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GLOBAL ECONOMICS

DAILY POINTS

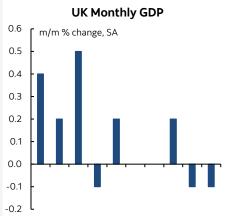
December 13, 2024 @ 7:25 EST

Contributors

Derek Holt

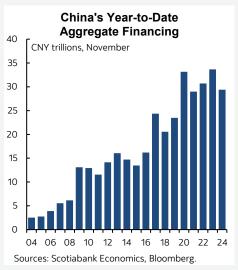
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Chart 1



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Sources: Scotiabank Economics, UK Office for National Statistics.

Chart 2



On Deck for Friday, December 13											
Country	Date	Time	Indicator	Period	BNS	Consensus	Latest				
CA	12-13	08:30	Capacity Utilization (%)	3Q		78.9	79.1				
CA	12-13	08:30	Manufacturing Shipments (m/m)	Oct	1.3	1.3	-0.5				
CA	12-13	08:30	Wholesale Trade (m/m)	Oct	0.5	0.5	0.8				
US	12-13	08:30	Export Prices (m/m)	Nov		-0.3	0.8				
US	12-13	08:30	Import Prices (m/m)	Nov		-0.2	0.3				

KEY POINTS:

- Global markets on cruise control absent notable developments
- Sterling softens on weak economic data...
- ...as the UK economy has only grown once in five months
- China's annus horribilis for credit growth may not improve in 2025
- German exports fell again
- Canada: Pre-FES announcement, escalating trade rhetoric, minor data
- US is quiet

A pretty light session lies ahead. Overnight developments included softer than expected data out of the UK, China and Germany. Scotia got its regulatory approval to up the stake in KeyCorp yesterday and it will close this year. Rhetoric on Canadian-US trade tensions continues to escalate ahead of minor data plus pre-FES announcements today. Trump's camp is floating trial balloons on scaling back if not eliminating some bank regulators like the FDIC—in a country that stumbles into crises and bank failures about once a decade one might add. The US goes quiet today.

The Stumbling UK Economy

Soft UK data drove mild sterling depreciation ahead of UK CPI and the BoE next week. GDP slipped by -0.1% m/m (consensus +0.1%) in October and for the second month in a row. The UK economy has only grown once (August, 0.2%) in the past five months (chart 1). Weakness was broadly based in October including industrial production (-0.6% m/m, +0.2% consensus), the services index (0% m/m, 0.1% consensus), construction output (-0.4% m/m, +0.3% consensus) and a wider than expected trade deficit but driven by slightly faster import growth than the gain in exports.

German exports don't need a trade war to suffer as they are already. Exports fell 2.8% m/m in October after a prior 1.8% decline.

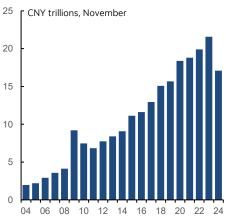
China's Annus Horribilis for Credit Growth

China released credit and money supply figures for November this morning. Aggregate financing ²⁵ picked up in November by less than the consensus estimate. Ditto for local currency loans. Charts 2–5 show the continued weakness. I'm not convinced that traditional monetary easing will trigger loan demand given the problems currently facing China's economy, tariff risks, and ongoing problems in the housing market where prices continue to fall in a catch-a 5-falling-knife scenario for borrowers.

There is nothing of note on tap out of the US today. Minor data on the terms of trade for November is due.

Chart 3

China's Year-to-Date New Yuan Loans



Sources: Scotiabank Economics, Bloomberg.

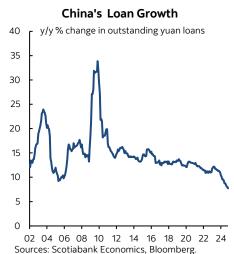
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Canada — Data, FES Announcements, Trade

Canada updates minor reports including expected gains in manufacturing sales and wholesale sales for October (8:30amET) plus Q3 capacity utilization (8:30amET).

Canada watchers have a keener eye on trade tensions with the US. Threats include Ontario cutting off electricity sales to the five US states it serves, banning US alcohol sales in Ontario through the dominant LCBO, restricting exports of critical minerals and metals, placing export tariffs on oil, potash and uranium sales to the US, and restricting US firms from participating in Canadian government procurement programs. Ontario is entering into election mode with an election on or before June 2026. Other provincial



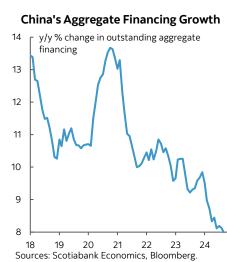


Chart 5

premiers object to some of these measures but don't appear to have their own useful suggestions choosing instead to hide—at least publicly. In my opinion, some of the other premiers are thoroughly missing the point when it comes to Trump's tariffs; they have nothing whatsoever to do with border security and trying to appease on that front through negotiation or ringing up Tucker Carlson won't work.

