

A DECISIVE PERIOD FOR THE FED

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FORECASTS & DATA

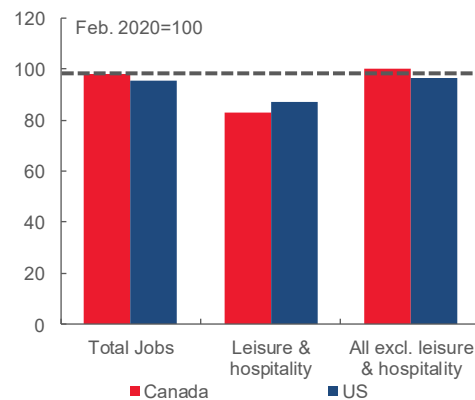
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Next Week's Risk Dashboard

- Day 1 of the debt ceiling
- Inflation's sustainable bottlenecks
- Jobs: US, Canada, NZ
- CBs: BoE, RBA, RBI, Brazil, BoT
- PMIs: US ISM, Canada, Mexico, Brazil, Italy, Spain, EZ-r, India
- LatAm and Asian inflation

Chart of the Week
Employment is Recovering But Still Remains Uneven Across Sectors


Sources: Scotiabank Economics, BLS, Statistics Canada.

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

A Decisive Period For The Fed

Far and away the most dominant item on the week ahead agenda will be the state of the US labour market, what it says about Federal Reserve policy risks and what that in turn says about risks to global markets. That's not to say it will be the only consideration, but we're entering a period in which the interplay between jobs and inflation data is going to rapidly shape policy and market risks one way or the other.

A prevailing current of thinking is that just as US job growth is accelerating, inflation may decelerate. One caveat around this thinking is that the inventory cycle and transportation bottlenecks are looking to be anything but disinflationary at this point. US inventories have returned to the lean conditions that last began to be observed at the peak of the US housing cycle before the GFC (chart 1). One indication of this is that JD Power reports that July saw a record low average number of days a new vehicle sits on dealer lots. Much of this is because economy-wide demand has accelerated so rapidly that the supply side can't keep up but that could persist for quite a time yet. An indication of this is that the rapid rise in global shipping costs is continuing unabated (chart 2) and ditto for the soaring use of containers (chart 3) that is worsening bottlenecks at key global ports. It takes time to address such imbalances and so it's entirely feasible that the Fed's 'coming meetings' will bear witness to coincident trends of strong job growth and persistent inflationary pressures that could spawn a period of accelerated movement toward tapering and setting up heightened policy rate risks.

In the background to this market concern is that day 1 of the reinstatement of the US debt ceiling arrives on Sunday. Markets will become increasingly focused upon the added risks this could pose. The US Treasury has already suspended the sale of State and Local Government Series securities until the debt limit is suspended or raised ([here](#)). Treasury also advised that additional measures are likelier the longer the ceiling is reinstated and noted that "cash and extraordinary measures could be exhausted soon after Congress returns from recess." The House of Representatives departs on Monday and the Senate follows the next Monday. The Democrats might rely upon reconciliation measures to unilaterally address the ceiling, but that's unlikely to come without its own political costs.

US NONFARM—TOO EARLY FOR DELTA RISKS

Friday's nonfarm payrolls report will be the week's marquee macro development given the FOMC's heightened sensitivity to the flow of data and events over 'coming meetings' as they put it.

I went with a similar rise to what we saw in May. A gain of around 800,000 jobs with a dip in the unemployment rate to 7.4% (from 7.8%) and an acceleration of wage growth to 4% y/y are expected.

Progress toward falling jobless claims has flatlined over the past couple of months but that doesn't necessarily speak to hiring. Measures of hiring intentions continued to look strong. Small businesses continued to indicate record hiring plans (chart 4) but also record difficulty filling those openings (chart 5). Consumers continued to signal their awareness toward the easy availability of jobs (chart 6) but the issue remains how fast they are willing to fill those openings. Watch Wednesday's ADP payrolls for July and readings like the employment subindices to ISM-manufacturing (Monday) and ISM-services (Thursday) for further indications.

