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*With thanks for research support from:
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Next Week's Risk Dashboard

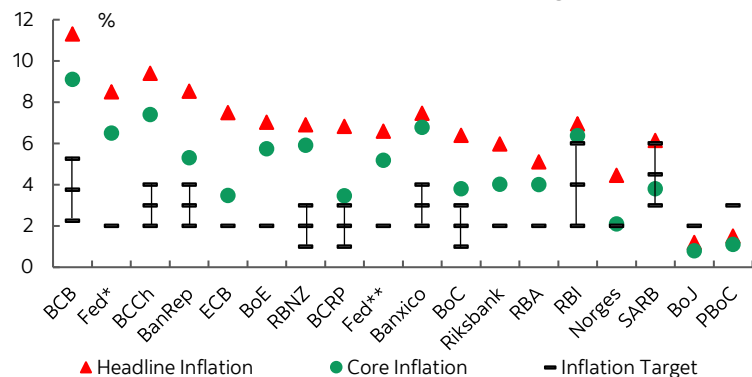
- A sweep of the evidence on global supply chain pressures
- US CPI inflation is still running hot
- China CPI is not
- Has the door shut on PBOC easing?
- Banxico still faces a steep hill to climb
- Peru's central bank expected to hike
- Bank Negara to pause with hike guidance
- The BoC on commodity effects
- RBNZ inflation expectations will probably soar
- India's inflation to further pressure the RBI
- UK, Chinese economies in focus

Breaking the Chains

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Chart of the Week

A Global Overshoot of Inflation Targets



*Using US CPI.

**Using US PCE.

Sources: Scotiabank Economics, Central Banks.

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

Breaking the Chains

This will be a big week for inflation watchers. That might invite a retort like ‘what else is new’ given that inflation has been the dominant focus driving a lot of action across global markets for much of the past 12–18 months. Still, markets perk up when the two biggest economies in the world update their inflation readings on the heels of decisions by major global central banks.

Further, if Russia formally declares war against Ukraine as some expect—instead of labelling its invasion as a “special operation”—on May 9th in keeping with the 1945 anniversary of the Russian victory over Nazi Germany, then oil and inflation markets could get a further jolt with the risk of escalation including greater mobilization of Russian troops. Russia has denied this but can’t be trusted as it has lied every step of the way. Putin will make a closely monitored speech marking the occasion.

Before turning to the expectations in the context of the rest of the week’s overall developments it’s worth stepping back and tracking progress on supply chain drivers that are playing a partial role in pushing inflation higher. The evidence across a suite of measures is mixed at best and continues to suggest there is a lot of work to be done. The drivers of supply chain challenges have been shifting with new drivers taking over from prior ones, but it seems highly premature to conclude that intense overall supply chain pressures are turning less inflationary.

For starters, some measures of supply chain challenges are indeed improving. Semiconductor prices have fallen which may signal some combination of the market’s expectations for weaker future demand alongside investments in semiconductor capacity that are slowly improving supply conditions (chart 1). Semiconductors have long been plagued by a feast or famine problem that has driven wild swings in prices. The Baltic Dry Index’s decline is taken by some as a bad omen for the world economy, but the usual caution is that it can be more reflective of shortages of containers that have since eased and brought prices lower (chart 2).

By contrast, Flexport, a freight forwarding company, offers weekly measures of how many days it takes for ocean freight to go from the exporters’ gate to the destination port and they remain very elevated toward 111 days ([here](#)). Marginal improvements may be false signals because of shut factories in parts of China; when China’s Covid Zero policies eventually settle down, we could perversely see worsened transportation bottlenecks as more normal activity resumes. Air timeliness has returned toward somewhat more normal levels ([here](#)).

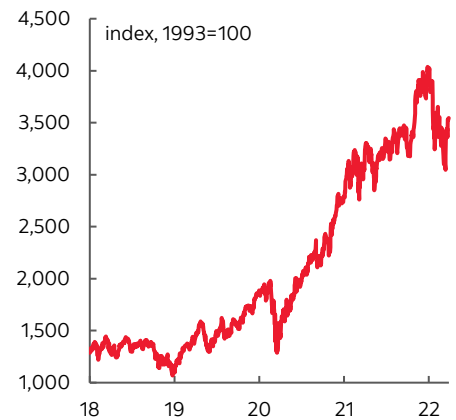
Economists at the New York Federal Reserve offer a Global Supply Chain Pressure Index that is a composite of a variety of measures and is pending a monthly update any day now ([here](#)). The current February reading is getting somewhat dated given rapid developments, but its elevated readings have shown little evidence of improvement and are among the measures to carefully monitor (chart 3). The same general observation holds for its global gauges (charts 4, 5).

With demand for capital goods being rather hot, the order backlog for machine tool orders out of Japan remains very high (chart 6). Another example of this is the order backlog for ‘class 8’ heavy trucks in the US and Canada (chart 7). Years of underinvestment combined with capacity constraints are driving big ticket business spending higher as companies struggle to keep up and hold the cards in terms of pricing power.

