

MIGHT THE FED GIVETH AND TAKETH?

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FORECASTS & DATA

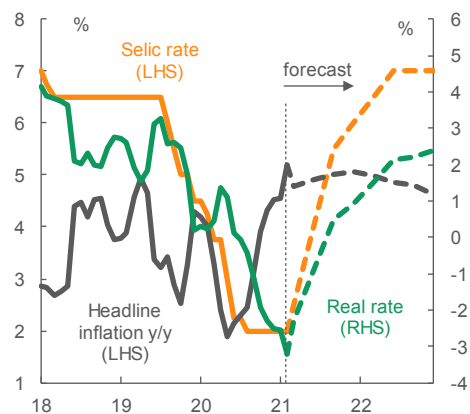
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Next Week's Risk Dashboard

- CBs: Fed, BoE, BoJ, Norges...
- ...BI, CBCT, BCB, Turkey
- Inflation: Canada, Japan, Sweden
- US: retail sales, industrial readings
- Canada: retail, mfg, housing, NB budget
- Australian jobs
- GDP: NZ, Chile

Chart of the Week
Brazil: BCB Set for Rate Lift Off


Sources: Scotiabank Economics, BCB, IBGE.

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

Might the Fed Giveth and Taketh?

FEDERAL RESERVE—NUMBERS VERSUS REGS

Federal Reserve communications on Wednesday will include a statement at 2pmET along with the full Summary of Economic Projections and a revised 'dot plot' of policy rate expectations among FOMC participants. Chair Powell hosts a press conference at 2pmET.

Much of the attention is likely to be placed upon two near term developments at the Fed that could make this a potentially impactful meeting to the market. One is the need to seriously refresh forecasts in a more bullish manner. Two is that independent of the FOMC meeting is the pending decision by the Board of Governors that is required before the end of the month on whether to extend the exclusion of Treasury security and deposit holdings from banks' supplementary leverage ratio calculations. Assuming that the BoG doesn't announce something before Wednesday, I would expect Powell to be asked about this in the press conference.

As explained below, **one scenario could be for the FOMC to signal more confidence in the outlook by letting more bullish forecast revisions do the market-talking for them, but to take back some or all of the potential effect upon markets that could further agitate bonds by communicating intent to perhaps extend the supplementary leverage ratio exemption.**

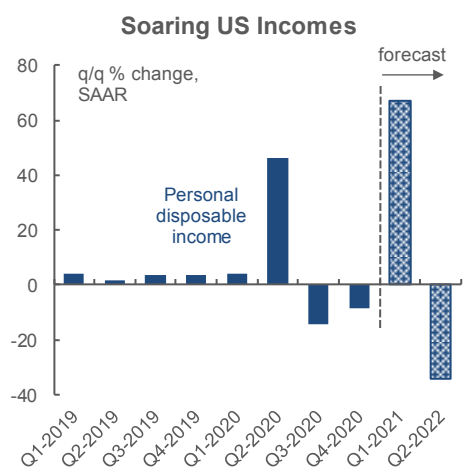
The Fed has not made its intentions known, but while it has been unwilling to stand in the way of steeper curves, it's unclear they would wish to do something to throw more fuel on the fire. Not extending the supplementary leverage ratio exclusions that were introduced during the pandemic would force banks to liquidate more of their Treasury holdings as a continuation of what has already been underway of late. That could drive bond yields higher yet. It could be that the relatively safer route may be a temporary extension. If the BoG chooses not to do so and the FOMC upgrades its forecasts, then the combined effects are likely to drive further curve-steepening and could be taken as a signal of high confidence in the outlook by the Fed despite much further required progress toward dual mandate goals.

The macroeconomic backdrop should lend rising confidence to FOMC members. Nonfarm payrolls rebounded smartly in February to post a gain of 379k with an added 38k of upward revisions, but there are still about 9½ million unemployed Americans who had jobs just before the pandemic struck. The consumer cycle may be supercharged in the nearer term. Estimates of Q1 income growth get pulled forward because the US administration is starting to distribute stimulus cheques this weekend and the amounts are likely to be fully disbursed this month. The combination of the stimulus cheques that went out in January and the fresh ones going out this month is likely to drive record personal disposable income growth to almost 70% q/q at a seasonally adjusted and annualized rate this quarter that would far exceed the previous record gain in the second quarter of last year. Income growth then reverses in Q3 as the cheques drop off (chart 1). Further, the US has achieved the 100 million milestone for administered vaccines about seven weeks ahead of President Biden's (lowballed) target for the end of April. Full inoculation of the adult population by May/June lies in reach, though Biden's hope for careless abandon at the July 4th festivities still faces the reality that youths are a long way from being inoculated.

