

**ON DECK FOR WEDNESDAY, SEPTEMBER 23**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09/23	07:00	MBA Mortgage Applications (w/w)	Sep 18	--	--	6.8
US	09/23	09:00	Fed's Mester Speaks				
US	09/23	09:45	Markit US Manufacturing PMI	Sep P	--	53.5	53.1
US	09/23	09:45	Markit US Services PMI	Sep P	--	54.5	55.0
US	09/23	09:45	Markit US Composite PMI	Sep P	--	--	54.6
US	09/23	10:00	Fed Chair Powell Appear Before House Panel on COVID				
US	09/23	11:00	Fed's Evans Speaks on Economy & Policy				
US	09/23	12:00	Fed's Rosengren Speaks on Economy				
US	09/23	13:00	Fed's Kashkari Speaks on Public Health				
US	09/23	13:00	Fed's Bostic Speaks				
US	09/23	14:00	Fed's Quarles Speaks on Economic Outlook				
US	09/23	15:00	Fed's Daly Speaks on Impact of COVID on Labor				

**KEY POINTS:**

- Mild risk-on emphasizes vaccine trials over weak data
- Ottawa seeks to hit reset on throne speech day
- Eurozone and UK PMIs disappoint
- US PMIs: to follow Europe lower, or regional gauges higher?
- RBNZ further opens the door to more stimulus
- Heavy day for Fed-speak

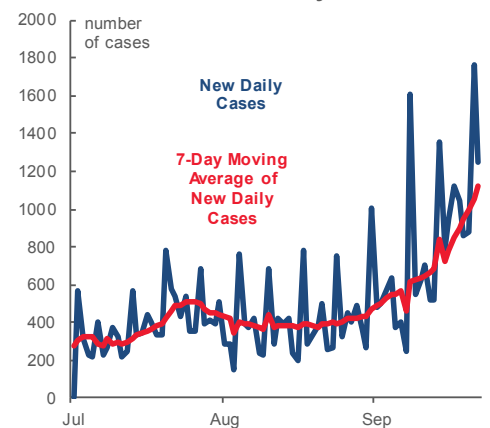
**INTERNATIONAL**

All life revolves around Ottawa, or so local denizens and policy wonks think. That may actually hold true for a day in the absence of further global catalysts today as attention shifts to the Trudeau government's reset on its agenda against the backdrop of surging COVID-19 cases and various political missteps. Vaccine testing is a positive market driver (J&J), but softer than expected growth signals out of Europe are a market headwind (see charts 3–4). We'll see if the US follows suit this morning while everybody and their uncles and aunts gets a chance to speak at the Fed. The small/medium sized country comparator for central banks like the Bank of Canada got a bit more dovish information overnight as the RBNZ made it clear it's not done yet and did so right ahead of next month's election.

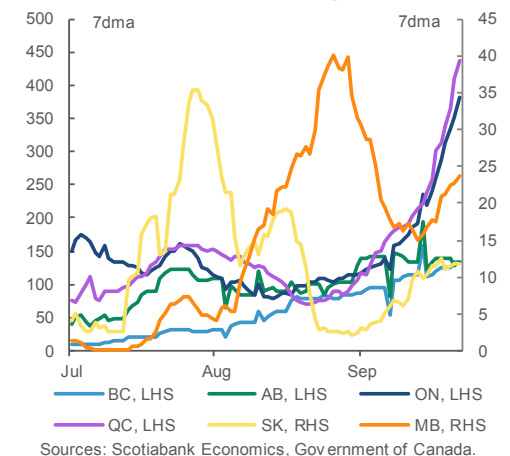
- US equity futures are mildly positive with the S&P500 up ¼%, the DJIA up ¾% and the Nasdaq exchange flat. Toronto is up ½%. European cash markets are up by between 1% (Italy) and 2% (London). Asian markets were mostly flat.
- Sovereign bond yields are little changed across almost all markets but curves in Australia and NZ outperformed partly on the back of the RBNZ.
- Oil prices are up ½% with gold down 1%.
- The USD is little changed with a slightly firmer feel as sterling holds its ground, the euro and related crosses are slightly softer and the weakest crosses are the Mexican peso and A\$/NZ\$.

