

**MONEPALOOZA!**

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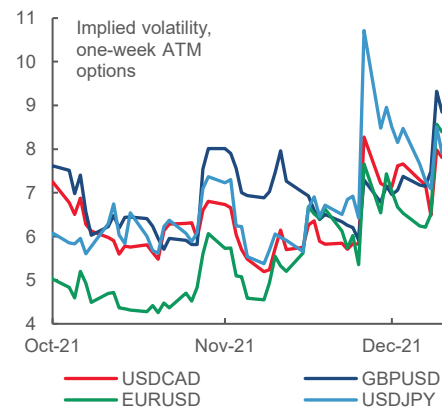
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**Next Week's Risk Dashboard**

- 19 Central Bank decisions!?
- The Fed's balancing act
- The BoE's fortuitous hold
- ECB to maybe, sort of, kind of exit
- Three hiking LatAm central banks
- Norges to hike, guidance key
- Some other CBs: BoJ, Russia, SNB, BI, Philippines, CBCT, Turkey
- Canada's tame fiscal update
- The BoC's anticlimactic strategic review
- The BoC Governor's year-end address
- CPI: Canada, UK, India, Sweden
- PMIs: EZ, UK, US (Markit), Japan
- US, UK retail sales
- Jobs: UK, AU, SK
- China's Q4 growth tracking

**Chart of the Week**
**Volatility Increasing Into Central Bank Week**


Sources: Scotiabank Economics, Bloomberg.

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

## Monepalooza!

### CENTRAL BANKS—ONE BIG BLOW-OUT

Are you kidding us? Nineteen global central banks apparently want an early start to their holiday breaks and have chosen to jam all of their final policy decisions for the year into the coming week. Perhaps it's not a bad thing to get their decisions out of the way in what are still early days for assessing omicron + delta risks. Only a very small handful of these central banks will matter across global markets, the rest perhaps only to local markets if at all. I'll write more about them over the course of the week, but here are the highlights and note that most of the action is concentrated around Wednesday and Thursday.

#### Federal Reserve—A Balancing Act

The two-day FOMC meeting will culminate in a full set of forecast offerings including a policy statement, a revised Summary of Economic Projections and an updated 'dot plot' of FOMC members' expectations for the fed funds target rate all at 2pmET on Wednesday. Chair Powell holds his usual press conference at 2:30pmET. We expect the Federal Reserve to accelerate the end of its bond purchase program from about mid-2022 to March in what would amount to a very rapid end compared to having purchased US\$120 billion of Treasuries and MBS per month as recently as October (chart 1). This follows Chair Powell's remark during CARES Act testimony before Congress on November 30<sup>th</sup>–December 1<sup>st</sup> when he said "It is appropriate, I think, for us to discuss at our next meeting, which is in a couple of weeks, whether it will be appropriate to wrap up our purchases a few months earlier." In central bank speak, that's about as close to they come in saying they *will* do something.

What makes it less than 100% certainty, however, is that he also emphasized the importance of the gap leading up to the coming meeting by noting that "In those two weeks we are going to get more data and learn more about the new variant." This caution is more likely to be manifest in the form of uncertainty around the discussion on lift-off for the fed funds target rate. The median FOMC participant's forecast for rate hikes is likely to be brought into 2022 but unlikely to risk overshooting market pricing for very mild hikes in 2022. That risk is likely to heat up when the Committee gets closer to lifting off and with further information around delta variant cases and the added effects of the omicron variants.

#### Bank of England—A Fortuitous Delay

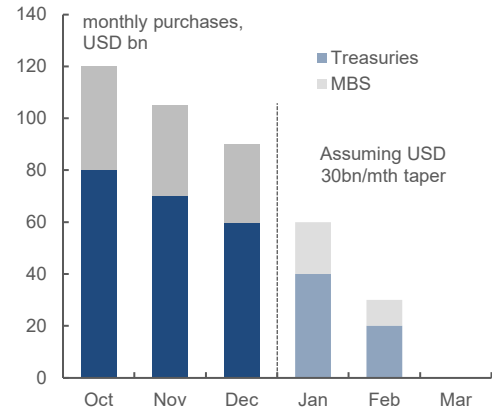
After surprising markets with a rate hold on November 4<sup>th</sup> despite Governor Bailey's advance guidance, it would appear in hindsight that perhaps it was the right thing for the Bank of England to keep its foot off the brake. COVID-19 cases are raging in the UK and being met with somewhat tougher restrictions and work from home practices. All but a small minority expect a policy rate hold on Thursday. Markets are priced for a hold at this meeting but about a 15bps hike in February and a relatively modest cumulative number of hikes through 2024—obviously conditional upon the course of developments (chart 2).

#### European Central Bank—Exiting, Sort of

The ECB has previously set up Thursday's meeting as the occasion on which to provide guidance on how it intends to manage purchase programs going forward. The current €1.85 trillion Pandemic Emergency Purchase Program is currently guided to run "until at least the end of March 2022." At €1.55 trillion, there isn't a whole lot of

Chart 1

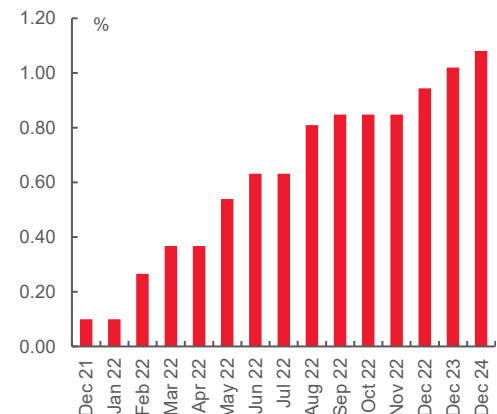
The Fed's Taper Path



Sources: Scotiabank Economics.

Chart 2

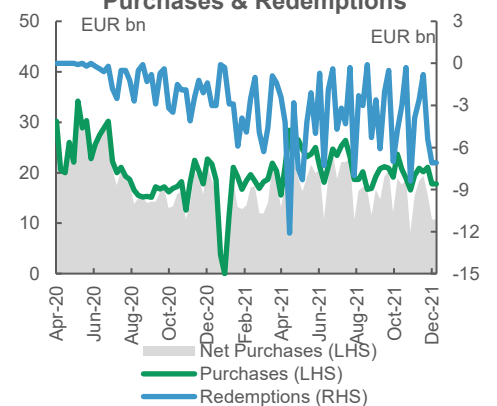
BoE Implied Policy Rate



Sources: Scotiabank Economics, Bloomberg.

