Scotiabank.

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

March 18, 2022

Contributors

Derek Holt
VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

With thanks for research support from: Marc Ercolao.

Risk Dashboard for:

Week of March 21st – 25th:

- Where to from here for longer-term yields?
- European PMIs to showcase extent of war damage to the economy
- UK inflation to rise again...
- ...and set the stage for Sunak to outline tax relief
- Fed's Powell, ECB's Lagarde, BoE's Bailey to speak
- Banxico to hike again, add to guidance
- Ditto for Norges Bank
- SARB to keep hiking
- PBOC, SNB, Philippines expected to hold
- Three more Canadian provincial budgets
- Other macro

Week of March 28th – April 1st Highlights:

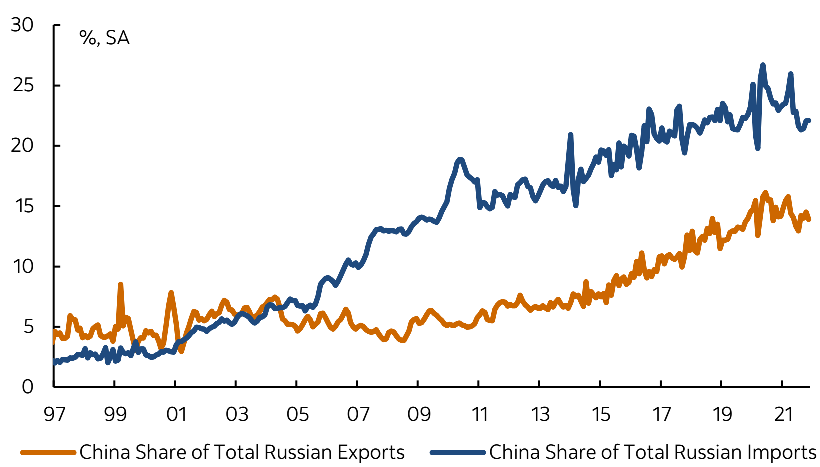
- Another strong US nonfarm payrolls?
- Eurozone inflation pressuring the ECB...
- ...less than US inflation is doing to the Fed
- US consumers earned more, spent less
- Canada's economy: soft January, February rebound?
- CBs: Chile, BanRep, BoT

Where to from Here for Longer-Term Yields?

FORECASTS & DATA

Chart of the Week

Russia's Increasing Reliance on China as a Trade Partner



Sources: Scotiabank Economics, IMF.

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

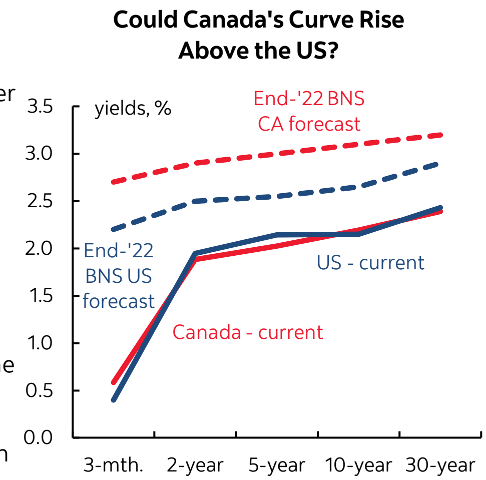
March 18, 2022

Where to from Here for Longer-Term Yields?

With major central banks out of the way for another round of meetings and before getting into discussion of relatively light calendar-based risk ahead, it's worth tackling a key debate in markets that surrounds how to determine fair value for longer-term bond yields at present and going forward. This issue affects a number of debates such as the relative attractiveness of longer-term bonds as an investment, whether policy tightening by central banks like the Federal Reserve and Bank of Canada could risk inverting the yield curve and triggering recession warnings, and how much of a further hit could be forthcoming to fixed term household and business borrowing costs.

It's probably logical to start with our forecast. Scotia Economics anticipates the 10- and 30-year yields to end this year toward 2.65% and 2.9% in the US and 3.1% and 3.2% in Canada respectively. Our forecast has the whole Canada yield curve from shorter-term yields through the longer-term moving above the US going forward (chart 1).

Chart 1



Sources: Scotiabank Economics, Bloomberg.

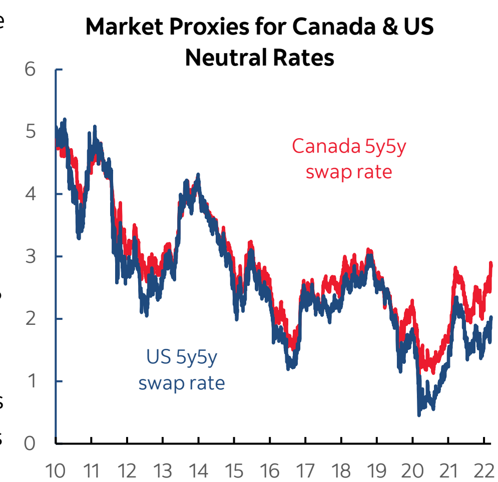
Having said that, there is ginormous uncertainty around such forecasts that merits consideration of wide ranges. On balance, we think the longer ends of the curves in both countries remain expensive at present yields but have rather limited conviction in terms of how much that is the case. A reasonable range around our forecast is easily +/-50bps. What follows will hopefully impress upon the reader the fact that overly strong opinions on the direction of the curve in this environment are misplaced such as some of the rather strident claims I've seen being made. Instead of emphasizing point estimates, the best approach is to assess reasonable ranges while placing the emphasis upon scenarios in assessing impacts upon portfolio performance and effects upon business plans and hedging risks where suitable and fairly priced. Putting too much faith in point estimates would be unwise and purely speculative.

Rudimentary Expectations Theory

One rudimentary approach is a simple model that is based upon expectations theory that treats longer-term bonds as a proxy for bootstrapped short-term policy rate expectations well into the future. This approach is one of our inputs into the curve forecasts. It's a contested theory of the term structure with limited supporting evidence, but it offers a starting point. Among the assumptions is that nominal longer-term bond yields should gravitate toward expectations for the nominal neutral policy rate.

An obvious first point is whether such a target can be sustainably hit in future given the pattern to date of large and frequent shocks. We think that we stand a fairer chance at sustainably achieving the terminal rate equivalent of the longer-run nominal neutral policy rate of 2.25-2.5% this time than at any other point in recent years when we haven't been able to crack 1.75% as a Canadian policy rate throughout the GFC period or sustainably remained at such levels after briefly flirting with them in 2018-19 in the US. Shops with lower longer-term bond yield forecasts than ours have less faith in the ability of central banks to sustainably achieve neutral policy rates this time. This sustainability issue in the face of persistent shocks can account for many tens of basis points of difference in various forecasters' estimates of longer-term yields.

Chart 2



Sources: Scotiabank Economics, Bloomberg.

In addition to the issue of perennial shocks, estimates of the nominal neutral policy rates are themselves highly uncertain. Swap market proxies for Canada see the neutral rate at between 2¾% - 3% and US proxies are materially lower (chart 2). The FOMC estimates the US nominal R* rate at 2½% with a range from 2-3%. Federal Reserve economists have estimated that the nominal neutral policy rate may be roughly between 2%-2 ¼% (e.g., the late Laubach with Williams, Lubik-Matthes). The Bank of Canada estimates that Canada's nominal R* rate is between 1.75% - 2.75% (**here**). The FOMC figures that the inflation-adjusted or real nominal neutral policy rate is +0.5% with a range of 0–1%. The BoC's estimate for the real neutral rate would be hinged around the same 2% inflation target and hence between -0.25% and +0.75%.

Why such discrepancies across estimates of what central bank policy rates would exist around perfect equilibrium conditions in the economy? Uncertainty toward estimates of the neutral nominal policy rate have to do with uncertainty around the economy's longer-run potential growth rate (the non-inflationary equilibrium growth rate) and inflation expectations that may differ between what central banks say they will target and what markets anticipate. For instance, the FOMC thinks the longer-run potential growth rate of the US economy in inflation-adjusted terms is 1.8% with individual participants thinking the range runs from 1.6–2.2%. The Bank of Canada figures that the economy's potential growth rate over 2021–23 is about 1.6% with a roughly two percentage point bracket around individual years' estimates.

