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GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

September 29, 2022

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With thanks for research support from: Marc Ercolao.

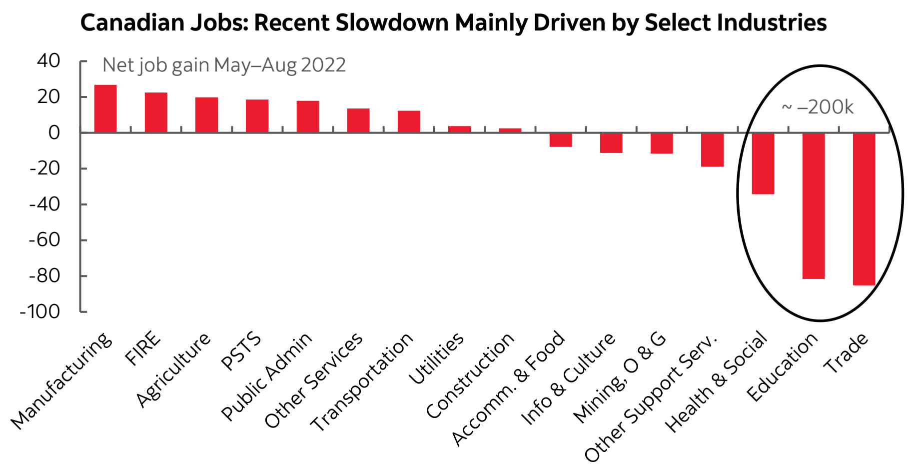
Next Week's Risk Dashboard

- There's value amid the gloom
- Nonfarm payrolls still resilient?
- Teachers are messing up Canadian jobs
- Canadian wage-price spiral risk
- Brazilian election could impact EM asset class
- RBA: 25 or 50?
- RBNZ's job isn't done yet
- Peru's central bank might not be done hiking after all
- LatAm and Asian inflation
- PMIs: US-ISMs, Canada, Brazil, China, India, Japan
- Germany's economy

Silver Linings

FORECASTS & DATA

Chart of the Week



Sources: Scotiabank Economics, Statistics Canada.

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

September 29, 2022

Silver Linings

There are legitimate reasons to be concerned about the world economic outlook and certainly in the context of global market turmoil, but often lost in the portrayal of these concerns is any reference to the associated opportunity that is opening up. We can't time optimal entry and exit points for broad market sentiment and I don't wish to sound pollyannaish toward the risks, but amid the gloom is the evidence of more value for investors than we've seen in quite a while and with the present focus upon Canada. Many investors are benchmarked on relative performance to indices and so beating the market on its timing is important, while many other investors with more patient horizons need only do well by dipping into opportunities in gradual fashion amid some of the best value we've seen in quite a while.

Before turning to the evidence, much of the mainstream narrative is around concerns for the real economy, meaning mainstreet variables like GDP and employment. There are definitely downsides to both. But financial market prospects often march to a different drummer and with significantly different timing to the broader economy. Financial markets typically price in the full pain of monetary tightening that shows up before lagging real economy variables and then turn toward pricing recovery when mainstreet is still going through painful adjustments.

What's the evidence on Canada?

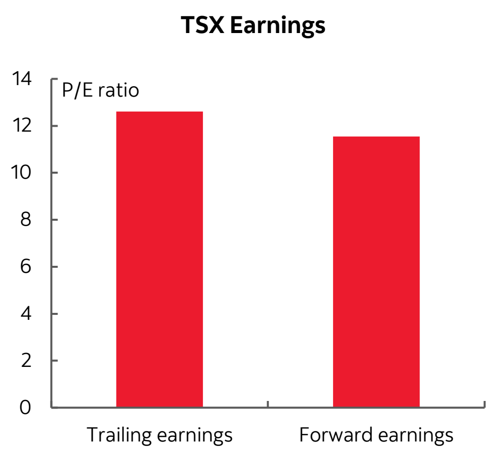
For starters, the currency has put the whole country's assets on sale especially to holders of USD. That matters enormously given the tight integration of its economy and capital markets with the US and the reliance upon two-way trade and capital flows with the US in an overall balance of payments sense. The C$ has depreciated by about 17 cents since mid-2021. We see some evidence that this is working to generate increased interest in Canada even including shoppers as travel figures show that cross-border shopping trips from the US to Canada soared over the summer.

Because of Canada's ban on foreign buying of real estate, it's unlikely that there will be similar buying activity of vacation properties by Americans as in the past. This is unfortunate scapegoating when it was domestic buyers who drove prices skyward in response to excessive policy stimulus.

That could mean that more of the interest in Canada will be expressed through financial markets. Start with the TSX at about 12 times trailing earnings and 11 times forward earnings with the highest dividend yield of any North American equity exchange (charts 1, 2).

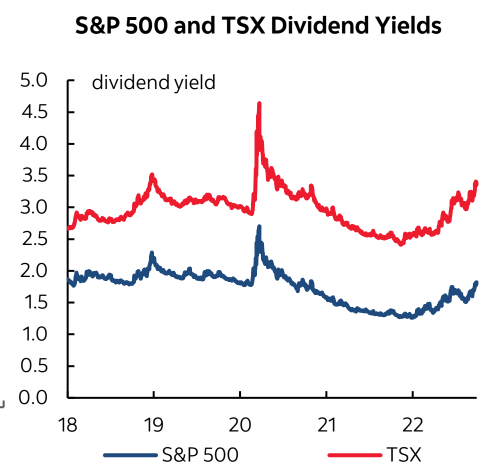
Corporate bonds have sharply cheapened with the benchmark BBB rated corporate proxy yield rising to about 5½% or double what it was in early 2021 and the highest observed yield since 2009 that is garnering a full 220bps above 10-year Canadas (chart 3). Excellent corporate balance sheet fundamentals like record high interest coverage into coming weakness and a roughly $250B surge in cash balances are supportive (chart 4). Financing demand around building inventories in response to serial supply chain shocks and potential financing of efforts to revamp supply chains present related flow opportunities.

Chart 1



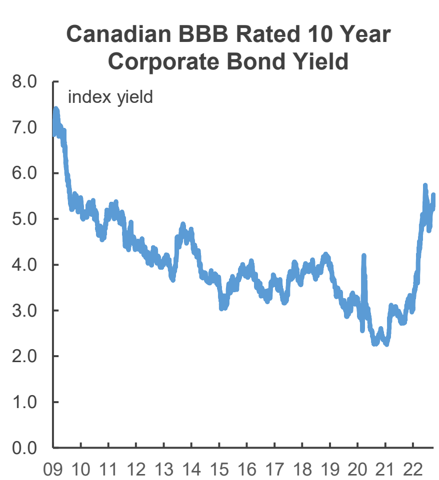
Sources: Scotiabank Economics, Bloomberg.

