

A PIVOTAL WEEK FOR POWELL'S CROSSCURRENTS

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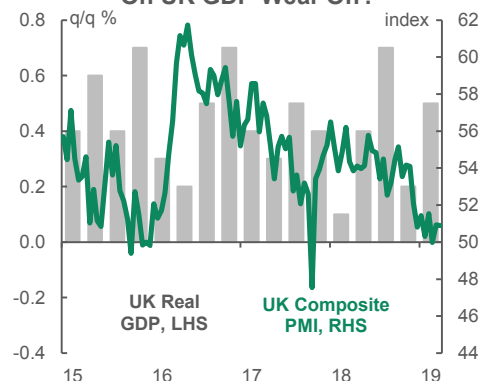
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Next Week's Risk Dashboard

- G20 aftermath
- US: Nonfarm, ISM
- CBs: RBA, Riksbank
- PMIs: China, UK, Italy, Spain
- CPI: Colombia, Peru...
- ...Switzerland, Russia, Turkey...
- ...Indonesia, SK, Philippines, Thailand, Taiwan
- Canada: jobs, trade
- Other US macro
- Fed-speak
- European macro
- India budget
- Japan Tankan

Chart of the Week

Will the Brexit Stockpiling Effect On UK GDP Wear Off?



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

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

A Pivotal Week For Powell's Crosscurrents

UNITED STATES—NONFARM THROWS A WRENCH INTO LONG WEEKEND PLANS

Key macroeconomic reports will be the main focal points with the start of the trading week influenced by whatever transpires at the G20 meetings that end on Saturday. See the Asia-Pacific section for a discussion of the backpedalling into the G20. For Fed-tracking purposes, two reports will particularly stand out and one of them risks at least temporarily fouling up long weekend plans in US markets. Note that markets will be closed on Thursday for Independence Day and there will be early market closes the day before at 2pmET for bonds and 1pmET for stocks.

On the macro front, the biggest issue is whether nonfarm's disappointment in May (+75k) was a flash in the pan or something that portends ongoing or intensifying weakness. If it bounces higher, then it would be partial evidence to give the Fed some breathing room; by corollary, another disappointment would likely spook the Fed. Since 1970, nonfarm readings the month after a rise like May's 75k or less were followed by an outright decline 54% of the time and by a rise of under 100k 17% of the time. **Therefore, about 70% of the post-75k or less readings were similar or weaker.** The distribution of these subsequent months is shown in chart 1 for both the whole sample since 1970 and just the 2010-onward post-GFC period.

However, the declines are skewed by recessionary periods. If we constrain the sample to what happens after months when nonfarm was 75k or less but still positive (i.e., less likely to be recessions), then the next print was an outright decline 22% of the time and a rise of under 100k 16% of the time. **Therefore, barring really weak times, there is still a material 40% chance of another disappointing payrolls print.** The distribution of these subsequent months is shown in chart 2 and again split between the whole sample since 1970 and just the 2010-onward post-GFC period.

I've decided to go with +100k for nonfarm payrolls. One approach is to emphasize the odds that are described above and what they say about such a disappointment as a harbinger of a softer trend. **Two is that trade uncertainty roiled headlines particularly over the first half of the month on the path to the nonfarm reference period** which is the pay period that includes the 12th of each month depending upon pay frequency. Trump's Mexican stand-off probably disrupted hiring plans at the start of the month and dampened payrolls on the path to the reference period, and the latest round of tariffs on Chinese imports kicked in on June 1st. I would be more surprised to see material upside to this number than downside.

Given that ADP payrolls nailed nonfarm the last time (recall [here](#)), its signal in the June release on Wednesday could take on elevated importance

The other marquee release will be Monday's ISM-manufacturing report for June. I've gone with 51.0 (down from 52.1) but don't rule out a contraction. A further deceleration is likely from the 52.1 reading in May that signalled modest expansion. Chart 3 shows our model that correlates the regional gauges with ISM and it points to downside risk. Advance signals from a variety of regional surveys have been very weak. The Empire gauge kicked them off and fell by twenty-six points with soft underlying details for new orders and employment to signal contraction in the manufacturing sector in New York State. The Philly Fed's metric fell by about

