

DAILY POINTS

July 21, 2025 @ 7:10 EST

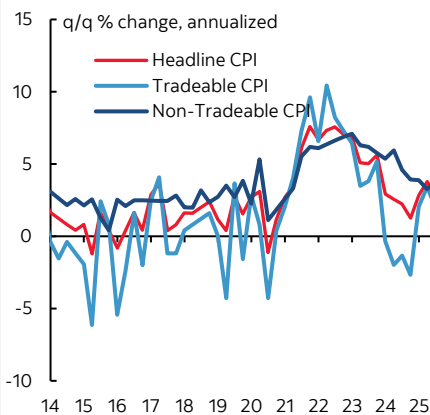
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Chart 1

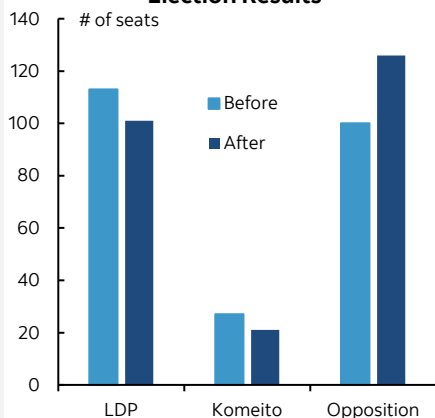
New Zealand's Inflation



Sources: Scotiabank Economics, Stats NZ.

Chart 2

2025 Japan's Upper House Election Results



Sources: Scotiabank Economics, NHK Japan.

On Deck for Monday, July 21

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07-21	08:30	IPPI (m/m)	Jun	--	0.1	-0.5
CA	07-21	08:30	Raw Materials Price Index (m/m)	Jun	--	0.0	-0.4
US	07-21	10:00	Leading Indicators (m/m)	Jun	--	-0.3	-0.1
CA	07-21	10:30	Business Outlook Future Sales	2Q	--	--	13.0

KEY POINTS:

- **Mixed risk appetite to start the week**
- **Yen rallies as Ishiba hangs on for now...**
- **...but the weakened LDP faces key struggles**
- **Soft NZ inflation pushes RBNZ cut pricing higher**
- **BoC surveys will probably show more modest inflation expectations**
- **Global Week Ahead — Knock it Off (reminder [here](#))**

It's a light start to a new trading week that is marked by mixed risk appetite. US and Canadian equity futures are modestly higher versus slight weakness in Europe. Sovereign bond yields are gently lower across major benchmarks. The US is on its back foot with standout performers including at least temporary yen strength (election, see below) and NZ\$ weakness (CPI, see below). The US calendar is quiet and Canada's has a couple of minor entries on tap.

RBNZ CUT BETS BOOSTED BY CPI

New Zealand's Q2 CPI inflation was weaker than expected (chart 1) and that drove underperformance by the NZ\$ and outperformance of rates in bull steepener fashion. OIS pricing for the August 20th RBNZ decision moved up by about 5bps to price 21bps of a quarter point cut. CPI was up by 0.5% q/q (0.6% consensus). CPI for tradeable goods was up by 0.3% (0.5% consensus). Nontradeable goods CPI was on the screws at 0.7%.

YEN RALLIES AFTER JAPANESE ELECTION—FOR NOW

The yen is outperforming because Japanese PM Ishiba pledged to stay on as PM for now and despite losing the upper house majority in weekend elections (chart 2). The LDP coalition now has minorities in both chambers after losing its majority in the Lower House last October. Japanese markets were otherwise closed for Marine Day today. This may be a false calm as key uncertainties include how long Ishiba may stay on, whether the opposition could exploit vulnerabilities through a confidence vote, what concessions the LDP coalition may have to make on fiscal and other policies to stay in power, and how effectively it can handle US trade belligerence.

