

### DAILY POINTS

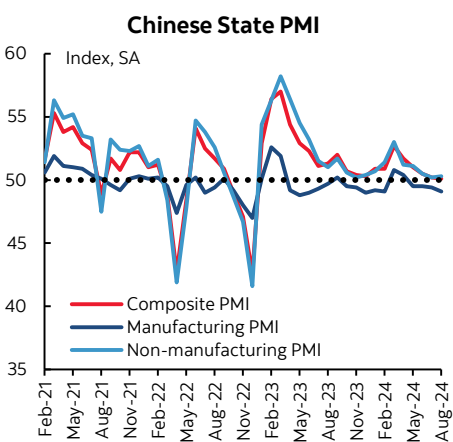
September 3, 2024 @ 7:35 EST

#### Contributors

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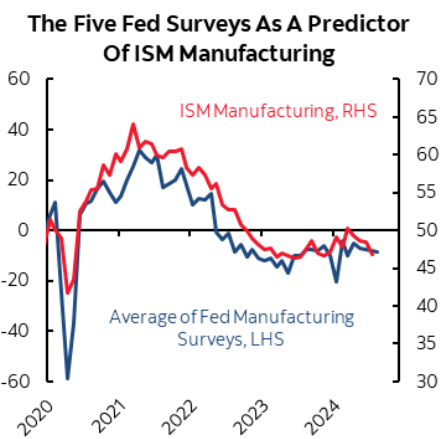
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Chart 1



Sources: Scotiabank Economics, China Federation of Logistics & Purchasing.

Chart 2



Sources: Scotiabank Economics, Federal Reserve System, ISM.

### On Deck for Tuesday, September 3

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-03	10:00	Construction Spending (m/m)	Jul	0.3	0.1	-0.3
US	09-03	10:00	ISM Manufacturing Index	Aug	47.0	47.5	46.8

#### KEY POINTS:

- **September kicks off with mild risk-off sentiment**
- **Yen appreciates as BoJ's Ueda repeats that further tightening is likely**
- **China's PMIs remain soft**
- **Swiss inflation cools, bolstering case for another SNB cut**
- **US to update soft ISM-mfrg, construction spending**
- **Canada to update manufacturing PMI, China's tit-for-tat retaliation**
- **Chile's central bank expected to resume cutting, Brazil to update GDP**
- **Global Week Ahead reminder**

Mild risk-off sentiment is greeting market participants after long weekends in Canada and the US as the calendar flips over to September. Stocks are broadly lower across N.A. futures, European cash markets and after a mixed Asian session. The yen and MXN are outperforming all majors as carry risk creeps higher while the USD outperforms the rest. Sovereign yields are little changed. Oil prices are down by about 2%.

Uncertainty ahead of the week's developments including US and Canadian jobs and the BoC is emphasized in the Global Week Ahead—Supersize Fries, Not Cuts! ([here](#)).

Catalysts include overnight comments by BoJ Governor Ueda who repeated that further tightening of monetary policy is likely if BoJ forecasts are achieved. The yen appreciated a little to under 146 to the dollar.

Weekend data out of China was on the soft side. It started Friday evening with the state's composite PMI that continued to signal little to no growth in the economy with a reading of 50.1 (50.2 prior) as the manufacturing PMI edged a touch lower and the non-manufacturing PMI ticked up. Sunday night's private Caixin manufacturing PMI conflicted with the state's version by edging higher to 50.4 (49.8 prior). The private PMI is more slanted toward smaller producers in coastal exporting areas versus the state's PMI that is more skewed toward SOEs.

Overnight data was light and included inflation reports out of Switzerland and South Korea. Swiss inflation surprised a touch lower (1.1% y/y from 1.3% prior, 1.2% consensus) with core unchanged and on the screws at 1.1%. The figures lean toward another SNB rate cut on September 26<sup>th</sup> after prior quarterly cuts in March and June especially in light of another 5% CHF appreciation to the dollar since the June cut.

Relatively light US data is on tap this morning. The ISM-manufacturing gauge is expected to remain in sub-50 contraction territory (10amET). Construction spending will try to arrest a two-month declining trend (10amET).

