November 19, 2021

OVERSELLING BRAINARD VERSUS POWELL

FORECASTS & DATA

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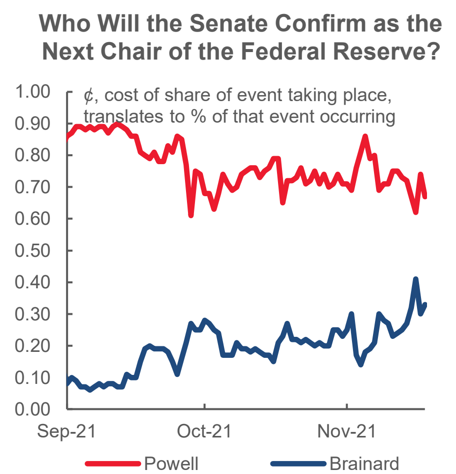
Chart of the Week



Sources: Scotiabank Economics, PredictIt.

Chart of the Week: Prepared by: Marc Ercolao, Economic Analyst.

Overselling Brainard Versus Powell

CENTRAL BANKS—WHO'S THE PRESIDENT?

The dominant development across global central banks is likely to be the pending decision over who "wins" the job of Fed Chair. Each of the PBOC, RBNZ, BoK and Riksbank will deliver policy decisions, with only regional market effects expected to be at risk in the latter three cases.

The Fed Chair Choice

The timeline for the Fed Chair nomination keeps getting pushed out as divided Washington tries to sort out who is President. We might hear about it this coming week given White House guidance and given it would be expected by now ahead of the end of Chair Powell's current term in February. In the meantime, individual Senators are grabbing the mic before and after lining up to interview Chair Powell and Governor Brainard and no doubt jockeying for position on other policy matters—like support for the Biden administration's fiscal stimulus plans—while holding the Fed Chair's role somewhat hostage. Politics, Washington style. It'll get done, even if the process is a bit of a messy spectacle and even if it appears almost as bizarre as the notion that anyone can actually '*own*' the US Constitution. I guess that in America, you can own anything. The cover chart to this week's *Global Week Ahead* shows what betting markets think, for whatever that's worth.

The general perception is that Governor Brainard would be a more dovish choice. That might be the temporary market reaction if she is chosen to sacrifice her life for the next four years or maybe more. I'm not so sure. For one thing, there may be a protracted period of greater market volatility if she is chosen given the higher uncertainty around passing the Senate's confirmation process.

Further, Brainard and Powell sound like virtual carbon copies of one another insofar as dual mandate issues around inflation and full employment are concerned. She appears to be more empathetic toward linking the central bank somewhat more closely to the fight on climate change; for my two cents, I think Powell holds the upper hand in that department but, in any event, that has less to do with the more direct policy instruments that most affect financial markets such as policy rates and purchase programs. Brainard also has the reputation for dissenting on changes to bank regulations compared to Powell's endorsement, but critics have noted that most of her dissents have been somewhat pedantic in nature versus the broad spirit of deregulation and so Senator Warren's castigation of Chair Powell as a "dangerous man" in that regard was classically rather over the top. Both candidates lament the rise of income and wealth disparities which is rather safe politics for any Fed Chair and most other sensible folks! Personally, I think Brainard's reputation for seeking greater focus upon distributional matters in setting monetary policy goals is exaggerated; I don't mean that in a way that impugns her true beliefs and motives, but rather in terms of how it's unclear exactly how she would use the office to achieve better distributional outcomes while respecting the Fed's mandate.

What Powell has in his favour is long institutional memory, general success in steering the central bank through the pandemic with a highly competent FOMC and Fed staff, his earned reputation for skillfully managing relationships in Washington, and of course the advantage of being the incumbent. He was somewhat overly hawkish well before the pandemic struck, but has some company in that department! He is also probably the less politically risky choice given the possibility that the Senate's Republicans would likely rebel should Brainard be chosen.

What Brainard has in her favour is also appealing. I have a soft spot for a formally trained economist being the head of a central bank and think it's a mistake to stray from that toward a generalist model given it's a rather highly specialized job. Still, there is enough strength around either Chair-candidate to manage this concern and Powell has performed admirably, albeit at times clumsily, in press conferences through over-reliance upon scripted notes during Q&A sessions. Brainard is also a card-carrying and donating Democrat which serves her well with the administration compared to Powell as a longstanding Republican. To me, that shouldn't matter since one's political leanings shouldn't affect performance on the job versus Washington's simplistic emphasis upon the optics. As a reminder, former President Trump thought he'd have a servant to his cause in appointing Powell and quickly found out otherwise. In any event, there is a non-negligible case for appointing from the other party which has been done previously.

A Brainard appointment could also improve diversity on the FOMC—an explicitly stated goal of the Biden administration for all senior posts in Washington—given the fact that to date the top three posts have all been held by older, white, male, straight Republicans with little apparent difference in how they think about the economy, markets and regs. There are, however, multiple ways to leverage the suite of appointments to Fed vacancies that could address this matter and we might see the Biden administration move rather quickly toward advancing names for those other posts.

In any event, in contemplating the significance of the choice, weigh the power of the position against the power of the FOMC consensus. The era of full disclosure makes dissenting views easy to evaluate and any Chair has to adhere over time to the mandate set by Congress. Any person in the top seat will likely have to remain faithful to the revised Statement on Longer Run Goals and Monetary Policy Strategy that was rolled out at the August 2020 Jackson Hole symposium (here). With Powell you know what you'll get and he deserves credit for changing from an overly strident 'transitory' stance toward representing the committee's view that the price stability goal has now been met. With Brainard, markets may be more uncertain, just as they typically are when a new Fed Chair settles in, but they'll adapt.

