

DAILY POINTS

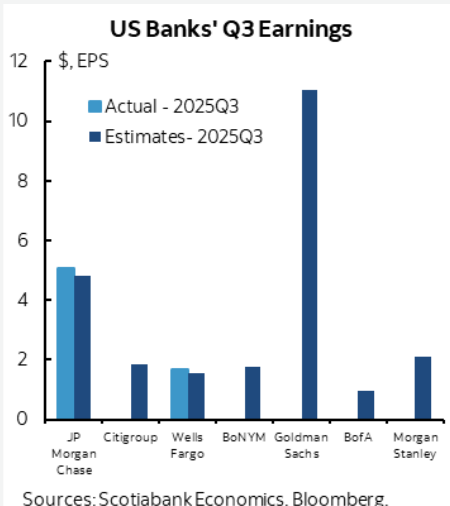
October 14, 2025 @ 7:15 EST

Contributors

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Chart 1



On Deck for Tuesday, October 14

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---------|-------|-------|--|--------|-----|-----------|--------|
| CA | 10-14 | 08:30 | Building Permits (m/m) | Aug | -- | -1.0 | -0.1 |
| US | 10-14 | 08:45 | Fed's Bowman in Moderated Conversation at IIF | | | | |
| US | 10-14 | 12:20 | Fed's Powell Speaks on Economic Outlook and Monetary Policy | | | | |
| US | 10-14 | 15:25 | Fed's Waller on Payments Panel at IIF | | | | |
| US | 10-14 | 15:30 | Fed's Collins Speaks to the Greater Boston Chamber of Commerce | | | | |

KEY POINTS:

- **Risk-off sentiment has three drivers**
- **Volatile US-China trade tensions escalate again**
- **Markets not so impressed by strong US bank earnings**
- **Chair Powell to speak**
- **UK jobs and wages drive lower yields**
- **US policies hit small business confidence who turn sour on the economy**
- **Global Week Ahead — Shutdown Upside (reminder [here](#))**

Trade tensions and apprehension ahead of the start of the earnings season for major US banks and a speech by Fed Chair Powell are dominating global markets. Stocks are mildly lower with S&P futures down by over 1%, TSX futures slightly lower (-0.1%) as Canada catches up from Thanksgiving, and European benchmarks are ½% to 1½% lower. Sovereign bond yields are broadly lower and led by gilts (jobs, see below). Oil is off by over 2%. The dollar and yen are leading the way on safe haven demand.

US-CHINA TRADE TENSIONS FLARE

China-US trade tensions have been seesawing since late last week. China applied sanctions overnight on the US units of South Korea's Hanwha Ocean Co, a shipping company. Hanwha is alleged to have helped US trade investigations into the shipping industry, including China's. Watch for Trump's response given his erratic behaviour since Friday when he said an added 100% tariff on Chinese imports would be imposed but then backed down on Sunday. Frankly, China is the lone economic power with the backbone to stand up to Trump's trade wars with no apparent off ramp.

US BANK EARNINGS — NOT ENOUGH, SO FAR

Earnings from JP Morgan, Goldman, Citi, and Wells Fargo are arriving in today's pre-market from about 6:30–8amET. JP Morgan beat with EPS of US\$5.07 (consensus \$4.83) alongside revenue beats across trading segments and an ROE of 17%. Wells Fargo's EPS was US\$1.66 (consensus \$1.55) and also beat on revenues with ytd ROE of 15%. GS and Citi are pending. Chart 1.

As an aside, I've seen folks comparing Canadian bank ROEs to US bank ROEs by cooking the books including the thousands of tiny US local banks. Compare big Canadian banks to big US banks and Canadian banks are generally on par with US banks or earn lower ROEs. In any event, there are many drivers of ROE differences across firms.

UK JOB MARKET COOLING

UK growth in jobs and employment abated last month. The result is combining with global trade tensions to drive outperformance of gilts that are richer by about 6bps across the curve. Here's the rundown:

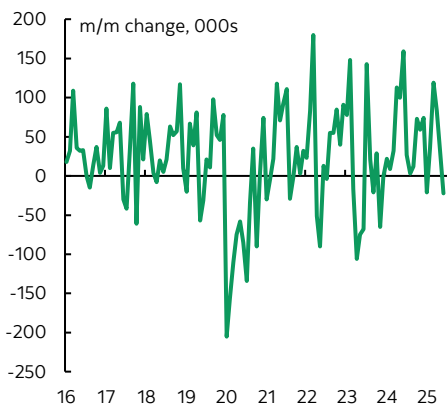
- total employment slipped by 22k in August (chart 2). This follows a string of four consecutive gains. 358,000 total jobs have been gained year-to-date with off-payroll, smaller businesses leading.

