

### TAXING VIRUSES??!

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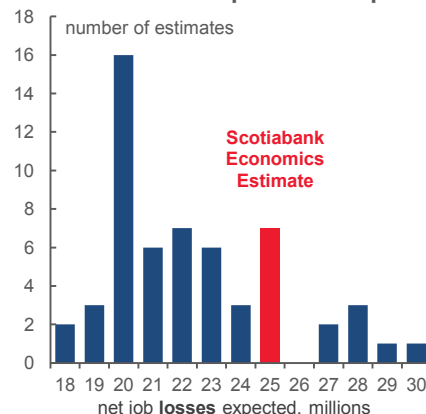
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### Next Week's Risk Dashboard

- US-China tensions
- Global COVID-19 curve updates
- Reopening experiments
- Jobs: US, Canada
- CBs: BoE, RBA, Norges...
- ...Brazil, Chile, Peru, Colombia, Negara
- What BoC's Macklem could do
- Earnings
- Other US, CDN macro
- CPI: Mexico, Colombia, Brazil, Chile, Indonesia...
- ...Philippines, South Korea, Taiwan, Thailand, Negara, Russia
- European macro

### Chart of the Week

#### Record-Setting Drop in US Non-Farm is Expected for April



Sources: Scotiabank Economics, Bloomberg.

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

## Taxing Viruses??!

### CANADA—PEAK PAIN?

The main focal points will be the jobs report for April, tracking varying degrees of progress toward flattening COVID-19 curves and hence varying reopening plans (chart 1), and a heavy line-up of earnings releases including multiple household names. The appointment of Tiff Macklem as Governor of the Bank of Canada likely represents policy continuity, but also the opportunity to reconsider aspects of the BoC's framework with some initial suggestions below. At the top of the list is the potential to reintroduce the conditional commitment.

**One hundred TSX-listed firms will release earnings throughout the week.** They will dominate market considerations in addition to COVID-19 curve tracking and imported developments abroad—until Friday's jobs report. On the list will be names like Shopify, BCE, TELUS, Air Canada, Magna, George Weston, several retailers, multiple resource firms, several globally known and large Canadian insurers, Bombardier, SNC-Lavalin, Thomson-Reuters, and multiple utilities. Banks start releasing on May 22<sup>nd</sup>.

On the macro front, the dominant focal point will be Friday's jobs report. **This should be peak pain for the pace of job loss in Canada and it's going to be a serious blow. I've estimated 5.5 million jobs lost and an unemployment rate of 20%.** Both are subject to wide margins of forecast error.

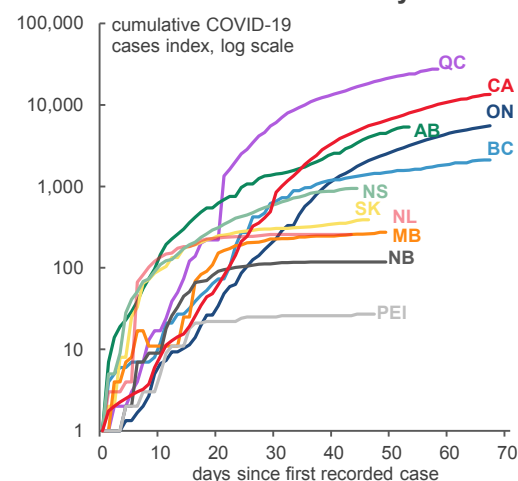
The estimated job loss is based upon the fact that Canada Emergency Response Benefit claims totalled about 6 ¾ million by mid-April and in conformance with the Labour Force Survey's reference period which is the calendar week including the 15<sup>th</sup> day of each month. Deduct the one million who filed during the March LFS reference week and we arrive at about 5 ¾ million jobs lost between reference weeks. From that point forward, fine-tuning the estimate involves a whole lot of hand waving. Some industries might have still been in hiring mode including parts of the health and IT industries. Jobless claims might have understated jobs lost for various reasons such as processing backlogs, impaired access to filing offices, inertia and individual circumstances.

If the size of the labour force of employed Canadians and those actively searching for work remained unchanged, then the result would be an unemployment rate of about 35%. The official unemployment rate is likely to be much lower but still very high, as a highly uncertain number of Canadians probably left the workforce and were not actively searching for jobs that were probably broadly perceived as being unavailable. A 20% unemployment rate assumes just under 4 million Canadians suspended their job search last month, but the figure could easily be much higher or lower. Like the prior month, the official unemployment rate will therefore provide a misleading picture of the pain imposed upon the labour market versus other measures of unemployment shown with March readings in chart 2.

**Housing starts in April are also due out on Friday.** Just take the day off and watch a Disney flick if you don't like bad news. Starts will be sharply lower as governments gradually tightened the noose on housing activity. Provinces like Ontario initially included most construction companies as essential businesses and allowed them to continue operation. That changed on April 4<sup>th</sup>, but residential construction was allowed to continue if the permits had already been granted or if renovation work had already commenced. Then on April 7<sup>th</sup>, the province suspended all new housing starts. I've only included a partial adjustment ahead of a fuller expected decline in May because permits were trending higher over prior months and because enforcement and/or backdating and frontloading could have influenced records over when starts commenced.

