Scotiabank.

GLOBAL ECONOMICS

DAILY POINTS

August 11, 2026 @ *7:40 EST*

Contributors

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On Deck for Tuesday, August 11th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	08-11	10:00	Existing Home Sales (mn a.r.)	Jul	4.0	4.1	4.1
US	08-11	10:00	Existing Home Sales (m/m)	Jul	-2.2	-1.0	-2.4
US	08-04	11:00	Fed's Goolsbee Appears on WIRED Tech Support				

KEY POINTS:

- **Markets oscillate between hope and no hope in the Middle East**
- **Why believe Pakistan this time?**
- **RBA holds, provides mixed guidance**
- **US NFIB, ADP, home sales**

Tit for tat—you owe us, no you do! That message from Trump in response to Iran's demands for reparations payments about said it all in terms of what was driving this morning's mid-August gyrations until Pakistan reeled in some gullible PMs. Oil prices were up by just over 2% earlier this morning and building on yesterday's rise but have pulled back a bit because Pakistan—which relies upon net oil imports—got out the pom poms to somehow try to convince markets that 'things are shaping up in favour of peace.' Ummm….where?? Pakistan has serially misled markets on the prospects for peace and overplayed its hand as a mediator, perhaps seeking to repair its image after harbouring Bin Laden down the road from a large military base. 'Managed Irresolution', keep saying that ten times over and we'll all get why this is dragging on.

Bonds may be getting fooled by Pakistan's guidance. They were showing signs of getting the memo with mild cheapening underway and led by a somewhat hawkish if albeit somewhat confused RBA (see below). At the point of publishing, yields have gone flat to a touch lower at the front-end across major markets. Stocks were flat to slightly cheaper, or about what one might expect with the scent of oil the only scent permissible under the junta that took over modern offices. Then Pakistan pushed them flat to higher. FX-land was liking the petro-currencies as you would expect, and the A$ post-RBA, then turned more mixed.

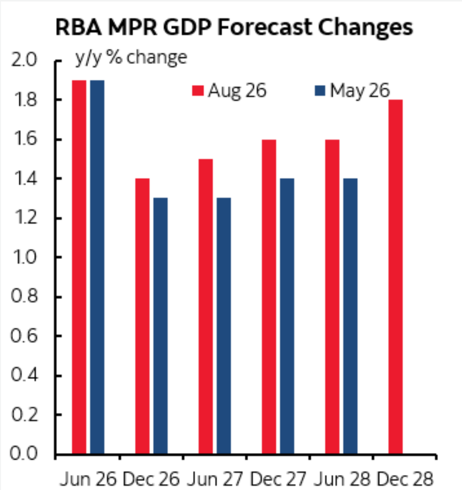
UNCERTAIN RBA MIXES ITS MESSAGES

The Reserve Bank of Australia held its cash rate target at 4.35% overnight which surprised… wait for it…absolutely no one! There was a mild surprise in the hawkish-sounding press conference that woke up traders Down Under from what was otherwise a dull affair.

First, the statement and forecasts (charts 1–3), and then the presser.

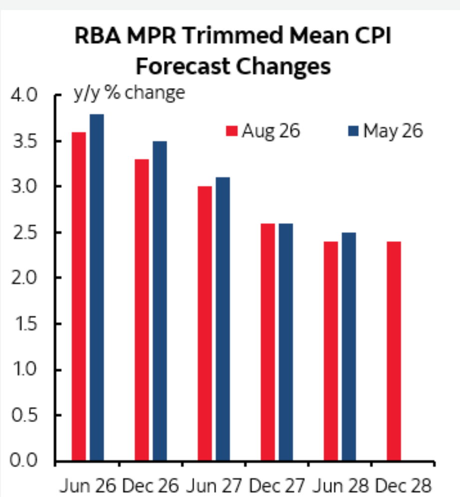
The unanimously supported statement changes reinforced concern that 'headline inflation is still too high' and added that 'Trimmed mean inflation also remains elevated and is little changed from the March quarter.' They flagged 'signs'—reaching into fellow countryman Mel Gibson's movie perhaps—that consumption is slowing but investment is strong and housing is cooling. They acknowledged that the job market has 'eased by a little more than expected in recent months.' Like every central bank they covered themselves by saying it's uncertain how things will proceed in the Middle East—hint, not well—but that growth in its key trading partners (presumably meaning China, US) was stronger than expected in part due to AI investments.

