

DAILY POINTS

July 14, 2026 @ 7:15 EST

Contributors

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Chart 1

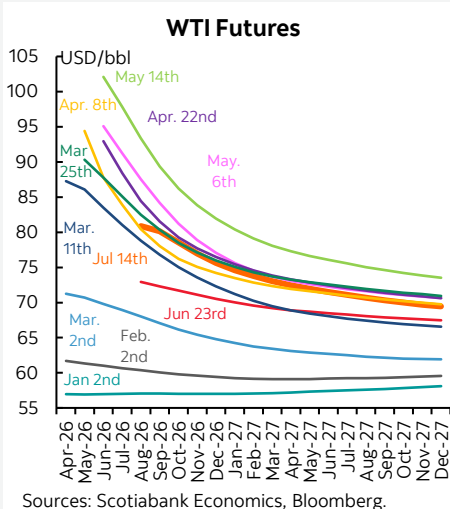
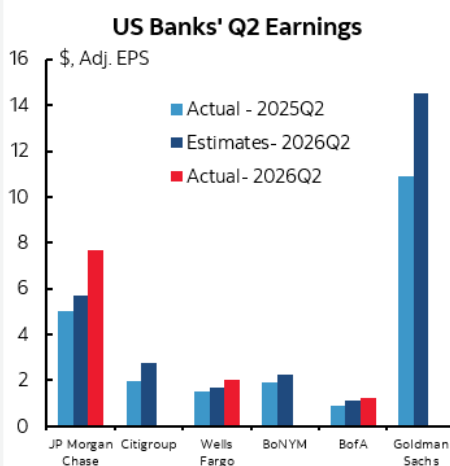


Chart 2



On Deck for Tuesday, July 14th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-14	08:30	CPI (m/m)	Jun	0.1	-0.1	0.5
US	07-14	08:30	CPI (y/y)	Jun	4.0	3.8	4.2
US	07-14	08:30	CPI (index)	Jun	--	334.7	335.1
US	07-14	08:30	CPI ex. Food & Energy (m/m)	Jun	0.3	0.2	0.2
US	07-14	08:30	CPI ex. Food & Energy (y/y)	Jun	2.9	2.8	2.9
US	07-14	10:00	Fed Chair Warsh Testifies at House Financial Services Cmte.				
US	07-14	12:40	Fed's Barr Speaks on Artificial Intelligence				
US	07-14	13:00	Fed's Goolsbee in Fireside Chat				
US	07-14	13:30	Fed's Cook Speaks at Conference on Financial Inclusion				
US	07-14	14:55	Fed's Bowman Speaks at Conference on Financial Inclusion				
US	07-14	16:00	Total Net TIC Flows (US\$ bn)	May	--	--	26.1
US	07-14	16:00	Net Long-term TIC Flows (US\$ bn)	May	--	--	103.1

KEY POINTS:

- Iran and oil loom large over a big day for US markets
- Why you shouldn't read much into Governor Waller's latest guidance
- US bank earnings broadly beat expectations, share price reactions mixed
- US CPI takes on elevated significance
- Fed's Warsh begins two days of testimony
- China's exports soar

It's the biggest day of the week for US market watchers, although the escalating conflict between the US and Iran is complicating the potential market reactions. Oil is up by another \$3-4/barrel of WTI and Brent with both prices now into the \$80s, taking the cumulative rise by WTI since the reescalation to about \$12 for WTI and almost \$15 for Brent. The whole futures curve continues to pivot higher (chart 1).

The knock-on effects are carrying yields on gilts and EGBs higher in bear flattener fashion as 2s cheapen by between 4-7bps. US Treasury yields are largely shaking it off as they focus upon this morning's developments. The BoC is now fully priced for a December hike, although it's largely a byproduct of a tight, lazy trading correlation between WTI futures and OIS pricing that implies there is nothing else you need to know other than oil. Stocks are under pressure everywhere. The dollar is losing ground against most majors, especially the commodity crosses like the Antipodeans, A\$, CAD Krona etc.

US CPI — OVERSTATED SIGNIFICANCE

US CPI inflation for June arrives this morning with a bit more potentially at stake in terms of market reactions given Governor Waller's speech yesterday (see below). Consensus lies between -0.3% m/m SA and +0.3% but with most estimates in the -0.1% and -0.2% buckets. Yet what matters is core CPI with most estimates in the 0.2% to 0.3% m/m SA buckets including Scotia's 0.3%. A full preview of expectations was offered in my weekly including the caution about looking at super-supercore services inflation that would not only remove housing and energy services (supercore) but also World Cup related categories like airfare, lodging etc (super-supercore).