Chart 1

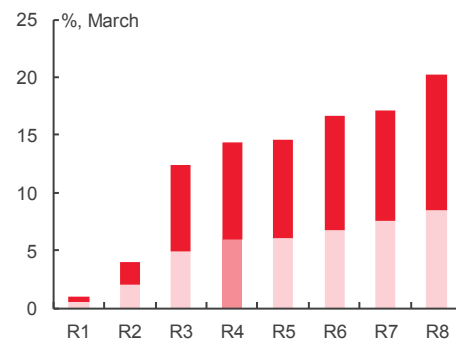
Cumulative COVID-19 Cases by Province



Sources: Scotiabank Economics, Government of Canada.

Chart 2

Alternative Measures of Canadian Unemployment



Source: Scotiabank Economics.

Trade figures for March arrive on Tuesday and are likely to see a widened monthly deficit.

**Will BoC Governor-designate Macklem alter the course of policy at the BoC?** We heard only hints at his policy bias in the confines of a controlled press conference with his current boss (Finance Minister Morneau) and current Governor Poloz in attendance. With the strong caution that we haven't heard Macklem's full views on the economy, policy and markets in years and little in the current context, there are a few initial observations that can be offered on what could be expected.

**a) Negative rates:**

The C\$ initially depreciated when he remarked during the press conference to announce his appointment that negative rates were on the list of the BoC's policy tools, but currency markets didn't listen to his punch line when he said 0.25% is the effective lower bound. Macklem does not appear to be open to negative rates. Never say never, but at least wait for the punchline!

**b) Policy experimentation:**

That said, with markets basically pricing no change in rates for years to come, it's unlikely that Macklem will be content with signing off on statements and showing up at press briefings to simply say 'Me again, no change!' each time. Macklem has experience with innovative instruments and is likely itching to draw upon his experiences to apply more of them.

**c) Transitory versus permanent shock:**

Macklem did adopt former Fed Chair Bernanke's line that this shock is more like a bad natural disaster versus, say, another depression. That implies he believes it is a deep but transitory shock that will carry legacy costs for a long time but not of the down-for-the-count 'L' shaped variety. That may not be terribly surprising to hear from a central banker, mind you. What it could suggest is that Macklem may be hesitant to do much more by way of shock-and-awe policy versus tweaking existing policies.

**d) Drawing upon past experience**

Given his experience with former Governor Carney, one thing to watch will be whether he goes back to some of the tools and research programs that were in place at that time. For example, Poloz usually—though at times inconsistently—loathed forward guidance, but Macklem came in at the end of the 2009–10 conditional commitment and was there for the period in which explicit guidance transitioned toward Poloz ultimately taking over in 2013. See a staff evaluation of the conditional commitment [here](#). To reintroduce this commitment could further tamp down yields in the belly of the curve, control the bond market if a recovery is prematurely priced, and address the need that at some point—like it or not—the BoC will be expected to introduce forecasts and policy guidance. It could do so while still affording more conditional flexibility than, say, an explicit yield curve target.

**e) Better communication**

Lastly for now, it's always possible that each new Governor takes incremental steps to not only set best practices in global central banking but at times to bring it more in line with best practices elsewhere. More open communication should perhaps be at the top of the list. Options could include holding and publishing a Governing Council (GC) vote, the publication of meeting minutes, and a freer rein for all members of the GC to express their views. What may continue to block these hopes is the way Ottawa works—with close collaboration between Finance, the PMO and the BoC.

**f) A way out**

Not right away, but at some point soon it will be incumbent upon Macklem to craft exit policies from the complex array of stimulus programs it has introduced. Among those considerations will be to establish communication around how to end bond purchase programs and when to do so, likely involving strong planning well in advance of tapering purchases.

**UNITED STATES—THAT'S JUST WHAT THE WORLD NEEDS**

**The wildcard risk to monitor will be US-China relations as a bolt-on to calendar-based risks that will be dominated by jobs, or rather the lack thereof.** This is because of the Trump administration's signals that it is seeking ways to punish China for

alleged malfeasance during its COVID-19 outbreak that may have caused greater-than-necessary pain to the world. On the list according to Trump are options including further tariffs on China. While I'm not defending China's handling, it would be equally inappropriate to defend the US administration's handling of the virus that was overly committed to denying the threat for too long and then stymied efforts to counter it before it was too late. What the world economy and markets do not need now is anyone schlepping off blame and seeking retribution through the return of trade tensions and retaliatory measures. We've already seen some of the market response to this over the past couple of days!

This wildcard is superimposed upon risks surrounding the tracking of COVID-19 curves. Multiple broad regions of the US continue to witness flattening curves, but none are flat as of yet (chart 3).

