

**A BLUE SWEEP (\*)**

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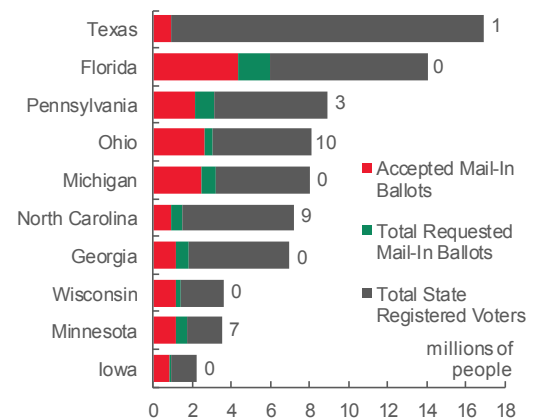
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**Next Week's Risk Dashboard**

- US election
- CBs: Fed, BoE, RBA, Norges, Negara
- Jobs: US, Canada, NZ
- BoC's Macklem
- PMIs: US, China, Canada, Italy, Spain, India
- CPI: LatAm, Asia-Pacific

**Chart of the Week**

**Could Record Mail-In Ballot Volumes Cause Uncertainty in Close/Swing States?**



Note: Labels indicate days after election postmarked mail-in ballots received will be counted. No data for Texas total requested mail-in ballots.

Sources: Scotiabank Economics, UoF US Elections Project.

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

## A Blue Sweep (\*)

The US election will dominate market attention over the coming week, but will face some competition from five central banks including the Fed and the Bank of England plus a heavy line-up of top shelf macro risk.

### 1. US ELECTION—THE SKINNY ON BIDEN'S PLAN

Oh please just make it stop! The US is one of the few countries that is seemingly in permanent election mode, fomenting instability in world markets and the economy through an everlasting degree of uncertainty toward the operating environment for households, businesses and world trade. A two-year Presidential election campaign began after the Congressional mid-terms with fund raising, the march toward the primaries and caucuses and eventually Presidential election day on Tuesday. And Wednesday. Possibly Thursday. Maybe even Friday too. Dare one say longer and potentially considerably longer? Mail-in ballots will be counted in those states that are not allowed to open them until the election and there is plenty of scope for recounts and theories surrounding how to potentially get someone physically out of office who doesn't want to leave. [This](#) was a good piece on the lack of formal provisions. Some readers might have other suggestions!

Before you go betting the family house on who will win, consider chart 1. Trump is polling identically to where he stood at the same point in the 2016 election campaign when he won the election without winning the popular vote. People may not be accurately disclosing who they intend to vote for. Some may be undecided, though there appear to be fewer this time. Of course it also depends upon which party is more successful at getting people to vote in advance (handily the Democrats) but also on election day which is uncertain.

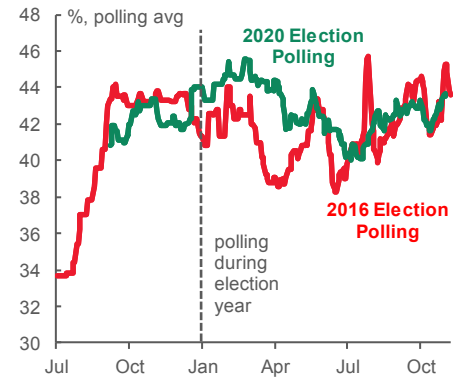
Or consider chart 2 that shows how even though one web site that specializes in translating polls through to election outcomes thinks Biden's chances are holding firmer closer to this election than when Hillary Clinton's fortunes were sagging in 2016, their model nevertheless predicted about a seven-in-ten chance of a Clinton victory that year. The model may have indeed improved from that election, but it's still just a model.

Or maybe chart 3 strikes your fancy in terms of those perhaps not willing to bet the house, but to put some coin down on the outcome. They anticipate a Biden victory.

I'm going with the 'blue wave' scenario whereby Biden wins the Oval Office and the Democrats take the Senate ([here](#)) and wind up in total control in Washington. That's not high conviction by any means. But since we know Trump and what he's likely to represent in a second possible term, it's worth highlighting the main aspects of Biden's economic platform.

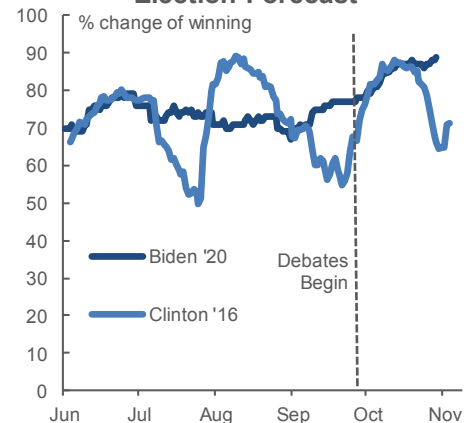
**Many in the markets focus on the aspects of his tax plans so I'll provide reminders of what that includes but also in the context of what he would do with the proceeds.** You can find some additional recommended reading [here](#) and [here](#). At least in the short-run I think markets won't like the tax plans, but over time that view may be informed by the net effects of Biden's overall policies on the economy including top line revenue growth, discount rates and taxes. **In fact, it may be that the spending plans would arrive before the tax plans and so the growth**

Chart 1  
**Trump's 2020 Polling is Identical to 2016**



Sources: Scotiabank Economics, Real Clear Politics.

