

**ON DECK FOR MONDAY, DECEMBER 21**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
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No releases scheduled for today.

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**KEY POINTS:**

- COVID, Brexit drive risk-off start to the week...
- ...as markets ignore the US stimulus and funding deals
- PBOC leaves LPRs unchanged as expected
- Canadian momentum spills over into November
- Global COVID-19 case charts

**INTERNATIONAL**

Broad risk-off sentiment is sweeping across global asset classes to start the week. Brexit negotiations continue to spin their wheels as negotiators are stuck on sharp differences over how much the EU should cut its catch in UK waters and over what phase-in period. Further, while news of a new COVID-19 strain in London first emerged a while back, tightening restrictions by the EU and Canada and deepening lockdowns are sparking heightened concern. The WHO has guided that it will take some time to evaluate the effectiveness of vaccines on the new strain but sounded cautiously optimistic for now.

- US S&P equity futures are down by 1¼% with TSX futures down by over 1%. European cash markets are down by 2½–3½% or so. Asian equities outperformed with stocks up by ¾% to almost 2% in China, ¼% in Seoul, 1% in Taiwan, but down ¼% in Tokyo, ¾% in HK and 3% in India.
- Sovereign yields are under sharp downward pressure led by the gilts curve's flattening with yields down by 5–8bps across maturities. The US Treasury curve is flattening and led by 10s rallying by 5bps. Canada's curve is performing similarly with a slight degree of outperformance up to 10s.
- Oil is off by about 4%. Gold is dead flat.
- The USD is appreciating against all major currencies.

There was nothing material on the overnight macro calendar and nothing is expected today. China's PBOC kept its one- and five-year Loan Prime Rates unchanged as expected.

**UNITED STATES**

Markets are ignoring the weekend movement toward the US\$900B US stimulus and US\$1.4 trillion funding bills with voting expected today in the House and then the Senate. The broad outlines of the stimulus package include US\$284 billion of funding for the Paycheck Protection Program, US\$600/person stimulus cheques, a \$300/week unemployment benefits extension, a one-month extension of the eviction moratorium through January, plus targeted aid to

airlines, education, and vaccine distribution. The stimulus cheques will go to those earning up to US\$75k/yr with the amount reduced and then eliminated for those earning over US\$99k. The deal does not include aid for state/local governments or COVID-19 liability protections. The funding bill would avert a government shutdown and fund the government until September 30<sup>th</sup> 2021.

The Federal Reserve's flexibility was generally preserved despite last-minute movement to curtail it. The clawed-back US\$429B of funding for the Fed's emergency facilities that expire at the end of the month will be put toward offsetting the cost of the stimulus package while the facilities will expire as previously understood and new ones would have to be approved by Congress. That's better than prohibiting them in the legislation as Senator Toomey had initially sought before he changed his position on Saturday by noting that the way his original proposal was worded was too broad and restrictive to the Fed's future ability to respond to shocks.

## CANADA

Momentum continues into November with StatsCan guiding on a preliminary basis that wholesale trade was up by 1% m/m in November with gains widespread across subsectors. The agency also reported that new house prices were up another 0.6% m/m in November which generally backs up the imputed housing replacement cost driver in last week's CPI figures for November.

This follows earlier indications that hours worked were up by 1.2% m/m in November, housing starts were up 14.4% m/m, retail sales were "relatively unchanged" and existing home sales slipped by 1.6% m/m.

## GLOBAL COVID-19 CASES

Each Monday brings the accompanying collection of updated COVID-19 charts. Select summary observations follow.

- the US trend in new daily cases continues to soar and is being led by the southern and western regions of the country. The US positive test rate is also still rising and is at a record, although higher testing frequency and differing samples distort a fuller interpretation.
- European new daily cases are back on an upswing in December in several major countries.
- Latin America is registering upward trends in Brazil, Colombia and Mexico. Case trends in Argentina, Peru and Chile are generally better behaved.
- Across Asia-Pacific countries, cases are sharply rising in Japan, Indonesia, Malaysia and South Korea. They are falling in India and the Philippines and flat elsewhere including containment in Australia, New Zealand, China, Hong Kong, Singapore and Thailand.
- the Middle East is witnessing an upward trend only in Israel, as other countries are flat to falling.

