Scotiabank
Global FX Strategy

CAD WEEKLY

Thursday, November 26, 2026

Analyst Team

Shaun Osborne
Chief FX Strategist
416.945.4538
shaun.osborne@scotiabank.com

Eric Theoret
FX Strategist
416.863.5934
eric.theoret@scotiabank.com

Calendar highlights for the coming week:

<u>Canada</u>

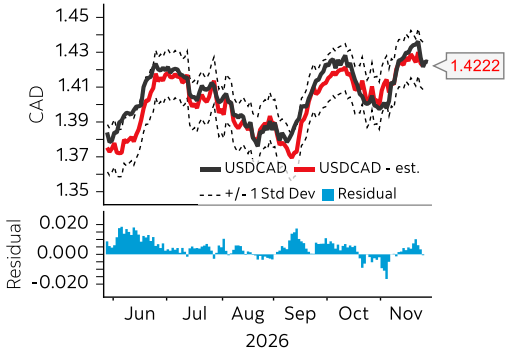
Sep/Q3 GDP – Monday
Nov S&P Global Manuf. PMI – Tuesday
Q3 Labour Productivity – Thursday
Nov S&P Global Svc/Comp PMI – Thursday
Nov Employment – Friday

<u>US</u>

Nov Dallas Fed Manufacturing - Monday
Oct JOLTS – Tuesday
Nov ISM Manufacturing – Tuesday
Nov ADP Employment – Wednesday
Nov ISM Services – Thursday
Oct Factory Orders – Thursday
Nov Non-Farm Payrolls – Friday
Dec U. Michigan Sentiment – Friday

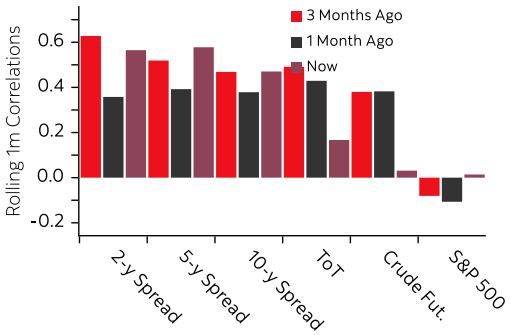
CAD Weekly Outlook

USDCAD Vs. Estimated Fair Value



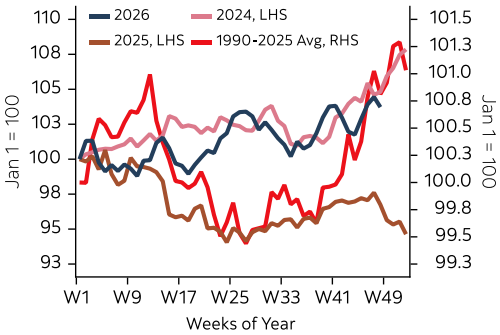
Source: Macrobond, Scotiabank FICC Strategy

What's Influencing the CAD?



Source: Macrobond, Scotiabank FICC Strategy

USDCAD - Seasonal Profile



Source: Macrobond, Scotiabank FICC Strategy

CAD Weekly Outlook

CAD Finds its Feet as Spreads Narrow

The CAD is 0.6% stronger against the USD on the week at writing, the best performance among the G10 currencies. Front-end swap spreads have narrowed by around 8bps since Monday and are 12bps lower from the recent "wide" on November 10, providing essential support for the CAD and driving spot back to the 1.42 zone, a move we anticipated in last week's note. Comments from Governor Macklem this week underscored the Bank of Canada's concerns about building inflation pressures across the economy. High energy costs will be passed on to the consumer in the coming year, adding to cost pressures that have been building since the spring, the governor commented. Second round effects will add to inflation persistence and even if somewhat lower oil prices mean that inflation will not rise as much as policymakers had previously expected, core price pressures remain.

