March 6, 2020

WHAT LURKS BENEATH?

FORECASTS & DATA

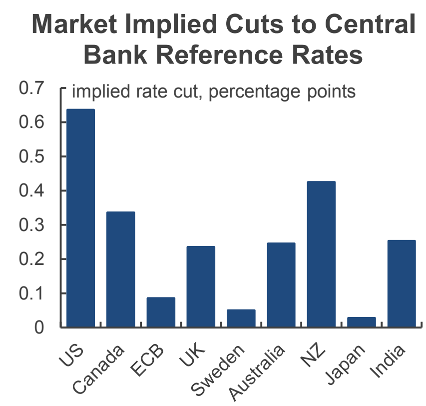
CONTACTS

Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- CBs: ECB, Peru
- OPEC+ dysfunction
- UK budget
- Fed blackout
- Inflation: US, China, India, Norway, Sweden...
- ...Mexico, Brazil, Argentina
- CDN federal budget guidance
- CDN provincial budgets, housing
- US confidence
- RBNZ's Orr on policy options
- China trade, financing
- Japan GDP
- European macro

Chart of the Week



Note: Bars indicate magnitude of easing for each central bank's upcoming meeting and is calulated from various financial markets.
Sources: Scotiabank Economics, Bloomberg,

Chart of the Week: Prepared by: Evan Andrade, Research Analyst.

What Lurks Beneath?

UNITED STATES—A (UN)TIMELY GAG ORDER

Updated tracking of inflation and how consumers are holding up will dominate a light domestic calendar as the Federal Reserve goes into communications blackout this weekend ahead of its March 18th decisions.

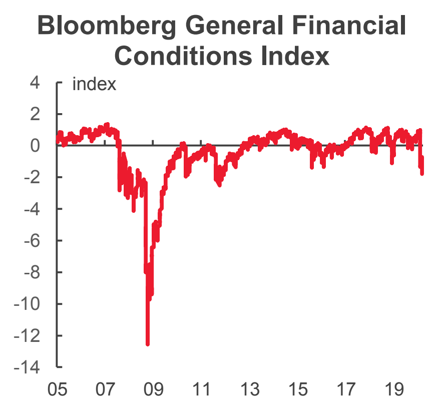
The Fed's blackout period on communications may have arrived just in the nick of time. Or at least that's how FOMC participants may feel if they've become somewhat fatigued by expectations of market participants that they must have all of the answers. Markets that are looking to have their hands held and not getting effective leadership from the vain US administration may beg to differ. Note, however, that nothing in the way that the blackout guidelines are written indicates this to be a hard rule. The policy here simply says participants "refrain from expressing their views about macroeconomic developments or monetary policy issues in meetings or conversations with members of the public." **It's reasonable to expect that should developments warrant speaking out before the March 18th FOMC decisions, then it's likely that Chair Powell would lead the way.**

Having said that, with markets already pricing a cut at the next meeting that is expected to be greater than ½% but less than ¾% and pricing a return toward the lower bound by the July meeting, the Fed might view itself as best advised to remain in observer mode barring a severe shock to the financial system. Its time may be better spent thinking about other less conventional tools that it could employ given that Washington's paralysis generally puts the full onus upon the Fed to respond.

Abrupt market movements pose the risk of revealing what I've been terming the 'skeletons in the closet' through writings and discussions with clients after regulatory changes simply shifted the risks in the financial system elsewhere. Nevertheless, **broad measures of risk appetite are thus far indicating a highly significant risk event is underway but one that is much less significant than the GFC.** Broad financial conditions have tightened in line with the Eurozone debt crisis (chart 1). The VIX measure of stock market volatility is also at its highest since the Eurozone crisis (chart 2). A measure of credit default swap spreads on investment grade credit has widened out (chart 3). A proxy for strains in interbank lending markets has also widened toward the high points of the past decade but far short of the GFC (chart 4). The collapse in the Treasury long bond yield—if persistent—poses escalating funding challenges for intermediaries with longer-tailed liabilities like pensions and life cos (chart 5). At a time of downward pressure on broad corporate earnings, the potential for pension top-ups to address underfunding magnifies the risk.

