Scotiabank

GLOBAL ECONOMICS

DAILY POINTS

July 9, 2026 @ *7:15 EST*

Contributors

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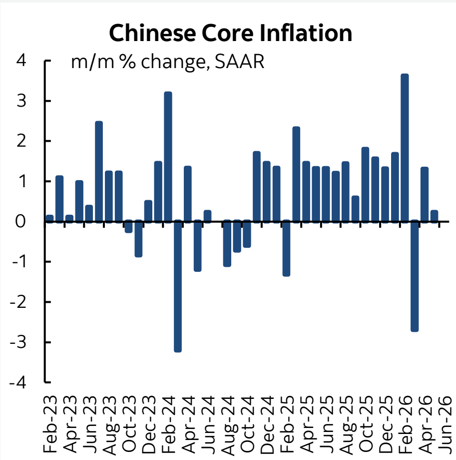
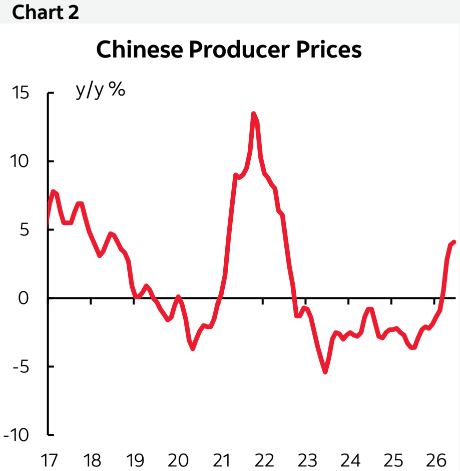
Chart 1



Sources: Scotiabank Economics, China National Bureau of Statistics.

Chart 2



Sources: Scotiabank Economics, China National Bureau of Statistics.

On Deck for Thursday, July 9th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-09	08:30	Initial Jobless Claims (000s)	Jul 04	220	217.0	215.0
US	07-09	08:30	Continuing Claims (000s)	Jun 27	1825	1814.0	1814.0
US	07-09	09:00	Fed's Williams in Moderated Discussion				
US	07-09	10:00	Existing Home Sales (mn a.r.)	Jun	4.25	4.2	4.2
US	07-09	10:00	Existing Home Sales (m/m)	Jun	1.9	1.0	3.2
US	07-09	13:30	Fed's Logan Moderates Panel on Market Liquidity				

KEY POINTS:

- **Oil and bonds stabilize as markets debate tiff versus war scenarios**
- **Chinese CPI continues to sharply undershoot inflation target…**
- **…extending the debate around monetary easing**
- **German exports extend their winning ways**
- **Bank Negara holds with neutral bias as widely expected**
- **BoK reinforces hike expectations next week…**
- **…joining several other tightening Asia-Pacific central banks**
- **Mexican CPI unlikely to offer any surprises**
- **US claims, existing home sales on tap**

Oil prices are little changed this morning and holding onto the roughly $5/barrel rise since Tuesday as markets debate whether continued bilateral strikes by the US and Iran overnight represent a mere setback or the resumption of outright war. Bond yields are slightly lower across the US and Europe after FOMC minutes came and went with no fanfare yesterday. Equities are mixed with marginal gains in US futures and Eurozone benchmarks while TSX futures and London's FTSE slip. Other overnight developments were fairly light.

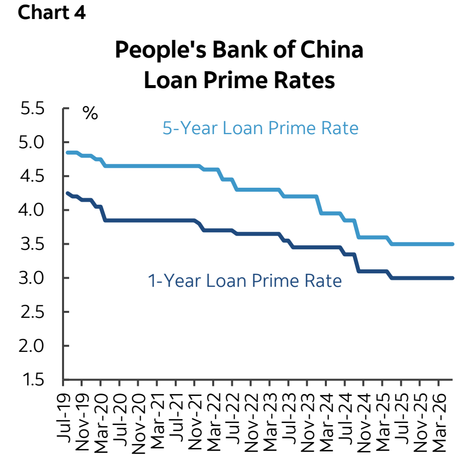
Chart 3

Sources: Scotiabank Economics, China National Bureau of Statistics.

The PBOC Keeps Blowing its Inflation Target

Chinese CPI continues to merit debate over why the PBOC is not easing. At 1% y/y with core CPI matching, there is essentially no inflationary pressure in China. Month-over-month core CPI is tracking even weaker at seasonally adjusted and annualized rates (chart 1). Producer prices continue to accelerate (chart 2). The PBOC is on track to blow its lowered 2% inflation target after never hitting its 3% target for many prior years (chart 3) while house prices continue to tumble. The PBOC is clearly not serious about achieving the state's inflation goal. It stopped lowering short-term rates with transmission into the key 1- and 5-year Loan Prime Rates after the last cut over a year ago (chart 4). Why?

Chart 4



Sources: Scotiabank Economics, People's Bank of China.

