Economics

THE WEEK AHEAD

November 17 - 21, 2025

Taking risk seriously, again

by **Avery Shenfeld** avery.shenfeld@cibc.com

While a few days doesn't make a trend, there are signs that investors may be taking risk seriously again, after a period where that was just for wimps. We earlier noted that a lack of risk aversion might be some of the story behind the past year's soaring enthusiasm for high PE stocks, gold, cryptocurrencies, leveraged debt and even sports betting, alongside a subdued VIX ratio. Now we may be on the cusp of giving risk some due consideration, as we're starting to see some simultaneous pressure on these asset classes and an upturn in the VIX.

There are some fundamental reasons why a degree of risk aversion could be back in fashion in the coming months. For one, we had a data blackout on the US economy that will soon be coming to an end. For markets, no news was good news. Without the hard facts, investors could believe that the economy was still in decent shape, but also that the labour market was showing just a whiff of softness, and inflation might also be just a bit less worrisome. That would be the perfect combination for equities and bonds alike, giving the Fed the green light to ease rates and support growth in an economy that wasn't so weak as to challenge earnings expectations.

The months ahead will put that Goldilocks view to the test, beginning with a Fed decision in December that might disappoint those hoping for a further easing. It's not yet clear when we'll get the numbers, but if the job counts aren't weak enough, that will further dent the expectations for interest rate relief. Similarly, it would only take a small disappointment on inflation to have markets further pare back those rate cut hopes.

There's risk on the other side of the story as well. We had enough data to make a convincing case that the US economy was doing reasonably well in the third quarter, which would have underpinned some of the recent earnings reports. But Q4 is a blank slate. It will be dented by the government shutdown, but we can't rule out seeing other disappointments that would challenge the positive spin on corporate profits ahead. If that's still accompanied by elevated inflation, it could prevent the Fed from delivering a more aggressive response.

Beyond the macro story, we're also beginning to see questions raised about whether the size of the AI payoff will be large enough to justify the trillions in requisite capital spending. Given the uncertainties surrounding such a breakthrough technology, markets ought to price in an elevated risk premium into any projections for earnings and credit risks, but that may not have been the case up to this point.

A risk reassessment may have been triggered by earnings projections that put the windfalls for one player a bit further into the future than some investors can be comfortable with. The present value of a long stream of AI profits could well justify a hefty valuation, but one that should still leave a margin for the inherent uncertainties in distant earnings estimates. For those AI players without other large and profitable existing lines of business, debt is starting to pile up, and the revenues are far enough away that we are likely to go through periods of doubt along the road to riches, if that's indeed the final destination.

Typically, in the foreign exchange market, an increase in risk aversion will play in favour of the US dollar. We question whether that will be a lasting story this time around. The dollar's past gains were partly fueled by the strength of the US economy, the resulting ability of the Fed to keep rates elevated relative to other central banks, and the attraction of its tech sector to global investors. While the Fed might remain more hawkish than others, given its remaining inflation concerns, some of the greenback's other attractions may be glowing a bit less brightly.

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, November 17	5:00 AM	EXISTING HOME SALES M/M	(Oct)	(M)	-	-	-1.7%
Monday, November 17	8:15 AM	HOUSING STARTS SAAR	(Oct)	(M)	-	-	279.2K
Monday, November 17	8:30 AM	INT'L. SEC. TRANSACTIONS	(Sep)	(M)	-	-	$25.9B
Monday, November 17	8:30 AM	CPI M/M	(Oct)	(H)	0.2%	0.2%	0.1%
Monday, November 17	8:30 AM	CPI Y/Y	(Oct)	(H)	2.1%	2.2%	2.4%
Monday, November 17	8:30 AM	Consumer Price Index	(Oct)	(M)	-	-	164.9
Monday, November 17	8:30 AM	CPI Core- Median Y/Y%	(Oct)	(M)	3.0%	3.1%	3.2%
Monday, November 17	8:30 AM	CPI Core- Trim Y/Y%	(Oct)	(M)	3.0%	3.0%	3.1%
Tuesday, November 18	-	AUCTION: 3-M BILLS $12.8B, 6-M BILLS $4.6B, 1-YR BILLS $4.6B	-	-	-	-	-
Wednesday, November 19	-	AUCTION: 5-YR CANADAS $5.3B	-	-	-	-	-
Wednesday, November 19	12:45 PM	Speaker: Nicolas Vincent (Deputy gov.)	-	-	-	-	-
Thursday, November 20	-	AUCTION: 30-YR CANADAS $3B	-	-	-	-	-
Thursday, November 20	8:30 AM	INDUSTRIAL PROD. PRICES M/M	(Oct)	(M)	-	-	0.8%
Thursday, November 20	8:30 AM	RAW MATERIALS M/M	(Oct)	(M)	-	-	1.7%
Friday, November 21	8:30 AM	RETAIL TRADE TOTAL M/M	(Sep)	(H)	-0.7%	-0.7%	1.0%
Friday, November 21	8:30 AM	RETAIL TRADE EX-AUTO M/M	(Sep)	(H)	-0.4%	-	0.7%
Friday, November 21	10:30 AM	Update: Senior Loan Officer Survey	-	-	-	-	-