As for inflation expectations, chart 3 shows what is anticipated by investors in real return (inflation-indexed) bonds in both countries. Canadian real return bond holders are implying they believe the BoC will be roughly able to enforce its 2% target over time whereas US investors in Treasury Inflation-Protected Securities (TIPS) think that the Fed may be more challenged and faces greater upward pressure over time. This seems unusual to us in that it's unclear why the US economy would have so much higher structural rates of expected inflation than Canada and why market proxies would also be pricing lower assumptions on the US neutral policy rate relative to Canada's. Granted, these are imperfect measures at best. I suppose one possibility is that markets view the Fed as having fundamentally pivoted toward more of a run-hot bias after its revised statement of longer-run policy goals, although the BoC's inflation renewal agreement late last year raised questions in the minds of investors by mixing messages on inflation targeting and employment objectives.

A starting point to why we're talking wide ranges for term rates therefore involves recognizing the high degree of uncertainty around where the nominal neutral policy rates may sit in both countries—and hence where real GDP growth and inflation expectations sit—as well as whether the terminal rates may sustainably gravitate toward such measures in the face of uncertainty going forward.

As for longer-run drivers, a key uncertainty is whether we revert to the inflation of the decade or so before the pandemic that resulted in perennially lower-than-forecast rates of inflation, or shift structurally higher. My personal view is that the structural drivers of longer-run inflation have pivoted higher. Trade liberalization that was once disinflationary is gone as supply chains tighten. Technological change that lowered barriers to contestability and information costs may be giving way to greater pricing power by dominant companies. Demographic change may see greater upward pressure upon service prices, especially medical care. If so, then estimates of the nominal neutral policy rate and longer-run inflation expectations may be durably higher than since the GFC.

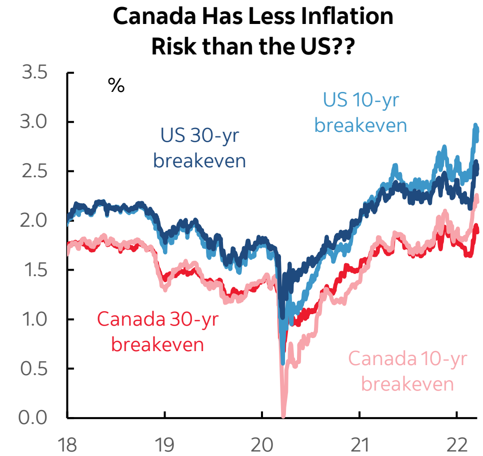
Time Varying Term Premia

The expectations theory suffers from two main shortcomings. One is that it is based upon rational expectations theory which may not hold at all times (most?) in bond markets.

Secondly, the expectations theory does not consider term premia which is the added yield reward to seeking duration risk. It simply says bond investors only buy 10- or 30-year bonds with the expectation they'll get compensated for nothing more than what the policy rate is expected to be over the coming year, then one year forward from that, then one year forward two years from now, and so forth. Most bond investors would agree that's a pretty rudimentary approach that leaves them uncompensated for other forms of risk they may be taking.

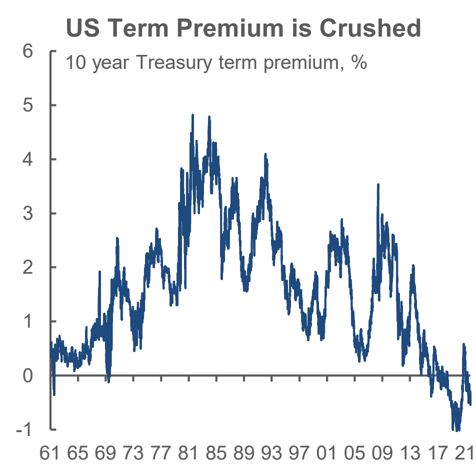
There is high uncertainty around estimates of term premia and how they may evolve going forward. NY Fed economists provide their estimates in chart 4 and there are other

Chart 3



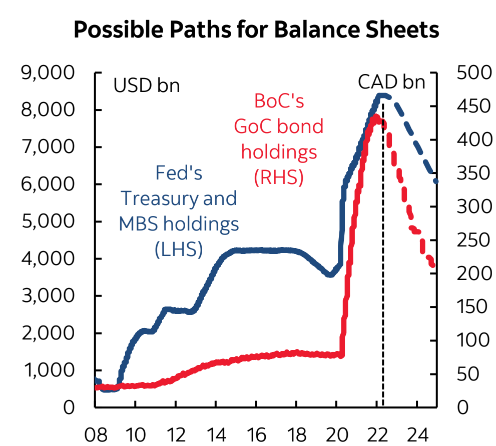
Sources: Scotiabank Economics, Bloomberg.

Chart 4



Sources: Scotiabank Economics, New York Federal Reserve.

Chart 5



Sources: Scotiabank Economics, NY Fed, Bank of Canada.

estimates as well. Term premia is time varying in nature and can be influenced by various factors including central bank QE programs. At present, the US 10-year term premium is estimated to be about -40bps. It is off the bottom of -1% that was hit when the pandemic first unfolded in 2020, but it is still unusually negative. Going forward, we have assumed that this measure will converge back toward zero or higher in part driven by the Federal Reserve and Bank of Canada shrinking their holdings of bonds purchased during their quantitative easing programs (chart 5). The Bank of England is doing so already, and we expect the ECB to end net bond purchases toward year-end. Because of this coordinated exit from QE programs there could be further upside to this estimated term premia. It would not take much of a positive term premium tacked onto such neutral rate assumptions in order to get the rest of the curve potentially well above 3%.

Time Varying Risk Premia

A time varying risk premia is another influence. There is still a modest safe haven premium that is restraining repricing of longer-run inflation and growth expectations. Some of that is due to the war, some due to China uncertainty and some due to recession risk. The suite of these factors are expected to evolve somewhat more favourably from a market risk appetite standpoint over the year.

If we thought recession risk was more material and that inflation would turn much lower than we have in our forecasts, then tightening at the front-end could risk curve inversion and commit policy error. That's not what we're assuming in the rest of our projections but, if we're wrong on that, then the longer end would be the first to invert. I think that's unlikely to happen for this year at least.

Connecting Markets Through Covered Interest Parity

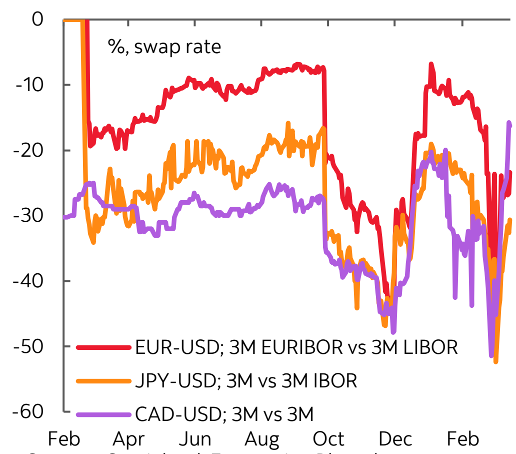
For the most part, the approaches explained thus far implicitly assume that we're dealing with closed bond markets influenced primarily by estimates of US and Canadian neutral real policy rates and domestic inflation expectations. External factors can influence term premia estimates and risk premia, but they are inadequately captured in the approaches utilized thus far.

Another approach that links global bond markets is the covered interest parity model. In its simplest form, it says that the spot currency exchange rate times the return earned off a domestic interest rate should equal the forward exchange rate times the return earned off a foreign interest rate along similarly matched maturity horizons.

This theory helps to understand what has been a major role in driving term yields lower across the dollar bloc (US, Canada, Aussie, Kiwi). With the ECB running a deposit rate at -0.5%, it is essentially paying investors to borrow from it and invest in higher yielding and riskier assets. The Bank of Japan's -0.1% policy balance rate is similarly designed. That's the whole essence of negative policy rates and QE programs. As a consequence, investors have throughout the negative rate environment moved into higher yielding US Treasury and Canadian government securities and in the process raised their prices and depressed their yields below what conventional theories rooted in domestic fundamentals would merit. Lower European rates have dragged the dollar bloc's rates down with them.

Chart 6

Three Month 1-Year Hedging Costs into USD



Sources: Scotiabank Economics, Bloomberg.

A key debate is therefore when the ECB may begin to raise its deposit rate (we don't expect the BoJ to do so within any reasonable horizon). Markets are pricing policy rate hikes starting later this year.

