

WHAT NEXT, AFTER SAVING THE WORLD?

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CONTACTS

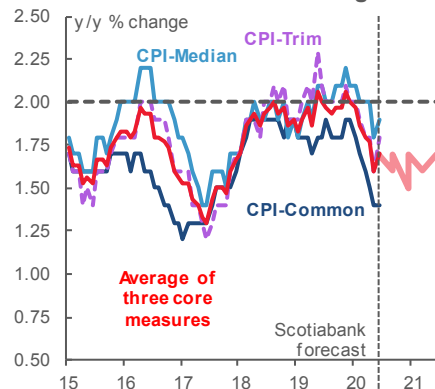
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Next Week's Risk Dashboard

- CBs: FOMC, BoE, BoJ...
- ...Brazil, Russia, BI, CBCT, SARB
- Brexit stand-off
- NZ pre-election update
- Global macro releases

Chart of the Week

Canadian Core Inflation Expected to Remain Below Target



Sources: Scotiabank Economics, Statistics Canada.

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

What Next, After Saving The World?

A heavy week for global central bank decisions will nevertheless probably hold fire on concrete actions in most cases, but the inclination toward adding further stimulus will put the overall bias under careful scrutiny. The Bank of England may find itself in the most difficult position of all as it mulls possible future easing steps in a week that could be a lively one for additional Brexit developments.

This will also be a notable week for global macro releases across the US, Canada, Europe and Asia.

New Zealand will kick off what is sure to be heightened risk surrounding global fiscal and political developments over coming weeks when it preps voters with fiscal realities ahead of the election on October 17th. Canada may be on watch for advance guidance regarding throne speech contents the following week that may amplify movement toward a potential confidence vote and unlikely election call. Of course, to global markets, the dominant focus will be the US Presidential election on November 3rd.

Set against this backdrop are some tough choices facing governments as they evaluate evidence that they are exiting the peak pandemic phase while beginning to craft policies for the longer roads toward full recoveries that may fully embrace a policy pivot away from stimulus exits. There is unlikely to be a one size fits all solution across countries along this path and it is important to acknowledge that solutions that may fit one macro context could be entirely inappropriate in another.

For example, in a world awash with excess savings and rising income inequality, a post-pandemic recovery phase may be tempted to pursue growth-oriented public policies that redistribute income and wealth toward individuals with higher marginal propensities to consume. The suitability of this approach requires consideration of how individual economies fit into this narrative and not all do.

For instance, it merits observing that a handful of countries seem to account for much of the global savings glut such as savers in Germany and China. Countries like Canada, however, faced a weak saving picture long before the pandemic struck (chart 1). This could mean that seeking to reallocate hoarded saving through redistributive policies might not be appropriate if it further lessens trend saving behaviour and magnifies reliance upon foreign funding. It could also further fan household sector and broad consumption imbalances. There are also substantial differences in income inequality across countries that merit, for instance, not viewing Canada as facing the same challenges as, say, the US or UK among others (chart 2). Thus, a policy bias toward addressing excess saving and income inequality through overt policy measures may suit some countries, but not others and in fact it may backfire in some. Countries that have already long ago chosen paths marked by high twin deficits and soaring external debt like Canada (charts 3, 4) may be further constrained in the options they face without encountering rising external imbalances and associated risks.

