

LET'S GET ON WITH IT!

- [Introduction](#) 2
- [US Inflation—It's Been 'Some Time' Alright](#) 2-4
- [Inflation To Keep Pressuring Several Other Central Banks](#) 4-5
- [Central Banks—Latam Policy Tightening](#) 5
- [Other Global Releases](#) 5
- [Sneak Peek At The Week Ahead of The Week Ahead](#) 5-6

FORECASTS & DATA

- [Key Indicators](#) A1-A4
- [Global Auctions Calendar](#) A5
- [Events Calendar](#) A6
- [Global Central Bank Watch](#) A7

CONTACTS

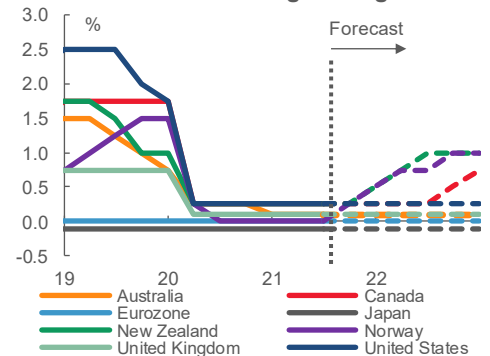
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Next Week's Risk Dashboard

- Rising taper pressure
- US CPI: reining in 'transitory' rhetoric
- Banxico to hike...
- ...and so might Peru
- Global inflation: China, India, Mexico, Brazil, Norway, Sweden
- Other CBs: Turkey, Philippines
- Global macro reports
- A sneak peek at the second week ahead...
- ...highlighting FOMC minutes, CDN CPI, CBs and global macro

Chart of the Week

Medium-Term Sees Some Advanced Economies Tightening



*Canada and US Forecasts from Scotiabank Economics' latest *Forecast Tables*. Other forecasts from Bloomberg consensus.
Sources: Scotiabank Economics, Bloomberg.

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

Let's Get On With It!

Markets are potentially returning to a more vulnerable point that involves assessing the implications of the rise of the Delta variant while US debt ceiling tensions may soon intensify depending upon whether Democrats choose the budget reconciliation approach to addressing the ceiling or gamble on Republican support come September. Alongside such considerations will be the start of the next round of inflation readings with a particular focus upon the US especially in the wake of strong US jobs reports.

At this point, a reasonable set of expectations includes leaving open the possibility that the US and others experience the same decline in Delta variant-driven COVID-19 cases as experienced in the UK where cases fell back almost as fast as they went up (chart 1). Policy is also more likely to use targeted measures and mostly avoid lockdowns in countries that have performed better than others on vaccines. Quebec's (personally supported) vaccine passports are a vivid illustration of this policy bias and early evidence suggests that the adoption of such a system drives an acceleration in vaccinations.

Alongside US and other inflation reports will be further monetary policy tightening across Latin American central banks and a number of global macroeconomic reports covering GDP, industrial output, trade, and US productivity-adjusted labour costs, among others.

US INFLATION—IT'S BEEN 'SOME TIME' ALRIGHT

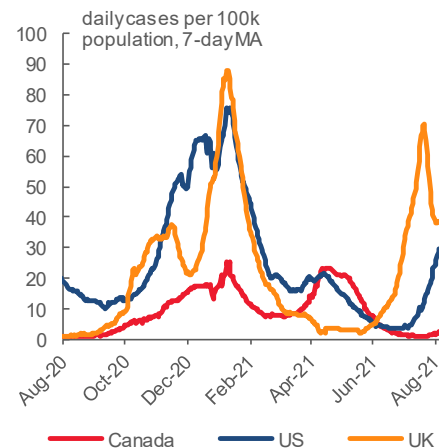
After back-to-back nonfarm payroll gains that were each just shy of one million jobs, the latest bumps and wiggles in global—particularly US—inflation readings are likely to dominate market attention over the coming week. It's likely too soon to expect material relief for price pressures and it will take considerable time to inform such prospects in any event.

Enter the next round of inflation figures. US CPI for July arrives on Wednesday August 11th and could hang in unchanged at about the prior month's readings of 5.4% y/y and 4.5% y/y for headline and core CPI, respectively, and with increases of approximately ½% m/m in both cases. There is a lot of uncertainty around the estimates, but the pattern for a few months now has been toward higher-than-expected readings. Base effects alone will likely exert downward pressure on the year-over-year rates in both cases. July is typically a seasonally neutral month for headline and core prices. Gasoline prices probably added little to month-over-month pressures.

That leaves one guesstimating reopening effects on the month-over-month price swings that have tended to dominate the reasons behind inflation's rise this year, despite those who still cling to the idea that inflation is all about year-ago base effects. That view has been disproven. Chart 2 shows the month-over-month annualized changes in seasonally adjusted CPI and core CPI that vividly depict the super-acceleration over the past five months and counting.

For how long could this last? As previously argued, supply chains are likely to remain tight with low inventories, soaring shipping costs and port congestion for a while yet and there is no clear evidence of relief in sight. How long 'a while' is will remain highly uncertain but there are a few points worth making about the "transitory" dialogue after first noting that transitory should be evaluated in the context of the full monetary policy horizon and not just the next CPI print or a handful over coming months.

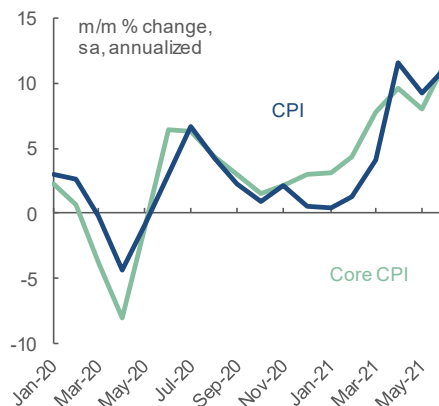
Chart 1 COVID-19 Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 2

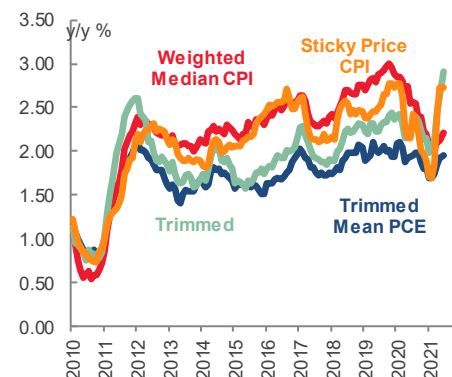
US CPI & Core CPI



Sources: Scotiabank Economics, BLS.

