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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

April 29, 2022

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With thanks for research support from: Marc Ercolao.

Next Week's Risk Dashboard

- Emerging markets and the Fed, then and now
- FOMC to hike and move on roll-off
- OPEC+ meeting could be livelier…
- …if Europe embargoes Russian oil
- Nonfarm payrolls amid rising wage pressures
- Canadian jobs: COVID restrictions are now lower than the US
- BoE to hike and set up roll-off
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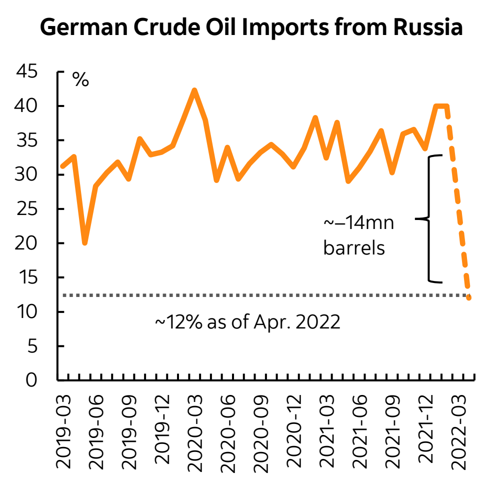
External Risks to Domestic Mandates

FORECASTS & DATA

Chart of the Week



Sources: Scotiabank Economics, Eurostat.

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

External Risks to Domestic Mandates

In another heavy week for global central bank decisions, a key consideration will be the extent to which external risks may impede their desire to tighten monetary policy for fear of breaking something in the global financial system. That obviously applies to the Federal Reserve in particular given the role of dollar funding conditions across global markets. One form of such risk may be informed by developments in energy markets including the OPEC+ meeting and possible further movement toward a European oil embargo against Russian oil.

Another form of risk centers upon the reverberating effects of Federal Reserve policy shifts upon emerging economies compounded with their own domestic policy dilemmas. The Fed's dual mandate is focused upon the US economy, but spillover effects from abroad can indirectly impact domestic price stability and full employment goals. How China handles downside risks to its economy will figure prominently in this regard and markets will be watching for substantive action to follow recent policy rhetoric.

The more general focus is upon emerging markets as a whole. We've seen this movie before like in 2013–14 when the debate was whether emerging markets could handle Fed tapering, and then again in the subsequent tapering episode that gave way to hikes in 2017–19. I find that the arguments behind why EM market volatility shouldn't hold back the Fed are similar now to those past instances when I first wrote about them (**here**), but with some important distinctions.

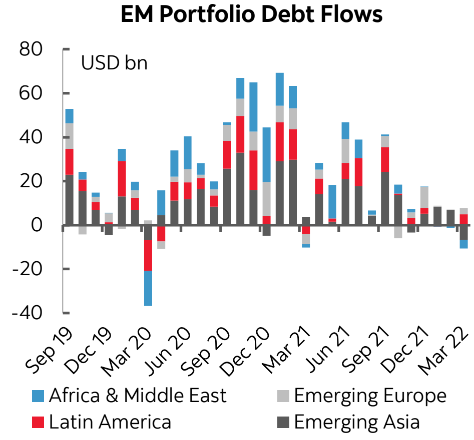
For one, charts 1 and 2 show that net portfolio flows into EMs as a broad asset class have so far held up reasonably well across debt, equity, and total capital market flows. That's true overall and across regions. The flows are well off their peaks and have been for some time, but capital flight is generally not taking root even with much of the Fed's future expected actions having been priced.

Chart 3 shows a major reason why this has been the case: in the face of shocks to their capital accounts like changing Fed policy and the war in Ukraine, prices have adjusted as they should. Higher-yielding currencies appreciate relative to currencies in countries where central bank actions are less aggressive. Prices have adjusted principally through FX markets in order to clear capital accounts. The unsung greatest achievement across the EM space over the decades has been the move toward freely floating currencies alongside structural reforms. These are flexible exchange rate regimes doing what they are designed to do as the front-line shock absorbers by contrast to the past when many more EMs were on fixed exchange rate regimes that built up imbalances in the face of external or domestic shocks to the point to which real economy variables had to do more of the painful adjusting.

Further, EM is not a uniform asset class and hasn't been in ages. The members within the EM class need to be differentiated along the lines of what's shown in charts 4–7, rather than applying blanket concerns across all of them in some mythically homogeneous asset class. The most pressured economies will be the ones with some combination of large current account and fiscal deficits, high public *and* private debt, low foreign reserves and high external debt.

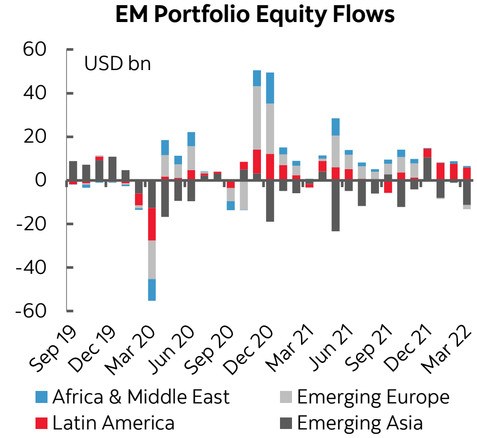
Herein lies the rub…as highlighted in chart 8. Over the past decade, fiscal balances have deteriorated. Public and private debt has increased. External debt has risen. Current account positions and reserve balances have been mixed. With very few exceptions, EM is more vulnerable to debt market shocks now than a decade ago. Higher debt positions limit some fiscal flexibility to address risks as the Fed withdraws its security blanket.

Chart 1



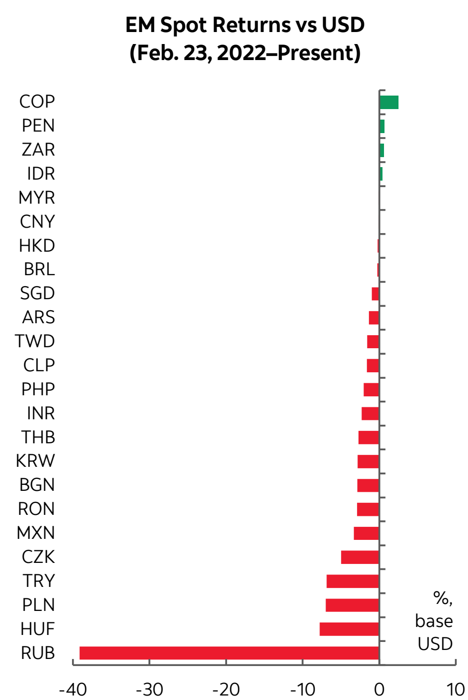
Sources: Scotiabank Economics, National Sources, Bloomberg, IIF.

