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GLOBAL ECONOMICS

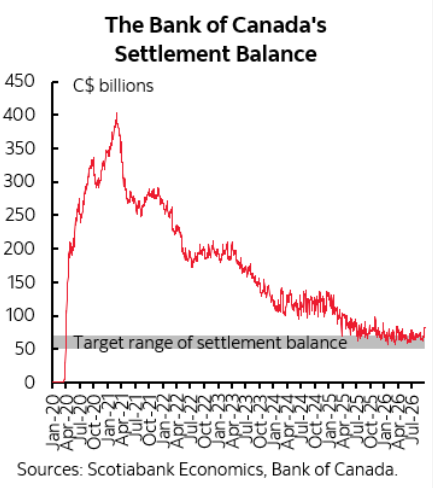
DAILY POINTS

September 29, 2026 @ *7:20 EST*

Contributors

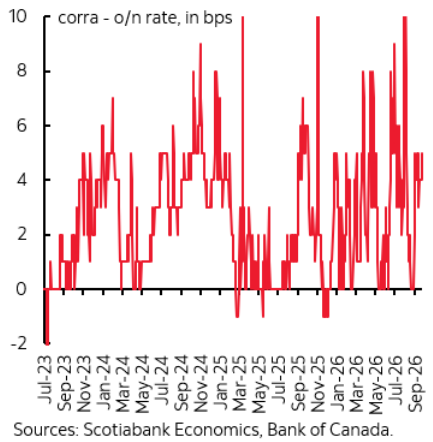
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Chart 1



Sources: Scotiabank Economics, Bank of Canada.

Chart 2



Sources: Scotiabank Economics, Bank of Canada.

On Deck for Tuesday, September 29th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	09-29	08:30	Real GDP (m/m)	Jul	0.1	0.0	0.3
US	09-29	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jul	0.2	0.2	0.2
US	09-29	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jul	2.2	2.2	2.1
US	09-29	10:00	Consumer Confidence Index	Sep	90.0	89.0	89.4
US	09-29	10:00	JOLTS Job Openings (000s)	Aug	--	7227.5	7271.0
US	09-29	11:00	Fed's Bowman Delivers Opening Remarks				
US	09-29	12:40	Fed's Barr Speaks On Economic Outlook				
US	09-29	13:00	Fed's Goolsbee Speaks in Moderated Discussion				
US	09-29	13:30	Fed's Musalem Speaks on US Economy				
US	09-29	14:00	Fed's Williams Gives Keynote Remarks				
US	09-29	15:00	Fed's Waller Speaks on Payments System				

KEY POINTS:

- **Modest market moves await Canadian, US developments**
- **Wistful deal talk is just that for both Iran and Canada**
- **Canadian GDP to inform how resilient Q3 is after a strong Q2**
- **BoC's Gravelle to give balance sheet speech**
- **US consumer confidence and JOLTS on tap**
- **US house prices continue to fall in real terms**
- **Plenty of Fed-speak**
- **RBA hikes, then goes wet noodle**
- **Spanish CPI kicks off EZ tracking on warm footings**
- **Global Week Ahead — All the World's a Stage (reminder here)**

The start of todays' race may not be the same as the end after several US and Canadian releases and a Bank of Canada speech are released. The dollar is broadly firmer, oil prices are a few dimes lower, stocks are little changed in N.A. futures with European cash markets up a bit. Yawn. Oil prices have insatiable thirst for the Monty Python Let's Make a Deal show in Washington that nobody truly believes or shouldn't. Iran is begging for a deal no more than Canada is despite the delusional White House rhetoric.

CANADIAN GDP—ANOTHER RESILIENT QUARTER?

July and preliminary August readings will inform tracking of Q3 GDP growth (8:30amET). Statcan had guided "essentially unchanged" in its advance reading for July which can usually mean -0.1% to +0.1% m/m and I went with 0.1%. Consensus is divided between flat and 0.1% with a couple at -0.1%. Whatever. Eventually the reading will get revised as fast as the Blue Jays spin on a horrendous season.

