

**JUST WHEN MARKETS NEEDED ANOTHER RISK**

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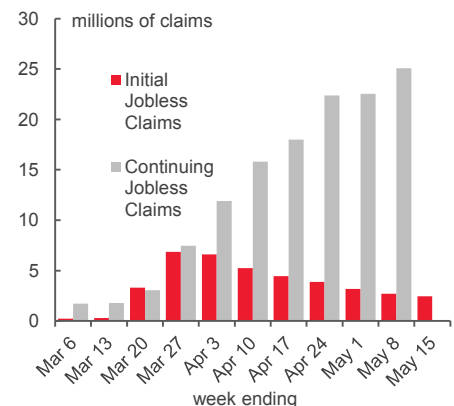
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**Next Week's Risk Dashboard**

- HK protests
- Reopening plans
- GDP: Canada, India, Brazil
- US macro
- BoC's Poloz
- CDN bank earnings
- CBs: BoK, BanRep
- Inflation: US, Eurozone
- Argentina's default

**Chart of the Week**

**Will US Continuing Claims Plateau as States Begin to Reopen?**



Sources: Scotiabank Economics, US Dept of Labor.

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

## Just When Markets Needed Another Risk

### CANADA—AN UNDESIRABLE ‘10’

Canadian markets will probably start off the week fairly quietly in terms of trading volumes with US accounts on holiday. BoC communications, GDP and bank earnings will then spice it up a bit.

**GDP probably shrank by around 10% m/m in March and 10% q/q at a seasonally adjusted and annualized rate in Q1.** That risks making the pace of contraction a record-beater (chart 1). These figures are generally in line with early ‘flash’ guidance from Statistics Canada that was last updated on April 30<sup>th</sup> when they indicated that GDP was tracking a 9% m/m and 2.6% q/q non-annualized decline.

Since then, data has only added to potential downside risk as retail sales volumes fell 8.2% m/m, wholesale volumes fell 2.8%, hours worked plummeted by 15%, manufacturing shipment volumes fell 8.3% and housing starts declined by 7.6%. StatsCan would have incorporated preliminary feels for these releases in its last nowcast but has better information than what is publicly available for the large and hard-hit service sector, among others.

**Bank earnings start to arrive for fiscal Q2 ending April 30<sup>th</sup>** with BNS (my employer) and National due out on Tuesday. RBC and BMO are due on Wednesday followed by TD and CIBC on Thursday and then Canadian Western and Laurentian on Friday.

**BoC Governor Poloz speaks about ‘Monetary Policy in Unknowable Times’ on Monday at 1:30pmET.** There will be audience Q&A but no press conference. If times are ‘unknowable’ then it’s unclear why Poloz believes that economists outside of the BoC are too pessimistic given that ‘unknowable’ implies no reference point for passing such judgement.

**The Governor will then reappear with Senior Deputy Governor Wilkins to deliver parliamentary testimony at 5pmET on Tuesday.** This event will include an opening statement followed by an exchange with members of the Standing Senate Committee on National Finance. Low market risk is expected from both events.

The BoC then enters its communications blackout period on Wednesday ahead of Poloz’s last rate statement on June 3<sup>rd</sup>. Governor-designate Macklem takes over for the July 15<sup>th</sup> statement, press conference and MPR.

### UNITED STATES—ONLY THE BEGINNING FOR DISINFLATION

US markets start off the week closed for the Memorial Day holiday. They might have some catching up to do on global developments but otherwise face relatively light domestic developments over the week.

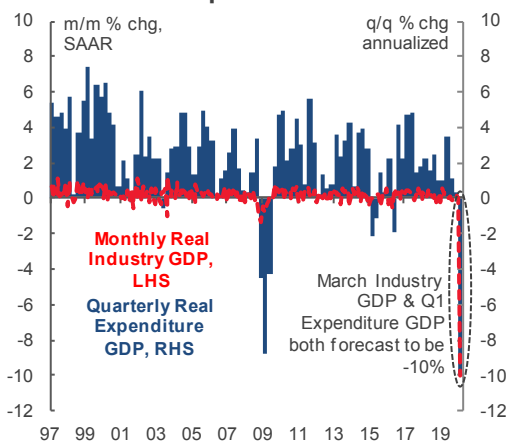
While there will be a series of macro releases throughout the week, none of them are likely to present much of a ‘wow’ factor from a market standpoint. Equities are seeking major catalysts in determining the next directions and it’s not just all about monetary policy continuing to be implemented, let alone backward-looking data that barely moves the market needle at release time these days. Markets are struggling with the net outcome of geopolitical tensions centered upon US-China relations, uncertainty on the path toward reopening economies and what lies ahead for COVID-19, the reality that further fiscal stimulus is going to be required sooner than later, and political risk centered upon the November election.

