

Financial HARTbeat

Inflation

Nov 17th 2025



Good Morning,

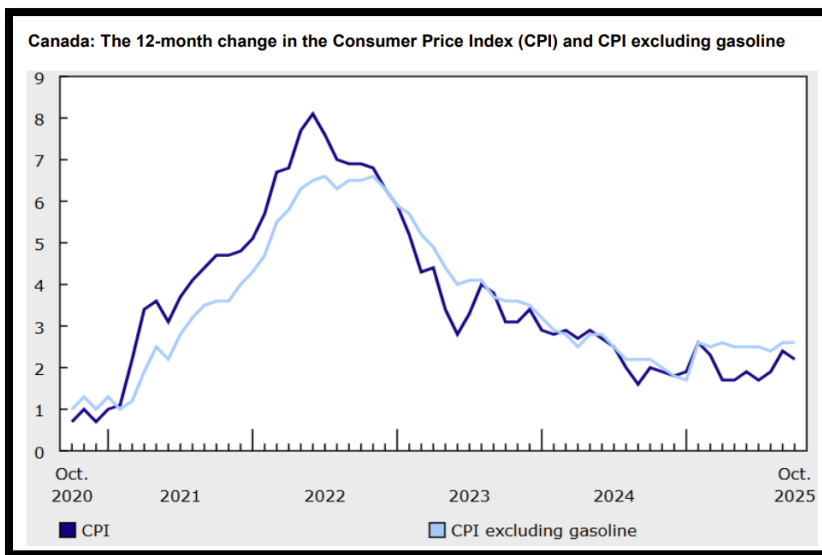
Inflation continues to fall globally...some easier comparables as well over next quarter should continue that down trend in Canada...

AI in deflationary...is this temporary or permanent structure change.....

Big tech earnings this week to watch...Alphabet and Nvidia...

Catch the playback of our Weekly Roundup [Click here](#)

Chart of the Day: Inflation falling again....as of next Feb....probably continues weakness ahead on that front...



NB Capital Markets/Top News 11.17.25



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Top News

Canadian stock futures were little changed this morning, following the release of the much-anticipated economic report that showed Canada's annual inflation rate in October eased to 2.2%. The decline was driven by a drop in gasoline prices, lower food prices and mortgage interest costs that came down below the 3% mark. The removal of the carbon tax on gasoline earlier this year continued to depress yearly price increases for the past several months.

Statistics Canada said that barring the carbon levy removal, annual consumer price index rose by 2.7% in October from 2.9% in September. Analysts polled by Reuters had forecast the inflation to be at 2.1% for October, down from 2.4% in September.

On a monthly basis, CPI inflation was up 0.2%, in line with forecasts. Another contributor the slower increase in inflation was food prices. Year over year, prices for food purchased from stores rose 3.4% in October, down from a 4.0% increase in September. Though grocery prices decelerated in October, prices remained elevated and have exceeded overall inflation for nine consecutive months. Mortgage interest cost, a part of shelter inflation, increased at an annual pace of 2.9% in October. This was the first time in more than three years that it came down below 3%. However, rent inflation, another part of the overall shelter inflation, rose above 5% clocking an acceleration for two months in a row. Due to volatility in some prices and government's tax breaks, the BoC and economists have tracked the measures of core inflation to gauge price trends in Canada. One of the core measures of inflation, the CPI-median, or the centermost component of the CPI basket, was at 2.9% in October, down from a downwardly revised 3.1% in September, while the other core measure, CPI-trim, which excludes the most extreme price changes, edged down to 3.0% in October from 3.1% in September.

The Bank of Canada has cited stable inflation as one of the prime reasons to signal a halt in rate cuts last month. A further easing is likely to bolster its confidence to stand pat on the current policy rate of 2.25% next month.



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A separate report from the Canadian Real Estate Association showed that Canadian home sales rose 0.9% in October from September as lower borrowing costs helped offset uncertain prospects for Canada's economy. It was the sixth monthly gain for home sales in the last seven months. Without seasonal adjustment, sales were down 4.3% on an annual basis. The industry group's Home Price Index edged up 0.2% on the month but was down 3% year-over-year. In corporate news.

In the U.S., the main indexes were set for a muted open today, heading into a packed week that includes AI bellwether Nvidia's results and the resumption of government data releases, while Alphabet shares rose after Berkshire Hathaway disclosed a stake.

The quarterly earnings season will start to thin out this week. So far, from the 456 S&P 500 Index companies that have reported earnings for the quarter, 82.7% topped profit estimates compared with a long-term average of 67.2%.

Signals from the Dollar (Argus)

The dollar, the world's dominant currency, offers nuanced clues about the confidence that investors have in the U.S. economy and financial system. The greenback has been in hot demand since the start of the pandemic, as investors sought a safe haven for assets. This trend has started to unwind a bit in 2025 as the dollar has given back 5% on a global, trade-weighted basis and 6% compared to an index of advanced economy currencies. Some of the slide is linked to economic uncertainty caused by trade and tariff policies, though reasons also include the swelling U.S. federal debt load and the pressure that President Trump is putting on the Fed to lower rates.

These events pose the risk that the value of sovereign debt will erode over time, and is being referred to as the "debasement trade." In short, investors around the world have started the process of rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet groans. Still, we would hesitate to say the dollar is at risk of losing its status as the global currency of choice. Despite the pullback this year, the dollar is 15% above its 20-year average value. It is supported by the depth of a \$27 trillion market, not to mention by the Federal Reserve and by the country's time-tested political/economic system of democratic capitalism.



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The alternatives (the euro, yen or yuan) have their flaws as well. That said, we view the dollar as one of the main checks and balances to the U.S.'s status as the leader of the global economy. We would be concerned that the country could be at risk of losing this status if the dollar were to plunge another 20% in a short time (such as when S&P downgraded U.S. debt back in 2011). A greenback at 2011 levels would almost certainly mean higher interest rates, a potential drag on the economy, and intense pressure on the major market indices.

Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	2.76%	-0.6
CDA Prime	4.45%	0.0	CDA 10 year	3.17%	-1.8
CDA 3 month T-Bill	2.22%	0.0	CDA 20 year	3.50%	-1.1
CDA 6 month T-Bill	2.27%	0.5	CDA 30 year	3.61%	-1.1
CDA 1 Year	2.34%	0.5			
CDA 2 year	2.48%	-1.4			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4%	0.0	US 5 year	3.70%	-2.9
US Prime	7.00%	0.0	US 10 year	4.08%	-3.4
US 3 month T-Bill	3.79%	-1.4	US 30 year	4.68%	-2.3
US 6 month T-Bill	3.81%	-2.0	5YR Sovereign CDS	38.23	
US 1 Year	3.66%	-2.5	10YR Sovereign CDS	46.38	
US 2 year	3.56%	-3.1			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	690.82	-0.08%	8.72%		
BMO Laddered Preferred Shares (ETF)	12.03	-0.62%	9.86%		

Source: LSEG

Things are looking up! Have a great day!

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