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*With thanks for research support from:  
 Jaykumar Parmar.*

#### Next Week's Risk Dashboard

- AI may pose nearer term inflation risk
- Supply chains remain pressured across multiple sectors
- BoE: Frontload more and do less later?
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- The BoC's not-minutes minutes
- The PBoC's aftereffects
- Estimating Banxico's holding period
- Chile's central bank nearing policy easing?
- Brazil's central bank slowly pivoting
- Could Norges Bank upsize again?
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- Philippines CB on a 'prudent pause'
- CPI: Japan, UK
- PMIs: EZ, US, UK, Australia, Japan
- Global macro: UK, Canadian retail sales, US housing
- US markets shut on Monday for Juneteenth

#### Supply Chain Fairy Tales

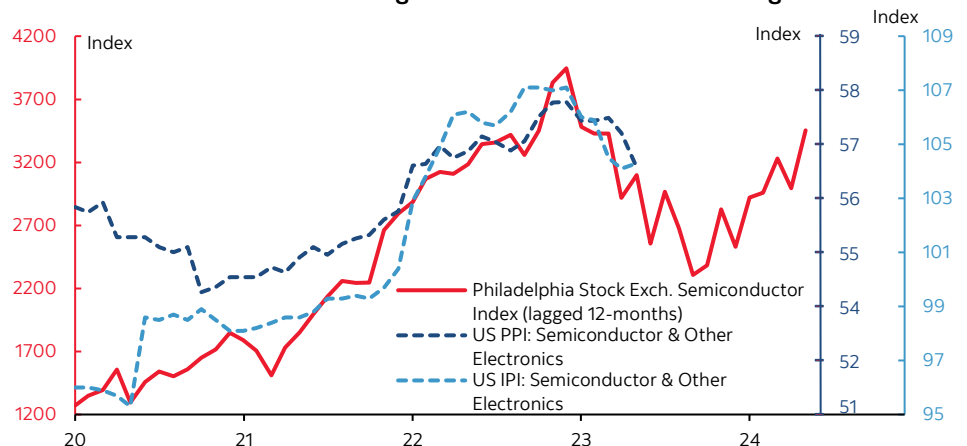
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#### Chart of the Week

Is Another Wave of Higher Semiconductor Prices Coming?



Sources: Scotiabank Economics, Bloomberg.

Chart of the Week: Prepared by: Jaykumar Parmar, Economic Analyst.

## Supply Chain Fairy Tales

Is it happening all over again? For that matter, did it ever really end? Are supply chains faced with another round of deteriorating conditions, or have they even posted as much improvement as one might think? Part of the outlook for inflation depends upon the answers and so does the outlook for yet another wave of global central bank decisions that will be upon us over the coming week.

For starters, the narrative around semiconductors may be rapidly changing as the drivers shift from pandemic shortfalls to AI-induced shortages that are also driving positive wealth effects across equity markets. Enter chart 1.

The Philadelphia Semiconductor index (SOX) is a capitalization-weighted market measure derived from share prices of firms aligned with the semiconductor business. The SOX gauge is up by 70% since the low in October and about 25% over just the past month or so. There has recently been about a one-year lag between movements in this market index and movements in more direct measures of semiconductor prices in the US producer price index and the US import price index. That relationship was more mixed historically as pre-pandemic changes in SOX were correlated with import prices of semiconductors but not with persistent declines in the PPI semiconductors gauge. That mixed pre-pandemic period could have been because the USD was generally strengthening over the second half of last decade.

It's possible—not assured—that the surge in demand for semiconductors that is significantly related to AI is priced into equities before either the prices for semiconductors themselves fully adjust and/or before supply shortages creep back into the picture. It's also possible that SOX is simply getting frothy. But even if the truth lies in between, the recent downdraft in the PPI and import price gauges for semiconductor prices could be temporary and could give way to higher prices should this market sentiment be followed by renewed supply shortages.

If that happens, then the warning here is to brace for potential rolling announcements about production disruptions across sectors that are already dealing with supply challenges. In short, AI could be replacing the pandemic as the source of supply disruptions given how omnipresent semiconductors are across so many of today's products and computing services. At least in the short-term, this narrative could turn on its ear the notion that AI offers disinflationary effects. In last week's Global Week Ahead I expressed healthy skepticism toward the longer-term effects while leaving the door open to the disinflationary possibility, but the shorter-term pressures within the realm of central bank policy horizons may be very different.

Charts 2–8 offer other perspectives on supply chains.

- Supply chains are not improving in housing, they're going the other way as evidenced by tight inventory and sales-to-listings in several countries.

