

THE STATE OF THE NORTH AMERICAN CONSUMER

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FORECASTS & DATA

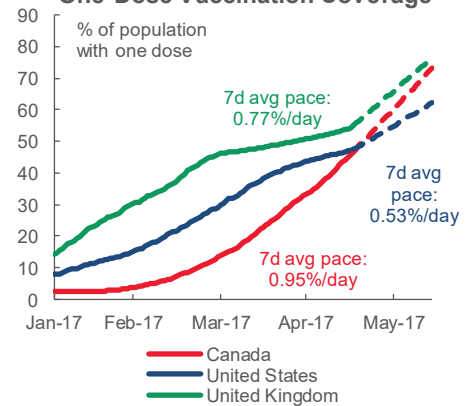
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Next Week's Risk Dashboard

- CDN bank earnings recovery
- Strong Canadian household credit quality
- US consumers
- CBs: RBNZ, BoK, BI

Chart of the Week
Canada Could Soon Lead the G20 in One-Dose Vaccination Coverage


Sources: Scotiabank Economics, Our World in Data.

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

The State of the North American Consumer

CANADIAN BANK EARNINGS RECOVERY

After returning from a long weekend, the only macro focus in Canada will be upon the fiscal Q2 bank earnings season over the coming week and spilling over into the subsequent week. BoC Deputy Governor Lane speaks on 'the future of digital currencies in Canada' which may interest aficionados.

Bank earnings season kicks off with BMO on Wednesday, CIBC, TD and RY on Thursday, National Bank and Canadian Western Bank on Friday, and then BNS (my employer) on June 1st followed by Laurentian the day after. The overall bank composite on the TSX has more than recovered from the pandemic shock aided by the strong improvement in the economy, recovery bets, curve steepeners and reflation. Expectations are for a solid pace of earnings growth coming out of the Q2 season (chart 1). That's good news for what I always recall to be estimates of how around one in two Canadians directly or indirectly own bank shares.

Should there be any mistaken impressions to the contrary, then rest assured that loan quality metrics for Canada's household sector remain very strong. Notwithstanding a somewhat stricter stress test on qualifying borrowing rates for insured and uninsured mortgages that boosted it by about a half percentage point, broad credit quality variables are performing rather nicely and the stricter test is likely to have only a modest effect on housing into a second half economic rebound fed by reopening plans. For example, chart 2 shows that Canada has not experienced the run-up in mortgage arrears that the US did during the pandemic. That is one part a function of the very different way in which Canada's mortgage market operates and one part a function of policymaker and lender supports such as earlier payment holidays. Credit card delinquencies also remain very low (chart 3). Market spreads on mortgage products also remain generally well behaved and continue to offer attractive spread pick-up over sovereigns (chart 4).

A CENTRAL BANK HAT TRICK

Three regional central banks will deliver updated policy decisions and assessments. While all of them are expected to leave policy unchanged, idiosyncratic regional differences are worth emphasizing in terms of forward-looking risks.

The Reserve Bank of New Zealand is expected to stay on hold and leave all policy instruments unchanged at Tuesday's meeting. RBNZ purchases of government securities have already been on a declining trend (chart 5). The last statement remarked on how "Staff noted that reduced government bond issuance was placing less upward pressure on New Zealand government bond yields and providing less scope for LSAP purchases." A long policy hold is expected given little wage pressure (chart 6) and with

