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GLOBAL ECONOMICS

DAILY POINTS

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On Deck for Monday, August 24th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	08-24	14:00	Scott Bessent to announce indirect Iran sanctions				

KEY POINTS:

- **Mild market reactions to the Canada-US trade war**
- **More Canada-US developments are on tap today**
- **Canada to announce likely infrastructure and security projects today**
- **Bessent to outline sanctions today…**
- **…as stability and retaliation risks will be monitored…**
- **…but it's an insult to draw parallels to D-day**
- **Midnight Madness — The Collapse of Trade Talks (reminder here)**
- **Global Week Ahead — Booze Might Help (reminder here)**

US stocks are cheapening this morning and had overnight company from most Asian exchanges that were in the red. It's a different story elsewhere as stocks are firm to higher across European cash markets and—ready for this—TSX futures despite trade wars. Sovereign bonds are slightly richer everywhere with Canada outperforming. Oil prices are about 2% lower and the USD is very slightly firmer overall.

The focus into the start of a fresh week is two-fold.

TRACKING SPILLOVER FROM FAILED CANADA-US TRADE TALKS

One is the ongoing aftermath of the breakdown of Canada-US trade talks. In case you missed it, please see **this** note that we put out last evening. Three points are offered by way of spillovers into today.

There are only mild market reactions thus far. CAD is the weakest performing major cross to the USD to start the week but is only about half-a-penny weaker since Friday's close. Some of the weakness is due to lower oil prices with futures down by roughly 2% and that's also dragging other petrocurrencies like NOK lower. Some of the weakness is also because a slightly firmer overall US dollar. Canadian government bond yields are rallying on trade and oil in bull steepener fashion with the 2s yield down 8bps and the longer end down around 5bps. Further, TSX futures are marginally higher (+0.2%) versus a dip in S&P futures (-0.2%) and Nasdaq futures (-0.6%). BoC meeting pricing has slightly softened priced hiking by a few basis points to 15bps by year-end and between 50–75bps of hikes by mid-2027 but volatility is significant.

PM Carney appears at 12pmET to announce 'new investments to defend our waters and strengthen trade routes' and speaks jointly with Quebec's Premier Christine Fréchette and the procurement minister, Jöel Lightbound. The location is the Davie shipyard in Lévis which likely means that the focus will be upon port infrastructure and ships as a deliberate extension of the theme to invest in security and to diversify away from the US. He may also comment on the break down of trade talks.

Canada's lead negotiator—Dominic LeBlanc—has said Canada is still in touch with USTR Greer. Additional developments include last evening's revelation that the US sought last-minute changes to exempt US streamers (like Amazon, Netflix) from Canadian content laws. Canadians have the same concerns about US cultural dominance in the media and elsewhere that China's neighbours have.

Trump is scheduled to 'participate in a policy meeting' at 11amET in the Oval Office, then speaks from the Rose Garden—sans roses—at 2:30pmET and then rallies into the evening. He has been unusually quiet by his standards and offered nothing new overnight.

We will also hear from more of the provincial premiers today. For instance, Ontario's outspoken Premier Ford appears at 12pmET. Watch for suggestions they will step in with their own supports alongside Ottawa's and any hints at possible forms of retaliation.

BESSENT'S FALSE PARALLEL RISKS STABILITY AND RETALIATION

Second is the planned announcement at 2pmET by Treasury Secretary Bessent on additional sanctions to be imposed upon real or perceived enablers of Iran's conduct. The latter was addressed in my weekly in terms of possibilities and repercussions. Bessent took out **this** op-ed in the Financial Times yesterday which rather insultingly attempts to draw parallels between Trump's poorly contrived war that has failed to meet its main objectives and chose to go it alone, and the efforts of the Allies during World War II. There are so many grounds on which to reject this comparison notwithstanding the fact Iran is a truly evil regime. Bessent threatens "the single greatest financial offensive ever marshalled against an adversary." Sanctions often fail and we'll be monitoring exactly what is introduced in order to assess risks such as financial stability and retaliation by China among others.

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.	4.24	4.24	4.18	4.41	4.43	4.38	4.72	4.73	4.72	5.26	5.27	5.31
CANADA	2.96	3.04	2.98	3.29	3.36	3.31	3.70	3.76	3.72	4.13	4.17	4.14
GERMANY	2.85	2.85	2.80	2.98	2.98	2.93	3.26	3.26	3.22	3.76	3.76	3.75
JAPAN	1.68	1.68	1.70	2.14	2.13	2.16	2.89	2.89	2.92	4.08	4.08	4.09
U.K.	4.36	4.36	4.37	4.59	4.59	4.59	5.06	5.06	5.06	5.80	5.81	5.81
	Spreads vs. U.S. (bps):											
CANADA	-127	-120	-120	-112	-106	-107	-101	-97	-100	-113	-110	-117
GERMANY	-138	-139	-137	-143	-144	-144	-146	-148	-150	-149	-151	-156
JAPAN	-256	-255	-248	-228	-229	-221	-182	-185	-180	-118	-119	-122
U.K.	13	12	19	17	16	21	34	33	34	55	53	51

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	36620	254.8	0.7	-0.3	3.5	29.2
Dow 30	53277	517.8	1.0	-0.8	2.6	16.8
S&P 500	7674	33.2	0.4	-1.4	3.5	18.7
Nasdaq	26180	113.3	0.4	-2.1	4.8	21.8
DAX	26135	-1.7	-0.0	-0.8	4.1	7.3
FTSE	10834	17.5	0.2	1.1	0.9	16.2
Nikkei	65528	-488.3	-0.7	-5.3	1.4	53.7
Hang Seng	25517	-492.1	-1.9	0.3	2.2	0.7
CAC	8481	-3.9	-0.0	-1.2	1.3	6.4
Commodities	Level		% change:			
WTI Crude	85.22	-1.84	-2.1	0.9	-4.6	33.9
Natural Gas	2.78	0.00	0.1	3.2	-3.3	2.9
Gold	4642.75	39.68	0.9	5.1	14.6	37.9
Silver	68.91	-0.09	-0.1	4.7	18.5	78.6
CRB Index	406.24	2.83	0.7	3.8	2.7	35.4
Currencies	Level		% change:			
USDCAD	1.3846	0.0086	0.6	-0.2	-1.8	-0.1
EURUSD	1.1664	-0.0015	-0.1	0.7	2.6	0.4
USDJPY	159.22	0.2700	0.2	-0.2	-2.8	7.7
AUDUSD	0.7158	-0.0013	-0.2	0.7	2.6	10.4
GBPUSD	1.3627	-0.0017	-0.1	0.6	2.3	1.3
USDCHF	0.8027	0.0015	0.2	-1.0	-1.9	-0.4

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	Sep 24, 2026
Australia - RBA	Sep 29, 2026
New Zealand - RBNZ	Sep 01, 2026