

### DAILY POINTS

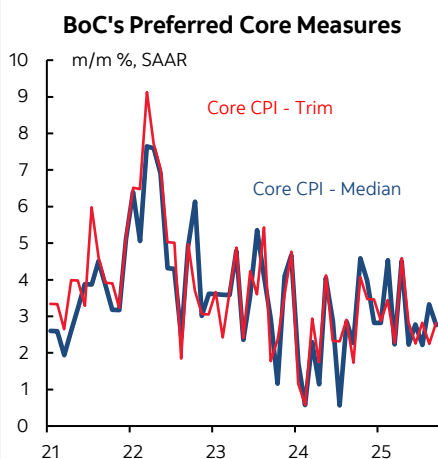
November 17, 2025 @ 6:50 EST

#### Contributors

##### Derek Holt

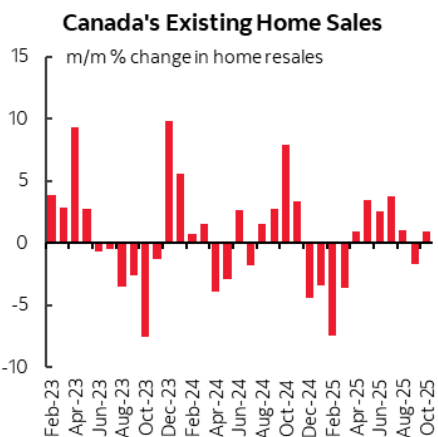
VP & Head of Capital Markets Economics  
Scotiabank Economics  
416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Canadian Real Estate Association.

#### On Deck for Monday, November 17

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	11-17	05:00	Existing Home Sales (m/m)	Oct	--	0.0	0.9
CA	11-17	08:15	Housing Starts (000s a.r.)	Oct	250	265.0	279.2
CA	11-17	08:30	Core CPI - Median (y/y)	Oct	--	3.0	3.2
CA	11-17	08:30	Core CPI - Trim (y/y)	Oct	--	3.0	3.1
CA	11-17	08:30	CPI, All items (m/m)	Oct	0.2	0.2	0.1
CA	11-17	08:30	CPI, All items (y/y)	Oct	2.1	2.1	2.4
CA	11-17	08:30	CPI, All items (index)	Oct	--	165.4	164.9
CA	11-17	08:30	Core CPI - Common (y/y)	Oct	--	--	2.7
CA	11-17	08:30	CPI SA, All items (m/m)	Oct	--	--	0.4
CA	11-17	08:30	International Securities Transactions (C\$ bn)	Sep	--	--	25.9
US	11-17	08:30	Empire State Manufacturing Index	Nov	--	5.8	10.7
US	11-17	09:00	Fed's Williams Delivers Welcome Remarks				
US	11-17	09:30	Fed's Jefferson Speaks on Economic Outlook and Monetary Policy				
US	11-17	10:00	Construction Spending (m/m)	Aug	--	--	-0.1
US	11-17	13:00	Fed's Kashkari Moderates Conversation				

#### KEY POINTS:

- Global markets extend cautious tone
- CDN CPI will be mere ecotainment
- Key Canadian Budget vote today
- Canadian home sales trending higher, housing starts up next
- Chile's election run off will likely yield a right leaning government
- Japanese, Thai economies stumbled in Q3
- Global Week Ahead highlights
- Comment on the San Fran Fed's iconoclastic tariff piece

Regular publishing resumes today after I was out last week. Markets are starting off in generally risk-off mode, but not evenly so. US and Canadian equity futures are slightly positive so far while European cash markets are declining after weak sessions in Japan and China. Sovereign yields are gently lower across major markets. The dollar is mixed but a smidge firmer against the Euro and yen. All of this is highly tentative ahead of the week's major developments that are summarized later in this note in lieu of my usual Global Week Ahead.