Chart 3

A Comparison of Alternative Federal Reserve Inflation Measures



Sources: Scotiabank Economics, FRB Dallas, FRB Cleveland.

Don't Forget the Transitory Downsides

You've seen the charts showing the price gains in select reopening parts of the economy like airfare and lodging plus vehicle prices that make it look like inflation is narrowly based and once this effect subsides, inflation will magically crash back down again. Such an approach provides an incomplete and arguably intentionally biased take on inflation risk. For one thing, alternative central tendency measures of inflation that basically lessen the role of outlier movements have themselves turned upward (chart 3). Further, too often it seems that the transitory dialogue only emphasizes prices that are perhaps unlikely to continue to post strong gains going forward. That alone is debatable, but the potential transitory downsides to inflation readings get ignored.

For instance, core goods price inflation is strong and may persist given supply chain problems, but what if we've only begun to see core services inflation pick up as the economy reopens (chart 4)? Services ex-energy carry an almost 60% weight in CPI.

Or, what if the one-third weight on rent within CPI is only depressed of late because of the rate-induced feverish pace of home buying that when it stabilizes—and it may be doing so—will be followed by a return to the rental market? The rough connection between house price inflation and rent inflation over time would tend to support this view (chart 5). As buyers get pulled into housing markets thanks to low rates, they get pulled out of rental markets but this dynamic could just as well reverse as home affordability has become more strained.

Will new vehicle shortages that drove upward pressure upon used vehicle prices reach a point of stabilization with supply chain problems possibly putting further upward pressure upon new vehicle prices? Used vehicles were relatively cheap compared to new vehicles into the pandemic but soaring used prices have now made them relatively dear (chart 6).

Chart 4

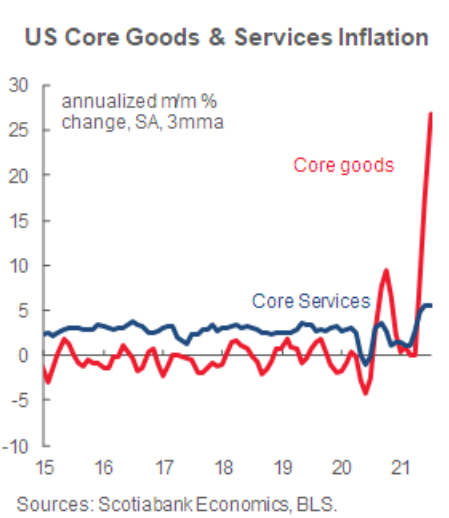


Chart 5

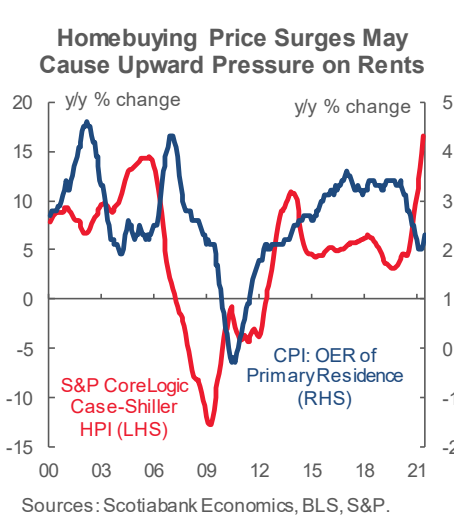


Chart 6

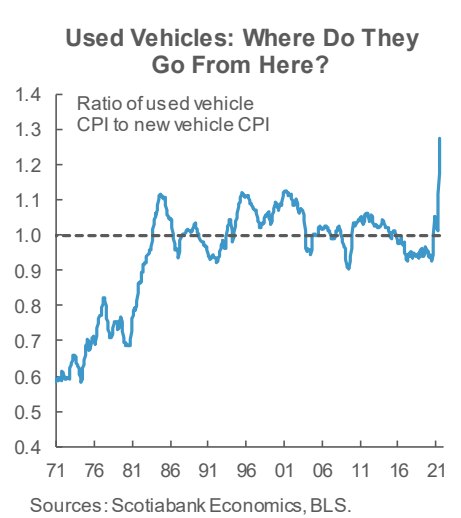


Chart 7

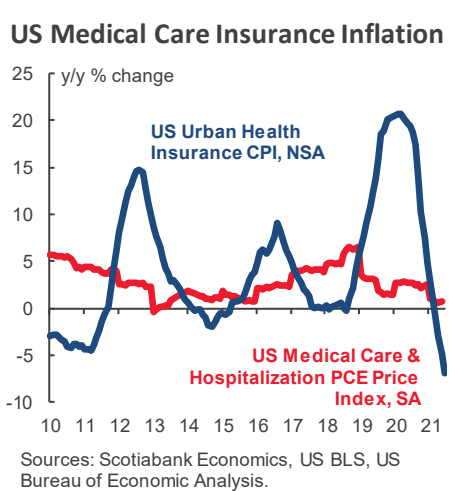


Chart 8

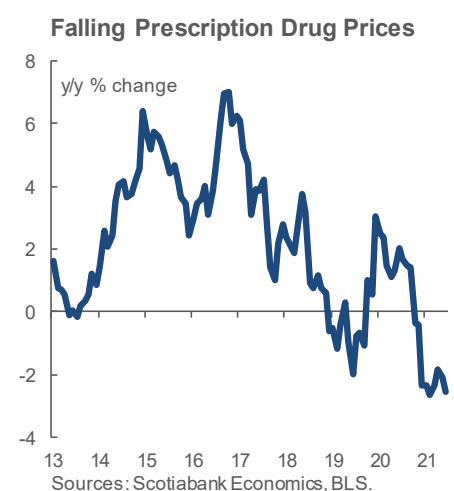
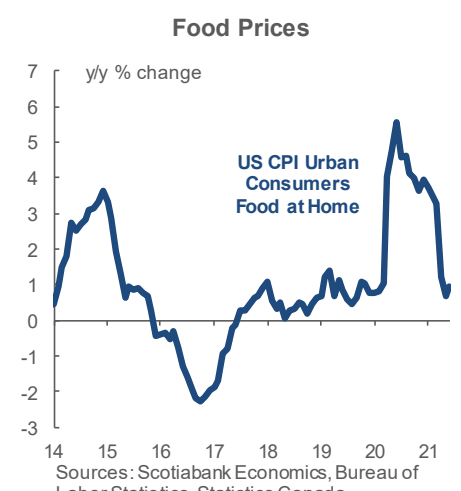


Chart 9



Also, has medical care price inflation suddenly and sustainably ground to a halt after decades of rising pressures driven by technology and aging populations (chart 7)? Has increased policy scrutiny temporarily driven prescription drug prices lower and, after this effect stabilizes, we could see a return to the forces that have driven prescription drug prices higher over time (chart 8)? Has the food-at-home category of prices only softened because of high year-ago base effects when the early stages of the pandemic were sparking widespread stockpiling and once this shakes out we could see a return to food price inflation (chart 9)?