Chart 1

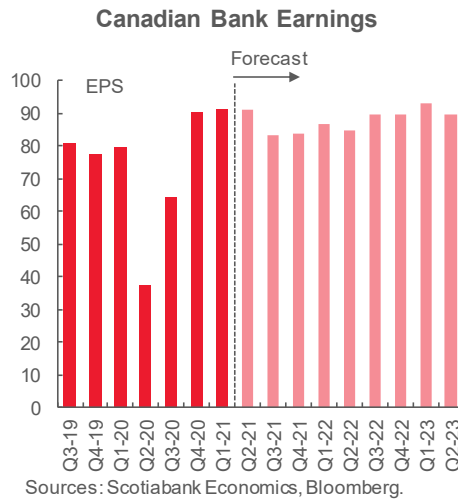


Chart 2

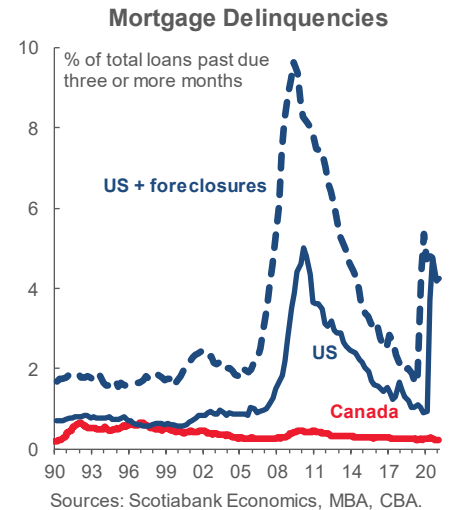


Chart 3

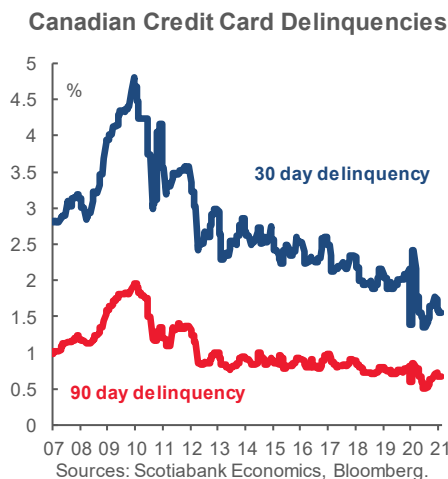
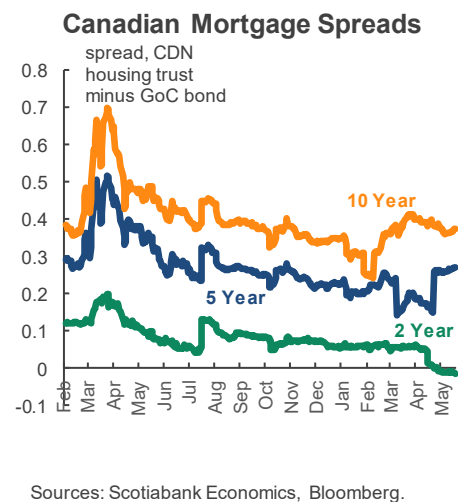


Chart 4



inflation remaining below target. Q1 inflation landed at 1.5% y/y for a slight improvement that signals a likely bottoming ahead of at least transitory pressures, while the RBNZ's sectoral factor CPI model is tracking closer to the 2% target at 1.9%. The gentle improvement in inflation may continue to diminish the likelihood that the RBNZ triggers that it is "prepared to lower the Official Cash Rate if required" into negative territory.

Bank Indonesia is expected to stay on hold with a 7-day reverse repo rate of 3.5% on Tuesday. There had been a brief period of calm for the rupiah as it appreciated from mid-April onward, but renewed weakness set in more recently (chart 7). Indonesia's economic growth rate has been moribund. The economy shrank by under 1% y/y in Q1. The latter is not seasonally adjusted, but it was the second worst first quarter growth rate—behind Q1 last year—over Q4 since the Global Financial Crisis broke out. With inflation resting at 1.4% y/y and core CPI at 1.2% y/y relative to an inflation target of 3.5% +/- 1%, Bank Indonesia has plenty of time to monitor currency risk.

Bank of Korea is also expected to stay on hold with a policy 7-day repo rate set at 0.5% on Thursday. Growth has improved (1.6% q/q non-annualized in Q1) and the BoK expects growth of around 3 1/2% over 2021, but a still-sizeable output gap (chart 8) puts it in no rush to alter policy as inflation is monitored to see how transitory it proves to be over the course of the year.

