

Contributors

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Chart 1

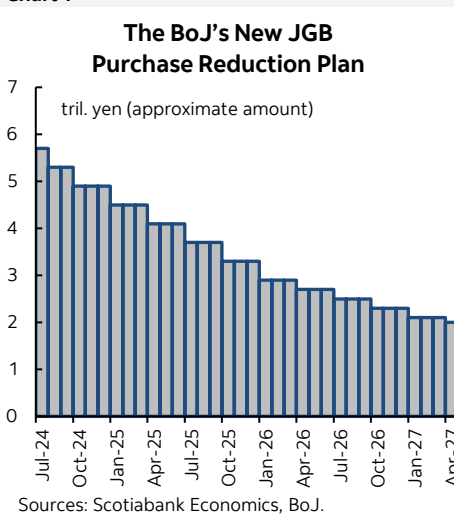
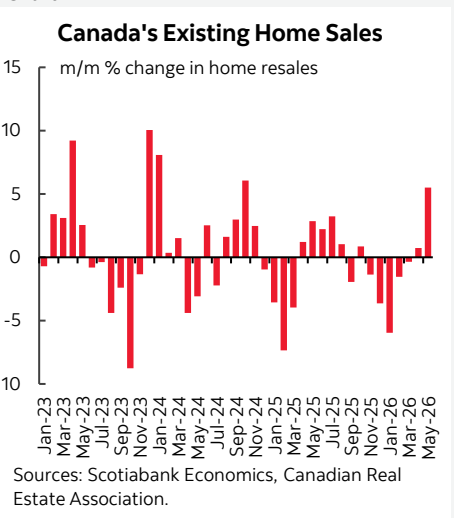


Chart 2



On Deck for Tuesday, June 16th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06-16	05:00	Existing Home Sales (m/m)	May	--	--	0.7
CA	06-16	08:30	International Securities Transactions (C\$ bn)	Apr	--	--	4.6
US	06-16	08:30	Building Permits (000s a.r.)	May P	--	1419.0	1423.0
US	06-16	08:30	Export Prices (m/m)	May	--	0.6	3.3
US	06-16	08:30	Housing Starts (000s a.r.)	May	1445	1430.0	1465.0
US	06-16	08:30	Housing Starts (m/m)	May	-1.4	-2.0	-2.8

KEY POINTS:

- **An optimistic, softening disinflation trade continues to sweep through markets**
- **The US lost the war and got stuck with the bill**
- **BoJ hikes, signals coming end to JGB purchase reductions**
- **Is this the turning point for Canadian housing as sales soar?**
- **RBA holds, has tough time convincing markets it could raise again**
- **China's economy sputtered along last month**
- **Light US data on tap: weekly ADP, import/export prices, housing**
- **BCCh expected to hold**

Disinflation remains in vogue across financial markets. Energy markets continue to believe that a durable peace has been achieved in the Middle East, as oil prices fall by another couple of bucks. WTI in the high US\$70s now is well off the peak but still elevated from the mid-US\$50bs at the start of the year and before war broke out. Sovereign yields are down by about 2–4bps across major markets except for a JGB steepener move following the BoJ's communications. Stocks are a little more guarded this morning with US futures flat to slightly higher across indices, TSX futures up by about ¼% and European cash markets up by ½% to 1¼%. Most major currencies are little changed versus the dollar.

KEEP TELLING YOURSELF IT'S NOT OBAMA'S DEAL

There remain conflicting signals on what the US and Iran agreed to depending upon which side and which source you listen to, and still no text. That's likely deliberate as negotiations continue and Trump masks its content from the prying eyes of the hawks in Congress. Trump is trying to convince folks that his agreement that lifts sanctions and offers cash in exchange for nuclear commitments isn't a rehash of Obama's deal and then some, but with little success insofar as I'm concerned. Reports of a massive US\$300 billion reconstruction package for Iran amount to a similar sum to what all of the allies pledged in support to Ukraine since Russia invaded for the second time in 2022. If the idea is a Marshall Plan for Iran, then someone forgot that the post-WWII plan followed the defeat of the axis powers and the eradication of their regimes. So, you were defeated, and then got stuck with the bill? In my opinion, Trump's war—like his trade wars—achieved nothing and political expediency ahead of the November 7th midterms drove him toward settling for basically the deal signed in July 2015—the Joint Comprehensive Plan of Action (JCPOA)—that he spent so much time attacking Obama over, plus cash.

