

DAILY POINTS

December 16, 2025 @ 7:20 EST

Contributors

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Chart 1

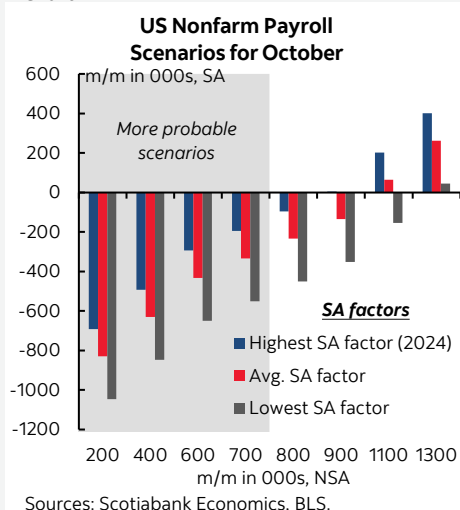
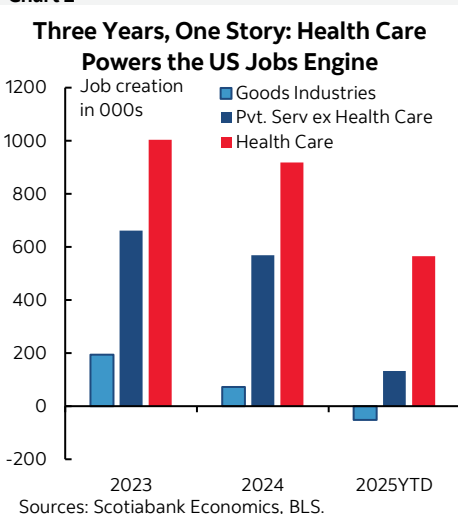


Chart 2



On Deck for Tuesday, December 16

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	12-16	08:30	Average Hourly Earnings (m/m)	Nov	0.3	0.3	0.2
US	12-16	08:30	Average Hourly Earnings (y/y)	Nov	3.6	3.6	3.8
US	12-16	08:30	Average Weekly Hours	Nov	--	34.2	34.2
US	12-16	08:30	Nonfarm Employment Report (000s m/m)	Oct	-90	50	119.0
US	12-16	08:30	Nonfarm Employment Report (000s m/m)	Nov	50	50.0	119.0
US	12-16	08:30	Retail Sales (m/m)	Oct	-0.2	0.1	0.2
US	12-16	08:30	Retail Sales ex. Autos (m/m)	Oct	0.2	0.2	0.3
US	12-16	08:30	Unemployment Rate (%)	Nov	4.4	4.5	4.4
US	12-16	08:30	Household Employment Report (000s m/m)	Nov	--	--	251.0
US	12-16	09:45	S&P Global US Manufacturing PMI	Dec P	--	52.1	52.2
US	12-16	09:45	S&P Global US Services PMI	Dec P	--	54.0	54.1
US	12-16	09:45	S&P Global US Composite PMI	Dec P	--	53.9	54.2
US	12-16	10:00	Business Inventories (m/m)	Sep	--	0.1	0.0

KEY POINTS:

- Tentative risk off market tone awaits massive US data dump
- US: two nonfarm payroll reports, one household survey, retail sales on tap
- US October payrolls may dip, November may rise—very low conviction on both
- PMIs signal cooler global growth except in the UK
- UK jobs and wages were mixed
- BoC's Macklem to deliver traditional holiday speech
- BCCh expected to cut
- Eurozone exports plunge
- Is 5% of GDP on defence a total waste of taxpayer money?

What markets are doing now and what markets may be doing shortly once US payrolls roll into town could turn out to be totally different. The coming holiday season is a motivator to data agencies to clear the backlog of US data on top of a deluge of overnight readings.

Just for kicks, markets are presently in risk-off mode with US and Canadian equity futures gently lower along with European cash markets and after a weak Asian session that saw bigger declines. Sovereign bond yields are slightly lower across EGBs, slightly higher in the UK and little changed in the US. The dollar is mixed with sterling outperforming.

