

### DAILY POINTS

September 11, 2026 @ 7:15 EST

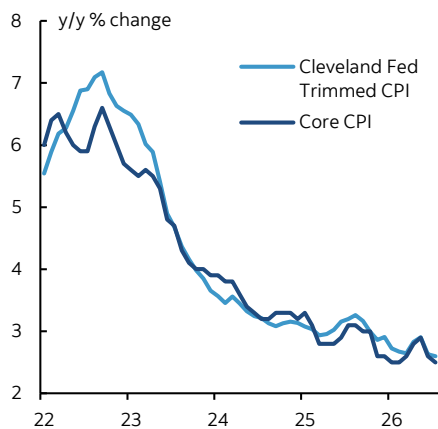
#### Contributors

##### Derek Holt

VP & Head of Capital Markets Economics  
Scotiabank Economics  
416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1

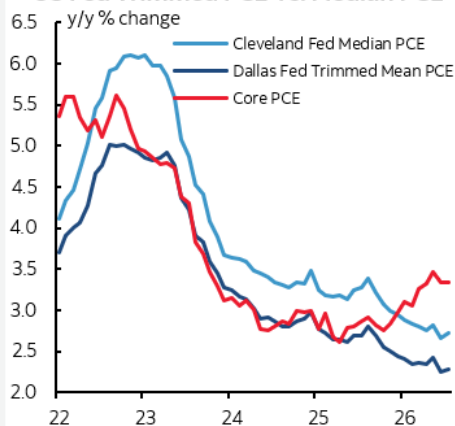
#### Fed's Trimmed CPI vs Core CPI



Sources: Scotiabank Economics, BLS, Cleveland Fed.

Chart 2

#### US Fed Trimmed PCE Vs. Median PCE



Sources: Scotiabank Economics, Dallas Fed, Cleveland Fed.

#### On Deck for Friday, September 11<sup>th</sup>

| Country | Date  | Time  | Indicator                         | Period | BNS  | Consensus | Latest |
|---------|-------|-------|-----------------------------------|--------|------|-----------|--------|
| US      | 09-11 | 08:30 | CPI (m/m)                         | Aug    | 0.4  | 0.4       | 0.1    |
| US      | 09-11 | 08:30 | CPI (y/y)                         | Aug    | 3.4  | 3.4       | 3.4    |
| US      | 09-11 | 08:30 | CPI (index)                       | Aug    | --   | 334.9     | 333.9  |
| US      | 09-11 | 08:30 | CPI ex. Food & Energy (m/m)       | Aug    | 0.3  | 0.2       | 0.2    |
| US      | 09-11 | 08:30 | CPI ex. Food & Energy (y/y)       | Aug    | 2.5  | 2.4       | 2.5    |
| US      | 09-11 | 10:00 | U. of Michigan Consumer Sentiment | Sep P  | 52.0 | 51.0      | 51.7   |
| US      | 09-11 | 14:00 | Treasury Budget (US\$ bn)         | Aug    | --   | -211.1    | -432.3 |

#### KEY POINTS:

- Remembering the horrific events of 25 years ago
- Lower oil and bond yields reflect volatile Middle East headlines
- Could US CPI make or break a September Fed hike?
- AI's relative price surge explains the core PCE overshoot
- This is more of a relative price shock than generalized inflation...
- ...which matters enormously to how the Fed should respond
- Who has the more business friendly administration?
- UK data beats were ignored by gilts, sterling

Set aside time for moments of silence and to show our respect this morning starting at 8:46amET when the horrific events of 25 years ago began to unfold. I believe there are seven moments of silence coinciding with events over the nearly one and three quarter hours on the morning of September 11<sup>th</sup>.

Lower oil prices are driving a more favourable tone across global markets so far this morning as they await US CPI. Oil is down by about 3–4% but Brent remains at an eye-watering US\$104/barrel with WTI at \$99. Volatile headlines out the Middle East are cooling some fears this morning, but the widespread reports of more intense activity around Iran's nuclear sites very much keeps alive the threat of further escalation. US Treasury yields are lower by 2–3bps across the curve, CGB yields are down by 1–2bps, gilts and EGBs are outperforming. I'm seeing green in stocks across my screens with equities up by ½% to ¾% across most major benchmarks. Currencies are mixed versus the dollar.

#### US CPI COULD MAKE OR BREAK SEPTEMBER FOMC PRICING

US CPI for the month of August will be released at 8:30amET. My weekly included a preview. Consensus sits at 0.2% m/m SA for core CPI. Scotia's house estimate is 0.3% with several others. A small minority rests in the 0.1% camp.

