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GLOBAL ECONOMICS

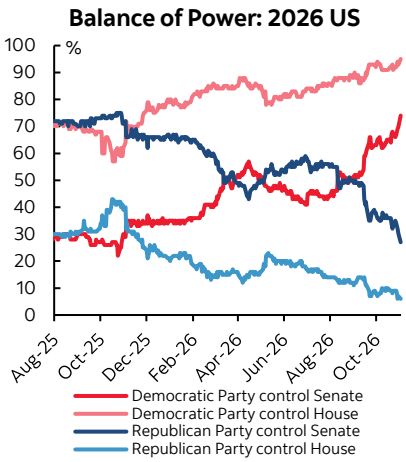
DAILY POINTS

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Chart 1



Sources: Scotiabank Economics, Polymarket

On Deck for Tuesday, November 3rd

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-03	10:00	Factory Orders (m/m)	Sep	1.1	1.2	0.1
US	11-03	10:00	JOLTS Job Openings (000s)	Sep	--	7162.0	7079.0
CA	11-03	11:00	BoC Gov. Macklem, Senior Deputy Gov. Rogers Speak to Lawmakers				
US	11-03		Total Vehicle Sales (mn a.r.)	Oct	15.5	15.8	16.0

KEY POINTS:

- **Fragile markets await midterms, Iran, while unimpressed with tech**
- **Midterms —when results will roll…**
- **…and beware early misinterpretations that will drive volatility**
- **Stunning manipulation of the oil market, but traders should know better by now**
- **BoC's Macklem likely to fade GDP, oil in today's testimony**
- **RBA hiked, indicated it may be done**
- **US data distractions to include JOLTS, factory orders, vehicle sales**

Mixed signals on the Iran war continue to spark volatility in oil, bonds and stocks on midterm election day in the US. After yesterday's plunge in oil prices, today's prices are slightly higher by 2% or so. That's enough to pivot bonds back toward higher yields in the US but particularly Canada and Europe.

Stocks are gently lower almost everywhere partly because of oil, partly because markets were unimpressed by Apple's beats as sales growth slows and results in China disappointed, and partly because of nervousness toward what happens in the midterms and the ensuing aftermath.

Back to oil. Unquestioning robots believed Trump hook, line and sinker yesterday when he did an about-face on attacking Iran. His social media **post** played up talks and pointed to lower oil on the day as prices plunged on the back of his own headlines. Most would see through this as an effort to lower energy prices on election day while retaining caution toward the ensuing days given Trump's constant warnings that he could escalate war again after the vote. The overnight US attacks on Qeshm Island play to this narrative, as do more ships struck by mines in the Strait of Hormuz. Leaning against this is jawboning from Qatar that negotiations are ongoing. They've been ongoing time and again to no avail as the divisions are too great. Possible domestic gridlock raises foreign policy risks in my opinion.

MIDTERMS—STAGGERED RESULTS TO DRIVE MARKET VOLATILITY

And then settle in tonight for US midterm results to start rolling as polls close in staggered fashion and media outlets are permitted to begin reporting results. The first polls close at 6pmET in parts of Kentucky and Indiana. More shut at 7pmET (Georgia, Virginia, the part of Florida in the eastern time zone, South Carolina and Vermont). Then Ohio, NC and West Virginia at 7:30pmET. 8pmET is the biggest single closing period followed by 9pmET. Polls continue to close at 10pmET and then 11pmET including California. Alaska and Hawaii shut after the midnight bell tolls. It's an inefficient electoral system and any close races could be subject to recounts and possible court challenges. It's also very unclear that Trump will accept the results.

Early results could be misleading, such as the so-called 'red mirage.' Markets are likely to be volatile as headlines then transition toward counting in true blue country. Unless it's a real blow-out it could take days or weeks to get the full results including any contested outcomes. Most pundits and pollsters expect a blue House and possibly blue sweep.

They've been wrong before. Never count out Democrat dysfunction as we've seen in recent days and in the absence of any true leader.

