

DAILY POINTS

October 6, 2026 @ 7:50 EST

Contributors

Derek Holt

VP & Head of Capital Markets Economics

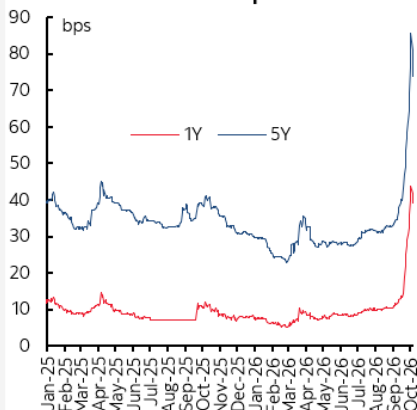
Scotiabank Economics

416.863.7707

derek.holt@scotiabank.com

Chart 1

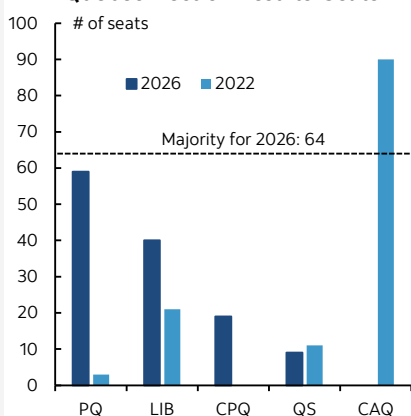
France CDS Spreads



Sources: Scotiabank Economics, Bloomberg.

Chart 2

Quebec Election Results: Seats



Sources: Scotiabank Economics, CBC.

On Deck for Tuesday, October 6th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-06	08:30	Merchandise Trade Balance (C\$ bn)	Aug	--	1.5	0.8
US	10-06	08:30	Trade Balance (US\$ bn)	Aug	--	-102.1	-88.6
US	10-06	09:05	Fed's Williams Moderates Panel				
US	10-06	10:45	Fed's Bowman Speaks on Banking Regulation and Supervision				
US	10-06	13:15	Fed's Schmid Speaks in Fireside Chat				
US	10-06	19:00	Fed's Logan Moderates Conversation				

KEY POINTS:

- **French bonds rally, euro rebounds...**
- **...as France's Le Pen pledges deficit reduction...**
- **...calls for highly contestable ECB intervention...**
- **...and European data was weak**
- **Quebec election results will keep the PQ on a short leash**
- **Canadian exports to inform Q3 GDP tracking**
- **US trade deficit to widen sharply**

French bonds are the biggest mover among asset classes this morning as yields drop by about 10bps across the curve and tighten spreads over bunds. France's CDS spreads are slightly narrower but still very elevated (chart 1). Catalysts may include weak European data but more importantly a set of proposals by National Rally leader Marine Le Pen to sharply reduce the size of the fiscal deficit from 5–6% under plans this year and next toward just over 2% by 2032. She also called for the ECB to act which is highly contestable in my view; it's not the job of the ECB to prop up fiscal mismanagement but jockeying continues to choose President Lagarde's successor. Le Pen is a leading candidate into the April 18th 2027 Presidential election.

There is mild relief across the rest of the global bond market that is spilling into slightly lower yields in the US, UK, Canada and throughout longer-end EGBs. Equities are broadly higher. The euro is among the currencies bouncing back today versus the USD. Lower oil prices—with WTI and Brent off by about a couple of bucks—are also helping to at least temporarily assuage the market's inflation fears until conflict with Iran may escalate anew.

Other overnight international developments were light with just a plunge in German factory orders during August (-10.6% m/m, consensus -1%) and a drop in French industrial output (-0.3% m/m, consensus +0.2%) with negative revisions to consider.

QUEBEC ELECTION—PQ ON A SHORT LEASH

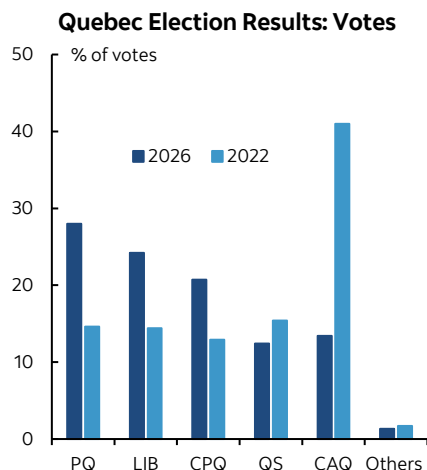
The Parti Québécois victory in Quebec's election met expectations for a minority outcome as oft-maligned pollsters generally got this one right. Charts 2–5 summarize the outcome in terms of the change in seats by party, voter turnout compared to history and the share of the vote secured by the winning party compared to history.

