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GLOBAL ECONOMICS

# DAILY POINTS

July 6, 2026 @ 7:00 EST

## Contributors


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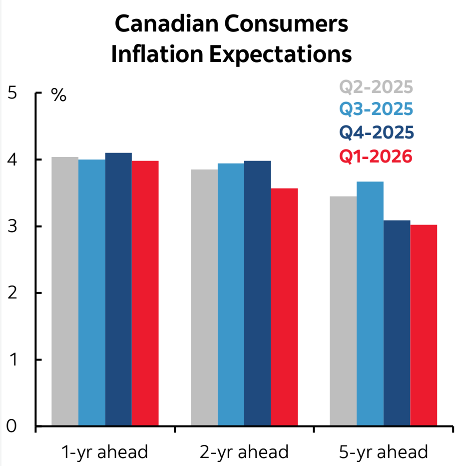
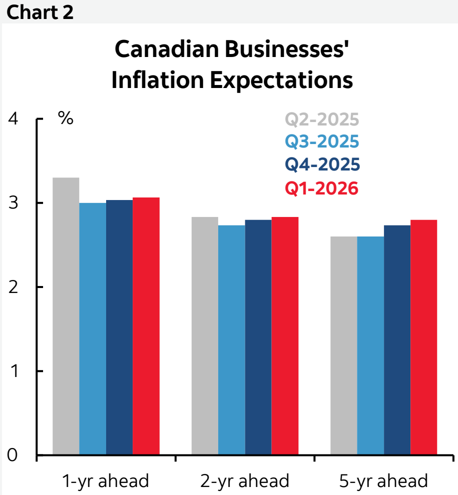
**Chart 1**




Sources: Scotiabank Economics, Bank of Canada.

**Chart 2**




Sources: Scotiabank Economics, Bank of Canada.

**On Deck for Monday, July 6th**

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---|---|---|---|---|---|---|---|
| US | 07-06 | 10:00 | ISM Non-Manufacturing Composite | Jun | 54.0 | 54.0 | 54.5 |
| EC | 07-06 | 11:00 | Fed's Waller, ECB's Schnabel, Wunsch, Riksbank's Seim in Rome | | | | |
| CA | 07-06 | 11:30 | Business Outlook Future Sales | 2Q | -- | -- | 25.0 |

## KEY POINTS:

- **Bonds rally as nonfarm continues to reverberate through markets**
- **BoC surveys likely to show higher inflation expectations**
- **OPEC+ confirms August production hike but the bigger challenge lies ahead**
- **Canada to choose the winner of a 12-submarine contract today…**
- **…as part of a major overhaul of its military hardware costing hundreds of billions**
- **German factory orders rise, Thai CPI weakens**
- **Global Week Ahead — Dysfunctional Families (reminder here)**

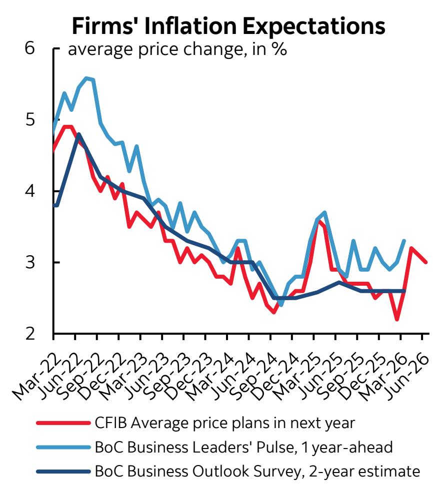
Bonds are broadly richer to start a new trading week as possible extension of the reaction to Thursday's US payrolls into the US holiday weekend (recap here). US Treasury yields are dropping in mild bull steepener fashion and are outperforming milder rallies elsewhere. N.A. equity futures are up by ¼% (TSX) to 1% (Nasdaq) after the US holiday with European cash markets mixed between small gains and losses. The dollar is broadly firmer, but mildly so. Several commodities are starting the week on the back foot including mild dips in oil and gold prices.

Overnight developments were very light as German factory orders partially rebounded in May from the prior month's decline (+1.9% m/m, -3.2% prior) and Thai CPI landed softer than expected (2.4% y/y, 2.7% consensus) which will probably continue to keep the central bank on hold at its next decision on August 26th.

OPEC+ confirmed plans to raise August production levels by 188kbpd which was in line with expectations. We'll see if the cartel cheats like cheating in US soccer with FIFA's appalling corruption, although as argued in my weekly, the bigger forward-looking issue will be the impact of bringing Iranian production back into the market.

The BoC's quarterly pre-MPR surveys of consumers and businesses arrive this morning (11:30amET) and are likely to show further increases in inflation expectations. Charts 1 and 2 show where consumer and business inflation expectations stood in Q1 with all time frames at or above the 3% upper end of the BoC's 1–3% inflation target range. Chart 3 shows businesses' inflation expectations using a few measures. The BoC's BOS survey measure of 2-year ahead inflation expectations has some catching up to do in relation to both the BoC's slightly fresher Business Leaders' Pulse measure of inflation expectations. The CFIB's small business measure of inflation expectations is the freshest of all (to June) and tends to track beneath the BoC's measures which implies they will rise more than the CFIB measure.

**Chart 3**



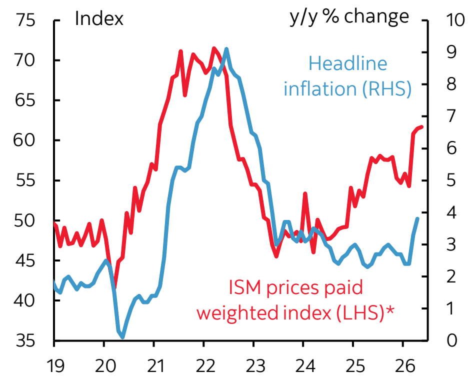

Sources: Scotiabank Economics, CFIB, BoC.

