

**PRELUDE TO THE US ELECTION**

- [Introduction](#) 2
- [1. Gauging The Recovery—And Its Durability](#) 2–3
- [2. China's Economy—Divergent Export Market Prospects](#) 3
- [3. Diverging Risks To Inflation](#) 3–4
- [4. Central Banks—Five To Watch](#) 4–5
- [5. Extra Credit](#) 5

**FORECASTS & DATA**

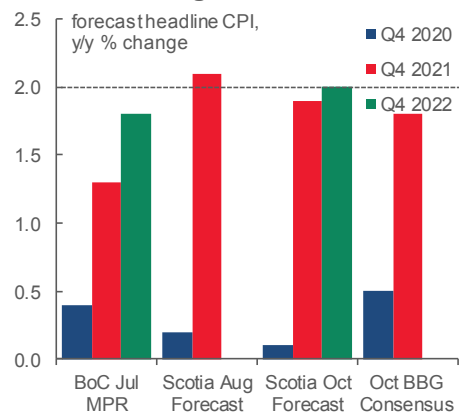
- [Key Indicators](#) A1–A3
- [Global Auctions Calendar](#) A4
- [Events Calendar](#) A5
- [Global Central Bank Watch](#) A6

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**Next Week's Risk Dashboard**

- CBs: BoC, ECB, BoJ, Brazil, BanRep
- GDP: Canada, US, Eurozone, Mexico, HK, SK
- Inflation: US, Eurozone, Australia, Tokyo
- Consumers: US, Germany, Japan
- China PMIs
- Brexit negotiations
- Other US, German, Japanese macro
- Earnings

**Chart of the Week**
**Will the BoC October MPR Show Closer to Target Inflation in 2021?**


Sources: Scotiabank Economics, Bloomberg, BoC.

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

## Prelude To The US Election

The week before the US election may be almost all-consuming to global markets, but a packed agenda nevertheless lies ahead. Apparently failed—or at least postponed—US fiscal negotiations shift to the backburner in favour of tracking recoveries, facing forward-looking risks and gauging next steps as Brexit negotiations intensify, earnings season continues to unfold and COVID-19 cases keep rising. Against this backdrop, five central banks are facing potentially awkward transitions in the global outlook.

### 1. GAUGING THE RECOVERY—AND ITS DURABILITY

GDP figures will matter to scorekeepers more than markets when they mostly land late in the week. Markets are focused upon forward-looking expectations in the face of rising risks to near-term growth, whereas the figures we will get next week will inform what markets had largely priced weeks and months ago with respect to the magnitude of the rebound over the course of the third calendar quarter.

**i) US GDP (Thursday):** Q3 growth is universally expected to be a strong number. Scotia's estimate is for a growth rate of about 30% q/q at a seasonally adjusted and annual rate following the Q2 contraction of 31.4%. Bloomberg consensus is pegged at slightly faster than that. The Atlanta Fed's 'nowcast' estimate is for growth of 35%. If these estimates are generally on the mark, then the economy will have recovered almost two-thirds of the non-annualized hit of 10% to GDP between 2019Q4 and 2020Q2.

**ii) Canadian GDP (Friday):** Monthly GDP figures will help us complete the Q3 picture for Canada. A firm number with details for August will be released, but the more important part will be StatsCan's advance guidance for September. We already have guidance for August when Statistics Canada said on September 30<sup>th</sup> that they were estimating about a 1% m/m rise. That's in keeping with our tracking as we have all of the publicly available data for August now, such that the remaining risk may be StatsCan's other internal data and revisions to what they've already released.

For September, however, the tracking information is pretty light but positive on net. We know that hours worked were up by another 1.9% m/m which on its own could mean another solid GDP gain given that GDP is an identity expressed as hours worked times labour productivity. We also know that housing starts fell by about 20% m/m after a condo-fed surge the prior month, but that existing home sales were up another 0.9% m/m and that may benefit ancillary housing services. StatsCan has provided advance guidance for nominal manufacturing shipments (+1.5% m/m) and nominal wholesale trade (+0.4%). Based upon this limited tracking of publicly available releases, September's GDP guidance should continue to be robust such that I wouldn't be surprised to see another gain of over 1% m/m. Fourth quarter growth will be challenged by tightened restrictions across large parts of the country.

