

**TIME'S UP CONGRESS!**

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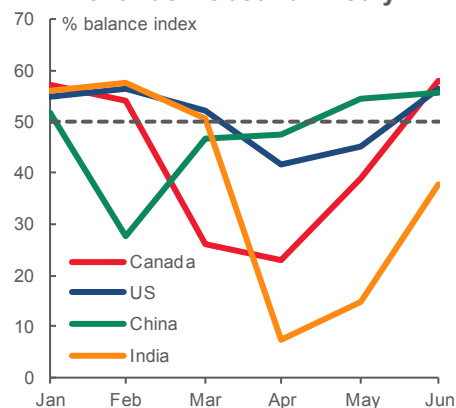
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**Next Week's Risk Dashboard**

- The US fiscal stimulus debate
- Jobs: US, Canada, NZ
- CBs: BoE, RBA, RBI, Brazil, BoT
- PMIs: US, Canada, China, India, Brazil
- CPI: Indonesia, Tokyo, SK, Thailand...
- ...Chile, Colombia, Mexico, Peru, Brazil
- Global industrial/trade updates
- Global earnings

**Chart of the Week**
**Can Composite PMIs Continue Rebound in July?**


Sources: Scotiabank Economics, Ivey, Markit, ISM

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

## Time's Up Congress!

The coming week could well set the broad market direction over the duration of the summer. Key debates over US stimulus prospects after Fitch's warning shot and the sustained healing of job markets and the broader economy will be informed across multiple jurisdictions. Generally constructive outcomes are expected.

Focal points over the coming week will include the following:

- The US fiscal stimulus debate;
- Jobs: US, Canada, NZ;
- CBs: BoE, RBA, RBI, Brazil, BoT;
- PMIs: US, Canada, China, India, Brazil;
- CPI: Indonesia, Tokyo, SK, Thailand, Chile, Colombia, Mexico, Peru, Brazil;
- Global industrial/trade updates;
- Global earnings.

### 1. JOBS, JOBS, JOBS

The US, Canada and New Zealand update job growth figures over the coming week. World markets will be on edge as they await the US numbers. My estimate is more off consensus for Canada than the US, while New Zealand's report is only a quarterly Q2 reading that will likely show a strong decline that masks a potential turning point as the quarter evolved.

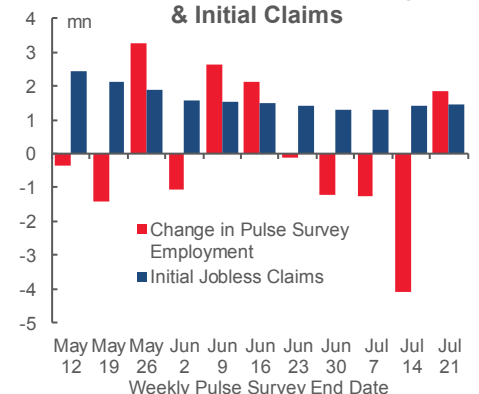
#### US Nonfarm Payrolls – Positively Hopeful

The estimate for US nonfarm payrolls in July arrives on Friday after ADP's estimate on Wednesday. In the end, **only a tiny minority within Bloomberg's consensus that is still evolving have chosen to go negative**. 96% of economists in the sample so far are calling for a positive nonfarm reading with a median estimate of 1.7 million. I submitted an estimate of 2 million before knowing consensus, which is in the ballpark of this median estimate. The so-called 'whisper' number estimated by traders and other market participants stands at just over 1 million. Thus, the broad spectrum of opinion is aligned toward another payroll gain.

Even though weekly jobless claims have risen over the past two weeks, this is outside of the reference period for the July nonfarm payrolls report and how payrolls changed since June. Furthermore, some cite the Census Bureau's Household Pulse Survey ([here](#)) that showed a decline in employment during July (red bars, chart 1) as a worrisome indication. The massive caveat here is that the Pulse survey is not seasonally adjusted because it has a very limited sample size since inception in April of this year. Seasonally unadjusted nonfarm payrolls almost always decline at this time of year (chart 2).

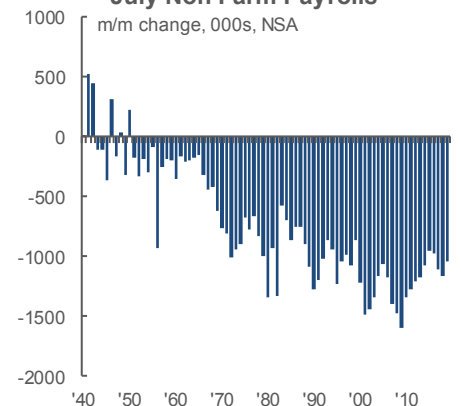
What is instead being counted upon is a continued effort to recall furloughed workers through reopening plans that have only been partially thwarted by rising covid-19

Chart 1 US Pulse Household Survey & Initial Claims



Sources: Scotiabank Economics, US Census Bureau, US Dept of Labor.

Chart 2 Historical Change in July Non Farm Payrolls



Sources: Scotiabank Economics, US BLS.

case counts. Still, amid expectations for a third consecutive increase in jobless claims next week, it may well be that greater risk will surround August payrolls one month later.

