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GLOBAL ECONOMICS

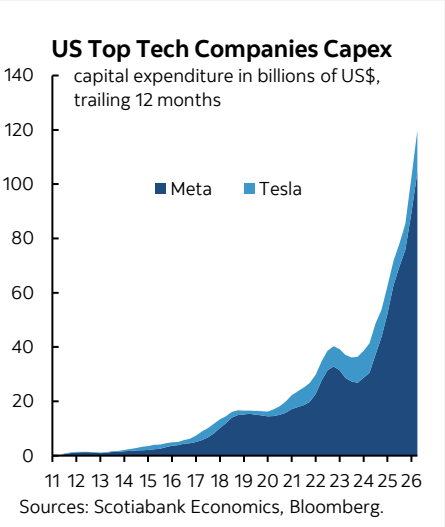
DAILY POINTS

October 22, 2026 @ *7:45 EST*

Contributors

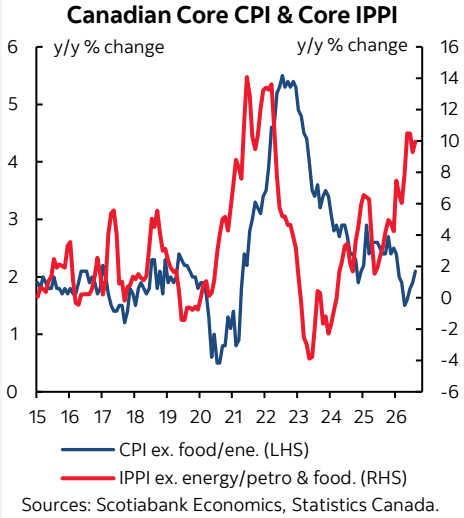
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Chart 1



Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, Statistics Canada.

On Deck for Thursday, October 22nd							
Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-22	08:30	IPPI (m/m)	Sep	--	0.9	1.3
CA	10-22	08:30	Raw Materials Price Index (m/m)	Sep	--	2.9	3.1
US	10-22	08:30	Initial Jobless Claims (000s)	Oct 17	200	200	199
US	10-22	08:30	Continuing Claims (000s)	Oct 10	1720	1710	1710
US	10-22	10:00	Leading Indicators (m/m)	Sep	--	-0.1	-0.1

KEY POINTS:

- **Stocks slip on tech worries, higher oil prices**
- **'Magnificent 7' earnings season kicks off on a sour note**
- **Oil prices rise on Middle East supply risks**
- **Canadian producer prices probably increased…**
- **…and remain a leading indicator of consumer price pressures**
- **Several Canadian shops are AWOL on BoC calls**
- **Slight miss on stale NZ CPI didn't affect RBNZ expectations**
- **Philippines delivers mega hike, BoK holds, Turkey cut**

Markets are focused upon earnings as the mood continues to sour on tech stocks alongside digesting the implications of higher oil prices. Tesla beat expected EPS, but its stock is slipping in the pre-market after announced it would cut its capital budget. Meta is also selling off as investors question the return on a boost to cap-ex plans. Alphabet, Microsoft and Amazon are due out next week and will be followed by Apple the following week. Chart 1 shows updated cap-ex plans from Tesla and Meta with the rest pending.

S&P futures are down 1% and Nasdaq futures are off by about 1¾%. TSX futures are down by over ½% and European cash markets are spilling red ink all over the main bourses. Sovereign bonds are performing unevenly, as US Treasury yields push about 8bps lower across most of the curve, gilts are little richer toward the longer-end, and bunds are rallying which makes the sell off in French bonds more painful. France's spreads over Germany are about 18bps higher across the curve as French debt concerns intensify amid protests and ahead of France's presidential election no later than April 18th 2027 with far-right EU-sceptic Marine Le Pen on the rise.

Oil prices are up by 2–3% across WTI and Brent as attacks on Saudi Arabia intensify and concerns about an intensification and broadening of the Iran war pick up. Canadian Western Select—a heavy crude proxy—remains elevated around US$66 which is well above pre-Iran war levels even as the discount to WTI widens. East Coast Canadian oil projects are reaping rich Brent prices as they sell into the northeastern US seaboard. CAD conversion into some local costs remains lucrative with a 1.40 loonie.

CANADIAN PRODUCER PRICES TO SPIKE

Canada will refresh producer prices for September and they are likely to leap higher (8:30amET). Key is the core industrial prices measure which has continued to point toward lagging upward pressures on core consumer prices via pass through effects (charts 2 and 3).

I was marketing to fixed income clients in Montreal yesterday. Some accounts were fully onside our market-leading Bank of Canada hike views, some were reconciled to begrudgingly go along with hikes, and only one account was not buying priced hikes.

Markets continue to price about 85% of a hike next week and about half of another hike in December with about 100bps priced by next September.

Bloomberg's overly broad consensus survey (there aren't 24 forecasters who seriously think about Canada!) remains stale including several primary dealers that seem to be either non-responsive or stewing or delivering mealy-mouthed risk guidance. I can't recall a time when three major domestic banks were so lagging in updating the calls for a decision that is pending in a matter of days from now.

