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GLOBAL ECONOMICS

DAILY POINTS

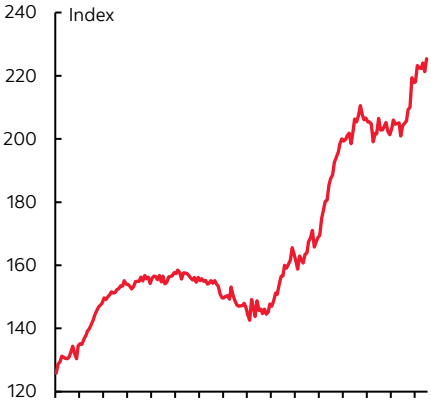
November 26, 2026 @ *7:35 EST*

Contributors

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Chart 1

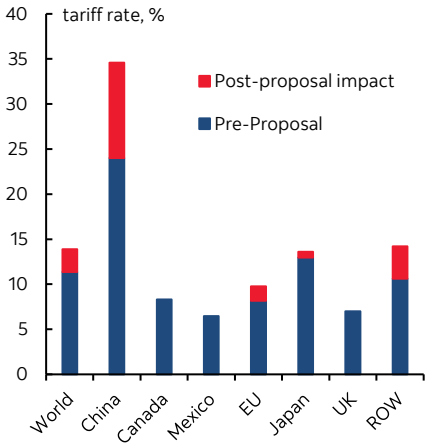
US CPI: Other Poultry Incl. Turkey



Sources: Scotiabank Economics, BLS.

Chart 2

Impact of US Proposed New Tariff



Sources: Scotiabank Economics, The Budget Lab.

On Deck for Thursday, November 26th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	11-26	08:30	SEPH Payroll Employment Change (000s m/m)	Sep	--	--	-49.6

KEY POINTS:

- **Global equities rallying with the US out**
- **It's a BoC pile on now!**
- **How Trump's Section 301 tariffs would impact tariff rates by region…**
- **…while adding to price pressures**
- **NOK shook off weak GDP**
- **Bank of Korea hiked, guided more to come**
- **Ignore Canada's SEPH**
- **Happy Thanksgiving to Americans**

Happy Thanksgiving to our American clients and colleagues as inflation hits the dinner plate (chart 1). US markets are shut today and will only be open for a few hours before tomorrow's early closes. That removes a substantial amount of flow and liquidity from global markets which may have been playing a role in recent risk aversion alongside position covering into the holidays.

But many markets are still open and trading amid ongoing developments. Sovereign bond yields are up across the UK and Eurozone in bear flattener fashion. Stocks are broadly higher including US futures that are up by about ½% on the S&P and Nasdaq with TSX futures up by about ¼%. European cash markets are up by over 1%. Asia also rallied overnight.

Oil prices are higher by a few dimes and partly due to ongoing Middle East tensions. Currencies are mixed but with most of the majors little changed to the dollar.

December 9th decisions are fully priced for a Fed hike of 25bps and over 80% priced for a BoC hike.

THE IMPACT OF TRUMP'S SECTION 301 TARIFFS

One thing that bonds may be reacting to in addition to oil prices is yesterday's announcements on Section 301 tariffs proposed by the USTR yesterday and as replacements for the IEEPA tariffs that SCOTUS had shot down. They will add to inflation risk and to the case for adding more Fed hikes if implemented.

Note that Canada and Mexico are not included, at least yet, as they continue to negotiate bilateral deals with the US amid signs of progress. This could be offsetting if tariffs on those countries are meaningfully lowered. We'll see amid sensible caution given the erratic behaviour of the US administration.

This is a good site that was quick with their calcs. They figure that the Section 301 tariffs —if implemented—would raise the Effective Tariff Rate on US imports back to 13.9% from 11.35%. Chart 2 breaks it down by region. China's ETR would rise to 34.6% from just over 24%, Canada's would remain at 8.3%, Mexico's would remain at 6.45%, the EU tariff would

be 9.75% instead of 8.17%, Japan's would rise to 13.6% from 12.95% and the UK would be unchanged at about 7%. The rest of the world—such as Brazil's tariff hike—would see an ETR increase to 14.2% from 10.6%.

