

LOGROLLING AT THE FED

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CONTACTS

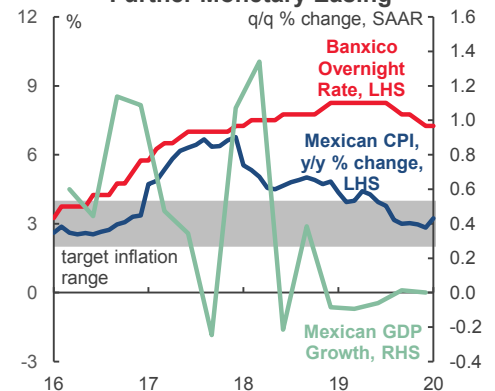
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Next Week's Risk Dashboard

- Coronavirus tracking
- Powell's testimony
- New Hampshire primary
- CBs: Banxico, RBNZ, Peru, Riksbank
- Inflation: US, China, India
- GDP: UK, Germany, Eurozone-r, Colombia, Malaysia
- US retail sales, industrial output, UoM
- China macro (tentative)
- BoC's Poloz & RBA's Lowe
- Fed nomination hearings
- European macro
- UK macro

Chart of the Week

Stagnant Mexican Growth Supports Further Monetary Easing



Sources: Scotiabank Economics, INEGI, Banco de México.

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

Logrolling At The Fed

UNITED STATES—POWELL VERSUS SHELTON

The upcoming week will focus upon two marquee macroeconomic releases, marathon testimonies by Fed Chair Powell and a controversial Senate nomination hearing. The New Hampshire primary on Tuesday will be monitored and hopefully with greater success than the botched Iowa caucuses; if so, then New Hampshire may provide a cleaner reading on who has momentum in the race to be the leader of the Democratic party.

Powell will deliver his semi-annual Monetary Policy Report to Congress. The report itself has been pre-released ([here](#)). Round one of his testimony including prepared remarks and questioning will be before the House Committee on Financial Services on Tuesday at 10amET. Round two will be the next day also at 10amET before the Senate Committee on Banking, Housing and Urban Affairs. The broad tone is likely to continue to emphasize how the economy is “in a good place,” and that a material shock would be needed to lead the Fed to consider adjusting the policy rate any time soon. That said, the MPR noted that “possible spillovers from the effects of the coronavirus in China have presented a new risk to the outlook.” While to an extent this is a statement of the thoroughly obvious, it escalates the Fed’s formalized risk-watch. Further elaboration is possible next week.

Thursday’s update of the consumer price index for January is likely to see a touch firmer headline CPI and unchanged core CPI. Headline inflation probably accelerated from 2.3% y/y to 2.5% while core remained at 2.3%. A shift in base effects would drag down the reading a touch. Offsets include that January is normally a seasonal up-month for prices. Further, gasoline prices across all grades accelerated from a rise of 5.5% y/y in December to 11.7% in January. Gas carries about a 4% weight in CPI and so this factor could add about two-tenths to year-over-year headline inflation on its own.

Friday’s update for retail sales during January will need to rely upon strength in core sales ex-autos and gasoline if it is to be an upbeat reading. Vehicle sales were up by 0.8% m/m SA with a 20% weight on the overall category and so this could add a tenth or two to retail sales growth assuming prices were unchanged (we’ll find out in CPI). Gasoline was up 1.2% m/m in seasonally unadjusted terms in January 2020 with an 8.5% weight and could therefore add a tenth to the value of sales. Combined, autos and gas could add about a quarter point to total retail sales assuming no change in auto prices or gas volumes. Sales ex-autos should be a touch weaker than sales with autos by maybe 0.1–0.2 points.

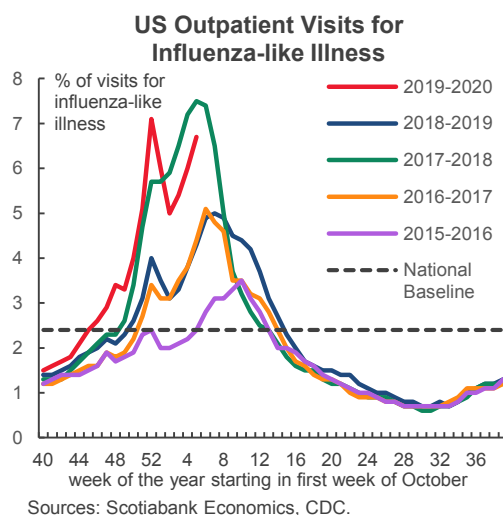
Other Fed speakers will include San Fran’s Daly and Philly’s Harker (Monday), Daly (again) with St. Louis President Bullard and Minneapolis President Kashkari (Tuesday), Harker again on Thursday, and then Cleveland President Mester on Friday.

