

WUHAN VERSUS HAWKEYES

- [Canada — Transitioning To Q1](#) 2-3
- [United States — Hawkeyes' Curse](#) 3-4
- [Europe — Does German Sentiment Equal Reality?](#) 4-5
- [Latin America — At Or Nearing The End](#) 5
- [Asia-Pacific — The Epicentre](#) 6

FORECASTS & DATA

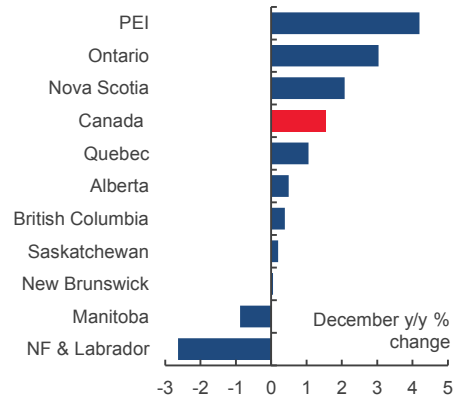
- [Key Indicators](#) A1-A3
- [Global Auctions Calendar](#) A4
- [Events Calendar](#) A5
- [Global Central Bank Watch](#) A6

CONTACTS

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

Next Week's Risk Dashboard

- Coronavirus mapping
- Iowa caucuses
- CBs: RBA, RBI, Brazil, Russia, BoT, Philippines
- CPI: Mexico, Brazil, Peru, Colombia, Peru, Chile...
- ...Indonesia, Thailand, Taiwan
- Jobs: US, Canada, NZ
- PMIs: US, China
- Chinese exports
- GDP: HK, Norway, Indonesia
- BoC's Wilkins
- German macro
- Other US, CDN macro
- Earnings

Chart of the Week
Not all Provinces had Strong Job Growth in 2019


Sources: Scotiabank Economics, Statistics Canada.

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

Wuhan Versus Hawkeyes

CANADA—TRANSITIONING TO Q1

A pair of macro reports and a Bank of Canada speech will dominate domestic market considerations. Mixed but generally softer trends in jobs and exports will be updated in such fashion as to potentially inform whether a rebound is afoot. Limited data for December leans against this, given flat hours worked and a 3.4% m/m drop in housing starts.

Canada updates international merchandise trade figures for December on Wednesday. Partial rebounds are possible after a large 2.8% m/m drop in export volumes and a 1.3% decline in import volumes during November. The rail strike from November 19th until the deal reached on the 26th and the resumption of full operations on the 27th may have caused a considerable part of the weakness in November.

Even a rebound, however, is likely to leave behind a weak overall quarter. Pending December's figures, export volumes are tracking a 15% annualized decline in Q4 and import volumes are tracking a 1.8% annualized decline. Export volumes have fallen for four straight months and import volumes have fallen in two of the past three months (chart 1). Clearly there is more going on than the November CN rail strike and the October GM strike in the US that impacted the Canadian auto parts sector. The first eleven months of 2019 only saw about a 1% rise in export volumes over the same period in 2018.

Friday's Labour Force Survey for January could be the tie breaker. According to the Labour Force Survey of households, Canada lost 54,400 jobs in November and then regained half of them the next month. Even before that, Canada posted no material change in employment during October. Amidst these conflicting readings, it's the trend that needs to be established.

The conflicting readings don't stop with LFS. Chart 2 shows the patterns in each of the three main employment reports since August. ADP has been the strongest of the reports, but it's unclear why given that the source says their measure is supposed to track the SEPH payrolls survey. Each of the SEPH payrolls and LFS household surveys have been fairly weak across their latest three months.

Also keep an eye on **hours worked that have not grown at all since the middle of last year** (chart 3). Further, the LFS measure of wage growth is high in year-ago terms, but the month-ago seasonally adjusted gains may be falling back down in such fashion as to drag the year-ago measure lower over 2020 (chart 4). If so, then the correlation between LFS wage growth and the other sources of wage gains that serve as inputs into the BoC's preferred wage common metric suggest that broader wage growth measures may cool (chart 5).

BoC Senior Deputy Governor Wilkins speaks in Toronto on Wednesday about "Central Banking in a Slow-Growth World". Her remarks will be available at 12:15pmET. There will be audience Q&A but no press conference. Markets presently assign about a one-in-four chance of a cut on March 4th and a 50–50 chance on April 15th. We continue to forecast two rate cuts by mid-year. After Wilkins and before the March meeting, there is only one other scheduled speech by a Governing Council member and that will be Tim Lane's address on February 25th.

