

DAILY POINTS

September 16, 2025 @ 7:15 EST

Contributors

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Chart 1

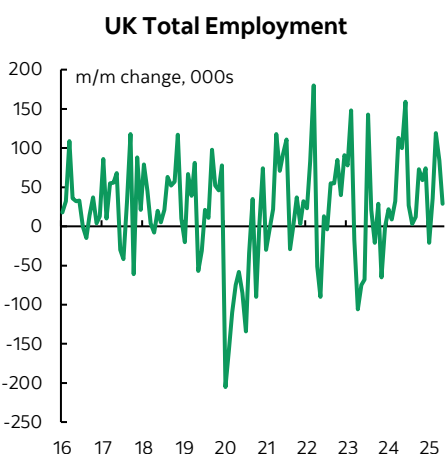
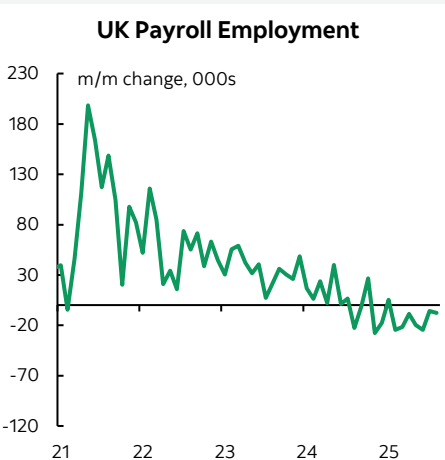


Chart 2



On Deck for Tuesday, September 16

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	09-16	08:15	Housing Starts (000s a.r.)	Aug	260	280.0	294.1
CA	09-16	08:30	Core CPI - Median (y/y)	Aug	--	3.1	3.1
CA	09-16	08:30	Core CPI - Trim (y/y)	Aug	--	3.0	3.0
CA	09-16	08:30	CPI, All items (m/m)	Aug	0.1	0.0	0.3
CA	09-16	08:30	CPI, All items (y/y)	Aug	2.0	2.0	1.7
CA	09-16	08:30	CPI, All items (index)	Aug	--	164.8	164.9
US	09-16	08:30	Export Prices (m/m)	Aug	--	-0.1	0.1
US	09-16	08:30	Import Prices (m/m)	Aug	--	-0.2	0.4
US	09-16	08:30	Retail Sales (m/m)	Aug	0.2	0.2	0.5
US	09-16	08:30	Retail Sales ex. Autos (m/m)	Aug	0.3	0.4	0.3
CA	09-16	08:30	Core CPI - Common (y/y)	Aug	--	--	2.6
CA	09-16	08:30	CPI SA, All items (m/m)	Aug	--	--	0.1
US	09-16	09:15	Capacity Utilization (%)	Aug	77.5	77.4	77.5
US	09-16	09:15	Industrial Production (m/m)	Aug	-0.1	-0.1	-0.1
US	09-16	10:00	Business Inventories (m/m)	Jul	--	0.2	0.2
US	09-16	10:00	NAHB Housing Market Index	Sep	--	33.0	32.0

KEY POINTS:

- **Markets cautious into N.A. data, on eve of tomorrow's central banks**
- **Canadian CPI: Five reasons why it shouldn't matter to tomorrow's BoC decision**
- **US retail sales are a tough act to follow July's acceleration**
- **Senate confirms Stephen Miran as a weak addition to the Fed's Board**
- **The case against Fed's Cook is weak and getting weaker by the day**
- **Gilts mildly underperform after job market updates**
- **Canadian housing starts looking to extend summertime surge**

Markets are going into Canadian and US data with a cautious bias and a careful eye toward more important developments in tomorrow's central bank decisions. The dollar is softer. Gilts are mildly underperforming other global benchmarks. US equity futures are a touch higher while everyone else is a touch lower. There are four main considerations.

STEPHEN MIRAN CONFIRMED; COOK STICKING AROUND

One is last night's final confirmation vote in the Senate for Stephen Miran's nomination as Fed Governor just in time to crash the start of the two-day FOMC meeting today. He passed by a one-vote margin of 48-47 along party lines and because the GOP lacks the courage to confront Trump over a weak candidate who is a first in U.S. history as a direct appointment from a government role.

