

DAILY POINTS

October 14, 2026 @ 7:15 EST

Contributors

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Chart 1

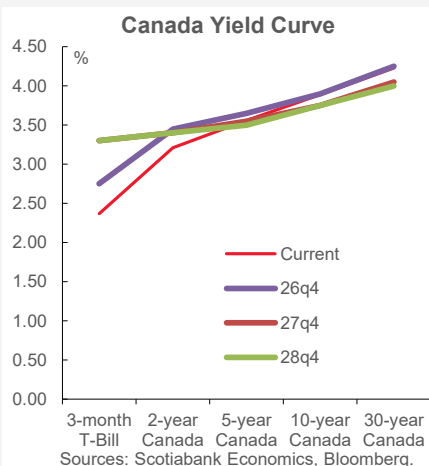
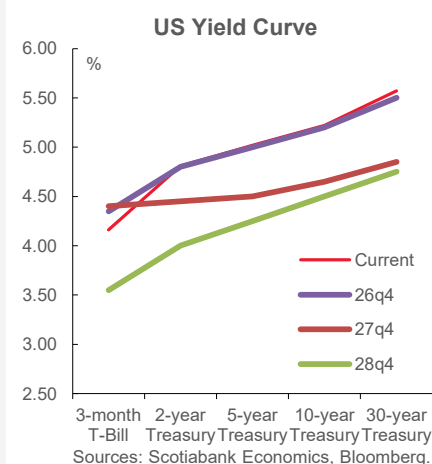


Chart 2



On Deck for Wednesday, October 14th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10-14	05:40	Bowman in Moderated Conversation				
US	10-14	07:00	MBA Mortgage Applications (w/w)	Oct 09	--	--	-4.2
CA	10-14	08:30	Building Permits (m/m)	Aug	--	3.0	-17.3
US	10-14	08:30	CPI (m/m)	Sep	0.6	0.6	0.4
US	10-14	08:30	CPI (y/y)	Sep	3.7	3.6	3.4
US	10-14	08:30	CPI (index)	Sep	--	336.6	335.0
US	10-14	08:30	CPI ex. Food & Energy (m/m)	Sep	0.3	0.2	0.3
US	10-14	08:30	CPI ex. Food & Energy (y/y)	Sep	2.5	2.5	2.4
US	10-14	13:30	Fed's Barkin Speaks in Fireside Chat				
US	10-14	14:00	Fed Releases Beige Book				
US	10-14	15:00	Fed's Goolsbee Speaks in Interview on Yahoo Finance				
US	10-14	22:55	Fed's Bowman Speaks at Bangkok Economic Festival				

KEY POINTS:

- **Markets are in a good place before US CPI**
- **US CPI—A mere placeholder**
- **Macklem's overnight comments offered very little**
- **New rates forecasts include an additional BoC hike totalling 100bps...**
- **...and reinsurance on the Fed's minimalist insurance hikes**
- **US financials post mixed results**
- **China's trade figures mushroomed, PBOC continues to fail to hit its inflation target**

It could spin on a dime after US CPI, but for now, global markets are in a generally good place to start the trading day. Stocks are up from about ¼% in N.A. futures to as much as ¾% across Europe. Sovereign bond yields are under mild downward pressure. FX land is little changed relative to the USD. Oil prices are up by around 1%.

Today's three main focal points include a) Macklem comments overnight, b) US CPI, and c) US bank earnings. We might also start to get very preliminary advance polling turnout (not results) from Alberta's week-long referenda.

NEW RATES FORECASTS

We have issued fresh rates forecasts for Canada and the US. They are shown in the accompanying table and charts 1–2 and represent the Scotiabank Economics house view.

BoC: We're forecasting a hike this quarter as soon as the October 28th decision or in December followed by 75bps of additional increases totalling 100bps. The terminal rate is projected to be 3.25% which is 25bps higher than previously forecast but as previously guided in presentations and client meetings. That would still leave policy barely within or slightly outside of the nominal neutral rate range with a real policy rate that turns meaningfully positive. Greater upside growth potential has been moderated by further forecast policy tightening.

