

**CHINA'S RESURRECTION**

- [Europe — Nowcasting European GDP](#) 2
- [Canada — How COVID-19 Is Hitting Consumers](#) 2-3
- [Latin America — You Again?!](#) 4
- [United States — F.C.C.](#) 4
- [Asia-Pacific — Reeceach For The Skyyy!](#) 4-5

**FORECASTS & DATA**

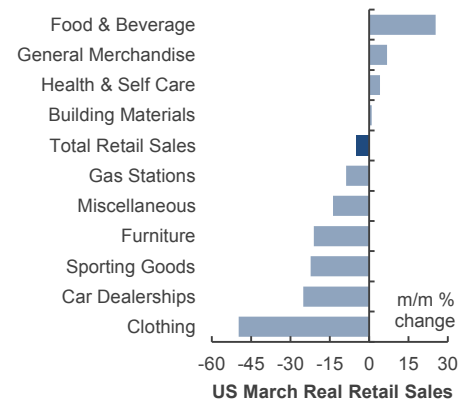
- [Key Indicators](#) A1-A2
- [Global Auctions Calendar](#) A3
- [Events Calendar](#) A4
- [Global Central Bank Watch](#) A5

**CONTACTS**

**Derek Holt, VP & Head of Capital Markets Economics**  
 416.863.7707  
 Scotiabank Economics  
[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

**Next Week's Risk Dashboard**

- PMIs: US, Eurozone, UK
- Fed's Powell, Clarida
- FOMC minutes
- China's Congress
- US phase 5 stimulus
- Argentina's default risk
- CBs: PBOC, BI, BoT
- GDP: Chile, Peru, Thailand
- Inflation: Canada, Japan, Malaysia
- CDN retail sales, ADP
- CDN delinquencies
- Other macro

**Chart of the Week**
**Will the Hit to March Canadian Retail Sales be Similar to the US?**


Sources: Scotiabank Economics, US BLS.

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

## China's Resurrection

### EUROPE—NOWCASTING EUROPEAN GDP

**Survey-based indicators of GDP growth will be the main focal points and will be relied upon for two signals.** First will be whether they indicate that sentiment is bottoming in the Eurozone and UK economies. Second will be to further inform 'nowcast' estimates of GDP growth in the Eurozone and UK. The results shouldn't fuss markets that have long anticipated steep declines and are more focused upon potential forward-looking rebounds, but they will help economists to firm up the estimated magnitude of the downturn and knock-on implications for other readings like fiscal balances. In any event, an informed view of the potential rebound starts with a decent estimate of the magnitude of the preceding decline.

Eurozone sentiment surveys will include May readings for the ZEW gauge of economic sentiment (Tuesday) and the purchasing managers' indices (Friday). Given the steep plunge in the composite PMI over March and April when composite PMI fell to 13.6—a record distance from the 50 dividing line between expansion (above) and contraction (below)—the May reading should bottom as focus shifted toward reopening.

Given that there is an estimated 87% correlation between the composite Eurozone PMI and quarter-over-quarter GDP growth, the sentiment readings can be relied upon to provide a reasonably accurate reading on GDP growth. This is shown graphically in chart 1. **A Eurozone GDP 'nowcast' model that uses PMIs to estimate GDP growth presently estimates that the economy shrank by 7–8% in Q2 at a seasonally adjusted but non-annualized rate, or over -30% annualized.** As more PMI evidence arrives—and if it gradually improves over May and June—the result may be that this nowcast estimate could improve somewhat. That said, PMI-based models may face material added downside risk.

One can run the same exercise for a 'nowcast' estimate of UK GDP growth. **UK PMIs also arrive on Friday** and they too are highly correlated with UK GDP growth (chart 2). Like the Eurozone composite PMI, the UK composite PMI also fell to 13.8 in April and signalled a deep contraction. **A PMI-based 'nowcast' model of UK GDP growth presently estimates Q2 UK GDP at around -7% q/q at a seasonally adjusted but non-annualized rate.** If PMIs show more evidence of bottoming and gradually mending, then this 'nowcast' estimate of the damage done to the economy may be reined in somewhat. As with the Eurozone nowcast, the risk to the PMI-based tracking of GDP growth is likely to the downside.

