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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

September 23, 2022

Contributors

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With thanks for research support from: Marc Ercolao.

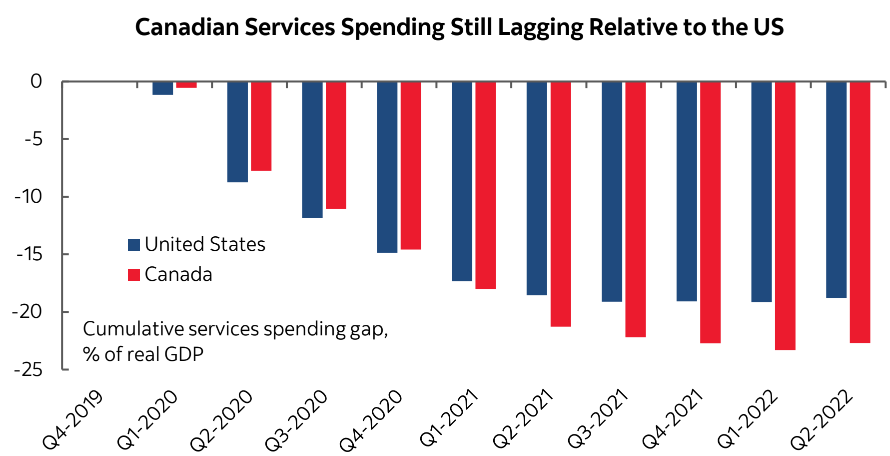
Next Week's Risk Dashboard

- Markets on edge as governments and central banks collide
- Italians head to the polls...
- ...as the next potential market shock
- Should Canada's bond market be an anomaly?
- Eurozone CPI could be another doozie
- Canada's economy is softening in Q3...
- ...but consumers are doing better than portrayed
- Fed's preferred inflation gauge to follow CPI
- China PMIs could indicate firmer Q3 growth
- Banxico: Following the Fed, sort of
- BanRep: Another big hike coming
- RBI might deliver a big hike to counter a softer rupee
- BoT to hike again as inflation surges

Italy's Turn?

FORECASTS & DATA

Chart of the Week



Sources: Scotiabank Economics, BEA, Statistics Canada.

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

September 23, 2022

Italy's Turn?

Clearly bond markets are on edge and when they're angry, all asset classes suffer as we've seen this past week. Competition between monetary policy tightening and fiscal policy easing is roiling markets and has been demonstrated in each of the US, UK and Canada. Governments are getting stern warnings from financial markets about the risks surrounding their policy actions as the politics and economics of battling inflation are at a still nascent stage of development. Next it may be Italy's turn to upset the apple cart as Italians head to the polls this week. An outlier to all of this has been Canada's bond market, which has recently outperformed others on debatable grounds as explored in this issue. A significant line-up of regional central bank decisions and global macro releases also lies ahead.

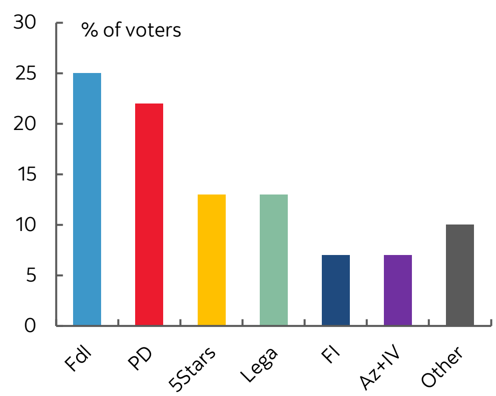
ITALY'S ELECTION COULD CHALLENGE EUROPEAN UNITY

This is no time to be adding to concerns over European unity and fiscal policy. Enter Italy's turn!

Italians head to the polls on Sunday. A right-wing coalition is widely expected to win (chart 1). It is led by Giorgia Meloni's Brothers of Italy (light blue bar) and includes Matteo Salvini's League (green bar) and former PM Silvio Berlusconi's Forza Italia (dark blue bar). Berlusconi recently threw support behind Vladimir Putin's war against Ukraine. Meloni has campaigned by using the tricolour flame symbol that evokes memories of Italian dictator Benito Mussolini while saying "I have taken up the baton of a 70-year long history." She has expressed socially conservative views and opposition to the European Union's policies when she said "The party for Europe is over."

Chart 1

Italian 2022 General Election



Sources: Scotiabank Economics, Politico.

Apart from the risk of a more divided Europe in the wake of this election, the fiscal policy implications are unclear. As elsewhere, one controversial issue involves whether to maintain the so-called 'citizens' income' that costs about €7 billion and that the leading coalition has pledged to eliminate because of its distorting effects on the labour market. Meloni has sounded fiscally responsible, but markets are highly skeptical. Charts 2–3 show the rising premium Italy has had to pay to borrow over comparable maturity bunds and rising credit default risk. One reason for this concerns the demands of her coalition partners including reductions to sales taxes and a flat tax for self-employed workers. If there is one constant through developments in Italian politics over the years, it is to never underestimate Italy's capacity to challenge Brussels' fiscal policy rules and guidance.

The election also matters because it arrives on the heels of the UK government's fiscal policy plans. See **here** for a reminder of what they included and chart 4 for a reminder of the price tag associated with the UK government's announced tax cuts that blew up the gilts market.

DOES THE BOND MARKET HAVE CANADA RIGHT?

Markets are pricing a lower peak for the Bank of Canada (4%) than the Federal Reserve (4¾%), and negative Canadian yield spreads to the US across the government bond yield curve. In fact, while many global bond yield benchmarks climbed sharply this past week, Canada bucked the trend and saw lower yields. Does this make sense?

