

**WILL THEY TAKE THE BAIT?**

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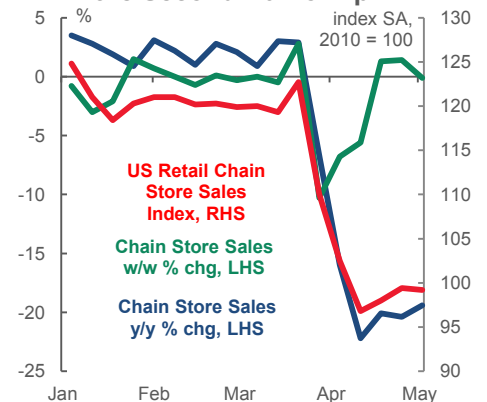
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**Next Week's Risk Dashboard**

- Tracking behaviour around reopening
- Fed Chair Powell
- US Supreme Court on Trump's taxes
- US-China trade tensions
- Inflation: US, China, Norway, Sweden, India
- CBs: Banxico, RBNZ
- US retail sales, IP, confidence
- CDN mfrg, BoC stability report
- GDP: Germany, UK, Norway, Colombia, Malaysia
- Jobs: Australia, France
- China macro

**Chart of the Week**

**US Retail Activity Stabilized in the Second Half of April**



Sources: Scotiabank Economics, International Council of Shopping Centers.

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

## Will They Take The Bait?

### CANADA—ASSESSING THE REBOUND

While calendar-based macroeconomic risks to Canadian markets will be light over the coming week, **the dominant focus is likely to be upon seeking early evidence of whether businesses and consumers take the bait afforded to them by virtue of phased re-openings in some sectors of the economy.**

This may involve efforts to track consumer activity at garden centres, hardware stores, retail outlets, bars and restaurants through means such as traffic mapping, payments transactions or even anecdotes about how full or empty these establishments turn out to be. Parts of the country will experience colder-than-usual temperatures that could dampen some of the spirit.

Minor macroeconomic readings will be more subdued following the huge job loss of 2 million plus another 2 million idled and unpaid workers (recap [here](#)). After the sharp 4.7% m/m decline in exports last month, a comparable decline of 6% in manufacturing shipments is expected on Thursday. Several of the most affected sectors for exports, like transportation and energy, align with what is likely to be substantial weakness in the manufacturing sector.

Canada will also release existing home sales for last month to end the week. While never really market moving, a sharp drop is a certainty based upon limited releases from several major cities (chart 1).

**Bank of Canada Governor Poloz and Senior Deputy Governor Wilkins will release the central bank's financial stability report aka the Financial System Review on Thursday at 10amET.** A press conference will follow at 10:30amET. Ordinarily, little if any market effect is likely because Governor Poloz tends to reserve discussion of the economy and policy framework for other occasions. It's unclear whether the nature of this shock and its effects upon the financial system may offer an exception to this general practice. Among potential discussion points may be the effects of the COVID-19 virus upon household and business financial vulnerabilities. The following day's Senior Loan Officer Survey will follow this up with estimates of credit tightening and lending appetite to the business sector.

**Forty-six TSX-listed firms are due to release earnings over the coming week.** Among the names will be Cineplex (movie theatres), Linamar (auto parts), Power Corp (diversified financials) and Extencicare (long-term care homes).

