

GAME CHANGER?

• Introduction	2
• 1. Canadian Jobs—Return To School Effect?	2
• 2. Second Waves	3
• 3. US Stimulus Plans	3–4
• 4. Brexit	4
• 5. FOMC Minutes	4
• 6. Extra Credit	4–5

FORECASTS & DATA

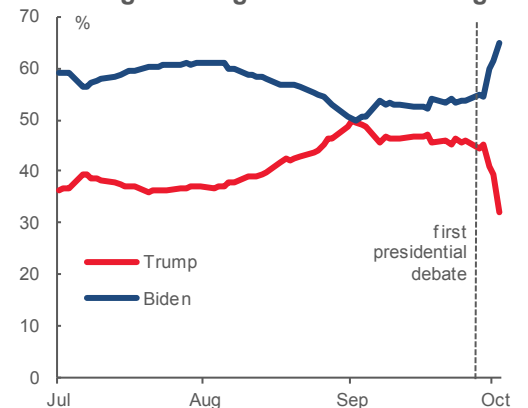
• Key Indicators	A1–A2
• Global Auctions Calendar	A3
• Events Calendar	A4
• Global Central Bank Watch	A5

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Next Week's Risk Dashboard

- Trump's condition
- US stimulus talks
- Wave 2 tracking
- Brexit meeting
- Canadian jobs
- BoC's Macklem
- FOMC minutes
- Germany's economy
- UK economy
- CBs: RBA, Peru
- ECB-speak
- CPI: Brazil, Chile, Colombia, Mexico...
- ...SK, Philippines, Taiwan, Norway

Chart of the Week
COVID-19 Positive Test Sends Trump's Average Betting Odds Plummeting


Sources: Scotiabank Economics, Real Clear Politics.

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

Game Changer?

The start of a new trading week could be informed by several material developments. One will be ongoing negotiations toward a US fiscal stimulus package. Two will be a weekend Brexit meeting.

Third will be US President Trump's condition and implications for the November 3rd election. Late on Friday he was admitted to Walter Reed hospital on medical advice for 'a few days.' He has developed a fever and was given the experimental antibody drug Regeneron under a compassionate use request. This is clearly not your standard go home and quarantine yourself order. The President's age and general condition pose higher risks but he has privileged access to the best medical care and treatment. As depicted by Evan Andrade's chart of the week on the front cover, market betting on the election outcome has been materially impacted and developments over the coming week could prove to be highly material to markets.

Then there are all of the other more calendar-based forms of global market risk over the coming week.

1. CANADIAN JOBS—RETURN TO SCHOOL EFFECT?

Canada releases job growth figures for September on Friday. **I've pencilled in 100k with an unemployment rate of 10% for a mild improvement.** We've already seen a material cooling in the pace of new job growth from 290k in May to 953k in June, 419k in July and then 246k in August which has generally mirrored the pace of reopening plans across the country.

Like the US, the ranks of the temporarily unemployed have been thinned which suggests a waning callback effect (chart 1). Those on temporary layoff have fallen from a peak of 1.2 million in April to 231k in August. As the callback effect diminishes, the question becomes how many are getting jobs and how many are going on permanent layoff. Like the US ([here](#)), Canada is transitioning toward a period when continued job growth will have to be more reliant upon organic growth and much less so on returning furloughed workers.

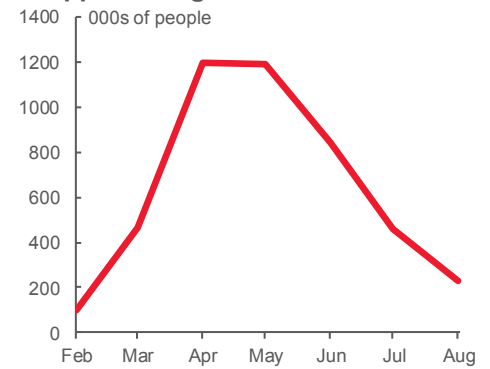
Unlike the US, however, Canada's school year generally starts in September whereas it can start in August and September in parts of the US. This raises two possible and competing effects. One is whether sending the kids back will result in more women being able to accept work given the disproportionate gender effects (chart 2).

