Scotiabank

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

April 22, 2022

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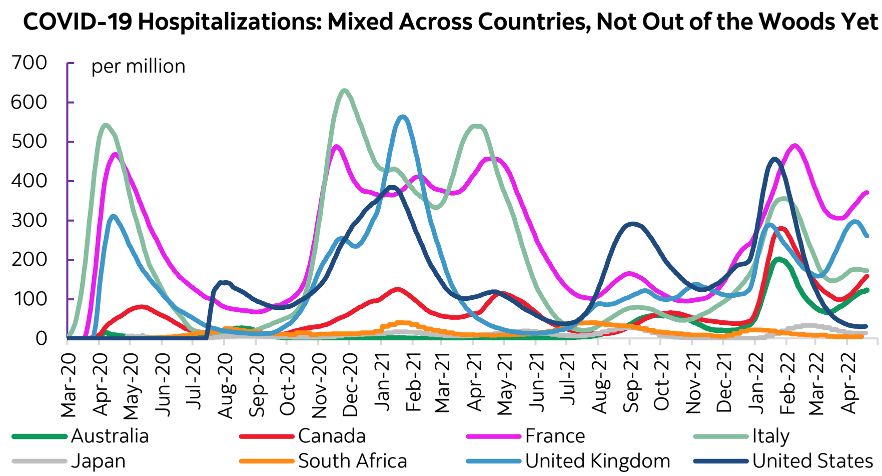
With thanks for research support from: Marc Ercolao.

Next Week's Risk Dashboard

- Long-run inflationary forces
- France's election and market risks
- BoC's Macklem to reinforce faster pace
- Canada's economy accelerating?
- The BoJ versus the MoF
- Slightly cooler headline Eurozone inflation?
- BanRep likely to hike again
- The Riksbank's about face
- To Russia, sans love
- Aussie inflation set to jump
- Q1 GDP: US, Eurozone, Mexico, Sweden, South Korea
- US releases: PCE, income, spending, ECI, confidence, durables
- Ontario's pre-election budget

What if Inflation is Just Getting Started?

Chart of the Week



Sources: Scotiabank Economics, Our World in Data.

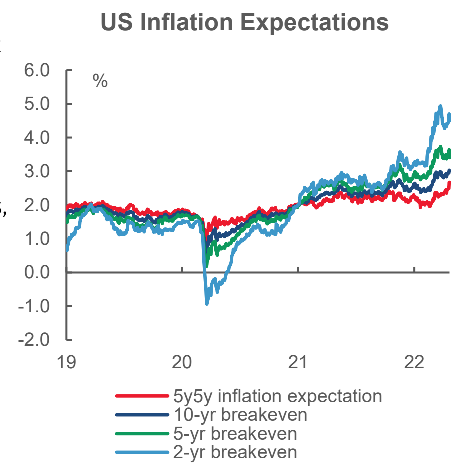
Chart of the Week: Prepared by: Marc Ercolao, Economic Analyst.

What if Inflation is Just Getting Started?

What if central banks never succeed in terms of reining in longer wave drivers of inflation and that structural drivers are being unleashed that could invoke profound longer term behavioural adjustments? Some of this view is why even the most preferred market-based measures of longer run inflation expectations like the Fed's 5y5y measure are significantly above 2% (chart 1). This is occurring simultaneously to pricing fairly aggressive rate hikes. The market is signalling that central banks will struggle to get the genie back in the bottle for quite a period of time.

Markets are, of course, not always right. No one is. In this instance, however, they may well be bang on, except that the period over which inflation may be elevated could be *much* longer than priced. A plausible thesis is that central banks took excess credit for low and fairly stable inflation over the past 2–3 decades because structural forces were dampening inflationary pressures, but that they may struggle to contain inflation risk in future if those structural forces are simultaneously moving higher.

Chart 1



Sources: Scotiabank Economics, Bloomberg.

C-Suites the world over are realizing that the benefits of globalized supply chains that seek to minimize cost structures may have maximized operational risk given the US-China trade conflicts, the pandemic's effects and now the war in Ukraine. Populism and geopolitical forces have motivated more uncertainty around policy frameworks. An effort to internalize more of their industry and company supply chains and pursue greater horizontal and vertical integration could mean higher cost structures being passed onto consumers. If so, this could unfold over many years with some more nimble industries better able to adjust more quickly than others with long-tailed legacy assets in place.

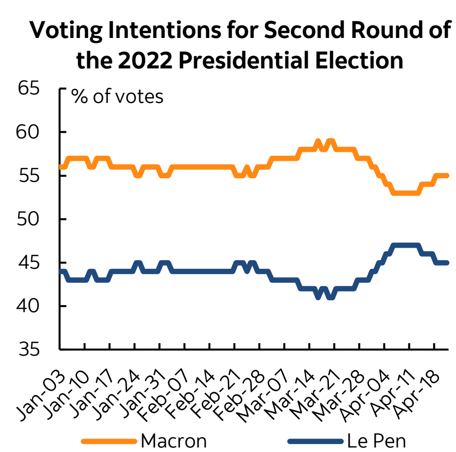
This force could combine with more restrictive trade practices to reverse the past disinflationary impact of China's entry into the WTO over two decades ago. It could also combine with a shift away from technological change being disinflationary by lowering information costs and creating greater contestability, toward being inflationary with the pricing power going to firms better able to incur the massive and constant investments. Demographic forces could be turning more inflationary including through upward pressure upon the healthcare sector but also cooler growth in labour supply. Repricing of environmental risk including through carbon pricing efforts in enough jurisdictions to matter may add to these longer wave inflationary impulses. So could structural fiscal deficits and still excessively stimulative monetary policy. Higher expected prices might carry other influences like bigger cap-ex budgets to cash in on future expected price increases and perhaps revisiting neutral policy rate assumptions.

