

**IF ONLY IT WERE JUST ABOUT TAPERING**

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**FORECASTS & DATA**

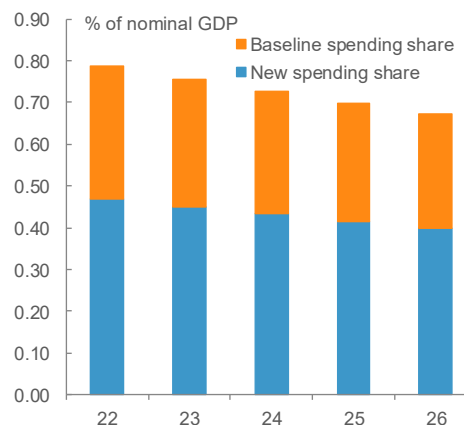
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**Next Week's Risk Dashboard**

- Tapering, buybacks, infrastructure...
- ...taxes and the debt ceiling
- Nonfarm payrolls
- PMIs: US, China, Canada, Japan, India, Brazil, Mexico
- Eurozone CPI
- CBs: BanRep, Riksbank

**Chart of the Week**
**What the Infrastructure Spending Deal Could Do to US GDP**


Source: Scotiabank Economics, The White House.

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

## If Only It Were Just About Tapering

**Could risk appetite over the duration of the year withstand the likelihood of a move toward tapering Federal Reserve purchases of Treasuries and MBS?** It's not quite that simple as several other factors need to be considered and we'll soon learn more about them starting next week and over subsequent weeks.

For one, the focus of the coming week will be on the latest US jobs report, especially given the rising number of FOMC officials who appear to be putting a lot of emphasis upon developments over "coming meetings" as Chair Powell's post-FOMC meeting press conference put it.

We're also entering a period in which **US share buybacks are likely to continue to rise** with banks having just gotten the green light from the Fed upon passing their stress tests (chart 1). While there is a need to rejuvenate US vaccination efforts, buybacks combined with basically abandoning Biden's plan to hike corporate taxes could offer a more constructive backdrop to equities into an expected acceleration of US growth. Some of that is no doubt priced, but the upcoming earnings season—especially for banks starting on July 13th—will inform by how much it is priced.

These are likely more material considerations than achievement of a bipartisan agreement—pending its passage by Congress—to **increase infrastructure spending** to US\$1.2 trillion over the next eight years including the ~\$600 billion that was slated to occur anyway. As the cover chart shows, spreading this amount out over time as a share of nominal GDP (presently ~US\$22 trillion) grown at a long-run average clip amounts to a relatively token one-time lift to nominal GDP growth in the early going that does not repeat in subsequent years if amounts being spent each year just replace the prior year's tally. In reality, it will likely take a while to get projects off the ground after legislation is passed, projects are chosen, proposals go out, successful bids are chosen, permits are lined up and materials and labour sourced at a time when there is likely to be no slack left in the economy and labour markets. The plan is likely to be procyclical in nature, but modestly so.

At stake now is moving on to seeking agreement toward a portion of President Biden's US\$1.8 trillion **American Families Plan** that was proposed at the end of April ([here](#)). The plan uses human capital infrastructure as a euphemism for program spending to be funded by personal tax hikes on upper incomes but also on everyone's capital gains regardless of income. Given that plans to raise corporate taxes were struck down in the infrastructure package, it's likely that the AFP may also be reduced in scale and scope but the ongoing sensitivity surrounds whether capital gains taxes will be boosted or whether the Republicans will once again be successful at checking the Biden administration's tax and spend plans.

A further—and very much related—consideration remains **the need to raise the debt ceiling** that gets reinstated on August 1<sup>st</sup> probably at around US\$28 trillion before the US Treasury runs out of means by which to meet its obligations either toward late summer or early Fall. Chart 2 shows the evolution of the ceiling and the higher level at which it may soon be reinstated. Treasury's net issuance would stop at this point. Failing to raise the ceiling could compromise Uncle Sam's credit worthiness, but this threat has never truly materialized. Instead, a fight over it could motivate limited safe haven appeal during which net issuance stops and that may complicate Fed tapering plans in 2013 fashion until its resolution unleashes supply pressures on Treasuries.

**How long can Treasury fund the needs of the US government before we get to a serious crunch?** There is considerable uncertainty around estimates partly because it

