

### DAILY POINTS

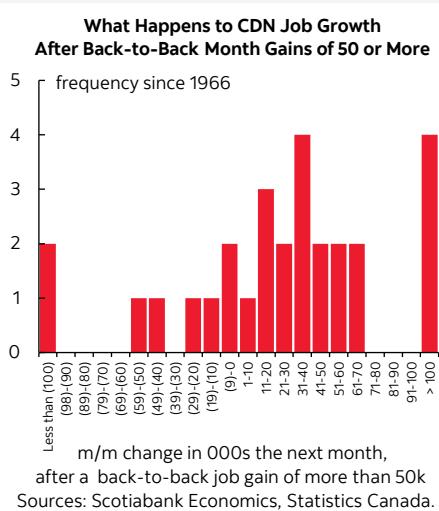
December 5, 2025 @ 6:55 EST

#### Contributors

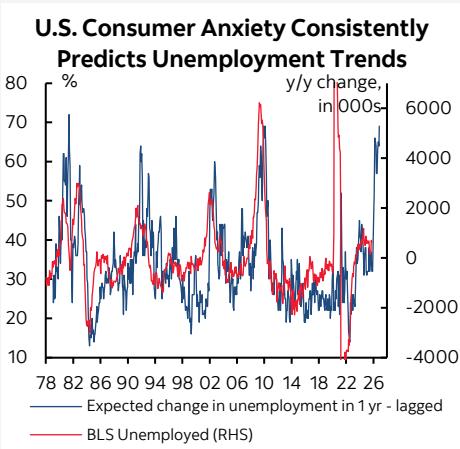
##### Derek Holt

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

#### Chart 1



#### Chart 2



#### On Deck for Friday, December 5

| Country | Date  | Time  | Indicator                         | Period | BNS  | Consensus | Latest |
|---------|-------|-------|-----------------------------------|--------|------|-----------|--------|
| CA      | 12-05 | 08:30 | Employment (000s m/m)             | Nov    | -15  | -2.5      | 66.6   |
| CA      | 12-05 | 08:30 | Unemployment Rate (%)             | Nov    | 7.0  | 7.0       | 6.9    |
| US      | 12-05 | 08:30 | PCE Deflator (m/m)                | Sep    | 0.3  | 0.3       | 0.3    |
| US      | 12-05 | 08:30 | PCE Deflator (y/y)                | Sep    | 2.8  | 2.8       | 2.7    |
| US      | 12-05 | 08:30 | PCE ex. Food & Energy (m/m)       | Sep    | 0.2  | 0.2       | 0.2    |
| US      | 12-05 | 08:30 | PCE ex. Food & Energy (y/y)       | Sep    | 2.8  | 2.8       | 2.9    |
| US      | 12-05 | 08:30 | Personal Spending (m/m)           | Sep    | 0.2  | 0.3       | 0.6    |
| US      | 12-05 | 08:30 | Personal Income (m/m)             | Sep    | 0.3  | 0.3       | 0.4    |
| US      | 12-05 | 10:00 | U. of Michigan Consumer Sentiment | Dec P  | 50.5 | 52.0      | 51.0   |
| US      | 12-05 | 15:00 | Consumer Credit (US\$ bn m/m)     | Oct    | --   | 10.5      | 13.1   |

#### KEY POINTS:

- Constructive market tone awaits three main developments to end the week**
- Carney, Sheinbaum and Trump to meet today...**
- ...as trade headline risk could count more than data...**
- ...with Trump's threat to pull CUSMA deal lacking much credibility**
- Canadian jobs trend will remain strong**
- US PCE: too stale to matter for next week's FOMC**
- Ditto for consumption, incomes**
- US UofM sentiment: consumers as unemployment forecasters**

Markets are in a fairly constructive mood at the end of the week. Hopefully that holds up through Canadian and US data releases that are on tap this morning along with potential NAFTA/CUSMA/USMCA sparks. Overnight developments were very light, such as a strong beat by German factory orders that have jumped higher in the past two months after sliding for four. Stocks are broadly higher across major benchmarks. The dollar is gaining against most crosses except the yen. Sovereign bonds are little changed. Cryptocurrencies have a slightly soft tone.

