

THE EASTER BUNNY WANTS HIS EGGS BACK

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Next Week's Risk Dashboard

- Biden's plan
- Canadian jobs
- CBs: RBA, RBI, Peru
- FOMC minutes
- PMIs: US, China, India, Canada, Mexico, Brazil
- Inflation: LatAm, Asia
- German macro
- Canadian provincial budgets

Chart of the Week

Tracking Canadian Employment Recovery by Industry

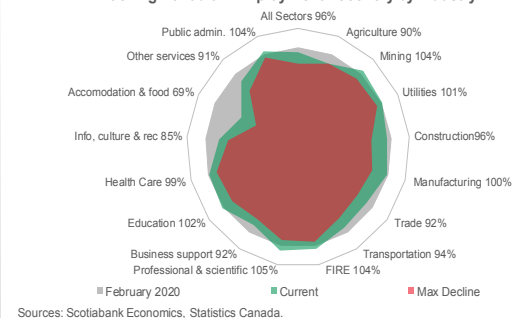


Chart of the Week: Prepared by: Marc Ercolao,
Economic Analyst.

The Easter Bunny Wants His Eggs Back

SCRUTINIZING BIDEN'S PLAN

Further debate will continue over President Biden's proposed US\$2.25 trillion infrastructure package funded by aggressive increases in corporate taxes, but the somewhat predictable challenges are already taking root even before presenting the next plan. A whole industry is going to be feverishly working toward thwarting Biden's efforts to crash Easter.

While his second set of proposals is expected around mid-month and is going to be focused upon raising individual taxes to fund education, health and childcare spending, Biden's corporate tax proposals deserve significant scrutiny.

Even before turning toward Biden's proposed changes, the expiration of the TCJA's 100% expensing by January 1st 2023 and one-fifth reductions each year to 0 expensing by 2027 would have raised the marginal effective tax rate by almost 7 points by 2027 as previously explained by a noted global tax authority Jack Mintz [here](#).

Taking the corporate tax rate up to 28% from 21% (after the TCJA cut it from 35%) will take the METR rate up by almost another 3 points. That change combined with the end to 100% expensing of equipment purchases **would raise the METR rate in the US by almost ten percentage points to over 32% by 2027 which would return the US to having one of the more punitive systems of corporate taxation in the advanced world (chart 1).**

But we can't stop there. The offshoring changes and the sector-specific changes like eliminating fossil fuel breaks add to the METR rate increases, particularly so in the energy sector.

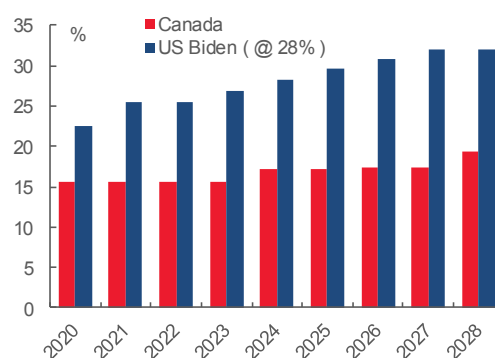
Still, **at least as important as the tax math is the severe instability of the US tax regime.** Businesses need stability in a tax regime and the overall set of rules in order to have confidence to commit to long-tailed risky investments. Biden's changes would reverse the 2018 changes and, if a GOP-led government re-emerges in future, then Biden's changes (if passed....) would likely be reversed again. Bipartisan divisions and polarization are driving wild swings in US tax policy that harm the attractiveness of investing in the United States whether a domestic or foreign corporation. This is why some suggest that Biden's changes may help foreign jurisdictions and create greater incentive to realign production or head offices and inversions.

If other jurisdictions were clever, then they might let the US shoot itself in the foot and solidify their relative tax advantage rather than subscribe to Biden's plea to follow the US. A country like Canada, for instance, probably needs a more competitive tax regime than the US in order to compete in attracting investment and jobs. That's partly why Canada has previously changed tax policy to follow US changes, like accelerated write-offs that also expire here in coming years. Canada would do well to preserve the relative advantage against what is otherwise already set to be a rising corporate tax burden when its own accelerated depreciation policies drop out (chart 1 again).

More fundamental is the question of who pays. **President Biden claims that no individual earning under US\$400k will pay higher taxes. That's a ruse in spirit** as they are likely to bear a significant portion of the burden of higher corporate taxes. No corporation ultimately pays tax. Companies are not living, breathing entities. People pay taxes. When corporate taxes get raised, it's might come from owners/shareholders. Chart 2 shows that while obviously the very highest earners own more equities, it's incorrect to assume that lower earners don't own significant amounts relative to their incomes and may therefore be vulnerable to

Chart 1

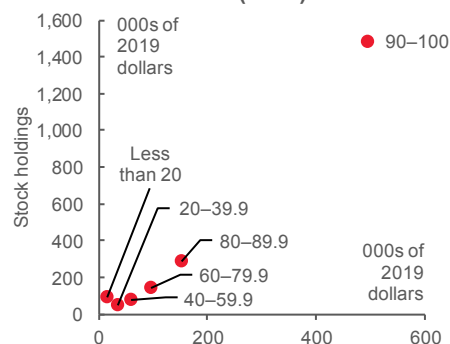
Corporate Marginal Effective Tax Rates on Capital Under Joe Biden's Provisional Tax Plan



Sources: Scotiabank Economics, University of Calgary.