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**Chart 1**
**Canadian Trend in Daily New Cases**


Sources: Scotiabank Economics, Government of Canada.

**Chart 2**
**Provincial Trends in Daily New Cases**


Sources: Scotiabank Economics, Government of Canada.

The September composite UK PMI fell by 3.4 points to 55.7 as the services PMI sank by 3.7 points and the manufacturing PMI fell by just under a point. That's the first setback since April.

The September composite Eurozone PMI fell by 1.8 points to 50.1 as services sank back into contraction (47.6, 50.5 prior) while manufacturing accelerated (53.7, 51.7 prior).

Within the Eurozone, France fared worse than Germany. The French composite PMI fell by 3.1 points to fall back into contraction at 48.5 (51.9 consensus, 51.6 prior). That was all due to a move back to contraction in services and manufacturing picked up a bit. Germany's composite PMI slipped a bit but remains in expansion territory at 53.7 (54 consensus, 54.4 prior) but that masked a return to contraction in services (49.1, 52.5 prior) as the manufacturing PMI increased 4.4 points to 56.6.

The RBNZ held policy measures overnight, but indicated it may introduce a Funding for Lending Program for the banking sector before year-end. It also jawboned negative rates and QE, saying the banking sector is getting better prepared for negative rates and that the central bank would complement the policy tool with added term funding. The NZ curve outperformed overnight and the NZ\$ is among the weakest crosses to the USD.

## CANADA

Canada's throne speech will be at 2pmET and PM Trudeau will hold a press conference at about 6:30pmET. See last evening's note for more ([here](#)). Scotia's Rebekah Young will put out a note on the speech tonight and highlights will be shared in Closing Points. Opposition reaction is likely to be swift and expect more as Parliament reconvenes tomorrow after being prorogued due to the government's WE Charity scandal and resignation of Finance Minister Morneau.

Charts 1 and 2 update the Canadian national and provincial covid-19 case trends while charts 5–13 update the international trends with figures up to yesterday. Canada is not alone in seeing an uptrend of late.

## UNITED STATES

A heavy line up of Fed-speak and data risk is on tap. In light of the European gauges, there may be added reason to think of downside risk to US PMIs this morning but the conundrum lies in the fact that regional US measures like the Richmond, Philly and Empire measures have averaged out to show improvement.

- US Markit PMIs (9:45amET): Little change is expected in September's readings.
- Cleveland Fed's Mester (9amET): speaks on payments systems during the pandemic.
- Chair Powell (10amET): speaks on the covid-19 pandemic before the House select committee.
- Chicago Fed's Evans (11amET): Speaks on the US economy and monetary policy.
- Boston Fed's Rosengren (12pmET): speaks on the US economy.
- Minneapolis Fed's Kashkari (1pmET): speaks on public health and the virus.
- Atlanta Fed's Bostic (1pmET): speaks on communities.
- Fed Governor Quarles (2pmET): speaks on the economic outlook.
- San Fran Fed's Daly (3pmET): speaks on labour force implications of covid-19.

