

## DAILY POINTS

June 17, 2025 @ 7:25 EST

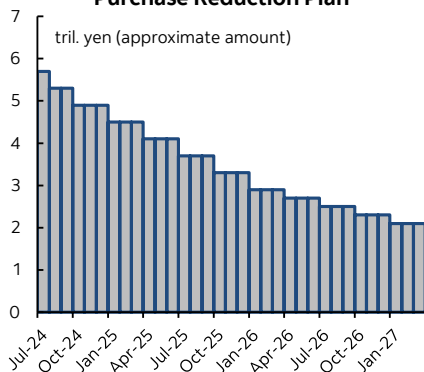
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Chart 1

## The BoJ's New JGB Purchase Reduction Plan



Sources: Scotiabank Economics, BoJ.

## On Deck for Tuesday, June 17

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06-17	08:30	International Securities Transactic	Apr	--	--	-4.2
US	06-17	08:30	Export Prices (m/m)	May	--	-0.2	0.1
US	06-17	08:30	Import Prices (m/m)	May	--	-0.2	0.1
US	06-17	08:30	Retail Sales (m/m)	May	-0.7	-0.6	0.1
US	06-17	08:30	Retail Sales ex. Autos (m/m)	May	0.0	0.2	0.1
US	06-17	09:15	Capacity Utilization (%)	May	77.7	77.7	77.7
US	06-17	09:15	Industrial Production (m/m)	May	0.1	0.0	0.0
US	06-17	10:00	Business Inventories (m/m)	Apr	--	0.0	0.1
US	06-17	10:00	NAHB Housing Market Index	Jun	--	36.0	34.0

## KEY POINTS:

- Oil and gold up, stocks down as markets await developments in Iran
- BoJ scales back JGB purchase reductions starting in April 2026
- Debating the signal from Trump's G7 departure
- US retail sales are expected to be weak
- BoC's SoD: informing messy forward guidance, or stale?
- BoC to update CPI weights today for next week's May release
- BCCh to hold with cut risk after the close

Risk-off sentiment is rearing its ugly head once more. Stocks are broadly lower with losses of between about 1/2% and 1 1/4% across US futures and European cash markets, but with the energy-rich TSX performing a little better. US Ts are a touch richer by 3–4bps across the curve while Canadian government bonds are slightly less rich than US Ts at the front-end. The USD is mixed against major crosses. Oil is up by just over a buck and gold is up by a few bucks.

The main driver is uncertainty around further developments in the Middle East. Trump says he had to split the G7 Summit early because of developments in the Middle East while repeating Israel's warning for Iranians to leave Tehran. It could just as well have been a ruse designed to cover his boredom, or that he was feeling awkward.

The BoJ did what was expected with no real impact. US retail sales, fresh CPI basket weights from StatCan and the BoC's Summary of Deliberations are on tap.

## BOJ COMMITS TO SLOWER PATH OF PURCHASE REDUCTIONS

The Bank of Japan held its policy rate, continued to sound data dependent on hike guidance, and reduced planned cutbacks in bond purchases starting next April.

Its annual review of the JGB purchase program presented a new plan for purchase reductions ([here](#), last year's [here](#)) that tapers the flow of JGB purchases starting in April 2026 to 200 billion yen per quarter on a monthly basis (chart 1). The current pace of quarterly reductions is 400 billion yen quarter which remains intact until March 2026. The BoJ reissued annual guidance that it will reassess this plan at the June 2026 meeting and repeated the same sentence it had last year that said "In the case of a rapid rise in long-term interest rates, the Bank will make nimble responses by, for example, increasing the amount of JGB purchases." The yen was not noticeable impacted. The JGBs curve slightly bear steepened. There were minimal effects on meeting pricing through to the end of the year with markets still only pricing a cumulative 14bps of a hike by year-end.

## NEW CPI WEIGHTS FROM STATCAN

Statcan will refresh CPI basket weights this morning for inclusion in next week's May CPI report (8:30amET). It's the annual process, this time updating to the composition of

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spending in 2023 instead of 2022. Lower weights are likely on furniture, household appliances and vehicles. Higher weights are likely on shelter via mortgage interest and rent partly offset by replacement cost, air transportation, travel tours, other cultural and rec services, and personal care services. Usually there is a small to negligible effect on CPI at the link month.