**Macro reports will focus upon Friday's nonfarm payrolls and household survey of labour market conditions.** Based upon the rolling summation of weekly jobless claims between nonfarm reference periods, I've figured that the US lost around 25 million jobs last month. The unemployment rate is derived from the household survey that is more volatile than nonfarm, but the assumption is that it will rise to 15% with further upward pressure possibly limited by people leaving the workforce because jobs were perceived to be unavailable. Wage growth is expected to hold firm at 3.1% y/y based upon the shift in year-ago base effects, typical seasonality, and the assumption that downside risk to prior wage decisions will show up only slowly across average wages in coming months. Also be mindful of revision risk given a) most of the shock to March's payrolls occurred after the initial nonfarm reference period for that month, and b) historical revisions that can be rather large (chart 4).

Wednesday's ADP payrolls for April and Thursday's Challenger job cuts in April will serve as teasers for nonfarm expectations. Thursday's jobless claims may continue to trend lower, but they fall outside of the nonfarm reference period for April.

Other releases will be much more modest in nature. Monday brings out factory orders with about half of the report already known in the form of the 14% drop in durable goods orders. Tuesday offers trade figures for March that should see a wider deficit and ISM non-manufacturing for April that will reflect peak pain to the services sector.

**Earnings risk will continue**, but there are few potentially key market-moving names in the list of 156 companies on tap.

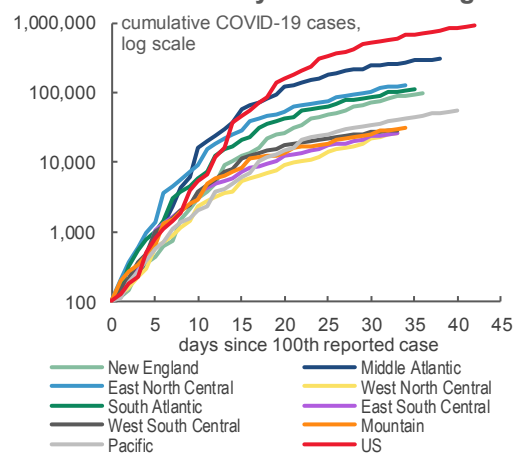
Also monitor Fed-speak for signs of the internal discussion at the recent FOMC meeting and whether the unanimous vote masked differences of opinion on key matters as alluded to in the recap of communications [here](#). Chicago Fed's Evans, Atlanta's Bostic and St. Louis President Bullard speak on Tuesday followed by Philly's Harker on Thursday.

## LATIN AMERICA—UNTESTED TOOLS

Next week's main events across domestic calendars will be a trio of central bank decisions with only one likely to change things up. This will be set against the backdrop of generally little progress toward flattening COVID-19 curves in several countries (chart 5).

Chart 3

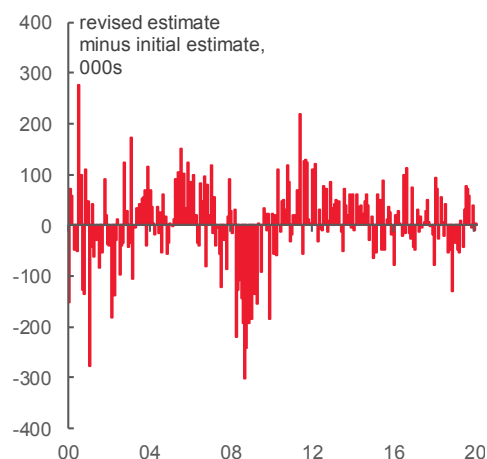
### COVID-19 Cases by US Census Region



Sources: Scotiabank Economics, Johns Hopkins.

Chart 4

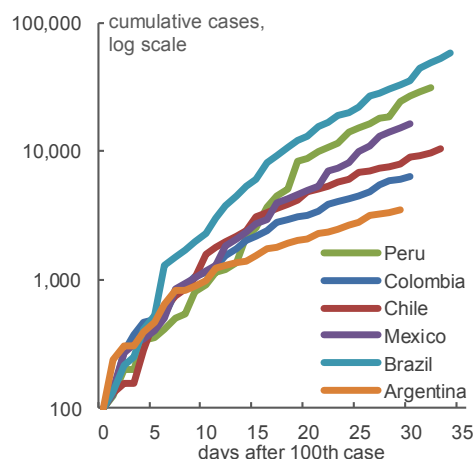
### Historical US Non-Farm Revisions



Sources: Scotiabank Economics, US BLS.

Chart 5

### Latin American COVID-19 Cases



Sources: Scotiabank Economics, Johns Hopkins.

Central banks in Brazil (Wednesday), Chile (Wednesday) and Peru (Thursday) will deliver policy decisions. **Of these, only Brazil is expected to cut.** Peru is at the lower bound of 0.25% with no interest in negative rates while expanding liquidity measures. Chile is at what it defines to be the “technical minimum” lower bound at 0.5% and is expected to continue to implement purchases of up to US\$8 billion in bank-issued inflation-linked bonds.

