

INFLATION OR DEPRESSION: HOW ABOUT NEITHER?

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CONTACTS

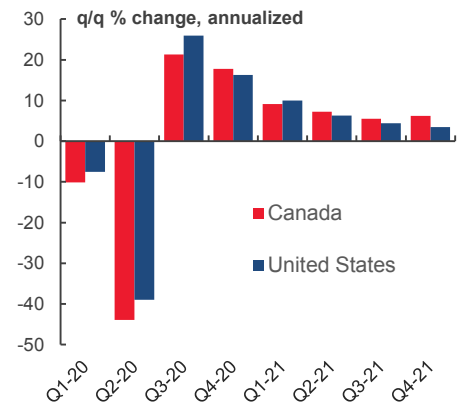
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Next Week's Risk Dashboard

- COVID-19 curves
- Earnings
- Depression economics
- Mexico's downgrade
- CBs: PBOC, Russia, Turkey
- PMIs: Eurozone, US, UK
- CPI: Canada, UK, Mexico, NZ,...
- ...Japan, Singapore, Malaysia
- US macro
- CDN retail sales
- UK jobless, wages, retail
- German confidence readings
- GDP: SK

Chart of the Week

Scotiabank Economics' Canadian & United States Real GDP Forecasts



Note: Forecast as of April 17th, 2020
Source: Scotiabank Economics.

Chart of the Week: Prepared by: Evan Andrade,

Inflation Or Depression: How About Neither?

CANADA—INFLATION?? HAHHAHAHA.

The coming week faces a number of market-oriented risks through earnings, COVID-19 curve monitoring toward informing the potential reopening of global and perhaps regional economies within Canada, an inflation reading, and possibly the last decent print for consumer spending for some time.

Earnings releases begin to creep into Canadian equities and credit over the coming week. **Sixteen TSX-listed firms will release Q1 earnings** according to the current Bloomberg release calendar. Names will include CP, Rogers, Metro, Teck and several energy plays etc. Like the US, the focus will be upon fresher information on the macro environment from earnings and management guidance than is often available from lagging macroeconomic indicators. Names like these will provide insight into on-line activity, rail shipments, food supply chain issues and prospects, and resource sector strains.

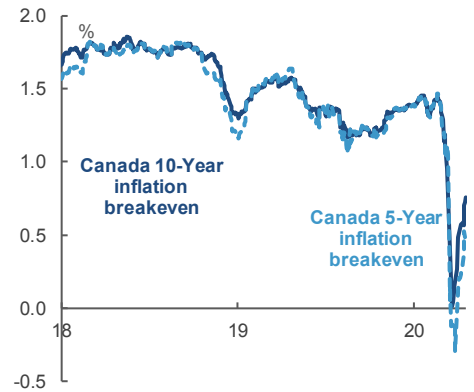
Behind earnings risk in terms of potential significance will be a pair of macro readings. One will be a stale reading on retail sales during February (Tuesday) that will inform GDP tracking but not of much relevance to markets. The other will be the March CPI inflation report (Wednesday) that may be viewed with a lot of skepticism by market participants.

That inflation will be exceptionally low is already priced into markets. Inflation breakevens that are derived from the bond market are impure measures that can be distorted by considerations such as liquidity in nominal bonds versus real return bonds, but they can offer a rough guide to market thinking. As chart 1 demonstrates, markets expect very little movement in overall prices in the Canadian economy for an extended period, but the distortions are less acute than they were a short time ago.

How to gauge this with rolling monthly figures in an economy that is shut and in which multiple industries are marked by little to no activity is going to be very tricky. Missing markets will result in multiple prices being dropped from the basket in somewhat similar fashion to what was done with the February CPI report when Statistics Canada eliminated several airfare prices from the basket because of flight cancellations.