There are four main data releases on tap. Along with other more tangential releases, they should further inform a bottoming process in the macro readings. I wouldn’t call it lift-off yet, as opposed to firing up the rocket boosters.

**Consumer confidence (Tuesday):** The Conference Board’s measure is expected to post marginal improvement in the May reading given the steps toward gradually reopening economies. Still, it’s likely to only just begin to pull off the lowest level since 2014.

Chart 1

### Canada's Anticipated GDP Contraction



Sources: Scotiabank Economics, Statistics Canada.

**Durable goods (Thursday):** April's reading is likely to see headline orders plunge by about 20% m/m in part given a sharp drop in vehicle and plane orders. Core orders excluding air and defence are likely to be parked on hold for quite some time as spare capacity widens sharply.

**Jobless claims (Thursday):** Further progress toward reducing claims that remain very high is expected. A decline is expected toward 2.1 million filings from 2.4 million the prior week and a peak of 6.9 million in late March.

**PCE (Friday):** April's total consumer spending is expected to drop by 17% m/m after the already known 16.4% m/m drop in retail sales. Services spending is often more resilient and underrepresented in retail sales than goods, but this time is likely to change that picture given the hit to the services sector from closures and social distancing. Also watch for a sharp 10% estimated drop in incomes, a deceleration in the Fed's preferred inflation gauge toward 0.5% y/y (1.3% prior) and a milder deceleration in core PCE inflation to 1.1% (1.7% prior).

As an aside, the Cleveland Fed's expected inflation term structure is shown in chart 2. It depicts expected inflation rates by year out to 30 years on the curve by using a model based upon Treasury yields, inflation data, inflation swaps and survey-based measures of inflation expectations. It's a superior hybrid approach over excessively relying upon just one subset of measures. **The result is that markets expect to be beneath 1% inflation out to six years on the curve and below 2% out to 30 years on the curve.** Obviously the results are to be interpreted with caution and may be overly reactionary, but for comparison purposes the curve from one year ago is also shown.

Other releases will include the first revision to Q1 GDP that is expected to land at just shy of -5% q/q at an annualized rate (Thursday). New home sales in April (Tuesday) probably fell by about one-quarter, while pending existing home sales in April (Thursday) will be examined for contract cancellation risk. The advance merchandise trade deficit during April probably widened further (Friday). The Richmond Fed's reading is likely to register a sizeable improvement but remain in contraction territory just like the Philly Fed reading did for May; combined they should lead to a better ISM-manufacturing reading on June 1<sup>st</sup>.

Fed-speak will include the Beige Book of regional economic conditions on Wednesday and an appearance by **Chair Powell on Friday** when he takes part in an on-line discussion with former Fed Vice Chair Alan Blinder. Regional Presidents Kashkari, Bullard, Williams and Harker are also in the line-up.

## ASIA-PACIFIC—ALL EYES ON HONG KONG

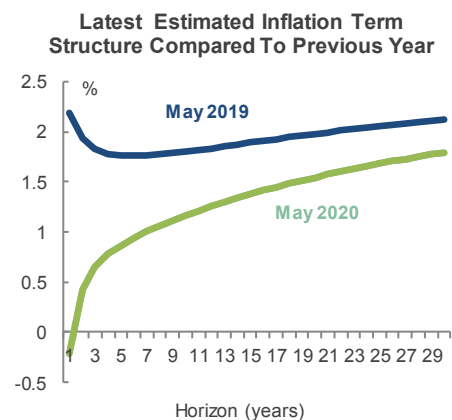
**Potential aftermath stemming from the decision by China to impose a national security and anti-sedition law on Hong Kong could raise tensions further and with potential market effects.** Calendar-based risks should be fairly light.

China's National People's Congress is expected to rubber-stamp legislation next week that would criminalize protests against the state and enable Chinese security forces to enforce it in Hong Kong. **Protestors have pledged to organize mass protests.** Recall that the original motivation for protests last year was against an extradition bill that was controversial because China said the aim was to allow for extradition of criminals, but human rights activists and others viewed the motives as more sinister in nature.

