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*With thanks for research support from:
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Next Week's Risk Dashboard

- US-China trade tensions escalate
- Another US earnings seasons kicks off...
- ...that could further inform macro debates
- US stocks are richly priced by any measure
- Investment in the US is thriving — despite Trump
- Previewing delayed US CPI
- The folly of budget forecasting in Canada and the US
- Deficits matter — and don't take Canada's AAA for granted
- Fed's Powell to update perspectives sans data
- BoC's Macklem takes the fight to Washington
- Australia's softening job market set for an update
- UK data dump to focus on jobs
- Slow regulatory change is holding back Canadian financial innovation
- Global macro
- Canadian markets shut Monday for Thanksgiving

Shutdown Upside

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Chart of the Week

The Magnificent 7 Fuel A Capex Supercycle

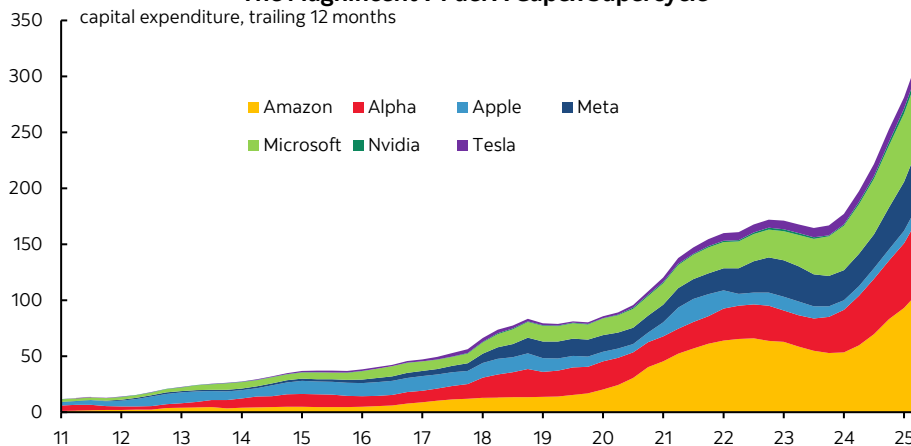


Chart of the Week: Prepared by: Jaykumar Parmar, Economic Analyst.

Shutdown Upside

Canadians will enjoy their Thanksgiving gatherings this weekend. It's an important time to be thankful during trying times in the world. The hope is that they don't return with indigestion on Tuesday morning although expect raspy voices after cheering on their Blue Jays.

With the US government in a protracted shutdown, President Trump's renewed threats ([here](#) and [here](#)) against China—including a dramatic escalation of tariffs—sideswiped global equities to end this past week with Asia poised to catch up on Monday. The threat of 100% tariffs against China requires details and an executive order but risks 'Liberation Day' redux.

Further developments on these fronts—and China's possible reaction—will layer on top of a heavy week of coming developments as the upside to the shutdown is that I'm not sure we could have also handled US data on top of it all. The US earnings season commences in earnest. We'll be treated to lengthy appearances by both Federal Reserve Chair Powell and Bank of Canada Governor Macklem. US CPI won't arrive on Tuesday as planned, but I've offered a preview for when it is to be released later this month. Canada's federal budget is entering the window in which to expect more expedited advance announcements of its contents given the ages old practice of avoiding too many surprises on game day. Job markets in the UK and Australia are poised for updates.

This edition also explores what is driving a surge of US investment, the folly of forecasting Canadian deficits, and why Ottawa needs to act faster on financial regs lest Canada keep falling further behind the US, UK and others in what could be a disservice to the international competitiveness of the Canadian banks and broader financial services landscape.

US EARNINGS SEASON—INFORMING MACRO DEBATES

Absent data, markets will be more influenced by US corporate earnings. The Q3 earnings season unfolds in earnest this week when thirty-six S&P 500 firms will release. The usual early-season focus will be upon financials. The season could inform several macro debates.

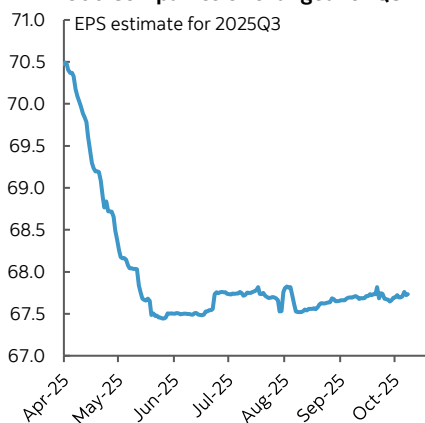
Among the key names, Blackrock, Wells Fargo, JP Morgan Chase, Goldman Sachs and Citigroup get it all started with a bang on Tuesday. BofA and Morgan Stanley follow the next day.

Chart 1 shows that analysts have held to relatively stable EPS estimates for the overall index. Chart 2 depicts the analyst consensus for EPS this season compared to the same quarter last year since these are not seasonally adjusted figures. In all cases, performance is expected to be at least on par with last year and in some cases materially higher.

One key will be whether the broader S&P 500 universe will suffer any margin erosion from elevated heights (chart 3). A possible reason could be eating supply chain cost pressures including but not limited to tariffs at least as a first-round response, versus whether productivity and cost controls including reduced hiring may be offsetting.

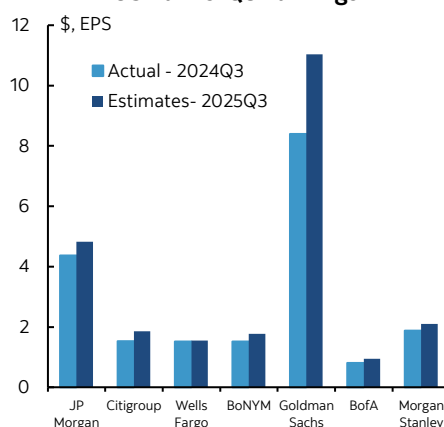
Another key will be evaluating and controlling for surging cap-ex on AI. See the next section for more about this.

Chart 1
Analysts Keeping EPS Estimates for S&P 500 Companies Unchanged for Q3



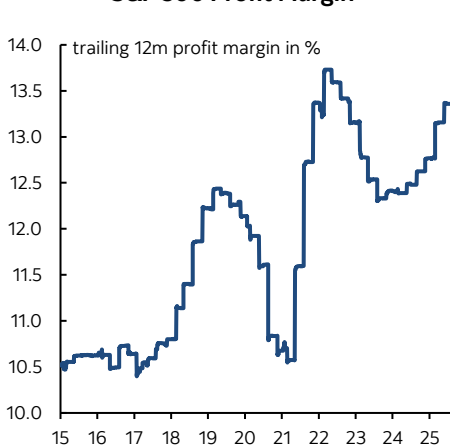
Sources: Scotiabank Economics, Bloomberg.

Chart 2
US Banks' Q3 Earnings



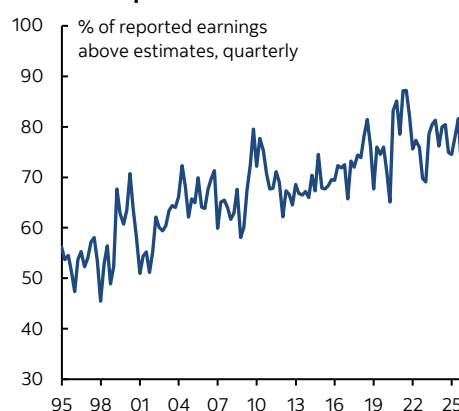
Sources: Scotiabank Economics, Bloomberg.

Chart 3
S&P 500 Profit Margin



Sources: Scotiabank Economics, Bloomberg.