Chart 2



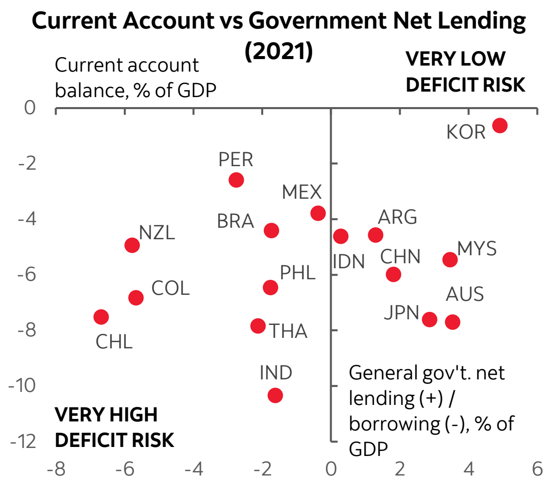
Sources: Scotiabank Economics, National Sources, Bloomberg, IIF.

Chart 3



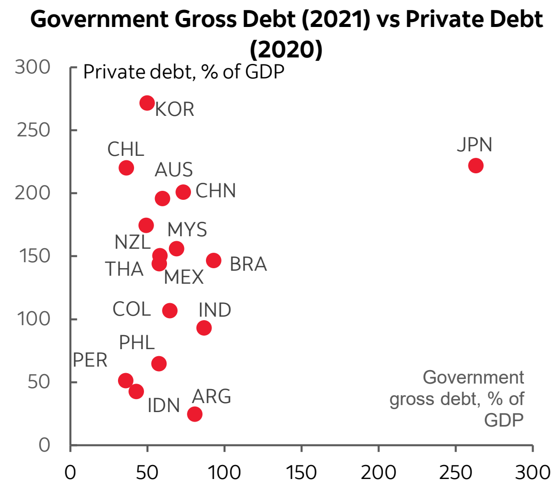
Sources: Scotiabank Economics, Bloomberg.

Chart 4



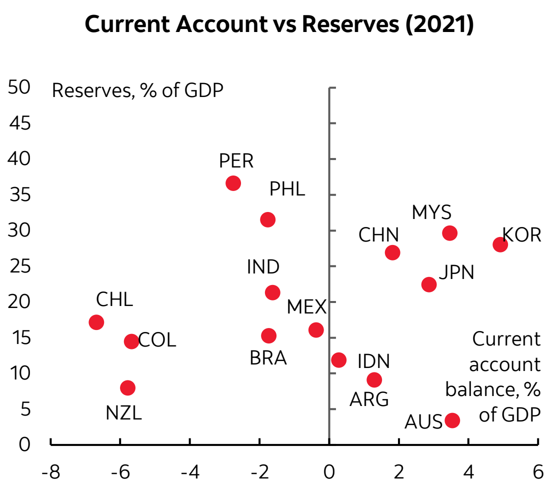
Sources: Scotiabank Economics, IMF WEO Apr. 2022.

Chart 5



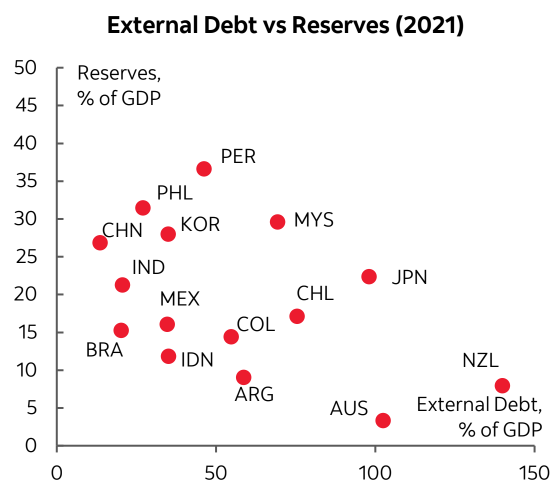
Sources: Scotiabank Economics, IMF WEO Apr. 2022

Chart 6



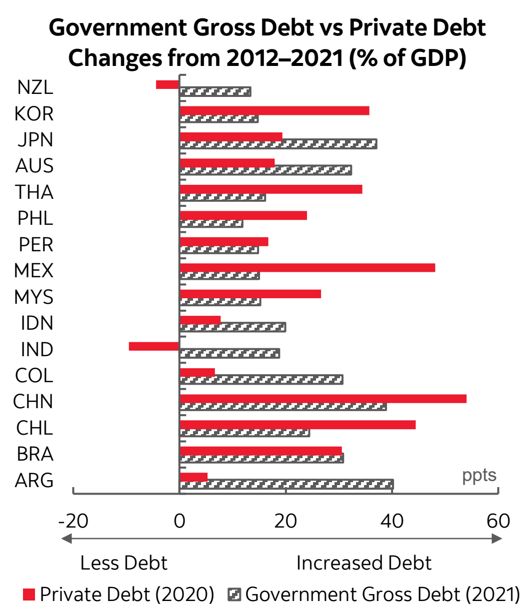
Sources: Scotiabank Economics, Haver Analytics.

Chart 7



Sources: Scotiabank Economics, Haver Analytics.

Chart 8



Sources: Scotiabank Economics, IMF.

CENTRAL BANK WEEK!

Several major central banks will deliver policy decisions over the coming week with some continuing tightening campaigns, one perhaps starting and another taking a scheduled break.

FEDERAL RESERVE—Hike and Roll-Off

Most of the script should be set for Wednesday's meeting including the statement at 2pmET and the ensuing press conference held by Chair Powell at 2:30pmET.

A half point hike in the fed funds target range to 0.75%–1.0% is expected alongside implementation of plans to shrink the balance sheet. A move other than a half percentage point hike would be a surprise to markets. Chair Powell explicitly said on April 24th "I would say that 50 basis points will be on the table for the May meeting." He also guided that "there's something to the idea of front-end loading" rate hikes.

