

ON DECK FOR MONDAY, JUNE 24

Country	Date	Time	Event	Period	BNS	Consensus	Latest
US	06/24	10:30	Dallas Fed. Manufacturing Activity	Jun	–	-2.0	-5.3

KEY POINTS:

- USD depreciating, sovereign bonds rallying in quiet start to the week
- The week's top four risks are mostly concentrated upon Friday
- German business confidence continues to decline
- US to announce more Iranian sanctions today
- Turkish Lira rallies after election results
- US quiet with just Dallas, Chicago Fed measures on tap
- Global Week Ahead

Please see the Global Week Ahead — G20 Success Will Mean They're Still Speaking ([here](#)). This week's Risk Dashboard includes:

- G20
- CBs: Banxico, RBNZ, BoT
- Inflation: US, Eurozone
- Fed Chair Powell
- US durables, consumption, confidence
- CDN GDP
- BoC's Business Outlook Survey
- Other US macro
- Eurozone consumer spending
- Japan macro

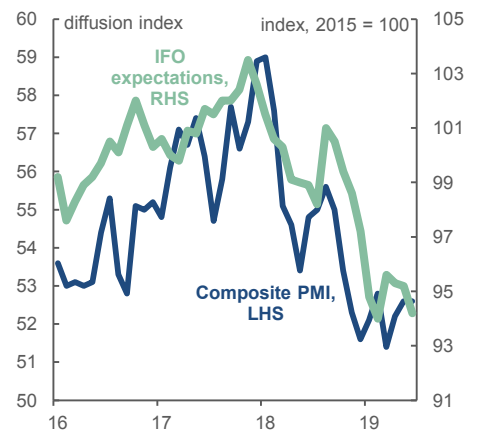
INTERNATIONAL

A very quiet start to the trading week is largely devoid of any material on- or off-calendar market risk. German business confidence slipped which shouldn't surprise many given volatile developments this month. Turkey's mayoral election result in favour of the opposition is getting outsized attention because, well, nothing else is really happening; the lira is up by about 1% to the USD as President Erdogan accepted the results this time and some view this as the underpinning to a broader democratic movement. Trump has indicated further Iranian sanctions will be announced perhaps today and this is motivating slightly stronger oil prices.

Otherwise, global markets will lie in wait ahead of four main considerations this week that will concentrate risk upon Friday through the weekend. They include: Fed Chair Powell's economic outlook tomorrow; the G20 meeting on Friday and Saturday and the Trump-Xi side meeting; US PCE inflation on Friday; and Eurozone inflation on Friday. Regional markets will be influenced by central bank decisions (e.g. Mexico on Thursday) and Friday's Canadian GDP and the BoC's twin surveys. Expectations for these developments are elaborated upon in the Global Week Ahead.

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Waning German Sentiment


Sources: Scotiabank Economics, Bloomberg.

- The USD and the yen are broadly softer this morning. The strongest performers include the won (ahead of G20, positive comments by Pompeo on the North Korean dialogue), A\$/NZ\$, some Scandies and CAD.
- Oil prices are up somewhat with WTI gaining about 40 cents to just under US\$58 while Brent is flat at US\$65.20. Gold is up by another US\$7.
- Sovereign bond yields are falling again with US Treasury yields down by about 2bps across 2s through 10s and slightly more at the long end. Canada's curve is performing roughly similarly. Gilts are rallying by 3–4bps. European government bond yields are down by 2–3bps in 10s and JGBs traded flat overnight.
- US equity futures are up by about ¼% across the exchanges and the TSX is a touch lighter. European cash markets range from flat (London) to down ½% (Dax, Madrid, Milan). Asian exchanges were generally little changed on average with little variation.

German IFO business confidence slipped again in the June readings that were released this morning. Confidence has been on a declining trend for just over a year-and-a-half (see chart). From a peak reading of 105 in November 2017, the gauge has fallen back to 97.4 which takes us back to late 2014. The expectations component slipped a little and is marginally higher than the reading in February which had been the softest since the Eurozone debt crisis.

UNITED STATES

The US will release the Chicago Fed's national activity index for May (8:30amET) that is stale on arrival given developments this month, and the Dallas Fed's regional manufacturing gauge for June (10:30amET). Little to no market reaction is expected.