In practice, however, there is a persistent and sizeable error term behind covered interest parity that has emerged over time. Proxies for this so-called 'basis' are shown in chart 6. There is a rich literature around why this error term has emerged to be as large as it is. One possible theory is that it widened since the GFC due to a changing regulatory apparatus governing global financial markets. Covered interest parity requires that investors have unmitigated ability to engage in arbitrage by going long or short on relative rates and forward and spot exchange markets in order to keep the relationship aligned. Regulatory policies that limit capital deployment compared to before the GFC may be preventing some of this arbitrage from fully occurring.

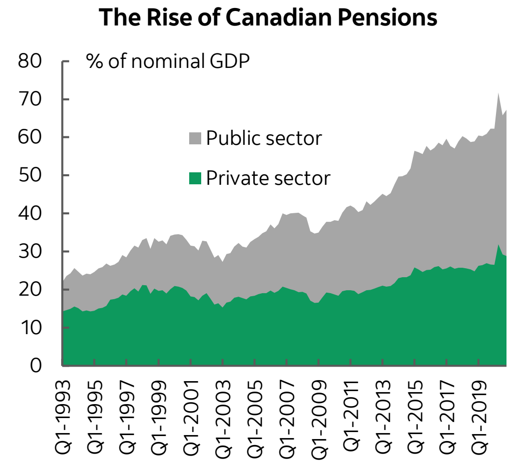
Segmented markets

Still here? Good. It's not over though. I've tried to give highlights of the main theoretical drivers of longer-term yields and there are many more considerations than the ones covered here such as technical factors and unexpected issuance supply shocks.

An important one to close on, however, is the rise of longer-term investors. As longer-term investors like pensions have grown, demand for fixed income instruments has risen in order to fund burgeoning actuarial liabilities. This is a structural driver that is closer to its peak than its start given aging populations and a relative shift toward defined contribution pension funds, but it could take years to arrive at such a peak. The rise of pension assets is shown in chart 7. Their rising role has driven greater demand for matched maturity longer-term bonds.

Bond market investors often convey the belief that this structural demand for fixed income instruments relative to the induced scarcity effect upon term premia that has been brought on by central bank buying serves to cap longer-term yields below where fundamentals would dictate. We agree with that, but the key question is to what extent. Our longer-term yield forecasts imply there is further room for upward adjustment but that influences from purely fundamental factors will remain suppressed.

Chart 7



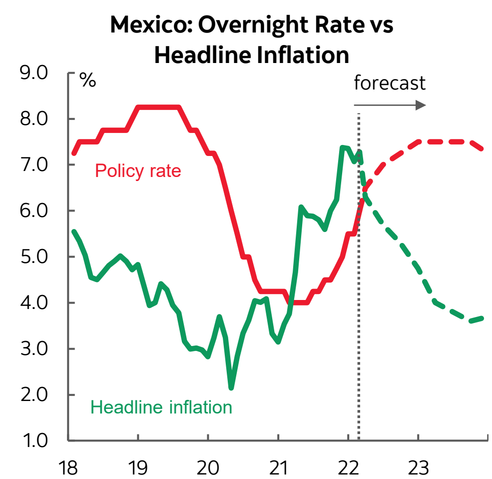
Sources: Scotiabank Economics, Statistics Canada.

MORE CENTRAL BANKS!

Although the world's major central banks have all issued recent policy decisions, several of them will follow up those decisions with addresses that may further inform policy expectations. Several regional central banks will also weigh in with decisions all on Thursday.

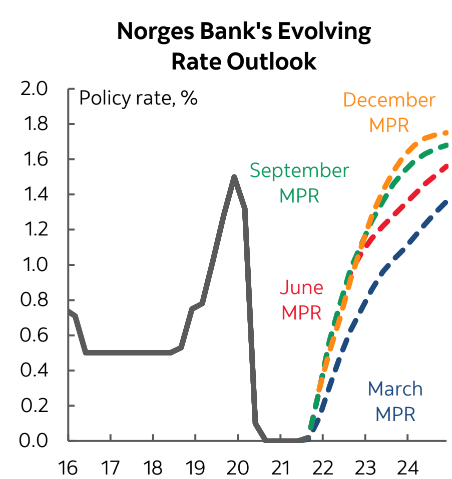
- Federal Reserve Chair Powell speaks on Monday in a moderated session at 12pmET at an annual economists' convention. Powell speaks again on Wednesday on a panel at an event held by the Bank for International Settlements.
- Bank of England Governor Bailey speaks on the same panel as Powell on Wednesday.
- ECB President Lagarde speaks in a different session at the same BIS conference on Wednesday in a moderated discussion.
- The PBOC is widely expected to leave its one- and five-year loan prime rates unchanged into the start of the week after having left its leading 1-year medium term lending facility rate unchanged recently.
- Banxico (Thursday) is forecast to hike by 50bps. Back in February, Deputy Governor Jonathan Heath stated that "When the Fed increases we've always increased at the same pace or more, but never less, so I don't really see the case for it to be different now. What would make us try to go faster than the Fed is if we don't see inflation peaking in March or April, maybe a little bit later – that's the type of data point I would be looking at." Mexican CPI recently climbed to 7.3% y/y in February with core inflation rising to 6.6%. Uncertainty toward whether Mexican inflation faces a nearer term peak may be diminished in light of the war in Ukraine while the Fed's more hawkish pivot recently added to expectations for Fed tightening. Chart 8 shows our Mexican economists' forecasts.
- Norges Bank is widely expected to hike its deposit rate by 25bps on Thursday because, well, they tell you so in advance. The last Monetary Policy Assessment that was published in January stated "the policy rate will most likely be raised in March." We'll also get a fresh Monetary Policy Report with this decision. Key may be guidance and whether Norges Bank continues to bring forward higher rate projections in light of additional supply chain and commodity pressures due to the war in Ukraine (chart 9).
- The Central Bank of Philippines is universally expected to stay on hold at an overnight borrowing rate of 2% on Thursday.
- Swiss National Bank (Thursday) is not expected to alter its -0.75% policy rate. Prior comments on FX intervention may be refreshed given that although the franc has appreciated this month, it has recently pulled off prior peaks.

Chart 8



Sources: Scotiabank Economics, Banxico, INEGI.

Chart 9



Sources: Scotiabank Economics, Norges Bank.

- South African Reserve Bank (Thursday) is almost universally expected to hike its policy rate by another 25bps on Thursday. That would make for 75bps of hikes since November. The central bank has been tightening on inflation concerns that have probably been inflamed since its last meeting in January.

CANADIAN PROVINCIAL BUDGETS

The annual Spring ritual continues with a trio of provinces due to release budgets. That would make it six provinces to file budgets so far including BC, Alberta and PEI that have already announced. That leaves Ontario, Manitoba, Nova Scotia and Newfoundland and Labrador to release. The Federal budget is likely to arrive around Tuesday April 5th.

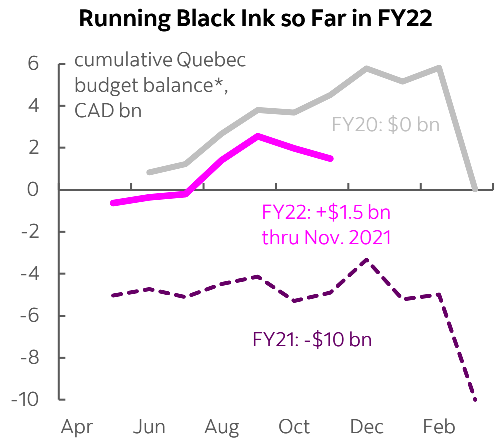
Marc Desormeaux expects Quebec to report modest improvements in its fiscal position—and slightly lower borrowing activity—when it releases the 2022 provincial budget on Tuesday. Nominal GDP growth is tracking more than 1 ppt higher than anticipated for 2021 in the November 2021 mid-year update. April–November 2021 own-source revenues were up more than 21% versus the same period in 2020, in contrast to projected FY22 growth of less than 11% in the mid-year update. Quebec was also running a $1.5 bn surplus as of November 2021 (chart 10) and had already recouped omicron wave job losses as of February. Government messaging suggests that much of the windfall will be devoted to mitigating the effects of inflation—on track to be more severe than previously projected given ongoing supply chain challenges and the Russia-Ukraine conflict.

On policy, we'll look for three things. First, a credible return-to-balance timeline that keeps the debt-to-GDP ratio on a downward-sloping path. Second, inflation-fighting measures that are time-limited and targeted to lower-income households most impacted by price pressures. Third, updates on efforts to stimulate provincial business investment and long-run productivity gains. The mid-year update highlighted gaps between Quebec and Ontario on several investment indicators and set a target of 1.6% productivity growth per year for 2021–26.