One issue may be that further rate reductions would encounter inelastic money demand in the context of feared ongoing declines in property prices. Another may be because the authorities wish to continue cooling property markets after prior years of excess, although it has been five years of falling house prices. Another may be concern about yuan stability, yet the yuan has been appreciating since early last year from a dirty managed ped of about 7.3 to the dollar to 6.8 now. Producer price transmission into CPI hasn't occurred yet but may be feared.

All that considered, with Q1 GDP growth of just 1.3% q/q SA and next week's Q2 growth expected to land at 1%, thereby extending the six-quarter pattern of slower growth, it would seem that the authorities are a little too shy about doing what it takes to foster more rapid growth and contribute more to global growth.

Germany's Export Machine Keeps Charging Ahead

German exports surprised higher with May's reading up 0.9% m/m SA (-0.4% consensus) for the fourth straight monthly gain. Imports, however, fell by 2.5% m/m (-0.8% consensus) albeit after a string of three strong monthly increases.

Negara Holds, BoK Reinforces Hike Expectations

Bank Negara Malaysia left its overnight rate unchanged at 2.75% as universally expected while signalling that it views the current stance of monetary policy as appropriate relative to its forward views on growth and inflation.

More interesting was more hawkish guidance from the Bank of Korea overnight. Governor Shin Hyun Song guided said "it is considered necessary to raise the benchmark interest rate at an appropriate time" while flagging persistent inflationary pressure. The BoK is widely expected to raise its base rate by 25bps next Thursday, thereby joining other Asia-Pacific central banks that have already tightened such as the RBA, RBNZ, BSP plus the BoJ's ongoing tightening campaign.

Light Data On Tap

On tap into the N.A. session are fairly light calendar-based developments with more of the focus likely to be on any surprises in the Middle East. We'll get Mexican CPI for June (8amET) that is expected to ebb toward 3½% y/y with core fairly steady at 4.1% y/y; Mexico releases on a bi-weekly basis, so there is usually little surprise. Also due are US jobless claims (8:30amET) and June's existing home sales (10amET).

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.	4.20	4.22	4.14	4.32	4.33	4.23	4.58	4.58	4.49	5.09	5.07	4.99
CANADA	2.85	2.86	2.76	3.18	3.18	3.06	3.57	3.57	3.44	3.96	3.95	3.85
GERMANY	2.68	2.71	2.50	2.80	2.82	2.61	3.11	3.09	2.90	3.64	3.64	3.49
JAPAN	1.44	1.44	1.39	2.00	1.99	1.94	2.88	2.87	2.79	4.02	4.01	4.04
U.K.	4.29	4.33	4.12	4.47	4.51	4.30	4.94	4.97	4.78	5.66	5.69	5.51
	Spreads vs. U.S. (bps):											
CANADA	-135	-136	-138	-114	-115	-117	-102	-101	-104	-113	-112	-113
GERMANY	-152	-151	-164	-152	-151	-162	-148	-149	-158	-144	-143	-150
JAPAN	-276	-279	-275	-232	-234	-229	-171	-171	-170	-106	-107	-95
U.K.	9	11	-2	15	18	7	36	39	29	58	62	53

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	34936	-336.8	-1.0	0.2	1.5	29.5
Dow 30	52348	-576.8	-1.1	0.1	2.9	17.7
S&P 500	7483	-21.1	-0.3	-0.2	1.3	19.5
Nasdaq	25871	52.0	0.2	-1.3	0.7	25.5
DAX	24876	-21.0	-0.1	-2.8	1.8	1.3
FTSE	10403	-85.8	-0.8	-2.3	1.7	17.3
Nikkei	67744	924.8	1.4	-1.4	3.6	70.1
Hang Seng	24030	-169.3	-0.7	4.2	-2.2	0.6
CAC	8266	13.5	0.2	-2.5	0.8	4.9
Commodities	**Level**		**% change:**			
WTI Crude	74.11	0.59	0.8	8.1	-16.0	8.4
Natural Gas	3.20	-0.01	-0.3	-0.6	1.9	-0.4
Gold	4102.94	25.51	0.6	-0.5	-3.7	23.8
Silver	58.91	0.61	1.1	-3.3	-9.9	61.9
CRB Index	367.01	0.00	0.0	3.7	-1.4	21.7
Currencies	**Level**		**% change:**			
USDCAD	1.4182	0.0009	0.1	0.0	1.7	3.6
EURUSD	1.1424	0.0007	0.1	-0.1	-1.0	-2.5
USDJPY	162.48	-0.1100	-0.1	0.9	1.3	11.0
AUDUSD	0.6931	0.0001	0.0	0.1	-1.4	6.1
GBPUSD	1.3391	0.0002	0.0	0.3	0.1	-1.4
USDCHF	0.8079	-0.0006	-0.1	0.5	1.2	1.7

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	2.50
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	Sep 01, 2026