Many in the markets—including economists—question the wisdom of advancing Judy Shelton to the Fed’s Board of Governors. **Shelton will get her chance to address those concerns during her Senate confirmation hearing on Thursday. Christopher Waller’s more credible candidacy will also be explored during the same hearing,** although less fanfare and controversy is expected for Waller. Both are advocates of easier monetary policy.

Among the list of concerns surrounding Trump’s nomination of Shelton are her overtly partisan ties to the White House and specifically the 2016 Trump campaign. That degree of bias if not downright pork barrel politics is simply unacceptable especially given how partisan the Trump administration’s appointments have tended to be.

Further, Shelton once criticized low rates and favoured free trade, but came to support easier policy and Trump’s trade war with China more recently. Shelton has supported a return to the gold standard and doesn’t believe in the Fed’s Congressional dual mandate. She also thinks the Phillips curve is totally dead and not just dormant or flatter than previously. Her comments have suggested she supports zero-sum currency wars and is a fan of handing over policy decisions to whatever markets are pricing at that moment.

Chart 1



This may be no normal appointment to the powerful Board of Governors. If nominated, Shelton could well be the Trojan horse on the FOMC, lying in wait for Trump to promote her to Chair by the end of Powell's term in February 2022 and assuming Trump wins the election this November and is in power until 2024. The world's most powerful central bank cannot be debased by such overt blurring of the lines between the executive branch and the Federal Reserve. The risk concerns whether this Senate is so overly partisan and/or fearful that it will do nothing to stand in Shelton's way. Perhaps perpetually delaying the vote until a new Congress is an attractive option.

Also watch for whether **industrial production** during January (Friday) followed the recent ISM-manufacturing report higher. Further, **UoM consumer sentiment** (Friday) will be monitored for how this sentiment gauge is holding up to volatile markets and both a bad flu season (chart 1) and coronavirus concerns notwithstanding minimal spread to the US thus far. Whether job openings continue to decline when December's JOLTS report arrives on Tuesday may also be worth a glance.

Earnings season is past its maximum potential effect with sixty-four S&P500 firms on tap but with few of macro significance.

ASIA-PACIFIC—CRISIS HIGHLIGHTS ABSENCE OF AN INDEPENDENT PRESS

The coronavirus and its spread will continue to be the dominant form of off-calendar risk overhanging global markets over the coming week.

The speed at which the virus is spreading in China, the human toll and the damage to the economy are one set of considerations. As this publication is being sent, China's case count has skyrocketed from 278 on January 20th to about 31,500 now with a 2% mortality rate and zero evidence of a peak being established (chart 2). Markets have no idea where this is going, but the early Pollyannaish counter-claims in elements of the press appear to be rather misguided in part with the benefit of hindsight. As a result of the direct effects and containment efforts, Chinese production and consumption are being severely curtailed. Scotiabank's Singapore-based Tuuli McCully estimates that China's growth rate is likely to drop to just above the 4 ½% y/y range in Q1 and Q2 on average from the recent string of roughly 6% readings. The risk is likely pointed lower yet.

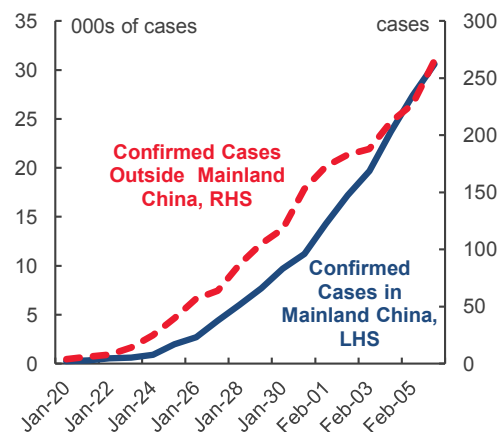
A further concern remains the risk of the virus spreading to other regions, although thus far 99% of cases remain in mainland China. Sharp declines in oil prices will negatively impact net oil-producing countries with negative effects upon domestic income. Business disruption effects including cancelled travel and conferences combines with heightened consumer unease across the region. A further concern is whether the speed of onset, a shortage of testing kits and political factors are resulting in underreporting of the cases in China. Possible human rights violations such as disturbing Twitter videos of vans pulling allegedly affected people off the street, police following suspected sick people and whether dissidents are being quelled in opportunistic fashion are also a serious risk being monitored. This is where the lack of an independent press to challenge Xi Jinping's uni-party state is problematic.

Amidst such concerns, data seems trivial. In fact, we might well not get any out of China next week. China is scheduled to release CPI and producer prices for January on Monday, financing data sometime before the end of the week and foreign direct investment sometime next week or the following. China recently announced that it would suspend publication of export figures for January and include them in the next round for February due to collection difficulties. Even if some data is released, markets will have cause to view it with even greater skepticism than normal.