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- fresher payroll employment renewed declines with 9.8k lost jobs in September for the first drop since June. 84,000 payroll jobs have been lost so far this year. Chart 3.
- Job vacancies fell to 717k in September (-11k). They remain slightly above the long-run average but have been on a downward trend since April 2022.
- wage growth picked up a bit to 3.6% m/m SAAR in August. The three-month moving average sits at 3% m/m SAAR in a noticeable cooling of pressures compared to much of the rest of the post-pandemic period. Chart 4.

Chart 2

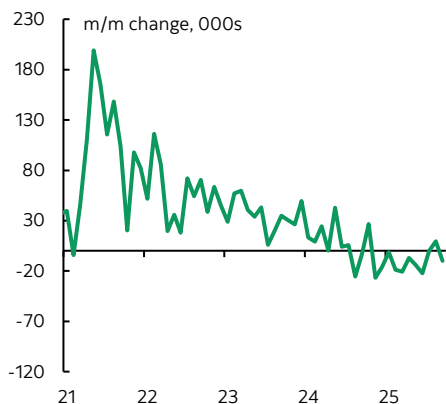
UK Total Employment



Sources: Scotiabank Economics, UK ONS.

Chart 3

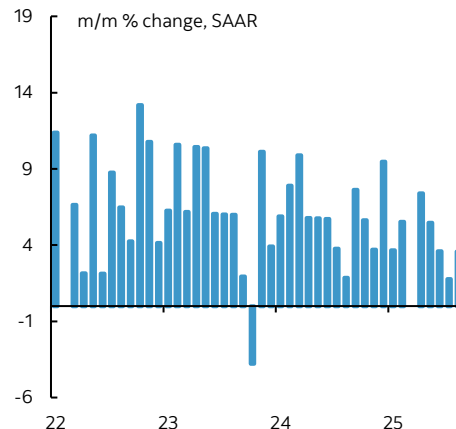
UK Payroll Employment



Sources: Scotiabank Economics, UK ONS.

Chart 4

UK Wage Growth



Sources: Scotiabank Economics, UK ONS.

FED CHAIR POWELL TO SPEAK

Chair Powell speaks at a NABE conference over lunch followed by a moderated discussion (11:30amET-1:10pmET).

See my weekly for previews of the bank earnings season and Powell's speech.

US POLICIES HIT SMALL BUSINESS CONFIDENCE

US NFIB small business confidence slipped in September (98.8 from 100.8). Plans to hire slightly improved but only 16% of firms indicated such plans. Price expectations moved up and the share of small businesses expecting a better economy fell by 11 points to 23% with only 11% saying now was a good time to expand. There is no other data due out into the N.A. open.