One thing to watch for would be any signs of a shift in the explanation of the drivers of inflation toward something that is now believed to be longer-lived. This would contrast with describing them as merely "reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures" although the last part may still be viewed as sufficient.

Nothing in the March dot plot indicates that the Fed plans on pausing rate hikes any time soon. The dot plot at that meeting indicated a year-end forecast for the upper limit to approach 2% which implies a further 100bps of hikes after this meeting until then. The direction of risks to inflationary pressures remains pointed higher and is likely to result in Chair Powell maintaining a hawkish stance.

A recap of the outlines of the Fed's balance sheet reduction plans is **here**. Since the start of this month, measures of the 10-year term premium have responded with an increase of about 40+ basis points. There is probably further room for the reward to accepting duration risk to increase further and with that for the longer-term Treasury yields to rise toward our forecast of over 3% into year-end (chart 9).

BANK OF ENGLAND—A Key Threshold Will be Hit

A quarter point Bank Rate hike is priced for Thursday's Bank of England decision, but the greater focus may be upon forward guidance and plans to move toward shrinking the balance sheet.

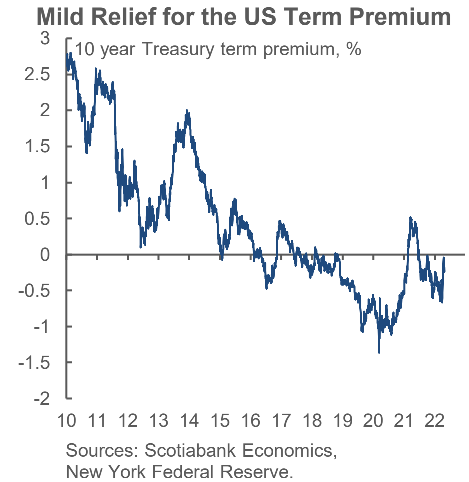
Market implied pricing expects Bank Rate to rise toward 2.25% by year-end from 0.75% at present (chart 10). Much of the attention will be placed upon a fresh round of forecasts that are expected to revise growth downward and inflation upward. The growth forecasts may be leveraged to lean against the pace of rate hikes that is priced by markets alongside incorporation of market implied pricing into model forecasts projecting inflation to plunge in the outer period of its projection horizon.

The thing about a 1% Bank Rate is that the Monetary Policy Committee has guided for some time now that this would be the threshold around which a plan to actively manage the balance sheet lower would be considered. Markets will be keenly watching plans for the starting point and pace but are unlikely to get firm guidance on end points or optimal size of the balance sheet.

RBA—Most Expect a Small Hike

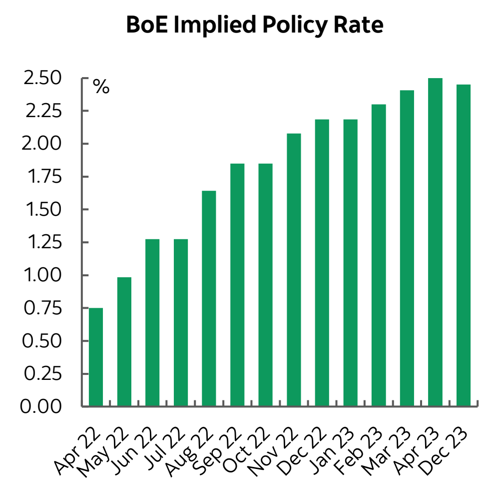
Most economists expect the Reserve Bank of Australia to hike its cash rate target on Tuesday. Thirteen of 21 within consensus expect a 15bps hike, five expect a bigger hike from 0.1% to

Chart 9



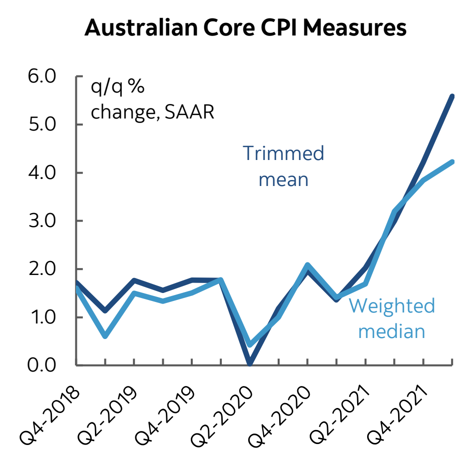
Sources: Scotiabank Economics, New York Federal Reserve.

Chart 10



Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Australian Bureau of Statistics.

0.5% and a minority of three economists expect a hawkish hold. Futures markets have a hike to 0.25% fully priced such that either a hold or a larger hike would be a surprise.

Chart 12

Sources: Scotiabank Economics, Australian Bureau of Statistics.

The case for a hike is, well, much the same as everywhere else these days. Inflation has been sharply accelerating as evidenced by the recent Q1 core inflation readings (chart 11). At an annualized rate, trimmed mean and weighted median CPI are climbing considerably faster than the RBA's 2–3% target range.

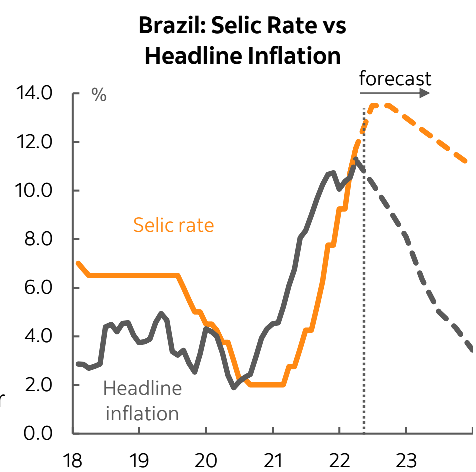
The case against a hike at this meeting, or at least against a large hike, is two-fold. One is that the RBA has an eye on wages and may wish to see the Q1 figures on May 17th given that to date wage gains have been below the rate of inflation (chart 12). Still, the RBA might not wait to see this if it has enough conviction that stronger wage gains in tightening labour markets lie ahead. This perspective would be supported by Governor Lowe's prior remarks indicating an expected acceleration of wage growth. That, in turn, could be keyed off the fact that Australian employment is about 400,000 above pre-pandemic levels while the unemployment rate has fallen to 4% which is tied for a record low and the participation rate is at a record high.

Secondly is the matter of politics with the May 21st election just around the corner. Herein lies the trade-off in that hiking before the election might play negatively in PM Morrison's quest to be re-elected but hiking soon afterward at the next meeting on June 7th and hence fresh off the election results might not be politically welcomed either.

