

LESS POMP AND CIRCUMSTANCE

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CONTACTS

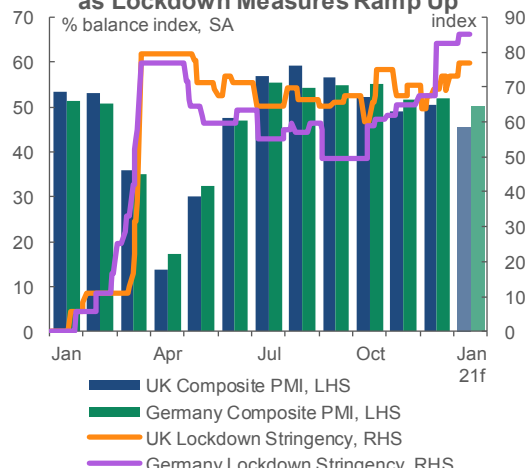
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Next Week's Risk Dashboard

- Biden's inauguration
- CBs: BoC, ECB, BoJ, PBOC...
- ...Norges, Brazil, BI, Negara
- PMIs: Eurozone, UK, US (Markit), Japan, Australia
- GDP: China
- Inflation: Canada, UK, Japan, NZ, Malaysia
- Jobs: Australia
- US earnings

Chart of the Week

European PMIs' Slide Expected to Continue as Lockdown Measures Ramp Up



Sources: Scotiabank Economics, Oxford University, Markit.

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

Less Pomp and Circumstance

With a lot less pomp and circumstance than usual, the inauguration of Joe Biden as the 46th President of the United States will hopefully go off without a hitch on Wednesday and allow for a return to a more sensible environment within which to consider the nearer term outlook. The coming week will start with US market participants out for the Martin Luther King Jr Day before emphasizing several other key developments including the US earnings season and US debate over stimulus proposals. A wave of central bank decisions will be set alongside multiple top-shelf global macroeconomic reports.

US EARNINGS—LOFTY EXPECTATIONS

The US earnings season swings into higher gear with Q4 and full year results due out from over forty S&P500 companies. Forward guidance will inform momentum into 2021. Among the names will be Morgan Stanley, Goldman, BofA, State Street, Netflix, P&G, Kinder Morgan and Intel.

There are rather lofty expectations for earnings growth going forward (chart 1). Some of what analysts expect reflects a burst of pent-up demand that should buoy earnings compared to the steep correction last year. No doubt some of it is also hitched to expectations for stimulus-fed strength in economic growth. Since earnings are nominal, it's worth noting that we expect nominal US GDP growth on the order of 6–7% per year in each of 2021 and 2022.

LITTLE ACTION BY EIGHT CENTRAL BANKS

Eight central banks will weigh in with fresh policy decisions and in several instances fresh forecasts. While there are risks of further action, none of them are expected to meaningfully alter their policy stances.

Wednesday's Bank of Canada meeting will be the full deal with the statement arriving at 10amET along with a fresh set of forecasts in the Monetary Policy Report. Governor Macklem will host a press conference at 11amET absent a Senior Deputy Governor at his side this time. Macro forecasts are expected to revise 2020Q4 GDP growth upward, probably forecast a contraction in 2021Q1 and then a more upbeat rebound thereafter. The central bank's last forecast was delivered in October and so it has a lot of updating to do. I would expect the composition of medium-term risks to have improved since then and to be driven by vaccines, the Brexit deal, the US passage of stimulus and funding over the holiday period, and the settlement of the US election in favour of 'blue wave' stimulus prospects. No material policy changes are expected but the overall tone may fade nearer-term risks in favour of greater optimism toward the medium-term. **One key issue concerns speculation toward a so-called micro-cut to the policy rate, but the central bank is likely to pass on that option.** Proxies for its overnight rate are trading near the 0.25% level (chart 2) notwithstanding recent volatility that has been significantly driven by supply shortages of shorter-term paper following a decline in treasury bills outstanding since late last summer while liquidity continued to rise. While there is the distinct chance that spare capacity will be closed earlier than previously guided by the Bank of Canada, it is unlikely to guide as much at this meeting. A discussion about potentially further tapering of bond purchases may be premature at this meeting but is more likely at the March or April meetings.