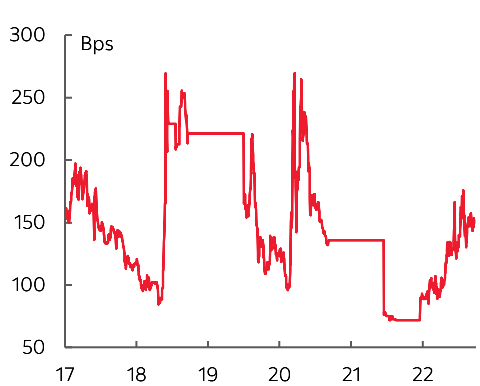
Chart 2

Widening Italian Spread Reflecting Financial and Political Risk

Sources: Scotiabank Economics, Bloomberg.

Chart 3

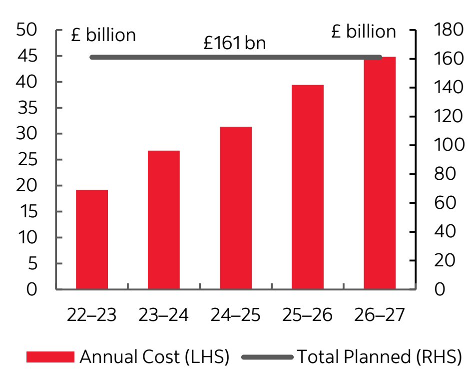
Italian 5-Yr. CDS



Sources: Scotiabank Economics, Bloomberg.

Chart 4

The Cost of UK Tax Cuts



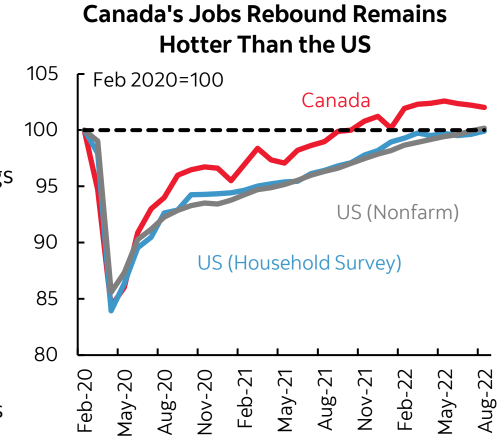
Sources: Scotiabank Economics, UK Government *2022 Growth Plan.*

Buying of Canadian government bonds can at times be subject to concentrated activity and investor-specific narratives that can swamp a relatively small boat. Such swings can be influenced at times by factors like hedging costs between currencies, but in debating whether such developments make durable sense we need a solid macro thesis to help inform relative rates. In my view there is a stronger case for Canada's yields to trade above the US.

The case for current market pricing seems to depend upon three main selective understandings of developments and risks facing the Canadian economy and financial system. It includes observations like the following that are rebutted:

1. The consumer is flat on its back and driving the economy into recession. This seems to rely upon pointing to recently weak retail sales. Retail sales, however, miss over $1 out of every $2 spent by Canadian consumers because they don't capture services. Services boomed this summer through spending at restaurants, bars, hotels, airlines, movie theaters, tourism venues etc. Services spending by consumers in the GDP accounts went up by 16% q/q in Q2 at an annualized rate. Higher frequency gauges such as restaurant attendance and flights point to ongoing strengths into Q3. You cannot judge the Canadian consumer by only looking at retail sales when a) retail inventories relative to sales point to ongoing challenges around product availability, and b) spending is shifting to services.

Chart 5



Sources: Scotiabank Economics, BLS, Statistics Canada.

2. Jobs are being lost while they are still rising in the US which means more downside to Canada's economy and more labour slack. Chart 5 shows that Canada's jobs rebound remains hotter than the US. Further, at least some of the recent mild decline in Canadian jobs appears to be unreliable distortions to us.

3. Housing is more vulnerable to rising rates in Canada than the US. Actually, it's probably the opposite. Many folks still have either never heard of B20 or don't understand it, but it's vital to consider its effects in lowering the incremental rate shock to Canadian mortgage borrowers compared to before the pandemic. Relative to the adjustment to the 5¼% qualifying rate within B20 to which the originations market had already adjusted, Canada is getting half the rate shock to the 5-year best offer mortgage rate plus the stress test's 200bps increase that the US is getting via the run up in the 30 year mortgage rate this year. Plus, Canada is the only G7 country with accelerating population growth as higher immigration targets add a city of Ottawa or Edmonton every couple of years which requires an increasing housing stock and hence homebuilding. The drivers of the homebuilding segment are not the same as the drivers of the resales. The US is going the other way with population growth that has plunged to being right down there with the Eurozone now.

4. Inflation is cooling earlier than in the US. This is based upon the latest single month's evidence out of Canada relative to the sticker shock that US CPI represented for the same month. It's highly premature to make this argument as argued here and given arguments below.

What market pricing and the market narrative are not appreciating in my view are the following points.

1. The terms of trade lift. Canada is benefiting from commodities much more so than the US. This is an imported positive income shock that trickles down from national income through improved fiscal balances, retained earnings, household incomes.

2. Fiscal pump priming. The US faces two years of fiscal gridlock after November. Canada faces Trudeau bucks equal to 8% of retail sales into the holiday season and probably another expansionary Winter budget if not Fall statement.

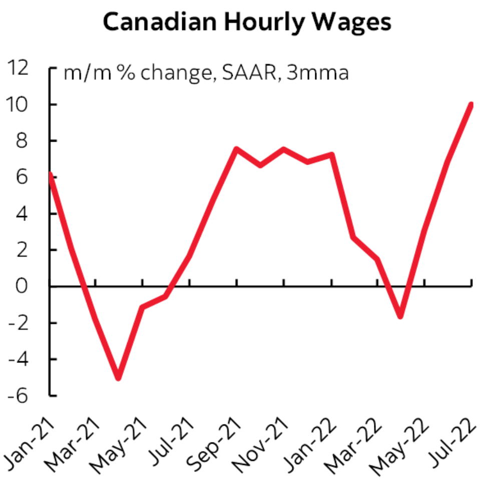
3. Canada has more pent-up demand for services. Restrictions lasted longer and deeper than in the US and Canadians have more catching up to do. Marc Ercolao's chart of the week (see front cover) shows more as-yet unspent pent-up demand in Canadian consumer spending on services than in the US.