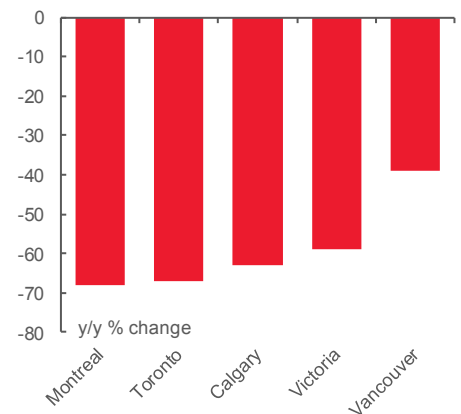
### UNITED STATES—TAXING TIMES

Similar to other jurisdictions, **much of the focus over the coming week will be upon efforts to track how consumer and business behaviour is responding to reopening plans.** This will take the form of less conventional high-frequency statistics on traffic and payments readings, plus anecdotes and media reports. An appearance by Fed Chair Powell will be closely watched and a pair of macroeconomic reports will stand out from the rest. Political observers will also have an eye on the start of proceedings at the Supreme Court on Thursday over whether President Trump has to hand over his tax returns as four courts have ordered him to do so far, or whether to delay a decision until after the election in November. Overturning previous decisions or delaying may add to impressions that the Trump administration has politicized the high court.

**Fed Chair Powell will briefly appear** virtually for a half hour to deliver an 'economic update' at 9amET on Wednesday through the Peterson Institute. In the wake of 20 million jobs lost, we may hear somewhat of a cheerleading message. After the previous day's inflation report, we might hear Powell further broach the outlook for inflation risk. After fed

Chart 1

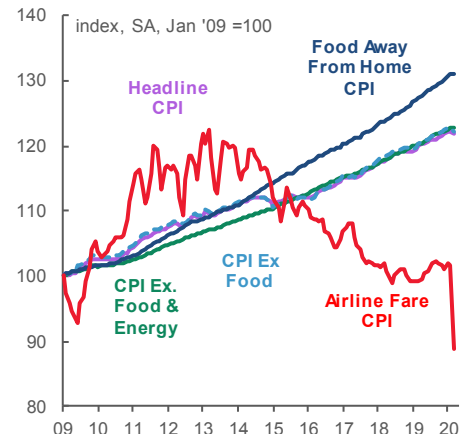
April Canadian Existing Home Sales



Sources: Scotiabank Economics, Regional Real Estate Boards.

Chart 2

Prices in Sectors Hit Hardest by COVID-19



Sources: Scotiabank Economics, US BLS.

funds futures spent this past week flirting with pricing a negative policy rate later in the year into 2021, Powell may also use the opportunity to address prospects for further policy instruments such as negative rates. Go [here](#) for perspectives on what the Fed has said about negative rates, why they are unlikely in my opinion, but also how to potentially position for innovative workarounds.

**The main releases will be Friday's retail sales and Tuesday's CPI.** Gas prices were down by about 17% m/m and 33% y/y in April and should weigh on both reports. CPI should reflect not only the 3.2% weight upon gasoline but also broader weakness in pricing power to take overall inflation down to an estimated 0.4% y/y with core CPI ex-food and energy slipping to 1.7% y/y (2.1% prior). Tumbling airfare prices have been a feature for some time, but restaurant prices have been rising at a sustained pace that has been well above the rate of overall inflation (chart 2).

A 25% m/m drop in auto sales with a 16% weight, the 16% weight on gasoline, and a 15% m/m decline in chain store sales are likely to combine to drive **headline retail sales lower by around -15% m/m**. Chart 3 demonstrates the magnitude of the declines being observed. Sales ex-autos and gas likely fell by around 10% m/m. Key uncertainties include tracking of other prices, on-line sales and non-chain sales. Whether the reading gets any market attention may depend in part upon indications of whether consumers are returning as restrictions ease.

Additional macro releases will include producer prices and jobless claims on Thursday. Friday brings out industrial production that should decline by around 10% m/m based upon ISM-manufacturing signals (chart 4) and a decline in oil prices, with capacity utilization probably falling to about 66% (73% prior) and hence below the record low set in the GFC. The Empire manufacturing gauge will start tracking for the next round of ISM readings. Friday also closes with the University of Michigan's consumer sentiment reading and the JOLTS job vacancies report.

## EUROPE—WHO'S IN CHARGE?

Against a fairly tame backdrop of macro readings, the ongoing war of words among lawyers that strikes to the heart of who sets the rules for the Eurozone may continue and is sure to beat an economist's word count. With some Eurozone economies being ahead of other regions in the US and Canada by way of reopening plans, evidence of how consumers and businesses are responding may inform rebound expectations earlier than elsewhere.