**Bank of Korea is expected to cut its 7-day repo rate by 25bps next Thursday.** Markets will be focused upon potential discussion around increased government bond purchases ahead of further expected issuance and following the central bank's recent decision to buy corporate debt and commercial paper.

Macro releases will include Chinese industrial profits in April (Tuesday), Q1 Indian GDP before the escalating impact of COVID-19 at home and abroad (Friday) and a wave of routine monthly Japanese releases toward the end of the week.

Chart 2



Sources: Scotiabank Economics, Federal Reserve Bank of Cleveland.

## EUROPE—TOWARD OPEN BORDERS

Reopening plans are being implemented and escalating toward reopening borders in early June and with that **we're entering a period during which assessing the risks of reopening will be closely monitored.** Limited macro releases offer low market risk.

A helpful summary of reopening measures by country is available from [The Guardian \(here\)](#). Shops, restaurants and beaches are among the venues either having been opened or soon to be so along the path toward reopening borders by mid-June or in some cases earlier, such as Italy that opens the week after next.

Twelve years and counting. That's how long it has been since Eurozone core inflation hit 2% and hence toward the ECB's inflation goal of 'below, but close to, 2% over the medium term.' 2% headline inflation was briefly reached in 2018 but lacked underlying breadth. Guess what? It's not going to happen next week either. Glad you're sitting down for that one. Inflation is likely to drop back toward zero with core falling further beneath 1% y/y. We'll find out when the Eurozone add-up arrives on Friday along with French, Spanish and Italian inflation and after Germany updates the day before. Markets are generally of the low-for-long view on Eurozone inflation (chart 3).

Other releases will include Eurozone confidence gauges for May on Thursday, and consumer spending reports from Spain (Thursday), and then from Germany and France on Friday. Germany's IFO business confidence measure should improve on Monday in line with improvements in the ZEW and PMI readings and so might German GfK consumer confidence on Tuesday. Sweden reports Q1 GDP on Friday.

## LATIN AMERICA—CONTAINED DEFAULT RISK

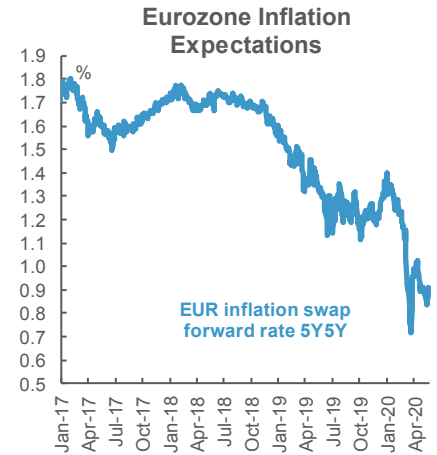
There should be three main considerations over the coming week. One will be a central bank decision, another the aftermath of yet another debt default by Argentina and then limited macro data.

It's not as if markets didn't see this coming. The cost of insuring against debt default by Argentina has soared since early March as it became increasingly likely that the country would fail to meet its obligations. Sure enough, Argentina is in the process of defaulting on US\$500 million of debt payments as this publication is being finalized and has stated it won't pay until a restructuring deal has been struck with creditors. So far, the matter is largely being treated as relatively contained to Argentina as EM debt indices have been recovering while Argentina debt worries have mounted (chart 4).

**Colombia's central bank is expected to cut its policy rate by 50bps to 2.75% on Friday** and possibly expand bond purchases. Core inflation continues to decline and sits at its lowest level since January 2014.

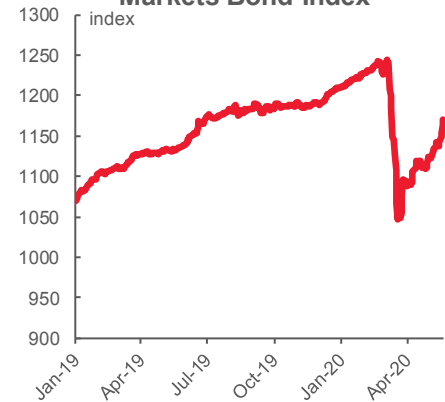
**Brazil will begin to enter recession** in terms of hard data that confirms developments—when Q1 GDP is released next Friday. A substantial drop of 1.5-2% is expected.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4 **Bloomberg Emerging Markets Bond Index**



Sources: Scotiabank Economics, Bloomberg.

