October 1, 2021

UPSIDES AND DOWNSIDES

FORECASTS & DATA

CONTACTS

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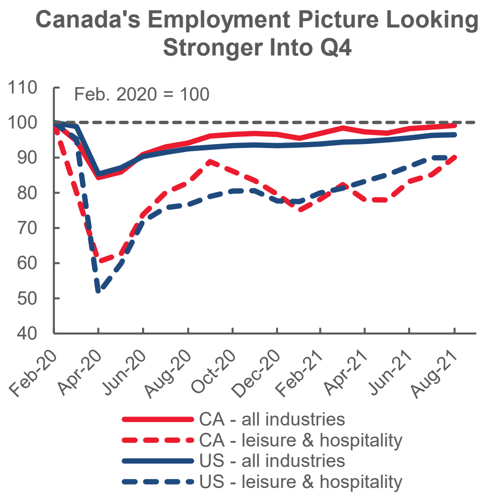
Next Week's Risk Dashboard

- US nonfarm: more downside than upside?
- CDN jobs: more upside than downside?
- Evergrande & China's holiday
- US debt ceiling countdown
- BoC's Macklem—sneak peek?
- CBs: RBA, RBNZ, RBI, Peru
- CPI: Asia & LatAm
- Other macro

Chart of the Week



Sources: Scotiabank Economics, Statistics Canada, BLS.

Chart of the Week: Prepared by: Marc Ercolao, Economic Analyst.

Upsides and Downsides

WILL US NONFARM PASS THE FED'S TAPER TEST?

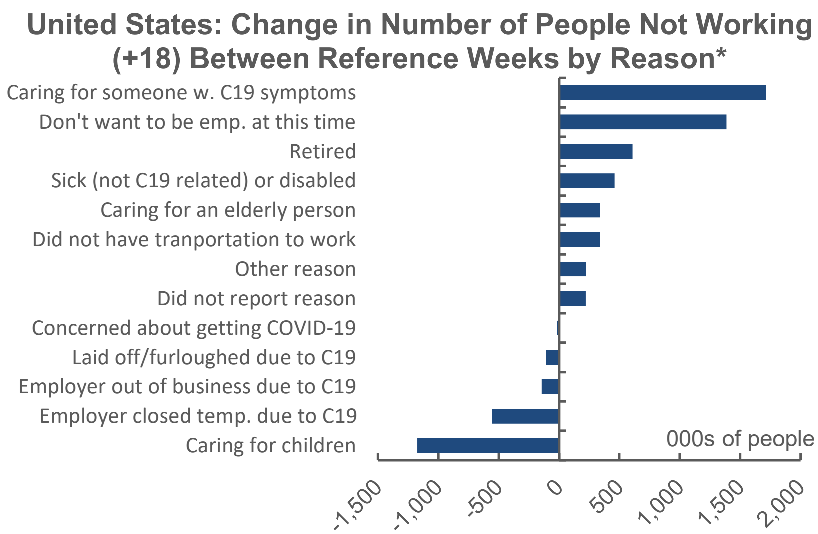
Far and away the main question over the coming week will be whether nonfarm payrolls will expand rapidly enough to meet the Fed's conditional guidance to taper bond purchases 'soon.' They might, but the suite of available evidence leaves open the risk of disappointment.

Recall that the September FOMC statement indicated that "a moderation in the pace of asset purchases may soon be warranted." There is wiggle room in that language, but 'soon' is usually the Fed's imminent-sounding code language for the next meeting. The FOMC has indicated that they have achieved their inflation goals but are still 'far, far away' from full employment as Chair Powell put it in his recent Congressional testimony. That likely speaks more to rate hikes being some distance down the road whereas reducing bond purchases is a first step along that path toward ending them next summer.

Powell has also said, however, that "it would not take a knock-out jobs report to meet the test, only a reasonably good report" in reference to the pending payrolls number. So now the question is whether September payrolls will be "reasonably good" and keep the Fed on track, or whether it faces the risk of disappointment that could delay or derail taper plans, or whether the opposite risk might hold true if payrolls rip higher and feed expectations for a faster shutdown of purchases than next summer's guidance and add to 2022 rate hike pricing.

When it comes to nonfarm, often it's a case of 'anything goes'! This time around has even greater than normal challenges associated with trying to estimate a reading. Because of the enormous uncertainty, I'm playing it cautiously with a modest guesstimated gain of just 250k but the scope for a downside miss may be greater than upside potential to this estimate.

Chart 1



*NSA. Survey reference periods include difference between Sep 1-13 and Aug 4-16 surveys.
Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Recall the two-pronged theory includes the thesis that parents going back to work when the little creatures scurried off to school could drive a large job gain. The added theory is that several jobless benefits either ended or were scaled back earlier this month and might have given millions no choice but to suddenly secure jobs. These changes included ending the extra $300/week of supplemental employment benefits, as well as ending the Pandemic Emergency Unemployment Compensation, Mixed Earners Unemployment Compensation and Pandemic Unemployment Assistance program.

But there are several reasons to think that another disappointment could be delivered. One is that there may be lags attached to both of these effects and there may be high caution around matters like assuming the kids will stay in school or that lost employment insurance benefits can't be bridged for a time while assessing pandemic risks and launching a job search.

Further, we're just not seeing enough evidence from the roughly half of US states that ended the supplemental $300/week unemployment benefits starting in July that they have seen a material pick-up in job growth to add to the theory that it will suddenly grip the entire nation this month.

