

THE GLOBAL WEEK AHEAD

February 18, 2022

Contributors

Derek Holt

VP & Head of Capital Markets Economics
Scotiabank Economics
416.863.7707
derek.holt@scotiabank.com

*With thanks for research support from:
Marc Ercolao.*

Next Week's Risk Dashboard

- Geopolitical risk & risk appetite
- Awaiting Powell's testimony & stalled nominees
- The Manchin effect on US incomes
- PMIs: EZ, UK, US-Markit, Australia, Japan
- RBNZ expected to hike again
- PBOC to stay on hold for now
- BoK may pause and resume hikes after election
- Canadian banks' Q1 earnings season
- BC, Alberta to kick off the annual budget parade
- US to dominate an otherwise light calendar of releases

More Talk, Less Action!

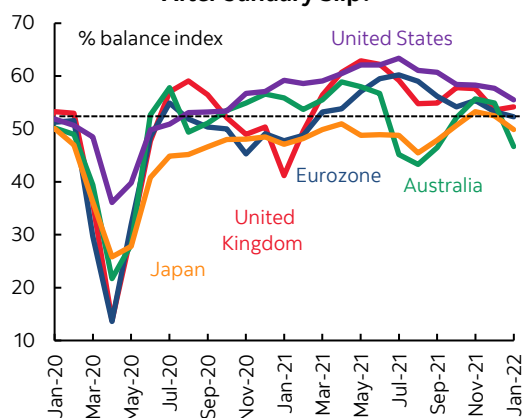
- [Geopolitical Risks and Markets](#) 2
- [Waiting For Fed Guidance](#) 2-3
- [Central Banks—RBNZ to Remain on a Hiking Path](#) 3
- [Purchasing Managers' Indices—West Versus East](#) 4
- [Alberta and B.C. Kick Off Canada's Budget Season](#) 5
- [Canadian Bank Earnings](#) 5-6
- [Other Macro—Manchin's Effects On US Parents](#) 6

FORECASTS & DATA

- [Key Indicators](#) A1-A2
- [Global Auctions Calendar](#) A3
- [Events Calendar](#) A4
- [Global Central Bank Watch](#) A5

Chart of the Week

Will PMIs Rebound in February After January Slip?



Sources: Scotiabank Economics, IHS Markit.

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

More Talk, Less Action!

GEOPOLITICAL RISKS AND MARKETS

Markets are increasingly on edge as arrows are being slung by all sides in the tensions around the border between Russia and Ukraine. This concern is likely to continue to attract super-sized attention not only because of its very real risk, but also when set against the backdrop of an otherwise relatively benign global calendar of developments that are expected over the coming week.

Cautious optimism surrounds talks this coming week between US Secretary of State Blinken and Russian Foreign Minister Lavrov as long as the conflict doesn't escalate before then. Expectations for a grand bargain in any near-term sense are set rather low, but de-escalation with a continued commitment to continue talking would be constructive to the market tone. I thought [this](#) proposal was worth a review and offers the reader some contextual background to the present tensions, but it's clearly not in the camp of possible developments that could happen overnight. Should attempts to placate Russia fail and result in a Russian invasion into Ukraine's territory then we need to dust off our understanding of how markets have behaved when geopolitical risk flares.

Our base case assumption continues to cautiously err on the side of contained and transitory consequences for financial markets and a potentially more magnified version of the effects of the 2014 invasion. A more protracted and negative outcome is clearly a risk to multiple parts of our baseline forecasts but we don't have that information to merit revisions to this point. Pending further developments, this approach seems to be consistent with the general evidence on the effects of geopolitical events upon market risk appetite.

Chart 1 provides one such depiction. It shows the Bank of England's index for survey respondents' concerns about geopolitical risk including the flare in 2014 and the still-elevated reading into the end of last year versus, say, a decade ago. This measure does not yet capture the rising tensions this time around, but vividly illustrates the sharply higher trend in the S&P500 over time.

Chart 2 offers another depiction using an alternative source for measuring geopolitical risk that is based upon tallies of newspaper articles covering geopolitical tensions since 1900 ([here](#)). The longer history, higher frequency and greater freshness reach across multiple episodes into the current one. There are also multiple other gauges available at the same site. Here too, with the exceptions being WWI and WWII, the general experience has been that geopolitical risks tend to offer fleeting influences upon market risk appetite.

The market effects of any weekend developments into the Monday market open may be further amplified by relatively less market participation with the US on holiday for Presidents Day a.k.a. Washington's Birthday. Canadian markets will also be shut for Family Day on Monday.

WAITING FOR FED GUIDANCE

Markets may have been expressing some relief after the minutes to the January FOMC meeting did not provide further hawkish guidance. The minutes were reasonably expected to possibly add further colour around debates like the size and pace of rate hikes, the Committee's appetite for front-loading hikes, the FOMC's discussion around roll-off plans including caps on the amount of securities allowed to fall off its balance sheet and perhaps end targets for metrics like reserves, the SOMA portfolio and total assets.

Instead, the minutes said absolutely nothing which is strange because the communications delivered at the January press conference moved markets. Since the minutes said nothing and folks were expecting them to possibly add hawkish colour we saw a rally in Treasuries that may have been partly derived from some not terribly well thought out view that the Fed isn't, in fact, turning more hawkish.