The consensus of economists is unanimously calling for the Reserve Bank of New Zealand to hold the cash rate at 1% on Tuesday. Uh oh! Unanimity can be a dangerous thing in this field. Notwithstanding coronavirus concerns and potential knock-on effects, the rise of inflation to 1.9% y/y in Q4 and hence close to the 2% target is likely to keep the central bank on the sidelines. So may the increase in the quarterly survey of inflation expectations in terms of both the one year ahead and two year ahead rates ([here](#)).

Chart 2

International Coronavirus Cases Remain Relatively Low



Sources: Scotiabank Economics, WHO, CDC.

India updates CPI inflation for January on Wednesday. A crest is probably not yet in place amid expectations for further upward pressure toward the 7 ½% y/y range. All of the recent acceleration has been driven by food prices stemming from poor weather and its impact upon onion prices in particular. Core inflation remains better behaved around 3 ¾% y/y and below the mid-point of the RBI's 2–6% inflation target range. For now, the RBI continues to look through this effect as transitory and narrow in scope.

Malaysia reports Q4 GDP growth on Tuesday. Growth is expected to decelerate somewhat to just over 4% y/y. Further downside risk as coronavirus effects impact Asian economies may have markets looking through a stale Q4 reading.

CANADA—CENTRAL BANK FOOTY

If Governor Poloz feels he has something to say before his second last rate decision on March 4th, then next week may be the time to do it! In general, however, Canada's calendar-based market risks should be fairly light over the coming week. The bond market will shut early at 1pmET on Friday ahead of the long weekend.

Bank of Canada Governor Stephen Poloz will be on a panel on Wednesday evening (7:15pmET) Down Under. He will appear on a bank governors' panel with RBA Governor Lowe at the Australia-Canada Economic Leadership Forum. There will be no published remarks. It's unclear if there will be media availability given the BoC's practice of only providing details within three days prior to the event.

The backdrop of fires and spillover effects from the coronavirus may not provide Governor Poloz with the cheeriest setting. Still, it's a chance to practice a central bankers' version of Aussie Rules footy; few tactics are not permitted and both central banking and footy have relatively simple end objectives aimed at a target range. RBA's Lowe is likely to repeat his recent line that the risks of further easing outweigh the benefits unless things really turn south. Poloz might think and convey that he's on the same page, but if so, an important caveat needs to be noted. The RBA has already chopped its cash rate target in half to 0.75%; the BoC hasn't budged and is still parked at 1.75%.

Poloz last spoke on January 22nd at the press conference following the last rate decision when he said that "obviously a rate cut is on the table" (recap [here](#)). The recent speech by SDG Wilkins did not offer any near-term policy guidance but focused upon suggestions for how other policymakers could raise Canada's long-run potential growth and neutral rate of interest.

Since Poloz's last appearance, developments have been mixed—a favourite word of the BoC's! Coronavirus cases have grown exponentially, but mostly within China and with only a handful of cases in Canada. Unlike the US that is having one of its worst flu seasons, Canada's appears not to be quite as bad (chart 3). Further, much but not all of the correction in WTI and Western Canada Select oil prices was in place by the time of the last rate decision while broad commodity prices edged a little lower in keeping with coronavirus-related concerns toward China's economy. Domestic data has generally been a touch better than expected including retail sales (+0.9% m/m) and GDP (+0.1% m/m) for November while job growth and wages firmed. Hours worked nevertheless remain weak and continue to point to weakness in GDP growth (recap [here](#)). Further, US President Trump signed the USMCA deal into law, but it has not yet been ratified by Canada.

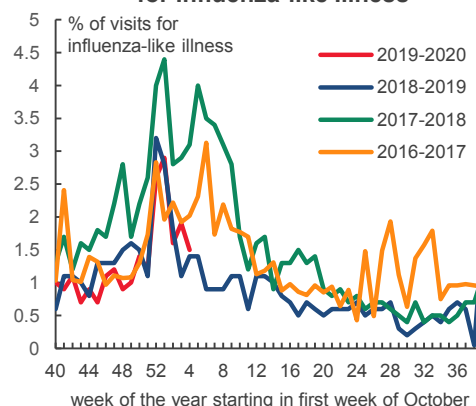
Fifty-five TSX-listed firms will release earnings over the coming week

including names like Shopify, several global insurance companies, Bombardier, Telus, Barrick Gold and West Fraser.

Data risk will be low with only housing starts in January (Monday) and existing home sales during the same month (Friday) on tap. Canada auctions 2s on Wednesday.

Chart 3

Canadian Outpatient Visits for Influenza-like Illness



Sources: Scotiabank Economics, Public Health Agency of Canada.

