

### DAILY POINTS

July 2, 2024 @ 7:05 EST

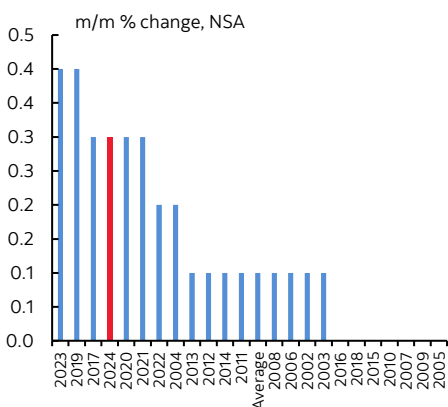
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Chart 1

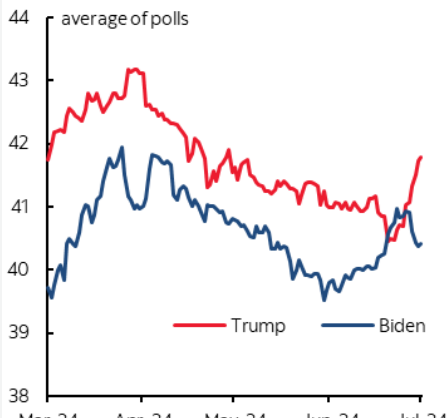
#### Comparing Eurozone Core CPI for All Months of June



Sources: Scotiabank Economics, Eurostat.

Chart 2

#### US Presidential Election Polls



Sources: Scotiabank Economics, 538.com.

### On Deck for Tuesday, July 2

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-02	09:00	Total Vehicle Sales (mn a.r.)	Jun	14.9	15.8	15.9
EC	07-02	09:30	Powell, Lagarde, Campos Neto Speak in Sintra				
US	07-02	10:00	JOLTS Job Openings (000s)	May	--	7950.0	8059.0

#### KEY POINTS:

- **Canadian yields spike in catch-up to developments**
- **Warm Eurozone core CPI keeps ECB bets at bay**
- **Fed's Powell to speak at Sintra**
- **US JOLTS to tease ahead of payrolls**
- **Post-debate polls show Biden slipping**

It's a relatively quiet start to a holiday shortened week for Canadians and a lighter than usual week for the US ahead of tomorrow's early close and Thursday's holiday. Canadian markets are catching up to developments with a spike in yields as the 2-year yield is 5bps higher and the 10 year is 14bps higher.

The macro calendar only has a few things to consider. Stocks are mildly lower this morning, the USD is broadly stronger except versus CAD and sovereign bonds are little changed following yesterday's EGB sell off after Sunday's first round of the French elections. French 10s are about 7bps higher since Friday which captures the election effect and closing in on the June 11<sup>th</sup> high in the aftermath of the EU parliamentary elections. This is the last day for strategic withdrawals by candidates in constituencies to back more centrist prospects and weaker National Rally's chances of emerging victorious in the second round this coming Sunday.

#### Warm Eurozone Core Inflation

Eurozone core CPI at 0.3% m/m NSA was warmer than a typical month of June that average 0.1% over the past 20 years. This June was only exceeded by June in 2019 and 2023 (chart 1). Recall that we look at m/m compared to like months over time because the figures are not seasonally adjusted on arrival. This kept the y/y rate unchanged at 2.9% despite base effects and against consensus expectations for a small deceleration. Most of this information was understood through the protracted release of country-specific figures since Friday. Markets continue to price basically no chance at an ECB cut this month and about 17bps of a cut in September.

#### Fed's Powell at Sintra

Fed Chair Powell will be on a panel with the ECB's Lagarde and Brazil's central bank head Campos Neto this morning (9:30amET). Lagarde spoke last evening at the ECB's Sintra retreat and didn't say anything new.

#### Other Stuff

We'll also get US JOLTS job openings for May (10amET) as a modest teaser ahead of Friday's payrolls. Canada updates a little watched manufacturing PMI (9:30amET).

US election polling from Real Clear Politics showed Biden's chances of winning the election slipping to 45% with Trump at 47%. The 538.com polling composite is shown in chart 2.