4. The C$ acts as a big export shock absorber against Canada's rising competitiveness problems. The USD is tightening conditions stateside.

5. I don't think the BoC can ignore the passthrough effects of C$ weakening as they would typically have done in the past. It's yet another upside to inflation that risks unmooring inflation expectations even further. It's not like mainstreet will be able to tell how much of inflation is due to supply side (some) versus demand side (some) versus CAD pass through (some). They'll just say prices are rising and extrapolate.

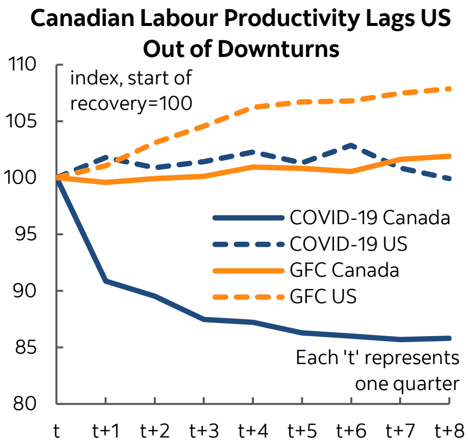
6. Canadian wage growth is exceeding inflation and running at 10% on a m/m annualized basis over the past three months which is double that of the US pace of wage gains (chart 6). Further, Canadian labour productivity is tanking relative to the US (chart 7). Canadians are getting paid

Chart 6



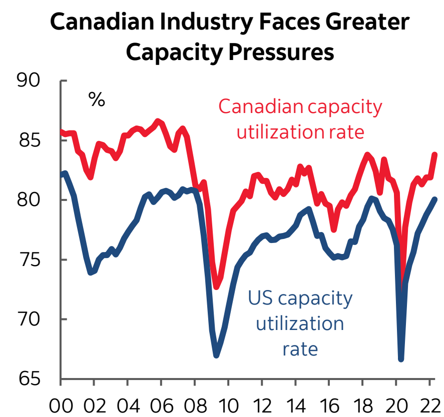
Sources: Scotiabank Economics, Statistics Canada.

Chart 7



Sources: Scotiabank Economics, Statistics Canada, Bureau of Labour Statistics.

Chart 8



Sources: Scotiabank Economics, Federal Reserve Board, Statistics Canada.

more to produce less at a much quicker pace than Americans and that's inflationary. Canada's labour market—even with 3 months of mild declines—remains considerably tighter than the US. The combined effects drive more wage-price spiral concerns north of the border than south.

7. Canada has tighter capacity constraints than the US. The economy's massive outperformance of the US during the first half of this year pushed the economy further into excess aggregate demand while the US contracted. Even Canada's industrial capacity utilization rate is several percentage points higher than the US (chart 8).

In short, I really struggle with this narrative that Canada should have lower yields across the curve than the US. It seems to be based upon flawed portrayals of what's happening to the household sector while ignoring other risk mitigants and sources of support. Canada is a net commodity producing and exporting country whose governments keep spending riches on current consumption while workers are getting paid more to do less and the tumbling currency is masking competitiveness challenges while fanning inflation risk. This is occurring while the central bank is ditching bonds at a faster relative pace than the Federal Reserve. And Canadian yields are below US yields?

One way in which the possible conundrum might be explained is by arguing that the Federal Reserve is overdoing it and the BoC is smarter or the market perceives it to be. We'll see. Let's just say that to claim one central bank to be more on the ball than another in our times is probably a tad rich.

CANADA'S ECONOMY IN Q3

July GDP and the preliminary 'flash' estimate for August GDP will arrive on Thursday. They will inform tracking for Q3 growth.

Statcan had guided on August 31st that the economy contracted by 0.1% m/m in July. That preliminary guidance may be a touch high. A contraction of -0.2% m/m has been estimated for July and so far it's not looking great for August based upon limited information available thus far. Key is that limited readings for August show that hours worked were flat and since GDP is hours worked times labour productivity, soft hours worked point to no growth. Weakness in activity readings across parts of the goods producing sector are weighed against upside strength in services.

If our tracking is on the mark then the early evidence points to a small –½% q/q annualized contraction in the economy in Q3. At this point we wouldn't treat that as terribly material after the economy grew as strongly as it did during H1. Another caution is that this tracking estimate uses monthly production-side GDP accounts whereas the BoC's forecast of 2% Q3 annualized GDP growth was based upon expenditure-based GDP accounts that do a better job at capturing drivers like inventory and import swings.

CENTRAL BANKS—FED-SPEAK RETURNS

The Federal Reserve's speaker calendar lights up again as the FOMC comes out of blackout, but there will only be decisions offered by four regional central banks. Multiple regional Fed district bank Presidents will give their interpretations of the Fed's recent actions that were explained **here**.

- **Banxico (Thursday):** Economists unanimously expect Mexico's central bank to mirror the Fed's recent 75bps hike and take its overnight rate up to 9.25%. The bias will probably indicate that it will continue to follow the Fed's hiking campaign. Banxico officials have appeared to be somewhat in conflict with respect to signalling the degree to which their moves depend upon what the Fed is doing. Deputy Governor Heath has said that what the Fed is doing is "the number one indicator" of relevance to their decisions and that "we'll probably go for what the Fed does," while others including Deputy Governor Espinosa have stressed that this need not be the case and there are independent policy considerations perhaps like chart 9!
- **BanRep (Thursday):** Consensus is somewhat divided between expected Colombia's central bank to hike by 100bps or 150bps. Core inflation recently spiked 0.8% m/m higher in August and took the year-over-year rate up by about ½% to 7.8% and with total CPI up 10.8% y/y for the hottest reading since April 1999 (chart 10)
- **Reserve Bank of India (Friday):** Consensus is split between expecting the RBI to hike by 35 or 50bps. A factor that may tip the balance toward going bigger is the resumption of currency weakness. The rupee depreciated over the past week as the Fed pivoted more hawkishly.
- **Bank of Thailand (Wednesday):** A second quarter-point rate hike is expected to lift the benchmark rate to 1%. August inflation climbed to 7.9% y/y and core CPI accelerated to 3.2% for the highest reading since 2008.

