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Next Week's Risk Dashboard

- US earnings
- CBs: ECB, BoJ, BoC, Chile, BoK, BI
- China GDP
- US macro reports
- Canadian macro reports
- UK macro reports
- Australian jobs

Chart of the Week
Daily US Consumer Spending Compared to Pre-Outbreak Levels


Sources: Scotiabank Economics, Opportunity Insights Economic Tracker.

Chart of the Week: Prepared by: Evan Andrade, Economic Analyst.

Transition Points

Three main considerations will dominate market attention over the coming week in terms of calendar-based risks. Whether virus counts and tweets matter or not varies by the day, but the week's main drivers are likely to be more meaningful. They will include the US earnings season, a wave of central bank decisions and further tracking of recovery evidence across major economies. On all three counts—data, earnings and monetary policy—we continue to transition away from incremental emergency actions and toward recovery.

DREAMING OF EARNINGS

The Q2 US earnings season kicks off in earnest next week. Thirty-two S&P500 firms will be releasing. They will include names like JP Morgan, Citi, Wells Fargo, Goldman, BofA, Morgan Stanley, BlackRock, State Street and Netflix.

As at the time of publication, the consensus of analysts expects earnings per share to average US\$25.60 across the S&P500 in Q2, down 6% from Q1 and close to a -40% drop compared to the same quarter a year ago (chart 1). Guidance—where offered—will be important, as will survival measures such as cash on hand.

The earnings figures will factor into the debate over stock valuations. Price-to-trailing earnings on the S&P is at 22.4. Price to 2020 expected earnings is higher at 25.4. This measure is clearly impacted by the magnitude of the COVID-19 hit to profits in 2020H1, but markets are more forward looking. A better measure may be to compare price to expected earnings in the first full year of expected recovery in 2021. As chart 2 shows, valuations by this yardstick are not excessive at 19.6 times. If such earnings growth is delivered, there may well be room for multiple expansion on top of it.

A MID-WEEK CENTRAL BANK PARADE

A half dozen central banks will weigh in with policy decisions and updated guidance. They will include some central banks of significance to global markets and some of a more regional nature. All of them will be crammed into Wednesday and Thursday in what clearly must be a cruel coordinated prank on markets. They are not expected to present global market risk but we could see interesting developments in some of the regional markets.

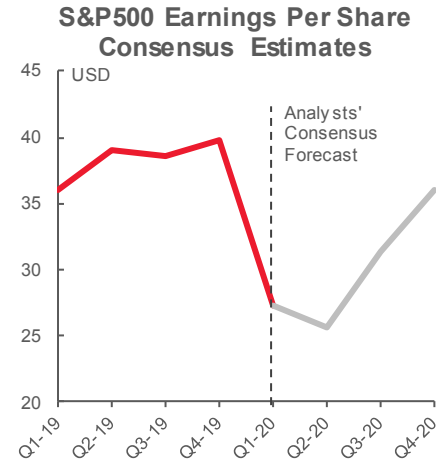
1. Bank of Canada (Wednesday)

This will be Governor Macklem's first meeting after he participated in and endorsed Governor Poloz's final meeting back on June 3rd. It will also offer a full suite of communications including the policy statement and Monetary Policy Report including forecasts (10amET) followed by the press conference to be hosted by Macklem and Senior Deputy Governor Wilkins (11amET).

Expectations include the following and with more to follow next week:

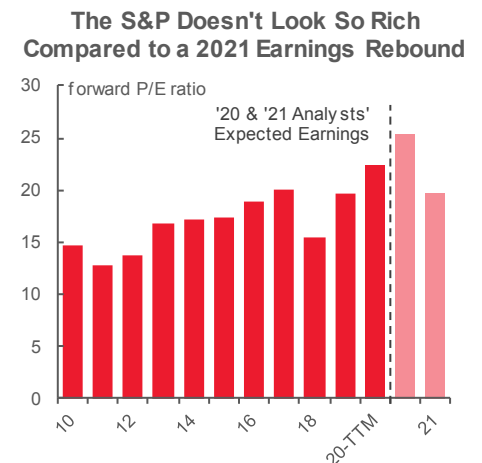
- The overnight rate will remain at 0.25%. Macklem has stated that he views 0.25% as the lower bound and that "There are some disruptive effects of going negative."
- The BoC has offered thin gruel by way of forecasts throughout the COVID-19 shock and will make its first attempt at a full set of global and domestic forecasts.

