

DAILY POINTS

October 30, 2025 @ 7:45 EST

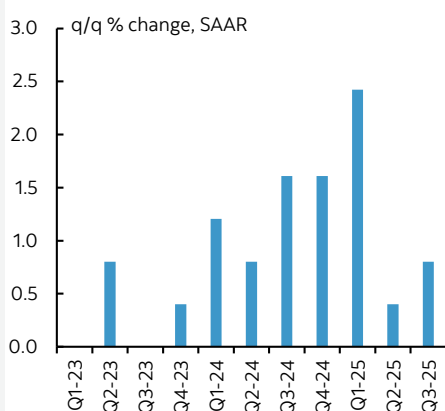
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Chart 1

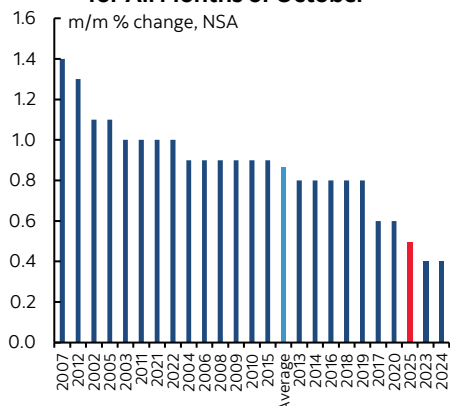
Euro Area Real GDP



Sources: Scotiabank Economics, Eurostat.

Chart 2

Comparing Spain Core CPI for All Months of October



Sources: Scotiabank Economics, INE.

On Deck for Thursday, October 30

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10-30	08:30	GDP (q/q a.r.)	3Q A	3.0	3.0	3.8
US	10-30	08:30	GDP Deflator (q/q a.r.)	3Q A	--	2.7	2.1
US	10-30	08:30	Initial Jobless Claims (000s)	Oct 25	240	228.0	218.0
US	10-30	08:30	Continuing Claims (000s)	Oct 18	1940	1932.0	1926.0
US	10-30	09:30	Fed's Bowman Gives Pre-Recorded Remarks				
US	10-30	13:15	Fed's Logan Speaks at Bank Funding Conference				

KEY POINTS:

- **Soft equity tone shakes off US-China agreement...**
- **...while focusing more on mixed US tech earnings, Fed signals**
- **US-China agreement is more tactical hubris than any grand bargain**
- **Recaps: Fed not saying it will skip versus demanding more flexibility...**
- **...while the BoC is clearly stating it is on an extended pause**
- **EGBs underperform as they catch up on the Fed, react to Eurozone inflation**
- **BoJ held and retained optionality toward hiking soon**
- **ECB to stay on hold at a neutral rate...**
- **...after fresh warnings signs on inflation**
- **The Eurozone is barely eking out growth**
- **Mexico's economy probably contracted in Q3**
- **Canada to update lagging payrolls. Yawn.**
- **Apple, Amazon to release in the after-market**

Global markets are largely shaking off US-China developments as being long on hubris from the American side and short on substance. It has the look and feel of a minor de-escalation of tensions in a tactical set of arrangements that leave in place the deepest forms of trade and security tensions between the two economies.

There is also little follow through in rates on yesterday's Fed (recap [here](#)) and BoC (recap [here](#)) communications, although a more cautious Fed may be a contributing factor behind a slightly soft tone in equities in addition to the influence of very mixed US tech earnings from Meta, Microsoft and Alphabet. The BoC is very clearly signalling they're done while the Fed isn't slamming the door on a December cut versus bending markets to provide more policy optionality around the meeting.

BoJ signals appeared to retain optionality to hike again at either the December or January meeting but were generally not very impactful. The ECB is on tap after upside surprises to German and Spanish inflation that built upon slightly higher EGB yields at the cash open. More key US tech earnings are on tap today after mixed results in yesterday's after-market that are keeping equities playing defence.

LIMITED TACTICAL US-CHINA AGREEMENT

This is no grand bargain and it's not looking like we're on the path toward achieving one. What was announced by the US and China feels more like a minor set of tactical arrangements that deescalated tensions in some ways but without addressing the major issues. Here are some of the details.

