

DAILY POINTS

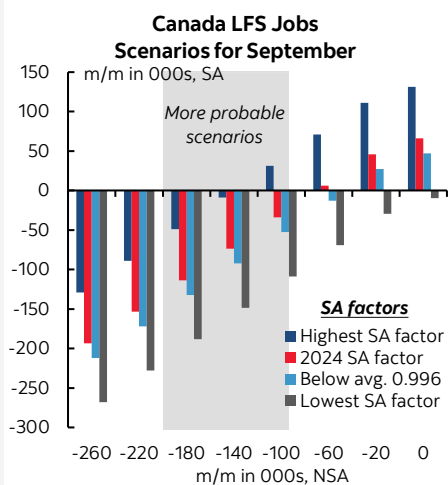
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Contributors

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Chart 1



On Deck for Friday, October 10

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-10	08:30	Employment (000s m/m)	Sep	-50	5.0	-65.5
CA	10-10	08:30	Unemployment Rate (%)	Sep	7.2	7.2	7.1
US	10-10	09:45	Fed's Goolsbee Gives Opening Remarks				
US	10-10	10:00	U. of Michigan Consumer Sentiment	Oct P	54.5	54.0	55.1
US	10-10	13:00	Fed's Musalem Speaking at Springfield Area Chamber of Commerce				
US	10-10	14:00	Treasury Budget (US\$ bn)	Sep	--	60.0	-344.8

KEY POINTS:

- Global markets playing defence
- Canadian jobs preview
- PM Carney to make cost of living announcement
- US UofM sentiment due
- BLS commits to month-end CPI regardless of shutdown
- Unconfirmed list of 5 Fed Chair candidates
- Yen merely wobbled on political risk
- BCRP walked a fine line amid political instability
- NOK softens on weaker CPI

Markets are playing a bit of defence this morning with sovereign bonds broadly bid across major markets as benchmarks rally by up to a small handful of basis points. Stocks are little changed across US and Canadian futures and European cash markets after a sell off across key Asian bourses such as 1%+ drops in Tokyo and Hong Kong. A combination of overnight developments and cautious positioning into next week's US earnings season with a focus on financials may be the culprits for the cautious tone. Canadian bond markets shut early at 1:30pmET ahead of Thanksgiving. There is no (official) early close for equities or others.

CANADIAN JOBS PREVIEW

Canadian jobs will be the main event across our footprint markets this morning (8:30amET). It's the last job report before the BoC's next decision on October 29th. Consensus is highly incomplete for some reason with only 9 entries to Bloomberg's survey and missing entries from several major shops. See my weekly for a fuller preview.

Estimates are all over the map for a noisy household survey that has a 95% confidence interval of +/-57k around estimated monthly changes in employment. The highest is a gain of 20k with the lowest being a loss of 50k (Scotia) and a median estimate that is basically flat (5k). Four estimates are negatives and five are positives but only two of those five are meaningfully positive.

Here are summary points from my fuller preview:

- Hiring momentum has been lost with over 100k losses over the prior two months which carries information in the trend.
- Statcan's panel rotation methodology across regions and industries rotates out the first of six-months of the sample and rotates in one new month each iteration. This creates what has long been felt to be some correlated sampling persistence in the hiring trend from month to month by repeatedly being weighted toward developments in the same local industries and regions.

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- SA factors may be slowly drifting back toward historical averages with less skewness to the conditions of the pandemic. That would mean shaving a meaningful amount from seasonally adjusted jobs.
- September is usually a down-month for seasonally unadjusted employment. Paired with the prospect of mean reversion in the SA factors could drive a weak SA figure. There may even be downside to my estimate with chart 1 showing scenarios for different NSA changes and SA factors within the sample of reasonable possibilities.
- 'Indeed' job postings are trending below the long-run average. Small business are signalling less hiring appetite and more plans for letting workers go in the CFIB's survey. S&P PMIs indicate downside to employment in both the services and manufacturing sectors.
- The Canada Post strike is not a factor. It arrived after the September LFS reference week which is the week that includes the 15th day of each month.
- Last, forget revisions in Canada's case. Barring errors, Canada does not revise jobs on a monthly basis. It generally does so once a year at the beginning of the year when SA factors are revisited and then once every five years when new population counts are available in the Census as it did this past January.

PM CARNEY TO MAKE COST-OF-LIVING ANNOUNCEMENT

Also, last evening, the PM Carney's office sent out a [notice](#) about a 9amET press conference to "make an announcement on new measures to bring down costs for Canadians" alongside FinMin Champagne. When they have previously made such announcements it has been to deliver the tax cut to lower-income brackets, to eliminate or reduce the GST on first-time home buyers' around price thresholds, and to axe the consumer portion of the carbon tax. Those were all billed as "bringing down costs for Canadians."

Expect a lot of this between now and November 4th. The federal government's typical playbook is to announce most things before the budget in order to lessen surprises on game day. There are lots of teasers and advance releases coming over the next three weeks.

LIGHT US DATA

UofM consumer sentiment for October arrives this morning (10amET). It has been trending lower this year. Watch measures of inflation expectations notwithstanding my usual points about how unreliable they are.

BLS COMMITS TO MONTH-END US CPI

The BLS is reportedly calling back staff to work on the September CPI release because Q3 data is necessary to set cost of living assumptions for payments next year. They have committed to releasing the report by month-end. It was previously scheduled for next Tuesday but clearly that wasn't going to happen given the shutdown. There is no guidance on nonfarm payrolls likely because the COLA requirement for CPI makes it unique.

