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*With thanks for research support from:
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Next Week's Risk Dashboard

- How markets and the economy behave around US debt disputes
- Consensus has been too bearish on US growth
- The US consumer is more resilient this time
- BoC: Risk versus reward around hike expectations
- BanRep expected to deliver another mega-hike
- BCCh like to extend policy hold
- BoT to hike as tourism recovers
- SARB to cool the pace of hikes?
- US PCE to follow CPI
- Aussie inflation expected to accelerate
- NZ picks a new leader while hoping inflation eases
- Global PMIs to inform Q1 GDP growth tracking
- earnings season intensifies
- Other global releases focused on the US

No Ceiling to the Opportunity

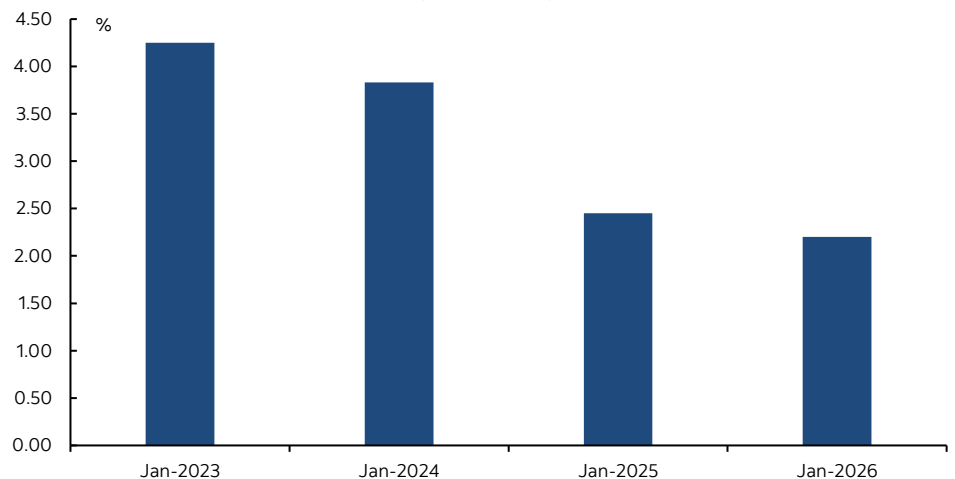
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Chart of the Week

Markets Assume Rapid Future Easing by the BoC
OIS pricing for the overnight rate



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: John Fanjoy, Economist.

No Ceiling to the Opportunity

While consensus has been too bearish toward the prospects facing the US economy and faces another reminder of such this week, Congress has decided to play games again and with uncertain ramifications for global financial markets. The US Treasury will further its use of emergency measures designed to manage the freeze on debt issuance as the debt ceiling has become binding and with that will go gradually rising speculation toward the consequences. The central banks that have to weigh in with decisions this week will need to keep potential market frailties in mind while global data releases offer a fairly heavy calendars for the fundamentals.

History offers some indication of how markets may respond should developments become more extreme. Key in evaluating the implications is to consider how stocks, bonds and currencies performed when debt ceiling frictions have become acute enough to drive government shutdowns, of which there have been plenty over time. Most shutdowns have been very short and lasted anywhere from just a few hours (1984, 1986) to 1–5 days. More acrimonious disputes resulted in three lengthier shutdowns including the granddaddy of them all under the Trump administration when the government was forced to shut for over a month over border wall funding in late 2018 into early 2019.

When evaluating charts 1–3, it's therefore important to focus less on the short-lived squiggles and more on the outlier experiences aligned with the bigger shutdowns in 2018–19, 2013 and 1995–96. Chart 1 plots performance of 10-year US government bonds indexed to equal 100 starting 10 days before each government shutdown at time t=0 when concern intensifies and for varying durations of time thereafter according to each episode's length of shutdown. A declining trend is a rally in Treasuries (falling yields) and the biggest and longest shutdowns have driven the largest market effects.

Chart 2 does the same thing for the S&P500 and shows that the shutdown in 2018–19 carried a material effect on risk appetite. Chart 3 shows that effects spilled across the border through the USDCAD exchange rate as the Canadian dollar depreciated while the world rewarded US political dysfunction through buying more USD and Treasuries due to, well, no choice given the size and pervasiveness of US government securities in world markets. Owe me a dollar it's your problem, owe me a few trillion and it's mine.

Through this period of market volatility that we may well be entering it's important to emphasize a few base case expectations. One is that defaulting on US Treasuries is likely an extremely remote prospect in the minds of those of us who have seen this movie in various incarnations and with alternating actors many times in the past. McCarthy in 'Home Alone' version whatever it is now? Defaulting would be a Lehman event in the markets and the GOP would most assuredly be blamed into the 2024 Presidential election. The US administration