The ECB is expected to leave stimulus programs unchanged on Thursday after having just expanded them at the December 10th meeting. Recall they expanded liquidity programs like TLTROs and PELTROs, but the key disappointment to markets was that, while adding €500 billion to the Pandemic Emergency Purchase Program to take it to €1.85 trillion met consensus expectations, doing so over nine months instead of the expected six months meant a somewhat slower flow into bonds. Furthermore, President Lagarde said in her press conference that the expanded PEPP might not be fully used

Chart 1

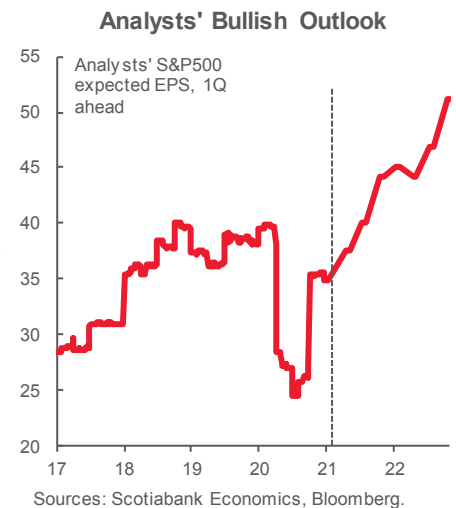
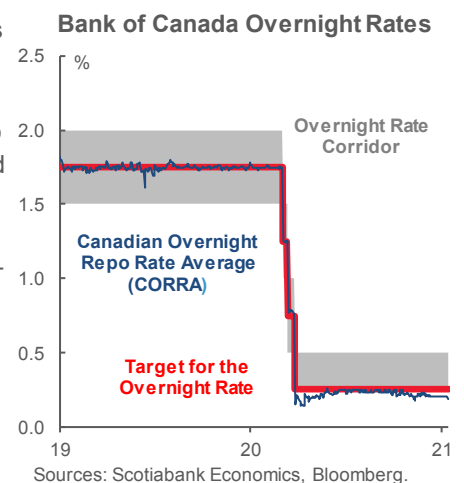


Chart 2



The Bank of Japan is also expected to stay put on Thursday. Soaring COVID-19 cases and rising restrictions alongside increasingly deflationary CPI readings may drive further policy easing if not at this meeting then perhaps in March.

The People's Bank of China is forecast to leave its benchmark 1-year and 5-year Loan Prime Rates unchanged at 3.85% and 4.65% respectively on Tuesday evening (ET). A minority expects a small hike, although the decision to maintain the Medium-Term Lending Facility Rate unchanged at 2.95% likely reinforces hold expectations next week.

Consensus is divided on whether **Bank Negara Malaysia** will stay on hold on Wednesday morning (ET) or cut 25bps with the slim edge going to the hold camp. The central bank had indicated willingness to consider further easing when it last issued a policy decision in early November, but that was before COVID-19 vaccine trials arrived and before other global risks improved (Brexit, US stimulus and election) notwithstanding rising global COVID-19 cases. What may tilt the balance in favour of easing, however, could be the fact that cases have been sharply climbing in Malaysia since October.

Brazil's central bank is likely to hold its Selic rate unchanged at 2% on Wednesday after saying last month that it "deems as adequate the current level of unusually strong monetary stimulus." **Bank Indonesia is expected to hold its policy rate at 3.75% on Thursday.** Most economists expect **Turkey's central bank** to hold its one-week repo rate at 17% that same day. **Norges Bank** should hold at 0% on Thursday but watch for the low risk it alters guidance toward maintaining the deposit rate at 0% through 2021 followed by the commencement of rate hikes over 2022H1.

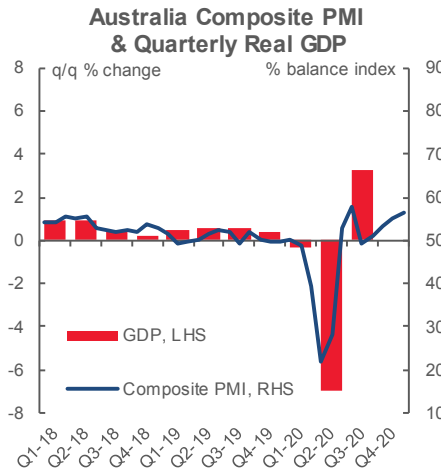
DIVERGENT PMIS

Purchasing managers' indices will be updated for January across several economies over the coming week. They serve as useful signals for tracking GDP growth. **The results are likely to show Australia and the US as the leaders while Europe and Japan lag behind.**

Australia kicks it off on Thursday evening (eastern time). The composite PMI has been gathering strength as the nation relaxed restrictions following successfully flattening its COVID-19 curve by September. PMIs are indicating stronger GDP growth (chart 3).

