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Chart 1

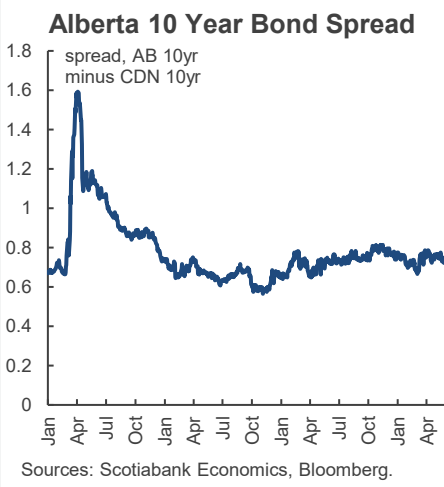
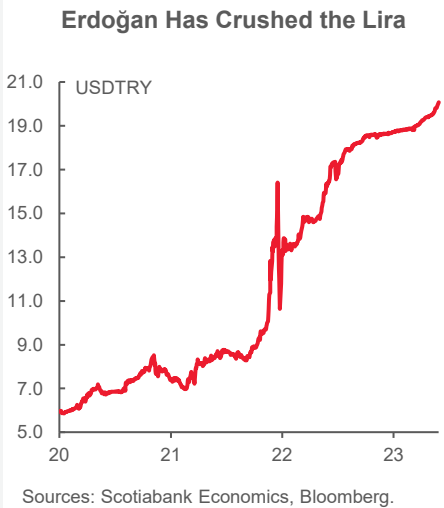


Chart 2



Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	05-29	10:00	Alberta Election Results				

KEY POINTS:

- **Subdued global market reaction to US debt ceiling deal**
- **US, UK markets shut for holidays**
- **Albertans head to the polls today**
- **Turkish lira falls as Erdoğan’s ruinous economic policies to continue**
- **This week’s main focal points**

Global market action is subdued given that both the US (Memorial Day) and London (Spring Bank Holiday) are out today. The main driver of a mild risk-on bias is the tentative achievement of a debt ceiling deal that still faces significant hurdles. There are no calendar-based developments to consider.

Market reaction to the weekend achievement of a possible debt ceiling deal is quite mild so far. US equity futures are up by about ¼% while TSX futures are flat and European benchmarks are mostly flat. With trading in US Treasuries and gilts out of commission for the day, EGB yields are falling across maturities and countries. The dollar is little changed as gainers including the A\$, yen, Swiss franc, CAD and MXN are offset by little changed European crosses.

Why such a subdued reaction to the US debt ceiling deal? It could be because the deal still has to pass votes in the House perhaps on Wednesday, and then the Senate. There could be all manner of antics that get in the way of passing it before Yellen’s revised June 5<sup>th</sup> deadline. It could also be because a deal reinforces the risk of further Fed tightening. We may also get a clearer reaction when US and UK traders return tomorrow.

Nevertheless, a debt ceiling deal is likely to pass and in a way that meets base case expectations by punting the issues until after the 2024 Presidential election by suspending the ceiling until January 2025 along with spending caps. If passed this week or by early next week, then the issue will have been swept aside in time for all major June central bank meetings including the Fed and BoC decisions.

Albertans head to the polls today to choose between granting another term in office to the big-spending incumbent United Conservative Party and its undisciplined leader Danielle Smith or veering to the left-leaning NDP and its leader Rachel Notley. Polls close at 8pmMDT (10pmET). The UCP is leading in the polls with the latest poll indicating the UCP has support of 52% of decided voters versus the NDP at 44% but with about 20% still undecided. When translated into seat projections, the UCP is expected to win a majority with 51 out of 87 seats. Results will begin to become available shortly after polls shut and with about 750k advance voters setting a record. Alberta’s 10-year spread over Canada has been holding steady throughout the campaign (chart 1).

The Turkish lira is depreciating again (chart 2) after Recep Erdoğan won the second-round runoff yesterday to extend his rule along with the era of his ruinous economic policies and his country’s status as a rather two-faced ally. To call it a fair election would be a stretch to say the least. The country faces rising risk of a further currency crisis amid weak investor confidence.