Chart 1

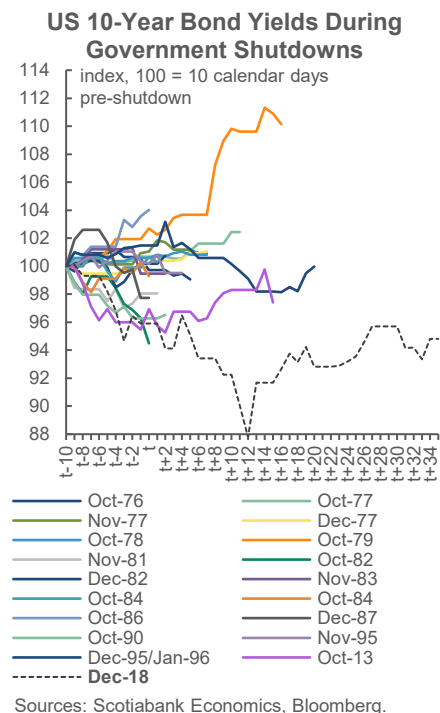


Chart 2

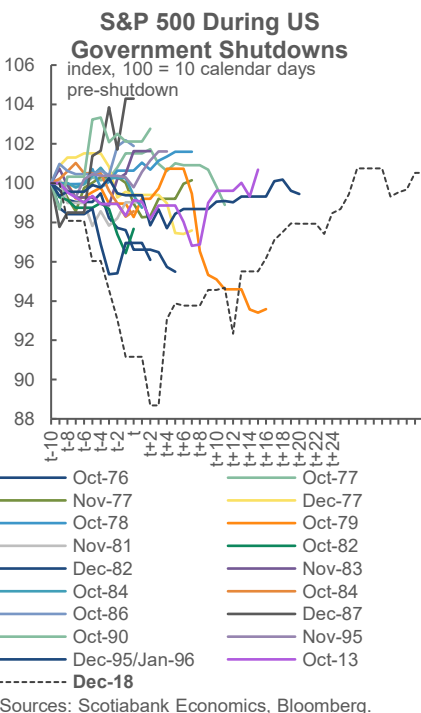
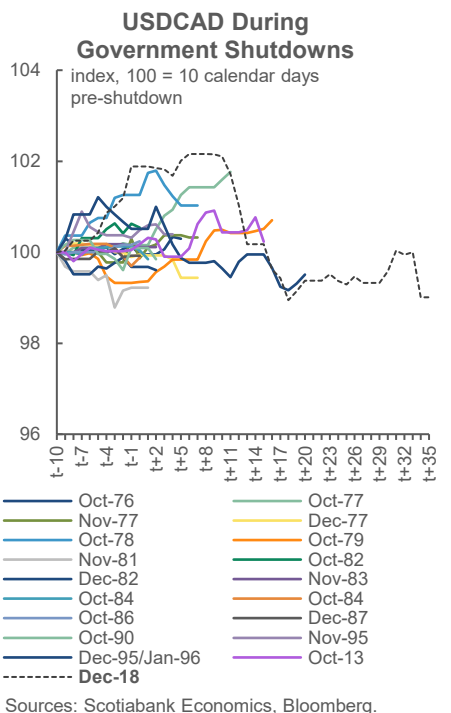


Chart 3



spends too much and has rapidly driven debt higher, but Americans are unwilling to cut core government spending programs.

Second is that any impact on the US economy is typically modest and transitory in the absence of a default; witness the few tenths knocked off GDP growth from the 2018–19 shutdown and added back later (chart 4).

Third is that there is opportunity to both investors and parts of the economy amid the potential political turmoil that lies ahead. Maybe the timing could be fortuitous into, say, Canada’s highly seasonal Spring housing market if fixed term borrowing costs decline due to lagging effects of GoC bond yield movements to date and anything further that may be tacked on in the weeks and months ahead. Monitoring swap markets and mortgage pre-approval pipelines may be offshoots of this argument going forward.

US ECONOMY—TOO BEARISH?

The US economy has been defying forecasters’ expectations for an abrupt slowdown for some time now. Key has been the performance of the US consumer despite market reactions to recently softer retail sales.

Chart 5 shows the evolution of consensus forecasts for Q4 GDP that arrives on Thursday. Not so long ago—in fact right up to just days before the holiday season—the median consensus forecast across dozens of forecasters was for paltry growth of 0.5% q/q at a seasonally adjusted and annualized pace. That consensus now sits at 2.6% as new information has arrived. I’ve estimated growth to land at 2.8%. At the time of publishing, roughly one-quarter of consensus had 3-handled estimates. If such estimates are even remotely in the correct ballpark, then in just a few short weeks forecasters have seriously upgraded their estimates. This is part of the set of material new information to forecasters across the global economy in recent weeks.

If such upside to earlier estimates is delivered, then this would be the second consecutive quarter in which forecasters have gotten it wrong by being too negative toward the US economy. By the end of Q3, consensus was estimating Q3 US growth to have been about 1.4% q/q SAAR and then steadily revised this estimate higher as actual figures arrived and presently point to growth that is more than doubling such expectations (3.2%).

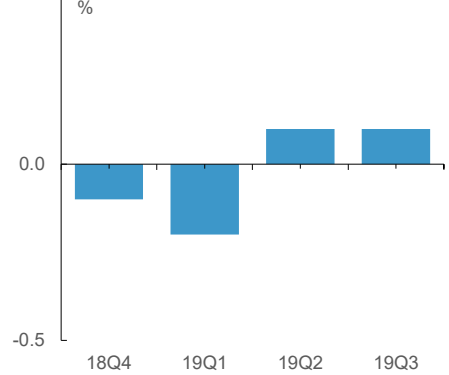
Key has been the US consumer. I figure that consumer spending will contribute about 2½ percentage points to Q4 GDP growth in weighted contribution terms given what we know thus far about how total consumer spending evolved and the 71% weight on the consumer in US GDP.

You wouldn’t know it from the reaction by markets to soft December retail sales yet there are two caveats to those results. US retail sales exclude many services beyond restaurants and bars (Canada excludes even that) which means that things like travel by all modes of transportation and lodging are not captured. Another reason for this is that consumers may have pulled forward their holiday retail spending to earlier in the season due to ongoing supply chain warnings and the fact that Black Friday and Cyber Monday discounting no longer has as much to do with Black Friday and Cyber Monday given discounting that arrived weeks to months earlier.

At present, consensus is forecasting 2023Q1 GDP growth to be non-existent. Trust us, they said. This time we got it, they said. Yeah yeah, wanna watch? Got one of those for ya too. Yeah yeah. If the serial pattern to date persists, then perhaps that constantly pushed-out narrative that keeps waiting for the other shoe to drop may not drop as much as feared.

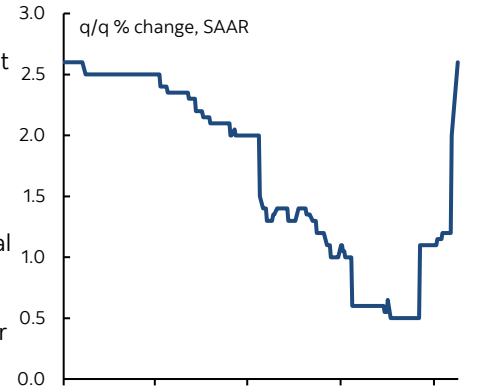
Why? There remains an ongoing quest to get on with making up for lost time in terms of activities that were shelved earlier in the pandemic which speaks to many services, while recently softer goods consumption will eventually shake off its earlier excesses and the ensuing correction. These developments are backed by robust household finances. Huh? Come again? We’re talking profligate US consumers here? Yep, them.

