

TESTING IS WORKING

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FORECASTS & DATA

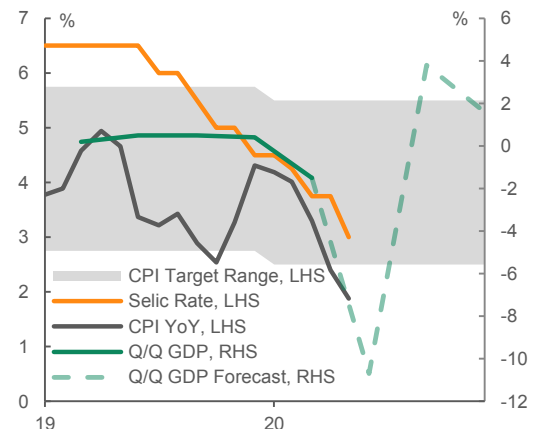
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Next Week's Risk Dashboard

- COVID-19 second wave risk
- More reopening steps
- CBs: BoE, BoJ, SNB, Norges...
- ...Russia, BI, CBCT, BCB, Chile
- Fed's Powell
- BoC's Macklem
- Inflation: UK, Canada, Japan
- CDN retail, mfg, housing, ADP
- US retail, industrial
- Jobs: UK, Australia, CDN ADP
- GDP: NZ

Chart of the Week
The Central Bank of Brazil Has More Room to Support the Recovery Process


Sources: Scotiabank Economics, Bloomberg, IBGE, Banco Central do Brasil.

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

Testing Is Working

UNITED STATES—HERE COMES THE REBOUND

A chance for the Federal Reserve to clarify its message will combine with rebounding macro readings and obsessive COVID-19 case count monitoring as global reopening efforts gain stride.

As markets evaluate daily updates on COVID-19 case counts, it is vitally important to put the positive test results in relation to the testing frequency. This makes a night and day difference in terms of how to assess the risks. Chart 1 shows the exploding testing volumes across the parts of the US economy where concern toward rising positive results is at its most acute. Chart 2 scales the positive results to said testing volumes and shows that the share of test results coming back positive is actually at a low point and declining. One cannot compare the absolute volume of positive results today to the past across totally different testing regimes. Much of the reporting on positive test results seems to be akin to thinking the world would be a better place if we simply weren't testing so much. Testing volumes have risen by three-fold in New York, 3.3 times in Florida, four times in California and 3.8 times in Texas since the start of May. From the beginning, testing, testing and more testing was always a central plank of strategies to manage the COVID-19 virus without having to shut down the economy again and it appears to be working. Why? Because you cannot quarantine and contact trace what you are not testing.

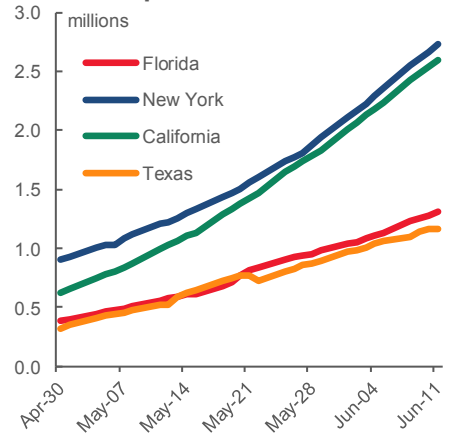
Federal Reserve Chair Jerome Powell delivers the Fed's already released semi-annual monetary policy ([here](#)) report to Congress in an online session with the Senate Committee on Banking, Housing and Urban Affairs on Tuesday (10amET). He will pop up again on Friday alongside Cleveland Fed President in a live video conference at 1pmET. Powell's opening statement on Tuesday and the early part of his grilling will be where the risk lies.

Powell's appearances may be an opportunity to correct market impressions following the latest suite of FOMC communications if he feels it is necessary to do so. Recall [here](#) an explanation of how those communications contributed to the recent risk aversion in markets. Briefly, the crux of the issue is whether Powell really intended to indicate that there was such heavy conditionality around the outcome of developments over coming months that prospects for stances like strengthened forward rate guidance, yield curve control and converting from month-by-month QE guidance to more specific program parameters hang in the balance.

Macro releases should be constructive and showcase rebounds in the consumer sector and industry.

