

DAILY POINTS

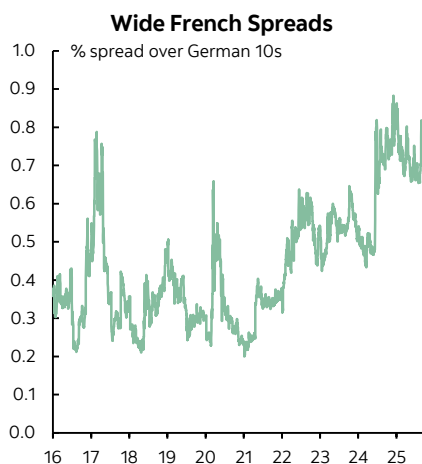
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Chart 1



On Deck for Monday, October 6

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10-06	17:00	Fed's Schmid Speaks on Economic Outlook and Monetary Policy				

KEY POINTS:

- **Political risk is in the driver's seat**
- **Japan's likely new PM drives large market moves...**
- **...on speculation she will be a fiscal expansionist**
- **France's new PM resigns weeks into the job...**
- **...as political dysfunction continues to stymie fiscal reforms**
- **Global Week Ahead — Pick Your Subsidies ([here](#))**

Political risk is in the driver's seat once more. The action is focused upon France and Japan amid an otherwise empty calendar. Spillover effects are driving bear steepening in US Ts.

FRENCH POLITICAL TURMOIL CONTINUES

French bonds are getting hit by the latest crisis. Spreads over 10-year bunds are about 5bps wider and the CAC40 is underperforming with a 1½% drop.

The catalyst is that yet another French Prime Minister—this time Sebastien Lecornu—has resigned only a few weeks into the job. He wasn't terribly successful at steering budget proposals, but the tipping point was when the opposition as well as a key figure from the center-right lashed out at President Macron's appointment of essentially the same cabinet amid demands for fresh faces. France remains paralyzed by political dysfunction that is preventing fiscal reforms.

MARKETS SPECULATE THAT JAPAN'S NEW PM WILL BE A FISCAL EXPANSIONIST

The yen is about 2% lower to the dollar and leading underperformers. The Nikkei ripped higher by almost 5% overnight. The JGBs curve bull steepened with 2s richer by about 4bps.

The catalyst? Japan's Liberal Democratic Party chose Sanae Takaichi as their leader and she is very likely to be voted in as PM next week. She was an ally of the late former PM Shinzo Abe and is widely viewed as being pro-stimulus and pro-reform while skeptical toward BoJ policy tightening. Clearly we need to see concrete proposals and in the context of a divided parliament in which her party no longer holds majorities in either chamber. For now, markets are behaving in knee-jerk fashion by assuming she will add to fiscal expansionism.

I'm not sure about speculation that BoJ hike pricing should be rolled back. Pricing for the October 29th decision was chopped from 14bps of a quarter point hike to 6 bps. A big 'if' is whether more fiscal stimulus can be pushed through, but if it is, then it might embolden BoJ hikes.

Other than watch for any further developments around the US government's shutdown. No meaningful progress was made over the weekend.

There are no material releases due out.

October 6, 2025

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			
	3.58	3.58	3.62	3.73	3.72	3.73	4.16	4.12	4.14	4.76	4.71	4.70	Canada - BoC	2.50	
	2.45	2.45	2.50	2.73	2.72	2.78	3.19	3.17	3.22	3.67	3.65	3.67	US - Fed	4.25	
	2.01	2.02	2.02	2.31	2.30	2.31	2.73	2.70	2.71	3.31	3.27	3.27			
	0.91	0.94	0.93	1.20	1.22	1.22	1.69	1.66	1.64	3.31	3.17	3.14	England - BoE	4.00	
	3.99	3.97	3.99	4.16	4.12	4.15	4.74	4.69	4.70	5.56	5.50	5.51			
Spreads vs. U.S. (bps):															
CANADA	-113	-113	-112	-100	-100	-95	-97	-95	-92	-109	-106	-104	Euro zone - ECB	2.15	
GERMANY	-157	-156	-160	-142	-141	-142	-143	-142	-143	-145	-145	-143			
JAPAN	-268	-263	-269	-253	-249	-252	-247	-246	-250	-146	-155	-157	Japan - BoJ	0.50	
U.K.	41	39	37	42	40	41	59	57	56	80	79	80			
Equities	Level						% change:						Mexico - Banxico <td>7.50</td>		7.50
	Last			Change			1 Day	1-wk	1-mo	1-yr					
S&P/TSX	30472			311.1			1.0	2.4	4.9	26.1	Australia - RBA				3.60
Dow 30	46758			238.6			0.5	1.1	3.0	10.4	New Zealand - RBNZ				3.00
S&P 500	6716			0.4			0.0	1.1	3.6	16.8					
Nasdaq	22781			-63.5			-0.3	1.3	5.0	25.6					
DAX	24388			9.0			0.0	2.7	3.4	27.5					
FTSE	9484			-6.8			-0.1	2.0	3.0	14.5					
Nikkei	47945			2175.3			4.8	6.4	11.5	24.1	Canada - BoC				Oct 29, 2025
Hang Seng	26958			-183.1			-0.7	3.2	6.1	18.6	US - Fed				Oct 29, 2025
CAC	7963			-118.6			-1.5	1.0	3.8	5.6					
Commodities	Level						% change:								
WTI Crude	61.93			1.05			1.7	-2.4	0.1			-16.7	England - BoE	Nov 06, 2025	
Natural Gas	3.46			0.13			4.0	5.8	13.4			21.1			
Gold	3943.10			56.56			1.5	2.9	9.9			48.6	Euro zone - ECB	Oct 30, 2025	
Silver	47.61			0.21			0.4	5.8	16.5			51.1			
CRB Index	299.36			1.03			0.3	-1.9	0.5			2.6	Japan - BoJ	Oct 30, 2025	
Currencies	Level						% change:								
USDCAD	1.3959			0.0007			0.1	0.3	1.1			2.5	Mexico - Banxico	Nov 06, 2025	
EURUSD	1.1662			-0.0080			-0.7	-0.6	-0.9			6.3			
USDJPY	150.37			2.9000			2.0	1.2	1.9			1.5	Australia - RBA	Nov 03, 2025	
AUDUSD	0.6593			-0.0011			-0.2	0.2	0.0			-2.4			
GBPUSD	1.3436			-0.0044			-0.3	0.1	-0.8			2.7	New Zealand - RBNZ	Oct 07, 2025	
USDCHF	0.7988			0.0030			0.4	0.1	0.7			-6.5			

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