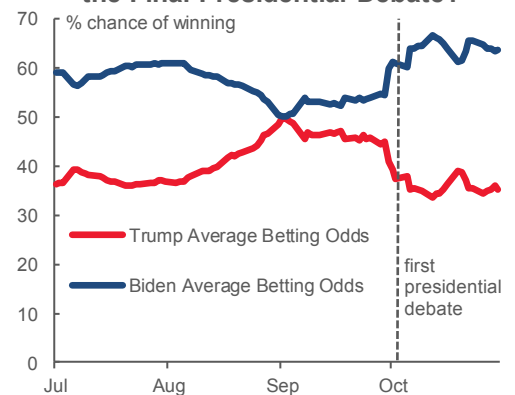
Chart 2  
**Democrats' Presidential Election Forecast**



Sources: Scotiabank Economics, FiveThirtyEight.

Chart 3

### Will Biden's Lead Grow After the Final Presidential Debate?



Sources: Scotiabank Economics, Real Clear Politics.

environment over 2021 could wind up being favourably influenced by front loading net stimulus.

Biden's proposed tax increase would indeed rank among the largest in history since about WWII (chart 4). Over the full budget forecast window of 2021–2030, the tax hike would be the sixth largest on record since the 1940s after being scaled to GDP over time.

On the personal side, Biden's plan would reverse the Tax Cuts and Jobs Act of January 2018 with an estimated 80% of the tax hike focused upon the top 1 percent of earners. The top marginal rate would pop back up by 2.6 points to 39.6%. A 12.4% Social Security payroll tax would be imposed on those earning over US\$400k that would be evenly split between employers and employees. Capital gains and qualified dividends would be taxed at the ordinary income tax rate of 39.6% for incomes above US\$1 million. Some, depending upon their circumstances, would see a reduction in their effective tax burdens with plans to reintroduce a First-Time Homebuyers Tax Credit while expanding child and dependent care tax credits. There would also be higher estate taxes including lower exemption thresholds.

On the corporate side, Biden's plan would raise the statutory corporate income tax rate by seven percentage points to 28% and bring in an alternative minimum corporate tax. There would also be a provision to have a 10% surtax on offshoring to sell goods and services into the US and a 10% "Made in America" tax credit to reward restoring production or employment domestically. I'm not sure about the legality of these options in an international context, but they have the look and feel of protectionist measures.

If we just left it at that then the effects would be unambiguously damaging to the US economy. One of the sources cited above estimates that Biden's tax plan would knock 1.6 percentage points off of GDP over the long term and reduce investment and jobs. But we can't just leave it at that as the tax revenues would presumably go somewhere other than to pay for digging holes and refilling them across the country.

Enter Biden's expenditure plan. His spending plans would rise by about US\$2 trillion more over 2021–2030 than tax revenues would. Education spending, for one, would rise by nearly US\$2 trillion over the decade while infrastructure and R&D spending would increase by US\$1.6 trillion.

On net, the combined tax and spend plans would be highly redistributive in nature. Getting them through requires full control of the Oval Office and both chambers. **Then we're left with the ambiguity surrounding whether Biden would truly be better for world trade than Trump** and I still think [this](#) is a decent round up of the issues with much of the uncertainty centered upon viewing a border adjustment or carbon levy as a tariff by any other name that would invite retaliation. **The sector implications would add to the uncertainty** including, for example, a Biden administration's reversal of favourable policies to fracking and the overall energy sector.

## 2. FIVE MORE CENTRAL BANKS!

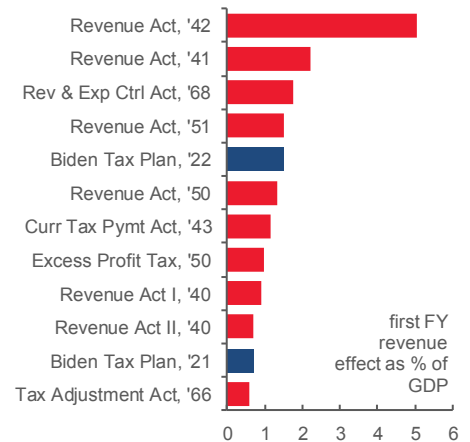
What would our lives and times be like without another week of global central bank actions to consider. Tuesday through Thursday will bring out a combination of some heavy hitters and regional central banks.

### 1) FEDERAL RESERVE

**Coming just two days after an election whose results may still not be known, the FOMC may be highly reticent to alter policy measures just yet versus leaving it to Chair Powell's press conference to jawbone policy options ahead of the December meeting.** If it does add stimulus, then the most likely candidates would be to skew the Treasury and MBS purchases totalling US\$120 billion per month more toward longer duration securities or to at least codify a market practice in the statement and make its intentions clearer. It may at least jawbone flexibility to increase its purchase volumes into the December meeting.

Chart 4

### Largest US Tax Increases Since 1940



Sources: Scotiabank Economics, Tax Foundation.

**The Board's decision to alter the terms and eligibility of the Main Street Lending Program ([here](#)) has the potential to buy the FOMC some time on other measures.**

The changes lowered the minimum loan size to US\$100,000 from US\$250,000 and made the fee structure more enticing. More importantly, amounts borrowed under the Paycheck Protection Program (PPP) for loans up to US\$2 million will be excluded when determining the maximum loan size under the Main Street Lending Program. Recall that the PPP loans stopped going out in August when funding dried up and there is movement afoot toward the Small Business Administration forgiving some of them. The Fed essentially stepped up to provide small business loans in lieu of the failure of Congress to enact a stimulus bill that would expand funding for the PPP that has been embroiled in controversy surrounding fraud.