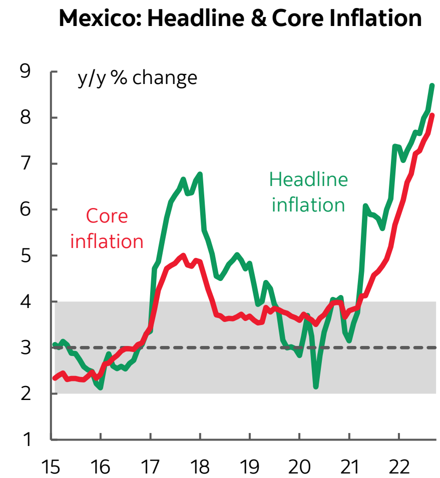
OTHER GEMS

Other top shelf global releases will primarily focus upon a series of US readings across the industrial, consumer and housing sectors, China's PMIs and Eurozone inflation. The OECD is also expected to update its global forecasts on Monday.

A lighter US calendar than what we've become accustomed to of late will focus upon the following macro reports:

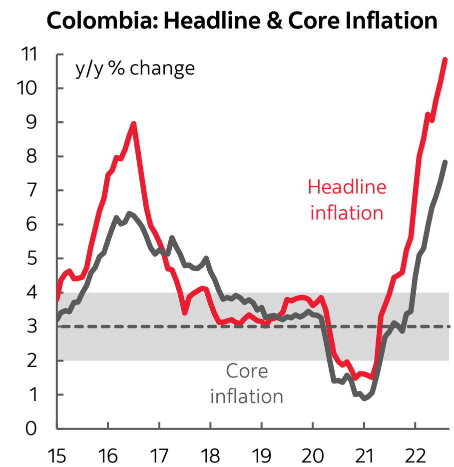
- **Durable goods orders (Tuesday):** August's reading will probably see a soft headline weighed down by weaker plane orders, but key will be expectations for a sixth consecutive rise in core capital goods orders as a proxy for underlying business equipment investment. They exclude defence and aircraft and have been an often-understated area of strength in the US economy as it addresses supply chain challenges (chart 11).
- **S&P repeat-sale house prices (Tuesday):** July's lagging tally nevertheless matters because this reading can serve as a leading indicator of what to expect for owners' equivalent rent in US CPI. As chart 12 demonstrates, we need to see compelling evidence of a turn lower by this measure of house prices before OER's contributions to overall US inflation begin to ebb and that's probably well down the read.
- **Consumer confidence (Tuesday):** September's reading could post another gain as gasoline prices decline and labour market conditions remain tight. Markets will have an eye on how consumers view inflation over the coming year although it can just be driven by what consumers observe happening to current gasoline prices!
- **Home sales (Tuesday & Wednesday):** August's new home sales tally (Tuesday) probably fell again because we know that model home foot traffic serves as an advance guide and it continues to soften. Pending home sales (Wednesday) will inform expectations for lagging completed resales that close 30–90 days after contracts are inked, but rising mortgage rates have put sharp downward pressure upon mortgage purchase applications.

Chart 9



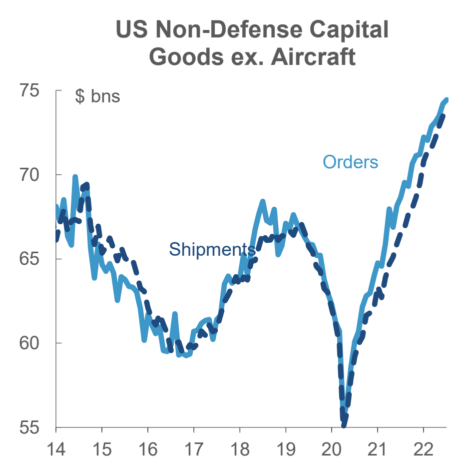
Sources: Scotiabank Economics, INEGI.

Chart 10



Sources: Scotiabank Economics, DANE.

Chart 11



Sources: Scotiabank Economics, US Census Bureau.

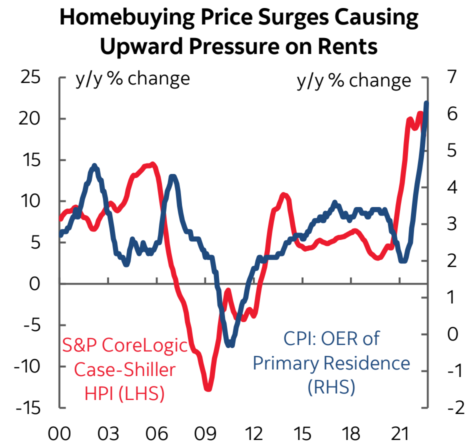
- **Jobless claims (Thursday):** Weekly jobless claims continue to indicate a robust job market as an earlier rise has ebbed over recent weeks.
- **Q2 GDP-r (Thursday):** The initial print for Q2 GDP showed an annualized contraction of -0.9% q/q on July 28th that was then revised a touch to -0.6% on August 25th. This estimate more fully incorporates services spending and might see a slightly better reading.
- **Core PCE inflation (Friday):** August's reading for the Fed's preferred inflation gauge is likely to closely follow the surge in core CPI after its 0.6% gain. It's worth repeating that the Cleveland Fed's 'nowcast' reading for core CPI in September is pointing toward another strong gain (chart 13).
- **Personal income/spending (Friday):** and finally, we'll probably get solid income growth that I've estimated at +0.5% m/m but total consumer spending will need a lift from services to offset the soft retail sales report for the month.