BRAZIL—Approaching a Peak?

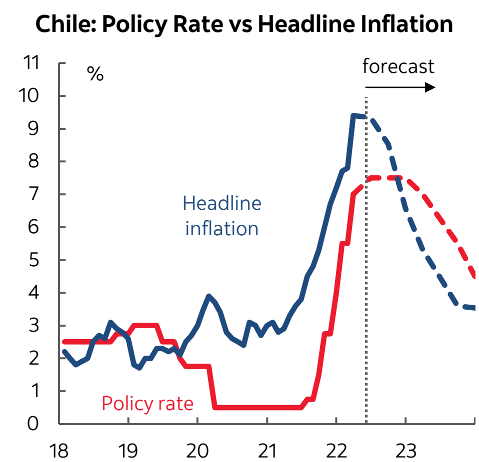
Banco Central do Brasil is unanimously expected to hike its Selic rate by another 100bps to 12.75% on Wednesday. At issue is forward guidance following what would be 10.75% of rate hikes since a little over a year ago. If this is not a peak then our LatAm economists expect a peak to be achieved following one more hike at the next meeting before developments may begin to turn the other way next year (chart 13).

Chart 13



Sources: Scotiabank Economics, BCB, IBGE.

Chart 14



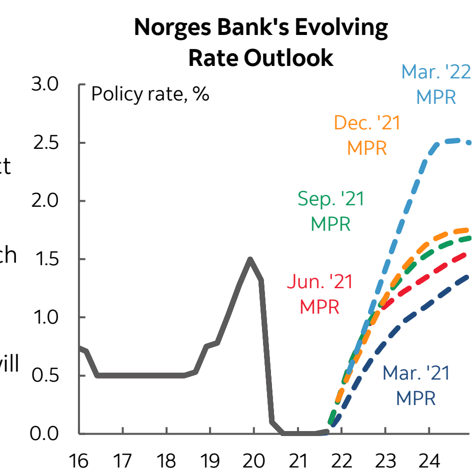
Sources: Scotiabank Economics, BCCh, INE.

CHILE—This Was Supposed to Be the Final Hike

Consensus is somewhat divided over the expected size of a rate hike by Chile's central bank on Thursday. Our Santiago-based economist expects a 50bps hike to an overnight rate target of 7.5% and for this to be the end of the hike cycle (chart 14). Other voices within consensus expect a hike of between 75bps and 150bps.

Our economist's expectation is buttressed by guidance provided by the central bank in its March outlook. A risk toward a bigger hike could be informed by the fact that since that guidance was provided, inflation significantly surpassed expectations when March CPI climbed by 1.9% m/m (1.2% consensus) and 9.4% y/y (8.7% consensus). Unfortunately, the next CPI report for April will arrive after this meeting on Friday, although a reading of over 10% y/y is expected.

Chart 15



Sources: Scotiabank Economics, Norges Bank.

NORGES—Likely to Hold

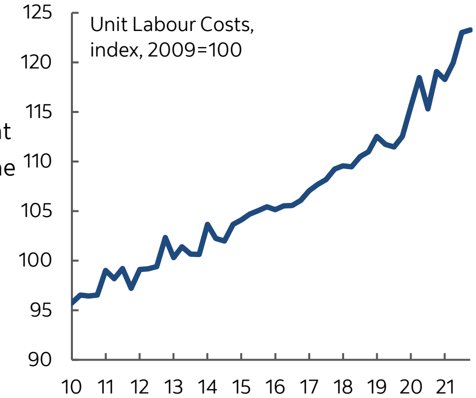
And finally a central bank that tells you what it's going to do in advance and usually sticks to the plan. When it hiked by 25bps at its last meeting on March 24th, the central bank said that it would likely hold at this coming meeting but hike again at the June meeting.

It nevertheless cautioned that "If there are prospects of persistently high inflation, the policy rate may be raised more quickly." Since then, while global supply shocks have worsened and the coming week could bring high uncertainty around future risks to oil prices, the last inflation report on April 11th landed softer than expected at 4.5% y/y (5% consensus) and may provide just the right amount of breathing room to stick to its promise this time.

Chart 15 shows Norges Bank's projected policy rate path as revised in March and compared to prior forecasts.

Chart 16

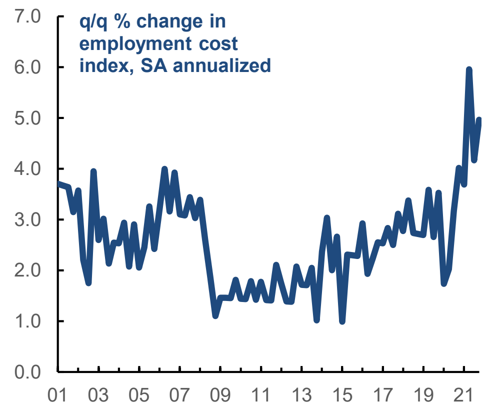
US Wage Inflation Has Accelerated During the Pandemic



Sources: Scotiabank Economics, Bloomberg.

Chart 17

Accelerating US Employment Costs



Sources: Scotiabank Economics, Bloomberg, Eurostat.

NONFARM PAYROLLS—LABOUR COSTS ACCELERATING

The US BLS releases nonfarm payrolls and related labour market measures for April on Friday. My guesstimate is for a payrolls gain of around 400,000 with an unemployment rate hovering around 3½% and wages up another ½% m/m that would drive the month-over-month annualized pace of wage gains to around the 6% mark.

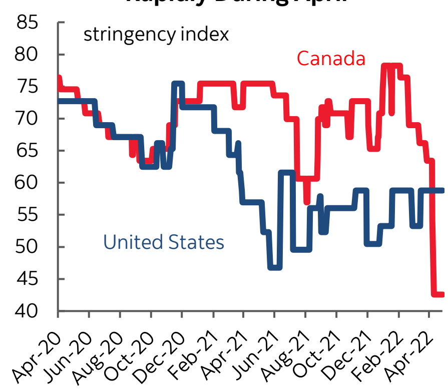
Consumers indicate that jobs remained plentifully available in April which can be a good sign for job growth. Initial jobless claims held fairly steady at low levels between nonfarm reference periods in March to April. Other advance readings are so far unavailable including next week's ISM-services (Wednesday) and ISM-manufacturing (Monday) employment subindices, next Wednesday's ADP-payrolls report and the National Federation of Independent Business gauges for hiring and jobs that are hard to fill.