So on we march toward considering other central bank developments this coming week. Chart 1 shows market pricing for the week's line-up.

PBOC (Sunday night ET): China's central bank is universally expected to leave its 1-year and 5-year Loan Prime Rates unchanged at 3.85% and 4.65% respectively. The central bank has repeatedly pushed back against prospects for policy easing despite running at the world's highest real policy rates. Markets continue to be on watch for the risk of a reduction in required reserve ratios at some point. As previously written, China is doing rather little to stimulate growth amid mounting downside risks.

FOMC Minutes (Wednesday 2pmET): Assuming they are at all still relevant after we (might) find out who will be Fed Chair, markets may look upon the minutes to the November 2nd–3rd meeting (recap here) as stale in terms of balance sheet guidance, but with a watchful eye toward discussions around timing lift-off for the policy rate. The meeting concluded that the FOMC "is prepared to adjust the pace of purchases if warranted by changes in the economic outlook" and so watch for a discussion around the criteria for doing so. A fuller discussion is likely at the December meeting. On that note, Vice Chair Clarida recently hinted that the Fed may discuss quickening the pace of tapering at the December meeting and remarked "I'll be looking closely at the data that we get between now and the December meeting." Governor Waller flat out said that developments "have pushed me towards favouring a faster pace of tapering and a more rapid removal of accommodation in 2022. I believe that policy may need to pivot to a faster taper based on incoming data that I will be monitoring."

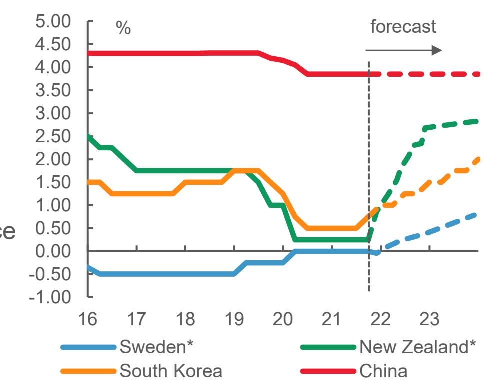
It's unlikely that the minutes will reveal a further dialogue on broader plans for the balance sheet. Chair Powell said at his press conference on November 3rd that there was no discussion on reinvestment at this meeting but that there will be a series of briefings and discussions on the topic over subsequent meetings.

There may be a limited discussion around lift-off timing, but here too the December meeting and its fresh dot plot will likely be more revealing. I think the December dots will bring forward the median forecast for rate hikes into 2022 and it's uncertain how many hikes may be signalled. For now, it was noteworthy that Powell did not come out swinging against market pricing for hikes starting next summer which implies that the broad committee lacked comfort in doing so. Still, I wouldn't expect much on this topic given that Powell emphatically noted "We have not focused on when to lift off because we haven't met those conditions now. We were focused upon the purchase decision. We're not evaluating the lift-off test today and did not have that discussion today. The focus at this meeting is on tapering not raising rates. We don't think it's time yet to raise interest rates." So there!

RBNZ (Tuesday night ET): Consensus is nearly unanimous toward expecting a 25bps hike with a small minority expecting a 50bps hike and with a decent case for it given the magnitude by which developments are surpassing expectations. Swap markets are priced for a full 25bps hike and half of another and so neither would be a tremendous surprise to markets. After engineering a first rate hike at the October 6th meeting, further policy tightening was made "contingent on the medium-term outlook for inflation and employment." Since that meeting, employment smashed expectations with a rise of 2% q/q (0.4% consensus) which drove the unemployment rate down six-tenths to 3.4%. Also since that meeting, CPI climbed much higher than expected to 2.2% q/q (1.5% consensus) and

Chart 1

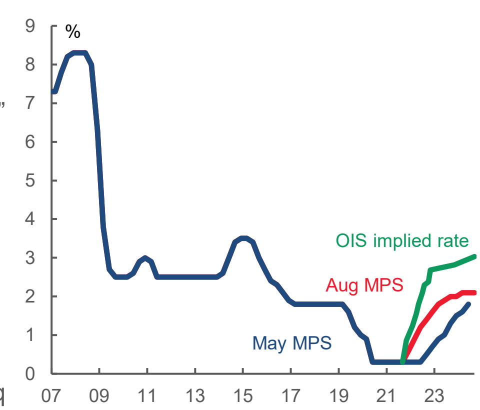
Next Week's Central Banks



*Market implied OIS pricing used for policy rate forecast.
Sources: Scotiabank Economics, Bloomberg.

Chart 2

RBNZ Official Cash Rate



Sources: Scotiabank Economics, Reserve Bank of New Zealand, Bloomberg.

4.9% y/y (4.2% consensus) while the RBNZ's 2-year forward measure of inflation expectations jumped by about three-quarters of a percentage point to about 3% which is the highest reading in 10 years and blew the RBNZ's expectations in the last Monetary Policy Statement out of the water (see figure 2.19 here). What could be more important is how the central bank's revised forward rate guidance aligns with market pricing given markets have long ago overshot guidance provided in the August round of forecasts (chart 2).

Riksbank (Thursday morning ET): Consensus is unanimous that Sweden's central bank will hold its policy rate unchanged at 0%. Consensus unanimously expects a hold throughout 2022, although markets have begun pricing slightly higher rates next year. The prior policy statement on September 21st guided that the policy rate is expected to remain at zero throughout the 2021–24 forecast horizon. A risk is whether the central bank brings forward its rate hike guidance into 2024 but markets are already pricing earlier moves.

