

WILL EARNINGS BUILD UPON THE FED'S RISK SUPPORTS?

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CONTACTS

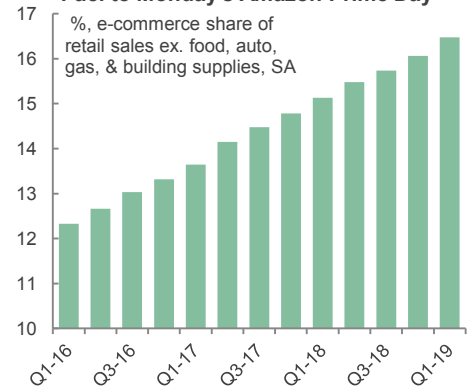
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Next Week's Risk Dashboard

- US earnings
- CPI: Canada, UK, Japan...
- ... NZ, EZ 'supercore', Argentina
- CBs: Chile, BoK, BI, SARB
- CDN retail, mfrg
- US retail, industrial
- Fed's Powell
- Other Fed-speak
- China GDP, other macro
- Eurozone ZEW
- UK wages
- US, Canada auctions

Chart of the Week

Consistent Online Retail Growth Adds Fuel to Monday's Amazon Prime Day



Sources: Scotiabank Economics, US Census Bureau.

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

Will Earnings Build Upon The Fed's Risk Supports?

CANADA—TARIFFS COULD BE IMPACTING INFLATION MORE IN CANADA THAN THE U.S.

The main highlight in the upcoming week will be Wednesday's inflation report for June. Other activity readings are expected to be fairly positive. **There is a solid case to be made that May's inflation report was distorted higher and that the process of reversing this distortion may begin as soon as the June figures.**

Total CPI inflation is expected to drop by a half percentage point from 2.4% y/y in May to 1.9% in June. A shift in base effects alone would lower inflation, and soft seasonal effects are anticipated especially after the stronger-than-usual prior month. But a significant consideration is that June gasoline prices fell by 9–10% in both month-ago and year-ago terms. The drop in gasoline prices should knock about three-tenths off the month-ago CPI rate that is estimated to be down by two-tenths on net, while lower gasoline prices could easily shave a couple of tenths off the year-ago headline rate.

The grander argument concerns whether transitory factors that drove a stronger upside surprise in May revert lower and, if so, to what extent. The May report was heavily distorted (recap [here](#)). In particular, the recreation/reading/education category was responsible for three-quarters of the 0.4% m/m seasonally unadjusted CPI headline rise and two-thirds of the seasonally adjusted gain. Categories like traveller accommodation (+15.5% m/m), travel tours (+5.5% m/m), recreational equipment (+2.3% m/m), sporting and exercise equipment (+2.0% m/m) and recreational vehicles and outboard motors (+1.9% m/m) drove the increases.

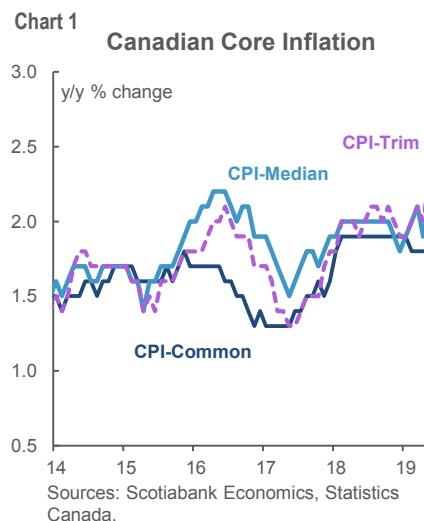
What drove that category to be so strong? Likely a transitory one-two punch consisting of currency depreciation and tariff effects. The C\$ depreciated by about 5% y/y in May of this year over May of the prior year. Usually this is a transitory effect upon inflation and we expect recent C\$ strength to persist over our forecast horizon.

