

HOW MUCH IS TOO MUCH TO THE FED?

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CONTACTS

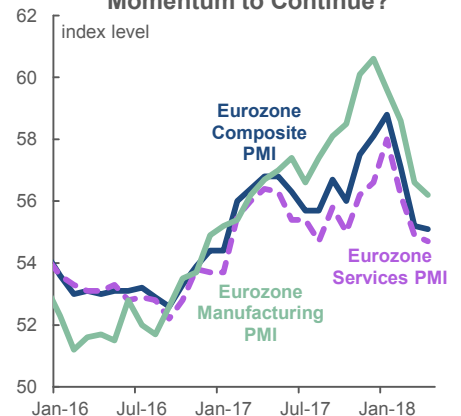
Derek Holt, VP & Head of Capital Markets Economics
416.863.7707
Scotiabank Economics
derek.holt@scotiabank.com

Next Week's Risk Dashboard

- ▶ FOMC minutes
- ▶ Fed Chair Powell
- ▶ NAFTA negotiations
- ▶ US-China trade negotiations
- ▶ Eurozone PMIs
- ▶ CPI: UK, Japan, Brazil, Malaysia
- ▶ UK retail sales, GDP-II
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- ▶ Mexican election debate
- ▶ Venezuelan election
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- ▶ RBA's Lowe
- ▶ Mexican macro releases
- ▶ US, CDN auctions

Chart of the Week

Eurozone Downward Momentum to Continue?



Sources: Scotiabank Economics, Markit.

Chart of the Week: Prepared by: Sam Fraser, Research Analyst.

How Much Is Too Much To The Fed?

UNITED STATES—GAUGING THE FED'S INFLATION THRESHOLD

The main market focal points over the coming week will include FOMC minutes and limited macro data including housing and business investment reports. Fluid developments in trade policy such as current US-China negotiations and NAFTA negotiations require perpetual monitoring.

FOMC minutes on Wednesday at 2pmET will be parsed for references to the balance of risks to inflation and to a faster or slower pace of rate hikes than the central tendency projection for two more hikes this year. With a June hike baked in, the emphasis derived from the minutes will be on the future path after June. Such signals will be sent using the usual frequency of citation on related matters ('one', 'a couple', 'a few', 'some', ...'many', 'generally agreed', 'all'). It is always important to keep the frequency references in mind as I've found that what often pops up on newswires in bold red can be a small minority opinion and so the first trade doesn't necessarily reflect how markets ultimately shake out in the aftermath. Some of the outstanding issues that may be addressed include:

- By referencing a “symmetric inflation goal” that implies tolerance for overshooting the inflation target after undershooting it for so long and with inflation “expected to run near the Committee’s goal”, will the minutes signal a threshold for overshooting the longer-run 2% inflation target? Are we talking comfort with overshooting by a couple of tenths, half a point, or more and will they indicate some range?
- Why did the statement delete “...but the Committee is monitoring inflation developments closely”? Was that a sign of greater confidence that inflation is converging upon the target?
- Will there be a deeper dialogue on transitory versus longer-lived influences upon inflation?
- Why did the statement delete “The economic outlook has strengthened in recent months”? Is that simply because the May statement updated March language after the addition of Washington’s spending stimulus in February, or a signal of greater concern possibly including protectionism, higher oil and other commodity prices, a stronger dollar of late and higher bond yields?
- Why did the statement delete “near-term” from reference to risks being “roughly balanced”? Did that signal more confidence for longer than previously or less confidence in the near term?

There is of course always the risk that the minutes are stale and so the fresher signals could come when Fed Chair Powell speaks in Stockholm at the end of the week. Retiring NY Fed President Dudley will speak on Thursday. Five other regional Fed Presidents speak on six occasions including Atlanta Fed President Bostic (twice, voting), Chicago Fed President Evans (alternate) and three nonvoting FOMC members (Kashkari, Harker twice and Kaplan).

Four macro reports will be focused upon housing, a pre-ISM signal, and business investment.

