

### DAILY POINTS

September 25, 2025 @ 7:45 EST

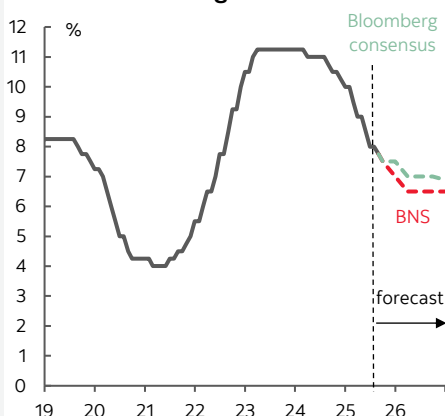
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Chart 1

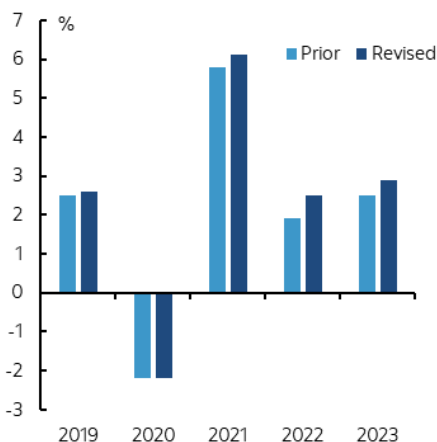
#### Mexico: Overnight Rate Forecasts



Sources: Scotiabank Economics, Banxico, Bloomberg, INEGI.

Chart 2

#### Last Year's Annual GDP Revisions



Sources: Scotiabank Economics, BEA.

### On Deck for Thursday, September 25

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-25	08:20	Fed's Goolsbee Speaks on Trends for West Michigan				
US	09-25	08:30	Durable Goods Orders (m/m)	Aug P	-0.5	-0.3	-2.8
US	09-25	08:30	Durable Goods Orders ex. Trans. (m/m)	Aug P	-0.2	0.0	1.0
US	09-25	08:30	GDP (q/q a.r.)	2Q F	3.3	3.3	3.3
US	09-25	08:30	GDP Deflator (q/q a.r.)	2Q F	--	2.0	2.0
US	09-25	08:30	Initial Jobless Claims (000s)	Sep 20	240	233.0	231.0
US	09-25	08:30	Continuing Claims (000s)	Sep 13	1925	1932.0	1920.0
US	09-25	08:30	Wholesale Inventories (m/m)	Aug P	--	0.1	0.1
US	09-25	09:00	Fed's Williams Gives Welcoming Remarks at US Dollar Conference				
US	09-25	10:00	Existing Home Sales (mn a.r.)	Aug	4.0	4.0	4.0
US	09-25	10:00	Existing Home Sales (m/m)	Aug	-0.3	-1.5	2.0
US	09-25	10:00	Fed's Bowman in Moderated Discussion				
US	09-25	13:00	Fed's Barr Speaks on Bank Stress Testing				
US	09-25	13:40	Fed's Logan Speaks in a Panel				
MX	09-25	15:00	Overnight Rate (%)	Sep 25	7.50	7.50	7.75
US	09-25	15:30	Fed's Daly Conversation with Mark Packard				

#### KEY POINTS:

- Mild risk-off sentiment across equities faces higher US data risk
- US GDP, PCE revisions to stretch back five years in time...
- ...as multiple sources of new information are incorporated
- Can US core durable goods orders keep up the momentum?
- Banxico to cut today
- Why it's wrong for American taxpayers to be bailing out Argentina
- SNB held, open to returning to negative rates
- Canadian payrolls: lagging, incomplete and wickedly revised
- Fed-speak to drone on

Mild risk off sentiment in stocks is accompanied by relative stability in sovereign bonds and FX markets. A significant amount of US data is on tap after SNB's decision and ahead of Banxico.

#### SNB HELD, OPEN TO GOING NEGATIVE

The Swiss National Bank held its policy rate at 0% as widely anticipated. President Schlegel said that while they're well aware of the costs to going negative, "if it's really necessary to fulfill our mandate we are ready to use all the tools that are available—also negative interest rates." OIS markets have a minor 10–15% chance at going negative priced over coming meetings.

#### BANXICO EXPECTED TO CUT

Another 25bps cut is widely expected this afternoon in a follow-the-Fed sense but reinforced by domestic considerations and tariff uncertainty. Chart 1 compares our forecast to the consensus.

Guidance provided at the August 21st meeting that accompanied a 25bps rate cut shifted more to the affirmative in replacing wording that policy was merely being 'calibrated' to now how it was "deemed appropriate to continue the rate-cutting cycle."