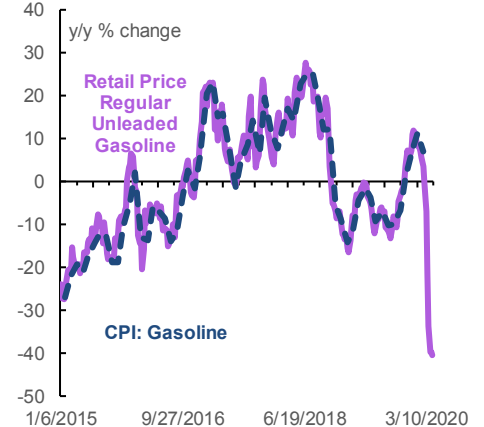
Regardless, this is going to be the start of a severe weakening of pricing power. A shift in base effects to a March year-over-year comparison instead of February would alone knock almost three-quarters of a percentage point off of year-over-year inflation. Normal seasonal influences in March as Spring and Summer clothing lines and other seasonal goods are rolled out would add to inflation in a normal month. Clearly this time won't be normal! Lower gasoline prices alone will probably knock almost a full percentage point off of headline CPI in year-ago terms given a 20% y/y drop in March that is tracking double that in April so far and certain to bring the gasoline component of CPI down sharply (chart 2). Then judgement comes into play for multiple other parts of the basket which is where more of the uncertainty resides. Overall, I figure we may well see a year-ago inflation reading around 1% or less in March from 2.2% just the prior month. With that, we are likely to see a material cooling of the average of the three 'core' measures of inflation to under the 2% mark that was set in the prior two months.

Chart 1
Market-Derived Inflation Expectations



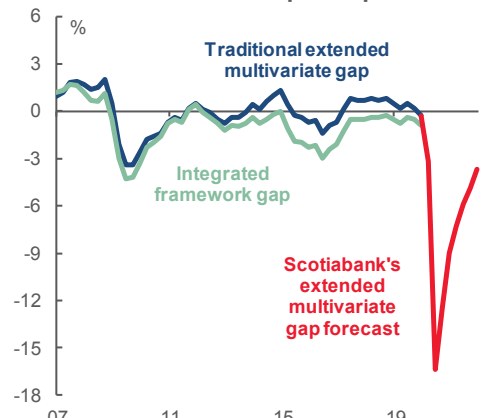
Sources: Scotiabank Economics, Bloomberg.

Chart 2
Nothing Left in the Tank for Inflation



Sources: Scotiabank Economics, Statistics Canada, Natural Resources Canada.

Chart 3
Canadian Output Gap



Sources: Scotiabank Economics, Bank of Canada.

As an aside, one popular question is whether inflation is going to prove to be a necessary byproduct of massive amounts of fiscal and monetary stimulus applied to the global and Canadian economies. The title to this section offers an immediate hint at the answer. Stimulus applied at a point of massive spare capacity is a totally different game than stimulus applied at a point of full employment or beyond. It's pretty clear we're in the former scenario at the moment, but for how long will disinflationary slack persist? I figure the traditional measure of the output gap between actual GDP and potential output will blow out to a record -16% of the economy's potential capacity to produce in 2020Q2. The previous all-time record amount of slack was a gap of -5.7% in 1982Q4. Even by the end of 2021—and subject to wide brackets—the gap is still likely to be about -4% if modest growth in the economy's productive capacity is married to anything close to what we think will happen to actual GDP growth. Not even into 2022 would the Canadian economy be likely to shut spare capacity, and quite possibly longer yet (chart 3). Unless we're talking toilet paper—for a time at least—then pricing power is going to be difficult to come by for quite some time.

Retail sales during February (Tuesday) probably won't really matter to markets ahead of the next month's expected implosion. For what it's worth, the reading may well stay in the black one last time. We already know that broad CPI prices were slightly higher in February over January in seasonally adjusted terms (+0.15% m/m), but gasoline prices fell 2% m/m. Further, February's auto sales were up 4.2% m/m before they were cut in half in March. Given that auto dealers account for over a fifth of total retail sales and gas stations account for about another tenth, the two effects combined should add up to ¾% to m/m February's retail sales growth assuming stable auto prices and gas sales volumes. Then this category crushes retail sales in March. There may have also been modest early pandemic-related spending during February.

UNITED STATES—PEAK MISERY VERSUS REBOUND EXPECTATIONS

Earnings, whether COVID-19 curves are flattening in the US as they may be in Europe (chart 4), and limited macro releases that start to push into the period of sheer misery for writing this stuff will dominate market considerations. The market tone to date has tended to show fleeting interest in bad releases as market participants look ahead to uncertain timing and magnitude of a potential rebound in economic activity.