Unlike Canada (see below), there may not be a further lift effect from easing restrictions. The US stringency gauge of COVID-19 restrictions has stalled out.

Also keep an eye on Thursday's update on unit labour costs. This takes total employment costs divided by real GDP to assess how employment costs needed to produce added economic output change over time. As such, the measure adjusts costs for productivity. Because GDP shrank in Q1—though due to import and inventory effects—labour productivity growth probably turned negative. With lower productivity, unit labour costs likely picked up toward something that could rise by as much as ~10% q/q. That could add to the trend of labour costs outpacing output as an inflationary signal (chart 16) on the heels of the rise in the Employment Cost Index (chart 17).

Chart 18

Canada COVID-19 Restrictions Eased Rapidly During April



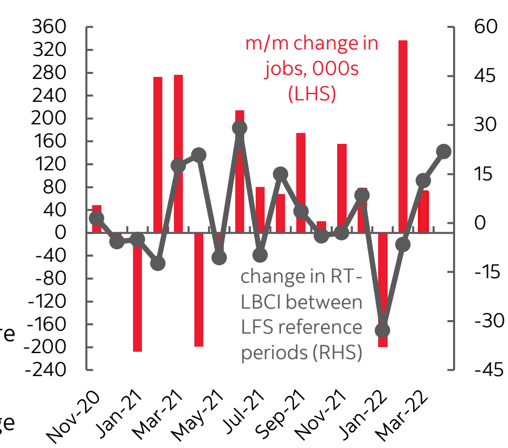
Sources: Scotiabank Economics, University of Oxford.

CANADIAN JOBS—CROSSING THE HALF MILLION MARK

All signs point toward a potential blockbuster of an employment gain on Friday when April's Labour Force Survey arrives. My estimates for 125,000 jobs to be gained and a further decline in the unemployment rate to 4.9% are probably on the conservative side given what we're tracking. If this estimate is anywhere close to the mark then it will push employment to be more than a half-million jobs above pre-pandemic levels.

Chart 19

Canadian Employment



Sources: Scotiabank Economics, Statistics Canada.

For starters, pandemic restrictions have been virtually eliminated. The Oxford Stringency gauge for Canada has plunged so much so that restrictions are now shown to be lighter in Canada than in the US (chart 18). The Bank of Canada's gauges are not being updated as frequently now compared to earlier in the pandemic and only go to late March, but they too have shown further easing.

Also, while not infallible, our attempt to convert Statistics Canada's real-time local business conditions indices by city into a national composite measure points toward an acceleration of job growth in April (chart 19).

There are also signs that job searches are picking up. One measure is the number of visits to the 'Indeed' Canada job site that have recently soared (chart 20). With abundant job vacancies, increased search activity is likely to result in a pick-up in filled jobs albeit with uncertain timing.

As for appetite for further hiring, small businesses are saying they are accelerating their plans to hire more people in the months ahead (chart 21).

The cost to another strong jobs report could be further weakness in labour productivity. Also watch wages in this report since the average wage of permanent employees in the Labour Force Survey is the most timely measure of wage growth in Canada. The past couple of months saw annualized month-over-month wage growth stall out compared to the prior seven months that saw wages rising at a pace of 6–9%. The US emerged from its temporary soft patch for wage growth in March and we'll be watching for whether Canada follows suit.

Separately, keep an eye on Wednesday's Canadian merchandise trade figures for March. The advance merchandise trade deficit in the US blew out in March which probably means that Canada's surplus did likewise.

If the week ends with ripping jobs, a strong trade report and on the back of the recent GDP figures (**here**) then the stage is set for a hawkish sounding Bank of Canada at the June 1st meeting.

OPEC+—RING RING…

This could be a highly eventful week for oil markets. Since oil is a contributing factor to inflation, the same may hold true for everything affected by inflation trading which these days covers most asset classes!

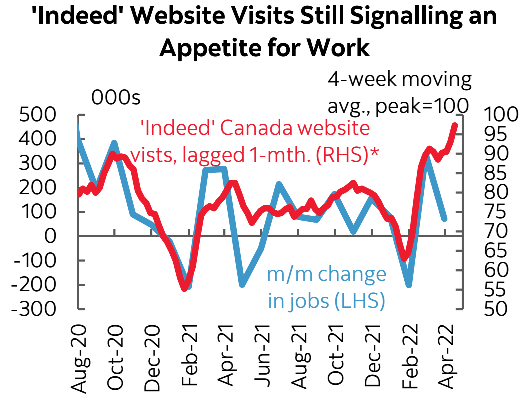
The next monthly OPEC and non-OPEC ministerial meetings will be on Thursday. The immediate aims involve reassessing the expected net global supply and demand balance and how the cartel can manipulate it, with the next step being to set intended production targets for June. Wednesday's conclusions by the Joint Technical Committee will inform this balance.

Developments leading up to and after the last meeting on March 31st were marked by considerable drama and this one is unlikely to be any different.

One reason why OPEC+ decided to stick to plans to raise output by 432kbpd through April instead of adding more given high oil prices was because they felt they wanted firmer evidence on how Russian production might be affected before altering course. MBS discourteously didn't even take President Biden's phone call as the Saudis led a grand skimming operation that benefited the Russians. The Americans responded by releasing strategic oil reserves but the net effect on the price of oil has been minimal since then.

