

DM Headlines

- US Services Activity Nearly Stalls as Price Gauge Slides
ISM measure decreased in May to a five-month low of 50.3
Index of prices paid for inputs dropped to a three-year low
<https://blinks.bloomberg.com/news/stories/RVSAIBDWRGG0>
- Fed Skip-a-Hike Strategy Is Sensible, Risky and Confusing
Powell must explain why Fed is pausing now, but isn't done yet
Holding rates steady in June could make it harder to restart
<https://blinks.bloomberg.com/news/stories/RVMX42DWRGG0>
- Treasury's Flood of Bill Issuance Is Latest Test for Banks
Higher bill rates will offer bank depositors an alternative
Assets of money-market funds are already at record level
<https://blinks.bloomberg.com/news/stories/RVSQYKDWRGG0>
- Oil Falls as Optimism Over Saudi-Led Production Cut Fades Fast
Kingdom raised July crude prices after pledge to curb output
WTI dips below \$72 a barrel after closing 0.6% higher Monday
<https://blinks.bloomberg.com/news/stories/RVTC5NT0AFB4>
- Republicans Ask SEC, Treasury About EU ESG Rule Cooperation (1)
Corporate supply-chain validation rule creating concerns
Two lawmakers warn EU rules will harm US energy, finance firms
<https://blinks.bloomberg.com/news/stories/RVSFUKDWRGG0>
- US INSIGHT: Why Key NBER Indicators Don't Rule Out 2H Recession
<https://blinks.bloomberg.com/news/stories/RVSUN3DWRGG1>
- Return of Student Loan Payments Will Stretch Household Budgets
With the pandemic-era pause set to end, many Americans will struggle to cover their expenses.
<https://blinks.bloomberg.com/news/stories/RVSMT8DWRGG0>
- Real Time Economics: Friday's rosy jobs report underscores a scenario where the Federal Reserve might decide to hold rates steady in June and then raise them later this summer
<https://on.wsj.com/43lqOZX>
- Euro-Area Labor Market Slack -- A Little More Than Meets the Eye
<https://blinks.bloomberg.com/news/stories/RVTGM5T0AFB4>
- Lagarde Says Price Pressures Are Strong, ECB to Hike Further (1)
Financial stability has proved robust so far, Lagarde says
Remarks come less than two weeks before next policy meeting
<https://blinks.bloomberg.com/news/stories/RVS818DWX2PS>
- Tight Labor Market Will Allow ECB to Hike 425 Bps Before Autumn
<https://blinks.bloomberg.com/news/stories/RVTGM5T0G1KW>
- Germany Lines Up €50 Billion to Help Heavy Industry Go Green
Program intends to cover additional cost of clean production
Steel, chemicals and cement companies could benefit from aid
<https://blinks.bloomberg.com/news/stories/RVRQ5KDWLU68>
- US Treasuries Blacklisted by German State as ESG Law Takes Hold
Baden-Württemberg takes 'a blunt approach' that leads to creation of so-called exclusions list.