Chart 2



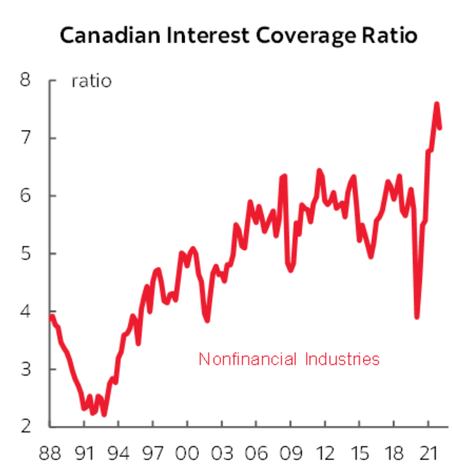
Sources: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4



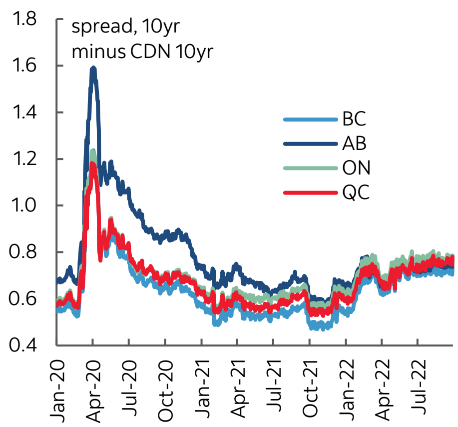
Sources: Scotiabank Economics, Statistics Canada.

Provincial government bond spreads over comparable maturity Government of Canada bond yields are offering about 80bps of spread pick-up which makes them more attractive than yields on US Treasuries (chart 5). These are highly liquid issues by issuers with enormous powers over revenues and expenditures that stand them apart from multiple other sub-federal levels of government elsewhere.

Spreads on housing related debt also offer spread pick-up (chart 6) including government guaranteed mortgage bonds. Highly rated credit card trusts offer still higher spreads than have tended to exist on average over the pandemic (chart 7).

Chart 5

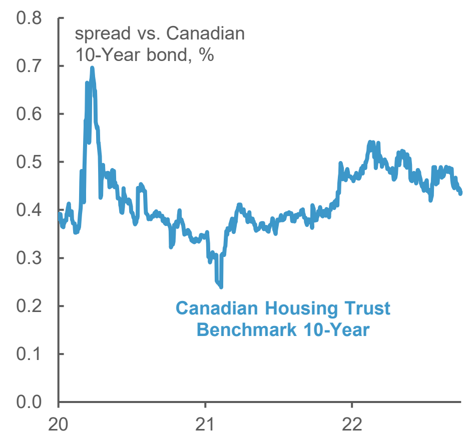
Select Provincial Bond Spreads



Sources: Scotiabank Economics, Bloomberg.

Chart 6

Canadian Mortgage Bond Spreads



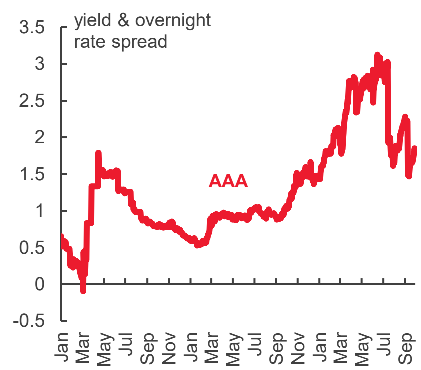
Source: Scotiabank Economics, Bloomberg.

As 2023 unfolds there is likely to be further opportunity and this is just a sampling of the universe of products. Inverted sovereign yield curves tend not to last very long because of the associated damage and so at some point we are likely to see this pivot toward declining yields from shorter terms through the belly of the curve. The higher the near-term policy rate outlook on the path to 4% by year-end, the more likely that the Bank of Canada is to return to cutting over the next 1–2 years.

Over the coming week we are likely to witness further turmoil in global markets as nonfarm payrolls lie ahead while the Fed's effects on other central banks reverberate and a major EM election could carry spillover effects across the asset class. The point of what I've said above, however, is to be mindful of not only the risks in financial markets but also the attractive opportunities that are emerging.

Chart 7

Canadian Credit Card Trust Spreads



Sources: Scotiabank Economics, Bloomberg.

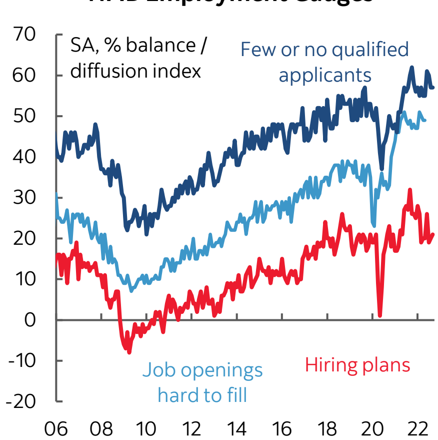
US JOBS AND WAGES—TOO EARLY TO ROLL?

Friday's nonfarm payrolls and associated job market measures will be the marquee global release of the week by far. It's also the week's biggest wildcard. With significant trepidation I've gone with a guesstimated 300k increase alongside wage growth at 0.4% m/m and 5.1% y/y.

The US job market has thus far remained highly resilient to mounting downside risks to the outlook and has not behaved in keeping with a US version of Okun's 'law.' Advance indicators of changes in nonfarm payrolls have not been terribly reliable. With that caution, declining initial jobless claims to sub-200k levels last week and an approximate 40k+ decline into the reference period compared to the August payrolls reference period is a positive.

Chart 8

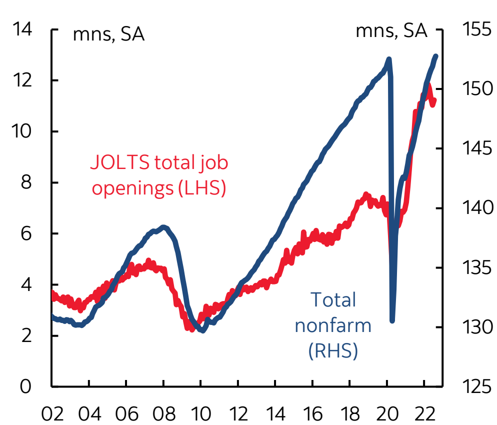
NFIB Employment Gauges



Sources: Scotiabank Economics, NFIB.

