Scotiabank
Global FX Strategy

DAILY FX UPDATE

Friday, November 6, 2026

Analyst Team

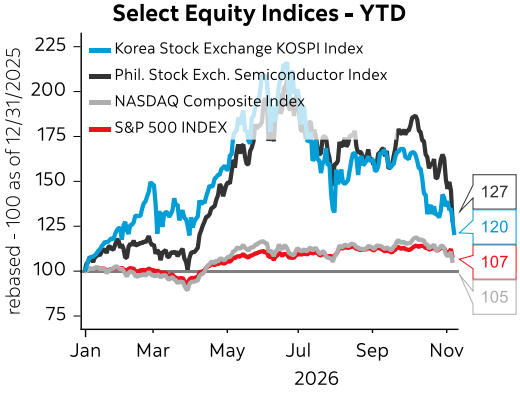
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Overview

- USD strengthening vs. both majors and commodity currencies; risk in NFP.
- CAD soft while performing on crosses w/ near-term risk in dual jobs release.
- EUR slides below 1.12 as broader range trade persists.
- GBP softer in line with peers as USD gains overshadow hawkish BoE.
- JPY sees no evidence of haven bid as N225 drops 22% from June peak.
- AUD, NZD underperform on risk aversion.
- MXN resilient after surprise "one and done" Banxico cut.

Select Equity Indices - YTD



Source: Macrobond, Scotiabank FICC Strategy

USD Seeing Broad, Sentiment-Driven Strength Into Nonfarm Payrolls

FX Market Update—The USD is strong and the relative performance of the G10 currencies is hinting to risk aversion as market participants assess the continued deterioration in sentiment related to the post-midterm softening of the AI/chip/tech trade. The NOK and NZD are underperforming with near-1% declines while the majors GBP, EUR, and JPY are down between 0.3-0.4% – sizeable declines in the context of their typical daily ranges. The CAD is a relative performer among its growth-sensitive commodity currency peers and entering Friday's NA session with a modest decline while the CHF is trading close to flat. The MXN is a notable outperformer, showing a 0.3% gain on the back of Thursday's surprise cut – which was reassuringly paired with guidance that conveyed expectations for rates to remain steady for an extended period. Sentiment is dominating, as the post-midterm reassessment of the tech narrative continues, with the latest developments centered on reports of possible congressional probes targeting high profile tech companies as well as individual leaders. The geopolitical situation has also shown signs of renewed deterioration, following reports of fresh Iranian attacks on ships in the Strait of Hormuz, Saudi interception of drone, and no notable reassurance from reports of high-level talks between President Trump and the Emir of Qatar. Finally, hawkish comments from key Fed and ECB Policymakers (NY Fed President Williams and ECB Chief Economist Lane) have added cause for concern as they leaned hawkish and highlighted that they were observed pass-through of energy-related inflation, 'as expected'. US equity futures look to be pointing to a positive open, with Nasdaq futures hinting to a near-1.5% gain, offering reassurance following broad weakness across Asia and Europe. The KOSPI – the market's preferred tech bellwether at the moment – was down a shocking 6% on the day. Benchmark bond yields are relatively well behaved, and showing signs of stabilization following Thursday's notable declines, with the US 2Y falling a notable 11bpts on the day. The US curve's bull steepening likely reflects the combination of softer tech-driven AI investment-related growth and persistent fiscal concerns limiting the rally at the long end. Oil prices are relatively quiet, despite the latest deterioration in the US/Iran conflict, with WTI consolidating just above $90/bbl and Brent steady below $100/bbl. Price action in copper remains worrisome, from a growth perspective. The price of gold is showing signs of consolidation following this week's recovery, with clear resistance observed above $4100/oz. Friday's NA session will be dominating by this week's data highlight – the nonfarm payrolls release for October (8:30am ET). The headline print is expected at 70K and the unemployment rate is expected unchanged at 4.2%. The 10am ET release of the preliminary UMich sentiment figures will also be closely scrutinized, specifically the inflation expectations subindices. Fedspeak includes Musalem (non-voting), Bowman (voting), and Daly (non-voting). Expectations for Fed tightening have softened considerably in the latest tech rout, and markets are now pricing only 17bpts by December, and 42bpts by the end of next year. The yawning gap between the DXY and its fundamentals continues to widen, as we note that our FV estimate based on weighted 2Y spreads is now at 99.5 and well below spot at 102.

USDCAD (1.4065) The CAD is soft and entering Friday's NA session with a modest 0.2% decline, outperforming most of the G10 currencies. Thursday's federal budget release offered no major surprises and delivered no material movement in the currency. Domestic risk remains elevated as market participants look to the October employment report where consensus anticipates a 15K print – likely above the standard 10K typically expected, given the weak prints for both September and August. The recent decline in oil prices and modest widening in US-Canada yield spreads has been a modest headwind for the CAD, delivering a notable rise in our USDCAD FV estimate over the past few sessions. FV is currently at 1.4067, completely narrowing its gap to spot.

