

### WHAT REALLY IRKS 1600 PENNSYLVANIA AVENUE

- [Canada — Fewer Jobs, Expanding Balance Sheet](#) 2-3
- [United States — How To Define Progress](#) 3-4
- [Latin America — BanRep Easing To Slow?](#) 4
- [Asia-Pacific — Victory Is A Rebounding Economy](#) 4
- [Europe — The Eurozone Is Lacking Some PEPP](#) 5

### 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](mailto:derek.holt@scotiabank.com)

### Next Week's Risk Dashboard

- US-China tensions
- CBs: BoC, ECB, RBA
- Jobs: US, Canada, Germany
- PMIs: Canada, US, China, Italy, Spain
- GDP: Australia, Switzerland
- CPI: Chile, Colombia, Peru, Switzerland...
- ...Indonesia, Philippines, South Korea, Taiwan, Thailand
- BanRep minutes
- Other macro releases

### Chart of the Week

The BoC's Bond Purchases During COVID-19

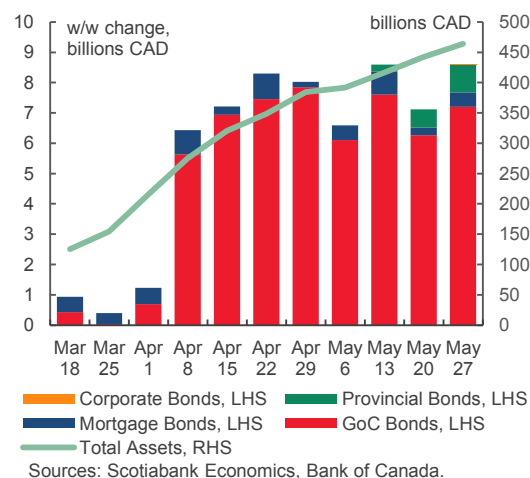


Chart of the Week: Prepared by: Evan Andrade, Research Analyst.

## What Really Irks 1600 Pennsylvania Avenue

### CANADA—FEWER JOBS, EXPANDING BALANCE SHEET

**Bank of Canada communications and a trio of macro readings will present an active calendar over the coming week.** At issue two days before another large expected drop in employment is recorded will be convincing market participants that stimulus will be adequate now and in future.

**Governor Poloz will deliver his final policy statement on Wednesday before passing the baton to incoming Governor Macklem.** It will be a statement-only affair with no forecasts or press conference. **No major policy changes are expected at this transition point.** Poloz has indicated that existing programs can be scaled if needed and that more tools are available. The BoC's outlook is in somewhat of a state of flux. Poloz has indicated that the outlook is 'unknowable,' yet expressed conviction that economists are too pessimistic while himself warning of deflation risk. It's likely that the BoC will reassess more fully under Macklem when he steers the process toward the BoC's July MPR that will hopefully put some more numbers to the outlook. Until this transition and reassessment has been completed, the BoC is likely to remain focused upon implementing announced measures, strengthening its forward program guidance and monitoring conditions.

**This is where the balance sheet dialogue becomes more important and we may hear more about the topic when Deputy Governor Toni Gravelle delivers the Economic Progress report by video conference the day after the statement.**

Gravelle is a financial market point person on Governing Council and heads up the BoC's Financial Markets Department. His insights into the plumbing of the financial system, progress toward calming financial markets, ongoing risks and balance sheet dynamics could be helpful.

One issue I'd like to hear about from a BoC perspective is the degree to which they are content with improved but not fully recovered credit spreads. Some markets, like BAs and CP, have healed faster than others and motivated reductions and Deputy Governor Lane's earlier remarks on the programs. Spreads on provincial bonds, investment-grade corporate bonds and credit card trusts have narrowed, but they still remain wider than pre-shock conditions while junk bonds remain depressed. Is the BoC content with such overall progress? Is returning to pre-shock conditions an undesirable goal given the possibility that conditions were over-heated relative to higher risks today? Will the BoC offer veiled guidance that could be interpreted as a tolerance toward more aggressively aiding financial conditions given a looming mountain of public sector debt?

