Scotiabank

GLOBAL ECONOMICS

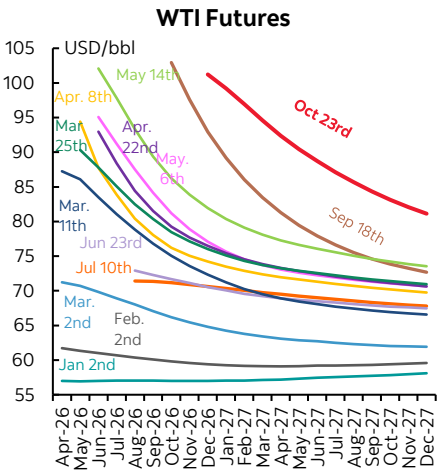
DAILY POINTS

October 23, 2026 @ *7:20 EST*

Contributors

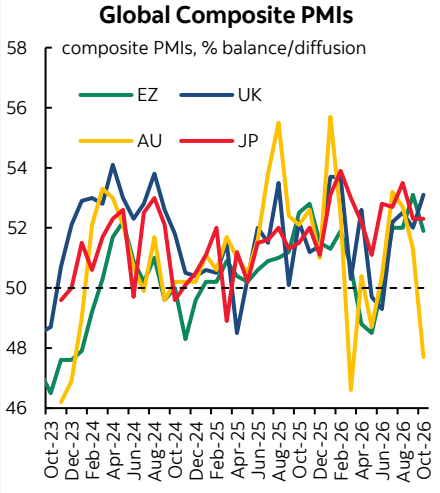
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Chart 1



Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, S&P Global.

On Deck for Friday, October 23rd							
Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-23	08:30	Retail Sales (m/m)	Aug	1.3	1.3	-0.7
CA	10-23	08:30	Retail Sales ex. Autos (m/m)	Aug	--	1.1	-0.7
US	10-23	10:00	U. of Michigan Consumer Sentiment	Oct F	--	46.3	46.3

KEY POINTS:

- **Oil prices are up as markets brace for post-midterm conflict…**
- **…amid signs of escalating Middle East tensions**
- **WTI futures curve is the most elevated this year**
- **Global PMIs point to diverging global growth, tighter margins**
- **Canadian retail sales to inform consumer tracking**
- **UK consumers took a breather**
- **Russia's central bank held**

Oil is up again as markets count the days until the Iran war flares again while reading the tea leaves. WTI is at about US$101/barrel, Brent is over $114 and the whole WTI futures curve is pointing to prices in the $80–100 range through to this time next year in what amounts to the most elevated futures curve so far this year (chart 1). Iranian attacks on ships in the Strait of Hormuz, Houthi attacks on the Saudis, Iran's threats to escalate the means of retaliation, and Trump's post about a week ago to "finish the job" are all contributing to this sentiment. Trump is seeking to avert a gasoline and diesel price spike until after the midterms a week-and-a-half from now.

Risk appetite continues to soften. N.A. equity futures are lower by up to ¼% in the case of the S&P500 and TSX, while European cash markets are down by ¼% to ¾%. Major currencies are generally little changed to the dollar with some European crosses softening.

US Treasury yields are up by 4-6bps across the curve and EGBs are relatively calmer compared to earlier this week. Canadian bond yields are up by about 3bps.

Pricing for next week's Bank of Canada meeting is volatile as the risk-reward camp flirts with on-and-off speculation toward a hike or hold. It stood at 23bps of a 25bps hike earlier this morning and then fell back to 20bps which remains majority priced. Leveraged traders are seeking to exploit small basis point moves and driving volatility.

GLOBAL PMIS POINT TO WIDENING GROWTH DISPARITIES

The monthly dump of global purchasing managers' indices registered diverging growth across regions of the world economy while input cost pressures intensify and most regions continued to register ongoing price increases but at a slightly slower pace than in September. They are here and the composites are shown in chart 2.

- India's composite PMI increased 0.8 points to 56.7 and the gain was led by services (56.2, 5.2 prior) as manufacturing continued to grow at a decent but slower clip (54.9, 55.1 prior).
- Australia's economy sharply decelerated as its composite PMI plunged by 3.6 points to 47.7 and into contraction territory. The drop was led by services (47.8, 51.9 prior) as manufacturing's challenges were unchanged (49.7, 49.6 prior). Output and input price pressures intensified.

- Japan's economy held steady. The composite PMI was unchanged at 52.3 as a little slower growth in manufacturing (53.3, 54.1 prior) was offset by a small pick-up in services (52.0, 51.3 prior).

- The Eurozone's economy softened. The composite PMI fell by 1.2 points to 51.9 because of cooler growth in both services (51.7, 53.0 prior) and manufacturing (52.4, 52.9 prior). France took it hardest by dropping into contraction territory with a composite PMI of 48.4 as both services and manufacturing fell and likely as a reflection of France's bond sell off, political risks and protests. Input price pressures picked up but the pace of output price increases eased a touch.

- The UK economy picked up with the composite PMI rising 1.1 points to 53.1 with gains in both manufacturing and services. Input cost pressures surged while output price increases continued to rise.

- The US will refresh its S&P PMIs for October at 9:45amET.