Another week of global central bank decisions is ahead of us amid rapid repricing of central bank actions. Their decisions should consider the nearer term effects, while leaving open the possibility they may not collectively succeed toward their end goals of containing longer run inflation expectations. Before I turn to a discussion of the upcoming central bank communications, markets will be hoping that another form of potential geopolitical risk won't arise.

FRANCE'S ELECTION—RISK APPETITE WOULD LIKELY SUFFER IF MACRON LOST

The second and deciding round of France's Presidential election will be held on Sunday. Projected results will be published soon after polls shut at 8pm Paris time (2pmET). Unless the count is very tight then we should have a good idea of who won shortly after that point. Recall that France does not allow early voting or voting by mail and so a US-style vote counting fiasco is unlikely.

Chart 2



Sources: Scotiabank Economics, Politico Poll of Polls.

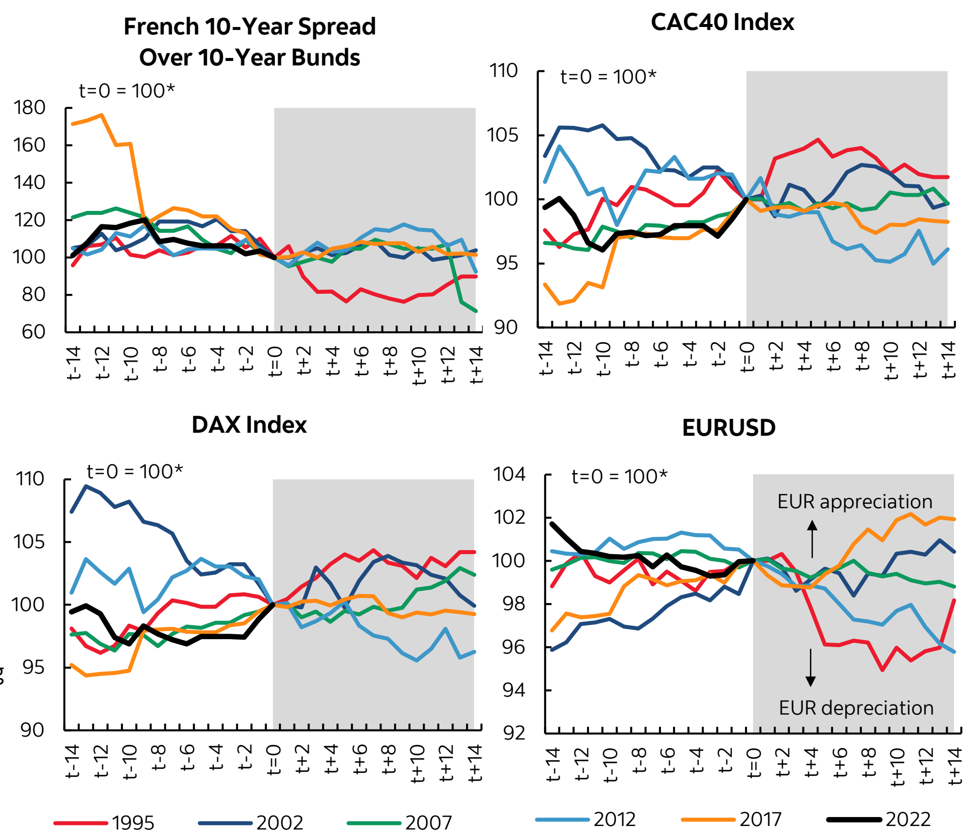
Macron is the favourite. He took almost 29% of the vote in the first round about two weeks ago which was almost 5 points above Le Pen's share. He beat Le Pen by about a two-to-one margin in 2017. Current polls continue to give him an edge (chart 2.

The case for Macron is somewhat more about the case against Le Pen than the case for Macron, in my opinion. If Macron wins, then the market reaction may be fairly muted given what is at least partly priced and given the polls.

It could be a very different story if Le Pen wins. At a time when Europe needs unity, Le Pen advocates insular policies such as holding a referendum on declaring French law sacrosanct over EU laws which would essentially be like resurrecting her past desire for Frexit. Le Pen's party is anti-immigrant at a time of a major European immigrant crisis as Ukrainians flee their war-ravaged country. If she succeeds, this stance could fan renewed break-up premia over bunds into Monday morning and a stock market hit.

Chart 3 shows what happened to French spreads over bunds, the euro and stocks leading up to past first- and second-round elections and in the immediate aftermath. The last contest between today's two candidates in 2017 was marked by a relief trade following first-round results and as polling evolved into the second round. Recall that when Macron won in 2017, the CAC40 rallied by about 7% between just before the first-round election on April 23, 2017 and the week or so after the May 7th second round. The German DAX put in a similar performance. The French 10-year spread over the 10-year bund yield also narrowed and the euro slightly appreciated to the USD starting when polls were favouring Macron. We've learned a thing or two around trying to anticipate market outcomes in the wake of events like US elections and Brexit votes, but the potential stakes involved this time could well mean that a Le Pen victory would be bad for risk appetite, at least initially.

Chart 3



*t=0 equals the last trading day, usually Friday, before Sunday election dates.
Sources: Scotiabank Economics, Bloomberg.

She also has a history of being a tad too close to Russia and especially Putin and her party gets bankrolled by Russians because, in her own words, no French bank would finance them which one might surmise has something to do with, oh, let's say break-up premia? Counterparty risk? A liquidity shock? Nahhhh. Le Pen's rebranded party, National Rally, which used to be the National Front led by her father, also has deep anti-immigrant roots. Le Pen says she wants lower inflation but would advance (inflationary) tax cuts without saying how she'd pay for them. In populist fashion, Le Pen would also lower the retirement age to around 60 compared to Macron's desire to raise it to 65 and with the unemployment rate already toward record lows. Le Pen's approach could worsen pension challenges. Econ 101 would say lowering the retirement age by ~5 years and giving more money to people would probably fan wage and price pressures.

