

### DAILY POINTS

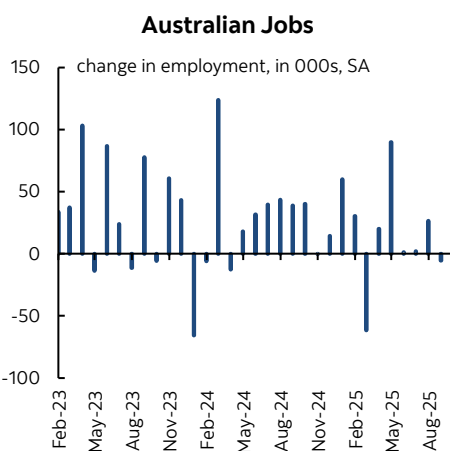
September 18, 2025 @ 7:30 EST

#### Contributors

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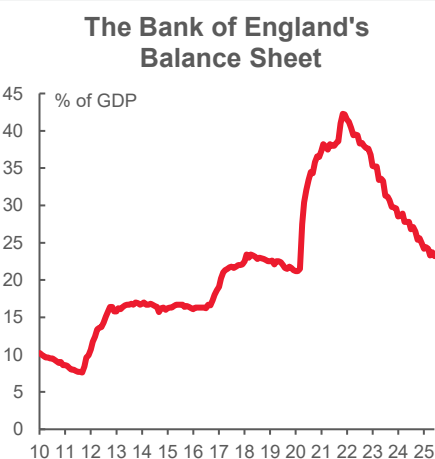
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Chart 1



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Chart 3



Sources: Scotiabank Economics, Bank of England, Bloomberg.

#### On Deck for Thursday, September 18

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-18	08:30	Initial Jobless Claims (000s)	Sep 13	235	240.0	263.0
US	09-18	08:30	Continuing Claims (000s)	Sep 05	1950	1950.0	1939.0
US	09-18	08:30	Philadelphia Fed Index	Sep	--	1.7	-0.3
US	09-18	10:00	Leading Indicators (m/m)	Aug	--	-0.2	-0.1
US	09-18	16:00	Total Net TIC Flows (US\$ bn)	Jul	--	--	77.8
US	09-18	16:00	Net Long-term TIC Flows (US\$ bn)	Jul	--	--	150.8

#### KEY POINTS:

- **FOMC's dovish cut continues to reverberate through global markets**
- **BoE cuts QT plans roughly as expected, and holds Bank Rate**
- **Was the spike in US initial jobless claims temporary?**
- **Norges delivers a hawkish cut**
- **BCB and CBCT held, SARB might also hold**

There is modest follow through on the FOMC's dovish cut as US Ts richen somewhat further this morning. Stocks are getting a lift globally with benchmarks up by +/-1%. More central banks and US labour market data are focal points today. Recaps of yesterday's FOMC and BoC decisions are available [here](#) and [here](#). The Canada curve is also slightly richer this morning with markets one the fence for the October 29th BoC decision and mostly priced for a cut by December.

#### ANTIPODEAN RATES RALLY

Antipodean rates rallied overnight on a combination of factors.

It started with NZ GDP that sharply undershot consensus. The economy shrank by -0.9% q/q versus consensus and the RBNZ's estimate at -0.3% and with only a minor upward revision to the prior quarter (chart 3). The kiwi curve bull steepened with the 2-year yield down about 12bps.

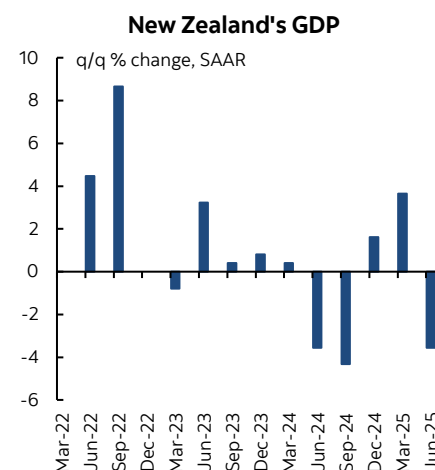
Then Australian jobs hit. Against consensus expectations for a gain of 21k, they fell by a modest -5.4k as full time jobs plunged by 41k and part time rose 36k. The job market's momentum has softened over recent months (chart 1). That contributed to about a 3bps rally across the Aussie rates curve.

Then a revised RBA estimate of the neutral rate pushed lower to 2.9% from 3.6% previously. That doesn't necessarily speak to near-term monetary policy considerations but implies policy may be a bit more restrictive than previously thought relative to a longer-term guidepost.

#### BANK OF ENGLAND REDUCES QT PLANS

The Bank of England preserved its cut-hold-cut pattern by holding Bank Rate unchanged 4% as priced and widely expected. Quantitative tightening plans were revised roughly in the ballpark of expectations; see the market notice [here](#). The BoE now says they plan to reduce gilts holdings by about £70 billion over the year from next month to next September. That's a slower pace of QT than the past year's £100B roll off. Out of 66 responses to a recent BoE market participants survey, most expected the annual

Chart 2



Sources: Scotiabank Economics, Bloomberg.

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reduction of gilt holdings to be between about £60–75 billion. The BoE basically walked roughly down the middle. The BoE's balance sheet has sharply retrenched from a peak equal to 42.3% of NGDP in November 2021 to about 23% now (chart 3). The forward bias was taken by markets to reinforce pricing for no further rate change this year and 1–2 cuts next year.