Chart 1

The Month After Disappointing Non-Farm Payroll changes Less Than 75k

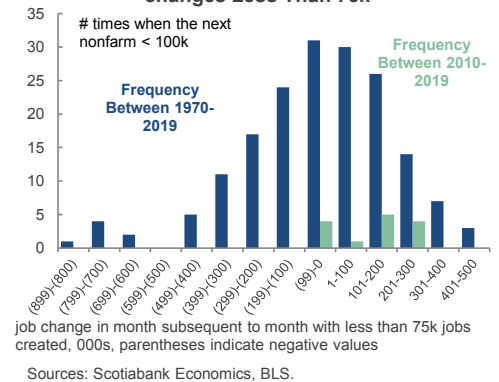


Chart 2

The Month After Positive Non-Farm Payroll Gains of Less Than 75k

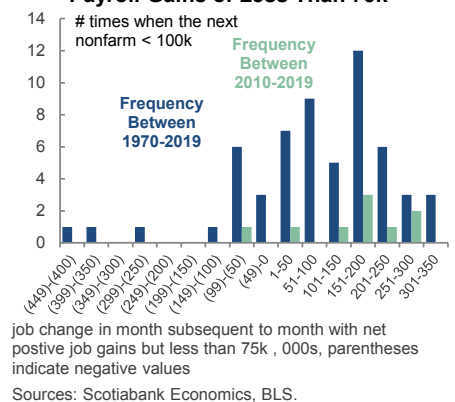
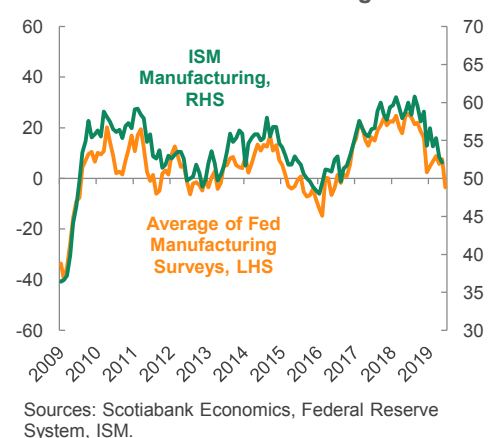


Chart 3

The Five Fed Surveys As A Predictor Of ISM Manufacturing



seventeen points. The Dallas Fed's manufacturing index fell by seven points further into contraction. Neither the Philly nor the Dallas measures had details as weak as the Empire report.

The US also updates **construction spending** on Monday, **vehicle sales** on Tuesday, and then **trade, ISM-services and factory orders** all on Wednesday.

Fed-speak should be confined to one appearance by NY Fed President John Williams who will speak about the global economic and policy outlook on Tuesday.

ASIA-PACIFIC—AIM LOW, ACHIEVE LESS!

G20 meeting aftermath could well prove to be the dominant consideration into the Asian market open on Monday. As this publication goes to print, expectations are set rather low for any significant agreement, with US President Trump's 'Plan B' threatening to apply an extra 10% tariff on the remainder of Chinese imports not presently subject to tariffs if significant progress toward a deal fails to transpire. China has apparently set out its own demands including the US dropping all tariffs, ending its ban on the sale of US technology to Huawei and demanding no further Chinese buying of US exports than what Xi and Trump agreed to in December of last year. The potential for compromise appears to be low. The effects could be mixed with significant macro risk out of China before more regional considerations like the RBA's latest policy pronouncement and a wave of inflation reports take over.

A fresh batch of Chinese purchasing managers' indices for June begin to arrive this weekend. Fortunately, the state versions arrive at the conclusion of the G20 meeting on Saturday night and hence don't risk colouring any in-the-moment dialogue that may occur. Private PMIs arrive Sunday through Tuesday. The manufacturing sector was in slight contraction during May but the rest of the economy expanded fast enough to keep the composite PMI solidly in growth territory (chart 4). China's economy has lost momentum as indicated by alternative readings such as the Keqiang composite index (chart 5) that combines financing figures with electricity production and rail freight volumes (chart 6).

Consensus is divided on whether the Reserve Bank of Australia may cut its cash rate target by 25bps to 1.0% on Tuesday. Markets are leaning somewhat further in the direction of a cut. This weekend's G20 outcome and China macro data may well risk tipping the balance one way or the other. A major part of the uncertainty lies in the ambivalence of RBA Governor Lowe. Following the policy decision to cut the rate on June 4th, Lowe stated:

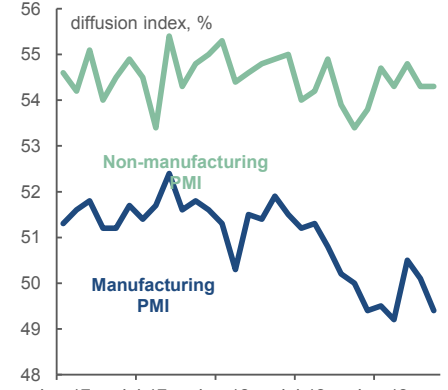
"This brings me to the second question: are interest rates going to be reduced further?"

The answer here is that the Board has not yet made a decision, but it is not unreasonable to expect a lower cash rate. Our latest set of forecasts were prepared on the assumption that the cash rate would follow the path implied by market pricing, which was for the cash rate to be around 1 per cent by the end of the year. There are, of course, a range of other possible scenarios and much will depend on how the evidence evolves, especially on the labour market.