#### CANADIAN INFLATION—ECOTAINMENT

Canada updates CPI for the month of October today (8:30amET). No shutdown here, just "Peace, order, and good government" as per section 91 of the Constitution Act of 1867!

And it doesn't matter. It's the last inflation report before the BoC's next decision on December 10<sup>th</sup>, but they've made it clear that they are sidelined at least for the next several meetings.

I've estimated headline CPI at 0.2% m/m NSA and 2.1% y/y. October often brings substantially positive seasonal effects on prices, but lower gas prices should offset some of that. Consensus is shouldered around 0.2% +/- 0.1%.

Core inflation measures are what will matter more, except the BoC doesn't know what core measure(s) it wishes to track closer than others and has signalled that next year's 5-year review of its policy framework may add a couple more. The trends in two of them are shown in chart 1.

Being this close to meaningless data let's just see what it shows and move onto more important matters.

## CANADIAN BUDGET VOTE WILL PROBABLY END ELECTION RISK FOR NOW

The final confidence vote on the proposed federal Budget will be held this afternoon (time TBD). The Liberals have 170 seats and need two more members of some combination of the Conservatives, NDP, BQ and Green Party to support the Budget. The Conservatives and BQ have said they're out. Most NDP members seem to be indicating opposition but could easily cough up two votes or abstain which would also pass the vote in feigned opposition. The sole seat held by Green Party leader Elizabeth May is on the fence and trying to secure concessions for her vote.

I highly doubt that the final vote will fail given that the opposition is in tatters for various reasons.

## CANADIAN HOME SALES TRENDING HIGHER

Canada also updates a pair of housing indicators today.

October's existing home sales are already out this morning and posted a gain of 0.9% m/m SA. That's the fifth gain in the past six months with the only dip being in September (-1.7%). Chart 2. New listings climbed by 1.4% m/m SA, pushing the sales-to-new listings ratio up 1.2 points to 52.2% which remains in balanced territory. Total listings are up 7.2% y/y. Months' supply remains at 4.4 months and is a little tighter than the long-run average of 5.0. Repeat sale home prices were up 0.2% m/m SA by down 3% y/y.

Housing starts for October could slip back from 279k in September toward 250k or so given factors like dwelling permits (8:15amET).

## JAPANESE, THAI ECONOMIES STUMBLER

Japan's economy shrank by -1.8% q/q SAAR in Q3 (chart 3). That's a tad less than expected (-2.4%) partly due to an upward revision to Q2 (2.3% from 2.3%). Consumption grew by only 0.1% q/q SA nonannualized. Business spending was the biggest surprise (+1.0% q/q SA, -0.1% consensus). Net exports shrank by 0.2% q/q SA.

Thailand, however, disappointed expectations. Q3 GDP shrank by -0.6% q/q SA nonannualized which was double the rate of contraction that was expected by consensus. The prior quarter's expansion was revised down a tick to 0.5% q/q SA.

## CHILE'S MARKET-FRIENDLY ELECTION

The first round of Chile's Presidential election was held yesterday and the Chilean peso is loving it so far this morning. The election seems to be a set up for a market-friendlier right of center government to emerge in the final runoff on December 4<sup>th</sup> after years of a leftist administration. The far-left Communist candidate (Jeanette Jara) and the conservative candidate José Antonio Kast candidates both advanced. Other center-right candidates are expected to throw their support behind Kast and have already begun to do so.

## GLOBAL WEEK AHEAD HIGHLIGHTS

What follows are highlights of what is on tap this week In lieu of a Global Week Ahead publication since I was out last week. The marquee development is clearly going to be Thursday's nonfarm payrolls report for September except it's really the next one that matters instead.

Multiple major markets will refresh S&P purchasing manager indices for November. Australia and Japan kick it off on Thursday evening (ET) followed by India into Friday and then the Eurozone, UK and US.

## UNITED STATES—Nonfarm to Dominate

We'll finally get September's nonfarm payrolls and related job market readings like the unemployment rate, hours, and wages on Thursday. Though data was collected before the shutdown, more may have been received since then which could mean future revision risk will be more modest than normal.