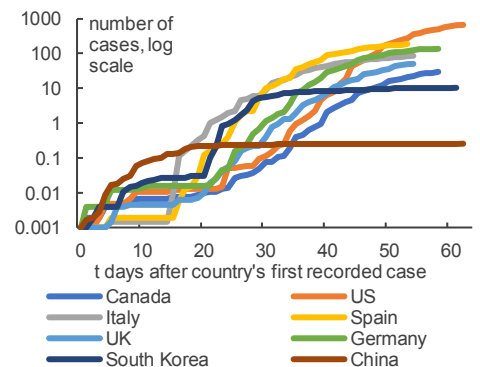
A wave of earnings releases will be parsed for fresher signals of economic activity—including forward guidance—than tends to be available from conventional macroeconomic releases. Eighty-nine S&P500 firms will release earnings. One might imagine that some will fare better than others. Think movie theatres being shut and driving streaming revenues instead that had already doubled in the past three years (chart 5). United already cleared the runway for other airlines, we generally know what to expect from energy plays, but more positive offsets could come from rapid growth in on-line shopping and delivery. Among the names will be Netflix, AT&T, T-Mobile, Verizon, Delta, Southwest Airlines, Amazon, Coca-Cola, energy plays like Kinder Morgan, Halliburton, Baker Hughes, Visa, Amex, Capital One, Invesco, Eli Lilly, Biogen, Lockheed Martin, Equifax and Intel.

Macro releases will include the following:

a) Existing home sales: Tuesday's tally for March is likely to just be the tip of the iceberg for what lies ahead. Existing home sales are not a terribly fresh housing indicator because they are reported when sales close. Most resales take 30–60 or even 90 days to close and in some cases longer. The fact that pending home sales—that measure initial signatures before paperwork and financing has settled and keys have exchanged—climbed by 5.3% m/m in January and then another 2.4% in February might mean that completed resales still have some support barring widespread cancellations. Also, because most of the COVID-19 social distancing and shut-in measures didn't intensify until the back half of the month, there may still have been significant activity over the first half of the month. I'm still expecting a sizeable

Chart 4

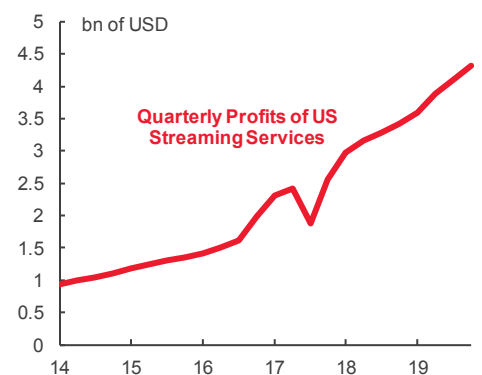
Cumulative COVID-19 Cases After Country's First Recorded Case



Sources: Scotiabank Economics, Johns Hopkins University.

Chart 5

How High Will Digital Streaming Revenues Go During COVID-19?



Sources: Scotiabank Economics, The Entertainment Group.

decline in March because sales likely fell sharply over the second half of the month, but read on for a fresher housing indicator.

b) Jobless claims: Because last week was shortened by the Good Friday holiday and because Good Friday shifts around from year to year, seasonal adjustments for weekly jobless claims may not have been terribly reliable last week. The aim is to compensate for one fewer day to file a claim, but it may have done so imperfectly. If so, then this latest week might see a burst of filing activity deferred from the prior week that may not be controlled by normal seasonal adjustments. That could keep the claims numbers in the 5–6 million range if not higher and against a sense that perhaps we're already rolling off the peak volume of claims at least for another week.

c) PMIs: The Markit PMIs for April land on Thursday. Expect miserable numbers as the purchasing managers' indices push right into the peak of the shutdown effect. We already know that the Empire manufacturing gauge for around the New York region fell by a record amount this month and over twice the pace of signaled contraction at the worst point of the GFC. We also already know that the Philly Fed metric signaled the third sharpest contraction in that region on record and behind only December 1974 and July 1980.

d) New home sales: Still with me? My, you have a high pain threshold! New home sales will be a fresher and probably more damaging assessment of housing activity than resales. New home sales are not plagued by the same lengthy closing periods that affect resales. Therefore they can provide a fresher gauge of housing appetite. Just as model home foot traffic plummeted in April, new home sales would have as well. Chart 6 drives this point home by comparing stale pending home sales and homebuyers' foot traffic as the leading indicator for new home sales.

e) Durables: That March wasn't an environment for placing orders for big-ticket capital goods should surprise no one. Double digit percentage declines in headline and possibly ex-transportation orders are feasible.