Miran will be joined by Governor Cook after an appeals court once again rejected the Trump administration's case last evening as judges voted on party lines. The Supreme Court is next and who knows if they'll get around to it before the October 29th FOMC decision or the next one after that on December 10th. Reuters has reported since Friday that she had properly disclosed her home as a vacation property and that local tax authorities reported no issues with her primary residence which would appear to negate the charges brought on by FHFA head Bill Pulte's allegations. That would seem to lend credence to her counter lawsuits unless she's convinced to take one for the FOMC team.

UK JOB MARKET UPDATES LARGELY SHAKEN OFF

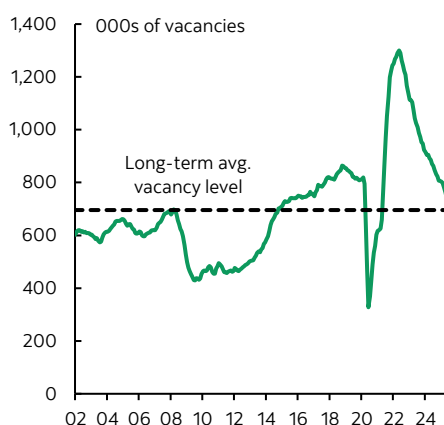
Two is that UK job market readings drove mild underperformance of the gilts curve by largely just reinforcing market pricing for the BoE to do nothing on Thursday and for the two meetings after that one.

September 16, 2025

- UK total employment was up by 29k in July (chart 1). It lags payrolls but also includes off-payroll employers. That's the fourth straight monthly rise.
- UK payrolls fell by another 7.7k in August (chart 2). They have fallen for seven consecutive months and eleven of the past thirteen months.
- UK job vacancies increased a touch in August and remain very slightly above the long-run average (chart 3).
- wage growth cooled to 1.8% m/m SAAR in July. That's the third monthly deceleration (chart 4).

Chart 3

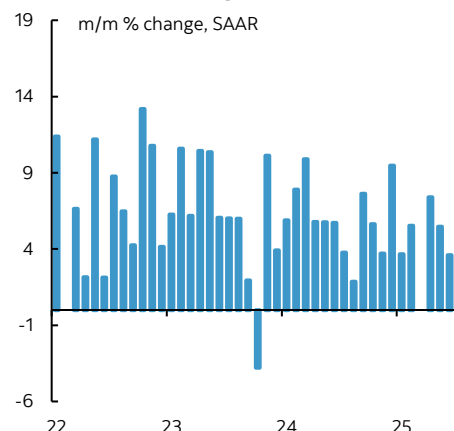
UK Job Vacancies



Sources: Scotiabank Economics, UK ONS

Chart 4

UK Wage Growth



Sources: Scotiabank Economics, UK ONS.

US RETAIL SALES—REVISION RISK AND A TOUCH ACT THE FOLLOW

Three is that US retail sales are unlikely to repeat the prior month's surge partly because we already know auto sales fell (8:30amET). Watch for revisions that are often substantial for this data. Key will be the control group that removes autos, food, gas, and building materials and is how the report gets incorporated into consumption estimates within GDP accounts. Q3 tracking is fairly robust going into the update (chart 5). Also bear in mind that the headline figures are nominal sales and need to be adjusted for inflation including tariff effects.

CANADIAN CPI—WHO CARES?

Fourth is Canadian CPI and it lands as the last bit of info before tomorrow's morning's BoC decision. The coincidental timing to US retail sales could mess up the market reactions somewhat.

See my week ahead for a preview that I won't repeat ([here](#)). There is also a full BoC preview that lays out cases for a cut and for a hold and where I lean plus an argument for looking through CORRA's overshoot that may be more temporary than structural.

Some shops have -0.1% m/m NSA for CPI, some are at 0% or 0.1% (Scotia) and one is at 0.2.

But does CPI matter to the BoC call ? That seems to me to be the most pertinent issue at hand. Some shops think it does. I think there is a very high bar for it to matter. In any case, it shouldn't. Here's why in the form of five reasons.

First, if anything matters, it's the core gauges—not headline CPI. The BoC uses core gauges as the operational guide to achieving the headline CPI target over the medium term and generally dismisses short-term noise in the total CPI reading. I've seen stunningly flawed commentary from one person that since CPI is <2% y/y it's an easy call to cut and almost as bad commentary from another that it's m/m NSA headline they focus on.