The point to the above is that, at least to me, it's unclear that higher inflation is transitory. It might be, but I've argued from the beginning that I'd prefer central bankers to sound less like a hedge fund manager talking a position and to sound more circumspect and open to bidirectional risks. That approach was entirely absent when inflation began to take off and both the Fed and BoC dismissed it as just base-effect driven and something that would hence magically disappear.

That policymaker bias is gradually softening. Chair Powell speaks less about it all just being base effects now, though he is still biased toward transitory arguments but at least now says that they will act if inflation is more persistent. US Treasury Secretary Yellen says inflation will be elevated "for some time" but fall back toward the Fed's mandate toward the end of 2021. That probably no longer means 2%, given that the Fed's revised long-run goals statement says "monetary policy will likely aim to achieve inflation moderately above 2 percent for some time" following the past undershooting episodes. Fed Vice Chair Clarida recently swung in favour of tapering bond purchases later this year as inflation has been more persistent and broad-based than he expected and he was previously the most dovish senior FOMC official not named Powell. **In my view, it's time for the FOMC to more aggressively set in motion the process toward the first reduction in purchases; the longer it waits, the more it risks overheating present conditions, pulling forward future activity, and subsequently trapping itself with no future way out.**

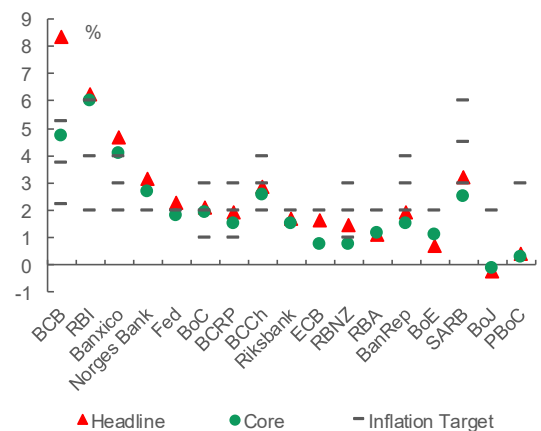
INFLATION TO KEEP PRESSURING SEVERAL OTHER CENTRAL BANKS

US inflation will dominate global markets, but several other countries are worth briefly highlighting. Chart 10 provides an instant depiction of where each of these countries' central banks—and most other major central banks—sit in terms of actual inflation relative to their targets.

- China:** China will update CPI inflation and producer price inflation for July on Sunday night (ET). Producer prices might be at a turning point lower in year-over-year terms which is just a commentary on commodity price changes for the most part. CPI and core CPI are soft in year-ago terms but rising along a somewhat noisy path as the year-ago base effects drop out.
- Mexico:** CPI for July arrives on Monday morning before Banxico's policy decision on Thursday (see below). Another solid ½% m/m rise is expected to keep the year-over-year rate just shy of 6% with core inflation climbing to just over 4½% y/y.
- Brazil:** July's print arrives Tuesday and is expected to keep rising with headline inflation approaching 9% y/y. Hence why Banco Central do Brasil has raised its Selic rate from 2% back in March to 5.25% and counting today and despite the ongoing COVID-19 tragedy.
- Norway:** In its last policy statement on June 17th, Norges Bank guided markets that "the policy rate will most likely be raised in September." Tuesday's CPI inflation report for July isn't likely to change that guidance. Norges already knew that headline inflation was running well above its 2% target at its prior meeting and a possible mild deceleration from 2.9% y/y in June likely won't affect things. Underlying inflation has been considerably softer at 1.4% y/y with downside risk. It's the month-over-month momentum that counts most, however, and we could see a powerful rise in the update.
- India:** Thursday's July inflation print could see at least the year-over-year reading pull off from over 6% y/y to under 6% while remaining at the upper end of the 2–6% inflation target range. Core inflation has been sharply rising but the central bank has tended to look through a considerable portion of the rise. Still, its latest policy decision rocked the Indian bond market when a dissenting voice emerged, liquidity withdrawal efforts were doubled and the inflation forecast was raised.

Chart 10

The Central Bank Inflation Picture



Sources: Scotiabank Economics, Central Banks.

- Sweden:** July CPI is due out on Friday. By contrast to its Scandinavian neighbour, Sweden's Riksbank has been in no rush to signal hikes. One issue that might help to understand this is the sensitivity around avoiding a repeat of past premature policy tightening. The other issue, however, is that Sweden is just not seeing the same inflation pressure thus far as Norway has seen. Headline CPI inflation is expected to hold around 1.3% y/y with little month-ago change and with underlying inflation running at 1.6% y/y.

CENTRAL BANKS—LATAM POLICY TIGHTENING

Out of the four central banks that will each deliver updated policy decisions on Thursday, only one is expected to change its policy rate with the risk of a hike at another.

Banxico jolted markets when it hiked its policy rate by 25bps in June. It is likely to raise its overnight rate by another 25bps to 4.5% on Thursday. Given the speed of developments during unusual times, Deputy Governor Jonathan Heath may have been a tad harsh when he said the central bank "screwed up" inflation forecasts as justification to hiking. Still, it was refreshing frankness and the central bank acted on its surprise by tightening policy. The comments followed earlier ones from Heath about how "It turns out this temporary bubble perhaps isn't that temporary. Perhaps we have a problem that's a bit more structural that we need to focus on." Other central banks perhaps take note. Going forward, our economists in Mexico City expect four consecutive quarter-point hikes through to year-end. That may be what is necessary to bring inflation lower (chart 11). Starting with this meeting, we'll also get inflation forecasts and votes with names assigned.

Peru's central bank faces hike risk next week but our Lima-based economist expects a hike at the following meeting. Inflation has risen above the 1–3% target range and landed at 3.8% in July. Political volatility has contributed to currency depreciation and concomitant imported inflationary pressures. If Peru hikes, it would join other tightening Latin American central banks including Banxico, Brazil and Chile.

