

DAILY POINTS

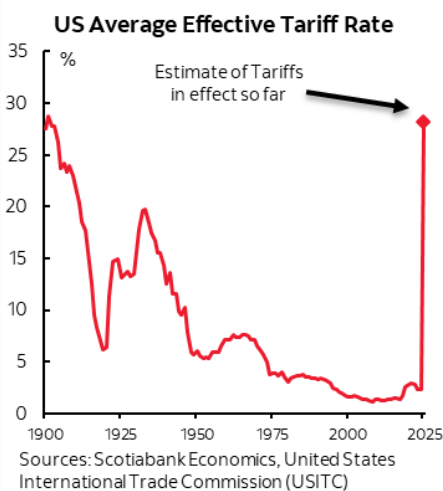
April 15, 2025 @ 7:05 EST

Contributors

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Chart 1



On Deck for Tuesday, April 15

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04-15	08:15	Housing Starts (000s a.r.)	Mar	255	238.8	229.0
CA	04-15	08:30	Core CPI - Median (y/y)	Mar	--	2.9	2.9
CA	04-15	08:30	Core CPI - Trim (y/y)	Mar	--	3.0	2.9
CA	04-15	08:30	CPI, All items (m/m)	Mar	0.7	0.7	1.1
CA	04-15	08:30	CPI, All items (y/y)	Mar	2.7	2.7	2.6
CA	04-15	08:30	CPI, All items (index)	Mar	--	163.9	163.0
CA	04-15	08:30	Manufacturing Shipments (m/m)	Feb	0.0	-0.2	1.7
US	04-15	08:30	Empire State Manufacturing Index	Apr	--	-12.0	-20.0
US	04-15	08:30	Export Prices (m/m)	Mar	--	0.0	0.1
US	04-15	08:30	Import Prices (m/m)	Mar	--	0.0	0.4
CA	04-15	08:30	Core CPI - Common (y/y)	Mar	--	--	2.5
CA	04-15	08:30	CPI SA, All items (m/m)	Mar	--	--	0.7
CA	04-15	09:00	Existing Home Sales (m/m)	Mar	--	--	-9.8
US	04-15	19:10	Fed's Cook Speaks at Alumni Event				

KEY POINTS:

- **Market gullibility is lifting equities...**
- **...as Trump gives and takes on tariffs...**
- **...with trust having been fundamentally trashed...**
- **...and still leaving intact a punitively high effective tariff rate**
- **Canada Week kicks off today...**
- **...as Canadian inflation is likely to post a sharp jump in headline CPI...**
- **...but key will be core persistence...**
- **...yet the BoC's script is already set for tomorrow**
- **Gilts outperform on soft jobs data**
- **US bank earnings continue, minor other releases on tap**

Market gullibility toward the Trump administration's next moves is lifting equities higher while ignoring another form of retaliation from China as it freezes plane orders from Boeing. My there's some swamp land in Florida waiting for the folks buying the S&P at a 1.4% dividend yield and 20.2 times forward earnings into high risk of a recession.

US equity futures are up a smidge with European cash markets up by between ¼% and 1¾%. Yields on US Treasuries and EGBs are gently higher with gilts outperforming (post jobs, see below) and Canada's curve little changed ahead of CPI. The dollar is mixed with modest gains against the euro and related crosses offset by losses to sterling, Antipodean crosses and the yen. CAD is squarely in the middle ahead of CPI.

At the heart of relative market stability this week is whether to believe that the Trump administration is deescalating tariff wars or merely reloading. Further, even if it's the former, is it enough to merit a more upbeat perspective? I know where I stand on those two issues, as trust has been fundamentally trashed by the US administration.

Take tariffs. And it starts with the humiliating mismanagement of the autos file. Trump is "looking at something to help car companies" compared to his assault on them with 25% tariffs. The tone suggests a temporary move ("a little bit of time"), a bias toward giving them more time to switch to parts made in the US, and "to help some of the car companies." That still leaves a lot of ambiguity and a lot of likely tension with Europe and Asia.

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And regardless of what Trump may or may not be signalling on autos, it stands to reason that he is taking back from other key sectors by launching investigations into the broad electronics and pharmaceuticals industries that are likely to lead to tariffs on those industries. Here too, the Trump administration has behaved extremely erratically including Friday night's exemptions of some electronics, and then Sunday's guidance that this was temporary.

As it stands now, the weighted average effective tariff rate on US imports is still around a stunning 30% with the exact rate dependent on assumptions regarding CUSMA/USMCA compliance on avoiding some of the tariffs imposed on Canada and Mexico (chart 1).

And so buy equities? You've gotta be kidding me. The US economy and earnings will suffer at anything remotely close to such tariffs and the damage has been done by way of severely impaired trust in US policymaking. Policy uncertainty has shot through the roof and with that the desire to spend and invest is suffering.

CANADA WEEK STARTS WITH CPI

'Canada Week' kicks off today with three days of data, policy decisions and debates keeping a heavy focus upon Canadian developments.