Chart 3

ECB Weekly PEPP Purchases & Redemptions



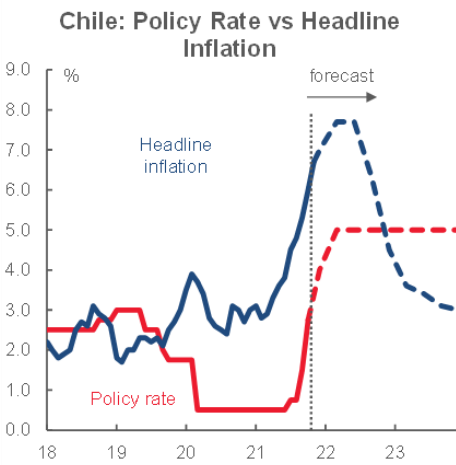
Sources: Scotiabank Economics, Bloomberg.

runway left in the program at present purchase rates (chart 3). They have to do something and the most likely course of action will be to end the PEPP by March and possibly taper the flow of purchases at the subsequent meeting on February 3<sup>rd</sup>. That could be accompanied by guidance that the regular Asset Purchase Program could temporarily raise purchases compared to the current net monthly pace of €20 billion while retaining its flexibility “for as long as necessary.” It’s also likely that President Lagarde will use her press conference to repeat that it is “very unlikely” that the ECB will raise its policy rate as soon as 2022 despite market pricing. The lack of policy rate changes is likely to keep related central banks like Switzerland’s sidelined on Thursday.

### LatAm Central Banks—Three Hikes

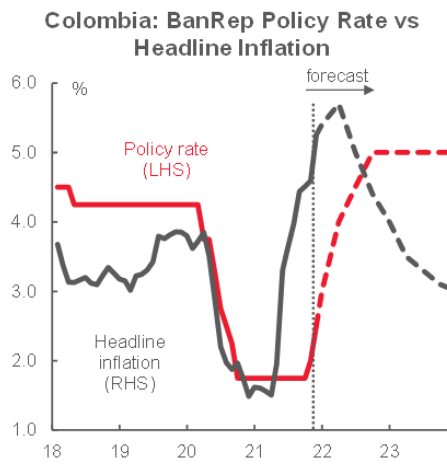
Chile’s central bank is expected to hike its overnight rate target by at least one percentage point on Tuesday which would bring the target toward the 4% range. Colombia’s central bank is expected to hike by 50bps on Friday. Banxico is also expected to hike but only by 25bps for a cumulative 125bps amount of policy tightening since June. Charts 4–6 show our forecast rate paths for each.

Chart 4



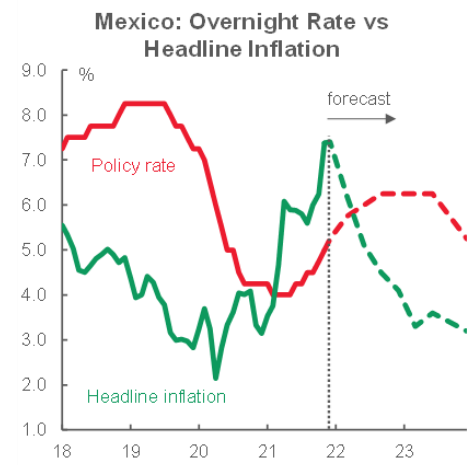
Sources: Scotiabank Economics, BCCh, INE.

Chart 5



Sources: Scotiabank Economics, BanRep, DANE.

Chart 6



Sources: Scotiabank Economics, Banxico, INEGI.

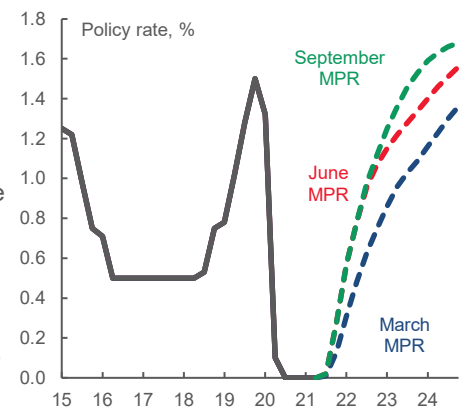
### Norges Bank—Because He Said So!

Why expect a 25bps hike in the deposit rate on Thursday? Because at the November meeting, Governor Olsen said “Based on the Committee’s current assessment of the outlook and balance of risks, the policy rate will most likely be raised in December.” The bigger question may be whether omicron alters Norges Bank’s confidence in its forward rate guidance after successive bouts of upward revisions this year (chart 7).

I’ll write more about the other central banks on tap over the coming week’s publications, but for now, the main one left is the Bank of Japan that is expected to reduce its role in the corporate bond market as soon as this week’s meeting. Central banks in Indonesia, Philippines and Taiwan are expected to stay on hold on Thursday. Russia’s central bank is expected to hike by as much as 100bps and under the shadow of currency volatility partly stemming from tensions on the border with Ukraine. Finally (aside from very minor other central banks), the tragicomedy that is the Turkish central bank is expected to cut its one-week repo rate by another 100bps on Thursday despite the impact upon the lira and due to political interference from President Erdogan.

Chart 7

### Norges Bank’s Evolving Rate Outlook



Sources: Scotiabank Economics, Norges Bank.

### CLEARING OTTAWA’S AGENDA

This will be a busy week in Canada’s capital, but the scope for major surprises from the central bank and the federal government is probably fairly low with most of the attention around Governor Macklem’s speech on Wednesday.

It may now prove to be a bit anticlimactic, but BoC Governor Macklem and Finance Minister Freeland will jointly present the conclusions of the five-year long strategic review of the BoC’s mandate in a press conference on Monday at 11amET. The salient

points will be communicated beforehand when a media embargo lifts at 10amET and the conclusions hit the virtual wires.

