

REFLECTION AND EARNINGS GO HAND IN HAND

- Earnings—It May Be Rich To Say Equities Are Rich! 2–3
- Inflation—Doubting ‘Transitory’ 3–4
- Canadian Housing—Froth Versus Better Management 4–5
- Honourable Mentions 5–6

FORECASTS & DATA

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

CONTACTS

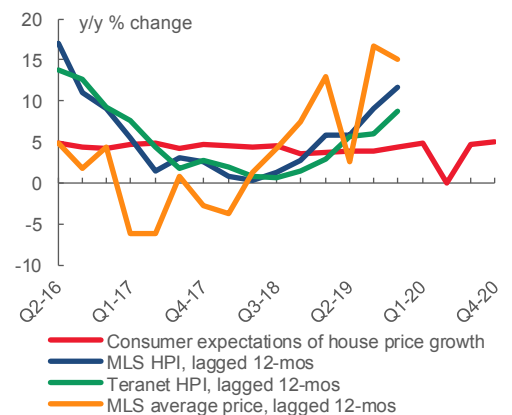
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Next Week's Risk Dashboard

- US earnings season
- US inflation
- CDN inflation update
- Canadian housing
- CDN CPI
- Fed's Powell
- China's economy
- US retail sales, industrial output
- Australian jobs
- CBs: RBNZ, BoK

Chart of the Week

Will Q1 House Price Expectations Catch Up To Reality?



Sources: Scotiabank Economics, Bank of Canada, CREA.

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

Reflation and Earnings Go Hand in Hand

EARNINGS—IT MAY BE RICH TO SAY EQUITIES ARE RICH!

US earnings season kicks off next week with twenty-four S&P500 firms releasing. The typical early focus is mostly on financials and this time will be no different. Key names will include firms like JP Morgan, Goldman Sachs, Morgan Stanley, Citigroup, BofA, Wells Fargo, BlackRock, BoNYM, and State Street. A sprinkling of nonfinancials will include Delta and PepsiCo.

The analyst community is rather upbeat on the forward path for earnings (chart 1). The healing is continuing from the harshest results reported in the aftermath of the first wave's shocks. Forward guidance from companies that informs this expected future path will probably be more important than actual results for Q1. In particular, watch for discussion and possible guidance around banks' capital management plans given the flexibility granted by the Federal Reserve on dividend payouts and buybacks by June.

If the usual pattern holds, then the season might face further upside. As chart 2 demonstrates, earnings beats have been common ever since Sarbanes-Oxley legislation after which analysts turned more conservative for fear of being pilloried, ostracized or held directly liable. The vast majority of seasons have witnessed strong beat ratios defined as the share of reporting companies beating analysts' expectations.

Enter the question of what's priced and whether equities are overly rich. Judged by a conventional 12-month trailing price-to-earnings ratio, equities are looking rather rich indeed with the S&P at 33.5 times earnings (chart 3). Using Shiller's Cyclically-Adjusted Price-to-Earnings ratio (CAPE) that compares prices to a rolling ten year earnings cycle also looks rather rich (chart 4). Obviously, the denominators in both of these ratios are distorted by the depths of the pandemic which is no longer relevant to markets that began pricing a more upbeat outlook almost instantaneously a year ago. They are also distorted by the prolonged post-GFC recovery.

