

### SEASONAL TRANSITIONS

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### CONTACTS

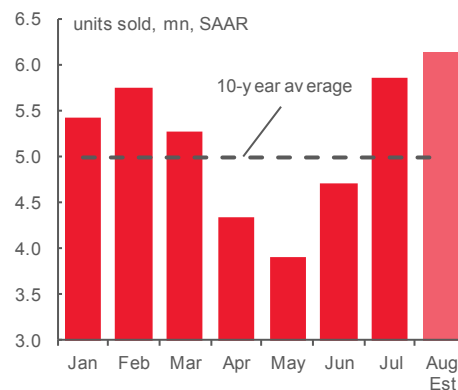
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#### Next Week's Risk Dashboard

- CBs: PBOC, Banxico, BanRep...
- ...RBNZ, BoT, Norges, Riksbank, SNB, Turkey
- CB guidance: Fed, Brazil
- PMIs: EZ, UK, US
- Canada's Throne Speech
- US macro

### Chart of the Week

#### Will Low Mortgage Rates Continue to Stimulate US Existing Home Sales?



Sources: Scotiabank Economics, US National Association of Realtors.

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

## Seasonal Transitions

To some, September is a wonderful time of year that leads to crisper air and Fall colours in the northern hemisphere while transitioning to Spring and then Summer in the southern hemisphere. To investors, it often results in narrative shifts and amplified market risks. So far, this September is true to form as witnessed by the S&P500 that peaked in early September and has struggled so far this month.

The reasons and drivers for this are likely to extend into the coming week. Nine central bank decisions and guidance from two others are likely to continue to indicate an awkward waiting game across the central bank community. They are getting tripped up by uncertainty regarding COVID-19 second waves that are emerging globally while evaluating lagged effects of what they've already done and whether incremental steps would be effective anyway. Governments are pondering whether they reopened too quickly and need to go in reverse. Chart 1 might suggest they've generally acted in moderation while cognizant of the devastation that another round of widespread closures could cause to the economy, financial distress, and hence health and social problems. Political risk is mounting from the US to UK, Canada to New Zealand. As such incremental risks evolve, there is rising uncertainty over the durability of the global economic recovery that is one part misplaced (of course indicators cool after initial reopening) but one part legitimate (if second waves, waning income supports and diminishing pent-up demand are taking root).

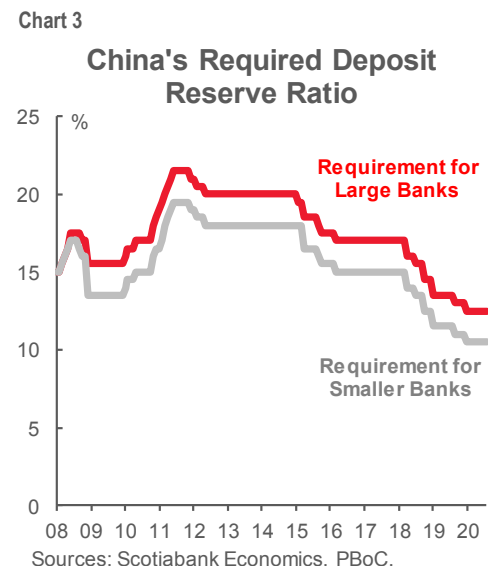
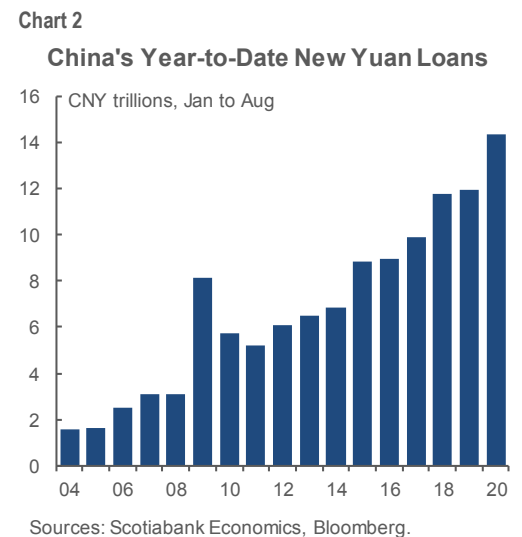
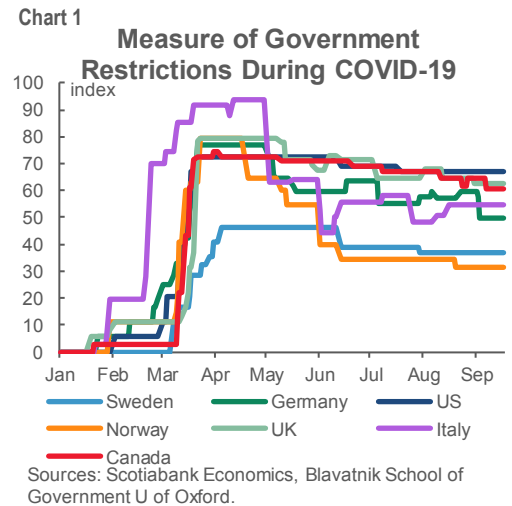
On the eve of the government's throne speech, the narrative that is unfolding in Canada in this regard may be instructive to many other countries by way of the paths that various governments may choose going forward. While debt loads from pre-pandemic spending and pandemic spending mount, so does pressure on governments to address those being left behind. The social versus the fiscal deficits are so often falsely dichotomized, but Canada's situation is constrained by large and rising twin deficits and external debt that is similar to some countries but vastly different compared to others.

