Scotiabank.

GLOBAL ECONOMICS

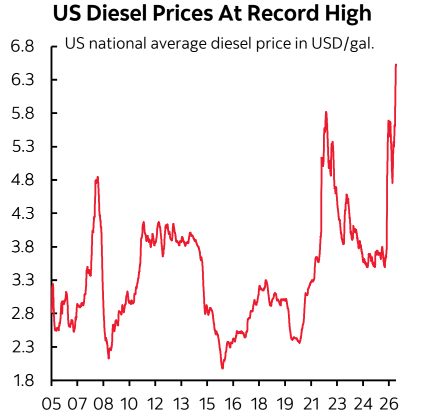
DAILY POINTS

September 23, 2026 @ *7:10 EST*

Contributors

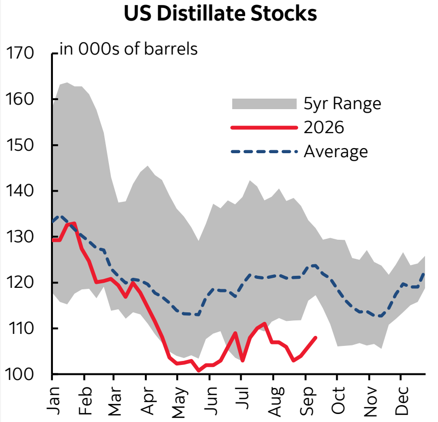
Derek Holt
VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

Chart 1



Sources: Scotiabank Economics, American Automobile Association.

Chart 2



Sources: Scotiabank Economics, US Department of Energy.

On Deck for Wednesday, September 23rd							
Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09-23	07:00	MBA Mortgage Applications (w/w)	Sep 18	--	--	-4.1
US	09-23	10:05	Fed's Barr Speaks on Housing				
US	09-23	12:00	Fed's Goolsbee Speaks in Podcast Interview				

KEY POINTS:

- **Volatile markets enter the funny season for US politics...**
- **...as Trump drives volatility in oil, potash and diesel prices**
- **Global PMIs—mixed growth signals, faster inflation**
- **SARB likely to hike this morning**
- **BI held rates**

Global markets are kind of, well, dull this morning. U S Treasury yields are little changed, ditto for gilts, while EGBs are slightly bear flattening. Oil prices are slightly lower again (see below). Equities are mostly treading water across N.A. futures and European cash markets. The dollar is broadly firmed against major crosses.

We're clearly in the funny season for manipulated markets with about a month and a half to go before the US midterms. Market participants need to be more sceptical and informed when reacting to the headlines.

Take oil, for instance, where Trump has been jawboning prices lower with misleading talk. Oil prices are little changed this morning but have fallen significantly over recent sessions as Trump talks up negotiations with Iran and markets drink the Kool-Aid in unquestioning manner. Trump says there is no evidence of activity at Pickaxe Mountain despite abundant evidence in satellite feeds showing intense efforts to rebuild and fortify. Trump says negotiations with Iran went well in a three-hour session yesterday yet show me any evidence that the US has achieved goals it set out to accomplish from the beginning. Nuclear stockpiles are still intact, the regime is still in power, Iran has large stockpiles of drones and missiles and is building more, and Iran still has plenty of friends in low places. Trump also says the war will end right after the midterms, and oil prices will crash at that point. Personally, I think it's the opposite; he's jawboning oil—and more importantly, gasoline—prices lower as Americans start to vote but the war isn't going away and that could drive renewed price spikes after the midterms.

Or take potash. Two days ago, Trump claimed that a "massive deal" was in the works to buy from Belarus instead of Canada before back peddling yesterday saying the US will continue buying from Canada. Perhaps he should have checked with the Belarusian dictator Lukashenko first, who said within hours of the claim that his country has no surplus to sell the US as it's committed to major buyers like China. In any event, Canadians know this is an empty threat; Canada is the world's biggest and closest producer of the fertilizer ingredient. Belarus would have to ship through St. Petersburg given EU sanctions that prevent doing so through Baltic ports. That means shipping via Russian rail which is clogged by the war and shipping its own potash and other products through St. Petersburg because of the war's impact upon shipping through the Strait of Hormuz. Then load the stuff onto ships across the ocean, unload at US ports, load onto US trains to transport inland, and presto, the US just paid way more for potash all-in including transportation costs than getting it from Canada. Oh, and buying from Belarus would line the pockets of a brutal regime that is basically Putin's puppet. Good one.

