

DAILY POINTS

June 2, 2025 @ 7:00 EST

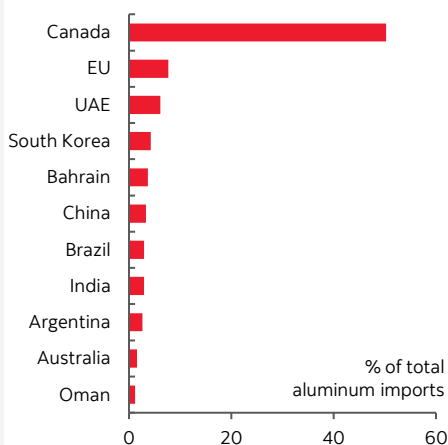
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Chart 1

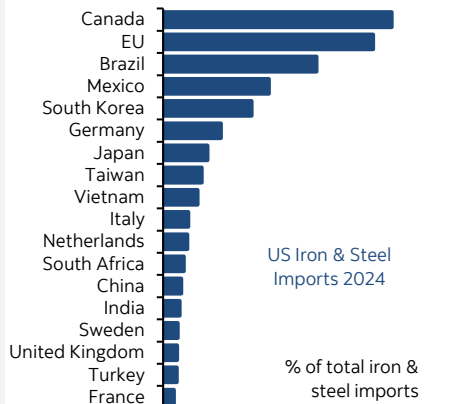
US Aluminum Imports By Country



Sources: Scotiabank Economics, CENSUS.

Chart 2

Where America Gets Its Steel



Sources: Scotiabank Economics, Census Bureau.

On Deck for Monday, June 2

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06-02	09:30	S&P Global Canada Manufacturing PMI	May	--	--	45.3
US	06-02	10:00	Construction Spending (m/m)	Apr	0.5	0.2	-0.5
US	06-02	10:00	ISM Manufacturing Index	May	49.0	49.5	48.7
US	06-02	10:15	Fed's Logan Participates in Moderated Q&A				
US	06-02	12:45	Fed's Goolsbee Participates in Moderated Q&A				
US	06-02	13:00	Fed's Powell Gives Opening Remarks				

KEY POINTS:

- June begins with risk-off sentiment
- Trump slams steel and aluminum buyers
- EU, Canada threaten retaliation
- China accuses US of cheating, threatens retaliation
- China PMIs edge up
- Oil rallies as OPEC+ hikes output by less than feared
- Peru's inflation holds steady
- US ISM-mfrg and construction spending on tap
- Global Week Ahead—Break it Twice (reminder [here](#))

June is off to a bit of a rocky start in the markets. Stocks are broadly lower, but gently so. Ditto for bond prices. Oil is up by about 4% after the weekend OPEC+ decision hiked July's output by a less-than-feared 411kbpd. The dollar is broadly lower.

NEGATIVE TRADE DEVELOPMENTS

The main risk-off catalyst is pessimism toward trade policy developments. Trump announced after Friday's close that he would double tariffs on steel and aluminum to 50% effective on Wednesday. He did so at a rally at US Steel—a prime beneficiary of protectionism as the effects are borne by US consumers and other US businesses. Aluminum is especially mindboggling because of the high pass-through risk of tariffs into prices given the dominance of imports particularly from Canada. Charts 1 and 2 show US imports of both metals by country. All of this assumes Taco-man doesn't backpedal.

In response, the EU said on Saturday that it was prepared to retaliate against the steel and aluminum tariffs. So did Canada.

China responded to US allegations that it is cheating on its trade agreement by accusing the US of violating the agreement by applying tighter controls on AI chips and related activities plus the cancellation of Chinese student visas. China is vowing to retaliate. All of this follows Bessent's remarks last week that US-China trade talks had stalled.

WEEKEND DATA

Other weekend developments included China's state PMIs that edged slightly higher, but not in any statistically significant way. The composite PMI was up two-tenths in May (50.4%) entirely due to a slightly slower contraction in manufacturing (49.5, 49.0 prior) as non-manufacturing held steady (50.3, 50.4 prior).

Peru's inflation rate held steady in May (1.7% y/y) against expectations it might edge up.

US DATA ON TAP

US ISM-manufacturing and construction spending are both due out at 10amET. Slight improvements are expected in both gauges.

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.	3.91	3.90	3.99	3.99	3.96	4.08	4.43	4.40	4.51	4.97	4.93	5.04	Canada - BoC	2.75
CANADA	2.61	2.59	2.68	2.84	2.80	2.92	3.25	3.20	3.33	3.52	3.47	3.62	US - Fed	4.50
GERMANY	1.79	1.78	1.78	2.10	2.06	2.10	2.54	2.50	2.56	3.02	2.98	3.07	England - BoE	4.25
JAPAN	0.77	0.74	0.73	1.04	1.01	1.03	1.51	1.50	1.52	2.95	2.97	3.06		
U.K.	4.03	4.02	3.98	4.16	4.14	4.13	4.67	4.65	4.68	5.41	5.37	5.48		
	Spreads vs. U.S. (bps):													
CANADA	-130	-131	-131	-115	-116	-116	-119	-121	-119	-144	-146	-142	Euro zone - ECB	2.40
GERMANY	-212	-212	-221	-189	-190	-198	-190	-190	-195	-194	-195	-197	Japan - BoJ	0.50
JAPAN	-314	-316	-327	-295	-295	-306	-292	-290	-299	-202	-196	-198		
U.K.	11	12	-1	17	18	5	24	24	17	44	44	44	Mexico - Banxico	8.50
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	26175			-35.5			-0.1	1.1	4.6	17.5			Australia - RBA	3.85
Dow 30	42270			54.3			0.1	1.0	2.3	9.3			New Zealand - RBNZ	3.25
S&P 500	5912			-0.5			-0.0	1.2	4.0	12.0				
Nasdaq	19114			-62.1			-0.3	1.0	6.3	14.2				
DAX	23871			-126.7			-0.5	-0.7	3.4	29.0				
FTSE	8774			1.6			0.0	0.6	2.1	6.0				
Nikkei	37471			-494.4			-1.3	-0.2	1.7	-2.6			Canada - BoC	Jun 04, 2025
Hang Seng	23158			-131.8			-0.6	-0.5	2.9	28.1			US - Fed	Jun 18, 2025
CAC	7700			-51.7			-0.7	-1.6	-0.9	-3.7				
Commodities	Level						% change:							
WTI Crude	63.28			2.49			4.1	2.8	8.6	-17.8			England - BoE	Jun 19, 2025
Natural Gas	3.65			0.21			6.0	9.6	0.7	41.2			Euro zone - ECB	Jun 05, 2025
Gold	3348.91			59.66			1.8	-0.9	50.2	43.9			Japan - BoJ	Jun 17, 2025
Silver	33.08			-0.29			-0.9	-0.0	2.7	5.0				
CRB Index	290.43			0.00			0.0	-2.1	0.0	0.1				
Currencies	Level						% change:							
USDCAD	1.3696			-0.0043			-0.3	-0.3	-0.8	0.5			Mexico - Banxico	Jun 26, 2025
EURUSD	1.1415			0.0068			0.6	0.2	1.0	4.7				
USDJPY	142.81			-1.2100			-0.8	-0.0	-1.5	-8.5			Australia - RBA	Jul 08, 2025
AUDUSD	0.6481			0.0050			0.8	-0.1	0.7	-3.1			New Zealand - RBNZ	Jul 08, 2025
GBPUSD	1.3531			0.0072			0.5	-0.2	2.0	5.6				
USDCHF	0.8184			-0.0040			-0.5	-0.3	-1.0	-8.6				

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