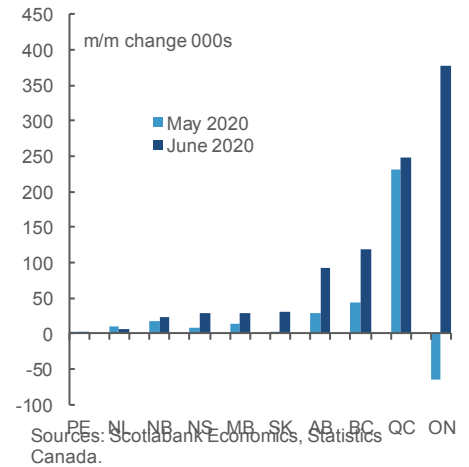
### Canada—Out On A Limb

**By contrast to nonfarm, the call for Canadian jobs is somewhat out on a limb compared to consensus.** After 953k jobs were recouped in June, a near replay could be in the cards for Friday's Labour Force Survey estimate. The median consensus estimate is for under half of Scotia's 900k call.

**One approach is to point to Quebec's experience after their earlier reopening experience and how this may be replicated across the country as reopening efforts fanned out.** Enter chart 3. Recall that the province gained 231k jobs in May and another 248k in June as it began reopening the economy in early May and kept rolling out reopening efforts through June into July while sustaining the pace of hiring activity. Ontario had a somewhat lagging reopening experience and lost 65k jobs in May and then regained 378k jobs in June. BC followed a similar pattern with just 43k recalled in May and 118k in June. Ditto for Alberta that also lagged Quebec's pick up from 28k in May to 92k in June. If Quebec were to continue regaining lost jobs through July and be joined by expedited hiring across the other provinces in similar fashion to Quebec's back-to-back performances, then we could well be positioned for a rather strong overall report.

Chart 3

#### Employment Change by Province



## 2. US STIMULUS TALKS—ANY DAY NOW!

The House of Representatives is already off on August recess but on 24 hour recall notice. The Senate leaves from August 10<sup>th</sup> to September 7<sup>th</sup>. Hanging in the air are the stimulus negotiations.

As this publication goes to print, negotiations are to extend throughout the weekend. The USD and broader appetite for US assets may be vulnerable to disappointment, but **the underlying assumption remains that a deal of some sort will ultimately be struck as such brinksmanship tactics are just the way Congress works.**

There are multiple stumbling blocks including for how long and by what magnitude the CARES Act provision for an extra US\$600/week in jobless benefits may be extended. The Democrats are also holding out on an extension of jobless benefits and an extension of a moratorium on evictions in favour of using this position to extract greater leverage in broader stimulus negotiations, such as enhanced aid to state and local governments.

Some have noted that the CARES Act results in overpayment of individuals compared to what they used to earn through pre-Covid employment ([here](#)). This **may be holding furloughed workers back from returning**. Others have noted that a side benefit to the high CARES Act payments is that while the unemployment rate may be biased higher than would otherwise be the case by keeping some workers sidelined, the result may be a **lower mortality rate** through to year-end ([here](#)). In fact, the authors estimate that the mortality rate would rise by a higher amount than the unemployment rate would fall if not for CARES Act payments. Lower mortality could conceivably arise from mitigating a sudden return to work that further amplifies case counts and could also arise from compassionately helping despondent people to meet their obligations. Another argument could well be that **overpaying unemployed Americans is a net form of short-term stimulus to the overall economy** that, despite the adverse incentives to return to work, applies some stimulus where it will be spent as an offset to other still difficulty applying stimulus to deeply troubled parts of the US economy. As a crude simple example, governments cannot force people to fly, attend movie theatres or dine-in, but paying more benefits could result in consumers spending the sum on other things which we've seen in strong consumption numbers of late. This argument reasons that **the aim is to provide macroeconomic stimulus with microeconomic imperfections of a sort.**

There are merits to each of these arguments and it's uncertain exactly where the middle ground lies. At least in the short-run, the balance likely leans more toward overshooting requirements rather than, say, the Republicans' first proposal to abruptly cut CARES Act payments from 150% of pre-shock income to 70% of income assuming states can transition as rapidly to such a

system as the two-month timeline could require by September. The speed and magnitude of such an adjustment may be a goal over time, but **an extend-and-taper approach would likely be preferable to such a sudden shock** given the state of the job market.

**On balance, my view remains in favour of more of an insurance argument.** This is arguably the last chance at a stimulus deal before the new Congress sits in January and likely for some time afterward given the US election and the ensuing lame duck session that are likely to grind US policymaking to a halt. A, say, US\$1 trillion stimulus package would be the bare minimum needed absent downside risks; should such risks crystalize, then Congress is likely to have its hands tied over the next six months or so. That could represent a period of market vulnerability amid limited further Fed powers. Going big now could effectively throw more of a security blanket over this likely period of policy inaction.

### 3. CENTRAL BANKS—MORE TALK THAN CUTS

Five central banks will offer fresh assessments and policy decisions over the coming week. Expectations are outlined below in chronological order. Two are expected to cut (Brazil, RBI), and the other three are expected to hold while jawboning options like negative rates at the Bank of England.

**RBA (Tuesday):** No policy changes are anticipated with the cash rate stayed at 0.25% along with the three year yield target. **RBA Governor Lowe’s recent speech (here) combined with the minutes to the July 7th meeting (here)** leaned against negative rates, A\$ intervention and direct financing of government and resisted putting a range to the 0.25% 3 year target that would result in bond buying to enforce the target by instead saying it was a judgement call. The government extended the wage subsidy program from the end of September to the end of March which takes some pressure off the central bank.

