

ON DECK FOR MONDAY, JULY 12

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07-12	12:00	Fed's Kashkari Speaks at Townhall				

KEY POINTS:

- **Curve flattening resumes on ECB comments, COVID-19 cases**
- **Lagarde offers cryptic policy hints**
- **Several countries are seeing rising COVID-19 cases**
- **Global Week Ahead**

Please see the Global Week Ahead—What Are Bonds Saying? ([here](#)). Also see your Scotia sales contact for the chart deck version.

A new trading week is starting off with mild risk aversion and empty calendars. There were no releases overnight and there will be nothing material on tap for today's North American session. Curves are back to flattening a touch with 10s down by 1–4bps across US Ts, gilts and EGBs and with Italian spreads narrowing over bunds partly on ECB comments (see below). The dollar is slightly firmer against most major currencies. US and Canadian equity futures are down ¼% with European cash markets off by up to ½% in London.

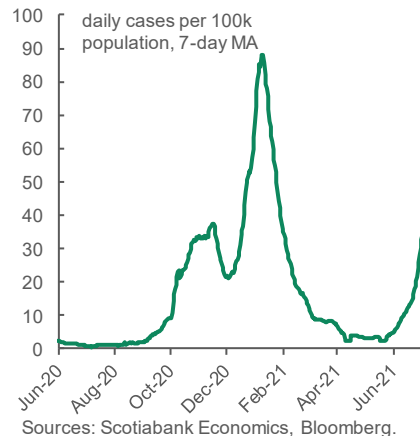
ECB President Lagarde gave cryptic hints at potential policy changes at the July 22nd meeting during a weekend interview. She said there will be “some interesting variations and changes” and “it’s going to be an important meeting” while noting “forward guidance will certainly be revisited.” The asset purchase program guidance was not new in that she only indicated the program will continue through to ‘at least’ March 2022 which matches existing guidance.

Please see the accompanying charts for a depiction of new COVID-19 cases per capita on a 7-day moving average basis across the world in the usual update provided at the start of each week. There are enough regions of the world with rising trends to merit caution.

- **Europe:** The UK continues to see an upward trend on the eve of potentially dropping safeguards at the end of the week. Spain, the Netherlands and Portugal are also see upward trends and there is a very slight upward trend in Germany.
- **Latin America:** All countries that are tracked are posting declines in cases with a so far minor exception being a slight upward trend in Mexico. Case rates remain very high in several countries.
- **Asia-Pacific:** Malaysia's curve is back on a definite upward trend and joined by Indonesia and Thailand.
- **US:** So far it's a very slight change, but the US per capita case rate is bottoming with a tiny upward trend particularly focused upon the US South and Midwest. 56% of Americans aged 12+ are doubled dosed and 65% have received at least one dose ([here](#)), so mathematically it wouldn't take much for the curve to explode again particularly given the speed at which all

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Chart 1
**UK COVID-19 Cases
Picking Up Again**


caution appears to have been abandoned. If it's a normal distribution, then half the folks among the many not wearing masks at sporting events are not double vaccinated.

- **Canada:** So far so good as nationwide cases remain very low and ditto across all provinces. 49% of Canadians 12+ are fully vaccinated with 79% having received at least one dose ([here](#)). The 1+ dose rate is meaningfully higher than the US. I'd like to see cases over the next 2–4 weeks to have greater comfort given what I've observed to be widespread abandonment or lessening of COVID-19 cautions.