Second is how many teachers and other education sector workers returned this September. In recent years, September results in a seasonally unadjusted gain in education sector workers equal to around a quarter million jobs. Chart 3 demonstrates the correlation between movements in education sector jobs in the US and Canada this year. Canada's education jobs fell earlier and harder than in the US during the first wave of COVID-19 cases as the country embraced earlier pre-emptive moves than the US generally pursued. Does the drop in US education sector jobs during September portend something similar north of the border? If so, then on a proportionate basis it could pose a drag effect on employment.

Markets may well have cause to fade the employment numbers, however, and for multiple reasons. One is the likely dominance of external global factors on markets

Chart 1

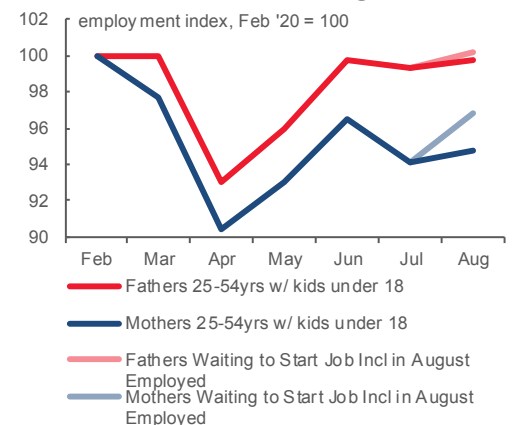
Canadian Temporary Layoff Are Approaching Pre-COVID Levels



Sources: Scotiabank Economics, Statistics Canada.

Chart 2

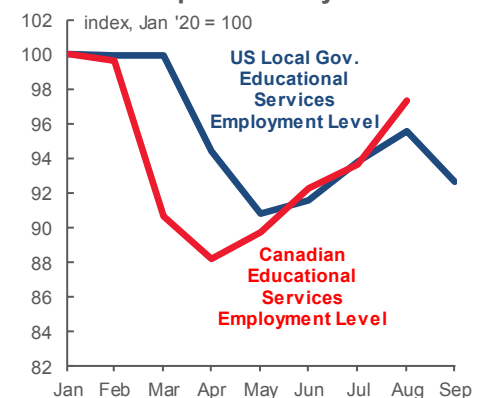
Gender Employment Gap Narrows For Parents When Considering New Hires



Sources: Scotiabank Economics, Statistics Canada.

Chart 3

Will Canadian Education Workers See September Layoffs?



Sources: Scotiabank Economics, BLS, StatsCan.

over the coming week. Two is that **Bank of Canada Governor Macklem** will deliver a speech the day before that will be available by 8:30amET at a Global Risk Institute event ([here](#)). The topic will be known by early next week. See his interview in the Globe and Mail [here](#). Last, backward-looking jobs numbers are likely to be relegated to the peanut gallery as market observers pay more attention to forward-looking growth risks including the one covered in the next section.

2. SECOND WAVES

President Trump can at least be comforted that he's not alone in getting caught up in a second wave of global COVID-19 cases. Multiple countries around the world are in a second wave. For example, charts 4–5 show the outbreak of cases north of the border in Canada.

Several points can be addressed. One is that cases are clearly trending sharply upward.

Two is that as I've argued [previously](#) it is misleading for some to argue that the **only reason for this is increased testing frequency**. For starters, the positive rate as a share of tests has marginally increased during wave 2. The bigger point is that you cannot compare wave 1 and wave 2 positive rates because the samples dramatically changed between the two periods. During wave 1, one could get a test if you were a health professional, symptomatic or had a reasonable probability of being exposed to someone who was, such as a family member. Because test kits were scarcer during wave 1, this intrinsically focused the pool upon people who were proportionately more likely to be infected. Thus, the higher rate of positive test results during wave 1 likely represented sample bias. During wave 2, testing kits became more readily available and restrictions relaxed such that the sample became less intrinsically biased toward infected individuals. Thus, we can't answer the question whether the rate of positive incidence is higher, lower or about the same during wave 2 as it was during wave 1 without having identical sample characteristics over time which is impossible.