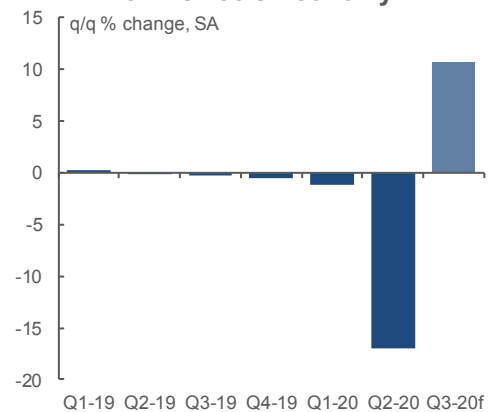
**iii) Mexican GDP (Friday):** Our Mexican economics team expects Q3 GDP to shrink at a slower pace of -10.6% y/y following a contraction of almost 19% in Q2. This could mean that the economy advanced by over 10% in quarter-ago seasonally adjusted but non-annualized terms. Any positive number would put an end to five consecutive quarterly retreats that began before the pandemic struck and partly as a consequence to Trump's trade wars (chart 1). Forward-looking risks stemming from rising COVID-19 cases and the outlook for the US economy will continue to be evaluated through Q4 for evidence of durability.

**iv) Eurozone GDP (Friday):** The Eurozone add-up for GDP growth arrives on Friday. Germany, France and Italy will report on the same day. After contracting by nearly 12% q/q in Q2 (non-annualized) most forecasters expect a Q3 Eurozone expansion on the order of 8–10%. France and Italy are expected to register quicker growth rates than Germany in part owing to the fact that France and Italy had worse contractions during Q2.

**v) South Korean GDP (Monday):** A modest expansion of over 1% q/q is expected following the drop of 3.2% in Q2 at a seasonally adjusted but non-annualized rate.

Chart 1

### Is Q3 a Turning Point For Mexico's Economy?



Sources: Scotiabank Economics, INEGI, Bloomberg.

vi) **Hong Kong GDP (Friday):** Hong Kong's economy suffered its largest pandemic-related blow in the first quarter, along with China's economy. Therefore, when Q3 GDP arrives at the end of the week it is likely to show only a modest expansion relative to other global economies after conditions had stabilized over the second quarter.

**2. CHINA'S ECONOMY—DIVERGENT EXPORT MARKET PROSPECTS**

China's main export markets are recently facing somewhat divergent fortunes, at least according to the latest purchasing managers' indices for October (chart 2). The Eurozone economy is stumbling and faces renewed risk of contraction, but the US economy might be registering solid continued growth into Q4.

Which path will China follow? The state's PMIs for October arrive next Friday night after markets shut for the week. That's unfortunate in the sense that data is useful during market hours! Then again, the first batch of Chinese PMIs are more skewed to the State Owned Enterprises (SOEs) whereas it will be the following week's private PMIs that could shed more light on the matter because they are skewed more toward smaller and more export-oriented companies in coastal cities.

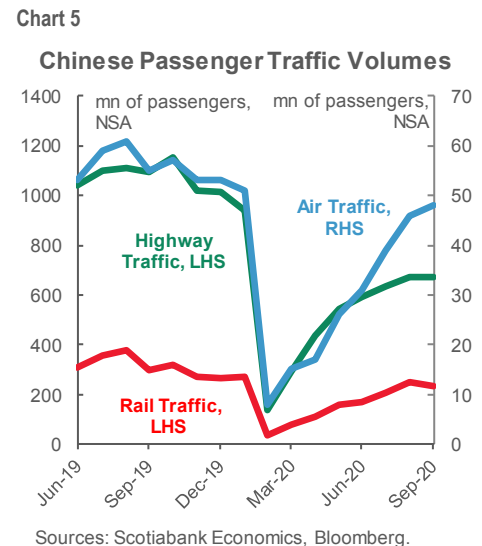
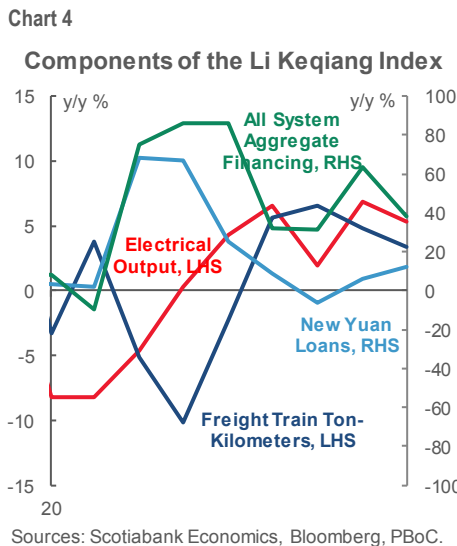
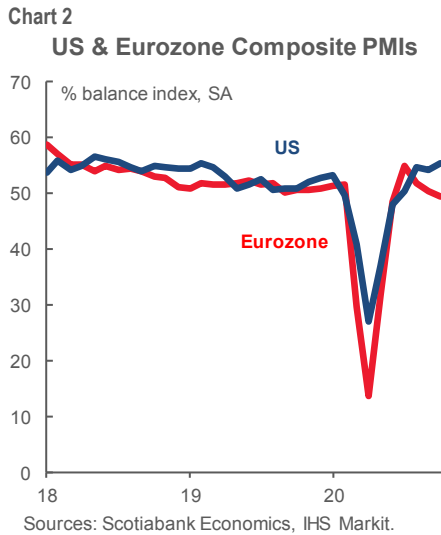
**Until we get the figures and can assess their quality, we're left with less conventional guides for the Chinese economy.**