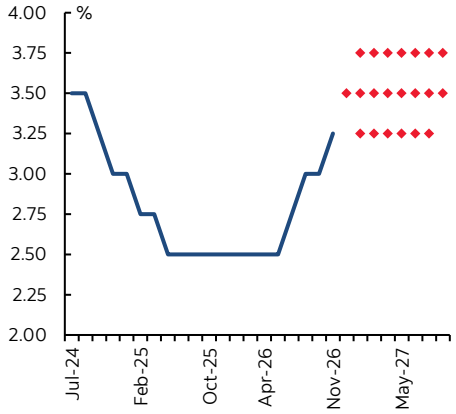
They figure that the tariffs will add about 0.3% to inflation and raise +/-$300 billion in government revenues over ten years which is what tariffs are all about. Tariffs are a tax on Americans without calling them a tax and US fiscal policy is a mess.

BOK HIKED AND SIGNALLED IT'S NOT DONE

The Bank of Korea raised its base rate by 25bps to 3.25% as widely expected. Five out of seven Board members voted for a hike with two preferring a pause. Verbal guidance was cautious, but the BoK's updated dot plot indicated a bias toward further tightening. Six expect no further hikes, eight expect one more, and seven expect two more (chart 3).

Chart 3

Bank of Korea's Six-Month Ahead Projection



Sources: Scotiabank Economics, Bank of Korea.

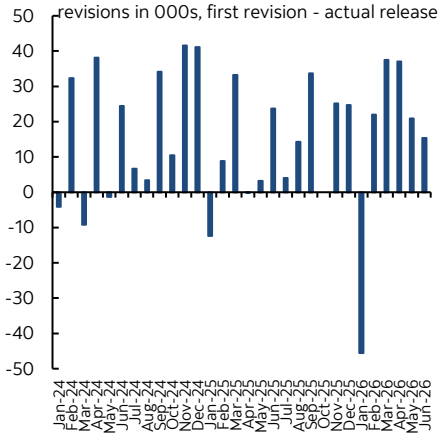
NOK SHAKES OFF WEAK GDP IN FAVOUR OF HIGHER OIL

Norway's economy disappointed on Q3 GDP and negative revisions. The economy barely grew (+0.1% q/q) in Q3 (consensus 0.3%) and the prior quarter was revised down from 0.3% to 0.1% q/q SA. Norway's rates curve largely ignored it as backward looking in favour of responding to this morning's somewhat higher oil prices. Ditto for the NOK.

IGNORE CANADA'S PAYROLLS REPORT

Canada updates the SEPH payrolls report for September this morning (8:30amET). With Macklem fading backward data, he's sure to fade this laggard of a reading. Besides, whereas you might think that a payrolls survey would be harder data, it's actually subject to ginormous revisions each and every month on average (chart 4) and the revisions don't stop at the first revision either.

Canada SEPH First Revisions



Sources: Scotiabank Economics, Statistics Canada.

BOC IS LIKELY TO FADE DATA BETWEEN NOW AND ITS NEXT DECISION

Welcome to the party! Scotia was first in expecting the BoC to hike again on December 9th. We formally did so back on November 19th (**here**) after providing guidance in that direction over prior weeks and after being first to forecast rate hikes by 2026Q4 ever since last November. Now every one of the banks is onboard with a December call.

The view that we should wait for data between now and then would require a much worse set of readings than the BoC already expects. They know that CPI inflation won't come in at the 3.4% y/y rate they had projected for 2026Q4 in the October MPR and that it's likely to be just a few tenths lower but still hot. They know that GDP probably won't land at 2% q/q SAAR on Monday as they had in the October MPR and is likely to be one-handled. They know that jobs have been weakening and when asked about that, Macklem batted the question away as he should have and as argued in my weekly.