Having banks do the vetting on loans before selling them to the Fed may wind up being a superior way of addressing this fraud, but it detaches some degree of origination from ultimate responsibility for the loan. The Main Street facility is seeded with US\$75 billion from Treasury such that a roughly ten times gearing ratio could lead to a theoretical expansion from basically nothing now to on the order of hundreds of billions before the program is slated to expire by year-end unless it is extended. The barriers to such rapid growth that would add to the Fed's US\$7.2 trillion balance sheet include hesitation on behalf of banks and businesses to participate since the amounts target firms that would not otherwise have funding alternatives yet are supposed to have the ultimate ability to repay the loans given that the Fed does not have the power to grant. That sounds like one heck of an adverse selection problem to me.

## II) BANK OF ENGLAND

**Most expect Governor Bailey and the eight other members of the Monetary Policy Committee to vote in favour of raising the asset purchase target on Thursday.**

There are varying estimates within consensus of how much they might do so, but it seems if you're going to bother at all then a minimum starting bid would be on the order of €100 billion to take the purchase limit up to €845 billion. The BoE's balance sheet is already equal to over 35% of the UK economy (chart 5). No further discussion on negative rates is likely at this meeting.

## III) RBA

**The Reserve Bank of Australia is widely expected to cut its cash rate on Tuesday evening (10:30pmET).** The vast majority of economists expect a reduction from 0.25% to 0.1% and with the three-year government yield target being reduced accordingly.

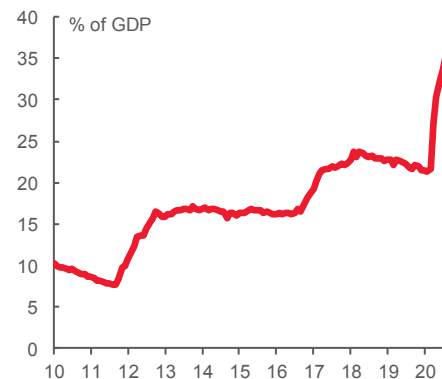
The motivators to the call include Governor Lowe's speech on October 15<sup>th</sup> ([here](#)) as well as minutes to the October 5<sup>th</sup> meeting that said "As the economy opens up, members considered it reasonable to expect that further monetary easing would gain more traction than had been the case earlier." Further, Assistant Governor Chris Kent remarked at his speech on October 20<sup>th</sup> ([here](#)) that "They could all go a little lower than they currently are" in reference to the cash rate and the 25bps 3-year bond target.

**At issue is the RBA's definition of the effective lower bound.** When it slashed the cash rate during the early stages of the pandemic it had defined the lower bound to be 0.25% and the March 18<sup>th</sup> meeting minutes said that "members had no appetite for negative interest rates in Australia." Deputy Governor Debelle repeated this reticence when he said negative rates were "extraordinarily unlikely" back on September 22<sup>nd</sup> (speech [here](#)).

The RBA nevertheless seems to be re-evaluating its estimate of the effective lower bound toward at least about zero. Either that or, more likely, **markets have reassessed it for them and the RBA is following.** To avoid tightening financial conditions compared to what is already priced, the RBA is bound to deliver what is asked of it by markets. As chart 6 shows, futures have

Chart 5

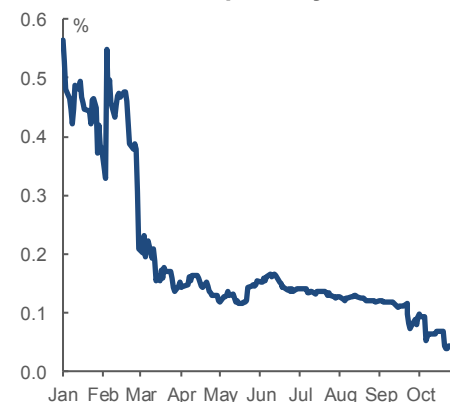
### The Bank of England's Balance Sheet



Sources: Scotiabank Economics, Bank of England, Bloomberg.

Chart 6

### RBA's November 3rd Meeting Cash Rate Implied by Futures



Sources: Scotiabank Economics, Bloomberg.

priced the November meeting's cash rate well under the current ¼% for months now as the negative rates debate heated up through mid-year. **If the RBA indeed cuts, then managing forward rate guidance could be tricky to avoid markets pricing further reductions into negative territory into next year and the RBA following once again.** If they repeat that the cash rate won't go up for at least three years, then markets have one tail to push the rate cut bets in the meantime.... Markets did not listen when the RBA said ¼% was as low as it would go. Will they listen if the RBA insists that negative rates are not in the cards?

#### IV) NORGES BANK

No change is expected to the 0% deposit rate on Thursday. The central bank has previously guided that the deposit rate will remain unchanged into 2022. As downside risks to the global economy and oil prices re-emerge and the ECB prepares significant new stimulus, any change to this guidance may be skewed toward later rather than sooner.

#### V) BANK NEGARA

Consensus is nearly unanimous toward a policy hold at a 1.75% overnight rate on Tuesday. A small minority think they might cut.

### 3. JOBS—HAS THE LOW HANGING FRUIT BEEN PICKED?

#### A) UNITED STATES—TRANSITIONING TO SOFTER CONDITIONS?

**Nonfarm payrolls will be the showstopper on the fundamentals calendar on Friday.** The October reading could post another rise of about a half million or so. Most of the other labour market readings we could use as rough input won't arrive until next week and so they will be monitored in advance. They include employment components to the twin ISM surveys and ADP.