All will not end on Sunday night, however, as National Assembly elections are scheduled on June 12th and June 19th with all 577 members facing the electorate. They will determine the degree to which the victor in the Presidential election may be able to get his or her way on policy matters. Rhetoric around the Presidential election could therefore face reality within about two months, but from a market standpoint it may very well be a bad start if Le Pen were to be victorious.

MORE & FASTER CENTRAL BANK HIKES

Four central banks will deliver policy decisions over the coming week and further guidance will be forthcoming from the Bank of Canada.

Bank of Canada Opens the Door to Even Bigger Hikes

Bank of Canada Governor Tiff Macklem and SDG Rogers deliver parliamentary testimony at 11amET on Monday. There will be an opening statement published on the BoC's web site and then two-way banter with MPs. Since the Bank of Canada communications on April 13th, another inflation report has added to the heat. After hiking by 50bps, Macklem repeated guidance that the central bank will act forcefully which likely tees up at least another 50bps hike on June 1st with upside risk to the size of the hike. Considerations around the pace and magnitude of rate hikes will likely be a focal point during his testimony.

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In fact, during a media roundtable at the G20 meetings in Washington, Governor Macklem left the door wide open to a bigger hike than 50bps. When asked if this was a possibility, he remarked "I'm not going to rule anything out. We're prepared to be as forceful as needed and I'm really going to let those words speak for themselves." His comments reinforced his prior point that a pause was likely only upon returning the current 1% policy rate toward the neutral rate range of 2–3% reasonably quickly. Macklem also appears to have somewhat thrown in the towel on the argument that supply chain driven inflation may begin easing up in favour of expressing concern that endless serial supply-side shocks are unmooring inflation expectations.

BoJ vs. MoF

Will the Bank of Japan welcome a softer yen and reinforce its commitment to ultra-low yields, or will it hint at a future reduction of monetary accommodation in the face of positive shocks to inflation and yen weakness relative to the dollar?

We'll find out on Thursday, but Governor Kuroda probably already set much of the script by saying:

> "The Bank of Japan should persistently continue with the current aggressive money easing toward achieving the price-stability taret of 2% in a stable manner. There is still a long way to go to achieve the 2% target in a stable manner."

Therefore no changes are expected for the policy balance rate of -0.1% or the 0% 10-year yield target and the quarter-point ceiling that the BoJ has guided to be its operational limit. Still, inflation just crossed 1% for the first time since 2018. That's well below the 2% target, but there is likely to be further upward pressure over the duration of the year. In fact, 2% y/y inflation is achievable in the near term, though durability will be the key to the BoJ. Chart 4 shows that rising import prices are likely to be driving CPI inflation higher when passed through. Chart 5 shows that the price pressure to date has been to headline inflation as core inflation is still very weak. That might continue.

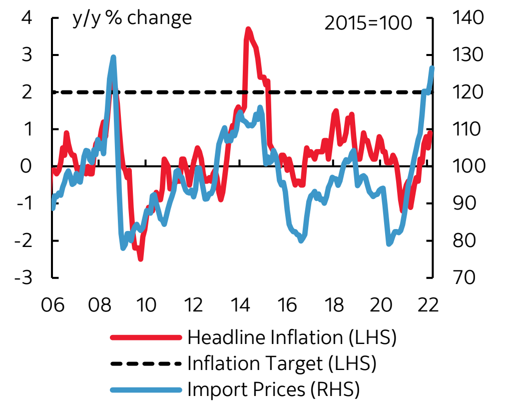
The Bank of Japan has estimated (**here**, especially pages 20–21) that a one standard deviation move in the yen (roughly 4%) adds about 0.1–0.2% to inflation over 2–8 quarters; the recent move has been much larger than that and would imply that if it were to stick then all else equal Japan would get a 0.3–0.6% lift to inflation by the time it peaks within about a year and a half and then subsides. Further, the same paper estimated that a one standard deviation in oil prices of roughly 15% would add 0.1–0.3 percentage points to inflation inside of a year. The move in oil prices has been roughly three times that size which may imply—all else equal—that higher oil prices could add 0.3–almost 1% to inflation in nearer-term quarters before trailing off.

The challenge for the BoJ is that they wish to have confidence that inflation will remain at their 2% target over the medium term if they are to tighten policy. The yen and oil drivers of nearer term inflation are unlikely to sustain inflationary pressure around the 2% target throughout the monetary policy horizon of relevance to the BoJ. Japan is experiencing a relative price shock as a commodity importer with a weakening currency but the second-round effects in the context of soft wage gains could more likely be disinflationary in Japan than elsewhere.

That could leave whether and how to address currency appreciation to the Ministry of Finance. The yen has appreciated from about 115 to the USD in early March to shy of 130 now. Some believe that crossing 130 could trigger formal intervention. Finance Minister Suzuki has said that sudden moves in the foreign exchange market like what has happened to the yen are undesirable and that there should be a response with a sense of urgency. It may be

Chart 4

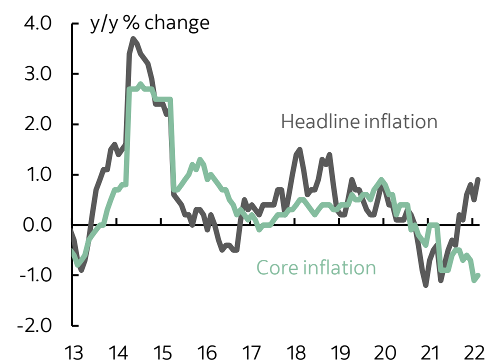
Japan: Yen Depreciation, Soaring Import Prices, More Inflation to Come?



Sources: Scotiabank Economics, Bank of Japan.

