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Next Week's Risk Dashboard

- ECB to tee up stimulus exits
- US inflation is still climbing
- Canadian jobs rebound?
- Chinese CPI to showcase Fed-PBoC divergence
- RBA to deliver another hike
- RBI is in a sudden rush
- Chile, Peru are still raising rates
- BoT has yet to join global tightening
- Russia's CB to cut on phony ruble strength
- LatAm CPI

Inflation and What to Do About It

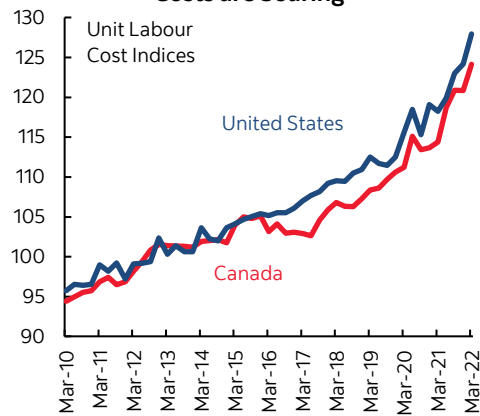
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Chart of the Week

Productivity-Adjusted Employment Costs are Soaring



Sources: Scotiabank Economics, Bloomberg.

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

Inflation and What to Do About It

Inflation and what to do about it will be the dominant focal points this week. Seven central banks are under pressure to make fresh decisions and will be led by the ECB as the Fed digests another hot inflation reading during blackout ahead of its own full meeting with revised projections the following week.

US INFLATION—STILL NOT COOLING

US CPI inflation will be updated for May on Friday to potentially end the week with a bang. Another hefty rise in prices is expected.

A rise of approximately 0.9% m/m in seasonally adjusted terms is likely. The seasonally unadjusted rise would be a touch higher given that the month of May typically involves some seasonal price pressures. Such a seasonally unadjusted gain combined with base effects could on net be enough to lift the year-over-year rate a little higher to about 8½% y/y from 8.3% the prior month. This view is somewhat above consensus expectations again.

As for the drivers:

- The shift in year-ago base effects would push inflation downward all else equal to about 7.4% y/y.
- All else is not equal, and so among the upsides are May seasonality over April.
- There was a strong 8% m/m rise in unadjusted all-grades gasoline prices that gets tamped down to about half that after seasonal adjustment while the trend remains pointed sharply higher (chart 1).
- Natural gas prices were up another one-quarter over April which despite the very small weight should still make a meaningful contribution to price pressures (chart 2).
- New vehicle prices appear to have fallen by just under 1% m/m NSA according to industry guidance and used vehicle prices appear to have risen by enough to offset the new vehicle decline.
- I've assumed food prices climbed again in accordance with efforts to weight food prices according to the consumption basket.
- There is also likely to be another positive reopening effect on high-contact service prices like airfare, travel and lodging, car rentals, take-out and dine-in food prices, etc.

As for core CPI inflation, 6% y/y and 0.5% m/m NSA and 0.5% m/m SA are expected. If these estimates are on the mark, then inflationary pressures will be showing no signs of cooling. The monthly gain in headline CPI could remain toward the upper end of the multi-decade experience.

At issue in determining whether inflation is close to peaking, however, is how to define it. Year-over-year won't inform this debate and focusing upon base effects has already done enough damage to the quality of discourse around monetary policy developments during the pandemic. Continue to watch the month-over-month seasonally adjusted price increases at an annualized rate which have continued to be very high. The three-month moving average measure was 10% in April (chart 3).

CANADIAN JOBS—RRRREEEEEBOUNDED?

Canada updates job market figures for May on Friday. I've gone with an estimated gain of 50k that would dip the unemployment rate a touch lower. Wage growth will also be key.