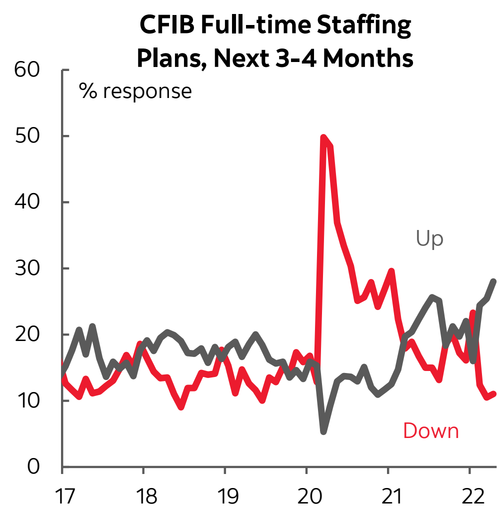
We now have better evidence on the magnitude of the hit to Russian oil production that has occurred since about mid-March. Reuters picked up estimates from the International Energy Agency that estimated that Russian oil production had fallen by about 7.5% from about mid-March to mid-April. They forecast Russian oil production to plunge from 524 million tonnes last year to 434–475 million tonnes this year for the lowest level of Russian

Chart 20



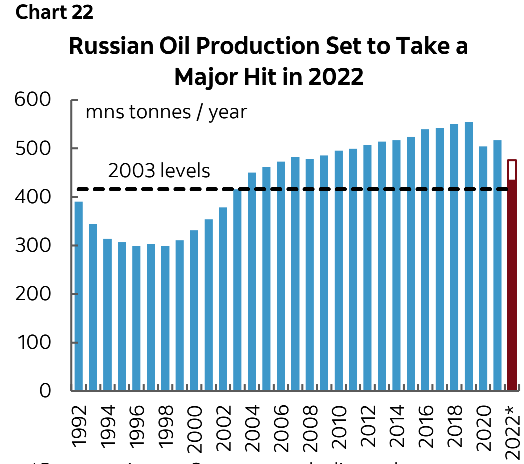
*Assumes a one-month turnaround time from Indeed site visit and job application to eventual hiring.
Sources: Scotiabank Economics, Google Trends, Indeed.ca

Chart 21



Sources: Scotiabank Economics, CFIB.

Chart 22



*Range estimate. Output may decline to between 433.8 mn and 475.3 mn tonnes in 2022
Sources: Scotiabank Economics, EIA, IEA.

oil output since 2003 (chart 22). Efforts by western European economies to curtail Russian oil imports are having their effects not least of which is Germany (see cover chart) that says it is now in a position to eliminate Russian oil imports. There is speculation that after Germany dropped opposition to a Russian oil embargo the European Union may implement a set of steps to embargo Russian oil as soon as this week.

Embargos, sanctions, production shut-ins and energy substitution are imposing a negative supply shock on oil markets and so may be any further escalation by Russia to turn off natural gas taps to countries refusing to pay in rubles as a way of circumventing sanctions.

Offsetting this in part is that China's thirst for oil is likely waning as its economy continues to suffer from mounting downside risks. It seems that the speed of developments around Russia is eclipsing the changes emanating from China.

Enter the coming meeting. The loose consensus of opinion is that June's production increase will be similar to May's. This and subsequent meetings may be increasingly tense should oil prices rise further.

OTHER MACROECONOMIC INDICATORS

I'll write more about them over the course of the week in daily notes, but in addition to the aforementioned macroeconomic indicators there will be several others.

Germany's economy will be in the spotlight when March updates for retail sales, trade, factory orders and industrial production arrive throughout the week.

Additional US releases will include expected strength in construction spending during March (Monday), factory orders during March (Tuesday), JOLTS job openings that same month (Tuesday), higher vehicle sales in April (Tuesday) and a blow out in the trade deficit during March based on what we've already seen in the merchandise balance (Wednesday).

New Zealand is expected to post a mild employment gain and another wage gain of over 1% q/q SA during Q1 on Tuesday.

Australian retail sales in March are expected to follow through with another gain after the 1.8% rise the prior month.

CPI inflation reports for April are due from several Latin American and Asian economies including Peru and South Korea on Monday, Philippines and Thailand on Wednesday, Colombia on Thursday and Chile on Friday. Swiss inflation will also be updated on Thursday.

Purchasing managers' indices will land in China on Friday evening shortly after this publication is distributed and are expected to sharply contract. PMIs will also arrive in Mexico on Monday, Brazil on Monday and Wednesday, Italy on Monday and Wednesday, India on Monday, Sweden (Wednesday) and Switzerland (Monday).

Hong Kong's economy likely contracted in year-over-year terms and we'll get the Q1 estimate on Tuesday.

Key Indicators for the week of May 2 – 6

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05/02	10:00	Construction Spending (m/m)	Mar	0.6	0.8	0.5
US	05/02	10:00	ISM Manufacturing Index	Apr	57.5	57.8	57.1
US	05/03	10:00	Factory Orders (m/m)	Mar	1.4	1.0	-0.5
US	05/03	10:00	JOLTS Job Openings (000s)	Mar	--	--	11,266
US	05/03		Total Vehicle Sales (mn a.r.)	Apr	14.5	13.8	13.3
US	05/04	07:00	MBA Mortgage Applications (w/w)	Apr 29	--	--	-8.3
US	05/04	08:15	ADP Employment Report (000s m/m)	Apr	400	388	455
CA	05/04	08:30	Merchandise Trade Balance (C$ bn)	Mar	3.5	--	2.7
US	05/04	08:30	Trade Balance (US$ bn)	Mar	107.00	-97.0	-89.2
US	05/04	10:00	ISM Non-Manufacturing Composite	Apr	58.0	58.7	58.3
US	**05/04**	**14:00**	**FOMC Interest Rate Meeting (%)**	**May 4**	**1.00**	**1.00**	**0.50**
US	05/05	08:30	Initial Jobless Claims (000s)	Apr 30	175	183	180
US	05/05	08:30	Continuing Claims (000s)	Apr 23	1,400	--	1,408
US	05/05	08:30	Productivity (q/q a.r.)	1Q P	-5.5	-2.8	6.6
US	05/05	08:30	Unit Labor Costs (q/q a.r.)	1Q P	10.0	7.3	0.9
CA	05/06	08:30	Employment (000s m/m)	Apr	125	--	72.5
CA	05/06	08:30	Unemployment Rate (%)	Apr	4.9	--	5.3
US	05/06	08:30	Average Hourly Earnings (m/m)	Apr	0.5	0.4	0.4
US	05/06	08:30	Average Hourly Earnings (y/y)	Apr	5.6	5.5	5.6
US	05/06	08:30	Average Weekly Hours	Apr	--	34.7	34.6
US	05/06	08:30	Nonfarm Employment Report (000s m/m)	Apr	400	390	431
US	05/06	08:30	Unemployment Rate (%)	Apr	3.5	3.6	3.6
US	05/06	15:00	Consumer Credit (US$ bn m/m)	Mar	--	25.0	41.8
US	05/06	08:30	Household Employment Report (000s m/m)	Apr	--	--	736

