

#### Contributors

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#### Chart of the Week

##### Canadian Budget Projections Prove Poor Guides to Fiscal Reality

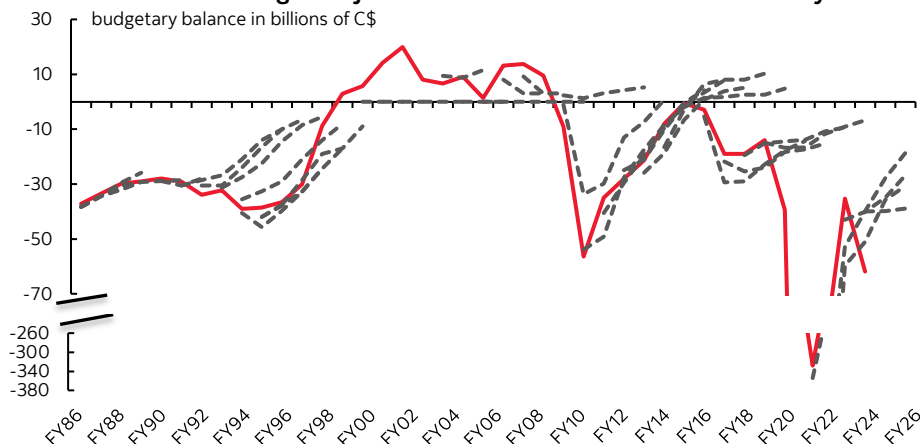


Chart of the Week: Prepared by: Jaykumar Parmar, Economic Analyst.

## Everyone's Doing It

The cloak of secrecy over a Budget that Ottawa initially did not wish to present this year will finally be lifted on Tuesday. A hot mess of numbers—some firm, some fiction—and sloganeering lies in store as Canada seeks to address two challenges: a moribund pre-Trump economy and the new realities that US isolationism present. I admire PM Carney's understanding of the forces at work in the global economy and generally agree, but his chosen policy path may not be the only option and perhaps not the best.

A parallel challenge is that the US Supreme Court commences its review of the IEEPA tariffs on Wednesday. There are other options for applying tariffs, but eventually striking down use of the IEEPA would be a major blow to the Trump administration and, by corollary, raise the risk of overdoing it on fiscal stimulus in Canada.

Seven central banks will also weigh in this week plus we'll hear from BoC Governor Macklem again and the RBNZ rolls out its latest financial stability assessment.

Previews of Canadian jobs and—even though we won't get it—US nonfarm payrolls are also provided. By Tuesday, the US government shutdown will be the longest on record (chart 1) as President Trump returns from Asia to try and hash our agreement that then trigger a lagging wave of backed up macro reports over future weeks.

### CANADIAN FEDERAL BUDGET—MAKING THE CORRECT CHOICES?

This is what the cottage industry of fiscal policy wonks lives for especially in a country with a bigger role played by government than elsewhere by various metrics. It's show time on Tuesday when Minister of Finance Champagne stands in Parliament to begin delivering his Budget speech after markets shut. That's when the embargo on the highly controlled release will lift and the contents immediately spill onto financial market screens.

I'd encourage readers to review Rebekah Young's budget preview [here](#). She'll also be in the embargoed lock-up on Budget day that I don't miss doing in past years, and she will release a note with the details sometime into the evening.

I'll also offer my own perspectives largely at a more macro and more normative level. Key will be independent appraisals of the chosen path, the relative attractiveness of other options, and the risks. The fun only just begins when the embargo lifts and media outlets immediately spill all of the contents in real time which makes today's budget coverage vastly different from many years ago.

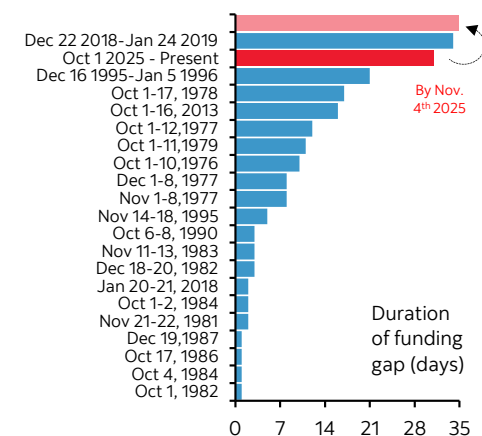
### Deficits and Fairy Tales

For starters, take whatever numbers are put down on paper as mere suggestions. That's true even in more normal times. Forecasts for the budget balance have a terrible track record even—or perhaps especially—when they come from Ottawa.

Chart 2 shows the pattern. Even outside of periods characterized by massive sudden shocks—like the pandemic—the projections tend to miss inflection points and frequently err on the overly optimistic side. Maybe the latter point is because of excess reliance on macroeconomic models that are biased toward achieving general equilibrium in the economy over the medium-term absent additional shocks. Maybe it's because plans change along the way. Or maybe it's just because of politicized bias behind years of false promises to return to balance. Oh, and by the way, it's not unique to Canada (chart 3).

Chart 1

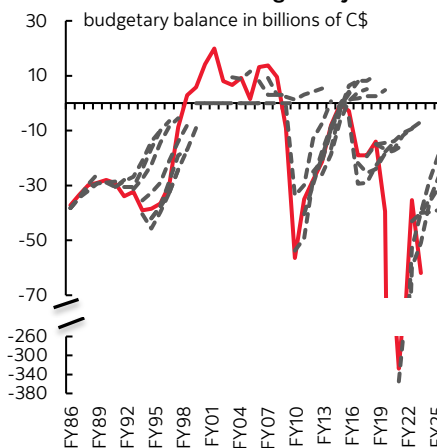
### US Government Shutdown Nears Historic Milestone



Sources: Scotiabank Economics, Congressional Research Service, US House, US Senate.

Chart 2

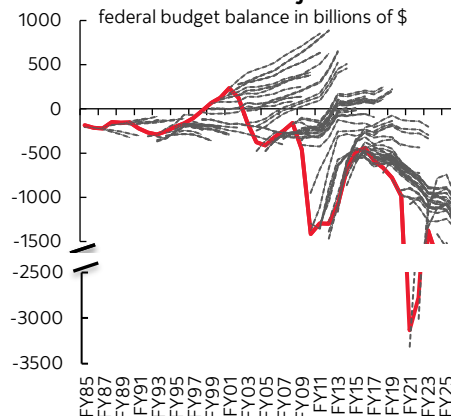
### CA Fiscal Balance vs Budget Projections



Sources: Scotiabank Economics, GoC.

Chart 3

### US Fiscal Balance vs CBO's Baseline Projections



Sources: Scotiabank Economics, CBO.

Off-Budget Items and Financing Will Balloon

A fair portion of what Ottawa announces will not be crystallized in deficit numbers. That’s because many of the investments are expected to use loans, guarantees, and equity positions etc. These non-budgetary transactions will drive a deepening negative balance—and hence even greater funding requirements to at least the highest since the pandemic. Chart 4 uses last December’s FES 2024 numbers as one indication of how large they’ve been and the non-budgetary balance portion is likely to rise sharply higher this time around.

A Dicey Budgeting Path

That typical historical pattern may be more inflamed today. A prime focus of Ottawa’s grand master plan for the economy is to place heavy emphasis upon spending on infrastructure and defence. This has merit. Investing in large scale projects in Canada has too often been a bad joke for too long. Building large scale projects is a cumbersome, unwieldy process in Canada that entails slow approvals that Carney is smartly seeking to compress to two years if he’s successful, while navigating through the Courts and various interest groups.

The Carney administration’s efforts to free up the process and facilitate some types of projects has some appeal. There can be significant multiplier effects to wise investments in these areas and positive externalities across the rest of the economy. More reliable power generation benefits everyone and facilitates growth. Unleashing the country’s natural resource potential has enormous appeal; it’s better for a democracy like Canada to supply the world than for the world to rely on undemocratic despots in other parts of the world and Canada has left too much potential in the ground. Better highways benefit trade and commerce across many industries. Better ports benefit exporters and quite frankly Canada’s ports rank poorly ([here](#), chart 5) and tend to be much slower at adopting new technologies than the world’s leading ports. That’s a terrible handicap for an exporting nation and labour attitudes are often to blame; good luck fixing that.

It can’t, however, be the only focus and there are very high risks around such plans. We need details that have been sorely absent to date, but that will further inform targeted projects beyond limited initial lists, and information on who owns, who finances, who regulates, who administers and the guesswork around costs and timelines.

The concern centres around how states have a poor track record at picking winners and losers while overtly or passively directing capital to what elected officials and bureaucrats think are the priorities. Canada’s not the Soviet Union of yesteryear, but it has its own checkered history when it comes to big projects. [Here’s](#) a recent example that is all-too-

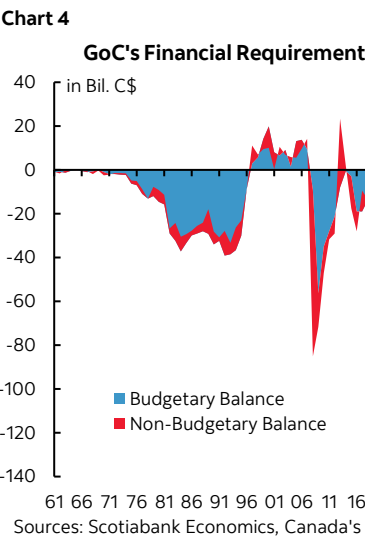


Chart 6

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.

familiar to Torontonians as it enters its 14<sup>th</sup> year with a current cost estimate of about C\$13 billion compared to the starting estimate of \$5 billion.

