

DAILY POINTS

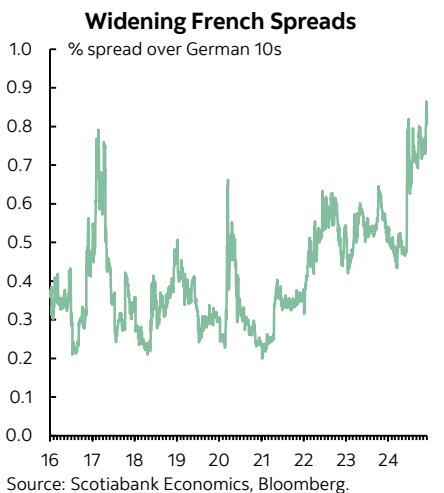
December 2, 2024 @ 7:00 EST

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Chart 1



On Deck for Monday, December 2

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	12/02	10:00	Construction Spending (m/m)	Oct	0.1	0.2	0.1
US	12/02	10:00	ISM Manufacturing Index	Nov	47.5	47.6	46.5
US	12/02	15:15	Fed's Waller keynote				
US	12/02	16:30	Fed's Williams keynote				

KEY POINTS:

- **US Treasuries cheapen on holiday sales, tariff progress**
- **Robust US holiday sales heavily favoured online shopping**
- **Trudeau-Trump et al meeting signals progress**
- **France could slip into political turmoil today...**
- **...driving a further widening of French-German bond spreads**
- **US ISM-mfrg, construction spending on tap**
- **CLP softer despite decent data**
- **Global Week Ahead reminder [here](#)**

A relatively light start to a new month and week is focused upon a pair of political developments with implications for markets, plus data out of the US. US Treasury yields are higher by about 4bps across most of the curve and underperforming other global benchmarks perhaps partly on signs that US holiday spending is off to a strong start and given moderated tariff fears. Canada's curve is also underperforming other global benchmarks but outperforming the US with a milder rise in yields probably on the same drivers. French bond spreads continue to widen with the 10-year at about 85bps over 10-year bunds as decision day for a confidence motion arrives (chart 1). The dollar is broadly stronger, US equity futures are slightly lower while Canadian futures are a little higher and Europe is mixed; the CAC 40's ½% drop is a standout.

A Decent Start for US Holiday Sales

Indicators of US holiday sales appear to be robust so far. Mastercard's 'Spendingpulse' measure of retail sales ex-autos 3.4% y/y higher in nominal terms on Black Friday and captures in-store and online sales. Online sales were 14.6% higher while in-store was little changed (0.7%) and hence down in real terms. Adobe's online measure reported that Black Friday nominal sales were up 10.2% y/y and Salesforce indicated that sales were up 7% y/y.

Potential Political Turmoil Awaits France

France is edging closer to Le Pen's 3pm (10amET) deadline for PM Barnier to grant their budgetary demands. Barnier estimates that the National Rally's expansionary demands would add €10 billion to budgetary pressures that he is trying to trim by €60 billion in order to reduce France's large budgetary deficit that is forecast at over 6% next year (the US is higher). They include revoking planned tax hikes, indexing of pensions, immigration controls, a tougher stance on crime and to cancel a drug reimbursement plan. If demands are not met, then Le Pen has said she would use NR's status as the next largest party to provoke a confidence vote later this week. If it succeeds, then this could bring down the government and jeopardize passage of a budget as the December 31st fiscal year-end approaches.

Canada-US Tariff Progress?

The Friday night dinner meeting between Trudeau, Trump and a mish mash of others was described by both sides as productive and excellent, but there were no assurances

provided on next steps. Canada pledged to spend more on border security; hopefully the US did as well, given it's their border too and given the Canadian concerns such as potential immigration flows from the US as Trump tightens policy and the illegal gun trade. As a side issue, there are questions of optics here. One concerns a hedge fund guy being at the table who isn't confirmed by the Senate and hasn't left his private firm, given the market implications of anything that was discussed. Another concerns the random assortment of other folks in the background at surrounding tables during the discussions at Trump's resort.