Chart 4
Estimated Shutdown Impact on GDP Growth in 2018-19



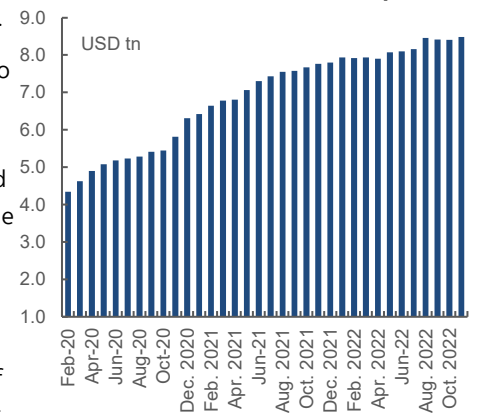
Sources: Scotiabank Economics, CBO.

Chart 5
Consensus is Rewriting US GDP Forecast*



*Bloomberg consensus for US GDP 2022 Q4. Sources: Scotiabank Economics, Bloomberg.

Chart 6
US Households Cash Stockpile



Sources: Scotiabank Economics, Federal Reserve.

January 20, 2023

The US consumer's finances are better prepared for this recession-in-waiting possibility than at any other point in decades. Witness the ever-growing mountain of cash, deposits and retail money market balances (chart 6). Governments kept throwing money at households who said thanks very much, but we can't spend it as fast as you are giving it to us.

Or how about still very low debt payments as a share of household income (chart 7). A driver of this is that the US consumers' debt load has been wound back to levels that we have not seen in twenty-two years (chart 8). Twenty-two years folks! A combination of working off the excesses leading into the GFC and regulatory changes have driven improved health of household balance sheets not to fully skirt the

tightening of monetary policy, but to adapt to it perhaps in healthier ways than expected. And let's not forget that existing mortgage debt has overwhelmingly been financed at the 30-year mortgage rate in a very different mortgage market than many other parts of the world where households have a one-way option to refi only when rates are falling and only at a glacial speed when rates are rising which the 30-year mortgage rate stopped doing over two months ago as it fell back by nearly a percentage point from the peak.

All of which is to say that the US household sector is arguably less vulnerable to the 425bps of rate hikes to date than the 425bps of rate hikes leading into the GFC without even getting into other arguments on the shady practices that collapsed at the time in such fashion as to reverse leverage much more aggressively than anything that is likely today.

The flipside to these arguments is that the Fed's job at sustainably controlling inflation may be harder than markets think as they price a terminal rate that foresees another 50bps of rate hikes when multiple Fed-speakers are guiding just over that threshold and while markets price 150bps of rate cuts starting later this year and into the end of 2024. Markets often think they know better than anyone else, but they're not listening to the Fed either in terms of terminal rate guidance or cautions against prematurely easing. Since the Fed can control shorter-dated instruments better than rate pricing further up the curve, it may be that the FOMC needs to jolt markets with a bigger rate hike now in order to bring them onside.

BANK OF CANADA—RISK VERSUS REWARD

The Bank of Canada weighs in with a full suite of communications this Wednesday including an updated policy statement and Monetary Policy Report with fresh forecasts (10amET) followed by the 11amET press conference hosted by Governor Macklem and SDG Rogers. This will also be the first time that the BoC releases meeting minutes two weeks later on February 8th and a day after Macklem speaks in Quebec City. The timing puts the minutes between the BoE's release on the same day and the Fed's release three weeks after meetings.

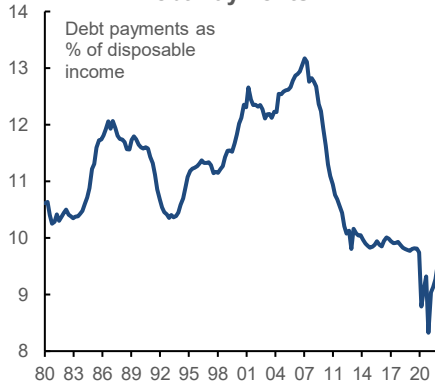
Markets are almost fully priced for a 25bps rate hike. All of the big domestic banks' economics shops expect a 25bps hike including the Scotia Economics house view.

It is with modest conviction that we expect a 25bps hike. I don't really have much more to say about expectations than what I've recently written on the topic in a number of notes as rolled into [this](#) one. I would assign 55% odds to a 25bps hike, 35–40% odds to a pause and we can't fully shut the door to a hawkish surprise as a low probability but high impact tail risk. Part of the reason for that is that the BoC surprises in both directions when it (often) chooses to surprise. Deputy Governor Kozicki said on December 8th that "We are still prepared to be forceful" which is code language for a larger than normal rate hike "If there were to be a very large shock." What has happened since probably doesn't qualify, but it was after she spoke that over 100k jobs were created in a single month and forecasts for US GDP growth began to be revised sharply higher with implications for spillover effects into Canada's economy.

The fundamentals support continued hiking including upside tracking to the BoC's Q4 GDP forecast, ripping job growth in very tight labour markets, lessened downside risk to the world economy given recent developments and easier financial conditions especially via bond markets. The biggest argument for a hike, however, may be the reverse logic point; don't hike, and markets will have their 'gotcha' moment in that Macklem will be perceived to be getting weak kneed. This could drive a further pile on into the shorter-term rates complex that pushes rate cut pricing to be even more generous than at present (see cover chart).

Chart 7

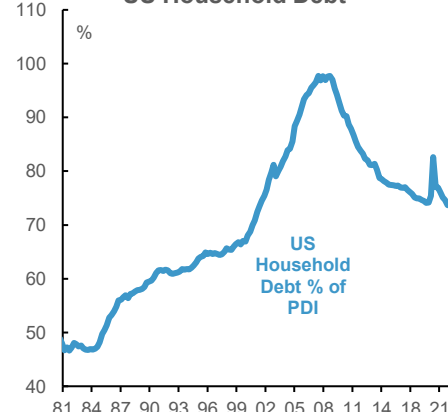
Record Low US Household Debt Payments



Sources: Scotiabank Economics, Bloomberg, Federal Reserve.

Chart 8

US Household Debt



Sources: Scotiabank Economics, Bloomberg, Federal Reserve.