Also recall that on July 1st 2018, Canada imposed a mixture of 10% and 25% tariff rates on a variety of imported US goods (lists [here](#)). US imports of building materials including steel and aluminum, plus boats, outboards, lawn mowers and many other items were dinged. Knock-on multiplier effects on prices in some other categories may have unfolded. **Key is that the tariffs were not imposed on items in transit, only upon newly ordered items.** This means that it might have taken until this past May for the sticker prices of those items to jump higher in response to the tariffs because of the seasonal Spring housing market and as new model year inventory was being established ahead of the Spring and Summer recreational seasons. Canada has much higher import propensities for consumption such that even though only C\$17 billion of imported items were targeted, the import weight on how they are captured in CPI was very high in multiple cases including about a 90% weight on imported boats. The coincident nature of how one category lit up May CPI—and the subcategories were tariff-affected items—is notable.

As for 'core' CPI, tariffs might also help to explain how one of the three central tendency measures—common component CPI—was relatively low at 1.8% y/y compared to median weighted CPI at 2.1% and trimmed mean CPI at 2.3% y/y (chart 1). Tariffs are not a common thread through the basket and could have been less likely to influence the common component reading. **If so, then using the average of the three central tendency CPI measures might be overstating transitory pressures upon core CPI by comparison to using common component CPI.**

Canada also releases existing home sales for June (Monday), manufacturing sales for May (Wednesday) that should follow a robust but distorted export report higher (recall recap [here](#)), ADP payrolls for June (Thursday) and retail sales for May on Friday. The latter might get a price boost reflecting what happened to that month's CPI report for the reasons noted above, but key will be whether volumes held up.

Canada auctions 2s on Wednesday.



UNITED STATES—BETTER THAN FEARED?

The dominant focus over the coming week will be that the Q2 earnings season begins in earnest and with the usual early focus upon financials. Macro data risk will also hang over markets, and Fed-speak will continue.

Fifty-seven S&P500 firms release earnings over the coming week. It's not expected to be a robust season, with the consensus estimate for a 2% year-ago drop in earnings. Among the key names are Citigroup, JP Morgan, Goldman Sachs, Wells Fargo, Bank of America, Morgan Stanley, eBay, Netflix, Microsoft, BlackRock, United and Amex. The key always lies in terms of what is priced into shares by way of advance earnings guidance that analysts often undercut. On that count, **earnings seasons in the US almost always surprise higher than expected (chart 2).** Or rather, they have tended to do so in the post-SOX era.

Macro releases will focus upon retail sales and a series of industrial reports. The **NY Fed's Empire manufacturing gauge** kicks off another month's round of regional measures on Monday. The Philly Fed regional manufacturing gauge arrives on Wednesday.

Tuesday brings retail sales for June and industrial output during the same month. **Retail sales may struggle to stay on the positive side of the ledger.** Auto sales were flat in June, but at a reasonably elevated level of 17.3 million units. Gas prices were lower by about 5% m/m and carry about an 8% weight that could knock a few tenths off month-ago growth in total retail sales. Because CPI excluding food and energy was up by more than expected (+0.3% m/m) there could be a price lift to total sales that should be quickly converted to volumes before translating into implications for consumption growth.

Housing starts in June (Wednesday) and University of Michigan consumer sentiment in July (Friday) round out the release schedule.

The significance of **Fed-speak** should calm down after such a heavy week that focused upon Chair Powell's two semi-annual testimonials to Congress, but it will still be a fairly heavy calendar. Powell speaks again on Tuesday at a Banque de France event in Paris and his speech is titled "Aspects of Monetary Policy in the Post-Crisis Era." Governor Bowman speaks at another 'Fed Listens' outreach event on Tuesday. Then it's over to several regional Presidents. Four voting regional Presidents will speak including the NY Fed's Williams on Monday and Thursday, Chicago's Evans on Tuesday, Boston's Rosengren who speaks on central bank independence on Friday and St. Louis President Bullard who speaks on Friday. Nonvoting speakers will include Dallas President Kaplan (Tuesday) and Bostic (Tuesday and Thursday). The Fed's Beige Book of regional conditions arrives Wednesday.