Chart 2

Stock Holdings vs Before-Tax Family Income by Percentile of Income (2019)



Sources: Scotiabank Economics, Federal Reserve.

corporate tax policy changes. Or higher taxes might be passed upstream onto suppliers, or downstream onto customers. Or workers pay for it in the form of wages and benefits. Or back onto governments themselves through higher tax savings on expenses and write-offs. Or maybe some of that higher burden leaks out to foreign stakeholders. Where tax incidence falls depends upon the nature of the industry and company and where it may or may not have influence and pricing power. Proponents of higher corporate taxes like to have you think they are taxing faceless companies; the reality is that taxing companies is one and the same thing as taxing individuals.

That said, if I were a company looking for places to invest in the world, and supposing Biden's plan becomes enacted, then the US just sank well down that list due to the potential headaches over where to pass the burden. On balance, the US is going to suffer a substantial erosion of competitiveness that will harm the climate for investment in the US and in the process dent long-run productivity growth. Given that productivity growth is the most important single driver of long-run wage growth, that too could suffer alongside potential GDP. The Democrats fundamentally don't get this connection so their tax policies risk worsening inequality and/or require ever greater distributional efforts to offset the tax policy effects. Accordingly, these tax policy changes may add to longer run inflationary pressure by damaging the supply side of the economy at a time when it is already damaged by trade wars and the pandemic.

This is perhaps among the reasons why folks like Larry Summers lament the fact that the US macroeconomic policy environment is turning toward its worst in decades even if it helps near-term growth. Ginormous spending. Punitive emerging corporate tax policy and volatile policy to boot. Large long-run structural deficits. Twin deficits with a rising current account deficit back to 2009 levels and counting. Monetary policy that is virtually unwavering from emergency stimulus for depression conditions even if full employment and 2% inflation are achieved within the usual 4–8 quarter policy horizon. And a deeply partisan policy backdrop with both of the political parties sharing responsibility for the outcomes.

CANADIAN JOBS—TEMPORARILY WELCOMING TORONTO

Canada's latest jobs tally for March arrives on Friday. I went with a gain at a nice even +100k. That's not to feign precision rather than to pick a number that generally achieves the goal of signalling a healthy rise but probably at a cooler pace than the prior month's +260k print. After all, the 95% confidence interval on jobs changes reported by the Labour Force Survey is about +/-58k and so that alone merits caution toward trying to be too cute with the estimates.

For one thing, we know that restrictions eased into the March period (chart 3). That should benefit services employment the most. As restrictions begin to be re-imposed it's possible that this could be a fleeting positive influence that reverses in the subsequent jobs report.

Big cities might play an outsized role this time. Recall that just over two-thirds of February's job gain of 259k came from outside of the country's three biggest cities. Montreal registered a gain of 63k, Vancouver was up 14k, but Toronto was flat (+3.8k). That's because Toronto was in full lockdown during the February reference week. Not so for the March reference week. Still, the gains are likely to be limited in Toronto. As the city went into full lockdown, it lost about 120k jobs over December and January (chart 4). As restrictions were eased into March, they were still more

