

Economics

THE WEEK AHEAD

February 9 - 13, 2026

Is dollar debasement even a thing?

by Avery Shenfeld avery.shenfeld@cibc.com

The US dollar has managed to partly claw its way back from the prior week's trough, but its trade-weighted DXY index is still down roughly 9% over the past year. US Google searches for "dollar debasement" remain elevated, and there's still a degree of market chatter, particularly among those gold bulls who are trying to keep the faith, about whether we're in the throes of a dollar debasement that will send its value into the basement.

The facts, however boring they might seem, suggest otherwise, and point to no reason to fear dire economic or financial market consequences if, as we expect, the US dollar sheds some further ground over the balance of the year. If markets were actually worried about a dramatic dollar dive, gold would not have been the only asset being impacted. We would have seen these tremors extend more noticeably into the Treasuries market, as investors, even those based stateside, fled US dollar paper. But yields haven't seen the sort of back up that would be associated with such selling.

As for gold, it was also rallying aggressively through 2024 when the US dollar was climbing towards a long term peak. Indeed, the historically negative correlation between the US dollar trade weighted exchange rate and gold seems to have largely broken down in the post-pandemic period.

While the President's musing about not minding a weaker dollar got some attention, the monetary policy levers in Washington aren't likely to pull very hard in that direction. For now, the Fed seems inclined to wait until there are clearer signs of economic softness before easing again, a stance that should lend some support to the dollar against other majors.

While the dollar rallied on Warsh's nomination, seeing him as less dovish than some of the others on Trump's short list, he's still likely to be on the dovish side of the current FOMC team. But our call for only two quarter point cuts this year reflects the reality that even a Trump-nominated chair gets only one vote, with the committee as a whole likely to stick to economic fundamentals in setting policy.

Rather than in foreign exchange terms, "debasement" has also been tossed around as a term pointing to a loss of domestic purchasing power, particularly by those who are crypto or gold enthusiasts. But the US dollar's slide, and the latest leg for gold's rally, actually has taken place just as some of the American inflation indicators have cooled off. The Fed's decision to eschew a further rate cut for now also works to ease inflation worries.

Given all of that, why are we expecting a further slippage in the US dollar at all? In our view, one we and our strategists articulated many months ago in calling for a greenback depreciation, this is little more than the usual mean reversion we see in major currency exchange rates after a long run in one direction. Yes, DXY has endured a slide in the past year, but it's still 7% higher from where it was five years ago. So diverting your eyes from short-term moves that can seem exciting, the broader story is actually anything but.

The economic consequences of a further slippage in the US dollar are likely to be no more troubling than what we saw from its prior run-up. US trade deficits continue to suggest that the dollar reached levels that were too punitive for American exporters. Over time, a currency adjustment could encourage the Trump administration to be less stubbornly insistent on retaining high tariffs.

US inflation isn't particularly sensitive to currency moves, given imports' modest share of GDP and the heavy weight of domestically-produced services in the CPI. Indeed, exchange rates played no role when inflation took off during the post-COVID recovery. And if the Fed sticks to its knitting, by fine tuning the landing spot for policy rates, the central bank can still steer inflation close to its 2% target as long as the dollar isn't in free fall. One might still hold gold, or non-dollar assets, as a part of broader portfolio, but don't count on dollar debasement as a reason to expect a huge windfall.

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, February 9	10:30 AM	Release: Market Participants Survey	-	-	-	-	-
Tuesday, February 10	-	AUCTION: 3-M BILLS \$13.4B, 6-M BILLS \$4.8B, 1-YR BILLS \$4.8B	-	-	-	-	-
Wednesday, February 11	-	AUCTION: 2-YR CANADAS \$6B	-	-	-	-	-
Wednesday, February 11	8:30 AM	BUILDING PERMITS M/M	(Dec)	(M)	-	-	-13.1%
Wednesday, February 11	1:30 PM	Publication: Summary of Deliberations	-	-	-	-	-
Thursday, February 12	-	-	-	-	-	-	-
Friday, February 13	-	-	-	-	-	-	-