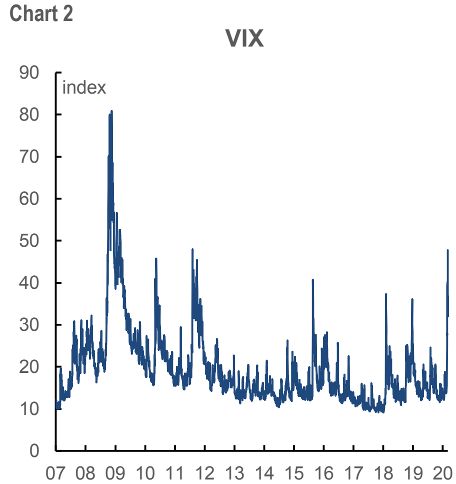
This is where I differ with those who criticize Fed policy easing as an inappropriate tool that is bound to fail. It might, but would you rather they hiked? Would you not think we'd already have been at deeper lows in the S&P if not for easing? Such is the dilemma of the social sciences in that we cannot observe the alternate parallel universe of Fed inaction. Easing and injecting liquidity throws a security blanket over the skeletons to hopefully keep them hidden. Those skeletons could be gearing in stocks, rapid reversal of ETF flows, liquidity shortfalls at funds that are grossly offside and harkening back to the Lehmans and LTCMs of the past. Further, the critics who say this is a supply-side shock that monetary policy cannot address are off base. It is a combined supply *and* demand shock. Rate cuts that drive refinancings put money

Chart 1



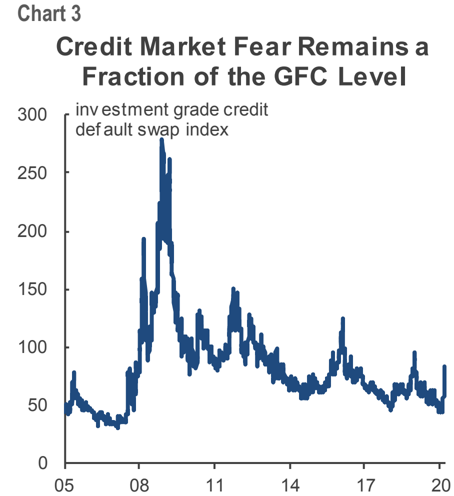
Positive index values indicate accommodative financial conditions, while negative values indicate tighter conditions relative to pre-crisis average conditions.
Sources: Scotiabank Economics, Bloomberg.

Chart 2



Source: Scotiabank Economics, Bloomberg.

Chart 3



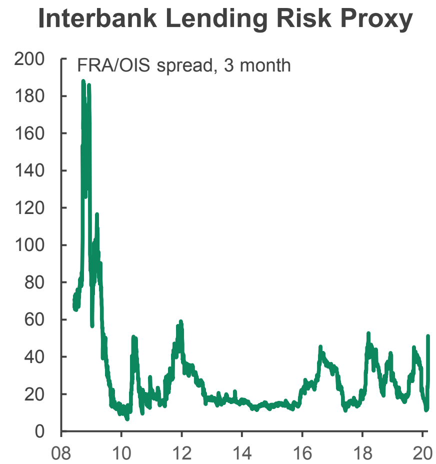
Sources: Scotiabank Economics, IHS Markit.

into strained cash flows. They also cheapen the rollover cost of corporate credit when earnings are being hit. It is too high of a burden upon one set of tools to expect it to address all facets of a highly uncertain shock, but the Fed has no choice but to use the tools at its disposal not least because US fiscal and regulatory policy probably won't act in this election year.

While financial market developments tracking COVID-19 will dominate, **US CPI will also be worth a peek.** A deceleration in headline inflation during February to 2.2% y/y (2.5% prior) will be mostly driven by lower gasoline price inflation. All grades of gasoline went from being about 13% higher in January over last January to under half that in February with about a 3 ½% weight in the basket. A shift in year-ago base effects and typical seasonality should mostly cancel out one another's influences upon headline inflation in year-ago terms while leaving seasonally adjusted CPI flat in month-ago terms. Core CPI is expected to remain unchanged at 2.3% y/y. Producer prices will also be updated on Thursday.

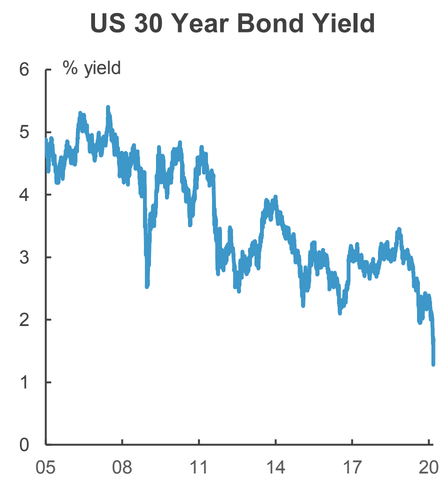
Friday's release of the University of Michigan's consumer sentiment reading for March may provide the first indication of how consumer confidence is holding up in the face of the shocks. A weaker reading is expected notwithstanding some positive effects upon household cash flows from refinancing activity and lower energy costs.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

CANADA—WAITING FOR FISCAL RELIEF

Canadian markets will largely follow the global market tone over the coming week. There isn't much on the domestic macroeconomic calendar that is likely to swing domestic markets that will instead focus upon developments abroad such as COVID-19 effects, prospects for more policy coordination contingent upon the ECB's actions, and how the UK budget may also inform pending actions by the Bank of England. Limited data risk and a series of potential fiscal policy developments will be monitored.