A proxy for the so-called Keqiang index—named after Chinese premier Li Keqiang—has been moving sideways following an initial reopening-fed bounce (chart 3). The purpose of this index is to feed off of decade-old guidance that Premier Li once provided when he described GDP as 'manmade' and stated a preference for monitoring electricity consumption, rail freight figures and credit figures that are less susceptible to China's data quality challenges particularly when aggregating up from individual regions. Chart 4 breaks down this yardstick to show continued gains in electricity production offset by recently lost momentum in rail freight (albeit typically volatile) and continued growth in financing activity. Chart 5 also shows the ongoing recovery in passenger traffic volumes.

**3. DIVERGING RISKS TO INFLATION**

Reading global inflation patterns is complicated by the fact that headline gauges are heavily distorted by food and energy prices that central bankers often look through. That's why alternative readings are used in an effort to home in on what are viewed to being closer to operational guides to inflation-targeting exercises that weed out some of the more volatile components in order to focus upon prices that monetary policy has a better chance at influencing.

Bear this point in mind as the coming week's wave of inflation readings toward the end of the week are digested. Australia (Q3), Germany and Spain (October), and Japan's Tokyo gauge (October) kick it off on Thursday and then Friday brings out the Fed's preferred inflation measure and the Eurozone add-up along with France and Italy. Headline gauges could range from little changed (Eurozone, Japan) to firmer (US, Australia).



Key, however, will be to have a closer eye on measures like trimmed gauges that eliminate the most volatile prices that are rising the fastest and the slowest within the baskets. On that note, the deviations are more striking (chart 6). Eurozone trimmed mean CPI continues to plummet, the Dallas Fed's proxy for the US is holding steady at just under the Fed's 2% target and Australia's trimmed mean metric has sharply decelerated. By way of comparison, Canada's already updated trimmed mean CPI measure has recovered a considerable amount of the decline observed between late last year and this spring. Multiple considerations can contribute toward explaining these differences, but one consideration is relative speed, magnitude and efficacy of central bank responses to shocks from the Global Financial Crisis through to the pandemic.

#### 4. CENTRAL BANKS—FIVE TO WATCH

Each of the ECB, Bank of Japan, Bank of Canada, Colombia's central bank and Brazil's central bank issue policy decisions next week. Of the five, no explicit policy action is anticipated but options are likely to be jawboned at least by the ECB and Bank of Canada.

##### a) Bank of Canada: Key Questions to Markets (Wednesday)

Credit goes to global policy makers, including the Bank of Canada's actions, for restoring market conditions and averting what would have been a more negative outcome for the economy stemming from the impact of the pandemic to date. We are now at a fork in the road by way of next steps that may be taken. No explicit policy action is expected on Wednesday. In fact, the Bank of Canada has been generally winding down several of its purchase and liquidity programs.

With this in mind, here are the questions for the BoC that are top of mind into Wednesday's statement, fresh forecasts and Monetary Policy Report (10amET) followed by Governor Macklem's and Senior Deputy Wilkins' joint press conference (11amET).

**i) Inflation:** Core inflation is proving to be fairly resilient and only a handful of tenths from the 2% target for headline inflation. Consensus forecasts headline inflation to be close to target through 2021H2. The July MPR forecast that inflation would remain under 2% until at least the end of 2022. You have said you will hold the policy rate at 0.25% until 2% inflation is sustainably achieved. What is your present estimate of when this will occur? Perhaps more importantly, do you have tolerance toward working the upper end of your 2% +/-1% inflation target range in part to make up for undershooting the target for the majority of the past decade? Please see [here](#) for further elaboration on the related issues.

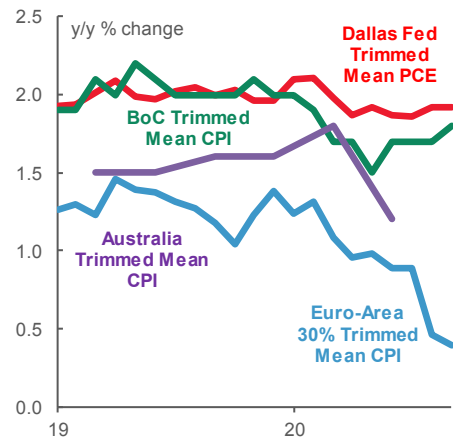
**ii) QE:** Instead of just repairing market conditions, communications under Governor Macklem shifted toward using quantitative easing to "provide the monetary policy stimulus needed to support the recovery and achieve the inflation objective." Nevertheless, the BoC's balance sheet has been shrinking since late July and present plans will likely continue to shrink it into 2021 notwithstanding ongoing Government of Canada bond purchases (chart 7). That, in turn, would tighten monetary policy conditions as the second pandemic wave is unfolding. Is now an appropriate moment at which to do so and could you please elaborate on your forward-looking QE plans?