Chart 1



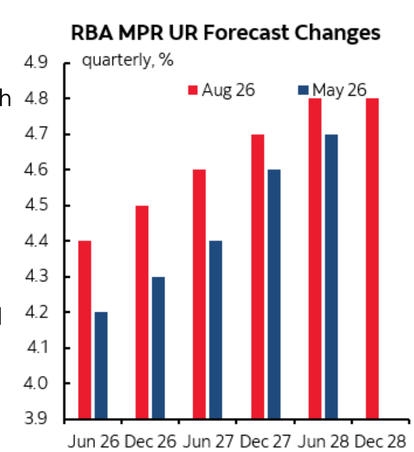
Sources: Scotiabank Economics, RBA.

Chart 2



Sources: Scotiabank Economics, RBA.

Chart 3



Sources: Scotiabank Economics, RBA.

On inflation, the statement continued to flag upside risks stemming from energy market developments. The output gap is still characterized by excess demand that is 'a little smaller than anticipated in May' when they last forecast. The statement warned that there are 'indications that higher fuel prices are being passed through to other goods and services, so inflation is likely to remain high for some time.' They were encouraged by signs of slowing growth 'but inflation is still too high.' Fresh forecasts showed that inflation is not expected to return to the middle of the 2–3% target range until the end of next year with upside risks.

Somehow, markets took the statement and forecasts as relatively dovish to market pricing, so Governor Bullock got out the hammer in the presser during which the 2-year Aussie yield reversed the decline and ended very slightly higher than just before all of the communications. Bullock said "we'll go again if we need to" and "I think, personally, that it's quite possible we might need to go, but we'll wait and see." Many folks have long pointed out that the RBA faces the same issue as the Fed among others by way of exceeding its inflation target for an extended multi-year period.

So, if there is continued progress on cooling the economy and the labour market continues to underwhelm relative to their expectations, then perhaps they're done. If oil continues to rise or even stays firm and the odds of greater pass through into other prices intensify, then they're not. They certainly don't want markets pricing cuts from a modestly restrictive stance just yet, so there is an element of managed expectations.

Markets are pricing next to nothing for September's meeting but then start to drift toward 15–20bps of a possible next hike from the November meeting onward.

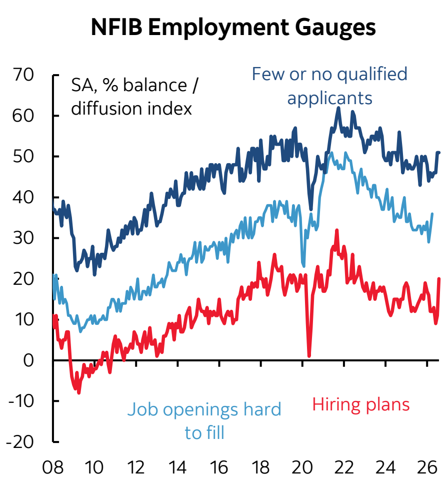
US RELEASES—NFIB, HOME SALES, ADP WEEKLY

Despite nonfarm's weak outcome for July, the NFIB's small business survey registered a jump in jobs that are 'hard to fill' to the highest reading since June of last year. The survey also registered a jump in hiring plans to the highest reading since 2022. Apparently, it's a case of actions versus words. Or it may be an indication of a willingness to hire but either tight immigration policy or skills mismatches or poor pay are holding back hiring. Charts 4 and 5.

Existing home sales are expected to be little changed with slight downside when July's numbers hit (10amET). Sales have been hugging bottom for years at the lowest range since the GFC (chart 6). First-time buyers are squeezed by the high (and rising) 30-year mortgage rate that in turn is fed by the rise of the 10-year Treasury yield before adding spreads. Trade-up buyers are increasingly disincentivized to give up locked in mortgages are pandemic lows when the 30-year mortgage rate was less than half what it is now. Tight immigration policy is killing off the prime driver of growth in the housing stock. A wavering job market and affordability pressures on real wages don't help either.

