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GLOBAL ECONOMICS

DAILY POINTS

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Contributors

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

Chart 1

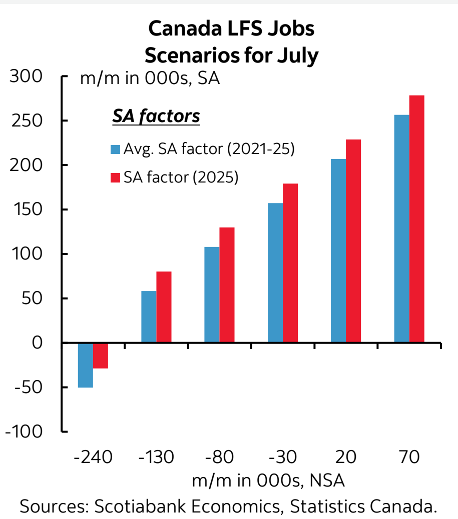
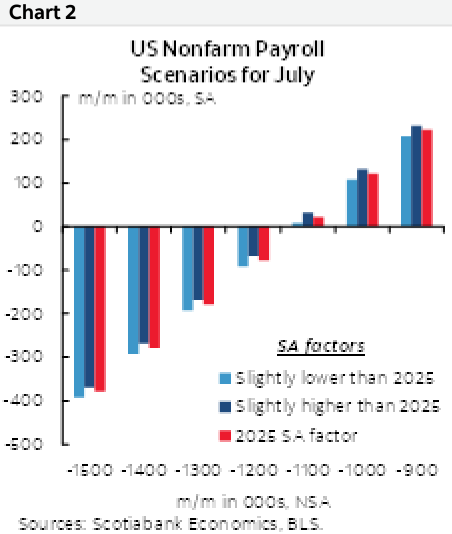


Chart 2



On Deck for Friday, August 7th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	08-07	08:30	Employment (000s m/m)	Jul	50	20.0	18.2
CA	08-07	08:30	Unemployment Rate (%)	Jul	6.4	6.5	6.5
US	08-07	08:30	Average Hourly Earnings (m/m)	Jul	0.3	0.3	0.3
US	08-07	08:30	Average Hourly Earnings (y/y)	Jul	3.5	3.5	3.5
US	08-07	08:30	Average Weekly Hours	Jul	--	34.3	34.3
US	08-07	08:30	Nonfarm Employment Report (000s m/m)	Jul	50	80.0	57.0
US	08-07	08:30	Unemployment Rate (%)	Jul	4.3	4.2	4.2
US	08-07	08:30	Household Employment Report (000s m/m)	Jul	--	--	-507.0
US	08-07	10:00	Fed's Barkin Speaks at NABE Event				
US	08-07	15:00	Consumer Credit (US$ bn m/m)	Jun	--	11.9	-0.2

KEY POINTS:

- **Markets await jobs reports**
- **Canadian jobs: upside, lower UR, cooler wages**
- **US nonfarm: mild, higher UR, steady wages**

Iran and jobs may compete for attention in driving how markets end the week. Oil prices are slipping a touch this morning after yesterday's gain that was driven by Iranian attacks on ships in the Strait of Hormuz and reports that Iran and Oman struck a deal that won't allow US and Israeli ships to transit the Strait in future; meh, fly a different flag, or switch ships in transit. Treasury yields are a touch lower this morning ahead of nonfarm on some combination of lower oil and nonfarm expectations and with US equity futures moving gently higher alongside little change in the dollar including flatness to CAD. That could all change in one direction or the other after 8:30amET.

So bring it on. I offered my previews for US and Canadian jobs in Wednesday's morning note **here** in lieu of a weekly.

Scotia's house calls are for gains of 50k jobs in both the US and Canada with the usual uncertainty around volatile reports full of methodological quirks.

I won't repeat the rationale behind the drivers of the calls in this note as we're at the point of just seeing the numbers and doing the clean up.

CANADIAN JOBS — COULD MOMENTUM CONTINUE?

Briefly, the range of estimates in consensus for Canada's jobs report is from 0k to 50k. There is no clear clustering of estimates within that range and there are no negatives. The median estimate is 20k and the mean is close to that at 17.6k with a standard deviation of 12.4k. The 95% confidence interval surrounding monthly changes in jobs is a whopping +/-57k which is wider than the whole range of estimates. Chart 1 shows that barring statistical quirks, there is more upside than downside to the report by applying expectations for seasonal adjustment factors driven by recent experience for months of July against a range of seasonally unadjusted changes in jobs drawn from a wide range of outcomes in past months of July.

As for the unemployment rate, most expect it to be unchanged at 6.5%. My estimate is 6.4% because labour supply has ground to a halt with a shrinking population as immigration policy tightens and the Labour Force Survey's application of a twelve-month rolling average to the temp category of arrivals catches up to actual population trends.

Wage growth is likely to cool after a whopping 9% m/m SAAR gain in June.