Chart 1 **Export & Import Volumes**

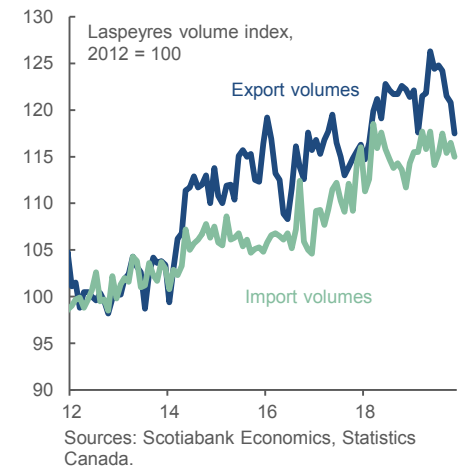


Chart 2 **Canada's Slowing Job Creation**

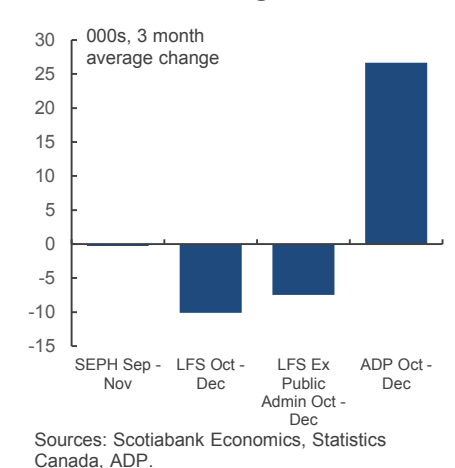
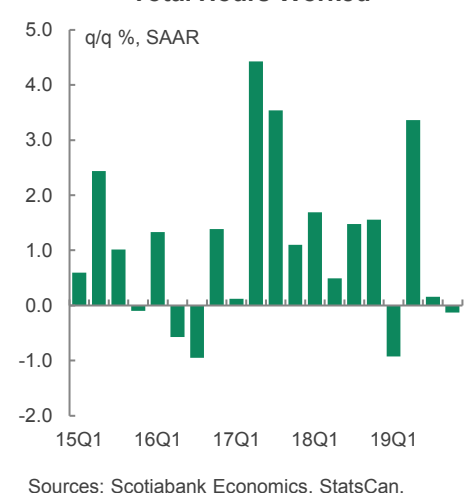


Chart 3 **Total Hours Worked**



Seventeen TSX firms will release earnings over the coming week including several energy firms, BCE and Genworth.

UNITED STATES—HAWKEYES' CURSE

The upcoming week will offer up a pair of top-shelf macro reports and several other lesser readings, ongoing earnings releases and the start of the voting process to pick a Democratic party nominee. President Trump will deliver his State of the Union Speech on Tuesday but the nature of the speech usually garners zero market attention. Economic and market uncertainty hang heavily in the air given the rapidly spreading Wuhan virus.

If you thought the US political system was in perennial election mode, then you are not wrong. Congressional elections are every two years, Presidential elections are every four years, primaries, caucuses and conventions are held starting about nine months ahead of the Presidential elections and fundraising campaigns are never-ending given the deep pockets that are needed to pull it off. Around any or all of these developments can arise politically motivated decisions and announcements designed to appeal to the incumbent's base. That's not new, it has been done by Republicans and Democrats alike, but it's certainly evident this go around if not more so than usual. That said, **the path to November is about to kick into higher gear with the Iowa caucuses on Monday and we should begin to see results after 8pmET.**

The Iowa caucuses determine how to apportion the state's party delegates who will attend the Democratic National Convention on July 13th–16th in Milwaukee when a candidate will be chosen to square off against Trump. On the face of it, Iowa is pretty small in the grand voting scheme of things with just 41 delegates (less than 1% of total party convention delegates). The Iowa caucus nevertheless punches above its weight because it marks the start of the presidential primary season and because candidates can start dropping out after this one if they fail to muster at least 15% of the vote.

Furthermore, Iowans—aka Hawkeyes to fans of American literature—have a decent track record at picking who will ultimately win the Democratic party leadership and predicted seven of the past nine outcomes and nine of the past 12 including Hillary Clinton in 2016 (Table 1). That can be a pyrrhic victory more often than not. Iowans do not have a good track record at picking who will win the Presidential election as only two of those last nine picks and four of the past twelve went on to win the grand prize (Table 1 again). So the catch-22 is that if you win Iowa, you're not likely to win the grand prize in November after spending many more millions of your own and other people's money. **Statistically speaking, you probably want to win enough of a share to go on, but not the highest share.**

Chart 4
The Relationship between Canadian Wage Growth Measures

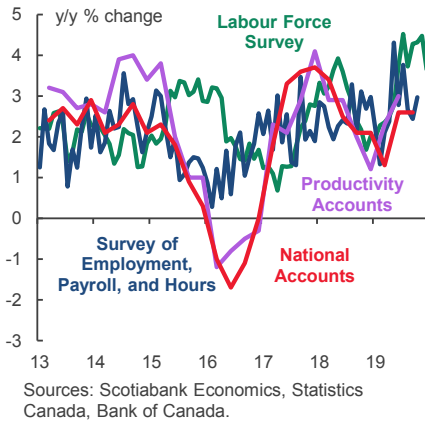


Chart 5
Canadian Wage Growth

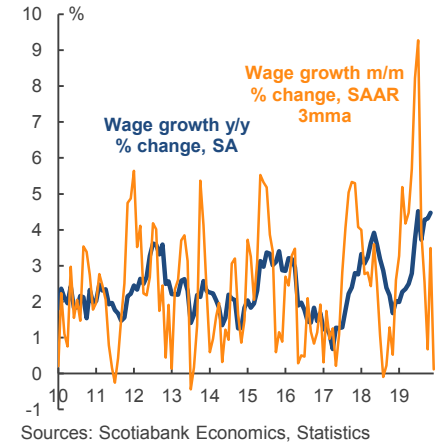


Table 1

Iowa Democratic Caucus Historical Votes

Election Year	Iowa Democratic Caucus Winner	Democratic Presidential Candidate	Presidential Election Winner
1972	Muskie	McGovern	Nixon
1976	Carter	Carter	Carter
1980	Carter	Carter	Reagan
1984	Mondale	Mondale	Reagan
1988	Gephardt	Dukakis	Bush Sr
1992	Harkin	Clinton	Clinton
1996	Clinton	Clinton	Clinton
2000	Gore	Gore	Bush Jr
2004	Kerry	Kerry	Bush Jr
2008	Obama	Obama	Obama
2012	Obama	Obama	Obama
2016	Clinton	Clinton	Trump

Correctly Picking the Democratic Candidate: 9/12 (75%)
Correctly Picking the President: 4/12 (33%)

Sources: Scotiabank Economics, Des Moines Register.