In addition, chart 1 shows the results of the Census Bureau's Household Pulse Survey. It doesn't line up exactly to the nonfarm reference period which is the pay period including the 12th calendar day of each month. Comparing changes in responses between the August 4th – 16th period to the September 1st–13th period is still a reasonable proxy that offers at least a partial overlap into the nonfarm reference period and a complete overlap with the household survey that estimates jobs on the 12th day of each month.

What the chart depicts are the changes in millions of respondents to various questions about why they didn't work in September compared to August. Note the following:

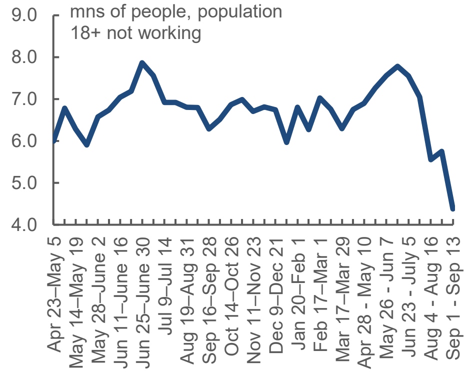
- The long-hypothesized return of parents to the workforce is indeed happening with another 1.17 million parents returning to work in September. They also didn't only wait until the kids went back to school as we've seen this number fall sharply over the summer months (chart 2). This effect may be maturing, however, as the figures hit the lowest of the pandemic to date. Still, what we can't fully ascertain is how much of this is the usual seasonal effect for those types of jobs that involve taking the summer off with the kids, versus how much is seasonally unusual due to the nature of the pandemic.

- There were also declines in the number of people who said they didn't work in September because their employer temporarily shut due to the pandemic (-554k), the number who said they didn't work because their employment went bust due to the pandemic (-144k) and the number who said they were laid off or furloughed due to the pandemic (-108k).

- That's it for the goods news on jobs. The rest is more than offsetting. For instance, another 1.7 million more Americans said they didn't work in September because they were caring for someone who was sick with COVID-19 (chart 3). Ouch. This corresponds with the outbreak of the Delta wave.

Chart 2

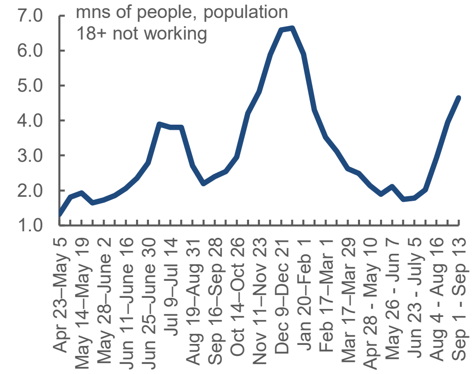
Parents Staying Home to Take Care of Children



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Chart 3

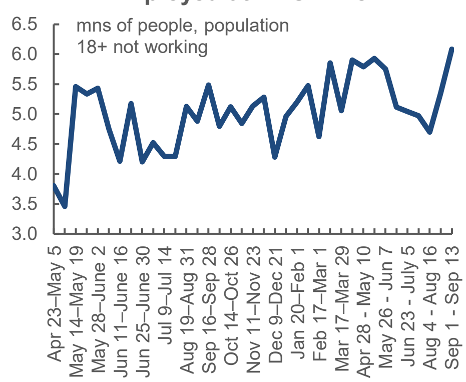
Caring for Someone or Sick Myself with Covid-19 Symptoms



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Chart 4

Do Not Want to Be Employed at This Time



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Chart 5

Concerned About Getting or Spreading COVID-19

Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

- Another almost 1.4 million more respondents simply said they didn't want to work at this time (chart 4). Well then, must be nice!

- There has also been a recent up-tick in folks who say they aren't working due to concern about getting or spreading COVID-19 (chart 5).

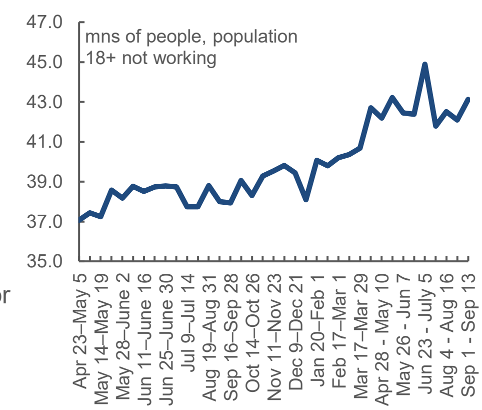
- There was an increase of 609k who retired. There is always some of this each month, but the numbers have been elevated for some time now (chart 6) and the increase in September was the biggest since early summer. Some of this trend is clearly due to the pandemic.

- Other readings, however, are generally indicating that businesses are not in lay-off or closure mode due to the pandemic (charts 7–9). They just can't seem to find folks willing to work!

On net, 3.3 million people exited the workforce in September compared to August according to the Household Pulse Survey and not only due to the pandemic.

