

DAILY POINTS

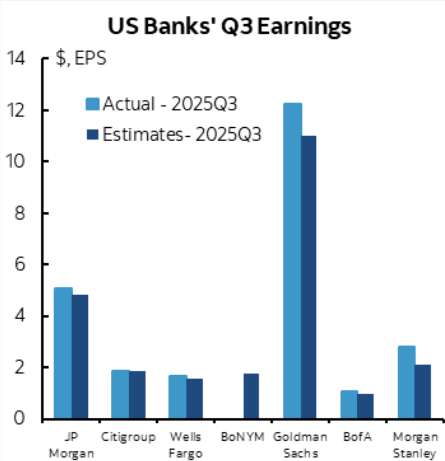
October 15, 2025 @ 7:45 EST

Contributors

Derek Holt

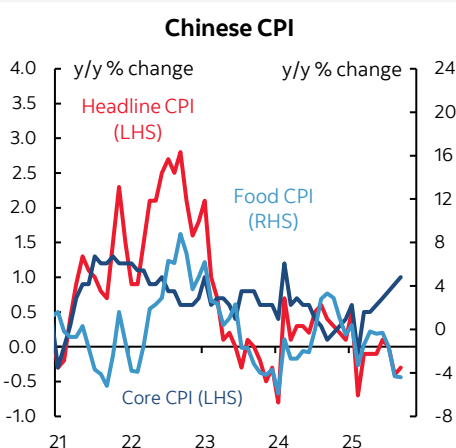
VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

Chart 1



Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, China National Bureau of Statistics.

On Deck for Wednesday, October 15

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-15	05:00	Existing Home Sales (m/m)	Sep	--	--	1.1
US	10-15	07:00	MBA Mortgage Applications (w/w)	Oct 10	--	--	-4.7
CA	10-15	08:30	Manufacturing Shipments (m/m)	Aug	-1.5	-1.5	2.5
CA	10-15	08:30	Wholesale Trade (m/m)	Aug	-1.3	-1.3	1.2
US	10-15	08:30	Empire State Manufacturing Index	Oct	--	-1.8	-8.7
US	10-15	09:30	Fed's Miran Speaks at Invest in America Forum				
US	10-15	12:30	Fed's Miran at Nomura Research Forum				
US	10-15	13:00	Fed's Waller Speaks on Artificial Intelligence				
US	10-15	14:00	Fed Releases Beige Book				
US	10-15	14:30	Fed's Schmid Holds Townhall Event				

KEY POINTS:

- **Stocks and bonds rally, USD falls**
- **Government debt is lifting Chinese financing...**
- **...as core domestic currency loan growth continues to ebb**
- **China is still not in generalized deflation**
- **US bank earnings continue to beat on Trump-driven volatility and fearful analysts**
- **Canada to refresh minor gauges**
- **Canada's auto sector was in decline before Trump**
- **Light US data on tap**

The focus will continue to be on pending US bank earnings (BofA, Morgan Stanley) and limited macro data primarily focused on China. Stocks are in the black with US and Canadian equity futures up by over ½% while France's 2½% gain is leading on perceptions that political risk is subsiding as the second-time around for Macron's choice of PM sailed through. Sovereign bonds are generally bid again with gilts outperforming. The dollar is broadly retreating.

US BANK EARNINGS CONTINUE

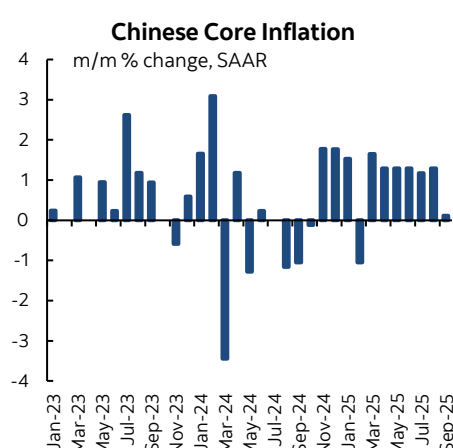
More US bank earnings beats arrived in the pre-market (chart 1). Bank of America beat expectations with Q3 EPS of US\$1.06 (consensus \$0.95). It also posted broad revenue beats. Morgan Stanley also beat expectations with Q3 EPS of US\$2.80 (consensus US\$2.11) and broad revenue beats.

Either US banks are resilient and have capitalized upon the market volatility driven by the Trump administration, and/or this is merely an extension of the serial pattern of low balled analyst estimates since SOX legislation and other developments.