#### CUSMA/USMCA Sparks?

A good outcome to today's possible meeting(s) between Canadian PM Carney, Mexican President Sheinbaum and Trump would be to hear that trade talks have restarted.

Any number of bad outcomes could include variations of Trump issuing threats and insults with no such progress.

The developments start at around 12pmET with the World Cup draw and could run until Carney hops back on his plane by about 7pmET. Social media posts could arrive afterward.

Trump and his highly compliant US Trade Representative Greg Greer both mused yesterday that maybe they'll walk from the CUSMA/USMCA deal next year when the review kicks in more formally. Righto. I guess there are dumber things that a US administration that is diving in the polls could do ahead of midterms next November than to torpedo its own economy with job losses and soaring prices by killing the agreement, but it's a short list. We've heard such threats before, and they lack credibility.

Listen to the tone of hearings this week and it's clear that US businesses value the deal. Attempting to kill it would open up a whole series of messy and highly uncertain scenarios for Congress and SCOTUS including the risk of embarrassing defeat right before the vote. The series of events wouldn't help the Trump administration's image before voters as one that is weakening America's international relations and putting the economy at risk.

Millions of jobs would be at risk across US border states. We've heard this negotiating tactic before, there is no 'art' of the deal versus mere chaos and theatre, and it's all a patient waiting game for however long it takes to negotiate a good—or less bad—outcome without being pushed into a bad deal.

And remember Trump's tweet in 2019 about the deal he signed: "America's great USMCA Trade Bill is looking good. It will be the best and most important trade deal ever made by the USA. Good for everybody—Farmers, Manufacturers, Energy, Unions—tremendous support." Also recall that the CUSMA/USMCA deal changed very little about the original NAFTA deal despite all the hype.

The three heads of state may meet together or separately on the sidelines of the World Cup draw to select match-ups in next year's tournament. Mixing sport with politics is a great example of how there is no sport that is more politicized than soccer/football and no more politicized head of a sports body than Gianni Infantino.

### **Canadian Jobs—The Trend Will Remain Strong**

Canada updates jobs for the month of November along with other metrics like the unemployment rate, the change in the size of the labour pool, wages, hours etc (8:30amET). Consensus is spread out all over the map. Consensus is at -2.5k for jobs, I'm at -15k, estimates range from a low of -25k to a high of +43k. If anyone tells you that only they know the likely divine truth, then run. Fast. I wrote about some possible considerations in my weekly ([here](#)). Now let's do the clean up after seeing the numbers.

And it doesn't matter. LFS gets revised only once per year unlike rolling monthly revisions in the US. Therefore, it would take a mammoth drop to offset the 127,000 jobs created over the prior two months. In a trade war. The BoC looks at trends, especially for such a noisy report. It has issued clear guidance that it is done cutting and on hold at least for a considerable amount of time barring the emergence of a truly large and sustained shock. For what it's worth, chart 1 shows what happens the month after two back-to-back strong gains, although none of those prior episodes involved a trade war started by the US.

### **PCE—Lagging September Data Won't Change Much for the FOMC**

Speaking of data that doesn't matter, we have the updated PCE inflation, consumer spending and income figures. For September. Yes, September, thanks to Washington's ineptitude that shut the government for a record period of time. At 10amET instead of the more common 8:30amET. Most estimates are around 0.2% m/m SA for core PCE and a tick higher for headline. Modest growth in incomes and spending are expected. I very much doubt the figures matter to the FOMC on the path to next week's decision, but may figure into the latest data dependent inputs to their revised projections in the upcoming fresh Summary of Economic Projections and new dot plot.

### **UofM Sentiment—Consumers Accurately Forecast Unemployment**

The problem from a markets standpoint is that UofM consumer sentiment for December arrives at the same time as the aforementioned batch of numbers (10amET). It often drives a market reaction and this time that might be tough to disentangle from the PCE reaction.