## CENTRAL BANKS GALORE

**Nine central banks will deliver policy decisions** next week but they are unlikely to affect global as opposed to regional markets and even that might be a stretch. The Federal Reserve and Brazil's central bank have recently delivered decisions but their further guidance they provide may be instructive.

**PBOC:** The People's Bank of China is expected to keep its one year and five year Loan Prime Rates on hold at 3.85% and 4.65%, respectively, on Sunday night eastern time. The central bank has been on hold since May. It has tended to rely more upon facilitating quicker credit expansion (chart 2). This has partly stemmed from a secular downward trend in reserve requirements that has been going on for most of the past decade but in accelerated fashion since April 2018 through to today in response to the bilateral trade war with the US and then the pandemic (chart 3).

**Banxico:** Mexico's central bank is widely expected to cut its policy overnight rate by 25bps to 4.25% on Thursday with a minority expecting a hold. Appetite for continuing with the five 50bps cuts that have dominated easing decisions since March has likely diminished. In fact, one dissenter favoured a smaller cut at the August meeting.



**BanRep:** Colombia's central bank is expected to cut its overnight lending rate by 25bps on Friday but it's not a slam dunk with a somewhat divided consensus. At 1.9% y/y and 1.4% y/y, headline and core inflation are running well under the 2–4% target range and expected to soften further. Watch guidance on the appetite for further easing.

**RBNZ:** The decision on Tuesday may be a pretty straight forward and uneventful one. The RBNZ is already at the lower bound with a cash rate of 0.25%. It already expanded QE in August. It is also just four weeks until the general election on October 17<sup>th</sup>.

**Bank of Thailand:** Wednesday's policy decision is expected to leave the policy rate at 0.5% where it has been since May. Policy is focused upon the trade-offs to allowing foreign tourists to return versus the risk this may incite a second wave of COVID-19 cases. Expanded fiscal supports may also take some pressure off the central bank.

**Norges Bank:** The often-paraphrased expression 'been down so long everything looks up from here' was clearly devised before anyone thought of negative rates. Norges Bank's deposit rate sits at 0% and so Thursday's decision is likely to be a non-event in terms of immediate action. Watch the bias which is likely to repeat that "the policy rate will most likely remain at today's level for some time ahead" that the central bank has translated into a projected hold until into 2022 ([here](#)).

**Riksbank:** Ditto for Sweden's central bank that also sits at 0% and is expected to stand pat on Tuesday. The central bank uses confidence intervals around rate scenarios to convey uncertainty over the future path of rates as shown on page10 [here](#).

**Switzerland:** No change is expected to the -75bps policy rate on Thursday. The Swiss National Bank tends to shadow the ECB's policy deposit rate.

**Turkey:** Thursday's policy decision is expected to keep the one week repo rate unchanged at 8.25%. The lira's sharp depreciation of almost 30% since the start of the year has tilted inflation risk to the upside following a heavily politically influenced series of rate cuts that dropped the policy rate from 24% in mid-2019 to about one-third of that now.