Of relevance to housing markets and demand for the trades, there is the U.S. National Association of Homebuilders/Westlake Royal Remodeling Market Index. The quarterly reading

Chart 1

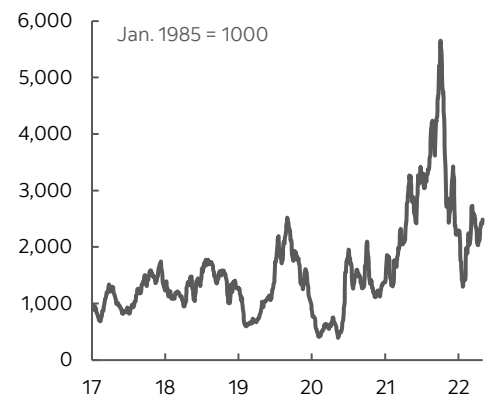
Philadelphia Semiconductor Index



Sources: Scotiabank Economics, Bloomberg.

Chart 2

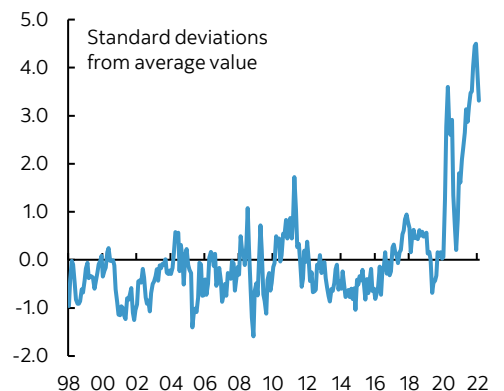
Baltic Dry Index



Sources: Scotiabank Economics, Bloomberg.

Chart 3

Global Supply Chain Pressure Index



Sources: Scotiabank Economics, Federal Reserve Bank of New York Liberty Street Economics.

is still at the highest in history since 2001 (chart 8). The future expectations subindex based upon the pace at which leads and inquiries are arriving and the current backlog of projects is also shown to be at a record high. Will a cooler US housing market slow this activity? Or will the 'love it or list it' decision result in more people showing a little more love for fixing up their current homes? Either way, that aging backyard deck might just get another coat of stain to wait out current demand conditions...

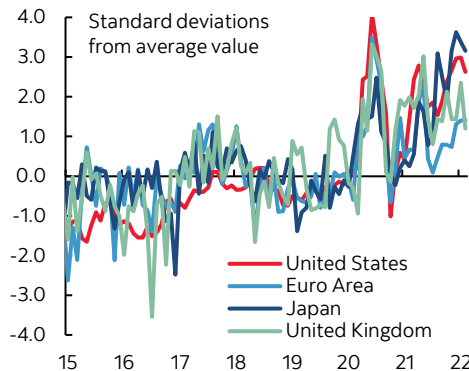
Now does any of this matter in terms of informing the outlook for inflation and central bank policy? The argument that central bankers should not respond with tightened monetary policy to supply chain pressures continues to suffer from two major flaws and poor judgement that held central banks back from tightening earlier. First, inflation is not just driven by supply-side issues; housing and many services, for example, tend to be more locally driven and highly interest sensitive in response to massive global monetary policy easing. Second, it hasn't mattered for a while now. Consumers, businesses and markets no longer really care exactly what is driving inflation as multiple survey- and market-based measures point to extrapolative behaviour guiding inflation expectations well above central bank targets.

INFLATION—US VS. CHINA

The release that will matter to global markets the most is likely to be US CPI for April on Wednesday. Surrounding that release will be a variety of regional teasers.

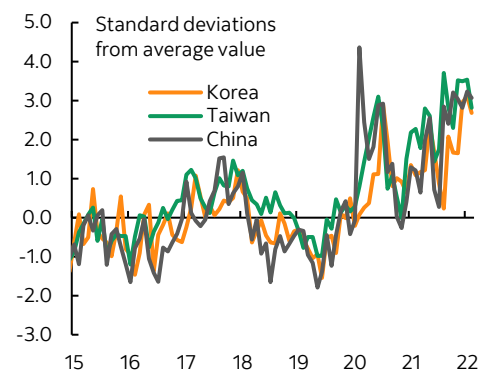
US CPI inflation for April arrives on Wednesday. My guesstimate is for headline inflation to rise by 0.3% m/m SA and 8.3% y/y. The year-over-year rate should be somewhat softer than the prior month's 8.5% pace. Some of the reason for this is that higher year-ago base effects on their own would pull inflation down toward 7.7% y/y if nothing else changed. We're at the point, however, when evaluating inflationary

Chart 4
Advanced Economies' Supply Chains Pressures



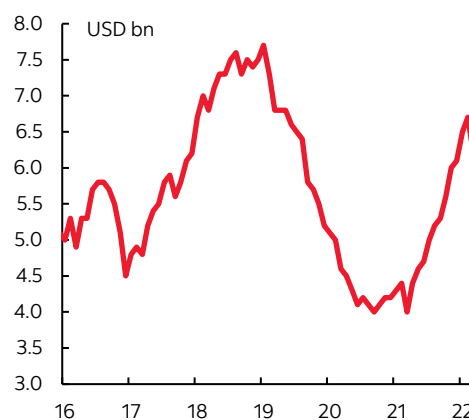
Sources: Scotiabank Economics, Federal Reserve Bank of New York Liberty Street Economics.