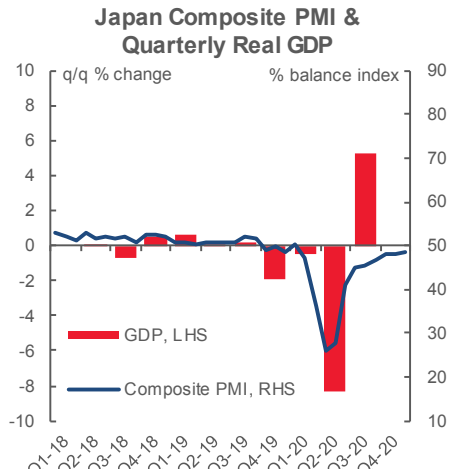
Japan will release its Jibun PMIs shortly after Australia to update the trend of mildly contractionary readings over recent months (chart 4).

Chart 3



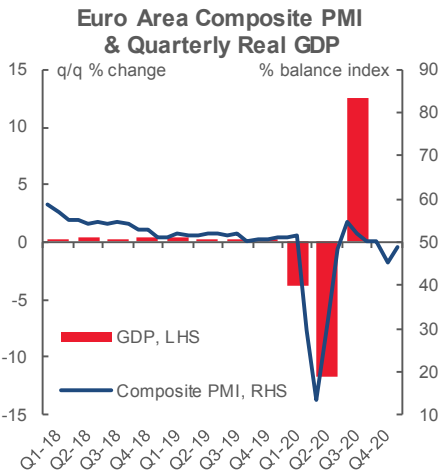
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 4



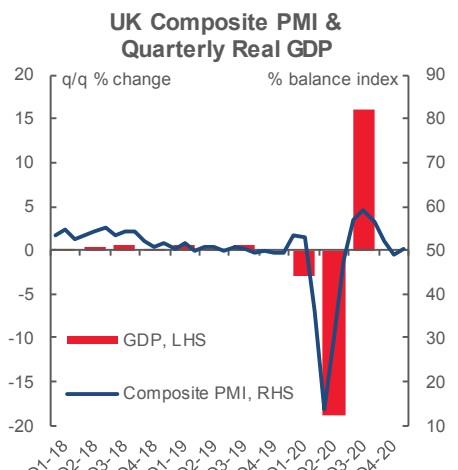
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 5



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 6



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Eurozone and UK PMIs follow that up overnight into Friday and they too have been indicating a drop in GDP (charts 5, 6).

The US Markit PMIs gauges will likely retain a more optimistic slant that comes full circle back to the tone set by Australia's kickoff. The Markit PMIs may slip but they are expected to continue to indicate positive GDP growth (chart 7).

OTHER GLOBAL MACRO RELEASES

China will report Q4 GDP to start the week and ahead of a policy rate decision by the People's Bank of China. GDP growth is expected to accelerate in year-ago terms to over 6% y/y. That will partly reflect the weakness in the economy during the latter stages of 2019 into early 2020, but also expectations for 2020Q4 growth over the prior quarter to land at just shy of 3% at a seasonally adjusted and non-annualized rate. China's economy contracted to start the year as the pandemic raged, but it has enjoyed a solid rebound since then. Momentum is expected to continue through the end of the quarter which will be evaluated when retail sales and industrial output are released for the month of December. Other readings, like electricity production and rail freight volumes, are holding up reasonably well (chart 8) but mobility gauges have lost some momentum (chart 9).

US releases will be fairly light and skewed toward later in the week. Key may be weekly jobless claims given the importance of establishing whether the prior week's strong rise was trendsetting. December's housing starts are expected to rise (Thursday) given strength in permits. The same day updates the Philly Fed's business outlook gauge ahead of the next day's Markit PMIs. Existing home sales during December will wrap it all up on Friday and they are expected to follow pending home sales lower.

Several countries will update CPI inflation figures. Canada's headline CPI inflation rate may rise a tick to 1.1% y/y on Wednesday morning just ahead of the Bank of Canada. Average core CPI is expected to hold around the 1.7% y/y range at which it has been riding for the past four months. UK core CPI inflation could gently rise on Wednesday but still hover around 1 ¼% y/y following a three-year long deceleration. Japan updates inflation for December that is expected to see headline and core inflation fall below -1.0% y/y. New Zealand's CPI inflation for Q4 (Thursday evening ET) may also decelerate but remain above 1% y/y.