**Brazil’s central bank is forecast to cut the Selic rate by 50bps to 3.25% and unconventional tools will be a further focus again.** Early in April, Brazil’s lower house of Congress approved a bill that granted power to the central bank to purchase government and private bonds in the secondary market. When asked what the government thinks of monetizing public debt, Brazilian Economy Minister Paulo Guedes recently remarked that “A good economist has no dogma” while guiding the possibility in the face of downside risk to inflation and rates. Such tools are largely untested across emerging markets that have historically had a greater inflation challenge than most mature markets.

Regarding inflation, four countries will update their readings for April including Colombia (Tuesday), Mexico (Thursday) and both Brazil and Chile on Friday. At present, there has been less dispersion of inflation readings than not so long ago (chart 6).

## EUROPE—THE GRAND REOPENING EXPERIMENT

In addition to tracking whether COVID-19 curves continue to flatten (chart 7), policy decisions by the Bank of England and Norges Bank will dominate over scheduled macro releases. May brings with it plans to gradually phase in limited reopening plans—including the first week back to school in Germany—and with that will go the commencement of multi-week efforts to track the risk to case counts.

Governor Bailey is changing up a few things about how the Bank of England communicates. Next Thursday, the BoE will release the rate statement and Monetary Policy Report at 7am London time (2amET), or five hours earlier than normal. The usual press conference is replaced by written remarks to be released three hours later. Blame the COVID-19 virus perhaps, but social distancing between participants in the age of virtual communications seemed to work quite well for the last Bank of Canada press conference. Most of the attention is likely to be placed upon fresh forecasts for the first time since January and particularly how the BoE weighs in on the pace and timing of a potential recovery. Bank rate is expected to remain at 0.1%. Guidance over a possible further expansion of asset purchase plans will hang in part upon the outlook.

Two hours after the BoE decision, Norges Bank weighs in. A small minority of forecasters think the central bank might bring its deposit rate below 0.25% in the face of the combined COVID-19 and oil shocks.

Macro reports will focus upon industrial output readings from France, Germany, and Spain; German factory orders and trade; Italian and Spanish PMIs; and CPI from Russia and Switzerland.

## ASIA-PACIFIC—CENTRAL BANKS CHASING COVID CURVES

Uneven progress toward flattening COVID-19 curves will continue to be monitored alongside monitoring guidance from a pair of central banks and a sprinkling of regional macro reports. Large countries like India, Japan, Indonesia, Malaysia, Thailand and Singapore have still not seen their curves flatten (chart 8).

Chart 6

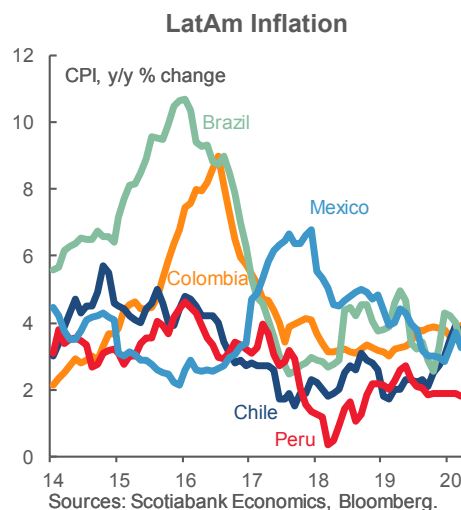
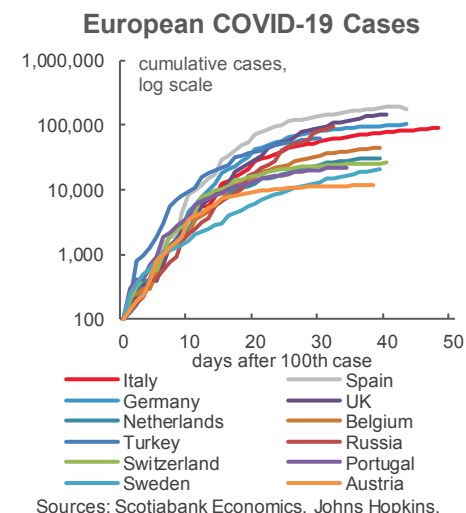


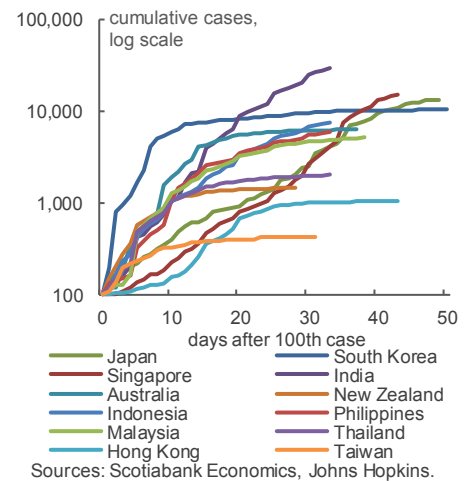
Chart 7



As Australia's COVID-19 curve has flattened, the Reserve Bank of Australia's stimulus efforts have done likewise. The central bank sits on the lower bound at a cash rate of 0.25%, and just recently opted to skip purchases of additional government bonds following a stream of gradually tapered A\$50 billion of bond purchases since introducing a QE program in March. No further stimulus efforts are expected on Tuesday with the risk more skewed toward discussing exit plans.

