

DAILY POINTS

December 2, 2025 @ 7:55 EST

Contributors

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Chart 1

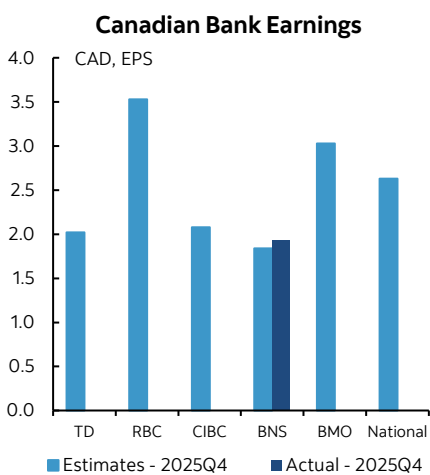
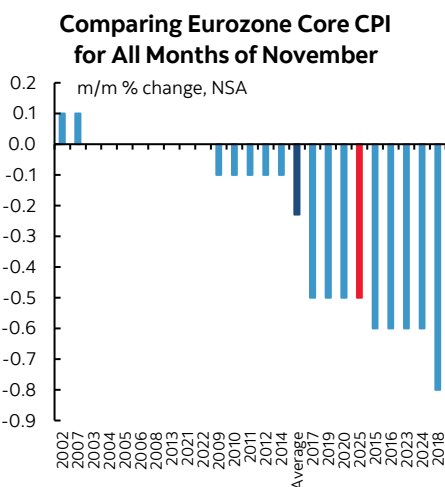


Chart 2



On Deck for Tuesday, December 2

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	12-02	e.o.d	Wards Total Vehicle Sales	Nov	15.3	15.4	15.3

KEY POINTS:

- **Markets stabilize**
- **Rate cuts, easier capital rules, fiscal stimulus are normally bullish for markets...**
- **...with the BoE the latest to ease capital rules**
- **Eurozone core CPI stabilizes**
- **BNS posts a strong earnings beat**
- **US vehicle sales expected to be flat**
- **Canada may update vehicle sales as soon as today**
- **Fed's Bowman to testify on stablecoin rules**

Markets are a touch calmer this morning. Equities are mostly higher across global exchanges, but not by much. Sovereign bond yields continue to rise with minor increases across major benchmarks. Cryptocurrencies are slightly higher after yesterday's selloff. There are very few fresh developments. Monitor potential US action on Venezuela and pick your motive: fighting drug wars, countering Maduro's aggression toward Guyana and its rich resources, a virtuous move against a dictator, a quest for a peace prize, or merely a diversionary tactic as polling sinks or maybe a bit of all of the above.

Canadian Bank Earnings Season Off to a Strong Start

BNS (my employer) posted a strong earnings report across the board ([here](#)). Adjusted EPS of C\$1.93 was well above consensus expectations (\$1.84). So were revenues (\$9.8B, consensus \$9.43). Provisions for loan losses were a little higher than expected (\$1.11B, \$1.08B consensus). Restructuring charges reflected prior moves. Chart 1 shows expectations for the rest of the banks that release starting tomorrow.

Buried behind the BNS headlines was that long challenged Laurentian Bank was acquired by Fairstone Bank with National Bank acquiring its retail operations.

BoE Eases Capital Rules

Rate cuts, easier capital rules, fiscal stimulus. What's not to like about the market outlook? In normal circumstances—absent lofty AI valuations—these would be the ingredients to a bullish outlook. The Bank of England is the latest to throw its hat in the ring by easing capital rules applied to banks. The BoE cut Tier 1 capital to around 13% of risk-weighted assets from 14%. Governor Bailey dismissed concerns, saying "It's a sensible thing to do." The aim is the foster greater lending activity. The gilts curve is slightly cheaper this morning but not in any different fashion to elsewhere. The moves are parallel to US moves to ease the regulatory framework applied to banks.

No Surprises in Eurozone CPI

Eurozone core CPI landed on the screws at 2.4% y/y and -0.5% m/m NSA. In month-over-month terms the change was in line with the recent historical average for like months of November that are the comparator since the figures are not seasonally adjusted, but weaker than the full history (chart 2). Total CPI was up 2.2% y/y (2.1% consensus) but slipped -0.3% m/m NSA. Services CPI picked up a bit (chart 3) which will catch the eye of ECB hawks. Consensus was not fully updated after the major economies released CPI figures toward the end of last week. Because markets already had that information there was no real reaction to the data.

