Scotiabank

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

October 28, 2022

Contributors

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With thanks for research support from: Marc Ercolao.

Next Week's Risk Dashboard

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- The BoE and the Sunak dividend
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- Eurozone inflation to be a hot one
- NZ wages to inform RBNZ bias
- BoC's Macklem to face the heat
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Russian Roulette

FORECASTS & DATA

Chart of the Week

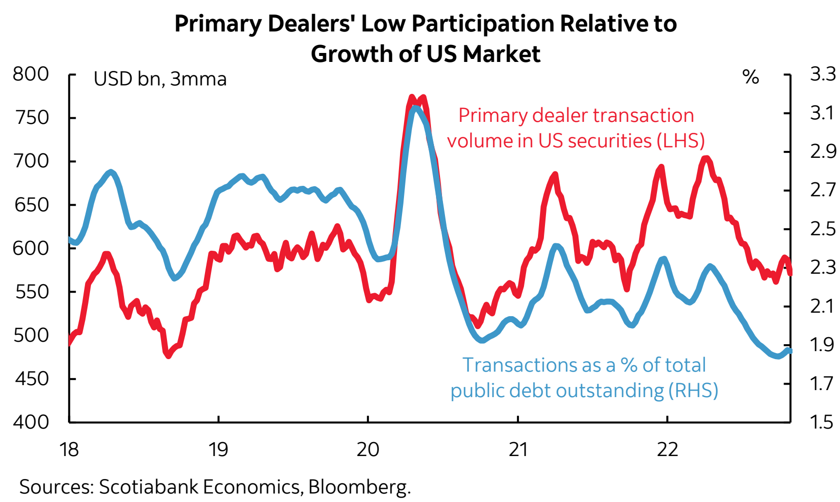


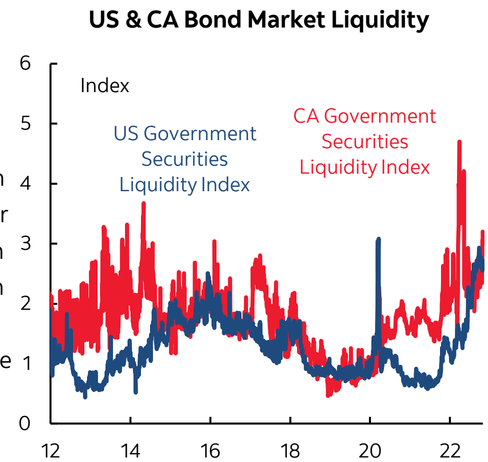
Chart of the Week: Prepared by: Marc Ercolao, Economic Analyst.

Russian Roulette

This will be another week marked by decisions from major central banks from the Federal Reserve to the Bank of England and the RBA as well as regional central banks like Norges and Bank Negara. Their communications and specifically the market impression that they have a steady hand on the tiller are becoming increasingly important as cycle rate peaks may be drawing closer but not only for that reason.

Erratic central bank communications carry less of a possible cost when central banks are much closer to their inflation targets away from potentially significant inflection points in the broader economy and amid well-functioning markets. When that's not the case, the effects can be akin to playing Russian roulette with markets amid already heightened uncertainty. Clearly inflation is high and volatile and so is inflation risk while recession talk is everywhere, but evidence of market frailties should also be treated more seriously by central banks and specifically from the standpoint of confidence in their guidance and actions.

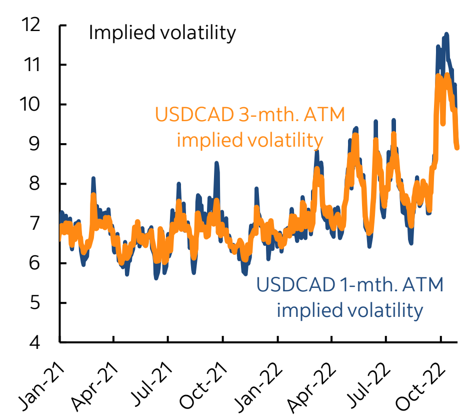
Chart 1



Sources: Scotiabank Economics, Bloomberg.

One reason is that measures of bond market liquidity have sharply deteriorated to levels that are at least as bad as the early days of when the pandemic first struck (chart 1). FX option volatility has also jumped over recent weeks (chart 2). There are many reasons for this, but volatile central bank communications should not be on the list. When communications are found to be unreliable and market participants are surprised, they risk reducing market participation through lessened confidence in the market which further impairs liquidity.

Chart 2



Sources: Scotiabank Economics, Bloomberg.

The danger being intimated here is that bond markets are on edge, have been for some time, and are perhaps one communications mishap away from walking in one morning to stumble into a gapped out bond market and a fresh liquidity crisis that ripples through funding markets including core products across repo and swap markets with implications for all asset classes. Experienced market practitioners have lived through such aging events that may or may not be explainable when they happen and often not foreseen. Who fixes them? Central banks' balance sheets and potentially unlimited powers are, by default, called upon to step in to restore market functioning through measures such as liquidity injections and possible policy easing. To have to do that now in order to clean up potential communication mishaps risks compromising the fight against high inflation. Markets lose and central bank policy goals lose.

Some market infrastructure is more developed now than previously so as to ringfence some of the risks of this happening a bit more effectively, but other important hurdles remain such as uncertainty around treatment of Treasuries and reserves in the Supplementary Leverage Ratio (SLR). As central banks rush to withdraw supports with rapid rate increases and unwinding balance sheets, the scope for toying with market expectations via inconsistent communications should be treated with much greater care and a higher degree of market savviness than ever before lest central banks stumble from unexpected inflation into a market crisis and deeper downturn.

FOMC—THE GREAT PIVNOT

Wednesday's FOMC communications will be lighter this time around with just a statement (2pmET) and Chair Powell's press conference.