Chart 1

S&P 500 Earnings Estimates

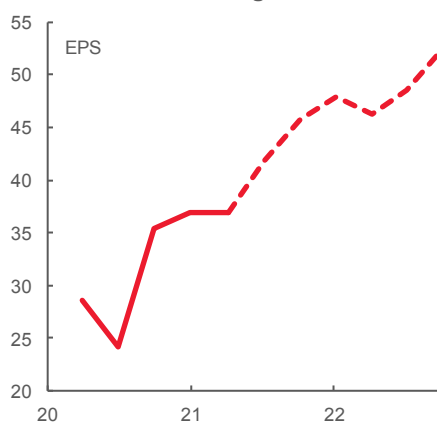


Chart 2

Record US Earnings Beats

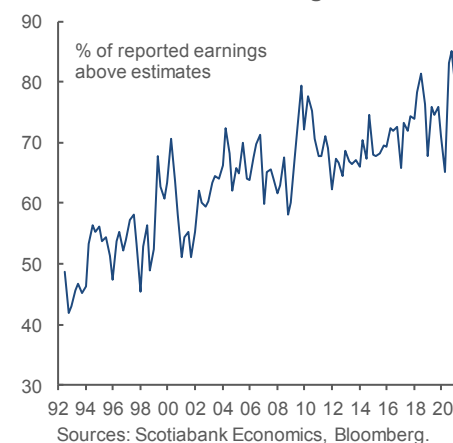


Chart 3

S&P500: Trailing & Forward P/E Ratio

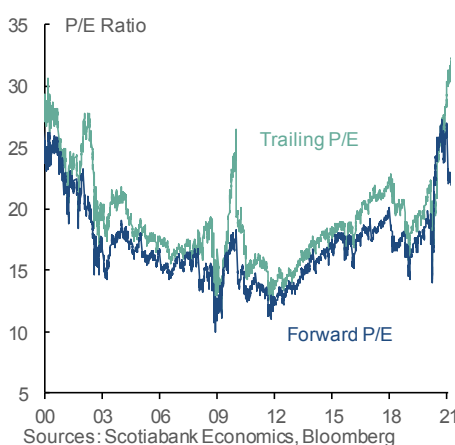


Chart 4

Over-Valued US Stock Market?



Chart 5

S&P Isn't So Over-Valued if 2021-22 Delivers Analysts' Earnings Rebound

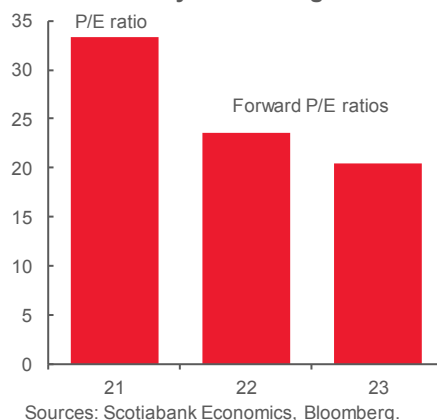


Chart 6

Spread Between US 10-Yr Bond & S&P 500 Dividend



Instead, current price to expected future earnings one-year forward stands at 23.7 times and two-years forward sits at 20.6 times (chart 5). Forward earnings encapsulate an attempt at measuring effects of vaccines coupled with unprecedented fiscal and monetary policy stimulus. That doesn't strike one as particularly rich if analysts are anywhere close to the mark with their earnings calls even sans what have become fairly routine upsides to their expectations.

Dividend yield is another way of looking at valuations. The yield on the S&P500 sits at 1.4% which inverts the prior relationship to the US 10-year Treasury yield that now sits materially above 1.4% (chart 6). There are a lot of adjustments one would have to make to this casual relationship, but one of the more important ones would involve marrying the spot figure to expectations for payouts on expected future earnings. The analyst consensus expects dividend yields to rise going forward, but probably not as fast as we forecast the 10-year Treasury yield to increase. That means valuation measures should tilt toward capital gains expectations more so than income.

Other valuation measures also appear rich, though they tend to rely upon price measures expressed relative to historical accumulated book values (chart 7) and attempts at estimating the replacement value of assets (chart 8) rather than future earnings and book values.

Judge for yourself, but I'd rather ride out expected earnings growth through the full cycle ahead that I don't view as fully priced, than hide out in, say, safe havens like Treasuries that are relatively more likely to incur additional capital losses. Whether it's good policy or not is a judgement that time will take some time to tell, but in the meantime, the pedal-to-the-metal approach on both monetary and fiscal policy points to a continued reflationary environment—assuming the moderates in the Democrats can temper the aggressive tax hikes sought within President Biden's opening salvos in the American Jobs Plan and the pending American Families Plan.

INFLATION—DOUBTING 'TRANSITORY'

Next week is going to kickstart the debate over what's really driving nearer term inflation readings in the US economy. We'll get CPI on Tuesday for the month of March and it could be a doozy. While it's not the Fed's preferred gauge, it will also inform expectations for the Fed's preferred PCE measures on April 30th.

We'll get the first CPI print over 2% y/y since just before the pandemic—well over 2%. 2.5% y/y is my guessestimate and it could well be materially higher than that. It's worth walking through the drivers and where they could go from here.

