Scotiabank

GLOBAL ECONOMICS

THE GLOBAL WEEK AHEAD

August 18, 2023

Contributors

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With thanks for research support from: Jaykumar Parmar.

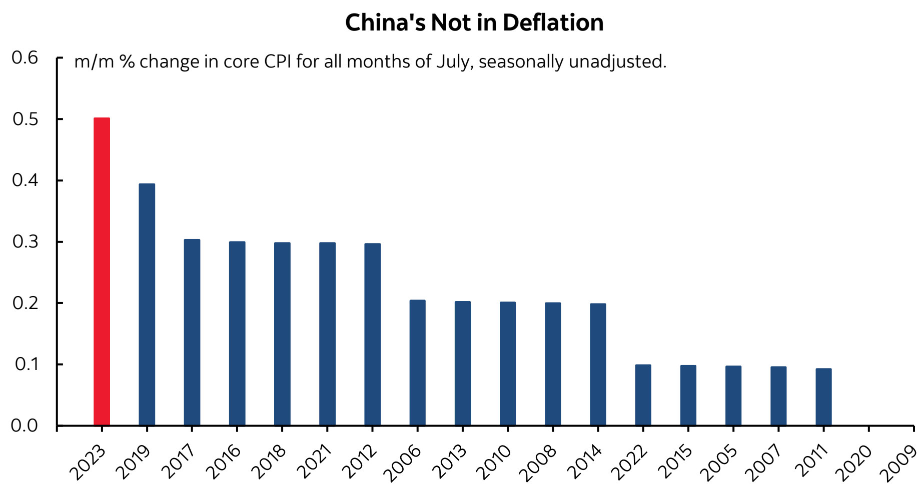
Next Week's Risk Dashboard

- The Fed's Jackson Hole Symposium
- US economic resilience
- No, US consumers have not depleted pandemic savings
- The bond market sell-off
- Global PMIs to inform growth momentum
- CBs: China LPRs, BI, BoK, Turkey
- Global macro

Shifts Happen

FORECASTS & DATA

Chart of the Week



Sources: Scotiabank Economics, China National Bureau of Statistics.

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

Shifts Happen

The jaggedy peaks of the Teton mountains in Wyoming may be a fitting backdrop for discussing what challenges may face global market participants at least over the remainder of this year. The Federal Reserve's annual Jackson Hole gathering will bring together many of the world's top central bankers to share their visions. Though impactful on its own, the annual gathering attracts outsized attention because of its late-August timing.

JACKSON HOLE—CONUNDRUMS GALORE

The Federal Reserve's annual Jackson Hole symposium returns as the key event this week, not least of which because there won't be much else on the docket!

Attendees start arriving in advance of the two-day gathering that occurs on Friday and Saturday. The usual agenda will be made available on Thursday night (8pm) and will spell out who is delivering keynotes and participating on panels. A broad cross-section of global central bankers, academics and others will be in attendance.

This year's theme is "Structural Shifts in the Global Economy." The clear hint is that they are asking what's different about this rate hike cycle than prior ones that may make tighter monetary policy to date either more or less effective.

Watch for guidance in the financial press on who may be in attendance as it appears over the weekend and early in the week. Even if attendees do not wind up on the formal agenda, they may still have an impact through the multitude of interviews that are granted from the sidelines.

What could emerge from the unnecessary drama in the lead up to it all could easily be impactful comments by the heads of the ECB, BoE, BoJ, BoC, RBA and many others. For instance, if BoC Governor Macklem attends and actively participates then it could be impactful to market views ahead of the September 6th decision and the speech that he delivers the day after. Ditto for ECB President Lagarde given that markets are on the fence toward a further hike on September 14th. Each of the BoE and BoJ deliver decisions the week after the ECB.

Chair Powell kicks off the event with an economic outlook speech on Friday at 10:05amET.

Charts 1–4 on the next two pages depict market reactions in US 2s, 10s, the S&P500 and the USD on a DXY basis for each of the first days of the gathering into Friday's close over Thursday's. Similar effects can be seen by looking at Monday's close over Friday's close in order to capture anything that is said over the weekend and spillover effects into the next week. Relatively few past symposiums have resulted in outsized moves, but market reactions to both days of the gathering are fairly common.

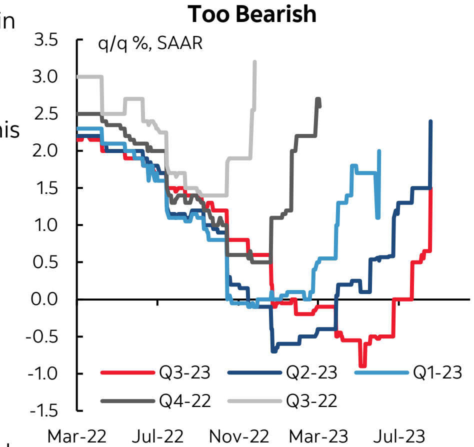
There may be market effects stemming from this one for Fed watchers, but seismic movements across asset classes are unlikely. I expect signs that the Federal Reserve is deeply struggling with whether they are operating in a fundamentally different environment now than historically and in such fashion as to prompt a generally hawkish feel to the gathering. After a majority of Committee members signalled in the FOMC minutes to the July meeting that further tightening was required, Chair Powell is likely to reinforce such a stance in data dependent fashion during his speech.

The range of topics that could be broached reaches far and wide. It includes—but is not limited to—topics like structural challenges in China's economy, nascent developments across global supply chains, demographics, global fiscal policy, technological shifts perhaps including the potential role of generative AI, today's bond market drivers, the state of US consumers, and what's different about today's inflation among others.

Key to Fed watchers will be any discussion around what has fundamentally changed in the US economy including the role of the consumer, whether that has impacted estimates of the neutral policy rate, and whether today's bond market is driven by very different considerations.

