

SOME HOLIDAY!

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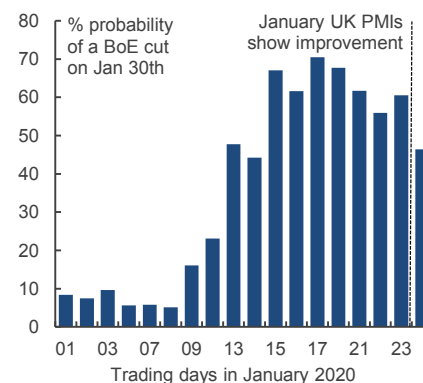
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Next Week's Risk Dashboard

- Coronavirus watch & market opportunity
- Lunar New Year shut down
- CBs: Fed, BoE, BanRep, Chile
- GDP: US, Canada, Eurozone, Mexico
- China PMIs
- CPI: Eurozone, Australia
- US durables, PCE, other macro
- BoC's Beaudry
- Earnings
- Japan macro

Chart of the Week

Market Split on if UK PMI Rebound will Stave off BoE Easing



Sources: Scotiabank Economics, Bloomberg.

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

Some Holiday!

CANADA—WHAT TYPE OF STABILITY RISK DOMINATES?

Over the coming week, the emphasis will primarily be placed upon updated GDP growth and putting a bit more meat on the bone in terms of what the Bank of Canada thinks about financial stability.

The economy probably continued to stall out in November. After contracting by 0.1% m/m in October, GDP will probably come in roughly flat when November's estimate lands on Friday. The lone bright spots were a 0.7% m/m rise in retail sales volumes, a 0.7% m/m rise in housing starts and a small 0.6% m/m rise in existing home sales that might have a small positive influence upon ancillary housing services (lawyers, agents, lenders, etc.). At least two of those gains reversed the next month. Retail sales are nevertheless quite weak on a trend basis and it's highly unlikely this is because of leakage of consumer spending to foreign on-line sales not captured in retail sales ([here](#)).

The rest of the picture was pretty bleak at least in terms of what we can track. Hours worked tanked by 0.9% m/m in November and that alone doesn't bode well for GDP since GDP is an identity expressed as hours worked times labour productivity. Manufacturing shipment volumes fell 0.8% m/m. Wholesale trade volumes were down 0.9% m/m. Export volumes plunged by 2.7% m/m. Import volumes fell by 1.3%. As for the next month's GDP tracking in December, it's early in terms of data, but hours worked were flat, housing starts fell by 3.4% and existing home sales were down by 0.9% m/m, all seasonally adjusted.

If these readings unfold as expected, then Q4 GDP growth overall is likely tracking considerably below the BoC's 0.3% growth rate and perhaps in very mild contraction territory ([here](#)).

There are no doubt distortions to several of these indicators, but they shouldn't be exaggerated. The GM strike in the US had little impact upon auto production as the one GM plant in Canada was being shuttered anyway, and after it had already moved toward very low volumes. The impact on the parts sector was more significant but transitory. The very short CN rail strike also involved advance preparations and a gradual recovery, but there were multiple other drivers of weakness to the indicators as covered throughout their releases.

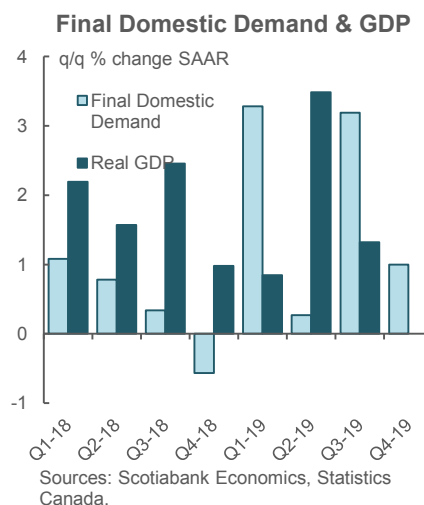
The most important point, however, involves repeating chart 1; the trends in GDP growth and final domestic demand that strips out inventories and trade to focus upon more direct measures of domestic expenditures have been weak for quite some time over 2018–19 and not just because of a strike here or bad weather there.

Bank of Canada Deputy Governor Paul Beaudry will speak about 'monetary policy and financial vulnerabilities' on Thursday. The event will be held at 3:30pmET. The text is likely to be released around that time or a little before but this will be confirmed when the BoC issues details in its media advisory likely on Monday. Of late, the Bank of Canada has tended to make two main points on the topic:

1. They want to see further negative surprises to their projections before having the comfort to ease. That's because they are concerned that whereas there are downside risks to the near-term inflation target, easing could add to stability concerns by encouraging excess borrowing in a way that magnifies the risk of future shocks and makes it more difficult to stay on the inflation target. We think they may well get further negative surprises including to Q4 GDP but data will speak for this.

2. The BoC nevertheless thinks that this is a more balanced set of risks now than previously. Changed macroprudential policies like the B20 stress test on mortgage originations as well as other federal and provincial government measures have made the financial system sounder and the mortgage market safer. That gives the BoC less cause to worry about the ramifications to easing from a debt market standpoint and more reason to focus upon addressing building spare capacity and downside risks to the inflation outlook.