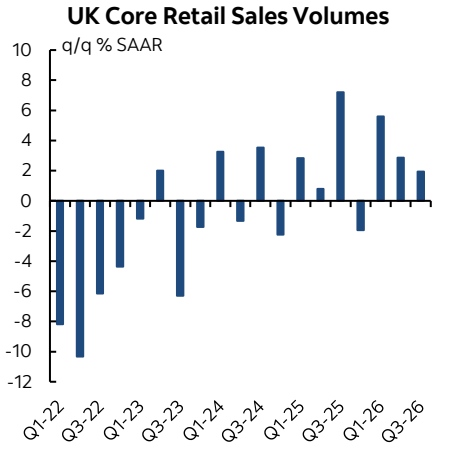
Canada will refresh retail sales estimates for August and September. Statcan had previously guided that August's nominal sales were tracking a gain of over 1% m/m. We need to know how much of that was just price hikes versus volumes, alongside other details like sales breadth. A preliminary estimate for sales in September will also be provided, but only in nominal terms. The usual caution applies in that retail sales represent under half of total consumer spending that is more slanted toward services that are excluded from retail sales estimates.

UK consumers took a breather in September. Retail sales volumes slipped by -0.4% m/m after an upwardly revised prior gain (0.7% up from 0.5%). Sales ex-fuel volumes fell by -0.7% m/m after an upwardly revised 0.9% gain in August (0.6% previously). Core sales have risen on a quarterly basis in four of the past five quarters (chart 3).

Japanese core CPI inflation soared in September (chart 4) but with little new information since we already had Tokyo's measure.

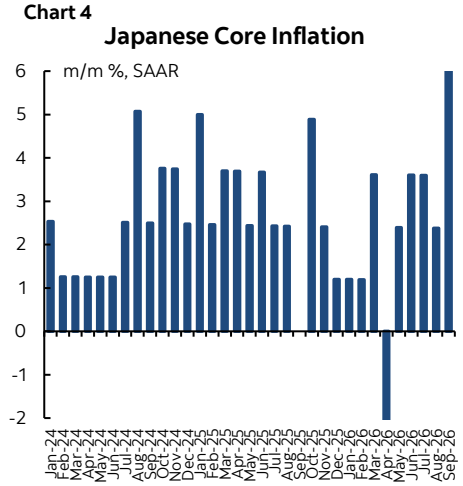
Russia's central bank held its key rate at 14% as widely expected.

Chart 3



Sources: Scotiabank Economics, UK ONS.

Chart 4



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

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.	4.70	4.64	4.71	4.82	4.77	4.87	4.99	4.96	5.07	5.31	5.28	5.42
CANADA	3.32	3.29	3.25	3.54	3.51	3.52	3.82	3.78	3.83	4.12	4.09	4.17
GERMANY	3.05	3.04	3.11	3.15	3.14	3.22	3.34	3.33	3.43	3.69	3.68	3.80
JAPAN	1.88	1.91	1.92	2.23	2.29	2.34	2.81	2.87	2.93	3.84	3.90	4.02
U.K.	4.92	4.89	4.88	4.99	4.96	4.96	5.35	5.33	5.37	5.73	5.72	5.84
	Spreads vs. U.S. (bps):											
CANADA	-138	-136	-146	-128	-126	-135	-118	-117	-125	-118	-119	-125
GERMANY	-165	-161	-160	-167	-163	-165	-166	-162	-165	-162	-160	-163
JAPAN	-281	-273	-279	-260	-248	-253	-219	-209	-214	-147	-138	-141
U.K.	22	25	17	17	19	9	36	37	30	43	43	42

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	35973	-351.5	-1.0	-0.5	0.6	19.2
Dow 30	52868	11.9	0.0	1.3	2.6	13.1
S&P 500	7663	-93.7	-1.2	-1.0	-0.6	13.7
Nasdaq	26009	-694.0	-2.6	-2.6	-3.4	13.4
DAX	25170	-202.2	-0.8	-1.8	-0.9	4.0
FTSE	10666	-59.5	-0.6	-2.0	-0.4	11.3
Nikkei	62693	-214.7	-0.3	-4.0	-3.6	28.9
Hang Seng	23093	158.7	0.7	-4.0	-7.0	-11.1
CAC	7753	-58.0	-0.7	-2.6	-4.6	-5.7
Commodities	Level		% change:			
WTI Crude	101.22	1.75	1.8	-0.2	9.8	63.8
Natural Gas	2.72	-0.08	-2.7	-12.7	-10.0	-18.7
Gold	4028.51	3.66	0.1	-3.3	-6.0	-2.4
Silver	54.07	-0.50	-0.9	-5.1	-16.1	10.5
CRB Index	414.98	-0.21	-0.1	-0.6	-1.1	36.1
Currencies	Level		% change:			
USDCAD	1.4003	-0.0007	-0.0	-1.0	-0.7	0.1
EURUSD	1.1195	-0.0021	-0.2	-0.4	-1.6	-3.6
USDJPY	156.93	0.1600	0.1	-0.7	-0.9	2.9
AUDUSD	0.7018	-0.0002	-0.0	1.0	-0.3	7.8
GBPUSD	1.3372	-0.0029	-0.2	0.3	1.0	0.3
USDCHF	0.8241	0.0036	0.4	0.0	-0.1	3.6

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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