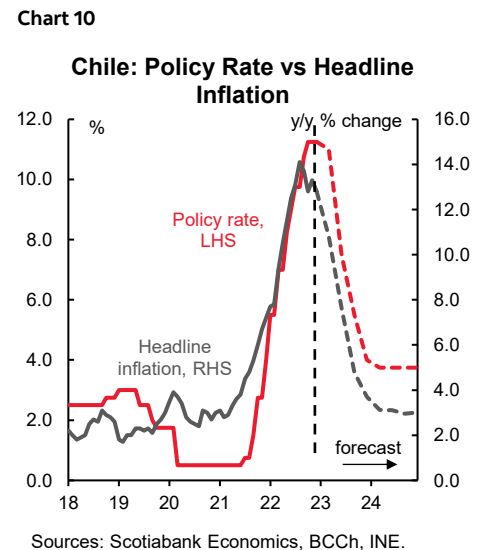
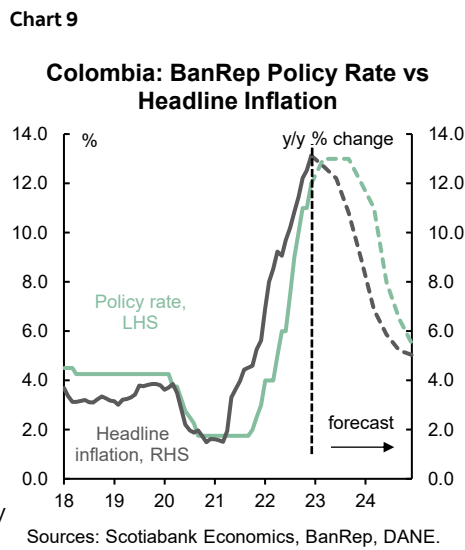
Still, my bias is that the risk-reward calculus points to more risk of a hold than a hike *relative to what is already priced*. The added key will be the general policy bias if they deliver one.

I doubt the BoC will pre-commit to further hikes and would prefer that they keep the door open to doing more if necessary. The combination of a hold and clear signal that they are done hiking would probably further amplify an easing of financial conditions compared to the roughly 200bps of easing that is already priced into markets starting later this year and mostly next year. This would seem to be the most counter-intuitive to efforts to durably contain inflationary pressures and dampen interest sensitives like housing. A hold and open bias might lessen this reaction, but markets have a tough time believing anything central bankers are saying about the future as it stands now and so here too markets might heap on cut bets.

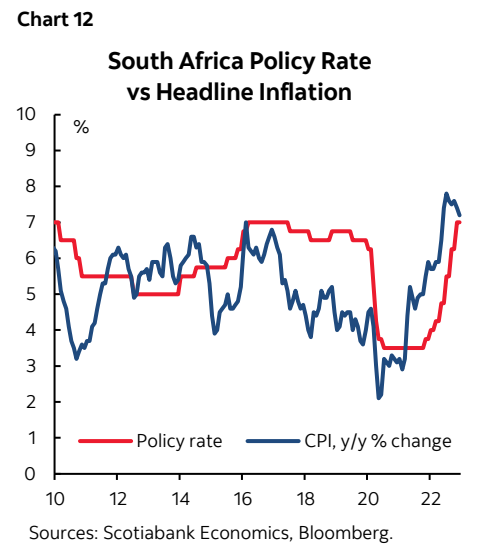
FOUR MORE CENTRAL BANKS

Four other central banks will deliver policy decisions this week including two that land squarely within the core footprint markets of my employer and many of its clients.

- BanRep:** Another mega-hike is expected to be delivered when Colombia’s central bank weighs in on Friday. Consensus is somewhat divided on the call with eleven voices expecting +100 including Scotia’s Bogota-based economist, five forecasters expecting 75bps and a couple expecting a 50bps hike. Inflation continues to surprise higher as evidenced by December’s reading (13.1% y/y, 12.7% consensus) with core CPI at 10% y/y which is the highest in modern records. Rapid easing is expected later (chart 9).



- BCCh:** Consensus almost universally expects another policy rate hold at 11.25% on Thursday which maintains the overnight rate at the same unchanged level since October. Our Santiago-based economist boldly thinks there is a chance at a rate cut being delivered as soon as this meeting. Inflation has started to ease in y/y terms to 12.8% y/y from a peak of 14.1%. Easing is expected later (chart 10).



- Bank of Thailand:** Wednesday’s decision is expected to deliver a 25bps hike to a new benchmark rate of 1.5%. Inflation climbed further in December to 5.9% y/y with core inflation at 3 ¼% y/y—both of which are materially above the BoT’s 2% inflation target. A rapidly recovering tourism sector (chart 11) is vital to the Thai economy and lends confidence to tighten policy further after lagging behind most other global central banks.

- SARB:** The South African Reserve Bank is expected to hike again on Thursday, but consensus is split between +25bps and +50bps with markets leaning closer to the former. The uncertainty is based upon whether the central bank will wish to cool the pace of rate hikes at this meeting given some evidence that inflation is cresting (chart 12).

GLOBAL MACRO

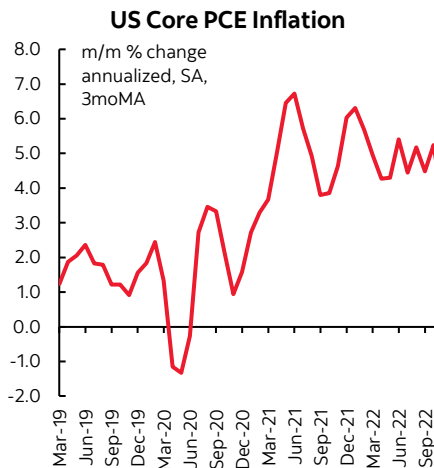
Several global inflation readings, a round of global purchasing managers' indices and a batch of other US economy readings will combine with a more intense week for US earnings reports to make for a lively week.

US earnings season kicks into higher gear this week with 89 S&P500 firms poised to report across a broadening number of sectors.