Chart 3

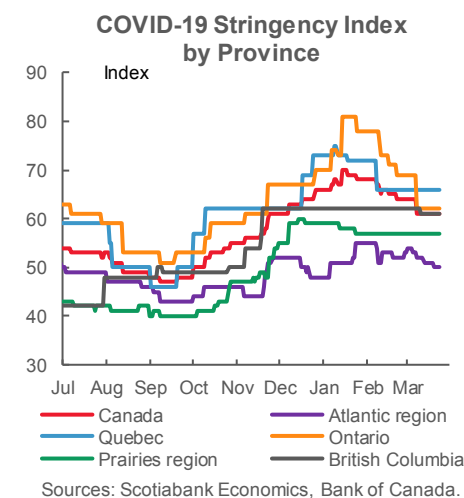


Chart 4

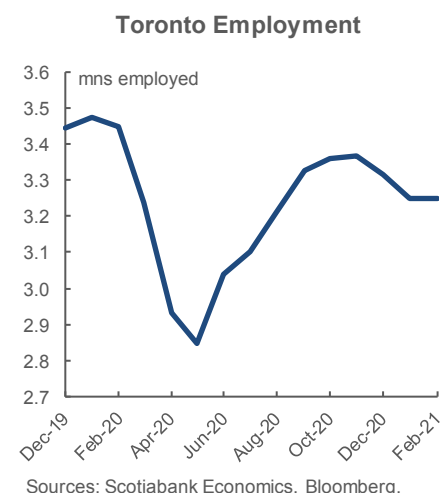
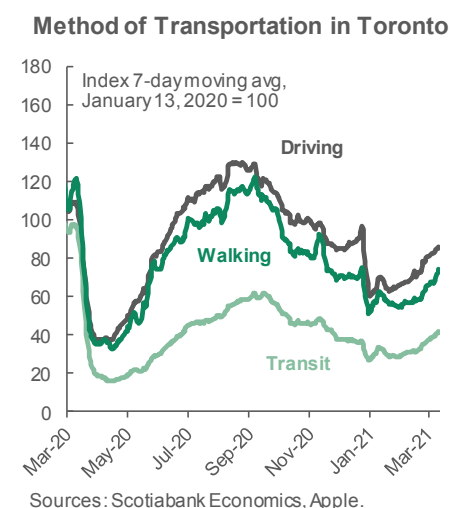


Chart 5



acute than previously. Further, Montreal had already regained all of the jobs that were lost during the November–January period so that region might also face limited upside.

Mobility readings improved during March across multiple parts of the country, including Toronto as restrictions eased (chart 5). We can also point to alt-data like google searches for terms like ‘employment insurance’ that were little changed between months. Further, survey-based measures of hiring appetite have improved including across small businesses (chart 6) and in Markit’s manufacturing PMI.

But how much would it matter to the Bank of Canada if a decent gain was registered? Let’s say that on a lark +100k turns out to be correct; Canada would still have about half a million unemployed folks who had a job before the pandemic. To fully regain this amount would require about 24k/mth of job gains over the duration of this year and next which is not unreasonable to expect. It may happen sooner and the economy needs to generate an average of about 55k/mth to claw back to even by the end of this year. Renewed restrictions will be a setback to near-term progress.

PMIS—US & CANADA LEADING

More purchasing managers’ indices arrive across several economies over the coming week. As usual, they will help to inform Q1 GDP growth perspectives but wide regional variations are expected.

US ISM-services will likely post a substantial gain on Monday with March’s reading likely to reflect an improved environment following February’s worse than usual weather and as a reflection of the effects of easing restrictions on services.

Canada’s Ivey PMI has been on a tear of late which adds to sentiment that Q1 GDP growth is going to be quite strong given rough connections in the past (chart 7). Wednesday’s reading will also include the employment subcomponent that could shed further light on expectations for Friday’s jobs report. Unlike other PMIs, Ivey combines activity across the private and public sectors of the economy.

Mexico’s manufacturing PMI is likely to remain in contraction in Monday’s reading for March and by contrast to the gains being posted elsewhere across North America (recall [here](#)).

India’s PMIs for manufacturing (Monday) and the services and composite readings (Wednesday) will likely continue to indicate moderate growth.

Tuesday’s PMIs from Brazil will probably continue to show the economy in **contraction** after the readings fell below 50 some time ago and in the context of a tragically soaring COVID-19 case trend (chart 8).

China will update the less widely followed private services and composite PMIs on Monday and the UK updates its construction PMI for March on Thursday.

CENTRAL BANKS—WHAT IF?

Three central bank decisions will probably result in each of them staying on hold while little is expected out of the minutes to the March 16th–17th FOMC meeting.

Wednesday’s FOMC minutes may shed further light on the suite of communications offered at the meeting (recap [here](#)). One issue to watch for is

