

DAILY POINTS

February 4, 2026 @ 7:35 EST

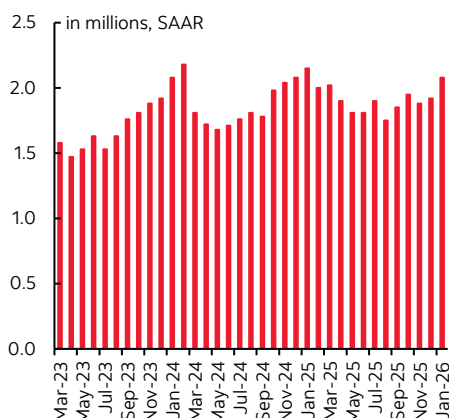
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Chart 1

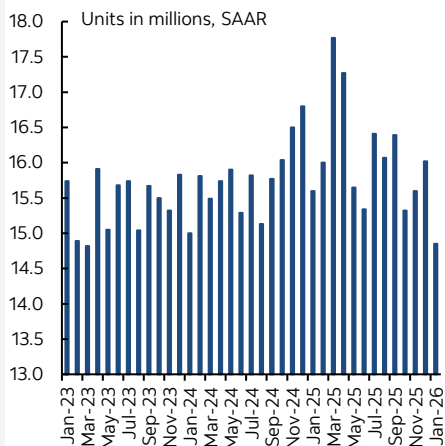
Canadian Vehicle Sales



Sources: Scotiabank Economics, DesRosiers Automotive Consultants Inc.

Chart 2

US Total Vehicle Sales



Sources: Scotiabank Economics, Wards.

On Deck for Wednesday, February 4th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	02-04	07:00	MBA Mortgage Applications (w/w)	Jan 30	--	--	-8.5
US	02-04	08:15	ADP Employment Report (000s m/m)	Jan	35	45.0	41.0
US	02-04	10:00	ISM Non-Manufacturing Composite	Jan	54.0	53.5	53.8
US	02-04	18:30	Fed's Cook Speaks on Monetary Policy and Economy				

KEY POINTS:

- **Crypto keeps tumbling**
- **US shutdown ends, watch for a nonfarm release date**
- **Jobs and wages push back RBNZ hike pricing**
- **Canadian auto sales surge to highest in a year, retail sales looking up...**
- **...as Canadian jobs, auto sales, housing starts outperform the US**
- **US auto sales plummet**
- **US ISM-services, ADP, quarterly refunding on tap**

Markets are starting off in mildly constructive fashion on balance. N.A. equity futures and most European cash markets are pushing higher especially in Europe. The dollar is firmer against most crosses. Sovereign bonds are little changed with slight outperformance across the Eurozone following minor negative PMI revisions and a tick lower core than expected CPI reading (2.2% y/y). Crypto currencies continue to decline this morning and Tether's (a stablecoin) necessary parity to the dollar continues to be under pressure. Today brings US data and more tech earnings in the after-market (Alphabet, Q4 consensus EPS US\$2.65) after last evening's US and Canadian vehicle sales prints that continue to diverge.

Geopolitical risk may flare at any moment depending upon how the Trump administration reacts to Iran's attacks on US ships and how talks proceed. Human rights groups are reporting horrifying numbers of protesters having been killed. US naval forces are gathered offshore. Neither side may fully grasp the consequences of escalation.

Assuming Trump signs into law the funding bill that reopens the government, we might get a revised date for nonfarm payrolls very quickly. Workers are likely to be ordered back to work today. I doubt Friday is back on, but early next week could be.

Life Support is Highly Underrated

Canadian vehicle sales soared to about 2.09 million units at a seasonally adjusted and annualized pace in January which is the highest tally since last January and a gain of around 9% m/m SA ([here](#)). Sales continue to trend around multi-year highs (chart 1). Backed by job growth that leads the world.