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, November 17	9:00 AM	Speaker: John C. Williams (Vice Chairman, New York) (Voter)	-	-	-	-	-
Monday, November 17	1:00 PM	Speaker: Neel Kashkari (Minneapolis) (Non-Voter)	-	-	-	-	-
Tuesday, November 18	11:00 AM	Speaker: Thomas I. Barkin (Richmond) (Voter)	-	-	-	-	-
Tuesday, November 18	7:55 PM	Speaker: Lorie K. Logan (Dallas) (Non-Voter)	-	-	-	-	-
Wednesday, November 19	-	AUCTION: 20-YR TREASURIES $16B	-	-	-	-	-
Wednesday, November 19	2:00 PM	FOMC Meeting Minutes	(Oct 29)	-	-	-	-
Wednesday, November 19	12:45 PM	Speaker: Thomas I. Barkin (Richmond) (Voter)	-	-	-	-	-
Wednesday, November 19	2:00 PM	Speaker: John C. Williams (Vice Chairman, New York) (Voter)	-	-	-	-	-
Thursday, November 20	-	AUCTION: 10-YR TIPS $19B	-	-	-	-	-
Thursday, November 20	8:45 AM	Speaker: Beth Hammack (Cleveland) (Voter)	-	-	-	-	-
Thursday, November 20	1:40 PM	Speaker: Austan D. Goolsbee, Chicago (Non-Voter)	-	-	-	-	-
Thursday, November 20	6:45 PM	Speaker: Anna Paulson (Philadelphia) (Non-Voter)	-	-	-	-	-
Friday, November 21	7:30 AM	Speaker: John C. Williams (Vice Chairman, New York) (Voter)	-	-	-	-	-
Friday, November 21	9:00 AM	Speaker: Lorie K. Logan (Dallas) (Non-Voter)	-	-	-	-	-
?	-	NON-FARM PAYROLLS	(Sep)	(H)	40K	-	22K
?	-	UNEMPLOYMENT RATE	(Sep)	(H)	4.3%	-	4.3%
?	-	AVERAGE HOURLY EARNINGS ALL EMPLOYEES M/M	(Sep)	(H)	0.2%	-	0.3%

Week Ahead's market call

by Avery Shenfeld

In the **US**, it's not clear when we'll start the process of catching up to data releases, and missing surveys will end up leaving permanent blanks in some monthly series. Payrolls could be first up, and our expectation is that we'll see a modest 40K net jobs gain for September. But in light of the sharply reduced growth rate for the working age population, that could leave the jobless rate at 4.3%, still only a hair above what the central bankers see as full employment. Fed minutes and speeches will continue to show a divided team at that institution, and the compromise outcome for the December meeting could be to keep rates unchanged, with the text of the statement keeping an open mind about further cuts ahead.

In **Canada**, inflation will lack some fuel as gasoline prices abated, with a 0.2% monthly rise representing a tamer 0.1% on a seasonally adjusted basis. The two core measures will remain elevated in year on year terms, but might be less so on a three-month moving average. Retail sales could look a bit less soft in the ex-autos tally than in the headline. Year-on-year sales gains, which is what companies typically report, have looked reasonably good up to this point in 2025, but monthly gains since the start of the year have been limited, and there was a big jump in Q4 of 2024 that we're unlikely to match given the softness in employment.