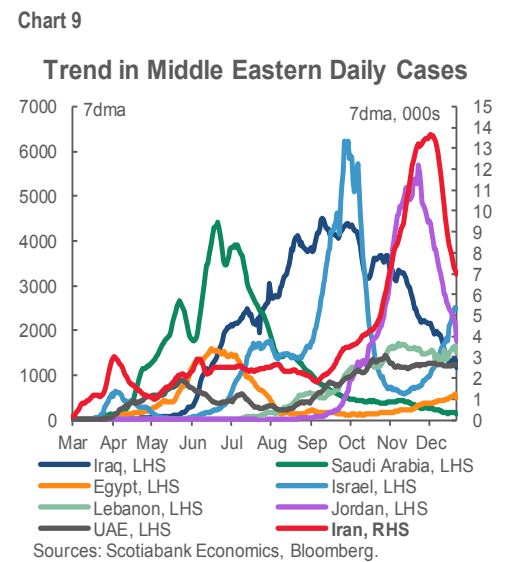
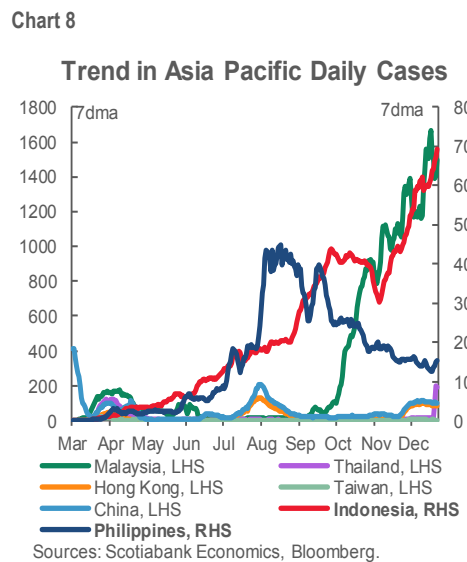
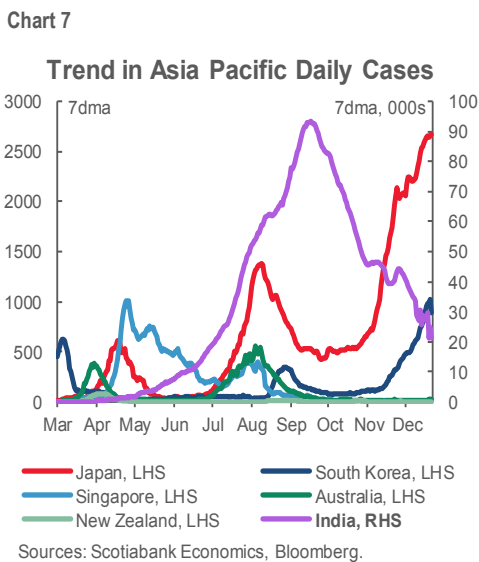
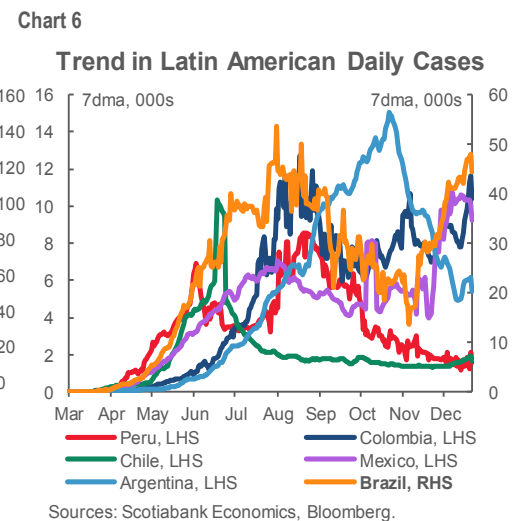
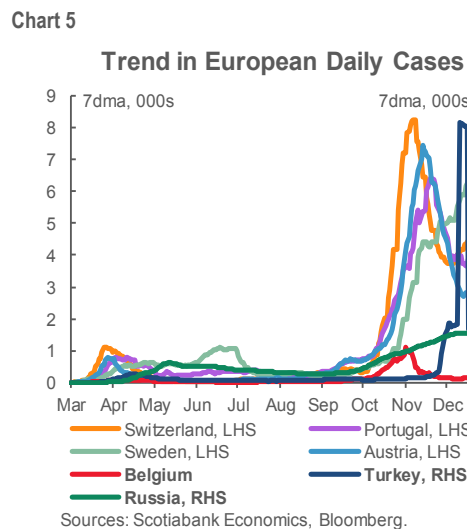