The won is among the weaker crosses this morning after South Korean CPI landed softer than expected (-0.2% m/m NSA, +0.1% consensus).

#### Global Week Ahead Reminder

As a reminder, please see the Global Week Ahead—Ranking the Presidents [here](#). Key topics explored include:

- Ranking the Presidents on the economy and markets...
- EGBs may be on edge after French election
- UK election expected to return Labour to power
- US nonfarm payrolls still resilient?
- ECB's Sintra often drives euro volatility
- Canada's job market and the BoC's exaggerated narrative
- Canadian, US holidays
- The last Eurozone core CPI print before the ECB's July decision
- Global inflation readings dominate the rest

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	4.76	4.74	4.41	4.43	4.28	4.45	4.46	4.25	4.62	4.62	4.38	Canada - BoC	4.75
CANADA	4.05	3.99	3.98	3.62	3.51	3.42	3.64	3.50	3.38	3.53	3.39	3.26	US - Fed	5.50
GERMANY	2.91	2.92	2.81	2.58	2.59	2.42	2.61	2.61	2.41	2.80	2.80	2.60	England - BoE	5.25
JAPAN	0.37	0.37	0.31	0.61	0.60	0.55	1.09	1.06	1.00	2.27	2.26	2.20		
U.K.	4.19	4.20	4.21	4.08	4.11	3.95	4.26	4.28	4.08	4.76	4.78	4.58		
	Spreads vs. U.S. (bps):													
CANADA	-70	-76	-77	-79	-92	-85	-81	-96	-87	-108	-123	-112	Euro zone - ECB	4.25
GERMANY	-184	-183	-193	-183	-184	-185	-184	-186	-184	-182	-183	-178	Japan - BoJ	-0.10
JAPAN	-439	-439	-444	-380	-382	-372	-337	-340	-324	-235	-237	-218		
U.K.	-57	-56	-53	-33	-32	-32	-20	-18	-17	14	15	20	Mexico - Banxico	11.00
Equities	Level						% change:							
	Last		Change		1 Day		1-wk		1-mo		1-yr			
S&P/TSX	21876		-66.4		-0.3		1.5		-1.8		8.5		Australia - RBA	4.35
Dow 30	39170		50.7		0.1		-0.6		1.2		13.8			
S&P 500	5475		14.6		0.3		0.5		3.7		23.0		New Zealand - RBNZ	5.50
Nasdaq	17879		146.7		0.8		2.2		6.8		29.7			
DAX	18110		-180.2		-1.0		-0.4		-2.1		12.2			
FTSE	8139		-27.6		-0.3		-1.3		-1.6		8.1			
Nikkei	40075		443.6		1.1		2.3		4.1		20.7		Canada - BoC	Jul 24, 2024
Hang Seng	17769		50.5		0.3		-1.4		-1.7		-6.1		US - Fed	Jul 31, 2024
CAC	7499		-62.2		-0.8		-2.1		-6.2		1.3			
Commodities	Level						% change:							
WTI Crude	84.03		0.65		0.8		4.0		9.1		19.0		England - BoE	Aug 01, 2024
Natural Gas	2.46		-0.02		-0.7		-10.7		-4.9		-12.0			
Gold	2325.15		-6.76		-0.3		0.2		4.3		21.1		Euro zone - ECB	Jul 18, 2024
Silver	29.25		-0.13		-0.4		-1.1		-6.5		30.2		Japan - BoJ	June 14, 2024
CRB Index	291.57		1.10		0.4		-1.1		0.5		11.3			
Currencies	Level						% change:							
USDCAD	1.3734		-0.0002		-0.0		0.6		0.8		3.7		Mexico - Banxico	Aug 08, 2024
EURUSD	1.0717		-0.0023		-0.2		0.0		-1.7		-1.8			
USDJPY	161.63		0.1700		0.1		1.2		3.6		11.7		Australia - RBA	Aug 06, 2024
AUDUSD	0.6650		-0.0010		-0.2		0.0		-0.6		-0.3			
GBPUSD	1.2646		-0.0004		-0.0		-0.3		-1.3		-0.4		New Zealand - RBNZ	Jul 09, 2024
USDCHF	0.9039		0.0012		0.1		1.0		0.9		0.8			

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