As a consequence, the FOMC is likely to revise up growth forecasts rather materially by comparison to what they had forecast the last time in December. We forecast US GDP growth at over 7% y/y on the same Q4/Q4 basis that the FOMC employs which stands in stark contrast to their December forecast of 4.2%. We also forecast growth of 1.9% in 2022 whereas the FOMC had previously estimated growth of 3.2%; revising up 2021 will likely lead the FOMC to largely pull forward growth and tamp down 2022 somewhat. The result could be accompanied by a downward revision to forecast unemployment rates as we expect 4.8% and 3.2% by the end of this year and next whereas the FOMC had previously forecast 5.0% and 4.2%.

On the dot plot, I would watch for more FOMC participants possibly shifting toward hikes in 2023. At the December meeting, 12 of 17 participants projected a hold

Chart 1



Sources: Scotiabank Economics, BEA.

throughout 2023, 3 projected one hike, one projected two hikes and the other one projected three hikes in 2023. Several of the holds would have to shift toward a hike in 2023 in order to influence the median which is probably unlikely at this point, but I wouldn't be surprised to see a few more participants lean that way.

As for whether the Fed will change its tune toward the bond market, I'd say don't hold your breath. Thus far the Fed seems to have adopted the whisper taper approach by letting curves steepen on the improved outlook such that when it comes to eventually tapering the flow of bond purchases—likely by early next year—there will be less of a market dislocation effect (ie: less of a tantrum).

Besides, the FOMC probably does not and should not have enormous conviction toward where the resting equilibrium point for longer term Treasury yields should be anyway. Absent such conviction, don't fight it. It would be like showing up to the OK Corral for a gun fight under a pitch-black nighttime sky. Consider a components approach to where the Treasury curve should converge that starts by acknowledging uncertainty toward the nominal neutral rate (R^*) with estimates that are all over the map (chart 2); if there is a wide range of views around which the front-end of the Treasury curve is anchored, then by corollary there is a wide range of views around the rest of the curve upon tacking on term premia.

Speaking of which, there is similar uncertainty around what the term premium should be going forward. Chart 3 plots one measure using a model devised by the NY Fed's economists as a useful contribution. Their estimate of the increase in the term premium this year exceeds the rise in the 10 year nominal Treasury yield without leaving a net role to be played by all other component drivers of the yield. That's likely implausible, but leaves open the debate about how much of the rise in the nominal 10s yield has been driven by the term premium alone.

Then we have the thorny issue of who's right about inflation expectations; market measures vary somewhat including the Fed's preferred 5y5y forward breakeven rate (chart 4) and so do survey-based measures whether provided by consumers or the consensus of economists (chart 5).

Amidst the uncertainty, the Fed's safest route may be to continue resisting a fight with the bond market while showing greater confidence in the outlook and letting banks decide what to do with the option of being able to invest in Treasuries without violating supplementary leverage ratio calculations. If so, then perhaps strengthen guidance around when they will be weaned off this exemption.

CANADA—NOT THAT AGAIN!

Canada will update a series of reports over the coming week with **most of the emphasis likely to be placed upon the latest CPI inflation readings for February.**