Chart 6

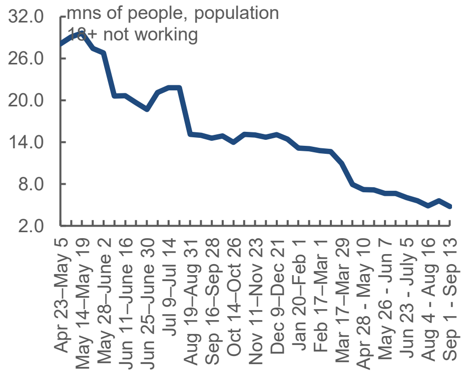
I Am Retired



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Chart 7

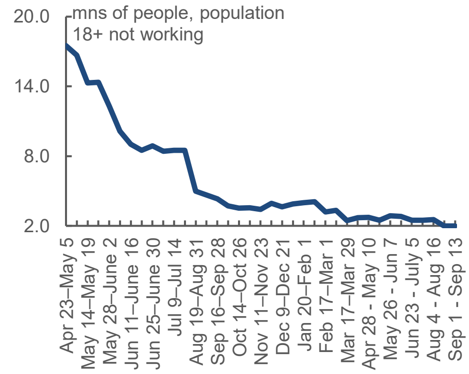
I Was Laid Off / Furloughed Due to COVID-19



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Chart 8

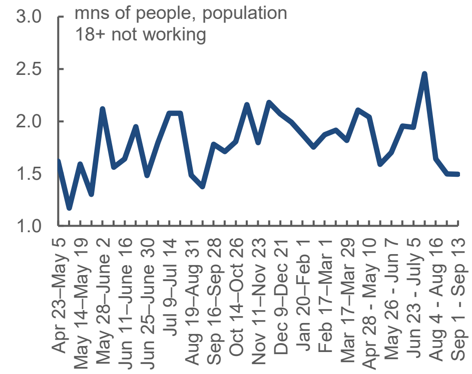
My Employer Closed Temporarily Due to COVID-19



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Chart 9

My Employer Went Out of Business Due to COVID-19



Sources: Scotiabank Economics, US Census Bureau *Household Pulse Survey*.

Since this is just a survey and with an imperfect mapping onto nonfarm to boot, we need to be careful with it and look at the broader set of limited evidence. Unfortunately, the other evidence also suggests we should be braced for more downside than upside risk.

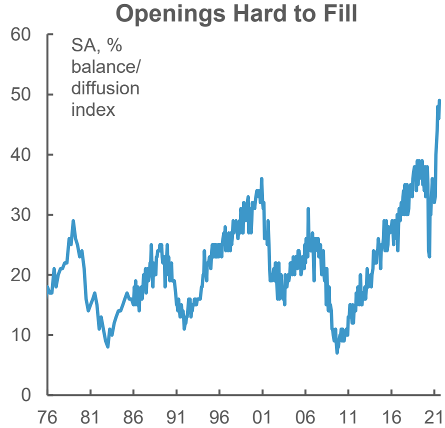
- Job openings data lags behind, but the National Federation of Independent Business provides a 'hard to fill' reading that has moved up over the past two months up to August (chart 10). This is fresher than the more traditional 'JOLTS' job openings reading but even that hit a record high in the limited 20-year history of the report. It's pretty apparent that employers want to hire but prospective employees have other things in mind. The recent ISM-manufacturing survey's comments about increasingly strained supply chains and difficulty getting labour tend to confirm this.

- The stringency index of restrictions increased again (chart 11) which probably points toward reduced ability to fill vacant jobs.

- One proxy for the high-contact services sector is restaurant reservations. They've recently slipped again (chart 12), though some of this is also likely to be seasonal as family holidays end with the kids going back to school.

Chart 10

Record Highs for Job Openings Hard to Fill



Sources: Scotiabank Economics, NFIB.

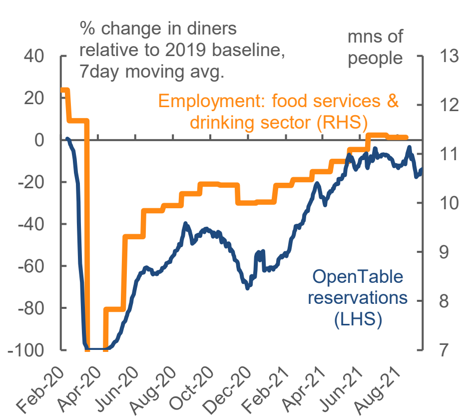
Chart 11

US Restrictions Edged Up Since July

Sources: Scotiabank Economics, University of Oxford.

Chart 12

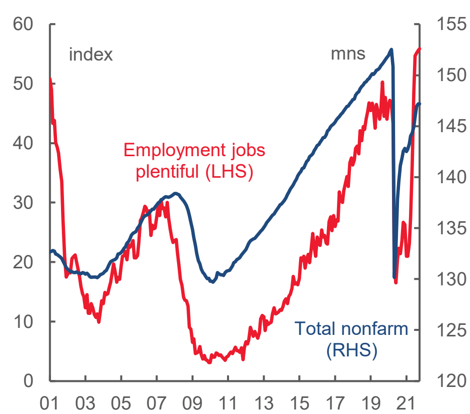
Will US Services Employment Stall?



Sources: Scotiabank Economics, OpenTable, BLS.

Chart 13

Job Availability and Nonfarm



Sources: Scotiabank Economics, Bloomberg.

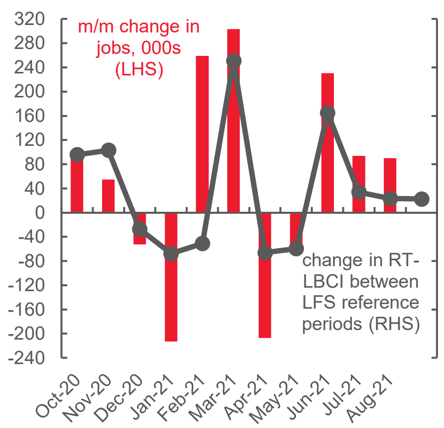
- The Conference Board's 'jobs plentiful' measure was little changed in September compared to the prior month and is reasonably well correlated with nonfarm payrolls (chart 13).
- The number of initial jobless claims over the first few weeks of September was little changed compared to the number over the first few weeks of August.
- Unfortunately, we won't get ADP or the ISM-services employment gauge until next week and so there are still some missing parts of the puzzle.