Chart 1

Rising Gasoline Prices to Lift CPI

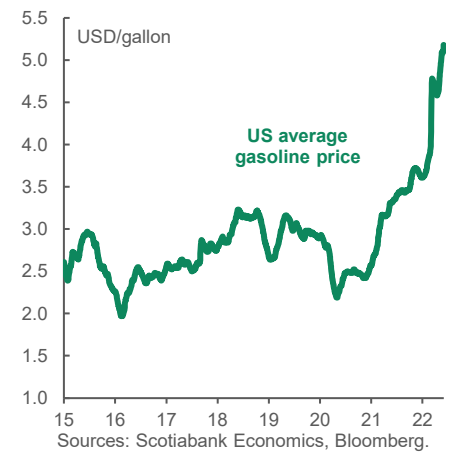


Chart 2

Henry Hub Natural Gas Spot Price

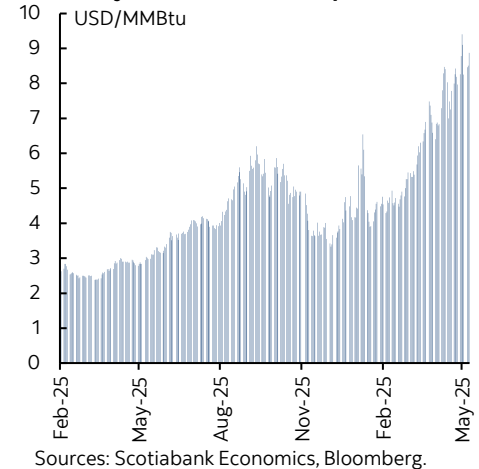
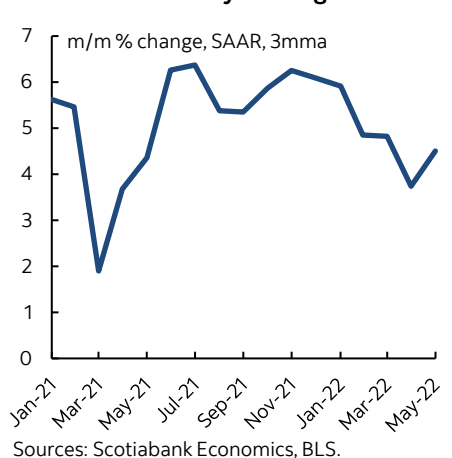


Chart 3

US Hourly Earnings



Recall that the prior month posted a disappointing gain of 12,500 jobs, though all of that was driven by full-time employment. The surprise was that Canada had massively eased COVID-19 restrictions (chart 4) and so many—including me—had thought that the month would have seen an acceleration of job growth on a return-to-work effect particularly in the sectors most affected by the restrictions. Not. Whoops.

Why not? One theory was that a sick Easter Bunny stomped muddy footprints all over the report as argued at the time ([here](#)). The Easter Bunny enters the picture because the Good Friday holiday shifts around every year in relation to the Labour Force Survey’s reference week which is (usually) the week including the 15th of each month. Seasonal adjustment factors might not have adequately controlled for this as evidenced by the fact that the SA factor didn’t really change in April of this year (chart 5).

Why sick? Well, because many people were indeed sick in April. Parsing through the figures from the Ontario Science Table ([here](#)) shows that the month of May appeared to see significant improvements in cases (although most definitely undercounted by a lot) but also in hospitalizations, patients in ICUs and wastewater testing results. All of this suggests that the massive drop in hours worked that fell 20.7% m/m at an annualized rate and the soft jobs headline may have been at least partly caused by sickness and Easter.

With both in the rear view mirror, this might be the report that bears the fruit of the liberalization of those restrictions and the positive impact upon high-contact service sectors in particular. Weather effects on some of those seasonal categories may also be mixed. Nevertheless, key small businesses continue to indicate aggressive hiring plans (chart 6).

At least as important as the jobs tally may be wages. They’ve stalled in Canada. After rising at a pace of between about 6–9% in m/m seasonally adjusted terms at an annualized rate from July 2021 until January 2022, this figure then fell 4.1% in February, another 1% in March and fell a further 3% in March. I’m not entirely sure of why in terms of the balance of labour tightness, omicron and compositional effects and other considerations, but it’s the way to look at wages in Canada as opposed to the year-over-year rate for evidence of wage pressures at the margin.

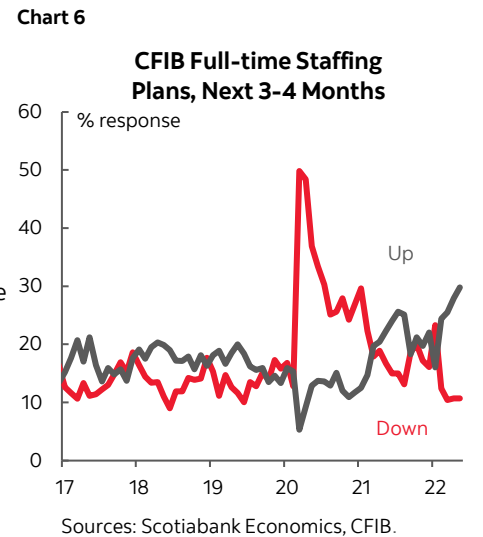
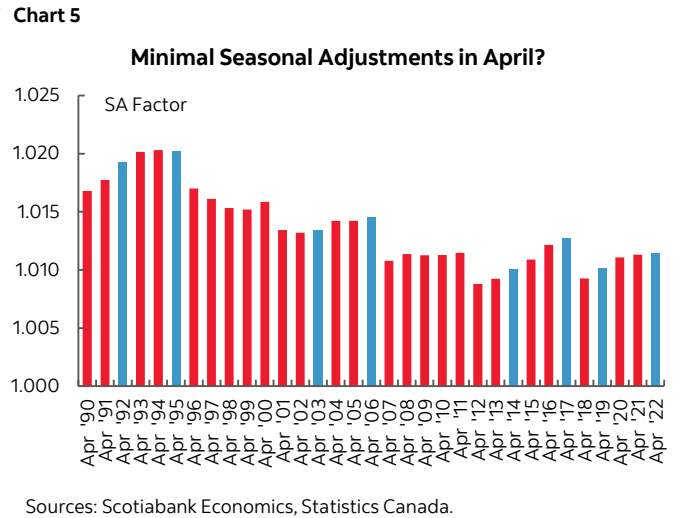
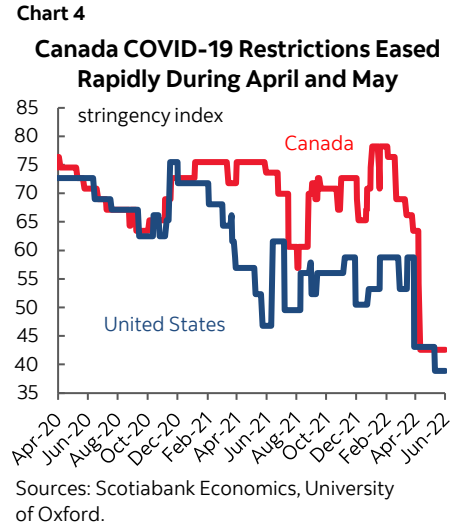
ECB TO HEADLINE GLOBAL CENTRAL BANKS

