Scotiabank

GLOBAL ECONOMICS

DAILY POINTS

October 30, 2026 @ *7:25 EST*

Contributors

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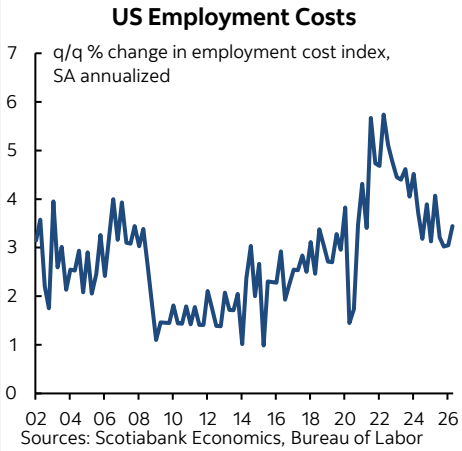
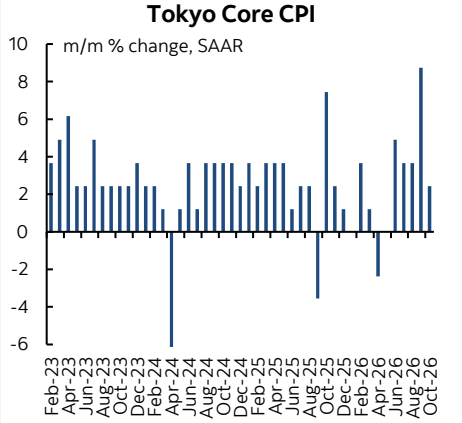
Chart 1



Sources: Scotiabank Economics, Bureau of Labor Statistics.

Chart 2



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

On Deck for Friday, October 30th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-30	08:30	Real GDP (m/m)	Aug	0.2	0.2	0.0
US	10-30	08:30	Employment Cost Index (q/q)	3Q	0.9	0.8	0.9
US	10-30	09:30	Fed's Barkin Appears on Sirius XM				
US	10-30	09:45	Chicago PMI	Oct	--	56.1	58.8
US	10-30	12:00	Fed's Daly Gives Introductory Remarks				
US	10-30	12:30	Fed's Musalem Delivers Keynote Address				

KEY POINTS:

- **Tech wreck and war drums wallop risk appetite**
- **Amazon & Intel followed Alphabet's misses**
- **Oil gains on US war plans**
- **Dollar weakens partly as FOMC hike bets diminish**
- **Four ways the BoJ kept a December hike in play**
- **Canada's GDP takes a backseat to forward considerations**
- **US employment costs likely posted another firm gain**
- **Eurozone economy beats expectations with mixed inflation**
- **Mexico's economy expected to post solid growth**
- **BanRep faces a divided consensus**

A combination of disappointing US tech earnings and higher oil prices on signs that the US is girding for a major escalation of war against Iran is weighing upon risk appetite.

US stock futures are down by 1% (S&P) to over 2% (Nasdaq). The main driver is a pair of after-market earnings reports from Intel and Amazon that broadly missed a blend of measures from EPS to revenue and revenue guidance. They followed the earlier miss by Alphabet. TSX futures are also off by -¾%. European cash markets are faring a little less badly with a slight rise in London, a flat CAC40 and declines elsewhere.

Interestingly, the dollar is not picking up safe haven flows as every major currency is rallying against it.

Oil prices are up by about 2%+ with WTI at $104 and Brent over US$117. Yesterday's headlines from the WSJ that war plans are afoot and Trump has been briefed on attack options against Iran are the culprit. A "short, intense campaign" has been guided. Where have I heard that before…oh yeah, about nine months ago!

As for rates, pricing for the December FOMC decision has backed off from nearly fully priced a couple of days ago to about 18bps of a quarter point hike priced this morning. I'm not sure that's the correct direction with oil flaring and adding to how Warsh may be likely to view inflation and despite the tech wreck. US Ts are rallying in slight bull steepener fashion. Most other global benchmarks are slightly dearer as well.

US Employment Costs Continue to Rise Faster than Inflation

The US Employment Cost Index is an all-in measure of cash and benefits and is expected to post another sizeable gain of 0.8% q/q this morning (8:30amET). They've been rising at a steady annualized pace well above the Fed's 2% target for an extended period but well off the pandemic peak (chart 1).