Also on tap are US ISM-services for June (10amET) including fresher price signals (chart 4) and Canadian PMIs for June (9:30amET)

Canada will announce the winner of the contract for 12 submarines late this afternoon (~4pmET) in Halifax. We may get further details on the C$24B acquisition that will cost four times that including maintenance over three decades including details like the domestic economic value-added to the local economy depending upon whether the South Korean or German-Norwegian offerings are chosen. In addition to 12 submarines, Canada is also replacing its naval fleet with up to 15 River-class **destroyers** that recently commenced production in Halifax at Irving Shipyards plus a whole new fleet of coast guard ships including icebreakers that will soon hit water. Also pending—and likely tied up as part of trade negotiations with the US—is the decision over which fighter jets to purchase with partial commitment to a portion of the original order for 88 F-35s from the US with the rest to be decided between the F-35 or Swedish Gripens with the latter possibly being good enough for Canada's purposes.

**Chart 4**

**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 (%): | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 4.14 | 4.11 | 4.20 | 4.23 | 4.14 | 4.46 | 4.49 | 4.38 | 4.98 | 4.99 | 4.86 |
| **CANADA** | 2.73 | 2.75 | 2.73 | 3.03 | 3.05 | 3.00 | 3.42 | 3.44 | 3.37 | 3.84 | 3.85 | 3.77 |
| **GERMANY** | 2.53 | 2.54 | 2.54 | 2.64 | 2.65 | 2.60 | 2.93 | 2.94 | 2.86 | 3.52 | 3.51 | 3.41 |
| **JAPAN** | 1.39 | 1.39 | 1.40 | 1.94 | 1.94 | 1.88 | 2.83 | 2.79 | 2.64 | 4.08 | 4.05 | 3.85 |
| **U.K.** | 4.12 | 4.12 | 4.13 | 4.30 | 4.30 | 4.27 | 4.78 | 4.78 | 4.72 | 5.52 | 5.52 | 5.43 |
| | **Spreads vs. U.S. (bps):** | | | | | | | | | | | |
| **CANADA** | -138 | -139 | -138 | -116 | -118 | -114 | -104 | -104 | -100 | -114 | -113 | -109 |
| **GERMANY** | -158 | -160 | -157 | -155 | -158 | -154 | -153 | -155 | -152 | -146 | -148 | -145 |
| **JAPAN** | -272 | -274 | -271 | -226 | -230 | -227 | -163 | -170 | -174 | -89 | -93 | -101 |
| **U.K.** | 1 | -2 | 2 | 10 | 7 | 12 | 32 | 30 | 34 | 55 | 53 | 56 |

| Equities | Level | | % change: | | | |
|---|---|---|---|---|---|---|
| | Last | Change | 1 Day | 1-wk | 1-mo | 1-yr |
| **S&P/TSX** | 35275 | 308.2 | 0.9 | 1.2 | 2.5 | 30.5 |
| **Dow 30** | 52900 | 594.8 | 1.1 | 1.9 | 4.0 | 18.0 |
| **S&P 500** | 7483 | 0.0 | 0.0 | 1.7 | 1.3 | 19.2 |
| **Nasdaq** | 25833 | -207.4 | -0.8 | 1.9 | 0.5 | 25.4 |
| **DAX** | 25791 | 11.9 | 0.0 | 4.7 | 4.2 | 8.4 |
| **FTSE** | 10658 | -21.3 | -0.2 | 1.7 | 2.8 | 20.8 |
| **Nikkei** | 69738 | -6.4 | -0.0 | 0.4 | 4.7 | 75.2 |
| **Hang Seng** | 23616 | 266.3 | 1.1 | 4.2 | -5.4 | -1.3 |
| **CAC** | 8512 | 4.3 | 0.1 | 1.7 | 3.6 | 10.6 |
| **Commodities** | **Level** | | **% change:** | | | |
| **WTI Crude** | 68.36 | -0.33 | -0.5 | -1.3 | -24.5 | 2.0 |
| **Natural Gas** | 3.20 | -0.00 | -0.0 | -1.1 | -1.1 | -6.3 |
| **Gold** | 4155.79 | -21.15 | -0.5 | 3.5 | -4.0 | 24.6 |
| **Silver** | 62.07 | -0.35 | -0.6 | 6.5 | -9.0 | 68.8 |
| **CRB Index** | 353.03 | -0.83 | -0.2 | -0.8 | -6.2 | 17.7 |
| **Currencies** | **Level** | | **% change:** | | | |
| **USDCAD** | 1.4219 | 0.0019 | 0.1 | 0.1 | 1.9 | 3.9 |
| **EURUSD** | 1.1420 | -0.0017 | -0.1 | -0.0 | -1.0 | -2.5 |
| **USDJPY** | 162.31 | 0.9700 | 0.6 | 0.2 | 1.3 | 11.1 |
| **AUDUSD** | 0.6934 | -0.0006 | -0.1 | 0.7 | -1.6 | 6.8 |
| **GBPUSD** | 1.3341 | -0.0009 | -0.1 | 0.6 | 0.0 | -1.9 |
| **USDCHF** | 0.8057 | 0.0024 | 0.3 | -0.2 | 1.0 | 0.9 |

| 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** |

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