

DAILY POINTS

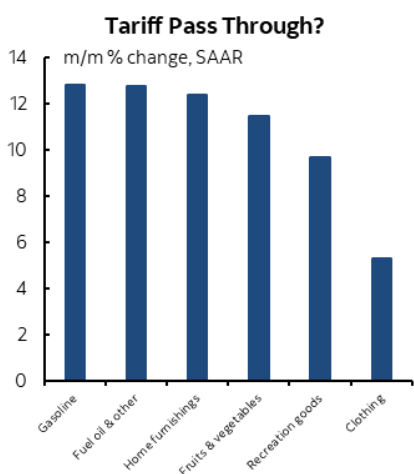
July 17, 2025 @ 7:15 EST

Contributors

Derek Holt

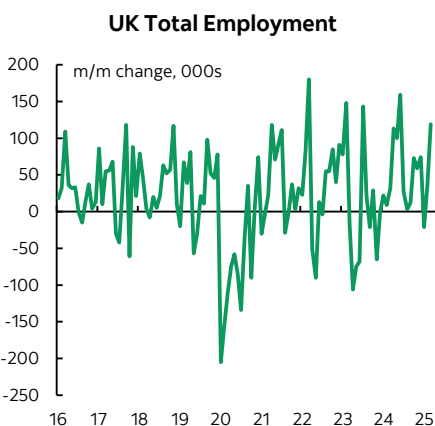
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Chart 1



Sources: Scotiabank Economics, BLS.

Chart 2



Sources: Scotiabank Economics, UK ONS.

On Deck for Thursday, July 17

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07-17	08:30	International Securities Transactions (C\$ bn)	May	--	--	-9.4
US	07-17	08:30	Export Prices (m/m)	Jun	--	0.0	-0.9
US	07-17	08:30	Import Prices (m/m)	Jun	--	0.3	0.0
US	07-17	08:30	Initial Jobless Claims (000s)	Jul 12	235	233.0	227.0
US	07-17	08:30	Continuing Claims (000s)	Jul 04	1965	1965.0	1965.0
US	07-17	08:30	Philadelphia Fed Index	Jul	--	-1.0	-4.0
US	07-17	08:30	Retail Sales (m/m)	Jun	-0.1	0.1	-0.9
US	07-17	08:30	Retail Sales ex. Autos (m/m)	Jun	0.2	0.3	-0.3
US	07-17	09:15	Fed's Kugler Speaks on Housing Market and Economic Outlook				
US	07-17	10:00	Business Inventories (m/m)	May	--	0.0	0.0
US	07-17	10:00	NAHB Housing Market Index	Jul	--	33.0	32.0
US	07-17	12:45	FPPO Fed's Daily Appears on BTV				
US	07-17	13:30	Fed's Cook Speaks on Artificial Intelligence and Innovation				
US	07-17	16:00	Total Net TIC Flows (US\$ bn)	May	--	--	-14.2
US	07-17	16:00	Net Long-term TIC Flows (US\$ bn)	May	--	--	-7.8
US	07-17	18:30	Fed's Waller Speaks on Economic Outlook				

KEY POINTS:

- **The dollar is unwinding a stupidity discount**
- **Fed's Williams reinforces patient stance, more Fed-speak today**
- **UK yields rise, sterling outperforms on somewhat mixed job market readings**
- **Aussie bonds outperform, A\$ weakens on another soft jobs report**
- **US retail sales may modestly rebound**
- **US import prices, claims, Philly, homebuilder confidence also due out**
- **Canadian small businesses signalling less pressure on future prices**

The dollar is rebounding from yesterday's performative stunts by the Trump administration that dangerously toyed with headline risk concerning the possibility of firing Fed Chair Powell that Trump then denied. It's up against all major crosses this morning, while sovereign bond yields are little changed outside of the UK (jobs, see below) and Australia (jobs, see below). US and Canadian equity futures are flat, while Europe is rallying. Other than unwinding stupidity, there is no unifying theme across global markets as opposed to regional developments.