Chart 2

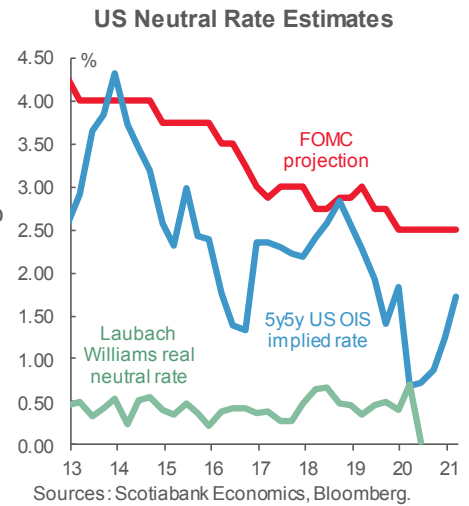


Chart 3

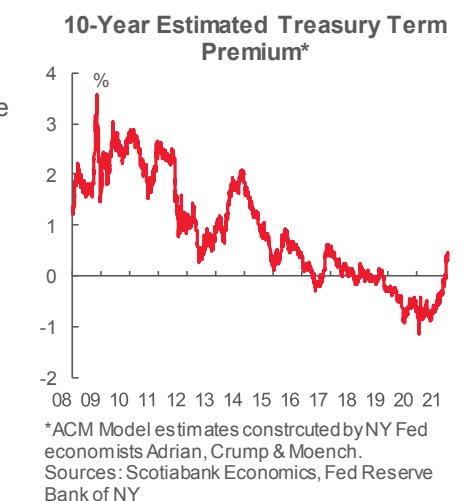


Chart 4

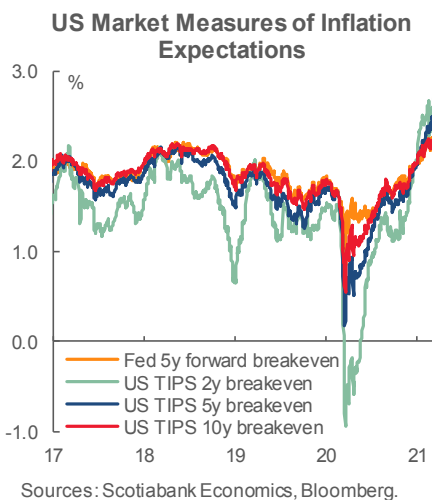
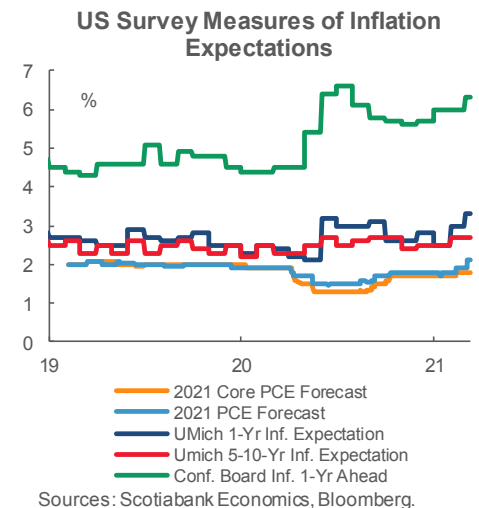


Chart 5



Great, the last time was so much fun given the kerfuffle over revisions and anti-revisions. CPI lands on Wednesday and I went with a headline rise of 0.7% m/m (NSA) and an acceleration in the year-over-year rate to 1.3% (from 1.0%). Base effect shifts would drive lower inflation, but February is usually a strong month for seasonal price gains and higher gasoline prices will add to the year-over-year and month-ago rates of inflation. Average core inflation is more uncertain in the wake of the revisions controversy, but the range of estimates across the three measures in January had averaged to 1.8% with common component at 1.3% while each of the weighted-median and trimmed mean measures stood at 2.0%. We've likely seen the end of revisions to seasonal adjustments for a time so the current takeaway is that core inflation lies just a pair of tenths from the 2% target.

Canada is also expected to see **weak retail sales figures** for January during lockdowns and given prior guidance from Statistics Canada (Friday), but manufacturing (Monday) and housing figures for starts and resales (also Monday) could provide a more balanced set of activity readings.

Canada's government budget season is also swinging into higher gear. A Federal budget is unlikely until the second half of April amid expectations for up to \$100 billion in new spending over three years and skewed toward the nearer term, but the provincial reporting season is already well underway. Alberta and PEI have already released. Nova Scotia will release on the 22nd, Ontario the 24th, Quebec the 25th, and with Saskatchewan and Manitoba on April 6th and 7th respectively. BC is likely in the second half of April while Newfoundland and Labrador is delayed by the recent election.