UK updates will also include employment, unemployment and wage estimates (Tuesday), CPI for April (Wednesday) and retail sales for the same month (Friday).

### CANADA—HOW COVID-19 IS HITTING CONSUMERS

Canadian markets will be shut on Monday for the Victoria Day holiday and face a week of relatively low calendar-based risk. That might make domestic markets more vulnerable to external developments. Three macro releases will focus upon consumer conditions and offer updated inflation tracking and updated estimation of Q1 GDP.

Alongside much of the focus on the COVID-19 effect upon consumers next week will go the knock-on implications for credit quality. There were nascent signs of a mild deterioration already underway before the full effects of the COVID-19 virus took root, including a half point rise in the 30+ day credit card delinquency rate from last summer up to March of this year (chart 3). Further

Chart 1

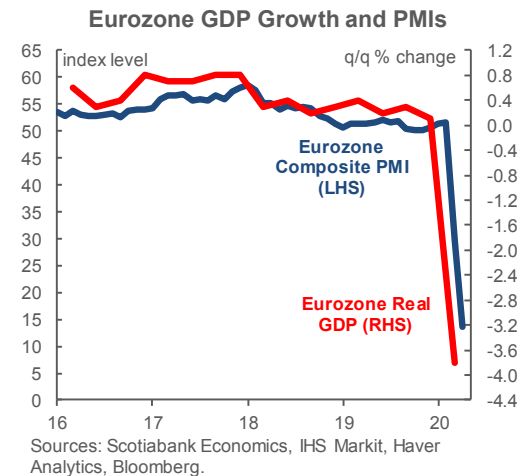
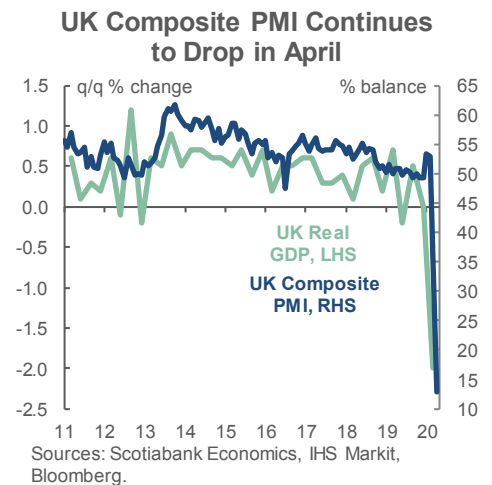


Chart 2



upward pressure is obviously anticipated, but **the starting point for Canadian loan quality remains far more favourable than in the US** where the 90+ days delinquency rate was on the order of 9 times higher than in Canada before the COVID-19 shock hit.

A similar observation applies to mortgages where Canada's 90+day delinquency rate of about 0.25% was about one-quarter of the rate in the US before the COVID-19 shock. Canada has historically always had a fraction of the US mortgage delinquency rate, notwithstanding the vast improvement stateside over the past decade (charts 4, 5). When the BoC says ([here](#)) that the worst-case scenario for this delinquency rate is 0.8% by 2021H2, it's using an alternative pessimistic case shock scenario for GDP growth that assumes twice the massive hit to GDP that Scotiabank Economics forecasts for stress testing purposes while guiding they expect a better (lower) delinquency outcome than that.

**CPI inflation during April arrives on Wednesday.** My forecast is for headline to drop by -0.4% y/y and -0.7% m/m (seasonally unadjusted, as per the Canadian polling practice). Key inputs include a 3% weight on gas prices that fell by about 18% m/m and over 40% y/y, as well as a mild drop in prices excluding food and energy, and a mild gain in average food prices, in addition to a shift in base effects and adjustments to normal seasonality.

**Retail sales probably fell sharply in March and we'll find out by how much on Friday.** A steep decline is likely with the main possible exceptions across the components being the food and beverage as well as health and personal care sectors. Overall, I guesstimate that retail sales fell by about 10% m/m. Gas prices fell by 16% m/m in March with a 10% weight on gas station sales and the uncertainty is around the unknown volume of gasoline that was sold as well as ancillary sales at gas stations. New car dealers have a 22% weight and new auto sales fell 47% m/m seasonally adjusted with prices down by about 1% m/m which knocks another ten percentage points off of retail sales in weighted terms with uncertainty focused upon used auto sales, parts and service. Food and beverage store sales climbed sharply over March compared to the same month last year (chart 6), and—with a 21% weight in overall retail sales—that likely accounted for about a +5 percentage point m/m lift to overall retail sales. The other half of sales are estimated to have dropped by 10% so that knocks a weighted 5% off total sales.

