

CAN CENTRAL BANKS IMMUNIZE THE ECONOMY?

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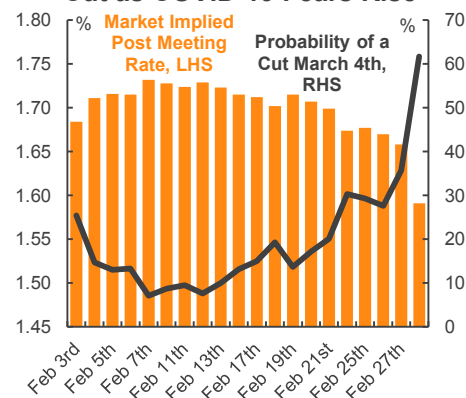
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Next Week's Risk Dashboard

- COVID-19
- Fed inter-meeting?
- CBs: BoC, RBA, Negara
- PMIs: China, Mexico, Brazil
- US nonfarm, ISM
- CDN jobs, trade
- CPI: Eurozone, Switzerland...
- ...Peru, Colombia, Chile...
- ...Indonesia, South Korea, Thailand, Taiwan
- Super Tuesday
- Other US macro
- Japan cap-ex
- BoE guidance
- OECD outlook
- Other European macro

Chart of the Week

Markets Price in Bank of Canada Cut as COVID-19 Fears Rise



Note: As of February 28th, 2020
Sources: Scotiabank Economics, Bloomberg.

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

Can Central Banks Immunize The Economy?

CANADA—BoC EXPECTED TO CUT

Far and away the dominant market risk on the domestic calendar will be Wednesday's Bank of Canada statement and what Governor Poloz says the following day when he delivers his Economic Progress Report including a press conference. Coronavirus effects may nevertheless serve to tee up another week in which external factors dominate volatility in Canadian markets. Canada also releases a pair of macro reports.

We expect the BoC to cut its policy rate on Wednesday and again at the April meeting. We have been forecasting a March cut and another cut in Q2 since the end of last year. The principle driver has always been developments in the domestic economy, but the coronavirus and its impact has raised our conviction that monetary easing would occur. Oil prices are down almost 30% from earlier in the month as a result of the virus. This represents a serious hit to the Canadian outlook, as does the sharp decline in equity prices. While there is a legitimate argument to make as to whether the virus represents a supply shock, it is abundantly clear that demand will be significantly weaker in the near-term, and that the output gap will widen materially. Because of an extended period of sub-par growth in GDP and final domestic demand (chart 1), the amount of slack in the economy is likely driving the output gap to over 1% in 2020H1 as the shock effect of COVID-19 hits. That amount of slack is bringing us back toward the environment for current and emerging slack that the economy faced over the 2015–17 period.

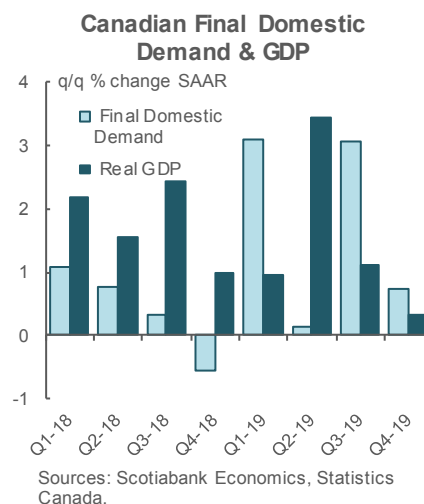
This will come to exert renewed downward pressure on inflation. The BoC is presently on its 2% inflation target with the average of the core measures having slipped a touch to 2% in January. It should not, however, be comforted by this backward assessment. Growing spare capacity is a downside risk to future inflation. Further, my personal view remains unchanged toward the role played by serendipitous, transitory and idiosyncratic factors that buoyed inflation toward the target over the past 12–24 months. I still believe those factors will reverse and drag down inflation as written [here](#) for example.