**This dialogue could be one form of input into estimating sizes for the BoC's various programs and its overall balance sheet.** Charts 1 and 2 depict a rough stab at forecasts of what may happen to the BoC's balance sheet under present policies between now and about this time next year. After entering this year with assets of about C\$120B, this time next year could see assets rise to about \$850B but I wouldn't say I'm offering that figure with high confidence. The BA and CP facilities are likely to be wound up with assets rolling off the books over coming months, as the balance sheet tilts toward being dominated by Government of Canada bonds, Government of Canada t-bills and repos. There are rather wide brackets around these views partly because they don't allow for possibly material policy changes over the next year such as the rapid cooling of purchases by the RBA, because the exact amount of gross debt issuance is highly uncertain and so is the composition of such issuance including across maturities and debt management strategies (e.g. bills versus bonds). It may be helpful to hear Gravelle speak more directly to issues like the criteria for stopping purchases and whether tapers will be invoked for the major purchase programs.

Chart 1

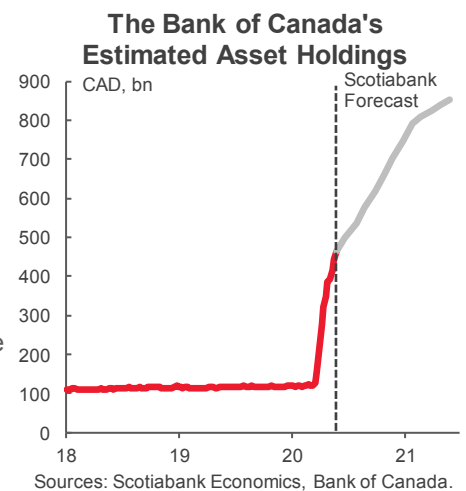
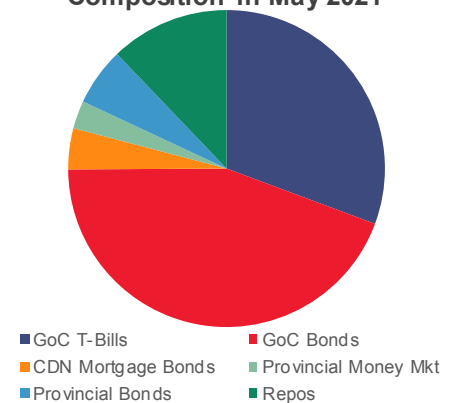


Chart 2

**Estimated BoC Balance Sheet Composition in May 2021**



Source: Scotiabank Economics.

It might also be helpful to explain to market participants why varying forms of guidance were utilized across the various programs and to possibly firm up such guidance where appropriate. For example, the provincial bond purchase program offers a stock (\$50B) and a time (one year). So does the corporate bond purchase program (\$10B, one year). The CMBs purchase program offers a flow (\$500mm) and is conditional upon improved market conditions that may have already been met judging by spreads. The GoC bond purchase program is a flow (at least \$5B/week, so far exceeding that) and is conditioned upon the economic recovery being “well underway” which might be helpful to define somewhat. The GoC bills purchase program is 40% of the auction for as long as needed. The provincial money market purchase program targets up to 40% with no set guidance.

As an aside, the BoC could improve the dialogue within the community of primary dealers, economists and the BoC by perhaps introducing a survey of policy expectations modelled along the lines of what the New York Federal Reserve conducts. Such a survey could inform the degree of confidence economists have around their base case policy and macro projections and introduce more widespread discipline to think through evolving balance sheet dynamics and their potential effects upon the Canadian market.

**Canada will also consider a trio of macro readings.** The dominant print will be Friday’s jobs report for May. **The Labour Force Survey is expected to register another one million drop in total employment and a 16% unemployment rate.** To arrive at this figure, the change in the stock of CERB applications of about 1.6 million between LFS reference periods was scaled back to compensate for expanded eligibility, while assuming no material gross job creation to offset the job destruction evidence through claims.

