

ON DECK FOR MONDAY, NOVEMBER 23

Country	Date	Time	Event	Period	BNS	Consensus	Latest
US	11/23	9:45	Markit US Manufacturing PMI	Nov P	--	53	56.7
US	11/23	9:45	Markit US Services PMI	Nov P	--	55	57.7
US	11/23	9:45	Markit US Composite PMI	Nov P	--	--	57.9
US	11/23	12:30	Fed's Barkin Takes Part in Discussion on Economy				
US	11/23	13:00	Fed's Daly Discusses the Future of Cities				
CA	11/23	14:00	BoC's Gravelle Gives Speech on Financial Stability				
US	11/23	15:00	Fed's Evans Takes Part in Q&A on the Economy				

KEY POINTS:

- Risk-on to start the week
- US, Australian PMIs move higher...
- ...as Eurozone & UK PMIs point to double dip
- Is the wave 1 PMI playbook repeating?
- Global covid-19 in charts: US, Canada continue to see upswings...
- ...against progress in Europe, Latin America...
- ...and mixed trends across Asia-Pacific
- BoC to speak on financial stability

INTERNATIONAL

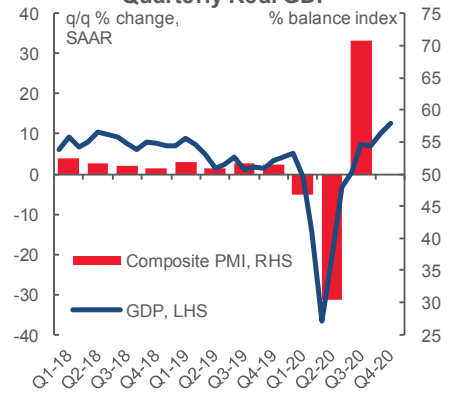
The week is off to a solid risk-on start despite poor macro data that merely confirms near-term downside risk to European economies. Stocks are continuing to look through to the post-lockdown vaccine-driven environment. Brexit headlines offer the same old same old (close, but far, still working...). I can't think AstraZeneca's vaccine really matters to markets at this point even notwithstanding mixed headlines on efficacy, after markets have already digested what appear to be stronger results from Moderna and Pfizer.

- The US S&P500 is bouncing within gains of ¼% to ½% so far this morning. The TSX is up ¼%. European cash markets are up by around ¼% except for London that is off by ¼%. Asia-Pacific markets rallied but Japan was shut for Labour Thanksgiving Day.
- US Ts are bear steepening with 10s and 30s up by 3bps. Canada's curve is performing similarly. The gilts curve is shifting upward by 2bps across maturities. EGB 10s are mixed but generally little changed with mild cheapening on average.
- The USD had been depreciating earlier in the morning but is now down against most major crosses except CAD and the Mexican peso with oil up by a few dimes.

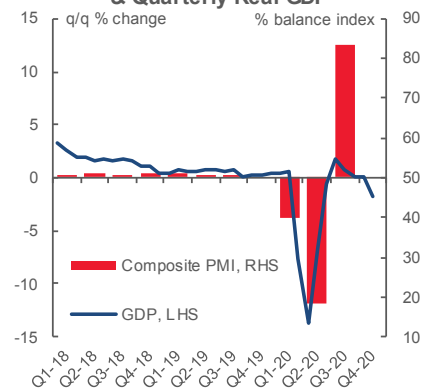
The eurozone composite PMI fell by almost five points to 45.1 to signal renewed contraction in the Eurozone economy. Services were particularly hard hit with a decline in that PMI of over five points to 41.3 while manufacturing dipped 1.2 points to 53.6 to stay in slower expansion. Thus far, the gentle downside to PMIs is a far cry from earlier in the year but is expected to moderately worsen and drag GDP growth down (chart 2).