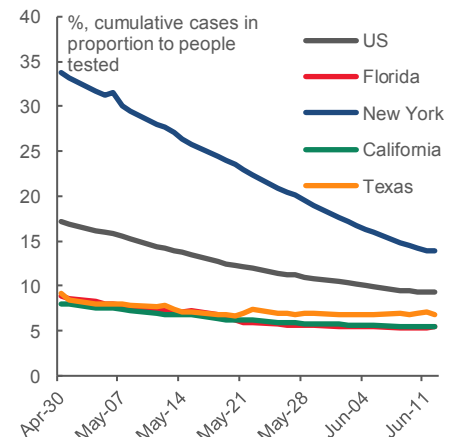
Retail sales in May will be reported on Tuesday before Chair Powell speaks. A headline gain of 8.5% m/m and a sales gain ex-autos of 3% or so is feasible. What we already know about auto sales will do a fair amount of the heavy lifting in the overall report. For example, vehicle sales were up by 42% m/m to 12.21 million units in May at a seasonally adjusted annual rate with a weight of 17% with prices for new and used vehicles relatively little changed on the month. On a weighted basis, this will add 7.1% m/m to overall retail sales on its own. The change in gasoline prices won't play much of a role, but increased mobility readings might translate into higher miles driven and hence volumes of gasoline sold. Broad price effects should be fairly contained, as

Chart 1
Total People Tested for COVID-19



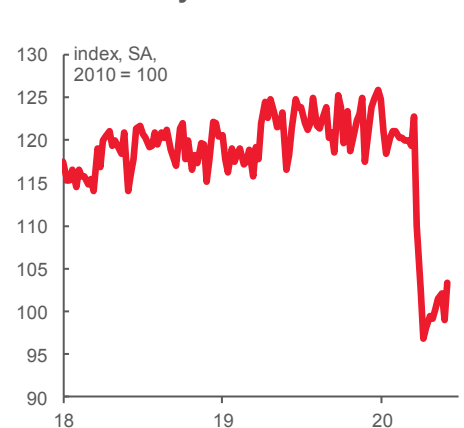
Sources: Scotiabank Economics, Bloomberg.

Chart 2
COVID-19 Cases Scaled By Testing



Sources: Scotiabank Economics, Bloomberg.

Chart 3
US Weekly Chain Store Sales



Sources: Scotiabank Economics, Ward's, The Retail Economist LLC.

CPI fell 0.1% m/m in May, core CPI ex-food and energy prices was down 0.1% m/m and more retail-oriented prices were mixed as food and beverage prices were up by 0.7% m/m but apparel prices fell by 2.3%. Weekly chain store sales—the ‘Walmart component’—climbed by about 1.2% m/m SA in May over April (chart 3). Last, climbing out of a deep pit poses a soft base effect off of which to grow after retail sales had fallen 16.4% m/m in April, but watch for revisions to a commonly revised series and take the sum total of the two months together—until the next round of revisions!

As an aside, US households are behaving like they truly believe former Fed Chair Bernanke when he said that the COVID-19 shock is more like a bad natural disaster in terms of its economic effects rather than another Great Depression. We see that in terms of what consumers are saying they expect to happen to their household finances going forward. In the widely followed and fresh University of Michigan consumer sentiment survey, there has been **a full recovery in what consumers expect to happen to their finances one year ahead and expectations for the health of their overall finances five years ahead are at an all-time high (chart 4)**. This is a sign that stimulus and rebound effects are firmly underway. It is important in terms of the economics because it indicates that a short-term shock to incomes and finances is not translating into expectations for a permanent income shock.

Then we get a batch of industrial sector readings. Industrial output in May (Tuesday) should rebound along with ISM-manufacturing (chart 5). Reopening efforts should also translate into gains in the regional manufacturing readings like the Empire (Monday) and Philly (Thursday). These should help to inform expectations for a rebound in the next ISM-manufacturing print for June on July 1st.

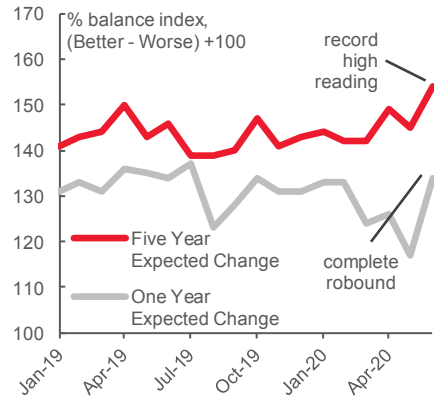
Other releases will include housing starts in May (Wednesday) and weekly jobless claims (Thursday), both of which should add to the air of optimism by way of healing metrics.