Up next week will be New Brunswick that releases its first budget since the pandemic arrived in Canada with by far the smallest projected deficit of any province (chart 6). Scotia's Marc Desormeaux will be covering and notes that a relatively light virus caseload and relatively little exposure to industries most vulnerable to lockdowns resulted in a relatively modest economic contraction last year—and only an incremental downgrade to FY21 revenue forecasts. On Tuesday, we anticipate some easing of the expenditure control that has guided fiscal policy since before COVID-19, which would build on infrastructure spending increases announced late last year. Recent communications suggest that bolstering the recovery and weathering potential third pandemic wave impacts are top of mind for the government.

UNITED STATES—TEMPORARY CONSUMER RETRENCHMENT?

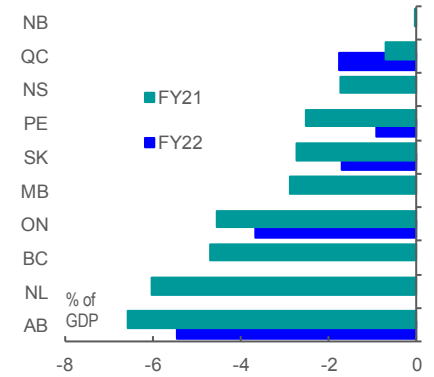
Apart from the Fed, the rest of the week's focus will be upon a limited number of macroeconomic reports.

Retail sales will be the main focal point when February's numbers arrive on Tuesday. As advance warning, brace yourself for potential downside risk, but understand in advance that the effects are likely to be highly transitory as special factors gradually lift and given the aforementioned massive gain in personal incomes this quarter. Adverse weather, the disruptions to the power grid in Texas, and global chip shortages that have affected production of a number of goods including autos will likely weigh on sales. Chart 7 showcases the demand impact on prices for semiconductors and DRAMs with the potential for passthrough effects across many goods over coming months. So could the fact that a portion of the large 5.3% rise in January was probably driven by prior gift card sales and deferred consumption from the holidays during which transportation issues delayed shipments. In any event, we know that new vehicle sales fell by almost 6% m/m which could knock around a percentage point off of total retail sales in weighted terms. Some of that effect may be offset by higher gasoline prices that increased by almost 7% for a weighted contribution of around ½% m/m to total retail sales.

Industrial readings will include Monday's kick-off to the round of regional Fed manufacturing surveys starting with the Empire gauge followed by Thursday's Philly Fed

Chart 6

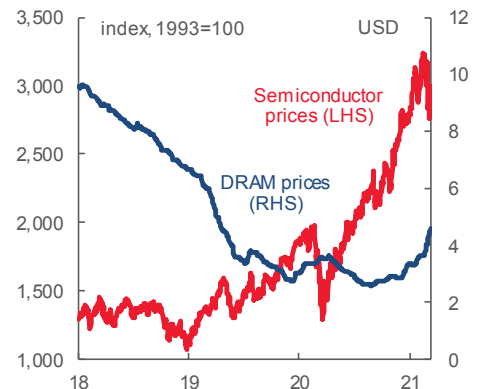
Budget Balance by Province



Sources: Scotiabank Economics, Statistics Canada, Budget Documents.

Chart 7

Soaring Semiconductor and DRAM Prices



Sources: Scotiabank Economics, Bloomberg.

metric. Industrial production is likely to pop higher on Tuesday given the prior gain in the ISM-manufacturing reading, but utilities could weigh on the headline given the issues in Texas. Housing starts (Wednesday) and weekly claims (Thursday) round out the releases.

OTHER CENTRAL BANKS

While the Fed is likely to be the week's main focus across global central banks, we'll keep an eye on seven other pending decisions.

Each of the Bank of England, Bank of Japan, Taiwan's central bank (CBCT), Norges Bank and Turkey's central bank will deliver policy decisions on Thursday. Brazil's central bank will do so the day before and Russia's central bank decides on Friday.

- **BoE:** The application of more near-term fiscal stimulus in the recent UK budget and progress toward fewer COVID-19 cases and about 25 million administered vaccine doses lend cause for optimism with respect to leaving policy variables unchanged and looking through the rise in bond yields. It's unlikely that there will be policy adjustments at this meeting with the risk of expedited purchases. That said, the ECB's indication it would step up bond buying over Q2 did not offer lasting benefits into the end of the week.
- **Bank of Japan:** No policy changes are anticipated, but the BoJ is expected to release the results of its policy framework review, and speculation has arisen surrounding discussion of the feasibility of reducing the -0.1% policy balance rate.
- **Banco Central do Brasil:** Consensus overwhelmingly expects a 50bps rate hike on Wednesday that would take the Selic rate up to 2.5%.
- **Norges Bank:** At its last meeting in January, the central bank had provided guidance that the policy rate could begin to rise early in 2022. Markets will be playing close attention to the possibility that guidance will be brought forward into this year on the back of an improving outlook and rising oil prices.