Markets and economists are broadly aligned toward expecting another 75bps rate hike. Chair Powell generally prefers to avoid surprises on game day and so if the FOMC felt that markets were off base then we might have expected an effort to get out a different message through select media outlets while the FOMC is in communications blackout. Thus far that has not happened which signals they are content with expectations.

At issue, however, is the bias they guide. This meeting is in between fresh dot plots and Summaries of Economic Projections that were presented at the September 21st meeting and are poised for updates at the next meeting on December 14th. A bias change is unlikely to be communicated via the statement itself that may look very similar to the one in September while repeating reference to how the committee "anticipates that ongoing increases in the target range will be appropriate." The description of current conditions may reinforce reference to "modest growth" or strengthen it after Q3 GDP. No change to language around balance sheet plans is expected either.

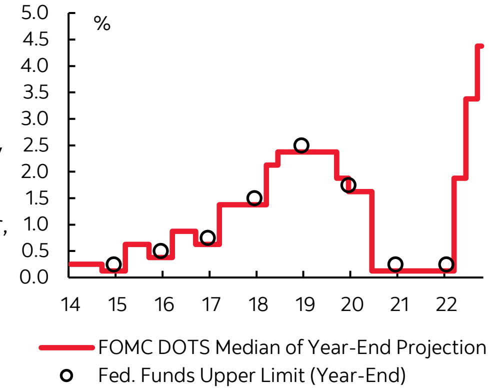
That may shift much of the risk to the press conference. There have been on and off references to the possibility of a Fed pivot toward a more dovish bias. If by pivot we mean signalling they are closer to the end on rate hikes then Powell is likely to say that after delivering 4% this week it's a truism to say they are getting closer to the 2023 dots that are equally weighted between 4½%, 4¾% and 5% and hence of course they are getting closer. If, however, by pivot we mean something else then there is a high bar for doing so in my view.

For one, it's unlikely that they will set up changed expectations into the December meeting, perhaps not least of which because the Fed delivers on in-year dots this late into the year as shown in chart 3. There is a high bar to deviating from such near-term plans barring significant upheaval.

For another, I doubt that the FOMC will alter guidance beyond that point at this stage and may leave doing so until the chance at another full forecast update at the next meeting. For one thing, core PCE inflation put in another hot performance this past month (chart 4). For another, the US economy rebounded slightly more than consensus anticipated with growth of 2.6% in Q3. Third, the labour market continues to generate cost pressures that reinforce the inflation tailwinds (chart 5). They are likely to argue that markets generally continue to function.

Chart 3

Current Year DOT Projection is a Decent Indicator of Current Year-End Rate

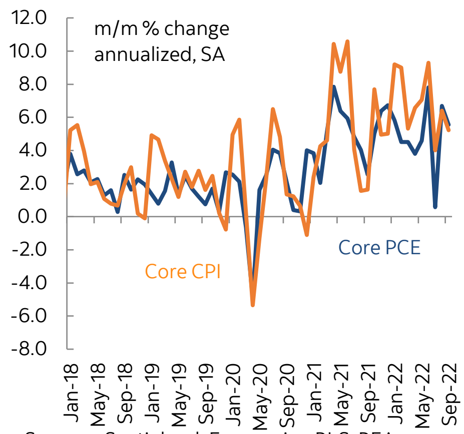


Sources: Scotiabank Economics, Bloomberg.

The narrative that rising concerns about economic weakness would be enough to motivate a pivot misses the point in my view. The FOMC is likely fully aware of the damage that nearly four full percentage points of cumulative rate hikes since March plus unwinding the balance sheet will do to the economy into 2023. The speed of adjustment and commitment to delivering more, however, is likely anchored within a framework that feels this is necessary in order to break the back of inflationary pressures, upward risks to inflation expectations and the risk of a wage-price spiral. It's hard to see that they would have enough confidence to make that call at this point.

Chart 4

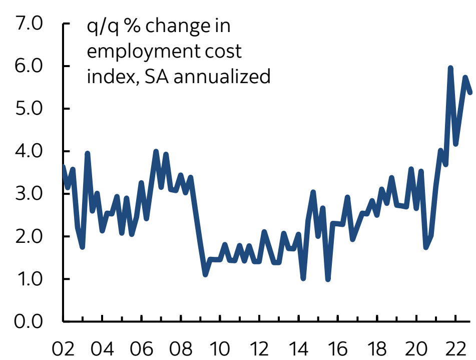
US Core PCE and CPI Inflation



Sources: Scotiabank Economics, BLS, BEA.

Chart 5

Accelerating US Employment Costs



Sources: Scotiabank Economics, Bloomberg, Eurostat.

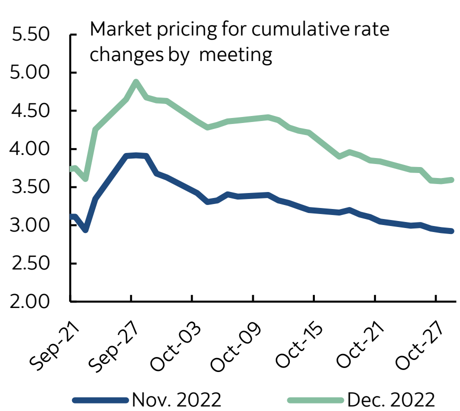
BANK OF ENGLAND—THE SUNAK DIVIDEND

A change of administration has calmed down the UK bond market and with that pricing for the Bank of England's next move on Thursday at 7amET. A 75bps rate hike is widely expected within the consensus of economists and in terms of market pricing.