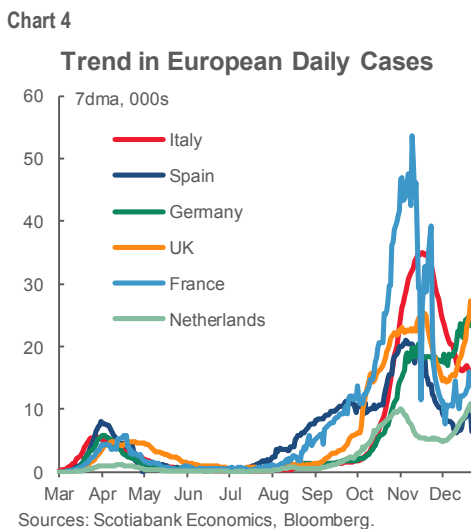
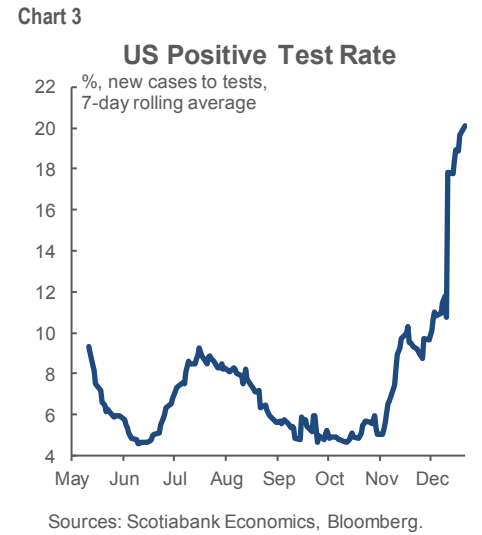
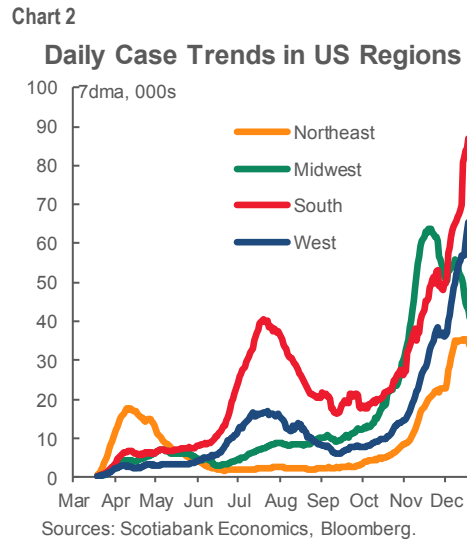
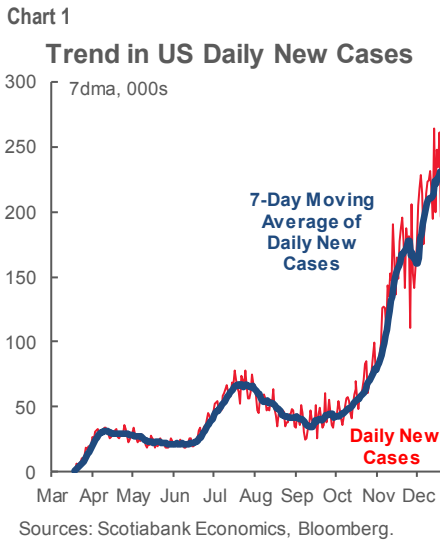
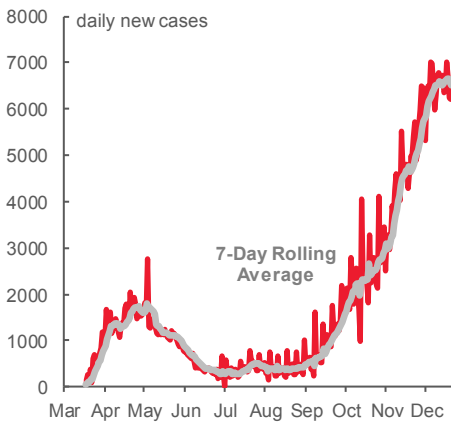


