

DAILY POINTS

March 16, 2026 @ 7:20 EST

Contributors

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Chart 1

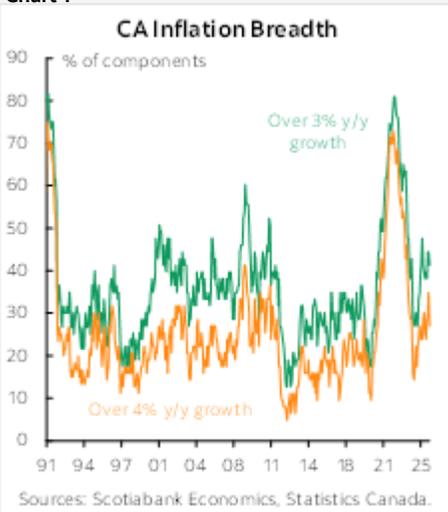


Chart 2

Canadian Core CPI Measures			
Month	Weighted Median	Trimmed Mean	Traditional Core
Jan-2025	2.8	4.0	2.4
Feb-2025	4.0	2.9	5.6
Mar-2025	2.2	2.3	0.0
Apr-2025	5.1	4.6	4.0
May-2025	2.2	2.8	2.4
Jun-2025	2.8	2.8	3.1
July-2025	1.7	2.3	0.8
Aug-2025	2.8	2.2	1.6
Sep-2025	3.3	3.4	2.3
Oct-2025	2.2	2.8	3.1
Nov-2025	1.6	1.7	0.8
Dec-2025	0.5	0.6	3.1
Jan-2026	1.6	1.1	1.5

Sources: Scotiabank Economics, Statistics Canada.

On Deck for Monday, March 16th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	03-16	08:15	Housing Starts (000s a.r.)	Feb	255	252.5	238.0
CA	03-16	08:30	Core CPI - Median (y/y)	Feb	--	2.4	2.5
CA	03-16	08:30	Core CPI - Trim (y/y)	Feb	--	2.3	2.4
CA	03-16	08:30	CPI, All items (m/m)	Feb	0.9	0.7	0.0
CA	03-16	08:30	CPI, All items (y/y)	Feb	2.1	1.9	2.3
CA	03-16	08:30	CPI, All items (index)	Feb	--	166.1	165.0
US	03-16	08:30	Empire State Manufacturing Index	Mar	--	3.8	7.1
CA	03-16	08:30	Core CPI - Common (y/y)	Feb	--	--	2.7
CA	03-16	08:30	CPI SA, All items (m/m)	Feb	--	--	0.1
US	03-16	09:15	Capacity Utilization (%)	Feb	76.2	76.2	76.2
US	03-16	09:15	Industrial Production (m/m)	Feb	0.1	0.1	0.7
US	03-16	10:00	NAHB Housing Market Index	Mar	--	37.0	36.0

KEY POINTS:

- Sovereign yields edge lower on calmer oil prices
- Canadian CPI to add to the list of readings to be faded by the BoC...
- ...as forward-looking risks to the inflation outlook dominate...
- ...while February's job loss had several distortions as reasons to fade...
- ...and GDP figures have masked a domestic economy rebound
- China's economy posts some encouraging signs...
- ...but the property market remains weak as prices continue to slide
- Light US data—industrial output, Empire, homebuilder confidence
- Will the RBA hike tonight?
- Global (Two) Week Ahead—No Two Are the Same (reminder [here](#))

Markets are kicking off a fresh trading week with mixed evidence on risk appetite. The dollar is broadly softer against major currencies which is usually a risk-on signal. Ditto for US equity futures. Yet most European equity cash markets are lower except for a tiny gain in London, while sovereign yields are down by 2–5bps across major global benchmarks by country and maturity with the Antipodeans being an exception into the RBA's potential hike tonight.