Chart 5
Emerging Markets Supply Chains Pressures



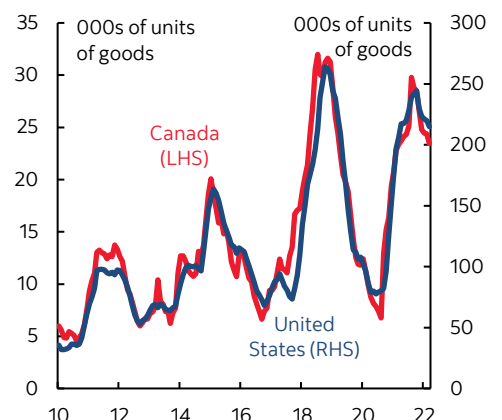
Sources: Scotiabank Economics, Federal Reserve Bank of New York Liberty Street Economics.

Chart 6
Japanese Machine Tool Order Backlog



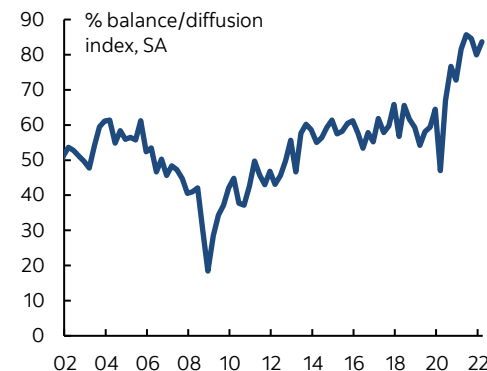
Sources: Scotiabank Economics, Bloomberg.

Chart 7
Canada and US Class 8 Truck Backlogs



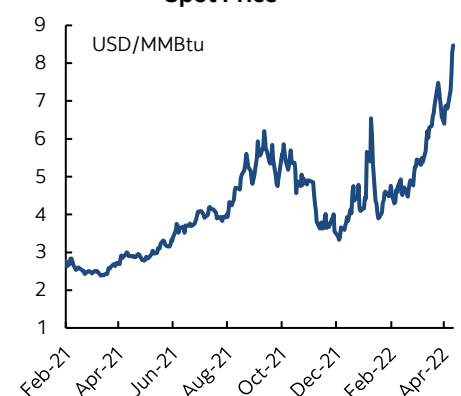
Sources: Scotiabank Economics, Bloomberg.

Chart 8
United States: Backlog of Remodeling Jobs



Sources: Scotiabank Economics, National Association of Home Builders.

Chart 9
Henry Hub Natural Gas Spot Price



Sources: Scotiabank Economics, Bloomberg.

pressure has to emphasize m/m seasonally adjusted and annualized pressures independent of base effects which is what was counselled on the way up but for the opposite reason.

Other drivers of the call for US CPI include typically modest seasonal pressure on prices, a minor drag from lower gasoline prices in April over March, a massive 30%+ m/m rise in natural gas spot prices in part due to spillover effects of Europe’s energy market troubles as they’ve doubled since February (chart 9), and higher new vehicle prices. This time around, trade-in values indicate higher used vehicle prices (+4.25% m/m NSA, SA~½%) that conflict with other readings like Black Book prices (-1.2% m/m SA) and Manheim auction figures (-0.9% m/m SA). On balance I went with a mild contribution from used vehicle prices given a weighting toward the preferred sources in the BLS methodology. Also note that global and US basket-weighted food prices have been soaring but may have taken a bit of a breather of late (charts 10, 11).

China will update CPI inflation for April on Tuesday evening (always eastern time). Higher oil prices are likely to pull headline inflation up toward 2% y/y (1.5% prior) but with little effect on core inflation that has just been decelerating to a touch over 1% y/y (chart 12). Either way, China’s inflation rate would remain well below the 3% goal.

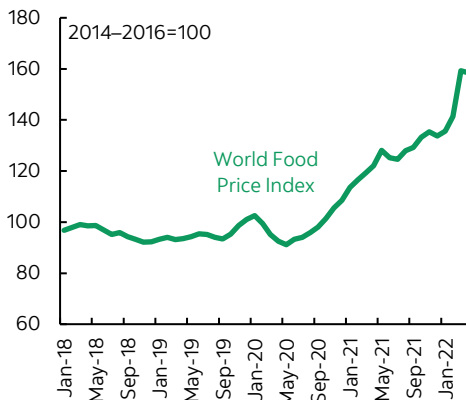
Canada will update the adjusted CPI index for the period January to March 2022 on Monday. The aim of the adjusted series is to provide interim assessments of the impact on CPI inflation of shifts in how consumers spend their money by evaluating the effects on CPI basket weights. The last estimates for 2021Q4 ([here](#)) showed relatively little difference to official CPI. The adjusted price index saw month-over-month price changes that deviated from official CPI by at most +/- 0.1% since last summer when the basket weights were last changed. Statcan is now updating basket weights in official CPI annually with the next update due in June.