Seven central banks that we follow will offer policy decisions while the Federal Reserve slips into communications blackout ahead of its meeting the following week and Bank of Canada Governor Macklem makes an appearance.

European Central Bank (Thursday): The other central banks that follow below will be the opening acts for the ECB that will headline this week’s central bank line-up. This full meeting includes a statement (7:45amET), President Lagarde’s press conference 45 minutes later and refreshed quarterly macroeconomic projections. It’s widely expected to tee up the end to net purchases under the Asset Purchase Program in early July and set the scene for the first rate hike of the cycle that is likely to be delivered on July 21st. That would generally be consistent with Lagarde’s guidance that was provided on May 11th when she said:

“The first rate hike, informed by the ECB’s forward guidance on the interest rates, will take place some time after the end of net asset purchases. We have not yet precisely defined the notion of ‘some time,’ but I have been very clear that this could mean a period of only a few weeks.”

Global financial markets will be particularly attuned to whether Lagarde offers guidance toward a gradual initial pace of lift-off defined as a quarter point hike, or a half percentage point hike as some of her colleagues prefer. Markets lean more toward the quarter-point scenario with the



deposit facility rate expected to rise by 125–150bps by year-end into early 2023 (chart 7). Inflation that is running at over 8% y/y with core at just under half that would lend itself to a quickened pace of lessening massive monetary policy stimulus.

Reserve Bank of Australia (Tuesday): Economists think the RBA could hike by between 0.25% and 0.5% and markets have just over a quarter point hike priced in futures contracts. When it first hiked on May 3rd, the RBA guided that further rate hikes will be required to achieve its over 2% inflation target that climbed to 5.1% y/y in Q1. Since then, Australia has seen a mild acceleration of wage growth to 2.4% y/y and 0.7% q/q non-annualized, a soft employment report of +4k with a large full-time gain offset by a part-time loss, and strong Q1 GDP growth and retail sales in April. The RBA has already ended QE purchases of Australian bonds (January), chosen to end reinvestment of maturing bonds (May) and provided explicit guidance that it views outright bond sales as only a remote possibility.

Reserve Bank of India (Wednesday): This one's in a sudden rush. Another 50bps hike is expected for the RBI's repurchase rate. This follows the unscheduled emergency rate hike of 40bps on May 4th. Inflation is running at just under 8% y/y with core climbing to over 7% y/y in April.

Chile's central bank (Tuesday): They are expected to hike by 75–100bps. Believe it or not, that's actually a cooler pace if delivered compared to the over 100bps hikes at each of the two previous meetings. Like everywhere else, the central bank is chasing inflation that crossed above 10% y/y in April with the next day's report for May expected to cross above 11%.

Bank of Thailand (Wednesday): Most expect the BoT to hold its benchmark rate unchanged at 0.5% on Wednesday. It has not hiked once yet during the pandemic as growth concerns in an economy hit particularly hard by COVID's effects on tourism have dominated. Still, Monday's inflation figures are going to apply further heat at least in terms of guidance when headline inflation likely climbs to just under 6% y/y and core inflation is expected to rise above 2% y/y compared to the central bank's 2% headline target in a 1–3% range.

Peru's central bank (Thursday): Is unanimously expected to hike its reference rate by another 50bps while maintaining a hawkish bias pointing toward further hikes ahead. Inflation climbed to 8.1% y/y in May with core CPI crossing above 4% at 4.2% y/y.