What explains the differences across asset classes? Perhaps relative calm in energy markets. WTI is off by over a buck at the time of publication, with Brent down a couple of dimes. Markets are caught in a stalemate situation between fresh developments across the middle east but in my opinion, there is no clear traction toward achieving the initial aim of neutralizing Iran's nuclear ambitions while bombing its navy and air force is countered by limitations insofar as countering the drone threat to regional energy infrastructure and the Strait of Hormuz. Iran is seeking to pull off a 1990–91 repeat including its effects on US GDP, payrolls, and US politics.

CANADIAN CPI—BACKWARD READING TO BE FADED

Canada refreshes CPI for the month of February this morning (8:30amET) as the last major reading before Wednesday's Bank of Canada decision. The relevance of the release is likely to be pretty minimal given fresher inflation risks emanating from the war with Iran.

CPI is expected to be up 0.9% m/m seasonally unadjusted as per the polling convention (consensus 0.7%) with the year-over-year rate ebbing a touch to 2.1% (2.3% prior, 1.9% consensus). The year-over-year rate will be distorted lower by the mid-February 2025 expiration of the temporary GST tax cut.

Two things are what really matter. One is what happens to the three main core inflation readings given a weakening trend over the past three months (chart 1). The BoC won't overreact to this recent trend a) because we've seen multiple head fakes before reacceleration over the pandemic era, b) because some of that reflects the lagging effects of softening economic momentum that prompted easing in the first place with such easing still working through the 12–24 month lagging effects on the economy and inflation, and c) because of forward-looking risks.

Secondly, watch breadth of inflationary pressures given the rising pattern for several months (chart 2).

One driver is that February is normally a strong seasonal up-month for prices in Canada (chart 3). February's seasonal adjustment factor has been moving higher in recent years which could also add to the seasonally adjusted reading (chart 4). Another driver is a mild expected contribution from higher gas prices that will become more significant in the next release. There could be a minor weighted lift from food prices as well. What could also be drivers are rebounds in shelter inflation and services ex-shelter given the prior month's decline (chart 5) but somewhat offset by the lower weight on softer core goods inflation after the strongest reading since last Spring (chart 6).

As for Friday's 84k decline in employment during February, I wasn't too surprised given I was in the tiny minority expecting a drop. It was bad on all details like full-time jobs and private payrolls, but with caveats. For one, sickness and weather hammered measures like hours worked (charts 7, 8) and hence may have impeded both the job search and hiring processes. This was a particularly bad winter and a bad flu season across Canada and the US. Those could be reasons for why sectors like retail/wholesale, construction, info/culture/rec leisure sectors, hotel and food services, and other services categories were among the worst performers (chart 9). The seasonal adjustment factor remains biased to the low end of SA factors for like months of February in history which shaved jobs. There was light regional breadth to the decline as it was mostly driven by Quebec.

And as for other data like GDP, recall arguments given [here](#) as to why the BoC won't get fussed by Q4 and early Q1 GDP. Inventories were the main culprit holding back Q4 GDP as final domestic demand was strong including a modest rebound in consumer spending.