Chart 1

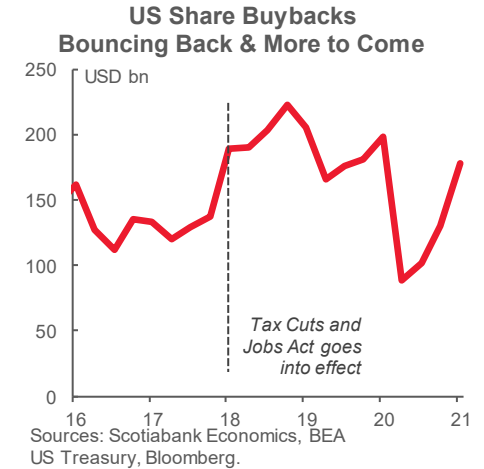


Chart 2

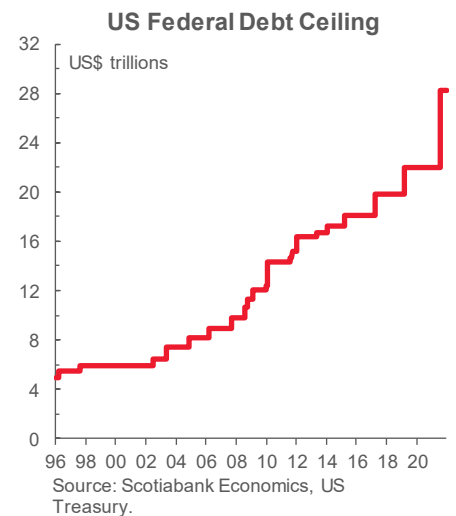
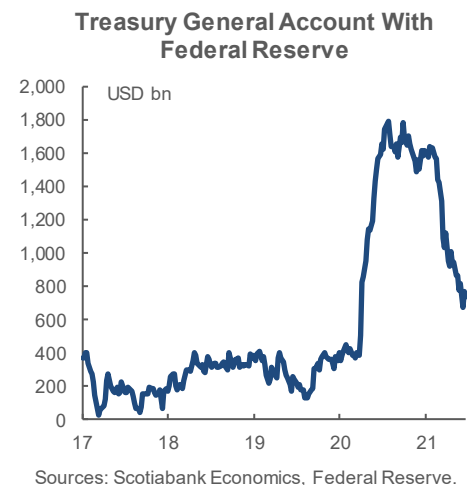


Chart 3



depends upon issues like estimating tax collections that in turn depend in part upon how the economy and profits evolve. It's also unclear whether expiring unemployment benefits in September may be extended and hence put further pressure on cash flow. It's likely reasonable to think that the debt ceiling becomes binding around September especially given Treasury's updated interpretation of the 'necessary obligation' in the suspension statute and what it says about how far Treasury can deplete its cash stockpile. It was previously thought that Treasury could run this down to around where it was before the ceiling was suspended in 2019 (~US\$150 billion) but the updated interpretation leans toward a much higher floor of US\$450 billion. The balance is rapidly approaching this floor as Treasury's General Account at the Fed is being depleted in preparation for the debt ceiling's reinstatement and as stimulus proceeds go out the door (chart 3). At or after September, failure to lift or suspend the ceiling again would raise renewed risk of a partial government shutdown and payments prioritization for a time until hopefully the ceiling is then addressed.

That said, Treasury Secretary Yellen has warned the room to maneuver within the debt ceiling could run out by August when Congress is on recess. That might be a scare tactic, but she's clearly closest to the numbers. Also recall that agreement to extend funding for the US government runs out at the end of September and needs to be extended once again.

So, I say it sounds like 2013 all over again because you may recall that the Fed would have tapered at the September meeting that year if not for the impending risk of a government shutdown that then occurred. Scotia Economics was in the tiny minority of US primary dealers that made the right call on delayed tapering back then and I think it's prudent to flag this as a risk to the tapering dialogue once again.

### US JOBS—PUSHING AND PULLING

The change in nonfarm payrolls during June will be the week's marquee market event and it will take until Friday to arrive. **I went with +700k** and an unchanged unemployment rate of 5.7% as derived from the companion household survey and assuming a modest pace of labour force expansion. Wage growth likely surged to 4% y/y partly due to base effects, compositional changes and limited wage pressures.

At the point of writing, this **call involves even more fancy footwork and guesses than usual**. There are not only ongoing supply-side constraints affecting the ability and willingness of workers to return, but it's also the case that most of the advance indicators for payrolls won't arrive until the coming week. Why stimulus efforts may be pushing and pulling on jobs will also be explained below.

#### Few Advance Indicators...

So far, we know that initial claims fell by a modest amount between the May and June nonfarm reference periods. Fewer people filing for jobless claims might suggest a stronger job market, but it's a tenuous connection. We also know that the stringency index fell to its lowest level in June since March 2020 (chart 4); easing restrictions might suggest faster job growth than prior months. Small business hiring intentions also rocketed higher (chart 5) and JOLTS job openings continue to rise, though how fast the jobs get posted and filled is uncertain.

#### ...as Most Arrive During the Week

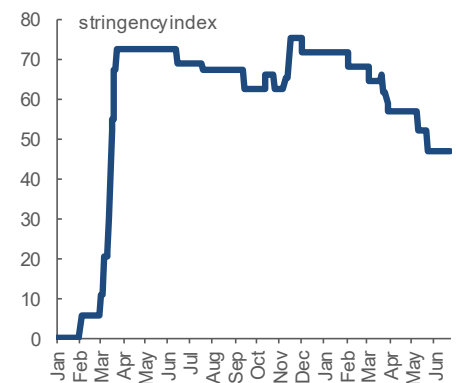
Other advance readings that arrive next week could further inform payroll estimates. They will include the Conference Board's consumer confidence measure that includes the consumer-reported measure of jobs availability for June (Tuesday). ADP payrolls for June arrive on Wednesday. The employment subcomponent to ISM-manufacturing lands on Thursday but unfortunately the more important ISM-services employment reading for June doesn't arrive until the following week after payrolls.