UK bond yields soared when the short-lived UK Truss government introduced tax cuts and energy relief that amounted to nearly a quarter trillion pounds of additional measures for a government that already had a relatively high debt level. The Bank of England had made it clear that it would have to respond through increased tightening of monetary policy. Chart 6 shows how far market pricing went for this meeting and the next one in December at the peaks. A mitigating factor is that sterling has clawed its way back to levels that existed before the proposed fiscal blow-out and lessened incremental pressures upon imported

Chart 6

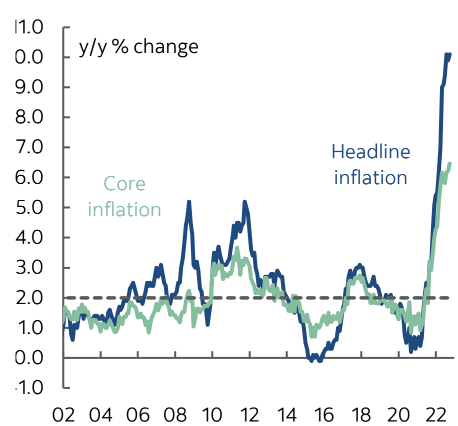
Market Expectations Have Calmed Down Into the BoE



Sources: Scotiabank Economics, Bloomberg.

Chart 7

UK Headline & Core Inflation



Sources: Scotiabank Economics, ONS.

inflation. Still, since the September meeting, there has been another upside surprise to September CPI that landed at 10.1% y /y with core inflation up two-tenths to 6.5% y/y.

The chart also shows that the changeover to a new administration under PM Sunak has reined in this market pricing toward something that is still elevated but more reasonable. The period in between meetings will see the arrival of the delayed and revamped UK budget on November 17th that may inform the Bank's next moves.

Markets will also pay close attention to how the BoE revises its inflation forecasts as a signal that could inform its policy stance relative to market pricing for Bank Rate to rise toward 5% by about mid-2023. Chart 7 shows there is no let up in inflationary pressures.

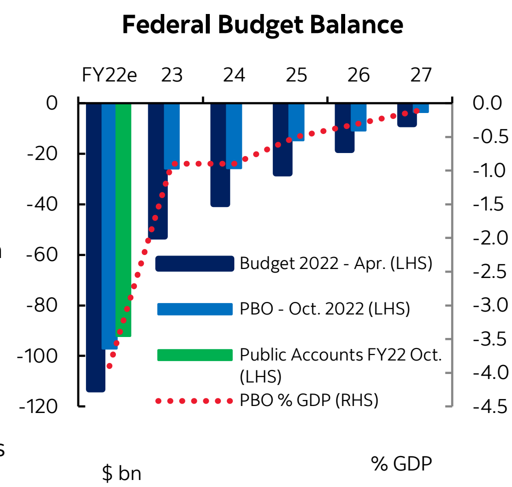
CANADIAN MINI-BUDGET—STEADY HAND NEEDED

An improved bottom line in the near-term should surprise few when Minister Freeland tables her update next Thursday after local markets close. A key feature is likely to be emphasis upon fiscal flexibility into darkened waters that avoids compounding structural deficits beyond pre-budgeted spending in the context of market frailties and probably material widening of future deficits into a recession.

I've asked Scotia's Rebekah Young to share her opinions below. Public Accounts, tabled on October 27th showed last year's deficit (FY22 ending March 31, 2022) came in well-under April's forecasts at $92 bn (3.7% of GDP) for a $21 bn improvement relative to expectations in Budget 2022. Tax revenue windfalls drove these gains with personal and corporate income taxes contributing hefty shares, while expenditures more or less came in on the mark.

These revenue drivers are persisting so far this year (FY23) with an additional lift from high commodity prices earlier in the year. The budget balance, in fact, sat in surplus as of end-August with very strong revenue growth (19% y/y) and contracting expenditures (-19% y/y) as COVID programs rolled off. Despite slowing growth in the quarters ahead, the fiscal balance will very likely undershoot its -$53 bn forecast in the last Budget. The Parliamentary Budget Officer is projecting a deficit of around -$26 bn even after incorporating the $4.7 bn 'affordability' package tabled earlier this Fall.

Chart 8



Sources: Scotiabank Economics, Finance Canada, PBO.

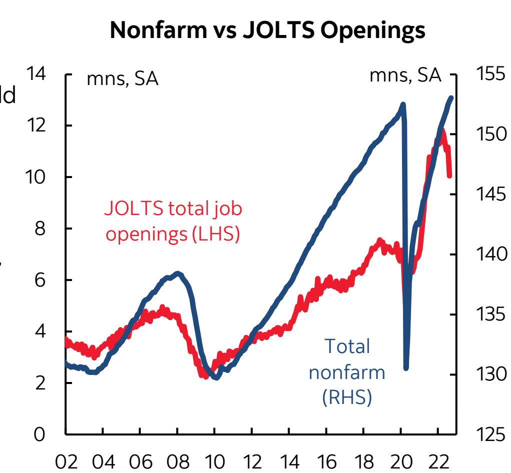
There is clearly heightened uncertainty on economic drivers that underpin the fiscal outlook, but our latest economic outlook suggests that tight labour markets (and wage growth) should provide some offset to the slowdown with some rebound in outer years with a profile aligned with the PBO's outlook (chart 8).

Policy risk remains as the federal government has been biased to modest expansionary fiscal policy that pre-dates the pandemic. This is on our radar, but not in our baseline for this update. With some affordability measures already announced a few weeks ago (including some to appease commitments under the Supply Agreement with the NDP), we expect this update should be fairly contained with respect to major new spending.

Ahead of the update, the Finance Minister has acknowledged a shift in priorities away from transfers to individuals to productivity-enhancing measures (or a need for a "muscular industrial policy"), but we expect that will mostly be a Budget 2023 story. More pragmatically, they still have major Budget 2022 follow-through including the Critical Minerals Strategy, Net Zero Accelerator, and the Canada Growth Fund, along with EI reform, an expenditure review, just to name a few that should keep bureaucrats busy until then.

We are also not holding our breath for a fiscal anchor. Near-term revenue windfalls should show a material improvement in federal debt levels (low 40% range versus earlier-projected high 40%) and trending modestly downward. The government will still be able to claim enviable debt status relative to peers but with a little less confidence around the headroom markets will give them given market (and bond market) turmoil.

Chart 9



Sources: Scotiabank Economics, BLS.