It can also be a very expensive route that magnifies budgeting uncertainty. Chart 6 draws on a global data base that shows that such projects are characterized by massive cost overruns. The initial cost estimates are mere placeholders and the final tally can be 2, 3, 4 or more times higher. It's like when you get a quote for a kitchen reno from a grinning tradesperson that winds up over budget and taking much longer to do, only multiplied by countless billions over time. It's a different world than when the railways were built or the St. Lawrence Seaway in oh so many ways.

Layer on to that evidence the fact that Canada is particularly bad at running procurement programs—as frequently emphasized by the Auditor General—and at managing large scale project costs and timelines. Ask any company with experience dealing with governments and special interest groups on the latter. Maybe the new Defence Investment Agency will improve procurement insofar as defence spending is concerned, or maybe it's just another layer of bureaucracy with the deck stacked against it.

Then layer on the underlying macroeconomic uncertainty independent of policy plans. The PBO's budget sensitivities are provided [here](#). Most estimates suggest that every one percentage point disappointment or positive surprise on real GDP adds/subtracts about \$5–6 billion per year from the deficit. We have mild growth in our numbers, but if we're wrong, then a recession or much stronger than expected growth could easily add or subtract a multiple of that sensitivity. A price level surprise up/down would lower/add about \$3 billion to the deficit, though the effects are not purely additive. A rate shock of one full percentage point higher/lower would add/subtract about \$2–3B per year from the deficit.

When looking at the deficit estimates it's not the current year figure that matters. It's the path. The normally very high uncertainty around forecasting that path is especially high today because of the points I've made above. My bias is to err on the side of much bigger for much longer deficits than what may be shown on Tuesday; it would counter Ottawa's serial optimism on the balance and adjust for today's realities and plans. That bias extends to believing that over time, Federal government will not succeed in stabilizing its net debt ratio that is likely to remain on an upward path.

### Tough Choices. Now Answer Them.

None of the choices will be made in a bubble. They will involve trade-offs and both PM Carney and FinMin Champagne have been very transparent in saying so.

We just don't know how they will make trade-offs. For instance, I've long emphasized that targeting defence and loosely related security and infrastructure spending at 5% of NGDP by 2035 leaves a lot of blanks unfilled. We don't know the path or even the commitment beyond merely promising to make such spending while appeasing Trump at least during his term in office and then who knows.

But if we grow NGDP at a longer-run average pace of around 4% (2% real GDP, 2% inflation) and assume the path toward spending 5% of NGDP by 2035 will be filled in by linear interpolation, then chart 7 shows the results. It would entail spending nearly an extra cumulative C\$1.4 trillion over the next decade. The chart also shows a delayed path that is more back-end loaded but arrives only a slightly lower cumulative estimate.

You either need to slash program spending by this amount to make way for the added spending, or hike taxes, or float much bigger deficits for a lengthy period of time.

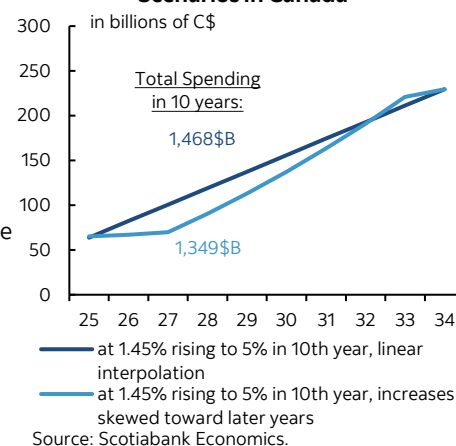
And while I've long argued that public sector bloat needs to be reined in by tens of thousands of jobs, doing so would be a drop in the bucket in terms of overall finances. Granted, they are part of 7½% per annum operating budget cuts planned for the first fiscal year rising to 15% within two years thereafter assuming they stick to guidance, but such amounts could easily be swamped by the grander plan.

### About Those Tax Cuts

The Carney administration frequently touts the fact it cut taxes early in its mandate following the April election. That's true. But meaningful tax relief that is consistent with a productivity agenda that encourages more investment and more savings and better performing financial markets has not been offered. In fact, far from it.

Chart 7

#### Defence/Infrastructure Spending Scenarios in Canada



We'll be watching for any further policy proposals on taxes including anything on stronger inducements to invest. The likely need for the Liberals to curry favour with the NDP for its support in passing the budget likely lowers further any hope of material tax reforms especially given the large scale downsizing of the unionized federal civil service.

What the government has done is to lower the marginal personal tax rate by one percentage point to 14% effective July 1<sup>st</sup> on the first C\$57,375 of income. They called it the middle-class tax cut, although that depends on how you define middle class especially in expensive cities like Toronto or Vancouver to name two. The impact is small; the government estimates maximum tax savings of \$420 per person and \$840 per couple per year for the full year of 2026.

Cutting taxes for the lowest income bracket helps low earners with a high marginal propensity to spend which supports lower end consumption. There is some merit in doing so given the challenges facing finances particularly across lower income households and because consumption may be the main game in town as the export drivers of growth are likely to be weak.

But this kind of tax cut does not address competitiveness challenges and if anything keeps discouraging saving and investment. The share of Canada's economy represented by short-term spending by households and governments is sky high; in fact, at about 87% right now, it's at the highest since 1979 (chart 8). The country never wants to take a step back from this model of pouncing on soft patches for consumption in favour of a program designed to raise living standards over time. Ergo declining living standards.

As evidence, Canada lost its corporate tax advantage years ago (chart 9). Corporations are never the ones to pay this tax; you and I do. Corporations are paper shells. The taxes they pay get passed on through incidence effects to some combination of customers, shareholders, workers, and suppliers. Uncompetitive corporate tax policy hinders the appetite for investment in Canada. When global trade wars are driving massive upheaval within supply chains and the concomitant upward pressure on costs, one effective way to help them adjust and invest in Canada given today's unique shocks could be corporate tax relief.

Further, Canada has the second highest combined personal and corporate tax rate on investment income in the G7 behind only France that nobody should want to emulate (chart 10).

What's missing is therefore a tax agenda designed to foster innovation, relief for supply chain cost pressures, and international competitiveness in attracting both direct (plant and equipment) and indirect (portfolio flows) investment. Anything that heaps additional costs—like competing for scarce labour—may only compound those challenges.

Chart 8

### Here Today, Gone Tomorrow - The '80s Are Calling

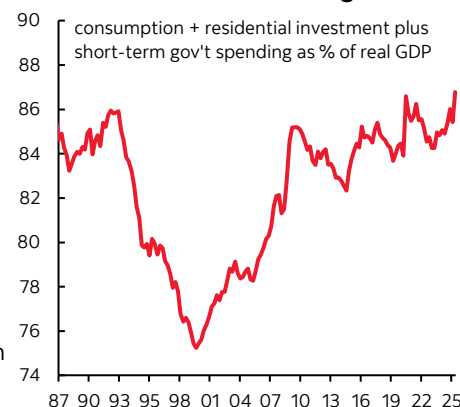


Chart 9

### Canada's Tight Corporate Tax Margin



Chart 10

### Combined Personal & Corporate Income Tax Rate

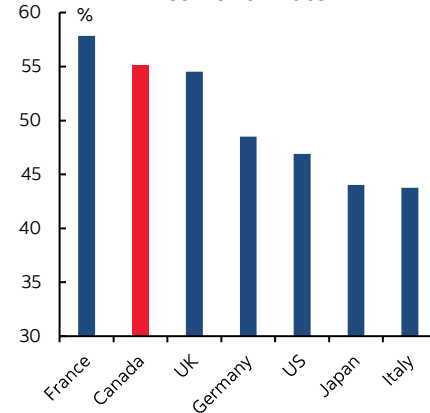


Chart 11

### G7 General Government Gross Debt Estimates For 2024

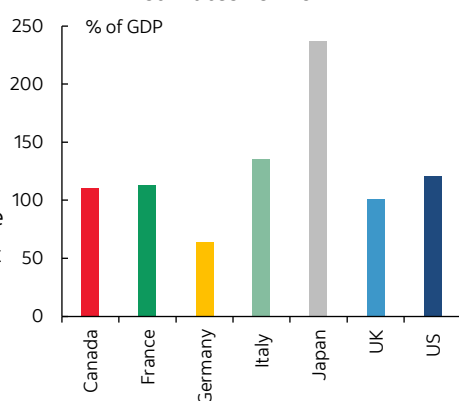
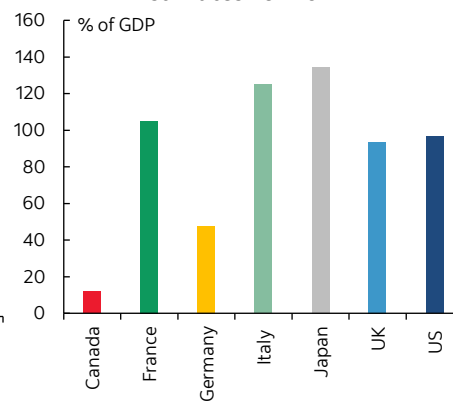


Chart 12

### G7 General Government Net Debt Estimates For 2024



## Respect the Bond Market

You've heard the usual lines about Canada that lean against having concerns about how bond markets may behave in response to sorely needed fiscal plans and details.