Supply side challenges likely persisted in July which is why I didn't quite go as far as the 1+ million part within the nonfarm consensus. Those supply side challenges were

Chart 1

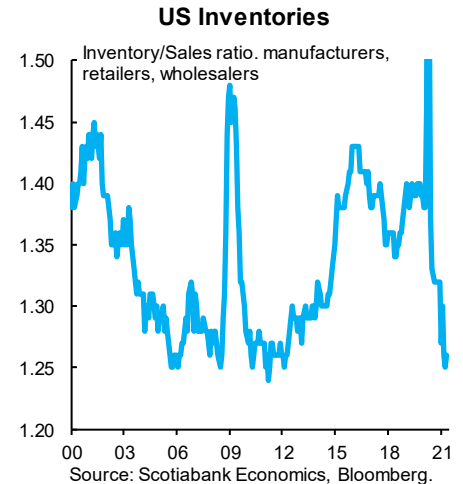


Chart 2

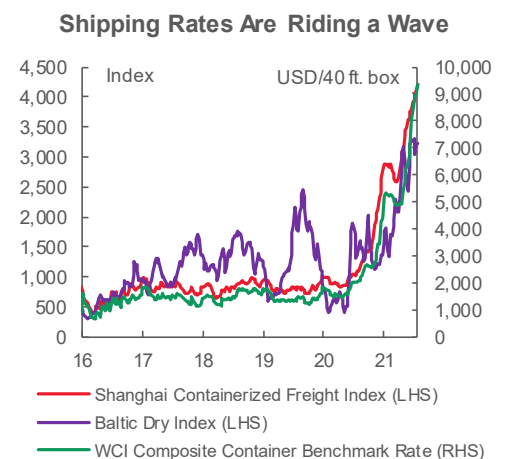
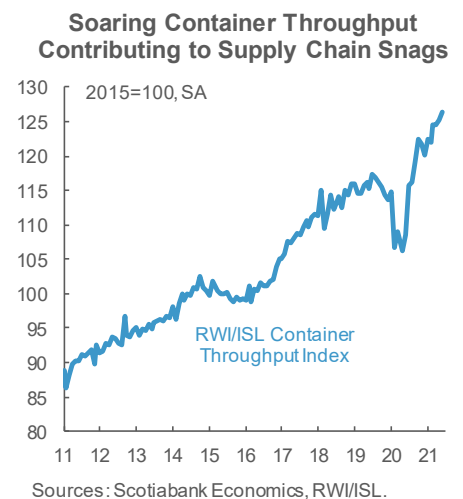


Chart 3



probably not further aggravated by the Delta variant just yet. That might be more of a factor in the August payrolls report due out in early September, if at all. That's because by the time the Delta variant cases started to ramp up it was beyond the July nonfarm reference period that is the pay period including the 12th day of the month and especially upon considering the lags involved in hiring decisions.

CANADIAN JOBS—WHAT VARIANT?

As Canada's regional economies continue to reopen (chart 7), we should see Friday's Labour Force Survey post another impressive job gain for July.

My guesstimate is for a gain of 190,000 jobs that would dip the unemployment rate to 7.4% from 7.8% the prior month. The long-run 95% confidence interval is about +/-57k but clearly the noise bands during the pandemic are rather wider and so treat guesstimates as a very rough guide. Various indicators of the demand for labour are all strong (charts 8, 9) while mobility readings have accelerated (chart 10) and more people are searching for work (chart 11). Sector-specific evidence includes the fact that Canadian restaurant reservations are rapidly catching up to the US (chart 12).