My estimate remains -20k as originally provided ages ago but with a downtick for the unemployment rate to 4.2% on assumptions specific to the household survey. Drivers were explained back [here](#) except the order of chart references was a bit messed up in that report. Chart 4

Chart 3

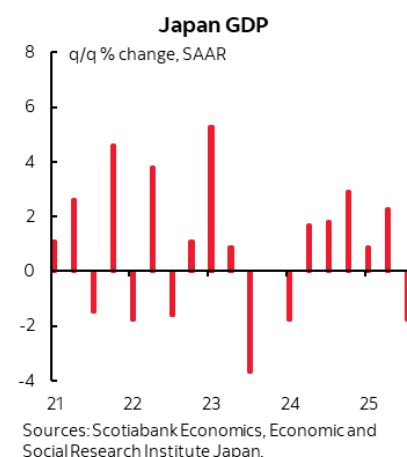
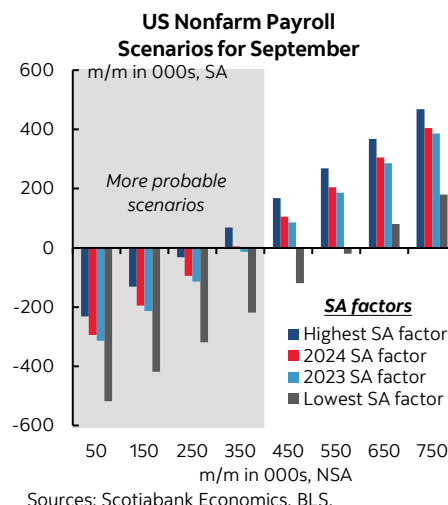


Chart 4



shows the range of scenarios for nonfarm changes at different SA factors and seasonally unadjusted payroll changes and my leaning toward the downside scenarios.

Since that article was written the tone of US job market data for September has soured in support of my estimate. ADP private payrolls fell by -32k in September and the weekly data leans toward October's initial estimate being revised downward, though in fairness it is often a misleading signal for nonfarm. Consumer confidence jobs plentiful fell which indicates consumers saw fewer job opportunities. ISM employment gauges continued to signal contractions.

Minutes to the October 28<sup>th</sup>–29<sup>th</sup> FOMC meeting arrive on Wednesday (recap [here](#)). The minutes are likely to be stale on arrival given the abundance of divided Fed-speak since then.

Readings we're sure to get this week will also include the Empire manufacturing gauge for November (today), ADP's weekly measure (Tuesday), the NAHB homebuilder confidence reading including model home foot traffic (Tuesday), and existing home sales during October (Thursday).

Other backlogged readings may be released by the BLS, BEA, DoL and Census Bureau pending updated released schedules ([here](#) and [here](#)).

### **CANADA—Only One Thing Left**

Most of what is of relevance is already covered as it's due out today. Only retail sales remain (Friday) and we'll get both an expected dip in September and preliminary guidance for October when independent auto sales estimates conflicted with one another in terms of the direction of change.

### **ASIA-PACIFIC—Japan CPI, BI Decision**

Other than the aforementioned PMIs, there is a smattering of additional regional developments.

- Japan: After already issuing Q3 GDP, up next are trade figures for October (Tuesday), and CPI for October that may rise to 3% y/y for both headline and core (Thursday).

- Bank Indonesia: Wednesday's decision is likely to be a hold at 4.75% but with a small minority expecting a cut. Recall that this central bank has a very high surprise factor.

- Other developments will include RBA minutes tonight, expected unchanged Loan Prime Ratios from China (Wednesday), and Malaysian CPI for October (Thursday).

### **EUROPE—UK CPI and Retail Sales**

Other than PMIs, BoE watchers will have an eye on UK CPI for October that most forecasters anticipate will see a downtick of the core rate to 3.4% y/y (Wednesday) and retail sales (Friday).