Chart 1

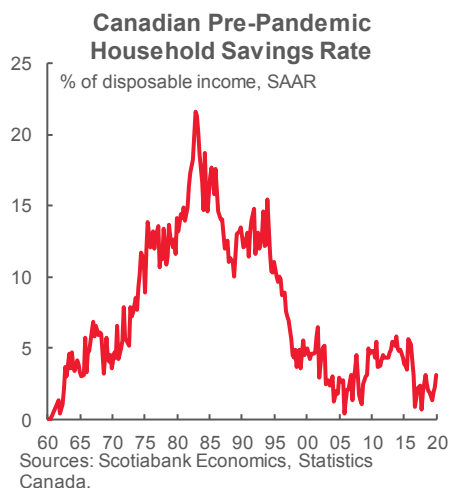


Chart 2

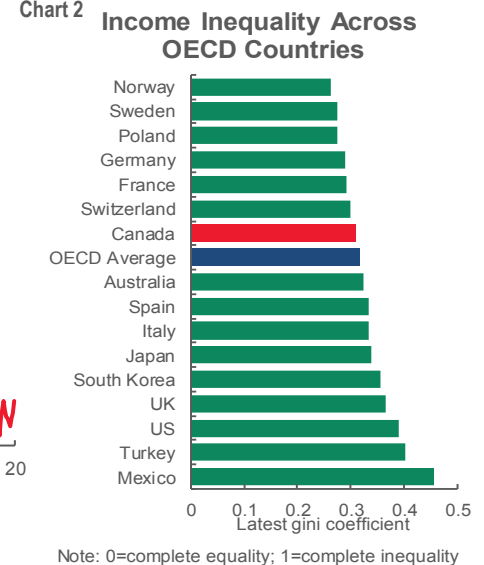


Chart 3

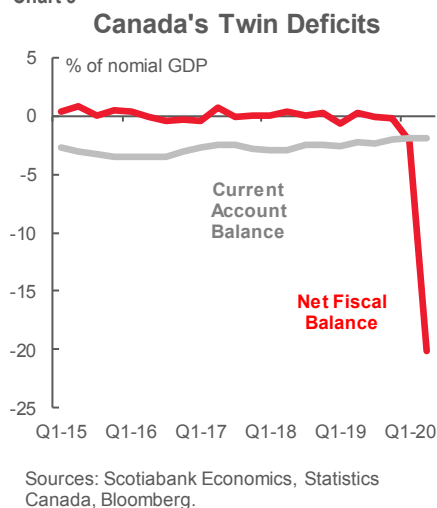
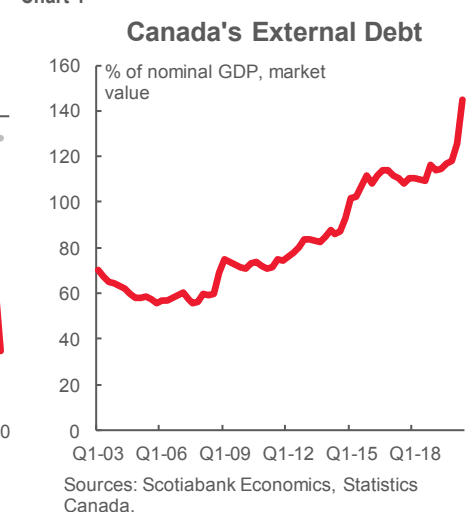


Chart 4



1. CENTRAL BANKS MOSTLY BUYING TIME

Crack knuckles. Check. Stretches. Check. There we go. Now you're ready for central bank week! Most of the action to follow will be concentrated on Wednesday and Thursday.

Federal Reserve (Wednesday)

The two-day meeting on Tuesday and Wednesday will culminate in the 2pmET statement and Summary of Economic Projections alongside the dot plot followed by Chair Powell's press conference a half hour later. No major policy changes are anticipated as the FOMC moves toward rolling out the full results of the strategic review probably toward year-end and after the Jackson Hole delivery of the revised Statement on Long Run Goals and Monetary Policy Strategy.

Key may be the addition of the 2023 forecasts including the extension of the dot plot that may further inform the length of pause between 2022 and the longer run return to neutral. We expect the median dot to show no rate change in 2023 but the dispersion of views may widen. The statement may codify reference to targeting average 2% inflation over time.

The description of current conditions provided by the statement will probably be very similar. The press conference may reveal further discussion of the strategy review but matters such as strengthened forward guidance are not expected to be offered until late year.

Banco Central do Brasil (Wednesday)

BCB is likely to hold its Selic rate at 2% but if it surprises with a reduction then it is likely to be the last of the cycle barring further shocks. Its last decision on August 5th ([here](#)) indicated that the easing bias is coming to a close and did not signal urgency by stating "it recognizes that, due to prudential and financial stability reasons, the remaining space for monetary policy stimulus, if it exists, should be small."

Bank of England (Thursday)

In between a series of macro reports, the Bank of England is expected to remain on hold for now, but its guidance could intensify speculation toward future easing. OIS markets have only a few basis points of a potential cut priced in through to year-end. Key may be signs of dissent in the composition of the MPC vote that may raise easing speculation. CPI headline and core measures are expected to plummet when August readings arrive the day before which could provide cover for a more dovish tone. The BoE may wish to largely stay out of the fray in terms of possible Brexit developments over the course of the week and be more reactive than proactive to possible developments.

Bank of Japan (Thursday)

Other than forecast tweaks, this decision should be largely a non-event with no substantive policy changes expected.

SARB (Thursday)

South Africa's central bank faces a divided consensus with a little over half expecting a 25bps cut on Thursday. Policymakers themselves have been divided toward whether to ease in prior decisions.

Bank Indonesia (Thursday)

BI is universally expected to hold its seven day reverse repo rate at 4% on Thursday. Currency stability is a key consideration for the central bank. Since early June, the rupiah has depreciated by about 7% to the USD. The central bank is likely to be content with observing the full effects of 200bps of easing since mid-2019, half of which has been delivered this year.

CBCT (Thursday)

Taiwan's central bank is widely expected to hold again at 1.125% after it unexpectedly held at the prior meeting. The central bank had guided that it had achieved its goal with the cut in March and no further reduction was required in June. Since then, evidence of a nascent global recovery has accumulated.

