

DAILY POINTS

October 27, 2026 @ 8:00 EST

Contributors

Derek Holt

VP & Head of Capital Markets Economics

Scotiabank Economics

416.863.7707

derek.holt@scotiabank.com

On Deck for Tuesday, October 27th

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10-27	08:30	Durable Goods Orders (m/m)	Sep P	1.0	1.9	-0.1
US	10-27	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.3	0.6	0.2
US	10-27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Aug	0.3	0.3	0.3
US	10-27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Aug	2.6	2.6	2.5
US	10-27	10:00	Consumer Confidence Index	Oct	80.5	81.0	81.9
US	10-27	10:00	New Home Sales (000s a.r.)	Sep	650.0	651.0	684.0
US	10-27	10:00	Richmond Fed Manufacturing Index	Oct	--	0.0	-2.0

KEY POINTS:

- **Markets buying time before escalating risks**
- **Last minute Larrys swing a diluted consensus toward a BoC hike**
- **Warnings on AI warnings**
- **Israel's election results could take quite a while**
- **What to make of Canada-US trade talks**
- **US data: durables, confidence, new home sales**

Market fluctuations are merely buying time ahead of tomorrow's escalation of developments that starts an active calendar of global risks straight through to next week. For now, equities are broadly higher, sovereign bonds are slightly richer across most benchmarks except France's longer-end, oil is a touch cheaper and currencies are divided against the greenback.

There isn't a whole lot by way of fresh developments. US data risk is on tap. Israel's election is happening but probably won't reveal anything for a while.

I would fade headlines on Canada-US trade negotiations in a fool-me-once, shame on you, fool-me-twice, shame on me sense. Canada is talking down talks, Trump and Hassett are talking them up, so this all sounds very reminiscent of the path to the breakdown in August. It's the funny season in US politics and the GOP is learning on the hustings that apparently many Americans think a trade war with Canada is just plain nuts. Some of the other developments are downright bizarre, like the intimation that being able to buy blueberries from Canada might save Susan Collins.

ISRAEL'S ELECTION COULD TAKE QUITE A WHILE TO SETTLE

Will Bibi return for another term? Israel's election results could influence the direction of the war with Iran, among other factors. Polls run from 7am–10pm (1amET–4pmET). It may take quite a while to get the results, perhaps measured in days or longer, assuming that another election isn't needed. That lengthy period includes vote counts but also jockeying to establish a workable coalition. Exit polls may provide a hint, but with the vote expected to be very close, they likely won't reveal anything about the potential coalition.

CONSENSUS FINALLY JOINS MARKETS EXPECTING THE BOC TO HIKE

Bloomberg's consensus is misleading by signalling that the median call is on the bubble between 2.25% and 2.5% at 2.375% and hence a 50–50 coin toss. First, remove TD that cheats by having two entries, both holds, and the consensus marginally swings to a hike to 2.5%.

Second, remove the tourists, by which I mean folks who are not connected to the Canadian market and with a casual passing interest and skillset within an overly diluted

consensus that only falls short of asking building security what they think. Third, five of the six major domestic banks are now calling for a hike tomorrow after Bloomberg finally gave the street a boot in the back pocket to update their calls.

The Wall Street Journal's consensus has been more reflective of the body of opinion. Its polling conducted last week showed 11 out of 15 economists expecting +25bps. Still, it's overly diluted with too many tourists, but it has done a much better job of reflecting views. A hike is over 80% priced in OIS.

US DATA RISK

US data risk may factor into the picture today before the focus pivots to a widely expected FOMC hold tomorrow. Consumer confidence (10amET), durable goods orders (8:30amET), two measures of repeat sale house prices in August and September (9amET) and new home sales during September (10amET) are all due out.

RBA, RBNZ, BCCH DEVELOPMENTS

RBA watchers may have an eye on testimony before parliament by Governor Bullock and her colleagues tonight (8:15pmET). The RBA offers its latest decision next week that is 15bps priced for a hike.

Tonight also brings out the RBNZ's expected hike (9pmET) and an expected hold by Chile's BCCh (5pmET).

Enjoy the relative calm as central banks, Mag7 earnings and key data begin heating up over the back half of the week.