Several global inflation readings arrive this week as follows:

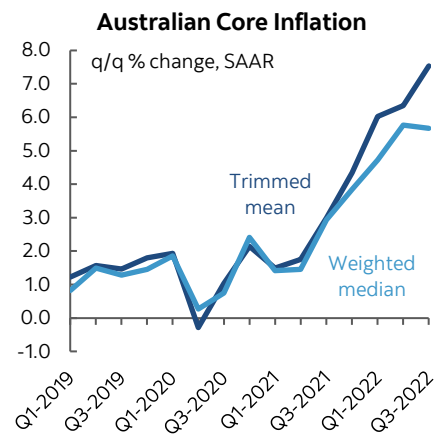
- US PCE:** Don't call it cool just yet (chart 13), but the Fed's preferred inflation gauge will probably follow CPI with my estimate for headline PCE to be flat (0% m/m SA) while core PCE ex-food and energy rises by 0.3% m/m. The large 0.8% m/m rise in owners' equivalent rent in CPI gets a much higher weighting than in PCE and so there is perhaps more downside than upside risk to my estimates. That dynamic will reverse later in the year as CPI gets dragged down faster by housing than PCE.

Chart 13



Sources: Scotiabank Economics, BEA.

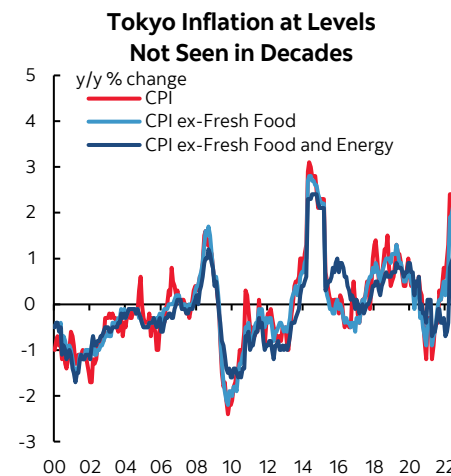
Chart 14



Sources: Scotiabank Economics, Australian Bureau of Statistics.

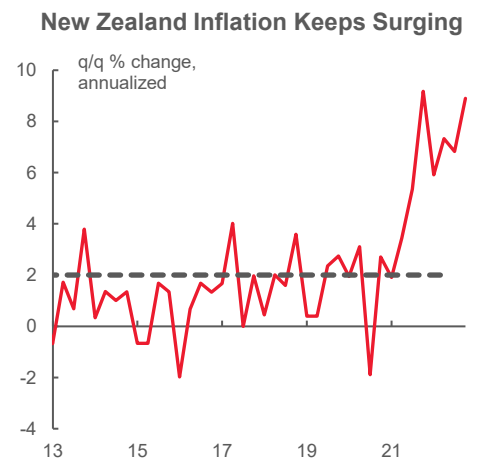
- Australian inflation:** The addition of monthly CPI inflation readings since October has sharply improved the freshness of readings that were previously largely reliant upon lagging quarterly estimates. Australia updates both for Q4 and December on Tuesday evening (eastern time as always).

Chart 15



Sources: Scotiabank Economics, Bloomberg.

Chart 16



Sources: Scotiabank Economics, Stats NZ.

Markets trimmed RBA bets a bit after a small part-time driven drop in employment during December and may be more vulnerable to upside surprise to inflation relative to what is priced. Headline CPI is expected to accelerate toward 7 1/2% y/y in Q4 and 7.7% y/y in December with trimmed mean CPI expected to approach almost 6% y/y. Quarter-over-quarter momentum will be key given the pattern to date (chart 14).

- Tokyo:** CPI for the city during January (Thursday) is the freshest monthly gauge ahead of national figures. Core Tokyo CPI ex-fresh food and energy is expected to rise again and inch toward 3% (chart 15). Such a reading—especially if surprised higher—could further fan expectations for a BoJ pivot. I think those expectations are overdone in some corners of the markets, but new information is focused upon Spring wage negotiations with the unions and the transition of power from Governor Kuroda to his successor in April.
- New Zealand CPI:** Not only will the Labor Party pick a new leader this week in the wake of the surprise resignation of PM Jacinda Ardern, local markets will also have to weigh the implications of fresh CPI figures for Q4 on Tuesday (eastern time). A somewhat cooler but not cool pace of inflation is expected compared to the recently explosive pattern (chart 16).

Another batch of global purchasing managers' indices will be delivered early in the week. If the first of the European survey-based "soft" data readings is any indication, then an improved outlook among German investors in the ZEW survey could portend improved PMIs and German IFO confidence this week as perceived downside risk to the global economy has lessened into this year. The PMIs will further inform tracking of Q1 GDP growth across numerous major regions of the world economy given correlations between the measures as shown in charts 17–20. The measures will offer estimates for January across everything from new orders to order backlogs, inventories, hiring

appetite, prices paid and prices received. Australia and Japan kick it off on Monday. The Eurozone and UK follow the next day. The US S&P gauges arrive later Tuesday morning and reflect global operations of US companies, versus the ISM PMIs that the Fed watches more closely as they are more closely aligned to the domestic operations of US companies.

US GDP will dominate, but we'll also get Q4 GDP growth estimates from South Korea and the Philippines on Wednesday and then Spain on Friday ahead of the following week's Eurozone-wide estimates.

Since US Q4 GDP including total quarterly consumer spending arrives on Thursday, there will be little fanfare left over for estimates of consumer spending in the month of December when that gets updated on Friday. The greater focus will be upon the accompanying income estimates and I've figured that compensation will drive a 0.3% m/m SA gain in incomes. Other US indicators will include the following:

Durable goods orders during December (Thursday) probably grew significantly given a surge of orders for planes from US airline, but core orders ex-defence and aircraft will be watched more carefully as an indication of cap-ex activity that has posted significant gains this year.

Initial jobless claims are not exactly cooperating with all of the layoff announcements. Chart 21 shows that a proxy for the nonfarm reference period in January over December saw over 90k tech sector layoff announcements, yet initial jobless claims have fall below 200k and have been on a downward trend since November when layoffs began to mount. Why this divergence? One caution is that layoff announcements can involve lags before the final date of unemployment and then making the trek to filing offices. Another caution is that some large states, like California, have been estimating their claims numbers instead of providing hard numbers and one possible reason is due to disruptive effects of flooding that followed heavy rains in parts of the state. Another possibility is that seasonal adjustments have been questionable at various points in the pandemic and may still be. Or, maybe, just maybe, the layoffs are being absorbed into what are still over ten million job vacancies in the US economy.