There is never any one measure of auto sales in Canada that aligns well with how they are captured in retail sales, but all else equal, this may lean toward a solid reading for total retail sales in January. Recall that retail sales volumes were up by 1.1% m/m in November, then dipped based on preliminary guidance for December, and they appear to be gaining again in January. This kind of auto sales surge could add

I guess if you call that being on life support which seems to be the glam narrative du jour, then clearly life support's highly underrated. Relative GDP doesn't tell all especially given massive inventory and trade distortions through bouts of tariff front-running and consolidation episodes. Look at the relative performance of Canadian versus US jobs, or Canadian versus US vehicle sales, or Canadian versus US housing starts and it seems the tariff boomerang returned to smack the US.

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US Vehicle Sales Are Tumbling

US vehicle sales landed at 14.85 million SAAR in January (15.2 consensus, 14.8 Scotia, 16.02 prior) for a -7.3% m/m SA drop. That's the lowest sales reading since March 2023 (chart 2). The smoothed trend has been pointed downward ever since the temporary peak in March when consumers tried to get ahead of tariffs. A combination of tariffs, expired EV subsidies in September, and recently lousy weather have driven auto sales lower.

RBNZ Not About to Follow the RBA Anytime Soon

If the labour market calls the shots, then don't expect the RBNZ to rapidly follow the RBA on a hiking path. NZ's 2-year yield fell by about 4bps after updates. NZ jobs were up by 0.5% q/q SA in Q4 (0.3% consensus) which translated into a decent gain in employment (chart 3) but the participation rate's rise to 70.5% helped to push the unemployment rate up a tick to 5.4% (chart 4). Wage growth excluding overtime was up 0.4% q/q SA (0.5% prior and consensus) which slowed somewhat as shown in chart 5.

US ADP, ISM-Services On Tap

US ADP private payrolls (8:15amET) are likely to expand with consensus at 45k and Scotia at 35k based on the available 4-week rolling weekly average of changes. Meh, it's a poor nonfarm guide, but the lost trend momentum over the past year reinforces the nonfarm readings (chart 6).

Then ISM-services (10amET) will be looked to for signs it reinforces or contradicts the signal from the much smaller manufacturing sector this past Monday.

The Treasury market will also consider the Treasury quarterly refunding announcement this morning (8:30amET).

Chart 3

New Zealand Change in Employment

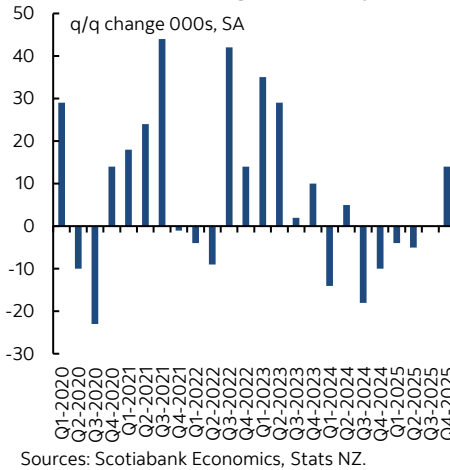


Chart 4

New Zealand Unemployment Rate



Chart 5

NZ Hourly Wage Growth

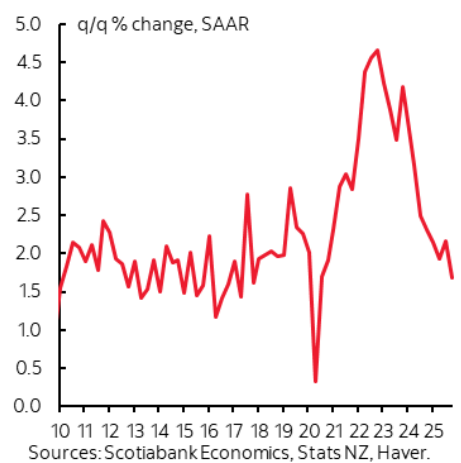
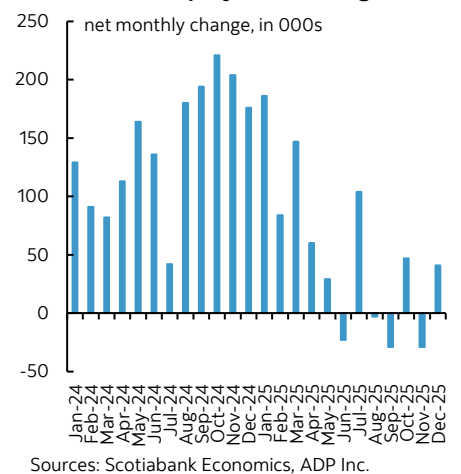