CANADA—SOMETHING OLD, SOMETHING NEW

Canada will see a blend of stale and fresher readings on the status of the economy. There will also be a focus upon tracking COVID-19 cases as the economy reopens.

Markets will also get their first peek at newly appointed BoC Governor Macklem when he appears virtually along with Senior Deputy Governor Wilkins on Tuesday. The occasion is to testify before the House of Commons Standing Committee on Finance between 3-5pmET. There will be the customary opening statement from Macklem, but no ensuing media. There are probably fairly low risks surrounding the event. Macklem sat in on the latest Governing Council deliberations during former Governor Poloz’s final meeting and the BoC made a point of emphasizing that Macklem endorsed the communications. Macklem has already indicated he believes 0.25% to be the lower bound for the policy rate. The BoC is content with the improvement in funding markets such that its BA and CP purchase facilities and liquidity measures have abated as it continues its four bond buying programs. Policy guidance at this stage may be out of character in that it would potentially pre-judge the dialogue that will occur on the path to Macklem’s first full policy meeting at the helm next month and given the lack of media to offer further explanation.

Chart 4
UMich Expected Future Financial Situation Index



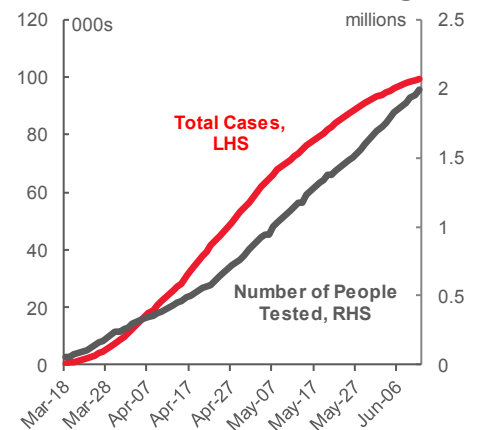
Sources: Scotiabank Economics, University of Michigan.

Chart 5
ISM Manufacturing vs Markit Manufacturing PMIs



Sources: Scotiabank Economics, ISM, IHS Markit.

Chart 6
Canadian COVID-19 Testing



Sources: Scotiabank Economics, Bloomberg.

Like in the US, the key is to scale positive test results to the magnitude of testing. Chart 6 shows the volume of testing results and the volume of positive test results. The former has increased by 2.5 times while the latter has increased by 1.8 times since the start of May. **The result is that the incidence of positive test results as a share of testing volumes has fallen.**

Macro reports will be split in terms of rebound evidence versus indicators that are still stuck in the depths of the contraction seen when the economy was fully shut. The freshest readings will be **existing home sales** during May on Monday that should bounce higher in keeping with evidence across local real estate boards, and **ADP payrolls** during May that will be watched for confirmation of the supposed 290,000 rise in employment according to the Labour Force Survey that still counted as employed about 2¼ million people who didn't work any hours last month.

Stale readings will offer bearish takes, but markets that have looked through to the recovery phase may not place much if any emphasis upon them other than perhaps in a very fleeting way. **Manufacturing shipments** during April (Monday) will likely follow the value of exports lower after the latter registered a 30% m/m drop split between a 20% decline in export volumes and lower prices. Manufacturing-related categories like autos (-83% m/m), energy products (-44%), industrial equipment (-27%), aircraft (-33%) and consumer goods (-15%) were particularly hard hit. This should surprise few given the closed economy and border restrictions.

Friday's retail sales print will also be for April at the depths of the contraction. This time around, however, sales likely won't get a partial offset from pandemic-related hoarding that had driven food and beverage store sales up by 23% m/m in March. Like the United States, however, there is evidence of a rebound in Canadian spending into May that will take another month to put some data behind. As my colleague Rebekah Young notes [here](#), Canada's auto sales were up sharply in May.

CPI inflation during May (Wednesday) is expected to be relatively little changed in terms of the year-over-year rate as seasonally unadjusted prices increase. 0% y/y and +0.7% m/m seasonally unadjusted are expected. Gasoline prices rebounded significantly in May to a nationwide average of about 92 cents per litre from about 79 cents on average in April. The roughly 3% weight should provide somewhat of a boost. May is ordinarily a seasonal up-month for prices as summer fashion lines and travel habits kick in, but this effect is likely to be much softer this year. At the same time, pricing power in the food and beverage sector should offset potentially diminished pricing power in other parts of the economy.