The BoC probably won't go too far in terms of motives, but possible explanations include slowing if not reversing unconventional stimulus in light of better-than-expected evidence of recovery and capped downside risk to inflation, tightening monetary policy to offset a potential fiscal policy overshoot, and potentially setting the stage for alternative tools.

**iii) Negative rates:** The BoC changed its definition of the effective lower bound from -0.5% in December 2015 to +0.25% in March/April. The BoC also says negative rates are a policy option. Please comment.

Chart 6

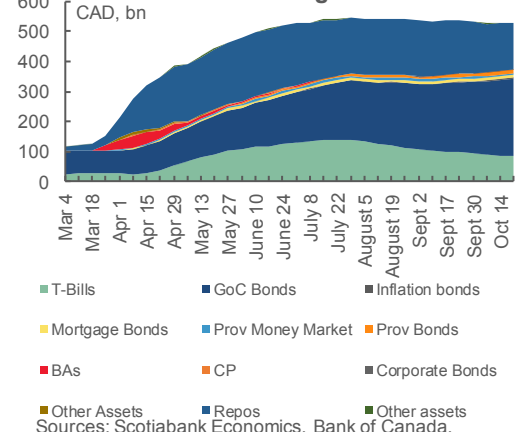
Trimmed Mean Core Inflation Measures



Sources: Scotiabank Economics, Bloomberg.

Chart 7

The Bank of Canada's Asset Purchase Programs



Sources: Scotiabank Economics, Bank of Canada.

**iv) Yield caps:** Could you please elaborate upon discussions you have had on Governing Council regarding the attractiveness of yield caps in the Canadian bond market? It is an attractive option if the BoC wishes to refocus purchases further along the yield curve.

#### b) ECB—Setting the Stage for More of the Same

A second wave of accelerating COVID-19 cases has arrived earlier than the ECB anticipated, core inflation is dropping toward zero, and recent purchasing managers' indices signal the renewed risk of contraction during Q4. With that, it may not surprise you that we expect the ECB to at least jawbone additional stimulus on Thursday and to implement it as soon as the December 10<sup>th</sup> meeting.

At present, only €600.6 billion of the €1.35 trillion potential size of the Pandemic Emergency Purchase Programme is being utilized and spread across Eurozone members (chart 8). Since its introduction in March and the expansion in June, the ECB has moved to quickly implement purchases. While the program has significant remaining capacity, the ceiling is priced by markets that may be encouraged to see it rise further and extend over a longer period. The implementation period could stretch an extra six months beyond the current guidance that purchases will be made until at least June 2021 with reinvestment "at least" to the end of 2022.

#### c) Bank of Japan—What's Left to Do??

We don't expect major policy changes on Thursday. The policy balance rate is expected to hold at -0.1%, the 10 year JGB target is likely to remain 'around' 0% defined roughly as +/-20bps around this target and purchase programs are expected to remain unchanged. Fresh forecasts will be offered and might face downside risk as global COVID-19 cases trend higher again. Jawboning policy options is expected to accompany the forecasts.

#### d) BCB—Noting Progress

Brazil's central bank is in a holding pattern and we don't expect any change in the 2% Selic rate or any shift in hold guidance on Wednesday. A faster-than-anticipated recovery, a possibly flattening COVID-19 curve, and a pick-up in headline CPI with preliminary tracking for October at 3.5% y/y and hence closer to the 4% mid-point of the surrounding +/-1.5 percentage point range provide room for evaluating conditions and unchanged policy.

#### e) BanRep

Colombia's central bank is expected to keep its overnight lending rate unchanged at 1.75% on Friday. Colombian inflation surprised higher at 2% y/y in September which reinforced Governor Juan Jose Echavarria's remark the day before that "The messages of the board are that little by little we are cutting, the cycle is ending."

### 5. EXTRA CREDIT

If all that's not enough to whet your appetite, then there's more. Macro releases from the US, Germany and Japan will help to inform how the economies are transitioning from the third to the fourth quarters.

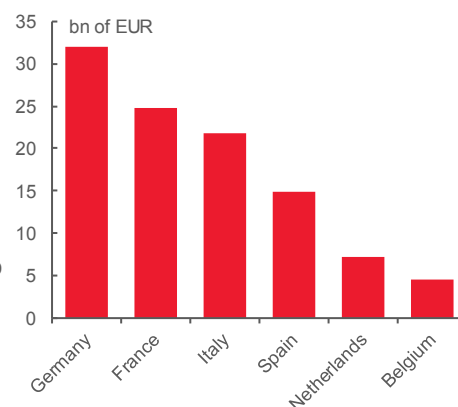
US releases should be constructive on balance. Estimates submitted to Bloomberg and Reuters expect small gains across September readings for new home sales (Monday), big-ticket durable goods orders (Tuesday), pending home sales (Thursday) and consumer spending plus personal incomes (Friday). Consumer confidence is forecast to hold steady in October's reading (Tuesday). The Richmond Fed's regional manufacturing figure will inform ISM-manufacturing tracking and the advance goods trade balance is due on Wednesday.