Chart 6

ADP Employment Change



Fixed Income	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.	3.58	3.57	3.57	3.84	3.83	3.83	4.27	4.27	4.24	4.90	4.90	4.86	Canada - BoC	2.25
CANADA	2.59	2.58	2.59	2.96	2.95	2.94	3.44	3.43	3.43	3.89	3.88	3.86	US - Fed	3.75
GERMANY	2.11	2.12	2.10	2.44	2.46	2.44	2.87	2.89	2.86	3.53	3.55	3.49	England - BoE	3.75
JAPAN	1.28	1.29	1.25	1.69	1.69	1.67	2.26	2.27	2.24	3.65	3.65	3.64		
U.K.	3.71	3.71	3.74	3.95	3.95	3.99	4.52	4.52	4.54	5.29	5.29	5.30		
Spreads vs. U.S. (bps):														
CANADA	-99	-99	-99	-88	-89	-88	-83	-83	-82	-101	-102	-99	Euro zone - ECB	2.15
GERMANY	-147	-145	-147	-140	-137	-139	-140	-138	-139	-137	-135	-136	Japan - BoJ	0.75
JAPAN	-229	-228	-232	-215	-214	-216	-202	-200	-200	-125	-124	-121		
U.K.	13	14	17	11	12	16	25	25	30	39	39	44	Mexico - Banxico	7.00
Equities	Level			Level			% change:			% change:				
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	32389			204.7			0.6	-2.1	1.6	28.1			Australia - RBA	3.85
Dow 30	49241			-166.7			-0.3	0.5	1.8	10.5			New Zealand - RBNZ	2.25
S&P 500	6918			-58.6			-0.8	-0.9	0.9	14.6				
Nasdaq	23255			-336.9			-1.4	-2.4	0.1	18.3				
DAX	24768			-13.0			-0.1	-0.2	0.9	15.2				
FTSE	10451			136.1			1.3	2.9	5.0	21.9				
Nikkei	54293			-427.3			-0.8	1.8	7.9	39.9				
Hang Seng	26847			12.5			0.0	-3.5	1.9	29.1				
CAC	8276			96.8			1.2	2.6	1.0	4.7				
Commodities	Level			Level			% change:			% change:				
WTI Crude	63.49			0.28			0.4	0.4	10.8	-12.7				
Natural Gas	3.33			0.02			0.5	-55.4	-8.0	2.3				
Gold	5062.96			116.20			2.3	-6.5	16.9	78.1				
Silver	87.49			5.52			6.7	-21.6	17.9	179.6				
CRB Index	310.11			4.97			1.6	-2.4	4.1	0.3				
Currencies	Level			Level			% change:			% change:				
USDCAD	1.3654			0.0014			0.1	0.7	-0.9	-4.7				
EURUSD	1.1819			0.0000			0.0	-1.1	0.8	13.9				
USDJPY	156.65			0.9000			0.6	2.1	0.2	1.5				
AUDUSD	0.7029			0.0008			0.1	-0.2	4.7	12.4				
GBPUSD	1.3719			0.0022			0.2	-0.6	1.3	9.9				
USDCHF	0.7757			0.0004			0.1	1.0	-2.0	-14.3				
Next Meeting Date														
													Canada - BoC	Mar 18, 2026
													US - Fed	Mar 18, 2026
													England - BoE	Feb 05, 2026
													Euro zone - ECB	Feb 05, 2026
													Japan - BoJ	Mar 19, 2026
													Mexico - Banxico	Feb 05, 2026
													Australia - RBA	Mar 16, 2026
													New Zealand - RBNZ	Feb 17, 2026

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