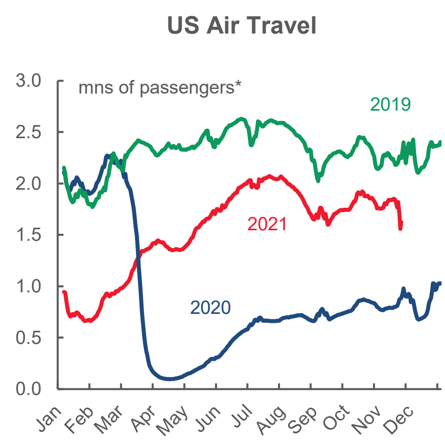
Bank of Korea (Thursday): Consensus unanimously expects a 25bps hike to 1% for the second hike since commencing policy tightening in August. Core CPI inflation shot higher in October to 2.8% y/y (1.9% prior) with headline inflation running at 3.2% y/y. The central bank targets 2% over the medium-term.

WEDNESDAY IS THE DAY TO WATCH IN THE U.S.

US markets will basically shut down after Wednesday ahead of American Thanksgiving on Thursday. Black Friday brings early closes in equities (1pmET) and bonds (2pmET). US releases will be so heavily compressed into Wednesday that the massive morning data dump followed by FOMC minutes that afternoon risk being lost in the fray by folks heading out the door. It's pretty amazing what the data agencies can accomplish when faced with an immovable deadline!

In fact, the significant recovery in passengers traipsing through US airports onto domestic and international destinations (chart 3) could have this Thanksgiving looking rather much like a more normal one, except for the longer-than-usual line-ups (and no doubt shorter tempers…). The American Automobile Association forecasts about 53 million travellers this Thanksgiving on roads and through airports, up by about 6½ million from last year. US borders are also more open to fully vaccinated international travelers this year. This potential burst of travel may put us all back on watch for COVID-19 case trends over subsequent weeks. By now it seems trite but essential to implore folks to travel safely and be wise to the ongoing pandemic.

Chart 3



*Represents total number of passengers screened at US airports.
Sources: Scotiabank Economics,TSA.

Here is a quick run-down of expectations for the week's releases:

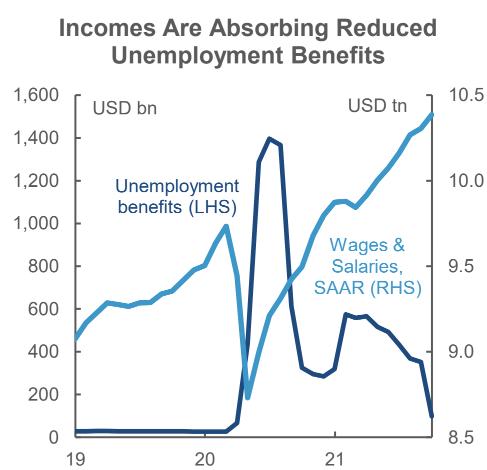
- **Existing home sales (October, Monday):** a small decline is expected following the large 7% rise the prior month and given a slight dip in pending home sales the prior month.

- **PCE inflation (October, Wednesday):** The Fed's preferred inflation gauge is expected to follow CPI higher to a somewhat cooler extent given methodological differences. Still, core PCE is expected to rise to 4.1% y/y (0.7% m/m) which would be the highest rate since January 1991 if not 1990.

- **Personal Incomes (October, Wednesday):** Modest income growth should be restored. The prior month's 1% m/m drop was due to the expiration of the extra $300/week of unemployment benefit payments for the remaining states that had not yet opted out. The gain in payrolls and evidence of improving wage growth should lift wages and salaries. In fact, chart 4 shows that gains in wages and salaries have vastly offset the reduction in unemployment benefit receipts.

- **Personal spending (October, Wednesday):** This should be a rather strong reading. Retail sales were up 1.7% m/m and the narrower control group was up by

Chart 4



Sources: Scotiabank Economics, Bloomberg.

a similar amount. That should feed a gain in total consumer spending of over 1%. One uncertainty is whether the gain in retail sales came partially at the expense of growth in services spending or added to it. I've erred on the side of slightly softer consumption growth than retail sales.

- **Durable goods orders (October, Wednesday):** Boeing's plane orders slipped last month which may weigh on headline orders but enough momentum is otherwise expected to drive another strong gain in core orders (excluding defence and aircraft). Core orders have risen for seven consecutive months and 16 of the past 17 months as a proxy for the rebound in business investment. The supply side is indeed responding!
- **New home sales (October, Wednesday):** A rise in model home foot traffic could help to maintain the level of new home sales after a 14% jump the prior month.
- **Q3 GDP revision (Wednesday):** The first estimate of 2% annualized growth in Q3 was a mild disappointment, but we could see positive revisions in part owing to the revealed strength in consumer spending since that first estimate back on October 28th. A rise to ~2¼% seems likely.

If that's not enough, minor reports like the Richmond Fed's manufacturing gauges (Tuesday), weekly jobless claims (Wednesday) and the advance merchandise trade balance for October (Wednesday) are also due out.

SPEECH WEEK IN CANADA!

It will be speech week in Canada in an otherwise rather dull line-up before the following week heats things up with bank earnings, jobs and GDP. Liquidity in Canadian markets is likely to diminish as US markets basically shut later in the week.

The Government's Wish List

First up will be the Speech from the Throne that always follows an election to open a new session of parliament that begins on Monday. Somewhat like the US State of the Union (SOTU) Speech, the SFT is a political tome that lays out potential priorities for the legislative session and is usually peppered with a great deal of hyperbole and slogans like the borrowed 'build back better' expression. The prior 34-page magnum opus from 2020 is available here for reference purposes. Expect nothing different this time, although it is likely to lean left given the government's minority status and dependence upon tacit NDP support.