Chart 1



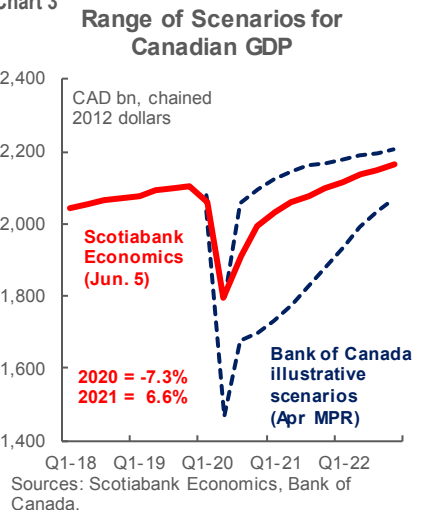
Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, Bloomberg.

Chart 3

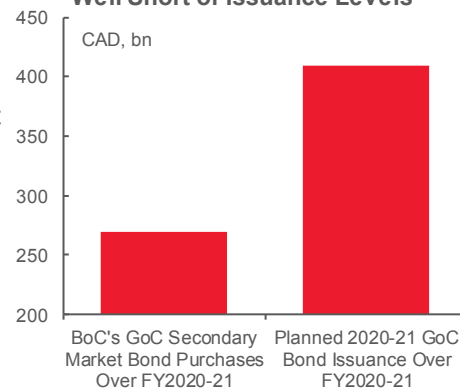


Sources: Scotiabank Economics, Bank of Canada.

The last full set of forecasts was offered way back in the January MPR. The BoC has provided two forecast scenarios for Canadian GDP (chart 3) and it has previously guided that the less damaging base case is tracking well. It may very well sound a bit more optimistic given the tone of recent readings (e.g. [here](#)). Expect heavy emphasis upon persistent slack throughout the forecast horizon and disinflationary pressure.

- The statement is likely to strike a somewhat more optimistic tone by referencing recent readings as opposed to the June 3rd statement that was focused upon damage assessments. The BoC has to note the breadth of impressive gains across multiple readings.
- The take-back is likely to be that it will emphasize how the pandemic hit is not over and it's grossly premature to say otherwise. That's true even if one assumes that Canada's COVID-19 curve will remain under control into high uncertainty going forward. Even as GDP recovers, the expanding supply side will require multiple quarters if not years to close spare capacity. During this period, the BoC will struggle to durably return to its 2% inflation target over the medium term.
- I don't think the BoC will be too fussed by the implications of higher government debt issuance on the curve just yet but the minimum risk entails jawboning policy options. On this point there are several subpoints:
 - Chart 4 shows the potential gap between the BoC's buying of Government of Canada bonds in the secondary market and Finance's estimate for planned bond issuance, both over the fiscal year spanning April 1st 2020 to March 31st 2021.
 - The BoC may elect to indicate that while its QE program buys in the secondary market and it routinely buys about 13% at auction, it may be prepared to work the guided range of purchases well above the minimum of the at least C\$5 billion per week amount it is implementing. It may be helpful to further define program duration beyond the vague "until the recovery is well underway" guidance in such fashion as to inform the stock and period of such purchases. Policy motives for doing so could include a combination of remaining focused upon ensuring that improved market conditions are retained, injecting liquidity as a central bank's job to counter liquidity withdrawals of higher issuance, and pre-emptive measures to reduce perceived interest rate risk facing federal and provincial governments and their agencies.
 - The BoC's flexibility to raise purchase amounts includes buying more as part of regular operations as auction sizes increase and buying more through its QE program as primary issuance moves into the secondary market.

Chart 4

BoC's Minimum Buying Would Fall Well Short of Issuance Levels


Sources: Scotiabank Economics, Government of Canada, Bank of Canada.

2. Bank of Japan (Thursday)

The BoJ's latest policy decision will be delivered after 9pmET on Thursday night. It may revise growth projections lower, but no major policy changes are anticipated.

3. Banco Central de Chile (Wednesday)

We expect the overnight rate target to remain at 0.5% at 6pmET on Wednesday. The central bank has stated that this is the effective lower bound. Liquidity programs may be enhanced.