Because of this downside risk to inflation—whether on gaps or idiosyncratic factors—and because monetary policy acts with long and variable lags, the BoC needs to cut and was arguably already behind the curve before the coronavirus emerged as a rising threat. The greater risk to financial stability remains focused upon not giving the economy a shot in the arm as argued [here](#). To not cut next week would only risk tightening conditions when a) the C\$ is already over-valued and not responding as much as it should to commodity and short-term rate differentials and b) the front-end is getting primed for back-to-back cuts. Risking tightened financial conditions at this juncture would ignore not only the serious threat that the virus poses to the global and domestic economy, but also wouldn't even acknowledge domestic developments to date. Even if the virus is a transitory V-shaped development for all of 2020 (I see it as more prolonged) the reality is that it will drive more spare capacity that may well not close over the 2020–21 horizon.

We don't think the BoC will pass on a rate cut, but it's a non-zero risk if it chooses to emphasize still being on its inflation target with solid wage growth notwithstanding what we think are downside risks to both measures. They might also signal a desire to factor in a Federal Budget and revised potential GDP growth estimates in the April MPR while preferring to monitor more domestic data and external developments.

The opposite tail bet is talk of a 50bps rate cut next week. We don't think Governor Poloz is a fifty kind of guy, but it's also not impossible. There is precedence at the BoC under prior Governors with the last 50bps move being introduced by former Governor Carney in March 2009 under crisis conditions. In 2015, Poloz spread out easing with an eye on monitoring the data and developments and took a more patient approach especially given limited bullets before revisiting the lower bound on the policy rate. If the BoC does cut by 50bps then it's likely that a fairly neutral sounding bias that shifts to the sidelines to monitor the data will be delivered.

Chart 1



Canada also releases trade figures for January on Friday with the expectation that the rebound in activity registered in December may prove to have been temporarily fed by the move past the CN rail strike and pipeline issues that weighed on November's trade figures. Obviously one should treat the trade figures as stale in the face of serious upheaval across global supply chains with Canada hardly being an island immune to it all. **Friday's jobs report** might see the pace of hiring ease from the prior month's rebound but could also be treated as stale given the survey's reference week is the week containing the 15th of each month and thus it preceded the worst developments in terms of the coronavirus and financial markets.

UNITED STATES—MARKETS ON FED-WATCH FOR INTER-MEETING MOVE

Markets will be on close watch for the possibility of an inter-meeting cut over the coming week. US markets also face elevated macro data risk but it may well continue to take a back seat to coronavirus concerns. By Tuesday, we should also have a somewhat stronger sense of who may win the Democratic nomination.

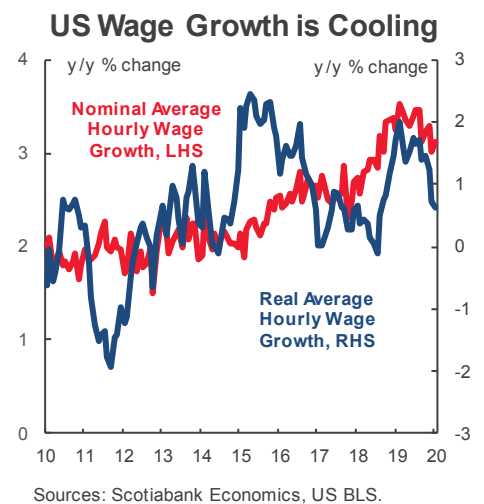
Federal Reserve Chair Jerome Powell took the somewhat unusual step of issuing [this](#) short statement on Friday afternoon. **By inserting reference to “act as appropriate” the Fed reintroduced language they’ve used to signal easing.** The question is: why now? In some sense that's obvious with market developments and deepening concerns over the outlook that would appear to tick the box for the “material” shock the Fed said it would need to merit changing its policy rate. But it's now a little under three weeks before the March 18th meeting and fed funds futures were already priced for a cut so why the rush to simply reaffirm market pricing? The distinct possibility this raises leans toward an inter-meeting rate cut instead of waiting for potentially three more weeks of deepening turmoil. The slightly weaker than expected core PCE inflation reading for January also provided modest cover for the Fed to take such action. Fed-speak will also intensify with addresses by multiple regional Presidents and the NY Fed's Logan throughout the week.