Scotia's Laura Gu notes that Saskatchewan's FY23 budget will be released on Wednesday. Recall that last November's mid-year update projected a record level deficit of $2.7 bn (-3.1% of nominal GDP) in FY22, mainly due to expenses related to the unforeseen drought earlier in the fiscal year (chart 11). That said, we expect favourable commodity prices—mainly oil and crop—to further improve the province's bottom line. We are likely going to see continued caution in expenditure to achieve the province's path to balance by FY27 set out in the previous budget. The government's conservative oil price assumptions should leave room for upside to its current fiscal outlook, which likely means lower borrowing requirements than the $4.7 bn planned for FY22. Nevertheless, Saskatchewan is expected to maintain its fiscal advantage of low net debt-to-GDP ratio in the medium-term.

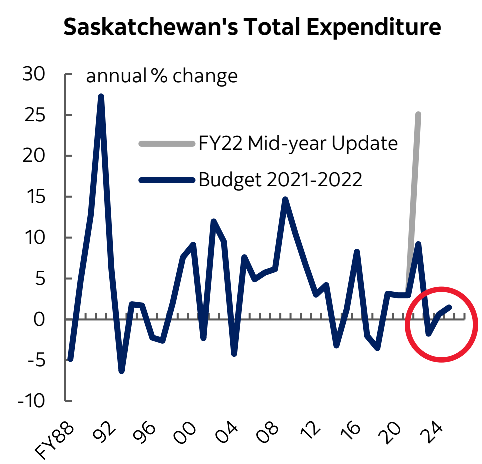
New Brunswick will table a budget on Tuesday and Laura Gu will be covering that event as well. The province projected a considerable $487.8 mn (1.2% of GDP) surplus for FY22 in its third-quarter update—mainly thanks to strong revenue windfalls (chart 12)—the fifth consecutive year in the black. The bottom-line should continue to improve as the economic recovery and population growth persist. The province also tabled a capital plan in December last year, which increased its FY23–FY24 infrastructure spending by almost 19%. The significantly improved fiscal outlook should reduce the province's borrowing requirements from its latest estimate of $1.25 bn in FY22 as of November 2021, yet higher capital funding needs could offset that effect in part. New Brunswick is expected to reduce its debt burden from 36% of GDP in FY21 to 32.5% of GDP in FY22, and this should decline further as the fiscal outlook continues to improve.

Chart 10



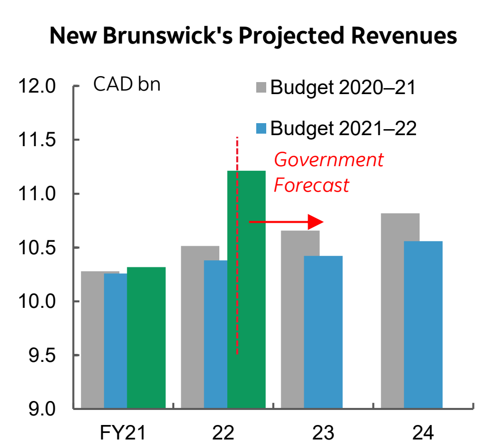
* After Generations Fund deposits.
Sources: Scotiabank Economics, Finances Québec.

Chart 11



Sources: Scotiabank Economics, Saskatchewan Finance.

Chart 12



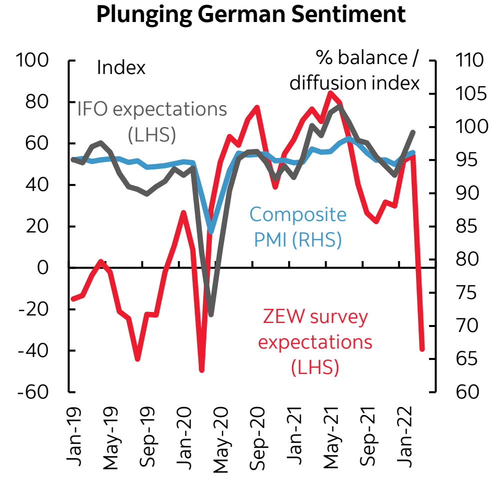
*FY21 figure is final result.
Sources: Scotiabank Economics, New Brunswick Finance.

KEY GLOBAL MACRO DEVELOPMENTS

The week's main economic indicator releases will come from Europe.

The question at hand is less about direction and more about magnitude in determining how far European purchasing managers' indices may drop. Eurozone and UK PMIs for March arrive on Thursday. One guide toward what to expect was revealed by Germany's ZEW investor expectations gauge and the Eurozone version that sank (chart 13). It's the proverbial canary in the coal mine measure of sentiment gauges in that it precedes release of PMIs and Germany's IFO business confidence that lands the next day. It also merits noting that both the Eurozone and UK manufacturing PMIs fell significantly after the Russian invasion of Ukraine in 2014, though by nowhere near as much as implied by the ZEW gauge this time.

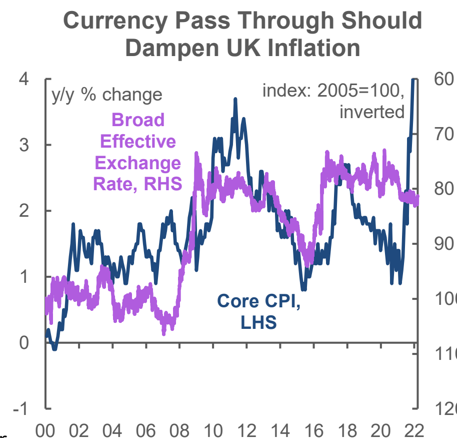
Chart 13



Sources: Scotiabank Economics, Bloomberg.

UK CPI inflation for February arrives on Wednesday. The headline rate is likely to approach 6% y/y with core taking a few steps closer toward 5% y/y. Higher food and energy prices will clearly be a driver and one that is likely to push inflation toward the highest reading since 1992. Going forward, if the oil futures curve is on the mark as an imperfect guide to future spot prices then that should combine with dampening influences of exchange rate appreciation (chart 14) to drive inflation significantly lower into year-end. The UK also updates retail sales for February (Friday) which could see higher fuel prices squeezing core sales.

Chart 14



Sources: Scotiabank Economics, Bank of England, Bloomberg.

UK Chancellor of the Exchequer Rishi Sunak delivers his Spring Statement on Wednesday. Sunak recently said "My priority going forwards is to cut taxes. My plan over the course of this parliament is to keep cutting taxes, get the tax burden down." The UK is dealing with the highest tax revenue share of GDP in many decades and so his focus is understandable and means that household and business cash flows could get some relief. One possibility is a reduction of the corporate tax burden. Another is likely to be offsetting measures to cost of living pressures (particularly higher energy costs). Direct assistance could perversely feed inflationary pressures by mitigating the dampening effects upon incomes. Some think Sunak may delay plans to implement a 1 ¼% increase in national health insurance fees.

Canadian markets will be primarily driven by developments abroad and how they may spill over into domestic markets. The only indicator on tap will be producer prices for February (Tuesday) that will translate already known commodity moves into a raw materials index and inform pass -through into intermediate prices. One of the BoC's Deputy Governors—Sharon Kozicki—will speak about "A World of Difference: Households, the Pandemic and Monetary Policy" on Friday.

US releases will be of the second and third tier variety and include the following:

- New home sales (Wednesday): February's tally is likely to soften given advance readings such as declining home buyer foot traffic. Pending home sales used as an advance guide to completed resale home transactions are also due out two days later.
- Durable goods (Thursday): February's tally is expected to dip partly on a decline in aircraft orders. Boeing registered 37 plane orders in February, down from 77 in January, and orders from US airlines fell by half. Sustained momentum in underlying core orders ex-defence and air is expected.
- PMIs: S&P's (formerly Markit's) gauges for March arrive on Thursday and may weaken particularly on the manufacturing side given they include foreign operations of US companies that are more exposed to the war's effects in Europe. By contrast the following week's ISM gauge focuses upon domestic operations of US companies.

Asia-Pacific markets face very light releases. Australia updates S&P (formerly Markit) PMIs for March on Wednesday and they may face downside risk particularly on the manufacturing side given global developments including the impact of war on Europe but particularly the impact of mounting downside risks to China's economy. Japan's Jibun PMIs (Wednesday) face similar downside risk but with the composite gauge already starting from a point of contraction due to the service side. A pair of inflation readings will arrive when Tokyo offers March estimates (Thursday) and Malaysia updates February (Friday), both of which will likely see upside pressure driven by higher oil prices.