4. European Central Bank (Thursday)

Watch for the latest policy statement at 7:45amET and President Lagarde's press conference starting forty-five minutes later. After having rolled out aggressive stimulus to counter the COVID-19 shock, the ECB is still in implementation mode with enough flexibility to continue buying assets. Any further discussion on expanded stimulus is likely skewed toward later this year or into early 2021. No further policy measures are expected but forecast guidance may be meaningful.

For example, the Pandemic Emergency Purchase Program is scoped out at €1.35 trillion but about three-quarters of the facility is still untapped. Recall that the ECB expanded the PEPP by more than anticipated from €750 billion to €1.35 trillion on June 10th and stated the purchases would continue through to “at least” June 2021 which was a six month extension, or until Governing Council “judges that the coronavirus phase is over.” It also announced that principal payments under the PEPP would be reinvested until ‘at least’ the end of 2022 and that Asset Purchase Program purchases would continue at a monthly pace of €20 billion with maturing principal under the APP reinvested until after the first rate hike of the cycle.

5. Bank of Korea (Thursday)

The 7-day repo rate is expected to remain unchanged at 0.5% after the last rate cut on May 27th. The policy emphasis is likely to remain upon conditional and targeted liquidity and bond buying efforts. For one, the BoK needs to address what happens next to its unlimited provisions of liquidity that it had extended to this month.

6. Bank Indonesia (Thursday)

Consensus is split between expecting a hold and a 25bps cut to Bank Indonesia’s 4.25% 7 day reverse repo rate. Scotia’s Singapore-based economist Tuuli McCully expects a rate cut. Recall that at its last meeting on June 18th, the central bank said it “sees room for lower interest rates in line with low inflationary pressure” as well as growth challenges and external stability considerations. Since then, however, the rupiah has depreciated by over 2% to the USD which is one part of why consensus is divided given the perceived risks to external stability. Offsetting this may be the further downward pressure upon headline inflation (2% y/y) and core inflation (2.3% y/y) which brings inflation toward the lower bound of the 2–4% target range.

RECOVERY TRACKING

China’s economy will be front and centre. Q2 GDP (Wednesday) is expected to post a strong rebound toward 10% in quarter-ago seasonally adjusted but non-annualized terms that would follow the roughly 10% contraction in Q1. June readings will inform how the economy exited Q2 and set up growth into Q3. It starts with exports at the start of the week and moves toward key releases on Wednesday night including retail sales, industrial output, the jobless rate and fixed investment. The readings are generally expected to point toward recovery.

US recovery evidence should continue to pile up in the form of a wave of consumer and industrial reports. CPI inflation may show a further deceleration in core inflation toward the 1% y/y mark on Tuesday. Retail sales in June (Thursday) should benefit from the 7% m/m rise in the volume of vehicle sales and a further rise in weekly chain store sales. Weekly jobless claims (Thursday) are expected to fall again on Thursday but a risk may be whether the prior week’s drop adequately controlled for one less day of filings. UofM consumer sentiment (Friday) is expected to modestly improve as an improving job market offsets virus concerns. Friday’s housing starts should rebound smartly as the economy reopened and home sales benefit from strong mortgage applications. As the economy generally reopens, further traction is expected in the balance of industrial sector readings including the Empire gauge (Wednesday), industrial output (Wednesday) and the Philly Fed measure (Thursday).

Canada should see even more rebound evidence over the coming week. For one, manufacturing conditions in May will be updated on Wednesday. Given a 6.7% m/m rise in merchandise exports that month, a solid gain in manufacturing shipments is expected with my guesstimate at 15%. That’s because manufacturing-related export categories were quite strong, including a 76% jump in autos and parts and lower double-digit gains in petrochemicals and industrial machinery. Look for a strong gain in home resales during June on Wednesday. ADP payrolls on Thursday will probably reinforce the strong gain in the Labour Force Survey for June. Wholesale trade will wrap things up with a solid expected rebound during May on Friday.

Evidence of a recovery in the UK economy will include May GDP (Tuesday) as it is expected to register a smart rebound following the prior month’s 20% m/m drop. May’s rebound readings will also include industrial output, services activity and trade that same day. Thursday’s labour market readings should show a steep trend pace of decline in employment on the rolling three-month basis. Wednesday’s CPI inflation is expected to post stable core at about 1 ¼% y/y.