MOUNTING DOWNSIDE RISK TO US PAYROLLS?

Nonfarm payrolls will be updated for the month of October on Friday. One of the world's marquee releases is probably going to remain on a slowing trajectory with further downside risk ahead. I've guesstimated a gain of 150,000 jobs with an unemployment rate around 3½% amid trend wage growth of 0.3% m/m and cooler year-over-year growth to a sub-5% rate.

As JOLTS job openings have declined this has tended to presage coming declines in nonfarm payrolls (chart 9). Slack in hiring intentions is lessened before outright job cuts tend to occur and we may be getting close to this point.

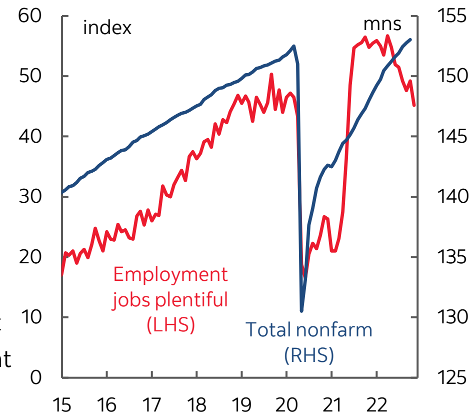
At the same time, consumer confidence readings are indicating that consumers are finding job opportunities to be less plentiful and that too can signal pending declines in payrolls (chart 10).

A complicating factor is that small business surveys seems to be indicating not only reduced hiring plans, but also increasing difficulty filling available jobs and a shortage of qualified applicants (chart 11).

The net effects could maintain tight labour markets and trend growth in hourly wage pressures (chart 12) as overall all-in employment costs have accelerated.

Chart 10

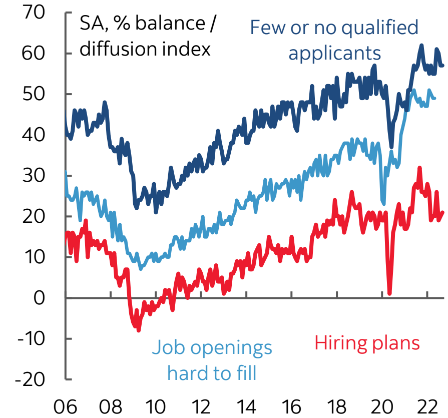
Job Availability and Nonfarm



Sources: Scotiabank Economics, Bloomberg.

Chart 11

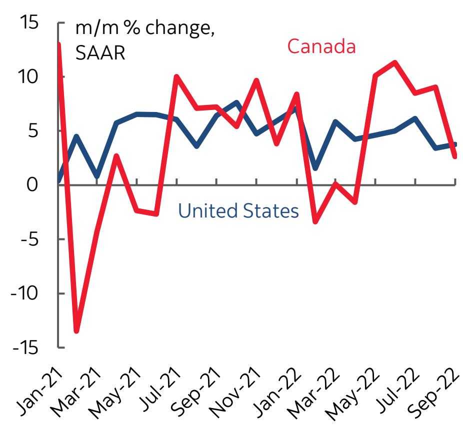
NFIB Employment Gauges



Sources: Scotiabank Economics, NFIB.

Chart 12

US and CA Hourly Earnings



Sources: Scotiabank Economics, BLS.

Chart 13

CFIB Full-time Staffing Plans, Next 3-4 Months

Sources: Scotiabank Economics, CFIB.

CANADIAN JOBS—A STILL TIGHT MARKET

Canada updates labour market conditions in October on Friday. I've gone with a guesstimated gain of 10k jobs, a dip in the unemployment rate to 5.1% and wage growth could remain buoyant.

The biggest swings in headline-distorting education sector influences may be behind us after the 50k drop in education sector jobs in August was reversed with a 46k gain in September. This effect probably reflected uncertainty around the effects of overlapping contract disputes across the country.

The general argument for slowing trend employment growth is to follow slowing economic growth. Small business hiring intentions have also diminished (chart 13). In addition to cooling hiring momentum, however, is dwindling willingness to supply additional labour. Canada's labour force participation rate is still high but has been easing off the peaks while the outright size of the labour force has shrunk in three of the past four months and a net decline of about 80k over this period. The net decline in employment over this same period has been a similar 92k.

The labour market therefore remains very tight as indicated by an unemployment rate that continues to hover around 5% and that is meaningfully below estimates of structural unemployment in Canada's economy. What happens to wage growth in the report in the context of such tightness may matter as much as the headline given the trend (chart 12 again).

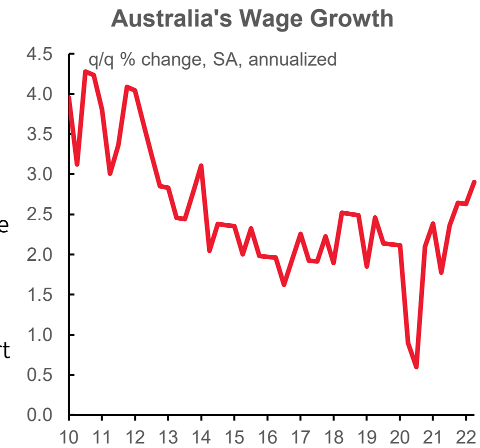
RBA—WAITING FOR THE OTHER SHOE TO DROP

The RBA delivers another policy decision on Tuesday that is widely expected to raise the target rate by another 25bps to 2.85%.

It's unlikely that either the Australian Budget or the mild upside surprise to Q3 'core' inflation were enough to motivate the central bank to go back on its downshifting toward smaller rate hike increments at the last meeting by renewing preference for bigger moves. Further, the cash rate target is pushing into the range that Governor Lowe has guided to be his preference.

Still, Lowe has guided that further data dependent hikes lay ahead. The next test may come when Q3 wage growth arrives on November 15th and could further inform the risk that wages could reinforce inflation risks within the context of a very tight Australian labour market marked by a record low unemployment rate, record high labour force participation rate and record high hours worked. Wage growth has been gaining momentum up to Q2 (chart 14).

