

DAILY POINTS

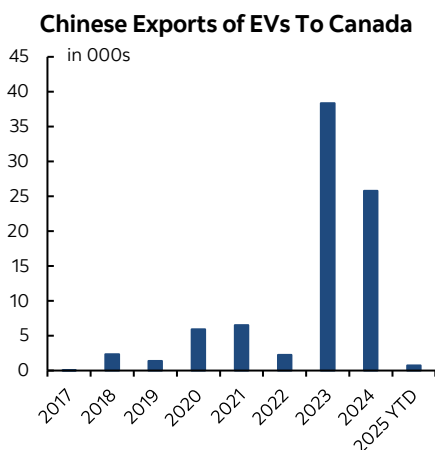
January 16, 2026 @ 7:50 EST

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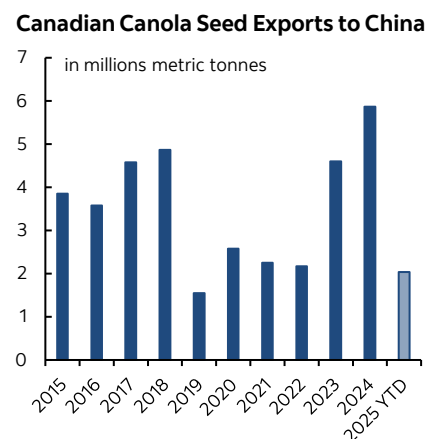
Chart 1



* Includes HS Code: 8703.80.00.10 & 8703.80.00.90

Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada, Canola Council of Canada.

On Deck for Friday, January 16th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	01-16	08:15	Housing Starts (000s a.r.)	Dec	265	--	254.1
CA	01-16	08:30	International Securities Transactions (C\$ bn)	Nov	--	--	46.6
US	01-16	09:15	Capacity Utilization (%)	Dec	--	76.0	75.9
US	01-16	09:15	Industrial Production (m/m)	Dec	0.1	0.2	0.2
US	01-16	10:00	NAHB Housing Market Index	Jan	--	--	39.0
US	01-16	10:50	Fed's Collins Delivers Welcoming Remarks				
US	01-16	11:00	Fed's Bowman Speaks on Economy and Monetary Policy				
US	01-16	15:30	Fed's Jefferson Gives Keynote Address				

KEY POINTS:

- **Markets mixed, oil up on volatile Iran headlines**
- **Well done, Carney & Co!**
- **Canada and China reset their relationship**
- **What Canada and China announced, and the risks...**
- **...accompanying immediate benefits to agriculture and seafood industries...**
- **...and medium-term benefits to investment and jobs in autos, energy, clean-tech**
- **Light other developments**

Global markets are mixed to end the week. US and Canadian equity futures are slightly higher while European cash markets are a little lower after a softer tone in Japan, HK and mainland Chinese equities. Sovereign bond yields are gently higher across global benchmarks. The dollar is mixed, with CAD flat against it and otherwise small movements across others. Oil is up 1½% as volatile Iran headlines continue, including one about the US moving a carrier strike group to the Middle East. Gold is little changed.

The main consideration is the deal framework announced by Canada and China overnight. Otherwise there is light data to consider, such as Canadian housing stats for December (8:15amET) and US factory output in December (9:15amET). Fed-speak will drone on with Collins (10:50amET), Bowman (11amET), and Jefferson (3:30pmET) poised to take a swing.

CANADA AND CHINA PRESS RESET

Well done, PM Carney and Co. Canada's delegation of cabinet members, provincial premiers and business lobbyists went to China to reset the approach of the past 10+ years that subjugated bilateral commerce to virtue-signalling and often hypocritical finger wagging. Commerce is in charge now. US protectionism was one of the motivators and the pivot toward China is happening across much of the world as a direct consequence that I've flagged dating back to Trump 1.0. If a main goal of US isolationism was to thwart China's ambitions, then it's failing. Economic necessity is the main driver as the US mistreats and abuses its Canadian relationship. So was bubbling frustration among Canadians over an underperforming economy for too long and partly as a by-product of policies that thwarted opportunity.

The deals will offer immediate, modest, and concentrated economic benefits to Canada. Most of the nearly immediate benefits will flow through to the agricultural and seafood sectors. Medium- and long-term benefits could include investment by China in sectors like autos, energy and clean tech—and the jobs that go along with that.

