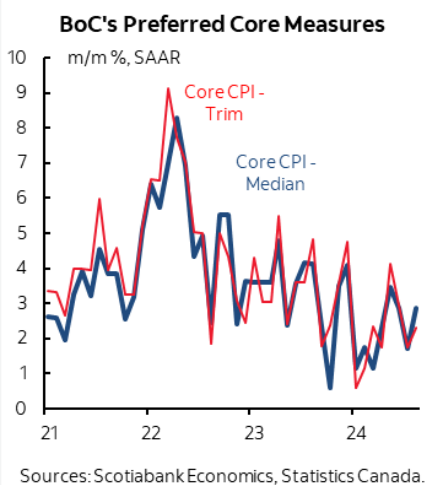


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Chart 1



#### On Deck for Tuesday, October 15

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-15	08:30	Core CPI - Median (y/y)	Sep	--	2.3	2.3
CA	10-15	08:30	Core CPI - Trim (y/y)	Sep	--	2.5	2.4
CA	10-15	08:30	CPI, All items (m/m)	Sep	-0.1	-0.3	-0.2
CA	10-15	08:30	CPI, All items (y/y)	Sep	2.0	1.8	2.0
CA	10-15	08:30	CPI, All items (index)	Sep	--	161.5	161.8
CA	10-15	08:30	Wholesale Trade (m/m)	Aug	-1.1	-1.1	0.4
US	10-15	08:30	Empire State Manufacturing Index	Oct	--	3.6	11.5
CA	10-15	08:30	Core CPI - Common (y/y)	Sep	--	--	2.0
CA	10-15	08:30	CPI SA, All items (m/m)	Sep	--	--	0.1
CA	10-15	09:00	Existing Home Sales (m/m)	Sep	--	--	1.3
US	10-15	11:30	Fed's Daly Gives Keynote Remarks				
US	10-15	13:00	Fed's Kugler Participates in Moderated Discussion				

#### KEY POINTS:

- Lower oil prices drive softer equity tone, richer sovereign bonds
- Canadian CPI may tilt the balance on 25 or 50 by the BoC next week...
- ...depending upon what happens to the BoC's preferred core gauges
- Mixed UK job market readings largely just reaffirmed BoE pricing
- See the Global Week Ahead [here](#)

There are three main focal points this morning: oil, whether CPI will inform the BoC's next steps, and how UK jobs and wages merely reaffirmed BoE pricing through to year-end. The Canada-India spat involves serious allegations against the Modi administration that builds upon previous charges by Canada and the US, but has no market implications. The IMF [warnings](#) on global sovereign debt reinforce the theme in my Global Week Ahead.

Oil prices are down by about 5% this morning as reports surfaced that Israel's long-awaited retaliation against Iran will be confined to military targets, not energy and nuclear facilities. We'll see how this evolves, but oil prices remain at risk pending further developments in the region. The drop in oil prices is weighing on global equity sentiment through the impact on energy subindexes, while driving somewhat lower bond yields.

#### CANADIAN CPI THE LAST READING FOR THE BOC TO CONSIDER

Canada updates CPI for September this morning. It's the last consequential release ahead of next Wednesday's BoC decision and full suite of communications including fresh forecasts. It may influence pricing that is on the fence between moves of -25bps and -50bps for that meeting in the wake of Friday's generally solid jobs report.

Most expect the seasonally unadjusted CPI reading in m/m terms to dip with estimates ranging between -0.1% m/m NSA and -0.4%. I'm at -0.1% which would translate into about a 0.25% m/m SA rise given that September is usually a down month for the NSA measure. Differences on that estimate explain why estimates for the y/y rate vary from 1.6% to and unchanged 2%.

Who cares. We would care if Canada had something remotely akin to a credible inflation trading market, but it doesn't since the Federal government basically killed it.

What does matter are gauges that are impossible to estimate in advance. I know the data well enough to know that if anyone tells you otherwise, then run. The calculations for the relevant gauges are super-sensitive to the assumptions made on price data that is severely lacking in advance richness. Those gauges are the m/m SAAR readings for trimmed mean and weighted median CPI. Those measures picked up in August and have been on a volatile but generally upward trend from lows earlier in the year (chart 1). This morning's estimates will further inform that trend.