August may come in stronger based on limited data to date such as a strong gain in hours worked which matters since GDP is hours times labour productivity. We could be left tracking GDP growth around 2% q/q SAAR or better when the dust settles.

BOC SPEECH ON FUNDING MARKETS

Is the BoC trying to push settlement balances too low?

Bank of Canada Deputy Governor Gravelle may weigh in on the topic early this afternoon when he speaks on "Repo markets and monetary policy implementation" (1:20pmET). No Q&A or presser, only a written speech. If we're lucky, there will be visuals, maybe a nice vista of Lake Ontario say.

The BoC has tended to underestimate the level of optimal settlement balances needed in the financial system. They raised the target range from $20-60B to $50–70B last year. The target could still be too low with balances presently sitting at about $80B (chart 1). The BoC's argument in targeting lower reserves than the Federal Reserve's ample framework has been that Canadian banks are special. While I have a soft spot for them and generally agree, they're not so special that you can play Russian roulette with how low reserves are allowed to go on a proportionate basis. The BoC has been pumping heavy volumes of repo purchases of securities to inject liquidity, roughly doubling this year to about $60B now. Globally, repo activity is on **fire**.

And yet the CORRA spread over the overnight rate is persistently positive when it should be on the target (chart 2). This signals funding strains in the financial system. Holdings are narrowly based, there may be unusual funding demands to feed rate change expectations, and there may be a need to target higher reserves.

The interconnectedness of the components on the BoC's balance sheet and the two identities being sought in the quest for a more normal balance sheet keep everything in play. Interest bearing assets are eventually being targeted to equal interest bearing liabilities while GoC bond holdings are eventually targeted to equal currency in circulation. Neither is close to such goals.

So, on that note, also watch for any updated guidance on when the BoC may return to gross GoC bond buying. They previously guided that they could do so in 2027 in the normal conduct of monetary policy implementation but that they would provide advance notice.

Whatever is announced today could update day-to-day operations like the repo book, or be implemented as soon as at the next BoC decision on October 28th given the past pattern, or be a longer-run guide to bond purchases. We haven't had a meaty speech on balance sheet management from the BoC in a gerbil's age so any or all of the above could be on the docket. See my weekly for more.

US RELEASES—CONFIDENCE, JOLTS

A hat trick of US releases could be impactful to short term markets this morning. The most consequential ones arrive at 10amET. Consumer confidence for September and JOLTS job openings and related metrics for August often elicit a market nod. That's despite the fact that neither measure performs terribly well as input to a consumer spending or nonfarm payrolls forecast. Repeat sale home prices are also due (9amET) and continue to fall in real terms.

We'll also get a bunch of Fed speak today (Bowman, Barr, Goolsbee, Musalem, Williams and Waller). My, how they've all jumped on the hike bandwagon compared to a short time ago when there was a greater variety of views. Group think? Or Chair Warsh's powers of persuasion? Something else?

RBA HIKED THEN WENT WET NOODLE

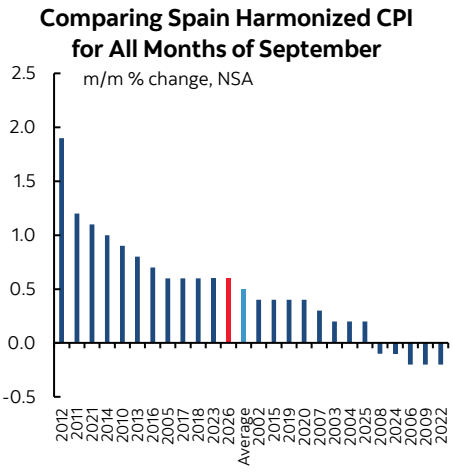
Australia's central bank raised its cash rate target by 25bps to 4.6% as universally expected. It's the fourth hike and while they left the door open to do more, the language sounded hopeful that maybe that's enough. The Aussie front-end rallied 7bps in a 2s10s steepener while the A$ lost a little ground to the greenback.

SPAIN KICKED OFF EZ CPI TRACKING

Spanish inflation started the monthly parade of September readings across the Eurozone on the wrong foot. The readings were warmer than expected but not so warm as to materially impact what is mostly priced for an ECB hold on October 29th.