China will update the state's versions of its purchasing managers' indices on Thursday night (eastern time as always in this report). They will likely show continued moderate expansion in the non-manufacturing sector but no growth in manufacturing. Still, the improvements at the margin may be a positive signal for Q3 GDP growth (chart 14).

Eurozone CPI will be updated with September's reading and another hot one is expected with many estimates hovering around 1% m/m. Even as gasoline (chart 15) and natural gas (chart 16) prices have ebbed, administered energy prices are expected to spike higher in Germany as mitigating supports expire such as a sales tax cut. More important will be core CPI that the initial flash is expected to show a further acceleration to 4.7% y/y (4.3% prior). Germany and Spain update CPI on Thursday followed by France and Italy on Friday.

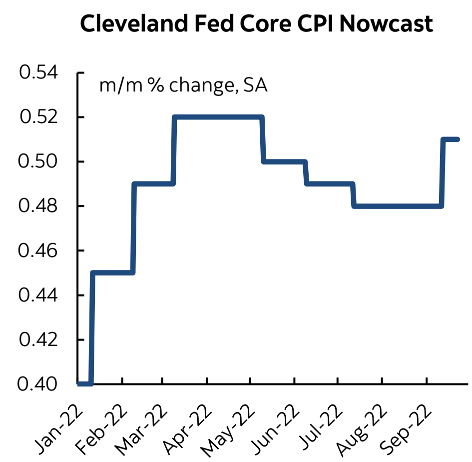
Japan's monthly data dump occurs toward the end of the week and updates the jobless rate, retail sales, industrial output and housing starts.

Chart 12



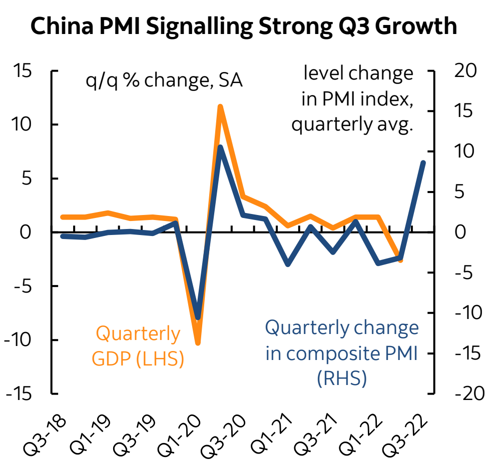
Sources: Scotiabank Economics, BLS, S&P.

Chart 13



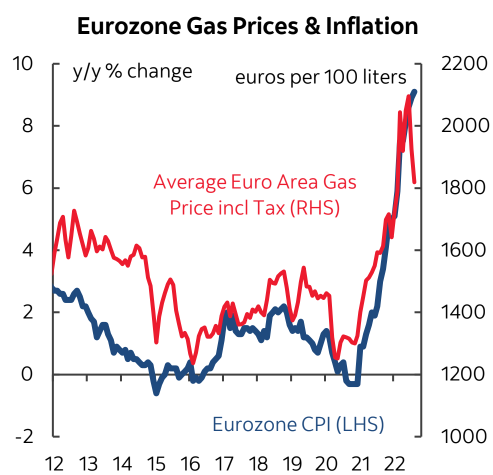
Sources: Scotiabank Economics, Cleveland Fed.

Chart 14



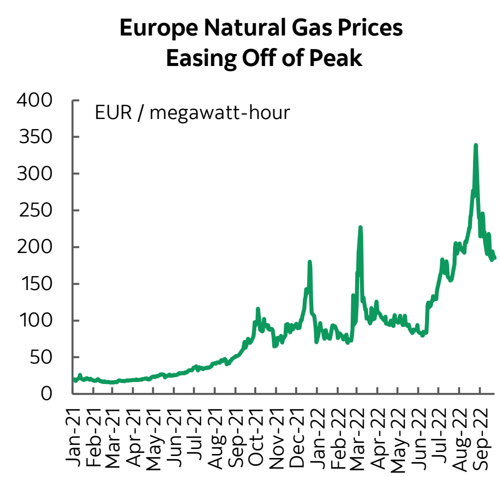
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 15



Sources: Scotiabank Economics, Eurostat, European Commission.

Chart 16



Sources: Scotiabank Economics, Bloomberg.

September 23, 2022

Key Indicators for the week of September 26 – 30

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	09/26	07:00	Global Economic Indicator IGAE (y/y)	Jul	--	1.5	1.6
US	09/26	10:30	Dallas Fed. Manufacturing Activity	Sep	--	-10.0	-12.9
MX	09/27	07:00	Trade Balance (US$ mn)	Aug	--	-4,993	-5,959
MX	09/27	07:00	Unemployment Rate (%)	Aug	--	3.4	3.4
US	09/27	08:30	Durable Goods Orders (m/m)	Aug P	0.0	-0.3	-0.1
US	09/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Aug P	0.3	0.2	0.2
US	09/27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jul	--	0.2	0.4
US	09/27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jul	--	17.3	18.7
US	09/27	10:00	Consumer Confidence Index	Sep	105	104.5	103.2
US	09/27	10:00	New Home Sales (000s a.r.)	Aug	490	500.0	511.0
US	09/27	10:00	Richmond Fed Manufacturing Index	Sep	--	-11.0	-8.0
US	09/28	07:00	MBA Mortgage Applications (w/w)	Sep 23	--	--	3.8
US	09/28	08:30	Wholesale Inventories (m/m)	Aug P	--	0.5	0.6
US	09/28	10:00	Pending Home Sales (m/m)	Aug	--	-1.3	-1.0
CA	09/29	08:30	Real GDP (m/m)	Jul	-0.2	-0.1	0.1
US	09/29	08:30	GDP (q/q a.r.)	2Q T	-0.5	-0.6	-0.6
US	09/29	08:30	GDP Deflator (q/q a.r.)	2Q T	--	8.9	8.9
US	09/29	08:30	Initial Jobless Claims (000s)	Sep 24	215	215	213
US	09/29	08:30	Continuing Claims (000s)	Sep 17	1,350	1,385	1,379
MX	**09/29**	**14:00**	**Overnight Rate (%)**	**Sep 29**	**--**	**9.25**	**8.50**
US	09/30	08:30	PCE Deflator (m/m)	Aug	0.0	0.1	-0.1
US	09/30	08:30	PCE Deflator (y/y)	Aug	5.9	6.0	6.3
US	09/30	08:30	PCE ex. Food & Energy (m/m)	Aug	0.5	0.5	0.1
US	09/30	08:30	PCE ex. Food & Energy (y/y)	Aug	4.8	4.7	4.6
US	09/30	08:30	Personal Spending (m/m)	Aug	0.4	0.2	0.1
US	09/30	08:30	Personal Income (m/m)	Aug	0.5	0.3	0.2
US	09/30	09:45	Chicago PMI	Sep	--	51.8	52.2
US	09/30	10:00	U. of Michigan Consumer Sentiment	Sep F	--	59.5	59.5

