

**ON DECK FOR MONDAY, NOVEMBER 16**

Country	Date	Time	Event	Period	BNS	Consensus	Latest
CA	11/16	08:30	Manufacturing Shipments (m/m)	Sep	1.5	1.5	-2.0
US	11/16	08:30	NY Fed Empire Manufacturing Index	Nov	--	13.8	10.5
CA	11/16	09:00	Existing Home Sales (m/m)	Oct	--	--	0.9
US	11/16	14:00	Fed's Clarida Discusses Economic Outlook				

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**KEY POINTS:**

- **Stocks rally, curves steepen on lower lock down risk & vaccines**
- **Stocks rotate out of pandemic beneficiaries to recovery plays**
- **The Biden administration leans against a nationwide shutdown...**
- **...that may push the decision to state and local governments**
- **Moderna's vaccine appears to be more successful than Pfizer's**
- **Biden to update his economic plan this afternoon**
- **Mixed Asian releases ignored by markets**
- **Canadian manufacturing grows in line with advance guidance**
- **US Empire gauge signals cooler manufacturing momentum**
- **Fed's Clarida could balance near-term downside, longer upside**
- **Updated global covid-19 curves**

**INTERNATIONAL**

Risk-on continues! There are two main catalysts.

First, Sunday morning headlines on how the victorious incoming Biden administration does not support a nationwide lockdown versus more pinpointed measures appeared to be the main catalyst behind why stocks immediately popped higher as Asia came in and US futures began to trade. What this development does is reduce the risk of a near-term double dip in the US economy. Two out of Biden's three covid-19 advisers came out against the blunt measure of a nationwide shutdown. A note of caution here is that state and local governments may still pursue such measures. Because of this, it may be that the Biden administration is simply transferring the decision and accompanying heat to other levels of government, but that too may be preferred by way of allowing more custom-tailored solutions.

Nevertheless, a multidisciplinary approach appears to have won out at the federal level that involves paying serious attention to the potential devastation of serial system-wide lockdowns. The latter would potentially involve millions of lost jobs, millions of foreclosures, millions of bankruptcies and the resulting widespread long-term social and economic hardship and general despondency—and all that goes with the latter.

Second, Moderna released very positive vaccine trial results this morning. Their vaccine was found to be 94.5% effective at preventing covid-19 (Pfizer was 90%), while no participant became severely ill during the trial and the vaccine is stable after 30 days of refrigeration. The latter point is one reason why Moderna's stock rally this morning is being accompanied by Pfizer's sell-off, as

Pfizer's vaccine requires very cold temperatures and lasts only until a few days before use. That makes mass distribution less problematic. While the reduced risk of a US shutdown is positive for near-term growth, stocks are pricing the 6+ month impact of widespread vaccine take-up.

There was nothing on the econ calendar that was of much consequence.

- US stock futures were up before the Moderna headlines hit because of the reduced risk of a US shutdown, but the vaccine headlines added some momentum. S&P500 futures are up by over 1%, TSX futures are up by ½% and European cash markets are up by 1–3% or so after Asia was a sea of green overnight. In general, stocks that benefit from the pandemic (tech, broad health care, defensives like utilities) are underperforming as the lead is taken by energy, materials, banks (on steeper curves), consumer discretionary plays and industrials.
- Sovereign debt curves instantly steepened after the Moderna trial hit. Yields on 10s had been slightly richer across the US, Europe and Canada before the vaccine news, but are now 2–3bps higher.
- The USD is little changed on balance to Friday's close, as the euro, sterling, yen and Swiss franc are all slightly weaker. Oil's nearly 4% rise is popping several commodity currencies higher including the Mexican peso, the Norwegian krone, CAD and the A\$/NZ\$.

Overnight releases were inconsequential to markets and will be briefly highlighted.

Japan GDP Q3 beat expectations at 21.4% q/q annualized (18.9% consensus) but partly due to a small downward revision to Q2.

