TD Economics

Weekly Bottom Line

November 13, 2026

Highlights

Canada

- Bond yields have risen this week as hawkish commentary from central bankers and a hot inflation report in the U.S. raised worries about future rate increases.
- Canadian yields were pulled higher by U.S. financial conditions.
- Monday's October inflation report will give further insight on whether rising costs are being passed on to consumers.

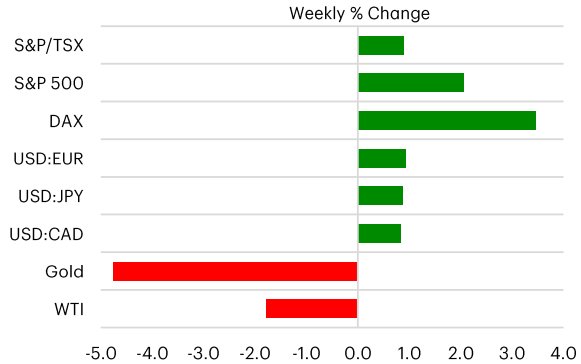
U.S.

- Headline and core CPI remained hot in October, exceeding market expectations and leading markets to price in higher interest rates from the Federal Reserve.
- Small business confidence remained stable, but the share of businesses planning to raise prices and wages surged.
- Existing-home sales fell to their lowest level since August 2010, weighed down by elevated mortgage rates.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	7518	7377	7819	6344
S&P/TSX Comp.	36092	35789	36958	29907
DAX	26722	25820	26772	22301
FTSE 100	10878	10674	10911	9507
Nikkei	61142	57435	72366	48538
Fixed Income Yields				
U.S. 10-yr Treasury	5.12	4.86	5.30	3.94
Canada 10-yr Bond	3.84	3.66	4.00	3.12
Germany 10-yr Bund	3.36	3.25	3.64	2.64
UK 10-yr Gilt	5.32	5.15	5.48	4.23
Japan 10-yr Bond	2.87	2.65	3.13	1.70
Foreign Exchange Cross Rates				
C$ (USD per CAD)	0.70	0.71	0.74	0.70
Euro (USD per EUR)	1.10	1.11	1.20	1.10
Pound (USD per GBP)	1.32	1.34	1.38	1.31
Yen (JPY per USD)	159.8	158.5	163.9	152.2
Commodity Spot Prices**				
Crude Oil ($US/bbl)	89.35	90.83	113.0	55.3
Natural Gas ($US/MMBtu)	3.06	2.59	33.80	2.37
Copper ($US/met. tonne)	13642.1	13962.6	14821.0	10684.2
Gold ($US/troy oz.)	3876.8	4070.8	5417.2	3874.6

*As of 10:37 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

U.S. Equities Shrug Hot Inflation Report, Trek Higher



Note: Data as of 10:33 AM ET, Friday, November 13, 2026.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets	
Central Banks	**Current Target**
Federal Reserve (Fed Funds Rate)	3.75 - 4.00%
Bank of Canada (Overnight Rate)	2.50%
European Central Bank (Refi Rate)	2.65%
Bank of England (Repo Rate)	4.00%
Bank of Japan (Overnight Rate)	1.25%

Source: Bloomberg.

Canada – Yields Rise Ahead of Monday's Inflation Report

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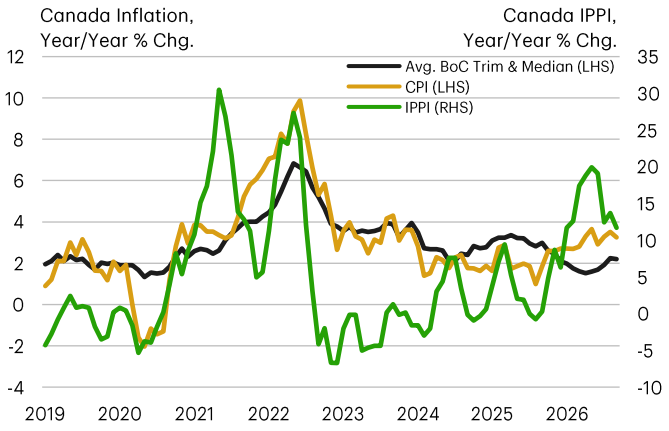
Bonds have had a tough week, as the sell-off has pushed the U.S. 10-year Treasury yield up by 27 basis points, taking its Canadian counterpart 20 basis points higher. The Canadian 10-year yield is back up to 3.88% (at time of writing) - fully reversing its decline of the past two weeks. The bond sell-off has come despite oil prices treading water just below $90 a barrel. For the loonie this is a perfect storm of bad news. The interest rate differential with the U.S. widened out, while energy prices provided no support. It now sits at a one-month low of 70 cents U.S..