Chair Powell says inflation will be base effect driven and so ignore it as transitory, but that's very unclear. Holding everything else constant would drive inflation from 1.7% to 1.9% on base effects alone, so rebasing to before we all began aging exponentially last March shouldn't explain that much of the upswing.

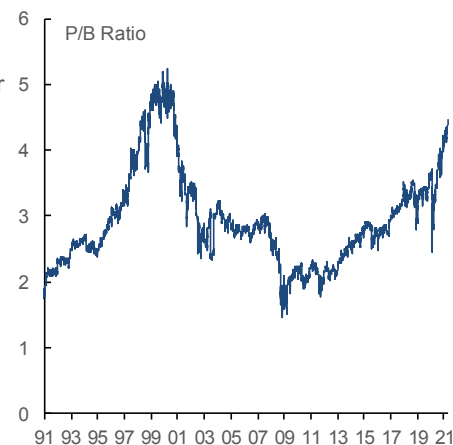
Another component is how to judge typical seasonality in an atypical year. March is less certain by way of seasonal price swings and can be all over the map, as opposed to, say, January–February when new Spring lines start rolling out. I went with 0.2% m/m for headline CPI which takes us up to 2.1% y/y, but pre-pandemic months of March could be anywhere between 0–0.5% m/m so it can be a bit of a wild month. Also, gas prices are ripping higher this year along with greater mobility and jumped by 10% m/m in March which, at a 3% weight, adds another three-tenths to headline CPI in month-over-month terms.

Of relevance to inflation bonds (TIPS) that are based on CPI is that this translates into a CPI index level of about 264.3—or higher.

The toughest wildcard of all is the extent to which supply chain pressures on producer prices are being passed through to consumers in seasonally abnormal ways given all the bottlenecks this year. **Final demand producer prices accelerated at the**

Chart 7

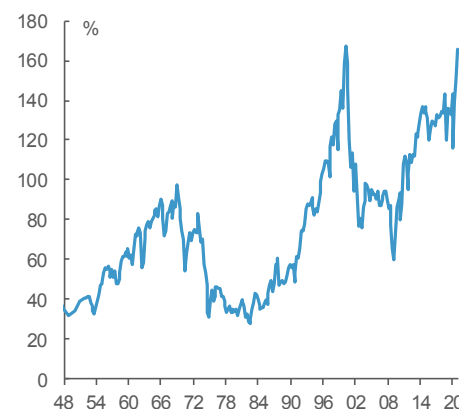
S&P 500: Price To Book Value



Sources: Scotiabank Economics, Bloomberg

Chart 8

US Equities: Tobin's Q



Sources: Scotiabank Economics, Federal Reserve Board.

fastest pace since late 2011 last month (+4.2% y/y, +1% m/m) and this measure is very highly correlated with headline CPI inflation (chart 9) although CPI is somewhat less volatile at rapid turning points. This is where upside risk to 2.5% y/y could arise.

If typical passthrough occurs, then I'm not sure how transitory that factor is going to be (versus Powell's insistence). Supply chains are damaged for the cycle by Trump's trade wars and scarring from the pandemic plus idiosyncratic issues like semiconductor shortages that are going to take a long time to address. The life cycle hypothesis of demographic influences upon inflation is at an upward turning point compared to the past, while trade liberalization that long ago dampened inflation is a thing of the past.

Which takes us to one thing to watch as the US Q1 earnings season kicks off next week but especially in subsequent weeks as more nonfinancials report. **Watch for company guidance on price pressures that may offer anecdotes to inform pass-through versus margin absorption tendencies across industries.**

As for Powell's insistence that one should look through the pressures as transitory, not everyone agrees including some folks at the Fed. [This](#) is a highly accessible and brief outline of why St. Louis Fed President Bullard sees upside risk to inflation. Theories based upon record-shattering money expansion and fiscal stimulus plus the Phillips curve relationship linked back to spare capacity have chequered histories in terms of how they performed at explaining past inflation, but Bullard rightly notes that they are all pointing in the same unified and higher direction, on top of the fact that the Fed's reaction function to price pressures has changed.

