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## Report Content

- Major News impacting Markets
- Key International Events/Results
- Key Domestic Events/Results

## Major News impacting Markets

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### Ready. Set. Wait.

The approaching month/quarter-end and the G20 meeting dominate considerations. Although the S&P 500 closed on its lows for the third consecutive session yesterday, Asia Pacific equities liked the apparent increase in the prospect of a tariff freeze between the US and China and the pullback in the Japanese yen. Equity benchmarks in Japan, China, Hong Kong, and Taiwan all gained over 1%. European shares are posting more minor gains but could end the four-day slide if they are maintained. US shares are also trading firmer. Australia and New Zealand bonds played catch-up after the backing up of US yields yesterday. Today European 10-year benchmarks and the similar US Treasury yields are 1-2 bp higher. The dollar is little changed against the majors and has a slightly softer bias against the emerging market currencies. Gold is sitting on the week's low just above \$1400, where it broke above at the end of last week. Oil is paring yesterday's strong gains, helped by a significant drawdown of US inventories (~12.8 mln barrels according to the EIA).

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### Supreme Court decides federal judges cannot block gerrymandering

The Supreme Court on Thursday ruled that federal courts may not block partisan gerrymandering in a 5-4 decision that fell along partisan lines. "We conclude that partisan gerrymandering claims present political questions beyond the reach of the federal courts," wrote Chief Justice John Roberts, who delivered the opinion of the court.

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## China's Xi to present Trump with terms for settling trade deal

Chinese President Xi Jinping will present President Trump with the terms it expects the U.S. to meet for Beijing to settle the trade war, The Wall Street Journal reports, citing Chinese officials.

China will demand that the U.S. lift its ban on the sale of U.S. technology to Huawei Technologies, Chinese officials with knowledge of the plan told the Journal.

China also expects the U.S. to remove all tariffs and drop efforts to get China to buy more U.S. exports.

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## Germany, Italy drive euro zone economic sentiment down to 3-year low

Euro zone economic sentiment dropped to its lowest point in nearly three years in June as confidence fell markedly in the bloc's largest economies, and mostly in Germany and Italy, European Commission data showed on Thursday.

The Commission said that its main indicator of economic confidence dropped to 103.3 points in June from 105.2 a month earlier, reaching its lowest level since August 2016.

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## Something is happening in the market that long-time bull Jim Paulsen hasn't seen before

The long-time bull points out that investors have been turning to utilities, consumer staples and REITS in droves. They have been gaining popularity as hedges against risks that include the U.S.-China trade war, Iran tensions and Treasury yield inversions. "There's evidence of .

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## Trade-War Winner Vietnam Is Now a Target for Trump's Tariffs

Vietnam's recent fame as a big winner of the U.S.-China trade war may be bringing it unwanted attention from President Donald Trump.

When asked in an interview with Fox Business Network if he wanted to impose tariffs on Vietnam, Trump said: "Well, we're in discussions with Vietnam. Vietnam is almost the single worst -- that's much smaller than China, much -- but it's almost the single worst abuser of everybody."

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## Trump Warns of 'Plan B' on China Trade: Billions More in Tariffs

President Donald Trump said substantial additional U.S. tariffs would be placed on goods from China if there's no progress on a trade deal after his planned meeting with Chinese counterpart Xi Jinping at the G-20 Summit in Japan. "My Plan B with China is to take in billions and billions of dollars a month and we'll do less and less business with them," Trump said Wednesday during an interview with Fox Business Network's Maria Bartiromo. The White House announced his meeting with Xi would take place at 11:30 a.m. on Saturday in Osaka.

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## Europe Is Running Out of Options to Hold Back Trump's Aggression

As Donald Trump heads to a showdown with China's Xi Jinping and the costs of his trade war start to become clear, the European Union is baffled by his determination to open a second front.

The U.S.'s estranged allies may not follow the logic of Trump's offensive but they have become reconciled to persistent attacks from Washington, EU officials said. As Trump ramps up his effort to win a second term in 2020, they expect no letup. They are even getting used to fighting back.

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## American Tariffs on China Are Being Blunted by Trade Cheats

Billions of dollars worth of China-made goods subject to tariffs by the Trump administration in its trade fight with Beijing are dodging the China levies by entering the U.S. via other countries in Asia, especially Vietnam, according to trade data and overseas officials.

The Trump administration has for more than a year sought to weed out the practice known as transshipment, in which Chinese exports typically are minimally processed or altered during a brief stop in a third port and then re-exported as a product originating from the third port. Such circumvention threatens to crimp U.S. plans as it prepares to add tariffs on to \$300 billion of Chinese exports, from toys to electronics, essentially covering all its China trade. The U.S. already has placed 25% tariffs on some \$200 billion of Chinese exports.

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## Small-Cap Gold Mining Stocks Are Getting Attention

Gold crossed above AUD\$2,000 for the first time ever last Friday. In Canada, its price is within striking distance of its 2011 record high of nearly CAN\$1,880.

Smaller mining companies have historically appreciated much faster than larger industry players when the price of gold has taken off. Westhaven Ventures has grown 326% in the last 12 months.

