

ON DECK FOR MONDAY, JULY 26

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
US	07-26	10:00	New Home Sales (000s a.r.)	Jun	--	800.0	769.0
US	07-26	10:30	Dallas Fed. Manufacturing Activity	Jul	--	32.1	31.1

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KEY POINTS:

- **Mild risk-off start to the week**
- **German investor confidence and Japan's PMI slip**
- **US new home sales expected to rebound**
- **The US is the weakest link in global COVID-19 new case trends**

I'm back from (mostly) vacay and getting my sea legs back after what was a relatively quiet week on the economics calendar. There is no week ahead publication for this week. There is very little by way of fresh developments to start off what should be an active week including the FOMC, Canadian inflation and monthly GDP, US PCE inflation and Q2 GDP, Eurozone inflation and Q2 GDP, Aussie Q2 CPI, China's state PMIs, etc. I'll write about those throughout the week.

The new trading week is starting off with a risk-off tone but absent any seismic shifts by way of fresh developments and kind of like it did last Monday before stocks went on an upward streak. China jawboning its complaints about the US offers thin gruel for otherwise quiet markets to consider. Ditto for China taking steps to remove free market choice in the education sector. US equity futures are off by ¼% with Toronto down by ½% and European cash markets are down by about ¼% to ½% for the most part. The dollar is broadly softer, especially against sterling and the euro. US Ts are outperforming as the 10s yield is down 3bps with Canada 10s down 2bps while longer maturity gilts are slightly dearer and EGBs are generally little changed.

Overnight releases included a dip in German IFO investor confidence and softer Japanese Jibun PMIs for July. IFO expectations fell by 2.5 points to 101.2 but this is off the prior month's highest reading since December 2010. Japan's composite PMI fell again to the weakest reading since January 2021 and indicated worsening economic momentum after the Q1 GDP contraction of 3.9%.

The only release on tap for today is US new home sales for June (10amET). They are expected to rebound from the prior month's dip.

We also distributed fresh forecasts late on Friday. Please check your in-boxes. If you're not on the list, then please send an email to economics.admin@scotiabank.com for that and other publications. In short, there were very few forecast changes. Growth and inflation figures for major markets are little changed. The FX strats pressed reset on their USD call. The yield curves were taken lower in the near-term but with the same year-end points after we get through debt ceiling issues and through taper talk with the delta variant a risk but so far not one that is derailing broad forecasts.

GLOBAL COVID-19 CASES

Please see the accompanying charts that depict global trends in new COVID-19 cases per capita on a 7-day moving average basis. Throughout the Americas it is the US that is the weakest link which just showcases what a divided society it has become across multiple touchpoints.

- **US:** The voluntarily unvaccinated types continue to drive what is so far a relatively mild upward trend in new cases. 57% of the eligible 12+ US population is fully vaccinated and 64% have had at least one dose.
- **Canada:** Canadian new cases remain low. About 63% of eligible Canadians 12 years and older are now fully vaccinated. About 81% of the 12+ population has had at least one dose.
- **Latin America:** New cases continue to decline across the region.
- **Europe:** A glimmer of hope is arriving in the UK as new cases may be plateauing and turning lower, but at least a 2–3 week lag to the recent reopening efforts will be needed to have greater confidence in this observation. Cases are still rising in France and Spain and falling in the other hotspot in the Netherlands.
- **Asia-Pacific:** New cases remain high in Malaysia, Thailand and Indonesia but might be plateauing.
- **Middle East:** New cases remain generally well behaved across the region.