Canada also updates a manufacturing PMI (9:30amET). China is retaliating against tariffs on Chinese EVs, steel and aluminum with a tit-for-tat probe into Canadian exports of canola. The macro effects are negligible outside of the sector.

Across LatAm markets, Chile's central bank is widely expected to resume cutting this evening (6pmET) after Brazil refreshes Q2 GDP that is expected to post growth of just under 1% q/q SA nonannualized (8amET).

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.	3.93	3.92	3.90	3.71	3.70	3.65	3.91	3.90	3.82	4.19	4.20	4.11	Canada - BoC	4.50
CANADA	3.33	3.33	3.25	3.04	3.03	2.94	3.16	3.16	3.06	3.27	3.26	3.15	US - Fed	5.50
GERMANY	2.42	2.42	2.40	2.21	2.23	2.19	2.32	2.34	2.29	2.56	2.58	2.54	England - BoE	5.00
JAPAN	0.39	0.38	0.37	0.54	0.52	0.50	0.93	0.91	0.88	2.10	2.12	2.06		
U.K.	4.11	4.12	4.11	3.92	3.93	3.91	4.04	4.06	4.00	4.55	4.57	4.51		
	Spreads vs. U.S. (bps):													
CANADA	-59	-59	-65	-67	-67	-71	-75	-75	-76	-93	-93	-97	Euro zone - ECB	4.25
GERMANY	-151	-150	-150	-150	-148	-146	-159	-157	-153	-163	-162	-158	Japan - BoJ	-0.10
JAPAN	-354	-354	-353	-318	-318	-315	-298	-299	-294	-209	-208	-205		
U.K.	18	20	21	21	23	26	13	15	18	36	37	40	Mexico - Banxico	10.75
Equities	Level						% change:							
	Last	Change				1 Day	1-wk	1-mo	1-yr					
S&P/TSX	23346	118.7				0.5	0.3	5.0	13.6					
Dow 30	41563	228.0				0.6	0.9	4.6	19.3					
S&P 500	5648	56.4				1.0	0.2	5.6	25.1					
Nasdaq	17714	197.2				1.1	-0.9	5.6	26.2					
DAX	18871	-59.7				-0.3	1.0	6.9	19.1					
FTSE	8321	-42.4				-0.5	-0.3	1.8	11.5					
Nikkei	38686	-14.6				-0.0	1.0	7.7	18.3					
Hang Seng	17651	-40.5				-0.2	-1.2	4.2	-4.0					
CAC	7632	-14.8				-0.2	0.9	5.2	4.6					
Commodities	Level						% change:							
WTI Crude	72.11	-1.44				-2.0	-6.9	-1.9	-15.7					
Natural Gas	2.19	0.06				3.0	12.0	11.4	-20.8					
Gold	2499.08	-0.43				-0.0	-1.0	12.1	28.8					
Silver	28.62	-0.85				-2.9	-2.8	-1.1	16.1					
CRB Index	277.03	-2.85				-1.0	-0.6	2.6	-2.6					
Currencies	Level						% change:							
USDCAD	1.3542	0.0048				0.4	0.7	-2.0	-0.4					
EURUSD	1.1039	-0.0033				-0.3	-1.3	0.8	2.3					
USDJPY	145.90	-1.0200				-0.7	1.3	1.2	-0.4					
AUDUSD	0.6734	-0.0057				-0.8	-0.9	3.6	4.2					
GBPUSD	1.3122	-0.0024				-0.2	-1.0	2.7	3.9					
USDCHF	0.8515	-0.0002				-0.0	1.2	-0.1	-3.7					
													Next Meeting Date	
													Canada - BoC	Sep 04, 2024
													US - Fed	Sep 18, 2024
													England - BoE	Sep 19, 2024
													Euro zone - ECB	Sep 12, 2024
													Japan - BoJ	June 14, 2024
													Mexico - Banxico	Sep 26, 2024
													Australia - RBA	Sep 24, 2024
													New Zealand - RBNZ	Oct 08, 2024

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