CONTACTS

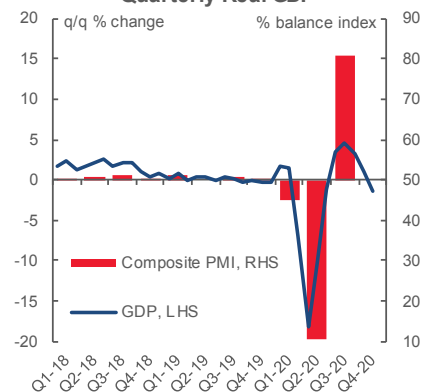
Derek Holt, VP & Head of Capital Markets Economics
 416.863.7707
 Scotiabank Economics
derek.holt@scotiabank.com

Chart 1 US Composite PMI & Quarterly Real GDP


Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 2 Euro Area Composite PMI & Quarterly Real GDP


Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 3 UK Composite PMI & Quarterly Real GDP


Sources: Scotiabank Economics, IHS Markit, Bloomberg.

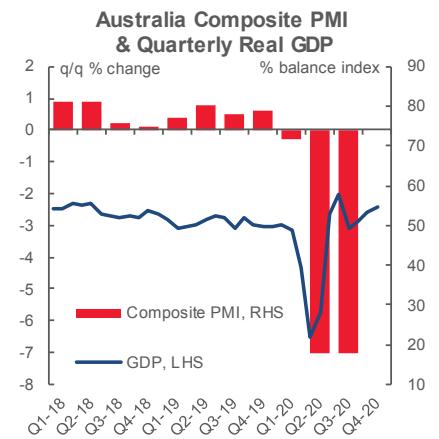
Across the Eurozone, France's nationwide lockdown resulted in a worse deceleration than in Germany. France's composite PMI fell by 7.6 points to 39.9 to return to a pace of contraction similar to during May, while Germany's fell by three points to 52 which indicates slower expansion.

The UK composite PMI fell by almost five points to 47.4 as services slipped into renewed recession (45.8, 51.5 prior) while manufacturing accelerated (55.2, prior 53.7). Chart 3 shows the rolling PMIs correlated with GDP growth.

Australia's PMIs bounced back in November partly on reopening effects in Victoria. The composite PMI increased 1.2 points to 54.7 to signal faster GDP growth. The gain was split between the manufacturing and services PMIs. This may be a transitory gain as downside risk to global growth catch up to Australia. Chart 4 shows PMIs holding up better so far as a GDP indicator.

Global covid-19 cases continue to soar. The weekly update of case trends is provided in charts 5–27. US cases continue to climb across all regions and it doesn't matter if we're talking blue or red states. Within Europe, France's lockdown had been driving cases sharply lower, but this has since reversed again as a caution against lockdown cure-alls. Other parts of Europe may be witnessing improving trends outside of Russia and Turkey, but it remains premature to assess. Aside from Brazil, multiple parts across Latin America are also seeing waning trends for new cases. Within Asia-Pacific markets the evidence is mixed as cases rise in Japan, South Korea, Indonesia and Malaysia while they fall in India and the Philippines and remain low in Australia.

Chart 4



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

UNITED STATES

The composite US Markit PMI increased by 1.6 points to 57.9. Being further above 50 that signals an accelerating expansion in GDP growth. The gain was driven by both services and manufacturing. As chart 1 shows, the US PMI supports Q4 GDP growth expectations. They are less widely watched than ISM and Markit's PMIs always attract a much thinner and largely irrelevant consensus. ISM is a purer gauge of the US economy by considering only domestic operations so the Fed watches that one more closely.

Fed-speak will include Richmond's Barkin (12:30pmET), San Fran's Daly (1pmET) and Chicago's Evans (3pmET).

CANADA

Bank of Canada Deputy Governor Gravelle gives a speech on the impact of covid-19 on financial stability (2pmET) which offers low market risk.

Provincial covid-19 case charts are also updated in the accompanying collection. Canadian cases remain trending around a record with no clear signs of topping anywhere. The so-called Atlantic bubble is being somewhat pierced as evidenced by climbing case counts in New Brunswick alongside only muted increases in Nova Scotia and Newfoundland & Labrador and essentially none in PEI. Also note that positive test rates continue to rise nationwide toward levels seen during wave 1, albeit with the usual caution that comparing across time is complicated by differing samples.

