

**ON DECK FOR FRIDAY, OCTOBER 30**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10/30	08:30	IPPI (m/m)	Sep	--	0.1	0.3
CA	10/30	08:30	Raw Materials Price Index (m/m)	Sep	--	0.3	3.2
CA	10/30	08:30	Real GDP (m/m)	Aug	1.0	0.9	3.0
US	10/30	08:30	Employment Cost Index (q/q)	3Q	--	0.5	0.5
US	10/30	08:30	PCE Deflator (m/m)	Sep	0.2	0.2	0.3
US	10/30	08:30	PCE Deflator (y/y)	Sep	1.5	1.5	1.4
US	10/30	08:30	PCE ex. Food & Energy (m/m)	Sep	0.2	0.2	0.3
US	10/30	08:30	PCE ex. Food & Energy (y/y)	Sep	1.7	1.7	1.6
US	10/30	08:30	Personal Spending (m/m)	Sep	1.1	1.0	1.0
US	10/30	08:30	Personal Income (m/m)	Sep	0.5	0.4	-2.7
US	10/30	09:45	Chicago PMI	Oct	--	58.0	62.4
US	10/30	10:00	U. of Michigan Consumer Sentiment	Oct F	--	81.2	81.2

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**KEY POINTS:**

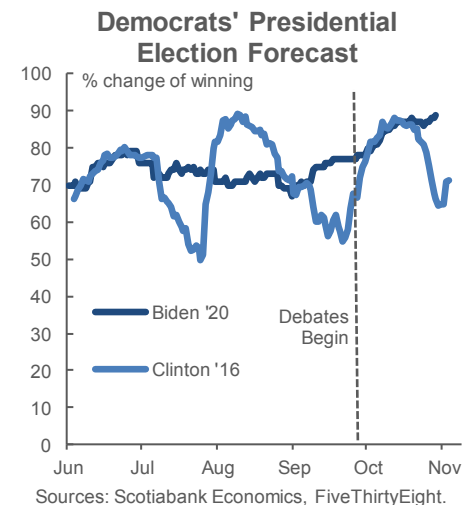
- Equities spooked by US tech earnings
- Month-end, vaccines, earnings, and positioning into the election...
- ...all downplay macro data risk
- Eurozone GDP beats expectations
- Eurozone inflation holds steady
- Canada's economy expected to post solid growth
- US consumption, incomes should be strong...
- ...but uncertainty surrounds core PCE inflation
- Mexico's economy bounced back as expected in Q3
- BanRep expected to hold

**INTERNATIONAL**

Good morning my favourite ghouls and goblins. Tech continues to spook US equity futures lower so far this morning. Examples include no bobbing for Apple (s) with the stock down -5% into the pre-market, Twitter down by about -15%, Facebook -1%, and Amazon -2%. The UK's accelerated review of vaccines in development by Pfizer and Astra Zeneca reined in some earlier weakness. A wave of better than expected GDP releases and firmer than feared Eurozone inflation was largely ignored by markets as you'd have to be batty to invest on the basis of what's already happened. Risk appetite through the day into Monday's Asian market open may be vulnerable ahead of random covid-19 risk, US election uncertainty, month-end effects and tonight's China data. Note the updated accompanying chart that shows Biden's support hanging in better than Clinton's in 2016 at an identical point in the campaigns.

- US equity futures are down by about ¾% to -1% with the Nasdaq leading the decline. TSX futures are off 0.3%. European equities are mixed but on average faring slightly better than the US.
- The USD is flat. The euro and related crosses are underperforming sterling, the yen and A\$/NZ\$ while CAD is little changed into data.

Chart 1



- Sovereign curves are looking rather lifeless and little changed apart from slight cheapening toward the European longer ends.
- Oil is flat. So is gold.

**Eurozone GDP surpassed expectations at +12.7% q/q non-annualized (9.6% consensus) and thus exceeded the highest guesstimate within consensus.** The ghost of yesterday's growth will quickly be forgotten in the face of forward-looking risks. PMIs were signalling Q4 contraction even before recently announced lockdowns.

**All major individual countries also exceeded expectations.** That blood curdling scream you heard overnight was a chorus of economists who messed up somewhat. France grew by 18.2% (15% consensus). Germany advanced by 8.2% (7.3% consensus). Spain was up by 16.7% (13.5% consensus). Italy grew by 16.1% (11.1% consensus).

**Eurozone CPI creepily met expectations** and was unchanged from the prior month's reading at 0.2% y/y. Whereas yesterday's German and Spanish readings decelerated, this morning's French reading was unchanged at 0% y/y and Italy's was very slightly firmer (-0.3%, -0.5% prior).

**Hong Kong's economy handily beat expectations** with Q3 GDP up by 3% (0.7% consensus).

**Mexico's economy registered growth of 12% q/q** at a non-annualized rate in Q3 which matched consensus expectations for 11.9%. Is the first positive growth after five contractions the start of a trend turning point for Mexico's economy?

