

DAILY POINTS

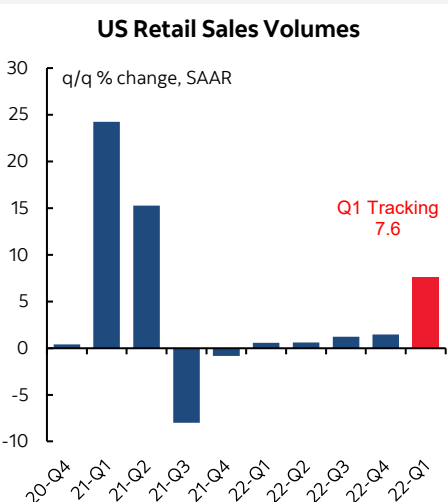
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Chart 1



Sources: Scotiabank Economics, BEA, Haver.

On Deck for Friday, April 14

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04-14	02:00	Bank of Canada Governor Holds Roundtable in Washington DC				
CA	04-14	08:30	Manufacturing Shipments (m/m)	Feb	-2.8	-2.7	4.1
US	04-14	08:30	Export Prices (m/m)	Mar	--	0.0	0.2
US	04-14	08:30	Import Prices (m/m)	Mar	--	-0.1	-0.1
US	04-14	08:30	Retail Sales (m/m)	Mar	-0.5	-0.4	-0.4
US	04-14	08:30	Retail Sales ex. Autos (m/m)	Mar	-0.4	-0.4	-0.1
US	04-14	08:30	Fed's Goolsbee Interviewed on CNBC				
US	04-14	08:45	Fed's Waller Discusses the Economic Outlook				
CA	04-14	09:00	Existing Home Sales (m/m)	Mar	--	--	2.3
US	04-14	09:15	Capacity Utilization (%)	Mar	--	79.1	79.1
US	04-14	09:15	Industrial Production (m/m)	Mar	0.2	0.2	0.0
US	04-14	10:00	Business Inventories (m/m)	Feb	--	0.3	-0.1
US	04-14	10:00	U. of Michigan Consumer Sentiment	Apr P	60.0	62.1	62.0

KEY POINTS:

- **US markets get a lift from bank earnings beats ahead of retail sales**
- **Four reasons why US bank earnings matter**
- **US retail sales expected to dip, core will be key**
- **Fed's Waller to share outlook**
- **BoC's Macklem unlikely to reveal anything different**
- **US industrial output, UMich confidence on tap**
- **Canadian manufacturing sales dipped**

US bank earnings and the state of the US consumer will dominate considerations to end the week. US markets were entering the releases more cautiously than elsewhere but better than expected US bank earnings changed that. US Treasuries were mildly outperforming cheaper European sovereigns before the bank results but now US yields are up across the board. US equity futures are flat versus gains in European cash markets. The USD is strengthening after the bank results. The better than feared bank results will add conviction on the FOMC to hike again on May 3rd with a continued emphasis upon inflation.

US bank earnings are dominating attention into the pre-market. Each of JP Morgan, Wells Fargo and BlackRock put in solid results with Citi pending. The bank earnings matter for four reasons.

- One is the usual focus on the latest results relative to marked down expectations into the season and whether those analyst expectations went too low which is a common feature of US earnings seasons since SOX. Today's results suggest that sentiment turned too negative, but how evenly this cuts through the landscape will also be determined by the rest of the banks that release including next week's results.
- Second is guidance on how each individual bank views the broad sector's health from a funding and liquidity standpoint in light of recent developments. That intelligence could inform the Fed's perspectives on credit conditions. Last evening's publication of the Fed's weekly figures showed that banks borrowed less from both the discount window and Bank Term Funding Program ([here](#)).
- Third is the set up in their results for the Fed's stress tests. This year's stress tests ([here](#)) will include a market shock to the trading books of the biggest banks and the release of how each individual bank fared. This is very timely in light of market volatility and it is in addition to stress testing for a severe shock to the economy and broad markets.

- Fourth is that how the banks come through those stress tests may influence the Biden administration's push for tighter liquidity and capital stress tests and the degree of pushback that it gets.

Fed hawk Waller delivers his latest outlook and may comment on banking conditions after the results (8:45amET).

US retail sales during March (8:30amET) are expected to dip given what we know about auto sales volumes, gas prices and CPI with more of the attention on core sales and the retail sales control group that excludes autos, gas, food and building materials and serves as input to consumption estimates in GDP. Put the March figures and possible revisions in the context of evidence that sales volumes soared in Q1 over Q4 to post the best growth since 2021Q2.