FOUR WAYS THE BOJ REINFORCED DECEMBER HIKE PRICING

Nothing that the Bank of Japan did overnight swayed Japanese markets or affect pricing for the next move. December's meeting remains priced for 20bps of a quarter-point hike with 1–2 more thereafter into next summer. The yen is a middle of the pack performer to the dollar this morning. JGBs slightly rallied in bull flattener fashion which probably has more to do with global risk aversion.

You could argue there were three ways in which a December hike was bolstered:

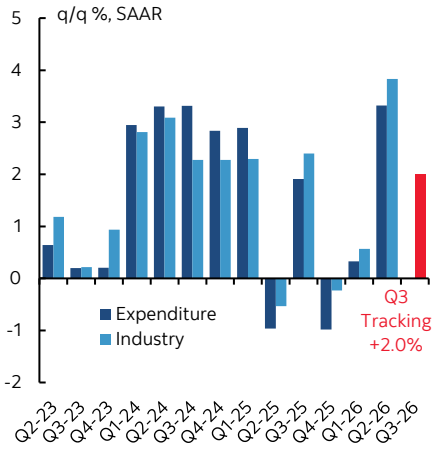
Numbers: The BoJ raised the core CPI forecast. While remaining at 2.5% y/y for this year, the 2027 forecast was increased by two-tenths to 2.6% with 2028 remaining at 2%. GDP was increased a tick to 0.7% y/y this year, slightly lowered in 2027 to 0.7% and left at 0.8% in 2028. Lacklustre growth takes a back seat to a sustained overshoot of the central bank's inflation target. Tokyo CPI was released just before the communications and posted a cooler but still firm gain in October (chart 2).

Each meeting is 'live': Governor Ueda said "At every policy meeting, including the next one, we will assess the likelihood of our outlook materializing, as well as the risks, and make our decisions accordingly." Some drew parallels to similar language in July that preceded the September hike.

Further, it's what wasn't said here: given an opportunity to lean against and choosing not to do so, he basically validated December hike pricing.

Ueda also noted that the BoJ has achieved its 2% target with upside risk which is a slight upgrade from previously saying they were getting close.

Chart 3



Sources: Scotiabank Economics, Statistics Canada.

CANADIAN Q3 GDP TRACKING TO BE REFRESHED

Canada refreshes GDP for August with details along with a first estimate for September sans details. Most expect growth at 0.2% m/m in August based upon Statcan's earlier flash and because my simple regression against known readings has no quarrel with 0.2. September GDP might be on the backfoot with what we know by way of developments like the drop in hours worked. Growth of about 2% q/q SAAR is being tracked for Q3 overall and will be refreshed post-release (chart 3).

And who cares. The BoC is forward-looking; it doesn't have Kevin Warsh as its leader. The BoC did the right thing hiking the other day but perennial doves who failed to predict tightening out of the pandemic and again now are replaying their song book; it's not them, it's the BoC that messed up.

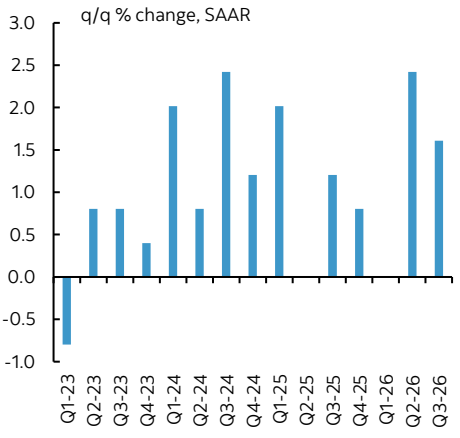
EUROZONE—FIRM GROWTH, MIXED INFLATION

Eurozone GDP growth during Q3 beat expectations at +0.4% q/q SA nonannualized (0.2% consensus). Charts 4–5. That follows 0.6% q/q nonannualized growth in Q2 for decent back-to-back gains relative to Europe's norms. Within the Eurozone, Spain led the way at 0.6% q/q SA nonannualized. France's economy shrank by -0.1% q/q. Germany's expanded by 0.2%. Italy was flat.