We’ll also get Markit’s manufacturing PMI for May (Monday) that should generally follow the pattern of global improvements as shutdowns ease somewhat. Thursday’s trade figures for April will likely register a wider trade deficit in the peak of the shutdown period.

## **UNITED STATES—HOW TO DEFINE PROGRESS**

The aftermath of the US policy guidance toward China and Hong Kong may dominate over calendar-based forms of market risk at least until Friday’s nonfarm payrolls print. **Expect the overall week to define progress as diminished rates of economic contraction on the path toward actual expansion of economic activity.**

**It could have been worse. That’s the silver lining to President Trump’s full-on verbal assault on China.** Although the strident and insulting tone of President’s Trump’s speech was something more akin to war time language, the concrete actions taken were less damaging than stocks had feared going in.

For example, vague reference to taking actions to revoke Hong Kong’s special status fell short of implying that US tariffs on China would be applied to HK exports. A full-on reversal of US openness toward China would harm the people of Hong Kong the most which would seem to be counter-productive if the aim is really to stand up for Hong Kong. Another example is that ‘studying’ the practices of Chinese firms listed on US exchanges is a lot more open-ended and vague than actually taking action including removing their listings which wouldn’t serve US exchanges terribly well. Or consider that withdrawing from the World Health Organization in a pandemic rather than seeking reforms is completely foolish and misguided, but of little consequence to stocks, for now, and ensures that the WHO will come more fully under China’s influence to the detriment of fighting future pandemics. Finally, suspending entry of ‘certain’ foreign nationals from China is irrelevant to markets.

Nevertheless, the tone of the speech and the uncertainty toward what the US specifically plans to do about Hong Kong when it may well not be able to practically do much could incite a war of words, inflamed tensions and (hopefully) mild forms of retaliation over the coming week.

**A loss of 10 million jobs and an unemployment rate of 19% is expected on Friday.** This is loosely based upon jobless benefit claims filed between reference periods adjusted for expanded eligibility criteria. The astounding figure faces two-tailed risks of landing either higher or lower, but it would mark significant improvement from the prior month’s figure that was double this amount. Wednesday’s ADP payrolls may provide an advance clue of what to expect for nonfarm, given that the estimates for April were close to one another, but ADP has enough of a checkered history as a guide to nonfarm in order to warrant caution. We may see another perverse acceleration in wage growth as the COVID-19 shock disproportionately hits lower wage workers and distorts the average.

**Purchasing managers' indices should mark progress before nonfarm.** Monday's ISM-manufacturing reading is expected to continue to portray the manufacturing sector in contraction, but at a diminishing rate. Ditto for Wednesday's ISM-services gauge.

Across the rest of the reports, place the emphasis upon the freshest ones. Jobless claims (Thursday) during this past week will probably continue to decline. Vehicle sales in May could begin to recover (Tuesday). April readings for construction spending (Monday), factory orders (Wednesday) and trade (Thursday) will all be faded as stale.

### LATIN AMERICA—BANREP EASING TO SLOW?

Nothing on the domestic calendars will materially inform risks in Latin American markets over watching the COVID-19 case counts rise across parts of the region as economies remain under pressure to relax restrictions (chart 3). None of the region's main economies have seen their overall case curves flatten.

Each of Peru (Monday), Chile (Friday) and Colombia (Friday) will update inflation readings for May. In all cases, inflation is likely to have edged materially lower as part of the global wave toward decelerating headline inflation readings driven in part by lower global energy costs. The further second-round effects upon core measures of inflation are mostly still ahead of world economies.

**BanRep observers will also keep an eye on minutes to the latest policy meeting when they land on Monday.** Colombia's central bank cut its policy rate by 50bps to 2.75%, but in a somewhat split decision that saw a 5–2 vote with two dissenters opting for a smaller quarter point reduction. Whether this signals waning support for additional easing may be informed by the minutes.