Chart 10

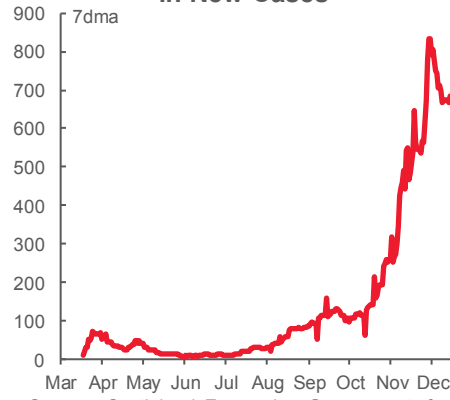
**Canadian Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 11

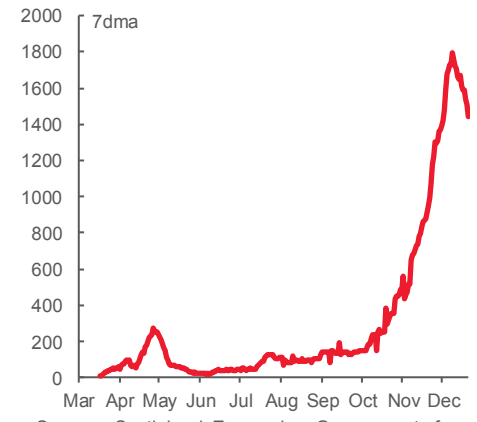
**British Columbia Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 12

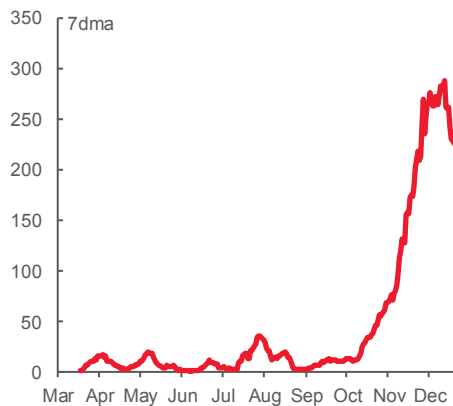
**Alberta Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 13

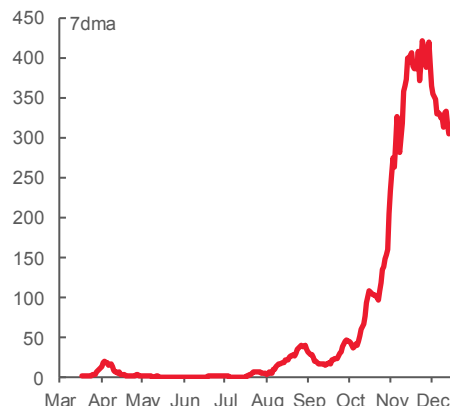
**Saskatchewan Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 14