Bank of Canada Governor Tiff Macklem will speak on Thursday alongside Senior Deputy Governor Rogers, but only to present the bank's Financial System Review. There will be a press conference at 11amET that day. The Governor has usually deflected questions on monetary policy at this event. That probably means we won't get any further insight into the BoC's policy bias than was presented at its most recent statement (recap [here](#)) and Deputy Governor Beaudry's speech ([here](#)) and press conference. The broad takeaway from those communications was the statement-codification of the BoC's willingness to hike "forcefully" and this time strengthening the urgency by adding "more" in front of it alongside removing reference to "timing" that makes it only about pace. Coupled with Beaudry's comments in what I thought was one of the better speeches and appearances of late, the overall message is that the BoC could be leaning toward both a bigger-than-50 move in July and a terminal rate of at least 3%.

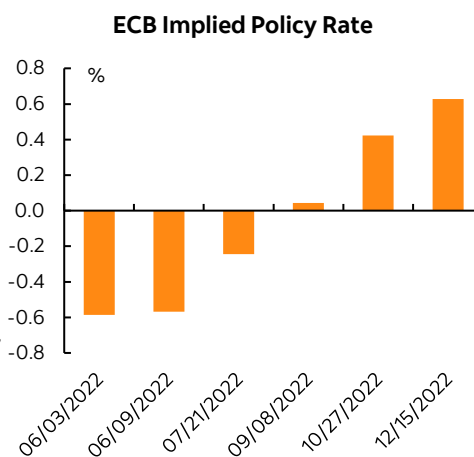
Russia's central bank (Friday): In last place and rather deservedly so I'd say, Russia's central bank may cut its policy rate again on Friday. Capital controls have stemmed capital flight and accordingly created the mirage of ruble strength as the currency has appreciated by over 120% since its bottom on March 7th. Stemming the currency's freefall has given the ability to cut the policy rate in an effort to stimulate the domestic economy as imported inflation risk ebbs, but not without the usual costs associated with capital controls.

MACRO REPORTS—INFLATION OVERLOAD!

The main focus across other global indicators will be a batch of CPI releases from Asian and Latin American economies of which only one may impact global market sentiment versus regional market effects for the others.

China's CPI print for May is expected to witness marginally greater upward pressure on Thursday evening (eastern time as always). The kind of pressures driving inflation in China are the sort that the People's Bank of China should be looking through in favour of an easing bias. Headline inflation might tick up to about 2¼% derived significantly from higher oil prices, but core inflation has been falling from 1.3% last October at a pandemic-era peak to just under 1% now in a stark contrast to the US that explains relatively central bank policy divergence and pressures on the yuan (chart 8). If higher energy prices continue to crowd out incomes with no offsetting benefits in an economy that is a large net importer of energy, then further disinflationary pressures to core inflation may lie in the cards.

Chart 7



Sources: Scotiabank Economics, Bloomberg.

Latin American markets are expected to see little if any relief from inflationary pressures (chart 9).

- Colombian inflation may rise a little more slowly at under 1% m/m which could bring slight relief to the 9.2% y/y rate which is the highest since 2000 with core inflation at 5.9% and its highest since 2016.
- Chilean CPI inflation is forecast to remain hot at over 1% m/m which would drive the year-over-year rate over 11% for the highest rate since 1994.
- Mexico's CPI figure for May is expected to rise at a muted pace on Thursday which could flatten the year-over-year rate around 7.6% and based upon what can be observed from bi-weekly figures into the first half of the month. Bi-weekly core inflation is still relatively persistent.
- Brazil updates inflation for May on the same day and the month-over-month rise is expected to ebb but remain hot enough to keep headline inflation around 12% y/y which is the hottest since 2003.

Three other Asian economies are expected to see further jumps in inflation including Thailand (Sunday) where inflation is forecast to approach 6% y/y, Philippines (Monday) that will cross north of 5% y/y and Taiwan (Tuesday) that is expected to hold around 3.4% y/y.

Other US releases will be light including a trade deficit that should narrow as the already known narrowing in the merchandise deficit is added to the usually fairly stable services balance (Tuesday), and UofM consumer sentiment for June (Friday) that is guessed to be little changed as strong jobs and high gas prices are among the competing effects.

Canada updates trade for April on Monday which will hopefully begin turning around the quarterly export picture, as well as the Ivey PMI figure for May that our econometricians use as an input into modelling CPI ([here](#)).

Across Europe, nothing will hold a candle to the ECB, but limited data may catch a glance or two. German factory orders (Monday) and industrial output (Wednesday), Spanish (Monday) and Italian industrial output (Friday), and French payrolls wayyyy back in Q1 (Thursday) are due out. Norway's inflation rate is expected to pull off a bit in May's reading (Friday) when prices are expected to marginally dip in month-ago terms while underlying inflation crosses above 3% y/y. Either way, Norges Bank has made it clear through forward guidance that it intends to hike again on June 23rd.