Chart 5

Consensus Estimates for US GDP Too Bearish

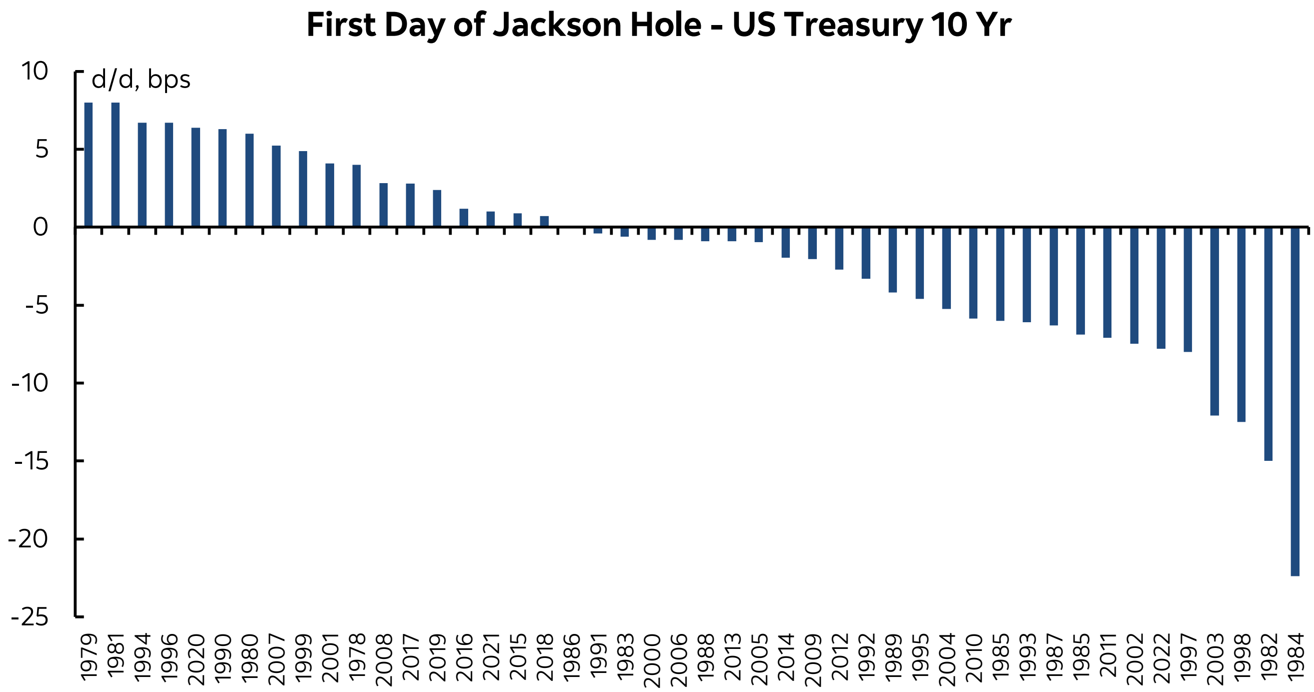


Sources: Scotiabank Economics, Bloomberg.

The US Growth Conundrum

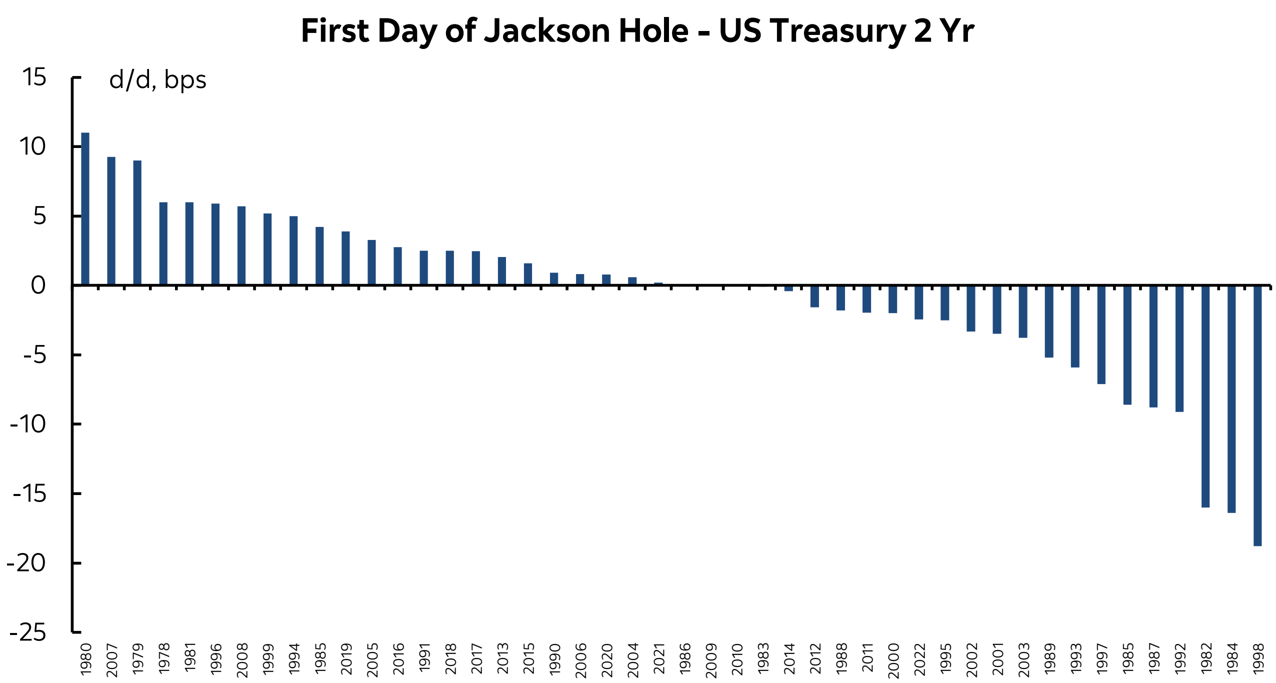
To help set the stage, I think that Powell will no doubt have something akin to chart 5 on his mind. The economist consensus has been repeatedly too negative on the US economy for five consecutive quarters and counting. A serial pattern has evolved whereby the forecasts