- <https://blinks.bloomberg.com/news/stories/RVTCGKDWX2PS>

 - German Factory Orders Fall Further, Adding to Industry Weakness
April orders decline 0.4%; economist estimate was 2.8% rise
Weakness in industrial sector is weighing on Germany's outlook
<https://blinks.bloomberg.com/news/stories/RVS330DWX2PS>
- (UK) May BRC Sales Like-For-Like YoY, actual 3.7%, est. 5.2%, prior 5.2%
- Bank Holidays Fail to Boost Sales Growth Amid Ongoing Inflation Worries
<https://blinks.bloomberg.com/news/stories/RVSYMUTP3SHU>
- BOE Wants Deposit Protection Fund to Recapitalize Failing Banks
Funds would ensure solvency and allow BOE to extend liquidity
UK aims to speed up customer payouts by lenders in resolution
<https://blinks.bloomberg.com/news/stories/RVRP8HDWX2PS>
- Australia Unexpectedly Raises Key Rate, May Tighten Further (1)
Says some further tightening of monetary policy may be needed
RBA alert to risk higher inflation expectations may spur wages
<https://blinks.bloomberg.com/news/stories/RVTE6KTOG1KW>
- (AU) June RBA Cash Rate Target, actual 4.10%, est. 3.85%, prior 3.85%
- (AU) 1Q Net Exports of GDP, actual -0.2, est. -0.5, prior 1.1
- (AU) 1Q BoP Current Account Balance, actual A\$12.3b, est. A\$15b, prior A\$14.1b, revised A\$11.7b
- RBA Move Presents Opportunity to Add Duration, Westpac Says
<https://blinks.bloomberg.com/news/stories/RVTG35T1UMOW>
- Dry Weather to Slash Australia's Next Wheat Crop by a Third (1)
Australia had its second-driest May on record nationwide
Dry conditions come after three wet years, bumper crops
<https://blinks.bloomberg.com/news/stories/RVT7ATTOAFB4>
- Weak Japan Wage Results Offer Little for Kishida or BOJ
Drop in real pay may discourage Kishida from calling election
Continued wage decline shows stronger than expected inflation
<https://blinks.bloomberg.com/news/stories/RVT0UODWX2PS>
- (Japan) April Household Spending YoY, actual -4.4%, est. -2.4%, prior -1.9%
- (Japan) April Real Cash Earnings YoY, actual -3.0%, est. -2.0%, prior -2.9%, revised -2.3%
- (Japan) April Labor Cash Earnings YoY, actual 1.0%, est. 1.8%, prior 0.8%, revised 1.3%
- Negative-Yielding Debt Returns to Almost \$2 Trillion on BOJ (1)
Pull back of bets on a BOJ policy shift pushes yields lower
Japanese bonds make up all of global negative-yield index
<https://blinks.bloomberg.com/news/stories/RVRG1YT1UMOW>
- Japan's Rapid Return of Tourists Helping Fuel Inflation for BOJ
Visitor spending lifts GDP by 1.1 percentage point, BE says
Tourism helping support wage hikes and demand-led price gains
<https://blinks.bloomberg.com/news/stories/RV7GZXT0G1KW>
- Japan's New-Vehicle Sales Rebound Gains Traction on Production
<https://blinks.bloomberg.com/news/stories/RVST55T0G1KX>

EM Headlines

- White House Sees ‘Growing Aggressiveness’ by Chinese Forces (1)
Chinese warship crossed the bow of American warship June 3
US, Chinese defense chiefs traded handshakes over the weekend
<https://blinks.bloomberg.com/news/stories/RVSNVPDWRGG0>
- Yuan Weakness to Persist With Muted PBOC Pushback: Street Wrap
<https://blinks.bloomberg.com/news/stories/RVRQRCT0AFB4>
- Yuan Set to Extend Losses, Dragging Down Ringgit, HSBC Says
<https://blinks.bloomberg.com/news/stories/RVSWWRT1UM0W>
- China’s Assurances on Soaring Local Debt Fail to Ease Concerns
Government finances are generally healthy, official says
Local government debt is top risk for investors, survey shows
<https://blinks.bloomberg.com/news/stories/RVT34YT0AFB4>
- Wall Street Misses Out on Unexpected Rally in Local EM Bonds (1)
JPMorgan lauds local-currency debt as EM’s star 2023 performer
Foreign ownership of outperforming bonds are at historic lows
<https://blinks.bloomberg.com/news/stories/RVRS8FT1UM0W>
- Rupiah Rises after Inflation, Builder Support: Inside Indonesia
<https://blinks.bloomberg.com/news/stories/RVTBCPDWX2PS>
- Indonesia’s Inflation Returns to Target Earlier Than Expected
<https://blinks.bloomberg.com/news/stories/RVRIPYT0G1KW>
- Asia Carry Is Still Attractive, DBS Says; Likes Indonesia, India
<https://blinks.bloomberg.com/news/stories/RVSZ1QT0G1KW>
- Bonds Hold Steady Ahead of \$2.1b State Debt Sale: Inside India
<https://blinks.bloomberg.com/news/stories/RVTD1CDWLU68>
- US and India Renew Push to Deepen Defense Industry Ties
Two sides aim to make India a logistics hub for allied craft
Defense Secretary Lloyd Austin met India’s Rajnath Singh
<https://blinks.bloomberg.com/news/stories/RVSR9PDWLU68>
- South Korea President Says US Alliance Upgraded to Nuclear-Based
<https://blinks.bloomberg.com/news/stories/RVT8LPDWRGG0>
- S. Korea Aims to Achieve \$200b Service Sector Exports by 2027
<https://blinks.bloomberg.com/news/stories/RVRI9IDWX2PS>