There is unlikely to be a big surprise given that an anonymous official leaked at least some of the conclusions this past Thursday. Reuters reported this official as saying that there “will be a very clear reaffirmation of the centrality of the inflation target. But, it’s not a photocopy of the last time. There’s a little bit of updating to reflect what the bank is already doing—some updating of the language to reflect the consideration the bank is already giving to employment factors.”

This seemed to indicate that there will only be minor tweaks to the mandate while maintaining 2% within a 1–3% symmetrical band in the flexible inflation-targeting framework. The implication is that there will be no embrace of a dual mandate, let alone any price-level or nominal GDP targeting framework or hybrid approaches that the BoC explored in its ‘horse race’ of alternative regimes, as they put it.

Still, I’d watch for two things:

- Will they have any overshooting language like the Fed following undershooting periods? That’s doubtful, but not with a 0% probability. The Canada curve would likely react to any overshooting bias with a bull steepener move.
- How will they express labour market conditions? I suspect it will be a throwaway line on considering labour conditions, which central banks the world over already do anyway via wage Phillips curve inputs into inflation-forecasting frameworks. This approach would be unlikely to materially surprise any central bank watchers. Anywhere.

Now is not the time to explore new mandates that would risk spooking markets around the BoC’s resolve to focus upon high inflation and with another high CPI print due on Wednesday. The BoC’s challenge continues to be around successfully implementing its existing flexibility. For one thing, its inflation forecasts have tended to be rather poor; they often miss turning points, and then overshoot and undershoot as shown in chart 8 that depicts their inflation forecasts from every MPR and compares that to actual inflation albeit with the evidence a little harder to discern now given the extent to which the blown inflation forecasts during the pandemic have swamped the scale. The BoC also appears to behave as if its inflation target is more like the ECB’s used to be by treating 2% as a ceiling (before shifting to a symmetrical 2% target this year), rather than a flexible mid-point of a range. Charts 9–10 show how inflation has tended to undershoot the BoC’s 2% target for an extended period of time. They sure don’t need to say they are targeting an overshooting period rather than not—in practice—undershooting for extended periods. Today’s overshooting is probably a bit of an over-correction against this weak track record.

In short, the BoC could bone up on its inflation-forecasting and implementation challenges, rather than stray toward targeting other things that are even further outside its ability to control, like the environment or equality of outcomes. To dilute the BoC’s core mandate and stray toward targeting matters outside of their skillsets into unproven areas of focus would only amplify market concerns around the attention placed upon improving its inflation-targeting prowess.

Then on Tuesday, Finance Minister Freeland will be back to deliver the Economic and Fiscal Update at about 4pmET. We expect only relatively modest initiatives while sparing platform pledges until a Winter budget. See the recap of the Throne Speech including possible areas of emphasis in the Fall fiscal update [here](#).

Chart 8

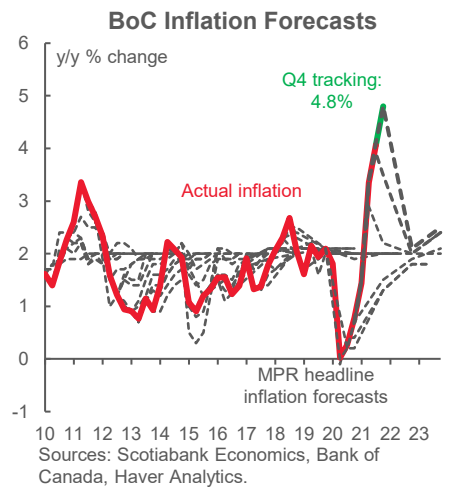


Chart 9

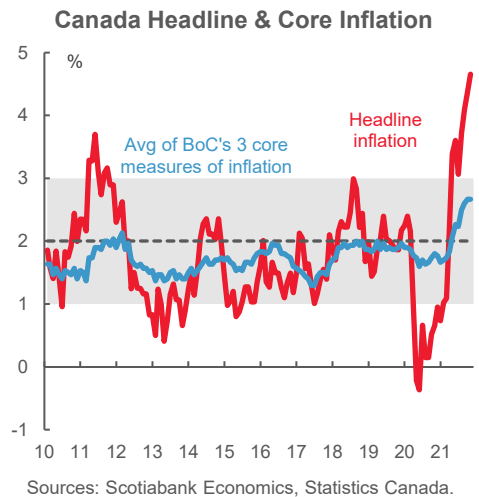
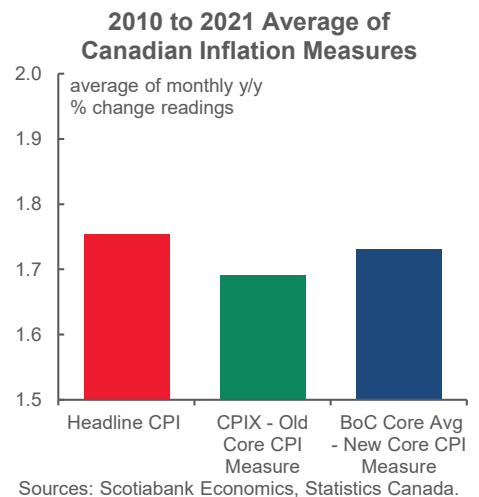


Chart 10



With all of that out of the way, Governor Macklem may be able to focus upon other matters in his annual pre-holiday speech on Wednesday at 12pmET. There is no topic available as yet, but it's usually a look ahead theme and there will be a press conference shortly afterward. Last year's speech was on exports. The one before that was on the BoC's 2020 plans which quickly proved stale. The year before focused upon household debt. This time around, watch the Governor's language around inflation risk given the tone of the recent statement (recap [here](#)) and guidance around policy risks that may further inform timing around lift-off that we expect to happen around April.

