

DAILY POINTS

January 19, 2026 @ 7:10 EST

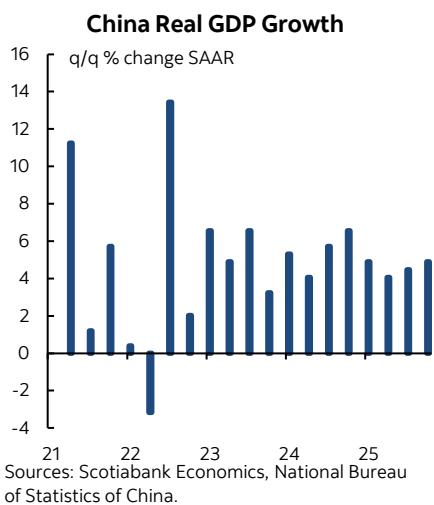
On Deck for Monday, January 19th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	01-19	08:30	Core CPI - Median (y/y)	Dec	--	2.7	2.8
CA	01-19	08:30	Core CPI - Trim (y/y)	Dec	--	2.7	2.8
CA	01-19	08:30	CPI, All items (m/m)	Dec	-0.4	-0.3	0.1
CA	01-19	08:30	CPI, All items (y/y)	Dec	2.2	2.2	2.2
CA	01-19	08:30	CPI, All items (index)	Dec	--	165.1	165.4
CA	01-19	08:30	Core CPI - Common (y/y)	Dec	--	--	2.8
CA	01-19	08:30	CPI SA, All items (m/m)	Dec	--	--	0.2
CA	01-19	10:30	Business Outlook Future Sales	4Q	--	--	-2.0

KEY POINTS:

- **Tariff threats and troops sink risk appetite**
- **China's economy performed largely as expected to end 2025**
- **Canadian CPI: was the dip in core measures an aberration?**
- **BoC's Q4 stale surveys due today**
- **US markets shut for MLK Jr Day**
- **Global Week Ahead — Happy Anniversary?! (reminder [here](#))**

Chart 1



Gold is up by about US\$65/oz to \$4,660, stocks are broadly lower by 1%+ across most major benchmarks and the dollar is slightly softer against major crosses. EGBs are slightly richer at the front end in a bull steepener move. US market participants are generally watching from the sidelines given the US holiday.

The culprit is rising tensions caused by Trump's aggression toward Greenland as an extension of his hemispheric ambitions as Europe responds with troops and tariffs in an effort to stop the steal. Canada is close to approval for sending troops in a show of solidarity with Europe which it frankly must if it wants Europe's support for any US sovereignty challenges against Canada. Enter the irony of Trump's 'Board of Peace' even if we plug our noses and ignore Putin's participation.

The EU is preparing about €93 billion of retaliatory tariffs to counter Trump's weekend threat that an extra 10% tariff would be applied against countries opposing his will to snatch Greenland. That may come to include Canada, and/or it may threaten CUSMA trade negotiations that are stalled in any event.

I've said from the start that trade agreements with the US administration would have short shelf lives and become practically worthless. Capitulation on the bad terms that Europe unwise agreed to would have the US administration repeatedly coming back for more on some other issue, like metals, or hegemonic territorial ambitions. Be careful what you agree to in the short-run as US trade aggression is an insidious multi-act play. Canada has seen likewise, after the CUSMA/USMCA deal was supposedly the best trade deal in history, only to be attacked again in Trump 2.0. And here we are, with passage of said 'deal' with Europe in jeopardy within the European parliament. Tensions rising between allies—hopefully not entirely in a past tense—and rising domestically with 1,500 troops off to Minnesota. Americans fighting Americans, and Americans confronting allies.

CHINA'S ECONOMY PERFORMS AS EXPECTED

China updated a set of macro figures that had little effect given how close they were to expectations and the dominance of other market drivers.

- Q4 GDP grew by 1.2% q/q SA (1.1% consensus) for the strongest gain in three quarters (chart 1).
- Retail sales were up 0.9% y/y in December (1% consensus). They fell in m/m seasonally adjusted terms in an extension of a pattern since mid-year (chart 2).