Housing data will include new home sales during December (Thursday) and pending home sales for the same month (Friday) that serve as a leading indicator of completed resale transactions.

Chart 17

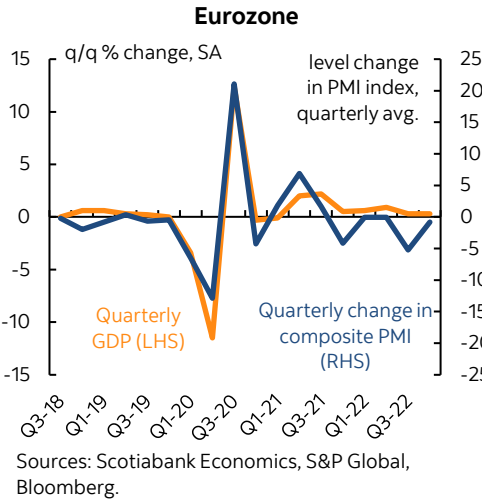


Chart 18

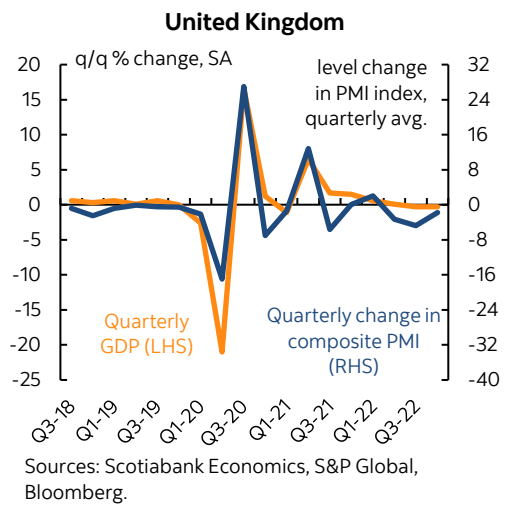


Chart 19

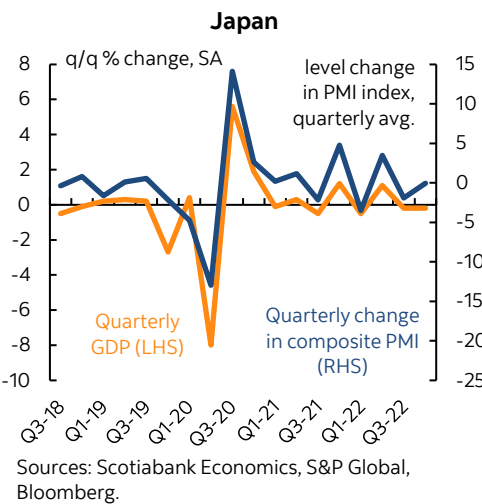


Chart 20

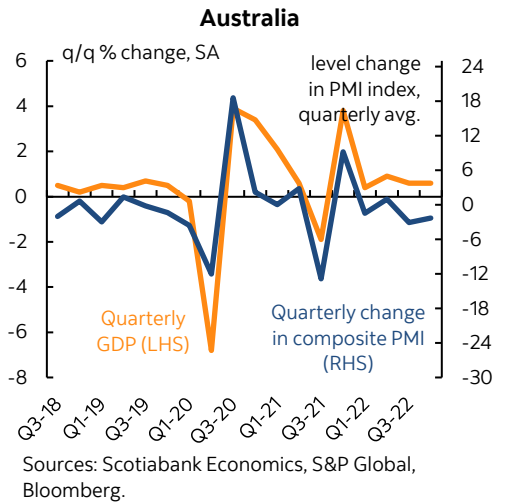
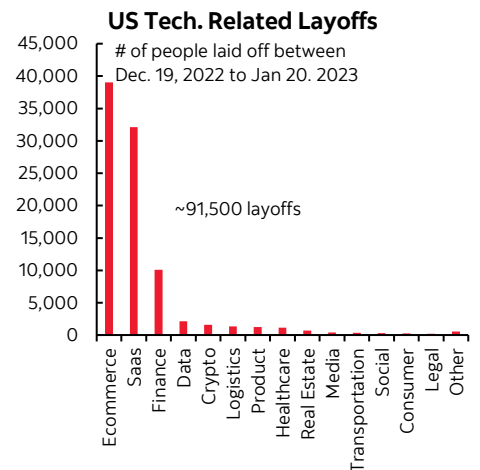


Chart 21



Key Indicators for the week of January 23 – 27

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	01-23	10:00	Leading Indicators (m/m)	Dec	--	-0.7	-1.0
MX	01-24	07:00	Bi-Weekly Core CPI (% change)	Jan 15	--	0.3	0.2
MX	01-24	07:00	Bi-Weekly CPI (% change)	Jan 15	--	0.4	0.1
US	01-24	09:45	S&P Global US Manufacturing PMI	Jan P	--	46.5	46.2
US	01-24	09:45	S&P Global US Services PMI	Jan P	--	45.0	44.7
US	01-24	09:45	S&P Global US Composite PMI	Jan P	--	47.0	45.0
US	01-24	10:00	Richmond Fed Manufacturing Index	Jan	--	-5.0	1.0
MX	01-25	07:00	Global Economic Indicator IGAE (y/y)	Nov	--	4.0	4.4
US	01-25	07:00	MBA Mortgage Applications (w/w)	Jan 20	--	--	27.9
CA	01-25	10:00	BoC Interest Rate Announcement (%)	Jan 25	4.50	4.50	4.25
MX	01-26	07:00	Unemployment Rate (%)	Dec	--	2.8	2.9
US	01-26	08:30	Durable Goods Orders (m/m)	Dec P	2.0	2.5	-2.1
US	01-26	08:30	Durable Goods Orders ex. Trans. (m/m)	Dec P	0.0	-0.2	0.1
US	01-26	08:30	GDP (q/q a.r.)	4Q A	2.8	2.6	3.2
US	01-26	08:30	GDP Deflator (q/q a.r.)	4Q A	--	3.2	4.4
US	01-26	08:30	Initial Jobless Claims (000s)	Jan 21	200	205.0	190.0
US	01-26	08:30	Continuing Claims (000s)	Jan 14	1640	1658.0	1647.0
US	01-26	08:30	Wholesale Inventories (m/m)	Dec P	--	0.5	1.0
US	01-26	10:00	New Home Sales (000s a.r.)	Dec	621	612.0	640.0
MX	01-27	07:00	Trade Balance (US\$ mn)	Dec	--	885.0	-96.2
US	01-27	08:30	PCE Deflator (m/m)	Dec	0.0	0.0	0.1
US	01-27	08:30	PCE Deflator (y/y)	Dec	5.0	5.0	5.5
US	01-27	08:30	PCE ex. Food & Energy (m/m)	Dec	0.3	0.3	0.2
US	01-27	08:30	PCE ex. Food & Energy (y/y)	Dec	4.4	4.4	4.7
US	01-27	08:30	Personal Spending (m/m)	Dec	0.0	-0.1	0.1
US	01-27	08:30	Personal Income (m/m)	Dec	0.3	0.2	0.4
US	01-27	10:00	Pending Home Sales (m/m)	Dec	--	-1.0	-4.0
US	01-27	10:00	U. of Michigan Consumer Sentiment	Jan F	--	64.6	64.6