The PQ will struggle to retain power through reliance upon other parties given the tendency of minority governments in Quebec to only last about a couple of years. With 59 seats that are five shy of a majority and just 28% of the popular vote, the PQ lacks support from the vast majority of the voting population but strongly advanced from just 3 seats in the 2022 election.

How? The governing Coalition Avenir Québec (CAQ) under interim Premier Fréchette was literally wiped out, reduced to zero seats in the legislature from 90 after the prior election in 2022. Its seats were eaten up by the Liberals (40 from 21 in 2022) and Conservatives who haven't had representation in the legislature since 1935 (19 from 0 in 2022) as the Québec Solidaire party won 9 seats from 11 in 2022.

Voter turnout was estimated by Elections Quebec at 67.33% which is the highest since the 2014 election by a slim margin over the 2018 and 2022 elections.

Chart 3



Sources: Scotiabank Economics, CBC.

Chart 4

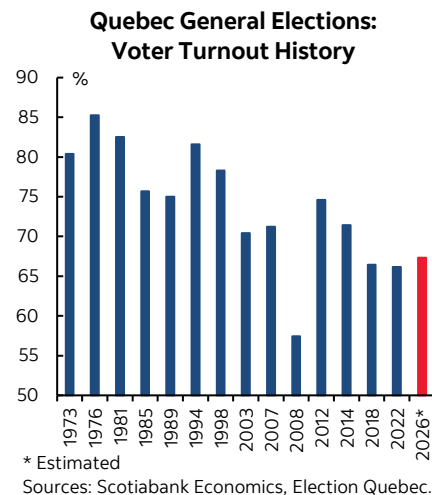
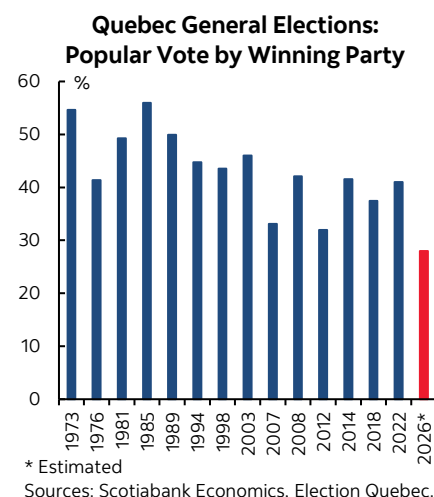


Chart 5



The outcome makes it difficult for the PQ to advance its plans for a referendum on independence as the centre-left PQ will have to rely upon the left-wing Québec Solidaire party to advance any such efforts alongside requisite horse trading on policy initiatives. About 70% of Quebecers have no interest in separating. While the PQ guides that it won't hold a referendum until after President Trump leaves office 2014—largely because it knows there is no current support for one—it would be ironic if Trump outlasts the PQ.

The outcome should be supportive of provincial bond spreads today relative to a stronger showing by the PQ. The PQ's victory is more of a rejection of the other problem plagued parties than a warm embrace as voters are keeping the PQ on a short leash, rejected by 72% of the voting population. The pivot left with reliance upon the QS could require closely monitoring fiscal plans given expensive election campaign promises ([here](#)).

CANADIAN TRADE TO INFORM Q3 GDP TRACKING

Also on tap today will be trade figures from Canada and the US. If the US advance merchandise trade figures from last week offer any indication, then Canadian exports could surge at least in nominal terms with uncertain volume effects. Charts 6 and 7 show tracking of growth in export and import volumes by comparing the monthly trade figures to how GDP captures trade; the Q2 explosion in export volumes is a touch act to follow but a pickup in import volumes could feed inventory investment.

As for the US trade figures for September (8:30amET), a wider trade deficit is expected after the advance merchandise figures posted a wider deficit last week.

