Scotiabank.

GLOBAL ECONOMICS

DAILY POINTS

August 4, 2026 @ *7:15 EST*

Contributors

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On Deck for Tuesday, August 4th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08-04	08:30	Merchandise Trade Balance (C$ bn)	Jun	--	3.0	4.2
US	08-04	08:30	Trade Balance (US$ bn)	Jun	-72.6	-73.0	-77.6
US	08-04	10:00	Factory Orders (m/m)	Jun	0.4	0.2	-1.3
US	08-04	10:00	JOLTS Job Openings (000s)	Jun	--	7453.5	7594.0

KEY POINTS:

- **Oil continues to chase volatile Iran headlines**
- **Yen resumes depreciation after temporary lift from intervention**
- **Canadian trade to bolster strong Q2 GDP tracking and solid momentum into Q3**
- **US JOLTS, trade, factory orders on tap**
- **CGBs rally as Canada returns from long weekend, consolidate post-GDP sell-off**
- **US nonfarm, Canadian jobs, regional central banks to dominate the week ahead**

Regular publishing resumes after returning from vacation.

The intractable, spasmodic and downright interminable US war with Iran continues to drive market volatility in a Groundhog Day kind of way. Oil was up by US$2–3 earlier this morning but has shaved this rise as volatile headlines on negotiations drive what is probably yet another round of false optimism toward a way out. The effect is contributing toward slightly higher yields led by US Ts and gilts that are cheaper by about 1–2bps across maturities. The popular narrative that the Treasury curve has lost faith in the Fed's willingness to address inflation risk assumes that bond markets are getting something right for a change. Canadian bonds are an outlier as they catch up following a long weekend by rallying in a way that is partly consolidating the post-GDP sell-off on Friday.

Stocks are generally resilient with most major benchmarks either flat or gaining a touch this morning. The S&P has nevertheless moved sideways since May.

Across currencies, the yen continues to dominate attention. The yen continued to tumble overnight despite apparent recent intervention and US support.

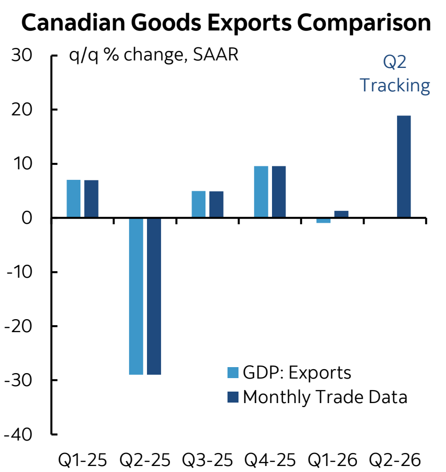
Overnight developments were otherwise sparse with no consequential data or central bank developments. I'm encouraged by the large number of US states suing Washington over its Super 301 tariff abuses that are merely a way of raising taxes on Americans.

On tap will be a few Canadian and US releases this morning.

CANADIAN TRADE TO BOLSTER STRONG Q2 GDP TRACKING

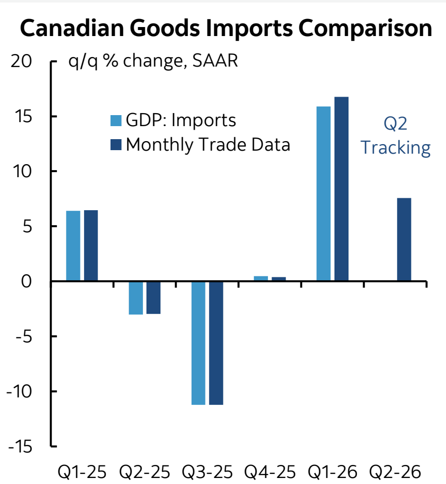
Canada's trade figures for June (8:30amET) will close out the quarter and help to further inform our Q2 GDP views. The quarter has been tracking very strongly thus far in terms of exports (chart 1) outpacing growth in imports (chart 2). The charts compare the trade figures using how they are captured in quarterly GDP accounts and how quarterly tracking of the monthly figures is shaping up.

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

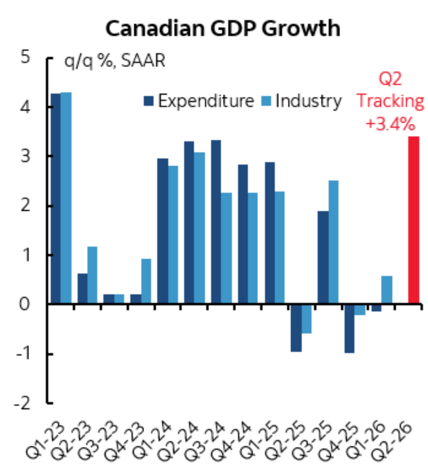
Chart 2



Sources: Scotiabank Economics, Statistics Canada.