#### Supply-Side Constraints Persist

Nothing much has changed on the supply side just yet. UNESCO estimates that school closings continued to affect about 33 million kids of pre-primary and primary school age

Chart 4

#### US Restrictions Continuing to Ease



Sources: Scotiabank Economics, University of Oxford.

Chart 5

#### Record Highs for Job Openings Hard to Fill



Sources: Scotiabank Economics, NFIB.

(chart 6). Caring for school age children remains a challenge for parents who are either working or aspiring to work. Skills mismatches between where the job openings exist and the skills of unemployed workers available to fill them is another acute problem.

Hesitancy to return to jobs where social distancing and prevention measures are either difficult or impossible also remains an ongoing challenge and stalling out US vaccination rates don't help. This effect shows up in two forms. One is people saying they are not looking for work and have dropped out of the labour force specifically because of the pandemic (chart 7). There are presently about 2.5 million such people which is the lowest it has been throughout the pandemic while still accounting for one-third of the decline in employment since February 2020 just before the pandemic struck. That such workers are gradually returning is encouraging. Another is people who say they have retired which may partially overlap with the former point.

**These are important points in terms of estimating the amount of true slack in the job market.** St. Louis President James Bullard argues that the ratio of unemployed people to job openings is near a record low which he argues indicates tight labour markets (chart 8). Maybe, and see his slide deck [here](#). But maybe we also need to add back the workers who have dropped out of the labour force due to the pandemic and who don't count among the unemployed. This measure is also shown in the same chart and it only modestly alters the conclusion.

Canada's experience may be indirectly instructive to what could happen to US retirees going forward. Interestingly, Canada's Labour Force Survey indicates that the country has not seen a rise in retirements during the pandemic like the US has. If that's because Canada had far fewer cumulative COVID-19 cases per capita and greater support programs from the early going, then perhaps fewer felt it necessary to make the retirement call. This indicates that permanent retirement doesn't have to be a foregone conclusion in the US. As the US rebounds, it could be that we'll see flex retirement work in reverse with more people re-entering the workforce. A caution, however, is that this can often be a relatively late cycle development as the supply of available workers diminishes and pulls more people from off the sidelines.

### Competing Policies?

**Another consideration that may be about to slowly change is stimulus support. How two competing effects net out is nevertheless uncertain.**

One is that **individual states are bailing on their participation in the Federal government's extra \$300/week unemployment benefits program.** If reduced supports lessen job market detachment, then it's conceivable that we could see job growth accelerate. That may begin to be a factor in the following month's payrolls report for July. Twenty-five states in all have indicated they will withdraw including 22 states starting in June and three in early July. The earliest four among them (Alaska, Iowa, Mississippi and Missouri) only withdrew on June 12<sup>th</sup> and so an impact on the June payrolls reference period is unlikely. July and August could be more interesting and then the current plan is to eliminate the Federal support payment after September into a new school year.

Speaking of kids, **will changes to child benefits lure more workers back or stall their re-entry?** Increased child benefit payments will start to go out in offsetting fashion to the reduction in unemployment benefits. The amount per child per month is likely to be insufficient to cover childcare and for unemployed parents it may also offset the forced re-entry effect of lower unemployment benefits. The payments will go

Chart 6

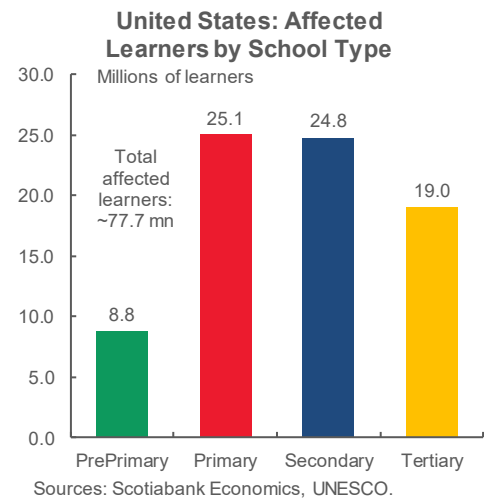


Chart 7

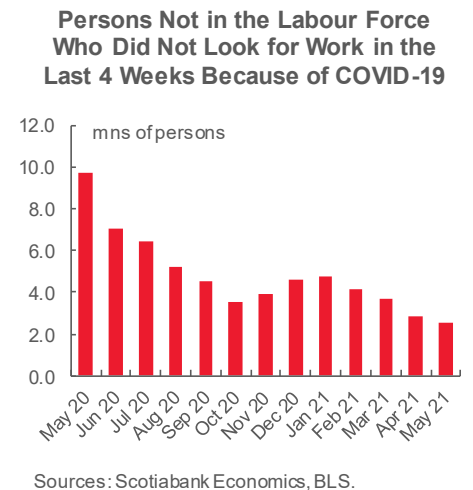
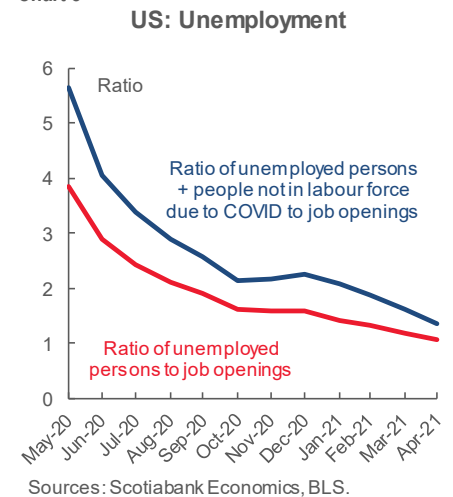