Chart 1



My personal view is that the balance is tilted even more in favour of easing now and away from stability concerns. Highly stimulative fiscal and monetary policy led households toward high levels of borrowing. That can't be reversed. Households are now showing multiple signs of exhaustion in this consumption cycle. To cut them off now after having led them along this path risks magnifying downside risks to the economy versus using tactical monetary policy adjustments to ease the transition more gradually.

Macro watchers might also want to keep an eye on earnings reports from CN and CP for possible colour on the direct and indirect effects of the brief CN rail strike in that this could inform perspectives on the impact and the path toward fully shaking off the effects. Canada also releases producer prices for December on Friday but it will probably be ignored a) because of GDP, and b) because market participants tend to view it as a lagging indicator of commodity price movements that were understood weeks ago.

ASIA-PACIFIC—BUY ON DIP, JUST NOT YET

China's economy basically shuts down over the coming week for the annual Lunar New Year holiday. Its financial markets will be closed throughout the week. While that means mainland equities won't get a chance to react to fresh developments, it could also drive a magnified pent-up reaction the following Monday when they re-open. The country is still likely to have a significant impact upon world markets over the coming week both because of the ongoing coronavirus threat but also because of top-shelf macro data.

China is taking proactive steps to address the 2019-nCoV virus including cordoning off cities with an estimated 46 million people. [This](#) map suggests there are multiple other cities at risk of a similar fate as this publication is being released while reports of the virus spreading to other countries continue to rise. At present, the virus has been confirmed in the US, France, Japan, Singapore, South Korea, Thailand, Vietnam and Nepal and with multiple other countries including Canada monitoring unconfirmed cases. This will bear continued monitoring over the coming weeks including the period following the return of Chinese workers after the holiday.

From an investors' standpoint, the virus has clearly recently caused a risk-off market tone. **If the past pattern of such shocks is any indication, then the market reaction might be presenting opportunity to longer-term investors.** Charts 2–6 show what happened to a variety of financial metrics including the 10 year Treasury yield, the S&P500 index, the broad dollar index, corporate credit spreads and high-yield debt markets at the time of the SARS coronavirus. In all cases, the effects upon markets were fleeting. While the human toll and dangers are real, strained valuations in some markets may just be making room for another leg up although it's likely as premature to sound alarmist as it is to dip in just yet.

China will update the state's purchasing managers' indices for January on Thursday night eastern time. **Because the Lunar New Year is earlier than normal this year, it may be difficult for seasonal adjustments to properly control against earlier-than-usual shutdown effects into and during the holiday.** That could mean that the PMIs disappoint. This year's Lunar New Year on January 25th

Chart 2
US 10 Year Treasury Yield During the SARS Outbreak

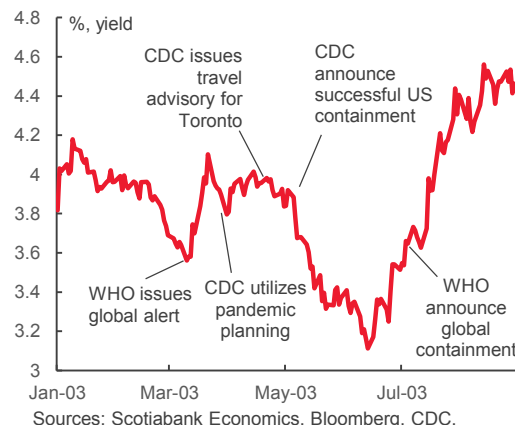


Chart 3
US S&P 500 During the SARS Outbreak

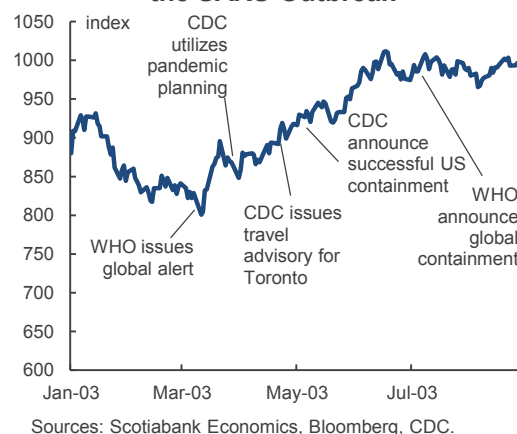
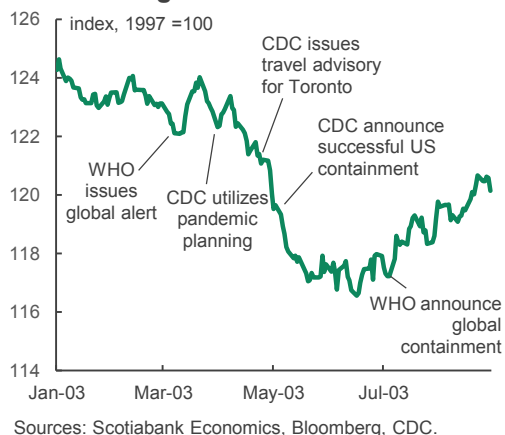


Chart 4
Trade Weighted Dollar Index During the SARS Outbreak



is the fifth earliest in the three decades since 1990.

Australia updates Q4 inflation figures on Tuesday. The headline and core trimmed mean and weighted median measures are expected to be little changed around the prior quarter's 1.7% y/y, 1.5% y/y and 1.2% y/y rates and hence below the RBA's 2–3% inflation target range.

