Scotiabank
Global FX Strategy

CAD WEEKLY

Friday, November 6, 2026

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Calendar highlights for the coming week:

<u>Canada</u>

BoC Summary of Deliberations – Tuesday

Sep Building Permits – Thursday

Sep Manufacturing/Wholesale Sales – Friday

<u>US</u>

Oct NFIB Small Bus. Sentiment – Tuesday

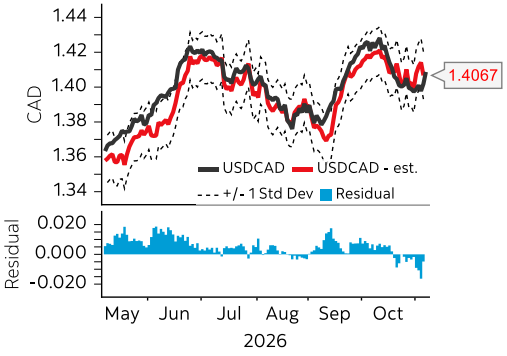
Oct CPI – Tuesday

Oct Existing Home Sales – Thursday

Oct PPI – Friday

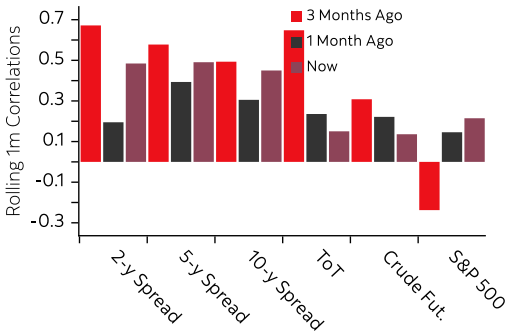
CAD Weekly Outlook

USDCAD Vs. Estimated Fair Value



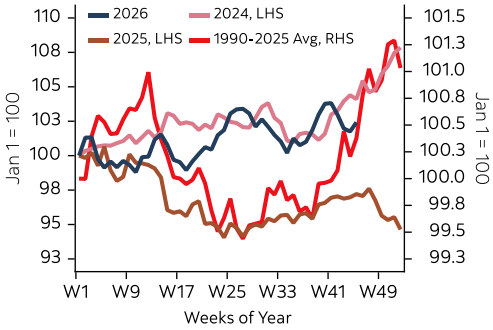
Source: Macrobond, Scotiabank FICC Strategy

What's Influencing the CAD?



Source: Macrobond, Scotiabank FICC Strategy

USDCAD - Seasonal Profile



Source: Macrobond, Scotiabank FICC Strategy

CAD Weekly Outlook

Risk Appetite Set-Back for the CAD

The CAD has failed to deliver on the potential for its recent rebound to extend this week, slipping 0.9% against a generally firmer USD. Elevated equity-market volatility has overshadowed pretty much everything else, although the combination of weak Canadian and strong US jobs data has given the CAD an added nudge lower into the weekend. Our correlation screen shows soft or weakening relationships across most variables, although the CAD/equity correlation has swung notably from negative to slightly positive over the past three months. Seasonal headwinds are an additional potential CAD-negative in the coming weeks and, as we have warned recently, risk developing into a deeper setback for the currency. Overall, though, the CAD is perhaps trading about where it should be according to our fair-value estimate. Key underlying variables, such as front-end swap spreads, have deteriorated only modestly this week, suggesting the shift in spot reflects risk sentiment and the bid for the USD more than a fundamental change in the outlook. Our week-ahead model anticipates mild downward pressure on the USD within an estimated 75% confidence trading range of 1.4014/1.4192. USD gains into the 1.42+ area may provide good value for CAD buyers.

The data calendar next week is light in both Canada and the US. In Canada, the BoC's summary of deliberations around the October 28th rate hike may reflect a hawkish-but-cautious approach to the outlook. In the US, the focus will be on CPI and PPI data on Tuesday and Friday, respectively. The BLS will not publish an October year-on-year CPI rate because the October 2025 index level is absent following last year's US government shutdown. Recent trends have reflected a pickup in headline inflation on a year-on-year basis, while alternative data sources, such as Bloomberg's Price Project, may point to a continuation of that trend. Forecasts assume a 0.3% M/M rise in the BLS data, which would suggest the Fed is still some way from securing price stability. PPI data are due Friday and year-on-year readings remain on the calendar, although the absence of an October 2025 index level may create the same issue as for CPI. A few Fed policymakers are also scheduled to speak next week. Given Chairman Warsh's reluctance to give much away on the policy outlook, Vice Chair Williams' remarks on Thursday may attract a little more attention. Canadian markets are closed for the Remembrance Day bank holiday, while the US Treasury market is closed for Veterans Day on November 11th.

USDCAD losses could not extend much below 1.3975 this week, thwarting the developing downside move in spot. So, it is back to the technical drawing board for me. USD gains have been meaningful today, reaching 1.4125/30 and putting pressure on the 40-day MA at 1.4099. The daily DMI signal has narrowed to neutral, implying that the low-1.41 area may be "make or break" for the rally. Weekly price action is firmly bullish, tilting risks towards further gains in the short run and potentially driving a retest of the mid-October bearish reversal around 1.43, which capped the USD's September/October rally. USD support is 1.4060 and 1.3975.

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NEXT WEEK'S NORTH AMERICAN CALENDAR

Day	Country	Release	Period	Consensus	Last
Mon	MX	CPI MoM	Oct	0.55%	0.42%
	MX	CPI YoY	Oct	3.64%	3.45%
	US	Wholesale Inventories MoM	Sep F	--	0.6%
	US	NY Fed 1-Yr Inflation Expectations	Oct	3.78%	3.90%
Tue	US	NFIB Small Business Optimism	Oct	--	97.9
	US	ADP Weekly Employment Change	24-Oct	--	16.750k
	US	CPI MoM	Oct	0.3%	0.6%
	CA	Bank of Canada Summary of Deliberations			
Wed	MX	Industrial Production NSA YoY	Sep	--	3.5%
Thu	CA	Building Permits MoM	Sep	--	8.8%
	US	Initial Jobless Claims	7-Nov	--	189k
	US	Continuing Claims	31-Oct	--	1718k
	US	Existing Home Sales	Oct	3.87m	3.99m
	US	Federal Budget Balance	Oct	--	-$284.3b
Fri	CA	Manufacturing Sales MoM	Sep	--	1.5%
	CA	Wholesale Sales ex Petroleum MoM	Sep	--	-1.6%
	US	PPI Final Demand MoM	Oct	0.4%	1.3%
	US	PPI Ex Food and Energy MoM	Oct	0.3%	0.7%
	US	PPI Final Demand YoY	Oct	--	6.3%
	US	PPI Ex Food and Energy YoY	Oct	--	5.0%



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