So this is where logic comes in. When the economy reopens and people get up in each other's faces with a fraction still reticent to adhere to the advice of health professionals and common sense, would you not expect to see an upturn in cases that respect for data should not counsel ignoring?

In determining what to do about it, however, a delicate balance must be struck as reopening plans get suspended and rolled back to contain the spread of the virus but without doing the same degree of overall damage as during wave 1. The probability of a business surviving diminishes through serial shutdowns. The probability of much greater economic and social hardship marked by large scale bankruptcies and wider fiscal deficits rises with serial shutdowns.

3. US STIMULUS PLANS

As this publication is being distributed there is still no deal on another US stimulus package. Talks are continuing and the probability of success or failure may impact the Asian market open to start the week.

House Speaker Pelosi has flagged five areas of disagreement between the negotiators including jobless benefits, transfers to state and local governments, controls on funding for COVID-19 testing, tax credits for dependents and earned income and discretionary funding. She has stated that President Trump's positive test may have positively influenced negotiations while others disagree. Members of the House of Representatives are now on recess and would have to be summoned back for a vote while members of the Senate will be on recess at the end of next week.

Chart 4

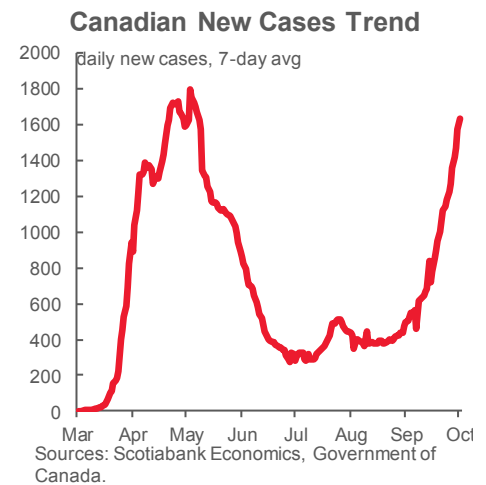
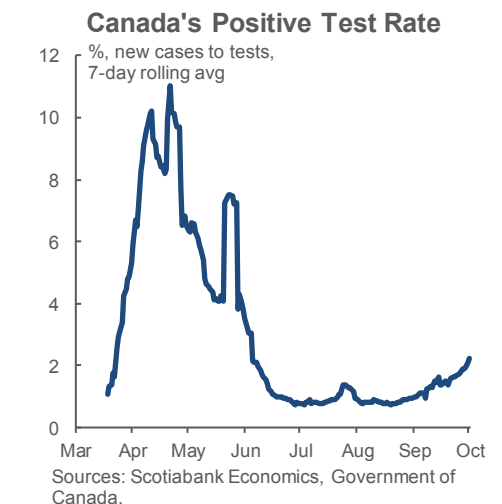


Chart 5



4. BREXIT

UK Prime Minister Boris Johnson and European Commission President Ursula von der Leyen will hold a video call this weekend on Saturday afternoon as Johnson has sought to achieve a trade and security deal by the October 15th European Council leaders summit in Brussels ahead of the December 31st crash out deadline. Fisheries and the quest for a level playing field to avoid either side harming the other's competitiveness are the main sticking points. The outcome of their call may inform next steps in terms of Brexit risks into Monday's Asian market open. It is a change of tactics with the UK PM embracing a direct hands-on role.