Chart 9

Nonfarm vs JOLTS Openings



Sources: Scotiabank Economics, BLS.

Declining small business hiring plans (chart 8) and job openings (chart 9) are less encouraging. It may be too early to expect nonfarm payrolls to begin to exhibit more of a weakening trend given that this tends to happen considerably after the peak in job openings that are the job market's first response to souring prospects as shown in the chart.

Other job market signals will arrive during the week on the way to nonfarm, but they are unlikely to do well at informing the call. Wednesday's ADP payrolls will be the second release since the methodology was revamped (again) and yet the 132k increase in August was well shy of the 308k increase in private nonfarm payrolls. JOLTS job openings will be updated for August on Tuesday. Also watch for the employment subindices to the ISM reports on Monday and Wednesday

ARE TEACHERS MESSING UP CANADIAN JOBS?

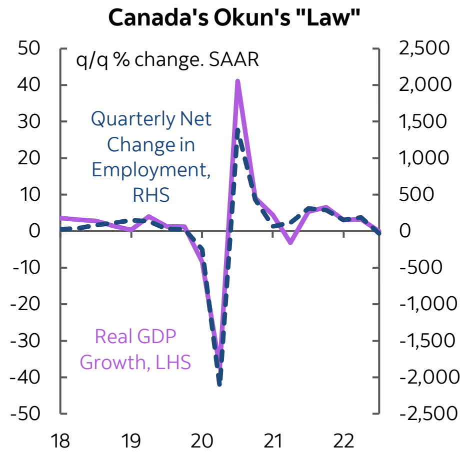
Canada updates job market conditions during September on Friday. Canada has 'lost' 114k jobs over the past three months and done so at a similar pace in each of the past three months. There is reason to believe that the job market has fewer supports, but there is also reason to believe that there have been significant distortions that have made it difficult to treat the losses quite so literally. There may even be some upside to job growth in September which is why I went with +30k.

One reason for a softening job market is that economic growth has softened into Q3. Okun's 'law' is just a statistical observation more so than any 'law', but it works reasonably well to show the connections (chart 10). We can also see that small businesses have less bullish hiring plans (chart 11) and that job postings are cooling (chart 12).

Yet what complicates things is that the education sector's contract disputes are messing up the numbers. Chart 13 gives an idea of the magnitude of these disputes just for the province of Ontario.

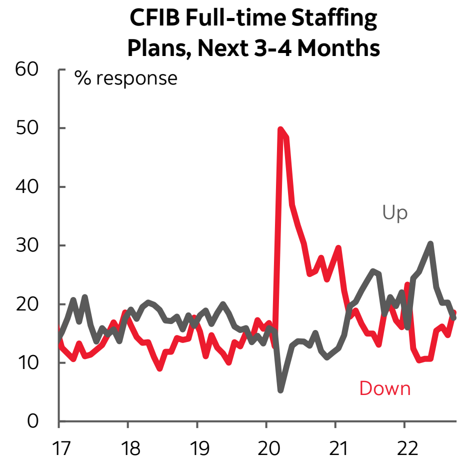
Education and trade have accounted for the bulk of the lost jobs over the past three months as shown in the front cover's chart-of-the-week. This is because of a large number of overlapping contract disputes affecting education sector workers across the country which draws into question the reliability of the job figures. That's because I don't trust the seasonal adjustments or necessarily the ways in which teachers and others may be answering the survey's questions as contract expirations have approached. Because this sector dominated the weakness in August total job market tallies it's feasible that we'll see more stabilization with back-to-school effects.

Chart 10



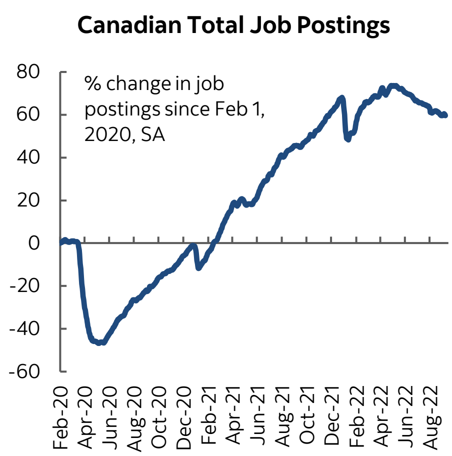
Sources: Scotiabank Economics, Statistics Canada.

Chart 11



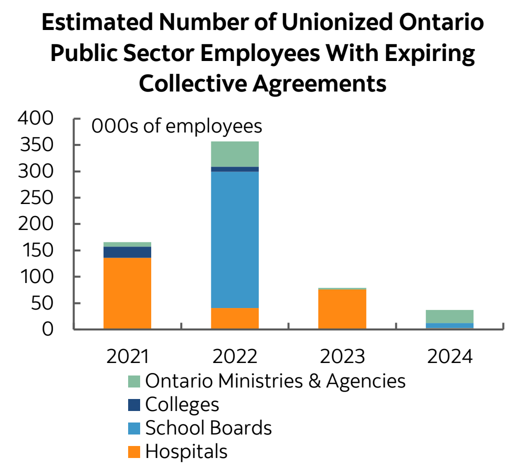
Sources: Scotiabank Economics, CFIB.

Chart 12



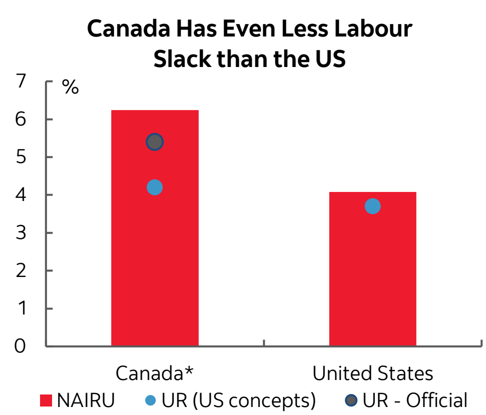
Sources: Scotiabank Economics, Indeed Hiring Lab.