Chart 5

RBNZ Slowing QE Buying



Chart 6

Modest Acceleration of NZ Wage Growth

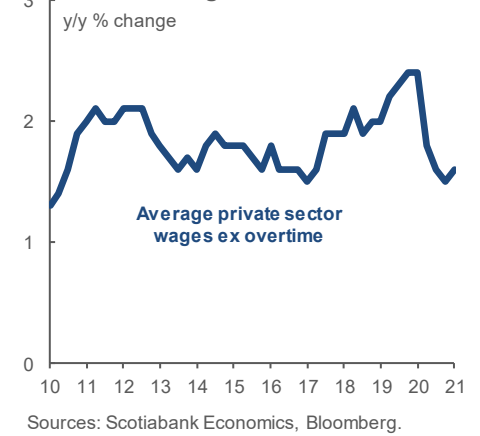


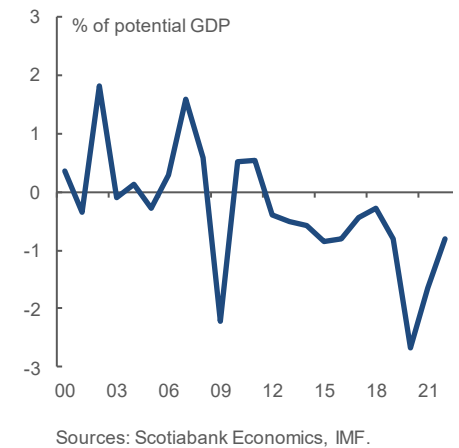
Chart 7

Bank Indonesia's Policy Restraint



Chart 8

South Korean Slack



GLOBAL RELEASES FOCUSED ON US CONSUMERS

The global macro release calendar has a few gems on it but is generally set up for a light week of data risk. **US consumer conditions will stand out as the main consideration.**

Several sets of releases will inform the health of the US household sector. Friday's personal income growth is likely to tank only because the flow of stimulus cheques going out the door waned in April relative to March. About US\$325 billion of cheques went out in March due to the American Recovery Act, versus US\$61 billion in April and a relatively trivial residual amount during May. In all, nine rounds of cheques have now been disbursed. When combined with relatively modest job growth, the result is likely to mean that personal incomes fell by around 13 1/2% m/m after surging by 21% in March. Because of the strong gains in the first quarter of this year that were fed by stimulus cheques in January and March, the first quarter jump in personal incomes will give rise to a second quarter drop that should be looked through.

Where to from here for income growth? That depends not only upon the speed of a jobs recovery but also additional policy considerations. Numerous states are opting out of the extra US\$300/week of federal unemployment benefits because they fear that high payments may be discouraging labour force re-entry. They've set up an interesting test of that argument. If reduced benefits truly motivate re-entry then the impact on income growth may have little effect. If they don't, then this is likely to motivate further declines in aggregate personal income ahead of what is otherwise the planned expiration of the added payments by October.

Fear not, **President Biden saw the writing on the wall and has a crafty plan for that.** Biden announced at the start of this past week that starting in mid-July, the enhanced child tax credit contained within the American Recovery Act will begin to be paid out each month instead of waiting until tax filing season. Clearly having one or more kids is a condition in addition to meeting the income thresholds, but the effects on total incomes could more than make up for reduced unemployment benefits.

The bottom line is that—after personal disposable income growth of around 67% q/q annualized (fed by stimulus cheques and unemployment benefits) during Q1 and then -23% in Q2 (when cheques drop out)—even **with very modest employment assumptions, the US could still get about 4–5% q/q annualized nominal income growth in each of Q3 and Q4 (chart 9).** That helps manage the risk to incomes around uncertainty regarding the speed of a jobs rebound as the economy reopens. Biden will be able to explain away the Q2 income drop as cheques didn't repeat, while avoiding further declines as unemployment benefits diminish. The icing on the cake is whether job growth accelerates which could put a lot of upside to Q3 & Q4 incomes—with fingers so crossed they may never go back.

Because we already know that retail sales were relatively flat in April versus the gain of just over 10% in March, **growth in total US consumer spending is also likely to be soft** on Friday. These numbers should be looked through as mostly representing noise. The smoothed profiles of income and consumption gains as the economy reopens are what will matter.