Chart 3

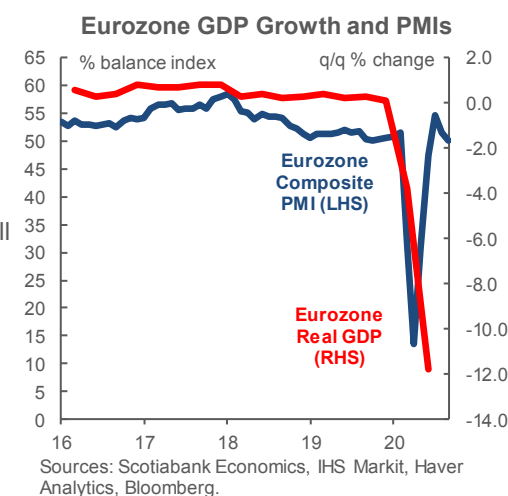


Chart 4

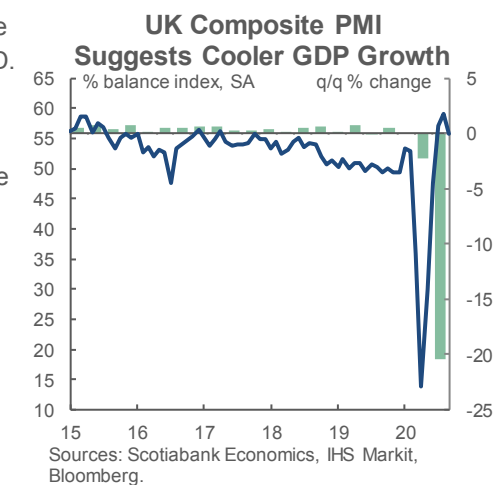
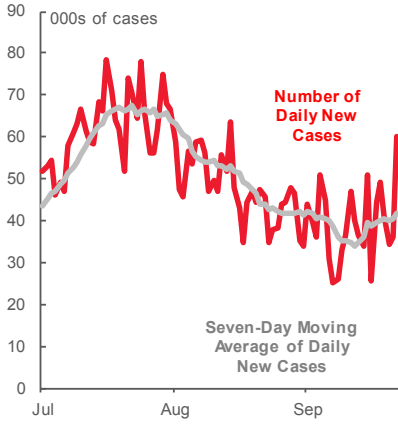


Chart 5

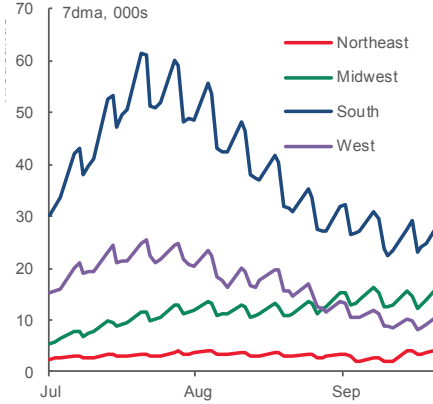
Daily New Cases in United States



Sources: Scotiabank Economics, Bloomberg.

Chart 6

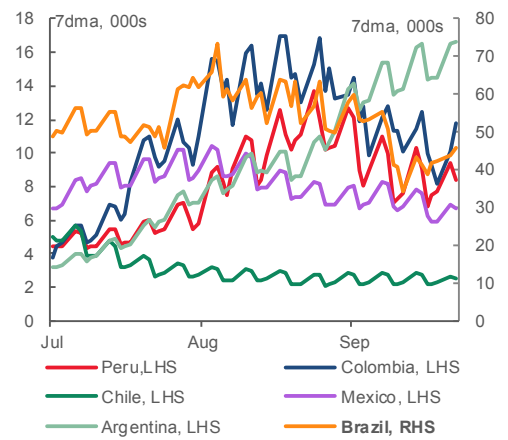
Trend In US Regional Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 7

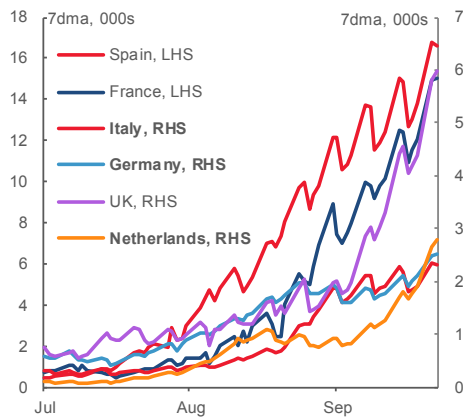
Trend in Latin American Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 8