Canada will update retail sales on Friday. Key will be advance guidance for December more so than November's full report. Statistics Canada had previously guided that retail sales were roughly unchanged in November, but it seems each time it says that of late we wind up getting a solid rise. Also watch for an expected drop in **manufacturing shipments** on Tuesday but more important may be advance guidance from StatsCan for December. **Wholesale trade** that same day should rise sharply. Monday's **housing starts** might soften given tightening COVID-19 restrictions notwithstanding a solid gain in the prior month's permit volumes.

Can Australia register a third consecutive job gain for December on Wednesday evening (ET)? Consensus thinks so and in no small part due to the aforementioned relative success in containing the COVID-19 virus. The take-back effect might be softer retail sales during December (Thursday) after the large prior gain that was fed by the lifting of restrictions.

Chart 7

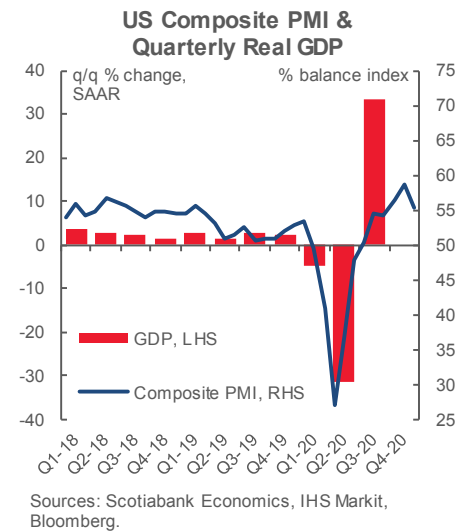


Chart 8

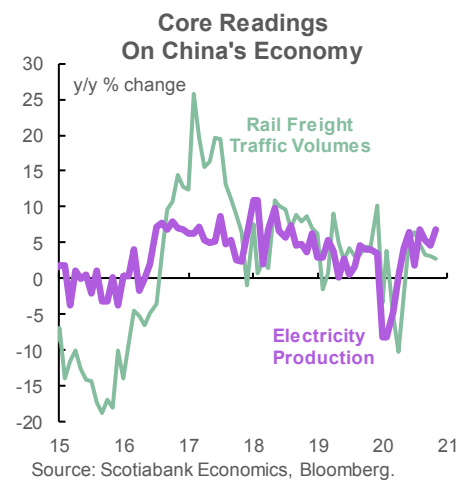
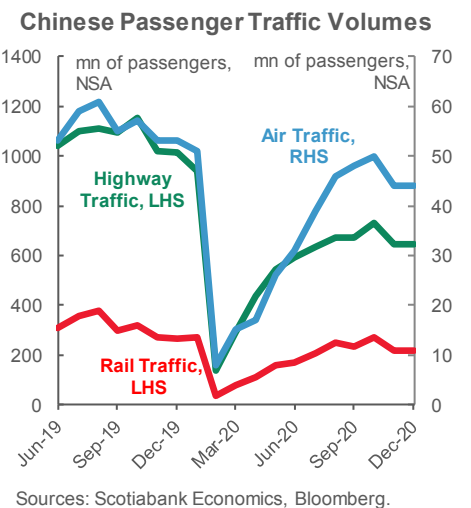