5. FOMC MINUTES

Exactly what happened at this meeting?! Maybe someone hogged all the red jujubes and left the icky green ones for everyone else. In any event, recall that the FOMC meeting on September 15th–16th introduced unexpected dissension in the ranks when two officials voted against the statement (recap [here](#)). This happened just three weeks after the virtual Jackson Hole symposium at which the revised Statement on Longer-Run Goals and Monetary Policy Strategy introduced more dovish overshooting language. **One consideration will be whether debate and opposing views were somewhat more prevalent across non-voting FOMC members.**

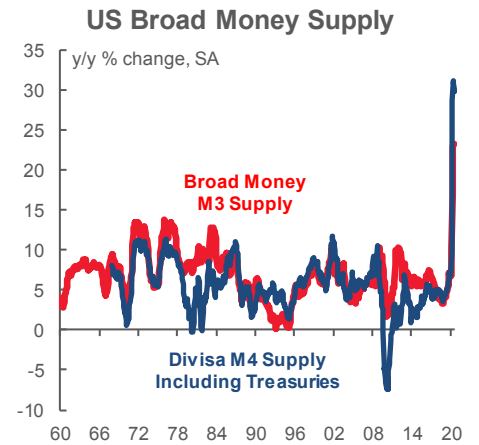
Markets may be sensitive toward any further indications that officials are not fully invested in an inflation overshoot. Minneapolis Fed President Kashkari for one still doesn't sound convincing to me. There are multiple drivers of inflation risk, but **the fastest rate of growth in broad money supply in at least six decades** could be one avenue through which committee members may be hesitant to over-commit to relaxed inflation targets along a timeline marked by "we're not even thinking about thinking about raising rates" (chart 6). Some of this growth in money supply is to offset a decline in the velocity of money (chart 7). Note, however, the key distinction between today and the Global Financial Crisis. Back then, the banking sector and balance sheet nature of the recession that brought deleveraging took broad money supply sharply lower, and the Fed's balance sheet expansion only sought to fill this pit for a time. This may have played a role in limiting progress toward inflation targets post-GFC. Today's pandemic shock posed a very different recession driver and policy response such that monetary policy has driven broad money growth toward the 25–30% range. If this turns out to be a transitory shock with an eventual vaccine waiting in the wings, then the monetary policy dialogue could well become more complicated particularly given evidence to date of a modest snap back in core inflation. By contrast, the Eurozone's growth rate in broad money remains considerably weaker (chart 8).

6. EXTRA CREDIT

Two regional central bank decisions will pair up with ECB-speak and miscellaneous economic indicators to round out the week's expected developments.

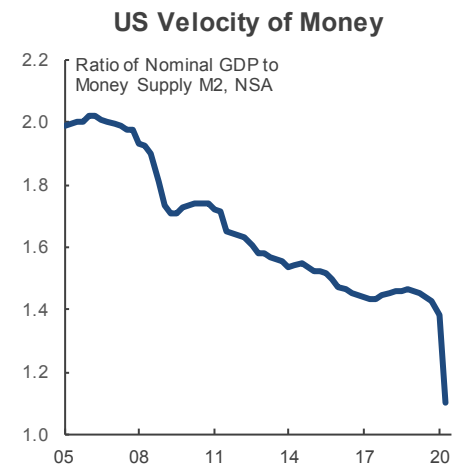
Rising case counts across much of Europe make tracking the recovery through backward-looking readings a tad moot perhaps, but the coming week's focus will be primarily upon **Germany and the UK**. German factory orders are expected to continue rising in August's reading (Tuesday), ditto for industrial output (Wednesday) and exports (Thursday). UK industrial output figures should also post further gains for

Chart 6



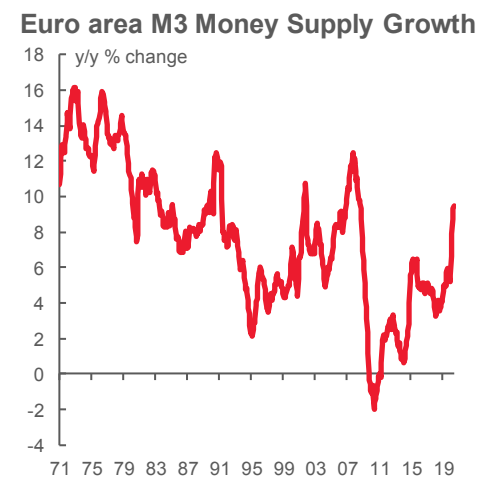
Sources: Scotiabank Economics, OECD, Center for Financial Stability.

