

DAILY POINTS

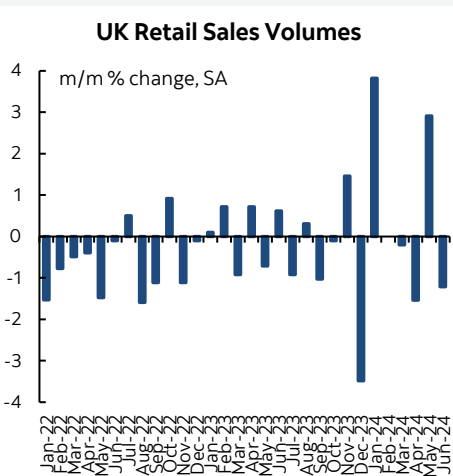
July 19, 2024 @ 7:00 EST

Contributors

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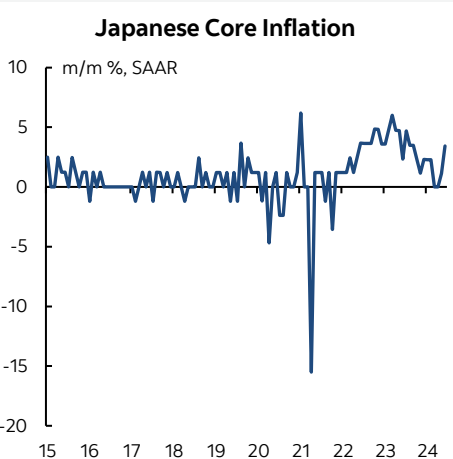
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Chart 1



Sources: Scotiabank Economics, UK ONS.

Chart 2



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

On Deck for Friday, July 19

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07-19	08:30	IPPI (m/m)	Jun	--	--	0.0
CA	07-19	08:30	Raw Materials Price Index (m/m)	Jun	--	--	-1.0
CA	07-19	08:30	Retail Sales (m/m)	May	-0.5	-0.6	0.7
CA	07-19	08:30	Retail Sales ex. Autos (m/m)	May	--	-0.5	1.8
US	07-19	10:40	Fed's Williams Speaks on Panel on Monetary Policy				
US	07-19	13:00	Fed's Bostic Gives Closing Remarks				

KEY POINTS:

- **Large scale IT outages hit multiple industries**
- **Markets are functioning well with a mild risk-off bias**
- **UK retail sales fall more than expected, trend is still going nowhere**
- **Japanese core inflation ticks up, follows timelier Tokyo gauge**
- **Canadian retail sales to be updated for May and June, inform Q2 tracking**

And this was supposed to be a dull Friday with only a handful of regional macro reports to consider. A CrowdStrike program update of its Falcon cybersecurity software messed up Microsoft Windows and is combining with Microsoft's problems with its Azure cloud service and 365 Office suite. The company says it was not a cyberattack or security issue and that a fix has been deployed, yet the damage will mess up Friday and probably beyond for a lot of folks. The effects are wreaking havoc on multiple businesses from airlines to banks, the LSE to a multitude of other types of businesses. This is being billed as the largest overall IT outage in history. Financial markets are functioning, but in mild risk-off territory with stocks down by up to ¾% in Europe, and flat S&P futures. Sovereign bond yields little changed. The dollar is broadly but modestly stronger.

UK retail sales volumes fell by more than expected in June (-1.2% m/m, -0.6% consensus) after a 2.9% prior gain (chart 1). Gilts and sterling barely noticed if at all. Weakness was broadly based. To give back a fair portion of the prior month's surge isn't especially surprising, but the smoothed trend has been moving sideways ever since the start of last year and volumes are slightly weaker than they were before the pandemic.

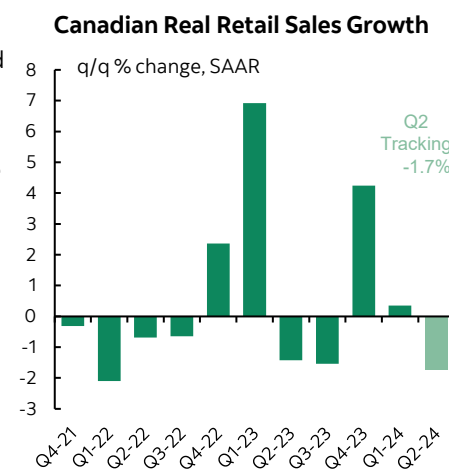
Japan's inflation rate largely followed the timelier Tokyo gauge that was released toward the end of June. National core inflation ex-food and energy ticked up to 2.2% y/y, following the Tokyo gauge's up tick and m/m continues to accelerate (chart 2). The yen and JGBs walked it off but the BoJ may not on July 31st.