Fixed Income	Government Yield Curves (%):												Central Banks	
	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		
U.S.	0.19	0.20	0.22	0.69	0.71	0.71	1.24	1.28	1.19	1.89	1.92	1.82	Canada - BoC	0.25
CANADA	0.45	0.45	0.47	0.79	0.79	0.78	1.19	1.21	1.14	1.76	1.78	1.69	US - Fed	0.25
GERMANY	-0.73	-0.73	-0.69	-0.70	-0.70	-0.66	-0.42	-0.42	-0.39	0.06	0.06	0.09	England - BoE	0.10
JAPAN	-0.12	-0.13	-0.13	-0.13	-0.13	-0.12	0.01	0.02	0.02	0.65	0.66	0.65	Euro zone - ECB	0.00
U.K.	0.09	0.08	0.08	0.28	0.28	0.28	0.57	0.58	0.56	0.99	1.01	1.03	Japan - BoJ	-0.10
	Spreads vs. U.S. (bps):													
CANADA	26	26	25	10	8	8	-6	-7	-5	-13	-14	-13	Mexico - Banxico	4.25
GERMANY	-92	-93	-91	-139	-142	-136	-166	-170	-158	-183	-186	-173	Australia - RBA	0.10
JAPAN	-31	-33	-34	-82	-84	-83	-123	-126	-118	-124	-126	-117	New Zealand - RBNZ	0.25
U.K.	-11	-12	-14	-41	-43	-43	-67	-69	-63	-90	-91	-79		
Equities	Level						% change:						Next Meeting Date	
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	20188			90.9			0.5	2.3	-0.2	26.2			Canada - BoC	Sep 08, 2021
Dow 30	35062			238.2			0.7	1.1	1.8	32.5			US - Fed	Jul 28, 2021
S&P 500	4412			44.3			1.0	2.0	3.1	37.2			England - BoE	Aug 05, 2021
Nasdaq	14837			152.4			1.0	2.8	3.3	43.2			Euro zone - ECB	Sep 09, 2021
DAX	15604			-65.4			-0.4	3.1	-0.0	21.5			Japan - BoJ	Sep 22, 2021
FTSE	7011			-16.6			-0.2	2.4	-1.8	14.5				
Nikkei	27833			285.3			1.0	-1.6	-4.2	22.5				
Hang Seng	26192			-1129.7			-4.1	-4.7	-10.6	6.5				
CAC	6553			-16.2			-0.2	4.1	-1.1	32.2				
Commodities	Level						% change:							
WTI Crude	71.70			-0.37			-0.5	7.9	-3.2	73.6				
Natural Gas	4.15			0.09			2.2	9.8	18.6	129.4				
Gold	1808.40			6.26			0.3	-0.2	1.5	-4.9				
Silver	25.17			0.10			0.4	-3.6	-3.0	10.1				
CRB Index	218.46			1.86			0.9	6.3	3.8	52.7				
Currencies	Level						% change:							
USDCAD	1.2557			-0.0007			-0.1	-1.5	1.8	-6.0				
EURUSD	1.1796			0.0025			0.2	-0.0	-1.1	0.4				
USDJPY	110.28			-0.2700			-0.2	0.7	-0.3	4.7				
AUDUSD	0.7361			-0.0005			-0.1	0.2	-2.7	3.0				
GBPUSD	1.3795			0.0047			0.3	0.9	-0.6	7.1				
USDFH	0.9178			-0.0016			-0.2	0.0	-0.2	-0.2				