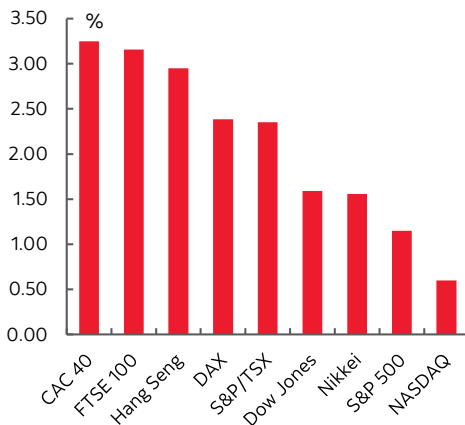
Chart 4
US Earnings Usually Beat Expectations Since SOX



Sources: Scotiabank Economics, Bloomberg.

Chart 5

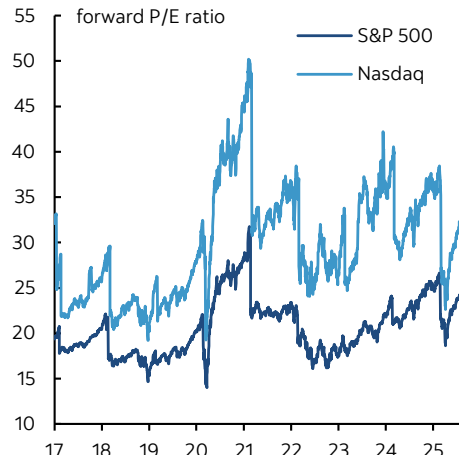
Dividend Yields



Sources: Scotiabank Economics, Bloomberg.

Chart 6

S&P 500 & Nasdaq P/E Ratio



Sources: Scotiabank Economics, Bloomberg.

Chart 7

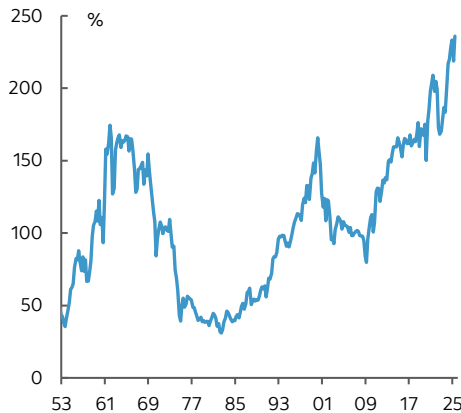
S&P's CAPE Ratio



Sources: Scotiabank Economics, Robert Shiller.

Chart 8

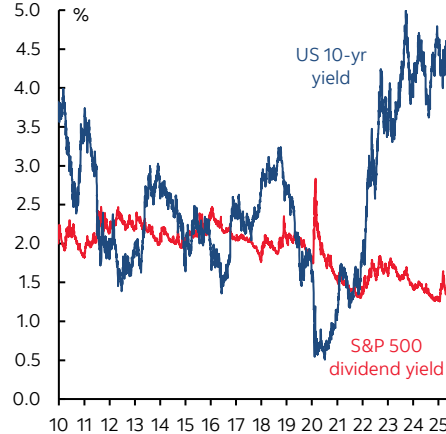
US Equities: Tobin's Q



Sources: Scotiabank Economics, Federal Reserve Board.

Chart 9

S&P 500 Dividend Yield vs US 10s



Sources: Scotiabank Economics, Bloomberg.

There isn't much room for potential disappointment notwithstanding the fact that earnings usually beat analyst expectations particularly since SOX legislation and the post-dot-com period (chart 4).

US stock dividend yields are among the lowest (chart 5). Forward p/e ratios are among the highest (chart 6). Other valuation measures are shown in charts 7–9 including Shiller's CAPE, Tobin's Q (price to replacement cost) and the Graham & Dodd (sometimes called Fed) approach comparing the US 10-year yield to the S&P dividend yield.

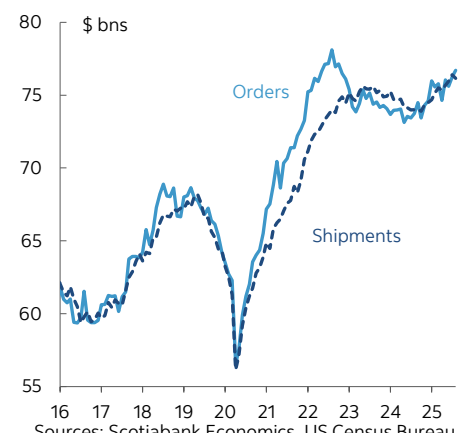
US INVESTMENT IS ACCELERATING—DESPITE TRUMP

As we go through the earnings season, investors need to be careful to evaluate underlying quarterly earnings momentum including and excluding the effects of such massive investments. These massive investments are being made on the hope they will bear untold fortunes in future while heavily absorbing cash flow now. The issue also opens an opportunity to revisit a macroeconomic debate about what's causing the investment surge in the US.

First the facts. Investment is picking up. We see that in core capital goods orders ex-defence and air (chart 10). We see it in a faster rate of growth in direct investment into the US that count as liabilities of the US economy (chart 11) than out of it (chart 12) and the net (chart 13).

Chart 10

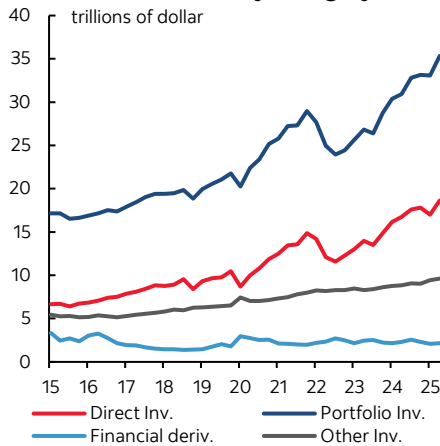
US Core Capital Goods Orders



Sources: Scotiabank Economics, US Census Bureau.

Chart 11

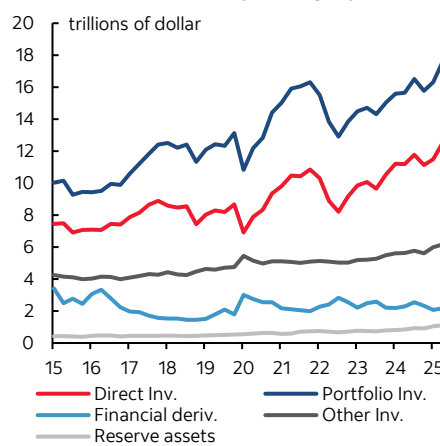
US Liabilities by Category



Sources: Scotiabank Economics, BEA.

Chart 12

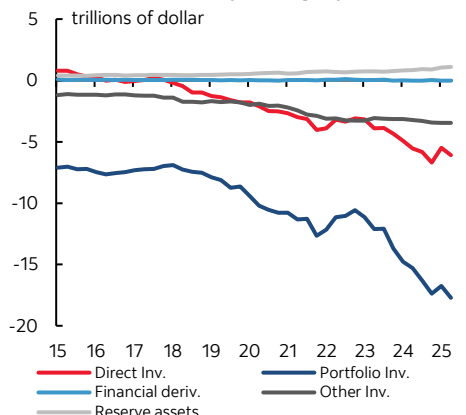
US Assets by Category



Sources: Scotiabank Economics, BEA.

Chart 13

US Net International Investment Position By Category



Sources: Scotiabank Economics, BEA.

We also see the same thing in terms of portfolio flows that are shown in the same charts. This perversely makes it more challenging to balance the current account which only highlights that a deficit isn't necessarily a bad thing while nevertheless running the risk that Trump won't see it that way and may keep digging deeper on protectionism.

Trump claims that surging investment is all because of him. His fortress America approach to building a tariff wall is driving a massive need to investment behind the wall or to be shut out.