US ISM-Manufacturing and Fed-Speak on Tap

On tap into the N.A. session will be a pair of macro releases with most of the attention placed on ISM-manufacturing. In my opinion, it can have more sway over markets than is justified relative to the much heavier weight on ISM-services that we get on Wednesday. A pair of top Fed officials will also speak including Governor Waller (3:15pmET) and after the close we'll hear from NY Fed President Williams (4:30pmET).

Chile's Economy Rebounds

CLP is softer after what I thought was solid Chilean data this morning as the economic activity index was up 0.4% m/m that doubled consensus with a mild upward revision (prior -0.7% m/m instead of -0.8%). The year-over-year figure missed (2.3%, consensus 2.5%) as the prior month's y/y was revised up (0.3% instead of 0%).

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.	4.19	4.15	4.27	4.09	4.05	4.18	4.20	4.17	4.28	4.38	4.36	4.47	Canada - BoC	3.75
CANADA	3.06	3.03	3.27	2.97	2.95	3.18	3.10	3.08	3.30	3.15	3.13	3.32	US - Fed	4.75
GERMANY	1.91	1.95	2.02	1.88	1.93	2.05	2.04	2.09	2.21	2.27	2.33	2.44	England - BoE	4.75
JAPAN	0.62	0.59	0.60	0.75	0.72	0.74	1.08	1.05	1.08	2.29	2.28	2.30		
U.K.	4.22	4.23	4.32	4.08	4.09	4.22	4.22	4.24	4.34	4.75	4.75	4.81		
	Spreads vs. U.S. (bps):													
CANADA	-113	-112	-100	-112	-110	-100	-110	-109	-97	-123	-123	-115	Euro zone - ECB	3.40
GERMANY	-228	-220	-225	-222	-212	-213	-217	-208	-207	-211	-204	-203	Japan - BoJ	-0.10
JAPAN	-356	-356	-368	-334	-333	-344	-312	-312	-320	-208	-208	-217		
U.K.	3	8	5	-1	4	4	2	7	7	37	39	34	Mexico - Banxico	10.25
Equities	Level						% change:							
	Last	Change		1 Day	1-wk	1-mo	1-yr							
S&P/TSX	25648	104.5		0.4	0.8	5.7	25.4						Australia - RBA	4.35
Dow 30	44911	188.6		0.4	2.4	6.8	23.9						New Zealand - RBNZ	4.25
S&P 500	6032	33.6		0.6	1.4	5.3	31.3							
Nasdaq	19218	157.7		0.8	1.3	5.4	34.3							
DAX	19826	199.6		1.0	2.2	3.0	20.9							
FTSE	8299	11.4		0.1	0.1	1.5	10.2							
Nikkei	38513	305.0		0.8	-0.7	1.2	15.2						Canada - BoC	Dec 11, 2024
Hang Seng	19550	126.7		0.7	2.1	-4.7	16.2						US - Fed	Dec 18, 2024
CAC	7216	-19.2		-0.3	-0.6	-2.6	-1.8						England - BoE	Dec 19, 2024
Commodities	Level						% change:							
WTI Crude	68.76	0.76		1.1	-3.5	-1.1	-7.2						Euro zone - ECB	Dec 12, 2024
Natural Gas	3.18	-0.19		-5.6	1.5	19.3	12.9						Japan - BoJ	Dec 19, 2024
Gold	2640.05	-3.09		-0.1	0.6	18.4	27.4							
Silver	30.70	0.64		2.1	-1.8	-10.1	23.0							
CRB Index	286.94	0.22		0.1	-0.5	2.7	6.0							
Currencies	Level						% change:							
USDCAD	1.4039	0.0033		0.2	0.4	1.0	3.7						Mexico - Banxico	Dec 19, 2024
EURUSD	1.0518	-0.0059		-0.6	0.2	-3.3	-2.9						Australia - RBA	Dec 09, 2024
USDJPY	150.15	0.3800		0.3	-2.6	-1.3	2.0							
AUDUSD	0.6488	-0.0024		-0.4	-0.2	-1.5	-2.0							
GBPUSD	1.2703	-0.0032		-0.3	1.1	-2.0	0.6						New Zealand - RBNZ	Feb 18, 2025
USDCHF	0.8856	0.0046		0.5	-0.1	2.5	1.5							

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