

Contributors

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On Deck for Monday, May 15

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	05-15	08:15	Housing Starts (000s a.r.)	Apr	225	220.0	213.9
CA	05-15	08:30	Wholesale Trade (m/m)	Mar	-0.4	-0.4	-1.7
US	05-15	08:30	Empire State Manufacturing Index	May	--	-4.0	10.8
US	05-15	08:45	Fed's Bostic Has Opening Remarks at Financial Markets				
CA	05-15	09:00	Existing Home Sales (m/m)	Apr	--	--	1.4
US	05-15	09:15	Fed's Kashkari Takes Part in a Moderated Discussion				
US	05-15	16:00	Total Net TIC Flows (US\$ bn)	Mar	--	--	28.0
US	05-15	16:00	Net Long-term TIC Flows (US\$ bn)	Mar	--	--	71.0

KEY POINTS:

- **Markets in mild risk-off mode**
- **Turkish lira slips after first round election**
- **Thai baht rallies after weekend election**
- **Minor US, CDN releases on tap**
- **Hawkish Fed-speak with more on tap today**
- **Global Week Ahead**

As a reminder, please see the Global Week Ahead—It's Only Natural [here](#) in publication format and [here](#) in slide deck format.

Key topics:

- Markets are getting more nervous about the debt ceiling
- The Fed's neutral rate
- Canadian inflation is likely to remain sticky
- Banxico expected to pause
- PBoC on cut watch
- BSP may hold
- UK job markets driving wage pressures
- Australian wage growth expected to increase
- A prudent NZ budget?
- Japanese inflation to rise again
- US, CDN consumer updates
- BoC's financial stability assessment
- Out with Erdogan?
- Other global macro

We're starting off a new trading week with a mild risk-on bias across asset classes but with little beyond vague hope serving as the catalyst. US and Canadian equity futures are gently higher along with European cash markets. Sovereign bonds are cheaper by a few basis points across countries and maturities. The dollar is ever so slightly weaker on a DXY basis.

Overnight developments were very light. Weekend talks restored plans to hold a debt ceiling meeting tomorrow after Friday's talks were cancelled; don't hold your breath for anything in the near term.

The PBoC met expectations by holding its 1-year Medium-Term Lending Facility Rate unchanged at 2.75% (only Bloomberg expected a cut). Destabilizing the yuan amid uncertainty toward the Fed's next steps continues to hold back the PBoC despite basically never hitting its 3% inflation target that lacks credibility. If you had to pick one central bank that has shown the least interest in its inflation target over time then the PBoC would top the list.

Turks have a chance to boot Erdogan and his ruinous macroeconomic policies, but the vote may be too close—albeit favouring Erdogan so far—and so a runoff will be held on May 28th. The thoroughly debased lira is mildly weaker so far this morning. If Erdogan ultimately wins, then the lira is destined to collapse again and Turks will have blown their chance in an updated version of how you get what you voted for.

The Thai baht is among the winners following Thailand's election in which pro-democracy elements made strong gains amid uncertainty over whether they will succeed in forming a coalition government against the military government.

The N.A. calendar will be light today with just a few relatively minor releases and Fed-speak throughout the day. Recall that on Friday evening both Bullard and Fed Governor and Vice Chair nominee Philip Jefferson delivered hawkish remarks. Today we'll hear from Atlanta Fed President Bostic four times (7:30amET, 8:45, 2pm and 3pm), plus Chicago's Goolsbee (8:30amET), Minneapolis President Kashkari (9:15amET) and Governor Cook (5pmET). Canada will update housing starts (8:15amET) and existing home sales (9amET) for the month of April plus wholesale trade for March (8:30amET). The US updates the Empire manufacturing gauge for May (8:30amET).

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.	4.00	3.99	4.00	3.47	3.45	3.49	3.48	3.47	3.51	3.80	3.79	3.82	Canada - BoC	4.50
CANADA	3.76	3.73	3.77	3.04	3.01	3.09	2.93	2.88	2.98	3.02	2.98	3.12	US - Fed	5.25
GERMANY	2.61	2.59	2.62	2.25	2.22	2.27	2.30	2.28	2.32	2.49	2.46	2.49	England - BoE	4.50
JAPAN	-0.05	-0.05	-0.03	0.11	0.11	0.12	0.41	0.39	0.42	1.26	1.25	1.28	Euro zone - ECB	3.75
U.K.	3.81	3.80	3.79	3.61	3.60	3.59	3.79	3.78	3.78	4.22	4.22	4.18	Japan - BoJ	-0.10
	Spreads vs. U.S. (bps):													
CANADA	-24	-26	-23	-42	-44	-40	-56	-59	-53	-79	-81	-71	Mexico - Banxico	11.25
GERMANY	-139	-140	-138	-122	-123	-122	-118	-119	-119	-131	-133	-133	Australia - RBA	3.85
JAPAN	-405	-404	-404	-335	-334	-337	-308	-308	-309	-254	-254	-255	New Zealand - RBNZ	5.25
U.K.	-19	-19	-21	14	15	10	30	31	27	42	43	36		
Equities	Level						% change:						Next Meeting Date	
	Last	Change		1 Day	1-wk	1-mo	1-yr							
S&P/TSX	20420	2.0		0.0	-0.8	-0.8	1.6						Canada - BoC	Jun 07, 2023
Dow 30	33301	-8.9		-0.0	-1.1	-1.7	3.4						US - Fed	Jun 14, 2023
S&P 500	4124	-6.5		-0.2	-0.3	-0.3	2.5						England - BoE	Jun 22, 2023
Nasdaq	12285	-43.8		-0.4	0.4	1.3	4.1						Euro zone - ECB	Jun 15, 2023
DAX	15957	43.1		0.3	0.0	0.9	13.8						Japan - BoJ	Jun 16, 2023
FTSE	7793	38.1		0.5	0.2	-1.0	5.0							
Nikkei	29626	238.0		0.8	2.3	4.0	12.1							
Hang Seng	19971	343.9		1.8	-1.6	-2.3	0.4							
CAC	7453	37.8		0.5	0.2	-0.9	17.1							
Commodities	Level						% change:							
WTI Crude	70.26	0.22		0.3	-4.0	-14.9	-36.4						England - BoE	Jun 22, 2023
Natural Gas	2.32	0.06		2.5	3.8	9.9	-69.7						Euro zone - ECB	Jun 15, 2023
Gold	2013.10	2.33		0.1	-0.4	0.4	11.1						Japan - BoJ	Jun 16, 2023
Silver	23.86	-1.03		-4.1	-7.7	-5.1	13.7							
CRB Index	257.92	-0.06		-0.0	-1.4	-6.6	-16.4							
Currencies	Level						% change:							
USDCAD	1.3507	-0.0043		-0.3	1.0	0.8	5.1						Mexico - Banxico	May 18, 2023
EURUSD	1.0876	0.0027		0.2	-1.2	-0.5	4.2						Australia - RBA	Jun 06, 2023
USDJPY	136.16	0.4600		0.3	0.8	1.3	5.4						New Zealand - RBNZ	May 23, 2023
AUDUSD	0.6685	0.0039		0.6	-1.4	-0.2	-4.1							
GBPUSD	1.2506	0.0048		0.4	-0.9	1.1	1.5							
USDCHF	0.8963	-0.0012		-0.1	0.8	-0.3	-10.6							

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