Chart 1

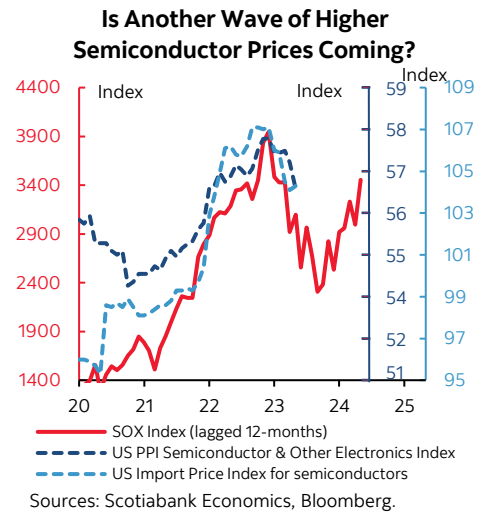


Chart 2



Chart 3

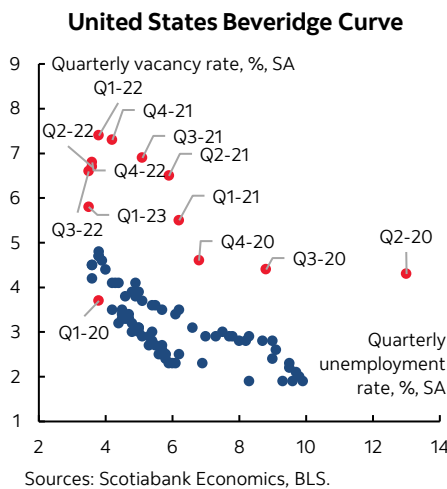
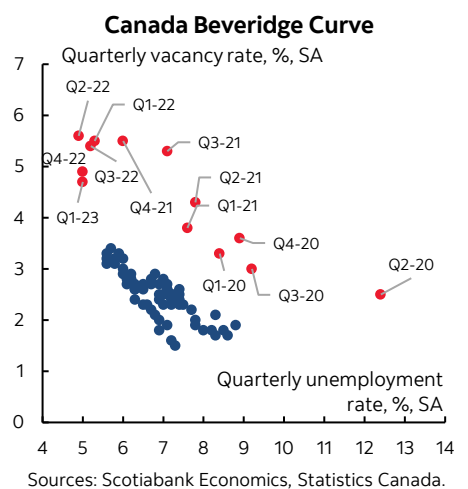


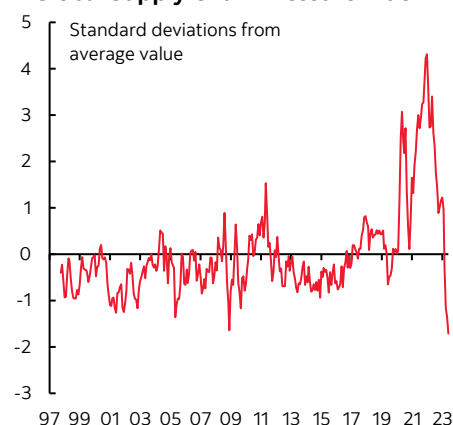
Chart 4



- Supply chains are not materially improving in terms of labour scarcity. The Beveridge Curves across major countries continue to point to simultaneously high job vacancies and low unemployment rates.
- Supply chains are not improving in autos, such as seen in record low US vehicle inventories.
- Supply chains are not improving across airplanes, whether we're talking manufacturing or airlines. Boeing, for instance, has a 10+ year order backlog. Pilots' wages are going sharply higher across several N.A. airlines. China is scrambling to hire pilots and seeking more openings in foreign flight training schools.
- Other indicators are mixed, such as ongoing improvements in Ocean transit times ([here](#)), or the improved Baltic Dry index of shipping costs, or the New York Federal Reserve's measure of global supply chain pressures. Others are not really improving or not enough, like the Class 8 heavy truck order backlog that remains high in N.A. indicating high demand for heavy equipment, or the order backlog for Japanese machine tools.

Chart 5

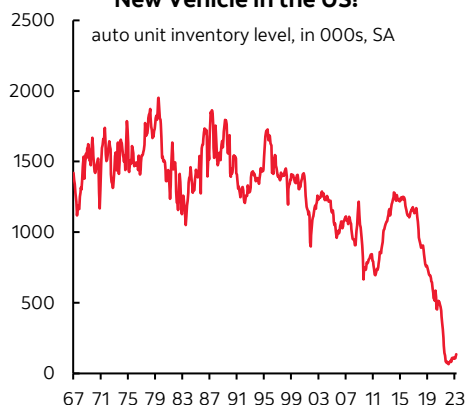
Global Supply Chain Pressure Index



Sources: Scotiabank Economics, Bloomberg.

Chart 6

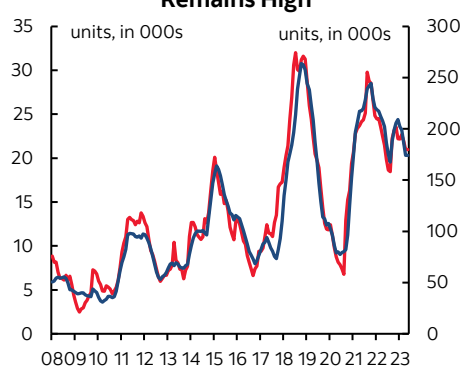
Good Luck Finding a New Vehicle in the US!



Sources: Scotiabank Economics, Bloomberg.

Chart 7

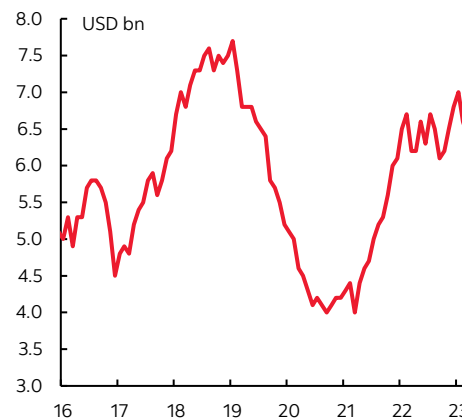
Class 8 Heavy Truck Backlog Remains High



— Canada Class 8 Truck Backlog (LHS)  
— US Class 8 Truck Backlog (RHS)  
Sources: Scotiabank Economics, Bloomberg.

Chart 8

Japanese Machine Tool Order Backlog



Sources: Scotiabank Economics, Bloomberg.

CENTRAL BANKS—MORE SHOCKS?

Global markets will not only have another chance to hear from the Federal Reserve and Bank of Canada in the wake of recent policy surprises, but will also take down potential further surprises across a wave of other central bank decisions. There is significant uncertainty around decisions and guidance from the Bank of England, the Swiss National Bank, Norges Bank, a trio of LatAm banks including Mexico, Chile and Brazil, plus a pair of Asian central banks (BI, BSP). The after effects of PBoC easing will bring lower rates to Chinese borrowers.