### ASIA-PACIFIC—VICTORY IS A REBOUNDED ECONOMY

China's reaction to US actions that were outlined above and the risk of escalation may dominate local and global market conditions. Calendar risk will mostly focus upon evidence that China's economy is on the mend.

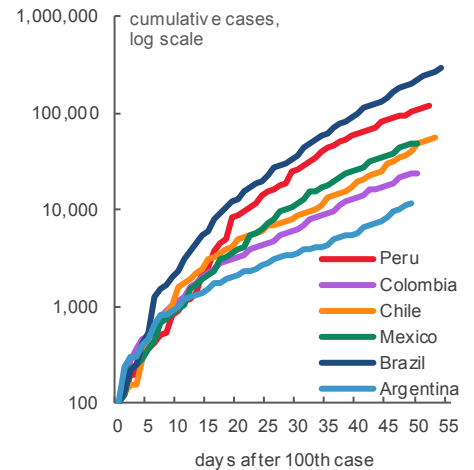
**As evidence of the latter, this weekend's releases of the state versions of purchasing managers' indices could post further improvement (chart 4).** Both the manufacturing and service sectors could push further into mild expansion. The private sector versions of the PMIs arrive on Sunday (manufacturing) and Tuesday (services and composite) and have generally lagged behind improvement in the state versions. Now before we jump to conclusions about data quality, recall that the private sector versions are more skewed toward smaller producers versus state-owned enterprises and the private sector readings are also more skewed toward coastal exporting centres. China was first to get hit by COVID-19 and its economy is first to emerge from the shock among major regions and just imagine how that plays over at 1600 Pennsylvania Avenue.

**There will also be a focus upon Australia's economy and central bank over the coming week.** The RBA is expected to leave policy unchanged. In fact, it has been aggressively backing off the pace of government bond purchases. This past week, Governor Lowe even went so far as to mention that "with the national health outcomes better than earlier feared, it is possible that the economic downturn will not be as severe as earlier thought." That doesn't mean that a quest for policy off-ramps is being indicated. Lowe guided that progress toward full employment and inflation sustainably in the 2–3% target zone will be required before reversing course. There will be no such evidence provided in the week's collection of macro readings such as Q1 GDP (Tuesday night, eastern time), or Wednesday's retail sales.

CPI readings will be updated by several countries starting with South Korea (Monday), Indonesia (Tuesday), Philippines and Thailand (Thursday) and Taiwan (Friday).

Chart 3

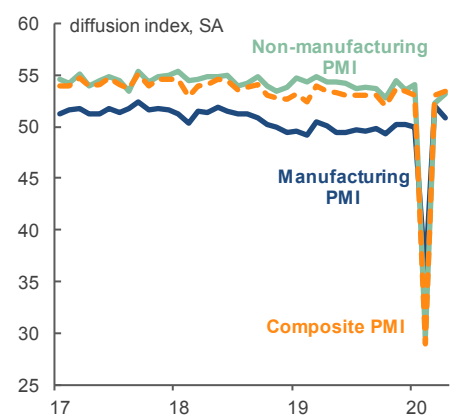
### Latin American COVID-19 Cases



Sources: Scotiabank Economics, Johns Hopkins.

Chart 4

### China's Rebounding PMIs



Sources: Scotiabank Economics, Bloomberg.

**EUROPE—THE EUROZONE IS LACKING SOME PEPP**

The ECB is likely to remain in catch-up mode next Thursday as the main event alongside global forces.

