

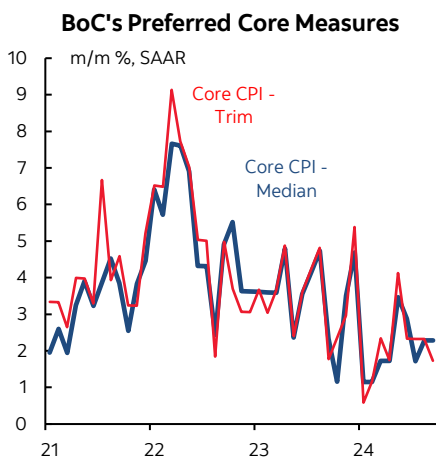
Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	11/19	08:30	Core CPI - Median (y/y)	Oct	--	--	2.3
CA	11/19	08:30	Core CPI - Trim (y/y)	Oct	--	--	2.4
CA	11/19	08:30	CPI, All items (m/m)	Oct	0.4	0.3	-0.4
CA	11/19	08:30	CPI, All items (y/y)	Oct	2.0	1.9	1.6
CA	11/19	08:30	CPI, All items (index)	Oct	--	--	161.1
US	11/19	08:30	Building Permits (000s a.r.)	Oct	--	1435.0	1425.0
US	11/19	08:30	Housing Starts (000s a.r.)	Oct	1350	1334.0	1354.0
US	11/19	08:30	Housing Starts (m/m)	Oct	-0.3	-1.5	-0.5
CA	11/19	08:30	Core CPI - Common (y/y)	Oct	--	--	2.1
CA	11/19	08:30	CPI SA, All items (m/m)	Oct	0.3	--	0.0

### Contributors

#### Derek Holt

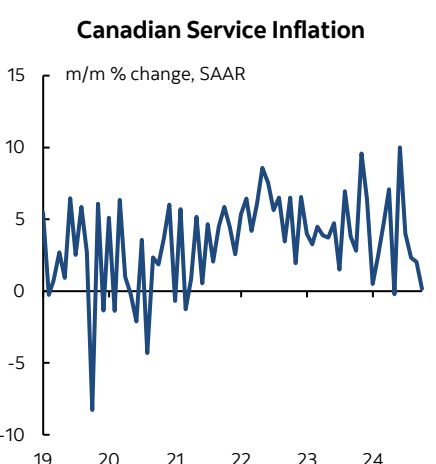
VP & Head of Capital Markets Economics  
 Scotiabank Economics  
 416.863.7707  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

Chart 1



Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada, Haver.

### KEY POINTS:

- **Safe havens in demand on fear Ukraine-Russia war is escalating**
- **Canadian CPI may return to 2% y/y...**
- **...but key will be the BoC's preferred core gauges...**
- **...yet even they could play second fiddle to GDP & US policy risks**

Risk appetite is weakening across all major asset classes this morning on concern that Russia's illegal invasion of Ukraine is escalating. Biden's lifting of the ban on using high precision long range ATACMS missiles provided by the US against Russia was followed up by Ukraine's first such strike overnight against a military site and led to Putin's sabre rattling as he adjusted a nuclear arms doctrine to allow their use against non-nuclear states supported by nuclear ones. Guess Putin's afraid of getting back what he's given.

The dollar and yen are broadly appreciating. US Treasury yields are dearer with the 2s and 10s down by about 5-6bps. Stocks are broadly lower with N.A. futures off by 1/4% to 1/2% and European cash markets mostly 1%+ lower with less than that in London.

There were no other material overnight releases or developments. The focus is on Canadian inflation and what it may—or may not—say about the BoC's December bias. In my opinion, it's not necessarily the most important domestic data in that regard. Over time, domestic data itself could matter less than US policy developments such as ill-advised US trade provocations against multiple economies.

### Canadian CPI — May Not Be What Determines the BoC's December Move

Canada updates CPI for October this morning (8:30amET). Estimates for headline inflation range from 0.2% to 0.4% m/m NSA (Scotia 0.4%) and 1.8% to 2% y/y (Scotia 2%) from 1.6% previously. A 0.4% m/m NSA rise would translate into about a 0.3% SA increase. Therefore, everyone expects the prior month's dip to have been temporary while still leaving behind soft overall inflation.