Last, Japan will unleash its monthly data dump on Thursday including Tokyo CPI for January, and for December each of the jobless rate, retail sales, industrial production and housing starts.

Chart 5

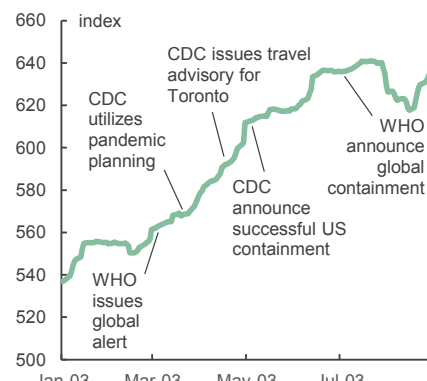
US BAA Corporate Benchmark 10 Year Treasury Spread During SARS



Sources: Scotiabank Economics, Bloomberg, CDC.

Chart 6

US High Yield Corporate Bond Index During SARS Outbreak



Sources: Scotiabank Economics, Bloomberg, CDC.

UNITED STATES—IT'S TOO SOON TO GAMBLE THE FED'S SUCCESSFUL LANDING

US markets will continue to be buffeted by coronavirus concerns but calendar-based risk will also be heavy. **A combination of the Federal Reserve's latest decisions and communications, top-shelf macro data and earnings reports will make for a very active week. Trump is likely to sign the USMCA agreement.**

The Federal Reserve updates policy guidance on Wednesday. The FOMC statement arrives at 2pmET and Chair Powell's press conference will be held a half hour later. There will be no forecast revisions or dot plots out of this one after they were just delivered in December. No material statement changes are anticipated and we expect similar guidance on how the US economy is in a good place and only a material shock to the FOMC's expectations would drive the risk of additional policy directions. Chair Powell's press conference is likely to emphasize lessened nearer-term uncertainty stemming from US-China trade developments and to discuss improved short-term funding market conditions while any questioning over the impact of the coronavirus is likely to be treated as a risk that is being monitored.

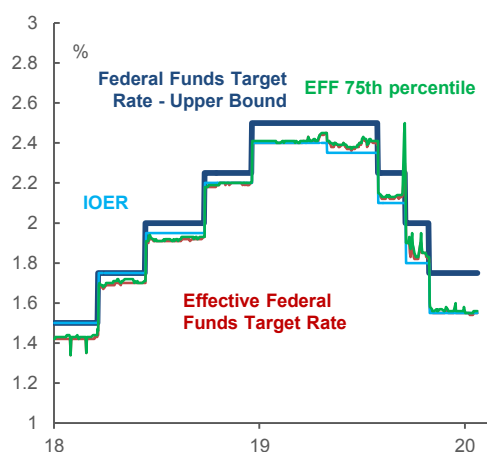
It's possible that the criteria for potentially reversing the widening of the negative spread between the Interest on Excess Reserves (IOER) rate and the upper bound of the fed funds target range may be discussed. The FOMC alluded to this in minutes to the prior meeting:

"As reserves remain ample, the manager noted that it may become appropriate at some point to implement a technical adjustment to the IOER rate and the offered rate on overnight reverse repurchase (ON RRP) agreements. Should conditions warrant this adjustment, the IOER rate could move closer to the middle of the target range for the federal funds rate, and the ON RRP rate could be realigned with the bottom of the target range."

It's likely premature to anticipate a narrower spread between the fed funds upper limit and IOER through an IOER hike, but it's a risk. For one thing, chart 7 shows that while the Fed has made great progress in calming down short-term funding markets, the effective fed funds rate basically sits on top of IOER, the FOMC may wish to see a longer period of evidence that the rates are straying from one another before acting in either direction especially after the difficulties experienced over the tumultuous past five months. The Fed is still pushing a lot of liquidity into markets through o/n and term repos and bill purchases and so it could be somewhat inconsistent to take such steps while at the same time hiking the IOER rate. Further, the FOMC may wish to avoid even the slightest difficulty communicating why they are hiking anything without

Chart 7

EFF and IOER



Sources: Scotiabank Economics, Bloomberg.

massaging markets first. That's especially given probable future funding pressures through Treasury issuance, quarter-end financing and corporate tax payments in March.

Regardless, on the grand spectrum of possible Fed policy adjustments, this one ranks as among the most trivial. It would be just a technical adjustment and not reflect a shift in fundamental thinking about monetary policy.

The four main sources of macro indicator risk include the following.

1. Durable goods orders: Boeing's problems are likely to continue to weigh on headline orders on Tuesday. Only three planes were ordered from the company in December after 63 in November and with the likelihood of downward revisions as the company loses major ground to Airbus. Core capital goods orders (ex-defence and aircraft) have grown for two consecutive months and will take more of the attention.

2. Q4 GDP: The economy likely advanced at about a 1.9% rate in the final quarter and we'll find out on Thursday. This estimate incorporates the above assumptions on overall consumption. The range of estimates is clustered around 1.6–2.4% for the most part.

3. PCE inflation: Friday's figures for December could see the Fed's preferred headline PCE inflation gauge slightly increase due to energy prices and in keeping with the increase in CPI inflation. Core PCE inflation, however, is likely to remain unchanged at 1.6% y/y. A key question is whether the rise in health insurance premiums that is buoying core CPI (2.3% y/y) to be materially higher than core PCE inflation will continue to be confined to influencing just CPI. As charts 8 and 9 demonstrate, the different methodologies and weights attached to health insurance premiums in CPI versus PCE have had a large distorting influence on the spread between the gauges.