China updated industrial production, retail sales and investment figures and left its 1 year Medium-Term lending facility rate unchanged at 2.95% as expected. The macro readings were mixed as industrial output was very slightly better than expected (+6.9% y/y, 6.7% consensus, 6.9% prior) but retail sales slightly disappointed at 4.3% y/y (5% consensus, 3.3% prior).

Thailand's GDP Q3 beat expectations at 6.5% q/q non-annualized (3.9% consensus).

ECB's Lagarde speaks at 8amET.

Please see the accompanying updated charts showing the spread of covid-19 across the world. Notable developments include continued sharp increases in areas like the US, Canada and Japan, versus sharp declines in France and Belgium.

## CANADA

Canadian manufacturing sales grew by 1.5% m/m in September which matched StatsCan's advance guidance. Volumes were up by 2.1% m/m as prices slipped. The release is inconsequential to markets and the same will be true when existing home sales during October are released (9amET).

## UNITED STATES

The Fed's vice chair Richard Clarida speaks on the economic outlook at 2pmET. Expect a balance of near-term downside risks due to the spread of the covid-19 virus versus longer term hope stemming from vaccine developments.

The US kicks off another monthly round of regional manufacturing gauges to inform ISM-mfrg expectations. The Empire manufacturing gauge slipped to 6.3 (10.5 prior) which signals cooler momentum in the New York area and surrounding region.

Chart 1

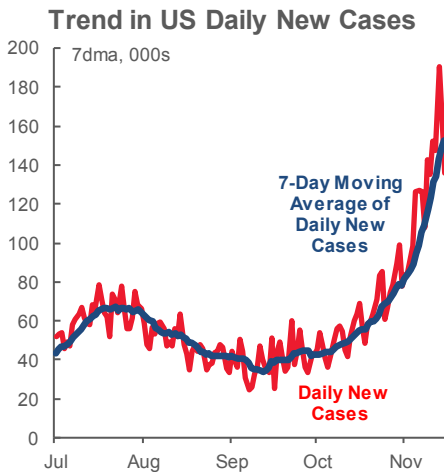


Chart 2

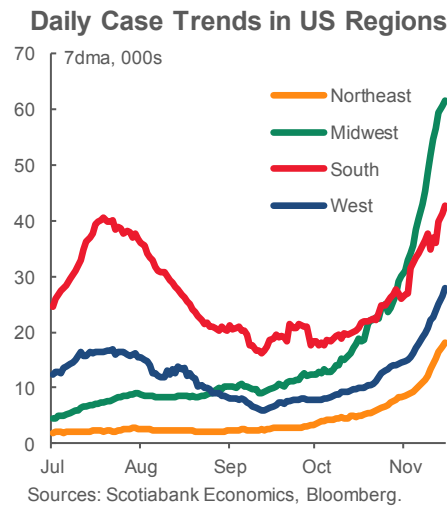


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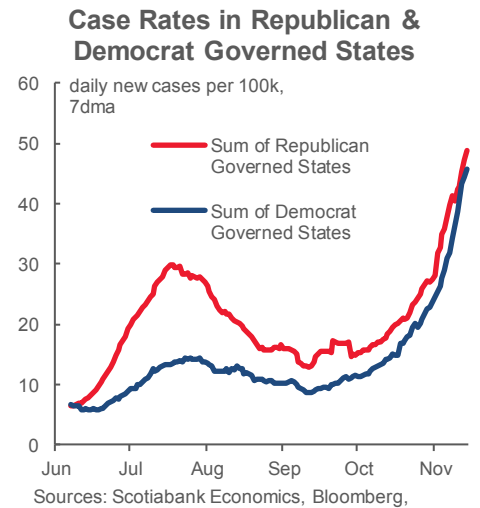


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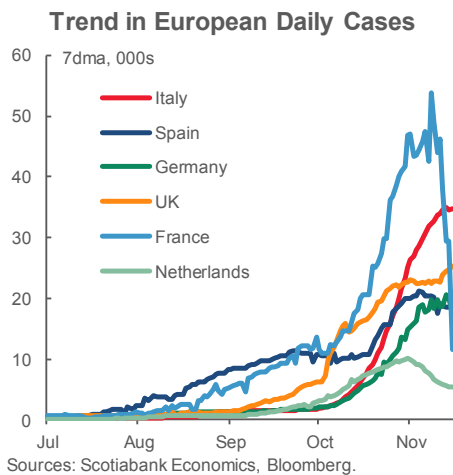