‘Super Tuesday’ is the biggest single day for primaries and caucuses. A massive 1,300+ delegates will be up for grabs including heavyweight states like California and Texas that will take the total number of allocated delegates to the July convention up to about 40%. South Carolina's primary will be held this Saturday ahead of Super Tuesday. **After that date, we may see a more aggressive consolidation of camps that may inform whether Bernie Sanders can hold his lead to date or a more centrist majority converges around an alternative candidate.**

The heavy macro line-up will focus upon two main reports with the rest noted afterward.

- Nonfarm payrolls:** Friday's release for February may well show a material slowing in job growth partly after the acceleration toward 225,000 the prior month and as the coronavirus concerns were building toward the mid-month nonfarm reference week. Wage growth is also expected to slow a little further to 2.9% y/y given fairly typical seasonal monthly wage gains and year-ago base effects. That would extend the trend deceleration shown in chart 2. Wednesday's ADP private payrolls may further inform nonfarm expectations if it is a major outlier move. Otherwise, tracking differences between ADP and private nonfarm payrolls will have markets looking through ADP.
- ISM-manufacturing:** A small dip is expected in Monday's release. Improvements were registered in the Empire, Philly and Dallas measures of regional manufacturing activity, but the important Richmond gauge fell. Also note that the Markit manufacturing PMI fell back to 50.8 (51.9 prior) although its methodology is materially different from ISM's. The regional gauges also tend to under-represent the transportation sector including the fact that Boeing stopped production of its 737 Max plane in late January with the full effects likely to show up in February.

Chart 2



Construction spending (Monday) is expected to post a mild rebound in January given strength in housing data and the prior month's weak jumping off point. **Vehicle sales** are a crapshoot not only because they are for February when markets began to teeter on coronavirus concerns but also because they are dealer-reported and that often raises data quality issues (Tuesday). **ISM**

non-manufacturing arrives the next day and faces downside risk given developments this month, alongside the Fed's Beige Book of regional economic conditions. **Factory orders** (Thursday) are expected to be roughly flat after the smaller-than-expected dip in durables during January. **Friday's trade deficit** is expected to narrow on the back of what we already know happened to the advance merchandise balance onto which we tack a usually fairly stable services surplus.

ASIA-PACIFIC—DAMAGE ASSESSMENTS

Enough of the broken record! Yes, COVID-19 will be closely monitored for domestic effects and for effects on export markets, particularly in regions like South Korea and Japan where the case counts are rapidly rising. But also watch three calendar-based forms of market risk with the first one being the most likely to offer effects on global as opposed to regional markets.

1. China PMIs: The state's purchasing managers' indices for February will be released shortly after this publication is distributed. They are expected to plummet as a reflection of COVID-19 effects on the domestic economy and export markets. The Lunar New Year break was also extended because of the virus and China is still slowly resuming production albeit with uncertainty over the quality of information. Recall that the manufacturing and composite PMIs slipped in January, but possibly in part due to the earlier-than-normal shutdowns associated with the Lunar New Year (chart 3). The extent of the damage may influence the Asian market open on Monday. The private PMIs will then be released on Sunday (manufacturing) and then Tuesday (services and the composite).

2. RBA: Most economists expect the Reserve Bank of Australia to hold its policy rate at 0.75% on Tuesday. The risk is clearly oriented toward easing, but with precious few bullets left to spare after cutting the policy rate in half starting last June through to October. The central bank may feel it wishes to monitor the effects of easing to date and the uncertain evolution of the coronavirus by contrast to other central banks that had not previously moved in the same fashion. The RBA's communications will then be judged by the release of Q4 GDP growth the next day. The economy is expected to have posted roughly 2.0% y/y growth in 2019Q4. Trade and retail sales figures will also be released over the back half of the week.

3. Bank Negara: Economists are divided toward prospects for a rate cut. Half think the central bank will hold on Tuesday and half think it will cut to 2.5%. Scotiabank's view is hold. At its last meeting in January, the central bank took to the sidelines, but obviously global developments have taken a turn for the worse since then and with them have gone Malaysia's export prospects.