It starts with CPI today. I think it has little ability to influence the next day's BoC decision. A fuller explanation is [here](#). The other half of the effect of dropping the GST/HST cut in mid-February (chart 2) along with seasonal factors will be the main drivers behind my estimated 0.7% m/m NSA headline boost. Key, however, will be whether the BoC's preferred core gauges continue to run hot as they have been all the way back to last May on a m/m SAAR basis (chart 3) and how the core gauges react around the end of the tax cut. For instance, will retailer margins be compressed in the face of the tax increase?

Then we have tomorrow's BoC decision and the two days of election debates on Wednesday and Thursday evenings in an election race that is the Liberals to lose. See my weekly for the cases for a cut and for a hold. It's a close call and we have a hold. I think only one of the 'big six' domestic banks has a cut. Markets are priced for around a one-in-three chance of a cut.

SOFTER UK JOB MARKET FANS MILD GILTS OUTPERFORMANCE

Gilts are outperforming partly on the back of soft UK labour market readings.

- UK payrolls fell by 78,467 in March for the biggest drop since toward the start of the pandemic in May 2020 (chart 4). This is the freshest reading of the bunch.

Chart 2

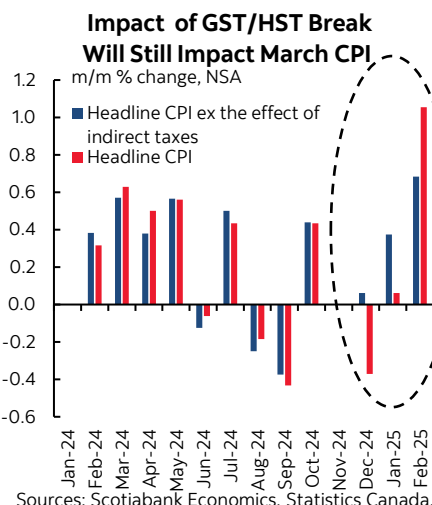


Chart 4

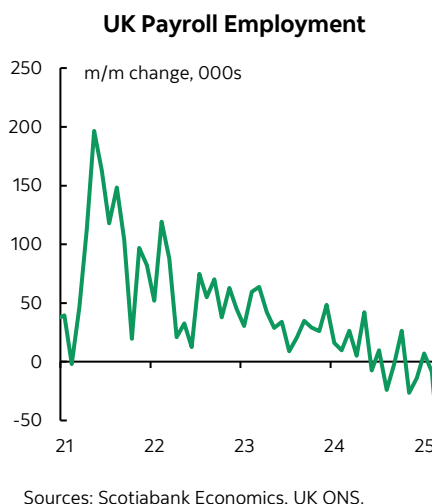


Chart 6

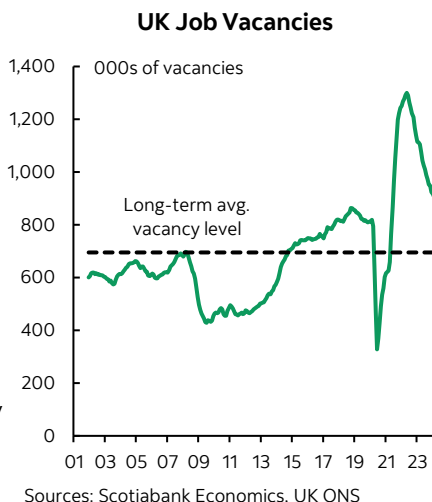


Chart 3

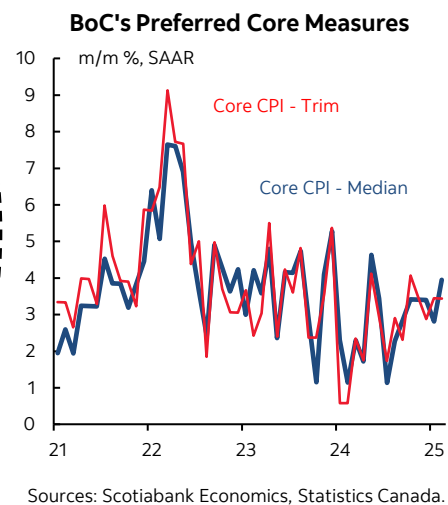


Chart 5

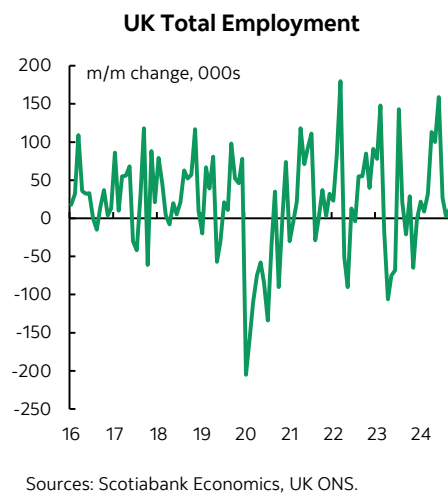
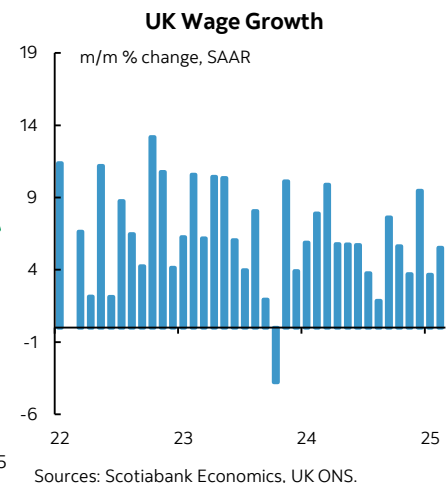