Behind this week's market dynamics were a slew of hawkish commentary from Fed officials following yet another hot inflation report. Expectations for rate hikes in the U.S. ticked higher, pulling the rest of the world along.

Hot core inflation is starkly different from the situation in Canada. Core inflation metrics have been relatively well behaved, still lingering around 2%, even on a six-month basis. The energy shock has translated to faster top-line growth, but thus far the pass through to core prices has yet to materialize (Chart 1).

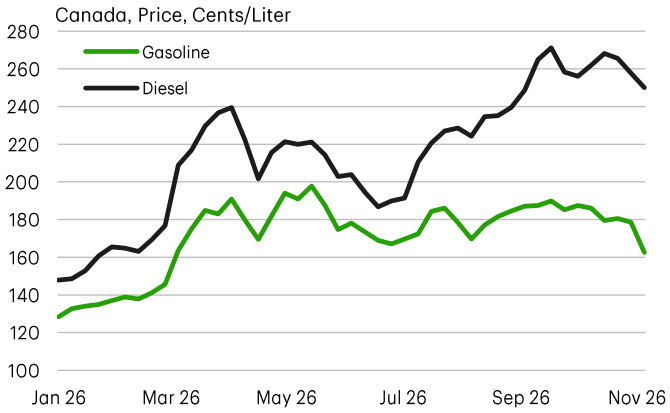
But there's the rub. Just because core prices have yet to materially accelerate, doesn't mean they won't. The Bank of Canada's October Monetary Policy Report expected the price surge to come in late 2026 and into 2027. Their forecast implies that businesses soon start passing on higher input costs to their customers. We too expect to see core inflation start to rise but are not yet confident that these increases will be of a similar magnitude. Recent weakness in the economy and the labour market suggest that demand-side conditions likely aren't yet in a place where companies enjoy ample pricing power. An acceleration in growth next year is likely, but economic uncertainty is still high, whether it's durable enough to sustain elevated inflation is an open question. Meanwhile, crude oil prices have tumbled 15% from their late October highs, removing some of the cost-push pressures.

Chart 1: Core Prices Slow to Respond to Cost Push



Source: Statistics Canada, TD Economics. Last Observation: Sep. 2026.

Chart 2: Energy Input Costs Drift Lower in November



Source: Kalibrate Canada Inc., Haver Analytics, TD Economics.
Last Observation: Nov. 10, 2026

This all sets up next Monday's October inflation report. We're likely to see some volatility in energy prices, in particular gasoline (Chart 2) showing through on transportation costs. However, the important questions will be whether a broader set of price categories are showing accelerating price gains, and to what extent core measures are reflecting an uptick in underlying inflation.

Regardless of how the October inflation report pans out, oil prices have declined in November. Even with tight supplies for refined products (diesel & gasoline), lower fuel prices will help alleviate inflation pressures up the supply chain. Where things go from here is highly uncertain, but broadly speaking we still expect a normalization of global oil flows to gradually bring prices down in 2027. This will help turn down the heat on inflation and limit the upside to interest rates.

U.S. – Firm Inflation Cements the Case for Another Hike

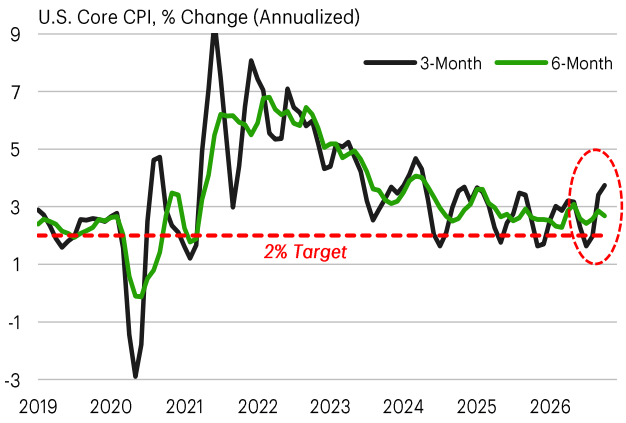
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Financial markets were jolted by another firm inflation report this week. The U.S. dollar and Treasury yields climbed as investors priced in more Fed rate hikes. The 10-year Treasury yield rose from around 4.9% earlier in the week to above 5.1%, reflecting the inflation surprise and hawkish comments from Fed officials. While tech-sector developments also added to the volatility, the swing in the interest rate outlook defined the week's economic news.