**ADP payrolls** are due for April on Thursday and will be evaluated as a cross check of shorts on Statistics Canada's huge 2 million drop in payroll employees as measured by the Labour Force Survey.

**Bank of Canada Deputy Governor Tim Lane** will speak on Wednesday about "Policies for the Great Global Shutdown and Beyond." His text will be available by 2pmET with no press conference to follow the webcast.

Chart 3  
**Canadian Credit Card Delinquencies**

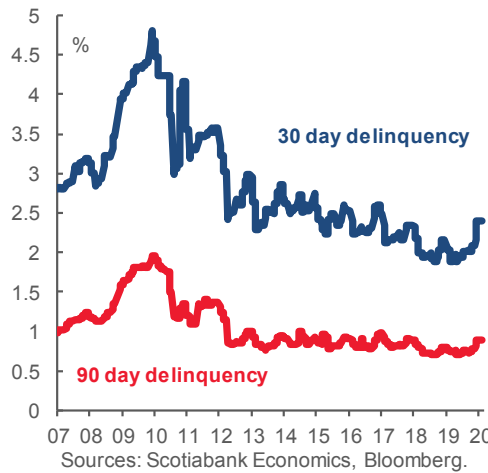


Chart 4  
**Canadian Mortgage Arrears Rate**

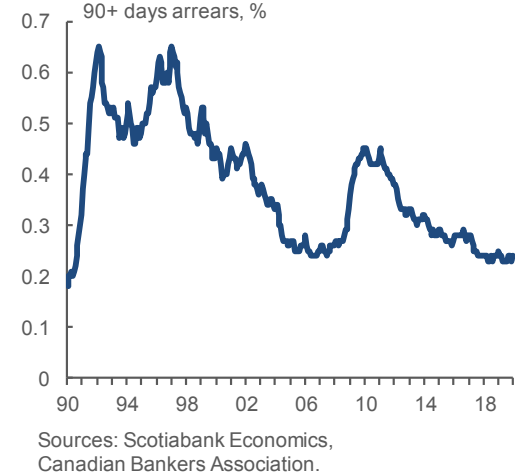


Chart 5  
**US Consumer Delinquency Ratios**

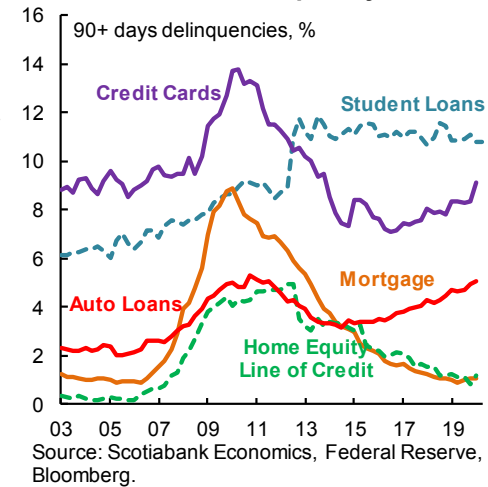
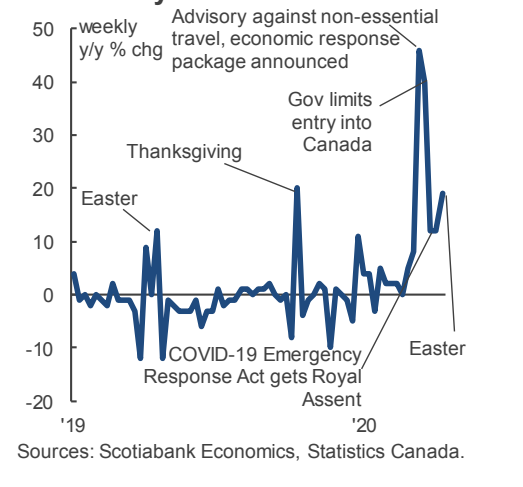


Chart 6  
**Grocery Store Sales Soared**



## LATIN AMERICA—YOU AGAIN?!

The early days of the COVID-19 impact will begin showing up in GDP figures but elements of the emerging and less-developed markets will have an eye on Friday's risks.

