

DAILY POINTS

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Contributors

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On Deck for Tuesday, July 23

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-23	10:00	Existing Home Sales (mn a.r.)	Jun	3.95	4.0	4.1
US	07-23	10:00	Existing Home Sales (m/m)	Jun	-3.9	-3.0	-0.7
US	07-23	10:00	Richmond Fed Manufacturing Index	Jul	--	-6.0	-10.0

KEY POINTS:

- **Markets are just passing time until the week’s key risks**
- **Kamala Harris could be much worse for markets...**
- **...than either Trump or Biden**
- **US earnings, home sales, Richmond on tap**
- **Turkey’s central bank remains hawkish**

There is nothing consequential by way of fresh macro developments this morning. The back half of the week will spice it up with the BoC tomorrow and then US data arrives for GDP and the Fed’s preferred inflation readings.

The main focus will be upon US earnings with UPS, GM, GE etc in the pre-market and then Alphabet and Tesla in the after-market.

The US releases existing home sales for June (10amET) and the Richmond Fed’s manufacturing index for July (10amET).

The Central Bank of Turkey held its one-week repo rate unchanged at 50% as widely expected and the hawkish sounding statement emphasized several factors that “keep inflationary pressures alive.”

**The Risks that Kamala Harris Poses**

We know many of the risks that Donald Trump poses. But what does Kamala Harris stand for in terms of considerations that could impact markets and the economy? With the caveat that the Harris of today may be different than the one who was campaigning for Democratic presidential candidate in 2019, a patchwork of what she supported then and has supported since then points to some fairly extreme views aligned with the further left voices within the Dems. Her positions make her highly vulnerable in some key swing states. She will either need to clarify her stances in a rashly conceived election platform, or she will be pushed into doing so on the fly in debates and on the campaign trail. This is an unfortunate downside to her uncontested coronation given the late timing of Biden’s withdrawal. Overall, I’m of the view that several of her key policy stances are governed more by the heart than the mind. If I’m wrong with this assessment, then she needs to speak up and articulate a different plan soon.

**Taxes:**

- In her 2020 campaign, Harris said she would fully repeal the TCJA’s corporate tax rate cut from 35% to 21% by putting it back up to 35%. Her present stance is unclear but must be clarified as it would be highly destabilizing to markets.
- It’s unclear if she supports Biden’s proposal to deal with expiring TCJA provisions by ending some, but not hiking taxes on people making <\$400k/year.
- Harris consistently supports higher taxes on upper income earners and a tax credit for lower income earners.
- In her 2020 campaign, Harris advocated taxes on stock (0.2%) and bond (0.1%) trades and a smaller tax on derivatives. The usual criticisms against a form of Tobin

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tax apply, not least of which being difficulties implementing one and pushing activity offshore. Here too her stance must be clarified or she risks only appealing to the far left.

- She has favoured raising estate taxes.
- Supports tax credits for renters and parents.
- She supports higher taxes for fossil fuel companies and pharma cos.

**Climate:**

- When she was a presidential candidate, Harris supported an eye-watering US\$10 trillion climate plan that was multiples larger than Biden's plan. How to pay for it and the macroeconomic consequences for considerations like inflation and markets were not addressed which is fairly typical of the most impractical and widest-eyed voices within the ESG crowd.
- She advocated a climate pollution fee and ending federal subsidies for fossil fuels.
- She was a key sponsor of a Green New Deal designed to achieve full reliance on 'clean' energy in ten years.
- She has previously proposed a ban on fracking.
- She appears to have since rescinded her support for a fracking ban and a costly Green New Deal but that may require clarification and these stances show her policy bias.

**Trade:**

- Harris opposes Trump's tariff proposals. That's the good news.
- The bad news? Unfortunately, she has a track record of opposing trade deals because of loosely defined 'progressive' considerations.
- She opposed the CUSMA/USMCA agreement when she was just one of 10 Senators who voted against it on environmental grounds. This could be a risk in upcoming negotiations. Canadians are gushing over her connections to the country, but her stance on trade agreements could well make her no friend to Canada.
- Harris also opposed Obama's Trans-Pacific Partnership and once again because of concern about insufficient environmental and labour regs. Biden supported it, Trump killed it.

**Geopolitical risk:**

- Harris called for an immediate ceasefire in Israel earlier this year versus Biden's support. She could be an unreliable ally to Israel.
- She backs unwavering US support for Ukraine.