As for which candidates are the most likely to drop out, charts 6 and 7 give a sense before the horse trading and narrowing of the field occurs. Viable candidates are ones with support over 15% in the Iowa caucuses.

Two of the week's suite of macroeconomic indicators will garner most of the attention and will book-end the week's data risks.

1. ISM-manufacturing: Monday's report is expected to follow the regional Fed surveys higher. As chart 8 depicts, the average of the Philly, Richmond, Empire, Kansas and Dallas Fed surveys popped sharply higher in January with especially heavy roles played by two of the better ISM predictors—Philly and Richmond. A caveat, however, is that these regional surveys under-represent the transportation sector and that could be a big issue over Q1 as Boeing's 737 Max issues weigh on the factory sector both directly and through indirect effects.

2. Nonfarm and wages: A nonfarm payroll gain of about 165k is guesstimated. The right to revisit this estimate is reserved for when advance labour market readings like the employment subcomponents to the ISM readings and ADP payrolls arrive next week. A further key issue is whether wage growth continues to cool in nominal terms (chart 9). In fact, after stripping out inflation, real wage growth is running at its weakest since July 2018.

The US will also update construction spending for December and vehicle sales in January on Monday, plus factory orders in December the next day, and then ADP payrolls, ISM-non-manufacturing and trade figures on Wednesday. Atlanta Fed President Bostic speaks on Monday followed by Dallas Fed President Kaplan on Thursday.

Earnings risk will remain elevated. Ninety-three S&P500 firms release earnings over the coming week. Among the more notable names will be Alphabet (formerly Google), Twitter, Ford, GM, Merck, Royal Caribbean (guidance pertinent to coronavirus effects) and Walt Disney.

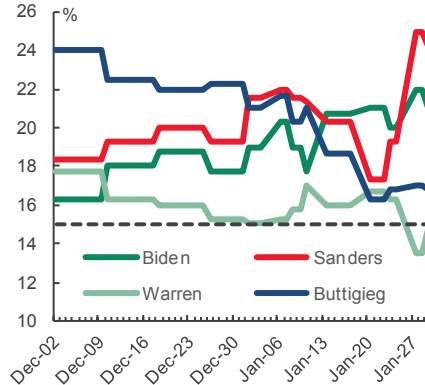
EUROPE—DOES GERMAN SENTIMENT EQUAL REALITY?

Europe's calendar-based risks should not position it as a major influence upon global asset markets over the coming week.

The main focal point will be German macro reports that will inform how 2019 ended for the German economy and transitioned to 2020 through hand-off math effects. While it's not true for the broader Eurozone, the German purchasing managers' indices have improved somewhat to register a slower pace of contraction in the manufacturing sector and a somewhat more rapid pace of expansion in the services sector (chart 10). So has the ZEW measure of investor expectations, but not German IFO business

Chart 6

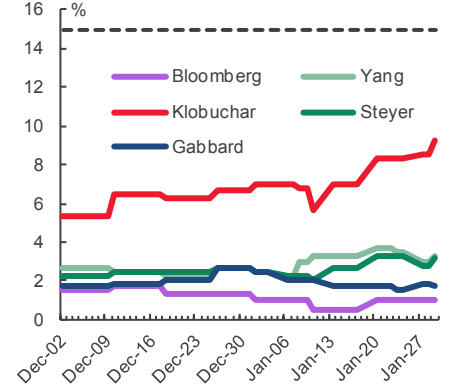
2020 Iowa Democratic Caucuses Polling for Leading Candidates



Sources: Scotiabank Economics, Real Clear Politics.

Chart 7

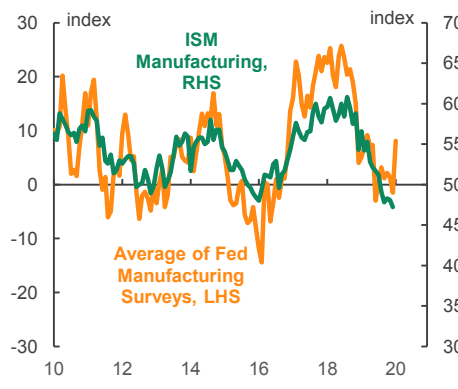
2020 Iowa Democratic Caucuses Polling for Trailing Candidates



Sources: Scotiabank Economics, Real Clear Politics.

Chart 8

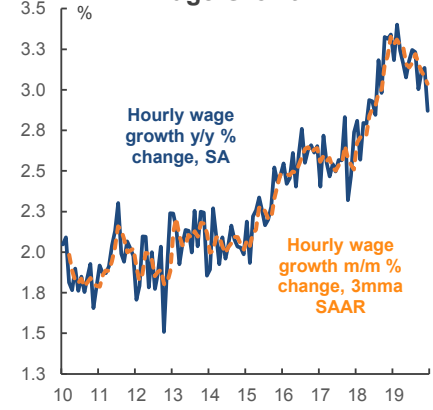
The Five Fed Surveys as a Predictor of ISM Manufacturing



Sources: Scotiabank Economics, Federal Reserve System, ISM.