Chile will update Q1 GDP on Monday and Peru will follow later in the week. A small decline is expected in both countries' year-over-year growth rates ahead of the more serious weakness into Q2.

**Argentina's deadline for bondholders to accept a US\$65 billion offer to restructure debts arrives on Friday.** That day brings the deadline for US\$500 million of interest payments that are already past due such that if an agreement is not reached then the country would default yet again and risk spillover effects elsewhere. Not surprisingly, investors have sharply increased the risk premium attached to holding Argentinian bonds (chart 7).

## UNITED STATES—F.C.C.

**A more focused talk on the US economic outlook by a top Fed official, off-calendar risk and select macro reports will be the dominant areas of attention.** Fiscal, China and COVID-19 all offer random event risk that dominate other developments.

**Markets may be on watch for an escalation of tensions after US Treasury Secretary Mnuchin guided that President Trump is evaluating 'all options' on China,** in addition to ongoing uncertainty regarding COVID-19 curves and reopening plans that are shifting into higher gear. Fiscal stimulus developments are parked on the back burner for now given Treasury Secretary Mnuchin's guidance that the administration will wait 'a few weeks' before revisiting plans while nevertheless—and not surprisingly—rejecting the Democrats' phase 5 stimulus plan.

**Fed-speak will figure prominently over the coming week, though expectations for major developments are low.** Chair Powell testifies before the Senate Banking Committee on Tuesday about the CARES Act (Coronavirus, Aid, Relief and Economic Security). Two days later he'll speak again at a Fed Listens event on the community effects of COVID-19. Just before he does so, Vice Chair Clarida will deliver an on-line address about the US economic outlook and monetary policy. Clarida's may be among the meatier contributions of late given the Fed's reticence to produce forecasts and St. Louis President Bullard's guidance that they might not produce forecasts in June either and presumably the same would go for the dot plot.

**Minutes to the FOMC meeting on February 28<sup>th</sup>-29<sup>th</sup>** will be sandwiched in between perspectives from the top of the house when they arrive on Wednesday afternoon and therefore may be faded. The assessment of that meeting is available [here](#). The minutes will be parsed for indications of the breadth of discussion around forward rate guidance and policy options, what potential further policy steps were debated and the range of discussion surrounding the outlook in lieu of forecasts.

**Data risk will be relatively limited.** On the docket will be housing starts in April (Tuesday), the Philly Fed measure of regional business conditions (Thursday), weekly jobless claims into the thick of the nonfarm reference period (Thursday), Markit's purchasing managers' indices for May (Thursday) and existing home sales for April (Thursday). Expect a round of weakness but **particularly focus upon jobless claims and how they firm up present tracking for nonfarm payrolls to decline by around 15 million in May and on the PMI gauges on hopes they begin to carve out a bottom.**

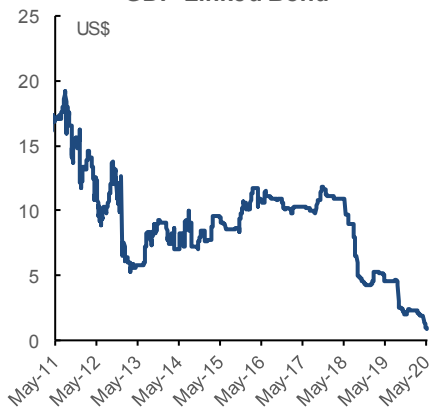
The US bond market will close early next Friday ahead of the May 25<sup>th</sup> Memorial Day holiday.

## ASIA-PACIFIC—REEEACH FOR THE SKYYYY!

The week's focus will be upon more central bank easing, China's annual meeting of the National People's Congress and potential associated fireworks, as well as a pair of GDP damage estimates.

