

DAILY POINTS

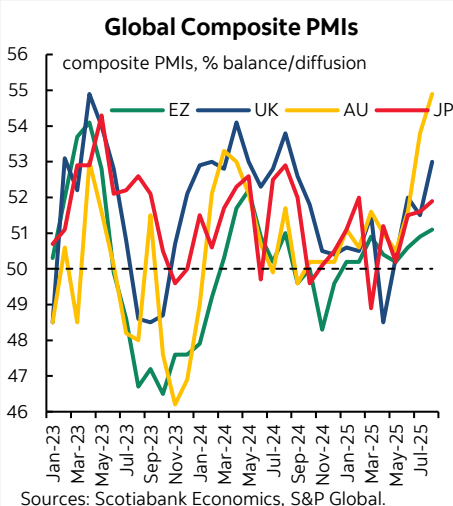
August 21, 2025 @ 7:30 EST

Contributors

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Chart 1



On Deck for Thursday, August 21

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	08-21	07:30	Fed's Bostic Shares Brief Remarks on Economy				
CA	08-21	08:30	IPPI (m/m)	Jul	--	0.3	0.4
CA	08-21	08:30	Raw Materials Price Index (m/m)	Jul	--	-0.6	2.7
US	08-21	08:30	Initial Jobless Claims (000s)	Aug 16	225	225.3	224.0
US	08-21	08:30	Continuing Claims (000s)	Aug 09	1960	1960.0	1953.0
US	08-21	08:30	Philadelphia Fed Index	Aug	--	6.5	15.9
US	08-21	10:00	Existing Home Sales (mn a.r.)	Jul	3.9	3.9	3.93
US	08-21	10:00	Existing Home Sales (m/m)	Jul	-0.8	-0.3	-2.7
US	08-21	10:00	Leading Indicators (m/m)	Jul	--	-0.1	-0.3

KEY POINTS:

- **Mild risk-off sentiment on the eve of Powell's speech...**
- **...and with global PMIs signalling resilience and less pressure to ease monetary policy**
- **Be careful with tariff-related interpretations of the PMIs**
- **NOK outperforms as GDP growth doubles expectations**
- **US PMIs, home sales on tap**
- **Of course the attacks on Fed Governor Cook are partisan! And here's what's at stake**

It's T-1 and counting until Powell. Markets are in slight risk-off mode with equities broadly but gently lower. Sovereign bond yields are broadly but gently higher. Currencies are mixed.

Uneven Evidence Across Global PMIs

Perhaps what markets don't like is evidence of economic resilience amid some price pressures, although the evidence across global PMIs was uneven in both regards.

Across the PMIs evidence, services accelerated in the UK, Australia and India, but decelerated in the Eurozone and Japan. Manufacturing grew faster in the Eurozone, Japan, India, and Australia, but slowed in the UK. Output price inflation picked up in India, the Eurozone and UK services but not manufacturing, and decelerated in Japan and Australia. Charts 1-3 shows the results.

As a broad point, be careful with some of the headlines seeking to spin a tale about what this means in terms of tariff effects. One reason for that is because services volatility

Chart 2

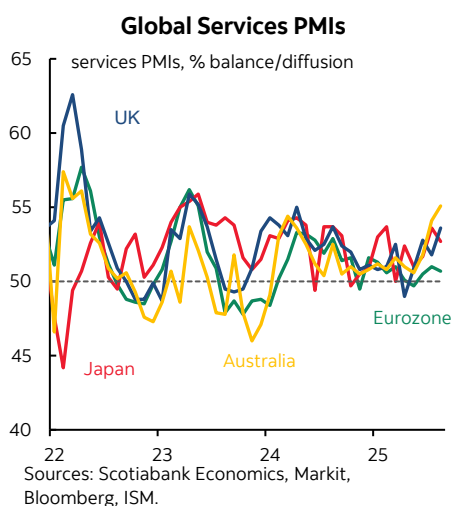
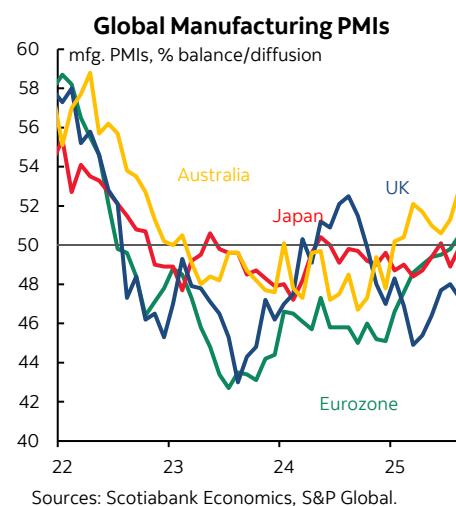