ASIA-PACIFIC—METHODICAL EASING

The People's Bank of China is expected to ease policy lending rates in an otherwise uneventful week for Asian markets at least in terms of on-calendar risk.

China is expected to cut its one- and five-year loan prime rates into the Asian market open. It dashed such expectations exactly one month earlier and so nothing is ever guaranteed around a somewhat mercurial central bank. The shorter-term rate can serve as a benchmark for company lending, much like how prime lending rates work elsewhere. The five-year rate is more of a guide to mortgage borrowing costs, somewhat akin to the popularity of the term in Canada. China moves its rates complex in staged fashion that can provide clues well in advance of altering the main policy prime rates. Recall that on April 15th, the PBOC cut its medium-term lending facility rate and previously cut its rate on excess reserves in half. The PBOC has pursued gradual easing since it shifted to using the loan prime rates as its main lending rate last Fall (chart 7).

CPI inflation readings from New Zealand for Q1 (Sunday), Malaysia for March (Wednesday) and then both Japan and Singapore for March (Thursday) will inform the accelerated path toward Asian disinflation and what stands to get exported into export markets abroad. South Korean Q1 GDP is expected to retreat sharply on Wednesday.

Chart 6

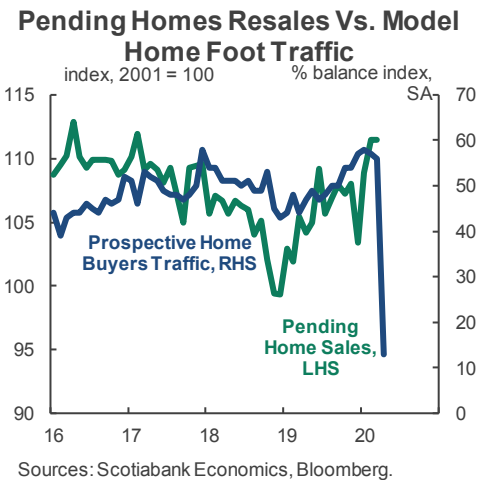
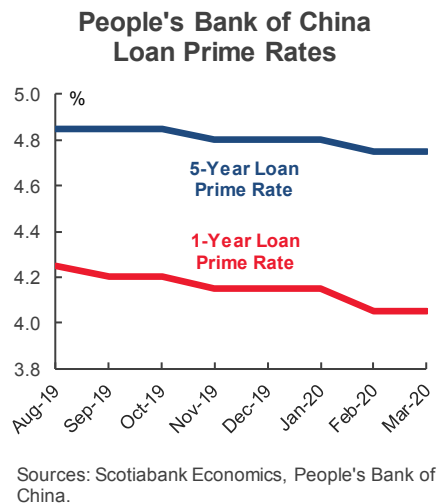


Chart 7



EUROPE—RECESSION, REBOUND, OR DEPRESSION?

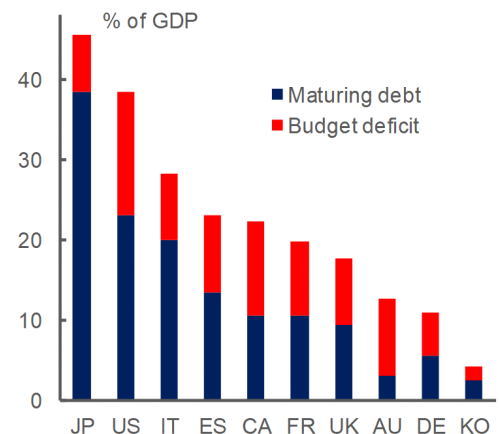
As in the US, accelerating momentum toward setting stages and timelines for reopening economies may well continue to count for more to markets than precise estimates of how bad the shutdown effect is on the economy right now. Markets priced misery some time ago and continue to price in the other side.