See Rebekah Young's much more in-depth take (here) on how the SFT may transition toward what the Liberal minority government could lay out in an upcoming fiscal update expected likely as soon as the week after next.

The BoC on Risks Aplenty

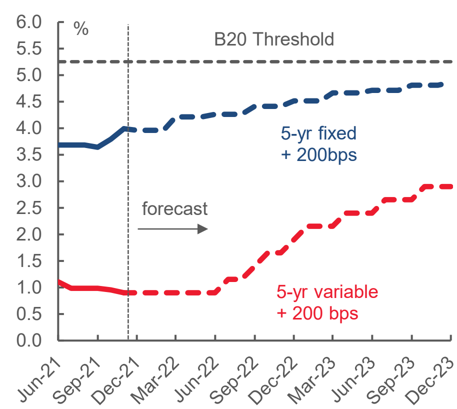
Another Bank of Canada speech will be delivered on Tuesday, this time by Deputy Governor Beaudry on the topic of risks to the stability of the financial system (1pmET, no press again). Headlines typically scroll upon release of the speech about all the bad things that keep the central bank awake and hiding under their blankies at night. Anyone not accustomed to the focus of this topic and the BoC's reports on it may risk misinterpreting signals on policy rates.

Broad themes are likely to be consistent with the last time the BoC laid out its concerns back in May (here), though the full recovery of lost jobs during the pandemic including 535k since the end of April before the BoC last weighed in on the topic should at least deserve an encouraging nod along with wage growth. You won't hear anything about opportunities in the financial system because, well, it's a central bank and central banks are mandated to focus upon risk management.

One issue I'll focus upon here that relates to the BoC's likely usual warnings on housing is a view on how mortgage markets can handle our forecast for higher rates which is a common question in one-on-one discussions with clients. Simply put, 'What rate shock?'

Chart 5

The B20 Mortgage Stress Test is Unlikely to be Breached



Sources: Scotiabank Economics, Rate Hub.

That's not being cute about a serious matter. I mean it. What. Rate. Shock? Chart 5 helps to explain and does so in the context of B20. The only rate shock was back early in the summer when OSFI changed its B20 mortgage stress test to require qualifying at the higher of either the best offer contract rate plus 200bps, or 5.25% instead of about 4¾% prior to that. Given where b/o contract rates have been, the binding qualifying rate bumped up 50bps to 5¼%. That extra ½% should be manageable to homeowners, but is there really more than that either to date or going forward.

Probably not. Even with the backing up in bond yields that flow through to mortgage markets, the presently binding rate threshold remains unchanged at 5.25%. Going forward, we expect variable and fixed mortgage rates to rise over the next couple of years by starting with estimates of the average discounted rates and then flowing through the effects of our forecasts for the Bank of Canada's overnight lending rate and the 5-year Government of Canada bond yield. If our fairly aggressive rate hike view unfolds as expected, then b/o mortgage contract rates plus 200bps would still remain below the 5¼% B20 threshold and the qualifying rate would therefore remain unchanged throughout the forecast horizon. This is because of the way B20 works and it is doing what it was designed to do.

There are bidirectional risks around this view. For those who think we are too aggressive with our BoC forecasts, they can seek comfort in the fact that their view would only strengthen the point about how 5 ¼% will remain the effective qualifying rate. If, however, we wind up getting more rate hikes than we anticipate then we could see the qualifying rate become the contract rate +200bps and modestly surpass 5¼%, but that's probably a pretty low probability risk.

As for mortgage renewals facing reset risk, many mortgage debtors are unlikely to be negatively affected in a material manner if all that happens is that the pandemic-induced decline in mortgage rates returns to levels at which the mortgages were originated in the first place and only gradually so over time. Further, there is flexibility in other mortgage features such as amortization periods to ease any potential adjustment.

We also expect additional job and income gains to assist households through adjustments to their interest payments. At the same time, very slow growth in non-mortgage lending products continues to mean that their outstanding balances are *shrinking* in inflation-adjusted terms. That, in turn, means there is no real rate reset risk on newly originated non-mortgage loans during the pandemic to date. If inflation persists at something shy of the peak that we expect into early 2022 but above the BoC's 2% target, then inflation will continue to erode the burden of this stock of debt over time. To address this, I wouldn't expect Beaudry to say anything other than they won't let that happen with a determination to eventually get inflation under control.

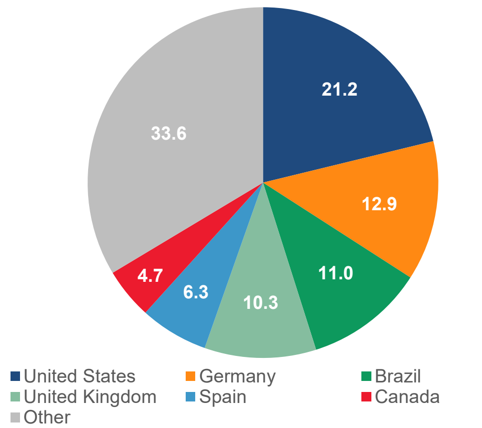
BLACK FRIDAY

Black Friday and Cyber Monday long ago stopped being just a US phenomenon. Technically it used to be defined as the day on which US retailers went 'into the black' for the year after suffering along the whole first 10+ months of each year. Now it's a globally hyped event with consumers linked across countries through the internet.

As evidence, Marc Ercolao dug up chart 6 that shows that while US domains remain the biggest single source of internet Black Friday keyword searches, almost 80% of global searches occur outside of the US. Either that or a whole lot of folks are using VPN and remote servers!