4. Consumer spending: A small rise in inflation-adjusted spending is likely to be registered for the month of December on Friday. Recall that retail sales were up by 0.3% m/m last month and the important 'control group' was up by 0.5% with downward revisions. Moderate growth in services deflated with the above expectations for PCE inflation is likely to leave an inflation-adjusted consumption gain of 0.1–0.2% m/m.

Markets will also consider new home sales in December (Monday), repeat sales home prices in November (Tuesday), the Conference Board's consumer confidence gauge for January (Tuesday), the Richmond Fed's manufacturing index for January (Tuesday), pending home sales for December (Wednesday), the advance merchandise goods trade balance in December (Wednesday) and the Q4 employment cost index (Friday).

One hundred and forty S&P500 firms release earnings over the coming week including names like Pfizer, 3M, Starbucks, eBay, Apple, Boeing, GE, AT&T, General Dynamic, Amazon, UPS, Visa and Caterpillar.

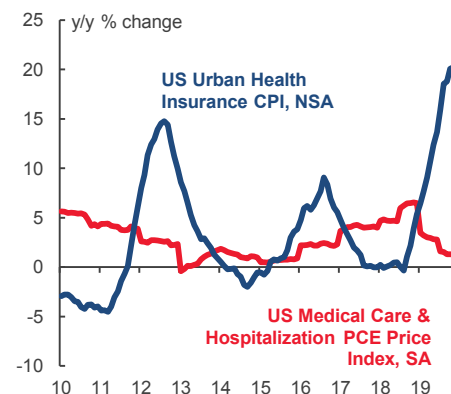
EUROPE—CARNEY'S SWAN SONG

Far and away the greatest source of uncertainty derived from European calendar-based risk will be whether or not the Bank of England decides to ease monetary policy. Significant data risk will be peppered throughout the risk across the Eurozone.

Markets and economists are divided on whether or not the Bank of England will cut its Bank rate from 0.75% to 0.5% on Thursday at Governor Carney's last meeting at the helm. As this publication goes to 'print', just over two-thirds of economists in the Bloomberg sample expect a hold and the remainder expect a cut. Markets are more evenly divided with OIS markets pricing it at about a coin toss (see cover chart). Everything was humming along relatively smoothly toward a cut until

Chart 8

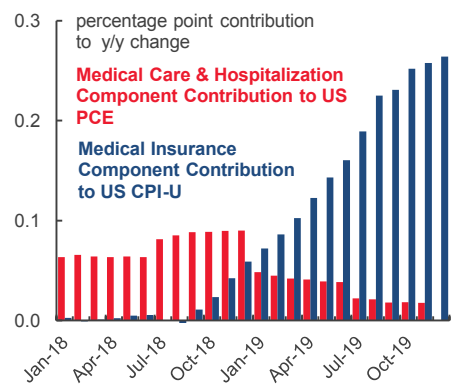
US Medical Care Insurance Inflation



Sources: Scotiabank Economics, US BLS, US Bureau of Economic Analysis.

Chart 9

Weighted Contributions to US CPI and PCE



Sources: Scotiabank Economics, US BLS, US Bureau of Economic Analysis.

strong purchasing managers' indices threw a bit of a spanner into the works and lowered conviction. There are nevertheless several reasons to still anticipate a rate cut.

A PMI gain of this magnitude may be indicative of considerably stronger GDP growth as chart 10 demonstrates. That's not always the case, however, such as in 2015Q3 when the composite PMI gained by more than it just did and yet that quarter's GDP growth decelerated before a later gain and then renewed disappointment. Or take 2017Q2 when the composite PMI gained by more than it just did and GDP growth went on a cooling trend for the next two quarters. These are useful, but rough and sentiment-based signals that can be noisy. For example, it's possible that the PMI improvement was just a post-election sigh of relief by the business community that Labour didn't get in even if it solidified Brexit.

More important is that the BoE's principal mandate is to target 2% inflation and inflation is tumbling lower (chart 11). Core inflation was 1.4% y/y in December which was down three-tenths from the prior month and the lowest reading since November 2016. Headline inflation is a touch cooler at 1.3% y/y which was also the lowest since November 2016. Easing doesn't necessarily mean higher inflation as the world has come to well understand by now. This observation has never stopped central banks, mind you. Inaction when you are completely failing at your main goal would be tough to communicate to markets.

Bigger picture considerations may require more easing. Whereas UK PMIs improved, the Eurozone composite PMI was flat and still signalling weak growth. China's economy is suffering yet another shock just as some of its data had begun to improve. The combined effects may challenge UK export growth prospects. Hard Brexit may be off the table, or just postponed, and we don't have a trade agreement with the EU and probably won't this year. It's unlikely that businesses are going to rip investment activity higher when they have no clue what the rules of the game might be going forward.

As for transitional issues, there may be three reasons not to think that the BoE won't act just because it's Carney's last meeting. For one, his voice is important but so is the broader MPC's. For another, Carney has never held back if he thinks a move is the right thing to do. Last, easing now might well make incoming Governor Andrew Bailey's first decision on March 26th a touch easier transition.