The more likely dominant factor is that the US is a hotbed of tech innovation and specifically AI-driven investment. Check out just a sample of that by way of the investment being driven by the so-called 'Mag7' (chart 14). They are investing about \$300 billion at an annualized rate on a 12-month trailing basis to smooth the noise. That's about double what it was only about eighteen months ago, and they are just a small subset of it all. They're obviously among the leaders, but how much is being spent by banks may be further revealed this week. Then add investment by other sectors of the economy that could also impair short-term earnings but add many multiples to what the Mag7 are doing. Even (some) of your boring utilities are suddenly sexy again because of the enormous power generation requirements over time. With such 'real' investment go foreign portfolio inflows to hitch a ride on the expectation of future profits.

There is also still the debate over whether some of this surge—like the AI component—is good for jobs and hence consumers as one contributor to weaker payrolls. I'm no Luddite, but we can't be oblivious toward the risk that at least in the short-term, such rapid technological change and adoption can be highly disruptive. It can cost jobs by driving a renewed productivity miracle. In the longer run this could be very positive for the US economy. In the shorter run, it's possible that what's good for investment is not good for jobs and consumption. As such, be careful with macro theses that take the investment boom and automatically extrapolate wonderful things for the rest of the economy.

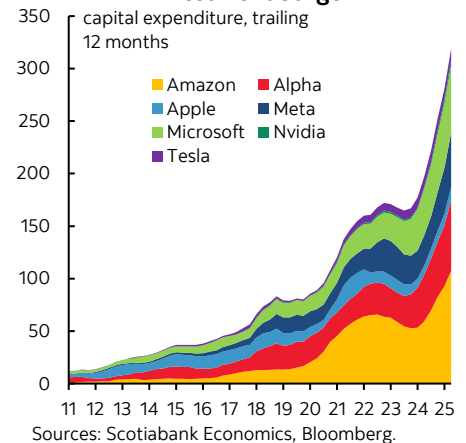
And there are offsets to Trumponomics. Basic economics would say tariff walls ultimately harm growth. Ditto for highly restrictive immigration policy. Reinventing supply chains in the US could well be doing so into higher cost structures with higher inflation risk, less Fed easing, etc. It's early innings for all of this because most of the tariff 'deals' only really kicked in a few weeks ago.

US INFLATION—WAITING FOR LOW QUALITY DATA

US CPI for September will not be released on Tuesday as per the original schedule. The Bureau of Labor Statistics has committed to delivering the figures on Friday October 24th in order to meet the requirement of having full Q3 data for purposes of setting cost of living

Chart 14

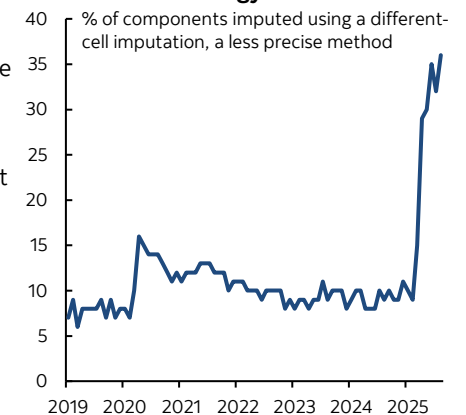
America's 'MAG7' Driving Massive Investment Surge



Sources: Scotiabank Economics, Bloomberg.

Chart 15

BLS Use of Alternate Estimation Methodology in US CPI



Sources: Scotiabank Economics, BLS.

estimates by the Social Security Administration for the coming year.

The serious issues over data quality might have many of our clients perfectly content with the Bureau of Labour Statistics taking its time to get it right. A record share of over one-third of the CPI basket is now being estimated with alternative methods rather than hard data (chart 15). Budget cuts and sampling issues have substituted toward using proxy methods like prices in other parts of the US for missing markets, or alternative product prices.

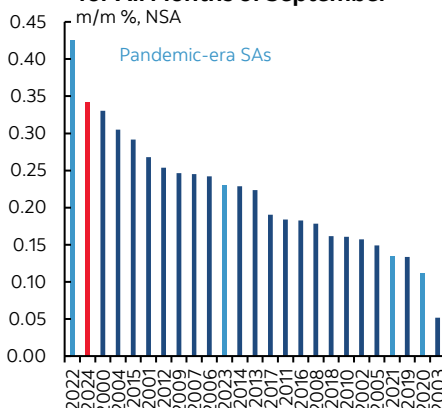
Accordingly, I'll keep it brief for now until we have a bit more clarity on release timing. My estimates are for a rise of 0.3% m/m SA in both total CPI and core CPI excluding energy and food. That would translate into about 3.1% y/y for both gauges.

Here are a few supporting points:

- September is normally a significant up-month for seasonally unadjusted prices (chart 16). My estimate this time is between 0.1% and 0.2% m/m NSA based on arguments below.
- September's seasonal adjustment factor therefore seeks to mildly tamp down such seasonality with readings below 1.0 (chart 17). Recent years have utilized SA factors on the low side of history but that may be starting to change. August's core CPI SA factor, for instance, was the highest in the pandemic and post-pandemic era. A possible reason is that X12A seasonal adjustment processes are taking in more data outside of the pandemic and when coupled with the recency bias to their calculations we're getting SA factors less distorted by the wild swings in the pandemic. To be conservative I've assumed that this year's SA factor will match last year's but it could easily come in higher which would tamp down a little less of the seasonally unadjusted rise in core prices.
- Core goods price inflation is expected to continue to rise partly as a reflection of supply chain pressures including but not limited to tariff effects (chart 18).
- to this last point, gauges like ISM-prices indicate that purchasing managers are reporting rising price pressures and further lagging historical correlations likely lie ahead (chart 19).

Chart 16

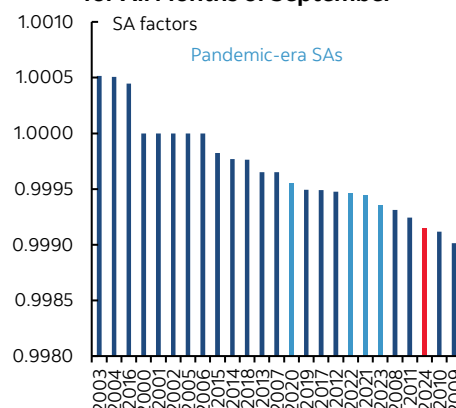
Comparing US Core CPI for All Months of September



Sources: Scotiabank Economics, BLS

Chart 17

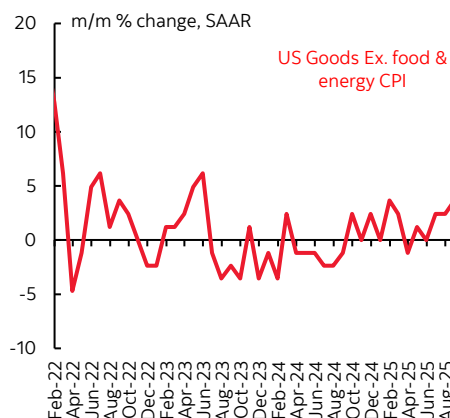
Comparing US Core CPI SA Factors for All Months of September



Sources: Scotiabank Economics, BLS

Chart 18

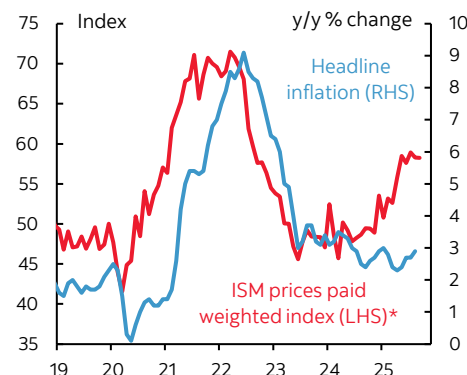
US Goods Inflation



Sources: Scotiabank Economics, BLS.