At the end of this past week, the EU Court of Justice took a poke at Germany's constitutional court ruling that questioned the ECB's quantitative easing program. It did so by declaring that the EU Court "alone" has the power to rule over matters such as the constitutionality of the purchase program. Italian bonds rallied to end the week **but may be vulnerable to further developments as tensions between national courts and the European Court further evolve.**

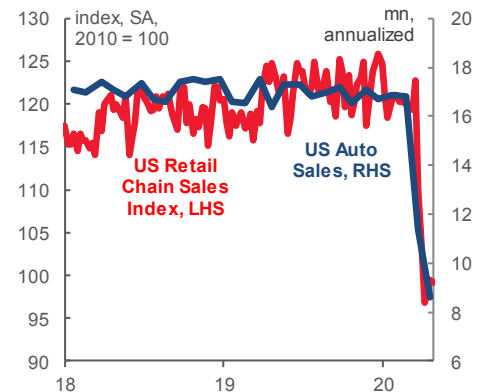
Macro reports will probably be of limited consequence to markets. They will focus upon industrial output readings from the UK and Eurozone on Wednesday, trade figures from the UK (Wednesday) and Eurozone (Friday), Eurozone Q1 employment (Friday), GDP figures from Norway (Tuesday), the UK (Wednesday) and Germany (Friday), and CPI readings from Norway and Sweden.

## LATIN AMERICA—BANXICO EXPECTED TO EASE AGAIN

A central bank decision and limited macro releases will dominate attention alongside tracking of COVID-19 curves.

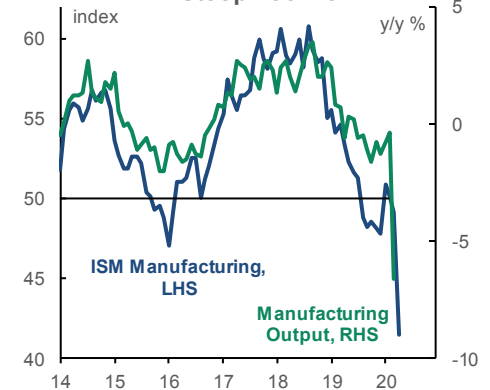
**Banxico last cut its policy rate in an emergency meeting on April 21<sup>st</sup> when it lowered it by 50bps to 5.5%. It is expected to cut by the same amount on Thursday at a normally scheduled meeting.** The central bank indicated in its prior statement that it "will take the necessary actions on the basis of incoming information so that the policy rate is consistent with the orderly and sustained convergence of headline inflation [to the target]". Since then, inflation fell to 2.15% y/y in April (3.25% prior), core CPI fell

**Chart 3 The US Consumer Clamps Discretionary Spending**



Sources: Scotiabank Economics, Ward's, The Retail Economist LLC.

**Chart 4 US Manufacturing In Steep Decline**



Sources: Scotiabank Economics, Institute for Supply Management, Federal Reserve.

to 3.5%, and GDP growth fell at a little faster-than-expected pace of 1.6% q/q. After previously depreciating, relative stability in the Mexican peso since mid-March—partly as Banxico easing occurred in tandem with easing measures by the Fed—may also lend confidence to ease further (chart 5).

Colombian Q1 GDP (Friday), Mexican industrial output (Tuesday) and Brazilian retail sales (Wednesday) will all inform how Q1 ended ahead of the deeper weakening expected in Q2.