One influence is that **we probably won't see a repeat of the 231,000 lost education sector jobs** at local governments that occurred in September when the kids went back to school and that dragged the overall job gain of 661k lower than it would have otherwise been (chart 7). That was probably driven by challenges affecting state and local government finances, hesitation by teachers to return during the pandemic including retirements, and hesitation to put the kids back in school which may have required fewer education support workers. If that drag effect is over and done with then it could be a neutral to positive effect this time around. General employment at state/local governments nevertheless remains at risk on challenges to their finances.

A second influence is **whether there will be further call-backs of furloughed workers and at what pace** versus converting them to soaring permanent layoffs (charts #8 9). There are still 4.6 million unemployed Americans on temporary layoff versus the pre-pandemic level of 750k, but it's unclear how many may be brought back especially as pandemic restrictions tighten.

Chart 7

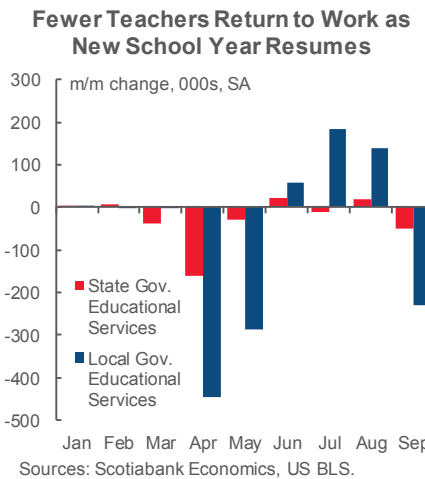


Chart 8

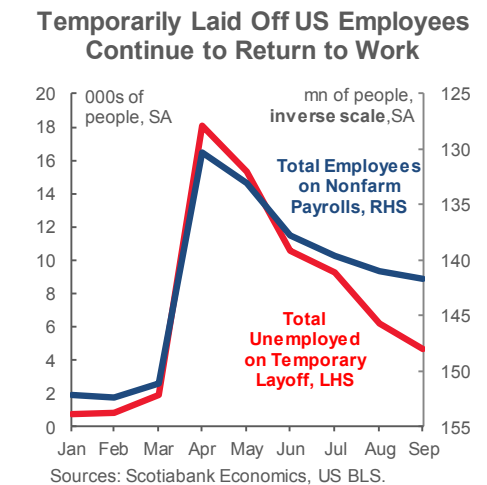


Chart 9

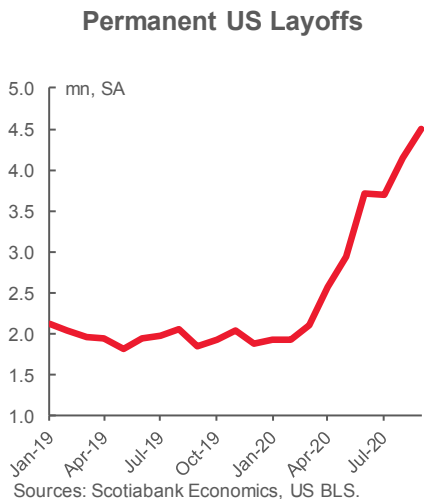
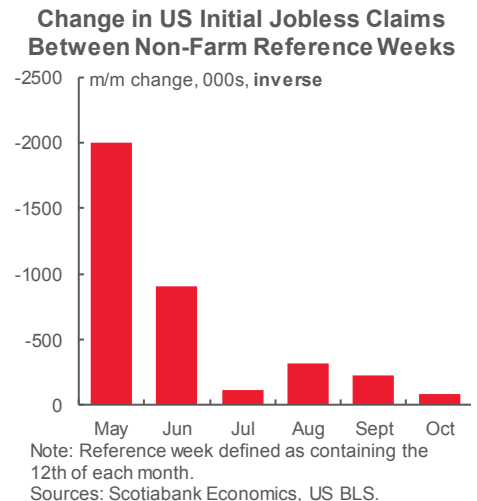


Chart 10



Third, **the pace of improvement in initial jobless claims has materially waned.** The decline between nonfarm reference periods this time around was the slowest of the recovery to date (chart 10). Recall that nonfarm's reference period is the pay period that includes the 12<sup>th</sup> day of the month depending upon pay frequency. Does this mean that hiring also markedly slowed and that maybe a half million estimate for October is too high? Perhaps, but filings for jobless benefits are a different beast than hiring appetite. Further, it may be that falling claims since summer have been distorted anyway because of the loss of the extra US\$2400/month that the CARES Act offered until the juiced Federal component of benefit payments expired at the end of July.

Finally, as a number of states announce measures to tighten pandemic restrictions there is risk that payrolls will suffer accordingly. I think more of that risk is concentrated in the following month. Nevertheless, there are 13 million Americans employed in the leisure and hospitality sector. They suffered among the biggest declines in employment during the first wave of tightened restrictions when their numbers got cut in half from 16.9 million in February until the bottom was hit in April. Tightening restrictions on restaurants and bars among other high contact sectors reintroduces some forward risk to this category.

Wage growth probably stabilized at about 4.6% y/y on a combination of year-ago base effects and modest typical seasonal gains while there is a lessening distortion stemming from lower wage workers dropping out of the calculations.