The lone auction will be for 10 year TIPS on Thursday.

LATIN AMERICA—ONE AND DONE?

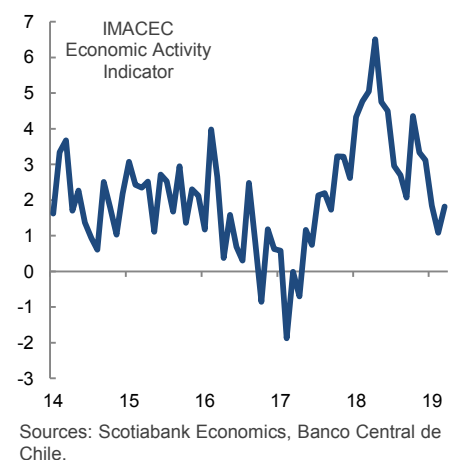
A policy decision by Chile and limited regional macro readings are unlikely to yield much excitement relative to continued monitoring of developments in Mexico.

Banco Central de Chile might be done surprising markets for a while. It delivers another decision on Thursday. Recall that it unexpectedly slashed the overnight rate by 50bps to 2.5% on June 7th. Growth concerns figured prominently (chart 3). The June policy statement ([here](#)) guided that "if the baseline scenario materializes, this change in the MPR will suffice to ensure the convergence of inflation to the target in the policy horizon." Since then, Chilean CPI held firm at 2.3% y/y and was slightly higher than expected while bouncing back off the bottom of the 2–4% target range (chart 4). Core inflation also edged upward to 2.1% y/y (1.9% prior).

Chart 2 US Earnings Usually Beat Expectations Since SOX



Chart 3 Chile's Decelerating Growth



Colombia updates several macro readings for May that will inform Q2 GDP growth expectations. They include retail sales (Monday), industrial output (Wednesday) and trade (Friday). Argentina updates stratospheric inflation for June on Tuesday.

EUROPE—DECIPHERING EUROPEAN INFLATION

Eurozone and UK inflation readings will likely dominate over other considerations next week. Other forms of calendar-based risk are relatively light.

Was the rise in Eurozone core CPI during June to 1.1% y/y from 0.8% the prior month driven by durable or transitory and particularly holiday-related factors? **By corollary, does the ECB have more to worry about regarding its inflation target than let on when core CPI was initially released?** We'll find out when enough detail is released on Wednesday in order to be able to home in on so-called 'supercore' CPI that excludes the effects of holiday-related items like packaged holiday prices. The shifting timing of the annual Easter holiday is the issue, as it might have artificially boosted core CPI in April because Easter was later that month than usual and captured more of the related spending and price changes. Then May might have come off harder than usual, only for June to begin to neutralize the inflation effects. There was some support in individual country details for how 'supercore' may be lower than core inflation.

UK CPI inflation in June is expected to be little changed at 2.0% y/y for headline and close to 1¾% y/y for core. Core CPI inflation has been drifting lower since the start of last year. At 1.7% y/y in May, it was drifting materially lower than the Bank of England's 2.0% inflation target. The lagged effects of past currency movements continue to move through the inflation basket (chart 5). The UK also releases wage figures for May on Tuesday that are expected to continue to post the highest growth since 2008. The BoE conundrum is partly driven by conflicting inflation signals such as rapid wage growth versus perhaps transitory currency effects pending the outcome of Brexit-related uncertainties toward the October 31st deadline.