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
EC	01-23	10:00	Consumer Confidence	Jan P	-20.0	-22.2
GE	01-24	02:00	GfK Consumer Confidence Survey	Feb	-33.0	-37.8
UK	01-24	02:00	PSNB ex. Interventions (£ bn)	Dec	17.0	22.0
UK	01-24	02:00	Public Finances (PSNCR) (£ bn)	Dec	--	20.3
UK	01-24	02:00	Public Sector Net Borrowing (£ bn)	Dec	23.2	21.2
FR	01-24	03:15	Manufacturing PMI	Jan P	49.6	49.2
FR	01-24	03:15	Services PMI	Jan P	49.7	49.5
GE	01-24	03:30	Manufacturing PMI	Jan P	48.0	47.1
GE	01-24	03:30	Services PMI	Jan P	49.5	49.2
EC	01-24	04:00	Composite PMI	Jan P	49.8	49.3
EC	01-24	04:00	Manufacturing PMI	Jan P	48.5	47.8
EC	01-24	04:00	Services PMI	Jan P	50.2	49.8
UK	01-24	04:30	Manufacturing PMI	Jan P	45.4	45.3
UK	01-24	04:30	Services PMI	Jan P	49.5	49.9
GE	01-25	04:00	IFO Business Climate Survey	Jan	90.3	88.6
GE	01-25	04:00	IFO Current Assessment Survey	Jan	95.0	94.4
GE	01-25	04:00	IFO Expectations Survey	Jan	85.5	83.2
SP	01-26	03:00	Unemployment Rate (%)	4Q	12.4	12.7
SP	01-27	03:00	Real GDP (q/q)	4Q P	0.1	0.1
GE	01-27	03:00	Retail Sales (m/m)	Dec	0.3	1.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of January 23 – 27

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
AU	01-23	17:00	Judo Bank Australia PMI Composite	Jan P	--	47.5
AU	01-23	17:00	Judo Bank Australia PMI Mfg	Jan P	--	50.2
AU	01-23	17:00	Judo Bank Australia PMI Services	Jan P	--	47.3
JN	01-23	19:30	Markit/JMMA Manufacturing PMI	Jan P	--	48.9
TH	01-23	22:30	Customs Exports (y/y)	Dec	-9.6	-6.0
TH	01-23	22:30	Customs Imports (y/y)	Dec	-6.9	5.6
TH	01-23	22:30	Customs Trade Balance (US\$ mn)	Dec	-1300.0	-1340.0
JN	01-24	00:30	Nationwide Department Store Sales (y/y)	Dec	--	4.5
NZ	01-24	16:45	Consumer Prices (q/q)	4Q	1.4	2.2
NZ	01-24	16:45	Consumer Prices (y/y)	4Q	7.1	7.2
SK	01-24	19:00	Discount Store Sales (y/y)	Dec	--	9.2
SK	01-24	19:00	Department Store Sales (y/y)	Dec	--	3.7
AU	01-24	19:30	Consumer Prices (y/y)	4Q	7.5	7.3
AU	01-24	19:30	Consumer Prices (q/q)	4Q	1.6	1.8
VN	01-24	21:00	CPI (y/y)	Jan	--	4.6
VN	01-24	21:00	Industrial Production (y/y)	Jan	--	0.2
JN	01-25	00:00	Coincident Index CI	Nov F	--	99.1
JN	01-25	00:00	Leading Index CI	Nov F	--	97.6
JN	01-25	00:00	New Composite Leading Economic Index	Nov F	--	97.6
SI	01-25	00:00	CPI (m/m)	Dec	--	1.0
SI	01-25	00:00	CPI (y/y)	Dec	6.7	6.7
TH	01-25	02:00	BoT Repo Rate (%)	Jan 25	1.50	1.25
SK	01-25	16:00	Consumer Confidence Index	Jan	--	89.9
SK	01-25	18:00	GDP (q/q)	4Q A	-0.3	0.3
SK	01-25	18:00	GDP (y/y)	4Q P	1.5	3.1
PH	01-25	20:00	Exports (y/y)	Dec	8.5	13.2
PH	01-25	20:00	Imports (y/y)	Dec	-6.1	-1.9
PH	01-25	20:00	Trade Balance (US\$ mn)	Dec	-3600.0	-3312.0
SI	01-25	20:00	Unemployment Rate (%)	Dec	--	2.0
PH	01-25	21:00	Real GDP (q/q)	4Q	1.2	2.9
PH	01-25	21:00	Real GDP (y/y)	4Q	6.7	7.6
PH	01-25	21:00	Annual GDP (y/y)	2022	7.4	5.7
SI	01-26	00:00	Industrial Production (m/m)	Dec	--	-1.2
SI	01-26	00:00	Industrial Production (y/y)	Dec	-5.5	-3.2
JN	01-26	01:00	Machine Tool Orders (y/y)	Dec F	--	1.0
HK	01-26	03:30	Exports (y/y)	Dec	--	-24.1
HK	01-26	03:30	Imports (y/y)	Dec	--	-20.3
HK	01-26	03:30	Trade Balance (HKD bn)	Dec	--	-27.1
SK	01-26	16:00	Business Survey- Manufacturing	Feb	--	68.0
SK	01-26	16:00	Business Survey- Non-Manufacturing	Feb	--	72.0
JN	01-26	18:30	Tokyo CPI (y/y)	Jan	4.0	3.9
AU	01-26	19:30	Producer Price Index (q/q)	4Q	--	1.9
AU	01-26	19:30	Producer Price Index (y/y)	4Q	--	6.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	01-24	07:00	IBGE Inflation IPCA-15 (m/m)	Jan	--	0.5	0.5
BZ	01-24	07:00	IBGE Inflation IPCA-15 (y/y)	Jan	--	5.8	5.9
BZ	01-26	07:30	Current Account (US\$ mn)	Dec	--	-54.1	-60.2
CL	01-26	16:00	Nominal Overnight Rate Target (%)	Jan 26	11.00	11.25	11.25
CO	01-27	13:00	Overnight Lending Rate (%)	Jan 27	13.00	13.00	12.00