Russia (Friday)

A slim minority of forecasters expect the Central Bank of Russia to cut its key rate by another 25bps on Friday. If the central bank holds, as most expect, then influencing factors could include a) a 10% depreciation in the ruble to the USD since June, b) mild upward pressure on core inflation this year to 3.1% y/y while headline is running at 3.6% y/y and hence not far from the 4% target, and c) to take stock in the aftermath of the 350bps of easing since about mid-2019.

2. BREXIT RISK

Not that again. We had largely shelved the Brexit saga until later this year when the negotiating deadline is set between the EU and UK. Like an NBA basketball match, the final minute of play was assumed to be where the action would be most intense and with some reason to believe as much given the brinkmanship pattern to Brexit negotiations.

UK PM Johnson had other plans. After a Brexit, the UK was to have had a joint market spanning the whole of the UK with substantial devolution of powers to set regulations granted to Scotland, Northern Ireland and Wales in lieu of Brussels no longer playing a role. Johnson's Internal Market Bill sought to rebalance this devolution by centralizing more of the powers in such fashion that may have violated the UK-EU Brexit agreement. This would require violating international law through reversing parts of the Northern Ireland Protocol within the EU-UK Withdrawal Agreement. The EU opposed Johnson's move and delivered a month-end ultimatum to stand down. Unconfirmed reports indicate that Johnson sought to rally his opposing Conservative MPs to support his effort late on Friday. Further developments into the weekend and next week will be closely monitored.

3. NEW ZEALAND'S PRE-ELECTION WATCH

New Zealand's government will present its Pre-election Economic and Fiscal Update on Tuesday. The Public Finance Act requires that the government submit such an update before the electorate between 20 and 30 working days before a general election so that it can be informed by the government's position. The COVID-19 shock resulted in the election being pushed back four weeks to October 17th. Stronger lockdown measures are likely to dent the government's latest projections for recent and near-term GDP growth during Q3 one day ahead of the release of Q2 GDP that is expected to contract at a non-annualized pace of about 12% q/q.

The update is unlikely to be meaningful to Prime Minister Jacinda Ardern's standing in the polls (chart 5). Her government continues to hold a commanding lead, partly on merit given handling of the COVID-19 shock, but also aided by recent leadership disarray in the main opposition party after its leader resigned less than two months into the job back in July.

4. MACRO RELEASES

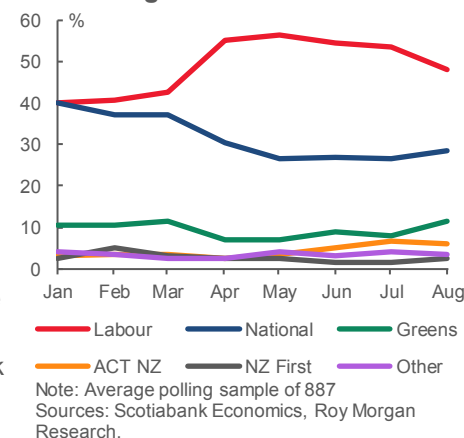
The global release calendar will be fairly active across multiple markets over the coming week.

The main focus in Canada will be Wednesday's inflation readings. Headline CPI inflation is expected to be little changed at 0.2% y/y (0.1% prior). The BoC's core measures will be the ones to watch. The average of the common component, weighted median and trimmed mean inflation readings is expected to hold around the unchanged 1.6% y/y mark and has been at 1.6–1.7% throughout the recovery phase. CPI inflation excluding food and energy fell by more in Canada (0.5% y/y in July) than in the US where the 1.7% y/y reading in August continued upward pressure that has been in place over the past two months. Canada also releases existing home sales during August (Tuesday), manufacturing figures during July that should follow a solid export gain higher (Tuesday) and retail sales for July (Friday) that Statistics Canada's preliminary guidance pointed toward a muted 0.7% m/m rise in nominal terms.

US industrial and household sector readings will offer up a few gems. Industrial output is expected to continue to benefit from reopening plans with a further but more modest gain in August (Tuesday). The same day's Empire manufacturing gauge for

Chart 5

PM Ardern Gained Popularity Through the Initial Outbreak



September will kick off another monthly round of regional measures on the path toward the next ISM-manufacturing print on October 1st. Thursday's Philly Fed gauge will do likewise. Then it's all about the household sector amid expectations for a solid gain in August's retail sales buoyed by autos and core sales (Wednesday), probable moderation in housing starts during August given the prior month's 23% jump (Thursday), a possible renewed drop in jobless claims (Thursday) and then the University of Michigan's consumer sentiment reading on Friday.

China may impact market sentiment toward the start of the week. On Monday evening eastern time, China is expected to register growth in industrial output (5% y/y) similar to the prior month and perhaps post the first non-negative reading in year-over-year retail sales growth since the pandemic struck the economy.