Chart 3

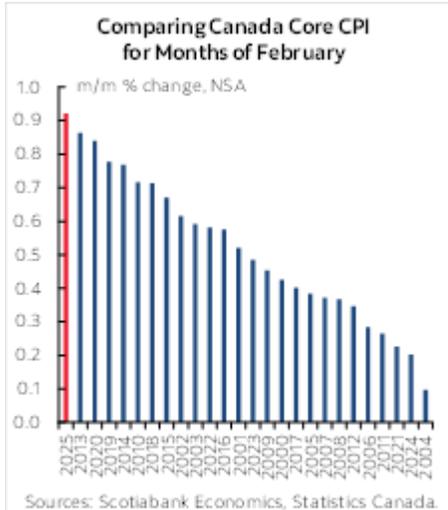


Chart 4

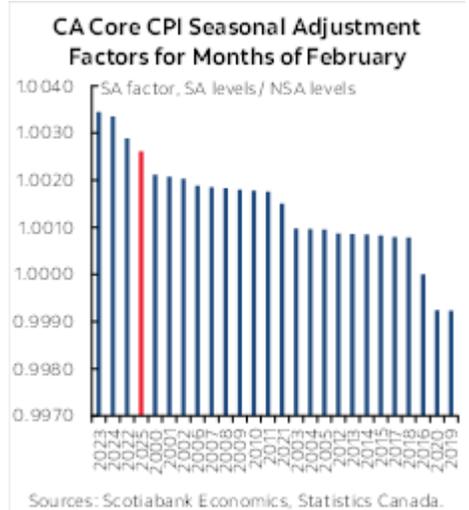


Chart 5

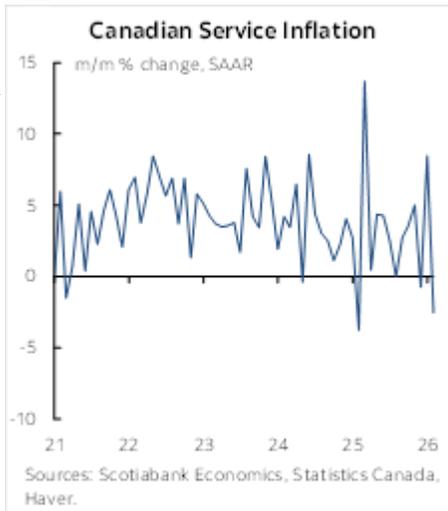


Chart 6

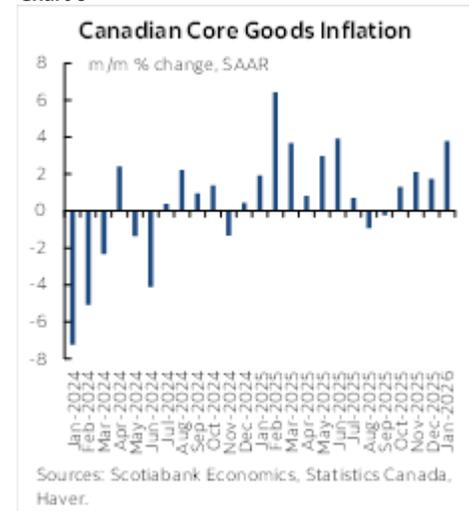


Chart 7

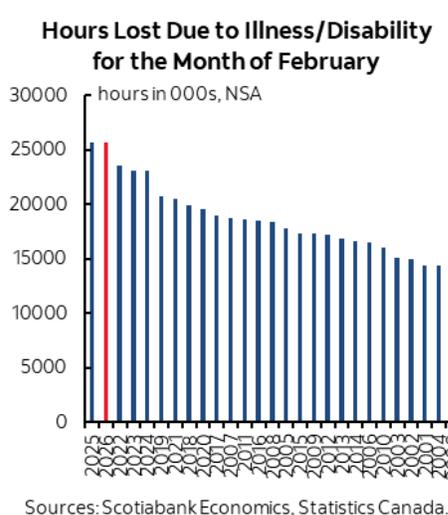
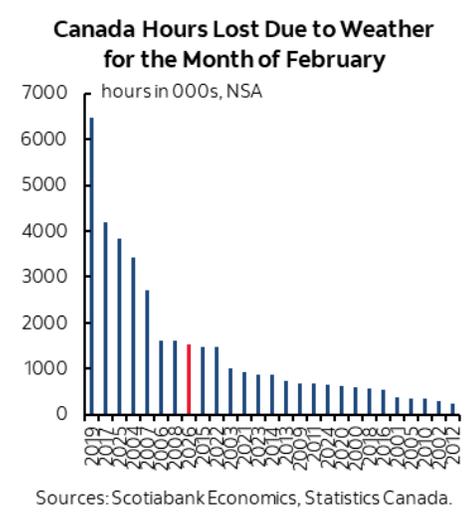


Chart 8



In any event, forward-looking risks will dominate the BoC's stance on Wednesday including uncertainty over the outlook for the US economy, the positive oil shock, and trade policy risks. The latter two are intertwined; I've long leaned toward a more optimistic stance on trade negotiations with a solid chance of a workable deal, and I don't think the Trump administration would wish to have both a harsh outcome for CUSMA and an oil shock on US consumers into midterms when Trump and the GOP are already polling poorly.