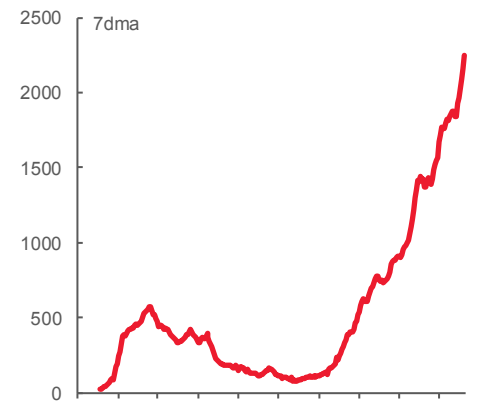
**Manitoba Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 15

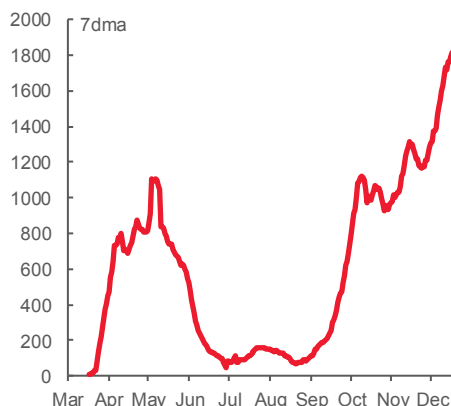
**Ontario Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 16

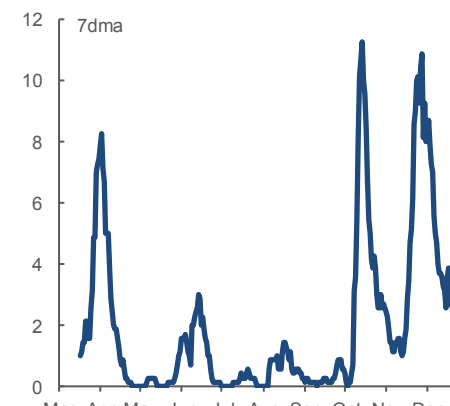
**Quebec Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 17

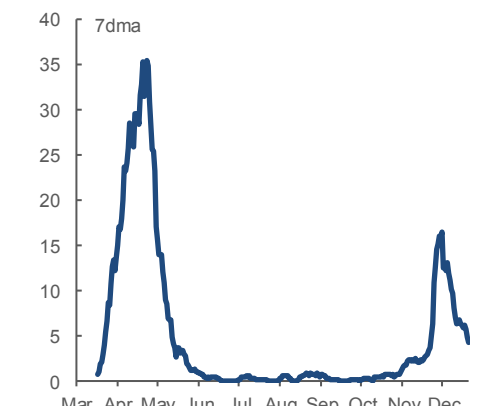
**New Brunswick Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 18

**Nova Scotia Trend in New Cases**



Sources: Scotiabank Economics, Government of Canada.

Chart 19

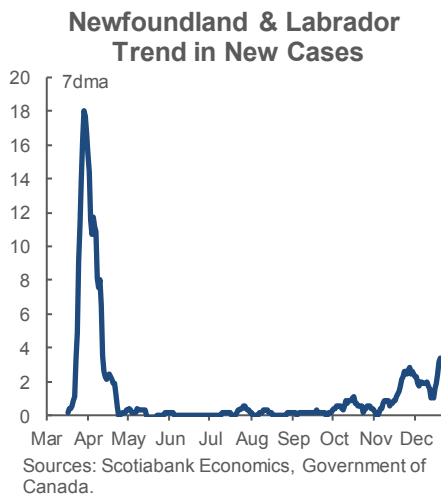
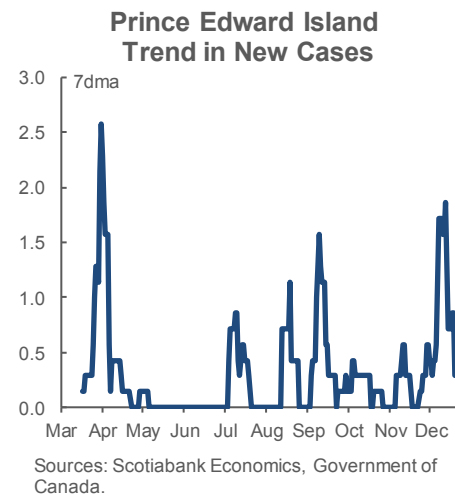