FOMC: We're forecasting two more rate hikes to a fed funds target rate of 4.5% including one more increase likely in December followed by one more hike in 2027Q1 and then flat at the terminal rate over the rest of 2027. Call it reinsurance on the Fed's insurance hikes because raising the policy rate by just 25-50bps would accomplish very little in terms of the lagging effects on growth and inflation. We view 4.5% as meaningfully restrictive and a policy overshoot that we take back as soon as late next year or starting in 2028.

Yield curves: The US yield curve is likely undervalued in absolute terms and relative to the Canadian yield curve that is too dear in our view. We forecast the BoC's current -175bps policy rate spread to narrow to about 100bps below the Fed. That should drive some yield curve convergence. Yield curves begin to show relief over 2027 as we forecast a bending of the AI curve and hyperscaler issuance, ongoing pressures from government debt issuance, ebbing inflation risk, cooler US growth and upside risk to our Canadian forecasts for growth and inflation.

Scotiabank Economics' Canada-US Yield Curves

	2025				2026				2027				2028			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Canada																
BoC Overnight Target Rate	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.50	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Prime Rate	4.95	4.95	4.70	4.45	4.45	4.45	4.45	4.70	5.20	5.45	5.45	5.45	5.45	5.45	5.45	5.45
3-month T-Bill	2.61	2.65	2.42	2.19	2.34	2.26	2.35	2.75	3.05	3.30	3.30	3.30	3.30	3.30	3.30	3.30
2-year Canada	2.46	2.59	2.47	2.59	2.82	2.75	3.37	3.45	3.45	3.40	3.40	3.40	3.40	3.40	3.40	3.40
5-year Canada	2.61	2.82	2.75	2.97	3.09	3.01	3.69	3.65	3.60	3.55	3.55	3.55	3.50	3.50	3.50	3.50
10-year Canada	2.97	3.27	3.18	3.43	3.47	3.38	3.99	3.90	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75
30-year Canada	3.22	3.57	3.63	3.86	3.90	3.77	4.30	4.25	4.20	4.15	4.10	4.05	4.00	4.00	4.00	4.00
United States																
Fed Funds Target Rate	4.50	4.50	4.25	3.75	3.75	3.75	4.00	4.25	4.50	4.50	4.50	4.50	4.25	3.75	3.75	3.75
Prime Rate	7.50	7.50	7.25	6.75	6.75	6.75	7.00	7.25	7.50	7.50	7.50	7.50	7.25	6.75	6.75	6.75
3-month T-Bill	4.19	4.29	3.85	3.52	3.69	3.71	4.13	4.35	4.45	4.40	4.40	4.40	4.05	3.55	3.55	3.55
2-year Treasury	3.88	3.72	3.61	3.48	3.80	4.17	4.89	4.80	4.70	4.60	4.50	4.45	4.20	4.15	4.10	4.00
5-year Treasury	3.95	3.80	3.74	3.73	3.94	4.23	5.09	5.00	4.90	4.75	4.65	4.50	4.40	4.30	4.25	4.25
10-year Treasury	4.21	4.23	4.15	4.17	4.32	4.47	5.28	5.20	5.00	4.85	4.75	4.65	4.50	4.50	4.50	4.50
30-year Treasury	4.57	4.77	4.73	4.85	4.91	4.95	5.63	5.50	5.25	5.10	5.00	4.85	4.85	4.80	4.75	4.75

BOC'S MACKLEM DIDN'T SAY MUCH

BoC Governor Macklem's comments during his short fireside chat at the IIF meeting in Bangkok a few hours ago were kind of a dud.

He said nothing about monetary policy. Nothing about the job market. He just commented on stretched equity valuations (see my weekly for various measures) and that every central bank is worried about the Middle East conflict and price pass through. A full transcript is unavailable but a video link is to be made available.

Macklem speaks again on Friday. Today was a more open Q&A. Friday's appearance is supposed to be more about AI. On that issue, Canada is seeing explosive investments in data centers now with about 300 of them which is about 6% of the total number in the US and slightly below what would be proportionate in terms of relative market sizes (). It's going on nationwide, but Alberta is likely to lead going forward.

Macklem's appearance will disappoint anyone expecting any updated remarks since the hawkish September 2nd press conference and his September 21st presser when he sounded hawkish on inflation, dovish on Q4 GDP growth and skipped right over Q3 resilience.

