

DAILY POINTS

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Contributors

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On Deck for Wednesday, May 6th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05-06	07:00	MBA Mortgage Applications (w/w)	May 01	--	--	-1.6
US	05-06	08:15	ADP Employment Report (000s m/m)	Apr	150	120.0	62.0
US	05-06	09:30	Fed's Musalem Speaks at Mississippi Bankers Association				
US	05-06	13:00	Fed's Goolsbee Speaks on Panel Event				
CA	05-06	16:15	Bank of Canada's Macklem and Rogers Speak to Senate				

KEY POINTS:

- **Iran deal optimism drives oil lower, risk-on sentiment that may be premature**
- **The US proposal to end the war awaits Iran's approval...**
- **...would grant Iran some of what it has demanded all along...**
- **...and would therefore be hard not to see as victory by Iran...**
- **...but Iran may yet reject it because it doesn't address several other demands**
- **ECB wage tracker ebbs, but it's too early to assess second-round effects**
- **NZ put up mixed labour market readings**
- **US ADP payrolls expected to be solid**
- **BoC testimony is not expected to offer anything new**
- **Mixed regional inflation reports**

The rumour mill that the end of the war with Iran may be near has markets buying it with few questions asked when perhaps many remain. Oil is off by almost \$10. Sovereign bond yields are down across the board and by double digit basis points in parts of European curves. Stocks are pushing higher, again led by Europe where the gains are in the 2–3% range. The dollar is broadly weaker, but oil crosses like CAD and NOK are underperforming. Central bank moves are being slightly repriced. Much of this is a reflection of algo/robot trades but perhaps some well placed folks are making a lot of money again.

WHAT'S IN, AND WHAT'S OUT OF THE RUMOURED PROPOSAL?

It all traces back to an article from Axios shortly before 5amET, the media world's rumour mill extraordinaire. Axios quotes two anonymous US officials and two other unreferenced sources. If what they are reporting is true and ultimately agreed upon, then Iran is winning. Iran reportedly has 48 hours to consider a US proposal that reeks of increasing desperation. The US officials are reportedly mixed on whether a deal can truly be achieved which might be because the Iranian regime is divided and several of its prior demands are not being met.

Axios reports that the US offered to lift sanctions against Iran, unfreeze Iranian assets, and allow Iran to merely commit to a moratorium on nuclear enrichment while both sides fully open the Strait of Hormuz. This isn't a US proposal. It is exactly what Iran demanded at earlier stages! So, the US went through all that only to propose a deal that couldn't secure and remove Iran's enriched uranium. Couldn't get them to give up their nuclear program. Couldn't remove the old regime. A regime that is angrier in a more fractured middle east. A regime that will rebuild.

What is not mentioned as part of the proposed deal but that Iran has previously demanded includes:

1. A complete cessation of the adversary's "aggression and assassination" operations.

2. Establishment of concrete mechanisms to ensure the war is never again imposed upon Iran.
3. Guarantees and clearly defined procedures for payment of compensation and reconstruction costs resulting from the war.
4. Cessation of hostilities across all fronts and across all resistance groups involved throughout the region.
5. International recognition and guarantee of Iran’s sovereign right to exercise jurisdiction over the Strait of Hormuz.

Some of these should be non-starters, but their apparent omission suggests that markets are being a touch too quick to conclude that Iran will accept the proposal and that the war’s over. If it is, then the proposal indicates that Trump clearly has his eyes on the midterms, his very low polling, and getting energy prices lower as the war drains Treasury and hits Americans in their pocketbooks. Who’s crying Uncle?

LIGHT OVERNIGHT AND N.A. DATA

Nothing else is even worth mentioning by way of market effects that the proposed deal is dominating, so we can be quick.

New Zealand’s labour market put up mixed numbers overnight. Job growth cooled in Q1 (0.2% q/q SA, 0.3% consensus, 0.5% prior) but the unemployment rate dipped a tenth to 5.3% and wage growth ex-overtime accelerated (0.5% q/q, 0.4% prior and consensus). Chart 1.

Three countries released April CPI reports. Swedish CPI surprised lower at -0.6% m/m (-0.2% consensus) with underlying prices dropping by 0.6% m/m (-0.1% consensus). South Korean CPI landed on the screws at 0.5% m/m. Thai CPI jumped by more than expected (2.8% m/m, 2.1% consensus).

The Eurozone’s wage tracker gave the ECB a bit of good news as it worries about second-round effects of high commodities and inflation (chart 2). Wage growth is expected to rise by 2.6% in 2026, slightly down from 3% last year and steady in April over March. It may be too early to assess second-round effects on wage pressures.