For one, Canada is AAA rated in a world in which that's a rarity; within a reasonably defined peer group, only Germany, Australia, New Zealand and Norway enjoy S&P's highest rating and the US is a notch below.

For another, Canada has lower borrowing costs across the curve than the US and especially the UK but also some others like France and Italy. A flaw here is that one reason for this is a much weaker economy than, say, the US.

Then there are the debt comparisons in charts 11 and 12. Canada is no lightweight on gross debt to GDP but has very low net debt to GDP. Be careful with the latter, as its implications can cut both ways. It's a plus to have a lot of financial assets because it can signify funded liabilities and rainy day funds. And yet the financial assets held in government pensions, or sinking funds, or a provincial sovereign wealth fund are not immediately available in times of crisis.

The current context is what matters. We're in an environment in which everyone is doing it—abandoning fiscal prudence that is. The Europeans are massively ramping up defence spending. The US fiscal path is simply unsustainable over time. All (almost) NATO members are targeting 5% of NGDP on defence. Markets are onto this and hence why we're in a period of rolling sovereign debt shocks. Ask the short-lived UK PM Liz Truss. Or UK PM Starmer and his Chancellor of the Exchequer Rachel Reeves on the path to the Autumn Budget on November 26<sup>th</sup> which has them walking a fine line between raising taxes or drawing the ire of the gilts market. Or French President Macron where political paralysis is tying his administration's hands in terms of addressing fiscal reforms and hence why France pays a handsome premium over Germany to borrow in international markets.

Everyone is floating more debt. The global savings-investment imbalance is being tilted toward heavy government debt issuance. To a point, that's fine, although more government competition for private savings could be delivered only at a higher cost through higher bond yields. Beyond that point lies the unknown balance where global government debt issuance goes too far and draws a coordinated round of bond market sell offs.

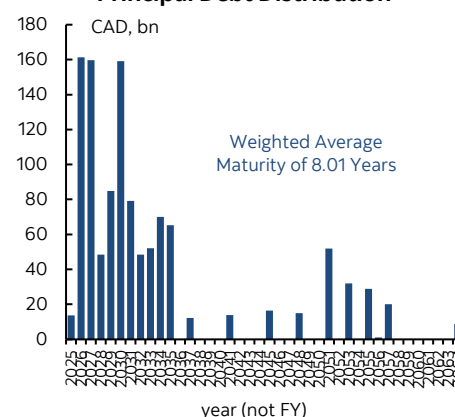
It would be naïve if not arrogant for a country like Canada to be dismissive toward the global forces in this regard. Canada could find it harder to attract funding as various forces further compress the negative spread in its borrowing costs relative to the US. Expectations for Fed and BoC easing have rippled through the whole term structure of rates in both countries, lowering their term yields. The Fed's anticipated ending of Quantitative Tightening has helped. Expectations for softening growth also playing a factor given historical correlations between 10s and NGDP expectations. Lower yields are also a bit of a restoration of the traditional safe havens as gold has shed about US\$500/oz from its peak and taken a step toward restoring historical connections with real bond yields that had broken down.

But issuance concerns will only really begin to be further informed after the budget and as markets digest global debt issuance over time. Net new debt issuance figures will be digested in the context of high rollover flows of maturing debts in the next few years (chart 13). The weighted average maturity of this debt is about eight years. A key detail will be the debt management strategy and how it seeks to influence this distribution. Also weigh this in the context of the BoC's ongoing retrenchment from the bond market as it is not expected to return to making gross bond purchases in the normal conduct of monetary policy operations until at least late next year.

Where Canada is at a disadvantage is on regulations. Part of the reason behind why US Treasury yields have narrowed some of the spread over Canadian government bond yields is due to anticipation of US Bank buying of Ts through easier regs. Reducing the Supplementary Leverage Ratio for GSIBs (the largest banks) is estimated to bring in more than US\$2 trillion of bank buying into Treasuries. The US Genius Act's parameters placed around stablecoin (cybercurrency backed by fiat money, in this case the USD) are expected to unleash further Treasury buying. Canada is

Chart 13

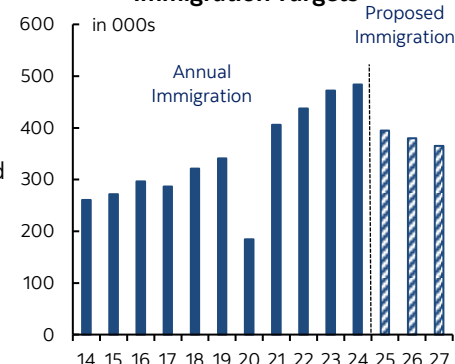
### Government of Canada's Principal Debt Distribution



Sources: Scotiabank Economics, Bloomberg.

Chart 14

### Canada Stabilizing Immigration Targets



Sources: Scotiabank Economics, Statistics Canada, Ministry of Immigration, Refugees & Citizenship Canada.



behind on both counts. Behind on real time payments systems and open banking compared to the UK.

The combination of all of these forces will lead us to further compress the expected negative differential of Canadian borrowing rates across the curve relative to the US.

### The Immigration Plan

Another key feature of the broader fiscal, security and border plans that will be rolled out will be what is announced for immigration policy. Last year, Canada proposed cuts to immigration quotas shown in chart 14. Most of the cuts were to the temps/nonpermanent category (temporary foreign workers, international students etc), but permanent resident targets were also cut.

Population growth is now grinding to a halt at close to zero. This is payback for the massive surge that had occurred (chart 15) during a period in which frankly immigration policy was being thoroughly mismanaged in Canada through combined actions of federal and provincial governments, educational institutions and businesses.

What we don't know is the longer-range plan and whether there may be further adjustments to the previously announced quotas. My hunch is that Canada is more likely to return toward higher immigration targets before the US where the challenges differ and the politics are much less favourable.

Last, watch for any plan to capitalize upon the US policy shift against top talent including through charging US\$100k for H-1B visas.

### Election Risk?

No, I'm not talking about Quebec's provincial election next October with the separatists polling well and threatening to hold a referendum on separation should they win (chart 16). We'll deal with that when we get closer to it and in the context of sensitive trade developments such as agriculture policies, so park it in the back of your minds for now. My bias is that there is little appetite for a referendum in today's older Quebec population than in 1995 or 1980, especially given how long it took to recover, and especially during today's troubled times, but politics could change rapidly.

Chart 16

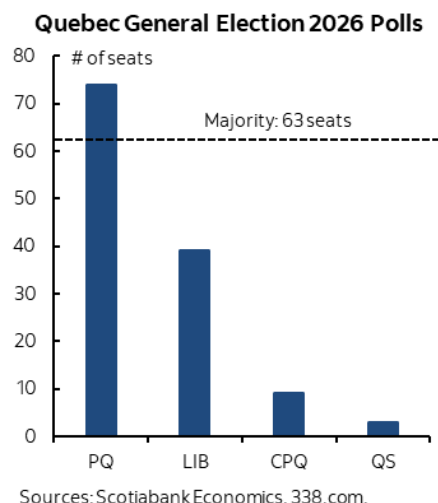


Chart 17

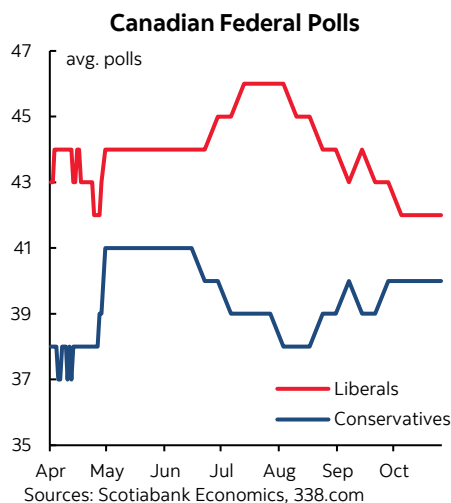
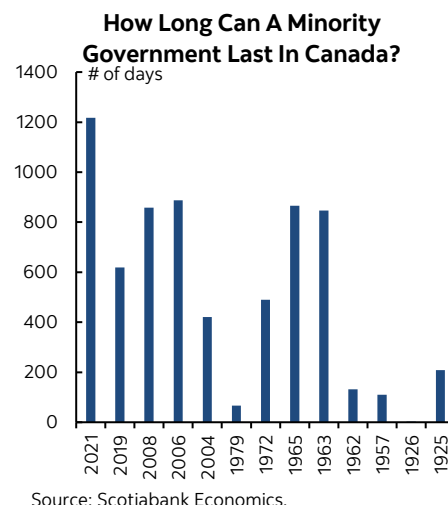


Chart 18



I'm speaking to the fact that the Liberal House Leader has been saying for some time that the minority government is struggling to feel out enough support among the opposition to pass its budget. If it can't succeed in passing the budget, then the government may seek a stronger mandate in an election.

This is a tail risk in Canada at the moment—as nobody wants an election now—but watch the politics as closely as the Budget and its interpretations. Should an election be held, then current polling leans toward a similar outcome to what happened on April 28<sup>th</sup> with

another Liberal minority. That could well backfire and create a protracted period of high uncertainty. Chart 17 and [this](#) site provide ongoing poll tracking. Chart 18 shows that most minority governments are short tenured.

TARIFF DEATHKNELL?