Australia’s first job gain in four months is expected on Wednesday when the June release arrives.

Key Indicators for week of July 13 – 17
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
US	07/13	14:00	Treasury Budget (US\$ bn)	Jun	--	-863.0	-398.8
US	07/14	08:30	CPI (m/m)	Jun	0.5	0.5	-0.1
US	07/14	08:30	CPI (y/y)	Jun	0.6	0.6	0.1
US	07/14	08:30	CPI (index)	Jun	--	257.7	256.4
US	07/14	08:30	CPI ex. Food & Energy (m/m)	Jun	0.1	0.1	-0.1
US	07/14	08:30	CPI ex. Food & Energy (y/y)	Jun	1.1	1.1	1.2
US	07/15	07:00	MBA Mortgage Applications (w/w)	Jul 10	--	--	-1.8
CA	07/15	08:30	Manufacturing Shipments (m/m)	May	15.0	9.0	-28.5
US	07/15	08:30	Empire State Manufacturing Index	Jul	--	8.2	-0.2
US	07/15	08:30	Export Prices (m/m)	Jun	--	1.0	1.0
US	07/15	08:30	Import Prices (m/m)	Jun	--	1.0	1.0
CA	07/15	09:00	Existing Home Sales (m/m)	Jun	--	65.0	56.9
US	07/15	09:15	Capacity Utilization (%)	Jun	67.5	67.7	64.8
US	07/15	09:15	Industrial Production (m/m)	Jun	5.0	4.3	1.4
CA	07/15	10:00	BoC Interest Rate Announcement (%)	Jul 15	0.25	0.25	0.25
CA	07/16	08:30	International Securities Transactions (C\$ bn)	May	--	--	49.0
US	07/16	08:30	Initial Jobless Claims (000s)	Jul 11	1230	1250	1314
US	07/16	08:30	Continuing Claims (000s)	Jul 4	17600	17550	18062
US	07/16	08:30	Philadelphia Fed Index	Jul	--	20.0	27.5
US	07/16	08:30	Retail Sales (m/m)	Jun	6.0	5.0	17.7
US	07/16	08:30	Retail Sales ex. Autos (m/m)	Jun	6.5	5.2	12.4
US	07/16	10:00	Business Inventories (m/m)	May	--	-2.3	-1.3
US	07/16	10:00	NAHB Housing Market Index	Jul	--	60.0	58.0
US	07/16	16:00	Total Net TIC Flows (US\$ bn)	May	--	--	125.3
US	07/16	16:00	Net Long-term TIC Flows (US\$ bn)	May	--	--	-128.4
CA	07/17	08:30	Wholesale Trade (m/m)	May	--	7.4	-21.6
US	07/17	08:30	Building Permits (000s a.r.)	Jun	--	1300	1216
US	07/17	08:30	Housing Starts (000s a.r.)	Jun	1200	1178	974
US	07/17	08:30	Housing Starts (m/m)	Jun	23	20.9	4.3
US	07/17	10:00	U. of Michigan Consumer Sentiment	Jul P	79.0	79.0	78.1

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
GE	07/14	02:00	CPI (m/m)	Jun F	--	0.6	0.6
GE	07/14	02:00	CPI (y/y)	Jun F	--	0.9	0.9
GE	07/14	02:00	CPI - EU Harmonized (m/m)	Jun F	--	0.7	0.7
GE	07/14	02:00	CPI - EU Harmonized (y/y)	Jun F	--	0.8	0.8
UK	07/14	02:00	Index of Services (m/m)	May	--	4.7	-19.0
UK	07/14	02:00	Industrial Production (m/m)	May	--	6.0	-20.3
UK	07/14	02:00	Manufacturing Production (m/m)	May	--	7.7	-24.3
UK	07/14	02:00	Visible Trade Balance (£ mn)	May	--	-8200	-7490
SP	07/14	03:00	CPI (m/m)	Jun F	--	0.5	0.5
SP	07/14	03:00	CPI (y/y)	Jun F	--	-0.3	-0.3
SP	07/14	03:00	CPI - EU Harmonized (m/m)	Jun F	--	0.4	0.4
SP	07/14	03:00	CPI - EU Harmonized (y/y)	Jun F	--	-0.3	-0.3
EC	07/14	05:00	Industrial Production (m/m)	May	--	15.0	-17.1
EC	07/14	05:00	Industrial Production (y/y)	May	--	-19.5	-28.0
EC	07/14	05:00	ZEW Survey (Economic Sentiment)	Jul	--	--	58.6
GE	07/14	05:00	ZEW Survey (Current Situation)	Jul	--	-65.0	-83.1
GE	07/14	05:00	ZEW Survey (Economic Sentiment)	Jul	--	60.0	63.4
UK	07/15	02:00	CPI (m/m)	Jun	--	0.0	0.0
UK	07/15	02:00	CPI (y/y)	Jun	--	0.5	0.5
UK	07/15	02:00	PPI Input (m/m)	Jun	--	3.0	0.3
UK	07/15	02:00	PPI Output (m/m)	Jun	--	0.2	-0.3
UK	07/15	02:00	RPI (m/m)	Jun	--	0.2	-0.1
UK	07/15	02:00	RPI (y/y)	Jun	--	1.1	1.0
IT	07/15	04:00	CPI - EU Harmonized (y/y)	Jun F	--	-0.4	-0.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of July 13 – 17

