

ON DECK FOR MONDAY, JUNE 21

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
US	06-21	09:45	Fed's Bullard and Kaplan Discuss Economic Outlook				
US	06-21	15:00	Fed's Williams Speaks at Banking Conference				

CONTACTS

Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

KEY POINTS:

- Little follow through on last week's market sentiment
- No developments on tap to start the week
- Global COVID-19 new cases continue to push lower

Please see the Global Week Ahead—The Fed's Reaction to the Market Reaction ([here](#)). Key developments that are covered include:

- The Fed's reaction to the markets
- What's driving bond markets redux
- Fed's stress tests
- CBs: BoE, Banxico, PBOC, BoT, BSP
- PMIs: EZ, UK, US (Markit), Japan, Australia
- US PCE, consumers, housing, investment
- Canadian retail sales

INTERNATIONAL

It's a very quiet start to the week with nothing material by way of fresh developments on overnight calendars and nothing expected today. We'll just get some Fed- and ECB-speak a little later on. The Fed's Bullard and Kaplan (9:45amET), the Fed's Williams (3pmET) and the ECB's Lagarde (10:15amET) offer a light line-up of expected developments.

Whether Fed officials were surprised by the post-FOMC market reaction or not may be the subject of some comments. The initial reaction right after communications was about what one would have expected. Since then, curve flattening is the subject of a lot of speculation over the causes and I wrote about the various drivers in the week ahead.

There is no follow through on that trade from the back half of last week as we enter a new week. The US Ts curve is pretty flat and with 30s up 1–2bps. The dollar is depreciating. Stocks are a bit higher with futures up ¼%–½% and European cash markets ranging from down ¼% in London to up ¼%% of so elsewhere. This followed the selloff in overnight Asian markets that I think was just catch-up to how last week ended.

GLOBAL COVID-19 NEW CASES

As usual, we start the week with a review of the trends in new COVID-19 cases across the world as captured in the accompanying suite of charts and the following observations:

- Europe: All regions continue to push lower except for the relatively mild rise in the UK over the past couple of weeks.
- Latin America: Some improvement has been recorded recently across multiple countries except for Brazil. New cases per capita still remain high in Argentina, Colombia, Brazil and Chile.
- Asia-Pacific: India's new cases continue to drop but data quality issues may be persisting. Malaysia's cases are trending lower while other countries' case trends are low and relatively stable.
- Middle East: UAE has the highest new case rate in the region but all countries are generally stable.
- US: New case rates are toward the lowest of the pandemic across the US and all Census regions.
- Canada: New case rates continue to decline and are approaching the low levels before last Fall's second wave. All provinces are recording improvements with rapid declines in new case rates.