On Wednesday, the US Supreme Court will begin hearings into its review of US tariffs launched under the auspices of the International Emergency Economic Powers Act (IEEPA). At issue is whether President Trump abused the original intent of the legislation that allowed a President to point to an unusual and extraordinary threat to US national security, foreign policy or its economy that arises externally.

[Here](#) is a cheat sheet of US tariffs including specific references to those that have been applied under the IEEPA provisions. [Here](#) is a useful rolling timeline of trade policy developments in the US.

Chart 19

Review of Trump's Tariff Toolkit				
Tools the US President can use to Impose Tariffs without Congress Approval				
Tool	Requirements	Timeline before tariffs can be imposed	Comments	Trump Tariffs 1.0 (2018 - 2019)
Section 232 (Trade Expansion Act of 1962)	President finds a threat to national security; Dept. of Commerce has to conduct an investigation	270 days to issue the finding; President then has 90 days to determine the import adjustment	Commerce department investigates whether a product is being imported in the US that threatens to impair national security	25% Tariff on imported steel & 10% Tariff on imported aluminum (March 2018)
Section 201 (Trades Act of 1974)	USITC does an investigation and must submit a finding	120 - 150 days to submit a finding before tariffs can be implemented		Tariffs on washing machine imports for 3 years & solar cell and module imports for 4 years as a result of Section 201 Investigation (January 2018)
Section 301 (Trades Act of 1974)	USTR investigates unfair foreign practices; can cover a wide range of products	Likely months; Remediation actions reviewed every 4 years		25% Tariffs on up to \$60B of imports from China (March 2018). 10% Tariffs on up to \$200B worth of good from China (September 2018). Later increased to 25%. 10% Tariffs on approx. \$300B worth of additional Chinese goods (August 2019)
Section 338 (Trade Act of 1930)	Allows the President to impose new or additional tariffs of up to 50% from countries that have discriminated against US products; can also be applied to third countries that benefit from the conduct	Quick - via executive order	Can be challenged via the WTO though this is unlikely to be a strong deterrent to using it	
Section 122 (Trades Act of 1974)	President has right to address large and serious balance of payments deficits via import surcharges of up to 15% and import quotas	Can be done quickly but for maximum of 150 days, so it's a temporary measure; Congress can extend it	Actions taken must apply evenly to every country	
International Emergency Economic Powers Act (IEEPA)	Grants the President the authority to regulate international commerce after declaring a national emergency in response to any unusual and extraordinary threat to the national security, foreign policy, or economy of the US.	Soon after an emergency is declared		

Sources: Scotiabank Economics, Oxford Economics, Tax Foundation.

Both sides will be present at hearings, but when the Court reaches a decision is unclear. Given the urgency of the matter one would think they will act expeditiously, especially since we've been dealing with it throughout this year. Welcome to the US legal system, however, as the Court is generally expected to take several months and likely well into 2026 to arrive at a decision.

As a reminder, even if the Court strikes down use of the IEEPA and even if it orders tariffs collected to date to be reimbursed, this does not remove the ability to shift to other tools in order to impose tariffs. The IEEPA is more flexible, but chart 19 summarizes the others. The nuclear option would be to abrogate US duties under international trade agreements outright which would surely draw the ire of US businesses, workers and intense lobbying efforts.

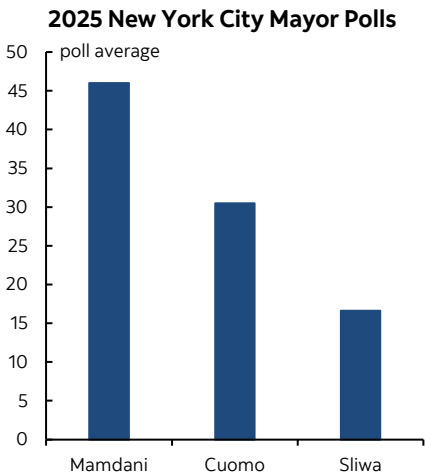
NEW YORK'S MAYORAL ELECTION—DEMS PIVOTING FURTHER LEFT?

New Yorkers fancy themselves as residing at the centre of the universe. In some respects, they will be on Tuesday when the mayoral election is held.

This may be a litmus test before next November's US midterms. The leading candidate is Zohran Mamdani (chart 20) and he is drawing upon the far left faction within the divided Democrats for his support particularly from public personas like Bernie Sanders and Alexandria Ocasio-Cortez (AOC). Judging by this cast, the Dems are pivoting further left to counter President Trump after voters arguably rejected left of centre policy stances by the Biden administration and Kamala Harris.

Most economists would say that while Mr. Mamdani's heart and intentions may be in the right place, his policies are not. He supports rent controls, minimum wage hikes, free transit that harkens back to the days after the Russian Revolution, and vague ideas to lower grocery prices. The voter base risks being fooled on the wisdom of such policies.

Chart 20



Sources: Scotiabank Economics, RealClearPolitics.



Key will be whether New York's politics resonate nationally or push more voters away from the Democrats. We'll see if the pundits look back in retrospect and wish the Dems had merely sailed up the middle.

## CANADIAN JOBS—FEWER NEEDED

Canada updates job market conditions with the Labour Force Survey for October on Friday. It's one of two readings before the next Bank of Canada decision on December 10<sup>th</sup> which dampens some of its significance to markets. So does the fact that the BoC just set a very high bar against returning with further easing in its latest communications ([here](#)).

After a surprise 60k jobs were created in September it's reasonable to expect some payback in the context of present macroeconomic uncertainties. Much of that gain was narrowly focused on Alberta but had otherwise solid details even if the gain in manufacturing jobs was kind of sus.

My guess is a loss of about 25k. Plus or minus a bazillion. The 95% confidence band around whatever number the survey spits out is about +/-57k. The unemployment rate may be stable through offsetting effects on the pool of labour.

One added reason (other than coming off the prior large gain) is that October's seasonal adjustment factor tends to shave unadjusted jobs (chart 21) and when combined with what is likely to be on the low end of seasonally unadjusted figures for like months of October (chart 22) the most probable outcome is a material drop in seasonally adjusted jobs.

Further, surveys like the Ivey PMI and the CFIB's small business hiring plans measure point toward downside risk to jobs over coming months.

Also keep a keen eye on the numbers Ottawa's budget provides for public sector layoffs and how they seek to achieve them such as through attrition or outright packages.

If such expectations are anywhere close to reality, then they would restore a weak pattern for employment markets. Canada lost about 41k jobs in July, then another 66k in August before regaining 60k in September.

Hours worked may also be dented by the teacher's strike in Alberta and Canada Post workers returning to work but at less than seasonally regular hours.

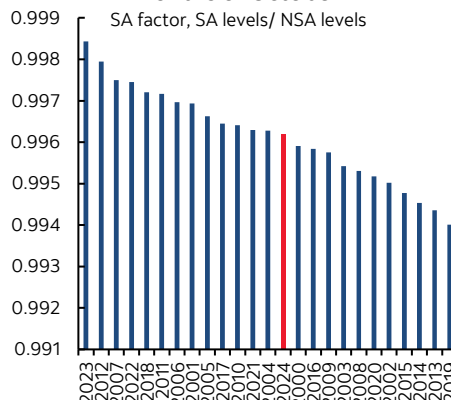
Several other points need to be noted before jumping to conclusions on the BoC.

For one, there isn't much slack in the job market relative to estimates of the natural rate of unemployment. The OECD pegs that at about 6¼%. Further, much of the rise in the UR over recent years has been due to an overshoot of the number of temporary residents. As this category is gradually curtailed it should tighten the market.

For another, the monthly breakeven rate for job growth is probably between 0k and 10k now. The breakeven rate is the monthly pace of job growth that would keep the unemployment rate of 7.1% stable over the rest of 2025–26. I've assumed low labour force growth of about ½% per year with risks more slanted toward less than that. This is due to tighter immigration policy. Canada doesn't necessarily need to grow employment in order to keep the labour force relatively tight.

Chart 21

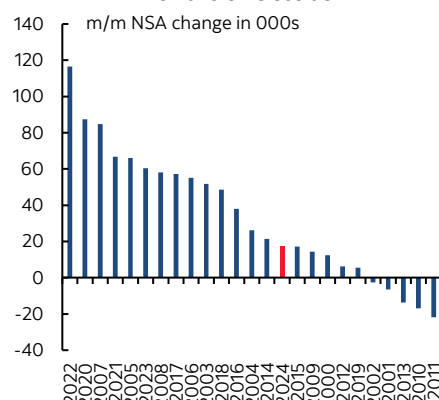
Comparing CA LFS SA Factor for All Months of October



Sources: Scotiabank Economics, Statistics Canada.

Chart 22

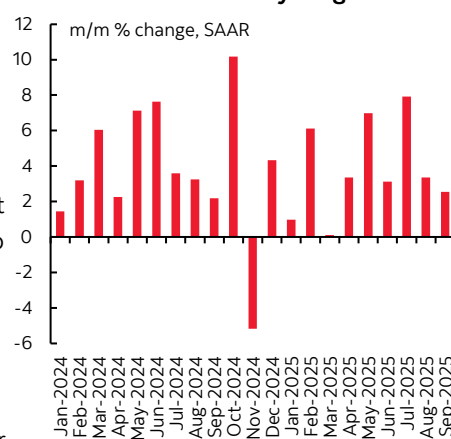
Comparing Canada Jobs for All Months of October



Sources: Scotiabank Economics, Statistics Canada.

