

NURTURE VERSUS NATURE

- [United States — A Delicate Balance](#) 2–3
- [Latin America — Reopening Before Flattening](#) 3
- [Canada — A Quiet Week](#) 3
- [Asia-Pacific — Asian Disinflation](#) 3–4
- [Europe — IGOs Could Influence Risk Appetite](#) 4

FORECASTS & DATA

- [Key Indicators](#) A1–A2
- [Global Auctions Calendar](#) A3
- [Events Calendar](#) A4
- [Global Central Bank Watch](#) A5

CONTACTS

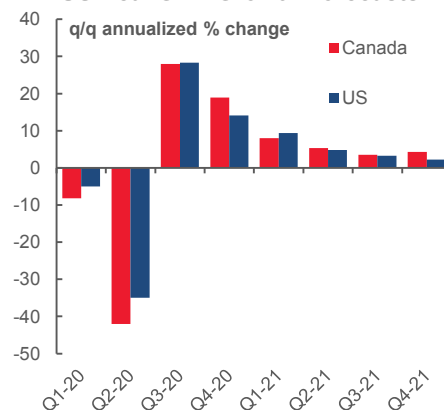
Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- CBs: Federal Reserve, Peru
- Inflation: US, China, India, LatAm
- OECD forecasts
- OPEC+ meeting
- China macro
- European macro

Chart of the Week

Scotiabank Economics' Canada & US Real GDP Growth Forecasts



Note: Forecasts as of June 5th, 2020.
Sources: Scotiabank Economics.

Chart of the Week: Prepared by: Evan Andrade, Research Analyst.

Nurture Versus Nature

UNITED STATES—A DELICATE BALANCE

The main consideration will be the degree to which the Federal Reserve comes across as encouraged by nascent signs of recovery relative to the risk it perceives in markets getting ahead of themselves. Nurturing the recovery is likely to take precedence over allowing nature to run its course. Limited backward-looking macro reports won't really inform how this balance evolves.

The FOMC will meet on Tuesday and Wednesday. It will culminate in the statement on Wednesday at 2pmET that will be accompanied by the Fed's first foray into forecasting the economy and updating its dot plot since the COVID-19 shock—indeed since December 2019. **These forecasts will serve as a form of committee guidance** even if the Fed opts not to strengthen forward guidance compared to its 'act as appropriate' mantra to date. Chair Powell will host the usual press conference starting at 2:30pmET that day.

Cautious optimism may shine in the context of reopening efforts and nascent improvements in several recent readings. The committee is likely to err more on the side of this being a sharp shock with peak effects in the short-run that will nevertheless take a long time to return to 'normal'. **It is exceedingly unlikely that a handful of readings showing a slowing pace of contraction and a handful of more positive gauges like nonfarm payrolls and mortgage purchase applications will drive the Fed to re-write the narrative on the fly.** A more complete employment response can occur in lagging fashion to a shock such that over-emphasizing one report would be unwise (caveats [here](#)). Impaired credit risk and the possible risk of a second COVID-19 wave are added uncertainties.