This highlights another issue with Governor Waller's guidance about the importance of today's reading—he would hike potentially on World Cup and other short-term influences. For instance, what if higher commodity prices squeeze real incomes and leave them with less to spend on other things in more broadly disinflationary outcomes?

CHAIR WARSH'S FIRST OF TWO DAYS OF TESTIMONY

How do you give forward guidance while sticking to your mantra of not believing in forward guidance? Walking this fine line may be challenging to Chair Warsh as he takes

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the hot seat before the House Financial Services Committee at 10amET. A lot of the banter will be political and stray from the Fed's prime responsibilities, but key may be his reaction to CPI, whether his stance is similar to Governor Waller's and how he views fresh risks to the dual mandate as energy and other commodity prices creep high again.

SOLID START TO US EARNINGS SEASON

The Q2 earnings season begins in earnest this morning with a wave of key US financials releasing (chart 2). Goldman Sachs, Bank of America, Wells Fargo, JP Morgan and Citigroup are all releasing into the pre-market. Results so far are very strong from each of them with Goldman and Citi pending at the point of publication.

CHINA'S EXPORTS SOAR

China's exports soared last month. They were up by 27% y/y (19% consensus) in USD terms with imports also smashing expectations at +36% y/y (26% consensus). In yuan terms, exports were up 20.8% y/y with imports up 29.4%. China's trade account continues to flourish and its surplus with the US may have bottomed (charts 3–5). Car exports sharply accelerated; they were everywhere when I was in Asia a couple of months ago and making large gains. Everything electric was higher.

HOW SERIOUSLY SHOULD WE TAKE GOVERNOR WALLER'S SUDDEN HAWKISHNESS?

There were a lot of issues with Fed Governor Waller's [speech](#) yesterday in which he warned of the potential for imminent rate hikes, but one immediate caution is that he has a proclivity toward being too early, too misleading in terms of the FOMC consensus and frankly a tad erratic.

For example, in November 2023, he said that if inflation keeps falling "for several more months, three months, four months, five months, we could start lowering the policy rate just because inflation is lower. It is consistent with every policy rule. There is no reason to say we will keep it really high." The FOMC did not begin cutting until 10 months later.

Or take last summer when Waller—who previously held hawkish views—turned toward being among the most dovish FOMC members and at a time when he was on Trump's short list to be Fed Chair.

Or take this past January when he dissented against his colleagues and issued [this](#) statement explaining why he felt that the Fed wasn't cutting enough. He said the labour market was weak, the Fed should look through some of the pressures on inflation as long as expectations are anchored, and said he favoured cutting toward 3% instead of 3.75% where the policy rate has since stood. Now he wants to hike.

In more substantive fashion, I find his guidance that a warm CPI reading this morning would prompt him to likely support a hike this month to be a tad absurd. There is nothing the Fed can do about current or backward inflation. The lagging effects of tightening could coincide with tighter fiscal policy as the BBB's effects wane. Upon reading Waller's full speech—and not just the hawkish headlines that dominated newswire pick up—I found he flip flopped back and forth in a way that makes his view on appropriate policy action much less clear than the headlines suggested. We could also ask why a candidate for Chair made such a speech the day before Chair Warsh's Congressional testimony this morning. See my weekly for a further dive into the cautions against policy tightening.