Chart 9

US Non-Farm Hourly Wage Growth



Sources: Scotiabank Economics, US BLS.

expectations (chart 11). The broad pattern of tentative improvement could begin to flow through the balance of the macro data next week. Factory orders (Thursday) might have rebounded in the month of December following the sharp prior decline. Ditto for exports (Friday) after a drop of over 2% in November. The opposite might hold true for industrial production (Friday).

Industrial output will also be updated by France, Spain and Norway on Friday. Norway's economy is expected to post materially softer growth when the Q4 figures arrive on Friday in the wake of a pair of 0.7% q/q non-annualized gains over the prior two quarters. Italy updates CPI on Tuesday which may inform revisions to the preliminary Eurozone inflation tally. UK data will only include the construction PMI on Tuesday that will be monitored for whether it reinforces improvements across other PMIs.

Chart 10

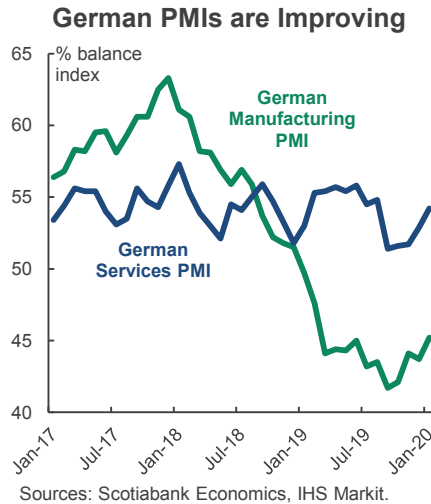
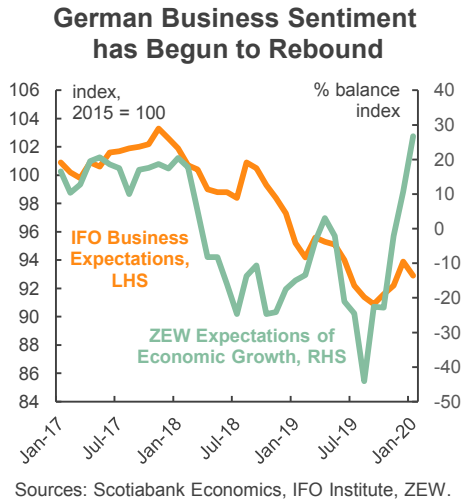


Chart 11



LATIN AMERICA—AT OR NEARING THE END

A central bank decision and a round of inflation figures will inform regional monetary policy considerations.

Brazil's central bank faces a close call leading into its decision on Wednesday. Consensus leans somewhat toward a quarter-point cut to a Selic rate of 4.25% but there is a significant share of economists who think the central bank will hold. Most within consensus think that even if it does cut, then the end of the easing cycle is very near. Why? There has been some progress on inflation and growth that may encourage the central bank to think that the 200bps of easing since last July is working and will carry further positive lagged effects going forward (chart 12).

To this effect, Brazilian inflation edged up to 4.3% y/y in December for the highest reading since May but it still remains in line with the 4.25% mid-point of the 2.75–5.75% target range. GDP growth surprised a bit higher in 2019Q3 at 0.6% q/q (non-annualized) versus consensus at 0.4% and with positive upward revisions. That was the strongest growth since early 2018 and the strongest back-to-back quarters for growth since 2013Q2–Q3. This trajectory of modestly improving growth is expected to continue.

A round of inflation updates will begin with Peru this weekend, then Colombia on Wednesday and finally Mexico, Chile and Brazil on Friday. All central banks are registering inflation within their target ranges but some more than others and with mixed trends (chart 13). Peru's 1.9% inflation rate is slightly below the mid-point of the 1–3% target range. Mexico's 2.8% inflation rate is also below the mid-point of the 2–4% range. Chile's 3% is bang on the mid-point of the 2–4% target zone but Colombia's 3.8% inflation rate is at the upper end of the 2–4% range.

Chart 12

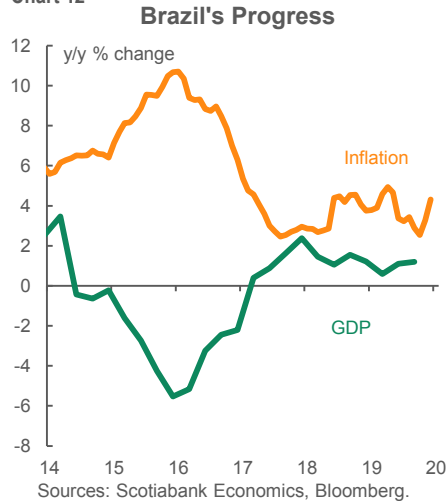
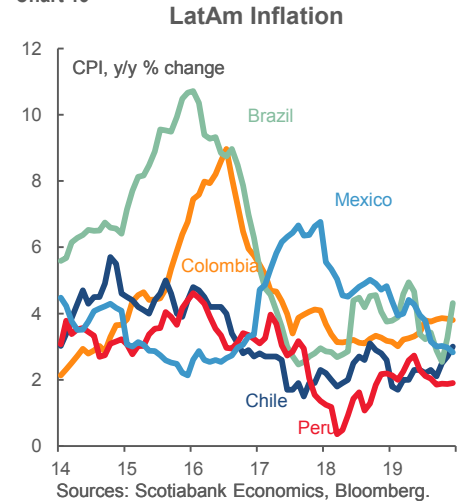


Chart 13



ASIA-PACIFIC—THE EPICENTRE

A heavy calendar of central bank decisions and macro reports might be for naught. All of the market focus is upon 2019-nCoV both in terms of direct effects upon Asian markets and globally that is growing exponentially faster than SARS did in 2003 (charts 14, 15). How central banks might respond to it will be closely monitored. Whereas this is obviously not a standard shock that monetary policy can address, nor should it overreact given potentially transitory characteristics, expect more caution applied to the outlook at a minimum.

