

### DAILY POINTS

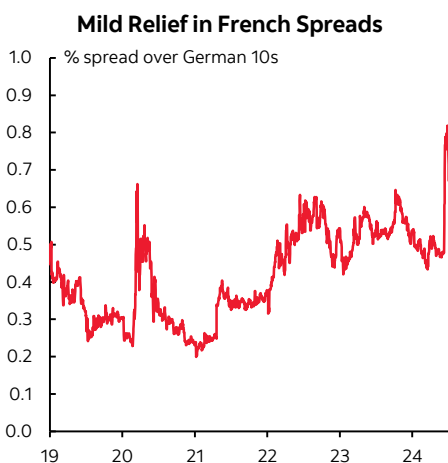
July 3, 2024 @ 7:00 EST

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Chart 1



#### On Deck for Wednesday, July 3

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-03	07:00	MBA Mortgage Applications (w/w)	Jun 28	--	--	0.8
US	07-03	07:00	Fed's Williams Speaks on Panel at ECB Forum				
US	07-03	08:15	ADP Employment Report (000s m/m)	Jun	175	165.0	152.0
CA	07-03	08:30	Merchandise Trade Balance (C\$ bn)	May	--	-1.3	-1.0
US	07-03	08:30	Trade Balance (US\$ bn)	May	-76.0	-76.5	-74.6
US	07-03	10:00	Factory Orders (m/m)	May	0.1	0.2	0.7
US	07-03	10:00	ISM Non-Manufacturing Composite	Jun	53.0	52.6	53.8
US	07-03	14:00	FOMC Meeting Minutes				

#### KEY POINTS:

- **French spreads over bunds tightest since immediate aftermath of EU elections**
- **European markets signal French relief; real or head fake?**
- **US data dump precedes early market closures...**
- **...including ADP, ISM-services, job cuts, claims, factory orders...**
- **...as FOMC minutes land at the close...**
- **...after Chair Powell said nothing new yesterday**
- **US vehicle sales look sus**

There were no material overnight macro developments. The US will seek to cram in a bunch of reports before those market participants who bothered to show up today split town and liquidity suffers.

Day-to-day volatility ahead of France's second round election on Sunday is motivating a bit more optimism as the parties circle the wagons around the Le Pen's National Rally by rigging the candidates through strategic drop-outs. This has European stocks broadly higher and French bond spreads slightly narrower including 10s that at 67bps over 10-year bunds is the narrowest since June 12th (chart 1). I don't buy a competing narrative that posits Powell said anything useful yesterday. The probable outcome of a hung French parliament carries its own set of risks, but markets are viewing this as more palatable than Le Pen and her 29-year-old side kick Jordan Bardella.

US bonds shut at 2pmET and stocks close at 1pmET before Wall Street hits the highway to the Hamptons. Several US macro readings are on tap including ones that can tend to spice up vol. ADP payrolls (8:15amET) are useless for forecasting nonfarm payrolls, but don't try to convince markets that often react. US ISM-services may be more relevant (10amET). US job cuts (7:30amET), claims (8:30amET) and factory orders (10amET) are also in the mix.

FOMC minutes land just as bonds shut for the early close ahead of the July 4<sup>th</sup> holiday (2pmET) and just after US stocks have shut (1pmET). Fortunately, I don't think that this round will offer materially different messaging to what we've been hearing from Powell et al. His messages at Sintra were the same as before; they are making progress but need more data and evidence to ensure that this continues.

US vehicle sales landed at 15.3 million units SAAR late yesterday for a 3.8% m/m SA decline that on its own would shave about  $-\frac{1}{2}\%$  m/m off of the month's retail sales figures. What's unusual about this sales number is that it matched the guidance for just the first half of the month in terms of the number of selling days and hence before the CDK hack hit. Therefore, the second half of the month's sales appear to have been unaffected by the hack relative to the first half. Maybe they would have been stronger yet, assuming no revision risk given that numerous companies were reporting handwritten sales and weaker dealer productivity. I would be careful with data quality.