Chart 19

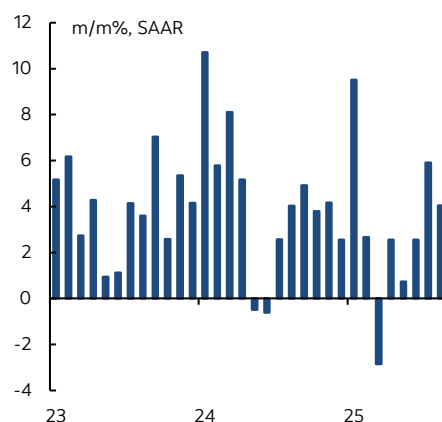
ISM Prices Paid vs Inflation



*Weighted at 75% of ISM-services prices paid index and 10% of ISM-mfg. prices paid index.
Sources: Scotiabank Economics, BLS, ISM.

Chart 20

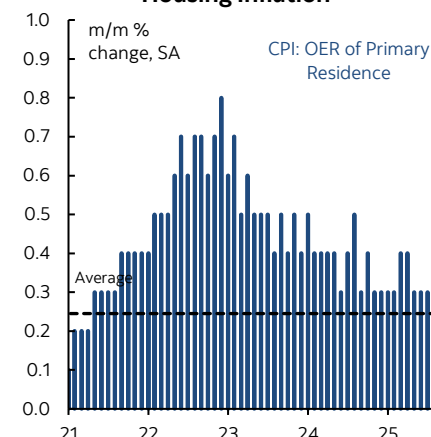
US CPI Core Services Ex-Housing



Sources: Scotiabank Economics, BLS.

Chart 21

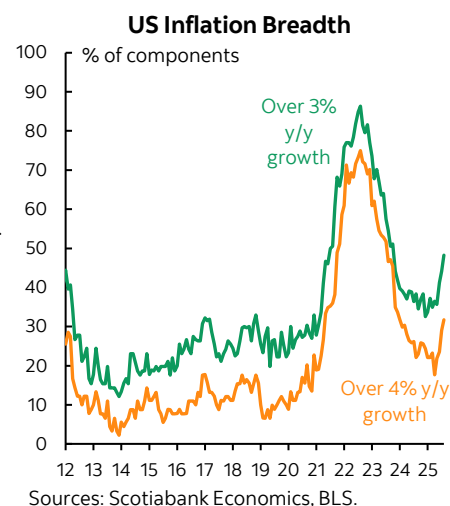
Housing Inflation



Sources: Scotiabank Economics, BLS.

- A caveat to this is last point is clearly timing it. The first-round response to price pressures is being marked by cost containment across US businesses as tracking of Q3 labour productivity growth is strong while the job market continues to weaken. Relatively wide profit margins can contain pass-through of supply chain pressures, until shareholders pressure boards and management to share the pain. Eventually inventories stockpiled at lower pre-tariff prices will work their way through the system.
- Core services inflation (ex-energy services and housing) is assumed to remain warm (chart 20).
- OER and primary rent inflation have both cooled sharply from their peaks but I'm assuming an extension of the relatively sticky recent pattern (chart 21).
- Also watch the breadth of price increases which has been on the rise (chart 22).
- the Cleveland Fed's 'nowcast' calls for 0.4% m/m SA total CPI and 0.3% for core which matches consensus notwithstanding the very limited readings that go into the Cleveland gauge.

Chart 22



CANADIAN DEFICITS—FORECASTING FOLLIES

Canada's federal budget is about three weeks away on Tuesday November 4th. A whole cottage industry that exists around the Canadian fiscal scene is beavering away at estimates of deficits, funding requirements and the plans behind them years into the future.

It's a largely fruitless exercise and here's why.

First, even Ottawa can't forecast its own budgetary balance. Enter chart 23. The dashed grey lines show projections for the budget balance drawn from annual budgets all the way back to the 1980s. The thick red line is how the actual balance evolved. Through various administrations of both main political parties, the projections often entirely miss inflection points and are off by very large amounts.

Chart 23

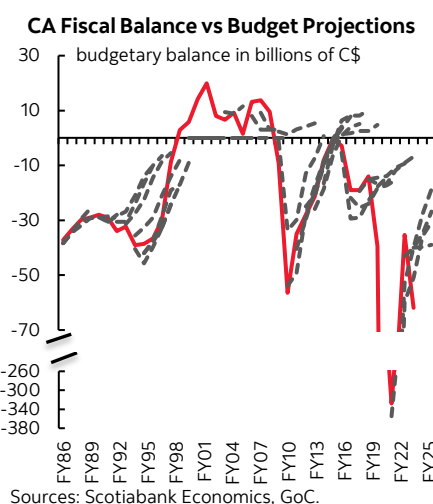
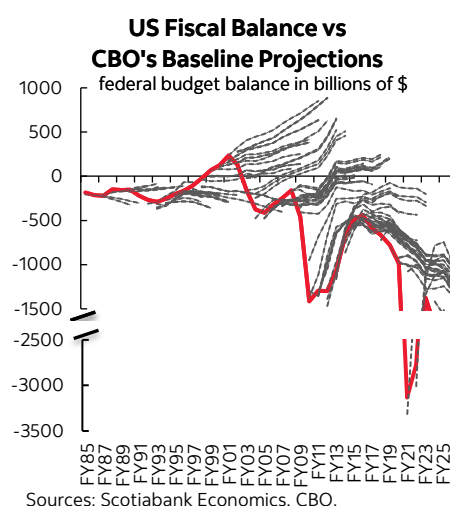


Chart 24



That's true not only in exigent circumstances. Take the latter half of the 1980s (Conservatives) or the latter half of the 2010s (Liberals) for examples. It's also not just true of Canada; chart 24 does the same for the CBO's projections in the US which is supposed to provide projections independent of the administration.

Second, even relatively more 'normal' times involve at least four forms of high uncertainty around the projections. One is the usual difficulty forecasting macro conditions years into the future. Two is translating that into budget sensitivities. Three is that plans can change along the way. Fourth is that shocks can emerge.

A third reason is that forecasting budgetary balances today is especially fraught with uncertainty because of the nature of the government's plans. That's not just because we don't have much of anything concrete to go by. It's also because of the very nature of what may be coming.

On this point I'm referring to the high stakes around targeting infrastructure and defence spending in what is likely to be a capital-heavy upcoming budget. Such spending is notorious for major cost overruns and delays. This is true at the global level (chart 25). It is especially true in Canada given serial mismanagement of mega projects and the country's poor management of procurement programs. It's unclear whether a new layer of bureaucracy to manage these programs on the defence side will improve things. Frankly, defence and infrastructure firms are licking their chops, salivating over the potential to dip heavily into taxpayers' pockets and luring them along with escalating commitments. The 'Golden Dome' is one example with wild variations in estimated costs for a fallible and unproven technology in an era when if you really wanted to attack NYC or Toronto or Washington, then modern warfare would be more likely to do it by just launching drones off barges in the harbour or a skiff in the Potomac!

Canada's stated goal of raising defence and (loosely) related security spending toward 5% of GDP by 2035 needs to be laid out. One approach is to assume a gradual linear path to this target that would require \$1-1½ trillion to be spent over ten years. Will that come at the expense of core programs, higher taxes or bigger deficits?

So where does it all leave us? I've been warning about above-consensus estimates for deficits all year long and watched consensus move higher. The numbers we'll get on November 4th will merely start the debate as the plans evolve and the costs get revised.