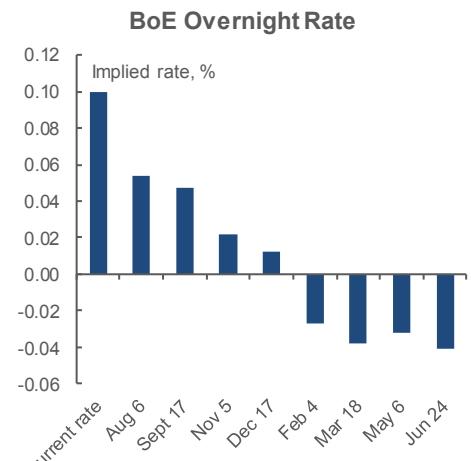
**Brazil (Wednesday):** The central bank is expected to cut its Selic rate by -25bps to 2%. It may well be the final cut of the cycle after the central bank noted in its June statement (here) that “any possible adjustment to the current monetary stimulus would be residual.”

**Bank of Thailand (Wednesday):** The BoT is expected to hold its policy rate at 0.5% with cut risk. The odds of a cut may have been reduced after BoT Assistant Governor Vachira Arromdee recently remarked that that sparking ‘excessive volatility’ in the baht was something the central bank wished to avoid against an uncertain outlook. She noted that “We cannot predict the outbreak of foreign capital flows in the second half.”

**Bank of England (Thursday):** No change to the 0.1% Bank Rate is expected. Forecasts will be updated and could showcase the MPC’s bias toward downside risks. Expect further jawboning on the negative rate option, but it’s unlikely that the results of the BoE’s review of this option will be disclosed just yet. At present, markets are pricing a marginally negative policy rate commencing in early 2021 (chart 4).

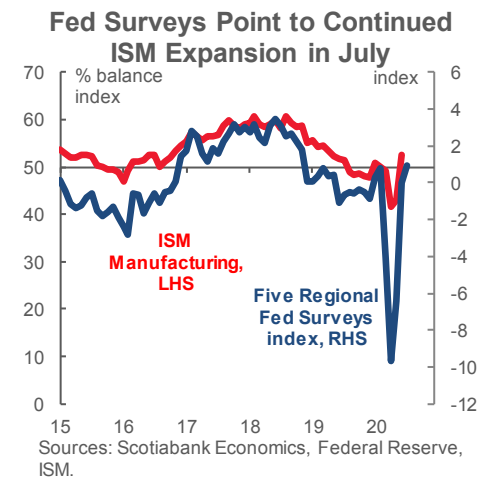
**RBI (Thursday):** A lot has happened since May 22<sup>nd</sup>, but that was the last time the Reserve Bank of India delivered a policy decision. A -25bps cut is possible to a 3.75% repo rate on Thursday. Minutes to the May meeting (here) noted that the RBI is “maintaining headroom to back up the revival of activity when it takes hold” with “an accommodative stance as long as it is necessary to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target.” Since then, inflation fell to 6.1% y/y with core at 4.9% compared to a medium-term inflation target of 4% +/- 2%.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Federal Reserve, ISM.

#### 4. PMI MOMENTUM INTO Q3

**More purchasing managers' indices will arrive from the US, Canada, China, India and Brazil over the coming week.** They are useful because of their freshness as among the first batch of readings each month and because they can lead broad measures like changes in GDP growth. Thus, they are an important recovery signal.

**Key to world markets will be the US ISM gauges.** ISM-manufacturing arrives on Monday with ISM-services following up on Wednesday, both for the month of July. As chart 5 indicates, the average of the regional manufacturing gauges from Federal Reserve District Banks points to a **modest gain** given correlations to ISM. It's feasible that the regional surveys may under represent upside risk to ISM given they tend to underrepresent rebounding sectors like autos. On net, a rise from 52.6 in June to about 54 ½ in July seems defensible. ISM-services might face the opposite risk by slipping somewhat from 57.1 in June given the concentrated effect of social distancing and rising covid-19 case counts as aspects of the services sector such as bars and restaurants.

**Canada's Ivey PMI for July will be released Friday.** It rarely impacts markets, but is among the suite of indicators worth tracking by way of recovery evidence. The big upswing in June from 39.1 to 58.2 reflected reopening plans. A further rise could reflect ongoing reopening efforts across the provinces. That said, unlike PMIs elsewhere, this one combines response from purchasing managers in the public and private sectors which makes it a bit of a hodge podge PMI that makes it difficult to tell whether the degree to which government versus private activity is driving a rebound.

**China's PMIs** will be the private Caixin ones that will be monitored for whether they confirm the state's PMIs that show stalled progress. The Caixin manufacturing PMI is due out on Sunday evening (eastern time) and the services and composite PMIs arrive two days later.

**India's Markit PMIs** then arrive over Monday and Wednesday. The country's measures fell much more sharply than elsewhere with the composite plunging from 57.6 in February to just 7.2 in April, but they've since partially rebounded to a still contractionary 37.8 reading. The march toward balance at the 50 threshold is being partly restrained by India's rising covid-19 cases and protective measures.

**Brazil's PMIs** will also come out on Monday and Wednesday and the July readings could continue to show at least near term gains despite the 2.6 million covid-19 cases that exist along an exploding curve.

#### 5. EARNINGS, INFLATION AND RECOVERY READINGS

**Multiple other readings that will track the pace of the economic recovery and implications for inflation will emerge across the world.** The global earnings calendar will remain heavy, but with about two-thirds of the S&P500 having released, the scope for further season-shifting surprises is pretty limited during a much better than feared season (chart 6).

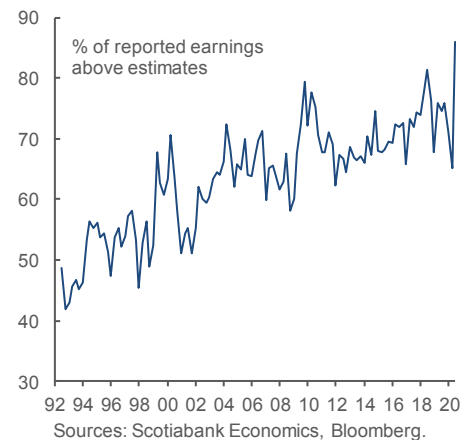
LatAm markets will focus upon inflation readings starting with Peru on Saturday, Colombia and Chile on Wednesday, and then Mexico and Brazil on Friday. Asia-Pacific markets will also take in inflation updates from Indonesia (Monday), Japan (Monday), Philippines and Thailand (Tuesday) and Taiwan (Thursday).