Chart 6

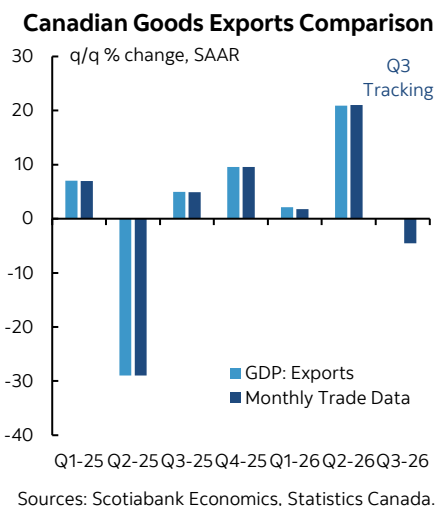
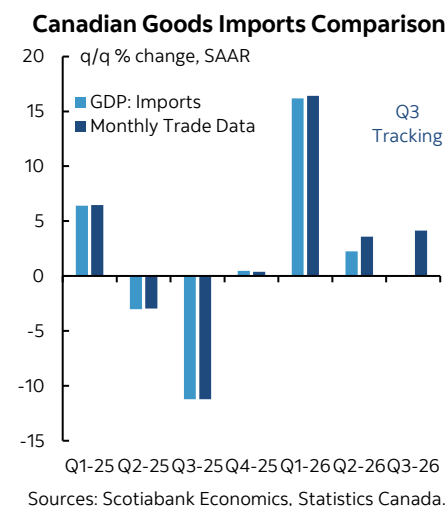


Chart 7



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		
	4.78	4.81	4.88	5.01	5.06	5.05	5.25	5.31	5.24	5.62	5.66	5.57	Canada - BoC	2.25
	3.23	3.25	3.37	3.58	3.62	3.70	3.91	3.95	3.99	4.27	4.30	4.30		
	3.10	3.07	3.29	3.23	3.25	3.43	3.45	3.49	3.63	3.82	3.87	3.95	US - Fed	4.00
	1.93	1.92	1.97	2.39	2.38	2.42	3.11	3.10	3.09	4.25	4.24	4.19		
	4.81	4.85	4.91	4.91	4.95	4.99	5.36	5.42	5.41	5.88	5.95	5.92	England - BoE	3.75
	Spreads vs. U.S. (bps):													
	-155	-156	-151	-143	-144	-135	-134	-136	-124	-136	-136	-127	Euro zone - ECB	2.65
	-168	-175	-158	-178	-181	-162	-180	-181	-161	-180	-180	-162		
-285	-289	-291	-262	-268	-263	-214	-221	-214	-138	-142	-138	Japan - BoJ	1.25	
3	3	4	-10	-10	-6	10	11	17	25	28	36			
Equities	Level						% change:						Mexico - Banxico	6.50
	Last	Change					1 Day	1-wk	1-mo	1-yr				
S&P/TSX	35519	15.9					0.0	0.1	-2.7	16.3	Australia - RBA	4.60		
Dow 30	51268	90.9					0.2	-0.4	-4.0	9.8				
S&P 500	7774	51.2					0.7	1.2	0.7	15.3	New Zealand - RBNZ	2.75		
Nasdaq	27477	286.5					1.1	2.4	3.7	19.8				
DAX	25412	158.1					0.6	0.1	-2.4	4.2				
FTSE	10540	42.5					0.4	-0.9	-2.7	11.2				
Nikkei	70684	737.1					1.1	7.9	6.5	47.4	Canada - BoC	Oct 28, 2026		
Hang Seng	24281	240.2					1.0	-1.5	-5.3	-9.9				
CAC	7876	41.4					0.5	-2.0	-4.9	-1.2	US - Fed	Oct 28, 2026		
Commodities	Level						% change:							
WTI Crude	87.28	-2.15					-2.4	-2.3	-4.6	41.5	England - BoE	Nov 05, 2026		
Natural Gas	3.08	0.01					0.5	2.3	3.5	-8.3				
Gold	4174.09	34.59					0.8	-0.2	-5.2	5.4	Euro zone - ECB	Oct 29, 2026		
Silver	61.52	0.45					0.7	0.1	-7.0	26.8				
CRB Index	410.94	0.85					0.2	-0.8	-1.3	36.5	Japan - BoJ	Oct 30, 2026		
Currencies	Level						% change:							
USDCAD	1.4248	-0.0012					-0.1	0.4	3.1	2.2	Mexico - Banxico	Nov 05, 2026		
EURUSD	1.1271	0.0048					0.4	-0.6	-3.0	-3.8				
USDJPY	157.98	0.0700					0.0	0.4	2.3	5.1	Australia - RBA	Nov 02, 2026		
AUDUSD	0.6984	0.0012					0.2	-0.0	-3.2	5.5				
GBPUSD	1.3281	0.0059					0.4	0.4	-1.9	-1.5				
USDCHF	0.8301	-0.0004					-0.0	-0.5	2.5	4.4	New Zealand - RBNZ	Oct 27, 2026		

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