Chart 8



to an estimated 88% of children in about 39 million households beginning in mid-July. Before the American Rescue Plan, the annual Child Tax Credit was US\$2,000 per child and this amount was paid out upon filing one's taxes. The ARP increased the payment to \$3,600 per year per child under 6 and \$3,000 per child aged 6–17 (don't kids get more expensive as they age?!). It is now fully refundable instead of only \$1,400 being previously refundable. Half of the new amount will be paid out in equal monthly amounts of \$300/child under 6 and \$250/child over 6 start in July.

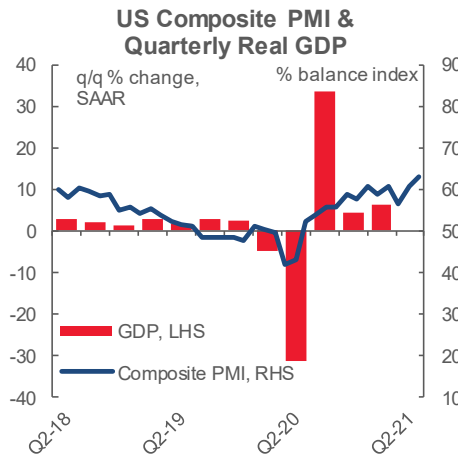
The intent may be to address child poverty and expedite payments as a form of stimulus to assist re-entry to the workforce, but an unintended outcome may be to slow the return to the workforce as a partial offset to diminishing unemployment benefits.

**PMIs—SURVEY SAYS!**

**Survey-based evidence of growth may further inform Q2 GDP growth prospects in major economies like the US, China, Japan and India.**

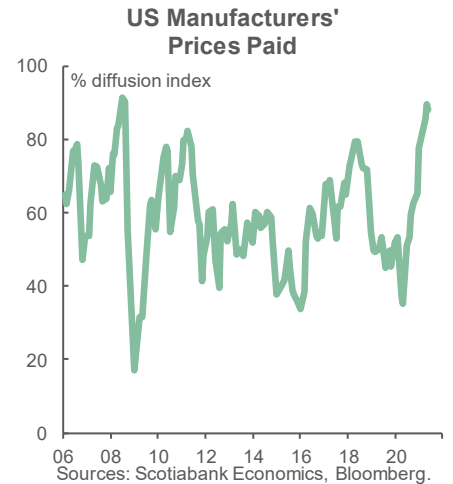
The US ISM-manufacturing reading for June arrives on Thursday. Little change from the prior month's 61.2 reading is expected which would continue to indicate accelerating GDP growth (chart 9). Being well above the 50 dividing line between expansion and contraction indicates ongoing rapid growth in US manufacturing. Regional surveys have been mixed including a drop in the Empire gauge, little change in the Philly Fed's measure and a rise in the Richmond Fed's metric, while the Markit manufacturing PMI increased by half a point to 62.6. Supply chain bottlenecks will probably continue to present inflationary pressure at a pace rarely seen over the past few decades (chart 10).

Chart 9



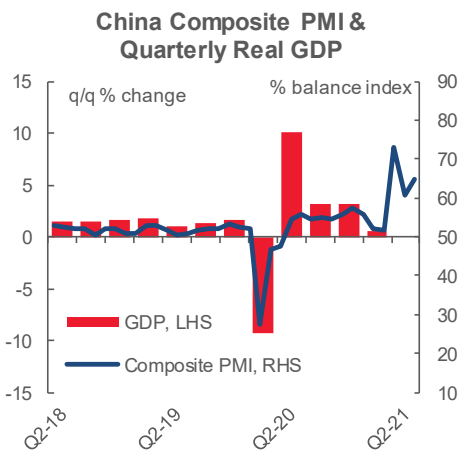
Sources: Scotiabank Economics, ISM, Bloomberg.

Chart 10



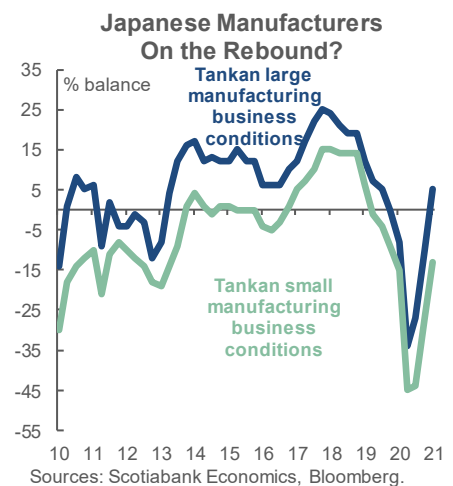
China updates the state's version of its purchasing managers' indices on Tuesday night and then the private version of its manufacturing PMI on Wednesday night. Little change is expected to the suite of readings that are showcasing moderate growth (chart 11).