Hours worked will inform GDP growth in July on the heels of a mild 0.9% q/q SAAR gain in Q2 which means that most of our tracking for a strong GDP rebound was likely due to a productivity surge.

US PAYROLLS — MILD WITH DOWNSIDE

Also briefly, the range of estimates for nonfarm payrolls cuts from a gain of 40k to a gain of 157k. Most estimates are clustered within about 60k to 115k. The whisper number on Bloomberg is 76k. I see greater risk of coming in weaker than my 50k rather than stronger. Chart 2 shows this by applying scenarios around recent seasonal adjustment factors for like months of July against a wide range of outcomes for seasonally unadjusted changes in jobs drawn from the wide range of experiences in past months of July. The median estimate is a gain of 80k with a mean of 88k, implying mild skewness. The standard deviation is 22.7k and the 90% confidence interval from the BLS is +/-122k.

As for the unemployment rate, consensus is roughly divided between 4.2% (unchanged) and 4.3% which is Scotia's house call. Also keep an eye on wages that are expected to grow by 0.3% m/m SA.

Also be mindful toward revision risk to the prior month's 57k rise and the gain of 129k in May; June's initial nonfarm sample was unusually small and the pattern of late has been more toward negative revisions than positive ones. Sharp revision risk to June could be a big influence on the July estimate by affecting the jumping off point.

Hours worked will start tracking of Q3 growth after a mild 1.3% q/q SAAR increase in Q2. Hours have not grown by faster than this amount in over three years.

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.	4.23	4.25	4.29	4.37	4.40	4.45	4.66	4.68	4.74	5.21	5.23	5.27
CANADA	2.93	2.88	2.90	3.23	3.17	3.19	3.62	3.56	3.59	4.03	3.97	4.00
GERMANY	2.76	2.76	2.82	2.87	2.88	2.94	3.14	3.14	3.21	3.65	3.64	3.70
JAPAN	1.61	1.57	1.50	2.08	2.04	2.04	2.81	2.79	2.81	3.93	3.94	4.00
U.K.	4.29	4.30	4.40	4.47	4.48	4.60	4.93	4.94	5.05	5.68	5.68	5.78
	Spreads vs. U.S. (bps):											
CANADA	-130	-137	-139	-114	-123	-126	-104	-112	-115	-118	-126	-128
GERMANY	-147	-149	-147	-150	-152	-151	-152	-154	-153	-156	-159	-157
JAPAN	-262	-267	-279	-229	-235	-241	-185	-189	-193	-128	-129	-128
U.K.	6	5	11	10	8	15	27	26	31	47	45	50

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	36136	-10.1	-0.0	2.3	2.4	30.2
Dow 30	53885	-464.0	-0.9	3.2	1.8	22.6
S&P 500	7710	-13.6	-0.2	3.7	2.7	21.6
Nasdaq	26348	-15.1	-0.1	4.9	2.1	24.0
DAX	26335	195.0	0.7	2.8	3.4	8.9
FTSE	10929	61.5	0.6	0.6	2.5	20.1
Nikkei	65607	-76.5	-0.1	1.9	-3.9	59.8
Hang Seng	25668	137.8	0.5	-0.8	9.2	2.3
CAC	8727	27.6	0.3	2.6	3.5	13.2
Commodities	Level		% change:			
WTI Crude	77.20	-0.09	-0.1	-8.8	9.6	20.9
Natural Gas	2.64	0.00	0.1	-3.8	-19.1	-13.8
Gold	4313.11	73.69	1.7	6.6	5.0	27.0
Silver	64.35	2.80	4.6	11.7	7.3	68.1
CRB Index	377.00	2.51	0.7	-1.9	3.8	28.3
Currencies	Level		% change:			
USDCAD	1.4021	0.0008	0.1	0.0	-1.3	2.0
EURUSD	1.1527	0.0002	0.0	0.0	1.0	-1.2
USDJPY	158.41	-0.0200	-0.0	0.6	-2.3	7.7
AUDUSD	0.7038	0.0006	0.1	0.3	1.6	7.9
GBPUSD	1.3437	-0.0018	-0.1	-0.3	0.6	-0.1
USDCHF	0.8105	-0.0018	-0.2	0.4	0.3	0.5

Central Banks	
Current Rate	
Canada - BoC	2.25
US - Fed	3.75
England - BoE	3.75
Euro zone - ECB	2.40
Japan - BoJ	1.00
Mexico - Banxico	6.50
Australia - RBA	4.35
New Zealand - RBNZ	2.50
Next Meeting Date	
Canada - BoC	Sep 02, 2026
US - Fed	Sep 16, 2026
England - BoE	Sep 17, 2026
Euro zone - ECB	Sep 10, 2026
Japan - BoJ	Sep 18, 2026
Mexico - Banxico	Sep 24, 2026
Australia - RBA	Aug 11, 2026
New Zealand - RBNZ	Sep 01, 2026