Chart 9



Key Indicators for week of January 18 – 22

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	01/18	08:15	Housing Starts (000s a.r.)	Dec	210	230.0	246.0
CA	01/18	08:30	International Securities Transactions (C\$ bn)	Nov	--	--	6.9
CA	01/19	08:30	Manufacturing Shipments (m/m)	Nov	-0.4	0.1	0.3
CA	01/19	08:30	Wholesale Trade (m/m)	Nov	1.0	0.7	1.0
US	01/19	16:00	Total Net TIC Flows (US\$ bn)	Nov	--	--	-10.4
US	01/19	16:00	Net Long-term TIC Flows (US\$ bn)	Nov	--	--	51.9
US	01/20	07:00	MBA Mortgage Applications (w/w)	Jan 15	--	--	16.7
CA	01/20	08:30	Core CPI - Common (y/y)	Dec	1.5	1.5	1.5
CA	01/20	08:30	Core CPI - Median (y/y)	Dec	1.9	1.9	1.9
CA	01/20	08:30	Core CPI - Trim (y/y)	Dec	1.7	1.7	1.7
CA	01/20	08:30	CPI, All items (m/m)	Dec	0.0	0.0	0.1
CA	01/20	08:30	CPI, All items (y/y)	Dec	1.1	1.0	1.0
CA	01/20	08:30	CPI, All items (index)	Dec	--	137.6	137.7
CA	01/20	08:30	Teranet - National Bank HPI (y/y)	Dec	--	--	9.0
CA	01/20	10:00	BoC Interest Rate Announcement (%)	Jan 20	0.25	0.25	0.25
US	01/20	10:00	NAHB Housing Market Index	Jan	--	86.0	86.0
MX	01/21	07:00	Unemployment Rate (%)	Dec	--	4.5	4.4
US	01/21	08:30	Building Permits (000s a.r.)	Dec	--	1600	1635
US	01/21	08:30	Housing Starts (000s a.r.)	Dec	1578	1560	1547
US	01/21	08:30	Housing Starts (m/m)	Dec	2.0	0.8	1.2
US	01/21	08:30	Initial Jobless Claims (000s)	Jan 16	950	868	965
US	01/21	08:30	Continuing Claims (000s)	Jan 9	5200	--	5271
US	01/21	08:30	Philadelphia Fed Index	Jan	--	12.0	9.1
MX	01/22	07:00	Bi-Weekly Core CPI (% change)	Jan 15	0.2	0.2	0.1
MX	01/22	07:00	Bi-Weekly CPI (% change)	Jan 15	0.2	0.4	0.2
CA	01/22	08:30	Retail Sales (m/m)	Nov	0.4	0.1	0.4
CA	01/22	08:30	Retail Sales ex. Autos (m/m)	Nov	0.4	0.3	0.0
US	01/22	09:45	Markit US Manufacturing PMI	Jan P	--	56.5	57.1
US	01/22	09:45	Markit US Composite PMI	Jan P	--	--	55.3
US	01/22	09:45	Markit US Services PMI	Jan P	--	53.4	54.8
US	01/22	10:00	Existing Home Sales (mn a.r.)	Dec	6.56	6.6	6.7
US	01/22	10:00	Existing Home Sales (m/m)	Dec	-2.0	-2.1	-2.5

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	01/18	04:00	CPI - EU Harmonized (y/y)	Dec F	--	-0.3	-0.3
GE	01/19	02:00	CPI (m/m)	Dec F	--	0.5	0.5
GE	01/19	02:00	CPI (y/y)	Dec F	--	-0.3	-0.3
GE	01/19	02:00	CPI - EU Harmonized (m/m)	Dec F	--	0.6	0.6
GE	01/19	02:00	CPI - EU Harmonized (y/y)	Dec F	--	-0.7	-0.7
EC	01/19	04:00	Current Account (€ bn)	Nov	--	--	26.6
IT	01/19	04:30	Current Account (€ mn)	Nov	--	--	8174
EC	01/19	05:00	ZEW Survey (Economic Sentiment)	Jan	--	--	54.4
GE	01/19	05:00	ZEW Survey (Current Situation)	Jan	--	-68.3	-66.5
GE	01/19	05:00	ZEW Survey (Economic Sentiment)	Jan	--	59.4	55.0
GE	01/20	02:00	Producer Prices (m/m)	Dec	--	0.3	0.2
UK	01/20	02:00	CPI (m/m)	Dec	--	0.2	-0.1
UK	01/20	02:00	CPI (y/y)	Dec	--	0.5	0.3
UK	01/20	02:00	RPI (m/m)	Dec	--	0.6	-0.3
UK	01/20	02:00	RPI (y/y)	Dec	--	1.1	0.9
EC	01/20	05:00	CPI (m/m)	Dec F	--	0.3	0.3
EC	01/20	05:00	CPI (y/y)	Dec F	--	-0.3	-0.3
EC	01/20	05:00	Euro zone Core CPI Estimate (y/y)	Dec F	--	0.2	0.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of January 18 – 22