- **Richmond Fed manufacturing index:** Tuesday’s print for May will be closely watched as a precursor to the ISM-manufacturing report due on June 1st. Following a large rise in the volatile Philly Fed metric from 23.2 to 34.4, if Richmond confirms the improvement following a weaker trend relative to Philly then consensus will be upgrading ISM expectations in favour of a reversal of the slippage registered over March and April.
- **New home sales:** Wednesday’s April reading for the change in new home sales may struggle to stay in the black following a solid gain in March. Notwithstanding earlier volatility as sales soared in November, plunged in December (both on TCJA implications) and were then flat in January, sales have registered two consecutive months of solid gains.
- **Existing home sales:** Thursday’s April reading offers a similar tale of trying to keep up with two months of solid gains after two prior months of weakness especially given little change in recent pending home sales.

- **Durable goods orders:** Friday's April reading won't repeat March's headline upside because airplane orders moderated last month. Core capital goods orders ex-defense and aircraft matter more as a proxy for investment activity and they have fallen in three of the past four months with February's 1% rise the exception. Company plans lag tax reforms

The week ends with an early bond market close at 2pmET on Friday ahead of the Memorial Day long weekend.

The US auctions 2s, 5s, 7s and 2 year FRNs over the coming week.

EUROPE—BOTTOM SEEKING

A heavy macro calendar of market risks in the UK and survey-based growth evidence in the Eurozone will be the two main factors to consider over the coming week. At issue is primarily how much further downside there may be to UK inflation and Eurozone growth signals.

The UK action starts with CPI for April on Wednesday, then moves on to retail sales the next day and ends with possible revisions to Q1 GDP growth on Friday. CPI is expected to hold reasonably steady on a headline basis but the greater risk lies in core CPI. Recall that core inflation has ebbed over the past couple of months from a peak of 2.7% down to 2.3% in March. Further trend downside is likely as the inflationary effects of prior currency depreciation wane (chart 1). Retail sales may witness a rebound from the very weak March report when sales fell by 1.2% m/m and by -0.5% excluding fuel. As for Q1 GDP, risks to monetary policy developments are likely to be inconsequential as minor revision risk is likely to keep intact soft growth that was initially registered at just 0.1% q/q non-annualized in Q1. That was the weakest quarter for growth since 2012Q4. Markets have pushed out expectations for a Bank of England rate hike until later in the year.

As the chart on the cover depicts, **Eurozone purchasing managers' indices have pointed toward slowing growth for some time now.** The May updates on Wednesday will further inform Q2 momentum. The ECB is putting somewhat of a brave face on the slowing trajectory with ECB Vice President Vitor Constancio remarking that cooler growth was anticipated by the central bank. Further survey evidence will be derived from Germany's IFO business confidence measure for May on Friday while the country revises Q1 GDP growth on Thursday. Recall that German growth cooled to its slowest since 2016Q3.

CANADA—BANKS BEFORE THE BANK

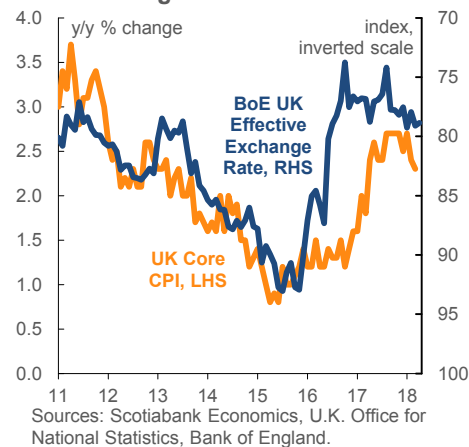
The start of the bank earnings season and ongoing NAFTA risks should whet the appetite of market participants notwithstanding an otherwise quiet macro calendar. Markets will be shut Monday for the annual Victoria Day holiday following an early close this Friday at 1pmET. Ahead of the May 30th decision and statement, the BoC goes into communications black-out on Wednesday and there are no scheduled remarks before then.

Bank earnings season starts off on Wednesday with CIBC, followed by RBC and TD on Thursday. The week after brings out BNS (my employer) on the Tuesday and then BMO, National and Laurentian on the same day as the BoC statement.