Bank of England—50 and Then Less?

Consensus and markets are in universal agreement toward expecting a 25bps hike in Bank Rate on Thursday. Uh oh. This is, after all, a central bank that has surprised everyone on past occasions and that wears this with a combination of insouciance and honour. The scope for surprise, however, could take one or both of two forms.

In this case, the speculation for some time now has been whether 25bps would be enough, or if something bigger may be delivered. Many central banks have been surprising markets of late, including the Federal Reserve's pause-but-two-more guidance, the fact that the ECB left the door open to more hikes than are priced, the BoC, the RBA and even hawkish forward guidance from the RBI.

How could they justify a bigger move? By pointing to accelerating wage growth (chart 9), job growth (chart 10) and core inflation (chart 11) and conditioning the move on their data dependence. The overall impact upon market pricing depends upon how the MPC manages forward guidance. OIS markets foresee another 125–150bps of tightening before reaching a terminal Bank Rate of up to 6% from 4.5% at present by the end of this year or early next (chart 12). Should the BoE be strongly of the view that such pricing is aggressive then it could provide such cues while frontloading a faster response to recent pressures.

**Federal Reserve—Powell’s Second Chance**

Chair Powell will be in the hot seat again when he delivers his semiannual Monetary Policy Report and testimony to Congress first to the House Financial Services Committee on Wednesday (10amET) and then to the Senate Banking Committee the next day at the same time.

A recap of the past week’s FOMC communications is available [here](#). Markets are haircutting the revised dot plot both in terms of hike and cut guidance. Fed funds futures are pricing barely one out of the two hikes that were shown in the latest plot, while they are pricing earlier and larger rate cuts next year than the dot plot guides. The muddled messages that were aimed at appeasing the consensus opinion on the FOMC are therefore not terribly convincing to market participants. Powell may not have confidence to influence market pricing and is more likely to reinforce guidance that they are pausing to evaluate conditions before ‘nearly all’ FOMC members advocate returning with further tightening later.

**Bank of Canada—The Not-Minutes Minutes**

The Bank of Canada will deliver its Summary of Deliberations leading up to the decision that was delivered in the June 7<sup>th</sup> policy statement on Wednesday (1:30pmET). Recall that the BoC hiked by 25bps which sent shockwaves through global markets as the latest evidence that a significant central bank was resuming a tightening stance after the RBA had previously done so. Please go [here](#) for a recap of the statement and [here](#) for a recap of the next day’s speech and press conference.

The BoC stresses that these are not meeting minutes per se, which is consistent with a different decision-making process at the central bank than, say, the two-day formal FOMC meetings. The BoC’s explanation of its process commences with staff projections and analysis presented to Governing Council about three weeks prior to the decision day. Staff make policy recommendations two weeks later and hence one week before the decision at which point Governing Council goes into blackout. At this point, Governing Council takes over and of course is not bound to delivering what the staff recommend. GC meets several times stretching into the week of the decision at which point the statement is drafted for release.

So, when you hear of the BoC’s Summary of Deliberations—offered at the behest of the IMF’s demands for improved communications relative to peer benchmarks—bear in mind this point that it is not intended to be an account of any particular discussion. Rather, it’s a massaged account of a series of discussions that are generally distilled into an overall account that modestly embellishes the prior understanding of the decision that was offered by the statement and either the MPR and Governor’s press conference, or, for non-MPR meetings, the next day’s Economic Progress Report speech and press conference that is delivered on a rotating schedule subject to availability.

With that context established, I would watch for modest risk that the following issues may be further informed:

- does the GC have a bias toward having to tighten further or was this a one-and-done episode? A case for one-and-done could be the signaling value to markets that were at one point trying to push the BoC toward easing before it was prepared to do so and therefore

