

DAILY POINTS

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Contributors

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Chart 1

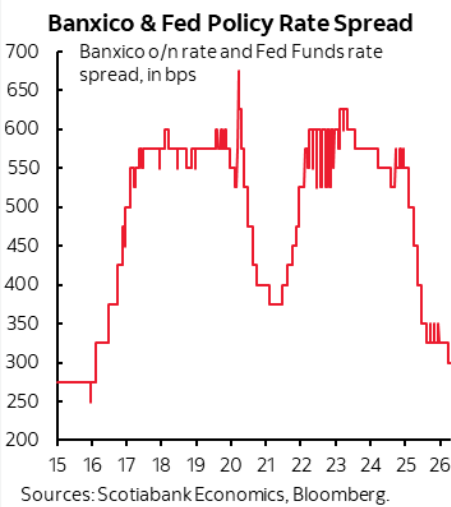
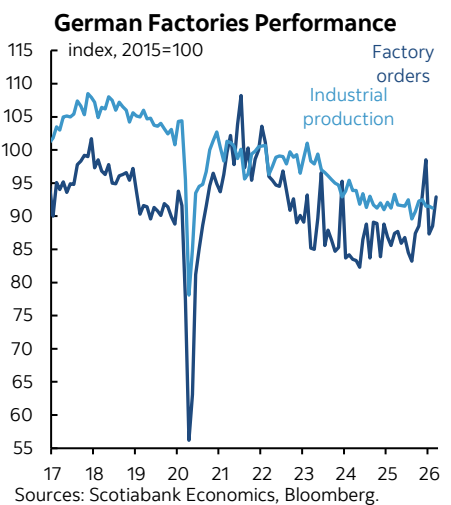


Chart 2



On Deck for Thursday, May 7th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05-07	08:30	Initial Jobless Claims (000s)	May 02	215	205.5	189.0
US	05-07	08:30	Continuing Claims (000s)	Apr 25	1820	1800.0	1785.0
US	05-07	08:30	Productivity (q/q a.r.)	1Q P	0.5	0.6	1.8
US	05-07	08:30	Unit Labor Costs (q/q a.r.)	1Q P	3.0	2.6	4.4
US	05-07	10:00	Construction Spending (m/m)	Feb	0.2	--	-0.3
US	05-07	10:00	Construction Spending (m/m)	Mar	--	0.2	--
US	05-07	11:00	NY Fed Releases Survey of Consumer Expectations				
US	05-07	12:30	Fed's Daly on Bloomberg Television				
US	05-07	13:00	Fed's Kashkari Participates in Fireside Chat				
US	05-07	14:05	Fed's Hammack Speaks in Fireside Chat				
MX	05-07	15:00	Overnight Rate (%)	May 7	--	6.50	6.75
US	05-07	15:00	Consumer Credit (US\$ bn m/m)	Mar	--	13.4	9.5
US	05-07	15:30	Fed's Williams in Moderated Discussion				

KEY POINTS:

- Deal or no deal? Markets remain cautiously optimistic
- Norges Bank hiked despite restrictive stance going in
- Riksbank held, absent its neighbour's energy exposure
- Banxico may cut and signal an end to easing
- German factor orders soared
- US job cuts picked up
- US productivity probably stalled, labour costs up
- Was the drop in US jobless claims a flash in the pan?

Deal or no deal? Where's Howie Mandel when you need him. After all, I'm surprised he hasn't been called in to guide things thus far, given that much of Washington has become a reality tv or game show. Markets continue to be cautiously optimistic toward the prospect of a US-Iran deal to end the war despite the appearances of the US administration pumping the deal vastly more than the other side. Oil is off by another couple of bucks this morning. Sovereign yields are slightly lower by 1–2bps across major markets. The dollar is on the run, but with the krone outperforming after Norges hiked. Equities are mixed, however, with N.A. futures in the black but European cash markets slightly in the red.

Any hints at which direction negotiations are going will clearly dominate market movements relative to what else is on the line-up below.

NORGES BANK HIKES

Norges Bank partially surprised by delivering a 25bps hike, raising the deposit rate to 4.25%. The krone is the strongest performer to the dollar. Norway's curve barely changed. Markets are pricing half of another hike in June.