On that note, it's back to the fundamentals time. Barring more attention-seeking—or attention-diverting—nonsense, the focus is upon several global macro indicators and Fed-speak.

NY FED'S WILLIAMS REINFORCES PATIENT STANCE

NY Fed President Williams said last evening that he expects tariff inflation to increase over coming months with a weaker dollar adding to inflation risk. He remarked that a restrictive, patient stance remained appropriate and didn't indicate any desire to cut any time soon. He flagged early indications that tariffs are passing through, and he's right. Recall chart 1 showing categories in CPI that jumped sharply higher in June in ways that could only be significantly explained by tariffs. The categories shown in the chart have a combined weight of about 12% in US CPI but there were offsets in other components like service prices and the lowest core CPI seasonal adjustment factor on record for like months of June that restrained the impact of tariffs on core CPI.

UK YIELDS RISE ON JOB MARKET READINGS

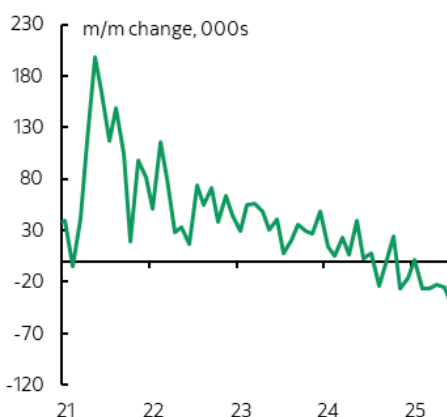
Gilts generally didn't welcome somewhat mixed UK job market readings while sterling is mildly outperforming most other major crosses not named the greenback.

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- total employment increased in May by 119k for the strongest gain since last August (chart 2). That occurred in the same month when payrolls were revised to a decline of just over 25k. The implication is that off-payroll firms—mainly small businesses—must be doing the hiring, assuming the data is credible.
- UK payrolls fell by just over 41k in June and declined for the fifth straight month and seventh time in the past eight months (chart 3). They are down by 186k since last year's peak. There were revisions to multiple months including the prior month that is now only a decline of 25k instead of 109k. So much for hard payrolls data.
- UK job vacancies fell again to 727k which remains a little above the long-run average but far below the pandemic peak of about 1¼ million (chart 4).
- wage growth remained strong at 4.8% m/m SAAR in May (chart 5). The three-month moving average now sits at 4.1%.

Chart 3

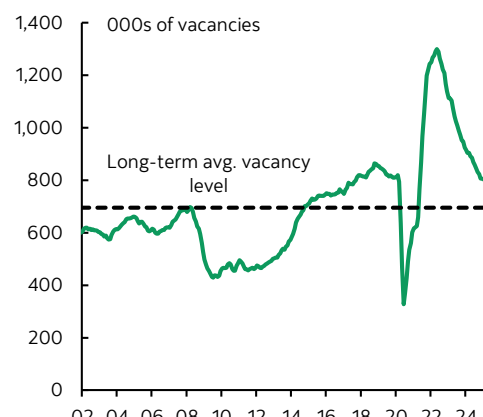
UK Payroll Employment



Sources: Scotiabank Economics, UK ONS.

Chart 4

UK Job Vacancies



Sources: Scotiabank Economics, UK ONS

AUSSIE YIELDS AND A\$ DROP AS AUSTRALIA'S JOB MARKET IS LOSING MOMENTUM

Australia's job market sputtered again last month and that drove strong out-performance across the Aussie rates curve in bull steepener fashion and strong underperformance by the A\$. Jobs were basically flat (+2k) after another flat month in May (-1.1k). Chart 6. In June, full-time jobs fell 38k and hence reversed May's surge, while part-time jobs increased by 40k and reversed the prior month's drop. The unemployment rate edged up two-tenths to 4.3% and is well off the bottom (chart 7) as job growth failed to live up to labour force expansion marked by the participation rate that ticked higher to 67.1%.