What is that new information? Canadian core inflation measures were quite warm on September 14th. Or consider GDP that's tracking 2% in Q3 after the August 0.2% m/m 'flash' estimate last month. Hours worked were up sharply in Q3 as more hours substituted for fewer bodies. Note that the BoC released a short note on demographics and curtailed labour supply the day before the job numbers. Or note the resumption of energy market tensions since the last decision, including higher WTI and especially higher Brent that affects the east coast projects. Macklem won't reveal the results this week, but he will probably also have in his head the outcome of the latest Q3 business and consumer surveys that will probably follow the CFIB measure of inflation expectations higher. He's a tad cagey so the balance he strikes between all of these readings isn't certain but if I were him, I wouldn't spend two seconds on the jobs reading as argued in three separate publications and would instead focus instead on GDP, closing slack, inflation tracking and inflation risk.

US CPI—A MERE PLACEHOLDER

Scotia's house estimates for US CPI in September (8:30amET) are 0.6% m/m for total CPI (0.6% consensus) and 0.3% m/m for core CPI (0.2% consensus). Those could lift the y/y rates to 3.7% from 3.4% (3.6% consensus) and 2.5% from 2.4% (2.5% consensus) for headline and core respectively. See my weekly for more of an explanation of the drivers. Key may be whether core services inflation repeats (chart 3).

Key will be translating the core CPI implications for core PCE alongside the producer price flow through into PCE when we get those numbers tomorrow.

Still, as argued in my weekly, these numbers probably won't matter to the FOMC that has generally signalled they'll skip in October and await further information at the December decision.

US FINANCIALS POST MIXED RESULTS

BofA, Morgan Stanley, BlackRock and State Street all release in the pre-market. Chart 4.

Bank of America registered adjusted EPS of US\$1.08 (consensus \$1.09). FICC and equity trading revenues both disappointed but investment banking and wealth revenues slightly beat while they paid employees less than expected.

BlackRock posted adjusted EPS of US\$15.93 (consensus \$14.15) along with a revenue beat.

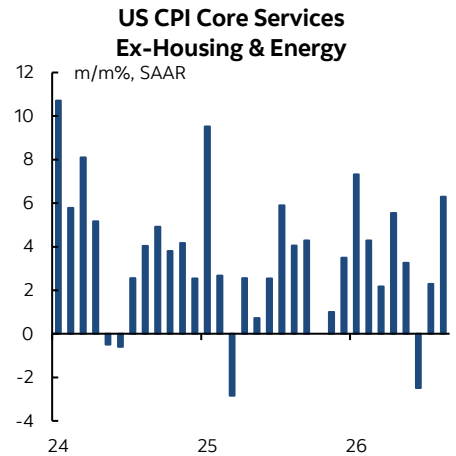
Morgan Stanley and State Street are pending as this note is being distributed.

CHINA TRADE MUSHROOMED

China's trade figures blossomed in September (chart 5). Exports were up 36% y/y in dollar terms (consensus 26%) and 30% in yuan terms. Imports were up 31% y/y (consensus 25%) and 25% in yuan terms. The surplus with the US increased and has been reversing the narrowing pattern that unfolded during the early part of Trump 2.0 (chart 6).

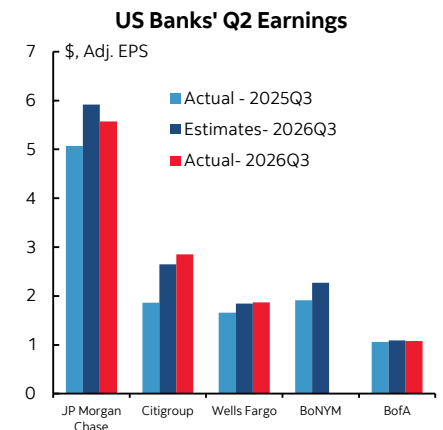
The PBOC continues to fail to achieve its inflation goal with CPI landing at 0.9% y/y in September and core CPI at just 1%. This is one central bank that couldn't care less about its inflation target as it is serially too high relative to reality (chart 7).