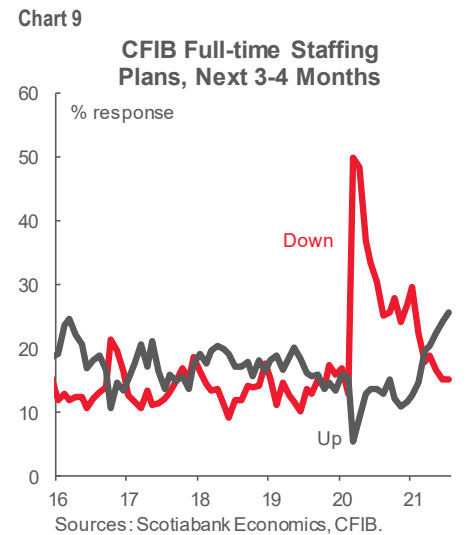
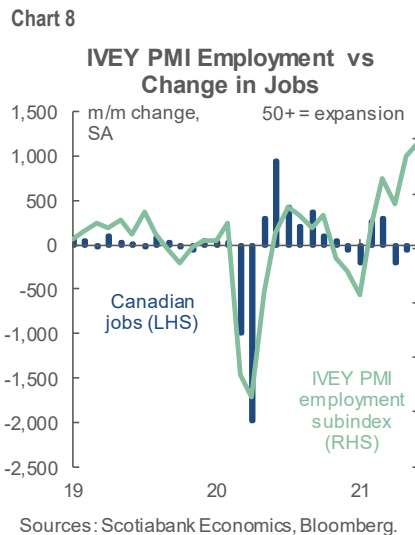
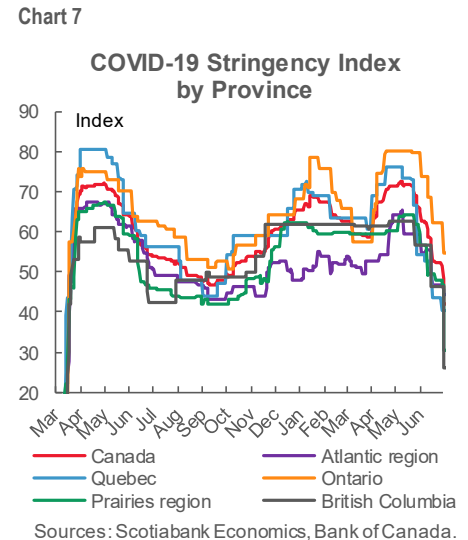
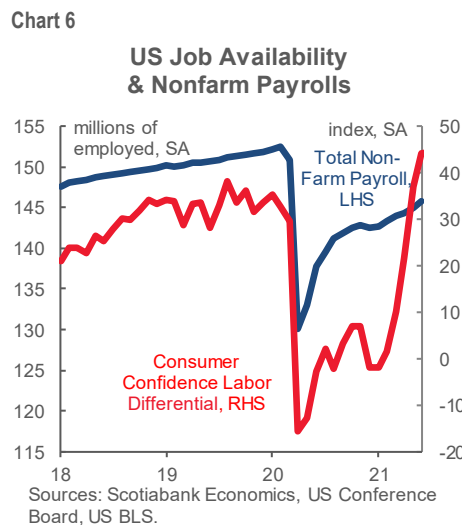
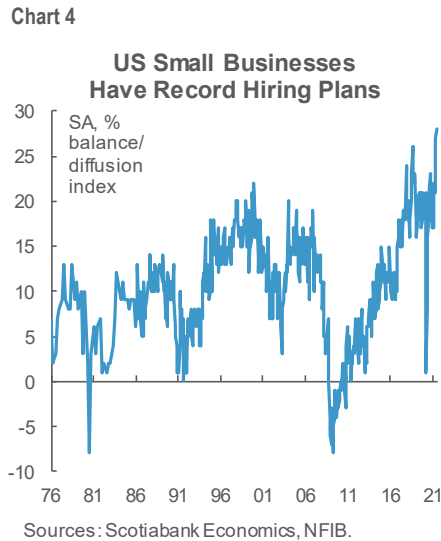
Supply side problems may have also persisted in Canada, but the difference compared to the US is that Canada experienced a third wave that cost it some jobs in April and May such that we're likely still seeing a reopening effect.

Unlike the US, however, Canada has not seen an appreciable rise in new COVID-19 cases driven by the Delta variant (chart 13). It's unlikely the Delta variant will impact July's nonfarm payrolls and even less likely to affect Canadian jobs.

MACRO REPORTS

A round of other macroeconomic reports will primarily focus upon PMIs and inflation readings.

China kicks off the round of purchasing managers' indices with the private sector



versions on Sunday and Tuesday and they are likely to reaffirm the signals from state PMIs that indicate modest growth in China's economy. US ISM-manufacturing (Monday) and ISM-services (Thursday) are expected to continue to signal strong growth in the US economy but the inflation signals will be more closely watched. Canada updates its manufacturing PMI for July on Tuesday and the Ivey economy-wide PMI on Friday that are also likely to demonstrate solid growth in manufacturing but stronger economy-wide growth. Mexico's manufacturing PMI (Monday) has been in contraction even since March of last year and has not been indicating growth for an extended period before that. Brazil (Monday and Wednesday), India (ditto), Italy (Wednesday) and Spain (Wednesday) round out the PMIs line-up.

New Zealand is likely to register another solid job gain in Q2 on Tuesday evening (ET).

German macro reports will include retail sales during June (Monday), factory orders (Thursday) and industrial production (Friday).

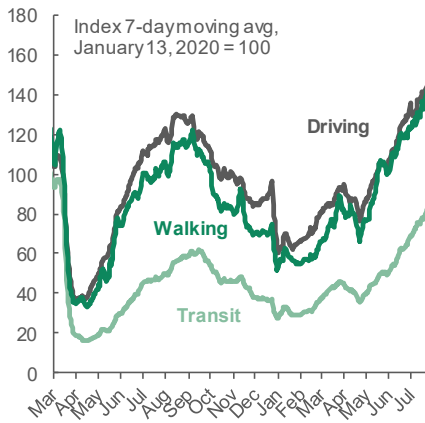
A wave of regional inflation reports primarily focused upon LatAm and Asian economies won't impact the global market tone but could influence thinking about local central bank dynamics. I'll write about those in individual notes throughout the week.