To Bullard's point, M2 money growth is running at record highs (+27% y/y) held back by velocity of money in circulation, but temporarily so since the ongoing recovery will boost velocity of money in circulation based on its definition as nominal GDP over money supply. As for fiscal stimulus, the US\$900 billion December 2020 COVID relief bill plus the US\$1.9 trillion March 2021 bill plus the proposed US\$2.25 trillion American Jobs Plan plus an uncertain estimate for the pending American Families Plan could well total +/-30% of present nominal GDP. The stimulus offered within four US fiscal packages since December offers a mixture of current and longer-lived spending. It won't all pass, but it will still a) address the concerns of some Fed officials that there will be a future fiscal cliff as the effects of the December 2020 and March 2021 bills wane, and b) represent fiscal stimulus of a cumulative magnitude that few reading this are likely old enough to have lived through!

CANADIAN HOUSING—FROTH VERSUS BETTER MANAGEMENT

Canada's housing market will continue to be a focal point.

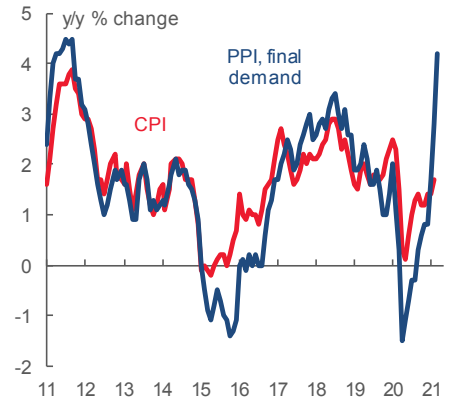
On Monday, the Bank of Canada will update its quarterly Canadian Survey of Consumer Expectations for everything from inflation and jobs to house prices. Governor Macklem recently completely changed his tune and indicated the BoC is seeing extrapolative house price expectations that raise concern about housing imbalances, and his remarks might have tipped off expectations for stronger consumer forecasts for house price gains in the survey. Subsequently, the BoC released [this](#) staff piece that flagged increased concern toward housing imbalances over recent months. These communications contrast with a relatively sanguine if not defensive attitude by the BoC to housing strength last year that they dismissed as driven by a transitory burst of pent-up demand and something that was a welcome source of economic growth. That was an exaggerated take, but my how times have changed at the BoC.

Thursday's national tally for existing home sales during March will shoot for a fourth consecutive gain and the ninth gain in eleven months which should not be hard to achieve given strength we've already seen in results from cities like Toronto, Vancouver and Calgary. Housing starts during March are due out on Friday and expected to hold around the elevated quarter-million annualized pace.

Strong numbers may further agitate debate over tightening macroprudential policies ahead of the following week's Federal Budget (April 19th) and BoC decision (April 21st). The recent proposal by the federal bank regulator ([here](#)) to further pad the uninsured mortgage stress test by adding about ½% to the minimum rate floor that will increase from 4.79% to 5.25%

Chart 9

Will Producer Prices Pass Onto Consumers?



Sources: Scotiabank Economics, BLS.

could bring forward a modest amount of additional housing demand into the current Spring housing market before the rule changes that are slated to take effect by early June. Finance Minister Freeland's announcement ([here](#)) sounds like she will hold off any potential changes affecting uninsured mortgages that are under her jurisdiction until after the OSFI consultations on the proposed uninsured changes.

As argued [here](#), however, it's not just a rate argument behind housing strength—although promising indebted Canadian households that rates wouldn't go up for years probably played a substantial role in a policy over reach by the BoC. Strong job growth, stockpiled savings and less spending on pandemic-stricken activities could well be behind strength in demand for mortgages and homes. In a longer run sense, it might even be that one of the reasons why Canada has had among the strongest cumulative house price gains over a long period of time (chart 10) owes itself to a better managed system that didn't blow up during the Global Financial Crisis and is premised upon a sounder housing finance framework.

HONOURABLE MENTIONS

There will be several other gems on the global calendar over the coming week including a mixture of top shelf macro indicators and limited central bank guidance.

i) Central banks

Central banks are unlikely to figure prominently until the week after next when we'll have a keen eye on Bank of Canada decisions. In the meantime, Fed Chair Powell will make two appearances, one on Sunday night on the tv program '60 minutes' which will probably be similar in nature to his past appearance on that show during which he spoke to a general audience. He speaks again on Wednesday in a virtual interview with the Economic Club of Washington (12pmET). Vice Chair Clarida also speaks a little later on Wednesday about the Fed's new framework.

