Scotiabank

GLOBAL ECONOMICS

DAILY POINTS

September 10, 2026 @ 7:30 EST

Contributors

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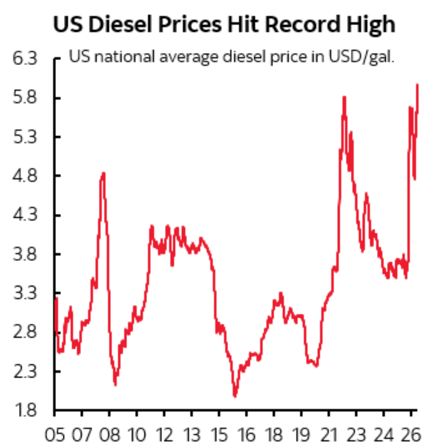
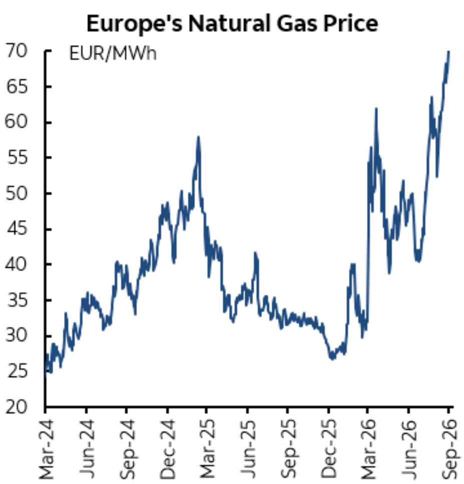
Chart 1



Sources: Scotiabank Economics, American Automobile Association.

Chart 2



Sources: Scotiabank Economics, Bloomberg.

On Deck for Thursday, September 10th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-10	08:30	Initial Jobless Claims (000s)	Sep 05	205	205	206
US	09-10	08:30	Continuing Claims (000s)	Aug 29	1780	1780	1779
US	09-10	08:30	PPI (m/m)	Aug	0.4	0.4	0.0
US	09-10	08:30	PPI ex. Food & Energy (m/m)	Aug	0.3	0.3	0.2
US	09-10	10:00	Existing Home Sales (mn a.r.)	Aug	4.0	4.0	4.1
US	09-10	10:00	Existing Home Sales (m/m)	Aug	-1.5	-1.7	-1.7
US	09-10	10:00	Wholesale Inventories (m/m)	Jul F	--	1.3	1.3

KEY POINTS:

- **EGBs Await the ECB**
- **ECB will hike, but then what?**
- **US PPI to tease ahead of CPI**
- **US diesel prices hit record high on Iran war**
- **Canada building momentum toward Investment Summit**
- **New BoC, Fed forecasts**
- **Peru to hold after Turkey's central bank did**
- **NOK hit by slight miss on CPI**
- **On 'unhinged' and the US midterms**

Oil isn't getting any cheaper as Brent hovers near US$102/barrel and WTI is around $97. Gasoline gets all the attention, but diesel prices are at the highest since at least 2005 (chart 1). Soaring European natural gas prices will a) concern the ECB, and b) are setting up a bad winter for home heating costs (chart 2). Trump's Iran war is hitting farmers, truckers and even household users of diesel in the pocketbook. We also get weekly US energy inventory figures this morning (10:30amET).

And so the beat goes on in bonds with US Ts retaining a cheapening bias via 1–2bp increases in yields across the curve with an eye on producer prices this morning. Gilts are faring slightly worse. EGBs are little changed ahead of the ECB. Equities are mixed between small gains and losses across global benchmarks. The dollar is little changed overall.

ECB—SLAM DUNK, THEN WHAT?

The European central bank is fully priced to hike its deposit rate by 25bps this morning (8:15amET) followed by President Lagarde's press conference at 8:45amET. The question then becomes what next in terms of guidance relative to market pricing for a probable skip in October and then another hike in December. What follows repeats my preview from the weekly.

The ECB's present 2.25% deposit rate is at or close to neutral, unlike some other central banks like the Federal Reserve and Bank of England that we think are still mildly restrictive. This affords less room for error at the ECB in delivering on its price stability mandate.

That's important alongside other differences. A key one is that second-round effects of the commodity—namely energy—price shocks are more material in Europe than elsewhere. Some of the reason for this is because of how its labour markets operate. The dominance of collective bargaining and wage responses to price changes is a bigger consideration than, say, in Canada where one-third of the workforce is unionized and especially compared to the US where only 10% of workers are unionized. US wages set in real time more so than second-round and subsequent effects in Europe.

