

Contributors

Derek Holt

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

Chart 1

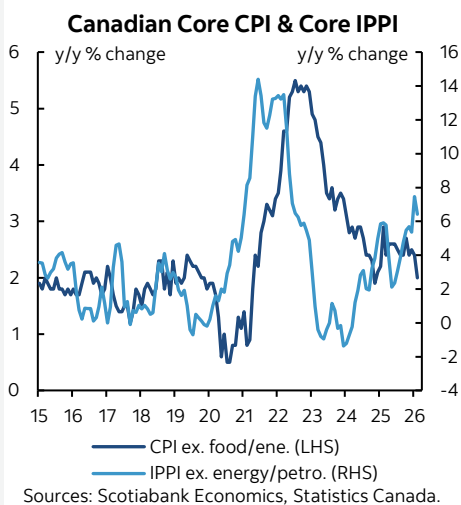
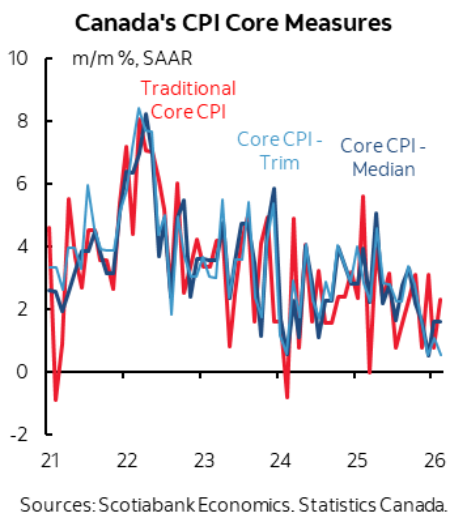


Chart 2



On Deck for Monday, April 20th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04-20	08:30	Core CPI - Median (y/y)	Mar	--	2.3	2.3
CA	04-20	08:30	Core CPI - Trim (y/y)	Mar	--	2.3	2.3
CA	04-20	08:30	CPI, All items (m/m)	Mar	0.9	1.1	0.5
CA	04-20	08:30	CPI, All items (y/y)	Mar	2.4	2.6	1.8
CA	04-20	08:30	CPI, All items (index)	Mar	--	167.6	165.9
CA	04-20	10:30	Business Outlook Future Sales	1Q	--	--	13.0
CA	04-20	08:30	Core CPI - Common (y/y)	Mar	--	--	2.4
CA	04-20	08:30	CPI SA, All items (m/m)	Mar	--	--	0.1

KEY POINTS:

- Risk off as Iran tensions flare again
- Canadian CPI: nothing hangs in the balance on an expected surge
- BoC surveys to be stale on arrival
- Global Week Ahead—The Equity ‘Puzzle’ (reminder [here](#))

Risk appetite is on the run to start the fresh trading week. Oil is up by 5–6%. US equity futures are down by about -½% with European equities down by about double that amount. The dollar is slightly firmer against most majors except for CAD and NOK. Sovereign bond yields are up by around 2–6bps across regions and maturities with Europe underperforming US Ts.

As suspected, Trump grossly overstated progress toward an agreement with Iran on Friday; I wonder who profited. Iran said on Saturday that Trump was misrepresenting negotiations. Iran shut the Strait of Hormuz while stating that maintenance of the US embargo was a violation of the ceasefire. Iranian boats attacked a ship in the Strait. Yesterday, the US boarded and seized an Iranian tanker after firing on it following allegedly multiple warnings to turn around in the Strait. Trump has been attempting to talk up negotiations in Islamabad on Monday evening with the same amateurs that failed the first time; Vance, his son-in-law, and Witkoff. Iran says that they won't be there but also that no decision has been made yet on whether to eventually rejoin. Trump resurrected his threat to bomb bridges and power plants if Iran doesn't come around. Both sides face reasonable expectations of future war crime charges.

There was otherwise very light calendar-based risk through the overnight. German producer prices soared in March (+2.5% m/m, consensus 1.4%). China left the 1- and 5-year Loan Prime Rates unchanged at 3% and 3.5% respectively which surprised no one.