Chart 13



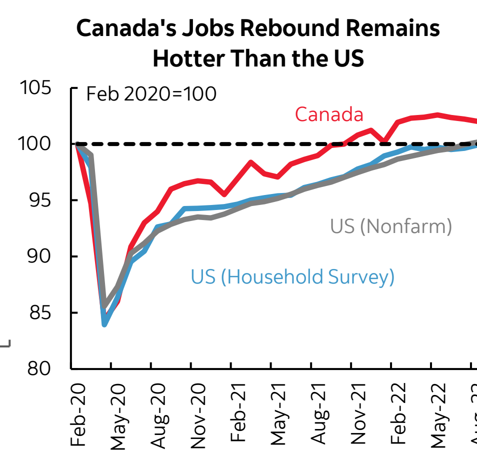
Sources: Scotiabank Economics, FAO.

Chart 14



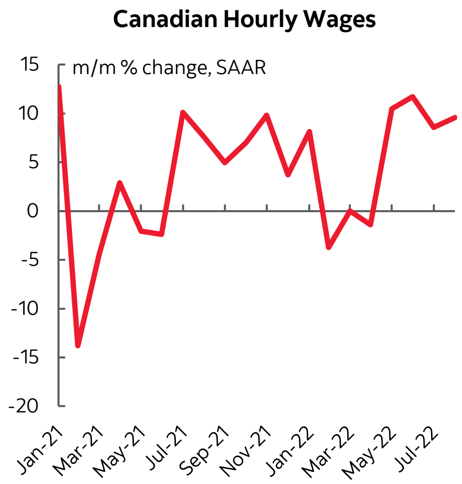
*Canadian unemployment rate as adjusted by Statistics Canada to be comparable to the US.
Sources: Scotiabank Economics, OECD, Statistics Canada, BLS.

Chart 15



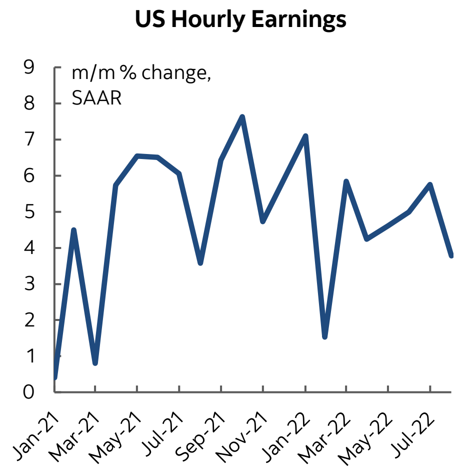
Sources: Scotiabank Economics, BLS, Statistics Canada.

Chart 16



Sources: Scotiabank Economics, Statistics Canada.

Chart 17



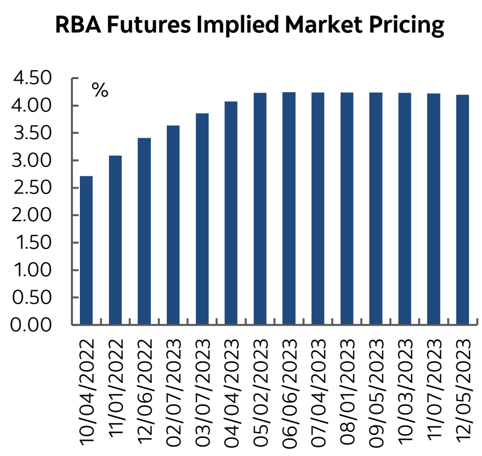
Sources: Scotiabank Economics, BLS.

Still, even with over one hundred thousand jobs 'lost' over the past three months it remains the case that Canada's job market is tighter than stateside. Estimating equilibrium or natural rates of unemployment is fraught with difficulties, but reasonable efforts suggest Canada's unemployment rate is more deeply below this equilibrium rate than is the case in the US (chart 14). That's because Canada's employment rebound to date throughout the pandemic has been stronger than the US's (chart 15) and because Canada's job market tends to have a higher rate of structural unemployment than the US. The greater employment rebound has partially come at the expense of productivity growth that when combined with much more rapid recent wage gains in Canada (10% m/m SA 3moMA) than in the US (~5%) points toward more cost-push wage-price spiral effect concerns north of the border (charts 16, 17). It's this measure that likely has the Bank of Canada more worried than small monthly variations in the total number of jobs that may be distorted in any event. In fact, high numbers of contract disputes likely represent ongoing upside risk to wage and price developments.

CENTRAL BANKS—THE FED'S RIPPLE EFFECTS

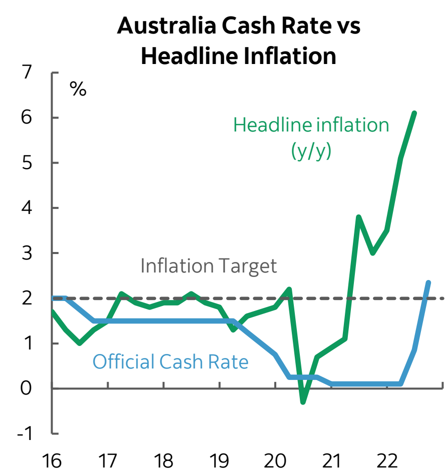
What would a week be without more central bank hikes and speeches? There will be plenty of speeches from officials at the world's most influential central banks, but the actual decisions are more likely to be impactful to regional markets. The ongoing reverberations of the Fed's communications on September 21st may be impactful to each decision.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Chart 19



Sources: Scotiabank Economics, RBA.

First up will be the Reserve Bank of Australia on Monday night (11:30pmET) into Tuesday Down Under. A 50bps hike to a cash rate target of 2.85% is plausible but hardly in the bag versus a more modest 25bps hike. Markets are on the fence between +25 and +50 but still expect considerably greater rate hikes ahead (chart 18) as inflation remains well above target (chart 19).

One reason for this is that minutes to the September 6th meeting provided on September 15th indicated that there was discussion around both a 25bps hike and the 50bps increase they opted for which fans the impression that there may be rising appetite for slowing the pace of hikes especially given the reference to how "They acknowledged that monetary policy operates with a lag and that interest rates had been increased quite quickly and were getting closer to normal settings." A few days before the release of the minutes but after the meeting itself, Governor Lowe said he hoped that the cash rate would come to rest within a 2.5–3.5% rate with 'a few' more rate increases over coming meetings. This suggests that there is considerably more work to be done with the 2.35% current rate below the bottom of the range.

