

DAILY POINTS

June 6, 2022 @ 6:50 EST

Contributors

Derek Holt

VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

On Deck for Monday, June 6

| Country | Date | Time | Indicator |
|------------------------------------|------|------|-----------|
| No Scheduled Indicators or Events. | | | |

Period

BNS

Consensus

Latest

No Scheduled Indicators or Events.

KEY POINTS:

- **Risk-on sentiment has light catalysts**
- **UK PM Johnson faces confidence vote today**
- **Oil up after Saudis price discriminate**
- **Thai CPI smashes consensus, lifts baht**
- **China's private PMIs follow state versions upward**
- **Quiet US, Canadian calendars today**
- **Global Week Ahead**

Please see the full Global Week Ahead publication [here](#). The accompanying slide deck is also in your in-boxes and both were sent on Friday evening. As a reminder, the main events this week are packed into Thursday and Friday with the ECB, US inflation and Canadian jobs; the latter two will arrive simultaneously. Key topics include:

- ECB to tee up stimulus exits
- US inflation is still climbing
- Canadian jobs rebound?
- Chinese CPI to showcase Fed-PBoC divergence
- RBA to deliver another hike
- RBI is in a sudden rush
- Chile, Peru are still raising rates
- BoT has yet to join global tightening
- Russia's CB to cut on phony ruble strength
- LatAm CPI

Risk-on sentiment is offering a pleasant start to the fresh trading week amid very little new information that is focused upon the UK and oil prices. Chinese stocks are among the leaders with mainland indices up by 1¼% to 2¼% overnight as the pre-announced easing of COVID restrictions is being implemented and cases continue to decline except in HK that saw a weekend surge. US and Canadian equity futures are up by between ½% and 1¼% with European cash markets up by either side of 1% across the main exchanges. Sovereign bond yields are 1–3bps higher in the US, as gilts underperform most markets in a bear flattener move that has 2s 6bps higher. The USD is broadly softer with sterling among the leaders. Oil is climbing a bit again with a gain of under a buck after the Saudis raised prices charged to Asian and some European buyers but kept US prices unchanged.

UK PM Johnson faces a “partygate” confidence vote between 6pm–8pm London time (1–3pmET). A simple majority is needed in order to oust him and trigger a contest for a new leader but most expect him to cling to power.

Overnight calendar-based risk was very light with just China's private composite PMI jumping 5 points higher to a still contractionary reading of 42.2. It's weaker than the state composite PMI that arrived a week prior and landed at 48.4. The private PMI is more skewed toward smaller firms than the SOE-heavy state PMIs.

June 6, 2022

Thai CPI climbed by much more than consensus anticipated (1.4% m/m, 0.6% consensus) which lifted the year-over-year rate to 7.1% (5.9% consensus). Core CPI also climbed 0.3% to 2.3% y/y but was only a tick above consensus. The baht was among the stronger Asian crosses to the USD overnight.