Chart 7



Sources: Scotiabank Economics, Haver Analytics.

Chart 8



Sources: Scotiabank Economics, ECB.

August (Friday) along with that same day's readings for the service sector, monthly GDP, construction output and trade. As UK covid-19 cases rise, so do downside risks to GDP growth (chart 9). Factory reports from Italy and France arrive that same day.

Only a handful of US releases are due out including ISM-services for September (Monday) that may face downside risk partly as reopenings get halted or rolled back in some parts of the country. Weekly jobless claims are expected to keep grinding lower on Thursday and watch JOLTS job openings for continued progress on Tuesday.

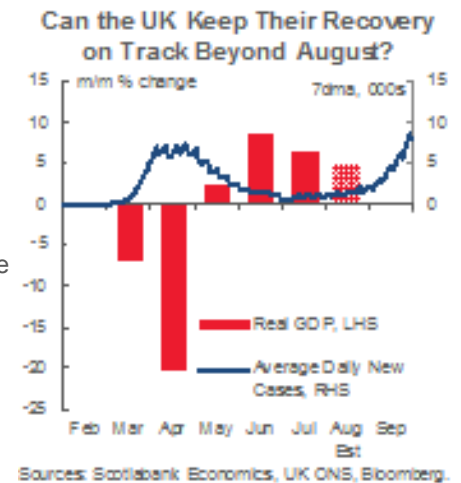
Canada will also update a few readings such as trade figures for August (Tuesday), the Ivey purchasing managers' index for September (Wednesday) that covers both private and public sectors, and housing starts during September (Thursday).

Peru's central bank is expected to remain on hold at 0.25% Wednesday.

ECB-speak will bring out some heavy hitters including President Lagarde (Tuesday, Wednesday), the ECB's Chief Economist Phillip Lane (Tuesday), and several other officials. Watch for broader reaction to the recent further weakening of Eurozone inflation.

A wave of inflation reports will arrive across Latin American and Asian markets. Colombia (Monday), Peru (Wednesday), Mexico and Chile (Thursday) and Brazil (Friday) will be joined by South Korea and Philippines (Monday) and Taiwan (Thursday). Norway will also update inflation on Friday.

Chart 9



Key Indicators for week of October 5 – 9
NORTH 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>
US	10/05	10:00	ISM Non-Manufacturing Composite	Sep	56.0	56.2	56.9
US	10/05	09:45	Markit US Services PMI	Sep F	--	54.6	54.6
US	10/05	09:45	Markit US Composite PMI	Sep F	--	--	54.4
CA	10/06	08:30	Merchandise Trade Balance (C\$ bn)	Aug	-2.0	-2.5	-2.5
US	10/06	08:30	Trade Balance (US\$ bn)	Aug	-65.4	-66.1	-63.6
US	10/06	10:00	JOLTS Job Openings (000s)	Aug	--	6500	6618
US	10/07	07:00	MBA Mortgage Applications (w/w)	Oct 2	--	--	-4.8
US	10/07	15:00	Consumer Credit (US\$ bn m/m)	Aug	--	14.0	12.3
MX	10/08	07:00	Bi-Weekly Core CPI (% change)	Sep 30	0.1	0.1	0.2
MX	10/08	07:00	Bi-Weekly CPI (% change)	Sep 30	0.2	0.1	0.2
MX	10/08	07:00	Consumer Prices (m/m)	Sep	0.3	0.3	0.4
MX	10/08	07:00	Consumer Prices (y/y)	Sep	4.1	4.1	4.1
MX	10/08	07:00	Consumer Prices Core (m/m)	Sep	0.3	0.3	0.3
CA	10/08	08:15	Housing Starts (000s a.r.)	Sep	240	245.0	262.4
CA	10/08	08:30	Building Permits (m/m)	Aug	--	--	1.7
US	10/08	08:30	Initial Jobless Claims (000s)	Oct 3	810	823	837
US	10/08	08:30	Continuing Claims (000s)	Sep 26	--	--	11767
CA	10/09	08:30	Employment (000s m/m)	Sep	100	152.5	245.8
CA	10/09	08:30	Unemployment Rate (%)	Sep	10	9.8	10.2