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, February 9	1:30 PM	Speaker: Christopher J. Waller (Governor) (Voter)	-	-	-	-	-
Monday, February 9	3:15 PM	Speaker: Raphael W. Bostic (Atlanta) (Non-Voter)	-	-	-	-	-
Tuesday, February 10	-	AUCTION: 3-YR TREASURIES \$58B	-	-	-	-	-
Tuesday, February 10	8:30 AM	IMPORT PRICE INDEX M/M	(Dec)	(L)	-	-	-0.1%
Tuesday, February 10	8:30 AM	EXPORT PRICE INDEX M/M	(Dec)	(L)	-	-	-
Tuesday, February 10	8:30 AM	EMPLOYMENT COST INDEX	(4Q)	(M)	-	0.8%	0.8%
Tuesday, February 10	8:30 AM	RETAIL SALES M/M	(Dec)	(H)	0.2%	0.4%	0.6%
Tuesday, February 10	8:30 AM	RETAIL SALES (X-AUTOS) M/M	(Dec)	(H)	0.2%	0.4%	0.5%
Tuesday, February 10	8:30 AM	RETAIL SALES CONTROL GROUP M/M	(Dec)	(H)	0.2%	0.4%	0.4%
Tuesday, February 10	10:00 AM	BUSINESS INVENTORIES M/M	(Nov)	(L)	-	0.2%	0.3%
Tuesday, February 10	12:00 PM	Speaker: Beth M. Hammack (Cleveland) (Voter)	-	-	-	-	-
Tuesday, February 10	1:00 PM	Speaker: Lorie K. Logan (Dallas) (Voter)	-	-	-	-	-
Wednesday, February 11	-	AUCTION: 10-YR TREASURIES \$42B	-	-	-	-	-
Wednesday, February 11	7:00 AM	MBA-APPLICATIONS	(Feb 6)	(L)	-	-	-8.9%
Wednesday, February 11	8:30 AM	NON-FARM PAYROLLS	(Jan)	(H)	50K	70K	50K
Wednesday, February 11	8:30 AM	UNEMPLOYMENT RATE	(Jan)	(H)	4.4%	4.4%	4.4%
Wednesday, February 11	8:30 AM	AVERAGE HOURLY EARNINGS ALL EMPLOYEES M/M	(Jan)	(H)	0.3%	0.3%	0.3%
Wednesday, February 11	8:30 AM	AVERAGE WEEKLY HOURS ALL EMPLOYEES	(Jan)	(H)	-	34.2	34.2
Wednesday, February 11	8:30 AM	MANUFACTURING PAYROLLS	(Jan)	(H)	-	-7K	-8K
Wednesday, February 11	2:00 PM	FEDERAL BUDGET BALANCE	(Jan)	(L)	-	-	-\$144.7B
Thursday, February 12	-	AUCTION: 30-YR TREASURIES \$25	-	-	-	-	-
Thursday, February 12	8:30 AM	INITIAL CLAIMS	(Feb 7)	(M)	-	-	231K
Thursday, February 12	8:30 AM	CONTINUING CLAIMS	(Jan 31)	(L)	-	-	1844K
Thursday, February 12	10:00 AM	EXISTING HOME SALES SAAR	(Jan)	(M)	-	4.2M	4.4M
Thursday, February 12	10:00 AM	EXISTING HOME SALES M/M	(Jan)	(M)	-	-3.2%	5.1%
Thursday, February 12	7:00 PM	Speaker: Lorie K. Logan (Dallas) (Voter)	-	-	-	-	-
Thursday, February 12	7:05 PM	Speaker: Stephen I. Miran (Governor) (Voter)	-	-	-	-	-
Friday, February 13	8:30 AM	CPI M/M	(Jan)	(H)	0.3%	0.3%	0.3%
Friday, February 13	8:30 AM	CPI M/M (core)	(Jan)	(H)	0.3%	0.3%	0.2%
Friday, February 13	8:30 AM	CPI Y/Y	(Jan)	(H)	2.5%	2.5%	2.7%
Friday, February 13	8:30 AM	CPI Y/Y (core)	(Jan)	(H)	2.5%	2.5%	2.6%