That may be premature. Perhaps the minutes said nothing because the conversation was stale before ripping jobs and inflation readings. Perhaps the Fed is keeping its powder dry for further communications. The pending development is when a date will be set for Chair

Chart 1

The S&P Has Strongly Shaken Off Geopolitical Risks Over Time

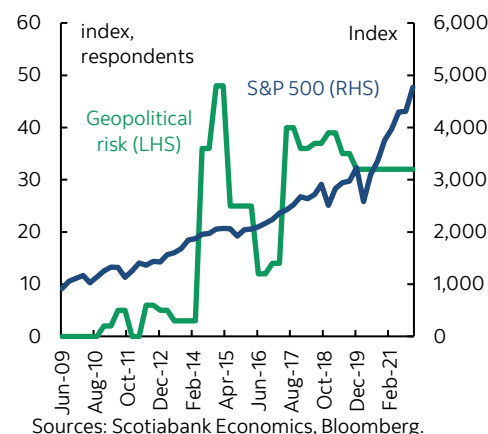
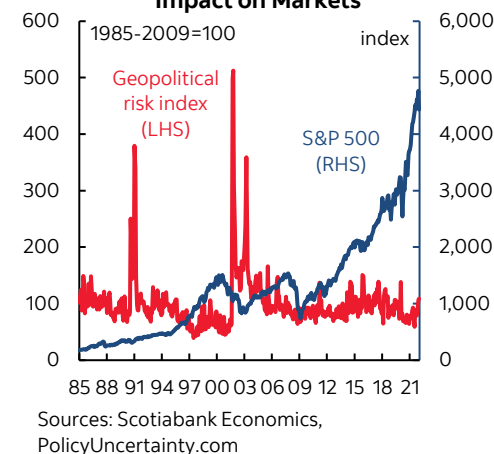


Chart 2

Geopolitical Risk Only Has Short-Lived Impact on Markets



Powell's semi-annual appearance before Congress in order to deliver the Monetary Policy Report and accompanying testimony. That's usually done in February and July each year. It has to be done before the Fed goes into communications blackout on March 5th ahead of the March 15th – 16th FOMC meeting. Since the dates have not yet been set, it's unlikely that testimony will be delivered to the Senate Banking Committee and House Financial Services Committee next week which would have required release of the report by now as per convention. It's more likely that we'll get a date set into next week for his appearances during the first week of March.

There has only been one other time that this testimony—previously called the Humphrey-Hawkins testimony as the requirement was set in the Full Employment and Balanced Growth Act of 1978—occurred in March and that was in 2011. In any event, given the Fed wishes to communicate well in advance of abrupt changes, it may be that the focus around the aforementioned points of debate needs to turn its attention to Powell's upcoming testimony. Partially or wholly priced or not, the Fed's emphasis upon communicating its intentions well in advance may require more hand-holding.

What is complicating matters is the extent to which the Senate is holding up movement on the Biden administration's nominations to fill five FOMC vacancies. Senator Pat Toomey—the Senate Banking Committee's ranking Republican—has advised that the GOP members stand ready to move on four out of the five Fed nominations but are reticent to advance the nomination of Sarah Bloom Raskin to the role of Vice Chair of Supervision because of controversy surrounding her alleged interference in favour of the interests of Reserve Trust.

CENTRAL BANKS—RBNZ TO REMAIN ON A HIKING PATH

The trio of central banks that will be making policy decisions over the coming week are very unlikely to impact global market developments. Only one them is expected to hike.

The People's Bank of China will be first out of the gates on Monday. The 1-year and 5-year Loan Prime Rates are not expected to change from 3.7% and 4.6%, respectively. The 1-year Medium-Term Lending Facility rate was left unchanged at 2.85% this past Monday which serves as a clue that the central bank is not coaxing markets and banks to add to its prior easing for now. Renewed focus upon policy easing could return after the Olympics spotlight has moved on. Inflation has fallen below 1% and is far beneath the PBOC's inflation target of 3%. An easing bias emerges from the coupling of very low inflation with moderate growth in the low 5% range that is toward the bottom end of the PBOC's estimate of the economy's non-inflationary speed limit, and downside risks to growth.

The RBNZ is expected to hike its official cash rate by another 0.25% to 1% for the third rate hike since last October (Tuesday). The central bank's measure of 2-year-ahead inflation expectations recently jumped another quarter-point higher to about 3¼% which reinforces the fact that CPI is running at almost 6% and hence far ahead of the 1–3% target range (chart 3). Wage pressures have also intensified with private sector average hourly earnings growing by 1.4% q/q SA non-annualized in Q4 in the second consecutive gain above 1% (chart 4). In its last policy decision way back on November 23rd the RBNZ guided that “the OCR would likely need to be raised above its neutral rate” and that “continued increases in the OCR are expected to support more sustainable house prices.” The Bank of Canada should perhaps take note.

The Bank of Korea then wraps it up with its policy decision on Thursday. This will be Governor Lee's last policy decision as markets await the appointment of his successor by whoever wins the next month's Presidential election. No change is expected to the 7-day repo rate of 1.25% after 75bps of rate hikes since last August that returned the policy rate to levels seen just before the pandemic but still below the 1.75% rate peak in 2019. Governor Lee had intimated that further policy tightening was likely to arise over time, but the central bank is expected to pause this time. Market measures point toward modest chance of a near-term hike (chart 5).