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NO	01/21	04:00	Norwegian Deposit Rates (%)	Jan 21	0.00	0.00	0.00
TU	01/21	06:00	Benchmark Repo Rate (%)	Jan 21	17.00	17.00	17.00
EC	01/21	07:45	ECB Main Refinancing Rate (%)	Jan 21	0.00	0.00	0.00
EC	01/21	07:45	ECB Deposit Facility Rate (%)	Jan 21	-0.50	-0.50	0.00
EC	01/21	07:45	ECB Marginal Lending Facility Rate (%)	Jan 21	0.25	0.25	0.00
EC	01/21	10:00	Consumer Confidence	Jan A	--	-15.0	-13.9
UK	01/22	02:00	PSNB ex. Interventions (£ bn)	Dec	--	32.0	31.6
UK	01/22	02:00	Public Finances (PSNCR) (£ bn)	Dec	--	--	23.5
UK	01/22	02:00	Public Sector Net Borrowing (£ bn)	Dec	--	31.4	30.8
UK	01/22	02:00	Retail Sales ex. Auto Fuel (m/m)	Dec	--	1.0	-2.6
UK	01/22	02:00	Retail Sales with Auto Fuel (m/m)	Dec	--	1.0	-3.8
FR	01/22	03:15	Manufacturing PMI	Jan P	--	50.5	51.1
FR	01/22	03:15	Services PMI	Jan P	--	48.5	49.1
GE	01/22	03:30	Manufacturing PMI	Jan P	--	57.2	58.3
GE	01/22	03:30	Services PMI	Jan P	--	45.0	47.0
EC	01/22	04:00	Composite PMI	Jan P	--	47.6	49.1
EC	01/22	04:00	Manufacturing PMI	Jan P	--	54.5	55.2
EC	01/22	04:00	Services PMI	Jan P	--	44.8	46.4
UK	01/22	04:30	Manufacturing PMI	Jan P	--	53.0	57.5
UK	01/22	04:30	Services PMI	Jan P	--	45.0	49.4
UK	01/22	05:00	GfK Consumer Confidence Survey	Jan	--	-30.0	-26.0

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SI	01/17	19:30	Exports (y/y)	Dec	--	-1.1	-4.9
CH	01/17	21:00	Fixed Asset Investment YTD (y/y)	Dec	3.5	3.2	2.6
CH	01/17	21:00	Industrial Production (y/y)	Dec	7.3	6.9	7.0
CH	01/17	21:00	Real GDP (y/y)	4Q	6.5	6.2	4.9
CH	01/17	21:00	Retail Sales (y/y)	Dec	5.5	5.5	5.0
JN	01/17	23:30	Capacity Utilization (m/m)	Nov	--	--	6.0
JN	01/17	23:30	Industrial Production (y/y)	Nov F	--	--	-3.4
HK	01/19	03:30	Unemployment Rate (%)	Dec	--	6.4	6.3
CH	01/19	20:30	PBoC Loan Prime Rate 1-Year (%)	Jan 20	3.85	3.85	3.85
MA	01/20	02:00	Overnight Rate (%)	Jan 20	1.75	1.75	1.75
TA	01/20	03:00	Export Orders (y/y)	Dec	--	27.0	29.7
SK	01/20	16:00	PPI (y/y)	Dec	--	--	-0.3
JN	01/20	18:50	Merchandise Trade Balance (¥ bn)	Dec	--	953.0	366.1
JN	01/20	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Dec	--	755.4	570.2
JN	01/20	18:50	Merchandise Trade Exports (y/y)	Dec	--	2.4	-4.2
JN	01/20	18:50	Merchandise Trade Imports (y/y)	Dec	--	-14.0	-11.1
JN	01/20	19:00	BoJ Policy Rate (%)	Jan 21	-0.10	--	-0.10
AU	01/20	19:30	Employment (000s)	Dec	--	50.0	90.0
AU	01/20	19:30	Unemployment Rate (%)	Dec	--	6.7	6.8
PH	01/20	20:00	Exports (y/y)	Dec	--	2.1	3.0
PH	01/20	20:00	Imports (y/y)	Dec	--	-10.2	-18.9
PH	01/20	20:00	Trade Balance (US\$ mn)	Dec	--	-1734.0	-1730.0
ID	01/20	21:00	BI 7-Day Reverse Repo Rate (%)	Jan 21	3.75	3.75	3.75
JN	01/21	00:00	Supermarket Sales (y/y)	Dec	--	--	1.2
HK	01/21	03:30	CPI (y/y)	Dec	-0.4	-0.4	-0.2
NZ	01/21	16:30	Business NZ PMI	Dec	--	--	55.3
NZ	01/21	16:45	Consumer Prices (y/y)	4Q	--	1.1	1.4

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

Key Indicators for week of January 18 – 22

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>
JN	01/21	18:30	National CPI (y/y)	Dec	-0.7	-1.3	-0.9
AU	01/21	19:30	Retail Sales (m/m)	Dec P	--	-1.5	7.1
JN	01/21	19:30	Markit/JMMA Manufacturing PMI	Jan P	--	--	50.0
TH	01/21	22:30	Customs Exports (y/y)	Dec	--	-2.1	-3.7
TH	01/21	22:30	Customs Imports (y/y)	Dec	--	-2.0	-1.0
TH	01/21	22:30	Customs Trade Balance (US\$ mn)	Dec	--	719.0	52.6
MA	01/21	23:00	CPI (y/y)	Dec	-1.8	-1.4	-1.7
JN	01/22	00:30	Nationwide Department Store Sales (y/y)	Dec	--	--	-14.3
TA	01/22	03:00	Unemployment Rate (%)	Dec	--	3.8	3.8