CENTRAL BANKS—POLICY DIVERGENCES

Five central banks deliver policy decisions over the coming week. Several of them could well shake up their narratives somewhat.

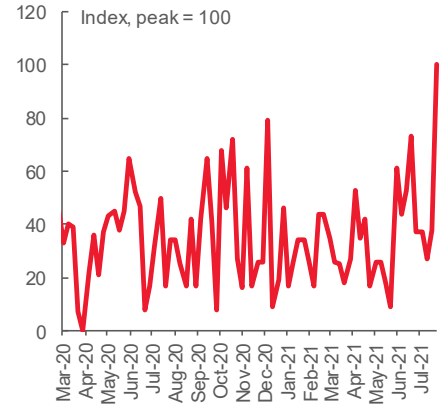
- RBA:** Tuesday's decision could be marked by the need to back-pedal on prior taper guidance. Recall that the RBA had announced at its prior meeting that it would reduce purchases of government bonds to A\$4B/week from \$5B/week. The rise of COVID-19 cases (chart 14) and the fact that Sydney will remain in lockdown until at least the end of August makes sticking to such a plan less likely. Is this a lesson for other central banks pondering either a start to tapering or further taper decisions? A key distinction lies in the fact that Australia has not done well at vaccinating its population and the vaccination rate lags well behind its Anglo-American peers.
- BoE:** The Bank of England (Thursday) is unlikely to alter policy but forecast revisions and probably greater divisions on the maintenance of its gilts purchase program will be monitored as MPC members Dave Ramsden and Michael Saunders may agitate toward ending them earlier than planned. The prospect of upward revisions to inflation projections could add to 2022 rate hike bets (charts 15, 16). Tentative evidence that new COVID-19 cases are waning may provide encouragement (chart 17).

Chart 10
Method of Transportation in Toronto



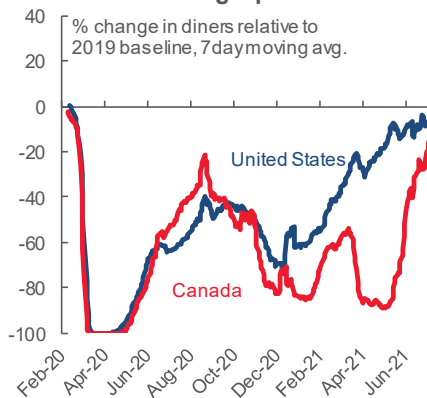
Sources: Scotiabank Economics, Apple.

Chart 11
Google Searches for "Job Openings"



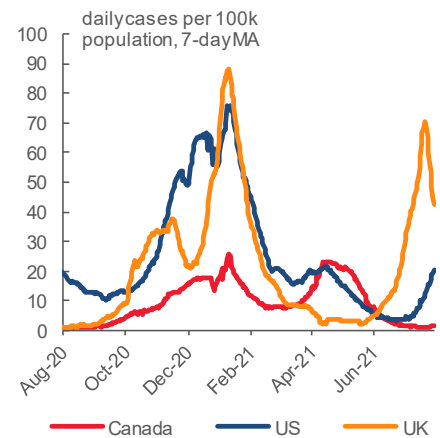
Sources: Scotiabank Economics, Google Trends.

Chart 12
Canadian Restaurant Activity Catching Up to US



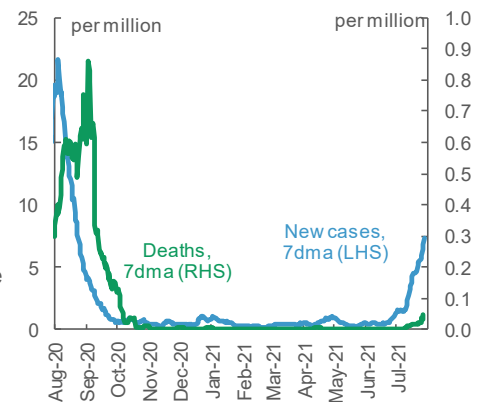
Sources: Scotiabank Economics, OpenTable.

Chart 13
COVID-19 Cases



Sources: Scotiabank Economics, Bloomberg.