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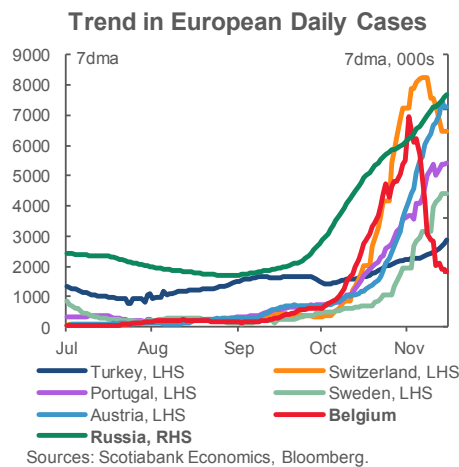


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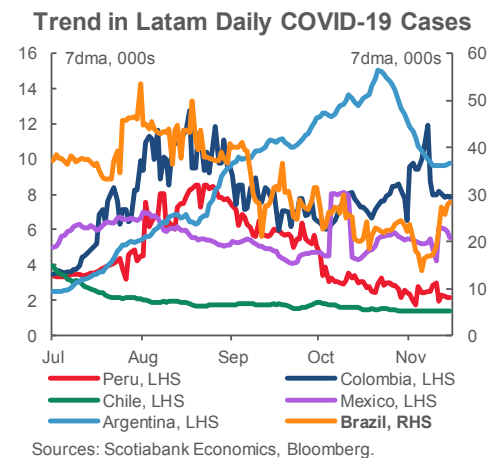


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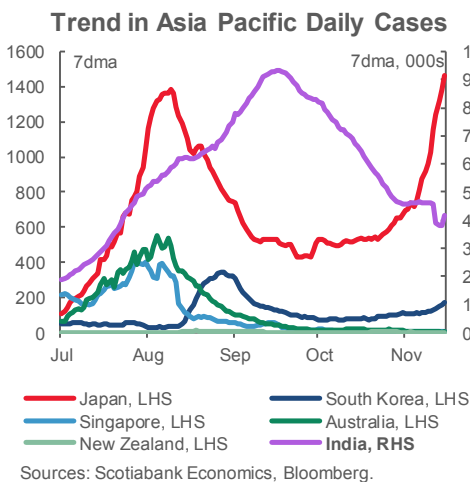


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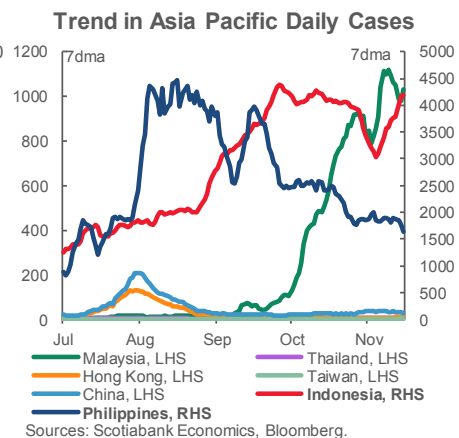


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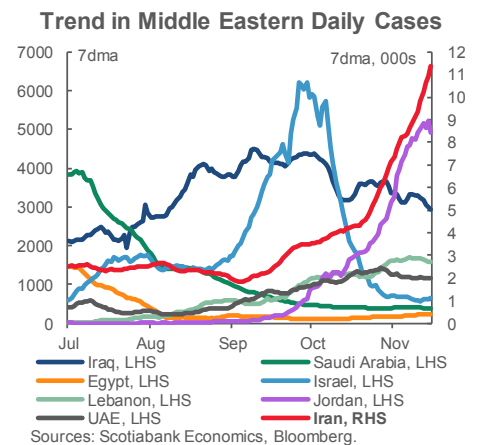