The only calendar-based data risks will be focused upon housing. Existing home sales during February will be released on Friday and they probably spiked higher based upon what we know from local real estate boards before the overall national tally is seasonally adjusted. Charts 6 and 7 show the gain in home resales and house prices by city. Nevertheless, the burst of pent-up demand from January's 3% m/m seasonally adjusted decline in home sales and the forward-looking risks to confidence in making major purchases are likely to mean one's attention should be focused elsewhere. An added factor is that sales in March might be deferred until after the implementation of the adjustment to the B20 mortgage stress test that takes effect in April. Canada also updates housing starts for February on Monday.

What follows are Rebekah Young's views on expected developments across federal and provincial budgets. **For starters, Federal Finance Minister Morneau has still not announced the budget date but it remains imminent.** He devoted most of his March 6th speech on Canada's Economic Plan to laying out in broad terms Canada's fiscal response to COVID-19. The three-pronged approach will involve first securing sufficient health-related resources, followed by supports for those directly impacted through quarantines, etc., and finally, a budget that will set up a larger contingency reserve to address a potentially larger response. While he signaled the government would be prepared to abandon its fiscal anchor of a the declining debt-to-GDP in the event of a serious downturn, he implied we are not there yet so it is unlikely the upcoming budget will deviate substantially from plan though an expected GDP shock could put modest upward pressure on the ratio without offsetting measures.

He will have trouble making the math work. The most recent update from the feds—in December's Economic and Fiscal Update (EFU)—was predicated on a rosier economic outlook with 2020 GDP forecast for 1.6%, whereas Scotiabank Economics estimates 1.1% growth is more realistic today. December's budget balance already had very little margin for additional spending—in the order of $15bn over the next four years—once the middle income tax cut and pension accrual costs are netted out. Using the Finance Department's own sensitivity numbers, a 0.5% GDP shock would likely hit the bottom line by an additional $2.3bn each year over the horizon (or about $10B cumulative). Lower interest rates will likely reduce interest charges, but it will also put upward pressure on pension accounting provisions. Chart 8 demonstrates the modest estimated impact of the COVID-19 shock on the deficit as a share of the size of the economy.

In sum, not much fiscal support can be expected in the near term as long as the government sticks to its fiscal anchor. The current risk provision is $3bn—or 0.1% of GDP—even doubling it to $6bn would not shift the needle substantially against an economy slowing abruptly and may be too late by the time it is allocated and deployed.

Three more budgets are up next week: Quebec and New Brunswick on Tuesday and Manitoba on Wednesday. Quebec is expected to table a budget projecting continued surpluses. There is a good chance that it exceeds its earlier-forecasted surplus of $4bn (or $1.4bn after transfers to the Generations Fund) in FY20 as the economy has been powering along with a third year of growth above 2%. Strong revenue growth, in particular from robust labour markets, is likely to fuel a stronger balance in the near term. The government has signalled that fighting climate change will be a focus in this year's fiscal plan, and may offer new outer-year details for funding of existing programs. Otherwise, with chronic labour shortage and an economy operating above potential more generally, the budget is likely to focus on addressing labour shortages along with targeted but constrained government spending measures that stick to the $1.4 bn positive balance, while setting aside any upside windfalls in the Generations Fund.

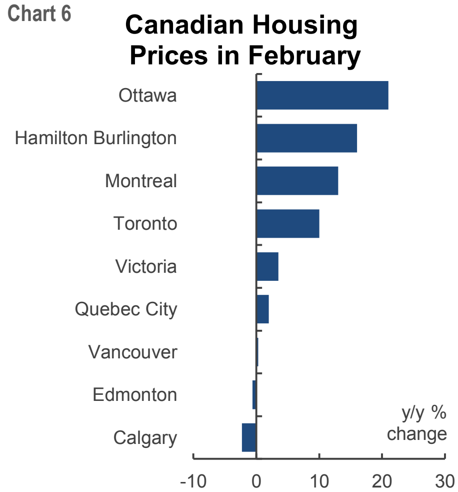
New Brunswick and Manitoba also are tightening their belts on the fiscal front but proving scale can be challenging when it comes to fiscal levers for small economies. New Brunswick expects to table another modest surplus that should exceed its last budget forecast (of $23mn for FY20) and continue to lower its debt burden going forward. But with growth sitting at sub-1% and an aging demographic, cracks are showing as opposition parties indicate they may not support this minority government budget. Manitoba is expected to continue its path to balance by FY23 with an expected deficit of about 0.5% of its GDP in FY20 (or about $350mn) though its economy also faces headwinds in the near term.