What we're left with sounds to me like the best trading strategy could well involve getting out the hockey stick diagrams on payoff matrices around upside and downside disappointments perhaps more skewed toward downside risk.

Lastly, I'll be keeping an eye on wage growth again. The average hourly earnings measure could accelerate toward a gain of 4.7% y/y as monthly average gains continue to exceed seasonal norms in the context of all of the challenges that we're hearing about in terms of securing enough labour. It's unclear this acceleration has been a compositional effect.

Chart 14

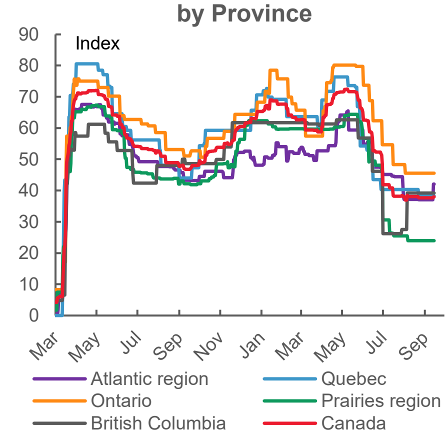
Canadian Employment



Sources: Scotiabank Economics, Statistics Canada.

Chart 15

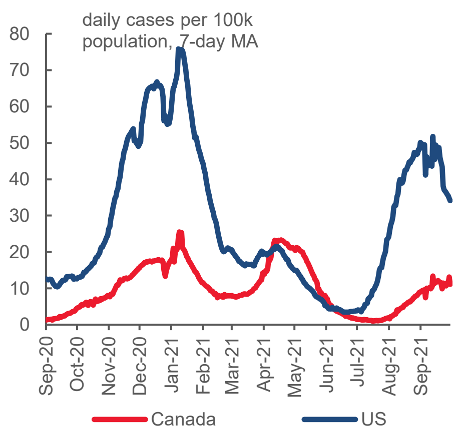
COVID-19 Stringency Index by Province



Sources: Scotiabank Economics, Bank of Canada.

Chart 16

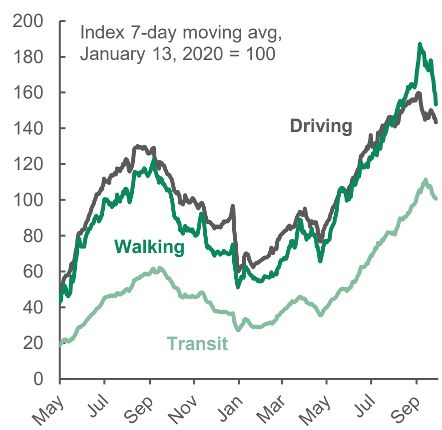
COVID-19 Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 17

Method of Transportation in Toronto



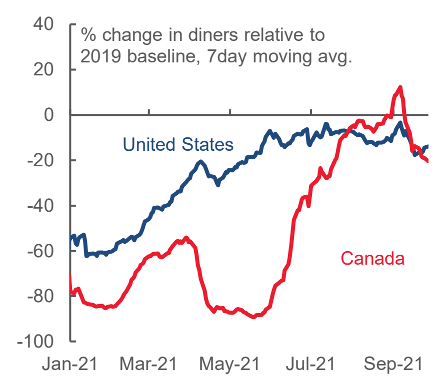
Sources: Scotiabank Economics, Apple.

CANADIAN JOBS—UPSIDES AND DOWNSIDES

Canada also updates job market figures for September on Friday when the Labour Force Survey lands. Most of what can be pieced together in advance does not point to the same potential downside risk that US nonfarm payrolls may face. I went with +80k and another drop in the unemployment rate to 6.8% from 7.1%.

Chart 18

Canadian & US Restaurant Activity



Sources: Scotiabank Economics, OpenTable.

Chart 14 shows the connection between job growth and Statistics Canada's timely composite of real-time local business conditions that we aggregate into a weighted national measure. It's hardly an infallible relationship, but the reasonable correlations suggest that we could get a similar pace of increase in overall employment as we saw in the prior two months.

One rationale for expecting another solid gain is that restrictions have fallen to the lowest level of the pandemic thus far (chart 15). Much of the reason stems from the fact that Canada's overall COVID-19 new cases per capita rate remains a fraction of what it is in the United States partly because of higher vaccination rates north of the border (chart 16). Furthermore, Canada is transitioning between unemployment support programs and did so right during the Labour Force Survey reference week which is the week including the 15th of each month. During the reference week, about 320,000 appear to have dropped off employment insurance benefits and some may have transitioned toward the Canada Emergency Response Benefit. Some may be forced to accept employment in jobs that may have lower or similar pay to their prior benefits, but it's likely too soon for much of that to have happened so fast during the reference week.

What is unclear by way of potential downside risk is how much of the decline in measures like mobility trends across all major cities (chart 17) and restaurant bookings (chart 18) reflected pandemic concerns versus seasonal influences as the kids went back to school and summer holidays came to an end for many. Seasonal adjustments on mobility readings are somewhat of a mess and so we can't be sure of what's normal and what is not. It's also likely that the accelerating wave of COVID-19 cases in Alberta and Saskatchewan will drive regionally weaker numbers with the larger provinces expected to carry the day toward a sizable employment gain.