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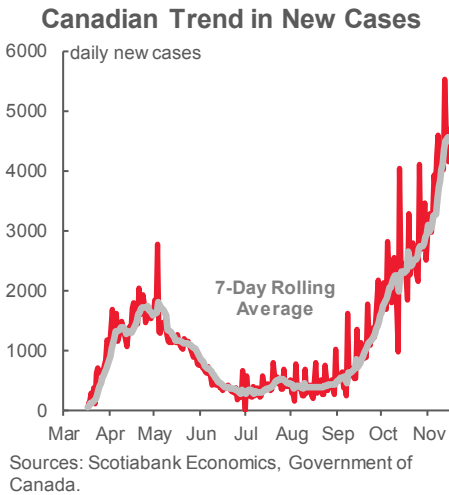


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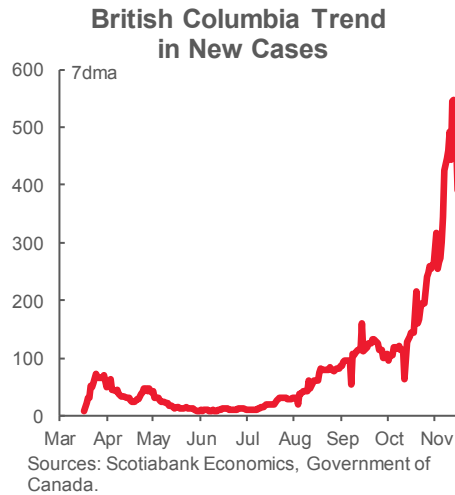


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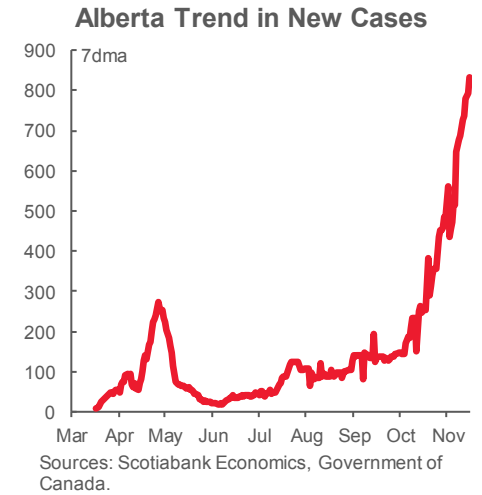


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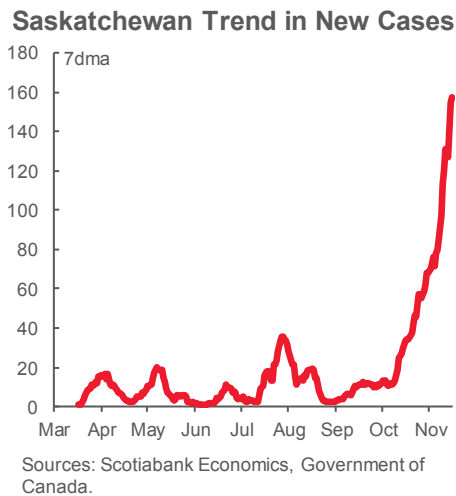


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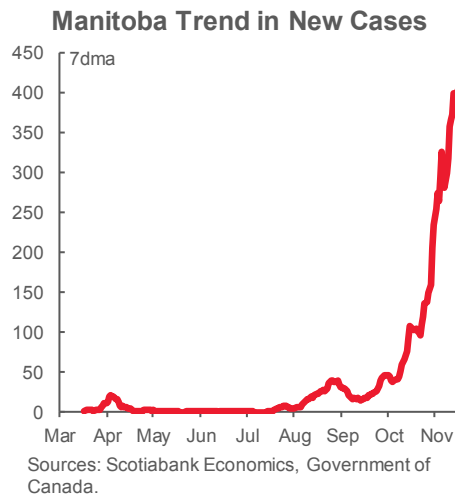