Chart 11



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 12



Japan's quarterly Tankan survey (Wednesday) will be watched for signs of further progress toward a manufacturing recovery (chart 12). India, Brazil and Mexico will also refresh PMIs on Thursday (charts 13–14). In the wake of Banxico's surprise hike, it's notable that the manufacturing PMI is indicating accelerating economic growth.

**MACRO REPORTS**

Select other macro reports and a pair of central banks will round out developments over the coming week.

**Canada updates monthly GDP figures for April on Wednesday and may offer preliminary flash guidance for May GDP.** The following day, markets will shut for Canada Day and then Friday might have lean market desks. Statistics Canada has already guided that the economy shrank by about 0.8% m/m in April with declines in retail, accommodation and food services, manufacturing, real estate, rental and leasing plus the educational system given Ontario's postponed Spring break from March to April. There is little to go by so far by way of indicators for May GDP. Hours worked were flat despite a loss of 68,000 jobs which

might indicate flat GDP, advance guidance for May's retail sales was for a 3.2% m/m drop, housing starts were up 2.6% and home resales fell by 7.4%.

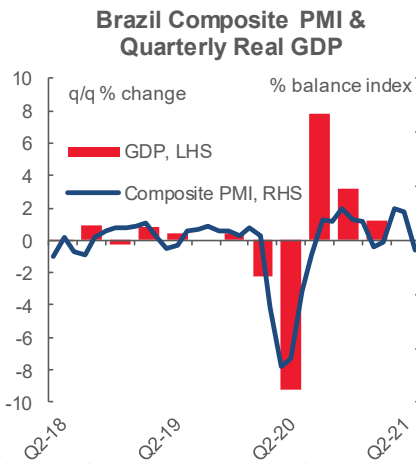
Other than nonfarm and ISM-manufacturing, **minor additional US releases** will include pending home sales during May (Wednesday), construction spending during May, weekly claims, plus a possible small decline in vehicle sales (Thursday), a strong factory orders report for May (Friday) and a slightly wider US trade deficit (Friday).

**Eurozone inflation** gets a refresh for June on Wednesday. Headline inflation is expected to moderate from the prior 2% y/y pace with core inflation holding close to 1% y/y and hence well below the ECB's "close to, but below" 2% inflation target. Germany and Spain release CPI figures on Tuesday and both France and Italy release on Wednesday.

**Colombia's central bank** will deliver a refreshed policy stance on Monday. Latin American central banks are among the leaders in the tightening cycle that has begun across global central banks. So far, Brazil and Banxico have already hiked and BanRep is expected to join them later this year (chart 15).

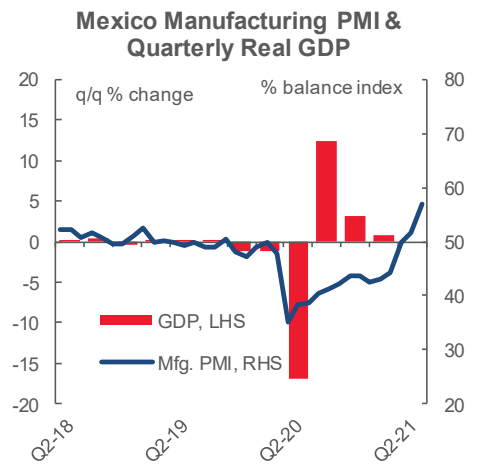
**Sweden's Riksbank** will stay on hold on Thursday and is expected to continue to indicate that the repo rate will be on hold throughout its 2021–2024 forecast horizon. Global developments since its last decision on April 27<sup>th</sup> may risk bringing forward such guidance but a forecast deceleration of inflationary pressures could lead the Riksbank to retain a cautious bias (chart 16).

Chart 13



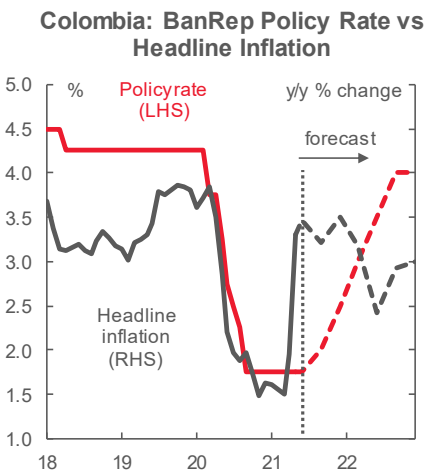
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 14



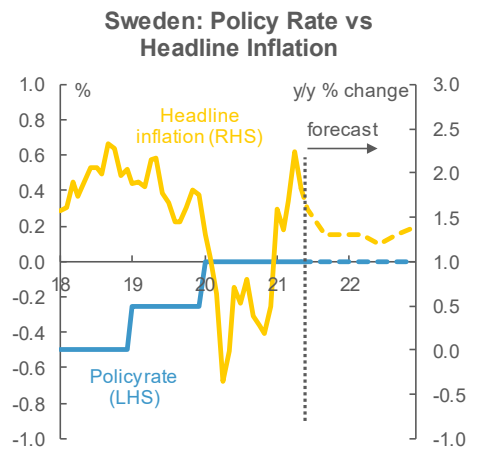
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 15



Sources: Scotiabank Economics, BanRep, DANE.