Finally, the Prime Minister will host the next First Minister's Meeting on March 13th. Fiscal transfers to provinces and territories is on the agenda with a high-profile campaign by the Alberta government seeking a retroactive 'equalization rebate' amounting to $2.4B. Meanwhile, Minister Morneau has indicated in late January that changes were imminent "in the coming weeks". One can also expect (hope) that a coordinated COVID-19 response is on the table including potential fiscal support to provinces whose health budgets are already stretched.

EUROPE—WHATEVER VERSUS WHENEVER

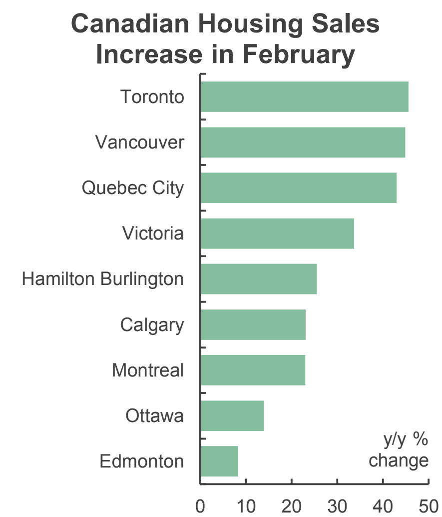
Global markets will likely be highly sensitive to potential policy changes and guidance from the European Central Bank and what the UK government's budget

Chart 6



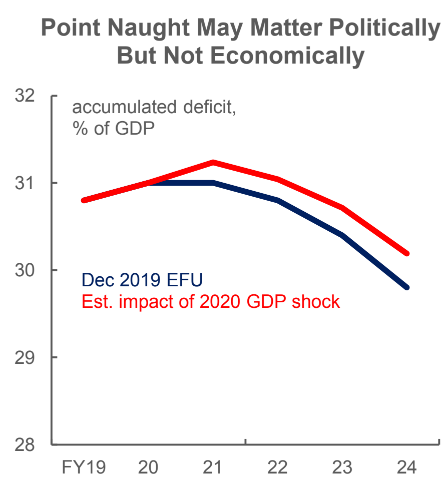
Sources: Scotiabank Economics, various regional real estate boards.

Chart 7



Sources: Scotiabank Economics, MLS.

Chart 8



Sources: Scotiabank Economics, Finance Canada.

does to inform potential policy coordination with the Bank of England. Knock-on effects stemming from developments in energy markets may come to outweigh the significance of whatever the ECB or UK do.

The new UK Chancellor of the Exchequer Rishi Sunak will being down his government's first post-election budget on Wednesday at about 12:30pm London time. A National Infrastructure Strategy has been further delayed and will not be included but significant investment announcements are anticipated. Potential corporate tax cuts and reducing tax breaks for the wealthy to fund a surge in government spending are probable and the overall mixture of measures will inform estimates of the fiscal impulse to growth.

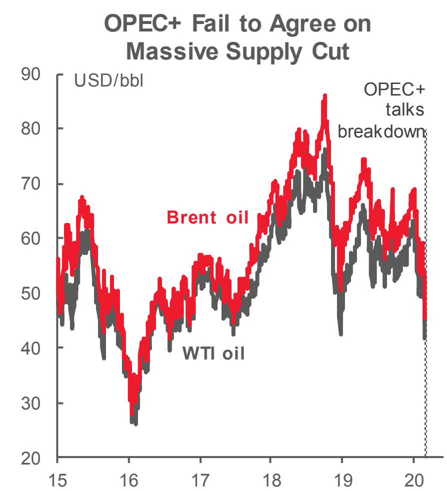
How the UK budget informs coordinating efforts with the Bank of England may also be further informed by the week's developments and ahead of the BoE's scheduled decision on March 26th. The OIS market has almost a half percentage point cut priced into the OIS curve and there may be a high bar set against disappointing market expectations.

Thursday's ECB meeting will be the first real test of newly minted President Christine Lagarde. Will it be shades of 'whatever it takes' or we'll get to it in due course? The latter would not be well received by markets. Markets are priced for a 5–10bps cut to the -0.5% deposit rate. There may be emphasis upon further efforts to harness the positives of negative rates and mitigate the negatives on the banking system including potential adjustments to the tiering program. A new liquidity program could well be introduced and more favourable adjustments of terms to the Targeted Longer-Term Refinancing Operation that targets lending to small- and medium-sized enterprises are possible.

The aftermath of the collapse of OPEC+ talks on production cuts as the Russians objected to the Saudi-led coalition's efforts to address supply may also be a continued focus. WTI and Brent oil plunged by about 9% on Friday to close at just over US$41½ and about US$45½ respectively. Failing a resumption of talks and tangible progress, oil could well reset to test lows set in early 2016 (chart 9). The effects would likely be highly disinflationary across the world while risking dislocation effects including in markets like high yield energy indices and concentrated risks to junior energy plays.

