfarm Fed-speak with Barkin, Logan and Bowman on tap.

CANADIAN JOBS PREVIEW

The March Labour Force Survey arrives this morning (8:30amET). It's the last notable domestic data before the BoC next week. Whatever happens is unlikely to materially affect the BoC outcome as they look for trends, but of course it could impact markets whatever the spin of the wheel reveals. The noise factor on this modest sample household survey is very large and all estimates fall comfortably within it. Most of the work for markets and economists around this report involves the clean-up and implications.

Here are the expectations for the change in total employment and other details:

Scotia: +30k

Consensus median: 25k

Consensus average: 30k skewed by one outlier shop

Range: 10–63k (most within 10–40k)

Std dev: 13.9k

95% confidence interval: +/-57k

Whisper number: n/a

UR: 5.8–5.9 (Scotia 5.8)

Drivers:

- Job openings have come down but are still high enough alongside immigration to result in a solid gain in filled positions.

- GDP is strongly on the mend in Q1 with tracking around 3½% q/q SAAR. GDP and significantly employment growth are correlated over time. Strong growth, strong jobs.
- The survey covers the reference week of March 10th – 16th and therefore should not be affected by the earlier than normal Good Friday.
- Watch wages in terms of the m/m SAAR % change in average hourly earnings of permanent employees. It's one of the four main metrics watched by the BoC for backward looking readings and by far the most timely. The pace picked up somewhat to 4.2% in February after a soft patch in January (chart 1). The year-over-year rate gets quoted more often by the BoC and it is running at about 5% while trend productivity is tumbling.
- Also watch hours worked. They are growing at an explosive rate in Q1 (chart 2). Since GDP is hours times labour productivity, the gain in hours is among the supports to our tracking for much stronger Q1 GDP growth than the BoC anticipated.

So what's the trend? Kaboom, in a word. Canada has created 521k jobs since the end of 2022. 77k in just the first two months of the year. 184k in the past six months. Productivity? Well that's not so good. Canada, it seems, has opted for a model employed by some emerging markets whereby average worker productivity blows but this is papered over by having large numbers of workers.

US NONFARM PAYROLLS PREVIEW

Nonfarm payrolls and other labour metrics from the CPS and CES surveys get updated at 8:30amET. Here too it's the last jobs report before the Fed's next May 1st meeting, though it's clear they will stay on hold.

Here are expectations for the change in nonfarm payrolls and other details:

Scotia: 225k

Consensus median: 214k

Consensus average: 210k (no material skewness)

Range: 145k – 290k (most within 170k–240k)

Whisper number: 232

Std dev: 25.4k

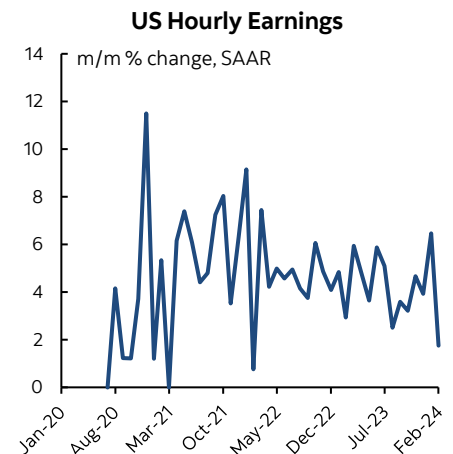
90% confidence interval: +/- 130k

UR: 3.8% / Scotia 3.9 from 3.9 prior

Drivers:

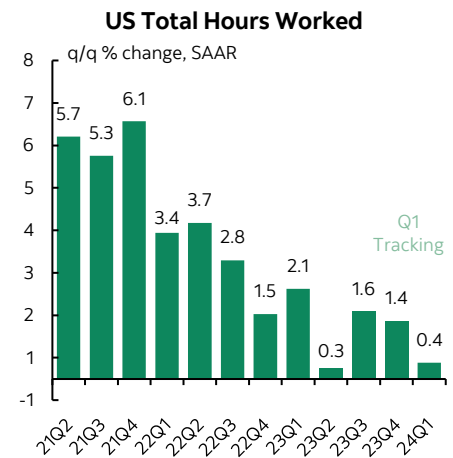
- NFIB small business hiring plans slipped a touch. Hard to fill positions held steady
- Consumer confidence jobs plentiful edged a little higher
- JOLTS job openings held firm m/m and while they've come down, they're still relatively elevated.
- Job cuts were only slightly higher but not in a way that would materially affect payrolls this morning. Government cuts through the army and veterans agency picked up into the nonfarm reference period, but private job cuts fell.
- ISM-services employment edged a little higher. So did manufacturing.
- initial jobless claims were little changed between reference periods
- Key is whether wages rebound. Recall that the prior month saw wages m/m SAAR fell back to closer to 2% which broke the accelerating trend over about the prior six months (chart 3).

Chart 3



Sources: Scotiabank Economics, BLS.

Chart 4



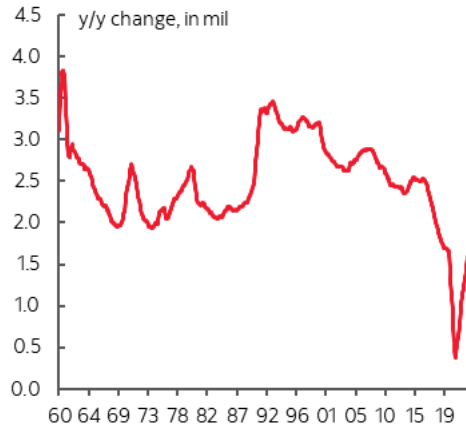
Sources: Scotiabank Economics, BLS.