Chart 1



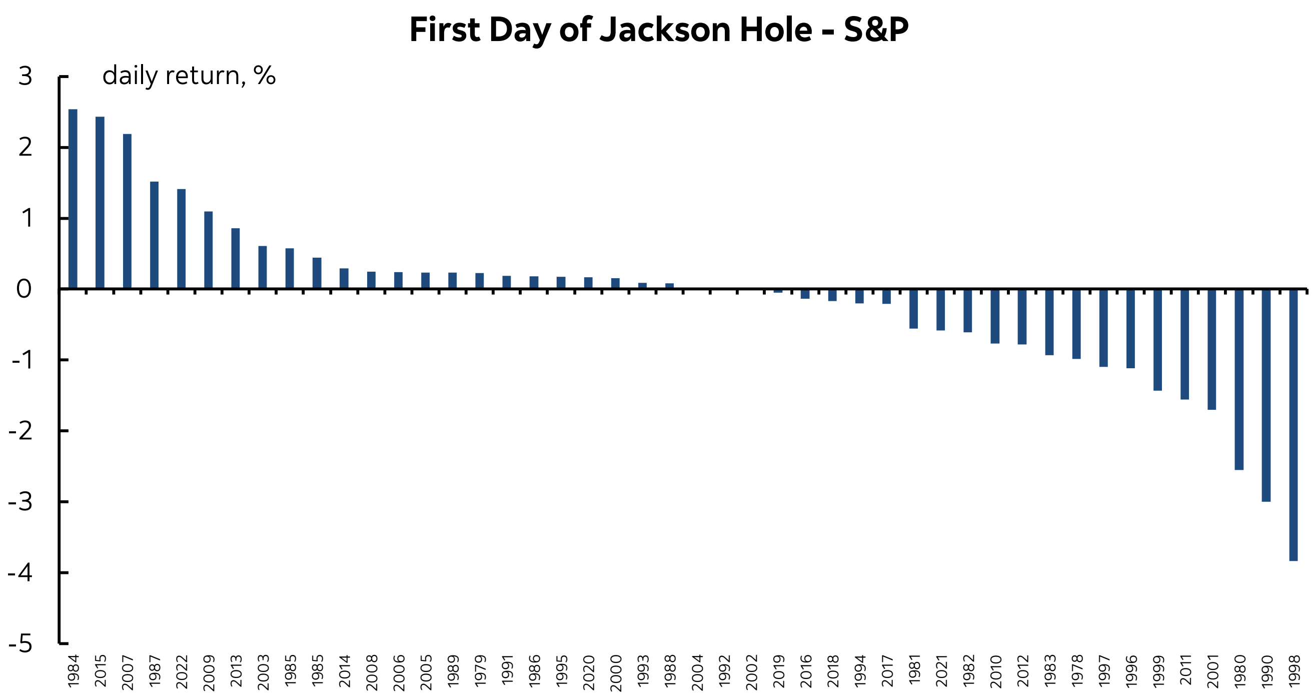
Sources: Scotiabank Economics, Bloomberg.

Chart 2



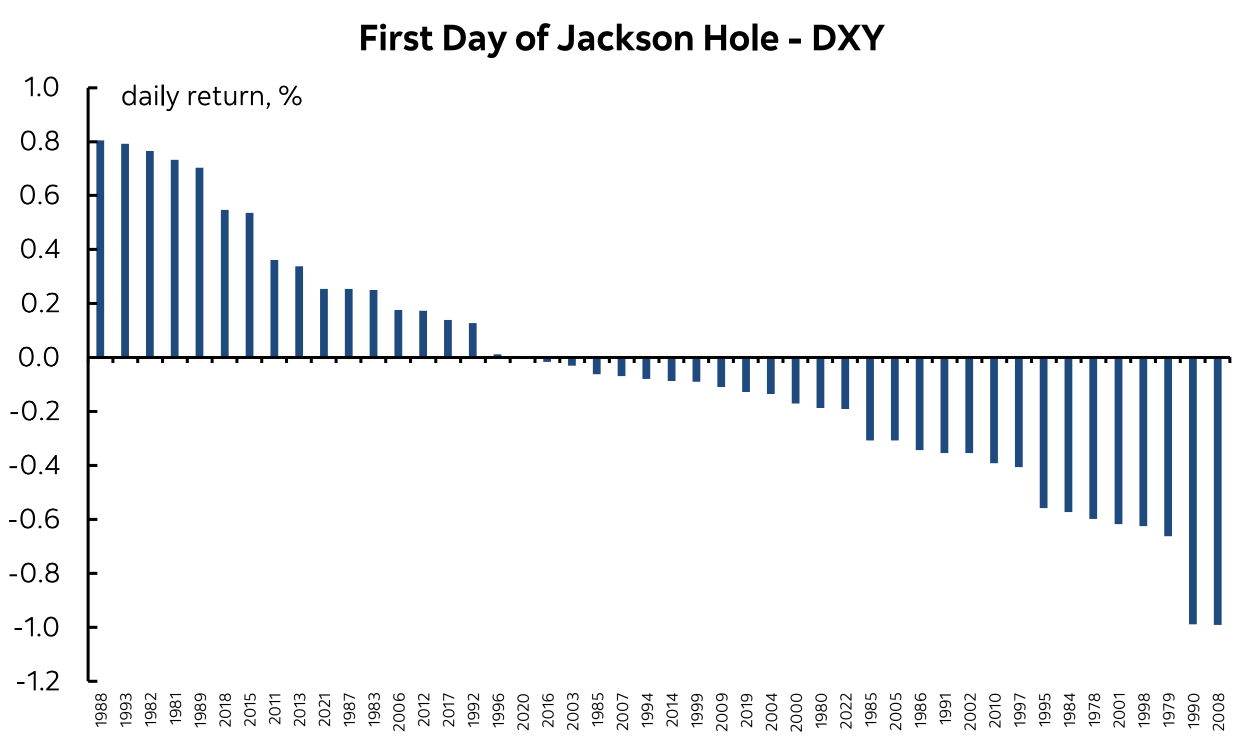
Sources: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4



Sources: Scotiabank Economics, Bloomberg.

start off too negative and then get revised higher and still wind up being surprised higher when the actual number lands. The forecast errors are often large and of the wrong sign.

This strikes to the heart of the dilemma facing the FOMC. The economy has been much more resilient to date than almost anyone anticipated.

At issue is whether this is a sign of how the US economy is better able to withstand tighter monetary policy than previous rules of thumb might have suggested—and hence whether tighter policy is needed—or whether the consensus was just behaving too prematurely and has not given enough time for the policy lags to take root. Since bond yields started to back up in the Fall of 2021 in anticipation of Fed hikes that began in March 2022, we're now almost two years into an environment of tighter funding pressures which should arguably be having a greater effect.

The US Consumer

One possible candidate for this resilience lies right at home. The US consumer is arguably in the best shape in decades.

While the flow of excess savings compared to the pandemic has been normalized (**here**), the stock of liquid cash and near-cash holdings remains very high (chart 6). It's incorrect to argue that consumers have depleted their stock of excess liquid savings just because they have done so by unwinding the abnormally large flow of savings that was occurring earlier in the pandemic-era. Stockpiled stimulus partly reflects a precautionary bias but some of this enormous wall of cash could be readily deployed through consumption and into markets.

Further, the measure of savings used in the linked paper is derived solely out of current period income from sources like wages and salaries, net investment income and net transfers from governments. It does not capture buoyant wealth effects on consumption reflected in the increase in household net worth.

While lower income households have fared the worst in terms of the regressive aspect of high and volatile inflation and pressures upon home affordability, the vast majority of growth in US consumer spending is being driven by upper income households over time (chart 7).