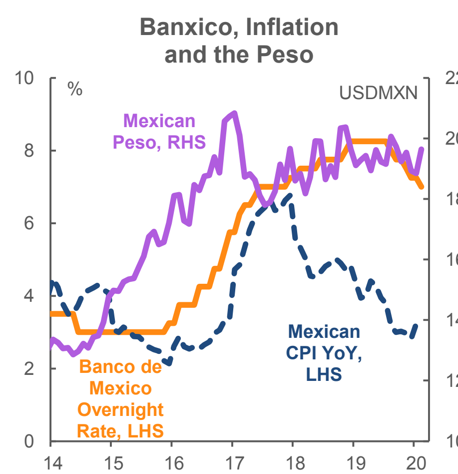
Other releases will include CPI inflation numbers out of Norway (Tuesday) and Sweden (Thursday). UK macro readings will take a back seat to stimulus talk, especially since it will be of the rather stale variety including the monthly services index, industrial output and trade for January on Wednesday. Industrial production figures out of France, Germany and Italy are also due out early in the week.

Chart 9



Sources: Scotiabank Economics, Bloomberg.

Chart 10



Sources: Scotiabank Economics, Banco de Mexico, Bloomberg.

LATIN AMERICA—THE INFLATION DANCE

The interplay between monetary policy developments, currency moves and inflation risk will be a central theme over the coming week. That is, to the extent to which domestic developments influence what are likely to be more dominant external factors.

Our Lima-based economists Guillermo Arbe and Pablo Nano expect Peru's central bank to cut its policy reference rate by 25bps on Thursday. The central bank's last policy statement indicated it would consider changes to monetary policy based in part upon inflation risk. Headline inflation at 1.9% y/y is well within the central bank's 2% +/- 1% inflation target range and core inflation sits at 2.3% y/y as at February. A complicating factor has been the depreciation in the sol of about 5% versus the USD since the start of this year and what this may do to inflation risk.

Mexico could get just such a taste of that when CPI inflation for February is released on Monday. Headline inflation is expected to rise to about 3 ½% y/y. The Mexican peso has sharply depreciated to the USD very recently during the period of COVID-19 induced risks to the global economy and is testing the NAFTA-related strains over the past few years. Chart 10 depicts the relationship between the peso, inflation and Banxico actions over time.

Other releases will include Brazilian inflation during February (Wednesday), Argentina's inflation rate (Thursday) and industrial production figures out of Mexico (Friday) and Brazil (Tuesday).

ASIA-PACIFIC—THE RBNZ LITMUS TEST

While there are several macro releases due out including from China, I'd watch the RBNZ that may inform the discussion on whether smaller central banks are considering unconventional monetary policy tools.

New Zealand's sovereign debt curve is performing rather similarly to elsewhere. The two year yield is parked at ½% with little yield pick-up out to about 92bps in 10s. Anchoring the curve is a presently 1% official cash rate amid expectations the central bank will cut by 25bps on the evening of March 24th (eastern time) and with markets pricing a policy rate between ¼% and ½% by just after mid-year. If such depths get plumbed, then it may be natural to consider other policy options.

Enter the importance of the pending speech by RBNZ Governor Adrian Orr on non-standard policy. Text is due out on Monday evening eastern time (2pm Tuesday local time). The speech will speak to how the RBNZ "would assess and use unconventional monetary policy tools if ever needed." Given the often pioneering nature of this central bank, its guidance could well be informative to similar debates across other regional central banks like the Bank of Canada and RBA.

Macro readings are expected to include trade figures out of China for the month of February this weekend. They are expected to be rather weak for obvious reasons. China's inflation reading for February arrives on Monday evening (eastern time) and is expected to remain over 5% y/y primarily due to food and particularly pork prices. Chinese core CPI inflation will be more closely watched for risks surrounding the 1.5% y/y prior reading and in the context of the combined supply and demand shocks that COVID-19 presents. China might release aggregate financing and credit figures next week or the week after. India updates CPI on Thursday amid expectations for inflation to ebb. Japan will revise Q4 GDP growth and probably negatively, given the release of weak capital expenditures since the first estimate of a -6.3% q/q annualized GDP contraction.