**China's postponed annual meeting of the National People's Congress will be held starting on Friday.** In what is hoped will not be words that come back to haunt them, the date was announced amidst "continuously improving situation of epidemic

Chart 7 **Argentina's Tumbling GDP-Linked Bond**



Source: Scotiabank Economics, Bloomberg.

prevention and control on COVID-19 and a gradual return to normal” lives. Pockets of China have been reporting community transmission of the COVID-19 virus again. **Part of the focus will be upon what targets are announced including for GDP growth and how high the deficit target will be raised compared to prior years (chart 8)**, while the setting of priorities will also be a consideration. At risk may be direct or veiled remarks aimed against US accusations surrounding management of the COVID-19 shock and with it the risk of escalating tensions into the weekend.

**Each of Bank Indonesia (Tuesday) and the Bank of Thailand (Wednesday) are expected to cut their policy rates by 25bps to 4.25% and 0.5%, respectively.** The PBOC may cut the Loan Prime Rates on Wednesday with consensus somewhat divided on timing the cut this month or next.

Japan will officially enter technical recession on Sunday evening (eastern time zone) when it releases Q1 GDP that is likely to shrink by over 1% for the second consecutive quarter. The country would enter recession earlier than most after the government hiked the sales tax last October before the COVID-19 outbreak. Thailand’s economy—in particular, its tourism industry—is expected to retreat at a much quicker pace when Q1 GDP arrives at about the same time, as it was more heavily affected by the COVID-19 effects.

Chart 8

**How Big Will China’s Annual Fiscal Deficit Target be for 2020?**



Source: Scotiabank Economics, National Bureau of Statistics of China.

**Key Indicators for week of May 18 – 22**
**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
US	05/18	10:00	NAHB Housing Market Index	May	--	33.0	30.0
US	05/19	08:30	Building Permits (000s a.r.)	Apr	--	1000	1350
US	05/19	08:30	Housing Starts (000s a.r.)	Apr	1000	960	1216
US	05/19	08:30	Housing Starts (m/m)	Apr	-18.0	-21.1	-22.3
US	05/20	07:00	MBA Mortgage Applications (w/w)	May 15	--	--	0.1
CA	05/20	08:30	Core CPI - Common (y/y)	Apr	--	--	1.7
CA	05/20	08:30	Core CPI - Median (y/y)	Apr	--	--	2.0
CA	05/20	08:30	Core CPI - Trim (y/y)	Apr	--	--	1.8
CA	05/20	08:30	CPI, All items (m/m)	Apr	-0.7	--	-0.6
CA	05/20	08:30	CPI, All items (y/y)	Apr	-0.4	--	0.9
CA	05/20	08:30	CPI, All items (index)	Apr	--	--	136.6
CA	05/20	08:30	Teranet - National Bank HPI (y/y)	Apr	--	--	3.8
CA	05/20	08:30	Wholesale Trade (m/m)	Mar	--	--	0.7
US	05/21	08:30	Initial Jobless Claims (000s)	May 16	2600	2500	3169
US	05/21	08:30	Continuing Claims (000s)	May 9	--	25120	22647
US	05/21	08:30	Philadelphia Fed Index	May	--	-40.0	-56.6
US	05/21	10:00	Existing Home Sales (mn a.r.)	Apr	4.2	4.4	5.3
US	05/21	10:00	Existing Home Sales (m/m)	Apr	-21.0	-16.5	-8.5
US	05/21	10:00	Leading Indicators (m/m)	Apr	--	-5.7	-6.7
MX	05/22	07:00	Bi-Weekly Core CPI (% change)	May 15	--	--	0.2
MX	05/22	07:00	Bi-Weekly CPI (% change)	May 15	--	--	0.2
MX	05/22	07:00	Retail Sales (INEGI) (y/y)	Mar	--	--	2.5
CA	05/22	08:30	Retail Sales (m/m)	Mar	-10.0	--	0.3
CA	05/22	08:30	Retail Sales ex. Autos (m/m)	Mar	-3.0	--	0.0

