TD Economics

Weekly Bottom Line

November 7, 2025

Highlights

Canada

- Surprising forecasters, Canada gained 67k jobs in October and wages accelerated. The healthy jobs print could give a shot in the arm to consumer spending in the fourth quarter.
- Canada's federal budget was heavy on spending commitments and will leave Canada with larger deficits. Still, given ongoing uncertainty, more will need to be done to stimulate investment.
- The solid jobs report and stimulative budget have all but eliminated the chance of a near-term BoC cut.

U.S.

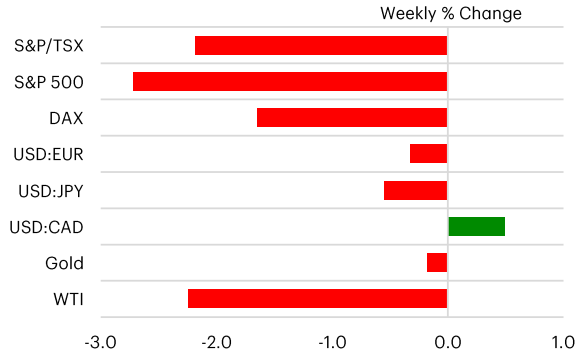
- The U.S. government shutdown officially became the longest in history, passing the 35-day record set in 2019 on Wednesday.
- The dearth of official data has us looking to alternative indicators which point to some further cooling in the labor market.
- Other data show that consumer confidence has weakened since January and has fallen to near-record lows this month.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6653	6840	6891	4983
S&P/TSX Comp.	29587	30261	30637	22507
DAX	23569	23958	24611	19003
FTSE 100	9684	9717	9777	7679
Nikkei	50276	52411	52411	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.08	4.08	4.79	3.95
Canada 10-yr Bond	3.15	3.12	3.60	2.83
Germany 10-yr Bund	2.67	2.63	2.90	2.03
UK 10-yr Gilt	4.47	4.41	4.89	4.21
Japan 10-yr Bond	1.68	1.67	1.70	1.00
Foreign Exchange Cross Rates				
C$ (USD per CAD)	0.71	0.71	0.74	0.69
Euro (USD per EUR)	1.16	1.15	1.19	1.02
Pound (USD per GBP)	1.32	1.32	1.37	1.22
Yen (JPY per USD)	153.2	154.0	158.4	140.9
Commodity Spot Prices**				
Crude Oil ($US/bbl)	59.6	61.0	80.0	57.1
Natural Gas ($US/MMBtu)	3.71	3.57	9.33	1.22
Copper ($US/met. tonne)	10651.5	10873.1	11163.8	8571.4
Gold ($US/troy oz.)	3995.0	4002.9	4356.3	2563.3

*As of 11:07 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Stock Markets Down on AI and Job Market Worries



Note: Data as of 11:07 AM ET, Friday, November 7, 2025.
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)	2.25%
European Central Bank (Refi Rate)	2.15%
Bank of England (Repo Rate)	4.00%
Bank of Japan (Overnight Rate)	0.50%

Source: Bloomberg.

Canada – Fortune Favours the Hold

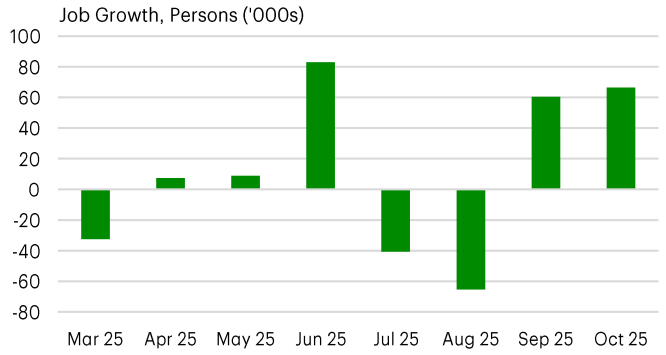
Rishi Sondhi, Economist
416-983-8806

There was plenty for markets to digest this week, with a jobs report and of, course, the federal government's massively hyped budget (see our analysis of the latter here).