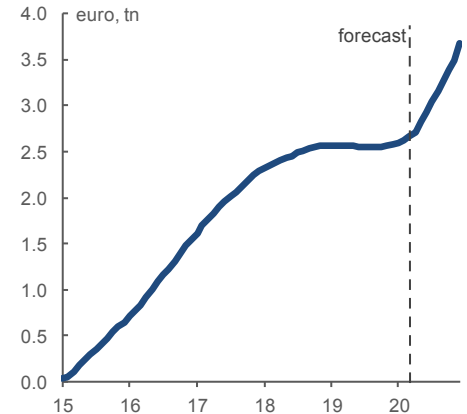
Developments in the economy have been tracking worse than the central bank anticipated, prompting President Lagarde to remark that the ECB’s mild scenario for the economy is “out of date.” Don’t worry, most forecasters are in the same boat. Recall that the ECB had portrayed a ‘mild’ scenario as a drop of 8% and a more severe scenario as a contraction of 12%. Fresh forecasts will be delivered at this meeting. While the policy rates are not expected to change, the size of its quantitative easing programme is expected to be increased.

**The €750B Pandemic Emergency Purchase Programme is already at about a 30% utilization rate such that—to counter added downside risk to the economy and to increase the longevity of the purchase programme—it will have to be expanded to perhaps well over €1 trillion.** Chart 5 demonstrates that the ECB’s overall purchase programmes have risen from nothing to €2.7 trillion now and under current plans would rise toward €3.5 trillion absent an expansion of the PEPP. After next week, the projection could well approach if not cross over the €4 trillion mark.

Several macro releases may have little incremental effect. Purchasing managers’ indices from Spain and Italy on Tuesday will inform revisions to the May readings for Eurozone PMIs. German factory orders (Friday) and German jobs (Wednesday) offer additional stand-out risk. Switzerland releases Q1 GDP (Wednesday) and May CPI (Thursday).

Chart 5

**The ECB's Current Programme Purchase Plans**



Sources: Scotiabank Economics, ECB.

## Key Indicators for week of June 1 – 5

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	06/01	10:00	Construction Spending (m/m)	Apr	-5.0	-6.0	0.9
US	06/01	10:00	ISM Manufacturing Index	May	44.5	43.5	41.5
US	06/02	09:00	Total Vehicle Sales (mn a.r.)	May	11.0	11.0	8.6
US	06/03	07:00	MBA Mortgage Applications (w/w)	May 29	--	--	-2.6
US	06/03	08:15	ADP Employment Report (000s m/m)	May	-10000	-9500	-20236
CA	06/03	08:30	Productivity (q/q a.r.)	1Q	--	--	-0.1
CA	<b>06/03</b>	<b>10:00</b>	<b>BoC Interest Rate Announcement (%)</b>	<b>Jun 3</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
US	06/03	10:00	Factory Orders (m/m)	Apr	-15.0	-14.2	-10.4
US	06/03	10:00	ISM Non-Manufacturing Composite	May	46.0	44.2	41.8
CA	06/04	08:30	Merchandise Trade Balance (C\$ bn)	Apr	-3.0	--	-1.4
US	06/04	08:30	Initial Jobless Claims (000s)	May 30	1850	1800	2438
US	06/04	08:30	Continuing Claims (000s)	May 23	--	--	25073
US	06/04	08:30	Productivity (q/q a.r.)	1Q F	--	-2.5	-2.5
US	06/04	08:30	Trade Balance (US\$ bn)	Apr	-48.5	-48.8	-44.4
US	06/04	08:30	Unit Labor Costs (q/q a.r.)	1Q F	--	4.8	4.8
CA	06/05	08:30	Employment (000s m/m)	May	-1000	--	-1994
CA	06/05	08:30	Unemployment Rate (%)	May	16.0	--	13.0
US	06/05	08:30	Average Hourly Earnings (m/m)	May	1.0	0.9	4.7
US	06/05	08:30	Average Hourly Earnings (y/y)	May	8.5	8.5	7.9
US	06/05	08:30	Average Weekly Hours	May	--	34.3	34.2
US	06/05	08:30	Nonfarm Employment Report (000s m/m)	May	-10000	-8000	-20537
US	06/05	08:30	Unemployment Rate (%)	May	19.0	19.6	14.7
US	06/05	15:00	Consumer Credit (US\$ bn m/m)	Apr	--	-15.0	-12.0

