DO AS I SAY, NOT AS I DO

FORECASTS & DATA

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Next Week's Risk Dashboard

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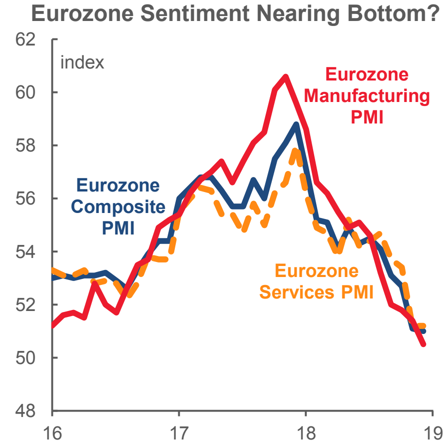
Chart of the Week

Eurozone Sentiment Nearing Bottom?



Sources: Scotiabank Economics, Markit, Bloomberg.

Chart of the Week: Prepared by: Alena Bystrova, Research Analyst.

Do As I Say, Not As I Do

UNITED STATES—SOLUTIONS CREATE MORE PROBLEMS

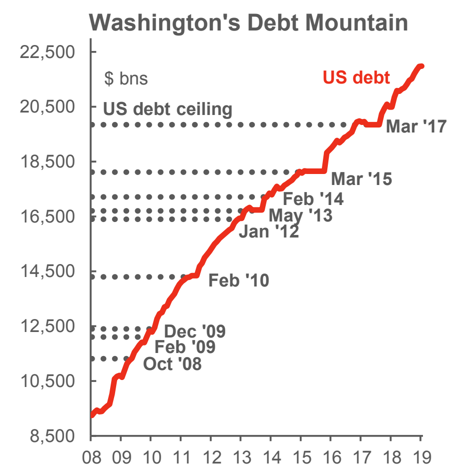
Possible further policy guidance from the Federal Reserve will combine with modest data risk to potentially influence market directions next week. Markets will be shut for Presidents Day (note the plural form…) to start the week. The fiscal policy focus needs to turn toward addressing the debt ceiling. US auto tariffs may risk starting the week off with markets playing defence.

By this Sunday, the US Commerce Department will deliver its final report and recommendations on auto tariffs. The investigation began in May and President Trump has repeatedly warned he may impose 25% tariffs in the interest of 'national security' particularly on autos from Europe under Section 232 of the Trade Expansion Act. Should he choose to do so, expect swift retaliation against American products at least from Europe and possibly from others if broad-based tariffs are imposed. Global markets would likely respond rather negatively which may be one reason to be cautiously optimistic on the path to primaries one year from now and the November 2020 Presidential election.

Having achieved a solution to a problem of his own making, President Trump signed a funding extension that leaves behind other challenges. Key to markets is that the funding bill just punts the challenges down the road by funding the US government only until the end of the fiscal year which is September 30th. That means we'll be back at it again as the sun sets on summer, and probably long before then.

Why long before? This is because the debt ceiling will need to be raised well before the end of the fiscal year and nothing is being done about it as yet. The last time the US had a debt ceiling was after the limit was raised to US$19.85 trillion in March 2017. After Trump subsequently suspending the debt ceiling, it will be reinstated on March 2nd this year at a level equal to where the total amount of debt sits on that day. US government debt just crossed US$22 trillion this week and will be a little higher by March 2nd. The debt and debt ceiling limits are shown in chart 1. **Indeed, funding the government through to the end of September isn't going to happen under present constraints. To do so, one or more of five things must happen:**

Chart 1



Sources: Scotiabank Economics, U.S. Treasury.

- Suspend the ceiling again. The case for doing so is that the US is unique in having the concept to begin with and it is an artificially cumbersome matter with the issuance targets perhaps best left to addressing in annual budget exercises at least for the years when Washington can pass budgets!;
- Raise the debt ceiling in time and by enough to probably get past the US election;
- In order to fund the government past March 2nd, the Treasury could at first begin to draw down its current US$375 billion on reserve at the Federal Reserve;
- Treasury could also utilize extraordinary powers. These include suspending federal employees' retirement contributions in Treasury securities and paying back foregone interest later, among other options briefly outlined here. Estimates suggest that such extraordinary abilities would be tapped out by about mid-summer at which point the debt ceiling becomes binding and a funding problem surfaces months before the funding bill expires;
- Treasury could jam more issuance before March 2nd and particularly in short-term markets with the curious power to set its own debt ceiling at least for a time. This could complicate monetary policy considerations including the spread between the Fed funds upper limit and interest on excess reserves. We may see short-term rates drift relative to the Fed's 2.4% interest rate on excess reserves that is the de facto policy rate this cycle.