German IFO business confidence might face downside risk in October's reading (Monday) as covid-19 cases climb in Europe. Retail sales also face downside risk in September's estimate on Friday following a large prior gain. Consumer dynamics will also depend upon the prior day's unemployment figures for October that is expected to yield an unchanged unemployment rate of 6.3%.

Japanese readings toward the end of the week could see solid gains in retail sales, industrial output and housing starts.

Chart 8

September Net ECB PEPP Purchases of Select Eurozone Members



Sources: Scotiabank Economics, Bloomberg.

**Key Indicators for week of October 26 – 30**
**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>
MX	10/26	08:00	Economic Indicator IGAE (y/y)	Aug	-10.5	--	-9.8
US	10/26	10:00	New Home Sales (000s a.r.)	Sep	1015	1025	1011
US	10/26	10:30	Dallas Fed. Manufacturing Activity	Oct	--	13.5	13.6
MX	10/27	08:00	Trade Balance (US\$ mn)	Sep	3199	--	6116
US	10/27	08:30	Durable Goods Orders (m/m)	Sep P	0.5	0.6	0.5
US	10/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Sep P	0.4	0.4	0.6
US	10/27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Aug	0.3	0.4	0.6
US	10/27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Aug	4.1	4.2	4.0
US	10/27	10:00	Consumer Confidence Index	Oct	102.5	101.8	101.8
US	10/27	10:00	Richmond Fed Manufacturing Index	Oct	--	18.0	21.0
US	10/28	07:00	MBA Mortgage Applications (w/w)	Oct 23	--	--	-0.6
US	10/28	08:30	Wholesale Inventories (m/m)	Sep P	--	0.4	0.4
<b>CA</b>	<b>10/28</b>	<b>10:00</b>	<b>BoC Interest Rate Announcement (%)</b>	<b>Oct 28</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
US	10/29	08:30	GDP (q/q a.r.)	3Q A	30.0	31.9	-31.4
US	10/29	08:30	GDP Deflator (q/q a.r.)	3Q A	--	2.9	-1.8
US	10/29	08:30	Initial Jobless Claims (000s)	Oct 24	760	785	787
US	10/29	08:30	Continuing Claims (000s)	Oct 17	7900	--	8373
US	10/29	10:00	Pending Home Sales (m/m)	Sep	2.0	3.0	8.8
MX	10/30	08:00	GDP (q/q)	3Q P	--	--	-17.1
MX	10/30	08:00	GDP (y/y)	3Q P	-10.6	--	-18.7
CA	10/30	08:30	IPPI (m/m)	Sep	--	--	0.3
CA	10/30	08:30	Raw Materials Price Index (m/m)	Sep	--	--	3.2
CA	10/30	08:30	Real GDP (m/m)	Aug	1.0	--	3.0
US	10/30	08:30	Employment Cost Index (q/q)	3Q	--	0.6	0.5
US	10/30	08:30	PCE Deflator (m/m)	Sep	0.2	0.2	0.3
US	10/30	08:30	PCE Deflator (y/y)	Sep	1.5	1.5	1.4
US	10/30	08:30	PCE ex. Food & Energy (m/m)	Sep	0.2	0.2	0.3
US	10/30	08:30	PCE ex. Food & Energy (y/y)	Sep	1.7	1.7	1.6
US	10/30	08:30	Personal Spending (m/m)	Sep	1.1	1.0	1.0
US	10/30	08:30	Personal Income (m/m)	Sep	0.5	0.3	-2.7
US	10/30	09:45	Chicago PMI	Oct	--	58.5	62.4
US	10/30	10:00	U. of Michigan Consumer Sentiment	Oct F	--	81.2	81.2