- Industrial production was up by 5.2% (5.0% consensus) and posted another m/m gain (chart 3).
- The jobless rate held unchanged at 5.1%.
- Fixed investment continues to fall (-3.8% ytd/ytd) with property investment down by 17.2% ytd/ytd.
- House prices continue to fall (chart 4). New home prices fell by another -0.4% m/m SA in December for the 31st consecutive monthly decline. Resale prices fell by another -0.7% m/m SA in December for the 32nd consecutive monthly decline. Monetary easing faces inelastic demand for money given a lack of confidence in an environment of continually falling prices.

CANADA TO UPDATE CPI

Canada refreshes CPI figures for December that frankly won't really matter to the BoC (8:30amET). The signal that they are on hold for an extended period is clearly communicated. See my Global Week Ahead for further explanations of our BoC views and a preview of CPI.

Consensus is looking for a -0.3% m/m seasonally unadjusted dip in CPI as per the polling convention. Estimates vary from -0.1% to -0.6% (Scotia -0.4%) except one outlier that seems to have gotten the sign wrong or that was inputted incorrectly.

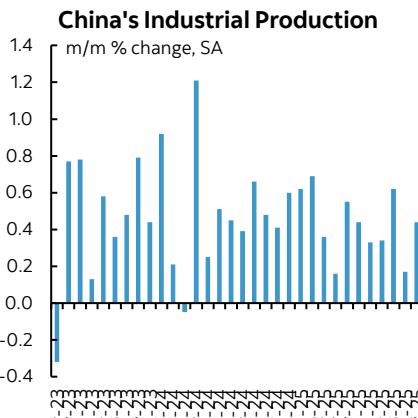
Very few bother to input estimates for the y/y rates of change in weighted median and trimmed mean CPI because, well, they'd be doing so on a total lark and they're not the measures that matter. The sensitivities of the calculations to tiny movements in unobservable individual prices can swing the estimate of the 50th percentile price change (weighted median) and the 20% of prices in both tails that get removed (trimmed mean) make for only random chance to getting it right. Further, they're not even y/y measures and are mislabelled as such; they're rolling 12-month weighted calculations of the m/m changes.

What does matter are the trends in m/m seasonally adjusted changes in the various core measures of CPI. Charts 5 and 6 show the prior month's sharp deceleration. Whether that was the start of a new trend or an aberration and whether the details stand up to scrutiny will be what matters a bit.

So let's see the numbers and then judge accordingly.

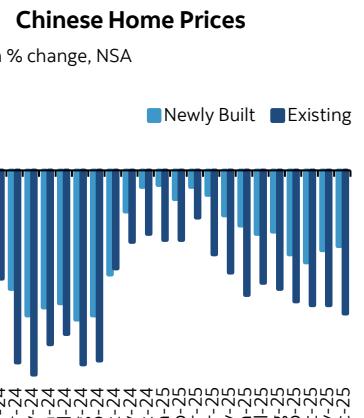
The Bank of Canada will then refresh its lagging quarterly business and household surveys two hours afterward. They'll include refreshed measures of inflation expectations that are likely to slip lower based on higher frequency leading indicators (chart 7). So. Businesses and consumers are bad at forming expectations, don't understand CPI figures, and routinely get it wrong.

Chart 3



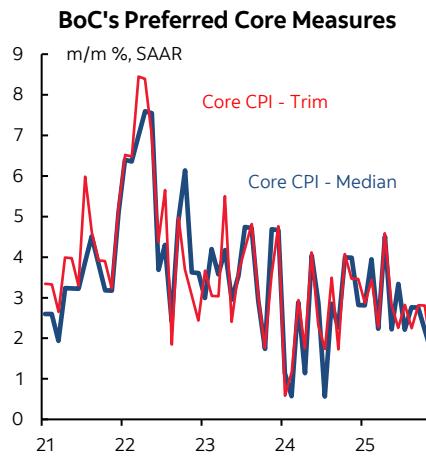
Sources: Scotiabank Economics, National Bureau of Statistics of China.

Chart 4



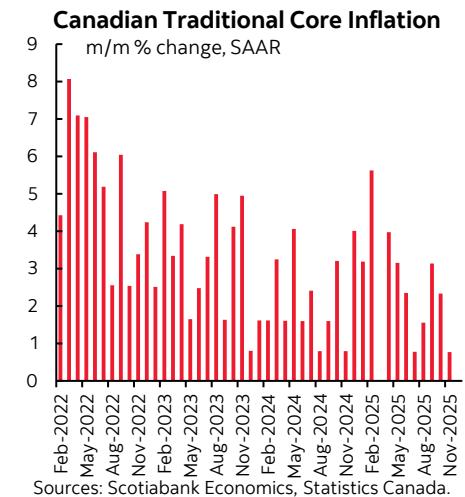
Sources: Scotiabank Economics, Bloomberg Intelligence.