Latin American markets also face very light macro developments. Mexico and Brazil will update mid-month CPI estimates for March. Greater upward pressure is expected, but oil prices peaked over the first week of the month and so softer price pressures are likely when the full month's figures arrive if oil remains off its peak.

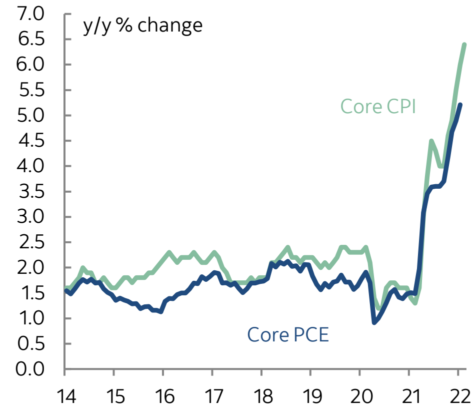
SNEAK PEEK AT THE WEEK AHEAD OF THE WEEK AHEAD

Here is a brief look ahead to the main expected developments for the following week of March 28th to April 1st. The accompanying tables provide indicator picks and central bank expectations for this second week ahead.

- US Nonfarm payrolls: Oh, I can just imagine the headlines about how economists got fooled by nonfarm payrolls when they land on Friday April 1st. My estimate is +450k with a slight down-tick in the unemployment rate to 3.7%. Wage growth is expected to accelerate by ~½% m/m and take the year-over-year rate up to 5.6%.
- US PCE inflation: The Fed's preferred inflation gauges are expected to follow CPI higher (chart 15). PCE inflation is forecast to rise by 0.7% m/m and 6.5% y/y (6.1% prior). Core PCE inflation is forecast to rise by 0.4% m/m and 5.5% y/y (5.2% prior). The same set of numbers is expected to post no growth in total consumer spending as an anticipated lift to services spending will likely be roughly offset by an already known decline in the retail sales control group. Income growth is nevertheless expected to accelerate by ~½ % m/m and rebound from the prior month's softness that was affected by the end of expedited monthly child benefit payments.
- Eurozone CPI: March's reading lands just before nonfarm payrolls on April 1st. Further upward pressure is expected on headline inflation given the rise in commodity prices, especially oil. That the ECB faces less inflationary pressure than the Fed and hence less urgency to act is showcased in chart 16.
- Canadian GDP: January GDP arrives on March 31st. Very mild growth is expected based upon advance guidance from Statistics Canada. Advance guidance for February should be more favourable given the strong jobs report.
- PMIs: US ISM-manufacturing will probably showcase additional price stability and supply chain pressures on April 1st. China's state PMIs are due out two days beforehand.
- Central Banks: Chile's central bank is forecast to hike by 150bps on March 29th. Colombia's central bank is forecast to raise by an identical amount two days later. Charts 17 and 18 show each country's expected policy and inflation rates. Bank of Thailand is expected to stay on hold at 0.5% on March 30th.

Chart 15

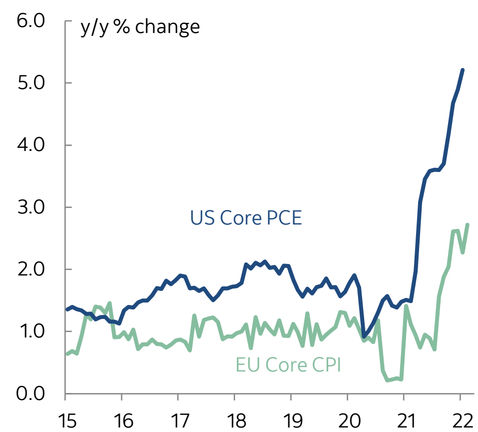
Core PCE & CPI



Sources: Scotiabank Economics, BLS, BEA.

Chart 16

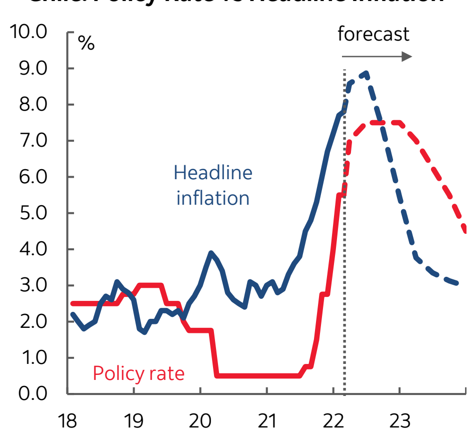
Less Pressure on the ECB Than the Fed



Sources: Scotiabank Economics, BLS, Eurostat.

Chart 17

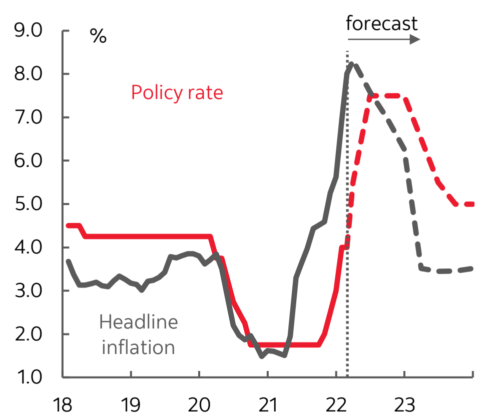
Chile: Policy Rate vs Headline Inflation



Sources: Scotiabank Economics, BCCh, INE.

Chart 18

Colombia: BanRep Policy Rate vs Headline Inflation



Sources: Scotiabank Economics, BanRep, DANE.

Key Indicators for March 21 – April 1

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	03/22	08:30	IPPI (m/m)	Feb	--	--	0.5
CA	03/22	08:30	Raw Materials Price Index (m/m)	Feb	--	--	-2.7
US	03/22	10:00	Richmond Fed Manufacturing Index	Mar	--	2.0	1.0
US	03/23	07:00	MBA Mortgage Applications (w/w)	Mar 18	--	--	-1.2
US	03/23	10:00	New Home Sales (000s a.r.)	Feb	785	815	801
MX	03/24	08:00	Bi-Weekly Core CPI (% change)	Mar 15	--	0.4	0.3
MX	03/24	08:00	Bi-Weekly CPI (% change)	Mar 15	--	0.5	0.4
MX	03/24	08:00	Retail Sales (INEGI) (y/y)	Jan	--	--	4.9
US	03/24	08:30	Current Account (US$ bn)	4Q	--	-218.0	-214.8
US	03/24	08:30	Durable Goods Orders (m/m)	Feb P	-1.4	-0.5	1.6
US	03/24	08:30	Durable Goods Orders ex. Trans. (m/m)	Feb P	0.2	0.5	0.7
US	03/24	08:30	Initial Jobless Claims (000s)	Mar 19	225	211	214
US	03/24	08:30	Continuing Claims (000s)	Mar 12	1,495	1,481	1,419
MX	**03/24**	**15:00**	**Overnight Rate (%)**	**Mar 24**	**6.50**	**6.50**	**6.00**
MX	03/25	08:00	Global Economic Indicator IGAE (y/y)	Jan	--	--	1.3
US	03/25	10:00	Pending Home Sales (m/m)	Feb	--	1.0	-5.7
US	03/25	10:00	U. of Michigan Consumer Sentiment	Mar F	--	59.7	59.7
MX	03/28	08:00	Trade Balance (US$ mn)	Feb	--	--	-6,286
US	03/28	08:30	Wholesale Inventories (m/m)	Feb P	--	--	0.8
US	03/28	10:30	Dallas Fed. Manufacturing Activity	Mar	--	--	14.0
US	03/29	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jan	--	--	1.5
US	03/29	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jan	--	--	18.6
US	03/29	10:00	Consumer Confidence Index	Mar	102	106.4	110.5
US	03/29	10:00	JOLTS Job Openings (000s)	Feb	--	--	11,263
MX	03/30	08:00	Unemployment Rate (%)	Feb	--	--	3.7
US	03/30	08:15	ADP Employment Report (000s m/m)	Mar	400	400.0	475.0
US	03/30	08:30	GDP (q/q a.r.)	4Q T	7.1	7.1	7.0
US	03/30	08:30	GDP Deflator (q/q a.r.)	4Q T	--	7.1	7.1
CA	03/31	08:30	Real GDP (m/m)	Jan	0.1	--	0.0
US	03/31	08:30	PCE Deflator (m/m)	Feb	0.7	0.6	0.6
US	03/31	08:30	PCE Deflator (y/y)	Feb	6.5	--	6.1
US	03/31	08:30	PCE ex. Food & Energy (m/m)	Feb	0.4	0.4	0.5
US	03/31	08:30	PCE ex. Food & Energy (y/y)	Feb	5.5	5.5	5.2
US	03/31	08:30	Personal Spending (m/m)	Feb	0.0	0.8	2.1
US	03/31	08:30	Personal Income (m/m)	Feb	0.5	0.5	0.0
US	03/31	09:45	Chicago PMI	Mar	--	57.4	56.3
US	04/01	08:30	Average Hourly Earnings (m/m)	Mar	0.5	0.4	0.0
US	04/01	08:30	Average Hourly Earnings (y/y)	Mar	5.6	5.6	5.1
US	04/01	08:30	Average Weekly Hours	Mar	--	34.7	34.7
US	04/01	08:30	Nonfarm Employment Report (000s m/m)	Mar	450	400.0	678.0
US	04/01	08:30	Unemployment Rate (%)	Mar	3.7	3.7	3.8
US	04/01	10:00	Construction Spending (m/m)	Feb	1.0	1.0	1.3
US	04/01	10:00	ISM Manufacturing Index	Mar	58	58.2	58.6
US	04/01	08:30	Household Employment Report (000s m/m)	Mar	--	--	548.0
US	04/01		Total Vehicle Sales (mn a.r.)	Mar	--	14.3	14.1