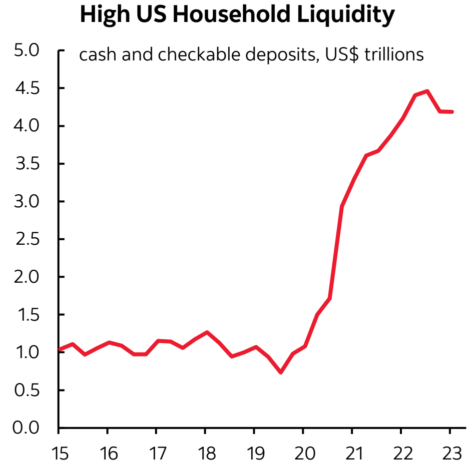
Add to this picture a 22-year low in the household debt to income ratio, debt payments to incomes that continue to hover near record-lows (chart 8), the very recent return of growth in real wages, low housing and auto inventories, and the fact that Americans have locked in very low 30-year mortgage rates from the depths during the pandemic for years to come.

It could also be that today's labour market is behaving very differently compared to the past and in a way that is more supportive. An older population in a country with less openness toward immigration means tighter labour markets for longer. Weaker trend productivity growth than in the past may require hiring more workers today than the past. Improving supply chains give the ability to companies to produce more and to producer more they need more inputs. The cyclical choices over what type of inputs may be relatively more skewed toward labour over capital than historically given economic uncertainty and the risk of being saddled with high depreciation and financing charges that could reduce flexibility should conditions worsen.

The Neutral Rate

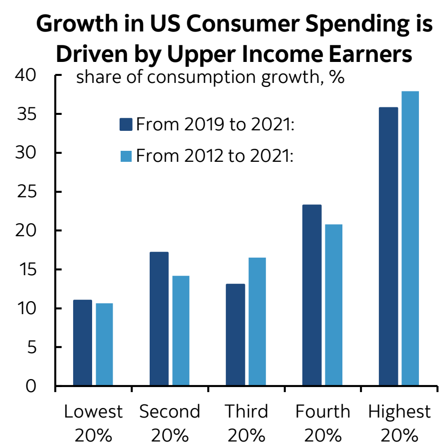
There is some speculation that the neutral rate will be reassessed at this year's symposium. I'd be surprised if they do so. They had an opportunity to do so back on May 19th at a conference to honour the late Fed economist Thomas Laubach who did a lot of pioneering work in this area but passed. In fact, NY Fed President John Williams who worked with Laubach on natural rates argued at the time that there was no reason to believe that the estimate has changed today. It's still 2½%, he says.

Chart 6



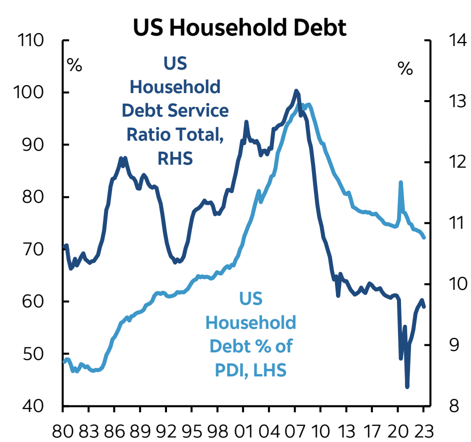
Sources: Scotiabank Economics, Federal Reserve.

Chart 7



Sources: Scotiabank Economics, BLS.

Chart 8



Sources: Scotiabank Economics, Bloomberg, Federal Reserve.

Then again, we saw what happened at the Bank of Canada. No sooner had it issued a staff paper saying that the estimated neutral rate range was still 2–3% than outgoing Deputy Governor Beaudry that there was "meaningful risk" that the estimated real neutral rate could rise.

Bond Markets

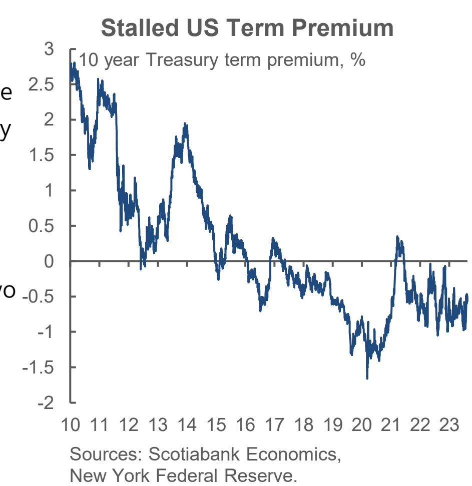
We forecast the US yield curve by quarter and the forecast was performing reasonably well over the first half of calendar 2023. As Q2 transitioned to Q3, however, the 10-year Treasury has cheapened more than anticipated relative to our end of Q3 forecast for 3.65% versus the current US 10-year yield of 4.25%. Yields took off over recent weeks and we're debating whether to durably raise our forecast and by how much. Many market participants are faced with a similar challenge.

Key is discussion toward what has changed as materially new information has arrived. Here's a partial list.

On July 27th, the Bank of Japan surprised markets when it shifted from a 10-year JGB yield target range of 0% +/-50bps to greater tolerance toward allowing a higher effective limit. The Nikkei newspaper had indicated the possibility the day before and markets had been speculating toward some form of tweak beforehand.

The effects rippled through global bond markets and contributed toward a sell off in US Treasuries. Covered interest parity can help to explain the ripple effects through global bond markets. There is a higher error term on this framework of equating the spot-forward exchange rate differential between countries to their interest rate differentials, but it would be silly to argue that individual bond markets are fully compartmentalized from one another. This error term may be due to intensified regulatory restrictions on the ability of banks to deploy the duration structure of their enormous balance sheets toward arbitrage activity

Chart 9



On August 2nd, the US Treasury's refunding debt sales schedule was revised up by more than anticipated. This added supply was the first increase in quarterly refunding amounts in about two years. Treasury guidance pointed toward increased auction sizes from August through October and guided that there was more to come:

> "Based on projected intermediate- to long-term borrowing needs, Treasury intends to gradually increase coupon auction sizes beginning with the August to October 2023 quarter. While these changes will make substantial progress towards aligning auction sizes with intermediate- to long-term borrowing needs, further gradual increases will likely be necessary in future quarters."

FitchRatings wasted no time in downgrading the US government's credit rating from AAA to AA+ later than same day (**here**).

What has not changed are estimates by the NY Fed's economists for the US 10-year term premium that continues to trend around -50bps (chart 9). If neutral rate estimates have not changed, then the combination of these effects serve as anchors to the term structure of interest rates over time.