Central banks in the Philippines and Turkey are expected to stay on hold.

OTHER GLOBAL RELEASES

There are a few gems in the global line-up of macro releases due out over the coming week.

Q2 GDP figures arrive in the UK and Russia (Thursday), Malaysia (Friday) and Philippines (Monday). The UK is expected to see strong growth of ~5% q/q non-annualized as its economy took steps toward reopening. Russia? Not so much. A contraction of over 1% q/q seems to be in the cards.

Other US releases will focus upon University of Michigan consumer sentiment including inflation expectations for August on Friday, as well as Q2 productivity and unit labour costs that should reveal moderated growth in productivity-adjusted wages but still at a 3–4% annualized pace.

Several countries will update industrial production and trade figures including production in the Eurozone, UK and India (Thursday) and Norway (Monday) as well as trade figures for Germany (Monday), China to start the week, the Eurozone (Friday), UK (Thursday), India (tbd), Colombia (Friday), Mexico (Wednesday) and South Korea (Thursday).

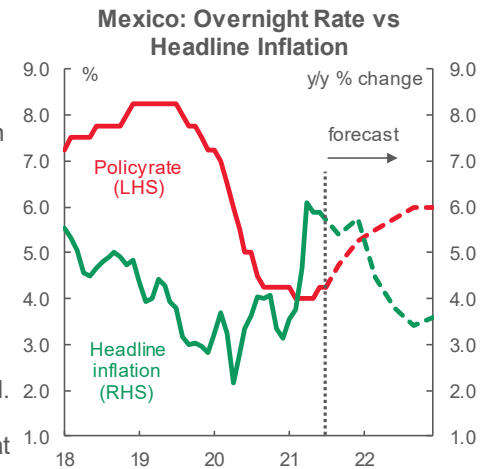
China might update financing figures for July sometime next week or the following week. Other releases include the UK services PMI (Thursday), German ZEW investor confidence (Tuesday), South Korean jobs for July (Tuesday), French jobs during Q2 (Friday) and retail sales figures out of Brazil and Colombia on Thursday.

SNEAK PEEK AT THE WEEK AHEAD OF THE WEEK AHEAD

Given summer vacations—at least in the northern hemisphere—the purpose of this section is to highlight expectations for the week after the week ahead and with other publications expanding upon the views. The indicator and central bank watch tables include expectations for this second week ahead.

Inflation reports will arrive covering the month of July in Canada (Wednesday August 18th), the UK (Wednesday) and Japan (Thursday).

Chart 11



Sources: Scotiabank Economics, Banxico, INEGI.

I'll be particularly focused upon Canadian inflation. It's possible that the prior month's dip in the year-over-year rate will bounce back. Base effects will be a neutral influence this time. A modest seasonal effect on prices is likely and with a small assist from gasoline prices. The dominant influence will nevertheless be reopening and supply chain pressures that could lift the month-over-month unadjusted rate to 0.4% and the year-over-year rate back to 3½%.

Across central banks, **minutes to the incrementally hawkish FOMC meeting on July 28th will be released on Wednesday the 18th**. Recall the outlines of what the July statement and Chair Powell's press conference offered [here](#). The statement noted that since 'substantial further progress' was mentioned last December, "the economy has made progress toward these goals." After another nonfarm gain of almost one million and given inflationary pressures, the key is how close the FOMC is to tipping the language toward having achieved 'substantial' progress. Powell was also cautiously optimistic toward the Delta variant, saying that successive rounds of COVID-19 infections "have tended to be lessening." The general tone in response to questioning on inflation was defensive in my view, while Powell noted "we don't have much confidence in the size or timing of that" in reference to inflation moving down over time. Minutes may reflect a more in-depth discussion on tapering Treasury and MBS purchases with emphasis to be placed on the frequency of citations around opinions on whether the criteria have been met, whether they may soon be met, how many participants favour acting soon and perhaps when.

Norges Bank will likely reaffirm plans to hike in September on the 19th. Chart 12 shows its last policy rate path. **The RBNZ could raise its policy rate on the 17th** but forward guidance may be mindful regarding Delta variant risks across Asia-Pacific countries. The People's Bank of China recently adopted more of an easing stance by cutting the required reserves ratio, but its policy decisions on the one- and five-year Loan Prime Rates on the 19th and forward guidance will be carefully watched in the context of renewed Delta variant risks hitting an economy that was already challenged by softened growth.

Retail sales updates will inform the state of US, Canadian, UK and Chinese consumers and the evidence could be slanted toward soft US and Chinese figures.

The US (Tuesday 17th) will require a strong sales gain excluding autos and gas in order to avoid a renewed dip in July's retail sales given we already know that supply challenges pushed auto sales lower.

Canadian retail sales (Friday 20th) are expected to post a strong gain of 5% given advance guidance from Statistics Canada that may not have fully captured the reopening effects later in the month, plus advance guidance for July's retail sales for which we know that auto sales were higher, gas prices were higher and overall retail prices probably edged higher to be informed by that week's CPI reading. Canada is on the path toward herd immunity later this month (chart 13).

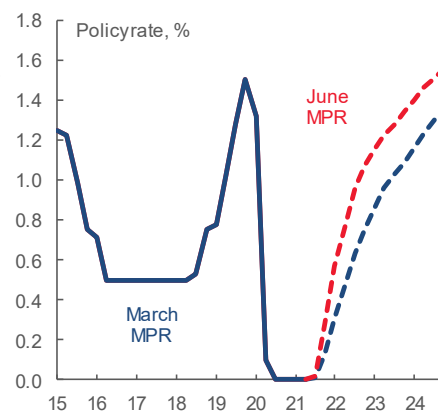
UK consumers posted a pretty modest 'rebound' of 0.3% m/m in June as the economy began to reopen and following a 2% prior decline. July's reading on the 20th will inform the volatile trend as PM Johnson remained committed to further reopening steps last month. Job market updates on the Tuesday of that week will also inform consumer fundamentals.

Chinese retail sales may suffer a deceleration in year-over-year growth in July (August 15th) as Delta variant restrictions resulted in significant declines in metro ridership and traffic congestion in several regions.

Can Australia keep the streak of powerful job gains alive as its major cities went into lockdown due to rising COVID-19 cases? That's doubtful and so the 144k rise in employment over the months of May and June could face risk of renewed decline.

