

Contributors

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Chart 1

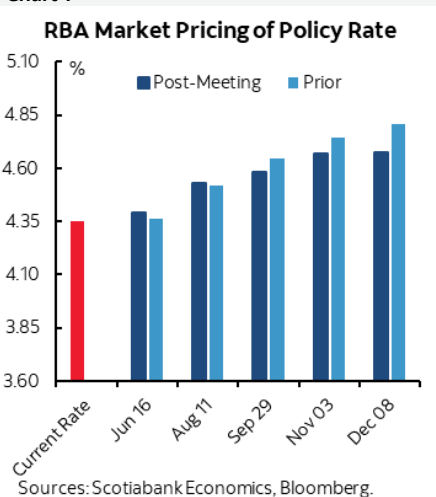
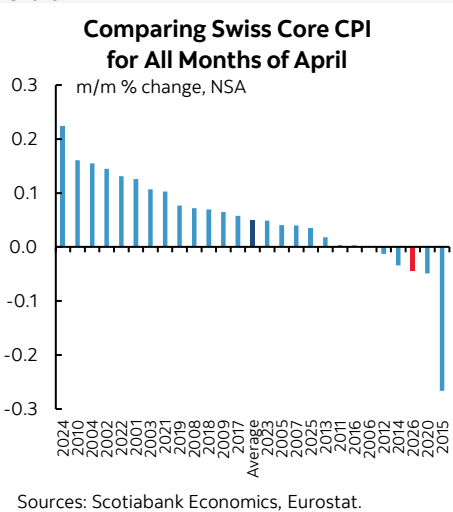


Chart 2



On Deck for Tuesday, May 5th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	05-05	08:30	Merchandise Trade Balance (C\$ bn)	Mar	--	-2.5	-5.7
US	05-05	08:30	Trade Balance (US\$ bn)	Mar	-60.7	-61.0	-57.3
US	05-05	10:00	ISM Non-Manufacturing Composite	Apr	53.5	53.7	54.0
US	05-05	10:00	JOLTS Job Openings (000s)	Mar	--	6850.0	6882.0
US	05-05	10:00	New Home Sales (000s a.r.)	Feb	650	--	587.0
US	05-05	10:00	New Home Sales (000s a.r.)	Mar	--	660.0	--
US	05-05	10:00	Fed's Bowman Speaks at Washington Financial Symposium				
US	05-05	12:30	Fed's Barr Speaks on Banking Regulation				

KEY POINTS:

- **Markets vacillate between peace on-and-off sentiment**
- **RBA hiked again, signals pause**
- **Mixed signals in Canadian trade**
- **US Trade, ISM-services, JOLTS, new homes sales on tap**
- **Philippines inflation reinforces further BSP hike**
- **Global Week Ahead reminder [here](#)**

The on-and-off peace trade is on again this morning after being off yesterday and who knows which direction tomorrow. Oil is retaining most of yesterday's jump in Brent and WTI but giving back a couple of bucks this morning. UK gilts are underperforming by the most as they catch up to yesterday's developments in energy and bond markets following yesterday's UK bank holiday. BoC hike pricing remains near 60bps after bland BoC testimony yesterday afternoon. Equities are mostly higher except for London after the bank holiday.

Overnight developments brought out a dovish hike by the RBA with markets still pricing future hikes (chart 1), light Swiss core CPI (chart 2) and a big jump in Philippines CPI that sets up another coming hike. Canadian and US macro reports are on tap into the N.A. open.

RBA Hikes, Sets Up a Pause Ahead of Budget

Australia's central bank hiked its cash rate target by 25bps to 4.35% overnight as expected by all but one in consensus. The A\$ is slightly underperforming other major crosses and Aussie rates mildly rallied in slight bull steepener fashion because guidance suggested a near-term pause after three consecutive rate increases. Governor Bullock stated "On reason to increase interest rates was to give ourselves space now to sit and see what happens. We feel we're now in a position where we've got space to be alert now to both sides of the risks to inflation—upside and downside." Markets are mostly pricing a pause at the next decision on June 16th but lean toward a further 1–2 quarter point hikes being priced by year-end. Australia's Budget next Tuesday and further developments in commodities markets will be monitored.

Philippines CPI Reinforces Further Tightening

Inflation in the Philippines accelerated to 7.2% y/y in April (5.5% consensus, 4.1% prior) as prices jumped by 2.6% m/m (1.2% consensus). The peso slightly outperformed post-release with markets leaning toward another hike on June 18th after BSP raised its overnight rate by 25bps on April 23rd.

CANADA-US MACRO REPORTS

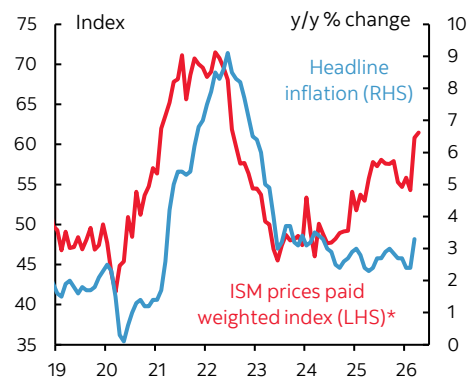
Canada and the US will refresh trade figures for March (8:30amET). The US trade deficit widened in March based on the advance goods balance with the usually stable services balance to be added in this morning's figures.