LATIN AMERICA—BANXICO TO PROP UP GROWTH

A pair of monetary policy decisions and a pair of macro reports will pose regional calendar-based risk.

Banxico is almost unanimously expected to cut its overnight rate by 25bps to 7% on Thursday. Our Mexican economics team is in the cut camp. On the face of it, inflation statistics might not counsel further easing. CPI inflation rose from 2.8% y/y in December to 3.2% while core CPI inflation also ticked higher to 3.7% y/y from 3.6%. Banxico targets inflation between 2–4% and so inflation is approaching the upper limit. The focus, however, is upon working the inflation target range that may face downside risk if growth continues to disappoint. The economy has not posted any GDP growth over the past five quarters. This trade-off is shown in chart 4. As a consequence, Mexico's output gap has been registering widened slack (chart 5).

Peru's central bank is almost unanimously expected to hold its reference rate at 2.25%. Scotiabank's Lima-based economists also expect a pause. The central bank has been on pause since November after cutting twice over preceding months. Inflation at 1.9% y/y is slightly below the 2% mid-point of the 1–3% target range.

A pair of macro reports will include **Colombian GDP** that is expected to remain around 3¼% y/y on Friday and Argentina's latest inflation rate that has been riding well over 50% y/y (Thursday).

EUROPE—FRESH CHALLENGES TO ALREADY MORIBUND GROWTH

Whether the Bank of England made the right decision to hold its policy rate and how badly the Eurozone economy is performing will be the main points of emphasis over the coming week.

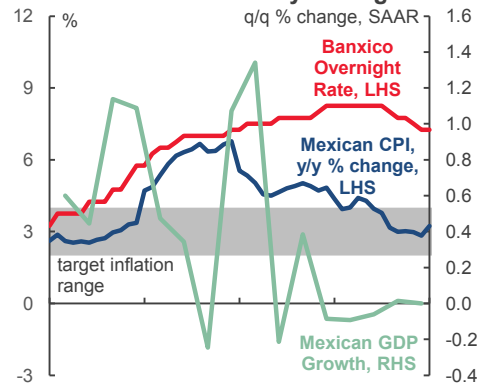
Exactly how badly did European industry perform to end off 2019? The Eurozone industrial output tally lands on Wednesday and it will provide a bleak add-up across partially known figures across individual countries. As chart 6 shows, German and French industries are in a tailspin. German industrial output shrank by 3.5% m/m in December alone. French industrial production fell by 2.6%. Spanish industrial production was down by 1.4%. Italy will report on Monday.

This could set the stage for negative revisions to Eurozone GDP growth during Q4 when the second set of estimates arrives on Friday to incorporate Germany's first estimate due the same day. The initial reading for Q4 Eurozone GDP growth was just 0.1% q/q at a seasonally adjusted but non-annualized rate. The revised estimate could well post no growth. PMIs indicate there is slight if any relief forthcoming. The Eurozone composite PMI has increased from a trough of 50.1 in September to 51.3 in January. Anything above 50 is positive in that it signals growth, and so a little further distance from that dividing line signals the potential for slightly better prospects in Q1. The question now is to what extent export prospects to China's economy will be enough of a downside to scuttle such hopes.

Did the Bank of England make the correct decision in Governor Carney's final meeting at the helm on January 30th when they held the policy rate at 0.75%? Macro data could inform this debate on Tuesday when a batch of readings lands. Fourth quarter GDP growth is expected to land at 0%. A monthly services gauge could post moderate growth on the same day. Industrial production is expected to rise

Chart 4

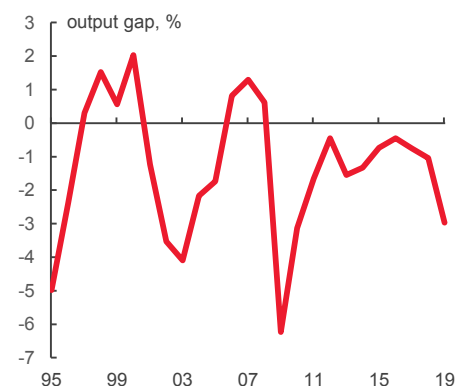
Stagnant Mexican Growth Supports Further Monetary Easing



Sources: Scotiabank Economics, INEGI, Banco de México.

Chart 5

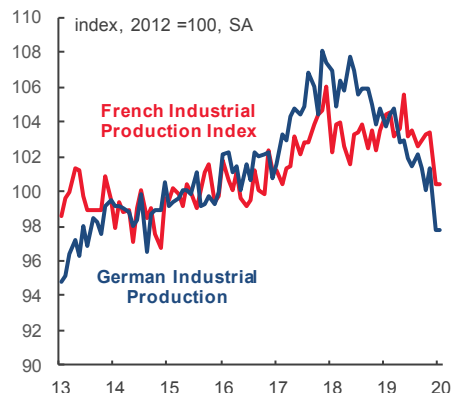
Mexico's Widening Economic Slack



Sources: Scotiabank Economics, OECD.

