

DAILY POINTS

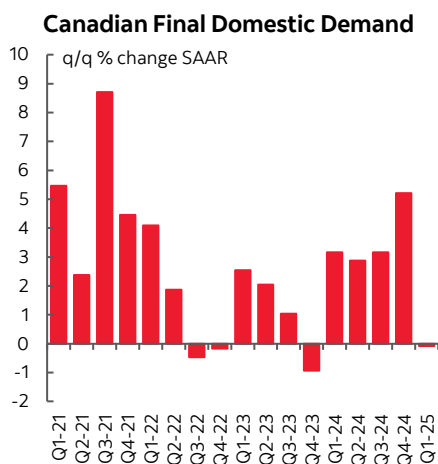
August 29, 2025 @ 7:15 EST

Contributors

Derek Holt

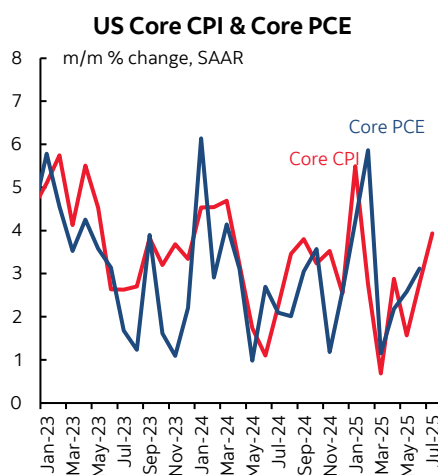
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Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, BLS, BEA.

On Deck for Friday, August 29

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08-29	08:30	Real GDP (m/m)	Jun	0.2	0.1	-0.1
CA	08-29	08:30	Real GDP (q/q a.r.)	2Q	-0.3	-0.7	2.2
US	08-29	08:30	PCE Deflator (m/m)	Jul	0.2	0.2	0.3
US	08-29	08:30	PCE Deflator (y/y)	Jul	2.7	2.6	2.6
US	08-29	08:30	PCE ex. Food & Energy (m/m)	Jul	0.3	0.3	0.3
US	08-29	08:30	PCE ex. Food & Energy (y/y)	Jul	3.0	2.9	2.8
US	08-29	08:30	Personal Spending (m/m)	Jul	0.6	0.5	0.3
US	08-29	08:30	Personal Income (m/m)	Jul	0.4	0.4	0.3
US	08-29	08:30	Wholesale Inventories (m/m)	Jul P	--	0.1	0.1
US	08-29	09:45	Chicago PMI	Aug	--	46.0	47.1
US	08-29	10:00	U. of Michigan Consumer Sentiment	Aug F	--	58.6	58.6

KEY POINTS:

- **Bonds, equities both cheapen into key data**
- **US core PCE inflation is expected to pick up**
- **Canadian GDP starts the data dependent path to the next BoC meeting**
- **Eurozone inflation tracking softly, supports ECB on hold**
- **Eurozone consumer spending softens**
- **JGB yields slip on Japanese data**
- **Krona outperforms on solid Swedish GDP**

It's data dump day across the world as important readings on inflation and growth are updated across multiple major economies. The reward to getting through it will be early market closes in Canada and the US ahead of long weekends at least for some folks. Going into N.A. data, the market bias is toward slightly softer prices for both equities and bonds with a touch firmer USD alongside CAD and some Scandies. On top of data, watch Governor Cook's emergency injunction hearing at 10amET will also be watched.

CANADA TO UPDATE GDP AND IMPORTANT DETAILS

Canada updates GDP figures and important details like final domestic demand (8:30amET). The data deluge on the path to the Sept 17th BoC decision starts now, then jobs next week, then CPI. Q2 is expected to post a mild contraction (-0.7% q/q SAAR consensus, -0.3% Scotia) but volatility in tariff front-running effects over H1 require looking at the core domestic economy with final domestic demand expected to perform better partly as interest sensitive spending picks up. FDD was surging for several quarters and then went flat in Q1 (chart 1). June GDP was guided by Statcan to be up 0.1% m/m SA but data since that flash estimate a month ago might add a bit (Scotia 0.2%). July's flash GDP estimate will be fresh information amid mixed readings as hours worked slipped but other readings were stronger.

US CORE PCE INFLATION TO ACCELERATE

US core PCE inflation is expected to run a little warmer when July's reading lands this morning (8:30amET). Most estimates sit at 0.3% m/m SA but even a bit higher is possible. Recall that core CPI was up by 0.3% which immediately hints at a firm core PCE reading (chart 2), then add a touch for PPI's relevant categories net of different weighting effects in CPI versus PCE. When those effects are taken into account, a rise of 0.4% is possible, but tamped down because of other methodological differences between CPI and PCE such as how PCE captures substitution effects that CPI does not by shifting spending weights each month.

Solid growth rates in US personal incomes and spending are also expected (8:30amET) and the first estimates of US goods exports and imports during July are due at the same time.

JGB YIELDS SOFTEN ON JAPANESE DATA

The Tokyo core CPI gauge picked up to 0.2% m/m SA in August which is the firmest reading since May. Still, at 2.4% m/m SAAR, it's part of a three month moving average of 1.2% m/m SAAR that remains sharply slower than over prior months. The JGBs curve bull flattened overnight with the 10-year yield down 2bps and the yen was slightly softer to the buck.

Some of that reaction in Japanese markets was also probably due to generally soft macro reports. Industrial output shrank by -1.6% m/m in July (-1.1% consensus) with retail sales down 1.6% m/m (-0.2% consensus) after a 1.0% prior gain.