- there is no formal agreement or joint statement that would give markets confidence that a firm deal is being achieved.

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- Chinese export controls on rare earths and US export controls on some chips except for the most advanced Nvidia chips were postponed by one year.
- fentanyl tariffs were reduced from 20% to 10% on the condition that China controls the export of chemicals used to make fentanyl.
- the vast bulk of other US tariffs on China remain intact such that the tariff relief is minor. US tariffs on imports from China will be 45% after the reduction.
- China will buy more US soybeans which helps part of Trump's base.
- The US will suspend for one year its plans to add export restrictions against certain Chinese companies.
- The US will suspend port fees on China's shipbuilding industries for a year and China will suspend its related countermeasures.
- There was vague talk of China buying US energy but nothing substantive beyond Trump's claims.
- Other sore points in the relations were not advanced, such as Taiwan and TikTok.
- Trump is to visit China in April and President Xi Jinping is to reciprocate.

BOJ HELD

The Bank of Japan held its target rate unchanged at 0.5% as universally expected but with two dissenters who preferred a hike at this meeting. Inflation forecasts were left unchanged with core CPI projected to land at 2.7% this year, 1.8% next, and 2.0% in 2027. Markets reduced some of the pricing for a hike in December to just under a 50–50 probability and reduced pricing for a hike in January by a few points but still to about 80% odds. Overall, Governor Ueda's remarks were noncommittal but appeared to leave the door open to moving as soon as the next meeting while sounding encouraged that the next round of Spring wage negotiations will further reinforce a positive wage-price cycle.

ECB TO HOLD

The ECB is universally expected to remain on hold today with markets fully priced and consensus unanimous (statement 9:15amET), press conference 9:45amET). With the policy rate within neutral bands and faced with residual inflation risk, the ECB is likely on a long hold. Like elsewhere (eg. Canada for one), the ECB is focused upon an expected surge of fiscal policy easing as governments ramp up spending particularly on defence and related activities.

OVERNIGHT DATA

European inflation and GDP reports dominated overnight calendar-based data developments.

Germany's economy remains weak. GDP was flat in Q3 as expected with a minor upward revision to Q2 (-0.2% q/q instead of -0.3%).

France's economy surprised positively with GDP up 0.5% q/q in Q3 (0.2% consensus).

Italy's economy was flat in Q3 (0.1% consensus).

We already had Spanish GDP yesterday that grew 0.6%.

Overall Eurozone GDP therefore landed a tick above consensus at 0.2% q/q in Q3. Growth is very weak, but the Eurozone is avoiding technical recession so far (chart 1).

Spanish EU-harmonized CPI inflation surprised higher than expected at 0.5% m/m (0.3% consensus) with core one-tick higher than consensus at 2.5% y/y. Still, core CPI in m/m seasonally unadjusted terms was among the weakest Septembers on record (chart 2).

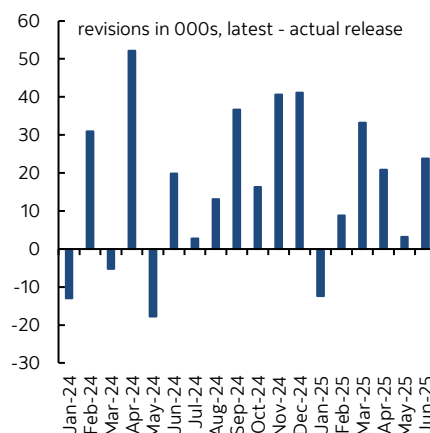
German inflation is also looking warmer than consensus expected. Individual states released estimates between 0.3–0.4% m/m this morning versus consensus estimates for total German CPI to be up 0.2% when we get the national reading a little later this morning (9amET).

CANADIAN PAYROLLS, MEXICAN GDP ON TAP

Ignore. That's my usual advice. Canadian payrolls lag the more important Labour Force Survey by two months. We get August payrolls this morning (8:30amET), but we'll have LFS for

Chart 3

Canada SEPH Revisions



Sources: Scotiabank Economics, Statistics Canada.