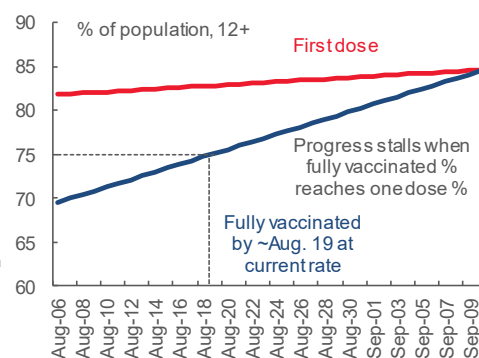
Other releases will include GDP reports out of the Eurozone, Japan, Norway, Thailand, Chile, Colombia and Peru. After a quiet prior week, Canada will also record an expected gain in manufacturing shipments, possibly soft home sales and starts, and a dip in wholesale trade. Other US releases will be oriented toward the industrial sector including industrial production that should rise in July (Tuesday) and each of the Philly and Empire manufacturing reports.

Chart 12
Norges Bank Ready for Liftoff



Sources: Scotiabank Economics, Norges Bank.

Chart 13
Canada: Achieving Herd Immunity*



*First dose rate 7dma: ~26,800

*Second dose rate 7dma: ~141,800

Sources: Scotiabank Economics, COVID-19 Tracker Canada.

Key Indicators for week of August 9 – 20
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	08/09	07:00	Bi-Weekly Core CPI (% change)	Jul 31	--	0.1	0.3
MX	08/09	07:00	Bi-Weekly CPI (% change)	Jul 31	--	0.1	0.4
MX	08/09	07:00	Consumer Prices (m/m)	Jul	0.5	0.5	0.5
MX	08/09	07:00	Consumer Prices (y/y)	Jul	5.7	5.8	5.9
MX	08/09	07:00	Consumer Prices Core (m/m)	Jul	0.4	0.5	0.6
US	08/09	10:00	JOLTS Job Openings (000s)	Jun	--	9,260	9,209
US	08/10	08:30	Productivity (q/q a.r.)	2Q P	3.7	3.4	5.4
US	08/10	08:30	Unit Labor Costs (q/q a.r.)	2Q P	0.5	0.9	1.7
MX	08/11	07:00	Industrial Production (m/m)	Jun	--	--	0.1
MX	08/11	07:00	Industrial Production (y/y)	Jun	--	--	36.4
US	08/11	07:00	MBA Mortgage Applications (w/w)	Aug 6	--	--	-1.7
US	08/11	08:30	CPI (m/m)	Jul	0.5	0.5	0.9
US	08/11	08:30	CPI (y/y)	Jul	5.4	5.3	5.4
US	08/11	08:30	CPI (index)	Jul	--	272.9	271.7
US	08/11	08:30	CPI ex. Food & Energy (m/m)	Jul	0.6	0.4	0.9
US	08/11	08:30	CPI ex. Food & Energy (y/y)	Jul	4.5	4.3	4.5
US	08/11	14:00	Treasury Budget (US\$ bn)	Jul	--	-231.5	-174.2
US	08/12	08:30	Initial Jobless Claims (000s)	Aug 7	400	375	385
US	08/12	08:30	Continuing Claims (000s)	Jul 31	3,250	2,880	2,930
US	08/12	08:30	PPI (m/m)	Jul	0.6	0.6	1.0
US	08/12	08:30	PPI ex. Food & Energy (m/m)	Jul	0.6	0.5	1.0
MX	08/12	14:00	Overnight Rate (%)	Aug 12	4.50	4.50	4.25
US	08/13	08:30	Export Prices (m/m)	Jul	--	0.7	1.2
US	08/13	08:30	Import Prices (m/m)	Jul	--	0.6	1.0
US	08/13	10:00	U. of Michigan Consumer Sentiment	Aug P	80.0	81.2	81.2
CA	08/16	08:30	Manufacturing Shipments (m/m)	Jun	1.9	--	-0.6
CA	08/16	08:30	Wholesale Trade (m/m)	Jun	-2.0	--	0.5
US	08/16	08:30	Empire State Manufacturing Index	Aug	--	25.0	43.0
CA	08/16	09:00	Existing Home Sales (m/m)	Jul	--	--	-8.4
US	08/16	16:00	Total Net TIC Flows (US\$ bn)	Jun	--	--	105.3
US	08/16	16:00	Net Long-term TIC Flows (US\$ bn)	Jun	--	--	-30.2
CA	08/17	08:15	Housing Starts (000s a.r.)	Jul	275	--	282.1
CA	08/17	08:30	International Securities Transactions (C\$ bn)	Jun	--	--	20.8
US	08/17	08:30	Retail Sales (m/m)	Jul	0.0	0.0	0.6
US	08/17	08:30	Retail Sales ex. Autos (m/m)	Jul	0.4	0.1	1.3
US	08/17	09:15	Capacity Utilization (%)	Jul	75.6	75.7	75.4
US	08/17	09:15	Industrial Production (m/m)	Jul	0.3	0.5	0.4
US	08/17	10:00	Business Inventories (m/m)	Jun	--	0.7	0.5
US	08/17	10:00	NAHB Housing Market Index	Aug	--	--	80.0
CA	08/18	08:30	Core CPI - Common (y/y)	Jul	--	--	1.7
CA	08/18	08:30	Core CPI - Median (y/y)	Jul	--	--	2.4
CA	08/18	08:30	Core CPI - Trim (y/y)	Jul	--	--	2.6
CA	08/18	08:30	CPI, All items (m/m)	Jul	0.4	--	0.3
CA	08/18	08:30	CPI, All items (y/y)	Jul	3.5	--	3.1
CA	08/18	08:30	CPI, All items (index)	Jul	--	--	141.4
US	08/18	08:30	Building Permits (000s a.r.)	Jul	--	1,635	1,594
US	08/18	08:30	Housing Starts (000s a.r.)	Jul	1,610	1,610	1,643
US	08/18	08:30	Housing Starts (m/m)	Jul	-2.0	-2.0	6.3
CA	08/19	08:30	Teranet - National Bank HPI (y/y)	Jul	--	--	16.0
US	08/19	08:30	Philadelphia Fed Index	Aug	--	25.0	21.9
US	08/19	10:00	Leading Indicators (m/m)	Jul	--	0.7	0.7
CA	08/20	08:30	Retail Sales (m/m)	Jun	5.0	--	-5.6
CA	08/20	08:30	Retail Sales ex. Autos (m/m)	Jun	--	--	-7.3