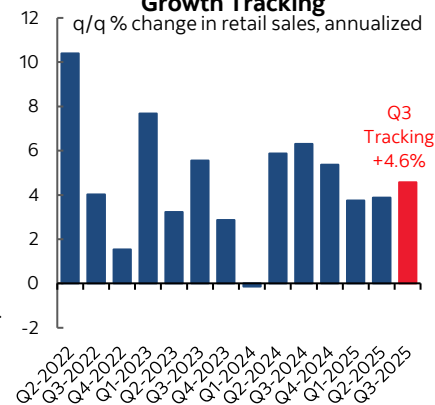
Second, the way their meeting process unfolds by starting way in advance would make it unlikely that one report would make the difference to the dialogue they've already been having. They start the deliberations three weeks in advance of the decision. Staff briefings start the process. Staff recommendations are delivered one week before the publication of the decision. Governing Council meets over the rest of the week (ie: last week) and into early the following week (ie: this week). A consensus is struck and a press release is drafted. In other words, barring very unusual shocks, the decision-making process is very advanced by now.

Third, the BoC is likely to be primarily focused upon forward looking risks to their inflation target. Quite a while back they pivoted from concern about upside risks to inflation toward symmetrical risks (ie: equally concerned about new information that would put upside or downside risk to achieving 2% over the medium-term). They're more balanced around a 'current tariff' July MPR scenario that thought inflation would fall back to 2.1% by the end of next year and 1.9 the year after. New information we're getting recently may have them tilted toward greater concern about undershooting 2%, recent data be damned. That new information is highlighted in my weekly and previously.

Chart 5

Retail Sales Control Group

Growth Tracking



Sources: Scotiabank Economics, Census Bureau.

Fourth, when it comes to recent data, the BoC looks at trends. Month-over-month trimmed mean and weighted median CPI have been in the mid-2s on a seasonally adjusted and annualized basis for the past three months. React to one report tomorrow? Please. Not unless Statcan massively plays with the SA factors on the prior readings (they don't adjust the NSA prices data itself).

Fifth, PM Carney's administration dropped retaliatory tariffs on September 1st. The BoC's trimmed mean and weighted median CPI figures exclude direct effects of changes in indirect taxes like tariffs, but not the indirect effects if any. In other words, if there is any pass through from Canada's retaliatory tariffs into Canadian prices then they could distort the core gauges. That would make the readings stale ahead of the following month's data.

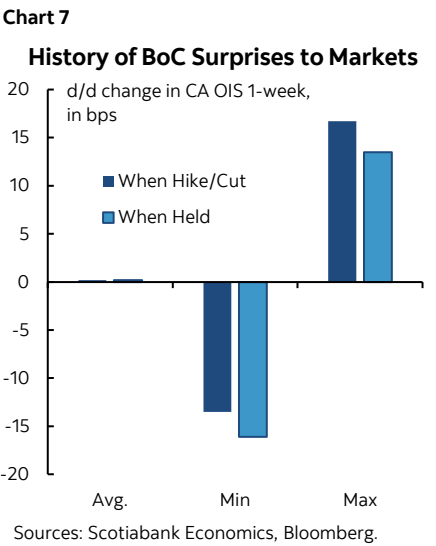
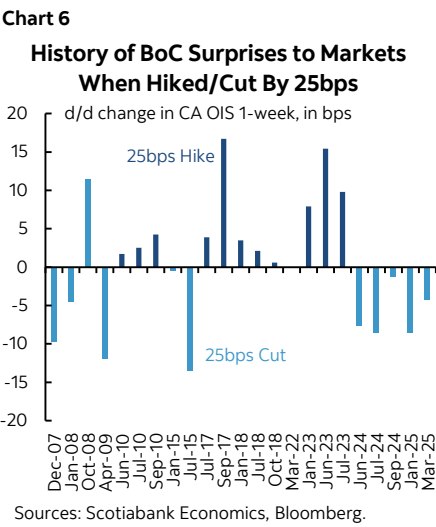
Separately, as for surprising markets, barring a massive change in meeting pricing today, the statistical odds of the BoC stuffing markets by as much as 22–23bps as presently priced are extremely low.

There are two ways of looking at this. First is the surprise factor when they've cut or hiked by 25bps; in about the past couple of decades, they've never surprised by more than 17bps and that was only once (chart 6). Second is the surprise factor when markets are priced for a 25 cut or hike and the BoC doesn't deliver the goods; the biggest OIS miss in either direction was 16bps (chart 7).