LATIN AMERICA—HEALTH POLICY VERSUS RATE CUTS

Two central banks will make policy decisions as rapid growth in COVID-19 cases continues across Latin American markets amidst little evidence of curve flattening in any of the major economies (chart 7).

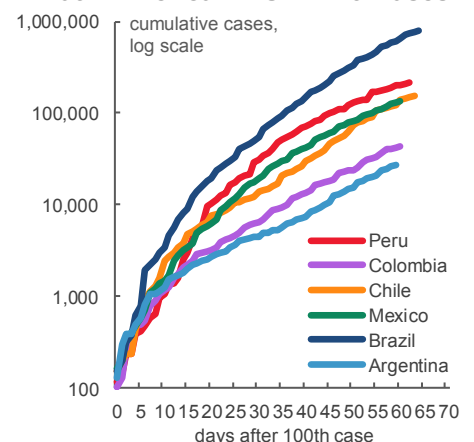
Brazil's central bank is widely expected to cut its Selic policy rate again on Wednesday. The policy rate has so far sunk to 3% from a peak of 14.25% in late 2016. The current easing cycle since last summer has amounted to -350bps. Another 50-75bps cut is likely alongside a dovish bias. Inflation is running at 1.9% y/y which is well below the lower end of the central bank's 2.5-5.5% inflation target range. In evaluating the bias, the key will be whether anything has changed opinion at the central bank in order to merit altering the guidance in the previous statement ([here](#)) when they said:

"For the next meeting, conditional on the fiscal scenario and on the economic data, the Committee considers a final monetary adjustment, not larger than this one, to complete the change to the policy rate that it deems adequate to counteract the economic consequences from the COVID-19 pandemic. However, the Committee recognizes that the variance of its balance of risks has increased and that further information on the effects of the pandemic in the economy, as well as a decline in fiscal uncertainty, will be essential to determine its next steps."

Chile's central bank makes its own rate decision on Tuesday and it is widely expected to leave its overnight rate target unchanged at 0.5%. Since cutting to this rate in March, the central bank has defined it as the technical minimum or effective lower bound that balances the need for stimulus against its inflation target. Inflation is running at 2.8% y/y in Chile relative to the 3% target.

Chart 7

Latin American COVID-19 Cases



Sources: Scotiabank Economics, Johns Hopkins.

ASIA-PACIFIC—THE SHOE IS ON THE OTHER FOOT

Three central bank decisions and potential upside risk to macro reports will also have much of Asia spending more time monitoring COVID-19 second wave risks abroad than risks at home. Recall the logical curve sequence that started in Asia, then moved to Europe and then the Americas such that by logical extension the Americas are likely the last to hopefully settle down albeit that the health responses across the Americas have been uneven.

China might register some improvements in macro readings at the start of the week. The country updates industrial production and retail sales figures for May into the Asian market open to kick off the week's potential fireworks. The reopening economy is expected to see about a 5% y/y rise in industrial output and a diminished rate of contraction in retail sales.

Could Australia be in for a positive surprise when it updates its jobs numbers for May on Wednesday? That seems to be the pattern of late across some countries like the US and Canada. After losing 594,000 jobs in April and after having watched surprises above, a slim minority of four economists in a sample of 25 thinks that a gain could be in store. The median estimate is a drop of 75k. Depending on the outcome, it could be a fresher take on conditions than Monday's minutes to the RBA meeting on June 2nd.

The Bank of Japan is expected to leave most if not all of its policy measures unchanged on Tuesday, but consensus is roughly evenly divided on whether the BoJ will enhance support for bank lending. Japan also updates exports during May (Tuesday) and CPI for the same month (Thursday). After a surprise hold at its last meeting on May 19th, **consensus expects Bank Indonesia to cut** its seven day reverse repo rate by 25bps to 4.25% on Thursday. **Taiwan's central bank faces a divided consensus** that ever-so-slightly tilts in favour of a marginal rate cut when its decision lands on Thursday.

Other releases will include New Zealand's Q1 GDP print on Wednesday, but the expected 1% non-annualized drop is likely to be ignored by markets in light of fresher information such as the apparent eradication of the COVID-19 virus and the maintenance of closed borders.

EUROPE—TRY AGAIN

The dominant risk across European markets will be the degree and form by which the Bank of England adds to existing policy stimulus. As economies reopen elsewhere, the process in Europe will be further expanded when **internal borders across EU countries open up on Monday.** The European Commission has also advised that the EU's external borders open by July 1st in time for what is normally peak summer travel season. With that, Europe is embarking upon its own experiments toward increased mobility that will invite the same sort of COVID-19 case monitoring as in the US.

