

DAILY POINTS

October 23, 2026 @ 7:20 EST

Contributors

Derek Holt

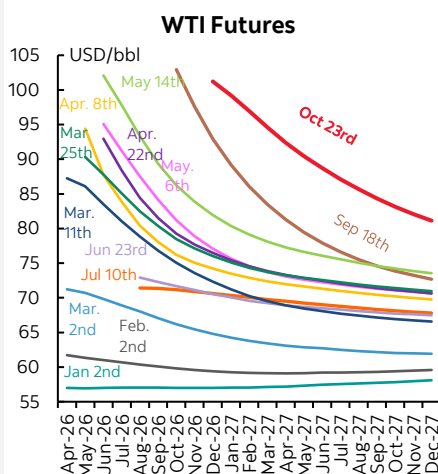
VP & Head of Capital Markets Economics

Scotiabank Economics

416.863.7707

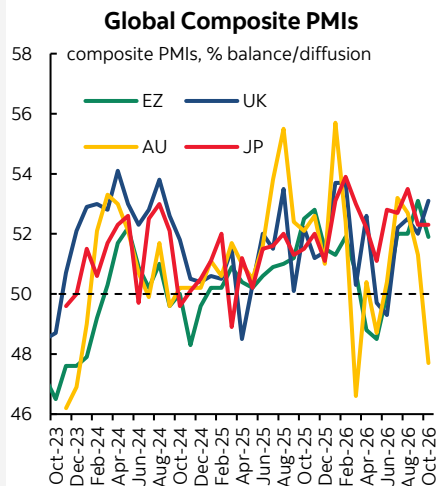
derek.holt@scotiabank.com

Chart 1



Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, S&P Global.

On Deck for Friday, October 23rd

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10-23	08:30	Retail Sales (m/m)	Aug	1.3	1.3	-0.7
CA	10-23	08:30	Retail Sales ex. Autos (m/m)	Aug	--	1.1	-0.7
US	10-23	10:00	U. of Michigan Consumer Sentiment	Oct F	--	46.3	46.3

KEY POINTS:

- Oil prices are up as markets brace for post-midterm conflict...
- ...amid signs of escalating Middle East tensions
- WTI futures curve is the most elevated this year
- Global PMIs point to diverging global growth, tighter margins
- Canadian retail sales to inform consumer tracking
- UK consumers took a breather
- Russia's central bank held

Oil is up again as markets count the days until the Iran war flares again while reading the tea leaves. WTI is at about US\$101/barrel, Brent is over \$114 and the whole WTI futures curve is pointing to prices in the \$80–100 range through to this time next year in what amounts to the most elevated futures curve so far this year (chart 1). Iranian attacks on ships in the Strait of Hormuz, Houthi attacks on the Saudis, Iran's threats to escalate the means of retaliation, and Trump's post about a week ago to "finish the job" are all contributing to this sentiment. Trump is seeking to avert a gasoline and diesel price spike until after the midterms a week-and-a-half from now.

Risk appetite continues to soften. N.A. equity futures are lower by up to ¼% in the case of the S&P500 and TSX, while European cash markets are down by ¼% to ¾%. Major currencies are generally little changed to the dollar with some European crosses softening.

US Treasury yields are up by 4-6bps across the curve and EGBs are relatively calmer compared to earlier this week. Canadian bond yields are up by about 3bps.

Pricing for next week's Bank of Canada meeting is volatile as the risk-reward camp flirts with on-and-off speculation toward a hike or hold. It stood at 23bps of a 25bps hike earlier this morning and then fell back to 20bps which remains majority priced. Leveraged traders are seeking to exploit small basis point moves and driving volatility.

GLOBAL PMIS POINT TO WIDENING GROWTH DISPARITIES

The monthly dump of global purchasing managers' indices registered diverging growth across regions of the world economy while input cost pressures intensify and most regions continued to register ongoing price increases but at a slightly slower pace than in September. They are [here](#) and the composites are shown in chart 2.

- India's composite PMI increased 0.8 points to 56.7 and the gain was led by services (56.2, 52.2 prior) as manufacturing continued to grow at a decent but slower clip (54.9, 55.1 prior).
- Australia's economy sharply decelerated as its composite PMI plunged by 3.6 points to 47.7 and into contraction territory. The drop was led by services (47.8, 51.9 prior) as manufacturing's challenges were unchanged (49.7, 49.6 prior). Output and input price pressures intensified.

- Japan's economy held steady. The composite PMI was unchanged at 52.3 as a little slower growth in manufacturing (53.3, 54.1 prior) was offset by a small pick-up in services (52.0, 51.3 prior).
- The Eurozone's economy softened. The composite PMI fell by 1.2 points to 51.9 because of cooler growth in both services (51.7, 53.0 prior) and manufacturing (52.4, 52.9 prior). France took it hardest by dropping into contraction territory with a composite PMI of 48.4 as both services and manufacturing fell and likely as a reflection of France's bond sell off, political risks and protests. Input price pressures picked up but the pace of output price increases eased a touch.
- The UK economy picked up with the composite PMI rising 1.1 points to 53.1 with gains in both manufacturing and services. Input cost pressures surged while output price increases continued to rise.
- The US will refresh its S&P PMIs for October at 9:45amET.