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

Key Indicators for week of August 9 – 20
EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	08/09	02:00	Current Account (€ bn)	Jun	18.9	21.0
GE	08/09	02:00	Trade Balance (€ bn)	Jun	13.5	12.5
EC	08/10	05:00	ZEW Survey (Economic Sentiment)	Aug	--	61.2
GE	08/10	05:00	ZEW Survey (Current Situation)	Aug	30.0	21.9
GE	08/10	05:00	ZEW Survey (Economic Sentiment)	Aug	55.0	63.3
GE	08/11	02:00	CPI (m/m)	Jul F	0.9	0.9
GE	08/11	02:00	CPI (y/y)	Jul F	3.8	3.8
GE	08/11	02:00	CPI - EU Harmonized (m/m)	Jul F	0.5	0.5
GE	08/11	02:00	CPI - EU Harmonized (y/y)	Jul F	3.1	3.1
IT	08/11	04:00	CPI - EU Harmonized (y/y)	Jul F	0.9	0.9
UK	08/12	02:00	Business Investment (q/q)	2Q P	8.5	-10.7
UK	08/12	02:00	GDP (q/q)	2Q P	4.8	-1.6
UK	08/12	02:00	Index of Services (m/m)	Jun	0.9	0.9
UK	08/12	02:00	Industrial Production (m/m)	Jun	0.3	0.8
UK	08/12	02:00	Manufacturing Production (m/m)	Jun	0.3	-0.1
UK	08/12	02:00	Visible Trade Balance (£ mn)	Jun	-9,200	-8,481
EC	08/12	05:00	Industrial Production (m/m)	Jun	0.0	-1.0
EC	08/12	05:00	Industrial Production (y/y)	Jun	10.4	20.5
TU	08/12	07:00	Benchmark Repo Rate (%)	Aug 12	19.00	19.00
RU	08/12	12:00	Real GDP (y/y)	2Q A	9.60	-0.70
FR	08/13	02:45	CPI (m/m)	Jul F	0.1	0.0
FR	08/13	02:45	CPI (y/y)	Jul F	1.2	1.2
FR	08/13	02:45	CPI - EU Harmonized (m/m)	Jul F	0.1	0.1
FR	08/13	02:45	CPI - EU Harmonized (y/y)	Jul F	1.6	1.6
SP	08/13	03:00	CPI (m/m)	Jul F	-0.7	-0.7
SP	08/13	03:00	CPI (y/y)	Jul F	2.9	2.9
SP	08/13	03:00	CPI - EU Harmonized (m/m)	Jul F	-1.2	-1.2
SP	08/13	03:00	CPI - EU Harmonized (y/y)	Jul F	2.9	2.9
PD	08/13	04:00	GDP (y/y)	2Q P	10.40	-0.90
EC	08/13	05:00	Trade Balance (€ mn)	Jun	--	7490.3
UK	08/17	02:00	Average Weekly Earnings (3-month, y/y)	Jun	--	7.3
UK	08/17	02:00	Employment Change (3M/3M, 000s)	Jun	--	25.0
UK	08/17	02:00	Jobless Claims Change (000s)	Jul	--	-114.8
UK	08/17	02:00	ILO Unemployment Rate (%)	Jun	--	4.8
EC	08/17	05:00	Employment (q/q)	2Q P	--	-0.2
EC	08/17	05:00	GDP (q/q)	2Q P	--	2.0
UK	08/18	02:00	CPI (m/m)	Jul	--	0.5
UK	08/18	02:00	CPI (y/y)	Jul	--	2.5
UK	08/18	02:00	RPI (m/m)	Jul	--	0.7
UK	08/18	02:00	RPI (y/y)	Jul	--	3.9
EC	08/18	05:00	CPI (m/m)	Jul F	--	-0.1
EC	08/18	05:00	CPI (y/y)	Jul F	--	2.2
EC	08/18	05:00	Euro zone Core CPI Estimate (y/y)	Jul F	--	0.7
EC	08/19	04:00	Current Account (€ bn)	Jun	--	11.7
NO	08/19	04:00	Norwegian Deposit Rates (%)	Aug 19	--	0.00
IT	08/19	04:30	Current Account (€ mn)	Jun	--	3,882
UK	08/19	19:01	GfK Consumer Confidence Survey	Aug	--	-7.0
GE	08/20	02:00	Producer Prices (m/m)	Jul	--	1.3
NO	08/20	02:00	GDP (q/q)	2Q	--	-0.60
UK	08/20	02:00	PSNB ex. Interventions (£ bn)	Jul	--	22.8
UK	08/20	02:00	Public Finances (PSNCR) (£ bn)	Jul	--	0.0
UK	08/20	02:00	Public Sector Net Borrowing (£ bn)	Jul	--	22.0
UK	08/20	02:00	Retail Sales ex. Auto Fuel (m/m)	Jul	--	0.3
UK	08/20	02:00	Retail Sales with Auto Fuel (m/m)	Jul	--	0.5

