

#### Contributors

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Chart 1

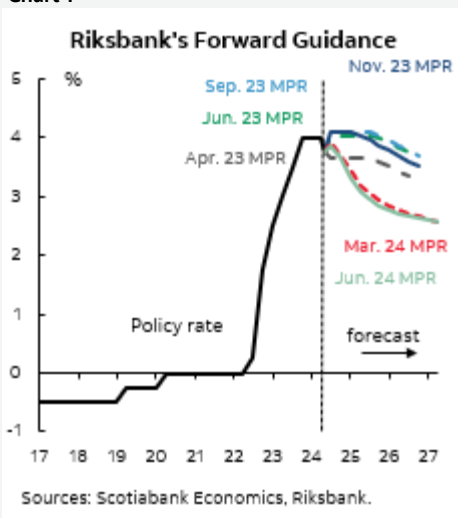


Chart 2



#### On Deck for Thursday, June 27

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	06-27	08:30	Durable Goods Orders (m/m)	May P	0.0	-0.5	0.6
US	06-27	08:30	Durable Goods Orders ex. Trans. (m/m)	May P	0.2	0.2	0.4
US	06-27	08:30	GDP (q/q a.r.)	1Q T	1.4	1.4	1.3
US	06-27	08:30	GDP Deflator (q/q a.r.)	1Q T	--	3.0	3.0
US	06-27	08:30	Initial Jobless Claims (000s)	Jun 22	215	235	238
US	06-27	08:30	Continuing Claims (000s)	Jun 15	1800	1828	1828
US	06-27	08:30	Wholesale Inventories (m/m)	May P	--	0.1	0.1
US	06-27	10:00	Pending Home Sales (m/m)	May	--	0.5	-7.7

#### KEY POINTS:

- **Mild risk aversion has few drivers**
- **US core PCE & GDP revisions, durables, claims, home sales on tap**
- **Banxico expected to hold today**
- **Canada to auction 2s after CPI took an axe to the front-end**
- **Riksbank was slightly more dovish**
- **BSP continues to guide nearer-term easing**
- **Japanese consumers are feeling frisky**
- **The worst of US politics will be on display tonight**

Stocks and bonds have a mild cheapening bias to start the morning. The USD is slightly softer. There are no fresh global catalysts so far. Overnight developments were light ahead of today's potential US core PCE revisions and other US macro data risk, Mexico's central bank decision, and Canada's 2-year auction.

A pair of central bank decisions and solid Japanese data were the only overnight developments ahead of the day's developments.

#### Sweden's Riksbank Entertained a Little More Easing

Sweden's currency is underperforming while the front-end of its rates curve is outperforming global benchmarks after slightly more dovish than expected guidance from the Riksbank. It left the policy rate unchanged at 3.75% as universally expected, but changed explicit forward guidance from two more cuts this year to saying "If inflation prospects remain the same, the policy rate can be cut two or three times during the second half of the year." Other than that, forward guidance was very similar to the prior path in March (chart 1). Forecasts backed up that additional possible cut when they revised the inflation outlook lower with underlying inflation projected to be 2% this year (2.3% previously) and 1.8% next year (1.9% previously).

#### Japanese Consumers Are Feeling Frisky

Japanese consumers are feeling a little frisky these days. Retail sales were up 1.7% m/m in May, doubling consensus. They were up 0.8% the prior month and have risen by about 4% ytd non-annualized. In dollar terms, sales are at a record high. Markets shook off the figures.

#### BSP Continues to Guide Pending Cuts

The Philippines' central bank left its policy rate at 6.5% as widely expected and repeated that prior guidance toward a first cut in August is now more likely. Guidance pointed to 50bps of cuts this year and at a quarter point pace in the cycle.

On tap into the N.A. session is a focus on US data, appetite for Canada's front-end, and Banxico.

**US Core PCE, GDP Revisions Highlight the US Calendar**

The US will take a third swing at Q1 US GDP and core PCE (8:30amET). The third and final estimate incorporates more services data. Revisions to core PCE are less likely at this stage but can be impactful ahead of tomorrow's PCE figures for May that are expected to be quite soft.

US data risk will be a bit of a warm-up to tomorrow's PCE figures and also includes durable goods orders for May (8:30amET), claims (8:30amET), pending home sales (10amET) and the merchandise trade balance (8:30amET).

**Banxico Expected to Hold**

A small minority think Banxico could cut but almost everyone is in the hold camp (3pmET). While every meeting is 'live,' Banxico is expected to hold its overnight rate at 11% again for the second consecutive meeting after it delivered a 25bps cut in March, beating the BoC in North America. The nearly 10% slide in the peso's value to the USD since May 17th and including the aftermath of the general election on June 2nd merits caution in terms of pass through risk into inflation. Governor Victoria Rodriguez indicated that this risk should be evaluated "with caution" which doesn't sound like a central banker on the verge of further easing. Furthermore, nominal wage growth has since accelerated to over 9% y/y (chart 2). The stubborn persistence of strong wage gains since 2022 is a complicating risk facing the ability to get inflation down from 4.7% y/y (4.2% core) to Banxico's 3% +/- 1% inflation target.