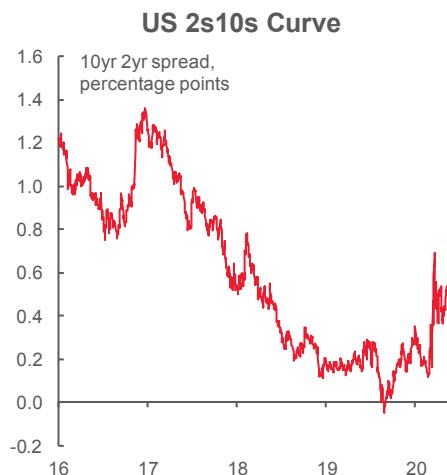
Indeed, given the sudden sell-off in rates, I wouldn't be surprised to hear reference to the speed of movement in the bond market. That might arise next week, or in the minutes to the meeting three weeks hence. **One possibility entails further consideration of yield curve control that would target shorter term Treasury yields as a way of also indirectly influencing longer term yields.** At under 1%, the US 10 year Treasury yield is unlikely to be a material growth headwind just yet and in fact may be a positive for lending appetite given the 2s10s curve is the steepest since early 2018 (chart 1). There is, however, a delicate balance in terms of risks to growth including housing markets where the 30-year fixed mortgage rate is priced off 10s plus spreads. Yield curve control could help. The goal of monetary and fiscal policy is to expedite a recovery as quickly as possible such that emphasis upon repressing bond market actions would be consistent with this goal. The FOMC has long stated a preference toward targeting shorter term yields partly because of the inherent potential conflict between the credibility of a long-term debt yield cap versus uncertainty toward the future short-term policy rate. That doesn't mean that shorter term yield caps cannot influence longer maturities.

There will only be two macro releases of note, including CPI on Wednesday and UofM consumer sentiment for June on Friday. The latter may show further improvement as steps to reopen the economy gain traction.

CPI inflation figures for May are expected to post a further modest deceleration in headline inflation but the greater uncertainty surrounds the core measure excluding food and energy prices. 0.2% y/y for headline and 1.4% y/y for core seem like reasonable expectations. A shift in comparison to May 2019 instead of April will have a small base effect influence that chops another couple of tenths off of the year-ago CPI inflation rate. May normally brings seasonal gains in pricing pressures as summer driving season arrives and Spring retailers return, but this effect should be subdued this year. Gas price changes should be a minor influence this time with the bulk of the adjustment having previously occurred; prices were down 34% y/y in May versus 33% the prior month, and up only 3% m/m with a 3% weight in CPI.

Then we are left with the dominant sources of uncertainty surrounding the estimates which concerns a) data quality and b) the net effects of supply and demand

Chart 1



disruptions. The Bureau of Labor Statistics gathered 65% of CPI data by personal visit prior to the COVID-19 shock and eliminated this form of data gathering starting in the March report due to social distancing. As a result, the collection rate for overall prices dropped to 66% in the April CPI release from 86% in the same month the prior year. This result in reliance upon methods for Imputing prices ([here](#)).

LATIN AMERICA—REOPENING BEFORE FLATTENING

A central bank decision and a trio of inflation readings are ahead but most of the attention will continue to be placed upon COVID-19 tracking and developments abroad. Latin American COVID-19 curves have yet to flatten (chart 2). This prompted the World Health Organization to warn countries ‘not to open too fast’.

Peru’s central bank is expected to keep its policy reference rate unchanged at 0.25%. It cut to this rate in April with the guidance that such stimulus would be required for “an extended period.” Peru is entering its second phase of reopening plans that will allow 83% of the economy to reopen including various retailers and service outlets. It also cleared 91% of mining operations to resume operations.

Each of Mexico (Tuesday), Brazil (Wednesday) and Argentina (Thursday) will update inflation figures for May.

CANADA—A QUIET WEEK

Canada should be very quiet over the coming week and driven by developments abroad and possibly knock-on effects of the recent jobs report. There are no major planned events, Bank of Canada communications or economic indicators on the docket.

A pair of third tier macro reports will include housing starts during May on Monday and capacity utilization rates during Q1 on Friday.