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		
	0.21	0.21	0.23	0.78	0.79	0.86	1.34	1.36	1.43	1.97	1.99	2.04	Canada - BoC	0.25
	0.48	0.49	0.46	0.93	0.94	1.00	1.30	1.32	1.40	1.80	1.82	1.84	US - Fed	0.25
	-0.68	-0.68	-0.66	-0.60	-0.60	-0.58	-0.30	-0.29	-0.21	0.20	0.21	0.30	US - Fed	0.25
	-0.11	-0.11	-0.11	-0.12	-0.11	-0.11	0.03	0.03	0.04	0.67	0.68	0.68	England - BoE	0.10
	0.09	0.09	0.06	0.29	0.30	0.31	0.64	0.66	0.71	1.15	1.17	1.24	England - BoE	0.10
	Spreads vs. U.S. (bps):													
	27	27	23	15	15	14	-4	-4	-3	-17	-18	-20	Euro zone - ECB	0.00
	-88	-89	-89	-138	-138	-144	-165	-165	-164	-177	-178	-174	Japan - BoJ	-0.10
-32	-33	-35	-89	-90	-97	-131	-133	-139	-130	-131	-136	Japan - BoJ	-0.10	
-12	-13	-18	-49	-49	-54	-71	-71	-71	-82	-82	-81	Japan - BoJ	-0.10	
Equities	Level						% change:						Mexico - Banxico	
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	20258			196.7			1.0	-0.1	0.6	28.9			Australia - RBA	0.10
Dow 30	34870			448.2			1.3	0.7	1.1	33.7			Australia - RBA	0.10
S&P 500	4370			48.7			1.1	1.1	2.9	37.2			New Zealand - RBNZ	0.25
Nasdaq	14702			142.1			1.0	1.2	4.5	38.5			New Zealand - RBNZ	0.25
DAX	15688			0.2			0.0	0.2	-0.0	24.2			Next Meeting Date	
FTSE	7088			-33.9			-0.5	-1.1	-0.6	16.3				
Nikkei	28569			628.6			2.2	-0.1	-1.3	25.4			Canada - BoC	Jul 14, 2021
Hang Seng	27515			170.7			0.6	-2.2	-4.6	6.8			US - Fed	Jul 28, 2021
CAC	6520			-9.7			-0.1	-0.7	-1.2	31.2			US - Fed	Jul 28, 2021
Commodities	Level						% change:							
WTI Crude	73.69			-0.87			-1.2	-2.0	3.9	81.7			England - BoE	Aug 05, 2021
Natural Gas	3.68			0.01			0.2	-0.5	11.7	104.0			England - BoE	Aug 05, 2021
Gold	1801.80			-6.52			-0.4	0.6	-4.0	0.2			Euro zone - ECB	Jul 22, 2021
Silver	26.01			-0.10			-0.4	-0.6	-5.7	38.1			Euro zone - ECB	Jul 22, 2021
CRB Index	210.96			-0.84			-0.4	-1.9	-0.6	49.1			Japan - BoJ	Jul 16, 2021
Currencies	Level						% change:							
USDCAD	1.2498			0.0051			0.4	1.3	2.9	-8.2			Mexico - Banxico	Aug 12, 2021
EURUSD	1.1853			-0.0023			-0.2	-0.1	-2.2	4.5			Mexico - Banxico	Aug 12, 2021
USDJPY	110.20			0.0600			0.1	-0.7	0.1	2.7			Australia - RBA	Aug 03, 2021
AUDUSD	0.7465			-0.0023			-0.3	-0.9	-3.2	7.6			Australia - RBA	Aug 03, 2021
GBPUSD	1.3853			-0.0048			-0.3	0.1	-1.8	10.3			New Zealand - RBNZ	Jul 13, 2021
USDCHF	0.9154			0.0007			0.1	-0.7	1.7	-2.8			New Zealand - RBNZ	Jul 13, 2021