Chart 6

French and German Industrial Production



Sources: Scotiabank Economics, Deutsche Bank, National Statistics Office of France.

a touch, but one would think that the extent of the aforementioned weakness across the Eurozone economies was a bit of a warning shot to such expectations. The difference maker may be the recently strong rise in UK purchasing managers' indices that could counsel expectations for higher output. Also watch updated trade figures for December as they are expected to return the trade balance to deficit territory. The following week will bring out another CPI report for January. The fact that core inflation at 1.4% and falling is running in the opposite direction from the 2% target could have merited easing on its own rather than placing such a premium degree of emphasis upon purchasing managers' indices.

Sweden's Riksbank is universally expected to hold its policy rate at 0% on Wednesday. Why? Because it said so. The last policy decision in December stated "the repo rate is expected to remain at zero per cent in the coming years." This followed the decision to raise the benchmark rate by 0.25% to 0% at that prior meeting in an effort to get away from negative rates.

France updates the unemployment rate for Q4 (Thursday) which tees up the Eurozone Q4 employment tally the next day. Germany revises CPI for January on Thursday. Norway's inflation rate is expected to rise to the 2% target on Monday. Not so for Switzerland where inflation is expected to remain very low and close to 0% y/y on Monday (target <2%).

Key Indicators for week of February 10 – 14

NORTH AMERICA

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|-----------------------------------|---------------|-------------|-------------|-------------|
| CA | 02/10 | 08:15 | Housing Starts (000s a.r.) | Jan | 200 | -- | 197.3 |
| CA | 02/10 | 08:30 | Building Permits (m/m) | Dec | -- | -- | -2.4 |
| MX | 02/11 | 07:00 | Industrial Production (m/m) | Dec | -- | 0.2 | 0.8 |
| MX | 02/11 | 07:00 | Industrial Production (y/y) | Dec | -- | -0.1 | -2.1 |
| US | 02/11 | 10:00 | JOLTS Job Openings (000s) | Dec | -- | 6925 | 6800 |
| US | 02/12 | 07:00 | MBA Mortgage Applications (w/w) | Feb 7 | -- | -- | 7.2 |
| US | 02/12 | 14:00 | Treasury Budget (US\$ bn) | Jan | -- | 8.9 | -13.3 |
| US | 02/13 | 08:30 | CPI (m/m) | Jan | 0.2 | 0.2 | 0.2 |
| US | 02/13 | 08:30 | CPI (y/y) | Jan | 2.5 | 2.5 | 2.3 |
| US | 02/13 | 08:30 | CPI (index) | Jan | -- | 258 | 257 |
| US | 02/13 | 08:30 | CPI ex. Food & Energy (m/m) | Jan | 0.2 | 0.2 | 0.1 |
| US | 02/13 | 08:30 | CPI ex. Food & Energy (y/y) | Jan | 2.3 | 2.2 | 2.3 |
| US | 02/13 | 08:30 | Initial Jobless Claims (000s) | Feb 8 | 205 | 210 | 216 |
| US | 02/13 | 08:30 | Continuing Claims (000s) | Feb 1 | 1750 | 1748 | 1703 |
| MX | 02/13 | 14:00 | Overnight Rate (%) | Feb 13 | 7.00 | 7.00 | 7.25 |
| US | 02/14 | 08:30 | Export Prices (m/m) | Jan | -- | -0.2 | 0.3 |
| US | 02/14 | 08:30 | Import Prices (m/m) | Jan | -- | -0.2 | 0.3 |
| US | 02/14 | 08:30 | Retail Sales (m/m) | Jan | 0.4 | 0.3 | 0.3 |
| US | 02/14 | 08:30 | Retail Sales ex. Autos (m/m) | Jan | 0.3 | 0.3 | 0.7 |
| CA | 02/14 | 09:00 | Existing Home Sales (m/m) | Jan | -- | -- | -0.9 |
| US | 02/14 | 09:15 | Capacity Utilization (%) | Jan | 76.9 | 76.8 | 77.0 |
| US | 02/14 | 09:15 | Industrial Production (m/m) | Jan | 0.0 | -0.2 | -0.3 |
| US | 02/14 | 10:00 | Business Inventories (m/m) | Dec | -- | 0.1 | -0.2 |
| US | 02/14 | 10:00 | U. of Michigan Consumer Sentiment | Feb P | 98.5 | 99.2 | 99.8 |