Chart 5

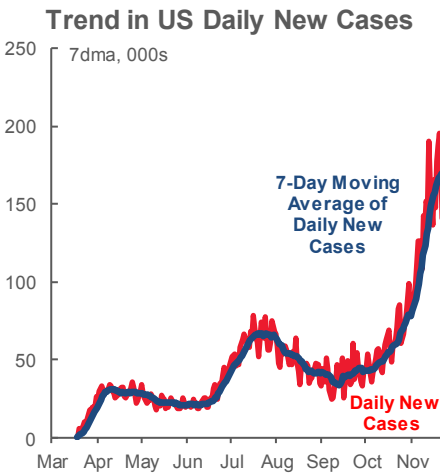


Chart 6

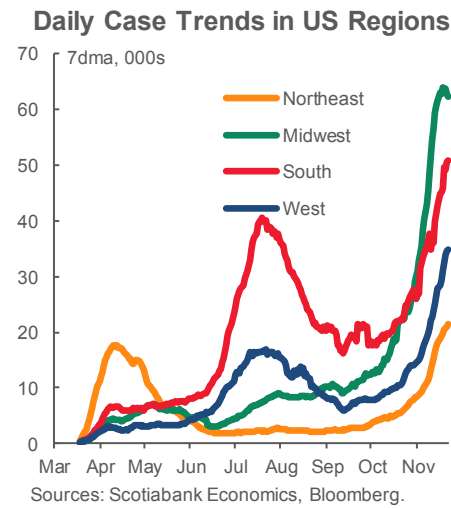


Chart 7

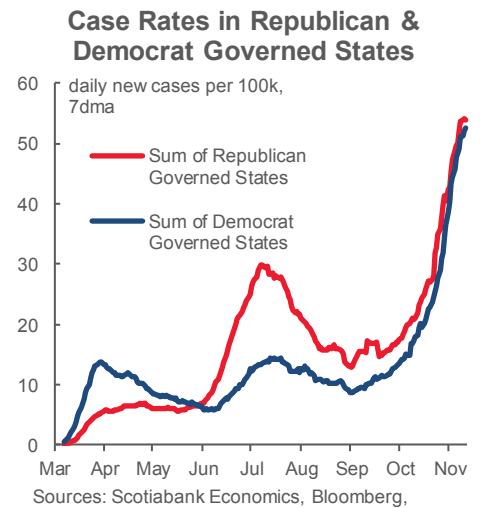


Chart 8

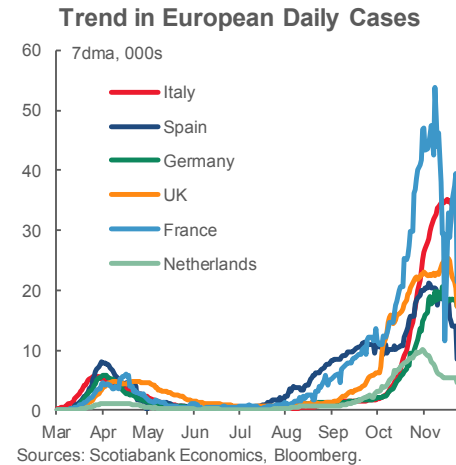


Chart 9

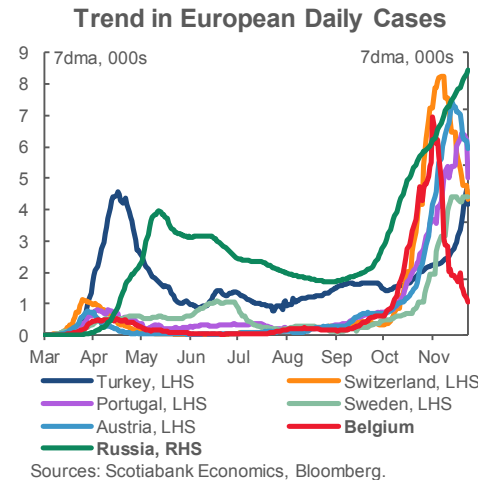


Chart 10

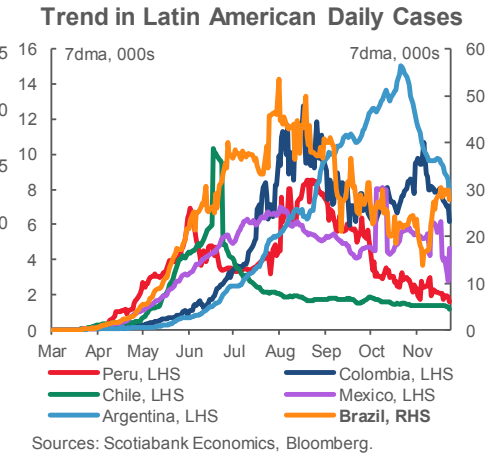


Chart 11