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.	0.26	0.26	0.16	0.88	0.88	0.78	1.44	1.44	1.50	2.03	2.02	2.18	Canada - BoC	0.25
CANADA	0.44	0.44	0.32	0.96	0.95	0.84	1.37	1.36	1.39	1.80	1.79	1.95	US - Fed	0.25
GERMANY	-0.66	-0.67	-0.67	-0.59	-0.59	-0.62	-0.20	-0.20	-0.25	0.27	0.25	0.31	England - BoE	0.10
JAPAN	-0.11	-0.12	-0.12	-0.10	-0.10	-0.11	0.05	0.06	0.04	0.68	0.68	0.66		
U.K.	0.13	0.13	0.07	0.38	0.38	0.31	0.75	0.75	0.74	1.21	1.21	1.28		
	Spreads vs. U.S. (bps):													
CANADA	18	18	17	7	8	6	-7	-8	-11	-22	-22	-24	Euro zone - ECB	0.00
GERMANY	-93	-92	-83	-147	-146	-140	-164	-164	-175	-176	-176	-188	Japan - BoJ	-0.10
JAPAN	-37	-37	-27	-98	-97	-89	-139	-138	-145	-135	-133	-153		
U.K.	-13	-13	-9	-51	-50	-47	-69	-69	-75	-82	-81	-91	Mexico - Banxico	4.00
Equities	Level						% change:							
	Last			Change	1 Day	1-wk	1-mo	1-yr						
S&P/TSX	20000			-144.5	-0.7	-0.8	2.4	29.2					Australia - RBA	0.10
Dow 30	33290			-533.4	-1.6	-3.4	-2.7	28.7					New Zealand - RBNZ	0.25
S&P 500	4166			-55.4	-1.3	-1.9	0.3	34.5						
Nasdaq	14030			-131.0	-0.9	-0.3	4.2	41.1						
DAX	15508			60.3	0.4	-1.1	0.5	25.8						
FTSE	7010			-7.4	-0.1	-1.9	-0.1	11.4						
Nikkei	28011			-953.2	-3.3	-3.9	-1.1	24.8					Canada - BoC	Jul 14, 2021
Hang Seng	28489			-312.3	-1.1	-1.2	0.1	16.2					US - Fed	Jul 28, 2021
CAC	6569			0.2	0.0	-0.7	2.9	31.9						
Commodities	Level						% change:							
			Change	1 Day	1-wk	1-mo	1-yr							
WTI Crude	71.77		0.13	0.2	1.3	12.9	80.6					England - BoE	Jun 24, 2021	
Natural Gas	3.18		-0.04	-1.2	-5.2	9.4	90.4					Euro zone - ECB	Jul 22, 2021	
Gold	1783.78		19.62	1.1	-4.4	-5.2	2.3					Japan - BoJ	Jul 16, 2021	
Silver	26.39		-0.21	-0.8	-6.2	-7.3	49.8							
CRB Index	205.86		1.62	0.8	-3.0	2.5	49.2							
Currencies	Level						% change:							
			Change	1 Day	1-wk	1-mo	1-yr							
USDCAD	1.2416		-0.0049	-0.4	2.2	2.9	-8.2					Mexico - Banxico	Jun 24, 2021	
EURUSD	1.1891		0.0027	0.2	-1.9	-2.4	5.6							
USDJPY	110.10		-0.1100	-0.1	0.0	1.0	3.0					Australia - RBA	Jul 06, 2021	
AUDUSD	0.7519		0.0040	0.5	-2.5	-2.8	8.8							
GBPUSD	1.3888		0.0078	0.6	-1.6	-1.9	11.4					New Zealand - RBNZ	Jul 13, 2021	
USDCHF	0.9212		-0.0004	-0.0	2.4	2.6	-2.8							