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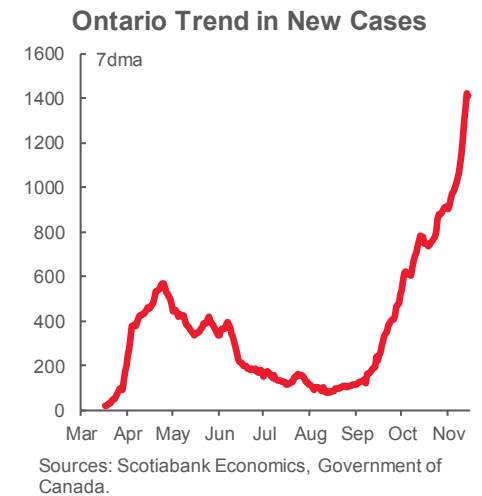


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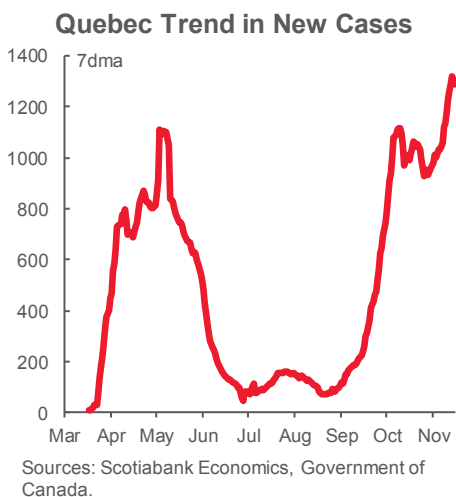


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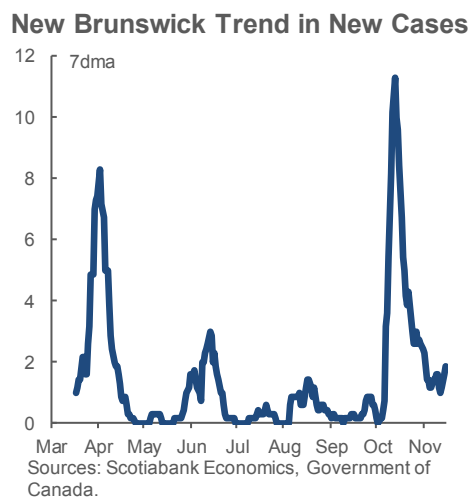


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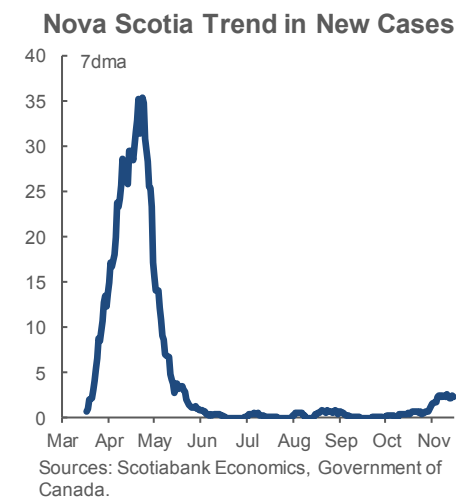
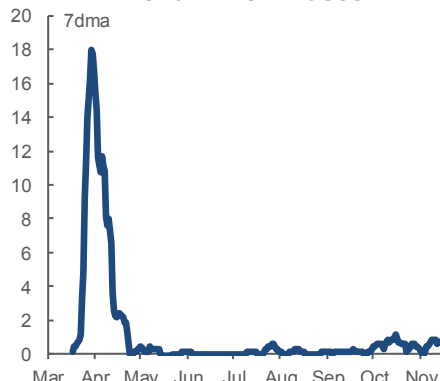
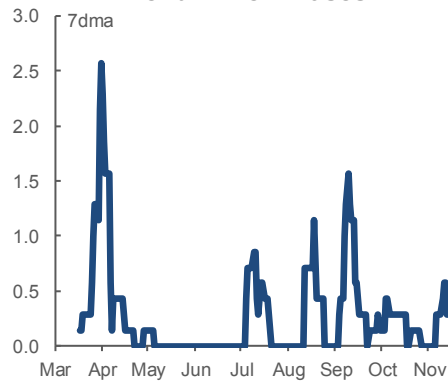


Chart 19

**Newfoundland & Labrador  
Trend in New Cases**


Sources: Scotiabank Economics, Government of Canada.