Before turning toward what's on tap, what gets in the middle between tracking near-term misery versus factoring in rebounding economies is the alternative scenario of depression economics. If that's the path we're on, then it plays to the down-for-the-count 'L'-shaped outcome that could be devastating to the world economy and markets. **There are, however, several good reasons to lean against the Great Depression redux narrative.**

- Monetary policy is a night and day comparison between then and now. Fed policy tightened on the eve of the Great Depression. It took a while to admit it so candidly, but former Fed Chair Bernanke's oft-quoted speech on the occasion of Milton Friedman's 90th birthday ([here](#)) put it best when Bernanke said "Regarding the Great Depression. You're right, we did it. We're very sorry. But thanks to you, we won't do it again." And how. The dollops of stimulus being thrown at a transitory shock that Bernanke presently characterizes as more akin to a natural disaster than the Great Depression is erring on the side of doing too much rather than too little, and very rapidly at that while leading other major global central banks in this direction.
- Unlike much of the post-GFC era, fiscal policy has finally stepped off the sidelines in major economies. See chart 8 for an illustration of the deficit effects.
- Given a widespread sense that we are living through the Fourth Industrial Revolution marked by high rates of technological change, it may be much less likely that excess investment and capacity overhangs persist for as long as during the Great Depression. At today's rate of technological innovation, many industries don't face a choice but to replace obsolete capital stock.
- The greater role of the service sector in today's economy may lend itself to more rapidly getting past what are high inventory levels in key parts of the global manufacturing business. Services were a trivial share of the economy in the 1930s.
- While protectionism has some parallels, it is difficult to draw overly tight comparisons to the Smoot-Hawley Tariff Act of 1930 or the preceding tensions between the US and France that combined to set off a round of devastating counter-tariff measures. Today, much of the protectionist US rhetoric has more bark than bite. NAFTA has been ratified with relatively token changes. New agreements between the US and South Korea as well as Japan are in place that offered relatively small changes. The US-EU trade disputes are on hold at a minimum, and perhaps pushed out indefinitely beyond smaller scale sector-specific tensions. That leaves the lingering effects of the trade war between the US and China and bilateral tariffs that remain in place. This trade war weakened global supply chains and set a dangerous backdrop for stumbling into a major economic shock. But the relatively more contained damage of a bilateral trade war that is on hold as the 'phase one' trade agreement bought interim peace is less of a factor than when the only two main engines of the global economy during the 1930s were in a protracted commercial conflict.

Chart 8

Gross Financing Needs Across Major Economies



Sources: Scotiabank Economics, IMF.

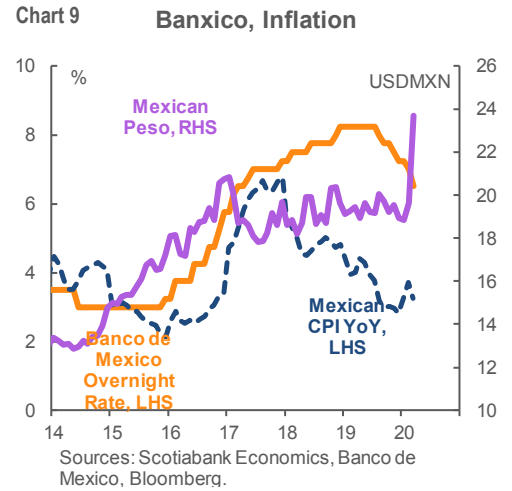
Turning back to assessing nearer term damage brings the bulk of the focus to purchasing managers' indices for April. The Eurozone composites arrive on Thursday along with the readings for Germany and France. Other sentiment gauges will include ZEW investor sentiment (Tuesday), German consumer confidence (Thursday) and German business confidence (Friday). UK purchasing managers' indices on Thursday will add to the overall assessment of how hard COVID-19 hit European economies.

UK jobless claims and wages in March (Tuesday), CPI (Wednesday) and retail sales (Thursday) will complement the tracking picture.

LATIN AMERICA—EYES ON THE MEXICAN PESO

Any potential market after-effects to Moody’s decision late on Friday to downgrade Mexico’s long-term foreign debt rating to Baa1 from A3 may be a focal point into the Monday market open.

Further, Mexico’s bi-weekly inflation reading for February on Thursday will be monitored to inform further expected easing risk by Banxico at the next meeting on May 14th. The week-over-week measure fell by 0.8% w/w at the end of March and probably fell again over the first half of April due in no small part to falling global gasoline prices. As a consequence, the year-ago inflation rate will continue to decline and is tumbling on its way toward the lower bound of the 2–4% inflation target range. A point of doubt, however, is how the rapid depreciation in the peso may factor into the inflation picture (chart 9).