Bank Negara is in a different position. Its COVID-19 curve has not flattened and the central bank is still in easing mode. After cutting its overnight rate by 100bps since January, another 50bps reduction is expected on Tuesday. The central bank is in catch-up mode, having opted not to hold off-cycle emergency meetings to address the economic impact of the virus and having last held a policy meeting on March 3<sup>rd</sup> and hence before much of the world went into lockdown.

Chart 8 **Asia-Pacific COVID-19 Cases**





## Key Indicators for week of May 4 – 8

### NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	05/04	10:00	Durable Goods Orders (m/m)	Mar F	--	-14.4	-14.4
US	05/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Mar F	--	-0.2	-0.2
US	05/04	10:00	Factory Orders (m/m)	Mar	-10.0	-9.2	0.0
CA	05/05	08:30	Merchandise Trade Balance (C\$ bn)	Mar	-2.0	-2.5	-1.0
US	05/05	08:30	Trade Balance (US\$ bn)	Mar	-48.0	-44.1	-39.9
US	05/05	10:00	ISM Non-Manufacturing Composite	Apr	32.0	37.5	52.5
US	05/06	07:00	MBA Mortgage Applications (w/w)	May 1	--	--	-3.3
US	05/06	08:15	ADP Employment Report (000s m/m)	Apr	-25000	-20000	-26.6
MX	05/07	07:00	Bi-Weekly Core CPI (% change)	Apr 30	0.1	0.1	0.2
MX	05/07	07:00	Bi-Weekly CPI (% change)	Apr 30	0.2	0.2	-0.7
MX	05/07	07:00	Consumer Prices (m/m)	Apr	-1.0	-1.0	-0.1
MX	05/07	07:00	Consumer Prices (y/y)	Apr	2.1	2.1	3.3
MX	05/07	07:00	Consumer Prices Core (m/m)	Apr	0.3	0.3	0.3
US	05/07	08:30	Initial Jobless Claims (000s)	May 2	3100	3000	3839
US	05/07	08:30	Continuing Claims (000s)	Apr 25	--	19223	17992
US	05/07	08:30	Productivity (q/q a.r.)	1Q P	-5.3	-5.5	1.2
US	05/07	08:30	Unit Labor Costs (q/q a.r.)	1Q P	--	3.8	0.9
US	05/07	15:00	Consumer Credit (US\$ bn m/m)	Mar	--	16.2	22.3
CA	05/08	08:15	Housing Starts (000s a.r.)	Apr	150	100.0	197.0
CA	05/08	08:30	Building Permits (m/m)	Mar	--	-20.0	-7.3
CA	05/08	08:30	Employment (000s m/m)	Apr	-5500	-4000	-1011
CA	05/08	08:30	Unemployment Rate (%)	Apr	20.0	17.4	7.8
US	05/08	08:30	Average Hourly Earnings (m/m)	Apr	0.2	0.4	0.4
US	05/08	08:30	Average Hourly Earnings (y/y)	Apr	3.1	3.3	3.1
US	05/08	08:30	Average Weekly Hours	Apr	--	33.6	34.2
US	05/08	08:30	Nonfarm Employment Report (000s m/m)	Apr	-25000	-21500	-701
US	05/08	08:30	Unemployment Rate (%)	Apr	15.0	16.0	4.4