The RBNZ pays close attention to measures of inflation expectations such as its 1-year and 2-year forward expectations measures that are drawn from a household survey. The Q2 results will land on Wednesday and are very likely to push even higher than in Q1 (chart 13). That’s because the survey is conducted in the middle of each quarter and hence the Q1 result would have been surveyed in February before much of the Ukraine war’s effects on commodities came through into March.

India will update CPI for April on Thursday and inflation is expected to reach ~7¼% y/y from just under 7% previously. India’s inflation rate is blowing the Reserve Bank of India’s target bands of 4% +/-2%. With a scheduled meeting not until June 8th, the serial positive shocks to India inflation are what motivated the RBI to deliver tightening at an emergency meeting this past week when it hiked the repurchase rate by 40bps to 4.4% and raised the cash reserve ratio by 0.5% to 4.5%.

Chart 10

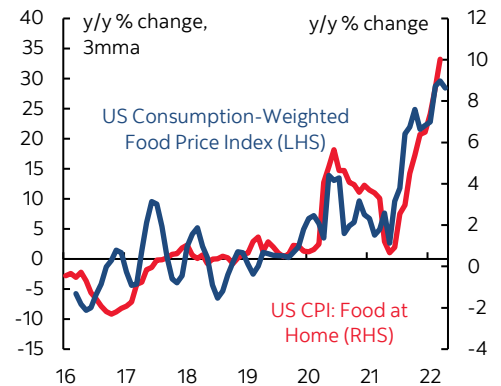
Soaring Global Food Prices



Sources: Scotiabank Economics, Food and Agriculture Organization of the United Nations.

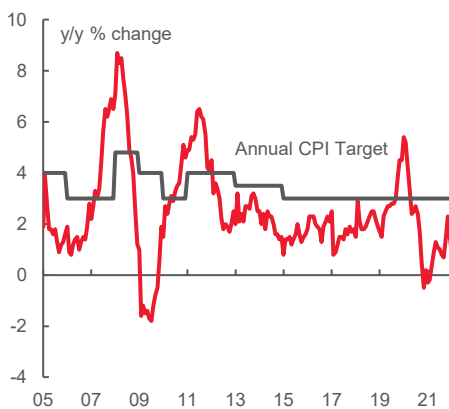
Chart 11

US Food Prices Continue Upward Trajectory



Sources: Scotiabank Economics, GRO Intelligence.

China CPI Well Below Inflation Target



Sources: Scotiabank Economics, Bloomberg.

Chart 13

RBNZ 2-Year Inflation Expectations



Sources: Scotiabank Economics, Bloomberg.

Chart 14

China's Abrupt Currency Devaluation



Source: Scotiabank Economics, Bloomberg.

CENTRAL BANKS—MORE VARIETY

Most of this week’s central bank action will be focused upon the People’s Bank of China and a pair of Latin American central banks.

Here we go again. China’s central bank could deliver a decision on the 1-year Medium-Term Lending Facility Rate as soon as later in the week or into early the next week. Much like last time, some local economists expect a cut given the tone of policy rhetoric from Chinese officials. So far, the PBOC has resisted while maintaining relatively tight policy as reflected in the real policy rate that is among the highest in the world. Instead, the PBOC opted the last time around to deliver a marginal cut to the required reserve ratio. It could opt to rely upon yuan weakness

given currency depreciation over recent weeks (chart 14) and driven by diverging bets on relative US-China monetary policy. In fact, since its last decision, the greater intensification of yuan weakness might have closed the door on prospects of monetary easing without adding to instability in Chinese financial markets.

Mexico’s central bank is widely expected to hike its overnight rate by another 50bps on Thursday. That would bring the rate from 4% last summer to 7%. Markets are pricing a policy rate toward 9½% within a year from now which is above the 8¼% peak our Mexico City-based economists expect for later this year (chart 15). When Fed Chair Powell ruled out 75bps hikes and left estimates of the US neutral rate untouched, the effect was to somewhat ease up on pressures on Mexico’s central bank. Having said that, inflation at 7½% y/y and core CPI at 6¾% y/y remain far above the 3% target.

Also on Thursday will be the next policy reference rate decision by Peru’s central bank. A 50bps hike to 5% is expected. Inflation continues to show no signs of abating, with headline inflation touching 8.0% y/y in April, the highest level since 1998 and possibly nearing a peak (chart 16).