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	06/01	03:00	Budget Balance (€ bn)	May	--	--	-17.9
IT	06/01	03:00	Budget Balance YTD (€ bn)	May	--	--	-48.8
UK	06/01	04:30	Manufacturing PMI	May F	--	40.8	40.6
FR	06/02	02:45	Central Government Balance (€ bn)	Apr	--	--	-52.5
IT	06/02	03:45	Manufacturing PMI	May	--	36.8	31.1
FR	06/02	03:50	Manufacturing PMI	May F	--	40.3	40.3
GE	06/02	03:55	Manufacturing PMI	May F	--	36.8	36.8
EC	06/02	04:00	Manufacturing PMI	May F	--	39.5	39.5
UK	06/02	04:30	Net Consumer Credit (£ bn)	Apr	--	-4.5	-3.8
SZ	06/03	01:45	GDP (y/y)	1Q	--	-0.9	1.5
GE	06/03	03:55	Unemployment (000s)	May	--	190	373
GE	06/03	03:55	Unemployment Rate (%)	May	--	6.2	5.8
UK	06/03	04:30	Official Reserves Changes (US\$ bn)	May	--	--	1353
UK	06/03	04:30	Services PMI	May F	--	28.0	27.8
EC	06/03	05:00	PPI (m/m)	Apr	--	-1.8	-1.5
EC	06/03	05:00	Unemployment Rate (%)	Apr	--	8.2	7.4
IT	06/04	03:45	Services PMI	May	--	26.1	10.8
FR	06/04	03:50	Services PMI	May F	--	29.4	29.4
GE	06/04	03:55	Services PMI	May F	--	31.4	31.4
EC	06/04	04:00	Composite PMI	May F	--	30.5	30.5
EC	06/04	04:00	Services PMI	May F	--	28.7	28.7
UK	06/04	04:30	PMI Construction	May	--	29.4	8.2
EC	06/04	05:00	Retail Trade (m/m)	Apr	--	-15.0	-11.2
GR	06/04	05:00	Real GDP NSA (y/y)	1Q	--	--	0.5
EC	<b>06/04</b>	<b>07:45</b>	<b>ECB Main Refinancing Rate (%)</b>	<b>Jun 4</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
EC	<b>06/04</b>	<b>07:45</b>	<b>ECB Deposit Facility Rate (%)</b>	<b>Jun 4</b>	<b>-0.50</b>	<b>-0.50</b>	<b>-0.50</b>
EC	<b>06/04</b>	<b>07:45</b>	<b>ECB Marginal Lending Facility Rate (%)</b>	<b>Jun 4</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
UK	06/04	19:01	GfK Consumer Confidence Survey	May F	--	-34.0	-34.0
GE	06/05	02:00	Factory Orders (m/m)	Apr	--	-19.9	-15.6
SP	06/05	03:00	Industrial Output NSA (y/y)	Apr	--	--	-10.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for week of June 1 – 5