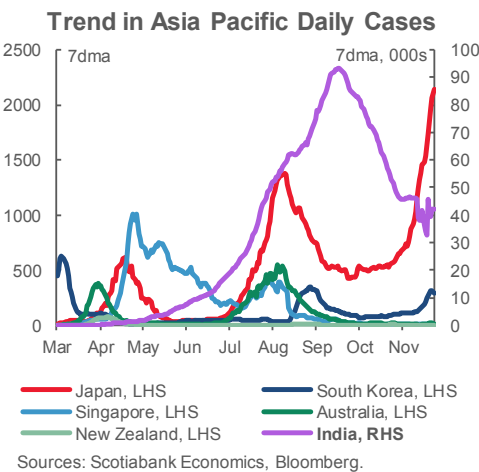


Chart 12

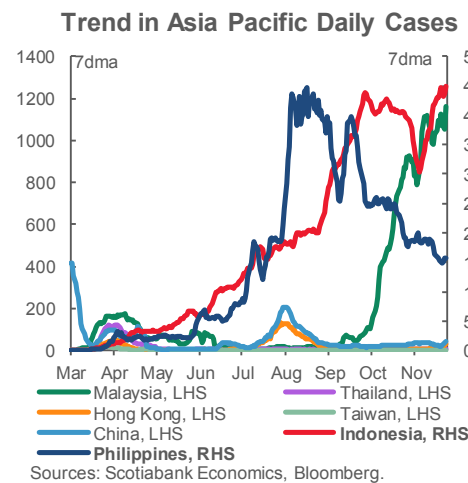


Chart 13

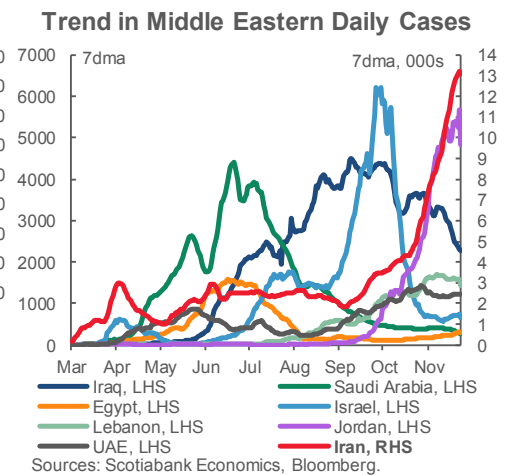


Chart 14

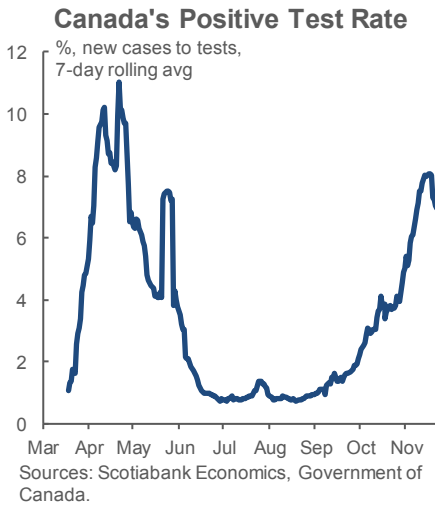


Chart 15

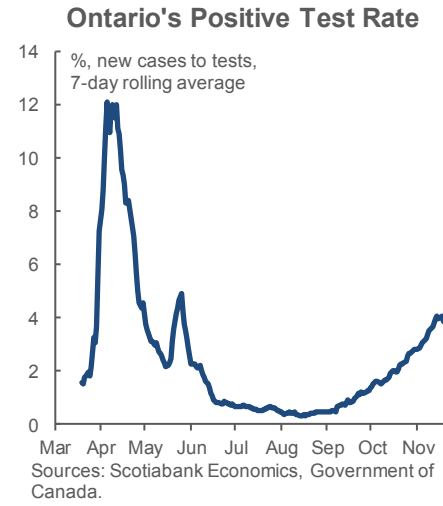


Chart 16

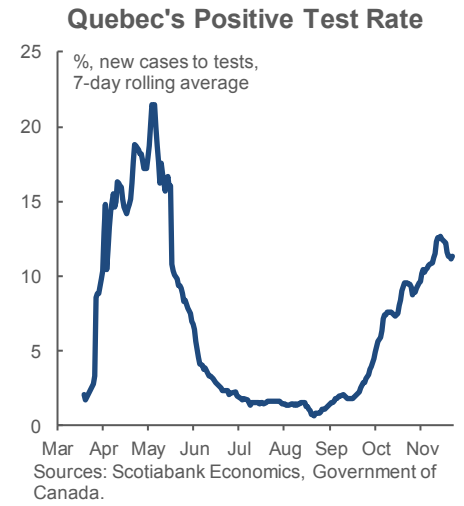


Chart 17

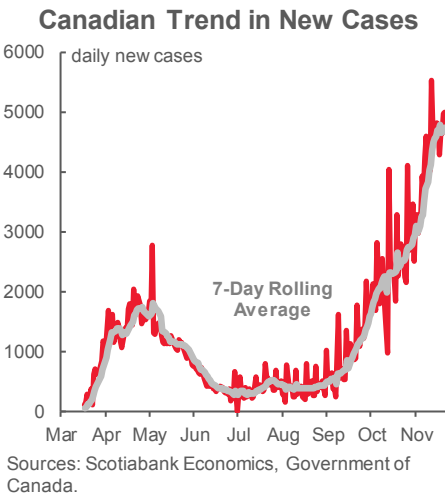


