

DAILY POINTS

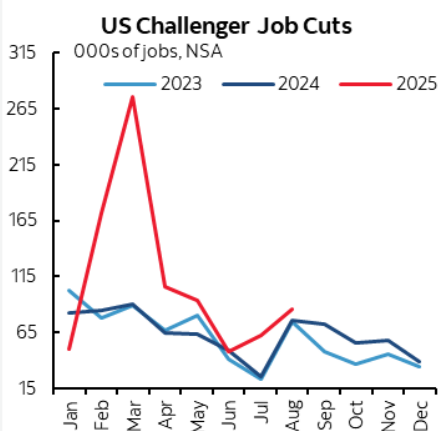
September 4, 2025 @ 7:40 EST

Contributors

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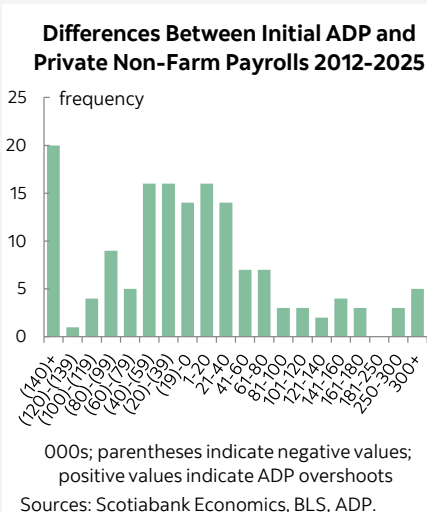
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Chart 1



Sources: ScotiabankEconomics, Challenger, Gray & Christmas Inc.

Chart 2



On Deck for Thursday, September 4

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-04	08:15	ADP Employment Report (000s m/m)	Aug	50	67.5	104.0
CA	09-04	08:30	Merchandise Trade Balance (C\$ bn)	Jul	--	-5.3	-5.9
US	09-04	08:30	Initial Jobless Claims (000s)	Aug 30	230	230.0	229.0
US	09-04	08:30	Continuing Claims (000s)	Aug 23	1965	1959.0	1954.0
US	09-04	08:30	Productivity (q/q a.r.)	2Q F	--	2.7	2.4
US	09-04	08:30	Trade Balance (US\$ bn)	Jul	--	-77.9	-60.2
US	09-04	08:30	Unit Labor Costs (q/q a.r.)	2Q F	--	1.2	1.6
US	09-04	10:00	ISM Non-Manufacturing Composite	Aug	51.0	51.0	50.1
US	09-04	12:05	Fed's Williams Speaks on Economic Outlook and Monetary Policy				
US	09-04	19:00	Fed's Goolsbee Appears in a Moderated Q&A				

KEY POINTS:

- **Markets bracing for a dovish payrolls reading ahead of today's teasers**
- **Miran's Senate grilling likely to contain some fireworks**
- **US job cuts increased in seasonally typical fashion**
- **ADP private payrolls, initial claims are unlikely to matter to nonfarm**
- **US trade deficit widened**
- **US ISM-services expected to signal continued growth, watch jobs and prices**
- **US vehicle sales will slightly dent retail sales**
- **Negara held, sounded done**
- **Inflation readings from Sweden, Switzerland, Thailand didn't sway markets**
- **Chinese equities hit by the state's anti-speculation measures**
- **Australian trade is holding up well—so far**
- **Florida and Harvard grads**

Now it starts to get more interesting. While a series of US readings is bound to spark volatility this morning, key is that markets are bracing for a dovish nonfarm print tomorrow. Fed funds futures are priced for a cut on the 17th, about half of another in October, and by December lean toward 50–75bps of cumulative cut pricing. It could swing in either direction after nonfarm. Sovereign bonds are catching a bid across the board this morning and so are most equity benchmarks outside of France. China was an exception where equities fell by 1–2% after the state indicated it would lean against speculation after the recent rally with measures like easier short selling rules.