Surprising consensus forecasts yet again, Canada's job market delivered a solid performance last month, with 67k jobs gained (Chart 1). This marked the second straight sizeable monthly increase, and, together with September's gain, erased declines observed in July and August. What's more, the unemployment rate dipped 0.2 percentage points, average hourly wage growth accelerated, and even U.S.-levered industries like manufacturing and transportation/warehousing saw job growth. Of course, it's rarely the case that we get a jobs report where all aspects point in one direction. This time, the fly in the ointment was that gains were concentrated in part-time positions. Also, hours worked were down 0.2% month-on-month due to labour disputes, which will weigh on output in October. Still, this was a healthy print, which could help support consumption at a time when the economy needs a boost.

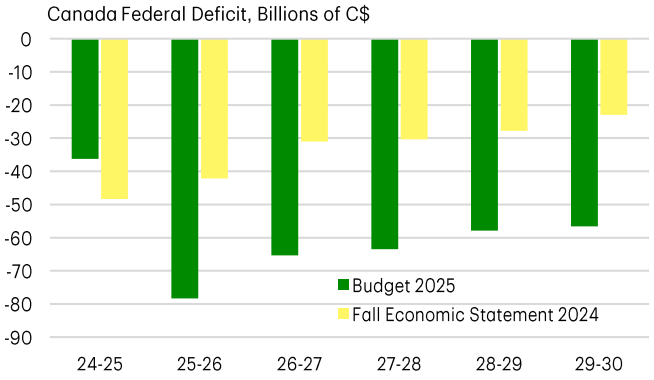
At long last, the federal government delivered its budget this week. Billed as a blueprint that would transform the Canadian economy, we have a few key takeaways. Deficits are here to say (Chart 2). This year's shortfall is pegged at 2.5% of GDP, an unusually large deficit for Canada. However, Canada still stacks up well in relation to other G-7 countries, and it's the same story for the country's debt burden, even with net debt-to-GDP forecast to climb above 43% over the projection horizon. Markets

Chart 1: Canadian Hiring Climbed Further Out of the Doldrums in October



Source: Statistics Canada, TD Economics

Chart 2: Big Spending, Big Deficits



Source: Department of Finance Canada, TD Economics.

didn't seem overly worried about Canada's fiscal deterioration, with bond yields effectively unchanged in the wake of the budget and the Canadian dollar down only a smidge. The decision to split the budget balance into capital and operating balances did little except provide a fiscal anchor (i.e. balancing the operating budget by FY 2028/29).

Deficits reflect heavy spending commitments on personal tax relief, defense, housing, corporate tax incentives and infrastructure. Some savings offsets are penciled in on workforce reductions and operational efficiencies. This is a sea change from the prior government, which focused on income support or "affordability" measures for different sectors and populations. In a speech this week, Bank of Canada Governor Macklem agreed with this sentiment.

Infrastructure spending and tax initiatives do change the calculus for firms considering investments, but given uncertainty, this budget alone likely won't be enough to get companies off the sidelines, especially as Canada's regulatory burden is left largely unaddressed. Also, much will depend on the execution and uptake of the policies set out in the fiscal blueprint.

For the Bank of Canada, the stimulative aspects of the federal budget, coupled with a solid jobs report, have dealt a serious blow to the odds of follow up rate cuts. Markets have effectively priced-out a move in December. We would agree and see the central bank leaving its policy rate unchanged through next year.