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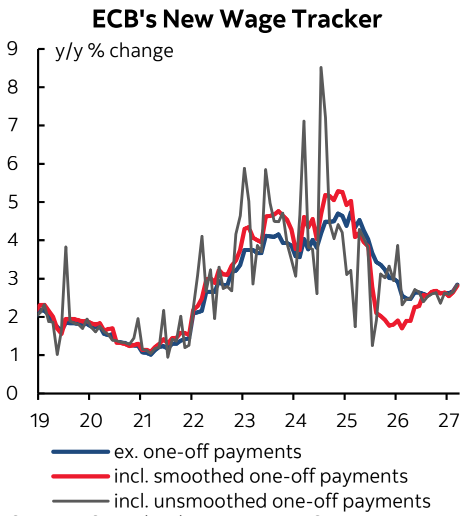
Enter the evidence. The ECB's wage tracker has been creeping up again (chart 3). You don't get less inflation by paying people more.

Another key reason for leaning against commodity influences on Eurozone inflation is that the Eurozone depends heavily on imported energy and will soon be going into the peak heating season across northern areas.

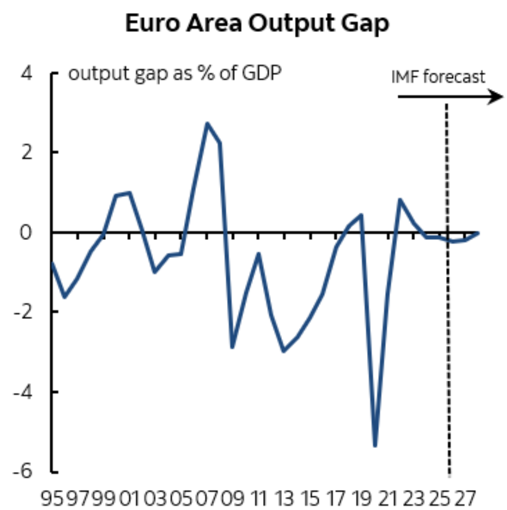
An additional point is that there is an immaterial amount of economic slack in Europe according to IMF estimates and other estimates show no slack or slight excess demand (chart 4). Faced with a surge in costs, this means that other companies are less likely to be in a position to raise output from a position of slack to take away market share from anyone who tries hiking prices.

Chart 3



Sources: Scotiabank Economics, ECB.

Chart 4



Sources: Scotiabank Economics, IMF.

All of this information ultimately goes into refreshed forecasts that are due at this meeting. The higher for longer commodity—namely energy—surge means that inflation projections will likely be raised.

Recall that those projections shared four scenarios—shown in Table 4 here—which depended upon the magnitude, length and severity of the energy price shock. Each of their scenarios pointed to the need to tighten monetary policy and it's hard to argue that the Eurozone isn't moving into the adverse or worse scenarios.

NEW BOC AND FED FORECASTS

We've issued new global forecasts with contributions from across the entire Scotiabank Economics, FX Strategy and on-the-ground LatAm teams. My main part is rates including the Canadian and US yield curves and policy rates. The BoC is expected to hike 75bps in Q4 through Q1. The Fed is expected to hang tight at 3.75% throughout the rest of this year and all of next year. I have more confidence in the BoC call than the Fed. I've explained my views in the forthcoming Foreign Exchange Outlook that should be available later today.

A RIGGED US MIDTERM ELECTION?

Trump offered bribe money to US voters by stating he'll pay $5000 to every adult if the Republicans retain both chambers of Congress. Using US adult population figures (**here**) that would cost about US$1.35 trillion. Relax, not gonna happen, but that's not the same as saying it may have no effect if enough people believe it and sacrifice their principles for gas and grocery money. The first reason it won't happen is because he didn't say how he'd pay for it but you'd probably add it to the country's burgeoning national debt that has more than doubled to over US$40 trillion since he was first elected. Second, I retain faint hope that there are enough American voters who wouldn't be swayed. Third, I retain faint hope that Congress would eventually balk at approving it.

But the pledge smacks of the sort of election interference that rings alarms on election irregularities. So does gerrymandering, although **this** article points out it might not work out as planned. So does Trump's US$400 million war **chest** to spend on tight races in the midterms.

US PPI TO BE A WARM-UP AHEAD OF CPI

US producer prices for August (8:30amET) will be a warm-up to tomorrow's CPI. Paired together, they'll provide a sense of what to expect for US PCE inflation on September 30th which would give the FOMC a decent idea of recent inflationary pressures as they hold their meeting on September 15th–16th. Most expect PPI to rise by 0.4% m/m with prices ex-food and energy up by 0.3%. The components that matter to PCE, however, will include ones like airline passenger services, portfolio management services, hospital outpatient care, physician care, home health and hospice care, hospital inpatient care and nursing home care.