CHINA STILL FALLING SHORT OF BROAD-BASED DEFLATION

China's CPI landed at -0.3% y/y in September and has been slightly below zero in six of the nine months to date. Core CPI was 1% y/y which is the highest since February 2024 (chart 2). Chart 3 shows month-over-month core CPI that ebbed in September after a string of six consecutive gains of around 1% m/m SAAR. In

Chart 3



Sources: Scotiabank Economics, China National Bureau of Statistics.

general, commodities are dragging down inflation led by a 4.4% y/y drop in food prices. China is primarily experiencing a relative price shock, not generalized deflation.

CHINESE FINANCING MASKS WEAKNESS

China's financing figures for September were roughly in line with expectations. Aggregate financing originations ytd are at a new record high (chart 4), but core domestic currency loan origination is running at a six-year low in ytd terms (chart 5). Government bond issuance has surged to a record high this year. Outstanding aggregate financing is growing by 8.7% y/y (chart 6) while yuan-denominated loans are growing by 6.6% y/y which is the weakest since 2000 (chart 7).

MINOR GAUGES ON TAP

US data releases will be light. Mortgage applications slipped by -1.8% w/w last week. The NY Fed's Empire manufacturing gauge for October kicks off the march of the regional measures toward the next ISM-manufacturing print (8:30amET). The Fed's Beige Book of regional economic conditions and anecdotes will be released at 2pmET.

Canada updates some minor releases that are expected to be weak given advance guidance. Both manufacturing and wholesale sales were previously guided to have fallen by just over 1% m/m SA in nominal terms with revision risk and details like volumes and orders of interest (8:30amET).

The decision by Stellantis to pull up the tent stakes in Canada and [relocate](#) some of its production to the US highlights the impact of US auto tariffs, but let's face it, the sector was already in decline before DJT bullied his way through. Difficult choices face Canada in providing support to a sector that is generally in decline. Chart 8 shows that the peak for manufacturing sales of autos and parts and exports of autos and parts. On its own this is a limited impact to the economy, but it has the potential to be larger. The US states have long siphoned off auto production from Canada with generous subsidies to locate there, and now the tariff wall may amplify this trend. The longer-run consequences may be higher costs, higher prices, less innovation, and less loyalty to US brands abroad. The potential response of Canadians could well be to shift demand to other US models that are still made in Canada, and to Asian and European cars and trucks.