Most disturbing is the consensus that deficits don't matter. Credit ratings are not issued on an assessment of fiscal health relative to other more poorly managed fiscal positions of other countries; they are independent estimates of that country's own position and outlook. AAA is not assured. Lose it, and the domino effects impact every other credit sector. Lose it, and some types of ratings-constrained investors can't buy Canada. Canada is no lightweight in general government gross debt to GDP (chart 26) and net debt to gdp (chart 27) includes largely inaccessible financial assets in sinking funds, government pensions and sovereign wealth funds.

It's also important to be aware of the global context. We're in an environment of rolling shocks to global sovereign credentials markets with little tolerance for experimentation. Ask the UK from the Truss administration to the pressures on the Starmer government's upcoming budget. Ask France which is politically paralyzed by the inability to deliver credible fiscal and broader policy reforms. Ask the US after 'Liberation Day'. Ask Japan that benefits from a closed bond market but where political dysfunction and high debt continue to drive instability.

The difference for Canada is that global market participants don't spend a whole lot of time on 2% of their portfolios at about a market weight. Global bond portfolio managers won't outperform on such a market and may not see the attractive risk-reward trade-off to figuring out what's going on. Inflation deficits? Ramp up spending in areas notorious for massive cost overruns? Do so in an environment of mounting risks to the global and Canadian economies with looming trade negotiations and Quebec's election a year from now that risks bringing back separatists? The answer to limited upside and complicated uncertainties could be simply to sell.

GLOBAL MACRO

The US data calendar is held up, but the rest of the world will continue to provide updated assessments. In some cases—like global trade data—the US shutdown could impair statistics.

Canada—Macklem and Light Data

Canadian markets will start the week shut for Thanksgiving on Monday.

BoC Governor Macklem takes the fight straight into Washington on Thursday. He will be interviewed by Adam Posen at the Peterson Institute for International Economics from 1:30pm–2:15pmET. Macklem is to deliver unpublished opening remarks before the discussion and then address audience Q&A. The loosely defined topic is Canada's monetary policy and economic outlook with perspectives on trade and financial stability. Expect the US-driven trade war to figure prominently.

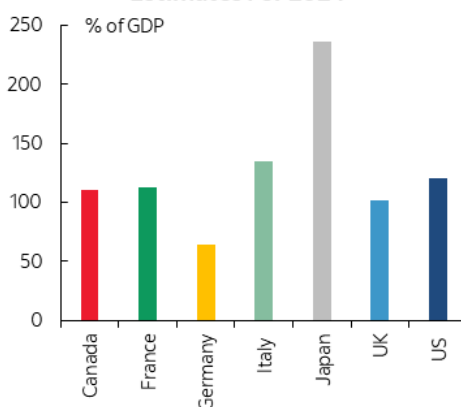
Chart 25

Big Projects Always End Up Costing Way More			
Project Type	Mean Cost Overrun (%)	Projects (A) with >= 50% overruns (%)	Mean overruns of A projects (%)
Nuclear storage	238	48	427
Olympic Games	157	76	200
Nuclear Power	120	55	204
Hydroelectric Dams	75	37	186
IT	73	18	447
Nonhydroelectric Dams	71	33	202
Buildings	62	39	206
Aerospace	60	42	119
Defence	53	21	253
Bus Rapid Transit	40	43	69
Rail	39	28	116
Aiports	39	43	88
Tunnels	37	28	103
Oil & Gas	34	19	121
Ports	32	17	183
Hospitals, health	29	13	167
Mining	27	17	129
Bridges	26	21	107
Water	20	13	124
Fossil thermal power	16	14	109
Roads	16	11	102
Pipelines	14	9	110
Wind Power	13	7	97
Energy Transmission	8	4	166
Solar Power	1	2	50

Sources: Scotiabank Economics, Flyvbjerg Database.

Chart 26

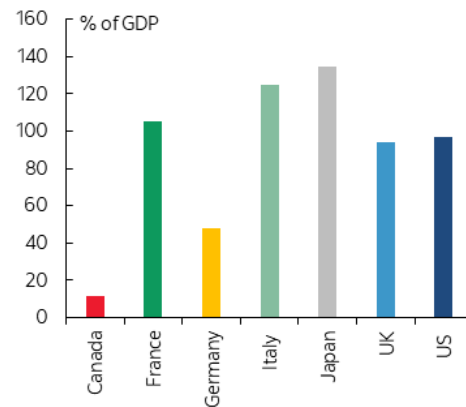
G7 General Government Gross Debt Estimates For 2024



Sources: Scotiabank Economics, IMF.

Chart 27

G7 General Government Net Debt Estimates For 2024



Sources: Scotiabank Economics, IMF, S&P.

Canada also releases second- and third-tier macro updates. Existing home sales have been on a four-month winning streak with September's update due on Wednesday. Manufacturing shipments and wholesale trade (both Wednesday) are likely to fall by over 1% m/m SA based on advance guidance from Statcan for the month of August. Housing starts in September (Thursday) will inform whether the pull-back to a still respectable 246k SAAR level in August was the start of a new trend or not, following four months of readings closer to 300k.

US—Powell in a Sea of Missing Data

Fed-speak will complement earnings as the week's main macro developments as several more data releases will be delayed by the government shutdown.

Chair Powell speaks on Tuesday over lunch at an economists' gathering ([here](#)). A speech will be followed by a moderated discussion. It's difficult to imagine anything new being said, partly since we have very little new data to go by given the shutdown. Private labour market readings often don't line-up with the Fed's preferred nonfarm payrolls measure but they've indicated weakness. Expect Powell to repeat that he expects tariffs to be a temporary upward source of pressure on inflation and is more concerned about downside risks to the job market. Also watch to see if he refreshes an assessment of funding markets given how rapidly reserves have fallen since the limited discussion that was revealed in minutes to the FOMC's September meeting.

Data we would have gotten this week if not for the shutdown will add to a future deluge when they catch up. Retail sales during September, producer prices in September and claims were supposed to come on Thursday. Friday was supposed to reveal housing starts. Estimates for these readings are still provided in our data tables at the back of this publication.

Other releases will still be available such as NFIB small business measures (Tuesday), the NY Fed's Empire manufacturing report for October (Wednesday), the Fed's Beige Book (Wednesday), the NAHB homebuilder confidence readings for October (Thursday) and the Fed's industrial output and capacity utilization in September (Friday).

UK—Unemployment on the Rise

By Thursday, UK market participants will have a better idea of how the overall economy and labour market are performing.

The economy has been flat or shrunk in three of the past four months with August GDP expected to be soft (Thursday). An indicator of service sector activity is expected to be mildly resilient, with downside risk mainly focused on industrial output and volatile trade.

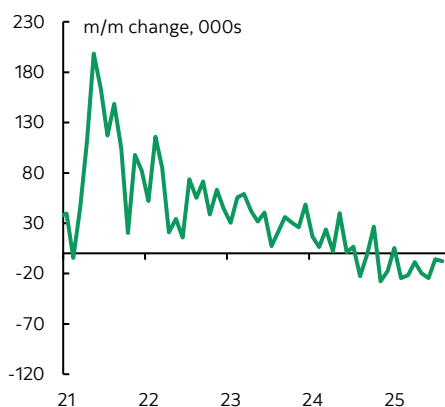
Key, however, will be labour market readings on Tuesday. Payroll jobs have been falling every month since February (chart 28), but total employment has been resilient (chart 29). Nascent signs of softening wage growth may be encouraging to the Bank of England (chart 30) as modest slack builds but with labour productivity growth still weak.

Australia—A Softening Job Market

In Australia, the spotlight this week will be on the September jobs report due on Wednesday and Jay Parmar shares his thoughts here. This will be the final jobs release before the RBA meets on November 4th. While the data will be helpful to understand the balance in labour market, its impact on a potential rate cut will likely hinge on the extent of any downside surprise.

