

### DAILY POINTS

September 12, 2024 @ 7:00 EST

#### Contributors

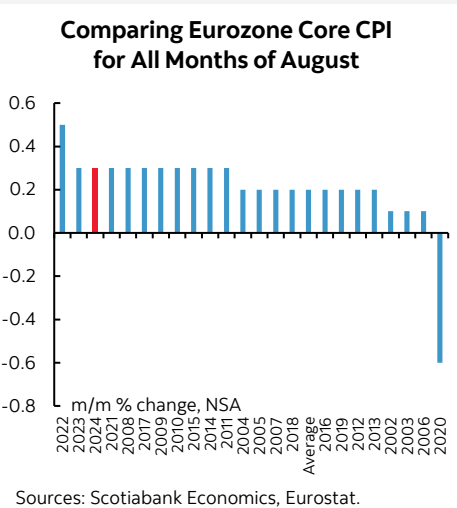
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Chart 1



Chart 2



### On Deck for Thursday, September 12

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	09-12	08:30	Building Permits (m/m)	Jul	--	6.6	-13.9
US	09-12	08:30	Initial Jobless Claims (000s)	Sep 07	230	227.0	227.0
US	09-12	08:30	Continuing Claims (000s)	Aug 31	1840	1850.0	1838.0
US	09-12	08:30	PPI (m/m)	Aug	0.2	0.1	0.1
US	09-12	08:30	PPI ex. Food & Energy (m/m)	Aug	0.2	0.2	0.0
US	09-12	14:00	Treasury Budget (US\$ bn)	Aug	--	-292.5	-380.1

#### KEY POINTS:

- Risk-on sentiment ahead of the ECB
- ECB to cut 25bps, narrow rate spreads...
- ...and sound data dependent alongside refreshed forecasts
- SNB's Jordan to speak before coming rate decision
- US producer prices to continue the inflation drum beat

We're starting off the day in risk-on fashion ahead of the ECB. Stocks are broadly higher including S&P futures that are building on yesterday's 1% post-debate and post-CPI gain; Trump Media plunged, but the S&P is moving on. Sovereign bonds are broadly cheaper by less than a handful of basis points. Oil is up by over 1%. The dollar is little changed.

After US CPI, the market is priced for a quarter point Fed cut next Wednesday but that still feels too richly priced with over 100bps of cuts by year-end. I don't see the exigent circumstances that would merit upsizing unless conditions take a rapid turn for the worse which is pure spec at this point. Heck, markets have been dead wrong on the Fed all year long.

But it's the ECB that will be the day's main focus, at least in passing. The policy statement lands at 8:15amET and President Lagarde's press conference starts 30 minutes later. The scope for surprise is probably rather low. They've made it clear enough that they are on track toward cutting such that consensus is unanimously expecting a 25bps cut to the deposit rate. It's also fully priced in OIS. The pre-announced move back in March to cut the spreads on other benchmark rates is also unanimously expected at this meeting as a technical change that has nothing to do with any meaningful shift in monetary policy directions.

Key, however, will be ECB staff projections that get updated at this meeting plus Lagarde's presser. I would expect a continuation of the data dependent aversion to teeing up next

Chart 3

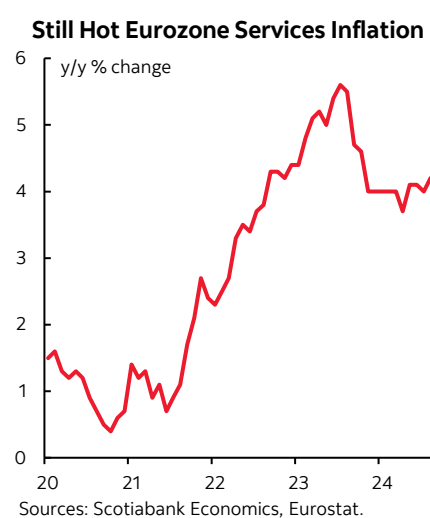
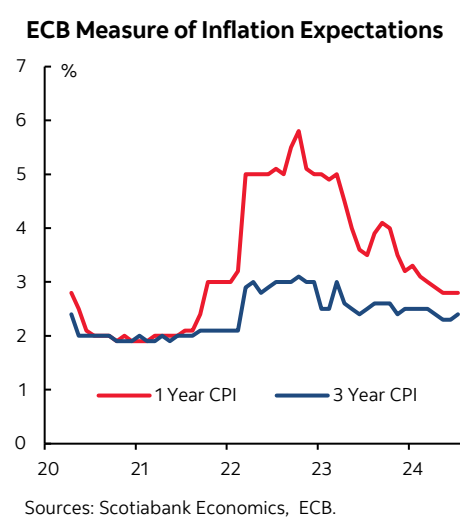


