



# Global Daily Packet

Global Rates, FX & Commodities Strategy

30 October 2024

▶ GLOBAL MARKETS

## TD Global Daily - North America Open

### G10 Data and Events

ET	UKT	Event	Market	TD	Comment
-	-	JPY BOJ Target Rate (Oct)	0.25%	0.25%	Ueda likely to reaffirm economy on track
08:15	12:15	USD ADP Employment Change (Oct)	110.5k		
08:30	12:30	▼ USD GDP Annualized qoq (3Q A)	2.90%	2.60%	A still strong consumer to support output
08:30	12:30	GBP UK Chancellor of the Exchequer Rachel Reeves presents budget			
09:00	13:00	▲ GER CPI EU Harmonized yoy (Oct P)	2.10%	2.40%	State level data supports sharp rise
10:00	14:00	USD Pending Home Sales mom (Sep)	1.90%		
11:00	15:00	EUR ECB's Schnabel Speaks in Frankfurt			
20:30	00:30	AUD Retail Sales mom (Sep)	0.30%	0.30%	
20:30	00:30	▲ AUD Retail Sales Ex Inflation qoq (3Q)	0.50%	0.90%	
21:35	01:35	GBP BOE's Breeden Speaks			
03:45	07:45	FRA CPI EU Harmonized yoy (Oct P)	1.50%		
05:00	09:00	EUR ECB's Panetta speaks in Rome			
06:00	10:00	EUR CPI Estimate yoy (Oct)	1.90%	1.90%	
06:00	10:00	EUR CPI Core yoy (Oct P)	2.60%	2.60%	
06:00	10:00	EUR Unemployment Rate (Sep)	6.40%		

Source: TD Securities, Bloomberg  
 Key: ▲ Upside Risk ▼ Downside Risk

### EM Data and Events

ET	UKT	Event	Market	TD	Comment
21:30	01:30	▲ CNY Manufacturing PMI (Oct)	49.9	50.1	Slight upside risk following stimulus measures
21:30	01:30	▲ CNY Non-manufacturing PMI (Oct)	50.3	50.5	Property measures announced should be supportive for an uptick

Source: TD Securities, Bloomberg  
 Key: ▲ Upside Risk ▼ Downside Risk

### Join Us

**Virtual Roundtable: US Election - Final Week Countdown**

Thursday, 31 October 2024

2:00 PM BST

[TD Cowen Invitation | 2024 Post-Election Forum in Washington, DC](#)

Wednesday, 6 November 2024

6:00 PM EDT

## Watch and Listen

[Replay | TD Securities & MKS PAMP Panel: Outlining Bull and Bear Cases for Gold](#)

[Replay | Virtual Roundtable: Political Update with Lord Gus O'Donnell - Labour's First Budget](#)

### G10 Data and Events

#### Previews for the Day Ahead

##### UK

UK Budget

UK Chancellor Rachel Reeves delivers the Labour party's first budget in 14 years today. The budget comes at 12:30pm GMT, with key documents released about an hour later. The theme of this budget will be big spending, big tax rises, and big borrowing, with big changes to the fiscal rules (in particular for the debt rule, with a shift to PSNFL). Higher public service spending and investment will be strong underlying components of Labour's policies today. Gilt markets have been gearing themselves up for possible revisions to fiscal rules to fund the extra "£20bn per year" on investments via borrowing. What we still need to learn: 1) the skew of issuance in FY 24/25; and, 2) the path for CNGCR, at least in FY 25/26, which may also see up to £10-15bn in revisions. Our base case sees Gilt supply +£10-15bn plus bills £5-10bn. We expect Gilt supply to be spread across S/M/L and no change to linkers. Our trading bias favours outright as well as cross-market longs vs. Bunds/USTs. The front end is priced for this increase, so we like short 10y ASW vs 1-5y ASW and neutral 30y ASW and short 5y10y30y fly or steeper 5s10s.