Chart 9

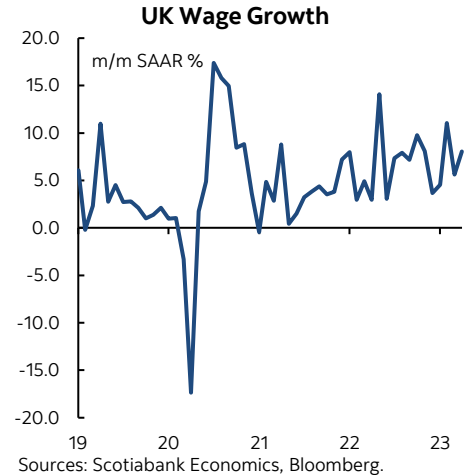


Chart 10

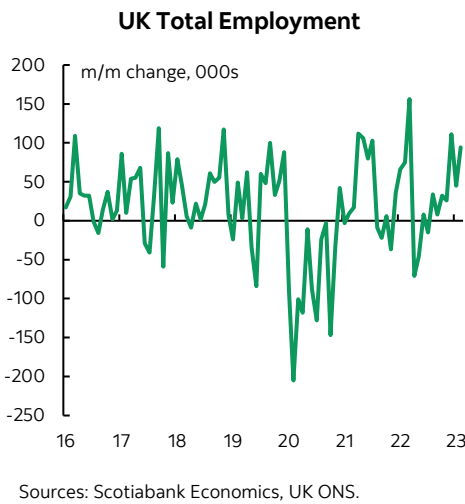


Chart 11

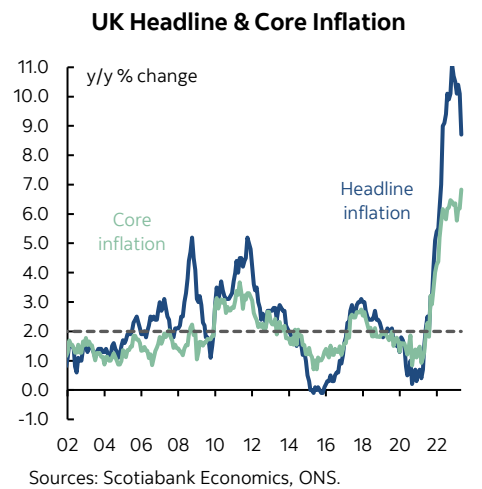
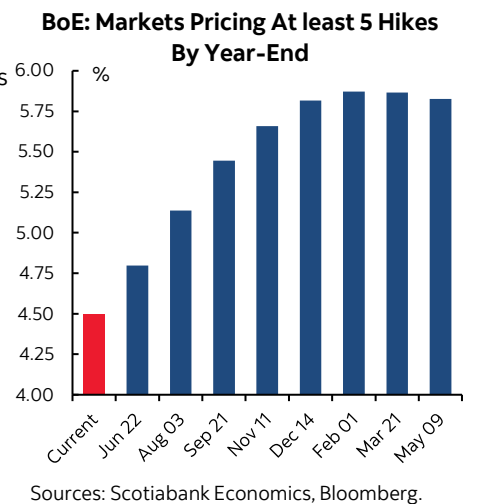


Chart 12



the BoC felt it necessary to get markets off its back. The broad communications nevertheless left the door very much open to possible further tightening in data dependent fashion. Markets are fully pricing another 25bps hike in 2023Q3 with much of that priced by the July 12<sup>th</sup> meeting. Markets are also pricing a solid chance at a further 25bps hike before year-end.

- We've heard from Deputy Governor Beaudry that the risks to the BoC's estimates of the neutral policy rate are skewed higher and the deliberations may expand upon the broader GC's discussion of this matter. I have to admit that while I agree with Beaudry, it was a bit of curious communications issue to have said this just after staff issued their 2023 update of the estimated neutral rate ([here](#)) and concluded that, nope, nothing's changed in the world, it's still 2–3% with a 2½% midpoint.

**The PBoC's After Effects**

There's one central bank that has been gradually going in the opposite direction of central banks elsewhere. (chart 13) That is the People's Bank of China that has long failed to meet its 3% inflation target and presently is addressing downside risks to growth and near-zero inflation through a combination of spreading out rate cuts and reductions to required reserve ratios in order to encourage more bank lending.

After beseeching banks to reduce their deposit rates, following by the PBoC's actions that cut the 7-day reverse repo rate by 10bps on June 12<sup>th</sup> and then the 1-year Medium-Term Lending Facility Rate by 10bps two days later, it seems to be a cinch that Chinese banks will be reducing their 1- and possibly 5-year Loan Prime Rates by the same amount to start the week.

**Swiss National Bank—Watch the Tails**

The SNB is expected to hike by 25bps on Thursday with the tail risk of a 50bps move. The ECB's 25bps hike may provide some cover to stick with +25bps. So could the challenges around combining UBS and CS. So may the fact that core CPI inflation ebbed to 1.9% y/y from 2.2% the prior month and with May's reading landing a tick beneath consensus. Nevertheless, the Swiss government's recent forecast update pointed to how "inflationary pressures remain high internationally and there are pronounced economic risks."

**Norges Bank—Sound Familiar by Now?**

Rinse, repeat? The same guidance that has been commonplace of late could apply to Norges Bank's decision on Thursday. By that I mean most expect a 25bps hike, but a substantially minority think there is the risk of a more hawkish surprise with a 50bps hike.

One thing to hang the risk of a 50bps move upon is guidance from Governor Ida Wolden Bache who said "If the krone remains weaker than projected or pressures in the economy persist, a higher policy rate than envisaged earlier may be needed." Righto, so what's happened since the last decision on May 4<sup>th</sup>? The krone initially appreciated to the dollar but has since fallen back to that meeting's levels. Inflation surprised higher in the early June reading for May with a 0.5% m/m gain (0.3% consensus) that pushed the year-over-year rate up three-tenths to 6.7%. Underlying inflation also surprised higher to 6.7% y/y from 6.3% prior and consensus. Wage growth has also accelerated to 4.4% y/y. So far, that evidence leans toward a bigger move, but what complicates the decision is that the economy has recently disappointed. GDP shrank by 0.4% m/m in April versus consensus at +0.1%. Updated explicit forward guidance will be offered and follows the pattern of upward revisions (chart 14).

**Banco de Mexico (Banxico)—Holding Pattern**

Banxico is widely expected to leave its overnight rate unchanged at 11.25% on Thursday. The central bank delivered a final 25bps hike on March 30<sup>th</sup>. It has offered guidance that "...in order to achieve an orderly and sustained convergence of headline inflation to the 3% target, it considers that it will be necessary to maintain the reference rate at its current level for an extended period." Central bank officials have guided that this should be interpreted to mean holding for at least 2–3 meetings which means at least until the September or October meetings. The risks posed by potential further Fed tightening are mitigated by the fact that the peso has appreciated by about 4% since the last policy decision. Of greater importance may be any revised guidance around timing potential Banxico easing and magnitudes.

