

### DAILY POINTS

July 22, 2024 @ 7:20 EST

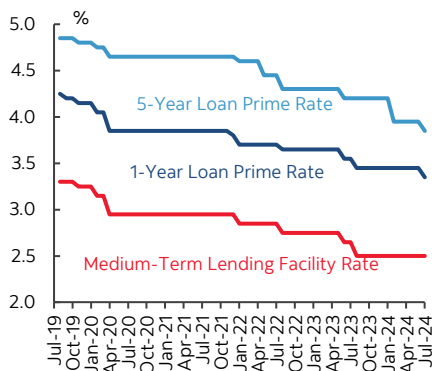
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Chart 1

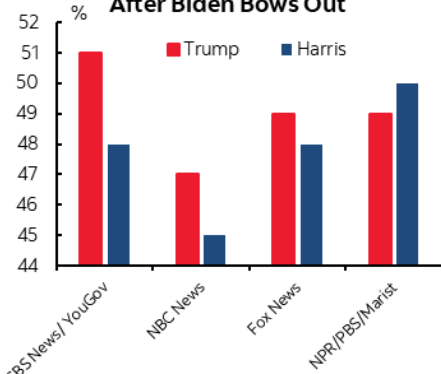
#### People's Bank of China Loan Prime Rates



Sources: Scotiabank Economics, People's Bank of China.

Chart 2

#### US Presidential First Polls After Biden Bows Out



Polls conducted between July 07 & July 21.  
 Sources: Scotiabank Economics, NBC News, CBS News, YouGov, Fox News, NPR/PBS/Marist.

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
			No Scheduled Events				

#### KEY POINTS:

- **Stocks rally as US Presidential contest reset**
- **Polls are mixed on Harris who enjoys an early lead into the August DNC**
- **Chinese equities drop despite PBOC rate cuts that have done nothing to date**
- **Nothing on tap in the US, Canada**
- **Global Week Ahead reminder**

Relatively light market developments are driving equities higher with bonds little changed so far. The US curve is very slightly bull flattening in 2s10s while MXN is among the currency leaders, but in general, there is little market reaction to Biden's decision to drop out of the US presidential race which resets the contest against 78 year-old Trump.

There is also little reaction to China's surprising and small rate cuts. The PBOC cut the 7-day and 1-month Standing Lending Facility rates by 10bps each after deciding to leave its 1-year Medium-Term Lending Facility Rate unchanged last week. That set up reductions in the 1- and 5-year Loan Prime Rates charged by Chinese banks to 3.35% and 3.85% respectively. The 5-year rate is the key benchmark for property financing markets. Chinese stocks moved lower as its rates curve bull steepened by a few basis points. The currency took the moves largely in stride. Rate cuts have totalled 75bps for the 5-year LPR and 35bps for the 1-year LPR over the past year (chart 1) and a half and have not done anything to reenergize growth in China's economy given myriad other challenges.

Now the process focuses upon picking a Democratic nominee either at the Democratic National Convention on August 19<sup>th</sup> to 22<sup>nd</sup>, or through a virtual roll call before then. Polling for alternative candidates versus Trump still put Trump in the lead including against Biden's choice of Kamala Harris, but they don't all agree and that doesn't necessarily mean anything anyway. First, polls can be wildly inaccurate. Second, Trump won in 2016 without winning the popular vote.

As a reminder, the Global Week Ahead—The Coal Miner's Central Bank was first sent Friday and is available [here](#).

#### Key topics:

- BoC expected to cut again despite rising inflation risk
- Why the BoC won't change QT
- Canada's front-end is cheap to the US
- US Q2 GDP to inform the slowing debate
- US PCE inflation may be very soft...
- ...and this time it might stick
- PMIs: EZ, UK, US, Japan, Australia
- Russian central bank expected to hike
- Turkey's central bank likely to extend pause
- US earnings season intensifies

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.	4.51	4.51	4.46	4.16	4.17	4.13	4.22	4.24	4.23	4.42	4.45	4.46	Canada - BoC	4.75
CANADA	3.73	3.72	3.69	3.35	3.36	3.36	3.37	3.39	3.41	3.35	3.38	3.40	US - Fed	5.50
GERMANY	2.79	2.78	2.80	2.42	2.42	2.45	2.46	2.47	2.47	2.65	2.66	2.66	England - BoE	5.25
JAPAN	0.35	0.35	0.34	0.60	0.59	0.60	1.06	1.04	1.07	2.18	2.15	2.19		
U.K.	4.03	4.00	4.07	3.94	3.93	3.94	4.12	4.12	4.10	4.63	4.64	4.61		
	Spreads vs. U.S. (bps):													
CANADA	-79	-79	-77	-81	-81	-77	-85	-85	-82	-107	-107	-106	Euro zone - ECB	4.25
GERMANY	-172	-173	-166	-174	-175	-169	-176	-177	-176	-177	-178	-180	Japan - BoJ	-0.10
JAPAN	-417	-417	-412	-356	-357	-354	-316	-320	-317	-225	-230	-227		
U.K.	-48	-51	-39	-21	-24	-19	-10	-12	-13	21	19	15	Mexico - Banxico	11.00
Equities	Level						% change:							
	Last			Change	1 Day	1-wk	1-mo	1-yr						
S&P/TSX	22690			-36.4	-0.2	0.1	5.3	10.4					Australia - RBA	4.35
Dow 30	40288			-377.5	-0.9	0.7	2.9	14.4					New Zealand - RBNZ	5.50
S&P 500	5505			-39.6	-0.7	-2.0	0.7	21.4						
Nasdaq	17727			-144.3	-0.8	-3.6	0.2	26.3						
DAX	18420			247.6	1.4	-0.9	1.4	13.9						
FTSE	8216			59.8	0.7	0.4	-0.3	7.2						
Nikkei	39599			-464.8	-1.2	-3.9	2.6	22.6					Canada - BoC	Jul 24, 2024
Hang Seng	17636			218.2	1.3	-2.1	-2.2	-7.5					US - Fed	Jul 31, 2024
CAC	7639			104.0	1.4	0.1	0.1	2.8						
Commodities	Level						% change:							
			Change	1 Day	1-wk	1-mo	1-yr							
WTI Crude	79.75		-0.38	-0.5	-2.6	-1.2	3.5					England - BoE	Aug 01, 2024	
Natural Gas	2.19		0.06	2.7	1.3	-19.2	-19.4							
Gold	2403.75		2.91	0.1	-0.8	7.8	22.5					Euro zone - ECB	Sep 12, 2024	
Silver	29.11		-1.37	-4.5	-5.3	-1.3	16.4					Japan - BoJ	June 14, 2024	
CRB Index	280.36		-5.23	-1.8	-3.5	-4.4	1.4							
Currencies	Level						% change:							
			Change	1 Day	1-wk	1-mo	1-yr							
USDCAD	1.3746		0.0016	0.1	0.5	0.7	4.4					Mexico - Banxico	Aug 08, 2024	
EURUSD	1.0885		0.0003	0.0	-0.1	1.4	-1.6							
USDJPY	156.72		-0.7600	-0.5	-0.8	-1.8	10.8					Australia - RBA	Aug 06, 2024	
AUDUSD	0.6662		-0.0023	-0.3	-1.4	0.1	-1.1							
GBPUSD	1.2936		0.0022	0.2	-0.2	2.0	0.8					New Zealand - RBNZ	Aug 13, 2024	
USDCHF	0.8876		-0.0013	-0.1	-0.9	-0.6	2.1							

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