Weak PMIs everywhere except for the UK were among the overnight catalysts in addition to apprehension ahead of US payrolls.

US PAYROLLS, RETAIL SALES ON TAP

High data risk driven by low conviction over the estimates will hit markets. Nonfarm payrolls for October and November will arrive at 8:30amET alongside the household survey for November (October's was cancelled).

I have the least conviction toward this pair of payroll readings of any readings all year. Estimating November is function of getting November right and getting the jumping off point for October correct which is compounded error risk. That's on top of falling response rates, wonky SA factors, revision risks etc etc.

Estimating October payrolls involves incorporating a jump in private layoffs, the expiration of DOGE packages in September, and the government shutdown through the payroll reference period that may impact related activities on top of all of the other tracking risk.

Amnesia hit newswires that forgot to poll for October payrolls that I think could dip. I figure October payrolls could be down (-90k estimate) and November could rebound a touch (+50k) but wouldn't advise betting the Toronto Blue Jays payroll on it. Scenarios for

December 16, 2025

seasonal adjustments and seasonally unadjusted payrolls slant toward a drop in October (chart 1) and a small gain in November. Also strip out healthcare to get at breadth of hiring or firing (chart 2). See my Global Week Ahead section on payrolls for more ([here](#)).

US retail sales are also due out at the same time as payrolls which means they'll probably be lost in the shuffle. A small gain is expected in nominal terms which would imply that inflation-adjusted sales fell in October. We know auto sales slipped and the gas component and estimate a modest rise in sales ex-autos and gas. The next two reports will be more insightful as they cover the bulk of the holiday spending period.

GLOBAL PMIS SIGNAL COOLER GROWTH EXCEPT IN THE UK

With the exception of the UK, purchasing managers indices signalled cooling global growth (chart 3). Here's the rundown:

- Australia's composite PMI fell by 1.5 points to 51.1. The decline was driven by weaker services (51.0, 52.8 prior) as manufacturing picked up by six-tenths to 52.2.
- Japan's composite PMI fell half a point to 51.5 entirely due to weaker services (52.5, 53.2 prior) as manufacturing's contraction ebbed (49.7, 48.7 prior).
- The UK's composite climbed almost one point to 52.1 and was driven by higher readings for both services (52.1, 51.3 prior) and manufacturing (51.2, 50.2 prior).
- The Eurozone composite fell by almost a point to 51.9 (52.8 prior) with services mainly responsible for the drop (52.6, 53.6 prior) as manufacturing slightly decelerated (49.2, 49.6 prior).
- India's composite PMI fell 0.8 points to 58.9 which continues to signal rapid growth. Both services (59.1, 59.8 prior) and manufacturing (55.7, 56.6 prior) cooled.
- US S&P PMIs will be refreshed with December readings at 9:45amET.

UK JOB MARKET READINGS WERE MIXED

UK job market readings were mixed but generally indicate an underperforming job market. The 2-year gilt cheapened a touch after the 2amET release.

- Total UK employment in October was up by 34k as it rebounded from two monthly declines (chart 4).
- UK payrolls fell by 38k in November which was about twice consensus and the biggest drop since November 2020 (chart 5).
- The UK unemployment rate edged up a tick to 5.1% in October.
- Total UK job vacancies were little changed (+4k) at 729k which remains slightly above the long run average (chart 6).