Chart 14
Australia: COVID-19 Cases & Deaths

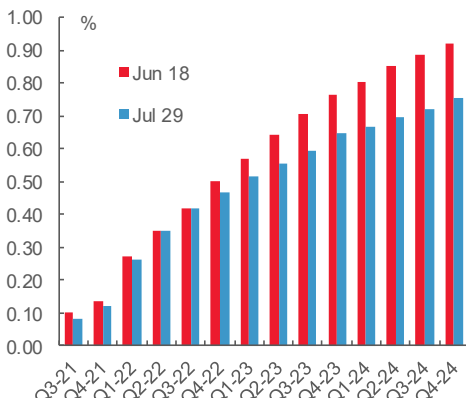


Sources: Scotiabank Economics, Our World in Data.

- **RBI:** India's central bank is likely to find it a bit more difficult to talk through rising inflation that is well above the inflation target range of 4% +/-2%. Whether now or at a subsequent meeting, the risk lies in shifting toward a more hawkish stance.
- **Brazil:** Banco Central do Brasil will probably pass through another 75–100bps hike to the Selic rate on Wednesday. The policy rate of 4.25% remains significantly below guidance to get closer to a neutral rate as inflation continues to overshoot.
- **Bank of Thailand:** Wednesday's decision is not expected to yield any change in policy stance as COVID-19 continues to challenge its important tourism industry.

Chart 15

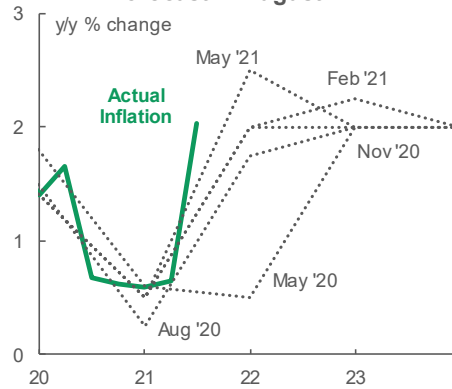
BoE Implied Policy Rate



Sources: Scotiabank Economics, Bloomberg.

Chart 16

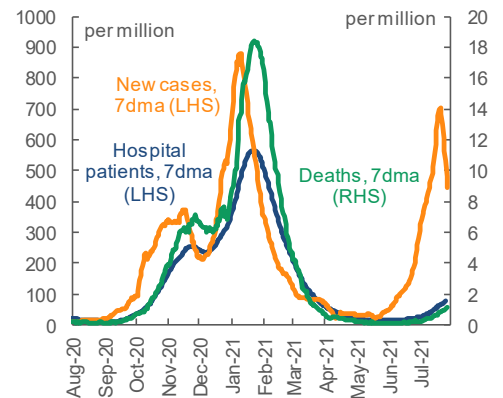
BoE Likely to Raise Inflation Forecast in August MPR



Sources: Scotiabank Economics, Bank of England, ONS.

Chart 17

UK: Cases, Hospitalizations, Deaths



Sources: Scotiabank Economics, Our World in Data.

Key Indicators for week of August 2 – 6

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	08/02	10:00	Construction Spending (m/m)	Jun	0.7	0.4	-0.3
US	08/02	10:00	ISM Manufacturing Index	Jul	61.0	60.8	60.6
US	08/03	10:00	Factory Orders (m/m)	Jun	1.0	1.0	1.7
US	08/03		Total Vehicle Sales (mn a.r.)	Jul	14.9	15.6	15.4
US	08/04	07:00	MBA Mortgage Applications (w/w)	Jul 30	--	--	5.7
US	08/04	08:15	ADP Employment Report (000s m/m)	Jul	600	650.0	691.5
CA	08/04	08:30	Building Permits (m/m)	Jun	--	--	-14.8
US	08/04	10:00	ISM Non-Manufacturing Composite	Jul	61.0	60.5	60.1
CA	08/05	08:30	Merchandise Trade Balance (C\$ bn)	Jun	-1.0	--	-1.4
US	08/05	08:30	Initial Jobless Claims (000s)	Jul 31	390	380	400
US	08/05	08:30	Continuing Claims (000s)	Jul 24	3,260	3,260	3,269
US	08/05	08:30	Trade Balance (US\$ bn)	Jun	-73.3	-74.0	-71.2
CA	08/06	08:30	Employment (000s m/m)	Jul	190	--	230.7
CA	08/06	08:30	Unemployment Rate (%)	Jul	7.4	--	7.8
US	08/06	08:30	Average Hourly Earnings (m/m)	Jul	0.5	0.3	0.3
US	08/06	08:30	Average Hourly Earnings (y/y)	Jul	4.0	3.9	3.6
US	08/06	08:30	Average Weekly Hours	Jul	--	34.7	34.7
US	08/06	08:30	Nonfarm Employment Report (000s m/m)	Jul	800	858.0	850.0
US	08/06	08:30	Unemployment Rate (%)	Jul	5.6	5.7	5.9
US	08/06	15:00	Consumer Credit (US\$ bn m/m)	Jun	--	22.0	35.3
US	08/06		Household Employment Report (000s m/m)	Jul	--	--	-18.0