**MORE BACKWARD INFLATION READINGS!**

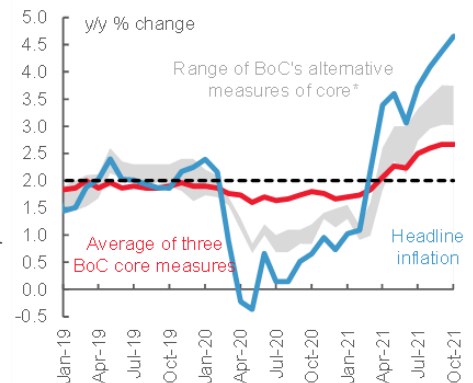
Four countries update inflation readings this week. If any of them impact any central bank bias in the nearer term then it may be the UK's, but that's likely a stretch given the staleness factor in the face of forward-looking risks.

Canada updates CPI for November on Wednesday. I went with 0.2% m/m seasonally unadjusted as per the Canadian polling convention, 0.4% m/m SA, and 4.7% y/y. There may be more upside than downside risks to these estimates that imply an unchanged year-over-year rate. A shift in year-ago base effects would knock back CPI to 4½%. Seasonally unadjusted gas prices were little changed in November which is also a generally mild month for seasonal variations across the overall headline inflation reading. A combination of idiosyncratic factors and the effects of what were still low and well-behaved pandemic case trends could drive about another two-tenths rise in prices.

Key will be the variety of the Canadian core inflation readings and the need for the BoC to rather more explicitly weigh in on the pros and cons of each and which one(s) it is emphasizing. Average core inflation using the three central tendency measures—weighted median, trimmed mean and common component—has been riding at 2.5–2.7% y/y for the past four months with only very minor upward drift. The BoC used to emphasize core inflation excluding the eight most volatile measures which is running at 3.8% y/y. Simple core inflation that excludes food and energy is running at 3.2% y/y. Chart 11 shows this range of estimates.

Chart 11

**Core Inflation Should Be on BoC's Radar**



\*Includes CPIX, CPIXFET, CPIW measures. Sources: Scotiabank Economics, Statistics Canada.

UK inflation for November will be updated a few hours before Canada's print. Most expect a rise of 0.3–0.5% m/m that would lift the year-over-year rate to the upper-4% range with core inflation in the 3¾% zone. Given it's a backward-looking print amid forward-looking risks—namely rising cases and the omicron variant—it's unlikely that CPI will matter much to near-term BoE expectations.

India's inflation rate is expected to trip 5% y/y on Monday, but the next policy decision by the Reserve Bank of India won't be until February 8<sup>th</sup>. The rupee and India's rate curve are therefore more likely to be focused upon omicron watch between now and then. Sweden's case is similar in that the next policy decision by the Riksbank won't be until February 10<sup>th</sup> which sets a high bar to Tuesday's CPI reading for November doing much more than informing tactical trades.

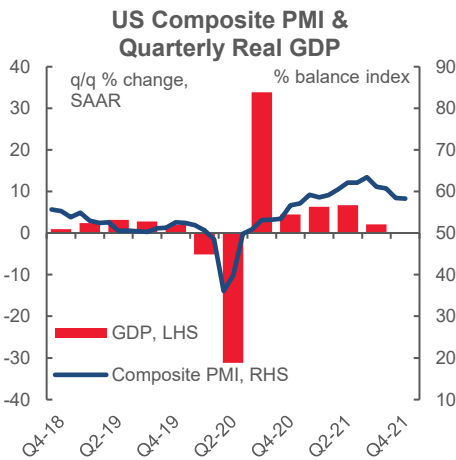
**KEY GLOBAL MACRO INDICATORS**

Beyond a few inflation prints and the wave of central banks, the coming week will also bring forward a few readings that may impact the global market tone in some instances, and the local market tones in others. Like CPI, however, markets may view these reports in more of a tactical sense while discounting them as stale on arrival.

Purchasing managers' indices will be updated with December readings in the US (Markit, not ISM), the eurozone and the UK on Thursday. Japan updates its Tankan survey on Sunday night and the Jibun PMIs on Wednesday. Charts 12–16 depict recent patterns and connections with GDP growth. We may see more of a downward pandemic influence in this round and potentially bigger effects in the subsequent round next month.

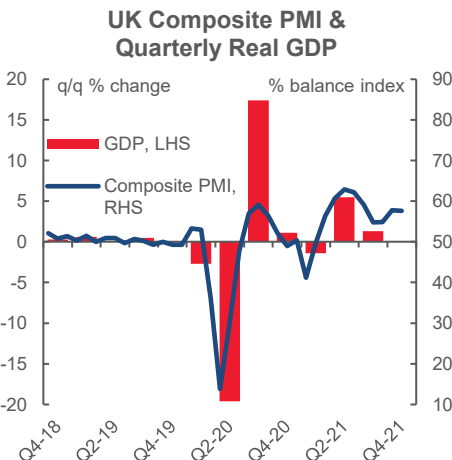
Jobs reports land in the UK (Tuesday), Australia (Wednesday) and South Korea (Tuesday). Australia is expected to rip higher with most of consensus estimating a jobs gain of between 150–200k. This is a reopening effect after three months of bleak readings that shaved employment by over 330k. The UK reading will further inform how the job market was holding up following the end of

Chart 12



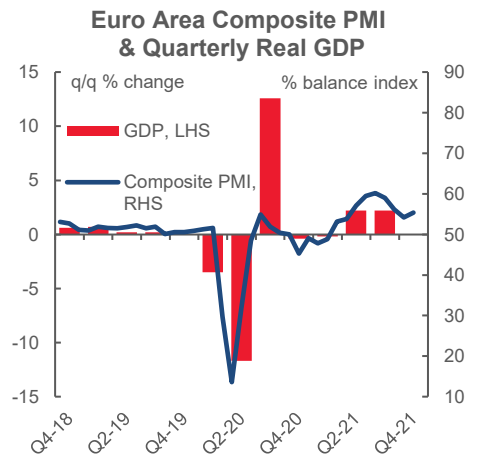
Sources: Scotiabank Economics, Markit, Bloomberg.