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

Key Indicators for week of August 9 – 20
ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	08/06	21:00	Foreign Reserves (US\$ bn)	Jul	--	3,228	3,214
CH	08/06	21:00	Exports (y/y)	Jul	--	20.0	32.2
CH	08/06	21:00	Imports (y/y)	Jul	--	33.6	36.7
CH	08/06	21:00	Trade Balance (USD bn)	Jul	--	52.0	51.5
CH	08/08	21:00	New Yuan Loans (bn)	Jul	1,300	1,200	2,120
CH	08/08	21:30	CPI (y/y)	Jul	1.2	0.8	1.1
CH	08/08	21:30	PPI (y/y)	Jul	--	8.6	8.8
ID	08/08	22:00	Consumer Confidence Index	Jul	--	--	107.4
MA	08/09	00:00	Industrial Production (y/y)	Jun	--	0.5	26.0
AU	08/09	02:30	Foreign Reserves (AUD bn)	Jul	--	--	64.7
TA	08/09	04:00	Exports (y/y)	Jul	--	33.0	35.1
TA	08/09	04:00	Imports (y/y)	Jul	--	38.4	42.3
TA	08/09	04:00	Trade Balance (US\$ bn)	Jul	--	5.5	5.2
JN	08/09	19:50	Bank Lending (y/y)	Jul	--	--	1.4
PH	08/09	22:00	Real GDP (y/y)	2Q	10.0	10.0	-4.2
SK	08/10	19:00	Unemployment Rate (%)	Jul	--	3.9	3.7
JN	08/10	19:50	Japan Money Stock M2 (y/y)	Jul	--	5.4	5.9
JN	08/10	19:50	Japan Money Stock M3 (y/y)	Jul	--	4.7	5.2
SI	08/10	20:00	Real GDP (y/y)	2Q F	14.3	14.3	14.3
JN	08/11	02:00	Machine Tool Orders (y/y)	Jul P	--	--	96.6
PH	08/12	04:00	Overnight Borrowing Rate (%)	Aug 12	2.00	2.00	2.00
IN	08/12	08:00	CPI (y/y)	Jul	6.00	5.80	6.26
IN	08/12	08:00	Industrial Production (y/y)	Jun	--	13.40	29.30
NZ	08/12	18:30	Business NZ PMI	Jul	--	--	60.7
IN	08/12	23:30	Exports (y/y)	Jul	--	--	48.3
IN	08/12	23:30	Imports (y/y)	Jul	--	--	98.3
MA	08/13	00:00	Current Account Balance (MYR mns)	2Q	--	--	12,300
MA	08/13	00:00	GDP (y/y)	2Q	10.0	11.2	-0.5
HK	08/13	04:30	Real GDP (y/y)	2Q F	7.5	7.5	7.5
JN	08/15	19:50	GDP (q/q)	2Q P	0.3	0.2	-1.0
JN	08/15	19:50	GDP Deflator (y/y)	2Q P	--	-0.9	-0.1
CH	08/15	22:00	Fixed Asset Investment YTD (y/y)	Jul	11.5	11.3	12.6
CH	08/15	22:00	Industrial Production (y/y)	Jul	8.0	7.9	8.3
CH	08/15	22:00	Retail Sales (y/y)	Jul	11.0	10.9	12.1
TH	08/15	22:30	GDP (y/y)	2Q	6.8	--	-2.6
ID	08/16	00:00	Exports (y/y)	Jul	--	--	54.4
ID	08/16	00:00	Imports (y/y)	Jul	--	--	60.1
ID	08/16	00:00	Trade Balance (US\$ mn)	Jul	--	--	1,316
JN	08/16	00:30	Capacity Utilization (m/m)	Jun	--	--	-6.8
JN	08/16	00:30	Industrial Production (y/y)	Jun F	--	--	22.6
IN	08/16	02:30	Monthly Wholesale Prices (y/y)	Jul	--	11.3	12.1
JN	08/17	20:00	Nationwide Department Store Sales (y/y)	Jul	--	--	-1.6
JN	08/17	00:30	Tertiary Industry Index (m/m)	Jun	--	--	-0.8
NZ	08/17	18:45	Producer Price - Inputs (q/q)	2Q	--	--	2.1
NZ	08/17	18:45	Producer Price - Outputs (q/q)	2Q	--	--	1.2
JN	08/17	19:50	Machine Orders (m/m)	Jun	--	--	7.8
JN	08/17	19:50	Merchandise Trade Balance (¥ bn)	Jul	--	--	384.0
JN	08/17	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Jul	--	--	-90.2
JN	08/17	19:50	Merchandise Trade Exports (y/y)	Jul	--	--	48.6
JN	08/17	19:50	Merchandise Trade Imports (y/y)	Jul	--	--	32.7
AU	08/17	21:30	Wage Cost Index (q/q)	2Q	--	--	0.6
NZ	08/17	22:00	RBNZ Official Cash Rate (%)	Aug 18	0.25	0.25	0.25
HK	08/18	04:30	Unemployment Rate (%)	Jul	--	--	5.5
AU	08/18	21:30	Employment (000s)	Jul	--	--	29.1
AU	08/18	21:30	Unemployment Rate (%)	Jul	--	--	4.9

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

Key Indicators for week of August 9 – 20

ASIA-PACIFIC (continued from previous page)

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
ID	08/19	03:20	BI 7-Day Reverse Repo Rate (%)	Aug 19	3.50	3.50	3.50
HK	08/19	04:30	CPI (y/y)	Jul	3.5	--	0.7
SK	08/19	17:00	PPI (y/y)	Jul	--	--	6.4
JN	08/19	19:30	National CPI (y/y)	Jul	0.1	--	0.2
CH	08/19	21:30	PBoC Loan Prime Rate 1-Year (%)	Aug 20	3.85	3.85	3.85
TA	08/20	04:00	Export Orders (y/y)	Jul	--	--	31.1
TA	08/20	04:20	Current Account Balance (US\$ mn)	2Q	--	--	25,961

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
BZ	08/10	08:00	IBGE Inflation IPCA (m/m)	Jul	--	0.9	0.5
BZ	08/10	08:00	IBGE Inflation IPCA (y/y)	Jul	--	9.0	8.4
BZ	08/11	08:00	Retail Sales (m/m)	Jun	--	0.1	1.4
BZ	08/11	08:00	Retail Sales (y/y)	Jun	--	6.3	16.0
CO	08/12	11:00	Retail Sales (y/y)	Jun	--	25.1	22.8
PE	08/12	19:00	Reference Rate (%)	Aug 12	0.25	0.25	0.25
BZ	08/13	08:00	Economic Activity Index SA (m/m)	Jun	--	1.2	-0.4
BZ	08/13	08:00	Economic Activity Index NSA (y/y)	Jun	--	9.7	14.2
CO	08/13	11:00	Trade Balance (US\$ mn)	Jun	--	--	-1,012
PE	08/16	10:00	Economic Activity Index NSA (y/y)	Jun	22.0	--	47.8
PE	08/16	11:00	Unemployment Rate (%)	Jul	--	--	10.3
CL	08/18	08:30	GDP (q/q)	2Q	0.7	--	3.2
CL	08/18	08:30	GDP (y/y)	2Q	17.4	--	0.3
PE	08/19	10:00	GDP (y/y)	2Q	40.9	--	3.8

Global Auctions for week August 9 – 20**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	08/10	13:00	U.S. To Sell 3-Year Notes
US	08/11	13:00	U.S. To Sell 10-Year Notes
US	08/12	13:00	U.S. To Sell 30-Year Bonds
US	08/18	13:00	U.S. To Sell 20-Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	08/11	05:30	Germany to Sell 4 Billion Euros of 2031 Bonds
IT	08/12	05:00	Italy to Sell Bonds
UK	08/13	06:00	U.K. to Sell Bills
GE	08/17	05:30	Germany to Sell EUR 6 Bln 2023 Bonds
DE	08/18	04:30	Denmark to Sell Bonds
GE	08/18	05:30	Germany to Sell EUR 1 Bln 2050 Bonds
FR	08/19	04:50	France to Sell Bonds
IC	08/20	07:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	08/10	23:00	China Plans to Sell 2-Yr Upsize Bond
CH	08/10	23:00	China Plans to Sell 5-Yr Bond
JN	08/10	23:35	Japan to Sell 30-Year Bonds
CH	08/12	23:00	China Plans to Sell 30-Yr Upsize Bond
CH	08/17	23:00	China Plans to Sell 1-Yr Upsize Bond
CH	08/17	23:00	China Plans to Sell 10-Yr Upsize Bond

LATIN AMERICA

No Scheduled Auctions.