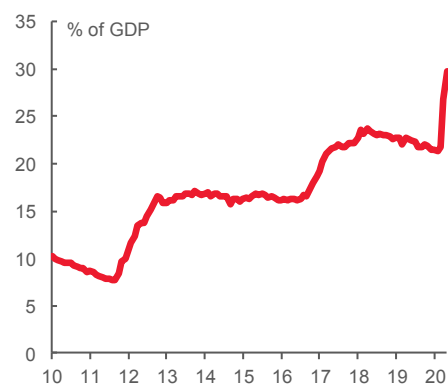
The Bank of England is likely to further expand stimulus at the conclusion of its deliberations next Thursday. Governor Bailey spelled out the intent rather clearly when he said at the close of this past week "Do we stand ready to take action? We do." Righto, nice and clear. Additional stimulus is likely to take the form of an expansion to its asset purchase program from £645 billion at present to at least £100 billion higher than that. This would bump the size of the BoE's balance sheet to over 30% of GDP (chart 8). Guidance on MPC attitudes toward negative rates, yield curve control and further changes to lending programs will also be monitored. Data risk may further cement intentions after this past week's 20% y/y contraction in April GDP and ahead of next Tuesday's job market updates and Wednesday's CPI. Retail sales land on Friday after the BoE.

Russia's central bank is expected to cut its key rate by between 50-100bps next Friday. **Norges Bank** (Monday) and the **Swiss National Bank** (Thursday) are expected to remain on hold.

The Eurozone and Germany kick off another monthly round of survey-based readings on the health of the economy. The **ZEW investor expectations survey** for June (Tuesday) is the first of the readings to further inform Q2 GDP expectations ahead of the following week's purchasing managers' indices and IFO business confidence.

Chart 8

The Bank of England's Balance Sheet



Sources: Scotiabank Economics, Bank of England, Bloomberg.

Key Indicators for week of June 15 – 19
NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06/15	08:30	Manufacturing Shipments (m/m)	Apr	-25.0	-20.0	-9.2
US	06/15	08:30	Empire State Manufacturing Index	Jun	--	-30.0	-48.5
CA	06/15	09:00	Existing Home Sales (m/m)	May	--	--	-56.8
US	06/15	16:00	Total Net TIC Flows (US\$ bn)	Apr	--	--	350
US	06/15	16:00	Net Long-term TIC Flows (US\$ bn)	Apr	--	--	-112.6
CA	06/16	08:30	International Securities Transactions (C\$ bn)	Apr	--	--	-9.8
US	06/16	08:30	Retail Sales (m/m)	May	8.5	8.0	-16.4
US	06/16	08:30	Retail Sales ex. Autos (m/m)	May	3.0	5.5	-17.2
US	06/16	09:15	Capacity Utilization (%)	May	--	66.9	64.9
US	06/16	09:15	Industrial Production (m/m)	May	3.0	3.0	-11.3
US	06/16	10:00	Business Inventories (m/m)	Apr	--	-1.0	-0.2
US	06/16	10:00	NAHB Housing Market Index	Jun	--	44.0	37.0
US	06/17	07:00	MBA Mortgage Applications (w/w)	Jun 12	--	--	9.3
CA	06/17	08:30	Core CPI - Common (y/y)	May	--	1.6	1.6
CA	06/17	08:30	Core CPI - Median (y/y)	May	--	1.9	2.0
CA	06/17	08:30	Core CPI - Trim (y/y)	May	--	1.7	1.8
CA	06/17	08:30	CPI, All items (m/m)	May	0.7	0.8	-0.7
CA	06/17	08:30	CPI, All items (y/y)	May	0.0	0.1	-0.2
CA	06/17	08:30	CPI, All items (index)	May	--	136.8	135.7
CA	06/17	08:30	Teranet - National Bank HPI (y/y)	May	--	--	5.3
US	06/17	08:30	Building Permits (000s a.r.)	May	--	1225	1066
US	06/17	08:30	Housing Starts (000s a.r.)	May	1110	1100	891
US	06/17	08:30	Housing Starts (m/m)	May	24.6	23.5	-30.2
CA	06/18	08:30	Wholesale Trade (m/m)	Apr	--	-11.3	-2.2
US	06/18	08:30	Initial Jobless Claims (000s)	Jun 13	1290	1290	1542
US	06/18	08:30	Continuing Claims (000s)	Jun 6	--	19900	20929
US	06/18	08:30	Philadelphia Fed Index	Jun	--	-25.0	-43.1
US	06/18	10:00	Leading Indicators (m/m)	May	--	2.4	-4.4
CA	06/19	08:30	Retail Sales (m/m)	Apr	-12.0	-15.0	-10.0
CA	06/19	08:30	Retail Sales ex. Autos (m/m)	Apr	-9.0	-12.0	-0.4
US	06/19	08:30	Current Account (US\$ bn)	1Q	--	-100.3	-109.8

