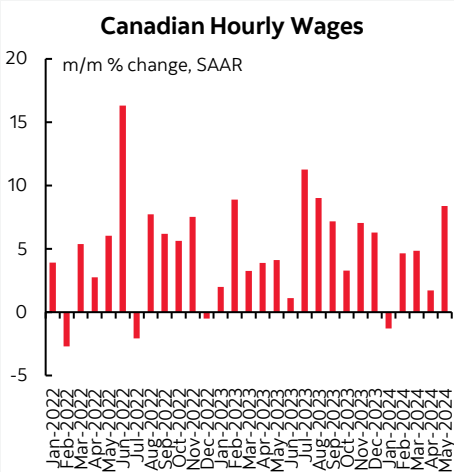


#### Contributors

##### Derek Holt

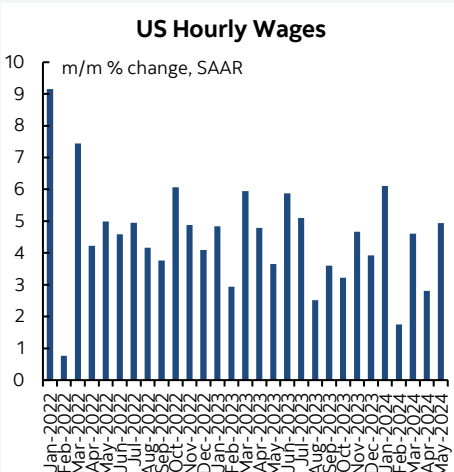
VP & Head of Capital Markets Economics  
 Scotiabank Economics  
 416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada.

#### On Deck for Friday, July 5

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-05	05:40	Fed's Williams Gives Keynote Remarks				
CA	07-05	08:30	Employment (000s m/m)	Jun	25.0	25.0	26.7
CA	07-05	08:30	Unemployment Rate (%)	Jun	6.4	6.3	6.2
US	07-05	08:30	Average Hourly Earnings (m/m)	Jun	0.3	0.3	0.4
US	07-05	08:30	Average Hourly Earnings (y/y)	Jun	3.9	3.9	4.1
US	07-05	08:30	Average Weekly Hours	Jun	--	34.3	34.3
US	07-05	08:30	Nonfarm Employment Report (000s m/m)	Jun	210	190.0	272.0
US	07-05	08:30	Unemployment Rate (%)	Jun	3.9	4.0	4.0
US	07-05	08:30	Household Employment Report (000s m/m)	Jun	--	--	-408.0

#### KEY POINTS:

- **Global markets await nonfarm payrolls**
- **Sterling, gilts, FTSE yawn at a priced UK election outcome...**
- **...that delivered a massive majority to Labour, Sunak resigns**
- **Most readings point to resilient US payrolls...**
- **...that have exceeded consensus 5 out of six times this year!**
- **Canada's boring jobs consensus**
- **Global Week Ahead**

As a reminder, please see my Global Week Ahead—Human Error that was sent yesterday ([here](#)). Key topics:

- US core CPI may reaccelerate
- French election could impact risk appetite to start the week...
- ...as French parties circle the wagons on Le Pen
- US bank earnings season commences
- Powell testimony will be stale on arrival
- CPI: China, India, Mexico, Chile, Colombia, Brazil
- RBNZ expected to remain hawkish
- BoK may sound more open to nearer term easing
- Bank Negara likely to remain on hold
- BCRP has a solid case to extend its pause

There were no materially surprising overnight macro developments which now shifts the emphasis to labour market readings out of North America to potentially influence risk appetite. These are the last jobs reports before the June FOMC and BoC decisions, but the inflation readings before those meetings are likely to matter more than anything we are likely to learn today.

#### The UK Election Outcome Was Priced Long Ago

The UK election came and went with little market fanfare. Folks over there are probably just glad it's finally over. The results were broadly in line with the polls translated into seats. A strong majority was granted to Labour's Keir Starmer as his party won 412 out of 650 seats in parliament. PM Sunak won his seat but then resigned as party leader after a series of truly awful British PMs who in my opinion weakened the country and its economy. Sterling barely wiggled, ditto for gilts and the FTSE100 is riding in tandem with the global tone. Suffice it to say that markets yawned at an outcome that was priced long ago.

Now it's onto dual Canadian and US jobs reports.

### Canadian Jobs Preview

Canada updates job market readings for June at 8:30amET. Canadian population growth is expected to keep filling job vacancies that remain above pre-pandemic levels. The youth category drove much of the prior month's employment gain and could require the 25+ population to step up this time. Wage growth may slip after hitting +8.4% m/m SAAR in May (chart 1). I expect the unemployment rate to keep rising as the labour force continues to grow more rapidly than employment thanks to strong population growth fed by higher immigration. Also watch hours worked for the full quarter as a Q2 GDP guide.

The range of consensus estimates is the tightest I've seen in a long time which is surprising. Everyone is in a 20–30k m/m range. Surprising because the 95% confidence interval on the change in employment is +/-57k which offers plenty of room for dispersion within the noise bands for this modest sample household survey.