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	01/18	07:00	Economic Activity Index SA (m/m)	Nov	--	0.3	0.9
BZ	01/18	07:00	Economic Activity Index NSA (y/y)	Nov	--	-1.5	-2.6
CO	01/18	10:00	Retail Sales (y/y)	Nov	--	--	3.0
BZ	01/19	07:00	Current Account (US\$ mn)	Dec	--	--	202.4
CO	01/20	10:00	Trade Balance (US\$ mn)	Nov	--	--	-884.6
BZ	01/20	16:00	SELIC Target Rate (%)	Jan 20	2.00	2.00	2.00
BZ	01/22	07:00	IBGE Inflation IPCA-15 (m/m)	Jan	--	--	1.1
BZ	01/22	07:00	IBGE Inflation IPCA-15 (y/y)	Jan	--	--	4.2

Global Auctions for week of January 18 – 22**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	01/20	13:00	U.S. To Sell 20-Year Bonds
CA	01/21	12:00	Canada to Sell 30-Year Bonds
US	01/21	13:00	U.S. To Sell 10-Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
FI	01/19	06:00	Finland to Sell Bonds
DE	01/20	04:30	Denmark to Sell 2031 Bonds
GE	01/20	05:30	Germany to Sell 1.5 Billion Euros of 0% 2050 Bonds
SP	01/21	04:45	Spain to Sell Sr Unsecured Bonds
FR	01/21	04:50	France to Sell Bonds
SW	01/21	05:00	Sweden to Sell I/L Bonds
UK	01/21	05:00	U.K. to Sell 0.125% 2024 Bonds
FR	01/21	05:50	France to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	01/17	21:30	South Korea to Sell 2.9 Trillion Won 10-Year Bonds
CH	01/18	21:30	Liaoning to Sell 5 & 10 Year Bonds
JN	01/18	22:35	Japan to Sell 20-Year Bonds
PH	01/19	00:30	Philippines to Sell PHP30 Bln 7-Year Bonds
CH	01/19	03:00	Shaanxi to Sell 10-Year Bonds
SK	01/19	20:30	Bank of Korea to Sell 2.2 Trillion Won 2-Year Bonds
TH	01/19	22:00	Thailand to Sell Bonds
CH	01/20	02:00	Jilin to Sell 7-Year Bonds
TH	01/20	22:00	Thailand to Sell Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of January 18 – 22

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	01/20	10:00	Bank of Canada Rate Decision
US	01/20		US Inauguration

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	01/18	08:30	BOE Governor Bailey Speaks With Lord Stern on Climate
EC	01/18		Euro-Area Finance Ministers Meet
UK	01/19	13:00	BOE's Haldane In Conversation With Lord Rusbridger
EC	01/19		EU Finance Ministers Meet
UK	01/20	12:00	BOE's Bailey and Brazier Take Question From Citizens' Panel
NO	01/21	04:00	Deposit Rates
TU	01/21	06:00	One-Week Repo Rate
EC	01/21	07:45	ECB Marginal Lending Facility
EC	01/21	07:45	ECB Deposit Facility Rate
EC	01/21	07:45	ECB Main Refinancing Rate
EC	01/21	08:30	ECB President Christine Lagarde Holds Press Conference
EC	01/22	04:00	ECB Survey of Professional Forecasters

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	01/19	20:30	1-Year & 5-Year Loan Prime Rate
MA	01/20	02:00	BNM Overnight Policy Rate
AU	01/20	19:30	RBA FX Transactions
ID	01/20	01/20	Bank Indonesia 7D Reverse Repo
JN	01/20	19:00	BOJ Policy Balance Rate & 10-Year Yield Target

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	01/20	16:00	Selic 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	January 20, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	January 27, 2021	0.25	0.25
Banco de México – Overnight Rate	4.25	February 11, 2021	4.25	4.00

Bank of Canada: This will be a full set of communications on Wednesday including the policy statement, forecast revisions, and press conference. No major changes in policy are expected. Talk of a micro-cut has abated and is unlikely to be delivered while it's likely premature to expect taper talk at this meeting.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	January 21, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	January 21, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	January 21, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	February 4, 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	February 12, 2021	4.25	4.25
Sweden Riksbank – Repo Rate	0.00	February 10, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	January 21, 2021	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	17.00	January 21, 2021	17.00	17.00

Norges Bank: The bank will make a policy announcement — without issuing a monetary policy report — following its meeting next Thursday. We do not anticipate any change to the 0.0% Deposit Rate. With Norway faring better through the pandemic relative to most of Europe, there are expectations that hikes will begin to be implemented before Norges Bank's projection of 2022H1. However, the bank is unlikely to alter its rate normalization projections until a broad recovery in activity is more evident.

