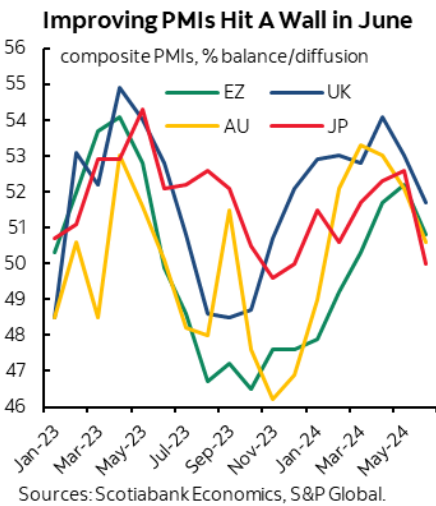


Contributors

Derek Holt

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

Chart 1



On Deck for Friday, June 21

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06-21	08:30	IPPI (m/m)	May	--	0.4	1.5
CA	06-21	08:30	Raw Materials Price Index (m/m)	May	--	-0.6	5.5
CA	06-21	08:30	Retail Sales (m/m)	Apr	0.7	0.7	-0.2
CA	06-21	08:30	Retail Sales ex. Autos (m/m)	Apr	--	0.6	-0.6
US	06-21	10:00	Existing Home Sales (mn a.r.)	May	4.0	4.1	4.1
US	06-21	10:00	Existing Home Sales (m/m)	May	-3.4	-1.0	-1.9
US	06-21	10:00	Leading Indicators (m/m)	May	--	-0.3	-0.6

KEY POINTS:

- Bonds richer, stocks poorer as politics bite
- Global PMIs deteriorate...
- ...likely reflecting policy angst driven by election fever
- Volatile UK retail sales soar, but the trend is still weak
- Canada to update retail sales for April and May
- EVs: an economist's nightmare

Data, data on the wall, who's the fairest of them all? None of you!

That's the unequivocal take across the latest monthly batch of purchasing managers' indices. From Australia to Japan, and the Eurozone to the UK, all major industrialized regions of the world stumbled. That is contributing to dearer sovereign bonds and weaker equities across all major markets as the weak readings signal a sudden slowdown in the global economy.

The outcome could be a harbinger of what's to come as policy uncertainty intensifies which was the theme of this past week's Global Week Ahead ([here](#)).

Some caution is always in order when evaluating PMIs. It's soft, sentiment-driven data and it can be highly reactionary as a result. It's possible that political developments are driving some of the weakening in PMIs and what supports this view is that the composite PMIs had generally been improving along an upward trend since late last year and then suddenly dipped in June (chart 1). Still, the global deterioration may also suggest that other factors may also be at work such as the lagging effects of tighter monetary policy and pushed out easing by the Fed.

Still, given the suddenness of the declines across all major PMIs, it would be crazy—irresponsible in fact—to put on horse blinders and choose to ignore the intensified policy risk that may come out of Europe's elections, pending elections in France and the UK, and

Chart 2

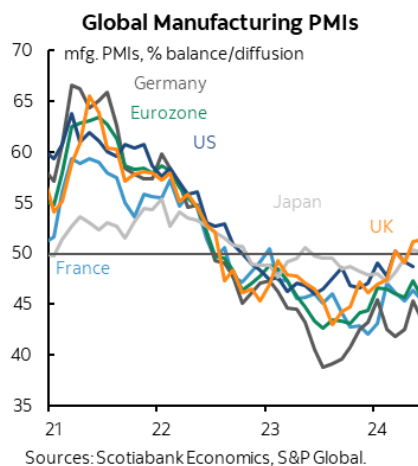
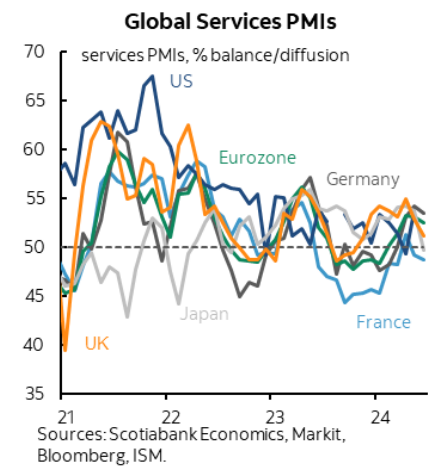


Chart 3



the coming US election. I continue to believe it's an environment in which central banks will need to tread very carefully through the confidence effects on markets and c-suites.

Charts 2 and 3 shows the patterns across markets as softening services joined contracting manufacturing. Here's the run down and with more details available in the releases [here](#).

- Australia's composite PMI fell 1.5 points to 50.6. Services fell by 1.5 points to 51 and manufacturing fell 2.2 points to 47.5.
- Japan's composite PMI fell by 2.6 points to 50 mainly due to a sharp four-point drop in the services PMI to 49.8.
- India's composite PMI held firm at 60.9 with a small gain in manufacturing.
- The eurozone's PMI fell 1.4 points to 50.8 mainly due to manufacturing (45.6 from 47.3) but services also decelerated (52.6 from 53.2).
- Within the Eurozone, France was already in contraction and slipped a little further but more of the overall Eurozone decline was led by Germany (50.6, 52.4 prior).
- The UK also weakened as its composite PMI fell 1.3 points to 51.7 due to a softer services PMI.

The US releases its PMIs later this morning (9:45amET) along with existing home sales for May that are expected to dip (10amET).