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	06/15	04:00	CPI - EU Harmonized (y/y)	May F	--	-0.2	-0.2
EC	06/15	05:00	Trade Balance (€ mn)	Apr	--	--	28207.3
GE	06/16	02:00	CPI (m/m)	May F	--	-0.1	-0.1
GE	06/16	02:00	CPI (y/y)	May F	--	0.6	0.6
GE	06/16	02:00	CPI - EU Harmonized (m/m)	May F	--	0.0	0.0
GE	06/16	02:00	CPI - EU Harmonized (y/y)	May F	--	0.5	0.5
UK	06/16	02:00	Average Weekly Earnings (3-month, y/y)	Apr	--	1.3	2.4
UK	06/16	02:00	Employment Change (3M/3M, 000s)	Apr	--	-110	210
UK	06/16	02:00	Jobless Claims Change (000s)	May	--	--	857
UK	06/16	02:00	ILO Unemployment Rate (%)	Apr	--	4.7	3.9
EC	06/16	05:00	Labour Costs (y/y)	1Q	--	--	2.4
EC	06/16	05:00	ZEW Survey (Economic Sentiment)	Jun	--	--	46.0
GE	06/16	05:00	ZEW Survey (Current Situation)	Jun	--	-83.0	-93.5
GE	06/16	05:00	ZEW Survey (Economic Sentiment)	Jun	--	60.0	51.0
UK	06/17	02:00	CPI (m/m)	May	--	0.0	-0.2
UK	06/17	02:00	CPI (y/y)	May	--	0.5	0.8
UK	06/17	02:00	PPI Input (m/m)	May	--	3.2	-5.1
UK	06/17	02:00	PPI Output (m/m)	May	--	-0.1	-0.7
UK	06/17	02:00	RPI (m/m)	May	--	0.1	0.0
UK	06/17	02:00	RPI (y/y)	May	--	1.2	1.5
EC	06/17	05:00	CPI (m/m)	May F	--	-0.1	0.0
EC	06/17	05:00	CPI (y/y)	May F	--	0.1	0.1
EC	06/17	05:00	Euro zone Core CPI Estimate (y/y)	May F	--	0.9	0.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of June 15 – 19

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SZ	06/18	03:30	SNB Policy Rate (%)	Jun 18	-0.75	-0.75	-0.75
NO	06/18	04:00	Norwegian Deposit Rates (%)	Jun 18	0.00	0.00	0.00
UK	06/18	07:00	BoE Policy Announcement (%)	Jun 18	0.10	0.10	0.10
GE	06/19	02:00	Producer Prices (m/m)	May	--	-0.3	-0.7
UK	06/19	02:00	PSNB ex. Interventions (£ bn)	May	--	50.0	62.1
UK	06/19	02:00	Public Finances (PSNCR) (£ bn)	May	--	--	89.5
UK	06/19	02:00	Public Sector Net Borrowing (£ bn)	May	--	49.3	61.4
UK	06/19	02:00	Retail Sales ex. Auto Fuel (m/m)	May	--	4.1	-15.2
UK	06/19	02:00	Retail Sales with Auto Fuel (m/m)	May	--	6.4	-18.1
EC	06/19	04:00	Current Account (€ bn)	Apr	--	--	27.4
IT	06/19	04:00	Current Account (€ mn)	Apr	--	--	4136
RU	06/19	06:30	One-Week Auction Rate (%)	Jun 19	4.75	4.75	5.50