One measure that cruises beneath the radar that you should watch is expected unemployment over the next year. Chart 2 shows that what consumers expect with a lag aligns very closely with what actually happens. You could argue that's just spurious and nonsense; that might be a tad arrogant or dismissive. You could instead argue they're better forecasters than economists and markets. Lots of consumers with their ears to the ground hear the water cooler talk on their employers' plans and this bubbles up into an aggregated figure that may be insightful. And accurate.

| Government Yield Curves (%): |         |       |      |         |       |      |           |       |      |        |       | Central Banks |         |                    |              |              |
|------------------------------|---------|-------|------|---------|-------|------|-----------|-------|------|--------|-------|---------------|---------|--------------------|--------------|--------------|
| Fixed Income                 | 2-YEAR  |       |      |         |       |      |           |       |      | 5-YEAR |       |               | 10-YEAR |                    |              | Current Rate |
|                              | Last    | 1-day | 1-wk | Last    | 1-day | 1-wk | Last      | 1-day | 1-wk | Last   | 1-day | 1-wk          | Last    | 1-day              | 1-wk         |              |
| U.S.                         | 3.53    | 3.52  | 3.49 | 3.68    | 3.67  | 3.60 | 4.11      | 4.10  | 4.02 | 4.77   | 4.76  | 4.66          | 3.74    | 3.70               | 3.57         | 2.25         |
| CANADA                       | 2.46    | 2.43  | 2.40 | 2.81    | 2.78  | 2.70 | 3.26      | 3.22  | 3.12 | 3.42   | 3.41  | 3.33          | 3.37    | 3.40               | 3.35         | 4.00         |
| GERMANY                      | 2.08    | 2.07  | 2.03 | 2.37    | 2.37  | 2.29 | 2.78      | 2.77  | 2.69 | 3.42   | 3.41  | 3.33          | 3.42    | 3.41               | 3.33         | 4.00         |
| JAPAN                        | 1.05    | 1.03  | 0.98 | 1.44    | 1.41  | 1.33 | 1.95      | 1.94  | 1.81 | 3.37   | 3.40  | 3.35          | 3.37    | 3.40               | 3.35         | 2.15         |
| U.K.                         | 3.75    | 3.74  | 3.75 | 3.90    | 3.88  | 3.89 | 4.45      | 4.44  | 4.44 | 5.17   | 5.16  | 5.19          | 5.17    | 5.16               | 5.19         | 0.50         |
| Spreads vs. U.S. (bps):      |         |       |      |         |       |      |           |       |      |        |       |               |         | Mexico - Banxico   |              |              |
| CANADA                       | -106    | -109  | -109 | -87     | -90   | -90  | -85       | -88   | -89  | -103   | -105  | -109          | -103    | -105               | -109         | 7.25         |
| GERMANY                      | -145    | -145  | -146 | -131    | -130  | -131 | -133      | -133  | -133 | -135   | -135  | -134          | -135    | -135               | -134         | 3.60         |
| JAPAN                        | -247    | -250  | -251 | -225    | -226  | -227 | -216      | -216  | -220 | -140   | -135  | -131          | -140    | -135               | -131         | 2.25         |
| U.K.                         | 22      | 21    | 25   | 21      | 21    | 29   | 34        | 34    | 42   | 40     | 41    | 53            | 34      | 34                 | 42           | 0.50         |
| Equities                     | Level   |       |      |         |       |      | % change: |       |      |        |       |               |         | Next Meeting Date  |              |              |
| S&P/TSX                      | 31478   |       |      | 317.0   |       |      | 1.0       | 0.9   | 4.6  | 22.6   |       |               |         | Canada - BoC       | Dec 10, 2025 |              |
| Dow 30                       | 47851   |       |      | -32.0   |       |      | -0.1      | 0.9   | 1.1  | 6.9    |       |               |         | Australia - RBA    | Dec 18, 2025 |              |