Lastly there is the ongoing debate over wage growth. Also watch the month-over-month annualized rate of seasonally adjusted gains in wages from this report and how it has accelerated of late. There are compositional issues, but they don't explain away the recent momentum. Also note that the lagging payrolls survey (SEPH) registered a 1% m/m seasonally adjusted non-annualized rise in average weekly earnings during August. The Bank of Canada's preferred wage common composite is not exhibiting such upward momentum because it's stale with most of the data still skewed toward Q2 during which much of the economy was in lockdown and contracting. If we want a measure of wage growth that captures the reopening frenzy to hire labour then we need the freshest available metric which comes from the Labour Force Survey as one input that bears continued monitoring in the context of tightening N.A. labour markets.

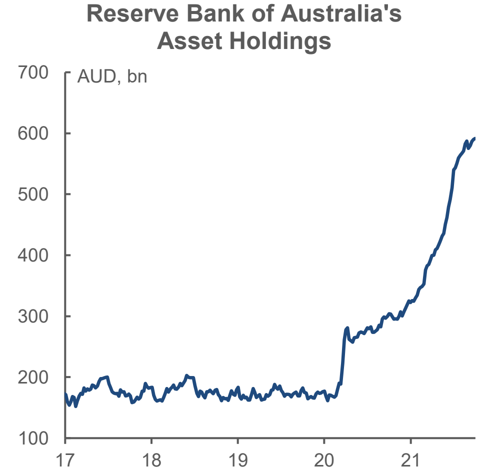
CENTRAL BANKS—TWO HIKES, A HOLD AND A MAYBE

While none of the central banks that will deliver decisions over the coming week are likely to have an effect on global markets, each of them could offer regional influences.

RBA (Monday 11:30pmET): No policy changes are expected at this meeting. The Reserve Bank of Australia reduced the weekly flow of purchases of Australian government bonds to A$4 billion/week from $5 billion at the meeting in September, but also extended the purchase period until "at least mid-February." Having pre-committed to this purchase rate for five extra months doesn't slam the door shut on further tapers before then as the RBA continues to review the bond purchase program, but it would appear to set a high bar against adjusting the program again before such time. In the meantime, the balance sheet continues to soar (chart 19).

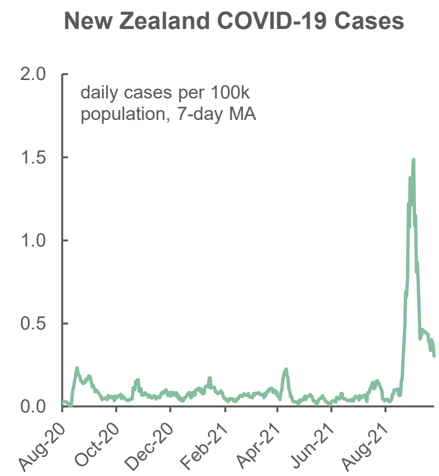
RBNZ (Tuesday 10pmET): Shoulda coulda woulda. In the end, hiking the cash rate by a quarter point to 0.5% about seven weeks later instead of when they had previously guided they were likely to do so back on August 17th won't matter a hill of beans to the economy and the RBNZ's inflation target. Recall that the only reason the RBNZ did not hike as it basically pledged to do so at the August meeting was because of the single COVID-19 case that sprang up the night before the decision. Cases went gently higher thereafter but have since fallen back down again and so gone is the reason for temporarily holding off (chart 20). In fact, the tone of data since then has only reinforced the case for tightening policy as 2.8% GDP growth landed at more than twice consensus expectations for Q2. Recall that the August statement made it pretty clear that should the COVID case trend subside, then the RBNZ would likely hike:

Chart 19



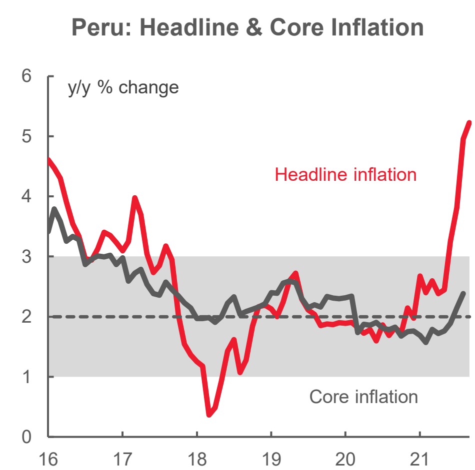
Sources: Scotiabank Economics, RBA.

Chart 20



Sources: Scotiabank Economics, Bloomberg.

Chart 21



Sources: Scotiabank Economics, BCRP, INEI.

"The Committee agreed that their least regrets policy stance is to further reduce monetary policy stimulus to reduce the risk that inflation expectations become unanchored. However in light of the current Level 4 lockdown and health uncertainty the Committee agreed to leave the OCR unchanged at this meeting."

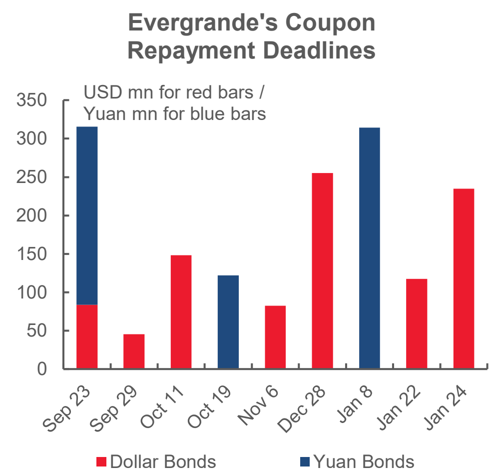
Peru (Thursday 7pmET): Will it be another 50bps move? Our Lima-based economist expects a 25bps rate hike to a 1.25% reference rate this week that would be the third hike of the cycle that began with the hike on August 12th and accelerated with the 50bps hike on September 9th. Some within consensus think they could hike by another 50bps this time. Back-to-back 50bps moves would be aggressive, but what could lean in that direction is another upside surprise to inflation that landed at 5.2% in September with core CPI rising to 2.6% y/y (chart 21).