Chart 16



Sources: Scotiabank Economics, Riksbank.



## Key Indicators for week of June 28 – July 2

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	06-28	07:00	Trade Balance (US\$ mn)	May	--	--	1,501
US	06-28	10:30	Dallas Fed. Manufacturing Activity	Jun	--	32.5	34.9
US	06-29	09:00	S&P/Case-Shiller Home Price Index (m/m)	Apr	--	1.8	1.6
US	06-29	09:00	S&P/Case-Shiller Home Price Index (y/y)	Apr	--	--	13.3
US	06-29	10:00	Consumer Confidence Index	Jun	119.0	118.8	117.2
US	06-30	07:00	MBA Mortgage Applications (w/w)	Jun 25	--	--	2.1
US	06-30	08:15	ADP Employment Report (000s m/m)	Jun	600	510.0	978.2
CA	06-30	08:30	IPPI (m/m)	May	--	--	1.7
CA	06-30	08:30	Raw Materials Price Index (m/m)	May	--	--	1.0
CA	06-30	08:30	Real GDP (m/m)	Apr	-0.8	--	1.1
US	06-30	09:45	Chicago PMI	Jun	--	69.9	75.2
US	06-30	10:00	Pending Home Sales (m/m)	May	--	-1.0	-4.4
US	07-01	08:30	Initial Jobless Claims (000s)	Jun 26	400	380	411
US	07-01	08:30	Continuing Claims (000s)	Jun 19	3,400	3,460	3,390
US	07-01	10:00	Construction Spending (m/m)	May	0.6	0.5	0.2
US	07-01	10:00	ISM Manufacturing Index	Jun	61.0	61.1	61.2
US	07-01		Total Vehicle Sales (mn a.r.)	Jun	16.7	17.1	17.0
CA	07-02	08:30	Building Permits (m/m)	May	--	--	-0.5
CA	07-02	08:30	Merchandise Trade Balance (C\$ bn)	May	0.8	--	0.6
US	07-02	08:30	Average Hourly Earnings (m/m)	Jun	0.5	0.3	0.5
US	07-02	08:30	Average Hourly Earnings (y/y)	Jun	3.9	3.6	2.0
US	07-02	08:30	Average Weekly Hours	Jun	--	34.9	34.9
US	07-02	08:30	Nonfarm Employment Report (000s m/m)	Jun	700	690	559
US	07-02	08:30	Trade Balance (US\$ bn)	May	-70.3	-71.0	-68.9
US	07-02	08:30	Unemployment Rate (%)	Jun	5.7	5.7	5.8
US	07-02	10:00	Factory Orders (m/m)	May	1.4	1.3	-0.6
US	07-02		Household Employment Report (000s m/m)	Jun	--	--	444.0

### EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	06-27	02:00	Retail Sales (m/m)	May	5.0	-6.8
UK	06-29	02:00	Nationwide House Prices (m/m)	Jun	--	1.8
SP	06-29	03:00	CPI (m/m)	Jun P	--	0.5
SP	06-29	03:00	CPI (y/y)	Jun P	--	2.7
SP	06-29	03:00	CPI - EU Harmonized (m/m)	Jun P	--	0.5
SP	06-29	03:00	CPI - EU Harmonized (y/y)	Jun P	--	2.4
SP	06-29	03:00	Real Retail Sales (y/y)	May	--	38.5
UK	06-29	04:30	Net Consumer Credit (£ bn)	May	--	-0.4
EC	06-29	05:00	Economic Confidence	Jun	116.0	114.5
EC	06-29	05:00	Industrial Confidence	Jun	12.0	11.5
GE	06-29	08:00	CPI (m/m)	Jun P	0.4	0.5
GE	06-29	08:00	CPI (y/y)	Jun P	2.3	2.5
GE	06-29	08:00	CPI - EU Harmonized (m/m)	Jun P	0.4	0.3
GE	06-29	08:00	CPI - EU Harmonized (y/y)	Jun P	2.2	2.4
UK	06-30	02:00	Business Investment (q/q)	1Q F	--	-11.9
UK	06-30	02:00	Current Account (£ bn)	1Q	--	-26.3
UK	06-30	02:00	GDP (q/q)	1Q F	-1.5	-1.5
FR	06-30	02:45	Consumer Spending (m/m)	May	--	-8.3
FR	06-30	02:45	CPI (m/m)	Jun P	--	0.3
FR	06-30	02:45	CPI (y/y)	Jun P	--	1.4
FR	06-30	02:45	CPI - EU Harmonized (m/m)	Jun P	--	0.3
FR	06-30	02:45	CPI - EU Harmonized (y/y)	Jun P	--	1.8
FR	06-30	02:45	Producer Prices (m/m)	May	--	-0.3

