

DAILY POINTS

September 4, 2026 @ 7:15 EST

Contributors

Derek Holt

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

Chart 1

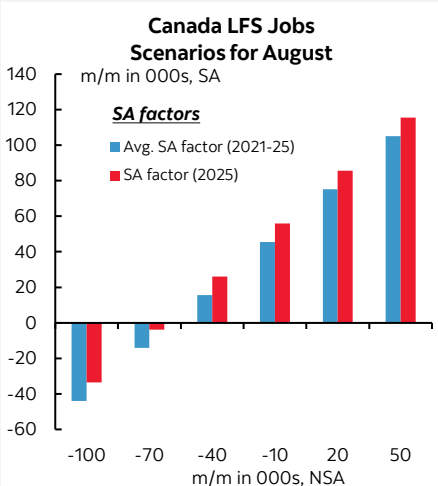
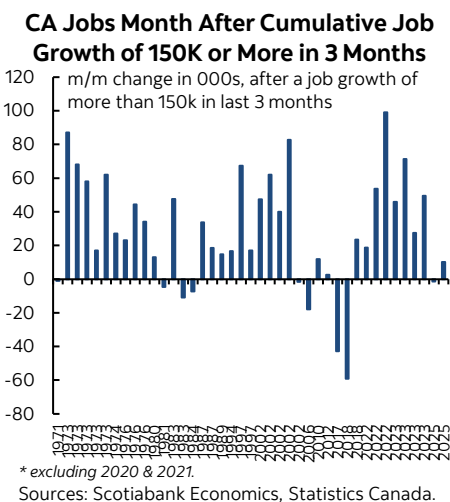


Chart 2



On Deck for Friday, September 4th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	09-04	08:30	Employment (000s m/m)	Aug	20	15.0	75.1
CA	09-04	08:30	Unemployment Rate (%)	Aug	6.3	6.4	6.4
US	09-04	08:30	Average Hourly Earnings (m/m)	Aug	0.3	0.3	0.1
US	09-04	08:30	Average Hourly Earnings (y/y)	Aug	3.0	3.1	3.2
US	09-04	08:30	Average Weekly Hours	Aug	--	34.3	34.3
US	09-04	08:30	Nonfarm Employment Report (000s m/m)	Aug	30	55.0	-23.0
US	09-04	08:30	Unemployment Rate (%)	Aug	4.2	4.1	4.1
US	09-04	08:30	Household Employment Report (000s m/m)	Aug	--	--	-87.0

KEY POINTS:

- **Markets await dual US, Canadian jobs reports**
- **Nonfarm payrolls expectations**
- **Canadian jobs to test strong recent momentum**
- **German factories are doing very well**

It's barely even worth noting how global markets are performing thus far this morning since a lot could change once US payrolls arrive with a side order of Canadian jobs. Just for giggles, sovereign yields are rather flat across most markets except a fairly strong bull flattener in JGBs overnight with the longer-end down by about 10bps. Stocks are mixed with small losses across most European cash markets and either flat to small gains in US futures. Currencies are mixed with small moves other than mild outliers to yen softness and won strength. Oil prices are exhibiting a touch of weakness this morning.

Overnight developments were very light. Germany's factories are doing very well of late with three consecutive increases in the volume of factory orders including +2.5% m/m SA in July and 3.7% in June. There was more tough trade talk from the unaccountable and unelected folks in Trump's cabinet.

CANADIAN JOBS—TESTING MOMENTUM

Statcan's Labour Force Survey for August will be released at 8:30amET with a hopefully fixed website. It arrives against the backdrop of solid recent momentum with 181k jobs created in the past three months while the unemployment rate has fallen from 6.8% at the end of last year to 6.4% in July.

Estimates for job growth range from roughly zero to 25k (Scotia 20k) with outliers once again coming from foreign firms that submit late. The unemployment rate is forecast to slip to 6.3% with consensus at an unchanged 6.4%.

Any surprises may be taken in stride by the BoC that generally looks to trends versus the latest spot data. That's the way it should be for a noisy report with a +/-57k 95% confidence band.

Scenarios for the change in jobs if the only things we focus upon are seasonal adjustment factors and seasonally unchanged changes in jobs point to gains (chart 1). There has been steady upward drift in the SA factors for like months of August coming out of the pandemic due to the recency bias in the way they are calculated that overstates job gains. August is normally a down-month for seasonally unadjusted jobs.

A second consideration is the panel rotation methodology employed by Statcan that rotates out the first month and replaces it with the latest month in a rolling six-month target population of households. This can lead to momentum in hirings or firings by basically asking similar groups of individuals across similar panels. Chart 2 shows that when job growth has exceeded 150k or the prior three months (181k this time), the next month is usually up again.

September 4, 2026

There are other drivers and considerations that were flagged in my weekly's preview ([here](#)), but one other thing to monitor is hours worked that have been on a tear of late. Based on the Q2 hand-off and July, hours have been tracking a gain of nearly 4% q/q SAAR. August's reading could driver a revision to this estimate in either direction, but it's important because GDP is hours times labour productivity and hence the figures are signalling momentum in the economy.

NONFARM PAYROLLS—WARSH ALREADY SAID TO IGNORE IT

It might take a lot for nonfarm payrolls to matter to Federal Reserve Chair Warsh. That's because he has basically indicated everything is peachy with the US labour market. In regular writings I've tended to disagree with that and feel he's imposing an unhealthy filter over the data and should be more balanced in how he reads development across both sides of the dual mandate.

