

DAILY POINTS

July 17, 2026 @ 7:20 EST

Contributors

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Chart 1

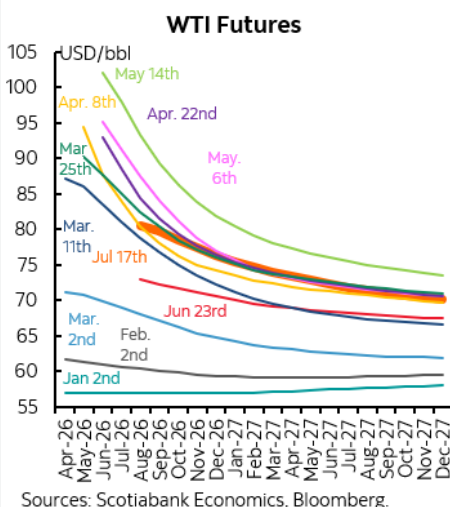
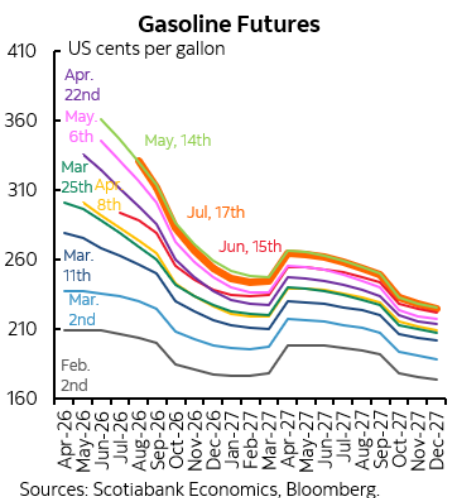


Chart 2



On Deck for Friday, July 17th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	07-17	08:30	International Securities Transactions (C\$ bn)	May	--	--	46.9
US	07-17	08:30	Building Permits (000s a.r.)	Jun P	--	1403.0	1410.0
US	07-17	08:30	Export Prices (m/m)	Jun	--	-0.7	1.3
US	07-17	08:30	Housing Starts (000s a.r.)	Jun	1295	1310.0	1177.0
US	07-17	08:30	Housing Starts (m/m)	Jun	10.0	11.2	-15.4
US	07-17	08:30	Import Prices (m/m)	Jun	--	-0.7	1.9
US	07-17	09:15	Capacity Utilization (%)	Jun	76.2	76.2	76.2
US	07-17	09:15	Industrial Production (m/m)	Jun	0.2	0.2	0.1
US	07-17	10:00	U. of Michigan Consumer Sentiment	Jul P	51.5.	51.0	49.5

KEY POINTS:

- **Equities continue to stumble on three main developments**
- **China's AI swagger has western tech on the run...**
- **...as the Epoch AI Capabilities Index gap may be narrowing**
- **Oil up as Iran war escalates with greater risks ahead...**
- **...as the gasoline futures curve is at the highs, WTI futures closing in**
- **Trump's silly election claims add concerns about retribution, confidence in November**
- **US releases: UofM, starts, IP, terms of trade**

Stocks are ending the week on the back foot so far this morning. Asia-Pacific markets picked up where yesterday's downdraft across US equities left off. The Kospi fell by another 6½%. Tokyo's Nikkei 225 fell by 4%. Hong Kong fell by 1¾%. India's Sensex was a rare winner with a gain of over 1%. European cash markets are down by up to ¾%. US equity futures are slipping by ¾% (S&P) to 1½% (Nasdaq). TSX futures are off by just ¼%.

Sovereign bonds are picking up some of the safe haven flows. US Treasury yields are down 2–4bps along with gilts and overnight moves in JGBs. EGBs are little changed. Canada's curve is also rallying a touch with markets pricing 80% of a BoC hike by December. Some of the mixed sovereign bond performances can be attributed to higher oil prices that impact Europe more harshly than elsewhere; WTI and Brent are up by about 2% this morning.

The dollar isn't really picking up safe haven effects itself which may reflect mixed idiosyncratic drivers of some crosses and perhaps a worthwhile reconsideration of past debates around the role of the dollar as a continued safe haven. CAD and NOK are outperforming on oil. The yen and euro are little changed. Crosses like sterling, the A\$ and won are weakening the most.