If you accept the argument that a sustainably lower rate of unemployment in Australia is achievable, the question that we should all be thinking about is: how do we get there?

Chart 4

China's Service Sector Is Offsetting Manufacturing Woes



Sources: Scotiabank Economics, Bloomberg.

Chart 5

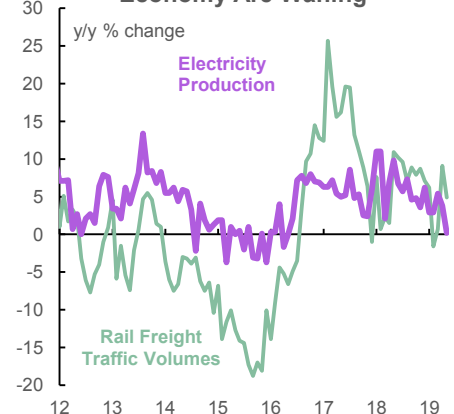
Is China's Growth Momentum Waning Again?



Sources: Scotiabank Economics, Bloomberg.

Chart 6

Core Readings On China's Economy Are Waning



Source: Scotiabank Economics, Bloomberg.

It is possible that the current policy settings will be enough—that we just need to be patient. But it is also possible that the current policy settings will leave us short. Given this, the possibility of lower interest rates remains on the table. Monetary policy does have an important role to play and we have the capacity to play that role if needed.

In saying that, I also want to recognise that monetary policy is not the only option. There are certain downsides from relying just on monetary policy and there are limitations on what, realistically, can be achieved. So, as a country, we should also be looking at other options to reduce unemployment.”

During a panel discussion on June 23rd, Lowe then questioned the efficacy of further policy easing by stating “It’s a legitimate question to ask how effective further monetary easing would be” and explaining this by noting “But if everyone is easing, there is no exchange rate channel....so if everyone’s easing, the effect that we get from exchange rate depreciation via the transmission mechanism isn’t there.”

A wave of CPI inflation reports will arrive over the whole week to inform next steps by regional central banks (chart 7). They start with Thailand on Sunday night (eastern time, as always), Indonesia into Monday, South Korea on Monday night, Philippines on Thursday night and Taiwan on Friday.

India’s fiscal budget for FY20 arrives next Friday. Whether the budget target remains at 3.4% of GDP is a risk to the rupee and local bond market. Stimulus measures applied to housing are being considered. A panel that had been set up to determine whether the Reserve Bank of India’s surplus funds should be transferred to the government to help narrow the budgetary deficit by an estimated US\$50 billion or so failed to reach a decision in time for the budget. <Fans of central bank independence insert loud cheers here>.

Japan releases the 2019Q2 editions of its Tankan surveys of small and large manufacturing and non-manufacturing industries on Sunday night and they are expected to show further spillover effects of the deteriorating global trade environment.

EUROPE—BREXIT’S ICARUS

The state of the British and German economies will be in focus over the coming week along with regional central bank dynamics in Sweden, Russia, Turkey and Switzerland. With ballots in mid-flight, potentially weak UK macro data and significant risks to the global economy over the coming week could well test the tolerance of members of the UK Conservative Party toward courting greater risks to the economy in the candidate they support.

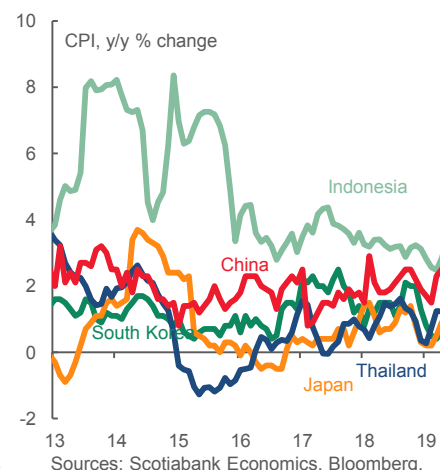
Could UK macro data influence the path to the October 31st Brexit deadline when time comes to fish or cut bait? In short, yes it very well could and next week will be the next step in the evolution of macroeconomic signals to this effect. Before turning to the expected releases, consider the case for how the rest of the year unfolds.

The leading candidate to become head of the Conservative Party and hence Prime Minister—Boris Johnson—might find it progressively more difficult to articulate a carefree attitude toward hard Brexit risks, albeit seemingly dependent upon the day and week that he speaks. What is necessary for negotiating credibility one day becomes ‘million to one’ odds the next as ballots are flying through the Royal Mail. A reason behind this progressive difficulty is that all signs point to economic growth coming off a temporary acceleration at the beginning of the year that had been driven by brought-forward stocking activity. A weakening domestic economy since then may well combine with amplified risks to global growth over 2019H2 as the US and China clash, and if European autos become the next target of protectionist US trade policy. Do businesses want to stockpile as much in the face of the next round of hard Brexit risks if the global economy sours? If not, then growth might not look so good come Halloween.