Japan will also report Q4 capital expenditures on Sunday that poses revision risk to the initial estimate for Q4 GDP growth that landed at -6.3% q/q at a seasonally adjusted and annualized rate in the wake of the October sales tax hike and weather effects. A round of CPI inflation reports closes out expected developments. Indonesia updates this Sunday, South Korea reports on Tuesday, Thailand on Wednesday and then Taiwan on Friday.

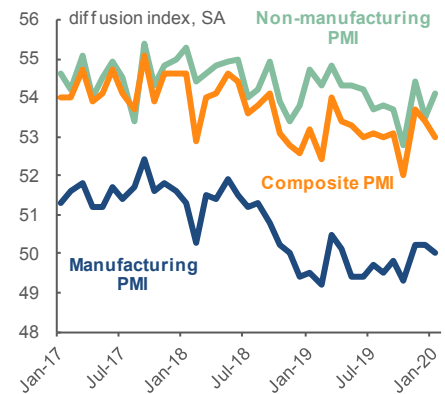
EUROPE—GRIPPED BY FEAR

Eurozone watchers will be overwhelmingly focused upon the emerging coronavirus threat that is likely to grow over the weekend into the Asian market open. Domestic data is unlikely to be the difference maker.

As of sending this publication, there are over 5,000 COVID-19 cases outside of mainland China and the case count is rapidly rising. **Europe is where the biggest concentration of cases outside of China and South Korea resides.** Italy will almost definitely cross the 1,000 mark over the weekend, with the few dozen cases in each of France, Germany and Spain trailing well behind so far. The numbers remain small thus far, but rising exponentially (chart 4) as they did in the early days in China wayyy back (ok, only a few weeks ago). Markets and economists will be keeping a close eye on further evidence of

Chart 3

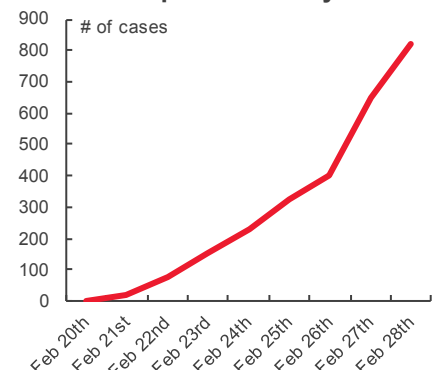
China's Service Sector Is Offsetting Manufacturing Woes



Sources: Scotiabank Economics, Bloomberg.

Chart 4

COVID-19 Cases Reported in Italy



Sources: Scotiabank Economics, Italy Department of Civil Protection

economic impacts including production suspensions, decisions that impact travel and tourism including conference cancellations, and negative earnings guidance.

Data releases will be of the generally low risk variety. Eurozone inflation is at the top of the list in terms of anything that may impact markets when the February reading arrives on Tuesday. Headline inflation is expected to ease but core inflation is expected to rise somewhat. ECB President Lagarde recently put on hold any expectations in favour of nearer-term easing by indicating it was too soon to evaluate the impact of COVID-19 on inflation, but that was more likely due to the fact that the ECB has little room for applying fresh stimulus without broadening the toolkit beyond the already-negative -50bps deposit rate and the ongoing previously implemented bond purchases.

The OECD issues its revised global outlook on Thursday. It's unlikely to be as fresh a view as possible, but the rhetoric is likely to emphasize substantial downside risk to the global economy.

Bank of England guidance may be offered by a trio of speakers including thank-heavens-I'm-going Governor Carney on Thursday, plus Haldane (Thursday) and Broadbent (Wednesday).

Other releases will include German, Italian and Eurozone retail sales, German factory orders, French trade and Swiss CPI.

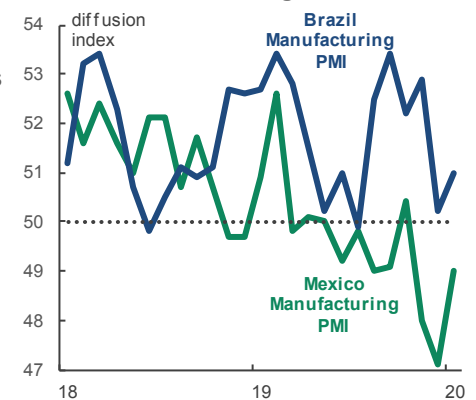
LATIN AMERICA—PMIs TO INFORM RISKS TO GROWTH

After Mexico and Brazil recorded their first cases of COVID-19 this past week, Latin America's immunity was slightly dented. It remains distant from the rapid spread in parts of Asia and Europe, but vulnerable to a rise in the case count. The more direct effect—as in Canada's case—is likely to continue to be upon the terms of trade through commodity prices and risks to export markets.