Key Indicators for week of April 20 – 24

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04/20	08:30	Teranet - National Bank HPI (y/y)	Mar	--	--	2.9
CA	04/20	08:30	Wholesale Trade (m/m)	Feb	--	--	1.8
CA	04/21	08:30	Retail Sales (m/m)	Feb	0.6	--	0.4
CA	04/21	08:30	Retail Sales ex. Autos (m/m)	Feb	0.3	--	-0.1
US	04/21	10:00	Existing Home Sales (mn a.r.)	Mar	5.2	5.4	5.8
US	04/21	10:00	Existing Home Sales (m/m)	Mar	-10	-6.9	6.5
US	04/22	07:00	MBA Mortgage Applications (w/w)	Apr 17	--	--	7.3
CA	04/22	08:30	Core CPI - Common (y/y)	Mar	--	--	1.8
CA	04/22	08:30	Core CPI - Median (y/y)	Mar	--	--	2.1
CA	04/22	08:30	Core CPI - Trim (y/y)	Mar	--	--	2.0
CA	04/22	08:30	CPI, All items (m/m)	Mar	-0.1	--	0.4
CA	04/22	08:30	CPI, All items (y/y)	Mar	1.0	--	2.2
CA	04/22	08:30	CPI, All items (index)	Mar	--	--	137.4
MX	04/23	07:00	Bi-Weekly Core CPI (% change)	Apr 15	0.3	0.1	0.1
MX	04/23	07:00	Bi-Weekly CPI (% change)	Apr 15	0.1	-0.3	-0.8
MX	04/23	07:00	Retail Sales (INEGI) (y/y)	Feb	-4.0	--	2.7
US	04/23	08:30	Initial Jobless Claims (000s)	Apr 18	5500	4500	6606
US	04/23	08:30	Continuing Claims (000s)	Apr 11	--	17271	7455
US	04/23	10:00	New Home Sales (000s a.r.)	Mar	570	650	765
MX	04/24	07:00	Global Economic Indicator IGAE (y/y)	Feb	1.7	--	-0.8
US	04/24	08:30	Durable Goods Orders (m/m)	Mar P	-10.0	-12.0	1.2
US	04/24	08:30	Durable Goods Orders ex. Trans. (m/m)	Mar P	-7.0	-5.0	-0.6
US	04/24	10:00	U. of Michigan Consumer Sentiment	Apr F	--	67.7	71.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	04/20	02:00	Producer Prices (m/m)	Mar	--	-0.7	-0.4
EC	04/20	04:00	Current Account (€ bn)	Feb	--	--	34.7
IT	04/20	04:00	Current Account (€ mn)	Feb	--	--	-209.3
EC	04/20	05:00	Trade Balance (€ mn)	Feb	--	--	1.3
UK	04/21	02:00	Average Weekly Earnings (3-month, y/y)	Feb	--	3.0	3.1
UK	04/21	02:00	Employment Change (3M/3M, 000s)	Feb	--	100.0	184.0
UK	04/21	02:00	Jobless Claims Change (000s)	Mar	--	--	17.3
UK	04/21	02:00	ILO Unemployment Rate (%)	Feb	--	3.9	3.9
EC	04/21	05:00	ZEW Survey (Economic Sentiment)	Apr	--	--	-49.5
GE	04/21	05:00	ZEW Survey (Current Situation)	Apr	--	-75.0	-43.1
GE	04/21	05:00	ZEW Survey (Economic Sentiment)	Apr	--	-42.0	-49.5
UK	04/22	02:00	CPI (m/m)	Mar	--	0.0	0.4
UK	04/22	02:00	CPI (y/y)	Mar	--	1.5	1.7
UK	04/22	02:00	PPI Input (m/m)	Mar	--	-3.5	-1.2
UK	04/22	02:00	PPI Output (m/m)	Mar	--	-0.3	-0.3
UK	04/22	02:00	RPI (m/m)	Mar	--	-0.2	0.5
UK	04/22	02:00	RPI (y/y)	Mar	--	2.2	2.5
TU	04/22	07:00	Benchmark Repo Rate (%)	Apr 22	9.25	9.25	9.75
EC	04/22	10:00	Consumer Confidence	Apr A	--	-20.0	-11.6
GE	04/23	02:00	GfK Consumer Confidence Survey	May	--	-1.7	2.7
UK	04/23	02:00	PSNB ex. Interventions (£ bn)	Mar	--	2.7	0.3
UK	04/23	02:00	Public Finances (PSNCR) (£ bn)	Mar	--	--	1.4
UK	04/23	02:00	Public Sector Net Borrowing (£ bn)	Mar	--	2.0	-0.4
UK	04/23	02:00	Retail Sales ex. Auto Fuel (m/m)	Mar	--	-4.0	-0.5
UK	04/23	02:00	Retail Sales with Auto Fuel (m/m)	Mar	--	-4.9	-0.3
FR	04/23	03:15	Manufacturing PMI	Apr P	--	37.5	43.2
FR	04/23	03:15	Services PMI	Apr P	--	25.0	27.4
GE	04/23	03:30	Manufacturing PMI	Apr P	--	39.0	45.4
GE	04/23	03:30	Services PMI	Apr P	--	28.1	31.7