Chart 6

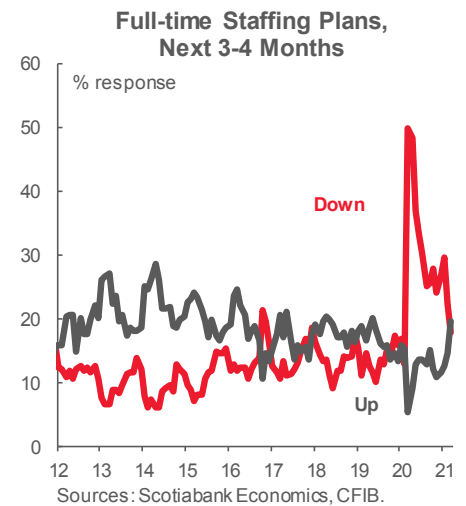


Chart 7

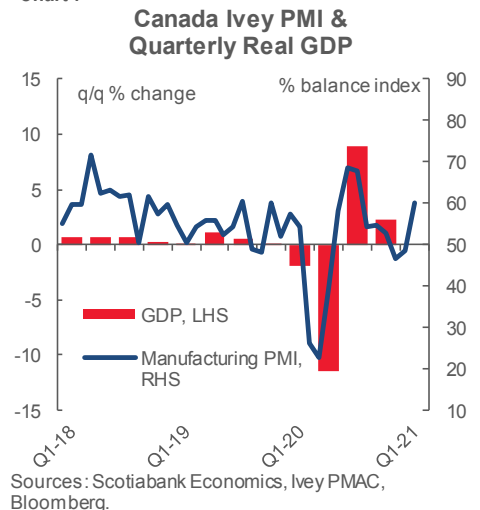
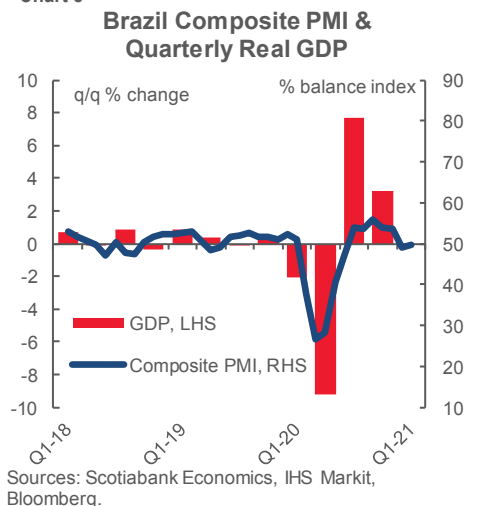


Chart 8



potential discussion among FOMC participants on the topic of how they might change their policy rate views for lengthy holds if their relatively upbeat forecasts for growth, jobs and inflation were to come to fruition. That's because Chair Powell said in the press conference that "part of that is wanting to see actual data and not just forecasting it." So, while I doubt it, it would be interesting if we saw some form of reference to the frequency of opinions expressed in favour of tightening earlier if forecasts come true and along the lines of the Fed's usual approach (ie: one, a couple, some, a few, several, many, most, almost all, generally agreed). That's likely a greater risk as time passes and data rolls in.

The Reserve Bank of Australia is not expected to alter its policy stance on Tuesday. The cash rate target and 3-year government bond yield target are likely to remain at 0.1% for some time (chart 9) with the government bond purchase program having been previously extended. Implementation issues such as perhaps guidance around shifting to a new benchmark bond for the 3-year target may be about as exciting as things get.

India's central bank is also expected to stay on hold with the repurchase rate at 4% on Wednesday. The decision to maintain—as opposed to raise—the inflation target range at 2–6% with inflation at 5% y/y and core at 5.6% probably puts to bed any notion of further easing. Scotia forecasts policy tightening next year (chart 10).

Peru's central bank will probably continue the week's trend of sidelined central banks when it holds its policy rate at 0.25% on Thursday. Inflation popped higher again in March to 2.6% y/y and is in the upper half of the central bank's policy target range of 1–3%. Our Lima-based economists forecast rate hikes next year (chart 11).

Chart 9

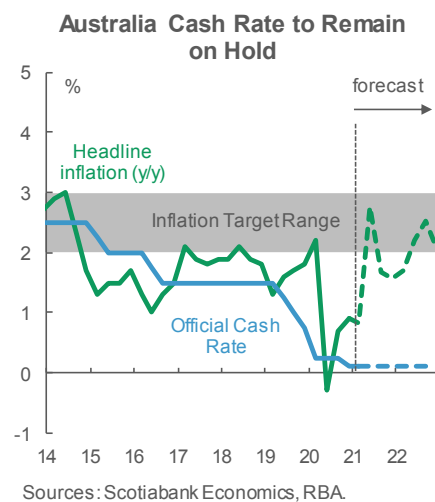


Chart 10

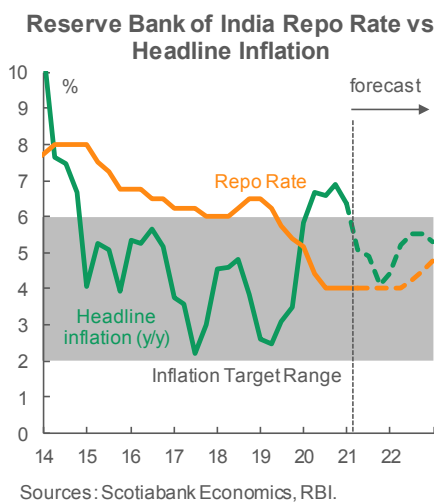
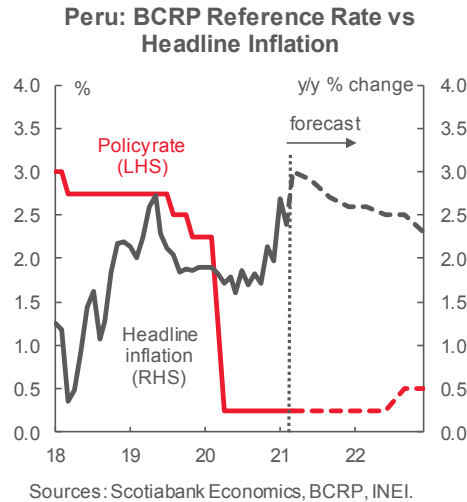


Chart 11



CANADIAN BUDGETS—APPROACHING A CRESCENDO

Two more mid-sized provinces issue budgets next week along the path to the big Federal show on the 19th. Views on the budgets are shared below from Scotia's Marc Desormeaux.