Strong UK retail sales might be why gilts are underperforming other global benchmarks that are richening by more. May's sales were up 2.9% m/m in volume terms (1.8% consensus) and the prior month's drop of 2.3% m/m was revised up to a smaller decline of 1.8%. Sales ex-fuel were up by the same amount as the headline. Still, it's a tough environment for UK shops at least from a planning standpoint given the enormous volatility in the data; down 3.6% m/m in December, then +3.9%, then a pair of mild declines, then -1.8% in April and now up 2.9%. Cutting through all of that noise over the months paints a picture of basically flat volumes dating back to the start of last year.

Canada will update retail sales for April and May this morning (8:30amET). We have a bit of a running head start given Statcan preliminary guidance that April retail sales were solid; volumes and other details, plus preliminary May guidance may matter more.

Trade tensions are on the rise globally and one part of that continues to be showcased in the auto sector. So, Canada is imposing tariffs on Chinese EVs and joining the US and EU. I get the whole state-directed and lack of market drivers thing about China. But speaking as an economist and as a matter of principle, I would never buy an EV no matter who makes them and where and for as long as humanly possible. The whole industry is the poster child for everything that economists don't like to see: massive subsidies; paying obscene amounts per job created; fleecing taxpayers; rampant protectionism; restricted choice; and unintended consequences like not having adequate power generation. The US, Europe, China and Canada among others are all equally bad players.

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.	4.70	4.74	4.71	4.24	4.28	4.24	4.23	4.26	4.22	4.37	4.40	4.35	Canada - BoC	4.75	
CANADA	3.89	3.91	3.84	3.35	3.37	3.31	3.33	3.34	3.28	3.26	3.27	3.21	US - Fed	5.50	
GERMANY	2.76	2.83	2.76	2.38	2.45	2.37	2.37	2.43	2.36	2.56	2.59	2.51	England - BoE	5.25	
JAPAN	0.31	0.29	0.31	0.55	0.52	0.53	0.98	0.96	0.94	2.15	2.14	2.11			
U.K.	4.15	4.16	4.17	3.90	3.90	3.95	4.04	4.06	4.06	4.55	4.57	4.54			
Spreads vs. U.S. (bps):															
CANADA	-81	-83	-87	-89	-91	-93	-90	-92	-94	-111	-113	-114	Euro zone - ECB	4.25	
GERMANY	-194	-191	-194	-186	-183	-187	-186	-183	-186	-181	-180	-184	Japan - BoJ	-0.10	
JAPAN	-440	-445	-440	-369	-376	-371	-326	-330	-328	-223	-226	-224	Mexico - Banxico	11.00	
U.K.	-56	-58	-53	-34	-37	-29	-19	-20	-17	18	17	19	Australia - RBA	4.35	
Equities	Level						% change:						Next Meeting Date		
	Last	Change		1 Day	1-wk	1-mo	1-yr								
S&P/TSX	21581	64.4		0.3	-0.5	-3.9	9.5							Canada - BoC	Jul 24, 2024
Dow 30	39135	299.9		0.8	1.1	-1.9	15.3							US - Fed	Jul 31, 2024
S&P 500	5473	-13.9		-0.3	1.0	2.9	25.4							England - BoE	Aug 01, 2024
Nasdaq	17722	-140.6		-0.8	0.6	5.3	31.2							Euro zone - ECB	Jul 18, 2024
DAX	18174	-80.6		-0.4	1.0	-3.0	13.4							Japan - BoJ	June 14, 2024
FTSE	8232	-40.1		-0.5	1.0	-2.2	8.9							Mexico - Banxico	Jun 27, 2024
Nikkei	38596	-36.5		-0.1	-0.6	-0.1	17.7							Australia - RBA	Aug 06, 2024
Hang Seng	18029	-306.8		-1.7	0.5	-3.1	-4.6							New Zealand - RBNZ	Jul 09, 2024
CAC	7637	-34.1		-0.4	1.8	-6.2	5.2								
Commodities	Level						% change:								
		Change		1 Day	1-wk	1-mo	1-yr								
WTI Crude	81.23	-0.06		-0.1	3.3	2.5	12.0							Canada - BoC	Jul 24, 2024
Natural Gas	2.70	-0.04		-1.6	-8.8	1.0	3.9							US - Fed	Jul 31, 2024
Gold	2366.44	6.35		0.3	1.4	6.1	22.5							England - BoE	Aug 01, 2024
Silver	30.23	0.76		2.6	3.4	-4.9	27.2							Euro zone - ECB	Jul 18, 2024
CRB Index	295.38	-0.30		-0.1	0.1	-0.2	9.1							Japan - BoJ	June 14, 2024
Currencies	Level						% change:								
		Change		1 Day	1-wk	1-mo	1-yr								
USDCAD	1.3694	0.0005		0.0	-0.3	0.3	4.0							Mexico - Banxico	Jun 27, 2024
EURUSD	1.0684	-0.0018		-0.2	-0.2	-1.6	-2.7							Australia - RBA	Aug 06, 2024
USDJPY	158.95	0.0200		0.0	1.0	1.8	12.0							New Zealand - RBNZ	Jul 09, 2024
AUDUSD	0.6658	0.0002		0.0	0.7	-0.1	-2.0								
GBPUSD	1.2632	-0.0025		-0.2	-0.4	-0.6	-1.1								
USDCHF	0.8925	0.0011		0.1	0.2	-2.0	-0.1								

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