Granted, finding a frugal person in Washington these days is rather challenging to say the least as it is difficult to tell the difference between Republicans and Democrats on the matter. **A reasonable base case scenario remains that the debt ceiling will be raised**

and a funding crisis that could be very destabilizing to markets will be averted. The instability in Washington and general sense of moving from one crisis to the next nevertheless requires assigning a non-negligible chance to debt ceiling dysfunction. At a minimum, one should not have a false sense of security that funding issues have gone away.

Apart from such matters, Trump's declaration of a national emergency in order to secure at least partial funding for his wall along the Mexican border sets up numerous legal challenges that will, at a minimum ,delay deployment of the proceeds if not scuttle it altogether. The New York Attorney General and California's Governor almost immediately announced plans to challenge Trump's declaration "with all legal tools available."

Third, of course, is that Mexico won't be paying for the wall; American taxpayers will, just like paying for the tariffs that are generating Treasury's revenues, one way or the other.

Wednesday will bring out the minutes to the January 29th–30th FOMC meeting. A recap of the last FOMC statement and press conference is available here. **The principal risks could include reference to opinions on the potential length of the rate pause** using the Fed's language that connotes frequency of opinion cited. I would expect that to be guided as data-dependent, with Powell noting it "will depend entirely upon incoming data. We can't label it." Nevertheless, at least some members may weigh in with firmer opinions, such as we'll reassess at mid-year, or it will be like the 2016 pause that was nearly a full year notwithstanding that comparisons of cycles are of limited use at best.

An expanded discussion of balance sheet options is also possible especially in terms of when to halt balance sheet reduction and perhaps appetite to alter where along the curve to reinvest in a possible twist scenario. Powell dodged questions on the optimal size of the balance sheet and reserves and simply guided that discussions would be emphasized "in coming meetings" but FOMC members may weigh in further. The fact the Fed issued an accompanying statement at the January FOMC to simply state they weren't changing anything in terms of balance sheet management may have either reflected consensus or reflected a compromise while masking what have been varying opinions expressed of late. Indeed, some FOMC members contradicted the Fed Chair; for example, Governor Brainard said this week that she favours ending the balance sheet unwinding late this year.

Added information in the minutes could include further elaboration upon the 'crosscurrents' that Powell mentioned in his press briefing, the drivers of the inflation outlook over the rest of the year, possible further discussion on the neutral rate, discussion about the underlying momentum in the US economy, and the optimal level of reserves with greater emphasis upon why it has moved up over the past year.

Several regional Fed Presidents speak again over the coming week but Fed-speak should be of generally little consequence to markets. Two of the speakers are voting FOMC members this year (Bullard on Wednesday and Friday, Williams twice on Friday) while Mester (Tuesday), Bostic (Thursday), Harker (Friday) and NY Fed markets head Simon Potter (Friday) round out the agenda. Of this group, I would suggest paying particular attention to Williams' remarks on inflation and Potter's remarks on quantitative tools for monitoring macro and financial market conditions.

Data risk will be confined to three releases that all appear on Thursday. The Philly Fed's business outlook metric for February will be monitored for whether it retains the recovery that was recorded in the January reading on the path toward the next ISM-manufacturing update. Big-ticket durable goods orders in December will inform the cap-ex cycle through core orders excluding defense and aircraft. Headline durable goods orders should benefit from a rise in plane orders. Existing home sales in January will be updated and at issue is whether a soft hand-off from December's 6.4% decline leads to a rebound or whether a continuation of harsh winter weather and the effects of the government shutdown add to near-term downside. I'm going with a bit further weakness, as pending home sales have declined in each of the past three months to December and show up in completed resales 60–90 days later.

The US Treasury auctions 2 year FRNs on Wednesday and then 30 year TIPS on Thursday. Earnings risk should be light from a macro standpoint with 50 S&P500 firms on tap but very few (e.g. Walmart) with the potential to impact the broad market tone. 72% of reporting companies have beaten analysts' earnings expectations so far this season with about three-quarters of firms having released.

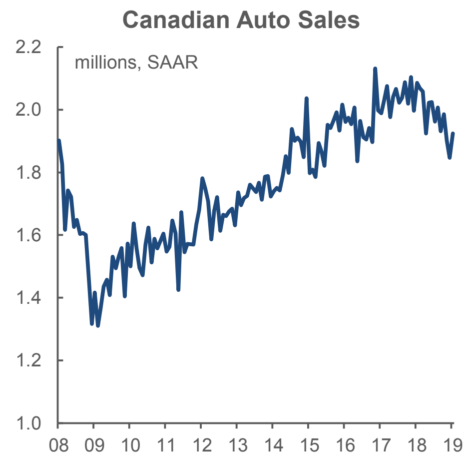
CANADA—SOFT PATCH OR WORSE?