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of January 23 – 27**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	01-24	13:00	U.S. To Sell 2-Year Notes
US	01-25	13:00	U.S. To Sell 5-Year Notes
CA	01-26	12:00	Canada to Sell 30 Year Bonds
US	01-26	13:00	U.S. To Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	01-24	04:00	Netherlands to Sell Bonds
GE	01-24	05:30	Germany to Sell Bonds
NO	01-25	05:00	Norway to Sell Bonds
GE	01-25	05:30	Germany to Sell Bonds
IT	01-26	05:00	Italy to Sell Bonds

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	01-25	22:35	Japan to Sell 40-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Events for the week of January 23 – 27

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	01-25	10:00	Bank of Canada Rate Decision

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	01-23	09:30	ECB's Panetta Speaks
EC	01-23	11:00	ECB's Holzmann Speaks at Book Presentation in Vienna
EC	01-23	12:45	ECB's Lagarde Speaks
EC	01-24	03:10	ECB's Knot Speaks
SZ	01-24	11:30	SNB's Schlegel speaks in Zurich
SW	01-25	07:00	Riksbank Climate Report

ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	01-22	18:50	BOJ Minutes of Dec. Meeting
TH	01-25	02:00	BoT Benchmark Interest Rate
JN	01-25	18:50	BOJ Summary of Opinions (Jan. MPM)

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	01-26	16:00	Overnight Rate Target
CO	01-27	13:00	Overnight Lending Rate

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	4.25	January 25, 2023	4.50	4.50
Federal Reserve – Federal Funds Target Rate	4.50	February 1, 2023	4.75	4.75
Banco de México – Overnight Rate	10.50	February 9, 2023	10.75	10.75

Bank of Canada: A 25bps hike is expected on Wednesday when the BoC delivers a full suite of communications including updated forecasts. Given the central bank's proclivity toward surprising markets, there may be more risk than reward to playing what is already a largely priced hike.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	2.50	February 2, 2023	3.00	3.00
European Central Bank – Marginal Lending Facility Rate	2.75	February 2, 2023	3.25	3.25
European Central Bank – Deposit Facility Rate	2.00	February 2, 2023	2.50	2.50
Bank of England – Bank Rate	3.50	February 2, 2023	4.00	4.00
Swiss National Bank – Sight Deposit Rate	1.00	March 23, 2023	1.50	1.50
Central Bank of Russia – One-Week Auction Rate	7.50	February 10, 2023	7.50	7.50
Sweden Riksbank – Repo Rate	2.50	February 9, 2023	3.00	3.00
Norges Bank – Deposit Rate	2.75	March 23, 2023	2.75	2.75
Central Bank of Turkey – Benchmark Repo Rate	9.00	February 23, 2023	9.00	9.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	March 10, 2023	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	3.10	February 6, 2023	3.25	3.25
Reserve Bank of New Zealand – Cash Rate	4.25	February 21, 2023	5.00	5.00
People's Bank of China – 1-Year Loan Prime Rate	3.65	February 19, 2023	3.65	3.65
Reserve Bank of India – Repo Rate	6.25	February 7, 2023	6.50	6.50
Bank of Korea – Base Rate	3.50	February 23, 2023	3.50	3.50
Bank of Thailand – Repo Rate	1.25	January 25, 2023	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	2.75	March 9, 2023	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	5.75	February 16, 2023	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	5.50	February 16, 2023	5.75	5.75

Bank of Thailand (BoT): The Bank of Thailand is expected to deliver a 25bps hike, bringing the benchmark rate to 1.50%. Inflation climbed further in December to 5.9% y/y with core inflation at 3 ¼% y/y – both of which are materially above the BoT's 2% inflation target. A rapidly recovering tourism sector is vital to the Thai economy and lends confidence to tighten policy further after lagging behind most other global central banks.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.75	February 1, 2023	13.75	13.75
Banco Central de Chile – Overnight Rate	11.25	January 26, 2023	11.00	11.25
Banco de la República de Colombia – Lending Rate	12.00	January 27, 2023	13.00	13.00
Banco Central de Reserva del Perú – Reference Rate	7.75	February 9, 2023	7.75	7.75

Banco Central de Chile (BCCh): Our Santiago-based economist anticipates a 25bps rate cut being delivered as soon as this meeting, versus the general consensus of the overnight rate being unchanged. The CLP's appreciation, ongoing declines in international food prices, and elevated inventories are signs that inflation may continue its downward trend. **Banco de la República de Colombia (BanRep):** Colombia's central bank is expected to deliver another large hike on Friday with Scotia's Bogota-based economist expecting a 100bps hike, and consensus ranging between a hike of 50bps to 100bps. Inflation continues to surprise higher as evidenced by December's reading (13.1% y/y, 12.7% consensus) with core CPI at 10% y/y which is the highest in modern records.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	7.00	January 26, 2023	7.50	7.50

South African Reserve Bank (SARB): The South African Reserve Bank is expected to slow its pace of rate hikes on Thursday, with consensus split between a hike of 25bps and 50bps, compared to three previous hikes of 75bps each. While headline inflation year-over-year was slowing towards the end of 2022, core inflation remains elevated.

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

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