Also keep an eye out for the release a few hours later of trimmed mean CPI (chart 1) with central tendency inflation measures continuing to show much less concern about widespread inflation than core PCE (chart 2).

#### Also important will be the conversions from

core CPI and the pertinent PPI components into estimates for core PCE that were neutral (chart 3).

| Category in PCE                                   | Weight in Core PCE | PPI Components for PCE     | m/m % change | Contribution to Core PCE (m/m % change) |
|---------------------------------------------------|--------------------|----------------------------|--------------|-----------------------------------------|
| Air transportation                                | 1.2                | Airline Passenger services | 4.2          | 0.049                                   |
| Portfolio management & investment advice services | 2.1                | Portfolio management       | -1.6         | -0.034                                  |
| Outpatient Serv                                   | 9.1                | Hospital outpatient care   | 0.4          | 0.036                                   |
| - Physician Services                              | 4.4                | Physician care             | 0.1          | 0.004                                   |
| - Home Health Care                                | 1.1                | Home health, hospice care  | -0.4         | -0.005                                  |
| Hospital & Nursing Home Serv                      | 10.2               | Hospital inpatient care    | 0.5          | 0.051                                   |
| - Nursing Homes                                   | 1.5                | Nursing Home care          | -0.2         | -0.003                                  |
| <b>Total</b>                                      | <b>10.3</b>        |                            |              | <b>0.01</b>                             |

September 11, 2026

We've had two soft months of core PCE at 0.15% m/m and 0.25% m/m in June and July respectively. If consensus is right about this morning alongside what we know from PPI, then another soft month might assuage some fears in the bond market and cool a few jets on the FOMC. The question is whether it happens too late.

Whether surging oil prices have negated data is the other debate. I view this as a near-term lift to inflation but something that is ultimately likely to be disinflationary within the US system versus elsewhere such as the Eurozone's different circumstances. Second-round effects in the US should be treated as different compared to elsewhere.

How come? Nominal wage growth is running at just 3.1% y/y and this morning's real pay figures will continue to show no growth. Higher relative prices for energy and food are destroying inflation-adjusted pay and leaving little left to drive growth in spending on anything else. Wages in the US get set in real time in labour markets that clear and adjust faster than, say, Europe where collective bargaining plays a vastly bigger role and can feed second-round pay adjustments. The housing wealth effect remains negative as real house prices continue to fall. I view today as more about a relative price shock within a more limited time horizon than the generalized inflation of yesteryear. US businesses tend to respond to cost pressures more aggressively than elsewhere, by slashing costs and seeking better productivity. US businesses have high profit margins to absorb some of the pressure without passing it all on and have largely ordered their holiday items under contract at pre-surge input prices. Today's combined demand and supply shocks are nothing remotely close to the pandemic.

As for differences in core CPI versus core PCE, a big one is that the AI surge is driving up related prices; stripping them out reveals a very different picture for core PCE inflation (chart 4).

And always bear in mind concerns about US data quality. Nonfarm payrolls was made up as far as I'm concerned ([here](#)). Almost 40% of the US CPI basket is made up nowadays, a record high (chart 5).

The US will also update UofM sentiment for September (10amET) and real wages for August (8:30amET).

### GILTS, STERLING IGNORE STALE BUT SOLID DATA

Sterling and gilts shook off stale data beats from July in favour of following the herd on lower oil this morning.

- GDP grew 0.4% m/m (0% consensus)
- Industrial output was up by 0.2% m/m (-0.2% consensus)
- construction output met expectations for a 0.1% lift.
- services output expanded by 0.4% (0% consensus).
- the trade deficit narrowed as exports climbed 2.1% m/m (goods +4.4%) and imports slipped by -0.4% (goods -1.1%).

### CANADA MORE PRO-BUSINESS CLIMATE WILL BE ON FULL DISPLAY INTO NEXT WEEK

PM Carney's Cabinet retreat in the Rockies continues today. A Cabinet planning forum starts at 9:30amET. There may be further teasers on the speed, magnitude and composition of investment plans ahead of the Investment Summit on Monday and Tuesday. Ottawa's focus is upon accelerating pre-existing plans including by speeding up project approvals.

Carney rightly labelled the US procurement and tariff announcements earlier this week as "modest." He could have described them as irrelevant face-saving measures by the Trump administration as we've estimated in prior notes this week, but de-escalating while keeping communication lines open is the focus.