US releases will also include an expected gain in construction spending during June (Monday), another expected rise in auto sales during July (Monday), factory orders that should follow the 7.3% rise in durables higher (Tuesday) and an expected narrowing of the overall trade deficit (Wednesday) that may be mirrored in Canada (Wednesday).

European markets will digest a round of industrial and trade readings for the month of June. Industrial output Italy (Thursday) and then Germany, France and Spain are due on Friday as are trade figures from Germany, Italy and France on Friday. German factory orders are due on Thursday.

Chart 6

#### Record US Earnings Beats



**Key Indicators for week of August 3 – 14**
**NORTH AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	08/03	10:00	Construction Spending (m/m)	Jun	2.0	1.0	-2.1
US	08/03	10:00	ISM Manufacturing Index	Jul	54.5	53.6	52.6
US	08/03		Total Vehicle Sales (mn a.r.)	Jul	14.1	13.8	13.1
US	08/04	10:00	Factory Orders (m/m)	Jun	6.0	5.5	8.0
US	08/05	07:00	MBA Mortgage Applications (w/w)	Jul 31	--	--	4.1
US	08/05	08:15	ADP Employment Report (000s m/m)	Jul	1500	2150	2369
CA	08/05	08:30	Merchandise Trade Balance (C\$ bn)	Jun	0.5	--	-0.7
US	08/05	08:30	Trade Balance (US\$ bn)	Jun	-49.5	-53.6	-54.6
US	08/05	10:00	ISM Non-Manufacturing Composite	Jul	56.0	55.0	57.1
US	08/06	08:30	Initial Jobless Claims (000s)	Aug 1	1450	1430	1416
US	08/06	08:30	Continuing Claims (000s)	Jul 25	17300	16300	16197
MX	08/07	07:00	Bi-Weekly Core CPI (% change)	Jul 31	0.05	--	0.3
MX	08/07	07:00	Bi-Weekly CPI (% change)	Jul 31	0.05	--	0.4
MX	08/07	07:00	Consumer Prices (m/m)	Jul	0.4	--	0.6
MX	08/07	07:00	Consumer Prices (y/y)	Jul	3.36	--	3.3
MX	08/07	07:00	Consumer Prices Core (m/m)	Jul	0.26	--	0.4
CA	08/07	08:30	Employment (000s m/m)	Jul	900	--	953
CA	08/07	08:30	Unemployment Rate (%)	Jul	10.5	--	12.3
US	08/07	08:30	Average Hourly Earnings (m/m)	Jul	-1.0	-0.5	-1.2
US	08/07	08:30	Average Hourly Earnings (y/y)	Jul	3.7	--	5.0
US	08/07	08:30	Average Weekly Hours	Jul	--	34.4	34.5
US	08/07	08:30	Nonfarm Employment Report (000s m/m)	Jul	2000	2000	4800
US	08/07	08:30	Unemployment Rate (%)	Jul	10.4	10.2	11.1
US	08/07	15:00	Consumer Credit (US\$ bn m/m)	Jun	--	8.0	-18.3
CA	08/10	08:15	Housing Starts (000s a.r.)	Jul	200	--	211.6
US	08/10	10:00	JOLTS Job Openings (000s)	Jun	--	--	5397
MX	08/11	07:00	Industrial Production (m/m)	Jun	--	--	-1.8
MX	08/11	07:00	Industrial Production (y/y)	Jun	-11.1	--	-30.7
US	08/11	08:30	PPI (m/m)	Jul	0.2	0.2	-0.2
US	08/11	08:30	PPI ex. Food & Energy (m/m)	Jul	0.1	0.1	-0.3
US	08/12	08:30	CPI (m/m)	Jul	0.2	0.3	0.6
US	08/12	08:30	CPI (y/y)	Jul	0.5	--	0.6
US	08/12	08:30	CPI (index)	Jul	--	--	257.8
US	08/12	08:30	CPI ex. Food & Energy (m/m)	Jul	0.1	0.2	0.2
US	08/12	08:30	CPI ex. Food & Energy (y/y)	Jul	0.9	--	1.2
US	08/12	14:00	Treasury Budget (US\$ bn)	Jul	--	--	-864
US	08/13	08:30	Export Prices (m/m)	Jul	--	--	1.4
US	08/13	08:30	Import Prices (m/m)	Jul	--	--	1.4
<b>MX</b>	<b>08/13</b>	<b>14:00</b>	<b>Overnight Rate (%)</b>	<b>Aug 13</b>	<b>4.75</b>	<b>--</b>	<b>5.00</b>
CA	08/14	08:30	Manufacturing Shipments (m/m)	Jun	6.0	--	10.7
US	08/14	08:30	Productivity (q/q a.r.)	2Q P	--	--	-0.9
US	08/14	08:30	Retail Sales (m/m)	Jul	2.5	2.0	7.5
US	08/14	08:30	Retail Sales ex. Autos (m/m)	Jul	2.0	1.7	7.3
US	08/14	08:30	Unit Labor Costs (q/q a.r.)	2Q P	--	--	5.1
CA	08/14	09:00	Existing Home Sales (m/m)	Jul	--	--	63.0
US	08/14	09:15	Capacity Utilization (%)	Jul	--	71.6	68.6
US	08/14	09:15	Industrial Production (m/m)	Jul	3.5	3.0	5.4
US	08/14	10:00	Business Inventories (m/m)	Jun	--	--	-2.3