Saskatchewan's FY22 budget drops on Tuesday. The province outlined a path to balance by FY25—which kept spending growth under 1.5% per annum beyond this year—in August 2020 after the worst of the pandemic's first wave had subsided (chart 12). The Saskatchewan Party kept to that timeline in the platform for its successful 2020 election campaign. Guidance from the government since then suggests that that target may be delayed, and that planned expenditure control may be eased in respect of what the province sees as a slower-than-anticipated recovery from COVID-19. Still, Saskatchewan's lowest-in-the-nation net debt-to-GDP ratio reflects the overall health of its finances and should remain an advantage in the medium-term. We will also be monitoring key commodity price and production assumptions—especially for oil—as well as any new projections for population growth given the ambitious [long-run target](#) set before the pandemic.

Manitoba will table its first pandemic-era multi-year fiscal plan on Wednesday, but has already [pledged](#) to reduce its fiscal shortfall by “the lesser of one-eighth of the deficit for the 2020–21 fiscal year and the amount of the actual reduction in the previous year” on an ongoing basis. That means a return to black ink by FY29 at the latest; based on the mid-year estimate of a \$2 bn deficit (-2.9% of GDP) in FY21, the maximum possible fiscal shortfalls in FY22 and FY23 would be \$1.8 bn and \$1.5 bn, respectively (chart 13). Consistent with virtually all other subnational Canadian governments, we suspect that Manitoba will base its fiscal plans on conservative economic growth assumptions that leave room for upside. The government has also indicated that it will offer further pandemic-time policy supports, having spent the third-most (proportionally) of any province on its COVID-19 response by the end of 2020 according to the Parliamentary Budget Office.

By the end of next week, eight of 10 provincial budgets will have been released; chart 14 summarizes multi-year fiscal plans announced thus far.

HONOURABLE MENTIONS

This is the grab bag section of considerations to be followed a little less closely over the coming week.

Canada will start updating sales figures for existing homes during March. Most of the focus will be upon Toronto and Vancouver before we get national totals the week after. So far, we know that Calgary’s sales were strong and registered the strongest month of March since 2007. As for months of supply? Ha, well, there isn’t any. Calgary’s supply of detached homes sits at 1.29 months at current selling rates ([here](#)). The strength of releases may raise the shrill cries to “Do something about it” by a further octave. Canada also updates trade figures for February on Wednesday.

A round of global inflation updates will be scattered throughout the week from Monday through Friday. Colombia, and the Philippines kick it off followed by each of China, Chile and Mexico on Thursday and then Norway and Brazil on Friday. China also updates financing figures at some point.

US releases will also include producer prices during March (Friday) that will probably pop higher toward the 4% y/y mark as input prices have risen and supply chain bottlenecks create price pressures. Factory orders during February (Monday) should follow durables lower in part due to weather and supply chain problems including in autos. The US trade deficit (Wednesday) probably widened again last month as the twin deficits (fiscal and current account) continue to push higher.

European releases should be fairly light and mostly focused upon Germany’s economy. German factory orders in February are expected to post another gain (Thursday) and industrial production is expected to rebound (Friday) as export growth continues (Friday).