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	07/16	02:00	Average Weekly Earnings (3-month, y/y)	May	--	-0.4	1.0
UK	07/16	02:00	Employment Change (3M/3M, 000s)	May	--	-234.0	6.0
UK	07/16	02:00	Jobless Claims Change (000s)	Jun	--	--	529
UK	07/16	02:00	ILO Unemployment Rate (%)	May	--	4.2	3.9
FR	07/16	02:45	CPI (m/m)	Jun F	--	-0.1	-0.1
FR	07/16	02:45	CPI (y/y)	Jun F	--	0.1	0.1
FR	07/16	02:45	CPI - EU Harmonized (m/m)	Jun F	--	-0.1	-0.1
FR	07/16	02:45	CPI - EU Harmonized (y/y)	Jun F	--	0.1	0.1
EC	07/16	05:00	Trade Balance (€ mn)	May	--	--	2.9
EC	07/16	07:45	ECB Main Refinancing Rate (%)	Jul 16	0.00	0.00	0.00
EC	07/16	07:45	ECB Marginal Lending Facility Rate (%)	Jul 16	0.25	0.25	0.25
EC	07/16	07:45	ECB Deposit Facility Rate (%)	Jul 16	-0.50	-0.50	-0.50
EC	07/17	05:00	CPI (m/m)	Jun F	--	0.3	0.3
EC	07/17	05:00	CPI (y/y)	Jun F	--	0.3	0.3
EC	07/17	05:00	Euro zone Core CPI Estimate (y/y)	Jun F	--	0.8	0.8

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	07/13	00:30	Tertiary Industry Index (m/m)	May	--	-3.7	-6.0
IN	07/13	08:00	CPI (y/y)	Jun	4.30	5.32	5.84
SI	07/13	20:00	Real GDP (y/y)	2Q A	-10.0	-11.3	-0.7
CH	07/13	21:00	Exports (y/y)	Jun	--	-2.0	-3.3
CH	07/13	21:00	Imports (y/y)	Jun	--	-9.0	-16.7
CH	07/13	21:00	Trade Balance (USD bn)	Jun	--	58.4	62.9
JN	07/14	00:30	Capacity Utilization (m/m)	May	--	--	-13.3
JN	07/14	00:30	Industrial Production (y/y)	May F	--	--	-25.9
IN	07/14	02:30	Monthly Wholesale Prices (y/y)	Jun	--	-2.4	-3.2
SK	07/14	19:00	Unemployment Rate (%)	Jun	--	4.5	4.5
JN	07/14	20:00	BoJ Policy Rate (%)	Jul 15	-0.10	--	-0.10
PH	07/14	21:00	Overseas Remittances (y/y)	May	--	-9.6	-4.7
IN	07/14	23:30	Exports (y/y)	Jun	--	--	-36.5
IN	07/14	23:30	Imports (y/y)	Jun	--	--	-51.1
ID	07/15	00:00	Exports (y/y)	Jun	--	-7.2	-29.0
ID	07/15	00:00	Imports (y/y)	Jun	--	-15.4	-42.2
ID	07/15	00:00	Trade Balance (US\$ mn)	Jun	--	998	2092
NZ	07/15	18:45	Consumer Prices (y/y)	2Q	--	1.4	2.5
SK	07/15	20:00	BoK Base Rate (%)	Jul 16	0.50	0.50	0.50
AU	07/15	21:30	Employment (000s)	Jun	--	100	-228
AU	07/15	21:30	Unemployment Rate (%)	Jun	--	7.2	7.1
CH	07/15	22:00	Fixed Asset Investment YTD (y/y)	Jun	-3.5	-3.4	-6.3
CH	07/15	22:00	Industrial Production (y/y)	Jun	4.7	4.8	4.4
CH	07/15	22:00	Real GDP (y/y)	2Q	1.1	2.2	-6.8
CH	07/15	22:00	Retail Sales (y/y)	Jun	0.0	0.5	-2.8
ID	07/16	03:20	BI 7-Day Reverse Repo Rate (%)	Jul 16	4.00	4.13	4.25
NZ	07/16	18:30	Business NZ PMI	Jun	--	--	39.7
JN	07/16	20:00	Nationwide Department Store Sales (y/y)	Jun	--	--	-65.6
SI	07/16	20:30	Exports (y/y)	Jun	--	4.9	-4.5