China will update the private sector versions of the PMIs for January early in the week. A key issue is whether they will confirm or refute the state versions that were better than feared. **China also updates export figures for January later in the week.**

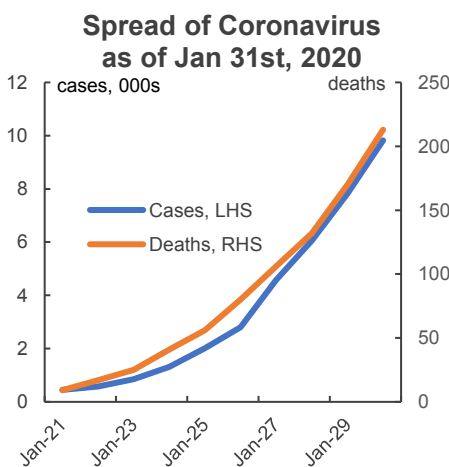
Enter the RBA (Tuesday), Bank of Thailand (Wednesday) and Bangko Sentral ng Pilipinas (Thursday) and RBI (Thursday). **Food price inflation derived from soaring onion prices will likely keep the Reserve Bank of India on hold** even as core inflation is much lower at 3.8% y/y and below the mid-point of the 2–6% inflation target range (chart 16).

Most expect the RBA to stay on hold at a policy rate of 0.75% aided by recently firmer inflation figures, but the freshest shocks to the outlook include fires primarily across the southeast and the coronavirus. This new information has Scotiabank’s Tuuli McCully **expecting a rate cut**. As this article is being published, Australia has 9 cases of the virus amidst the expectation that the numbers will climb but the larger potential impact arrives via the outlook for export prospects to China and the surrounding region plus the impact upon Australia’s terms of trade given its significant reliance upon commodities.

A minority of Bank of Thailand watchers anticipate another rate cut that would extend the easing cycle in place since June. Consensus is almost unanimously in favour of a rate cut by the Philippines’ central bank.

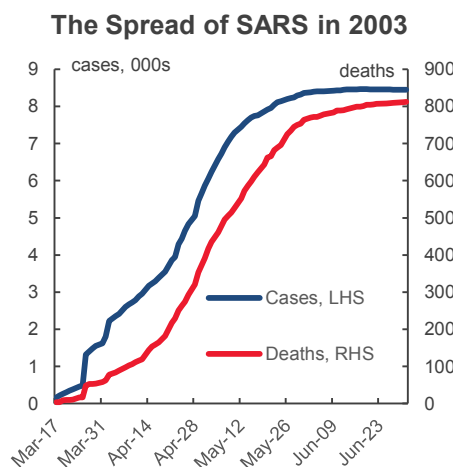
Backseat considerations will include updated inflation figures from Indonesia (Sunday), South Korea (Monday), the Philippines (Tuesday), Thailand (Wednesday) and Taiwan (Thursday). Expect weak Q4 GDP figures from Hong Kong on Monday that will deepen recession evidence even before the coronavirus concerns hit. Hong Kong’s economy contracted by ½% in Q2 and by 3.2% in Q3, and Q4 likely retreated as protest effects intensified. Indonesia updates Q4 GDP around the middle of the week and its economy probably continued to grow at a pace of around 5% y/y.

Chart 14



Sources: Scotiabank Economics, WHO.

Chart 15



Sources: Scotiabank Economics, WHO.

Chart 16



Source: Scotiabank Economics, India Central Statistical Organisation.

Key Indicators for week of February 3 – 7
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	02/03	10:00	Construction Spending (m/m)	Dec	0.5	0.5	0.6
US	02/03	10:00	ISM Manufacturing Index	Jan	49.0	48.5	47.2
US	02/03		Total Vehicle Sales (mn a.r.)	Jan	16.9	16.8	16.7
US	02/04	10:00	Durable Goods Orders (m/m)	Dec F	--	2.4	2.4
US	02/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Dec F	--	--	-0.1
US	02/04	10:00	Factory Orders (m/m)	Dec	1.5	1.1	-0.7
US	02/05	07:00	MBA Mortgage Applications (w/w)	Jan 31	--	--	7.2
US	02/05	08:15	ADP Employment Report (000s m/m)	Jan	175	160.0	201.7
CA	02/05	08:30	Merchandise Trade Balance (C\$ bn)	Dec	-0.5	-0.7	-1.1
US	02/05	08:30	Trade Balance (US\$ bn)	Dec	-47.5	-47.8	-43.1
US	02/05	10:00	ISM Non-Manufacturing Composite	Jan	55.3	55.1	55.0
US	02/06	08:30	Initial Jobless Claims (000s)	Feb 1	215	215	211
US	02/06	08:30	Continuing Claims (000s)	Jan 25	1720	--	1731
US	02/06	08:30	Productivity (q/q a.r.)	4Q P	--	1.5	-0.2
US	02/06	08:30	Unit Labor Costs (q/q a.r.)	4Q P	--	1.0	2.5
MX	02/07	07:00	Bi-Weekly Core CPI (% change)	Jan 31	0.3	0.2	0.2
MX	02/07	07:00	Bi-Weekly CPI (% change)	Jan 31	0.3	0.2	0.3
MX	02/07	07:00	Consumer Prices (m/m)	Jan	0.6	0.5	0.6
MX	02/07	07:00	Consumer Prices (y/y)	Jan	3.3	3.3	2.8
MX	02/07	07:00	Consumer Prices Core (m/m)	Jan	0.4	0.4	0.4
CA	02/07	08:30	Employment (000s m/m)	Jan	10	17.5	27.3
CA	02/07	08:30	Unemployment Rate (%)	Jan	5.7	5.7	5.6
US	02/07	08:30	Average Hourly Earnings (m/m)	Jan	0.3	0.3	0.1
US	02/07	08:30	Average Hourly Earnings (y/y)	Jan	3.1	3.0	2.9
US	02/07	08:30	Average Weekly Hours	Jan	--	34.3	34.3
US	02/07	08:30	Nonfarm Employment Report (000s m/m)	Jan	180	160.0	145.0
US	02/07	08:30	Unemployment Rate (%)	Jan	3.5	3.5	3.5
US	02/07	15:00	Consumer Credit (US\$ bn m/m)	Dec	--	15.0	12.5