Chart 4

Canadian Deputy PM and Finance Minister Freeland is scheduled to make an announcement on 'economic growth' at 12pmET ahead of Monday's FES. She will appear along with the trade minister and the mental health and addictions minister which makes it sound like it's related to trade and border security. Plus there are reports of a \$2B initiative to encourage pensions to invest more in startups and larger companies.

Fixed Income	Government Yield Curves (%):											Central Banks		
	2-YEAR			5-YEAR			10-YEAR		30-YEAR			Current Rate		
	<u>Last</u>	<u>1-day</u>	<u>1-WK</u>	Last	<u>1-day</u>	<u>1-WK</u>	<u>Last</u>	<u>1-day</u>	<u>1-WK</u>	<u>Last</u>	<u>1-day</u>	<u>1-WK</u>		
U.S.	4.20	4.19	4.10	4.20	4.18	4.04	4.35	4.33	4.15	4.56	4.55	4.34	Canada - BoC	3.25
CANADA	3.00	2.98	2.89	2.96	2.94	2.81	3.17	3.15	2.99	3.26	3.24	3.10		
GERMANY	2.05	2.02	2.00	2.07	2.04	1.97	2.24	2.21	2.11	2.47	2.45	2.32	US - Fed	4.75
JAPAN	0.57	0.58	0.60	0.70	0.72	0.73	1.04	1.05	1.06	2.25	2.25	2.27		
U.K.	4.28	4.27	4.26	4.19	4.18	4.13	4.38	4.36	4.28	4.94	4.93	4.81	England - BoE	4.75
	Spreads vs. U.S. (bps):													
CANADA	-121	-121	-121	-124	-124	-123	-118	-118	-116	-130	-131 -123		Euro zone - ECB	3.15
GERMANY	-216	-217	-210	-213	-215	-207	-211	-212	-205	-209	-210	-202		
JAPAN	-364	-361	-351	-351	-346	-331	-331	-328	-309	-231	-230	-206	Japan - BoJ	-0.10
U.K.	7	8	16	-1	-0	10	3	3	12	38	39	47		
Equities	Level								% ch	ange:			Mexico - Banxico	10.25
		Last			Change		1 Day	<u>1-</u> \		<u>1-mo</u>	<u>1-yr</u>		1	
S&P/TSX		25411			-247.0		-1.0	-1		1.7	23		Australia - RBA	4.35
Dow 30		43914			-234.4		-0.5		-1.9 -0		18			
S&P 500	6051		-32.9		-0.5	-0	-0.4 1.1		28.6		New Zealand - RBNZ	4.25		
Nasdaq		19903			-132.0 -0.7		1.		3.5	35.1				
DAX		20479		52.7 0.3		0.	.5	7.8	22.1		Next Meetin	g Date		
FTSE		8321		8.9		0.1	0.	.1	3.6 10.2		.2			
Nikkei		39470	39470		-378.7 -1.0		1.		1.9 19.9			Canada - BoC	Jan 29, 2025	
Hang Seng		19971			-425.8		-2.1	0.		0.7	23.1			
CAC		7442		21.1		0.3 0.2		3.1			US - Fed	Dec 18, 2024		
Commodities	Level						% change:							
WTI Crude	70.59			0.57		0.8	5.		3.2	1.6		England - BoE	Dec 19, 2024	
Natural Gas		3.43			-0.02		-0.7	11		15.0	46	6.9		
Gold		2671.12			-9.62		-0.4	1.		19.8	-		Euro zone - ECB	Jan 30, 2025
Silver		31.88			0.18		0.6	1.		4.9	38			
CRB Index	293.27					-0.1	2.4 4.6		13.2 J		Japan - BoJ	Dec 19, 2024		
Currencies	Level						% change:							
USDCAD		1.4219			-0.0001		-0.0	0.		1.6			Mexico - Banxico	Dec 19, 2024
EURUSD		1.0493			0.0025		0.2	-0		-0.7	-3			
USDJPY		153.46			0.8300		0.5	2.		-1.3	7.		Australia - RBA	Feb 17, 2025
AUDUSD		0.6374			0.0005		0.1	-0		-1.7	-4			
GBPUSD		1.2646			-0.0027		-0.2	-0	.8	-0.5	0.		New Zealand - RBNZ	Feb 18, 2025
USDCHF		0.8936			0.0015		0.2	1.	.7	0.9	2.	5		

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