Chart 23

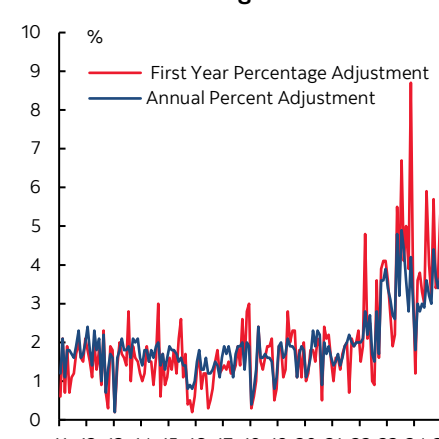
Canadian Hourly Wages



Sources: Scotiabank Economics, Statistics Canada.

Chart 24

Canadian Wage Settlements



Sources: Scotiabank Economics, Statistics Canada.

That being the case, we may not see material relief for wage growth. Average hourly earnings of permanent employees are running at 3.6% y/y and less than that more recently (chart 23). That's an incomplete picture of wage growth in Canada. Since one-third of the workforce is governed by collective bargaining decisions, the lagging catch-up pay being sought by unions is important to consider as it drives persistent gains materially above the rate of inflation (chart 24). The average contract period is usually around four years which means a large portion of the workforce will receive sustained gains in the years ahead.

Unlike the US, Canada does not have the labour productivity readings to support this (chart 25). Its labour is losing international competitiveness.

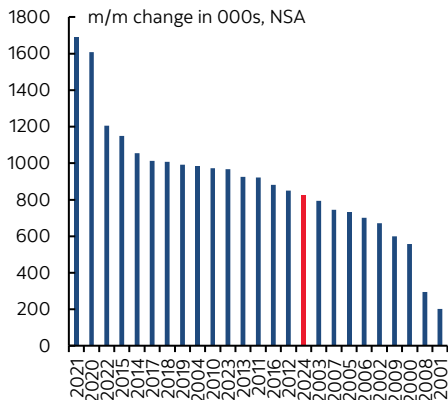
### NONFARM PAYROLLS—IF ONLY...

Nonfarm payrolls for October were to have been released on Friday November 7<sup>th</sup>. The US government shutdown makes that impossible since there is not immediate traction toward reopening, and it will take perhaps weeks thereafter to be ready to release not only October but also the delayed September numbers.

But just because the government is shut doesn't mean we are. We still have a job to do, albeit with more imperfect information than usual.

Chart 26

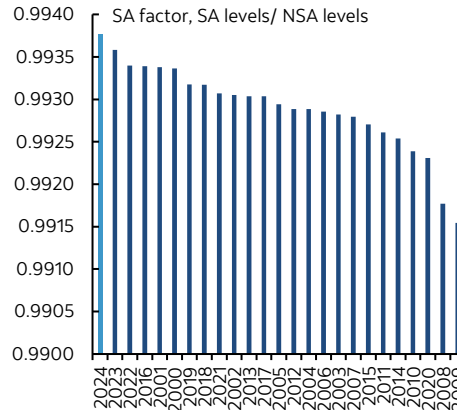
#### Comparing US Payroll NSA for All Months of October



Sources: Scotiabank Economics, BLS.

Chart 27

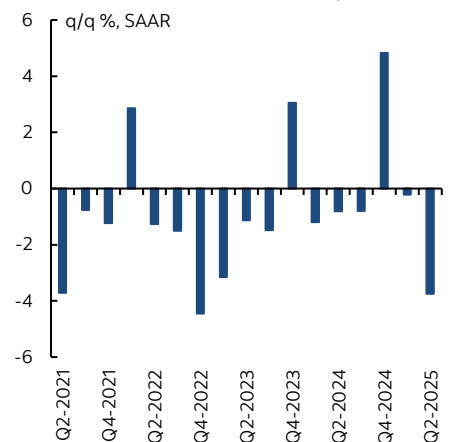
#### Comparing US Payroll SA Factor for All Months of October



Sources: Scotiabank Economics,

Chart 25

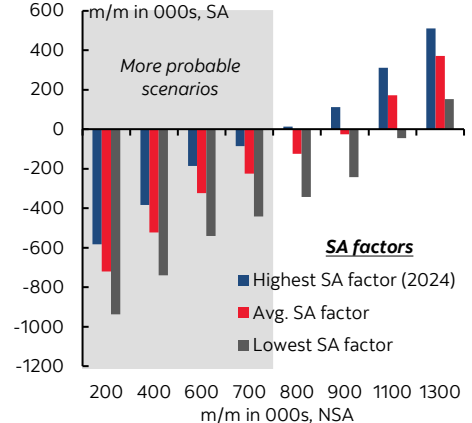
#### Canadian Labour Productivity Growth



Sources: Scotiabank Economics, Statistics Canada.

Chart 28

#### US Nonfarm Payroll Scenarios for October



Sources: Scotiabank Economics, BLS.

I've loosely estimated a nonfarm payroll decline of 90k in October in addition to the earlier estimate for September (-20k). We're missing a lot of inputs, but our tracking draws upon a softer than usual seasonally unadjusted change compared to normal months of October (chart 26) combined with a seasonal adjustment factor assumed to be close to the October 2024 level (chart 27) to result in higher probability of a sharp drop in seasonally adjusted payrolls than a small gain (chart 28).

We may revise this estimate as we get more information including whether we get September payrolls before October's or simultaneously.

### CENTRAL BANKS—ONLY ONE STANDOUT

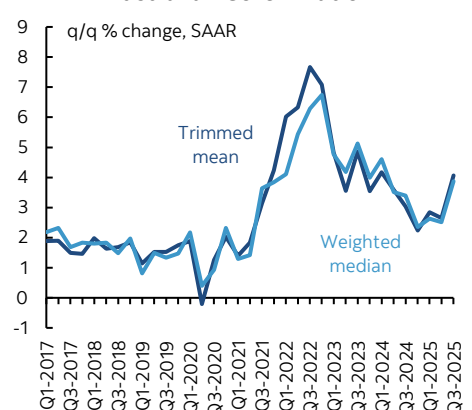
Seven central banks offer up decisions over the coming week alongside additional communications from some others.

#### BoC's Macklem Returns

Bank of Canada Governor Macklem returns on Monday to deliver a fireside chat in one of the BoC's favourite hangouts in Toronto. There will be no press conference or published remarks or audience Q&A, just chit chat. It's unlikely that he'll have any materially new to say after this past week's full suite of communications.

Chart 29

#### Australian Core Inflation



Sources: Scotiabank Economics, Australian Bureau of Statistics.

## RBA to Hold

Everyone expects the Reserve Bank of Australia to be on hold on Monday night (ET) with the policy cash rate set at 3.6%. Markets are fully priced for this. The recent acceleration of underlying inflation keeps the lid on further easing for now and with markets pricing no action for the next several meetings (chart 29).

## Riksbank—You're No Fun!

Sweden's central bank is widely expected to keep its repo rate unchanged at 1.75% on Wednesday morning. Markets have no action priced for several meetings. The prior statement on September 23<sup>rd</sup> bluntly stated that "if the outlook for inflation and economic activity holds, the policy rate is expected to remain at this level for some time to come." Explicit forward guidance points to the next move eventually being up but not for a while (chart 30). That takes some of the fun out of forecasting at least in the short-run but so be it.

## BCB—Give it More Time

Brazil's central bank is also widely expected to hold its Selic rate unchanged at 15% on Wednesday afternoon. Neither actual inflation (chart 31) nor inflation expectations (chart 32) are combining to provide comfort to begin easing after a tightening campaign raised the policy rate by 450bps starting last September through to June.

## Bank Negara—No Need for Assistance

Add Malaysia's central bank to the list of expected pauses when they opine on Thursday. The overnight rate is expected to remain at 2.75%. It came off the sidelines to cut 25bps in July and then held in September. Stronger than expected economic growth in Q3 when GDP grew by 5.2% y/y (4.2% consensus) was likely enough to cement a hold at this meeting. CPI inflation then mildly surprised higher at 1.5<sup>+</sup> y/y but has recently been on a gentle upward trend.

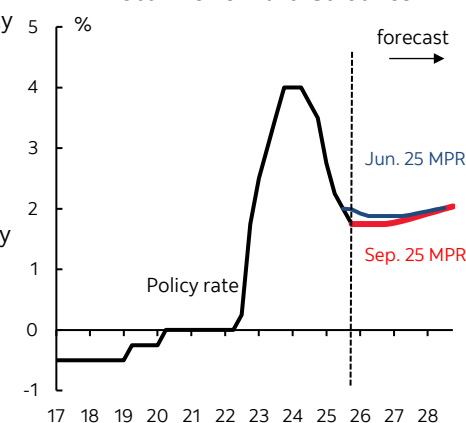
## Norges Bank—Taking Its Time

Norway's central bank won't break the streak of central banks staying on hold this week. Markets have nothing priced for rate changes over the next three meetings. Norges is among the few central banks that provides explicit forward guidance. They said in September that "if the economy evolves broadly as currently projected, the policy rate will be reduced further in the course of the coming year." That indicated no rush to the easing bias, and its formal rate projection shows one cut in each of the next three years (chart 33).