##### US

GDP (Q3)

The first reading for third-quarter GDP growth is released, and we expect strong consumption to have driven growth in the quarter, with the data expected to show a repeat of its Q2 growth rate of 3.0% q/q saar (mkt: 3.0%), bang on top of its recent average. However, as high-income consumers' excess savings are drawn down, hiring continues to slow, and wage growth moderates further, we do not expect this very strong trend to persist in the coming quarters.

##### Germany

HICP Inflation (Oct)

State-level German data out earlier today support a sharp jump in German HICP inflation in October. We look for a rise of 2.4% y/y (mkt: 2.1%), following September's reading of 1.8%.

##### Japan

BoJ Decision (Oct)

We expect the BoJ to remain on hold, keeping the target rate at 0.25% (cons: 0.25%). It's an MPR meeting, and we will get updated economic forecasts. However, we doubt the inflation forecasts will change drastically from the July numbers. Focus will be on Governor Ueda's tone, since he has been endorsing a patient approach to rate hikes since the August financial meltdown and reiterated this approach in Washington this week, even with the Yen sliding to its weakest levels since July 31st. We expect the Governor to indicate the BoJ's

assessment of economic developments is "on track", supporting our call for the next BoJ hike in December of 25bps.

## Overnight Commentary

### US

JOLTS (Sep)

JOLTS job openings came in notably lower than expected at just 7443k in September from 7861k the prior month (revised lower from 8040k). Hiring actually rose to 5558k from 5435k while separations rose to 5196k from 5168k and quits declined to 3071k from 3178k. In rate terms, the rate of job openings declined further to just 4.5% from 4.7%. Hires actually improved to 3.5% from 3.4%. Separations remained flat at 3.3%, but it's worth noting that quits declined to 1.9%. However, the rate of layoffs ticked higher to 1.2% from 1.0%. On net, this JOLTS report pours a bit of cold water on the theory that the labor market is re-accelerating, and that the trends that we have been seeing in recent months persist. The ongoing decline in the quits rate also augurs poorly for wage growth, where we'll get updated ECI on Thursday.

### US

Conf Board Cons Conf (Oct)

Consumer confidence surprised significantly to the upside in October, with the surge driven both by present situation and expectations. The headline surged to 108.7 from 99.2 as current conditions combined to 138.0 from 123.8 while expectations climbed to 89.1 from 82.8. The surge may have been helped by higher equities remaining very strong as gasoline prices remain contained as well. The survey notes that "The proportion of consumers anticipating a recession over the next 12 months dropped to its lowest level since the question was first asked in July 2022, as did the percentage of consumers believing the economy was already in recession." It's interesting that the labor differential spiked higher to 18.3 from 12.7, but the trend remains firmly to the downside. We'll have to see if these strengthening trends can be maintained - we've seen several instances of this over the past few years, but the path had turned lower again subsequently. Average 1y inflation expectations edged a bit higher to 5.3% from 5.2%.

### Australia

CPI (Q3), Sep CPI

Not enough in these numbers to justify the RBA bringing forward rate cuts. Headline came in at 0.2% q/q, below street at 0.3% and RBA at 0.5%, bringing the annual rate to 2.8% y/y, under 3% for the first time since Q1'21. Meanwhile, the Sep CPI print came in at 2.1% y/y, from 2.7% y/y in Aug. Sure these numbers are on the weaker end of expectations (driven by rebates and subsidies) and it's likely these prints are what provoked a rally in rates. However, it's the Trimmed mean that the RBA is looking at and this came in bang as per RBA expectations at 0.8% q/q and 3.5% y/y. In terms of the broader breakdown, tradables eased in the qtr coming in at -0.2% q/q, however the RBA will be looking at the pick-up in Market Services ex-volatile items at 1.3% q/q (Q2: 1% q/q) and Services at 1.1% q/q (Q2: 1%). In annual terms, services CPI is running at 4.6% y/y in Q3, exceeding the Q2 print of 4.5% and non-tradables inflation printed at 4.1% y/y. Looking at the impact of the rebates, electricity prices plunged by 17% q/q in Q3 and would have risen by +0.7% q/q if no rebates were disbursed. The Q4 CPI read will likely be murky as state energy rebates will also be disbursed over the quarter. These numbers should reaffirm the RBA Board's sentiments from the Sep meeting where they stated "it will be some time yet before inflation is sustainably in the target range" at next week's RBA meeting. With a series of strong labour market prints, there is little

to justify RBA easing in early 2025. Our base case is for the first cut in May'25, but the risks are it could be later if labour market strength continues.