Wholesale trade for March will be the only bit of macro evidence on tap and it's never really a market mover. It is, however, the final piece of a March GDP call ahead of the release on May 31st—one day after the BoC decision. A large range of possible outcomes for wholesale volumes wouldn't impact the GDP call so it would take a huge outlier to matter. As for other components, hours worked were flat in March and housing starts dipped. Offsetting these points, however, are retail sales, international trade and manufacturing figures. Retail sales volumes were up by 0.8% m/m in March for the strongest gain since last October. Manufacturing shipment volumes were up by 0.6% m/m and posted strong quarters in Q4 and Q1 while baking in momentum for significant Q2 growth. Both sides of the trade ledger suggest that the economy did well in March. Recall that export volumes surged ahead by 3% m/m for the strongest gain since July 2016. Import volumes were up by even more than exports

Chart 1

Peaking Currency Pass-Through On UK Inflation



through a 5.2% m/m gain that reflected enough strength in the domestic economy to pull in more imports. That was the strongest import surge since July 2009 and the level of import volumes sits at the highest in the revised history back to the start in 1997. Exports and imports were up in 9 of 11 categories including strong gains in imports of capital and consumer goods. A puzzle is why import volumes have been so strong, having risen by about 6% at an annualized quarter-ago rate in each of Q4 and Q1 with the hand-off baking in much stronger import volume growth in Q2. The expenditure side of GDP has not grown as rapidly and so there may have been a sizeable contribution to GDP growth from inventories in Q1. That, in turn, begs the question whether this is sensible or not and only the expenditure data into Q2 will inform this issue.

For more views on how to presently interpret developments as they impact our thoughts on the Bank of Canada please go [here](#).

As for NAFTA risks, the deadline for a completed agreement is more flexible than House Speaker Paul Ryan has indicated. Flexibility could come through holding a late December vote in Congress and via expediting the economic impact assessment, but negotiators are no doubt pushing the deadline for an agreement to be passed by the current sitting US Congress. In some respects, that's the United States' problem, not Canada's or Mexico's. A risk is that if the Democrats do indeed take at least one of the chambers in the November mid-terms then more protectionist elements seeking stronger labour standards could raise the uncertainty. The added uncertainties include Mexico's negotiating posture following the July 1st election this year and the path to the Canadian Federal election next year. Constant monitoring of the negotiations is required during this intense phase.

Canada holds a 30 year auction on Wednesday.

LATIN AMERICA—VALIDATION?

With an uncertain NAFTA timeline hanging over the Mexican peso, markets will otherwise have just a handful of macro reports to consider. The week's theme will likely be one of validating already largely known political and economic developments.

Political risk will be focused upon Venezuela's election and the second round of the Mexican Presidential candidates' debate this Sunday. 'AMLO's' strong polling results continue and it's his election to lose on July 1st (chart 2). **Venezuela's 'election' occurs this weekend** but President Maduro will be confirmed leader one way or the other as the economy slides into an abyss. It's more about potential turmoil in the aftermath and the ongoing lack of constructive policy than any scope whatsoever for an election surprise.

In the wake of Banco Central do Brasil's unexpected policy hold, Brazil releases the 15 sample preliminary version of the inflation report for May on Wednesday. The full inflation print is due out on June 8th. Inflation is expected to remain just under 3% y/y and hence below the central bank's 3–6% inflation target range.

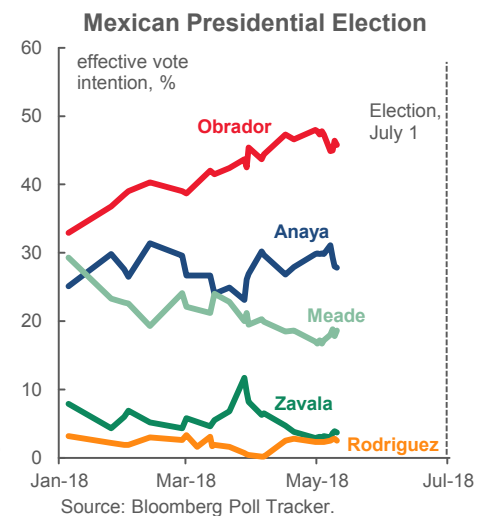
Mexico revises Q1 GDP growth on Wednesday. The initial estimate was 1.2% when first released on April 30th. **Peru may release Q1 GDP growth as soon as next Friday** but more likely the following week.

Mexico also releases retail sales for March (Tuesday) and international trade for April (Friday).