The dominant macro releases may be purchasing managers' indices out of Mexico at the start of the week, and Brazil's PMIs on Monday and Wednesday. In each case, the February readings will inform early reaction to export market prospects and how they are affecting domestic industry in the face of the evolving shock to global growth. Brazil's Q4 GDP release on Wednesday will likely be faded by markets.

A wave of inflation readings will arrive starting in Peru (Sunday) and then moving to Colombia (Thursday) and ending the week in Chile.

Chart 5 **Brazilian & Mexican Manufacturing PMIs**



Sources: Scotiabank Economics, IHS Markit.

Key Indicators for week of March 2 – 6

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	03/02	10:00	Construction Spending (m/m)	Jan	0.5	0.7	-0.2
US	03/02	10:00	ISM Manufacturing Index	Feb	50.5	50.5	50.9
US	03/03	09:00	Total Vehicle Sales (mn a.r.)	Feb	16.5	16.8	16.8
US	03/04	07:00	MBA Mortgage Applications (w/w)	Feb 28	--	--	-6.4
US	03/04	08:15	ADP Employment Report (000s m/m)	Feb	150	170.0	290.9
CA	03/04	08:30	Productivity (q/q a.r.)	4Q	--	--	0.2
CA	03/04	10:00	BoC Interest Rate Announcement (%)	Mar 4	1.50	1.75	1.75
US	03/04	10:00	ISM Non-Manufacturing Composite	Feb	54.5	55.0	55.5
US	03/05	08:30	Initial Jobless Claims (000s)	Feb 29	220	216	210
US	03/05	08:30	Continuing Claims (000s)	Feb 22	1750	--	1726
US	03/05	08:30	Productivity (q/q a.r.)	4Q F	--	1.3	1.4
US	03/05	08:30	Unit Labor Costs (q/q a.r.)	4Q F	--	1.4	1.4
US	03/05	10:00	Factory Orders (m/m)	Jan	-0.1	-0.1	1.8
CA	03/06	08:30	Employment (000s m/m)	Feb	0.0	--	34.5
CA	03/06	08:30	Merchandise Trade Balance (C\$ bn)	Jan	-1.0	--	-0.4
CA	03/06	08:30	Unemployment Rate (%)	Feb	5.6	--	5.5
US	03/06	08:30	Average Hourly Earnings (m/m)	Feb	0.2	0.3	0.2
US	03/06	08:30	Average Hourly Earnings (y/y)	Feb	2.9	3.0	3.1
US	03/06	08:30	Average Weekly Hours	Feb	--	34.3	34.3
US	03/06	08:30	Nonfarm Employment Report (000s m/m)	Feb	170	175	225
US	03/06	08:30	Trade Balance (US\$ bn)	Jan	-44.7	-47.9	-48.9
US	03/06	08:30	Unemployment Rate (%)	Feb	3.6	3.6	3.6
US	03/06	15:00	Consumer Credit (US\$ bn m/m)	Jan	--	17.0	22.1