**ASIA-PACIFIC—DEVELOPING RISKS**

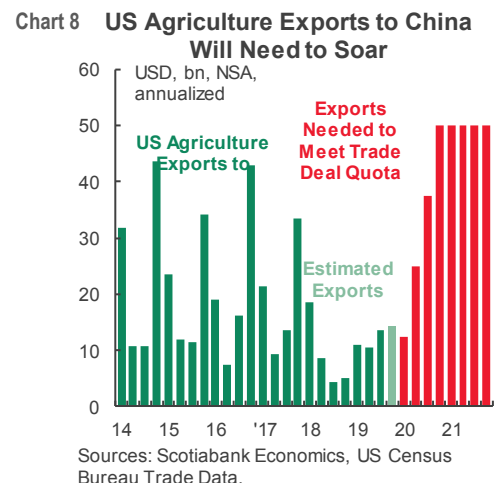
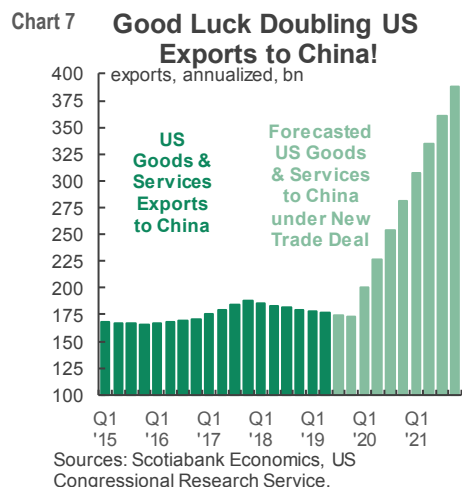
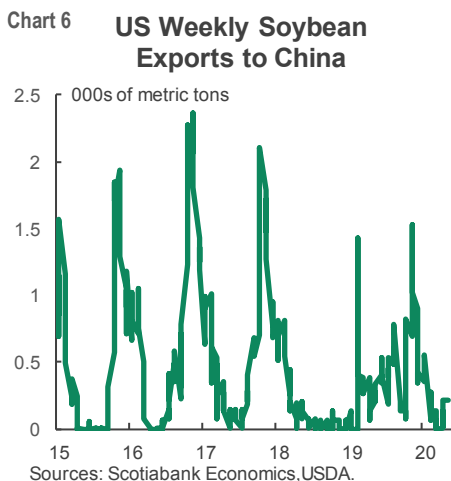
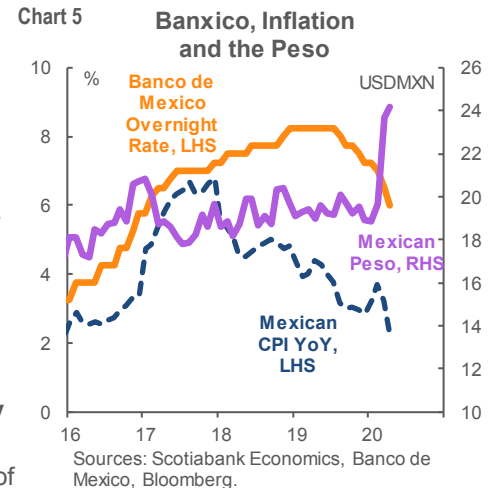
Four considerations will offer a distraction from endless COVID-19 tracking over the coming week.

**First is that trade tensions between the US and China are resurfacing and there may be further developments over the coming week.** There are two motivations. One is that Trump is desperately looking to score points before his base that hates China ahead of the US election in November. Second is that China is so far failing to materially live up to the ‘phase 1’ purchase targets. Chart 6 offers one example by way of tracking US weekly exports of soybeans to China. Although China usually begins ramping up such purchases midway through the year, the COVID-19 shock to the Chinese and global economy make it less likely the country may commit to what were absurd purchase targets to begin with (charts 7, 8). Recall that at the time of the phase 1 agreement, I had argued Trump was setting China up to fail—but I didn’t think he would begin taking steps before the election while favouring peaceful stock markets. At the end of this past week, Trump noted “Look, I’m having a very hard time with China” as he lamented the impact of COVID-19 on the trade deal, which sowed confusion after what had appeared to be a successful call between US and Chinese officials. The risk trade and the global economy remain vulnerable to not only a second wave of COVID-19 cases if economies are reopening in premature ways, but also to resurfacing US-China trade tensions.