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Light N.A. Line-Up

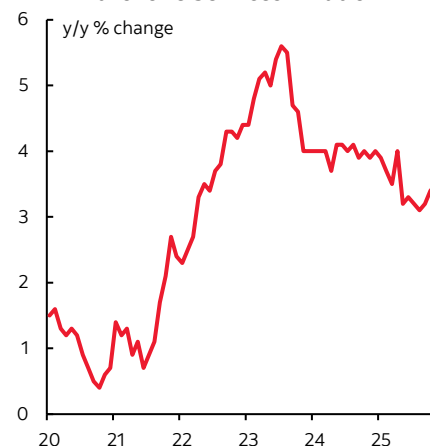
An otherwise light line-up lies in store for today. The US only releases vehicle sales for November toward the end of the day with industry guidance pointing toward a flat reading of about 15.3 million units sold at a seasonally adjusted and annualized rate.

Canadian vehicle sales for November may be reported today or soon by Desrosiers but there is no formal release schedule.

Fed Governor Bowman delivers House testimony today (10amET) that will include emphasis upon stablecoin rules.

Chart 3

Eurozone Services Inflation



Sources: Scotiabank Economics, Eurostat.

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			
	3.54	3.53	3.46	3.68	3.66	3.56	4.11	4.09	4.00	4.76	4.74	4.65	Canada - BoC	2.25	
	2.49	2.48	2.40	2.84	2.81	2.72	3.27	3.25	3.15	3.72	3.70	3.61	US - Fed	4.00	
	2.07	2.06	2.02	2.36	2.34	2.27	2.77	2.75	2.67	3.40	3.39	3.30	England - BoE	4.00	
	1.02	1.02	0.97	1.38	1.38	1.33	1.87	1.87	1.81	3.39	3.39	3.34	Euro zone - ECB	2.15	
	3.77	3.75	3.77	3.93	3.91	3.93	4.51	4.48	4.49	5.28	5.25	5.32	Japan - BoJ	0.50	
	Spreads vs. U.S. (bps):														
	-104	-105	-106	-85	-85	-84	-84	-84	-85	-104	-104	-104	Mexico - Banxico	7.25	
	-147	-147	-144	-132	-132	-129	-135	-134	-132	-136	-135	-135	Australia - RBA	3.60	
-252	-251	-249	-231	-229	-223	-224	-221	-219	-137	-134	-131	New Zealand - RBNZ	2.25		
23	22	31	25	25	37	39	39	50	52	51	67	Next Meeting Date			
Equities	Level					% change:									
	Last	Change				1 Day	1-wk	1-mo	1-yr						
S&P/TSX	31102	-281.0				-0.9	1.6	2.8	21.5					Canada - BoC	Dec 10, 2025
Dow 30	47289	-427.1				-0.9	2.3	-0.6	5.6					US - Fed	Dec 10, 2025
S&P 500	6813	-36.5				-0.5	3.2	-0.4	12.7					England - BoE	Dec 18, 2025
Nasdaq	23276	-89.8				-0.4	4.5	-1.9	20.0					Euro zone - ECB	Dec 18, 2025
DAX	23698	108.8				0.5	1.0	-1.1	18.9					Japan - BoJ	Dec 19, 2025
FTSE	9724	21.8				0.2	1.2	0.1	17.0					Mexico - Banxico	Dec 18, 2025
Nikkei	49303	0.2				0.0	1.3	-5.9	25.6					Australia - RBA	Dec 08, 2025
Hang Seng	26095	61.8				0.2	0.8	0.7	33.5					New Zealand - RBNZ	Feb 17, 2026
CAC	8114	16.5				0.2	1.1	-0.1	12.1						
Commodities	Level					% change:									
WTI Crude	59.18	-0.14				-0.2	0.6	-3.0	-13.1						
Natural Gas	4.95	0.03				0.7	8.9	20.1	54.2						
Gold	4209.13	-23.08				-0.5	1.9	5.2	59.5						
Silver	57.49	3.58				6.6	14.9	17.4	87.3						
CRB Index	302.74	1.25				0.4	2.4	0.1	6.4						
Currencies	Level					% change:									
USDCAD	1.4002	0.0003				0.0	-0.7	-0.4	-0.3						
EURUSD	1.1617	0.0007				0.1	0.4	0.8	10.7						
USDJPY	156.02	0.5600				0.4	-0.0	1.2	4.3						
AUDUSD	0.6554	0.0010				0.2	1.3	0.3	1.2						
GBPUSD	1.3208	-0.0005				-0.0	0.3	0.5	4.4						
USDCHF	0.8043	-0.0004				-0.0	-0.4	-0.5	-9.3						

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