GLOBAL ECONOMICS · DAILY POINTS

Scotiabank Economics · 2026-09-03 · English original

Visit our website at scotiabank.com/economics | Follow us on Twitter at @ScotiaEconomics | Contact us by email at scotia.economics@scotiabank.com Contributors Derek Holt VP & Head of Capital Markets Economics Scotiabank Economics 416.863.7707 derek.holt@scotiabank.com GLOBAL ECONOMICS DAILY POINTS September 3, 2026 @ 7:30 EST KEY POINTS: • Oil is up again as the US remains trapped in conflict with Iran • Today will merely pass the time before nonfarm, Canadian jobs tomorrow • JGBs rally as the BoJ tamps down a hawkish outlier • Canadian trade to inform momentum into Q3 • US: layoffs up, ISM - services, trade and claims on tap • FOMC officials cram in views before blackout • Canada ’ s investment announcement today will be the first of many • Negara delivered a mildly hawkish hold • Swiss franc rallies after GDP, CPI both beat Oil ’ s not well in the Middle East this morning. Prices are up by about 1 – 2% across WTI and Brent as the US and Iran swapped strikes. Futures prices are creeping higher (chart 1). Based on some comments from them it ’ s finally sinking in within the GOP that there is no clear way out of it as they panic with two months to go before the midterms. Diverting attention by turning Washington into a real - life ‘ blame Canada ’ South Park sequel won ’ t help either. As for the rest, any market moves today are merely passing the time before potential fireworks with tomorrow ’ s jobs reports. Talk from the usual ‘ people familiar with the matter ’ indicates that the BoJ is leaning toward +25bps on September 18 th , tamping down a hawkish outlier on the Board who previously tried to open the door to upsizing and a greater frequency of hikes. JGB yields are lower in bull flattener fashion with the long - end down by 8 – 9 bps. This is causing slight relief through the carry trade into other benchmarks as gilts and EGBs rally while Canada and the US tread water. The yen is outperforming as flow comes back into JGBs. Stocks are mixed but generally little changed across N.A. futures and European cash markets. Markets continue to price about a 30% chance of a Bank of Canada hike on October 28 th and most of hike by December. The way Governor Macklem spoke yesterday (recap here), I wouldn ’ t shut the door on the view that such pricing is light. By the way, and for the rather less enlightened, that's the country's central bank; it has no branches in the US lol!! N.A. RELEASES WILL MERELY TEASE BEFORE FRIDAY ’ S JOBS Tomorrow ’ s US payrolls and Canadian jobs reports for August will be the main focus over the duration of the week. The two countries release a few sideshows to bide the time this morning. On Deck for Thursday, September 3 rd Chart 1 Chart 2 Country Date Time Indicator Period BNS Consensus Latest CA 09-03 08:30 Merchandise Trade Balance (C$ bn) Jul -- 3.2 3.9 CA 09-03 08:30 Productivity (q/q a.r.) 2Q -- -- -0.5 US 09-03 08:30 Initial Jobless Claims (000s) Aug 29 205 205 203 US 09-03 08:30 Continuing Claims (000s) Aug 22 1790 1785 1778 US 09-03 08:30 Productivity (q/q a.r.) 2Q F -- 1.4 1.4 US 09-03 08:30 Trade Balance (US$ bn) Jul -90 -90.3 -73.3 US 09-03 08:30 Unit Labor Costs (q/q a.r.) 2Q F -- 1.3 1.3 US 09-03 08:30 Fed's Waller in Moderated Conversation US 09-03 10:00 ISM Non-Manufacturing Composite Aug 54.5 54.1 54.1 US 09-03 15:00 Fed's Hammack Gives Opening Remarks US 09-03 15:55 Fed's Goolsbee Gives Closing Remarks 15 65 115 165 215 265 315 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Thousands 2023 2024 2025 2026 US Challenger Job Cuts 000s of jobs, NSA Sources: Scotiabank Economics, Challenger, Gray & Christmas Inc. 55 60 65 70 75 80 85 90 95 100 105 Apr-26 May-26 Jun-26 Jul-26 Aug-26 Sep-26 Oct-26 Nov-26 Dec-26 Jan-27 Feb-27 Mar-27 Apr-27 May-27 Jun-27 Jul-27 Aug-27 Sep-27 Oct-27 Nov-27 Dec-27 WTI Futures USD/bbl Sources: Scotiabank Economics, Bloomberg. Mar. 11th Apr. 22nd Mar. 2nd Feb. 2nd Mar 25th Apr. 8th Jun 23rd May. 6th May 14th Jul