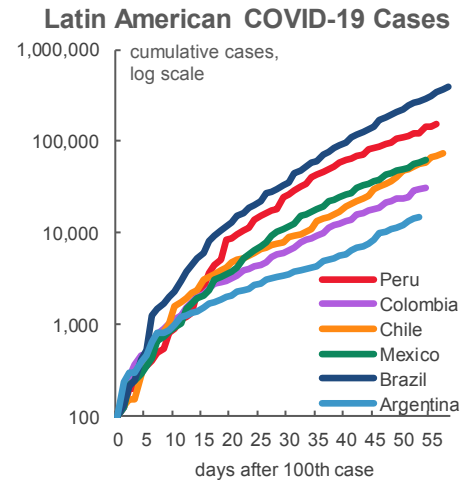
A trial reopening phase has been entered with Canada—much like the rest of the world except LatAm—seeing its COVID-19 curves flatten, although not fully in the two most populous provinces of Ontario and Quebec. Conventional statistics will lag further behind in Canada than in most other countries around the world such that the reliance upon less conventional readings will be more important. Charts 3 and 4 offer a couple such examples that are indicating mild improvement to go alongside the recent jobs report, caveats and all ([here](#)).

ASIA-PACIFIC—ASIAN DISINFLATION

More evidence on China’s emergence from the COVID-19 shock at home only to stumble into shutdowns abroad will be a focal point.

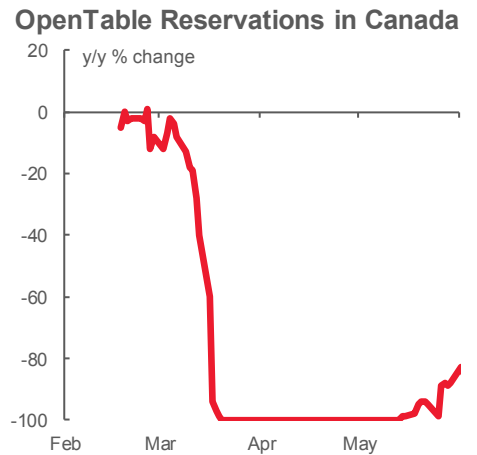
China’s trade figures for May arrive this weekend. There may be some moderation in the pace of export growth compared to the surprising strength in April when exports were up by 8.2% y/y. Part of that strength had been driven by a volatile year-ago base effect. Part of it was due to delayed reopening of the economy after the Lunar New Year. Still another part could have been an immediate push to clear out export backlogs from prior containment measures. Other indicators of Chinese economic activity are encouraging, such as data on modes of transportation—especially air travel (chart 5).

Chart 2



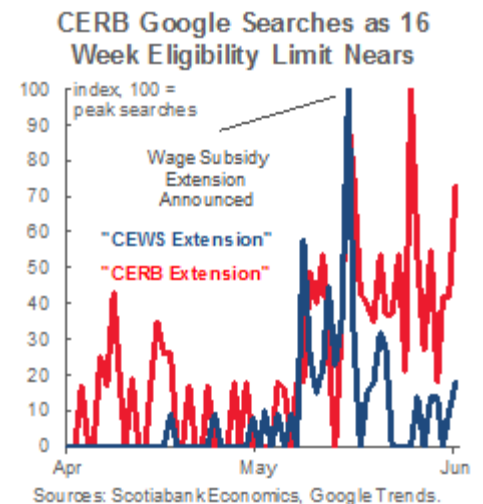
Sources: Scotiabank Economics, Johns Hopkins.

Chart 3



Sources: Scotiabank Economics, OpenTable.

Chart 4



Sources: Scotiabank Economics, Google Trends.

Chinese CPI inflation may showcase the combined effects of weakening Swine Flu effects on inflation through pork prices alongside dissipating core inflation that is already running at its lightest since the GFC. Aggregate financing figures may arrive as soon as next week.

Much like China, India's peak inflation rate is also trending lower as the impact of soaring onion prices dating back to prior weather disruptions has been subsiding. Friday brings out the May report.

EUROPE—IGOS COULD INFLUENCE RISK APPETITE

Mid-week forecast revisions from the Paris-based OECD, whether OPEC achieves an agreement to extend production cuts, and limited macroeconomic releases offer limited potential to influence risk appetite. In short, intergovernmental organizations that usually meet in Europe could influence markets.