BOJ HIKES, SIGNALS COMING END TO JGB PURCHASE REDUCTIONS

The Bank of Japan largely met expectations by hiking its policy rate by 25bps to 1% and indicating that reductions in its JGBs purchase plan would stop after next April. Markets reacted by driving a steeper JGB yield curve as 2s were unchanged but the 10s yield climbed by 6bps while the yen was little changed. Chart 1 shows the recent quarterly path for monthly JGB purchases and the planned quarterly path from 2026Q2 to next April that involves a ¥200B quarterly reduction until flatlining at ¥2 trillion per quarter starting

next April. Those purchases have declined by almost two-thirds over roughly the past couple of years over which the yield on the 10-year JGB has risen by about 160bps. Neither decision was unanimous as the vote to hike was 7–1 and the vote to cease tapering JGB purchases after next April was also 7–1 with different dissenters on each decision. Forward rate guidance was highly dependent on the course of domestic data, developments in the Middle East and annual wage negotiations. Deputy Governor Uchida stood in for the hospitalized Governor Ueda. The BoJ is between forecast rounds and so new information and fresh forecasts next month may further inform the forward bias.

IS THE CANADIAN HOUSING MARKET TURNING?

Could this be the long-heralded turning point in Canadian housing? Canada posted its biggest gain in existing home sales since October 2024 (chart 2). Sales were up by a seasonally adjusted 5.5% m/m in May. It's only the second gain this year but follows a mild increase in April. New listings fell by 1% m/m, months supply fell by 0.3 to 4.8 months of inventory, and the national sales-to-new-listings ratio increased to by three percentage points to 49.2%.

RBA HOLDS, STRUGGLES TO CONVINCE MARKETS IT MAY NOT BE DONE

The RBA left its cash rate target unchanged at 4.35% as universally expected and priced.

Governor Bullock said there was no consideration given to hiking at this meeting but sounded cautious on inflation risk by noting she still thought there were upside risks and that growth needs to slow with a higher unemployment rate in order to cool inflation. She refused to rule out further tightening and the statement guided a willingness to hike again if required. Australia's bond yield curve was little affected and the A\$ was little changed overnight. OIS markets are pricing a slim chance at a further hike later this year or early next year.

CHINA'S ECONOMY SPATTERED LAST MONTH

China's economy sputtered along in May. Retail sales fell by -0.4% m/m SA for the third straight monthly decline (chart 3). Industrial output climbed by 0.4% m/m SA for the firmest gain since February (chart 4). The jobless rate ticked lower to 5.1%. Investment stumbled and is tracking a year-to-date drop of -4.1% with property investment down 16.2% ytd over the same period last year. Further, home prices continue their descent as new home prices fell by -0.2% m/m and resale prices were down by about 0.3% m/m. Resale prices have declined every month since May 2023 and new home prices since June of that year (chart 5).

LIGHT US DATA

Light US data is on tap including weekly ADP private payrolls on a 4-week moving average w/w basis (8:15amET). Import and export prices for May along with housing starts and permits are also due at 8:30amET.

CHILE'S CENTRAL BANK TO HOLD

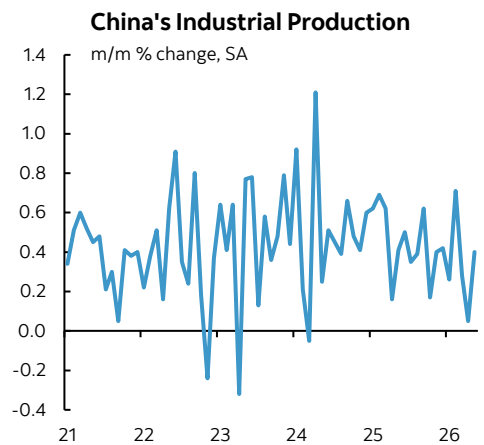
Banco Central de Chile is widely expected to hold its policy overnight rate at 4.5% today (6pmET). Inflation at 3.9% y/y is mostly driven by commodities thus far, as core inflation is tamer at about 2.3%.