The fly in the ointment is that both developments preceded the Federal Reserve's more aggressive actions on September 21st with much of the emphasis placed upon the more hawkish dot plot. The Australian dollar has been among the casualties in the face of the US dollar's broadly based strength and has shed another couple of cents since then along a long-term declining trend from about 76 cents in April to roughly 65 cents now. This development might suggest a more pressing need for a bigger 50bps hike given the implications of ongoing currency weakening for import price pressures.

The RBNZ is expected to hike by another 50bps to an official cash rate of 3.5% on Tuesday night (9pmET) into Wednesday local kiwi time. Both markets and consensus are aligned. August's forward guidance points toward a 4-handled peak with markets upping the pricing partly since the Fed meeting (chart 20). On September 26th, Governor Orr note that while "we still have some work to do" they still believe that the "tightening cycle is very mature." Fair enough, this central bank started hiking before most others along with the Bank of Korea and some LatAm central banks and has now hiked by a total of 275bps. Much like the RBA, however, the RBNZ has watched its currency slide since the Fed pulled the curtains back more aggressively; the NZ$ has depreciated by almost a dime this year despite the RBNZ's aggressive tightening.

Peru's central bank is expected to hike by 25bps to a reference rate of 7% on Thursday. Prior to the Fed meeting it had been looking as if the central bank might be signalling an end to the hike cycle. On September 8th it had slowed the pace of increases to just +25bps versus expectations for a 50bps hike after a year-long string of such moves had been delivered. Data released since then pointed to higher unemployment (7.3% from 6.8% in July) and slower than expected growth in overall economic activity according to July's monthly gauge. However, inflation remains high (chart 21) and may be about to experience renewed upward pressure. That's because like virtually everyone else, Peru's currency stumbled anew after the Fed's September 21st hike and guidance and is once again testing the weakest point since the start of the year. The inflation pass-through implications may prompt another hike.

BRAZILIAN ELECTION—A FINE CHOICE

Brazil's election on Sunday pits incumbent President Jair Bolsonaro against former President ("Lula") Luiz Inácio Lula da Silva. Lula's original twelve-year prison sentence for laundering money and general corruption was reduced to about one-and-a-half years and he was sprung from prison almost three years ago. He is a serious contender for the job according to the polls.

Bolsonaro is often referred to as Brazil's answer to defeated US President Donald Trump. One manifestation of this adds to the uncertainty surrounding the outcome of the vote and potential implications for markets that may extend beyond Brazil is how Bolsonaro might respond to defeat if polls prove to be correct (chart 22). There are fears that he may reject the outcome and return Brazil to its history of military coups if he receives such support. These concerns are based upon his efforts to undermine the election process to date.

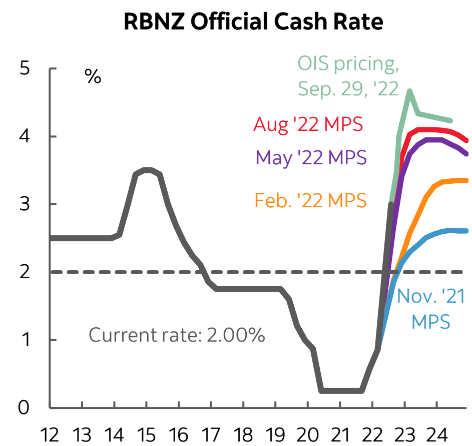
As Lula has climbed in the polls and such concerns have intensified, the real has been Latin America's poorest performer against broadly based USD strength, two-year Brazilian yields have risen and Sao Paulo's stock exchange has dropped by about 5% albeit within the context of global risk-off sentiment. Chart 23. Policy instability is an added factor as Lula's leftist Workers Party is pitted against Bolsonaro's right wing policies.

OTHER MACRO—PMIS, INFLATION AND GERMANY'S ECONOMY

Little else may ultimately matter much once Friday rolls around and nonfarm payrolls is out of the way. Still, the added calendar-based risks can be lumped into three categories.

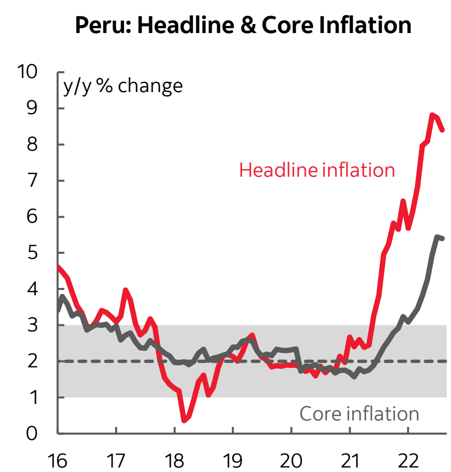
Progress toward repairing supply chains will be informed by soft survey-based data for September out of the US, Japan, India, parts of Latin America and Canada. Charts 24–28 show the individual connections to GDP growth as the surveys inform near-term expectations. The US will bring updates to ISM-manufacturing (Monday) and ISM-services (Wednesday) and the services PMI in particular has continued to signal moderate growth throughout the summer. Japan will update its quarterly Tankan survey at the start of the

Chart 20



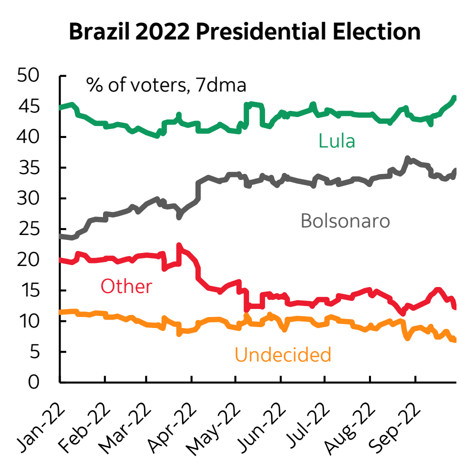
Sources: Scotiabank Economics, Reserve Bank of New Zealand, Bloomberg.

Chart 21



Sources: Scotiabank Economics, BCRP, INEI.