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	03/02	03:45	Manufacturing PMI	Feb	--	49.0	48.9
FR	03/02	03:50	Manufacturing PMI	Feb F	--	49.7	49.7
GE	03/02	03:55	Manufacturing PMI	Feb F	--	47.8	47.8
EC	03/02	04:00	Manufacturing PMI	Feb F	--	49.1	49.1
UK	03/02	04:30	Manufacturing PMI	Feb F	--	51.9	51.9
UK	03/02	04:30	Net Consumer Credit (£ bn)	Jan	--	1.0	1.2
IT	03/02		Budget Balance (€ bn)	Feb	--	--	3.0
IT	03/02		Budget Balance YTD (€ bn)	Feb	--	--	3.0
SZ	03/03	01:45	GDP (y/y)	4Q	--	1.3	1.1
FR	03/03	02:45	Central Government Balance (€ bn)	Jan	--	--	-92.8
UK	03/03	04:30	PMI Construction	Feb	--	49.0	48.4
EC	03/03	05:00	CPI (m/m)	Feb P	--	0.2	-1.0
EC	03/03	05:00	Euro zone CPI Estimate (y/y)	Feb	--	1.2	1.4
EC	03/03	05:00	Euro zone Core CPI Estimate (y/y)	Feb P	--	1.2	1.1
EC	03/03	05:00	PPI (m/m)	Jan	--	0.5	0.0
EC	03/03	05:00	Unemployment Rate (%)	Jan	--	7.4	7.4
GE	03/04	02:00	Retail Sales (m/m)	Jan	--	1.0	-2.0
IT	03/04	03:45	Services PMI	Feb	--	51.2	51.4
FR	03/04	03:50	Services PMI	Feb F	--	52.6	52.6
GE	03/04	03:55	Services PMI	Feb F	--	53.3	53.3
EC	03/04	04:00	Composite PMI	Feb F	--	51.6	51.6
EC	03/04	04:00	Services PMI	Feb F	--	52.8	52.8
IT	03/04	04:00	Real GDP (q/q)	4Q F	--	-0.3	-0.3
UK	03/04	04:30	Official Reserves Changes (US\$ bn)	Feb	--	--	2162
UK	03/04	04:30	Services PMI	Feb F	--	53.2	53.3
EC	03/04	05:00	Retail Trade (m/m)	Jan	--	0.6	-1.6

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of March 2 – 6
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	03/06	02:00	Factory Orders (m/m)	Jan	--	1.2	-2.1
FR	03/06	02:45	Current Account (€ bn)	Jan	--	--	-596
FR	03/06	02:45	Trade Balance (€ mn)	Jan	--	-4805	-4053
SP	03/06	03:00	Industrial Output NSA (y/y)	Jan	--	--	1.7
GR	03/06	05:00	Real GDP NSA (y/y)	4Q	--	--	2.7

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	02/29	19:00	Exports (y/y)	Feb	--	2.8	-6.3
SK	02/29	19:00	Imports (y/y)	Feb	--	-2.2	-5.4
SK	02/29	19:00	Trade Balance (US\$ mn)	Feb	--	1575	535
NZ	03/01	16:45	Terms of Trade Index (q/q)	4Q	--	0.8	1.9
JN	03/01	18:50	Capital Spending (y/y)	4Q	--	-2.5	7.1
AU	03/01	19:30	ANZ Job Advertisements (m/m)	Feb	--	--	3.8
JN	03/01	19:30	Markit/JMMA Manufacturing PMI	Feb F	--	--	47.6
CH	03/01	20:45	Caixin China Manufacturing PMI	Feb	46.0	46.0	51.1
ID	03/01	23:00	CPI (y/y)	Feb	--	2.9	2.7
ID	03/01	23:00	Core CPI (y/y)	Feb	--	2.9	2.9
JN	03/01-03/06		Official Reserve Assets (US\$ bn)	Feb	--	--	1342
JN	03/02	00:00	Vehicle Sales (y/y)	Feb	--	--	-11.1
TH	03/02	02:30	Business Sentiment Index	Feb	--	--	48.5
HK	03/02	03:30	Retail Sales - Volume (y/y)	Jan	--	-22.1	-21.0
SK	03/02	18:00	CPI (y/y)	Feb	1.4	1.3	1.5
SK	03/02	18:00	Core CPI (y/y)	Feb	--	0.7	0.9
SK	03/02	18:00	GDP (y/y)	4Q F	2.2	2.2	2.2
JN	03/02	18:50	Monetary Base (y/y)	Feb	--	--	2.9
AU	03/02	19:30	Building Approvals (m/m)	Jan	--	1.0	-0.2
AU	03/02	19:30	Current Account (AUD bn)	4Q	--	2	7900
AU	03/02	19:30	Australia Net Exports of GDP	4Q P	--	0.2	0.2
AU	03/02	22:30	RBA Cash Target Rate (%)	Mar 3	0.75	0.75	0.75
JN	03/03	00:00	Consumer Confidence	Feb	--	38.3	39.1
MA	03/03	02:00	Overnight Rate (%)	Mar 3	2.75	2.63	2.75
SI	03/03	08:00	Purchasing Managers Index	Feb	--	49.7	50.3
NZ	03/03	11:00	QV House Prices (y/y)	Feb	--	--	4.4
AU	03/03	19:30	GDP (y/y)	4Q	0.3	2.0	1.7
HK	03/03	19:30	Purchasing Managers Index	Feb	--	--	46.8
CH	03/03	20:45	Caixin Services PMI	Feb	--	48.0	51.8
MA	03/03	23:00	Exports (y/y)	Jan	--	-1.3	2.7
MA	03/03	23:00	Imports (y/y)	Jan	--	-1.3	0.9
MA	03/03	23:00	Trade Balance (MYR bn)	Jan	--	11.8	12.6
SK	03/04	18:00	Current Account (US\$ mn)	Jan	--	--	4331
AU	03/04	19:30	Trade Balance (AUD mn)	Jan	--	4800	5223
PH	03/04	20:00	CPI (y/y)	Feb	3.1	3.0	2.9
TH	03/04	22:30	CPI (y/y)	Feb	1.1	0.8	1.1
TH	03/04	22:30	Core CPI (y/y)	Feb	--	0.5	0.5