**EUROPE**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	08/03	03:45	Manufacturing PMI	Jul	--	--	47.5
FR	08/03	03:50	Manufacturing PMI	Jul F	--	--	52.0
GE	08/03	03:55	Manufacturing PMI	Jul F	--	--	50.0
EC	08/03	04:00	Manufacturing PMI	Jul F	--	--	51.1
UK	08/03	04:30	Manufacturing PMI	Jul F	--	--	53.6
IT	08/03	03:00	Budget Balance (€ bn)	Jul	--	--	-21.0
IT	08/03	03:00	Budget Balance YTD (€ bn)	Jul	--	--	-95.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for week of August 3 – 14**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	08/04	02:45	Central Government Balance (€ bn)	Jun	--	--	-117.9
EC	08/04	05:00	PPI (m/m)	Jun	--	--	-0.6
UK	08/05	02:00	Official Reserves Changes (US\$ bn)	Jul	--	--	1820
IT	08/05	03:45	Services PMI	Jul	--	--	46.4
FR	08/05	03:50	Services PMI	Jul F	--	--	57.8
GE	08/05	03:55	Services PMI	Jul F	--	--	56.7
EC	08/05	04:00	Composite PMI	Jul F	--	--	54.8
EC	08/05	04:00	Services PMI	Jul F	--	--	55.1
UK	08/05	04:30	Services PMI	Jul F	--	--	56.6
EC	08/05	05:00	Retail Trade (m/m)	Jun	--	--	17.8
GE	08/06	02:00	Factory Orders (m/m)	Jun	--	--	10.4
IT	08/06	04:00	Industrial Production (m/m)	Jun	--	--	42.1
UK	08/06	04:30	PMI Construction	Jul	--	--	55.3
<b>UK</b>	<b>08/06</b>	<b>07:00</b>	<b>BoE Policy Announcement (%)</b>	<b>Aug 6</b>	<b>0.10</b>	--	<b>0.10</b>
GE	08/07	02:00	Current Account (€ bn)	Jun	--	--	6.5
GE	08/07	02:00	Industrial Production (m/m)	Jun	--	--	7.8
GE	08/07	02:00	Trade Balance (€ bn)	Jun	--	--	7.0
FR	08/07	02:45	Current Account (€ bn)	Jun	--	--	-8500
FR	08/07	02:45	Industrial Production (m/m)	Jun	--	--	19.6
FR	08/07	02:45	Industrial Production (y/y)	Jun	--	--	-23.4
FR	08/07	02:45	Manufacturing Production (m/m)	Jun	--	--	22.0
FR	08/07	02:45	Trade Balance (€ mn)	Jun	--	--	-7051
SP	08/07	03:00	Industrial Output NSA (y/y)	Jun	--	--	-27.8
UK	08/10	04:30	Business Investment (q/q)	2Q P	--	--	-0.3
UK	08/10	04:30	Industrial Production (m/m)	Jun	--	--	6.0
UK	08/11	04:30	Average Weekly Earnings (3-month, y/y)	Jun	--	--	-0.3
UK	08/11	04:30	Employment Change (3M/3M, 000s)	Jun	--	--	-125.0
UK	08/11	04:30	Jobless Claims Change (000s)	Jul	--	--	-28.1
UK	08/11	04:30	ILO Unemployment Rate (%)	Jun	--	--	3.9
EC	08/11	05:00	ZEW Survey (Economic Sentiment)	Aug	--	--	59.6
GE	08/11	05:00	ZEW Survey (Current Situation)	Aug	--	--	-80.9
GE	08/11	05:00	ZEW Survey (Economic Sentiment)	Aug	--	--	59.3
RU	08/11	12:00	Real GDP (y/y)	2Q A	--	--	1.60
UK	08/12	02:00	GDP (q/q)	2Q P	--	--	-2.2
UK	08/12	02:00	Index of Services (m/m)	Jun	--	--	0.9
UK	08/12	02:00	Manufacturing Production (m/m)	Jun	--	--	8.4
UK	08/12	02:00	Visible Trade Balance (£ mn)	Jun	--	--	-2805
EC	08/12	05:00	Industrial Production (m/m)	Jun	--	--	12.4
EC	08/12	05:00	Industrial Production (y/y)	Jun	--	--	-20.9
PD	08/14	04:00	GDP (y/y)	2Q P	--	--	2.00
PO	08/14	04:30	Real GDP (q/q)	2Q P	--	--	-3.80
EC	08/14	05:00	Employment (q/q)	2Q P	--	--	-0.2
EC	08/14	05:00	Trade Balance (€ mn)	Jun	--	--	9.4