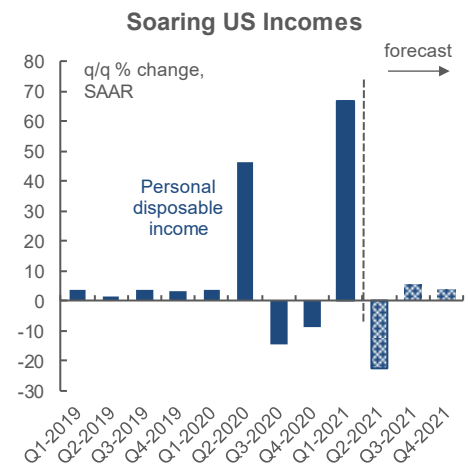
Consumer confidence also matters, at least somewhat. Tuesday's Conference Board measure for the US will look to build upon the large gain over March and April. **What consumers think about inflation risk is always an overshoot in this survey, but the momentum is leaning toward the risk of becoming unmoored (chart 10).** Friday's PCE inflation gauge is likely to closely follow CPI. Their assessment of available jobs could also inform May payrolls (chart 11). The strong gain in jobs availability during April might have reflected the lagging effect of the surge in job growth during March before April's disappointment, or it might reflect increased availability of unfilled jobs with a hiring lag into May. The trend will be important.

This could also be a softer week for US housing data. After a gain of over 20% m/m in March that was driven by a rebound from February's weather, new home sales could pull back on Tuesday and tight conditions in resale markets could mean another soft pending home sales report for April on Thursday. Tuesday's repeat-sales home price measure will probably continue to rise by about 12% y/y amid tight supply conditions across North American housing markets, with heavy stimulus and pandemic nesting as common drivers.

Other US releases will include the Richmond Fed's gauge of regional US manufacturing activity (Thursday) as PMI readings are conflicting between declines in the Philly and Empire measures versus the gain in the Markit PMIs. Recall that Markit's measures track global operations and are a less pure gauge of activity in the domestic US economy on the path to the US-focused ISM measures the following week. Durable goods orders will shoot for a twelfth gain in thirteen months on Thursday. Q1 GDP growth of 6.4% q/q annualized is not expected to be significantly revised.

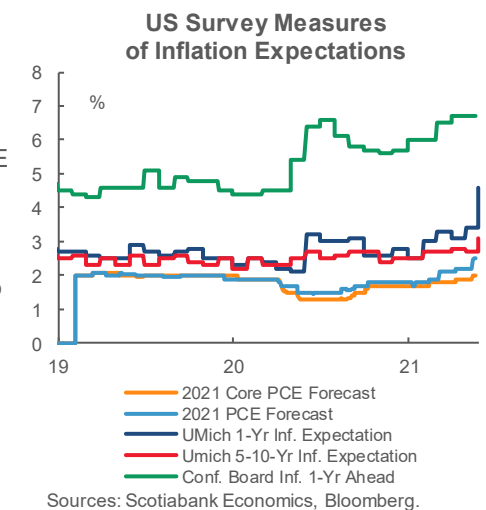
International releases will be light with nothing else out in Canada and the lone LatAm releases being mid-month inflation readings for May in Mexico (Monday) and Brazil (Tuesday). Asian markets only take down Japanese jobless and Tokyo CPI data Thursday night. European markets will consider France's CPI report on Friday that kicks off the month's round of Eurozone inflation figures that are otherwise due out afterward, plus French consumer spending plus retail sales out of Germany, Spain and Sweden. The latter releases Q1 GDP on Friday which is expected to rise by over 1% q/q non-annualized while GDP reports get revised in Germany and France.

Chart 9



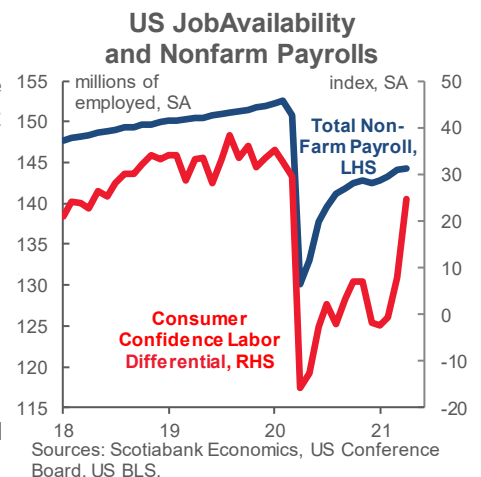
Sources: Scotiabank Economics, BEA.