U.S. – Consumer Sentiment Falls as Shutdown Enters 38th Day

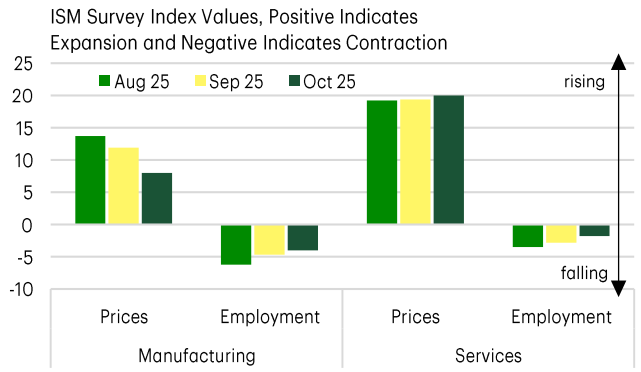
Vikram Rai, Senior Economist
(416)-923-1692

The current shutdown of the U.S. government became the longest in history this week, entering its 36th day on Wednesday. The outlook for resolving the shutdown is as murky as ever. While new compromises are being floated, confidence from lawmakers seems low. Pressure will build as constituents have to tolerate travel delays, cuts in food aid, and other more visible signs of the shutdown the longer it goes on. Just as cloudy is the picture of how the economy has been evolving since August, the last month covered by official statistics for most measures.

The dearth of federal government data has us looking to other indicators to assess the state of the economy. The preliminary November reading for the Michigan Survey of Consumer Sentiment showed consumer confidence sliding for a fourth consecutive month – reaching a three-year low. Most of the pullback was due to a further decline in consumers' perception of current economic conditions, which fell to the lowest level on record (dating back to early 1980's). The survey also showed that inflation expectations remained elevated at 4.7%. Moreover, only 37% of surveyed households think that "now is a good time to purchase large household goods" – the lowest level since 2022 when the Fed first started to raise its policy rate. And this negative sentiment appears to be spilling over to the hard data, with vehicle sales falling to a 17-month low of 15.3 million in October.

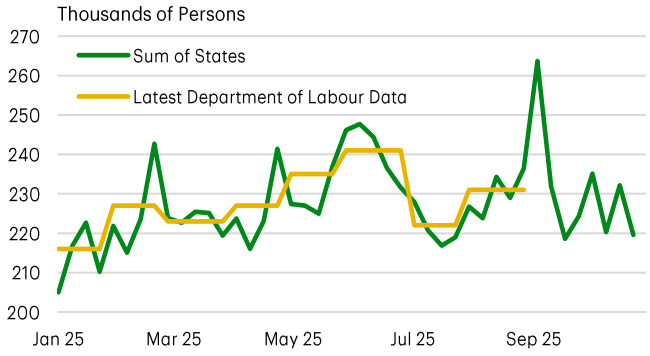
The ISM monthly surveys of firms in the manufacturing and service sector are usually helpful indicators of the direction of the economy. Across both sectors, employment remains in contractionary territory, but encouragingly, has been declining at a slower rate. Meanwhile, price growth remains elevated, particularly in the services sector (Chart 1), which complicates the interest rate outlook, especially given the firming in inflation expectations in the Michigan Survey.

Chart 1: Prices Have Been Rising and Employment Has Been Falling for the Past Several Months



Source: ISM, TD Economics.

Chart 2: State-level Jobless Claims Since the Shutdown Show Continued Labour Market Cooling



Source: Department of Labor, Haver Analytics, TD Economics.

Outside of the ISM's, we also received several other alternative private sector readings on the labor market. ADP estimates of private payrolls rose 42k in October – a modest pick-up from September where job growth contracted by 29k – bringing the three-month moving average to a meager 3k per-month. Meanwhile, Challenger job cuts surged to 153k last month – a six-month high. The Chicago Fed's estimate of the unemployment rate ticked a touch higher to 4.4% for October. But encouragingly, state-level jobless claims remain low and relatively stable (Chart 2). Federal Reserve Governor Lisa Cook noted this week that hiring is slowing according to job posting data.

While this slew of indicators is mixed, with some showing more weakness than others, the overall message is that the job market is probably hanging in a state of semi-stasis, what we have been calling "low hire, low fire". As we turn the page on this week, the big question still in our heads is how long we will be looking at the economy through this clouded, half-closed lens – and for that, we will need to see if there is any hope of the government shutdown resolving soon.