As for drivers, there are three main factors worth flagging and a few others—like Starmer's pending exit in the UK—worth monitoring. Each of them may have an element of risk du jour around them, meaning to be careful about going too far with sustainable market narratives.

- **Iran:** Oil's extra 2% gain reflects worsening attacks overnight ahead of Trump's threatened escalation to begin bombing civilian targets next week. He has threatened this previously and backed down as debate about war crimes escalated. The catch-22 that emanates from a poorly contrived conflict that bypassed Congress and did not consult allies, let alone plan clear goals or an exit, is that Trump can't let Iran win before his base (which so far, it has imo), but the affordability pressures stemming from escalation may doom the GOP in the midterms. Today's WTI futures curve is creeping back toward prior highs especially further along the curve (chart 1) and gasoline futures are at their highs (chart 2).

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- China AI:** A Chinese startup called Moonshot announced it had a new Kimi K3 model that it claims is on par with American AI offerings from OpenAI and Anthropic. It's a replay of the prior market scare around China's DeepSeek which markets ultimately shook off and which itself may be important guidance for today. Still, AI and AI-related stocks across the tech world are under negative pressure this morning. I liken the AI world to be like the embryonic stages of other industries, like autos 100+ years ago; some will survive and thrive, many won't within overall excessive confidence in the sector as a whole. We're likely to see a continued ping-pong match as firms jostle for the holy grail of AI supremacy. The massive surge in US AI spending is vulnerable if they get beaten (chart 3). The Epoch Capabilities Index has thus far been leaning toward American superiority (chart 4).
- Election confidence:** Last evening's speech by President Trump—if you could find a network willing to run it—lashed out at China for alleged voter interference among other claims, suggesting that US-China relations are about to take a renewed turn for the worse and how this could impact trade policy and other matters. Some fear Trump is paving the way for undermining US elections in November and what could ensue in the aftermath. In my view, Trump won 2016 with Comey's help over Hillary's emails, lost hands down in 2020 regardless of silly claims and parking lot antics, and won in 2024 due to serious dysfunction within the Democrats. There is one part of his electoral successes that have been reflective of true voter leanings and frustrations, one part a function of his masterful manipulation of facts and arguments, and another part owing to sheer luck. He clearly doesn't see it that way, raising the specter of how he would treat potential defeat in November especially if the Dems take both chambers and raise impeachment risk.

Calendar-based risk is very light. There were no releases overnight. The US just updates a few relatively minor gauges this morning, the most consequential to markets being UoM consumer sentiment for July (10amET). Import and export prices during June will further inform the terms of trade facing the US economy (8:30amET), housing starts over the same month (8:30amET) and industrial production in June (9:15amET) are also on the docket. Starts should rebound, and utilities may crank up their contribution to total industrial production in order to drive a/c units across the country.

Chart 3

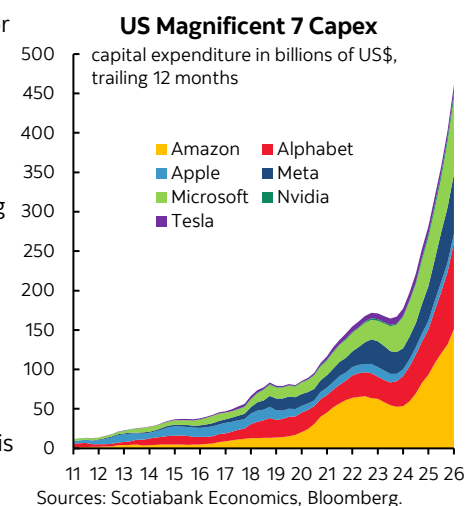
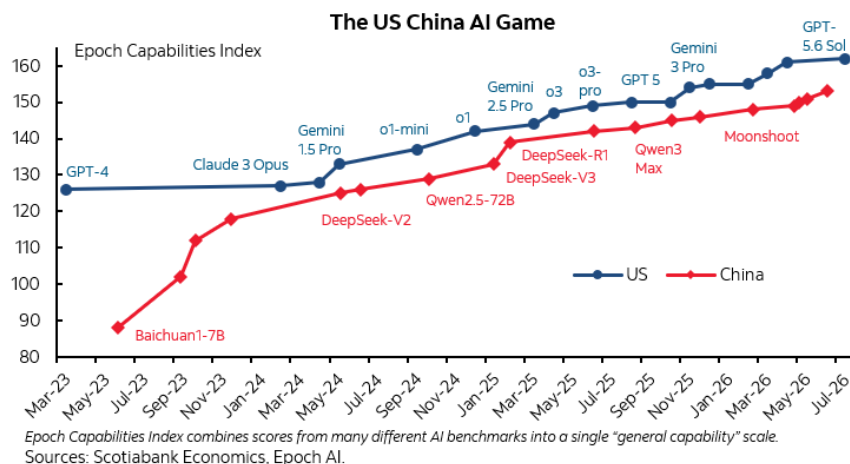