Chart 18

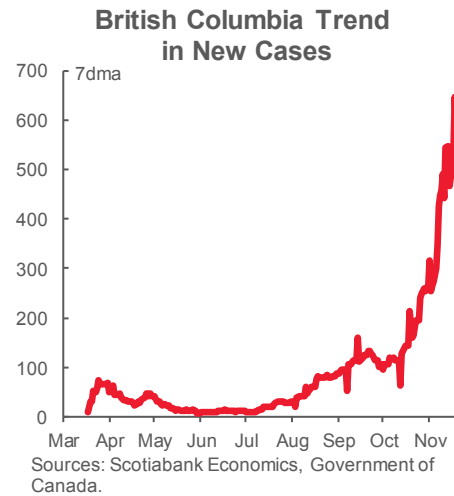


Chart 19

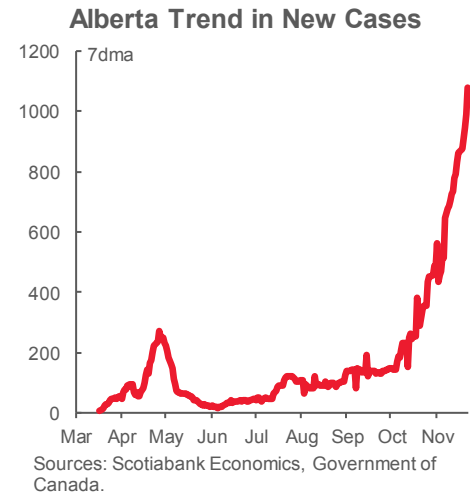


Chart 20

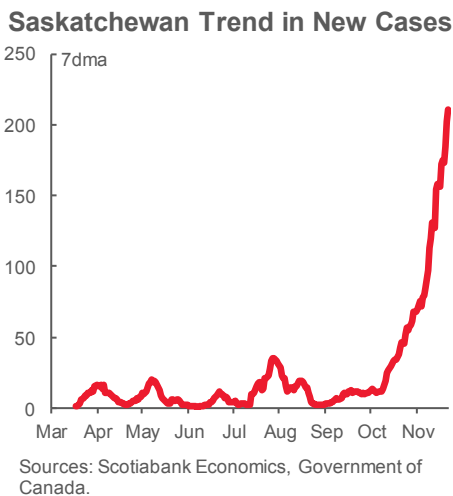


Chart 21

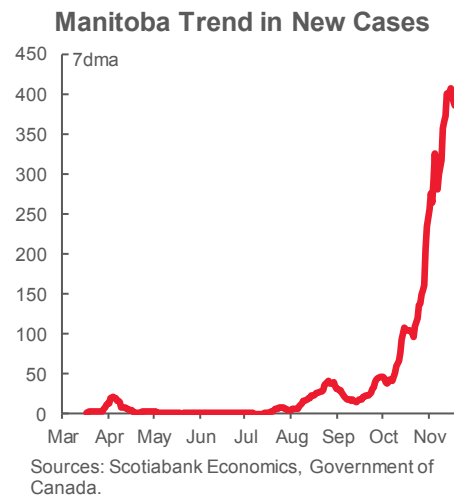


Chart 22

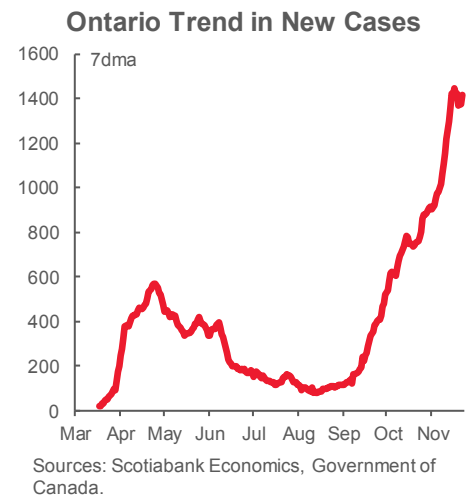
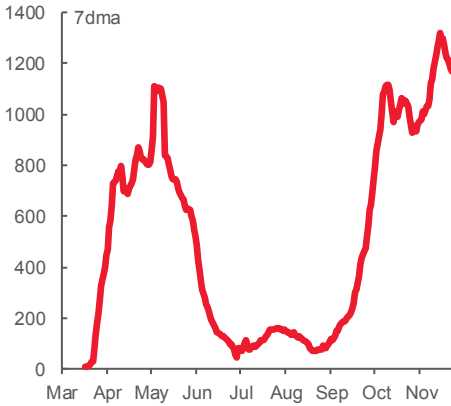


Chart 23