ASIA-PACIFIC—TRADE TENSIONS

Ongoing US-China trade negotiations do not appear to be going well—perhaps not surprisingly. **Such tensions may be influential upon the broad market tone into next week as the dominant influence connected to Asian markets.** US President Trump has remarked that he doubts negotiations with China will succeed and describes the US as having been “ripped off” by China which he says is “very spoiled” on trade matters. Negotiations are likely to unfold over the summer and with administration moderates like Treasury Secretary Mnuchin seemingly in the driver's seat. A pair of inflation updates, one regional central bank policy decision and possible RBA guidance will round out the expected developments.

Chart 2



Bank of Korea Governor Lee Ju-yeol has already tipped his hand somewhat ahead of next Thursday’s policy decision. He recently indicated that he’s disappointed in the pace of job growth and this makes it difficult for him to be optimistic. He might have added that inflation is going nowhere fast toward target (chart 3) and is no doubt considering uncertainty surrounding the currently scheduled summit between US President Trump and NK Leader Kim Jong-Un on June 12th in Singapore. Also note that the won has been stuck in a 1060–1080 range to the USD throughout most of the year and therefore South Korea has not been impacted by the currency volatility that has marked several other Asian FX crosses. In all, it’s unlikely the BoK will be making waves over the coming week while keeping the policy 7-day repo rate unchanged at 1.5%.

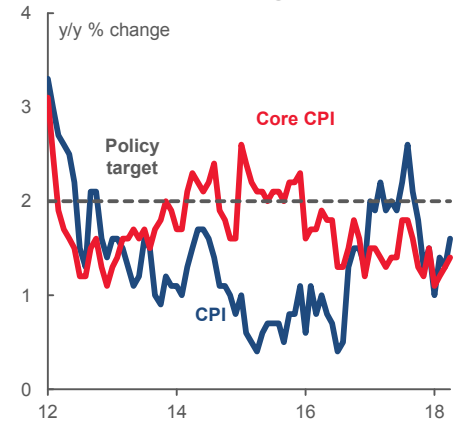
Japan’s Tokyo CPI reading for May (Thursday) is more timely than the nationwide CPI reading for May that is due on June 21st. Japan is making no material progress toward the BoJ’s 2% inflation goal and the weak Tokyo ex-food and energy reading of 0.3% y/y in April was an example.

RBA Governor Philip Lowe speaks on Wednesday but his remarks will probably offer relatively low risk to RBA watchers. His topic is “the bank’s assessment of China’s economic performance and financial system, and the implications for Australia.” OIS markets are not pricing in an RBA hike until well into 2019 (chart 4).

Malaysia updates CPI for April on Wednesday. While it is expected to be a soft reading, the central bank likely has no choice but to look through it. Policy uncertainty has been magnified in Malaysia by virtue of softening GDP growth and uncertainty in the wake of a change of government. Inflation fell to 1.3% y/y in March and has been trending lower from a peak of just over 5% about a year ago. GDP growth in Q1 (5.4% y/y) eased to the coolest since 2016Q4. Bank Negara hiked in January and is expected to look through this inflation soft patch. One reason for this has been emerging markets turbulence. The ringgit was strengthening earlier this year but since early April it has been among Asia’s worst currency performers versus the USD.

Chart 3

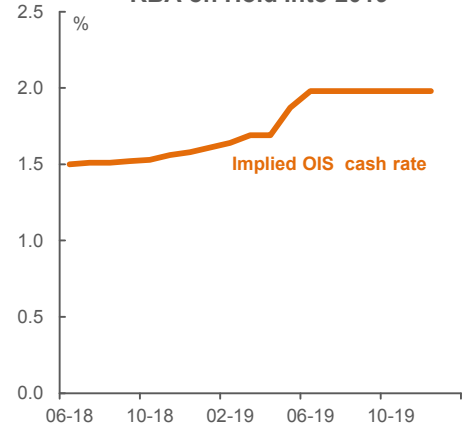
South Korea Inflation Remains Below Target



Sources: Scotiabank Economics, Bloomberg.