WHAT TO MAKE OF AI FIRM'S DOOM CALLS?

Anthropic—the gloomy AI poster child that posts high revenues but huge losses—was the latest to warn of an existential, catastrophic impact of AI on humanity when it issued its S-1 prospectus ahead of its IPO ([here](#)). It's worth reading. This follows a warning from an AI researcher at the same firm a short time ago who warned of a significant risk that AI “could kill us all by the end of the decade.” Suddenly tomorrow's Bank of Canada call doesn't seem to matter versus grabbing a shovel to dig that bunker in the Canadian north.

The substance of its warnings draws upon the following passages in the prospectus and note that the word ‘catastrophic’ appears no fewer than 10 times in melodramatic fashion.

“In addition, advanced AI models, including our models, give rise to novel ethical and safety risks, including risks related to autonomy, manipulation, and the simulation of aspects of human psychology. These risks could result in unforeseen harms and may require the development of governance structures, safeguards, or mitigation strategies beyond existing AI safety frameworks, and there is always a risk that we will be unable to develop or implement them effectively.”

“In addition, models, including our own, have exhibited, and may in the future exhibit, unexpected strategic or self-preserving behaviors, including attempts to resist shutdown, conceal or manipulate information, or generate outputs that could be interpreted as coercive, deceptive, or manipulative, including behavior resembling blackmail or efforts to influence human decision-makers to preserve the model's continued operation or access.”

“Even isolated or simulated instances of such behavior, whether occurring in testing or real-world deployments, and whether occurring with our models or models developed by others, could generate significant public concern, regulatory scrutiny, litigation risk, or reputational harm, regardless of whether such behavior results in actual harm.”

“Concerns have been raised both within our organization and by other researchers, regulators, policymakers, and industry participants that sufficiently advanced AI systems could, if not developed, deployed, and operated with appropriate safeguards, oversight, and security measures, pose catastrophic or existential risks to humanity, particularly if such systems were misused, replicated, weaponized, or allowed to operate with a high degree of autonomy.”

“In addition, with the scale of harm that could result from a catastrophic AI-related incident, no single insurer, and potentially the insurance industry in the aggregate, may have sufficient capacity or expertise to underwrite insurance commensurate with such exposure.”

The message is clear—a leading firm in the sector is deeply concerned that its technology will wipe out humanity and perhaps itself through uninsured losses, but what the heck, get ready to buy its shares anyway!

I'm inclined to listen with one ear to folks who know the technology, its pitfalls and rapidly developing risks, while maintaining healthy scepticism, nonetheless. You'd be foolish not to listen, but perhaps equally foolish to drink their Kool-Aid.

There are two main reasons for being sceptical.

One is that firms with leading technology in a highly fragmented industry that can see rivals quickly overtake the leader may have every incentive in the world to spook people in order to protect their leading if not dominant position. Scare the politicians and regulators so they restrict the technology, create economic barriers to entry and expansion, perhaps envelop the leading firm with a security blanket presently enjoyed by the defence industry against any liability for its products, and presto, the path to great fortune lies ahead. AI firms would hardly be the first to cajole policymakers into creating policies that serve their own interests.

The second main reason draws upon the epic tendency of tech industry folks to come up with grandiose projections that routinely fail. Why believe them now?

1. The Y2K disaster.
2. "The cloud will eliminate the need for hardware."
3. The telecom "bandwidth shortage" — late 1990s
4. "The Internet will destroy traditional media" — 1990s/2000s
5. The "paperless office" — 1970s–1990s
6. No one would want a phone with a touchscreen
7. AI will eliminate 50% of white-collar jobs (2025)
8. AI will expand white-collar jobs, same forecasters (2026)
9. The PC would not become a mass consumer product (Digital Equipment Corp CEO, 1977)
10. Kodak and digital photography.
11. 3D television — roughly 2009–2013
12. Netbooks would replace PCs
13. The smartphone would destroy the PC much faster than it did
14. Internet traffic forecasts — consistently too high
15. "The metaverse is the next Internet"
16. NFTs / "digital ownership"
17. "SaaS means software margins can only go up"
18. Moore's Law would continue indefinitely
19. The "AI will replace almost all software engineers immediately" thesis

If the world population hasn't expired by the end of the decade, then we'll put that one at #1 on the list.