Turkey's central bank held its policy rate at an eye-watering 50% and guided it expects disinflationary pressure over 2024H2.

**Canada to Auction Cheaper 2s**

Canada updates lagging payrolls for April after a 51k rise in March (8:30amET). Next Friday's LFS figures for June will matter much more as it is more complete—such as including off-payroll employers—and vastly more timely. I still will never understand why the US—a much bigger economy—can release household and payroll figures on the same day, but Canada releases payroll figures months later.

Canada auctions C\$5.5B of 2s at noon after CPI took an axe to the front end. The 2s yield is up by about 16bps post-CPI.

**The Worst of US Politics Will be On Display Tonight**

And if none of that does it for you, then the first US Presidential debate between President Biden (81) and candidate Trump (78) will be tonight at 9pmET. The tightened rules could make it a tamer affair including no audience and muted mics. I'm sure the behaviour will set another low point and awful example for young people as usual. I'll be watching for will be which one loses their stream of thought or falls asleep first!

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.	4.75	4.75	4.74	4.34	4.34	4.28	4.32	4.33	4.26	4.46	4.46	4.40	Canada - BoC	4.75	
CANADA	4.06	4.05	3.91	3.54	3.53	3.37	3.50	3.48	3.34	3.38	3.36	3.27	US - Fed	5.50	
GERMANY	2.82	2.83	2.83	2.46	2.46	2.45	2.46	2.45	2.43	2.65	2.64	2.59	England - BoE	5.25	
JAPAN	0.35	0.31	0.29	0.61	0.56	0.52	1.08	1.03	0.96	2.28	2.25	2.14			
U.K.	4.25	4.24	4.16	4.03	4.01	3.90	4.15	4.13	4.06	4.64	4.62	4.57			
	Spreads vs. U.S. (bps):														
CANADA	-69	-70	-83	-80	-82	-91	-82	-85	-92	-108	-110	-113	Euro zone - ECB	4.25	
GERMANY	-193	-192	-191	-188	-189	-183	-186	-188	-183	-181	-182	-180	Japan - BoJ	-0.10	
JAPAN	-440	-444	-445	-374	-378	-376	-325	-330	-330	-218	-222	-226			
U.K.	-50	-51	-58	-32	-34	-37	-17	-20	-20	18	15	17	Mexico - Banxico	11.00	
Equities	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
S&P/TSX	21794	5.4		0.0	1.3	-2.6	10.4						Australia - RBA	4.35	
Dow 30	39128	15.6		0.0	0.8	0.1	15.3						New Zealand - RBNZ	5.50	
S&P 500	5478	8.6		0.2	-0.2	3.3	25.1								
Nasdaq	17805	87.5		0.5	-0.3	5.2	31.3								
DAX	18181	25.9		0.1	-0.4	-3.2	14.7								
FTSE	8202	-23.5		-0.3	-0.9	-1.4	9.9								
Nikkei	39342	-325.5		-0.8	1.8	1.1	20.9						Canada - BoC	Jul 24, 2024	
Hang Seng	17716	-373.5		-2.1	-3.4	-5.9	-7.5						US - Fed	Jul 31, 2024	
CAC	7572	-36.8		-0.5	-1.3	-6.9	4.9								
Commodities	Level						% change:								
WTI Crude	81.23	0.33		0.4	-1.1	4.5	20.0						England - BoE	Aug 01, 2024	
Natural Gas	2.77	0.03		1.1	1.2	10.1	0.4						Euro zone - ECB	Jul 18, 2024	
Gold	2314.53	16.30		0.7	-1.9	3.8	20.9						Japan - BoJ	June 14, 2024	
Silver	28.84	-0.73		-2.5	-2.2	-5.7	26.5								
CRB Index	291.29	-0.77		-0.3	-1.5	-1.0	12.2								
Currencies	Level						% change:								
USDCAD	1.3688	-0.0014		-0.1	-0.0	0.4	3.8						Mexico - Banxico	Jun 27, 2024	
EURUSD	1.0701	0.0020		0.2	-0.0	-1.5	-2.4						Australia - RBA	Aug 06, 2024	
USDJPY	160.47	-0.3400		-0.2	1.0	2.3	11.4								
AUDUSD	0.6656	0.0008		0.1	0.0	0.0	-0.4								
GBPUSD	1.2650	0.0028		0.2	-0.1	-0.9	-0.8						New Zealand - RBNZ	Jul 09, 2024	
USDCHF	0.8972	-0.0002		-0.0	0.7	-1.8	0.4								

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