Scotiabank

GLOBAL ECONOMICS

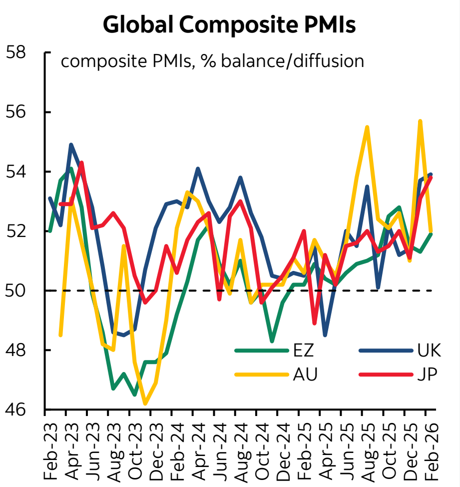
DAILY POINTS

February 20, 2026 @ *7:00 EST*

Contributors

Derek Holt
VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

Chart 1



Sources: Scotiabank Economics, S&P Global.

On Deck for Friday, February 20th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	02-20	08:30	IPPI (m/m)	Jan	--	0.2	-0.6
CA	02-20	08:30	Raw Materials Price Index (m/m)	Jan	--	0.7	0.5
CA	02-20	08:30	Retail Sales (m/m)	Dec	-0.5	-0.5	1.3
CA	02-20	08:30	Retail Sales ex. Autos (m/m)	Dec	--	0.0	1.7
US	02-20	08:30	GDP (q/q a.r.)	4Q A	3.5	3.0	4.4
US	02-20	08:30	GDP Deflator (q/q a.r.)	4Q A	--	2.8	3.8
US	02-20	08:30	PCE Deflator (m/m)	Dec	0.3	0.3	0.2
US	02-20	08:30	PCE Deflator (y/y)	Dec	2.8	2.8	2.8
US	02-20	08:30	PCE ex. Food & Energy (m/m)	Dec	0.3	0.3	0.2
US	02-20	08:30	PCE ex. Food & Energy (y/y)	Dec	2.9	2.9	2.8
US	02-20	08:30	Personal Spending (m/m)	Dec	0.2	0.4	0.5
US	02-20	08:30	Personal Income (m/m)	Dec	0.3	0.3	0.3
US	02-20	09:45	Fed's Bostic in Moderated Conversation				
US	02-20	10:00	New Home Sales (000s a.r.)	Dec	730	730.0	737.0
US	02-20	10:00	U. of Michigan Consumer Sentiment	Feb F	--	57.2	57.3
US	02-20	12:45	Fed's Logan Speaks at Bank Regulation Conference				
US	02-20	15:30	Fed's Musalem Appears on Fox Business				

KEY POINTS:

- **US equities are underperforming ahead of key data, possible tariff decision**
- **SCOTUS decision on IEEPA tariffs is possible today, but here's why it's unlikely**
- **Q4 US GDP estimates are all over the map**
- **Global PMIs diverged**
- **Lagging US PCE inflation**
- **Canadian producer prices signalling lagging pass through to consumer prices**
- **Canadian consumer spending may be weighed down by harsh weather**
- **UK consumers charged ahead into the new year**

Global markets are tentatively showing promise of a risk-on session with equities pointed higher across most exchanges except the US following an overnight dump of global PMIs and UK retail sales.

That could change with a deluge of US data and a possible—but doubtful—SCOTUS IEEPA tariff decision on tap. Canadian markets face inflation and consumer updates.

WHY A SCOTUS DECISION ON IEEPA TARIFFS TODAY WOULD BE A SURPRISE

And SCOTUS will deliver an opinion or opinions starting at 10amET. An IEEPA decision is possible but unlikely for two main reasons.

1. It would be surprising if they ruled before Trump's SOTU speech next Tuesday. The tone of the SCOTUS hearing on the tariffs and the odds favour ruling against their use in some form or another with uncertainties over what to do afterward, but it doesn't strike me as the way the court rolls to dump on the trade agenda right before Trump's showtime. The justices will all be seated in Congress for the speech and no doubt Trump would lash out repeatedly against them if the decision were to be unfavourable to the administration.

2. As noted in my weekly, the Court has been transitioning toward providing most of its opinions in June and then splitting town so to speak.

The same two-pronged argument applies to why it would be surprising if SCOTUS ruled next Tuesday or Wednesday that are also opinion days.