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	05/30	21:00	Manufacturing PMI	May	51.0	51.1	50.8
CH	05/30	21:00	Non-manufacturing PMI	May	--	53.5	53.2
JN	05/31	19:50	Capital Spending (y/y)	1Q	--	-5.0	-3.5
SK	05/31	20:00	Exports (y/y)	May	--	-25.1	-25.1
SK	05/31	20:00	Imports (y/y)	May	--	-20.6	-15.8
SK	05/31	20:00	Trade Balance (US\$ mn)	May	--	-597	-1393
JN	05/31	20:00	Official Reserve Assets (US\$ bn)	May	--	--	1369
JN	05/31	20:30	Markit/JMMA Manufacturing PMI	May F	--	--	38.4
CH	05/31	21:45	Caixin Manufacturing PMI	May	49.5	49.6	49.4
JN	06/01	01:00	Vehicle Sales (y/y)	May	--	--	-25.5
TH	06/01	03:30	Business Sentiment Index	May	--	--	32.6
HK	06/01	04:30	Retail Sales - Volume (y/y)	Apr	--	-38.0	-43.8
NZ	06/01	18:45	Terms of Trade Index (q/q)	1Q	--	1.5	2.6
SK	06/01	19:00	CPI (y/y)	May	-0.2	-0.2	0.1
SK	06/01	19:00	Core CPI (y/y)	May	--	0.3	0.3
SK	06/01	19:00	GDP (y/y)	1Q F	1.3	1.3	1.3
JN	06/01	19:50	Monetary Base (y/y)	May	--	--	2.3
AU	06/01	21:30	Current Account (AUD bn)	1Q	--	6	1000
AU	06/01	21:30	Australia Net Exports of GDP	1Q	--	0.3	0.1
ID	06/02	00:00	CPI (y/y)	May	2.2	2.2	2.7
ID	06/02	00:00	Core CPI (y/y)	May	--	2.8	2.9
<b>AU</b>	<b>06/02</b>	<b>00:30</b>	<b>RBA Cash Target Rate (%)</b>	<b>Jun 2</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
HK	06/02	20:30	Purchasing Managers Index	May	--	--	36.9
AU	06/02	21:30	Building Approvals (m/m)	Apr	--	-10.8	-4.0
AU	06/02	21:30	GDP (y/y)	1Q	1.1	1.4	2.2
CH	06/02	21:45	Caixin Services PMI	May	--	47.3	44.4
SI	06/03	09:00	Purchasing Managers Index	May	--	--	44.7
NZ	06/03	13:00	QV House Prices (y/y)	May	--	--	7.1
SK	06/03	19:00	Current Account (US\$ mn)	Apr	--	--	6232
AU	06/03	21:30	Retail Sales (m/m)	Apr	--	-17.9	8.5
AU	06/03	21:30	Trade Balance (AUD mn)	Apr	--	7500	10602
TH	06/03	22:00	Consumer Confidence Economic	May	--	--	39.2
MA	06/04	00:00	Exports (y/y)	Apr	--	-12.8	-4.7
MA	06/04	00:00	Imports (y/y)	Apr	--	-15.6	-2.7
MA	06/04	00:00	Trade Balance (MYR bn)	Apr	--	11.2	12.3
JN	06/04	19:30	Household Spending (y/y)	Apr	--	-12.8	-6.0
PH	06/04	21:00	CPI (y/y)	May	1.8	2.1	2.2
PH	06/04	21:00	Unemployment Rate (%)	Apr	--	--	5.3
TH	06/04	23:30	CPI (y/y)	May	-3.4	-3.2	-3.0
TH	06/04	23:30	Core CPI (y/y)	May	--	0.4	0.4
IN	06/04	23:30	Current Account Balance	1Q	--	--	-1.39
JN	06/05	01:00	Coincident Index CI	Apr P	--	82.6	90.2
JN	06/05	01:00	Leading Index CI	Apr P	--	76.3	84.7
SI	06/05	01:00	Retail Sales (y/y)	Apr	--	-30.2	-13.3
AU	06/05	02:30	Foreign Reserves (AUD bn)	May	--	--	63.2
MA	06/05	03:00	Foreign Reserves (US\$ bn)	May 29	--	--	102.6
TA	06/05	04:00	CPI (y/y)	May	-1.0	-1.2	-1.0