Both headline and core consumer price gains exceeded consensus expectations in October (see here). Missing October 2025 data prevented official year-on-year comparisons, but shorter-term trends confirm that inflation remains too hot for comfort (Chart 1). While the source of inflation pressure has shifted from tariffs to higher energy costs and strong demand for tech-related goods, inflationary pressures appeared fairly broad-based across categories in the October report, and showed little sign of cooling. This broad-based pressure has cemented the case for a December hike.

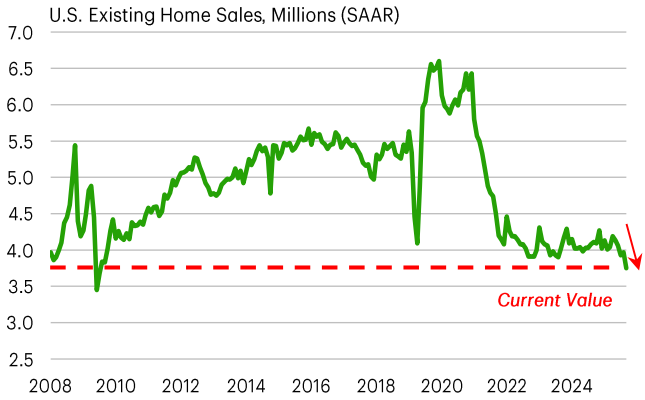
Fed officials echoed that message with hawkish comments this week. Governor Christopher Waller backed a December rate increase, warning that a larger move could be considered if inflation worsened. Dallas Fed President Lorie Logan argued that at least two more quarter-point increases may be needed, while Philadelphia Fed President Anna Paulson said "further gradual tightening seems appropriate." Markets are now pricing in a 10% chance that the Fed raises rates half a point in December. Expectations for rates further out shifted higher too. Following the CPI report, markets expect more rate hikes in 2027 than they expected last week, pricing in more than two quarter-point hikes next year on top of December's move, signalling that markets increasingly expect rates to stay elevated for longer.

Chart 1: U.S. Core CPI Inflation Remains Well Above Target



Note: Missing October 2025 data is interpolated.
Source: Bureau of Labor Statistics, TD Economics.

Chart 2: U.S. Existing Home Sales Fall to Their Lowest Level Since 2010



Source: National Association of Realtors, TD Economics.

The NFIB survey offered further evidence of sticky price pressures, with the net share of small businesses planning to raise selling prices surging 6 points to 37%. Labor market indicators remained healthy, with unfilled job openings rising 4 points to 36% and hiring plans strengthening slightly. This combination of labor market resilience and persistent price pressures gives the Fed room to remain focused on inflation.

This week also delivered fresh evidence that higher rates continue to bite interest-sensitive sectors. Existing-home sales fell 5.5% in October to 3.75 million annualized units, the lowest since August 2010 (Chart 2). Home price growth also slowed to a crawl at 0.4% year-on-year. As highlighted in our recent housing outlook, if mortgage rates remain elevated, the housing recovery will be pushed out further.

Overall, this week's data cemented the case for another rate increase in December. But the hotter-than expected inflation report, hawkish comments from Fed officials and ongoing economic resilience have increased the odds that rates could rise a bit further and remain elevated for longer.

Exhibits

Recent Key Economic Indicators: Nov 9 - 13, 2026						
Release Date		Economic Indicator/Event	Data for Period	Units	Current	Prior
United States						
Nov 09		Wholesale Trade Sales	Sep	M/M % Chg.	2.8	2.0
Nov 10		NFIB Small Business Optimism	Oct	Index	97.8	97.9
Nov 10		Consumer Price Index	Oct	M/M % Chg.	0.4	0.6
Nov 10		Core Consumer Price Index	Oct	M/M % Chg.	0.3	0.3
Nov 12		Initial Jobless Claims	Nov 07	Thsd	200.0	191.0
Nov 12		Existing Home Sales	Oct	Mlns	3.75	3.97
Nov 13		PPI Final Demand	Oct	M/M % Chg.	0.3	1.4
Nov 13		PPI Ex Food and Energy	Oct	M/M % Chg.	0.3	0.8
Canada						
Nov 13		Manufacturing Sales	Sep	M/M % Chg.	0.0	1.8
International						
Nov 12	UK	Gross Domestic Product	Q3	Y/Y % Chg.	1.9	1.4
Nov 13	EZ	Gross Domestic Product SA	Q3	Y/Y % Chg.	1.3	1.3
Nov 13	EZ	Employment	Q3	Y/Y % Chg.	0.4	0.5