Chart 20

**Prince Edward Island  
Trend in New Cases**


Sources: Scotiabank Economics, Government of Canada.

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.	0.18	0.18	0.17	0.41	0.41	0.43	0.91	0.90	0.92	1.66	1.65	1.71	Canada - BoC	0.25
CANADA	0.27	0.27	0.28	0.47	0.46	0.47	0.74	0.73	0.75	1.29	1.27	1.32	US - Fed	0.25
GERMANY	-0.72	-0.73	-0.73	-0.73	-0.74	-0.72	-0.54	-0.55	-0.51	-0.12	-0.13	-0.07	England - BoE	0.10
JAPAN	-0.13	-0.13	-0.13	-0.12	-0.11	-0.11	0.02	0.03	0.02	0.66	0.66	0.63		
U.K.	-0.02	-0.03	0.00	0.03	0.02	0.03	0.36	0.34	0.37	0.96	0.93	0.96		
	Spreads vs. U.S. (bps):													
CANADA	10	9	10	6	5	4	-17	-17	-18	-37	-37	-39	Euro zone - ECB	0.00
GERMANY	-90	-91	-90	-113	-114	-115	-144	-144	-143	-177	-178	-178	Japan - BoJ	-0.10
JAPAN	-31	-31	-31	-52	-52	-54	-89	-87	-90	-100	-99	-108		
U.K.	-20	-21	-18	-38	-39	-40	-54	-56	-55	-70	-72	-75	Mexico - Banxico	4.25
Equities	Level			Level			% change:							
	Last	Change		Level			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	16676	93.5		Level			0.6	1.2	1.4	-2.1	Australia - RBA	0.10		
Dow 30	29480	399.6		Level			1.4	4.1	3.1	5.3				
S&P 500	3585	48.1		Level			1.4	2.2	2.9	14.9	New Zealand - RBNZ	0.25		
Nasdaq	11829	119.7		Level			1.0	-0.6	1.4	38.5				
DAX	13234	157.5		Level			1.2	1.1	2.5	-0.1				
FTSE	6454	137.6		Level			2.2	4.3	9.0	-11.6				
Nikkei	25907	521.1		Level			2.1	4.3	10.7	11.2	Canada - BoC	Dec 09, 2020		
Hang Seng	26382	224.8		Level			0.9	1.4	8.2	0.2	US - Fed	Dec 16, 2020		
CAC	5505	125.0		Level			2.3	3.2	11.5	-7.3				
Commodities	Level			Level			% change:							
WTI Crude	41.73	1.60		Level			4.0	3.6	2.1	-27.7	England - BoE	Dec 17, 2020		
Natural Gas	2.84	-0.16		Level			-5.3	-0.8	2.3	5.5	Euro zone - ECB	Dec 10, 2020		
Gold	1881.21	-7.99		Level			-0.4	1.0	-1.0	28.1	Japan - BoJ	Dec 18, 2020		
Silver	24.25	0.03		Level			0.1	-6.0	-2.8	43.0				
CRB Index	153.99	2.13		Level			1.4	4.3	1.7	-14.9				
Currencies	Level			Level			% change:							
USDCAD	1.3092	-0.0045		Level			-0.3	0.7	-0.7	-0.9	Mexico - Banxico	Dec 17, 2020		
EURUSD	1.1823	-0.0011		Level			-0.1	0.1	0.9	6.8				
USDJPY	104.84	0.2100		Level			0.2	-0.5	-0.5	-3.5	Australia - RBA	Nov 30, 2020		
AUDUSD	0.7292	0.0022		Level			0.3	0.1	3.0	7.1				
GBPUSD	1.3173	-0.0016		Level			-0.1	0.1	2.0	1.7	New Zealand - RBNZ	Feb 23, 2021		
USDCHF	0.9144	0.0017		Level			0.2	0.2	-0.1	-7.6				

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