Chart 4



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			
	4.12	4.14	4.21	4.23	4.27	4.31	4.52	4.55	4.56	5.05	5.08	5.06			
	2.82	2.83	2.82	3.13	3.14	3.13	3.51	3.53	3.51	3.93	3.94	3.92	Canada - BoC	2.25	
	2.78	2.77	2.65	2.85	2.85	2.76	3.12	3.13	3.07	3.62	3.65	3.61	US - Fed	3.75	
	1.44	1.44	1.43	1.92	1.97	1.95	2.70	2.72	2.74	3.87	3.84	3.90	England - BoE	3.75	
	4.32	4.34	4.22	4.49	4.52	4.41	4.94	4.97	4.87	5.65	5.67	5.60			
	Spreads vs. U.S. (bps):														
	-130	-132	-139	-110	-113	-118	-101	-103	-105	-112	-114	-114	Euro zone - ECB	2.40	
	-134	-137	-156	-138	-142	-154	-140	-142	-150	-143	-144	-146	Japan - BoJ	1.00	
-268	-270	-278	-231	-230	-235	-182	-184	-182	-118	-124	-116				
20	20	1	26	25	10	42	41	31	60	58	54				
Equities	Level						% change:						Mexico - Banxico	6.50	
	Last	Change				1 Day	1-wk	1-mo	1-yr						
S&P/TSX	35340	-76.0				-0.2	0.4	0.6	29.0	Australia - RBA					4.35
Dow 30	52553	-105.7				-0.2	0.1	2.1	18.1	New Zealand - RBNZ					2.50
S&P 500	7534	-38.6				-0.5	-0.1	1.5	19.6						
Nasdaq	25882	-387.3				-1.5	-1.2	-0.5	23.9						
DAX	24762	-153.9				-0.6	-1.2	-0.7	1.6						
FTSE	10555	-17.2				-0.2	0.6	0.4	17.6						
Nikkei	64141	-2694.4				-4.0	-6.4	-8.2	60.7						
Hang Seng	24562	-446.4				-1.8	1.6	1.0	0.3						
CAC	8314	-64.2				-0.8	-0.3	-1.4	6.3						
Commodities	Level						% change:								
WTI Crude	80.98	2.03				2.6	13.4	5.5	19.9	England - BoE					Jul 30, 2026
Natural Gas	2.87	0.01				0.4	-2.4	-8.7	-19.0	Euro zone - ECB					Jul 23, 2026
Gold	3993.62	17.12				0.4	-3.1	-6.2	19.6	Japan - BoJ					Jul 31, 2026
Silver	55.35	-0.18				-0.3	-7.6	-18.5	45.1						
CRB Index	375.97	-3.36				-0.9	2.0	3.2	23.6						
Currencies	Level						% change:								
USDCAD	1.4035	-0.0008				-0.1	-0.8	-0.5	2.1	Mexico - Banxico					Aug 06, 2026
EURUSD	1.1430	-0.0012				-0.1	0.1	-0.6	-1.4	Australia - RBA					Aug 11, 2026
USDJPY	162.35	-0.0400				-0.0	0.4	1.1	9.3	New Zealand - RBNZ					Sep 01, 2026
AUDUSD	0.6968	-0.0028				-0.4	0.2	-0.7	7.4						
GBPUSD	1.3438	-0.0040				-0.3	0.3	1.1	0.2						
USDCHF	0.8074	-0.0015				-0.2	-0.1	1.0	0.4						

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