Macro releases will include Q4 GDP for the Eurozone, France and Spain on Friday. CPI for January will be released by Germany on Thursday and then France, Spain and the Eurozone estimate on Friday. Modest GDP growth and subdued inflation are likely to remain intact. Germany updates the IFO business confidence measure on Monday as well as consumer confidence on Wednesday and unemployment on Thursday.

LATIN AMERICA—HOLDING ON

The main focal points over the coming week will be a pair of central bank decisions out of Chile and Colombia plus Mexican GDP.

Consensus is unanimous in expecting Chile's central bank to remain on hold on Wednesday but with a dovish tone. After cutting in October, the rate has remained at 1.75% following a cumulative reduction of 125bps since the middle of the year. Inflation has risen to 3% y/y and hence bang on the middle of the 2–4% target range (chart 12). Core inflation nevertheless remains below the mid-point, but has trended somewhat higher over the past year. Recent economic activity readings have been mixed and the central bank may wish to evaluate more evidence.

Chart 10

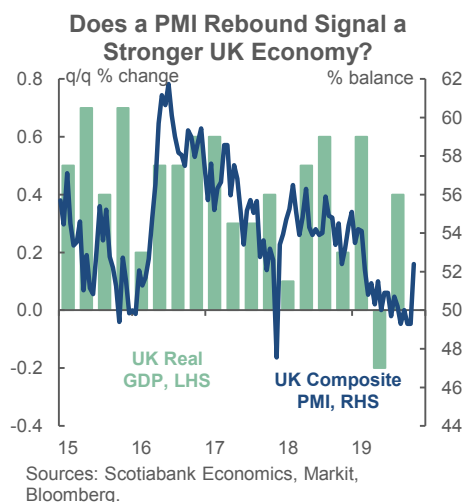
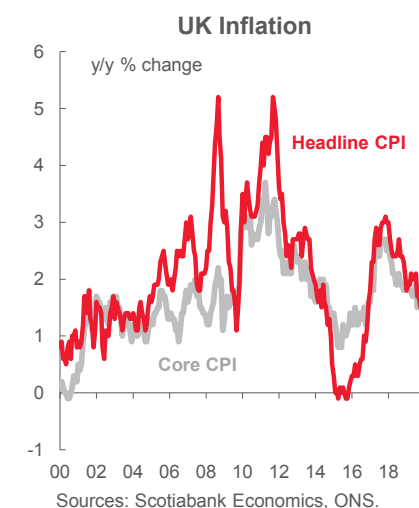
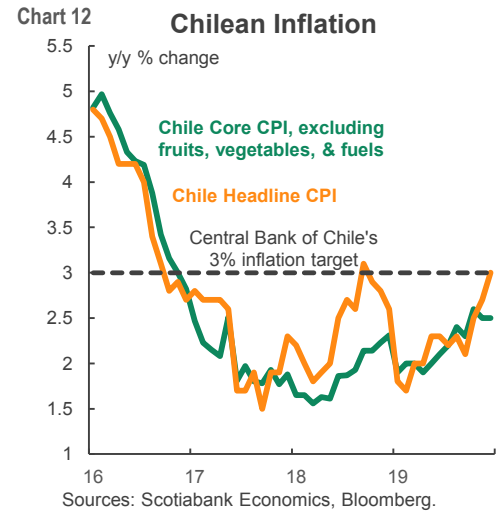


Chart 11



Colombia's central bank is also unanimously expected to remain on hold at 4.25% on Friday. At 3.8% y/y and 3.5% y/y, headline and core CPI inflation respectively are running in the upper half of BanRep's 2–4% inflation target range.

Mexico's economy probably remained challenged in the final quarter of 2019. GDP lands on Thursday amid expectations for a small quarterly drop. If so, it would be the third small decline in the past year and the fifth in the past two years. Retail sales in November (Monday) and trade figures for December (Tuesday) are also on tap.