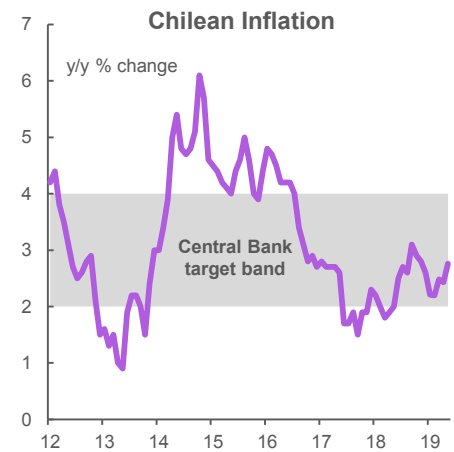
Germany and the Eurozone update ZEW investor confidence for July (Tuesday). The Eurozone trade surplus in May could attract a tweet or two on Tuesday given expectations it widened a little.

ASIA-PACIFIC—EXPECT STABILITY

How China's economy grew in the face of rising trade tensions will be the prime focus for Asian markets with potentially strong spillover effects upon the rest of the world.

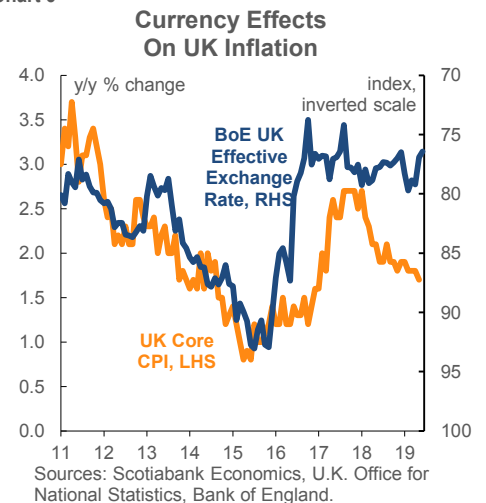
China releases Q2 GDP on Sunday evening (eastern time). You likely won't win a prize for guessing it will be six-handled in year-ago terms, given the remarkable stability of Chinese GDP growth over the years. A small deceleration to 6.2% from 6.4% the prior quarter is anticipated by consensus. Most estimates within consensus are either 6.2% or 6.3%. To back that up, China also releases quarter-end figures for retail sales, fixed asset investment and industrial production during the month of June at the same time. Whether China is cooking the books on GDP is a perennial source of debate, particularly since it is so quick to report and never revises its growth figures. Uh huh. For what it's worth, however, a variety of cross checks including electricity production, credit growth and railcar loadings plus recent export figures suggest breadth to some resilience (charts 6, 7).

Chart 4



Sources: Scotiabank Economics, Bloomberg.

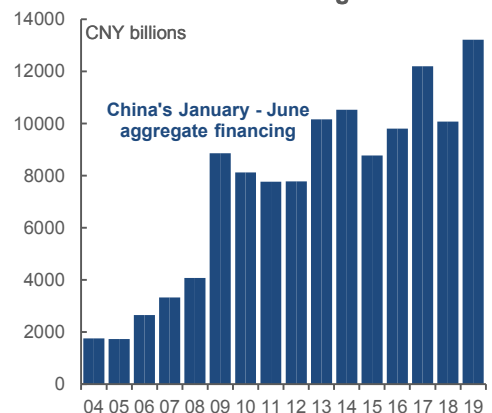
Chart 5



Sources: Scotiabank Economics, U.K. Office for National Statistics, Bank of England.

Chart 6

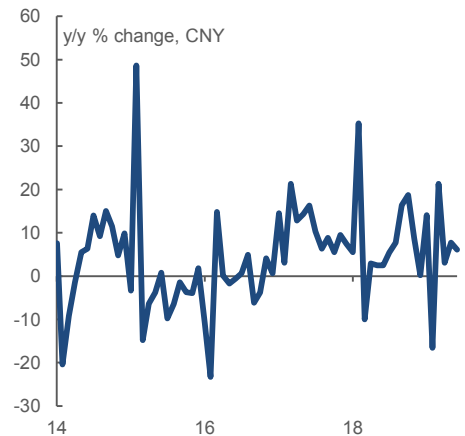
China's Aggregate Financing Hits A New High



Sources: Scotiabank Economics, Bloomberg.