Chart 1

Trend in European Daily Cases

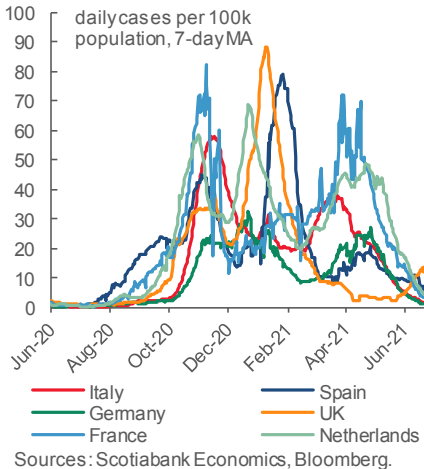


Chart 2

Trend in European Daily Cases

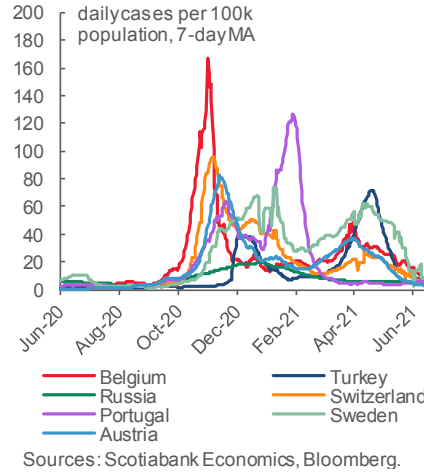


Chart 3

Trend in Latin American Daily Cases

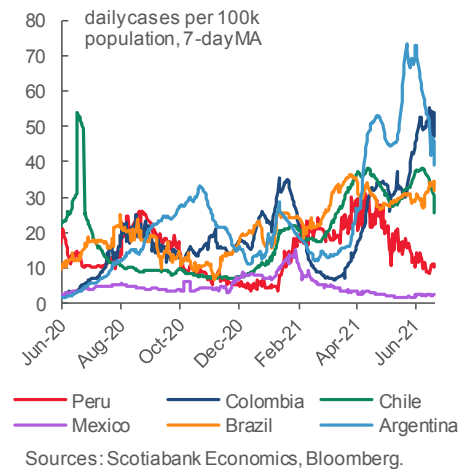


Chart 4

Trend in Asia Pacific Daily Cases

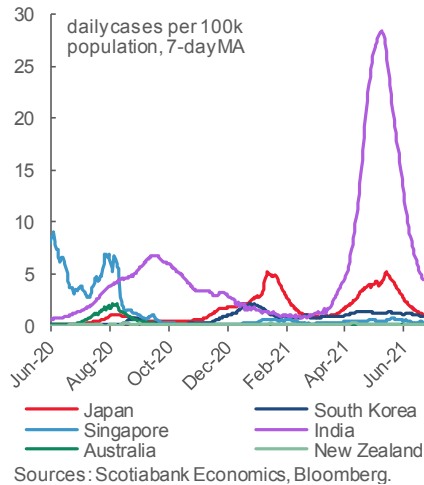


Chart 5

Trend in Asia Pacific Daily Cases

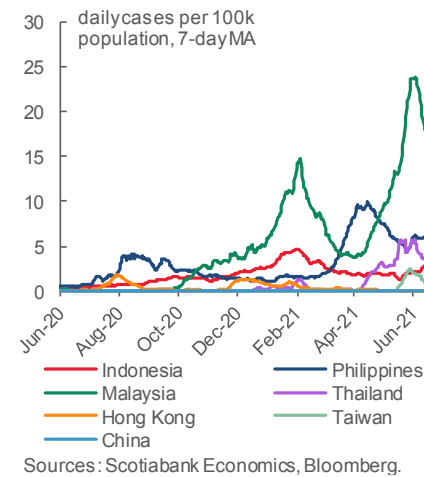


Chart 6

Trend in Middle Eastern Daily Cases

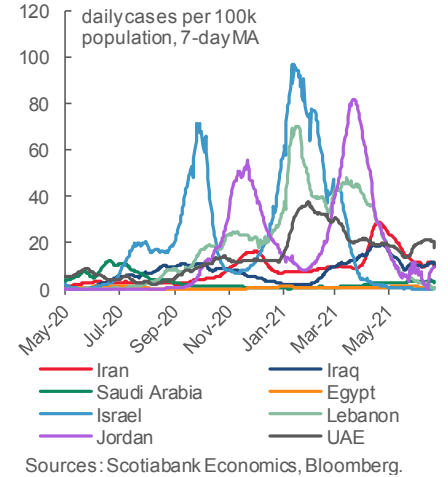


Chart 7

Trend in US Daily New Cases

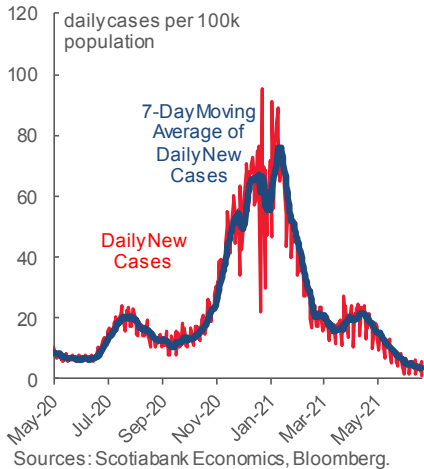


Chart 8

Daily Cases Trend in US Regions

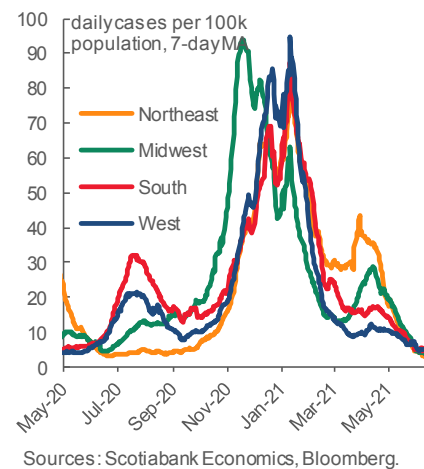


Chart 9

Canadian Trend in New Cases

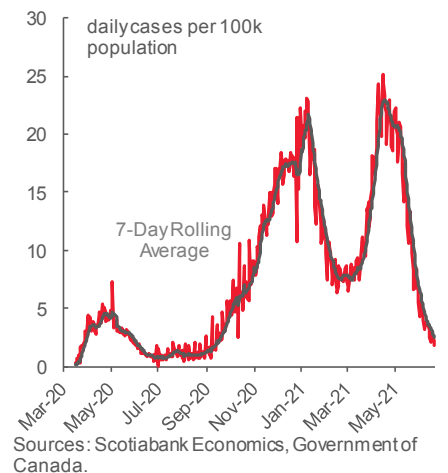
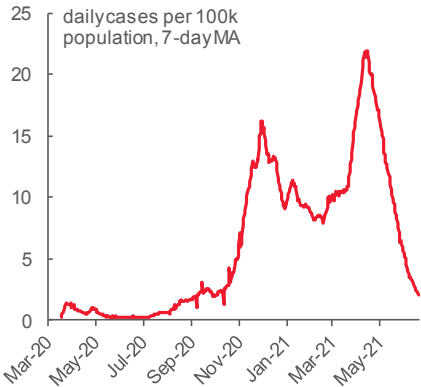