Key Indicators for week of January 27 – 31

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MX	01/27	07:00	Retail Sales (INEGI) (y/y)	Nov	1.1	0.2	0.4
US	01/27	10:00	New Home Sales (000s a.r.)	Dec	725	730	719
US	01/27	10:30	Dallas Fed. Manufacturing Activity	Jan	--	-1.6	-3.2
MX	01/28	07:00	Trade Balance (US\$ mn)	Dec	-472	2245	790
US	01/28	08:30	Durable Goods Orders (m/m)	Dec P	0.0	0.5	-2.1
US	01/28	08:30	Durable Goods Orders ex. Trans. (m/m)	Dec P	0.2	0.3	-0.1
US	01/28	09:00	S&P/Case-Shiller Home Price Index (m/m)	Nov	--	0.4	0.4
US	01/28	09:00	S&P/Case-Shiller Home Price Index (y/y)	Nov	2.3	2.4	2.2
US	01/28	10:00	Consumer Confidence Index	Jan	127.5	128.0	126.5
US	01/28	10:00	Richmond Fed Manufacturing Index	Jan	--	-3.0	-5.0
US	01/29	07:00	MBA Mortgage Applications (w/w)	JAN 24	--	--	30.2
US	01/29	08:30	Wholesale Inventories (m/m)	Dec P	--	-0.2	-0.1
US	01/29	10:00	Pending Home Sales (m/m)	Dec	--	0.7	1.2
US	01/29	14:00	FOMC Interest Rate Meeting (%)	Jan 29	1.75	1.75	1.75
MX	01/30	07:00	GDP (q/q)	4Q P	--	-0.1	0.0
MX	01/30	07:00	GDP (y/y)	4Q P	0.0	-0.2	-0.3
US	01/30	08:30	GDP (q/q a.r.)	4Q A	1.9	2.1	2.1
US	01/30	08:30	GDP Deflator (q/q a.r.)	4Q A	--	1.8	1.8
US	01/30	08:30	Initial Jobless Claims (000s)	JAN 25	215	215	204
US	01/30	08:30	Continuing Claims (000s)	JAN 18	1730	--	1767
CA	01/31	08:30	IPPI (m/m)	Dec	--	--	0.1
CA	01/31	08:30	Raw Materials Price Index (m/m)	Dec	--	--	1.5
CA	01/31	08:30	Real GDP (m/m)	Nov	0.0	--	-0.1
US	01/31	08:30	Employment Cost Index (q/q)	4Q	0.7	0.7	0.7
US	01/31	08:30	PCE Deflator (m/m)	Dec	0.2	0.2	0.2
US	01/31	08:30	PCE Deflator (y/y)	Dec	1.6	1.6	1.5
US	01/31	08:30	PCE ex. Food & Energy (m/m)	Dec	0.1	0.1	0.1
US	01/31	08:30	PCE ex. Food & Energy (y/y)	Dec	1.6	1.6	1.6
US	01/31	08:30	Personal Spending (m/m)	Dec	0.4	0.3	0.4
US	01/31	08:30	Personal Income (m/m)	Dec	0.3	0.3	0.5
US	01/31	09:45	Chicago PMI	Jan	--	48.9	48.2
US	01/31	10:00	U. of Michigan Consumer Sentiment	Jan F	--	99.1	99.1

EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
GE	01/27	04:00	IFO Business Climate Survey	Jan	96.5	97.0	96.3
GE	01/27	04:00	IFO Current Assessment Survey	Jan	99.0	99.1	98.8
GE	01/27	04:00	IFO Expectations Survey	Jan	94.3	94.8	93.8
GE	01/27-02/02		Retail Sales (m/m)	Dec	-0.7	-0.5	1.5
SP	01/28	03:00	Unemployment Rate (%)	4Q	--	14.0	13.9
UK	01/28-02/03		Nationwide House Prices (m/m)	Jan	--	0.2	0.1
GE	01/29	02:00	GfK Consumer Confidence Survey	Feb	--	9.6	9.6
SP	01/29	03:00	Real Retail Sales (y/y)	Dec	--	--	3.0
GE	01/30	03:55	Unemployment (000s)	Jan	5	5.0	8.0
GE	01/30	03:55	Unemployment Rate (%)	Jan	5.0	5.0	5.0
EC	01/30	05:00	Business Climate Indicator	Jan	--	-0.2	-0.3
EC	01/30	05:00	Economic Confidence	Jan	--	101.8	101.5
EC	01/30	05:00	Industrial Confidence	Jan	--	-8.8	-9.3
EC	01/30	05:00	Unemployment Rate (%)	Dec	7.5	7.5	7.5
UK	01/30	07:00	BoE Asset Purchase Target (£ bn)	Jan	435	435	435
UK	01/30	07:00	BoE Policy Announcement (%)	Jan 30	0.50	0.75	0.75
GE	01/30	08:00	CPI (m/m)	Jan P	--	-0.6	0.5
GE	01/30	08:00	CPI (y/y)	Jan P	--	1.7	1.5
GE	01/30	08:00	CPI - EU Harmonized (m/m)	Jan P	--	-0.7	0.6
GE	01/30	08:00	CPI - EU Harmonized (y/y)	Jan P	--	1.7	1.5
UK	01/30	19:01	GfK Consumer Confidence Survey	Jan	--	-9.0	-11.0

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of January 27 – 31

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
FR	01/31	01:30	GDP (q/q)	4Q P	0.2	0.2	0.3
FR	01/31	02:45	Consumer Spending (m/m)	Dec	0.1	0.0	0.1
FR	01/31	02:45	CPI (m/m)	Jan P	--	-0.5	0.4
FR	01/31	02:45	CPI (y/y)	Jan P	--	1.5	1.5
FR	01/31	02:45	CPI - EU Harmonized (m/m)	Jan P	--	-0.5	0.5
FR	01/31	02:45	CPI - EU Harmonized (y/y)	Jan P	--	1.7	1.6
FR	01/31	02:45	Producer Prices (m/m)	Dec	--	--	1.1
SP	01/31	03:00	CPI (m/m)	Jan P	--	-1.1	-0.1
SP	01/31	03:00	CPI (y/y)	Jan P	--	1.0	0.8
SP	01/31	03:00	CPI - EU Harmonized (m/m)	Jan P	--	-1.5	-0.1
SP	01/31	03:00	CPI - EU Harmonized (y/y)	Jan P	--	1.1	0.8
SP	01/31	03:00	Real GDP (q/q)	4Q P	0.4	0.4	0.4
IT	01/31	04:00	Real GDP (q/q)	4Q P	0.3	0.1	0.1
SP	01/31	04:00	Current Account (€ bn)	Nov	--	--	2.8
UK	01/31	04:30	Net Consumer Credit (£ bn)	Dec	--	0.9	0.6
EC	01/31	05:00	CPI (m/m)	Jan P	--	-0.9	0.3
EC	01/31	05:00	Euro zone CPI Estimate (y/y)	Jan	1.4	1.4	1.3
EC	01/31	05:00	Euro zone Core CPI Estimate (y/y)	Jan P	1.2	1.2	1.3
EC	01/31	05:00	GDP (q/q)	4Q A	0.2	0.2	0.3