Three main developments will influence Canadian markets with two of them unfolding late in the week. Earnings will be a factor throughout much of the week. The provincial budget season kicks off with BC on Tuesday and Scotia's Marc Desormeaux will be covering it. Toward the end of the week, markets will consider Bank of Canada communications and an update on the health of the consumer. Canadian markets will be shut on Monday for Family Day.

Bank of Canada Governor Stephen Poloz speaks on Thursday in Montreal. His remarks will be available at 12:35pmET and a press conference will ensue. The venue has indicated his topic to be "monetary policy, its power to improve economic performance, and the scope of its effectiveness" which is a bit more expansive than BoC guidance that he will speak about monetary policy. Poloz has repeatedly emphasized that monetary policy is no cure-all and best serves the economy and markets through targeting low and stable inflation. The hook next week could well be to expand upon his prior guidance that if global protectionism becomes ingrained in the outlook, then it could reverse decades of disinflation that was partly due to trade liberalization and that the BoC's role in a less favourable environment of rising prices would be confined to enforcing its inflation target. Broader messaging is expected to reinforce the BoC's position—and ours—that Canada is presently in a soft patch driven by factors such as prior NAFTA uncertainty, B-20 and last Fall's oil price weakness but that a rebound is expected.

Friday's retail sales report for the month of December likely won't be pretty at least in terms of the value of total sales, but there could well be a silver lining or two. One driver of probable weakness is that auto sales fell by about 3% m/m in seasonally adjusted terms during December which was the second consecutive sizeable decline. Vehicle sales recovered by over 4% m/m in January which should help the next retail report in the first hint in some time that auto sales may be stabilizing (chart 2). Auto prices were up slightly in December, but not by enough to counter the decline in sales volumes. Therefore, the ballpark one-fifth weighting on new and used vehicle sales will likely drag around half a percentage point off of total retail sales during the month.

Chart 2



Sources: Scotiabank Economics, Haver Analytics.

Another driver of softer retail sales is likely to be that gasoline prices fell sharply in December. With a roughly one-tenth weight in total retail sales, that could be enough to knock around another half percentage point off of headline sales with the caveat that we only know gas prices and not volumes of gasoline sold or ancillary sales at gas stations.

If there is hope left for the report, then it could take two forms. One is the prospect of another gain in sales excluding autos and gasoline after a mild 0.2% m/m rise in November. Lower gas prices and strong job gains could translate into sales gains for other categories. Secondly, total retail sales volumes excluding price effects could be poised for a rebound after a 0.4% drop in November.

Nevertheless, it would take a sizeable gain in retail sales volumes in December in order to rescue a soft quarter. Sales volumes are tracking an annualized decline of about 1% in Q4 over the prior quarter after rising by about 1% in Q3 and 3¾% in Q2.

The key question regarding the consumer picture is whether Canada is just temporarily in a soft patch or faces continued weakness over the duration of the 2019–20 forecast horizon. I think it's more about the former interpretation. The drivers of recent softness have included reduced types of housing-related consumption following the B-20 tightened mortgage stress tests that were applied at the start of last year. This should be a temporary period of adjustment before a new equilibrium is achieved and consumption growth is restored. There also remains the possibility of a reduction in the B-20 200bps stress test applied to rates on uninsured mortgages but the argument against this could be that prior rounds of stress tests have resulted in transitory effects upon housing that may be maturing now (see last week's *Global Week Ahead*).

Further, we're likely paying the price for brought-forward consumption growth stemming from Federal government stimulus provided to the household sector from 2016 onward and the Bank of Canada's two rate cuts in 2015. Once this brought-forward effect has matured, accelerated consumption growth could follow strong job gains. The US is going through a similar experience in the wake of the transitory pop to consumption growth provided by the TCJA at the start of last year plus the year-ago US$300 billion Federal spending bill. Recall that long before the US pursued the Tax Cuts and Jobs Act of January 2018, Canada provided stimulus to its own household sector in 2016. This took two forms with more information in the fuller Budget from that year (here). One came through modest tax cuts for some lower and middle income earners that began on December 7th 2015 but with the effects beginning to show up particularly in the following Spring's tax refund season. The tax cuts were partly financed by raising taxes on 'rich' households earning over C$200k per year that face high combined Federal and provincial tax burdens in Canada. Second was the replacement of the old child benefit program with a juiced Canada Child Benefit. The new CCB was announced in the March 2016 Budget and increased transfers began in July 2016. It took a while for the cumulative effects of the increased transfers to be noticed and begin to be spent given there were no strings attached to the proceeds that could be spent on anything. The impact of the changes from the old child benefit programs to the new CCB is highlighted in chart 3 that demonstrates the thousands of extra dollars transferred per year—tax free—to households with kids under the age of 17. The vast majority of households qualified under the means tested income thresholds.