- Colombia's Political Scandal Stokes Market-Beating Peso Rally
President's former campaign chief threatens to reveal secrets
Scandal is set to stall debate over Petro's reform agenda
<https://blinks.bloomberg.com/news/stories/RVSL9BDWRGG0>
- Brazil Analysts See More Growth and Lower Inflation This Year
Central bankers are holding interest rates steady at 13.75%
Strong first quarter growth indicates resilience to high rates
<https://blinks.bloomberg.com/news/stories/RVH99XT1UM0W>
- Market Turns Bullish on Peso Bonds as Chile Gears for Rate Cut
Most analysts see peso yields dropping in June, survey shows
Macro data likely to be the key driver, followed by US yields
<https://blinks.bloomberg.com/news/stories/RVKYLET0G1KW>



RUBRICS

- AMLO's Party Wins One of Mexico's Last Opposition States (2)
Former education minister Gomez far ahead in preliminary data
Candidate from traditional PRI stronghold conceded defeat
<https://blinks.bloomberg.com/news/stories/RVS8IRDWLU6A>
- Mexico Consumer Confidence Rises to 44.4 in May
<https://blinks.bloomberg.com/news/stories/RVS43SGFFW8W>
- MXN Rises as Commodities Boost Latam Currencies: Inside Mexico
<https://blinks.bloomberg.com/news/stories/RVS50FDWRGG0>
- Brazil to Collect BRL3b With Early Unwind of Diesel Tax Breaks
<https://blinks.bloomberg.com/news/stories/RVSLV1DWX2PS>
- Brazil Plan to Make Vehicles Cheaper To Cost BRL1.5b: Haddad
<https://blinks.bloomberg.com/news/stories/RVSUZGDWRGG0>
- Brazil Long-Term CPI Expectations Are Set to Drop: Campos Neto
<https://blinks.bloomberg.com/news/stories/RVSQAXT0AFB4>
- Chile's Boric Sees Approval Rating Jump to Highest in a Year
President was backed by 41% of respondents in Cadem poll
Boric's image improved among women, youth, middle class
<https://blinks.bloomberg.com/news/stories/RVS4EJDWLU68>
- Russia and Ukraine Report Fierce Battles Along Front Lines (2)
<https://blinks.bloomberg.com/news/stories/RVSE3DDWRGG0>
- Ebbing Inflation to Keep Poland's Rates Steady: Decision Guide
The base rate is set to remain at 6.75% for a ninth month
Investors see half-point rate cut in next six months
<https://blinks.bloomberg.com/news/stories/RVMA63DWRGG0>
- Poland Loses EU Top Court Fight Over Curbs on Judges (1)
Poland got record fine, which the court has since cut in half
Ruling comes as Poland adopts new law targeting opposition
<https://blinks.bloomberg.com/news/stories/RVS7D7DWLU68>
- Hungary's Virag Reiterates Plan to Keep 'Strict' Monetary Policy
<https://blinks.bloomberg.com/news/stories/RVRVUPDWRGG0>
- Hungary May Double Solar Capacity to 10GW by 2030, Minister Says
<https://blinks.bloomberg.com/news/stories/RVRREADWRGG0>
- Slower Wage Growth Curbs Case for Czech Rate Hike: Inside CEE
<https://blinks.bloomberg.com/news/stories/RVRS0BDWRGG0>
- Hundreds of Thousands March for Polish Opposition Ahead of Vote
Election in the fall will test ruling party's hold on power
Law & Justice's bid to probe opposition leader boosts turnout
<https://blinks.bloomberg.com/news/stories/RVMR0JDWRGG0>
- South Africa's Gasoline and Diesel Prices to Fall From June 7
<https://blinks.bloomberg.com/news/stories/RVS2TWT0AFB4>
- Traders Are Finding Reasons to Buy, Not Sell, Battered Rand
<https://blinks.bloomberg.com/news/stories/RVSBNCWX2PS>