Key Indicators for week of March 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	03/09	08:00	Bi-Weekly Core CPI (% change)	Feb 29	0.3	0.1	0.2
MX	03/09	08:00	Bi-Weekly CPI (% change)	Feb 29	0.3	0.2	0.1
MX	03/09	08:00	Consumer Prices (m/m)	Feb	0.3	0.3	0.5
MX	03/09	08:00	Consumer Prices (y/y)	Feb	3.6	3.6	3.2
MX	03/09	08:00	Consumer Prices Core (m/m)	Feb	0.4	0.4	0.3
CA	03/09	08:15	Housing Starts (000s a.r.)	Feb	205	--	213
CA	03/09	08:30	Building Permits (m/m)	Jan	--	--	7.4
US	03/11	07:00	MBA Mortgage Applications (w/w)	Mar 6	--	--	15.1
CA	03/11	08:30	Capacity Utilization (%)	4Q	--	--	81.7
US	03/11	08:30	CPI (m/m)	Feb	0.0	0.0	0.1
US	03/11	08:30	CPI (y/y)	Feb	2.2	2.2	2.5
US	03/11	08:30	CPI (index)	Feb	--	258	258
US	03/11	08:30	CPI ex. Food & Energy (m/m)	Feb	0.2	0.2	0.2
US	03/11	08:30	CPI ex. Food & Energy (y/y)	Feb	2.3	2.3	2.3
US	03/11	14:00	Treasury Budget (US$ bn)	Feb	--	-248.1	-32.6
US	03/12	08:30	Initial Jobless Claims (000s)	Mar 7	220	216	219
US	03/12	08:30	Continuing Claims (000s)	Feb 29	1730	--	1724
US	03/12	08:30	PPI (m/m)	Feb	-0.2	-0.1	0.5
US	03/12	08:30	PPI ex. Food & Energy (m/m)	Feb	0.2	0.2	0.5
MX	03/13	08:00	Industrial Production (m/m)	Jan	--	0.5	-0.3
MX	03/13	08:00	Industrial Production (y/y)	Jan	--	-1.5	-1.0
US	03/13	08:30	Export Prices (m/m)	Feb	--	-1.0	0.0
US	03/13	08:30	Import Prices (m/m)	Feb	--	-1.0	0.0
CA	03/13	09:00	Existing Home Sales (m/m)	Feb	--	--	-2.9
US	03/13	10:00	U. of Michigan Consumer Sentiment	Mar P	96	95.0	101.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IR	03/08-03/13		Real GDP (q/q)	4Q	--	--	1.7
GE	03/09	03:00	Current Account (€ bn)	Jan	--	--	29.4
GE	03/09	03:00	Industrial Production (m/m)	Jan	--	1.7	-3.5
GE	03/09	03:00	Trade Balance (€ bn)	Jan	--	15.0	15.2
FR	03/10	03:45	Industrial Production (m/m)	Jan	--	1.8	-2.8
FR	03/10	03:45	Industrial Production (y/y)	Jan	--	-2.0	-3.0
FR	03/10	03:45	Manufacturing Production (m/m)	Jan	--	1.7	-2.6
IT	03/10	05:00	Industrial Production (m/m)	Jan	--	1.6	-2.7
EC	03/10	06:00	Employment (q/q)	4Q F	--	--	0.3
EC	03/10	06:00	GDP (q/q)	4Q F	--	0.1	0.1
SP	03/11	04:00	Real Retail Sales (y/y)	Jan	--	--	1.9
UK	03/11	05:30	Index of Services (m/m)	Jan	--	0.2	0.3
UK	03/11	05:30	Industrial Production (m/m)	Jan	--	0.3	0.1
UK	03/11	05:30	Manufacturing Production (m/m)	Jan	--	0.3	0.3
UK	03/11	05:30	Visible Trade Balance (£ mn)	Jan	--	-7000	845
IT	03/12	05:00	Unemployment Rate (%)	4Q	--	9.8	9.8
EC	03/12	06:00	Industrial Production (m/m)	Jan	--	1.4	-2.1
EC	03/12	06:00	Industrial Production (y/y)	Jan	--	-3.1	-4.1
EC	**03/12**	**08:45**	**ECB Main Refinancing Rate (%)**	**Mar 12**	**0.00**	**0.00**	**0.00**
EC	**03/12**	**08:45**	**ECB Marginal Lending Facility Rate (%)**	**Mar 12**	**0.25**	**0.25**	**0.30**
EC	**12/03**	**08:45**	**ECB Deposit Facility Rate (%)**	**Mar 12**	**-0.60**	**-0.50**	**-0.50**
GE	03/13	03:00	CPI (m/m)	Feb F	--	0.4	0.4
GE	03/13	03:00	CPI (y/y)	Feb F	--	1.7	1.7
GE	03/13	03:00	CPI - EU Harmonized (m/m)	Feb F	--	0.6	0.6
GE	03/13	03:00	CPI - EU Harmonized (y/y)	Feb F	--	1.7	1.7