Earnings will also figure prominently over the coming week, starting on Tuesday. Thirty-nine TSX listed firms will release including the first foray into the bank earnings season. Key names will include Magna, Loblaws, RBC, Home Capital, SNC-Lavalin and Hydro One. The rest of the big banks follow during the next week including BNS (my employer) and BMO on Tues Feb 26th, Laurentian and National on the Wednesday, and then CIBC and TD on the Thursday.

Canada will also update wholesale trade for December on Thursday. Canada holds a 30 year bond auction on Wednesday.

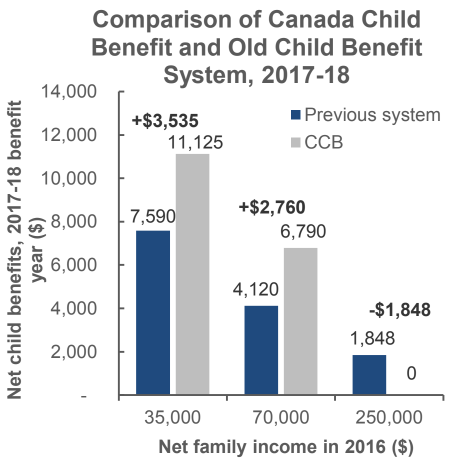
EUROPE—SENTIMENT VULNERABLE TO TARIFFS

European markets will be driven by the risk of retaliation against possible US auto tariffs, ongoing Brexit drama and macro data with possible spillover effects onto world markets.

Brexit negotiations appear to have transitioned from whether to stick with the existing European Withdrawal Act which the EU insists is not open for renegotiation, and pivot toward possible alternative ways of providing assurances on the thorny matters concerning treatment of the Irish border. February 27th is the next deadline at which point another vote on negotiating options is expected.

Sentiment surveys covering the month of February will dominate data risk within the Eurozone. Investor sentiment captured in the ZEW metric will be released for Germany and the EU on Tuesday. Purchasing managers' indices across the EU are due out on Thursday. Germany's IFO business confidence measure is due Friday. Markets will be hoping that the slide in sentiment readings has begun to stabilize (chart 4). Obviously much depends upon the outcome to the US auto tariff decision and potential retaliation that may be captured in the next releases. If tariffs are imposed, the sentiment readings will clearly be stale.

Chart 3



Sources: Scotiabank Economics, Department of Finance Canada.

Chart 4

Sources: Scotiabank Economics, Bloomberg.

Chart 5

Sources: Scotiabank Economics, Bloomberg.

UK markets face fresh wage growth figures on Tuesday in the context of what is already the strongest pace of wage gains of the post-GFC era (chart 5).

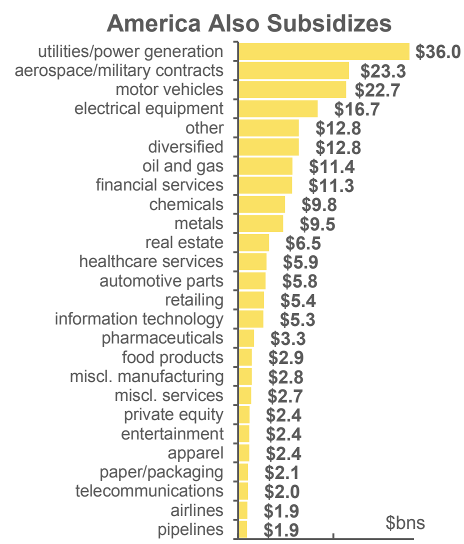
ASIA-PACIFIC—HOW GALLING

The main focal point for Asian markets will be another round of US-China trade negotiations next week ahead of the March 1st expiration of the US tariff moratorium that will likely be extended anyway.

This past week's negotiations were reportedly successful but both the US and China cautiously indicated that much further work remains. **Chinese President Xi Jinping advised that a delegation would travel to Washington to carry on next week, but it isn't clear at what level this dialogue will occur and exactly when.** China emphasized consensus and areas of mutual concern in its statement following negotiations, while the US was more direct in citing progress but also areas of particular focus where more work is to be done. The goal is to achieve enough progress before March 1st in order to establish a date for a Trump-Xi Summit that could entail signing a memorandum of understanding toward a new trade agreement.