Chart 2

Trend in European Daily Cases

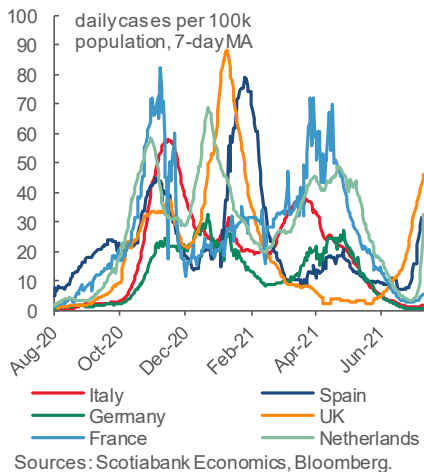


Chart 3

Trend in European Daily Cases

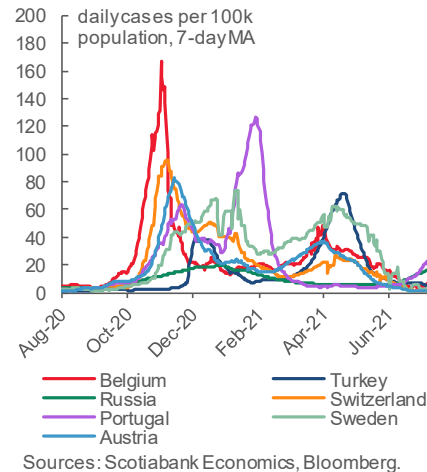


Chart 4

Trend in Latin American Daily Cases

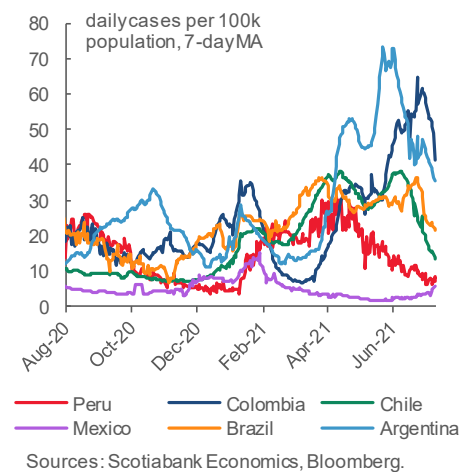


Chart 5

Trend in Asia Pacific Daily Cases

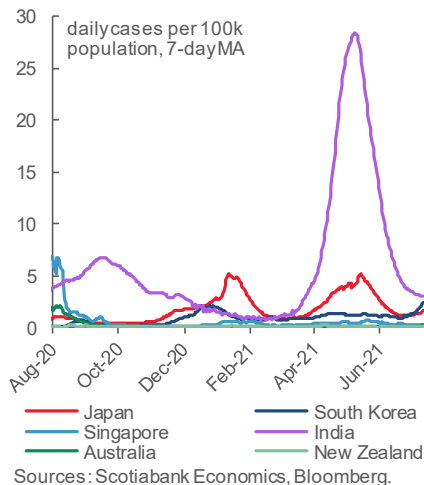


Chart 6

Trend in Asia Pacific Daily Cases

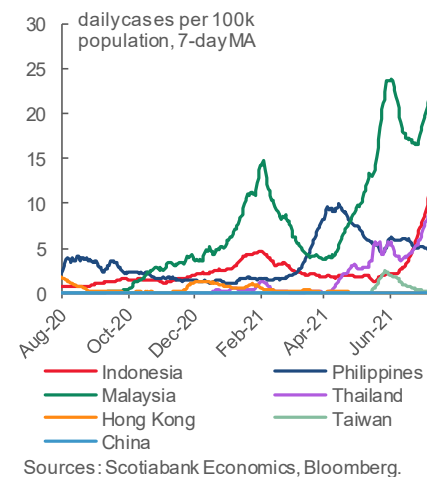


Chart 7

Trend in Middle Eastern Daily Cases

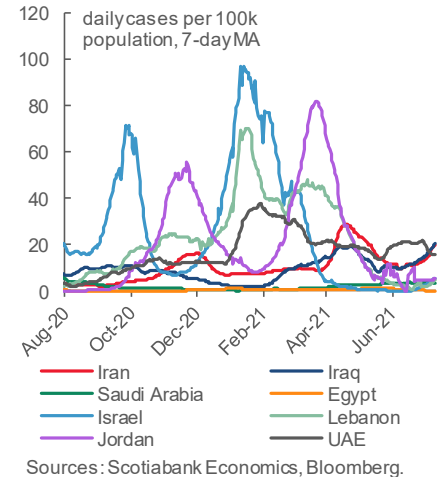


Chart 8

Trend in US Daily New Cases

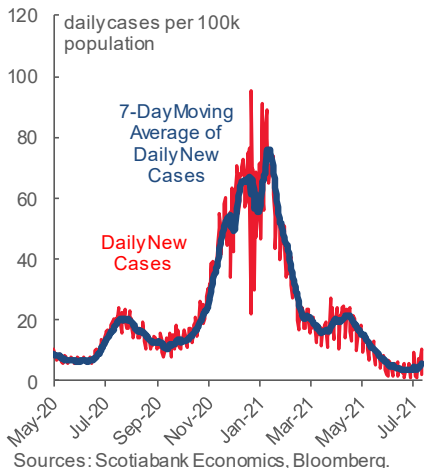


Chart 9

Daily Cases Trend in US Regions

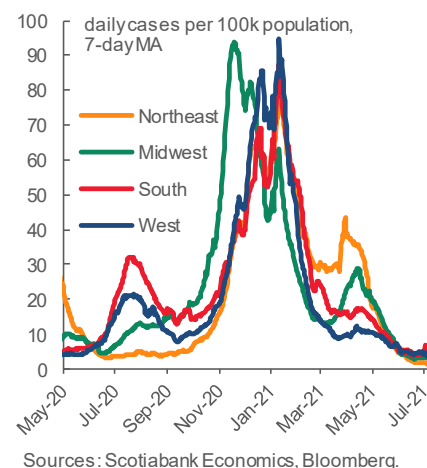


Chart 10

Canadian Trend in New Cases

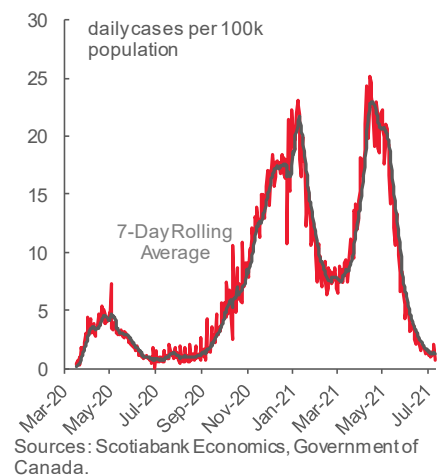
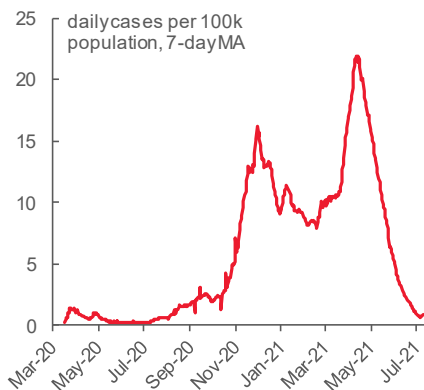