EUROPE

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|-----------------------------------|---------------|-------------|-------------|-------------|
| IT | 02/10 | 04:00 | Industrial Production (m/m) | Dec | -- | -0.6 | 0.1 |
| UK | 02/11 | 04:30 | GDP (q/q) | 4Q P | -0.1 | 0.0 | 0.4 |
| UK | 02/11 | 04:30 | Index of Services (m/m) | Dec | -- | 0.2 | -0.3 |
| UK | 02/11 | 04:30 | Industrial Production (m/m) | Dec | 0.5 | 0.3 | -1.2 |
| UK | 02/11 | 04:30 | Manufacturing Production (m/m) | Dec | -- | 0.4 | -1.7 |
| UK | 02/11 | 04:30 | Visible Trade Balance (£ mn) | Dec | -- | -10000 | -5256 |
| SW | 02/12 | 03:30 | Riksbank Interest Rate (%) | Feb 12 | 0.00 | 0.00 | 0.00 |
| EC | 02/12 | 05:00 | Industrial Production (m/m) | Dec | -0.2 | -1.7 | 0.2 |
| EC | 02/12 | 05:00 | Industrial Production (y/y) | Dec | -- | -1.9 | -1.5 |
| GE | 02/13 | 02:00 | CPI (m/m) | Jan F | -- | -0.6 | -0.6 |
| GE | 02/13 | 02:00 | CPI (y/y) | Jan F | -- | 1.7 | 1.7 |
| GE | 02/13 | 02:00 | CPI - EU Harmonized (m/m) | Jan F | -- | -0.8 | -0.8 |
| GE | 02/13 | 02:00 | CPI - EU Harmonized (y/y) | Jan F | -- | 1.6 | 1.6 |
| GE | 02/14 | 02:00 | Real GDP (q/q) | 4Q P | 0.1 | 0.1 | 0.1 |
| SP | 02/14 | 03:00 | CPI (m/m) | Jan F | -- | -1.0 | -1.0 |
| SP | 02/14 | 03:00 | CPI (y/y) | Jan F | -- | 1.1 | 1.1 |
| SP | 02/14 | 03:00 | CPI - EU Harmonized (m/m) | Jan F | -- | -1.4 | -1.4 |
| SP | 02/14 | 03:00 | CPI - EU Harmonized (y/y) | Jan F | -- | 1.1 | 1.1 |
| PD | 02/14 | 04:00 | GDP (y/y) | 4Q P | -- | 3.00 | 3.90 |
| PO | 02/14 | 04:30 | Real GDP (q/q) | 4Q P | -- | 0.40 | 0.30 |
| EC | 02/14 | 05:00 | Employment (q/q) | 4Q P | -- | -- | 0.1 |
| EC | 02/14 | 05:00 | GDP (q/q) | 4Q P | 0.1 | 0.1 | 0.1 |
| EC | 02/14 | 05:00 | Trade Balance (€ mn) | Dec | -- | -- | 20.7 |

Key Indicators for week of February 10 – 14

ASIA-PACIFIC

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|------------------------------------|---------------|-------------|-------------|-------------|
| JN | 02/09 | 18:50 | Bank Lending (y/y) | Jan | -- | -- | 1.8 |
| JN | 02/09 | 18:50 | Current Account (¥ bn) | Dec | -- | 465 | 1437 |
| JN | 02/09 | 18:50 | Trade Balance - BOP Basis (¥ bn) | Dec | -- | 28.0 | -2.5 |
| CH | 02/09 | 20:30 | CPI (y/y) | Jan | 4.8 | 4.9 | 4.5 |
| CH | 02/09 | 20:30 | PPI (y/y) | Jan | -- | 0.0 | -0.5 |
| ID | 02/09 | 22:00 | Current Account Balance (US\$ mn) | 4Q | -- | -8088 | -7665 |
| PH | 02/10 | 20:00 | Exports (y/y) | Dec | -- | 3.4 | -0.7 |
| PH | 02/10 | 20:00 | Imports (y/y) | Dec | -- | 1.2 | -8.0 |
| PH | 02/10 | 20:00 | Trade Balance (US\$ mn) | Dec | -- | -3979 | -3342 |
| CH | 02/10 | | New Yuan Loans (bn) | Jan | 3000 | 3100 | 1140 |
| SK | 02/11 | 18:00 | Unemployment Rate (%) | Jan | 3.8 | 3.8 | 3.8 |
| JN | 02/11 | 18:50 | Japan Money Stock M2 (y/y) | Jan | -- | 2.8 | 2.7 |
| JN | 02/11 | 18:50 | Japan Money Stock M3 (y/y) | Jan | -- | 2.3 | 2.3 |
| NZ | 02/11 | 20:00 | RBNZ Official Cash Rate (%) | Feb 12 | 1.00 | 1.00 | 1.00 |
| MA | 02/11 | 23:00 | Current Account Balance (MYR mns) | 4Q | -- | -- | 11500 |
| MA | 02/11 | 23:00 | GDP (y/y) | 4Q | 4.0 | 4.1 | 4.4 |
| IN | 02/11-02/15 | | Exports (y/y) | Jan | -- | -- | -1.8 |
| IN | 02/11-02/15 | | Imports (y/y) | Jan | -- | -- | -8.8 |
| SI | 02/12 | 00:00 | Retail Sales (y/y) | Dec | -- | -2.0 | -4.0 |
| JN | 02/12 | 01:00 | Machine Tool Orders (y/y) | Jan P | -- | -- | -33.5 |
| TA | 02/12 | 03:00 | Real GDP (y/y) | 4Q F | 3.4 | 3.4 | 3.4 |
| IN | 02/12 | 07:00 | CPI (y/y) | Jan | 7.50 | 7.50 | 7.35 |
| IN | 02/12 | 07:00 | Industrial Production (y/y) | Dec | -- | 1.90 | 1.80 |
| MA | 02/12-02/14 | | Annual GDP (y/y) | 2019 | 4.5 | 4.5 | 4.7 |
| NZ | 02/13 | 16:30 | Business NZ PMI | Jan | -- | -- | 49.3 |
| JN | 02/13 | 23:30 | Tertiary Industry Index (m/m) | Dec | -- | 0.1 | 1.3 |
| IN | 02/14 | 01:30 | Monthly Wholesale Prices (y/y) | Jan | -- | 2.8 | 2.6 |