Chart 4



moves before we start to get the often customary reports of ‘anonymous’ officials objecting one way or the other. That data is still characterized by strong wage gains (chart 1, albeit off the peak), ongoing stickiness in core inflation in m/m terms (chart 2), ongoing pressures on services inflation (chart 3) and lower but above-target inflation expectations (chart 4). We'll see. Don't look to consensus for inspiration, as almost all of the 24 economists in Bloomberg's economist sample are telling the same boring story with the deposit rate falling to around 2½% +/-25bps by the end of next year.

SNB President Jordan speaks this morning (10:25amET) with the next decision looming on September 26th.

More US inflation data arrives with producer prices expected to be soft (830amET). I wouldn't expect that release to have any influence whatsoever on the Fed's moves and guidance next 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.	3.66	3.64	3.74	3.46	3.44	3.54	3.67	3.65	3.73	3.99	3.97	4.02	Canada - BoC	4.25	
CANADA	3.04	3.02	3.13	2.77	2.75	2.83	2.93	2.91	2.97	3.10	3.08	3.11	US - Fed	5.50	
GERMANY	2.20	2.15	2.30	2.00	1.97	2.10	2.13	2.11	2.21	2.41	2.40	2.46	England - BoE	5.00	
JAPAN	0.39	0.39	0.38	0.51	0.51	0.51	0.87	0.86	0.88	2.06	2.06	2.05			
U.K.	3.83	3.79	4.01	3.65	3.62	3.81	3.78	3.76	3.92	4.39	4.37	4.44			
Spreads vs. U.S. (bps):															
CANADA	-62	-62	-61	-70	-70	-71	-75	-74	-76	-89	-89	-91	Euro zone - ECB	4.25	
GERMANY	-147	-149	-145	-147	-147	-144	-154	-154	-152	-157	-157	-156	Japan - BoJ	-0.10	
JAPAN	-327	-325	-336	-295	-294	-303	-280	-280	-285	-193	-191	-197			
U.K.	16	15	26	18	17	27	11	11	19	40	41	42	Mexico - Banxico	10.75	
Equities	Level						% change:								
	Last		Change		1 Day		1-wk		1-mo		1-yr				
S&P/TSX	23211		208.1		0.9		0.7		3.6		14.8		Australia - RBA		4.35
Dow 30	40862		124.8		0.3		-0.3		3.8		17.9		New Zealand - RBNZ		5.25
S&P 500	5554		58.6		1.1		0.6		3.9		24.5				
Nasdaq	17396		369.6		2.2		1.8		3.7		26.3				
DAX	18562		231.7		1.3		-0.1		4.7		18.1				
FTSE	8260		66.5		0.8		0.2		0.6		9.7				
Nikkei	36833		1213.5		3.4		0.5		5.2		12.4		Canada - BoC		Oct 23, 2024
Hang Seng	17240		131.7		0.8		-1.2		0.8		-4.4		US - Fed		Sep 18, 2024
CAC	7465		68.1		0.9		0.4		3.0		2.9		England - BoE		Sep 19, 2024
Commodities	Level						% change:								
	Last		Change		1 Day		1-wk		1-mo		1-yr				
WTI Crude	68.36		1.05		1.6		-1.1		-14.6		-23.1		Euro zone - ECB		Sep 12, 2024
Natural Gas	2.28		0.01		0.3		1.0		4.0		-17.0		Japan - BoJ		June 14, 2024
Gold	2513.66		1.90		0.1		-0.1		12.7		31.4				
Silver	28.82		0.39		1.4		2.6		4.5		24.7				
CRB Index	269.36		3.88		1.5		-0.3		-3.6		-6.3				
Currencies	Level						% change:								
	Last		Change		1 Day		1-wk		1-mo		1-yr				
USDCAD	1.3573		-0.0002		-0.0		0.5		-1.2		0.1		Mexico - Banxico		Sep 26, 2024
EURUSD	1.1021		0.0009		0.1		-0.8		0.8		2.5		Australia - RBA		Sep 24, 2024
USDJPY	142.63		0.2700		0.2		-0.6		-3.1		-3.0				
AUDUSD	0.6684		0.0010		0.1		-0.8		1.5		4.0				
GBPUSD	1.3051		0.0008		0.1		-1.0		2.2		4.5		New Zealand - RBNZ		Oct 08, 2024
USDCHF	0.8540		0.0017		0.2		1.2		-1.3		-4.2				

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