EUROZONE INFLATION TRACKING SOFTLY

All four major Eurozone economies posted soft inflation readings this morning that support expectations for the ECB to remain on hold on September 11th. The year-over-year rates show wide deviations but indicate around 2% y/y for the Eurozone as a whole. France sits at 0.8% y/y, Italy is at 1.7%, Spain's reading is 2.7% and Germany's tally is likely to be about 2% a little later this morning. Here are the readings:

- German states registered a series of soft inflation readings in August that generally supported consensus expectations for the national CPI reading to be flat when released shortly (8amET). Three states were flat, two were up 0.1%, and one fell -0.1%.
- French CPI landed on the screws at 0.5% m/m SA in August on an EU-harmonized basis.
- Spanish CPI was flat at 0% m/m in August on an EU-harmonized basis. Core CPI ticked higher to 2.4% y/y.
- Italian CPI was weaker than expected at -0.2% m/m on an EU-harmonized basis (0% consensus).

EUROZONE CONSUMER SPENDING SOFTENS

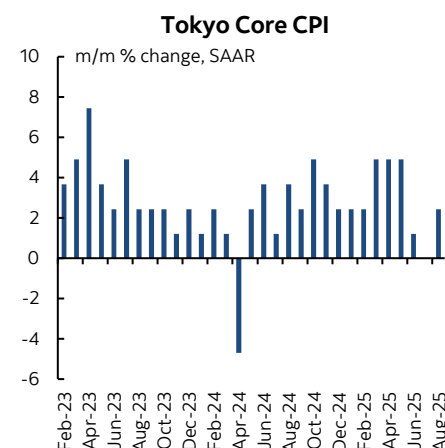
German retail sales volumes fell by -1.5% m/m SA in July (0% consensus) which more than reverses the 1.0% surge the prior month. Consumer dynamics nevertheless got a minor lift from an unexpected decline of 9k in the number of unemployment in August that kept the unemployment rate at 6.3%.

French consumer spending volumes were soft. July's spending fell -0.3% m/m as expected, but June was revised two-tenths lower to +0.4%.

KRONA OUTPERFORMS ON GDP

The krona is the star pupil this morning after Swedish GDP surprised a touch higher than expected in Q2 (0.5% q/q SA, 0.4% consensus). The figures were distorted by a large 3.1% contribution from imports as exports rose 0.7% while consumption was up 0.4%, investment expanded by 6.1% with government spending up by a small amount.

Chart 3



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

August 29, 2025

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		
	3.63	3.63	3.70	3.70	3.69	3.76	4.22	4.21	4.25	4.90	4.88	4.88				
	2.69	2.69	2.69	2.95	2.94	2.95	3.44	3.42	3.43	3.87	3.85	3.84			US - Fed	4.50
	1.94	1.93	1.95	2.25	2.24	2.28	2.71	2.70	2.72	3.32	3.30	3.31				
	0.87	0.86	0.87	1.15	1.16	1.17	1.60	1.62	1.63	3.19	3.22	3.22				
3.95	3.94	3.94	4.11	4.10	4.10	4.73	4.70	4.69	5.60	5.57	5.55					
Spreads vs. U.S. (bps):													Euro zone - ECB	2.15		
CANADA	-94	-94	-101	-75	-75	-81	-78	-78	-82	-103	-103	-104				
GERMANY	-170	-170	-175	-145	-145	-148	-151	-151	-153	-159	-158	-157			Japan - BoJ	0.50
JAPAN	-276	-277	-283	-255	-253	-259	-262	-259	-263	-172	-165	-166				
U.K.	32	30	25	41	41	34	50	49	44	70	69	67				
Equities	Level						% change:						Mexico - Banxico	7.75		
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	3.60				
	28435	1.8					0.0	1.4	3.2	22.4	New Zealand - RBNZ	3.00				
	45637	71.7					0.2	1.9	2.2	10.4						
	6502	20.5					0.3	2.1	2.1	16.3						
	21705	115.0					0.5	2.9	2.9	23.9	Next Meeting Date					
	23943	-96.8					-0.4	-1.7	-1.1	26.6	Canada - BoC	Sep 17, 2025				
	9190	-27.1					-0.3	-1.3	0.6	9.7						
	42718	-110.3					-0.3	0.2	5.0	11.4			US - Fed	Sep 17, 2025		
	25078	78.8					0.3	-1.0	-1.8	41.0						
	7728	-34.9					-0.4	-3.0	-1.6	1.1						
Commodities	Level						% change:						England - BoE	Sep 18, 2025		
WTI Crude	64.35	-0.25					-0.4	1.1	-7.0	-15.2	Euro zone - ECB	Sep 11, 2025				
Natural Gas	2.98	0.04					1.2	10.4	-3.3	39.4						
Gold	3406.48	-10.60					-0.3	1.0	2.4	35.1			Japan - BoJ	Sep 19, 2025		
Silver	38.94	0.72					1.9	3.6	2.1	32.3						
CRB Index	301.75	1.01					0.3	1.1	-1.4	7.8						
Currencies	Level						% change:						Mexico - Banxico	Sep 25, 2025		
USDCAD	1.3749	0.0000					0.0	-0.6	-0.2	2.0	Australia - RBA	Sep 30, 2025				
EURUSD	1.1667	-0.0016					-0.1	-0.4	1.0	5.3						
USDJPY	147.18	0.2500					0.2	0.2	-0.9	1.5			New Zealand - RBNZ	Oct 07, 2025		
AUDUSD	0.6528	-0.0004					-0.1	0.6	0.3	-4.0						
GBPUSD	1.3460	-0.0053					-0.4	-0.5	0.8	2.2						
USDCHF	0.8023	0.0010					0.1	0.1	-0.5	-5.3						

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