RBA—STRONG CHANCE OF BACK-TO-BACK HIKES

Australia's central bank delivers another rate decisions tonight (11:30pmET). Markets are two-thirds prices for a quarter point hike. Twenty-four out of thirty-three forecasters expect a hike with the rest on hold.

Governor Bullock shook things up when she previously stated "I'm not making a prediction about March, but it will be a live meeting" meaning there would be consideration given to delivering a back-to-back hike. She went on to note "We have inflation at 3.8% headline, and we have unemployment at 4.1. The board will be actively looking at whether or not it needs to move more quickly. So I would discourage people from thinking that we necessarily only meet every quarter."

Since she said that, Australia's economy posted solid 0.8% q/q SA nonannualized growth in 2025Q4 with an upward revision to Q3 (0.5% instead of 0.4%) alongside other mixed readings like a mild rebound in household spending and a reversal of December's export surge in January's data. Regardless, the job markets has been strong and inflation continues to run well above the RBA's 2–3% headline target range.

DATA RELEASES—CHINA, US

China's retail and industrial sectors continue to perform well as February readings posted solid growth. Retail sales were up by 0.8% m/m SA for the second straight strong month (chart 10).

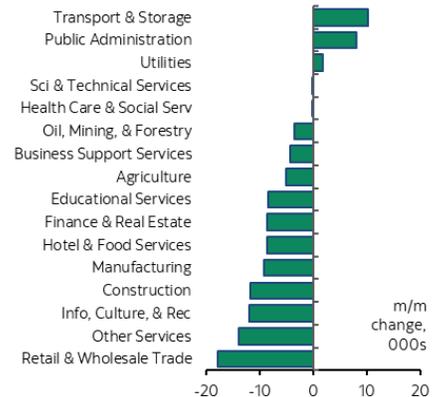
Industrial output was also up by 0.8% m/m SA for the strongest growth since April 2024 that extends a long string of gains since that time (chart 11). Investment in fixed assets was up 1.8% ytd/ytd (consensus -5.1%).

The one big blight remains the property market. Property investment fell by less than expected (-11.1%, -19% consensus). Home prices continue to decline with new home prices down -0.3% m/m for the 33rd consecutive monthly decline, while resale prices fell -0.4% m/m which extends the declines since 2021 with only a brief interruption in 3 (chart 12).

The US will update some figures on the industrial sector and housing market today. Industrial output may post moderate growth in February's reading but strip out utilities given harsh weather and focus on manufacturing (9:15amET). The NY Fed's Empire manufacturing gauge for March kicks off the monthly round of regional surveys on the path to the next ISM-manufacturing print (8:30amET). NAHB homebuilder confidence during March will include metrics like model home foot traffic that used to be more effective in estimating new home sales before investors took over (10amET).

Chart 9

February Changes in Canadian Employment Levels by Sector



Sources: Scotiabank Economics, Statistics Canada.

Chart 10

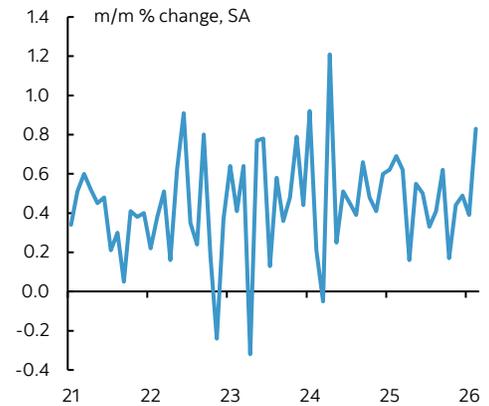
China's Retail Sales



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

Chart 11

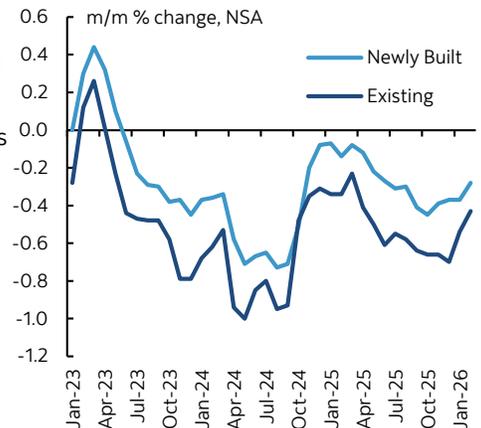
China's Industrial Production



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

Chart 12

Chinese Home Prices



Sources: Scotiabank Economics, Bloomberg Intelligence.