Eurozone inflation will be released next Wednesday but the incomplete consensus estimate of 0.3% m/m SA is looking a little light compared to the breakdown of the countries that released this morning.

France's CPI was up 0.4% m/m (0.3% consensus). Spain matched consensus at 0.5%. Italian CPI was much firmer than expected at 1.2% m/m (0.4% consensus). Germany will release national CPI at 9amET, but the individual states release ahead of time and at readings between 0% and -0.3% m/m, they are tracking beneath consensus expectations for the overall tally (0.1% m/m).

Chart 4



Sources: Scotiabank Economics, Eurostat.

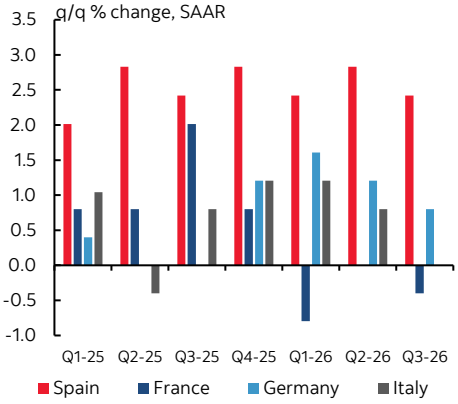
Since the figures are not seasonally adjusted, charts 6-8 compare m/m NSA changes to past like months of October. They show France and Italy posting strong gains this time relative to other months of October, Spain a touch weaker than normal and with Germany pending. Spain is the only one that releases core with the preliminary round and it was weaker than normal (chart 9).

LATAM—BANREP, MEXICAN GDP

Colombia's central bank faces a divided consensus into this afternoon's decision (2pmET). Slightly more than half of economists expect a hold at 12.25% while a little less than half expect the overnight lending rate to be raised by 25bps.

Chart 5

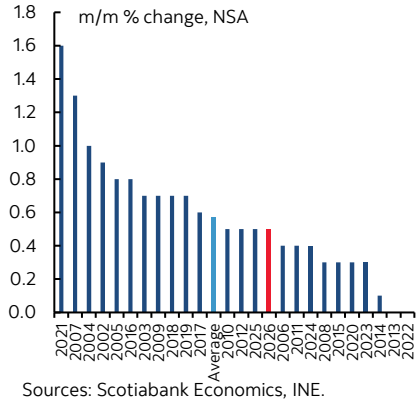
Eurozone Growth Anchored by Spain's Economic Strength



Sources: Scotiabank Economics, Bloomberg.

Chart 6

Comparing Spain Harmonized CPI for All Months of October

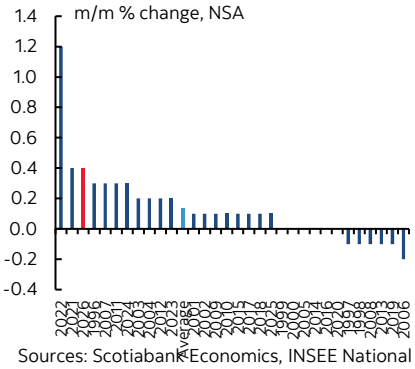


Sources: Scotiabank Economics, INE.

Mexico's economy is expected to post growth of about 1% q/q SA nonannualized when Q3 readings arrive (8amET). That would follow 1.4% growth in Q2. Estimates nevertheless range from scant growth to 1¾% q/q.

Chart 7

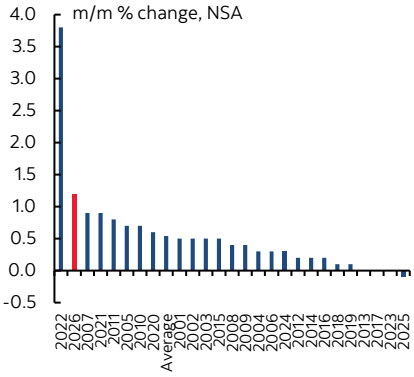
Comparing France Harmonised CPI for All Months of October



Sources: Scotiabank Economics, INSEE National Statistics Office of France.