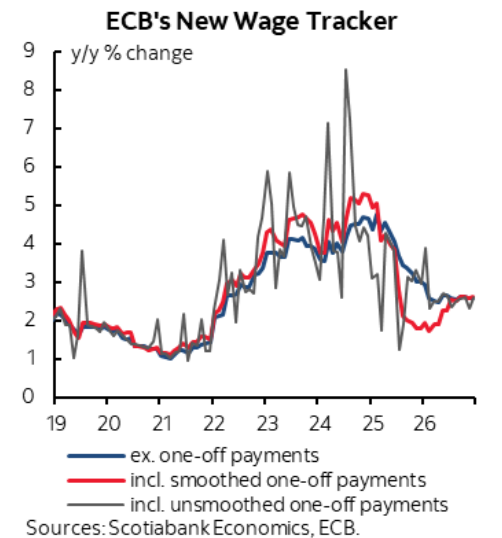
US ADP payrolls are due (8:15amET) and expected to jump by 150k m/m based on their weekly tracking, but very commonly throw off misleading signals for private nonfarm payrolls. Treasury investors will keep an eye on the quarterly refunding announcement (8:30amET) that now risks getting lost behind bigger headlines.

Nothing new is expected from the second round of BoC parliamentary testimony because, well, nothing new was offered in the first round on Monday! Canada also updates the little-watched Ivey PMI for April (10amET).

Chart 1



Chart 2



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.	3.84	3.94	3.95	3.98	4.08	4.08	4.33	4.42	4.43	4.92	4.99	5.00	Canada - BoC	2.25	
CANADA	3.03	3.05	2.88	3.26	3.27	3.14	3.61	3.61	3.51	3.96	3.96	3.91	US - Fed	3.75	
GERMANY	2.52	2.68	2.74	2.66	2.77	2.84	2.97	3.06	3.11	3.51	3.58	3.59	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			
U.K.	4.33	4.52	4.56	4.43	4.59	4.62	4.91	5.06	5.07	5.60	5.74	5.73			
	Spreads vs. U.S. (bps):														
CANADA	-82	-89	-107	-71	-81	-95	-73	-81	-92	-96	-103	-109	Euro zone - ECB	2.15	
GERMANY	-132	-127	-121	-132	-131	-124	-137	-136	-132	-141	-141	-141	Japan - BoJ	0.75	
JAPAN	-245	-255	-257	-209	-219	-222	-182	-191	-195	-117	-124	-133			
U.K.	49	58	61	45	51	54	58	64	64	68	75	72	Mexico - Banxico	6.75	
Equities	Level						% change:								
	Last	Change		1 Day	1-wk	1-mo	1-yr								
S&P/TSX	33567	-72.0		-0.2	-0.1	1.2	34.4							Australia - RBA	4.35
Dow 30	49298	356.3		0.7	0.3	5.6	20.7							New Zealand - RBNZ	2.25
S&P 500	7259	58.5		0.8	1.7	9.8	29.5							Next Meeting Date	
Nasdaq	25326	258.3		1.0	2.7	15.1	43.2							Canada - BoC	Jun 10, 2026
DAX	25047	645.1		2.6	4.3	8.1	7.7							US - Fed	Jun 17, 2026
FTSE	10446	226.6		2.2	1.1	0.1	21.5							England - BoE	Jun 18, 2026
Nikkei	59513	228.2		0.4	0.6	11.4	61.8							Euro zone - ECB	Jun 11, 2026
Hang Seng	26214	315.2		1.2	2.1	4.4	15.7							Japan - BoJ	Jun 16, 2026
CAC	8291	228.4		2.8	2.3	4.1	7.7								
Commodities	Level						% change:								
WTI Crude	91.46	-10.81		-10.6	-14.4	-18.6	54.8							England - BoE	Jun 18, 2026
Natural Gas	2.73	-0.06		-2.0	3.2	-2.8	-21.1							Euro zone - ECB	Jun 11, 2026
Gold	4718.55	161.63		3.5	3.8	1.5	37.5							Japan - BoJ	Jun 16, 2026
Silver	73.44	0.30		0.4	0.3	3.4	126.9								
CRB Index	398.45	-2.61		-0.7	3.3	4.2	36.3								
Currencies	Level						% change:								
USDCAD	1.3586	-0.0033		-0.2	-0.7	-2.3	-1.4							Mexico - Banxico	May 07, 2026
EURUSD	1.1793	0.0100		0.9	1.0	2.2	3.7							Australia - RBA	Jun 16, 2026
USDJPY	155.64	-2.2400		-1.4	-3.0	-2.5	9.3							New Zealand - RBNZ	May 26, 2026
AUDUSD	0.7273	0.0090		1.3	2.2	5.1	12.0								
GBPUSD	1.3640	0.0099		0.7	1.2	3.1	2.0								
USDCHF	0.7774	-0.0056		-0.7	-1.7	-2.6	-5.4								

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