Most of the focus will be upon the U.S. of A this morning as warm-up acts will arrive before the big show tomorrow. Here's the lowdown on what to expect:

- Challenger job cuts climbed in August to about 86k which is the highest since May. They had fallen back to the 50–60k/mth range over the prior couple of months which is neither here nor there by way of key nonfarm implications. There is seasonality in this series over recent years that front-loads layoffs at the beginning of the year and then ebbs with this year behaving no differently in that regard (chart 1). Only a blow out number would have possibly been of any consequence, but even then, the connection to tomorrow's nonfarm is likely to be tenuous given how layoff packages work.
- Next up is ADP private payrolls in August (8:15amET). Yawn. They've been weak for several months now with July's 104k gain the highest since March but not high. It's a poor gauge for purposes of predicting nonfarm but I'll not the historical odds relative to nonfarm expectations after we get the number (chart 2).

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- initial jobless claims follow 15 minutes later. We're outside of the August nonfarm reference period with this print and so it's likely to be faded. Initial claims backed up slightly in August's reference period which is the pay period including the 12th of each month depending on pay frequency, but not by enough to really matter.
- The trade balance for July is unlikely to contain material new information (8:30amET). We already know the merchandise component that widened by about US\$18 billion to a deficit of \$104B and the services surplus that gets tacked on today is usually very stable.
- Then it's ISM-services time with August's reading (10amET). Most expect a slight improvement, but it's prone to surprise. Aside from anecdotes, keys will be employment that has been in contraction of late despite what services payrolls say, and prices paid that have been on a strong upward trend to the highest since late 2022 as memories of past challenges resurface.
- Then Stephen Miran's grilling before the Senate begins just as ISM hits (watch [here](#)). Frankly, this is what could be the most interesting thing this morning in my opinion. He asks you to believe that he'd respect Fed independence. Meadow muffins! I can picture the wolf in grandma's gown when he says it. Miran is a dyed in the wool MAGA adherent who is part of Trump's plan to stack the Fed and undermine all institutions in your choice of populist or authoritarian fashion—or why choose. Expect aggressive grilling and aggressive pushback in his testimony tomorrow that will probably wind up simply rubber stamping his candidacy in time for the Sept 17th FOMC decision.

Also note that late yesterday's US vehicle sales landed on the screws at 16.07 million SAAR, matching consensus and Scotia's estimate but the range was 15.8 to 16.4. US vehicle sales fell by -2.1% m/m SA which in weighted terms will shave about ¼% off of August retail sales all else equal.

And last, we have developments in the labour market from the state where apparently science education has some work to do. Hello polio, we missed you. Measles too. HPV— isn't that a tv channel? Tetanus is a planet, right? Oh come on, mumps can't be that bad. What's a little diphtheria among friends. Walk it off, it'll all only make you stronger. I'm speaking of course in reference to the supposed 'doctor' who violated his profession's duty to provide leadership in caring for people by taking steps to eliminate vaccine mandates for children in the state of Florida. What's the matter with Harvard grads anyway? Not only the state's surgeon general, but the crazies who graduate with PhDs in economics from Harvard and go on to undermine democracy with protectionist beliefs that 99% of economists would reject; looking at you, Miran, and you too, Navarro. Over-lettered and lacking common sense. Anyway, aside from the fact that the health of children—who can't vote—will be placed at risk for years to come, the cold hard reality in terms of the economics is that if such measures gain popularity, then workforce absenteeism is likely to be higher in future, healthcare spending is likely to go up, corporate profits will likely suffer, and progress toward eliminating such scourges is likely to be reversed. What these people fail to realize is that the externalities of putting whole populations at risk trumps the reticence to embrace science at the individual level among a minority of folks. What a shame.

OVERNIGHT CENTRAL BANK DEVELOPMENTS

Riksbank watchers got a bland inflation report for August that didn't do much to local markets. Swedish CPI slipped by -0.4% m/m as expected and underlying inflation was -0.2% (-0.3% consensus). Market pricing for the September 23rd decision remains at about -10bps but rises toward two-thirds of a cut priced by Nov/Dec in keeping with guidance offered on August 20th about "some probability of a further interest rate cut this year."

Swiss CPI remained very soft at -0.1% m/m NSA and 0% y/y with core at just 0.7% y/y. Markets continue to expect the SNB to remain on hold later this month and by year-end.