To be sure, there are risks aplenty. One is implementation risk on the long road ahead to which we can only say time will tell.

Second is how the US may react given, for example, that the US has thrown up roadblocks against imports of Chinese e-vehicles. Canada has no choice but to broaden its relations

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as the US retreats from its trusted economic partners in an increasingly protectionist and isolationist fashion. China's long-run growth potential cannot be ignored to satisfy an isolationist US regime.

Third is that there are legitimate concerns about Chinese motives—for example, those of the SOEs and their ties to a uni-party state's mixed objectives—and China's human rights abuses. Carney's response to this is pragmatic: "We take the world as it is—not as we wish it to be." Perhaps that's a touch dismissive, but Canada isn't perfect either, and the US administration's tactics are increasingly impure.

What Was Announced

Canada and China announced a trade deal and several memorandums of understanding at the conclusion of PM Carney's visit. Go [here](#), [here](#), [here](#), and [here](#) for more information and details. The announcements are a starting point, and the language is careful to emphasize further opportunities while raising just as many questions as those that were answered. A rather large one is exactly how and how much China may invest in Canadian energy and clean tech (batteries, solar, wind and energy storage). How Canada will get product to China in areas like energy absent further infrastructure development is also unclear.

On tariff changes, they reversed much, but not all, of the tariff hits that were bilaterally imposed last year. Here's the summary.

Chinese Electric Vehicles

Canada dropped tariffs on imports of Chinese electric vehicles from 100% to the most-favoured nation rate of 6.1% on the first 49,000 vehicles that are imported annually but rising to 70,000 within five years. 49k is the number of e-vehicles China sent to Canada in 2024 and equals just under 3% of new vehicles sold in Canada. Canadian imports of pure e-vehicles (ex-hybrids) from China are shown in chart 1. Lower priced EV models under C\$35k will ultimately account for half of the quota by 2030.

Importantly, the deal pledges that China will make joint-venture auto investments in Canada within three years. It will be important to monitor how much of an investment and how many jobs were talking about particularly in light of opposition to the tariff reduction by the Ontario government.

Jobs, investment, more choice, cheaper and with cleaner emissions—what's not to like? Trump's preference toward gas guzzlers is against the way the world is going.

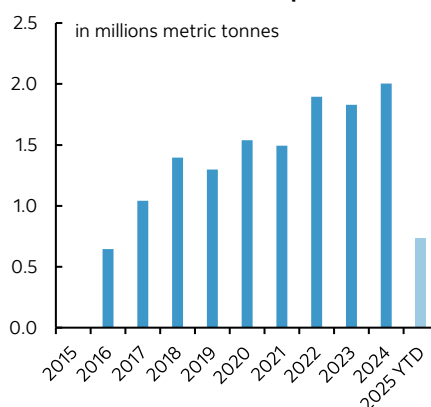
Canola

China imposed a 100% tariff on Canadian canola oil and canola meal last March and then a 76% tariff on Canadian canola seeds for a combined tariff of about 85% which will now drop to about 15%. The impact on canola producers was harsh as follows using [statistics](#) from the Canola Council of Canada:

- In 2024, China bought 5.86 million metric tonnes of Canola seed which dropped to 2.03 million over the first nine months of 2025 for an annualized total of 2.71 million tonnes. Chart 2 shows the reversal from the surge over 2023–24.
- 735.87 thousand metric tonnes of canola meal was exported to China in 2025 up to September, down from 2 million metric tonnes in 2024. Chart 3 shows this category falling off a cliff in 2025.
- Canola oil exports to China totalled 120.45 thousand metric tonnes over the first nine months in 2025, up from 15.35 in 2024. Chart 4 shows this category has collapsed since the pandemic.

Chart 3

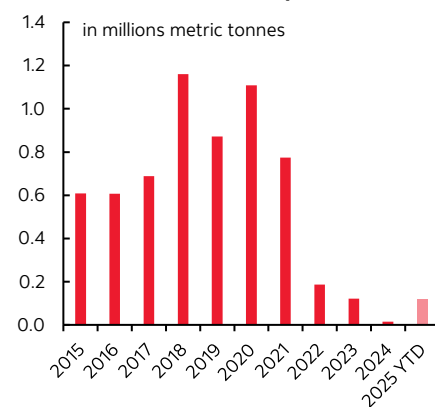
Canadian Canola Meal Exports to China



Sources: Scotiabank Economics, Statistics Canada, Canola Council of Canada.