Canada will also update wholesale trade that is expected to drop by over 1% m/m SA based on Statcan’s advance ‘flash’ estimate. Also watch for existing home sales during September (9amET) as a minor gauge given that it covers the seasonally soft period at the start of a new school year and with the focus upon how next Spring’s market begins to evolve.

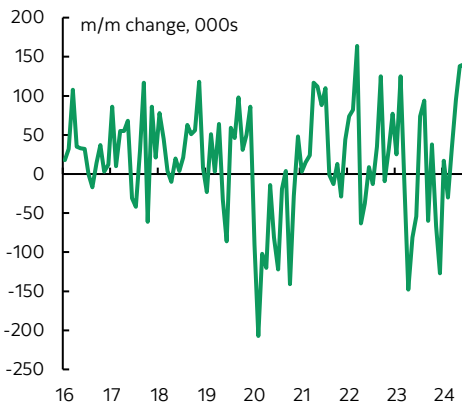
**UK LABOUR MARKET READINGS REAFFIRM BOE PRICING**

Gilts rallied out of the gates when cash trading began at the same time as the release of labour market readings. Still, the moves are small, and the impact on pricing for the November 7<sup>th</sup> and December 19<sup>th</sup> BoE meetings was trivial.

- UK total employment was up by another 140k m/m in August after a similar gain the month before and 95k expansion in June. That’s three months in a row of strong gains (chart 2).
- UK payroll employment is fresher data, but more limited in that it excludes off-payroll and hence principally smaller businesses. It fell by 15.2k in September following a drop of about 35k in August. Payroll positions are still up by 162k ytd, but momentum has been lost with declines in three of the past four months (chart 3).
- UK job vacancies fell by 15k to 841k in September. That’s closer to the pre-pandemic readings of 810k–820k but still high (chart 4).
- UK wage growth continues to slow (chart 5). The proper way to look at it is always m/m SAAR which considers changes at the margin independent of y/y base effects. By that measure, wages were up by just 1.9% in August and have been on a steadily slowing trajectory throughout this year. Still, while this is the weakest reading since last October, it follows gains over the prior two months that were still close to 4%. More data is required to assess the trend.

Chart 2

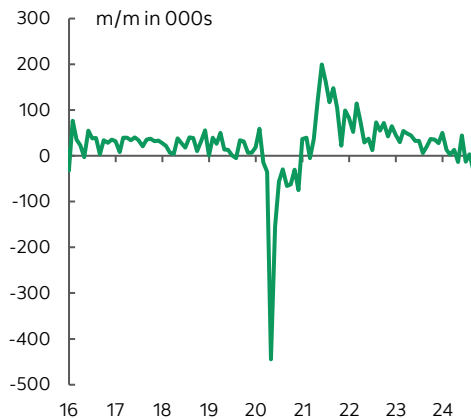
**UK Total Employment**



Sources: Scotiabank Economics, UK ONS.

Chart 3

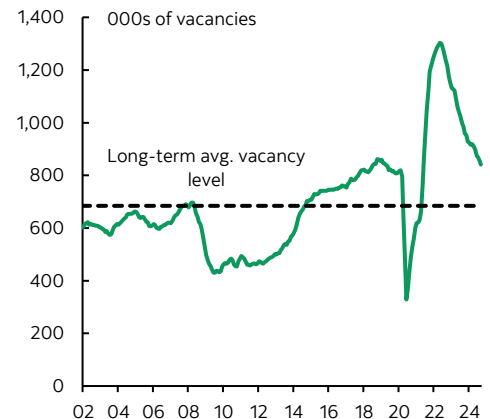
**UK Payroll Employment**



Sources: Scotiabank Economics, UK ONS.