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

**Key Indicators for week of June 28 – July 2**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	06-30	03:55	Unemployment (000s)	Jun	-15.0	-15.0
GE	06-30	03:55	Unemployment Rate (%)	Jun	5.9	6.0
SP	06-30	04:00	Current Account (€ bn)	Apr	--	-0.2
EC	06-30	05:00	CPI (m/m)	Jun P	0.2	0.3
EC	06-30	05:00	Euro zone CPI Estimate (y/y)	Jun	1.8	2.0
EC	06-30	05:00	Euro zone Core CPI Estimate (y/y)	Jun P	0.9	1.0
IT	06-30	05:00	CPI (m/m)	Jun P	--	0.0
IT	06-30	05:00	CPI (y/y)	Jun P	--	1.3
IT	06-30	05:00	CPI - EU Harmonized (m/m)	Jun P	--	-0.1
IT	06-30	05:00	CPI - EU Harmonized (y/y)	Jun P	--	1.2
<b>SW</b>	<b>07-01</b>	<b>03:30</b>	<b>Riksbank Interest Rate (%)</b>	<b>Jul 1</b>	<b>0.00</b>	<b>0.00</b>
IT	07-01	03:45	Manufacturing PMI	Jun	--	62.3
EC	07-01	05:00	Unemployment Rate (%)	May	8.0	8.0
IT	07-01		Budget Balance (€ bn)	Jun	--	-15.1
IT	07-01		Budget Balance YTD (€ bn)	Jun	--	-53.7
FR	07-02	02:45	Central Government Balance (€ bn)	May	--	-91.4
EC	07-02	05:00	PPI (m/m)	May	--	1.0
RU	07-02	12:00	Real GDP (y/y)	1Q F	--	-0.70

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	06-26	21:30	Industrial Profits YTD (y/y)	May	--	--	57.0
MA	06-28	00:00	Exports (y/y)	May	--	57.5	63.0
MA	06-28	00:00	Imports (y/y)	May	--	51.6	24.4
MA	06-28	00:00	Trade Balance (MYR bn)	May	--	20.4	20.5
HK	06-28	04:30	Exports (y/y)	May	--	--	24.4
HK	06-28	04:30	Imports (y/y)	May	--	--	25.2
HK	06-28	04:30	Trade Balance (HKD bn)	May	--	--	-31.8
JN	06-28	19:30	Jobless Rate (%)	May	--	2.9	2.8
JN	06-28	19:50	Large Retailers' Sales (y/y)	May	--	--	15.5
JN	06-28	19:50	Retail Trade (y/y)	May	--	9.4	11.9
PH	06-28		Bank Lending (y/y)	May	--	--	-2.9
SK	06-29	19:00	Industrial Production (y/y)	May	--	--	12.4
SK	06-29	19:00	Cyclical Leading Index Change	May	--	--	0.4
JN	06-29	19:50	Industrial Production (y/y)	May P	--	28.6	15.8
CH	06-29	21:00	Manufacturing PMI	Jun	50.8	50.9	51.0
CH	06-29	21:00	Non-manufacturing PMI	Jun	--	55.3	55.2
AU	06-29	21:30	Private Sector Credit (y/y)	May	--	--	1.3
JN	06-30	00:00	Vehicle Production (y/y)	Apr	--	--	5.0
JN	06-30	01:00	Consumer Confidence	Jun	--	--	34.1
JN	06-30	01:00	Housing Starts (y/y)	May	--	9.0	7.1
TH	06-30	03:00	Current Account Balance (US\$ mn)	May	--	--	-1,298
TH	06-30	03:30	Exports (y/y)	May	--	--	19.1
TH	06-30	03:30	Imports (y/y)	May	--	--	25.9
TH	06-30	03:30	Trade Balance (US\$ mn)	May	--	--	2,429
HK	06-30	04:30	Retail Sales - Volume (y/y)	May	--	--	10.9
IN	06-30	06:30	Fiscal Deficit (INR Crore)	May	--	--	78,699
JN	06-30	19:50	Tankan All Industries Index	2Q	--	7.2	3.0
JN	06-30	19:50	Tankan Manufacturing Index	2Q	--	17.0	5.0
JN	06-30	19:50	Tankan Non-Manufacturing Index	2Q	--	3.0	-1.0
SK	06-30	20:00	Exports (y/y)	Jun	--	--	45.6
SK	06-30	20:00	Imports (y/y)	Jun	--	--	37.9
SK	06-30	20:00	Trade Balance (US\$ mn)	Jun	--	--	2,944
PH	06-30	21:00	Unemployment Rate (%)	May	--	--	8.7
AU	06-30	21:30	Trade Balance (AUD mn)	May	--	--	8,028
CH	06-30	21:45	Caixin Manufacturing PMI	Jun	51.8	52.0	52.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for week of June 28 – July 2**
**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>
HK	06-30		Govt Monthly Budget Surp/Def (HKD bn)	May	--	--	-10.6
IN	06-30		Current Account Balance	1Q	--	-7.00	-1.72
ID	07-01	00:00	CPI (y/y)	Jun	1.9	--	1.7
ID	07-01	00:00	Core CPI (y/y)	Jun	--	--	1.4
JN	07-01	01:00	Vehicle Sales (y/y)	Jun	--	--	30.9
TH	07-01	03:30	Business Sentiment Index	Jun	--	--	43.0
NZ	07-01	18:00	ANZ Consumer Confidence Index	Jun	--	--	114.0
SK	07-01	19:00	CPI (y/y)	Jun	2.5	--	2.6
SK	07-01	19:00	Core CPI (y/y)	Jun	--	--	1.5
JN	07-01	19:50	Monetary Base (y/y)	Jun	--	--	22.4
SI	07-02	09:00	Purchasing Managers Index	Jun	--	--	50.7