Chart 3

Soaring Kiwi Inflation

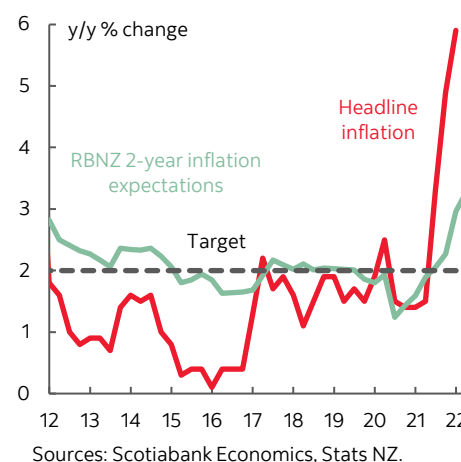


Chart 4

NZ Wage Growth

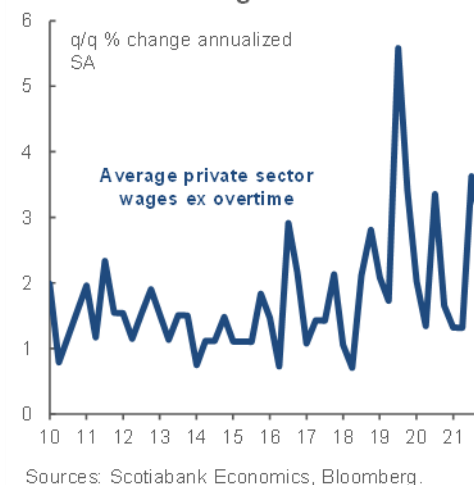
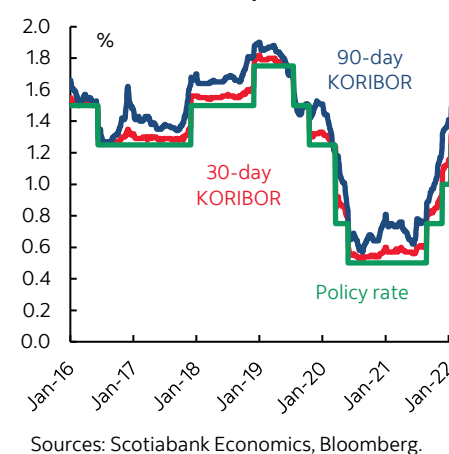


Chart 5

Bank of Korea Expected to Pause



PURCHASING MANAGERS' INDICES—WEST VERSUS EAST

The monthly PMI blitz arrives this week with most of the key ones due out on Monday when US and Canadian markets will be shut. They are watched because they serve as sentiment guides offered by folks making actual purchasing decisions that can be useful clues to GDP growth, evidence on supply chain bottlenecks and price pressures. Measures of supplier delivery times and progress toward rebuilding depleted inventories take on a relatively more elevated role nowadays to central bank watchers given some like the Bank of Canada are rather explicit in their references to watching for improvements given the connection to inflation risk.

Australia's composite purchasing managers' index slipped back into contraction during January in no small part due to omicron's effects that prompted a rise in stringency restrictions as the month unfolded, as well as the effects of China's softening. Nevertheless, the country added more jobs than expected that month. We'll be watching for pending signs of stabilization or improvement in the February PMI reading on Monday (chart 6).

Japan's Jibun composite PMI also fell back into contraction last month with the February reading due on Monday. Services accounted for the bulk of that weakness (chart 7).

Eurozone and UK PMIs arrive into the European market open on Monday. The eurozone readings have so far held up better than Asia-Pacific economies. The composite Eurozone PMI remains in soft-growth territory led by manufacturing but with a small assist from services (chart 8). The UK PMIs have performed similarly (chart 9).

Markit's PMIs for the US will be released on Tuesday when Americans return to work from the long weekend. They have generally indicated softer growth than the ISM measures that the Fed follows more closely in no small part because the ISM measures speak more directly to the US economy and hence the Fed's mandate than the international orientation of the Markit gauges (chart 10).

Chart 6

Australia Composite PMI & Quarterly Real GDP

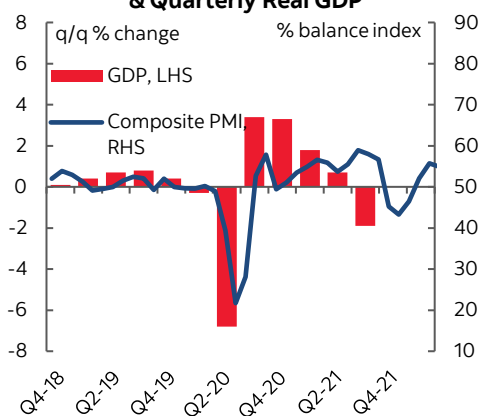


Chart 7

Japan Composite PMI & Quarterly Real GDP

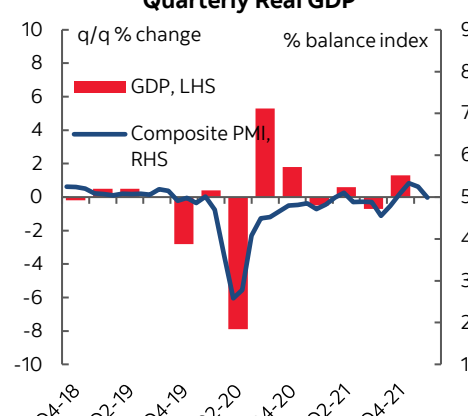
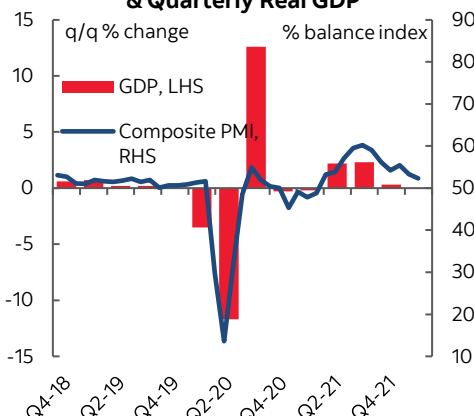