Chart 28

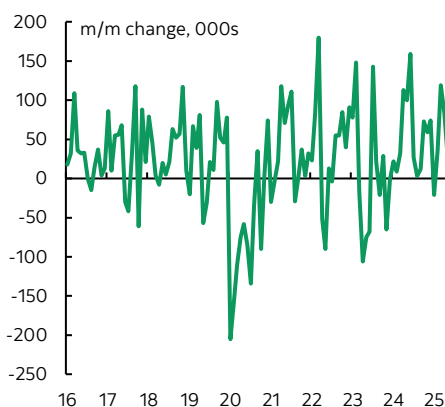
UK Payroll Employment



Sources: Scotiabank Economics, UK ONS.

Chart 29

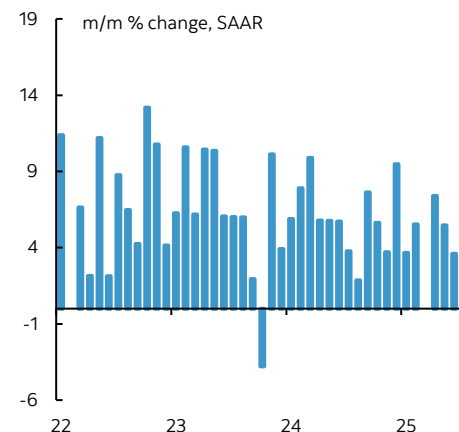
UK Total Employment



Sources: Scotiabank Economics, UK ONS.

Chart 30

UK Wage Growth



Sources: Scotiabank Economics, UK ONS.

Australian labour market conditions have softened in recent months, moving toward a more balanced state in a Beveridge Curve sense (chart 31). Job vacancies have been steadily declining from elevated levels, while the unemployment rate has edged up to 4.2%—above the post-pandemic lows of 3.4%, but still below the pre-covid average of around 5%. Job gains have shown limited momentum, with three of the past four months registering flat outcomes. September is likely to reflect continued softness.

Wage growth, last recorded at an annualized rate above 3% in Q2, remains a key variable—especially as weak productivity growth continues to drive up unit labour cost. However, the Q3 data won't be available until November 18.

Given the RBA's dual mandate of achieving price stability and full employment, and its recent observation "that private demand is recovering, indications that inflation may be persistent in some areas and labour market conditions overall remaining stable" Q3 CPI report due on October 28 is likely to carry more weight in shaping the November decision.

Other global releases are highlighted in chart 32 and will be written about over the course of the week.

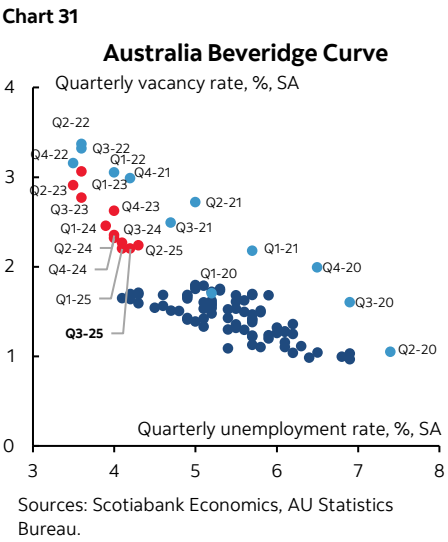


Chart 32

Other Global Macro Indicators (Oct 13th - Oct 17th)			
US	CA	CPI	Other Macro
<u>Monday</u>			
IN			
<u>Tuesday</u>			
Building Permits		CH	UK Jobs & Wages
			EC ZEW Survey
			GE ZEW Survey
			CH PPI
<u>Wednesday</u>			
MBA Mort. App	Existing Home Sales		BZ Retail Sales
CPI	Manf. Shipments		CO Retail Sales
Empire State Manf. Index	Wholesale Trade		PE Economic Activity, UR
			EC IP
			JN Capacity Utilization, Machine Orders
			AU Jobs
<u>Thursday</u>			
Claims	Housing Starts		BZ Economic Activity
PPI			UK Index of Serv., IP, Manf. Prod., Trade
Retail Sales			
NAHB Housing Market Index			
Philadelphia Fed Index			
Business Inventories			
<u>Friday</u>			
Building Permits			MA GDP 3Q A
Housing Starts			
Capacity Utilization			
IP			
Sources: Scotiabank Economics, Bloomberg.			

OTTAWA IS FALLING BEHIND THE US ON FINREGS

BoC Senior DepGov Rogers' [speech](#) this past week had good and bad elements to it in my opinion.

The good—speaking as an economist—is that it reinforced overdue efforts by Ottawa to embrace open banking and real time payments systems. Being true to my training, the economy is well served by things like more choice and faster payments. The fruits can benefit both established and new players in a rising-tide-lifts-all-boats way of thinking about it. It's time Ottawa got onto what it has been talking about for many years—in some cases almost a decade—while other countries have blown past by actually implementing the talk starting years ago. That's a shortcoming by way of the slow speed of regulatory change in Canada.

One might add to this the slowness in other regulatory developments. I was down in Houston earlier this week and one of the events involved my moderation of a superb panel of three folks. The topics were wide ranging but payments system innovation and technological innovation in financial services were the biggest areas of focus as we had excellent panellists with a strong grasp of the content.

The US is way ahead on these issues including important matters like stablecoin (cybercurrency backed by fiat money). Canada is lagging and this isn't even appearing in the vernacular of the country's top policy officials. I'm not holding my breath for something like the GENIUS act here any time soon.

But where the rub really comes in was through Rogers' casual empiricism toward frankly besmirching the Canadian banking sector. She lamented that oligopolies have little incentive to invest, without quoting the mammoth amounts that Canadian banks do actually invest. She quoted bank concentration figures without including the important role of nonbanks like credit unions, insurers, etc in the provision of credit. Rogers failed to provide empirical evidence of a lack of competition such as international—and particularly Canada-US—comparisons of things like loan spreads and fees. From what I recall—and in fairness it's been some time since I've delved into it—Canada stands up rather well on such measures and generally far better than the US.

She also quoted high concentration in Canadian banking, but made zero effort to properly define the market either geographically or beyond just banking and into broader financial service providers. At the local market level, the US banking system is more concentrated than Canada's due to the historical restrictions against interstate banking and branching that started to be chipped away in the 1970s and more aggressively by Riegle-Neal in 1994 but the US still has far too many unit banks and far too many undiversified banks with highly localized branches. Hence why the US banking system stumbles into crises about every decade or so.

So fm2c, Rogers would have delivered a better speech had she indicated that Ottawa is cracking the whip on itself to get on with regulatory change. Build upon the pride that hundreds of thousands of workers in the banking sector in Canada that waves the flag across the world have in their careers. Change the regulatory framework, and banks and other players in the financial system will adapt accordingly, but they can't do it without Ottawa's leadership that too often waits for the US to act and then acts years later if at all.