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	4.72	4.78	4.81	4.83	4.93	4.97	4.99	5.11	5.29	5.30	5.42	Canada - BoC	2.25	
CANADA	3.35	3.37	3.38	3.55	3.57	3.62	3.81	3.83	3.89	4.11	4.13	4.19	US - Fed	4.00	
GERMANY	3.08	3.11	3.08	3.16	3.20	3.20	3.34	3.37	3.40	3.67	3.69	3.76			
JAPAN	1.90	1.89	1.90	2.25	2.25	2.31	2.81	2.80	2.90	3.86	3.84	3.96	England - BoE	3.75	
U.K.	4.91	4.93	4.96	4.98	5.00	5.03	5.33	5.34	5.41	5.73	5.75	5.85			
Spreads vs. U.S. (bps):															
CANADA	-135	-135	-140	-126	-125	-131	-116	-116	-122	-118	-118	-123	Euro zone - ECB	2.65	
GERMANY	-162	-161	-170	-165	-163	-173	-163	-162	-171	-162	-161	-166	Japan - BoJ	1.25	
JAPAN	-280	-283	-288	-256	-258	-262	-216	-219	-221	-143	-146	-147			
U.K.	22	21	18	17	17	10	35	35	30	44	44	42	Mexico - Banxico	6.50	
Equities	Level						% change:								
	Last	Change					1 Day	1-wk	1-mo	1-yr					
S&P/TSX	35944	156.0					0.4	0.0	0.4	18.7	Australia - RBA				4.60
Dow 30	52362	146.4					0.3	0.8	1.0	10.1	New Zealand - RBNZ				2.75
S&P 500	7677	53.1					0.7	-0.2	-0.9	11.7					
Nasdaq	26169	214.0					0.8	-1.0	-3.3	10.7					
DAX	25482	71.0					0.3	0.7	0.3	4.8					
FTSE	10687	-80.2					-0.7	-0.4	-0.1	10.7					
Nikkei	63268	1078.7					1.7	-1.3	-4.0	26.0	Canada - BoC				Oct 28, 2026
Hang Seng	23041	-170.5					-0.7	-3.5	-6.0	-12.8	US - Fed				Oct 28, 2026
CAC	7880	33.2					0.4	0.5	-2.4	-4.4					
Commodities	Level						% change:								
WTI Crude	100.86	-0.90					-0.9	-0.9	9.1	64.5	England - BoE				Nov 05, 2026
Natural Gas	2.60	0.00					0.0	-12.1	-18.6	-24.4	Euro zone - ECB				Oct 29, 2026
Gold	4013.73	-2.98					-0.1	-2.7	-2.5	0.8	Japan - BoJ				Oct 30, 2026
Silver	53.32	-0.64					-1.2	-8.0	-12.1	13.8					
CRB Index	414.94	-3.66					-0.9	-0.9	-0.9	37.6					
Currencies	Level						% change:								
USDCAD	1.4023	0.0011					0.1	-0.3	-1.1	0.2	Mexico - Banxico				Nov 05, 2026
EURUSD	1.1146	-0.0028					-0.3	-0.8	-2.0	-4.3	Australia - RBA				Nov 02, 2026
USDJPY	157.75	0.2500					0.2	-0.3	0.2	3.2	New Zealand - RBNZ				Oct 27, 2026
AUDUSD	0.7031	0.0014					0.2	0.4	0.2	7.2					
GBPUSD	1.3322	-0.0020					-0.1	-0.4	0.5	-0.1					
USDCHF	0.8288	0.0013					0.2	0.5	-0.4	4.2					
Next Meeting Date															
													Canada - BoC	Oct 28, 2026	
													US - Fed	Oct 28, 2026	
													England - BoE	Nov 05, 2026	
													Euro zone - ECB	Oct 29, 2026	
													Japan - BoJ	Oct 30, 2026	
													Mexico - Banxico	Nov 05, 2026	
													Australia - RBA	Nov 02, 2026	
													New Zealand - RBNZ	Oct 27, 2026	

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.