Chart 8

Euro Area Composite PMI & Quarterly Real GDP



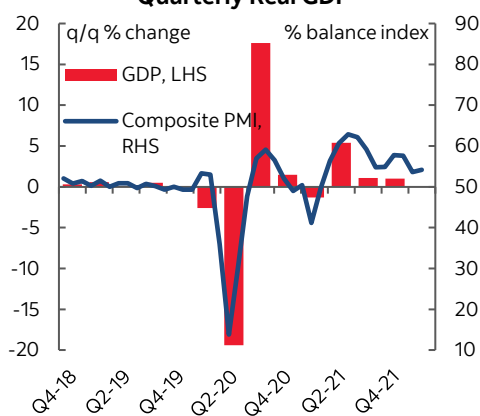
Sources: Scotiabank Economics, Markit, Bloomberg.

Sources: Scotiabank Economics, Markit, Bloomberg.

Sources: Scotiabank Economics, Markit, Bloomberg.

Chart 9

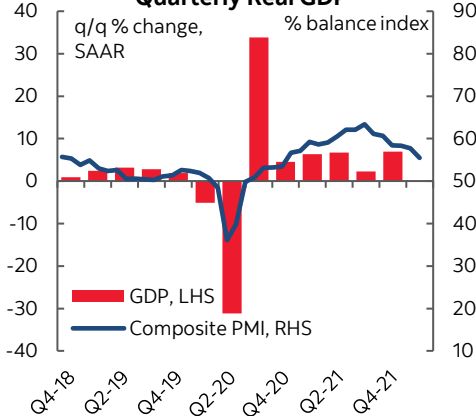
UK Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, Markit, Bloomberg.

Chart 10

US Composite PMI & Quarterly Real GDP



Sources: Scotiabank Economics, Markit, Bloomberg.

ALBERTA AND B.C. KICK OFF CANADA'S BUDGET SEASON

It's that time of the year when Budget season arrives in Canada. Between now and mid- to late-Spring we will be getting all of the Federal and provincial annual budgets that will help to inform our expectations for further fiscal stimulus and market expectations around issuance pressures. The larger provinces are among the world's biggest debt issuers and attract a wide following of hunt-for-yield seekers, particularly given the attractive spreads over Government of Canada yields that are already part of the dollar-bloc's general allure as central banks basically pay fixed income portfolio managers to borrow from them and invest anywhere they can add yield (chart 11).

Scotiabank Economist Laura Gu observes that BC is expected to table a budget on Tuesday that outlines its recovery plan and progress on consolidation. Recall that in the province's mid-year update released in November, which does not include impacts from the latest natural disaster and flooding, BC projected a narrow deficit of \$1.7 billion (-0.5% of nominal GDP) for FY22 (chart 12). The forecast incorporates a sizable fiscal buffer with \$3.25 bn in the Pandemic and Recovery Contingencies in FY22—over half of which remained unspent as of September—and another \$1.3 bn over FY23–24. Hence, the province likely has the capacity to absorb costs associated with the omicron wave and emergency response to the flooding and landslides of November 2021.

We expect strong revenue windfalls to continue to drive improvements in this year's bottom line. The latest private-sector consensus projects BC to lead the provinces' economic rebound well into 2023, with data showing the natural disaster to be more challenging on the human level than economic. We also anticipate reconstruction as an important theme of the spending plan, supported by the federal government starting with the \$5 bn initial contributions announced in the federal fiscal update. Nevertheless, robust revenue gains should support the spending initiatives and could put BC on track to consolidate much sooner than the seven to nine years time frame outlined in Budget 2021.

Alberta is next up and the rest of what follows in this section is offered by Scotia's Marc Desormeaux. Alberta's finance minister [has confirmed](#) that the province will unveil further improvements in its fiscal situation in its 2022 Budget on Thursday; the question is how big those improvements will be. WTI is averaging about 85 USD/bbl so far in 2022 and has traded above 90 USD/bbl for much of the last two weeks—in stark contrast to government forecasts in the mid-low 60s for the next two years. Crude (pun intended) calculations using Budget 2021 net fiscal impact estimates of \$230 mn per 1 USD/bbl WTI price, our latest forecasts, and WTI's forward curve suggest balanced books are within reach in the next two fiscal years—something almost unthinkable at the time of last year's fiscal plan (chart 13). We expect this year's blueprint to continue to be built on conservative oil price assumptions and include significant budgetary contingencies. This reflects still-uncertain omicron wave costs and the extent to which geopolitical risks are inflating crude values, as well as the normal political incentive to outperform projections in advance of next year's election. We also anticipate some smoothing of planned expenditure reductions—the November 2021 mid-year update pencilled in program spending declines of 9% (FY23) and 1% (FY24)—and will watch for any new long-run economic diversification initiatives.

CANADIAN BANK EARNINGS

Canada's Q1 bank earnings for the fiscal quarter ending January 31st are due out starting next week. Friday will be the main event when each of CIBC, National Bank and Canadian Western Bank release, with RBC the day before. The following week brings out my employer (BNS) on the Tuesday, BMO that same day, Laurentian on the Wednesday and TD rounding off the releases on Thursday.