Australia updates job growth for June (Wednesday night ET) and **minutes to the July 2nd RBA meeting** could add further colour to guidance for subsequent policy moves. **Bank Indonesia** is fairly widely expected to cut its reverse repo rate by 25bps to 5.75% while consensus is almost evenly divided between a hold and a 25bps cut for the **Bank of Korea** on Wednesday night.

Other releases will include CPI reports from New Zealand for Q2 on Monday night and Japan (June) on Thursday night. Trade figures from Indonesia (Monday), India early week and Japan (Wednesday) will inform the ongoing toll upon world trade stemming from US protectionism and also serve as cross references upon Chinese trade figures.

Chart 7 China Export Growth


Sources: Scotiabank Economics, Bloomberg.

Key Indicators for the week of July 15 – 19

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	07/15	08:30	Empire State Manufacturing Index	Jul	--	2.0	-8.6
CA	07/15	09:00	Existing Home Sales (m/m)	Jun	--	0.1	1.9
CA	07/16	08:30	International Securities Transactions (C\$ bn)	May	--	--	-12.8
US	07/16	08:30	Export Prices (m/m)	Jun	--	-0.6	-0.3
US	07/16	08:30	Import Prices (m/m)	Jun	--	-0.6	-0.3
US	07/16	08:30	Retail Sales (m/m)	Jun	0.0	0.1	0.5
US	07/16	08:30	Retail Sales ex. Autos (m/m)	Jun	0.0	0.1	0.5
US	07/16	09:15	Capacity Utilization (%)	Jun	78.10	78.1	78.1
US	07/16	09:15	Industrial Production (m/m)	Jun	0.1	0.1	0.4
US	07/16	10:00	Business Inventories (m/m)	May	--	0.4	0.5
US	07/16	10:00	NAHB Housing Market Index	Jul	--	64.0	64.0
US	07/16	16:00	Total Net TIC Flows (US\$ bn)	May	--	--	-7.8
US	07/16	16:00	Net Long-term TIC Flows (US\$ bn)	May	--	--	46.9
US	07/17	07:00	MBA Mortgage Applications (w/w)	JUL 12	--	--	-2.4
CA	07/17	08:30	Core CPI - Common (y/y)	Jun	--	1.8	1.8
CA	07/17	08:30	Core CPI - Median (y/y)	Jun	--	2.1	2.1
CA	07/17	08:30	Core CPI - Trim (y/y)	Jun	--	2.2	2.3
CA	07/17	08:30	CPI, All items (m/m)	Jun	-0.3	-0.3	0.4
CA	07/17	08:30	CPI, All items (y/y)	Jun	1.9	2.0	2.4
CA	07/17	08:30	CPI, All items (index)	Jun	--	136.4	136.6
CA	07/17	08:30	Manufacturing Shipments (m/m)	May	2.0	2.0	-0.6
US	07/17	08:30	Building Permits (000s a.r.)	Jun	--	1300	1299
US	07/17	08:30	Housing Starts (000s a.r.)	Jun	1265	1260	1269
US	07/17	08:30	Housing Starts (m/m)	Jun	-0.3	-0.7	-0.9
CA	07/18	08:30	Teranet - National Bank HPI (y/y)	Jun	--	--	0.7
US	07/18	08:30	Initial Jobless Claims (000s)	JUL 13	210	216	209
US	07/18	08:30	Continuing Claims (000s)	JUL 6	1725	1700	1723
US	07/18	08:30	Philadelphia Fed Index	Jul	--	5.0	0.3
US	07/18	10:00	Leading Indicators (m/m)	Jun	--	0.1	0.0
CA	07/19	08:30	Retail Sales (m/m)	May	0.4	0.3	0.1
CA	07/19	08:30	Retail Sales ex. Autos (m/m)	May	0.4	0.4	0.1
US	07/19	10:00	U. of Michigan Consumer Sentiment	Jul P	99	98.6	98.2