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	08/02	02:00	Retail Sales (m/m)	Jun	2.0	4.6
IT	08/02	03:00	Budget Balance (€ bn)	Jul	--	-15.8
IT	08/02	03:00	Budget Balance YTD (€ bn)	Jul	--	0.0
IT	08/02	03:45	Manufacturing PMI	Jul	61.5	62.2
FR	08/02	03:50	Manufacturing PMI	Jul F	58.1	58.1
GE	08/02	03:55	Manufacturing PMI	Jul F	65.6	65.6
EC	08/02	04:00	Manufacturing PMI	Jul F	62.6	62.6
UK	08/02	04:30	Manufacturing PMI	Jul F	60.4	60.4
EC	08/03	05:00	PPI (m/m)	Jun	1.4	1.3
FR	08/04	02:45	Central Government Balance (€ bn)	Jun	--	-118.8
IT	08/04	03:45	Services PMI	Jul	58.3	56.7
FR	08/04	03:50	Services PMI	Jul F	57.0	57.0
GE	08/04	03:55	Services PMI	Jul F	62.2	62.2
EC	08/04	04:00	Composite PMI	Jul F	60.6	60.6
EC	08/04	04:00	Services PMI	Jul F	60.4	60.4
UK	08/04	04:30	Official Reserves Changes (US\$ bn)	Jul	--	-2,225
UK	08/04	04:30	Services PMI	Jul F	57.8	57.8
EC	08/04	05:00	Retail Trade (m/m)	Jun	1.6	4.6
GE	08/05	02:00	Factory Orders (m/m)	Jun	2.0	-3.7
FR	08/05	02:45	Industrial Production (m/m)	Jun	0.6	-0.3
FR	08/05	02:45	Industrial Production (y/y)	Jun	7.5	0.0
FR	08/05	02:45	Manufacturing Production (m/m)	Jun	2.2	-0.5
UK	08/05	04:30	PMI Construction	Jul	64.0	66.3
UK	08/05	07:00	BoE Asset Purchase Target (£ bn)	Aug	875.0	875.0
UK	08/05	07:00	BoE Policy Announcement (%)	Aug 5	0.10	0.10
GE	08/06	02:00	Industrial Production (m/m)	Jun	0.6	-0.3
FR	08/06	02:45	Current Account (€ bn)	Jun	--	-2,288
FR	08/06	02:45	Trade Balance (€ mn)	Jun	--	-6,801
SP	08/06	03:00	Industrial Output NSA (y/y)	Jun	--	28.2
IT	08/06	04:00	Industrial Production (m/m)	Jun	1.0	-1.5