Chart 10



Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, US Conference Board, US BLS.

Key Indicators for week of May 24 – 28
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>
MX	05/24	07:00	Bi-Weekly Core CPI (% change)	May 15	-0.1	0.2	0.2
MX	05/24	07:00	Bi-Weekly CPI (% change)	May 15	0.2	-0.2	0.3
MX	05/25	07:00	Trade Balance (US\$ mn)	Apr	--	--	-3,004
US	05/25	09:00	S&P/Case-Shiller Home Price Index (m/m)	Mar	--	1.4	1.2
US	05/25	09:00	S&P/Case-Shiller Home Price Index (y/y)	Mar	--	--	11.9
US	05/25	10:00	Consumer Confidence Index	May	120	120.0	121.7
US	05/25	10:00	New Home Sales (000s a.r.)	Apr	950	950	1,021
US	05/25	10:00	Richmond Fed Manufacturing Index	May	--	19.0	17.0
MX	05/26	07:00	GDP (q/q)	1Q F	--	--	0.4
MX	05/26	07:00	GDP (y/y)	1Q F	--	--	-3.8
MX	05/26	07:00	Global Economic Indicator IGAE (y/y)	Mar	-2.1	--	-5.1
US	05/26	07:00	MBA Mortgage Applications (w/w)	May 21	--	--	1.2
MX	05/27	07:00	Unemployment Rate (%)	Apr	--	--	3.9
US	05/27	08:30	Durable Goods Orders (m/m)	Apr P	0.9	0.8	1.0
US	05/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Apr P	0.5	0.6	2.3
US	05/27	08:30	GDP (q/q a.r.)	1Q S	6.4	6.4	6.4
US	05/27	08:30	GDP Deflator (q/q a.r.)	1Q S	--	4.1	4.1
US	05/27	08:30	Initial Jobless Claims (000s)	May 22	400	450.0	444.0
US	05/27	08:30	Continuing Claims (000s)	May 15	3,680	3,620	3,751
US	05/27	10:00	Pending Home Sales (m/m)	Apr	--	1.2	1.9
US	05/28	08:30	PCE Deflator (m/m)	Apr	0.6	0.6	0.5
US	05/28	08:30	PCE Deflator (y/y)	Apr	3.5	--	2.3
US	05/28	08:30	PCE ex. Food & Energy (m/m)	Apr	0.7	0.6	0.4
US	05/28	08:30	PCE ex. Food & Energy (y/y)	Apr	3.0	2.9	1.8
US	05/28	08:30	Personal Spending (m/m)	Apr	0.5	0.4	4.2
US	05/28	08:30	Personal Income (m/m)	Apr	-13.5	-15.0	21.1
US	05/28	08:30	Wholesale Inventories (m/m)	Apr P	--	--	1.3
US	05/28	09:45	Chicago PMI	May	--	69.5	72.1
US	05/28	10:00	U. of Michigan Consumer Sentiment	May F	--	83.0	82.8