**The Reserve Bank of New Zealand is expected to leave policy measures unchanged including the cash rate of 0.25%.** In response to the COVID-19 shock, the central bank has slashed its policy rate by 75bps to 0.25%, introduced a NZ\$30 billion government bond purchase program and pledged to purchase \$3 billion of Local Government Funding Agency debt. It has also introduced a variety of liquidity facilities that are summarized [here](#). As such, the central bank is in the implementation and evaluation phase of its stimulus programs.

**The gig is up for Australia’s job market.** Though relatively resilient over Q1, consensus thinks the country lost about a half million jobs last month. We’ll find out on Wednesday, but the reading will add to the wave of awful jobs reports that are sweeping the world including most recent the US ([here](#)) and Canada ([here](#)).

**Lastly, China will take a significant series of steps forward toward informing how the economy is tracking into Q2.** The main event will arrive on Thursday evening when industrial output, retail sales, the jobless rate and fixed asset investment figures arrive for April. CPI is expected to further decelerate on Monday evening when April’s estimate lands. Financing and money supply figures for April will be released over the next week.



**Key Indicators for week of May 11 – 15**
**NORTH AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	05/12	07:00	Industrial Production (m/m)	Mar	--	--	-0.6
MX	05/12	07:00	Industrial Production (y/y)	Mar	-6.1	--	-1.9
US	05/12	08:30	CPI (m/m)	Apr	-0.7	-0.8	-0.4
US	05/12	08:30	CPI (y/y)	Apr	0.4	0.4	1.5
US	05/12	08:30	CPI (index)	Apr	--	256.4	258.1
US	05/12	08:30	CPI ex. Food & Energy (m/m)	Apr	-0.2	-0.2	-0.1
US	05/12	08:30	CPI ex. Food & Energy (y/y)	Apr	1.7	1.7	2.1
US	05/12	14:00	Treasury Budget (US\$ bn)	Apr	--	-725.0	-119.1
US	05/13	07:00	MBA Mortgage Applications (w/w)	May 8	--	--	-3.3
US	05/13	08:30	PPI (m/m)	Apr	--	-0.5	-0.2
US	05/13	08:30	PPI ex. Food & Energy (m/m)	Apr	--	-0.1	0.2
CA	05/14	08:30	Manufacturing Shipments (m/m)	Mar	-6.0	-4.9	0.5
US	05/14	08:30	Export Prices (m/m)	Apr	--	-3.2	-2.3
US	05/14	08:30	Import Prices (m/m)	Apr	--	-3.2	-2.3
US	05/14	08:30	Initial Jobless Claims (000s)	May 9	3100	2500	3169
US	05/14	08:30	Continuing Claims (000s)	May 2	--	24400	22647
<b>MX</b>	<b>05/14</b>	<b>14:00</b>	<b>Overnight Rate (%)</b>	<b>May 14</b>	<b>5.50</b>	<b>5.50</b>	<b>6.00</b>
CA	05/15	08:30	International Securities Transactions (C\$ bn)	Mar	--	--	20.6
US	05/15	08:30	Empire State Manufacturing Index	May	--	-60.0	-78.2
US	05/15	08:30	Retail Sales (m/m)	Apr	-15.0	-11.3	-8.4
US	05/15	08:30	Retail Sales ex. Autos (m/m)	Apr	-10.0	-8.0	-4.2
CA	05/15	09:00	Existing Home Sales (m/m)	Apr	--	--	-14.3
US	05/15	09:15	Capacity Utilization (%)	Apr	66.0	64.0	72.7
US	05/15	09:15	Industrial Production (m/m)	Apr	-9.0	-11.6	-5.4
US	05/15	10:00	Business Inventories (m/m)	Mar	--	-0.3	-0.4
US	05/15	10:00	JOLTS Job Openings (000s)	Mar	--	--	6882
US	05/15	10:00	U. of Michigan Consumer Sentiment	May P	67.0	68.0	71.8
US	05/15	16:00	Total Net TIC Flows (US\$ bn)	Mar	--	--	-13.4
US	05/15	16:00	Net Long-term TIC Flows (US\$ bn)	Mar	--	--	49.4