Chart 11

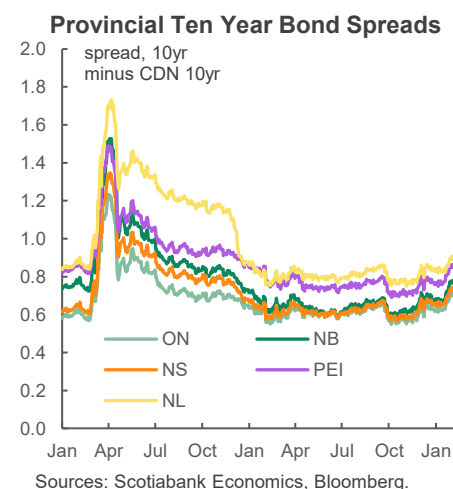


Chart 12

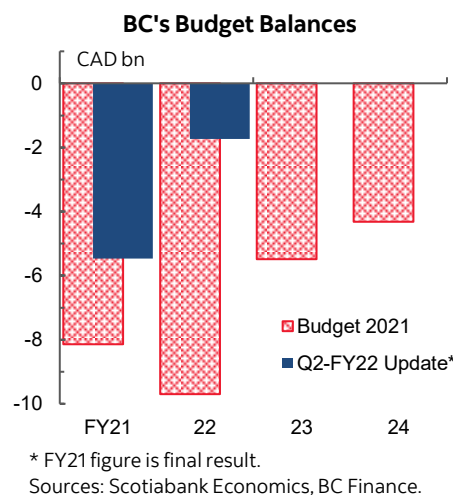


Chart 13

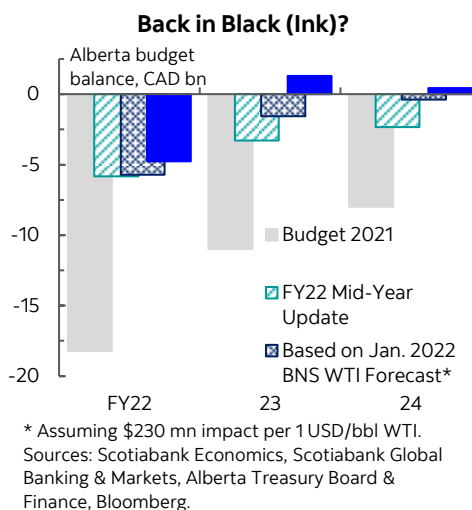


Chart 14 shows the trend in earnings per share for the banks' composite on the TSX and bolts on the analyst consensus expectations for Q1 EPS by individual bank.

OTHER MACRO—MANCHIN'S EFFECTS ON US PARENTS

Most of the other global macroeconomic indicators that are due out over the coming week will focus upon the United States.

US indicators on tap will include the following:

- Personal income (Friday):** The January reading is expected to decline by -0.8% m/m despite how strong nonfarm payrolls and wage gains were that month. That's because over US\$200 billion of child benefit payments at an annualized rate will drop out of the figures (chart 15). This will be the first casualty of the failure to pass the Build Back Better Plan that Senator Manchin's opposition has probably killed off. The enhanced child tax credit payments that were passed in the American Recovery Act last March were slated to expire at the end of December unless the BBB plan was passed.
- Personal spending (Friday):** We already know that retail sales soared by 3.8% m/m thanks to broad based gains in various categories in January and so that should lift total nominal spending by an estimated 2% m/m with a mild assist from services spending.
- PCE inflation (Friday):** The Fed's preferred gauge of consumer price inflation is expected to follow the already known CPI gauge higher with a headline rise of 0.5% m/m that could help lift the year-over-year rate to 6%. Core PCE inflation is expected to rise by the same amount (0.5% m/m) and cross 5% y/y. [These](#) folks think true US inflation may be closer to 10% if the full basket—not just a portion of it—was adjusted for quality changes over time.
- Consumer confidence:** The February measure arrives on Tuesday. It hasn't budged much during the omicron phase given strong job markets and behavioural changes. Most expect a modest deterioration, but it could just as easily surprise higher.
- Q4 GDP-revision:** No material change is expected to the initial 6.9% q/q annualized growth rate on this second pass at the figures.
- Housing:** Watch a pair of demand measures given the speed with which the 30 year mortgage rate has climbed. New home sales (Thursday) and pending home sales (Friday) will be updated with January figures and turn faster than, say, completed resale transactions but it still might be too soon to expect a material impact from bond market developments in the new year.

European markets will face a few updates other than PMIs. The second swing at Eurozone inflation readings typically reveals more granular information on core prices along with potential revisions. German sentiment gauges will include the IFO business confidence measure (Tuesday) and GfK consumer confidence (Wednesday). German retail sales arrive either this coming week or the following week.

Latin American markets face light domestic risk via Brazil's mid-month inflation reading for February (Wednesday), Peru's Q4 GDP growth estimate that same day and Mexico's bi-weekly CPI reading on Thursday.

Australia will update Q4 wage growth on Tuesday which will further inform prospects for sustainably achieving the RBA's 2–3% inflation target range.

Thailand's economy is expected to rebound when Q4 GDP arrives at the start of the week. The economy had contracted by 1.1% q/q at a non-annualized rate in Q3 and is expected to roughly flip the sign on that figure. Tokyo CPI for February (Thursday) and Malaysia's January CPI inflation reading (Wednesday) will round out the releases.