Neither the RBNZ in its first policy decision since February 23rd (Tuesday night ET) nor the Bank of Korea (Thursday) is expected to alter policy.

ii) China's economy

A treasure trove of Chinese macro reports will spice up the week. Q1 GDP (Thursday night ET) is expected to strongly accelerate in year-over-year terms but mainly because the figure will compare to the 9.7% q/q non-annualized contraction during the first quarter of last year when the pandemic's effects struck with full force. Pay more heed to the quarter-over-quarter reading for 2021Q1 that is estimated to land around 1 ½% non-annualized. Other reports that same evening on industrial output and retail sales during March will need to control for a similar year-ago comparison distortion and ditto for trade figures toward the start of the week. China will also update aggregate financing figures for March (day tbd) in the context of persistent strength notwithstanding jawboning from officials that indicate a preference toward cooler growth.

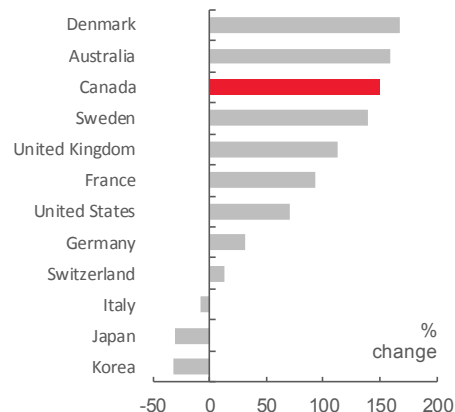
iii) Other US releases

Retail sales for March will dominate the rest of the US calendar's focus beyond inflation. I went with a 5% m/m rise based upon a 13% m/m gain in auto sales with a 19% weight, about a 10% m/m rise in gasoline prices with a 7.5% weight and a weather rebound effect for core sales excluding gas and autos.

Also watch for strength across industrial readings including an expected rebound in industrial production (Thursday) based upon a reversal of the Fed's estimated weather effect on February's 2.2% drop. The Philly Fed and Empire metrics will kickstart ISM-manufacturing tracking for April (Thursday). UofM consumer sentiment should end the week with another jobs and stimulus-fed gain.

Chart 10

Cumulative Change in Real Housing Prices (1990–Present)



Sources: Scotiabank Economics, OECD.

iv) Other global releases.

Statistics Canada will update CPI from November through February on Monday in order to account for changed consumer spending basket weights during the pandemic. The results are likely to marginally raise estimated inflation compared to official estimates before StatsCan permanently adopts the revised basket weights starting with the June CPI release. We're unlikely to get a feel for the consequences to core inflation until the June release. Canada should see weakness in February manufacturing sales (Thursday) based upon StatsCan's guidance for a 1% drop. Friday's wholesale trade figures for the same month were guided to be down by 0.4% m/m.

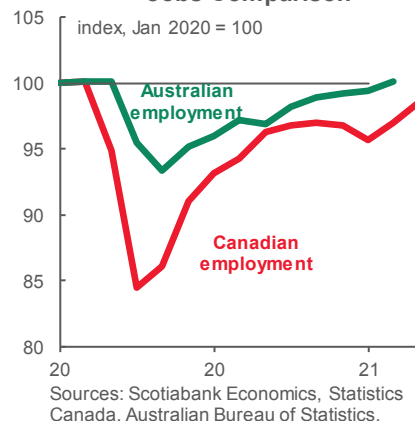
European releases will be light. UK industrial output, the services index, trade figures and monthly GDP arrive on Monday. Eurozone ZEW investor confidence (Tuesday) and Sweden's CPI update for March (Wednesday) round it out.

Australia will shoot for a sixth consecutive material job gain when March figures arrive on Wednesday night (ET). Australia has already recouped all of the jobs lost to the pandemic in an experience that has been similar to Canada's experience (chart 11). These two open economies can of course be buffeted by global shocks, but they are generally repeating the greater-than-average resilience that marked their experiences during the GFC.

India updates CPI inflation (Monday) that is likely to rise toward the 5 ½% y/y mark and hence toward the upper limit of the RBI's 2–6% target range that may be viewed as driven by transitory factors.