Chart 11

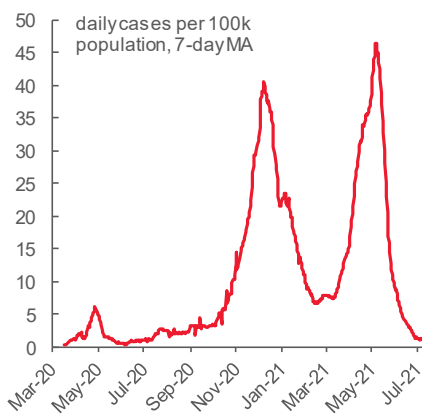
British Columbia Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 12

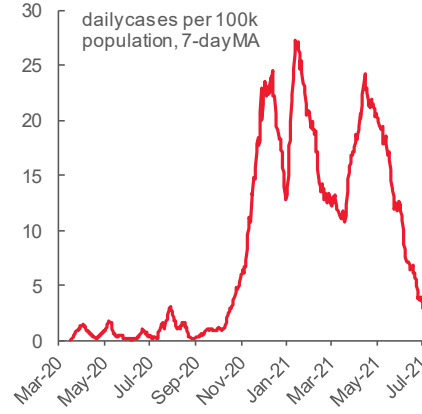
Alberta Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 13

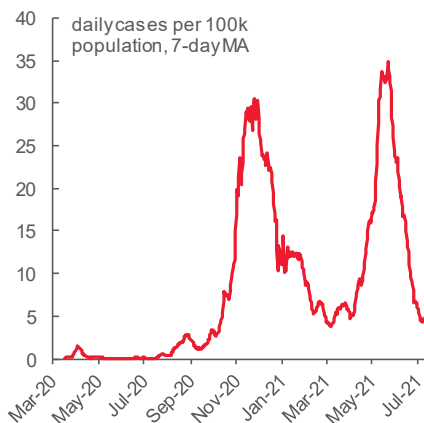
Saskatchewan Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 14

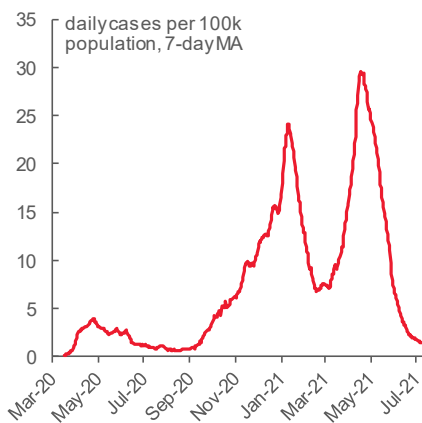
Manitoba Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 15

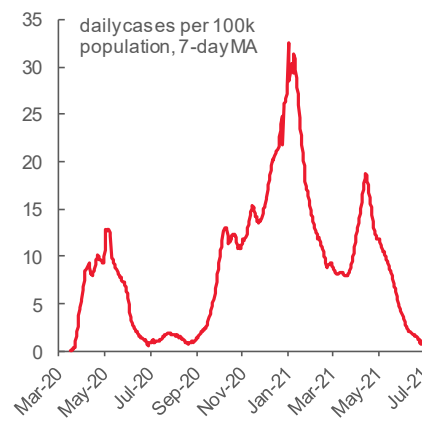
Ontario Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 16

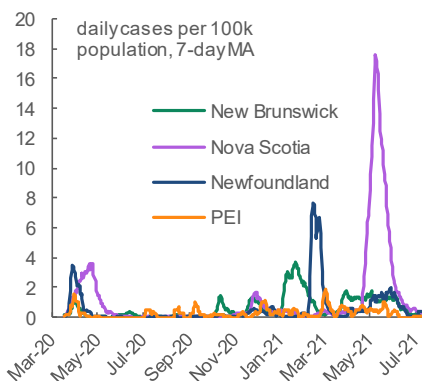
Quebec Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 17

Atlantic Provinces Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

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