Chart 12

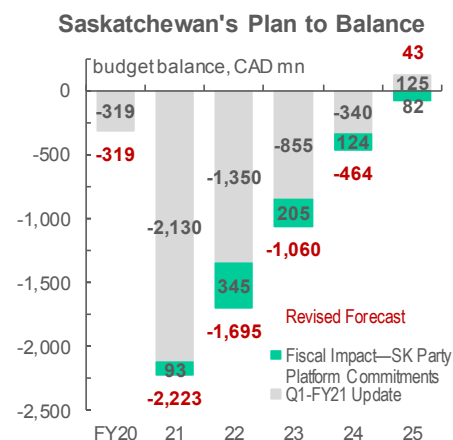


Chart 13

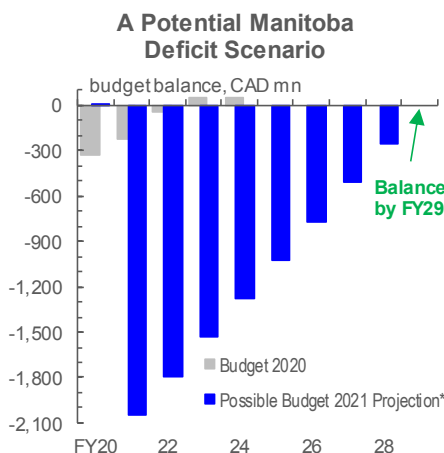
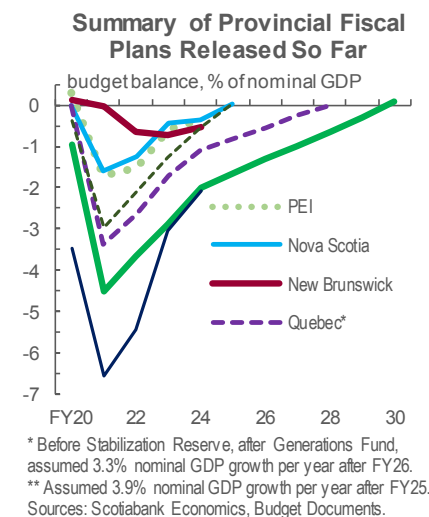


Chart 14



Key Indicators for week of April 5 – 9

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	04/05	10:00	Durable Goods Orders (m/m)	Feb F	--	--	-1.1
US	04/05	10:00	Durable Goods Orders ex. Trans. (m/m)	Feb F	--	--	-0.9
US	04/05	10:00	Factory Orders (m/m)	Feb	-0.6	-0.5	2.6
US	04/05	10:00	ISM Non-Manufacturing Composite	Mar	58.5	58.2	55.3
US	04/06	10:00	JOLTS Job Openings (000s)	Feb	--	--	6,917
US	04/07	07:00	MBA Mortgage Applications (w/w)	Apr 2	--	--	-2.2
CA	04/07	08:30	Merchandise Trade Balance (C\$ bn)	Feb	1.0	--	1.4
US	04/07	08:30	Trade Balance (US\$ bn)	Feb	-69.5	-69.9	-68.2
US	04/07	15:00	Consumer Credit (US\$ bn m/m)	Feb	--	3.5	-1.3
MX	04/08	07:00	Bi-Weekly Core CPI (% change)	Mar 31	--	--	0.4
MX	04/08	07:00	Bi-Weekly CPI (% change)	Mar 31	--	--	0.5
MX	04/08	07:00	Consumer Prices (m/m)	Mar	--	--	0.6
MX	04/08	07:00	Consumer Prices (y/y)	Mar	--	--	3.8
MX	04/08	07:00	Consumer Prices Core (m/m)	Mar	--	--	0.4
US	04/08	08:30	Initial Jobless Claims (000s)	Apr 3	650	675	684
US	04/08	08:30	Continuing Claims (000s)	Mar 27	3650	3,750	3,870
MX	04/09	07:00	Industrial Production (m/m)	Feb	--	--	0.3
MX	04/09	07:00	Industrial Production (y/y)	Feb	--	--	-4.9
CA	04/09	08:30	Employment (000s m/m)	Mar	100	--	259.2
CA	04/09	08:30	Unemployment Rate (%)	Mar	7.9	--	8.2
US	04/09	08:30	PPI (m/m)	Mar	0.4	0.5	0.5
US	04/09	08:30	PPI ex. Food & Energy (m/m)	Mar	0.2	0.2	0.2
US	04/09	10:00	Wholesale Inventories (m/m)	Feb F	--	--	0.5

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
EC	04/06	05:00	Unemployment Rate (%)	Feb	8.2	8.1
UK	04/07	02:00	Official Reserves Changes (US\$ bn)	Mar	--	-1,070
IT	04/07	03:45	Services PMI	Mar	--	48.8
FR	04/07	03:50	Services PMI	Mar F	--	47.8
GE	04/07	03:55	Services PMI	Mar F	--	50.8
EC	04/07	04:00	Composite PMI	Mar F	--	52.5
EC	04/07	04:00	Services PMI	Mar F	--	48.8
UK	04/07	04:30	Services PMI	Mar F	56.8	56.8
GE	04/08	02:00	Factory Orders (m/m)	Feb	1.0	1.4
FR	04/08	02:45	Current Account (€ bn)	Feb	--	-1,606
FR	04/08	02:45	Trade Balance (€ mn)	Feb	--	-3,946
UK	04/08	04:30	PMI Construction	Mar	--	53.3
EC	04/08	05:00	PPI (m/m)	Feb	--	1.4
GE	04/09	02:00	Current Account (€ bn)	Feb	--	25.9
GE	04/09	02:00	Industrial Production (m/m)	Feb	1.2	-2.5
GE	04/09	02:00	Trade Balance (€ bn)	Feb	--	13.8
FR	04/09	02:45	Industrial Production (m/m)	Feb	--	3.3
FR	04/09	02:45	Industrial Production (y/y)	Feb	--	-0.2
FR	04/09	02:45	Manufacturing Production (m/m)	Feb	--	3.3
SP	04/09	03:00	Industrial Output NSA (y/y)	Feb	--	-6.9