Unconfirmed indications suggest that OPEC+ has agreed upon a one-month extension of production cuts to the end of July by bringing on board countries that have been cheating thus far. Guidance points to potential extension toward later this summer as the cuts are reviewed on a rolling basis. The effort to reduce the supply imbalance has combined with optimism toward a global recovery to drive significant gains in oil prices off the recent bottoms (chart 6). The meeting will be on Saturday morning at 8amET followed by an additional meeting shortly thereafter.

It may be too soon for forecast upgrades, but the OECD will refresh its forecasts on Wednesday. It's unlikely to turn more bearish since the March 2nd outlook. In fact, the additional stimulus, reopening moves across the global economy and improved market conditions could tilt the balance of forecast risks in the other direction.

Macro releases are generally going to be ignored as they almost all speak to conditions in April during the peak of social distancing policies. They will include German (Monday) and UK (Friday) industrial output for April, German (Tuesday) and UK (Friday) trade figures for the same month, a UK service sector reading (Friday) and a pair of May inflation reports from Norway (Wednesday) and Sweden (Thursday).

Chart 5

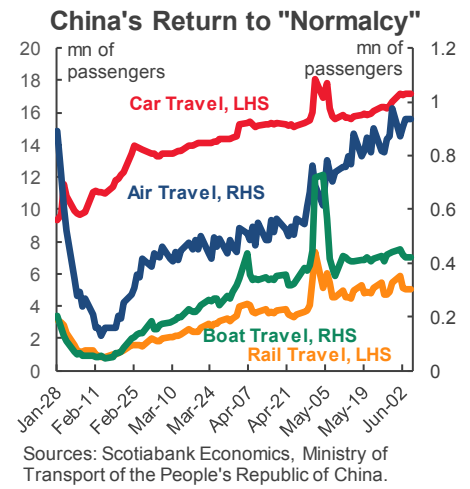
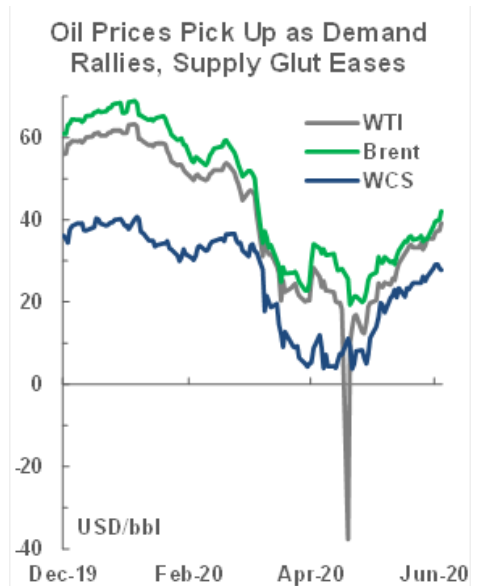