### EUROPE

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
IT	05/04	03:00	Budget Balance (€ bn)	Apr	--	--	-32.2
IT	05/04	03:00	Budget Balance YTD (€ bn)	Apr	--	--	-30.8
IT	05/04	03:45	Manufacturing PMI	Apr	--	30.0	40.3
FR	05/04	03:50	Manufacturing PMI	Apr F	--	31.5	31.5
GE	05/04	03:55	Manufacturing PMI	Apr F	--	34.4	34.4
EC	05/04	04:00	Manufacturing PMI	Apr F	--	33.6	33.6
UK	05/05	02:00	Official Reserves Changes (US\$ bn)	Apr	--	--	2160
FR	05/05	02:45	Central Government Balance (€ bn)	Mar	--	--	-35.2
UK	05/05	04:30	Services PMI	Apr F	--	12.3	12.3
EC	05/05	05:00	PPI (m/m)	Mar	--	-1.4	-0.6
GE	05/06	02:00	Factory Orders (m/m)	Mar	--	-10.0	-1.4
IT	05/06	03:45	Services PMI	Apr	--	9.3	17.4
FR	05/06	03:50	Services PMI	Apr F	--	10.4	10.4
GE	05/06	03:55	Services PMI	Apr F	--	15.9	15.9
EC	05/06	04:00	Composite PMI	Apr F	--	13.5	13.5
EC	05/06	04:00	Services PMI	Apr F	--	11.7	11.7
UK	05/06	04:30	PMI Construction	Apr	--	21.3	39.3
EC	05/06	05:00	Retail Trade (m/m)	Mar	--	-10.9	0.9
UK	05/06	19:01	GfK Consumer Confidence Survey	Apr F	--	-37.0	-34.0
GE	05/07	02:00	Industrial Production (m/m)	Mar	--	-7.5	0.3
FR	05/07	02:45	Current Account (€ bn)	Mar	--	--	-4
FR	05/07	02:45	Industrial Production (m/m)	Mar	--	-12.8	0.9
FR	05/07	02:45	Industrial Production (y/y)	Mar	--	-11.1	-1.4
FR	05/07	02:45	Manufacturing Production (m/m)	Mar	--	--	0.9
FR	05/07	02:45	Trade Balance (€ mn)	Mar	--	--	-5224

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

## Key Indicators for week of May 4 – 8

### EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
NO	05/07	04:00	Norwegian Deposit Rates (%)	May 7	0.25	0.25	0.25
UK	05/07	07:00	BoE Asset Purchase Target (£ bn)	May	--	625	435
UK	05/07	07:00	BoE Policy Announcement (%)	May 7	0.10	0.10	0.10
GE	05/08	02:00	Current Account (€ bn)	Mar	--	20.7	23.7
GE	05/08	02:00	Trade Balance (€ bn)	Mar	--	18.5	20.6
SP	05/08	03:00	Industrial Output NSA (y/y)	Mar	--	--	0.1

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
SK	05/03	19:00	CPI (y/y)	Apr	0.4	0.4	1.0
SK	05/03	19:00	Core CPI (y/y)	Apr	--	0.4	0.7
PH	05/03	21:00	Balance of Payments (US\$ mn)	Mar	--	--	839
AU	05/03	21:30	Building Approvals (m/m)	Mar	--	-15.0	19.9
AU	05/03	21:30	ANZ Job Advertisements (m/m)	Apr	--	--	-10.3
CH	05/03	21:45	Caixin Manufacturing PMI	Apr	--	--	49.4
TH	05/03	22:00	Consumer Confidence Economic	Apr	--	--	41.6
ID	05/04	00:00	CPI (y/y)	Apr	2.8	2.8	3.0
ID	05/04	00:00	Core CPI (y/y)	Apr	--	2.9	2.9
MA	05/04	00:00	Exports (y/y)	Mar	--	-7.6	11.8
MA	05/04	00:00	Imports (y/y)	Mar	--	-5.0	11.3
MA	05/04	00:00	Trade Balance (MYR bn)	Mar	--	12.0	12.6
HK	05/04	04:30	Real GDP (y/y)	1Q A	--	-6.4	-2.9
SI	05/04	09:00	Purchasing Managers Index	Apr	--	40.0	45.4
PH	05/04	21:00	CPI (y/y)	Apr	2.2	2.1	2.5
TH	05/04	23:30	CPI (y/y)	Apr	-1.0	-1.1	-0.5
TH	05/04	23:30	Core CPI (y/y)	Apr	--	0.4	0.5
ID	05/05	00:00	Real GDP (y/y)	1Q	4.0	4.1	5.0
AU	05/05	00:30	RBA Cash Target Rate (%)	May 5	0.25	0.25	0.25
SI	05/05	01:00	Retail Sales (y/y)	Mar	--	-16.0	-8.6
MA	05/05	03:00	Overnight Rate (%)	May 5	2.25	2.00	2.50
TH	05/05	03:30	Business Sentiment Index	Apr	--	--	42.6
HK	05/05	04:30	Retail Sales - Value (y/y)	Mar	--	-47.0	-44.0
HK	05/05	04:30	Retail Sales - Volume (y/y)	Mar	--	-47.7	-46.7
NZ	05/05	13:00	QV House Prices (y/y)	Apr	--	--	6.1
NZ	05/05	18:45	Unemployment Rate (%)	1Q	4.5	4.4	4.0
NZ	05/05	18:45	Employment Change (y/y)	1Q	--	0.7	1.0
HK	05/05	20:30	Purchasing Managers Index	Apr	--	--	34.9
PH	05/05	21:00	Exports (y/y)	Mar	--	-4.0	2.8
PH	05/05	21:00	Imports (y/y)	Mar	--	-10.0	-11.6
PH	05/05	21:00	Trade Balance (US\$ mn)	Mar	--	-2300	-1656
AU	05/05	21:30	Retail Sales (m/m)	Mar	--	8.2	0.5
CH	05/05	21:45	Caixin Services PMI	Apr	--	50.5	43.0
ID	05/05	22:00	Consumer Confidence Index	Apr	--	--	113.8
TA	05/06	04:00	CPI (y/y)	Apr	-0.5	-0.5	0.0
SK	05/06	19:00	Current Account (US\$ mn)	Mar	--	--	6409
JN	05/06	19:50	Monetary Base (y/y)	Apr	--	--	2.8
CH	05/06	21:00	Foreign Reserves (US\$ bn)	Apr	--	3060	3061
CH	05/06	21:00	Exports (y/y)	Apr	--	-9.5	-6.6
CH	05/06	21:00	Imports (y/y)	Apr	--	-10.0	-1.0
CH	05/06	21:00	Trade Balance (USD bn)	Apr	--	15.8	19.9
AU	05/06	21:30	Trade Balance (AUD mn)	Mar	--	6400	4361
PH	05/06	22:00	Real GDP (y/y)	1Q	3.0	3.0	6.4
AU	05/07	02:30	Foreign Reserves (AUD bn)	Apr	--	--	90.6
SI	05/07	05:00	Foreign Reserves (US\$ mn)	Apr	--	--	279142
JN	05/07	19:30	Household Spending (y/y)	Mar	--	-6.1	-0.3