Across Asia-Pacific markets, also keep an eye on Indian inflation for August on Monday morning that is expected to be stable at just under 7% y/y with core inflation likely over a percentage point behind. Australian jobs are due out on Wednesday and may showcase faltering momentum after two solid months of gains and based in part upon soft guidance on weekly payrolls from the Bureau of Statistics.

Eurozone releases will be light with just the German and Eurozone readings for the ZEW investor sentiment gauge in September due on Tuesday. This release can garner attention as it kicks off sentiment surveys ahead of the following week's purchasing managers' indices and IFO business confidence measures.

Key Indicators for week of September 14 – 18

NORTH AMERICA

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---------|-------|-------|--|---------------|-------------|-------------|-------------|
| CA | 09/15 | 08:30 | Manufacturing Shipments (m/m) | Jul | 9.0 | -- | 20.7 |
| US | 09/15 | 08:30 | Empire State Manufacturing Index | Sep | -- | 6.0 | 3.7 |
| US | 09/15 | 08:30 | Export Prices (m/m) | Aug | -- | 0.5 | 0.7 |
| US | 09/15 | 08:30 | Import Prices (m/m) | Aug | -- | 0.5 | 0.7 |
| CA | 09/15 | 09:00 | Existing Home Sales (m/m) | Aug | -- | -- | 26.0 |
| US | 09/15 | 09:15 | Capacity Utilization (%) | Aug | 71.4 | 71.6 | 70.6 |
| US | 09/15 | 09:15 | Industrial Production (m/m) | Aug | 0.8 | 1.0 | 3.0 |
| US | 09/16 | 07:00 | MBA Mortgage Applications (w/w) | Sep 11 | -- | -- | 2.9 |
| CA | 09/16 | 08:30 | Core CPI - Common (y/y) | Aug | -- | -- | 1.3 |
| CA | 09/16 | 08:30 | Core CPI - Median (y/y) | Aug | -- | -- | 1.9 |
| CA | 09/16 | 08:30 | Core CPI - Trim (y/y) | Aug | -- | -- | 1.7 |
| CA | 09/16 | 08:30 | CPI, All items (m/m) | Aug | 0.0 | -- | 0.0 |
| CA | 09/16 | 08:30 | CPI, All items (y/y) | Aug | 0.2 | -- | 0.1 |
| CA | 09/16 | 08:30 | CPI, All items (index) | Aug | -- | -- | 137.2 |
| CA | 09/16 | 08:30 | International Securities Transactions (C\$ bn) | Jul | -- | -- | -13.5 |
| US | 09/16 | 08:30 | Retail Sales (m/m) | Aug | 1.3 | 1.0 | 1.2 |
| US | 09/16 | 08:30 | Retail Sales ex. Autos (m/m) | Aug | 0.9 | 0.9 | 1.9 |
| US | 09/16 | 10:00 | Business Inventories (m/m) | Jul | -- | 0.2 | -1.1 |
| US | 09/16 | 10:00 | NAHB Housing Market Index | Sep | -- | 78.0 | 78.0 |
| US | 09/16 | 14:00 | FOMC Interest Rate Meeting (%) | Sep 16 | 0.25 | 0.25 | 0.25 |
| US | 09/16 | 16:00 | Total Net TIC Flows (US\$ bn) | Jul | -- | -- | -67.9 |
| US | 09/16 | 16:00 | Net Long-term TIC Flows (US\$ bn) | Jul | -- | -- | 113.0 |
| US | 09/17 | 08:30 | Building Permits (000s a.r.) | Aug | -- | 1520 | 1483 |
| US | 09/17 | 08:30 | Housing Starts (000s a.r.) | Aug | 1500 | 1480 | 1496 |
| US | 09/17 | 08:30 | Housing Starts (m/m) | Aug | 0.3 | -1.1 | 22.6 |
| US | 09/17 | 08:30 | Initial Jobless Claims (000s) | Sep 12 | 820 | 850.0 | 884.0 |
| US | 09/17 | 08:30 | Continuing Claims (000s) | Sep 5 | 13000 | -- | 13385 |
| US | 09/17 | 08:30 | Philadelphia Fed Index | Sep | -- | 15.0 | 17.2 |
| CA | 09/18 | 08:30 | Retail Sales (m/m) | Jul | 0.7 | -- | 23.7 |
| CA | 09/18 | 08:30 | Retail Sales ex. Autos (m/m) | Jul | 0.5 | -- | 15.8 |
| CA | 09/18 | 08:30 | Teranet - National Bank HPI (y/y) | Aug | -- | -- | 5.5 |
| CA | 09/18 | 08:30 | Wholesale Trade (m/m) | Jul | -- | -- | 18.5 |
| US | 09/18 | 08:30 | Current Account (US\$ bn) | 2Q | -- | -159.0 | -104.2 |
| US | 09/18 | 10:00 | Leading Indicators (m/m) | Aug | -- | 1.3 | 1.4 |
| US | 09/18 | 10:00 | U. of Michigan Consumer Sentiment | Sep P | 74.5 | 75.0 | 74.1 |

