

### DAILY POINTS

July 7, 2025 @ 7:30 EST

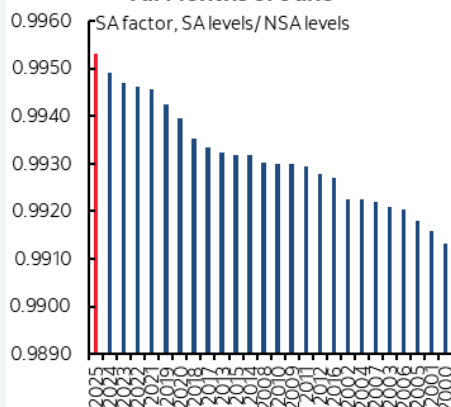
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Chart 1

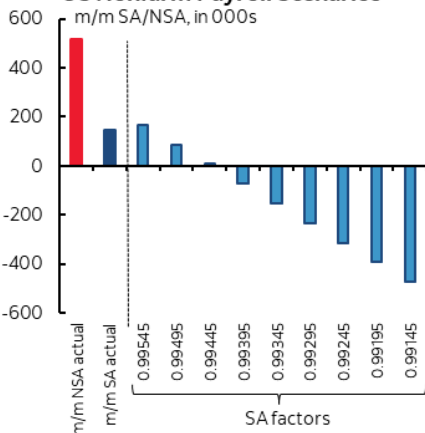
#### Comparing US Payroll SA Factor for All Months of June



Sources: Scotiabank Economics, BLS.

Chart 2

#### US Nonfarm Payroll Scenarios



Sources: Scotiabank Economics.

#### On Deck for Monday, July 7

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07-07	08:00	Bloomberg Nanos Confidence	Jul 04	--	--	52.5

#### KEY POINTS:

- The dollar is broadly firmer post-payrolls amid tariff headlines
- The US administration is pushing out its tariff threats again...
- ...as revisiting 'Liberation Day' tariffs lacks credibility
- Oil shakes off OPEC+ theatrics
- Why US payrolls were solid
- German factories sprang back to life
- Krona outperforms after Swedish inflation surprises
- Global Week Ahead highlights for a light calendar

Light developments are driving muted action across most global asset classes to kick off the new trading week. The overall week should be relatively light in terms of calendar-based macro risk.

The dollar is firmer against most major crosses. Sovereign bond yields are little changed with minor underperformance across EGBs relative to US Ts. The US long-end is underperforming after the US administration achieved its 'One big beautiful bill' that modelers estimate will add US\$3.2 trillion to primary deficits over the next 10 years in highly regressive fashion that will negatively impact much of Trump's base ([here](#), plus [here](#) for subscribers to The Economist). US equity futures are slightly negative, TSX futures are slightly positive, European cash markets are little changed, and Asia-Pacific markets ranged from small losses in Japan and HK to little change elsewhere. Oil prices are little changed after OPEC+ increased August's targeted output by 548kbpd this weekend; we'll see how enforceable the target may be.

#### ANOTHER PUSHED OUT US TARIFF DEADLINE

The US administration appears to be pushing out its tariff warnings again. Few may be surprised. US Treasury Bessent said yesterday that failure to strike trade agreements with the US by August 1<sup>st</sup> will result in tariffs going back to April 2<sup>nd</sup> 'Liberation Day' levels. That pushes out this Wednesday's deadline by several more weeks. Trump vowed to have more to say on tariffs today. The pushed out deadline probably isn't a credible threat given the pattern of behaviour by the Trump administration and given the severe damage to the US and global economies that would result from that day's sky-high tariffs.

I'll say it again: The rest of the world understands the US political cycle better than the US administration and it's Trump that is under pressure into midterms more than the other countries. Any 'deals' with the US administration are likely to be token ones as major trading partners resist longer-term damage emanating from deeply misguided US economic policies.

#### WHY US PAYROLLS WERE SOLID

Why were US nonfarm payrolls resilient again in June last Thursday before US clients headed to the exits for a long weekend? Other than a surge of hiring across state and local governments, the 147k payroll increase was close to my above-consensus estimate (160k) and was primarily due to the fact that the seasonal adjustment factor was the highest for a month of June on record (chart 1). Chart 2 shows what would have happened at any other SA factor. This conformed to the expected recency bias in how seasonal adjustment

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factors are calculated by skewing them to the experience of recent years. I remain deeply skeptical toward such SA adjustments and think it's wrong of Federal Reserve Chair Powell to have sounded dismissive toward the issue with no elaboration as to why in his June FOMC press conference.

### LIGHT OVERNIGHT DATA

German factories sprang back to life in May. Industrial output was up by 1.2% m/m SA (-0.2% consensus), thereby reversing most of the decline in April. Most of the gain came through capital goods.