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	02/03	03:00	Budget Balance (€ bn)	Jan	--	--	9.7
IT	02/03	03:00	Budget Balance YTD (€ bn)	Jan	--	--	-55.0
IT	02/03	03:45	Manufacturing PMI	Jan	--	47.3	46.2
FR	02/03	03:50	Manufacturing PMI	Jan F	--	51.0	51.0
GE	02/03	03:55	Manufacturing PMI	Jan F	--	45.2	45.2
EC	02/03	04:00	Manufacturing PMI	Jan F	--	47.8	47.8
UK	02/03	04:30	Manufacturing PMI	Jan F	--	49.8	49.8
FR	02/04	02:45	Central Government Balance (€ bn)	Dec	--	--	-113.9
UK	02/04	04:30	PMI Construction	Jan	--	47.1	44.4
EC	02/04	05:00	PPI (m/m)	Dec	--	0.0	0.2
IT	02/04	05:00	CPI (m/m)	Jan P	--	--	0.2
IT	02/04	05:00	CPI (y/y)	Jan P	--	--	0.5
IT	02/04	05:00	CPI - EU Harmonized (m/m)	Jan P	--	-1.7	0.2
IT	02/04	05:00	CPI - EU Harmonized (y/y)	Jan P	--	0.5	0.5
IT	02/05	03:45	Services PMI	Jan	--	50.5	51.1
FR	02/05	03:50	Services PMI	Jan F	--	51.7	51.7
GE	02/05	03:55	Services PMI	Jan F	--	54.2	54.2
EC	02/05	04:00	Composite PMI	Jan F	--	50.9	50.9
EC	02/05	04:00	Services PMI	Jan F	--	52.2	52.2
UK	02/05	04:30	Official Reserves Changes (US\$ bn)	Jan	--	--	2143
UK	02/05	04:30	Services PMI	Jan F	--	52.9	52.9
EC	02/05	05:00	Retail Trade (m/m)	Dec	--	-1.1	1.0
GE	02/06	02:00	Factory Orders (m/m)	Dec	--	0.7	-1.3

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

Key Indicators for week of February 3 – 7
EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	02/07	02:00	Current Account (€ bn)	Dec	--	23.5	24.9
GE	02/07	02:00	Industrial Production (m/m)	Dec	--	-0.2	1.1
GE	02/07	02:00	Trade Balance (€ bn)	Dec	--	15.0	18.6
NO	02/07	02:00	GDP (q/q)	4Q	--	--	0.00
FR	02/07	02:45	Current Account (€ bn)	Dec	--	--	483
FR	02/07	02:45	Industrial Production (m/m)	Dec	--	-0.3	0.3
FR	02/07	02:45	Industrial Production (y/y)	Dec	--	1.1	1.3
FR	02/07	02:45	Manufacturing Production (m/m)	Dec	--	0.2	-0.1
FR	02/07	02:45	Trade Balance (€ mn)	Dec	--	--	-5584
SP	02/07	03:00	Industrial Output NSA (y/y)	Dec	--	--	-0.5
RU	02/07	05:30	One-Week Auction Rate (%)	Feb 7	6.00	6.00	6.25