- Also watch hours worked. They have been tracking at only 0.4% q/q SAAR which means to get around 2-ish nowcast tracking for Q1 GDP growth pretty much relies upon productivity (chart 4).

This last point is where I disagreed with Chair Powell's overly enthusiastic cheerleading of US population growth and how it is expanding the labour force and driving growth while helping to fight inflation. The trend in aggregate hours worked has been weakening for quite a while and is very weak now. The biggest developments in the US labour force over the past year was a pick-up in worker productivity and there is healthy debate over whether that can continue. As for population growth, settle down folks. The wiggles on charts 5 and 6 still portray the US as having very low population growth whether in millions or percentages. Further, the composition of the slight pick-up matters; the Census Bureau flagged both migration and fewer deaths post-pandemic plus lower births ([here](#)) while there is a very fair debate about the quality of immigration to the US and hence its role as a disinflationary supply-side driver. If Trump gets elected, then the Fed should be presently mindful toward the likelihood that US population growth will crash again on mass deportations and frozen immigration.

Chart 5

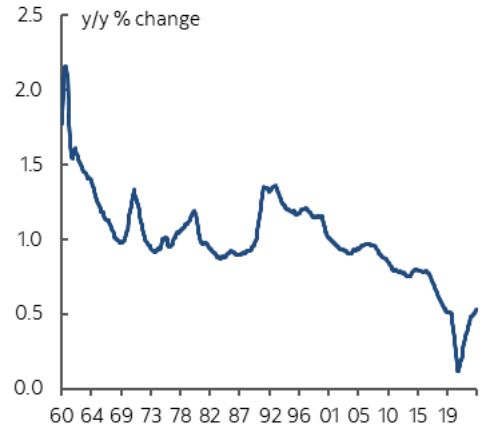
US Population



Sources: Scotiabank Economics, FRED.

Chart 6

US Population



Sources: Scotiabank Economics, FRED.

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.	4.66	4.65	4.62	4.31	4.30	4.21	4.33	4.31	4.20	4.49	4.48	4.34	Canada - BoC	5.00
CANADA	4.19	4.22	4.17	3.58	3.62	3.53	3.55	3.59	3.47	3.46	3.50	3.35	US - Fed	5.50
GERMANY	2.84	2.86	2.85	2.36	2.37	2.32	2.37	2.36	2.30	2.54	2.53	2.46	England - BoE	5.25
JAPAN	0.21	0.20	0.19	0.38	0.37	0.36	0.79	0.79	0.73	1.82	1.85	1.82	Euro zone - ECB	4.50
U.K.	4.21	4.19	4.17	3.90	3.88	3.82	4.04	4.02	3.93	4.55	4.53	4.42	Japan - BoJ	-0.10
	Spreads vs. U.S. (bps):												Mexico - Banxico	11.00
CANADA	-47	-43	-45	-73	-68	-69	-78	-72	-74	-103	-98	-99	Australia - RBA	4.35
GERMANY	-182	-179	-177	-196	-193	-189	-196	-195	-190	-195	-195	-189	New Zealand - RBNZ	5.50
JAPAN	-445	-445	-443	-393	-392	-386	-354	-352	-347	-267	-263	-252	Next Meeting Date	
U.K.	-45	-46	-45	-41	-42	-39	-28	-29	-27	6	6	8	Canada - BoC	Apr 10, 2024
Equities	Level						% change:						US - Fed	May 01, 2024
	Last	Change			1 Day	1-wk	1-mo	1-yr					England - BoE	May 09, 2024
S&P/TSX	22052	-60.7			-0.3	-0.3	2.4	9.4					Euro zone - ECB	Apr 11, 2024
Dow 30	38597	-530.2			-1.4	-2.9	0.0	15.3					Japan - BoJ	'A Field Not Applica
S&P 500	5147	-64.3			-1.2	-1.9	1.3	25.8					Mexico - Banxico	May 09, 2024
Nasdaq	16049	-228.4			-1.4	-2.1	0.7	33.8					Australia - RBA	May 07, 2024
DAX	18134	-269.0			-1.5	-1.9	2.5	16.8					New Zealand - RBNZ	Apr 09, 2024
FTSE	7903	-72.8			-0.9	-0.4	3.4	3.1						
Nikkei	38992	-781.1			-2.0	-3.4	-2.8	40.2						
Hang Seng	16724	-1.2			-0.0	0.6	0.8	-17.5						
CAC	8038	-113.7			-1.4	-2.0	1.3	9.9						
Commodities	Level						% change:							
WTI Crude	86.76	0.17			0.2	4.3	11.0	7.6						
Natural Gas	1.79	0.01			0.6	1.2	-8.8	-17.2						
Gold	2293.48	2.53			0.1	#VALUE!	7.8	13.5						
Silver	27.00	0.76			2.9	10.0	16.9	12.4						
CRB Index	296.34	1.14			0.4	3.3	7.4	8.9						
Currencies	Level						% change:							
USDCAD	1.3559	0.0016			0.1	0.1	-0.3	0.8						
EURUSD	1.0834	-0.0003			-0.0	0.4	-0.2	-0.6						
USDJPY	151.36	0.0200			0.0	0.0	0.9	15.3						
AUDUSD	0.6583	-0.0005			-0.1	1.0	1.2	-2.0						
GBPUSD	1.2632	-0.0010			-0.1	0.1	-0.6	1.4						
USDCHF	0.9032	0.0018			0.2	0.2	2.2	-0.4						

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