The results of the two-horse race between Johnson and Jeremy Hunt will be announced the week of July 22nd with Johnson the favourite. **A souring economy that ties his hands at the EU negotiating table could well make it a pyrrhic victory.** Timing is very often everything in driving careers and sister serendipity could prove unkind to Johnson’s dream since he misled the country in June 2016. Either way, election could well beckon and the alternative may be a quantum leap higher in the burden of taxation.

Chart 7

Subdued Asian Inflation



Enter the latest twist in this narrative. **UK purchasing managers indices will be updated with June readings that will further inform growth expectations for Q2 GDP and entering Q3 given the correlations (chart 8).** An earlier fillip in the manufacturing PMI (Monday) up to March was driven by pre-emptive ordering ahead of a feared hard Brexit. This left UK businesses with an inventory overhang when the Brexit deadline was delayed until the end of October. Expect the trend of deteriorating PMIs to continue to shake off this inventory challenge. If the overall composite PMI (Wednesday) remains indicative of mild economy-wide growth, then it will require the services PMI (Wednesday) to remain positive as the manufacturing and construction (Tuesday) readings continue to retreat.

Germany's economy will also be in the spotlight. **After German unemployment soared by 60,000 in May (chart 9), the question is whether it will come right back down in Monday's June figures** because methodological changes explained about two-thirds of the rise while nevertheless raising concerns about the other one-third. Retail sales are expected to rebound in May's release early in the week. Factory orders in May will close things out on Friday with an expected mild gain.

Sweden's Riksbank is expected to stay on hold with the repo rate set at -0.25% next Wednesday. After hiking in December for the first time since July 2011, the central bank has shifted to the sidelines so far this year while it has monitored inflation and risks to the outlook. At its last decision on April 25th, the central bank guided that "The repo rate is expected to be raised again towards the end of the year or at the beginning of next year and rate rises thereafter are expected to occur at a somewhat slower pace." Underlying CPI since then has moved up to 2.1% and hence slightly above the central bank's 2.0% target. What counsels neutral near-term guidance, however, is mixed data that was particularly bad in terms of the labour market as employment declined and the unemployment rate jumped to 6.6% (6.0% prior) in April. A wider trade surplus, a strong rise in industrial orders and strength in retail sales are likely to position the central bank to cautiously downplay the jobs report as just one print requiring further monitoring.

Three countries update inflation reports as follows:

- **Russia's June reading may arrive by the end of the week with a slight ebbing in inflationary pressures expected** compared to the 5.1%/4.7% headline/core readings in May. This report will matter because the central bank cut by 25bps on June 14th and said:

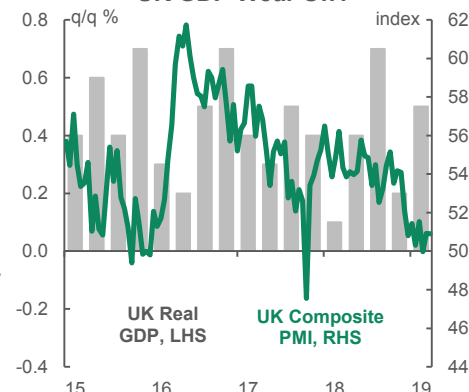
"If the situation develops in line with the baseline forecast, the Bank of Russia sees the possibility of a further key rate reduction at one of the upcoming Board of Directors' meetings and a transition to neutral monetary policy by mid-2020."

- **Switzerland's inflation rate (Thursday) is expected to remain stable** around the very low 0.6% y/y readings that were printed for headline and core in May. Having said this, Switzerland's core inflation has been gently rising since late last year but—like the ECB, only worse—remains a far cry from the less than 2% inflation target.
- **Turkey's inflation rate is falling** but is still stuck somewhere in earth's stratosphere with Argentina's rate among the rare higher readings (by a lot). As the Fed debates policy credibility within tenths of its inflation target, Turkey's core inflation of about 16% remains multiples higher than the 3–7% target range. Notwithstanding bouts of political pressure from time to time, high inflation explains why the 24% one week repo rate is likely to remain very high even if a gradual easing bias begins to creep back in over H2.

Other Eurozone releases will be confined to PMIs from Italy and Spain on Monday and Wednesday, Eurozone aggregate PMI revisions (Wednesday) and the Eurozone retail sales add-up (Thursday).

Chart 8

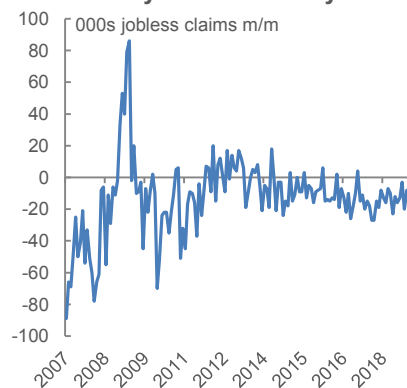
Will the Brexit Stockpiling Effect On UK GDP Wear Off?