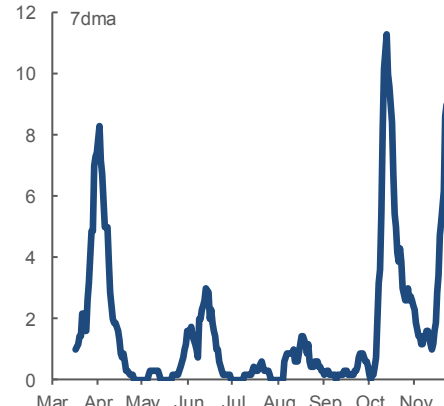
Quebec Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 24

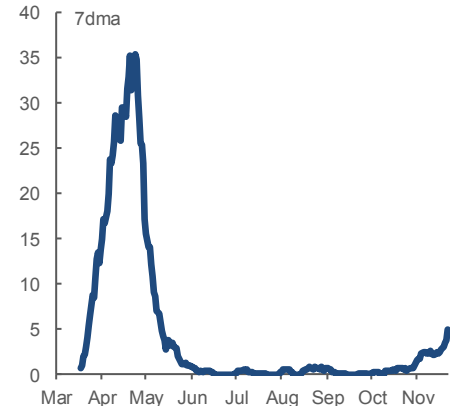
New Brunswick Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 25

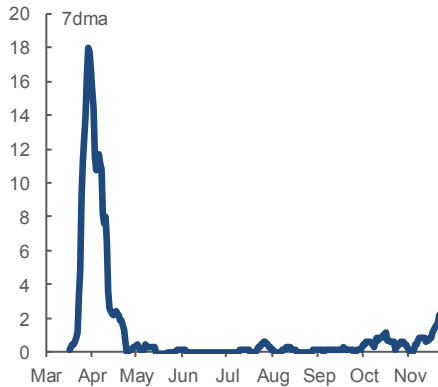
Nova Scotia Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 26