**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	10/26	05:00	IFO Business Climate Survey	Oct	--	93.0	93.4
GE	10/26	05:00	IFO Current Assessment Survey	Oct	--	89.8	89.2
GE	10/26	05:00	IFO Expectations Survey	Oct	--	96.5	97.7
FR	10/27	03:45	Producer Prices (m/m)	Sep	--	--	0.1
SP	10/27	04:00	Unemployment Rate (%)	3Q	--	16.1	15.3
GE	10/27	04:00	Retail Sales (m/m)	Sep	--	-0.5	1.8
SP	10/28	04:00	Real Retail Sales (y/y)	Sep	--	--	-4.6
SP	10/28	04:00	Current Account (€ bn)	Aug	--	--	1.4
UK	10/28	05:00	Nationwide House Prices (m/m)	Oct	--	0.4	0.9
SP	10/29	04:00	CPI (m/m)	Oct P	--	--	0.2
SP	10/29	04:00	CPI (y/y)	Oct P	--	-0.4	-0.4
SP	10/29	04:00	CPI - EU Harmonized (m/m)	Oct P	--	0.5	0.4
SP	10/29	04:00	CPI - EU Harmonized (y/y)	Oct P	--	-0.7	-0.6
GE	10/29	04:55	Unemployment (000s)	Oct	--	-5.0	-8.0
GE	10/29	04:55	Unemployment Rate (%)	Oct	--	6.3	6.3
UK	10/29	05:30	Net Consumer Credit (£ bn)	Sep	--	0.7	0.3

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



**Key Indicators for week of October 26 – 30**
**EUROPE (continued from previous page)**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	10/29	06:00	Economic Confidence	Oct	--	89.6	91.1
EC	10/29	06:00	Industrial Confidence	Oct	--	-10.9	-11.1
<b>EC</b>	<b>10/29</b>	<b>08:45</b>	<b>ECB Main Refinancing Rate (%)</b>	<b>Oct 29</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EC</b>	<b>10/29</b>	<b>08:45</b>	<b>ECB Marginal Lending Facility Rate (%)</b>	<b>Oct 29</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
<b>EC</b>	<b>10/29</b>	<b>08:45</b>	<b>ECB Deposit Facility Rate (%)</b>	<b>Oct 29</b>	<b>-0.50</b>	<b>-0.50</b>	<b>-0.50</b>
GE	10/29	09:00	CPI (m/m)	Oct P	--	0.0	-0.2
GE	10/29	09:00	CPI (y/y)	Oct P	--	-0.3	-0.2
GE	10/29	09:00	CPI - EU Harmonized (m/m)	Oct P	--	0.0	-0.4
GE	10/29	09:00	CPI - EU Harmonized (y/y)	Oct P	--	-0.4	-0.4
FR	10/30	02:30	Consumer Spending (m/m)	Sep	--	-1.0	2.3
FR	10/30	02:30	GDP (q/q)	3Q P	--	15.0	-13.8
GE	10/30	03:00	Real GDP (q/q)	3Q P	--	7.3	-9.7
FR	10/30	03:45	CPI (m/m)	Oct P	--	0.0	-0.5
FR	10/30	03:45	CPI (y/y)	Oct P	--	0.1	0.0
FR	10/30	03:45	CPI - EU Harmonized (m/m)	Oct P	--	0.0	-0.6
FR	10/30	03:45	CPI - EU Harmonized (y/y)	Oct P	--	0.1	0.0
SP	10/30	04:00	Real GDP (q/q)	3Q P	--	13.5	-17.8
IT	10/30	04:00	CPI - EU Harmonized (y/y)	Oct P	--	-0.8	-1.0
PO	10/30	05:30	Real GDP (q/q)	3Q A	--	9.50	-13.9
EC	10/30	06:00	CPI (m/m)	Oct P	--	0.1	0.1
EC	10/30	06:00	Euro zone CPI Estimate (y/y)	Oct	--	-0.3	-0.3
EC	10/30	06:00	Euro zone Core CPI Estimate (y/y)	Oct P	--	0.2	0.2
EC	10/30	06:00	GDP (q/q)	3Q A	--	9.5	-11.8
EC	10/30	06:00	Unemployment Rate (%)	Sep	--	8.2	8.1
IT	10/30	06:00	CPI (m/m)	Oct P	--	0.2	-0.7
IT	10/30	06:00	CPI (y/y)	Oct P	--	-0.4	-0.6
IT	10/30	06:00	CPI - EU Harmonized (m/m)	Oct P	--	0.4	0.9
IT	10/30	07:00	Real GDP (q/q)	3Q P	--	11.1	-13.0

**ASIA-PACIFIC**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	10/25	20:00	Department Store Sales (y/y)	Sep	--	--	-6.5
JN	10/26	01:00	Coincident Index CI	Aug F	--	--	79.4
JN	10/26	01:00	Leading Index CI	Aug F	--	--	88.8
SI	10/26	01:00	Industrial Production (y/y)	Sep	--	2.5	13.7
NZ	10/26	17:45	Trade Balance (NZD mn)	Sep	--	-1015	-353
NZ	10/26	17:45	Exports (NZD bn)	Sep	--	4.0	4411
NZ	10/26	17:45	Imports (NZD bn)	Sep	--	5.0	4764
SK	10/26	19:00	GDP (y/y)	3Q P	-1.8	-1.9	-2.7
CH	10/26	21:30	Industrial Profits YTD (y/y)	Sep	--	--	19.1
VN	10/26	22:00	CPI (y/y)	Oct	--	--	3.0
VN	10/26	22:00	Industrial Production (y/y)	Oct	--	--	3.8
HK	10/27	04:30	Exports (y/y)	Sep	--	-0.4	-2.3
HK	10/27	04:30	Imports (y/y)	Sep	--	-1.7	-5.7
HK	10/27	04:30	Trade Balance (HKD bn)	Sep	--	-25.2	-14.6
SK	10/27	17:00	Consumer Confidence Index	Oct	--	--	79.4
AU	10/27	20:30	Consumer Prices (y/y)	3Q	0.1	0.7	-0.3
MA	10/28	00:00	Exports (y/y)	Sep	--	3.8	-2.9
MA	10/28	00:00	Imports (y/y)	Sep	--	-4.3	-6.5
MA	10/28	00:00	Trade Balance (MYR bn)	Sep	--	17.9	13.2