Further, talk of a soft or no landing in the US economy has become more common, rightly or not, as the US economy has continued to outperform expectations. If this persists, then it positively impacts the embedded assumption on long-run real economic growth in the bond market.

Inflation risk may have also pivoted higher. Firm wage pressures and increases in some key commodity prices like oil have been among the factors that have contributed to the sense that inflation may rise into the winter. The Fed's preferred market measure of longer run inflation expectations is volatile but has moved up somewhat.

All that said, it's feasible that the sell off across US Treasuries has made them more attractive at present yields. Wild positioning swings through thin August markets with half of New York in the Hamptons should be treated carefully. So should classic Fall volatility in risk appetite.

What forecasts are assuming is still leaning toward is that some pain eventually arrives in the US economy and brings with it weakened activity readings that could dampen some of the recent run up in yields.

CENTRAL BANKS—A PAIR OF HOLDS AND A FAILING EXPERIMENT

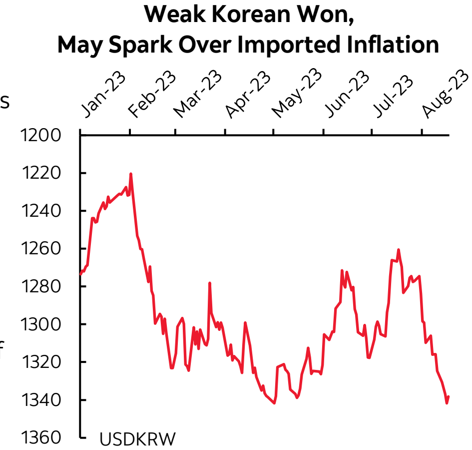
Very few central banks will deliver decisions over the coming week. The greater risk may lie around what some of them say at Jackson Hole.

The ones that do deliver decisions will each do so on Thursday. They will follow likely increases in China's 1- and 5-year Loan Prime Rates on Sunday evening (ET) that follow through on the PBOC's 15bps increased in the 1-Year Medium-Term Lending Facility Rate on August 14th.

Bank of Korea—Another Hold

The Bank Rate is expected to be left at 3.5% again which is where it has been parked since February. Since its last decision on July 12th, Q2 GDP slightly outperformed (0.6% q/q SA nonannualized, 0.5% consensus) and July's core CPI inflation rate put in a slightly weaker than seasonally normal reading. What is nevertheless likely to carry the day on a hawkish hold is fear of destabilizing the currency and financial markets. The won has depreciated by about 6% to the USD since mid-July and has therefore put in the weakest performance among Asian crosses over this period and more generally (chart 10). Further softening would spark concern over imported inflation in addition to stability.

Chart 10



Sources: Scotiabank Economics, Bloomberg.

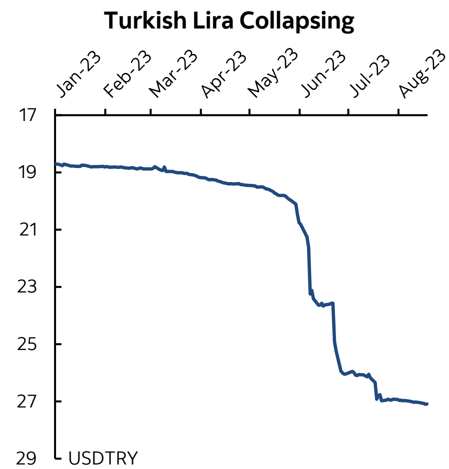
Bank Indonesia—Currency Concerns to Dominate

The 7-day reverse repo rate is unanimously expected to be left unchanged at 5.75% on Thursday. Like the BoK, that's been where it has stood since February. Somewhat like the BoK, the rupiah has depreciated by about 2% since the last BI decision on July 25th, and 4% to the USD since early May. Amid uncertainty toward next steps by the Federal Reserve, BI won't do anything that would add to the risk of destabilizing the currency.

Turkey—Try Harder

Turkey's central bank is seeking to improve its credibility after President Erdogan destroyed it. It's not going so well. The central bank has hiked its one-week repo rate by nine percentage points to 17.5% since June 22nd and a further large hike is expected this week. The lira has depreciated by a further 15% since the first hike in June and it now takes more than three times as many lira to buy US$1 than it did back when the currency's freefall began in late 2021. Part of the issue is that the last two hikes were smaller than consensus expected and that inflation has continued to soar as the currency has collapsed (chart 11). CPI for July was up by a whopping 48% y/y (38% prior) and about 10% m/m. You can't toy with a central bank while demonstrating zero knowledge of how monetary policy works and expect credibility to be restored overnight as the real master continues to lurk in the background.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

GLOBAL MACRO—PMIS IN FOCUS

The global calendar line-up of economic indicator releases will be light this week and principally focused upon soft survey-based data.

Purchasing managers' indices will be updated by Australia and Japan (Tuesday), the Eurozone and member economies (Wednesday) and UK (Wednesday). These readings tend to be correlated with in-quarter estimates of GDP growth (charts 12–15). They also inform supply chain developments through readings on new orders, production, and order backlogs alongside measures of price pressures and hiring appetite. Also note that German IFO business confidence will be updated on Friday and also fits into the same survey-based collection of evidence that includes PMIs and ZEW investor confidence to inform growth tracking.

Canada updates retail sales for the month of June and provides tentative July guidance on Wednesday. Statistics Canada had previously guided back on July 21st that June was looking unchanged in terms of the dollar value of total retail sales that month compared to May. There is always high revision risk to this tentative estimate—in either direction—because it is based upon incomplete survey responses. This time, Statistics Canada based the preliminary estimate upon about a 48% response rate. So far, retail sales volumes are tracking a drop of about -2% q/q at a seasonally adjusted and annualized rate in Q2 after a large 5.4% gain in Q1, subject to the final June estimate and any revisions.

US updates will be fairly light and thereby enable much of the week's focus to remain upon Jackson Hole.

Existing home sales (Tuesday) are expected to be unchanged compared to June's 4.2 million annualized pace and hence in keeping with the advance pending home sales trend. They are lagging indicators of housing demand that surging 30-year mortgage rates will probably soon dampen if sustained (chart 16).

New home sales (Wednesday) are expected to rise in keeping with a pick-up in model home foot traffic. They are less of a lagging indicator than resales since the closing periods following contract signings can stretch into months for resales.