Chart 4

Markets See the RBA on Hold Into 2019



Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of May 21 – 25

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	05/22	08:30	Wholesale Trade (m/m)	Mar	--	--	-0.8
MX	05/22	09:00	Retail Sales (INEGI) (y/y)	Mar	--	--	1.2
US	05/22	10:00	Richmond Fed Manufacturing Index	May	--	8.0	-3.0
US	05/23	07:00	MBA Mortgage Applications (w/w)	MAY 18	--	--	-2.7
MX	05/23	09:00	GDP (q/q)	1Q F	--	0.7	1.1
MX	05/23	09:00	GDP (y/y)	1Q F	1.2	1.7	1.2
MX	05/23	09:00	Global Economic Indicator IGAE (y/y)	Mar	--	--	2.4
US	05/23	10:00	New Home Sales (000s a.r.)	Apr	675	677	694
US	05/24	08:30	Initial Jobless Claims (000s)	MAY 19	210	220	222
US	05/24	08:30	Continuing Claims (000s)	MAY 12	1800	1750	1707
MX	05/24	09:00	Bi-Weekly Core CPI (% change)	May 15	0.2	0.1	0.1
MX	05/24	09:00	Bi-Weekly CPI (% change)	May 15	-0.4	-0.2	0.0
US	05/24	10:00	Existing Home Sales (mn a.r.)	Apr	5.5	5.6	5.6
US	05/24	10:00	Existing Home Sales (m/m)	Apr	-1.8	-0.7	1.1
US	05/25	08:30	Durable Goods Orders (m/m)	Apr P	-2.0	-1.4	2.6
US	05/25	08:30	Durable Goods Orders ex. Trans. (m/m)	Apr P	0.5	0.5	-0.1
MX	05/25	09:00	Trade Balance (US\$ mn)	Apr	-804	--	1918
US	05/25	10:00	U. of Michigan Consumer Sentiment	May F	--	98.8	98.8

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	05/22	04:30	PSNB ex. Interventions (£ bn)	Apr	--	8.5	1.3
UK	05/22	04:30	Public Finances (PSNCR) (£ bn)	Apr	--	--	0.5
UK	05/22	04:30	Public Sector Net Borrowing (£ bn)	Apr	--	7.1	-0.3
FR	05/23	03:00	Manufacturing PMI	May P	--	53.7	53.8
FR	05/23	03:00	Services PMI	May P	--	57.2	57.4
GE	05/23	03:30	Manufacturing PMI	May P	--	57.9	58.1
GE	05/23	03:30	Services PMI	May P	--	53.1	53.0
EC	05/23	04:00	Composite PMI	May P	--	55.0	55.1
EC	05/23	04:00	Manufacturing PMI	May P	--	56.0	56.2
EC	05/23	04:00	Services PMI	May P	--	54.6	54.7
UK	05/23	04:30	CPI (m/m)	Apr	--	0.4	0.1
UK	05/23	04:30	CPI (y/y)	Apr	--	2.5	2.5
UK	05/23	04:30	PPI Input (m/m)	Apr	--	1.0	-0.1
UK	05/23	04:30	PPI Output (m/m)	Apr	--	0.3	0.2
UK	05/23	04:30	RPI (m/m)	Apr	--	0.5	0.1
UK	05/23	04:30	RPI (y/y)	Apr	--	3.4	3.3
EC	05/23	10:00	Consumer Confidence	May A	--	0.4	0.4
GE	05/24	02:00	GfK Consumer Confidence Survey	Jun	--	10.8	10.8
UK	05/24	04:30	Retail Sales ex. Auto Fuel (m/m)	Apr	--	0.4	-0.5
UK	05/24	04:30	Retail Sales with Auto Fuel (m/m)	Apr	--	0.7	-1.2
GE	05/25	04:00	IFO Business Climate Survey	May	--	102.0	0.1
GE	05/25	04:00	IFO Current Assessment Survey	May	--	105.5	105.7
GE	05/25	04:00	IFO Expectations Survey	May	--	98.5	98.7
UK	05/25	04:30	Business Investment (q/q)	1Q P	--	--	0.3
UK	05/25	04:30	GDP (q/q)	1Q P	--	0.1	0.1
UK	05/25	04:30	Index of Services (m/m)	Mar	--	0.1	-0.2