None of that affected Macklem's messaging. There is a very high bar for any of that data to matter. And in any event, the BoC is very clear about being forward-looking, concerned about an inflation overshoot throughout 2027 and beyond. Backward data isn't carrying the day in their thinking. Nor is strict adherence to its forecasts that will take time to assess. The BoC is in risk management mode, concerned about inflation risk and seeking to avoid falling behind like they did the last time. In my view, they are already behind.

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.	4.64	4.64	4.76	4.67	4.67	4.86	4.85	4.86	5.05	5.25	5.25	5.41
CANADA	3.26	3.26	3.30	3.42	3.42	3.53	3.66	3.67	3.81	4.01	4.01	4.14
GERMANY	3.06	3.02	3.17	3.09	3.05	3.24	3.26	3.23	3.40	3.65	3.63	3.76
JAPAN	1.74	1.74	1.87	2.05	2.04	2.24	2.63	2.64	2.84	3.89	3.95	4.01
U.K.	4.85	4.78	4.95	4.83	4.79	4.98	5.15	5.13	5.31	5.63	5.63	5.77
	Spreads vs. U.S. (bps):											
CANADA	-138	-138	-146	-125	-125	-133	-119	-119	-124	-124	-124	-126
GERMANY	-158	-163	-160	-158	-162	-162	-160	-163	-165	-160	-162	-164
JAPAN	-290	-290	-289	-262	-264	-262	-223	-222	-221	-135	-130	-139
U.K.	20	14	18	16	12	12	30	27	27	38	38	36

Equities	Level		% change:			
	Last	Change	1 Day	1-wk	1-mo	1-yr
S&P/TSX	34180	217.7	0.6	-1.2	-4.9	9.6
Dow 30	50183	164.3	0.3	-0.0	-4.2	5.8
S&P 500	7183	-18.3	-0.3	-1.9	-7.0	5.4
Nasdaq	23586	-147.7	-0.6	-3.5	-10.9	1.6
DAX	25159	456.4	1.8	-1.2	-1.0	6.0
FTSE	10585	157.7	1.5	1.3	-1.7	9.2
Nikkei	57499	487.5	0.9	-2.6	-7.5	16.0
Hang Seng	22227	260.9	1.2	-2.7	-4.2	-14.3
CAC	8114	133.2	1.7	0.4	3.4	0.2
Commodities	Level		% change:			
WTI Crude	84.51	0.83	1.0	1.6	-17.0	44.1
Natural Gas	3.58	-0.08	-2.1	9.6	37.6	-21.4
Gold	3572.41	-14.80	-0.4	-1.5	-11.1	-14.2
Silver	41.66	0.42	1.0	-3.0	-22.8	-21.9
CRB Index	368.50	2.01	0.5	-0.8	-10.5	23.7
Currencies	Level		% change:			
USDCAD	1.4232	0.0016	0.1	-0.8	1.6	1.3
EURUSD	1.0975	0.0001	0.0	0.1	-1.8	-5.3
USDJPY	159.27	0.1000	0.1	-0.3	1.1	1.8
AUDUSD	0.6633	0.0006	0.1	-0.4	-5.5	1.8
GBPUSD	1.3108	-0.0007	-0.1	0.2	-1.8	-1.0
USDCHF	0.8339	0.0028	0.3	-1.2	0.8	3.7

Central Banks	
Current Rate	
Canada - BoC	2.50
US - Fed	4.00
England - BoE	4.00
Euro zone - ECB	2.65
Japan - BoJ	1.25
Mexico - Banxico	6.25
Australia - RBA	4.85
New Zealand - RBNZ	2.75
Next Meeting Date	
Canada - BoC	Dec 09, 2026
US - Fed	Dec 09, 2026
England - BoE	Dec 17, 2026
Euro zone - ECB	Dec 17, 2026
Japan - BoJ	Dec 18, 2026
Mexico - Banxico	Dec 17, 2026
Australia - RBA	Dec 07, 2026
New Zealand - RBNZ	Dec 08, 2026

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