## EM Data and Events

### Previews for the Day Ahead

#### China NBS PMIs (Oct)

China's PMIs typically retreat in October based on historical trends. However, the stimulus biltz from the authorities may have had a profound impact on sentiment and could outweigh the poor seasonal effects. We expect the manufacturing PMI to edge to 50.1 from 49.8 previously, building on the positive upswing from September as manufacturers would benefit from the coming fiscal package. Likewise, the non-manufacturing PMI may rise to 50.5 from 50, largely due to the construction sub-index as property developers are likely to feel more optimistic given the expansion of the "whitelist" mechanism and the urban village renovation plans.

### Overnight Commentary

#### China China Fiscal News

The NPC will convene from the 4-8th Nov and there have been various media stories speculating on the size of China's fiscal stimulus that will be announced. We expect that Beijing will announce a large-scale fiscal package on 8 Nov, stretched over a few years to the tune of CNY12tn (10% of GDP). However, the current mechanism and nature of the fiscal stimulus is different from 2008. We expect half of this to be used to tackle local government debt over a multi-year period, while the other measures will tackle ongoing structural issues such as the property supply overhang and banks' willingness to lend. Although the bulk of this stimulus won't have an immediate impact on 2025 GDP growth, China's economic growth path over the medium-term should improve through an early resolution of these structural problems. The immediate and most impactful fiscal measure to lift China's GDP in 2025 would be the equipment renewal & consumer trade-in program, and we expect Beijing to increase funds for this program should Trump win the presidency.

# In Case You Missed It

## Commentaries & Previews

Commentary - China Fiscal Update: The Numbers Just Keep Getting Bigger

Preview - Week Ahead: Canada Macro Market Movers

Preview - Week Ahead: US Macro Market Movers

Commentary - October BoC Announcement: The Market Gets What the Market Wants

Preview - Week Ahead: Canada Macro Market Movers

## Portfolio Publications

Global SSA Analytics

Weekly Fund Flows - Strong Week For European Bond Funds

Assessing Volatility-Adjusted Carry in SSA Issuers

Weekly Fund Flows - Strong Inflows Into Both Bond and Equities

## Rates Publications

Enter 5y EUR Swap Spread Wideners

Global SSA Analytics

Exit CAN-US 10s and Look to Rehook Post Election

Global SSA Analytics

Purple Rain

## Macro Publications

Upcoming Week - The Big Three (28 Oct)

Trading the BoC

Upcoming Week - The Big Three (21 Oct)

An Early Look at the US October CPI

Trading the ECB

## Cross-market Publications

Global SSA Analytics

US Election Tracker

Global SSA Analytics

Weekly Fund Flows - Strong Week For European Bond Funds

Global SSA Analytics

## FX Publications

A Note Not Dedicated to the US Election

US Election: All Alarms and All Surprises

US Election Joins the Island of Misfit Memes

USD: Just When I Thought I Was Out...

## EM Macro Publications

### EM Publications

Weekly Fund Flows - Strong Week For European Bond Funds

US Election: All Alarms and All Surprises

Weekly Fund Flows - Strong Inflows Into Both Bond and Equities

## Commodities Publications

Advanced CTA Position Tracker

Advanced CTA Position Tracker

CFTC Weekly Report (W/E Oct 22)

Advanced CTA Position Tracker

Advanced CTA Position Tracker



# Global Strategy

## Global Rates, FX & Commodities Strategy

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