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	08/02	19:50	GDP Deflator (y/y)	1Q F	--	--	0.9
JN	08/02	20:00	Official Reserve Assets (US\$ bn)	Jul	--	--	1383
JN	08/02	20:30	Markit/JMMA Manufacturing PMI	Jul F	--	--	42.6
AU	08/02	21:30	ANZ Job Advertisements (m/m)	Jul	--	--	42.0
CH	08/02	21:45	Caixin Manufacturing PMI	Jul	--	51.1	51.2
ID	08/03	00:00	CPI (y/y)	Jul	--	--	2.0
ID	08/03	00:00	Core CPI (y/y)	Jul	--	--	2.3
JN	08/03	01:00	Vehicle Sales (y/y)	Jul	--	--	-26.0
TH	08/03	03:30	Business Sentiment Index	Jul	--	--	38.5
SI	08/03	09:00	Purchasing Managers Index	Jul	--	--	48.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Key Indicators for week of August 3 – 14**
**ASIA-PACIFIC (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	08/03	19:00	CPI (y/y)	Jul	--	--	0.0
SK	08/03	19:00	Core CPI (y/y)	Jul	--	--	0.6
JN	08/03	19:30	Tokyo CPI (y/y)	Jul	--	--	0.3
JN	08/03	19:50	Monetary Base (y/y)	Jul	--	--	6.0
AU	08/03	21:30	Retail Sales (m/m)	Jun	--	--	16.9
AU	08/03	21:30	Trade Balance (AUD mn)	Jun	--	--	8025
TH	08/03	22:00	Consumer Confidence Economic	Jul	--	--	41.4
NZ	08/04	13:00	QV House Prices (y/y)	Jul	--	--	7.7
NZ	08/04	18:45	Unemployment Rate (%)	2Q	--	--	4.2
NZ	08/04	18:45	Employment Change (y/y)	2Q	--	--	1.6
HK	08/04	20:30	Purchasing Managers Index	Jul	--	--	49.6
PH	08/04	21:00	CPI (y/y)	Jul	--	--	2.5
PH	08/04	21:00	Exports (y/y)	Jun	--	--	-35.6
PH	08/04	21:00	Imports (y/y)	Jun	--	--	-40.6
PH	08/04	21:00	Trade Balance (US\$ mn)	Jun	--	--	-1865
CH	08/04	21:45	Caixin Services PMI	Jul	--	58.0	58.4
TH	08/04	23:30	CPI (y/y)	Jul	--	--	-1.6
TH	08/04	23:30	Core CPI (y/y)	Jul	--	--	-0.1
<b>AU</b>	<b>08/04</b>	<b>00:30</b>	<b>RBA Cash Target Rate (%)</b>	<b>Aug 4</b>	<b>0.25</b>	--	<b>0.25</b>
ID	08/05	00:00	Real GDP (y/y)	2Q	--	--	3.0
SI	08/05	01:00	Retail Sales (y/y)	Jun	--	--	-52.1
<b>TH</b>	<b>08/05</b>	<b>03:05</b>	<b>BoT Repo Rate (%)</b>	<b>Aug 5</b>	<b>0.50</b>	--	<b>0.50</b>
SK	08/05	19:00	Current Account (US\$ mn)	Jun	--	--	2286
PH	08/05	22:00	Real GDP (y/y)	2Q	--	--	-0.2
ID	08/05	22:00	Consumer Confidence Index	Jul	--	--	83.8
<b>IN</b>	<b>08/06</b>	<b>02:15</b>	<b>Repo Rate (%)</b>	<b>Aug 6</b>	<b>3.75</b>	--	<b>4.00</b>
<b>IN</b>	<b>08/06</b>	<b>02:15</b>	<b>Reverse Repo Rate (%)</b>	<b>Aug 6</b>	--	--	<b>3.35</b>
<b>IN</b>	<b>08/06</b>	<b>02:15</b>	<b>Cash Reserve Ratio (%)</b>	<b>Aug 6</b>	--	--	<b>3.00</b>
TA	08/06	04:00	CPI (y/y)	Jul	--	--	-0.8
JN	08/06	19:30	Household Spending (y/y)	Jun	--	--	-16.2
CH	08/06	21:00	Foreign Reserves (US\$ bn)	Jul	--	--	3112
CH	08/06	21:00	Exports (y/y)	Jul	--	--	0.5
CH	08/06	21:00	Imports (y/y)	Jul	--	--	2.7
CH	08/06	21:00	Trade Balance (USD bn)	Jul	--	--	46.4
MA	08/07	00:00	Industrial Production (y/y)	Jun	--	--	-22.1
JN	08/07	01:00	Coincident Index CI	Jun P	--	--	73.4
JN	08/07	01:00	Leading Index CI	Jun P	--	--	78.4
JN	08/07	01:00	New Composite Leading Economic Index	Jun P	--	--	78.4
MA	08/07	03:00	Foreign Reserves (US\$ bn)	Jul 30	--	--	104.0
TA	08/07	04:00	Exports (y/y)	Jul	--	--	-3.8
TA	08/07	04:00	Imports (y/y)	Jul	--	--	-8.6
TA	08/07	04:00	Trade Balance (US\$ bn)	Jul	--	--	4.8
SI	08/07	05:00	Foreign Reserves (US\$ mn)	Jul	--	--	312497
CH	08/09	21:00	New Yuan Loans (bn)	Jul	--	--	1811
CH	08/09	21:30	CPI (y/y)	Jul	--	--	2.5
CH	08/09	21:30	PPI (y/y)	Jul	--	--	-3.0
AU	08/10	02:30	Foreign Reserves (AUD bn)	Jul	--	--	61.5
JN	08/10	19:50	Bank Lending (y/y)	Jul	--	--	6.2
JN	08/10	19:50	Current Account (¥ bn)	Jun	--	--	1177
JN	08/10	19:50	Trade Balance - BOP Basis (¥ bn)	Jun	--	--	-557
IN	08/11	08:00	Industrial Production (y/y)	Jun	--	--	-34.70
SK	08/11	19:00	Unemployment Rate (%)	Jul	--	--	4.3
JN	08/11	19:50	Japan Money Stock M2 (y/y)	Jul	--	--	7.2
JN	08/11	19:50	Japan Money Stock M3 (y/y)	Jul	--	--	5.9
AU	08/11	21:30	Wage Cost Index (q/q)	2Q	--	--	0.5
<b>NZ</b>	<b>08/11</b>	<b>22:00</b>	<b>RBNZ Official Cash Rate (%)</b>	<b>Aug 12</b>	<b>0.25</b>	--	<b>0.25</b>
IN	08/11	23:30	Exports (y/y)	Jul	--	--	-12.4
IN	08/11	23:30	Imports (y/y)	Jul	--	--	-47.6

