

DAILY POINTS

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Chart 1



On Deck for Friday, December 19

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	12-19	08:30	Retail Sales (m/m)	Oct	0.0	0.0	-0.7
CA	12-19	08:30	Retail Sales ex. Autos (m/m)	Oct	--	0.0	0.2
US	12-19	08:30	Fed's Williams Appears on CNBC				
US	12-19	10:00	Existing Home Sales (mn a.r.)	Nov	4.2	4.2	4.1
US	12-19	10:00	Existing Home Sales (m/m)	Nov	2.4	1.2	1.2
US	12-19	10:00	U. of Michigan Consumer Sentiment	Dec F	--	53.5	53.3

KEY POINTS:

- **JGBs, yen part ways post-BoJ hike**
- **BoJ hikes, Ueda's customary cageiness should not have surprised**
- **What does Fed's Williams think of CPI?**
- **More Fed Chair trial balloons**
- **US home sales, UMich revisions on tap**
- **Two months of Canadian retail sales on tap**
- **UK consumers say bah humbug**
- **BanRep likely to hold**
- **Russian central bank cuts as war's fiscal toll mounts**

This will be the last morning note before the holiday period and I'll send out two-week Global Week Ahead this afternoon.

Global markets are ending the last full trading week of 2025 with a touch of apprehension. Bonds are broadly cheaper as sovereign benchmark yields inch higher across markets with spillover from JGBs probably the main culprit. Stocks are mixed, with gains in US futures but mostly flat European exchanges after Japanese equities rallied. The dollar is broadly firmer, but mostly so against the yen.

We've heard from the BoJ and Russian central bank with BanRep still on tap as the deluge of pre-holiday central bank decisions last week and this week finally comes to an end. Trial balloons on Fed candidates continue to float with this morning's headlines touting Governor Waller's interview performance alongside guidance that BlackRock CIO Rick Rieder will be interviewed soon. Mr. Rieder has had a strong career in fixed income markets but possesses no formal training in economics required for the role in my view.

There is also some modest data to consider including bleak UK consumer spending, uncertain Canadian retail figures, and some US housing data and possible UMich revisions. Key may be how NY Fed President Williams reacts to US CPI this morning.

BOJ — JGBS AND THE YEN WENT THEIR SEPARATE WAYS

The BoJ met expectations for a 25bps hike that raised its target rate to 0.75%. Bonds took the bias somewhat hawkishly as the JGBs curve slightly bear steepened, but not so for the yen that is the weakest major cross to the dollar among the majors. Currency traders either sold the fact and consolidated positions or were disappointed that Governor Ueda did not explicitly spell out the path forward. Of course he wouldn't do so. Ueda is coy, downright cagey at times, and speaks in code. There were no forecasts offered at this meeting with the last round delivered in October and the next one due with the January 23rd decision which may lean on the numbers a little more heavily to spell out intentions. Markets are pricing one cut by July/September and are leaning toward another in Q4.

WHAT DOES WILLIAMS THINK OF US CPI?

The US focus will include possible reaction to yesterday's made-up, thoroughly fake CPI data by the NY Fed's Williams (8:30amET), and light data (new and existing home sales 10amET, UMich revisions 10amET). Fed officials are unlikely to overtly say they don't trust the data but are likely to offer a nuanced degree of caution. Some are pointing toward the deceleration in y/y rates of inflation as further progress, but that obviously relies on the degree of trust one has October and November data which in my books should be very, very low (recap [here](#)).

TWO MONTHS OF CANADIAN RETAIL SALES DUE

Canada releases retail sales for October that may revise preliminary guidance for essentially no growth m/m, plus the first preliminary estimate for November (8:30amET).

UK CONSUMERS MUTTER HUMBUG!

UK consumers were not in a spending mood right up to the cusp of the holiday season. Sales volumes ex-gasoline slipped by 0.2% m/m SA in November after a 0.8% m/m drop in October (revised from -1.0%). They are tracking a decline of under 1% q/q SAAR in Q4 and so it would take a blow out December to rescue the quarter.