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
UK	05/19	04:30	Average Weekly Earnings (3-month, y/y)	Mar	--	--	2.8
UK	05/19	04:30	Employment Change (3M/3M, 000s)	Mar	--	--	172.0
UK	05/19	04:30	Jobless Claims Change (000s)	Apr	--	--	12.2
UK	05/19	04:30	ILO Unemployment Rate (%)	Mar	--	--	4.0
EC	05/19	05:00	ZEW Survey (Economic Sentiment)	May	--	--	25.2
GE	05/19	05:00	ZEW Survey (Current Situation)	May	--	--	-91.5
GE	05/19	05:00	ZEW Survey (Economic Sentiment)	May	--	--	28.2
RU	05/19	09:00	Real GDP (y/y)	1Q A	--	1.80	2.10
EC	05/20	04:00	Current Account (€ bn)	Mar	--	--	40.2
IT	05/20	04:00	Current Account (€ mn)	Mar	--	--	4783
UK	05/20	04:30	CPI (m/m)	Apr	--	--	0.0
UK	05/20	04:30	CPI (y/y)	Apr	--	--	1.5
UK	05/20	04:30	PPI Input (m/m)	Apr	--	--	-3.6
UK	05/20	04:30	PPI Output (m/m)	Apr	--	--	-0.2
UK	05/20	04:30	RPI (m/m)	Apr	--	--	0.2
UK	05/20	04:30	RPI (y/y)	Apr	--	--	2.6
EC	05/20	05:00	CPI (m/m)	Apr F	--	--	0.3
EC	05/20	05:00	CPI (y/y)	Apr F	--	--	0.4
EC	05/20	05:00	Euro zone Core CPI Estimate (y/y)	Apr F	--	--	0.9
EC	05/20	10:00	Consumer Confidence	May A	--	--	-22.7
UK	05/21	04:30	Manufacturing PMI	May P	--	--	32.6
UK	05/21	04:30	Services PMI	May P	--	--	13.4
<b>TU</b>	<b>05/21</b>	<b>07:00</b>	<b>Benchmark Repo Rate (%)</b>	<b>May 21</b>	<b>--</b>	<b>--</b>	<b>8.75</b>
UK	05/22	02:00	Retail Sales ex. Auto Fuel (m/m)	Apr	--	--	-3.7
UK	05/22	02:00	Retail Sales with Auto Fuel (m/m)	Apr	--	--	-5.1
FR	05/22	03:15	Manufacturing PMI	May P	--	--	31.5
FR	05/22	03:15	Services PMI	May P	--	--	10.2
GE	05/22	03:30	Manufacturing PMI	May P	--	--	34.5
GE	05/22	03:30	Services PMI	May P	--	--	16.2
EC	05/22	04:00	Composite PMI	May P	--	--	13.6
EC	05/22	04:00	Manufacturing PMI	May P	--	--	33.4
EC	05/22	04:00	Services PMI	May P	--	--	12.0
UK	05/22	04:30	PSNB ex. Interventions (£ bn)	Apr	--	--	3.1
UK	05/22	04:30	Public Finances (PSNCR) (£ bn)	Apr	--	--	7.2
UK	05/22	04:30	Public Sector Net Borrowing (£ bn)	Apr	--	--	2.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