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

Key Indicators for the week of May 21 – 25

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	05/20	17:00	PPI (y/y)	Apr	--	--	1.4
NZ	05/20	18:45	Retail Sales Ex Inflation (q/q)	1Q	--	1.0	1.7
JN	05/20	19:50	Merchandise Trade Balance (¥ bn)	Apr	--	440	797
JN	05/20	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Apr	--	115	119
JN	05/20	19:50	Merchandise Trade Exports (y/y)	Apr	--	8.7	2.1
JN	05/20	19:50	Merchandise Trade Imports (y/y)	Apr	--	9.8	-0.6
TH	05/20	22:30	GDP (y/y)	1Q	4.0	3.9	4.0
TH	MAY 20-24		Customs Exports (y/y)	Apr	--	12.7	7.1
TH	MAY 20-24		Customs Imports (y/y)	Apr	--	13.4	9.5
TH	MAY 20-24		Customs Trade Balance (US\$ mn)	Apr	--	-334	1268
TA	05/21	04:00	Export Orders (y/y)	Apr	--	7.1	3.1
TA	05/21	04:20	Current Account Balance (US\$ mn)	1Q	--	--	26577
HK	05/21	04:30	CPI (y/y)	Apr	2.2	--	2.6
JN	05/22	01:00	Supermarket Sales (y/y)	Apr	--	--	-0.1
MA	05/22	03:00	Foreign Reserves (US\$ bn)	May 15	--	--	109.5
TA	05/22	04:00	Unemployment Rate (%)	Apr	3.7	--	3.7
JN	05/22	20:30	Markit/JMMA Manufacturing PMI	May P	--	--	53.8
MA	05/23	00:00	CPI (y/y)	Apr	1.6	1.6	1.3
JN	05/23	00:30	All Industry Activity Index (m/m)	Mar	--	0.1	0.4
SI	05/23	01:00	CPI (y/y)	Apr	0.7	--	0.2
JN	05/23	02:00	Machine Tool Orders (y/y)	Apr F	--	--	22.0
TA	05/23	04:00	Industrial Production (y/y)	Apr	--	5.3	3.1
NZ	05/23	18:45	Trade Balance (NZD mn)	Apr	--	198.0	-85.9
NZ	05/23	18:45	Exports (NZD bn)	Apr	--	5	4854
NZ	05/23	18:45	Imports (NZD bn)	Apr	--	5	4940
PH	MAY 22-23		Budget Deficit/Surplus (PHP bn)	Apr	--	--	-110.7
JN	05/24	01:00	Coincident Index CI	Mar F	--	--	116.4
JN	05/24	01:00	Leading Index CI	Mar F	--	--	105.0
JN	05/24	19:30	Tokyo CPI (y/y)	May	--	0.5	0.5
SK	MAY 23-24		BoK Base Rate (%)	May 24	1.50	--	1.50
SI	05/25	01:00	Industrial Production (y/y)	Apr	--	--	5.9
TA	05/25	05:00	Real GDP (y/y)	1Q F	3.0	3.0	3.0
VN	MAY 24-31		CPI (y/y)	May	--	--	2.8
VN	MAY 24-31		Exports (y/y)	May	--	--	19.0
VN	MAY 24-31		Imports (y/y)	May	--	--	10.1
VN	MAY 24-31		Industrial Production (y/y)	May	--	--	9.4

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	05/23	08:00	IBGE Inflation IPCA-15 (m/m)	May	--	0.3	0.2
BZ	05/23	08:00	IBGE Inflation IPCA-15 (y/y)	May	--	2.8	2.8
BZ	05/24	09:30	Current Account (US\$ mn)	Apr	--	1200	798

Global Auctions for the week of May 21 – 25**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/22	13:00	U.S. to Sell USD33 Bln 2-Year Notes
US	05/23	11:30	U.S. to Sell USD16 Bln 2-Year Floating Rate Notes
CA	05/23	12:00	Canada to Sell CAD1 Bln 2.0% 2051 Bonds
US	05/23	13:00	U.S. to Sell USD36 Bln 5-Year Notes
US	05/24	13:00	U.S. to Sell USD30 Bln 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
GE	05/23	05:30	Germany to Sell EUR5 Bln 2020 Bonds
SW	05/24	05:03	Sweden to Sell I/L Bonds
UK	05/24	05:30	U.K. to Sell 1 Billion Pounds of 0.125% 2036 Linkers May 24

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	05/20	21:00	Australia To Sell AUD400 Mln 2.25% 2022 Bonds;
CH	05/21	02:00	Hunan to Sell Bonds
AU	05/21	21:00	Australia To Sell AUD150 Mln 0.75% 2027 Bonds
CH	05/21	21:30	Yunnan to Sell Bonds
JN	05/21	23:35	Japan to Sell 20-Year Bonds
NZ	05/23	22:05	New Zealand Plans To Sell NZD200Mln 2.75% 2025 Bonds
AU	05/24	21:00	Australia To Sell AUD500 Mln 2.75% 2029 Bonds;