Chart 3



August 21, 2025

played a large role and so it wasn't just about manufacturing across these countries. Another reason is that the first and starts with which tariffs have been threatened, delayed, and ultimately applied makes for caution toward reaching conclusions. Bursts of tariff front-running in ordering activity to exploit windows of opportunity to stock inventories before most tariffs became more binding may be created a false sense of comfort with the overwhelming bulk of the tariff effect still ahead.

Here are the results by country:

- Japan's composite PMI inched higher to 51.9 from 51.6 although that gain probably isn't statistically significant. Services decelerated (52.7, 53.6) as manufacturing moved up a point to almost the 50 line that demarcates balance. Input price inflation accelerated but output price inflation decelerated.
- India's composite PMI jumped higher by 4.1 points to 65.2 with a 5.1 point rise in the services PMI leading the way to a robust 65.6 as manufacturing edged slightly higher to a solid 59.8 (59.1 prior). Output prices climbed "much faster" than input costs.
- Australia's composite PMI climbed 1.1 points to 54.9 with a one-point rise in services (55.1) combining with a 1.6 point jump in manufacturing (52.9, 51.3 prior). Both input and output price inflation eased.
- The Eurozone's composite PMI was little changed at 51.1 (50.9 prior) as a seven-tenths rise in manufacturing slightly into expansion territory (50.5) was held back by a slight deceleration in services (50.7, 51.0 prior). Both input (fastest in five months) and output (fastest in four months) price inflation accelerated.
- France's composite PMI remained slightly in contraction while Germany's composite PMI remained slightly in expansion territory.
- The UK composite PMI jumped higher by 1.5 points to signal quicker expansion (53.0) entirely due to quicker growth in services (53.6, 51.8 prior) as manufacturing slowed (47.3, 48 prior). Input price inflation was the highest since May. Output price inflation accelerated in services but decelerated in manufacturing.

NOK Outperforms on GDP Beat

Non-PMI developments were light. NOK is outperforming all other majors this morning after Q2 GDP growth doubled expectations, coming in at 0.6% q/q SA nonannualized. Growth was led by investment and net trade with small contributions from consumption and government.

US Data on Tap

Light data is on tap into the N.A. session with the focus on the US S&P PMIs (9:45amET) and existing home sales during July (10amET) plus initial jobless claims (8:30amET).

Ongoing Fed Drama

The controversy surrounding Fed Governor Cook continues. She said last night that she wouldn't be "bullied" into resigning. Good for her. That is indeed what she's dealing with. In fairness, however, she also promised to show her version of the facts, so let's see them as this may not simply go away. Meanwhile, Bill Pulte—the homebuilder turned head of the FHFA (a home financing regulator) and one of Trump's pitbulls—claims his singling out of Cook among reportedly tens of thousands—maybe more—who reportedly do similar things with their mortgage applications isn't partisan. If that's the case, then tell the Attorney General to launch a broad investigation and pursue everyone who does this and without bias because, as he says, Pulte is merely interested in enforcing the laws of the land.

The bigger stakes here are represented by the potential for Trump to stack the Fed's Board with five partisan Governors including Waller, Bowman and Miran if he passes the Senate, Powell's successor, and potentially Cook if this controversy has legs. The bigger stakes from a market standpoint are represented by concerns around Fed independence.