Drivers are reviewed in my [weekly](#). Key, however, will be the trimmed mean and weighted median 'core' gauges that are preferred by the BoC. The m/m SAAR measures will inform the tracking of underlying price pressures at the margin. They have been ebbing over recent reports but it's futile to forecast them (chart 1).

I wouldn't be surprised to see volatile services inflation pick up again from recent lows (chart 2).

CPI is arguably not the most important data point to consider. That may be the following week's GDP figures that will inform tracking of Q3 and Q4 growth and hence whether the BoC is still trapped in a pattern of downward revisions to their growth projections. If so, then it would once again add more slack than they had estimated in the October MPR and increase their concern toward undershooting 2% inflation going forward which would be incrementally dovish to size and pace arguments. The next jobs report could also matter.

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.	4.25	4.28	4.34	4.23	4.28	4.31	4.37	4.41	4.43	4.57	4.61	4.57	Canada - BoC	3.75
CANADA	3.17	3.15	3.08	3.11	3.10	3.02	3.28	3.28	3.18	3.32	3.30	3.19	US - Fed	4.75
GERMANY	2.13	2.18	2.13	2.15	2.20	2.18	2.33	2.37	2.36	2.54	2.58	2.57	England - BoE	4.75
JAPAN	0.56	0.56	0.51	0.71	0.71	0.66	1.07	1.08	1.02	2.30	2.31	2.27		
U.K.	4.40	4.42	4.50	4.30	4.34	4.41	4.43	4.47	4.50	4.87	4.91	4.91		
	Spreads vs. U.S. (bps):													
CANADA	-108	-113	-126	-113	-117	-130	-110	-114	-125	-125	-131	-138	Euro zone - ECB	3.40
GERMANY	-212	-210	-221	-208	-207	-213	-205	-204	-207	-204	-203	-200	Japan - BoJ	-0.10
JAPAN	-369	-372	-383	-353	-356	-365	-331	-333	-341	-228	-230	-230		
U.K.	15	14	16	7	6	9	6	5	7	30	30	34	Mexico - Banxico	10.25
Equities	Level						% change:						Next Meeting Date	
	Last	Change			1 Day	1-wk	1-mo	1-yr						
S&P/TSX	24977	86.3			0.3	0.8	0.6	23.8					Australia - RBA	4.35
Dow 30	43390	-55.4			-0.1	-2.0	0.3	24.2					New Zealand - RBNZ	4.75
S&P 500	5894	23.0			0.4	-1.8	0.5	30.6						
Nasdaq	18792	111.7			0.6	-2.6	1.6	33.0						
DAX	18957	-232.4			-1.2	-0.4	-3.6	19.1						
FTSE	8074	-35.6			-0.4	0.6	-3.4	7.6					Canada - BoC	Dec 11, 2024
Nikkei	38414	193.6			0.5	-2.4	-1.5	14.4					US - Fed	Dec 18, 2024
Hang Seng	19664	87.1			0.4	-0.9	-5.5	12.7					England - BoE	Dec 19, 2024
CAC	7185	-92.9			-1.3	-0.6	-5.6	-0.7					Euro zone - ECB	Dec 12, 2024
Commodities	Level						% change:						Japan - BoJ	Dec 19, 2024
WTI Crude	68.60	-0.56			-0.8	0.7	-0.9	-9.6					Mexico - Banxico	Dec 19, 2024
Natural Gas	2.98	0.01			0.2	2.4	31.9	0.6					Australia - RBA	Dec 09, 2024
Gold	2631.20	19.37			0.7	1.3	18.0	32.8					New Zealand - RBNZ	Nov 26, 2024
Silver	30.74	0.08			0.3	-1.8	-4.3	28.1						
CRB Index	284.01	4.29			1.5	0.8	1.6	3.8						
Currencies	Level						% change:							
USDCAD	1.4026	0.0011			0.1	0.6	1.4	2.2						
EURUSD	1.0562	-0.0036			-0.3	-0.6	-2.3	-3.5						
USDJPY	153.99	-0.6700			-0.4	-0.4	2.1	3.8						
AUDUSD	0.6493	-0.0015			-0.2	-0.6	-2.5	-1.0						
GBPUSD	1.2636	-0.0042			-0.3	-0.9	-2.7	1.0						
USDCHF	0.8833	0.0002			0.0	0.2	2.0	-0.2						

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 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.