Chart 11

Australian & Canadian Jobs Comparison



Key Indicators for week of April 12 – 16

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	04/12	10:30	Business Outlook Future Sales	1Q	--	--	48.0
US	04/12	14:00	Treasury Budget (US\$ bn)	Mar	--	-660.0	-310.9
US	04/13	08:30	CPI (m/m)	Mar	0.5	0.5	0.4
US	04/13	08:30	CPI (y/y)	Mar	2.4	2.5	1.7
US	04/13	08:30	CPI (index)	Mar	--	264.7	263.0
US	04/13	08:30	CPI ex. Food & Energy (m/m)	Mar	0.3	0.2	0.1
US	04/13	08:30	CPI ex. Food & Energy (y/y)	Mar	1.6	1.5	1.3
US	04/14	07:00	MBA Mortgage Applications (w/w)	Apr 9	--	--	-5.1
US	04/14	08:30	Export Prices (m/m)	Mar	--	0.9	1.6
US	04/14	08:30	Import Prices (m/m)	Mar	--	1.0	1.3
CA	04/15	08:30	Manufacturing Shipments (m/m)	Feb	-1.2	--	3.1
US	04/15	08:30	Empire State Manufacturing Index	Apr	--	18.8	17.4
US	04/15	08:30	Initial Jobless Claims (000s)	Apr 10	700	700	744
US	04/15	08:30	Continuing Claims (000s)	Apr 3	3,740	3,700	3,734
US	04/15	08:30	Philadelphia Fed Index	Apr	--	40.0	51.8
US	04/15	08:30	Retail Sales (m/m)	Mar	5.0	5.4	-3.0
US	04/15	08:30	Retail Sales ex. Autos (m/m)	Mar	3.5	4.8	-2.7
CA	04/15	09:00	Existing Home Sales (m/m)	Mar	--	--	6.6
US	04/15	09:15	Capacity Utilization (%)	Mar	75.6	75.6	73.8
US	04/15	09:15	Industrial Production (m/m)	Mar	2.1	2.6	-2.2
US	04/15	10:00	Business Inventories (m/m)	Feb	--	0.5	0.3
US	04/15	10:00	NAHB Housing Market Index	Apr	--	84.0	82.0
US	04/15	16:00	Total Net TIC Flows (US\$ bn)	Feb	--	--	106.3
US	04/15	16:00	Net Long-term TIC Flows (US\$ bn)	Feb	--	--	90.8
CA	04/16	08:15	Housing Starts (000s a.r.)	Mar	250	--	245.9
CA	04/16	08:30	International Securities Transactions (C\$ bn)	Feb	--	--	1.3
CA	04/16	08:30	Wholesale Trade (m/m)	Feb	-0.4	--	4.0
US	04/16	08:30	Building Permits (000s a.r.)	Mar	--	1,750	1,720
US	04/16	08:30	Housing Starts (000s a.r.)	Mar	1592	1,606	1,421
US	04/16	08:30	Housing Starts (m/m)	Mar	12.0	13.0	-10.3
US	04/16	10:00	U. of Michigan Consumer Sentiment	Apr P	88.5	89.0	84.9

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
UK	04/12	02:00	Index of Services (m/m)	Feb	0.7	-3.5
UK	04/12	02:00	Industrial Production (m/m)	Feb	0.5	-1.5
UK	04/12	02:00	Manufacturing Production (m/m)	Feb	0.5	-2.3
UK	04/12	02:00	Visible Trade Balance (£ mn)	Feb	-10,500	-9,826
EC	04/12	05:00	Retail Trade (m/m)	Feb	1.5	-5.9
IT	04/13	04:00	Industrial Production (m/m)	Feb	0.7	1.0
EC	04/13	05:00	ZEW Survey (Economic Sentiment)	Apr	--	74.0
GE	04/13	05:00	ZEW Survey (Current Situation)	Apr	-54.5	-61.0
GE	04/13	05:00	ZEW Survey (Economic Sentiment)	Apr	78.9	76.6
SP	04/14	03:00	CPI (m/m)	Mar F	1.0	1.0
SP	04/14	03:00	CPI (y/y)	Mar F	1.3	1.3
SP	04/14	03:00	CPI - EU Harmonized (m/m)	Mar F	1.9	1.9
SP	04/14	03:00	CPI - EU Harmonized (y/y)	Mar F	1.2	1.2
EC	04/14	05:00	Industrial Production (m/m)	Feb	-1.1	0.8
EC	04/14	05:00	Industrial Production (y/y)	Feb	-1.0	0.1
GE	04/15	02:00	CPI (m/m)	Mar F	0.5	0.5
GE	04/15	02:00	CPI (y/y)	Mar F	1.7	1.7
GE	04/15	02:00	CPI - EU Harmonized (m/m)	Mar F	0.5	0.5
GE	04/15	02:00	CPI - EU Harmonized (y/y)	Mar F	2.0	2.0
FR	04/15	02:45	CPI (m/m)	Mar F	0.6	0.6
FR	04/15	02:45	CPI (y/y)	Mar F	1.1	0.0
FR	04/15	02:45	CPI - EU Harmonized (m/m)	Mar F	0.7	0.7
FR	04/15	02:45	CPI - EU Harmonized (y/y)	Mar F	1.4	1.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for week of April 12 – 16