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for week of August 3 – 14**
**ASIA-PACIFIC (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MA	08/12	00:00	Current Account Balance (MYR mns)	2Q	--	--	9500
MA	08/12	00:00	GDP (y/y)	2Q	--	--	0.7
JN	08/12	02:00	Machine Tool Orders (y/y)	Jul P	--	--	-32.1
AU	08/12	21:30	Employment (000s)	Jul	--	--	210.8
AU	08/12	21:30	Unemployment Rate (%)	Jul	--	--	7.4
IN	08/13	08:00	CPI (y/y)	Jul	--	--	6.09
NZ	08/13	18:30	Business NZ PMI	Jul	--	--	56.3
CH	08/13	22:00	Fixed Asset Investment YTD (y/y)	Jul	--	--	-3.1
CH	08/13	22:00	Industrial Production (y/y)	Jul	--	--	4.8
CH	08/13	22:00	Retail Sales (y/y)	Jul	--	--	-1.8
JN	08/14	00:30	Tertiary Industry Index (m/m)	Jun	--	--	-2.1
IN	08/14	02:30	Monthly Wholesale Prices (y/y)	Jul	--	--	-1.8

**LATIN AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	08/01	01:00	Consumer Price Index (m/m)	Jul	0.1	-0.1	-0.3
PE	08/01	01:00	Consumer Price Index (y/y)	Jul	1.5	1.7	1.6
CL	08/03	08:30	Economic Activity Index SA (m/m)	Jun	--	--	-3.4
CL	08/03	08:30	Economic Activity Index NSA (y/y)	Jun	--	--	-15.3
BZ	08/03	09:00	PMI Manufacturing Index	Jul	--	--	51.6
BZ	08/03	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jul	--	--	7463
BZ	08/04	08:00	Industrial Production SA (m/m)	Jun	--	--	7.0
BZ	08/04	08:00	Industrial Production (y/y)	Jun	--	--	-21.9
CO	08/05	20:00	Consumer Price Index (m/m)	Jul	--	-0.2	-0.4
CO	08/05	20:00	Consumer Price Index (y/y)	Jul	--	1.8	2.2
<b>BZ</b>	<b>08/05</b>	<b>08:00</b>	<b>SELIC Target Rate (%)</b>	<b>Aug 5</b>	<b>2.00</b>	--	<b>2.25</b>
BZ	08/07	08:00	IBGE Inflation IPCA (m/m)	Jul	--	--	0.3
BZ	08/07	08:00	IBGE Inflation IPCA (y/y)	Jul	--	--	2.1
PE	08/10	10:00	Trade Balance (USD mn)	Jun	--	--	-212.3
BZ	08/12	08:00	Retail Sales (m/m)	Jun	--	--	13.9
BZ	08/12	08:00	Retail Sales (y/y)	Jun	--	--	-7.2
CO	08/13	11:00	Retail Sales (y/y)	Jun	--	--	-26.8
CO	08/13	11:00	Trade Balance (US\$ mn)	Jun	--	--	-475
<b>PE</b>	<b>08/13</b>	<b>19:00</b>	<b>Reference Rate (%)</b>	<b>Aug 13</b>	<b>0.25</b>	--	<b>0.25</b>
BZ	08/14	08:00	Economic Activity Index SA (m/m)	Jun	--	--	1.3
BZ	08/14	08:00	Economic Activity Index NSA (y/y)	Jun	--	--	-14.2

## Global Auctions for week of August 3 – 14

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	08/05	12:00	Canada to Sell 5-Year Bonds
CA	08/06	12:00	Canada to Sell 10-Year Bonds
US	08/11	11:30	U.S. to Sell 3-Year Notes
CA	08/12	12:00	Canada to Sell 2-Year Bonds
US	08/12	13:00	U.S. to Sell 10-Year Notes
CA	08/13	12:00	Canada to Sell 3-Year Bonds
US	08/13	13:00	U.S. to Sell 30-Year Bonds

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	08/04	05:00	U.K. to Sell 0.125% 2026 Bonds
UK	08/04	06:30	U.K. to Sell 1.25% 2041 Bonds
DE	08/05	04:30	Denmark to Sell Bonds
UK	08/05	05:00	U.K. to Sell 0.375% 2030 Bonds
GE	08/05	05:30	Germany to Sell EUR5 Bln 2025 Bonds
UK	08/05	05:30	U.K. to Sell 0.125% 2048 Linkers
SP	08/06	04:45	Spain to Sell Sr Unsecured Bonds
FR	08/06	04:50	France to Sell Bonds
FR	08/06	05:50	France to Sell I/L Bonds
UK	08/11	05:00	U.K. to Sell 0.625% 2025 Bonds
UK	08/11	06:30	U.K. to Sell 1.75% 2057 Bonds
SW	08/12	05:00	Sweden to Sell Bonds
UK	08/12	05:00	U.K. to Sell 0.125% 2028 Bonds
GE	08/12	05:30	Germany to Sell EUR4 Bln 2030 Bonds
IT	08/13	05:00	Italy to Sell Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	08/03	23:35	Japan to Sell 10-Year Bonds
CH	08/04	23:00	China Plans to Sell 3 & 7 Year Upsized Government Bond
JN	08/05	23:35	Japan to Sell CPI Linked 10-Year Bonds
CH	08/06	23:00	China Plans to Sell 30-Year Upsized Government Bond
TA	08/11	00:30	Taiwan to Sell TWD25 Bln 10-Year Bonds
CH	08/11	23:00	China Plans to Sell 2 & 5 Year Government Bond
TA	08/12	00:30	Taiwan to Sell TWD40 Bln 2-Year NCD