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

## Key Indicators for week of October 26 – 30

### ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	10/28	17:00	Business Survey- Manufacturing	Nov	--	--	68.0
SK	10/28	17:00	Business Survey- Non-Manufacturing	Nov	--	--	62.0
JN	10/28	19:50	Large Retailers' Sales (y/y)	Sep	--	-11.8	-3.2
JN	10/28	19:50	Retail Trade (y/y)	Sep	--	-7.6	-1.9
JN	10/28	20:00	BoJ Policy Rate (%)	Oct 29	-0.1	--	-0.1
SI	10/28	21:00	Unemployment Rate (%)	3Q	--	--	2.9
IN	10/28	23:30	Fiscal Deficit (INR Crore)	Sep	--	--	48998
JN	10/29	01:00	Consumer Confidence	Oct	--	35.5	32.7
NZ	10/29	17:00	ANZ Consumer Confidence Index	Oct	--	--	100.0
SK	10/29	19:00	Industrial Production (y/y)	Sep	--	1.5	-3.0
SK	10/29	19:00	Cyclical Leading Index Change	Sep	--	--	0.6
JN	10/29	19:30	Jobless Rate (%)	Sep	3.0	3.1	3.0
JN	10/29	19:30	Tokyo CPI (y/y)	Oct	--	-0.1	0.2
JN	10/29	19:50	Industrial Production (y/y)	Sep P	--	-9.8	-13.8
AU	10/29	20:30	Private Sector Credit (y/y)	Sep	--	2.0	2.2
AU	10/29	20:30	Producer Price Index (y/y)	3Q	--	--	-0.4
HK	10/29	21:00	Govt Monthly Budget Surp/Def (HKD bn)	Sep	--	--	-48.9
PH	10/29	21:00	Bank Lending (y/y)	Sep	--	--	5.6
JN	10/30	00:00	Vehicle Production (y/y)	Aug	--	--	-22.1
JN	10/30	01:00	Housing Starts (y/y)	Sep	--	-8.6	-9.1
JN	10/30	01:00	Construction Orders (y/y)	Sep	--	--	28.5
TH	10/30	03:00	Current Account Balance (US\$ mn)	Sep	--	2185	2996
TH	10/30	03:30	Exports (y/y)	Sep	--	--	-8.2
TH	10/30	03:30	Imports (y/y)	Sep	--	--	-19.1
TH	10/30	03:30	Trade Balance (US\$ mn)	Sep	--	--	5378
TA	10/30	04:00	Real GDP (y/y)	3Q P	--	0.8	-0.6
HK	10/30	04:30	Real GDP (y/y)	3Q A	-5.0	-5.9	-9.0
CH	10/30	21:00	Manufacturing PMI	Oct	51.5	51.5	51.5
CH	10/30	21:00	Non-manufacturing PMI	Oct	--	56.1	55.9

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
<b>BZ</b>	<b>10/28</b>	<b>08:00</b>	<b>SELIC Target Rate (%)</b>	<b>Oct 28</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
CL	10/30	08:00	Industrial Production (y/y)	Sep	--	--	-8.3
CL	10/30	08:00	Retail Sales (y/y)	Sep	9.0	--	2.8
CL	10/30	08:00	Unemployment Rate (%)	Sep	--	12.8	12.9
<b>CO</b>	<b>10/30</b>	<b>10:00</b>	<b>Overnight Lending Rate (%)</b>	<b>Oct 30</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>
CO	10/30	11:00	Urban Unemployment Rate (%)	Sep	17.1	--	19.6

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



## Global Auctions for week of October 26 – 30

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/26	12:00	Canada to Sell 3-Year Bonds
US	10/27	13:00	U.S. To Sell 2-Year Notes
US	10/28	13:00	U.S. To Sell 2-Year FRN
US	10/28	13:00	U.S. To Sell 5-Year Notes
CA	10/29	12:00	Canada to Sell 30-Year Bonds
US	10/29	13:00	U.S. To Sell 7-Year Notes