**Brazil:** The central bank recently held its Selic rate at 2% but next Thursday's quarterly Inflation Report will further inform its perspectives toward inflation and macroeconomic forecasts and risks.

**Federal Reserve:** Fresh on the heels of its latest policy decisions and communications (recap [here](#)), the Fed is rolling out a wave of officials to provide further colour that may reveal more information on the range of opinions in support of the most recent statement. Chair Powell and Treasury Secretary Mnuchin will deliver their required quarterly testimony on the CARES Act before the House Financial Services panel on Tuesday at 10:30amET and the Senate Banking Committee on Thursday at 10amET. Chair Powell will also speak before the House select committee on the COVID-19 virus. Governor Brainard will weigh in on Monday with Governor Quarles appearing on Wednesday. Several regional Presidents will speak including Williams (twice), Evans (3 times), Barkin (3 times), Mester (1), Rosengren (1), Daly (1) and Bullard (1).

I still struggle with some of the divisions within the FOMC. For instance, when Minneapolis Fed President Neel Kashkari issued [this](#) explanation for his dissenting vote it seemed to almost backfire. Kashkari wants to make sure the Fed doesn't raise until it's sure that dual mandate objectives have been reached. He rightly cites the past periods when the Fed raised before being clear on this, although overstates his clairvoyance by implying he was right that hikes would ultimately backfire when he could not have known that the US would continue to escalate trade wars before the pandemic struck. Yet he defines achieving the dual mandate to be just 2% for a year with no overshoot. Nobody on the FOMC is talking about pre-emptive hikes before achieving the dual mandate, but Kashkari is setting a lower threshold than the committee consensus and trying to package that to make him sound like a dove. Further explanation would appear to be required.

## CANADA'S THRONE SPEECH

They are so much fun, why not do one every year. A great deal has changed in the world and in Canada since December 5<sup>th</sup>, 2019 when the last Speech from the Throne was delivered (recall [here](#)). Wednesday's crack at another one will be delivered by Governor General Julie Payette as per custom. It will be set against the COVID-19 pandemic that has swept across the world and is making a resurgence in Canada (chart 4). Formally a chance to welcome back Parliament—whether after an election or, in this case, after having been prorogued amidst the Federal Liberals' WE Charity scandal and the departure of former Finance Minister

Morneau—the intent is to lay out the government’s legislative agenda. Like State of the Union speeches in the US, the British parliamentary concept of a throne speech is typically long on platitudes, generalities and wishes that may or may not translate effectively into policy. They are partisan and wordy; last year’s was over 3,300 words. They are designed to stir emotions and some discussion.

This year’s throne speech may set in motion a series of events that could result in a confidence vote and election call, although these are likely low probability risks. This view treats as a given the NDP support for the Liberals who are courting the NDP with somewhat of a turn to the left at a time when the NDP may not be in a financial position to fight another election while the Liberals step further onto their policy turf. Game theory is at work as the Liberals seek to dominate the entire centre-left spectrum.

The government is fielding a wide range of policy prescriptions like [this](#) one that advocates higher spending on child care and investment incentives and [this](#) one from former BoC Governor David Dodge (with op-ed [here](#)) that prefers to address mounting twin deficits (trade and fiscal). The challenge to the Trudeau administration will be fending off the many special interest groups seeking funding after leading them down that path with reference to once-in-a-lifetime opportunities to address social and environmental challenges. With the pandemic resurging, the prudent path may be to consider proposals but avoid over-committing should second-wave risks drive deficits much higher yet.

## GROWTH MOMENTUM

Purchasing managers’ indices are relied upon to signal what kind of momentum the economy has in light of their connections with GDP growth over time. That’s why markets will pay keen attention to three sets of September PMIs that all land on Wednesday.

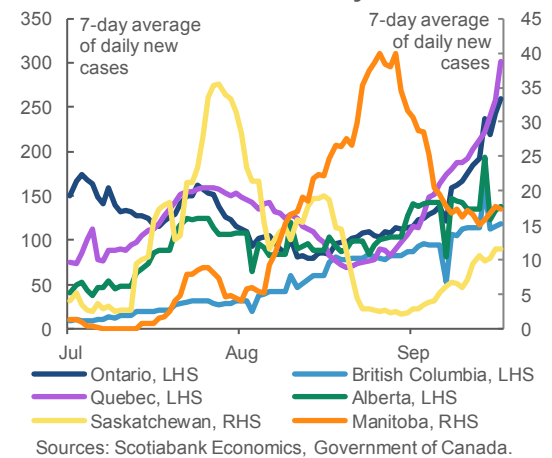
The US will update the Markit versions of PMIs that day after the Eurozone, Germany, France and UK have released. Charts 5–6 showcase the correlations with GDP for the US and Eurozone. Germany will also update two other sentiment gauges that will complete the suite of such readings when it updates consumer confidence (Wednesday) and IFO business confidence (Thursday).