EUROPE (continued from previous page)

Country	Date	Time	Indicator	Period	Consensus	Latest
IT	04/15	04:00	CPI - EU Harmonized (y/y)	Mar F	0.6	0.6
TU	04/15	07:00	Benchmark Repo Rate (%)	Apr 15	19.00	19.00
EC	04/16	05:00	CPI (m/m)	Mar F	0.9	0.9
EC	04/16	05:00	CPI (y/y)	Mar F	1.3	1.3
EC	04/16	05:00	Euro zone Core CPI Estimate (y/y)	Mar F	0.9	0.9
EC	04/16	05:00	Trade Balance (€ mn)	Feb	--	6,279

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	04/11	19:50	Bank Lending (y/y)	Mar	--	--	6.2
JN	04/12	02:00	Machine Tool Orders (y/y)	Mar P	--	--	36.7
IN	04/12	08:00	CPI (y/y)	Mar	5.4	5.4	5.0
IN	04/12	08:00	Industrial Production (y/y)	Feb	--	-3.0	-1.6
JN	04/12	19:50	Japan Money Stock M2 (y/y)	Mar	--	9.7	9.6
JN	04/12	19:50	Japan Money Stock M3 (y/y)	Mar	--	8.1	8.0
SK	04/13	19:00	Unemployment Rate (%)	Mar	--	4.0	4.0
JN	04/13	19:50	Machine Orders (m/m)	Feb	--	2.8	-4.5
NZ	04/13	22:00	RBNZ Official Cash Rate (%)	Apr 14	0.25	0.25	0.25
CH	04/13	21:00	Exports (y/y)	Mar	--	38.0	154.9
CH	04/13	21:00	Imports (y/y)	Mar	--	24.6	17.3
CH	04/13	21:00	Trade Balance (USD bn)	Mar	--	51.2	37.9
IN	04/14	02:30	Monthly Wholesale Prices (y/y)	Mar	--	6.2	4.2
AU	04/14	21:30	Employment (000s)	Mar	--	35.0	88.7
AU	04/14	21:30	Unemployment Rate (%)	Mar	5.7	5.7	5.8
ID	04/15	00:00	Exports (y/y)	Mar	--	12.0	8.6
ID	04/15	00:00	Imports (y/y)	Mar	--	6.3	14.9
ID	04/15	00:00	Trade Balance (US\$ mn)	Mar	--	1,500	2,001
IN	04/15	07:30	Exports (y/y)	Mar	--	--	0.7
IN	04/15	07:30	Imports (y/y)	Mar	--	--	7.0
NZ	04/15	18:30	Business NZ PMI	Mar	--	--	53.4
SI	04/15	20:30	Exports (y/y)	Mar	--	2.1	4.2
CH	04/15	22:00	Fixed Asset Investment YTD (y/y)	Mar	25.0	27.0	35.0
CH	04/15	22:00	Industrial Production (y/y)	Mar	--	18.0	7.3
CH	04/15	22:00	Real GDP (y/y)	1Q	15.0	18.3	6.5
CH	04/15	22:00	Retail Sales (y/y)	Mar	27.0	28.0	4.6
PH	04/15	22:00	Overseas Remittances (y/y)	Feb	--	1.7	-1.7
SK	04/15		BoK Base Rate (%)	Apr 15	0.50	0.50	0.50

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	04/13	08:00	Retail Sales (m/m)	Feb	--	0.5	-0.2
BZ	04/13	08:00	Retail Sales (y/y)	Feb	--	-2.0	-0.3
CO	04/15	11:00	Retail Sales (y/y)	Feb	--	--	-6.4
PE	04/15	11:00	Unemployment Rate (%)	Mar	--	--	14.5
PE	04/15	11:00	Economic Activity Index NSA (y/y)	Feb	-7.3	--	-1.0