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October next Friday. SEPH payrolls are *not* harder data which is a common misconception. They are wickedly revised every month (chart 3). Further, because they exclude off-payroll employers by definition, they provide a highly incomplete picture of the job market compared to the LFS report. I expect payback in next Friday's LFS with jobs down 25k after the large positive surprise in September.

Mexico's economy is expected to contract when we get Q3 GDP this morning (8amET). The economy is expected to contract by about -0.4% q/q SA.

MORE TECH EARNINGS

Two US-tech heavyweights land in the aftermarket today. We get Q3 earnings and guidance from Apple (consensus EPS US\$1.77) and Amazon (consensus EPS US\$1.56).

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	3.60	3.49	3.73	3.71	3.61	4.10	4.08	4.00	4.65	4.63	4.58	Canada - BoC	2.25	
	2.44	2.44	2.39	2.75	2.74	2.66	3.17	3.16	3.09	3.62	3.60	3.58	US - Fed	4.00	
	2.00	1.97	1.93	2.27	2.23	2.18	2.66	2.62	2.58	3.22	3.19	3.17	England - BoE	4.00	
	0.93	0.95	0.94	1.22	1.23	1.23	1.66	1.66	1.67	3.05	3.06	3.09			
	3.81	3.77	3.78	3.93	3.87	3.89	4.45	4.39	4.42	5.21	5.16	5.23			
Spreads vs. U.S. (bps):															
CANADA	-117	-116	-110	-98	-97	-95	-93	-92	-91	-104	-103	-100	Euro zone - ECB	2.15	
GERMANY	-161	-163	-157	-145	-148	-143	-144	-146	-142	-144	-144	-141	Japan - BoJ	0.50	
JAPAN	-267	-265	-255	-251	-248	-238	-244	-242	-233	-161	-157	-149			
U.K.	20	17	29	20	16	28	35	31	42	55	54	65	Mexico - Banxico	7.50	
Equities	Level						% change:								
	Last	Change		1 Day		1-wk		1-mo		1-yr					
S&P/TSX	30145	-274.9		-0.9		0.5		0.4		23.0		Australia - RBA	3.60		
Dow 30	47632	-74.4		-0.2		2.2		2.7		13.0					
S&P 500	6891	-0.3		-0.0		2.9		3.0		18.5		New Zealand - RBNZ	2.50		
Nasdaq	23958	131.0		0.5		5.4		5.7		28.8					
DAX	24088	-36.0		-0.1		-0.5		0.9		25.1					
FTSE	9708	-48.1		-0.5		1.4		3.8		19.0					
Nikkei	51326	18.0		0.0		5.5		14.2		31.3		Canada - BoC	Dec 10, 2025		
Hang Seng	26283	-63.5		-0.2		1.9		-2.1		29.0					
CAC	8138	-62.8		-0.8		-1.1		3.1		9.6		US - Fed	Dec 10, 2025		
Commodities	Level						% change:								
WTI Crude	60.08	-0.40		-0.7		-2.8		-3.7		-12.4		England - BoE	Nov 06, 2025		
Natural Gas	3.81	-0.01		-0.2		13.9		15.3		33.8					
Gold	3973.45	43.38		1.1		-3.7		3.0		42.5		Euro zone - ECB	Oct 30, 2025		
Silver	48.18	1.74		3.7		0.9		2.6		41.1					
CRB Index	300.86	1.90		0.6		1.0		0.1		7.4		Japan - BoJ	Oct 29, 2025		
Currencies	Level						% change:								
USDCAD	1.3977	0.0034		0.2		-0.1		0.4		0.5		Mexico - Banxico	Nov 06, 2025		
EURUSD	1.1602	0.0001		0.0		-0.1		-1.1		6.9					
USDJPY	154.04	1.3100		0.9		1.0		4.2		0.4		Australia - RBA	Nov 03, 2025		
AUDUSD	0.6560	-0.0014		-0.2		0.7		-0.8		-0.2					
GBPUSD	1.3179	-0.0015		-0.1		-1.1		-2.0		1.7		New Zealand - RBNZ	Nov 25, 2025		
USDCHF	0.8005	0.0006		0.1		0.7		0.5		-7.6					

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