Most expect Bank Negara Malaysia to continue to hold its overnight policy rate at 1.75% on Wednesday. Inflation is only running at 2.2% y/y with core CPI at 2% but climbing. If they do pause again, then watch forward guidance carefully in light of expectations for the central bank to soon commence a tightening campaign.

Bank of Canada Deputy Governor Toni Gravelle speaks on Thursday about commodity price shocks and impact on growth and inflation. In the past, the BoC has emphasized the positive effects of higher commodities on the country’s terms of trade measured as the ratio of export prices to import prices (chart 17). Expect a somewhat hawkish tone that emphasizes how this positive shock serves as an imported lift to incomes that should boost inflationary pressure at the margin.

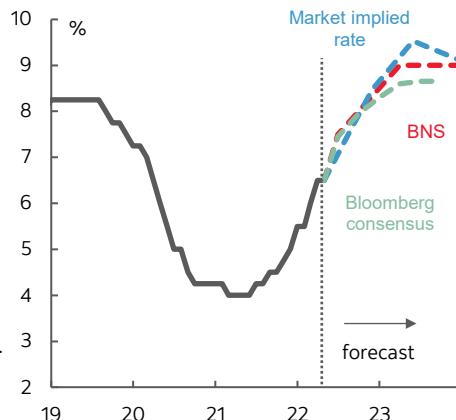
OTHER MACRO—CHINA & THE UK IN FOCUS

The rest of the global line-up of macro developments will be fairly light.

Additional US releases will include producer prices during April (Thursday) and the University of Michigan’s consumer sentiment reading for May (Friday). Post-nonfarm Fed-speak will

Chart 15

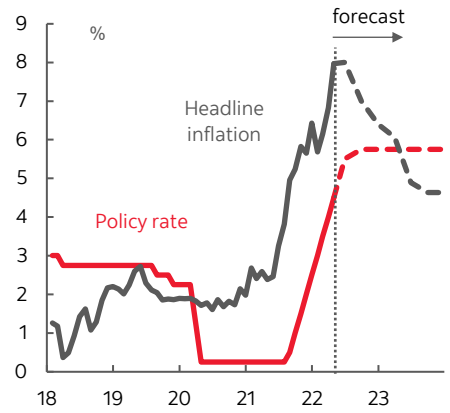
Mexico: Overnight Rate Forecasts



Sources: Scotiabank Economics, Banxico, INEGI.

Chart 16

Peru: Reference Rate vs Headline Inflation



Sources: Scotiabank Economics, BCRP, INEI.

Chart 17

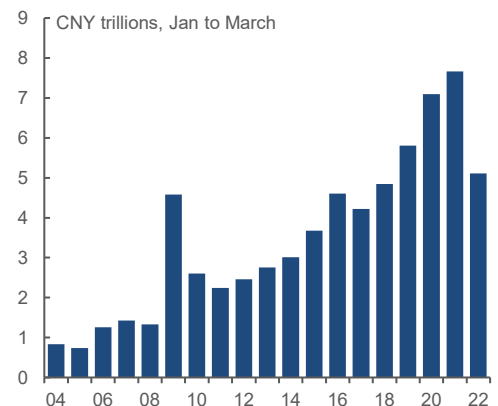
Canada's Terms of Trade



Sources: Scotiabank Economics, Statistics Canada.

Chart 18

China's Year-to-Date New Yuan Loans



Sources: Scotiabank Economics, Bloomberg.

May 6, 2022

bring out NY Fed President Williams, Governor Waller, Cleveland's Mester, Minneapolis President Kashkari and Richmond Fed President Barkin (Tuesday), Atlanta Fed President Bostic (on Tuesday and Wednesday), and then several officials speak after CPI including San Fran's Daly (Thursday) and both Cleveland's Mester and Minneapolis President Kashkari (Friday).

China could update aggregate financing aka social credit figures for April this week against a cool year-to-date trend (chart 18). Exports in April arrive into the Monday open and are likely to suffer given Covid Zero lockdown policies.

The UK economy will be a focal point when Q1 GDP arrives on Monday alongside March readings for industrial output, services and trade that will help to inform hand-off effects to growth into Q2.

CPI updates will also arrive from Mexico (Monday), Indonesia (Monday), India (Monday), Norway (Tuesday), Brazil (Wednesday), and Sweden (Thursday).

Q1 GDP figures are also due from Indonesia (Monday), Philippines (Wednesday), Norway and Malaysia (Friday). Eurozone industrial output (Friday) and the ZEW investor expectations survey in Germany (Tuesday) will round things out along with Norway's budget (Thursday).