JAPAN SHIPPED MORE TO THE US, BOUGHT LESS

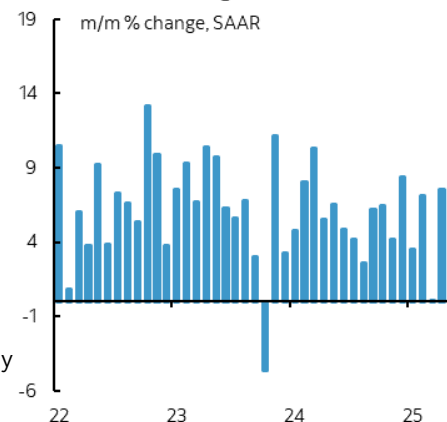
Japan's exports slipped -0.5% m/m in June with imports little changed (+0.2%). Exports to the US increased by 12.7% m/m while imports from the US declined by 2.3% m/m. Still, exports to the US have been trending lower for months.

US RETAIL SALES ON TAP

Several US readings are due out with most of the focus upon retail sales in June (8:30amET). Headline sales are coming off a weak base effect when they fell -0.9% m/m in May and so a modest pick-up could occur in June's figures. Vehicle sales were down by over 2% m/m and may weigh on the headline reading while gasoline prices were a minor influence. Key will be core sales ex-autos and gas that are expected to modestly rebound from the prior month's drop. More important, however, will be the control group measure that feeds more directly into total consumption in GDP accounts and excludes vehicles, gas, food and building materials.

Chart 5

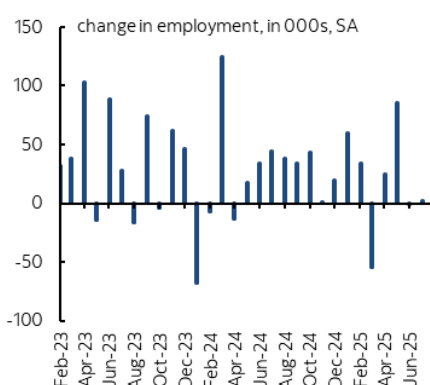
UK Wage Growth



Sources: Scotiabank Economics, UK ONS.

Chart 6

Australian Jobs



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Chart 7

Australia's Unemployment Rate



Sources: Scotiabank Economics, Australian Bureau of Statistics.

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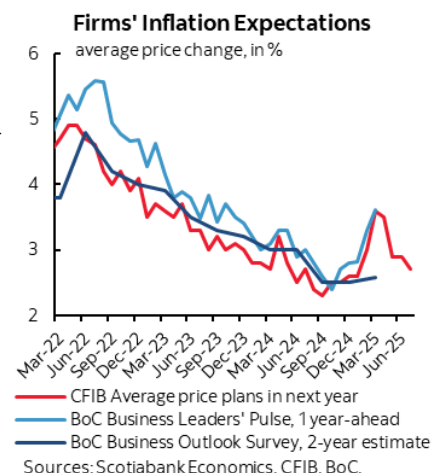
Also keep an eye on June's readings for import and export prices (8:30amET). They exclude direct effects of tariffs but could reflect indirect effects. US weekly jobless claims (8:30amET), the Philly Fed's volatile gauge (8:30amET), and homebuilder confidence including model home foot traffic (10amET) are also due out.

And there will be more Fed-speak on tap today as well including a range of voices such as Governor Waller this evening who is among the most dovish on the FOMC and viewed as a lower probability candidate for Fed Chair.

CANADIAN SMALL BUSINESSES INDICATING LESS INFLATION RISK?