Chart 22



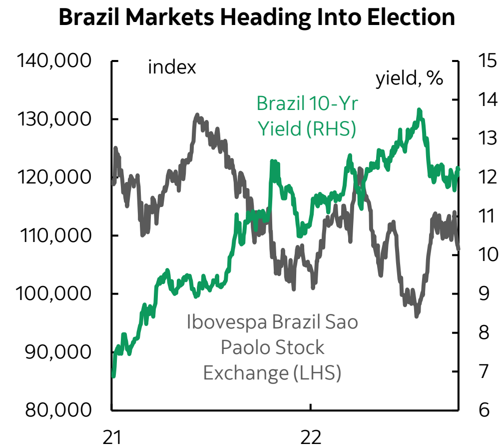
Sources: Scotiabank Economics, Opinion Polls.

week and mild further improvements are expected. Canada's Ivey PMI arrives on Thursday and it had rebounded the prior month but this gauge is a catch-all measure for everything in the private and public sectors of the economy and therefore hard to evaluate. A cleaner read will come from Canada's S&P manufacturing PMI on Monday but there is no separate services PMI for Canada. Mexico updates the manufacturing PMI on Monday and Brazil refreshes PMIs on Wednesday. India's PMIs arrive on Monday and Thursday with China's private PMIs closing off the week.

Second, a wave of inflation readings from across Asia and Latin America will inform regional central bank expectations. Peru, Japan, Indonesia and Switzerland update on Monday followed by South Korea and Thailand (Tuesday), Colombia (Wednesday), Taiwan (Thursday) and then both Mexico and Chile on Friday. I'll write more about them in daily notes over the week.

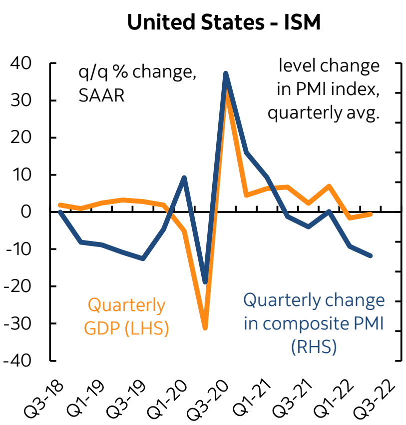
The state of Germany's economy will be informed by several macro reports for August. Factory orders (Thursday) are expected to decline again and so is industrial production (Friday). Retail sales volumes are likely to come off the temporary 1.9% m/m jump in July. Trade figures for August (Wednesday) will inform whether the weakness in the prior month was against the prior trend or the start of further weakness to come.

Chart 23



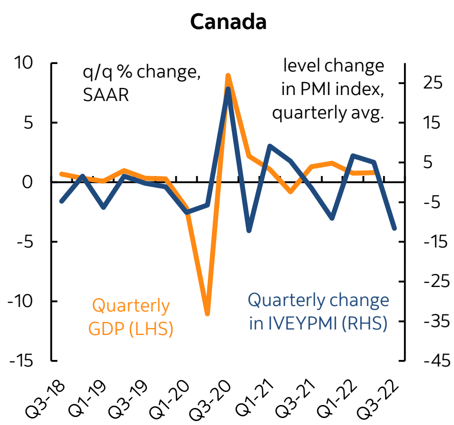
Sources: Scotiabank Economics, Bloomberg.

Chart 24



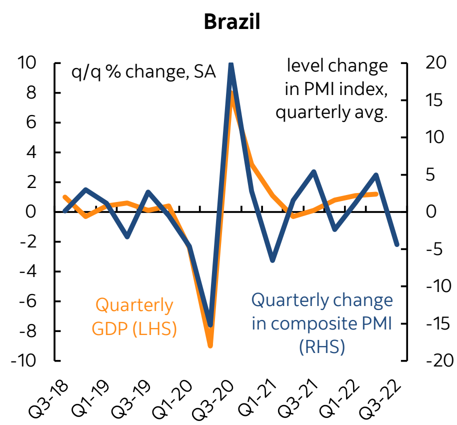
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 25



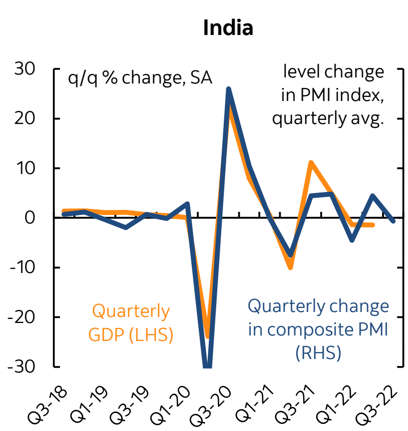
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 26



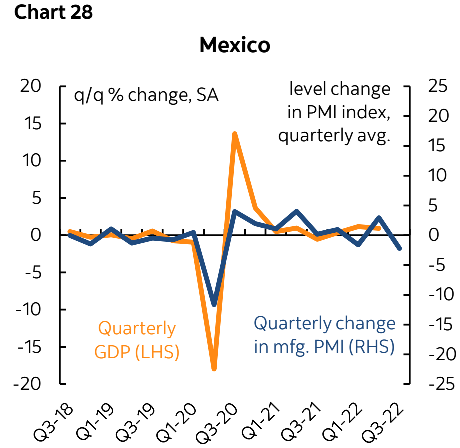
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 27



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

Chart 28



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

Key Indicators for the week of October 3 – 7

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	10/03	10:00	Construction Spending (m/m)	Aug	-0.1	-0.1	-0.4
US	10/03	10:00	ISM Manufacturing Index	Sep	53.0	52.4	52.8
US	10/03		Total Vehicle Sales (mn a.r.)	Sep	13.7	13.6	13.2
US	10/04	10:00	Factory Orders (m/m)	Aug	0.2	0.2	-1.0
US	10/04	10:00	JOLTS Job Openings (000s)	Aug	--	--	11,239
US	10/05	07:00	MBA Mortgage Applications (w/w)	Sep 30	--	--	-3.7
US	10/05	08:15	ADP Employment Report (000s m/m)	Sep	--	200.0	132.0
CA	10/05	08:30	Building Permits (m/m)	Aug	--	-0.5	-6.6
CA	10/05	08:30	Merchandise Trade Balance (C$ bn)	Aug	--	3.5	4.1
US	10/05	08:30	Trade Balance (US$ bn)	Aug	-67.0	-67.9	-70.7
US	10/05	10:00	ISM Non-Manufacturing Composite	Sep	56.5	56.5	56.9
US	10/06	08:30	Initial Jobless Claims (000s)	Oct 1	190	215	193
US	10/06	08:30	Continuing Claims (000s)	Sep 24	1,320	1,385	1,347
MX	10/07	07:00	Bi-Weekly Core CPI (% change)	Sep 30	--	0.4	0.4
MX	10/07	07:00	Bi-Weekly CPI (% change)	Sep 30	--	0.4	0.4
MX	10/07	07:00	Consumer Prices (m/m)	Sep	--	--	0.7
MX	10/07	07:00	Consumer Prices (y/y)	Sep	--	--	8.7
MX	10/07	07:00	Consumer Prices Core (m/m)	Sep	--	--	0.8
CA	10/07	08:30	Employment (000s m/m)	Sep	30.0	20.0	-39.7
CA	10/07	08:30	Unemployment Rate (%)	Sep	5.2	5.4	5.4
US	10/07	08:30	Average Hourly Earnings (m/m)	Sep	0.4	0.3	0.3
US	10/07	08:30	Average Hourly Earnings (y/y)	Sep	5.1	5.1	5.2
US	10/07	08:30	Average Weekly Hours	Sep	--	34.5	34.5
US	10/07	08:30	Nonfarm Employment Report (000s m/m)	Sep	300	250.0	315.0
US	10/07	08:30	Unemployment Rate (%)	Sep	3.6	3.7	3.7
US	10/07	08:30	Household Employment Report (000s m/m)	Sep	--	--	442.0
US	10/07	15:00	Consumer Credit (US$ bn m/m)	Aug	--	25.0	23.8