Key Indicators for the week of May 9 – 13

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	05/09	07:00	Bi-Weekly Core CPI (% change)	Apr 30	--	0.1	0.4
MX	05/09	07:00	Bi-Weekly CPI (% change)	Apr 30	--	0.3	0.2
MX	05/09	07:00	Consumer Prices (m/m)	Apr	0.4	0.6	1.0
MX	05/09	07:00	Consumer Prices (y/y)	Apr	--	7.7	7.5
MX	05/09	07:00	Consumer Prices Core (m/m)	Apr	--	0.7	0.7
CA	05/09	08:30	Building Permits (m/m)	Mar	--	--	21.0
US	05/09	10:00	Wholesale Inventories (m/m)	Mar F	--	2.3	2.3
US	05/11	07:00	MBA Mortgage Applications (w/w)	May 6	--	--	2.5
US	05/11	08:30	CPI (m/m)	Apr	0.3	0.2	1.2
US	05/11	08:30	CPI (y/y)	Apr	8.3	8.1	8.5
US	05/11	08:30	CPI (index)	Apr	--	288.7	287.5
US	05/11	08:30	CPI ex. Food & Energy (m/m)	Apr	0.5	0.4	0.3
US	05/11	08:30	CPI ex. Food & Energy (y/y)	Apr	6.1	6.0	6.5
US	05/11	14:00	Treasury Budget (US\$ bn)	Apr	--	220.0	-192.7
US	05/12	08:30	Initial Jobless Claims (000s)	May 7	200	190	200
US	05/12	08:30	Continuing Claims (000s)	Apr 30	1350	1360	1384
MX	05/12	07:00	Industrial Production (m/m)	Mar	--	--	-1.1
MX	05/12	07:00	Industrial Production (y/y)	Mar	--	--	2.5
US	05/12	08:30	PPI (m/m)	Apr	0.5	0.5	1.4
US	05/12	08:30	PPI ex. Food & Energy (m/m)	Apr	0.7	0.6	1.0
MX	05/12	14:00	Overnight Rate (%)	May 12	7.00	7.00	6.50
US	05/13	08:30	Export Prices (m/m)	Apr	--	0.7	4.5
US	05/13	08:30	Import Prices (m/m)	Apr	--	0.6	2.6
CA	05/13	09:00	Existing Home Sales (m/m)	Apr	--	--	-5.4
US	05/13	10:00	U. of Michigan Consumer Sentiment	May P	65.0	64.0	65.2

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
FR	05/09	02:45	Current Account (€ bn)	Mar	--	-1092.0
FR	05/09	02:45	Trade Balance (€ mn)	Mar	-11190	-10273.0
IT	05/10	04:00	Industrial Production (m/m)	Mar	-1.5	4.0
EC	05/10	05:00	ZEW Survey (Economic Sentiment)	May	--	-43.0
GE	05/10	05:00	ZEW Survey (Current Situation)	May	-35	-30.8
GE	05/10	05:00	ZEW Survey (Economic Sentiment)	May	-43	-41.0
GE	05/11	02:00	CPI (m/m)	Apr F	0.8	0.8
GE	05/11	02:00	CPI (y/y)	Apr F	7.4	7.4
GE	05/11	02:00	CPI - EU Harmonized (m/m)	Apr F	0.7	0.7
GE	05/11	02:00	CPI - EU Harmonized (y/y)	Apr F	7.8	7.8
UK	05/12	02:00	Business Investment (q/q)	1Q P	2	1.0
UK	05/12	02:00	GDP (q/q)	1Q P	1	1.3
UK	05/12	02:00	Index of Services (m/m)	Mar	0.1	0.2
UK	05/12	02:00	Industrial Production (m/m)	Mar	0	-0.6
UK	05/12	02:00	Manufacturing Production (m/m)	Mar	0	-0.4
UK	05/12	02:00	Visible Trade Balance (£ mn)	Mar	-18500	-20594.0
GE	05/12		Current Account (€ bn)	Mar	--	20.8
NO	05/13	02:00	GDP (q/q)	1Q	--	0.10
FR	05/13	02:45	CPI (m/m)	Apr F	0.4	0.4
FR	05/13	02:45	CPI (y/y)	Apr F	4.8	4.8
FR	05/13	02:45	CPI - EU Harmonized (m/m)	Apr F	0.5	0.5
FR	05/13	02:45	CPI - EU Harmonized (y/y)	Apr F	5.4	5.4
SP	05/13	03:00	CPI (m/m)	Apr F	-0.1	-0.1
SP	05/13	03:00	CPI (y/y)	Apr F	8.4	8.4
SP	05/13	03:00	CPI - EU Harmonized (m/m)	Apr F	-0.2	-0.2
SP	05/13	03:00	CPI - EU Harmonized (y/y)	Apr F	8.3	8.3
EC	05/13	05:00	Industrial Production (m/m)	Mar	-2	0.7
EC	05/13	05:00	Industrial Production (y/y)	Mar	-1.1	2.0
RU	05/13	12:00	Real GDP (y/y)	1Q A	3.80	5.00