### BOC'S SOD MAY ALREADY BE STALE

The Bank of Canada will release its Summary of Deliberations to the discussions leading up to the June 4<sup>th</sup> decision to hold the policy rate (1:30pmET). Key may be any further clarity around forward guidance. If that isn't shared, then it may be in Macklem's speech tomorrow. During his post-decision press conference, Macklem said they did not have the confidence in the outlook to provide any forward guidance—not that it's very useful when they do—but then proceeded to provide a form of forward guidance by emphasizing the importance of the next two CPI reports that are due before the July decision. So, does that mean your July decision is 'live'? After its core measures in m/m SAAR terms have been hot dating back over a year, suddenly it's down to just the next two CPI prints? That would be so Macklem, ready to opportunistically pounce on any excuse to turn dovish, yet this whole issue could be a Macklem thing that won't appear in the SoD. All that said, the comments could well be stale on arrival in light of guidance from the G7 Summit that PM Carney and Trump are striving toward a trade and security deal within 30 days—and therefore before the July 30<sup>th</sup> BoC decision and MPR.

### US RETAIL SALES TO DOMINATE

Any further remarks out of the G7+ Summit and US retail sales will be the two main calendar-based developments today.

US retail sales figures for May (8:30amET) are expected to soften based on lower new vehicle sales and soft CPI and its components, but key will be expectations for modest growth in nominal core sales ex-autos and gas. For purposes of tracking total consumer spending, key will be whether or not the retail sales control group bounces back from the drop in April for the second decline of the year. Recall that the control group is how retail translates into consumption within GDP accounts and it excludes auto dealers, building materials and gas stations.

The US will also release import prices for May (8:30amET) and industrial output for May (9:15amET).

On the geopolitical side of things, further attacks are ongoing. Iran's mixed signals that it may be trying to deescalate are not convincing the Israelis after Iran withdrew from the nuclear non-proliferation treaty and launched more missile strikes on civilian targets in Israel overnight.

After today's close we'll hear from Chile's central bank that consensus expects to hold but a minority including our Chilean economists expect to deliver a 25bps cut (6pmET).

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	Canada - BoC	2.75	
	3.93	3.97	4.02	3.99	4.03	4.09	4.41	4.45	4.47	4.93	4.96	4.93			
	2.71	2.72	2.70	2.96	2.99	2.95	3.37	3.40	3.34	3.66	3.68	3.61	US - Fed	4.50	
	1.85	1.84	1.85	2.12	2.12	2.12	2.53	2.53	2.52	2.99	2.99	2.97			
	0.76	0.76	0.77	1.02	1.00	1.03	1.47	1.44	1.48	2.93	2.91	2.92	England - BoE	4.25	
	3.90	3.91	3.92	4.03	4.04	4.05	4.53	4.53	4.54	5.26	5.25	5.25			
	Spreads vs. U.S. (bps):												Euro zone - ECB	2.15	
	-122	-125	-132	-103	-104	-114	-104	-105	-113	-127	-127	-132			
	-208	-213	-217	-187	-191	-196	-188	-192	-195	-194	-197	-196			Japan - BoJ
-317	-321	-325	-297	-303	-306	-295	-301	-299	-199	-205	-201				
Equities	Level						% change:						Mexico - Banxico	8.50	
	Last	Change			1 Day	1-wk	1-mo	1-yr	Australia - RBA	3.85					
S&P/TSX	26569	64.3			0.2	0.7	2.3	23.1							
Dow 30	42515	317.3			0.8	-0.6	-0.3	9.6							
S&P 500	6033	56.1			0.9	0.5	1.3	10.2							
Nasdaq	19701	294.4			1.5	0.6	2.6	10.3							
DAX	23478	-221.0			-0.9	-2.1	-1.2	29.9							
FTSE	8843	-32.5			-0.4	-0.1	1.8	8.6							
Nikkei	38537	225.4			0.6	0.9	2.1	1.1							
Hang Seng	23980	-80.7			-0.3	-0.8	2.7	33.7							
CAC	7682	-60.5			-0.8	-1.6	-2.6	1.5							
Commodities	Level						% change:						US - Fed	Jun 18, 2025	
WTI Crude	73.11	1.34			1.9	12.5	17.0	-9.0							
Natural Gas	3.80	0.05			1.3	7.4	13.8	36.1							
Gold	3394.88	9.65			0.3	-0.9	52.2	46.4							
Silver	36.38	0.30			0.8	0.3	13.2	24.5							
CRB Index	310.17	0.27			0.1	2.9	4.8	5.8							
Currencies	Level						% change:						Canada - BoC	Jul 30, 2025	
USDCAD	1.3562	-0.0009			-0.1	-0.8	-2.8	-1.2							
EURUSD	1.1569	0.0008			0.1	1.3	2.9	7.8							
USDJPY	144.56	-0.1900			-0.1	-0.2	-0.2	-8.4							
AUDUSD	0.6538	0.0014			0.2	0.2	1.3	-1.1							
GBPUSD	1.3565	-0.0013			-0.1	0.5	1.5	6.8							
USDCHF	0.8123	-0.0016			-0.2	-1.3	-2.6	-8.7							
									New Zealand - RBNZ	Jul 08, 2025					

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