**Tuition and student debt:**

- She supports forgiving student debt.
- In the past she has supported free college tuition.

**Immigration:**

- Harris advocates restrictions at the Mexico border. She supported Biden's bipartisan border security deal that Trump led opposition against for purely political reasons. She is supportive of citizenship for immigrants in the US including so-called Dreamers. She is viewed as supportive of liberal immigration goals.

**Health Care:**

- Supported a "medicare for all" bill.
- Wishes to expand the child tax credit

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.	4.50	4.52	4.42	4.15	4.17	4.07	4.23	4.25	4.16	4.45	4.47	4.37	Canada - BoC	4.75
CANADA	3.72	3.74	3.66	3.34	3.37	3.32	3.38	3.41	3.35	3.37	3.40	3.33	US - Fed	5.50
GERMANY	2.72	2.83	2.76	2.40	2.46	2.39	2.44	2.50	2.43	2.64	2.68	2.62	England - BoE	5.25
JAPAN	0.35	0.35	0.32	0.61	0.60	0.57	1.07	1.06	1.03	2.18	2.18	2.17		
U.K.	4.03	4.06	3.99	3.94	3.98	3.89	4.13	4.16	4.05	4.64	4.67	4.55		
	Spreads vs. U.S. (bps):													
CANADA	-78	-78	-76	-81	-81	-76	-85	-84	-81	-108	-107	-104	Euro zone - ECB	4.25
GERMANY	-178	-169	-166	-174	-171	-168	-179	-176	-173	-182	-179	-176	Japan - BoJ	-0.10
JAPAN	-415	-417	-410	-354	-358	-351	-316	-320	-313	-227	-229	-220		
U.K.	-47	-46	-43	-21	-19	-19	-10	-9	-11	18	20	18	Mexico - Banxico	11.00
Equities	Level						% change:							
	Last	Change			1 Day	1-wk	1-mo	1-yr						
S&P/TSX	22873	182.3			0.8	0.5	6.1	11.3					Australia - RBA	4.35
Dow 30	40415	127.9			0.3	0.5	3.2	14.7					New Zealand - RBNZ	5.50
S&P 500	5564	59.4			1.1	-1.2	1.8	22.7					Next Meeting Date	
Nasdaq	18008	280.6			1.6	-2.5	1.8	28.3					Canada - BoC	Jul 24, 2024
DAX	18578	170.8			0.9	0.3	2.3	14.8					US - Fed	Jul 31, 2024
FTSE	8183	-15.7			-0.2	0.2	-0.7	6.8					England - BoE	Aug 01, 2024
Nikkei	39594	-4.6			-0.0	-4.1	2.0	21.1					Euro zone - ECB	Sep 12, 2024
Hang Seng	17469	-166.5			-0.9	-1.5	-3.1	-6.4					Japan - BoJ	June 14, 2024
CAC	7615	-6.8			-0.1	0.5	-0.2	2.5					Mexico - Banxico	Aug 08, 2024
Commodities	Level						% change:							
WTI Crude	77.78	-0.62			-0.8	-3.7	-3.7	0.9					Australia - RBA	Aug 06, 2024
Natural Gas	2.20	-0.05			-2.3	0.5	-18.7	-18.9					New Zealand - RBNZ	Aug 13, 2024
Gold	2408.80	12.21			0.5	-2.4	8.0	22.8						
Silver	29.07	-0.04			-0.1	-5.4	-4.5	17.5						
CRB Index	283.09	2.73			1.0	-1.8	-3.5	2.4						
Currencies	Level						% change:							
USDCAD	1.3761	0.0004			0.0	0.6	0.8	4.5					Mexico - Banxico	Aug 08, 2024
EURUSD	1.0859	-0.0032			-0.3	-0.4	1.2	-1.9					Australia - RBA	Aug 06, 2024
USDJPY	156.00	-1.0400			-0.7	-1.5	-2.3	10.3					New Zealand - RBNZ	Aug 13, 2024
AUDUSD	0.6621	-0.0022			-0.3	-1.7	-0.5	-1.8						
GBPUSD	1.2912	-0.0021			-0.2	-0.5	1.8	0.6						
USDCHF	0.8913	0.0017			0.2	-0.3	-0.2	2.5						

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