Chart 6

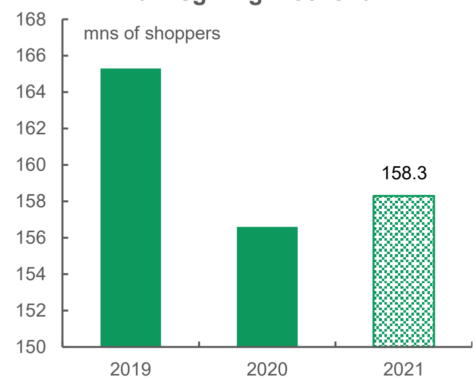
Shares of 2021 Black Friday Searches (%)



Sources: Scotiabank Economics, Finder.

Chart 7

Total Potential Shoppers Over Thanksgiving Weekend



Sources: Scotiabank Economics, National Retail Federation's *Annual November Holiday Consumer Survey*, Prosper Insight & Analytics.

Chart 8

Potential Shoppers by Day

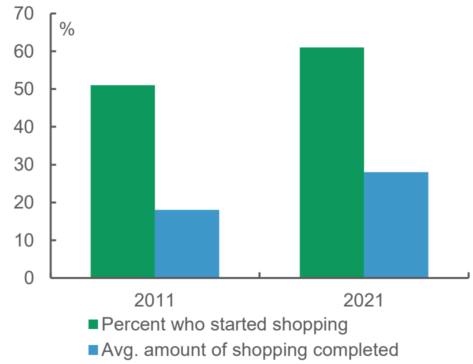
Sources: Scotiabank Economics, National Retail Federation's *Annual November Holiday Consumer Survey*, Prosper Insight & Analytics.

It's likely to take into the weekend and through the following week in order to get a sense of how consumer spending behaved around the annual ritual, but aspects of financial markets can be influenced by the signs of strength or weakness. From earlier days when satellite imaging of parking lots was relied upon, we now have rapid access to internet-based data and high-frequency spending metrics from electronic payment channels.

Until then, we rely upon guesstimates from forecasting groups. They expect more shoppers this year than last, which might not be much of a stretch given the earlier stages of the pandemic (chart 7). Black Friday is still expected to be the dominant day, but surrounding days have grown in importance over the years (chart 8). In fact, it would almost seem as if Black Friday has become a monotonous month-long affair! For that matter, it seems sales are perpetually running at virtually every time of the year. More holiday shopping is now done during November than was the case a decade ago (chart 9). Procrastinators take note, and not just because of this year's damaged supply chains!

Chart 9

Progress Made in Early November Holiday Shopping



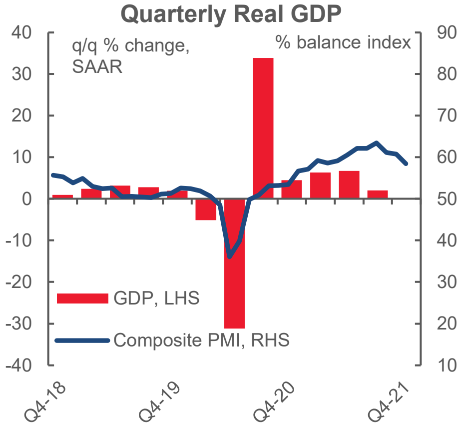
Sources: Scotiabank Economics, National Retail Federation's *Annual November Holiday Consumer Survey*, Prosper Insight & Analytics.

GLOBAL PMIS

Global macroeconomic releases will primarily focus upon a wave of purchasing managers' indices and several US updates. Given the rise in COVID-19 cases in Europe over recent weeks there is the risk that their PMIs might be overlooked by markets.

Chart 10

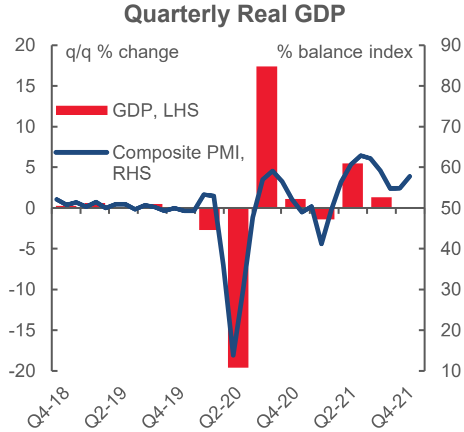
US Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, Markit, Bloomberg.

Chart 11

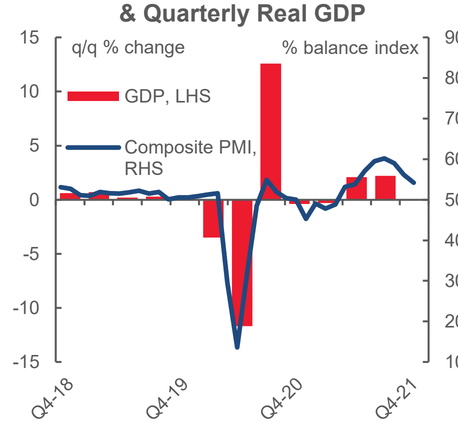
UK Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 12

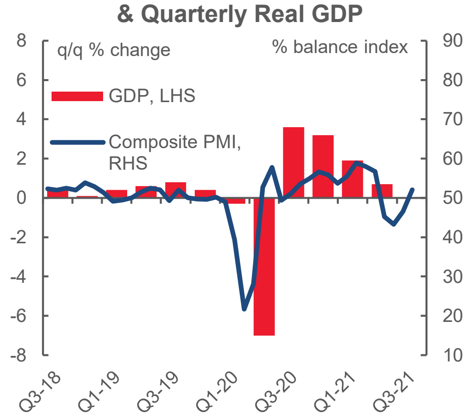
Euro Area Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 13