Estimates for the change in payrolls run from roughly zero (one negative outlier) to +125k. Scotia's estimate is +30k (ranked 3rd of 76 forecasters). Most estimates are within around 20k to 100k. The 90% confidence band of +/- 122k.

My weekly offered a full preview ([here](#)) along with an explanation of why I think Chair Warsh's indifference to the state of the job market is misleading.

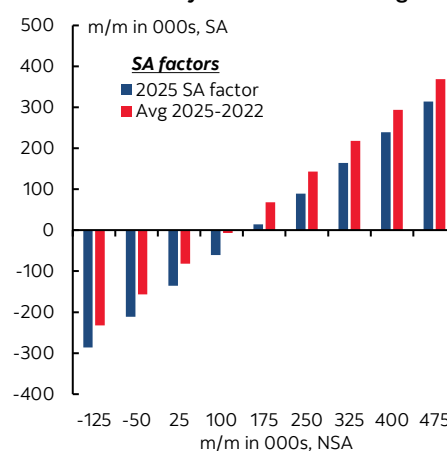
There is a wide range of possible outcomes this time. Chart 3 shows a range of possibilities if we apply last August's SA factor to the range of seasonally unadjusted changes that are usually gains across like months of August in history. I think the middle scenarios around small losses and small gains is the most likely outcome within the noisy bands.

That shifts the focus to other considerations. Will local government education jobs that fell by about 50k in July post another drop as the expiration of ESSER funding has begun to hit education jobs? More school boards across the US have been reporting further job losses into the start of the new school year. Will health sector hiring continue to dampen somewhat as the lagging effects of ACA subsidy reductions work through? Will the leisure/hospitality sectors lose jobs again in light of readings like plunging air travel.

Other considerations were raised in my weekly preview but what I would mostly default to is a bottom-up deconstruction of the estimate by sector.

Chart 3

US Nonfarm Payroll Scenarios for August



Sources: Scotiabank Economics, BLS.

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		
	4.35	4.34	4.35	4.52	4.52	4.48	4.77	4.77	4.72	5.25	5.25	5.21	Canada - BoC	2.25
	3.13	3.11	3.00	3.43	3.42	3.33	3.80	3.79	3.72	4.18	4.17	4.13	US - Fed	3.75
	2.97	2.96	2.91	3.09	3.08	3.02	3.35	3.34	3.28	3.83	3.81	3.77		
	1.84	1.85	1.71	2.24	2.28	2.19	2.92	2.96	2.93	4.00	4.08	4.12	England - BoE	3.75
	4.54	4.52	4.41	4.65	4.62	4.62	5.15	5.13	5.06	5.80	5.78	5.78		
	Spreads vs. U.S. (bps):													
	-122	-123	-134	-109	-110	-115	-97	-98	-100	-107	-108	-108	Euro zone - ECB	2.40
	-138	-138	-144	-143	-143	-146	-142	-143	-144	-142	-143	-144	Japan - BoJ	1.00
-251	-249	-263	-228	-223	-229	-185	-181	-179	-125	-117	-108			
19	18	6	13	11	14	38	36	34	55	53	57	Mexico - Banxico	6.50	
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	36633			541.5			1.5	-0.5	2.3	26.7			Australia - RBA	4.35
Dow 30	53686			624.2			1.2	0.2	-0.7	17.7			New Zealand - RBNZ	2.75
S&P 500	7748			81.1			1.1	0.2	0.1	19.2				
Nasdaq	26584			366.2			1.4	0.2	-0.0	22.5				
DAX	26067			63.7			0.2	-1.9	-0.5	9.7				
FTSE	10827			-5.0			-0.0	0.3	-0.5	17.5				
Nikkei	65021			806.5			1.3	-2.1	1.7	52.7			Canada - BoC	Oct 28, 2026
Hang Seng	25651			437.6			1.7	0.3	-0.8	2.4			US - Fed	Sep 16, 2026
CAC	8271			-14.9			-0.2	-1.5	-4.6	7.4			England - BoE	Sep 17, 2026
Commodities	Level						% change:							
WTI Crude	90.49			-0.81			-0.9	8.5	19.4	42.5			Euro zone - ECB	Sep 10, 2026
Natural Gas	2.93			0.02			0.6	1.5	9.2	-4.7			Japan - BoJ	Sep 18, 2026
Gold	4468.35			-4.57			-0.1	0.3	9.6	26.0				
Silver	66.84			-0.14			-0.2	0.7	12.2	64.3				
CRB Index	416.70			-0.14			-0.0	2.8	11.6	38.7				
Currencies	Level						% change:							
USDCAD	1.3806			0.0012			0.1	-0.7	-1.8	-0.1			Mexico - Banxico	Sep 24, 2026
EURUSD	1.1622			-0.0004			-0.0	0.3	0.8	-0.2			Australia - RBA	Sep 29, 2026
USDJPY	156.32			0.5100			0.3	-2.4	-0.9	5.3			New Zealand - RBNZ	Oct 27, 2026
AUDUSD	0.7201			0.0000			0.0	0.5	2.2	10.5				
GBPUSD	1.3536			0.0011			0.1	-0.0	0.6	0.8				
USDCHF	0.8092			0.0017			0.2	0.0	0.0	0.4				

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.