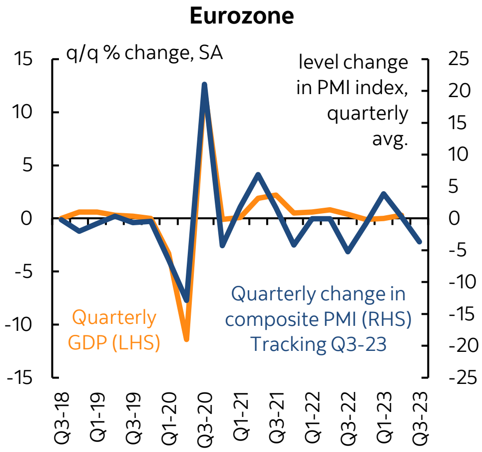
Durable goods orders during July (Thursday) probably fell mainly due to the volatile transportation sector, such as the fact that Boeing's orders fell back from 304 plans in June to 52 in July. Watch core capital goods orders (ex-defence and air) that will aim for the fourth consecutive monthly gain and fifth in seven months this year.

S&P's purchasing managers indices for August (Wednesday) will further inform momentum in the manufacturing and service sectors. Manufacturing has been in contraction according to this measure, but manufacturing output has been swinging from losses to gains and posted an increase in July. The Federal Reserve focuses more upon the ISM gauges that reflect domestic economic activity.

Japan will update the Tokyo CPI gauge for August on Thursday after the national core CPI print came in hot again during July (chart 17). Inflation reports for July will be released by Hong Kong (Monday), Mexico (bi-weekly, Thursday) and Malaysia (Friday)

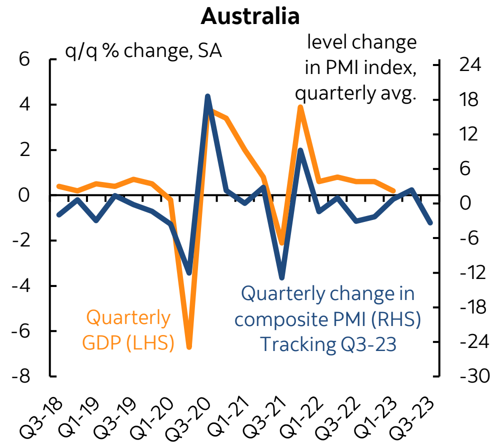
New Zealand's retail sales are expected to slip when the Q2 reading arrives Tuesday. Norway's Q2 GDP figures will seek to extend the eight-quarter streak of consecutive gains on Tuesday. Peru's economy may have stabilized in quarter-over-quarter terms during Q2 after a contraction of over 1% in Q1 (Wednesday).

Chart 12



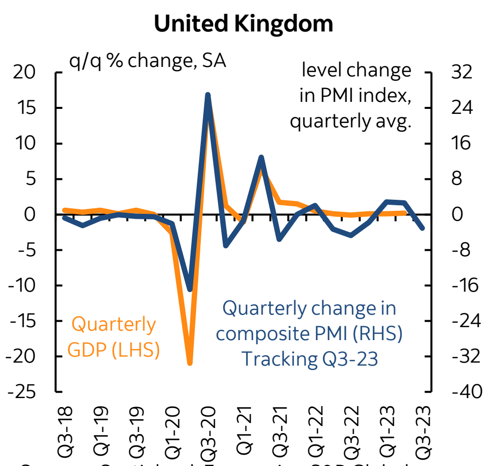
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 13



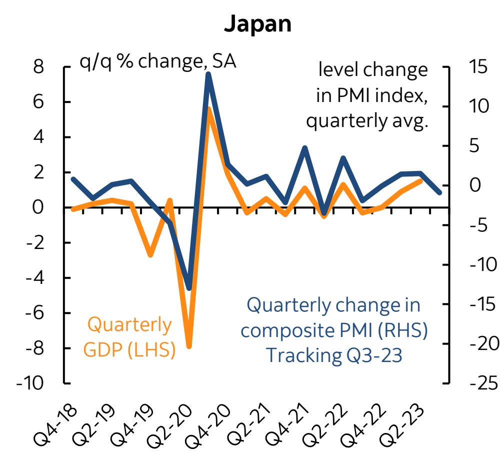
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 14



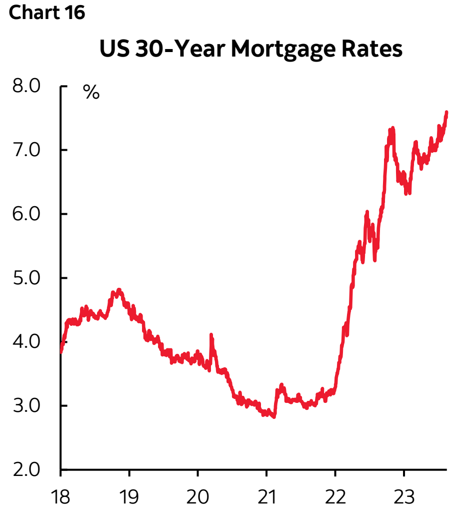
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 15



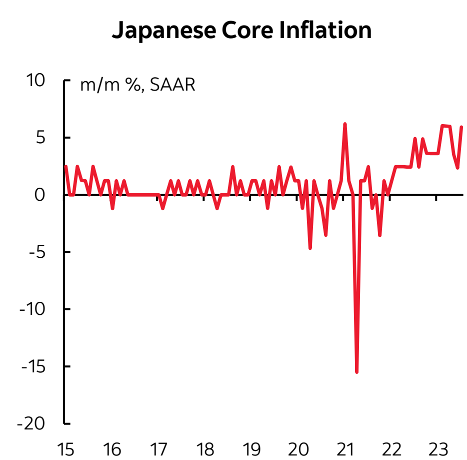
Sources: Scotiabank Economics, S&P Global, Bloomberg.

