

DAILY POINTS

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On Deck for Tuesday, October 22

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-22	08:30	IPPI (m/m)	Sep	--	-0.5	-0.8
CA	10-22	08:30	Raw Materials Price Index (m/m)	Sep	--	-1.6	-3.1
US	10-22	10:00	Richmond Fed Manufacturing Index	Oct	--	-17.0	-21.0
US	10-22	10:00	Fed's Harker Speaks at Fintech Conference				
US	10-22	10:00	Fed's Harker Gives Opening Remarks				

KEY POINTS:

- **Stocks, bonds continue to cheapen...**
- **...as Fed rate cut pricing gets pared...**
- **...and markets signal unease toward Trump's rising election odds...**
- **...given his reckless fiscal, trade and immigration proposals**
- **ECB's Lagarde, BoE's Bailey to speak**
- **Canada shamefully ranks 31st out of 38 countries on personal tax competitiveness**

Stocks and bonds are cheapening across benchmarks and geographies this morning. Oil is up another 1%. Australia's curve is underperforming all others this morning on the heels of hawkish remarks from RBA Deputy Governor Hauser. Canada remains priced for a 50bps cut tomorrow; go [here](#) for a full BoC preview.

Drivers of Recent Bond Selloff

I think there are two main recent catalysts behind higher global sovereign yields. Markets are scaling back the overshoot on Fed rate cut expectations as both data and Fed-speak emphasize more gradual reductions than had been priced; since last Thursday, fff pricing for the December contract has pared about 5–6bps to less than two quarter point cuts over the remaining two meetings this year.

Second, as Trump's odds of election victory over Harris have risen of late, the market is signalling greater unease toward the inflation and issuance outcomes of his reckless fiscal, trade and immigration proposals. This is not 2016 in the bond market that today is much more attuned to inflation and issuance risk in an economy that remains well in excess demand. A burger chain may not have done a criminal background check, but the market is applying one to what Trump's plans would do to the US...

Light Calendar Risk

Several ECB speakers are on tap throughout the day including two appearances by President Lagarde. Many of them are in the US for the IMF-World Bank October meetings in Washington. Lagarde speaks at 10amET in a Bloomberg TV interview and 3:15pmET on cross-border payments. BoE's Bailey also speaks from New York this morning (9:25amET).

There will be very minor data out this morning. Canadian producer prices for September (8:30amET) will be ignored ahead of tomorrow's BoC. The US Richmond Fed's manufacturing index for October will incrementally inform ISM-manufacturing expectations (10amET) following mixed Empire and Philly Fed readings.

Conservatives Get Trounced in New Brunswick Election

New Brunswick's provincial election flipped the government from Conservative to a majority Liberal government as even the Conservative Premier lost his seat. The seat tally was 31–16 and two for the Greens.

Canada's Tax Competitiveness Ranking

[This](#) calculation of international tax competitiveness knocked Canada down a couple of steps to 17th place. Here's their explanation:

"In 2024, Canada started to phase out full expensing for machinery and the accelerated investment incentive for buildings and adopted a digital services tax. By increasing its capital gains inclusion rate from half to two-thirds, Canada also hiked its top capital gains rate from 26.7 to 35.8 percent."

Then again, one would think there are a lot of countries above Canada on their list that we shouldn't exactly be worried about in any material sense. I mean, no offence to Estonia, Latvia, Lithuania, Hungary, the Czech and Slovak Republics etc etc in a broader sense, but they're hardly threats to Canada's economy.

Interestingly, Canada ranks a smidge above the US on overall tax competitiveness in their ranking, mainly thanks to cross-border tax rules and property taxes, but Canada is behind the US on corporate and especially personal tax competitiveness. Canada's 31st place ranking out of 38 countries on individual tax competitiveness is shameful and makes it hard to attract and retain talent. Then again, Canada's deficits to GDP aren't like the US either!

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.	4.05	4.03	3.95	4.00	3.99	3.86	4.20	4.20	4.03	4.49	4.50	4.32	Canada - BoC	4.25	
CANADA	3.06	3.04	3.01	3.02	2.99	2.92	3.25	3.23	3.14	3.40	3.39	3.29	US - Fed	5.00	
GERMANY	2.18	2.18	2.21	2.15	2.11	2.08	2.32	2.28	2.22	2.63	2.60	2.51	England - BoE	5.00	
JAPAN	0.45	0.44	0.43	0.60	0.58	0.59	0.98	0.96	0.97	2.21	2.18	2.17			
U.K.	4.06	4.05	4.13	3.98	3.96	4.03	4.16	4.14	4.16	4.71	4.68	4.68			
	Spreads vs. U.S. (bps):														
CANADA	-99	-100	-94	-98	-99	-93	-94	-96	-89	-109	-111	-103	Euro zone - ECB	3.40	
GERMANY	-187	-185	-174	-185	-188	-177	-188	-191	-181	-186	-190	-181	Japan - BoJ	-0.10	
JAPAN	-360	-359	-352	-340	-340	-326	-322	-323	-306	-228	-232	-215			
U.K.	1	2	18	-2	-2	18	-3	-6	13	22	18	36			
Equities	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
S&P/TSX	24723	-99.2		-0.4	1.0	3.6	29.3								
Dow 30	42932	-344.3		-0.8	-0.3	2.1	29.6								
S&P 500	5854	-10.7		-0.2	-0.1	2.7	38.6								
Nasdaq	18540	50.5		0.3	0.2	3.3	42.8								
DAX	19441	-20.1		-0.1	-0.2	3.9	31.4								
FTSE	8265	-52.9		-0.6	0.2	0.4	11.7								
Nikkei	38412	-542.6		-1.4	-3.8	1.8	23.9								
Hang Seng	20499	20.5		0.1	0.9	12.3	19.4								
CAC	7508	-28.2		-0.4	-0.2	0.1	10.1								
Commodities	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
WTI Crude	71.24	0.68		1.0	0.9	-0.9	-19.7								
Natural Gas	2.30	-0.01		-0.4	-7.8	-5.4	-20.6								
Gold	2732.61	12.76		0.5	2.6	22.5	37.9								
Silver	34.00	1.88		5.8	8.8	8.6	46.5								
CRB Index	281.07	1.52		0.5	-3.4	-0.5	-1.7								
Currencies	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
USDCAD	1.3830	-0.0001		-0.0	0.4	2.1	1.0								
EURUSD	1.0819	0.0004		0.0	-0.7	-2.6	1.4								
USDJPY	150.87	0.0300		0.0	1.1	5.1	0.8								
AUDUSD	0.6685	0.0026		0.4	-0.3	-2.2	5.5								
GBPUSD	1.2981	-0.0004		-0.0	-0.7	-2.7	6.0								
USDCHF	0.8656	-0.0006		-0.1	0.5	2.1	-2.9								
								Next Meeting Date							
								Canada - BoC	Oct 23, 2024						
								US - Fed	Nov 07, 2024						
								England - BoE	Nov 07, 2024						
								Euro zone - ECB	Dec 12, 2024						
								Japan - BoJ	June 14, 2024						
								Mexico - Banxico	Nov 14, 2024						
								Australia - RBA	Nov 04, 2024						
								New Zealand - RBNZ	Nov 26, 2024						

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