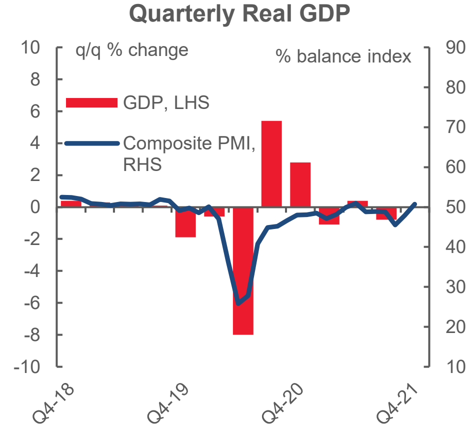
Australia Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 14

Japan Composite PMI & Quarterly Real GDP



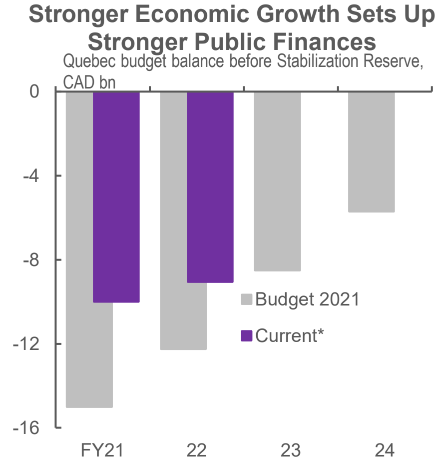
Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Purchasing managers' indices for November will be updated first in Australia and Japan on Monday and then Tuesday brings out readings from the US (Markit, not ISM), the Eurozone and the UK. Charts 10-14 depict the relationship between PMIs and GDP growth to indicate why they serve as fresher sentiment-based perspectives on growth momentum.

QUEBEC'S FINANCIAL PICTURE

Marc Desormeaux notes that Quebec's economic rebound is tracking very strongly—see his piece on the causes and implications of that strength—so we should see much improved budget balance projections when the province's mid-year fiscal update drops this Thursday. Based on the 2021 Budget sensitivity estimate of $800 mn per 1 ppt nominal GDP growth, current private sector average forecasts for 10–11% expansion would shave $3–4 bn off the $12.3 bn FY22 shortfall predicted in March (chart 15). That could mean a reduction in the $6.5 bn fiscal "shortfall" associated with the spending and economic hit related to COVID-19, which the province identified in March and intended to eliminate between FY24 and FY28 in order to balance its books by the latter year. However, recent history suggests that this update's forecast horizon will focus on the next three years. From a policy perspective, expect continued focus on the environment and measures to address labour shortages—Quebec's 5.3% Q2-2021 job vacancy rate was a record and the second-highest among Canada's provinces.

Chart 15



* Based on Quebec *Monthly Report on Financial Transactions*, private-sector nominal GDP forecasts.
Sources: Scotiabank Economics, Finances Québec.

Key Indicators for week of November 22 – 26

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	11/22	10:00	Existing Home Sales (mn a.r.)	Oct	6.2	6.2	6.3
US	11/22	10:00	Existing Home Sales (m/m)	Oct	-2.0	-1.4	7.0
MX	11/23	07:00	Retail Sales (INEGI) (y/y)	Sep	--	--	7.2
US	11/23	10:00	Richmond Fed Manufacturing Index	Nov	--	10.0	12.0
MX	11/24	07:00	Bi-Weekly Core CPI (% change)	Nov 15	0.1	0.1	0.2
MX	11/24	07:00	Bi-Weekly CPI (% change)	Nov 15	0.5	0.5	0.4
US	11/24	07:00	MBA Mortgage Applications (w/w)	Nov 19	--	--	-2.8
US	11/24	08:30	Durable Goods Orders (m/m)	Oct P	0.2	0.2	-0.3
US	11/24	08:30	Durable Goods Orders ex. Trans. (m/m)	Oct P	0.4	0.5	0.5
US	11/24	08:30	GDP (q/q a.r.)	3Q S	2.1	2.2	2.0
US	11/24	08:30	GDP Deflator (q/q a.r.)	3Q S	--	5.7	5.7
US	11/24	08:30	Wholesale Inventories (m/m)	Oct P	--	--	1.4
US	11/24	10:00	New Home Sales (000s a.r.)	Oct	808	794	800
US	11/24	10:00	PCE Deflator (m/m)	Oct	0.7	0.7	0.3
US	11/24	10:00	PCE Deflator (y/y)	Oct	5.1	5.1	4.4
US	11/24	10:00	PCE ex. Food & Energy (m/m)	Oct	0.4	0.4	0.2
US	11/24	10:00	PCE ex. Food & Energy (y/y)	Oct	4.1	4.1	3.6
US	11/24	10:00	Personal Spending (m/m)	Oct	1.3	0.9	0.6
US	11/24	10:00	Personal Income (m/m)	Oct	0.4	0.2	-1.0
US	11/24	10:00	U. of Michigan Consumer Sentiment	Nov F	--	66.8	66.8
MX	11/25	07:00	GDP (q/q)	3Q F	-0.2	--	-0.2
MX	11/25	07:00	GDP (y/y)	3Q F	4.6	--	4.6
MX	11/25	07:00	Global Economic Indicator IGAE (y/y)	Sep	--	--	4.3
US	11/25	08:30	Initial Jobless Claims (000s)	Nov 20	270	255	268
US	11/25	08:30	Continuing Claims (000s)	Nov 13	2,110	--	2,080
MX	11/26	07:00	Trade Balance (US$ mn)	Oct	--	--	-2,398