## EXTRA CREDIT

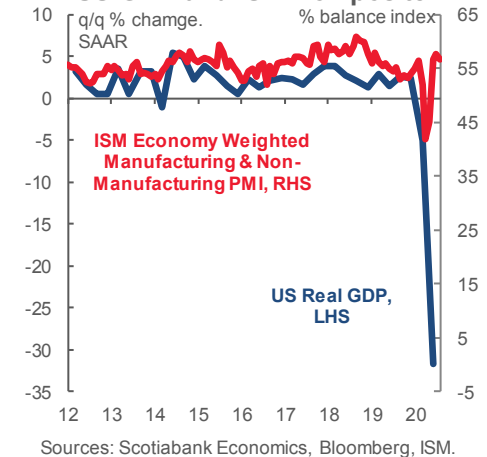
Not to be lost in the shuffle will be several other macroeconomic readings skewed toward the US.

Housing market momentum will be informed by US existing home sales (Tuesday) and new home sales (Thursday) that are both coming off strong prior gains. Tuesday’s Richmond Fed manufacturing reading may offer insight into the next day’s Markit PMI and the ISM-manufacturing reading on October 1<sup>st</sup> that could face upside based upon the combined Empire and Philly readings. Friday’s durable goods orders are expected to show a slower pace of progress with the key being whether the trend of three months of increases in capital goods orders ex-defence and air will continue. This is part of why Chair Powell recently referred to some tentatively encouraging signals about business investment.

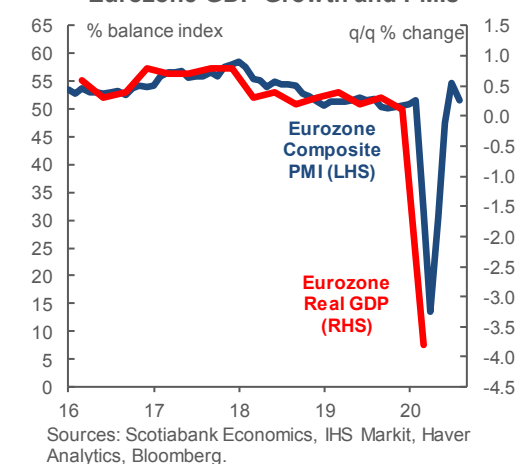
**Chart 4**  
**Provincial Trends in Daily New Cases**



**Chart 5**  
**US GDP and ISM Composite**



**Chart 6**  
**Eurozone GDP Growth and PMIs**



**Key Indicators for week of September 21 – 25**
**NORTH AMERICA**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	09/22	10:00	Existing Home Sales (mn a.r.)	Aug	6.15	6.0	5.9
US	09/22	10:00	Existing Home Sales (m/m)	Aug	5.0	2.6	24.7
US	09/22	10:00	Richmond Fed Manufacturing Index	Sep	--	12.0	18.0
MX	09/23	07:00	Retail Sales (INEGI) (y/y)	Jul	--	-12.3	-16.6
US	09/23	07:00	MBA Mortgage Applications (w/w)	Sep 18	--	--	-2.5
US	09/23	09:45	Markit US Manufacturing PMI	Sep P	--	53.1	53.1
US	09/23	09:45	Markit US Services PMI	Sep P	--	54.5	55.0
US	09/23	09:45	Markit US Composite PMI	Sep P	--	--	54.6
MX	09/24	07:00	Bi-Weekly Core CPI (% change)	Sep 15	0.2	0.2	0.2
MX	09/24	07:00	Bi-Weekly CPI (% change)	Sep 15	0.2	0.1	0.2
US	09/24	08:30	Initial Jobless Claims (000s)	Sep 19	820	840	860
US	09/24	08:30	Continuing Claims (000s)	Sep 12	--	12450	12628
US	09/24	10:00	New Home Sales (000s a.r.)	Aug	946	890	901
<b>MX</b>	<b>09/24</b>	<b>14:00</b>	<b>Overnight Rate (%)</b>	<b>Sep 24</b>	<b>4.50</b>	<b>4.25</b>	<b>4.50</b>
MX	09/25	07:00	Global Economic Indicator IGAE (y/y)	Jul	-11.0	-10.1	-13.2
US	09/25	08:30	Durable Goods Orders (m/m)	Aug P	1.0	1.1	11.4
US	09/25	08:30	Durable Goods Orders ex. Trans. (m/m)	Aug P	1.0	1.0	2.6