Chart 5

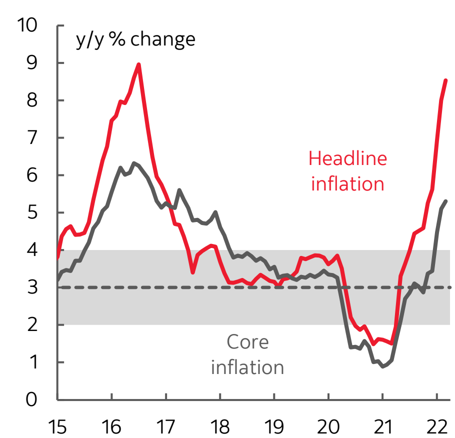
Japan Headline & Core Inflation Divergence



Sources: Scotiabank Economics, Ministry of Internal Affairs and Communications.

Chart 6

Colombia: Headline & Core Inflation



Sources: Scotiabank Economics, DANE.

doubtful that the MoF could sustainably weaken the yen given that the dominant driver is the relative stance of BoJ monetary policy compared to the Federal Reserve. The BoJ appears rather unlikely to alter its stance despite the MoF's concerns.

BanRep To Deliver Another Large Hike

Scotiabank's Bogota-based economist Sergio Olarte expects Colombia's central bank to hike its overnight lending rate by 100bps to 6% on Friday. That follows an identical move on March 31st. Since then, inflation accelerated with prices up 1% m/m in March and 8.5% y/y from 8% the prior month while core inflation picked up to 5.3% y/y (chart 6). Both measures are above the 2–4% inflation target range. Scotia forecasts the terminal rate to be 8.00% by the end of 2022.

The Riksbank's About-Face

A leopard may not be able to change its spots as the popular expression goes, but central bankers sure can. Enter Sweden's Riksbank as another example. Governor Ingves's recent comments appeared to validate market pricing for a string of rate hikes starting as soon this meeting (Thursday). Deputy Governor Floden has also remarked that "We must raise the policy rate much earlier than we planned in February." Indeed, a lot has changed since the Riksbank's prior Monetary Policy Report showed a policy hold lasting into 2024 (**here**). Chart 7 shows the path currently being priced by markets. Key will be the degree to which the central bank validates this path in its revised explicit forward rate guidance.

To Russia Sans Love

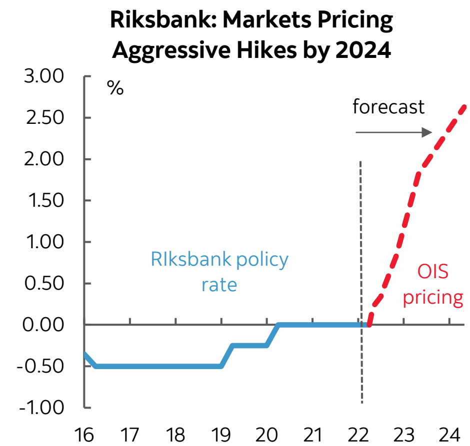
Russia's central bank is expected to continue cutting its policy rate on Friday. Cutting you say?? I thought their economy was getting walloped! Well, it is. In fact, the central bank had been hiking for about a year before Russia's tragic invasion of Ukraine and then accelerated hiking with 11.5 percentage points worth of increases when war broke out. From a peak of 20%, it already reduced the policy rate to 17% earlier in April during an unscheduled move and set up expectations for a further reduction at this scheduled meeting. Shortly after the prior cut, the bank noted that "further normalization of risks for financial stability" would determine the size of future rate cuts. What the central bank is primarily referring to is the status of the ruble (chart 8). It had initially collapsed from about 75 to the USD just before the invasion toward almost 140 by early March but subsequently appreciated back toward about 80 at present. That's not because Russian's economy has suddenly improved. It's solely because the central bank enacted a variety of capital controls that manipulated the currency. It had blocked USD withdrawals from bank accounts and banned the sale of all foreign currencies to residents while blocking foreign sales of domestic securities and hence rubles. That may well come at its own price alongside extreme damage to Russia's economy from the allies' sanctions and the high cost of the war. Restricting the capital account can foment domestic imbalances by not allowing a flexible exchange rate to adjust to shocks more effectively and can introduce welfare costs and deadweight losses to the economy.

MACRO READINGS—INFLATION AND GDP WILL BE THE FOCAL POINTS

A few gems will dominate the global calendar of macro releases with a particular slant toward inflation updates and first quarter growth tracking.

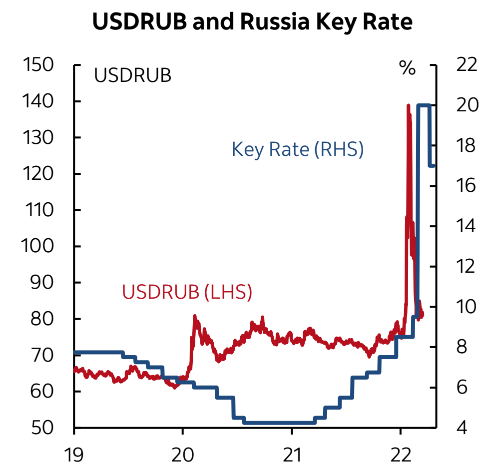
One key factor will be the next round of Eurozone inflation updates with the add-up arriving on Friday. Individual countries will start to release on Thursday when Germany and Spain update April CPI and then Italy and France release just ahead of the eurozone

Chart 7



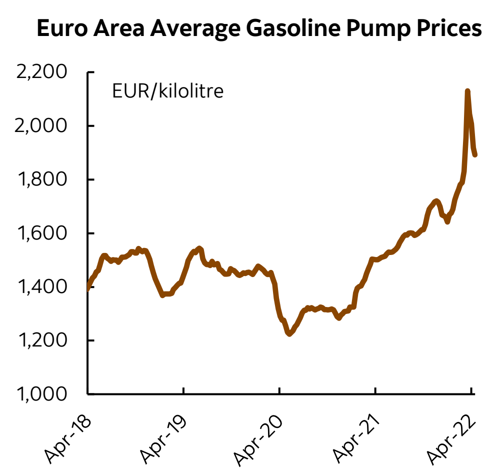
Sources: Scotiabank Economics, Bloomberg.

Chart 8



Sources: Scotiabank Economics, Bloomberg.