Another reason for the cut is that while it doesn't always follow the Fed, Banxico frequently does so and the FOMC just restarted what we think will be a material easing campaign. US tariffs and uncertainty around USMCA negotiations add to motivations to

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ease. Recent data has been mixed as jobs and wages hold up quite firmly, but industrial output has fallen over the past couple of months. The peso has appreciated from about 20.8 to the dollar in April to 18.4 now. Such forces will nevertheless be accompanied by a weary eye turned toward core CPI inflation that has risen back to about 4¼% y/y over recent months.

### US DATA RISK INTENSIFIES TODAY AND TOMORROW

A fair amount of US data starts to roll this morning and into tomorrow when PCE inflation gets updated.

Revisions are back. This time it's not just the Q3 estimate of 3.3% growth that incorporates fuller services data from the Census Bureau's quarterly survey; most of us expect no material revision but some expect a tick or two upward revision (8:30amET).

More important may be annual GDP revisions back to 2020 including how the effects of the annual benchmarking revisions for payrolls will be incorporated (8:30amET). Multiple new sources of information are incorporated and explained [here](#). Last year's annual revisions are summarized [here](#) in a BEA briefing to give some context; a similar set of communications is expected today. In that previous annual exercise, GDP levels were revised up and so was growth for most of the five years (chart 2). How the downward revisions to payrolls from April 2024 to March 2025 may impact GDP for that year is unclear a) because the effects could involve competing trade-offs, and b) because it's just one set of data being incorporated in the revisions, and c) five years of GDP will be revised which could impact the 2023 jumping off point into 2024 and hence the 2024 growth estimates themselves.

Durable goods orders are expected to be soft based on airplane orders but key will be core orders (ex-defence and air) that could find the prior month's surge of 1.1% m/m to be a tough act to follow (8:30amET).

Weekly initial and continuing claims and the advance goods trade figures for August are also due at the same time (8:30amET).

A heavy line-up of Fed-speak is also on tap today.

### IGNORE CANADIAN PAYROLLS

As for Canadian payrolls, I never pay much attention to them (8:30amET). They're lagging, with today's release for July but with September's LFS jobs due in a couple of weeks. The US releases both job market measures on the same day and why Canada has to scatter them two months apart is unclear. SEPH payrolls are subject to frequently very high revision risk in the tens of thousands of jobs each month (charts 3, 4). They track a subset of the labour market in a country where off-payroll employment is big and only captured in the LFS measure.

### WHY ARE AMERICAN TAXPAYERS BAILING OUT ARGENTINA?

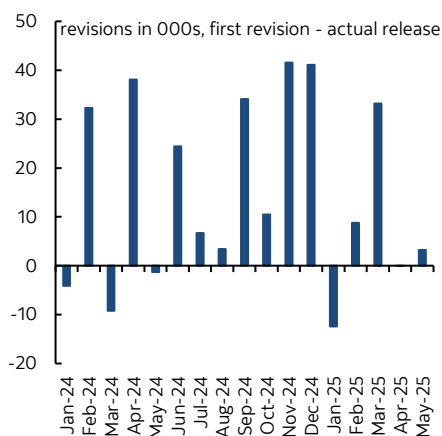
Yesterday's US policy supports to Argentina settle nothing about the risks facing President Milei's administration while raising serious questions over what the US is doing and getting itself into.

Treasury Secretary Bessent's social media post ([here](#)) outlined the intentions. Pledging to directly buy Argentina's bonds through the Exchange Stabilization Fund's roughly \$30B or so of liquid funds is precedent setting; the US has supported LatAm debt markets in the past such as through Brady bonds and other supporting measures, but never by using taxpayer money to directly buy another country's bonds in the secondary and primary markets. A US\$20B swap line with Argentina's central bank is also among the measures.

The way I see it, all Bessent is accomplishing is to provide holders of Argentina's debt a way out—for those that haven't already exited—ahead of high uncertainties surrounding the October 26th midterm elections in Argentina and the high uncertainties that surround Milei's reforms. Milei needs major advances to call it a success and thwart veto efforts against his reforms by the opposition that has been climbing in the polls including in the local elections earlier this month.