Chart 13



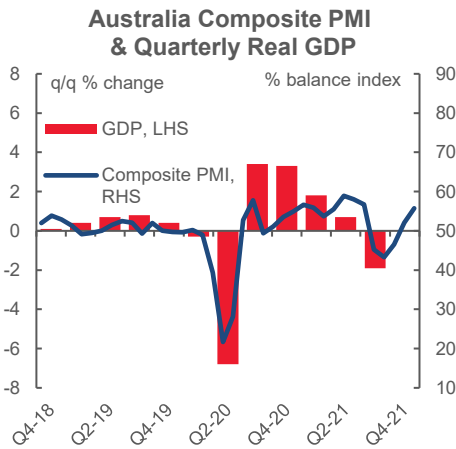
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 14



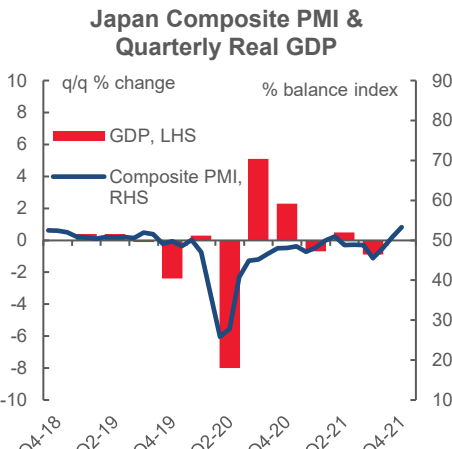
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 15



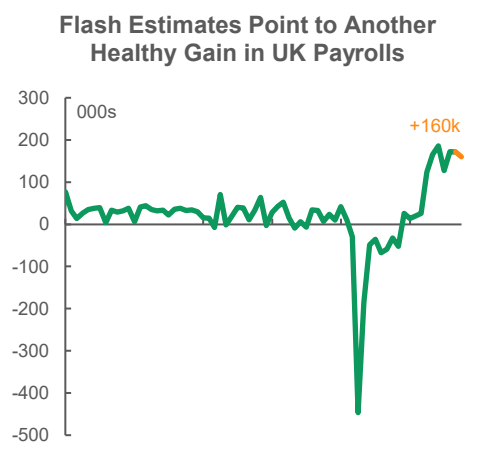
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 16



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 17



Sources: Scotiabank Economics, ONS.

the furlough support program at the end of September. Way back on November 16<sup>th</sup>, things had been looking up for the BoE to hike in December in part because payroll employment during October had risen by 160k. Flash estimates point toward a further gain this week (chart 17).

A pair of retail sales reports for November arrive in the UK (Friday) and US (Wednesday). I figure the US retail sales dollar figure will rise by ~½% m/m partly given the ~1% m/m drop in auto sales volumes that was offset by higher vehicle prices plus the rise in gasoline and broader retail prices. UK retail sales figures are expected to post a headline and ex-gasoline rise of about ¾% m/m notwithstanding the pattern of disappointments more often than not through the summer months.

China will update November readings on Tuesday night (ET) for retail sales, industrial output and fixed asset investment. Relatively modest gains—by China’s standards—are expected on the order of ~5% y/y for retail sales and <4% y/y for industrial output.

Q3 GDP figures from Russia (Wednesday), New Zealand (Wednesday) and Argentina (Thursday) are expected to be treated as stale assessments.



## Key Indicators for week of December 13 – 17

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	12/14	08:30	PPI (m/m)	Nov	0.5	0.5	0.6
US	12/14	08:30	PPI ex. Food & Energy (m/m)	Nov	0.4	0.4	0.4
US	12/15	07:00	MBA Mortgage Applications (w/w)	Dec 10	--	--	2.0
CA	12/15	08:15	Housing Starts (000s a.r.)	Nov	240	--	236.6
CA	12/15	08:30	Core CPI - Common (y/y)	Nov	--	--	1.8
CA	12/15	08:30	Core CPI - Median (y/y)	Nov	--	--	2.9
CA	12/15	08:30	Core CPI - Trim (y/y)	Nov	--	--	3.3
CA	12/15	08:30	CPI, All items (m/m)	Nov	0.2	--	0.7
CA	12/15	08:30	CPI, All items (y/y)	Nov	4.7	--	4.7
CA	12/15	08:30	CPI, All items (index)	Nov	--	--	143.9
CA	12/15	08:30	Manufacturing Shipments (m/m)	Oct	4.0	--	-3.0
US	12/15	08:30	Empire State Manufacturing Index	Dec	--	25.0	30.9
US	12/15	08:30	Export Prices (m/m)	Nov	--	0.5	1.5
US	12/15	08:30	Import Prices (m/m)	Nov	--	0.8	1.2
US	12/15	08:30	Retail Sales (m/m)	Nov	0.5	0.8	1.7
US	12/15	08:30	Retail Sales ex. Autos (m/m)	Nov	0.5	0.9	1.7
CA	12/15	09:00	Existing Home Sales (m/m)	Nov	--	--	8.6
US	12/15	10:00	Business Inventories (m/m)	Oct	--	1.1	0.7
US	12/15	10:00	NAHB Housing Market Index	Dec	--	84.0	83.0
<b>US</b>	<b>12/15</b>	<b>14:00</b>	<b>FOMC Interest Rate Meeting (%)</b>	<b>Dec 15</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
US	12/15	16:00	Total Net TIC Flows (US\$ bn)	Oct	--	--	-26.8
US	12/15	16:00	Net Long-term TIC Flows (US\$ bn)	Oct	--	--	26.3
CA	12/16	08:30	Wholesale Trade (m/m)	Oct	1.5	--	1.0
US	12/16	08:30	Building Permits (000s a.r.)	Nov	--	1,660	1,653
US	12/16	08:30	Housing Starts (000s a.r.)	Nov	1,550	1,570	1,520
US	12/16	08:30	Housing Starts (m/m)	Nov	2.0	3.3	-0.7
US	12/16	08:30	Initial Jobless Claims (000s)	Dec 11	190	200	184
US	12/16	08:30	Continuing Claims (000s)	Dec 4	1,960	--	1,992
US	12/16	08:30	Philadelphia Fed Index	Dec	--	28.5	39.0
US	12/16	09:15	Capacity Utilization (%)	Nov	--	76.8	76.4
US	12/16	09:15	Industrial Production (m/m)	Nov	0.5	0.7	1.6
<b>MX</b>	<b>12/16</b>	<b>14:00</b>	<b>Overnight Rate (%)</b>	<b>Dec 16</b>	<b>--</b>	<b>5.25</b>	<b>5.00</b>
CA	12/17	08:30	International Securities Transactions (C\$ bn)	Oct	--	--	20.0
CA	12/17	08:30	Teranet - National Bank HPI (y/y)	Nov	--	--	15.8

### EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	12/13	04:00	Unemployment Rate (%)	3Q	9.4	9.8
UK	12/14	02:00	Average Weekly Earnings (3-month, y/y)	Oct	4.6	5.8
UK	12/14	02:00	Employment Change (3M/3M, 000s)	Oct	224.0	247.0
UK	12/14	02:00	Jobless Claims Change (000s)	Nov	--	-14.9
UK	12/14	02:00	ILO Unemployment Rate (%)	Oct	4.2	4.3
EC	12/14	05:00	Industrial Production (m/m)	Oct	1.3	-0.2
EC	12/14	05:00	Industrial Production (y/y)	Oct	3.2	5.2
UK	12/15	02:00	CPI (m/m)	Nov	0.4	1.1
UK	12/15	02:00	CPI (y/y)	Nov	4.8	4.2
UK	12/15	02:00	RPI (m/m)	Nov	0.3	1.1
UK	12/15	02:00	RPI (y/y)	Nov	6.7	6.0
FR	12/15	02:45	CPI (m/m)	Nov F	0.4	0.4
FR	12/15	02:45	CPI (y/y)	Nov F	2.8	2.8
FR	12/15	02:45	CPI - EU Harmonized (m/m)	Nov F	0.4	0.4
FR	12/15	02:45	CPI - EU Harmonized (y/y)	Nov F	3.4	3.4
SP	12/15	03:00	CPI (m/m)	Nov F	0.4	0.4
SP	12/15	03:00	CPI (y/y)	Nov F	5.6	5.6
SP	12/15	03:00	CPI - EU Harmonized (m/m)	Nov F	0.3	0.3
SP	12/15	03:00	CPI - EU Harmonized (y/y)	Nov F	5.6	5.6

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

**Key Indicators for week of December 13 – 17**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	12/15	04:00	CPI - EU Harmonized (y/y)	Nov F	4.0	4.0
RU	12/15	11:00	Real GDP (y/y)	3Q P	4.40	0.00
FR	12/16	03:15	Manufacturing PMI	Dec P	55.5	55.9
FR	12/16	03:15	Services PMI	Dec P	56.0	57.4
GE	12/16	03:30	Manufacturing PMI	Dec P	57.0	57.4
GE	12/16	03:30	Services PMI	Dec P	51.0	52.7
EC	12/16	04:00	Composite PMI	Dec P	54.2	55.4
EC	12/16	04:00	Manufacturing PMI	Dec P	57.9	58.4
EC	12/16	04:00	Services PMI	Dec P	54.3	55.9
<b>NO</b>	<b>12/16</b>	<b>04:00</b>	<b>Norwegian Deposit Rates (%)</b>	<b>Dec 16</b>	<b>0.50</b>	<b>0.25</b>
UK	12/16	04:30	Manufacturing PMI	Dec P	57.6	58.1
UK	12/16	04:30	Services PMI	Dec P	57.0	58.5
EC	12/16	05:00	Labour Costs (y/y)	3Q	--	-0.1
EC	12/16	05:00	Trade Balance (€ mn)	Oct	--	7328.8
<b>TU</b>	<b>12/16</b>	<b>06:00</b>	<b>Benchmark Repo Rate (%)</b>	<b>Dec 16</b>	<b>14.00</b>	<b>15.00</b>
UK	12/16	07:00	BoE Asset Purchase Target (£ bn)	Dec	875.0	875.0
<b>UK</b>	<b>12/16</b>	<b>07:00</b>	<b>BoE Policy Announcement (%)</b>	<b>Dec 16</b>	<b>0.10</b>	<b>0.10</b>
<b>EC</b>	<b>12/16</b>	<b>07:45</b>	<b>ECB Main Refinancing Rate (%)</b>	<b>Dec 16</b>	<b>0.00</b>	<b>0.00</b>
UK	12/16	19:01	GfK Consumer Confidence Survey	Dec	-17.0	-14.0
GE	12/17	02:00	Producer Prices (m/m)	Nov	1.4	3.8
UK	12/17	02:00	Retail Sales ex. Auto Fuel (m/m)	Nov	0.8	1.6
UK	12/17	02:00	Retail Sales with Auto Fuel (m/m)	Nov	0.8	0.8
GE	12/17	04:00	IFO Business Climate Survey	Dec	95.2	96.5
GE	12/17	04:00	IFO Current Assessment Survey	Dec	97.5	99.0
GE	12/17	04:00	IFO Expectations Survey	Dec	93.5	94.2
EC	12/17	05:00	CPI (m/m)	Nov F	0.5	0.5
EC	12/17	05:00	CPI (y/y)	Nov F	4.9	4.9
EC	12/17	05:00	Euro zone Core CPI Estimate (y/y)	Nov F	2.6	2.6
<b>RU</b>	<b>12/17</b>	<b>05:30</b>	<b>One-Week Auction Rate (%)</b>	<b>Dec 17</b>	<b>8.50</b>	<b>7.50</b>