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of May 9 – 13

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TA	05/09	04:00	Exports (y/y)	Apr	--	13.5	21.3
TA	05/09	04:00	Imports (y/y)	Apr	--	17.9	20.3
TA	05/09	04:00	Trade Balance (US\$ bn)	Apr	--	5.1	4.7
SI	05/09	05:00	Foreign Reserves (US\$ mn)	Apr	--	--	380,964
SK	05/09	19:00	Current Account (US\$ mn)	Mar	--	--	6,419
JN	05/09	19:30	Household Spending (y/y)	Mar	--	-3.3	1.1
CH	05/09	21:00	New Yuan Loans (bn)	Apr	2,000	1,550	3,125
CH	05/09	21:00	Exports (y/y)	Apr	--	2.7	14.7
CH	05/09	21:00	Imports (y/y)	Apr	--	-3.0	-0.1
CH	05/09	21:00	Trade Balance (USD bn)	Apr	--	51.9	47.4
ID	05/09	22:00	Real GDP (y/y)	1Q	5.0	5.0	5.0
ID	05/09	22:00	CPI (y/y)	Apr	3.2	3.3	2.6
ID	05/09	22:00	Core CPI (y/y)	Apr	--	2.6	2.4
MA	05/10	00:00	Industrial Production (y/y)	Mar	--	4.7	3.9
SK	05/10	19:00	Unemployment Rate (%)	Apr	--	2.8	2.7
CH	05/10	21:30	CPI (y/y)	Apr	1.8	1.9	1.5
CH	05/10	21:30	PPI (y/y)	Apr	--	7.8	8.3
JN	05/11	01:00	Coincident Index CI	Mar P	--	97.0	96.8
JN	05/11	01:00	Leading Index CI	Mar P	--	100.9	100.0
MA	05/11	03:00	Foreign Reserves (US\$ bn)	Apr 29	--	--	114.4
MA	05/11	03:00	Overnight Rate (%)	May 11	1.75	1.75	1.75
JN	05/11	19:50	Bank Lending (y/y)	Apr	--	--	0.5
JN	05/11	19:50	Current Account (¥ bn)	Mar	--	1,750	1,648
JN	05/11	19:50	Trade Balance - BOP Basis (¥ bn)	Mar	--	107.0	-176.8
PH	05/11	22:00	Real GDP (y/y)	1Q	--	6.4	7.8
ID	05/11	23:00	Consumer Confidence Index	Apr	--	--	111.0
IN	05/12	08:00	CPI (y/y)	Apr	7.4	7.40	6.95
IN	05/12	08:00	Industrial Production (y/y)	Mar	--	1.30	1.70
NZ	05/12	18:30	Business NZ PMI	Apr	--	--	53.8
JN	05/12	19:50	Japan Money Stock M2 (y/y)	Apr	--	3.4	3.5
JN	05/12	19:50	Japan Money Stock M3 (y/y)	Apr	--	3.0	3.1
MA	05/13	00:00	Current Account Balance (MYR mns)	1Q	--	--	15,200
MA	05/13	00:00	GDP (y/y)	1Q	--	4.0	3.6
IN	05/13	23:30	Exports (y/y)	Apr	--	--	19.8
IN	05/13	23:30	Imports (y/y)	Apr	--	--	24.2

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	05/09		Current Account (US\$ mn)	Mar	--	--	-2414.0
BZ	05/10	08:00	Retail Sales (m/m)	Mar	--	--	-2.6
BZ	05/10	08:00	Retail Sales (y/y)	Mar	--	--	1.3
BZ	05/11	08:00	IBGE Inflation IPCA (m/m)	Apr	--	1.0	1.6
BZ	05/11	08:00	IBGE Inflation IPCA (y/y)	Apr	--	12.1	11.3
PE	05/12	19:00	Reference Rate (%)	May 12	5.00	5.00	4.50
CO	05/13	11:00	Retail Sales (y/y)	Mar	7.9	--	4.9
CL	05/06	08:00	CPI (m/m)	Apr	1.0	1.0	1.4
CL	05/06	08:00	CPI (y/y)	Apr	10.0	10.1	10.5

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of May 9 – 13

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/10	13:00	U.S. To Sell 3-Year Notes
US	05/11	13:00	U.S. To Sell 10-Year Notes
US	05/12	13:00	U.S. To Sell 30-Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	05/10	04:00	Netherlands to Sell Up to EU3 Billion of 0% 2026 Bonds
UK	05/10	05:00	U.K. to Sell GBP2.25 Billion of 0.875% 2033 Bonds
AS	05/10	05:15	Austria to Sell Bonds
GE	05/10	05:30	Germany to Sell EUR3 Bln of 2027 Bonds
NO	05/11	05:00	Norway to Sell Bonds
GE	05/11	05:30	Germany to Sell EUR 4 Bln of 0% 2032 Bonds
IT	05/12	05:00	Italy to Sell Bonds
IR	05/12	05:00	Ireland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	05/09	23:35	Japan to Sell 10-Year Bonds
JN	05/11	23:35	Japan to Sell 30-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Events for the week of May 9 – 13

