Scotiabank

GLOBAL ECONOMICS

DAILY POINTS

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Contributors

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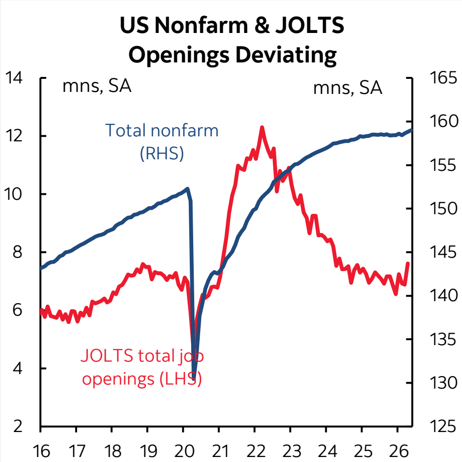
Chart 1



Sources: Scotiabank Economics, BLS.

On Deck for Tuesday, June 30th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06/30	08:30	Real GDP (m/m)	Apr	--	--	-0.1
US	06/30	09:00	S&P/Case-Shiller Home Price Index (m/m)	Apr	--	--	-0.2
US	06/30	09:00	S&P/Case-Shiller Home Price Index (y/y)	Apr	--	--	0.8
US	06/30	09:45	Chicago PMI	Jun	--	--	62.7
US	06/30	10:00	Consumer Confidence Index	Jun	--	93.5	93.1
US	06/30	10:00	JOLTS Job Openings (000s)	May	--	--	7618.0

KEY POINTS:

- **Bond relief on Eurozone CPI faces N.A. data tests**
- **EZ CPI will be softer than expected after major countries release**
- **Canadian GDP to track the rebound**
- **China's PMIs still going nowhere fast**
- **US consumer confidence, JOLTS, house prices on tap**
- **Talk talk talk, oil little changed into more US-Iran talks**

This morning's note is a grind through an onslaught of overnight data into a wave of Canadian and US releases that will inform tracking of the Canadian economy and US labour markets plus consumer sentiment. The readings can be market moving, so take the starting position across global markets as a placeholder that so far reflects softer than expected Eurozone inflation.

Short-dated EGBs are rallying by 2–3bps after major economies released CPI figures ahead of tomorrow's Eurozone add-up. Flat oil prices may also be helping into supposed talks between Iran and the US in Doha. Talk, talk, y'all talk too much about a fragile peace deal that had the US waving a white flag which is causing as much rancor in the US as the original motivation for war if not more so. Stocks are rallying across most major markets with Europe leading in part on slightly tamped down market odds that the ECB hikes again. The dollar is divided amid small gains and losses across major crosses but with the won continuing to slide.

China's PMIs Remain Stagnant

China's state purchasing manager indices came and went with little fanfare. The composite PMI was unchanged at 50.6 (50.5 prior). Given it's soft data, the changes in the non-manufacturing (50.2, 50.1 prior) and manufacturing (50.3, 50.0 prior) readings were also moot.

Eurozone CPI Tracking Softer than Expected, ECB Hikes Tamped Down

France's CPI fell by -0.2% m/m NSA (0% consensus) that, when combined with year-ago base effects, brought the year-over-year rate lower to 1.8% (2.0% consensus, 2.4% prior).

Italian CPI also undershot expectations at 0.1% m/m (0.2% consensus) and the y/y rate edged a tick beneath consensus and the prior reading to 3.1%.

German releases the national CPI reading at 8amET. The state level readings point to a significantly weaker than expected outcome. Four reporting states registered CPI down -0.2% m/m, one was -0.3% lower, and another was down by -0.4%. Consensus had expected the national reading to be flat and the y/y rate to be unchanged at 2.6% whereas both are now too high.

Eurozone Consumers Beat Expectations

German consumers did much better than expected, with retail sales volumes up by 1.1% m/m in May (0% consensus). Sales of food and internet orders led the way and recall that Germany's figures exclude auto sales. The y/y rate of 1.8% suggests modest trend growth.

French consumer spending also beat expectations (0.5% m/m, 0.3% consensus) in inflation-adjusted terms during May. Still, at 0.3% y/y, a monthly blip offers little excitement.

Canadian GDP — Tracking a Rebound

Canada refreshes GDP figures that should reinforce rebound tracking in Q2. See yesterday morning's note for a preview of the figures, but in short, April GDP is expected to rise 0.4% m/m in accordance with Statcan's earlier preliminary guidance and is subject to possible revision with details. May's preliminary guidance will only be accompanied by light verbal guidance on sector drivers, sans details. I'll be looking for quarterly tracking over 2% q/q SAAR.

Colombia's central bank is widely expected to hike by another 50bps this afternoon (2pmET). That would be the third 50bps move this year, raising the policy rate from 9.25% to 11.75%. A bigger minority of forecasters think a larger than 50bps hike could be offered than the number who think it could whiff entirely. A divided vote and data dependent guidance are expected with risk that BanRep indicates potential downsizing of future moves.