China will also update the private composite PMI for May into the Monday open which is expected to post a slower pace of contraction as per the already released state versions. China might also update financing figures either this week or next, and will update trade figures around mid-week for May.

Finally, the OECD will update its Economic Outlook on Wednesday. Its forecasts are usually a lagging indicator of ground already covered by private consensus forecasters, but often catches market attention nonetheless.

Chart 8

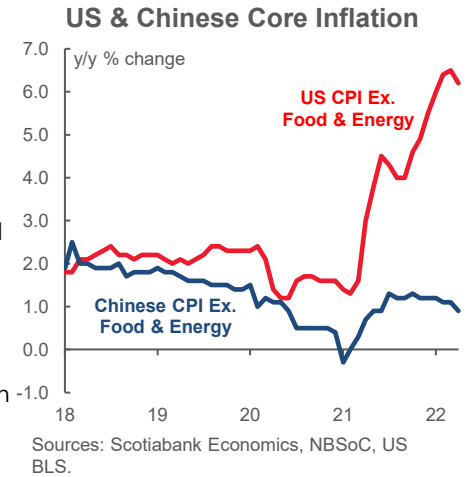
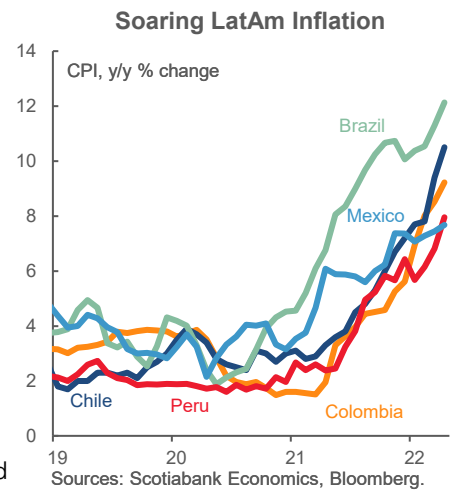


Chart 9



Key Indicators for the week of June 6 – 10

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06/07	08:30	Merchandise Trade Balance (C\$ bn)	Apr	3.0	2.5	2.5
US	06/07	08:30	Trade Balance (US\$ bn)	Apr	87.6	-89.4	-109.8
US	06/07	15:00	Consumer Credit (US\$ bn m/m)	Apr	--	34.5	52.4
US	06/08	07:00	MBA Mortgage Applications (w/w)	Jun 03	--	--	-2.3
US	06/08	10:00	Wholesale Inventories (m/m)	Apr F	--	2.1	2.1
MX	06/09	07:00	Bi-Weekly Core CPI (% change)	May 31	--	0.3	0.3
MX	06/09	07:00	Bi-Weekly CPI (% change)	May 31	--	0.2	-0.1
MX	06/09	07:00	Consumer Prices (m/m)	May	--	0.1	0.5
MX	06/09	07:00	Consumer Prices (y/y)	May	--	7.6	7.7
MX	06/09	07:00	Consumer Prices Core (m/m)	May	--	0.6	0.8
US	06/09	08:30	Initial Jobless Claims (000s)	Jun 04	205	210.0	200.0
US	06/09	08:30	Continuing Claims (000s)	May 28	1280	--	1309.0
MX	06/10	07:00	Industrial Production (m/m)	Apr	--	-0.1	0.4
MX	06/10	07:00	Industrial Production (y/y)	Apr	--	1.7	2.6
CA	06/10	08:30	Capacity Utilization (%)	1Q	83.2	83.0	82.9
CA	06/10	08:30	Employment (000s m/m)	May	50.0	12.5	15.3
CA	06/10	08:30	Unemployment Rate (%)	May	5.1	5.2	5.2
US	06/10	08:30	CPI (m/m)	May	0.9	0.7	0.3
US	06/10	08:30	CPI (y/y)	May	8.5	8.3	8.3
US	06/10	08:30	CPI (index)	May	--	291.7	289.1
US	06/10	08:30	CPI ex. Food & Energy (m/m)	May	0.5	0.5	0.6
US	06/10	08:30	CPI ex. Food & Energy (y/y)	May	6.0	5.9	6.2
US	06/10	10:00	U. of Michigan Consumer Sentiment	Jun P	58.0	58.7	58.4
US	06/10	14:00	Treasury Budget (US\$ bn)	May	--	--	308.2