FED-FIVE LIST

CNBC indicated that the list of five finalists for Fed Chair includes Governor Waller, former Governor Warsh, White House official Kevin Hassett, Governor Bowman and BlackRock CIO Rieder. I would think that the more qualified candidates with economist credentials who are more likely to be viewed as more independent of the administration would be Waller and Warsh. The report indicated that the Chair would first be nominated as a Governor. It's unclear that the process led by Treasury Secretary Bessent matters given earlier reports that Trump's personal list was narrower than five.

YEN MERELY WOBBLED ON JAPAN'S COALITION COLLAPSE

Japanese markets have so far taken the apparent collapse of an element of the ruling coalition largely in stride. The yen reacted within a narrow range of 152.60–152.90 when the headlines hit. A junior coalition partner—the Komeito party—withdrawed support from the Liberal Democratic Party as its newly elected leader Sanae Takaichi is on the path to being confirmed as Japan's new PM. Komeito was unsatisfied that the LDP was doing enough to regulate political donations. It may not be impossible that negotiations continue into next week notwithstanding Komeito's stated refusal to do so. The withdrawal of support may complicate Takaichi's path to becoming PM and future votes on fiscal plans.

BCRP WALKING A FINE LINE AMID POLITICAL INSTABILITY

Peru's central bank held its reference rate at 4.25% as unanimously expected last evening. An impeachment vote unanimously ousted President Dina Boluarte overnight. Markets will be left debating forward guidance amid low inflation, and whether the BCRP's hold decision

was delivered cautiously against the political backdrop of a change in government into the likelihood that a new central bank president will need to be appointed next year.

NOK SOFTENS ON WEAKER CPI

Norway's krone is among the underperformers to the dollar this morning after core CPI came in a tick beneath expectations at 3% y/y.

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			
	3.58	3.59	3.58	3.71	3.74	3.72	4.11	4.14	4.12	4.69	4.72	4.71	Canada - BoC	2.50	
	2.46	2.47	2.45	2.73	2.76	2.73	3.17	3.20	3.18	3.69	3.72	3.67			
	1.99	2.00	2.02	2.28	2.30	2.30	2.68	2.70	2.70	3.25	3.28	3.27	US - Fed	4.25	
	0.92	0.93	0.94	1.22	1.23	1.22	1.69	1.70	1.66	3.20	3.19	3.17			
	3.99	4.00	3.97	4.15	4.18	4.12	4.71	4.75	4.69	5.51	5.55	5.50	England - BoE	4.00	
	Spreads vs. U.S. (bps):														
	-112	-112	-113	-98	-98	-99	-94	-94	-94	-100	-100	-104	Euro zone - ECB	2.15	
	-159	-160	-156	-143	-144	-141	-143	-144	-142	-143	-144	-145			
-266	-266	-263	-249	-251	-249	-242	-244	-246	-149	-154	-155	Japan - BoJ	0.50		
41	41	39	44	44	40	60	61	57	82	82	79				
Equities	Level					% change:							Mexico - Banxico	7.50	
	Last	Change			1 Day	1-wk	1-mo	1-yr							
S&P/TSX	30270	-232.0			-0.8	0.4	3.7	24.6						Australia - RBA	3.60
Dow 30	46358	-243.4			-0.5	-0.3	1.9	9.2							
S&P 500	6735	-18.6			-0.3	0.3	3.1	16.5						New Zealand - RBNZ	2.50
Nasdaq	23025	-18.8			-0.1	0.8	5.2	25.9							
DAX	24589	-22.5			-0.1	0.9	4.0	28.0							
FTSE	9512	2.3			0.0	0.2	3.1	15.5							
Nikkei	48089	-491.6			-1.0	5.1	9.7	22.1						Canada - BoC	Oct 29, 2025
Hang Seng	26290	-462.3			-1.7	-3.7	0.3	23.7							
CAC	8054	13.1			0.2	-0.3	3.8	6.8						US - Fed	Oct 29, 2025
Commodities	Level					% change:									
WTI Crude	60.83	-0.68			-1.1	-0.1	-4.5	-19.8						England - BoE	Nov 06, 2025
Natural Gas	3.18	-0.09			-2.7	-4.3	5.1	19.0							
Gold	3998.81	21.95			0.6	2.9	9.8	52.1						Euro zone - ECB	Oct 30, 2025
Silver	49.71	0.70			1.4	4.9	20.5	62.0							
CRB Index	299.33	-2.79			-0.9	0.3	-0.8	3.0						Japan - BoJ	Oct 30, 2025
Currencies	Level					% change:									
USDCAD	1.4015	-0.0005			-0.0	0.5	1.1	2.0						Mexico - Banxico	Nov 06, 2025
EURUSD	1.1570	0.0006			0.1	-1.5	-1.1	5.8							
USDJPY	152.68	-0.3900			-0.3	3.5	3.5	2.8						Australia - RBA	Nov 03, 2025
AUDUSD	0.6553	-0.0003			-0.0	-0.8	-0.9	-2.8							
GBPUSD	1.3272	-0.0032			-0.2	-1.5	-1.9	1.6						New Zealand - RBNZ	Nov 25, 2025
USDCHF	0.8059	-0.0004			-0.0	1.3	0.8	-6.0							

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