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>
UK	10/05	02:00	Official Reserves Changes (US\$ bn)	Sep	--	--	533
IT	10/05	03:45	Services PMI	Sep	--	46.6	47.1
FR	10/05	03:50	Services PMI	Sep F	--	47.5	47.5
GE	10/05	03:55	Services PMI	Sep F	--	49.1	49.1
EC	10/05	04:00	Composite PMI	Sep F	--	50.1	50.1
EC	10/05	04:00	Services PMI	Sep F	--	47.6	47.6
UK	10/05	04:30	Services PMI	Sep F	--	55.1	55.1
EC	10/05	05:00	Retail Trade (m/m)	Aug	--	2.5	-1.3
GE	10/06	02:00	Factory Orders (m/m)	Aug	--	2.9	2.8
UK	10/06	04:30	PMI Construction	Sep	--	54.0	54.6
GE	10/07	02:00	Industrial Production (m/m)	Aug	--	1.8	1.2
FR	10/07	02:45	Current Account (€ bn)	Aug	--	--	-6238
FR	10/07	02:45	Trade Balance (€ mn)	Aug	--	--	-6994
SP	10/07	03:00	Industrial Output NSA (y/y)	Aug	--	-4.9	-6.4
GE	10/08	02:00	Current Account (€ bn)	Aug	--	16.2	20.0
GE	10/08	02:00	Trade Balance (€ bn)	Aug	--	16.0	19.2
UK	10/09	02:00	Index of Services (m/m)	Aug	--	5.0	6.1
UK	10/09	02:00	Industrial Production (m/m)	Aug	--	2.6	5.2
UK	10/09	02:00	Manufacturing Production (m/m)	Aug	--	3.0	6.3
UK	10/09	02:00	Visible Trade Balance (£ mn)	Aug	--	-9100	-8635
FR	10/09	02:45	Industrial Production (m/m)	Aug	--	2.0	0.0
FR	10/09	02:45	Industrial Production (y/y)	Aug	--	-5.7	-8.3
FR	10/09	02:45	Manufacturing Production (m/m)	Aug	--	2.5	4.5
IT	10/09	04:00	Industrial Production (m/m)	Aug	--	1.3	7.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of October 5 – 9

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TH	10/03	22:00	Consumer Confidence Economic	Sep	--	--	43.6
TH	10/04	23:30	CPI (y/y)	Sep	-0.5	-0.5	-0.5
TH	10/04	23:30	Core CPI (y/y)	Sep	--	0.2	0.3
SI	10/05	01:00	Retail Sales (y/y)	Aug	--	-5.8	-8.5
SK	10/05	19:00	CPI (y/y)	Sep	0.6	0.5	0.7
SK	10/05	19:00	Core CPI (y/y)	Sep	--	--	0.8
AU	10/05	20:30	Trade Balance (AUD mn)	Aug	--	5050	4607
AU	10/05	20:30	ANZ Job Advertisements (m/m)	Sep	--	--	1.6
PH	10/05	21:00	CPI (y/y)	Sep	2.4	2.4	2.4
ID	10/05	22:00	Consumer Confidence Index	Sep	--	--	86.9
AU	10/05	23:30	RBA Cash Target Rate (%)	Oct 6	0.25	0.25	0.25
HK	10/06	20:30	Purchasing Managers Index	Sep	--	--	44.0
CH	10/06	21:00	Foreign Reserves (US\$ bn)	Sep	--	3160	3165
SI	10/06	21:00	Real GDP (y/y)	3Q A	--	--	-13.2
MA	10/07	03:00	Foreign Reserves (US\$ bn)	Sep 30	--	--	104.8
TA	10/07	04:00	Exports (y/y)	Sep	--	9.2	8.3
TA	10/07	04:00	Imports (y/y)	Sep	--	3.7	8.5
TA	10/07	04:00	Trade Balance (US\$ bn)	Sep	--	5.6	6.5
SI	10/07	05:00	Foreign Reserves (US\$ mn)	Sep	--	--	327530
SK	10/07	19:00	Current Account (US\$ mn)	Aug	--	--	7452
JN	10/07	19:50	Current Account (¥ bn)	Aug	--	2060	1468
JN	10/07	19:50	Trade Balance - BOP Basis (¥ bn)	Aug	--	409	137
CH	10/07	21:45	Caixin Services PMI	Sep	--	54.3	54.0
CH	10/07	21:45	Caixin Composite PMI	Sep	--	--	55.1
AU	10/08	01:30	Foreign Reserves (AUD bn)	Sep	--	--	59.7
TA	10/08	04:00	CPI (y/y)	Sep	-0.3	-0.3	-0.3
JN	10/08	19:30	Household Spending (y/y)	Aug	--	-6.7	-7.6
PH	10/08	21:00	Exports (y/y)	Aug	--	-12.0	-9.6
PH	10/08	21:00	Imports (y/y)	Aug	--	-18.0	-24.4
PH	10/08	21:00	Trade Balance (US\$ mn)	Aug	--	-1933	-1827