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
AU	02/02	19:30	Building Approvals (m/m)	Dec	--	-5.0	11.8
AU	02/02	19:30	ANZ Job Advertisements (m/m)	Jan	--	--	-6.7
JN	02/02	19:30	Markit/JMMA Manufacturing PMI	Jan F	--	--	49.3
CH	02/02	20:30	Industrial Profits YTD (y/y)	Dec	--	--	5.4
CH	02/02	20:45	Caxin Manufacturing PMI	Jan	51.5	51.0	51.5
ID	02/02	23:00	CPI (y/y)	Jan	3.0	2.9	2.7
ID	02/02	23:00	Core CPI (y/y)	Jan	--	3.0	3.0
JN	02/03	00:00	Vehicle Sales (y/y)	Jan	--	--	-9.5
TH	02/03	02:30	Business Sentiment Index	Jan	--	--	45.1
HK	02/03	03:30	Real GDP (y/y)	4Q A	-3.5	-3.9	-2.9
SI	02/03	08:00	Purchasing Managers Index	Jan	--	50.0	50.1
SK	02/03	18:00	CPI (y/y)	Jan	1.0	1.0	0.7
SK	02/03	18:00	Core CPI (y/y)	Jan	--	0.9	0.7
JN	02/03	18:50	Monetary Base (y/y)	Jan	--	--	3.2
AU	02/03	22:30	RBA Cash Target Rate (%)	Feb 4	0.50	0.75	0.75
MA	02/03	23:00	Exports (y/y)	Dec	--	-3.1	-5.6
MA	02/03	23:00	Imports (y/y)	Dec	--	0.0	-3.6
MA	02/03	23:00	Trade Balance (MYR bn)	Dec	--	8.0	6.5
HK	02/03		Annual GDP	2019	-1.3	-1.4	3.0
HK	02/04	03:30	Retail Sales - Volume (y/y)	Dec	--	-23.7	-25.4
NZ	02/04	11:00	QV House Prices (y/y)	Jan	--	--	4.0
NZ	02/04	16:45	Unemployment Rate (%)	4Q	4.2	4.2	4.2
NZ	02/04	16:45	Employment Change (y/y)	4Q	--	1.2	1.0
HK	02/04	19:30	Purchasing Managers Index	Jan	--	--	42.1
PH	02/04	20:00	CPI (y/y)	Jan	2.9	2.7	2.5
CH	02/04	20:45	Caxin Services PMI	Jan	--	52.0	52.5
ID	02/04	23:00	Annual GDP (y/y)	2019	5.0	5.0	5.2
TH	02/04		Consumer Confidence Economic	Jan	--	--	56.0
TH	02/05	02:05	BoT Repo Rate (%)	Feb 5	1.25	1.25	1.25
SK	02/05	18:00	Current Account (US\$ mn)	Dec	--	--	5975
AU	02/05	19:30	Retail Sales (m/m)	Dec	--	-0.2	0.9
AU	02/05	19:30	Trade Balance (AUD mn)	Dec	--	5600	5800
TH	02/05	22:30	CPI (y/y)	Jan	0.9	1.0	0.9
TH	02/05	22:30	Core CPI (y/y)	Jan	--	0.5	0.5
ID	02/06	00:00	Real GDP (y/y)	4Q	5.0	5.0	5.0
IN	02/06	01:15	Repo Rate (%)	Feb 6	5.15	5.15	5.15
IN	02/06	01:15	Reverse Repo Rate (%)	Feb 6	4.90	4.90	4.90
IN	02/06	01:15	Cash Reserve Ratio (%)	Feb 6	4.00	4.00	4.00
PH	02/06	03:00	Overnight Borrowing Rate (%)	Feb 6	3.75	3.75	4.00
TA	02/06	03:00	CPI (y/y)	Jan	1.2	1.2	1.1
JN	02/06	18:30	Household Spending (y/y)	Dec	--	-1.6	-2.0
MA	02/06	23:00	Industrial Production (y/y)	Dec	--	2.0	2.0
ID	02/06		Consumer Confidence Index	Jan	--	--	126.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of February 3 – 7

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	02/06-02/07		Foreign Reserves (US\$ bn)	Jan	--	3095	3108
CH	02/06-02/07		Exports (y/y)	Jan	--	-4.5	7.9
CH	02/06-02/07		Imports (y/y)	Jan	--	2.0	16.5
CH	02/06-02/07		Trade Balance (USD bn)	Jan	--	36.8	47.2
JN	02/07	00:00	Coincident Index CI	Dec P	--	94.7	94.7
JN	02/07	00:00	Leading Index CI	Dec P	--	91.3	90.8
AU	02/07	00:30	Foreign Reserves (AUD bn)	Jan	--	--	83.8
MA	02/07	02:00	Foreign Reserves (US\$ bn)	Jan 31	--	--	103.7
TA	02/07	03:00	Exports (y/y)	Jan	--	1.6	4.0
TA	02/07	03:00	Imports (y/y)	Jan	--	0.9	13.9
TA	02/07	03:00	Trade Balance (US\$ bn)	Jan	--	1.5	2.5
SI	02/07	04:00	Foreign Reserves (US\$ mn)	Jan	--	--	279450
JN	02/07		Official Reserve Assets (US\$ bn)	Jan	--	--	1324

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	02/01	00:00	Consumer Price Index (m/m)	Jan	0.1	0.1	0.2
PE	02/01	00:00	Consumer Price Index (y/y)	Jan	1.9	1.9	1.9
CL	02/03	06:30	Economic Activity Index SA (m/m)	Dec	--	2.2	1.0
CL	02/03	06:30	Economic Activity Index NSA (y/y)	Dec	--	-0.5	-3.3
BZ	02/03	08:00	PMI Manufacturing Index	Jan	--	--	50.2
BZ	02/03	13:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jan	--	384	5599
BZ	02/04	07:00	Industrial Production SA (m/m)	Dec	--	-0.5	-1.2
BZ	02/04	07:00	Industrial Production (y/y)	Dec	--	-0.8	-1.7
CO	02/05	19:00	Consumer Price Index (m/m)	Jan	0.5	0.6	0.3
CO	02/05	19:00	Consumer Price Index (y/y)	Jan	3.7	3.8	3.8
BZ	02/05	07:00	SELIC Target Rate (%)	Feb 5	4.25	4.25	4.50
BZ	02/07	07:00	IBGE Inflation IPCA (m/m)	Jan	--	0.4	1.2
BZ	02/07	07:00	IBGE Inflation IPCA (y/y)	Jan	--	4.4	4.3