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of April 20 – 24

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	04/23	04:00	Composite PMI	Apr P	--	25.9	29.7
EC	04/23	04:00	Manufacturing PMI	Apr P	--	38.0	44.5
EC	04/23	04:00	Services PMI	Apr P	--	23.5	26.4
UK	04/23	04:30	Manufacturing PMI	Apr P	--	42.0	47.8
UK	04/23	04:30	Services PMI	Apr P	--	29.0	34.5
UK	04/23	19:01	GfK Consumer Confidence Survey	Apr P	--	-40.0	-34.0
GE	04/24	04:00	IFO Business Climate Survey	Apr	--	80.0	86.1
GE	04/24	04:00	IFO Current Assessment Survey	Apr	--	81.0	93.0
GE	04/24	04:00	IFO Expectations Survey	Apr	--	75.0	79.7
RU	04/24	06:30	One-Week Auction Rate (%)	Apr 24	5.50	5.75	6.00

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NZ	04/19	18:45	Consumer Prices (y/y)	1Q	2.0	2.1	1.9
JN	04/19	19:50	Merchandise Trade Balance (¥ bn)	Mar	--	460	1109
JN	04/19	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Mar	--	-115	498
JN	04/19	19:50	Merchandise Trade Exports (y/y)	Mar	--	-9.4	-1.0
JN	04/19	19:50	Merchandise Trade Imports (y/y)	Mar	--	-8.7	-13.9
PH	04/19	21:00	Bank Lending (y/y)	Feb	--	--	11.2
CH	04/20	00:00	China 1-Year Loan Prime Rate (%)	Mar	3.85	3.85	4.05
TA	04/20	04:00	Export Orders (y/y)	Mar	--	-6.0	-0.8
HK	04/20	04:30	Unemployment Rate (%)	Mar	4.0	4.0	3.7
JN	04/21	01:00	Supermarket Sales (y/y)	Mar	--	--	4.1
JN	04/21	02:00	Machine Tool Orders (y/y)	Mar F	--	--	-40.8
SK	04/21	17:00	PPI (y/y)	Mar	--	--	0.7
TH	04/21	23:30	Customs Exports (y/y)	Mar	--	-5.8	-4.5
TH	04/21	23:30	Customs Imports (y/y)	Mar	--	-5.8	-4.3
TH	04/21	23:30	Customs Trade Balance (US\$ mn)	Mar	--	2753	3897
MA	04/22	00:00	CPI (y/y)	Mar	1.0	-0.1	1.3
TA	04/22	04:00	Unemployment Rate (%)	Mar	3.8	3.7	3.7
SK	04/22	19:00	GDP (y/y)	1Q P	-0.8	0.7	2.3
JN	04/22	20:30	Markit/JMMA Manufacturing PMI	Apr P	--	--	44.8
JN	04/23	01:00	Coincident Index CI	Feb F	--	--	95.8
JN	04/23	01:00	Leading Index CI	Feb F	--	--	92.1
SI	04/23	01:00	CPI (y/y)	Mar	0.2	-0.1	0.3
TA	04/23	04:00	Industrial Production (y/y)	Mar	--	4.9	20.3
HK	04/23	04:30	CPI (y/y)	Mar	1.8	1.9	2.2
JN	04/23	19:30	National CPI (y/y)	Mar	0.4	0.4	0.4
PH	04/23	21:00	Budget Deficit/Surplus (PHP bn)	Mar	--	--	-37.6
SI	04/23	22:30	Unemployment Rate (%)	1Q	--	2.7	2.3
JN	04/24	00:30	All Industry Activity Index (m/m)	Feb	--	-0.5	0.8
SI	04/24	01:00	Industrial Production (y/y)	Mar	--	-4.8	-1.1
JN	04/24	01:30	Nationwide Department Store Sales (y/y)	Mar	--	--	-12.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	04/21	11:00	Trade Balance (US\$ mn)	Feb	--	--	-690
BZ	04/24	08:30	Current Account (US\$ mn)	Mar	--	--	-3904