Chart 14

Canadian Bank Earnings

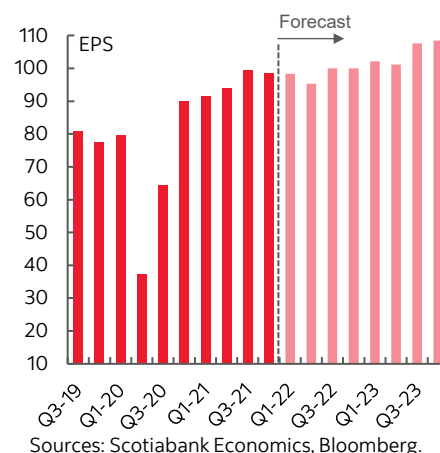
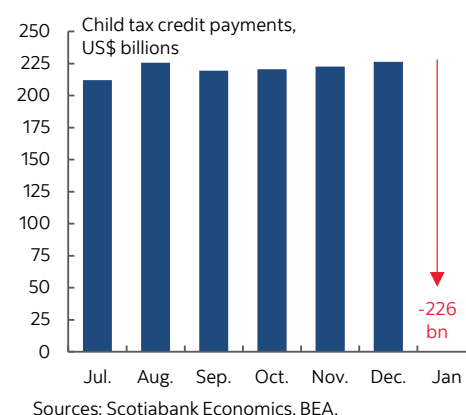


Chart 15

The Manchin Effect on US Incomes



Key Indicators for the week of February 21 – 25
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	02/22	09:00	S&P/Case-Shiller Home Price Index (m/m)	Dec	1.0	1.1	1.2
US	02/22	09:00	S&P/Case-Shiller Home Price Index (y/y)	Dec	18.4	18.3	18.3
US	02/22	10:00	Consumer Confidence Index	Feb	111	110.0	113.8
US	02/22	10:00	Richmond Fed Manufacturing Index	Feb	--	10.0	8.0
US	02/23	07:00	MBA Mortgage Applications (w/w)	Feb 18	--	--	-5.4
MX	02/24	07:00	Bi-Weekly Core CPI (% change)	Feb 15	--	--	0.4
MX	02/24	07:00	Bi-Weekly CPI (% change)	Feb 15	--	--	0.4
MX	02/24	07:00	Retail Sales (INEGI) (y/y)	Dec	--	--	5.4
US	02/24	08:30	GDP (q/q a.r.)	4Q S	6.9	7.0	6.9
US	02/24	08:30	GDP Deflator (q/q a.r.)	4Q S	--	6.9	6.9
US	02/24	08:30	Initial Jobless Claims (000s)	Feb 19	235	238	248
US	02/24	08:30	Continuing Claims (000s)	Feb 12	1,580	--	1,593
US	02/24	10:00	New Home Sales (000s a.r.)	Jan	810	808.5	811.0
MX	02/25	07:00	GDP (q/q)	4Q F	--	--	-0.1
MX	02/25	07:00	GDP (y/y)	4Q F	--	--	1.0
MX	02/25	07:00	Global Economic Indicator IGAE (y/y)	Dec	--	--	1.7
MX	02/25	07:00	Trade Balance (US\$ mn)	Jan	--	--	590.4
US	02/25	08:30	Durable Goods Orders (m/m)	Jan P	1.2	0.6	-0.7
US	02/25	08:30	Durable Goods Orders ex. Trans. (m/m)	Jan P	0.3	0.3	0.6
US	02/25	08:30	PCE Deflator (m/m)	Jan	0.5	0.6	0.4
US	02/25	08:30	PCE Deflator (y/y)	Jan	6.0	6.0	5.8
US	02/25	08:30	PCE ex. Food & Energy (m/m)	Jan	0.5	0.5	0.5
US	02/25	08:30	PCE ex. Food & Energy (y/y)	Jan	5.1	5.2	4.9
US	02/25	08:30	Personal Spending (m/m)	Jan	2.0	1.5	-0.6
US	02/25	08:30	Personal Income (m/m)	Jan	-0.8	-0.3	0.3
US	02/25	10:00	Pending Home Sales (m/m)	Jan	--	--	-3.8
US	02/25	10:00	U. of Michigan Consumer Sentiment	Feb F	--	61.7	61.7

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
GE	02/21	02:00	Producer Prices (m/m)	Jan	1.4	5.0
FR	02/21	03:15	Manufacturing PMI	Feb P	55.6	55.5
FR	02/21	03:15	Services PMI	Feb P	53.8	53.1
GE	02/21	03:30	Manufacturing PMI	Feb P	59.6	59.8
GE	02/21	03:30	Services PMI	Feb P	53.5	52.2
EC	02/21	04:00	Composite PMI	Feb P	52.7	52.3
EC	02/21	04:00	Manufacturing PMI	Feb P	58.6	58.7
EC	02/21	04:00	Services PMI	Feb P	52.0	51.1
UK	02/21	04:30	Manufacturing PMI	Feb P	57.0	57.3
UK	02/21	04:30	Services PMI	Feb P	55.8	54.1
UK	02/22	02:00	PSNB ex. Interventions (£ bn)	Jan	-2.2	16.8
UK	02/22	02:00	Public Finances (PSNCR) (£ bn)	Jan	--	18.1
UK	02/22	02:00	Public Sector Net Borrowing (£ bn)	Jan	-3.2	16.1
GE	02/22	04:00	IFO Business Climate Survey	Feb	96.5	95.7
GE	02/22	04:00	IFO Current Assessment Survey	Feb	96.5	96.1
GE	02/22	04:00	IFO Expectations Survey	Feb	96.5	95.2
IT	02/22	04:00	CPI - EU Harmonized (y/y)	Jan F	5.3	5.3
GE	02/23	02:00	GfK Consumer Confidence Survey	Mar	-6.3	-6.7
EC	02/23	05:00	CPI (m/m)	Jan F	0.3	0.3
EC	02/23	05:00	CPI (y/y)	Jan F	5.1	5.1
EC	02/23	05:00	Euro zone Core CPI Estimate (y/y)	Jan F	2.3	0.0
UK	02/24	19:01	GfK Consumer Confidence Survey	Feb	-17.0	-19.0
GE	02/25	02:00	Real GDP (q/q)	4Q F	-0.7	-0.7
FR	02/25	02:45	Consumer Spending (m/m)	Jan	--	0.2
FR	02/25	02:45	GDP (q/q)	4Q F	0.7	0.7
FR	02/25	02:45	Producer Prices (m/m)	Jan	--	1.0
EC	02/25	05:00	Economic Confidence	Feb	113.0	112.7
EC	02/25	05:00	Industrial Confidence	Feb	14.0	13.9