COLOMBIA'S CENTRAL BANK LIKELY TO HOLD

BanRep is widely expected to stay on hold at an overnight rate of 9.25% (1pmET). It has been on hold since April. Inflation expectations are back on the rise again. Core inflation has stopped falling and is at 5.2% y/y. COP was appreciating strongly since April but has recently lost some ground partly as US President Trump and Colombian President Petro increasingly lock horns.

RUSSIA CUTS AHEAD OF TAX HIT FROM WAR

The Russian central bank cut by 50bps to 16% as widely expected. Guidance noted that "monetary policy will remain tight for a long period" with inflation running at 6.6% y/y. The government plans a 2% increase in the VAT to 22% because of fiscal pressures emanating from Russia's war on Ukraine. This is no time to let up on Russia in my opinion.

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		
	3.48	3.46	3.52	3.68	3.66	3.74	4.15	4.12	4.19	4.83	4.80	4.85	Canada - BoC	2.25
	2.61	2.59	2.61	3.00	2.97	3.00	3.47	3.44	3.48	3.90	3.86	3.88		
	2.15	2.14	2.15	2.48	2.45	2.47	2.89	2.85	2.86	3.54	3.49	3.48	US - Fed	3.75
	1.10	1.07	1.07	1.49	1.44	1.44	2.02	1.97	1.95	3.43	3.38	3.36		
	3.75	3.75	3.75	3.96	3.94	3.96	4.52	4.48	4.52	5.25	5.21	5.27	England - BoE	3.75
Spreads vs. U.S. (bps):														
CANADA	-86	-87	-91	-69	-70	-74	-67	-68	-71	-94	-94	-97	Euro zone - ECB	2.15
GERMANY	-133	-132	-137	-121	-121	-127	-126	-127	-133	-129	-132	-136		
JAPAN	-238	-239	-245	-220	-223	-230	-212	-215	-223	-141	-142	-148	Japan - BoJ	0.75
U.K.	27	28	22	28	27	21	38	36	33	42	40	42		
Equities	Level						% change:						Mexico - Banxico	7.00
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	31441	190.8					0.6	-0.7	3.8	28.8			Australia - RBA	3.60
Dow 30	47952	65.9					0.1	-1.5	3.9	13.2				
S&P 500	6775	53.3					0.8	-1.8	2.0	15.5			New Zealand - RBNZ	2.25
Nasdaq	23006	313.0					1.4	-2.5	2.0	18.8				
DAX	24211	11.7					0.0	0.1	4.5	21.2				
FTSE	9842	4.6					0.0	2.0	3.5	21.4				
Nikkei	49507	505.7					1.0	-2.6	2.0	27.6				
Hang Seng	25691	192.4					0.8	-1.1	-0.5	30.1				
CAC	8142	-8.9					-0.1	0.9	2.4	11.6				
Commodities	Level						% change:							
WTI Crude	56.35	0.20					0.4	-1.9	-5.2	-19.4			England - BoE	Feb 05, 2026
Natural Gas	3.94	0.03					0.7	-4.3	-13.5	9.8				
Gold	4324.52	-8.10					-0.2	0.6	6.0	66.7			Euro zone - ECB	Feb 05, 2026
Silver	65.95	2.97					4.7	8.0	29.2	117.6				
CRB Index	293.21	-0.59					-0.2	-2.5	-2.0	1.0			Japan - BoJ	Dec 18, 2025
Currencies	Level						% change:							
USDCAD	1.3796	0.0019					0.1	0.2	-1.8	-4.2			Mexico - Banxico	Feb 05, 2026
EURUSD	1.1713	-0.0009					-0.1	-0.2	1.5	13.0				
USDJPY	157.28	1.7300					1.1	0.9	0.1	-0.1			Australia - RBA	Feb 02, 2026
AUDUSD	0.6606	-0.0007					-0.1	-0.7	2.0	5.9				
GBPUSD	1.3373	-0.0008					-0.1	0.0	2.4	7.0			New Zealand - RBNZ	Feb 17, 2026
USDCHF	0.7957	0.0015					0.2	-0.0	-1.2	-11.5				

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