Chart 14



Sources: Scotiabank Economics, Australian Bureau of Statistics.

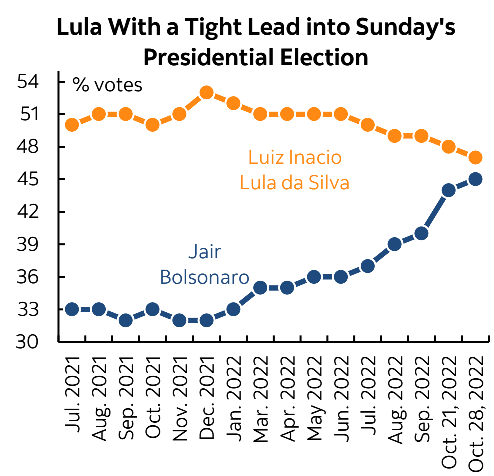
OTHER GLOBAL MACRO DEVELOPMENTS

The week will also bring out several additional developments including highlights like the outcome of Brazil's election, China's and India's PMIs, another pair of regional central bank decisions, testimony by BoC Governor Macklem and SDG Rogers and other global macro readings.

The main event across Asia-Pacific markets will be China's purchasing managers' indices into the start of the week's trading. Manufacturing is expected to slip into contraction with the non-manufacturing PMI posted no growth. Private Chinese PMIs arrive later in the week. New Zealand updates Q3 wage growth and jobs that could influence RBNZ watchers (Tuesday). India will also update PMIs (Thursday). CPI figures will be refreshed by Indonesia, Thailand, South Korea and Philippines.

European markets will also face the add-up on Eurozone inflation during October on Monday in the wake of the large upside surprises across individual countries. A reading over 10% y/y with core inflation toward 5% is likely. Eurozone GDP growth is also expected to cool in the add-up to releases from some individual countries.

Chart 15

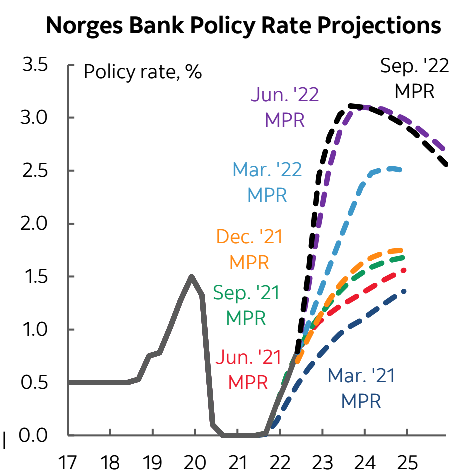


Sources: Scotiabank Economics, AS/COA.

US markets will be mainly focused upon the FOMC and jobs ahead of the following week's mid-term Congressional elections, but there will be several other tidbits over the week. Tuesday brings out a probable decline in JOLTS job openings in September along with an expected dip in construction spending, a weaker ISM-manufacturing reading and probably a significant rise in auto sales based upon industry guidance. Wednesday offers up the ADP private payrolls measure for October. Thursday coughs up what will probably be another fairly hot reading for productivity-adjusted labour costs (unit labour costs) and mild productivity growth, while ISM-services is likely to soften and factory orders should post mild growth.

Latin American markets will have a few matters to consider. The final run-off in Brazil's Presidential election pits incumbent Jair Bolsonaro against former President Luiz Inacio Lula Da Silva on Sunday and with polls indicating a very tight race (chart 15). Another hot inflation reading in Peru is likely when October CPI arrives on Tuesday. Meetings to the recent BanRep meeting at which they hiked by 100bps land on Tuesday. Q3 Mexican GDP is estimate to have grown by just under 1% q/q non-annualized (Monday). Brazil will update its PMIs (Friday) and industrial output (Tuesday).

Chart 16



Sources: Scotiabank Economics, Norges Bank.

Bank of Canada Governor returns to deliver parliamentary testimony before the Senate Committee on Banking, Commerce and the Economy on Tuesday at 6:30pmET. There will be an opening statement and then no doubt lively grilling from both ends of the political spectrum neither of which is pleased with the Governor. I would hope that questioning will push accountability for surprising markets and easing financial conditions which sends conflicting signals about the central bank's commitment to fighting inflation.

Norges Bank is expected to hike its deposit rate by 25bps to 2.5% on Thursday. After hiking by 50bps at its last meeting on September 22nd, the central bank guided that "Monetary policy is starting to have a tightening effect on the Norwegian economy. This may suggest a more gradual approach to policy rate setting ahead." Cuts lie ahead in 2023 (chart 16).

Bank Negara Malaysia is forecast to hike its overnight rate by 25bps to 2.75% on Thursday.

Canada will also update trade for the month of September that will further inform Q3 GDP growth estimates. The S&P manufacturing PMI for October (Tuesday) and the Ivey public- and private-sector PMI for the same month (Friday) round out the calendar that will be mostly focused upon jobs, the Budget update and BoC testimony.