Chart 4

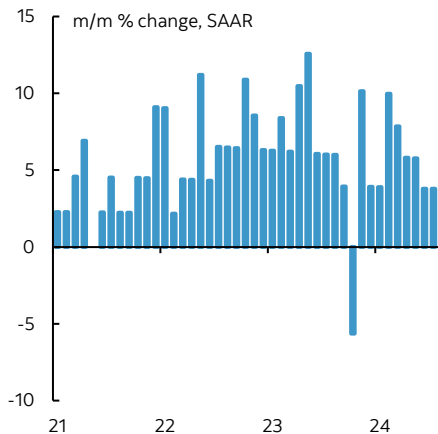
**UK Job Vacancies**



Sources: Scotiabank Economics, UK ONS

Chart 5

**UK Wage Growth**



Sources: Scotiabank Economics, UK ONS.

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.	3.95	3.96	3.96	3.88	3.90	3.85	4.07	4.10	4.01	4.37	4.41	4.29	Canada - BoC	4.25
CANADA	3.08	3.07	3.17	2.98	2.98	3.06	3.22	3.22	3.23	3.36	3.35	3.34	US - Fed	5.00
GERMANY	2.23	2.26	2.23	2.10	2.14	2.10	2.24	2.28	2.24	2.53	2.56	2.54	England - BoE	5.00
JAPAN	0.43	0.42	0.41	0.59	0.58	0.55	0.97	0.95	0.93	2.17	2.17	2.11		
U.K.	4.16	4.18	4.19	4.06	4.08	4.07	4.20	4.24	4.18	4.73	4.78	4.72		
	Spreads vs. U.S. (bps):													
CANADA	-86	-88	-79	-90	-92	-79	-85	-88	-78	-101	-106	-95	Euro zone - ECB	3.65
GERMANY	-172	-170	-173	-179	-177	-174	-183	-183	-177	-184	-185	-176	Japan - BoJ	-0.10
JAPAN	-352	-354	-355	-329	-332	-330	-310	-315	-309	-219	-224	-218		
U.K.	22	22	23	18	18	22	13	14	17	36	37	42	Mexico - Banxico	10.50
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	24471			168.9			0.7	1.3	3.8	25.7			Australia - RBA	4.35
Dow 30	43065			201.4			0.5	2.6	4.0	27.9			New Zealand - RBNZ	4.75
S&P 500	5860			44.8			0.8	2.9	4.2	35.4				
Nasdaq	18503			159.8			0.9	3.2	4.6	38.0				
DAX	19552			43.6			0.2	2.5	4.6	28.7				
FTSE	8245			-48.1			-0.6	0.7	-0.3	8.5				
Nikkei	39911			304.8			0.8	1.5	9.1	26.1			Canada - BoC	Oct 23, 2024
Hang Seng	20319			-774.1			-3.7	-12.0	16.6	15.2			US - Fed	Nov 07, 2024
CAC	7541			-61.2			-0.8	0.3	1.0	7.7				
Commodities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
WTI Crude	70.34			-3.49			-4.7	-4.4	2.5	-19.8			England - BoE	Nov 07, 2024
Natural Gas	2.47			-0.03			-1.0	-9.7	7.1	-23.7			Euro zone - ECB	Oct 17, 2024
Gold	2652.69			4.14			0.2	1.2	19.0	37.2			Japan - BoJ	June 14, 2024
Silver	31.25			0.06			0.2	-2.0	4.3	41.5				
CRB Index	287.13			-3.86			-1.3	-2.2	4.9	1.1				
Currencies	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
USDCAD	1.3815			0.0019			0.1	1.2	1.7	1.5			Mexico - Banxico	Nov 14, 2024
EURUSD	1.0901			-0.0008			-0.1	-0.7	-2.1	3.2				
USDJPY	149.25			-0.5100			-0.3	0.7	6.1	-0.2			Australia - RBA	Nov 04, 2024
AUDUSD	0.6710			-0.0016			-0.2	-0.5	-0.6	5.8				
GBPUSD	1.3077			0.0018			0.1	-0.2	-1.1	7.0			New Zealand - RBNZ	Nov 26, 2024

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