LATIN AMERICA

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|-----------------------------------|---------------|-------------|-------------|-------------|
| PE | 02/10-02/12 | | Trade Balance (USD mn) | Dec | -- | -- | 670 |
| BZ | 02/12 | 07:00 | Retail Sales (m/m) | Dec | -- | 0.1 | 0.6 |
| BZ | 02/12 | 07:00 | Retail Sales (y/y) | Dec | -- | 3.1 | 2.9 |
| CO | 02/13 | 10:00 | Retail Sales (y/y) | Dec | -- | 5.8 | 4.4 |
| PE | 02/13 | 18:00 | Reference Rate (%) | Feb 13 | 2.25 | 2.25 | 2.25 |
| BZ | 02/13-02/14 | | Economic Activity Index NSA (y/y) | Dec | -- | 1.3 | 1.1 |
| BZ | 02/14 | 07:00 | Economic Activity Index SA (m/m) | Dec | -- | -0.2 | 0.2 |
| CO | 02/14 | 11:00 | GDP (y/y) | Q4 | 3.2 | 3.2 | 3.3 |

Global Auctions for week of February 10 – 14**NORTH AMERICA**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|-----------------------------|
| US | 02/11 | 13:00 | U.S. to Sell 3-Year Notes |
| CA | 02/12 | 12:00 | Canada to Sell 2 Year Bonds |
| US | 02/12 | 13:00 | U.S. to Sell 10-Year Notes |
| US | 02/13 | 13:00 | U.S. to Sell 30-Year Notes |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|---|
| GE | 02/12 | 05:30 | Germany to Sell 4 Billion Euros of 0% 2030 Bonds On Feb 12... |
| IT | 02/13 | 05:00 | Italy to Sell Bonds |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|---|
| CH | 02/09 | 20:30 | Beijing to Sell 3,5,10, & 15 Year Bonds |
| SK | 02/09 | 20:30 | Korea Central Bank to Sell 1 & 5 Year Bonds |
| CH | 02/09 | 22:30 | Beijing to Sell 5, 10, 15, 20, & 30 Year Bonds |
| ID | 02/11 | 04:00 | Indonesia to Sell 2, 4, 25 Year Bonds |
| CH | 02/11 | 22:00 | China Plans to Sell 2 & 5 Year Bonds |
| TH | 02/11 | 22:00 | Thailand to Sell 15 Year Bonds |
| HK | 02/11 | 22:30 | Hong Kong to Sell 10 Year Bonds |
| JN | 02/11 | 22:35 | Japan to Sell CPI Linked 10 Year Bonds |
| NZ | 02/12 | 20:05 | New Zealand to Sell NZD250 Mln 1.5% 2031 Bonds |
| SK | 02/13 | 21:30 | Korea to Sell KRW 750 Bln 50 Year Bonds |
| TH | 02/13 | 22:00 | Bk of Thailand to Sell THB20 Bln Bonds Due 2023 |