Or take diesel, given Trump's talk of a potential diesel export ban as a solution to record high diesel prices (chart 1) and the impact on US farmers, truckers and others. Diesel prices ignored the talk yesterday. Folks close to the market note that a ban would likely result in US refineries shutting due to the lost sales which could adversely impact global supply and boomerang back through yet higher prices. US diesel exports are highly diversified by **country**. US diesel inventories are abnormally low while refining capacity utilization is high. The Iran war is the culprit.

GLOBAL PMIS—MIXED GROWTH, FASTER INFLATION

The monthly parade of PMIs reported mixed outcomes on growth but consistently greater pressure on inflation across the regions. They are available **here**, with brief observations below.

Australia's economy decelerated in September according to its PMIs. The composite fell by almost two points to 50.8 as manufacturing slipped into sub-50 contraction (49.3, 52.0 prior) and services decelerated (51.4, 53.2 prior).

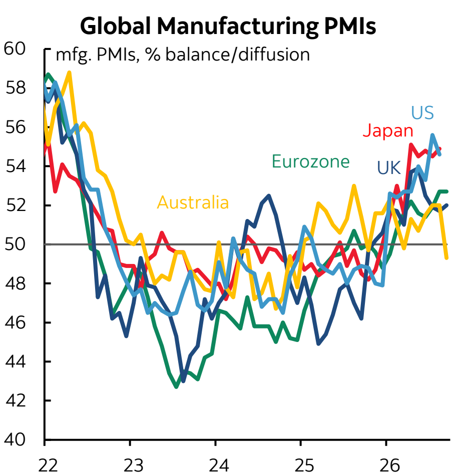
India's economy accelerated as the composite PMI climbed 2.2 points to 56.5 mostly due to a nearly three points rise in manufacturing to 55.7 and a solid gain in services (55.8, 54.1 prior). Service price inflation decelerated but manufacturing price inflation picked up.

The UK economy slowed a bit. A 0.8 deceleration in the overall PMI to 51.7 was entirely due to slower growth in services as manufacturing was little changed. There was faster growth in both input and selling prices.

The Eurozone picked up the pace (53.1, 52.0 prior) entirely due to services (53.0, 51.6 prior) as manufacturing grew at an unchanged pace (52.7). Input costs and selling prices grew at a faster pace.

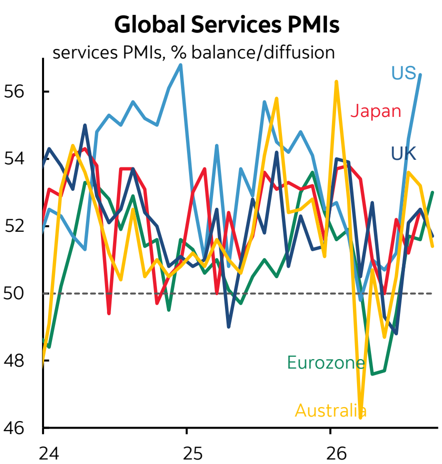
The US S&P PMIs will be refreshed this morning (9:45amET). Japan's PMIs are off cycle this month and will arrive tonight.

Chart 3



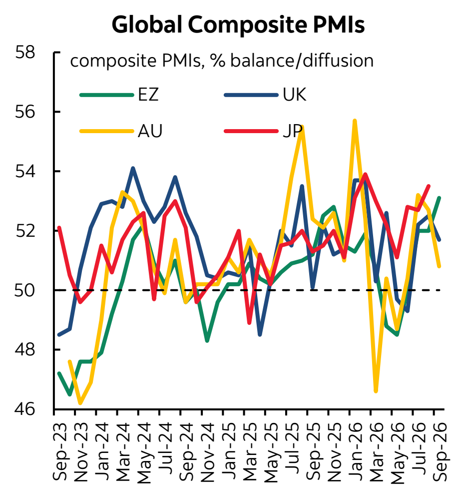
Sources: Scotiabank Economics, S&P Global.

Chart 4



Sources: Scotiabank Economics, Markit, Bloomberg, ISM.

Chart 5



Sources: Scotiabank Economics, S&P Global.