Sources: Scotiabank Economics, IHS Markit, Bloomberg.

Chart 9

German Unemployment Skyrocketed In May



Sources: Scotiabank Economics, Deutsche Bundesbank.

CANADA—COLLATERAL DAMAGE?

Canada faces a shortened week because of Monday's Canada Day holiday. Canadian markets will face two considerations, each of which always involves substantial uncertainty. **Jobs and trade will spin off multiple implications and the risks to both may be more to the downside than upside.**

Trade figures for May arrive on Wednesday and they are likely to register renewed widening of the trade deficit. Oil prices and non-energy commodity prices both fell over the month as trade tensions rose (chart 10). This should weigh down the value of exports. Export volumes had been strong during the prior month of April (+2.0% m/m), but higher gold exports via the banking sector to Hong Kong and the UK played a significant role and one that is likely to drop out in the May figures. Import volumes were also distorted in April given a large decline in aircraft imports (-83% m/m) and a 3.6% drop in imports of autos and parts, both of which are likely to rebound.

Canada also releases the June jobs report on Friday. Usually I go high and this has been a fair bias for quite some time. This time, a zero reading seems like a sensible position along with a higher unemployment rate. The reference period for the Labour Force Survey is the week including the 15th day of the month and so the week of June 10th. Hence, more of the potential damage from global trade uncertainty could be packed into this report than if it had been tabulated later in the month. Trump's Mexican stand-off was sparked by his announcement on May 30th and the agreement was not announced until the close of business on Friday June 9th. **This may be a bigger headwind to Canadian jobs than for the US given that the very passage of the CUSMA/USMCA deal was drawn into question.** This would have driven business uncertainty higher along with the imposition of the latest round of US tariffs against Chinese imports on June 1st and the general derailment of trade talks. Also note that elevated Canadian inventories pose a production risk, and hence a risk to hiring activity (chart 11).

Canada holds a five year auction on Wednesday.

LATIN AMERICA—CONVERGING INFLATION

A pair of CPI reports will be about as spicy as things get over the coming week. External influences might matter more to Latin American markets than their own domestic calendars.

Peru and Colombia update inflation reports for June on this Sunday and then Friday, respectively. They couldn't face more dissimilar risks to their recent trends, even as their inflation rates converge upon one another. Colombia's inflation rate had been sinking from mid-2016 to early last year but has since stabilized; Peru's has been on a significant upward trend for over a year (chart 12). Peru's inflation rate of 2.7% y/y in May was beginning to approach the upper limit of the central bank's 1–3% inflation target range with core CPI at 2.6% being not far behind, but President Julio Velarde expects growth to improve with both growth and inflation subject to transitory shocks. Colombia's inflation rate (3.3% in May) has been just above the mid-point of the 2–4% target range and BanRep's continued policy hold is being influenced by expectations for inflation to remain range bound around 3.3% y/y.

Chart 10

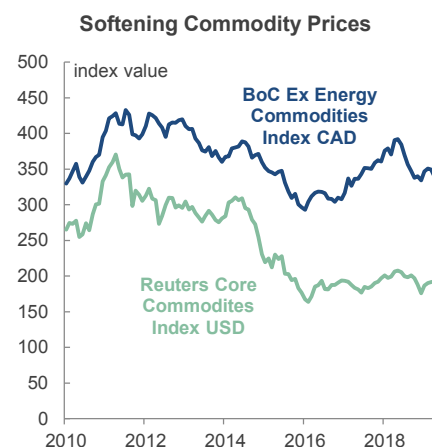


Chart 11

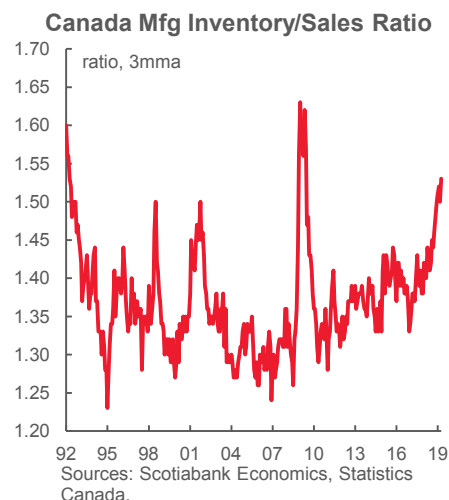
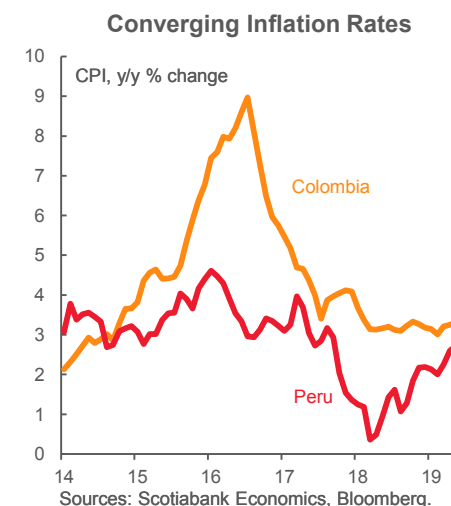