Particularly galling may be the US insistence that China reduce support for state owned enterprises. While this is a laudable goal, China has pushed back and can understandably object to such lecturing by the US or at least demand likewise in a mutual effort to reduce distorting measures. China might point out this list of US corporations that are the top 100 recipients of taxpayer funded aid, or this ranking of the states that are most likely to dole out subsidies, or this list by industry (chart 6). As an economist, of course I'd prefer both sides to reform, but at a minimum the finger wagging can go in both directions. Indeed, this can be taken a huge leap forward by noting the experiences of the GFC era. After pursuing overly easy monetary policy through the mid-2000s and lax regulatory controls that were amplified by liberal domestic and foreign (including China) buying of US leveraged products, the US fed an asset bubble of epic proportions that was exported across the world. When it popped, the results were felt globally and the US then addressed the aftermath through heavily interventionist policies that created their own issues. Combined actions of the Federal Reserve and Federal government distorted global markets.

Chart 6



Sources: Scotiabank Economics, Subsidy Tracker.

Bank Indonesia is expected to leave its 7 day policy repo rate unchanged at 6% next week. Inflation is running at 2.8% y/y and hence below the 3–5% inflation target range but with core CPI just inside the bands. Growth is expected to suffer a setback in Q1. At its last meeting in mid-January, Bank Indonesia Governor Warjiyo indicated that the peak of the rate hike cycle was near but continued to describe the policy bias as 'hawkish.' That was before the January 30th FOMC statement. The rupiah has been little changed since then and the broad tone across emerging markets has improved this year partly on less concern about capital flight. In that case, the January BI guidance may be stale and in such fashion as to drive different risks into this meeting.

RBA guidance will be a focal point after a more neutral pivot on February 4th. Minutes to that meeting arrive on Monday night eastern time ahead of fresh evidence on Q4 wage growth the following night, then the latest jobs report the night after. By the time Governor Lowe delivers his semi-annual policy testimony before members of Parliament on Thursday, he will have developed a more complete and recent picture of the domestic economy that may influence a freshened stance.

Sundry other releases will include Japanese CPI (Thursday) and trade (Tuesday), Malaysia CPI (Thursday) and Thai GDP (Sunday).

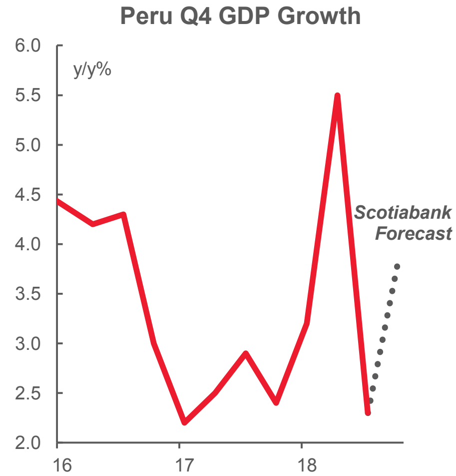
LATIN AMERICA—EYES ABROAD

Latin American markets will monitor relatively few internal developments and could be more vulnerable to external factors.

Policy matters will be focused upon **central bank meeting minutes from Mexico** on Thursday that may further elaborate upon the decision on February 7th to declare an end to the hiking cycle. The administration of Brazilian President Bolsonaro will be advancing **pension reforms** on Wednesday.

Data risk will be fairly low. **Peru's Q4 GDP** print on Tuesday should rebound from the prior quarter's deceleration while extending a volatile path toward firmer growth that has been underway for the past four years (chart 7). **Brazil will update the mid-month interim assessment of consumer price inflation** for February on Thursday.

Chart 7



Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of February 18 – 22

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	02/19	10:00	NAHB Housing Market Index	Feb	--	59.0	58.0
US	02/20	07:00	MBA Mortgage Applications (w/w)	FEB 15	--	--	-3.7
CA	02/21	08:30	Wholesale Trade (m/m)	Dec	--	-0.3	-1.0
US	02/21	08:30	Durable Goods Orders (m/m)	Dec P	2.5	1.7	0.7
US	02/21	08:30	Durable Goods Orders ex. Trans. (m/m)	Dec P	0.5	0.3	-0.4
US	02/21	08:30	Initial Jobless Claims (000s)	FEB 16	230	229.0	239.0
US	02/21	08:30	Continuing Claims (000s)	FEB 9	1775	--	1773.0
US	02/21	08:30	Philadelphia Fed Index	Feb	18	14.3	17.0
US	02/21	10:00	Existing Home Sales (mn a.r.)	Jan	4.9	5.0	5.0
US	02/21	10:00	Existing Home Sales (m/m)	Jan	-1.8	0.2	-6.4
US	02/21	10:00	Leading Indicators (m/m)	Jan	--	0.2	-0.1
CA	02/22	08:30	Retail Sales (m/m)	Dec	-0.5	-0.3	-0.9
CA	02/22	08:30	Retail Sales ex. Autos (m/m)	Dec	-0.3	-0.3	-0.6
MX	02/22	09:00	Bi-Weekly CPI (% change)	Feb 15	0.2	--	0.0
MX	02/22	09:00	Bi-Weekly Core CPI (% change)	Feb 15	0.24	--	0.2