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	09/26	04:00	IFO Business Climate Survey	Sep	87.0	88.5
GE	09/26	04:00	IFO Current Assessment Survey	Sep	96.0	97.5
GE	09/26	04:00	IFO Expectations Survey	Sep	79.0	80.3
GE	09/27	02:00	Retail Sales (m/m)	Aug	-1.0	1.9
GE	09/28	02:00	GfK Consumer Confidence Survey	Oct	-39.0	-36.5
UK	09/28	04:00	Nationwide House Prices (m/m)	Sep	0.3	0.8
SP	09/29	03:00	CPI (m/m)	Sep P	--	0.3
SP	09/29	03:00	CPI (y/y)	Sep P	10.1	10.5
SP	09/29	03:00	CPI - EU Harmonized (m/m)	Sep P	0.6	0.3
SP	09/29	03:00	CPI - EU Harmonized (y/y)	Sep P	10.0	10.5
UK	09/29	04:30	Net Consumer Credit (£ bn)	Aug	1.4	1.4
EC	09/29	05:00	Economic Confidence	Sep	96.0	97.6
EC	09/29	05:00	Industrial Confidence	Sep	-0.7	1.2
GE	09/29	08:00	CPI (m/m)	Sep P	1.5	0.3
GE	09/29	08:00	CPI (y/y)	Sep P	9.5	7.9
GE	09/29	08:00	CPI - EU Harmonized (m/m)	Sep P	1.5	0.4
GE	09/29	08:00	CPI - EU Harmonized (y/y)	Sep P	10.2	8.8
UK	09/30	02:00	Business Investment (q/q)	2Q F	3.7	3.8
UK	09/30	02:00	Current Account (£ bn)	2Q	-43.3	-51.7
UK	09/30	02:00	GDP (q/q)	2Q F	-0.1	-0.1
FR	09/30	02:45	Consumer Spending (m/m)	Aug	-0.1	0.0
FR	09/30	02:45	CPI (m/m)	Sep P	-0.2	0.5
FR	09/30	02:45	CPI (y/y)	Sep P	6.0	5.9
FR	09/30	02:45	CPI - EU Harmonized (m/m)	Sep P	-0.1	0.5
FR	09/30	02:45	CPI - EU Harmonized (y/y)	Sep P	6.6	6.6
FR	09/30	02:45	Producer Prices (m/m)	Aug	--	1.6

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

Key Indicators for the week of September 26 – 30

EUROPE *(continued from previous page)*

Country	Date	Time	Indicator	Period	Consensus	Latest
SP	09/30	03:00	Real Retail Sales (y/y)	Aug	--	-3.3
GE	09/30	03:55	Unemployment (000s)	Sep	20.0	28.0
GE	09/30	03:55	Unemployment Rate (%)	Sep	5.5	5.5
SP	09/30	04:00	Current Account (€ bn)	Jul	--	0.5
EC	09/30	05:00	CPI (m/m)	Sep P	0.9	0.6
EC	09/30	05:00	Euro zone CPI Estimate (y/y)	Sep	9.7	9.1
EC	09/30	05:00	Euro zone Core CPI Estimate (y/y)	Sep P	4.7	4.3
EC	09/30	05:00	Unemployment Rate (%)	Aug	6.6	6.6
IT	09/30	05:00	CPI (m/m)	Sep P	-0.4	0.8
IT	09/30	05:00	CPI (y/y)	Sep P	8.2	8.4
IT	09/30	05:00	CPI - EU Harmonized (m/m)	Sep P	1.6	0.9
IT	09/30	05:00	CPI - EU Harmonized (y/y)	Sep P	9.4	9.1