| Fixed Income | Government Yield Curves (%): | | | | | | | | | | | | Central Banks | | | |
|--|------------------------------|-------|--------|---------|-------|-----------|-----------|-------|------|---------|--------------------|------------------|-----------------|------|-------------|------|
| U.S. CANADA GERMANY JAPAN U.K. CANADA GERMANY JAPAN U.K. Equities | 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 | Canada - BoC | 2.50 | | |
| | 3.47 | 3.50 | 3.56 | 3.60 | 3.63 | 3.70 | 4.01 | 4.03 | 4.12 | 4.60 | 4.62 | 4.72 | | | | |
| | 2.44 | 2.46 | 2.45 | 2.70 | 2.74 | 2.73 | 3.13 | 3.17 | 3.18 | 3.64 | 3.67 | 3.70 | US - Fed | 4.25 | | |
| | 1.92 | 1.94 | 2.00 | 2.19 | 2.22 | 2.30 | 2.60 | 2.64 | 2.71 | 3.18 | 3.22 | 3.29 | England - BoE | 4.00 | | |
| | 0.89 | 0.92 | 0.91 | 1.18 | 1.22 | 1.22 | 1.65 | 1.69 | 1.69 | 3.22 | 3.20 | 3.30 | | | | |
| | 3.89 | 3.95 | 3.98 | 4.03 | 4.10 | 4.15 | 4.59 | 4.66 | 4.72 | 5.40 | 5.46 | 5.53 | Euro zone - ECB | 2.15 | | |
| | Spreads vs. U.S. (bps): | | | | | | | | | | | | | | | |
| | -103 | -104 | -111 | -89 | -89 | -98 | -87 | -87 | -94 | -96 | -95 | -102 | | | Japan - BoJ | 0.50 |
| | -156 | -156 | -156 | -141 | -141 | -140 | -141 | -140 | -141 | -142 | -140 | -143 | | | | |
| -259 | -258 | -265 | -241 | -241 | -248 | -235 | -235 | -244 | -137 | -142 | -143 | Mexico - Banxico | 7.50 | | | |
| 42 | 45 | 42 | 44 | 48 | 45 | 58 | 62 | 60 | 80 | 84 | 81 | | | | | |
| Level | | | | | | % change: | | | | | | Australia - RBA | | 3.60 | | |
| Last | | | Change | | | 1 Day | 1-wk | 1-mo | 1-yr | | | | | | | |
| S&P/TSX | 29851 | | | -419.1 | | | -1.4 | -2.0 | 1.9 | 22.0 | New Zealand - RBNZ | | 2.50 | | | |
| Dow 30 | 46068 | | | 588.0 | | | 1.3 | -1.3 | 0.5 | 7.0 | | | | | | |
| S&P 500 | 6655 | | | 102.2 | | | 1.6 | -1.3 | 1.1 | 13.6 | Next Meeting Date | | | | | |
| Nasdaq | 22695 | | | 490.2 | | | 2.2 | -1.1 | 2.5 | 22.7 | | | | | | |
| DAX | 24042 | | | -345.7 | | | -1.4 | -1.4 | 1.5 | 23.2 | Canada - BoC | | Oct 29, 2025 | | | |
| FTSE | 9397 | | | -45.6 | | | -0.5 | -0.9 | 1.2 | 13.3 | | | | | | |
| Nikkei | 46847 | | | -1241.5 | | | -2.6 | -2.3 | 4.6 | 18.3 | US - Fed | | Oct 29, 2025 | | | |
| Hang Seng | 25441 | | | -448.1 | | | -1.7 | -5.6 | -3.6 | 20.6 | | | | | | |
| CAC | 7840 | | | -94.4 | | | -1.2 | -1.7 | 0.2 | 3.1 | England - BoE | | Nov 06, 2025 | | | |
| Commodities | Level | | | | | | % change: | | | | | | | | | |
| WTI Crude | 58.04 | | | -1.45 | | | -2.4 | -6.0 | -7.4 | -21.4 | Euro zone - ECB | | Oct 30, 2025 | | | |
| Natural Gas | 3.08 | | | -0.04 | | | -1.3 | -12.0 | 4.7 | 23.5 | | | | | | |
| Gold | 4131.19 | | | 20.92 | | | 0.5 | -0.9 | 85.3 | 56.0 | Japan - BoJ | | Oct 30, 2025 | | | |
| Silver | 51.24 | | | 0.48 | | | 0.9 | 5.5 | 21.2 | 64.3 | | | | | | |
| CRB Index | 295.54 | | | 2.78 | | | 0.9 | -1.8 | -2.0 | 2.9 | Mexico - Banxico | | Nov 06, 2025 | | | |
| Currencies | Level | | | | | | % change: | | | | | | | | | |
| USDCAD | 1.4073 | | | 0.0037 | | | 0.3 | 0.9 | 2.1 | 2.0 | Australia - RBA | | Nov 03, 2025 | | | |
| EURUSD | 1.1552 | | | -0.0018 | | | -0.2 | -0.9 | -1.8 | 5.9 | | | | | | |
| USDJPY | 152.04 | | | -0.2400 | | | -0.2 | 0.1 | 3.1 | 1.5 | New Zealand - RBNZ | | Nov 25, 2025 | | | |
| AUDUSD | 0.6450 | | | -0.0065 | | | -1.0 | -2.0 | -3.3 | -4.1 | | | | | | |
| GBPUSD | 1.3270 | | | -0.0063 | | | -0.5 | -1.2 | -2.4 | 1.6 | | | | | | |
| USDCHE | 0.8042 | | | 0.0001 | | | 0.0 | 0.8 | 1.2 | -6.8 | | | | | | |

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