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
EC	11/22	10:00	Consumer Confidence	Nov A	-5.5	-4.8
FR	11/23	03:15	Manufacturing PMI	Nov P	53.0	53.6
FR	11/23	03:15	Services PMI	Nov P	55.0	56.6
GE	11/23	03:30	Manufacturing PMI	Nov P	56.8	57.8
GE	11/23	03:30	Services PMI	Nov P	51.6	52.4
EC	11/23	04:00	Composite PMI	Nov P	53.0	54.2
EC	11/23	04:00	Manufacturing PMI	Nov P	57.1	58.3
EC	11/23	04:00	Services PMI	Nov P	53.5	54.6
UK	11/23	04:30	Manufacturing PMI	Nov P	57.3	57.8
UK	11/23	04:30	Services PMI	Nov P	58.2	59.1
GE	11/24	04:00	IFO Business Climate Survey	Nov	96.6	97.7
GE	11/24	04:00	IFO Current Assessment Survey	Nov	99.0	100.1
GE	11/24	04:00	IFO Expectations Survey	Nov	94.4	95.4
GE	11/25	02:00	GfK Consumer Confidence Survey	Dec	-1.0	0.9
GE	11/25	02:00	Real GDP (q/q)	3Q F	1.8	1.8
SW	11/25	03:30	Riksbank Interest Rate (%)	Nov 25	0.0	0.0
SZ	11/26	03:00	GDP (y/y)	3Q	3.1	7.7

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

Key Indicators for week of November 22 – 26

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	**11/21**	**20:30**	**PBoC Loan Prime Rate 1-Year (%)**	**Nov 22**	**3.85**	**3.85**	**3.85**
TA	11/22	03:00	Export Orders (y/y)	Oct	--	21.6	25.7
TA	11/22	03:00	Unemployment Rate (%)	Oct	--	3.8	3.9
HK	11/22	03:30	CPI (y/y)	Oct	--	1.9	1.4
SK	11/22	16:00	Consumer Confidence Index	Nov	--	--	106.8
NZ	11/22	16:45	Retail Sales Ex Inflation (q/q)	3Q	--	-10.5	3.3
JN	11/22	19:30	Markit/JMMA Manufacturing PMI	Nov P	--	--	53.2
TH	11/22	22:30	Customs Exports (y/y)	Oct	--	16.5	17.1
TH	11/22	22:30	Customs Imports (y/y)	Oct	--	29.6	30.3
TH	11/22	22:30	Customs Trade Balance (US$ mn)	Oct	--	110.0	609.8
SK	11/22		Department Store Sales (y/y)	Oct	--	--	24.3
SI	11/23	00:00	CPI (y/y)	Oct	3.0	2.9	2.5
TA	11/23	03:00	Industrial Production (y/y)	Oct	--	11.9	13.4
SK	11/23	16:00	Business Survey- Manufacturing	Dec	--	--	88.0
SK	11/23	16:00	Business Survey- Non-Manufacturing	Dec	--	--	85.0
NZ	**11/23**	**20:00**	**RBNZ Official Cash Rate (%)**	**Nov 24**	**0.75**	**0.75**	**0.50**
NZ	11/24	16:45	Trade Balance (NZD mn)	Oct	--	--	-2,171
NZ	11/24	16:45	Exports (NZD bn)	Oct	--	--	4,396
NZ	11/24	16:45	Imports (NZD bn)	Oct	--	--	6,567
AU	11/24	19:30	Private Capital Expenditure	3Q	--	-2.4	4.4
VN	11/24	21:00	CPI (y/y)	Nov	--	--	1.8
VN	11/24	21:00	Industrial Production (y/y)	Nov	--	--	-1.6
JN	11/25	00:00	Coincident Index CI	Sep F	--	--	87.5
JN	11/25	00:00	Leading Index CI	Sep F	--	--	99.7
JN	11/25	00:30	Nationwide Department Store Sales (y/y)	Oct	--	--	-4.3
JN	11/25	01:00	Machine Tool Orders (y/y)	Oct F	--	--	81.5
HK	11/25	03:30	Exports (y/y)	Oct	--	--	16.5
HK	11/25	03:30	Imports (y/y)	Oct	--	--	23.5
HK	11/25	03:30	Trade Balance (HKD bn)	Oct	--	--	-42.4
NZ	11/25	16:00	ANZ Consumer Confidence Index	Nov	--	--	98.0
JN	11/25	18:30	Tokyo CPI (y/y)	Nov	--	0.4	0.1
SK	**11/25**	**19:00**	**BoK Base Rate (%)**	**Nov 25**	**1.00**	**1.00**	**0.75**
AU	11/25	19:30	Retail Sales (m/m)	Oct	--	2.5	1.3
MA	11/25	23:00	CPI (y/y)	Oct	2.5	2.5	2.2
SI	11/26	00:00	Industrial Production (y/y)	Oct	--	14.4	-3.4
TA	11/26	03:00	Real GDP (y/y)	3Q F	3.8	3.8	3.8
CH	11/26	20:30	Industrial Profits YTD (y/y)	Oct	--	--	16.3

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	11/25	07:00	IBGE Inflation IPCA-15 (m/m)	Nov	--	1.1	1.2
BZ	11/25	07:00	IBGE Inflation IPCA-15 (y/y)	Nov	--	10.6	10.3
BZ	11/25	07:30	Current Account (US$ mn)	Oct	--	--	-1,699