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



## Key Indicators for week of May 4 – 8

### ASIA-PACIFIC (continued from previous page)

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
MA	05/08	00:00	Industrial Production (y/y)	Mar	--	-2.5	5.8
MA	05/08	03:00	Foreign Reserves (US\$ bn)	Apr 30	--	--	102.0
TA	05/08	04:00	Exports (y/y)	Apr	--	0.9	-0.6
TA	05/08	04:00	Imports (y/y)	Apr	--	-0.6	0.5
TA	05/08	04:00	Trade Balance (US\$ bn)	Apr	--	2.9	2.8

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CL	05/04	08:30	Economic Activity Index SA (m/m)	Mar	--	-4.5	0.6
CL	05/04	08:30	Economic Activity Index NSA (y/y)	Mar	--	-3.5	2.7
BZ	05/04	09:00	PMI Manufacturing Index	Apr	36	--	48.4
BZ	05/04	14:00	Trade Balance (FOB) - Monthly (US\$ mn)	Apr	--	6150	4713
BZ	05/05	08:00	Industrial Production SA (m/m)	Mar	--	-3.2	0.5
BZ	05/05	08:00	Industrial Production (y/y)	Mar	--	-2.0	-0.4
CO	05/05	20:00	Consumer Price Index (m/m)	Apr	0.3	0.3	0.6
CO	05/05	20:00	Consumer Price Index (y/y)	Apr	3.6	3.6	3.9
<b>BZ</b>	<b>05/06</b>	<b>08:00</b>	<b>SELIC Target Rate (%)</b>	<b>May 6</b>	<b>3.25</b>	<b>3.25</b>	<b>3.75</b>
<b>CL</b>	<b>05/06</b>	<b>17:00</b>	<b>Nominal Overnight Rate Target (%)</b>	<b>May 6</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
<b>PE</b>	<b>05/07</b>	<b>19:00</b>	<b>Reference Rate (%)</b>	<b>May 7</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
BZ	05/08	08:00	IBGE Inflation IPCA (m/m)	Apr	--	-0.2	0.1
BZ	05/08	08:00	IBGE Inflation IPCA (y/y)	Apr	--	2.5	3.3

## Global Auctions for week of May 4 – 8

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	05/06	12:00	10 Year Bond Auction

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	05/05	04:15	Austria to Sell Bonds
DE	05/05	04:30	Denmark to Sell Bonds
UK	05/05	05:00	U.K. to Sell 2% 2025 Bonds
GE	05/05	05:30	Germany to Sell I/L Bonds
UK	05/05	06:30	U.K. to Sell 1.625% 2028 Bonds
SW	05/06	05:00	Sweden to Sell Bonds
UK	05/06	05:00	U.K. to Sell 0.125% 2023 Bonds
GE	05/06	05:30	Germany to Sell EUR 4 Bln of 0% 2025 Bonds
UK	05/06	06:30	U.K. to Sell 1.625% 2054 Bonds
SP	05/07	04:45	Spain to Sell Sr Unsecured Bonds
FR	05/07	04:50	France to Sell Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
ID	05/05	05:00	Indonesia to Sell 2, 4, & 25 Year Islamic Bonds
CH	05/05	23:00	China to Sell 3 & 7 Year Upsized Bonds
SK	05/06	21:30	Korea Central Bank to Sell KRW 2.4 Tln 2 Year Bonds
CH	05/06	23:30	Beijing to Sell 5 & 7 Year Bonds
TA	05/07	00:30	Taiwan to Sell TWD30 Bln 30 Year Bonds
JN	05/07	23:35	Japan to Sell 10 Year CPI Linked Bonds