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It's not just autos that are impacted either. From what I understand, CDK's hack also affected heavy equipment sales. CDK is reporting today that operations are mostly back to normal which will mean that what was lost in June may be pushed into July with a lag as they work off the backlogs.

I think Canadian auto sales should be released today but there is no set schedule. They're usually on a similar release schedule to the US.

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.	4.76	4.74	4.75	4.40	4.40	4.34	4.43	4.43	4.33	4.59	4.61	4.46	Canada - BoC	4.75
CANADA	4.07	4.05	4.05	3.61	3.60	3.53	3.62	3.61	3.48	3.50	3.50	3.36	US - Fed	5.50
GERMANY	2.94	2.91	2.83	2.60	2.58	2.46	2.62	2.60	2.45	2.77	2.80	2.64	England - BoE	5.25
JAPAN	0.36	0.37	0.31	0.59	0.61	0.56	1.10	1.09	1.03	2.28	2.27	2.25		
U.K.	4.21	4.19	4.24	4.08	4.08	4.01	4.23	4.25	4.13	4.72	4.75	4.62		
	Spreads vs. U.S. (bps):													
CANADA	-69	-69	-70	-79	-80	-82	-81	-82	-85	-109	-111	-110	Euro zone - ECB	4.25
GERMANY	-182	-184	-192	-180	-182	-189	-180	-183	-188	-181	-181	-182	Japan - BoJ	-0.10
JAPAN	-440	-438	-444	-380	-378	-378	-332	-335	-330	-231	-234	-222		
U.K.	-54	-55	-51	-32	-31	-34	-20	-18	-20	13	14	15	Mexico - Banxico	11.00
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	21954			78.0			0.4	0.5	-0.7	8.9			Australia - RBA	4.35
Dow 30	39332			162.3			0.4	0.6	2.0	14.3			New Zealand - RBNZ	5.50
S&P 500	5509			33.9			0.6	0.7	4.3	23.6				
Nasdaq	18029			149.5			0.8	1.8	7.1	30.5				
DAX	18341			177.1			1.0	1.0	-1.4	14.1				
FTSE	8167			45.9			0.6	-0.7	-1.2	8.5				
Nikkei	40581			506.1			1.3	2.3	4.3	20.2			Canada - BoC	Jul 24, 2024
Hang Seng	17979			209.4			1.2	-0.5	-2.3	-6.9			US - Fed	Jul 31, 2024
CAC	7655			116.3			1.5	0.6	-4.3	3.6			England - BoE	Aug 01, 2024
Commodities	Level						% change:							
WTI Crude	82.86			0.05			0.1	2.4	11.6	18.7			Euro zone - ECB	Jul 18, 2024
Natural Gas	2.43			-0.00			-0.1	-7.4	-11.7	-10.2			Japan - BoJ	June 14, 2024
Gold	2346.41			16.95			0.7	2.1	5.2	22.1				
Silver	29.31			0.07			0.2	-0.8	-6.3	30.4				
CRB Index	292.35			0.78			0.3	0.1	1.1	12.1				
Currencies	Level						% change:							
USDCAD	1.3679			0.0000			0.0	-0.2	0.4	3.2			Mexico - Banxico	Aug 08, 2024
EURUSD	1.0759			0.0014			0.1	0.7	-1.3	-1.4			Australia - RBA	Aug 06, 2024
USDJPY	161.95			0.5100			0.3	0.7	3.8	11.9			New Zealand - RBNZ	Jul 09, 2024
AUDUSD	0.6670			0.0003			0.0	0.3	-0.3	-0.0				
GBPUSD	1.2701			0.0016			0.1	0.6	-0.8	0.1				
USDCHE	0.9031			-0.0008			-0.1	0.6	0.8	0.8				

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