Scotiabank
Global FX Strategy

DAILY FX UPDATE

Thursday, November 12, 2026

Analyst Team

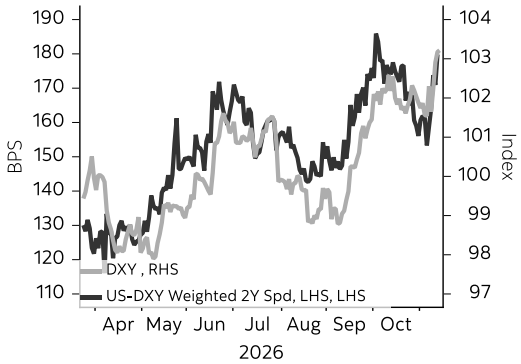
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Overview

- USD retains a strong undertone amid rising yields, wider spreads.
- CAD steadies near 1.43 area, remains prone to softness.
- EUR weighed by wider EZ/US spreads, technical momentum.
- GBP finds some traction in low 1.32s, positive UK fundamentals are a plus.
- JPY tests 160 area overnight, officials warn on "rapid" FX moves.
- AUD, NZD underperform as Asian tech stocks slip.
- MXN outperforms majors, firms modestly but holds range.

DXY Lifted by Yields, Spreads



Source: Macrobond, Scotiabank FICC Strategy

USD Presses Yield Advantage

FX Market Update—The USD is ending the week on a firm note. Intraday price action is muted and movement across the core majors is limited. But the tale of the tape this week is clear. The surge in US yields is providing the essential drive behind these broad dollar gains. The US 2Y Treasury bond yield has risen some 40bps since Monday, an unusual degree of movement, which has propelled the DXY to its highest since April last year. At the margin, haven demand related to uncertainty over the US/Iran situation and the volatility in the US tech sector may be adding to USD tailwinds. A deeper and more sustained shake out in US tech stocks could work against the USD (by easing Fed tightening speculation and weighing on US growth and inflation dynamics). But as it stands, strong USD gains this week have taken the DXY out of its recent consolidation range and above the peak seen in mid-October when price action turned more bearish. And new highs, solid bull momentum and a break above long run technical resistance (50% retracement of the DXY's 2025/2026 decline at 102.86) point to a stronger for longer USD right now. US PPI data at 8.30ET are expected to show moderate gains in the October month relative to September. Headline PPI is expected to rise 0.4% M/M (versus 1.3% in the prior period). Several Fed officials have speaking engagements today. The emerging consensus seems to be that more tightening is needed (in December) but the Fed is not behind the curve (no need for a 50bps move). Mitigating factors are perhaps the sharp fall in oil prices from the recent peak and the uncertainties around the extent and impact of the AI drawdown.

USDCAD (1.4266) The CAD is marginally softer on the day, but little changed in effect from yesterday's close as USD gains consolidate just below 1.43, close to its mid-October high. The CAD is outperforming its commodity peers, with the AUD and NZD sitting near the foot of the overnight performance table with a loss of around 0.25% each following sharp declines in regional tech stocks overnight. Front-end US/Canada swap spreads have narrowed modestly in late week trading, with may help steady the CAD. But the broader USD trend will be hard for the CAD to ignore. Canada reports Manufacturing Sales and Wholesale Sales data this morning. Modest gains are expected for both, but these effectively second-tier data reports are unlikely to impact CAD sentiment.

USDCAD short-term technicals: Bullish – Solid USD gains this week bring spot to within a whisker of the October peak at 1.43. Elevated intraday, daily and weekly trend momentum signals suggest the USD rise may extend somewhat. We spot strong trend resistance at 1.4320 currently, however, which should help contain USD gains in the short run at least. Intraday support is 1.4225.

EURUSD (1.1054) The EUR is little changed on the session as spot holds a tight trading range around 1.1050. Wider front-end spreads (the EZ/US 2Y differential has widened 15bps this week) explains the EUR's performance to a very large extent. Eurozone Q3 GDP was left unrevised at 0.4% Q/Q (1.3% Y/Y). September's Trade Balance recorded a EUR8.7bn deficit, wider than August's EUR7.8bn red ink entry. S&P provides an update on Italy's sovereign rating after the close. An upgrade to A is possible.

EURUSD short-term technicals: Bearish – A soft weekly close is in store for the EUR, pointing to more losses ahead. This week's break under support in the low 1.11 zone takes out the recent range base and major retracement support (50% Fibonacci of the EUR's 2025/26 rally). With trend momentum signals picking up across the short-, medium- and long-term charts, the technical move in the EUR looks poised to extend bearishly in the next few weeks towards the 1.0900/50 zone.

GBPUSD (1.3236) The GBP is effectively flat on the day, showing the barest of losses against the strong USD amid very minor losses for the core majors overall. Sterling sits a little more comfortably than some of its peer in that losses this week are not breaking new ground in terms of ranges.

(cont.)

Cable remains well above the low around 1.3150 that has held the range base since the spring. Solid UK data indicating elevated growth momentum, which will keep the BoE in play in the coming weeks and months, constitute fundamental support for the pound to counter the broader USD trend.

GBPUSD short-term technicals: Neutral – Heavy net GBP selling since Tuesday has steadied into the end of the week. The daily candle chart reflects a potential "doji star" candle pattern which may (if confirmed) point to some scope for GBP gains in the short run as spot finds some anchoring in the noted 1.3200/75 congestion range.

TODAY'S CALENDAR

Time (ET)	Country	Release	Period	Consensus	Last
8:30	CA	Manufacturing Sales MoM	Sep	0.1%	1.5%
8:30	CA	Wholesale Sales ex Petroleum MoM	Sep	0.5%	-1.6%
8:30	US	PPI Final Demand MoM	Oct	0.4%	1.3%
8:30	US	PPI Ex Food and Energy MoM	Oct	0.3%	0.7%
8:30	US	PPI Final Demand YoY	Oct	6.6%	6.3%
8:30	US	PPI Ex Food and Energy YoY	Oct	5.0%	5.0%
9:10	US	Fed's Collins Delivers Opening Remarks			
9:40	US	Fed's Logan Gives Opening Remarks			
10:35	US	Fed's Collins Appears on Bloomberg TV			
10:50	US	Fed's Bowman Speaks in Virtual Address on Sup & Reg			
11:00	EC	ECB's Nagel Speaks in Munich			
12:00	US	Fed's Daly Speaks in Moderated Discussion			
19:00	US	Fed's Jefferson Speaks on Technology and Productivity			

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