

### DAILY POINTS

July 14, 2025 @ 7:25 EST

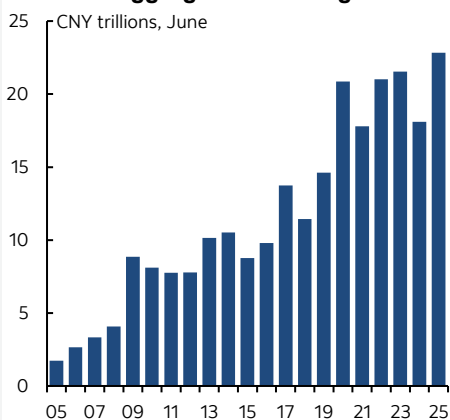
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Chart 1

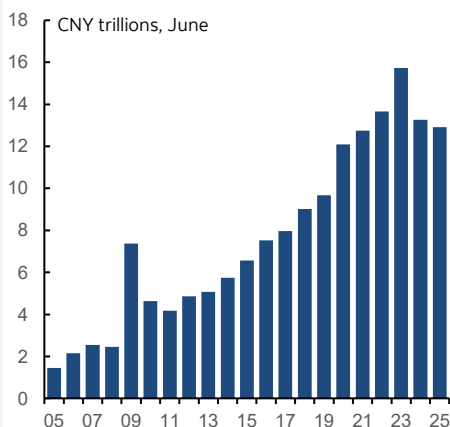
#### China's Year-to-Date Aggregate Financing



Sources: Scotiabank Economics, Bloomberg.

Chart 2

#### China's Year-to-Date New Yuan Loans



Sources: Scotiabank Economics, Bloomberg.

#### On Deck for Monday, July 14

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07-14	08:30	Wholesale Trade (m/m)	May	-0.5	-0.4	-2.3

#### KEY POINTS:

- **Mild risk-off sentiment has multiple catalysts**
- **Trump threatens 30% tariffs on Mexico, EU...**
- **...that markets are largely fading due to a credibility problem...**
- **...and instead of retaliating, why not just walk away in unison?**
- **Chinese financing surges on government bond issuance, weak private credit**
- **Chinese trade beats expectations...**
- **...but rolling waves of pushed out tariffs also push out the pain**
- **Markets cautious into a packed week**
- **Global Week Ahead — Cage Match**

Mild risk-off sentiment could have multiple drivers into a packed week. N.A. equity futures are down by about a quarter point (US) or less (Canada) while European equities are off by as much as 1% except London that's up. Currencies are mixed as it's not just the dollar that is resilient; the yen, euro and related crosses, plus CAD are holding their own. CAD is firm likely as continued aftermath of Friday's jobs report. Sovereign yields are mixed with slight cheapening in US Ts and Canadian yields and bull steepening in gilts and EGBs. BoE Governor Bailey's remarks were selectively interpreted as dovish as he pointed to gradual moves in light of inflation, but potentially bigger moves if slack opens up at a quicker pace.

#### TRUMP HITS EU, MEXICO WITH 30% TARIFFS

One catalyst is that Trump sent two more letters Saturday morning that announced 30% tariffs would be imposed upon Mexico and the EU by August 1<sup>st</sup>. We've gone from tiny players in US trade to now Canada, Mexico and the EU facing steep rates. Why isn't the sell off grander? Moves like these are fairly trivial. It could be because few believe Trump's threats as he has lost credibility by constantly pushing out deadlines, going far too high on tariff threats, and backing off while nobody understands the shifting goals of the Trump administration in trade talks. Trump fatigue is settling in.

#### WHY NEGOTIATE??

And so on that note, my advice would be not to retaliate and to simply refuse to negotiate. You could retaliate against politically sensitive regions in Trump's base, but it may not be needed. The inclusion of so many major trading partners that are facing steep tariff rates is a tax on American businesses and consumers that will bring pain and divert trade. They hurt everyone, but let the US administration harm the US economy, its workers, and the prices they pay—all into midterm elections. There would clearly be a price to pay for America's trading partners if Trump stuck to such tariffs, but it's never clear that he will, and the price of being pushed into bad agreements could be steeper over time. Further, Trump keeps changing the goalposts and then violating his own agreements which severely impairs trust in any negotiations in the first place. Knock it off, and then we'll talk. A challenge to this approach, however, is that it requires unity and a coordinated approach by trading partners. Many countries are balking at US demands.