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	03/21	03:00	Producer Prices (m/m)	Feb	1.7	2.2
UK	03/22	03:00	PSNB ex. Interventions (£ bn)	Feb	8.3	-2.9
UK	03/22	03:00	Public Finances (PSNCR) (£ bn)	Feb	--	-22.0
UK	03/22	03:00	Public Sector Net Borrowing (£ bn)	Feb	8.4	-3.7
EC	03/22	05:00	Current Account (€ bn)	Jan	--	22.6
IT	03/22	05:30	Current Account (€ mn)	Jan	--	4,399
UK	03/23	03:00	CPI (m/m)	Feb	0.6	-0.1
UK	03/23	03:00	CPI (y/y)	Feb	5.9	5.5

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

Key Indicators for March 21 – April 1

EUROPE ***(continued from previous page)***

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	03/23	03:00	RPI (m/m)	Feb	0.8	0.0
UK	03/23	03:00	RPI (y/y)	Feb	8.2	7.8
EC	03/23	11:00	Consumer Confidence	Mar A	-12.9	-8.8
FR	03/24	04:15	Manufacturing PMI	Mar P	55.1	57.2
FR	03/24	04:15	Services PMI	Mar P	55.0	55.5
GE	03/24	04:30	Manufacturing PMI	Mar P	56.0	58.4
GE	03/24	04:30	Services PMI	Mar P	53.8	55.8
SZ	**03/24**	**04:30**	**SNB Policy Rate**	**Mar 24**	**-0.75**	**-0.75**
EC	03/24	05:00	Composite PMI	Mar P	53.8	55.5
EC	03/24	05:00	Manufacturing PMI	Mar P	56.0	58.2
EC	03/24	05:00	Services PMI	Mar P	54.2	55.5
NO	**03/24**	**05:00**	**Norwegian Deposit Rates (%)**	**Mar 24**	**0.75**	**0.50**
UK	03/24	05:30	Manufacturing PMI	Mar P	57.0	58.0
UK	03/24	05:30	Services PMI	Mar P	58.0	0.1
UK	03/24	20:01	GfK Consumer Confidence Survey	Mar	-30.0	-26.0
UK	03/25	03:00	Retail Sales ex. Auto Fuel (m/m)	Feb	0.5	1.7
UK	03/25	03:00	Retail Sales with Auto Fuel (m/m)	Feb	0.6	1.9
SP	03/25	04:00	Real GDP (q/q)	4Q F	2.0	2.0
GE	03/25	05:00	IFO Business Climate Survey	Mar	94.2	98.9
GE	03/25	05:00	IFO Current Assessment Survey	Mar	96.6	98.6
GE	03/25	05:00	IFO Expectations Survey	Mar	92.0	99.2
GE	03/27		Retail Sales (m/m)	Feb	--	1.4
UK	03/28		Nationwide House Prices (m/m)	Mar	--	1.7
GE	03/29	02:00	GfK Consumer Confidence Survey	Apr	--	-8.1
UK	03/29	04:30	Net Consumer Credit (£ bn)	Feb	--	0.6
SP	03/30	03:00	CPI (m/m)	Mar P	--	0.8
SP	03/30	03:00	CPI (y/y)	Mar P	--	7.6
SP	03/30	03:00	CPI - EU Harmonized (m/m)	Mar P	--	0.8
SP	03/30	03:00	CPI - EU Harmonized (y/y)	Mar P	--	7.6
EC	03/30	05:00	Economic Confidence	Mar	--	114.0
EC	03/30	05:00	Industrial Confidence	Mar	--	14.0
GE	03/30	08:00	CPI (m/m)	Mar P	--	0.9
GE	03/30	08:00	CPI (y/y)	Mar P	--	5.1
GE	03/30	08:00	CPI - EU Harmonized (m/m)	Mar P	--	0.9
GE	03/30	08:00	CPI - EU Harmonized (y/y)	Mar P	--	5.5
UK	03/31	02:00	Business Investment (q/q)	4Q F	--	0.9
UK	03/31	02:00	Current Account (£ bn)	4Q	--	-24.4
UK	03/31	02:00	GDP (q/q)	4Q F	--	1.0
FR	03/31	02:45	Consumer Spending (m/m)	Feb	--	-1.5
FR	03/31	02:45	Producer Prices (m/m)	Feb	--	4.6
GE	03/31	03:55	Unemployment (000s)	Mar	--	-33.0
GE	03/31	03:55	Unemployment Rate (%)	Mar	--	5.0
SP	03/31	04:00	Current Account (€ bn)	Jan	--	-1.3
EC	03/31	05:00	Unemployment Rate (%)	Feb	--	6.8
IT	03/31	05:00	CPI (m/m)	Mar P	--	0.9
IT	03/31	05:00	CPI (y/y)	Mar P	--	5.7
IT	03/31	05:00	CPI - EU Harmonized (m/m)	Mar P	--	0.8
FR	04/01	02:45	Central Government Balance (€ bn)	Feb	--	-15.9
IT	04/01	03:45	Manufacturing PMI	Mar	--	58.3
EC	04/01	05:00	Euro zone CPI Estimate (y/y)	Mar	--	5.8

