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GLOBAL ECONOMICS

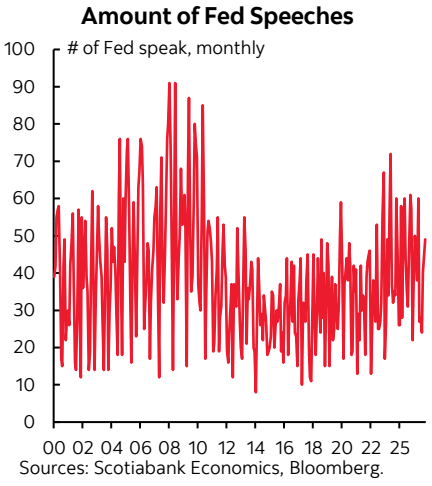
DAILY POINTS

November 18, 2026 @ *7:40 EST*

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Chart 1



Sources: Scotiabank Economics, Bloomberg.

On Deck for Wednesday, November 18th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-18	07:00	MBA Mortgage Applications (w/w)	Nov 13	--	--	6.2
US	11-18	08:30	Building Permits (000s a.r.)	Oct P	--	1378.0	1398.0
US	11-18	08:30	Housing Starts (000s a.r.)	Oct	1275	1240.0	1221.0
US	11-18	08:30	Housing Starts (m/m)	Oct	4.4	4.4	-5.2
US	11-18	10:00	Pending Home Sales (m/m)	Oct	--	--	-7.3
US	11-18	12:15	Fed's Daly Speaks in Keynote Conversation				
US	11-18	13:35	Fed's Barr Speaks on Capital Development Investments				
US	11-18	14:00	FOMC Meeting Minutes				
US	11-18	14:00	Fed's Kashkari Speaks at an AI Conference				
US	11-18	14:30	Fed's Williams Delivers Remarks				
US	11-18	16:00	Total Net TIC Flows (US$ bn)	Sep	--	--	199.8
US	11-18	16:00	Net Long-term TIC Flows (US$ bn)	Sep	--	--	279.2

KEY POINTS:

- **Tech isn't rescuing broader risk appetite**
- **US—stale FOMC minutes and housing data**
- **BoC's Gravelle to talk scenarios and maybe CPI**
- **Monitor headlines out of Carney-Trump and broader APEC meetings**
- **Chile's struggling economy**
- **Aussie yields rally as RBA minutes continue to drive reduced hike bets…**
- **…despite wage figures that show second-round pressures ahead of jobs data**
- **Gilts rally as positioning caught off-guard by CPI**
- **BI surprises—again!**
- **Rand drops as gold plunge outmuscles warmer core CPI**

Last evening's tech earnings beat is having very limited effect on broader risk appetite. The dollar is somewhat firmer against several crosses with weakness led by sterling, the euro, MXN and rand while CAD is flat. N.A. sovereign yields are little changed so far with most of the movement in bonds occurring in the UK (CPI, see below) and Australia (ongoing minutes, wages, see below). Gold is getting walloped this morning and oil prices are a few dimes lower. Stocks are wavering with the Nasdaq outperforming on the heels of last evening's solid earnings from Nvidia with lighter spillover into S&P futures, but equities elsewhere are on the backfoot. Turns out, it's not just about tech.

US—STALE MINUTES AND HOUSING DATA

Minutes to the October 27th–28th FOMC meeting are stale before they even arrive this afternoon (2pmET). They don't talk less in the Warsh era, for one thing (chart 1). A massive download of Fed-speak has hit markets from across all officials except the Chair. Fresh warm core CPI and a solid nonfarm payrolls report paired with Fed-speak has raised pricing for the December meeting from about 20bps to approaching 30bps now.

The US also refreshes some housing data including starts during October (8:30amET) and pending home sales for the same month (10amET). TIC flows in September (4pmET) will round out the day.

CANADA—BOC SPEAK AND TRADE TALKS

Bank of Canada Deputy Governor Toni Gravelle speaks this afternoon (12:30pmET release). His topic will be "scenario analysis and risk-management approach to monetary policy." There will be no press conference, only audience Q&A. Gravelle may remark on

this week's CPI figures, but I expect him to be more forward-looking. Recall that Governor Macklem speaks next week as the last word before the pre-decision blackout.

Watch for potentially further headlines on the meeting between PM Carney and Trump. They reportedly met on the sidelines of the APEC meeting in Shenzhen for about 20 minutes this morning. Both sides had other representatives associated wit the trade and foreign affairs files. Carney has previously guided that progress is being made on a limited bilateral side deal to lower tariffs but that the auto sector's viability is key. Guidance out of the meeting indicated that "they agreed to continue to work and to stay in close contact."

UK CPI DROVE OVERREACTION IN GILTS

UK CPI inflation met expectations while services inflation stabilized. That combination caught positioning off guard and may have driven an overreaction toward lower front-end yields as the 2-year gilt richened by about 6bps. The reaction took a while to kick in as markets digested the details.