Chart 3

Global Composite PMIs

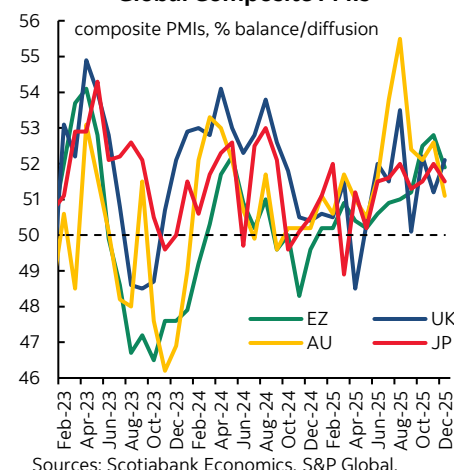


Chart 4

UK Total Employment

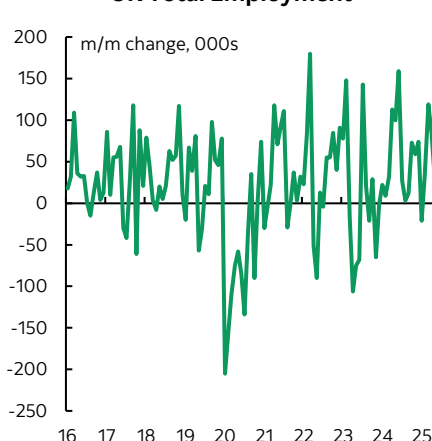


Chart 5

UK Payroll Employment

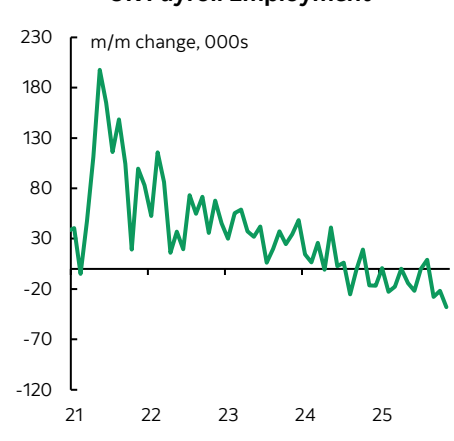


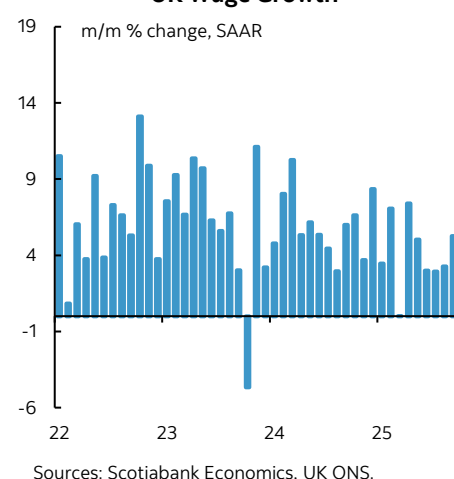
Chart 6

UK Job Vacancies



Chart 7

UK Wage Growth



- UK wage growth landed at 4.1% m/m SAAR in October which remains well above the 2% inflation target (chart 7).

EUROZONE EXPORTS PLUNGED

Separately, the Eurozone's total exports fell 4.6% m/m SA in October with imports down 3.3% such that the trade surplus narrowed.

SPEECH BY BANK OF CANADA'S MACKLEM COULD GET BURIED

BoC Governor Macklem delivers the Governor's customary holiday speech this afternoon (12:45pmET). There will be a press conference at 2:15pmET.

Who chose today? In fairness, the BoC has to secure a venue well in advance and may not have anticipated all of the other more important matters to consider.

The topic is anything but clear. The speech title is "Good money and your central bank." Whatever that means.

It's unlikely that we'll hear anything new after last week's decision and communications but the Governor's holiday speech usually sets the table for the coming year.

Beyond that, maybe the speech title indicates that the topic will be about how 2% inflation control is good for your purchasing power. Maybe it's about Canadian stablecoin and making it sounder than the US legislation. Maybe it's about broad payments reform. Or maybe this one might broach next year's 5-year review. Or maybe all of the above!

BCCH EXPECTED TO CUT

The day ends with a likely cut by Chile's central bank following Sunday's election (4pmET).

THE UKRAINE WAR MAY NEVER END

Sorry, but how extraordinarily naïve to claim that peace is near in Ukraine as the US administration continues to side with Putin. The war will never end.