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Key Indicators for the week of February 21 – 25

ASIA-PACIFIC

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
JN	02/20	19:30	Markit/JMMA Manufacturing PMI	Feb P	--	--	55.4
CH	02/20	20:15	PBoC Loan Prime Rate 1-Year (%)	Feb 21	3.70	3.70	3.70
TH	02/20	21:30	GDP (y/y)	4Q	0.4	0.7	-0.3
TH	02/20	21:30	Annual GDP (y/y)	2021	1.2	1.2	-6.1
JN	02/21	01:00	Machine Tool Orders (y/y)	Jan F	--	--	61.4
TA	02/21	03:00	Export Orders (y/y)	Jan	--	13.4	12.1
HK	02/21	03:30	Unemployment Rate (%)	Jan	--	4.1	3.9
SK	02/21	16:00	Consumer Confidence Index	Feb	--	--	104.4
SK	02/21	19:00	Department Store Sales (y/y)	Jan	--	--	36.5
HK	02/22	03:30	CPI (y/y)	Jan	1.4	1.6	2.4
SK	02/22	16:00	Business Survey- Manufacturing	Mar	--	--	90.0
SK	02/22	16:00	Business Survey- Non-Manufacturing	Mar	--	--	82.0
AU	02/22	19:30	Wage Cost Index (q/q)	4Q	--	0.7	0.6
HK	02/22	20:00	Annual GDP	2021	6.4	6.4	6.4
HK	02/22	20:00	Real GDP (y/y)	4Q F	4.8	4.8	4.8
NZ	02/22	20:00	RBNZ Official Cash Rate (%)	Feb 23	1.00	1.00	0.75
TH	02/22	22:30	Customs Exports (y/y)	Jan	--	18.0	24.1
TH	02/22	22:30	Customs Imports (y/y)	Jan	--	23.1	32.2
TH	02/22	22:30	Customs Trade Balance (US\$ mn)	Jan	--	-1098.0	-354.2
SI	02/23	00:00	CPI (y/y)	Jan	4.3	4.2	4.0
TA	02/23	03:00	Industrial Production (y/y)	Jan	--	9.2	11.4
TA	02/23	03:20	Current Account Balance (US\$ mn)	4Q	--	--	26,098
SK	02/23	16:00	PPI (y/y)	Jan	--	--	9.0
NZ	02/23	16:45	Trade Balance (NZD mn)	Jan	--	--	-476.6
AU	02/23	19:30	Private Capital Expenditure	4Q	--	2.5	-2.2
MA	02/23	23:00	CPI (y/y)	Jan	2.6	2.5	3.2
JN	02/24	00:30	Nationwide Department Store Sales (y/y)	Jan	--	--	8.8
TA	02/24	03:00	Real GDP (y/y)	4Q P	4.9	4.9	4.9
TA	02/24	03:00	Unemployment Rate (%)	Jan	--	3.7	3.7
HK	02/24	03:30	Exports (y/y)	Jan	--	19.9	24.8
HK	02/24	03:30	Imports (y/y)	Jan	--	11.0	19.3
HK	02/24	03:30	Trade Balance (HKD bn)	Jan	--	10.7	-32.8
NZ	02/24	16:45	Retail Sales Ex Inflation (q/q)	4Q	--	6.1	-8.1
JN	02/24	18:30	Tokyo CPI (y/y)	Feb	--	0.7	0.6
VN	02/24	21:00	CPI (y/y)	Feb	--	--	1.9
VN	02/24	21:00	Industrial Production (y/y)	Feb	--	--	2.4
SK	02/24		BoK Base Rate (%)	Feb 24	1.25	1.25	1.25
JN	02/25	00:00	Coincident Index CI	Dec F	--	--	92.6
JN	02/25	00:00	Leading Index CI	Dec F	--	--	102.2
SI	02/25	00:00	Industrial Production (y/y)	Jan	--	9.4	15.6

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
BZ	02/23	07:00	IBGE Inflation IPCA-15 (m/m)	Feb	--	--	0.6
BZ	02/23	07:00	IBGE Inflation IPCA-15 (y/y)	Feb	--	--	10.2
BZ	02/23	07:30	Current Account (US\$ mn)	Jan	--	--	-5,891
PE	02/23	09:00	GDP (y/y)	4Q	3.2	--	11.4

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

Global Auctions for the week of February 21 – 25

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/22	13:00	U.S. To Sell 2-Year Notes
US	02/23	13:00	U.S. To Sell 5-Year Notes
CA	02/24	12:00	Canada to sell 30 Year Bonds
US	02/24	13:00	U.S. To Sell 7-Year Notes