The Bank of Canada releases its quarterly pre-MPR surveys of businesses and consumers next week. One of the key sets of measures concern expected price pressures. An advance indicator of the BoC's surveys is provided by a gauge of price expectations at small businesses that was updated this morning. As chart 8 shows, their waning price plans serve as a leading indicator of what is likely to be lowered price expectations in the BoC's broader surveys that are more focused upon larger businesses. Of course, a risk is that these are merely sentiment-driven gauges that could be stale now since Trump has been escalating tariff risks all over again.

Chart 8



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			
	3.90	3.89	3.87	4.00	3.99	3.94	4.46	4.46	4.35	5.01	5.01	4.87	Canada - BoC	2.75	
	2.82	2.81	2.70	3.11	3.11	2.96	3.58	3.58	3.41	3.89	3.89	3.72	US - Fed	4.50	
	1.86	1.86	1.89	2.23	2.23	2.27	2.69	2.69	2.71	3.22	3.21	3.20	England - BoE	4.25	
	0.79	0.79	0.76	1.09	1.09	1.03	1.57	1.59	1.50	3.09	3.07	3.06	Euro zone - ECB	2.15	
	3.89	3.86	3.86	4.08	4.04	4.03	4.66	4.64	4.60	5.48	5.47	5.41	Japan - BoJ	0.50	
Spreads vs. U.S. (bps):															
-108	-108	-118	-88	-88	-98	-88	-88	-95	-112	-113	-115	Euro zone - ECB	2.15		
-204	-203	-198	-177	-176	-166	-177	-177	-165	-180	-180	-167	Japan - BoJ	0.50		
-311	-310	-311	-291	-290	-291	-289	-287	-285	-192	-194	-181				
-2	-4	-2	8	5	9	20	18	24	47	46	54				
Equities	Level					% change:							Mexico - Banxico	8.00	
	Last	Change				1 Day	1-wk	1-mo	1-yr						
S&P/TSX	27153	98.8				0.4	0.7	2.3	18.8				Australia - RBA	3.85	
Dow 30	44255	231.5				0.5	-0.5	4.8	7.4				New Zealand - RBNZ	3.25	
S&P 500	6264	19.9				0.3	0.0	4.7	12.1						
Nasdaq	20730	52.7				0.3	0.6	6.2	15.2						
DAX	24211	201.6				0.8	-1.0	3.3	31.3						
FTSE	8966	39.3				0.4	-0.1	1.5	9.5						
Nikkei	39901	237.8				0.6	0.6	3.5	-2.9				Canada - BoC	Jul 30, 2025	
Hang Seng	24499	-18.8				-0.1	2.0	2.2	38.1				US - Fed	Jul 30, 2025	
CAC	7790	68.1				0.9	-1.4	1.4	2.9				England - BoE	Aug 07, 2025	
Commodities	Level					% change:									
WTI Crude	66.72			0.34		0.5	0.2	-10.8	-19.5				Euro zone - ECB	Jul 24, 2025	
Natural Gas	3.54			-0.01		-0.2	6.2	-8.0	74.2				Japan - BoJ	Jul 31, 2025	
Gold	3327.85			-19.28		-0.6	0.1	-1.8	35.3						
Silver	37.88			-0.39		-1.0	3.5	4.1	22.7						
CRB Index	303.15			0.45		0.1	0.5	-3.5	6.0						
Currencies	Level					% change:									
USDCAD	1.3769			0.0086		0.6	0.8	0.7	0.6				Mexico - Banxico	Aug 07, 2025	
EURUSD	1.1586			-0.0055		-0.5	-1.0	0.9	5.9				Australia - RBA	Aug 12, 2025	
USDJPY	148.62			0.7400		0.5	1.6	2.3	-4.9				New Zealand - RBNZ	Aug 19, 2025	
AUDUSD	0.6462			-0.0066		-1.0	-1.9	-0.2	-4.0						
GBPUSD	1.3399			-0.0023		-0.2	-1.3	-0.2	3.0						
USDCHF	0.8042			0.0034		0.4	0.9	-1.5	-9.0						

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