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GLOBAL ECONOMICS

DAILY POINTS

December 13, 2024 @ *7:25 EST*

Contributors

Derek Holt
VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

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**

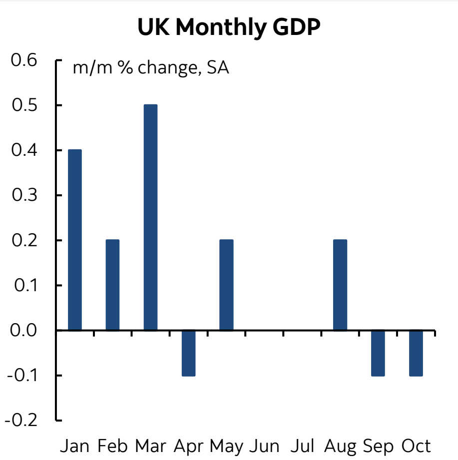
A pretty light session lies ahead. Overnight developments included softer than expected data out of the UK, China and Germany. Scotia got its regulatory approval to up the stake in KeyCorp yesterday and it will close this year. Rhetoric on Canadian-US trade tensions continues to escalate ahead of minor 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.

Chart 1



Sources: Scotiabank Economics, UK Office for National Statistics.

China's Annus Horribilis for Credit Growth

China released credit and money supply figures for November this morning. Aggregate financing 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-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 2

Sources: Scotiabank Economics, Bloomberg.

Chart 3

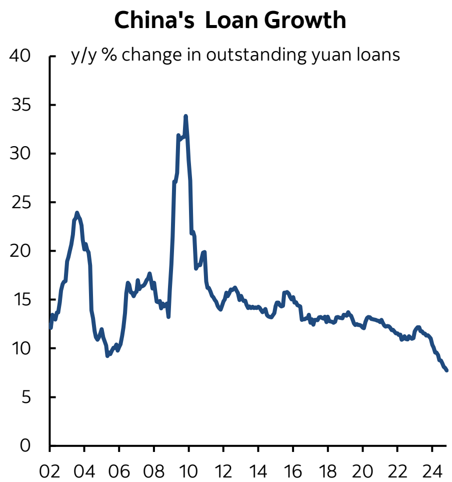
Sources: Scotiabank Economics, Bloomberg.

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).

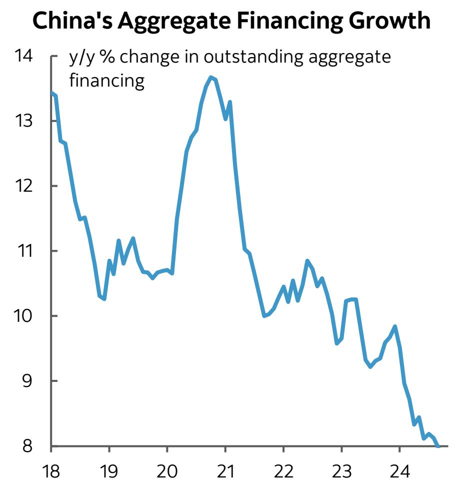
Canada watchers have a keener eye on trade tensions with the US. Threats include Ontario cutting off electricity sales to the five US states it serves, banning US alcohol sales in Ontario through the dominant LCBO, restricting exports of critical minerals and metals, placing export tariffs on oil, potash 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 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



Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

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 (%):											
	2-YEAR			5-YEAR			10-YEAR			30-YEAR		
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk
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	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
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
	Spreads vs. U.S. (bps):											
CANADA	-121	-121	-121	-124	-124	-123	-118	-118	-116	-130	-131	-123
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
U.K.	7	8	16	-1	-0	10	3	3	12	38	39	47

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	25411	-247.0	-1.0	-1.0	1.7	23.2
Dow 30	43914	-234.4	-0.5	-1.9	-0.1	18.4
S&P 500	6051	-32.9	-0.5	-0.4	1.1	28.6
Nasdaq	19903	-132.0	-0.7	1.0	3.5	35.1
DAX	20479	52.7	0.3	0.5	7.8	22.1
FTSE	8321	8.9	0.1	0.1	3.6	10.2
Nikkei	39470	-378.7	-1.0	1.0	1.9	19.9
Hang Seng	19971	-425.8	-2.1	0.5	0.7	23.1
CAC	7442	21.1	0.3	0.2	3.1	-1.2
Commodities	Level		% change:			
WTI Crude	70.59	0.57	0.8	5.0	3.2	1.6
Natural Gas	3.43	-0.02	-0.7	11.5	15.0	46.9
Gold	2671.12	-9.62	-0.4	1.4	19.8	31.7
Silver	31.88	0.18	0.6	1.7	4.9	38.9
CRB Index	293.27	-0.41	-0.1	2.4	4.6	13.2
Currencies	Level		% change:			
USDCAD	1.4219	-0.0001	-0.0	0.4	1.6	5.2
EURUSD	1.0493	0.0025	0.2	-0.7	-0.7	-3.5
USDJPY	153.46	0.8300	0.5	2.3	-1.3	7.4
AUDUSD	0.6374	0.0005	0.1	-0.3	-1.7	-4.3
GBPUSD	1.2646	-0.0027	-0.2	-0.8	-0.5	0.2
USDCHF	0.8936	0.0015	0.2	1.7	0.9	2.5

Central Banks	
Current Rate	
Canada - BoC	3.25
US - Fed	4.75
England - BoE	4.75
Euro zone - ECB	3.15
Japan - BoJ	-0.10
Mexico - Banxico	10.25
Australia - RBA	4.35
New Zealand - RBNZ	4.25
Next Meeting Date	
Canada - BoC	Jan 29, 2025
US - Fed	Dec 18, 2024
England - BoE	Dec 19, 2024
Euro zone - ECB	Jan 30, 2025
Japan - BoJ	Dec 19, 2024
Mexico - Banxico	Dec 19, 2024
Australia - RBA	Feb 17, 2025
New Zealand - RBNZ	Feb 18, 2025