Chart 6



Key Indicators for week of June 8 – 12
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06/08	08:15	Housing Starts (000s a.r.)	May	160	160.0	166.4
MX	06/09	07:00	Bi-Weekly Core CPI (% change)	May 31	0	0.1	0.2
MX	06/09	07:00	Bi-Weekly CPI (% change)	May 31	0.1	0.3	0.3
MX	06/09	07:00	Consumer Prices (m/m)	May	0.4	0.5	-1.0
MX	06/09	07:00	Consumer Prices (y/y)	May	2.9	3.0	2.2
MX	06/09	07:00	Consumer Prices Core (m/m)	May	0.4	0.4	0.4
US	06/09	10:00	JOLTS Job Openings (000s)	Apr	--	5875	6191
US	06/09	10:00	Wholesale Inventories (m/m)	Apr F	--	0.4	0.4
US	06/10	07:00	MBA Mortgage Applications (w/w)	Jun 5	--	--	2.7
US	06/10	08:30	CPI (m/m)	May	0.1	0.0	-0.8
US	06/10	08:30	CPI (y/y)	May	0.2	0.3	0.3
US	06/10	08:30	CPI (index)	May	--	256.8	256.4
US	06/10	08:30	CPI ex. Food & Energy (m/m)	May	0.1	0.0	-0.4
US	06/10	08:30	CPI ex. Food & Energy (y/y)	May	1.4	1.3	1.4
US	06/10	14:00	FOMC Interest Rate Meeting (%)	Jun 10	0.25	0.25	0.25
US	06/10	14:00	Treasury Budget (US\$ bn)	May	--	-590.0	-738
MX	06/11	07:00	Industrial Production (m/m)	Apr	--	--	-3.4
MX	06/11	07:00	Industrial Production (y/y)	Apr	-15.0	--	-5.0
US	06/11	08:30	Initial Jobless Claims (000s)	Jun 6	1625	1600	1877
US	06/11	08:30	Continuing Claims (000s)	May 30	--	20800	21487
US	06/11	08:30	PPI (m/m)	May	0.1	0.1	-1.3
US	06/11	08:30	PPI ex. Food & Energy (m/m)	May	-0.1	-0.1	-0.3
CA	06/12	08:30	Capacity Utilization (%)	1Q	--	80.0	81.2
US	06/12	08:30	Export Prices (m/m)	May	--	0.6	-2.6
US	06/12	08:30	Import Prices (m/m)	May	--	0.6	-2.6
US	06/12	10:00	U. of Michigan Consumer Sentiment	Jun P	76	75.3	72.3

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	06/08	02:00	Industrial Production (m/m)	Apr	--	-16.7	-9.2
GE	06/09	02:00	Current Account (€ bn)	Apr	--	14.1	24.4
GE	06/09	02:00	Trade Balance (€ bn)	Apr	--	11.6	17.4
FR	06/09	02:45	Current Account (€ bn)	Apr	--	--	-3348
FR	06/09	02:45	Trade Balance (€ mn)	Apr	--	-3000	-3343
EC	06/09	05:00	Employment (q/q)	1Q F	--	--	-0.2
EC	06/09	05:00	GDP (q/q)	1Q F	--	-3.8	-3.8
FR	06/10	02:45	Industrial Production (m/m)	Apr	--	-20.0	-16.2
FR	06/10	02:45	Industrial Production (y/y)	Apr	--	-33.1	-17.3
FR	06/10	02:45	Manufacturing Production (m/m)	Apr	--	-20.0	-18.2
IT	06/11	04:00	Industrial Production (m/m)	Apr	--	-24.0	-28.4
UK	06/12	02:00	Index of Services (m/m)	Apr	--	-20.0	-6.2
UK	06/12	02:00	Industrial Production (m/m)	Apr	--	-15.0	-4.2
UK	06/12	02:00	Manufacturing Production (m/m)	Apr	--	-15.5	-4.6
UK	06/12	02:00	Visible Trade Balance (£ mn)	Apr	--	-11271	-12508
FR	06/12	02:45	CPI (m/m)	May F	--	0.0	0.0
FR	06/12	02:45	CPI (y/y)	May F	--	0.2	0.2
FR	06/12	02:45	CPI - EU Harmonized (m/m)	May F	--	0.0	0.0
FR	06/12	02:45	CPI - EU Harmonized (y/y)	May F	--	0.2	0.2
SP	06/12	03:00	CPI (m/m)	May F	--	0.0	0.0
SP	06/12	03:00	CPI (y/y)	May F	--	-1.0	-1.0
SP	06/12	03:00	CPI - EU Harmonized (m/m)	May F	--	0.0	0.0
SP	06/12	03:00	CPI - EU Harmonized (y/y)	May F	--	-0.9	-0.9
IT	06/12	04:00	Unemployment Rate (%)	1Q	--	8.8	9.7
EC	06/12	05:00	Industrial Production (m/m)	Apr	--	-20.0	-11.3
EC	06/12	05:00	Industrial Production (y/y)	Apr	--	-28.3	-12.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of June 8 – 12