Chart 3

Chinese Exports

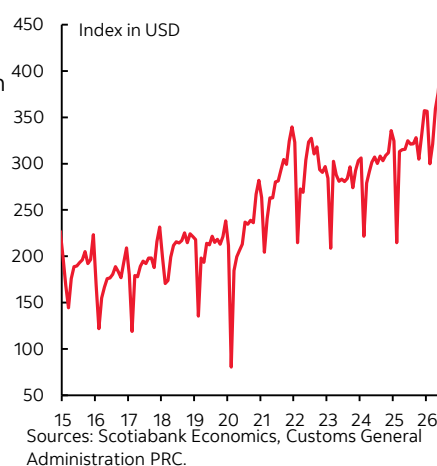


Chart 4

Chinese Imports

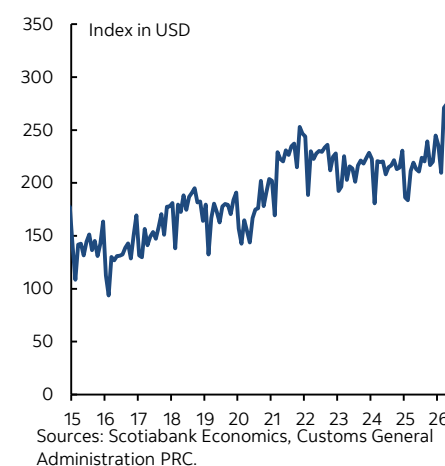
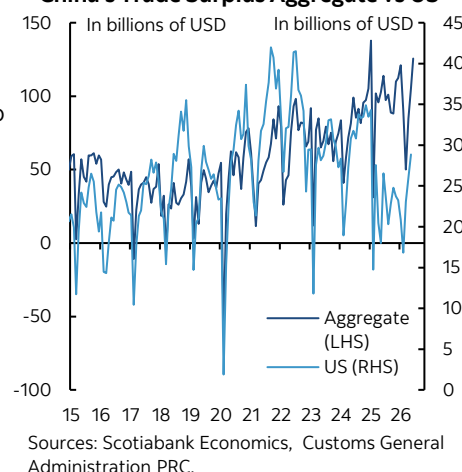


Chart 5

China's Trade Surplus Aggregate vs US



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Fixed Income	Government Yield Curves (%):												Central Banks		
U.S. CANADA GERMANY JAPAN U.K. CANADA GERMANY JAPAN U.K.	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			
	4.27	4.28	4.19	4.37	4.38	4.29	4.62	4.62	4.55	5.10	5.11	5.06	Canada - BoC	2.25	
	2.89	2.89	2.79	3.20	3.19	3.10	3.57	3.56	3.49	3.96	3.96	3.90	US - Fed	3.75	
	2.78	2.72	2.59	2.85	2.82	2.71	3.12	3.11	2.99	3.62	3.63	3.58	England - BoE	3.75	
	1.44	1.45	1.41	1.96	1.99	1.96	2.72	2.79	2.86	3.76	3.91	4.08			
	4.40	4.35	4.18	4.57	4.52	4.36	5.01	4.97	4.85	5.70	5.67	5.59			
	Spreads vs. U.S. (bps):														
	-138	-140	-139	-117	-119	-119	-105	-106	-106	-114	-115	-116	Euro zone - ECB	2.40	
	-149	-156	-160	-152	-156	-158	-149	-152	-156	-148	-148	-148	Japan - BoJ	1.00	
-283	-284	-278	-241	-238	-233	-190	-183	-169	-135	-119	-98				
12	6	-1	20	14	7	39	35	30	60	56	53	Mexico - Banxico	6.50		
Equities	Level					% change:									
	Last	Change				1 Day	1-wk	1-mo	1-yr						
S&P/TSX	35253	-52.6				-0.1	0.1	0.9	29.6					Australia - RBA	4.35
Dow 30	52499	-138.4				-0.3	-1.1	2.5	18.1					New Zealand - RBNZ	2.50
S&P 500	7515	-60.1				-0.8	-0.3	1.1	19.9						
Nasdaq	25873	-408.4				-1.6	-0.9	-0.1	25.4						
DAX	24950	-164.6				-0.7	-2.0	1.3	3.3					Next Meeting Date	
FTSE	10456	-42.0				-0.4	-2.0	-0.1	16.2						
Nikkei	67744	500.8				0.7	-0.8	2.6	71.7					Canada - BoC	Jul 15, 2026
Hang Seng	24341	127.0				0.5	3.6	-1.5	0.6					US - Fed	Jul 29, 2026
CAC	8292	-72.9				-0.9	-1.7	-0.7	6.2						
Commodities	Level					% change:									
WTI Crude	80.94	2.80				3.6	14.9	-4.6	20.8					England - BoE	Jul 30, 2026
Natural Gas	2.89	-0.01				-0.3	-11.6	-7.5	-16.7					Euro zone - ECB	Jul 23, 2026
Gold	4021.19	18.80				0.5	-2.1	-6.7	20.3					Japan - BoJ	Jul 31, 2026
Silver	57.82	0.17				0.3	-3.6	-17.4	51.6						
CRB Index	374.47	8.31				2.3	3.4	1.5	23.4						
Currencies	Level					% change:									
USDCAD	1.4111	-0.0044				-0.3	-0.6	0.9	3.0					Mexico - Banxico	Aug 06, 2026
EURUSD	1.1394	0.0013				0.1	-0.2	-1.7	-2.3					Australia - RBA	Aug 11, 2026
USDJPY	162.24	-0.1900				-0.1	0.1	1.2	9.8					New Zealand - RBNZ	Sep 01, 2026
AUDUSD	0.6940	0.0022				0.3	0.2	-1.9	6.0						
GBPUSD	1.3372	0.0024				0.2	0.1	-0.3	-0.4						
USDCHF	0.8125	-0.0022				-0.3	0.5	2.3	1.8						

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