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	06/07	02:00	Factory Orders (m/m)	Apr	--	0.3	-4.7
SP	06/07	03:00	Industrial Output NSA (y/y)	Apr	--	--	1.1
UK	06/07	04:30	Official Reserves Changes (US\$ bn)	May	--	--	-3101.0
UK	06/07	04:30	Services PMI	May F	--	51.8	51.8
GR	06/07	05:00	Real GDP NSA (y/y)	1Q	--	--	7.4
GE	06/08	02:00	Industrial Production (m/m)	Apr	--	1.2	-3.9
FR	06/08	02:45	Current Account (€ bn)	Apr	--	--	-3191.0
FR	06/08	02:45	Trade Balance (€ mn)	Apr	--	--	-12374.0
UK	06/08	04:30	PMI Construction	May	--	56.6	58.2
EC	06/08	05:00	Employment (q/q)	1Q F	--	--	0.5
EC	06/08	05:00	GDP (q/q)	1Q F	--	0.3	0.3
EC	06/09	07:45	ECB Main Refinancing Rate (%)	Jun 9	0.00	0.00	0.00
GE	06/10	03:00	Current Account (€ bn)	Apr	--	--	18.8
IT	06/10	04:00	Industrial Production (m/m)	Apr	--	-1.1	0.0
RU	06/10	06:30	One-Week Auction Rate (%)	Jun 10	10.00	10.00	11.00

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
HK	06/05	20:30	Purchasing Managers Index	May	--	--	51.7
AU	06/05	21:30	ANZ Job Advertisements (m/m)	May	--	--	-0.5
CH	06/05	21:45	Caixin Services PMI	May	--	46.0	36.2
TH	06/05	23:30	CPI (y/y)	May	5.9	5.9	4.7
TH	06/05	23:30	CPI (m/m)	May	--	0.6	0.3
TH	06/05	23:30	Core CPI (y/y)	May	--	2.2	2.0
JN	06/06	19:30	Household Spending (y/y)	Apr	--	-0.6	-2.3
PH	06/06	21:00	CPI (y/y)	May	5.4	5.4	4.9
AU	06/07	00:30	RBA Cash Target Rate (%)	Jun 7	0.60	0.75	0.35

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of June 6 – 10

ASIA PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	06/07	01:00	Coincident Index CI	Apr P	--	97.4	97.5
JN	06/07	01:00	Leading Index CI	Apr P	--	102.5	100.8
JN	06/07	01:00	New Composite Leading Economic Index	Apr P	--	102.5	100.8
AU	06/07	02:30	Foreign Reserves (AUD bn)	May	--	--	77.5
TA	06/07	04:00	CPI (y/y)	May	3.6	3.4	3.4
SI	06/07	05:00	Foreign Reserves (US\$ mn)	May	--	--	365177.4
SK	06/07	19:00	GDP (q/q)	1Q P	--	0.7	0.7
SK	06/07	19:00	GDP (y/y)	1Q P	3.1	3.1	3.1
JN	06/07	19:50	Bank Lending (y/y)	May	--	--	0.9
JN	06/07	19:50	Current Account (¥ bn)	Apr	--	513.2	2549.3
JN	06/07	19:50	GDP (q/q)	1Q F	-0.2	-0.3	-0.2
JN	06/07	19:50	GDP Deflator (y/y)	1Q F	-0.4	-0.4	-0.4
JN	06/07	19:50	Trade Balance - BOP Basis (¥ bn)	Apr	--	-735.0	-166.1
CH	06/07	21:00	Foreign Reserves (US\$ bn)	May	--	3115.0	3119.7
IN	06/08	00:30	Repo Rate (%)	Jun 8	4.75	4.90	4.40
IN	06/08	00:30	Cash Reserve Ratio (%)	Jun 8	--	4.50	4.50
MA	06/08	03:00	Foreign Reserves (US\$ bn)	May 31	--	--	111.4
TH	06/08	03:00	BoT Repo Rate (%)	Jun 8	0.50	0.50	0.50
TA	06/08	04:00	Exports (y/y)	May	--	18.0	18.8
TA	06/08	04:00	Imports (y/y)	May	--	23.0	26.7
TA	06/08	04:00	Trade Balance (US\$ bn)	May	--	4.2	4.9
JN	06/08	19:50	Japan Money Stock M2 (y/y)	May	--	3.6	3.6
JN	06/08	19:50	Japan Money Stock M3 (y/y)	May	--	3.2	3.2
PH	06/08	21:00	Exports (y/y)	Apr	--	10.6	5.9
PH	06/08	21:00	Imports (y/y)	Apr	--	26.8	27.7
PH	06/08	21:00	Trade Balance (US\$ mn)	Apr	--	-4950.0	-4172.0
JN	06/09	02:00	Machine Tool Orders (y/y)	May P	--	--	25.0
NZ	06/09	18:45	Manufacturing Activity	1Q	--	--	12.0
SK	06/09	19:00	Current Account (US\$ mn)	Apr	--	--	6729.4
PH	06/09	21:00	Unemployment Rate (%)	Apr	--	--	5.8
CH	06/09	21:00	New Yuan Loans (bn)	May	1300	1211.5	645.4
CH	06/09	21:00	Exports (y/y)	May	--	8.0	3.9
CH	06/09	21:00	Imports (y/y)	May	--	2.5	0.0
CH	06/09	21:00	Trade Balance (USD bn)	May	--	57.8	51.1
CH	06/09	21:30	CPI (y/y)	May	2.4	2.2	2.1
CH	06/09	21:30	PPI (y/y)	May	--	6.5	8.0
ID	06/09	22:00	Consumer Confidence Index	May	--	--	113.1
TH	06/09	22:00	Consumer Confidence Economic	May	--	--	34.6
MA	06/10	00:00	Industrial Production (y/y)	Apr	--	5.1	5.1
IN	06/10	08:00	Industrial Production (y/y)	Apr	--	5.40	1.90