Chart 9



Sources: Scotiabank Economics, European Commission.

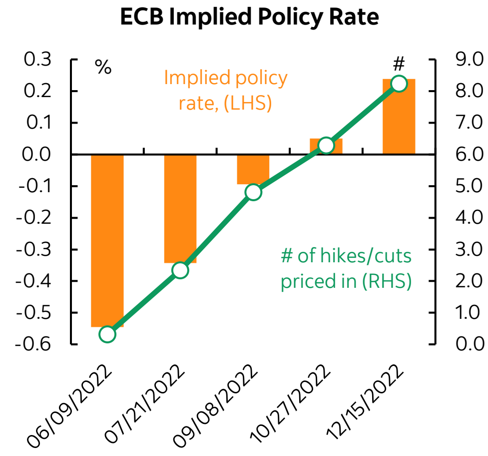
tally on Friday. Month-over-month headline prices may cool somewhat in the first flash estimates given the decline in gasoline prices (chart 9), but any further upside to core inflation would only add to market pricing for an ECB rate hike to arrive as soon as July or by at least Q3 (chart 10). ECB President Lagarde has done a complete 180 degree turn from "very unlikely" to see rate hikes in 2022 back in February to now saying there is a "strong likelihood" that rates will be raised this year.

Canada will update GDP figures with not only the final estimate for February but also a preliminary guide to March. StatCan said on March 31st that the flash estimate for February GDP was a 0.8% m/m rise. I see no reason to adjust that based upon limited data including revisions since then and based upon a simple regression equation I run. We have very limited data for March, but a 1.3% m/m gain in hours worked was a good sign given GDP is an identity expressed as hours worked times labour productivity.

A slew of US releases will arrive as follows:

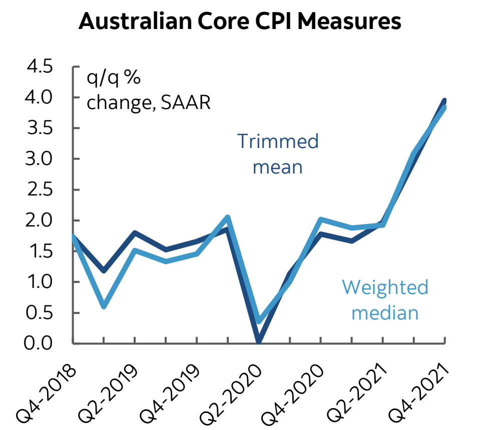
- Tuesday brings out durable goods orders during March that will aim to resurrect gains in core orders as a guide to business equipment spending while also getting an assist from plane orders.
- The Conference Board's consumer confidence gauge (Tuesday) probably got a boost in April given a rise in the UofM consumer sentiment reading plus solid job gains as wage growth resumed, gas prices pulled back somewhat and the S&P moved off the lows in March.
- New home sales (also Tuesday) might face more downside given that model home foot traffic declined.
- The first shot at Q1 GDP growth is expected to reveal something around 1½% q/q at a seasonally adjusted and annualized rate (Thursday). Omicron and the war's effects may sap some growth after an explosive Q4 growth rate of nearly 7%.
- Fed Chair Powell guided late last year that the Employment Cost Index was among the variables he is watching most closely. The Q1 estimate arrives on Friday and is expected to rise at another 1%+ q/q non-annualized rate.
- The Fed's preferred inflation gauge is likely to closely follow higher the large CPI gain in March, but core PCE inflation may slightly pull off the prior month's 5.4% y/y at least temporarily the already known soft gain in core CPI.
- Personal income and spending are likely to both grow at similar ½% m/m rates when March's figures arrive on Friday. The soft retail sales control group will need a services lift to propel spending while job and wage gains will do most of the heavy lifting for total income growth.

Chart 10



Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Australian Bureau of Statistics.

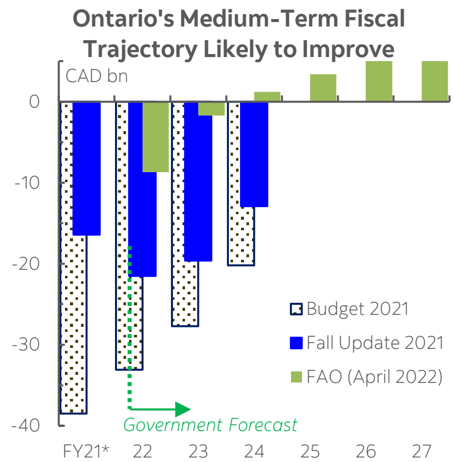
Australian inflation probably accelerated again in Q1 and we'll get the numbers on Tuesday evening (again, all times eastern in this publication). Quarter-over-quarter annualized rates of core inflation have skyrocketed (chart 11). Wage growth won't be updated for Q1 figures until May 17th, but it too picked up into the end of 2021. With markets pricing a full quarter-point hike by the June 7th meeting, any further upside surprises to both measures could either cement a hike at that time or pull it into the May 3rd meeting.

Global Q1 GDP readings will also arrive from a cross-section of other countries. Friday brings out Eurozone figures that are expected to repeat something similar to Q4's soft growth (0.3% q/q SA). The bigger hit is likely to come in Q2 that fully captures the impact of Russia's villainous invasion of Ukraine. Individual countries within the Eurozone will release that same day. Sweden will also update Q1 GDP (Thursday) and is expected to be little changed with downside risk after the strong prior quarter. Mexican Q1 GDP growth (Friday) is expected to accelerate perhaps toward the ½% q/q SA range after the economy stalled out over 2021H2; higher oil prices are benefitting the economy. South Korean Q1 GDP growth (Monday) is expected to decelerate following the prior quarter's strong showing; South Korea has generally been better able to control COVID cases but is indirectly affected by China's downside risks.