Key Indicators for the week of October 13 – 17
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
CA	10-14	08:30	Building Permits (m/m)	Aug	--	--	-0.1
CA	10-15	05:00	Existing Home Sales (m/m)	Sep	--	--	1.1
US	10-15	07:00	MBA Mortgage Applications (w/w)	Oct 10	--	--	-4.7
CA	10-15	08:30	Manufacturing Shipments (m/m)	Aug	-1.5	-1.5	2.5
CA	10-15	08:30	Wholesale Trade (m/m)	Aug	-1.3	--	1.2
US	10-15	08:30	CPI (m/m)	Sep	0.3	0.4	0.4
US	10-15	08:30	CPI (y/y)	Sep	3.1	3.1	2.9
US	10-15	08:30	CPI (index)	Sep	--	325.1	324.0
US	10-15	08:30	CPI ex. Food & Energy (m/m)	Sep	0.3	0.3	0.3
US	10-15	08:30	CPI ex. Food & Energy (y/y)	Sep	3.1	3.1	3.1
US	10-15	08:30	Empire State Manufacturing Index	Oct	--	0.0	-8.7
CA	10-16	08:15	Housing Starts (000s a.r.)	Sep	240	247.5	245.8
US	10-16	08:30	Initial Jobless Claims (000s)	Oct 11	235	229.0	218.0
US	10-16	08:30	Continuing Claims (000s)	Oct 04	--	1930.0	1926.0
US	10-16	08:30	Philadelphia Fed Index	Oct	--	7.0	23.2
US	10-16	08:30	PPI (m/m)	Sep	0.3	0.3	-0.1
US	10-16	08:30	PPI ex. Food & Energy (m/m)	Sep	0.3	0.2	-0.1
US	10-16	08:30	Retail Sales (m/m)	Sep	0.5	0.4	0.6
US	10-16	08:30	Retail Sales ex. Autos (m/m)	Sep	0.3	0.3	0.7
US	10-16	10:00	Business Inventories (m/m)	Aug	--	0.2	0.2
US	10-16	10:00	NAHB Housing Market Index	Oct	--	--	32.0
CA	10-17	08:30	International Securities Transactions (C\$ bn)	Aug	--	--	26.7
US	10-17	08:30	Building Permits (000s a.r.)	Sep P	--	1347.0	1330.0
US	10-17	08:30	Export Prices (m/m)	Sep	--	-0.1	0.3
US	10-17	08:30	Housing Starts (000s a.r.)	Sep	1300	1315.0	1307.0
US	10-17	08:30	Housing Starts (m/m)	Sep	-0.5	0.6	-8.5
US	10-17	08:30	Import Prices (m/m)	Sep	--	0.1	0.3
US	10-17	09:15	Capacity Utilization (%)	Sep	77.3	77.3	77.4
US	10-17	09:15	Industrial Production (m/m)	Sep	0.0	0.0	0.1
US	10-17	16:00	Total Net TIC Flows (US\$ bn)	Aug	--	--	2.1
US	10-17	16:00	Net Long-term TIC Flows (US\$ bn)	Aug	--	--	49.2

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
GE	10-13		Current Account (€ bn)	Aug	--	14.8
GE	10-14	02:00	CPI (m/m)	Sep F	0.2	0.2
GE	10-14	02:00	CPI (y/y)	Sep F	2.4	2.4
GE	10-14	02:00	CPI - EU Harmonized (m/m)	Sep F	0.2	0.2
GE	10-14	02:00	CPI - EU Harmonized (y/y)	Sep F	2.4	2.4
UK	10-14	02:00	Average Weekly Earnings (3-month, y/y)	Aug	4.7	4.7
UK	10-14	02:00	Employment Change (3M/3M, 000s)	Aug	129.0	232.0
UK	10-14	02:00	Jobless Claims Change (000s)	Sep	--	17.4
UK	10-14	02:00	ILO Unemployment Rate (%)	Aug	4.7	4.7
EC	10-14	05:00	ZEW Survey (Economic Sentiment)	Oct	--	26.1
GE	10-14	05:00	ZEW Survey (Current Situation)	Oct	-74.2	-76.4
GE	10-14	05:00	ZEW Survey (Economic Sentiment)	Oct	41.5	37.3
FR	10-15	02:45	CPI (m/m)	Sep F	-1.0	-1.0
FR	10-15	02:45	CPI (y/y)	Sep F	1.2	1.2
FR	10-15	02:45	CPI - EU Harmonized (m/m)	Sep F	-1.1	-1.1
FR	10-15	02:45	CPI - EU Harmonized (y/y)	Sep F	1.1	1.1
SP	10-15	03:00	CPI (m/m)	Sep F	--	-0.4
SP	10-15	03:00	CPI (y/y)	Sep F	--	2.9
SP	10-15	03:00	CPI - EU Harmonized (m/m)	Sep F	0.1	0.1
SP	10-15	03:00	CPI - EU Harmonized (y/y)	Sep F	3.0	3.0
EC	10-15	05:00	Industrial Production (m/m)	Aug	-2.1	0.3
EC	10-15	05:00	Industrial Production (y/y)	Aug	-0.5	1.8

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of October 13 – 17

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	10-16	02:00	Index of Services (m/m)	Aug	0.1	0.1
UK	10-16	02:00	Industrial Production (m/m)	Aug	0.3	-0.9
UK	10-16	02:00	Manufacturing Production (m/m)	Aug	0.3	-1.3
UK	10-16	02:00	Visible Trade Balance (£ mn)	Aug	-21900.0	-22244.0
IT	10-16	04:00	CPI (m/m)	Sep F	-0.2	-0.2
IT	10-16	04:00	CPI (y/y)	Sep F	1.6	1.6
IT	10-16	04:00	CPI - EU Harmonized (m/m)	Sep F	1.3	1.3
IT	10-16	04:00	CPI - EU Harmonized (y/y)	Sep F	1.8	1.8
EC	10-16	05:00	Trade Balance (€ mn)	Aug	--	12361.7
EC	10-17	05:00	CPI (m/m)	Sep F	0.1	0.1
EC	10-17	05:00	CPI (y/y)	Sep F	2.2	2.2
EC	10-17	05:00	Euro zone Core CPI Estimate (y/y)	Sep F	2.3	2.3

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
IN	10-13	06:30	CPI (y/y)	Sep	1.50	2.07
JN	10-13	19:50	Japan Money Stock M2 (y/y)	Sep	--	1.3
JN	10-13	19:50	Japan Money Stock M3 (y/y)	Sep	--	0.8
CH	10-13		Exports (y/y)	Sep	6.5	4.4
CH	10-13		Imports (y/y)	Sep	1.7	1.3
CH	10-13		Trade Balance (USD bn)	Sep	98.4	102.3
IN	10-14	02:30	Monthly Wholesale Prices (y/y)	Sep	0.4	0.5
CH	10-14	21:30	CPI (y/y)	Sep	-0.2	-0.4
CH	10-14	21:30	PPI (y/y)	Sep	-2.3	-2.9
JN	10-15	00:30	Capacity Utilization (m/m)	Aug	--	-1.1
JN	10-15	00:30	Industrial Production (m/m)	Aug F	--	-1.2
JN	10-15	00:30	Industrial Production (y/y)	Aug F	--	-1.3
JN	10-15	19:50	Machine Orders (m/m)	Aug	0.5	-4.6
AU	10-15	20:30	Employment (000s)	Sep	20.0	-5.4
AU	10-15	20:30	Unemployment Rate (%)	Sep	4.3	4.2
IN	10-15		Exports (y/y)	Sep	--	6.7
IN	10-15		Imports (y/y)	Sep	--	-10.1
PH	10-15		Overseas Remittances (y/y)	Aug	2.9	3.0
JN	10-16	00:30	Tertiary Industry Index (m/m)	Aug	-0.2	0.5
SK	10-16	19:00	Unemployment Rate (%)	Sep	2.6	2.6
SI	10-16	20:30	Exports (y/y)	Sep	-2.0	-11.3
JN	10-16		Nationwide Department Store Sales (y/y)	Sep	--	2.6
MA	10-17	00:00	Exports (y/y)	Sep	3.5	1.9
MA	10-17	00:00	Imports (y/y)	Sep	1.4	-5.9
MA	10-17	00:00	Trade Balance (MYR bn)	Sep	16.8	16.1
MA	10-17	00:00	GDP (y/y)	3Q A	4.2	4.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	10-15	08:00	Retail Sales (m/m)	Aug	--	--	-0.3
BZ	10-15	08:00	Retail Sales (y/y)	Aug	--	--	1.0
CO	10-15	11:00	Retail Sales (y/y)	Aug	--	--	17.9
PE	10-15	11:00	Economic Activity Index NSA (y/y)	Aug	--	--	3.4
PE	10-15	11:00	Unemployment Rate (%)	Sep	--	--	6.0
BZ	10-16	08:00	Economic Activity Index SA (m/m)	Aug	--	--	-0.5
BZ	10-16	08:00	Economic Activity Index NSA (y/y)	Aug	--	--	1.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of October 13 – 17
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10-15	12:00	Canada to Sell C\$3 Billion of 3.5% 2057 Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	10-14	04:00	Netherlands to Sell Up to EU2.5 Billion of 0% 2031 Bonds
IT	10-14	05:00	Italy to Sell Bonds
GE	10-14	05:30	Germany to Sell EU5.5 Billion of 2027 Bonds
GR	10-15	05:00	Greece to Sell Bonds
NO	10-15	05:00	Norway to Sell Bonds
GE	10-15	05:30	Germany to Sell EU1.5 Billion of 2.9% 2056 Bonds
GE	10-15	05:30	Germany to Sell EU1 Billion of 0% 2050 Bonds
SP	10-16	04:30	Spain to Sell Bonds
FR	10-16	05:50	France to Sell I/L Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	10-14	23:35	Japan to Sell 20-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
No Scheduled Auctions			

