

DAILY POINTS

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Contributors

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Chart 1

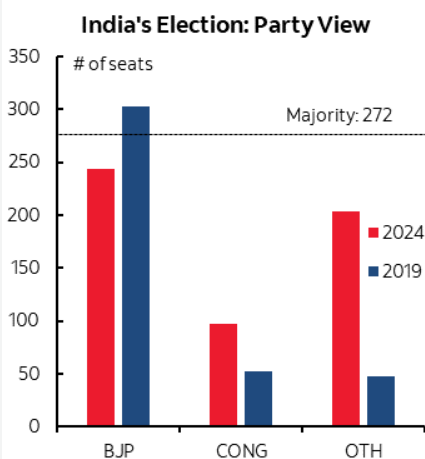
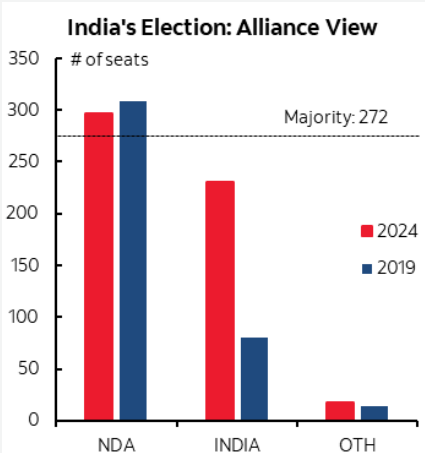


Chart 2



On Deck for Tuesday, June 4

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	06-04	10:00	Durable Goods Orders (m/m)	Apr F	--	0.7	0.7
US	06-04	10:00	Durable Goods Orders ex. Trans. (m/m)	Apr F	--	0.4	0.4
US	06-04	10:00	Factory Orders (m/m)	Apr	0.6	0.6	0.8
US	06-04	10:00	JOLTS Job Openings (000s)	Apr	--	8350.0	8488.0

KEY POINTS:

- **Widespread risk-off sentiment ahead of the week's main developments**
- **Oil's slow response to OPEC+**
- **Indian stocks hammered as Modi won't secure as much power as thought**
- **Swiss inflation adds to June cut pricing**
- **US retail sales are tracking softly**
- **US JOLTS to start the week's focus on the US job market**

The usual currency havens—the dollar, CHF, JPY—are outperforming other crosses on this morning's jolt to risk appetite. MXN is depreciating by another almost 2% to the USD this morning in the ongoing aftermath to the election results. Oil prices are down by under 2%. Stocks are lower by around ½% to ¾% across NA futures and between 0.5% and 1% in Europe. Sovereign bonds are slightly dearer across most major benchmarks. This is happening before the week's main events that start tomorrow.

Oil's Slow Response to OPEC+

Energy and materials are driving much of the decline in equities. London's FTSE 100, for example, is being dragged down by declines of 2.8% and 2.3% for energy and materials subindices respectively with other sectors mixed between mild gainers and losers. It took a while for markets to respond to the OPEC+ plan to ease away from production declines starting in October, as oil prices started to drop only at around 9amET yesterday morning after Asian and European markets shrugged, and oil prices continue to decline this morning. General pessimism toward the health of the global economy may be adding to this sentiment; at this rate, give that another day and another couple of indicators and markets might be jubilant again.

India Delivers a Reminder that Polls Can be Very Wrong

India's stock market is getting hammered with a decline of about 6% for the biggest single day drop since the early days of the pandemic. The country's curve is cheaper by 7–9 bps across maturities. The rupee is slightly depreciating to the USD. The culprit? We just got yet another reminder that polls can be wrong. Very wrong. Take that, Trump. Narendra Modi's Bharatiya Janata Party may not secure a majority on its own after all, based on ongoing vote counting (chart 1). The BJP will have to rely upon the National Democratic Alliance to form a coalition government and the coalition seems to be on track to win far fewer than the targeted 400 seats as it leads in 280 with 272 required for a majority (chart 2). A much narrower victory than exit polls were suggesting and that is dependent upon a coalition partner dampens enthusiasm that Modi will be able to pursue as many reforms that are needed but may serve as a check on his autocratic tendencies. Modi, it seems, isn't as popular among Indian voters as thought even just a day ago.

SNB Cut Pricing Increases Post-CPI

The strength of the Swiss franc is despite a soft core inflation reading of 1.2% y/y (1.3% consensus). The result for May added about 3bps to June cut pricing with the SNB now a little better than 50–50 odds to cur on June 20th.