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	10/05	20:00	Consumer Price Index (m/m)	Sep	0.2	0.1	0.0
CO	10/05	20:00	Consumer Price Index (y/y)	Sep	1.8	1.8	1.9
PE	10/07	19:00	Reference Rate (%)	Oct 7	0.25	0.25	0.25
BZ	10/08	08:00	Retail Sales (m/m)	Aug	--	2.4	5.2
BZ	10/08	08:00	Retail Sales (y/y)	Aug	4.2	5.7	5.5
BZ	10/09	08:00	IBGE Inflation IPCA (m/m)	Sep	--	0.5	0.2
BZ	10/09	08:00	IBGE Inflation IPCA (y/y)	Sep	3.0	3.0	2.4
PE	10/09	10:00	Trade Balance (USD mn)	Aug	--	--	867

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

Global Auctions for week of October 5 – 9**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/06	13:00	U.S. To Sell 3-Year Notes
CA	10/07	12:00	Canada to Sell 5-Year Bonds
US	10/07	13:00	U.S. To Sell 10-Year Notes Reopening
CA	10/08	12:00	Canada to Sell 2-Year Bonds
US	10/08	13:00	U.S. To Sell 30-Year Bonds Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
UK	10/06	05:00	U.K. to Sell 3.25 Billion Pounds of 0.125% 2024 Bonds
GE	10/06	05:30	Germany to Sell I/L Bonds
UK	10/06	06:30	U.K. to Sell 2 Billion Pounds of 1.75% 2049 Bonds
SW	10/07	05:00	Sweden to Sell Bonds
UK	10/07	05:00	U.K. to Sell 0.375% 2030 Bonds
GE	10/07	05:30	Germany to Sell 3 Billion Euros of 0% 2030 Bonds
UK	10/07	06:30	U.K. to Sell 0.125% I/L 2041 Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SK	10/04	22:30	South Korea to Sell 3 & 30 Year Bonds
JN	10/05	23:35	Japan to Sell 30-Year Bonds
SK	10/06	21:30	Bank of Korea to Sell 2.2 Trillion Won Bonds
JN	10/07	23:35	Japan to Sell 5-Year Bonds
TA	10/08	00:30	Taiwan to Sell TWD30 Bln 10-Year Bonds
PH	10/08	01:00	Philippines to Sell PHP30 Bln 3-Year Bonds

Sources: Bloomberg, Scotiabank Economics.