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		
	1.75	1.77	1.87	1.77	1.79	1.86	2.03	2.06	2.10	2.55	2.58	2.58	Canada - BoC	1.75
	1.40	1.43	1.40	1.34	1.37	1.34	1.45	1.48	1.45	1.70	1.72	1.70	US - Fed	2.50
	-0.74	-0.74	-0.69	-0.65	-0.63	-0.60	-0.31	-0.29	-0.24	0.26	0.30	0.34	England - BoE	0.75
	-0.23	-0.23	-0.19	-0.26	-0.26	-0.22	-0.15	-0.16	-0.12	0.36	0.34	0.38	Euro zone - ECB	0.00
	0.58	0.61	0.61	0.59	0.63	0.64	0.80	0.85	0.85	1.41	1.45	1.45	Japan - BoJ	-0.10
	Spreads vs. U.S. (bps):													
	-34	-34	-47	-43	-42	-52	-58	-57	-64	-85	-86	-88	Mexico - Banxico	8.25
	-249	-251	-256	-242	-242	-246	-234	-234	-234	-228	-229	-224	Australia - RBA	1.25
-198	-200	-206	-203	-205	-208	-218	-221	-222	-219	-225	-221	New Zealand - RBNZ	1.50	
-117	-116	-126	-118	-116	-122	-123	-121	-125	-113	-114	-113	Next Meeting Date		
Equities	Level			Change			% change:							
	Last						1 Day	1-wk	1-mo	1-yr				
S&P/TSX	16525			-49.4			-0.3	1.4	1.8	0.5			Canada - BoC	Jul 10, 2019
Dow 30	26719			-34.0			-0.1	2.4	4.4	8.7			US - Fed	Jul 31, 2019
S&P 500	2950			-3.7			-0.1	2.2	4.4	7.1			England - BoE	Aug 01, 2019
Nasdaq	8032			-19.6			-0.2	3.0	5.2	4.4			Euro zone - ECB	Jul 25, 2019
DAX	12272			-68.4			-0.6	1.5	2.2	-2.4			Japan - BoJ	Jul 30, 2019
FTSE	7411			3.3			0.0	0.7	1.8	-3.5			Mexico - Banxico	Jun 27, 2019
Nikkei	21286			27.4			0.1	0.8	0.8	-5.5			Australia - RBA	Jul 02, 2019
Hang Seng	28513			39.3			0.1	4.7	4.2	-2.8			New Zealand - RBNZ	Jun 25, 2019
CAC	5519			-9.6			-0.2	2.4	3.8	2.4				
Commodities	Level			Change			% change:							
WTI Crude	57.84			0.41			0.7	11.4	-1.3	-15.7			Canada - BoC	Jul 10, 2019
Natural Gas	2.21			0.03			1.2	-7.3	-14.9	-24.9			US - Fed	Jul 31, 2019
Gold	1408.18			8.58			0.6	5.1	9.6	10.9			England - BoE	Aug 01, 2019
Silver	15.29			-0.04			-0.3	1.8	6.0	-5.9			Euro zone - ECB	Jul 25, 2019
CRB Index	178.52			-0.11			-0.1	2.1	-0.1	-9.6			Japan - BoJ	Jul 30, 2019
Currencies	Level			Change			% change:							
USDCAD	1.3186			-0.0036			-0.3	-1.7	-1.9	-0.8			Mexico - Banxico	Jun 27, 2019
EURUSD	1.1393			0.0024			0.2	1.6	1.7	-2.7			Australia - RBA	Jul 02, 2019
USDJPY	107.28			-0.0400			-0.0	-1.2	-1.9	-2.3			New Zealand - RBNZ	Jun 25, 2019
AUDUSD	0.6951			0.0025			0.4	1.4	0.3	-6.2				
GBPUSD	1.2749			0.0012			0.1	1.7	0.3	-4.0				
USDCHF	0.9750			-0.0015			-0.2	-2.4	-2.7	-1.2				

Source: Bloomberg. All quotes reflect Bloomberg data as at the time of publishing. While this source is believed to be reliable, Scotiabank cannot guarantee its accuracy.

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