The embargo on publishing media accounts of Governor Macklem's discussion with journalists at the IMF Spring meetings will be lifted in the afternoon (2pmET). The questions might get tougher but I think he has said about all he's going to for now so it should be low risk.

Also watch Canadian home sales after the 2.3% m/m gain in February and ahead of the peak Spring sales season (9amET). US industrial output (10amET) may further inform recession risk as it features as input into the NBER's approach to recession dating. US UMich consumer confidence (10amET) including inflation expectations and an expected drop in Canadian manufacturing shipments based on Statcan's prior -2.7% m/m guidance round out the developments.

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.	4.00	3.97	3.98	3.52	3.50	3.50	3.46	3.45	3.40	3.71	3.69	3.61	Canada - BoC	4.50
CANADA	3.74	3.71	3.53	3.14	3.12	2.91	2.99	2.97	2.79	3.09	3.07	2.94	US - Fed	5.00
GERMANY	2.80	2.78	2.55	2.40	2.39	2.18	2.38	2.37	2.18	2.47	2.46	2.28	England - BoE	4.25
JAPAN	-0.04	-0.04	-0.05	0.17	0.17	0.16	0.48	0.47	0.47	1.32	1.31	1.31		
U.K.	3.53	3.52	3.37	3.42	3.41	3.27	3.59	3.58	3.43	3.97	3.94	3.77		
Spreads vs. U.S. (bps):														
CANADA	-26	-26	-45	-38	-39	-59	-48	-48	-61	-62	-62	-67	Euro zone - ECB	3.50
GERMANY	-119	-119	-143	-112	-111	-132	-108	-108	-121	-125	-123	-133	Japan - BoJ	-0.10
JAPAN	-404	-401	-403	-335	-334	-334	-299	-298	-293	-240	-238	-230		
U.K.	-47	-45	-61	-10	-10	-23	13	13	4	25	25	16	Mexico - Banxico	11.25
Equities	Level						% change:							
	Last		Change		1 Day		1-wk		1-mo		1-yr			
S&P/TSX	20564		110.2		0.5		1.8		4.4		-5.9		Australia - RBA	3.60
Dow 30	34030		383.2		1.1		1.6		5.8		-1.2		New Zealand - RBNZ	5.25
S&P 500	4146		54.3		1.3		1.4		5.8		-5.6			
Nasdaq	12166		236.9		2.0		1.4		6.5		-8.9			
DAX	15791		61.2		0.4		1.7		3.7		11.5			
FTSE	7888		44.4		0.6		2.9		3.3		3.6			
Nikkei	28493		336.5		1.2		3.5		4.2		5.2		Canada - BoC	Jun 07, 2023
Hang Seng	20439		94.3		0.5		0.8		4.7		-5.0		US - Fed	May 03, 2023
CAC	7514		33.5		0.4		2.7		5.2		14.0		England - BoE	May 11, 2023
Commodities	Level						% change:							
	Last		Change		1 Day		1-wk		1-mo		1-yr			
WTI Crude	82.44		0.28		0.3		2.2		15.6		-22.9		Euro zone - ECB	May 04, 2023
Natural Gas	2.02		0.01		0.4		0.2		-21.7		-72.4		Japan - BoJ	Apr 28, 2023
Gold	2033.25		-6.97		-0.3		#VALUE!		6.8		3.0			
Silver	25.62		0.48		1.9		2.7		21.5		-0.1			
CRB Index	275.59		-0.14		-0.1		1.2		5.6		-11.6			
Currencies	Level						% change:							
	Last		Change		1 Day		1-wk		1-mo		1-yr			
USDCAD	1.3327		-0.0010		-0.1		-1.4		-2.6		5.7		Mexico - Banxico	May 18, 2023
EURUSD	1.1056		0.0010		0.1		1.4		3.0		2.1		Australia - RBA	May 02, 2023
USDJPY	132.64		0.0600		0.0		0.4		-1.2		5.4			
AUDUSD	0.6774		-0.0008		-0.1		1.5		1.4		-8.7			
GBPUSD	1.2498		-0.0025		-0.2		0.6		2.8		-4.4		New Zealand - RBNZ	May 23, 2023
USDCHF	0.8889		-0.0007		-0.1		-1.8		-2.8		-5.7			

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