Chart 16



Sources: Scotiabank Economics, Bankrate.com.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

August 18, 2023

Key Indicators for the week of August 21 – 25

NORTH AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
US	08-22	10:00	Existing Home Sales (mn a.r.)	Jul	4.16	4.2	4.2
US	08-22	10:00	Existing Home Sales (m/m)	Jul	0.0	-0.2	-3.3
US	08-22	10:00	Richmond Fed Manufacturing Index	Aug	--	--	-9.0
US	08-23	07:00	MBA Mortgage Applications (w/w)	Aug 18	--	--	-0.8
CA	08-23	08:30	Retail Sales (m/m)	Jun	0.0	0.0	0.2
CA	08-23	08:30	Retail Sales ex. Autos (m/m)	Jun	--	0.4	0.0
US	08-23	10:00	New Home Sales (000s a.r.)	Jul	720	707	697
MX	08-24	08:00	Bi-Weekly Core CPI (% change)	Aug 15	--	0.2	0.1
MX	08-24	08:00	Bi-Weekly CPI (% change)	Aug 15	--	0.3	0.2
US	08-24	08:30	Durable Goods Orders (m/m)	Jul P	-4.0	-4.0	4.6
US	08-24	08:30	Durable Goods Orders ex. Trans. (m/m)	Jul P	0.4	0.3	0.5
US	08-24	08:30	Initial Jobless Claims (000s)	Aug 19	240	240	239
US	08-24	08:30	Continuing Claims (000s)	Aug 12	1690	1700	1716
US	08-25	10:00	U. of Michigan Consumer Sentiment	Aug F	--	71.2	71.2

EUROPE

Country	Date	Time	Indicator	Period	Consensus	Latest
GE	08-21	02:00	Producer Prices (m/m)	Jul	-0.2	-0.3
NO	08-22	02:00	GDP (q/q)	2Q	--	0.20
UK	08-22	02:00	PSNB ex. Interventions (£ bn)	Jul	5.0	18.5
UK	08-22	02:00	Public Finances (PSNCR) (£ bn)	Jul	--	12.0
UK	08-22	02:00	Public Sector Net Borrowing (£ bn)	Jul	3.9	17.7
EC	08-22	04:00	Current Account (€ bn)	Jun	--	9.1
IT	08-22	04:30	Current Account (€ mn)	Jun	--	1403.0
FR	08-23	03:15	Manufacturing PMI	Aug P	45.2	45.1
FR	08-23	03:15	Services PMI	Aug P	47.4	47.1
GE	08-23	03:30	Manufacturing PMI	Aug P	38.6	38.8
GE	08-23	03:30	Services PMI	Aug P	51.5	52.3
EC	08-23	04:00	Composite PMI	Aug P	48.5	48.6
EC	08-23	04:00	Manufacturing PMI	Aug P	42.7	42.7
EC	08-23	04:00	Services PMI	Aug P	50.5	50.9
UK	08-23	04:30	Manufacturing PMI	Aug P	45.0	45.3
UK	08-23	04:30	Services PMI	Aug P	50.8	51.5
EC	08-23	10:00	Consumer Confidence	Aug P	-14.5	-15.1
TU	**08-24**	**07:00**	**Benchmark Repo Rate (%)**	**Aug 24**	**20.00**	**17.50**
GE	08-25	02:00	Real GDP (q/q)	2Q F	0.0	0.0
GE	08-25	04:00	IFO Business Climate Survey	Aug	86.8	87.3
GE	08-25	04:00	IFO Current Assessment Survey	Aug	90.0	0.1
GE	08-25	04:00	IFO Expectations Survey	Aug	83.6	83.5

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

August 18, 2023

Key Indicators for the week of August 21 – 25

ASIA PACIFIC

Country	Date	Time	Indicator	Period	Consensus	Latest
NZ	08-20	18:45	Trade Balance (NZD mn)	Jul	--	8.9
NZ	08-20	18:45	Exports (NZD bn)	Jul	--	6310.0
NZ	08-20	18:45	Imports (NZD bn)	Jul	--	6300.0
CH	**08-20**	**21:15**	**PBoC Loan Prime Rate 1-Year (%)**	**Aug 21**	**3.40**	**3.55**
TH	08-20	22:30	GDP (q/q)	2Q	1.2	1.9
TH	08-20	22:30	GDP (y/y)	2Q	3.0	2.7
TA	08-21	04:00	Export Orders (y/y)	Jul	-15.5	-24.9
TA	08-21	04:20	Current Account Balance (US$ mn)	2Q	--	19004.0
HK	08-21	04:30	CPI (y/y)	Jul	1.9	1.9
SK	08-21	17:00	Consumer Confidence Index	Aug	--	103.2
ID	08-21	23:00	Current Account Balance (US$ mn)	2Q	-268.0	3000.0
MA	08-22	03:00	Foreign Reserves (US$ bn)	Aug 15	--	112.9
TA	08-22	04:00	Unemployment Rate (%)	Jul	3.5	3.5
SK	08-22	17:00	Business Survey- Manufacturing	Sep	--	69.0
SK	08-22	17:00	Business Survey- Non-Manufacturing	Sep	--	76.0
NZ	08-22	18:45	Retail Sales Ex Inflation (q/q)	2Q	-0.2	-1.4
JN	08-22	20:30	Markit/JMMA Manufacturing PMI	Aug P	--	49.6
TH	08-22	22:00	Customs Exports (y/y)	Jul	-3.1	-6.4
TH	08-22	22:00	Customs Imports (y/y)	Jul	-8.5	-10.3
TH	08-22	22:00	Customs Trade Balance (US$ mn)	Jul	-1535.5	57.7
SI	08-23	01:00	CPI (m/m)	Jul	--	0.5
SI	08-23	01:00	CPI (y/y)	Jul	4.2	4.5
JN	08-23	02:00	Machine Tool Orders (y/y)	Jul F	--	-19.8
TA	08-23	04:00	Industrial Production (y/y)	Jul	-13.5	-16.6
SK	08-23	17:00	PPI (y/y)	Jul	--	-0.2
SK	**08-23**	**20:00**	**BoK Base Rate (%)**	**Aug 24**	**3.50**	**3.50**
SK	08-23	20:00	Discount Store Sales (y/y)	Jul	--	0.3
SK	08-23	20:00	Department Store Sales (y/y)	Jul	--	0.3
ID	**08-24**	**03:20**	**BI 7-Day Reverse Repo Rate (%)**	**Aug 23**	**5.75**	**5.75**
HK	08-24	04:30	Exports (y/y)	Jul	--	-11.4
HK	08-24	04:30	Imports (y/y)	Jul	--	-12.3
HK	08-24	04:30	Trade Balance (HKD bn)	Jul	--	-56.6
JN	08-24	19:30	Tokyo CPI (y/y)	Aug	3.0	3.2
PH	08-24	21:00	Budget Deficit/Surplus (PHP bn)	Jul	--	-225.4
VN	08-24	22:00	CPI (y/y)	Aug	--	2.1
VN	08-24	22:00	Industrial Production (y/y)	Aug	--	3.7
MA	08-25	00:00	CPI (y/y)	Jul	2.1	2.4
SI	08-25	01:00	Industrial Production (m/m)	Jul	--	5.0
SI	08-25	01:00	Industrial Production (y/y)	Jul	-4.4	-4.9