ONTARIO'S BUDGET TO REVEAL IMPROVED BOTTOM LINE

Scotia's Laura Gu notes that Ontario will release its budget on Thursday where we expect to see an improved bottom-line despite potentially more new spending (chart 12). Recall that the province's fall update projected deficits of -$21.5 bn (-2.3% of nominal GDP) in FY22, -$19.6 bn (-2%) in FY23, and -$12.9 bn (-1.2%) in FY24. The province's Third Quarter Finances slashed the FY22 deficit to -$12.1 bn (-1.4% of GDP), attributable to significantly higher tax revenues, particularly from corporate taxes. Outer-year projections should also improve as big-ticket policy measures announced to-date are modest in scale compared to the revenue upside. Recent forecasts by the FAO project a surplus by FY24 absent new spending measures. We don't expect the consolidation path to be quite this steep once the government's prudent practice of conservative forecasting and contingencies is incorporated, and perhaps more importantly, if and when additional pocketbook measures are introduced as the provincial election approaches on or before June 2nd. The policy measures already announced—most notably the elimination of licence-plate fees and the gas tax relief—should erode some of the anticipated revenue windfalls. The federal-provincial agreement for the childcare program will add an average of $2.6 bn per year in transfer revenues from FY23 to FY27 but would be offset by commensurate new expenditures. Nevertheless, overall, we think that the revenue upside will likely overweigh spending pressures, putting the debt-to-GDP ratio on a lower trajectory relative to the fall update.

Chart 12



* Fall Update figure is final result.
Sources: Scotiabank Economics, Ontario Finance.

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Key Indicators for the week of April 25 – 29

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	04-25	07:00	Global Economic Indicator IGAE (y/y)	Feb	--	--	1.8
US	04-25	10:30	Dallas Fed. Manufacturing Activity	Apr	--	4.5	8.7
MX	04-26	07:00	Retail Sales (INEGI) (y/y)	Feb	--	--	6.7
US	04-26	08:30	Durable Goods Orders (m/m)	Mar P	1.2	1.0	-2.1
US	04-26	08:30	Durable Goods Orders ex. Trans. (m/m)	Mar P	0.7	0.5	-0.6
US	04-26	09:00	S&P/Case-Shiller Home Price Index (m/m)	Feb	--	1.5	1.8
US	04-26	09:00	S&P/Case-Shiller Home Price Index (y/y)	Feb	--	19.2	19.1
US	04-26	10:00	Consumer Confidence Index	Apr	110	108.0	107.2
US	04-26	10:00	New Home Sales (000s a.r.)	Mar	755	775.0	772.0
US	04-26	10:00	Richmond Fed Manufacturing Index	Apr	--	8.0	13.0
MX	04-27	07:00	Trade Balance (US$ mn)	Mar	--	--	1293.0
US	04-27	07:00	MBA Mortgage Applications (w/w)	Apr 22	--	--	-5.0
US	04-27	08:30	Wholesale Inventories (m/m)	Mar P	--	1.8	2.5
US	04-27	10:00	Pending Home Sales (m/m)	Mar	--	-0.5	-4.1
MX	04-28	07:00	Unemployment Rate (%)	Mar	--	--	3.7
US	04-28	08:30	GDP (q/q a.r.)	1Q A	1.4	1.0	6.9
US	04-28	08:30	GDP Deflator (q/q a.r.)	1Q A	--	7.2	7.1
US	04-28	08:30	Initial Jobless Claims (000s)	Apr 23	180	180	184
US	04-28	08:30	Continuing Claims (000s)	Apr 16	1,430	1,393	1,417
MX	04-29	07:00	GDP (q/q)	1Q P	--	--	0.0
MX	04-29	07:00	GDP (y/y)	1Q P	1.7	--	1.1
CA	04-29	08:30	Real GDP (m/m)	Feb	0.8	--	0.2
US	04-29	08:30	Employment Cost Index (q/q)	1Q	--	1.1	1.0
US	04-29	08:30	PCE Deflator (m/m)	Mar	1.0	0.9	0.6
US	04-29	08:30	PCE Deflator (y/y)	Mar	6.8	6.7	6.4
US	04-29	08:30	PCE ex. Food & Energy (m/m)	Mar	0.2	0.3	0.4
US	04-29	08:30	PCE ex. Food & Energy (y/y)	Mar	5.2	5.3	5.4
US	04-29	08:30	Personal Spending (m/m)	Mar	0.5	0.6	0.2
US	04-29	08:30	Personal Income (m/m)	Mar	0.5	0.4	0.5
US	04-29	09:45	Chicago PMI	Apr	--	61.0	62.9
US	04-29	10:00	U. of Michigan Consumer Sentiment	Apr F	--	65.7	65.7

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	04-25	04:00	IFO Business Climate Survey	Apr	89.1	90.8
GE	04-25	04:00	IFO Current Assessment Survey	Apr	95.8	97.0
GE	04-25	04:00	IFO Expectations Survey	Apr	83.5	85.1
UK	04-26	02:00	PSNB ex. Interventions (£ bn)	Mar	20.0	13.1
UK	04-26	02:00	Public Finances (PSNCR) (£ bn)	Mar	--	2.5
UK	04-26	02:00	Public Sector Net Borrowing (£ bn)	Mar	19.2	12.3
GE	04-27	02:00	GfK Consumer Confidence Survey	May	-16.0	-15.5
GE	04-27	03:00	Retail Sales (m/m)	Mar	0.4	0.2
SP	04-28	03:00	CPI (m/m)	Apr P	0.5	3.0
SP	04-28	03:00	CPI (y/y)	Apr P	9.1	9.8
SP	04-28	03:00	CPI - EU Harmonized (m/m)	Apr P	0.4	3.9
SP	04-28	03:00	CPI - EU Harmonized (y/y)	Apr P	9.3	9.8
SP	04-28	03:00	Unemployment Rate (%)	1Q	13.0	13.3
SW	**04-28**	**03:30**	**Riksbank Interest Rate (%)**	**Apr 28**	**0.00**	**0.00**
EC	04-28	05:00	Economic Confidence	Apr	108.0	108.5
EC	04-28	05:00	Industrial Confidence	Apr	9.5	10.4
GE	04-28	08:00	CPI (m/m)	Apr P	0.6	2.5
GE	04-28	08:00	CPI (y/y)	Apr P	7.2	7.3
GE	04-28	08:00	CPI - EU Harmonized (m/m)	Apr P	0.4	2.5
GE	04-28	08:00	CPI - EU Harmonized (y/y)	Apr P	7.6	7.6