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PH	06/14	21:00	Balance of Payments (US\$ mn)	Apr	--	--	1666
CH	06/14	22:00	Fixed Asset Investment YTD (y/y)	May	-4.0	-6.0	-10.3
CH	06/14	22:00	Industrial Production (y/y)	May	4.5	5.0	3.9
CH	06/14	22:00	Retail Sales (y/y)	May	-3.0	-2.3	-7.5
IN	06/14	23:30	Exports (y/y)	May	--	--	-60.3
IN	06/14	23:30	Imports (y/y)	May	--	--	-58.7
ID	06/15	00:00	Exports (y/y)	May	--	-19.1	-7.0
ID	06/15	00:00	Imports (y/y)	May	--	-25.1	-18.6
ID	06/15	00:00	Trade Balance (US\$ mn)	May	--	629	-345
JN	06/15	00:30	Tertiary Industry Index (m/m)	Apr	--	-7.5	-4.2
IN	06/15	02:30	Monthly Wholesale Prices (y/y)	May	--	-1.2	1.0
JN	06/15	20:00	BoJ Policy Rate (%)	Jun 16	-0.1	-0.1	-0.1
AU	06/15	21:30	House Price Index (y/y)	1Q	--	8.1	2.5
HK	06/16	04:30	Unemployment Rate (%)	May	5.3	5.5	5.2
JN	06/16	19:50	Merchandise Trade Balance (¥ bn)	May	--	-1052	-932
JN	06/16	19:50	Adjusted Merchandise Trade Balance (¥ bn)	May	--	-675	-996
JN	06/16	19:50	Merchandise Trade Exports (y/y)	May	--	-26.1	-21.9
JN	06/16	19:50	Merchandise Trade Imports (y/y)	May	--	-20.7	-7.1
SI	06/16	20:30	Exports (y/y)	May	--	1.7	9.7
NZ	06/17	18:45	GDP (y/y)	1Q	0.4	0.3	1.8
TA	06/17	21:00	Benchmark Interest Rate (%)	Jun 18	1.00	1.00	1.125
AU	06/17	21:30	Employment (000s)	May	--	-75	-594
AU	06/17	21:30	Unemployment Rate (%)	May	6.6	7.0	6.2
ID	06/18	03:20	BI 7-Day Reverse Repo Rate (%)	Jun 18	4.25	4.25	4.50
JN	06/18	19:30	National CPI (y/y)	May	0.1	0.2	0.1

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	06/15	01:00	Economic Activity Index NSA (y/y)	Apr	-34.8	-15.4	-16.3
PE	06/15	01:00	Unemployment Rate (%)	May	--	--	9.0
BZ	06/16	08:00	Retail Sales (m/m)	Apr	--	--	-2.5
BZ	06/16	08:00	Retail Sales (y/y)	Apr	--	--	-1.2
CL	06/16	18:00	Nominal Overnight Rate Target (%)	Jun 16	0.50	0.50	0.50
BZ	06/17	08:00	SELIC Target Rate (%)	Jun 17	2.25	2.25	3.00
BZ	06/18	08:00	Economic Activity Index SA (m/m)	Apr	--	--	-5.9
BZ	06/18	08:00	Economic Activity Index NSA (y/y)	Apr	--	--	-1.5
CO	06/19	11:00	Trade Balance (US\$ mn)	Apr	--	--	-1014

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

Global Auctions for week of June 15 – 19
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06/17	12:00	3 Year Bond Auction
US	06/17	13:00	U.S. to Sell 20 Year Bonds Reopening
US	06/18	13:00	U.S. to Sell 5 Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	06/16	05:00	U.K. to Sell 3 Billion Pounds of 1.5% 2026 Bonds
UK	06/16	06:30	U.K. to Sell 2 Billion Pounds of 4.75% 2030 Bonds
DE	06/17	04:30	Denmark to Sell Bonds
SW	06/17	05:00	Sweden to Sell Bonds
UK	06/17	05:00	U.K. to Sell 0.125% 2023 Bonds
GE	06/17	05:30	Germany to Sell 5 Billion Euros of 2030 Bonds
UK	06/17	06:30	U.K. to Sell 1.25% 2041 Bonds
SP	06/18	04:45	Spain to Sell Sr Unsecured Bonds
FR	06/18	04:50	France to Sell Bonds
FR	06/18	05:50	France to Sell I/L Bonds
IC	06/19	07:30	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	06/14	22:30	Korea to Sell KRW 3.15Tln 10 Year Bond
SK	06/16	21:30	Korea Central Bank to Sell KRW 2.3Tln 2 Year Bond
CH	06/16	22:35	China to Sell 1 & 10 Year Upsized Bonds
TH	06/16	23:00	Thailand to Sell 4 & 15 Year Bonds
HK	06/16	23:30	Hong Kong to Sell HKD1.7Bln 2.13% 10 Year Bonds
NZ	06/17	22:05	New Zealand To Sell 5, 7, & 13 Year Bonds
JN	06/17	23:30	1Y Note Amount Sold
JN	06/17	23:35	Japan to Sell 5-Year Bonds
TA	06/18	00:30	Taiwan to Sell TWD40 Bln 2 Year NCD
CH	06/18	23:00	China Plans to Sell 30 Year Upsized Government Bond