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	02/23	04:00	Sweden to Sell Bonds
IT	02/23	05:00	Italy to Sell Bonds
GE	02/23	05:30	Germany to Sell EU1.5 Bln of 2036 Bonds
IT	02/25	05:00	Italy to Sell Bonds

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	02/20	22:30	Beijing to Sell Bonds
CH	02/21	03:00	Fujian to Sell Bonds
CH	02/21	20:30	Anhui to Sell Bonds
CH	02/22	22:00	China Plans to Sell CNY 3-Yrs Bond
CH	02/22	22:00	China Plans to Sell CNY 7-Yrs Upsize Bond
JN	02/24	22:35	Japan to Sell 2-Year Bonds

LATIN AMERICA

No Scheduled Auctions.

Events for the week of February 21 – 25

NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	02/22	15:30	Fed's Bostic Takes Part in Moderated Q&A
US	02/24	11:10	Fed's Bostic Discusses Banking in a Digital Era
US	02/24	12:00	Fed's Mester Speaks on Economic and Policy Outlook

EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
SW	02/21	03:30	Riksbank Publishes Minutes From Feb. 9 Meeting
SW	02/21	08:30	Riksbank's Floden speech
UK	02/22	05:45	BOE's Ramsden speaks
UK	02/23	12:00	BOE's Tenreyro speaks.
UK	02/24	11:00	BOE's Broadbent moderates panel.
UK	02/24	13:00	BOE's Pill speaks.

ASIA-PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	02/20	20:15	1-Year Loan Prime Rate
CH	02/20	20:15	5-Year Loan Prime Rate
NZ	02/22	20:00	RBNZ Monetary Policy Statement
NZ	02/22	20:00	RBNZ Official Cash Rate
SK	02/24		BoK 7-Day Repo Rate

LATIN AMERICA

No Scheduled Events.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	0.25	March 2, 2022	0.50	0.50
Federal Reserve – Federal Funds Target Rate	0.25	March 16, 2022	0.50	0.50
Banco de México – Overnight Rate	6.00	March 24, 2022	6.25	6.25

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	0.00	March 10, 2022	0.00	0.00
European Central Bank – Marginal Lending Facility Rate	0.25	March 10, 2022	0.25	0.25
European Central Bank – Deposit Facility Rate	-0.50	March 10, 2022	-0.50	-0.50
Bank of England – Bank Rate	0.50	March 17, 2022	0.75	0.75
Swiss National Bank – Libor Target Rate	-0.75	March 24, 2022	-0.75	-0.75
Central Bank of Russia – One-Week Auction Rate	9.50	March 18, 2022	10.25	10.25
Sweden Riksbank – Repo Rate	0.00	April 28, 2022	0.00	0.00
Norges Bank – Deposit Rate	0.50	March 24, 2022	0.75	0.75
Central Bank of Turkey – Benchmark Repo Rate	14.00	March 17, 2022	14.00	14.00

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	March 18, 2022	-0.10	0.00
Reserve Bank of Australia – Cash Target Rate	0.10	February 28, 2022	0.10	0.10
Reserve Bank of New Zealand – Cash Rate	0.75	February 22, 2022	1.00	1.00
People's Bank of China – 1-Year Loan Prime Rate	3.70	February 20, 2022	3.70	3.70
Reserve Bank of India – Repo Rate	4.00	April 8, 2022	4.00	4.00
Bank of Korea – Bank Rate	1.25	February 24, 2022	1.25	1.25
Bank of Thailand – Repo Rate	0.50	March 30, 2022	0.50	0.50
Bank Negara Malaysia – Overnight Policy Rate	1.75	March 3, 2022	1.75	1.75
Bank Indonesia – 7-Day Reverse Repo Rate	3.50	March 17, 2022	3.50	3.50
Central Bank of Philippines – Overnight Borrowing Rate	2.00	March 24, 2022	2.00	2.00

People's Bank of China (PBoC): The PBoC's loan prime rate fixings will be announced on February 21, and we do not expect any changes this time. Nevertheless, with economic activity being rather sluggish and inflation easing to 0.9% y/y in January, we assess that further monetary easing is in sight over the remainder of H1 2022, in the form of interest rate and reserve ratio requirement cuts. **Reserve Bank of New Zealand (RBNZ):** The RBNZ will be making a monetary policy decision on February 23. We forecast the policy rate to be raised by 25 bps to 1.00%. The most recent rate hike took place following the previous policy meeting in November. A tight labour market and fast-rising consumer prices support the RBNZ's policy tightening. New Zealand's headline CPI rose 5.9% y/y in Q4 2021, exceeding the central bank's target range of 1%-3%. **Bank of Korea (BoK):** The Bank of Korea will be making a monetary policy decision on February 24. We expect the benchmark interest rate to remain at 1.25% following the 25 bps hike in January. However, with January's CPI inflation rising to 3.6% y/y—above the BoK's target rate of 2%—we forecast the BoK to resume with rate hikes in the subsequent months.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	10.75	March 16, 2022	11.50	11.50
Banco Central de Chile – Overnight Rate	5.50	March 29, 2022	7.00	6.00
Banco de la República de Colombia – Lending Rate	4.00	March 31, 2022	4.50	4.50
Banco Central de Reserva del Perú – Reference Rate	3.50	March 10, 2022	4.00	4.00

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	4.00	March 24, 2022	4.00	4.00

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.