## B) CANADA—FINE TIMING

Canada also updates job market conditions when the Labour Force Survey arrives on Friday for October. I went with a rise of 100,000 with the usual degree of trepidation on a jobs call. **That would be the slowest gain of the recovery thus far and I wouldn't be surprised to see more downside than upside risk.**

There are a few points of reasoning behind this estimate. Two of them focus upon how what drove about 70% of the prior month's rise of 378k is unlikely to repeat.

For one, **we probably won't see a repeat of the 134,000 women aged 25–54 who gained employment as the participation rate of mothers fully recovered to that of fathers for the first time in the pandemic and once the kids returned to school.**

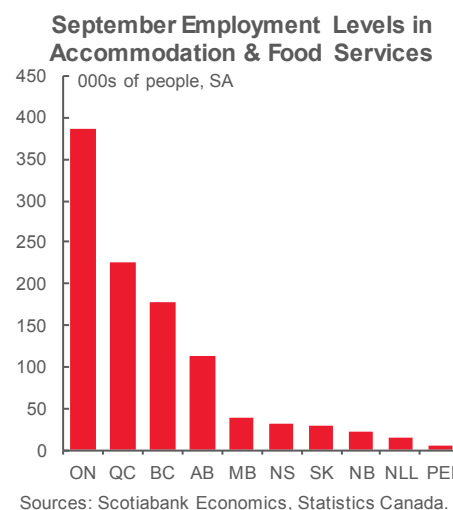
Second, youth employment (aged 15–24) was up by 127,000k in Sept. Reopening effects were concentrated in high contact sectors upon youths, like restaurants and bars. That effect also probably won't repeat.

But perhaps the largest uncertainty which operates to the downside is that **the largest provinces tightened restrictions against the pandemic into the Labour Force Survey's reference week** which is the calendar week that contains the 15<sup>th</sup> of each month. In this case, that means the week of October 12<sup>th</sup>–16<sup>th</sup>. That week also included the Thanksgiving holiday which might distort seasonal hiring somewhat as it shifts around somewhat to be the second Monday in October.

On September 15<sup>th</sup>, British Columbia extended its provincial state of emergency until Sept 29<sup>th</sup> and then reintroduced it on October 27<sup>th</sup> and extended it again to Nov 10<sup>th</sup>. Ontario extended restrictions on social gatherings to the whole province on Sept 19<sup>th</sup>, shortened hours at bars and restaurants on September 25<sup>th</sup>, and then introduced tightened restrictions on October 9<sup>th</sup> in Toronto, Ottawa and Peel and then on October 16<sup>th</sup> in York region. Then on October 20<sup>th</sup> (after the reference week), Ontario extended most orders to November 21<sup>st</sup> which takes us through the next reference week for November. Quebec announced on September 16<sup>th</sup> that it was extending its public health emergency to September 23<sup>rd</sup> and then tightened them again on September 28<sup>th</sup>.

Many of these restrictions are oriented toward high contact service sectors like restaurants, bars and accommodations. As chart 11 depicts, **there are over one million workers in the accommodation and food services sector and almost 40% of those work in Ontario plus another almost one-quarter who work in Quebec.**

Chart 11



### C) NEW ZEALAND—STILL FALLING?

New Zealand will also update its quarterly jobs report on Tuesday. Employment fell by 0.3% q/q in Q2 and expectations are for another dip to have occurred in Q3.

### 4. PMIS TO INFORM GLOBAL Q4 GROWTH RISKS

The US, China, Canada, Italy, Spain and India all update purchasing managers' indices over the course of the week.

**China kicks it all off shortly after this publication is being distributed.** The state's PMIs for October arrive Friday October 30<sup>th</sup> (9pmET). The private sector manufacturing PMI will be updated on Sunday evening (9:45pmET) and the private services and composite PMIs arrive Wednesday night. At issue is when they may begin to show modest downside risk particularly as renewed downside risk faces the Eurozone economy as a key export market. See last week's *Global Week Ahead* ([here](#)) for more on China's economy.

**Canada will update both the Markit manufacturing PMI for October (Monday) and the Ivey PMI for the same month (Friday).** They have both been indicating moderate growth of late. A challenge with the Canadian PMIs is that there isn't any pure composite gauge for the private sector and nothing just for the service sector. The Ivey PMI combines both private industry and government and so it's difficult to gauge given massive fiscal expansion.

The US ISM-manufacturing (Monday) **could well register renewed improvement following September's modest setback that in turn followed three months of strong increases.** Each of the Richmond, Philly, Dallas and KC regional measures posted improvements with only the Empire gauge slipping. When we pump the regional surveys and auto production estimates through our ISM model it spits out about 56½ for October's estimate which would be a rise from 55.4 in September (chart 12). ISM services (Wednesday) might indicate moderately softer growth as pandemic restrictions rise again.

**India's PMIs for October will be updated on Wednesday.** The last batch had shown the service sector on the borderline between contraction and expansion with manufacturing activity rising.

**Italy and Spain issue their own PMIs** over the beginning of the week that will inform revision risk to the Eurozone composite PMI on Wednesday. **Both countries are likely to face downside risk** on tightened COVID-19 restrictions that could add to the slight contractionary signal to the composite Eurozone PMI.