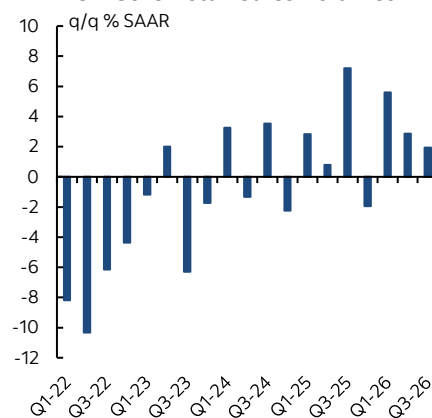
Canada will refresh retail sales estimates for August and September. Statcan had previously guided that August's nominal sales were tracking a gain of over 1% m/m. We need to know how much of that was just price hikes versus volumes, alongside other details like sales breadth. A preliminary estimate for sales in September will also be provided, but only in nominal terms. The usual caution applies in that retail sales represent under half of total consumer spending that is more slanted toward services that are excluded from retail sales estimates.

UK consumers took a breather in September. Retail sales volumes slipped by -0.4% m/m after an upwardly revised prior gain (0.7% up from 0.5%). Sales ex-fuel volumes fell by -0.7% m/m after an upwardly revised 0.9% gain in August (0.6% previously). Core sales have risen on a quarterly basis in four of the past five quarters (chart 3).

Japanese core CPI inflation soared in September (chart 4) but with little new information since we already had Tokyo's measure.

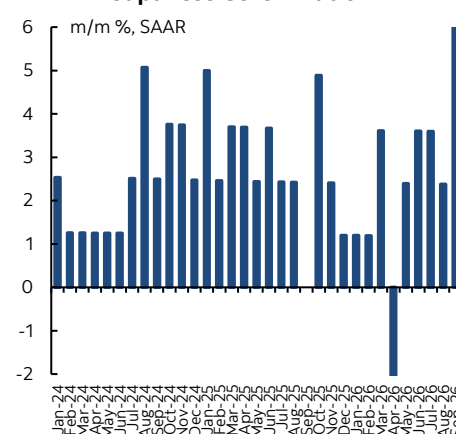
Russia's central bank held its key rate at 14% as widely expected.

Chart 3
UK Core Retail Sales Volumes



Sources: Scotiabank Economics, UK ONS.

Chart 4
Japanese Core Inflation



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

Fixed Income	Government Yield Curves (%):												Central Banks	
	2-YEAR			5-YEAR			10-YEAR			30-YEAR			Current Rate	
	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk	Last	1-day	1-wk		
U.S.	4.70	4.64	4.71	4.82	4.77	4.87	4.99	4.96	5.07	5.31	5.28	5.42	Canada - BoC	2.25
CANADA	3.32	3.29	3.25	3.54	3.51	3.52	3.82	3.78	3.83	4.12	4.09	4.17	US - Fed	4.00
GERMANY	3.05	3.04	3.11	3.15	3.14	3.22	3.34	3.33	3.43	3.69	3.68	3.80	England - BoE	3.75
JAPAN	1.88	1.91	1.92	2.23	2.29	2.34	2.81	2.87	2.93	3.84	3.90	4.02		
U.K.	4.92	4.89	4.88	4.99	4.96	4.96	5.35	5.33	5.37	5.73	5.72	5.84		
	Spreads vs. U.S. (bps):													
CANADA	-138	-136	-146	-128	-126	-135	-118	-117	-125	-118	-119	-125	Euro zone - ECB	2.65
GERMANY	-165	-161	-160	-167	-163	-165	-166	-162	-165	-162	-160	-163	Japan - BoJ	1.25
JAPAN	-281	-273	-279	-260	-248	-253	-219	-209	-214	-147	-138	-141		
U.K.	22	25	17	17	19	9	36	37	30	43	43	42	Mexico - Banxico	6.50
Equities	Level						% change:							
	Last			Change			1 Day	1-wk	1-mo	1-yr				
S&P/TSX	35973			-351.5			-1.0	-0.5	0.6	19.2			Australia - RBA	4.60
Dow 30	52868			11.9			0.0	1.3	2.6	13.1			New Zealand - RBNZ	2.75
S&P 500	7663			-93.7			-1.2	-1.0	-0.6	13.7				
Nasdaq	26009			-694.0			-2.6	-2.6	-3.4	13.4				
DAX	25170			-202.2			-0.8	-1.8	-0.9	4.0				
FTSE	10666			-59.5			-0.6	-2.0	-0.4	11.3				
Nikkei	62693			-214.7			-0.3	-4.0	-3.6	28.9				
Hang Seng	23093			158.7			0.7	-4.0	-7.0	-11.1				
CAC	7753			-58.0			-0.7	-2.6	-4.6	-5.7				
Commodities	Level						% change:						Next Meeting Date	
WTI Crude	101.22			1.75			1.8	-0.2	9.8	63.8			Canada - BoC	Oct 28, 2026
Natural Gas	2.72			-0.08			-2.7	-12.7	-10.0	-18.7			US - Fed	Oct 28, 2026
Gold	4028.51			3.66			0.1	-3.3	-6.0	-2.4			England - BoE	Nov 05, 2026
Silver	54.07			-0.50			-0.9	-5.1	-16.1	10.5			Euro zone - ECB	Oct 29, 2026
CRB Index	414.98			-0.21			-0.1	-0.6	-1.1	36.1			Japan - BoJ	Oct 30, 2026
Currencies	Level						% change:							
USDCAD	1.4003			-0.0007			-0.0	-1.0	-0.7	0.1			Mexico - Banxico	Nov 05, 2026
EURUSD	1.1195			-0.0021			-0.2	-0.4	-1.6	-3.6			Australia - RBA	Nov 02, 2026
USDJPY	156.93			0.1600			0.1	-0.7	-0.9	2.9			New Zealand - RBNZ	Oct 27, 2026
AUDUSD	0.7018			-0.0002			-0.0	1.0	-0.3	7.8				
GBPUSD	1.3372			-0.0029			-0.2	0.3	1.0	0.3				
USDCHF	0.8241			0.0036			0.4	0.0	-0.1	3.6				

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed in this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia’s regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.