

DAILY POINTS

May 15, 2026 @ 7:15 EST

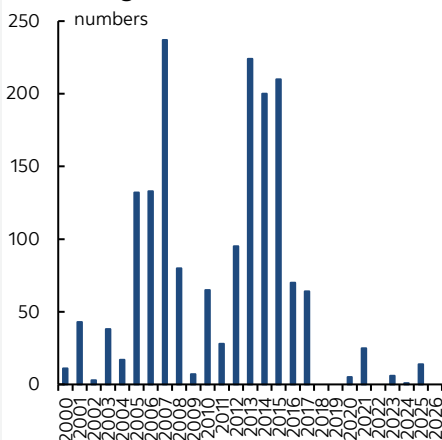
Contributors

Derek Holt

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

Chart 1

Boeing Plane Orders From China



Sources: Scotiabank Economics, Boeing

Chart 2

Keir Starmer Out By ... ?



Sources: Scotiabank Economics, Polymarket.

On Deck for Friday, May 15th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	05-15	08:15	Housing Starts (000s a.r.)	Apr	245	245.0	235.9
CA	05-15	08:30	International Securities Transactions (C\$ bn)	Mar	--	--	6.2
CA	05-15	08:30	Manufacturing Shipments (m/m)	Mar	3.5	3.5	3.6
US	05-15	08:30	Empire State Manufacturing Index	May	--	7.3	11.0
US	05-15	09:15	Capacity Utilization (%)	Apr	75.9	75.8	75.7
US	05-15	09:15	Industrial Production (m/m)	Apr	0.4	0.3	-0.5

KEY POINTS:

- Risk-off sentiment sweeps through asset classes
- Driver 1: Failure in Beijing
- Driver 2: Renewed escalation fears in Iran
- Driver 3: Starmer on the ropes
- Driver 4: JGBs sell off on inflation
- Light data on tap
- Early bond close in Canada ahead of long weekend

Well, this is a bit of a rude segue into a major event on the Canadian calendar. I'm speaking of the unofficial start of summer with the arrival of the Victoria Day long weekend which is when Canadians exit hibernation, head to their cottages and get their gardens going.

The rude part of it is that markets are ending the week in turmoil. Oil continues to creep higher with WTI and Brent up by around \$3 and inching back toward the wartime peak. Bonds are selling off across maturities and markets with gilts leading the way with double digit increases in yields due to ongoing political dysfunction. Stocks are lower by 1%+ across all major yardsticks. The dollar is broadly firmer. Crypto-land is broadly lower.

Driver 1: Failure in Beijing

The moves could be driven by a few things. One is that aside from all the PSAs that were exchanged by Trump and Xi and despite the excessive attempts by both sides—especially Trump—to make the Summit sound like a success, it seems that little was actually accomplished during what appears to have been a total boondoggle. No grand trade deal was expected and none was delivered. Trump's announcement that he secured a pledge for China to buy 200 Boeing planes was perhaps something he should've kept to himself; 200 is nothing compared to replacement needs, compared to China's growing aviation market, compared to an extended pattern of not buying them (chart 1) and compared to loftier expectations going into the Summit. Overall, expectations were set low going into the Summit but perhaps not this low. Putin is next on Xi's calendar.

Driver 2: Renewed Escalation Fears in Iran

Another catalyst could be Trump's rambling [comment](#) yesterday that somewhat cryptically said "the military decimation of Iran (to be continued!)." Markets may be treating it as an indication of a reescalation of the conflict. Trump remarked early this morning that the US can hit Iran's bridges and electrical generation sites and said that if they can't get Iran's "nuclear dust" then "we'll go in."

Driver 3: Starmer on the Ropes

In the UK's case, the approaching 10-year anniversary of the Brexit vote is plodding ahead toward possibly the sixth prime minister since then as PM Starmer appears to be on the

May 15, 2026

ropes. Japanese-style political instability is causing a renewed lack of confidence in UK markets in a lesson to Canadian separatists that would invite effects that would make Brexit look like child's play as argued in this past week's weekly.

To briefly sum up developments, Labour's Health Secretary, Wes Streeting, resigned the other day to pave the way for Manchester Mayor Andy Burnham to run for parliament and contest Starmer's leadership. Starmer has faced a cabinet revolt and is deeply unpopular among voters with a YouGov polling showing 69% of voters view him unfavourably. The lottery ticket crowd on Polymarket is betting that Starmer will be toast by year-end (chart 2).

Markets are trading on the view that Burnham would drive a major surge of gilts issuance and sharply relaxed fiscal policy; hello Liz. Of course he can say whatever when unencumbered by the constraints of office and would have to be judged by his stances in office and by what is viewed to be passable in Parliament with markets applying some discipline, but he has somewhat derisively said that the UK government had to "get beyond this thing of being in hock to the bond markets." Burnham wouldn't be the first naïve politician to dismiss bond markets only to be spanked by them and himself could be a short-lived leader like Truss if he acted on his rhetoric and assuming he can topple Starmer which may not be too difficult to do. Burnham has favoured halving income taxes, lowering rents, utility bills, and transportation fares. He has advocated a plan to build dollops of new homes. He has sounded supportive of ramping up defence spending in a way that would fall outside of the budget. Cha-ching. Promises promises, how ya gonna pay for it all? These are knee-jerk reactions in markets in my opinion.