ASIA PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	09/25	20:30	Markit/JMMA Manufacturing PMI	Sep P	--	--	51.5
VN	09/25	22:00	CPI (y/y)	Sep	--	--	2.9
VN	09/25	22:00	Industrial Production (y/y)	Sep	--	--	15.6
SI	09/26	01:00	Industrial Production (m/m)	Aug	--	--	-2.3
SI	09/26	01:00	Industrial Production (y/y)	Aug	--	--	0.6
HK	09/26	04:30	Exports (y/y)	Aug	--	--	-8.9
HK	09/26	04:30	Imports (y/y)	Aug	--	--	-9.9
HK	09/26	04:30	Trade Balance (HKD bn)	Aug	--	--	-27.6
SK	09/26	17:00	Consumer Confidence Index	Sep	--	--	88.8
SK	09/26	20:00	Discount Store Sales (y/y)	Aug	--	--	0.2
SK	09/26	20:00	Department Store Sales (y/y)	Aug	--	--	31.6
CH	09/26	21:30	Industrial Profits YTD (y/y)	Aug	--	--	0.8
JN	09/27	02:00	Machine Tool Orders (y/y)	Aug F	--	--	10.7
AU	09/27	21:30	Retail Sales (m/m)	Aug	--	0.5	1.3
JN	09/28	01:00	Coincident Index CI	Jul F	--	--	100.6
JN	09/28	01:00	Leading Index CI	Jul F	--	--	100.3
JN	09/28	01:00	New Composite Leading Economic Index	Jul F	--	--	100.3
TH	**09/28**	**03:00**	**BoT Repo Rate (%)**	**Sep 28**	**1.00**	**--**	**0.75**
SK	09/28	17:00	Business Survey- Manufacturing	Oct	--	--	82.0
SK	09/28	17:00	Business Survey- Non-Manufacturing	Oct	--	--	82.0
NZ	09/29	17:00	ANZ Consumer Confidence Index	Sep	--	--	85.4
SK	09/29	19:00	Industrial Production (m/m)	Aug	--	--	-1.3
SK	09/29	19:00	Industrial Production (y/y)	Aug	--	--	1.5
SK	09/29	19:00	Cyclical Leading Index Change	Aug	--	--	-0.3
JN	09/29	19:30	Jobless Rate (%)	Aug	--	2.5	2.6
JN	09/29	19:50	Industrial Production (m/m)	Aug P	--	-0.2	0.8
JN	09/29	19:50	Large Retailers' Sales (y/y)	Aug	--	4.8	2.8
JN	09/29	19:50	Retail Trade (m/m)	Aug	--	0.2	0.7
JN	09/29	19:50	Retail Trade (y/y)	Aug	--	2.7	2.4
JN	09/29	19:50	Industrial Production (y/y)	Aug P	--	1.8	-2.0
AU	09/29	21:30	Private Sector Credit (m/m)	Aug	--	0.7	0.7
AU	09/29	21:30	Private Sector Credit (y/y)	Aug	--	--	9.1
CH	09/29	21:30	Manufacturing PMI	Sep	--	49.4	49.4
CH	09/29	21:30	Non-manufacturing PMI	Sep	--	52.6	52.6
CH	09/29	21:45	Caixin Flash China Manufacturing PMI	Sep	--	--	49.5
CH	09/29	21:45	Caixin Manufacturing PMI	Sep	--	--	49.5
IN	**09/30**	**00:30**	**Repo Rate (%)**	**Sep 30**	**5.90**	**5.90**	**5.40**
IN	09/30	00:30	Cash Reserve Ratio (%)	Sep 30	--	4.50	4.50
JN	09/30	01:00	Consumer Confidence	Sep	--	33.5	32.5
JN	09/30	01:00	Housing Starts (y/y)	Aug	--	-3.9	-5.4
TH	09/30	03:00	Current Account Balance (US$ mn)	Aug	--	--	-4,068
TH	09/30	03:30	Exports (y/y)	Aug	--	--	3.4

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

Key Indicators for the week of September 26 – 30

ASIA PACIFIC *(continued from previous page)*

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TH	09/30	03:30	Imports (y/y)	Aug	--	--	25.3
TH	09/30	03:30	Trade Balance (US$ mn)	Aug	--	--	-401
HK	09/30	04:30	Retail Sales - Value (y/y)	Aug	--	--	4.1
HK	09/30	04:30	Retail Sales - Volume (y/y)	Aug	--	--	1.0
HK	09/30	04:30	Govt Monthly Budget Surp/Def (HKD bn)	Aug	--	--	-25.1
IN	09/30	06:30	Fiscal Deficit (INR Crore)	Aug	--	--	-11,040
SK	09/30	20:00	Exports (y/y)	Sep	--	--	6.6
SK	09/30	20:00	Imports (y/y)	Sep	--	--	28.2
SK	09/30	20:00	Trade Balance (US$ mn)	Sep	--	--	-9,487

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	09/26	08:30	Current Account (US$ mn)	Aug	--	-2,152	-3,506
BZ	09/27	08:00	IBGE Inflation IPCA-15 (m/m)	Sep	--	-0.2	-0.7
BZ	09/27	08:00	IBGE Inflation IPCA-15 (y/y)	Sep	--	8.2	9.6
CL	09/29	08:00	Unemployment Rate (%)	Aug	--	--	7.9
CO	**09/29**	**14:00**	**Overnight Lending Rate (%)**	**29-Sep**	**10.50**	**10.50**	**9.00**
CL	09/30	08:00	Industrial Production (y/y)	Aug	--	--	-5.1
CL	09/30	08:00	Retail Sales (y/y)	Aug	--	--	-10.9
CO	09/30	11:00	Urban Unemployment Rate (%)	Aug	--	11.1	11.3

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

Global Auctions for the week of September 26 – 30

NORTH AMERICA

Country	Date	Time	Event
US	09/26	13:00	U.S. To Sell 2-Year Notes
US	09/27	13:00	U.S. To Sell 5-Year Notes
CA	09/28	12:00	Canada to Sell 30 Year Bonds
US	09/28	13:00	U.S. To Sell 7-Year Notes

EUROPE

Country	Date	Time	Event
EC	09/26	05:30	EU to Sell Bonds
NE	09/27	04:00	Netherlands to Sell Bonds
GE	09/27	05:30	Germany to sell 3 Bln of 2027 Bonds
IT	09/29	05:00	Italy to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	09/26	23:35	Japan to Sell 40-Year Bonds
CH	09/27	22:35	China Plans to Sell CNY 10Y Upsized Bond
JN	09/28	23:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

Events for the week of September 26 – 30

NORTH AMERICA

Country	Date	Time	Event
US	09/26	12:00	Fed's Bostic Discusses Income Inequality
US	09/27	06:15	Fed's Evans Discusses Economic Outlook
US	09/27	07:30	Powell Takes Part in Panel on Digital Currencies
US	09/27	20:35	Fed's Mary Daly Speaks at Banking Event in Singapore
US	09/28	08:35	Fed's Bostic Takes Part in Moderated Q&A
US	09/28	14:00	Fed's Evans Speaks at the London School of Economics
US	09/29	13:00	Fed's Mester and ECB's Lane Take Part in Policy Panel
MX	**09/29**	**14:00**	**Overnight Rate**
US	09/29	16:45	Fed's Mary Daly Speaks at Boise State University
US	09/30	09:00	Brainard Speaks at Fed Conference on Financial Stability
US	09/30	16:15	Williams Speaks at Fed Conference on Financial Stability