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	01/26-01/31		Department Store Sales (y/y)	Dec	--	--	3.1
SK	01/28	16:00	Consumer Confidence Index	Jan	--	--	100.4
AU	01/28	19:30	Consumer Prices (y/y)	4Q	1.6	1.7	1.7
VN	01/28-01/29		CPI (y/y)	Jan	--	5.5	5.2
VN	01/28-01/29		Industrial Production (y/y)	Jan	--	--	6.2
JN	01/29	00:00	Consumer Confidence	Jan	--	39.5	39.1
SK	01/29	16:00	Business Survey- Manufacturing	Feb	--	--	73.0
SK	01/29	16:00	Business Survey- Non-Manufacturing	Feb	--	--	75.0
NZ	01/29	16:45	Trade Balance (NZD mn)	Dec	--	100	-753
NZ	01/29	16:45	Exports (NZD bn)	Dec	--	6	5228
NZ	01/29	16:45	Imports (NZD bn)	Dec	--	5	5981
SI	01/29	21:30	Unemployment Rate (%)	4Q	2.3	2.3	2.3
HK	01/30	03:30	Exports (y/y)	Dec	--	4.0	-1.4
HK	01/30	03:30	Imports (y/y)	Dec	--	-1.2	-5.8
HK	01/30	03:30	Trade Balance (HKD bn)	Dec	--	-33.4	-26.2
NZ	01/30	16:00	ANZ Consumer Confidence Index	Jan	--	--	123.3
SK	01/30	18:00	Industrial Production (y/y)	Dec	--	1.1	-0.3
SK	01/30	18:00	Cyclical Leading Index Change	Dec	--	--	0.4
JN	01/30	18:30	Jobless Rate (%)	Dec	2.2	2.3	2.2
JN	01/30	18:30	Tokyo CPI (y/y)	Jan	--	0.7	0.9
JN	01/30	18:50	Large Retailers' Sales (y/y)	Dec	--	-2.5	-1.8
JN	01/30	18:50	Retail Trade (y/y)	Dec	--	-1.7	-2.1
JN	01/30	18:50	Industrial Production (y/y)	Dec P	--	-3.6	-8.2
AU	01/30	19:30	Private Sector Credit (y/y)	Dec	--	2.3	2.3
AU	01/30	19:30	Producer Price Index (y/y)	4Q	--	--	1.6
CH	01/30	20:00	Manufacturing PMI	Jan	50.2	50.0	50.2
CH	01/30	20:00	Non-manufacturing PMI	Jan	--	53.0	53.5
JN	01/30	23:00	Vehicle Production (y/y)	Nov	--	--	-11.9
IN	01/30-01/31		Fiscal Deficit (INR Crore)	Dec	--	--	87389
PH	01/30-01/31		Bank Lending (y/y)	Dec	--	--	10.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of January 27 – 31

ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	01/31	00:00	Housing Starts (y/y)	Dec	--	-11.8	-12.7
JN	01/31	00:00	Construction Orders (y/y)	Dec	--	--	-1.2
TH	01/31	02:30	Exports (y/y)	Dec	--	--	-7.8
TH	01/31	02:30	Imports (y/y)	Dec	--	--	-13.9
TH	01/31	02:30	Trade Balance (US\$ mn)	Dec	--	--	1969
TH	01/31	02:30	Current Account Balance (US\$ mn)	Dec	--	3600	3375
SK	01/31	19:00	Exports (y/y)	Jan	--	-7.4	-5.2
SK	01/31	19:00	Imports (y/y)	Jan	--	-7.0	-0.7
SK	01/31	19:00	Trade Balance (US\$ mn)	Jan	--	803	2017

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	01/27	07:30	Current Account (US\$ mn)	Dec	--	-5215	-2164
CL	01/29	16:00	Nominal Overnight Rate Target (%)	Jan 29	1.75	1.75	1.75
CL	01/31	07:00	Industrial Production (y/y)	Dec	--	--	3.2
CL	01/31	07:00	Retail Sales (y/y)	Dec	--	-5.8	-9.8
CL	01/31	07:00	Unemployment Rate (%)	Dec	--	7.2	6.9
CO	01/31	10:00	Urban Unemployment Rate (%)	Dec	--	11.0	10.4
CO	01/31	14:00	Overnight Lending Rate (%)	Jan 31	4.25	4.25	4.25
PE	02/01	00:00	Lima CPI (m/m)	Jan	0.1	--	0.2
PE	02/01	00:00	Lima CPI (y/y)	Jan	1.9	--	1.9

Global Auctions for week of January 27 – 31

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	01/27	13:00	U.S. to Sell 2 Year Notes
US	01/27	13:00	U.S. to Sell 5 Year Notes
US	01/28	11:30	U.S. to Sell 2 Year FRNs
US	01/28	13:00	U.S. to Sell 7 Year Notes
CA	01/30	12:00	Canada to Sell 5 Year Bonds