## BoE—Hold On There a Minute

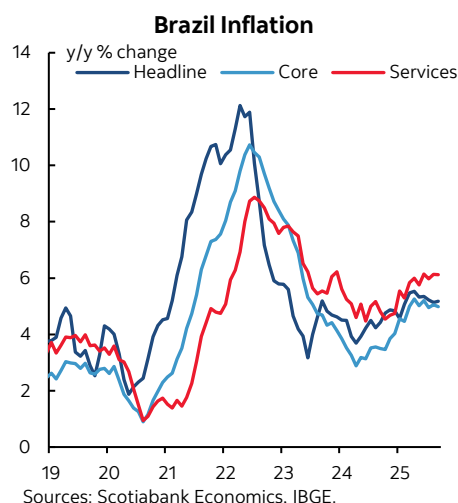
Nope, not this one either. Add another hold to the list. Consensus expects Bank Rate to stay at 4% and OIS markets are 75% priced for a hold with a modest chance of a cut. A hold would break the oscillating pattern of cuts and holds that was consistent with the BoE's preference toward 'gradual' adjustments. Chief Economist Huw Pill noted in a recent speech that "The need to recognize the stubbornness

Chart 30  
Riksbank's Forward Guidance



Sources: Scotiabank Economics, Riksbank.

Chart 31



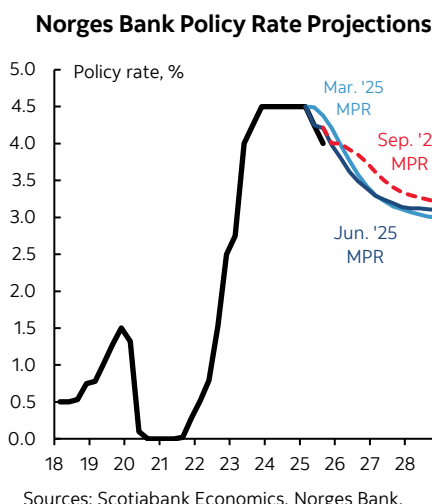
Sources: Scotiabank Economics, IBGE.

Chart 32



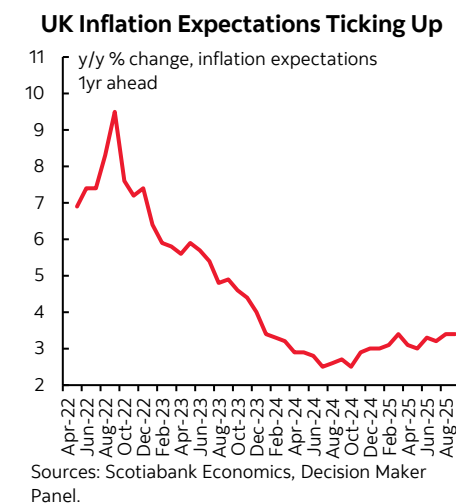
Sources: Scotiabank Economics, Banco Central do Brasil.

Chart 33



Sources: Scotiabank Economics, Norges Bank.

Chart 34



Sources: Scotiabank Economics, Decision Maker Panel.

of inflationary pressures is becoming more pressing.” Core inflation was 3.5% y/y in September with headline CPI at 3.8% and services inflation was even higher at 4.7% while expectations are rising (chart 34).

Banxico—Focus on Growth

Finally! Here’s one that’s not boring! Mexico’s central bank is expected to cut its overnight rate by 25bps when it weighs in on Thursday. September’s policy statement maintained an easing bias. It repeated that “the Board will assess further adjustments to the reference rate.” Deputy Governor Heath dissented in favour of holding. The fact that the economy mildly contracted in Q3 with GDP falling -0.3% q/q SA nonannualized may have the central bank choosing to prop up growth despite inflation still running above target at 3.6% y/y (chart 35). Those residual inflation concerns and dissenting views are part of why the pace of easing was slowed from 50bps cuts until June to quarter point reductions since then.

RBNZ—Stability Concerns

RBNZ watchers will be treated to another Financial Stability Report on Tuesday. This is not a policy decision, but its assessment of stability risks can indirectly matter to its policy stance. The last report was way back on May 6<sup>th</sup>. At the time it said trade restrictions were the key risk to stability and that’s likely to be repeated.

GLOBAL MACRO—A FEW MORE NUGGETS

A round of global inflation reports peppered across Latin America and Asia will be the main source of data risk to regional markets.

The list of suspended US data releases will continue to grow, but a number of private industry reports will maintain some interest. ISM manufacturing for October (Monday) and ISM-services (Wednesday), vehicle sales during October (Monday), Challenger layoffs in October (Thursday) and UMich Consumer Sentiment for November (Friday) will marginally add to a fresher understanding of the health of the US economy. Payrolls won’t come out as scheduled on Friday.

New Zealand’s job market has been soft for some time with slight employment declines in four of the past six quarters. Q3 jobs and wages will be refreshed on Tuesday just before the RBNZ hosts the press conference for its stability report. Please see chart 36 for a summary of global readings with more information in daily notes over the course of the week.

Chart 35  
Mexico's Headline and Core Inflation

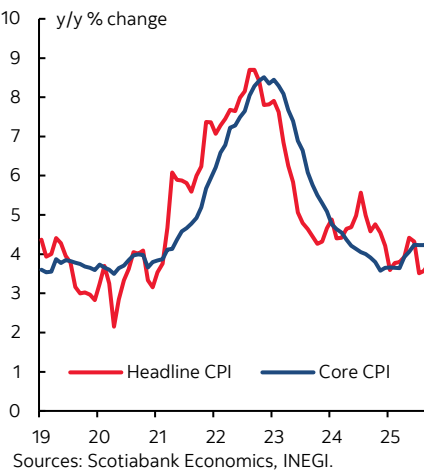


Chart 36

Other Global Macro Indicators (Nov 3rd - Nov 7th)			
US	CA	CPI	Other Macro
Monday			
Construction Spending		SK	CL Economic Activity
ISM Manf.			BZ PMI Manf. Index
Vehicle Sales			
Tuesday			
Trade	Budget	PH	BZ IP
Factory Orders			NZ Jobs
JOLTS			CH PMI
			ID GDP
Wednesday			
MBA Mort.App		VN	GE Factory Orders
ADP Emp.		TH	FR IP, Manf.
ISM Non-Manf			EC PPI
Thursday			
Claims		TA	GE IP
Productivity			UK PMI Construction
ULC			EC Retail Trade
			PH GDP
Friday			
Jobs & Wages	LFS	MX	CH Trade
U. of Mich.			
Consumer Credit			

Sources: Scotiabank Economics, Bloomberg.

## Key Indicators for the week of November 3 – 7

## NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11-03	10:00	Construction Spending (m/m)	Sep	--	--	-0.1
US	11-03	10:00	ISM Manufacturing Index	Oct	49.6	49.2	49.1
US	11-03		Total Vehicle Sales (mn a.r.)	Oct	15.0	15.5	16.4
US	11-04	08:30	Trade Balance (US\$ bn)	Sep	--	--	-78.3
US	11-04	10:00	Durable Goods Orders (m/m)	Sep F	--	--	2.9
US	11-04	10:00	Durable Goods Orders ex. Trans. (m/m)	Sep F	--	--	0.4
US	11-04	10:00	Factory Orders (m/m)	Sep	--	--	-1.3
US	11-04	10:00	JOLTS Job Openings (000s)	Sep	--	--	7227.0
US	11-05	07:00	MBA Mortgage Applications (w/w)	Oct 31	--	--	7.1
US	11-05	08:15	ADP Employment Report (000s m/m)	Oct	-30	25.0	-32.0
US	11-05	10:00	ISM Non-Manufacturing Composite	Oct	51.0	51.0	50.0
US	11-06	08:30	Initial Jobless Claims (000s)	Nov 01	--	--	218.0
US	11-06	08:30	Continuing Claims (000s)	Oct 25	--	--	1926.0
US	11-06	08:30	Productivity (q/q a.r.)	3Q P	--	--	3.3
US	11-06	08:30	Unit Labor Costs (q/q a.r.)	3Q P	--	--	1.0
<b>MX</b>	<b>11-06</b>	<b>14:00</b>	<b>Overnight Rate (%)</b>	<b>Nov 6</b>	<b>7.25</b>	<b>7.25</b>	<b>7.50</b>
MX	11-07	07:00	Bi-Weekly Core CPI (% change)	Oct 31	--	--	0.2
MX	11-07	07:00	Bi-Weekly CPI (% change)	Oct 31	--	--	0.3
MX	11-07	07:00	Consumer Prices (m/m)	Oct	--	--	0.2
MX	11-07	07:00	Consumer Prices (y/y)	Oct	--	--	3.8
MX	11-07	07:00	Consumer Prices Core (m/m)	Oct	--	--	0.3
CA	11-07	08:30	Employment (000s m/m)	Oct	-25	-20.0	60.4
CA	11-07	08:30	Unemployment Rate (%)	Oct	7.1	7.2	7.1
US	11-07	08:30	Average Hourly Earnings (m/m)	Oct	0.3	--	0.3
US	11-07	08:30	Average Hourly Earnings (y/y)	Oct	3.6	--	3.7
US	11-07	08:30	Average Weekly Hours	Oct	--	--	34.2
US	11-07	08:30	Nonfarm Employment Report (000s m/m)	Oct	-90.0	--	22.0
US	11-07	08:30	Unemployment Rate (%)	Oct	4.4	--	4.3
US	11-07	10:00	U. of Michigan Consumer Sentiment	Nov P	54.0	54.0	53.6
US	11-07	15:00	Consumer Credit (US\$ bn m/m)	Sep	--	--	0.4
US	11-07	08:30	Household Employment Report (000s m/m)	Oct	--	--	288.0

## EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	11-03	03:45	Manufacturing PMI	Oct	49.5	49.0
FR	11-03	03:50	Manufacturing PMI	Oct F	48.3	48.3
GE	11-03	03:55	Manufacturing PMI	Oct F	49.6	49.6
EC	11-03	04:00	Manufacturing PMI	Oct F	50.0	50.0
UK	11-03	04:30	Manufacturing PMI	Oct F	49.6	49.6
IT	11-03		Budget Balance (€ bn)	Oct	--	-25.3
IT	11-03		Budget Balance YTD (€ bn)	Oct	--	-5.4
FR	11-04	02:45	Central Government Balance (€ bn)	Sep	--	-157.5
GE	11-05	02:00	Factory Orders (m/m)	Sep	1.0	-0.8
FR	11-05	02:45	Industrial Production (m/m)	Sep	0.1	-0.7
FR	11-05	02:45	Industrial Production (y/y)	Sep	0.6	0.4
FR	11-05	02:45	Manufacturing Production (m/m)	Sep	--	-0.7
<b>SW</b>	<b>11-05</b>	<b>03:30</b>	<b>Riksbank Interest Rate (%)</b>	<b>Nov 5</b>	<b>1.75</b>	<b>1.75</b>
IT	11-05	03:45	Services PMI	Oct	52.8	52.5
FR	11-05	03:50	Services PMI	Oct F	47.1	47.1
GE	11-05	03:55	Services PMI	Oct F	54.5	54.5
EC	11-05	04:00	Composite PMI	Oct F	52.2	52.2
EC	11-05	04:00	Services PMI	Oct F	52.6	52.6

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of November 3 – 7

## EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	11-05	04:30	Official Reserves Changes (US\$ bn)	Oct	--	4618.0
UK	11-05	04:30	Services PMI	Oct F	51.1	51.1
EC	11-05	05:00	PPI (m/m)	Sep	-0.2	-0.3
GE	11-06	02:00	Industrial Production (m/m)	Sep	3.0	-4.3
SP	11-06	03:00	Industrial Output NSA (y/y)	Sep	--	0.4
<b>NO</b>	<b>11-06</b>	<b>04:00</b>	<b>Norwegian Deposit Rates (%)</b>	<b>Nov 6</b>	<b>4.00</b>	<b>4.00</b>
UK	11-06	04:30	PMI Construction	Oct	46.8	46.2
EC	11-06	05:00	Retail Trade (m/m)	Sep	0.3	0.1
<b>UK</b>	<b>11-06</b>	<b>07:00</b>	<b>BoE Policy Announcement (%)</b>	<b>Nov 6</b>	<b>4.00</b>	<b>4.00</b>
FR	11-07	02:45	Current Account (€ bn)	Sep	--	1500.0
FR	11-07	02:45	Trade Balance (€ mn)	Sep	--	-5529.4

## ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
AU	11-02	19:30	Building Approvals (m/m)	Sep	5.0	-6.0
AU	11-02	19:30	ANZ Job Advertisements (m/m)	Oct	--	-3.3
CH	11-02	20:45	Caixin Flash China Manufacturing PMI	Oct	50.7	51.2
CH	11-02	20:45	Caixin Manufacturing PMI	Oct	50.7	51.2
ID	11-02	23:00	Exports (y/y)	Sep	7.4	5.8
ID	11-02	23:00	Imports (y/y)	Sep	3.0	-6.6
ID	11-02	23:00	Trade Balance (US\$ mn)	Sep	4395.0	5490.0
ID	11-02	23:00	CPI (y/y)	Oct	2.6	2.7
ID	11-02	23:00	CPI (m/m)	Oct	0.1	0.2
ID	11-02	23:00	Core CPI (y/y)	Oct	2.2	2.2
TH	11-03	02:30	Business Sentiment Index	Oct	--	48.0
SI	11-03	08:00	Purchasing Managers Index	Oct	--	50.1
SK	11-03	18:00	CPI (m/m)	Oct	0.0	0.5
SK	11-03	18:00	CPI (y/y)	Oct	2.1	2.1
JN	11-03	19:30	Markit/JMMA Manufacturing PMI	Oct F	--	48.3
<b>AU</b>	<b>11-03</b>		<b>RBA Cash Target Rate (%)</b>	<b>Nov 4</b>	<b>3.60</b>	<b>3.60</b>
NZ	11-04	16:45	Unemployment Rate (%)	3Q	5.3	5.2
NZ	11-04	16:45	Employment Change (y/y)	3Q	-0.2	-0.9
JN	11-04	18:50	Monetary Base (y/y)	Oct	--	-6.2
HK	11-04	19:30	Purchasing Managers Index	Oct	--	50.4
PH	11-04	20:00	CPI (y/y)	Oct	1.8	1.7
PH	11-04	20:00	CPI (m/m)	Oct	0.2	0.0
CH	11-04	20:45	Caixin Services PMI	Oct	52.7	52.9
ID	11-04	23:00	Real GDP (q/q)	3Q	1.4	4.0
ID	11-04	23:00	Real GDP (y/y)	3Q	5.0	5.1
SI	11-05	00:00	Retail Sales (m/m)	Sep	--	0.5
SI	11-05	00:00	Retail Sales (y/y)	Sep	4.5	5.2
SK	11-05	18:00	Current Account (US\$ mn)	Sep	--	9148.8
AU	11-05	19:30	Trade Balance (AUD mn)	Sep	4000.0	1825.0
PH	11-05	20:00	Unemployment Rate (%)	Sep	--	3.9
VN	11-05	21:05	CPI (y/y)	Oct	3.4	3.4
VN	11-05	21:05	Industrial Production (y/y)	Oct	--	13.6
PH	11-05		Bank Lending (y/y)	Sep	--	10.4
TH	11-05		CPI (y/y)	Oct	-0.7	-0.7
TH	11-05		CPI (m/m)	Oct	-0.2	0.0
TH	11-05		Core CPI (y/y)	Oct	0.7	0.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for the week of November 3 – 7**
**ASIA PACIFIC (continued from previous page)**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
<b>MA</b>	<b>11-06</b>	<b>02:00</b>	<b>Overnight Rate (%)</b>	<b>Nov 6</b>	<b>2.75</b>	<b>2.75</b>
TA	11-06	03:00	CPI (y/y)	Oct	1.4	1.3
JN	11-06	18:30	Household Spending (y/y)	Sep	2.6	2.3
PH	11-06	21:00	Real GDP (q/q)	3Q	--	1.5
PH	11-06	21:00	Real GDP (y/y)	3Q	5.2	5.5
MA	11-06	23:00	Industrial Production (y/y)	Sep	5.0	4.9
AU	11-07	00:30	Foreign Reserves (AUD bn)	Oct	--	107.1
MA	11-07	02:00	Foreign Reserves (US\$ bn)	Oct 31	--	123.4
TA	11-07	03:00	Exports (y/y)	Oct	31.8	33.8
TA	11-07	03:00	Imports (y/y)	Oct	26.6	25.1
TA	11-07	03:00	Trade Balance (US\$ bn)	Oct	10.9	12.4
SI	11-07	04:00	Foreign Reserves (US\$ mn)	Oct	--	393134.9
CH	11-07		Foreign Reserves (US\$ bn)	Oct	--	3338.7
CH	11-07		Exports (y/y)	Oct	3.8	8.3
CH	11-07		Imports (y/y)	Oct	2.9	7.4
CH	11-07		Trade Balance (USD bn)	Oct	101.0	90.4
TH	11-07		Consumer Confidence Economic	Oct	--	44.4

**LATIN 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>
CL	11-03	06:30	Economic Activity Index SA (m/m)	Sep	--	--	-0.7
CL	11-03	06:30	Economic Activity Index NSA (y/y)	Sep	--	3.2	0.5
BZ	11-03	08:00	PMI Manufacturing Index	Oct	--	--	46.5
BZ	11-04	07:00	Industrial Production SA (m/m)	Sep	--	--	0.8
BZ	11-04	07:00	Industrial Production (y/y)	Sep	--	--	-0.7
<b>BZ</b>	<b>11-05</b>	<b>16:30</b>	<b>SELIC Target Rate (%)</b>	<b>Nov 5</b>	<b>15.00</b>	<b>15.00</b>	<b>15.00</b>
BZ	11-06	13:00	Trade Balance (FOB) - Monthly (US\$ mn)	Oct	--	--	2989.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Global Auctions for the week of November 3 – 7

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	11-05	12:00	Canada to Sell C\$5.25 Billion of 2.75% 2031 Bonds
CA	11-06	12:00	Canada to Sell C\$5.25 Billion of 3.25% 2035 Bonds

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	11-03	05:30	EU to Sell Bonds
AS	11-04	05:00	Austria to Sell 2.95% 2035 Bonds
UK	11-04	05:00	UK to Sell GBP5 Billion of 4% 2029 Bonds
GE	11-04	05:30	Germany to Sell EU5 Billion of 2% 2027 Bonds
SW	11-05	05:00	Sweden to Sell Bonds
GE	11-05	05:30	Germany to Sell Bonds
SP	11-06	04:30	Spain to Sell Bonds
FR	11-06	04:50	France to Sell Bonds
BE	11-07	06:00	Belgium to Sell Bonds through Ori Auction

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	11-04	22:35	Japan to Sell 10-Year Bonds
CH	11-04	22:35	China to Sell 20 Billion Yuan 2075 Bonds