Chart 3



Sources: Scotiabank Economics, BLS.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

Chart 5



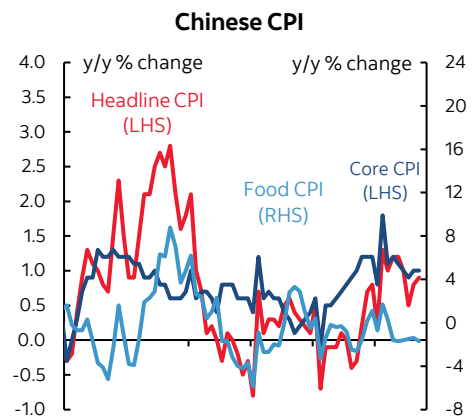
Sources: Scotiabank Economics, Customs General Administration PRC.

Chart 6



Sources: Scotiabank Economics, Customs General Administration PRC.

Chart 7



Sources: Scotiabank Economics, China National Bureau of Statistics.

Fixed Income	Government Yield Curves (%):												Central Banks	
	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		
U.S.	4.78	4.79	4.77	4.99	5.00	5.03	5.20	5.21	5.28	5.56	5.56	5.67	Canada - BoC	2.25
CANADA	3.21	3.20	3.24	3.56	3.55	3.61	3.87	3.87	3.95	4.23	4.22	4.31		
GERMANY	3.14	3.15	3.07	3.25	3.27	3.22	3.46	3.47	3.48	3.82	3.82	3.85	US - Fed	4.00
JAPAN	1.93	1.93	1.95	2.36	2.35	2.42	3.00	3.01	3.10	4.06	4.06	4.23		
U.K.	4.89	4.93	4.85	4.99	5.02	4.97	5.41	5.45	5.44	5.90	5.92	5.98	England - BoE	3.75
	Spreads vs. U.S. (bps):													
CANADA	-157	-159	-153	-143	-145	-142	-133	-134	-134	-133	-134	-136	Euro zone - ECB	2.65
GERMANY	-164	-164	-170	-174	-173	-181	-174	-174	-181	-173	-174	-182		
JAPAN	-285	-286	-282	-263	-265	-261	-220	-220	-218	-150	-150	-144	Japan - BoJ	1.25
U.K.	11	14	8	-1	2	-5	21	24	16	34	37	31		
Equities	Level						% change:							
	Last	Change			1 Day	1-wk	1-mo	1-yr						
S&P/TSX	35984	319.4			0.9	1.3	0.8	18.5					Australia - RBA	4.60
Dow 30	51670	-180.5			-0.3	0.3	-1.4	11.7						
S&P 500	7805	-1.8			-0.0	-0.2	2.4	17.5					New Zealand - RBNZ	2.75
Nasdaq	27204	-41.5			-0.2	-1.4	3.9	20.8						
DAX	25408	147.7			0.6	1.2	-0.1	4.8						
FTSE	10683	33.0			0.3	2.2	-0.1	13.0						
Nikkei	67744	-33.2			-0.0	-4.2	6.7	44.6					Canada - BoC	Oct 28, 2026
Hang Seng	24314	-31.1			-0.1	0.8	-2.4	-4.4						
CAC	7871	42.9			0.5	1.3	-3.0	-0.6					US - Fed	Oct 28, 2026
Commodities	Level						% change:							
WTI Crude	95.42	1.28			1.4	8.1	-5.9	62.6					England - BoE	Nov 05, 2026
Natural Gas	3.28	-0.01			-0.2	2.3	13.2	8.2						
Gold	4137.46	-23.28			-0.6	0.6	-3.8	-0.1					Euro zone - ECB	Oct 29, 2026
Silver	58.46	-0.70			-1.2	-2.2	-7.6	13.7						
CRB Index	418.14	1.04			0.2	1.8	-1.4	42.0					Japan - BoJ	Oct 30, 2026
Currencies	Level						% change:							
USDCAD	1.4216	0.0000			0.0	-0.3	2.3	1.2					Mexico - Banxico	Nov 05, 2026
EURUSD	1.1192	-0.0007			-0.1	-0.0	-3.1	-3.6						
USDJPY	158.48	0.1500			0.1	0.3	2.7	4.4					Australia - RBA	Nov 02, 2026
AUDUSD	0.7006	0.0022			0.3	0.6	-1.9	8.0						
GBPUSD	1.3263	0.0008			0.1	0.4	-1.7	-0.4					New Zealand - RBNZ	Oct 27, 2026
USDCHF	0.8336	0.0010			0.1	0.0	2.0	4.1						

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