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of March 9 – 13

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	03/13	03:45	CPI (m/m)	Feb F	--	0.0	0.0
FR	03/13	03:45	CPI (y/y)	Feb F	--	1.4	1.4
FR	03/13	03:45	CPI - EU Harmonized (m/m)	Feb F	--	0.0	0.0
FR	03/13	03:45	CPI - EU Harmonized (y/y)	Feb F	--	1.6	1.6
SP	03/13	04:00	CPI (m/m)	Feb F	--	-0.1	-0.1
SP	03/13	04:00	CPI (y/y)	Feb F	--	0.8	0.8
SP	03/13	04:00	CPI - EU Harmonized (m/m)	Feb F	--	0.0	0.0
SP	03/13	04:00	CPI - EU Harmonized (y/y)	Feb F	--	0.9	0.9

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	03/07		Foreign Reserves (US$ bn)	Feb	--	3109	3116
JN	03/08	19:50	Bank Lending (y/y)	Feb	--	--	1.9
JN	03/08	19:50	Current Account (¥ bn)	Jan	--	624	524
JN	03/08	19:50	GDP (q/q)	4Q F	-1.6	-1.7	-1.6
JN	03/08	19:50	GDP Deflator (y/y)	4Q F	1.3	1.3	1.3
JN	03/08	19:50	Trade Balance - BOP Basis (¥ bn)	Jan	--	-962.0	120.7
ID	03/08-03/09		Consumer Confidence Index	Feb	--	--	121.7
TA	03/09	04:00	Exports (y/y)	Feb	--	2.2	-7.6
TA	03/09	04:00	Imports (y/y)	Feb	--	5.6	-17.7
TA	03/09	04:00	Trade Balance (US$ bn)	Feb	--	4.4	3.5
SI	03/09	05:00	Foreign Reserves (US$ mn)	Feb	--	--	278625
NZ	03/09	17:45	Manufacturing Activity	4Q	--	--	0.9
JN	03/09	19:50	Japan Money Stock M2 (y/y)	Feb	--	2.8	2.8
JN	03/09	19:50	Japan Money Stock M3 (y/y)	Feb	--	2.3	2.3
PH	03/09	21:00	Exports (y/y)	Jan	--	3.0	21.4
PH	03/09	21:00	Imports (y/y)	Jan	--	-4.5	-7.6
PH	03/09	21:00	Trade Balance (US$ mn)	Jan	--	-3255	-2478
CH	03/09	21:30	CPI (y/y)	Feb	4.6	5.2	5.4
CH	03/09	21:30	PPI (y/y)	Feb	--	-0.3	0.1
CH	03/09-03/15		New Yuan Loans (bn)	Feb	1200	1100	3340
JN	03/10	02:00	Machine Tool Orders (y/y)	Feb P	--	--	-35.6
SK	03/10	19:00	Unemployment Rate (%)	Feb	4.1	4.1	4.0
IN	03/11-03/15		Exports (y/y)	Feb	--	--	-1.7
IN	03/11-03/15		Imports (y/y)	Feb	--	--	-0.8
IN	03/12	08:00	CPI (y/y)	Feb	7.20	6.70	7.59
IN	03/12	08:00	Industrial Production (y/y)	Jan	--	0.70	-0.30
NZ	03/12	17:30	Business NZ PMI	Feb	--	--	49.6
PH	03/12-03/13		Budget Deficit/Surplus (PHP bn)	Jan	--	--	-251.1
MA	03/13	00:00	Industrial Production (y/y)	Jan	--	1.0	1.3
JN	03/13	00:30	Tertiary Industry Index (m/m)	Jan	--	0.3	-0.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	03/10	08:00	Industrial Production SA (m/m)	Jan	--	0.6	-0.7
BZ	03/10	08:00	Industrial Production (y/y)	Jan	--	-1.1	-1.2
BZ	03/11	08:00	IBGE Inflation IPCA (m/m)	Feb	--	0.2	0.2
BZ	03/11	08:00	IBGE Inflation IPCA (y/y)	Feb	--	3.9	4.2
PE	03/11	11:30	Trade Balance (USD mn)	Jan	--	--	1220
PE	**03/12**	**19:20**	**Reference Rate (%)**	**Mar 12**	**2.00**	**2.25**	**2.25**
CO	03/13	11:00	Retail Sales (y/y)	Jan	7.5	7.4	7.1

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.

Global Auctions for week of March 9 – 13

NORTH AMERICA

Country	Date	Time	Event
US	03/10	13:00	U.S. to Sell 3 Year Notes
CA	03/11	12:00	Canada to Sell 2 Year Bonds
US	03/11	13:00	U.S. to Sell 10 Year Notes
US	03/12	13:00	U.S. to Sell 30 Year Notes