EUROPE

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|---------|-------|-------|--|--------|-----|-----------|--------|
| EC | 09/14 | 05:00 | Industrial Production (m/m) | Jul | -- | 4.1 | 9.1 |
| EC | 09/14 | 05:00 | Industrial Production (y/y) | Jul | -- | -8.1 | -12.3 |
| UK | 09/15 | 02:00 | Average Weekly Earnings (3-month, y/y) | Jul | -- | -1.3 | -1.2 |
| UK | 09/15 | 02:00 | Jobless Claims Change (000s) | Aug | -- | -- | 94.4 |
| UK | 09/15 | 02:00 | ILO Unemployment Rate (%) | Jul | -- | 4.1 | 3.9 |
| FR | 09/15 | 02:45 | CPI (m/m) | Aug F | -- | -0.1 | -0.1 |
| FR | 09/15 | 02:45 | CPI (y/y) | Aug F | -- | 0.2 | 0.2 |
| FR | 09/15 | 02:45 | CPI - EU Harmonized (m/m) | Aug F | -- | -0.1 | -0.1 |
| FR | 09/15 | 02:45 | CPI - EU Harmonized (y/y) | Aug F | -- | 0.2 | 0.2 |
| IT | 09/15 | 04:00 | CPI - EU Harmonized (y/y) | Aug F | -- | -0.5 | -0.5 |
| UK | 09/15 | 04:30 | Employment Change (3M/3M, 000s) | Jul | -- | -110.0 | -220.0 |
| EC | 09/15 | 05:00 | Labour Costs (y/y) | 2Q | -- | -- | 3.4 |
| EC | 09/15 | 05:00 | ZEW Survey (Economic Sentiment) | Sep | -- | -- | 64.0 |
| GE | 09/15 | 05:00 | ZEW Survey (Current Situation) | Sep | -- | -72.0 | -81.3 |
| GE | 09/15 | 05:00 | ZEW Survey (Economic Sentiment) | Sep | -- | 69.5 | 71.5 |

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of September 14 – 18

EUROPE (continued from previous page)

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|------------------------------------|---------------|-------------|-------------|-------------|
| UK | 09/16 | 02:00 | CPI (m/m) | Aug | -- | -0.6 | 0.4 |
| UK | 09/16 | 02:00 | CPI (y/y) | Aug | -- | 0.1 | 1.0 |
| UK | 09/16 | 02:00 | PPI Input (m/m) | Aug | -- | 0.1 | 1.8 |
| UK | 09/16 | 02:00 | PPI Output (m/m) | Aug | -- | 0.2 | 0.3 |
| UK | 09/16 | 02:00 | RPI (m/m) | Aug | -- | -0.3 | 0.5 |
| UK | 09/16 | 02:00 | RPI (y/y) | Aug | -- | 0.6 | 0.0 |
| EC | 09/16 | 05:00 | Trade Balance (€ mn) | Jul | -- | -- | 21166.4 |
| EC | 09/17 | 05:00 | CPI (m/m) | Aug F | -- | -0.4 | -0.4 |
| EC | 09/17 | 05:00 | CPI (y/y) | Aug F | -- | -0.2 | -0.2 |
| EC | 09/17 | 05:00 | Euro zone Core CPI Estimate (y/y) | Aug F | -- | 0.4 | 0.4 |
| UK | 09/17 | 07:00 | BoE Policy Announcement (%) | Sep 17 | 0.10 | 0.10 | 0.10 |
| GE | 09/18 | 02:00 | Producer Prices (m/m) | Aug | -- | 0.0 | 0.2 |
| UK | 09/18 | 02:00 | Retail Sales ex. Auto Fuel (m/m) | Aug | -- | 0.3 | 2.0 |
| UK | 09/18 | 02:00 | Retail Sales with Auto Fuel (m/m) | Aug | -- | 0.6 | 3.6 |
| EC | 09/18 | 04:00 | Current Account (€ bn) | Jul | -- | -- | 20.7 |
| IT | 09/18 | 04:00 | Current Account (€ mn) | Jul | -- | -- | 3431 |
| RU | 09/18 | 06:30 | One-Week Auction Rate (%) | Sep 18 | 4.25 | 4.25 | 4.25 |