Chart 13

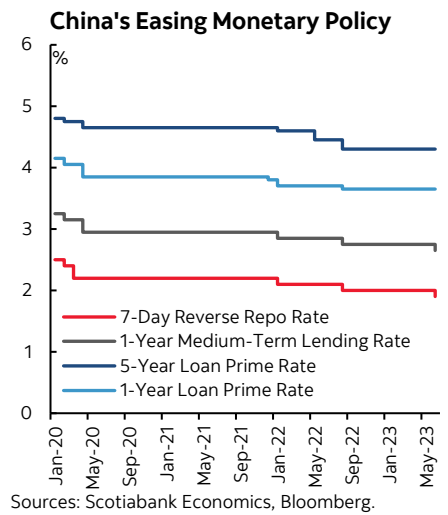
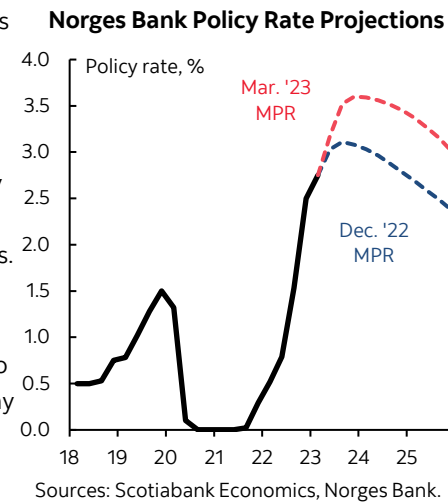


Chart 14



**Banco Central de Chile (BCCE)—Easing in the Pipeline?**

Chile's central bank is expected to extend its policy rate hold at 11 ¼% where it has been since October. The decision is expected on Monday. Key here may be potential guidance toward timing monetary easing. Our LatAm economists expect a cut as soon as next month.

**Banco Central do Brasil (BCB)—A Slow Pivot**

Brazil's central bank has been holding at a Selic Rate of 13.75% since last August. Consensus unanimously expects another hold on Wednesday this week. This is further informed by guidance that was provided in the May statement ([here](#)) that said the "Copom emphasizes that, although a less likely scenario, it will not hesitate to resume the tightening cycle if the disinflationary process does not proceed as expected." Since that meeting, inflation cooled further to under 4% y/y from a peak of 12% last year. This brings inflation closer to the 3 ¼% nearer term inflation target +/- 1 ½%. A significant risk now and going forward concerns guidance around future easing.

**Bank Indonesia (BI)—On Target**

Bank Indonesia delivered 225bps of tightening starting last year into early this year but has held its 7-day reverse repo rate unchanged at 5.75% since January. Since the prior meeting on May 25<sup>th</sup>, core inflation ebbed by more than expected to 2.7% y/y with headline also falling more than expected to 4%. That takes inflation closer toward the goal of 2–4%. BI's communications are likely to be cautious around future easing guidance and partly given uncertainty toward the external environment including the Federal Reserve's stance over the remainder of this year.

**Bangko Sentral ng Pilipinas—Holding On**

After holding its overnight borrowing rate at 6.25% in May, the Philippines' central bank is expected to extend its hold this Thursday.

Recent central bank guidance has said that the "current monetary policy stance is appropriate as inflation is easing", and that prior moves merit "a prudent pause." Guidance nevertheless also points to how the central bank "remains ready to resume any monetary actions" and this remark was delivered in the aftermath of the Federal Reserve's guidance that it may deliver two more hikes this year.

**GLOBAL MACRO—A LIGHTER WEEK**

US markets will start off shut on Monday for the Juneteenth holiday, giving US market participants plenty of time to prepare for developments cited thus far plus a soft global release calendar.

US macro reports will focus upon housing including NAHB confidence and its model home foot traffic gauge (Monday), housing starts for May (Tuesday) and existing home sales for May (Thursday). Also watch initial claims on Thursday after they jumped somewhat higher over the prior couple of weeks.

The monthly wave of purchasing managers' indices arrives toward the end of the week. They are useful for informing current-quarter tracking of GDP growth, supply chain developments such as production, hiring plans, order backlogs, new orders, inventories, and price pressures. Australia and Japan lead it off on Thursday followed by the Eurozone, US (S&P, not ISM gauges) and UK measures. Across all of these countries, the composite PMIs have remained above-50 and therefore signaling ongoing economic growth.

Inflation updates will concentrate upon the UK when CPI for May arrives the day before the Bank of England's decision. Gasoline prices have been on the rise again of late and may buoy expectations for a ½% m/m rise in all-in CPI, but key will be whether the consensus estimate for a 0.5% m/m increase in core CPI that lands the year-over-year rate at 6.8% proves correct as base effects alone would drop this reading down to 6.3%.

UK retail sales will be updated for May the day after the BoE's decision and they are expected to have a soft tone.

Japan updates CPI inflation for May on Thursday. Since we already know that the fresher Tokyo gauge for May decelerated in year-over-year terms to 3.2% most forecasters have gone with that for their national estimates even though m/m core CPI was up sharply.

Canadian retail sales were probably little changed in April (Wednesday) based upon advance guidance from Statcan.

While the LatAm markets focus will be upon central bank decisions, limited data risk will concentrate upon Mexican retail sales in April (Tuesday) and bi-weekly CPI (Thursday).



## Key Indicators for the week of June 19 – 23

## NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
CA	06-19	08:30	IPPI (m/m)	May	--	--	-0.2
CA	06-19	08:30	Raw Materials Price Index (m/m)	May	--	--	2.9
US	06-19	10:00	NAHB Housing Market Index	Jun	--	51.0	50.0
MX	06-20	08:00	Retail Sales (INEGI) (y/y)	Apr	--	2.5	2.5
US	06-20	08:30	Building Permits (000s a.r.)	May	--	1425.0	1417.0
US	06-20	08:30	Housing Starts (000s a.r.)	May	1400	1399.0	1401.0
US	06-20	08:30	Housing Starts (m/m)	May	0.0	-0.1	2.2
US	06-21	07:00	MBA Mortgage Applications (w/w)	Jun 16	--	--	7.2
CA	06-21	08:30	Retail Sales (m/m)	Apr	0.4	0.3	-1.4
CA	06-21	08:30	Retail Sales ex. Autos (m/m)	Apr	--	0.3	-0.3
MX	06-22	08:00	Bi-Weekly Core CPI (% change)	Jun 15	--	0.2	0.2
MX	06-22	08:00	Bi-Weekly CPI (% change)	Jun 15	--	0.1	0.0
US	06-22	08:30	Current Account (US\$ bn)	1Q	--	-218.2	-206.8
US	06-22	08:30	Initial Jobless Claims (000s)	Jun 17	250	260.0	262.0
US	06-22	08:30	Continuing Claims (000s)	Jun 10	1765	1785.0	1775.0
US	06-22	10:00	Existing Home Sales (mn a.r.)	May	4.25	4.3	4.3
US	06-22	10:00	Existing Home Sales (m/m)	May	-0.7	-0.7	-3.4
US	06-22	10:00	Leading Indicators (m/m)	May	--	-0.8	-0.6
<b>MX</b>	<b>06-22</b>	<b>15:00</b>	<b>Overnight Rate (%)</b>	<b>Jun 22</b>	<b>11.25</b>	<b>11.25</b>	<b>11.25</b>

## EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	06-20	02:00	Producer Prices (m/m)	May	-0.7	0.3
EC	06-20	04:00	Current Account (€ bn)	Apr	--	31.2
IT	06-20	04:30	Current Account (€ mn)	Apr	--	3713.0
UK	06-21	02:00	CPI (m/m)	May	0.5	1.2
UK	06-21	02:00	CPI (y/y)	May	8.4	8.7
UK	06-21	02:00	PSNB ex. Interventions (£ bn)	May	19.5	25.6
UK	06-21	02:00	Public Finances (PSNCR) (£ bn)	May	--	13.7
UK	06-21	02:00	Public Sector Net Borrowing (£ bn)	May	20.2	24.7
UK	06-21	02:00	RPI (m/m)	May	0.6	1.5
UK	06-21	02:00	RPI (y/y)	May	11.3	11.4
<b>NO</b>	<b>06-22</b>	<b>04:00</b>	<b>Norwegian Deposit Rates (%)</b>	<b>Jun 22</b>	<b>3.50</b>	<b>3.25</b>
<b>TU</b>	<b>06-22</b>	<b>07:00</b>	<b>Benchmark Repo Rate (%)</b>	<b>Jun 22</b>	<b>20.00</b>	<b>8.50</b>
<b>UK</b>	<b>06-22</b>	<b>07:00</b>	<b>BoE Policy Announcement (%)</b>	<b>Jun 22</b>	<b>4.75</b>	<b>4.50</b>
EC	06-22	10:00	Consumer Confidence	Jun P	-17.0	-17.4
UK	06-22	19:01	GfK Consumer Confidence Survey	Jun	-26.0	-27.0
UK	06-23	02:00	Retail Sales ex. Auto Fuel (m/m)	May	-0.3	0.8
UK	06-23	02:00	Retail Sales with Auto Fuel (m/m)	May	-0.2	0.5
SP	06-23	03:00	Real GDP (q/q)	1Q F	0.5	0.5
FR	06-23	03:15	Manufacturing PMI	Jun P	45.2	45.7
FR	06-23	03:15	Services PMI	Jun P	52.0	52.5
GE	06-23	03:30	Manufacturing PMI	Jun P	43.5	0.0
GE	06-23	03:30	Services PMI	Jun P	56.2	57.2
EC	06-23	04:00	Composite PMI	Jun P	52.5	52.8
EC	06-23	04:00	Manufacturing PMI	Jun P	44.8	44.8
EC	06-23	04:00	Services PMI	Jun P	54.4	55.1
UK	06-23	04:30	Manufacturing PMI	Jun P	46.8	47.1
UK	06-23	04:30	Services PMI	Jun P	54.9	55.2

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.

## Key Indicators for the week of June 19 – 23

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Indicator</u>	<u>Period</u>	<u>Consensus</u>	<u>Latest</u>
HK	06-19	04:30	Unemployment Rate (%)	May	2.9	3.0
<b>CH</b>	<b>06-19</b>	<b>21:15</b>	<b>PBoC Loan Prime Rate 1-Year (%)</b>	<b>Jun 20</b>	<b>3.55</b>	<b>3.65</b>
MA	06-20	00:00	Exports (y/y)	May	-11.6	-17.4
MA	06-20	00:00	Imports (y/y)	May	-11.6	-11.1
MA	06-20	00:00	Trade Balance (MYR bn)	May	13.1	12.9
JN	06-20	00:30	Capacity Utilization (m/m)	Apr	--	0.8
JN	06-20	00:30	Industrial Production (m/m)	Apr F	--	-0.4
JN	06-20	00:30	Industrial Production (y/y)	Apr F	--	-0.3
TA	06-20	04:00	Export Orders (y/y)	May	-21.4	-18.1
HK	06-20	04:30	CPI (y/y)	May	1.9	2.1
SK	06-20	17:00	PPI (y/y)	May	--	1.6
HK	06-21	04:30	BoP Current Account (HK\$ bns)	1Q	--	59.7
NZ	06-21	18:45	Trade Balance (NZD mn)	May	--	427.0
NZ	06-21	18:45	Exports (NZD bn)	May	--	6800.0
NZ	06-21	18:45	Imports (NZD bn)	May	--	6380.0
MA	06-22	03:00	Foreign Reserves (US\$ bn)	Jun 15	--	112.7
<b>PH</b>	<b>06-22</b>	<b>03:00</b>	<b>Overnight Borrowing Rate (%)</b>	<b>Jun 22</b>	<b>6.25</b>	<b>6.25</b>
<b>ID</b>	<b>06-22</b>	<b>03:20</b>	<b>BI 7-Day Reverse Repo Rate (%)</b>	<b>Jun 21</b>	<b>5.75</b>	<b>5.75</b>
JN	06-22	19:30	National CPI (y/y)	May	3.2	3.5
JN	06-22	20:30	Markit/JMMA Manufacturing PMI	Jun P	--	50.6
TH	06-22	22:00	Customs Exports (y/y)	May	-7.5	-7.6
TH	06-22	22:00	Customs Imports (y/y)	May	-11.0	-7.3
TH	06-22	22:00	Customs Trade Balance (US\$ mn)	May	-557.5	-1470.0
MA	06-23	00:00	CPI (y/y)	May	3.0	3.3
SI	06-23	01:00	CPI (m/m)	May	--	0.1
SI	06-23	01:00	CPI (y/y)	May	5.4	5.7
JN	06-23	01:30	Nationwide Department Store Sales (y/y)	May	--	8.6

