

DAILY POINTS

May 7, 2024 @ 6:50 EST

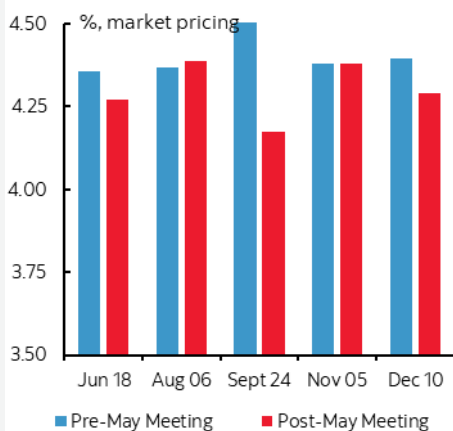
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Chart 1

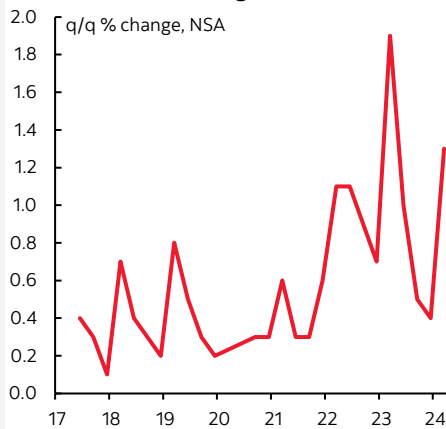
RBA Sounded A Bit Dovish



Sources: Scotiabank Economics, Bloomberg.

Chart 2

France Wage Growth



Sources: Scotiabank Economics, French Labor Office.

On Deck for Tuesday, May 7

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05-07	11:30	Fed's Kashkari Participates in Fireside Chat				
US	05-07	13:20	Fed's Kashkari Speaks on Bloomberg TV				
US	05-07	15:00	Consumer Credit (US\$ bn m/m)	Mar	--	15.0	14.1

KEY POINTS:

- **Post-RBA Aussie and returning UK rates outperform**
- **RBA tamps down hike talk, for now; markets reduce hike pricing**
- **French wages posted a hot gain on the path to the June ECB meeting**
- **BoJ's Ueda flags yen concerns; the yen shrugged**
- **German macro readings were mixed**
- **Quiet in N.A.**

Bonds and equities are richening again this morning. Japan, the UK, Latam markets and SK are all catching up after a day off and so discount some of the global moves accordingly and this factor is the main driving force behind outperforming gilts. Australia's front end is nevertheless the star pupil after the RBA. Oil prices are a volatile on—what else—Middle East tensions.

The RBA held as widely expected and relative to market pricing sounded somewhat dovish. The A\$ depreciated and the Australian front end rallied with 2s about 10bps dearer post-decision. Markets reduced priced for hike risk by the September meeting (chart 1). The Board discussed hiking but decided that the current policy rate is restrictive enough. Governor Bullock noted that they are prepared to hike again if needed.

BOJ Governor Ueda sounded somewhat hawkish over yen weakness overnight. He said "In general on foreign exchange rates, they can potentially have a large impact on the economy and prices, so I confirmed that the Bank of Japan will closely monitor the recent yen's weakness in conducting policy,". His comments did not really do much to influence the yen and if anything it weakened in the immediate aftermath perhaps as the remarks following a meeting with Japan's PM indicated lower risk of further currency intervention.

French wages kicked off the Eurozone's focus upon key seasonal collective bargaining wage figures ahead of the June ECB meeting. The 1.3% q/q SA nonannualized reading was the second hottest of the pandemic era behind last year's Q1 reading of 1.9% (chart 2). This pace of increase net of poor productivity growth adds to inflation risk. French payrolls posted a small gain of 0.2% q/q in Q1.

Oil prices are volatile but generally little changed so far this morning. Israel rejected the proposal from Hamas yesterday and then pounded Rafah overnight. Israel seems determined to cast aside international concerns in order to eradicate the last enclave of Hamas soldiers.