Turkey's central bank is forecast to raise its one-week repo rate by a further 100bps on Thursday while Russia's central bank, the Central Bank of China Taiwan and Bank Indonesia stay on hold.

OTHER GLOBAL MACRO—G'DAY! WE HOPE

Australia's latest jobs reading for February (Wednesday) may be the main release of relevance on the remainder of the global macro calendar. Another solid gain is expected that could be reinforced by expectations for a further rise in February's retail sales the next day.

Chinese retail sales and industrial production during February will kick off the week. Japanese CPI inflation, Swedish CPI inflation, German and Eurozone ZEW investor confidence, and a pair of GDP reports out of New Zealand and Chile cap it all off.

Key Indicators for week of March 15 – 19
NORTH 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>
CA	03/15	08:15	Housing Starts (000s a.r.)	Feb	255.0	247.5	282.4
CA	03/15	08:30	Manufacturing Shipments (m/m)	Jan	2.5	2.7	0.9
US	03/15	08:30	Empire State Manufacturing Index	Mar	--	14.5	12.1
CA	03/15	09:00	Existing Home Sales (m/m)	Feb	--	--	2.0
US	03/15	16:00	Total Net TIC Flows (US\$ bn)	Jan	--	--	-0.6
US	03/15	16:00	Net Long-term TIC Flows (US\$ bn)	Jan	--	--	121.0
CA	03/16	08:30	International Securities Transactions (C\$ bn)	Jan	--	--	5.1
US	03/16	08:30	Export Prices (m/m)	Feb	--	0.9	2.5
US	03/16	08:30	Import Prices (m/m)	Feb	--	1.1	1.4
US	03/16	08:30	Retail Sales (m/m)	Feb	0.0	-0.5	5.3
US	03/16	08:30	Retail Sales ex. Autos (m/m)	Feb	0.5	0.2	5.9
US	03/16	09:15	Capacity Utilization (%)	Feb	--	75.5	75.6
US	03/16	09:15	Industrial Production (m/m)	Feb	0.9	0.4	0.9
US	03/16	10:00	Business Inventories (m/m)	Jan	--	0.3	0.6
US	03/16	10:00	NAHB Housing Market Index	Mar	--	84.0	84.0
US	03/17	07:00	MBA Mortgage Applications (w/w)	Mar 12	--	--	-1.3
CA	03/17	08:30	Core CPI - Common (y/y)	Feb	--	1.4	1.3
CA	03/17	08:30	Core CPI - Median (y/y)	Feb	--	2.0	2.0
CA	03/17	08:30	Core CPI - Trim (y/y)	Feb	--	2.0	2.0
CA	03/17	08:30	CPI, All items (m/m)	Feb	0.7	0.7	0.6
CA	03/17	08:30	CPI, All items (y/y)	Feb	1.3	1.3	1.0
CA	03/17	08:30	CPI, All items (index)	Feb	--	139.2	138.2
CA	03/17	08:30	Teranet - National Bank HPI (y/y)	Feb	--	--	9.6
US	03/17	08:30	Building Permits (000s a.r.)	Feb	--	1,750	1,886
US	03/17	08:30	Housing Starts (000s a.r.)	Feb	1,600	1,555	1,580
US	03/17	08:30	Housing Starts (m/m)	Feb	1.3	-1.6	-6.0
US	03/17	14:00	FOMC Interest Rate Meeting (%)	Mar 17	0.25	0.25	0.25
US	03/18	08:30	Initial Jobless Claims (000s)	Mar 13	690.0	701.5	712.0
US	03/18	08:30	Continuing Claims (000s)	Mar 6	4,000	--	4,144
US	03/18	08:30	Philadelphia Fed Index	Mar	--	24.0	23.1
US	03/18	10:00	Leading Indicators (m/m)	Feb	--	0.3	0.5
CA	03/19	08:30	Retail Sales (m/m)	Jan	-3.3	-3.0	-3.4
CA	03/19	08:30	Retail Sales ex. Autos (m/m)	Jan	-2.6	-2.8	-4.1