### **LATIN AMERICA—GDP IN FOCUS AFTER CHILE'S ELECTION**

With Chile's first-round election out of the way the next focus is that several countries will issue updated GDP figures. Q3 estimates arrive from Chile (Tuesday), Colombia (Tuesday) and Peru (Friday) plus monthly economic activity readings for September from Brazil (Monday) and Mexico (Friday).

Outside of all of these regions the only other thing of note is SARB's decision on Thursday with an expected -25bps cut.

### **TARIFFS, INFLATION AND UNEMPLOYMENT**

A research [piece](#) from the San Francisco Federal Reserve was doing the rounds last week when I was off. It posited that tariffs are disinflationary shocks and raise unemployment. It's a worthwhile contribution to the literature but its stance on inflation is weak. Most would agree about the unemployment part, but this paper settles little to nothing on the inflation debate in my opinion and here are reasons why.

First, the main tariff shocks in the 150 years the paper examined were the era of President McKinley up to his assassination (1897–1901) and the 1930 Smoot-Hawley tariff Act. Most of the rest of the 150 years do not really provide material evidence worth examining in terms of sudden, discrete jumps in US protectionism and it implicitly assumes that the effects of tariff hikes may be symmetrical to the effects of tariff cuts. The paper therefore overstates the sample richness of periods with significant spikes in protectionism.

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Second, those eras had much lower US import propensities to today's. In both the McKinley era and the Smoot-Hawley period, merchandise imports were about 3–4% of GDP versus 3–4 times that today. Further, import shares only capture a portion of how much more integrated the global economy became over the post-war era. Exports, imports, import content to exported products and import contestability are vastly greater today than back in those periods. Broad measures of trade openness show that today compared to 1900 roughly doubled the degree of openness. In short, the tariff sensitivities might be far greater today given much high trade propensities which can invalidate efforts to glean insights from those periods.

Third, the paper doesn't really make an effort to control for other considerations during those prior two main eras for surging protectionism. One is that it doesn't control for the supply shock represented by the surge of population growth into the McKinley era when droves of people arrived from Europe, or the expansion of the agricultural and resource sectors that had nothing to do with tariffs. Second is that it doesn't control for myriad drivers of the Great Depression. Differences in the composition of today's tariffs to tariffs back then were also not considered nor in the context of today's difference consumption patterns.

Fourth, for all intents and purposes Asia didn't really exist in economic terms back then and yet today it is the source of many of America's cheap goods against which tariffs are being applied.

Fifth, in those two prior episodes, the US and world economies didn't really face serial shocks to supply chains like today's including Brexit in 2016, the pandemic, geopolitical conflicts like the Red Sea, Ukraine, Middle East, and possibly Taiwan, Trump 1.0, and Trump 2.0. The massive wave of outsourcing to low-cost countries over the past few decades is without precedence and yet the rise of border frictions over roughly the past ten years could give rise to complicated additive effects on supply chains that suggest the Fed should be vastly more careful about the effects on inflation. In short, tariffs are a subset of complicated serial shocks to global supply chains that may have highly uncertainty additive effects. One possibility is that the one-way outsourcing to low cost jurisdictions now has more to worry about in terms of border frictions to supply chains that may reverse the outsourcing pattern into higher cost markets.

Sixth, not included in the paper—likely due to measurement challenges—are the high compliance and management costs that represent deadweight drains on productivity.

Now for those who would like to use the paper to justify Fed easing, a major risk could be fatally ignoring moral hazard. The more you ease, the more you will perversely encourage thoroughly misguided US trade policies. The FOMC under Chair Powell risks having history judge them as enablers of protectionism which may point out a shortcoming of the dual mandate and the time horizon over which it is interpreted. A further risk could be not treating tariff policy as part of broader policy measures like highly restrictive immigration policy—a combination that did not exist under McKinley.