German macro reports were mixed. Factory orders fell by -0.4% m/m in March (consensus +0.4%) and the prior month was revised sharply lower (-0.8% m/m instead of +0.2%). German exports were up 0.9% m/m (consensus 0.3%) and the prior month's large 2% m/m drop was revised a little higher to -1.6%.

There is nothing material on tap into the N.A. session in either the US or Canada.

Fixed Income	Government Yield Curves (%):												Central Banks	
U.S. CANADA GERMANY JAPAN U.K. CANADA GERMANY JAPAN U.K.	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		
	4.81	4.83	5.04	4.46	4.49	4.72	4.46	4.49	4.68	4.61	4.64	4.78	Canada - BoC	5.00
	4.15	4.16	4.29	3.66	3.68	3.80	3.61	3.65	3.75	3.51	3.55	3.62	US - Fed	5.50
	2.90	2.91	3.03	2.47	2.49	2.62	2.44	2.47	2.58	2.56	2.60	2.69		
	0.28	0.29	0.29	0.47	0.49	0.48	0.87	0.90	0.88	1.98	1.99	1.95		
	4.32	4.36	4.51	4.04	4.10	4.25	4.14	4.22	4.35	4.62	4.70	4.79	England - BoE	5.25
	Spreads vs. U.S. (bps):													
	-66	-67	-74	-80	-80	-91	-84	-84	-93	-110	-108	-116	Euro zone - ECB	4.50
	-191	-192	-200	-199	-200	-210	-202	-202	-210	-205	-204	-209	Japan - BoJ	-0.10
-453	-454	-475	-399	-400	-424	-358	-359	-380	-263	-265	-284			
-49	-48	-53	-42	-38	-47	-31	-27	-33	2	6	0			
Equities	Level						% change:						Mexico - Banxico	11.00
	Last			Change			1 Day	1-wk	1-mo	1-yr			Australia - RBA	4.35
S&P/TSX	22259			312.1			1.4	1.1	-0.0	8.4			New Zealand - RBNZ	5.50
Dow 30	38852			176.6			0.5	1.2	-0.1	15.4			Next Meeting Date	
S&P 500	5181			52.9			1.0	1.3	-0.5	25.3			Canada - BoC	Jun 05, 2024
Nasdaq	16349			192.9			1.2	2.3	0.6	33.6			US - Fed	Jun 12, 2024
DAX	18307			131.4			0.7	1.0	0.7	14.7			England - BoE	May 09, 2024
FTSE	8298			84.2			1.0	1.8	4.9	6.7			Euro zone - ECB	Jun 06, 2024
Nikkei	38835			599.0			1.6	3.2	-1.6	33.2			Japan - BoJ	June 14, 2024
Hang Seng	18479			-98.9			-0.5	4.1	10.5	-7.8			Mexico - Banxico	May 09, 2024
CAC	8024			27.1			0.3	-0.5	-0.5	7.9			Australia - RBA	May 07, 2024
Commodities	Level						% change:						New Zealand - RBNZ	May 21, 2024
WTI Crude	78.22			-0.26			-0.3	-4.5	-10.0	9.6				
Natural Gas	2.18			-0.01			-0.6	9.6	22.2	2.1				
Gold	2315.18			-8.79			-0.4	1.3	3.8	14.8				
Silver	26.50			0.27			1.0	-4.1	1.0	5.0				
CRB Index	287.61			1.10			0.4	-2.6	-3.4	9.9				
Currencies	Level						% change:							
USDCAD	1.3682			0.0016			0.1	-0.7	0.8	2.3			Canada - BoC	Jun 05, 2024
EURUSD	1.0766			-0.0003			-0.0	0.9	-0.9	-2.2			US - Fed	Jun 12, 2024
USDJPY	154.51			0.5900			0.4	-2.1	1.8	14.4			England - BoE	May 09, 2024
AUDUSD	0.6602			-0.0023			-0.3	2.0	-0.0	-2.7			Euro zone - ECB	Jun 06, 2024
GBPUSD	1.2540			-0.0022			-0.2	0.4	-0.9	-0.6			Japan - BoJ	June 14, 2024
USDCHF	0.9077			0.0014			0.2	-1.3	0.3	2.0			Mexico - Banxico	May 09, 2024

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