## Key Indicators for week of May 25 – 29

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	05/25	07:00	Trade Balance (US\$ mn)	Apr	1135	--	3398.0
MX	05/26	07:00	GDP (q/q)	1Q F	--	-1.7	-1.6
MX	05/26	07:00	GDP (y/y)	1Q F	-1.6	-1.6	-1.6
MX	05/26	07:00	Global Economic Indicator IGAE (y/y)	Mar	-3.5	-4.5	-0.6
US	05/26	09:00	S&P/Case-Shiller Home Price Index (m/m)	Mar	--	0.3	0.5
US	05/26	09:00	S&P/Case-Shiller Home Price Index (y/y)	Mar	--	3.4	3.5
US	05/26	10:00	Consumer Confidence Index	May	88.0	87.3	86.9
US	05/26	10:00	New Home Sales (000s a.r.)	Apr	460	480	627
US	05/26	10:30	Dallas Fed. Manufacturing Activity	May	--	-62.0	-73.7
US	05/27	07:00	MBA Mortgage Applications (w/w)	May 22	--	--	0.3
US	05/27	10:00	Richmond Fed Manufacturing Index	May	--	-40.0	-53.0
CA	05/28	08:30	Current Account (C\$ bn a.r.)	1Q	--	-10.2	-8.8
US	05/28	08:30	Durable Goods Orders (m/m)	Apr P	-20.0	-19.8	-15.3
US	05/28	08:30	Durable Goods Orders ex. Trans. (m/m)	Apr P	-14.0	-15.0	-0.6
US	05/28	08:30	GDP (q/q a.r.)	1Q S	-5.0	-4.8	-4.8
US	05/28	08:30	GDP Deflator (q/q a.r.)	1Q S	--	1.3	1.3
US	05/28	08:30	Initial Jobless Claims (000s)	May 23	2100	2000	2438
US	05/28	08:30	Continuing Claims (000s)	May 16	--	25750	25073
US	05/28	10:00	Pending Home Sales (m/m)	Apr	--	-15.0	-20.8
CA	05/29	08:30	IPPI (m/m)	Apr	--	--	-0.9
CA	05/29	08:30	Raw Materials Price Index (m/m)	Apr	--	--	-15.6
CA	05/29	08:30	Real GDP (m/m)	Mar	-10.0	-9.0	0.0
CA	05/29	08:30	Real GDP (q/q a.r.)	1Q	-10.0	-10.0	0.3
US	05/29	08:30	PCE Deflator (m/m)	Apr	-0.6	-0.6	-0.3
US	05/29	08:30	PCE Deflator (y/y)	Apr	0.5	0.5	1.3
US	05/29	08:30	PCE ex. Food & Energy (m/m)	Apr	-0.3	-0.3	-0.1
US	05/29	08:30	PCE ex. Food & Energy (y/y)	Apr	1.1	1.1	1.7
US	05/29	08:30	Personal Spending (m/m)	Apr	-17.0	-13.0	-7.5
US	05/29	08:30	Personal Income (m/m)	Apr	-10.0	-6.5	-2.0
US	05/29	08:30	Wholesale Inventories (m/m)	Apr P	--	-0.5	-0.8
US	05/29	09:45	Chicago PMI	May	--	40.0	35.4
US	05/29	10:00	U. of Michigan Consumer Sentiment	May F	--	74.0	73.7