RBI (Friday 12:30amET): When the Reserve Bank of India acted to withdraw liquidity from the market this past week it fanned speculation that the central bank was inching closer toward a rate hike. The RBI drained 1.97 trillion rupees from the market via 7-day repo at a higher cut off rate of 3.99% from 3.42% previously. It would surprise consensus if a hike were to be delivered at this meeting but watch for somewhat more hawkish forward guidance on the path to the next decision on December 7th. Ahead of the RBI keep an eye on PMIs for September on Tuesday.

EVERGRANDE—HOLIDAY SURPRISE?

Chinese markets are shut for Golden Week and will reopen on Friday. See last week's *Global Week Ahead* for a discussion that is still relevant. Be on watch for potential restructuring arrangements while mainland and Hong Kong markets are closed. When markets return, they will move onto whether or not Evergrande will skip yet another coupon payment on Monday October 11th. Recall the coupon payment schedule in chart 22.

Chart 22



Sources: Scotiabank Economics, Bloomberg.

THE REST—WILL MACKLEM OFFER A SNEAK PEEK?

Bank of Canada Governor Tiff Macklem speaks on Thursday at 12pmET just before he sees jobs data. There will be published remarks on the topic of 'global financial architecture.' Macklem will also hold a press conference afterward. Landing just twenty days before the next BoC rate statement, Monetary Policy Report and full press conference could reduce the likelihood that he will provide any sneak peek, but it is obviously a risk. Canada also updates trade figures for August on Tuesday that rarely get anyone's heartbeat up.

The rest of the US calendar will struggle to matter ahead of nonfarm payrolls. Instead, much of the focus will be off-calendar and focused upon ongoing negotiations within Congress and within the Democrats over the future of the US$1 trillion infrastructure bill, the $3.5 trillion families spending plan that seems likely to survive only in fractional form if at all, and the need to raise the debt ceiling before the October 18th X-date according to Treasury Secretary Yellen. Otherwise, ISM-services for September (Tuesday), factory orders during August (Monday), the updated trade deficit for August that probably narrowed a bit (Tuesday) and weekly jobless claims (Thursday) will offer a light line-up.

Several countries update CPI readings for September with a concentration upon Latin America and Asia-Pacific regions. Monday brings out Japan, South Korea, Philippines, Thailand and Colombia. Mexico updates on Thursday and then both Brazil and Chile release on Friday. The readings that may matter most to relative central bank views will be the Korean, Mexican, Brazilian and Chilean prints.

The main European releases will focus upon Germany when factory orders (Wednesday), industrial production (Thursday) and exports (Friday) arrive for the month of August.

Key Indicators for week of October 4 – 8

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	10/04	08:30	Building Permits (m/m)	Aug	--	3.4	-3.9
US	10/04	10:00	Durable Goods Orders (m/m)	Aug F	--	1.8	1.8
US	10/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Aug F	--	--	0.2
US	10/04	10:00	Factory Orders (m/m)	Aug	0.8	1.0	0.4
CA	10/05	08:30	Merchandise Trade Balance (C$ bn)	Aug	0.6	0.3	0.8
US	10/05	08:30	Trade Balance (US$ bn)	Aug	-69.0	-70.6	-70.1
US	10/05	10:00	ISM Non-Manufacturing Composite	Sep	60.0	59.7	61.7
US	10/06	07:00	MBA Mortgage Applications (w/w)	Oct 1	--	--	-1.1
US	10/06	08:15	ADP Employment Report (000s m/m)	Sep	250	450.0	373.6
MX	10/07	07:00	Bi-Weekly Core CPI (% change)	Sep 30	--	0.2	0.3
MX	10/07	07:00	Bi-Weekly CPI (% change)	Sep 30	--	0.2	0.4
MX	10/07	07:00	Consumer Prices (m/m)	Sep	--	0.6	0.2
MX	10/07	07:00	Consumer Prices (y/y)	Sep	--	6.0	5.6
MX	10/07	07:00	Consumer Prices Core (m/m)	Sep	--	0.5	0.4
US	10/07	08:30	Initial Jobless Claims (000s)	Oct 2	350	350	362
US	10/07	08:30	Continuing Claims (000s)	Sep 25	2,780	2,775	2,802
US	10/07	15:00	Consumer Credit (US$ bn m/m)	Aug	--	17.8	17.0
CA	10/08	08:30	Employment (000s m/m)	Sep	80.0	60.0	90.2
CA	10/08	08:30	Unemployment Rate (%)	Sep	6.8	6.9	7.1
US	10/08	08:30	Average Hourly Earnings (m/m)	Sep	0.5	0.4	0.6
US	10/08	08:30	Average Hourly Earnings (y/y)	Sep	4.7	4.6	4.3
US	10/08	08:30	Average Weekly Hours	Sep	--	34.7	34.7
US	10/08	08:30	Nonfarm Employment Report (000s m/m)	Sep	250	470.0	235.0
US	10/08	08:30	Unemployment Rate (%)	Sep	5.2	5.1	5.2
US	10/08		Household Employment Report (000s m/m)	Sep	--	--	509.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	10/05	02:45	Industrial Production (m/m)	Aug	--	0.4	0.3
FR	10/05	02:45	Industrial Production (y/y)	Aug	--	3.4	4.0
FR	10/05	02:45	Manufacturing Production (m/m)	Aug	--	--	0.6
IT	10/05	03:45	Services PMI	Sep	--	56.5	58.0
FR	10/05	03:50	Services PMI	Sep F	--	56.0	56.0
GE	10/05	03:55	Services PMI	Sep F	--	56.0	56.0
EC	10/05	04:00	Composite PMI	Sep F	--	56.1	56.1
EC	10/05	04:00	Services PMI	Sep F	--	56.3	56.3
UK	10/05	04:30	Official Reserves Changes (US$ bn)	Sep	--	--	-630.0
UK	10/05	04:30	Services PMI	Sep F	--	54.6	54.6
EC	10/05	05:00	PPI (m/m)	Aug	--	1.3	2.3
GE	10/06	02:00	Factory Orders (m/m)	Aug	--	-2.0	3.4
SP	10/06	03:00	Industrial Output NSA (y/y)	Aug	--	--	0.4
UK	10/06	04:30	PMI Construction	Sep	--	54.0	55.2
EC	10/06	05:00	Retail Trade (m/m)	Aug	--	0.9	-2.3
GE	10/07	02:00	Industrial Production (m/m)	Aug	--	-0.5	1.0
FR	10/07	02:45	Current Account (€ bn)	Aug	--	--	-3,470
FR	10/07	02:45	Trade Balance (€ mn)	Aug	--	--	-6,957
GE	10/08	02:00	Current Account (€ bn)	Aug	--	17.6	22.6
GE	10/08	02:00	Trade Balance (€ bn)	Aug	--	15.0	17.9