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

Key Indicators for week of August 2 – 6
ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	07/31	20:00	Exports (y/y)	Jul	--	30.9	39.8
SK	07/31	20:00	Imports (y/y)	Jul	--	44.0	40.7
SK	07/31	20:00	Trade Balance (US\$ mn)	Jul	--	108	4,451
JN	08/01	20:30	Markit/JMMA Manufacturing PMI	Jul F	--	--	52.2
AU	08/01	21:30	ANZ Job Advertisements (m/m)	Jul	--	--	3.0
CH	08/01	21:45	Caixin Flash China Manufacturing PMI	Jul	--	51.0	51.3
CH	08/01	21:45	Caixin Manufacturing PMI	Jul	51.0	51.0	51.3
ID	08/02	00:00	CPI (y/y)	Jul	1.7	1.5	1.3
ID	08/02	00:00	CPI (m/m)	Jul	--	0.0	-0.2
ID	08/02	00:00	Core CPI (y/y)	Jul	--	1.4	1.5
JN	08/02	01:00	Consumer Confidence	Jul	--	36.9	37.4
JN	08/02	01:00	Vehicle Sales (y/y)	Jul	--	--	9.2
TH	08/02	03:30	Business Sentiment Index	Jul	--	--	46.5
HK	08/02	04:30	Retail Sales - Value (y/y)	Jun	--	--	10.5
HK	08/02	04:30	Retail Sales - Volume (y/y)	Jun	--	--	7.8
SI	08/02	09:00	Purchasing Managers Index	Jul	--	--	50.8
SK	08/02	19:00	CPI (m/m)	Jul	--	--	-0.1
SK	08/02	19:00	CPI (y/y)	Jul	2.4	2.4	2.4
SK	08/02	19:00	Core CPI (y/y)	Jul	--	--	1.5
JN	08/02	19:30	Tokyo CPI (y/y)	Jul	--	0.0	0.0
JN	08/02	19:50	Monetary Base (y/y)	Jul	--	--	19.1
PH	08/02	21:00	Unemployment Rate (%)	Jun	--	--	7.7
AU	08/02	21:30	Building Approvals (m/m)	Jun	--	-4.5	-7.1
NZ	08/03	18:45	Unemployment Rate (%)	2Q	--	4.4	4.7
NZ	08/03	18:45	Employment Change (y/y)	2Q	--	1.2	0.3
HK	08/03	20:30	Purchasing Managers Index	Jul	--	--	51.4
AU	08/03	21:30	Retail Sales (m/m)	Jun F	--	-1.8	-1.8
CH	08/03	21:45	Caixin Services PMI	Jul	--	50.5	50.3
AU	08/03	00:30	RBA Cash Target Rate (%)	Aug 3	0.10	0.10	0.10
TH	08/04	03:05	BoT Repo Rate (%)	Aug 4	0.50	0.50	0.50
PH	08/04	21:00	CPI (y/y)	Jul	--	4.0	4.1
AU	08/04	21:30	Trade Balance (AUD mn)	Jun	--	10,200	9,681
TH	08/04	22:00	Consumer Confidence Economic	Jul	--	--	37.3
TH	08/04	23:30	CPI (y/y)	Jul	--	0.9	1.3
TH	08/04	23:30	CPI (m/m)	Jul	--	0.4	0.4
TH	08/04	23:30	Core CPI (y/y)	Jul	--	0.1	0.5
ID	08/05	00:00	Real GDP (q/q)	2Q	--	2.6	-1.0
ID	08/05	00:00	Real GDP (y/y)	2Q	--	6.5	-0.7
TA	08/05	04:00	CPI (y/y)	Jul	--	--	1.9
SK	08/05	19:00	Current Account (US\$ mn)	Jun	--	--	10,761
JN	08/05	19:30	Household Spending (y/y)	Jun	--	0.2	11.6
PH	08/05	21:00	Exports (y/y)	Jun	--	11.3	29.8
PH	08/05	21:00	Imports (y/y)	Jun	--	23.1	47.7
PH	08/05	21:00	Trade Balance (US\$ mn)	Jun	--	-2,500	-2,755
IN	08/06	00:30	Repo Rate (%)	Aug 6	4.00	4.00	4.00
IN	08/06	00:30	Reverse Repo Rate (%)	Aug 6	--	3.35	3.35
IN	08/06	00:30	Cash Reserve Ratio (%)	Aug 6	--	4.00	4.00
MA	08/06	03:00	Foreign Reserves (US\$ bn)	Jul 30	--	--	111.1

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	08/01	11:00	Consumer Price Index (m/m)	Jul	--	--	0.5
PE	08/01	11:00	Consumer Price Index (y/y)	Jul	--	--	3.3
CL	08/02	08:30	Economic Activity Index NSA (y/y)	Jun	18.0	18.0	18.1
BZ	08/02	09:00	PMI Manufacturing Index	Jul	--	--	56.4
BZ	08/02	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jul	--	8,975	10,251
BZ	08/03	08:00	Industrial Production SA (m/m)	Jun	--	0.3	1.4
BZ	08/03	08:00	Industrial Production (y/y)	Jun	--	12.7	24.0
BZ	08/04	17:30	SELIC Target Rate (%)	Aug 4	5.00	5.25	4.25
CO	08/05	20:00	Consumer Price Index (m/m)	Jul	--	0.1	-0.1
CO	08/05	20:00	Consumer Price Index (y/y)	Jul	--	3.8	3.6

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

Global Auctions for week August 2 – 6

NORTH AMERICA

No Scheduled Auctions.