EUROPE

Country	Date	Time	Event
NE	03/10	06:00	Netherlands to Sell 10 Year Bonds
GE	03/11	06:30	Germany to Sell 10 Year Bonds
IT	03/12	06:00	Italy to Sell Bonds
IR	03/12	06:30	Ireland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
SK	03/08	22:30	Korea to Sell KRW 2.45 Tln 5 Year Bonds
CH	03/08	22:30	Gansu to Sell CNY5.29 Bln 7 Year Bonds
CH	03/09	23:30	China to Sell 5, 15, & 30 Year Bonds
JN	03/09	23:35	Japan to Sell 5 Year Bonds
CH	03/10	23:00	China to Sell 2 & 5 Year Upsized Bonds
CH	03/10	23:00	China to Sell CNY43 Bln 5-Yr Upsized Bonds (2019-13)
TH	03/10	23:00	Thailand to Sell THB3 Bln Bonds Due 2067 (LB676A)
TH	03/10	23:00	Thailand to Sell THB35 Bln Bonds Due 2024 (LB24DB)
HK	03/10	23:30	HongKong to Sell HKD0.8Bln2.02%13.99-Year Bonds15GB3403[Reopen
SK	03/11	01:30	Korea to Sell KRW 2 Tln 63-Days Financial Bills
NZ	03/11	21:05	New Zealand To Sell NZD250 Mln 1.5% 2031 Bonds;
JN	03/11	23:35	Japan to Sell 20-Year Bonds
CH	03/12	23:00	China Plans to Sell 30-Yr Government Bond
TA	03/13	00:30	Taiwan to Sell TWD40 Bln 2-Yr NCD

Sources: Bloomberg, Scotiabank Economics.

Events for week of March 9 – 13

NORTH AMERICA

Country	Date	Time	Event
US	03/10		ND, ID, MI, MS, MO, & WA Democratic Caucus & Primaries

EUROPE

Country	Date	Time	Event
SW	03/10	04:00	Riksbank's Ingves and Breman in Parliamentary Hearing
SW	03/10	09:00	Riksbank's Breman Moderates Panel
UK	03/11	07:30	U.K. Government Announces 2020 Budget
EC	**03/12**	**08:45**	**ECB Main Refinancing Rate**
EC	**03/12**	**08:45**	**ECB Marginal Lending Facility**
EC	**03/12**	**08:45**	**ECB Deposit Facility Rate**
SW	03/12	13:00	Riksbank's Ingves Gives Speech

ASIA-PACIFIC

Country	Date	Time	Event
NZ	03/09	21:00	RBNZ Governor Speech on Non-Standard Policy
AU	03/10	18:00	RBA's Debelle Gives Speech in Sydney

LATIN AMERICA

Country	Date	Time	Event
PE	**03/12**	**19:20**	**Reference Rate**

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	1.25	April 15, 2020	1.00	1.75
Federal Reserve – Federal Funds Target Rate	1.25	March 18, 2020	0.75	1.75
Banco de México – Overnight Rate	7.00	March 26, 2020	7.00	6.75

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	March 12, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	March 12, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	March 12, 2020	-0.60	-0.50
Bank of England – Bank Rate	0.75	March 26, 2020	0.75	0.50
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	6.00	March 20, 2020	6.00	5.75
Sweden Riksbank – Repo Rate	0.00	April 28, 2020	0.00	0.00
Norges Bank – Deposit Rate	1.50	March 19, 2020	1.50	1.50
Central Bank of Turkey – Benchmark Repo Rate	10.75	March 19, 2020	10.75	10.75

European Central Bank (ECB): Will President Lagarde deliver the goods? Markets are priced for a small deposit rate cut, but consensus is somewhat divided on whether it will be delivered. Unconventional program adjustments are also possible as discussed in the Global Week Ahead.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	March 19, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.50	April 7, 2020	0.50	0.63
Reserve Bank of New Zealand – Cash Rate	1.00	March 24, 2020	1.00	0.75
People's Bank of China – 1-Year Loan Prime Rate	4.05	March 20, 2020	3.95	4.00
Reserve Bank of India – Repo Rate	5.15	April 3, 2020	5.15	5.25
Bank of Korea – Bank Rate	1.25	April 9, 2020	1.00	1.25
Bank of Thailand – Repo Rate	1.00	March 25, 2020	1.00	1.00
Bank Negara Malaysia – Overnight Policy Rate	2.50	May 5, 2020	2.50	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	March 19, 2020	4.50	4.75
Central Bank of Philippines – Overnight Borrowing Rate	3.75	March 19, 2020	3.50	3.75

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	4.25	March 18, 2020	4.25	4.25
Banco Central de Chile – Overnight Rate	1.75	March 31, 2020	1.75	1.75
Banco de la República de Colombia – Lending Rate	4.25	March 27, 2020	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.25	March 12, 2020	2.00	2.25

Banco Central de Reserva del Perú: We expect the central bank to cut its reference rate by 25bps. Inflation relative to the target range alongside risks to growth should provide ample room to ease, but a complicating factor is the impact of currency depreciation upon the inflation outlook.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.25	March 19, 2020	6.25	6.25

Forecasts at time of publication.
Sources: Bloomberg, Scotiabank Economics.