October 28, 2022

Key Indicators for the week of October 31 – November 4

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	10-31	08:00	GDP (q/q)	3Q P	--	0.9	0.9
MX	10-31	08:00	GDP (y/y)	3Q P	--	3.3	2.1
US	10-31	09:45	Chicago PMI	Oct	--	47.3	45.7
US	10-31	10:30	Dallas Fed. Manufacturing Activity	Oct	--	-18.4	-17.2
US	11-01	10:00	Construction Spending (m/m)	Sep	-0.5	-0.5	-0.7
US	11-01	10:00	ISM Manufacturing Index	Oct	49.9	50.0	50.9
US	11-01	10:00	JOLTS Job Openings (000s)	Sep	--	9,625	10,053
US	11-01		Total Vehicle Sales (mn a.r.)	Oct	14.9	14.3	13.5
US	11-02	07:00	MBA Mortgage Applications (w/w)	Oct 28	--	--	-1.7
US	11-02	08:15	ADP Employment Report (000s m/m)	Oct	--	195.0	208.0
US	**11-02**	**14:00**	**FOMC Interest Rate Meeting (%)**	**Nov 2**	**4.00**	**4.00**	**3.25**
CA	11-03	08:30	Building Permits (m/m)	Sep	--	--	11.9
CA	11-03	08:30	Merchandise Trade Balance (C$ bn)	Sep	--	--	1.5
US	11-03	08:30	Initial Jobless Claims (000s)	Oct 29	220	222	217
US	11-03	08:30	Continuing Claims (000s)	Oct 22	1,460	1,458	1,438
US	11-03	08:30	Productivity (q/q a.r.)	3Q P	0.5	0.3	-4.1
US	11-03	08:30	Trade Balance (US$ bn)	Sep	-71.9	-72.0	-67.4
US	11-03	08:30	Unit Labor Costs (q/q a.r.)	3Q P	4.6	3.9	10.2
US	11-03	10:00	Factory Orders (m/m)	Sep	0.4	0.3	0.0
US	11-03	10:00	ISM Non-Manufacturing Composite	Oct	55.6	55.5	56.7
CA	11-04	08:30	Employment (000s m/m)	Oct	10.0	--	21.1
CA	11-04	08:30	Unemployment Rate (%)	Oct	5.1	--	5.2
US	11-04	08:30	Average Hourly Earnings (m/m)	Oct	0.3	0.3	0.3
US	11-04	08:30	Average Hourly Earnings (y/y)	Oct	4.7	4.7	5.0
US	11-04	08:30	Average Weekly Hours	Oct	--	34.5	34.5
US	11-04	08:30	Nonfarm Employment Report (000s m/m)	Oct	150	200.0	263.0
US	11-04	08:30	Unemployment Rate (%)	Oct	3.5	3.6	3.5
US	11-04	09:30	Household Employment Report (000s m/m)	Oct	--	--	204.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	10-31	03:00	Retail Sales (m/m)	Sep	-0.5	-1.8
SP	10-31	04:00	Real Retail Sales (y/y)	Sep	--	0.8
IT	10-31	05:00	Real GDP (q/q)	3Q P	-0.1	1.1
SP	10-31	05:00	Current Account (€ bn)	Aug	--	0.5
PO	10-31	05:30	Real GDP (q/q)	3Q P	0.10	0.00
UK	10-31	05:30	Net Consumer Credit (£ bn)	Sep	1.0	1.1
EC	10-31	06:00	CPI (m/m)	Oct P	1.0	1.2
EC	10-31	06:00	Euro zone CPI Estimate (y/y)	Oct	10.2	10.0
EC	10-31	06:00	Euro zone Core CPI Estimate (y/y)	Oct P	4.9	4.8
EC	10-31	06:00	GDP (q/q)	3Q A	0.1	0.8
IT	11-01		Budget Balance (€ bn)	Oct	--	-15.4
IT	11-01		Budget Balance YTD (€ bn)	Oct	--	-49.2
FR	11-02	03:45	Central Government Balance (€ bn)	Sep	--	-149.9
IT	11-02	04:45	Manufacturing PMI	Oct	46.9	48.3
GE	11-02	04:55	Unemployment (000s)	Oct	10.0	14.0
GE	11-02	04:55	Unemployment Rate (%)	Oct	5.6	5.5
NO	**11-03**	**05:00**	**Norwegian Deposit Rates (%)**	**Nov 3**	**2.50**	**2.25**
UK	11-03	05:30	Official Reserves Changes (US$ bn)	Oct	--	-2,350
EC	11-03	06:00	Unemployment Rate (%)	Sep	6.6	6.6
UK	**11-03**	**08:00**	**BoE Policy Announcement (%)**	**Nov 3**	**3.00**	**2.25**
GE	11-04	03:00	Factory Orders (m/m)	Sep	-0.5	0.0
FR	11-04	03:45	Industrial Production (m/m)	Sep	-1.0	2.4
FR	11-04	03:45	Industrial Production (y/y)	Sep	1.4	1.2
FR	11-04	03:45	Manufacturing Production (m/m)	Sep	--	2.7
SP	11-04	04:00	Industrial Output NSA (y/y)	Sep	--	5.8
IT	11-04	04:45	Services PMI	Oct	48.5	48.8
UK	11-04	05:30	PMI Construction	Oct	50.3	52.3
EC	11-04	06:00	PPI (m/m)	Sep	1.7	5.0