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Nov 16 - 20, 2026						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Nov 16	5:00	*Fed's Barr Speaks on AI and Financial Stability*				
Nov 16	8:30	Empire Manufacturing	Nov	Index	19.0	25.5
Nov 16	9:05	*Fed's Williams Gives Opening Remarks*				
Nov 16	12:00	*Fed's Warsh Participates in Fed Conference on Productivity*				
Nov 16	12:00	*Fed's Warsh Takes Part in Fed Conference on Productivity Jobs*				
Nov 17	7:30	*Fed's Musalem Speaks at Banco Central de la República...*				
Nov 17	8:30	Retail Sales Advance	Oct	M/M % Chg.	0.2	0.8
Nov 17	8:30	Retail Sales Ex Auto and Gas	Oct	M/M % Chg.	0.3	0.2
Nov 17	9:10	*Fed's Waller Speaks on Payments*				
Nov 17	9:15	Capacity Utilization	Oct	%	76.8	76.9
Nov 17	9:15	Industrial Production	Oct	M/M % Chg.	0.1	0.7
Nov 17	9:30	*Fed's Hammack Speaks at Brookings Institution*				
Nov 17	10:00	Business Inventories	Sep	M/M % Chg.	0.5	0.4
Nov 17	10:00	NAHB Housing Market Index	Nov	Index	29.0	29.0
Nov 17	14:25	*Fed's Williams Speaks in Fireside Chat*				
Nov 18	8:30	Building Permits	Oct	Thsd	1378.0	1398.0
Nov 18	8:30	Housing Starts	Oct	Thsd	1240.0	1221.0
Nov 18	10:00	Pending Home Sales	Oct	M/M % Chg.	-	-7.3
Nov 18	13:35	*Fed's Barr Speaks on Capital Development Investments*				
Nov 18	14:00	*FOMC Meeting Minutes*				
Nov 18	14:30	*Fed's Williams Delivers Remarks*				
Nov 18	16:15	*Fed's Kashkari in Moderated Conversation*				
Nov 18	16:15	*Fed's Kashkari Speaks at an AI Conference*				
Nov 19	8:30	Initial Jobless Claims	Nov 14	Thsd	197.0	200.0
Nov 19	8:50	*Fed's Hammack Delivers Opening Remarks*				
Nov 19	12:30	*Fed's Goolsbee Speaks at Economic Club of Indiana Luncheon*				
Nov 19	14:15	*Fed's Barr in Moderated Conversation*				
Nov 19	14:15	*Fed's Barr Speaks at an AI Conference*				
Nov 19	14:15	*Fed's Barr Speaks on Artificial Intelligence*				
Nov 19	16:00	*Fed's Barkin in Fireside Chat*				
Nov 19	18:30	*Fed's Paulson Speaks at Money Marketeers*				
Nov 20	8:25	*Fed's Waller Gives Welcoming Remarks*				
Nov 20	12:15	*Fed's Cook Speaks on US Economy*				
Canada						
Nov 16	8:30	Consumer Price Index	Oct	Y/Y % Chg.	3.2	3.1
Nov 16	8:30	Consumer Price Index NSA	Oct	M/M % Chg.	0.3	0.1
Nov 16	8:30	CPI-Median	Oct	Y/Y % Chg.	2.0	1.9
Nov 16	8:30	CPI-Trim	Oct	Y/Y % Chg.	1.9	1.8
Nov 17	5:00	Existing Home Sales	Oct	M/M % Chg.	-	-2.3
Nov 17	8:15	Housing Starts	Oct	Thsd	242.5	248.9
Nov 18	13:30	*BoC's Gravelle Speaks in Edmonton*				
Nov 19	8:00	CFIB Business Barometer	Nov	Index	-	50.0
Nov 19	8:30	Industrial Product Price	Oct	M/M % Chg.	-	2.0
Nov 20	8:30	Retail Sales	Sep	M/M % Chg.	0.7	1.2
Nov 20	8:30	Retail Sales Ex Auto	Sep	M/M % Chg.	0.7	1.2

International							
Nov 17	2:00	UK	ILO Unemployment Rate (3 Mths.)	Sep	%	4.7	4.7
Nov 18	2:00	UK	Consumer Price Index	Oct	Y/Y % Chg.	3.6	3.5
Nov 18	2:00	UK	Core Consumer Price Index	Oct	Y/Y % Chg.	2.8	2.8
Nov 18	5:00	EZ	Consumer Price Index	Oct	Y/Y % Chg.	4.0	4.0
Nov 18	5:00	EZ	Core Consumer Price Index	Oct	Y/Y % Chg.	2.5	2.5
Nov 19	18:30	JN	National Consumer Price Index	Oct	Y/Y % Chg.	2.5	2.1
Nov 20	2:00	UK	Retail Sales Ex Auto Fuel	Oct	Y/Y % Chg.	1.8	0.8

*Eastern Standard Time. Source: Bloomberg, TD Economics.

Disclaimer

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