**EUROPE**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	05/11	04:00	Industrial Production (m/m)	Mar	--	-20.0	-1.2
NO	05/12	02:00	GDP (q/q)	1Q	--	--	1.60
UK	05/13	04:30	Business Investment (q/q)	1Q P	--	-3.0	-0.5
UK	05/13	04:30	GDP (q/q)	1Q P	--	-2.5	0.0
UK	05/13	04:30	Index of Services (m/m)	Mar	--	-8.0	0.0
UK	05/13	04:30	Industrial Production (m/m)	Mar	--	-5.5	0.1
UK	05/13	04:30	Manufacturing Production (m/m)	Mar	--	-6.0	0.5
UK	05/13	04:30	Visible Trade Balance (£ mn)	Mar	--	-10000	-11487
EC	05/13	05:00	Industrial Production (m/m)	Mar	--	-12.0	-0.1
EC	05/13	05:00	Industrial Production (y/y)	Mar	--	-11.9	-1.9
GE	05/14	02:00	CPI (m/m)	Apr F	--	0.3	0.3
GE	05/14	02:00	CPI (y/y)	Apr F	--	0.8	0.8
GE	05/14	02:00	CPI - EU Harmonized (m/m)	Apr F	--	0.4	0.4
GE	05/14	02:00	CPI - EU Harmonized (y/y)	Apr F	--	0.8	0.8
SP	05/14	03:00	CPI (m/m)	Apr F	--	0.3	0.3
SP	05/14	03:00	CPI (y/y)	Apr F	--	-0.7	-0.7
SP	05/14	03:00	CPI - EU Harmonized (m/m)	Apr F	--	0.4	0.4
SP	05/14	03:00	CPI - EU Harmonized (y/y)	Apr F	--	-0.6	-0.6
GE	05/15	02:00	Real GDP (q/q)	1Q P	--	-2.3	0.0
FR	05/15	02:45	CPI (m/m)	Apr F	--	0.1	0.1
FR	05/15	02:45	CPI (y/y)	Apr F	--	0.4	0.4
FR	05/15	02:45	CPI - EU Harmonized (m/m)	Apr F	--	0.1	0.1
FR	05/15	02:45	CPI - EU Harmonized (y/y)	Apr F	--	0.5	0.5
PD	05/15	04:00	GDP (y/y)	1Q P	--	1.70	3.20
EC	05/15	05:00	Employment (q/q)	1Q P	--	--	0.3
EC	05/15	05:00	GDP (q/q)	1Q P	--	-3.8	-3.8
EC	05/15	05:00	Trade Balance (€ mn)	Mar	--	--	23.0
IT	05/15	05:00	CPI - EU Harmonized (y/y)	Apr F	--	0.1	0.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for week of May 11 – 15