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
FR	10/03	02:45	Central Government Balance (€ bn)	Aug	--	-131.2
IT	10/03	03:45	Manufacturing PMI	Sep	--	48.0
FR	10/03	03:50	Manufacturing PMI	Sep F	--	47.8
GE	10/03	03:55	Manufacturing PMI	Sep F	--	48.3
EC	10/03	04:00	Manufacturing PMI	Sep F	--	48.5
UK	10/03	04:30	Manufacturing PMI	Sep F	--	48.5
EC	10/04	05:00	PPI (m/m)	Aug	--	4.0
FR	10/05	02:45	Industrial Production (m/m)	Aug	--	-1.6
FR	10/05	02:45	Industrial Production (y/y)	Aug	--	-1.2
FR	10/05	02:45	Manufacturing Production (m/m)	Aug	--	-1.6
IT	10/05	03:45	Services PMI	Sep	--	50.5
FR	10/05	03:50	Services PMI	Sep F	--	53.0
GE	10/05	03:55	Services PMI	Sep F	--	45.4
EC	10/05	04:00	Composite PMI	Sep F	--	48.2
EC	10/05	04:00	Services PMI	Sep F	--	48.9
UK	10/05	04:30	Official Reserves Changes (US$ bn)	Sep	--	-1,798
UK	10/05	04:30	Services PMI	Sep F	--	49.2
RU	10/05	12:00	Real GDP (y/y)	2Q F	--	-4.10
GE	10/06	02:00	Factory Orders (m/m)	Aug	-0.5	0.0
SP	10/06	03:00	Industrial Output NSA (y/y)	Aug	--	1.3
UK	10/06	04:30	PMI Construction	Sep	--	49.2
EC	10/06	05:00	Retail Trade (m/m)	Aug	--	0.3
GE	10/07	02:00	Industrial Production (m/m)	Aug	-0.5	-0.3
GE	10/07	02:00	Retail Sales (m/m)	Aug	-1.0	1.9
FR	10/07	02:45	Current Account (€ bn)	Aug	--	-5,328
FR	10/07	02:45	Trade Balance (€ mn)	Aug	--	-14,538

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

Key Indicators for the week of October 3 – 7

ASIA PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	10/02	19:50	Tankan All Industries Index	3Q	--	18.9	18.6
JN	10/02	19:50	Tankan Manufacturing Index	3Q	--	11.0	9.0
JN	10/02	19:50	Tankan Non-Manufacturing Index	3Q	--	13.0	13.0
JN	10/02	20:30	Markit/JMMA Manufacturing PMI	Sep F	--	--	51.0
ID	10/03	00:00	CPI (y/y)	Sep	--	5.9	4.7
ID	10/03	00:00	CPI (m/m)	Sep	--	1.1	-0.2
ID	10/03	00:00	Core CPI (y/y)	Sep	--	3.5	3.0
JN	10/03	01:00	Vehicle Sales (y/y)	Sep	--	--	-13.3
TH	10/03	03:30	Business Sentiment Index	Sep	--	--	49.6
SI	10/03	09:00	Purchasing Managers Index	Sep	--	--	50.0
JN	10/03	19:30	Tokyo CPI (y/y)	Sep	--	2.9	2.9
JN	10/03	19:50	Monetary Base (y/y)	Sep	--	--	0.4
AU	10/03	20:30	Building Approvals (m/m)	Aug	--	--	-17.2
AU	10/03		ANZ Job Advertisements (m/m)	Sep	--	--	2.00
AU	**10/03**	**00:30**	**RBA Cash Target Rate (%)**	**Oct 4**	**2.6**	**2.9**	**2.35**
SK	10/04	19:00	CPI (m/m)	Sep	--	--	-0.1
SK	10/04	19:00	CPI (y/y)	Sep	--	5.7	5.7
SK	10/04	19:00	Core CPI (y/y)	Sep	--	--	4.4
NZ	**10/04**	**21:00**	**RBNZ Official Cash Rate (%)**	**Oct 5**	**3.50**	**3.50**	**3.00**
PH	10/04	21:00	CPI (y/y)	Sep	--	--	6.3
TH	10/04	23:30	CPI (y/y)	Sep	--	--	7.9
TH	10/04	23:30	CPI (m/m)	Sep	--	--	0.1
TH	10/04	23:30	Core CPI (y/y)	Sep	--	--	3.2
SI	10/05	01:00	Retail Sales (m/m)	Aug	--	--	0.6
SI	10/05	01:00	Retail Sales (y/y)	Aug	--	--	13.7
AU	10/05	20:30	Trade Balance (AUD mn)	Aug	--	--	8,733
HK	10/05	20:30	Purchasing Managers Index	Sep	--	--	51.2
PH	10/05	21:00	Unemployment Rate (%)	Aug	--	--	5.2
TA	10/06	04:00	CPI (y/y)	Sep	--	--	2.7
SK	10/06	19:00	Current Account (US$ mn)	Aug	--	--	1,089
JN	10/06	19:30	Household Spending (y/y)	Aug	--	7.2	3.4
MA	10/07	03:00	Foreign Reserves (US$ bn)	Sep 30	--	--	106.3
TA	10/07	04:00	Exports (y/y)	Sep	--	--	2.0
TA	10/07	04:00	Imports (y/y)	Sep	--	--	3.5
TA	10/07	04:00	Trade Balance (US$ bn)	Sep	--	--	3.0
SI	10/07	05:00	Foreign Reserves (US$ mn)	Sep	--	--	289,411
CH	10/07	21:45	Caixin Services PMI	Sep	--	54.5	55.0