CPI was up 0.5% m/m NSA, matching consensus, and enough to add a tenth to the year-over-year rate at 3.6%, also matching consensus. Core CPI was unchanged and on consensus at 2.8% y/y. The month-over-month core CPI change was around average when comparing like months of October since it's seasonally unadjusted data (chart 2). CPI services was unchanged at 3.7% y/y (3.8% consensus) and has been roughly moving sideways since Spring.

CHILE'S STRUGGLING ECONOMY

Chilean GDP fell 1.8% q/q SA nonannualized which was greater than the expected drop of -1.4%. The prior quarter was revised up a tick to 0.1% q/q SA. The economy has been treading water for an extended period (chart 3). The weakness in Q3 was fairly widespread as output fell in mining (-12.9% q/q SA) because of reduced copper output (-11.9%), while agriculture fell -1.8% and was matched by construction. Financial services retreated 1.1%, manufacturing fell by -0.5% and the restaurant/hotel business continues to retreat.

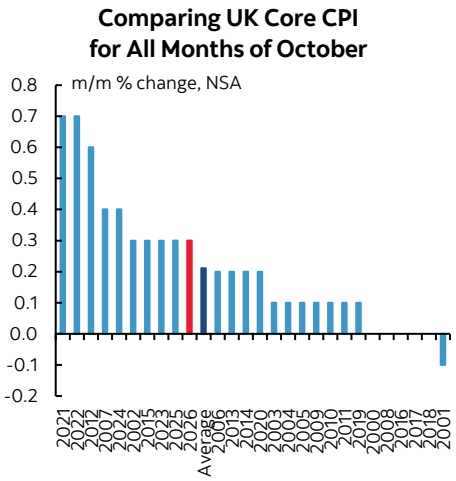
Key will be how BCCh trades off persistent upside to CPI inflation readings—such as October's 4.5% y/y rate from 4.1% the prior month) against a weakening economy and prospects for emergent slack to create future disinflation. Markets are pricing the central bank to have about a four-in-ten chance at a hike on December 15th and about a full hike priced for the January 26th meeting.

AUSSIE YIELDS CONTINUE TO DROP DESPITE WAGE FIGURES

Despite solid wage figures, short-term Australian yields fell overnight with the 2s yield down another 5bps. That's an extension of the trade that began after RBA minutes arrived on Monday night (ET). Those minutes revealed widening disagreement on the state of the economy and forward-looking risks as three dissenters downplayed upside risks to inflation in favour of downside risks to the economy and "expressed their concern that the economy might be near the point of entering a material sharper downturn and pointed to the costs in terms of unemployment."

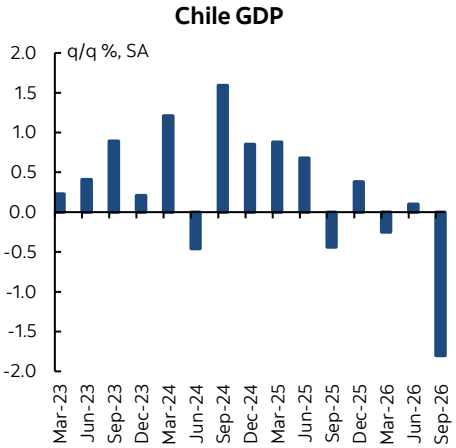
Cue tonight's jobs data for October (7:30pmET) that have posted declines in two of the past three months and a continued rise in unemployment. The unemployment rate of 4.7% is 1.3 ppts higher than the unsustainable trough in 2022.

Chart 2



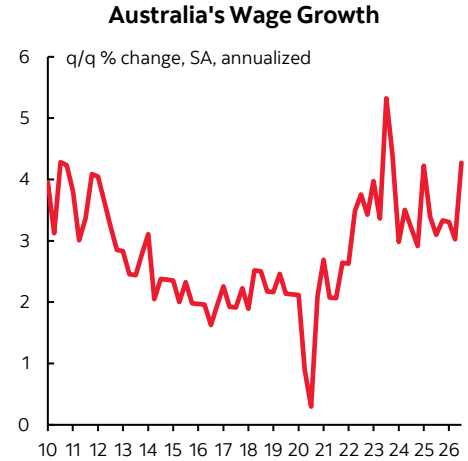
Sources: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, Banco Central de Chile.

Chart 4



Sources: Scotiabank Economics, Australian Bureau of Statistics.

Leaning against this narrative—which was either ignored or mitigated what could have been a bigger rates rally—was the Q3 wage data released overnight. Wages were up by 3.5% y/y and 1.1% q/q SA nonannualized which was a tenth higher than expected but largely because of a downward revision to Q2 (0.7% instead of 0.8%). The annualized quarterly pattern remains well above the RBA's 2–3% inflation target range (chart 4).