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

Key Indicators for the week of April 25 – 29

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
FR	04-29	01:30	Consumer Spending (m/m)	Mar	-0.2	0.8
FR	04-29	01:30	GDP (q/q)	1Q P	0.3	0.7
FR	04-29	02:45	CPI (m/m)	Apr P	0.3	1.4
FR	04-29	02:45	CPI (y/y)	Apr P	4.6	4.5
FR	04-29	02:45	CPI - EU Harmonized (m/m)	Apr P	0.2	1.6
FR	04-29	02:45	CPI - EU Harmonized (y/y)	Apr P	5.1	5.1
FR	04-29	02:45	Producer Prices (m/m)	Mar	--	1.1
SP	04-29	03:00	Real GDP (q/q)	1Q P	0.6	2.2
SP	04-29	03:00	Real Retail Sales (y/y)	Mar	--	1.7
GE	04-29	04:00	Real GDP (q/q)	1Q P	0.2	-0.3
IT	04-29	04:00	Real GDP (q/q)	1Q P	-0.2	0.6
SP	04-29	04:00	Current Account (€ bn)	Feb	--	-2.6
PO	04-29	04:30	Real GDP (q/q)	1Q P	0.30	1.60
EC	04-29	05:00	Euro zone CPI Estimate (y/y)	Apr	7.5	7.5
EC	04-29	05:00	GDP (q/q)	1Q A	0.3	0.3
IT	04-29	05:00	CPI (m/m)	Apr P	0.6	1.0
IT	04-29	05:00	CPI (y/y)	Apr P	6.7	6.5
IT	04-29	05:00	CPI - EU Harmonized (m/m)	Apr P	1.0	2.4
IT	04-29	05:00	CPI - EU Harmonized (y/y)	Apr P	7.0	6.8
RU	**04-29**	**06:30**	**One-Week Auction Rate (%)**	**Apr 29**	**15.00**	**17.00**

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	04-25	01:00	Coincident Index CI	Feb F	--	--	95.5
JN	04-25	01:00	Leading Index CI	Feb F	--	--	100.9
SI	04-25	01:00	CPI (y/y)	Mar	4.7	4.7	4.3
JN	04-25	01:30	Nationwide Department Store Sales (y/y)	Mar	--	--	-0.7
TA	04-25	04:00	Industrial Production (y/y)	Mar	--	7.6	10.0
SK	04-25	19:00	GDP (y/y)	1Q A	3.0	2.9	4.2
JN	04-25	19:30	Jobless Rate (%)	Mar	--	2.7	2.7
SK	04-25	20:00	Discount Store Sales (y/y)	Mar	--	--	-24.0
SK	04-25	20:00	Department Store Sales (y/y)	Mar	--	--	9.3
SI	04-26	01:00	Industrial Production (y/y)	Mar	--	0.5	17.6
SK	04-26	17:00	Consumer Confidence Index	Apr	--	--	103.2
AU	04-26	21:30	Consumer Prices (y/y)	1Q	4.0	4.6	3.5
CH	04-26	21:30	Industrial Profits YTD (y/y)	Mar	--	--	4.2
SK	04-27	17:00	Business Survey- Manufacturing	May	--	--	85.0
SK	04-27	17:00	Business Survey- Non-Manufacturing	May	--	--	82.0
NZ	04-27	18:45	Trade Balance (NZD mn)	Mar	--	--	-385
NZ	04-27	18:45	Exports (NZD bn)	Mar	--	--	5,492
NZ	04-27	18:45	Imports (NZD bn)	Mar	--	--	5,880
JN	04-27	19:50	Large Retailers' Sales (y/y)	Mar	--	1.7	0.1
JN	04-27	19:50	Retail Trade (y/y)	Mar	--	0.3	-0.9
JN	04-28	01:00	Housing Starts (y/y)	Mar	--	-0.5	6.3
TA	04-28	04:00	Real GDP (y/y)	1Q A	--	3.0	4.9
HK	04-28	04:30	Exports (y/y)	Mar	--	--	0.9
HK	04-28	04:30	Imports (y/y)	Mar	--	--	6.2
HK	04-28	04:30	Trade Balance (HKD bn)	Mar	--	--	-32.1
NZ	04-28	18:00	ANZ Consumer Confidence Index	Apr	--	--	77.9
SK	04-28	19:00	Industrial Production (y/y)	Mar	--	3.9	6.5
SK	04-28	19:00	Cyclical Leading Index Change	Mar	--	--	-0.3
AU	04-28	21:30	Private Sector Credit (y/y)	Mar	--	8.0	8.0
AU	04-28	21:30	Producer Price Index (y/y)	1Q	--	--	3.7
CH	04-28	21:45	Caixin Manufacturing PMI	Apr	47.0	47.0	48.1
JN	**04-28**		**BoJ Policy Rate (%)**	**Apr 28**	**-0.10**	**-0.10**	**-0.10**
SI	04-28	21:00	Unemployment Rate (%)	1Q	--	2.1	2.1