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
EC	02/19	04:00	Current Account (€ bn)	Dec	--	--	20.3
IT	02/19	04:00	Current Account (€ mn)	Dec	--	--	4805.7
UK	02/19	04:30	Average Weekly Earnings (3-month, y/y)	Dec	--	3.5	3.4
UK	02/19	04:30	Employment Change (3M/3M, 000s)	Dec	--	153.0	141.0
UK	02/19	04:30	Jobless Claims Change (000s)	Jan	--	--	20.8
UK	02/19	04:30	ILO Unemployment Rate (%)	Dec	--	4.0	4.0
EC	02/19	05:00	ZEW Survey (Economic Sentiment)	Feb	--	--	-20.9
GE	02/19	05:00	ZEW Survey (Current Situation)	Feb	--	22.5	27.6
GE	02/19	05:00	ZEW Survey (Economic Sentiment)	Feb	--	-13.0	-15.0
GE	02/20	02:00	Producer Prices (m/m)	Jan	--	-0.2	-0.4
EC	02/20	10:00	Consumer Confidence	Feb A	--	-7.7	-7.9
GE	02/21	02:00	CPI (m/m)	Jan F	--	-0.8	-0.8
GE	02/21	02:00	CPI (y/y)	Jan F	--	1.4	1.4
GE	02/21	02:00	CPI - EU Harmonized (m/m)	Jan F	--	-1.0	-1.0
GE	02/21	02:00	CPI - EU Harmonized (y/y)	Jan F	--	1.7	1.7
FR	02/21	02:45	CPI (m/m)	Jan F	--	-0.5	-0.5
FR	02/21	02:45	CPI (y/y)	Jan F	--	1.2	1.2
FR	02/21	02:45	CPI - EU Harmonized (m/m)	Jan F	--	-0.6	-0.6
FR	02/21	02:45	CPI - EU Harmonized (y/y)	Jan F	--	1.4	1.4
FR	02/21	03:15	Manufacturing PMI	Feb P	--	51.0	51.2
FR	02/21	03:15	Services PMI	Feb P	--	48.5	0.0
GE	02/21	03:30	Manufacturing PMI	Feb P	--	50.0	49.7
GE	02/21	03:30	Services PMI	Feb P	--	52.9	53.0
EC	02/21	04:00	Composite PMI	Feb P	--	51.1	51.0
EC	02/21	04:00	Manufacturing PMI	Feb P	--	50.3	50.5
EC	02/21	04:00	Services PMI	Feb P	--	51.3	51.2
IT	02/21	04:00	CPI - EU Harmonized (y/y)	Jan F	--	0.9	0.9
UK	02/21	04:30	PSNB ex. Interventions (£ bn)	Jan	--	-10.0	3.0
UK	02/21	04:30	Public Finances (PSNCR) (£ bn)	Jan	--	--	21.3
UK	02/21	04:30	Public Sector Net Borrowing (£ bn)	Jan	--	-11.0	2.1
GE	02/22	04:00	IFO Business Climate Survey	Feb	--	99.0	99.1
GE	02/22	04:00	IFO Current Assessment Survey	Feb	--	103.9	104.3
GE	02/22	04:00	IFO Expectations Survey	Feb	--	94.3	94.2
EC	02/22	05:00	CPI (m/m)	Jan	--	-1.1	-1.1
EC	02/22	05:00	CPI (y/y)	Jan F	--	1.4	1.4
EC	02/22	05:00	Euro zone Core CPI Estimate (y/y)	Jan F	--	1.1	1.1