## Key Indicators for week of May 18 – 22

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	05/17	19:50	GDP (q/q)	1Q P	-2.0	-1.1	-1.8
JN	05/17	19:50	GDP Deflator (y/y)	1Q P	--	0.7	1.2
SI	05/17	20:30	Exports (y/y)	Apr	--	-5.0	17.6
TH	05/17	22:30	GDP (y/y)	1Q	-5.0	--	1.6
JN	05/18	00:30	Tertiary Industry Index (m/m)	Mar	--	--	-0.5
NZ	05/18	18:45	Producer Price - Inputs (q/q)	1Q	--	--	0.1
NZ	05/18	18:45	Producer Price - Outputs (q/q)	1Q	--	--	0.4
SI	05/18	21:00	Real GDP (y/y)	1Q F	-2.2	--	-2.2
JN	05/19	00:30	Capacity Utilization (m/m)	Mar	--	--	-1.8
JN	05/19	00:30	Industrial Production (y/y)	Mar F	-5.2	--	-5.2
<b>ID</b>	<b>05/19</b>	<b>03:20</b>	<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>May 19</b>	<b>4.25</b>	<b>4.38</b>	<b>4.50</b>
HK	05/19	04:30	Unemployment Rate (%)	Apr	4.5	--	4.2
JN	05/19	19:50	Machine Orders (m/m)	Mar	--	--	2.3
JN	05/19	20:00	Supermarket Sales (y/y)	Apr	--	--	0.8
<b>CH</b>	<b>05/19</b>	<b>21:30</b>	<b>PBoC One Year Loan Prime Rate (%)</b>	<b>May</b>	<b>3.80</b>	<b>3.85</b>	<b>3.85</b>
MA	05/20	00:00	CPI (y/y)	Apr	-0.2	--	-0.2
<b>TH</b>	<b>05/20</b>	<b>03:05</b>	<b>BoT Repo Rate (%)</b>	<b>May 20</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>
TA	05/20	04:00	Export Orders (y/y)	Apr	--	--	4.3
TA	05/20	04:20	Current Account Balance (US\$ mn)	1Q	--	--	17016
SK	05/20	17:00	PPI (y/y)	Apr	--	--	-0.5
JN	05/20	19:50	Merchandise Trade Balance (¥ bn)	Apr	--	--	5.4
JN	05/20	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Apr	--	--	-190.0
JN	05/20	19:50	Merchandise Trade Exports (y/y)	Apr	--	--	-11.7
JN	05/20	19:50	Merchandise Trade Imports (y/y)	Apr	--	--	-5.0
JN	05/20	20:30	Markit/JMMA Manufacturing PMI	May P	--	--	41.9
HK	05/21	04:30	CPI (y/y)	Apr	1.6	--	2.3
NZ	05/21	18:45	Retail Sales Ex Inflation (q/q)	1Q	--	--	0.7
JN	05/21	19:30	National CPI (y/y)	Apr	0.1	--	0.4
TH	05/21	23:30	Customs Exports (y/y)	Apr	--	--	4.2
TH	05/21	23:30	Customs Imports (y/y)	Apr	--	--	7.3
TH	05/21	23:30	Customs Trade Balance (US\$ mn)	Apr	--	--	1592
JN	05/22	01:30	Nationwide Department Store Sales (y/y)	Apr	--	--	-33.4
TA	05/22	04:00	Unemployment Rate (%)	Apr	3.9	--	3.8

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	05/18	08:30	GDP (q/q)	1Q	--	--	-4.1
CL	05/18	08:30	GDP (y/y)	1Q	--	--	-2.1
PE	05/20	10:00	GDP (y/y)	1Q	--	-0.7	1.8

## Global Auctions for week of May 18 – 22

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/20	13:00	U.S. to Sell 20-Year Bonds
CA	05/21	12:00	2 Year Bond Auction
US	05/21	13:00	U.S. to Sell 10-Year TIPS

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	05/18	05:30	Belgium to Sell Bonds
CZ	05/20	03:00	Czech to Sell Up to 2 Billion Koruna of 1.5% 2040 Bonds
DE	05/20	04:30	Denmark to Sell Bonds
FR	05/20	04:50	France to Sell Bonds
GE	05/20	05:30	Germany to Sell 4 Billion Euros of 0% 2030 Bonds
UK	05/20	05:30	U.K. to Sell 0.75% 2023 Bonds
GE	05/20	05:35	10Y Note Allotment
FR	05/20	05:50	France to Sell I/L Bonds
CZ	05/20	06:00	Czech to Sell 5 & 7 Year Bonds
SP	05/21	04:45	Spain to Sell Sr Unsecured Bonds
HU	05/21	05:00	Hungary to Sell Bonds
UK	05/21	05:00	U.K. to Sell 0.125% 2028 Linkers
UK	05/21	06:30	U.K. to Sell 4.25% 2032 Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	05/17	21:30	Korea to Sell 10 Year Bond
CH	05/17	23:30	Shenzhen to Sell 5, 7, 10, 15, & 20 Year Bonds
JN	05/17	23:35	Japan to Sell 5 Year Bonds
CH	05/18	04:00	Shenzhen to Sell 7, 10, 15, & 20 Year Bonds
ID	05/18	05:00	Indonesia to Sell 2, 4, 25 Year Islamic Bonds
SK	05/19	21:30	Korea Central Bank to Sell KRW 2.3 Trn 2 Year Bond
CH	05/19	23:00	China Plans to sell 1 & 10 Year Upsized Government Bonds
HK	05/19	23:00	Hong Kong to Sell HKD1.2 Bln 0.33% 2 Year Notes
JN	05/19	23:35	Japan to Sell 20 Year Bonds
NZ	05/20	22:05	New Zealand To Sell 5, 7, & 13 Year Bonds
TH	05/20	23:00	Bk of Thailand to Sell THB30 Bln Bonds Due 2022

Sources: Bloomberg, Scotiabank Economics.