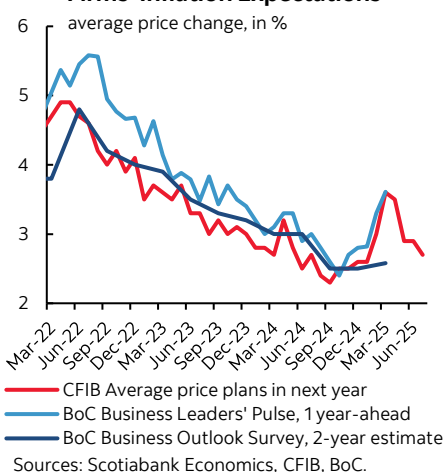
China left its 1- and 5-year Loan Prime Rates unchanged at 3% and 3.5% respectively as expected.

BOC SURVEYS LIKELY TO SHOW LOWER INFLATION EXPECTATIONS

Canada updates little watched producer prices for June (8:30amET) plus the Bank of Canada's Q2 consumer and business surveys (10:30amET). Lower inflation expectations are expected to be signalled based on correlations with a small business survey (chart 3).

Chart 3

Firms' Inflation Expectations



Sources: Scotiabank Economics, CFIB, BoC.

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		
	3.84	3.87	3.90	3.91	3.95	3.99	4.37	4.42	4.44	4.94	4.99	4.98	Canada - BoC	2.75
	2.80	2.82	2.76	3.08	3.10	3.05	3.54	3.57	3.52	3.85	3.88	3.83	US - Fed	4.50
	1.84	1.87	1.88	2.19	2.24	2.28	2.63	2.70	2.73	3.17	3.23	3.25	England - BoE	4.25
	0.77	0.77	0.78	1.06	1.06	1.08	1.54	1.54	1.58	3.08	3.08	3.17		
	3.87	3.90	3.81	4.05	4.09	4.02	4.63	4.67	4.60	5.46	5.51	5.43		
	Spreads vs. U.S. (bps):													
	-104	-106	-114	-83	-85	-94	-84	-85	-92	-110	-110	-115	Euro zone - ECB	2.15
	-200	-200	-202	-172	-171	-171	-174	-172	-171	-178	-176	-173	Japan - BoJ	0.50
-307	-310	-312	-285	-289	-291	-283	-288	-285	-187	-191	-181			
3	3	-9	14	14	3	25	26	16	52	52	45			
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	27314			-72.9			-0.3	1.1	3.1	20.4			Australia - RBA	3.85
Dow 30	44342			-142.3			-0.3	-0.1	5.1	10.1			New Zealand - RBNZ	3.25
S&P 500	6297			-0.6			-0.0	0.6	5.5	14.4				
Nasdaq	20896			10.0			0.0	1.5	7.4	17.9				
DAX	24214			-75.7			-0.3	0.2	3.7	33.2				
FTSE	8975			-16.7			-0.2	-0.3	2.3	10.1				
Nikkei	39819			-82.1			-0.2	0.6	3.7	0.6			Canada - BoC	Jul 30, 2025
Hang Seng	24994			168.5			0.7	3.3	6.2	43.5			US - Fed	Jul 30, 2025
CAC	7779			-43.8			-0.6	-0.4	2.5	3.2				
Commodities	Level						% change:							
WTI Crude	67.28			-0.06			-0.1	0.4	-10.2	-16.0			England - BoE	Aug 07, 2025
Natural Gas	3.36			-0.20			-5.7	-3.0	-12.6	58.0			Euro zone - ECB	Jul 24, 2025
Gold	3368.56			18.62			0.6	0.7	0.0	40.3			Japan - BoJ	Jul 31, 2025
Silver	38.27			0.52			1.4	2.1	3.0	25.6				
CRB Index	306.12			0.00			0.0	0.9	-2.1	9.2				
Currencies	Level						% change:							
USDCAD	1.3716			-0.0010			-0.1	0.1	-0.1	-0.3			Mexico - Banxico	Aug 07, 2025
EURUSD	1.1656			0.0030			0.3	-0.1	0.7	7.0			Australia - RBA	Aug 12, 2025
USDJPY	147.66			-1.1500			-0.8	-0.0	1.0	-6.0			New Zealand - RBNZ	Aug 19, 2025
AUDUSD	0.6518			0.0009			0.1	-0.4	0.9	-1.9				
GBPUSD	1.3469			0.0053			0.4	0.3	-0.4	4.1				
USDCHF	0.7995			-0.0018			-0.2	0.2	-1.6	-10.1				

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