#### UNCERTAINTY INTO A PACKED WEEK

A second catalyst for risk-off sentiment is likely the uncertainty into this week's developments. One is what Fed Chair Powell's response to Russ Vought's letter on behalf

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July 14, 2025

of the administration may be given the one-week window for a response by Thursday. Another catalyst could be cautious expectations into the Q2 US earnings season that begins in earnest tomorrow. Another could be data, mainly in the form of US CPI and a whole range of global readings. Please see the Global Week Ahead—Cage Match ([here](#)).

- Inflation updates to pit “Too Late” against “Too Early”
- US CPI: could this be the start of pass-through pressures?
- Canadian core inflation’s firm trend enters tariff uncertainties
- Why the BoC is likely to extend its policy hold
- Chair Powell’s response to Vought and the grey area around ‘for cause’
- US Q2 earnings season begins in earnest...
- ...and could inform tariff debates
- China to provide damage assessments of early tariff effects
- US also updates retail sales, industrial output, consumer sentiment
- Will Aussie jobs restore momentum?
- UK CPI, jobs and wages unlikely to sway the BoE from its gradual easing path
- Bank Indonesia to trade off tariff threat versus rupiah stability
- Indian CPI the last reading before the RBI’s next decision

### CHINESE FINANCING IS WEAK, FADE EXPORTS

Overnight data was light and focused on China and was mixed.

China’s financing figures are indicating softness in the private economy. While aggregate financing was a touch above expectations for year-to-date readings (chart 1), this is occurring because of government bond issuance. Domestic currency loan originations, however, are at their slowest pace since 2021 when the pandemic’s effects were being felt (chart 2). Growth in aggregate financing outstanding is accelerating (chart 3) for the same government bond reason, while growth in yuan loans outstanding is at its slowest since 2001 (chart 4). Monetary policy is encumbered by relatively inelastic demand for money in a climate of economic uncertainty and still falling property prices.

China’s trade figures beat expectations for June, with a strong caveat. Exports were up 5.8% y/y in dollar terms, and 7.2% in yuan terms, while imports were up 1.1% and 2.3% in dollar and yuan terms respectively. The caveat is that the constant pattern of pushing out Trump’s tariffs and staggering their application over time has driven companies to try to beat them before stiffer ones may apply. That makes it too soon to evaluate an effect on trade.

### INDIAN INFLATION BOLSTERS RBI CUT PRICING

RBI watchers were a bit taken aback by weak CPI (2.1% y/y, 2.25% consensus). That’s the weakest reading since early 2019 and significantly due to food prices. Core CPI, however, has continued to accelerate toward 4½% y/y (chart 5). The rupee had already weakened before the figures along with several other Asian crosses on trade worries.

There is nothing material on deck for Canada or the US today with just Canadian wholesale trade expected to have declined in May (8:30amET).