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
GE	05/25	02:00	Real GDP (q/q)	1Q F	--	-1.7
UK	05/25	02:00	PSNB ex. Interventions (£ bn)	Apr	--	28.0
UK	05/25	02:00	Public Finances (PSNCR) (£ bn)	Apr	--	19.2
UK	05/25	02:00	Public Sector Net Borrowing (£ bn)	Apr	--	27.3
GE	05/25	04:00	IFO Business Climate Survey	May	--	96.8
GE	05/25	04:00	IFO Current Assessment Survey	May	--	94.1
GE	05/25	04:00	IFO Expectations Survey	May	--	99.5
GE	05/27	02:00	GfK Consumer Confidence Survey	Jun	--	-8.8
GE	05/27	02:00	Retail Sales (m/m)	Apr	--	7.7
FR	05/28	02:45	Consumer Spending (m/m)	Apr	--	-1.1
FR	05/28	02:45	CPI (m/m)	May P	--	0.1
FR	05/28	02:45	CPI (y/y)	May P	--	1.2
FR	05/28	02:45	CPI - EU Harmonized (m/m)	May P	--	0.2
FR	05/28	02:45	CPI - EU Harmonized (y/y)	May P	--	1.6
FR	05/28	02:45	GDP (q/q)	1Q F	--	0.4
FR	05/28	02:45	Producer Prices (m/m)	Apr	--	1.0
SP	05/28	03:00	Real Retail Sales (y/y)	Apr	--	18.1
SW	05/28	03:30	GDP (y/y)	1Q	--	-2.2
SP	05/28	04:00	Current Account (€ bn)	Mar	--	-1.7
EC	05/28	05:00	Economic Confidence	May	--	110.3
EC	05/28	05:00	Industrial Confidence	May	--	10.7
UK	05/28		Nationwide House Prices (m/m)	May	--	2.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of May 24 – 28
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>
NZ	05/23	18:45	Retail Sales Ex Inflation (q/q)	1Q	--	--	-2.7
SI	05/24	01:00	CPI (y/y)	Apr	2.0	2.0	1.3
JN	05/24	01:30	Nationwide Department Store Sales (y/y)	Apr	--	--	21.8
TA	05/24	04:00	Industrial Production (y/y)	Apr	--	--	3.0
TA	05/24	04:00	Unemployment Rate (%)	Apr	--	--	3.7
SK	05/24	17:00	Consumer Confidence Index	May	--	--	102.2
SK	05/24		Department Store Sales (y/y)	Apr	--	--	77.6
SI	05/25	01:00	Industrial Production (y/y)	Apr	--	3.4	7.6
JN	05/25	02:00	Machine Tool Orders (y/y)	Apr F	--	--	120.8
ID	05/25	03:20	BI 7-Day Reverse Repo Rate (%)	May 25	3.50	3.50	3.50
SK	05/25	17:00	Business Survey- Manufacturing	Jun	--	--	98.0
SK	05/25	17:00	Business Survey- Non-Manufacturing	Jun	--	--	82.0
NZ	05/25	18:45	Trade Balance (NZD mn)	Apr	--	--	32.7
NZ	05/25	18:45	Exports (NZD bn)	Apr	--	--	5,680
NZ	05/25	18:45	Imports (NZD bn)	Apr	--	--	5,648
NZ	05/25	22:00	RBNZ Official Cash Rate (%)	May 26	0.25	--	0.25
VN	05/25		CPI (y/y)	May	--	--	2.7
VN	05/25		Industrial Production (y/y)	May	--	--	24.1
MA	05/26	00:00	CPI (y/y)	Apr	4.5	--	1.7
JN	05/26	01:00	Coincident Index CI	Mar F	--	--	93.1
JN	05/26	01:00	Leading Index CI	Mar F	--	--	98.9
JN	05/26	01:00	Supermarket Sales (y/y)	Apr	--	--	1.3
AU	05/26	21:30	Private Capital Expenditure	1Q	--	--	3.0
CH	05/26	21:30	Industrial Profits YTD (y/y)	Apr	--	--	92.3
HK	05/27	04:30	Exports (y/y)	Apr	--	--	26.4
HK	05/27	04:30	Imports (y/y)	Apr	--	--	21.7
HK	05/27	04:30	Trade Balance (HKD bn)	Apr	--	--	-27.0
NZ	05/27	18:00	ANZ Consumer Confidence Index	May	--	--	115.4
JN	05/27	19:30	Jobless Rate (%)	Apr	--	--	2.6
JN	05/27	19:30	Tokyo CPI (y/y)	May	--	--	-0.6
SK	05/27		BoK Base Rate (%)	May 27	0.50	--	0.50
MA	05/28	00:00	Exports (y/y)	Apr	--	--	31.0
MA	05/28	00:00	Imports (y/y)	Apr	--	--	19.2
MA	05/28	00:00	Trade Balance (MYR bn)	Apr	--	--	24.2
TA	05/28	05:00	Real GDP (y/y)	1Q F	8.2	--	8.2

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	05/25	08:00	IBGE Inflation IPCA-15 (m/m)	May	--	--	0.6
BZ	05/25	08:00	IBGE Inflation IPCA-15 (y/y)	May	--	--	6.2
BZ	05/26	08:30	Current Account (US\$ mn)	Apr	--	--	-3,970