Chart 4

Canadian Canola Oil Exports to China



Sources: Scotiabank Economics, Statistics Canada, Canola Council of Canada.

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Other

- China will drop tariffs on canola meal, lobsters, crabs and peas with some funny language. The tariff won't drop until the start of March and for the rest of this year with no clarity on what lies beyond. It's unclear why.
- China said it will drop visa requirements for Canadians who travel to China. I could be mistaken, but I don't see Canada dropped visa requirements for Chinese visitors.
- Canada and China issued a loose pledge to increase two-way investment in clean energy and technology, agri-food, wood products and other sectors.

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		
	3.57	3.57	3.53	3.78	3.77	3.75	4.19	4.17	4.17	4.82	4.80	4.81	Canada - BoC	2.25
	2.54	2.53	2.55	2.91	2.89	2.92	3.36	3.35	3.38	3.80	3.79	3.82	US - Fed	3.75
	2.12	2.10	2.11	2.46	2.39	2.42	2.84	2.82	2.86	3.44	3.40	3.46	England - BoE	3.75
	1.21	1.19	1.15	1.65	1.63	1.56	2.19	2.16	2.10	3.49	3.48	3.42		
	3.68	3.67	3.64	3.88	3.86	3.84	4.41	4.39	4.37	5.14	5.13	5.12		
	Spreads vs. U.S. (bps):													
	-104	-104	-99	-88	-87	-83	-83	-82	-78	-101	-100	-99	Euro zone - ECB	2.15
	-146	-147	-143	-133	-138	-133	-134	-135	-130	-138	-139	-135	Japan - BoJ	0.75
-237	-238	-238	-213	-214	-219	-200	-201	-207	-132	-132	-140			
11	10	11	10	9	8	22	22	21	33	33	31	Mexico - Banxico	7.00	
Equities	Level						% change:							
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	33029	112.4					0.3	2.0	5.6	32.9			Australia - RBA	3.60
Dow 30	49442	292.8					0.6	0.4	2.8	14.6			New Zealand - RBNZ	2.25
S&P 500	6944	17.9					0.3	0.3	2.1	17.0				
Nasdaq	23530	58.3					0.2	0.2	1.8	21.7				
DAX	25272	-80.4					-0.3	0.0	5.0	22.4				
FTSE	10236	-2.9					-0.0	1.1	5.7	22.0				
Nikkei	53936	-174.3					-0.3	5.5	8.9	40.3			Canada - BoC	Jan 28, 2026
Hang Seng	26845	-78.7					-0.3	2.3	6.4	37.5			US - Fed	Jan 28, 2026
CAC	8249	-63.9					-0.8	-1.3	1.8	8.0			England - BoE	Feb 05, 2026
Commodities	Level						% change:							
WTI Crude	60.03	0.84					1.4	1.5	8.6	-23.7			Euro zone - ECB	Feb 05, 2026
Natural Gas	3.17	0.04					1.2	-0.1	-18.5	-25.6			Japan - BoJ	Jan 23, 2026
Gold	4601.04	-15.11					-0.3	2.0	6.9	69.5				
Silver	91.27	0.17					0.2	21.4	42.9	204.3				
CRB Index	301.75	-5.07					-1.7	-0.2	3.4	-3.1				
Currencies	Level						% change:							
USDCAD	1.3891	0.0000					0.0	-0.2	1.0	-3.5			Mexico - Banxico	Feb 05, 2026
EURUSD	1.1615	0.0006					0.1	-0.2	-1.1	12.8			Australia - RBA	Feb 02, 2026
USDJPY	158.17	-0.4600					-0.3	0.2	2.2	1.9			New Zealand - RBNZ	Feb 17, 2026
AUDUSD	0.6700	0.0001					0.0	0.2	1.0	7.8				
GBPUSD	1.3397	0.0016					0.1	-0.1	-0.2	9.5				
USDCHF	0.8018	-0.0014					-0.2	0.1	0.8	-12.0				

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