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US Job Vacancies on Tap

US JOLTS job vacancies may pose the most calendar-based macro risk this morning (10amET). They'll merely tease ahead of Friday's nonfarm payrolls. First, they lag, since they are for April whereas Friday's payrolls are for May. Second, we often can't tell if a decline or rise is due to a change in new vacancies or a change in the pace of filling pre-existing ones. Still, markets can react to the JOLTS figures in the warm-up to payrolls. Vacancies have declined, but remain high (chart 3).

US Retail Sales Are Tracking Softly

US retail sales are not tracking very well based upon partial information. Late yesterday's US vehicle sales climbed to 15.9 million SAAR in May for a 1% m/m SA gain that was close to the industry guidance of 16 million that was based on tracking for part of the month. On its own, that adds about 0.1–0.2% to expectations for May's retail sales which should be offset by tracking a decline in vehicle prices that should dent next week's CPI as well. Gas prices also fell by about 3% m/m SA in May. That leaves a gain in retail sales on June 18th dependent upon a renewed pick-up in core sales ex-autos and gas.

Chart 3



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.	4.80	4.81	4.98	4.40	4.41	4.59	4.38	4.39	4.55	4.54	4.54	4.67	Canada - BoC	5.00
CANADA	4.10	4.10	4.29	3.56	3.56	3.77	3.50	3.50	3.70	3.36	3.35	3.54	US - Fed	5.50
GERMANY	3.02	3.03	3.06	2.60	2.62	2.64	2.56	2.58	2.59	2.70	2.71	2.71		
JAPAN	0.38	0.40	0.35	0.61	0.64	0.60	1.03	1.07	1.03	2.21	2.25	2.18		
U.K.	4.37	4.36	4.50	4.11	4.12	4.19	4.21	4.22	4.28	4.65	4.67	4.74	England - BoE	5.25
Spreads vs. U.S. (bps):														
CANADA	-71	-71	-69	-84	-84	-82	-89	-89	-85	-118	-118	-113	Euro zone - ECB	4.50
GERMANY	-178	-178	-192	-180	-179	-195	-182	-181	-196	-183	-183	-195		
JAPAN	-442	-441	-463	-379	-377	-400	-335	-332	-352	-233	-229	-248	Japan - BoJ	-0.10
U.K.	-43	-45	-48	-29	-29	-41	-18	-17	-27	11	13	7		
Equities	Level						% change:							
	Last	Change			1 Day	1-wk	1-mo	1-yr						
S&P/TSX	22117	-152.4			-0.7	-1.1	0.8	10.4						
Dow 30	38571	-115.3			-0.3	-1.3	-0.3	14.2						
S&P 500	5283	5.9			0.1	-0.4	3.0	23.4						
Nasdaq	16829	93.6			0.6	-0.5	4.2	27.1						
DAX	18426	-182.1			-1.0	-1.3	2.4	14.8						
FTSE	8227	-35.5			-0.4	-0.3	0.2	8.2						
Nikkei	38837	-85.6			-0.2	-0.0	1.6	20.5						
Hang Seng	18444	41.1			0.2	-2.0	-0.2	-3.5						
CAC	7943	-55.4			-0.7	-1.4	-0.2	9.2						
Commodities	Level						% change:							
WTI Crude	72.87	-1.35			-1.8	-8.7	-6.7	1.6						
Natural Gas	2.79	0.03			1.2	7.7	30.2	28.4						
Gold	2326.88	-23.88			-1.0	-1.5	4.4	19.5						
Silver	30.37	-0.90			-2.9	-0.7	14.6	27.2						
CRB Index	289.09	0.00			0.0	-3.7	0.9	11.3						
Currencies	Level						% change:							
USDCAD	1.3687	0.0060			0.4	0.3	0.2	1.8						
EURUSD	1.0869	-0.0035			-0.3	0.1	0.9	1.5						
USDJPY	155.19	-0.8900			-0.6	-1.3	0.8	11.2						
AUDUSD	0.6641	-0.0048			-0.7	-0.1	0.2	0.4						
GBPUSD	1.2756	-0.0052			-0.4	-0.0	1.5	2.6						
USDCHF	0.8937	-0.0020			-0.2	-2.1	-1.4	-1.4						
Next Meeting Date														
													Canada - BoC	Jun 05, 2024
													US - Fed	Jun 12, 2024
													England - BoE	Jun 20, 2024
													Euro zone - ECB	Jun 06, 2024
													Japan - BoJ	June 14, 2024
													Mexico - Banxico	Jun 27, 2024
													Australia - RBA	Jun 18, 2024
													New Zealand - RBNZ	Jul 09, 2024

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