Events for week of October 5 – 9

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	10/05	10:45	Fed's Evans Gives Luncheon Speech at NABE Meeting in Chicago
US	10/06	11:45	Fed's Harker Discusses Machine Learning
US	10/06	12:50	Fed Chair Powell Addresses NABE Conference in Chicago
US	10/06	18:00	Fed's Kaplan Takes Part in Talk with Bank of Mexico's Diaz
US	10/07	13:00	Fed's Rosengren, Bostic, Kashkari Host Even on Racism and Econ
US	10/07	14:00	FOMC Meeting Minutes
US	10/07	14:00	Fed's Williams Moderates Henry Kissinger Discussion
US	10/07	14:15	Fed's Kashkari, Bostic, Rosengren to Speak on Racism
US	10/07	15:00	Fed's Williams Speaks on Flexible Average Inflation Targeting
US	10/07	16:30	Fed's Evans Discusses the U.S. Economy and Monetary Policy
US	10/07	21:00	Vice Presidential Debate (Salt Lake City, UT)
MX	10/08	10:00	Central Bank Monetary Policy Minutes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NO	10/06	03:00	Norges Bank Governor Olsen Speaks at Seminar
EC	10/06	09:00	ECB President Lagarde Speaks in Video Conference
EC	10/06	11:30	ECB Chief Economist Lane Speaks at Event
SW	10/07	08:00	Riksbank's Skingsley Gives Speech
IT	10/07		Bank of Italy Report on Balance-Sheet Aggregates
NO	10/07		Norges Bank Deputy Governor Bache Speaks in Webinar
EC	10/08	03:25	BOE's Bailey, ECB's Schnabel in Panel Discussion
EC	10/08	04:20	ECB's De Cos Speaks at Conference
IT	10/09	05:00	Bank of Italy Publishes Monthly Report 'Money and Banks'

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
JN	10/05	02:40	BOJ Kuroda Speech at Japan Securities Conference
AU	10/05	23:30	RBA Cash Rate Target & 3-Year Yield Target
AU	10/06	04:30	Australian Government Budget
AU	10/08	20:30	RBA Financial Stability Review

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
PE	10/07	19:00	Reference Rate

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Canada – Overnight Target Rate	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	4.25	November 12, 2020	4.25	4.00

EUROPE

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
European Central Bank – Refinancing Rate	0.00	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	November 26, 2020	0.00	0.00
Norges Bank – Deposit Rate	0.00	November 5, 2020	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	10.25	October 22, 2020	10.25	10.25

ASIA PACIFIC

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Bank of Japan – Policy Rate	-0.10	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	November 10, 2020	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	October 20, 2020	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	December 4, 2020	4.00	3.75
Bank of Korea – Bank Rate	0.50	October 14, 2020	0.50	0.50
Bank of Thailand – Repo Rate	0.50	November 18, 2020	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	November 3, 2020	1.75	1.50
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	November 19, 2020	2.25	2.25

Reserve Bank of Australia (RBA): Australian monetary authorities will make a policy announcement on October 6. In March, the RBA responded to the COVID-19 shock with notable conventional and unconventional monetary policy measures. If the economy's recovery momentum slows down substantially, the RBA could ease monetary policy further over the coming months. Nevertheless, we expect the central bank to stay on hold for now to assess the strength of the recovery and the impact of Australia's Federal Budget, which will be unveiled on October 6.

LATIN AMERICA

<u>Rate</u>	<u>Current Rate</u>	<u>Next Meeting</u>	<u>Scotia's Forecasts</u>	<u>Consensus Forecasts</u>
Banco Central do Brasil – Selic Rate	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	1.75	October 30, 2020	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	October 7, 2020	0.25	0.25

Banco Central de Reserva del Perú (BCRP): We expect no change in the 0.25% reference rate after the upcoming meeting. Our team in Peru has recently upgraded their inflation forecasts to 1.5% from 1.1% in 2020 and 2.0% from 1.5% in 2021. Pricing pressure on basic food prices should modestly increase which reflects recovering domestic demand. However, this will not be significant enough to affect the BCRP decision to maintain the most accommodative policy possible and we still forecast the reference rate to remain at 0.25% for at least the next 12 months.

AFRICA

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

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

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