Canada's goods trade is tracking a wider deficit in Q1. Before March's figures, exports are tracking a drop of about 12% q/q SAAR with imports tracking a gain of over 9%. Trade as captured in GDP accounts is tracking a considerably bigger import gain and smaller export drop. This follows two quarterly gains in exports and little net movement in imports. There is significant breadth to the Q1 export decline and significant breadth to the jump in imports, pending March's figures. For instance, imports of equipment are up 17% q/q SAAR which matters because Canada imports most of its capital goods. Imports of autos and parts are up by close to 6% but imports of other consumer goods are off by about 3%.

The US then releases a trio of figures at 10amET. ISM-services will inform growth, hiring and price pressures in the services sector during April. New home sales should be updated with February and March readings. JOLTS job openings, quits and layoffs during March will be among the set ups to Friday's nonfarm payrolls. Key may be the extent to which ISM prices-paid signals continue to evolve as a leading indicator of future CPI inflation (chart 3).

Chart 3

ISM Prices Paid vs Inflation



*Weighted at 75% of ISM-services prices paid index and 10% of ISM-mfg. prices paid index. Sources: Scotiabank Economics, BLS, ISM.

Fixed Income	Government Yield Curves (%):										Central Banks				
	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			
U.S.	3.94	3.95	3.84	4.08	4.09	3.98	4.43	4.44	4.35	5.02	5.02	4.94	Canada - BoC	2.25	
CANADA	3.05	3.05	2.88	3.29	3.27	3.14	3.63	3.61	3.51	3.98	3.96	3.91	US - Fed	3.75	
GERMANY	2.71	2.73	2.65	2.80	2.81	2.77	3.09	3.09	3.07	3.59	3.58	3.58	England - BoE	3.75	
JAPAN	1.39	1.39	1.38	1.89	1.89	1.87	2.52	2.52	2.48	3.75	3.75	3.67	Euro zone - ECB	2.15	
U.K.	4.54	4.42	4.45	4.61	4.49	4.53	5.09	4.96	5.01	5.76	5.65	5.69	Japan - BoJ	0.75	
Spreads vs. U.S. (bps):															
CANADA	-89	-91	-96	-79	-82	-84	-80	-83	-83	-104	-106	-103	Mexico - Banxico	6.75	
GERMANY	-123	-122	-119	-127	-128	-121	-134	-135	-128	-142	-144	-136	Australia - RBA	4.35	
JAPAN	-255	-257	-246	-218	-220	-211	-191	-192	-187	-126	-126	-126	New Zealand - RBNZ	2.25	
U.K.	60	46	61	54	40	55	65	52	66	75	63	75			
Equities	Level			Change			1 Day			% change:					
	Last														
S&P/TSX	33639			-252.3			-0.7			1.6			34.8		
Dow 30	48942			-557.4			-1.1			5.2			18.7		
S&P 500	7201			-29.4			-0.4			9.4			27.4		
Nasdaq	25068			-46.6			-0.2			14.6			40.5		
DAX	24280			289.0			1.2			4.8			4.0		
FTSE	10247			-117.3			-1.1			-1.8			19.2		
Nikkei	59513			228.2			0.4			11.4			61.8		
Hang Seng	25899			-197.3			-0.8			3.1			15.1		
CAC	8019			42.6			0.5			0.7			3.8		
Commodities	Level			Change			1 Day			% change:					
WTI Crude	104.82			-1.60			-1.5			4.9			83.5		
Natural Gas	2.86			-0.01			-0.4			11.6			-19.5		
Gold	4554.23			32.32			0.7			-0.9			36.6		
Silver	73.14			-0.41			-0.6			-2.3			127.7		
CRB Index	401.06			7.66			1.9			5.3			39.1		
Currencies	Level			Change			1 Day			% change:					
USDCAD	1.3614			-0.0011			-0.1			-0.5			-1.5		
EURUSD	1.1689			-0.0002			-0.0			-0.2			3.3		
USDJPY	157.71			0.4700			0.3			-1.2			9.7		
AUDUSD	0.7167			0.0000			0.0			-0.2			10.8		
GBPUSD	1.3538			0.0006			0.0			0.2			1.8		
USDCHF	0.7838			-0.0001			-0.0			-0.7			-4.7		
Next Meeting Date															
Canada - BoC													Jun 10, 2026		
US - Fed													Jun 17, 2026		
England - BoE													Jun 18, 2026		
Euro zone - ECB													Jun 11, 2026		
Japan - BoJ													Jun 16, 2026		
Mexico - Banxico													May 07, 2026		
Australia - RBA													May 05, 2026		
New Zealand - RBNZ													May 26, 2026		

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