Scotiabank.
Global FX Strategy

CAD WEEKLY
Friday, October 3, 2025

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Calendar highlights for the coming week:

Canada

Aug Trade Balance—Tuesday

Sep Ivey PMI—Tuesday

Sep Employment—Friday

US—Subject to Delay

Aug Trade Balance—Tuesday

FOMC Minutes—Wednesday

Weekly Claims—Thursday

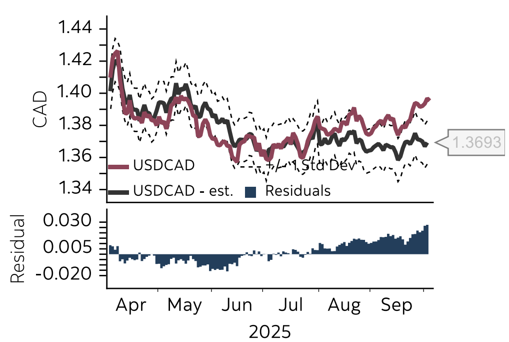
Aug Wholesale Inventories—Thursday

Oct U. Michigan Sentiment—Friday

Sep Federal Budget Balance—Friday

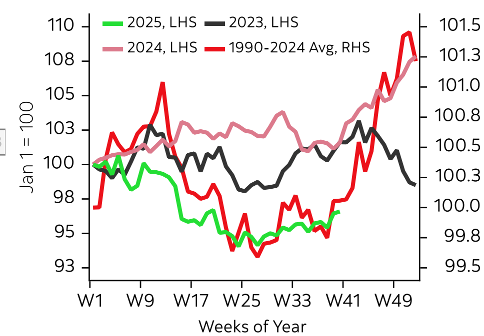
CAD Weekly Outlook October 3, 2025

USDCAD Vs. Estimated Fair Value



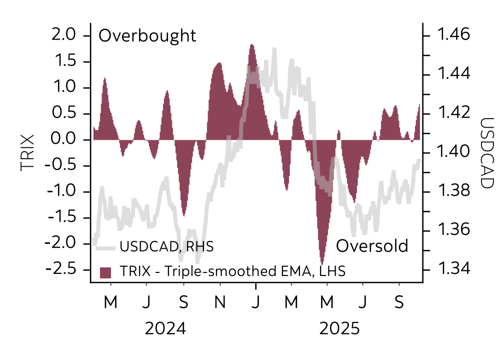
Source: Macrobond, Scotiabank FICC Strategy

CAD - Seasonal Profile



Source: Macrobond, Scotiabank FICC Strategy

USDCAD Vs. Momentum Oscillator



Source: Macrobond, Scotiabank FICC Strategy

CAD Weekly Outlook

CAD Cheapens Significantly, Excessively

The CAD has had another poor week, slipping against a weaker USD and its G10 peers while underperforming alongside the MXN and BRL. It is underperforming on the month, with a loss of 1.2% against the USD, the worst among the major currencies outside of the KRW. Weaker crude and a mild downturn in Canadian terms of trade are the obvious drags on the CAD's performance. But short-term spreads have narrowed marginally and overall, CAD drivers have turned marginally more constructive since last Friday.

Our fair value estimate for the CAD (1.3693 today) has improved marginally, but steadily, over the week whereas the spot rate has continued to grind higher. The USD's overvaluation is now very significant at just over two standard deviations above the equilibrium estimate, similar to the extreme overvaluation seen in March. Investors have little reason to buy the CAD from a fundamental point of view and—as we highlighted last week—seasonal factors typically weigh against the CAD between now and year end. But excessive valuation may constrain the USD's ability to advance significantly, however, absent new drivers.

This was supposed to be payrolls week but the US government shutdown delayed all major data releases this week and—and, at this point—means that official data releases are delayed for the foreseeable future. We should get the preliminary U. Michigan sentiment data for October Friday but that might be it for the week. To fill the void, there are several Fed speakers who may shed more light on policy prospects. Bostic, Miran and Kashkari speak Tuesday. Barr and Kashkari (again), along with the FOMC minutes (focus here may be on Miran's dissenting opinion in favour of a more aggressive easing) are Wednesday. Kashkari (again) and Barr speak Thursday. Goolsbee speaks Friday. The narrative response to clear signs from the ADP data that the labour market is weakening may bolster expectations for 50bps of easing from the Fed over the balance of this year despite the official data vacuum. Canadian data may also be affected by the US shutdown. Trade data are due Tuesday but Canada and the US use the other country's import data to produce export figures. The 2018/19 shutdown resulted in a delay to the Canadian trade data release. The September Ivey PMI is out Tuesday and the labour market update is due Friday (no estimates at this point).

The CAD has failed to grasp any of the technical straws that have been available to it on the charts in the past couple of weeks, allowing the broader USD grind higher to extend. The move up in funds is well-supported by trend strength signals across the short-, medium-and long-term charts so there is little reason to look for the CAD to pick up ground right now. The 200-day MA (1.3987 currently) capped the USD rally in May and—so far—the latest USD advance, however. That may stabilize the CAD slide for now but absent a catalyst to drive the USD lower, USD losses may remain limited to 1.3890/00. Weakness below here targets a USD drop to the low 1.38s. There is additional resistance above the 200-day MA at 1.4000/20.

NEXT WEEK'S NORTH AMERICAN CALENDAR

Day	Country	Release	Period	Consensus	Last
Tue	CA	Int'l Merchandise Trade	Aug	--	-4.94b
	US	Trade Balance	Aug	-$61.4b	-$78.3b
	CA	Ivey Purchasing Managers Index SA	Sep	--	50.1
	US	Fed's Bostic Speaks at Fisk University in Nashville			
	US	Fed's Miran in Fireside Chat			
	US	NY Fed 1-Yr Inflation Expectations	Sep	--	3.20%
	US	Fed's Kashkari Speaks at Star Tribune Summit			
	US	Consumer Credit	Aug	$15.000b	$16.010b
Wed	US	Fed's Barr Keynote at Community Banking Research Conference			
	US	FOMC Meeting Minutes	17-Sep	--	--
	US	Fed's Kashkari Hosts Fireside Chat with Senator Tina Smith			
Thur	MX	CPI MoM	Sep	--	0.06%
	US	Initial Jobless Claims	4-Oct	--	--
	US	Continuing Claims	27-Sep	--	--
	US	Wholesale Inventories MoM	Aug F	--	-0.2%
	MX	Central Bank Monetary Policy Minutes			
	US	Fed's Kashkari and Barr Speak in Conversation			
Fri	MX	Industrial Production NSA YoY	Aug	--	-2.7%
	CA	Unemployment Rate	Sep	--	7.1%
	CA	Net Change in Employment	Sep	--	-65.5k
	CA	Hourly Wage Rate Permanent Employees YoY	Sep	--	3.60%
	US	Fed's Goolsbee Gives Opening Remarks			
	US	U. of Mich. Sentiment	Oct P	--	55.1
	US	Federal Budget Balance	Sep	--	-$344.8b