### 5. EXTRA CREDIT

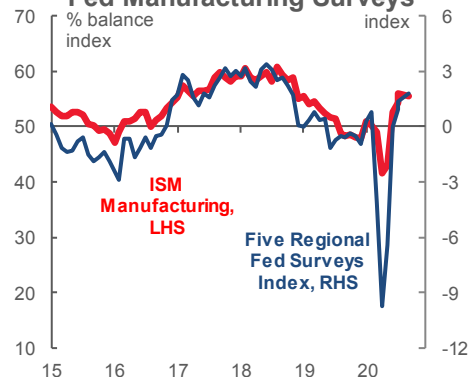
**Other US macro reports** will include construction spending (Monday), factory orders (Tuesday), vehicle sales (Tuesday), total trade including services (Wednesday) and weekly claims (Thursday)

German factory orders are expected to post another rise on Thursday and industrial production should post a solid gain on Friday. Eurozone retail sales in September probably fell after the prior month's large gain and based on what we know across individual country releases (Thursday). We'll see if Australian retail sales performed any better on Tuesday, but it's more likely we'll see a second consecutive significant drop.

Inflation reports will arrive across numerous Latin American and Asia-Pacific economies. Peru and Indonesia kick it off on Sunday, followed by South Korea on Monday, the Philippines on Wednesday, Colombia and Taiwan on Thursday and then Chile and Brazil close out on Friday.

Chart 12

#### US ISM Manufacturing and Regional Fed Manufacturing Surveys



Sources: Scotiabank Economics, Federal Reserve, ISM.

**Key Indicators for week of November 2 – 6**
**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	11/02	10:00	Construction Spending (m/m)	Sep	0.7	0.9	1.4
US	11/02	10:00	ISM Manufacturing Index	Oct	56.5	55.6	55.4
US	11/03	10:00	Factory Orders (m/m)	Sep	1.1	0.8	0.7
US	11/03		Total Vehicle Sales (mn a.r.)	Oct	16.4	16.5	16.3
US	11/04	07:00	MBA Mortgage Applications (w/w)	Oct 30	--	--	1.7
US	11/04	08:15	ADP Employment Report (000s m/m)	Oct	500	687.5	748.7
CA	11/04	08:30	Merchandise Trade Balance (C\$ bn)	Sep	-2.5	--	-2.4
US	11/04	08:30	Trade Balance (US\$ bn)	Sep	-62.0	-64.3	-67.1
US	11/04	10:00	ISM Non-Manufacturing Composite	Oct	57.5	57.5	57.8
US	11/05	08:30	Initial Jobless Claims (000s)	Oct 31	720	746	751
US	11/05	08:30	Continuing Claims (000s)	Oct 24	--	--	7756
US	11/05	08:30	Productivity (q/q a.r.)	3Q P	--	3.5	10.1
US	11/05	08:30	Unit Labor Costs (q/q a.r.)	3Q P	--	-10.0	9.0
<b>US</b>	<b>11/05</b>	<b>14:00</b>	<b>FOMC Interest Rate Meeting (%)</b>	<b>Nov 5</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
CA	11/06	08:30	Employment (000s m/m)	Oct	100	--	378.2
CA	11/06	08:30	Unemployment Rate (%)	Oct	9.1	--	9.0
US	11/06	08:30	Average Hourly Earnings (m/m)	Oct	0.2	0.2	0.1
US	11/06	08:30	Average Hourly Earnings (y/y)	Oct	4.6	4.6	4.7
US	11/06	08:30	Average Weekly Hours	Oct	--	34.7	34.7
US	11/06	08:30	Nonfarm Employment Report (000s m/m)	Oct	500	600.0	661.0
US	11/06	08:30	Unemployment Rate (%)	Oct	7.9	7.7	7.9
US	11/06	15:00	Consumer Credit (US\$ bn m/m)	Sep	--	7.5	-7.2

**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>
IT	11/02	03:45	Manufacturing PMI	Oct	--	53.8	53.2
FR	11/02	03:50	Manufacturing PMI	Oct F	--	51.0	51.0
GE	11/02	03:55	Manufacturing PMI	Oct F	--	58.0	58.0
EC	11/02	04:00	Manufacturing PMI	Oct F	--	54.4	54.4
UK	11/02	04:30	Manufacturing PMI	Oct F	--	53.3	53.3
IT	11/02	03:00	Budget Balance (€ bn)	Oct	--	--	-21.9
IT	11/02	03:00	Budget Balance YTD (€ bn)	Oct	--	--	-128
FR	11/03	02:45	Central Government Balance (€ bn)	Sep	--	--	-166
IT	11/04	03:45	Services PMI	Oct	--	47.3	48.8
FR	11/04	03:50	Services PMI	Oct F	--	46.5	46.5
GE	11/04	03:55	Services PMI	Oct F	--	48.9	48.9
EC	11/04	04:00	Composite PMI	Oct F	--	49.4	49.4
EC	11/04	04:00	Services PMI	Oct F	--	46.2	46.2
UK	11/04	04:30	Official Reserves Changes (US\$ bn)	Oct	--	--	-81.0
UK	11/04	04:30	Services PMI	Oct F	--	52.3	52.3
EC	11/04	05:00	PPI (m/m)	Sep	--	0.3	0.1
GE	11/05	02:00	Factory Orders (m/m)	Sep	--	2.0	4.5
<b>NO</b>	<b>11/05</b>	<b>04:00</b>	<b>Norwegian Deposit Rates (%)</b>	<b>Nov 5</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
UK	11/05	04:30	PMI Construction	Oct	--	54.8	56.8
EC	11/05	05:00	Retail Trade (m/m)	Sep	--	-1.5	4.4
<b>UK</b>	<b>11/05</b>	<b>07:00</b>	<b>BoE Policy Announcement (%)</b>	<b>Nov 5</b>	<b>0.10</b>	<b>0.10</b>	<b>0.00</b>
GE	11/06	02:00	Industrial Production (m/m)	Sep	--	2.6	-0.2
FR	11/06	02:45	Current Account (€ bn)	Sep	--	--	-4700
FR	11/06	02:45	Trade Balance (€ mn)	Sep	--	--	-7708
SP	11/06	03:00	Industrial Output NSA (y/y)	Sep	--	--	-5.7