Chart 7



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- UK total employment lags, but the February reading posted an increase of 74k (chart 5). Payrolls that month had fallen by about 8.3k but this must have been offset by off-payroll employers, namely small businesses.
- UK job vacancies fell to their lowest since May 2021 but remain above the long-run average (chart 6).
- A fly in the ointment is that wage growth picked up to 5.5% m/m SAAR from 3.7% the prior month (chart 7). The 3-month moving average is 6.2% m/m SAAR. Wage growth lags deteriorations in job markets.

US BANK EARNINGS CONTINUE AND LIGHT DATA

US bank earnings also continue with BofA already out and Citi out at 8amET.

German ZEW investor expectations fell to the lowest since July 2023.

Other minor data will include US import prices in March (8:30amET, future releases will matter more), revised Canadian manufacturing shipments for February (8:30amET), the US Empire gauge (8:30amET) that kicks off the regional surveys on the path to the next ISM-manufacturing report, and a pair of Canadian housing releases (existing home sales at 9amET and starts at 8:15amET).

Fixed Income	Government Yield Curves (%):												Central Banks		
U.S. CANADA GERMANY JAPAN U.K. CANADA GERMANY JAPAN U.K.	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			
	3.86	3.85	3.73	4.02	4.01	3.92	4.38	4.38	4.29	4.82	4.81	4.77	Canada - BoC	2.75	
	2.59	2.58	2.48	2.74	2.74	2.69	3.12	3.12	3.13	3.43	3.43	3.45	US - Fed	4.50	
	1.78	1.76	1.84	2.10	2.07	2.17	2.54	2.51	2.63	2.93	2.88	3.02			
	0.66	0.60	0.65	0.90	0.81	0.85	1.37	1.34	1.26	2.81	2.83	2.53			
	3.98	4.02	3.96	4.13	4.15	4.13	4.66	4.66	4.61	5.41	5.38	5.35	England - BoE	4.50	
	Spreads vs. U.S. (bps):														
	-128	-127	-125	-128	-127	-123	-127	-126	-117	-139	-138	-131	Euro zone - ECB	2.65	
	-208	-209	-189	-193	-194	-174	-184	-186	-166	-189	-193	-174	Japan - BoJ	0.50	
-321	-325	-308	-313	-320	-307	-301	-303	-303	-201	-198	-224				
12	17	24	11	14	21	28	28	31	59	57	58				
Equities	Level						% change:						Mexico - Banxico		9.00
	Last			Change			1 Day	1-wk	1-mo	1-yr					
S&P/TSX	23867			278.7			1.2	4.4	-2.8	9.8			Australia - RBA	4.10	
Dow 30	40525			312.1			0.8	6.7	-2.3	7.4			New Zealand - RBNZ	3.50	
S&P 500	5406			42.6			0.8	6.8	-4.1	6.8					
Nasdaq	16831			107.0			0.6	7.9	-5.2	6.0					
DAX	21167			212.1			1.0	4.4	-7.9	17.4					
FTSE	8199			64.8			0.8	3.6	-5.0	2.9					
Nikkei	34268			285.2			0.8	3.8	-7.5	-12.7			Canada - BoC	Apr 16, 2025	
Hang Seng	21466			48.9			0.2	6.7	-10.4	29.3			US - Fed	May 07, 2025	
CAC	7290			17.1			0.2	2.7	-9.2	-9.4			England - BoE	May 08, 2025	
Commodities	Level						% change:						Euro zone - ECB		Apr 17, 2025
WTI Crude	61.15			-0.38			-0.6	2.6	-9.0	-28.4			Japan - BoJ	May 01, 2025	
Natural Gas	3.36			0.04			1.1	-2.9	-18.1	98.9			Mexico - Banxico	May 15, 2025	
Gold	3222.71			11.78			0.4	8.0	44.5	35.2			Australia - RBA	May 20, 2025	
Silver	32.28			1.01			3.2	6.4	-4.8	11.2			New Zealand - RBNZ	May 27, 2025	
CRB Index	289.78			-0.64			-0.2	2.4	-4.3	-2.8					
Currencies	Level						% change:								
USDCAD	1.3872			-0.0002			-0.0	-2.7	-2.9	0.6					
EURUSD	1.1336			-0.0015			-0.1	3.4	3.8	6.7					
USDJPY	142.95			-0.1100			-0.1	-2.3	-4.2	-7.3					
AUDUSD	0.6355			0.0027			0.4	6.6	-0.5	-1.4					
GBPUSD	1.3234			0.0044			0.3	3.7	1.9	6.3					
USDCHF	0.8155			0.0006			0.1	-3.8	-7.4	-10.5					

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