There will always be Ukrainian rebels unwilling to strike peace, infiltrating Russia and contesting territory that Russia steals. Generations to come will hate the Russians for what they've done. Hate the west too for 1994 Budapest and for then caving to Putin and then probably pillaging its resources. Don't trust the US with its pledge that it will provide security guarantees as you'd be taken as a fool yet again; the US pledge is worthless. Until Putin decides to invade again after retooling once more, whether to claim the rest of Ukraine, or something else. Dysfunction across the West has utterly failed to counter a brutal despot for decades.

Which may make spending 5% of GDP on defence utterly futile. If you're going to be dysfunctional, lack resolve, lack a spine, and lack coordination, then it won't matter. It won't make you more secure one bit. It will be like having an enormous sports team payroll but losing every year because you lack character.

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		
	3.51	3.50	3.62	3.72	3.73	3.79	4.17	4.17	4.19	4.85	4.85	4.81	Canada - BoC	2.25
	2.58	2.59	2.69	2.98	2.97	3.07	3.41	3.41	3.46	3.86	3.85	3.88	US - Fed	3.75
	2.15	2.15	2.15	2.47	2.47	2.47	2.85	2.85	2.85	3.47	3.47	3.46	England - BoE	4.00
	1.07	1.07	1.08	1.44	1.44	1.45	1.96	1.96	1.97	3.35	3.38	3.39		
	3.78	3.75	3.79	3.97	3.95	3.97	4.53	4.50	4.51	5.27	5.24	5.20		
Spreads vs. U.S. (bps):														
CANADA	-92	-92	-93	-75	-75	-72	-76	-76	-73	-99	-99	-93	Euro zone - ECB	2.15
GERMANY	-136	-135	-146	-126	-126	-132	-132	-132	-134	-138	-138	-135	Japan - BoJ	0.50
JAPAN	-244	-243	-254	-229	-229	-234	-222	-222	-222	-150	-147	-142		
U.K.	27	25	17	25	22	18	35	32	32	42	39	39	Mexico - Banxico	7.25
Equities	Level						% change:							
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	31483	-44.0					-0.1	1.0	3.8	25.2			Australia - RBA	3.60
Dow 30	48417	-41.5					-0.1	1.4	2.7	10.7				
S&P 500	6817	-10.9					-0.2	-0.4	1.2	12.2			New Zealand - RBNZ	2.25
Nasdaq	23057	-137.8					-0.6	-2.1	0.7	14.3				
DAX	24117	-112.8					-0.5	-0.2	1.0	18.7				
FTSE	9698	-53.4					-0.5	0.6	-0.0	17.4				
Nikkei	49383	-784.8					-1.6	-2.5	-2.0	25.2			Canada - BoC	Jan 28, 2026
Hang Seng	25235	-393.5					-1.5	-0.8	-5.0	27.5			US - Fed	Jan 28, 2026
CAC	8109	-15.6					-0.2	0.7	-0.7	10.2				
Commodities	Level						% change:							
WTI Crude	55.94	-0.88					-1.5	-4.0	-6.9	-20.9			England - BoE	Dec 18, 2025
Natural Gas	3.96	-0.05					-1.3	-13.4	-13.3	23.2			Euro zone - ECB	Dec 18, 2025
Gold	4291.32	-13.69					-0.3	2.0	5.1	61.8			Japan - BoJ	Dec 19, 2025
Silver	63.87	-0.64					-1.0	9.4	22.8	107.8				
CRB Index	295.50	-2.79					-0.9	-2.0	-2.3	0.8				
Currencies	Level						% change:							
USDCAD	1.3770	0.0002					0.0	-0.5	-2.0	-3.3			Mexico - Banxico	Dec 18, 2025
EURUSD	1.1765	0.0012					0.1	1.2	1.5	11.9				
USDJPY	154.79	-0.4400					-0.3	-1.3	-0.3	0.4			Australia - RBA	Feb 02, 2026
AUDUSD	0.6635	-0.0006					-0.1	-0.1	2.2	4.1				
GBPUSD	1.3431	0.0055					0.4	1.0	2.1	5.9			New Zealand - RBNZ	Feb 17, 2026
USDCHF	0.7952	-0.0010					-0.1	-1.4	-0.1	-11.1				

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