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
FR	03/16	03:45	CPI (m/m)	Feb F	--	-0.1	-0.1
FR	03/16	03:45	CPI (y/y)	Feb F	--	0.4	0.4
FR	03/16	03:45	CPI - EU Harmonized (m/m)	Feb F	--	0.0	0.0
FR	03/16	03:45	CPI - EU Harmonized (y/y)	Feb F	--	0.7	0.7
IT	03/16	05:00	CPI - EU Harmonized (y/y)	Feb F	--	1.0	1.0
EC	03/16	06:00	ZEW Survey (Economic Sentiment)	Mar	--	--	69.6
GE	03/16	06:00	ZEW Survey (Current Situation)	Mar	--	-61.5	-67.2
GE	03/16	06:00	ZEW Survey (Economic Sentiment)	Mar	--	74.0	71.2
EC	03/17	06:00	CPI (m/m)	Feb F	--	0.2	0.2
EC	03/17	06:00	CPI (y/y)	Feb F	--	0.9	0.9
EC	03/17	06:00	Euro zone Core CPI Estimate (y/y)	Feb F	--	1.1	1.1
NO	03/18	05:00	Norwegian Deposit Rates (%)	Mar 18	--	0.00	0.00
EC	03/18	06:00	Labour Costs (y/y)	4Q	--	--	1.6
EC	03/18	06:00	Trade Balance (€ mn)	Jan	--	--	29,222
TU	03/18	07:00	Benchmark Repo Rate (%)	Mar 18	--	18.00	17.00
UK	03/18	08:00	BoE Asset Purchase Target (£ bn)	Mar	--	875.0	875.0
UK	03/18	08:00	BoE Policy Announcement (%)	Mar 18	0.10	0.10	0.10
UK	03/18	20:01	GfK Consumer Confidence Survey	Mar	--	-20.0	-23.0
GE	03/19	03:00	Producer Prices (m/m)	Feb	--	0.8	1.4
UK	03/19	03:00	PSNB ex. Interventions (£ bn)	Feb	--	21.4	8.8
UK	03/19	03:00	Public Finances (PSNCR) (£ bn)	Feb	--	--	0.0
UK	03/19	03:00	Public Sector Net Borrowing (£ bn)	Feb	--	20.2	8.0
RU	03/19	06:30	One-Week Auction Rate (%)	Mar 19	--	4.25	4.25

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of March 15 – 19
ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
PH	03/15		Overseas Remittances (y/y)	Jan	--	1.8	-0.4
PH	03/15		Budget Deficit/Surplus (PHP bn)	Jan	--	--	-302.6
JN	03/14	19:50	Machine Orders (m/m)	Jan	--	-5.5	5.2
CH	03/14	22:00	Fixed Asset Investment YTD (y/y)	Feb	--	40.9	2.9
ID	03/15	00:00	Exports (y/y)	Feb	--	7.9	12.2
ID	03/15	00:00	Imports (y/y)	Feb	--	12.1	-6.5
ID	03/15	00:00	Trade Balance (US\$ mn)	Feb	--	2,295	1,959
JN	03/15	00:30	Tertiary Industry Index (m/m)	Jan	--	-0.6	-0.4
IN	03/15	02:30	Monthly Wholesale Prices (y/y)	Feb	--	4.0	2.0
IN	03/15	07:30	Exports (y/y)	Feb	--	--	6.2
IN	03/15	07:30	Imports (y/y)	Feb	--	--	2.0
AU	03/15	20:30	House Price Index (y/y)	4Q	--	2.7	4.5
JN	03/16	00:30	Industrial Production (y/y)	Jan F	--	--	-5.3
HK	03/16	04:30	Unemployment Rate (%)	Feb	7.0	7.1	7.0
SK	03/16	19:00	Unemployment Rate (%)	Feb	--	4.8	5.4
JN	03/16	19:50	Merchandise Trade Balance (¥ bn)	Feb	--	455.0	-325.4
JN	03/16	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Feb	--	-200.0	392.8
JN	03/16	19:50	Merchandise Trade Exports (y/y)	Feb	--	-0.4	6.4
JN	03/16	19:50	Merchandise Trade Imports (y/y)	Feb	--	12.0	-9.5
SI	03/16	20:30	Exports (y/y)	Feb	--	6.3	12.8
NZ	03/17	17:45	GDP (y/y)	4Q	--	0.5	0.4
AU	03/17	20:30	Employment (000s)	Feb	--	30.0	29.1
AU	03/17	20:30	Unemployment Rate (%)	Feb	6.3	6.3	6.4
TA	03/17	21:00	Benchmark Interest Rate	Mar 18	1.125	1.125	1.125
ID	03/18	03:20	BI 7-Day Reverse Repo Rate (%)	Mar 18	3.50	3.50	3.50
JN	03/18	19:30	National CPI (y/y)	Feb	-0.3	-0.4	-0.6
JN	03/18	20:30	BoJ Policy Rate (%)	Mar 19	-0.10	--	-0.10
AU	03/18	20:30	Retail Sales (m/m)	Feb P	--	0.6	0.5
PH	03/19		Balance of Payments (US\$ mn)	Feb	--	--	-752.0