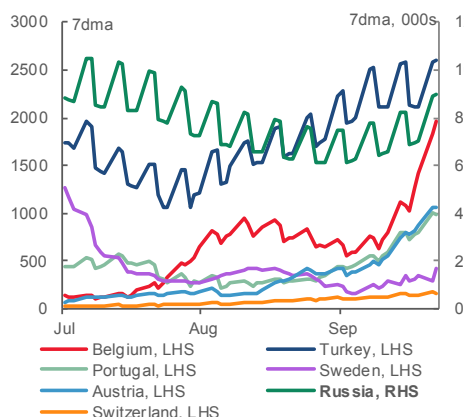
Trend in European Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 9

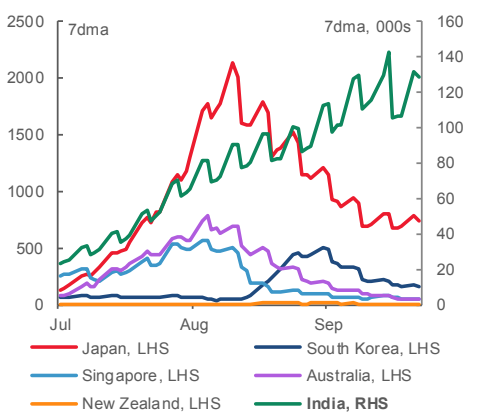
Trend in European Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 10

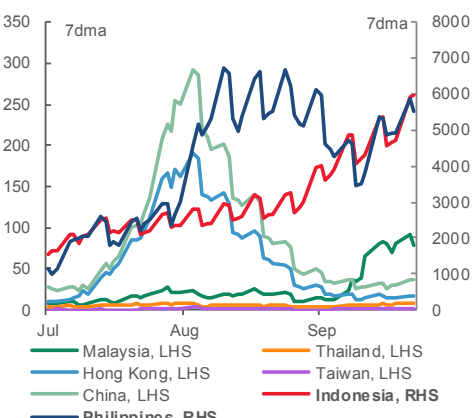
Trend in Asia Pacific Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 11

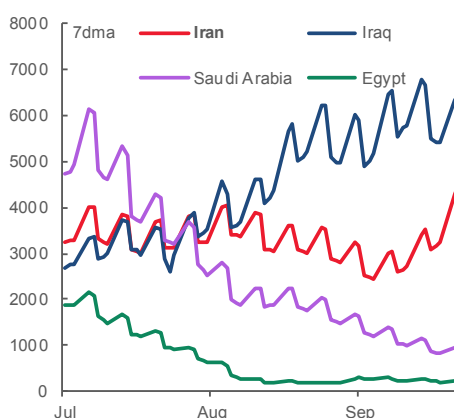
Trend in Asia Pacific Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 12

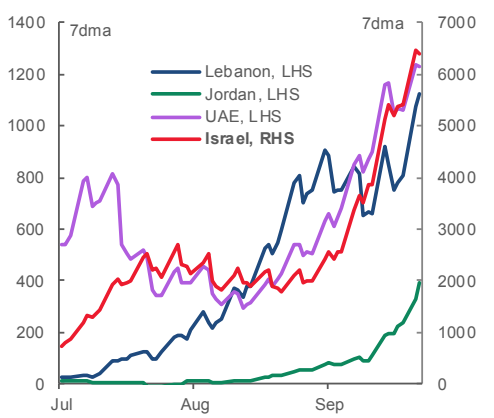
Trend in Middle Eastern Daily Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 13

Trend in Middle Eastern Daily Cases



Sources: Scotiabank Economics, Bloomberg.