KIWI INFLATION HAD NO EFFECT ON RBNZ HIKE EXPECTATIONS

New Zealand's inflation remained high but slightly missed expectations. Q3 CPI was up 0.7% q/q (0.8% consensus) and 3.7% y/y (3.8% consensus, 4.1% prior). Chart 3 shows y/y rates. While the NZ$ softened overnight and kiwi yields moved slightly lower in bull flattener fashion, markets and local economists generally treated the figures as stale on arrival as oil prices are averaging higher in Q4 than Q3's lull. Markets continue to have about 85% of a 25bps rate hike priced for next Wednesday and over half of another hike priced for December's decision.

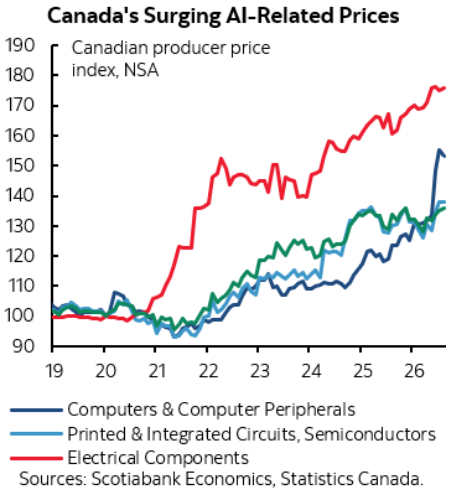
MORE ASIAN CENTRAL BANK SURPRISES

Asian central banks continued to deliver surprises overnight. After Bank Indonesia—the wild west of central banking—surprised by holding its reference rate unchanged yesterday, Bangko Sentral ng Pilipinas hiked its overnight rate by 50bps (25bps consensus). Bank of Korea held its base rate at 3% as widely expected.

Other than Asan CBs, Turkey's central bank cut its one-week repo rate by 100bps this morning as widely expected.

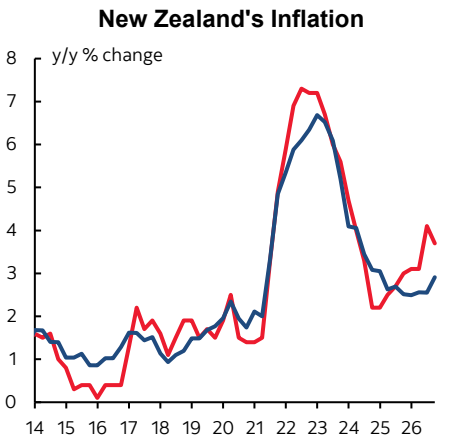
The US calendar remains light with just weekly jobless claims due (8:30amET).

Chart 3



Sources: Scotiabank Economics, Statistics Canada.

Chart 4



Sources: Scotiabank Economics, Stats NZ.

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.	4.73	4.81	4.74	4.87	4.95	4.88	5.05	5.12	5.06	5.36	5.41	5.41
CANADA	3.27	3.30	3.20	3.55	3.59	3.52	3.82	3.86	3.82	4.12	4.16	4.17
GERMANY	3.07	3.13	3.11	3.16	3.23	3.21	3.35	3.42	3.41	3.69	3.76	3.77
JAPAN	1.91	1.90	1.91	2.29	2.29	2.31	2.87	2.88	2.90	3.90	3.91	3.97
U.K.	4.92	4.92	4.89	4.99	5.00	4.97	5.36	5.38	5.37	5.76	5.79	5.85
	Spreads vs. U.S. (bps):											
CANADA	-146	-151	-154	-132	-136	-135	-123	-126	-124	-124	-126	-123
GERMANY	-167	-168	-163	-170	-172	-166	-170	-170	-165	-167	-165	-163
JAPAN	-282	-291	-283	-257	-266	-257	-218	-224	-216	-145	-150	-144
U.K.	19	11	15	12	4	9	31	26	31	40	38	44

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	36325	217.0	0.6	2.1	-0.0	21.2
Dow 30	52856	360.2	0.7	2.4	1.9	13.4
S&P 500	7757	44.6	0.6	0.5	-0.1	15.8
Nasdaq	26703	278.0	1.1	0.0	-2.0	17.4
DAX	25430	-215.0	-0.8	0.2	-0.6	5.3
FTSE	10717	-35.9	-0.3	-1.1	0.1	12.6
Nikkei	62908	-1713.4	-2.7	-2.4	-3.2	29.3
Hang Seng	22935	-717.2	-3.0	-5.7	-8.6	-11.0
CAC	7824	-98.2	-1.2	-1.4	-4.1	-4.7
Commodities	Level		% change:			
WTI Crude	99.25	2.10	2.2	1.3	4.9	69.7
Natural Gas	2.75	-0.04	-1.5	-15.1	-7.3	-20.3
Gold	4068.75	-71.99	-1.7	-2.5	-6.7	-0.7
Silver	55.80	-2.17	-3.8	-2.8	-16.8	15.1
CRB Index	415.19	-1.75	-0.4	-0.2	-0.8	39.4
Currencies	Level		% change:			
USDCAD	1.4038	-0.0009	-0.1	-1.0	-0.2	0.3
EURUSD	1.1198	-0.0034	-0.3	-0.2	-2.2	-3.6
USDJPY	157.05	-1.0900	-0.7	-0.6	-0.2	3.3
AUDUSD	0.7006	-0.0023	-0.3	1.2	-1.5	8.0
GBPUSD	1.3372	-0.0022	-0.2	0.7	0.2	0.1
USDCHF	0.8224	-0.0020	-0.2	-0.5	0.2	3.3

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	Nov 02, 2026
New Zealand - RBNZ	Oct 27, 2026

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