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>
CO	03/15	11:00	Retail Sales (y/y)	Jan	--	--	-2.8
PE	03/15	11:00	Unemployment Rate (%)	Feb	--	--	13.0
PE	03/15		Economic Activity Index NSA (y/y)	Jan	-1.5	--	0.5
BZ	03/17	17:00	SELIC Target Rate (%)	Mar 17	--	2.50	2.00
CL	03/18	07:30	GDP (q/q)	4Q	--	--	5.2
CL	03/18	07:30	GDP (y/y)	4Q	--	--	-9.1
CO	03/18	11:00	Trade Balance (US\$ mn)	Jan	--	--	-880.2

Global Auctions for week of March 15 – 19**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/16	13:00	U.S. To Sell 20-Year Bonds
US	03/18	13:00	U.S. To Sell 10-Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	03/16	06:00	U.K. to Sell 3.5 Billion Pounds of 0.125% 2024 Bonds
GE	03/16	06:30	Germany to Sell 5 Billion Euros of 0% 2023 Bonds On Mar 16...
FI	03/16	07:00	Finland to Sell Bonds
UK	03/16	07:30	U.K. to Sell 1.5 Billion Pounds of 1.625% 2054 Bonds Mar 16
DE	03/17	05:30	Denmark to Sell Bonds
UK	03/17	06:00	U.K. to Sell 0.625% 2035 Bonds
GE	01/00	06:30	Germany to Sell 1.5 Billion Euros of 0% 2050 Bonds
SP	03/18	05:30	Spain to Sell Bonds
FR	03/18	05:50	France to Sell Bonds
SW	03/18	06:00	Sweden to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	03/16	23:00	China Plans to Sell 1-Yr Upsize Bond
CH	03/16	23:00	China Plans to Sell 10-Yr Upsize Bond
CH	03/18	23:00	China Plans to Sell 50-Yr Bond

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
No Scheduled Auctions.			

Events for week March 15 – 19
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	03/17	14:00	FOMC Rate Decision (Lower Bound)
US	03/17	14:00	FOMC Rate Decision (Upper Bound)
US	03/17	14:30	Powell Holds Press Conference Following FOMC Meeting

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	03/15		Euro-Area Finance Ministers Meet
SW	03/16	05:00	Riksbank's Ingves and Ohlsson in Open Hearing
EC	03/16		EU Finance Ministers Meet
NO	03/18	05:00	Deposit Rates
UK	03/18	07:00	BOE's Cunliffe Speaks at BIS Event
UK	03/18	08:00	Bank of England Bank Rate
SW	03/18	08:00	Riksbank's Floden Participates on a Panel
UK	03/18	08:30	BOE's Haldane Speaks at Women In Finance Awards
EC	03/18	09:00	ECB's Guindos Speaks at Conference
EC	03/18	14:00	ECB's Schnabel Speaks
RU	03/19	06:30	Key Rate