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

Key Indicators for the week of February 18 – 22

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	02/17	18:50	Machine Orders (m/m)	Dec	--	-1.1	0.0
SI	02/17	19:30	Exports (y/y)	Jan	--	-2.7	-8.5
TH	02/17	21:30	GDP (y/y)	4Q	3.5	3.6	3.3
TH	02/17	21:30	Annual GDP (y/y)	2018	4.1	4.1	3.9
JN	02/18	23:00	Nationwide Department Store Sales (y/y)	Jan	--	--	-0.7
HK	FEB18-19		Composite Interest Rate (%)	Jan	--	--	0.89
PH	FEB18-19		Balance of Payments (US$ mn)	Jan	--	--	2442.0
NZ	02/19	16:45	Producer Price - Inputs (q/q)	4Q	--	--	1.4
NZ	02/19	16:45	Producer Price - Outputs (q/q)	4Q	--	--	1.5
JN	02/19	18:50	Merchandise Trade Balance (¥ bn)	Jan	--	-1029.5	-56.7
JN	02/19	18:50	Adjusted Merchandise Trade Balance (¥ bn)	Jan	--	171.1	-183.6
JN	02/19	18:50	Merchandise Trade Exports (y/y)	Jan	--	-5.7	-3.9
JN	02/19	18:50	Merchandise Trade Imports (y/y)	Jan	--	-3.2	1.9
AU	02/19	19:30	Wage Cost Index (q/q)	4Q	--	0.6	0.6
JN	FEB19-25		Supermarket Sales (y/y)	Jan	--	--	-0.7
AU	02/20	19:30	Employment (000s)	Jan	24.0	15.0	21.6
AU	02/20	19:30	Unemployment Rate (%)	Jan	5.0	5.0	5.0
JN	02/20	19:30	Markit/JMMA Manufacturing PMI	Feb P	--	--	50.3
JN	02/20	23:30	All Industry Activity Index (m/m)	Dec	--	-0.2	-0.3
ID	FEB20-21		**BI 7-Day Reverse Repo Rate (%)**	**Feb 21**	**6.0**	**6.00**	**6.00**
JN	02/21	01:00	Machine Tool Orders (y/y)	Jan F	--	--	-18.8
HK	02/21	03:30	Unemployment Rate (%)	Jan	2.8	2.9	2.8
SK	02/21	16:00	PPI (y/y)	Jan	--	--	1.0
JN	02/21	18:30	National CPI (y/y)	Jan	0.1	0.2	0.3
MA	02/21	23:00	CPI (y/y)	Jan	0.1	-0.4	0.2
TH	02/21	22:30	Customs Exports (y/y)	Jan	--	-1.3	-1.7
TH	02/21	22:30	Customs Imports (y/y)	Jan	--	-1.0	-8.1
TH	02/21	22:30	Customs Trade Balance (US$ mn)	Jan	--	-513.8	1064.9
TA	02/22	03:00	Export Orders (y/y)	Jan	--	-8.5	-10.5
TA	02/22	03:20	Current Account Balance (US$ mn)	4Q	--	--	14040.0
HK	02/22	03:30	CPI (y/y)	Jan	2.7	2.5	2.5

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	02/19		GDP (y/y)	4Q	4.8	4.9	2.3
BZ	02/21	07:00	IBGE Inflation IPCA-15 (m/m)	Feb	--	--	0.3
BZ	02/21	07:00	IBGE Inflation IPCA-15 (y/y)	Feb	--	--	3.8

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

Global Auctions for the week of February 18 – 22

NORTH AMERICA

Country	Date	Time	Event
US	02/20	11:30	U.S. to Sell 2-Year Floating Rate Notes Reopening
CA	02/20	12:00	Canada to Sell 30 Year Bonds
US	02/21	13:00	U.S. to Sell 30-Year TIPS

EUROPE

Country	Date	Time	Event
DE	02/20	04:30	Denmark to Sell Bonds
GE	02/20	05:30	Germany to Sell 4 Billion Euros of 0% 2024 Bonds
GE	02/20	05:35	5Y Note Allotment
UK	02/21	05:30	U.K. to Sell 1.5 Billion Pounds of 1.75% 2057 Bonds
IC	02/21	06:30	Iceland to Sell Bonds
IT	02/22	11:00	Italy to Sell Bonds

ASIA-PACIFIC

Country	Date	Time	Event
SK	02/17	20:30	Korea Central Bank to Sell KRW 400Bln 182-Days Bond
SK	02/17	21:30	Korea to Sell KRW 1.85Tln 10-Year Bond
SK	02/18	00:00	Korea Central Bank to Sell KRW 800Bln 91-Days Bond
HK	02/18	22:30	Hong Kong to Sell HKD1.2 Bln 1.54% 2-Year Notes
JN	02/18	22:30	1Y Note Amount Sold
JN	02/18	22:35	20Y Bond Amount Sold
JN	02/18	22:35	Japan to Sell 20-Year Bonds
TA	02/18	23:30	Taiwan to Sell TWD170 Bln 364-Day NCD
SK	02/19	20:30	Korea Central Bank to Sell KRW 2.6Tln 2-Year Bond
CH	02/19	21:35	China To Sell CNY20 Bln Bonds
TH	02/19	22:00	Thailand to Sell THB20 Bln Bonds Due 2032
CH	02/20	01:00	Guangdong to Sell Bonds
NZ	02/20	20:05	New Zealand To Sell NZD200 Mln 2.75% 2037 Bonds
CH	02/21	22:00	Shanxi Plans to Sell Bonds
TH	02/21	22:00	Bk of Thailand to Sell THB15 Bln Bonds Due 2022

Source: Bloomberg, Scotiabank Economics.