## LATIN AMERICA

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

## Events for the week of November 3 – 7

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	11-03	12:00	Fed's Daly in Moderated Conversation
US	11-03	14:00	Fed's Cook Speaks on Economy and Monetary Policy
US	11-04	06:35	Fed's Bowman Speaks on Supervision and Monetary Policy
US	11-06	11:00	Fed's Williams speaks at Goethe University Frankfurt
US	11-06	11:00	Fed's Barr Participates in Moderated Discussion
US	11-06	12:00	Fed's Hammack Speaks at the Economic Club of New York
<b>MX</b>	<b>11-06</b>	<b>14:00</b>	<b>Overnight Rate</b>
US	11-06	15:30	Fed's Waller in Panel on Central Banking and Payments
US	11-06	16:30	Fed's Paulson speaks on Consumer Finance Institute
US	11-06	17:30	Fed's Musalem Speaks at a Fireside Chat on Monetary Policy
US	11-07	03:00	Fed's Williams Speaks in Frankfurt
US	11-07	07:00	Fed's Jefferson Speaks on AI and Economy
US	11-07	15:00	Fed's Miran Speaks on Stablecoins and Monetary Policy

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
LN	11-03	03:50	ECB's Simkus Speaks in Vilnius
EC	11-04	02:40	ECB'S Lagarde Speaks in Bulgaria
EC	11-04	02:55	ECB's Patsalides Speaks in Nicosia
EC	11-04	05:00	ECB's Lagarde Gives Press Conference in Bulgaria
UK	11-04	06:40	BOE's Breeden Speaks
EC	11-04	12:00	ECB's Nagel Speaks in Berlin
EC	11-04	13:00	ECB's Nagel Speaks in Berlin
<b>SW</b>	<b>11-05</b>	<b>03:30</b>	<b>Riksbank Policy Rate</b>
EC	11-05	04:00	ECB Wage Tracker (TBC)
EC	11-05	05:00	ECB's Villeroy, Nagel Speak in Paris
EC	11-05	10:00	ECB's Kocher Speaks in Vienna
UK	11-05	11:15	BOE's Breeden Speaks
EC	11-06	03:00	ECB's Kocher Speaks in Vienna
EC	11-06	03:10	ECB's Schnabel Speaks in Frankfurt
<b>NO</b>	<b>11-06</b>	<b>04:00</b>	<b>Deposit Rates</b>
<b>UK</b>	<b>11-06</b>	<b>07:00</b>	<b>Bank of England Bank Rate</b>
EC	11-06	07:30	ECB's Nagel Speaks in Frankfurt
EC	11-06	09:00	ECB's Nagel Speaks in Frankfurt
EC	11-06	13:30	ECB's Lane Speaks on Washington Panel
SZ	11-07	03:00	Foreign Currency Reserves
SZ	11-07	04:00	SNB's Tschudin Chairs Panel in Frankfurt
EC	11-07	07:00	ECB's Nagel Speaks in Frankfurt
UK	11-07	07:15	BOE's Pill Speaks
EC	11-07	08:30	ECB's Elderson Speaks in Frankfurt

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>AU</b>	<b>11-03</b>	<b>22:30</b>	<b>RBA Cash Rate Target</b>
AU	11-03	22:30	RBA-Statement on Monetary Policy
NZ	11-04	15:00	RBNZ Publishes Financial Stability Report
JN	11-04	18:50	BOJ Minutes of Sept. Meeting
NZ	11-04	19:00	RBNZ Holds News Conference After FinStab Report
NZ	11-05	14:10	RBNZ at Select Committee to Discuss FinStab Report
<b>MA</b>	<b>11-06</b>	<b>02:00</b>	<b>BNM Overnight Policy Rate</b>
SL			Gross Official Reserves

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>BZ</b>	<b>11-05</b>	<b>16:30</b>	<b>Selic Rate</b>
<b>MX</b>	<b>11-06</b>	<b>14:00</b>	<b>Overnight Rate</b>
CO	11-06	17:00	Colombia Monetary Policy Minutes

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	2.25	December 10, 2025	2.25	2.25
Federal Reserve – Federal Funds Target Rate	4.00	December 10, 2025	3.75	3.75
Banco de México – Overnight Rate	7.50	November 6, 2025	7.25	7.25

**Bank of Canada (BoC):** Governor Macklem will deliver a fireside chat in Toronto on Monday at 1:30pm EST. There will be no press conference or published remarks or audience Q&A. **Banco de México:** Banco de México is unanimously expected to cut its overnight rate by 25bps on Thursday, following its September meeting where it maintained forward guidance: "The Board will assess further adjustments to the reference rate." Although inflation remains above the Bank's target, economic growth contracted by 0.3% q/q in Q3. This suggests that the Bank is likely to continue with its gradual pace of easing.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.15	December 18, 2025	2.15	2.15
European Central Bank – Marginal Lending Facility Rate	2.40	December 18, 2025	2.40	2.40
European Central Bank – Deposit Facility Rate	2.00	December 18, 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	16.50	December 19, 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	39.50	December 11, 2025	38.50	38.50

**Bank of England (BoE):** Consensus expects the Bank of England to hold its Bank rate steady at 4% for a second consecutive meeting, breaking its cut-and-hold pattern. Only a small minority anticipates a 25bps rate cut on Thursday, with markets pricing in just a 25% probability of such a move. Two key factors support the case for maintaining the current stance: resilient services inflation, which has remained sticky around 4.5–5% y/y since late last year, and a pickup in 1-year inflation expectations, currently at 3.4%. Given these dynamics, the bank is widely expected to keep the policy rate unchanged. **Sweden Riksbank:** After delivering a 25bps rate cut in September to support economic activity, Sweden's Riksbank appears to have concluded its easing cycle. The Bank noted: "If the outlook for inflation and economic activity holds, the policy rate is expected to remain at this level for some time to come." The updated policy rate forecast shows the rate holding steady at 1.75% for the next year. While underlying inflation has eased slightly, it remains elevated. However, Q3 economic growth surprised to the upside, expanding by 1.1% q/q after a prolonged period of weak performance. As a result, the Riksbank is likely comfortable keeping the policy rate on hold. **Norges Bank:** Not much is expected from Norges Bank, which has already guided no rate cuts for the remainder of the year. At its September meeting, the Bank delivered a 25bps rate cut and stated: "The economic outlook is uncertain, but if the economy evolves broadly as currently projected, the policy rate will be reduced further in the course of the coming year." The updated policy rate forecast indicates no cuts over the next two meetings, followed by one cut per year over the next three years. The latest inflation data shows underlying inflation has slowed to 3% year-over-year, though it remains above the 2% target.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	0.50	December 19, 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	5.25	5.25
Bank of Korea – Base Rate	2.50	November 27, 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	November 19, 2025	4.50	4.50
Central Bank of Philippines – Overnight Borrowing Rate	4.75	December 11, 2025	4.75	4.75

**Reserve Bank of Australia (RBA):** After a stronger-than-expected Q3 inflation report, markets have priced out the possibility of a 25bps rate cut at Monday's meeting, with consensus now expecting the Reserve Bank of Australia to hold its cash rate at 3.60%. At its September meeting, the RBA kept rates unchanged, noting that Q3 inflation data could come in stronger than its August forecast and that private demand was recovering "a little more rapidly". The bank also observed that the labour market "remain a little tight". Since then, household spending data has shown further acceleration, while the September labour market was steady, with +15k m/m jobs created. Although the jump in unemployment rate to 4.5% was unexpected, the RBA is likely to look past one month of volatility, especially given Governor Bullock's recent comments suggesting continued tightness in the job market. However, the stronger inflation report—particularly with the RBA's core gauges rising above the inflation target range—combined with the bank's cautious approach, is expected to keep the cash rate on hold. Additionally, the bank will provide an update on its forecasts. **Bank Negara Malaysia:** Bank Negara Malaysia is expected to keep its overnight policy rate at 2.75% on Thursday, a level the Board considers appropriate and supportive of economic growth while maintaining low and stable inflation. Both headline and core inflation remains contained, and the economy continues to show solid momentum. GDP grew by 5.2% y/y in Q3, beating consensus (4.2%), following a 4.4% expansion in the first two quarters. Exports have also shown strong recovery, after the US announcement of tariff reductions in July and the formal signing of the deal last week. Hence, the bank is likely to feel comfortable maintaining its current monetary policy stance, while continuing to monitor and assess how inflation and growth evolve going forward.

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	December 16, 2025	4.75	4.75
Banco de la República de Colombia – Lending Rate	9.25	December 19, 2025	9.25	9.25
Banco Central de Reserva del Perú – Reference Rate	4.25	November 13, 2025	4.25	4.25

**Banco Central do Brasil:** The Banco Central do Brasil is unanimously expected to hold its selic rate at 15% on Wednesday and maintain its hawkish forward guidance: "The Committee will remain vigilant, evaluating whether maintaining the interest rate at its current level for a very prolonged period will be enough to ensure the convergence of inflation to the target". Recent inflation data continues to show both headline and core measures above the inflation target range, with service inflation remaining resilient. While inflation expectations are trending downward, they remain unanchored. Meanwhile, economic activity is showing further signs of moderation, which should help bring demand and supply into better balance. Hence, unless the Bank sees a greater-than-projected deceleration in domestic economic activity that materially alters the inflation outlook, it is expected to maintain its current monetary policy stance.

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

Sources: Bloomberg, Scotiabank Economics.

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