EUROPE

Country	Date	Time	Event
EC	09/26	03:00	ECB's Nagel Speaks
EC	09/26	03:30	ECB's Panetta Speaks
EC	09/26	09:00	ECB's Lagarde Speaks
UK	09/26	12:00	BOE's Tenreyro speaks
SW	09/27	06:00	Riksbank's Ingves Speech
UK	09/27	07:00	BOE Chief Economist Huw Pill speaks
EC	09/27	09:15	ECB's Guindos Speaks
SW	09/28	02:00	Riksbank's Jansson Speech
EC	09/28	03:15	ECB's Lagarde Speaks
UK	09/28	04:15	BOE Deputy Governor Jon Cunliffe speaks
UK	09/28	14:00	BOE's Dingra speaks
EC	09/29	03:00	ECB's Simkus Speaks
SW	09/29	03:00	Riksbank's Ohlsson Speech
EC	09/29	03:00	ECB's Panetta Speaks
EC	09/29	03:45	ECB's Centeno Speaks
FI	09/29	04:00	ECB's Rehn Speaks on Monetary Policy at Bank of Finland
EC	09/29	04:00	ECB's Guindos Speaks
EC	09/29	04:15	ECB's Kazaks Speaks
EC	09/29	04:15	ECB's Elderson Speaks
SW	09/29	07:00	Riksbank's Floden Speech
UK	09/29	07:30	BOE Deputy Governor Dave Ramsden speaks
UK	09/29	08:00	BOE's Hauser speaks
EC	09/29	09:00	ECB's Simkus, Muller Speak
EC	09/29	13:00	ECB's Lane Speaks
EC	09/30	11:30	ECB's Schnabel Speaks

ASIA-PACIFIC

Country	Date	Time	Event
TH	**09/28**	**03:00**	**BoT Benchmark Interest Rate**
IN	**09/30**	**00:30**	**RBI Repurchase Rate**
IN	09/30	00:30	RBI Cash Reserve Ratio

LATIN AMERICA

Country	Date	Time	Event
CO	**09/29**	**14:00**	**Overnight Lending Rate**

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	3.25	October 26, 2022	3.75	3.75
Federal Reserve – Federal Funds Target Rate	3.25	November 2, 2022	4.00	4.00
Banco de México – Overnight Rate	8.50	September 29, 2022	9.25	9.25

Banco de México (Banxico): Banxico slightly toned down its hawkish bias last monetary policy decision by deleting "same forceful measures" from its messaging. Furthermore, the minutes showed a divided board, worried both about de-anchoring inflation expectations and increasing the rate more than necessary. However, we still expect that Banxico will again increase the rate by 75 bps to 9.25%. After a third 75 bps increase, we anticipate Banxico will continue with 50 bps increases in the following two meetings, reaching 10.25% by the end of 2022.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	1.25	October 27, 2022	2.00	2.00
European Central Bank – Marginal Lending Facility Rate	1.50	October 27, 2022	2.25	2.25
European Central Bank – Deposit Facility Rate	0.75	October 27, 2022	1.50	1.50
Bank of England – Bank Rate	2.25	November 3, 2022	3.00	3.00
Swiss National Bank – Sight Deposit Rate	0.50	December 15, 2022	1.25	1.25
Central Bank of Russia – One-Week Auction Rate	7.50	October 28, 2022	7.50	7.50
Sweden Riksbank – Repo Rate	1.75	November 24, 2022	2.50	2.50
Norges Bank – Deposit Rate	2.25	November 3, 2022	2.75	2.75
Central Bank of Turkey – Benchmark Repo Rate	12.00	October 20, 2022	12.00	12.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 28, 2022	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	2.35	October 3, 2022	2.60	2.60
Reserve Bank of New Zealand – Cash Rate	3.00	October 4, 2022	3.50	3.50
People's Bank of China – 1-Year Loan Prime Rate	3.65	October 19, 2022	3.65	3.65
Reserve Bank of India – Repo Rate	5.40	September 30, 2022	5.65	5.90
Bank of Korea – Bank Rate	2.50	October 12, 2022	2.75	2.75
Bank of Thailand – Repo Rate	0.75	September 28, 2022	1.00	1.00
Bank Negara Malaysia – Overnight Policy Rate	2.50	November 3, 2022	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	October 20, 2022	4.00	4.00
Central Bank of Philippines – Overnight Borrowing Rate	4.25	November 17, 2022	4.25	4.25

Reserve Bank of India (RBI): The RBI is expected to raise the repo rate by 50 bps to 5.90% at next week's meeting. While food and energy prices have come off as of late, inflation has appeared to peak, but still remains above the central bank's 4 +/– 2% inflation target at 7.00% as of August. The Fed's recent tightening has created accelerating rupee depreciation, which should tip the RBI more hawkish. **Bank of Thailand (BoT):** It is widely expected that the BoT will hike the repo rate another 25 bps to 1.00%. Thailand's central bank only kicked off their tightening cycle last month when they delivered an initial 25 bps hike to the current 0.75% rate. Forecasters see the terminal rate in the 1.50–2.00% range, much lower than other global central banks.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.75	October 26, 2022	13.75	13.75
Banco Central de Chile – Overnight Rate	10.75	October 12, 2022	11.00	11.00
Banco de la República de Colombia – Lending Rate	9.00	September 29, 2022	10.50	10.50
Banco Central de Reserva del Perú – Reference Rate	6.75	October 6, 2022	7.00	7.00

Banco de la República de Colombia (BanRep): Inflation pressure continues with headline and core inflation running at 10.8% y/y and 7.8% y/y respectively. We now expect BanRep to hike 150 bps in September's meeting, following by another 100 bps in October.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.25	November 24, 2022	6.25	

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