Only five out of 17 forecasters anticipated the move. The reason for the mixed consensus going in was that "the Committee judges that it will likely be necessary to raise the policy rate at one of the forthcoming monetary policy meetings." That lack of specific guidance was somewhat unusual for a central bank that publishes explicit guidance. Further, Norges was already in restrictive territory going into the decision, unlike other central bank in significantly commodity-driven economies like the BoC that sits at the bottom end of neutral rate range.

Guidance continues to point to the possibility of a further hike but with highly uncertain timing. Norges merely pointed to its March projections for the policy rate to potentially end the year at between 4¼% and 4½%.

RIKSBANK HOLDS

Sweden’s central bank held its policy rate at 1.75% as widely expected and markets largely shook off the decision. All forecasters got this one right. Forward guidance noted “there is scope to wait until there is a clearer picture of the effects of the war and the supply shocks it entails.” The Riksbank noted that inflation is below target and economic activity is weak. Sweden clearly does not benefit from the commodity shock like neighbouring Norway does.

BANXICO EXPECTED TO CUT

Mexico’s central bank is unanimously expected to cut its overnight rate by 25bps this afternoon with markets a little more uncertain about the combination of the possible move and guidance (2pmET).

Banxico has an easing bias as indicated by saying at its March meeting that “the Board will evaluate the appropriateness and timing for an additional reference rate cut.” Growth is disappointing as the economy contracted in Q1. Still, expect dissenting voices again after Deputy Governor Jonathan Heath voted against easing the last time because of inflation worries. Governor Victoria Rodriguez Ceja recently remarked that the end of the easing cycle is near at hand and so this could be the final cut.

A limiting factor is that Banxico’s policy rate spread over the Federal Reserve is toward the tight and with the FOMC not sounding like it’s in a hurry to cut with the hawks lining up (chart 1).

MACRO RELEASES

German factory orders soared in March. The 5% m/m SA gain was five times what consensus expected, followed a 1.4% prior gain albeit after contracting by 11% in January. Orders have been up in six of the past seven months (chart 2). Consumer goods led the way in March (+7.3% m/m) but capital goods also contributed (2.1%).

Mexico updates CPI for April (8amET) ahead of Banxico’s decision. The 0.3% m/m expected rise is rarely surprised because Mexico releases inflation figures on a bi-weekly basis, given local analysts a running head start at the estimate.

US job cuts increased to 83.4k in April (60.6k prior). The volatile pattern is shown in chart 3. There should be little effect on nonfarm expectations tomorrow.

Several US releases will pass the time ahead of payrolls tomorrow.

- Q1 labour productivity (8:30amET): Productivity may have been weak again in Q1. A rise of only around ½% q/q SAAR is expected and is based on nonfarm output and nonfarm hours. Such a print would follow 1.8% productivity growth in Q4 after two quarters in the 4 –5% range.
- Q1 unit labour costs (8:30amET): Productivity-adjusted labour costs probably jumped as a consequence of the slowdown in productivity growth. I expect a figure of around 3% q/q SAAR.
- Weekly jobless claims (8:30amET): Was the prior week’s drop in initial jobless claims merely an aberration (chart 4)? We’ll find out, alongside answering the same thing for a more persistent downward trend in continuing claims that points to a falling unemployment rate.
- Construction spending (10amET): A small gain is expected to have occurred in March.

Chart 3

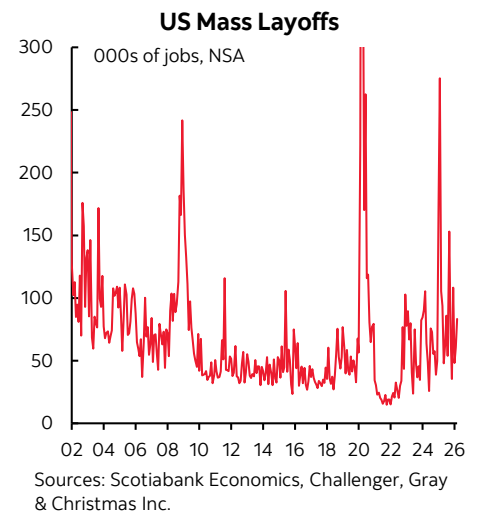
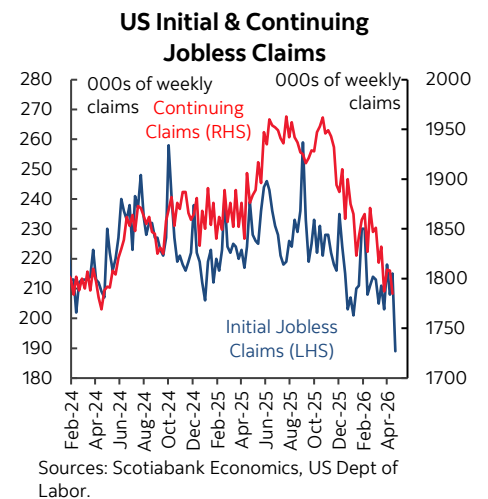