Wallbridge Mining and Wesdome Gold Mines are both up over 100% in the last 12 months.

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## The Pros And Cons Of Gold

Gold's performance at times of geopolitical volatility underscores its potential value as a portfolio diversifier.

However, gold has also performed well amid strong equity markets this year as real interest rates fell.

Just as there are many "gold bugs" who are enamored by the asset, there are many skeptics who raise legitimate questions about it.

We investigate potential merits of adding gold to portfolios.

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## OPEC - Does It Really Matter?

As the international oil cartel prepares to meet, the group that decides production policy for some of the world's leading petroleum producers have lost most of its influence in the market. While the market still watches OPEC, two of the three leading producers are not members. The triad that dominates output is the United States, Russia, and Saudi Arabia.

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## Global Navigating A Sector Views: Geopolitical-Driven Market

In our opinion, geopolitics has created volatility for equity markets as the combination of escalating trade tensions, tech wars, elections and Brexit could slow global economic growth.

Against this backdrop, we believe it is more important than ever to take an active investment approach and focus on companies with secular growth drivers.

However, we also think long-term growth opportunities exist throughout the market, even among traditionally cyclical sectors.

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## Bull Market Amnesia

"Bull market amnesia" can cause dangerous blind spots for investors.

Bull market amnesia does not just occur with respect to sideways markets. When the market is making new highs daily, bull market amnesia often infects us to the point that bear markets seem no longer of concern.

Most portfolios have a single defense against a bear market: diversification. But real bear markets have shown that the enemy is on to this defense.

Only gold and bonds provide any real defense during a crisis, and we can't really allocate enough to these asset classes all of the time to get the full benefits of both them and equities

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## Leveraged Investors Could Be Signaling A Bear Market Is Now Underway

The latest margin debt figures show leveraged investors continue to delever.

Margin debt is now falling at an annual rate of 15%, a level of derisking that has always been accompanied by a minimum 20% decline in the S&P 500 over the past half-century.

If the current derisking proves to be another sign of a nascent bear market, there is a record amount of potential supply for the stock market to absorb this time.

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## UST 10-Year... Where Do We Go From Here?

Let's take a look at the U.S. Treasury 10-Year yield and ask ourselves the question: "Where do we go from here?"

While it appears the majority expectation is for a 25 basis points (bps) reduction, there is a chorus of 50 bps cuts out there as well.

We basically have just one more month's worth of economic indicators to digest by the time the end of July rolls around, with the jobs report, consumer spending data and PMI releases all most likely taking center stage.

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## International Events

Date	Time	Currency	Data	Forecast	Previous
FriJun 28	Tentative	USD	Bank Stress Test Results		
	4:31am	GBP	GfK Consumer Confidence		-10
	5:00am	JPY	Tokyo Core CPI y/y		1.10%

		JPY	Unemployment Rate		2.40%
	5:20am	JPY	BOJ Summary of Opinions		
		JPY	Prelim Industrial Production m/m		0.60%
	Day 1	All	G20 Meetings		
	7:00am	AUD	Private Sector Credit m/m		0.20%
	10:30am	JPY	Housing Starts y/y		-5.70%
	Tentative	EUR	German WPI m/m		
	11:30am	GBP	Nationwide HPI m/m		
	12:15pm	EUR	French Consumer Spending m/m		0.80%
		EUR	French Prelim CPI m/m		0.10%
	12:30pm	CHF	KOF Economic Barometer		94.4
	2:00pm	GBP	Current Account		-23.7B
		GBP	Final GDP q/q		0.50%
		GBP	Revised Business Investment q/q		0.50%
	2:30pm	EUR	CPI Flash Estimate y/y		1.20%
		EUR	Core CPI Flash Estimate y/y		0.80%
		EUR	Italian Prelim CPI m/m		0.00%
	6:00pm	CAD	GDP m/m		0.50%
		CAD	RMPI m/m		5.60%
		CAD	IPPI m/m		0.80%
		USD	Core PCE Price Index m/m		0.20%
		USD	Personal Spending m/m		0.30%
		USD	Personal Income m/m		0.50%
	7:15pm	USD	Chicago PMI		54.2
	7:30pm	USD	Revised UoM Consumer Sentiment		97.9
		USD	Revised UoM Inflation Expectations		2.60%
	8:00pm	CAD	BOC Business Outlook Survey		
SatJun 29	Day 2	All	G20 Meetings		