Week Ahead's market call

by Avery Shenfeld

In the **US**, our forecasts are in line with the consensus on the CPI, but a bit softer for both payrolls growth and retail sales. That could lend some support for fixed income markets. But we're not expecting anything that would significantly impact a Fed decision in March, where it's likely to stay on hold unless we get a significant jump in the jobless rate by the February reading. Fed speakers will be predictable, with two Trump appointees being dovish and the others comfortable with a stand-pat stance for now. Oil markets will be keeping a close eye on the Iran situation. A Supreme Court decision on the tariff case is now unlikely until at least February 20th based on what we know about its sitting calendar at this point.

In **Canada**, there's no significant data on tap, so investors will be still mulling over the head-scratching news in the labour force report. The summary of Bank of Canada deliberations will show that what they didn't deliberate over was an interest rate move, with the Governing Council in broad agreement over its wait and see stance.

There are no major Canadian data releases next week.

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

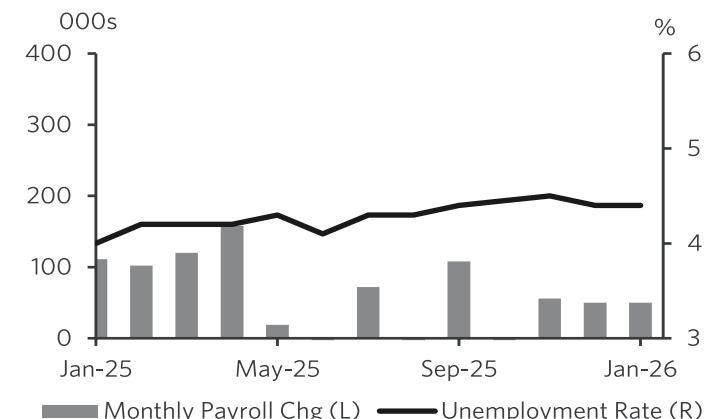
(Wednesday, 8:30 am)

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Variable	CIBC	Mkt	Prior
Employment (m/m)	50K	70K	50K
Unemployment rate	4.4%	4.4%	4.4%
Avg hourly earnings (m/m)	0.3	0.3	0.2

After a slight delay, we'll get our first look at 2026 hard data with the January payroll report. The headline figures will look ok, but the details won't be so great. We are expecting job growth of 50K, driven entirely by health care, but there is a high risk of the pattern of negative revisions continuing. Cold weather in the month may also be a factor in weighing down hiring. We expect that the jobless rate will be unchanged at 4.4%, but see the participation rate and employment-to-population ratio to move down a tick.

Chart: US payroll employment



Source: BLS, Haver Analytics, CIBC

Forecast implications — It will take poor readings from both January and February data for the Fed to cut in March. If not, the first cut of 2026 will likely be around the middle of the year.

Market implications — The market will likely modestly raise bets for an earlier cut if the details are soft.

Other US Releases: Consumer price index—January

(Friday, 8:30 am)

We expect core and headline prices to rise by 0.3% in January on the back of higher services costs, especially as rising health care premiums start to bite due to the expiration of Affordable Care Act (ACA) subsidies. Hotel costs might keep shelter costs elevated but the trend in rental inflation is still downward. Tariff-pass through should remain modest as firms were likely awaiting the Supreme Court decision about refunds and tariffs, keeping a lid on goods inflation.

Retail sales—December

(Tuesday, 8:30 am)

Major credit card providers reported mixed results for December, some showing record spending while others showed a steep drop. Given the pattern of strong spending, low sentiment and soft job market readings, we lean towards a slightly below consensus print of 0.2% growth in headline and control group sales.

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