Week Ahead's key Canadian number: Consumer price index—October

(Monday, 8:30 am)

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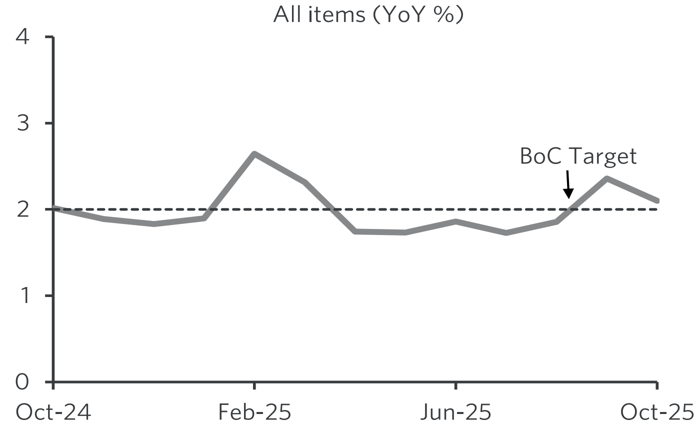
Variable (%)	CIBC	Mkt	Prior
CPI NSA (m/m)	0.2	0.2	0.1
CPI (y/y)	2.1	2.2	2.4

Chart: Canadian consumer price index



Source: Statistics Canada, Haver Analytics, CIBC

Inflation should have eased slightly in October, mainly due to a drop in gasoline prices following an increase in the prior month that was atypical of usual seasonal patterns. The 0.2% NSA increase in headline CPI would be a tamer 0.1% following seasonal adjustment, and see the year-over-year rate decelerate to 2.1%, from a seven-month high 2.4% in the prior month.

Measures of core inflation may not decelerate as much, with rent inflation still stubbornly higher relative to market asking prices. With the Bank of Canada no longer following a set a "preferred" measures, we expect that a group of four core measures that are easily available following the release (CPI ex food/energy, CPI-X, CPI-Trim, CPI-Median) will average 0.2% SA m/m which would leave the 3m-annualized and year-over-year rates averaging just over 2½ %.

Forecast implications — Inflationary pressures should have eased again relative to the prior month but, with various year-over-year core measures still averaging closer to 3% than 2%, the inflation data are likely to reaffirm that the Bank of Canada is on hold for the foreseeable future.

Other Canadian releases: Retail sales—September

(Friday, 8:30 am)

Retail sales likely took a step back in September, declining by 0.7% in line with the advance estimate, although ex autos the decline may not have been quite as large.

Week Ahead's key US number: Employment situation—September

(Likely this week)

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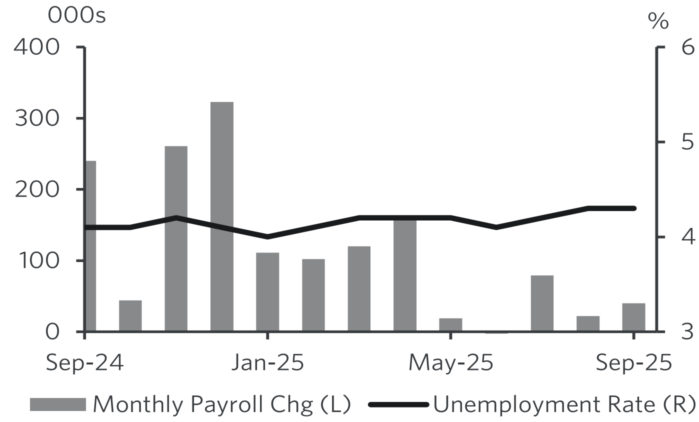
Variable	CIBC	Mkt	Prior
Employment (m/m)	40K	-	22K
Unemployment rate	4.3%	-	4.3%
Avg hourly earnings (m/m)	0.2%	-	0.3%

Chart: US payroll employment



Source: BLS, Haver Analytics, CIBC

We may see the September jobs report next week with the government now open. We expect the unemployment rate should remain at 4.3%, and payroll job gains will come in 40K in the month. Wage growth will run at a cooler 0.2% monthly pace, while average hours worked will remain unchanged. Most of the job gains should once again come from health care, but we also expect less of a drag from government. Weaker population flows will keep hiring levels low in cyclical and lower-skilled sectors.

Forecast implications — The Fed looks as if it will remain on hold in December and part of the reason why will be limited data. The September jobs report may be the last complete jobs report the FOMC sees before it meets in December.

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