The trade figures should bolster tracking of strong GDP growth in Q2 that is surpassing the BoC's expectations. Friday's monthly figures are tracking 3.4% q/q SAAR GDP growth in Q2 for the strongest growth since 2023Q1 (chart 3). The BoC had

Chart 3



Sources: Scotiabank Economics, Statistics Canada.

forecast 2.5%. There was very high breadth to GDP growth during May when the economy grew by 0.3% m/m SA alongside upward revisions and with June's preliminary estimate at +0.2% m/m SA. What's more is that the way Q2 ended bakes in 1% q/q SAAR GDP growth in Q3 before we even begin to get Q3 data which is a good running headstart in terms of sustainability.

JOLTS THE MAIN FEATURE AMONG US RELEASES

The US will refresh a few readings of its own this morning. The trade deficit likely narrowed in June (8:30amET) given what we already know about the goods component but don't get used to that as the renewed surge in oil prices will probably raise it again in July.

JOLTS job openings during June are due at 10amET. They've been picking up a bit very recently after treading water over the prior year, but I don't attach material significance to the reading as input into Friday's nonfarm payrolls estimate.

Factory orders are also due out for June (10amET) and are expected to rebound a bit from the prior month's drop given what we already know about durable goods orders.

THE WEEK'S KEY DEVELOPMENTS

In lieu of a Global Week Ahead given holidays I'll just flag a few key developments on tap for this week and come back to them in subsequent notes.

Friday's nonfarm payrolls will be the key release alongside a side order of Canadian jobs during July. I'll share estimates and drivers in short order.

There will be a few regional central banks weighing in with decisions this week including the RBI tonight (hold), Brazil tomorrow evening (-25bps cut) and Banxico on Thursday (hold). There will also be some Fed-speak including KC's Schmid tonight, Governor Cook tomorrow after the close, San Fran's Cook tomorrow night, and then St. Louis President Musalem on Thursday and Richmond's Barkin on Friday.

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.	4.25	4.24	4.29	4.40	4.39	4.37	4.69	4.68	4.61	5.24	5.23	5.09
CANADA	2.87	2.92	2.85	3.22	3.27	3.16	3.61	3.66	3.53	4.01	4.05	3.91
GERMANY	2.77	2.78	2.75	2.88	2.89	2.85	3.14	3.15	3.10	3.65	3.65	3.60
JAPAN	1.58	1.57	1.50	2.09	2.09	2.01	2.86	2.84	2.79	4.01	4.00	4.01
U.K.	4.32	4.31	4.33	4.51	4.50	4.50	4.97	4.95	4.94	5.70	5.69	5.66
	Spreads vs. U.S. (bps):											
CANADA	-138	-132	-144	-118	-112	-121	-108	-102	-108	-123	-118	-118
GERMANY	-148	-146	-154	-152	-150	-152	-154	-153	-150	-158	-157	-149
JAPAN	-267	-267	-279	-231	-230	-236	-183	-184	-182	-123	-123	-109
U.K.	7	7	4	11	11	13	28	28	34	46	46	57

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	35226	-279.7	-0.8	-0.4	-0.1	30.4
Dow 30	53178	693.4	1.3	1.9	0.5	20.4
S&P 500	7601	110.8	1.5	2.5	1.6	20.1
Nasdaq	25914	540.1	2.1	3.9	0.3	23.1
DAX	26152	150.5	0.6	2.7	1.4	10.1
FTSE	10892	34.7	0.3	0.2	2.0	19.3
Nikkei	63958	202.6	0.3	2.6	-8.3	58.7
Hang Seng	25853	-156.5	-0.6	2.1	10.7	4.5
CAC	8622	8.3	0.1	1.9	1.3	13.0
Commodities	Level		% change:			
WTI Crude	80.35	0.01	0.0	1.4	17.0	21.2
Natural Gas	2.74	-0.04	-1.5	2.9	-14.3	-6.6
Gold	4056.15	1.82	0.0	0.7	-2.6	20.2
Silver	58.91	0.74	1.3	3.1	-5.1	57.5
CRB Index	379.95	-5.15	-1.3	-0.9	7.6	29.4
Currencies	Level		% change:			
USDCAD	1.4047	0.0001	0.0	-0.4	-1.1	1.9
EURUSD	1.1518	0.0009	0.1	1.2	0.7	-0.5
USDJPY	157.76	0.5800	0.4	-3.7	-2.7	7.3
AUDUSD	0.7032	0.0032	0.5	0.8	1.1	8.7
GBPUSD	1.3445	0.0012	0.1	1.2	0.4	1.2
USDCHF	0.8096	-0.0006	-0.1	-1.2	0.6	0.2

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	Sep 02, 2026
US - Fed	Sep 16, 2026
England - BoE	Sep 17, 2026
Euro zone - ECB	Sep 10, 2026
Japan - BoJ	Sep 18, 2026
Mexico - Banxico	Aug 06, 2026
Australia - RBA	Aug 11, 2026
New Zealand - RBNZ	Sep 01, 2026