CANADIAN INFLATION — NOTHING HANGS ON THIS ONE

Canada updates CPI for March this morning and three hours before the BoC's lagging and stale consumer and business surveys are released with Q1 results skewed toward February and hence pre-war. Detailed previews and views on both including a focus on the Bank of Canada are included in my weekly.

Consensus sits at 1.1% m/m seasonally unadjusted. I'm at 0.9%. The range is from 0.9–1.3%. Estimates for the year-over-year rate run from 2.4% (me) to 2.8% with a median of 2.6%. We're all high with slight variations on a gasoline—and fuel-driven spike as the main driver of the month-over-month gain plus typical seasonality. The year-over-year rate is also buoyed by resetting the base effect from last April's elimination of the consumer portion of the carbon tax.

As argued in my weekly, the soft patch on core inflation measures was viewed as probably temporary even before the war and potential pass through of higher commodities entered the picture. Core industrial prices were already surging and lead core CPI inflation (chart 1). The dip in core measures over recent months is hardly unprecedented—early 2024 was

another such period (chart 2); note that the measures are not all aligned as traditional core has often been warmer. Also monitor breadth of inflation (chart 3).

THE BOC'S SURVEYS WILL BE STALE ON ARRIVAL

The Bank of Canada's twin Business Outlook Survey and Survey of Consumer Expectations arrive three hours after CPI (11:30amET). Watch the measures of inflation expectations, but not too seriously since they lag with the responses skewed toward February and hence before the war. The CFIB—a small business association and lobby group—produces a timelier survey of inflation expectations for April and showed a sharp pick-up in one-year ahead expectations that tend to lead the BoC's survey (chart 4).

In any event, no policy decisions hang in the balance on this report. Governor Macklem remarked on Friday that "We're all feeling like you don't want to jump too early and raise interest rates and lower growth, particularly when growth is already weak. On the other hand, you don't want to be late and let inflation get a hold and get entrenched."

What I heard in that was a clear bias toward hike risk with uncertain timing. April sounds out, but meetings thereafter have to be treated as 'live'—pending further developments.

GLOBAL WEEK AHEAD—THE EQUITY 'PUZZLE'

As a reminder, please see my weekly that was sent out on Friday [here](#). Key topics that are explored include the following list:

- Possible explanations for the 'puzzle' of resilient equities
- An Iran deal — truth or dare
- Canadian inflation is set to soar...
- ...and how behaviour and policy could reinforce the effects
- How the BoC could respond
- BoC surveys to be stale on arrival as more timely gauges rise
- Warsh's Senate hearing will be a raucous affair
- Canadian consumer spending is tracking strongly
- So are US retail sales
- BI to hold
- BSP may hike
- So might Turkey's central bank
- Russia's central bank shouldn't cut, but might
- UK: Jobs, wages, CPI and retail to inform BoE's next move
- Global PMIs to offer fresh insights into shock effects
- US earnings season continues

Chart 3

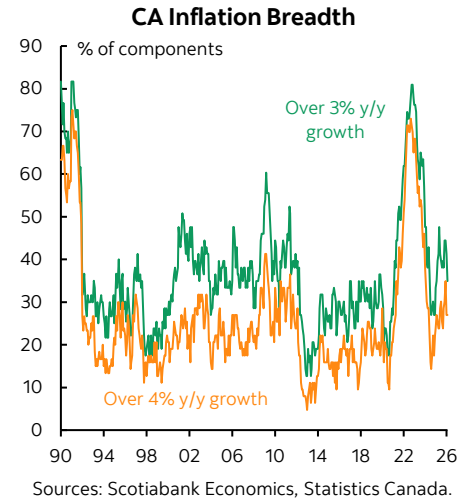
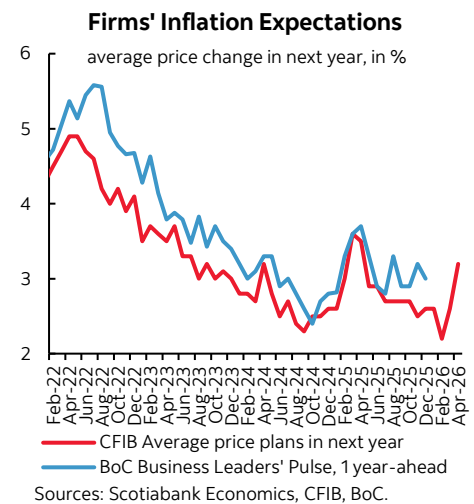