Thai markets shook off core CPI that held at 0.8% y/y as expected with headline at -0.8% y/y.

Bank Negara Malaysia held its overnight rate at 2.75% as widely expected. After easing in July for the first time since the pandemic, the central bank indicated it was done by saying it "considers the monetary policy stance to be appropriate and supportive of the economy and price stability."

Trade down under is holding up well. Australia's exports surged by another 3% m/m in July after a 6.3% prior gain, while imports fell 1.3% after a smaller revised dip of 1.5% in June. The nominal trade balance moved to its highest since early 2024.

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			
	3.60	3.62	3.63	3.67	3.69	3.69	4.19	4.22	4.21	4.87	4.90	4.88	Canada - BoC	2.75	
	2.61	2.62	2.69	2.90	2.92	2.99	3.36	3.38	3.42	3.82	3.84	3.85	US - Fed	4.50	
	1.96	1.97	1.93	2.26	2.28	2.24	2.72	2.74	2.70	3.32	3.36	3.30			
	0.85	0.87	0.86	1.14	1.16	1.16	1.60	1.63	1.62	3.27	3.30	3.22	England - BoE	4.00	
	3.95	3.96	3.94	4.11	4.13	4.10	4.72	4.75	4.70	5.56	5.60	5.57			
	Spreads vs. U.S. (bps):														
	-99	-100	-94	-76	-77	-70	-83	-83	-78	-106	-106	-103	Euro zone - ECB	2.15	
	-164	-165	-170	-140	-141	-145	-148	-148	-151	-155	-154	-158	Japan - BoJ	0.50	
-275	-275	-277	-253	-253	-253	-259	-259	-259	-160	-160	-165				
35	34	30	45	44	41	53	53	49	69	71	69	Mexico - Banxico	7.75		
Equities	Level						% change:								
	Last					Change	1 Day	1-wk	1-mo	1-yr					
S&P/TSX	28751					135.8	0.5	1.5	6.4	24.8	Australia - RBA				3.60
Dow 30	45271					-24.6	-0.1	-0.3	2.5	10.5	New Zealand - RBNZ				3.00
S&P 500	6448					32.7	0.5	-0.3	1.9	16.8					
Nasdaq	21498					218.1	1.0	-0.2	2.1	25.8					
DAX	23786					191.1	0.8	-1.1	0.1	27.9					
FTSE	9194					16.2	0.2	-0.2	0.7	11.2					
Nikkei	42580					641.4	1.5	-0.6	5.0	16.2	Canada - BoC				Sep 17, 2025
Hang Seng	25059					-284.9	-1.1	0.2	0.6	43.6	US - Fed				Sep 17, 2025
CAC	7717					-2.8	-0.0	-0.6	1.1	2.9	England - BoE				Sep 18, 2025
Commodities	Level						% change:								
WTI Crude	63.37					-0.60	-0.9	-1.2	-4.4	-8.4	Euro zone - ECB				Sep 11, 2025
Natural Gas	3.09					0.03	1.0	7.9	5.5	44.2	Japan - BoJ				Sep 19, 2025
Gold	3544.83					-14.59	-0.4	3.7	5.1	42.0					
Silver	40.86					0.34	0.8	6.9	12.0	44.3					
CRB Index	302.68					-1.70	-0.6	1.4	3.1	12.0					
Currencies	Level						% change:								
USDCAD	1.3823					0.0029	0.2	0.5	0.3	2.3	Mexico - Banxico				Sep 25, 2025
EURUSD	1.1644					-0.0018	-0.2	-0.3	0.6	5.1	Australia - RBA				Sep 30, 2025
USDJPY	148.33					0.2300	0.2	1.0	0.8	3.2	New Zealand - RBNZ				Oct 07, 2025
AUDUSD	0.6517					-0.0026	-0.4	-0.2	0.8	-3.1					
GBPUSD	1.3431					-0.0013	-0.1	-0.6	1.1	2.2					
USDCHF	0.8057					0.0016	0.2	0.5	-0.3	-4.8					

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