Events for the week of February 18 – 22

NORTH AMERICA

Country	Date	Time	Event
US	02/19	08:50	Fed's Mester Speaks on Economic Outlook and Monetary Policy
US	02/20	13:10	Fed's Kaplan to Speak in Q&A in Houston, Texas
US	02/20	13:30	Fed's Bullard Takes Part Monetary Policy Forum in New York
US	02/20	14:00	FOMC Meeting Minutes
US	02/21	07:50	Fed's Bostic Speaks on Economy and Monetary Policy
MX	02/21	10:00	Central Bank Monetary Policy Minutes
CA	02/21	12:35	Bank of Canada Governor Stephen Poloz Speech
US	02/22	08:15	Atlanta Fed's Bostic Delivers Opening Remarks in New York
US	02/22	10:15	Fed's Williams Discusses Inflation at Policy Forum in New York
US	02/22	12:00	Clarida Speaks in New York on Fed Tools, Communications
US	02/22	12:30	New York Fed's Potter Discusses Quantitative Tools
US	02/22	13:30	Fed's Bullard to Speak on Balance Sheet in New York
US	02/22	13:30	Fed's Harker Takes Part in Panel Discussion on Balance Sheet
US	02/22	13:30	Quarles Speaks in New York on Future of Fed Balance Sheet
US	02/22	17:30	New York Fed's Williams Gives Closing Remarks at Fed Event

EUROPE

Country	Date	Time	Event
EC	02/19	09:30	Bank of Portugal's Costa Speaks at Capital Markets Event
EC	02/19	10:00	ECB's Praet Participates in Panel Discussion in Berlin
GE	02/21	02:00	Finance Ministry Monthly Report
EC	02/21	03:00	ECB's Praet Speaks in Luxembourg
SP	02/22	03:00	Spain's central bank head Hernandez de Cos speaks in Madrid
SW	02/22	03:30	Riksbank Publishes Minutes of Feb. 12 Meeting
IT	02/22	05:00	Finance Minister Tria Speaks At Universita Tor Vergata Event

ASIA-PACIFIC

Country	Date	Time	Event
AU	02/18	19:30	RBA Minutes of Feb. Policy Meeting
TH	02/19	21:00	Bank of Thailand's MPC Minutes
ID	**FEB20-21**		**Bank Indonesia 7D Reverse Repo**
AU	02/21	17:30	RBA's Lowe Parliamentary Testimony
SL	**02/21**	**21:00**	**CBSL Standing Deposit Rate**
SL	**02/21**	**21:00**	**CBSL Standing Lending Rate**

LATIN AMERICA

Country	Date	Time	Event
CO	**02/22**		**Monetary Policy Meeting**

Source: 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	1.75	March 6, 2019	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.50	March 20, 2019	2.50	2.50
Banco de México – Overnight Rate	8.25	March 28, 2019	8.25	8.25

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	March 7, 2019	0.00	0.00
Bank of England – Bank Rate	0.75	March 21, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	March 21, 2019	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.75	March 22, 2019	--	7.75
Sweden Riksbank – Repo Rate	-0.25	April 25, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	0.75	March 21, 2019	0.75	1.00
Central Bank of Turkey – Benchmark Repo Rate	24.00	March 6, 2019	24.00	24.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	March 15, 2019	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	1.50	March 4, 2019	1.50	1.50
Reserve Bank of New Zealand – Cash Rate	1.75	March 26, 2019	1.75	1.75
People's Bank of China – Lending Rate	4.35	TBA	--	4.30
Reserve Bank of India – Repo Rate	6.25	April 4, 2019	6.25	6.50
Bank of Korea – Bank Rate	1.75	February 28, 2019	1.75	1.75
Bank of Thailand – Repo Rate	1.75	March 20, 2019	1.75	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.25	March 5, 2019	3.25	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	February 21, 2019	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	4.75	March 21, 2019	4.75	4.75

Bank Indonesia (BI): Indonesian monetary authorities will make a policy decision on February 21. We expect the BI to continue its wait-and-see stance over the coming months as it assesses the direction of monetary policy in other economies, notably in the US. The BI raised the benchmark 7-day reverse repo rate by a total of 175 basis points between May and November 2018 in an effort to promote financial stability and support the Indonesian rupiah.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	6.50	March 20, 2019	6.50	6.50
Banco Central de Chile – Overnight Rate	3.00	March 29, 2019	3.00	3.00
Banco de la República de Colombia – Lending Rate	4.25	March 29, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	March 7, 2019	2.75	2.75

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	6.75	March 28, 2019	6.75	6.75

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