LATIN AMERICA

Country	Date	Time	Indicator	Period	BNS	Consensus	Latest
PE	08-23	10:00	GDP (y/y)	2Q	-0.5	--	-0.4
BZ	08-25	07:30	Current Account (US$ mn)	Jul	--	--	-843.0
BZ	08-25	08:00	IBGE Inflation IPCA-15 (m/m)	Aug	--	--	-0.1
BZ	08-25	08:00	IBGE Inflation IPCA-15 (y/y)	Aug	--	--	3.2

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

Global Auctions for the week of August 21 – 25

NORTH AMERICA

Country	Date	Time	Event
US	08-23	13:00	U.S. To Sell 20-Year Bonds
CA	08-24	12:00	Canada to Sell 5 Year Bonds
US	08-24	13:00	U.S. To Sell 30-Year TIPS Reopening

EUROPE

Country	Date	Time	Event
DE	08-23	04:15	Denmark to Sell Bonds
NO	08-23	05:00	Norway to Sell Bonds
GE	08-23	05:30	Germany to Sell EU3 Billion of 2.4% 2030 Bonds
SW	08-24	05:00	Sweden to Sell I/L Bonds
IT	08-25	05:00	Italy to Sell Bonds
IC	08-25	07:00	Iceland to Sell Bonds

ASIA PACIFIC

Country	Date	Time	Event
No Scheduled Auctions			

LATIN AMERICA

Country	Date	Time	Event
No Scheduled Auctions			

Sources: Bloomberg, Scotiabank Economics.

Events for the week of August 21 – 25

NORTH AMERICA

Country	Date	Time	Event
US	08-22	14:30	Fed's Goolsbee Gives Welcome Remarks
MX	08-24	11:00	Central Bank Monetary Policy Minutes
US	08-24		Jackson Hole Economic Symposium (24-26)

EUROPE

Country	Date	Time	Event
IC	**08-23**	**04:30**	**7-Day Term Deposit Rate**
SW	08-24	07:00	Riksbank's Thedeen at FI seminar on sustainability reporting

ASIA PACIFIC

Country	Date	Time	Event
CH	**08-20**	**21:15**	**5-Year Loan Prime Rate**
CH	**08-20**	**21:15**	**1-Year Loan Prime Rate**
SL	**08-23**	**22:00**	**CBSL Standing Deposit Rate**
SL	**08-23**	**22:00**	**CBSL Standing Lending Rate**
SK	**08-23**	**00:00**	**BOK Base Rate**
ID	**08-24**	**03:20**	**Bank Indonesia 7D Reverse Repo**
KZ	**08-25**	**02:00**	**Key Rate**

LATIN AMERICA

Country	Date	Time	Event
PY	**08-23**		**Monetary Policy Rate**
MX	08-24	11:00	Central Bank Monetary Policy Minutes

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	5.00	September 6, 2023	5.00	5.00
Federal Reserve – Federal Funds Target Rate	5.50	September 20, 2023	5.50	5.50
Banco de México – Overnight Rate	11.25	September 28, 2023	11.25	11.25

Federal Reserve: The annual Jackson Hole symposium arrives on Friday through Saturday. The agenda will be made public on Thursday evening. Chair Powell delivers a keynote Economic Outlook on Friday morning. Also watch for other central bankers to offer potentially impactful remarks.

EUROPE

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
European Central Bank – Refinancing Rate	4.25	September 14, 2023	4.25	4.25
European Central Bank – Marginal Lending Facility Rate	4.50	September 14, 2023	4.50	4.50
European Central Bank – Deposit Facility Rate	3.75	September 14, 2023	3.75	3.75
Bank of England – Bank Rate	5.25	September 21, 2023	5.50	5.50
Swiss National Bank – Sight Deposit Rate	1.75	September 21, 2023	1.75	1.75
Central Bank of Russia – One-Week Auction Rate	12.00	September 15, 2023	13.00	12.00
Sweden Riksbank – Repo Rate	3.75	September 21, 2023	4.00	3.75
Norges Bank – Deposit Rate	4.00	September 21, 2023	4.25	4.25
Central Bank of Turkey – Benchmark Repo Rate	17.50	August 24, 2023	20.00	19.50

Central Bank of Turkey: Another large hike is expected on Thursday as the central bank struggles to restore credibility. The lira has continue to depreciate despite recent hikes and inflation continues to soar.

ASIA PACIFIC

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Bank of Japan – Policy Rate	-0.10	September 22, 2023	-0.10	-0.10
Reserve Bank of Australia – Cash Rate Target	4.10	September 5, 2023	4.10	4.35
Reserve Bank of New Zealand – Cash Rate	5.50	October 3, 2023	5.50	5.50
People's Bank of China – 1-Year Medium-Term Lending Facility Rate	2.50	September 14, 2023	2.50	2.50
Reserve Bank of India – Repo Rate	6.50	October 6, 2023	6.50	6.50
Bank of Korea – Base Rate	3.50	August 24, 2023	3.50	3.50
Bank of Thailand – Repo Rate	2.25	September 27, 2023	2.25	2.25
Bank Negara Malaysia – Overnight Policy Rate	3.00	September 7, 2023	3.00	3.00
Bank Indonesia – 7-Day Reverse Repo Rate	5.75	August 24, 2023	5.75	5.75
Central Bank of Philippines – Overnight Borrowing Rate	6.25	September 21, 2023	6.25	6.25

PBoC: After the PBOC cut its 1-year Medium-Term Lending Facility Rate by 15bps on August 14th, Chinese banks are expected to follow through with reductions to their 1- and 5-year Loan Prime Rates at the start of the week. **Bank of Korea:** The BoK will continue its hawkish stance and hold its base rate at 3.5%. Although headline inflation seems to be moderating, policymakers have yet to see clear signs of decline in the core inflation and they are likely to be concerned about FX developments. **Bank Indonesia:** BI is expected to continue holding its policy rate at 5.75% after headline inflation returned to its 2023 target (3% +/- 1%) quicker than expected and amidst strong economic growth supported by domestic demand. Currency instability is likely to be of concern to the central bank.

LATIN AMERICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
Banco Central do Brasil – Selic Rate	13.25	September 20, 2023	13.00	13.00
Banco Central de Chile – Overnight Rate	10.25	September 5, 2023	9.25	10.00
Banco de la República de Colombia – Lending Rate	13.25	September 29, 2023	13.25	13.25
Banco Central de Reserva del Perú – Reference Rate	7.75	September 14, 2023	7.75	7.75

AFRICA

Rate	Current Rate	Next Meeting	Scotia's Forecasts	Consensus Forecasts
South African Reserve Bank – Repo Rate	8.25	September 21, 2023	8.25	8.25

Sources: Bloomberg, Scotiabank Economics.