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



## Key Indicators for week of November 2 – 6

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	10/31	20:00	Exports (y/y)	Oct	--	-3.5	7.6
SK	10/31	20:00	Imports (y/y)	Oct	--	-2.1	1.6
SK	10/31	20:00	Trade Balance (US\$ mn)	Oct	--	4485	8696
AU	11/01	19:30	Building Approvals (m/m)	Sep	--	1.5	-1.6
AU	11/01	19:30	ANZ Job Advertisements (m/m)	Oct	--	--	7.8
JN	11/01	19:30	Markit/JMMA Manufacturing PMI	Oct F	--	--	48.0
SI	11/01	20:00	Foreign Reserves (US\$ mn)	Oct	--	--	328022
CH	11/01	20:45	Caixin Manufacturing PMI	Oct	52.7	52.8	53.0
ID	11/01	23:00	CPI (y/y)	Oct	1.5	1.5	1.4
ID	11/01	23:00	Core CPI (y/y)	Oct	--	1.8	1.9
JN	11/02	00:00	Vehicle Sales (y/y)	Oct	--	--	-15.6
TH	11/02	02:30	Business Sentiment Index	Oct	--	--	47.5
HK	11/02	03:30	Retail Sales - Volume (y/y)	Sep	--	--	-13.4
SK	11/02	18:00	CPI (y/y)	Oct	0.8	0.8	1.0
SK	11/02	18:00	Core CPI (y/y)	Oct	--	0.7	0.9
<b>AU</b>	<b>11/02</b>	<b>22:30</b>	<b>RBA Cash Target Rate (%)</b>	<b>Nov 3</b>	<b>0.10</b>	<b>0.10</b>	<b>0.25</b>
<b>MA</b>	<b>11/03</b>	<b>02:00</b>	<b>Overnight Rate (%)</b>	<b>Nov 3</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>
SI	11/03	08:00	Purchasing Managers Index	Oct	--	--	50.3
NZ	11/03	16:45	Unemployment Rate (%)	3Q	--	5.5	4.0
NZ	11/03	16:45	Employment Change (y/y)	3Q	--	0.2	1.5
JN	11/03	18:50	Monetary Base (y/y)	Oct	--	--	14.3
HK	11/03	19:30	Purchasing Managers Index	Oct	--	--	47.7
PH	11/03	20:00	Exports (y/y)	Sep	--	-8.0	-18.6
PH	11/03	20:00	Imports (y/y)	Sep	--	-20.7	-22.6
PH	11/03	20:00	Trade Balance (US\$ mn)	Sep	--	-1967	-2076
CH	11/03	20:45	Caixin Services PMI	Oct	--	55.0	54.8
TH	11/03	21:00	Consumer Confidence Economic	Oct	--	--	42.9
AU	11/03	22:30	Retail Sales (m/m)	Sep	--	-1.5	-4.0
SK	11/04	18:00	Current Account (US\$ mn)	Sep	--	--	6566
AU	11/04	19:30	Trade Balance (AUD mn)	Sep	--	3700	2643
PH	11/04	20:00	CPI (y/y)	Oct	2.2	2.3	2.3
TH	11/04	22:30	CPI (y/y)	Oct	-0.6	-0.5	-0.7
TH	11/04	22:30	Core CPI (y/y)	Oct	--	0.3	0.3
ID	11/04	23:00	Real GDP (y/y)	3Q	-3.8	-3.5	-5.3
SI	11/05	00:00	Retail Sales (y/y)	Sep	--	--	-5.7
TA	11/05	03:00	CPI (y/y)	Oct	-0.1	-0.2	-0.6
JN	11/05	18:30	Household Spending (y/y)	Sep	--	-10.5	-6.9
AU	11/06	00:30	Foreign Reserves (AUD bn)	Oct	--	--	61.6
MA	11/06	02:00	Foreign Reserves (US\$ bn)	Oct 30	--	--	105.2

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	11/01	10:00	Consumer Price Index (m/m)	Oct	0.1	0.1	0.1
PE	11/01	10:00	Consumer Price Index (y/y)	Oct	1.6	1.8	1.8
CL	11/02	06:30	Economic Activity Index SA (m/m)	Sep	4.6	--	2.8
CL	11/02	06:30	Economic Activity Index NSA (y/y)	Sep	-6.0	--	-11.3
BZ	11/03	08:00	PMI Manufacturing Index	Oct	63.9	--	64.9
BZ	11/03	13:00	Trade Balance (FOB) - Monthly (US\$ mn)	Oct	6489	6269	6164
BZ	11/04	07:00	Industrial Production SA (m/m)	Sep	--	2.4	3.2
BZ	11/04	07:00	Industrial Production (y/y)	Sep	2.7	0.8	-2.7
CO	11/05	19:00	Consumer Price Index (m/m)	Oct	0.2	0.1	0.3
CO	11/05	19:00	Consumer Price Index (y/y)	Oct	2.0	2.0	2.0
BZ	11/06	07:00	IBGE Inflation IPCA (m/m)	Oct	--	0.8	0.6
BZ	11/06	07:00	IBGE Inflation IPCA (y/y)	Oct	3.7	3.9	3.1