Chart 3



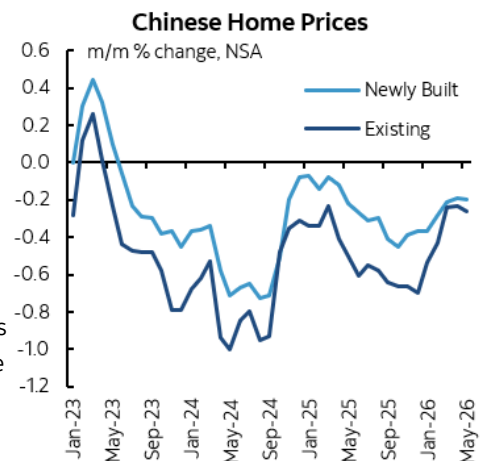
Sources: Scotiabank Economics, National Bureau of Statistics of China.

Chart 4



Sources: Scotiabank Economics, National Bureau of Statistics of China.

Chart 5



Sources: Scotiabank Economics, Bloomberg Intelligence.

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.	4.05	4.07	4.12	4.16	4.19	4.25	4.44	4.47	4.52	4.94	4.98	5.00	Canada - BoC	2.25	
CANADA	2.74	2.76	2.84	3.02	3.04	3.14	3.39	3.41	3.49	3.82	3.84	3.88	US - Fed	3.75	
GERMANY	2.56	2.57	2.67	2.64	2.67	2.76	2.93	2.95	3.04	3.50	3.53	3.59	England - BoE	3.75	
JAPAN	1.41	1.40	1.42	1.90	1.87	1.94	2.64	2.58	2.68	3.79	3.75	3.89			
U.K.	4.16	4.17	4.33	4.31	4.33	4.46	4.78	4.81	4.90	5.50	5.54	5.59			
	Spreads vs. U.S. (bps):														
CANADA	-131	-131	-127	-114	-115	-111	-105	-106	-103	-113	-114	-112	Euro zone - ECB	2.40	
GERMANY	-149	-150	-145	-152	-153	-149	-151	-152	-148	-145	-145	-141	Japan - BoJ	1.00	
JAPAN	-264	-267	-270	-226	-232	-231	-180	-189	-184	-115	-123	-111			
U.K.	11	10	21	14	13	21	34	34	38	56	56	59	Mexico - Banxico	6.50	
Equities	Level						% change:								
	Last	Change			1 Day	1-wk	1-mo	1-yr							
S&P/TSX	35276	337.8			1.0	2.3	4.3	32.8					Australia - RBA	4.35	
Dow 30	51671	468.8			0.9	1.7	4.3	21.5					New Zealand - RBNZ	2.25	
S&P 500	7554	122.8			1.7	2.0	2.0	25.2							
Nasdaq	26684	795.1			3.1	2.9	1.7	35.4							
DAX	25014	120.2			0.5	2.4	4.4	5.5							
FTSE	10485	54.7			0.5	2.5	2.8	18.1							
Nikkei	69405	87.0			0.1	6.1	13.0	81.2					Canada - BoC	Jul 15, 2026	
Hang Seng	24494	-348.7			-1.4	-0.3	-5.7	1.8					US - Fed	Jun 17, 2026	
CAC	8441	57.4			0.7	2.9	6.1	9.0					England - BoE	Jun 18, 2026	
Commodities	Level						% change:								
WTI Crude	78.31	-2.44			-3.0	-11.2	-25.7	9.1					Euro zone - ECB	Jul 23, 2026	
Natural Gas	3.18	0.04			1.1	1.3	7.5	-15.1					Japan - BoJ	Jun 15, 2026	
Gold	4340.55	28.86			0.7	1.9	-5.0	28.2							
Silver	70.69	3.66			5.5	5.3	-10.2	96.0							
CRB Index	364.87	-3.99			-1.1	-3.3	-8.6	17.6							
Currencies	Level						% change:								
USDCAD	1.4000	0.0010			0.1	0.4	1.9	3.2					Mexico - Banxico	Jun 25, 2026	
EURUSD	1.1605	0.0015			0.1	0.5	-0.4	0.4					Australia - RBA	Jun 16, 2026	
USDJPY	160.32	-0.0200			-0.0	-0.0	0.9	10.8							
AUDUSD	0.7072	-0.0001			-0.0	0.6	-1.3	8.4							
GBPUSD	1.3422	0.0008			0.1	0.3	-0.1	-1.1					New Zealand - RBNZ	Jul 07, 2026	
USDCHF	0.7947	0.0002			0.0	-0.4	1.3	-2.4							

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