As for drawing inferences for fiscal policy, recall that tariffs were a dominant source of revenues for the US administration in McKinley's time before income taxes. The case for relying on tariff revenue today—independent of its pernicious effects—is weaker given a well-established infrastructure for applying and collecting other more efficient taxes. Americans simply just don't want to pay higher taxes or have benefits cut and are being manipulated into believing a victim narrative on the world stage that seeks to alternatively raise revenues through tariffs that they'll pay anyway.

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		
	3.60	3.61	3.59	3.70	3.73	3.71	4.12	4.15	4.12	4.72	4.75	4.71	Canada - BoC	2.25
	2.49	2.47	2.45	2.80	2.77	2.75	3.23	3.18	3.17	3.66	3.62	3.61		
	2.03	2.04	2.01	2.30	2.31	2.27	2.70	2.72	2.67	3.31	3.32	3.26	US - Fed	4.00
	0.94	0.94	0.95	1.26	1.26	1.27	1.74	1.71	1.71	3.27	3.22	3.14		
	3.81	3.85	3.81	3.97	4.01	3.94	4.54	4.57	4.46	5.36	5.40	5.24	England - BoE	4.00
	Spreads vs. U.S. (bps):													
	-111	-114	-114	-90	-96	-97	-89	-97	-94	-106	-113	-109	Euro zone - ECB	2.15
	-156	-157	-159	-141	-142	-145	-141	-143	-145	-141	-143	-145		
-266	-267	-264	-244	-248	-244	-238	-244	-241	-145	-153	-156	Japan - BoJ	0.50	
21	24	22	27	28	22	43	42	34	65	65	53			
Equities	Level					% change:					Mexico - Banxico			7.25
	Last	Change				1 Day	1-wk	1-mo	1-yr					
S&P/TSX	30326	72.8				0.2	1.4	0.7	21.8				Australia - RBA	3.60
Dow 30	47147	-309.7				-0.7	0.3	2.1	8.5					
S&P 500	6734	-3.4				-0.1	0.1	1.1	14.7				New Zealand - RBNZ	2.50
Nasdaq	22901	30.2				0.1	-0.7	1.0	22.6					
DAX	23780	-96.1				-0.4	-0.7	-0.2	23.8					
FTSE	9698	0.1				0.0	-0.9	3.7	20.3					
Nikkei	50324	-52.6				-0.1	-1.2	5.8	30.2				Canada - BoC	Dec 10, 2025
Hang Seng	26384	-188.2				-0.7	-1.0	4.5	35.8					
CAC	8150	-19.6				-0.2	1.2	-0.3	12.1				US - Fed	Dec 10, 2025
Commodities	Level					% change:								
WTI Crude	60.08	-0.01				-0.0	-0.1	4.4	-10.4				England - BoE	Dec 18, 2025
Natural Gas	4.47	-0.09				-2.1	3.1	48.6	58.4					
Gold	4083.62	-0.44				-0.0	-0.8	-4.0	59.3				Euro zone - ECB	Dec 18, 2025
Silver	52.01	-1.86				-3.5	6.8	1.0	73.4					
CRB Index	302.35	0.00				0.0	0.5	3.1	8.1				Japan - BoJ	Dec 19, 2025
Currencies	Level					% change:								
USDCAD	1.4026	0.0003				0.0	0.0	0.0	0.1				Mexico - Banxico	Dec 18, 2025
EURUSD	1.1600	-0.0021				-0.2	0.4	-0.5	9.5					
USDJPY	154.81	0.2600				0.2	0.4	2.8	0.1				Australia - RBA	Dec 08, 2025
AUDUSD	0.6517	-0.0021				-0.3	-0.3	0.3	0.1					
GBPUSD	1.3174	0.0003				0.0	-0.0	-1.9	3.9				New Zealand - RBNZ	Nov 25, 2025
USDCHF	0.7954	0.0014				0.2	-1.2	0.3	-9.9					

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