Exhibits

Recent Key Economic Indicators: Nov 03 - 07, 2025						
Release Date		Economic Indicator/Event	Data for Period	Units	Current	Prior
United States						
Nov 03		S&P Global US Manufacturing PMI	Oct	Index	52.5	52.2
Nov 03		ISM Manufacturing	Oct	Index	48.7	49.1
Nov 03		Wards Total Vehicle Sales	Oct	Mlns	15.3	16.4
Nov 05		ADP Employment Change	Oct	Thsd	42.0	-29.0
Nov 05		S&P Global US Services PMI	Oct	Index	54.8	55.2
Nov 05		S&P Global US Composite PMI	Oct	Index	54.6	54.8
Nov 05		ISM Services Index	Oct	Index	54.8	55.2
Canada						
Nov 03		S&P Global Canada Manufacturing PMI	Oct	Index	49.6	47.7
Nov 07		Net Change in Employment	Oct	Thsd	66.6	60.4
Nov 07		Unemployment Rate	Oct	%	6.9	7.1
International						
Nov 06	EZ	Retail Sales	Sep	Y/Y % Chg.	1.0	1.6
Nov 06	UK	Bank of England Bank Rate	Nov 06	%	4.0	4.0

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Nov 10 - 14, 2025							
Release Date	Time**		Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States							
Nov 11	6:00		NFIB Small Business Optimism	Oct	Index	98.2	98.8
Nov 11	22:25		*Fed's Barr Speaks on AI and Innovation*				
Nov 12	9:20		*Fed's Williams Delivers Keynote Speech*				
Nov 12	10:00		*Fed's Paulson speaks on Fintech*				
Nov 12	10:20		*Fed's Waller Speaks on Payments*				
Nov 12	12:15		*Fed's Bostic Speaks at Atlanta Economics Club*				
Nov 12	12:30		*Fed's Miran Speaks in Fireside Chat*				
Nov 12	16:00		*Fed's Collins Speaks at Community Banking Conference*				
Nov 13	8:30		Initial Jobless Claims*	Nov 08	Thsd	-	-
Nov 13	8:30		Consumer Price Index*	Oct	M/M % Chg.	0.2	0.3
Nov 13	8:30		Consumer Price Index*	Oct	Y/Y % Chg.	3.1	3.0
Nov 13	12:15		*Fed's Musalem Speaks at a Fireside Chat on Monetary Policy*				
Nov 14	8:30		Retail Sales Advance*	Oct	M/M % Chg.	-	-
Nov 14	8:30		Retail Sales Ex Auto and Gas*	Oct	M/M % Chg.	-	-
Nov 14	8:30		PPI Final Demand*	Oct	M/M % Chg.	-	-
Nov 14	8:30		PPI Ex Food and Energy*	Oct	M/M % Chg.	-	-
Nov 14	9:20		*Fed's Bostic To Participate in Moderated Conversation*				
Nov 14	10:00		Business Inventories*	Sep	M/M % Chg.	-	-
Nov 14	10:05		*Fed's Schmid Speaks at Energy Conference*				
Canada							
Nov 10	10:30		*Market Participants Survey*	3Q			
Nov 12	13:30		*Summary of Deliberations*	Oct 29			
Nov 14	8:30		Manufacturing Sales	Sep	M/M % Chg.	2.7	-1.0
International							
Nov 11	2:00	UK	ILO Unemployment Rate	Sep	%	4.9	4.8
Nov 13	2:00	UK	Gross Domestic Product	3Q	Y/Y % Chg.	1.4	1.4
Nov 13	21:00	CH	Retail Sales	Oct	Y/Y % Chg.	2.8	3.0
Nov 13	21:00	CH	Surveyed Jobless Rate	Oct	%	5.2	5.2
Nov 14	5:00	EZ	Gross Domestic Product SA	3Q	Y/Y % Chg.	1.3	1.3
Nov 14	5:00	EZ	Employment	3Q	Y/Y % Chg.	-	0.6

*May be delayed due to Government shutdown. **Eastern Standard Time. Source: Bloomberg, TD Economics.

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