Chart 8

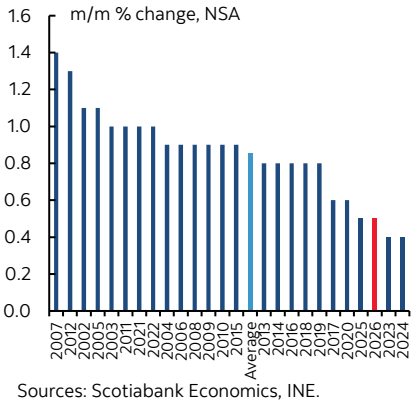
Comparing Harmonised Italy CPI for All Months of October



Sources: Scotiabank Economics, ISTAT.

Chart 9

Comparing Spain Core CPI



Sources: Scotiabank Economics, INE.

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.	4.56	4.60	4.68	4.70	4.74	4.81	4.91	4.94	5.00	5.28	5.30	5.32
CANADA	3.31	3.32	3.36	3.52	3.54	3.57	3.78	3.80	3.84	4.09	4.10	4.13
GERMANY	3.06	3.08	3.06	3.14	3.17	3.17	3.33	3.36	3.35	3.68	3.70	3.68
JAPAN	1.88	1.91	1.88	2.23	2.28	2.23	2.78	2.85	2.81	3.85	3.92	3.84
U.K.	4.86	4.90	4.91	4.92	4.95	4.99	5.27	5.29	5.36	5.69	5.70	5.76
	Spreads vs. U.S. (bps):											
CANADA	-126	-128	-133	-119	-121	-124	-113	-114	-115	-119	-120	-119
GERMANY	-150	-152	-162	-156	-157	-164	-158	-158	-165	-160	-160	-164
JAPAN	-268	-269	-280	-247	-246	-258	-213	-209	-219	-143	-138	-149
U.K.	30	30	23	22	21	18	36	35	36	41	40	43

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	36249	-16.1	-0.0	0.8	2.9	20.1
Dow 30	52343	-132.5	-0.3	-1.0	2.8	10.1
S&P 500	7720	-23.6	-0.3	0.7	0.9	13.2
Nasdaq	26185	-365.1	-1.4	0.7	-2.5	11.0
DAX	25914	-125.8	-0.5	2.9	2.8	7.4
FTSE	10765	43.2	0.4	0.7	1.5	10.3
Nikkei	63290	-1369.4	-2.1	1.0	-5.2	23.3
Hang Seng	23294	335.8	1.5	0.9	-5.4	-11.4
CAC	7990	20.5	0.3	2.7	0.3	-2.0
Commodities	Level		% change:			
WTI Crude	104.27	2.27	2.2	1.0	15.3	72.1
Natural Gas	2.90	-0.06	-1.9	9.7	-4.3	-26.8
Gold	3971.82	-49.70	-1.2	-0.6	-4.5	-1.3
Silver	50.41	-1.74	-3.3	-6.5	-16.6	3.0
CRB Index	411.42	-2.26	-0.5	-0.9	0.3	36.8
Currencies	Level		% change:			
USDCAD	1.3957	-0.0032	-0.2	-0.3	-1.9	-0.2
EURUSD	1.1195	0.0015	0.1	-0.1	-1.2	-3.2
USDJPY	157.14	-0.5700	-0.4	0.2	-0.2	2.0
AUDUSD	0.7035	0.0005	0.1	-0.0	1.3	7.3
GBPUSD	1.3427	0.0051	0.4	0.4	1.2	2.1
USDCHF	0.8215	-0.0029	-0.4	-0.4	-1.7	2.4

Central Banks	
Current Rate	
Canada - BoC	2.50
US - Fed	4.00
England - BoE	3.75
Euro zone - ECB	2.65
Japan - BoJ	1.25
Mexico - Banxico	6.50
Australia - RBA	4.60
New Zealand - RBNZ	2.75
Next Meeting Date	
Canada - BoC	Dec 09, 2026
US - Fed	Dec 09, 2026
England - BoE	Nov 05, 2026
Euro zone - ECB	Dec 17, 2026
Japan - BoJ	Oct 29, 2026
Mexico - Banxico	Nov 05, 2026
Australia - RBA	Nov 02, 2026
New Zealand - RBNZ	Dec 08, 2026

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