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	07/16	04:30	Average Weekly Earnings (3-month, y/y)	May	--	3.1	3.1
UK	07/16	04:30	Employment Change (3M/3M, 000s)	May	--	45.0	32.0
UK	07/16	04:30	Jobless Claims Change (000s)	Jun	--	--	23.2
UK	07/16	04:30	ILO Unemployment Rate (%)	May	3.8	3.8	3.8
EC	07/16	05:00	Trade Balance (€ mn)	May	--	--	15672
EC	07/16	05:00	ZEW Survey (Economic Sentiment)	Jul	--	--	-20.2
GE	07/16	05:00	ZEW Survey (Current Situation)	Jul	--	5.0	7.8
GE	07/16	05:00	ZEW Survey (Economic Sentiment)	Jul	--	-22.0	-21.1
IT	07/16	05:00	CPI - EU Harmonized (y/y)	Jun F	0.8	0.8	0.8
UK	07/17	04:30	CPI (m/m)	Jun	--	0.0	0.3
UK	07/17	04:30	CPI (y/y)	Jun	2.0	2.0	2.0
UK	07/17	04:30	PPI Input (m/m)	Jun	--	-0.5	0.0
UK	07/17	04:30	PPI Output (m/m)	Jun	--	0.1	0.3
UK	07/17	04:30	RPI (m/m)	Jun	--	0.1	0.3
UK	07/17	04:30	RPI (y/y)	Jun	--	2.9	3.0
EC	07/17	05:00	CPI (m/m)	Jun	--	0.1	0.1
EC	07/17	05:00	CPI (y/y)	Jun F	1.2	1.2	1.2
EC	07/17	05:00	Euro zone Core CPI Estimate (y/y)	Jun F	1.1	1.1	1.1
UK	07/18	04:30	Retail Sales ex. Auto Fuel (m/m)	Jun	--	-0.2	-0.3
UK	07/18	04:30	Retail Sales with Auto Fuel (m/m)	Jun	--	-0.3	-0.5
GE	07/19	02:00	Producer Prices (m/m)	Jun	--	-0.1	0.0
EC	07/19	04:00	Current Account (€ bn)	May	--	--	20.9
IT	07/19	04:00	Current Account (€ mn)	May	--	--	3914
UK	07/19	04:30	PSNB ex. Interventions (£ bn)	Jun	--	3.9	5.1
UK	07/19	04:30	Public Finances (PSNCR) (£ bn)	Jun	--	--	10.7
UK	07/19	04:30	Public Sector Net Borrowing (£ bn)	Jun	--	3.3	4.5

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

Key Indicators for the week of July 15 – 19

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PH	07/14	21:00	Overseas Remittances (y/y)	May	--	2.9	4.0
CH	07/14	22:00	Fixed Asset Investment YTD (y/y)	Jun	5.7	5.6	5.6
CH	07/14	22:00	Industrial Production (y/y)	Jun	5.0	5.2	5.0
CH	07/14	22:00	Real GDP (y/y)	2Q	6.3	6.2	6.4
CH	07/14	22:00	Retail Sales (y/y)	Jun	8.5	8.5	8.6
IN	07/14-07/15		Exports (y/y)	Jun	--	--	3.9
IN	07/14-07/16		Imports (y/y)	Jun	--	--	4.3
ID	07/15	00:00	Exports (y/y)	Jun	--	-8.7	-9.0
ID	07/15	00:00	Imports (y/y)	Jun	--	-2.0	-17.7
ID	07/15	00:00	Trade Balance (US\$ mn)	Jun	--	658	208
IN	07/15	02:30	Monthly Wholesale Prices (y/y)	Jun	--	2.3	2.5
NZ	07/15	18:45	Consumer Prices (y/y)	2Q	1.5	1.7	1.5
JN	07/16	20:00	Nationwide Department Store Sales (y/y)	Jun	--	--	-0.8
SI	07/16	20:30	Exports (y/y)	Jun	--	-9.1	-15.9
JN	07/17	19:50	Merchandise Trade Balance (¥ bn)	Jun	--	406	-968
JN	07/17	19:50	Adjusted Merchandise Trade Balance (¥ bn)	Jun	--	-141	-609
JN	07/17	19:50	Merchandise Trade Exports (y/y)	Jun	--	-5.4	-7.8
JN	07/17	19:50	Merchandise Trade Imports (y/y)	Jun	--	-0.2	-1.5
SK	07/17	21:00	BoK Base Rate (%)	Jul 18	1.75	1.63	1.75
AU	07/17	21:30	Employment (000s)	Jun	15	9.0	42.3
AU	07/17	21:30	Unemployment Rate (%)	Jun	5.2	5.2	5.2
ID	07/17	22:00	BI 7-Day Reverse Repo Rate (%)	Jul 18	6.00	5.75	6.00
HK	07/17-07/18		Composite Interest Rate (%)	Jun	--	--	0.8
HK	07/18	04:30	Unemployment Rate (%)	Jun	2.8	2.8	2.8
SK	07/18	17:00	PPI (y/y)	Jun	--	--	0.4
JN	07/18	19:30	National CPI (y/y)	Jun	0.7	0.7	0.7
PH	07/18	21:00	Balance of Payments (US\$ mn)	Jun	--	--	928
JN	07/19	00:30	All Industry Activity Index (m/m)	May	--	0.3	0.9