Canada reports retail sales for May and June (8:30amET). Statcan previously guided that May was down -0.6% m/m SA in nominal terms based on a partial 'flash' sample but this can be subject to significant revisions. We'll also get details for May like volumes, and the flash estimate for June sans details. Volumes have been tracking poorly in Q2 (chart 3) but recall that retail sales in Canada exclude all services.

Canada also reports producer prices for June (8:30amET); the raw materials gauge reflects already known information about commodities, but watch the industrial product index for whether the flat May reading was an aberration.

The US faces no major releases and light Fed-speak (Williams 10:40amET, Bostic 1pmET).

Chart 3



Sources: Scotiabank Economics, Statistics Canada.

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.	4.47	4.47	4.45	4.12	4.12	4.10	4.20	4.20	4.18	4.42	4.42	4.40	Canada - BoC	4.75
CANADA	3.71	3.71	3.72	3.35	3.35	3.37	3.38	3.38	3.41	3.35	3.35	3.37	US - Fed	5.50
GERMANY	2.76	2.77	2.82	2.39	2.39	2.48	2.44	2.43	2.50	2.64	2.62	2.68	England - BoE	5.25
JAPAN	0.35	0.34	0.34	0.59	0.59	0.60	1.04	1.04	1.07	2.15	2.16	2.19		
U.K.	4.01	3.98	4.09	3.90	3.89	3.95	4.09	4.06	4.11	4.59	4.57	4.62		
Spreads vs. U.S. (bps):														
CANADA	-77	-77	-74	-77	-77	-73	-82	-83	-78	-107	-107	-103	Euro zone - ECB	4.25
GERMANY	-172	-171	-163	-173	-173	-163	-176	-177	-169	-178	-180	-171	Japan - BoJ	-0.10
JAPAN	-413	-413	-412	-353	-353	-351	-316	-316	-312	-227	-226	-220		
U.K.	-46	-49	-37	-22	-23	-15	-12	-14	-7	17	14	22		
Equities	Level					% change:								
	Last	Change			1 Day	1-wk	1-mo	1-yr						
S&P/TSX	22727	-124.4			-0.5	0.8	5.6	10.9				Australia - RBA		4.35
Dow 30	40665	-533.1			-1.3	2.3	4.7	16.0				New Zealand - RBNZ		5.50
S&P 500	5545	-43.7			-0.8	-0.7	1.0	21.4						
Nasdaq	17871	-125.7			-0.7	-2.3	0.1	24.5						
DAX	18228	-126.5			-0.7	-2.8	0.9	13.2						
FTSE	8166	-39.2			-0.5	-1.1	-0.5	7.6						
Nikkei	40064	-62.6			-0.2	-5.1	3.9	21.8				Canada - BoC		Jul 24, 2024
Hang Seng	17418	-360.7			-2.0	-4.8	-5.5	-8.1				US - Fed		Jul 31, 2024
CAC	7551	-36.0			-0.5	-2.2	-0.3	3.1						
Commodities	Level					% change:								
	Last	Change			1 Day	1-wk	1-mo	1-yr						
WTI Crude	82.52	-0.30			-0.4	0.4	1.2	9.5				England - BoE		Aug 01, 2024
Natural Gas	2.10	-0.03			-1.3	-9.9	-27.9	-19.4				Euro zone - ECB		Sep 12, 2024
Gold	2410.91	-34.17			-1.4	-0.0	8.1	22.0				Japan - BoJ		June 14, 2024
Silver	30.47	-0.45			-1.4	-1.8	4.6	22.4						
CRB Index	285.59	-0.47			-0.2	-1.7	-3.4	4.6						
Currencies	Level					% change:								
	Last	Change			1 Day	1-wk	1-mo	1-yr						
USDCAD	1.3715	0.0009			0.1	0.6	0.1	4.2				Mexico - Banxico		Aug 08, 2024
EURUSD	1.0885	-0.0012			-0.1	-0.2	1.3	-2.8				Australia - RBA		Aug 06, 2024
USDJPY	157.48	0.1100			0.1	-0.2	-0.4	12.8				New Zealand - RBNZ		Aug 13, 2024
AUDUSD	0.6693	-0.0013			-0.2	-1.3	0.3	-1.2						
GBPUSD	1.2923	-0.0021			-0.2	-0.5	1.6	-0.1						
USDCHF	0.8895	0.0018			0.2	-0.5	0.6	3.6						

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