Events for week of February 10 – 14

NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|--------------|--------------|---|
| US | 02/10 | 15:15 | Fed's Harker Discusses Economic Outlook |
| US | 02/11 | 13:30 | Fed's Bullard Discusses Economy and Monetary Policy |
| US | 02/11 | 14:15 | Fed's Kashkari Speaks in Kalispell, Montana |
| US | 02/12 | 08:30 | Fed's Harker Discusses Economic Outlook |
| MX | 02/13 | 14:00 | Overnight Rate |
| US | 02/14 | 11:45 | Fed's Mester Discusses Payments Modernization |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|--------------|--------------|--|
| IT | 02/08 | 05:30 | ECB's Visco, Italy's Gualtieri speak in Brescia, Italy |
| HU | 02/10 | 04:00 | Hungary's Orban Meets Merkel to Discuss EPP Membership |
| EC | 02/11 | 11:30 | ECB Executive Board Member Schnabel Speaks in Karlsruhe |
| SW | 02/12 | 03:30 | Riksbank Interest Rate |
| EC | 02/13 | 03:30 | ECB policy maker Pablo Hernandez de Cos speaks in Madrid |
| NO | 02/13 | 12:00 | Norges Bank Governor Olsen's Annual Address |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|--------------|--------------|---|
| AU | 02/11 | 15:50 | RBA's Heath Gives Speech in Sydney |
| NZ | 02/11 | 20:00 | RBNZ Official Cash Rate |
| AU | 02/12 | 19:15 | RBA Governor Lowe Participates in Panel |
| JN | 02/14 | 05:00 | BOJ Deputy Governor Amamiya Speech |

LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|----------------|
| PE | 02/13 | 18:00 | Reference Rate |

Global Central Bank Watch

NORTH AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|--------------|-------------------|--------------------|---------------------|
| Bank of Canada – Overnight Target Rate | 1.75 | March 4, 2020 | 1.50 | 1.75 |
| Federal Reserve – Federal Funds Target Rate | 1.75 | March 18, 2020 | 1.75 | 1.75 |
| Banco de México – Overnight Rate | 7.25 | February 13, 2020 | 7.00 | 7.00 |

Banco de México (Banxico): The central bank will hold their monetary policy meeting on Thursday. We expect Banxico will deliver a 25-basis point cut, bringing the overnight rate down to 7.0%. Mexican CPI rose 3.2% in January— in line with Banxico's two to four percent inflation target range. Meanwhile annualized quarterly GDP has not seen material growth in five quarters. Weak economic growth poses downside risk to inflation and supports the case for further easing.

EUROPE

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|-------------------|--------------------|---------------------|
| 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 | March 26, 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 | 6.00 | March 20, 2020 | 6.00 | 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 |

Sweden Riksbank: We expect the repo rate to stay at zero percent next Wednesday. In December, the Swedish central bank hiked their policy rate from -0.25% to the current 0% rate. The consensus view is that the central bank will hold the repo rate at zero until 2021 as downside risks to inflation are not large enough to reinstitute a negative policy rate.

ASIA PACIFIC

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|-------------------|--------------------|---------------------|
| Bank of Japan – Policy Rate | -0.10 | March 19, 2020 | -0.10 | -0.10 |
| Reserve Bank of Australia – Cash Target Rate | 0.75 | March 2, 2020 | 0.50 | 0.75 |
| 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 | 4.05 |
| Reserve Bank of India – Repo Rate | 5.15 | April 3, 2020 | 5.15 | 5.15 |
| Bank of Korea – Bank Rate | 1.25 | February 27, 2020 | 1.25 | 1.25 |
| Bank of Thailand – Repo Rate | 1.00 | March 25, 2020 | 1.00 | 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 | 4.75 | 4.75 |
| Central Bank of Philippines – Overnight Borrowing Rate | 3.75 | March 19, 2020 | 3.75 | 3.75 |

Reserve Bank of New Zealand (RBNZ): The RBNZ will hold a monetary policy meeting on February 12. We assess that the RBNZ will likely leave the Official Cash Rate at 1.0% for the time being as policymakers monitor the spreading of the coronavirus and its economic implications. Nevertheless, we assess that the risk of a rate cut in the near future is rising as downside economic risks continue to accumulate. The RBNZ cut the benchmark rate by 50 bps in August, 2019.

LATIN AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|-------------------|--------------------|---------------------|
| Banco Central do Brasil – Selic Rate | 4.25 | March 18, 2020 | 4.25 | 4.25 |
| Banco Central de Chile – Overnight Rate | 1.75 | March 31, 2020 | 1.75 | 1.50 |
| Banco de la República de Colombia – Lending Rate | 4.25 | March 27, 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 Reserva del Perú: The central bank will make a monetary policy announcement on Thursday. Our Latin American economists expect the central bank to hold its reference rate at 2.25% throughout 2020. The head of the central bank, Julio Velarde, has described the rate as quite accommodating for economic expansion. Inflation has remained at 1.9% y/y—just below the target range midpoint— for four consecutive months.

AFRICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|----------------|--------------------|---------------------|
| South African Reserve Bank – Repo Rate | 6.25 | March 19, 2020 | 6.25 | 6.25 |

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

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