Chart 12



Key Indicators for the week of July 1 – 5

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07/01	10:00	Construction Spending (m/m)	May	-0.1	0.0	0.0
US	07/01	10:00	ISM Manufacturing Index	Jun	51.0	51.2	52.1
US	07/02	09:00	Total Vehicle Sales (mn a.r.)	Jun	17.0	17.0	17.3
US	07/03	07:00	MBA Mortgage Applications (w/w)	JUN 28	--	--	1.3
US	07/03	08:15	ADP Employment Report (000s m/m)	Jun	100	140.0	27.4
CA	07/03	08:30	Merchandise Trade Balance (C\$ bn)	May	-2.0	--	-1.0
US	07/03	08:30	Trade Balance (US\$ bn)	May	-53.6	-51.7	-50.8
US	07/03	10:00	Factory Orders (m/m)	May	-0.4	-0.1	-0.8
US	07/03	10:00	ISM Non-Manufacturing Composite	Jun	55.9	56.0	56.9
US	07/04	08:30	Initial Jobless Claims (000s)	JUN 29	220	220	227
US	07/04	08:30	Continuing Claims (000s)	JUN 22	1665	1665	1688
CA	07/05	08:30	Employment (000s m/m)	Jun	0	--	27.7
CA	07/05	08:30	Unemployment Rate (%)	Jun	5.5	--	5.4
US	07/05	08:30	Average Hourly Earnings (m/m)	Jun	0.2	0.3	0.2
US	07/05	08:30	Average Hourly Earnings (y/y)	Jun	3.1	3.2	3.1
US	07/05	08:30	Average Weekly Hours	Jun	--	34.4	34.4
US	07/05	08:30	Nonfarm Employment Report (000s m/m)	Jun	100	160.0	75.0
US	07/05	08:30	Unemployment Rate (%)	Jun	3.6	3.6	3.6
US	07/05		Household Employment Report (000s m/m)	Jun	--	--	113.0

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
RU	07/01	02:00	Real GDP (y/y)	1Q F	0.50	0.50	0.50
GE	07/01	03:00	Retail Sales (m/m)	May	0.4	0.5	-1.0
IT	07/01	03:00	Budget Balance (€ bn)	Jun	--	--	-0.9
IT	07/01	03:45	Manufacturing PMI	Jun	--	49.1	49.7
FR	07/01	03:50	Manufacturing PMI	Jun F	52.0	52.0	52.0
GE	07/01	03:55	Manufacturing PMI	Jun F	45.4	45.4	45.4
GE	07/01	03:55	Unemployment (000s)	Jun	--	2.5	60.0
GE	07/01	03:55	Unemployment Rate (%)	Jun	--	5.0	5.0
EC	07/01	04:00	Manufacturing PMI	Jun F	47.8	47.8	47.8
UK	07/01	04:30	Manufacturing PMI	Jun	49.1	49.2	49.4
UK	07/01	04:30	Net Consumer Credit (£ bn)	May	--	0.8	0.9
EC	07/01	05:00	Unemployment Rate (%)	May	7.6	7.5	7.6
FR	07/02	02:45	Central Government Balance (€ bn)	May	--	--	-67.2
UK	07/02	04:30	PMI Construction	Jun	--	49.0	48.6
EC	07/02	05:00	PPI (m/m)	May	--	--	-0.3
SW	07/03	03:30	Riksbank Interest Rate (%)	Jul 3	-0.25	-0.25	-0.25
IT	07/03	03:45	Services PMI	Jun	--	50.1	50.0
FR	07/03	03:50	Services PMI	Jun F	53.1	53.1	53.1
GE	07/03	03:55	Services PMI	Jun F	55.6	55.6	55.6
EC	07/03	04:00	Composite PMI	Jun F	52.1	52.1	52.1
EC	07/03	04:00	Services PMI	Jun F	53.4	53.4	53.4
UK	07/03	04:30	Official Reserves Changes (US\$ bn)	Jun	--	--	2309
UK	07/03	04:30	Services PMI	Jun	--	51.1	51.0
EC	07/04	05:00	Retail Trade (m/m)	May	--	--	-0.4
GE	07/05	02:00	Factory Orders (m/m)	May	--	0.3	0.3
FR	07/05	02:45	Current Account (€ bn)	May	--	--	-846
FR	07/05	02:45	Trade Balance (€ mn)	May	--	--	-4981
SP	07/05	03:00	Industrial Output NSA (y/y)	May	--	--	-2.0
UK	07/05	03:30	Halifax House Price (3 month, y/y)	Jun	--	--	5.2
IR	07/05	04:00	Real GDP (q/q)	1Q	--	--	0.1