Chart 4

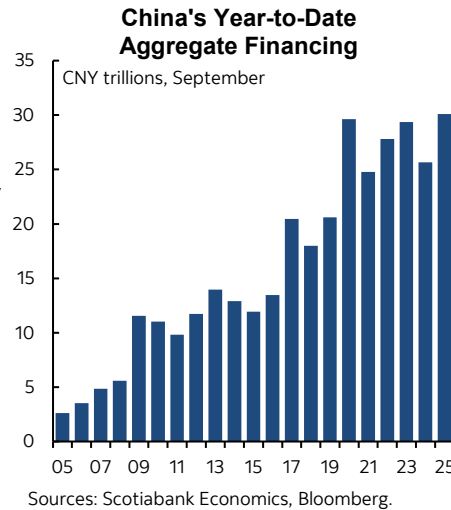


Chart 5

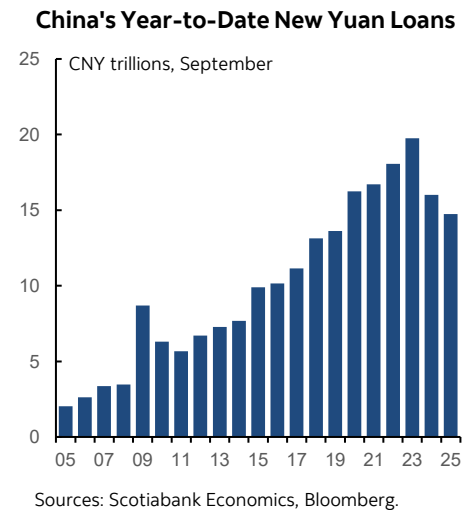


Chart 6



Chart 7

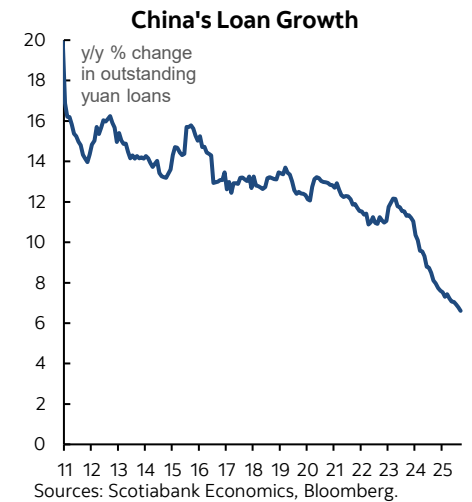
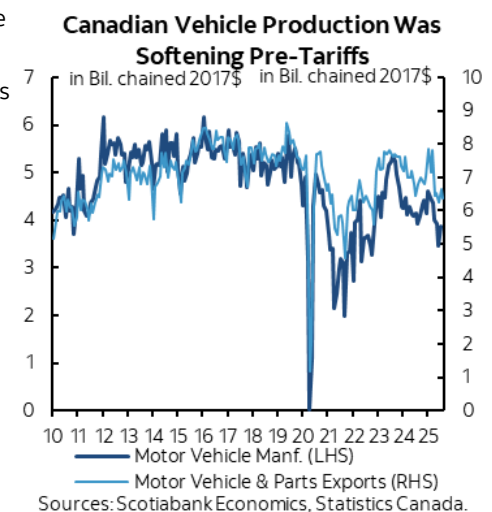


Chart 8



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	Canada - BoC	2.50		
	3.48	3.48	3.58	3.60	3.61	3.72	4.02	4.03	4.12	4.61	4.63	4.71				
	2.43	2.44	2.46	2.70	2.72	2.74	3.13	3.15	3.19	3.62	3.64	3.72			US - Fed	4.25
	1.92	1.94	1.99	2.17	2.20	2.27	2.58	2.61	2.68	3.16	3.19	3.26				
	0.90	0.89	0.93	1.20	1.18	1.23	1.65	1.65	1.69	3.18	3.22	3.16				
3.87	3.90	4.00	3.99	4.04	4.15	4.54	4.59	4.71	5.35	5.39	5.51					
Spreads vs. U.S. (bps):														Euro zone - ECB	2.15	
CANADA	-105	-104	-112	-90	-89	-98	-89	-88	-93	-99	-99	-99				
GERMANY	-156	-155	-159	-143	-141	-144	-144	-142	-144	-146	-144	-144				
JAPAN	-258	-259	-266	-241	-243	-249	-236	-238	-243	-144	-141	-155				
U.K.	39	42	41	39	43	43	53	56	59	74	76	80	Japan - BoJ	0.50		
Equities	Level						% change:						Mexico - Banxico	7.50		
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						
	30354				502.7		1.7	-0.6	3.1	24.2						
	46270				202.9		0.4	-0.7	0.8	8.3						
	6644				-10.4		-0.2	-1.0	0.4	14.3						
	22522				-172.9		-0.8	-1.8	0.8	23.0						
	24214				-23.4		-0.1	-1.6	2.0	24.3						
	9404				-48.9		-0.5	-1.5	1.4	14.0						
	47673				825.3		1.8	-0.6	6.2	21.7						
	25911				469.3		1.8	-3.4	-2.0	27.5						
	8086				166.5		2.1	0.3	2.4	7.5						
Commodities	Level						% change:						Next Meeting Date			
WTI Crude	58.85				0.15		0.3	-5.9	-7.0	-16.6						
Natural Gas	2.98				-0.05		-1.6	-10.6	-2.1	19.3						
Gold	4198.35				55.41		1.3	3.9	14.1	57.7						
Silver	51.52				0.28		0.5	6.3	21.9	64.9						
CRB Index	294.51				-1.03		-0.3	-2.2	-3.6	4.1						
Currencies	Level						% change:						Mexico - Banxico	Nov 06, 2025		
USDCAD	1.4037				-0.0008		-0.1	0.6	1.9	1.9						
EURUSD	1.1626				0.0019		0.2	-0.0	-1.1	6.7						
USDJPY	151.43				-0.4100		-0.3	-0.8	2.7	1.5						
AUDUSD	0.6518				0.0032		0.5	-1.0	-2.3	-2.8						
GBPUSD	1.3355				0.0035		0.3	-0.4	-1.8	2.1						
USDCHF	0.8005				-0.0005		-0.1	-0.2	0.7	-7.1						
														Australia - RBA	Nov 03, 2025	
														New Zealand - RBNZ	Nov 25, 2025	

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