February 20, 2026

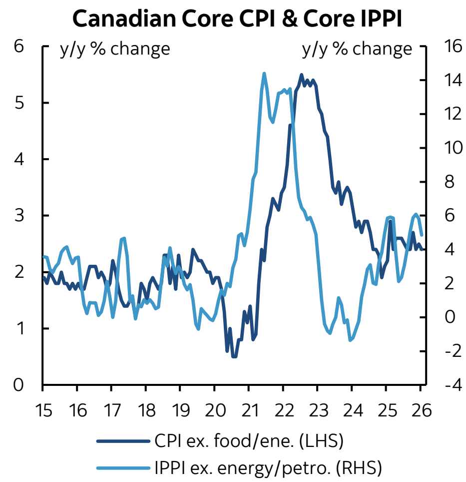
KEY US READINGS ON TAP

The US updates Q4 GDP that is expected to be another strong quarter but with weaker hand-off effects into Q1 through higher frequency readings (8:30amET). Consensus expects growth to land at 2.8% q/q SAAR but with a very wide dispersion of readings from about 1½% to 4¼%. The Atlanta Fed's nowcast fell to 3% from a peak of 5½% at one point. Consumption should add about two percentage points in weighted terms.

US personal income, spending and inflation readings for December are also due (8:30amET). US PCE inflation is a lagging reading due to the shutdown as it's for December whereas we already have January CPI and then next Friday we'll get January PPI to help inform expectations for the next PCE reading. PCE and core PCE measures of inflation are expected to rise by about 0.3% m/m SA.

New home sales during December will also be released (10amET).

Chart 2



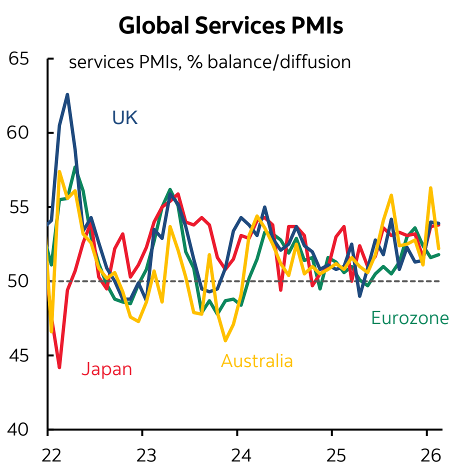
Sources: Scotiabank Economics, Statistics Canada.

CANADIAN CONSUMER AND INFLATION TRACKING

Canada updates producer prices in January this morning (8:30amET). They've been ripping higher with correlated potential pass through into consumer prices ahead (chart 2).

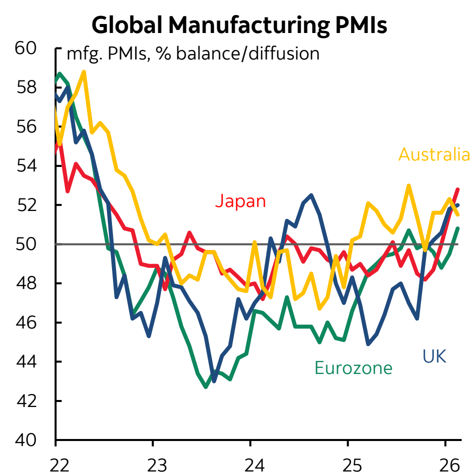
Retail sales are expected to be soft for December based on earlier guidance (-0.5% m/m SA), but the preliminary flash estimate for January's sales may matter more (8:30amET). Harsher than usual winter weather could be a downside risk.

Chart 3



Sources: Scotiabank Economics, Markit, Bloomberg, ISM.

Chart 4



Sources: Scotiabank Economics, S&P Global.

MIXED GLOBAL GROWTH SIGNALS FROM PMIS

Global purchasing managers indices (PMIs) signalled quicker economic growth in Japan, the Eurozone and India, unchanged growth momentum in the UK and cooler growth in Australia (charts 1, 3 and 4). The divergences in data contributed to differential effects on markets as, for example, Aussie bond yields fell by about 5bps across the curve to outperform most other benchmarks.

The A$ fell and dragged the kiwi dollar with it as Australia's composite PMI fell 3.7 points to 52.0, signalling softer economic growth. Most of the deceleration came through the services PMI (52.2, 56.3 prior). Manufacturing also eased but by eight-tenths to 51.5.

Japan's composite PMI increased seven-tenths to 53.8, signalling broader growth driven by a pick-up in the manufacturing PMI as the services PMI was essentially flat.

The UK composite PMI was basically unchanged (53.9, 53.7) including across services (53.9) and manufacturing (52).