Key Indicators for week of April 5 – 9

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
TH	04/04	23:30	CPI (y/y)	Mar	0.1	0.7	-1.2
TH	04/04	23:30	Core CPI (y/y)	Mar	--	--	0.0
SI	04/05	01:00	Retail Sales (y/y)	Feb	--	--	-6.1
SI	04/05	09:00	Purchasing Managers Index	Mar	--	--	50.5
JN	04/05	19:30	Household Spending (y/y)	Feb	--	--	-6.1
PH	04/05	21:00	CPI (y/y)	Mar	4.7	5.0	4.7
AU	04/05	21:30	ANZ Job Advertisements (m/m)	Mar	--	--	7.2
CH	04/05	21:45	Caixin Services PMI	Mar	--	52.1	51.5
AU	04/06		RBA Cash Target Rate (%)	Apr 6	0.10	0.10	0.10
SK	04/06	19:00	Current Account (US\$ mn)	Feb	--	--	7,060
CH	04/06	21:00	Foreign Reserves (US\$ bn)	Mar	--	--	3,205
SI	04/06	21:00	Real GDP (y/y)	1Q A	-0.5	--	-2.4
IN	04/07	00:30	Repo Rate (%)	Apr 7	4.00	4.00	4.00
IN	04/07	00:30	Reverse Repo Rate (%)	Apr 7	3.35	3.35	3.35
IN	04/07	00:30	Cash Reserve Ratio (%)	Apr 7	3.50	3.50	3.00
JN	04/07	01:00	Coincident Index CI	Feb P	--	--	90.3
JN	04/07	01:00	Leading Index CI	Feb P	--	--	98.5
MA	04/07	03:00	Foreign Reserves (US\$ bn)	Mar 31	--	--	109.2
SI	04/07	05:00	Foreign Reserves (US\$ mn)	Mar	--	--	382,633
JN	04/07	19:50	Current Account (¥ bn)	Feb	--	--	646.8
JN	04/07	19:50	Trade Balance - BOP Basis (¥ bn)	Feb	--	--	-130.1
HK	04/07	20:30	Purchasing Managers Index	Mar	--	--	50.2
PH	04/07	21:00	Exports (y/y)	Feb	--	--	1.7
PH	04/07	21:00	Imports (y/y)	Feb	--	--	-14.9
PH	04/07	21:00	Trade Balance (US\$ mn)	Feb	--	--	-2,421
TH	04/07	23:30	Consumer Confidence Economic	Mar	--	--	43.4
JN	04/08	01:00	Consumer Confidence	Mar	--	--	33.8
TA	04/08	04:00	CPI (y/y)	Mar	1.5	--	1.4
CH	04/08	21:00	New Yuan Loans (bn)	Mar	1,600	2,600	1,359
CH	04/08	21:30	CPI (y/y)	Mar	0.2	0.4	-0.2
CH	04/08	21:30	PPI (y/y)	Mar	--	3.3	1.7
MA	04/09	00:00	Industrial Production (y/y)	Feb	--	--	1.2
AU	04/09	02:30	Foreign Reserves (AUD bn)	Mar	--	--	56.4
TA	04/09	04:00	Exports (y/y)	Mar	--	--	9.7
TA	04/09	04:00	Imports (y/y)	Mar	--	--	5.7
TA	04/09	04:00	Trade Balance (US\$ bn)	Mar	--	--	4.5
ID	04/09		Consumer Confidence Index	Mar	--	--	85.8

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CO	04/05	20:00	Consumer Price Index (m/m)	Mar	--	0.4	0.6
CO	04/05	20:00	Consumer Price Index (y/y)	Mar	--	1.5	1.6
PE	04/08	18:00	Reference Rate (%)	Apr 8	0.25	0.25	0.25
BZ	04/09	08:00	IBGE Inflation IPCA (m/m)	Mar	--	--	0.9
BZ	04/09	08:00	IBGE Inflation IPCA (y/y)	Mar	--	--	5.2
PE	04/09		Trade Balance (USD mn)	Feb	--	--	346.9

Global Auctions for week April 5 – 9**NORTH AMERICA**Country Date Time Event

No Scheduled Auctions.