Those remarks clearly leave the door open to tighter monetary policy, and it is notable that other Canadian banks joined Scotia's call for a December rate hike following the governor's comments. Recall that our colleagues in Scotia Economics tightened up their rate forecast recently to anticipate 25bps increase at each of the Bank's next three meetings. Swaps have priced in 20bps of a December hike but reflect only 40bps of anticipated tightening overall through March. Swaps have quite a bit more work to do if out rate call is on the money. Tightening expectations should remain resilient even if incoming data disappoint somewhat. The Bank's immediate concern is inflation. and it will probably look through modest softness in jobs, for example. Our week ahead model anticipates some downside pressure on the USD within a 1.4152/1.4341 range; that looks reasonable from our vantage point. Tightening expectations should help firm up the ceiling on USDCAD in the low/mid 1.43s, even if CAD seasonality remains challenging.

After this week's lull, key data reports pick up next week. Canadian GDP data for September and Q3 kick off the week; September industry-level activity was flagged as soft (-0.1% M/M) in the prior month's advance data and growth will slow notably in the quarter. PMIs and productivity data fill out the week ahead of the Employment report Friday, which is expected to show a 20k gain in jobs and a tenth off the Unemployment rate to 6.6%. In the US, labour market data dominate the week. Jolts on Tuesday and ADP on Wednesday precede Friday's NFP data for November (+90k and 4.1% unemployment). Solid GDP revisions this week underscore US economic strength, supporting the outlook for tighter Fed policy. The notion of a "Fed put" under Chairman Warsh will be tested if equity market volatility extends significantly, however.

Technicals lean into the idea of some improvement in the CAD, at least in the short run. The daily chart (over) reflects two solid days of CAD gains after Monday's pop to a new high for the USD. That creates a potential (very likely) outside range/key reversal signal on the weekly chart and should mean some additional, near-term downside pressure on the USD towards 1.4158 (50% retracement of the USD's November rally) at least. Resistance is 1.4285/95.

Scotiabank

NEXT WEEK'S NORTH AMERICAN CALENDAR

Day	Country	Release	Period	Consensus	Last
Mon	CA	Quarterly GDP Annualized	3Q	1.6%	3.3%
	CA	GDP MoM	Sep	-0.1%	0.0%
	CA	GDP YoY	Sep	1.1%	1.5%
	US	MNI Chicago PMI	Nov	--	55.3
	US	Dallas Fed Manf. Activity	Nov	10.2	13.4
Tue	CA	S&P Global Canada Manufacturing PMI	Nov	--	49.6
	US	S&P Global US Manufacturing PMI	Nov F	--	54.5
	MX	Remittances Total	Oct	--	$5362.2m
	MX	S&P Global Mexico Manufacturing PMI	Nov	--	49.5
	US	JOLTS Job Openings	Oct	7450k	7523k
	US	ISM Manufacturing	Nov	55	55.5
	US	Construction Spending MoM	Oct	0.8%	-1.9%
Wed	US	ADP Employment Change	Nov	80k	86k
Thu	US	Challenger Job Cuts YoY	Nov	--	-71.30%
	CA	Labor Productivity QoQ	3Q	--	1.0%
	US	Initial Jobless Claims	28-Nov	193k	189k
	US	Continuing Claims	21-Nov	--	1697k
	CA	S&P Global Canada Services PMI	Nov	--	48.1
	CA	S&P Global Canada Composite PMI	Nov	--	48.1
	US	S&P Global US Services PMI	Nov F	--	54.7
	US	S&P Global US Composite PMI	Nov F	--	54.6
	US	ISM Services Index	Nov	54.5	54.5
	US	Factory Orders	Oct	0.4%	1.8%
Fri	US	Change in Nonfarm Payrolls	Nov	90k	165k
	US	Unemployment Rate	Nov	4.10%	4.10%
	CA	Net Change in Employment	Nov	20.0k	-4.7k
	CA	Unemployment Rate	Nov	6.6%	6.7%
	US	Average Hourly Earnings MoM	Nov	0.3%	0.4%
	CA	Ivey Purchasing Managers Index SA	Nov	--	58.3
	US	U. of Mich. Sentiment	Dec P	53	51.5