Chart 5



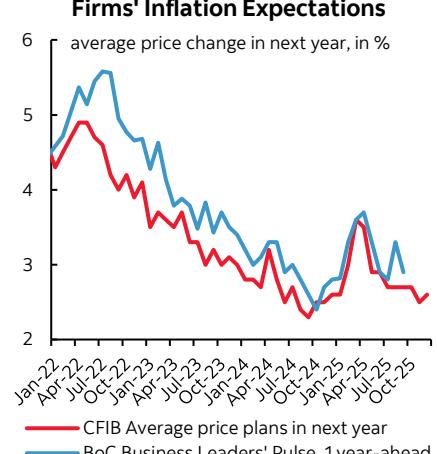
Sources: Scotiabank Economics, Statistics Canada.

Chart 6



Sources: Scotiabank Economics, Statistics Canada.

Chart 7



Sources: Scotiabank Economics, CFIB, BoC.

Government Yield Curves (%):												Central Banks	
	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	
U.S.	3.59	3.59	3.54	3.82	3.82	3.76	4.22	4.22	4.18	4.84	4.84	4.83	2.25
CANADA	2.55	2.55	2.56	2.93	2.91	2.93	3.39	3.37	3.40	3.81	3.80	3.84	3.75
GERMANY	2.08	2.11	2.10	2.43	2.45	2.40	2.83	2.84	2.84	3.45	3.42	3.44	3.75
JAPAN	1.22	1.21	1.15	1.69	1.65	1.56	2.27	2.19	2.10	3.61	3.49	3.42	0.75
U.K.	3.67	3.67	3.66	3.88	3.87	3.84	4.41	4.40	4.37	5.16	5.14	5.11	7.00
Spreads vs. U.S. (bps):													
CANADA	-104	-104	-97	-89	-90	-82	-84	-85	-78	-103	-104	-99	2.15
GERMANY	-151	-148	-144	-138	-136	-136	-139	-139	-134	-139	-142	-139	0.75
JAPAN	-237	-238	-238	-213	-216	-219	-196	-203	-208	-123	-134	-141	3.60
U.K.	8	8	12	6	6	9	19	18	20	32	30	28	2.25
Equities	Level			% change:									
	Last	Change		1 Day	1-wk	1-mo	1-yr						
S&P/TSX	33041		11.6	0.0	1.3	4.0	31.8						
Dow 30	49359		-83.1	-0.2	-0.3	2.5	13.5						
S&P 500	6940		-4.5	-0.1	-0.4	1.5	15.7						
Nasdaq	23515		-14.6	-0.1	-0.7	0.9	19.8						
DAX	24943		-353.7	-1.4	-1.8	2.7	19.3						
FTSE	10189		-46.2	-0.5	0.5	2.9	19.8						
Nikkei	53584		-352.6	-0.7	3.2	8.2	39.4						
Hang Seng	26564		-281.1	-1.0	-0.2	3.4	35.6						
CAC	8128		-130.6	-1.6	-2.8	-0.3	5.4						
Commodities	Level			% change:									
WTI Crude	59.08		-0.36	-0.6	-0.7	4.3	-24.1						
Natural Gas	3.49		0.38	12.4	2.3	-12.5	-11.7						
Gold	4664.25		68.16	1.5	1.5	7.5	72.5						
Silver	90.80		-0.47	-0.5	16.2	44.2	195.7						
CRB Index	302.05		0.30	0.1	0.2	2.4	-2.9						
Currencies	Level			% change:									
USDCAD	1.3888		-0.0026	-0.2	0.1	0.6	-2.9						
EURUSD	1.1629		0.0031	0.3	-0.3	-0.7	11.6						
USDJPY	157.98		-0.1400	-0.1	-0.1	0.1	1.5						
AUDUSD	0.6703		0.0020	0.3	-0.1	1.4	6.8						
GBPUSD	1.3410		0.0030	0.2	-0.4	0.2	8.8						
USDCHF	0.7986		-0.0044	-0.5	0.2	0.4	-11.9						

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