Global Auctions for week May 24 – 28**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/25	13:00	U.S. To Sell 2-Year Notes
US	05/26	13:00	U.S. To Sell 5-Year Notes
US	05/27	13:00	U.S. To Sell 7-Year Notes
CA	05/27	12:00	Canada to sell 30 year RRBs
CA	05/27	12:00	Canada to sell 5 yr GoC bond

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	05/25	04:00	Netherlands to Sell Bonds
IT	05/26	05:00	Italy to Sell Bonds
GE	05/26	05:30	Germany to Sell EUR 2.5 Bln 2036 Bonds
SW	05/27	05:00	Sweden to Sell I/L Bonds
IT	05/28	05:00	Italy to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	05/25	23:00	China Plans to Sell 1-Yr Upsize Bond
CH	05/25	23:00	China Plans to Sell 10-Yr Bond
JN	05/26	23:35	Japan to Sell 40-Year Bonds

LATIN AMERICA

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

Events for week of May 24 – 28

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/24	11:00	Mester Speaks on Diversity and Central Bank Communication
US	05/24	09:00	Brainard on crypto currencies
US	05/24	12:00	Bostic on pandemic policies
US	05/24	17:30	George at an agricultural event
US	05/25	07:40	Fed's Evans on the outlook
US	05/25	10:00	Fed's Quarles Testifies Before Senate Banking Committee
US	05/26	10:00	Fed's Quarles on insurance regs
US	05/26	15:00	Fed's Quarles on the outlook
CA	05/26	13:00	BoC Deputy Governor Lane on digital currencies
MX	05/27	10:00	Central Bank Monetary Policy Minutes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	05/25	12:00	BOE's Tenreyro speaks.
SW	05/27	03:10	Riksbank's Skingsley Gives Speech on Financial Stability
UK	05/27	07:00	BOE's Vlieghe speaks
SZ	05/28		Switzerland Sovereign Debt to be rated by Moody's
IR	05/28		Ireland Sovereign Debt to be rated by S&P
TU	05/28		Turkey Sovereign Debt to be rated by S&P

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
ID	05/25	03:20	Bank Indonesia 7D Reverse Repo
NZ	05/25	22:00	RBNZ Monetary Policy Statement
NZ	05/25	22:00	RBNZ Official Cash Rate
SK	05/26/21-05/27/21		BoK 7-Day Repo Rate

LATIN AMERICA

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

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.25	June 9, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	June 16, 2021	0.25	0.25
Banco de México – Overnight Rate	4.00	June 24, 2021	4.00	4.00

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	June 10, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 10, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 10, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	June 24, 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	5.00	June 11, 2021	5.25	--
Sweden Riksbank – Repo Rate	0.00	July 1, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	June 17, 2021	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	19.00	June 17, 2021	19.00	19.00

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	June 18, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	June 1, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	May 25, 2021	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	June 20, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	June 4, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.50	May 27, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	June 23, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	July 8, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	May 25, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	June 23, 2021	2.00	2.00

Reserve Bank of New Zealand (RBNZ): The RBNZ will hold a monetary policy meeting on May 26. We expect the RBNZ to leave the Official Cash Rate unchanged at 0.25% as the economy continues its gradual recovery. Inflationary pressures are expected to remain contained in New Zealand (the CPI increased by 1.5% y/y in Q1), allowing the RBNZ to keep accommodative monetary conditions in place for the foreseeable future. **Bank of Korea (BoK):** South Korean monetary authorities will hold a policy meeting on May 27. We expect the BoK to leave the benchmark interest rate unchanged at 0.50%. The economy is on a solid growth trajectory, yet the latest increase in COVID-19 infections poses a downside risk to the outlook. We expect the BoK to start normalizing monetary policy with gradual interest rate hikes in the third quarter of 2022. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on May 25. We expect Bank Indonesia to leave the benchmark 7-day reverse repo rate unchanged at 3.50%. The policy rate 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

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	3.50	June 16, 2021	3.50	3.50
Banco Central de Chile – Overnight Rate	0.50	June 8, 2021	0.50	0.50
Banco de la República de Colombia – Lending Rate	1.75	June 28, 2021	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	June 10, 2021	0.25	0.25

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	3.50	July 22, 2021	3.50	3.50

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

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