Chart 10

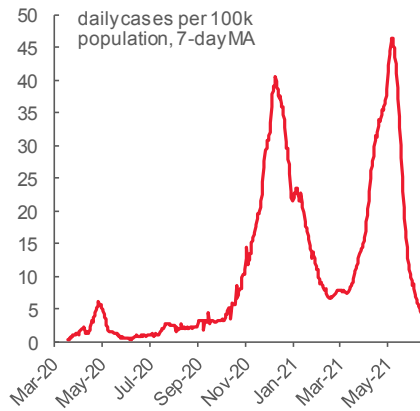
British Columbia Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 11

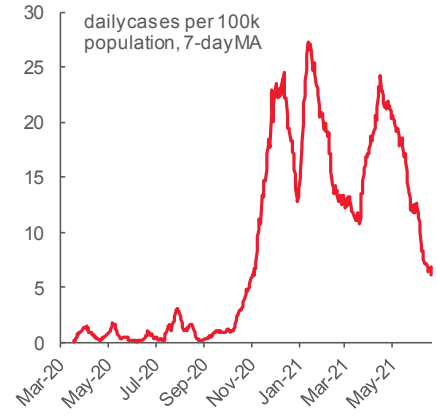
Alberta Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 12

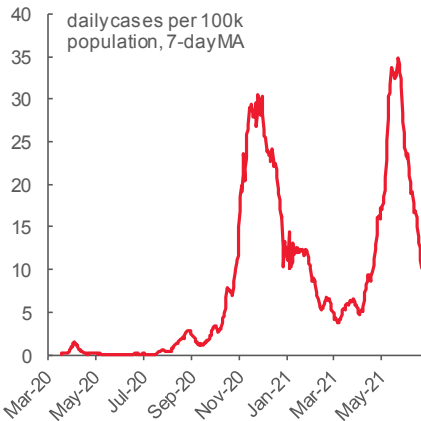
Saskatchewan Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 13

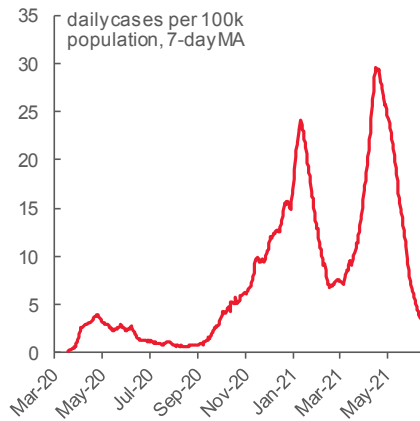
Manitoba Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 14

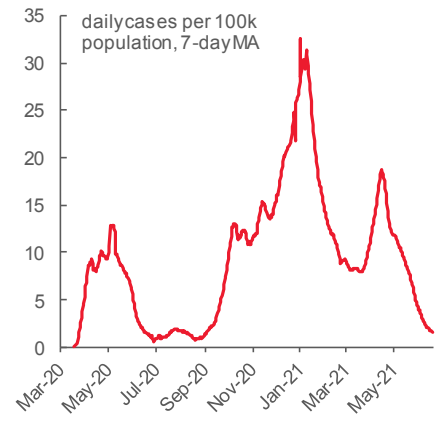
Ontario Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 15

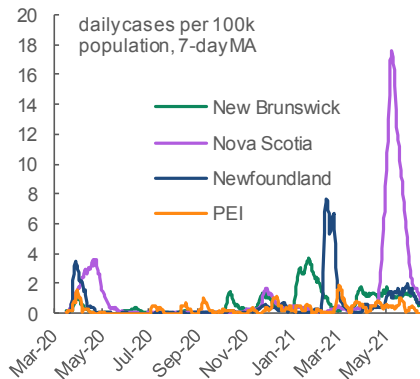
Quebec Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 16

Atlantic Provinces Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

TM Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia’s regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V, Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.