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

Global Auctions for week November 22 – 26

NORTH AMERICA

Country	Date	Time	Event
US	11/22	13:00	U.S. To Sell 2-Year Notes
US	11/22	13:00	U.S. To Sell 5-Year Notes
US	11/23	13:00	U.S. To Sell 7-Year Notes

EUROPE

Country	Date	Time	Event
BE	11/22	06:00	Belgium to Sell Bonds
EC	11/22	06:30	EU to Sell Bonds on Nov 22
NE	11/23	04:00	Netherlands to Sell Up to 3B Euros of 0% 2029 Bonds On Nov 23
NO	11/24	05:00	Norway to Sell Bonds
GE	11/24	05:30	Germany to Sell EU2 Billion of 0% 2036 Bonds On Nov. 24
IT	11/25	05:00	Italy to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	11/24	22:35	Japan to Sell 40-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for week of November 22 – 26

NORTH AMERICA

Country	Date	Time	Event
CA	11/23	13:00	Bank of Canada's Beaudry Gives Speech
US	11/24	14:00	FOMC Meeting Minutes

EUROPE

Country	Date	Time	Event
EC	11/22	09:00	ECB's Holzmann, Kazaks, Kazimir, CNB's Rusnok in Vienna
UK	11/23	06:00	BOE's Haskel speaks on `high inflation now and then'
UK	11/24	09:30	BOE's Tenreyro speaks at Oxford Economic Society
EC	11/25	03:00	ECB's Villeroy speaks in Paris
SW	**11/25**	**03:30**	**Riksbank Interest Rate**
UK	11/25	12:00	BOE's Bailey speaks with Mohamed El Erian
PO	11/25		Portugal Releases Year-to-Date Budget Report
SW	11/26	03:05	Ohlsson speech
UK	11/26	08:00	Bank of England's Huw Pill speaks to CBI on economic outlook

ASIA-PACIFIC

Country	Date	Time	Event
CH	**11/21**	**20:30**	**1-Year Loan Prime Rate**
CH	11/21	20:30	5-Year Loan Prime Rate
AU	11/22	20:05	RBA's Kohler Givesns Speech at Virtual Conference
AU	11/22	22:50	RBA's Brischetto Panel Participation at Virtual Conference
AU	11/23	17:15	RBA's Bullock Participates in Panel Event
AU	11/23	19:40	RBA's Bullock Participates in Panel Event
NZ	11/23	20:00	RBNZ Monetary Policy Statement
NZ	**11/23**	**20:00**	**RBNZ Official Cash Rate**
SK	**11-25**		**BoK 7-Day Repo Rate**

LATIN AMERICA

Country	Date	Time	Event
MX	11/25	10:00	Central Bank Monetary Policy Minutes

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.25	December 8, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	December 15, 2021	0.25	0.25
Banco de México – Overnight Rate	5.00	December 16, 2021	5.25	5.25

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	December 16, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	December 16, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	December 16, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	December 16, 2021	0.25	0.25
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.50	December 17, 2021	8.00	8.00
Sweden Riksbank – Repo Rate	0.00	November 25, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.25	December 16, 2021	0.50	0.25
Central Bank of Turkey – Benchmark Repo Rate	15.00	December 16, 2021	15.00	15.00

Riksbank: No policy changes are expected. The Riksbank signalled at its last monetary policy meeting that the Repo Rate is expected to remain at 0.00% for the entire forecast period, out through to the end of 2024. This guidance could be vulnerable to being brought forward, but nowhere close to market pricing for possible hikes in 2022. A temporary inflation overshoot of the 2.0% target is expected in the near-term, but expansionary policy will still be necessary to keep inflation lastingly close to target.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 17, 2021	-0.10	0.00
Reserve Bank of Australia – Cash Target Rate	0.10	December 6, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.50	November 23, 2021	0.75	0.75
People's Bank of China – 1-Year Loan Prime Rate	3.85	November 21, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	December 7, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.75	November 25, 2021	1.00	1.00
Bank of Thailand – Repo Rate	0.50	December 22, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	January 20, 2022	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	December 16, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	December 16, 2021	2.00	2.00

People's Bank of China (PBoC): We expect the PBoC's Loan Prime Rate fixings to remain unchanged in the foreseeable future. Conducting monetary policy in China is a balancing act between supporting the economy and addressing elevated financial imbalances, such as weaker quality of debt. As Chinese domestic demand has room to strengthen, the PBoC will likely use targeted policy measures over the coming months to underpin economic activity. **Reserve Bank of New Zealand (RBNZ):** We expect a 25 bps hike to RBNZ's official cash rate on November 24. We assess that the New Zealand economy does not require ultra-accommodative monetary policy anymore; inflationary pressures have intensified recently, and the labour market is tightening, triggering higher wage inflation. The central bank's key policy objectives are to keep annual inflation within the 1–3% target and to support maximum sustainable employment; both targets have now been met or exceeded. **Bank of Korea (BoK):** We expect the BoK to raise the benchmark 7-Day Repo Rate by 25 bps to 1.0% following the November 25 policy meeting. The rate was raised by 25 bps in August after which it was left unchanged in October. Since then, inflation has accelerated further, reaching 3.2% y/y in October, above the BoK's 2% inflation target.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	7.75	December 8, 2021	8.25	9.25
Banco Central de Chile – Overnight Rate	2.75	December 14, 2021	4.00	3.75
Banco de la República de Colombia – Lending Rate	2.50	December 17, 2021	3.00	3.00
Banco Central de Reserva del Perú – Reference Rate	2.00	December 9, 2021	2.50	2.50

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.75	January 27, 2022	3.75	3.75

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