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	05/25	02:00	Real GDP (q/q)	1Q F	--	-2.2	-2.2
GE	05/25	04:00	IFO Business Climate Survey	May	--	78.4	74.3
GE	05/25	04:00	IFO Current Assessment Survey	May	--	80.0	79.5
GE	05/25	04:00	IFO Expectations Survey	May	--	75.0	69.4
GE	05/26	02:00	GfK Consumer Confidence Survey	Jun	--	-18.2	-23.4
GE	05/27	03:00	Retail Sales (m/m)	Apr	--	-10.5	-4.0
SP	05/28	03:00	CPI (m/m)	May P	--	-0.1	0.3
SP	05/28	03:00	CPI (y/y)	May P	--	-1.0	-0.7
SP	05/28	03:00	CPI - EU Harmonized (m/m)	May P	--	0.0	0.4
SP	05/28	03:00	CPI - EU Harmonized (y/y)	May P	--	-0.9	-0.7
SP	05/28	03:00	Real Retail Sales (y/y)	Apr	--	--	-14.3
UK	05/28	04:00	Nationwide House Prices (m/m)	May	--	-1.0	0.7
EC	05/28	05:00	Economic Confidence	May	--	70.7	67.0
EC	05/28	05:00	Industrial Confidence	May	--	-25.4	-30.4
GE	05/28	08:00	CPI (m/m)	May P	--	-0.1	0.4
GE	05/28	08:00	CPI (y/y)	May P	--	0.6	0.9
GE	05/28	08:00	CPI - EU Harmonized (m/m)	May P	--	-0.1	0.4
GE	05/28	08:00	CPI - EU Harmonized (y/y)	May P	--	0.4	0.8
UK	05/28	19:01	GfK Consumer Confidence Survey	May	--	--	-33.0
FR	05/29	02:45	Consumer Spending (m/m)	Apr	--	-16.9	-17.9
FR	05/29	02:45	CPI (m/m)	May P	--	0.1	0.0
FR	05/29	02:45	CPI (y/y)	May P	--	0.3	0.3
FR	05/29	02:45	CPI - EU Harmonized (m/m)	May P	--	0.1	0.0
FR	05/29	02:45	CPI - EU Harmonized (y/y)	May P	--	0.3	0.4
FR	05/29	02:45	GDP (q/q)	1Q F	--	-5.8	-5.8
FR	05/29	02:45	Producer Prices (m/m)	Apr	--	--	-1.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Key Indicators for week of May 25 – 29**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SW	05/29	03:30	GDP (y/y)	1Q	--	0.5	0.8
IT	05/29	04:00	Real GDP (q/q)	1Q F	--	-4.7	-4.7
PD	05/29	04:00	GDP (y/y)	1Q F	--	--	1.90
SP	05/29	04:00	Current Account (€ bn)	Mar	--	--	1.3
EC	05/29	05:00	Euro zone CPI Estimate (y/y)	May	--	0.1	0.4
IT	05/29	05:00	CPI (m/m)	May P	--	-0.1	0.1
IT	05/29	05:00	CPI (y/y)	May P	--	-0.1	0.0
IT	05/29	05:00	CPI - EU Harmonized (m/m)	May P	--	-0.1	0.5
IT	05/29	05:00	CPI - EU Harmonized (y/y)	May P	--	-0.1	0.1
PO	05/29	06:00	Real GDP (q/q)	1Q F	--	-3.90	-3.90