| 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 | | | |
| | 2.68 | 2.66 | 2.48 | 2.95 | 2.94 | 2.72 | 2.95 | 2.94 | 2.74 | 3.10 | 3.09 | 2.97 | Canada - BoC | 1.50 | |
| | 2.91 | 2.85 | 2.55 | 2.97 | 2.91 | 2.63 | 3.06 | 3.00 | 2.79 | 2.95 | 2.91 | 2.78 | | | |
| | 0.67 | 0.66 | 0.45 | 1.02 | 1.02 | 0.77 | 1.27 | 1.27 | 1.06 | 1.53 | 1.52 | 1.32 | US - Fed | 1.00 | |
| | -0.06 | -0.07 | -0.06 | 0.00 | -0.01 | 0.01 | 0.25 | 0.23 | 0.24 | 1.04 | 1.03 | 1.01 | | | |
| | 1.73 | 1.69 | 1.49 | 1.81 | 1.77 | 1.61 | 2.18 | 2.16 | 1.99 | 2.41 | 2.42 | 2.25 | England - BoE | 1.00 | |
| | Spreads vs. U.S. (bps): | | | | | | | | | | | | | | |
| | 24 | 19 | 7 | 2 | -3 | -8 | 11 | 6 | 5 | -15 | -18 | -18 | Euro zone - ECB | 0.00 | |
| | -201 | -199 | -203 | -193 | -192 | -195 | -168 | -166 | -168 | -157 | -157 | -165 | | | |
| -274 | -273 | -254 | -295 | -294 | -271 | -270 | -270 | -250 | -207 | -206 | -196 | Japan - BoJ | -0.10 | | |
| -95 | -97 | -99 | -114 | -117 | -111 | -77 | -78 | -75 | -69 | -67 | -71 | | | | |
| Equities | Level | | | | | | % change: | | | | | | Mexico - Banxico | 7.00 | |
| | Last | Change | | | | 1 Day | 1-wk | 1-mo | 1-yr | | | | | | |
| S&P/TSX | 20791 | -241.1 | | | | -1.1 | 0.2 | 0.8 | 3.8 | Australia - RBA | | | | 0.35 | |
| Dow 30 | 32900 | -348.6 | | | | -1.0 | 0.8 | 0.0 | -5.3 | | | | | | |
| S&P 500 | 4109 | -68.3 | | | | -1.6 | 1.2 | -0.4 | -2.9 | New Zealand - RBNZ | | | | 2.00 | |
| Nasdaq | 12013 | -304.2 | | | | -2.5 | 2.3 | -1.1 | -13.0 | | | | | | |
| DAX | 14609 | 148.9 | | | | 1.0 | 0.2 | 6.8 | -6.9 | | | | | | |
| FTSE | 7630 | 96.9 | | | | 1.3 | 0.9 | 1.1 | 7.3 | | | | | | |
| Nikkei | 27916 | 154.3 | | | | 0.6 | 2.0 | 3.4 | -3.5 | | | | | | |
| Hang Seng | 21654 | 571.8 | | | | 2.7 | 4.6 | 2.6 | -25.2 | | | | | | |
| CAC | 6559 | 73.6 | | | | 1.1 | -0.1 | 4.8 | 0.7 | | | | | | |
| Commodities | Level | | | | | | % change: | | | | | | | | |
| WTI Crude | 119.52 | 0.65 | | | | 0.5 | 3.9 | 8.9 | 71.7 | England - BoE | | | | Jun 16, 2022 | |
| Natural Gas | 8.95 | 0.42 | | | | 5.0 | 2.5 | 11.2 | 188.9 | | | | | | |
| Gold | 1852.89 | 1.70 | | | | 0.1 | -0.1 | -1.6 | -2.0 | Euro zone - ECB | | | | Jun 09, 2022 | |
| Silver | 21.61 | -0.16 | | | | -0.7 | -1.0 | -7.8 | -23.4 | | | | | | |
| CRB Index | 323.27 | 0.17 | | | | 0.1 | 1.4 | 3.8 | 53.7 | Japan - BoJ | | | | Jun 17, 2022 | |
| Currencies | Level | | | | | | % change: | | | | | | | | |
| USDCAD | 1.2568 | -0.0026 | | | | -0.2 | -0.7 | -2.4 | 4.0 | Mexico - Banxico | | | | Jun 23, 2022 | |
| EURUSD | 1.0726 | 0.0007 | | | | 0.1 | -0.5 | 1.7 | -12.0 | | | | | | |
| USDJPY | 130.63 | -0.2500 | | | | -0.2 | 2.4 | 0.1 | 19.6 | Australia - RBA | | | | Jun 07, 2022 | |
| AUDUSD | 0.7215 | 0.0008 | | | | 0.1 | 0.3 | 2.0 | -7.0 | | | | | | |
| GBPUSD | 1.2551 | 0.0063 | | | | 0.5 | -0.8 | 1.6 | -11.5 | New Zealand - RBNZ | | | | Jul 12, 2022 | |
| USDCHF | 0.9619 | -0.0002 | | | | -0.0 | 0.5 | -2.7 | 7.2 | | | | | | |

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.