**EUROPE**

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
UK	09/22	02:00	PSNB ex. Interventions (£ bn)	Aug	--	38.0	26.7
UK	09/22	02:00	Public Finances (PSNCR) (£ bn)	Aug	--	--	16.5
UK	09/22	02:00	Public Sector Net Borrowing (£ bn)	Aug	--	39.5	25.9
<b>SW</b>	<b>09/22</b>	<b>03:30</b>	<b>Riksbank Interest Rate (%)</b>	<b>Sep 22</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
EC	09/22	10:00	Consumer Confidence	Sep A	--	-14.6	-14.7
GE	09/23	02:00	GfK Consumer Confidence Survey	Oct	--	-1.0	-1.8
SP	09/23	03:00	Real GDP (q/q)	2Q F	--	-18.5	-18.5
FR	09/23	03:15	Manufacturing PMI	Sep P	--	50.6	49.8
FR	09/23	03:15	Services PMI	Sep P	--	51.5	51.5
GE	09/23	03:30	Manufacturing PMI	Sep P	--	52.5	52.2
GE	09/23	03:30	Services PMI	Sep P	--	52.9	52.5
EC	09/23	04:00	Composite PMI	Sep P	--	51.7	51.9
EC	09/23	04:00	Manufacturing PMI	Sep P	--	51.9	51.7
EC	09/23	04:00	Services PMI	Sep P	--	50.5	50.5
UK	09/23	04:30	Manufacturing PMI	Sep P	--	54.0	55.2
UK	09/23	04:30	Services PMI	Sep P	--	55.8	58.8
<b>SZ</b>	<b>09/24</b>	<b>03:30</b>	<b>SNB Sight Deposit Interest Rate</b>	<b>Sep 24</b>	<b>-0.75</b>	<b>-0.75</b>	<b>-0.75</b>
GE	09/24	04:00	IFO Business Climate Survey	Sep	--	93.8	92.6
GE	09/24	04:00	IFO Current Assessment Survey	Sep	--	89.5	87.9
GE	09/24	04:00	IFO Expectations Survey	Sep	--	98.0	97.5
<b>NO</b>	<b>09/24</b>	<b>04:00</b>	<b>Norwegian Deposit Rates (%)</b>	<b>Sep 24</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TU</b>	<b>09/24</b>	<b>07:00</b>	<b>Benchmark Repo Rate (%)</b>	<b>Sep 24</b>	<b>8.25</b>	<b>8.25</b>	<b>0.01</b>