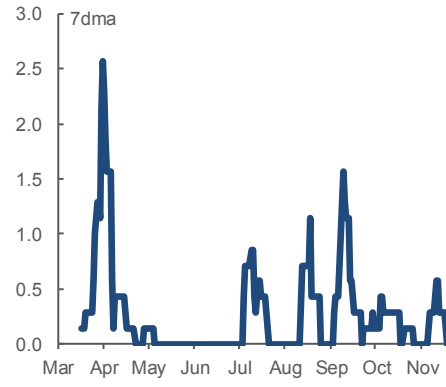
Newfoundland & Labrador Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 27

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.	0.16	0.16	0.18	0.39	0.37	0.41	0.85	0.83	0.91	1.55	1.52	1.66	Canada - BoC	0.25
CANADA	0.27	0.26	0.27	0.44	0.42	0.46	0.69	0.65	0.73	1.20	1.16	1.29	US - Fed	0.25
GERMANY	-0.75	-0.75	-0.72	-0.76	-0.76	-0.73	-0.58	-0.58	-0.55	-0.16	-0.18	-0.14	England - BoE	0.10
JAPAN	-0.14	-0.14	-0.13	-0.12	-0.12	-0.12	0.01	0.01	0.02	0.63	0.63	0.66	Euro zone - ECB	0.00
U.K.	-0.03	-0.04	-0.03	0.01	-0.01	0.02	0.32	0.30	0.35	0.91	0.89	0.95	Japan - BoJ	-0.10
Spreads vs. U.S. (bps):														
CANADA	11	10	9	5	5	5	-17	-17	-17	-36	-36	-37	Mexico - Banxico	4.25
GERMANY	-91	-91	-90	-115	-113	-114	-143	-141	-145	-171	-170	-180	Australia - RBA	0.10
JAPAN	-29	-29	-31	-50	-49	-52	-84	-81	-89	-92	-89	-101	New Zealand - RBNZ	0.25
U.K.	-19	-20	-20	-37	-38	-39	-53	-52	-56	-65	-63	-72	Next Meeting Date	
Equities	Level			Change			% change:							
	Last						1 Day	1-wk	1-mo	1-yr				
S&P/TSX	17077			57.5			0.3	1.1	4.7	0.7			Canada - BoC	Dec 09, 2020
Dow 30	29520			256.7			0.9	-1.4	4.2	5.9			US - Fed	Dec 16, 2020
S&P 500	3589			31.2			0.9	-1.1	3.6	15.4			England - BoE	Dec 17, 2020
Nasdaq	11928			73.1			0.6	0.0	3.3	40.0			Euro zone - ECB	Dec 10, 2020
DAX	13197			59.4			0.5	0.4	4.4	0.2			Japan - BoJ	Dec 18, 2020
FTSE	6348			-3.2			-0.1	-1.1	8.3	-13.4			Mexico - Banxico	Dec 17, 2020
Nikkei	25527			-107.0			-0.4	0.6	8.6	10.4			Australia - RBA	Nov 30, 2020
Hang Seng	26486			34.7			0.1	0.4	6.3	-0.4			New Zealand - RBNZ	Feb 23, 2021
CAC	5515			19.3			0.4	0.8	12.3	-6.4				
Commodities	Level			Change			% change:							
WTI Crude	42.81			0.39			0.9	3.6	7.4	-25.9			England - BoE	Dec 17, 2020
Natural Gas	2.69			0.04			1.3	-0.4	-9.6	0.8			Euro zone - ECB	Dec 10, 2020
Gold	1838.93			-32.06			-1.7	-2.6	-3.3	25.8			Japan - BoJ	Dec 18, 2020
Silver	24.17			0.19			0.8	-0.3	-1.9	41.2			Mexico - Banxico	Dec 17, 2020
CRB Index	157.26			1.09			0.7	2.2	4.4	-12.8			Australia - RBA	Nov 30, 2020
Currencies	Level			Change			% change:							
USDCAD	1.3081			-0.0014			-0.1	0.1	-0.3	-1.6			New Zealand - RBNZ	Feb 23, 2021
EURUSD	1.1861			0.0004			0.0	0.1	0.0	7.7				
USDJPY	104.09			0.2300			0.2	-0.5	-0.6	-4.4				
AUDUSD	0.7300			-0.0002			-0.0	-0.3	2.3	7.7				
GBPUSD	1.3348			0.0073			0.5	1.1	2.4	3.5				
USDCHF	0.9111			-0.0002			-0.0	-0.2	0.7	-8.6				

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