They would have to have an extremely good narrative if they held and hence tightened financial conditions by a) wiping out current pricing, and b) sending a signal to markets to wipe out future easing which is what I think the aftershock would be like. Fail to cut and you've got a bigger communications problem now and subsequently than just cutting and shrugging shoulders on the bias which Macklem is typically loath to provide in any event.

OTHER STUFF

We'll also get Canadian housing starts updated for August just before CPI and that have been on a tear for the prior four months (8:15amET) and then US industrial output, also for August (9:15amET). The US also updates import prices for August (8:30amET), business inventories for July (10amET) and the NAHB's housing index including model home foot traffic as a guide to new home sales.



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		
	3.53	3.54	3.56	3.60	3.61	3.62	4.04	4.04	4.09	4.66	4.66	4.73	Canada - BoC	2.75
	2.49	2.49	2.52	2.73	2.73	2.79	3.17	3.17	3.23	3.60	3.60	3.67	US - Fed	4.50
	2.02	2.02	1.94	2.30	2.30	2.23	2.71	2.69	2.66	3.29	3.26	3.28	England - BoE	4.00
	0.88	0.87	0.84	1.15	1.14	1.11	1.60	1.59	1.57	3.25	3.22	3.27		
	3.97	3.95	3.91	4.08	4.06	4.04	4.65	4.63	4.62	5.47	5.46	5.48		
Spreads vs. U.S. (bps):														
CANADA	-103	-105	-104	-87	-87	-83	-87	-87	-86	-106	-106	-106	Euro zone - ECB	2.15
GERMANY	-151	-152	-162	-130	-131	-139	-133	-135	-143	-137	-140	-145	Japan - BoJ	0.50
JAPAN	-265	-267	-272	-245	-247	-251	-244	-245	-251	-141	-144	-146		
U.K.	45	41	35	48	45	42	61	59	53	81	80	74		
Equities	Level						% change:						Mexico - Banxico	7.75
S&P/TSX Dow 30 S&P 500 Nasdaq DAX FTSE Nikkei Hang Seng CAC	Last			Change			1 Day	1-wk	1-mo	1-yr			Australia - RBA	3.60
	29431			147.2			0.5	1.4	5.5	24.2			New Zealand - RBNZ	3.00
	45883			49.2			0.1	0.8	2.1	10.2			Next Meeting Date	
	6615			31.0			0.5	1.8	2.6	17.4			Canada - BoC	Sep 17, 2025
	22349			207.7			0.9	2.5	3.4	27.0			US - Fed	Sep 17, 2025
	23612			-136.9			-0.6	-0.4	-3.1	26.7			England - BoE	Sep 18, 2025
	9253			-24.2			-0.3	0.1	1.2	11.8			Euro zone - ECB	Oct 30, 2025
	44902			134.1			0.3	2.9	3.5	22.7			Japan - BoJ	Sep 19, 2025
	26439			-8.1			-0.0	1.9	4.6	51.8				
	7887			-9.9			-0.1	1.8	-0.5	5.9				
Commodities	Level						% change:							
WTI Crude Natural Gas Gold Silver CRB Index	63.38			0.08			0.1	1.2	0.9	-9.6			Mexico - Banxico	Sep 25, 2025
	3.07			0.02			0.7	-1.7	5.1	29.2			Australia - RBA	Sep 30, 2025
	3693.37			14.38			0.4	1.8	10.7	43.0			New Zealand - RBNZ	Oct 07, 2025
	42.20			-0.06			-0.1	2.5	11.8	40.8				
	305.47			3.75			1.2	2.0	3.4	10.3				
Currencies	Level						% change:							
USDCAD EURUSD USDJPY AUDUSD GBPUSD USDCHF	1.3762			-0.0016			-0.1	-0.6	-0.3	1.3				
	1.1802			0.0041			0.3	0.8	1.2	6.0				
	147.09			-0.3100			-0.2	-0.2	-0.5	4.6				
	0.6666			-0.0003			-0.0	1.2	2.7	-1.3				
	1.3631			0.0032			0.2	0.8	0.9	3.1				
	0.7913			-0.0033			-0.4	-0.8	-2.0	-6.3				

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