## LATIN 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>
<b>CL</b>	<b>06-19</b>	<b>18:00</b>	<b>Nominal Overnight Rate Target (%)</b>	<b>Jun 19</b>	<b>11.25</b>	<b>11.25</b>	<b>11.25</b>
CO	06-21	11:00	Trade Balance (US\$ mn)	Apr	--	-920.0	-1084.4
<b>BZ</b>	<b>06-21</b>	<b>17:30</b>	<b>SELIC Target Rate (%)</b>	<b>Jun 21</b>	<b>13.75</b>	<b>13.75</b>	<b>13.75</b>

Forecasts at time of publication.

Sources: Bloomberg, Scotiabank Economics.



## Global Auctions for the week of June 19 – 23

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CA	06-22	12:00	Canada to Sell 10 Year Bonds
US	06-22	13:00	U.S. To Sell USD19 Bln 5-Year TIPS Reopening

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
BE	06-19	06:00	Belgium to Sell 0% 2027 Bonds
UK	06-20	05:00	U.K. to Sell Bonds
GE	06-20	05:30	Germany to Sell EU5.5 Billion of 2.8% 2025 Bonds
GR	06-21	03:00	Greece to Sell Bonds
DE	06-21	04:15	Denmark to Sell Bonds
SW	06-21	05:00	Sweden to Sell Bonds
GE	06-21	05:30	Germany to Sell Bonds

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
CH	06-18	21:30	Hainan to Sell Bonds
CH	06-18	23:30	Xinjiang to Sell Bonds
CH	06-19	02:00	Chongqing to Sell Bonds
CH	06-19	03:00	Hubei to Sell Bonds
CH	06-19	04:00	Hebei to Sell Bonds
CH	06-19	21:30	Henan to Sell Bonds
CH	06-19	22:30	Henan to Sell Bonds
CH	06-19	23:30	Qinghai to Sell Bonds
CH	06-20	02:00	Beijing to Sell Bonds
AU	06-20	21:00	Australia to Sell A\$700 Million 3.5% 2034 Bonds
CH	06-20	22:35	China to Sell Bonds
CH	06-21	03:00	Tianjin to Sell Bonds
JN	06-21	23:35	Japan to Sell 5-Year Bonds

## LATIN AMERICA

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

## Events for the week of June 12 – 16

## NORTH AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
US	06-20	06:30	Fed's Bullard Speaks at Barcelona School of Economics
US	06-20	11:45	Fed's Williams Speaks on Leadership at NY Fed Event
US	06-21	10:00	Powell Appears Before House Financial Services Panel
US	06-21	12:25	Fed's Goolsbee Speaks at Global Food Forum
CA	06-21	13:30	Bank of Canada Releases Summary of Deliberations
US	06-22	04:00	Fed's Waller Speaks at Central Bank of Ireland Conference
US	06-22	09:55	Fed's Bowman Speaks at Fed Listens Event in Cleveland
US	06-22	10:00	Fed Chair Powell Appears Before Senate Banking Panel
US	06-22	10:00	Fed's Mester Speaks on the Economic Outlook in Cleveland
<b>MX</b>	<b>06-22</b>	<b>15:00</b>	<b>Overnight Rate</b>
US	06-22	16:30	Fed's Barkin Speaks at Risk Management Association - Richmond
US	06-23	05:15	Fed's Bullard Speaks at Central Bank of Ireland Conference
US	06-23	13:40	Fed's Mester Delivers Closing Remarks at Policy Summit

## EUROPE

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
EC	06-19	07:00	ECB's Lane Speaks
EC	06-19	07:40	ECB's Schnabel Speaks
EC	06-19	09:00	ECB's Villeroy speaks in Paris
EC	06-19	14:00	ECB's Guindos Speaks
FI	06-20	04:00	ECB's Rehn Speaks on Outlook for Finnish Economy
EC	06-20	04:00	ECB's Muller Speaks
EC	06-20	05:00	ECB's Vujcic Speaks
SW	06-20	09:40	Riksbank's Thedeen on financial mkt oversight
EC	06-20	10:30	ECB's Simkus Speaks
EC	06-20	13:10	ECB's Guindos Speaks
EC	06-21	04:00	ECB's Kazimir Speaks
EC	06-21	09:45	ECB's Schnabel, Nagel Speak
<b>SZ</b>	<b>06-22</b>	<b>03:30</b>	<b>SNB Policy Rate</b>
<b>NO</b>	<b>06-22</b>	<b>04:00</b>	<b>Deposit Rates</b>
SZ	06-22	04:00	SNB Press Conference Following Rate Decision
EC	06-22	05:15	ECB's Panetta Speaks
<b>UK</b>	<b>06-22</b>	<b>07:00</b>	<b>Bank of England Bank Rate</b>
EC	06-22	10:30	ECB's Guindos Speaks
EC	06-23	05:30	ECB's Vujcic Speaks
EC	06-23	06:00	ECB's De Cos Speaks
EC	06-23	08:45	ECB's Panetta Speaks