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	06/04	13:00	Consumer Price Index (m/m)	May	--	0.9	1.3
CO	06/04	13:00	Consumer Price Index (y/y)	May	--	9.1	9.2
BZ	06/06	08:00	Current Account (US\$ mn)	Mar	--	300.0	-2414.0
BZ	06/06	08:00	Economic Activity Index SA (m/m)	Mar	--	1.0	0.3
BZ	06/06	08:00	Economic Activity Index NSA (y/y)	Mar	--	2.0	0.7
CL	06/07	18:00	Nominal Overnight Rate Target (%)	Jun 7	9.00	9.00	8.25
BZ	06/09	08:00	IBGE Inflation IPCA (m/m)	May	--	0.6	1.1
BZ	06/09	08:00	IBGE Inflation IPCA (y/y)	May	--	11.9	12.1
PE	06/09	19:00	Reference Rate (%)	Jun 9	5.50	5.50	5.00
BZ	06/10	08:00	Retail Sales (m/m)	Apr	--	0.4	1.0
BZ	06/10	08:00	Retail Sales (y/y)	Apr	--	2.0	4.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of June 6 – 10

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06/06	11:30	U.S. To Sell 13-Week Bills
US	06/06	11:30	U.S. To Sell 26-Week Bills
CA	06/06	12:00	Canada to Sell 2 Year Bonds
US	06/07	13:00	U.S. To Sell 3-Year Notes
CA	06/08	12:00	Canada to Sell 5 Year Bonds
US	06/09	11:30	U.S. To Sell 4-Week Bills
US	06/09	11:30	U.S. To Sell 8-Week Bills

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SP	06/07	04:30	Spain to Sell Bills
UK	06/07	05:00	U.K. to Sell Gilts
SZ	06/07	05:15	Switzerland to Sell 91-day Bills
AS	06/07	05:30	Austria to Sell Bonds
GE	06/07	05:30	Germany to Sell I/L Bonds
BE	06/07	05:30	Belgium to Sell Bills
NE	06/07	05:30	Netherlands to Sell 49-day Bills
NE	06/07	05:30	Netherlands to Sell 141-day Bills
FI	06/07	06:00	Finland to Sell Bills
EC	06/07	06:30	ESM to Sell 3-Month Bills
FR	06/07	08:50	France to Sell Bills
DE	06/08	04:15	Denmark to Sell 174-day Bills
DE	06/08	04:15	Denmark to Sell 83-day Bills
SW	06/08	05:00	Sweden to Sell Bills
NO	06/08	05:00	Norway to Sell Bills
UK	06/08	05:00	U.K. to Sell Gilts
GR	06/08	05:00	Greece to Sell 364-day Bills
SZ	06/08	05:15	Switzerland to Sell Bonds
GE	06/08	05:30	Germany to Sell 4 bn Euros of 2032 Bonds
SW	06/09	05:00	Sweden to Sell I/L Bonds
IT	06/10	05:00	Italy to Sell Bills
UK	06/10	06:00	U.K. to Sell Bills

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	06/06	21:30	Bank of Korea to Sell 1.1 tn Won 91-Day Bonds
SK	06/06	22:30	South Korea to Sell 2.2 tn Won 3-Year Bonds
JN	06/06	23:35	Japan to Sell 30-Year Bonds
SK	06/07	21:30	Bank of Korea to Sell 1 tn Won 1-Year Bonds
SK	06/07	22:30	South Korea to Sell 1 tn Won 2-Year Bonds
CH	06/07	22:35	China Plans To Sell CNY 1-Yr Upsized Bonds
SK	06/08	01:30	South Korea to Sell 800 bn Won 63-Day Financial Bills
JN	06/08	23:30	Japan to Sell 6-Month Bills
SK	06/09	22:30	South Korea to Sell 300 bn Won 50-Year Bonds
CH	06/09	22:35	China Plans To Sell CNY 91-Day Bills
CH	06/09	22:35	China Plans To Sell CNY 182-Day Bills
JN	06/09	23:30	Japan to Sell 3-Month Bills

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for the week of June 6 – 10

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06/09	11:00	BoC's Macklem Speaks to Reporters After FSB

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	06/07	04:00	Istat Releases Economic Forecast
EC	06/08	05:00	OECD Publishes Economic Outlook
IT	06/08		Bank of Italy Report on Balance-Sheet Aggregates
EC	06/09	08:30	ECB President Christine Lagarde Holds Press Conference
IT	06/10	04:30	Bank of Italy Releases Banks and Money Monthly Statistics

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06/07	00:30	RBA Cash Rate Target
NZ	06/07	18:00	N.Z. Government 10-Month Financial Statements

LATIN AMERICA

No Scheduled Events.