ASIA-PACIFIC

| Country | Date | Time | Indicator | Period | BNS | Consensus | Latest |
|-----------|--------------|--------------|---|---------------|--------------|-------------|--------------|
| JN | 09/14 | 00:30 | Capacity Utilization (m/m) | Jul | -- | -- | 6.2 |
| JN | 09/14 | 00:30 | Tertiary Industry Index (m/m) | Jul | -- | 0.5 | 7.9 |
| JN | 09/14 | 00:30 | Industrial Production (y/y) | Jul F | -- | -- | -16.1 |
| IN | 09/14 | 02:30 | Monthly Wholesale Prices (y/y) | Aug | -- | -0.3 | -0.6 |
| HK | 09/14 | 04:30 | Industrial Production (y/y) | 2Q | -- | -- | -4.6 |
| IN | 09/14 | 08:00 | CPI (y/y) | Aug | 6.90 | 6.90 | 6.93 |
| PH | 09/14 | 21:00 | Overseas Remittances (y/y) | Jul | -- | -5.7 | 7.7 |
| AU | 09/14 | 21:30 | House Price Index (y/y) | 2Q | -- | 6.8 | 7.4 |
| CH | 09/14 | 22:00 | Fixed Asset Investment YTD (y/y) | Aug | -0.5 | -0.5 | -1.6 |
| CH | 09/14 | 22:00 | Industrial Production (y/y) | Aug | 5.0 | 5.1 | 4.8 |
| CH | 09/14 | 22:00 | Retail Sales (y/y) | Aug | -0.2 | 0.0 | -1.1 |
| IN | 09/14 | 23:30 | Exports (y/y) | Aug | -- | -- | -10.2 |
| IN | 09/14 | 23:30 | Imports (y/y) | Aug | -- | -- | -28.4 |
| ID | 09/15 | 00:00 | Exports (y/y) | Aug | -- | -8.5 | -9.9 |
| ID | 09/15 | 00:00 | Imports (y/y) | Aug | -- | -22.4 | -32.6 |
| ID | 09/15 | 00:00 | Trade Balance (US\$ mn) | Aug | -- | 2137 | 3263 |
| JN | 09/15 | 19:50 | Merchandise Trade Balance (¥ bn) | Aug | -- | -20.0 | 10.9 |
| JN | 09/15 | 19:50 | Adjusted Merchandise Trade Balance (¥ bn) | Aug | -- | 23.3 | -34.8 |
| JN | 09/15 | 19:50 | Merchandise Trade Exports (y/y) | Aug | -- | -16.0 | -19.2 |
| JN | 09/15 | 19:50 | Merchandise Trade Imports (y/y) | Aug | -- | -17.7 | -22.3 |
| NZ | 09/16 | 18:45 | GDP (y/y) | 2Q | -- | -12.8 | -0.2 |
| JN | 09/16 | 20:00 | BoJ Policy Rate (%) | Sep 17 | -0.10 | -- | -0.10 |
| JN | 09/16 | 20:00 | Nationwide Department Store Sales (y/y) | Aug | -- | -- | -20.3 |
| SI | 09/16 | 20:30 | Exports (y/y) | Aug | -- | 2.6 | 6.0 |
| TA | 09/16 | 21:00 | Benchmark Interest Rate (%) | Sep 17 | 1.125 | 1.13 | 1.125 |
| AU | 09/16 | 21:30 | Employment (000s) | Aug | -- | -40.0 | 114.7 |
| AU | 09/16 | 21:30 | Unemployment Rate (%) | Aug | -- | 7.7 | 7.5 |
| ID | 09/17 | 03:20 | BI 7-Day Reverse Repo Rate (%) | Sep 17 | 4.00 | 4.00 | 4.00 |
| HK | 09/17 | 04:30 | Unemployment Rate (%) | Aug | -- | 6.3 | 6.1 |
| JN | 09/17 | 19:30 | National CPI (y/y) | Aug | 0.2 | 0.2 | 0.3 |
| CH | 09/20 | 21:30 | China 1-Year Loan Prime Rate | Sep 21 | 3.85 | 3.85 | 3.85 |

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of September 14 – 18

LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Indicator</u> | <u>Period</u> | <u>BNS</u> | <u>Consensus</u> | <u>Latest</u> |
|----------------|--------------|-------------|-----------------------------------|---------------|-------------|------------------|---------------|
| BZ | 09/14 | 08:00 | Economic Activity Index SA (m/m) | Jul | – | 3.4 | 4.9 |
| BZ | 09/14 | 08:00 | Economic Activity Index NSA (y/y) | Jul | -4.2 | -5.4 | -7.1 |
| CO | 09/14 | 11:00 | Retail Sales (y/y) | Jul | -12.5 | -8.3 | -14.2 |
| PE | 09/15 | 01:00 | Economic Activity Index NSA (y/y) | Jul | -11.0 | -11.7 | -18.1 |
| PE | 09/15 | 01:00 | Unemployment Rate (%) | Aug | – | – | 16.4 |
| BZ | 09/16 | | SELIC Target Rate (%) | Sep 16 | 1.75 | 2.00 | 2.00 |
| CO | 09/17 | 11:00 | Trade Balance (US\$ mn) | Jul | – | -940 | -444 |