Chart 4



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.	3.72	3.71	3.78	3.86	3.85	3.91	4.26	4.25	4.29	4.89	4.89	4.90	Canada - BoC	2.25		
CANADA	2.77	2.84	2.82	3.05	3.10	3.08	3.45	3.50	3.47	3.89	3.93	3.91	US - Fed	3.75		
GERMANY	2.46	2.41	2.65	2.65	2.61	2.79	3.00	2.96	3.09	3.57	3.54	3.62	England - BoE	3.75		
JAPAN	1.36	1.37	1.40	1.82	1.84	1.87	2.39	2.42	2.47	3.59	3.63	3.72	Euro zone - ECB	2.15		
U.K.	4.17	4.12	4.32	4.29	4.25	4.40	4.81	4.76	4.87	5.54	5.49	5.53	Japan - BoJ	0.75		
	Spreads vs. U.S. (bps):															
CANADA	-95	-87	-96	-81	-74	-84	-82	-75	-83	-101	-96	-99	Mexico - Banxico	6.75		
GERMANY	-126	-130	-113	-121	-124	-113	-127	-129	-120	-133	-134	-128	Australia - RBA	4.10		
JAPAN	-236	-234	-238	-204	-201	-204	-187	-183	-183	-130	-125	-118	New Zealand - RBNZ	2.25		
U.K.	44	41	54	43	40	49	55	51	57	65	61	63				
Equities	Level						% change:						Next Meeting Date			
	Last	Change		1 Day	1-wk	1-mo	1-yr									
S&P/TSX	34346	294.1		0.9	1.9	9.7	42.0							Canada - BoC	Apr 29, 2026	
Dow 30	49447	868.7		1.8	3.2	8.5	26.3							US - Fed	Apr 29, 2026	
S&P 500	7126	84.8		1.2	4.5	9.5	34.9							England - BoE	Apr 30, 2026	
Nasdaq	24468	365.8		1.5	6.8	13.0	50.2							Euro zone - ECB	Apr 30, 2026	
DAX	24363	-339.1		-1.4	2.6	8.9	14.9							Japan - BoJ	Apr 28, 2026	
FTSE	10594	-73.7		-0.7	0.1	6.8	28.0									
Nikkei	58825	349.0		0.6	4.1	10.2	69.4									
Hang Seng	26361	200.7		0.8	2.7	4.3	23.2									
CAC	8328	-97.0		-1.2	1.1	8.6	14.3									
Commodities	Level						% change:									
	Level		Change		1 Day	1-wk	1-mo	1-yr								
WTI Crude	88.62		4.77		5.7	-10.6	-9.9	37.0							England - BoE	Apr 30, 2026
Natural Gas	2.73		0.06		2.2	4.0	-11.7	-15.8								
Gold	4795.71		-34.63		-0.7	1.2	6.8	40.1							Euro zone - ECB	Apr 30, 2026
Silver	79.32		-0.37		-0.5	5.0	-1.1	145.5								
CRB Index	362.78		0.00		0.0	-3.2	-1.2	22.4							Japan - BoJ	Apr 28, 2026
Currencies	Level						% change:									
	Level		Change		1 Day	1-wk	1-mo	1-yr								
USDCAD	1.3691		0.0000		0.0	-0.7	-0.2	-1.1							Mexico - Banxico	May 07, 2026
EURUSD	1.1771		0.0006		0.1	0.1	1.7	2.2								
USDJPY	158.92		0.2800		0.2	-0.3	-0.2	12.8							Australia - RBA	May 05, 2026
AUDUSD	0.7156		-0.0018		-0.3	0.9	1.9	11.6								
GBPUSD	1.3519		0.0003		0.0	0.1	1.3	1.0							New Zealand - RBNZ	May 26, 2026
USDCHF	0.7811		-0.0006		-0.1	-0.3	-0.9	-3.5								

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