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	07/15	10:00	Economic Activity Index NSA (y/y)	May	1.3	1.3	0.0
PE	07/15	10:00	Unemployment Rate (%)	Jun	--	--	6.7
CO	07/15	11:00	Retail Sales (y/y)	May	--	4.9	4.0
CL	07/18	18:00	Nominal Overnight Rate Target (%)	Jul 31	2.50	2.50	2.50
CO	07/19	11:00	Trade Balance (US\$ mn)	May	--	-715	-460

Global Auctions for the week of July 15 – 19

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	07/17	12:00	Canada to Sell 2 Year Bonds
US	07/18	13:00	U.S. to Sell 10-Year TIPS

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	07/16	05:30	U.K. to Sell 2.25 Billion Pounds of 1.75% 2037 Bonds
DE	07/17	04:30	Denmark to Sell Bonds
GE	07/17	05:30	Germany to Sell 1 Billion Euros of 1.25% 2048 Bonds
GE	07/17	05:35	30Y Note Allotment
SP	07/18	04:45	Spain to Sell Bonds
IR	07/18	05:00	Ireland to sell Bills
FR	07/18	05:50	France to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	07/14	21:30	Korea Central Bank to Sell KRW 300Bln 182-Days Bond
SK	07/14	22:30	Korea to Sell KRW 1.3Tln 10-Year Bond
SK	07/15	01:00	Korea Central Bank to Sell KRW 900Bln 91-Days Bond
CH	07/16	03:00	Jiangsu to Sell CNY16.75 Bln 7Y Bonds
CH	07/16	04:00	Xiamen to Sell CNY500 Mln 5Y Bonds
ID	07/16	05:00	Indonesia to Sell 5Yr, 10Yr, 15Yr, & 20Yr Bonds
SK	07/16	21:30	Korea Central Bank to Sell KRW 2.3Tln 2-Year Bond
CH	07/16	23:00	China Plans to Sell 1-Year Upsized Government Bond
CH	07/16	23:00	China Plans to Sell 10-Year Upsized Government Bond
JN	07/16	23:35	Japan to Sell 20-Year Bonds
JN	07/16	23:35	20Y Bond Amount Sold
NZ	07/17	22:05	New Zealand To Sell NZD150 Mln 2.75% 2037 Bonds
TH	07/17	23:00	Bk of Thailand to Sell THB30 Bln Bonds Due 2022
JN	07/17	23:30	1Y Note Amount Sold
CH	07/18	23:00	China Plans to Sell 30-Year Government Bond

Source: Bloomberg, Scotiabank Economics.