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	05/24	20:00	Department Store Sales (y/y)	Apr	--	--	-40.3
PH	05/24	21:00	Overseas Remittances (y/y)	Mar	--	-8.6	2.5
PH	05/24	21:00	Budget Deficit/Surplus (PHP bn)	Apr	--	--	-59.5
JN	05/25	01:00	Coincident Index CI	Mar F	90.5	--	90.5
JN	05/25	01:00	Leading Index CI	Mar F	83.8	--	83.8
TA	05/25	04:00	Industrial Production (y/y)	Apr	--	0.8	10.4
HK	05/25	04:30	Exports (y/y)	Apr	--	-4.2	-5.8
HK	05/25	04:30	Imports (y/y)	Apr	--	-8.2	-11.1
HK	05/25	04:30	Trade Balance (HKD bn)	Apr	--	-31.0	-34.7
SK	05/25	17:00	Consumer Confidence Index	May	--	--	70.8
NZ	05/25	18:45	Trade Balance (NZD mn)	Apr	--	1270.0	671.9
NZ	05/25	18:45	Exports (NZD bn)	Apr	--	5	5815
NZ	05/25	18:45	Imports (NZD bn)	Apr	--	4	5143
SI	05/25	20:00	Real GDP (y/y)	1Q F	-2.2	-1.7	-2.2
JN	05/26	00:30	All Industry Activity Index (m/m)	Mar	--	-3.9	-0.6
SI	05/26	01:00	CPI (y/y)	Apr	-0.5	-0.5	0.0
SI	05/26	01:00	Industrial Production (y/y)	Apr	--	1.4	16.5
JN	05/26	02:00	Machine Tool Orders (y/y)	Apr F	--	--	-48.3
SK	05/26	17:00	Business Survey- Manufacturing	Jun	--	--	50.0
SK	05/26	17:00	Business Survey- Non-Manufacturing	Jun	--	--	50.0
CH	05/26	21:30	Industrial Profits YTD (y/y)	Apr	--	--	-34.9
VN	05/26	22:00	CPI (y/y)	May	--	2.6	2.9
VN	05/26	22:00	Industrial Production (y/y)	May	--	--	-10.6
AU	05/27	21:30	Private Capital Expenditure	1Q	--	-2.8	-2.8
<b>SK</b>	<b>05/27</b>	<b>20:00</b>	<b>BoK 7-Day Repo Rate (%)</b>	<b>May 28</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>
TA	05/28	04:00	Real GDP (y/y)	1Q F	1.5	1.5	1.5
NZ	05/28	18:00	ANZ Consumer Confidence Index	May	--	--	84.8
SK	05/28	19:00	Industrial Production (y/y)	Apr	--	0.5	7.1
SK	05/28	19:00	Cyclical Leading Index Change	Apr	--	--	-0.6
JN	05/28	19:30	Jobless Rate (%)	Apr	2.8	2.7	2.5
JN	05/28	19:30	Tokyo CPI (y/y)	May	--	0.1	0.2
JN	05/28	19:50	Large Retailers' Sales (y/y)	Apr	--	-23.6	-10.1
JN	05/28	19:50	Retail Trade (y/y)	Apr	--	-11.2	-4.7
JN	05/28	19:50	Industrial Production (y/y)	Apr P	--	-10.6	-5.2
PH	05/28	21:00	Bank Lending (y/y)	Apr	--	--	14.0
AU	05/28	21:30	Private Sector Credit (y/y)	Apr	--	4.0	3.6
IN	05/28	23:30	Fiscal Deficit (INR Crore)	Mar	--	--	51013
JN	05/29	00:00	Vehicle Production (y/y)	Mar	--	--	-11.0
JN	05/29	01:00	Consumer Confidence	May	--	21.6	21.6
JN	05/29	01:00	Housing Starts (y/y)	Apr	--	-12.1	-7.6
JN	05/29	01:00	Construction Orders (y/y)	Apr	--	--	-14.3
TH	05/29	03:30	Exports (y/y)	Apr	--	--	-2.2
TH	05/29	03:30	Imports (y/y)	Apr	--	--	4.4
TH	05/29	03:30	Trade Balance (US\$ mn)	Apr	--	--	2273
TH	05/29	03:30	Current Account Balance (US\$ mn)	Apr	--	--	697
IN	05/29	08:00	Real GDP (y/y)	1Q	2.0	1.0	4.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for week of May 25 – 29

### LATIN 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>
BZ	05/26	08:00	IBGE Inflation IPCA-15 (m/m)	May	--	-0.4	0.0
BZ	05/26	08:00	IBGE Inflation IPCA-15 (y/y)	May	--	2.2	2.9
BZ	05/26	08:30	Current Account (US\$ mn)	Apr	--	3050	868
BZ	05/29	08:00	GDP (IBGE) (q/q)	1Q	--	-1.7	0.5
BZ	05/29	08:00	GDP (IBGE) (y/y)	1Q	--	-0.5	1.7
CL	05/29	09:00	Industrial Production (y/y)	Apr	--	--	0.6
CL	05/29	09:00	Retail Sales (y/y)	Apr	--	-19.0	-14.9
CL	05/29	09:00	Unemployment Rate (%)	Apr	--	8.9	8.2
<b>CO</b>	<b>05/29</b>	<b>10:00</b>	<b>Overnight Lending Rate (%)</b>	<b>May 29</b>	<b>2.75</b>	<b>2.75</b>	<b>3.25</b>
CO	05/29	11:00	National Unemployment Rate (%)	Apr	14.3	--	12.6



## Global Auctions for week of May 25 – 29

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/26	13:00	2Y Direct Accepted %
US	05/26	13:00	U.S. to Sell 2 Year Notes
US	05/27	11:30	U.S. to Sell 2 Year FRNs
CA	05/27	12:00	Canada to Auction 30 Year Bonds
US	05/27	13:00	U.S. to Sell 5 Year Notes
CA	05/28	12:00	Canada to Auction 5 Year Bonds
US	05/28	13:00	U.S. to Sell 7 Year Notes