Events for the week of May 21 – 25

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/21	12:15	Fed's Bostic Speaks to Atlanta Economics Club
US	05/21	14:05	Fed's Harker Speaks in New York
US	05/21	17:30	Fed's Kashkari Speaks at Moderated Q&A in Escanaba, MI
US	05/22		Arkansas state primary
US	05/22		Georgia state primary
US	05/22		Kentucky state primary
US	05/22		Texas primary runoff
US	05/23	14:00	FOMC Meeting Minutes
US	05/23	14:15	Fed's Kashkari Speaks in Moderated Q&A in North Dakota
US	05/24	04:15	Fed's Dudley Speaks on Reference Rate Reform at BoE Event
US	05/24	14:00	Fed's Harker Speaks About Technology's Impact on Labor Market
US	05/25	09:20	Fed's Powell Speaks on Financial Stability and Transparency
US	05/25	11:45	Fed's Kaplan, Evans and Bostic Speak at Dallas Fed

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05/21	03:00	ECB's Nowotny, CNB's Rusnik Speak at Conference in Prague
SW	05/21	06:30	Riksbank's Jansson Gives Speech
SW	05/21	08:00	Swedish FSA's Thedeén Gives Speech
UK	05/22	03:15	BOE's Vlieghe Speaks at Parliament Reappointment Hearing
UK	05/22	03:15	BOE's Carney, Ramsden, Saunders, Vlieghe Speak in London
UK	05/24	03:00	Carney, Dudley Speak at BOE Markets Forum in London
EC	05/24	06:30	ECB's Praet Speaks in Brussels
UK	05/24	13:00	BOE's Carney Speaks at Event in London
EC	05/25	03:00	ECB's Villeroy Speaks in Paris
EC	05/25	09:15	ECB's Coeure Speaks in Stockholm
SW	05/25		Ingves, Carney, Liikanen, Powell at Riksbank Conference

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	05/23	04:00	RBA's Lowe Gives Speech in Sydney
JN	05/23	21:30	BOJ Sakurai speaks in Maebashi
SK	05/23	00:00	BoK 7-Day Repo Rate
AU	05/23	00:00	RBA's Bullock Gives Speech in Amsterdam

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	1.25	May 30, 2018	1.25	n/a
Federal Reserve – Federal Funds Target Rate	1.75	June 13, 2018	2.00	2.00
Banco de México – Overnight Rate	7.50	June 21, 2018	7.50	7.50

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	June 14, 2018	0.00	0.00
Bank of England – Bank Rate	0.50	June 21, 2018	0.50	--
Swiss National Bank – Libor Target Rate	-0.75	June 21, 2018	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.25	June 15, 2018	7.25	--
Sweden Riksbank – Repo Rate	-0.50	July 3, 2018	-0.50	-0.50
Norges Bank – Deposit Rate	0.50	June 21, 2018	0.50	0.50
Central Bank of Turkey – Benchmark Repo Rate	8.00	June 7, 2018	8.00	--

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	June 15, 2018	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	June 5, 2018	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	June 27, 2018	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	6.00	June 6, 2018	6.00	--
Bank of Korea – Bank Rate	1.50	May 24, 2018	1.50	--
Bank of Thailand – Repo Rate	1.50	June 20, 2018	1.50	1.50
Bank Negara Malaysia – Overnight Policy Rate	3.25	July 11, 2018	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	June 28, 2018	4.50	--

Monetary authorities of the **Bank of Korea (BoK)** will meet on May 24. While we do not expect any changes to the benchmark interest rate this month, we believe that further monetary tightening is in store relatively soon, most likely in July. South Korea's headline inflation climbed to 1.6% y/y in April from the March level of 1.3%. We expect it to reach the BoK's 2% inflation target in the second half of 2018.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	6.50	June 20, 2018	6.25	--
Banco Central de Chile – Overnight Rate	2.50	June 13, 2018	2.50	--
Banco de la República de Colombia – Lending Rate	4.25	June 29, 2018	4.25	--
Banco Central de Reserva del Perú – Reference Rate	2.75	June 7, 2018	2.75	--

AFRICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
South African Reserve Bank – Repo Rate	6.50	May 24, 2018	6.50	6.50

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