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

October 28, 2022

Key Indicators for the week of October 31 – November 4

ASIA PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	10-30	19:00	Industrial Production (m/m)	Sep	--	-0.7	-1.8
SK	10-30	19:00	Industrial Production (y/y)	Sep	--	0.6	1.0
SK	10-30	19:00	Cyclical Leading Index Change	Sep	--	--	-0.2
JN	10-30	19:50	Industrial Production (m/m)	Sep P	--	-0.8	3.4
JN	10-30	19:50	Large Retailers' Sales (y/y)	Sep	--	4.4	3.8
JN	10-30	19:50	Retail Trade (m/m)	Sep	--	0.8	1.3
JN	10-30	19:50	Retail Trade (y/y)	Sep	--	4.1	4.1
JN	10-30	19:50	Industrial Production (y/y)	Sep P	--	10.5	5.8
AU	10-30	20:30	Retail Sales (m/m)	Sep	--	0.5	0.6
AU	10-30	20:30	Private Sector Credit (m/m)	Sep	--	0.7	0.8
AU	10-30	20:30	Private Sector Credit (y/y)	Sep	--	9.4	9.4
CH	10-30	21:30	Manufacturing PMI	Oct	--	49.9	50.1
CH	10-30	21:30	Non-manufacturing PMI	Oct	--	50.1	50.6
JN	10-31	01:00	Consumer Confidence	Oct	--	30.9	30.8
JN	10-31	01:00	Housing Starts (y/y)	Sep	--	2.3	4.6
TH	10-31	03:00	Current Account Balance (US$ mn)	Sep	--	-1,950	-4,153
TH	10-31	03:30	Exports (y/y)	Sep	--	--	8.2
TH	10-31	03:30	Imports (y/y)	Sep	--	--	23.8
TH	10-31	03:30	Trade Balance (US$ mn)	Sep	--	--	-1027.0
HK	10-31	04:30	Real GDP (q/q)	3Q A	--	1.2	1.0
HK	10-31	04:30	Real GDP (y/y)	3Q A	--	-0.9	-1.3
HK	10-31	04:30	Govt Monthly Budget Surp/Def (HKD bn)	Sep	--	--	-48.6
SK	10-31	20:00	Exports (y/y)	Oct	--	-1.0	2.7
SK	10-31	20:00	Imports (y/y)	Oct	--	9.0	18.6
SK	10-31	20:00	Trade Balance (US$ mn)	Oct	--	-3,700	-3,778
CH	10-31	21:45	Caixin Flash China Manufacturing PMI	Oct	--	48.5	48.1
CH	10-31	21:45	Caixin Manufacturing PMI	Oct	--	48.5	48.1
AU	**10-31**	**23:30**	**RBA Cash Target Rate (%)**	**Nov 1**	**2.85**	**2.85**	**2.60**
ID	11-01	00:00	CPI (y/y)	Oct	--	6.0	6.0
ID	11-01	00:00	CPI (m/m)	Oct	--	0.1	1.2
ID	11-01	00:00	Core CPI (y/y)	Oct	--	3.4	3.2
JN	11-01	01:00	Vehicle Sales (y/y)	Oct	--	--	17.8
TH	11-01	03:30	Business Sentiment Index	Oct	--	--	49.6
HK	11-01	04:30	Retail Sales - Value (y/y)	Sep	--	--	-0.1
HK	11-01	04:30	Retail Sales - Volume (y/y)	Sep	--	--	-2.9
NZ	11-01	17:45	Unemployment Rate (%)	3Q	--	3.2	3.3
NZ	11-01	17:45	Employment Change (y/y)	3Q	--	0.3	1.6
SK	11-01	19:00	CPI (m/m)	Oct	--	0.4	0.3
SK	11-01	19:00	CPI (y/y)	Oct	--	5.8	5.6
SK	11-01	19:00	Core CPI (y/y)	Oct	--	--	4.5
JN	11-01	19:50	Monetary Base (y/y)	Oct	--	--	-3.3
AU	11-01	20:30	Building Approvals (m/m)	Sep	--	-10.0	28.1
SI	11-02	09:00	Purchasing Managers Index	Oct	--	--	49.9
AU	11-02	20:30	Trade Balance (AUD mn)	Sep	--	9,000	8,324
HK	11-02	20:30	Purchasing Managers Index	Oct	--	--	48.0
CH	11-02	21:45	Caixin Services PMI	Oct	--	49.2	49.3
MA	**11-03**	**03:00**	**Overnight Rate (%)**	**Nov 3**	**2.75**	**2.75**	**2.50**
PH	11-03	21:00	CPI (y/y)	Oct	--	7.2	6.9
PH	11-03	21:00	Exports (y/y)	Sep	--	-3.0	-2.0
PH	11-03	21:00	Imports (y/y)	Sep	--	19.1	26.0
PH	11-03	21:00	Trade Balance (US$ mn)	Sep	--	-6,000	-6,003
TH	11-03	23:30	CPI (y/y)	Oct	--	6.0	6.4
TH	11-03	23:30	CPI (m/m)	Oct	--	0.4	0.2
TH	11-03	23:30	Core CPI (y/y)	Oct	--	3.2	3.1
SI	11-04	01:00	Retail Sales (m/m)	Sep	--	--	-1.3
SI	11-04	01:00	Retail Sales (y/y)	Sep	--	--	13.0

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

Key Indicators for the week of October 31 – November 4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	10-31	11:00	Urban Unemployment Rate (%)	Sep	--	10.6	10.8
BZ	11-01	08:00	Industrial Production SA (m/m)	Sep	--	--	-0.6
BZ	11-01	08:00	Industrial Production (y/y)	Sep	--	--	2.8
BZ	11-01	09:00	PMI Manufacturing Index	Oct	--	--	51.1
BZ	11-01	14:00	Trade Balance (FOB) - Monthly (US$ mn)	Oct	--	--	3,994
CL	11-02	07:30	Economic Activity Index SA (m/m)	Sep	--	--	0.6
CL	11-02	07:30	Economic Activity Index NSA (y/y)	Sep	-2.3	--	0.0
PE	11-02	11:00	Consumer Price Index (m/m)	Oct	0.2	0.5	0.5
PE	11-02	11:00	Consumer Price Index (y/y)	Oct	8.1	8.5	8.5

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

Global Auctions for the week of October 31 – November 4

NORTH AMERICA

Country	Date	Time	Event
CA	11-03	12:00	Canada to Sell 10 Year Bonds
CA	10-31	12:00	Canada to Sell 2 Year Bonds

EUROPE

Country	Date	Time	Event
BE	11-04	07:00	Belgium to Sell Bonds
DE	11-02	05:15	Denmark to Sell Bonds
GE	11-02	06:30	Germany to Sell 1 Billion Euros
IC	11-01	07:00	Iceland to Sell Bonds
SP	11-03	05:30	Spain to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
CH	11-01	22:35	China Plans to Sell CNY 2Y Upsized Bond
CH	11-01	22:35	China Plans to Sell CNY 5Y Upsized Bond
CH	11-03	22:35	China Plans to Sell CNY 30Y Upsized Bond
JN	10-31	23:35	Japan to Sell 10-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for the week of October 31 – November 4