Chart 3

#### China's Aggregate Financing Growth

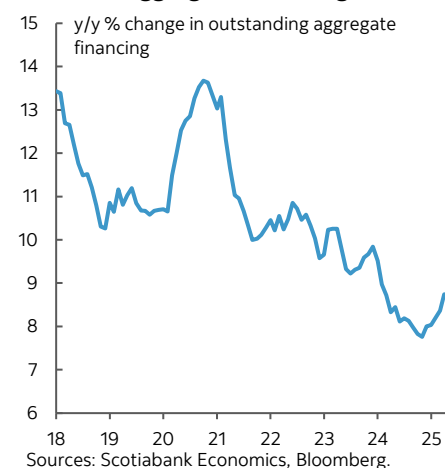


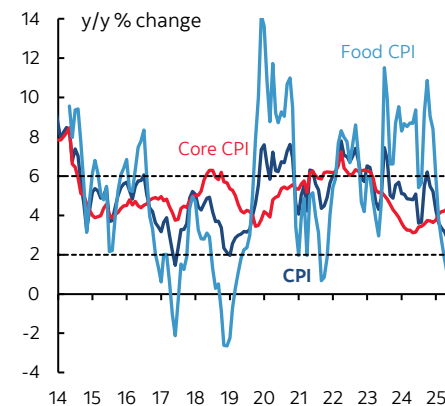
Chart 4

#### China's Loan Growth



Chart 5

#### India's Inflation



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.	3.89	3.89	3.90	3.98	3.97	3.96	4.42	4.41	4.38	4.97	4.95	4.92	Canada - BoC	2.75
CANADA	2.74	2.74	2.69	3.03	3.02	2.94	3.51	3.50	3.40	3.82	3.81	3.69	US - Fed	4.50
GERMANY	1.88	1.90	1.84	2.28	2.29	2.16	2.73	2.73	2.64	3.25	3.23	3.12	England - BoE	4.25
JAPAN	0.78	0.78	0.74	1.08	1.05	0.98	1.58	1.52	1.46	3.17	3.06	2.98		
U.K.	3.81	3.86	3.86	4.01	4.04	4.01	4.60	4.62	4.59	5.43	5.43	5.39		
	Spreads vs. U.S. (bps):													
CANADA	-115	-115	-121	-94	-95	-101	-91	-91	-98	-115	-114	-122	Euro zone - ECB	2.15
GERMANY	-201	-199	-206	-170	-169	-180	-169	-169	-174	-172	-172	-180	Japan - BoJ	0.50
JAPAN	-311	-311	-315	-290	-292	-298	-284	-289	-292	-180	-189	-194		
U.K.	-8	-3	-3	3	7	5	18	21	20	46	48	47		
Equities	Level			Change			% change:			1 Day			Next Meeting Date	
	Last													
S&P/TSX	27023			-59.0			-0.2	-0.0		2.0	19.2		Canada - BoC	Jul 30, 2025
Dow 30	44372			-279.1			-0.6	-1.0		5.2	10.9		US - Fed	Jul 30, 2025
S&P 500	6260			-20.7			-0.3	-0.3		4.7	11.5		England - BoE	Aug 07, 2025
Nasdaq	20586			-45.1			-0.2	-0.1		6.1	11.9		Euro zone - ECB	Jul 24, 2025
DAX	24006			-249.8			-1.0	-0.3		2.1	28.0		Japan - BoJ	Jul 31, 2025
FTSE	8972			31.0			0.3	1.9		1.4	8.7			
Nikkei	39460			-110.1			-0.3	-0.3		4.3	-4.2			
Hang Seng	24203			63.8			0.3	1.3		1.3	32.3			
CAC	7789			-40.1			-0.5	0.9		1.4	0.8			
Commodities	Level			Change			% change:			1 Day			Next Meeting Date	
WTI Crude	69.44			0.99			1.4	2.2		-4.9	-15.5			
Natural Gas	3.49			0.18			5.4	2.3		-2.5	49.9			
Gold	3370.67			15.08			0.4	1.0		-1.8	39.8			
Silver	37.50			0.69			1.9	1.7		3.6	20.9			
CRB Index	303.52			0.00			0.0	1.4		-2.1	4.5			
Currencies	Level			Change			% change:			1 Day			Next Meeting Date	
USDCAD	1.3671			-0.0021			-0.2	-0.1		0.7	-0.1			
EURUSD	1.1696			0.0007			0.1	-0.1		1.2	7.4			
USDJPY	147.26			-0.1700			-0.1	0.8		1.7	-6.8			
AUDUSD	0.6571			-0.0007			-0.1	1.2		0.7	-2.8			
GBPUSD	1.3488			-0.0005			-0.0	-0.8		-0.7	4.0			
USDCHF	0.7963			-0.0003			-0.0	-0.3		-2.2	-11.1			

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