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	05/02	03:45	Manufacturing PMI	Apr	55.0	55.8
FR	05/02	03:50	Manufacturing PMI	Apr F	55.4	55.4
GE	05/02	03:55	Manufacturing PMI	Apr F	54.1	54.1
EC	05/02	04:00	Manufacturing PMI	Apr F	55.3	55.3
GE	05/02	02:00	Retail Sales (m/m)	Mar	0.3	0.2
IT	05/02		Budget Balance (€ bn)	Apr	--	-24.7
IT	05/02		Budget Balance YTD (€ bn)	Apr	--	0.0
FR	05/03	02:45	Central Government Balance (€ bn)	Mar	--	-37.6
GE	05/03	03:55	Unemployment (000s)	Apr	-15.0	-18.0
GE	05/03	03:55	Unemployment Rate (%)	Apr	5.0	5.0
UK	05/03	04:30	Manufacturing PMI	Apr F	55.3	55.3
EC	05/03	05:00	PPI (m/m)	Mar	5.0	1.1
EC	05/03	05:00	Unemployment Rate (%)	Mar	6.8	6.8
GE	05/04	02:00	Trade Balance (€ bn)	Mar	10.0	11.0
IT	05/04	03:45	Services PMI	Apr	54.3	52.1
FR	05/04	03:50	Services PMI	Apr F	58.8	58.8
GE	05/04	03:55	Services PMI	Apr F	57.9	57.9
EC	05/04	04:00	Composite PMI	Apr F	55.8	55.8
EC	05/04	04:00	Services PMI	Apr F	57.7	57.7
UK	05/04	04:30	Net Consumer Credit (£ bn)	Mar	1.4	1.9
EC	05/04	05:00	Retail Trade (m/m)	Mar	-0.1	0.0
GE	05/05	02:00	Factory Orders (m/m)	Mar	-1.0	-2.2
FR	05/05	02:45	Industrial Production (m/m)	Mar	-0.2	-0.9
FR	05/05	02:45	Industrial Production (y/y)	Mar	1.4	2.4
FR	05/05	02:45	Manufacturing Production (m/m)	Mar	--	-0.5
NO	**05/05**	**04:00**	**Norwegian Deposit Rates (%)**	**May 5**	**0.75**	**0.75**
UK	05/05	04:30	Official Reserves Changes (US$ bn)	Apr	--	-1,686
UK	05/05	04:30	Services PMI	Apr F	58.3	58.3
UK	**05/05**	**07:00**	**BoE Policy Announcement (%)**	**May 5**	**1.00**	**0.75**
GE	05/06	02:00	Industrial Production (m/m)	Mar	-1.0	0.2
SP	05/06	03:00	Industrial Output NSA (y/y)	Mar	--	3.9
UK	05/06	04:30	PMI Construction	Apr	58.0	59.1

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

Key Indicators for the week of May 2 – 6

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	04/30	20:00	Exports (y/y)	Apr	--	14.3	18.2
SK	04/30	20:00	Imports (y/y)	Apr	--	20.9	27.9
SK	04/30	20:00	Trade Balance (US$ mn)	Apr	--	-1643.0	-115.0
JN	05/01	20:30	Markit/JMMA Manufacturing PMI	Apr F	--	--	53.4
AU	05/01	21:30	ANZ Job Advertisements (m/m)	Apr	--	--	0.4
JN	05/02	01:00	Consumer Confidence	Apr	--	34.9	24.8
JN	05/02	01:00	Vehicle Sales (y/y)	Apr	--	--	-14.8
SK	05/02	19:00	CPI (y/y)	Apr	4.6	4.4	4.1
SK	05/02	19:00	Core CPI (y/y)	Apr	--	--	3.3
TH	05/03	03:30	Business Sentiment Index	Apr	--	--	50.7
HK	05/03	04:30	Real GDP (y/y)	1Q A	1.0	-2.0	4.8
NZ	05/03	18:45	Unemployment Rate (%)	1Q	--	3.1	3.2
NZ	05/03	18:45	Employment Change (y/y)	1Q	--	3.1	3.7
AU	05/03	21:30	Retail Sales (m/m)	Mar	--	0.7	1.8
AU	**05/03**	**00:30**	**RBA Cash Target Rate (%)**	**May 3**	**0.10**	**0.25**	**0.10**
SI	05/04	09:00	Purchasing Managers Index	Apr	--	--	50.1
HK	05/04	20:30	Purchasing Managers Index	Apr	--	--	42.0
PH	05/04	21:00	CPI (y/y)	Apr	4.5	4.5	4.0
AU	05/04	21:30	Building Approvals (m/m)	Mar	--	-15.0	43.5
AU	05/04	21:30	Trade Balance (AUD mn)	Mar	--	7,800	7,457
CH	05/04	21:45	Caixin Services PMI	Apr	--	41.0	42.0
TH	05/04	23:30	CPI (y/y)	Apr	5.0	4.7	5.7
TH	05/04	23:30	Core CPI (y/y)	Apr	--	2.0	2.0
TH	05/04	22:00	Consumer Confidence Economic	Apr	--	--	35.9
SI	05/05	01:00	Retail Sales (y/y)	Mar	--	--	-3.4
HK	05/05	04:30	Retail Sales - Volume (y/y)	Mar	--	--	-17.6
JN	05/05	19:30	Tokyo CPI (y/y)	Apr	--	2.3	1.3
JN	05/05	19:50	Monetary Base (y/y)	Apr	--	--	7.9
PH	05/05	21:00	Exports (y/y)	Mar	--	-0.3	15.0
PH	05/05	21:00	Imports (y/y)	Mar	--	10.0	20.1
PH	05/05	21:00	Trade Balance (US$ mn)	Mar	--	-4,106	-3,529
PH	05/05	21:00	Unemployment Rate (%)	Mar	--	--	6.4
AU	05/06	02:30	Foreign Reserves (AUD bn)	Apr	--	--	77.0
TA	05/06	04:00	CPI (y/y)	Apr	3.3	3.0	3.3