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.	3.69	3.72	3.54	3.83	3.86	3.69	4.25	4.28	4.10	4.88	4.91	4.72	Canada - BoC	2.25
CANADA	2.79	2.79	2.63	3.06	3.06	2.92	3.50	3.50	3.36	3.93	3.93	3.81	US - Fed	3.75
GERMANY	2.39	2.44	2.32	2.60	2.64	2.52	2.95	2.98	2.86	3.53	3.53	3.43	England - BoE	3.75
JAPAN	1.28	1.30	1.25	1.69	1.69	1.63	2.28	2.26	2.19	3.57	3.53	3.47		
U.K.	4.07	4.13	3.99	4.28	4.34	4.16	4.77	4.82	4.65	5.44	5.50	5.30		
	Spreads vs. U.S. (bps):													
CANADA	-90	-93	-91	-77	-80	-77	-75	-77	-73	-95	-97	-90	Euro zone - ECB	2.15
GERMANY	-130	-128	-122	-123	-122	-116	-129	-129	-124	-135	-137	-129	Japan - BoJ	0.75
JAPAN	-241	-242	-229	-213	-217	-206	-197	-202	-191	-132	-138	-124		
U.K.	38	41	45	45	48	48	52	55	55	56	59	59	Mexico - Banxico	7.00
Equities	Level						% change:							
	Last	Change			1 Day	1-wk	1-mo	1-yr						
S&P/TSX	32542	-298.7			-0.9	-1.6	-1.6	32.5					Australia - RBA	3.85
Dow 30	46558	-119.4			-0.3	-2.0	-5.9	12.2					New Zealand - RBNZ	2.25
S&P 500	6632	-40.4			-0.6	-1.6	-3.0	17.6						
Nasdaq	22105	-206.6			-0.9	-1.3	-2.0	24.5						
DAX	23504	56.6			0.2	0.4	-5.2	2.2						
FTSE	10302	41.1			0.4	0.5	-1.6	19.3						
Nikkei	53751	-68.5			-0.1	1.9	-5.4	45.1					Canada - BoC	Mar 18, 2026
Hang Seng	25834	368.4			1.4	1.7	-3.3	7.8					US - Fed	Mar 18, 2026
CAC	7909	-2.2			-0.0	-0.1	-4.9	-1.5					England - BoE	Mar 19, 2026
Commodities	Level						% change:							
WTI Crude	96.99	-1.72			-1.7	2.3	54.2	44.4					Euro zone - ECB	Mar 19, 2026
Natural Gas	3.08	-0.05			-1.6	-1.2	-5.0	-24.9					Japan - BoJ	Mar 19, 2026
Gold	5015.86	-3.63			-0.1	-2.4	0.5	67.2						
Silver	83.70	-3.34			-3.8	1.6	8.2	152.5						
CRB Index	365.79	0.76			0.2	3.9	19.3	20.9						
Currencies	Level						% change:							
USDCAD	1.3681	-0.0037			-0.3	0.7	0.3	-4.2					Mexico - Banxico	Mar 26, 2026
EURUSD	1.1480	0.0063			0.6	-1.3	-3.1	5.1					Australia - RBA	Mar 16, 2026
USDJPY	159.18	-0.5500			-0.3	1.0	3.7	6.7					New Zealand - RBNZ	Apr 07, 2026
AUDUSD	0.7053	0.0072			1.0	-0.3	-0.3	10.5						
GBPUSD	1.3275	0.0045			0.3	-1.2	-2.6	2.2						
USDCHF	0.7878	-0.0033			-0.4	1.3	2.4	-10.6						

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