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

Key Indicators for March 21 – April 1

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	03/20	17:45	Trade Balance (NZD mn)	Feb	--	--	-1,082
NZ	03/20	17:45	Exports (NZD bn)	Feb	--	--	4,856
NZ	03/20	17:45	Imports (NZD bn)	Feb	--	--	5,938
CH	**03/20**	**21:15**	**PBoC Loan Prime Rate 1-Year (%)**	**Mar 21**	**3.70**	**3.70**	**3.70**
TA	03/21	04:00	Export Orders (y/y)	Feb	--	15.9	11.7
HK	03/21	04:30	CPI (y/y)	Feb	1.9	2.0	1.2
HK	03/21	04:30	BoP Current Account (HK$ bns)	4Q	--	--	69.8
SK	03/22	17:00	PPI (y/y)	Feb	--	--	8.7
TH	03/22	23:30	Customs Exports (y/y)	Feb	--	10.4	8.0
TH	03/22	23:30	Customs Imports (y/y)	Feb	--	19.0	20.5
TH	03/22	23:30	Customs Trade Balance (US$ mn)	Feb	--	-1,487	-2,526
JN	03/23	01:00	Coincident Index CI	Jan F	--	--	94.3
JN	03/23	01:00	Leading Index CI	Jan F	--	--	103.7
SI	03/23	01:00	CPI (y/y)	Feb	4.1	4.2	4.0
JN	03/23	02:00	Machine Tool Orders (y/y)	Feb F	--	--	31.6
TA	03/23	04:00	Industrial Production (y/y)	Feb	--	14.3	11.5
JN	03/23	20:30	Markit/JMMA Manufacturing PMI	Mar P	--	--	52.7
JN	03/24	01:30	Nationwide Department Store Sales (y/y)	Feb	--	--	15.6
PH	**03/24**	**03:00**	**Overnight Borrowing Rate (%)**	**Mar 24**	**2.00**	**2.00**	**2.00**
TA	03/24	04:00	Unemployment Rate (%)	Feb	--	3.7	3.7
JN	03/24	19:30	Tokyo CPI (y/y)	Mar	--	1.2	1.0
MA	03/25	00:00	CPI (y/y)	Feb	2.5	2.4	2.3
SI	03/25	01:00	Industrial Production (y/y)	Feb	--	5.5	2.0
SK	03/25		Discount Store Sales (y/y)	Feb	--	--	13.8
SK	03/25		Department Store Sales (y/y)	Feb	--	--	37.2
HK	03/28	04:30	Exports (y/y)	Feb	--	--	18.4
HK	03/28	04:30	Imports (y/y)	Feb	--	--	9.6
HK	03/28	04:30	Trade Balance (HKD bn)	Feb	--	--	6.6
SK	03/28	17:00	Consumer Confidence Index	Mar	--	--	103.1
JN	03/28	19:30	Jobless Rate (%)	Feb	2.8	--	2.8
AU	03/28	20:30	Retail Sales (m/m)	Feb	--	--	1.8
JN	03/29	19:50	Large Retailers' Sales (y/y)	Feb	--	--	2.6
JN	03/29	19:50	Retail Trade (y/y)	Feb	--	--	1.1
TH	**03/30**	**03:00**	**BoT Repo Rate (%)**	**Mar 30**	**0.50**	**--**	**0.50**
SK	03/30	17:00	Business Survey- Manufacturing	Apr	--	--	93.0
SK	03/30	17:00	Business Survey- Non-Manufacturing	Apr	--	--	84.0
SK	03/30	19:00	Industrial Production (y/y)	Feb	--	--	4.3
SK	03/30	19:00	Cyclical Leading Index Change	Feb	--	--	-0.1
AU	03/30	20:30	Building Approvals (m/m)	Feb	--	--	-27.9
AU	03/30	20:30	Private Sector Credit (y/y)	Feb	--	--	7.6
CH	03/30	21:30	Manufacturing PMI	Mar	50.0	--	50.2
CH	03/30	21:30	Non-manufacturing PMI	Mar	--	--	51.6
JN	03/31	01:00	Housing Starts (y/y)	Feb	--	--	2.1
TH	03/31	03:00	Current Account Balance (US$ mn)	Feb	--	--	-2,204
TH	03/31	03:30	Exports (y/y)	Feb	--	--	7.9
TH	03/31	03:30	Imports (y/y)	Feb	--	--	18.4
TH	03/31	03:30	Trade Balance (US$ mn)	Feb	--	--	596.0
HK	03/31	04:30	Retail Sales - Value (y/y)	Feb	--	--	4.1
IN	03/31	06:30	Fiscal Deficit (INR Crore)	Feb	--	--	178,502
NZ	03/31	17:00	ANZ Consumer Confidence Index	Mar	--	--	81.7
JN	03/31	19:50	Tankan All Industries Index	1Q	--	4.4	9.3
JN	03/31	19:50	Tankan Manufacturing Index	1Q	--	12.0	18.0
JN	03/31	19:50	Tankan Non-Manufacturing Index	1Q	--	5.0	9.0
SK	03/31	20:00	Exports (y/y)	Mar	--	--	20.6
SK	03/31	20:00	Imports (y/y)	Mar	--	--	25.2
SK	03/31	20:00	Trade Balance (US$ mn)	Mar	--	--	831.0
PH	03/31	21:00	Bank Lending (y/y)	Feb	--	--	8.3

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

Key Indicators for March 21 – April 1

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	03/31	21:45	Caixin Manufacturing PMI	Mar	50.0	--	50.4
IN	03/31		Current Account Balance	4Q	--	--	-9.58
ID	04/01	00:00	CPI (y/y)	Mar	2.3	--	2.1
ID	04/01	00:00	Core CPI (y/y)	Mar	--	--	2.0
JN	04/01	01:00	Vehicle Sales (y/y)	Mar	--	--	-18.6
TH	04/01	03:30	Business Sentiment Index	Mar	--	--	47.8

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	03/25	08:00	IBGE Inflation IPCA-15 (m/m)	Mar	--	0.9	1.0
BZ	03/25	08:00	IBGE Inflation IPCA-15 (y/y)	Mar	--	10.7	10.8
BZ	03/28	08:30	Current Account (US$ mn)	Feb	--	--	-8,146
CL	**03/29**	**17:00**	**Nominal Overnight Rate Target (%)**	**Mar 29**	**7.00**	**7.00**	**5.50**
CL	03/30	08:00	Unemployment Rate (%)	Feb	7.3	--	7.3
CL	03/31	08:00	Industrial Production (y/y)	Feb	--	--	2.6
CL	03/31	08:00	Retail Sales (y/y)	Feb	--	--	14.2
CO	03/31	11:00	Urban Unemployment Rate (%)	Feb	14.6	--	14.8
CO	**03/31**	**14:00**	**Overnight Lending Rate (%)**	**Mar 31**	**5.50**	**5.50**	**4.00**
CL	04/01	07:30	Economic Activity Index SA (m/m)	Feb	--	--	-1.0
CL	04/01	07:30	Economic Activity Index NSA (y/y)	Feb	8.3	--	9.0
BZ	04/01	08:00	Industrial Production SA (m/m)	Feb	--	--	-2.4
BZ	04/01	08:00	Industrial Production (y/y)	Feb	--	--	-7.2
BZ	04/01	09:00	PMI Manufacturing Index	Mar	--	--	49.6
PE	04/01	11:00	Consumer Price Index (m/m)	Mar	1.2	--	0.3
PE	04/01	11:00	Consumer Price Index (y/y)	Mar	6.5	--	6.2
BZ	04/01	14:00	Trade Balance (FOB) - Monthly (US$ mn)	Mar	--	--	4,049

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

Global Auctions for March 21 – April 1

NORTH AMERICA

Country	Date	Time	Event
CA	03/23	12:00	Canada to sell 50 Year Bonds
US	03/28	13:00	U.S. To Sell 2-Year Notes
US	03/28	13:00	U.S. To Sell 5-Year Notes
US	03/29	13:00	U.S. To Sell 7-Year Notes
CA	03/31	12:00	Canada to sell 30 Year Bonds

EUROPE

Country	Date	Time	Event
BE	03/21	07:00	Belgium to Sell Bonds
NE	03/22	05:00	Netherlands to Sell 0.75% 2028 Bonds
GE	03/22	06:30	Germany to Sell EUR 4 Bln of 2027 Bonds
SW	03/23	06:00	Sweden to Sell Bonds
IT	03/25	06:00	Italy to Sell Bonds
EC	03/28	05:30	EU to Sell Bonds
IT	03/30	05:00	Italy to Sell Bonds
BE	04/01	06:00	Belgium to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
AU	03/20	20:00	Australia to Sell A$400 Million 3.25% 2039 Bonds
CH	03/20	23:30	Qinghai to Sell Bonds
AU	03/21	20:00	Australia to Sell A$100 Million 2.5% 2030 Bonds
CH	03/21	21:30	Shenzhen to Sell Bonds
CH	03/22	03:00	Hubei to Sell Bonds
AU	03/22	20:00	Australia to Sell A$1 Billion 1% 2031 Bonds
CH	03/22	23:00	China Plans to Sell CNY 3-Yrs Upsize Bond
CH	03/22	23:00	China Plans to Sell CNY 7-Yrs Bond
AU	03/24	20:00	Australia to Sell A$1 Billion 0.25% 2024 Bonds
JN	03/28	23:35	Japan to Sell 40-Year Bonds
JN	03/30	23:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for March 21 – April 1

NORTH AMERICA

Country	Date	Time	Event
US	03/21	08:00	Fed's Bostic Gives Speech at NABE Conference
US	03/21	12:00	Fed Chair Powell speaks at NABE
US	03/22	10:35	Fed's Williams Takes Part in BIS Panel Discussion
US	03/22	14:00	Fed's Daly Speaks at Brookings Institution Event
US	03/22	17:00	Fed's Mester Discusses Economic Outlook and Monetary Policy
US	03/23	11:45	Fed's Daly Takes Part in Bloomberg Event
US	03/23	15:00	Fed's Bullard Discusses the Economic Outlook
US	03/23	21:05	Fed's Bullard Discusses the Economic Outlook
US	03/24	08:30	Fed's Kashkari Discusses the Economic Outlook
US	03/24	09:10	Fed's Waller Discusses the U.S. Housing Market
US	03/24	09:50	Fed's Evans Discusses Economy and Policy Outlook
US	03/24	11:00	Fed's Bostic Takes Part in Moderated Q&A
MX	**03/24**	**15:00**	**Overnight Rate**
US	03/25	09:10	Fed's Waller Discusses Central Bank Digital Currencies
US	03/25	10:00	Fed's Williams Discusses Monetary Policy, Financial...
US	03/25	11:30	Fed's Barkin Discusses Containing Inflation
US	03/29	10:45	Fed's Harker Discusses Economic Outlook
US	03/29	21:30	Fed's Bostic Discusses Economic Leadership
US	03/30	09:15	Fed's Barkin Speaks at Rural Economy Event
US	03/31	09:00	Fed's Williams Makes Opening Remarks