---

**Events for week of May 18 – 22****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/20	14:00	FOMC Meeting Minutes
CA	05/20	14:00	Bank of Canada's Tim Lane Gives Speech in Winnipeg
US	05/21	10:00	Fed's Williams Takes Part in Discussion via Webinar

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	05/18	11:00	BoE's Tenreyro Speaks About Covid-19 Response on Webinar
SW	05/19	03:30	Swedish National Debt Office to Present Borrowing Report
NO	05/19	04:00	Norges Bank Financial Infrastructure Report
EC	05/19	10:00	ECB Chief Economist Lane Speaks at Policy Webinar
SW	05/20	03:30	Riksbank Publishes Financial Stability Report
NO	05/20	04:00	Norges Bank Expectations Survey
TU	05/21	07:00	<b>One-Week Repo Rate</b>

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	05/18	21:30	RBA Minutes of May Policy Meeting
ID	05/19	03:20	<b>Bank Indonesia 7D Reverse Repo</b>
CH	05/19	21:30	<b>China One Year Loan Prim Rate</b>
TH	05/20	03:05	<b>BoT Benchmark Interest Rate</b>
AU	05/20	21:30	RBA FX Transactions Report

## Global Central Bank Watch

### NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.25	June 3, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	June 10, 2020	0.25	0.25
Banco de México – Overnight Rate	5.50	June 25, 2020	5.50	5.50

### EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	June 4, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 4, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 4, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	June 18, 2020	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	5.50	June 19, 2020	5.50	5.00
Sweden Riksbank – Repo Rate	0.00	July 1, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	June 18, 2020	0.00	0.25
Central Bank of Turkey – Benchmark Repo Rate	8.75	May 21, 2020	8.50	8.25

**Central Bank of Turkey:** The bank will announce their 1-Week Repo Rate on Wednesday. They have cut after every meeting since July of last year. April CPI fell a percentage point to 10.9% y/y due to slowing economic activity and lower oil prices. This gives the bank fresh support for more easing next week as we expect a 25bps cut to the policy rate.

### ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	June 16, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	June 2, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	June 23, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	May 20, 2020	3.80	3.85
Reserve Bank of India – Repo Rate	4.40	June 5, 2020	4.00	4.00
Bank of Korea – Bank Rate	0.75	May 28, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.75	May 20, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 7, 2020	2.00	2.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	May 19, 2020	4.25	4.25
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.75	2.50

**People's Bank of China (PBoC):** The monthly policy announcement will occur late Tuesday night. We expect a 5bps cut to the 1-Year Loan Prime Rate, bringing it down to 3.80%. The central bank cut 20bps in April as Chinese GDP shrank 6.8% in Q1— the first contraction since 1992. The significant easing last month was preceded by large cuts to other repo and lending rates, which have remained steady since. If not this month, then the PBOC is likely to cut in June.

**Bank Indonesia (BI):** Bank Indonesia will likely ease the 7-Day Reverse Repo Rate by 25 bps on Tuesday, bringing it down to 4.25%. The easing will be consistent with inflation on the lower end of the target range and GDP expected to contract by over 1% in Q2.

**The Bank of Thailand (BoT):** The BoT will likely continue its efforts to support the economy; we expect the central bank to lower the benchmark interest rate by 25 bps to 0.50% on May 20. Following the March 25 meeting, the rate was cut by 25 bps to 0.75%. The Thai economy faces weak growth prospects amid the COVID-19 pandemic as well as deflationary pressures.

### LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	3.00	June 17, 2020	3.00	3.25
Banco Central de Chile – Overnight Rate	0.50	June 16, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	3.25	May 29, 2020	2.75	3.00
Banco Central de Reserva del Perú – Reference Rate	0.25	June 11, 2020	0.25	0.25

### AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	4.25	May 21, 2020	3.75	3.75

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

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.