The Eurozone's composite PMI edged a little higher to 51.9 (51.3 prior) mainly due to an acceleration in manufacturing (50.8, 49.5 prior). Germany's composite PMI moved up a full point to 53.1 with gains in both services and manufacturing. France's composite PMI edged higher but not enough to escape a sub-50 contraction signal at 49.9 with both manufacturing and services hovering in contraction.

India's composite PMI increased to 59.3 from 58.4 as manufacturing accelerated (57.5, 55.4 prior) and services were little changed at 58.4.

UK CONSUMERS CHARGED INTO THE NEW YEAR

UK consumers embraced the new year with a spending frenzy. Retail sales volumes were up by 1.8% m/m in January and 2% ex-fuel versus consensus expectations for gains of only about ¼% in both measures.

Japanese national core CPI decelerated to 2.6% y/y from 2.9% and a tick beneath consensus.

Fixed Income	Government Yield Curves (%):											
	2-YEAR			5-YEAR			10-YEAR			30-YEAR		
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk
U.S.	3.47	3.46	3.41	3.64	3.64	3.61	4.07	4.07	4.05	4.70	4.70	4.70
CANADA	2.44	2.44	2.49	2.75	2.76	2.82	3.22	3.23	3.28	3.71	3.71	3.74
GERMANY	2.05	2.05	2.04	2.33	2.34	2.34	2.73	2.74	2.76	3.39	3.41	3.43
JAPAN	1.26	1.26	1.29	1.62	1.64	1.69	2.12	2.15	2.23	3.34	3.35	3.46
U.K.	3.57	3.57	3.59	3.77	3.79	3.83	4.34	4.37	4.42	5.14	5.18	5.22
	Spreads vs. U.S. (bps):											
CANADA	-103	-102	-92	-89	-88	-79	-84	-84	-77	-99	-99	-95
GERMANY	-141	-141	-137	-131	-130	-127	-133	-133	-129	-131	-129	-126
JAPAN	-220	-220	-212	-202	-200	-191	-195	-192	-182	-136	-135	-124
U.K.	11	11	18	13	15	22	28	30	37	44	48	53

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	33595	205.3	0.6	1.0	2.6	31.7
Dow 30	49395	-267.5	-0.5	-1.4	1.9	11.8
S&P 500	6862	-19.4	-0.3	-1.1	1.0	12.2
Nasdaq	22683	-70.9	-0.3	-1.7	-1.2	13.6
DAX	25112	68.1	0.3	0.8	1.7	12.5
FTSE	10697	70.2	0.7	2.4	5.6	23.5
Nikkei	56826	-642.1	-1.1	-0.2	7.2	46.9
Hang Seng	26413	-292.6	-1.1	-2.8	-0.3	17.0
CAC	8469	70.6	0.8	1.9	5.0	4.3

Commodities	Level		% change:			
WTI Crude	66.36	-0.07	-0.1	5.6	10.0	-8.6
Natural Gas	2.96	-0.04	-1.2	-8.0	-24.2	-28.7
Gold	5017.46	21.36	0.4	-0.5	5.3	70.7
Silver	77.75	2.30	3.0	-6.9	-16.4	136.3
CRB Index	309.10	1.17	0.4	-0.5	2.3	-2.4

Currencies	Level		% change:			
USDCAD	1.3687	0.0007	0.1	0.5	-1.1	-3.4
EURUSD	1.1768	-0.0005	-0.0	-0.8	0.4	12.1
USDJPY	155.22	0.2100	0.1	1.7	-1.9	3.7
AUDUSD	0.7048	-0.0008	-0.1	-0.4	4.6	10.1
GBPUSD	1.3472	0.0007	0.1	-1.3	0.2	6.3
USDCHF	0.7763	0.0013	0.2	1.1	-1.7	-13.5

Central Banks	
Current Rate	
Canada - BoC	2.25
US - Fed	3.75
England - BoE	3.75
Euro zone - ECB	2.15
Japan - BoJ	0.75
Mexico - Banxico	7.00
Australia - RBA	3.85
New Zealand - RBNZ	2.25
Next Meeting Date	
Canada - BoC	Mar 18, 2026
US - Fed	Mar 18, 2026
England - BoE	Mar 19, 2026
Euro zone - ECB	Mar 19, 2026
Japan - BoJ	Mar 19, 2026
Mexico - Banxico	Mar 26, 2026
Australia - RBA	Mar 16, 2026
New Zealand - RBNZ	Apr 07, 2026