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	03/15	20:30	RBA Minutes of March Policy Meeting
JN	03/15/21-03/16/21		BOJ Kuroda Speech at FIN/SUM 2021
AU	03/16	19:30	RBA's Kent Gives Speech Online
JN	03/16	21:10	BOJ Outright Bond Purchase 10~25 Years
JN	03/16	21:10	BOJ Outright Bond Purchase 5~10 Years
JN	03/16	21:10	BOJ Outright Bond Purchase 3~5 Years
JN	03/16	21:10	BOJ Outright Bond Purchase 1~3 Years
HK	03/16/21-03/21/21		Composite Interest Rate
AU	03/17	20:30	RBA FX Transactions Government
AU	03/17	20:30	RBA FX Transactions Market
AU	03/17	20:30	RBA FX Transactions Other
TA	03/17/21-03/18/21		CBC Benchmark Interest Rate
ID	03/18	03:20	Bank Indonesia 7D Reverse Repo
JN	03/18/21-03/19/21		BOJ Policy Balance Rate
JN	03/18/21-03/19/21		BOJ 10-Yr Yield Target

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	03/17	17:00	Selic Rate

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.25	April 21, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	March 17, 2021	0.25	0.25
Banco de México – Overnight Rate	4.00	March 25, 2021	4.00	#N/A

Federal Reserve: Wednesday brings out a full set of FOMC communications including the statement at 2pmET alongside the revised Summary of Economic Projections and 'dot plot'. Chair Powell will host a press conference 30 minutes later. The FOMC is likely to introduce more upbeat forecasts and we could even see a few more dots move higher, but a pending decision by the Board of Governors on the supplementary leverage rule exclusion of Treasury security and deposit holdings will also be closely monitored; if not delivered beforehand, then Powell is likely to be asked during the press conference.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	April 22, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	April 22, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	April 22, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	March 18, 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	4.25	March 19, 2021	4.25	4.25
Sweden Riksbank – Repo Rate	0.00	April 27, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	March 18, 2021	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	17.00	March 18, 2021	18.00	18.00

Bank of England (BoE): The Monetary Policy Committee is expected to hold the key policy rate at 0.10%. It is unlikely that the BoE will follow the ECB in increasing the pace of bond purchases. Recovery looks more positive than in the Eurozone and concerns have not yet been signalled about higher yields.

Central Bank of Russia: The Central Bank is expected to hold the key rate at 4.25%. Inflation and economic activity have strengthened recently; watch for signals of future tightening. **Norges Bank:** Norway's deposit rate is expected to remain unchanged at 0.00%. **Central Bank of Turkey (CBOT):** Monetary authorities are expected to raise the benchmark repo rate to 18.00% from 17.00%. Oil and food prices put upside risk on already elevated inflation, which came in at 15.6% in February.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	March 19, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	April 6, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	April 13, 2021	0.25	#N/A
People's Bank of China – 1-Year Loan Prime Rate	3.85	March 21, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	April 7, 2021	4.00	#N/A
Bank of Korea – Bank Rate	0.50	April 15, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	March 24, 2021	0.50	#N/A
Bank Negara Malaysia – Overnight Policy Rate	1.75	May 6, 2021	1.75	#N/A
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	March 18, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	March 25, 2021	2.00	#N/A

Bank of Japan (BoJ): We expect the BoJ to leave its monetary policy parameters largely unchanged following the March 19 policy meeting. Nevertheless, the central bank is set to discuss the findings of its monetary policy framework review. Governor Kuroda has emphasized that the BoJ's basic approach to its accommodative policy stance will remain unchanged. Instead, the focus will be on making its monetary easing operations more effective and sustainable.

Bank Indonesia (BI): Indonesian monetary authorities will make a policy decision on March 18. We expect Bank Indonesia to leave the benchmark 7-day reverse repo rate unchanged at 3.50% after it was lowered by 25 bps in February. We assess that Indonesia's monetary easing cycle has come to an end as the economy has started to show signs of recovery.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.00	March 17, 2021	2.50	2.50
Banco Central de Chile – Overnight Rate	0.50	March 30, 2021	0.50	#N/A
Banco de la República de Colombia – Lending Rate	1.75	March 26, 2021	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	March 11, 2021	0.25	0.25

Banco Central do Brasil (BCB): We expect the Copom to initiate an extended hiking cycle at the March meeting, raising the Selic rate by 50 bps from 2.00% to 2.50%.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	March 25, 2021	3.50	3.50

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

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