Chart 1
Trend in European Daily Cases

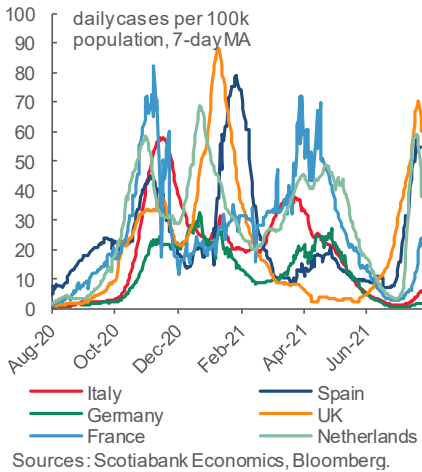


Chart 2
Trend in European Daily Cases

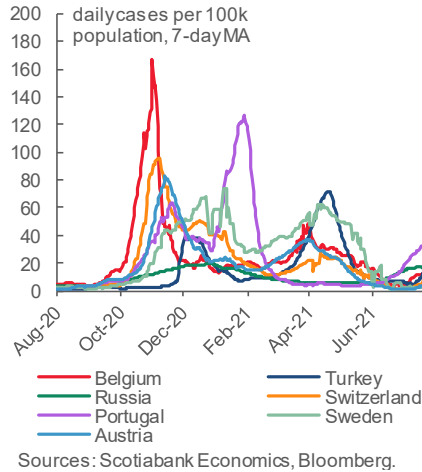


Chart 3
Trend in Latin American Daily Cases

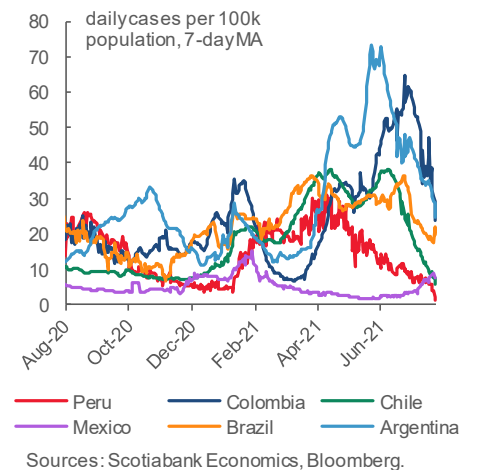


Chart 4
Trend in Asia Pacific Daily Cases

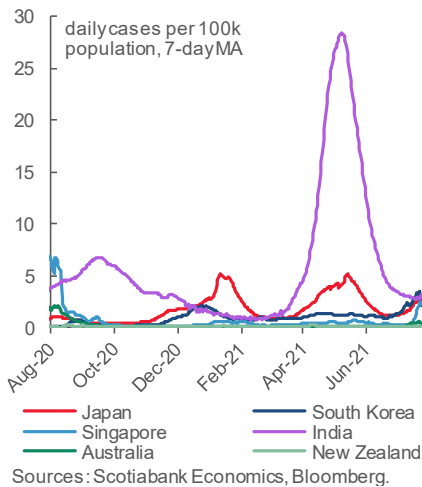


Chart 5
Trend in Asia Pacific Daily Cases

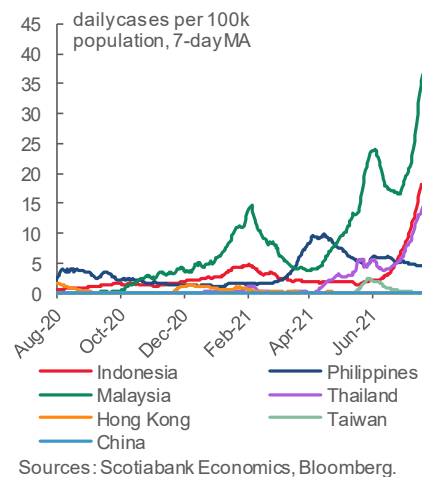


Chart 6
Trend in Middle Eastern Daily Cases

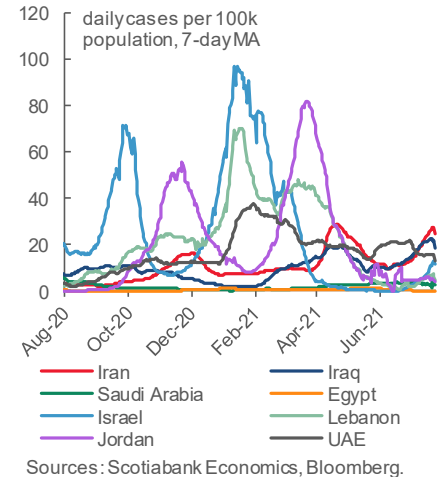


Chart 7
Trend in US Daily New Cases

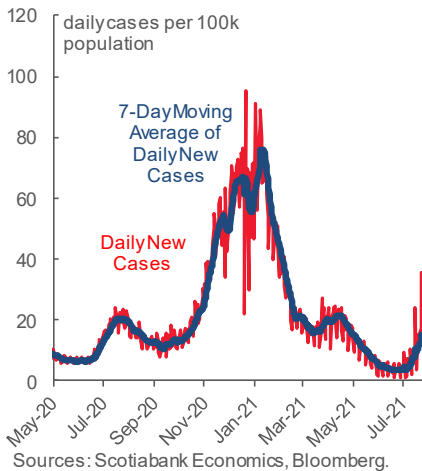


Chart 8
Daily Cases Trend in US Regions

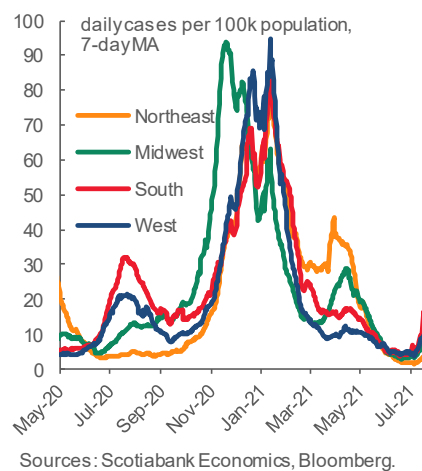


Chart 9
Canadian Trend in New Cases

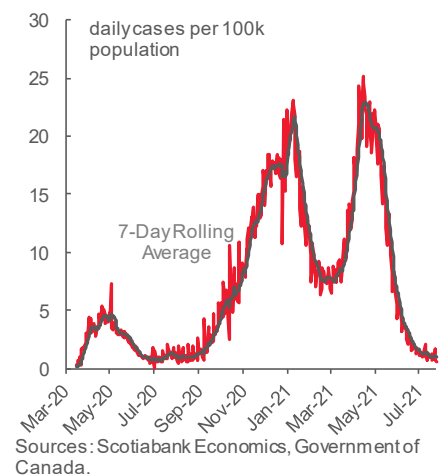
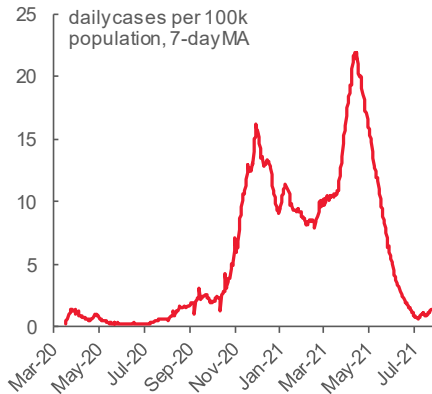