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

**Global Auctions for week of November 2 – 6****NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	11/02	12:00	Canada to Sell 2-Year Bonds

**EUROPE**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	11/03	05:00	U.K. to Sell 2.75 Billion Pounds of 0.125% 2028 Bonds
GE	11/03	05:30	Germany to Sell I/L Bonds
UK	11/03	06:30	U.K. to Sell 2 Billion Pounds of 1.25% 2041 Bonds
SW	11/04	05:00	Sweden to Sell Bonds
UK	11/04	05:00	U.K. to Sell 0.125% 2026 Bonds
GE	11/04	05:30	Germany to Sell 5 Billion Euros of 2025 Bonds
SP	11/05	04:45	Spain to Sell Sr Unsecured Bonds
FR	11/05	04:50	France to Sell Bonds
IC	11/06	06:30	Iceland to Sell Bonds

**ASIA-PACIFIC**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	11/02	01:00	Yunnan to Sell 5-Year Bonds
CH	11/03	22:00	China Plans to Sell 3 & 7 Year Upsized Government Bonds
JN	11/03	22:35	Japan to Sell 10-Year Bonds
JN	11/05	22:35	Japan to Sell CPI Linked 10-Year Bonds

## Events for week of November 2 – 6

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	11/03		2020 Presidential Election
<b>US</b>	<b>11/05</b>	<b>14:00</b>	<b>FOMC Rate Decision</b>
US	11/05	14:30	Powell Holds Post-FOMC Meeting Press Conference

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
FI	11/02	07:00	ECB's Rehn Speaks on Strategy Review
RU	11/02		Bank of Russia releases quarterly monetary report
SW	11/03	03:00	Riksbank's Ingves Gives Speech
SW	11/03	05:20	Riksbank's Breman Gives Speech
<b>NO</b>	<b>11/05</b>	<b>04:00</b>	<b>Deposit Rates</b>
<b>UK</b>	<b>11/05</b>	<b>07:00</b>	<b>Bank of England Bank Rate</b>
EC	11/05	07:00	ECB's Holzmann Speaks at Online Conference
UK	11/05	07:30	BOE Governor Speaks at Press Conference in London
EC	11/05	09:15	ECB's Muller, ECB's Holzmann Speak at Online Conference
SZ	11/05	10:00	SNB's Maechler, T. Moser speak about steering negative rates
EC	11/06	09:15	ECB's Holzmann Speaks at Online Conference
IT	11/06		Bank of Italy Report on Balance-Sheet Aggregates

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>AU</b>	<b>11/02</b>	<b>22:30</b>	<b>RBA Cash Rate Target &amp; 3-Year Yield Target</b>
<b>MA</b>	<b>11/03</b>	<b>02:00</b>	<b>BNM Overnight Policy Rate</b>
JN	11/03	18:50	BOJ Minutes of September Meeting
AU	11/05	19:30	RBA Statement on Monetary Policy

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	11/03	06:00	Central Bank Meeting Minutes
CO	11/03	13:00	Colombia Monetary Policy Minutes

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	December 9, 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

**Federal Reserve:** If the FOMC does anything on Thursday, then the greatest odds may be upon tweaking its bond purchase guidance perhaps to target longer duration securities and jawbone a potential expansion of purchases. The Board's decision to enhance the Main Street Lending Program may have bought time. To expect much just yet may be unrealistic in light of the meeting occurring just two days after the US election and when the results may not yet be known.

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	December 10, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	December 10, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	December 10, 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

**Norges Bank:** The bank is expected to keep its Deposit Rate at 0% at the upcoming meeting. Norwegian core CPI has rebounded sooner than expected and currently sits at 3.3% y/y in September — well above the 2% target. However, the country has seen a recent upward trend in new cases. Absent of updated forecasts or a media conference, this announcement will likely be uneventful with guidance remaining pointed toward a policy hold into at least 2022.

**Bank of England (BoE):** The BoE faces a large rise in new cases and Brexit talks that never seem to approach a conclusion. Much like the Eurozone, the UK's economic outlook has darkened, and we expect the Monetary Policy Committee's revised forecasts to reflect that. While the Bank Rate is unanimously expected to remain at 0.1%, there is an expectation for the BoE to increase the size of its asset purchase target.

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	December 18, 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

**Reserve Bank of Australia (RBA):** Australian authorities have recently signalled that the RBA may ease monetary policy further in the near future. This, together with the fact that inflation (0.7% y/y in Q3) is set to remain low in the foreseeable future, recently prompted us to revise our forecast for the RBA's benchmark Cash Rate. We now expect it to be cut by 15 bps to 0.10% at the November 3 policy meeting. The benchmark rate has been lowered by a total of 50 bps this year to 0.25%. The RBA has also adopted yield targeting, aiming to keep the 3-year Australian government bond yield at around 0.25% by buying government bonds in the secondary market as needed. **Bank Negara Malaysia (BNM):** Malaysian monetary authorities will make an interest rate announcement on November 3. We expect the BNM to leave the benchmark interest rate, the Overnight Policy Rate, unchanged at 1.75%. The policy rate has been lowered by 125 bps since January 2020. The September monetary policy statement highlighted that the BNM's monetary policy stance is now considered to be appropriate with prior easing providing enough support to the economy. Nevertheless, we point out that the benchmark interest rate is elevated in real terms, providing the BNM with additional monetary easing space should the economy experience renewed softness.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.00	December 9, 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	November 27, 2020	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	November 12, 2020	0.25	0.25

### 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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