Central Bank of the Republic of Turkey (CBRT): We expect the CBRT to hold its One-Week Repo Rate at 17.0%. Governor Agbal has hiked the main policy rate 675 basis points since taking over in November in a successful effort to rein in a depreciating Lira. With headline CPI sitting at 14.6% y/y — rising 2.7 percentage points over the last two months of 2020 — in December, the CBRT has little reason to move the policy rates at this meeting.

European Central Bank (ECB): Changes to the policy rates or asset purchase program are not expected at this meeting. President Lagarde will likely evaluate the current economic conditions against the projections released after the December meeting. While the medium- and long-term projections and risk are largely the same from last month, there has been some deterioration in the near term. Since the last meeting, a more contagious strain of the virus has been detected and stricter containment measures have been introduced. This drag on activity puts the Euro area at risk of contracting significantly in Q1.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	January 21, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	February 1, 2021	0.10	0.00
Reserve Bank of New Zealand – Cash Rate	0.25	February 23, 2021	0.25	0.00
People's Bank of China – 1-Year Loan Prime Rate	3.85	January 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	February 5, 2021	3.50	4.00
Bank of Korea – Bank Rate	0.50	February 25, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	February 3, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	January 20, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.75	January 21, 2021	3.75	3.75
Central Bank of Philippines – Overnight Borrowing Rate	2.00	February 11, 2021	2.00	2.25

Bank of Japan (BoJ): The BoJ's monetary policymakers will meet on January 21. The central bank's stance will stay highly growth-supportive for an extended period. The BoJ maintains a dovish bias and stands ready to support the economy further if needed; it has pointed out that it expects short- and long-term policy interest rates to remain at their present or lower level for the time being. While we do not expect material changes to the policy parameters over the near term, the BoJ will be closely monitoring economic developments amidst another surge in COVID-19 infections. **People's Bank of China (PBoC):** The Chinese benchmark Loan Prime Rates (LPR) have remained unchanged since April when the 1-year LPR was lowered by 20 bps to 3.85%.

We expect the rates to stay on hold on January 20—and over the coming months—as the economy's recovery continues. **The Bank Negara Malaysia (BNM):** The next monetary policy announcement in Malaysia is scheduled for January 20. While the Overnight Policy Rate was lowered by 125 bps to 1.75% in 2020, we note that the benchmark interest rate remains elevated in real terms (consumer prices declined by 1.7% y/y in November), providing the BNM with additional monetary easing space should the economy face significant softening in activity. While our base case does not include a January cut, such a step cannot be fully dismissed due to movement restrictions amidst the recent surge in COVID-19 infections. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on January 21. Following a 25 bps cut to the benchmark 7-day reverse repo rate (to 3.75%) at the November meeting, monetary conditions are expected to remain unchanged in the near term. Nevertheless, given low inflation (1.7% y/y in December), BI has room to stimulate the economy further in 2021, if needed.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.00	January 20, 2021	2.00	2.00
Banco Central de Chile – Overnight Rate	0.50	January 27, 2021	0.50	0.50
Banco de la República de Colombia – Lending Rate	1.75	January 29, 2021	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	February 11, 2021	0.25	0.25

Banco Central do Brasil (BCB): The BCB's monetary policy committee is broadly expected to keep the Selic Rate at a historic low of 2.00%. The focus will be on any change in the BCB's policy normalization guidance. Headline inflation currently sits at 4.5% y/y, in the top half of the 3.75% +/- 1.50% target range. With the BCB guiding that the Selic Rate will remain low for a considerable amount of time, they will likely further comment on the persistent or transitory nature of the non-core inflation gauge.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	January 21, 2021	3.50	3.50

South African Reserve Bank (SARB): The SARB is expected to keep their Average Repo Rate at 3.50%. The bank cut the policy rate by 300 basis points between January and July of last year.

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

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