Driver 4: Japanese Inflation Drives JGBs Sell off

Japan's bond market also underperformed others overnight and in the wake of sharply higher than expected producer price inflation. Producer prices jumped by 2.3% m/m in April (0.8% consensus) and 4.9% y/y (3% consensus) with upward revisions. That reinforced market pricing for the BoJ to hike on June 16th and drove a bear steepener in JGBs with the longer-end up 9–14bps while also supporting the yen that is holding its own against the dollar this morning.

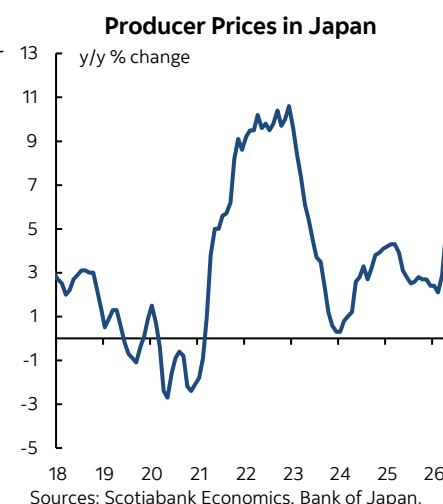
Light Data

There isn't much else to consider on the data front.

- Canada updates housing starts in April (8:15amET) and then reports a large gain in manufacturing shipments during March (8:30amET).
- The US refreshes the Empire mfrg gauge covering the NY Fed's district (8:30amET) followed by industrial output during April (9:15amET).
- LatAm markets will face Peru's economic activity GDP proxy for March (11amET) and Colombia's Q1 GDP growth that is expected to be around 0.5% q/q (11amET).
- And to Putin sans love we celebrate the expected contraction in Russia's Q1 GDP alongside the continued elevation of inflation toward 6% y/y (12pmET).

Canadian bond markets will shut early at 1pmET for the long weekend. Equities do not have an official early close. Neither does anyone else.

Chart 3



Fixed Income	Government Yield Curves (%):												Central Banks	
U.S. CANADA GERMANY JAPAN U.K. CANADA GERMANY JAPAN U.K.	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		
	4.05	4.02	3.89	4.19	4.15	4.00	4.53	4.48	4.36	5.09	5.03	4.94	Canada - BoC	2.25
	3.00	2.97	2.86	3.28	3.23	3.12	3.62	3.57	3.47	3.97	3.92	3.85	US - Fed	3.75
	2.70	2.65	2.60	2.82	2.76	2.71	3.12	3.04	3.01	3.65	3.58	3.54	England - BoE	3.75
	1.42	1.40	1.38	2.00	1.95	1.86	2.72	2.63	2.48	4.04	3.90	3.74		
	4.54	4.43	4.38	4.67	4.54	4.46	5.14	4.99	4.91	5.81	5.66	5.58		
	Spreads vs. U.S. (bps):													
	-105	-105	-102	-92	-92	-89	-92	-91	-88	-112	-111	-109	Euro zone - ECB	2.15
	-134	-137	-129	-137	-140	-130	-142	-144	-135	-144	-145	-139	Japan - BoJ	0.75
-263	-262	-251	-219	-220	-214	-182	-185	-187	-105	-113	-120			
49	41	50	48	39	46	60	51	56	72	63	64	Mexico - Banxico	6.50	
Equities	Level						% change:							
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	34268	226.8					0.7	1.2	0.3	32.3	Australia - RBA	4.35		
Dow 30	50063	370.3					0.7	0.9	3.3	18.3	New Zealand - RBNZ	2.25		
S&P 500	7501	57.0					0.8	2.2	6.8	26.8				
Nasdaq	26635	232.9					0.9	3.2	10.9	39.4				
DAX	24158	-298.1					-1.2	-0.7	0.4	2.0				
FTSE	10243	-129.5					-1.2	0.1	-3.0	18.6				
Nikkei	61409	-1244.8					-2.0	-2.1	5.6	62.6	Canada - BoC	Jun 10, 2026		
Hang Seng	25963	-426.3					-1.6	-1.6	0.1	10.7	US - Fed	Jun 17, 2026		
CAC	7985	-97.3					-1.2	-1.6	-3.5	1.7	England - BoE	Jun 18, 2026		
Commodities	Level						% change:							
WTI Crude	103.63	2.46					2.4	8.6	13.5	68.2	Euro zone - ECB	Jun 11, 2026		
Natural Gas	2.92	0.03					1.0	6.0	12.0	-13.1	Japan - BoJ	Jun 16, 2026		
Gold	4565.97	-86.01					-1.8	-3.2	-4.7	40.9				
Silver	86.79	0.09					0.1	8.0	12.1	163.9				
CRB Index	400.28	-4.11					-1.0	3.2	7.6	35.3				
Currencies	Level						% change:							
USDCAD	1.3744	0.0024					0.2	0.5	0.0	-1.5	Mexico - Banxico	Jun 25, 2026		
EURUSD	1.1644	-0.0025					-0.2	-1.2	-1.3	4.1	Australia - RBA	Jun 16, 2026		
USDJPY	158.46	0.0900					0.1	1.1	-0.3	8.8	New Zealand - RBNZ	May 26, 2026		
AUDUSD	0.7165	-0.0056					-0.8	-1.1	-0.1	11.8				
GBPUSD	1.3380	-0.0023					-0.2	-1.8	-1.3	0.6				
USDCHF	0.7848	0.0011					0.1	1.1	0.4	-6.1				

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.