CENTRAL BANKS—A HOLD AND A POSSIBLE HIKE

Bank Indonesia left its policy rate unchanged for a third straight meeting and met consensus for a 5.75% rate. The bank emphasized stability particularly in terms of the rupiah that weakened very slightly post-statement but was otherwise firmer to the dollar overnight. Indonesia's rates curve yawned throughout it all.

The South African Reserve Bank is expected to hike its repo rate by 25bps to 7.25% this morning (9amET). It last hiked in May. Inflation readings for August were released earlier this morning and while they came in a touch lower than expected they are still too high. Total CPI was up 4.4% y/y (4.5% consensus, 4.3% prior) with core up 4.1% (4.2% consensus and prior). That puts inflation in the middle of the 3–6% inflation target range and threatening to go higher alongside elevated inflation expectations.

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.	4.77	4.76	4.74	4.84	4.84	4.88	4.96	4.96	5.02	5.30	5.30	5.36
CANADA	3.27	3.26	3.37	3.55	3.55	3.66	3.83	3.83	3.94	4.16	4.15	4.26
GERMANY	3.26	3.23	3.22	3.32	3.30	3.31	3.48	3.46	3.51	3.81	3.81	3.87
JAPAN	1.86	1.86	1.86	2.29	2.29	2.29	2.99	2.99	3.01	4.08	4.08	4.13
U.K.	4.79	4.78	4.76	4.85	4.84	4.85	5.24	5.24	5.30	5.74	5.75	5.86
	Spreads vs. U.S. (bps):											
CANADA	-150	-150	-137	-129	-129	-123	-113	-114	-108	-114	-115	-110
GERMANY	-151	-153	-152	-152	-154	-157	-149	-150	-152	-149	-149	-149
JAPAN	-291	-290	-288	-255	-255	-259	-197	-197	-201	-122	-122	-124
U.K.	2	3	2	1	0	-3	28	27	27	44	44	50

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	36336	326.2	0.9	2.1	-0.8	21.9
Dow 30	51864	-185.1	-0.4	-0.4	-2.7	12.0
S&P 500	7765	-0.1	-0.0	2.4	1.2	16.6
Nasdaq	27244	122.2	0.5	4.9	4.1	20.7
DAX	25454	-124.8	-0.5	-0.3	-2.6	7.8
FTSE	10716	7.7	0.1	0.3	-0.9	16.2
Nikkei	65019	882.7	1.4	1.6	-0.8	42.5
Hang Seng	24834	-253.6	-1.0	0.5	-4.5	-5.1
CAC	8144	-10.7	-0.1	0.0	-4.0	3.5

Commodities	Level		% change:			
WTI Crude	89.89	-0.63	-0.7	-12.2	3.3	41.8
Natural Gas	3.04	0.08	2.6	5.3	9.7	6.7
Gold	4315.24	-45.48	-1.0	1.2	-7.2	14.6
Silver	65.19	-1.89	-2.8	3.5	-5.4	48.1
CRB Index	418.70	-0.57	-0.1	-2.4	3.1	39.6

Currencies	Level		% change:			
USDCAD	1.4085	0.0021	0.1	0.7	1.7	1.8
EURUSD	1.1418	-0.0031	-0.3	-0.4	-2.1	-3.4
USDJPY	157.82	0.4300	0.3	1.0	-0.8	6.9
AUDUSD	0.7076	-0.0039	-0.5	-0.2	-1.0	7.2
GBPUSD	1.3291	-0.0055	-0.4	-0.7	-2.5	-1.7
USDCHF	0.8227	0.0022	0.3	-0.4	2.5	4.0

Central Banks	
Current Rate	
Canada - BoC	2.25
US - Fed	4.00
England - BoE	3.75
Euro zone - ECB	2.65
Japan - BoJ	1.25
Mexico - Banxico	6.50
Australia - RBA	4.35
New Zealand - RBNZ	2.75
Next Meeting Date	
Canada - BoC	Oct 28, 2026
US - Fed	Oct 28, 2026
England - BoE	Nov 05, 2026
Euro zone - ECB	Oct 29, 2026
Japan - BoJ	Oct 30, 2026
Mexico - Banxico	Sep 24, 2026
Australia - RBA	Sep 29, 2026
New Zealand - RBNZ	Oct 27, 2026