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	05/02	08:30	Economic Activity Index SA (m/m)	Mar	--	--	-0.7
CL	05/02	08:30	Economic Activity Index NSA (y/y)	Mar	6.5	--	6.8
BZ	05/02	09:00	PMI Manufacturing Index	Apr	--	--	52.3
PE	05/02	11:00	Consumer Price Index (m/m)	Apr	0.7	--	1.5
PE	05/02	11:00	Consumer Price Index (y/y)	Apr	7.7	--	6.8
BZ	05/02	14:00	Trade Balance (FOB) - Monthly (US$ mn)	Apr	--	--	7,383
BZ	05/03	08:00	Industrial Production SA (m/m)	Mar	--	--	2.7
BZ	05/03	08:00	Industrial Production (y/y)	Mar	--	--	-4.3
BZ	**05/04**	**17:30**	**SELIC Target Rate (%)**	**May 4**	**12.75**	**12.75**	**11.75**
CL	**05/05**	**18:00**	**Nominal Overnight Rate Target (%)**	**May 5**	**7.50**	**--**	**7.00**
CO	05/05	20:00	Consumer Price Index (m/m)	Apr	1.1	0.9	1.0
CO	05/05	20:00	Consumer Price Index (y/y)	Apr	9.0	8.8	8.5
CL	05/06	08:00	CPI (m/m)	Apr	1.0	--	1.9
CL	05/06	08:00	CPI (y/y)	Apr	10.0	--	9.4

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

Global Auctions for the week of May 2 – 6

NORTH AMERICA

No Scheduled Auctions.

EUROPE

Country	Date	Time	Event
SW	05/04	05:00	Sweden to Sell Bonds
GE	05/04	05:30	Germany to sell 1.5BN Euros of 2031 Green Bonds
SP	05/05	04:30	Spain to Sell Bonds
FR	05/05	04:50	France to Sell Bonds
BE	05/06	06:00	Belgium to Sell Bonds
IC	05/06	06:30	Iceland to Sell Bonds

ASIA-PACIFIC

No Scheduled Auctions.

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for the week of May 2 – 6

NORTH AMERICA

Country	Date	Time	Event
US	05/04	14:00	FOMC Rate Decision (Lower Bound)
US	**05/04**	**14:00**	**FOMC Rate Decision (Upper Bound)**
US	05/04	14:30	Fed Chair Holds Press Conference Following FOMC Meeting
US	05/06	09:15	Fed’s Williams Gives Opening Remarks
US	05/06	15:00	Fed’s Bostic Gives Commencement Address at Georgia Tech
US	05/06	19:15	Fed’s Bullard and Waller Speak on Hoover Institute Panel
US	05/06	20:00	Fed’s Daly Gives Commencement Speech

EUROPE

Country	Date	Time	Event
NO	**05/05**	**04:00**	**Deposit Rates**
UK	**05/05**	**07:00**	**Bank of England Bank Rate**
AS	05/05		OPEC and Non-OPEC Ministerial Meeting by Videoconference
SW	05/06	03:30	Riksbank Publishes Minutes From April 27 Meeting
UK	05/06	05:15	BOE's Mann speaks.
UK	05/06	07:15	BOE's Pill speaks.
UK	05/06	11:00	BOE's Tenreyo speaks.

ASIA-PACIFIC

Country	Date	Time	Event
SK	05/02/22-05/03/22		BOK Minutes of April Policy Meeting
AU	**05/03**	**00:30**	**RBA Cash Rate Target**
AU	05/05	21:30	RBA-Statement on Monetary Policy

LATIN AMERICA

Country	Date	Time	Event
CO	05/03	18:00	Colombia Monetary Policy Minutes
BZ	**05/04**	**17:30**	**Selic Rate**
CL	**05/05**	**18:00**	**Overnight Rate Target**

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

Federal Reserve: A 50bps rate hike is expected along with implementation of the plan to reduce holdings of Treasuries and MBS that was laid out in the minutes to the March FOMC meeting earlier in April. There will be no fresh forecasts or dot plots until the June meeting. A gradual phase-in of the plan to implement maximum roll-off caps within three months is expected alongside repeated uncertainty toward the length of time that balance sheet reduction is expected and the amount of optimal reserves.

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	14.00	June 10, 2022	14.00	14.00
Sweden Riksbank – Repo Rate	0.25	June 30, 2022	0.00	0.00
Norges Bank – Deposit Rate	0.75	May 5, 2022	0.75	0.75
Central Bank of Turkey – Benchmark Repo Rate	0.00	May 26, 2022	14.00	14.00

Bank of England (BoE): Thursday's monetary policy meeting will likely come with another 25 bps hike of the Bank Rate to 1.00% with markets priced for this outcome and most economists expecting it. It will be accompanied by fresh macroeconomic forecasts. Following the theme of many central banks, expect growth estimates to be revised down and inflation estimates to be marked up. Markets are pricing about 150bps of hikes over the remainder of the year, which would bring the policy rate to 2.25%. Discussion on asset sales is possible. **Norges Bank:** Arguably the only developed world central bank that seems to be sticking to a script, a unanimous hold of the deposit rate at 0.75% is expected. This doesn't come without caution by the Committee members that expedited rate hikes may be needed amid global developments, but Norges Bank has stayed ahead of the curve by being the first major central bank to hike rates back in August 2021.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	June 17, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.00	May 3, 2022	0.10	0.25
Reserve Bank of New Zealand – Cash Rate	0.00	May 24, 2022	2.00	2.00
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

Reserve Bank of Australia (RBA): Australian monetary authorities will be making a policy decision on May 3. We expect the policy rate to remain unchanged at 0.10%, despite accelerating inflation. Headline inflation reached 5.1% y/y in Q1-2022 and core inflation picked up to 3.7% y/y, well above the RBA's 2-3% inflation target. Nonetheless, the RBA's focus on labour costs indicates that the central bank will likely wait for the Q1 wage data, to be released on May 18. In addition, the country will be having its federal election on May 21, which acts as a deterrent for an imminent rate hike.

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	7.00	May 5, 2022	7.50	7.50
Banco de la República de Colombia – Lending Rate	6.00	June 30, 2022	6.00	6.00
Banco Central de Reserva del Perú – Reference Rate	4.50	May 12, 2022	4.50	4.50

Banco Central do Brasil (BCB): The BCB hiked the Selic rate by 100 bps to 11.75% from 10.75% at the March meeting– we expect them to hike by another 100 bps to 12.75% at the meeting on May 4th. The recent spike in commodity prices is likely to push inflation higher, further pressuring the BCB to tighten rates. As a result, we have revised our terminal rate higher to 13.50%, to be reached in 2022 Q2. **Banco Central de Chile (BCCh):** We expect a 50 bps hike of the overnight rate to 7.50% at next week's meeting. We believe this to be the terminal rate of the cycle, with a hold until end-2022 and rate cuts beginning thereafter.

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.