Chart 3

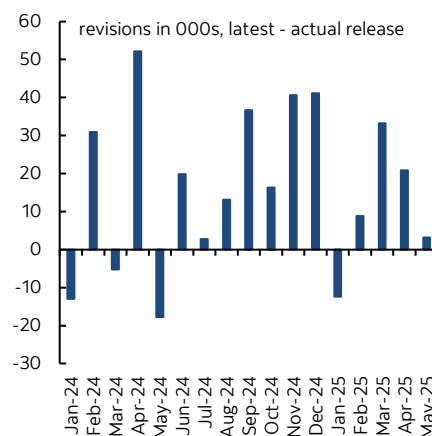
#### Canada SEPH First Revisions



Sources: Scotiabank Economics, Statistics Canada.

Chart 4

#### Canada SEPH Revisions



Sources: Scotiabank Economics, Statistics Canada.

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In a more general sense, the US moves continue the pattern of overtly interfering in another nation's political affairs. Witness Brazil. Witness Canada. Cue the line-up of other countries seeking direct bail outs by US taxpayers. What will the US do if Milei's reforms fail and/or he suffers political defeat later in October? Will Bessent double down on bond purchases or bail and leave US taxpayers with losses and perhaps no way out? The prime motivation for the US actions seems to be nothing more than supporting a political supporter who says kind things about President Trump. Further, the US cannot cry foul when other countries interfere with its elections.

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			
	3.61	3.61	3.56	3.73	3.72	3.66	4.16	4.15	4.11	4.76	4.75	4.73	Canada - BoC	2.50	
	2.46	2.45	2.48	2.75	2.74	2.74	3.21	3.20	3.18	3.68	3.67	3.62	US - Fed	4.25	
	2.03	2.02	2.01	2.35	2.33	2.31	2.76	2.75	2.73	3.34	3.34	3.31	England - BoE	4.00	
	0.94	0.93	0.89	1.23	1.23	1.16	1.65	1.65	1.60	3.14	3.17	3.20			
	3.97	3.95	3.96	4.13	4.10	4.10	4.71	4.67	4.68	5.54	5.49	5.51			
Spreads vs. U.S. (bps):															
CANADA	-115	-115	-109	-98	-98	-92	-95	-95	-92	-108	-108	-110	Euro zone - ECB	2.15	
GERMANY	-159	-158	-155	-138	-139	-136	-140	-140	-138	-142	-141	-142	Japan - BoJ	0.50	
JAPAN	-268	-267	-268	-250	-249	-251	-251	-250	-250	-162	-158	-152			
U.K.	36	35	40	40	38	44	55	52	57	77	74	78			
Equities	Level						% change:						Mexico - Banxico	7.75	
	Last	Change					1 Day	1-wk	1-mo	1-yr					
S&P/TSX	29757	-58.7					-0.2	1.5	5.6	24.5	Australia - RBA				3.60
Dow 30	46121	-171.5					-0.4	0.2	1.9	10.0	New Zealand - RBNZ				3.00
S&P 500	6638	-18.9					-0.3	0.6	3.1	16.0					
Nasdaq	22498	-75.6					-0.3	1.1	4.9	24.4					
DAX	23404	-262.4					-1.1	-1.1	-3.6	23.7					
FTSE	9210	-40.7					-0.4	-0.2	-1.2	11.4					
Nikkei	45755	124.6					0.3	2.2	7.9	17.5	Canada - BoC				Oct 29, 2025
Hang Seng	26485	-34.0					-0.1	-0.2	2.5	38.5	US - Fed				Oct 29, 2025
CAC	7766	-61.5					-0.8	-1.1	-1.0	2.6					
Commodities	Level						% change:						England - BoE	Nov 06, 2025	
WTI Crude	64.70	-0.29					-0.4	1.8	-0.2	-7.2	Euro zone - ECB				Oct 30, 2025
Natural Gas	2.89	0.03					1.0	-1.8	7.1	9.5	Japan - BoJ				Oct 30, 2025
Gold	3752.42	16.26					0.4	3.0	11.5	41.2					
Silver	43.88	-0.45					-1.0	6.3	15.4	42.1					
CRB Index	302.88	3.00					1.0	-0.2	0.4	5.8					
Currencies	Level						% change:						Mexico - Banxico	Sep 25, 2025	
USDCAD	1.3892	-0.0004					-0.0	0.7	0.2	3.0	Australia - RBA				Sep 30, 2025
EURUSD	1.1738	0.0000					0.0	-0.4	1.0	5.4	New Zealand - RBNZ				Oct 07, 2025
USDJPY	148.83	-0.0700					-0.0	0.6	0.7	2.8					
AUDUSD	0.6584	0.0001					0.0	-0.4	1.6	-3.5					
GBPUSD	1.3424	-0.0023					-0.2	-1.0	-0.2	0.8					
USDCHF	0.7958	0.0006					0.1	0.4	-1.3	-6.4					

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