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

Key Indicators for week of March 2 – 6

ASIA-PACIFIC (continued from previous page)

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
JN	03/05	18:30	Household Spending (y/y)	Jan	--	-3.9	-4.8
AU	03/05	19:30	Retail Sales (m/m)	Jan	--	0.0	-0.5
PH	03/05	20:00	Unemployment Rate (%)	Jan	4.5	--	4.5
JN	03/06	00:00	Coincident Index CI	Jan P	--	94.5	94.1
JN	03/06	00:00	Leading Index CI	Jan P	--	91.3	91.6
AU	03/06	00:30	Foreign Reserves (AUD bn)	Feb	--	--	73.3
MA	03/06	02:00	Foreign Reserves (US\$ bn)	Feb 28	--	--	104.3
TA	03/06	03:00	CPI (y/y)	Feb	1.2	0.7	1.9

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>
PE	03/01	00:00	Consumer Price Index (m/m)	Feb	0.2	0.2	0.1
PE	03/01	00:00	Consumer Price Index (y/y)	Feb	1.9	1.9	1.9
CL	03/02	06:30	Economic Activity Index SA (m/m)	Jan	--	--	3.5
CL	03/02	06:30	Economic Activity Index NSA (y/y)	Jan	--	1.3	1.1
BZ	03/02	08:00	PMI Manufacturing Index	Feb	--	--	51.0
BZ	03/02	13:00	Trade Balance (FOB) - Monthly (US\$ mn)	Feb	--	--	-1745
BZ	03/04	07:00	GDP (IBGE) (q/q)	4Q	--	0.6	0.6
BZ	03/04	07:00	GDP (IBGE) (y/y)	4Q	--	1.6	1.2
CO	03/05	19:00	Consumer Price Index (m/m)	Feb	0.7	0.7	0.4
CO	03/05	19:00	Consumer Price Index (y/y)	Feb	3.8	3.7	3.6

Global Auctions for week of March 2 – 6**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	03/03	05:15	Austria to Sell 2030 & 2047 Bonds
GE	03/03	05:30	Germany to Sell I/L Bonds
SP	03/05	04:45	Spain to Sell Sr Unsecured Bonds
FR	03/05	04:50	France to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	03/02	22:35	Japan to Sell 10 Year Bonds
PH	03/03	00:00	Philippine to Sell PHP30Bln 3 Year Bonds
ID	03/03	04:00	Indonesia to Sell 5, 10, 15, 20, & 30 Year Bonds
CH	03/03	22:00	China Plans to Sell 3 & 7 Year Upsized Government Bond
TA	03/03	23:30	Taiwan to Sell TWD30 Bln 20 Year Bonds
NZ	03/04	20:05	New Zealand To Sell NZD50 Mln 2.5% 2040 Bonds
JN	03/04	22:35	Japan to Sell 30 Year Bonds