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	12/12	18:50	Machine Orders (m/m)	Oct	--	1.8	0.0
JN	12/12	18:50	Tankan All Industries Index	4Q	--	9.8	10.1
JN	12/12	18:50	Tankan Manufacturing Index	4Q	--	19.0	18.0
JN	12/12	18:50	Tankan Non-Manufacturing Index	4Q	--	5.0	2.0
HK	12/13	03:30	Industrial Production (y/y)	3Q	--	--	5.6
IN	12/13	07:00	CPI (y/y)	Nov	4.50	5.10	4.48
JN	12/13	23:30	Capacity Utilization (m/m)	Oct	--	--	-7.4
JN	12/13	23:30	Industrial Production (y/y)	Oct F	--	--	-4.7
IN	12/14	01:30	Monthly Wholesale Prices (y/y)	Nov	--	11.9	12.5
SK	12/14	18:00	Unemployment Rate (%)	Nov	--	--	3.2
CH	12/14	21:00	Fixed Asset Investment YTD (y/y)	Nov	5.5	5.4	6.1
CH	12/14	21:00	Industrial Production (y/y)	Nov	3.8	3.8	3.5
CH	12/14	21:00	Retail Sales (y/y)	Nov	5.0	4.8	4.9
ID	12/14	23:00	Exports (y/y)	Nov	--	44.2	53.4
ID	12/14	23:00	Imports (y/y)	Nov	--	37.5	51.1
ID	12/14	23:00	Trade Balance (US\$ mn)	Nov	--	4,500	5,733
JN	12/14	23:30	Tertiary Industry Index (m/m)	Oct	--	1.2	0.5
IN	12/15	06:30	Exports (y/y)	Nov	--	--	43.1
IN	12/15	06:30	Imports (y/y)	Nov	--	--	62.5
NZ	12/15	16:45	GDP (y/y)	3Q	--	-1.6	17.4
JN	12/15	18:50	Merchandise Trade Balance (¥ bn)	Nov	--	-595.2	-68.5
JN	12/15	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Nov	--	-320.8	-444.7
JN	12/15	18:50	Merchandise Trade Exports (y/y)	Nov	--	21.2	9.4
JN	12/15	18:50	Merchandise Trade Imports (y/y)	Nov	--	40.0	26.7

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



**Key Indicators for week of December 13 – 17**
**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>
AU	12/15	19:30	Employment (000s)	Nov	--	200.0	-46.3
AU	12/15	19:30	Unemployment Rate (%)	Nov	--	5.0	5.2
JN	12/15	19:30	Markit/JMMA Manufacturing PMI	Dec P	--	--	54.5
<b>PH</b>	<b>12/16</b>	<b>02:00</b>	<b>Overnight Borrowing Rate (%)</b>	<b>Dec 16</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>ID</b>	<b>12/16</b>	<b>02:20</b>	<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>Dec 16</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>
HK	12/16	03:30	Unemployment Rate (%)	Nov	--	--	4.3
NZ	12/16	16:00	ANZ Consumer Confidence Index	Dec	--	--	96.6
SI	12/16	19:30	Exports (y/y)	Nov	--	--	17.9
<b>TA</b>	<b>12/16</b>	<b>20:00</b>	<b>Benchmark Interest Rate</b>	<b>Dec 16</b>	<b>1.125</b>	<b>1.125</b>	<b>1.125</b>
<b>JN</b>	<b>12/17</b>	<b>19:00</b>	<b>BoJ Policy Rate (%)</b>	<b>Dec 17</b>	<b>-0.10</b>	<b>-0.10</b>	<b>-0.10</b>

**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>
<b>CL</b>	<b>12/14</b>	<b>16:00</b>	<b>Nominal Overnight Rate Target (%)</b>	<b>Dec 14</b>	<b>4.00</b>	<b>4.00</b>	<b>2.75</b>
BZ	12/15	07:00	Economic Activity Index SA (m/m)	Oct	--	-0.2	-0.3
BZ	12/15	07:00	Economic Activity Index NSA (y/y)	Oct	--	-0.3	1.5
CO	12/15	10:00	Retail Sales (y/y)	Oct	15.3	13.3	15.3
PE	12/15	10:00	Unemployment Rate (%)	Nov	9.6	--	9.6
PE	12/15		Economic Activity Index NSA (y/y)	Oct	5.6	--	9.7
<b>CO</b>	<b>12/17</b>	<b>13:00</b>	<b>Overnight Lending Rate (%)</b>	<b>Dec 17</b>	<b>3.00</b>	<b>3.00</b>	<b>2.50</b>

**Global Auctions for week December 13 – 17****NORTH AMERICA****Country Date Time Event**

No Schedule Auctions.

**EUROPE****Country Date Time Event**

IT	12/14	05:00	Italy to Sell Bonds
SP	12/16	04:30	Spain to Sell Bonds
BE	12/17	06:00	Belgium to Sell Bonds
UK	12/17	06:00	U.K to Sell Bills

**ASIA-PACIFIC****Country Date Time Event**

CH	12/14	22:00	China Plans to Sell 1-Yr Upsize Bond
CH	12/14	22:00	China Plans to Sell 10-Yr Upsize Bond
JN	12/15	22:35	Japan to Sell 20-Year Bonds
CH	12/16	22:00	China Plans to Sell 50-Yr Upsize Bond

**LATIN AMERICA****Country Date Time Event**

No Scheduled Auctions.

**Events for week of December 13 – 17**
**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	12/15	14:00	FOMC Rate Decision (Lower Bound)
US	12/15	14:00	<b>FOMC Rate Decision (Upper Bound)</b>
US	12/15	14:30	Powell Holds Press Conference Following FOMC Meeting
MX	12/16	14:00	<b>Overnight Rate</b>

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PO	12/13	06:30	ECB's Centeno Speaks at Book Presentation
UK	12/13	12:30	BOE press conference on bank stress tests, financial stability
SZ	12/16	03:30	<b>SNB Policy Rate</b>
SZ	12/16	03:30	SNB Sight Deposit Interest Rate
NO	12/16	04:00	<b>Deposit Rates</b>
SZ	12/16	04:00	SNB's Jordan Holds Press Conference in Bern
NO	12/16	04:30	Norges Bank Press Conference
EC	12/16	05:30	ECB Announces TLTRO III Allotment (10th round)
TU	12/16	06:00	<b>One-Week Repo Rate</b>
UK	12/16	07:00	<b>Bank of England Bank Rate</b>
EC	12/16	07:45	<b>ECB Main Refinancing Rate</b>
EC	12/16	07:45	ECB Marginal Lending Facility
EC	12/16	07:45	ECB Deposit Facility Rate
EC	12/16	08:30	ECB President Christine Lagarde Holds Press Conference
RU	12/17	05:30	<b>Key Rate</b>

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	12/14	19:00	Half Year Economic, Fiscal Update
AU	12/15	18:00	RBA Head of Financial Stability Jonathan Kearns Speech
AU	12/15	18:30	RBA Governor Lowe Speech in Wagga Wagga
PH	12/16	02:00	<b>BSP Overnight Borrowing Rate</b>
PH	12/16	02:00	BSP Standing Overnight Deposit Facility Rate
ID	12/16	02:20	Bank Indonesia 7D Reverse Repo
JN	12/16/21-12/17/21		<b>BOJ Policy Balance Rate</b>
JN	12/16/21-12/17/21		BOJ 10-Yr Yield Target