Global Auctions for week of September 14 – 18

NORTH AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--------------------------------------|
| US | 09/15 | 13:00 | U.S. to Sell 20-Year Bonds Reopening |
| CA | 09/17 | 12:00 | Canada to Sell 30 Year Bonds |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| UK | 09/15 | 05:00 | U.K. to Sell 2.75 Billion Pounds of 1.25% 2027 Bonds |
| GE | 09/15 | 05:30 | Germany to Sell EUR 4 Bln of 0% 2027 Bonds |
| UK | 09/15 | 06:30 | U.K. to Sell 1.75 Billion Pounds of 1.75% 2037 Bonds |
| DE | 09/16 | 04:30 | Denmark to Sell Bonds |
| UK | 09/16 | 05:00 | U.K. to Sell 0.375% 2030 Bonds |
| GE | 09/16 | 05:30 | Germany to Sell EUR 1.5 Bln of 1.25% 2048 Bonds |
| SP | 09/17 | 04:45 | Spain to Sell Sr Unsecured Bonds |
| FR | 09/17 | 04:50 | France to Sell Bonds |
| SW | 09/17 | 05:00 | Sweden to Sell I/L Bonds |
| FR | 09/17 | 05:50 | France to Sell I/L Bonds |
| IC | 09/18 | 07:30 | Iceland to Sell Bonds |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| SK | 09/13 | 21:30 | Korea Central Bank to Sell KRW 800Bln 1-Year Bond |
| SK | 09/13 | 22:30 | Korea to Sell KRW 3.05Tln 10-Year Bond |
| CH | 09/13 | 22:30 | Hebei to Sell 5, 10, 15 Year Bonds |
| CH | 09/14 | 02:00 | Inner Mongolia to Sell 5, 7, 10, 15, 20, & 30 Year Bonds |
| TA | 09/15 | 00:30 | Taiwan to Sell TWD30 Bln 20-Year Bond |
| SK | 09/15 | 21:30 | Korea Central Bank to Sell KRW 2 Tln 2-Year Bond |
| CH | 09/15 | 23:00 | China Plans to sell 1 & 10 Year Upsized Government Bonds |
| TH | 09/15 | 23:00 | Thailand to Sell Bonds |
| HK | 09/16 | 03:00 | Hong Kong to Sell Bonds |
| NZ | 09/16 | 22:05 | New Zealand to Sell Bonds |
| CH | 09/17 | 23:00 | China Plans to Sell 50-Year Upsized Government Bond |
| TA | 09/18 | 00:30 | Taiwan to Sell TWD40 Bln 2-Year NCD |

Events for week of September 14 – 18**NORTH AMERICA**

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| US | 09/16 | 14:00 | FOMC Rate Decision |
| US | 09/16 | 14:30 | Powell Holds Post-FOMC Meeting Press Conference |
| US | 09/18 | 10:00 | Fed's Bullard Discusses the Covid Recovery Challenge |

EUROPE

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|---------------------------|
| UK | 09/17 | 07:00 | Bank of England Bank Rate |
| RU | 09/18 | 06:30 | Key Rate |

ASIA-PACIFIC

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--|
| AU | 09/14 | 21:30 | RBA Minutes of Sep. Policy Meeting |
| AU | 09/16 | 21:30 | RBA Bulletin & FX Transactions |
| JN | 09/16 | 20:00 | BOJ Policy Balance Rate & 10-Year Yield Target |
| TA | 09/16 | 21:00 | CBC Benchmark Interest Rate |
| ID | 09/17 | 03:20 | Bank Indonesia 7D Reverse Repo |

LATIN AMERICA

| <u>Country</u> | <u>Date</u> | <u>Time</u> | <u>Event</u> |
|----------------|-------------|-------------|--------------|
| BZ | 09/16 | | Selic Rate |

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|---|--------------|--------------------|--------------------|---------------------|
| Bank of Canada – Overnight Target Rate | 0.25 | October 28, 2020 | 0.25 | 0.25 |
| Federal Reserve – Federal Funds Target Rate | 0.25 | September 16, 2020 | 0.25 | 0.25 |
| Banco de México – Overnight Rate | 4.50 | September 24, 2020 | 4.50 | 4.25 |

Federal Reserve: No policy changes are expected from the FOMC meeting that concludes on Wednesday. The update to the Summary of Economic projections may show projections for 2023 which will inform whether the FOMC expects to remain on hold beyond the current 2022 forecast horizon.