**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>CO</b>	<b>06-28</b>	<b>14:00</b>	<b>Overnight Lending Rate (%)</b>	<b>Jun 28</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>
CL	06-30	09:00	Industrial Production (y/y)	May	--	--	5.9
CL	06-30	09:00	Retail Sales (y/y)	May	--	--	44.0
CL	06-30	09:00	Unemployment Rate (%)	May	--	--	10.2
CO	06-30	11:00	Urban Unemployment Rate (%)	May	--	--	17.4
CL	07-01	08:30	Economic Activity Index SA (m/m)	May	--	--	-1.4
CL	07-01	08:30	Economic Activity Index NSA (y/y)	May	--	--	14.1
BZ	07-01	09:00	PMI Manufacturing Index	Jun	--	--	53.7
PE	07-01	11:00	Consumer Price Index (m/m)	Jun	--	--	0.3
PE	07-01	11:00	Consumer Price Index (y/y)	Jun	--	--	2.5
BZ	07-01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jun	--	--	9,291
BZ	07-02	08:00	Industrial Production SA (m/m)	May	--	--	-1.3
BZ	07-02	08:00	Industrial Production (y/y)	May	--	--	34.7

**Global Auctions for week June 28 – July 2****NORTH AMERICA**

Country Date Time Event

No Scheduled Auctions.

**EUROPE**

Country Date Time Event

BE	06-28	06:00	Belgium to Bonds
IT	06-30	05:00	Italy to Sell Bonds
NO	06-30	05:00	Norway to Sell Bonds
SP	07-01	04:30	Spain to Sell Bonds
FR	07-01	04:50	France to Sell Bonds

**ASIA-PACIFIC**

Country Date Time Event

CH	06-27	22:30	Beijing to Sell Bonds
JN	06-28	23:35	Japan to Sell 2-Year Bonds
JN	06-30	23:35	Japan to Sell 10-Year Bonds

**LATIN AMERICA**

Country Date Time Event

No Scheduled Auctions.

**Events for week of June 28 – July 2****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-28	09:00	Fed's Williams Takes Part in BIS Panel Discussion
US	06-29	09:00	Fed's Barkin Takes Part in MNI Event

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	06-28	08:00	BOE's Haldane speaks on "leveling up"
EC	06-28	08:00	ECB's Weidmann Speaks
EC	06-28	11:00	ECB's Guindos Speaks
EC	06-29	11:45	ECB's Villeroy speaks
UK	06-29	12:00	BOE's Hauser speaks on macro-finance panel
UK	06-30	07:00	BOE's Haldane speaks on monetary policy
<b>SW</b>	<b>07-01</b>	<b>03:30</b>	<b>Riksbank Interest Rate</b>
UK	07-01	05:00	BOE's Bailey speaks at 'Plain Numbers Launch'
UK	07-01	15:00	BOE's Bailey speaks at Mansion House
EC	07-02	08:30	ECB's Lagarde Speaks

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06-29	19:15	RBA's Lowe Participates in Panel in Sydney

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	06-28	14:00	Overnight Lending Rate
CO	06-30	18:00	Colombia Monetary Policy Minutes

## 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	July 14, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	July 28, 2021	0.25	0.25
Banco de México – Overnight Rate	4.25	August 12, 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	July 22, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	July 22, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	July 22, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	August 5, 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	5.50	July 23, 2021	5.50	5.50
Sweden Riksbank – Repo Rate	0.00	July 1, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	August 19, 2021	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	19.00	July 14, 2021	19.00	19.00

**Sweden Riksbank:** No changes to the Repo Rate are expected at the July 1 meeting. At most, the bank may tweak its 2021 outlook, owing to progress in vaccinations and robust economic growth. Unlike Norges Bank, whose plan it is to hike in the second half of the year, Riksbank's current forecast holds the Repo Rate at 0.00% until 2024. Additionally, no changes are expected to the bank's asset purchase program, which has purchase rates slowing in the second half of this year, with 75bn SEK to be purchased in Q3-2021 and 68.5bn SEK in Q4-2021.

### 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	July 16, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	July 6, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	July 13, 2021	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	July 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	August 6, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.50	July 15, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	August 4, 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	July 22, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	August 12, 2021	2.00	2.00

### 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	4.25	August 4, 2021	4.25	4.25
Banco Central de Chile – Overnight Rate	0.50	July 14, 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	July 8, 2021	0.25	0.25

**Banco de la República de Colombia (BanRep):** The monetary policy committee is expected to keep the lending rate unchanged at 1.75% on June 28. Re-openings in major cities from June onward should accelerate economic recovery, while quicker convergence of headline inflation to the 3.0% y/y target would support a rate hike before end-2021. We maintain our call for a first rate increase by September 2021, followed by two more 25 bps increases to close 2021 at 2.50%.

### 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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