BOC'S MACKLEM WILL PROBABLY FADE POST-HIKE DEVELOPMENTS

BoC Governor Macklem and SDG Rogers are unlikely to say much of anything new in round one of two rounds of testimony before parliamentary committees this week. Macklem's statement will be released at 11amET and then two hours of scintillating banter will unfold. The only news since the BoC's rate hike decision last Wednesday has included softer than expected monthly GDP that I think he'll fade in relation to forward-looking views, and a drop in oil prices that he'll probably also fade given mixed signals on next steps in the Iran war.

RBA HIKED, MAY BE DONE

The RBA did indeed raise its cash rate target by 25bps to 4.85% in a 6–3 vote as widely expected overnight. Yet the A$ softened and the Australian rates curve rallied post-communications. Why? The statement removed reference to doing what's necessary "including increased the cash rate target further if needed." Governor Bullock said "I'd not be interpreting this as saying we're not going up. I wouldn't be interpreting it as saying we definitely are going up. We're basically preserving our options." Communications further emphasized data dependency and the lagging effects of rate increases. Markets are pricing the RBA as basically done after 125bps of hikes with a peak one-in-four chance of a further hike in 2027Q1 after a hold in December.

MODEST US DATA RISK

US data will pass the time while markets await midterm coverage. JOLTS job openings during September (10amET) and an expected jump in factory orders for the same month (10amET) will then be followed by an expected dip in vehicle sales by the end of the day.

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.	4.61	4.60	4.74	4.73	4.71	4.84	4.93	4.91	5.00	5.30	5.29	5.31
CANADA	3.27	3.30	3.37	3.48	3.52	3.57	3.75	3.80	3.83	4.08	4.12	4.13
GERMANY	3.07	3.04	3.09	3.15	3.11	3.18	3.33	3.29	3.36	3.70	3.66	3.69
JAPAN	1.89	1.89	1.90	2.24	2.24	2.25	2.78	2.78	2.81	3.89	3.89	3.86
U.K.	4.85	4.80	4.94	4.90	4.84	5.01	5.26	5.19	5.35	5.69	5.63	5.75
	Spreads vs. U.S. (bps):											
CANADA	-134	-129	-137	-125	-119	-127	-118	-112	-117	-122	-117	-118
GERMANY	-154	-156	-165	-158	-160	-166	-160	-162	-164	-160	-162	-162
JAPAN	-272	-270	-284	-250	-247	-259	-215	-213	-219	-141	-140	-145
U.K.	24	20	21	17	13	16	32	28	35	39	34	43

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	35801	181.1	0.5	-0.4	0.8	18.3
Dow 30	51984	213.7	0.4	-0.7	1.6	9.8
S&P 500	7541	-38.7	-0.5	-1.8	-2.3	10.1
Nasdaq	25164	-272.6	-1.1	-3.8	-7.5	5.6
DAX	25820	-161.1	-0.6	0.9	2.3	7.0
FTSE	10698	-63.8	-0.6	0.1	2.3	10.3
Nikkei	63082	-208.3	-0.3	1.4	-7.7	22.5
Hang Seng	23526	132.7	0.6	2.1	-1.9	-10.1
CAC	8030	-18.1	-0.2	1.8	1.7	-1.0
Commodities	Level		% change:			
WTI Crude	98.51	2.05	2.1	-1.4	8.1	61.4
Natural Gas	2.90	0.04	1.5	7.5	-4.4	-32.0
Gold	3905.40	-40.93	-1.0	-3.8	-5.7	-2.4
Silver	49.03	-1.61	-3.2	-9.9	-19.7	2.0
CRB Index	401.05	-10.05	-2.4	-3.3	-2.2	31.0
Currencies	Level		% change:			
USDCAD	1.3952	-0.0035	-0.3	-0.7	-2.2	-0.7
EURUSD	1.1177	-0.0010	-0.1	0.5	-0.4	-3.0
USDJPY	158.29	0.3500	0.2	0.2	0.2	2.6
AUDUSD	0.6983	-0.0016	-0.2	-0.6	0.2	6.8
GBPUSD	1.3409	0.0003	0.0	0.8	1.4	2.0
USDCHF	0.8197	0.0009	0.1	-1.1	-1.3	1.4

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	4.85
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	Dec 18, 2026
Mexico - Banxico	Nov 05, 2026
Australia - RBA	Nov 02, 2026
New Zealand - RBNZ	Dec 08, 2026

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