EUROPE

Country	Date	Time	Event
EC	03/21	03:30	ECB's Lagarde Speaks
EC	03/21	05:00	ECB's Makhlouf speaks
EC	03/21	11:30	ECB's Nagel Speaks
EC	03/22	03:20	ECB's Guindos Speaks
EC	03/22	05:35	ECB's Villeroy Speaks
EC	03/22	08:10	ECB's Villeroy Speaks
EC	03/22	09:00	ECB's Panetta Speaks
EC	03/22	09:15	ECB's Lagarde Speaks
UK	03/22	11:15	BOE's Cunliffe speaks
EC	03/22	13:00	ECB's Lane Speaks
SW	03/23	04:15	Riksbank Deputy Governor Breman Gives Speech About Inflation
UK	03/23	08:00	Bank of England Governor Andrew Bailey speaks at BIS
EC	03/23	08:00	ECB's Nagel Speaks
UK	03/23	08:30	Chancellor Rishi Sunak delivers Spring Statement
UK	03/23	08:30	U.K. Chancellor of the Exchequer Rishi Sunak's buget statement
EC	03/23	11:30	ECB's Visco Speaks
SZ	**03/24**	**04:30**	**SNB Policy Rate**
SZ	03/24	04:30	SNB Sight Deposit Interest Rate
NO	**03/24**	**05:00**	**Deposit Rates**
EC	03/24	05:30	ECB's Elderson Speaks
UK	03/24	09:00	BOE's Catherine Mann speaks
NO	03/25	05:30	Norges Bank Governor Ida Wolden Bache Speech
NO	03/28	06:00	Norges Bank Deputy Governor Borsum Speech
UK	03/28	07:00	Bank of England Governor Andrew Bailey speaks on economy
UK	03/30	04:10	BOE's Broadbent speaks
AS	03/31		OPEC and Non-OPEC Ministerial Meeting by Videoconference

Sources: Bloomberg, Scotiabank Economics.

Events for March 21 – April 1

ASIA-PACIFIC

Country	Date	Time	Event
CH	**03/20**	**21:15**	**1-Year Loan Prime Rate**
CH	03/20	21:15	5-Year Loan Prime Rate
JN	03/23	19:50	BOJ Minutes of Jan. Meeting
PH	**03/24**	**03:00**	**BSP Overnight Borrowing Rate**
PH	03/24	03:00	BSP Standing Overnight Deposit Facility Rate
JN	03/24	21:30	BOJ Board Kataoka Speech in Aomori
TH	**03/30**	**03:00**	**BoT Benchmark Interest Rate**

LATIN AMERICA

Country	Date	Time	Event
CL	**03/29**	**17:00**	**Overnight Rate Target**
CO	**03/31**	**14:00**	**Overnight Lending 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	0.50	April 13, 2022	1.00	0.75
Federal Reserve – Federal Funds Target Rate	0.50	May 4, 2022	0.75	0.75
Banco de México – Overnight Rate	6.00	March 24, 2022	6.50	6.50

Banco de México (Banxico): We expect a 50 bps hike of the overnight rate to 6.50% at next week's meeting. We revised our terminal monetary policy rate for 2022 up to 7.50%, in line with Banxico's higher inflation forecasts and the concern shown in the Minutes over deteriorating (long term) inflation expectations. There are still upside risks to inflation signaling that core inflation will continue to rise. Banxico officials have indicated they will tighten alongside the Federal Reserve while making data-dependent decisions.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	April 14, 2022	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	April 14, 2022	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	April 14, 2022	-0.50	-0.50
Bank of England – Bank Rate	0.75	May 5, 2022	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	March 24, 2022	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	20.00	April 29, 2022	20.00	20.00
Sweden Riksbank – Repo Rate	0.00	April 28, 2022	0.00	0.00
Norges Bank – Deposit Rate	0.50	March 24, 2022	0.75	0.75
Central Bank of Turkey – Benchmark Repo Rate	14.00	April 14, 2022	14.00	14.00

Swiss National Bank (SNB): No changes to the record low -0.75% policy rate are expected next week. The committee reiterated its pledge last meeting on its willingness to intervene in the FX market in order to counter upward pressure on the Swiss Franc. **Norges Bank:** The monetary policy committee is expected to hike the policy rate by 25 bps to 0.75%. The accompanying quarterly MPR will reveal if the bank thinks a more aggressive rate hiking cycle is needed, as this has been the trend with every subsequent update. This will be Norges Bank's last decision under outgoing Governor Olsen.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	April 28, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	April 5, 2022	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	1.00	April 12, 2022	1.25	1.50
People's Bank of China – 1-Year Loan Prime Rate	3.70	March 20, 2022	3.70	3.70
Reserve Bank of India – Repo Rate	4.00	April 8, 2022	4.00	4.00
Bank of Korea – Bank Rate	1.25	April 14, 2022	1.50	1.50
Bank of Thailand – Repo Rate	0.50	March 30, 2022	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	May 11, 2022	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	April 19, 2022	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	March 24, 2022	2.00	2.00

People's Bank of China (PBoC): The PBoC will announce its loan prime rate fixings on March 21. We expect the 1-year benchmark rate to remain at 3.70% given that the 1-year medium term lending facility rate was not lowered on March 15. Inflation remains muted – at least for the time being – with consumer prices increasing by 0.9% y/y in February. Reaching the real GDP growth target of 5.5% might prove difficult as China faces various challenges, which include a downturn of the property sector, supply chain disruptions, and COVID-19 lockdowns. As such, we expect more monetary easing to be announced soon. **Bank of Thailand (BoT):** Thai monetary authorities will be making a policy decision on March 30; we expect the benchmark rate to remain at 0.50%. Thai inflation jumped by almost two percentage points to 5.3% y/y in February, above the central bank's target of 1-3%, reaching a 13-year high. However, the Russia-Ukraine crisis has dampened growth expectations due to the adverse impact on tourism, trade, and domestic consumption, making it unlikely for BoT to raise rates in the short-term. **Central Bank of Philippines (BSP):** The BSP will be making a policy decision on March 24; we expect the benchmark rate to remain at 2.0% to support the recovering economy. Even as the US FED has commenced a rate lift-off, BSP Governor Diokno has implied that the BSP's policy would remain accommodative until the second half of 2022. Meanwhile, the country's headline inflation remained at 3% y/y in February, within the BSP's target range of 2-4%.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	11.75	May 4, 2022	12.75	12.75
Banco Central de Chile – Overnight Rate	5.50	March 29, 2022	7.00	7.00
Banco de la República de Colombia – Lending Rate	4.00	March 31, 2022	5.50	5.50
Banco Central de Reserva del Perú – Reference Rate	4.00	April 7, 2022	4.00	4.00

Banco Central de Chile (BCCh): We expect the BCCh to hike 150 bps at the March meeting, bringing the monetary policy rate to 7.00%. Inflation continues to increase, with headline and core prices running at 7.8% y/y and 6.6% y/y respectively in February, well above the bank's 3 +/– 1% target. **Banco de la República de Colombia (BanRep):** We expect the Central Bank to continue its hiking cycle with a 150 bps move to 5.50%, as surging February inflation hit 8.0% y/y, leading to a new increase in inflation expectations. The assessment regarding international conflicts warrants close monitoring, as it could lead to BanRep moderating its forward guidance on the terminal rate for the cycle.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	4.00	March 24, 2022	4.25	4.25

South African Reserve Bank (SARB): January's meeting saw the SARB hike the repo rate by 25 bps amidst the surging omicron wave, while also signalling a potentially less-aggressive rate hike path for the future. Another 25 bps hike is on order for next week, which would bring the policy rate to 4.25%. Inflation continues to test the upper range of the bank's 3–6% target and forthcoming forecasts are likely to be revised upward to reflect the change in global conditions since the last meeting.

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