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

Key Indicators for week of October 4 – 8

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	10/03	19:50	Monetary Base (y/y)	Sep	--	--	14.9
SI	10/04	09:00	Purchasing Managers Index	Sep	--	--	50.9
SK	10/04	19:00	CPI (y/y)	Sep	2.5	2.3	2.6
SK	10/04	19:00	Core CPI (y/y)	Sep	--	--	1.8
JN	10/04	19:30	Tokyo CPI (y/y)	Sep	--	-0.1	-0.4
AU	10/04	20:30	Trade Balance (AUD mn)	Aug	--	10,000	12,117
AU	10/04	20:30	ANZ Job Advertisements (m/m)	Sep	--	--	-2.5
PH	10/04	21:00	CPI (y/y)	Sep	5.2	5.1	4.9
TH	10/04	23:30	CPI (y/y)	Sep	0.2	0.5	0.0
TH	10/04	23:30	Core CPI (y/y)	Sep	--	--	0.1
AU	**10/04**	23:30	**RBA Cash Target Rate (%)**	**Oct 5**	**0.10**	**0.10**	**0.10**
SI	10/05	01:00	Retail Sales (y/y)	Aug	--	--	0.2
HK	10/05	20:30	Purchasing Managers Index	Sep	--	--	53.3
NZ	**10/05**	**21:00**	**RBNZ Official Cash Rate (%)**	**Oct 6**	**0.50**	**0.50**	**0.25**
TA	10/06	04:00	CPI (y/y)	Sep	2.6	--	1.8
SK	10/06	19:00	Current Account (US$ mn)	Aug	--	--	8,211
JN	10/07	01:00	Coincident Index CI	Aug P	--	91.5	94.4
JN	10/07	01:00	Leading Index CI	Aug P	--	101.9	104.1
MA	10/07	03:00	Foreign Reserves (US$ bn)	Sep 30	--	--	116.2
SI	10/07	05:00	Foreign Reserves (US$ mn)	Sep	--	--	418,147
JN	10/07	19:30	Household Spending (y/y)	Aug	--	-1.2	0.7
JN	10/07	19:50	Current Account (¥ bn)	Aug	--	1,486	1,911
JN	10/07	19:50	Trade Balance - BOP Basis (¥ bn)	Aug	--	-375.0	622.3
CH	10/07	21:45	Caixin Services PMI	Sep	--	49.2	46.7
CH	10/07		Foreign Reserves (US$ bn)	Sep	--	--	3,232
SI	10/07		Real GDP (y/y)	3Q A	--	--	14.7
IN	**10/08**	**00:30**	**Repo Rate (%)**	**Oct 8**	**4.00**	**4.00**	**4.00**
IN	10/08	00:30	Reverse Repo Rate (%)	Oct 8	3.35	3.35	3.35
IN	10/08	00:30	Cash Reserve Ratio (%)	Oct 8	4.00	4.00	4.00
AU	10/08	01:30	Foreign Reserves (AUD bn)	Sep	--	--	78.7
TA	10/08	04:00	Exports (y/y)	Sep	--	--	26.9
TA	10/08	04:00	Imports (y/y)	Sep	--	--	46.3
TA	10/08	04:00	Trade Balance (US$ bn)	Sep	--	--	3.5

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	10/04	20:00	Consumer Price Index (m/m)	Sep	--	0.3	0.5
CO	10/04	20:00	Consumer Price Index (y/y)	Sep	--	4.5	4.4
BZ	10/05	08:00	Industrial Production SA (m/m)	Aug	--	-0.3	-1.3
BZ	10/05	08:00	Industrial Production (y/y)	Aug	--	0.0	1.2
BZ	10/06	08:00	Retail Sales (m/m)	Aug	--	0.6	1.2
BZ	10/06	08:00	Retail Sales (y/y)	Aug	--	2.0	5.7
PE	**10/07**	**19:00**	**Reference Rate (%)**	**Oct 7**	**1.25**	**1.25**	**1.00**
BZ	10/08	08:00	IBGE Inflation IPCA (m/m)	Sep	--	1.2	0.9
BZ	10/08	08:00	IBGE Inflation IPCA (y/y)	Sep	--	10.3	9.7
CL	10/08	07:00	CPI (m/m)	Sep	0.6	0.8	0.4
CL	10/08	07:00	CPI (y/y)	Sep	4.7	5.0	4.8