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	07/14	08:00	Economic Activity Index NSA (y/y)	May	-13.1	-11.6	-15.1
BZ	07/14	08:00	Economic Activity Index SA (m/m)	May	--	5.0	-9.7
PE	07/15	01:00	Economic Activity Index NSA (y/y)	May	-33.0	-30.3	-40.5
PE	07/15	01:00	Unemployment Rate (%)	Jun	--	--	13.0
CO	07/15	11:00	Retail Sales (y/y)	May	-23.5	-28.7	-42.9
CL	07/15	18:00	Nominal Overnight Rate Target (%)	Jul 15	0.50	0.50	0.50
CO	07/17	11:00	Trade Balance (US\$ mn)	May	--	-806	-1070

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for week of July 13 – 17

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07/16	12:00	Canada to Sell 5 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	07/14	05:00	Italy to Sell Bonds
UK	07/14	05:00	U.K. to Sell 3.25 Billion Pounds of 0.125% 2026 Bonds
NE	07/14	05:00	Netherlands to Sell Up to 3B Euros of 0% 2027 Bonds
UK	07/14	06:30	U.K. to Sell 3 Billion Pounds of 0.375% 2030 Bonds
DE	07/15	04:30	Denmark to Sell Bonds
UK	07/15	05:00	U.K. to Sell 2.25% 2023 Bonds
GE	07/15	05:30	Germany to Sell 5 Billion Euros of 0% 2030 Bonds
UK	07/15	06:30	U.K. to Sell 1.75% 2057 Bonds
SP	07/16	04:45	Spain to Sell Sr Unsecured Bonds
FR	07/16	04:50	France to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	07/12	21:30	Korea Central Bank to Sell KRW 800Bln 1 Year Bonds
CH	07/12	21:30	Shandong to Sell 20 Year Bonds
SK	07/12	22:30	Korea to Sell KRW 3.3Tln 10 Year Bonds
CH	07/12	22:30	Beijing to Sell 5 & 10 Year Bonds
CH	07/13	23:00	China Plans to Sell 5 Year Upsized Government Bond
TA	07/14	00:30	Taiwan to Sell TWD25 Bln 5 Year Bonds
SK	07/14	21:30	Korea Central Bank to Sell KRW 2.2Tln 2 Year Bonds
CH	07/14	23:00	China Plans to sell 1 & 10 Year Government Bonds
TH	07/14	23:00	Thailand to Sell THB20 Bln Bonds Due 2038
CH	07/14	23:00	China Plans to Sell 10 Year Special Government Bonds
TA	07/15	00:30	Taiwan to Sell TWD40 Bln 2 Year NCD
NZ	07/15	22:05	New Zealand To Sell 5, 11, & 20 Year Bonds
TH	07/15	23:00	Bk of Thailand to Sell THB35 Bln Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of July 13 – 17**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/14	14:30	Fed's Bullard Discusses Economy and Monetary Policy
CA	07/15	10:00	Bank of Canada Rate Decision
CA	07/15	11:15	Bank of Canada Governor Tiff Macklem Holds Press Conference
US	07/15	12:00	Fed's Harker Discusses Economic Outlook
US	07/15	14:00	U.S. Federal Reserve Releases Beige Book
US	07/16	11:00	Fed's Evans Takes Part in Rocky Mountain Economic Summit