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.	0.13	0.14	0.14	0.27	0.27	0.28	0.68	0.67	0.70	1.43	1.42	1.46	Canada - BoC	0.25
CANADA	0.26	0.26	0.26	0.36	0.36	0.36	0.56	0.55	0.57	1.08	1.08	1.11	US - Fed	0.25
GERMANY	-0.71	-0.71	-0.69	-0.71	-0.71	-0.68	-0.50	-0.51	-0.48	-0.05	-0.06	-0.04	England - BoE	0.10
JAPAN	-0.15	-0.14	-0.13	-0.12	-0.11	-0.11	0.01	0.02	0.02	0.59	0.59	0.59		
U.K.	-0.05	-0.05	-0.06	-0.07	-0.08	-0.07	0.22	0.20	0.21	0.77	0.75	0.75		
Spreads vs. U.S. (bps):														
	Level			Level			% change:			% change:				
	Last	1-day	1-wk	Last	1-day	1-wk	1 Day	1-wk	1-mo	1-yr				
CANADA	12	12	12	9	9	8	-12	-12	-13	-35	-35	-35	Euro zone - ECB	0.00
GERMANY	-84	-85	-83	-98	-98	-96	-118	-118	-118	-148	-148	-150	Japan - BoJ	-0.10
JAPAN	-28	-27	-27	-39	-38	-39	-67	-66	-68	-84	-83	-87		
U.K.	-18	-19	-20	-34	-34	-35	-46	-47	-49	-65	-67	-71	Mexico - Banxico	4.50
Equities	Level			Level			% change:			% change:				
	Last	1-day	1-wk	Last	1-day	1-wk	1 Day	1-wk	1-mo	1-yr				
S&P/TSX	16143			161.1			1.0	-0.9	-2.3	-4.3			Australia - RBA	0.25
Dow 30	27288			140.5			0.5	-2.5	-2.3	1.3			New Zealand - RBNZ	0.25
S&P 500	3316			34.5			1.1	-2.5	-2.4	10.8				
Nasdaq	10964			184.8			1.7	-2.0	-3.1	35.1				
DAX	12758			163.4			1.3	-3.8	-0.1	3.4				
FTSE	5947			117.1			2.0	-2.2	-0.9	-18.8				
Nikkei	23346			-13.8			-0.1	-0.9	1.9	5.7			Canada - BoC	Oct 28, 2020
Hang Seng	23743			25.7			0.1	-4.0	-5.5	-9.5			US - Fed	Nov 05, 2020
CAC	4842			69.4			1.5	-4.6	-1.1	-14.0			England - BoE	Nov 05, 2020
Commodities	Level			Level			% change:			% change:				
	Last	1-day	1-wk	Last	1-day	1-wk	1 Day	1-wk	1-mo	1-yr				
WTI Crude	39.90			0.10			0.3	-0.6	-5.8	-32.0			Euro zone - ECB	Oct 29, 2020
Natural Gas	1.98			0.15			8.2	-12.5	-19.0	-21.5			Japan - BoJ	Oct 29, 2020
Gold	1885.47			-14.74			-0.8	-3.8	-2.8	23.9				
Silver	24.30			-2.06			-7.8	-11.8	-9.5	35.9				
CRB Index	147.66			0.14			0.1	-1.4	-1.5	-17.3				
Currencies	Level			Level			% change:			% change:				
	Last	1-day	1-wk	Last	1-day	1-wk	1 Day	1-wk	1-mo	1-yr				
USDCAD	1.3347			0.0043			0.3	1.3	1.0	0.6			Mexico - Banxico	Sep 24, 2020
EURUSD	1.1690			-0.0018			-0.2	-1.1	-0.8	6.3			Australia - RBA	Oct 05, 2020
USDJPY	105.19			0.2600			0.2	0.2	-0.7	-2.2				
AUDUSD	0.7110			-0.0061			-0.9	-2.7	-0.7	5.0				
GBPUSD	1.2753			0.0020			0.2	-1.7	-2.4	2.6			New Zealand - RBNZ	Nov 10, 2020
USDCHF	0.9217			0.0019			0.2	1.4	1.1	-6.9				

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