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	06/01	01:00	Consumer Price Index (m/m)	May	0.1	0.1	0.1
PE	06/01	01:00	Consumer Price Index (y/y)	May	1.6	1.6	1.7
CL	06/01	08:30	Economic Activity Index SA (m/m)	Apr	--	-8.3	-5.7
CL	06/01	08:30	Economic Activity Index NSA (y/y)	Apr	-7.5	-11.0	-3.5
BZ	06/01	09:00	PMI Manufacturing Index	May	--	--	36.0
BZ	06/01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	May	--	--	6702
BZ	06/03	08:00	Industrial Production SA (m/m)	Apr	--	--	-9.1
BZ	06/03	08:00	Industrial Production (y/y)	Apr	--	--	-3.8
CO	06/05	20:00	Consumer Price Index (m/m)	May	0.9	0.0	0.2
CO	06/05	20:00	Consumer Price Index (y/y)	May	3.3	3.2	3.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

---

**Global Auctions for week of June 1 – 5****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06/04	12:00	30 Year Bond Auction

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	06/02	05:00	U.K. to Sell 3.25 Billion Pounds of 0.125% 2026 Bonds
AS	06/02	05:15	Austria to Sell 3 & 10 Year Bonds
GE	06/02	05:30	Germany to Sell I/L Bonds
UK	06/02	06:30	U.K. to Sell 3 Billion Pounds of 0.375% 2030 Bonds
DE	06/03	04:30	Denmark to Sell Bonds
SW	06/03	05:00	Sweden to Sell Bonds
NO	06/03	05:00	Norway to Sell Bonds
UK	06/03	05:00	U.K. to Sell 2.25% 2023 Bonds
GE	06/03	05:30	Germany to Sell EUR 4 Bln of 0% 2025 Bonds
UK	06/03	06:30	U.K. to Sell 1.625% 2054 Bonds
SP	06/04	04:45	Spain to Sell Sr Unsecured Bonds
FR	06/04	04:50	France to Sell Bonds

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	05/31	22:30	Guizhou to Sell CNY9.91838 Bln 20 Year Bonds
JN	06/01	23:35	Japan to Sell 10 Year Bonds
CH	06/02	23:00	China Plans to Sell 3 & 7 Year Upsized Government Bonds
JN	06/03	23:35	Japan to Sell 30 Year Bonds



**Events for week of June 1 – 5****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06/03	10:00	Bank of Canada Rate Decision

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	06/02	08:00	Riksbank's Ohlsson Gives Speech
EC	06/04	07:45	ECB Main Refinancing Rate
EC	06/04	07:45	ECB Marginal Lending Facility
EC	06/04	07:45	ECB Deposit Facility Rate
EC	06/04	08:30	ECB President Lagarde Holds Press Conference

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	06/02	00:30	RBA Cash Rate Target

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	06/01	14:00	Colombia Monetary Policy 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	5.50	June 25, 2020	5.00	5.50

**Bank of Canada (BoC):** Governor Poloz will make his final statement-only policy announcement on Wednesday as Tiff Macklem becomes the new Governor moving forward. The overnight rate will remain at 0.25% and little if any other policy changes are expected. An economic progress report will be presented by Deputy Governor Toni Gravelle the following day at 2pm and may be closely watched for balance sheet guidance.

### 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	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	0.25
Central Bank of Turkey – Benchmark Repo Rate	8.25	June 25, 2020	8.25	8.25

**European Central Bank (ECB):** The ECB will announce their monetary policy stance on Thursday. All three rates will remain the same as the focus will be on the expected sizable increase to the €750 billion Pandemic Emergency Purchase Program (PEPP) and updated staff forecasts for Euro area growth. Expectations are that they will announce an increase to purchases that will push the size of the PEPP over €1 trillion.

### 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	June 23, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	June 20, 2020	3.80	3.85
Reserve Bank of India – Repo Rate	4.40	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

**Reserve Bank of Australia (RBA):** Australian monetary authorities will hold a policy meeting on June 2. We expect the RBA to leave the benchmark interest rate unchanged at 0.25% and maintain the 3-year yield target at 0.25%. We do not expect any further significant easing measures to be unveiled in the near future as the economy is expected to recover gradually over the coming months. In the meantime, policymakers will likely focus on ensuring that there will be enough liquidity in the financial system and that any systemic risks will be managed effectively.

### 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	2.75
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	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.