Events for the week of October 13 – 17

NORTH AMERICA

Country	Date	Time	Event
US	10-13	12:55	Fed's Paulson Speaks at NABE
US	10-14	08:45	Fed's Bowman in Moderated Conversation at IIF
US	10-14	12:20	Fed's Powell Speaks on Economic Outlook and Monetary Policy
US	10-14	15:25	Fed's Waller on Payments Panel at IIF
US	10-14	15:30	Fed's Collins Speaks to the Greater Boston Chamber of Commerce
US	10-15	12:30	Fed's Miran at Nomura Research Forum
US	10-15	13:00	Fed's Waller Speaks on Artificial Intelligence
US	10-15	14:00	Fed Releases Beige Book
US	10-16	09:00	Fed's Waller Speaks at Council on Foreign Relations
US	10-16	09:00	Fed's Barr Speaks on Stablecoins
US	10-16	09:00	Fed's Miran in Moderated Conversation
US	10-16	10:00	Fed's Bowman Speaks at Stress Testing Research Conference
CA	10-16	13:30	Fireside Chat: Tiff Macklem, Governor
US	10-16	16:15	Fed Governor Stephen Miran in Moderated Conversation
US	10-17	12:15	Fed's Musalem in Fireside Chat at IIF

EUROPE

Country	Date	Time	Event
EC	10-11	05:30	ECB's Kazaks Speaks
UK	10-13	07:05	BOE's Greene Speaks
UK	10-13	15:10	BOE's Mann Speaks
UK	10-14	08:00	BOE's Taylor Speaks
EC	10-14	11:30	ECB's Makhoul Speaks in DC
EC	10-14	11:40	ECB's Kocher Speaks in New York
EC	10-14	12:15	ECB's Villeroy Speaks in New York
UK	10-14	13:00	BOE's Bailey Speaks
EC	10-15	03:40	ECB's Guindos Speaks in Brussels
UK	10-15	04:00	BOE's Ramsden Speaks
EC	10-15	09:45	ECB's Rehn Speaks in DC
UK	10-15	11:45	BOE's Breeden Speaks
FR	10-15	11:50	ECB's Villeroy Speaks in DC
UK	10-15	14:00	BOE's Breeden Speaks
SW	10-15	15:30	Riksbank's Thedeen Speaks in DC
UK	10-16	09:00	BOE's Mann Speaks
EC	10-16	09:00	ECB's Wunsch Speaks in DC
UK	10-16	10:45	BOE's Mann, ECB's Kocher Speak in DC
EC	10-16	11:45	ECB's Lane Speaks in DC
EC	10-16	12:00	ECB's Lagarde Speaks in DC
UK	10-16	14:30	BOE's Greene Speaks
UK	10-17	05:35	BOE's Pill Speaks
UK	10-17	07:00	BOE's Greene Speaks
EC	10-17	08:45	Bundesbank's Nagel, Germany's Klingbeil in DC
IT	10-17	09:00	Bank of Italy to Release the Quarterly Economic Bulletin
UK	10-17	12:30	BOE's Breeden Speaks
EC	10-17	13:00	ECB's Rehn Speaks in DC

ASIA PACIFIC

Country	Date	Time	Event
AU	10-13	20:30	RBA Minutes of Sept. Policy Meeting
NZ	10-14	18:45	RBNZ Chief Economist Speaks
AU	10-14	19:30	RBA's Hunter-Speech
AU	10-15	15:45	RBA's Bullock-Fireside Chat
AU	10-15	17:50	RBA's Kent-Speech
JN	10-15	21:30	BOJ Board Tamura Speech in Okinawa
JN	10-17	02:35	BOJ Deputy Governor Uchida Speech

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Events			

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	2.50	October 29, 2025	2.50	2.25
Federal Reserve – Federal Funds Target Rate	4.25	October 29, 2025	4.00	4.00
Banco de México – Overnight Rate	7.50	November 6, 2025	7.25	7.25

Bank of Canada (BoC): Governor Macklem will deliver a keynote address on Canada's monetary policy and economic outlook this Thursday at 1:30pm EST at the Peterson Institute for International Economics. The address will be followed by a moderated conversation with PIIE President and Q&A session with the audience.

Federal Reserve (Fed): Chair Powell will deliver a keynote address at the NABE Annual meeting this Tuesday at 12:20pm EST followed by a Q&A session with the moderator.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.15	October 30, 2025	2.15	2.15
European Central Bank – Marginal Lending Facility Rate	2.40	October 30, 2025	2.40	2.40
European Central Bank – Deposit Facility Rate	2.00	October 30, 2025	2.00	2.00
Bank of England – Bank Rate	4.00	November 6, 2025	4.00	4.00
Swiss National Bank – Sight Deposit Rate	0.00	December 11, 2025	0.00	0.00
Central Bank of Russia – One-Week Auction Rate	17.00	October 24, 2025	16.00	16.00
Sweden Riksbank – Repo Rate	1.75	November 5, 2025	1.75	1.75
Norges Bank – Deposit Rate	4.00	November 6, 2025	4.00	4.00
Central Bank of Turkey – Benchmark Repo Rate	40.50	October 23, 2025	40.50	40.50

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.50	October 30, 2025	0.50	0.50
Reserve Bank of Australia – Cash Rate Target	3.60	November 3, 2025	3.60	3.60
Reserve Bank of New Zealand – Cash Rate	2.50	November 25, 2025	2.25	2.25
People's Bank of China – 7-Day Reverse Repo Rate	1.40	TBA	1.40	1.40
Reserve Bank of India – Repo Rate	5.50	December 4, 2025	5.50	5.50
Bank of Korea – Base Rate	2.50	October 23, 2025	2.25	2.25
Bank of Thailand – Repo Rate	1.50	December 17, 2025	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	2.75	November 6, 2025	2.75	2.75
Bank Indonesia – BI-Rate	4.75	October 22, 2025	4.50	4.50
Central Bank of Philippines – Overnight Borrowing Rate	4.75	December 11, 2025	4.50	4.50

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	15.00	November 5, 2025	15.00	15.00
Banco Central de Chile – Overnight Rate	4.75	October 28, 2025	4.75	4.75
Banco de la República de Colombia – Lending Rate	9.25	October 31, 2025	9.25	9.25
Banco Central de Reserva del Perú – Reference Rate	4.25	November 13, 2025	4.25	4.25

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	November 20, 2025	7.00	7.00

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