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	05/09	21:00	New Yuan Loans (bn)	Apr	1300	1300	2853
ID	05/10	23:00	Current Account Balance (US\$ mn)	1Q	--	--	-8122
JN	05/11	19:50	Official Reserve Assets (US\$ bn)	Apr	--	--	1366
CH	05/11	21:30	CPI (y/y)	Apr	4.0	3.7	4.3
CH	05/11	21:30	PPI (y/y)	Apr	--	-2.6	-1.5
JN	05/12	01:00	Coincident Index CI	Mar P	--	90.7	95.5
JN	05/12	01:00	Leading Index CI	Mar P	--	84.3	91.7
IN	05/12	08:00	CPI (y/y)	Apr	5.20	5.80	5.91
IN	05/12	08:00	Industrial Production (y/y)	Mar	--	-7.70	4.50
SK	05/12	19:00	Unemployment Rate (%)	Apr	4.0	4.1	3.8
JN	05/12	19:50	Bank Lending (y/y)	Apr	--	--	2.0
JN	05/12	19:50	Current Account (¥ bn)	Mar	--	2043	3169
JN	05/12	19:50	Trade Balance - BOP Basis (¥ bn)	Mar	--	185	1367
AU	05/12	21:30	Wage Cost Index (q/q)	1Q	--	0.5	0.5
<b>NZ</b>	<b>05/12</b>	<b>22:00</b>	<b>RBNZ Official Cash Rate (%)</b>	<b>May 13</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
MA	05/13	00:00	Current Account Balance (MYR mns)	1Q	--	5000	7600
MA	05/13	00:00	GDP (y/y)	1Q	-2.0	-0.6	3.6
JN	05/13	19:50	Japan Money Stock M2 (y/y)	Apr	--	3.4	3.3
JN	05/13	19:50	Japan Money Stock M3 (y/y)	Apr	--	2.8	2.7
AU	05/13	21:30	Employment (000s)	Apr	--	-550.0	5.9
AU	05/13	21:30	Unemployment Rate (%)	Apr	7.5	8.3	5.2
JN	05/14	02:00	Machine Tool Orders (y/y)	Apr P	--	--	-40.7
IN	05/14	02:30	Monthly Wholesale Prices (y/y)	Apr	--	0.3	1.0
NZ	05/14	18:30	Business NZ PMI	Apr	--	--	53.2
CH	05/14	22:00	Fixed Asset Investment YTD (y/y)	Apr	-11.0	-9.5	-16.1
CH	05/14	22:00	Industrial Production (y/y)	Apr	-0.5	1.5	-1.1
CH	05/14	22:00	Retail Sales (y/y)	Apr	-8.0	-5.9	-15.8
IN	05/14	23:30	Exports (y/y)	Apr	--	--	-34.6
IN	05/14	23:30	Imports (y/y)	Apr	--	--	-28.7
ID	05/15	00:00	Exports (y/y)	Apr	--	-4.0	-0.2
ID	05/15	00:00	Imports (y/y)	Apr	--	-12.0	-0.8
ID	05/15	00:00	Trade Balance (US\$ mn)	Apr	--	-909	743
HK	05/15	04:30	Real GDP (y/y)	1Q F	-8.9	-8.9	-8.9

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	05/11	10:00	Trade Balance (USD mn)	Mar	--	--	256
BZ	05/13	08:00	Retail Sales (m/m)	Mar	--	--	1.2
BZ	05/13	08:00	Retail Sales (y/y)	Mar	-0.7	--	4.7
BZ	05/13	08:00	Economic Activity Index NSA (y/y)	Mar	--	--	0.6
CO	05/14	11:00	Retail Sales (y/y)	Mar	10	--	13.2
CO	05/14	11:00	Trade Balance (US\$ mn)	Mar	--	--	-756
PE	05/15	01:00	Economic Activity Index NSA (y/y)	Mar	-25	--	3.8
PE	05/15	01:00	Unemployment Rate (%)	Apr	--	--	7.8
BZ	05/15	08:00	Economic Activity Index SA (m/m)	Mar	--	--	0.4

## Global Auctions for week of May 11 – 15

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/11	13:00	U.S. to Sell 3 Year Notes
US	05/12	13:00	U.S. to Sell 10 Year Notes
CA	05/13	12:00	5 Year Bond Auction
US	05/13	13:00	U.S. to Sell 30 Year Bonds