For the week ahead, the main focal points will include monitoring passage of the debt ceiling deal, Friday’s US nonfarm payrolls and wages, Canadian GDP for Q1, March and the preliminary April reading on Wednesday, China’s state PMIs for May tomorrow night, and Eurozone CPI for May on Thursday with country CPI estimates starting the day before.

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.	4.56	4.56	4.32	3.93	3.93	3.76	3.80	3.80	3.72	3.96	3.96	3.97	Canada - BoC	4.50
CANADA	4.30	4.29	4.00	3.57	3.57	3.30	3.33	3.33	3.13	3.29	3.29	3.15	US - Fed	5.25
GERMANY	2.89	2.94	2.81	2.47	2.56	2.45	2.44	2.54	2.46	2.57	2.67	2.63	England - BoE	4.50
JAPAN	-0.06	-0.06	-0.06	0.10	0.11	0.11	0.44	0.42	0.39	1.26	1.26	1.23	Euro zone - ECB	3.75
U.K.	4.49	4.56	3.96	4.28	4.33	3.82	4.33	4.37	4.00	4.64	4.65	4.41	Japan - BoJ	-0.10
	Spreads vs. U.S. (bps):													
CANADA	-26	-27	-32	-36	-36	-47	-47	-47	-59	-67	-67	-81	Mexico - Banxico	11.25
GERMANY	-168	-162	-151	-146	-137	-131	-136	-126	-126	-139	-129	-133	Australia - RBA	3.85
JAPAN	-462	-463	-437	-382	-382	-366	-336	-338	-332	-270	-270	-274	New Zealand - RBNZ	5.50
U.K.	-7	-1	-36	35	40	6	54	57	28	68	69	45		
Equities	Level						% change:							
	Last			Change	1 Day	1-wk	1-mo	1-yr						
S&P/TSX	19920			146.2	0.7	-2.1	-3.5	-4.0					Canada - BoC	Jun 07, 2023
Dow 30	33093			328.7	1.0	-1.0	-2.9	-0.4					US - Fed	Jun 14, 2023
S&P 500	4205			54.2	1.3	0.3	0.9	1.1					England - BoE	Jun 22, 2023
Nasdaq	12976			277.6	2.2	2.5	6.1	7.0					Euro zone - ECB	Jun 15, 2023
DAX	15967			-17.4	-0.1	-1.6	0.3	10.4					Japan - BoJ	Jun 16, 2023
FTSE	7627			56.3	0.7	-1.7	-3.1	0.6					Mexico - Banxico	Jun 22, 2023
Nikkei	31234			317.2	1.0	0.5	8.2	14.1					Australia - RBA	Jun 06, 2023
Hang Seng	18551			-195.8	-1.0	-4.6	-6.8	-12.2					New Zealand - RBNZ	Jul 11, 2023
CAC	7312			-7.6	-0.1	-2.2	-2.4	12.2						
Commodities	Level						% change:							
WTI Crude	72.52			-0.15	-0.2	0.7	-5.5	-37.0						
Natural Gas	2.44			0.02	1.0	1.7	1.2	-72.0						
Gold	1945.47			-0.99	-0.1	-1.3	-2.2	4.9						
Silver	23.15			0.14	0.6	-2.2	-6.9	5.8						
CRB Index	260.70			2.21	0.9	-0.5	-2.8	-18.7						
Currencies	Level						% change:							
USDCAD	1.3597			-0.0018	-0.1	0.7	0.4	7.4						
EURUSD	1.0718			-0.0005	-0.0	-0.9	-2.4	-0.6						
USDJPY	140.27			-0.3300	-0.2	1.2	2.0	9.9						
AUDUSD	0.6542			0.0025	0.4	-1.7	-1.3	-9.1						
GBPUSD	1.2347			0.0003	0.0	-0.7	-1.2	-2.4						
USDCHF	0.9033			-0.0024	-0.3	0.6	0.9	-5.6						

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