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

Key Indicators for the week of July 1 – 5

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CH	06/29	21:00	Manufacturing PMI	Jun	49.6	49.5	49.4
CH	06/29	21:00	Non-manufacturing PMI	Jun	--	54.2	54.3
JN	06/30	19:50	Tankan All Industries Index	2Q	--	8.1	1.2
JN	06/30	19:50	Tankan Manufacturing Index	2Q	--	9.0	12.0
JN	06/30	19:50	Tankan Non-Manufacturing Index	2Q	--	20.0	21.0
SK	06/30	20:00	Exports (y/y)	Jun	--	-13.4	-9.4
SK	06/30	20:00	Imports (y/y)	Jun	--	-10.0	-1.9
SK	06/30	20:00	Trade Balance (US\$ mn)	Jun	--	4500	2249
JN	06/30	20:30	Markit/JMMA Manufacturing PMI	Jun F	--	--	49.5
CH	06/30	21:45	Caixin Manufacturing PMI	Jun	50.2	50.0	50.2
ID	06/30	22:00	CPI (y/y)	Jun	3.3	3.3	3.3
ID	06/30	22:00	Core CPI (y/y)	Jun	--	3.1	3.1
TH	06/30	23:30	CPI (y/y)	Jun	1.4	1.1	1.2
TH	06/30	23:30	Core CPI (y/y)	Jun	--	0.5	0.5
JN	07/01	01:00	Consumer Confidence	Jun	--	--	39.4
JN	07/01	01:00	Vehicle Sales (y/y)	Jun	--	--	4.8
TH	07/01	03:30	Business Sentiment Index	Jun	--	--	50.1
SK	07/01	19:00	CPI (y/y)	Jun	0.8	0.8	0.7
SK	07/01	19:00	Core CPI (y/y)	Jun	--	0.9	0.8
JN	07/01	19:50	Monetary Base (y/y)	Jun	--	--	3.6
JN	07/01	20:00	Official Reserve Assets (US\$ bn)	Jun	--	--	1308
HK	07/02	04:30	Retail Sales - Volume (y/y)	May	--	--	-5.0
NZ	07/02	13:00	QV House Prices (y/y)	Jun	--	--	2.3
AU	07/02	21:30	Building Approvals (m/m)	May	--	0.0	-4.7
AU	07/02	21:30	Trade Balance (AUD mn)	May	--	5225	4871
CH	07/02	21:45	Caixin Services PMI	Jun	--	52.6	52.7
AU	07/02	00:30	RBA Cash Target Rate (%)	Jul 2	1.25	1.00	1.25
SI	07/03	09:00	Purchasing Managers Index	Jun	--	--	49.9
SK	07/03	19:00	Current Account (US\$ mn)	May	--	--	-665
HK	07/03	20:30	Purchasing Managers Index	Jun	--	--	46.9
AU	07/03	21:30	Retail Sales (m/m)	May	--	0.2	-0.1
TH	07/03	23:30	Consumer Confidence Economic	Jun	--	--	64.8
MA	07/04	00:00	Exports (y/y)	May	--	--	1.1
MA	07/04	00:00	Imports (y/y)	May	--	--	4.4
MA	07/04	00:00	Trade Balance (MYR bn)	May	--	--	10.9
JN	07/04	19:30	Household Spending (y/y)	May	--	0.7	1.3
PH	07/04	21:00	CPI (y/y)	Jun	3.0	3.0	3.2
AU	07/05	02:30	Foreign Reserves (AUD bn)	Jun	--	--	79.9
TA	07/05	04:00	CPI (y/y)	Jun	0.9	0.8	0.9
SI	07/05	21:00	Foreign Reserves (US\$ mn)	Jun	--	--	265423

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	06/30	01:00	Consumer Price Index (m/m)	Jun	0	0.1	0.2
PE	06/30	01:00	Consumer Price Index (y/y)	Jun	2.4	2.6	2.7
BZ	07/01	09:00	PMI Manufacturing Index	Jun	--	--	50.2
BZ	07/01	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Jun	--	--	6422
BZ	07/02	08:00	Industrial Production SA (m/m)	May	--	--	0.3
BZ	07/02	08:00	Industrial Production (y/y)	May	--	--	-3.9
CL	07/03	09:00	Retail Sales (y/y)	May	--	0.5	-0.8
CL	07/05	08:30	Economic Activity Index SA (m/m)	May	--	--	0.3
CL	07/05	08:30	Economic Activity Index NSA (y/y)	May	--	--	2.1
CO	07/05	20:00	CPI (m/m)	Jun	0.2	0.2	0.3
CO	07/05	20:00	CPI (y/y)	Jun	3.3	3.4	3.3