Chart 4



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.	3.85	3.87	3.87	3.97	4.00	4.01	4.33	4.35	4.37	4.92	4.94	4.97	Canada - BoC	2.25
CANADA	2.89	2.91	2.95	3.13	3.15	3.19	3.49	3.51	3.54	3.87	3.88	3.92	US - Fed	3.75
GERMANY	2.55	2.57	2.64	2.67	2.69	2.75	2.98	3.00	3.04	3.53	3.54	3.55	England - BoE	3.75
JAPAN	1.37	1.39	1.39	1.86	1.89	1.90	2.48	2.52	2.53	3.75	3.75	3.75	Euro zone - ECB	2.15
U.K.	4.36	4.38	4.45	4.46	4.48	4.52	4.92	4.94	5.01	5.62	5.63	5.69	Japan - BoJ	0.75
	Spreads vs. U.S. (bps):												Mexico - Banxico	6.75
CANADA	-96	-96	-92	-84	-85	-82	-84	-84	-83	-106	-105	-105	Australia - RBA	4.35
GERMANY	-130	-130	-123	-130	-130	-126	-135	-135	-134	-139	-139	-142	New Zealand - RBNZ	2.25
JAPAN	-247	-248	-249	-212	-211	-211	-185	-183	-185	-118	-119	-122	Next Meeting Date	
U.K.	52	52	58	48	48	52	59	59	64	69	69	72	Canada - BoC	Jun 10, 2026
Equities	Level						% change:						US - Fed	Jun 17, 2026
	Last		Change		1 Day		1-wk		1-mo		1-yr		England - BoE	Jun 18, 2026
S&P/TSX	33982		414.9		1.2		2.0		2.2		35.1		Euro zone - ECB	Jun 11, 2026
Dow 30	49911		612.3		1.2		2.1		7.1		21.4		Japan - BoJ	Jun 16, 2026
S&P 500	7365		105.9		1.5		3.2		11.3		30.8		Mexico - Banxico	May 07, 2026
Nasdaq	25839		512.8		2.0		4.7		17.4		45.7		Australia - RBA	Jun 16, 2026
DAX	24864		-55.1		-0.2		3.8		8.5		7.6		New Zealand - RBNZ	May 26, 2026
FTSE	10365		-73.3		-0.7		1.5		0.2		21.1			
Nikkei	62834		3320.7		5.6		5.2		17.6		70.8			
Hang Seng	26626		412.5		1.6		2.0		6.0		17.3			
CAC	8282		-17.7		-0.2		2.6		4.7		8.6			
Commodities	Level						% change:							
WTI Crude	92.61		-2.47		-2.6		-11.9		-18.0		59.5			
Natural Gas	2.72		-0.01		-0.5		-1.8		-5.4		-25.0			
Gold	4730.42		39.06		0.8		2.4		0.5		40.6			
Silver	77.62		4.18		5.7		6.7		9.3		135.0			
CRB Index	388.00		-10.45		-2.6		-1.6		1.7		33.9			
Currencies	Level						% change:							
USDCAD	1.3625		-0.0008		-0.1		0.3		-1.9		-1.5			
EURUSD	1.1765		0.0017		0.1		0.3		1.5		4.1			
USDJPY	156.39		0.0000		0.0		-0.1		-2.0		8.7			
AUDUSD	0.7255		0.0018		0.2		0.7		4.0		12.9			
GBPUSD	1.3615		0.0022		0.2		0.1		2.4		2.4			
USDCHF	0.7778		-0.0010		-0.1		-0.5		-2.5		-5.6			

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