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

Global Auctions for week October 4 – 8

NORTH AMERICA

No Scheduled Auctions

EUROPE

Country	Date	Time	Event
UK	10/05	05:00	U.K. to Sell 0.25% 2025 Bonds
AS	10/05	05:15	Austria to Sell Bonds
UK	10/05	06:30	U.K. to Sell 1.125% 2039 Bonds
DE	10/06	04:30	Denmark to Sell Bonds
SW	10/06	05:00	Sweden to Sell Bonds
UK	10/06	05:00	U.K. to Sell 0.5% 2029 Bonds
GE	10/06	05:30	Germany to Sell 4 Billion Euros of 0% 2026
SP	10/07	04:30	Spain to Sell Bonds
FR	10/07	04:50	France to Sell Bonds
IC	10/08	07:30	Iceland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	10/04	23:35	Japan to Sell 10-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for week of October 4 – 8

NORTH AMERICA

Country	Date	Time	Event
US	10/07	11:45	Fed's Mester Takes Part in Panel on Inflation Dynamics
CA	10/07	12:00	BOC's Macklem to Give Speech on Global Financial Architecture

EUROPE

Country	Date	Time	Event
NO	10/04	03:00	Norges Bank Governor Olsen Speaks to Regional Network
UK	10/04	08:00	BOE's Dave Ramsden & Mark Carney speak
NO	10/05	04:00	Norges Bank Governor Olsen Speaks to Regional Network
EC	10/07	09:00	ECB's Lane speaks

ASIA-PACIFIC

Country	Date	Time	Event
AU	**10/04**	**23:30**	**RBA Cash Rate Target**
AU	10/04	23:30	RBA 3-Yr Yield Target
JN	10/04/21-10/05/21		BOJ Kuroda Speech at the TCFD Summit 2021
NZ	10/05	21:00	RBNZ Monetary Policy Review
NZ	**10/05**	**21:00**	**RBNZ Official Cash Rate**
AU	10/07	20:30	RBA Financial Stability Review
IN	**10/08**	**00:30**	**RBI Repurchase Rate**
IN	10/08	00:30	RBI Reverse Repo Rate
IN	10/08	00:30	RBI Cash Reserve Ratio

LATIN AMERICA

Country	Date	Time	Event
PE	**10/07**	**19:00**	**Reference Rate**

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	October 27, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	November 4, 2021	0.25	0.50
Banco de México – Overnight Rate	4.50	November 12, 2021	4.75	4.75

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 28, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	October 28, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	October 28, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	November 4, 2021	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	November 4, 2021	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	6.75	October 22, 2021	7.00	7.00
Sweden Riksbank – Repo Rate	0.00	November 25, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.25	November 4, 2021	0.25	0.25
Central Bank of Turkey – Benchmark Repo Rate	18.00	October 21, 2021	18.00	18.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 28, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	October 5, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	October 6, 2021	0.50	0.75
People's Bank of China – 1-Year Loan Prime Rate	3.85	October 20, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	October 8, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.75	October 12, 2021	0.75	1.00
Bank of Thailand – Repo Rate	0.50	November 10, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	November 3, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	October 21, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	November 18, 2021	2.00	2.00

Reserve Bank of Australia (RBA): The RBA will hold a policy meeting on October 5. We do not expect any changes to the policy stance. Last month, the central bank announced that the current level of asset purchases (AUD 4 billion per week) will be maintained until mid-February on the back of uncertainties related to the Delta wave of COVID-19 infections. We assess that the economy's expected bounce-back in Q4 will allow the RBA to announce another tapering step in December, with reduced purchases implemented from February 2022 onwards. **Reserve Bank of New Zealand (RBNZ):** The RBNZ is expected to raise its Cash Rate by 25 bps to 0.50% following the October 6 monetary policy meeting. In August, the central bank kept the rate on hold on the back of pandemic-related concerns, yet it signalled its readiness to start normalizing monetary conditions soon. **Reserve Bank of India (RBI):** The RBI will make a monetary policy announcement on October 8. We do not expect any changes to the benchmark interest rates. Inflation is easing, though it remained elevated at 5.3% y/y in August. While we expect further deceleration in the near term, inflation dynamics are set to remain volatile in India, complicating the RBI's monetary policy conduct. As advanced economies approach monetary normalization, supporting financial stability will likely become an increasingly important consideration for the RBI. Therefore, we expect the RBI to start raising benchmark interest rates gradually in early 2022.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	6.25	October 28, 2021	6.25	6.25
Banco Central de Chile – Overnight Rate	1.50	October 14, 2021	2.00	2.00
Banco de la República de Colombia – Lending Rate	1.75	October 30, 2021	2.00	2.00
Banco Central de Reserva del Perú – Reference Rate	1.00	October 8, 2021	1.25	1.00

Banco Central de Reserva del Perú (BCRP): On September 9, the BCRP raised its key interest rate by 50 bps to 1.00%. For next week's meeting, we expect a 25 bps hike of the reference rate to 1.25% and a terminal rate of 2.50% is expected by the end-2022. There is upside risk to the policy rate outlook with inflation running at 5.0% y/y and expectations of further short-term price pressures. However, uncertainty persists over the designations for the new BCRP Board of Directors–any revisions to our outlook will be after the Board of Directors has been finalized.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	November 18, 2021	3.50	3.50

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