Global Auctions for week of April 20 – 24**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	04/22	12:00	Canada to Sell 30 Year Bonds
US	04/23	13:00	U.S. to Sell -Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	04/20	05:30	Belgium to Sell Bonds
UK	04/21	05:00	U.K. to Sell 0.625% 2025 Bonds
GE	04/21	05:30	Germany to Sell 0% 2022 Bonds
UK	04/21	06:30	U.K. to Sell 1.625% 2054 Gilt
DE	04/22	04:30	Denmark to Sell Bonds
SW	04/22	05:00	Sweden to Sell Bonds
NO	04/22	05:00	Norway to Sell Bonds
UK	04/22	05:00	U.K. to Sell 1.25% 2027 Gilt
UK	04/22	06:30	U.K. to Sell 1% 2024 Gilt
IT	04/24	05:00	Italy to Sell Bonds
IT	04/24	05:00	Italy to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	04/19	22:30	Korea to Sell KRW 700 Bln 20 Year Bonds
JN	04/20	23:35	Japan to Sell 20 Year Bonds
ID	04/21	05:00	Indonesia to Sell 2, 4, & 25 Year Islamic Bonds
HK	04/21	23:30	Hong Kong to Sell HKD4Bln 1.1% 3 Year Bonds
NZ	04/22	22:05	New Zealand To Sell Bonds
JN	04/22	23:35	Japan to Sell 2-Year Bonds

Events for week of April 20 – 24**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	04/20	04:30	BOE's Haldane and Broadbent hold briefing.
SW	04/20	05:45	Riksbank weekly extraordinary market operation
TU	04/22	07:00	One-Week Repo Rate
RU	04/24	06:30	Key Rate
RU	04/24	08:00	Bank of Russia Governor Nabiullina holds news conference

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	04/20	00:00	China 1-Year Loan Prime
AU	04/20	21:30	RBA Minutes of April Policy Meeting

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	April 29, 2020	0.25	0.25
Banco de México – Overnight Rate	6.50	May 14, 2020	6.00	5.75

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	April 30, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	April 30, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	April 30, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	May 7, 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	6.00	April 24, 2020	5.50	5.63
Sweden Riksbank – Repo Rate	0.00	April 28, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.25	May 7, 2020	0.25	0.25
Central Bank of Turkey – Benchmark Repo Rate	9.75	April 22, 2020	9.25	9.00

Central Bank of Turkey: The bank will announce its One-Week Repo rate on Wednesday. We expect an additional 50bps cut to the Benchmark Repo Rate— bringing it down to 9.25%.

Central Bank of Russia: The bank is expected to announce its One-Week Auction rate on Friday. We expect the bank to cut its policy rate by 50bps to 5.50%. After rolling out several unconventional policy measures to support the Ruble, the bank believes the economy is ready to begin recovery using more accommodative policy rates.

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	April 28, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	May 5, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	May 12, 2020	0.25	0.50
People's Bank of China – 1-Year Loan Prime Rate	4.05	April 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.40	TBA	4.00	4.00
Bank of Korea – Bank Rate	0.75	May 28, 2020	0.50	0.75
Bank of Thailand – Repo Rate	0.75	May 20, 2020	0.50	0.75
Bank Negara Malaysia – Overnight Policy Rate	2.50	May 5, 2020	2.25	2.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	May 19, 2020	4.25	4.25
Central Bank of Philippines – Overnight Borrowing Rate	3.25	June 25, 2020	2.75	3.50

People's Bank of China (PBoC): The PBoC will likely continue to ease monetary policy on April 20 when it sets the 1-Year Loan Prime Rate. We expect the key rate to be lowered by 20 bps to 3.85%. The move would be in line with the central bank's recent actions. On March 30, the 7-day reverse repo rate was cut by 20 bps to 2.20% while on April 15 the 1-year medium-term facility rate was reduced by 20 bps to 2.95%.

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	3.75	May 6, 2020	3.25	3.50
Banco Central de Chile – Overnight Rate	0.50	May 6, 2020	0.50	0.75
Banco de la República de Colombia – Lending Rate	3.75	April 30, 2020	3.25	4.00
Banco Central de Reserva del Perú – Reference Rate	0.25	May 7, 2020	0.25	1.00

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	5.00	5.00

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

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