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	07/13	11:30	BOE Governor Bailey Speaks on Libor
UK	07/15	04:00	BOE's Tenreyro Speaks on Covid-9 and the Economy
UK	07/16	06:45	BOE's Haldane Speaks About Financial Services
EC	07/16	07:45	ECB Monetary Policy Announcement
UK	07/17	06:00	BOE Governor Bailey Speaks on Webinar
IT	07/17	09:00	Bank of Italy Releases the Quarterly Economic Bulletin

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IN	07/11	01:00	RBI Governor Speaks at Event
JN	07/14	20:00	BOJ Policy Rate & 10 Year Yield Target
AU	07/15	21:30	RBA FX Transactions
SK	07/15	20:00	BoK 7-Day Repo Rate
ID	07/16	03:20	Bank Indonesia 7D Reverse Repo

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	07/15	18:00	Overnight Rate Target

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.25	July 15, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	July 29, 2020	0.25	0.25
Banco de México – Overnight Rate	5.00	August 13, 2020	4.75	5.00

Bank of Canada: Governor Macklem's first policy meeting in the hot seat is expected to leave the overnight target rate unchanged at 0.25% as he has defined this to be the effective lower bound. The BoC's first full set of forecasts since January will be offered and they are expected to show broad disinflationary pressures and slack persisting over the 2020-21 forecast horizon. The statement tone will likely flag recently encouraging macro reports while indicating that the path to full recovery will be long and fraught with risk. At a minimum, expect jawboning of policy options to contain liquidity and bond market pressures. While former Governor Poloz loathed forward guidance – usually – Macklem might be welcome its merits.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	July 16, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	July 16, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	July 16, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	August 6, 2020	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	4.50	July 24, 2020	4.25	4.25
Sweden Riksbank – Repo Rate	0.00	September 22, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	August 20, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	8.25	July 23, 2020	8.25	8.25

ECB: No new policy measures are expected after the central bank expanded stimulus at the June 10th meeting.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	July 15, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	August 4, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	August 11, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	July 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	August 6, 2020	3.75	4.00
Bank of Korea – Bank Rate	0.50	July 16, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	August 5, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	September 10, 2020	1.75	2.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.25	July 16, 2020	4.00	4.13
Central Bank of Philippines – Overnight Borrowing Rate	2.25	August 20, 2020	2.25	2.50

Bank of Japan (BoJ): The BoJ's monetary policy stance will stay highly growth-supportive for an extended period of time, yet we do not expect any changes to be announced at the July 15 policy meeting. In June, the BoJ maintained the policy rate at -0.1% and continued its policy of "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control", which aims to keep the 10-year JGB yield at around 0% via unlimited government bond purchases. Nevertheless, the BoJ expanded its zero-interest loan program to firms to JPY 90 trillion from JPY 55 trillion. When the BoJ's corporate bond purchases are included, its support measures for corporations total JPY 110 trillion. The BoJ maintains a dovish bias and stands ready to support the economy further if needed; it has pointed out that it expects short- and long-term policy interest rates to remain at their present or lower level for the time being. **Bank of Korea (BoK):** Korean monetary policymakers will make an interest rate announcement on July 16. We do not expect any changes to the benchmark interest rate, which currently stands at 0.50%. The most recent rate cut took place following the May 28 policy meeting. Nevertheless, should substantial economic weakness persist, the BoK may later opt to use unconventional policy tools, such as quantitative easing to keep long-term interest rates low. **Bank Indonesia (BI):** Indonesia monetary authorities will make a policy decision on July 16. The 7-day reverse repo rate was cut by 25 bps to 4.25% in June. The BI has noted that it has policy space for further easing given low inflationary pressures; accordingly, we expect the central bank to lower the policy rate by another 25 bps to 4.0% to assist the economy's recovery.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.25	August 5, 2020	1.75	2.75
Banco Central de Chile – Overnight Rate	0.50	July 15, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	2.50	July 31, 2020	2.50	0.00
Banco Central de Reserva del Perú – Reference Rate	0.25	August 13, 2020	0.25	0.25

Banco Central de Chile: No policy rate change is expected as 0.5% is defined by the central bank to be the effective lower bound. We may see enhanced liquidity programs.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.75	July 23, 2020	3.75	3.75

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

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