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	10/27	06:00	Italy to Sell Bonds
IT	10/27	06:00	Italy to Sell I/L Bonds
UK	10/27	06:00	U.K. to Sell 3.25 Billion Pounds of 0.125% 2024 Bonds
UK	10/27	07:30	U.K. to Sell 1 Billion Pounds of 1.625% 1971 Bonds
NO	10/28	06:00	Norway to Sell Bonds
UK	10/28	06:00	U.K. to Sell 0.375% 2030 Bonds on Oct. 28
GE	10/28	06:30	Germany to Sell 2 Billion Euros of 0% 2035 Bonds
IT	10/29	06:00	Italy to Sell Bonds
IC	10/29	07:30	Iceland to Sell Bills
IT	10/30	06:00	Italy to Sell Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	10/25	22:30	South Korea to Sell 800 Billion Won 20-Year Bonds
CH	10/26	02:00	Hunan to Sell 15, 20, & 30 Year Bonds
CH	10/26	04:00	Jilin to Sell 9, 14, 20, & 29 Year Bonds
JN	10/26	23:35	Japan to Sell 2-Year Bonds
CH	10/27	23:00	China Plans to Sell 1 & 10 Year Upsized Government Bond
TH	10/27	23:00	Thailand to Sell THB12 Bln 2042 Bonds
NZ	10/28	21:05	New Zealand to Sell Bonds

Sources: Bloomberg, Scotiabank Economics.

**Events for week of October 26 – 30****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	10/28	10:00	<b>Bank of Canada Rate Decision</b>
US	10/28	18:00	Fed's Kaplan Takes Part in Panel Discussion with Mark Carney

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
TU	10/28	03:30	Central Bank Inflation Report
SW	10/29	04:30	Riksbank: Publication of Payments in Sweden 2020
EC	10/29	08:45	<b>ECB Monetary Policy Announcement</b>
EC	10/30	05:00	ECB Survey of Professional Forecasters

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	10/27	02:00	RBA's Bullock Gives Online Speech
JN	10/20-10/29/20		<b>BOJ Policy Balance Rate &amp; 10-Year Yield Target</b>

**LATIN AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	10/28	08:00	<b>Selic Rate</b>
CO	10/30	10:00	<b>Overnight Lending Rate</b>

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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	October 28, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	November 5, 2020	0.25	0.25
Banco de México – Overnight Rate	4.25	November 12, 2020	4.25	4.00

**Bank of Canada:** No policy changes are expected but Wednesday's statement will include a full forecast overhaul and press conference. We hope for further clarity from the Bank of Canada regarding its QE program, inflation goals and stances on negative rates and yield caps.

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	October 29, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	October 29, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	October 29, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	November 5, 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	4.25	December 18, 2020	4.25	4.25
Sweden Riksbank – Repo Rate	0.00	November 26, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	November 5, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	10.25	November 19, 2020	10.25	10.25

**European Central Bank (ECB):** No changes to the ECB's policy rate are expected at next week's meeting. However, the second wave has been more severe than what was projected in the last meeting. We expect President Lagarde's tone on the economic outlook to indicate an expansion of the ECB's asset purchase program in December. There is a chance ECB officials decide to expand the program at next week's meeting if the current cases trend is deemed dire enough. Updates to the ECB's projections will be released after the December meeting.

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 29, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	November 2, 2020	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	November 10, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	November 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	December 4, 2020	4.00	4.00
Bank of Korea – Bank Rate	0.50	November 26, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	November 18, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	November 3, 2020	1.75	1.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.00	November 19, 2020	4.00	4.00
Central Bank of Philippines – Overnight Borrowing Rate	2.25	November 19, 2020	2.25	2.25

**Bank of Japan (BoJ):** The BoJ's monetary policymakers will meet on October 29. The central bank's stance will stay highly growth-supportive for an extended period of time. 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. Nevertheless, in the near future any further stimulus is likely to come in the form of fiscal support.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.00	October 28, 2020	2.00	2.00
Banco Central de Chile – Overnight Rate	0.50	December 7, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	1.75	October 30, 2020	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	November 12, 2020	0.25	0.25

**Banco Central do Brasil (BCB):** We expect the BCB to hold its Selic Rate at 2.00% after next week's meeting. Bank communications have implied that this rate is at or near the technical minimum, due to financial stability concerns. While inflation has seen upward pressure from food prices, core and expected inflation have remained below the BCB's target range. The BCB's forward guidance has stated that it will not reduce monetary stimulus until the core inflation sustainably returns to the bank's target range.

**Banco de la República de Colombia (BanRep):** Our Colombian economists believe the 25bps cut in September was the last one in the easing cycle. BanRep's statement should reiterate their commitment to providing appropriate monetary stimulus through asset purchases moving forward and that no changes to the policy rate will occur until at least 2022.

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	November 19, 2020	3.50	3.50

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

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