NOK HIT BY SLIGHT MISS ON CPI

The krone is the weakest currency to the dollar this morning after Norway's CPI figures for August came in weaker than expected. Underlying CPI (ex-energy and taxes) fell -0.5% m/m unadjusted for seasonality (-0.4% consensus). Still, the year-over-year rate moved up three-tenths to 3%.

INVESTMENT TALK IS RAMPING UP IN CANADA

Canadian PM Carney convenes a Cabinet Planning Forum this afternoon in beautiful Banff, Alberta (3:50pmET). The **purpose** is "to take stock of progress and outline the next actions in the government's plan." Expediting projects and approvals is expected to be a major point of focus ahead of the Investment Summit on Monday and Tuesday next week. Expect more investment talk amid media reports that a 66-page document ahead of the summit lists over 160 investment projects across the country.

WHO'S 'UNHINGED'??

USTR Greer says Canada is "unhinged" to call the US trade war against Canada a war. Wrong, Mr. Greer. I mean, look at the evidence: threatened assimilation, 51st state, direct interference in Canadian politics such as in Alberta, tariffs aplenty, seeking to destroy Canadian industries like autos, lumber and steel, redrawing maps, unelected and unaccountable members of the US cabinet insulting a foreign head of state, calling the PM governor etc etc. Seems like war tactics to me. But Trump calls the Iran war an "excursion," not a war. Like Putin's 'special military operation' label for the war against Ukraine. Mr. Greer is merely seeking to downplay his role in failed trade talks and having lost control to Lutnick.

PERU TO HOLD AFTER TURKEY DID

Turkey's central bank held its one-week repo rate unchanged at 37% as widely expected. It noted that the underlying trend of inflation is decelerating but higher energy prices post upside risk.

BCRP (Peru) is expected to whiff this evening, leaving its reference rate unchanged at 4.25% (7pmET).

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.	4.44	4.43	4.34	4.64	4.62	4.52	4.87	4.84	4.77	5.32	5.29	5.25
CANADA	3.17	3.17	3.11	3.53	3.52	3.46	3.85	3.85	3.79	4.22	4.21	4.17
GERMANY	3.07	3.07	2.96	3.21	3.20	3.08	3.45	3.44	3.34	3.89	3.89	3.81
JAPAN	1.83	1.84	1.85	2.23	2.23	2.28	2.92	2.89	2.96	4.00	3.96	4.08
U.K.	4.72	4.70	4.52	4.81	4.79	4.62	5.28	5.26	5.13	5.88	5.88	5.78
	Spreads vs. U.S. (bps):											
CANADA	-127	-126	-123	-111	-110	-106	-101	-100	-98	-110	-108	-108
GERMANY	-137	-136	-138	-143	-141	-143	-142	-140	-143	-142	-141	-143
JAPAN	-261	-259	-249	-241	-239	-223	-194	-196	-181	-131	-133	-117
U.K.	28	27	18	18	17	11	41	42	36	57	59	53

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	35907	-216.5	-0.6	0.2	-1.5	23.1
Dow 30	52381	-405.4	-0.8	-0.7	-3.0	15.1
S&P 500	7636	-37.2	-0.5	0.1	-1.5	16.9
Nasdaq	26253	-168.1	-0.6	0.6	-1.3	20.0
DAX	25566	-10.1	-0.0	-1.7	-2.9	8.2
FTSE	10634	-36.3	-0.3	-1.8	-2.1	15.3
Nikkei	65271	128.2	0.2	1.6	-2.5	48.9
Hang Seng	24954	-320.5	-1.3	-1.0	-3.8	-4.8
CAC	8170	13.1	0.2	-1.4	-6.4	5.3
Commodities	Level		% change:			
WTI Crude	97.53	1.48	1.5	7.2	18.8	53.2
Natural Gas	2.80	-0.03	-0.9	-5.4	0.1	-7.7
Gold	4386.65	-12.18	-0.3	-1.9	-0.1	20.5
Silver	65.87	-1.42	-2.1	-1.7	0.2	60.0
CRB Index	423.11	0.00	0.0	1.5	8.4	40.2
Currencies	Level		% change:			
USDCAD	1.3818	0.0012	0.1	0.2	-0.9	-0.3
EURUSD	1.1625	-0.0008	-0.1	-0.0	0.7	-0.6
USDJPY	154.08	0.5200	0.3	-1.1	-3.3	4.5
AUDUSD	0.7198	-0.0019	-0.3	-0.0	2.0	8.8
GBPUSD	1.3535	-0.0012	-0.1	0.1	0.2	0.0
USDCHF	0.8113	0.0011	0.1	0.5	0.1	1.5

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	2.75

	Next Meeting Date
Canada - BoC	Oct 28, 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	Sep 29, 2026
New Zealand - RBNZ	Oct 27, 2026