Events for week of June 15 – 19
NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06/15	11:00	Fed's Kaplan Speaks to the Money Marketeers
US	06/16	10:00	Powell Delivers Semi-Annual Policy Report to Senate Panel
US	06/17	16:00	Fed's Mester Speaks on the Fed's Response to Covid-19
US	06/18	12:15	Fed's Mester Speaks to Global Interdependence Center
US	06/19	10:15	Fed's Rosengren Discusses Economic Outlook
US	06/19	13:00	Fed Chair Powell Joins Mester for Youngstown Community Event

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	06/15	09:35	Riksbank's Breman Gives Speech
SZ	06/18	03:30	SNB Policy Rate & Sight Deposit Interest Rate
NO	06/18	04:00	Deposit Rates
EC	06/18	04:00	ECB Publishes Economic Bulletin
UK	06/18	07:00	Bank of England Bank Rate
RU	06/19	06:30	Key Rate

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	06/15	20:00	BOJ Policy Balance Rate & 10 Year Yield Target
AU	06/15	21:30	RBA Minutes of Jun. Policy Meeting
AU	06/17	21:30	Reserve Bank of Australia Bulletin
AU	06/17	21:30	RBA FX Transactions
TA	06/17	21:00	CBC Benchmark Interest Rate
ID	06/18	03:20	Bank Indonesia 7D Reverse Repo
JN	06/18	19:50	BOJ Minutes of April Meeting

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	06/16	18:00	Overnight Rate Target
BZ	06/17	08:00	Selic Rate

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	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	5.50	June 25, 2020	5.00	5.00

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	June 18, 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	5.50	June 19, 2020	4.75	4.75
Sweden Riksbank – Repo Rate	0.00	July 1, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	June 18, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	8.25	June 25, 2020	8.25	8.25

Bank of England: The asset purchase program is expected to be increased by at least £100 billion on Thursday and MPC guidance on negative rates, yield curve control and further changes to lending programs will also be monitored. **Norges Bank:** No change is expected to the 0% deposit rate. **Swiss National Bank:** No policy changes are expected. **Central Bank of Russia:** A further material reduction in the key rate of at least 50bps is expected on Friday.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	June 16, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	July 7, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	June 23, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	June 20, 2020	3.80	3.80
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	June 24, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	2.00	July 7, 2020	2.00	2.00
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	June 18, 2020	4.25	4.25
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.75	2.50

Bank of Japan (BoJ): Japanese monetary authorities will hold a policy meeting on June 16. We expect the BoJ to leave the policy rate and the 10-year JGB yield target unchanged at -0.1% and 0.0%, respectively, given that BoJ Governor Kuroda has described the BoJ's recent monetary easing efforts as "sufficient and appropriate".

Bank Indonesia (BI): Indonesian monetary authorities will make a policy decision on June 18. We expect the central bank to cut the 7-day reverse repo rate by 25 bps to 4.25%. The central bank left the policy rate unchanged following its policy meetings in April and May on the back of concerns regarding the weak rupiah (IDR). The currency has regained ground vis-à-vis the US dollar in recent weeks. We assess that the IDR's recovery, combined with low inflationary pressures (2.2% y/y in May) and a weak economy (real GDP contracted by 2.4% q/q in Q1), will set the stage for further monetary easing.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	3.00	June 17, 2020	2.25	2.75
Banco Central de Chile – Overnight Rate	0.50	June 16, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	2.75	June 30, 2020	2.75	2.25
Banco Central de Reserva del Perú – Reference Rate	0.25	July 9, 2020	0.25	0.25

Banco Central de Chile: The central bank will announce their monetary policy decision on Tuesday evening. We expect the overnight rate target to remain at 0.5%. Policy makers have guided that while further cuts are not being considered, the current rate will be maintained for an extended period of time.

Banco Central do Brasil: Brazil's central bank will announce their policy decision on Wednesday. We expect the Selic Rate will be cut 75bps to 2.25% —a historic low. This easing is supported by guidance in the previous statement, inflation falling below the target range, and a growth outlook of -6% in 2020.

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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