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	05/26	05:00	Italy to Sell Bonds
NE	05/26	05:00	Netherlands to Sell Up to 5 Billion Euros 2027 Bonds
GE	05/26	05:30	Germany to Sell 5 Billion Euros of 0% 2022 Bonds
NO	05/27	05:00	Norway to Sell Bonds
UK	05/27	05:00	U.K. to Sell 0.125% 2023 Bonds
UK	05/27	06:30	U.K. to Sell 1.75% 2057 Bonds
SW	05/28	05:00	Sweden to Sell I/L Bonds
UK	05/28	05:00	U.K. to Sell 1.25% 2027 Bond
UK	05/28	06:30	U.K. to Sell 1.75% 2049 Bonds
IT	05/29	05:00	Italy to Sell Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	05/24	21:30	Korea Central Bank to Sell KRW 800 Bln 1 Year Bonds
CH	05/24	21:30	Henan to Sell 7, 10, 15, & 30 Year Bonds
SK	05/24	22:30	Korea to Sell KRW 900 Bln 20 Year Bond
CH	05/24	22:30	Xinjiang to Sell 7, 10, 15, 20, & 30 Year Bonds
CH	05/25	02:00	Hubei to Sell 5, 7, 10, 15, 20, & 30 Year Bonds
CH	05/25	04:00	Qinghai to Sell 15, 20, & 30 Year Bonds
JN	05/25	23:35	Japan to Sell 40 Year Bonds
PH	05/26	01:00	Philippines to Sell PHP30 Bln 5 Year Bonds
TH	05/26	23:00	Thailand to Sell 9 & 18 Year Bonds
SI	05/27	01:00	Singapore to Sell SGD2 Bln Bonds Due 2036
NZ	05/27	22:05	New Zealand To Sell 3, 9, & 17 Year Bonds
JN	05/27	23:35	Japan to Sell 2-Year Bonds



**Events for week of May 25 – 29****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	05/25	15:00	Bank of Canada's Poloz Gives Hanson Memorial Lecture
US	05/26	13:00	Fed's Kashkari Takes Part in Virtual Panel on Covid
US	05/27	12:30	Fed's Bullard Discusses Economy During the Pandemic
US	05/27	14:00	U.S. Federal Reserve Releases Beige Book
MX	05/28	10:00	Central Bank Monetary Policy Minutes

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	05/25	03:30	Riksbank's Business Survey, May 2020
EC	05/26	08:45	ECB's Lane Speaks at IIF Virtual Conference
SW	05/27	03:15	Riksbank's Skingsley Gives Speech
IT	05/28	18:00	ECB's Visco Speaks in Rome
SW	05/29	09:40	Riksbank Governor Stefan Ingves Gives Speech

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	05/26	17:00	RBNZ Publishes Financial Stability Report
SK	05/27	20:00	BoK 7-Day Repo Rate

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	05/29	10:00	Overnight Lending Rate

## 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	5.00	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	8.25	June 25, 2020	8.25	8.25

### 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	June 20, 2020	3.80	3.85
Reserve Bank of India – Repo Rate	4.40	August 6, 2020	4.00	4.00
Bank of Korea – Bank Rate	0.75	May 28, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	June 24, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 7, 2020	2.00	2.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	June 18, 2020	4.25	4.25
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.75	2.50

**Bank of Korea (BoK):** We assess that more monetary stimulus is forthcoming in South Korea. The BoK will hold a monetary policy meeting on May 28. Considering the US Federal Reserve's aggressive monetary policy easing, combined with South Korea's fragile economic outlook and easing inflation, we foresee the BoK cutting the policy rate by 25 bps to 0.50%.

### 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	2.25	2.75
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	2.75
Banco Central de Reserva del Perú – Reference Rate	0.25	June 11, 2020	0.25	0.25

**Banco de la República de Colombia (Banrep):** Banrep will announce their policy decision Friday morning. Our Colombian economists expect a 50bps cut, bringing the Lending Rate to 2.75%. Data released earlier this month points towards weakening domestic demand and greater economic slack. April CPI slipped four tenths to 3.5% y/y, as rising food prices were offset by lowering transport & fuel prices. In addition, the contraction in Q2 growth is likely to accelerate beyond the 2.4% q/q drop seen in Q1 — which was already larger than anticipated.

### 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	July 23, 2020	3.75	3.75

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

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