### Nonfarm Payrolls Preview

Could all the gloomy headlines about the US job market's impending slow down finally get it right? I mean, seriously, I'm reading yet again this morning about how the pace of job growth is surely going to slow down this morning. Maybe it will, but consider the fact that out of the six payroll reports we've gotten since early January (hence including December's), the pace of increase in US payrolls has exceeded consensus in five of them. It's like endless warnings about GDP growth that is for sure going to crater....any moment now....and yet consensus has been stuck in a serial pattern of revising upward.

Advance labour market readings on balance point to resilient US payroll growth during June (8:30amET). The median call is for a gain of 190k. All estimates are within the noise bands around this estimate given the 90% confidence interval of +/-130k around changes in payrolls. Most of the estimates are within about 150k to 225k. Scotia's estimate is 210k. The whisper number is 185k and hence any of you who submit estimates are within the noise bands as well.

Like Canada, but to a much weaker degree and for a shorter period of time, a pick-up in US population growth is helping to fill job vacancies that edged up a bit the prior month. Here is a rundown of those readings:

- Consumer confidence jobs plentiful increased in June.
- NFIB small business hiring plans were stable.
- NFIB jobs hard to fill fell
- ADP private payrolls were up by 150k, similar to the prior month
- JOLTS job openings increased in May, either signalling more hiring appetite or less success filling openings
- Challenger job cuts fell to 49k, the lowest since December
- initial weekly jobless claims were up only a touch between nonfarm reference periods
- ISM-services-employment fell
- ISM-manufacturing-employment fell

Also watch wage growth that has been on an oscillating pattern of highs and lows over the first five months of this year (chart 2). We're due for a low if that pattern continues. Scotia's estimate for the unemployment rate—derived from the household survey—is for it to tick down to 3.9% on the expectation that the 408k drop in the household survey's measure of employment will rebound by more than the labour force's 250k drop during May. Also watch hours worked as a Q2 GDP guide.

See this past week's Global Week Ahead for more about expectations for US and Canadian job markets ([here](#)).

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.	4.69	4.71	4.75	4.30	4.33	4.38	4.33	4.36	4.40	4.51	4.53	4.56	Canada - BoC	4.75
CANADA	4.03	4.05	3.99	3.57	3.61	3.51	3.57	3.61	3.50	3.47	3.51	3.39	US - Fed	5.50
GERMANY	2.93	2.94	2.83	2.57	2.59	2.48	2.58	2.61	2.50	2.73	2.75	2.69	England - BoE	5.25
JAPAN	0.35	0.35	0.37	0.58	0.58	0.59	1.08	1.08	1.06	2.21	2.28	2.25		
U.K.	4.17	4.19	4.22	4.02	4.05	4.02	4.16	4.20	4.17	4.65	4.68	4.66		
	Spreads vs. U.S. (bps):													
CANADA	-65	-66	-76	-72	-72	-87	-77	-75	-90	-104	-102	-117	Euro zone - ECB	4.25
GERMANY	-175	-177	-192	-173	-174	-190	-175	-175	-190	-178	-177	-187	Japan - BoJ	-0.10
JAPAN	-433	-436	-439	-371	-374	-379	-325	-328	-334	-230	-225	-231		
U.K.	-52	-52	-53	-28	-28	-35	-18	-16	-23	14	16	10	Mexico - Banxico	11.00
Equities	Level						% change:							
	Last		Change		1 Day		1-wk		1-mo		1-yr			
S&P/TSX	22244		20.4		0.1		2.1		0.4		10.6		Australia - RBA	4.35
Dow 30	39308		-23.8		-0.1		0.5		1.5		14.2			
S&P 500	5537		28.0		0.5		1.1		4.6		24.3		New Zealand - RBNZ	5.50
Nasdaq	18188		159.5		0.9		2.2		7.9		31.6			
DAX	18600		149.2		0.8		2.0		0.1		16.7			
FTSE	8246		4.6		0.1		1.0		-0.0		10.8			
Nikkei	40912		-1.3		-0.0		3.4		6.3		22.7		Canada - BoC	Jul 24, 2024
Hang Seng	17800		-228.7		-1.3		0.5		-3.4		-6.9		US - Fed	Jul 31, 2024
CAC	7722		25.8		0.3		3.2		-3.6		5.6			
Commodities	Level						% change:							
WTI Crude	83.89		0.01		0.0		2.6		13.3		16.9		England - BoE	Aug 01, 2024
Natural Gas	2.34		-0.08		-3.3		-12.9		-15.2		-12.0		Euro zone - ECB	Jul 18, 2024
Gold	2363.94		7.25		0.3		1.6		6.0		23.4		Japan - BoJ	June 14, 2024
Silver	30.34		0.21		0.7		5.1		2.1		31.9			
CRB Index	294.02		1.67		0.6		0.9		2.7		12.7			
Currencies	Level						% change:							
USDCAD	1.3611		-0.0003		-0.0		-0.5		-0.6		2.5		Mexico - Banxico	Aug 08, 2024
EURUSD	1.0822		0.0010		0.1		1.0		-0.4		-0.3			
USDJPY	160.80		-0.4800		-0.3		-0.0		3.0		11.2		Australia - RBA	Aug 06, 2024
AUDUSD	0.6734		0.0008		0.1		1.0		1.3		1.2			
GBPUSD	1.2786		0.0026		0.2		1.1		-0.0		0.6		New Zealand - RBNZ	Jul 09, 2024
USDCHF	0.8989		-0.0012		-0.1		0.0		0.6		0.0			

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