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/10	07:40	Fed's Williams Gives Speech at NABE/Bundesbank Symposium
US	05/10	13:00	Fed's Waller and Kashkari Speak to Economic Club of...
US	05/10	15:00	Fed's Mester Takes Part in Panel Discussion on the...
US	05/10	19:00	Fed's Bostic Discusses Monetary Policy and the Economy
US	05/11	12:00	Fed's Bostic Discusses Economy and Monetary Policy
MX	05/12	14:00	Overnight Rate
US	05/12	16:00	Fed's Daly Takes Part in Moderated Discussion
US	05/13	11:00	Fed's Kashkari Discusses Energy and Inflation

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05/11	04:55	ECB's Knot Speaks in Madrid
EC	05/12	04:05	ECB's De Cos Speaks in Madrid
SW	05/12	05:30	Riksbank's Ingves on monetary policy
NO	05/12		Norway Revised 2022 Budget
PO	05/13	04:10	ECB's Centeno Speaks at Banking Conference in Lisbon

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	05/08	19:50	BOJ Minutes of March Meeting
MA	05/11	03:00	BNM Overnight Policy Rate
NZ	05/11	16:00	Finance Minister Grant Robertson pre-budget speech
AU	05/12	22:00	RBA's Bullock-Panel

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	05/12	19:00	Reference 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	1.00	June 1, 2022	1.50	1.50
Federal Reserve – Federal Funds Target Rate	1.00	June 15, 2022	1.50	1.50
Banco de México – Overnight Rate	6.50	May 12, 2022	7.00	7.00

Banco de México (Banxico): We expect the monetary policy committee to raise the overnight rate by another 50 bps to 7.00% at next week's meeting. We also expect a terminal policy rate of 8.25% by end-2022 with upward risk bias. The inflation consensus estimates for 2022 and 2023 continue to rise as uncertainty looms around when rising energy price pressures, commodity prices, and logistical bottlenecks will start to recede. In this sense, tighter monetary conditions around the world and deteriorating inflation expectations contribute to our forecast of a more hawkish Banxico.

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 9, 2022	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 9, 2022	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 9, 2022	-0.50	-0.50
Bank of England – Bank Rate	1.00	June 16, 2022	1.25	1.25
Swiss National Bank – Libor Target Rate	-0.75	June 16, 2022	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	14.00	June 10, 2022	14.00	14.00
Sweden Riksbank – Repo Rate	0.25	June 30, 2022	0.25	0.25
Norges Bank – Deposit Rate	0.75	June 23, 2022	1.00	1.00
Central Bank of Turkey – Benchmark Repo Rate	14.00	May 26, 2022	14.00	14.00

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 17, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.35	June 7, 2022	0.60	0.60
Reserve Bank of New Zealand – Cash Rate	1.50	May 24, 2022	2.00	1.75
People's Bank of China – 1-Year Loan Prime Rate	3.70	May 19, 2022	3.60	3.68
Reserve Bank of India – Repo Rate	4.40	June 8, 2022	4.25	4.25
Bank of Korea – Bank Rate	1.50	May 26, 2022	1.50	1.50
Bank of Thailand – Repo Rate	0.50	June 8, 2022	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	May 11, 2022	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	May 24, 2022	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	May 19, 2022	2.00	2.00

People's Bank of China (PBOC): If the PBOC leaves its 1-year Medium-Term Lending Facility Rate unchanged this week amid mixed expectations, then it is likely that Loan Prime Rates will be unchanged the following week. The PBOC dashed expectations for a cut at its last decision in favour of a marginal 0.25% reduction in required reserve ratios. Yuan stability given Fed tightening plans may be the dominant concern. **Bank Negara Malaysia (BNM):** Malaysian monetary authorities will make a policy decision on May 11; we expect the Overnight Policy Rate to remain unchanged at 1.75%. Malaysia's inflation remained contained at 2.2% y/y in March. Meanwhile, the Malaysian economy is set to benefit from elevated energy prices as the country is a large exporter of liquefied natural gas. However, the outlook is subject to downside risks, stemming from global uncertainties and supply chain disruptions. As such, we do not see the BNM hiking rates in the short term, and only expect policy tightening to occur in the second half of the year.

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	12.75	June 15, 2022	13.50	13.50
Banco Central de Chile – Overnight Rate	8.25	June 7, 2022	9.25	9.25
Banco de la República de Colombia – Lending Rate	6.00	June 30, 2022	7.00	7.00
Banco Central de Reserva del Perú – Reference Rate	4.50	May 12, 2022	5.00	5.00

Banco Central de Reserva del Perú (BCRP): The BCRP is expected to raise the reference rate by 50 bps to 5.00% at the May 12 policy rate meeting. This would be in line with their hawkish forward guidance and with the acceleration of inflation expectations due to persistent supply shocks. Inflation continues to show no signs of abating, with headline inflation touching 8.0% y/y in April, the highest level since 1998.

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	4.25	May 19, 2022	4.50	4.50

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

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