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

Key Indicators for the week of April 25 – 29

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TH	04-29	03:00	Current Account Balance (US$ mn)	Mar	--	-460	-652
TH	04-29	03:30	Exports (y/y)	Mar	--	--	16.0
TH	04-29	03:30	Imports (y/y)	Mar	--	--	14.2
TH	04-29	03:30	Trade Balance (US$ mn)	Mar	--	--	3,391
CH	04-29	21:30	Manufacturing PMI	Apr	48.0	48.0	49.5
CH	04-29	21:30	Non-manufacturing PMI	Apr	--	46.2	48.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	04-25	08:00	Current Account (US$ mn)	Feb	--	-1,500	-8,146
BZ	04-25	08:00	Economic Activity Index SA (m/m)	Feb	--	0.4	-1.0
BZ	04-25	08:00	Economic Activity Index NSA (y/y)	Feb	--	0.5	0.0
BZ	04-27	08:00	IBGE Inflation IPCA-15 (m/m)	Apr	--	--	1.0
BZ	04-27	08:00	IBGE Inflation IPCA-15 (y/y)	Apr	--	--	10.8
CL	04-28	09:00	Unemployment Rate (%)	Mar	--	--	7.5
CL	04-29	09:00	Industrial Production (y/y)	Mar	--	--	-2.3
CL	04-29	09:00	Retail Sales (y/y)	Mar	--	--	11.1
CO	04-29	11:00	Urban Unemployment Rate (%)	Mar	--	--	12.7
CO	**04-29**	**14:00**	**Overnight Lending Rate (%)**	**Apr 29**	**6.00**	**6.00**	**5.00**

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

Global Auctions for the week of April 25 – 29

NORTH AMERICA

Country	Date	Time	Event
US	04-27	13:00	U.S. To Sell 5-Year Notes
US	04-28	13:00	U.S. To Sell 7-Year Notes
US	04-26	13:00	U.S. To Sell 2-Year Notes

EUROPE

Country	Date	Time	Event
BE	04-25	06:00	Belgium to Sell Bonds
EC	04-25	05:30	EU to Sell Bonds
GE	04-27	05:30	Germany to sell 2 Billion Euros of 2038 Bonds
IC	04-29	06:30	Iceland to Sell Bonds
IT	04-29	05:00	Italy to Sell Bonds
IT	04-26	05:00	Italy to Sell Bonds
NO	04-27	05:00	Norway to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	04-26	23:35	2Y Note Amount Sold
JN	04-26	23:35	2Y Note Average Yield
JN	04-26	23:35	2Y Note Bid/Cover Ratio
JN	04-26	23:35	2Y Note Tail Yield
JN	04-26	23:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for the week of April 25 – 29

NORTH AMERICA

No Scheduled Events.

EUROPE

Country	Date	Time	Event
EC	04-28	04:15	ECB's Wunsch Speaks
RU	**04-29**	**06:30**	**Key Rate**
SW	**04-28**	**03:30**	**Riksbank Interest Rate**

ASIA-PACIFIC

Country	Date	Time	Event
JN	**04-28**		**BOJ Policy Balance Rate**

LATIN AMERICA

Country	Date	Time	Event
CO	**04-29**	**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	1.00	June 1, 2022	1.50	1.50
Federal Reserve – Federal Funds Target Rate	0.50	May 4, 2022	1.00	1.00
Banco de México – Overnight Rate	6.50	May 12, 2022	7.00	7.00

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
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	0.75	May 5, 2022	1.00	1.00
Swiss National Bank – Libor Target Rate	-0.75	June 16, 2022	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	17.00	April 29, 2022	15.00	15.00
Sweden Riksbank – Repo Rate	0.00	April 28, 2022	0.00	0.00
Norges Bank – Deposit Rate	0.00	May 5, 2022	1.00	1.00
Central Bank of Turkey – Benchmark Repo Rate	0.00	May 26, 2022	14.00	14.00

Riksbank: The tone between Riksbank's February meeting and now has dramatically shifted—expect Riksbank to join the handful of rapidly pivoting central banks. In a recent interview with Governor Ingves, there was no objection to the series of rate hikes currently priced by markets by 2024. Whether the first hike comes at the next meeting or in meetings ahead is still up for debate, but make no mistake that a hike should be coming soon. Key will be the degree to which updated explicit forward rate guidance validates market pricing. **Central Bank of Russia (CBR):** After an emergency doubling of the key rate to 20% in February, followed by a 300 bps cut to 17% earlier this month, a further rate cut is expected at this meeting with estimates in the 100 bps to 200 bps range. The ruble has appreciated toward close to its pre-invasion levels which mitigates passthrough risk into higher inflation. This was only achieved due to capital controls that carry their own costs to the economy and financial system.

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	0.00	May 3, 2022	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.00	May 24, 2022	2.00	1.25
People's Bank of China – 1-Year Loan Prime Rate	3.70	May 19, 2022	3.60	3.65
Reserve Bank of India – Repo Rate	4.00	June 8, 2022	4.25	4.00
Bank of Korea – Bank Rate	1.50	May 26, 2022	1.50	1.50
Bank of Thailand – Repo Rate	0.00	June 8, 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	0.00	May 24, 2022	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	May 19, 2022	2.00	2.00

Bank of Japan (BoJ): Japanese monetary authorities will be making a policy decision on April 28; we expect the BoJ's policy stance to remain unchanged. The BoJ will likely look through the weakening yen and refrain from adjusting the 0.25% upper limit of the BoJ's 10-year yield target. Inflation has accelerated in recent months and will likely reach the BoJ's 2% inflation target in April, yet price gains reflect higher commodity prices and other supply-side pressures rather than demand-driven pressures.

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	13.00
Banco Central de Chile – Overnight Rate	7.00	May 5, 2022	7.25	7.75
Banco de la República de Colombia – Lending Rate	5.00	April 29, 2022	6.00	6.00
Banco Central de Reserva del Perú – Reference Rate	4.50	May 12, 2022	4.50	4.50

Banco de la República de Colombia (BanRep): The monetary policy committee is expected to continue its hiking cycle with a 100 bps hike, raising the policy rate to 6.00%. We forecast the terminal rate to be 8.00%, reached by end-2022, which incorporates upside bias against the consensus 7.50% expectation. Headline and core inflation show no signs of slowing, reaching 8.5% and 5.3% y/y, respectively, well above the Bank's 3 +/– 1% target range.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	4.25	May 19, 2022	4.50	4.50

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