Chart 20



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.	0.11	0.12	0.12	0.35	0.38	0.36	0.90	0.95	0.89	1.65	1.69	1.63	Canada - BoC	0.25				
CANADA	0.23	0.24	0.25	0.42	0.45	0.44	0.70	0.75	0.72	1.25	1.30	1.28	US - Fed	0.25				
GERMANY	-0.75	-0.73	-0.77	-0.77	-0.74	-0.80	-0.60	-0.57	-0.62	-0.20	-0.16	-0.21	England - BoE	0.10				
JAPAN	-0.13	-0.12	-0.13	-0.12	-0.12	-0.12	0.01	0.01	0.01	0.64	0.63	0.63	Euro zone - ECB	0.00				
U.K.	-0.11	-0.08	-0.09	-0.09	-0.04	-0.06	0.19	0.25	0.22	0.74	0.81	0.76	Japan - BoJ	-0.10				
Spreads vs. U.S. (bps):																		
	Level			7			9			% change:								
CANADA	11	12	14	6	7	9	-21	-20	-18	-39	-39	-35	Mexico - Banxico	4.25				
GERMANY	-86	-85	-89	-113	-113	-116	-151	-152	-151	-185	-185	-184	Australia - RBA	0.10				
JAPAN	-24	-25	-24	-48	-50	-48	-89	-94	-88	-101	-106	-100	New Zealand - RBNZ	0.25				
U.K.	-22	-21	-21	-44	-42	-42	-72	-70	-67	-91	-89	-87	Next Meeting Date					
Equities	Level			Change			1 Day			1-wk			1-mo			1-yr		
S&P/TSX	17535			-118.3			-0.7			0.8			3.0			2.4		
Dow 30	30179			-124.3			-0.4			0.4			3.1			6.1		
S&P 500	3709			-13.1			-0.4			1.3			4.3			15.2		
Nasdaq	12756			-9.1			-0.1			3.1			7.6			42.9		
DAX	13202			-428.6			-3.1			-0.2			0.5			-0.9		
FTSE	6355			-174.4			-2.7			-2.7			0.1			-16.2		
Nikkei	26714			-49.0			-0.2			-0.1			4.7			12.2		
Hang Seng	26307			-191.9			-0.7			-0.3			-0.5			-5.6		
CAC	5355			-173.2			-3.1			-3.1			-2.6			-11.1		
Commodities	Level			Change			1 Day			1-wk			1-mo			1-yr		
WTI Crude	47.15			-1.95			-4.0			0.3			11.9			-22.0		
Natural Gas	2.68			-0.02			-0.9			-0.3			0.9			14.9		
Gold	1883.20			1.85			0.1			3.1			0.7			27.4		
Silver	25.82			0.08			0.3			8.4			6.2			51.9		
CRB Index	163.12			-3.33			-2.0			0.5			4.5			-11.8		
Currencies	Level			Change			1 Day			1-wk			1-mo			1-yr		
USDCAD	1.2884			0.0096			0.8			0.9			-1.5			-2.0		
EURUSD	1.2206			-0.0051			-0.4			0.5			3.1			10.1		
USDJPY	103.47			0.1700			0.2			-0.6			-1.0			-5.4		
AUDUSD	0.7527			-0.0095			-1.2			-0.1			3.3			8.7		
GBPUSD	1.3315			-0.0208			-1.5			-0.1			-0.0			2.9		
USDCHF	0.8862			0.0025			0.3			-0.1			-2.9			-9.7		
													Mexico - Banxico	Feb 11, 2021				
													Australia - RBA	Feb 01, 2021				
													New Zealand - RBNZ	Feb 23, 2021				

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