SunJun 30	6:30am	CNY	Manufacturing PMI		
		CNY	Non-Manufacturing PMI		
MonJul 1	4:00am	AUD	AIQ Manufacturing Index		
	6:00am	JPY	Final Manufacturing PMI		
	6:30am	AUD	MI Inflation Gauge m/m		
	7:15am	CNY	Caixin Manufacturing PMI		
	10:30am	JPY	Consumer Confidence		
	12:00pm	AUD	Commodity Prices y/y		
	12:45pm	EUR	Spanish Manufacturing PMI		
	1:00pm	CHF	Manufacturing PMI		
	1:15pm	EUR	Italian Manufacturing PMI		
	1:20pm	EUR	French Final Manufacturing PMI		
	1:25pm	EUR	German Final Manufacturing PMI		
		EUR	German Unemployment Change		
	1:30pm	EUR	Final Manufacturing PMI		
		EUR	M3 Money Supply y/y		
		EUR	Italian Monthly Unemployment Rate		
		EUR	Private Loans y/y		
	2:00pm	GBP	Manufacturing PMI		
		GBP	M4 Money Supply m/m		
		GBP	Mortgage Approvals		
		GBP	Net Lending to Individuals m/m		
	2:30pm	EUR	Unemployment Rate		
	All Day	CAD	Bank Holiday		
	7:00pm	CAD	Manufacturing PMI		
	7:15pm	USD	Final Manufacturing PMI		
	7:30pm	USD	ISM Manufacturing PMI		
		USD	ISM Manufacturing Prices		
TueJul 2	3:30am	NZD	NZIER Business Confidence		

	4:15am	NZD	Building Consents m/m		
	5:20am	JPY	Monetary Base y/y		
		JPY	Tankan Manufacturing Index		
		JPY	Tankan Non-Manufacturing Index		
	10:00am	AUD	Cash Rate		
		AUD	RBA Rate Statement		
	Tentative	EUR	German Retail Sales m/m		
	12:00pm	CHF	Retail Sales y/y		
	12:30pm	EUR	Spanish Unemployment Change		
	2:00pm	GBP	Construction PMI		
	Tentative	GBP	FPC Meeting Minutes		
	2:30pm	EUR	PPI m/m		
	All Day	USD	Wards Total Vehicle Sales		
	Tentative	NZD	GDT Price Index		
WedJul 3	4:00am	AUD	AIG Services Index		
	4:31am	GBP	BRC Shop Price Index y/y		
	7:00am	AUD	Trade Balance		
		AUD	ANZ Job Advertisements m/m		
	7:15am	CNY	Caixin Services PMI		
	9:05am	JPY	10-y Bond Auction		
	12:45pm	EUR	Spanish Services PMI		
	1:15pm	EUR	Italian Services PMI		
	1:20pm	EUR	French Final Services PMI		
	1:25pm	EUR	German Final Services PMI		
	1:30pm	EUR	Final Services PMI		
	2:00pm	GBP	Services PMI		
	Tentative	GBP	10-y Bond Auction		
	5:45pm	USD	ADP Non-Farm Employment Change		
	6:00pm	CAD	Trade Balance		



		USD	Trade Balance		
		USD	Unemployment Claims		
	7:15pm	USD	Final Services PMI		
	7:30pm	USD	ISM Non-Manufacturing PMI		
		USD	Construction Spending m/m		
		USD	Factory Orders m/m		
	8:00pm	USD	Crude Oil Inventories		
		USD	Natural Gas Storage		
ThuJul 4	6:30am	NZD	ANZ Commodity Prices m/m		
	7:00am	AUD	Building Approvals m/m		
		AUD	Retail Sales m/m		
	12:00pm	CHF	CPI m/m		
	2:00pm	GBP	Housing Equity Withdrawal q/q		
	2:30pm	EUR	Retail Sales m/m		
	Tentative	EUR	French 10-y Bond Auction		
	5:00pm	EUR	ECB Monetary Policy Meeting Accounts		
		USD	Challenger Job Cuts y/y		
	All Day	USD	Bank Holiday		
FriJul 5	4:00am	AUD	AIG Construction Index		
	5:00am	JPY	Household Spending y/y		
	9:05am	JPY	30-y Bond Auction		
	11:30am	EUR	German Factory Orders m/m		
	12:15pm	EUR	French Gov Budget Balance		
		EUR	French Trade Balance		
	12:30pm	CHF	Foreign Currency Reserves		
	1:00pm	GBP	Halifax HPI m/m		
	1:30pm	EUR	Italian Retail Sales m/m		
	6:00pm	CAD	Employment Change		
		CAD	Unemployment Rate		
		USD	Average Hourly Earnings m/m		
		USD	Non-Farm Employment Change		

		USD	Unemployment Rate		
	7:30pm	CAD	Ivey PMI		

## Domestic Event

Thursday June 20 2019		Actual	Previous	Consensus	Forecast
05:00 PM	IN Monetary Policy Meeting Minutes				
Friday June 21 2019		Actual	Previous	Consensus	Forecast
05:00 PM	IN Foreign Exchange Reserves JUN/14	\$422.2B	\$423.55B		
05:00 PM	IN Deposit Growth YoY JUN/07	9.9%	10.1%		
05:00 PM	IN Bank Loan Growth YoY JUN/07	12.3%	12.7%		
Friday June 28 2019		Actual	Previous	Consensus	Forecast
05:00 PM	IN Infrastructure Output YoY MAY		2.6%		4%
05:00 PM	IN Foreign Exchange Reserves JUN/21		\$422.2B		
05:00 PM	IN Government Budget Value MAY		INR-1570B		INR-3600B
05:30 PM	IN Current Account Q1		\$-16.9B		\$-13B
05:30 PM	IN External Debt Q1		\$521B		

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