Chart 4

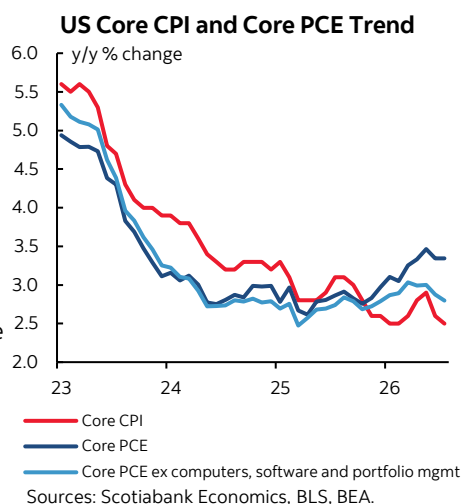
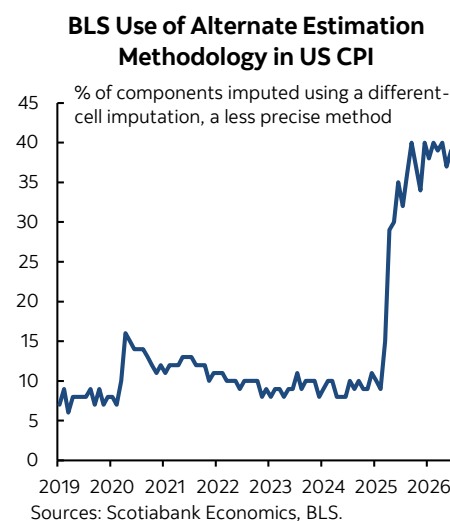


Chart 5



September 11, 2026

And yet note the contrasts between the administrations. The Republican shindig in Dallas is over, leaving me wondering if all the “commies” and “socialists” that were the targets of the small, angry crowd in the mostly empty arena would have run up debt as fast as Trump has by more than doubling it to over US\$40 trillion since he first took office nearly a decade ago. Or done as much harm to business through tariffs, uncertainty, soaring bond yields, higher inflation risk, impaired affordability and so on. Or hiked as many taxes on folks by instead calling them tariffs. America has never known anything remotely close to true socialism or communism but has the remarkable ability to spin damaging policies as being good for freedom. Those northern commies in Canada, by contrast, are focused on a pro-business investment agenda, signing trade agreements with like-minded partners, running vastly lower deficits and debt, and are run by a pro-business administration.