CPI was up 0.3% m/m (0.1% consensus) and 4.9% y/y (4.6% consensus). Core CPI was up 3.1% y/y (3% consensus) and chart 3 shows that it was a slightly warmer than average month for core cpi on a m/m basis.

Chart 3



Sources: Scotiabank Economics, INE.

The Eurozone tally will be released on Friday after more individual countries released starting tomorrow.

I'm out for the rest of this week with publishing resuming on Monday.

Fixed Income	Government Yield Curves (%):											
	2-YEAR			5-YEAR			10-YEAR			30-YEAR		
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk
U.S.	4.91	4.93	4.76	5.05	5.07	4.84	5.21	5.24	4.96	5.54	5.55	5.30
CANADA	3.34	3.38	3.26	3.65	3.68	3.55	3.93	3.96	3.83	4.22	4.25	4.15
GERMANY	3.27	3.31	3.23	3.40	3.45	3.30	3.60	3.64	3.46	3.94	3.97	3.81
JAPAN	1.97	1.98	1.86	2.42	2.44	2.29	3.09	3.10	2.99	4.19	4.18	4.08
U.K.	4.87	4.93	4.78	4.94	5.00	4.84	5.36	5.42	5.24	5.87	5.92	5.75
	Spreads vs. U.S. (bps):											
CANADA	-157	-155	-150	-140	-139	-129	-128	-127	-114	-132	-130	-115
GERMANY	-164	-162	-153	-165	-163	-154	-162	-159	-150	-160	-158	-149
JAPAN	-293	-295	-290	-263	-263	-255	-212	-214	-197	-135	-137	-122
U.K.	-4	-1	3	-11	-8	0	15	18	27	33	37	44

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	35490	-311.0	-0.9	-1.4	-2.9	18.4
Dow 30	51482	-347.1	-0.7	-1.1	-3.9	11.2
S&P 500	7684	-59.7	-0.8	-1.0	-0.4	15.3
Nasdaq	26820	-248.3	-0.9	-1.1	1.6	18.7
DAX	25553	178.3	0.7	-0.1	-3.8	7.6
FTSE	10729	44.5	0.4	0.2	-0.9	15.4
Nikkei	65481	-396.3	-0.6	2.1	-1.4	45.4
Hang Seng	24524	-118.9	-0.5	-2.2	-4.1	-7.9
CAC	8102	23.1	0.3	-0.7	-3.6	2.8
Commodities	Level		% change:			
WTI Crude	91.67	-0.93	-1.0	-3.1	9.9	44.5
Natural Gas	3.09	-0.01	-0.4	4.4	7.1	-5.3
Gold	4159.25	43.54	1.1	-4.6	-6.3	8.5
Silver	60.95	0.31	0.5	-9.1	-8.4	29.9
CRB Index	414.23	-4.31	-1.0	-1.2	1.9	36.9
Currencies	Level		% change:			
USDCAD	1.4188	0.0014	0.1	0.9	2.4	2.0
EURUSD	1.1348	-0.0023	-0.2	-0.9	-2.3	-3.2
USDJPY	157.25	-0.1400	-0.1	-0.1	-1.6	5.8
AUDUSD	0.7001	-0.0017	-0.2	-1.6	-2.3	6.4
GBPUSD	1.3240	-0.0015	-0.1	-0.8	-2.3	-1.4
USDCHF	0.8333	0.0012	0.1	1.6	3.1	4.5

Central Banks	
Current Rate	
Canada - BoC	2.25
US - Fed	4.00
England - BoE	3.75
Euro zone - ECB	2.65
Japan - BoJ	1.25
Mexico - Banxico	6.50
Australia - RBA	4.60
New Zealand - RBNZ	2.75
Next Meeting Date	
Canada - BoC	Oct 28, 2026
US - Fed	Oct 28, 2026
England - BoE	Nov 05, 2026
Euro zone - ECB	Oct 29, 2026
Japan - BoJ	Oct 30, 2026
Mexico - Banxico	Nov 05, 2026
Australia - RBA	Sep 29, 2026
New Zealand - RBNZ	Oct 27, 2026

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