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	1.50	July 13, 2022	2.00	2.00
Federal Reserve – Federal Funds Target Rate	1.00	June 15, 2022	1.50	1.50
Banco de México – Overnight Rate	7.00	June 23, 2022	7.50	7.50

Bank of Canada (BoC): No further policy guidance is likely, but Governor Macklem will hold a press conference on Thursday to discuss the Financial System Review that covers risks to the financial system. **Federal Reserve:** The Fed enters blackout ahead of its full meeting on June 15th.

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 9, 2022	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 9, 2022	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 9, 2022	-0.50	-0.50
Bank of England – Bank Rate	1.00	June 16, 2022	1.25	1.25
Swiss National Bank – Libor Target Rate	-0.75	June 16, 2022	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	11.00	June 10, 2022	10.00	10.00
Sweden Riksbank – Repo Rate	0.25	June 30, 2022	0.50	0.50
Norges Bank – Deposit Rate	0.75	June 23, 2022	1.00	1.00
Central Bank of Turkey – Benchmark Repo Rate	14.00	June 23, 2022	14.00	14.00

European Central Bank (ECB): No policy changes are expected this Thursday, but fresh forecasts will inform guidance that is expected to tee up the end of asset purchases by early July and a rate hike on July 21st. **Central Bank of Russia (CBR):** Russia's central bank may cut its policy rate on Friday in an effort to stimulate the domestic economy, as capital controls put in place to stem capital flight have given the semblance of a strengthening ruble since mid-March.

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 17, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.35	June 7, 2022	0.60	0.75
Reserve Bank of New Zealand – Cash Rate	2.00	July 12, 2022	2.50	2.50
People's Bank of China – 1-Year Loan Prime Rate	3.70	June 19, 2022	3.65	3.70
Reserve Bank of India – Repo Rate	4.40	June 8, 2022	4.75	4.90
Bank of Korea – Bank Rate	1.75	July 13, 2022	2.00	1.75
Bank of Thailand – Repo Rate	0.50	June 8, 2022	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 6, 2022	2.00	2.00
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	June 23, 2022	3.75	3.50
Central Bank of Philippines – Overnight Borrowing Rate	0.00	June 23, 2022	2.50	2.25

Reserve Bank of Australia (RBA): The RBA will make a monetary policy decision on June 7. We expect the benchmark Cash Rate Target to be raised by 25 bps to 0.60% on the back of intensifying inflationary pressures. Nevertheless, as wage gains remain relatively soft, the RBA will be able to normalize monetary policy gradually throughout the rest of the year without having to resort to large interest rate hikes. **Reserve Bank of India (RBI):** Indian monetary authorities will make a policy decision on June 8. We expect the policy rate to be increased by 35 bps to 4.75%. The RBI commenced a monetary policy normalization phase in May when it raised the repurchase rate by 40 bps to 4.40% in an unscheduled meeting. The central bank aims to prevent inflation expectations from rising rapidly and to support the Indian rupee, which has faced a weakening bias against the US dollar on the back of capital outflows.

Bank of Thailand (BoT): Thai monetary authorities will hold a monetary policy meeting on June 8. We expect the BoT to leave the benchmark interest rate unchanged at 0.50% for now. While headline inflation has accelerated significantly (reaching 4.7% y/y in April), core inflation (at 2.0% y/y in April) remains within the central bank's 1-3% target. Nonetheless, a policy normalization phase is approaching; we expect the BoT to start raising the key rate in Q3.

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	12.75	June 15, 2022	13.50	13.25
Banco Central de Chile – Overnight Rate	8.25	June 7, 2022	9.00	9.00
Banco de la República de Colombia – Lending Rate	6.00	June 30, 2022	7.50	7.00
Banco Central de Reserva del Perú – Reference Rate	5.00	June 9, 2022	5.50	5.50

Banco Central de Chile (BCCh): The BCCh is expected to hike by 75-100 bps on Tuesday, less than the over 100 bps hikes at each of the two previous meetings. Inflation in Chile sits above 10% y/y in April and is expected to be above 11% y/y in May. **Banco Central de Reserva del Perú (BCRP):** The BCRP is unanimously expected to hike its reference rate by another 50 bps on Thursday while maintaining a hawkish bias pointing toward further hikes ahead as headline inflation and core inflation climbed above 8% y/y and 4% y/y respectively in May.

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	4.75	July 21, 2022	4.75	4.75

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

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