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	05/12	05:00	Netherlands to Sell 0% 2030 Bonds
GE	05/12	05:30	Germany to Sell EUR 4 Bln of 7 Year Bonds
NO	05/13	05:00	Norway to Sell Bonds
IT	05/13	05:00	Italy to Sell Bonds
UK	05/13	05:00	U.K. to Sell 0.125% 2048 Linkers
SZ	05/13	05:15	Switzerland to Sell Bonds
GE	05/13	05:30	Germany to Sell 1 Billion Euros of 1.25% 2048 Bonds
SW	05/14	05:00	Sweden to Sell I/L Bonds
UK	05/14	05:00	U.K. to Sell 0.625% 2025 Bonds
UK	05/14	06:30	U.K. to Sell 1.25% 2041 Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	05/10	22:30	Korea to Sell KRW 2.5Tln 5 Year Bonds
JN	05/11	23:35	Japan to Sell 10-Year Bonds
PH	05/12	01:00	Philippines to Sell PHP30 Bln 3Yr Bonds
CH	05/12	02:00	Hubei to Sell 7 Year Bonds
ID	05/12	05:00	Indonesia to Sell 5, 10, 15, 20, & 30 Year Bonds
CH	05/12	23:00	China Plans to Sell 2 & 5 Year Upsized Government Bonds
HK	05/12	23:30	Hong Kong to Sell HKD2.5Bln 1.68% 5 Year Bonds
TA	05/13	00:30	Taiwan to Sell TWD40 Bln 2 Year NCD
JN	05/13	23:35	Japan to Sell 30 Year Bonds
NZ	05/14	22:05	New Zealand To Sell 3, 9, & 17 Year Bonds
CH	05/14	23:00	China Plans to Sell 30 Year Upsized Government Bonds

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**Events for week of May 11 – 15****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/12	09:00	Fed's Bullard Speaks on the Economic Outlook
US	05/12	10:00	Fed's Harker Discusses the Impact of Covid-19
US	05/12	17:00	Fed's Mester takes Part in a Moderated Q&A
CA	05/15	10:30	Bank of Canada to Release Financial System Review
CA	05/14	11:15	Bank of Canada's Poloz Speaks to Reporters After FSR Release
<b>MX</b>	<b>05/14</b>	<b>14:00</b>	<b>Overnight Rate</b>
CA	05/15	10:30	Results of the Senior Loan Officer Survey

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	05/11	03:30	Riksbank Publishes Minutes from April 27 Meeting
SW	05/11	08:00	Riksbank Deputy Governor Jansson Speaks on Webinar
UK	05/11	08:00	BOE's Breeden Speaks on Webinar
PO	05/12		Bank of Portugal Releases Data on Banks
EC	05/14	04:00	ECB Publishes Economic Bulletin
UK	05/14	06:30	BOE Governor Bailey Speaks on Webinar
FR	05/15		France Sovereign Debt to be rated by Fitch

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	05/12	22:00	RBNZ Official Cash Rate

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	05/12	07:00	Central Bank Meeting Minutes



## 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	June 3, 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	6.00	May 14, 2020	5.50	5.50

**Banco de México:** The central bank will announce their monetary policy decision on Thursday afternoon. Our Mexican economists expect the overnight rate to be cut 50bps to 5.50%, which is in line with consensus. Easing is supported weak economic activity, a widening output gap, and lower inflation expectations. Under the pressure of COVID-19, policy makers could consider a larger cut to the policy rate.

### 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	June 4, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 4, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 4, 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	5.00
Sweden Riksbank – Repo Rate	0.00	July 1, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	June 18, 2020	0.00	0.25
Central Bank of Turkey – Benchmark Repo Rate	8.75	May 21, 2020	8.75	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	June 2, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	May 12, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	May 20, 2020	3.80	3.85
Reserve Bank of India – Repo Rate	4.40	June 5, 2020	4.00	4.00
Bank of Korea – Bank Rate	0.75	May 28, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.75	May 20, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 7, 2020	2.00	2.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	May 19, 2020	4.25	4.50
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.75	3.50

**Reserve Bank of New Zealand (RBNZ):** The RBNZ will hold a monetary policy meeting on May 13. We assess that the RBNZ will leave the Official Cash Rate unchanged at 0.25% as it assesses the economy's recovery following some easing in social distancing measures.

### 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	3.00	3.25
Banco Central de Chile – Overnight Rate	0.50	June 16, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	3.25	June 26, 2020	2.75	3.00
Banco Central de Reserva del Perú – Reference Rate	0.25	June 11, 2020	0.25	0.25

### 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	4.25	May 21, 2020	4.25	4.00

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

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