

DAILY POINTS

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Contributors

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On Deck for Monday, June 3

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	06-03	09:00	Total Vehicle Sales (mn a.r.)	May	16.0	15.8	15.7
US	06-03	10:00	Construction Spending (m/m)	Apr	0.2	0.2	-0.2
US	06-03	10:00	ISM Manufacturing Index	May	49.5	49.6	49.2

KEY POINTS:

- **Stocks, bonds have richening bias to start a fresh week**
- **Most of the week's developments unfold in the back half**
- **Markets are frowning upon Mexico's election results...**
- **...but gleefully welcoming India's polling estimates ahead of official results**
- **Oil prices largely shaking off OPEC+ surprise**
- **US to update ISM-manufacturing, vehicle sales, construction spending**
- **Canada to update manufacturing PMI**
- **Global Week Ahead reminder**

While most of the week's action will unfold over the back half of the week, there are several noteworthy macro drivers to consider this morning. Elections in Mexico and India are having opposite market effects, oil prices are barely reacting to the OPEC+ meeting and US data lies ahead. Stocks are mostly higher across the major exchanges, sovereign bonds have a small richening bias, and the USD is little changed.

Peso Sinks on Mexican Election Outcome

Well, one of North America's elections over the next 17 months is over and the electorate decided to grant a leftist administration broader support. The Mexican peso is frowning upon the outcome of the election and is about 2% weaker to the dollar so far this morning. Claudia Sheinbaum won the Presidency by an estimated 30 percentage points, and with her associates appear to have won a super majority in the lower house and senate. Expansionist fiscal policy, sector-specific risks and constitutional changes are at stake.

Indian Stocks Soar as Polling Indicates Strong Modi Victory

Indian markets were much more welcoming toward polls that are indicating Narendra Modi and his Bharatiya Janata Party alliance will win a majority when the official results of the weeks-long vote arrive tomorrow. Indian stocks advanced by over 3% and the rupee appreciated a touch. Stocks like it because Modi is perceived to be relatively friendlier toward markets than others and because of the magnitude of victory that may make it more possible to advance needed reforms. A risk concerns the need to keep Modi's autocratic tendencies in check.

Oil Prices Shake Off OPEC+ Supply Surprise

Oil prices are taking the weekend OPEC+ virtual meeting in stride so far. WTI and Brent are little changed despite the potential addition of supply. The dysfunctional oligopoly extended production cuts as expected, but what was unexpected was the announcement that the cuts would be gradually phased out starting in October.

US Macro Updates on Tap

The US will update several readings today with the main one being ISM-manufacturing for May (10amET). It is expected to barely remain in contraction territory and also watch the prices paid measure.

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US vehicle sales for May land later this afternoon as industry guidance points toward a modest rise toward 16 million SAAR based on sampling skewed toward the first 16 selling days of the month's total of 26 selling days. That level has not been breached since May 2021. Also watch construction spending for April (10amET).

Canada updates the manufacturing PMI for May this morning (9:30amET) after signalling modest contraction of late.

As a reminder, please see the *Global Week Ahead—Can Macklem Keep his Word?* It should be in your inboxes or the general public version is [here](#). There is no chart deck version this week.

Key topics:

- Will the BoC cut or hold? The cases for both & expectations
- ECB expected to begin easing—but should it?
- Will Canada's jobs boom continue?
- Temps are swamping the Canadian summer job market
- US payrolls may be looking a tad Canadian
- Mexico's election primer
- RBI expected to hold
- OPEC+ meeting probably won't rock the boat
- Global macro

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		
	4.86	4.87	4.95	4.48	4.51	4.53	4.47	4.50	4.47	4.62	4.65	4.57	Canada - BoC	5.00
	4.18	4.27	4.23	3.68	3.76	3.68	3.63	3.70	3.60	3.48	3.55	3.44	US - Fed	5.50
	3.07	3.10	3.04	2.67	2.71	2.61	2.63	2.66	2.55	2.76	2.78	2.67		
	0.40	0.41	0.35	0.64	0.65	0.60	1.07	1.07	1.03	2.25	2.23	2.18	England - BoE	5.25
	4.39	4.41	4.50	4.17	4.21	4.18	4.28	4.32	4.26	4.72	4.76	4.71		
	Spreads vs. U.S. (bps):													
	-68	-61	-72	-80	-75	-85	-84	-80	-87	-113	-110	-113	Euro zone - ECB	4.50
	-179	-178	-191	-182	-180	-192	-184	-184	-192	-186	-186	-190	Japan - BoJ	-0.10
-446	-447	-460	-385	-386	-393	-340	-343	-344	-237	-242	-239			
-47	-47	-45	-31	-30	-35	-19	-18	-20	11	11	14			
Equities	Level						% change:						Mexico - Banxico	11.00
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	22269	197.4					0.9	-0.2	1.5	11.2			Australia - RBA	4.35
Dow 30	38686	574.8					1.5	-1.0	0.0	14.6				
S&P 500	5278	42.0					0.8	0.2	2.9	23.2			New Zealand - RBNZ	5.50
Nasdaq	16735	-2.1					-0.0	-0.0	3.6	26.4				
DAX	18646	148.0					0.8	-0.7	3.6	16.2				
FTSE	8292	17.0					0.2	-0.3	1.0	9.0				
Nikkei	38923	435.1					1.1	0.1	1.8	23.5			Canada - BoC	Jun 05, 2024
Hang Seng	18403	323.4					1.8	-2.3	-0.4	-2.9			US - Fed	Jun 12, 2024
CAC	8020	27.3					0.3	-1.4	0.8	10.3				
Commodities	Level						% change:							
WTI Crude	76.71	-0.28					-0.4	-1.3	-1.8	6.9			England - BoE	Jun 20, 2024
Natural Gas	2.71	0.12					4.6	7.3	26.3	24.5				
Gold	2327.78	0.45					0.0	-1.0	4.4	19.5			Euro zone - ECB	Jun 06, 2024
Silver	31.27	-0.25					-0.8	2.2	17.3	34.4			Japan - BoJ	June 14, 2024
CRB Index	290.16	-2.84					-1.0	-1.2	1.3	11.7				
Currencies	Level						% change:							
USDCAD	1.3661	0.0033					0.2	0.2	-0.2	1.6			Mexico - Banxico	Jun 27, 2024
EURUSD	1.0828	-0.0020					-0.2	-0.3	0.6	1.1				
USDJPY	156.88	-0.4300					-0.3	0.0	2.5	12.4			Australia - RBA	Jun 18, 2024
AUDUSD	0.6640	-0.0013					-0.2	-0.2	0.5	0.3				
GBPUSD	1.2704	-0.0038					-0.3	-0.5	1.3	2.1			New Zealand - RBNZ	Jul 09, 2024
USDCHF	0.9017	-0.0006					-0.1	-1.3	-0.4	-0.5				

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