BANK INDONESIA SURPRISES—AGAIN!

BI sided with the smaller share of consensus (16 out of 38 forecasters) who expected a 25bps rate hike overnight. Governor Damayanti positioned the hike as pre-emptive against inflation risk and rupiah softness. The currency has depreciated by about 4% since September and the bank views this as creating stability risks in domestic markets alongside inflation risk.

GOLD OUTMUSCLED CPI IN DRIVING A WEAKER RAND

The South African rand is among the worst performers this morning despite warmer than expected South African core CPI. The culprit is probably the plunging price of gold that is off by about US$86 this morning to about $3760/oz. Gold is now more than $1600 lower than the peak earlier this year and about $900 lower than where it was as recently as late August.

CPI came and went and was ignored against that backdrop as SARB is widely expected to hold tomorrow while expressing some concern about gold prices and hence a driver of its economy. CPI was up 0.7% m/m NSA and 5.2% y/y (4.5% prior), both of which matched consensus. Core inflation was up 0.3% m/m (0.2% consensus) and 4.2% y/y (4.0% prior, 4.1% consensus). The combination of falling gold prices and firmer than expected inflation present a bit of a quandary for the central bank that will be closely scrutinized tomorrow.

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.	4.80	4.81	4.74	4.91	4.92	4.82	5.10	5.11	5.00	5.45	5.46	5.35	Canada - BoC	2.50
CANADA	3.32	3.31	3.25	3.55	3.54	3.45	3.82	3.82	3.71	4.15	4.15	4.04		
GERMANY	3.15	3.13	3.12	3.22	3.20	3.16	3.39	3.38	3.32	3.75	3.74	3.67	US - Fed	4.00
JAPAN	1.87	1.87	1.86	2.26	2.26	2.20	2.88	2.88	2.80	4.06	4.05	3.96		
U.K.	4.95	4.99	4.91	4.98	5.03	4.93	5.32	5.37	5.22	5.78	5.82	5.64	England - BoE	4.00
	Spreads vs. U.S. (bps):													
CANADA	-148	-149	-149	-136	-137	-137	-128	-129	-128	-130	-131	-132	Euro zone - ECB	2.65
GERMANY	-166	-168	-162	-169	-172	-166	-171	-173	-168	-170	-172	-169		
JAPAN	-293	-293	-288	-265	-266	-262	-222	-223	-219	-138	-141	-140	Japan - BoJ	1.25
U.K.	14	19	17	7	11	11	22	26	23	33	36	29		
Equities	Level			% change:									Mexico - Banxico	6.25
	Last		Change	1 Day		1-wk	1-mo		1-yr					
S&P/TSX	35315		-406.8	-1.1		-2.4	-2.4		17.6				Australia - RBA	4.85
Dow 30	50759		-848.8	-1.6		-2.8	-2.4		10.1					
S&P 500	7341		-76.1	-1.0		-2.4	-4.2		10.9				New Zealand - RBNZ	2.75
Nasdaq	24328		-181.4	-0.7		-2.9	-6.9		8.4					
DAX	26054		8.9	0.0		-2.3	1.7		12.4				Next Meeting Date	
FTSE	10646		-44.0	-0.4		-1.7	-2.2		11.4					
Nikkei	59024		163.8	0.3		-3.6	-9.6		21.2				Canada - BoC	Dec 09, 2026
Hang Seng	23295		-213.4	-0.9		-4.2	-3.7		-10.2					
CAC	8212		-5.1	-0.1		-1.5	3.2		3.1				US - Fed	Dec 09, 2026
Commodities	Level			% change:										
WTI Crude	85.33		-0.68	-0.8		-1.4	-15.9		40.5				England - BoE	Dec 17, 2026
Natural Gas	3.24		0.03	1.1		0.9	4.1		-25.8					
Gold	3764.45		-85.18	-2.2		-5.6	-9.1		-7.4				Euro zone - ECB	Dec 17, 2026
Silver	45.70		-1.71	-3.6		-11.6	-19.9		-9.9					
CRB Index	380.39		0.63	0.2		-1.5	-9.4		25.4				Japan - BoJ	Dec 18, 2026
Currencies	Level			% change:										
USDCAD	1.4305		0.0008	0.1		0.4	1.4		2.3				Mexico - Banxico	Dec 17, 2026
EURUSD	1.0966		-0.0032	-0.3		-1.1	-2.2		-5.3					
USDJPY	159.38		0.0000	0.0		-0.3	0.6		2.5				Australia - RBA	Dec 07, 2026
AUDUSD	0.6731		-0.0005	-0.1		-1.7	-3.6		3.4					
GBPUSD	1.3163		-0.0046	-0.3		-0.8	-1.1		0.1				New Zealand - RBNZ	Dec 08, 2026
USDCHF	0.8428		0.0022	0.3		1.2	1.9		5.4					

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