EUROPE

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| European Central Bank – Refinancing Rate | 0.00 | October 29, 2020 | 0.00 | 0.00 |
| European Central Bank – Marginal Lending Facility Rate | 0.25 | October 29, 2020 | 0.25 | 0.25 |
| European Central Bank – Deposit Facility Rate | -0.50 | October 29, 2020 | -0.50 | -0.50 |
| Bank of England – Bank Rate | 0.10 | September 17, 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 | 4.25 | September 18, 2020 | 4.25 | 4.25 |
| Sweden Riksbank – Repo Rate | 0.00 | September 22, 2020 | 0.00 | 0.00 |
| Norges Bank – Deposit Rate | 0.00 | September 24, 2020 | 0.00 | 0.00 |
| Central Bank of Turkey – Benchmark Repo Rate | 8.25 | September 24, 2020 | 8.25 | 8.25 |

Bank of England: The BoE is expected to remain on hold but expect more market scrutiny of changes to guidance. Governor Bailey has previously been pressured to outline what it will take for the BoE to push the Bank Rate negative.

Central Bank of Russia: We don't expect a policy reduction at this meeting. The bank continues to seek to stabilize the ruble, which has depreciated 10% since June. It will also need to wait for the previous easing to filter through the economy.

ASIA PACIFIC

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| Bank of Japan – Policy Rate | -0.10 | September 17, 2020 | -0.10 | -0.10 |
| Reserve Bank of Australia – Cash Target Rate | 0.25 | October 5, 2020 | 0.25 | 0.25 |
| Reserve Bank of New Zealand – Cash Rate | 0.25 | September 22, 2020 | 0.25 | 0.25 |
| People's Bank of China – 1-Year Loan Prime Rate | 3.85 | September 20, 2020 | 3.85 | 3.85 |
| Reserve Bank of India – Repo Rate | 4.00 | October 1, 2020 | 4.00 | 4.00 |
| Bank of Korea – Bank Rate | 0.50 | October 14, 2020 | 0.50 | 0.50 |
| Bank of Thailand – Repo Rate | 0.50 | September 23, 2020 | 0.50 | 0.50 |
| Bank Negara Malaysia – Overnight Policy Rate | 1.75 | November 3, 2020 | 1.75 | 1.75 |
| Bank Indonesia – 7-Day Reverse Repo Rate | 4.00 | September 17, 2020 | 4.00 | 4.00 |
| Central Bank of Philippines – Overnight Borrowing Rate | 2.25 | October 1, 2020 | 2.25 | 2.25 |

Bank of Japan (BoJ): The BoJ's monetary policy stance will stay highly growth-supportive for an extended period of time, yet we do not expect any changes to be announced at the September 17 policy meeting. The BoJ maintains a dovish bias and stands ready to support the economy further if needed; it has pointed out that it expects short- and long-term policy interest rates to remain at their present or lower level for the time being.

People's Bank of China (PBoC): The Chinese benchmark Loan Prime Rates (LPR) have remained unchanged since April when the 1-year LPR was lowered by 20 basis points to 3.85%. We expect the rates to stay on hold over the coming months as the economy is firmly on the path to recovery. **Bank Indonesia (BI):** Indonesian monetary authorities will make a policy decision on September 17. The 7-day reverse repo rate was left unchanged in August following cuts of 100 bps in the first half of 2020. While we note that the BI has policy space for further easing given low inflationary pressures, we expect the central bank to leave the benchmark interest rate unchanged this month to assess the economy's recovery momentum.

LATIN AMERICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| Banco Central do Brasil – Selic Rate | 2.00 | September 16, 2020 | 1.75 | 2.00 |
| Banco Central de Chile – Overnight Rate | 0.50 | October 15, 2020 | 0.50 | 0.50 |
| Banco de la República de Colombia – Lending Rate | 2.00 | September 25, 2020 | 2.00 | 2.00 |
| Banco Central de Reserva del Perú – Reference Rate | 0.25 | October 7, 2020 | 0.25 | 0.25 |

Banco Central do Brasil: Our Latin American team thinks that Brazilian macro data can support an additional cut or an end to easing. They lean towards an off consensus 25 basis point cut to the Selic rate.

AFRICA

| Rate | Current Rate | Next Meeting | Scotia's Forecasts | Consensus Forecasts |
|--|--------------|--------------------|--------------------|---------------------|
| South African Reserve Bank – Repo Rate | 3.50 | September 17, 2020 | 3.50 | 3.50 |

South African Reserve Bank: Consensus is divided as communications from the bank indicate that policy makers are divided as well. With cases and deaths declining through August and September, further policy accommodation could help jumpstart the recovery. A lower policy rate is also supported by inflation sitting at 3.2% y/y, near the lower bound of the bank's 3- 6 percent target range.

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

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