## Events for week of May 4 – 8

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	05/05	10:00	Fed's Evans Holds Media Briefing
US	05/05	14:00	Fed's Bostic Discusses Affordable Housing During Covid-19
US	05/05		Indiana Primaries
US	05/07	16:00	Fed's Harker Discusses the Response to Covid-19

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	05/04	04:00	ECB Survey of Professional Forecasters
RU	05/06		Bank of Russia releases quarterly monetary report
<b>NO</b>	<b>05/07</b>	<b>04:00</b>	<b>Deposit Rates</b>
<b>UK</b>	<b>05/07</b>	<b>07:00</b>	<b>Bank of England Bank Rate</b>
UK	05/07	07:30	BOE Governor Speaks at Press Conference in London
IT	05/08		Bank of Italy Report on Balance-Sheet Aggregates
IT	05/08		Italy Sovereign Debt to be rated by Moody's
IT	05/08		Italy Sovereign Debt to be rated by DBRS

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	05/05	00:30	RBA Cash Rate Target
MA	05/05	03:00	BNM Overnight Policy Rate
JN	05/06	19:50	BOJ Minutes of March Meeting
AU	05/07	21:30	RBA Statement on Monetary Policy

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	05/04	14:00	Colombia Monetary Policy Minutes
BZ	05/06	08:30	Selic Rate
CL	05/06	17:00	Overnight Rate Target
PE	05/07	19:00	Reference Rate

## Global Central Bank Watch

### NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.25	June 3, 2020	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	June 10, 2020	0.25	0.25
Banco de México – Overnight Rate	6.00	May 14, 2020	5.50	5.50

### EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	June 4, 2020	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	June 4, 2020	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	June 4, 2020	-0.50	-0.50
Bank of England – Bank Rate	0.10	May 7, 2020	0.10	0.10
Swiss National Bank – Libor Target Rate	-0.75	TBA	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	5.50	June 19, 2020	5.50	5.00
Sweden Riksbank – Repo Rate	0.00	July 1, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.25	May 7, 2020	0.25	0.25
Central Bank of Turkey – Benchmark Repo Rate	8.75	May 21, 2020	8.75	8.25

**Bank of England:** Fresh forecasts for the first time since January and altered communications are expected but the main focus will be upon potential guidance toward expanded asset purchases alongside an unchanged policy rate. **Norges Bank:** Most expect a policy hold with only a small minority leaving open the possibility of cutting to zero or negative rates.

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	June 16, 2020	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.25	May 5, 2020	0.25	0.25
Reserve Bank of New Zealand – Cash Rate	0.25	May 12, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	May 20, 2020	3.80	0.25
Reserve Bank of India – Repo Rate	4.40	June 5, 2020	4.00	4.00
Bank of Korea – Bank Rate	0.75	May 28, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.75	May 20, 2020	0.50	0.75
Bank Negara Malaysia – Overnight Policy Rate	2.50	May 5, 2020	2.25	2.50
Bank Indonesia – 7-Day Reverse Repo Rate	4.50	May 19, 2020	4.25	4.50
Central Bank of Philippines – Overnight Borrowing Rate	2.75	June 25, 2020	2.75	3.50

**Reserve Bank of Australia (RBA):** Australian monetary authorities will hold a policy meeting on May 5. We expect the RBA to leave the benchmark interest rate unchanged at 0.25%, given that substantial monetary stimulus measures were unveiled at the additional policy announcement on March 19. **Bank Negara Malaysia (BNM):** Malaysian authorities will make a monetary policy decision on May 5. We assess that the BNM has adequate monetary policy space left to provide further stimulus to the economy. Following the monetary policy meeting on March 3, central bank lowered the Overnight Policy Rate by 25 bps to 2.50%. We expect another 25 bps cut, yet even a more drastic reduction (of 50 bps) is possible.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	3.75	May 6, 2020	3.25	3.25
Banco Central de Chile – Overnight Rate	0.50	May 6, 2020	0.50	0.50
Banco de la República de Colombia – Lending Rate	3.25	June 26, 2020	3.25	3.00
Banco Central de Reserva del Perú – Reference Rate	0.25	May 7, 2020	0.25	0.25

**Banco Central de Chile:** The central bank will make its monetary policy decision on Wednesday afternoon. We expect the central bank to hold its overnight rate at 0.50%, which is the effective lower bound. There is a possibility the bank will announce an expansion of liquidity operations to support financial stability.

**Banco Central do Brasil:** There will be a monetary policy announcement made on Thursday. With Brazil's growth and inflation outlook plummeting, we expect the central bank to make a 50bps cut—bringing the Selic rate to 3.25%. After the government approved a bill to allow the central bank to purchase bonds, the focus of the announcement will be on the unconventional policy measures.

**Banco Central de Reserva del Perú:** The central bank will likely hold their reference rate at 0.25% on Thursday. While the interest rate is at the effective lower bound, the central bank is poised to continue its liquidity operations to support the economy.

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	4.25	May 21, 2020	4.25	4.00

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

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