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	06/06	21:00	Foreign Reserves (US\$ bn)	May	--	3096	3091
CH	06/06	21:00	Exports (y/y)	May	--	-6.5	3.5
CH	06/06	21:00	Imports (y/y)	May	--	-7.9	-14.2
CH	06/06	21:00	Trade Balance (USD bn)	May	--	41.4	45.3
JN	06/07	19:50	Bank Lending (y/y)	May	--	--	3.0
JN	06/07	19:50	Current Account (¥ bn)	Apr	--	377	1971
JN	06/07	19:50	GDP (q/q)	1Q F	-0.9	-0.5	-0.9
JN	06/07	19:50	GDP Deflator (y/y)	1Q F	0.9	0.9	0.9
JN	06/07	19:50	Trade Balance - BOP Basis (¥ bn)	Apr	--	-965.6	103.1
TA	06/08	04:00	Exports (y/y)	May	--	-3.5	-1.3
TA	06/08	04:00	Imports (y/y)	May	--	0.9	0.5
TA	06/08	04:00	Trade Balance (US\$ bn)	May	--	2.6	2.3
SI	06/08	05:00	Foreign Reserves (US\$ mn)	May	--	--	301773
JN	06/08	19:50	Japan Money Stock M2 (y/y)	May	--	4.0	3.7
JN	06/08	19:50	Japan Money Stock M3 (y/y)	May	--	3.1	3.0
AU	06/08	21:30	ANZ Job Advertisements (m/m)	May	--	--	-53.1
JN	06/09	02:00	Machine Tool Orders (y/y)	May P	--	--	-48.3
NZ	06/09	18:45	Manufacturing Activity	1Q	--	--	2.4
SK	06/09	19:00	Unemployment Rate (%)	May	4.0	4.0	3.8
JN	06/09	19:50	Machine Orders (m/m)	Apr	--	-7.5	-0.4
PH	06/09	21:00	Exports (y/y)	Apr	--	-17.0	-24.9
PH	06/09	21:00	Imports (y/y)	Apr	--	-30.0	-26.2
PH	06/09	21:00	Trade Balance (US\$ mn)	Apr	--	-2346	-2380
CH	06/09	21:00	New Yuan Loans (bn)	May	2000	1600	1698
CH	06/09	21:30	CPI (y/y)	May	2.9	2.7	3.3
CH	06/09	21:30	PPI (y/y)	May	--	-3.2	-3.1
MA	06/11	00:00	Industrial Production (y/y)	Apr	--	-13.7	-4.9
NZ	06/11	18:30	Business NZ PMI	May	--	--	26.1
ID	06/11	22:00	Consumer Confidence Index	May	--	--	84.8
JN	06/12	00:30	Capacity Utilization (m/m)	Apr	--	--	-3.6
JN	06/12	00:30	Industrial Production (y/y)	Apr F	--	--	-14.4
HK	06/12	04:30	Industrial Production (y/y)	1Q	--	--	-0.5
IN	06/12	08:00	CPI (y/y)	May	4.50	5.55	5.84

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	06/10	08:00	IBGE Inflation IPCA (m/m)	May	--	--	-0.3
BZ	06/10	08:00	IBGE Inflation IPCA (y/y)	May	2.2	--	2.4
PE	06/11	10:00	Trade Balance (USD mn)	Apr	--	--	-298.0
PE	06/11	19:00	Reference Rate (%)	Jun 11	0.25	--	0.25
CO	06/12	11:00	Retail Sales (y/y)	Apr	-51.0	--	-4.8