Chart 10

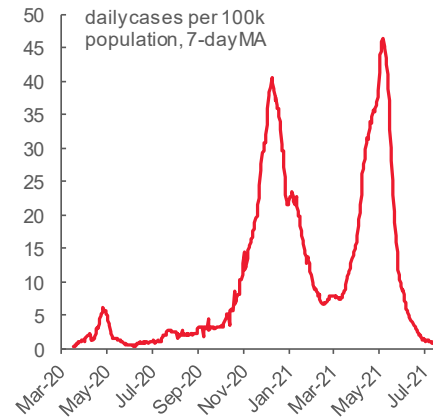
British Columbia Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 11

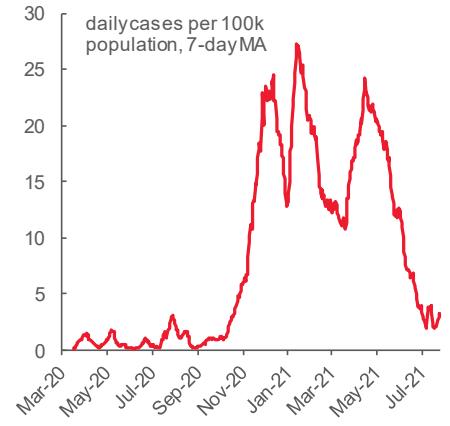
Alberta Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 12

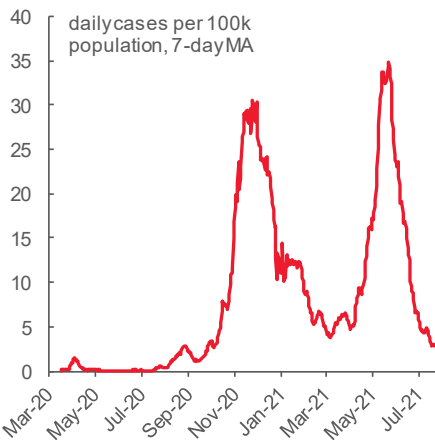
Saskatchewan Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 13

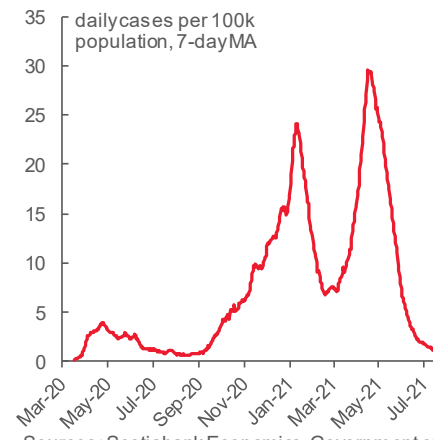
Manitoba Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 14

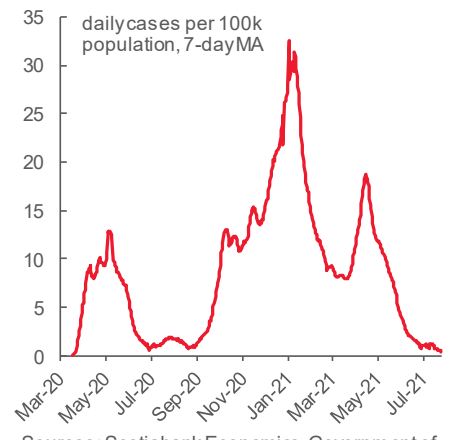
Ontario Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 15

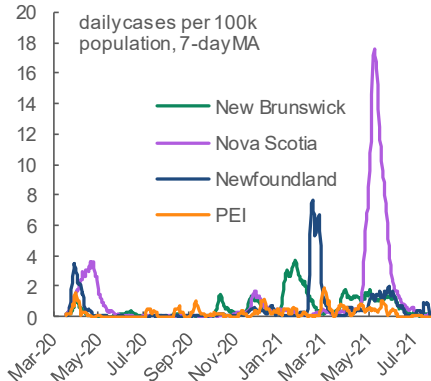
Quebec Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 16

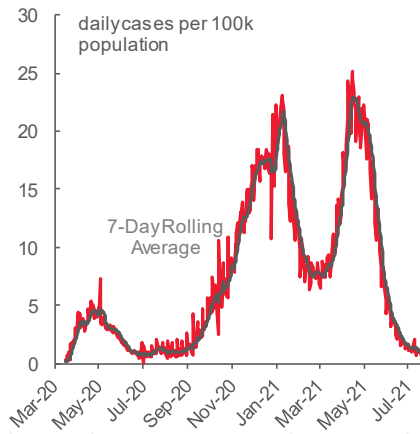
Atlantic Provinces Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

Chart 17

Canadian Trend in New Cases



Sources: Scotiabank Economics, Government of Canada.

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