## Events for week of August 3 – 14

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	08/03	12:30	Fed's Bullard takes Part in Virtual Discussion on Economy
US	08/03	14:00	Fed's Evans Holds Media Roundtable on the Economic Outlook
US	08/05	17:00	Fed's Mester Discusses the Economic Outlook
US	08/06	10:00	Fed's Kaplan Discusses U.S. Economy at OMFIF Event
US	08/06	12:30	NY Fed's Singh Makes Remarks at Central Banking Forum
<b>MX</b>	<b>08/13</b>	<b>14:00</b>	<b>Overnight Rate</b>

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
RU	08/03		Bank of Russia releases quarterly monetary report
NO	08/06	04:00	Norges Bank 2Q Survey of Bank Lending
<b>UK</b>	<b>08/06</b>	<b>07:00</b>	<b>Bank of England Bank Rate</b>
UK	08/06	07:30	BOE Governor Speaks at Press Conference in London
IT	08/07		Bank of Italy Report on Balance-Sheet Aggregates
IT	08/10	05:00	Bank of Italy Publishes Monthly Report 'Money and Banks'
PO	08/11		Bank of Portugal Releases Data on Banks

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>AU</b>	<b>08/04</b>	<b>00:30</b>	<b>RBA Cash Rate Target &amp; 3-Year Yield Target</b>
<b>TH</b>	<b>08/05</b>	<b>03:05</b>	<b>BoT Benchmark Interest Rate</b>
<b>IN</b>	<b>08/06</b>	<b>02:15</b>	<b>RBI Policy Rates Announcement</b>
AU	08/06	21:30	RBA Statement on Monetary Policy
AU	08/06	21:45	RBA's Ellis Gives Speech Online
<b>NZ</b>	<b>08/11</b>	<b>22:00</b>	<b>RBNZ Official Cash Rate</b>
NZ	08/11	22:00	RBNZ Monetary Policy Statement
AU	08/13	19:30	RBA's Lowe Appears Before Parliament Economic Committee

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	08/03	14:00	Colombia Monetary Policy Minutes
<b>BZ</b>	<b>08/05</b>	<b>08:00</b>	<b>Selic Rate</b>
BZ	08/11	07:00	Central Bank Meeting Minutes
<b>PE</b>	<b>08/13</b>	<b>19:00</b>	<b>Reference Rate</b>

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	0.25	September 9, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	September 16, 2020	0.25	0.25
Banco de México – Overnight Rate	5.00	August 13, 2020	4.75	4.50

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	September 10, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	#NAME?	September 10, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	#NAME?	September 10, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	August 6, 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	4.25	September 18, 2020	4.00	4.00
Sweden Riksbank – Repo Rate	0.00	September 22, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	August 20, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	8.25	August 20, 2020	8.25	8.25

Bank of England: No policy changes are expected. Forecasts will be updated. It's unlikely that the review of potential negative rate policy will be disclosed at this meeting, but expect more jawboning of the option.

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 17, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	August 4, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	August 11, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	August 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	August 6, 2020	3.75	3.75
Bank of Korea – Bank Rate	0.50	August 27, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	August 5, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	September 10, 2020	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.00	August 19, 2020	4.00	4.00
Central Bank of Philippines – Overnight Borrowing Rate	2.25	August 20, 2020	2.25	2.50

**Reserve Bank of Australia (RBA):** We expect Australian monetary authorities to leave the RBA's policy stance unchanged following the August 4 meeting as they assess the economy's recovery dynamics. The central bank has lowered the benchmark cash rate by a total of 125 bps over the past year to 0.25%, with the latest cut having taken place in March. The RBA has also adopted yield targeting, aiming to keep the 3-year Australian government bond yield at around 0.25% by buying government bonds in the secondary market across the yield curve as needed. **Reserve Bank of India (RBI):** Indian monetary authorities will make a policy announcement on August 6. We expect the RBI to add further monetary stimulus to the economy as India has limited fiscal room due to weak public finances. The RBI's benchmark Repo Rate will likely be cut by 25 bps to 3.75%. Nevertheless, we note that there is a risk that a recent pickup in inflation (to 6.1% y/y in June) will delay the anticipated monetary easing action, yet the food price -driven acceleration will likely prove temporary. **Bank of Thailand (BoT):** The BoT will make a monetary policy announcement on August 5; we expect the central bank to leave the benchmark interest rate unchanged at 0.50% after it was lowered by 25 bps in May. Nevertheless, the BoT's easing cycle may not be over yet; we forecast that the BoT will likely implement another 25 bps cut following its September meeting, reflecting the fact that deflationary pressures persist while the Thai economy continues to suffer from adverse impacts of the COVID-19 pandemic.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.25	August 5, 2020	2.00	2.75
Banco Central de Chile – Overnight Rate	0.50	September 1, 2020	0.25	0.50
Banco de la República de Colombia – Lending Rate	2.50	August 28, 2020	2.25	2.25
Banco Central de Reserva del Perú – Reference Rate	0.25	August 13, 2020	0.25	0.25

**Brazil:** A 25bps cut to the Selic rate is expected on Wednesday. It may well be the final cut of the cycle based upon guidance in the prior June statement.

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	September 17, 2020	3.50	3.50

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

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