Global Auctions for week of June 8 – 12

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06/08	13:00	U.S. to Sell 3 Year Notes
US	06/09	13:00	U.S. to Sell 10 Year Notes Reopening
CA	06/11	12:00	2 Year Bond Auction
US	06/11	13:00	U.S. to Sell 30 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	06/09	05:00	Netherlands to Sell 0% 2030 Bonds
GE	06/09	05:30	Germany to Sell EUR 3 Bln of 0% 2027 Bonds
UK	06/10	05:00	U.K. to Sell 0.125% 2036 Linkers
SZ	06/10	05:15	Switzerland to Sell Bonds
IT	06/11	05:00	Italy to Sell 3 & 7 Year Bonds
UK	06/11	05:00	U.K. to Sell 1% 2024 Bonds
SW	06/11	05:00	Sweden to Sell I/L Bonds
IR	06/11	05:30	Ireland to Sell Bonds
UK	06/11	06:30	U.K. to Sell New 2028 Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	06/07	21:30	Korea Central Bank to Sell KRW 800Bln 1 Year Bond
SK	06/07	22:30	Korea to Sell KRW 2.6 Tln 5 Year Bond
TA	06/08	00:30	Taiwan to Sell TWD30 Bln 10 Year Bonds
CH	06/08	02:00	Hubei to Sell CNY20 Mln 5, 7, 10, 15, 20, & 30Y Bonds
CH	06/08	03:00	Chongqing to Sell 5 & 30 Year Bonds
PH	06/09	01:00	Philippines to Sell PHP30 Bln 3 Year Bonds
CH	06/09	23:00	China Plans to Sell 2 & 5 Year Upsized Government Bond
NZ	06/10	22:05	New Zealand To Sell 3, 9, & 17 Year Bonds
SK	06/11	22:30	Korea to Sell KRW 750Bln 50 Year Bond
CH	06/11	23:00	China Plans to Sell 50 Year Government Bond
TH	06/11	23:00	Bk of Thailand to Sell THB10 Bln Bonds Due 2023

Events for week of June 8 – 12**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06/10	14:00	FOMC Rate Decision
US	06/10	14:30	Powell Holds Post-FOMC Meeting Press Conference

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06/08	09:45	ECB's Lagarde in European Parliament Hearing
IT	06/08		Bank of Italy Report on Balance-Sheet Aggregates
PO	06/09		Bank of Portugal Releases Data on Banks
EC	06/10	05:00	OECD Publishes Economic Outlook
SW	06/10	06:00	Riksbank's Ingves Gives Speech
EC	06/10	09:30	ECB's Luis de Guindos speaking at Irish online event

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	06/11	19:00	Reference Rate

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.25	July 15, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	June 10, 2020	0.25	0.25
Banco de México – Overnight Rate	5.50	June 25, 2020	5.00	5.00

FOMC: No major policy changes are expected in Wednesday's communications. It is possible that the Committee advances dialogue on yield curve control including targeting shorter term yields as a way of also influencing longer term yields given the speed of the bond market sell-off.

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	July 16, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	July 16, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	July 16, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	June 18, 2020	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	5.50	June 19, 2020	5.50	4.75
Sweden Riksbank – Repo Rate	0.00	July 1, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	June 18, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	8.25	June 25, 2020	8.25	8.25

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	June 16, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	July 7, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	June 23, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	June 20, 2020	3.80	3.83
Reserve Bank of India – Repo Rate	4.00	August 6, 2020	3.75	4.00
Bank of Korea – Bank Rate	0.50	July 16, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	June 24, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 7, 2020	2.00	2.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	June 18, 2020	4.25	4.25
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.50	2.50

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	3.00	June 17, 2020	2.25	2.75
Banco Central de Chile – Overnight Rate	0.50	June 16, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	2.75	June 26, 2020	2.75	2.25
Banco Central de Reserva del Perú – Reference Rate	0.25	June 11, 2020	0.25	0.25

Banco Central de Reserva del Perú: We expect the policy rate to remain unchanged at 0.25%. The central bank may be cautiously optimistic as aggressive measures to reopen the economy are being introduced, although COVID-19 cases are still rising.

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	3.75	July 23, 2020	3.75	3.75

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

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.