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	08/03	05:00	U.K. to Sell 2 Billion Pounds of 1.25% 2051 Bonds
AS	08/03	05:15	Austria to Sell Bonds
GE	08/04	05:30	Germany to Sell 4 Billion Euros of 0% 2026 Bonds
SP	08/05	04:30	Spain to Sell Bonds
FR	08/05	04:50	France to Sell Bonds
BE	08/06	06:00	Belgium to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	08/02	02:00	Qinghai to Sell CNY920.77 Mln 10Y Bonds
CH	08/02	21:30	Fujian to Sell CNY4.30094 Bln 10Y Bonds
JN	08/02	23:35	Japan to Sell 10-Year Bonds
CH	08/03	23:00	China Plans to Sell 3-Yr Upsize Bond
CH	08/03	23:00	China Plans to Sell 7-Yr Upsize Bond
JN	08/04	23:35	Japan to Sell CPI Linked 10-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Events for week of August 2 – 6**NORTH AMERICA**

No Scheduled Events

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	08/05	07:00	Bank of England Bank Rate
SZ	08/06	03:00	Foreign Currency Reserves
IT	08/06	05:00	Istat Releases the Monthly Economic Note
IT	08/06		Bank of Italy Report on Balance-Sheet Aggregates
NO	08/06		Norway Sovereign Debt to be rated by Fitch

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	08/03	00:30	RBA Cash Rate Target
AU	08/03	00:30	RBA 3-Yr Yield Target
TH	08/04	03:05	BoT Benchmark Interest Rate
AU	08/05	19:00	RBA's Lowe Testimony to Parliament Committee
AU	08/05	21:30	RBA Statement on Monetary Policy
IN	08/06	00:30	RBI Repurchase Rate
IN	08/06	00:30	RBI Reverse Repo Rate
IN	08/06	00:30	RBI Cash Reserve Ratio

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	08/04	17:30	Selic Rate

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	0.25	September 8, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	September 22, 2021	0.25	0.25
Banco de México – Overnight Rate	4.25	August 12, 2021	4.25	4.25

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	September 9, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	September 9, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	September 9, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	August 5, 2021	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	6.50	September 10, 2021	6.25	6.50
Sweden Riksbank – Repo Rate	0.00	September 21, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	August 19, 2021	0.00	0.25
Central Bank of Turkey – Benchmark Repo Rate	19.00	August 12, 2021	19.00	19.00

Bank of England (BoE): The focus for next week's meeting will likely be on economic forecast revisions and the status of the current BoE bond buying program—the expected unanimous decision to keep the bank rate at 0.10% should be of no surprise to markets. In the minutes of its June meeting, the Committee flagged that upward revisions to their inflation forecasts were likely. It would be unsurprising to see an end-2021 inflation forecast of 3.0–3.5% especially given the recent upside surprise in June inflation. Support should be thin in a vote to end the BoE bond buying program early, with only Saunders to be in favour of ending the program £50bn lower than the £895bn target. Renewed delta variant concerns will continue to create more uncertainty in the economic outlook but cases have recently begun falling again.

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	September 22, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	August 3, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	August 17, 2021	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	August 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	August 6, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.50	August 26, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	August 4, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	September 9, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	August 19, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	August 12, 2021	2.00	2.00

Reserve Bank of Australia (RBA): The RBA may be forced to reconsider planned stimulus reductions as COVID-19 cases trend in the wrong direction. The last monetary policy meeting in June saw the RBA announced the intent to taper government bond purchases to A\$4B/week from A\$5B, but the rise of COVID-19 cases is generally expected to delay such plans. Sydney will remain in lockdown until at least the end of August, with considerable uncertainty still looming beyond that, which will put a dent in short term growth. The cash target rate is set to remain at 0.10% until at least 2024. **Reserve Bank of India (RBI):** The RBI is expected to hold the repo rate at 4.00% at the next monetary policy meeting on August 6. Despite June inflation printing lower than consensus, 6.3% y/y vs 6.8% y/y, it remains above the bank's target ceiling of 4.0 +/- 2.0%. It may be premature for the RBI to alter references to their accommodative stance at the next meeting given the still-weak economy, but we have penciled in the start of the tightening cycle to begin in Q1-2022. **Bank of Thailand (BoT):** No change in the 0.50% repo rate is expected at next week's meeting. The ongoing COVID-19 outbreak is threatening already-soft 2021 growth forecasts.

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	4.25	August 4, 2021	5.00	5.25
Banco Central de Chile – Overnight Rate	0.75	August 31, 2021	0.50	0.75
Banco de la República de Colombia – Lending Rate	1.75	September 30, 2021	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	August 12, 2021	0.25	0.25

Banco Central do Brasil (BCB): Inflation has accelerated faster than we anticipated, which should keep the BCB signalling an aggressive, front-loaded tightening cycle. Accordingly, we look for the Copom to keep hiking in 75 bps increments. The key outstanding question concerns the Committee's indication on May 5 that it is pursuing only a "partial" normalization process. Our call for a 7% terminal Selic is consistent with this guidance if the hiking cycle remains steep.

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	3.50	September 23, 2021	3.50	3.50

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

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