Global Auctions for week of February 3 – 7**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Events</u>
CA	02/06	12:00	Canada to Sell 3 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Events</u>
GE	02/04	05:30	Germany to Sell Bonds
SP	02/06	04:35	Spain to Sell Bonds
FR	02/06	04:50	France to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Events</u>
JN	02/03	22:35	Japan to Sell 10 Year Bonds
PH	02/04	00:00	Philippines to Sell 5 Year Bonds
ID	02/04	04:00	Indonesia to Sell 5, 10, 15, 20, & 30 Year Bonds
CH	02/04	21:35	China to Sell 3 & 7 Year Upsized Bonds
JN	02/05	22:35	Japan to Sell 30 Year Bonds
NZ	02/06	20:05	New Zealand to Sell NZD50 Mln 2.5% 2040 Bonds

Events for week of February 3 – 7

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/03	16:00	Fed's Bostic Discusses Big Data, AI and Machine Learning
CA	02/05	12:30	Bank of Canada's Wilkins Gives Speech in Toronto
US	02/06	09:15	Fed's Kaplan Speaks on Economic Outlook in Dallas

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	02/06	04:00	ECB Publishes Economic Bulletin
EC	02/06	09:00	ECB Villeroy speaks in Paris
RU	02/07	05:30	Russia's Key Rate Announcement
RU	02/07	07:00	Bank of Russia Governor Nabiullina holds news conference
IT	02/07		Bank of Italy Report on Balance Sheet Aggregates

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	02/03	22:30	RBA Cash Rate Target
AU	02/04	20:30	RBA Governor Lowe Gives Speech in Sydney
JN	02/04	20:30	BoJ Wakatabe Speech in Ehime
TH	02/05	02:05	BoT Benchmark Interest Rate
JN	02/05	20:30	BoJ Masai Speech in Nara
IN	02/06	01:15	RBI Repurchase Rate
IN	02/06	01:15	RBI Reverse Repo Rate
IN	02/06	01:15	RBI Cash Reserve Ratio
PH	02/06	03:00	BSP Overnight Borrowing Rate
PH	02/06	03:00	BSP Standing Overnight Deposit Facility Rate
AU	02/06	17:30	RBA's Lowe Semi-annual Testimony to Parliament Committee
AU	02/06	19:30	RBA Statement on Monetary Policy

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	02/05	07:00	Brazil Selic Rate Announcement

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	1.75	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	7.25	February 13, 2020	7.25	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	-0.50	-0.50
Bank of England – Bank Rate	0.75	March 26, 2020	0.50	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	6.25	February 7, 2020	6.00	6.00
Sweden Riksbank – Repo Rate	0.00	February 12, 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	11.25	February 19, 2020	11.25	10.75

Central Bank of Russia: We expect a 25 basis point cut to the one week auction rate, bring it to 6% next Friday. This is in line with consensus that is slightly biased towards a cut. It is a data rich week with January PMIs, January Inflation, and 2019 GDP growth scheduled to be released in the days before the Friday announcement. We believe that there is enough surprise downside risk in these releases to sway the central bank into further easing.

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	0.75	February 3, 2020	0.50	0.75
Reserve Bank of New Zealand – Cash Rate	1.00	February 11, 2020	1.00	1.00
People's Bank of China – Loan Prime Rate	4.15	February 20, 2020	4.10	4.10
Reserve Bank of India – Repo Rate	5.15	February 6, 2020	5.15	5.15
Bank of Korea – Bank Rate	1.25	February 27, 2020	1.25	1.25
Bank of Thailand – Repo Rate	1.25	February 5, 2020	1.25	1.25
Bank Negara Malaysia – Overnight Policy Rate	2.75	March 3, 2020	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	5.00	February 20, 2020	5.00	5.00
Central Bank of Philippines – Overnight Borrowing Rate	4.00	February 6, 2020	3.75	3.75

Reserve Bank of Australia (RBA): Australian monetary authorities will make an interest rate decision on February 4. We expect the RBA to cut the benchmark interest rate by 25 bps to 0.50% as wildfires dampen confidence and weigh on the economy's growth momentum.

Reserve Bank of India (RBI): India's central bank will conclude its next monetary policy meeting on February 6. The RBI will likely leave the benchmark interest rates unchanged as a pickup in headline inflation (reflecting higher food prices) complicates monetary policy conduct. Given India's weak economic performance, we assess that once transitory inflationary pressures start abating the RBI will act to stimulate the economy further.

Bank of Thailand (BoT): We expect Thai monetary authorities to keep the benchmark interest rate unchanged at 1.25% following the February 5 meeting. The BoT lowered the policy rate by 50 bps between August and November 2019. Nevertheless, further easing is possible over the coming months as a slowdown in China will adversely impact the country's export sector while weaker income and employment conditions will dampen consumer spending prospects.

Banko Sentral ng Pilipinas (BSP): We expect the BSP to lower the benchmark Overnight Borrowing Rate by 25 bps to 3.75% following the February 6 monetary policy meeting. BSP Governor Diokno has indicated that further monetary easing can be expected in 2020, yet the magnitude will be less than in 2019 when the rate was cut by 75 bps.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	4.50	February 5, 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	February 13, 2020	2.25	2.25

Banco Central do Brasil: Brazil's central bank will announce the new Selic rate on Wednesday. We expect the rate to fall 25 basis points to 4.25% — which is in line with consensus. Inflation ticked up in December to 4.3 % y/y, which is still well within Brazil's 2.75%–5.75% target range. However, economic growth expectations remain muted through 2020. Despite 2019's 200 basis points of easing still filtering its way through the economy, central bank communications have still left the door open for further cuts.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.25	March 19, 2020	6.50	6.50

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.