TM 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 Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of CIPF. Scotia Capital (USA) Inc. is a registered broker-dealer with the SEC and is a member of the NASD and SIPC. The Bank of Nova Scotia is authorised and regulated by the Office of the Superintendent of Financial Institutions of Canada. Scotia Capital Inc. is authorised and regulated by the Investment Industry Regulatory Organization of Canada. The Bank of Nova Scotia (London) and Scotiabank Europe plc. are authorised by the UK Prudential Regulation Authority. The Bank of Nova Scotia is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Scotiabank Europe plc is regulated by the UK Financial Conduct Authority and 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 upon request. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the CBI Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

This publication is not a research report and is considered a marketing communication only. Consequently this commentary is not governed by rules applicable to the publication and distribution of research reports, including relevant restrictions or disclosures required to be included in research reports and has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research. This publication is not meant to provide information sufficient upon to base an investment decision, or to replace any due diligence or analytical work required by you in making investment decisions. The information contained in this publication is not subject to any prohibition in the EU on dealing ahead of the dissemination of investment research. This communication has been prepared and distributed by staff of Scotia Capital Inc.'s Institutional Equity Sales and Trading Desk (a Canadian Investment Dealer, member of IIROC) solely for the use of sophisticated institutional investors. Past performance or simulated past performance is not a reliable indicator of future results. Forecasts are not a reliable indicator of future performance. The opinions and statements contained herein are intended for information purposes only and are subject to change without notice. In addition, the opinions and statements contained herein are based on information taken from sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness, or timeliness. Furthermore, the opinions expressed herein represent the personal views of the writer and may not be shared by other members of the Institutional Equity Desk or other areas, units, divisions or affiliates of Scotia Capital Inc. Additionally, either the Institutional Equity Desk or other areas or divisions could trade in accordance with the views expressed or trade against these views. Any transactions by US Institutional Investors in any security mentioned or referenced in this publication cannot be effected through Scotia Capital Inc. and must be executed with a U.S. broker-dealer, including Scotia Capital (USA) Inc., an affiliate of Scotia Capital Inc. Scotia Capital (USA) Inc. is a registered broker-dealer with the SEC and is a member of FINRA, the NYSE and SIPC.

Scotia Capital Inc., its directors, officers, employees, affiliates or clients may currently or from time to time own or hold interests in long or short positions in the securities referred to herein, and may at any time make purchases or sales of these securities as principal or agent. Scotia Capital Inc. or its affiliates may have provided or may provide investment banking, capital markets advice or other services to the companies referred to in this communication. This email should not be construed as investment advice or as an offer to sell or a solicitation of an offer to buy any securities or other financial instruments. Neither Scotia Capital Inc. nor any of its officers, directors, partners, employees or affiliates accepts any liability for any direct or consequential loss arising from this publication or its contents. Scotia Capital Inc. recommends that investors independently evaluate each issuer and security discussed in this publication, and consult with any advisors they deem necessary prior to making any investment.

***If you are subject to the prohibition on third-party benefits in relation to portfolio management and independent investment advice under MiFID II (Directive 2014/65/EU and the accompanying Regulation (EU) No 600/2014) or the UK Markets in Financial Instruments (Amendment)(EU Exit) Regulations 2018, each as amended from time to time, and should not have received this communication**, please advise us in writing at trade.supervision@scotiabank.com.*

*Redistribution **or onward forwarding of this email is strictly prohibited.** If you believe that this email was sent to you in error, please forward a message to that effect as soon as practicable to trade.supervision@scotiabank.com*

To unsubscribe from receiving further Commercial Electronic Messages click this link: https://www.unsubscribe.gbm.scotiabank.com/.

Scotiabank™