### NORGES BANK DELIVERS A HAWKISH CUT

Norges Bank cut its deposit rate by 25bps to 4% as many but not all had expected. The hawkish cut pushed yields a little higher across the curve. The uncertainty into the decision had to do with vague guidance toward another cut before year-end which may or may not have been at this meeting. Explicit forward guidance raised the rate profile going forward compared to previously and now guides the rate to decline to just above 3% by 2028 (chart 4). Norges considered pause at this meeting, said a restrictive stance is warranted, and flagged a better performing economy than expected.

### BCB AND CBCT HELD, SARB COMING UP

Brazil's central bank held at 15% as widely expected last evening because they guided going in that they would be on a prolonged hold after a sharp tightening campaign.

SARB is expected to hold at 7% this morning (9amET). A sizeable minority thinks they may cut.

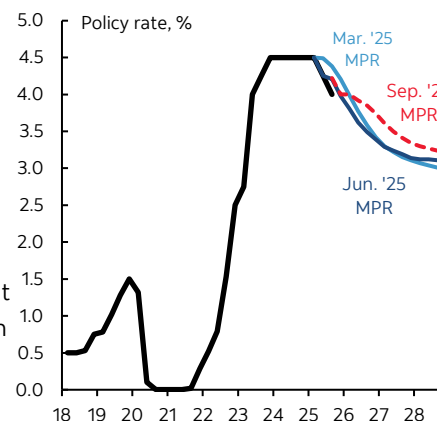
Taiwan's central bank also held as widely expected with the discount rate left at 2%.

### DATA RISK

Was the spike in US initial jobless claims two weeks ago to 263k the start of a new trend higher or a flash in the pan? We'll find out shortly (8:30amET). Some states were estimated that week. DOGE packages for federal government employees are also maturing this month. Another spike would likely reinforce the FOMC's dovish cut but it would remain unclear whether the rise will last. The US also updates the volatile Philly Fed gauge this morning (8:30amET).

Chart 4

### Norges Bank Policy Rate Projections



Sources: Scotiabank Economics, Norges Bank.

Fixed Income	Government Yield Curves (%):												Central Banks	
	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		
U.S.	4.29	4.31	4.29	4.38	4.39	4.35	4.53	4.53	4.50	4.74	4.74	4.69	Canada - BoC	3.00
CANADA	2.74	2.74	2.69	2.82	2.81	2.76	3.13	3.12	3.08	3.32	3.30	3.26	US - Fed	4.50
GERMANY	2.11	2.09	2.05	2.23	2.21	2.15	2.44	2.42	2.37	2.68	2.67	2.62	England - BoE	4.50
JAPAN	0.80	0.80	0.80	1.02	1.00	0.99	1.36	1.35	1.30	2.33	2.33	2.29	Euro zone - ECB	2.90
U.K.	4.22	4.18	4.17	4.23	4.20	4.17	4.53	4.49	4.48	5.11	5.08	5.06	Japan - BoJ	0.50
	Spreads vs. U.S. (bps):													
CANADA	-156	-157	-160	-156	-158	-159	-140	-141	-142	-141	-143	-143		
GERMANY	-218	-222	-224	-215	-218	-220	-209	-211	-212	-206	-207	-207		
JAPAN	-349	-351	-349	-336	-339	-336	-317	-318	-319	-241	-241	-240		
U.K.	-8	-13	-12	-15	-19	-18	-0	-4	-2	37	34	36		
Equities	Level						% change:						Mexico - Banxico	
	Last			Change			1 Day		1-wk		1-mo		1-yr	
S&P/TSX	25699			135.4			0.5		0.6		4.5		23.0	
Dow 30	44711			342.9			0.8		-0.1		5.2		16.4	
S&P 500	6115			63.1			1.0		0.5		4.7		22.3	
Nasdaq	19946			295.7			1.5		0.8		4.7		25.8	
DAX	22514			-97.7			-0.4		3.3		11.1		32.9	
FTSE	8747			-18.0			-0.2		0.5		6.6		15.6	
Nikkei	39149			-312.0			-0.8		0.2		1.8		1.7	
Hang Seng	22620			806.0			3.7		7.0		15.5		38.4	
CAC	8186			21.6			0.3		2.7		10.3		6.6	
Commodities	Level						% change:							
WTI Crude	71.86			0.57			0.8		1.2		-7.3		-6.2	
Natural Gas	3.75			0.12			3.4		13.4		-5.4		133.2	
Gold	2926.43			-1.78			-0.1		2.3		9.3		46.9	
Silver	32.28			0.51			1.6		0.8		8.0		41.1	
CRB Index	313.19			1.61			0.5		1.9		1.9		15.9	
Currencies	Level						% change:							
USDCAD	1.4180			-0.0013			-0.1		-0.8		-1.2		4.7	
EURUSD	1.0476			0.0011			0.1		1.4		1.6		-2.3	
USDJPY	152.77			-0.0300			-0.0		0.9		-3.3		1.5	
AUDUSD	0.6344			0.0027			0.4		1.1		2.4		-2.3	
GBPUSD	1.2589			0.0023			0.2		1.5		3.1		0.2	
USDCHF	0.9011			-0.0019			-0.2		-1.0		-1.2		1.7	
													Mexico - Banxico	Mar 27, 2025
													Australia - RBA	Feb 17, 2025
													New Zealand - RBNZ	Feb 18, 2025

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