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
IT	01/28	05:00	Italy to Sell Bonds
UK	01/28	05:30	U.K. to Sell 0.875% 2029 Bonds
SW	01/29	05:00	Sweden to Sell Bonds
NO	01/29	05:00	Norway to Sell Bonds
EC	01/29	05:30	ECB Long-Term Refinancing Operation Result
GE	01/29	05:30	Germany to Sell 4 Billion Euros of 2025 Bonds
IT	01/30	05:00	Italy to Sell Bonds
IC	01/31	05:00	Iceland to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	01/27	20:30	Korea Central Bank to Sell KRW 600Bln 1 Year Bonds
SK	01/27	21:30	Korea to Sell KRW 900Bln 20 Year Bonds
JN	01/27	22:35	Japan to Sell 40 Year Bonds
ID	01/28	04:00	Indonesia to Sell 2, 4, & 25 Year Bonds
NZ	01/29	20:05	New Zealand to Sell NZD250 Mln 2.75% 2025 Bonds
JN	01/29	22:35	Japan to Sell 2-Year Bonds
CH	01/30	21:30	Beijing to Sell 3, 5, 10, & 15 Year Bonds
CH	01/30	22:30	Beijing to Sell 5, 10, 15, 20, & 30 Year Bonds
CH	01/31	01:00	Hainan to Sell 3, 5, 7, 10, & 30 Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of January 27 – 31

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	01/29	14:00	FOMC Rate Decision
US	01/29	14:30	Powell Holds Post-FOMC meeting Press Conference
CA	01/30	15:15	Bank of Canada's Beaudry Gives Speech in Quebec City

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	01/28	03:00	Riksbank's Ingves in Open Hearing on Financial Stability
HU	01/28	08:00	Central Bank Rate Decision
SW	01/28	11:15	Riksbank's Skingsley Gives Speech
TU	01/30	02:30	Central Bank Inflation Report
UK	01/30	07:00	Bank of England Bank Rate
UK	01/30	07:30	BOE's Carney speaks at press conference in London

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	01/28	18:50	BOJ Summary of Opinions
JN	01/30	02:00	BOJ Deputy Governor Amamiya Speech

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CL	01/29	16:00	Nominal Overnight Rate Target
CO	01/31	14:00	Overnight Lending Rate

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	March 4, 2020	1.75	1.75
Federal Reserve – Federal Funds Target Rate	1.75	January 29, 2020	1.75	1.75
Banco de México – Overnight Rate	7.25	February 13, 2020	7.25	6.75

Federal Reserve: No policy changes are expected. The Fed is likely to continue to signal that a material change to the outlook would be required to alter its stance. It's possible that an IOER adjustment might be made or discussed, but we think it's premature to expect this.

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	March 12, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	March 12, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	March 12, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.75	January 30, 2020	0.50	0.75
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	6.25	February 7, 2020	6.25	6.00
Sweden Riksbank – Repo Rate	0.00	February 12, 2020	0.00	0.00
Norges Bank – Deposit Rate	1.50	March 19, 2020	1.50	1.50
Central Bank of Turkey – Benchmark Repo Rate	11.25	February 19, 2020	11.25	10.75

Bank of England: A low conviction quarter point cut is expected on Thursday. Even though PMIs came in stronger, there are several reasons to discount their significance. The BoE is not meeting its inflation mandate as inflation tumbles further below its 2% target.

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	March 19, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.75	February 3, 2020	0.50	0.50
Reserve Bank of New Zealand – Cash Rate	1.00	February 11, 2020	1.00	1.00
People's Bank of China – Loan Prime Rate	4.15	February 20, 2020	4.10	4.10
Reserve Bank of India – Repo Rate	5.15	February 6, 2020	5.15	5.25
Bank of Korea – Bank Rate	1.25	February 27, 2020	1.25	1.25
Bank of Thailand – Repo Rate	1.25	February 5, 2020	1.25	1.25
Bank Negara Malaysia – Overnight Policy Rate	2.75	March 3, 2020	2.75	2.75
Bank Indonesia – 7-Day Reverse Repo Rate	5.00	February 20, 2020	5.00	5.00
Central Bank of Philippines – Overnight Borrowing Rate	4.00	February 6, 2020	4.00	3.75

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	4.50	February 5, 2020	4.50	4.25
Banco Central de Chile – Overnight Rate	1.75	January 29, 2020	1.75	1.75
Banco de la República de Colombia – Lending Rate	4.25	January 31, 2020	4.25	4.25
Banco Central de Reserva del Perú – Reference Rate	2.25	February 13, 2020	2.25	2.25

Banco Central de Chile: We expect the central bank to remain on hold at 1.75% and maintain its neutral bias from the December meeting. The 50 bps cut in September and 25 bps cut in October are still providing adequate stimulus and keep inflation in line with the 3% target. The central bank will continue to monitor new data as the easing filters through the economy.

Banco Central de la Republica de Colombia: We expect the central bank to keep its lending rate at 4.25%. Survey expectations see inflation falling slowly to 3.4% in 2020 from its current levels of 3.8%—closer to the 3% target. As economic growth in the country remains near estimated potential, the policy rate will stay close to its neutral levels of stimulus.

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	6.25	March 19, 2020	6.50	6.50

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

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