ADP's weekly measure of private payrolls is also on tap (8:15amET) but it's unreliable as a predictor of the monthly ADP measure which in turn doesn't tend to do well at lining up with private nonfarm payrolls.

Chart 4

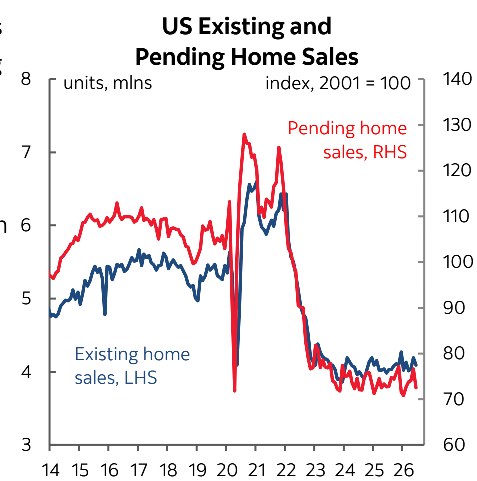


Sources: Scotiabank Economics, NFIB.

Chart 5

Sources: Scotiabank Economics, NFIB.

Chart 6



Sources: Scotiabank Economics, Bloomberg

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	4.24	4.19	4.41	4.41	4.33	4.71	4.71	4.61	5.26	5.25	5.18
CANADA	3.02	3.03	2.87	3.34	3.34	3.16	3.72	3.72	3.55	4.11	4.10	3.95
GERMANY	2.79	2.80	2.72	2.91	2.92	2.83	3.18	3.18	3.11	3.68	3.67	3.63
JAPAN	1.62	1.62	1.58	2.09	2.09	2.09	2.83	2.83	2.86	3.97	3.97	4.01
U.K.	4.33	4.34	4.24	4.54	4.54	4.44	4.99	4.99	4.90	5.73	5.72	5.65
	Spreads vs. U.S. (bps):											
CANADA	-121	-122	-132	-107	-107	-116	-98	-99	-107	-115	-115	-122
GERMANY	-144	-144	-148	-150	-150	-149	-153	-153	-151	-158	-158	-154
JAPAN	-261	-262	-262	-232	-232	-224	-188	-188	-175	-128	-128	-117
U.K.	9	10	4	13	12	11	28	28	28	47	47	47

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	36458	77.1	0.2	3.5	3.3	31.3
Dow 30	53976	-60.9	-0.1	1.5	2.5	22.7
S&P 500	7753	-4.5	-0.1	2.0	2.3	21.6
Nasdaq	26605	-85.3	-0.3	2.7	1.2	24.4
DAX	26347	23.0	0.1	0.6	5.1	9.4
FTSE	10863	0.5	0.0	-0.2	3.5	19.0
Nikkei	66970	1363.5	2.1	5.0	-2.3	56.8
Hang Seng	25653	-284.7	-1.1	-0.8	6.1	3.0
CAC	8719	-7.1	-0.1	0.6	4.6	13.3

Commodities	Level		% change:			
WTI Crude	82.08	-0.05	-0.1	8.3	14.9	28.3
Natural Gas	2.76	-0.03	-1.2	2.9	-6.1	-6.6
Gold	4387.36	-3.59	-0.1	7.6	9.6	31.3
Silver	65.22	-0.52	-0.8	9.5	13.1	73.4
CRB Index	390.15	9.32	2.4	2.7	6.6	31.9

Currencies	Level		% change:			
USDCAD	1.3935	-0.0005	-0.0	-0.9	-1.6	1.1
EURUSD	1.1536	-0.0007	-0.1	0.0	1.4	-0.7
USDJPY	159.23	-0.0600	-0.0	0.9	-2.0	7.5
AUDUSD	0.7061	0.0006	0.1	0.2	2.1	8.4
GBPUSD	1.3496	-0.0011	-0.1	0.3	1.1	0.5
USDCHF	0.8108	0.0006	0.1	0.2	-0.5	-0.2

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