Sweden's krona is outperforming all other currencies and its short-term rates are underperforming all other markets after CPI jumped 0.5% m/m in June (0.1% consensus) with underlying CPI ex-energy up 0.7%.

### THE WEEK AHEAD'S HIGHLIGHTS

Now that the US tariff deadline has been pushed out again, the rest of the week's expected developments are likely to pale by comparison.

- Canada: Friday's jobs report will be the main feature. I'll have my estimate soon, given I was away last week. A light consensus presently ranges from -10k to +10k with 0k being the median call.
- US: Minutes to the June 17<sup>th</sup>–18<sup>th</sup> FOMC meeting arrive on Wednesday afternoon. The US data line-up is very light.
- Central banks: Five regional central banks will weigh in this week. The RBA is expected to cut 25bps overnight tonight. The RBNZ is expected to hold at 3.25% tomorrow night (ET). Consensus is divided between a 25bps cut and a hold for Bank Negara Malaysia on Wednesday. The Bank of Korea is forecast to hold at 2.5% on Thursday. Peru's central bank is expected to hold at 4.5% on Thursday.
- Inflation: Several countries will update inflation figures for June this week. Colombia releases tonight. China is out tomorrow along with Chile and Taiwan. Mexico (Wednesday) and Norway (Thursday) will follow.
- Other data: Germany updates trade figures for May tomorrow. The UK monthly data dump arrives on Friday including May readings for GDP, industrial output, services, and trade.

Fixed Income	Government Yield Curves (%):												Central Banks	
U.S. 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
	3.87	3.88	3.72	3.93	3.94	3.80	4.35	4.35	4.23	4.88	4.86	4.78		
	2.67	2.66	2.59	2.93	2.91	2.82	3.37	3.35	3.27	3.67	3.65	3.56		
	1.82	1.82	1.86	2.14	2.13	2.17	2.62	2.61	2.61	3.10	3.09	3.10		
	0.74	0.74	0.75	0.98	0.97	0.98	1.46	1.44	1.43	2.98	2.87	2.92		
3.84	3.85	3.82	3.98	3.99	3.95	4.55	4.55	4.49	5.35	5.34	5.28	England - BoE	4.25	
CANADA GERMANY JAPAN U.K.	Spreads vs. U.S. (bps):												Euro zone - ECB	2.15
	-120	-122	-113	-100	-102	-98	-98	-100	-96	-122	-122	-122		
	-205	-207	-186	-179	-181	-163	-173	-174	-162	-178	-178	-168		
	-313	-314	-297	-295	-297	-282	-289	-291	-280	-190	-199	-186		
-3	-3	10	5	5	15	20	21	26	46	48	50	Japan - BoJ	0.50	
Equities	Level						% change:						Mexico - Banxico	8.00
S&P/TSX Dow 30 S&P 500 Nasdaq DAX FTSE Nikkei Hang Seng CAC	Last	Change			1 Day	1-wk	1-mo	1-yr	Australia - RBA	3.85				
	27036	1.9			0.0	1.1	2.3	22.6						
	44829	344.1			0.8	3.3	4.8	13.8						
	6279	51.9			0.8	2.3	4.6	12.8						
	20601	208.0			1.0	2.1	5.5	12.3						
	23959	171.9			0.7	0.2	-1.4	29.7						
	8836	12.7			0.1	0.9	-0.0	7.7						
	39588	-223.2			-0.6	-2.2	4.9	-3.2						
	23888	-28.2			-0.1	-1.6	0.4	34.2						
	7712	16.2			0.2	0.6	-1.2	0.5						
Commodities	Level						% change:						England - BoE	Aug 07, 2025
WTI Crude	66.90	-0.10			-0.1	2.1	3.6	-19.6						
Natural Gas	3.30	-0.11			-3.2	-11.7	-12.8	42.3						
Gold	3301.45	-35.70			-1.1	-0.9	48.1	38.0						
Silver	36.89	0.01			0.0	2.5	7.4	21.6						
CRB Index	299.93	-0.78			-0.3	0.6	-0.3	2.2						
Currencies	Level						% change:						Mexico - Banxico	Aug 07, 2025
USDCAD	1.3664	0.0063			0.5	0.4	-0.3	0.2						
EURUSD	1.1727	-0.0051			-0.4	-0.5	2.7	8.3						
USDJPY	145.40	0.9300			0.6	1.0	0.6	-9.6						
AUDUSD	0.6500	-0.0056			-0.9	-1.2	-0.2	-3.5						
GBPUSD	1.3612	-0.0038			-0.3	-0.9	0.5	6.3						
USDCHF	0.7972	0.0032			0.4	0.5	-3.0	-11.2	New Zealand - RBNZ	Jul 08, 2025				

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