NORTH AMERICA

Country	Date	Time	Event
US	11-02	14:00	FOMC Rate Decision (Lower Bound)
US	**11-02**	**14:00**	**FOMC Rate Decision (Upper Bound)**
US	11-02	14:30	Fed Chair Holds Press Conference Following FOMC Meeting

EUROPE

Country	Date	Time	Event
EC	10-31	11:00	ECB's Lane Speaks
EC	11-02	10:00	ECB's Villeroy speaks in Dublin
EC	11-03	03:50	ECB's Lagarde Speaks
EC	11-03	04:00	ECB's Panetta Speaks
EC	11-03	05:50	ECB's Elderson Speaks
EC	11-04	04:45	ECB's Guindos Speaks
EC	11-04	05:30	ECB's Lagarde Speaks
NO	**11-03**	**05:00**	**Deposit Rates**
SW	11-01	07:30	Riksbank Governor Ingves Speech
UK	**11-03**	**08:00**	**Bank of England Bank Rate**
UK	11-03	08:30	BOE Governor Bailey press conference
UK	11-03	16:30	BOE's Mann speaks
UK	11-04	08:15	BOE's Huw Pill speaks

ASIA-PACIFIC

Country	Date	Time	Event
AU	**10-31**	**23:30**	**RBA Cash Rate Target**
AU	11-03	01:00	RBA's Kearns-Panel
AU	11-03	20:30	RBA-Statement on Monetary Policy
JN	11-01	19:50	BOJ Minutes of Sept. Meeting
MA	**11-03**	**03:00**	**BNM Overnight Policy Rate**
SK	10-31	00:00	BOK Minutes of Oct. Policy Meeting

LATIN AMERICA

Country	Date	Time	Event
CO	11-01	18:00	Colombia Monetary Policy Minutes

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	3.75	December 7, 2022	4.25	4.00
Federal Reserve – Federal Funds Target Rate	3.25	November 2, 2022	4.00	4.00
Banco de México – Overnight Rate	9.25	November 10, 2022	10.00	10.00

Federal Reserve (FOMC): A 75bps hike is expected with continued guidance toward further rate hikes ahead. No changes are expected to balance sheet plans. Continued upside surprises to core inflation, the rebound in the US economy and commitment to delivering upon the near-term 'dot plot' are expected to lean against some expectations for a more dovish pivot while nevertheless emphasizing that it's a truism to think they are getting closer to the policy rate peak signalled in the September dots.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.00	December 15, 2022	2.50	2.50
European Central Bank – Marginal Lending Facility Rate	2.25	December 15, 2022	2.75	2.75
European Central Bank – Deposit Facility Rate	1.50	December 15, 2022	2.00	2.00
Bank of England – Bank Rate	2.25	November 3, 2022	3.00	3.00
Swiss National Bank – Sight Deposit Rate	0.50	December 15, 2022	1.25	1.25
Central Bank of Russia – One-Week Auction Rate	7.50	December 16, 2022	7.50	7.50
Sweden Riksbank – Repo Rate	1.75	November 24, 2022	2.50	2.50
Norges Bank – Deposit Rate	2.25	November 3, 2022	2.50	2.50
Central Bank of Turkey – Benchmark Repo Rate	10.50	November 24, 2022	12.00	11.00

Bank of England (BoE): Political shakeups have dominated UK headlines over the past week but focus now shifts to Thursday's monetary policy decision where a +75 bps hike to 3.00% is expected. On the one hand, inflation still runs rampant with headline and core inflation peaking at 10.1% and 6.5%, respectively. On the other, new PM Sunak has reversed course for the previously proposed unfunded tax-cut plan that sent UK markets into a tailspin and this has motivated markets to reduce pricing for the magnitude of the rate hike. **Norges Bank:** It is expected that Norges Bank will hike the deposit rate by +25 bps to 2.50% at the next meeting. This would mark a slowdown in the sizing of hikes after two consecutive +50 bps hikes. Both Norges Bank and markets are generally aligned at a terminal rate of around 3.00% by early 2023, with rate cuts beginning in 2024.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 20, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	2.60	October 31, 2022	2.85	2.85
Reserve Bank of New Zealand – Cash Rate	3.50	November 22, 2022	4.00	4.00
People's Bank of China – 1-Year Loan Prime Rate	3.65	November 20, 2022	3.65	3.65
Reserve Bank of India – Repo Rate	5.90	December 6, 2022	6.15	6.00
Bank of Korea – Base Rate	3.00	November 24, 2022	3.00	3.00
Bank of Thailand – Repo Rate	1.00	November 30, 2022	1.25	1.25
Bank Negara Malaysia – Overnight Policy Rate	2.50	November 3, 2022	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.75	November 17, 2022	4.75	4.75
Central Bank of Philippines – Overnight Borrowing Rate	4.25	November 17, 2022	4.50	4.50

Reserve Bank of Australia (RBA): Last meeting, the RBA surprised with a smaller-than-expected 25 bps hike and it is widely expected they will follow up with another 25 bps hike to 2.85% on Thursday. The most recent inflation print, which surprised to the upside for both headline and core measures, did not alter market pricing of a 25 bps move. Nor did the Budget. The AUD has slightly weakened to the dollar since last meeting and the bank has voiced concerns of the global economic outlook and the effect of financial tightening on households. The next test is likely to be mid-November wage figures. **Bank Negara Malaysia (BNM):** A fourth consecutive +25 bps hike of the overnight rate to 2.75% is expected. The bank only began tightening rates in May of this year and has opted for a gradual hiking path. Prices looked to have peaked as the latest data shows a slight pullback to 4.5% y/y in September, but still sit above the bank's target levels.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.75	December 7, 2022	13.75	13.75
Banco Central de Chile – Overnight Rate	11.25	December 6, 2022	11.25	11.25
Banco de la República de Colombia – Lending Rate	11.00	December 16, 2022	11.50	11.50
Banco Central de Reserva del Perú – Reference Rate	7.00	November 10, 2022	7.25	7.00

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.25	November 24, 2022	6.50	7.00

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