Global Auctions for week April 12 – 16**NORTH AMERICA**

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	04/12	13:00	U.S. To Sell 3-Year Notes
US	04/12	13:00	U.S. To Sell 10-Year Notes Reopening
US	04/13	13:00	U.S. To Sell 30-Year Bonds Reopening

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NE	04/13	04:00	Netherlands to Sell 0% 2036 Bonds
IT	04/13	05:00	Italy to Sell Bonds
UK	04/13	05:00	U.K. to Sell 1.625% 2071 Bonds
GE	04/13	05:30	Germany to Sell I/L Bonds
NO	04/14	05:00	Norway to Sell Bonds
SZ	04/14	05:15	Switzerland to Sell Bonds
GE	04/14	05:30	Germany to Sell EUR 1.5 Bln 2048 Bonds
SW	04/15	05:00	Sweden to Sell I/L Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	04/13	23:00	China Plans to Sell 2-Yr Upsize Bond
CH	04/13	23:00	China Plans to Sell 5-Yr Upsize Bond
JN	04/15	04:00	Japan Auction for Enhanced-Liquidity

LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
No Scheduled Auctions.			

Events for week of April 12 – 16

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	04/12	10:30	BoC Business Outlook Future Sales
US	04/13	12:00	Fed's Harker Discusses the Economic Outlook
US	04/14	12:00	Powell Speaks to the Economic Club of Washington
US	04/14	14:00	U.S. Federal Reserve Releases Beige Book
US	04/14	15:00	Fed's Clarida Discusses Policy Framework
US	04/15	11:30	Fed's Bostic to Discuss Economic Inequality
US	04/15	16:00	Fed's Mester Discusses Economic Inclusion

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	04-06-04-11		Riksbank's Ingves and Breman Participate in IMF Meeting
SW	04/12	09:00	Riksbank's Ohlsson speech - published
UK	04/12	09:00	BOE's Tenreyro Speaks on Webinar
UK	04/14	10:30	BOE's Haskel Speaks on Webinar
EC	04/14	13:00	ECB's Schnabel Speaks in Webinar
TU	04/15	07:00	One-Week Repo Rate
UK	04/16	05:00	BOE's Cunliffe and Woods Speak on Webinar
EC	04-16-04-17		Informal Meeting of EU Finance Ministers in Lisbon

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
NZ	04/13	22:00	RBNZ Monetary Policy Review
NZ	04/13	22:00	RBNZ Official Cash Rate
JN	04/14	02:15	BOJ Kuroda Speech at the 96th Trust Companies Assembly
SK	04-14-04-15		BoK 7-Day Repo Rate
JN	04-14-04-15		BOJ Kuroda Speech at the Branch Managers Meeting

LATIN AMERICA

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

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	0.00
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

Central Bank of Turkey (CBOT): After a 200 bps hike in March sent former Governor Naci Agbal out the door, markets are conflicted about what's to come at the April 15 meeting. A weaker lira, increasing inflation, and rising US yields should prevent the Central Bank from cutting in the second quarter, maintaining its current 19.00% benchmark repo rate. The new look MPC leans dovish, but newly appointed Governor Kavcioglu said in a recent interview that he held a strict adherence to the bank's 5% inflation target, and that the bank maintains "instrument independence".

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	May 4, 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	TBA	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 New Zealand (RBNZ): The RBNZ will hold a monetary policy meeting on April 14. We expect the RBNZ to leave the Official Cash Rate unchanged at 0.25% as the economy continues its gradual recovery. Inflationary pressures remain contained in New Zealand with the CPI increasing by 1.4% y/y in Q4 (latest data available), allowing the RBNZ to maintain accommodative monetary conditions in place for the foreseeable future. **Bank of Korea (BoK):** Korean monetary policymakers will make an interest rate announcement on April 15. We do not expect any changes to the benchmark interest rate, which currently stands at 0.50%. The BoK will likely hold monetary conditions unchanged in the medium term as it continues to assess the economic recovery's strength and sustainability and as fiscal stimulus is working its way through the economy.

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	4.00	3.75
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	May 12, 2021	0.25	0.25

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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