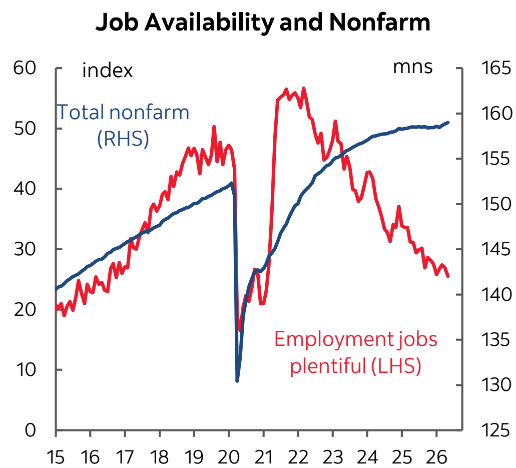
US Job Openings, Consumer Confidence, Home Prices on Tap

JOLTS job openings during May (10amET) will be of interest in terms of whether they can repeat the surge in April when openings increased to 7.618 million from 6.887. As openings have trended lower, the rate of growth of nonfarm payrolls has ebbed (chart 1). You wouldn't use JOLTS to forecast monthly payrolls though. One reason is quality; it's always unclear how many of the openings are expected to be filled. Another reason is timing when those openings may be filled. Also watch the openings to unemployed ratio that has rebounded over the past couple of months to ever-so-slightly above 1.0, signalling rough balance between openings and folks looking for work (chart 2).

Chart 2

Sources: Scotiabank Economics, BLS.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

While JOLTS can move markets, so can consumer confidence (10amET). The June reading might get a bit of a lift from lower gas prices and healthy market conditions, but it's more driven by labour market conditions than the competing UofM sentiment measure. The resilience in nonfarm payrolls might help this morning's reading more than UofM.

Also keep an eye on jobs plentiful within confidence as an indication of how consumers feel about job availability; chart 3 shows that it's not so good, as the reading plumbs depths not seen since the pandemic.

Inflation expectations may also catch some attention but it's only for the year-ahead. The May reading sat at 6.2% y/y 12-months hence for a third straight month. Let's see if lower gas prices have an influence.

US repeat sales home prices during April will probably keep falling (9amET). The m/m seasonally adjusted declines were suspended over the July to January period but resumed in February and March. The y/y rate of 0.9% in nominal terms continues to indicate that real house prices are in freefall. It's a mystery why some folks still talk of wealth effects on consumers outside of the upper income cohorts that own most of the equities, as the middle- and lower-income brackets are in a much less enviable position with falling real house prices and little exposure to equities.

Fixed Income	Government Yield Curves (%):											
	2-YEAR			5-YEAR			10-YEAR			30-YEAR		
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk
U.S.	4.11	4.11	4.20	4.14	4.14	4.27	4.37	4.38	4.50	4.86	4.86	4.95
CANADA	2.73	2.73	2.78	3.00	3.00	3.06	3.38	3.37	3.44	3.77	3.77	3.83
GERMANY	2.52	2.54	2.58	2.58	2.60	2.65	2.85	2.86	2.92	3.41	3.41	3.47
JAPAN	1.37	1.40	1.42	1.90	1.88	1.90	2.68	2.64	2.68	3.94	3.85	3.85
U.K.	4.13	4.13	4.17	4.27	4.27	4.31	4.72	4.72	4.75	5.43	5.43	5.46
	Spreads vs. U.S. (bps):											
CANADA	-138	-138	-142	-114	-114	-121	-100	-100	-106	-109	-109	-111
GERMANY	-159	-157	-162	-156	-154	-162	-152	-152	-158	-145	-145	-148
JAPAN	-274	-271	-278	-224	-227	-237	-169	-174	-182	-92	-101	-109
U.K.	2	2	-3	13	12	4	35	34	26	57	56	51

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	34824	-156.2	-0.4	-0.5	0.2	29.7
Dow 30	52183	306.6	0.6	0.9	2.3	18.3
S&P 500	7440	86.4	1.2	-0.4	-1.8	19.9
Nasdaq	25820	522.5	2.1	-1.3	-4.3	26.8
DAX	24981	353.7	1.4	0.3	-0.5	4.5
FTSE	10602	117.3	1.1	1.7	1.8	21.0
Nikkei	70062	594.2	0.9	0.4	5.6	73.0
Hang Seng	22881	-145.7	-0.6	-2.0	-9.1	-4.9
CAC	8415	48.1	0.6	0.9	2.8	9.8
Commodities	Level		% change:			
WTI Crude	70.70	-0.05	-0.1	-3.4	-19.1	8.6
Natural Gas	3.23	0.04	1.4	2.5	-1.9	-6.7
Gold	4032.93	17.02	0.4	-2.0	-10.1	22.1
Silver	57.71	-0.68	-1.2	-13.0	-23.9	60.4
CRB Index	351.31	-0.92	-0.3	-2.3	-7.7	18.2
Currencies	Level		% change:			
USDCAD	1.4232	0.0021	0.1	0.2	2.8	4.6
EURUSD	1.1398	-0.0024	-0.2	0.1	-2.0	-3.3
USDJPY	162.35	0.4100	0.3	0.5	1.7	12.7
AUDUSD	0.6889	0.0002	0.0	-0.4	-3.8	4.7
GBPUSD	1.3229	-0.0029	-0.2	0.2	-1.7	-3.7
USDCHF	0.8090	0.0013	0.2	-0.1	2.8	2.0

Central Banks	
Current Rate	
Canada - BoC	2.25
US - Fed	3.75
England - BoE	3.75
Euro zone - ECB	2.40
Japan - BoJ	1.00
Mexico - Banxico	6.50
Australia - RBA	4.35
New Zealand - RBNZ	2.25
Next Meeting Date	
Canada - BoC	Jul 15, 2026
US - Fed	Jul 29, 2026
England - BoE	Jul 30, 2026
Euro zone - ECB	Jul 23, 2026
Japan - BoJ	Jul 31, 2026
Mexico - Banxico	Aug 06, 2026
Australia - RBA	Aug 11, 2026
New Zealand - RBNZ	Jul 07, 2026