**BanRep issues a policy decision (2pmET)** and a zombie-like hold is expected at 1.75%.

**China updates state PMIs tonight (9pmET).** Little change is expected to the manufacturing PMI (prior 51.5) and the non-manufacturing PMI (prior 55.9) but is a tombstone being carved for its export markets like the Eurozone into Q4?

## CANADA

**Canadian GDP is on tap shortly (8:30amET).** This will tell us what's baked into Q4 growth before we get any Q4 information. Don't expect anything macabre in this release. That's because StatsCan will provide a preliminary estimate for September that should be solid based upon limited info so far, like hours worked, housing readings, and advance guidance on retail trade, manufacturing and wholesale. August GDP is supposed to be the main subject of the fully detailed release from StatsCan but they've already guided a preliminary estimate of +1.0% m/m so we're only looking at tenths in either direction from that by way of risk.

## UNITED STATES

**US consumer spending, incomes and the Fed's preferred inflation gauge are due for September updates (8:30amET).** Consumption is expected to be strong (consensus 1% m/m) in the wake of the already known strong rise in retail sales during September. Incomes should bounce back off the 2.7% prior drop that was fed by the expiration of the CARES Act souped-up \$2400/mth jobless benefits at the end of July. Core PCE inflation was expected to tick higher to 1.7% y/y before yesterday's Q3 tally within the GDP figures that pointed to m/m drop against prior expectations for a rise, but the poltergeist that crept into it all yesterday was whether what is imputed from Q3 PCE for September may be offset by revisions to prior months today.

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.	0.15	0.15	0.16	0.37	0.37	0.38	0.82	0.82	0.84	1.60	1.60	1.64	Canada - BoC	0.25	
CANADA	0.25	0.25	0.24	0.39	0.38	0.38	0.63	0.63	0.64	1.22	1.21	1.24	US - Fed	0.25	
GERMANY	-0.80	-0.81	-0.76	-0.83	-0.83	-0.77	-0.63	-0.64	-0.57	-0.22	-0.22	-0.15	England - BoE	0.10	
JAPAN	-0.12	-0.12	-0.12	-0.09	-0.10	-0.09	0.04	0.03	0.04	0.65	0.63	0.65			
U.K.	-0.06	-0.06	-0.03	-0.06	-0.07	-0.03	0.23	0.22	0.28	0.77	0.77	0.85			
	Spreads vs. U.S. (bps):														
	11	10	8	2	1	1	-19	-20	-21	-38	-39	-41			
CANADA	11	10	8	2	1	1	-19	-20	-21	-38	-39	-41	Euro zone - ECB	0.00	
GERMANY	-95	-96	-91	-119	-120	-115	-145	-146	-142	-182	-183	-180	Japan - BoJ	-0.10	
JAPAN	-26	-27	-28	-46	-47	-47	-78	-79	-80	-95	-97	-100			
U.K.	-20	-21	-19	-43	-44	-41	-59	-60	-56	-83	-84	-79			
Equities	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
S&P/TSX	15671	84.1		0.5	-3.9	-2.8	-5.0							Australia - RBA	0.25
Dow 30	26659	139.2		0.5	-6.0	-4.0	-1.9							New Zealand - RBNZ	0.25
S&P 500	3310	39.1		1.2	-4.2	-1.6	8.6								
Nasdaq	11186	180.7		1.6	-2.8	0.2	34.7								
DAX	11573	-24.8		-0.2	-8.5	-9.3	-10.4								
FTSE	5572	-10.2		-0.2	-4.9	-5.0	-24.0								
Nikkei	22977	-354.8		-1.5	-2.3	-0.9	0.6							Canada - BoC	Dec 09, 2020
Hang Seng	24107	-479.2		-1.9	-2.7	2.8	-9.6							US - Fed	Nov 05, 2020
CAC	4583	13.7		0.3	-6.6	-4.6	-20.5								
Commodities	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
WTI Crude	36.06	-0.11		-0.3	-9.5	-10.3	-34.5							England - BoE	Nov 05, 2020
Natural Gas	3.27	-0.03		-0.8	10.2	29.6	21.7							Euro zone - ECB	Dec 10, 2020
Gold	1879.63	12.04		0.6	-1.2	-0.3	25.7							Japan - BoJ	Dec 18, 2020
Silver	23.02	-0.91		-3.8	-7.6	-3.4	30.3								
CRB Index	144.69	-0.11		-0.1	-4.0	-2.6	-18.9								
Currencies	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
USDCAD	1.3303	-0.0022		-0.2	1.4	-0.1	1.1							Mexico - Banxico	Nov 12, 2020
EURUSD	1.1673	-0.0001		-0.0	-1.6	-0.4	4.7								
USDJPY	104.43	-0.1800		-0.2	-0.3	-1.0	-4.1							Australia - RBA	Nov 02, 2020
AUDUSD	0.7044	0.0015		0.2	-1.3	-1.6	2.0								
GBPUSD	1.2984	0.0054		0.4	-0.4	0.5	0.6							New Zealand - RBNZ	Nov 10, 2020
USDCHF	0.9164	0.0012		0.1	1.3	-0.5	-7.4								

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