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

Global Auctions for the week of July 1 – 5**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07/03	12:00	Canada to Sell 5 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	07/02	05:30	ECB Main Refinancing Operation Result
GE	07/03	05:30	Germany to Sell EUR4 Bln 2024 Bonds
GE	07/03	05:35	5Y Note Allotment
SP	07/04	04:45	Spain to Sell Bonds
FR	07/04	04:50	France to Sell Bonds
MB	07/04	05:00	Malta to Sell Bills

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
MA	06/30	00:00	Malaysia to Sell 15Yr Bonds
MA	06/30	00:00	Malaysia to Sell 7Yr Islamic Bonds
MA	06/30	00:00	Malaysia to Sell 30Yr Bonds
JN	07/01	23:35	Japan to Sell 10-Year Bonds
ID	07/02	05:00	Indonesia to Sell 5,10,15,20Yr Bonds
CH	07/02	23:00	China Plans to Sell 3 Yr & 7 Yr Upsized Government Bond
JN	07/03	23:35	Japan to Sell 30-Year Bonds

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	07/04	11:00	Brazil to Sell LTN - 01/10/2021

Events for the week of July 1 – 5

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/02	06:35	Fed's Williams Speaks on Global Economic and Policy Outlook

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06/29	09:00	ECB's Mersch Speaks in Bonn, Germany
TU	07/02	07:00	Monthly Aggregate Banking Data
SW	07/03	03:30	Riksbank Interest Rate
SW	07/03	07:00	Riksbank's Ohlsson Participates in Seminar
UK	07/03	08:15	BOE's Broadbent speaks in London.
EC	07/04	03:00	ECB Chief Economist Lane Speaks in Frankfurt
EC	07/04	05:10	ECB's de Guindos, Enria, Koenig Speak at Conference in Lisbon
SW	07/04	09:15	Riksbank's Floden Interviewed in Visby
SW	07/04	13:00	Swedish Finance Minister Gives Speech
SZ	07/05	03:00	Foreign Currency Reserves
IT	07/05		Bank of Italy Report on Balance-Sheet Aggregates

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	07/02	00:30	RBA Cash Rate Target
AU	07/02	05:30	RBA Governor Lowe speaks in Darwin
JN	07/02	21:30	BOJ Furo speaks in Hiroshima
TH	07/02	22:00	Bank of Thailand's MPC Minutes
IN	07/05	01:30	India FY20 Budget Presentation

Source: Bloomberg, Scotiabank Economics.

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	1.75	July 10, 2019	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.50	August 1, 2019	2.50	2.50
Banco de México – Overnight Rate	8.25	August 16, 2019	8.25	8.25

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	July 25, 2019	0.00	0.00
Bank of England – Bank Rate	0.75	August 1, 2019	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	7.50	July 26, 2019	7.75	7.50
Sweden Riksbank – Repo Rate	-0.25	July 3, 2019	-0.25	-0.25
Norges Bank – Deposit Rate	1.25	August 15, 2019	1.00	1.25
Central Bank of Turkey – Benchmark Repo Rate	24.00	July 25, 2019	24.00	24.00

Riksbank: No policy change is expected until later this year or early next. The central bank will weigh a rise in inflation against mixed activity readings and global developments with the latter having the greatest potential to influence the bias.

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	July 30, 2019	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.25	July 2, 2019	1.25	1.13
Reserve Bank of New Zealand – Cash Rate	1.50	August 7, 2019	1.50	1.50
People's Bank of China – Lending Rate	4.35	TBA	--	--
Reserve Bank of India – Repo Rate	5.75	August 7, 2019	5.50	5.75
Bank of Korea – Bank Rate	1.75	July 18, 2019	1.75	1.75
Bank of Thailand – Repo Rate	1.75	August 7, 2019	1.75	1.75
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 9, 2019	3.00	3.25
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	July 18, 2019	6.00	6.00
Central Bank of Philippines – Overnight Borrowing Rate	4.50	August 8, 2019	4.25	4.25

The Reserve Bank of Australia (RBA): Australian monetary authorities will make an interest rate decision on July 2. We expect the RBA to leave the benchmark interest rate unchanged at 1.25% this month, following a 25 bps cut in June. While we expect further monetary easing in the near term, we assess that economic data over the past month have not been weak enough to warrant a second consecutive rate cut. Instead, the RBA will likely monitor labour market developments closely over the next month and respond to any potential weakness at the August policy meeting.

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	July 31, 2019	6.50	6.50
Banco Central de Chile – Overnight Rate	2.50	July 19, 2019	3.00	3.00
Banco de la República de Colombia – Lending Rate	4.25	July 26, 2019	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.75	July 13, 2019	2.75	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	6.75	July 18, 2019	6.75	6.75

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

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