

DAILY POINTS

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On Deck for Monday, June 20

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	06-20	12:45	Fed's Bullard Discusses Inflation and Interest Rates				

KEY POINTS:

- **Light start to what should be a less active week for calendar-based risk**
- **Major center-left governments are being knocked down a peg or two...**
- **...first Canada, now France, soon Biden**
- **Markets will react to Colombia's election tomorrow**
- **ECB's Lagarde, Fed's Bullard on tap**
- **US markets shut for Juneteenth holiday**
- **Global Week Ahead**

Please see the Global Week Ahead [here](#). Since published on Friday evening we've had the French and Colombian election results (see below), but most of the week's major developments are still ahead. Key topics include:

- A rotation toward services could insulate the economy
- Fed's Powell to deliver hawkish warnings to Congress
- Canadian inflation to reach for greater heights
- BoC may firm up super-size risk
- UK CPI holding high, further upside ahead
- Macron's agenda at risk in French election
- Banxico expected to hike 75bps
- Colombia's Presidential election
- PBoC likely to hold LPRs
- Norges to hike, size and guidance in question
- Bank Indonesia to hike on currency and stability concerns...
- ...and ditto for Philippines' central bank
- Turkey's messed up monetary policy
- Global PMIs to headline other indicators

A light calendar and the fact that US markets are shut for the second annual Juneteenth holiday is offering a fairly subdued start to a fresh trading week. N.A. equity futures are higher by about ½% to ¾%. European cash equities are up by as much as 1% in London and Spain. That followed a generally soft tone across Asian equities. With Treasury trading shut, mild moves across sovereign bonds position about a 6–7bps cheapening in gilts as the main stand-out. The USD is a touch softer.

Colombia's election was won by the narrowest of margins as left-wing candidate Gustavo Petro took 50.4% of the vote. Markets will weigh his ambitious plans against the fact he lacks a majority in Congress, but we'll have to wait until tomorrow for market reaction given that today is a holiday in Colombia. I'll leave further views to Scotia's large LatAm research team to stickhandle.

Macron's loss of his Parliamentary majority may be behind mildly wider French spreads over bunds toward the longer end. Macron's allies won only 245 seats and hence well shy of the 289 required for a majority. The left-wing coalition Nupes was next at 131 seats followed by 89 seats for the National Rally and 61 for center-right allies. While aspects of his reforms may be jeopardized, the clear message from voters in France, Canada last Fall and soon the US come November is more tilted toward applying checks against the center-left political ambitions within major economies.

The PBoC left its 1- and 5-year Loan Prime Rates unchanged overnight as most had expected.

ECB President Lagarde speaks twice (9amET, 11amET) at the same event to deliver introductory remarks before a European Parliamentary committee. We'll also hear from ECB Chief Economist Lane at an economists event (3:30pmET).

Notwithstanding the US holiday, St. Louis Fed President Bullard speaks this afternoon on inflation and rates (12:45pmET). Canada's calendar is dead quiet with nothing useful to consider while markets will be more subdued given the US holiday.

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.	3.18	3.18	3.36	3.34	3.34	3.48	3.23	3.23	3.36	3.28	3.28	3.35	Canada - BoC	1.50
CANADA	3.26	3.24	3.40	3.34	3.33	3.51	3.41	3.40	3.51	3.30	3.29	3.31		
GERMANY	1.09	1.09	1.15	1.48	1.46	1.49	1.67	1.66	1.63	1.86	1.85	1.72	US - Fed	1.75
JAPAN	-0.05	-0.07	-0.04	0.08	0.05	0.04	0.24	0.23	0.26	1.23	1.17	1.20		
U.K.	2.27	2.20	2.12	2.27	2.21	2.23	2.56	2.50	2.53	2.74	2.67	2.64	England - BoE	1.25
	Spreads vs. U.S. (bps):													
CANADA	8	6	4	-0	-1	3	19	17	15	2	1	-4	Euro zone - ECB	0.00
GERMANY	-209	-209	-221	-187	-189	-199	-156	-157	-173	-142	-143	-163		
JAPAN	-323	-325	-340	-326	-329	-344	-299	-300	-311	-205	-211	-216	Japan - BoJ	-0.10
U.K.	-91	-98	-124	-107	-114	-125	-67	-73	-84	-54	-62	-71		
Equities	Level						% change:						Mexico - Banxico	7.00
	Last			Change			1 Day		1-wk	1-mo		1-yr		
S&P/TSX	18930			-73.6			-0.4		-4.1	-6.3		-5.3	Australia - RBA	0.85
Dow 30	29889			-38.3			-0.1		-4.8	-4.4		-10.2		
S&P 500	3675			8.1			0.2		-5.8	-5.8		-11.8	New Zealand - RBNZ	2.00
Nasdaq	10798			152.3			1.4		-4.8	-4.9		-23.0		
DAX	13193			67.1			0.5		-1.7	-5.6		-14.6	Next Meeting Date	
FTSE	7095			78.8			1.1		-1.5	-4.0		1.1		
Nikkei	25771			-191.8			-0.7		-4.5	-3.6		-8.0	Canada - BoC	Jul 13, 2022
Hang Seng	21164			88.9			0.4		0.5	2.2		-25.7		
CAC	5898			15.5			0.3		-2.1	-6.2		-10.2	US - Fed	Jul 27, 2022
Commodities	Level						% change:							
WTI Crude	110.31			0.75			0.7		-8.8	-2.6		54.0	England - BoE	Aug 04, 2022
Natural Gas	6.73			-0.21			-3.1		-21.8	-16.7		109.3		
Gold	1839.04			-0.35			-0.0		1.1	-0.4		4.2	Euro zone - ECB	Jul 21, 2022
Silver	21.85			0.41			1.9		1.2	0.3		-17.9		
CRB Index	309.08			-8.09			-2.6		-5.1	-1.2		50.1	Japan - BoJ	Jul 21, 2022
Currencies	Level						% change:							
USDCAD	1.2992			-0.0038			-0.3		0.7	1.2		5.1	Mexico - Banxico	Jun 23, 2022
EURUSD	1.0526			0.0027			0.3		1.1	-0.4		-11.7		
USDJPY	134.91			-0.1100			-0.1		0.4	5.5		22.3	Australia - RBA	Jul 05, 2022
AUDUSD	0.6992			0.0060			0.9		1.0	-0.7		-7.2		
GBPUSD	1.2272			0.0031			0.3		1.1	-1.7		-11.9	New Zealand - RBNZ	Jul 12, 2022
USDCHF	0.9645			-0.0054			-0.6		-3.3	-1.0		5.1		

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