## Key Indicators for week of September 21 – 25

### ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
<b>CH</b>	<b>09/20</b>	<b>21:30</b>	<b>1-Year Loan Prime Rate</b>	<b>Sep 20</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>
TA	09/21	04:00	Export Orders (y/y)	Aug	--	9.2	12.4
HK	09/21	04:30	CPI (y/y)	Aug	--	-1.9	-2.3
SK	09/21	17:00	PPI (y/y)	Aug	--	--	-0.8
PH	09/21	21:00	Balance of Payments (US\$ mn)	Aug	--	--	8.0
TA	09/22	04:00	Unemployment Rate (%)	Aug	--	3.9	3.9
HK	09/22	04:30	BoP Current Account (HK\$ bns)	2Q	--	--	-8.9
JN	09/22	20:30	Markit/JMMA Manufacturing PMI	Sep P	--	--	47.2
PH	09/22	21:00	Budget Deficit/Surplus (PHP bn)	Aug	--	--	-140.2
<b>NZ</b>	<b>09/22</b>	<b>22:00</b>	<b>RBNZ Official Cash Rate (%)</b>	<b>Sep 23</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
TH	09/22	23:30	Customs Exports (y/y)	Aug	--	-14.3	-11.4
TH	09/22	23:30	Customs Imports (y/y)	Aug	--	-21.8	-26.4
TH	09/22	23:30	Customs Trade Balance (US\$ mn)	Aug	--	3129	3343
MA	09/23	00:00	CPI (y/y)	Aug	-1.3	-1.3	-1.3
JN	09/23	00:30	All Industry Activity Index (m/m)	Jul	--	1.3	6.1
SI	09/23	01:00	CPI (y/y)	Aug	-0.7	-0.4	-0.4
<b>TH</b>	<b>09/23</b>	<b>03:05</b>	<b>BoT Repo Rate (%)</b>	<b>Sep 23</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
TA	09/23	04:00	Industrial Production (y/y)	Aug	--	3.0	2.7
NZ	09/23	18:45	Trade Balance (NZD mn)	Aug	--	-350.0	281.9
NZ	09/23	18:45	Exports (NZD bn)	Aug	--	4	4912
NZ	09/23	18:45	Imports (NZD bn)	Aug	--	5	4630
JN	09/24	01:30	Nationwide Department Store Sales (y/y)	Aug	--	--	-20.3
HK	09/24	04:30	Exports (y/y)	Aug	--	-3.0	-3.0
HK	09/24	04:30	Imports (y/y)	Aug	--	-5.2	-3.4
HK	09/24	04:30	Trade Balance (HKD bn)	Aug	--	--	-29.8
SK	09/24	17:00	Consumer Confidence Index	Sep	--	--	88.2
JN	09/25	01:00	Supermarket Sales (y/y)	Aug	--	--	2.6
SI	09/25	01:00	Industrial Production (y/y)	Aug	--	-0.1	-8.4

### LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	09/23	08:00	IBGE Inflation IPCA-15 (m/m)	Sep	--	0.4	0.2
BZ	09/23	08:00	IBGE Inflation IPCA-15 (y/y)	Sep	2.5	2.6	2.3
BZ	09/25	08:30	Current Account (US\$ mn)	Aug	1500	2300	1628
<b>CO</b>	<b>09/25</b>		<b>Overnight Lending Rate (%)</b>	<b>Sep 25</b>	<b>1.75</b>	<b>1.75</b>	<b>2.00</b>

## Global Auctions for week of September 21 – 25

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/22	13:00	U.S. To Sell 2-Year Notes
CA	09/23	12:00	Canada to Sell 3-Year Bonds
US	09/23	13:00	U.S. To Sell 2-Year FRN Reopening
US	09/23	13:00	U.S. To Sell 5-Year Notes
CA	09/24	12:00	Canada to Sell 10-Year Bonds
US	09/24	13:00	U.S. To Sell 7-Year Notes

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	09/21	05:30	Belgium to Sell Bonds
NE	09/22	05:00	Netherlands to Sell Bonds
GE	09/22	05:30	Germany to Sell 5 Billion Euros of 0% 2022 Bonds
SW	09/23	05:00	Sweden to Sell Bonds
GE	09/23	05:30	Germany to Sell EUR 3.5 Bln of 0% 2035 Bonds
IT	09/24	05:00	Italy to Sell Bonds
UK	09/24	05:00	U.K. to Sell 0.125% 2026 Bonds
UK	09/24	06:30	U.K. to Sell 0.125% I/L 2028 Bonds

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	09/20	22:30	Korea to Sell KRW 1.1Tln 20-Year Bond
CH	09/20	22:30	Shanxi to Sell Bonds
CH	09/21	02:00	Ningbo to Sell Bonds
TA	09/22	00:30	Taiwan to Sell TWD25 Bln 5-Year Bonds
PH	09/22	01:00	Philippines to Sell 10-Year Bond
NZ	09/23	22:05	New Zealand to Sell Bonds
JN	09/23	23:35	Japan to Sell 40-Year Bonds

Sources: Bloomberg, Scotiabank Economics.