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	12/14	06:00	Central Bank Meeting Minutes
CL	12/14	16:00	<b>Overnight Rate Target</b>
CO	12/17	13:00	<b>Overnight Lending 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	January 26, 2022	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	December 15, 2021	0.25	0.25
Banco de México – Overnight Rate	5.00	December 16, 2021	5.25	5.25

**Federal Reserve (Fed):** A full suite of communications will include a likely acceleration of the reduction of bond purchases and brought forward rate hike guidance into 2022. **Banco de México (Banxico):** We expect a hike of 25 bps to 5.25% at the last meeting of 2021. For 2022, we expect hikes of 25 bps up to terminal rate of 6.00%, leaving the policy setting around a neutral stance. We see some upside risk to inflation but not to the same extent that is being priced in by markets—still, inflation over the next few months will be monitored closely as recent readings have surpassed expectations.

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	December 16, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	December 16, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	December 16, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	December 16, 2021	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	December 16, 2021	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.50	December 17, 2021	8.50	8.50
Sweden Riksbank – Repo Rate	0.00	February 10, 2022	0.00	0.00
Norges Bank – Deposit Rate	0.25	December 16, 2021	0.50	0.50
Central Bank of Turkey – Benchmark Repo Rate	15.00	December 16, 2021	14.00	14.00

**European Central Bank (ECB):** The focus will be on the future of the ECB's stimulus measures and updates to economic-growth and inflation projections. Guidance will probably shift to allowing PEPP purchases to end in March with the possibility of a partial offset by temporarily raising purchases in the APP. Omicron developments may lead the ECB to defer details of the plan to the new year. **Bank of England (BOE):** Omicron developments and subsequent reinstatement of COVID-19 restrictions have led to markets paring bets on the December hike that they wagered on just weeks ago. Still, consumer prices are rising at a rapid pace and rates liftoff, barring any serious negative developments, should ensue in Q1-2022. **Central Bank of Russia (CBR):** November clocked a seventh straight month of inflation acceleration at 8.4% y/y, which should reinforce another rate hike at next week's meeting. The expectation is for policy makers to deliver another 100 bps of tightening, which would bring the key rate to 8.50%, a rather large overshoot of the 5–6% neutral rate but justified given the current conditions. **Norges Bank:** Governor Olsen's guidance toward a December rate hike still remains intact. A 25 bps hike of the deposit rate to 0.50% is expected as the Norwegian economy continues to experience a steady and balanced recovery. As is the narrative amongst all central banks, Omicron uncertainty may lead to more cautious forward guidance. **Swiss National Bank (SNB):** The monetary policy committee continues to pledge a 'no-change' to its -0.75% policy rate. **Central Bank of Turkey (CBRT):** The MPC has now slashed its benchmark repo rate by 400 bps since September, and unsurprisingly inflation continues to rage—21.3% y/y in November, well above target. The Lira is sinking at a rapid pace, weakening more than 40% against the dollar this year. Should they cut again? No. Will they? It's on the table on the order of 100 bps.

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 17, 2021	-0.10	0.00
Reserve Bank of Australia – Cash Target Rate	0.10	January 31, 2022	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.75	February 22, 2022	1.00	1.00
People's Bank of China – 1-Year Loan Prime Rate	3.85	December 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	February 8, 2022	4.00	4.00
Bank of Korea – Bank Rate	1.00	January 14, 2022	1.00	1.00
Bank of Thailand – Repo Rate	0.50	December 22, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	January 20, 2022	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	December 16, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	December 16, 2021	2.00	2.00

**Bank of Japan (BoJ):** The BoJ will be making a monetary policy decision on December 17. We expect the benchmark interest rate to remain on hold through 2023. Japan's consumer prices rose by 0.1% y/y in October and its economy shrank more than expected in Q3. BoJ's Governor Kuroda expects core inflation to increase gradually to about 1.0% by mid-2022, which is a far cry from BoJ's target of 2.0%. **Bank Indonesia (BI):** BI will be making a monetary policy decision on December 16, and we expect the policy rate to remain on hold. BI's policy stance remains pro-growth to support the country's economic recovery. Economic growth is likely to accelerate into year-end as the government eases movement restrictions and consumer confidence increases. As monetary normalization in major economies approaches, BI will likely shift its monetary policy stance to one that is "pro-stability" in the first half of 2022. **Bangko Sentral ng Pilipinas (BSP):** The BSP will be making a monetary policy decision on December 16, and we expect rates to remain on hold. While consumer price inflation remains above the BSP's annual inflation rate of 3.0% (± 1.0 %-point), the central bank expects inflation to decelerate to within the target range in the near term. The Philippines' economic recovery is gaining traction on strong growth in household consumption and services, with real GDP expanding by 7.1% y/y in Q3; regardless, the BSP is likely to maintain its current monetary policy stance until the second half of 2022.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	9.25	February 2, 2022	9.75	9.25
Banco Central de Chile – Overnight Rate	2.75	December 14, 2021	4.00	4.00
Banco de la República de Colombia – Lending Rate	2.50	December 17, 2021	3.00	3.00
Banco Central de Reserva del Perú – Reference Rate	2.50	January 10, 2022	2.50	2.50

**Banco Central de Chile (BCCh):** We expect the BCCh to deliver a 125 bps hike next week, which will bring the monetary policy rate slightly above its neutral level earlier than anticipated in September's Monetary Policy Report. Headline inflation (6.7% y/y) and core inflation (5.8% y/y) in November, are running hot, well above the central bank's 3+/-1% target. **Banco de la República de Colombia (BanRep):** Recent strong economic activity and headline inflation above 5.0% y/y affirm our expectation of a 50 bps hike to 3.00% at next week's meeting. By 2022, the output gap is expected to close while core inflation should hover around 4.0%. We still believe the Central Bank will reach the 5.00% neutral policy rate by end-2022.

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.75	January 27, 2022	3.75	4.00

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

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