## ASIA PACIFIC

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>CH</b>	<b>06-19</b>	<b>21:15</b>	<b>5-Year Loan Prime Rate</b>
<b>CH</b>	<b>06-19</b>	<b>21:15</b>	<b>1-Year Loan Prime Rate</b>
AU	06-19	21:30	RBA Minutes of June Policy Meeting
AU	06-19	21:35	RBA's Kent-Panel
AU	06-19	23:30	RBA's Bullock-Speech
JN	06-20	19:50	BOJ Minutes of April Meeting
JN	06-20	21:30	BOJ Board Adachi Speech in Kagoshima
JN	06-21	21:30	BOJ Board Noguchi Speech in Okinawa
<b>PH</b>	<b>06-22</b>	<b>03:00</b>	<b>BSP Overnight Borrowing Rate</b>
<b>PH</b>	<b>06-22</b>	<b>03:00</b>	<b>BSP Standing Overnight Deposit Facility Rate</b>
<b>ID</b>	<b>06-22</b>	<b>03:20</b>	<b>Bank Indonesia 7D Reverse Repo</b>

## LATIN AMERICA

<u>Country</u>	<u>Date</u>	<u>Time</u>	<u>Event</u>
<b>CL</b>	<b>06-19</b>	<b>18:00</b>	<b>Overnight Rate Target</b>
<b>BZ</b>	<b>06-21</b>	<b>17:30</b>	<b>Selic Rate</b>
<b>MX</b>	<b>06-22</b>	<b>15:00</b>	<b>Overnight Rate</b>
<b>PY</b>	<b>06-23</b>		<b>Monetary Policy Rate</b>

Sources: Bloomberg, Scotiabank Economics.

Global Central Bank Watch

NORTH AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Canada – Overnight Target Rate	4.75	July 12, 2023	5.00	4.75
Federal Reserve – Federal Funds Target Rate	5.25	July 26, 2023	5.50	5.25
Banco de México – Overnight Rate	11.25	June 22, 2023	11.25	11.25

**Federal Reserve:** Chair Powell returns to deliver semi-annual testimony on monetary policy before Congress on Wednesday and Thursday. **Banco de Mexico:** At its last meeting, Banxico provided guidance that "it will be necessary to maintain the reference rate at its current level for an extended period". Hence, it widely expected that the bank will leave its overnight rate unchanged at 11.25%. **Bank of Canada:** The Summary of Deliberations leading up to the June 7th decisions will arrive on Wednesday.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.00	July 27, 2023	4.25	4.00
European Central Bank – Marginal Lending Facility Rate	4.25	July 27, 2023	4.50	4.25
European Central Bank – Deposit Facility Rate	3.50	July 27, 2023	4.00	3.50
Bank of England – Bank Rate	4.50	June 22, 2023	4.75	4.75
Swiss National Bank – Sight Deposit Rate	1.50	June 22, 2023	1.75	1.75
Central Bank of Russia – One-Week Auction Rate	7.50	July 21, 2023	7.50	7.50
Sweden Riksbank – Repo Rate	3.50	June 29, 2023	3.50	3.50
Norges Bank – Deposit Rate	3.25	June 22, 2023	3.50	3.50
Central Bank of Turkey – Benchmark Repo Rate	8.50	June 22, 2023	8.50	8.50

**BoE:** Almost everyone is calling for a 25bps hike, but the Bank of England could go bigger while tamping down aggressive market pricing for a terminal rate up to 150bps from here by year-end. **Swiss National Bank:** After a recent statement from the Chair of SNB, mentioning that the current swiss rate "is relatively low, and its not a really good idea to wait and then have higher inflation later", its expected that the bank will continue with its hiking cycle. Consensus is for 25bps hike while some think there is risk of a 50bps move. **Norges Bank:** Based on the Norges bank's last assessment, the bank is likely to hike its deposit rate at its June meeting to dampen high inflation. Consensus calls for a 25bps hike with the chance of a 50bps hike.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	July 28, 2023	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	4.10	July 4, 2023	4.35	4.10
Reserve Bank of New Zealand – Cash Rate	5.50	July 11, 2023	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.65	July 16, 2023	2.65	2.65
Reserve Bank of India – Repo Rate	6.50	August 10, 2023	6.50	6.50
Bank of Korea – Base Rate	3.50	July 13, 2023	3.50	3.50
Bank of Thailand – Repo Rate	2.00	August 2, 2023	2.00	2.00
Bank Negara Malaysia – Overnight Policy Rate	3.00	July 6, 2023	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	5.75	June 22, 2023	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	6.25	June 22, 2023	6.25	6.25

**PBoC:** Chinese banks are likely to pass on the People's Bank of China's recent rate cuts when they set their 1- and 5-year Loan PRime Rates on Monday evening eastern time. **BI:** Bank of Indonesia seems confident to hold its 7-day reverse repo rate at its next meeting after the latest release of inflation, resulting in a return to the inflation target earlier than expected. **Central Bank of Philippines:** The Central Bank of Philippines is expected to continue hold its overnight borrowing rate as the bank considers current monetary policy appropriate with inflation easing and declining inflation expectations.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.75	June 21, 2023	13.75	13.75
Banco Central de Chile – Overnight Rate	11.25	June 19, 2023	11.25	11.25
Banco de la República de Colombia – Lending Rate	13.25	June 30, 2023	13.25	13.25
Banco Central de Reserva del Perú – Reference Rate	7.75	July 13, 2023	7.75	7.75

**Banco Central de Chile:** Considering the core price readings have been slow to ease, Banco Central de Chile is expected to hold its policy rate at 11.25%. The bank is waiting for the slowdown in inflation to "consolidate" before it cut rates. **Banco Central do Brasil:** Similar to last meeting, Brazil's central bank is expected to hold the rates and be data-dependent.

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.25	July 20, 2023	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.

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