## Events for week of September 21 – 25

### NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	09/21	10:00	Fed Board Holds Open Meeting on Community Reinvestment Act
US	09/22	10:00	Fed's Evans Discusses the U.S. Economy and Monetary Policy
US	09/23	09:00	Fed's Mester Discusses Payments and the Pandemic
US	09/23	11:00	Fed's Evans Discusses the U.S. Economy and Monetary Policy
US	09/24	10:00	Powell, Mnuchin Testify Before Senate Banking Committee
US	09/24	13:00	Fed's Evans Discusses the U.S. Economy and Monetary Policy
<b>MX</b>	<b>09/24</b>	<b>14:00</b>	<b>Overnight Rate</b>

### EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AS	09/21	10:00	ECB's Holzmann Chairs Workshop in Vienna
<b>SW</b>	<b>09/22</b>	<b>03:30</b>	<b>Riksbank Interest Rate</b>
UK	09/22	03:30	BOE's Bailey Speaks on BCC Webinar
SW	09/22	05:00	Riksbank Press Conference
<b>SZ</b>	<b>09/24</b>	<b>03:30</b>	<b>SNB Sight Deposit Interest Rate</b>
<b>NO</b>	<b>09/24</b>	<b>04:00</b>	<b>Deposit Rates</b>
EC	09/24	04:00	ECB Publishes Economic Bulletin
<b>TU</b>	<b>09/24</b>	<b>07:00</b>	<b>One-Week Repo Rate</b>
UK	09/24	10:00	BOE's Bailey Speaks at Chamber of Commerce Event

### ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>CH</b>	<b>09/20</b>	<b>21:30</b>	<b>China 1-Year Loan Prime Rate</b>
AU	09/21	20:30	RBA's Debelle Gives Speech
<b>NZ</b>	<b>09/22</b>	<b>22:00</b>	<b>RBNZ Official Cash Rate</b>
NZ	09/22	22:00	RBNZ Monetary Policy Review
<b>TH</b>	<b>09/23</b>	<b>03:05</b>	<b>BoT Benchmark Interest Rate</b>
JN	09/23	19:50	BOJ Minutes of July Meeting

### LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BZ	09/22	07:00	Central Bank Meeting Minutes
<b>CO</b>	<b>09/25</b>		<b>Overnight Lending Rate</b>



## 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	November 5, 2020	0.25	0.25
Banco de México – Overnight Rate	4.50	September 24, 2020	4.50	4.25

**Banxico:** Most of consensus expects Banxico to cut 25bps. Our economists in Mexico expect the central bank to maintain the overnight rate at 4.50%. They believe inflation performance has picked up considerably in the first half of September. The bi-weekly CPI indicator is due to be released in the morning before the policy announcement, which they estimate to be 4% y/y.

### 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	November 5, 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	October 23, 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

**The Central Bank of the Republic of Turkey (CBRT):** No change is expected to the bank's 8.25% One-Week Repo Rate. The CBRT is faced with the pressure of balancing President Erdogan's demand for low interest rates and managing the record low value of the Lira. Recently they have forced banks to borrow from a more expensive liquidity window as a way to tighten monetary conditions to support the Lira.

**Riksbank:** We do not expect any change to the 0% Repo Rate. While the underlying inflation rate sits at 0.7% y/y in August— well below the bank's 2% inflation target—it has steadily recovered from its April low of -0.4% y/y.

**Norges Bank:** No change is expected to the 0% deposit rate and guidance is expected to repeat that it will stay on hold for "some time".

### ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	October 29, 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 21, 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	October 13, 2020	4.00	4.00
Central Bank of Philippines – Overnight Borrowing Rate	2.25	October 1, 2020	2.25	2.25

**Reserve Bank of New Zealand (RBNZ):** The RBNZ will hold a monetary policy meeting on September 23. We expect the RBNZ to leave the Official Cash Rate unchanged at 0.25% as the economy continues its gradual recovery. The RBNZ has pointed out it still has plenty of ammunition left if needed later on.

**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 of Thailand (BoT):** The BoT will make a monetary policy announcement on September 23; we expect the central bank to leave the benchmark interest rate unchanged at 0.50%; it has been lowered by 75 bps since the beginning of the year. Nevertheless, given persistent deflationary pressures and significant downside risks to the tourism-oriented economy's outlook, we assess that the BoT may lower the policy rate further before the end of the year.

### LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	2.00	October 28, 2020	2.00	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	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	October 7, 2020	0.25	0.25

**BanRep:** The central bank is forecast to cut the lending rate by 25bps after weaker inflation prints but consensus is somewhat divided between a hold and a cut. This is expected to be the final cut in BanRep's easing cycle.

### AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	3.50	November 19, 2020	3.50	3.50

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

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