USDCAD short-term technicals: Bearish/neutral – the latest recovery in USDCAD has delivered a meaningful shift in momentum, lifting the RSI back to the neutral threshold at 50. Near-term resistance has been observed around 1.4080, a level corresponding to the 38.2% retracement of the Aug/Oct rally. A break from here would challenge the bearish reversal observed from the October peak. We see near-term support below 1.40.

EURUSD (1.1174) The EUR is down 0.4% against the generally stronger USD as investors gravitate back to the USD amid the volatility in global stocks. There is some peril for the USD in the AI/tech correction, however, as markets price out Fed tightening risks and front-end US yields respond to the risk of slower growth and easier inflation pressures. Front-end EZ/US spreads have narrowed close to 25bps since the start of October which supports fair value estimate for the EUR (1.1260) that is somewhat higher than spot. Eurozone data provided mixed fundamental news. German Industrial Production rose 0.7% in September (-0.1% expected) and Spanish Industrial Production gained a stronger than forecast 0.8% in the same month. September Eurozone Retail Sales fell a weaker than expected 0.7%, however.

EURUSD short-term technicals: Neutral – The EUR's inability to make progress through the upper 1.12s and noted resistance at 1.1275 has undermined near-term technical prospects and tips spot back into the broader range in place since the start of October. Key support is 1.1110/15.

GBPUSD (1.3400) The GBP is down in line with its core major peers. The BoE policy decision Thursday delivered the expected 25 bps increase in the policy rate to 4.00%, but the overall outcome was a little more hawkish than expected. There was one dissent against the decision, but MPC member Mann wanted a 50bps hike. The two doves who were expected to oppose tightening voted for a hike with the majority. By a narrow margin, comments from policymakers favour a little more tightening at least but Governor Bailey made it clear that high energy prices are the Bank's primary focus and concern – suggesting that significantly tighter policy may be avoided if oil cools enough.

GBPUSD short-term technicals: Neutral – Sterling losses through short-term support at 1.3455 yesterday drove the pound lower, as we expected. But losses extended a little more than the technical set up suggested was likely and weakness through the low 1.34 area undermine the more positive technical picture for the GBP that had been developing. Spot may consolidate around 1.3375/1.3425 congestion in the short-term. But more losses could point to a drop back to 1.3275/1.3325.

USDJPY (158.36) The JPY is softer, with no sign of safe-haven demand to support the currency on the session despite us noting the strengthening in the JPY's positive correlation with the VIX recently. One reason for that is perhaps the fact that the N225 – Japan's benchmark stock index – joined the global tech sector sell-off and plunged nearly 6% today, marking its third largest points decline ever. The index is now 22% below its June all time high – and entering a bear market in effect.

TODAY'S CALENDAR

Time (ET)	Country	Release	Period	Consensus	Last
8:30	CA	Net Change in Employment	Oct	15.0k	-68.3k
8:30	CA	Unemployment Rate	Oct	6.5%	6.5%
8:30	CA	Full Time Employment Change	Oct	--	-35.4k
8:30	CA	Part Time Employment Change	Oct	--	-32.9k
8:30	CA	Hourly Wage Rate Permanent Employees YoY	Oct	2.1%	2.3%
8:30	CA	Participation Rate	Oct	64.8%	64.8%
8:30	US	Change in Nonfarm Payrolls	Oct	70k	29k
8:30	US	Unemployment Rate	Oct	4.2%	4.2%
8:30	US	Average Hourly Earnings MoM	Oct	0.3%	0.1%
8:30	US	Average Hourly Earnings YoY	Oct	2.9%	3.0%
8:30	US	Average Weekly Hours All Employees	Oct	34.4	34.4
8:30	US	Labor Force Participation Rate	Oct	61.8%	61.8%
8:30	US	Underemployment Rate	Oct	7.6%	7.6%
9:10	US	Fed's Musalem (St. Louis, non-voting)			
10:00	CA	Ivey Purchasing Managers Index SA	Oct	--	58.2
10:00	US	U. of Mich. Sentiment	Nov P	48.0	48.0
10:00	US	U. of Mich. Current Conditions	Nov P	47.0	46.7
10:00	US	U. of Mich. Expectations	Nov P	49.0	48.8
10:00	US	U. of Mich. 1 Yr Inflation	Nov P	4.6%	4.7%
10:00	US	U. of Mich. 5-10 Yr Inflation	Nov P	3.5%	3.5%
12:15	US	Fed's Bowman (BoG, voting) speaks			
13:00	US	Fed's Daly (SF, non-voting) speaks			
15:00	US	Consumer Credit	Sep	$13.800b	$8.281b

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