Events for the week of July 15 – 19

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	07/15	08:50	Fed's Williams Speaks at Libor briefing
US	07/16	08:15	Fed's Bostic Moderates Fed Listens Event in Augusta, Georgia
US	07/16	15:30	Fed's Evans to Speak in Chicago
US	07/17	14:00	U.S. Federal Reserve Releases Beige Book
CA	07/18	08:30	ADP Canada Releases June Payroll Estimates
US	07/18	09:30	Fed's Bostic Speaks to Clarksville Chamber in Tennessee
US	07/18	14:15	Fed's Williams Speaks on Monetary Policy
US	07/19	16:30	Fed's Rosengren Joins Panel on Central Bank Independence

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	07/15	05:00	Italy's Tria Speaks in Rome
UK	07/16	08:00	BOE's Carney speaks on panel in Paris.

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
KZ	07/15	07:00	Key Rate
JN	07/15	21:10	BOJ Outright Bond Purchase 5~10 Years
AU	07/15	21:30	RBA Minutes of July Policy Meeting
SK	07/17	21:00	BoK 7-Day Repo Rate
AU	07/17	21:30	RBA FX Transactions Market
ID	07/17	00:00	Bank Indonesia 7D Reverse Repo

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	07/18	18:00	Overnight Rate Target

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	September 4, 2019	1.75	1.75
Federal Reserve – Federal Funds Target Rate	2.50	July 31, 2019	2.25	2.50
Banco de México – Overnight Rate	8.25	August 15, 2019	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	--
Bank of England – Bank Rate	0.75	August 1, 2019	0.75	--
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	--
Central Bank of Russia – One-Week Auction Rate	7.50	July 26, 2019	7.75	7.38
Sweden Riksbank – Repo Rate	-0.25	September 5, 2019	-0.25	--
Norges Bank – Deposit Rate	1.25	August 15, 2019	1.00	--
Central Bank of Turkey – Benchmark Repo Rate	24.00	July 25, 2019	24.00	--

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	July 30, 2019	-0.10	--
Reserve Bank of Australia – Cash Target Rate	1.00	August 6, 2019	1.00	1.00
Reserve Bank of New Zealand – Cash Rate	1.50	August 6, 2019	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	--
Bank of Korea – Bank Rate	1.75	July 17, 2019	1.75	1.63
Bank of Thailand – Repo Rate	1.75	August 7, 2019	1.75	--
Bank Negara Malaysia – Overnight Policy Rate	3.00	September 12, 2019	3.00	--
Bank Indonesia – 7-Day Reverse Repo Rate	6.00	July 18, 2019	6.00	5.75
Central Bank of Philippines – Overnight Borrowing Rate	4.50	August 8, 2019	4.25	--

Bank of Korea (BoK): The BoK will hold a monetary policy meeting on July 18. We expect the central bank to keep the policy rate on hold this month, yet we note that it has become somewhat more dovish recently. While the BoK will continue to monitor risks related to financial stability and high household debt, we expect it to cut the Base Rate by 25 basis points to 1.50%—thereby reversing the November 2018 hike—soon after the US Federal Reserve cuts its benchmark interest rate. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on July 18. We expect the BI to continue its wait-and-see stance this month, closely monitoring financial market volatility and the direction of monetary policy in other economies, notably in the US. Nevertheless, with inflation contained (at 3.3% y/y in June) the BI will likely initiate a monetary easing phase soon after the US Fed cuts its policy rate.

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	--
Banco Central de Chile – Overnight Rate	2.50	July 18, 2019	2.50	2.50
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	August 9, 2019	2.75	--

Banco Central de Chile: No policy change is expected on Thursday. After a surprise 50bps cut on June 7th, the statement guided that this was expected to be enough. Inflation then bounced higher in the June reading.

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	6.50

SARB: A 25bps cut is expected on Thursday. Decelerating core CPI pressure to 4.1% y/y in June and toward the lower end of the 3-6% policy target range provides some room to address growth concerns after the economy shrank in Q1, as well as currency appreciation since early June.

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