EUROPECountry Date Time Event

AS	04/06	05:15	Austria to Sell Bonds
UK	04/07	05:00	U.K. to Sell 0.375% 2026 Bonds
GE	04/07	05:30	Germany to Sell EUR 5 Bln 2026 Bonds
UK	04/07	06:30	U.K. to Sell 0.875% 2046 Bonds
SP	04/08	04:30	Spain to Sell Bonds
FR	04/08	04:50	France to Sell Bonds
UK	04/08	05:00	U.K. to Sell 0.25% 2031 Bonds

ASIA-PACIFICCountry Date Time Event

JN	04/05	23:35	Japan to Sell 30-Year Bonds
CH	04/06	23:00	China Plans to Sell 3-Yr Bond
CH	04/06	23:00	China Plans to Sell 7-Yr Upsize Bond
JN	04/07	23:35	Japan to Sell 5-Year Bonds
CH	04/08	23:00	China Plans to Sell 30-Yr Bond

LATIN AMERICACountry Date Time Event

No Scheduled Auctions.

Events for week of April 5 – 9**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/07	09:00	Fed's Evans Discusses Economic Outlook
US	04/07	11:00	Fed's Kaplan Takes Part in Panel Discussion
US	04/07	14:00	FOMC Meeting Minutes
MX	04/08	10:00	Central Bank Monetary Policy Minutes
US	04/08	11:00	Fed's Bullard Discusses Economy and Monetary Policy

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
No Major Events.			

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
AU	04/06	00:30	RBA Cash Rate Target
IN	04/07	00:30	RBI Repurchase Rate
IN	04/07	00:30	RBI Reverse Repo Rate
IN	04/07	00:30	RBI Cash Reserve Ratio
SL	04/07	22:00	CBSL Standing Lending Rate
SL	04/07	22:00	CBSL Standing Deposit Rate
AU	04/08	21:30	RBA Financial Stability Review

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CO	04/05	18:00	Colombia Monetary Policy Minutes
PE	04/08	18:00	Reference Rate

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	April 21, 2021	0.25	0.25
Federal Reserve – Federal Funds Target Rate	0.25	April 28, 2021	0.25	0.25
Banco de México – Overnight Rate	4.00	May 13, 2021	4.00	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	April 22, 2021	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	April 22, 2021	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	April 22, 2021	-0.50	-0.50
Bank of England – Bank Rate	0.10	May 6, 2021	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	4.50	April 23, 2021	4.75	4.75
Sweden Riksbank – Repo Rate	0.00	April 27, 2021	0.00	0.00
Norges Bank – Deposit Rate	0.00	May 6, 2021	0.00	0.00
Central Bank of Turkey – Benchmark Repo Rate	19.00	April 15, 2021	19.00	19.00

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	April 27, 2021	-0.10	-0.10
Reserve Bank of Australia – Cash Target Rate	0.10	April 6, 2021	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.25	April 13, 2021	0.25	0.25
People's Bank of China – 1-Year Loan Prime Rate	3.85	April 19, 2021	3.85	3.85
Reserve Bank of India – Repo Rate	4.00	April 7, 2021	4.00	4.00
Bank of Korea – Bank Rate	0.50	April 15, 2021	0.50	0.50
Bank of Thailand – Repo Rate	0.50	May 5, 2021	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	May 6, 2021	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	April 20, 2021	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	May 13, 2021	2.00	2.00

Reserve Bank of Australia (RBA): Australian monetary authorities will make a policy decision on April 6. We do not expect any changes to the policy stance. We expect the benchmark interest rate and the target yield on the 3-year Australian Government bond to remain unchanged at 0.10% through our forecast horizon, while the bond purchase program will likely be concluded by the end of this year. **Reserve Bank of India (RBI):** Indian monetary authorities will make a policy announcement on April 7. We expect the RBI to leave the benchmark Repo Rate unchanged at 4.0%. While an accommodative monetary policy stance is needed to underpin India's ongoing economic recovery amidst a new wave of COVID-19 infections, strengthening inflationary pressures will warrant careful monitoring by the RBI's policymakers. Annual headline inflation remains within the RBI's 2-6% target range, yet the CPI index recorded a significant pickup in February to 5.0% y/y from 4.1% a month earlier. We assess that the RBI's monetary easing cycle has come to an end and that the next interest rate move is a hike in 2022.

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	2.75	May 5, 2021	2.50	2.50
Banco Central de Chile – Overnight Rate	0.50	May 13, 2021	0.50	0.50
Banco de la República de Colombia – Lending Rate	1.75	April 30, 2021	1.75	1.75
Banco Central de Reserva del Perú – Reference Rate	0.25	April 8, 2021	0.25	0.25

Banco Central de Reserva del Perú (BCRP): Our economists in Peru anticipate that the reference rate will be held at 0.25% on April 8. A prolonged hold is expected until Q3-2022 where the hiking cycle is then set to begin. While economic growth begins to push forward and inflation remains behaved, the projected unanimous decision for a rate hold will likely take a back seat to the April 11th 'Round 1' elections, which mark the first step in the 2021 overhaul of the entire national political and policy-making apparatus.

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	May 20, 2021	3.50	3.50

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

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