10th Jan 2nd

2 Global Economics September 3, 2026 DAILY POINTS Previews for nonfarm and Canadian jobs were offered in my weekly . Scotia ' s house calls are +30k for nonfarm and +20k for Canadian jobs. Canada refreshes trade figures for July this morning (8:30amET). Export volumes have been on a tear so I wouldn't be surprised to see some moderation. Canada also refreshes labour productivity figures for Q2 that might post a solid gain after strong GDP (8:30amET). Little watched PMIs for August (9:30amET) have not performed terribly well at tracking the economic rebound. The US trade deficit is expected to blow out in this morning's July update (8:30amET). I estimate it will increase from - US$73billion in July to about - $90 billion in August. More important may be US ISM - services for August (10amET). It ' s expected to be little changed from the 54.1 reading in July but often surprises. Watch prices paid that are probably going to remain very hot, while the employment subindex has been indicating job losses more often than gains so far this year. And the arrival on Saturday of the FOMC communications blackout is causing of rush of officials seeking to jam in their views beforehand. Governor Waller speaks at 8:30amET and will be followed by uber - hawk Hammack at 3pmET and Chicago ' s Goolsbee at 3:55pmET. Listening to NY Fed President Williams yesterday had me thinking he is not convinced by the need to be raising rates. US Challenger job cuts climbed to 52,881 in August. The figures are not seasonally adjusted and they were within the normal range for a month of August. Lastly, PM Carney will announce " an historic investment in Canadian manufacturing " this morning at 10amET. It ' s in Thunder Bay where manufacturers include subway train cars including a contract awarded earlier this year to make 70 " state of the art " six - car trains for the TTC. With the Investment Summit about a week - and - a - half away we should be expecting more pre - announcements in the coming days. LIGHT OVERNIGHT DEVELOPMENTS Bank Negara Malaysia held its policy rate at 2.75% overnight as widely expected. It sounded like a mildly hawkish hold that observed inflation is relatively tame. That's largely because of fuel subsidies and caps that have kept prices down. The Swiss franc rallied a touch on the back of stronger than expected GDP and inflation figures. Q2 GDP was up by 1.9% q/q SAAR (consensus 1.7%) with some of the beat due to a small downward revision to Q1 (0.6% from 0.7%). CPI increased by 0.4% m/m (consensus 0%). That still leaves inflation running at just 0.8% y/y (0.8% consensus) with core at 0.4% y/y (consensus 0.3%). -0.2 -0.1 -0.1 0.0 0.1 0.1 0.2 0.2 0.3 0.3 2024 2026 2023 2004 2008 2021 2003 2001 2000 2006 2018 2025 2005 2013 Average 2002 2017 2014 2019 2016 2010 2020 2011 2007 2009 2015 2012 Sources: Scotiabank Economics, Eurostat. m/m % change, NSA Comparing Swiss Core CPI for All Months of August Chart 3

3 Global Economics September 3, 2026 DAILY POINTS Fixed Income Last 1-day 1-wk Last 1-day 1-wk Last 1-day 1-wk Last 1-day 1-wk U.S. 4.36 4.37 4.23 4.53 4.53 4.40 4.77 4.78 4.68 5.25 5.26 5.19 Canada - BoC 2.25 CANADA 3.09 3.10 2.97 3.40 3.42 3.30 3.79 3.79 3.71 4.16 4.17 4.13 GERMANY 2.97 3.00 2.86 3.10 3.12 2.98 3.35 3.38 3.25 3.83 3.84 3.76 US - Fed 3.75 JAPAN 1.85 1.87 1.70 2.28 2.32 2.16 2.96 3.03 2.91 4.08 4.17 4.08 U.K. 4.56 4.62 4.36 4.66 4.72 4.58 5.17 5.23 5.03 5.82 5.87 5.76 England - BoE 3.75 CANADA -127 -127 -127 -113 -112 -110 -99 -99 -97 -109 -109 -106 Euro zone - ECB 2.40 GERMANY -139 -137 -137 -143 -141 -142 -142 -140 -142 -142 -142 -144 JAPAN -252 -250 -254 -225 -222 -224 -182 -175 -177 -117 -108 -112 Japan - BoJ 1.00 U.K. 19 24 12 13 18 17 40 45 35 57 61 56 Equities Mexico - Banxico 6.50 1 Day 1-mo S&P/TSX 0.7 2.5 Australia - RBA 4.35 Dow 30 0.6 -0.2 S&P 500 0.5 0.9 New Zealand - RBNZ 2.75 Nasdaq 0.5 1.2 DAX 0.0 -0.6 FTSE 0.3 -0.6 Nikkei -0.2 0.7 Canada - BoC Oct 28, 2026 Hang Seng -0.4 -3.1 CAC -0.2 -4.1 US - Fed Sep 16, 2026 Commodities WTI Crude 1.5 15.0 England - BoE Sep 17, 2026 Natural Gas 1.1 7.5 Gold 1.2 9.3 Euro zone - ECB Sep 10, 2026 Silver 0.7 13.1 CRB Index -0.1 9.7 Japan - BoJ Sep 18, 2026 Currencies USDCAD -0.3 -1.7 Mexico - Banxico Sep 24, 2026 EURUSD 0.2 0.9 USDJPY -1.6 -0.7 Australia - RBA Sep 29, 2026 AUDUSD 0.3 2.8 GBPUSD 0.0 0.4 New Zealand - RBNZ Oct 27, 2026 USDCHF -0.5 -0.2

Spreads vs. U.S. (bps): Government Yield Curves (%): 2-YEAR 5-YEAR 10-YEAR 30-YEAR 10.3 Last 36092 53062 7667 26218 25850 Change 265.9 295.1 35.1 118.1 33.0 -111.2 -97.9 -18.5 % change: -0.5 7.0 1-wk -2.0 Level -2.9 -0.7 10789 64214 25213 8262 % change: 1-yr 25.5 17.2 18.9 22.0 9.6 17.6 53.1 % change: -0.8 -0.1 0.3 -2.0 -0.8 -1.4 3.8 -2.4 2.8 10.6 -3.6 -5.0 44.4 24.5 59.6 Level Level 2.99 -0.46 0.03 416.84 92.39 4432.94 65.77 1.38 51.26 0.45 -0.0041 1.3802 1.1610 156.11 0.7193 1.3491 0.8088 -0.0040 0.0022 -2.6000 0.0024 0.0005 Current Rate Central Banks Next Meeting Date 0.6 9.9 -0.4 -0.4 -2.1 -0.0 -0.8 0.1 -0.4 5.4 0.3 0.6 37.7

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