| S&P 500                      | 6857    |       |      | 7.4     |       |      | 0.1       | 0.7   | 0.9  | 12.9   |       |               |         | New Zealand - RBNZ | Dec 08, 2025 |              |
| Nasdaq                       | 23505   |       |      | 51.0    |       |      | 0.2       | 1.3   | 0.0  | 19.3   |       |               |         | England - BoE      | Dec 18, 2025 |              |
| DAX                          | 24021   |       |      | 139.3   |       |      | 0.6       | 0.8   | -0.1 | 18.0   |       |               |         | Japan - BoJ        | Dec 19, 2025 |              |
| FTSE                         | 9719    |       |      | 8.3     |       |      | 0.1       | -0.0  | -0.6 | 16.4   |       |               |         | Mexico - Banxico   | Feb 17, 2026 |              |
| Nikkei                       | 50492   |       |      | -536.5  |       |      | -1.1      | 0.5   | 0.6  | 28.2   |       |               |         | Australia - RBA    | Dec 19, 2025 |              |
| Hang Seng                    | 26085   |       |      | 149.2   |       |      | 0.6       | 0.9   | 0.6  | 33.4   |       |               |         | New Zealand - RBNZ | Dec 19, 2025 |              |
| CAC                          | 8148    |       |      | 26.0    |       |      | 0.3       | 0.3   | 0.9  | 11.2   |       |               |         | England - BoE      | Dec 19, 2025 |              |
| Commodities                  | Level   |       |      |         |       |      | % change: |       |      |        |       |               |         | Next Meeting Date  |              |              |
| WTI Crude                    | 59.58   |       |      | -0.09   |       |      | -0.2      | 1.8   | -0.0 | -12.8  |       |               |         | Canada - BoC       | Dec 10, 2025 |              |
| Natural Gas                  | 5.05    |       |      | -0.02   |       |      | -0.3      | 4.1   | 19.3 | 63.9   |       |               |         | US - Fed           | Dec 10, 2025 |              |
| Gold                         | 4222.24 |       |      | 14.62   |       |      | 0.3       | -0.4  | 6.1  | 60.4   |       |               |         | England - BoE      | Dec 18, 2025 |              |
| Silver                       | 57.57   |       |      | -0.80   |       |      | -1.4      | 7.8   | 20.5 | 86.7   |       |               |         | Euro zone - ECB    | Dec 18, 2025 |              |
| CRB Index                    | 303.92  |       |      | 1.66    |       |      | 0.5       | 2.0   | 0.5  | 6.1    |       |               |         | Japan - BoJ        | Dec 19, 2025 |              |
| Currencies                   | Level   |       |      |         |       |      | % change: |       |      |        |       |               |         | Mexico - Banxico   |              |              |
| USDCAD                       | 1.3943  |       |      | -0.0015 |       |      | -0.1      | -0.2  | -1.2 | -0.6   |       |               |         | Australia - RBA    | Dec 18, 2025 |              |
| EURUSD                       | 1.1645  |       |      | 0.0001  |       |      | 0.0       | 0.4   | 1.3  | 10.0   |       |               |         | New Zealand - RBNZ | Dec 08, 2025 |              |
| USDJPY                       | 155.16  |       |      | 0.0600  |       |      | 0.0       | -0.7  | 0.7  | 3.4    |       |               |         | England - BoE      | Dec 18, 2025 |              |
| AUDUSD                       | 0.6629  |       |      | 0.0019  |       |      | 0.3       | 1.2   | 1.9  | 2.7    |       |               |         | Japan - BoJ        | Dec 19, 2025 |              |
| GBPUSD                       | 1.3337  |       |      | 0.0010  |       |      | 0.1       | 0.8   | 2.2  | 4.5    |       |               |         | Mexico - Banxico   | Feb 17, 2026 |              |
| USDCHF                       | 0.8034  |       |      | -0.0003 |       |      | -0.0      | -0.1  | -0.8 | -8.5   |       |               |         | Australia - RBA    | Dec 08, 2025 |              |

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