

April 15th, 2024

REVIEW - WEEK OF APRIL 8TH 2024

Last week, the spotlight was on the minutes of the most recent Fed meeting, inflation and industrial production data in the United States, as well as the Bank of Canada's key rate decision.

In the United States, the Federal Reserve (Fed) released the minutes of its meeting that wrapped up on March 20. Meeting participants collectively indicated that 75 basis points of easing were the most likely outcome for 2024. They also noted that they see inflation forecasts relatively unchanged since December and Chair Jerome Powell noted during the press conference that recent inflation data had not changed the story. The Fed's current stance provides them with the flexibility to keep their key rate where it is for as long as needed. However, there appears to be a desire to start the rate normalization process, particularly from Mr. Powell. That said, although recent job market data have been solid, political decisionmakers are likely to be sensitive to any significant change in labour market conditions and inflation.

In fact, U.S. inflation came in stronger than expected, with both core (3.8%) and headline (3.5%) annual readings above economists' consensus. The Consumer Price Index (CPI) rose by 0.4% in March, 0.1% above the forecast. This was driven by energy prices, which surged 1.1%, as well as food costs, up slightly by 0.1%. Core CPI, which excludes food and energy, also was higher than expected, up 0.4% for the third straight month. Consequently, the market has pushed back its rate cut expectations in the United States from July to November.

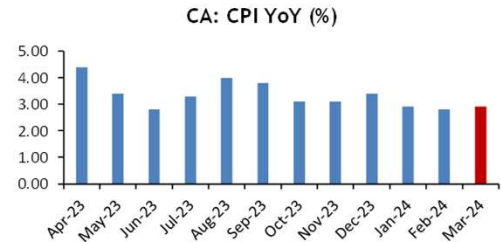
Producer Price Index data were also released in the United States, with a monthly increase of 0.2%, below the consensus of 0.3%. The data brought a measure of relief after the CPI report, which showed consumer prices rising more quickly than expected. A number of categories in the report are used as the Fed's preferred gauge of inflation, such as healthcare and portfolio management, which came in weaker than expected.

On our side of the border, the Bank of Canada (BoC) kept its bellwether interest rate unchanged at 5.0%, a decision in line with economists' expectations. Although there is nothing in the Monetary Policy Report that explicitly indicates that rate cuts are now under consideration, BoC Governor Tiff Macklem, emphasized that, in their deliberations on the duration of maintaining the overnight rate at its current level, they remain vigilant for any evidence in the the downtrend momentum in inflation.

Next week, our focus will be on housing data in the United States and Canadian inflation.

Have a great week!

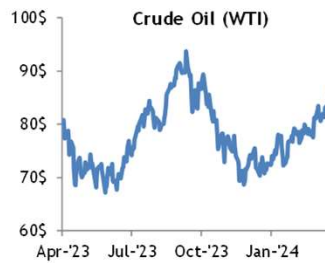
ECONOMIC RELEASES				Expected	Prior
CA	04/16	CPI YoY		2.9%	2.8%
CA	04/16	CPI NSA MoM		0.7%	0.3%
CA	04/16	CPI Core - Trim YoY%		3.2%	3.2%
US	04/16	Housing Starts		1480k	1521k
US	04/18	Existing Home Sales		4.20m	4.38m



FX		Current	Wkly Chg	% Chg
	USDCAD	1.3735	+0.0163 ↑	1.2%
	EURCAD	1.4634	-0.0104 ↓	-0.7%
	EURUSD	1.0654	-0.0205 ↓	-1.9%
	GBPCAD	1.7139	-0.00 ↓	-0.2%
	CADJPY	112.083	+0.2180 ↑	0.2%
	CADCNY	5.2701	-0.0560 ↓	-1.1%
	AUDCAD	0.8902	-0.0061 ↓	-0.7%
	CADCHF	0.6646	-0.0025 ↓	-0.4%



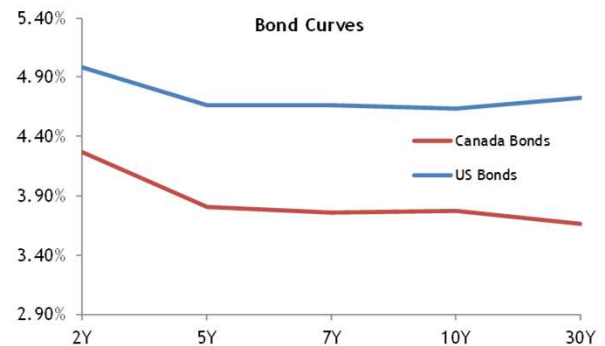
COMMODITIES		Current (USD)	Wkly Chg	% Chg
	Crude Oil- WTI (bbl.)	84.93	-1.50 ↓	-1.7%
	Diesel - HO (gal.)	265.63	-7.24 ↓	-2.7%
	Nat.Gas - NYMEX (MMbtu.)	1.73	-0 ↓	-6.0%
	Gold (t oz.)	2,355.40	+24 ↑	1.0%
	Corn (bu.)	4.33	-3 ↓	-0.6%
	Soybean (bu.)	11.68	-13 ↓	-1.1%
	Wheat (bu.)	5.48	-18 ↓	-3.2%



EQUITIES		Current	Wkly Chg	% Chg
	S&P TSX	21,900	-360 ↓	-1.6%
	S&P 500	5,123	-79 ↓	-1.5%
	Dow Jones	37,983	-910 ↓	-2.3%
	Euro Stoxx	5,015	+1,566 ↑	45.4%
VIX	16.8	+2 ↑	10.6%	



INTEREST RATES	Canada Bonds			US Bonds	
		CA	Wkly Chg	US	Wkly Chg
	O/N	5.00%	+0.0 bps	5.50%	+0.0 bps
	Prime	7.20%	+0.0 bps	8.50%	+0.0 bps
	2Y	4.27%	-0.4 bps	4.98%	+16.4 bps
	5Y	3.81%	+10.7 bps	4.66%	+19.3 bps
	7Y	3.76%	+9.4 bps	4.66%	+17.7 bps
	10Y	3.77%	+9.8 bps	4.63%	+16.3 bps
	30Y	3.66%	+7.7 bps	4.73%	+12.6 bps
		CDOR	Term SOFR		
	1M	5.29000	5.32152		
	3M	5.28500	5.30184		



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