A very high starting point for valuations, efforts toward easing capital constraints including GSIBs eSLR and SLR relief that brings more money into Treasuries that permeate most other asset classes, and efforts to force the Fed to become much more dovish could backfire in the bond market for two reasons. One is if such a policy stance is viewed as politicized and not driven by the merits of such actions. Two is because those of us who've been around a while have seen this movie before. Risk managers, be prepared to widen those longer-run brackets around all projections.

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		
	3.76	3.75	3.73	3.82	3.81	3.81	4.30	4.29	4.29	4.91	4.90	4.87	Canada - BoC	2.75
	2.71	2.70	2.69	2.97	2.96	2.94	3.45	3.44	3.41	3.86	3.85	3.80	US - Fed	4.50
	1.97	1.93	1.95	2.31	2.27	2.28	2.75	2.72	2.71	3.31	3.29	3.27	England - BoE	4.00
	0.86	0.85	0.81	1.15	1.15	1.10	1.61	1.61	1.55	3.19	3.18	3.09		
	3.95	3.92	3.91	4.11	4.08	4.05	4.71	4.67	4.64	5.56	5.53	5.49		
	Spreads vs. U.S. (bps):													
	-105	-105	-104	-85	-85	-87	-85	-85	-88	-105	-104	-107	Euro zone - ECB	2.15
	-179	-182	-179	-151	-154	-153	-156	-157	-157	-160	-160	-161	Japan - BoJ	0.50
-290	-289	-292	-266	-266	-271	-269	-268	-274	-172	-172	-178			
20	17	17	29	26	24	40	38	36	65	64	62	Mexico - Banxico	7.75	
Equities	Level						% change:							
	Last	Change				1 Day	1-wk	1-mo	1-yr					
S&P/TSX	27879	54.9				0.2	-0.4	2.1	20.6			Australia - RBA	3.60	
Dow 30	44938	16.0				0.0	0.0	1.4	9.9					
S&P 500	6396	-15.6				-0.2	-1.1	1.4	13.8			New Zealand - RBNZ	3.00	
Nasdaq	21173	-142.1				-0.7	-2.5	0.9	18.2					
DAX	24228	-49.0				-0.2	-0.6	-0.3	31.3					
FTSE	9270	-18.1				-0.2	1.0	2.9	11.9					
Nikkei	42610	-278.4				-0.6	-0.1	7.0	12.3			Canada - BoC	Sep 17, 2025	
Hang Seng	25105	-61.3				-0.2	-1.6	0.4	44.4			US - Fed	Sep 17, 2025	
CAC	7927	-46.1				-0.6	0.7	1.6	5.3					
Commodities	Level						% change:							
WTI Crude	63.27	0.56				0.9	-1.1	-5.8	-12.0			England - BoE	Sep 18, 2025	
Natural Gas	2.79	0.04				1.3	-1.9	-16.2	28.1					
Gold	3331.15	-17.28				-0.5	-0.1	-1.9	32.6			Euro zone - ECB	Sep 11, 2025	
Silver	37.08	-1.00				-2.6	-4.0	-3.1	24.5			Japan - BoJ	Sep 19, 2025	
CRB Index	296.01	1.96				0.7	0.4	-2.9	7.5					
Currencies	Level						% change:							
USDCAD	1.3881	0.0008				0.1	0.5	1.4	2.1			Mexico - Banxico	Sep 25, 2025	
EURUSD	1.1650	-0.0002				-0.0	0.0	-0.4	4.5					
USDJPY	147.85	0.5200				0.4	0.1	0.3	1.8			Australia - RBA	Sep 30, 2025	
AUDUSD	0.6430	-0.0004				-0.1	-1.0	-1.5	-4.7					
GBPUSD	1.3460	0.0003				0.0	-0.5	-0.2	2.8			New Zealand - RBNZ	Oct 07, 2025	
USDCHF	0.8062	0.0021				0.3	-0.2	1.0	-5.3					

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