Events for week of March 2 – 6
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/29		South Carolina Democratic Primary
US	03/03	14:50	Fed's Mester to Address UK Society of Professional Economists
US	03/03	16:30	New York Fed's Logan Discusses Ample Reserves Regime
US	03/03	18:30	Fed's Evans Takes Part in Moderated Q&A
US	03/03		US State Primaries
CA	03/04	10:00	Bank of Canada Rate Decision
US	03/04	14:00	U.S. Federal Reserve Releases Beige Book
CA	03/05	12:45	Bank of Canada's Poloz Gives Economic Progress Report
US	03/06	09:20	Fed's Evans and Mester Speaks at Shadow Open Market Committee
US	03/06	11:20	Fed's Bullard Speaks at Shadow Committee Event in New York
US	03/06	15:30	Fed's George Speaks at Shadow Committee Event in New York

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	02/29	04:00	Riksbank's Ingves Discusses Economic Conditions and Challenges
SZ	03/02	01:25	SNB publishes 2019 annual result
SW	03/03	06:00	Riksbank's Breman Gives Speech on Monetary Policy and Climate
SZ	03/03	12:00	Bank of Spain's de Cos speaks in Geneva
EC	03/05	05:00	OECD Publishes Interim Economic Outlook
UK	03/05	08:00	BOE Chief Economist Andy Haldane speaks in Paris
UK	03/05	12:00	BOE's Carney Speaks in London
SW	03/06	02:30	Riksbank's Ohlsson Speaks on Economy, Monetary Policy
IT	03/06		Bank of Italy Report on Balance-Sheet Aggregates

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	03/02	22:30	RBA Cash Rate Target
MA	03/03	02:00	BNM Overnight Policy 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	1.75	March 4, 2020	1.50	1.75
Federal Reserve – Federal Funds Target Rate	1.75	March 18, 2020	1.75	1.75
Banco de México – Overnight Rate	7.00	March 26, 2020	7.00	7.00

Bank of Canada: We expect a 25bps rate cut on Wednesday and another in April that a dovish statement bias should support. This has been our forecast since December. The principal catalyst has always been weak growth that has widened spare capacity in such fashion as to put downside risk to future inflation. The BoC also required worse developments than it forecast in January to merit easing and it is now getting them with COVID-19 and ongoing domestic challenges including rail blockades.

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	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	-0.50	-0.50
Bank of England – Bank Rate	0.75	March 26, 2020	0.75	0.75
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	6.00
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

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	March 19, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.75	March 2, 2020	0.75	0.75
Reserve Bank of New Zealand – Cash Rate	1.00	March 24, 2020	1.00	1.00
People's Bank of China – 1-Year Loan Prime Rate	4.05	March 20, 2020	3.95	4.05
Reserve Bank of India – Repo Rate	5.15	April 3, 2020	5.15	5.15
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	1.25
Bank Negara Malaysia – Overnight Policy Rate	2.75	March 3, 2020	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	March 19, 2020	4.75	4.75
Central Bank of Philippines – Overnight Borrowing Rate	3.75	March 19, 2020	3.75	3.75

Reserve Bank of Australia (RBA): Australian monetary authorities will make an interest rate decision on March 3. We expect the RBA to continue its wait-and-see strategy in the very near term as it assesses the impact of the Covid-19 outbreak and wildfires on confidence and real GDP growth. **Bank Negara Malaysia (BNM):** Malaysian monetary authorities will make a monetary policy decision on March 3. The BNM lowered its benchmark interest rate by 25 bps to 2.75% following the most recent meeting on January 22. Simultaneously, the central bank adopted a neutral policy stance. We do not expect additional interest rate cuts in the foreseeable future, yet we note that should the Covid-19 outbreak worsen, the BNM would have monetary policy space left to support the economy further.

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	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	2.25	2.25

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	6.25	March 19, 2020	6.25	6.25

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

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