Events for week of August 9 – 20

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	08/09	10:00	Fed's Bostic Discusses Building an Inclusive Economy
US	08/09	12:00	Fed's Barkin Speaks in Roanoke, Virginia
US	08/10	10:00	Fed's Mester Discusses Inflation Risks
US	08/11	12:00	Fed's George to Speak to Business Economists
MX	08/12	14:00	Overnight Rate
US	08/17	13:30	Powell Hosts Town Hall Discussion with Educators
US	08/18	14:00	FOMC Meeting Minutes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
TU	08/12	07:00	One-Week Repo Rate
IR	08/13		Ireland Sovereign Debt to be rated by Moody's
SW	08/13		Sweden Sovereign Debt to be rated by S&P
TU	08/13		Turkey Sovereign Debt to be rated by Fitch
NO	08/19	04:00	Deposit Rates

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PH	08/12	04:00	BSP Overnight Borrowing Rate
PH	08/12	04:00	BSP Standing Overnight Deposit Facility Rate
AU	08/16	21:30	RBA Minutes of Aug. Policy Meeting
NZ	08/17	22:00	RBNZ Monetary Policy Statement
NZ	08/17	22:00	RBNZ Official Cash Rate
ID	08/19	03:20	Bank Indonesia 7D Reverse Repo
AU	08/19	19:05	RBA's Kent Speech to Conference
CH	08/19	21:30	1-Year Loan Prime Rate
CH	08/19	21:30	5-Year Loan Prime Rate

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	08/12	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	September 8, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	September 22, 2021	0.25	0.25
Banco de México – Overnight Rate	4.25	August 12, 2021	4.50	4.50

Banco de México (Banxico): Recent higher-than-expected inflation had prompted Banxico to hike 25 bps to 4.25% at the June monetary policy meeting. Moving forward, we expect a front-loaded tightening cycle in which the Board increases the policy rate by 25 bps at each of the four remaining meetings scheduled for 2021. On August 5, Banxico announced changes to its communication strategy which includes providing forecast updates for both core and headline inflation for the policy horizon at each meeting and identifying, by name, the votes of each board member regardless of aligning or dissenting with the final decision.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	September 9, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	September 9, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	September 9, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	September 23, 2021	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	6.50	September 10, 2021	6.25	6.75
Sweden Riksbank – Repo Rate	0.00	September 21, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	August 19, 2021	0.25	0.25
Central Bank of Turkey – Benchmark Repo Rate	19.00	August 12, 2021	19.00	19.00

Central Bank of Turkey (CBOT): The recent 18.95% y/y surge in July inflation will likely push President Erdogan's rate easing plans to Q4 of this year. The current 19.00% key rate sits on top of inflation, by contrast to the pledge officials have made to keep the real rate at 2–3%. With inflation expected to cool over the remainder of the year, policy makers may have room to cut rates at some point in the not-so-distant future. **Norges Bank:** August 19 should mark the last monetary policy meeting where the deposit rate will be left unchanged at 0.00%. In its policy statement in June, the Norges bank governor noted that the policy rate will likely be raised in September with 25 bps quarterly hikes to follow over the coming year. Norway will be the first advanced economy to initiate its tightening cycle.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 22, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	September 7, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	August 17, 2021	0.25	0.50
People's Bank of China – 1-Year Loan Prime Rate	3.85	August 19, 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	0.50	August 26, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	September 29, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	September 9, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	August 19, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	August 12, 2021	2.00	2.00

Central Bank of Philippines (BSP): We expect the BSP to leave the Overnight Borrowing Rate unchanged at 2.00% following the August 12 monetary policy meeting. A rising COVID-19 case count and low vaccination coverage complicate the economic outlook. Meanwhile, inflation remains elevated, though on easing trajectory, limiting the BSP's ability to provide additional monetary stimulus. **Reserve Bank of New Zealand (RBNZ):** The RBNZ will hold a monetary policy meeting on August 18. We expect the RBNZ to leave the Official Cash Rate unchanged at 0.25% over the coming quarters. Nevertheless, the RBNZ has signalled that it will start tightening monetary conditions in the second half of 2022. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on August 19. We expect BI to leave the benchmark 7-day reverse repo rate unchanged at 3.50%, despite the fact that downside risks to Indonesia's economic growth outlook dominate due to the concerning COVID-19 situation and a low level of vaccinations. Financial stability considerations are increasingly important for Indonesian policymakers, preventing any additional monetary stimulus. **People's Bank of China (PBOC):** We expect the PBOC's Loan Prime Rate fixings to remain unchanged in the near term. Conducting monetary policy in China is a balancing act between supporting the economy and addressing rising financial imbalances, such as weaker quality of debt. As Chinese domestic demand has room to strengthen further, the PBOC may reduce banks' reserve requirement ratio further before the end of the year to provide additional support to micro, small and medium-sized enterprises that are important employers in the economy.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	5.25	September 22, 2021	5.25	5.25
Banco Central de Chile – Overnight Rate	0.75	August 31, 2021	0.75	1.00
Banco de la República de Colombia – Lending Rate	1.75	September 30, 2021	1.75	2.00
Banco Central de Reserva del Perú – Reference Rate	0.25	August 12, 2021	0.25	0.25

Banco Central de Reserva del Perú (BCRP): Inflation continues to come in higher than expected. July headline and core inflation printed at 3.8% and 2.1% y/y respectively, both above the 2% BCRP target inflation midpoint. We expect the Committee to leave the reference rate unchanged at 0.25% at the next meeting, but inflationary pressures may force the BCRP to act earlier than expected. We expect the tightening cycle to begin in Q4-2021.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	September 23, 2021	3.50	3.50

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

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