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	10/03	07:30	Economic Activity Index SA (m/m)	Aug	-1.5	--	-1.1
CL	10/03	07:30	Economic Activity Index NSA (y/y)	Aug	--	--	1.0
BZ	10/03	09:00	PMI Manufacturing Index	Sep	--	--	51.9
PE	10/03	11:00	Consumer Price Index (m/m)	Sep	0.4	--	0.7
PE	10/03	11:00	Consumer Price Index (y/y)	Sep	8.4	--	8.4
BZ	10/03	14:00	Trade Balance (FOB) - Monthly (US$ mn)	Sep	--	--	4,107
CO	10/05	07:00	Consumer Price Index (m/m)	Sep	0.7	0.8	1.0
CO	10/05	07:00	Consumer Price Index (y/y)	Sep	11.2	11.3	10.8
BZ	10/05	08:00	Industrial Production SA (m/m)	Aug	--	--	0.6
BZ	10/05	08:00	Industrial Production (y/y)	Aug	--	--	-0.5
PE	**10/06**	**19:00**	**Reference Rate (%)**	**Oct 6**	**7.00**	**7.00**	**6.75**
BZ	10/07	08:00	Retail Sales (m/m)	Aug	--	--	-0.8
BZ	10/07	08:00	Retail Sales (y/y)	Aug	--	--	-5.2

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

Global Auctions for the week of October 3 – 7

NORTH AMERICA

Country	Date	Time	Event
CA	10/05	12:00	Canada to Sell 10 Year Bonds

EUROPE

Country	Date	Time	Event
AS	10/04	05:00	Austria to Sell 0.9% 2032 Bonds
UK	10/04	05:00	U.K. To Sell Treasury 0.50% 2061 Gilt
AS	10/04	05:00	Austria to Sell 0.75% 2051 Bonds
DE	10/05	04:15	Denmark to Sell Bonds
SW	10/05	05:00	Sweden to Sell SEK1 Billion of 0.75% 2029 Bonds
UK	10/05	05:00	U.K. To Sell Treasury 1.00% 2032 Gilt
SW	10/05	05:00	Sweden to Sell SEK1 Billion of 1.75% 2033 Bonds
GE	10/05	05:30	Germany to Sell 1.5 Bln of 2038 Bonds
SP	10/06	04:30	Spain to Sell Bonds
FR	10/06	04:50	France to Sell Bonds
IC	10/07	07:00	Iceland to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
JN	10/03	23:35	Japan to Sell 10-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Sources: Bloomberg, Scotiabank Economics.

September 29, 2022

Events for the week of October 3 – 7

NORTH AMERICA

Country	Date	Time	Event
US	10/03	09:05	Fed's Bostic Gives Opening Remarks at Technology Conference
US	10/03	15:10	Fed's Williams Speaks to Hispanic Chamber Conference
US	10/04	09:00	Fed's Logan Gives Welcoming Remarks at Event on Technology
US	10/04	09:00	Williams Gives Opening/Closing Remarks at Work Culture Event
US	10/04	09:15	Fed's Mester Speaks at Conference on Payment System
US	10/04	11:45	Fed's Jefferson Speaks at Conference
US	10/04	13:00	Fed's Daly Speaks to the Council on Foreign Relations
US	10/05	16:00	Fed's Bostic Discusses Inflation
US	10/06	13:00	Fed's Evans Takes Part in Moderated Q&A
US	10/06	13:00	Fed's Cook Speaks on the Economic Outlook
US	10/06	17:00	Fed's Waller Discusses the Economic Outlook
US	10/06	18:30	Fed's Mester Discusses the Economic Outlook
US	10/07	10:00	Fed's Williams Speaks in Moderated Q&A

EUROPE

Country	Date	Time	Event
EC	10/01	03:40	ECB's Vasle Speaks
SW	10/03	06:00	Riksbank's Floden speech
EC	10/04	08:30	ECB's Centeno Speaks

ASIA-PACIFIC

Country	Date	Time	Event
AU	**10/03**	**23:30**	**RBA Cash Rate Target**
NZ	10/04	21:00	RBNZ Monetary Policy Review
NZ	**10/04**	**21:00**	**RBNZ Official Cash Rate**
JN	10/05	00:00	BOJ Governor Kuroda Speed at the Branch Managers' Meeting
AU	10/06	20:30	RBA-Financial Stability Review

LATIN AMERICA

Country	Date	Time	Event
CO	**10/04**	**18:00**	**Colombia Monetary Policy Minutes**
PE	**10/06**	**19:00**	**Reference 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	9.25	November 10, 2022	10.00	10.00

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	TBA	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	2.85
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	December 6, 2022	5.90	5.90
Bank of Korea – Bank Rate	2.50	October 12, 2022	2.75	2.75
Bank of Thailand – Repo Rate	1.00	November 30, 2022	1.25	1.25
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	4.50	4.50
Central Bank of Philippines – Overnight Borrowing Rate	4.25	November 17, 2022	4.50	4.50

Reserve Bank of Australia (RBA): Markets are on the fence between a 25 and 50 bps hike of the cash rate. Last meeting's minutes revealed there was discussion around both a 25 bps and 50 bps increase they opted for, which fans the impression that there may be rising appetite for slowing the pace of hikes. The RBA also acknowledged they were getting closer to neutral levels and that the cash rate would come to rest within a 2.5–3.5% range. A$ weakness post-Fed may, however, tip the balance toward a bigger hike. **Reserve Bank of New Zealand (RBNZ):** The RBNZ is expected to hike by another 50bps to an official cash rate of 3.5% next week. Both markets and consensus are aligned. August's forward guidance points toward a 4-handled peak with markets upping the pricing partly since the Fed meeting.

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	10.00	October 28, 2022	10.50	10.50
Banco Central de Reserva del Perú – Reference Rate	6.75	October 6, 2022	7.00	7.00

Banco Central de Reserva del Perú (BCRP): We expect the BCRP to raise the reference rate by 25 bps to 7.00% next week. On September 8th it had slowed the pace of increases to just +25bps versus expectations for a 50bps hike after a year-long string of such moves had been delivered. Inflation remains high at 8.4% y/y, well above the bank 2 +/– 1% target range and the currency has weakened since the Fed's hawkish September meeting.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.25	November 24, 2022	6.50	6.50

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