| Fixed Income                                                                         | Government Yield Curves (%): |         |      |        |       |      |           |       |      |         |                    |                  | Central Banks   |      |
|--------------------------------------------------------------------------------------|------------------------------|---------|------|--------|-------|------|-----------|-------|------|---------|--------------------|------------------|-----------------|------|
| U.S.<br>CANADA<br>GERMANY<br>JAPAN<br>U.K.<br><br>CANADA<br>GERMANY<br>JAPAN<br>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             |                 |      |
|                                                                                      | 4.56                         | 4.59    | 4.37 | 4.74   | 4.76  | 4.55 | 4.94      | 4.96  | 4.78 | 5.35    | 5.37               | 5.24             | Canada - BoC    | 2.25 |
|                                                                                      | 3.32                         | 3.33    | 3.10 | 3.63   | 3.64  | 3.45 | 3.94      | 3.95  | 3.78 | 4.28    | 4.28               | 4.16             | US - Fed        | 3.75 |
|                                                                                      | 3.18                         | 3.24    | 2.95 | 3.29   | 3.31  | 3.08 | 3.51      | 3.50  | 3.34 | 3.90    | 3.88               | 3.81             | England - BoE   | 3.75 |
|                                                                                      | 1.84                         | 1.83    | 1.84 | 2.28   | 2.23  | 2.24 | 2.99      | 2.92  | 2.92 | 4.05    | 4.00               | 4.00             |                 |      |
|                                                                                      | 4.79                         | 4.87    | 4.53 | 4.88   | 4.95  | 4.63 | 5.34      | 5.37  | 5.13 | 5.91    | 5.93               | 5.78             |                 |      |
|                                                                                      | Spreads vs. U.S. (bps):      |         |      |        |       |      |           |       |      |         |                    |                  |                 |      |
|                                                                                      | -124                         | -126    | -127 | -110   | -112  | -110 | -100      | -101  | -101 | -107    | -108               | -108             | Euro zone - ECB | 2.65 |
|                                                                                      | -138                         | -135    | -142 | -144   | -145  | -146 | -143      | -146  | -144 | -145    | -148               | -143             | Japan - BoJ     | 1.00 |
| -271                                                                                 | -276                         | -252    | -246 | -253   | -230  | -196 | -204      | -187  | -130 | -136    | -125               |                  |                 |      |
| 23                                                                                   | 28                           | 16      | 14   | 19     | 9     | 39   | 41        | 35    | 56   | 56      | 53                 | Mexico - Banxico | 6.50            |      |
| Equities                                                                             | Level                        |         |      |        |       |      | % change: |       |      |         |                    |                  |                 |      |
|                                                                                      | Last                         | Change  |      |        |       |      | 1 Day     | 1-wk  | 1-mo | 1-yr    |                    |                  |                 |      |
| S&P/TSX                                                                              | 35506                        | -400.3  |      |        |       |      | -1.1      | -1.6  | -2.7 | 20.7    | Australia - RBA    | 4.35             |                 |      |
| Dow 30                                                                               | 52064                        | -316.6  |      |        |       |      | -0.6      | -1.9  | -3.2 | 12.9    | New Zealand - RBNZ | 2.75             |                 |      |
| S&P 500                                                                              | 7592                         | -44.7   |      |        |       |      | -0.6      | -1.0  | -1.8 | 15.2    |                    |                  |                 |      |
| Nasdaq                                                                               | 26082                        | -171.6  |      |        |       |      | -0.7      | -0.5  | -1.4 | 18.3    |                    |                  |                 |      |
| DAX                                                                                  | 25543                        | 182.3   |      |        |       |      | 0.7       | -1.9  | -3.2 | 7.8     |                    |                  |                 |      |
| FTSE                                                                                 | 10672                        | 63.3    |      |        |       |      | 0.6       | -1.5  | -1.6 | 14.8    |                    |                  |                 |      |
| Nikkei                                                                               | 64011                        | -1259.6 |      |        |       |      | -1.9      | -1.6  | -4.4 | 44.3    | Canada - BoC       | Oct 28, 2026     |                 |      |
| Hang Seng                                                                            | 24806                        | -148.8  |      |        |       |      | -0.6      | -3.3  | -3.3 | -4.9    | US - Fed           | Sep 16, 2026     |                 |      |
| CAC                                                                                  | 8168                         | 51.1    |      |        |       |      | 0.6       | -1.3  | -6.3 | 4.4     |                    |                  |                 |      |
| Commodities                                                                          | Level                        |         |      |        |       |      | % change: |       |      |         |                    |                  |                 |      |
| WTI Crude                                                                            | 98.93                        | -3.55   |      |        |       |      | -3.5      | 8.4   | 18.9 | 58.6    | England - BoE      | Sep 17, 2026     |                 |      |
| Natural Gas                                                                          | 2.80                         | -0.04   |      |        |       |      | -1.3      | -3.9  | 1.1  | -4.6    |                    |                  |                 |      |
| Gold                                                                                 | 4335.42                      | 17.23   |      |        |       |      | 0.4       | -2.1  | -0.8 | 19.3    | Euro zone - ECB    | Oct 29, 2026     |                 |      |
| Silver                                                                               | 63.80                        | 0.19    |      |        |       |      | 0.3       | -3.6  | -1.4 | 53.5    | Japan - BoJ        | Sep 18, 2026     |                 |      |
| CRB Index                                                                            | 429.15                       | 6.04    |      |        |       |      | 1.4       | 3.0   | 9.9  | 42.9    |                    |                  |                 |      |
| Currencies                                                                           | Level                        |         |      |        |       |      | % change: |       |      |         |                    |                  |                 |      |
| USDCAD                                                                               | 1.3861                       | 0.0028  |      |        |       |      | 0.2       | 0.2   | -0.5 | 0.2     | Mexico - Banxico   | Sep 24, 2026     |                 |      |
| EURUSD                                                                               | 1.1593                       | -0.0019 |      |        |       |      | -0.2      | -0.2  | 0.4  | -1.2    |                    |                  |                 |      |
| USDJPY                                                                               | 153.93                       | -0.4900 |      |        |       |      | -0.3      | -1.5  | -3.4 | 4.6     | Australia - RBA    | Sep 29, 2026     |                 |      |
| AUDUSD                                                                               | 0.7171                       | 0.0014  |      |        |       |      | 0.2       | -0.4  | 1.5  | 7.7     |                    |                  |                 |      |
| GBPUSD                                                                               | 1.3508                       | -0.0004 |      |        |       |      | -0.0      | -0.1  | 0.0  | -0.5    | New Zealand - RBNZ | Oct 27, 2026     |                 |      |
| USDCHF                                                                               | 0.8157                       | 0.0029  |      |        |       |      | 0.4       | 0.7   | 0.6  | 2.5     |                    |                  |                 |      |

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.